

## INDUSTRY INFRASTRUCTURE

CMP (as on 14 Aug 18) Rs 271

Target Price Rs 436

Nifty 11,435

Sensex 37,852

## KEY STOCK DATA

Bloomberg SADE IN

No. of Shares (mn) 172

MCap (Rs bn) / (\$ mn) 46/665

6m avg traded value (Rs mn) 52

## STOCK PERFORMANCE (%)

52 Week high / low Rs 440/260

3M 6M 12M

Absolute (%) (29.2) (31.4) (1.2)

Relative (%) (35.7) (42.2) (21.6)

## SHAREHOLDING PATTERN (%)

Promoters 46.47

FIs &amp; Local MFs 21.10

FPIs 16.55

Public &amp; Others 15.88

Source : BSE

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## Weak quarter but well placed

SADE 1QFY19 net revenues at Rs 9.1bn was 11.0% below our estimates. EBITDA at Rs 1.1bn was 9.1% below our estimates, with EBITDA margin expansion of 43.9bps YoY to 11.7%. Increased mining equipment leasing/interest on subcontractor advances/FDR interest income contributed to 76% YoY increase in other income resulting in PAT of Rs 634mn, 20.1% above estimates.

SEL has won Rs 13.1bn orders in 1QFY19 leading to an all time high order book of Rs 137.1bn ex L1 in Rs 16.5bn Mumbai Nagpur EPC package. Though SEL's execution was lower than estimated, we expect it to rise significantly from 2HFY19E as 5 new HAM projects will add to revenue.

SEL has submitted for 'delinking' 6.5/8km in Una Kodinar/Kathgodam respectively on account of land challenges. With a record order book (geographically diversified), opportunities across segments, debt under control and WC improvement likely under HAM projects, we maintain BUY with SOTP based TP of Rs 436/sh.

## Financial Summary (Standalone)

Year Ending March (Rs mn)	1QFY19	1QFY18	YoY (%)	4QFY18	QoQ (%)	FY17	FY18	FY19E	FY20E
Net Sales	9,114	9,444	(3.5)	11,045	(17.5)	33,203	35,051	44,337	54,028
EBITDA	1,070	1,068	0.3	1,240	(13.7)	3,556	4,151	5,099	6,240
APAT	634	555	14.3	699	(9.2)	2,166	2,207	2,641	2,851
Diluted EPS (Rs)	3.7	3.2	14.3	4.1	(9.2)	12.6	12.9	15.4	16.6
P/E (x)						21.5	21.1	17.7	16.4
EV / EBITDA (x)						18.1	14.8	11.7	9.3
RoE (%)						13.0	11.8	12.7	11.8

Source: Company, HDFC sec Inst Research

## Highlights of the quarter

- HAMs kicking off must for guidance beat:** 8 out of the 12HAM projects have achieved FC and work on 7 has already started, the biggest Vadodara exp. already has 100% land available. Jodhpur ring road appointed date is expected by Sep-18 end. Remaining 4 pending financial closures are being targeted by Sep-18. Depending on the pace of land acquisition, Lucknow ring road/ KSHIP could start contributing from 3Q/4QFY19E respectively.
- Bid pipeline is impressive:** After already winning orders worth Rs 10.0/3.2bn in KSHIP and mining respectively, SEL is out looking to further strengthen its backlog by another ~Rs 70bn inflows in YTD FY19. Though this will largely be driven by the roads segment (HAM), SEL will also look to tap into further opportunities in mining and irrigation as and when they arise.
- Near term outlook:** Gross debt is now Rs 14.3bn (down ~Rs 0.5bn QoQ). Management expects further Rs 1bn decline by end-1HFY19E. SEL's WC requirement will stabilise with higher share of HAM projects (with provision of mobilization advances and comparatively lower debtor days) in execution.

**SADE 1QFY19 net revenues at Rs 9.1bn (-3.5% YoY, -17.5% QoQ) was 11.0% below our estimates**

**EBITDA at Rs 1.1bn (+0.3%YoY, -13.7% QoQ) was 9.1% below our estimates, with EBITDA margin expansion of 43.9bps YoY to 11.7%**

**Other income (incl. Interest on subsidiary loans – Rs 176.7mn) came in at Rs 285mn (+76.3% YoY, +629.4% QoQ) and was higher on account of income from leasing mining machinery to contractor**

**SEL has guided for a low tax rate on account of 80IA benefit continuing for older projects in addition to the 35AD deduction**

**SEL FY19E revenue guidance stands at Rs 41bn and EBITDA margins at 12%. This doesn't include execution from Mumbai Nagpur project**

### Standalone Quarterly Financial (Rs mn)

Particulars	1QFY19	1QFY18	YoY (%)	4QFY18	QoQ (%)
<b>Net Revenues</b>	<b>9,114</b>	<b>9,444</b>	<b>(3.5)</b>	<b>11,045</b>	<b>(17.5)</b>
Material Expenses	(7,434)	(7,436)	(0.0)	(8,934)	(16.8)
Employee Expenses	(186)	(309)	(39.7)	(552)	(66.2)
Other Expenses	(424)	(631)	(32.8)	(318)	33.3
<b>EBITDA</b>	<b>1,070</b>	<b>1,068</b>	<b>0.3</b>	<b>1,240</b>	<b>(13.7)</b>
Depreciation	(241)	(245)	(1.8)	(236)	2.0
<b>EBIT</b>	<b>830</b>	<b>823</b>	<b>0.9</b>	<b>1,004</b>	<b>(17.4)</b>
Interest Cost	(434)	(444)	(2.3)	(345)	25.7
Other Income (inc EO Item)	285	162	76.3	39	629.4
<b>PBT</b>	<b>681</b>	<b>540</b>	<b>26.1</b>	<b>698</b>	<b>(2.5)</b>
Tax	(46)	15	(409.3)	-	-
<b>RPAT</b>	<b>634</b>	<b>555</b>	<b>14.3</b>	<b>699</b>	<b>(9.2)</b>
EO Items (Adj For Tax)	-	-	-	-	-
<b>APAT</b>	<b>634</b>	<b>555</b>	<b>14.3</b>	<b>699</b>	<b>(9.2)</b>

Source: Company, HDFC sec Inst Research

### Margin Analysis

MARGIN ANALYSIS	1QFY19	1QFY18	YoY (bps)	4QFY18	QoQ (bps)
Material Expenses % Net Sales	81.6	78.7	281.6	80.9	66.3
Employee Expenses % Net Sales	2.0	3.3	(122.9)	5.0	(295.0)
Other Operating Expenses % Net Sales	4.7	6.7	(202.6)	2.9	177.2
<b>EBITDA Margin (%)</b>	<b>11.7</b>	<b>11.3</b>	<b>43.9</b>	<b>11.2</b>	<b>51.5</b>
Tax Rate (%)	6.8	(2.8)	959.7	(0.1)	688.2
<b>APAT Margin (%)</b>	<b>7.0</b>	<b>5.9</b>	<b>108.2</b>	<b>6.3</b>	<b>63.2</b>

Source: Company, HDFC sec Inst Research

**With a pick up in the Roads segment, share of Road orders have been growing**

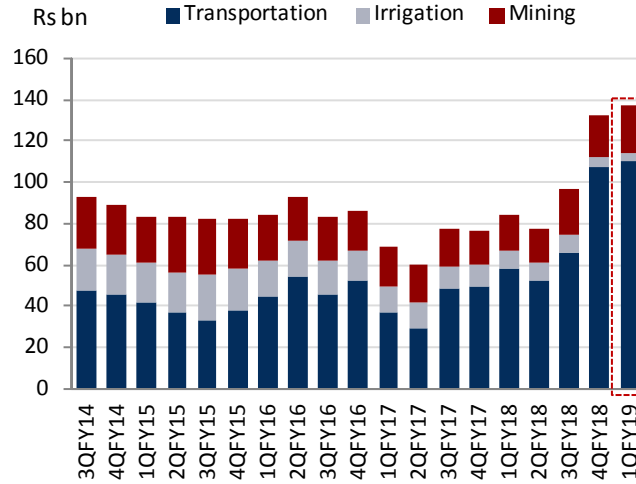
**Within the Roads vertical, captive BOT projects have been increasing on the back of new HAM projects**

**Share of Roads in revenue has been increasing; Mining segment is stable and Irrigation has been highly volatile**

**With HAM projects moving into execution, captive revenue share has gone up significantly**

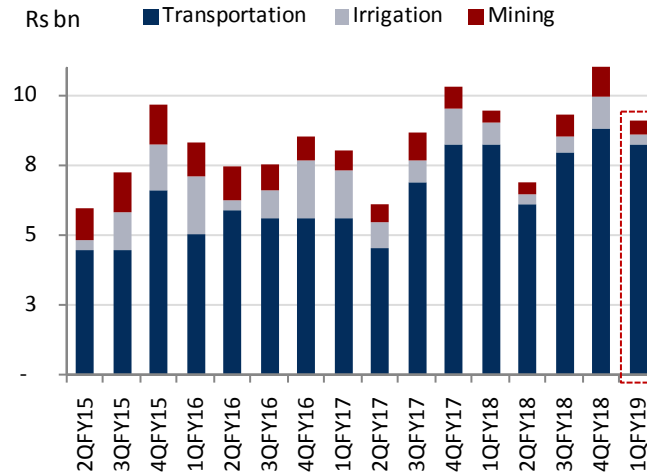
**This trend is likely to continue as further HAM projects move into execution in 2HFY19E**

### Road's Share In Order Book Has Been Growing



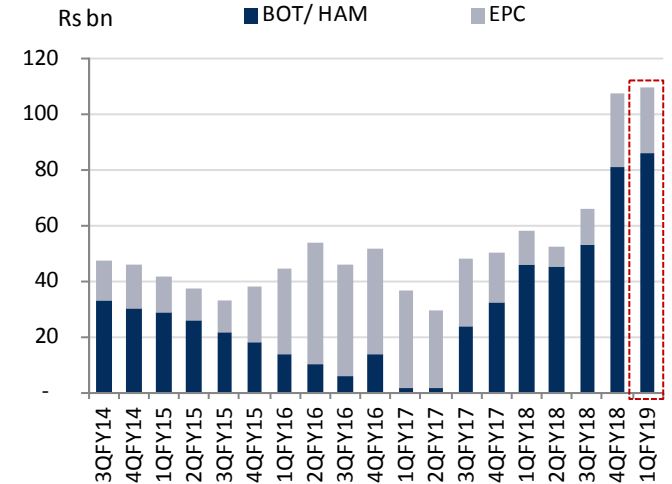
Source: Company, HDFC sec Inst Research

### Road's Share Of Revenue Increasing



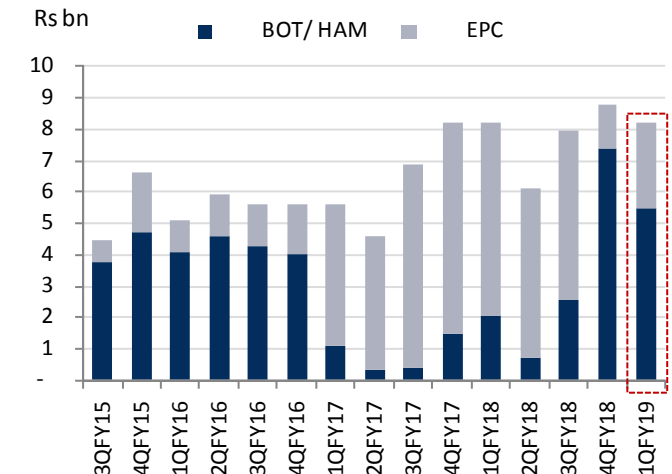
Source: Company, HDFC sec Inst Research

### Road Orders: Captive BOT (HAM) Increasing



Source: Company, HDFC sec Inst Research

### Captive BOT (HAM) Road Revenue Share To Go Up



Source: Company, HDFC sec Inst Research

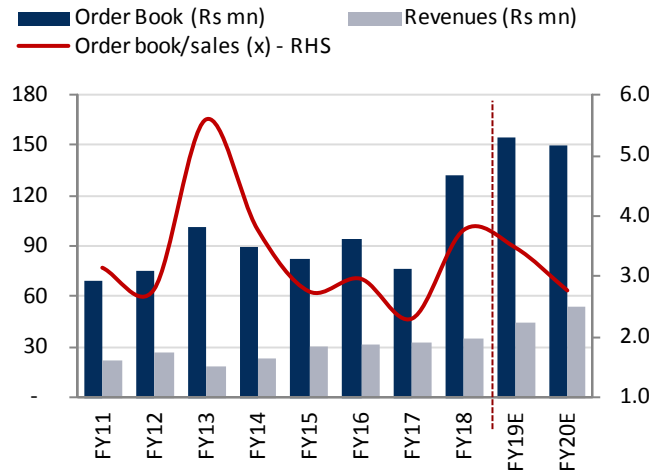
**We expect SEL's order book to multiply 1.1x over FY18-20E**

**Roads, Mining and Irrigation segments shall be the key drivers of the order book**

**SEL is bidding for ~Rs 14/23bn mining/gujarat irrigation projects respectively by Sep-18 in addition to roads**

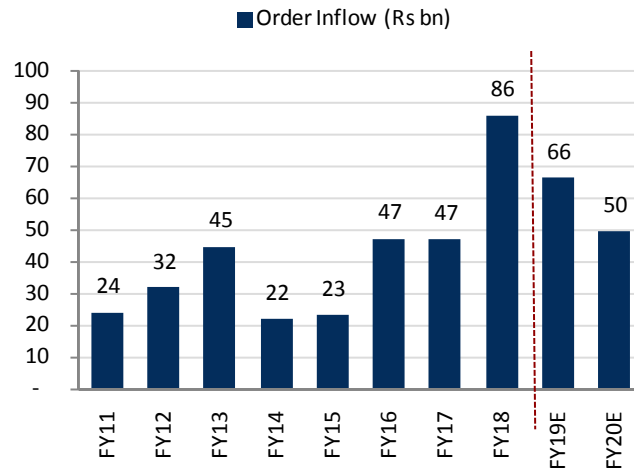
**Road's vertical contributes about 81% to the order book, followed by Mining and Irrigation at 15% and 4%, respectively**

### Order Book To Multiply 1.1x Over FY18-20E



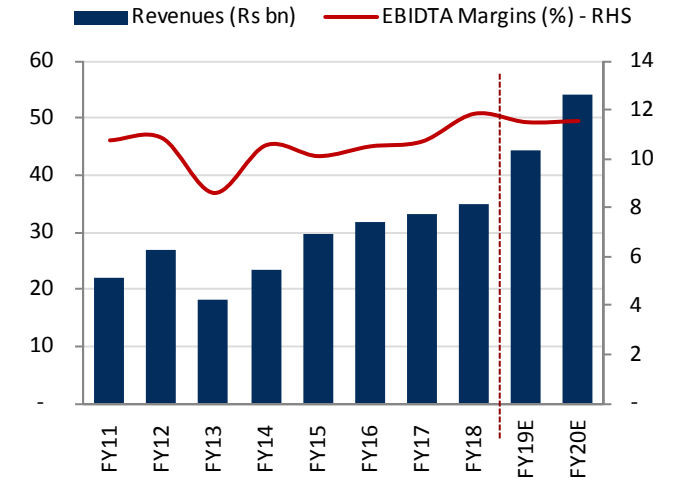
Source: Company, HDFC sec Inst Research

### Order Inflows to remain strong



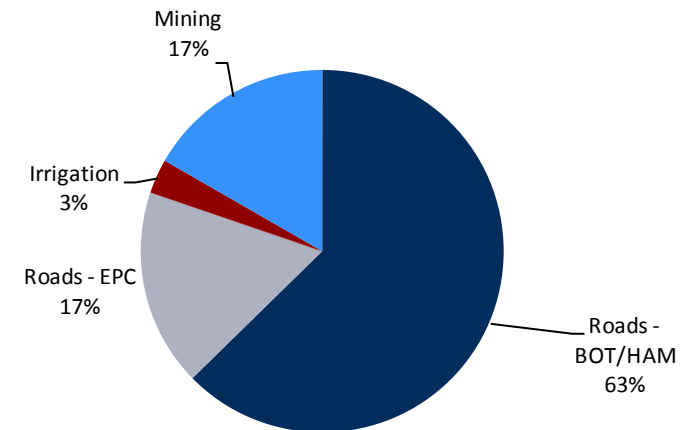
Source: Company, HDFC sec Inst Research

### EBIDTA Margin To Remain ~11.5% In FY19-20E



Source: Company, HDFC sec Inst Research

### Order Book Mix: 1QFY19 (%)



Source: Company, HDFC sec Inst Research

**We estimate 21.9% revenue growth in FY20E**

**EBIDTA margins to remain around 11.5%, as new HAM orders have 100bps higher margins vs EPC orders**

**SEL expects to bring down standalone debt further by Rs 1bn by 2QFY19E. New HAM orders have time-based billing vs milestone-based billing in EPC orders. This will help reduce WC demand**

**SEL is also expected to receive ~Rs 7bn mobilisation advance at bank rate; this will also reduce WC demand**

**Tax rate will ramp up as tax benefits will start getting over**

**There is no material change in estimates**

## Key Assumptions And Estimates

Key Assumptions Rs mn	FY19E	FY20E	Growth%		Comments
			FY19E	FY20E	
Closing order book	154,404	150,034	16.5	(2.8)	Order book to remain robust with bid pipeline strong
Order book growth (%)	16.5	(2.8)			
New order booking	66,248	49,658	(22.9)	(25.0)	
Book to bill ratio	3.5	2.8			Book-to-bill ratio to remain stable
<b>Total Revenue</b>	<b>44,337</b>	<b>54,028</b>	<b>26.5</b>	<b>21.9</b>	<b>We estimate 21.9% revenue growth in FY20E</b>
Growth (%)	26.5	21.9			
EBIDTA	5,099	6,240	22.8	22.4	EBIDTA margins to remain ~11.5%, as new HAM orders have 100bps higher margins vs EPC orders
EBIDTA margin (%)	11.5	11.6	(34.4)	5.0	
Depreciation	964	989	(1.5)	2.5	
Financial Charges	1,337	1,283	14.6	(4.0)	SEL expects to bring down standalone debt by Rs 2bn in FY19E. New HAM orders have time-based billing vs milestone-based billing in EPC orders. This will help reduce WC demand
PBT	3,001	4,193	38.8	39.7	
PBT margin (%)	6.8	7.8	59.9	99.1	PBT margin expansion in line with EBIDTA expansion and reduction in interest expense
Tax	360	1,342	(920.1)	272.5	
Tax rate (%)	12.0	32.0			Tax rate to move higher in FY20E
<b>APAT</b>	<b>2,641</b>	<b>2,851</b>	<b>19.7</b>	<b>7.9</b>	
Net margin (%)	6.0	5.3	(33.8)	(68.0)	Margin to remain stable
Gross Block Turnover	5.2	5.7	11.7	10.2	Improvement on account of new orders' inflow
Debtor days	135	123	(20.7)	(8.9)	
CFO - a	4,915	4,213			Cash flow improvements in line with EBIDTA growth and EBIDTA margins expansion
CFI - b	(1,516)	(1,126)			
FCF - a+b	3,915	3,313			Strong FCF generation as growth picks up
CFF - c	(3,457)	(3,024)			Surplus cash flows utilised to repay debt
Total change in cash - a+b+c	(57)	63			

Source: HDFC sec Inst Research

## Outlook and valuation

**Maintain BUY - Target Price of Rs 436/sh**

### Valuation methodology

- We have valued SEL at 18x one-year forward Mar-20E EPS. Our investment premise is based on (1) Robust order book at 3.9x FY18 revenue, (2) Improving balance sheet (FY20E net D/E will improve to 0.48x from 0.79x FY18), (3) EBIDTA margins expansion, and (4) New order accretion from the mining. With SIPL turning cash positive, it may be in a position to return SEL loans, and may not require further equity support for Hybrid BOT/Toll projects. This will help SEL to retire its own debt.
- Government-led spends in the Infrastructure sector will continue to drive stock performance and SEL, with its strong credentials, will likely benefit from the pick-up in ordering activity. The company, over the past many years, has built strong pre-qualification in potentially large ordering segments such as Roads, Mining and Irrigation.
- **We maintain BUY with a SOTP-based target price of Rs 436/share.** We value the (1) Standalone EPC business at Rs 299/share (18x one-year forward Mar-20 EPS), and (2) SEL stake in SIPL at 20% holding company discount to current market capitalization at Rs 136/sh.

### SOTP Valuation

Particulars	Segments	Value (Rs mn)	Value per share (Rs)	Rationale
Sadbhav Standalone	Core construction business	51,319	299	At 18x Mar-20E EPS
SIPL stake	Subsidiary	23,403	136	We have valued the 68.64% stake of SEL in SIPL by giving a 20% holding company discount to current market capitalization
<b>Total</b>		<b>74,722</b>	<b>436</b>	

Source: HDFC sec Inst Research

***We value the standalone EPC business at Rs 299/share (18x one-year forward Mar-20E EPS)***

***We value SEL stake in SIPL at 20% holding company discount to current market capitalisation of SIPL at Rs 136/sh.***

***We maintain a BUY rating for SEL, with SOTP-based target price of Rs 436/share***

***Toal HAM equity requirement is Rs 10bn but SEL will not be supporting further funding for SIPL equity***

### Peer Set Comparison: Core EPC

COMPANY	MCap (Rs bn)	CMP (Rs)	RECO	TP (Rs)	Adj. EPS (Rs/sh)			P/E (x)			EV/EBITDA (x)			ROE (%)		
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Dilip Buildcon	115.8	847	BUY	1,434	46.5	63.1	68.5	17.4	12.8	11.8	9.8	7.9	6.3	14.6	14.4	14.6
IRB Infra Developers	67.1	191	BUY	328	22.6	29.1	26.7	3.2	3.9	3.0	3.5	3.5	2.9	30.3	25.3	30.9
NCC	59.9	100	BUY	174	5.2	7.2	8.6	17.4	12.7	10.6	8.6	6.5	5.7	4.2	4.3	4.2
<b>Sadbhav Engineering</b>	<b>46.5</b>	<b>271</b>	<b>BUY</b>	<b>436</b>	<b>12.9</b>	<b>15.4</b>	<b>16.6</b>	<b>9.7</b>	<b>8.1</b>	<b>7.5</b>	<b>8.7</b>	<b>6.7</b>	<b>5.3</b>	<b>11.8</b>	<b>12.5</b>	<b>12.0</b>
PNC Infratech	42.9	167	BUY	322	4.1	8.7	10.5	27.0	12.4	7.7	11.1	7.4	5.0	6.2	11.9	16.5
Ashoka Buildcon	38.7	138	BUY	225	8.4	9.3	9.6	7.6	6.9	6.7	6.2	5.6	4.9	12.5	12.8	11.8
KNR Constructions	31.0	221	BUY	392	13.6	10.1	14.9	12.3	16.7	11.3	6.6	7.0	5.1	18.7	11.3	14.3
ITD Cementation*	23.0	134	BUY	211	6.1	10.8	12.3	21.9	14.9	11.4	9.9	6.9	5.8	16.2	17.9	16.8
Ahluwalia Contracts	21.6	322	BUY	486	17.3	22.2	25.3	17.9	13.9	12.2	9.0	7.3	6.2	20.5	21.4	19.9
J. Kumar Infraprojects	16.7	221	BUY	415	18.1	22.2	27.7	12.2	9.9	8.0	6.7	5.2	4.5	9.4	10.7	12.2
JMC Projects	17.3	516	BUY	844	31.6	33.4	39.9	12.4	11.7	9.8	6.7	6.3	5.3	14.4	13.3	14.0
PSP Projects	17.0	472	BUY	639	18.0	27.7	35.5	26.1	17.0	13.3	14.6	9.6	7.1	31.7	28.4	28.2
HG Infra	15.5	238	NR	NR	12.9	19.6	24.7	18.4	12.2	9.6	8.6	5.5	4.6	23.5	21.1	21.5
<b>Average (Core EPC)</b>					<b>16.7</b>	<b>21.4</b>	<b>24.7</b>	<b>15.7</b>	<b>11.8</b>	<b>9.5</b>	<b>8.5</b>	<b>6.6</b>	<b>5.3</b>	<b>16.4</b>	<b>15.8</b>	<b>16.7</b>

Source: Company, HDFC sec Inst Research \*ITD Cementation FY19E/FY20E should be read as 15MFY19E/FY20E, 14<sup>th</sup> August 2018 Prices

### Income Statement (Standalone)

Year ending March (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
<b>Net Revenues</b>	<b>31,863</b>	<b>33,203</b>	<b>35,051</b>	<b>44,337</b>	<b>54,028</b>
<b>Growth (%)</b>	<b>7.3</b>	<b>4.2</b>	<b>5.6</b>	<b>26.5</b>	<b>21.9</b>
Material Expenses	25,805	26,552	28,134	36,223	44,168
Employee Expenses	1,228	1,366	1,553	1,552	1,945
Other Expenses	1,482	1,729	1,211	1,463	1,675
<b>EBIDTA</b>	<b>3,348</b>	<b>3,556</b>	<b>4,151</b>	<b>5,099</b>	<b>6,240</b>
<b>EBIDTA (%)</b>	<b>10.5</b>	<b>10.7</b>	<b>11.8</b>	<b>11.5</b>	<b>11.6</b>
<b>EBIDTA Growth (%)</b>	<b>11.5</b>	<b>6.2</b>	<b>16.7</b>	<b>22.8</b>	<b>22.4</b>
Depreciation	971	1,000	979	964	989
<b>EBIT</b>	<b>2,377</b>	<b>2,556</b>	<b>3,172</b>	<b>4,134</b>	<b>5,252</b>
Other Income (Incl EO Items)	776	875	157	204	224
Interest	1,507	1,534	1,167	1,337	1,283
<b>PBT</b>	<b>1,646</b>	<b>1,897</b>	<b>2,163</b>	<b>3,001</b>	<b>4,193</b>
Tax	325	18	(44)	360	1,342
<b>RPAT</b>	<b>1,320</b>	<b>1,878</b>	<b>2,207</b>	<b>2,641</b>	<b>2,851</b>
OCI/EO (Loss) / Profit (Net Of Tax)	73	287	-	-	-
<b>APAT</b>	<b>1,393</b>	<b>2,166</b>	<b>2,207</b>	<b>2,641</b>	<b>2,851</b>
<b>APAT Growth (%)</b>	<b>36.9</b>	<b>55.5</b>	<b>1.9</b>	<b>19.7</b>	<b>7.9</b>
<b>EPS</b>	<b>8.1</b>	<b>12.6</b>	<b>12.9</b>	<b>15.4</b>	<b>16.6</b>
<b>EPS Growth (%)</b>	<b>36.8</b>	<b>55.5</b>	<b>1.9</b>	<b>19.7</b>	<b>7.9</b>

Source: Company, HDFC sec Inst Research

### Balance Sheet (Standalone)

As at March (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
<b>SOURCES OF FUNDS</b>					
Share Capital	172	172	172	172	172
Reserves	14,721	16,437	18,496	20,896	23,507
<b>Total Shareholders Funds</b>	<b>14,892</b>	<b>16,609</b>	<b>18,668</b>	<b>21,068</b>	<b>23,678</b>
Long Term Debt	4,932	3,062	2,863	2,262	762
Short Term Debt	7,275	14,709	11,987	10,709	10,709
<b>Total Debt</b>	<b>12,207</b>	<b>17,771</b>	<b>14,850</b>	<b>12,971</b>	<b>11,471</b>
Deferred Taxes	(90)	(477)	(994)	(994)	(994)
Other Long Term Liabilities & LT Provs	32	98	83	98	98
<b>TOTAL SOURCES OF FUNDS</b>	<b>27,041</b>	<b>34,002</b>	<b>32,607</b>	<b>33,143</b>	<b>34,253</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	5,931	5,229	5,028	5,063	4,975
Investments	5,629	5,694	5,775	6,494	6,944
Long Term Loans & Advances	285	316	351	221	237
Other Non-current Assets	692	630	563	630	630
<b>Total Non-current Assets</b>	<b>12,537</b>	<b>11,870</b>	<b>11,716</b>	<b>12,409</b>	<b>12,787</b>
Inventories	1,406	1,234	1,643	1,985	2,420
Debtors	9,994	16,651	15,922	16,763	19,539
Cash & Equivalents	166	230	127	70	132
ST Loans & Advances	5,547	5,065	6,531	5,831	5,921
Other Current Assets	5,211	4,678	6,774	6,074	6,661
<b>Total Current Assets</b>	<b>22,324</b>	<b>27,857</b>	<b>30,996</b>	<b>30,722</b>	<b>34,673</b>
Creditors	3,703	4,910	5,990	6,681	8,881
Other Current Liabilities	4,083	795	4,089	3,280	4,293
Short Term Provisions	33	20	27	27	32
<b>Total Current Liabilities &amp; Provs</b>	<b>7,819</b>	<b>5,725</b>	<b>10,105</b>	<b>9,987</b>	<b>13,206</b>
<b>Net Current Assets</b>	<b>14,505</b>	<b>22,132</b>	<b>20,891</b>	<b>20,734</b>	<b>21,467</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>27,041</b>	<b>34,002</b>	<b>32,607</b>	<b>33,144</b>	<b>34,253</b>

Source: Company, HDFC sec Inst Research

**Cash Flow (Standalone)**

Year ending March (Rs mn)	FY16	FY17	FY18P	FY19E	FY20E
Reported PBT	1,646	1,897	2,163	3,001	4,193
Non-operating & EO items	(522)	(759)	(157)	(204)	(224)
Interest expenses	1,507	1,534	1,167	1,337	1,283
Depreciation	971	1,000	979	964	989
Working Capital Change	(1,261)	(4,302)	639	176	(686)
Taxes	(659)	235	44	(360)	(1,342)
<b>OPERATING CASH FLOW ( a )</b>	<b>1,682</b>	<b>(394)</b>	<b>4,834</b>	<b>4,915</b>	<b>4,213</b>
Capex	(983)	(322)	(778)	(1,000)	(900)
Free cash flow (FCF)	699	(716)	4,056	3,915	3,313
Investments + Interest income	(37)	1,133	77	(515)	(226)
<b>INVESTING CASH FLOW ( b )</b>	<b>(1,020)</b>	<b>811</b>	<b>(701)</b>	<b>(1,516)</b>	<b>(1,126)</b>
Share capital Issuance	2	2	-	-	-
Debt Issuance	1,059	3,747	(2,921)	(1,879)	(1,500)
Interest expenses	(1,507)	(3,957)	(1,167)	(1,337)	(1,283)
FCFE	250	(926)	(32)	699	530
Dividend	(145)	(145)	(148)	(241)	(241)
<b>FINANCING CASH FLOW ( c )</b>	<b>(591)</b>	<b>(353)</b>	<b>(4,236)</b>	<b>(3,457)</b>	<b>(3,024)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>70</b>	<b>64</b>	<b>(103)</b>	<b>(57)</b>	<b>63</b>
Closing Cash & Equivalents	166	230	127	70	133

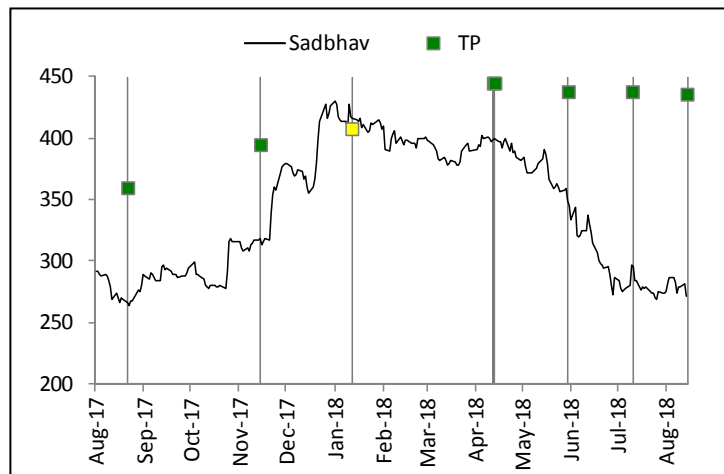
Source: Company, HDFC sec Inst Research

**Key Ratios (Standalone)**

	FY16	FY17	FY18	FY19E	FY20E
<b>PROFITABILITY (%)</b>					
GPM	19.0	20.0	19.7	18.3	18.3
EBITDA Margin	10.5	10.7	11.8	11.5	11.6
EBIT Margin	7.5	7.7	9.1	9.3	9.7
APAT Margin	4.1	5.7	6.3	6.0	5.3
RoE	9.4	13.0	11.8	12.5	12.0
Core RoCE	9.0	9.0	12.1	13.7	13.1
RoCE	12.2	13.1	12.7	14.4	13.6
<b>EFFICIENCY</b>					
Tax Rate (%)	19.8	1.0	(2.0)	12.0	32
Asset Turnover (x)	4.7	4.9	4.7	5.2	5.7
Inventory (days)	16	14	17	16	16
Debtors (days)	109	146	170	135	123
Other Current Assets (days)	134	118	148	105	85
Payables (days)	42	54	62	55	89
Other Current Liab (days)	48	10	44	28	30
Cash Conversion Cycle (days)	170	214	229	173	105
Debt/EBITDA (x)	3.6	5.0	3.6	2.5	1.8
Net D/E	0.81	1.06	0.79	0.61	0.48
Interest Coverage	1.6	1.7	2.7	3.1	4.1
<b>PER SHARE DATA</b>					
EPS (Rs/sh)	8.1	12.6	12.9	15.4	16.6
CEPS (Rs/sh)	16.6	21.0	21.1	23.9	25.4
DPS (Rs/sh)	0.9	1.1	1.2	1.2	1.2
BV (Rs/sh)	86.8	96.8	108.8	122.8	138.0
<b>VALUATION</b>					
P/E	33.5	21.5	21.1	17.7	16.4
P/BV	3.1	2.8	2.5	2.2	2.0
EV/EBITDA	17.5	18.1	14.8	11.7	9.3
OCF/EV (%)	2.9	(0.6)	7.9	8.3	7.3
FCF/EV (%)	1.2	(1.1)	6.6	6.6	5.7
FCFE/Market Cap (%)	0.5	(2.0)	(0.1)	1.5	1.1
Dividend Yield (%)	0.3	0.4	0.4	0.4	0.4

Source: Company, HDFC sec Inst Research

## RECOMMENDATION HISTORY



Date	CMP	Reco	Target
22-Aug-17	267	BUY	360
15-Nov-17	316	BUY	395
12-Jan-18	406	NEU	407
12-Apr-18	398	BUY	445
14-Apr-18	399	BUY	445
31-May-18	349	BUY	438
10-Jul-18	280	BUY	438
16-Aug-18	271	BUY	436

### 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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