Cyient

BUY

INDUSTRY	IT
CMP *(as on 13 July 2017)*	**Rs 513**
Target Price	**Rs 570**
Nifty	9,892
Sensex	32,037
KEY STOCK DATA	
Bloomberg	CYL IN
No. of Shares (mn)	113
MCap (Rs bn) / ($ mn)	58/896
6m avg traded value (Rs mn)	81

STOCK PERFORMANCE (%)

52 Week high / low	Rs 565 / 405		
	3M	6M	12M
Absolute (%)	7.0	2.1	2.6
Relative (%)	(1.7)	(15.5)	(12.6)

SHAREHOLDING PATTERN (%)

Promoters	22.18
FIs & Local MFs	7.27
FPIs	56.99
Public & Others	13.56

Source : BSE

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Steady growth outlook

Cyient 1QFY18 numbers were muted led by steep fall in Design Led Manufacturing (DLM) business (~9% of revenue, -26% QoQ), however revival in core IT services (+3.3% QoQ) was encouraging. Management remains optimistic about Cyient's growth prospects. It has reiterated its guidance for double-digit growth in the core business, 20% YoY growth in DLM and a 50bps margin expansion despite rupee appreciation.

Revenue at USD140.6mn was down 0.3 QoQ, below our estimate of USD144mn. We expect traction to continue in Communication (led by fibre optics rollout in US and ANZ), and Aerospace and Defence (driven by ramp up in in-flight systems and Line Replaceable Unit (LRU) development).

We expect USD revenue to grow 13.2/15.5% in FY18/19E. We expect margins to expand ~60bps in FY18E to 14.0%, led by a break-even in DLM margins (currently loss at operating level). In view of sustained recovery in core business, gradual pick-up in DLM, reiteration of double digit growth guidance we remain positive on the stock. We <u>maintain BUY with a TP to Rs 570, implying 13x FY19 earnings.</u>

Highlights of the quarter

- **Core business revival positive:** The Aerospace & Defence and the Transportation verticals grew 1.9/11.8% QoQ. Communication recovered sharply with 10.1% QoQ growth. DLM USD revenue dropped QoQ but was up 17.5% YoY to USD 11.9mn.
- The EBITDA margin contracted 47bps QoQ to 12.8% (we expected 90bps contraction), owing to rupee appreciation and salary hikes. Core IT services (ex-DLM) EBITDA margin stands at 14.6%.
- Order booking in DLM stood at USD 29.9mn (vs USD 14.5mn in 1QFY17) while IT services order book remained almost flat at USD 130.3mn vs USD 133.0mn YoY.
- **Near-term outlook:** Growth will continue in 2QFY18. Margins will expand owing to recovery in DLM and higher utilisation but salary hike impact will offset some gain.

FINANCIAL SUMMARY

(Rs bn)	1QFY18	1QFY17	*YoY (%)*	4QFY17	*QoQ (%)*	FY15	FY16	FY17	FY18E	FY19E
Net Revenues	9,070	8,349	*8.6*	9,409	*(3.6)*	27,359	31,021	36,065	39,508	45,483
EBITDA	1,160	1,090	*6.4*	1,248	*(7.1)*	4,014	4,190	4,847	5,521	6,707
APAT	877	740	*18.5*	1,047	*(16.3)*	3,533	3,256	3,438	4,130	4,931
Diluted adj. EPS (Rs)	7.8	6.6	*18.5*	7.0	*11.5*	31.4	30.5	32.9	36.8	43.9
P/E (x)						16.3	17.7	16.8	14.0	11.7
EV / EBITDA (x)						12.9	12.4	10.2	8.7	6.9
RoE (%)						20.2	17.4	17.4	18.4	19.5

Source: Company, HDFC sec Inst Research # Consolidated

Core services revenue grew strongly for the second consecutive quarter

DLM revenue growth was lower than expectations but will be recover strongly in 2H with increase in order bookings

EBITDA margin was better than expectation despite currency impact, half quarter impact of salary hike and lower utilisation

APAT at Rs 877mn was down 16.3% QoQ due to exceptional expenses of Rs 261mn (related to RSU) last quarter and higher tax rate

Tax rate was higher due to one SEZ coming into 50% tax bracket. Excluding the impact tax rate stood at 27%. Tax rate will be in the range of 26-27%for FY18-19E

Quarterly Consolidated Financials Snapshot

Particulars (Rs bn)	1QFY18	1QFY17	YoY (%)	4QFY17	QoQ (%)
Net Revenues (US $mn)	**140.6**	**124.7**	***13.1***	**141.0**	***(0.3)***
Net Revenues	**9.07**	**8.35**	***8.6***	**9.41**	***(3.6)***
Cost Of Revenue	5.90	5.42	*8.8*	6.18	*(4.4)*
Gross Profit	**3.17**	**2.93**	***8.2***	**3.23**	***(2.0)***
SG&A Expenses	2.01	1.84	*9.3*	1.98	*1.1*
EBITDA	**1.16**	**1.09**	***6.4***	**1.25**	***(7.1)***
Depreciation	0.26	0.22	*17.0*	0.26	*2.4*
EBIT	**0.90**	**0.87**	***3.7***	**0.99**	***(9.5)***
Interest Cost	0.05	0.05	*(1.9)*	0.04	*36.8*
Other Income	0.35	0.12	*203.4*	0.27	*32.0*
PBT	**1.20**	**0.93**	***28.8***	**1.22**	***(1.9)***
Minority Interest & Share of Ass. Profit	0.05	0.05	*9.9*	0.05	*10.2*
Tax	0.37	0.24	*57.4*	0.22	*68.8*
RPAT	**0.88**	**0.74**	***18.5***	**0.79**	***11.5***
E/o (adj for tax)	0.00	0.00	-	0.26	-
APAT	**0.88**	**0.74**	***18.5***	**1.05**	***(16.3)***

Source: Company, HDFC sec Inst Research

Margin Analysis

Particulars	1QFY18	1QFY17	YoY (%)	4QFY17	QoQ (%)
Cost of Revenue % Net Revenues	65.1	65.0	*13*	65.6	*(56)*
Gross Margin (%)	34.9	35.0	*(13)*	34.4	*56*
SG&A Expenses % Net Revenues	22.1	22.0	*14*	21.1	*103*
EBITDA Margin (%)	12.8	13.1	*(27)*	13.3	*(47)*
EBIT Margin (%)	9.9	10.4	*(48)*	10.6	*(64)*
Tax Rate (%)	31.1	25.5	*565*	18.1	*1,304*
APAT Margin (%)	9.7	8.9	*80*	11.1	*(146)*

Source: Company, HDFC sec Inst Research

The UGC segment continued to grow for the 5th consecutive quarter, led by communication

MI recovered mainly due to the recovery in Aerospace and Defence

Offshore recovered strongly in the quarter which supported margins

DLM drop was seasonal in nature was up YoY

Segmental Revenue Break-up

(% Contribution)	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18
Manufacturing & Industrial (MI)	57.2	57.4	58.4	53.8	51.9	51.7	53.9
Utilities, Geo & Comm (UGC)	33.6	32.5	33.5	36.3	37.2	36.9	37.7
Design led Manufacturing (DLM)	9.2	10.0	8.1	9.9	10.9	11.4	8.4
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Company, HDFC Sec Inst Research

Segmental Revenue Growth

(QoQ, %)	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18
Manufacturing & Industrial (MI)	(1.5)	2.5	4.9	0.9	(4.1)	3.5	4.2
Utilities, Geo & Comm (UGC)	1.1	(1.2)	6.2	18.6	2.0	3.0	2.0
Design led Manufacturing (DLM)	4.0	11.7	(16.9)	33.5	10.2	8.0	(26.0)
Total	**(0.2)**	**2.1**	**3.1**	**9.5**	**(0.5)**	**3.8**	**(0.0)**

Source: Company, HDFC Sec Inst Research

Core Services Business: Onsite-Offshore Break-up

(% Contribution)	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18
Onsite	56.7	59.0	59.3	59.9	59.6	60.8	59.6
Offshore	43.3	41.0	40.7	40.1	40.4	39.2	40.4
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Company, HDFC Sec Inst Research

Core Services Business: Onsite-Offshore Growth

(QoQ, %)	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18
Onsite	1.6	5.3	5.9	8.4	(2.2)	5.4	1.3
Offshore	(3.3)	(4.3)	4.7	5.8	(0.9)	0.3	6.5
Total	**(0.6)**	**1.1**	**5.4**	**7.4**	**(1.7)**	**3.3**	**3.3**

Source: Company, HDFC Sec Inst Research

Aerospace, the largest vertical, has recovered and will contribute to growth in FY18E.

Communication recovered strongly, outlook remains positive

Oil and gas and Utilities and Geospatial will remain under pressure

The Semiconductor vertical registered a strong quarter, will be a key growth driver

Vertical Break-up (Ex-DLM)

(% Contribution)	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18
Aerospace and Defense	37.7	38.9	38.7	36.8	35.6	35.7	35.2
Communications	19.4	17.6	18.9	21.8	22.7	21.4	22.8
Utilities & Geospatial	15.7	16.8	15.8	16.7	17.2	18.5	16.6
Transportation	10.2	10.0	10.3	9.4	9.4	9.7	10.5
Industrial, Energy & Natural Resources	10.8	10.3	10.0	9.3	9.3	8.7	8.5
Semiconductor	4.3	4.4	4.3	4.1	3.9	4.2	4.5
Medical and Consumer Electronics	1.5	1.7	1.9	1.9	1.9	1.9	2.0
Others	0.4	0.3	0.1	0.0	0.0	0.0	(0.1)
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Company, HDFC Sec Inst Research

Vertical Growth (Ex-DLM)

(QoQ, %)	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18
Aerospace and Defense	3.5	4.4	4.8	2.1	(4.9)	3.6	1.9
Communications	4.8	(8.2)	13.2	23.8	2.4	(2.6)	10.1
Utilities & Geospatial	(1.2)	8.2	(0.9)	13.5	1.3	11.1	(7.3)
Transportation	(4.3)	(0.8)	8.5	(2.0)	(1.7)	6.6	11.8
Industrial, Energy & Natural Resources	(5.8)	(3.5)	2.3	(0.2)	(1.7)	(3.3)	1.0
Semiconductor	(19.3)	3.5	3.0	2.4	(6.5)	11.3	10.7
Medical and Consumer Electronics	(0.6)	14.6	17.8	7.3	(1.7)	3.3	8.8
Others	(50.3)	(24.1)	(64.9)	NM	NM	NM	NM
Total	**(0.6)**	**1.1**	**5.4**	**7.3**	**(1.7)**	**3.4**	**3.2**

Source: Company, HDFC Sec Inst Research

From a geographic perspective, Europe outperformed, led by Transportation

Utilisation declined in the quarter, but will remain a key margin lever. The target range for utilisation is 77-78%

Geographic Break-up (Ex-DLM)

(% Contribution)	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18
North America	63.6	60.2	60.0	59.1	58.0	57.1	55.8
Europe, ME, Africa and India	23.2	25.5	24.6	24.0	24.0	25.1	26.6
Asia Pacific	13.2	14.3	15.4	16.9	18.0	17.8	17.6
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Company, HDFC Sec Inst Research

Geographic Growth (Ex-DLM)

(QoQ, %)	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18
North America	(1.4)	(4.3)	5.0	5.7	(3.5)	1.7	1.0
Europe, ME, Africa and India	(4.3)	11.2	1.7	4.7	(1.7)	8.1	9.5
Asia Pacific	11.2	9.6	13.5	17.8	4.7	2.2	2.2
Total	**(0.6)**	**1.1**	**5.4**	**7.3**	**(1.7)**	**3.3**	**3.3**

Source: Company, HDFC Sec Inst Research

Headcount, Attrition and Utilisation Data

(Nos.)	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18
Total headcount (Ex DLM)	**12,186**	**12,498**	**12,965**	**13,216**	**13,094**	**13,084**	**13,206**
Technical employees	*11,481*	*11,784*	*12,273*	*12,500*	*12,364*	*12,279*	*12,416*
Support employees	*705*	*714*	*692*	*716*	*730*	*805*	*790*
Net additions	**160**	**312**	**467**	**251**	**(122)**	**(10)**	**122**
Overall utilisation (%)	76.7	72.7	73.5	78.0	78.3	77.4	74.1

Source: Company, HDFC Sec Inst Research

Key Assumptions

Particulars	FY15	FY16	FY17	FY18E	FY19E
Volume growth (%)	8.9	(1.2)	6.4	6.4	7.5
Pricing change (%)	13.0	7.0	7.5	6.0	6.5
USD revenue growth (%)	23.0	5.7	13.9	12.4	14.0
USD/INR rate	61.2	65.6	67.0	65.4	66.0
EBITDA margin (%)	14.7	13.5	13.4	14.0	14.7

Source: Company, HDFC Sec Inst Research

Change in Estimates

Particulars	Earlier estimates	Revised estimates	*% change*
FY18E			
Revenue (US$ mn)	606	604	*(0.3)*
Revenue (Rs bn)	39.64	39.51	*(0.3)*
EBITDA (Rs bn)	5.48	5.52	*0.8*
EBITDA margin (%)	*13.8*	*14.0*	*16*
EPS (Rs)	37.8	36.8	*(2.8)*
FY19E			
Revenue (US$ mn)	692	689	*(0.4)*
Revenue (Rs bn)	45.65	45.48	*(0.4)*
EBITDA (Rs bn)	6.55	6.71	*2.4*
EBITDA margin (%)	*14.4*	*14.7*	*39*
EPS (Rs)	44.7	43.9	*(1.7)*

Source: Company, HDFC Sec Inst Research

Peer Valuations

Company	Mcap (Rs bn)	CMP (Rs)	Reco	TP (Rs)	EPS (Rs)			P/E (x)			EV/EBITDA (x)			RoE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E
L&T Infotech	134	786	BUY	880	56.9	57.1	67.7	13.8	13.8	11.6	9.6	9.3	7.3	36.9	28.4	28.8
Mphasis	113	585	BUY	680	38.8	40.2	48.8	15.1	14.5	12.0	8.5	8.7	6.8	13.4	13.4	16.7
Mindtree	86	514	NEU	500	24.9	31.0	38.7	20.6	16.6	13.3	11.0	10.0	7.8	16.8	19.3	21.7
L&T Tech	78	771	NEU	805	41.8	44.4	53.8	18.4	17.4	14.3	13.1	12.1	9.6	33.3	27.3	27.2
Hexaware *	73	247	NEU	215	13.8	14.4	16.6	17.8	17.2	14.9	13.4	13.3	13.1	26.5	23.0	23.4
Cyient	**58**	**513**	**BUY**	**570**	**32.9**	**36.8**	**43.9**	**16.8**	**14.0**	**11.7**	**10.2**	**8.7**	**6.9**	**17.4**	**18.4**	**19.5**
eClerx	53	1,325	SELL	1,225	87.8	79.7	93.9	15.1	16.6	14.1	9.8	10.6	8.7	30.8	24.5	25.5
Persistent	52	654	BUY	720	38.8	41.2	51.4	16.9	15.9	12.7	10.3	8.1	6.5	17.0	16.1	17.4
Zensar	36	800	BUY	980	55.5	64.3	75.4	14.5	12.5	10.7	8.2	8.1	6.4	16.7	17.7	18.0
KPIT	27	135	NEU	130	11.1	11.3	14.5	12.2	11.9	9.3	7.4	6.5	5.1	14.8	13.5	15.5
Sonata	17	164	BUY	207	14.6	16.0	18.8	11.2	10.3	8.7	7.2	6.5	5.4	31.2	30.6	31.7
Intellect	16	132	BUY	225	-2.0	0.7	4.9	NM	176.8	26.7	-69.0	52.1	17.6	-4.0	1.3	7.3
Majesco	8	367	BUY	553	7.9	14.7	22.1	46.4	24.9	16.6	16.3	8.9	5.9	6.4	10.9	14.4

Source: HDFC sec Inst Research * YE Dec

Consolidated Income Statement

YE March (Rs bn)	FY15	FY16	FY17	FY18E	FY19E
Net Revenues (US $mn)	**446.9**	**472.3**	**538.0**	**604.4**	**689.1**
Growth (%)	***23.0***	***5.7***	***13.9***	***12.4***	***14.0***
Net Revenues	**27.36**	**31.02**	**36.07**	**39.51**	**45.48**
Growth (%)	***24.0***	***13.4***	***16.3***	***9.5***	***15.1***
Cost of Revenue	17.13	20.16	23.65	25.59	29.45
SG&A Expenses	6.22	6.67	7.57	8.40	9.32
EBITDA	**4.01**	**4.19**	**4.85**	**5.52**	**6.71**
EBITDA (%)	***14.7***	***13.5***	***13.4***	***14.0***	***14.7***
EBITDA Growth (%)	***(2.1)***	***4.4***	***15.7***	***13.9***	***21.5***
Depreciation	0.71	0.89	0.95	1.00	1.07
EBIT	**3.30**	**3.30**	**3.89**	**4.53**	**5.64**
Other Income	1.23	0.98	0.61	1.05	1.11
Interest	0.08	0.19	0.19	0.16	0.15
PBT	**4.46**	**4.09**	**4.32**	**5.41**	**6.60**
Tax (incl deferred)	1.10	1.01	1.05	1.43	1.82
Minority Interest and associate profit	0.17	0.18	0.17	0.14	0.16
RPAT	**3.53**	**3.26**	**3.44**	**4.13**	**4.93**
EO (Loss) / Profit (Net Of Tax)	0.00	-0.09	-0.26	0.00	0.00
APAT	**3.53**	**3.43**	**3.70**	**4.13**	**4.93**
APAT Growth (%)	***32.8***	***(2.9)***	***7.8***	***11.7***	***19.4***
EPS	**31.4**	**30.5**	**32.9**	**36.8**	**43.9**

Source: Company, HDFC sec Inst Research

Consolidated Balance Sheet

YE March (Rs bn)	FY15	FY16	FY17	FY18E	FY19E
SOURCES OF FUNDS					
Share Capital - Equity	0.56	0.56	0.56	0.56	0.56
Reserves	18.56	17.81	20.64	23.20	26.36
Total Shareholders' Funds	**19.12**	**18.37**	**21.20**	**23.76**	**26.93**
Minority Interest	0.12	0.00	0.00	0.00	0.00
Total Debt	**1.28**	**2.52**	**1.92**	**1.92**	**1.92**
Net Deferred Taxes	-0.01	0.00	0.20	0.20	0.20
Long-term Provisions & Others	0.58	0.72	0.81	0.81	0.81
TOTAL SOURCES OF FUNDS	**21.09**	**21.61**	**24.13**	**26.69**	**29.86**
APPLICATION OF FUNDS	0.00	0.00	0.00	0.00	0.00
Net Block	3.66	3.90	4.44	5.10	5.94
CWIP	0.06	0.06	0.06	0.06	0.06
Goodwill & Other Intangible Assets	4.26	2.71	3.28	3.28	3.28
Investments	0.68	0.81	1.03	1.03	1.03
LT Loans & Advances, Others	1.36	1.74	1.74	1.74	1.74
Total Non Current Assets	**10.02**	**9.22**	**10.55**	**11.21**	**12.05**
Inventories	0.61	0.98	0.94	1.08	1.25
Debtors	5.34	6.15	6.50	7.23	8.33
Cash & Equivalents	6.56	7.74	9.71	10.94	12.67
Other Current Assets	3.20	3.05	3.58	3.58	3.58
Total Current Assets	**15.70**	**17.91**	**20.71**	**22.83**	**25.82**
Creditors	2.75	3.10	4.02	4.18	4.77
Other Current Liabilities & Provns	1.88	2.42	3.11	3.18	3.25
Total Current Liabilities	**4.63**	**5.52**	**7.13**	**7.36**	**8.02**
Net Current Assets	**11.07**	**12.39**	**13.58**	**15.48**	**17.80**
TOTAL APPLICATION OF FUNDS	**21.09**	**21.61**	**24.13**	**26.69**	**29.86**

Source: Company, HDFC sec Inst Research

Consolidated Cash Flow

YE March (Rs bn)	FY15	FY16	FY17E	FY18E	FY19E
Reported PBT	4.46	4.09	4.32	5.41	6.60
Non-operating & EO items	-1.08	-0.94	-0.75	-0.91	-0.95
Interest expenses	0.08	0.19	0.19	0.16	0.15
Depreciation	0.71	0.89	0.95	1.00	1.07
Working Capital Change	-0.18	1.07	1.30	-0.66	-0.60
Tax paid	-1.10	-1.01	-1.05	-1.43	-1.82
OPERATING CASH FLOW (a)	**2.89**	**4.29**	**4.97**	**3.58**	**4.45**
Capex	-1.50	-1.13	-1.49	-1.66	-1.91
Free cash flow (FCF)	*1.39*	*3.16*	*3.48*	*1.92*	*2.54*
Investments	-0.09	-0.59	-0.36	0.00	0.00
Non-operating income	1.23	1.06	0.88	1.05	1.11
INVESTING CASH FLOW (b)	**-0.35**	**-0.66**	**-0.97**	**-0.61**	**-0.80**
Debt Issuance	1.22	1.24	-0.60	0.00	0.00
Interest expenses	-0.08	-0.19	-0.19	-0.16	-0.15
FCFE	*2.53*	*4.20*	*2.69*	*1.76*	*2.38*
Share capital Issuance	0.00	0.00	0.00	0.00	0.00
Dividend	-1.05	-1.31	-1.18	-1.57	-1.76
FINANCING CASH FLOW (c)	**0.10**	**-0.26**	**-1.97**	**-1.73**	**-1.92**
NET CASH FLOW (a+b+c)	**2.64**	**3.37**	**2.03**	**1.24**	**1.73**
Non-operating and EO items	-3.39	-2.20	-0.06	0.00	0.00
Closing Cash & Equivalents	6.56	7.74	9.71	10.94	12.67

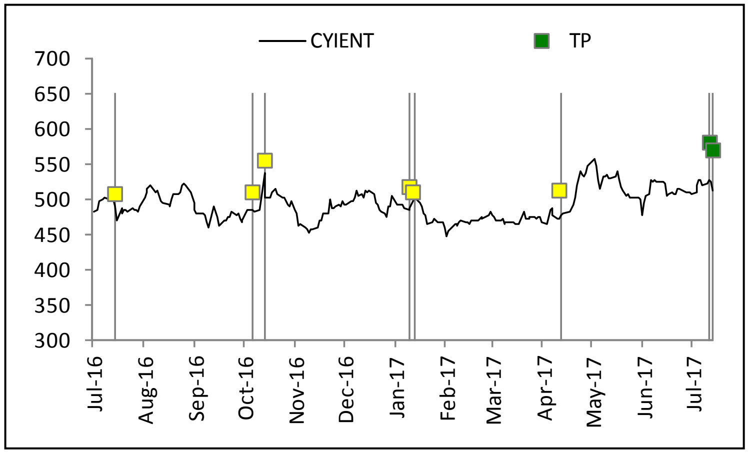
Source: Company, HDFC sec Inst Research

Key Ratios

	FY15	FY16	FY17E	FY18E	FY19E
PROFITABILITY (%)					
EBITDA Margin	14.7	13.5	13.4	14.0	14.7
APAT Margin	12.9	10.5	9.5	10.5	10.8
RoE	20.2	17.4	17.4	18.4	19.5
RoIC or Core RoCE	13.0	12.7	13.6	14.4	16.1
RoCE	13.7	12.0	13.4	13.7	15.0
EFFICIENCY					
Tax Rate (%)	24.6	24.7	24.2	26.4	27.6
Fixed Asset Turnover (x)	3.8	3.7	3.7	3.5	3.4
Inventory (days)	8	12	9	10	10
Debtors (days)	87	86	78	78	77
Payables (days)	43	42	47	45	45
Cash Conversion Cycle (days)	52	56	40	43	42
Net Debt/EBITDA (x)	(1.3)	(1.2)	(1.6)	(1.6)	(1.6)
Net Debt/Equity (x)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)
Interest Coverage (x)	41.3	17.2	20.6	27.8	36.7
PER SHARE DATA					
EPS (Rs/sh)	31.4	30.5	32.9	36.8	43.9
CEPS (Rs/sh)	38.0	37.1	39.3	45.9	53.7
DPS (Rs/sh)	8.0	10.0	9.0	12.0	13.5
BV (Rs/sh)	170.3	163.7	188.9	211.7	239.9
VALUATION					
P/E	16.3	17.7	16.8	14.0	11.7
P/BV	3.0	3.1	2.7	2.4	2.1
EV/EBITDA	12.9	12.4	10.2	8.7	6.9
OCF/EV (%)	5.6	8.3	10.1	7.4	9.6
FCF/EV (%)	2.7	6.1	7.1	4.0	5.5
FCFE/mkt cap (%)	4.4	7.3	4.7	3.1	4.2
Dividend Yield (%)	1.6	1.9	1.8	2.3	2.6

Source: Company, HDFC sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
15-Jul-16	493	NEU	508
6-Oct-16	484	NEU	509
14-Oct-16	538	NEU	554
9-Jan-17	488	NEU	518
13-Jan-17	497	NEU	510
11-Apr-17	474	NEU	512
11-Jul-17	528	BUY	581
14-Jul-17	513	BUY	570

Rating Definitions

BUY : Where the stock is expected to deliver more than 10% returns over the next 12 month period
NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period
SELL : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

Disclosure:

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