

Dishman Carbogen Amcis

BUY

INDUSTRY	PHARMA		
CMP (as on 28 Sep 2018)	Rs 249		
Target Price	Rs 415		
Nifty	10,930		
Sensex	36,227		
KEY STOCK DATA			
Bloomberg	DCAL IN		
No. of Shares (mn)	161		
MCap (Rs bn) / (\$ mn)	40/553		
6m avg traded value (Rs mn)	79		
STOCK PERFORMANCE (%)			
52 Week high / low	397/240		
	3M	6M	12M
Absolute (%)	(5.0)	(22.4)	(26.4)
Relative (%)	(7.3)	(32.3)	(42.2)
SHAREHOLDING PATTERN (%)			
Promoters	61.4		
FIs & Local MFs	11.3		
FPIs	9.4		
Public & Others	17.9		
<i>Source : BSE</i>			

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Multiple tailwinds ahead

DCAL's FY18 annual report highlights its focus on cost optimization, improving business mix, commitment to reduce debt, strong hedging policies and reduced free cash flow due to higher capex in FY18. The revenue, EBITDA, and PAT largely remained flat in FY18 owing to fully utilized developmental capacity in Switzerland entity (~56% of revenues) and reduced supplies of old products like Eprosartan from India. However, it started the supplies of Niraparib API to a CRAMS partner in FY18, which is expected to become a blockbuster product globally.

Going ahead in FY19, we expect DCAL to benefit from the falling rupee, expanded development capacity, ramp up in commercial supplies and improved profitability of Vitamin D business. Remain constructive on its CRAMS thesis with 15 novel molecules in late phase III for its partners. Maintain BUY with a TP of Rs 415 (11x EV/EBITDA).

Highlights of the year

- Focus on cost optimization:** AR highlights that DCAL has reduced SG&A spend from 11.3% (of sales) in FY17 to 8.0% in FY18, showing a decline of Rs 380mn. Along with cost optimization, the management expects their efforts on rationalization of non-profitable orders, better pricing environment in Vitamin D, increased commercial sales and optimal utilization of Chinese plant to drive higher margins in coming years.
- Net Debt/Equity lowered to 0.5x:** 60% of DCAL's total debt in FY18 is denominated in foreign currency at LIBOR+1.5% rate, up from 30% in FY15. This has resulted in a 45% reduction in interest cost from Rs

900mn in FY15 to Rs 490mn in FY18. DCAL intends to further lower its debt over the next two years. As per the current debt schedule, Rs 5.2bn is long-term in nature (48% of total debt) while 80% of this is repayable over FY19-21. Overall, Net Debt/Equity ratio lowered from 0.6x in FY17 to 0.5x in FY18 (adjusted for goodwill of Rs 35bn).

- Increased capex hurt FCF:** OCF has typically been maintained at Rs ~2.9bn over FY15-17. However, higher working capital and an increase in capex from Rs ~1.3bn over FY15-17 to Rs 2.2bn in FY18 eroded FCF down to Rs 100mn in FY18 (Rs ~1.5bn over FY15-17).
- Strong hedging policies:** Hedge positions have been increased significantly over the year as forward covers amounting to Rs ~3.8bn in FY17, have jumped to Rs ~11.5bn in FY18 (~70% of sales).
- No dividend was proposed for FY18 by the management. The company could use other means to compensate for lack of dividend in FY18.**

Financial Summary

(Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
Net Sales	17,137	16,948	19,314	21,706	24,594
EBIDTA	4,534	4,454	5,266	6,189	7,499
EBITDA M (%)	26.5	26.3	27.3	28.5	30.5
APAT	1,454	1,546	2,119	2,847	3,750
Adj. EPS (Rs)	9.0	9.6	13.1	17.6	23.2
EV/ EBITDA (x)	10.8	11.1	9.1	7.6	6.1
P/E (x)	27.7	26.1	19.0	14.2	10.8
RoE (%)	16.3	14.6	15.9	17.1	18.2
FCF	1,547	100	2,028	858	1,645
Net Debt	8,122	8,120	6,479	5,952	4,600
Net D/E (x)	0.6	0.5	0.4	0.3	0.2

Source: Company, HDFC sec Inst Research # Consolidated

Core revenue (excluding other operating income) was largely flat at Rs 16.5bn, up 1.2%YoY in FY18

Within the CRAMS segment, low-margin (20% EBITDA margin) Swiss business contributed 78%

The CRAMS India business grew 9.1%YoY and the Vitamin D business declined 18%YoY in FY18

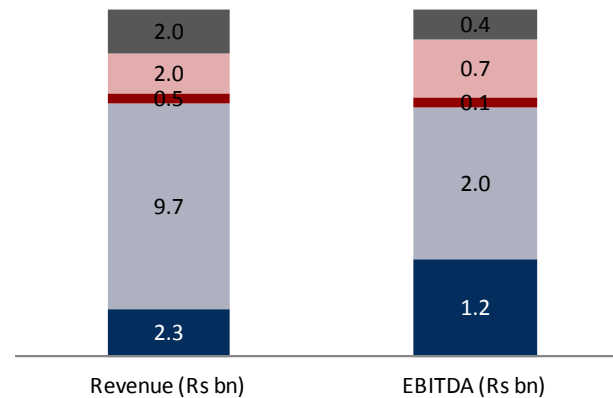
Highlights of the FY18 Annual Report

Segmental Performance

- Core revenue (excluding other operating income) was largely flat at Rs 16.5bn, up 1.2%YoY in FY18. The CRAMS segment contributed 76% to total revenues, and the remaining 24% came from Marketable Molecules. Movement in business mix led to a decline in gross margin. While employee cost was higher in the year, cost rationalization led to a decline in selling and administrative expenses and hence the EBITDA margin was not impacted.
- Within the CRAMS segment, low-margin (20% EBITDA margin) Swiss business contributed 78% to the segment's revenue and grew 5.7%YoY. With capacity constraints experienced during the year now overcome, revenue growth is expected in the year ahead.

Shift In Revenue and EBITDA Mix

■ CRAMS India ■ CRAMS AG ■ CRAMS UK ■ Vitamin D ■ Others

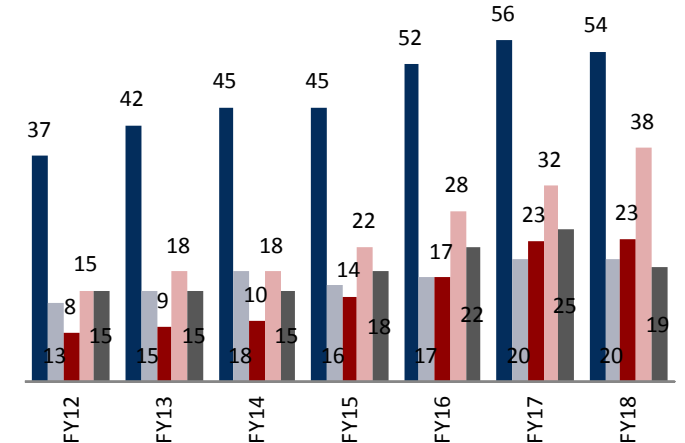


Source: Company, HDFC sec Inst Research # Consolidated

- The CRAMS India business grew 9.1%YoY in FY18. Eprosartan sales were subdued during the third quarter which saw a recovery in quarter 4. Moreover, commercialization of Niraparib led to further growth in the segment. The segment's EBITDA margin was 54% for the year (2% lower than the previous year) due to unfavorable business mix and rupee appreciation.
- DCAL's Vitamin D business saw a significant decline in revenue (down 17.9%). However, this led to only a marginal decline in the segment's EBITDA (down 2%) owing to a shift from high volume low margin business to high margin Vitamin D analogues business. The segment is expected to grow in the years ahead on the back of strong demand. EBITDA margin is above the company average, now at 38%, and would lead to an improvement in overall business margins with the segment gaining traction.

EBITDA Margin Expansion Over The Years

■ CRAMS India ■ CRAMS AG ■ CRAMS UK ■ Vitamin D ■ Others



Source: Company, HDFC sec Inst Research # Consolidated

Focus remains on improving profitability in the coming years

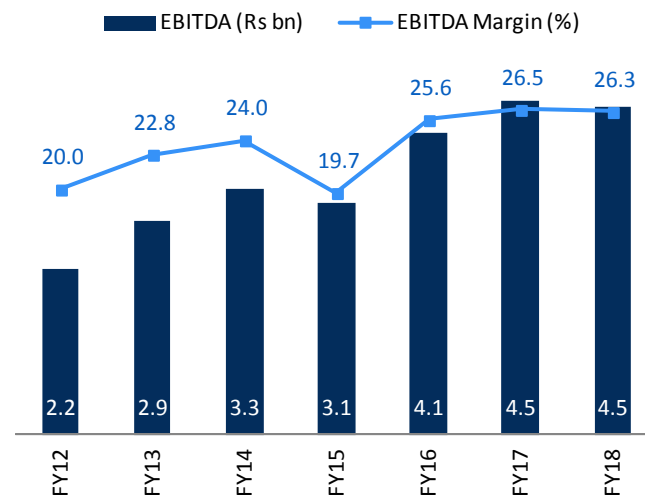
Key revenue growth drivers for FY19 are increased capacity in CRAMS AG, recovery in Eprosartan, ramp up in Niraparib and Vitamin D analogues, and commercialization of HiPo molecules

DCAL continues to increase presence across the CRAMS value chain. It reduced dependence on large innovators from 70-80% in FY11 to 25-30% in FY18, thereby mitigating revenue concentration risk

Excerpts from management commentary

- Management foresees higher profitability in the coming years owing to: (1) significant increase of high-margin portfolio in business mix; (2) low-cost and flexible manufacturing processes; (3) continued cost rationalization; (4) optimization at Shanghai plant; (5) no major capex intended for the next few years; (6) increased traction in Vitamin D business.
- Further, interest cost savings due to repayment of debt and margin expansion is expected to drive earnings CAGR over the next few years.
- Scalability of HiPo facility and approvals from regulatory authorities is expected to result in better profitability through opportunities in oncology and other HiPo compound spaces.
- Key revenue growth drivers for FY19 are increased capacity in CRAMS AG, recovery in Eprosartan, ramp up in Niraparib and Vitamin D analogues, and commercialization of HiPo molecules.

Profitability Improvement Likely To Continue

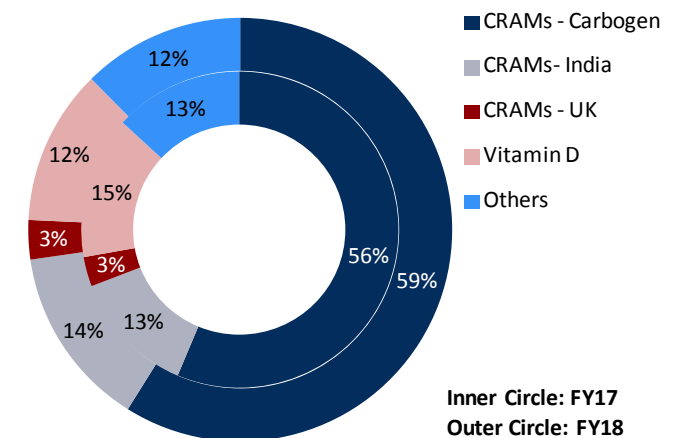


Source: Company, HDFC sec Inst Research # Consolidated

Focus areas

- Identified key segments to support a strong development pipeline such as oncology, cardiovascular, central nervous system, ophthalmic and drugs under the orphan drug category.
- Received approvals from the European Health Authorities and US FDA for a key oncology molecule. 15 molecules are currently in late phase III clinical trials, 50% of which are in the oncology space.
- DCAL is focusing on the oncology segment (currently 45% of its CRAMS sales) as its market is expected to grow at a faster pace than other segments (projected CAGR of 9-12% over FY16-21E by IMS).
- DCAL continues to increase presence across the CRAMS value chain. It reduced dependence on large innovators from 70-80% in FY11 to 25-30% in FY18, thereby mitigating revenue concentration risk.

CRAMS business accounts for 75% of revenues



Source: Company, HDFC sec Inst Research # Consolidated

As per the management, working capital cycle is back to normal levels as excess inventory level in March end has been sold out

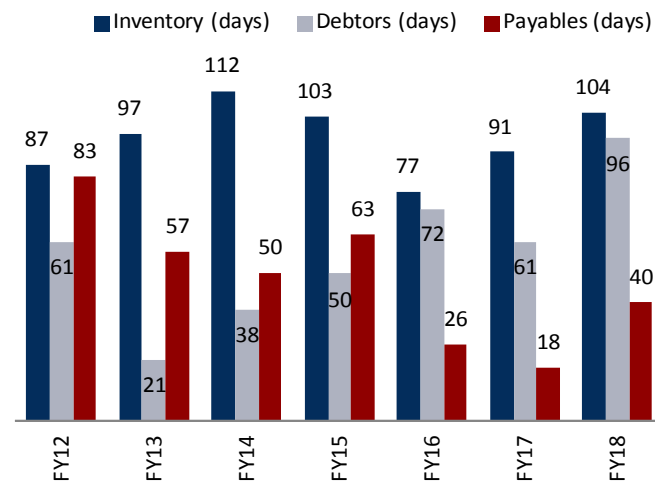
Goodwill related to merger increased by Rs ~800mn to Rs 35bn. Goodwill amortization is maintained at Rs 885mn (same as previous year)

Debt amounting to Rs 3.4bn is in USD (35% of total debt), and Rs 1.1bn is denominated in Euros (12% of total debt), 40% of the debt is in domestic currency

Movement in assets

- **Working capital:** Inventory and receivables period increased by 48 days collectively, whereas payables period increased by 22 days. Cash conversion cycle extended from 139 days in FY17 to 152 days in FY18. As per the management, working capital cycle is back to normal levels as excess inventory in March end has been sold out. Average cash cycle over FY15-18 for Dishman is 133 days, lower than peers that average at 149 days.
- **Fixed assets** increased by Rs 2.4bn in FY18. Addition to gross block (net of disposal) was Rs 1.9bn. Moreover, translation difference for FA was substantial, at Rs 1.1bn. Management has guided for Rs 2bn capex over the next 12-15 months. Depreciation was at Rs 1.2bn, and amortization was at Rs 930mn. These were in-line with FY17 numbers.
- **Goodwill** related to merger increased by Rs ~800mn to Rs 35bn. Goodwill amortization is maintained at Rs 885mn (same as previous year).

Working Capital Days Worsens

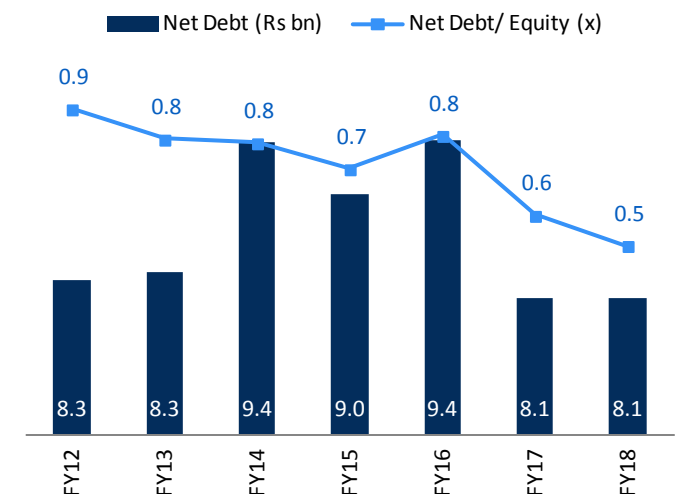


Source: Company, HDFC sec Inst Research # Consolidated

Debt scenario

- Total debt increased by 15% over FY17, coming up to Rs 10.8bn for FY18. Debt has been in the range of Rs 9.3-10.5bn over FY15-17.
- Debt amounting to Rs 3.4bn is in USD (35% of total debt), and Rs 1.1bn is denominated in Euros (12% of total debt). 40% of the debt is in domestic currency.
- Major bankers include Bank of Baroda, Qatar National Bank, Credit Suisse AG, and State Bank of India. Collectively, they constitute 65% of total debt.
- Finance cost comes to 4.9%, at the same rate as FY17. The interest rate for term loans ranges from LIBOR+1% for foreign currency loans, to MCLR+2% for domestic loans. (Current LIBOR ~2.5%.)
- Going ahead, we expect interest cost for the USD-dominated debt to increase over FY18. However, DCAL has hedged close to 25-30% of their foreign currency denominated debt. So the impact would be lower to that extent.

Net Debt Remains Steady



Source: Company, HDFC sec Inst Research # Consolidated

Low CFO and high capex led to a substantial drop in Free Cash from Rs 1.5bn in FY17 to Rs 100mn in FY18

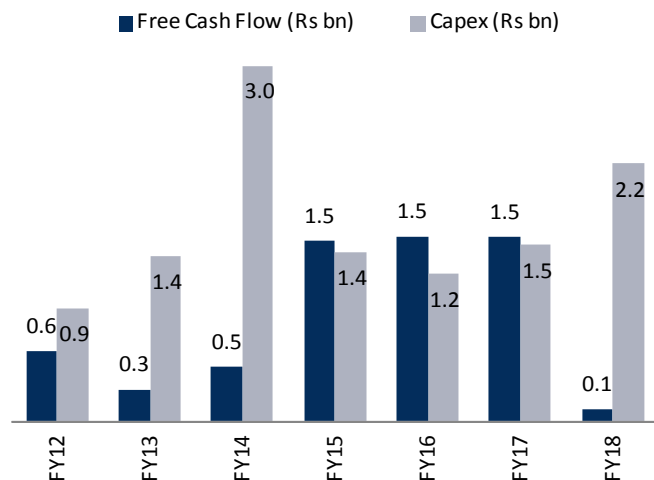
DCAL uses foreign currency forward contracts and hedges 75-80% of its forex risk

No dividend was proposed for FY18 by the management. The company is likely to use other means to compensate for a no dividend in FY18

Increased capex hurt FCF

- Operating Cashflow at Rs 2.3bn in FY18 (Rs 3.0bn in FY17) was dragged down by a significant increase in working capital.
- Capex for FY18 was Rs 2.2bn, and Rs 1.5bn invested in liquid investments.
- Low CFO and high capex led to a substantial drop in Free Cash from Rs 1.5bn in FY17 to Rs 100mn in FY18.
- An increase in total debt, lower interest expense, and no dividend paid offset the drop in free cash.

Higher Capex Led To Drop In Free Cash Flow



Source: Company, HDFC sec Inst Research # Consolidated

Strong Hedging Policies

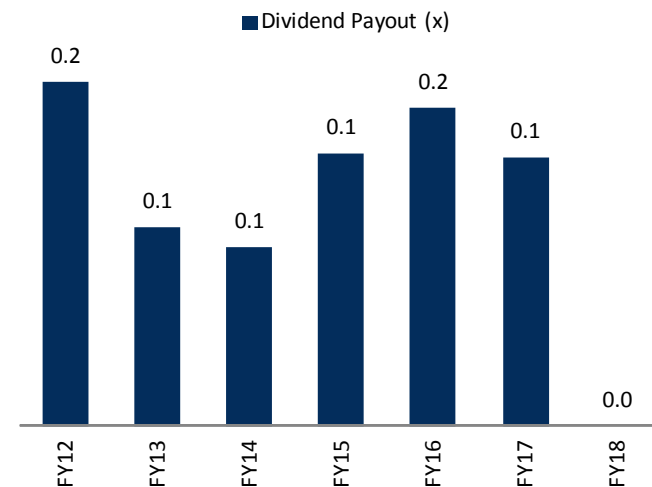
- DCAL uses foreign currency forward contracts and hedges 75-80% of its forex risk. These contracts are of maturity within a year, typically. Cash flow hedges in FY18 included: (1) forward contracts of Rs 11.5bn (70% of revenue); (2) interest and currency swap of Rs 2bn; (3) foreign currency term loans of Rs 1.4bn.

- A 1% movement in USD and CHF would have an impact (in the same direction) of Rs 23.5mn and 27.9mn respectively, in Profit and Equity.
- Trade receivables amounting to Rs 5.9bn are USD denominated, and Rs 537mn are Euro denominated.
- Trade payables amounting to Rs 942mn are USD denominated, and Rs 176mn are Euro denominated.

Tax Rate Is Likely To Remain High

- Effective tax rate at the consolidated level is 33%. ETR for the largest subsidiary, Carbogen Amcis, is 19.6%. Standalone ETR is 40.4% for FY18.
- There was Rs 72.5mn tax impact on account of foreign tax credit which is not likely to be there in FY19. However, Rs 66mn reversal of DTA due to Chinese subsidiary could negate that impact in FY19.
- No dividend was proposed for FY18 by the management. The company is likely to use other means to compensate for a no dividend in FY18.

No Dividend Was Given In FY18



Source: Company, HDFC sec Inst Research # Consolidated

Total managerial remuneration declined 35% in FY18, which was Rs 81.4mn during FY17

Rs 798mn (70% of total loans and advances) is given to the companies in which 'Company's Director is also a director'. This amounted to Rs 715mn in FY17. This is largely related to a company called Dishman Biotech which manufactures API for a German company

Vitamin D analogues facility reached 50% capacity utilization and the Bavla plant reached full capacity utilization during the year Further plans include increasing development capacity at Carbogen Amcis AG

Managerial remuneration

- DCAL has 3 whole time Directors on its board. Their corresponding remuneration as approved is: (1) Shri J.R. Vyas (Chairman and MD) – 5% of Net Profit; (2) Mr. Arpit J. Vyas (MD and CFO) – Rs 18mn; (3) Mrs. D.J. Vyas (Whole-time Director) – Rs 18mn.
- Total managerial remuneration declined 35% in FY18, which was Rs 81.4mn during FY17.

Related Party Transactions

- Loans and advances: Rs 798mn (70% of total loans and advances) is given to the companies in which 'Company's Director is also a director'. This amounted to Rs 715mn in FY17. This is largely related to a company called Dishman Biotech which manufactures API for a German company.
- At the year end, balances from entities in which KMPs/ their relatives have significant influence were as follows: (1) trade receivables of Rs 26mn; (2) trade

advances of Rs 600mn; (3) loans and advances given of Rs 948mn; (4) guarantees given by Dishman Infrastructure Ltd. on behalf of the co. of Rs 385mn.

- During the year, Mr. Arpit Vyas was given a loan of Rs 152mn, which he also repaid.

Ramp up in facilities

- Capacity: (1) HiPo facility at Bavla reached full capacity utilization and two other chambers are to be operationalized soon; (2) The planned increase in development capacity at Carbogen Amcis AG to add to incremental revenues in the future; (3) Vitamin D analogues facility reached 50% capacity utilization in FY18.
- Inspection of Carbogen Amcis AG's manufacturing facility by USFDA was successful.
- In the HiPo facility, one molecule each was made commercial and more molecules are expected to come out of the unit.

Peer Valuations

	Mcap (Rs bn)	CMP (Rs/sh)	Reco	TP/FV	Adj EPS (Rs/sh)				P/E (x)				RoE (%)			
					FY17	FY18	FY19E	FY20E	FY17	FY18	FY19E	FY20E	FY17	FY18	FY19E	FY20E
Sun Pharma	1,519	631	BUY	670	26.0	13.0	16.4	24.6	24.3	48.7	38.4	25.7	17.9	9.1	12.3	14.8
Cipla	529	659	NEU	595	12.5	17.6	22.4	28.6	52.8	37.5	29.4	23.1	8.4	10.6	12.0	13.7
Aurobindo Pharma	434	741	BUY	691	39.3	41.4	36.6	45.4	18.9	17.9	20.2	16.3	27.6	23.0	16.9	17.8
Dr Reddy's Labs	431	2,541	NEU	2,340	72.7	59.2	75.7	102.5	35.0	42.9	33.6	24.8	9.5	7.8	9.5	11.5
Lupin	403	896	BUY	1,000	33.4	38.0	27.4	45.3	26.9	23.6	32.7	19.8	12.2	12.7	8.9	13.5
Cadila Healthcare	399	389	BUY	495	14.5	13.0	15.0	21.5	26.8	29.9	25.9	18.1	23.5	17.0	16.4	20.4
Divi's Labs	363	1,366	NEU	1,150	39.9	33.0	44.6	51.4	34.2	41.3	30.6	26.6	22.0	15.5	18.7	18.9
Torrent Pharma	284	1,679	NEU	1,540	51.2	40.1	46.1	69.9	32.8	41.9	36.4	24.0	22.1	15.1	15.9	20.9
Alkem Laboratories	245	2,050	BUY	2,410	74.6	57.6	73.1	100.5	27.5	35.6	28.1	20.4	21.9	14.8	16.8	20.0
Glenmark	182	644	BUY	691	29.6	17.5	22.3	33.3	21.8	36.9	28.9	19.3	18.1	9.3	10.7	14.2
Alembic Pharma	121	641	NEU	560	21.4	21.9	23.8	31.1	30.0	29.3	26.9	20.6	23.0	20.0	18.8	20.9
Jubilant Life Sciences	116	743	BUY	990	37.0	46.6	57.9	70.1	20.1	15.9	12.8	10.6	18.0	19.3	20.1	20.3
Laurus Labs	46	431	NR	505	18.0	15.8	10.1	23.2	23.9	27.2	42.8	18.6	17.4	11.9	7.0	14.5
Strides Shasun	41	462	BUY	480	34.0	12.7	15.5	28.7	13.6	36.3	29.7	16.1	13.1	2.7	5.5	9.6
Dishman Carbogen Amcis	40	249	BUY	415	9.0	9.6	13.1	17.6	27.7	26.1	19.0	14.2	3.0	3.1	4.1	5.3
Suven Life Sciences	34	267	NR	450	6.8	9.7	10.3	11.4	39.0	27.5	25.9	23.4	13.8	17.2	16.0	15.5
Granules India	25	99	BUY	120	7.5	5.2	7.8	10.0	13.1	18.8	12.7	9.9	21.0	12.0	14.3	16.5
Neuland Labs	6	695	BUY	914	42.6	11.0	17.4	57.1	16.3	63.4	39.9	12.2	12.8	2.2	3.5	10.0

Source: HDFC sec Inst Research

Income Statement (Consolidated)

Year ending March (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
Net Revenues	17,137	16,948	19,314	21,706	24,594
Growth (%)	7.0	-1.1	14.0	12.4	13.3
Material Expenses	3,293	3,369	3,856	3,858	4,274
Employee Expenses	5,960	6,254	6,887	7,466	8,073
Other Operating Expenses	3,350	2,871	3,306	4,192	4,749
EBITDA	4,534	4,454	5,266	6,189	7,499
EBITDA Margin (%)	26.5	26.3	27.3	28.5	30.5
EBITDA Growth (%)	10.5	-1.8	18.2	17.5	21.2
Depreciation	2,135	2,114	2,226	2,319	2,423
EBIT	2,399	2,339	3,039	3,870	5,077
Other Income (Including EO Items)	261	457	450	550	550
Interest	490	488	546	494	456
PBT	2,170	2,308	2,943	3,927	5,170
Tax (Incl Deferred)	707	762	824	1,080	1,422
RPAT	1,463	1,546	2,119	2,847	3,749
Minority Interest	(9)	-	-	-	-
APAT	1,454	1,546	2,119	2,847	3,750
APAT Growth (%)	41.6	6.3	37.1	34.4	31.7
Adjusted EPS (Rs)	9.0	9.6	13.1	17.6	23.2
EPS Growth (%)	41.6	6.3	37.1	34.4	31.7

Source: Company, HDFC sec Inst Research

Balance Sheet (Consolidated)

Year ending March (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
SOURCES OF FUNDS					
Share Capital - Equity	-	323	323	323	323
Reserves	48,140	50,751	52,579	55,038	58,398
Total Shareholders Funds	48,140	51,073	52,902	55,361	58,722
Long Term Debt	4,601	5,250	4,750	4,250	3,750
Short Term Debt	4,790	5,518	5,500	5,250	5,000
Total Debt	9,391	10,768	10,250	9,500	8,750
Net Deferred Taxes	803	1,246	1,170	1,260	1,258
Other Non-current Liabilities & Provns	2,263	2,343	2,500	2,750	2,750
TOTAL SOURCES OF FUNDS	60,597	65,431	66,821	68,871	71,480
APPLICATION OF FUNDS					
Net Block	48,473	50,976	51,549	52,031	53,108
CWIP	1,329	1,190	950	800	800
Investments	46	46	46	46	46
Other Non-current Assets	2,169	3,002	2,500	2,825	2,825
Total Non-current Assets	52,017	55,214	55,046	55,702	56,779
Cash & Equivalents	1,270	2,648	3,771	3,548	4,150
Inventories	4,266	4,846	4,780	5,428	6,180
Debtors	2,856	4,444	4,025	4,571	5,204
Other Current Assets	5,335	4,538	5,719	6,168	6,400
Total Current Assets	12,457	13,827	14,524	16,168	17,784
Creditors	856	1,859	1,585	1,586	1,756
Other Current Liabilities & Provns	4,290	4,400	4,934	4,962	5,477
Total Current Liabilities	5,147	6,259	6,519	6,547	7,233
Net Current Assets	7,310	7,568	8,005	9,621	10,550
TOTAL APPLICATION OF FUNDS	60,596	65,431	66,821	68,871	71,479

Source: Company, HDFC sec Inst Research

Cash Flow

Year ending March (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
Reported PBT	2,161	2,308	2,943	3,927	5,169
Non-operating & EO items	(182)	(164)	(76)	90	(2)
Interest net	365	405	96	(56)	(94)
Depreciation	2,135	2,114	2,226	2,319	2,423
Working Capital Change	(294)	(2,063)	222	(1,691)	(929)
Tax Paid	(1,158)	(336)	(824)	(1,080)	(1,422)
OPERATING CASH FLOW (a)	3,026	2,265	4,588	3,508	5,145
Capex	(1,480)	(2,165)	(2,560)	(2,650)	(3,500)
Free cash flow (FCF)	1,547	100	2,028	858	1,645
Investments	26	(1,484)	-	-	-
Non-operating Income	29	677	450	550	550
INVESTING CASH FLOW (b)	(1,424)	(2,972)	(2,110)	(2,100)	(2,950)
Debt Issuance/(Repaid)	(649)	1,265	(518)	(750)	(750)
Interest Expenses	(515)	(488)	(546)	(494)	(456)
FCFE	438	69	1,413	165	989
Dividend	(194)	-	(291)	(387)	(387)
Others	-	-	-	-	-
FINANCING CASH FLOW (c)	(1,371)	776	(1,355)	(1,631)	(1,594)
NET CASH FLOW (a+b+c)	232	69	1,123	(223)	602
Closing Cash & Equivalents	844	943	2,757	2,534	3,136

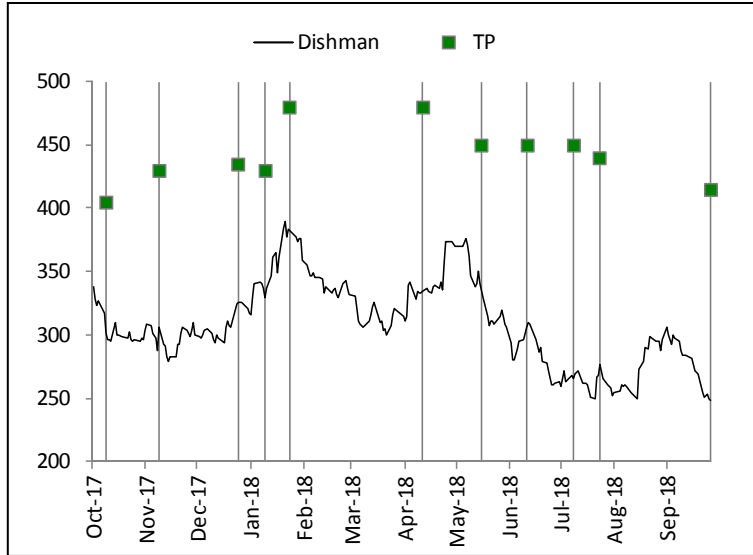
Source: Company, HDFC sec Inst Research

Key Ratios

	FY17	FY18	FY19E	FY20E	FY21E
PROFITABILITY (%)					
GPM	80.8	80.1	79.0	81.5	82.0
EBITDA Margin	26.5	26.3	27.3	28.5	30.5
APAT Margin	8.9	9.4	11.5	13.6	15.8
RoE	3.0	3.1	4.1	5.3	6.6
Adj. RoE	16.3	14.6	15.9	17.1	18.2
RoIC (or Core RoCE)	2.9	3.0	4.0	5.0	6.1
RoCE	2.7	2.8	2.9	3.7	4.6
EFFICIENCY					
Tax Rate (%)	32.6	33.0	28.0	27.5	27.5
Fixed Asset Turnover (x)	0.3	0.3	0.3	0.3	0.3
Inventory (days)	90.9	104.4	90.3	91.3	91.7
Debtors (days)	60.8	95.7	76.1	76.9	77.2
Other Current Assets (days)	93.2	81.5	80.3	75.7	66.8
Payables (days)	18.2	40.0	30.0	26.7	26.1
Other Current Liab & Provns (days)	87.3	90.0	90.4	80.5	78.7
Cash Conversion Cycle (days)	139.3	151.5	126.3	136.7	131.0
Debt/EBITDA (x)	2.1	2.4	1.9	1.5	1.2
Net D/E (x)	0.2	0.2	0.1	0.1	0.1
Interest Coverage (x)	5.4	5.7	6.4	9.0	12.3
PER SHARE DATA (Rs)					
EPS	9.0	9.6	13.1	17.6	23.2
CEPS		0.319			
Dividend	1.2	-	1.5	2.0	2.0
Book Value	298.3	316.5	327.8	343.0	363.8
VALUATION					
P/E (x)	27.7	26.1	19.0	14.2	10.8
P/BV (x)	0.8	0.8	0.8	0.7	0.7
EV/EBITDA (x)	10.8	11.1	9.1	7.6	6.1
EV/Revenues (x)	3.0	3.0	2.6	2.3	1.9
OCF/EV (%)	6.2	4.6	9.6	7.4	11.2
FCF/EV (%)	3.2	0.2	4.2	1.8	3.6
FCFE/Mkt Cap (%)	1.1	0.2	3.5	0.4	2.5
Dividend Yield (%)	0.5	-	0.6	0.8	0.8

Source: Company, HDFC sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
10-Oct-17	317	BUY	405
11-Nov-17	306	BUY	410
26-Dec-17	307	BUY	435
11-Jan-18	329	BUY	430
26-Jan-18	383	BUY	480
13-Apr-18	333	BUY	480
18-May-18	340	BUY	450
13-Jun-18	301	BUY	450
10-Jul-18	267	BUY	450
27-Jul-18	276	BUY	440
1-Oct-18	249	BUY	415

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

INSTITUTIONAL RESEARCH
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