

# Indian Hotels

BUY

INDUSTRY	HOTELS
<b>CMP (as on 15 Nov 2018)</b>	<b>Rs 131</b>
<b>Target Price</b>	<b>Rs 150</b>
Nifty	10,617
Sensex	35,261
<b>KEY STOCK DATA</b>	
Bloomberg	IH IN
No. of Shares (mn)	1,189
MCap (Rs bn)/(US\$ mn)	156/2,169
6m avg traded value (Rs mn)	146
<b>STOCK PERFORMANCE (%)</b>	
<b>52 Week high / low</b>	<b>Rs 161 / 109</b>
	<b>3M 6M 12M</b>
Absolute (%)	5.0 (3.2) 17.2
Relative (%)	11.8 (2.4) 9.6
<b>SHAREHOLDING PATTERN (%)</b>	
Promoters	39.1
FIs & Local MFs	27.2
FPIs	14.6
Public & Others	19.1
Source : BSE	

## On the right track

Indian Hotel's (IHCL) 2QFY19 consolidated performance was in-line and healthy, in a seasonally weak quarter. Revenue/EBITDA at Rs 9.6/1bn grew by 15.3/81.8% YoY. APAT increased to Rs 0.4bn from loss of Rs 0.6bn in 2QFY18 led by higher EBITDA and lower finance costs (-34.8% YoY) owing to Rs 15bn rights issue in 2HFY18. RPAT was -0.1bn owing to M2M loss of Rs 0.5bn on forex derivative contracts.

IHCL has laid out strategic priorities and key drivers to increase revenue and enhance margin. Management targets consolidated EBITDA margin of 25% (including other income) by FY22/23 from 16% in FY18.

We like IHCL owing to its strong brand equity, pan India footprint and leadership in luxury segment, healthy EBITDA/Capital Employed (30% in standalone) and significant scope for improvement in subsidiaries (especially Ginger with repositioning). Asset light strategy for expansions and monetization of non-core assets are additional positives. BUY with TP of Rs 150 @ 20x Sep20E EV/E in-line with its historic average.

### Key highlights

- **Operating highlights:** In 1HFY19, the ARR grew by modest 2%, occupancy was at 63% (+350bps) and thus

### Consolidated Financial Summary

(Rs mn)	2QFY19	2QFY18	% chg YoY	1QFY19	% chg QoQ	FY17	FY18	FY19E	FY20E	FY21E
Net Sales	9,645	8,517	13.3	9,797	(1.5)	40,206	40,587	44,081	47,528	50,908
EBITDA	992	546	81.8	1,107	(10.3)	6,096	6,255	7,570	8,874	10,008
APAT	397	(624)	(163.6)	130	205.1	-524	336	2,075	3,060	4,089
AEPS (Rs)	0.3	(0.5)	(163.6)	0.1	205.1	(0.5)	0.3	1.7	2.6	3.4
P/E (x)						(249.2)	467.5	75.6	51.3	38.4
EV / EBITDA (x)						31.4	28.4	23.2	19.5	16.8
RoE (%)						(2.1)	1.0	4.8	6.7	8.3

Source: Company, HDFC sec Inst Research

RevPAR by ~8%. Management highlighted that the levers are in place for healthy ARR growth with demand consistently outpacing supply across majority of the cities. This should bode well in the medium term. It expects double digit RevPAR growth in 2HFY19.

- However, in the near term, FOMO (Fear of missing out) effect on occupancies is constraining the ARR growth. We believe that the hoteliers are compromising the long-term benefits for short term gains. This may impair the ability to raise rates if cycle reverse and is a key concern. However, with majority of hotel chains talking of healthy ARR growth, we remain hopeful.
- IHCL re-opened Taj Connemara in Chennai (standalone) after two years of renovation (150 keys). This should further boost revenue/EBITDA. Taj Connaught to take two years and is expected to open in late CY20.
- **Strong pipeline:** IHCL pipeline increased to 4,175 rooms as of Nov-18 from 2,200 rooms as of Mar-18. IHCL is witnessing healthy expansion mostly through MCs. This should help boost ROE/ROCEs.
- **Near term outlook remains** positive with robust demand and seasonally strong 2H. This is coupled with management's aim to improve margins.

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### Quarterly Financials

Consolidated (Rs mn)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	% chg QoQ	% chg YoY
<b>Net Sales</b>	<b>9,112</b>	<b>8,517</b>	<b>11,973</b>	<b>10,986</b>	<b>9,797</b>	<b>9,645</b>	<b>(1.5)</b>	<b>13.3</b>
Cost of Materials/F&B	839	829	1,114	982	901	875	(3.0)	5.5
Emp Costs	3,396	3,265	3,462	3,344	3,588	3,487	(2.8)	6.8
Other Exps	3,971	3,877	4,591	4,662	4,201	4,291	2.2	10.7
<b>Total Operating Costs</b>	<b>8,206</b>	<b>7,971</b>	<b>9,168</b>	<b>8,988</b>	<b>8,690</b>	<b>8,653</b>	<b>(0.4)</b>	<b>8.6</b>
<b>EBITDA</b>	<b>906</b>	<b>546</b>	<b>2,805</b>	<b>1,998</b>	<b>1,107</b>	<b>992</b>	<b>(10.3)</b>	<b>81.8</b>
Other Income	88	125	199	206	150	166	10.7	32.9
D&A	714	705	742	852	785	812	3.5	15.3
Finance Costs	695	716	760	520	469	467	(0.6)	(34.8)
<b>PBT before Xo</b>	<b>(415)</b>	<b>(750)</b>	<b>1,502</b>	<b>832</b>	<b>3</b>	<b>(120)</b>	<b>(4,730.8)</b>	<b>(83.9)</b>
Exceptional gain/(loss)	157	24	187	305	(39)	(453)	1,057.8	(1,963.0)
<b>PBT after Xo</b>	<b>(258)</b>	<b>(725)</b>	<b>1,690</b>	<b>1,137</b>	<b>(36)</b>	<b>(573)</b>	<b>1,470.1</b>	<b>(21.0)</b>
Tax	39	(214)	819	568	(98)	(193)	97.6	(10.1)
<b>PAT</b>	<b>(297)</b>	<b>(511)</b>	<b>871</b>	<b>569</b>	<b>61</b>	<b>(380)</b>	<b>(723.6)</b>	<b>(25.6)</b>
Profit/Loss of JV/Associates	13	(89)	255	224	30	325	982.3	(466.9)
<b>RPAT</b>	<b>(284)</b>	<b>(599)</b>	<b>1,126</b>	<b>793</b>	<b>91</b>	<b>(56)</b>	<b>(161.2)</b>	<b>(90.7)</b>
<b>APAT (RPAT - Xo)</b>	<b>(441)</b>	<b>(624)</b>	<b>939</b>	<b>488</b>	<b>130</b>	<b>397</b>	<b>205.1</b>	<b>(163.6)</b>

Source: Company, HDFC sec Inst Research

% of Net Revenue	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	Chg QoQ (bps)	Chg YoY (bps)
<b>Net Sales</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	-	-
Cost of Materials	9.2	9.7	9.3	8.9	9.2	9.1	(13)	(67)
Emp Costs	37.3	38.3	28.9	30.4	36.6	36.2	(47)	(218)
Other Exps	43.6	45.5	38.3	42.4	42.9	44.5	161	(103)
<b>Total Operating Costs</b>	<b>90.1</b>	<b>93.6</b>	<b>76.6</b>	<b>81.8</b>	<b>88.7</b>	<b>89.7</b>	<b>101</b>	<b>(388)</b>
<b>EBITDA</b>	<b>9.9</b>	<b>6.4</b>	<b>23.4</b>	<b>18.2</b>	<b>11.3</b>	<b>10.3</b>	<b>(101)</b>	<b>388</b>
Other Income	1.0	1.5	1.7	1.9	1.5	1.7	19	25
D&A	7.8	8.3	6.2	7.8	8.0	8.4	41	15
Finance Costs	7.6	8.4	6.3	4.7	4.8	4.8	5	(357)
<b>PBT before Xo</b>	<b>(4.6)</b>	<b>(8.8)</b>	<b>12.5</b>	<b>7.6</b>	<b>0.0</b>	<b>(1.2)</b>	<b>(127)</b>	<b>755</b>
Xo - Exch loss on LTB	-	-	-	-	-	-	-	-
Xo - Others	1.7	0.3	1.6	2.8	(0.4)	(4.7)	(429)	(498)
<b>PBT after Xo</b>	<b>(2.8)</b>	<b>(8.5)</b>	<b>14.1</b>	<b>10.3</b>	<b>(0.4)</b>	<b>(5.9)</b>	<b>(557)</b>	<b>258</b>
Tax	0.4	(2.5)	6.8	5.2	(1.0)	(2.0)	(100)	52
<b>PAT</b>	<b>(3.3)</b>	<b>(6.0)</b>	<b>7.3</b>	<b>5.2</b>	<b>0.6</b>	<b>(3.9)</b>	<b>(457)</b>	<b>206</b>
<b>RPAT</b>	<b>(3.1)</b>	<b>(7.0)</b>	<b>9.4</b>	<b>7.2</b>	<b>0.9</b>	<b>(0.6)</b>	<b>(151)</b>	<b>646</b>
<b>APAT (RPAT - Xo)</b>	<b>(4.8)</b>	<b>(7.3)</b>	<b>7.8</b>	<b>4.4</b>	<b>1.3</b>	<b>4.1</b>	<b>279</b>	<b>1,144</b>

Source: Company, HDFC sec Inst Research

*Finance cost decreased by ~35% YoY due to reduction in net debt from Rs 46bn to Rs 20bn at the end of FY18.*

*Exceptional items: MTM losses in foreign currency contracts*

### Standalone: Key financial and operating performance indicators

	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E	FY22E	CAGR FY15- 18	CAGR FY18- 22E
No of Rooms*	4,069	4,044	4,067	4,453	4,301	4,175	4,258	4,198	4,282	4,367	0.9%	1.1%
Occupancy	63.0	64.0	64.0	65.0	66.0	67.0	68.0	69.5	69.8	70.0	1.5%	1.1%
ARR	9,504	9,360	9,562	9,308	10,213	10,722	11,419	12,161	12,769	13,408	3.9%	5.7%
<b>Revenue split (Rs Mn)</b>												
Room income	8,893	8,843	9,083	9,833	10,582	10,947	12,069	12,949	13,919	14,960	6.4%	8.1%
F&B, Banqueting	7,324	7,742	8,134	9,182	9,422	10,278	11,203	12,211	12,944	13,721	8.1%	7.5%
Other Operating Income	2,542	2,710	3,026	3,664	4,012	4,165	4,473	4,806	5,167	5,559	11.2%	7.5%
<b>Total</b>	<b>18,759</b>	<b>19,295</b>	<b>20,244</b>	<b>22,679</b>	<b>24,016</b>	<b>25,390</b>	<b>27,745</b>	<b>29,967</b>	<b>32,030</b>	<b>34,240</b>	<b>7.8%</b>	<b>7.8%</b>
<b>EBITDA</b>	<b>4,044</b>	<b>3,895</b>	<b>3,587</b>	<b>4,223</b>	<b>5,197</b>	<b>5,840</b>	<b>6,798</b>	<b>7,692</b>	<b>8,549</b>	<b>9,491</b>	<b>17.6%</b>	<b>12.9%</b>
<b>EBITDA %</b>	<b>21.6</b>	<b>20.2</b>	<b>17.7</b>	<b>18.6</b>	<b>21.6</b>	<b>23.0</b>	<b>24.5</b>	<b>25.7</b>	<b>26.7</b>	<b>27.7</b>		
<b>Growth %</b>												
Room income	0.7	(0.6)	2.7	8.3	7.6	3.5	10.3	7.3	7.5	7.5		
F&B, Banqueting	7.1	5.7	5.1	12.9	2.6	9.1	9.0	9.0	6.0	6.0		
Other Operating Income	5.3	6.6	11.7	21.1	9.5	3.8	7.4	7.5	7.5	7.6		
<b>Total Revenue</b>	<b>3.7</b>	<b>2.9</b>	<b>4.9</b>	<b>12.0</b>	<b>5.9</b>	<b>5.7</b>	<b>9.3</b>	<b>8.0</b>	<b>6.9</b>	<b>6.9</b>		
<b>EBITDA</b>	<b>(0.4)</b>	<b>(3.7)</b>	<b>(7.9)</b>	<b>17.7</b>	<b>23.1</b>	<b>12.4</b>	<b>16.4</b>	<b>13.2</b>	<b>11.1</b>	<b>11.0</b>		
<b>Revenue Mix (%)</b>												
Room income	47.4	45.8	44.9	43.4	44.1	43.1	43.5	43.2	43.5	43.7		
F&B, Banqueting	39.0	40.1	40.2	40.5	39.2	40.5	40.4	40.7	40.4	40.1		
Other Operating Income	13.6	14.0	14.9	16.2	16.7	16.4	16.1	16.0	16.1	16.2		
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		
<b>Other Operating Income Split (Rs Mn)</b>												
Shop rentals	262	289	307	299	305	317	323	330	336	343	1.1%	2.0%
Membership fees	526	539	591	710	952	857	900	945	992	1,042	13.2%	5.0%
Management and operating fees	1,165	1,255	1,377	1,490	1,588	1,655	1,820	2,002	2,202	2,423	6.3%	10.0%
Other Operating Income	589	627	751	1,166	1,168	1,336	1,429	1,529	1,636	1,751	21.2%	7.0%
<b>Total</b>	<b>2,542</b>	<b>2,711</b>	<b>3,026</b>	<b>3,664</b>	<b>4,012</b>	<b>4,165</b>	<b>4,473</b>	<b>4,806</b>	<b>5,167</b>	<b>5,559</b>	<b>11.2%</b>	<b>7.5%</b>

Source: Company, HDFC sec Inst Research

### IHCL valuation snapshot

	Sep-20E
EBITDA (Rs Mn)	9,441
Target multiple (x)	20
Enterprise Value (Rs Mn)	188,820
(-) Net Debt (Rs Mn)	13,639
<b>Equity Value (Rs Mn)</b>	<b>175,181</b>
O/s shares (Mn)	1,189
<b>Value per share (Rs)</b>	<b>147</b>
Add: Value of IHCL stake in TajGVK	3
<b>Value per share (Rs)</b>	<b>150</b>
CMP (Rs)	132
<b>Upside/Downside (%)</b>	<b>13.7</b>

Source: Company, HDFC sec Inst Research

### Implied Value of TajGVK Holding for IHCL

O/s shares (Mn)	62.7
TP (Rs)	205
Implied Mcap (Rs Mn)	12,836
IHCL Ltd holding (%)	25.5%
Implied TajGVk value for IHCL (Rs Mn)	3,273
O/s shares (Mn)	1,189
Implied TajGVk value for IHCL (Rs Mn)	3

Source: Company, HDFC sec Inst Research

### Change In Estimates

	New			Old			Change in % / bps		
	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21
Revenue (Rs Mn)	44,081	47,528	50,908	44,081	47,528	50,908	(0.0)	(0.0)	0.0
EBITDA (Rs Mn)	7,570	8,874	10,008	7,570	8,874	10,008	0.0	(0.0)	0.0
EBITDA Margin (%)	17.2	18.7	19.7	17.2	18.7	19.7	0 bps	0 bps	0 bps
PAT (Rs Mn)	2,075	3,060	4,089	2075	3060	4089	(0.0)	(0.0)	(0.0)

Source: HDFC sec Inst Research

### Peer Set Comparison

	CMP (Rs)	TP/FV (Rs)	Reco	Mcap (Rs Bn)	Net Debt (Rs Bn)				EV/EBITDA (x)				Net Debt/EBITDA (x)				Core ROCE (%)			
					FY18	FY19E	FY20E	FY21E	FY18	FY19E	FY20E	FY21E	FY18	FY19E	FY20E	FY21E	FY18	FY19E	FY20E	FY21E
Lemon Tree	72	86	BUY	56.8	9.8	12.2	13.9	15.5	48.6	37.9	29.3	23.2	7.2	6.7	5.8	5.0	3.1	3.2	3.7	5.0
<b>Indian Hotels</b>	<b>132</b>	<b>150</b>	<b>BUY</b>	<b>156.9</b>	<b>20.8</b>	<b>19.0</b>	<b>15.8</b>	<b>11.5</b>	<b>28.4</b>	<b>23.2</b>	<b>19.5</b>	<b>16.8</b>	<b>3.3</b>	<b>2.5</b>	<b>1.8</b>	<b>1.1</b>	<b>3.7</b>	<b>4.6</b>	<b>5.5</b>	<b>6.1</b>
EIH	165	156	NR*	94.1	2.8	2.3	1.5	(0.3)	32.4	27.5	24.0	20.8	0.9	0.7	0.4	(0.1)	3.5	3.8	4.6	5.3
EIH Associated	308	313	NR*	9.3	(0.4)	(0.7)	(0.7)	(0.8)	13.3	11.7	11.7	10.3	(0.6)	(1.0)	(0.9)	(1.0)	10.8	11.2	10.3	10.8
Taj GVK	156	205	NR*	9.8	2.1	2.0	1.9	1.6	16.6	16.2	14.4	12.1	3.0	2.8	2.3	1.7	7.3	6.7	7.5	8.9

Source: Company, HDFC sec Inst Research \*NR = Not Rated

## Consolidated Income Statement

(Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
<b>Net Revenues</b>	<b>40,206</b>	<b>40,587</b>	<b>44,081</b>	<b>47,528</b>	<b>50,908</b>
<b>Growth (%)</b>	<b>(0.1)</b>	<b>0.9</b>	<b>8.6</b>	<b>7.8</b>	<b>7.1</b>
Material Expenses	3,640	3,764	3,951	4,212	4,457
Employee Expenses	13,647	13,466	14,288	15,067	15,945
Other Operating Expenses	16,824	17,101	18,272	19,376	20,498
Total Operating Costs	34,110	34,332	36,510	38,654	40,900
EBITDA	6,096	6,255	7,570	8,874	10,008
<b>EBITDA Margin (%)</b>	<b>15.2</b>	<b>15.4</b>	<b>17.2</b>	<b>18.7</b>	<b>19.7</b>
<b>EBITDA Growth (%)</b>	<b>10.4</b>	<b>2.6</b>	<b>21.0</b>	<b>17.2</b>	<b>12.8</b>
Depreciation	2,994	3,012	3,117	3,227	3,339
<b>EBIT</b>	<b>3,103</b>	<b>3,243</b>	<b>4,453</b>	<b>5,647</b>	<b>6,669</b>
Other Income (Including EO Items)	442	1,290	815	655	625
Interest	3,238	2,690	2,189	1,913	1,500
<b>PBT</b>	<b>306</b>	<b>1,843</b>	<b>3,080</b>	<b>4,389</b>	<b>5,794</b>
Tax (Incl Deferred)	1,137	1,211	1,394	1,725	2,097
Minority Interest	200	376	389	396	393
<b>RPAT</b>	<b>(632)</b>	<b>1,009</b>	<b>2,075</b>	<b>3,060</b>	<b>4,089</b>
EO (Loss) / Profit (Net Of Tax)	(108)	673	-	-	-
<b>APAT</b>	<b>(524)</b>	<b>336</b>	<b>2,075</b>	<b>3,060</b>	<b>4,089</b>
<b>APAT Growth (%)</b>	<b>(64.7)</b>	<b>(164.0)</b>	<b>518.0</b>	<b>47.5</b>	<b>33.6</b>
<b>Adjusted EPS (Rs)</b>	<b>(0.5)</b>	<b>0.3</b>	<b>1.7</b>	<b>2.6</b>	<b>3.4</b>
<b>EPS Growth (%)</b>	<b>(64.7)</b>	<b>(153.3)</b>	<b>518.0</b>	<b>47.5</b>	<b>33.6</b>

Source: Company, HDFC sec Inst Research

## Consolidated Balance Sheet

(Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
Equity Capital	990	1,189	1,189	1,189	1,189
R&S	24,190	40,622	42,696	45,756	49,845
<b>Total Equity</b>	<b>25,180</b>	<b>41,811</b>	<b>43,886</b>	<b>46,946</b>	<b>51,034</b>
Minority Interests	7,380	7,774	7,753	7,736	7,722
STL	5,930	982	3,456	2,219	2,838
LTL	31,467	25,828	25,828	25,828	25,828
<b>Borrowings</b>	<b>37,397</b>	<b>26,810</b>	<b>29,284</b>	<b>28,047</b>	<b>28,665</b>
Other Non CL	3,933	4,399	4,848	5,227	5,598
<b>Total Liabilities</b>	<b>73,890</b>	<b>80,793</b>	<b>85,770</b>	<b>87,955</b>	<b>93,020</b>
Net Fixed Assets	60,380	63,596	63,979	64,252	64,413
Other Non CA	16,700	17,954	18,454	18,954	19,454
<b>Total Non CA</b>	<b>77,080</b>	<b>81,550</b>	<b>82,433</b>	<b>83,206</b>	<b>83,867</b>
C&CE	2,810	6,009	10,293	12,248	17,187
CA	6,450	6,187	6,569	7,083	7,587
CL	12,450	12,952	13,525	14,583	15,620
<b>Net CA</b>	<b>(6,000)</b>	<b>(6,765)</b>	<b>(6,956)</b>	<b>(7,500)</b>	<b>(8,033)</b>
<b>Total Assets</b>	<b>73,890</b>	<b>80,793</b>	<b>85,770</b>	<b>87,955</b>	<b>93,020</b>

Source: Company, HDFC Sec Inst Research

## Cash Flow Statement

(Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
Reported PBT	505	2,219	3,469	4,785	6,186
Non-operating & EO Items	108	(673)	-	-	-
Interest Expenses	3,238	2,690	2,189	1,913	1,500
Depreciation	2,994	3,012	3,117	3,227	3,339
Working Capital Change	(1,174)	765	190	544	533
Tax Paid	(1,137)	(1,211)	(1,394)	(1,725)	(2,097)
<b>OPERATING CASH FLOW ( a )</b>	<b>4,533</b>	<b>6,803</b>	<b>7,571</b>	<b>8,744</b>	<b>9,462</b>
Capex	(2,858)	(6,228)	(3,500)	(3,500)	(3,500)
<b>Free Cash Flow (FCF)</b>	<b>1,676</b>	<b>575</b>	<b>4,071</b>	<b>5,244</b>	<b>5,962</b>
Investments	12,453	633	624	906	1,250
Non-operating Income	(108)	673	-	-	-
<b>INVESTING CASH FLOW ( b )</b>	<b>9,488</b>	<b>(4,922)</b>	<b>(2,876)</b>	<b>(2,594)</b>	<b>(2,250)</b>
Debt Issuance/(Repaid)	(11,157)	(10,587)	2,474	(1,237)	618
Interest Expenses	(3,238)	(2,690)	(2,189)	(1,913)	(1,500)
<b>FCFE</b>	<b>(4,908)</b>	<b>(18,200)</b>	<b>(2,591)</b>	<b>(5,745)</b>	<b>(3,132)</b>
Share Capital Issuance	-	15,000	-	-	-
Dividend	(347)	(405)	(696)	(1,044)	(1,391)
<b>FINANCING CASH FLOW ( c )</b>	<b>(14,742)</b>	<b>1,317</b>	<b>(410)</b>	<b>(4,194)</b>	<b>(2,273)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>(721)</b>	<b>3,198</b>	<b>4,284</b>	<b>1,956</b>	<b>4,938</b>
Closing Cash & Equivalents	2,810	6,009	10,293	12,248	17,187

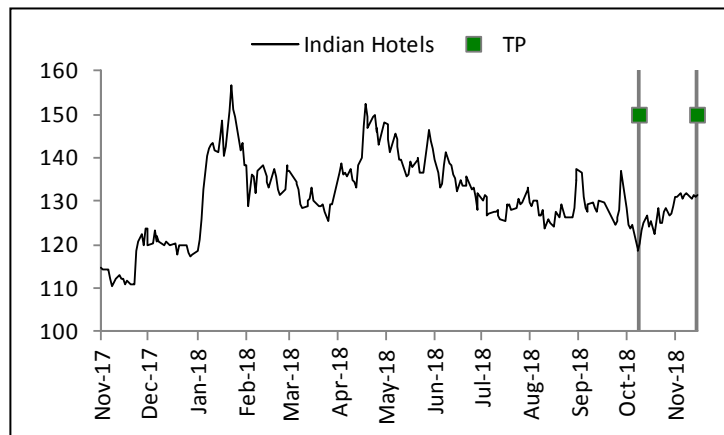
Source: Company, HDFC sec Inst Research

## Key Ratios

	FY17	FY18	FY19E	FY20E	FY21E
<b>PROFITABILITY (%)</b>					
GPM	90.9	90.7	91.0	91.1	91.2
EBITDA Margin	15.2	15.4	17.2	18.7	19.7
APAT Margin	(1.3)	0.8	4.7	6.4	8.0
RoE	(2.1)	1.0	4.8	6.7	8.3
RoIC (or Core RoCE)	4.1	3.7	4.6	5.5	6.1
RoCE	2.5	1.4	2.9	3.9	4.7
<b>EFFICIENCY</b>					
Tax Rate (%)	371.9	65.7	45.3	39.3	36.2
Fixed Asset Turnover (x)	0.6	0.7	0.7	0.7	0.8
Current Assets (days)	59	56	57	56	56
Payables (days)	113	117	117	116	116
Cash Conversion Cycle (days)	-54	-61	-60	-60	-60
Net Debt/EBITDA (x)	5.7	3.3	2.5	1.8	1.1
Net D/E (x)	1.4	0.5	0.4	0.3	0.2
Interest Coverage (x)	1.0	1.2	2.0	3.0	4.4
<b>PER SHARE DATA (Rs)</b>					
EPS	(0.5)	0.3	1.7	2.6	3.4
CEPS	1.7	0.5	3.4	4.4	5.0
Dividend	0.3	0.4	0.5	0.8	1.0
Book Value	25.4	35.2	36.9	39.5	42.9
<b>VALUATION</b>					
P/E (x)	(249.2)	467.5	75.6	51.3	38.4
P/BV (x)	5.2	3.8	3.6	3.3	3.1
EV/EBITDA (x)	31.4	28.4	23.2	19.5	16.8
EV/Revenues (x)	4.8	4.4	4.0	3.6	3.3
OCF/EV (%)	2.4	3.8	4.3	5.1	5.6
FCF/EV (%)	0.9	0.3	2.3	3.0	3.5
FCFE/Mkt Cap (%)	(3.1)	(11.6)	(1.7)	(3.7)	(2.0)
Dividend Yield (%)	0.2	0.3	0.4	0.6	0.8

Source: Company, HDFC sec Inst Research

## RECOMMENDATION HISTORY



Date	CMP	Reco	Target
9-Oct-18	120	BUY	150
16-Nov-18	131	BUY	150

### 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

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