

INDUSTRY	AVIATION		
<b>CMP (as on 11 Feb 2019)</b>	<b>Rs 80</b>		
<b>Target Price</b>	<b>Rs 103</b>		
Nifty	10,889		
Sensex	36,395		
<b>KEY STOCK DATA</b>			
Bloomberg	SJET IN		
No. of Shares (mn)	599		
MCap (Rs bn) / (\$ mn)	48/676		
6m avg traded value (Rs mn)	117		
<b>STOCK PERFORMANCE (%)</b>			
<b>52 Week high / low</b>	<b>Rs 154/61</b>		
	3M	6M	12M
Absolute (%)	(3.9)	(11.5)	(43.3)
Relative (%)	(7.4)	(7.6)	(50.3)
<b>SHAREHOLDING PATTERN (%)</b>			
Promoters	60.03		
FIs & Local MFs	6.08		
FPIs	3.96		
Public & Others	29.93		
<i>Source : BSE</i>			

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## One-offs boost profitability

SpiceJet printed 3QFY19 revenue of Rs 24.9bn (+19.4% YoY/32.2% QoQ). Spicejet's yield improved to Rs 4.07, +1.8% YoY (Indigo's at Rs 3.86, +4.5% YoY) while load factors declined 220bps YoY to 91.6%. EBITDAR at Rs 4.6bn was above our estimate of Rs 3.0bn mainly as a result of reversal of expenses of ~Rs 250mn (on account of forex movement) and higher operating income at Rs 1bn. Other operating income was higher on account of a one-time (amount not disclosed) equipment selection incentive. Other income at Rs 440mn helped boost APAT, which slumped 77.1% YoY to Rs 551mn.

ASKM/RPKM growth was strong at 16.4%/13.7% respectively. Ancillary revenue increased by 12.3% YoY to Rs 2.3bn, on higher luggage fees and focus on merchandise sales.

We have now built in crude price of \$65 bbl and higher USD at Rs 72.0 for FY20E and FY21E. Additionally we have fine tuned our aircraft lease rental assumptions resulting in our EPS for FY19E/20E declining by -6.7/-16.1% respectively to Rs 1.9/4.2.

### Financial Summary

(Rs mn)	3QFY19	3QFY18	YoY (%)	2QFY19	QoQ (%)	FY18	FY19E	FY20E	FY21E
Net Sales	24,868	20,820	19.4	18,809	32.2	77,995	93,370	114,638	132,326
EBITDAR	4,563	5,680	(19.7)	-438	(1140.9)	17,838	14,161	20,781	24,009
APAT	551	2,400	(77.1)	-3,894	(114.1)	5,572	(2,755)	1,113	2,495
EPS (Rs)	0.9	4.0	(77.1)	(6.5)	(114.1)	9.3	(4.6)	1.9	4.2
P/E (x)						8.6	(17.5)	43.2	19.3
EV / EBITDAR (x)						7.3	11.1	7.8	6.8
RoE (%)						N.A.	N.A.	(33.2)	(161.3)

Source: Company, HDFC sec Inst Research

We retain our BUY stance with a revised TP of Rs 103, based on a EV/EBITDAR target multiple of 8x on a Dec 20E EBITDAR. We will be keenly watching the competitive intensity of the industry and the impact it has on yield and load factors. Our estimates remain highly susceptible to ATF prices and currency movements.

### Highlights of the quarter

- **Fleet/Capacity:** The current fleet size is 74 (37 Boeing 737, 10 737 Max 8, 26 Q400 and 1 B737 freighter) aircraft. We are building in FY20E/21E ASKM increase of 20/15%.
- Yield improvement of 18.2% QoQ significantly boosted performance as gross margins/ASKM improved 30.3% QoQ.
- **Outlook:** Significant improvement in yields bodes well for airlines as long as crude remains in check. Near term stock price will track crude prices.

**Quarterly Financials Snapshot**

Particulars	3QFY19	3QFY18	YoY (%)	2QFY19	QoQ (%)
<b>Net Sales</b>	<b>24,868</b>	<b>20,820</b>	<b>19.4%</b>	<b>18,809</b>	<b>32.2</b>
Aircraft Fuel	9,683	6,310	53.5%	8,451	14.6
Lease Rentals	3,432	2,663	28.9%	2,777	23.6
Airport Charges	1,898	1,664	14.1%	1,790	6.1
Aircraft Maintenance	3,850	2,951	30.5%	3,583	7.4
Employee Expenses	2,706	2,264	19.5%	2,526	7.1
Other Expenses	2,168	1,951	11.1%	2,897	-25.2
<b>EBITDA</b>	<b>1,132</b>	<b>3,017</b>	<b>-62.5%</b>	<b>(3,215)</b>	<b>-135.2</b>
<b>EBITDAR</b>	<b>4,563</b>	<b>5,680</b>	<b>-19.7%</b>	<b>(438)</b>	<b>-1140.9</b>
Depreciation	614	586	4.8%	648	-5.3
<b>EBIT</b>	<b>518</b>	<b>2,432</b>	<b>-78.7%</b>	<b>(3,863)</b>	<b>-113.4</b>
Other Income	440	290	51.8%	294	49.6
Interest Cost	407	322	26.6%	325	25.3
<b>PBT</b>	<b>551</b>	<b>2,400</b>	<b>-77.1%</b>	<b>(3,894)</b>	<b>-114.1</b>
Tax	-	-	NM	-	NM
<b>APAT</b>	<b>551</b>	<b>2,400</b>	<b>-77.1%</b>	<b>(3,894)</b>	<b>-114.1</b>
EO Items	-	-	NM	-	NM
<b>RPAT</b>	<b>551</b>	<b>2,400</b>	<b>-77.1%</b>	<b>(3,894)</b>	<b>-114.1</b>
<b>Adj. EPS*</b>	<b>0.92</b>	<b>4.00</b>	<b>-77.1%</b>	<b>(6.50)</b>	<b>-114.1</b>

Source: Company, HDFC sec Inst Research

*Sales were boosted by one-time (amount unknown) higher other operating revenues.*

*Lease rentals soared as Spicejet added 12 aircrafts.*

*Other expenses were lower on account of reversal of provisions of ~Rs 250mn.*

*Fuel costs soared 53.5% YoY*

*Rentals soared as Spicejet added 12 aircrafts*

**Higher yields boosted Revenues/ASKM 17.5% QoQ.**

**Spreads improved dramatically from -0.82 to +0.02 on a QoQ basis.**

### Unit Analysis On ASKM

Particulars	3QFY19	3QFY18	YoY (%)	2QFY19	YoY (%)
Revenue/ASKM (RASKM)	4.32	4.21	2.6	3.67	17.5
Aircraft Fuel/ASKM (A)	1.68	1.27	31.8	1.65	1.8
<b>Gross margin</b>	<b>2.64</b>	<b>2.93</b>	<b>-10.1</b>	<b>2.02</b>	<b>30.3</b>
Employee Cost/ASKM	0.47	0.46	2.7	0.49	-4.8
Ownership cost/ASKM	0.77	0.72	7.1	0.73	5.5
Other Operating cost/ASKM	0.71	0.73	-3.4	0.92	-22.9
Maintenance cost/ASKM	0.67	0.60	12.1	0.70	-4.5
Non-Fuel Op.Exp/ASKM (B)	2.62	2.51	4.4	2.84	-7.9
<b>CASK (A+B)</b>	<b>4.30</b>	<b>3.78</b>	<b>13.7</b>	<b>4.49</b>	<b>-4.3</b>
<b>RASK-CASK without other income</b>	<b>0.02</b>	<b>0.43</b>	<b>-95.5</b>	<b>-0.82</b>	<b>-102.3</b>
Closing Fleet Size (Nos.)	74	60	23.3	62	19.3
Avg ATF Price (Rs per KL)	75,280	56,450	33.4	72,808	3.4

Source: Company, HDFC sec Inst Research

**Higher yields boosted Revenues/ASKM**

**Fleet additions have been high during the quarter**

**Margins were impacted by higher lease rentals.**

**Load factors declined as the company added capacity while yields moved up 1.8% YoY and 18.2% QoQ.**

### Margin Analysis

	3QFY19	3QFY18	YoY (bps)	2QFY19	QoQ (bps)
Aircraft Fuel % Net Sales	38.9	30.3	1,462	44.9	(599)
Lease Rentals % Net Sales	13.8	12.8	197	14.8	(96)
Airport Charges % Net Sales	7.6	8.0	152	9.5	(188)
Aircraft Maint % Net Sales	15.5	14.2	488	19.0	(357)
Employee Expenses % Net Sales	10.9	10.9	256	13.4	(255)
Other Expenses % Net Sales	8.7	9.4	603	15.4	(669)
EBITDA Margin (%)	4.6	14.5	(3,158)	(17.1)	2,164
EBITDAR Margin (%)	18.4	27.3	(2,961)	(2.3)	2,068
Tax Rate (%)	-	-	-	-	-
PAT Margin (%)	2.2	11.5	(3,223)	(20.7)	2,292

Source: Company, HDFC sec Inst Research

### Other Operating metrics

(Rs mn)	3QFY19	3QFY18	YoY	2QFY19	QoQ
Passanger Revenue	21,474	18,561	15.7	16,511	30.1
Ancilliary revenue	2,348	2,090	12.3	1,972	19.1
Other operating revenue	1,046	168	521.4	326	220.8
<b>Total operating income</b>	<b>24,868</b>	<b>20,820</b>	<b>19.4</b>	<b>18,809</b>	<b>32.2</b>
<b>Other metrics</b>					
ASKM (mn)	5,762	4,949	16.4	5,121	12.5
RPKM (mn)	5,278	4,642	13.7	4,798	10.0
Load Factor (%)	91.6	93.8	-220bps	93.7	-210bps
Yield (Rs/km)	4.07	4.00	1.8	3.44	18.2

Source: Company, HDFC sec Inst Research

**Given order book of upto 205 Boeing 737-MAX and 50 Bombardier Q400s, ASKM growth would be 18-20% in the medium term**

**In our forecast, we now do not assume warrant conversion. We assume crude cost of \$65 for FY19E/20E and build in slightly higher yields for FY19E/20E.**

## Key Assumptions

Particulars	FY17	FY18	FY19E	FY20E	FY21E
Fleet Size	55	63	84	101	114
ASKM (in mn)	16,641	19,498	23,010	27,612	31,753
YoY Growth (%)	28.8	17.2	18.0	20.0	15.0
Load Factor	92	95	93	94	93
RPKM (in mn)	15,238	18,465	21,503	25,817	29,531
YoY Growth (%)	30.24	21.17	16.45	20.06	14.39
Yield (Rs)	3.58	3.77	3.82	3.89	3.93
YoY Growth (%)	-6.1	5.3	1.3	2.0	1.0
Operating Revenue (Rs mn)	62,027	77,951	93,370	114,638	132,326
YoY Growth (%)	23.5	25.7	19.8	22.8	15.4

### Macro assumptions

<b>Brent Crude (USD/bbl)</b>	<b>46.0</b>	<b>64.0</b>	<b>72.0</b>	<b>65.0</b>	<b>65.0</b>
<b>USD/Rs</b>	<b>67.1</b>	<b>64.5</b>	<b>70.0</b>	<b>72.0</b>	<b>72.0</b>

### Unit Economics (In Rs)

<b>Revenues/ASKM</b>	<b>3.73</b>	<b>4.00</b>	<b>4.06</b>	<b>4.15</b>	<b>4.17</b>
<b>Aircraft Fuel/ASKM</b>	<b>1.11</b>	<b>1.25</b>	<b>1.55</b>	<b>1.49</b>	<b>1.47</b>
Employee Cost/ASKM	0.40	0.44	0.47	0.46	0.47
Lease Rental/ASKM	0.58	0.53	0.57	0.57	0.55
Maintenance cost/ASKM	0.52	0.61	0.62	0.66	0.67
Other Operating Exp./ASKM	0.79	0.79	0.83	0.81	0.82
Capital cost	0.16	0.17	0.19	0.16	-
Total Cost/ASKM	3.56	3.78	4.23	4.15	3.98
<b>Operating Profit/ASKM</b>	<b>0.17</b>	<b>0.21</b>	<b>(0.18)</b>	<b>(0.00)</b>	<b>0.18</b>

\*OPASK- Operating profit per ASKM

Source: Company, HDFC sec Inst Research;

## Change In Estimates

Particulars (Rs mn)	FY19E			FY20E			FY21E		
	New	Old	% Change	New	Old	% Change	New	Old	% Change
Revenues	93,370	93,518	(0.2)	114,638	111,638	2.7	132,326	128,352	3.1
EBITDAR	14,161	11,695	21.1	20,781	20,821	(0.2)	24,009	23,797	0.9
Adj PAT	(2,755)	(5,222)	(47.2)	1,113	1,193	(6.7)	2,495	2,973	(16.1)
EPS (Rs.)	-4.6	-8.7	(47.2)	1.9	2.0	(6.7)	4.2	5.0	(16.1)

Source: HDFC sec Inst Research

**Peer Set Comparison**

Name	MCap (Rs bn)	CMP (Rs)	Reco	TP (Rs)	P/E FY19E	P/E FY20E	P/E FY21E	ROE FY19E (%)	ROE FY20E (%)	ROE FY21E (%)
SpiceJet	48	80	BUY	103	NM	43.2	19.3	N.A.	-33.2	-161.3
Interglobe Aviation	456	1,186	BUY	1,281	NM	23.5	14.3	-5.6	25.3	31.2

Source: HDFC sec Inst Research

**FY20E EBITDAR (Rs bn) Sensitivity With Load Factor And Yield**

		Passenger Yield (Rs)					
		3.75	3.85	3.89	4.05	4.15	4.25
Load Factor (%)	89.5%	14.0	16.1	17.0	20.4	22.6	24.7
	91.5%	15.8	18.0	18.9	22.3	24.5	26.7
	93.5%	17.6	19.8	20.8	24.3	26.5	28.8
	95.5%	19.4	21.7	22.6	26.2	28.5	30.8
	97.5%	21.2	23.5	24.5	28.2	30.5	32.8

Source: HDFC sec Inst Research

**TP Sensitivity With Load Factor And Yield**

		Passenger Yield (Rs)						
		103	3.75	3.85	3.89	4.05	4.15	4.25
Load Factor (%)	89.5%	28	68	85	147	186	226	
	91.5%	37	77	94	156	196	236	
	93.5%	46	86	103	166	206	246	
	95.5%	55	95	112	176	216	256	
	97.5%	64	104	122	185	226	267	

Source: HDFC sec Inst Research

**FY20E EBITDAR (Rs bn) Sensitivity With Crude Oil And Currency**

		Crude Price (USD/bbl)					
		45	55	65	75	85	95
Currency (USD/INR)	70	34.2	28.1	21.9	15.8	9.6	3.5
	71	33.8	27.6	21.4	15.1	8.9	2.6
	72	33.4	27.1	20.8	14.5	8.1	1.8
	73	33.0	26.6	20.2	13.8	7.4	1.0
	74	32.6	26.1	19.6	13.1	6.6	0.1

Source: HDFC sec Inst Research

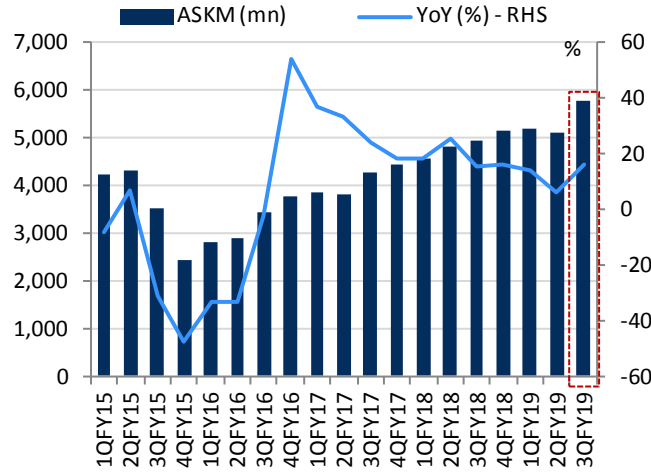
**TP Sensitivity With Crude Oil And Currency**

		Crude Price (USD/bbl)					
		45	55	65	75	85	95
Currency (USD/INR)	70	172	142	111	80	50	19
	71	169	138	107	76	45	14
	72	166	135	103	72	41	9
	73	163	131	100	68	36	4
	74	160	128	96	63	31	-1

Source: HDFC sec Inst Research

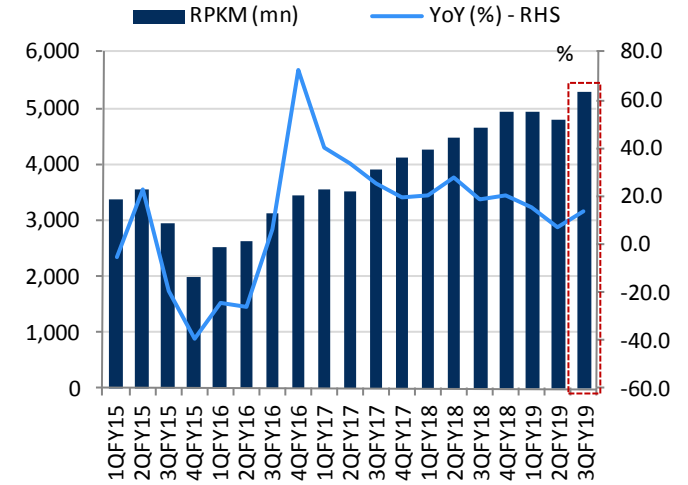
*ASKM/RPKM growth remains robust at ~16/14%*

**SpiceJet's Rising Capacity (ASKM)**



Source: Company, HDFC sec Inst Research

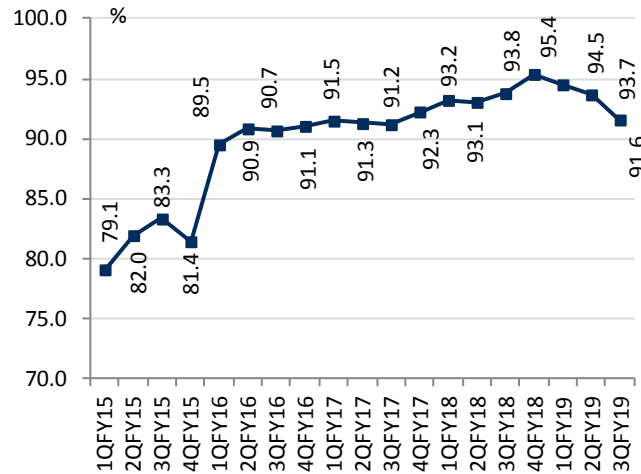
**Strong Growth In RPKM Continues**



Source: Company, HDFC sec Inst Research

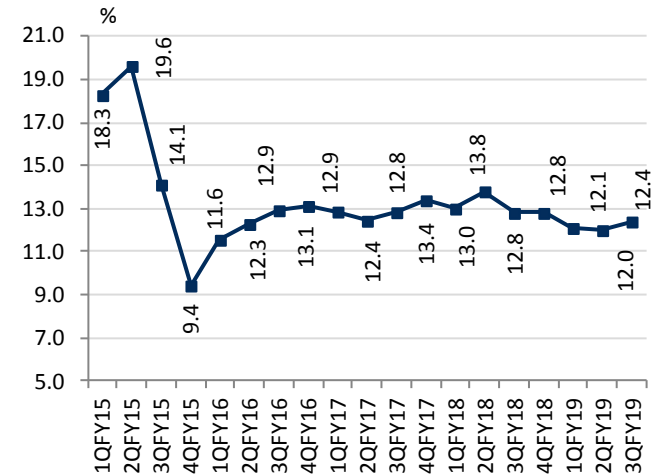
*Spicejet has consistently maintained the load factor above 90%, which is commendable*

**Load factors have reduced in recent quarters**



Source: Company, HDFC sec Inst Research

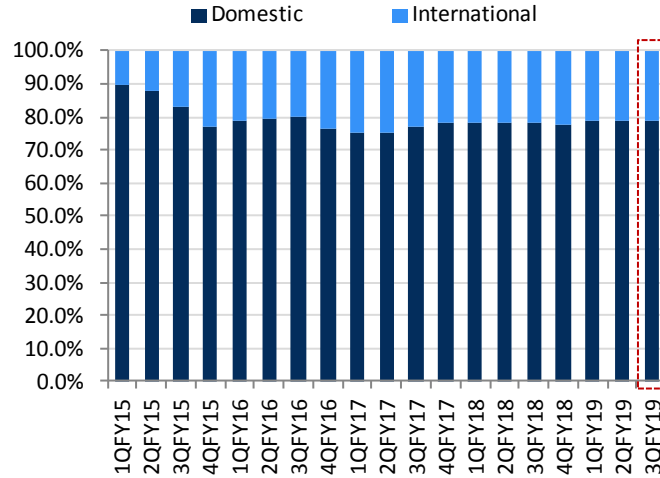
**Stable Domestic Market Share**



Source: Company, HDFC sec Inst Research

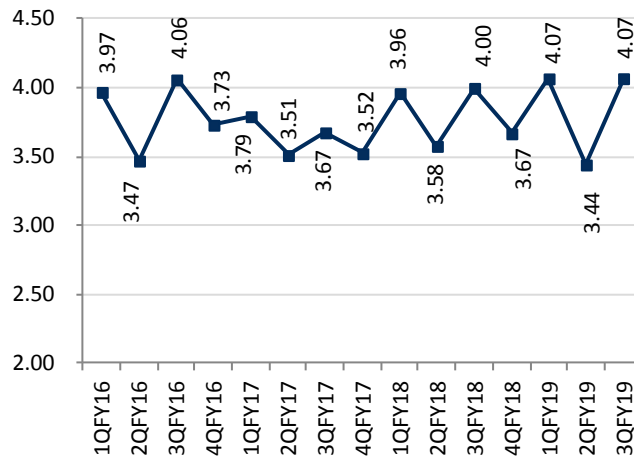
**21.3% of capacity is deployed to international routes**

**Stable Deployment Of Capacity**



Source: Company, HDFC sec Inst Research

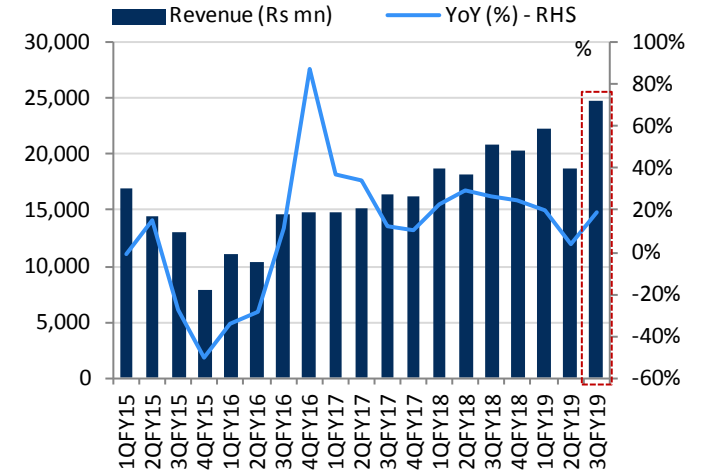
**Yield Improved Showing Demand Buoyancy**



Source: Company, HDFC sec Inst Research

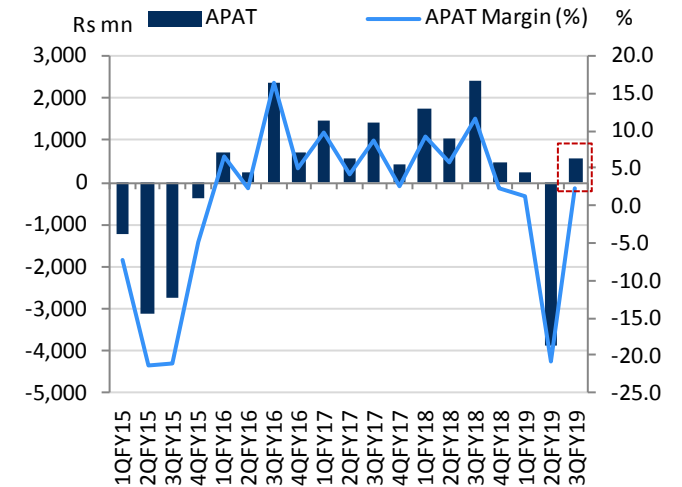
**Yield improved 1.8% YoY in a seasonally strong quarter.**

**Revenue Growth Trend**



Source: Company, HDFC sec Inst Research

**Other income boosted profits**



Source: Company, HDFC sec Inst Research



**Income Statement**

Year ending March (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
<b>Net Revenues</b>	<b>61,914</b>	<b>77,995</b>	<b>93,370</b>	<b>114,638</b>	<b>132,326</b>
<b>Growth (%)</b>	<b>21.7</b>	<b>26.0</b>	<b>19.7</b>	<b>22.8</b>	<b>15.4</b>
Aircraft Fuel	18,552	24,326	35,695	41,118	46,813
Employee Expenses	6,738	8,617	10,853	12,610	14,820
Lease Rental	9,606	10,369	13,208	15,804	17,589
Other operating Expenses	21,612	27,215	33,260	40,728	47,283
<b>EBITDA</b>	<b>5,405</b>	<b>7,469</b>	<b>353</b>	<b>4,377</b>	<b>5,821</b>
<b>EBITDA Margin (%)</b>	<b>8.7</b>	<b>9.6</b>	<b>0.4</b>	<b>3.8</b>	<b>4.4</b>
<b>EBITDA Growth (%)</b>	<b>25.1</b>	<b>38.2</b>	<b>(95.3)</b>	<b>1138.9</b>	<b>33.0</b>
<b>EBITDAR</b>	<b>15,011</b>	<b>17,838</b>	<b>14,161</b>	<b>20,781</b>	<b>24,009</b>
<b>EBITDAR Margin (%)</b>	<b>24.2</b>	<b>22.9</b>	<b>15.2</b>	<b>18.1</b>	<b>18.1</b>
<b>EBITDAR Growth (%)</b>	<b>21.3</b>	<b>18.8</b>	<b>(20.6)</b>	<b>46.7</b>	<b>15.5</b>
Depreciation	1,986	2,313	2,529	2,782	3,072
<b>EBIT</b>	<b>3,419</b>	<b>5,155</b>	<b>(2,175)</b>	<b>1,595</b>	<b>2,748</b>
Other Income (Incl. EO Items)	1,118	1,340	1,273	1,146	1,031
Interest	650	923	1,853	1,627	1,284
<b>PBT</b>	<b>3,887</b>	<b>5,572</b>	<b>(2,755)</b>	<b>1,113</b>	<b>2,495</b>
Tax (Incl Deferred)	0	0	0	0	0
<b>APAT</b>	<b>3,887</b>	<b>5,572</b>	<b>(2,755)</b>	<b>1,113</b>	<b>2,495</b>
EO (Loss) / Profit (Net Of Tax)	(386)	-	(635)	-	-
<b>RPAT</b>	<b>4,272</b>	<b>5,572</b>	<b>(2,120)</b>	<b>1,113</b>	<b>2,495</b>
<b>APAT Growth (%)</b>	<b>13.1</b>	<b>43.4</b>	<b>(149.4)</b>	<b>(140.4)</b>	<b>124.1</b>
<b>Adjusted EPS (Rs)</b>	<b>6.5</b>	<b>9.3</b>	<b>(4.6)</b>	<b>1.9</b>	<b>4.2</b>
<b>EPS Growth (%)</b>	<b>13.1</b>	<b>43.4</b>	<b>(149.4)</b>	<b>(140.4)</b>	<b>124.1</b>

Source: Company, HDFC sec Inst Research

**Balance Sheet**

Year ending March (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
<b>SOURCES OF FUNDS</b>					
Share Capital - Equity	5,995	5,995	5,995	5,995	5,995
Reserves	(12,085)	(6,513)	(9,903)	(8,790)	(6,294)
<b>Total Shareholders Funds</b>	<b>(6,091)</b>	<b>(519)</b>	<b>(3,909)</b>	<b>(2,795)</b>	<b>(300)</b>
<b>Total Debt</b>	<b>10,282</b>	<b>10,084</b>	<b>20,468</b>	<b>15,915</b>	<b>11,956</b>
Other Long Term Liabilities	461	617	741	889	1,067
Long Term Trade Payables	210	151	166	182	201
Long Term Provisions & Others	2,897	3,403	3,743	4,118	4,529
<b>TOTAL SOURCES OF FUNDS</b>	<b>7,759</b>	<b>13,736</b>	<b>21,209</b>	<b>18,309</b>	<b>17,453</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	16,200	15,983	14,841	14,159	13,187
CWIP	-	-	-	-	-
Investments	1,398	1,013	-	-	-
LT Loans & Advances	4,253	9,687	11,837	11,464	13,233
Other Assets	2,340	5,799	9,872	5,961	6,881
<b>Total Non-current Assets</b>	<b>24,191</b>	<b>32,481</b>	<b>36,550</b>	<b>31,584</b>	<b>33,300</b>
Inventories	986	1,419	1,707	1,972	2,163
Debtors	618	858	793	973	1,124
Other Current Assets	1,663	3,345	1,816	2,229	2,573
Cash & Equivalents	682	1,472	4,146	10,064	10,950
Short Term Loans and Advances	1,801	1,561	2,801	3,439	3,970
<b>Total Current Assets</b>	<b>5,750</b>	<b>8,654</b>	<b>11,262</b>	<b>18,677</b>	<b>20,780</b>
Creditors	5,873	6,885	10,203	12,094	13,876
Other Current Liabilities & Provns	16,309	20,515	16,400	19,858	22,751
<b>Total Current Liabilities</b>	<b>22,182</b>	<b>27,400</b>	<b>26,603</b>	<b>31,952</b>	<b>36,627</b>
<b>Net Current Assets</b>	<b>(16,432)</b>	<b>(18,746)</b>	<b>(15,341)</b>	<b>(13,275)</b>	<b>(15,847)</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>7,759</b>	<b>13,736</b>	<b>21,209</b>	<b>18,309</b>	<b>17,453</b>

Source: Company, HDFC sec Inst Research

## Cash Flow Statement

Year ending March (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
Reported PBT	3,887	5,572	(2,755)	1,113	2,495
Non-operating & EO items	1,014	-	(635)	-	-
Interest expenses	333	923	580	481	253
Depreciation	1,986	2,313	2,529	2,782	3,072
Working Capital Change	(4,168)	2,942	(95)	3,853	3,458
Tax Paid	81	-	-	-	-
Other items		(8,474)			
<b>OPERATING CASH FLOW ( a )</b>	<b>3,134</b>	<b>3,276</b>	<b>(377)</b>	<b>8,230</b>	<b>9,278</b>
Capex	(2,488)	(1,954)	(1,387)	(2,100)	(2,100)
Free cash flow (FCF)	646	1,322	(1,764)	6,130	7,178
Investments	(2,620)	385	1,013	-	-
Non-operating Income	253	-	1,273	1,146	1,031
Others			(6,223)	4,284	(2,689)
<b>INVESTING CASH FLOW ( b )</b>	<b>(4,855)</b>	<b>(1,569)</b>	<b>(5,324)</b>	<b>3,329</b>	<b>(3,757)</b>
Debt Issuance/(Repaid)	(434)	(500)	10,522	(4,388)	(3,763)
Interest Expenses	(650)	(923)	(1,853)	(1,627)	(1,284)
Others	-	506	(294)	374	412
FCFE	(438)	405	6,611	489	2,543
Share Capital Issuance	-	-	-	-	-
Dividend	-	-	-	-	-
<b>FINANCING CASH FLOW ( c )</b>	<b>(1,084)</b>	<b>(917)</b>	<b>8,375</b>	<b>(5,641)</b>	<b>(4,635)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>(2,805)</b>	<b>790</b>	<b>2,674</b>	<b>5,919</b>	<b>886</b>
EO Items, Others	1,156	-	-	-	-
<b>Closing Cash &amp; Equivalents</b>	<b>682</b>	<b>1,472</b>	<b>4,146</b>	<b>10,064</b>	<b>10,950</b>

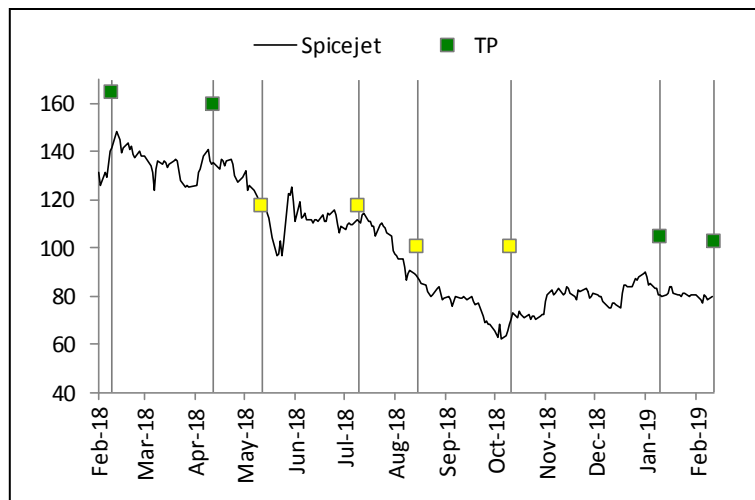
Source: Company, HDFC sec Inst Research

## Key Ratios

	FY17	FY18	FY19E	FY20E	FY21E
<b>PROFITABILITY (%)</b>					
GPM	70.0	68.8	61.8	64.1	64.6
EBITDA Margin	8.7	9.6	0.4	3.8	4.4
APAT Margin	6.3	7.1	(3.0)	1.0	1.9
RoE	N.A.	N.A.	N.A.	(33.2)	(161.3)
RoIC (or Core RoCE)	N.A.	N.A.	N.A.	N.A.	N.A.
RoCE	52.4	48.0	(12.4)	8.1	15.4
<b>EFFICIENCY</b>					
Tax Rate (%)	0.0	0.0	0.0	0.0	0.0
Fixed Asset Turnover (x)	3.0	3.7	4.1	4.7	5.0
Inventory (days)	4.8	5.5	6.0	5.8	5.6
Debtors (days)	3.1	3.1	3.1	3.1	3.1
Other Current Assets (days)	6.7	11.6	9.9	6.4	6.5
Payables (days)	44.0	40.0	40.0	40.0	40.0
Other Current Liab & Provns (days)	86.6	84.3	57.2	57.2	57.2
Cash Conversion Cycle (days)	(116)	(104)	(78)	(82)	(82)
Debt/EBITDA (x)	1.9	1.4	57.9	3.6	2.1
Net D/E (x)	N.A.	(16.6)	(4.2)	(2.1)	(3.4)
Interest Coverage (x)	5.3	5.6	(1.2)	1.0	2.1
<b>PER SHARE DATA (Rs)</b>					
EPS	6.5	9.3	(4.6)	1.9	4.2
CEPS	10.4	13.2	0.7	6.5	9.3
Dividend	-	-	-	-	-
Book Value	(10.2)	(0.9)	(6.5)	(4.7)	(0.5)
<b>VALUATION</b>					
P/E (x)	12.4	8.6	(17.5)	43.2	19.3
P/BV (x)	(7.9)	(92.8)	(12.3)	(17.2)	(160.5)
EV/EBITDAR (x)	8.3	7.3	11.1	7.8	6.8
EV/EBITDA (x)	23.1	17.4	444.1	37.0	28.1
EV/Revenues (x)	2.0	1.6	1.3	1.1	0.9
OCF/EV (%)	2.6	2.7	(0.3)	6.8	7.6
FCF/EV (%)	0.5	1.1	(1.5)	5.1	5.9
FCFE/Mkt Cap (%)	(0.9)	0.8	13.7	1.0	5.3
Dividend Yield (%)	-	-	-	-	-

Source: Company, HDFC sec Inst Research

**RECOMMENDATION HISTORY**



Date	CMP	Reco	Target
8-Feb-18	140	BUY	165
11-Apr-18	136	BUY	160
14-May-18	119	NEU	118
9-Jul-18	109	NEU	118
15-Aug-18	89	NEU	101
10-Oct-18	65	NEU	101
9-Jan-19	83	BUY	105
12-Feb-19	80	BUY	103

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- 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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