

	Closing	% YTD	% 1 YR
SENSEX	39,750	10.21	13.04
NIFTY	11,929	9.82	12.18

WHAT'S INSIDE

- [4QFY19 Outlook Review – CENTURY PLYBOARDS – REDUCE \(TP of Rs. 160\)](#)
- [4QFY19 Outlook Review – AIA ENGINEERING – BUY \(TP of Rs. 2055\)](#)
- [4QFY19 Outlook Review – AMBER ENTERPRISE – SELL \(TP of Rs. 729\)](#)
- [4QFY19 Outlook Review – BHEL – BUY \(TP of Rs. 104\)](#)
- [4QFY19 Outlook Review – DIXON TECHNOLOGIES – REDUCE \(TP of Rs. 2184\)](#)
- [4QFY19 Outlook Review – ELGI EQUIPMENTS – SELL \(TP of Rs. 218\)](#)
- [4QFY19 Outlook Review – WHIRLPOOL INDIA – ADD \(TP of Rs. 1490\)](#)
- [4QFY19 Outlook Review – TCI EXPRESS – BUY \(TP of Rs. 760\)](#)
- [4QFY19 Outlook Review – TRANSPORT CORPORATION OF INDIA – BUY \(TP of Rs. 360\)](#)
- [4QFY19 Outlook Review – GAIL – BUY \(TP of Rs. 440\)](#)
- [4QFY19 Outlook Review – SUN PHARMACEUTICAL INDUSTRIES – REDUCE \(TP of Rs. 450\)](#)
- [4QFY19 Outlook Review – INFO EDGE – BUY \(TP of Rs. 2290\)](#)
- [4QFY19 Outlook Review – TEAMLEASE SERVICES – BUY \(TP of Rs. 3640\)](#)
- [Exchange and Currency Performance](#)
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- [Spark Results Calendar](#)

SECTORAL INDICES

	Closing	% YTD	% 1 YR
BSE Auto	18,982	(8.9)	(22.4)
BSE Bank	35,598	17.2	19.1
BSE Cap Goods	20,123	6.9	5.5
BSE Cons Dur	24,603	18.9	16.4
BSE FMCG	11,649	(1.5)	3.2
BSE IT	15,360	9.0	15.4
BSE Health	13,371	(4.0)	0.4
BSE Metal	11,134	(6.0)	(18.3)
BSE Oil	15,617	13.6	9.3
BSE Power	2,027	1.4	(5.1)
BSE PSU	7,882	8.9	(0.2)
BSE Realty	2,216	23.2	(2.6)
BSE TECK	7,587	7.4	9.5

NIFTY OUTPERFORMERS

	Price	% YTD	% 1 YR
Bajaj Finance Ltd	3,410	28.9	64.2
Icici Bank Ltd	434	20.6	49.8
Axis Bank Ltd	808	30.4	47.6
Reliance Industries Ltd	1,324	18.1	44.3
Upl Ltd	1,016	33.9	44.1

NIFTY UNDERPERFORMERS

	Price	% YTD	% 1 YR
Yes Bank Ltd	153	(16.0)	(54.8)
Tata Motors Ltd	180	4.4	(38.8)
Indiabulls Housing Finan	784	(8.1)	(35.7)
Vedanta Ltd	170	(16.1)	(33.1)
Eicher Motors Ltd	20,790	(10.2)	(31.9)

ONE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- We maintain our REDUCE rating on Century Plyboards (CPBI) given subdued growth in plywood segment and margins pressure in all sub-segments led by lack of pricing power amid rising input costs, downtrading and higher competitive intensity.
- CPBI posted 7% y-o-y plywood (ex-commercial veneer) revenue growth in FY19 given subdued Real estate demand and higher competition from unorganized players. Heading into in FY20E, we expect plywood revenue growth to remain in 6-7% range aided by demand recovery from low base and focus on economy plywood. On laminates, expect the segment to grow by 13% CAGR over next two years on increasing traction in exports and ramp up from expanded capacity. CPBI's MDF project commissioned in FY18 has already ramped its utilisations to 67% in FY19 and expect to clock 80-90% utilisations by FY20 end along with better realizations post value addition (Pre-lam).
- On margins, we expect plywood margins to remain in 13-14% range due to higher economy segment sales. Laminates segment margins will remain under pressure to due increasing supply in the market and higher cost of adhesives. MDF margins to increase marginally due to increase in utilisations.
- RoCE's to remain in 14-15% range despite increasing utilisations due to lower profitability. Net debt to equity to reduce from 0.6x in FY19E to 0.4x over next two years.

VALUATION MULTIPLES ◀▶

- At CMP, CPBI trades at 20x FY20E and 17x FY21E EPS versus historical average multiple of 20x. We attribute exit multiple of 17x to FY21E EPS which is discount to historical average given steady margins and no improvement in return metric profile and arrive at a TP of Rs.160/share. Maintain REDUCE rating.

FINANCIAL SUMMARY

Year	Revenues (Rs. mn)	EBITDA (Rs. mn)	PAT (Rs. mn)	EPS (Rs.)	P/E (x)	RoE (%)
FY19	22,638	3,004	1,588	7.1	23.8	17.6%
FY20E	24,882	3,533	1,899	8.5	19.9	18.1%
FY21E	27,139	4,007	2,195	9.9	17.2	18.0%

THREE YEAR OUTLOOK

BUSINESS & EARNINGS ▲

- We remain positive on the prospects of the organized players in plywood industry from a three year perspective given the structural shift to organized players accelerating going ahead led by (1) increasing brand awareness; and (2) superior distribution setup.
- CPBI has expanded its capacity aggressively over the last two years in both plywood and laminates business. With a strong brand image, widespread dealer network, and enhanced capacities, we believe CPBI is well placed to benefit from rising demand for building products and shift to branded products. With its commissioning of MDF capacity in FY18, CPBI offers entire gamut of wood panel products.
- We expect revenues and profits to grow at 10% and 15% respectively over FY18-22E led demand recovery in Real estate from low base by FY21-22E, aiding in higher premium plywood and Laminates sales.
- We don't expect significant increase in RoCE's given supply glut in MDF to contain margins and higher competition in Laminates segment.
- Leverage which increased to 0.6x in FY18 due to MDF plant commissioning will reduce to 0.2x by FY22E. CPBI is mulling under set of expansion (subjected to approvals) in MDF and particle board which will again increase leverage.

VALUATION MULTIPLES ◀▶

- We attribute exit multiple of 18x given market leadership, improving margin and return metrics profile due to higher MDF mix and strong free cash flows.

KEY ESTIMATES REVISION

	FY20E			FY21E		
	Old	New	Change	Old	New	Change
Revenues	24,818	24,882	0%	26,992	27,139	1%
EBITDA	3,589	3,533	-2%	3,965	4,007	1%
Margin %	14.5%	14.2%		14.7%	14.8%	
PAT	1,933	1,899	-2%	2,145	2,195	2%
PAT margin %	7.8%	7.6%		7.9%	8.1%	
EPS	8.7	8.5	-2%	9.7	9.9	2%

All figures in Rs. mn

OUTLOOK REVIEW 4QFY19 29th May, 2019

Industry	BUILDING MATERIAL
CMP	Rs.170
Target Price	Rs.160
Key Stock Data	
Bloomberg	CPBI in EQUITY
Shares o/s	222mn
Market Cap	Rs. 38bn
52-wk High-Low	Rs. 284-150
3m ADV	Rs. 40mn
Index	BSE 500

	Q2	Q3	Q4
Promoters	72.3	72.7	72.7
Institutions	15.1	14.9	15.0
Public	12.6	12.4	12.3
Pledge	0.0	0.0	0.0

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Quarterly Financial Statement

Rs. mn \ Period	Mar-19	Mar-18	Y-o-Y %	Dec-18	Q-o-Q %	FY18	FY19	Y-o-Y %
Revenues	5,832	5,441	7.2%	5,789	0.7%	19,672	22,638	15.1%
Raw material	2,351	2,028	15.9%	2,444	-3.8%	7,369	9,464	28.4%
Purchased goods	678	710	-4.5%	644	5.3%	3,313	2,455	-25.9%
Stock Adjustment	(6)	(244)	-97.7%	(91)	-93.9%	(452)	(104)	
Employee costs	837	752	11.3%	810	3.3%	2,839	3,277	15.4%
Other expenditure	1,330	1,119	18.8%	1,132	17.5%	3,543	4,542	28.2%
EBITDA	637	832	-23.4%	759	-16.2%	3,060	3,004	-1.9%
Margins%	10.9%	15.3%		13.1%		15.6%	13.3%	-14.7%
Other income	29	13	124.2%	16	85.0%	67	61	-9.5%
Interest	94	122	-23.1%	62	50.0%	327	446	36.4%
Depreciation	143	277	-48.4%	136	5.2%	810	500	-38.3%
PBT	429	445	-3.7%	577	-25.6%	1,990	2,119	6.5%
PBT margins %	7.4%	8.2%		10.0%		10.1%	9.4%	
Tax	87	88		162		424	531	25.3%
Effective tax rate	20.4%	19.8%		28.2%		21.3%	25.1%	
PAT	342	357	-4.4%	414	-17.5%	1,566	1,588	1.4%
Margins	5.9%	6.6%		7.2%		8.0%	7.0%	
EPS (Rs.)	1.5	1.6	-4.4%	1.9	-17.5%	7.0	7.1	1.4%

Overall revenue grew 7.2% on a y-o-y basis.

Plywood segment (55% of total revenues) revenue remained flat y-o-y whereas Laminates segment (21% of total revenues) revenue grew 16.6% y-o-y.

Revenue from container freight services segment fell 6% y-o-y to Rs.219mn whereas revenue from

MDF grew to Rs.760mn vs Rs.648mn last year, but down sequentially vs Rs.882mn last quarter. Particle board revenues stood at Rs.241mn this quarter increasing by 27% y-o-y.

Financial Summary

Abridged Financial Statements										
Rs. mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E	
Profit & Loss										
Revenue	12,352	15,228	16,357	17,825	19,672	22,638	24,882	27,139	29,588	
EBITDA	994	2,078	2,835	2,920	3,060	3,004	3,533	4,007	4,458	
Depreciation	332	448	437	524	810	500	580	635	743	
EBIT	662	1,630	2,398	2,397	2,250	2,504	2,953	3,371	3,715	
Other Income	128	196	65	227	67	61	67	81	89	
Interest expense	551	433	465	286	327	446	419	405	362	
Exceptional items	-	-	-	-	-	-	-	-	-	
PBT	239	1,393	1,998	2,337	1,990	2,119	2,601	3,048	3,441	
Reported PAT (after minority interest)	215	1,103	1,698	1,856	1,566	1,588	1,899	2,195	2,478	
Adj PAT	215	1,103	1,698	1,856	1,566	1,588	1,899	2,195	2,478	
EPS (Rs.)	1.0	5.0	7.6	8.3	7.0	7.1	8.5	9.9	11.1	
Balance Sheet										
Net Worth	2,914	3,876	5,251	7,086	8,379	9,691	11,272	13,087	15,126	
Deferred Tax	(5)	(70)	(655)	(689)	(690)	(615)	(615)	(615)	(615)	
Total debt	4,912	5,019	4,552	6,022	5,430	5,094	4,764	4,764	3,764	
Other liabilities and provisions	600	924	774	1,028	1,019	1,192	1,310	1,428	1,557	
Total Networth and liabilities	8,421	9,748	9,921	13,448	14,138	15,362	16,731	18,665	19,832	
Gross Fixed assets	3,682	4,092	2,384	3,418	7,153	9,519	9,819	11,369	13,419	
Net fixed assets	2,120	2,089	1,975	2,494	5,417	7,286	7,006	7,921	9,228	
Capital work-in-progress	188	227	930	2,842	1,201	188	1,188	1,188	688	
Goodwill	-	-	-	-	-	-	-	-	-	
Investments	379	451	497	960	960	978	978	978	978	
Cash and Bank Balances	180	170	190	538	165	226	164	519	229	
Loans & advances and other assets	1,326	1,572	1,553	2,033	1,633	1,426	1,484	1,542	1,605	
Net working capital	4,228	5,239	4,776	4,580	4,762	5,257	5,911	6,517	7,105	
Total assets	8,421	9,748	9,921	13,448	14,138	15,362	16,731	18,665	19,832	
Capital Employed	7,500	8,360	9,349	11,456	13,459	14,298	15,411	16,944	18,371	
Invested Capital (CE - cash - CWIP)	6,737	7,978	8,590	9,205	11,086	13,408	14,528	15,414	17,058	
Net Debt	4,732	4,848	4,362	5,484	5,265	4,868	4,600	4,245	3,535	
Cash Flows										
Cash flows from Operations (Pre-tax)	330	1,668	3,195	2,711	3,258	3,218	3,006	3,543	4,025	
Cash flows from Operations (post-tax)	306	1,378	2,895	2,230	2,834	2,687	2,304	2,690	3,061	
Capex	(482)	(546)	(1,266)	(2,897)	(1,923)	(1,354)	(1,300)	(1,550)	(1,550)	
Free cashflows	(175)	832	1,629	(667)	911	1,333	1,004	1,140	1,511	
Free cashflows (post interest costs)	(599)	595	1,229	(727)	651	948	652	816	1,238	
Cash flows from Investing	(533)	(624)	(1,287)	(3,208)	(1,974)	(1,371)	(1,300)	(1,550)	(1,550)	
Cash flows from Financing	(391)	(764)	(1,588)	1,326	(1,233)	(1,095)	(1,067)	(785)	(1,801)	
Total cash & liquid investments	180	170	190	538	165	226	164	519	229	

Source: Spark Capital

Financial Summary

Growth and Ratios									
	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Key variables (sector specific)									
Plywood revenues	9,648	11,471	11,735	12,609	12,633	12,734	13,602	14,537	15,690
Laminates revenues	1,879	2,515	2,982	3,369	3,700	4,322	4,889	5,530	6,318
MDF revenues					1,128	2,951	3,500	3,898	4,074
Growth ratios									
Revenue	9.2%	23.3%	7.4%	9.0%	10.4%	15.1%	9.9%	9.1%	9.0%
EBITDA	-11.9%	109.0%	36.4%	3.0%	4.8%	-1.9%	17.6%	13.4%	11.3%
Adj PAT	-59.2%	413.1%	53.9%	9.3%	-15.6%	1.4%	19.6%	15.6%	12.9%
Margin ratios									
EBITDA	8.1%	13.6%	17.3%	16.4%	15.6%	13.3%	14.2%	14.8%	15.1%
Adj PAT	1.7%	7.2%	10.4%	10.4%	8.0%	7.0%	7.6%	8.1%	8.4%
Performance ratios									
Pre-tax OCF/EBITDA	33.2%	80.3%	112.7%	92.8%	106.4%	107.1%	85.1%	88.4%	90.3%
OCF/IC (%)	5%	17%	34%	24%	26%	20%	16%	17%	18%
RoE (%)	8%	32%	37%	30%	20%	18%	18%	18%	18%
RoCE (%)	9%	17%	22%	18%	14%	13%	14%	15%	15%
RoCE (Pre-tax)	11%	23%	28%	25%	19%	18%	20%	21%	22%
RoIC (Pre-tax)	10%	22%	29%	27%	22%	20%	21%	23%	23%
Fixed asset turnover (x)	6.2	7.2	8.1	8.0	5.0	3.6	3.5	3.6	3.5
Total asset turnover (x)	1.5	1.7	1.7	1.5	1.4	1.5	1.6	1.5	1.5
Financial stability ratios									
Net Debt to Equity (x)	1.6	1.3	0.8	0.8	0.6	0.5	0.4	0.3	0.2
Net Debt to EBITDA (x)	4.8	2.3	1.5	1.9	1.7	1.6	1.3	1.1	0.8
Interest cover (x)	0.6	3.2	6.2	7.8	8.7	6.0	5.5	6.6	8.4
Cash conversion days	125	126	107	94	88	85	87	88	88
Working capital days	146	141	124	114	100	89	89	89	88
Valuation metrics									
Fully Diluted Shares (mn)	223	223	223	223	223	223	223	223	223
Market cap (Rs.mn)	37,830	37,830	37,830	37,830	37,830	37,830	37,830	37,830	37,830
P/E (x)	175.9	34.3	22.3	20.4	24.2	23.8	19.9	17.2	15.3
P/OCF(x)	123.5	27.5	13.1	17.0	13.3	14.1	16.4	14.1	12.4
EV (Rs.mn) (ex-CWIP)	42,373	42,451	41,261	40,471	41,894	42,509	41,241	40,887	40,676
EV/ EBITDA (x)	42.6	20.4	14.6	13.9	13.7	14.2	11.7	10.2	9.1
EV/ OCF(x)	138.3	30.8	14.3	18.2	14.8	15.8	17.9	15.2	13.3
FCF Yield	-1%	1%	3%	-2%	2%	2%	2%	2%	3%
Price to BV (x)	13.0	9.8	7.2	5.3	4.5	3.9	3.4	2.9	2.5
Dividend pay-out (%)	103%	40%	16%	12%	20%	20%	20%	20%	20%
Dividend yield (%)	0.6%	1.2%	0.7%	0.6%	0.7%	0.7%	0.8%	0.9%	1.0%

Source: Spark Capital

Crystal Ball Gazing

CPBI has added capacity aggressively over the last two years in both plywood and laminates business and with the entry into MDF business, the company will offer entire gamut of wood panel products. With a strong brand image, widespread dealer network, and enhanced capacities, we believe CPBI is well placed to benefit from rising demand for building products and shift to branded products.

Revenue CAGR of 9% over FY19-FY23E led by ramp up in MDF, increased laminates exports and market share gains in plywood

	FY11-FY14	FY14-FY18	FY19-FY23E
Revenues CAGR	11%	12%	9%
EBITDA CAGR	15%	18%	13%
EBITDA margin	11%	16%	14%
EPS CAGR	-4%	25%	14%
Total Asset Turnover (x)	1.66	1.58	1.54
Total WC days	127.6	121.3	88.5
Pre-tax OCF/EBITDA (%)	29%	91%	92%
Post Tax OCF as a % of IC	6%	23%	18%
Debt/EBITDA	2.98	1.86	1.06

Leverage to decline from 0.6x in FY18 to 0.2x by FY22E. ROE's to fall on lower capacity utilizations at newer facilities

	FY11-FY14	FY14-FY18	FY19-FY23E
RoE (%)	23%	33%	18%
RoCE (%)	16%	19%	14%
RoIC (%)	19%	26%	22%
Average 1 yr fwd			
PE (x)	13.5	20.7	
EV/EBITDA (x)	8.5	13.6	
Peak 1 yr fwd			
PE (x)	18.3	28.3	
EV/EBITDA (x)	10.2	19.1	

Multiples to sustain

PE multiple	FY22E EPS	Price target
18x	12.3	220
20x	12.3	245

Entry = Rs. 170@ 20x FY20E EPS

Cumulative Dividends of Rs.20/share

EPS CAGR of ~18%, exit multiple of 18x on FY22E EPS

TOTAL RETURN OF 35%

ONE YEAR OUTLOOK

BUSINESS & EARNINGS ▲

- We expect AIAE's revenue to normalize and register growth of 7% in FY20E (vs 26% in FY19 which had seen benefit of rupee depreciation). Mining volumes should see strong growth (~17% yoy) driven by recovery in global commodity markets, structural conversion from forged to high chrome grinding media, AIAE's foray into new markets. Volumes in non-mining segment should witness ~5% yoy growth.
- Blended realization should be at ~Rs.110/kg in FY20E (vs Rs.115/kg in FY19E) as benefits from rupee depreciation is largely behind atleast in the near term and revenue mix shifts towards mining which carries relatively lower realization.
- We expect EBITDA margins to expand by marginally by 50bps to 22% yoy in FY20E (vs 21.5% in FY19E) led by operating leverage and improvement in operational efficiency.
- Working capital days to remain higher at ~170 days in FY20E.

VALUATION MULTIPLES ◀▶

- With growth in mining volume continuing, AIAE winning market share and foraying into key markets and segments, we expect growth momentum to sustain. We assign 30x multiple on FY21 earnings to arrive at a TP of Rs. 2055. We maintain our "BUY" rating

FINANCIAL SUMMARY

Year	Sales (Rs. mn)	EBITDA (Rs. mn)	PAT (Rs. mn)	EPS (Rs.)	P/E (x)	RoE(%)
FY19	30,695	6,599	5,108	54.2	32.8	15.6%
FY20E	32,834	7,221	5,221	55.4	32.1	14.0%
FY21E	39,308	9,224	6,462	68.5	25.9	15.4%

THREE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- We have a positive long term outlook on AIAE due to low penetration (10-12%) of high chrome grinding media in the ~3mn MT of opportunity present in the mining segment (especially gold and copper verticals) providing attractive conversion platform for a shift from forged to high chrome grinding media and stronger focus on liner products
- Low cost of operations (relative to competitors), centralized manufacturing facilities (present at a single location) and sourcing of power through captive sources are expected to provide operating leverage and competitive advantage for AIAE thereby sustaining healthy margins
- Expect EBITDA margins to increase gradually to ~25% by FY23E due to its pricing power and strong operating leverage.
- While AIAE's cash flow generation has been healthy, we expect FCF/EBITDA conversion to be lower at 32% over FY19-23E (vs 37% over FY12-FY18) due to capex plans in FY19 & FY20.

VALUATION MULTIPLES ◀▶

- We expect AIAE to deliver 50% return over a 3-year period assuming an exit multiple of 30x FY23E EPS and a cumulative dividend of Rs. 39 over the next three years.

KEY ESTIMATES REVISION - Consolidated

	FY20E			FY21E		
	Old	New	Change	Old	New	Change
Revenue	31,391	32,834	4.6%	36,984	39,308	6.3%
EBITDA	6,320	7,221	14.3%	7,917	9,224	16.5%
Margin (%)	20.1%	22.0%	186 bps	21.4%	23.5%	206 bps
PAT	4,636	5,221	12.6%	5,815	6,462	11.1%
Margin (%)	14.8%	15.9%	113 bps	15.7%	16.4%	72 bps
EPS	49.1	55.4	12.6%	61.6	68.5	11.1%

All figures in Rs. mn except EPS, which is in Rs.

OUTLOOK REVIEW 4QFY19 29 MAY 2019

Industry	Capital Goods
CMP	Rs. 1775
Target Price	Rs. 2055
Key Stock Data	
Bloomberg	AIAE IN
Shares o/s	94mn
Market Cap	Rs. 167bn
52-wk High-Low	Rs. 2,026-1,423
3m ADV	Rs. 51mn
Index	BSE 500

	Sep'18	Dec'18	Mar'19
Promoters	58.5	58.5	58.5
Institutions	36.4	35.9	35.9
Public	5.1	5.7	5.7
Pledge			

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Quarterly Financial Statements

Consolidated Quarterly Financial Result

Rs. mn\Period	31-Mar-19	31-Mar-18	YoY Growth	31-Dec-18	QoQ Growth	FY18	FY19	YoY Growth
Revenues	8,872	7,439	19.3%	7,264	22.1%	24,451	30,695	25.5%
Material cost	3,778	3,135	20.5%	2,535	49.1%	9,644	12,255	27.1%
Employee cost	323	285	13.6%	323	0.2%	1,132	1,264	11.7%
Other expenditure	2,858	2,353	21.5%	2,755	3.7%	8,319	10,577	27.1%
Operating Expenses	6,959	5,773	20.6%	5,612	24.0%	19,094	24,096	26.2%
EBITDA	1,913	1,666	14.8%	1,652	15.8%	5,357	6,599	23.2%
EBITDA margins	21.6%	22.4%	-83bps	22.7%	-119bps	21.9%	21.5%	-41bps
Depreciation	227	140	62.1%	216	5.0%	656	788	20.2%
Other income	236	495	-52.3%	289	-18.4%	1,218	1,209	-0.8%
EBIT	1,922	2,021	-4.9%	1,726	11.4%	5,919	7,019	18.6%
Interest	20	29	-30.8%	20	-2.9%	69	75	9.0%
PBT	1,902	1,993	-4.5%	1,705	11.6%	5,850	6,944	18.7%
Tax	344	475	-27.7%	413	-16.8%	4,436	5,114	15.3%
Effective tax rate	18.1%	23.8%		24.2%		75.8%	73.7%	
PAT	1,559	1,518	2.7%	1,292	20.6%	4,434	5,108	15.2%
PAT margin	17.6%	20.4%	-283bps	17.8%	-22bps	18.1%	16.6%	-149bps
EPS (Rs.)	16.5	16.1	2.7%	13.7	20.6%	47.0	54.2	15.2%

Volume (MT)

Period	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Mining	63,400	72,500	96,000	1,06,056	1,00,684	1,26,479	1,38,399	1,70,224	1,98,334	2,30,067
YoY Growth (%)	50.2%	14.4%	32.4%	10.5%	-5.1%	25.6%	9.4%	23.0%	16.5%	16.0%
Non mining	79,400	87,500	81,000	80,600	85,104	87,998	90,326	94,950	99,124	1,17,194
YoY Growth (%)	-5.0%	10.2%	-7.4%	-0.5%	5.6%	3.4%	2.6%	5.1%	4.4%	18.2%
Total	1,42,800	1,60,000	1,77,000	1,86,656	1,85,788	2,14,477	2,28,725	2,65,174	2,97,457	3,47,261
YoY Growth (%)	13.5%	12.0%	10.6%	5.5%	-0.5%	15.4%	6.6%	15.9%	12.2%	16.7%

Financial Summary

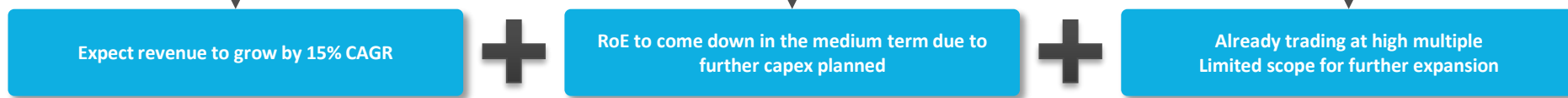
Consolidated Financial Statements										
Rs. mn	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Profit & Loss										
Revenue	14,167	17,513	20,801	21,836	20,984	22,460	24,451	30,695	32,834	39,308
Gross profit	8,743	10,970	12,837	14,220	13,834	15,038	14,808	18,440	19,840	23,526
EBITDA	2,733	3,102	5,022	5,848	6,094	6,347	5,357	6,599	7,221	9,224
Depreciation	294	345	381	697	655	725	656	788	1,007	1,147
EBIT	2,439	2,757	4,641	5,151	5,439	5,622	4,701	5,811	6,214	8,076
Other Income	133	213	334	832	1,019	1,044	1,218	1,209	1,293	1,300
Interest expense	44	55	63	39	49	45	69	75	38	0
Exceptional items	0	0	-311	0	0	0	0	0	0	0
PBT	2,528	2,916	4,600	5,943	6,409	6,620	5,850	6,944	7,468	9,377
Reported PAT (after minority interest)	1,805	2,108	3,251	4,309	4,568	4,576	4,434	5,108	5,221	6,462
Adj PAT	1,805	2,108	3,562	4,309	4,568	4,576	4,434	5,108	5,221	6,462
EPS (Rs.)	19.1	22.3	37.8	45.7	48.4	48.5	47.0	54.2	55.4	68.5
Balance Sheet										
Net Worth	12,399	14,259	17,466	20,914	23,302	27,253	30,182	35,230	39,326	44,664
Deferred Tax	158	132	200	246	496	712	735	870	870	870
Total debt	457	1,587	900	641	1,506	1,158	1,231	1,279	0	0
Other liabilities and provisions	902	1,342	2,423	2,495	1,620	1,571	1,791	1,213	1,334	1,468
Total Networth and liabilities	13,916	17,320	20,989	24,296	26,924	30,694	33,939	38,592	41,530	47,001
Gross Fixed assets	5,143	5,699	6,195	8,520	10,050	8,255	8,895	11,393	14,393	16,393
Net fixed assets	3,561	3,772	3,886	5,514	6,525	6,504	6,515	8,224	10,216	11,069
Capital work-in-progress	181	316	998	465	378	426	968	623	623	623
Goodwill	0	0	0	0	197	196	196	198	198	198
Investments	1,403	1,941	5,291	6,369	9,464	9,596	10,919	11,446	12,446	13,446
Cash and bank balances	1,496	2,791	2,197	1,868	1,169	2,478	2,650	2,163	1,241	1,848
Loans & advances and other assets	1,472	2,159	2,123	2,738	1,980	2,400	2,791	2,712	2,970	3,253
Net working capital	5,804	6,342	6,493	7,343	7,212	9,095	9,902	13,226	13,836	16,565
Total assets	13,916	17,320	20,989	24,296	26,924	30,694	33,939	38,591	41,530	47,001
Capital Employed	13,014	15,978	18,566	21,801	25,304	29,123	32,148	37,379	40,195	45,533
Invested Capital (CE - cash - CWIP)	9,934	10,931	10,080	13,100	14,294	16,633	17,621	23,682	27,422	32,152
Net debt	-1,039	-1,204	-1,298	-1,227	338	-1,320	-1,419	-884	-1,241	-1,848
Cash Flows										
Cash flows from Operations (Pre-tax)	1,520	2,303	5,651	4,986	7,692	3,925	4,552	3,943	7,739	7,615
Cash flows from Operations (post-tax)	937	1,622	4,517	3,055	5,950	2,306	2,942	2,154	5,527	4,739
Capex	-1,069	-695	-1,111	-1,826	-1,782	-806	-1,378	-2,153	-3,000	-2,000
Free cashflows	-132	927	3,406	1,229	4,168	1,500	1,564	1	2,527	2,739
Free cashflows (post interest costs)	-176	872	3,342	1,190	4,119	1,452	1,494	-74	2,488	2,739
Cash flows from Investing	-862	-1,071	-4,199	-2,555	-4,493	-161	-2,050	-2,680	-4,000	-3,000
Cash flows from Financing	-105	744	-912	-832	-2,084	-909	-1,583	-1,046	-2,449	-1,132
Total cash & liquid investments	2,899	4,732	7,488	8,237	10,633	12,064	13,560	13,073	12,151	12,758

Financial Summary

Consolidated	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Growth ratios										
Revenue	22.1%	23.6%	18.8%	5.0%	-3.9%	7.0%	8.9%	25.5%	7.0%	19.7%
EBITDA	9.7%	13.5%	61.9%	16.4%	4.2%	4.2%	-15.6%	23.2%	9.4%	27.7%
Adj PAT	-1.6%	16.8%	54.2%	32.6%	6.0%	0.2%	-3.1%	15.2%	2.2%	23.8%
Margin ratios										
Gross	61.7%	62.6%	61.7%	65.1%	65.9%	67.0%	60.6%	60.1%	60.4%	59.9%
EBITDA	19.3%	17.7%	24.1%	26.8%	29.0%	28.3%	21.9%	21.5%	22.0%	23.5%
Adj PAT	12.7%	12.0%	17.1%	19.7%	21.8%	20.4%	18.1%	16.6%	15.9%	16.4%
Performance ratios										
Pre-tax OCF/EBITDA	55.6%	74.2%	112.5%	85.3%	126.2%	61.9%	85.0%	59.7%	107.2%	82.6%
OCF/IC (%)	9.4%	14.8%	44.8%	23.3%	41.6%	13.9%	16.7%	9.1%	20.2%	14.7%
RoE (%)	15.7%	15.8%	22.5%	22.5%	20.7%	18.1%	15.4%	15.6%	14.0%	15.4%
RoCE (%)	15.4%	14.9%	20.4%	21.5%	19.5%	16.9%	14.7%	14.9%	13.5%	15.1%
RoCE (Pre-tax)	21.5%	20.5%	28.8%	29.6%	27.4%	24.5%	19.3%	20.2%	19.4%	21.9%
RoIC (Pre-tax)	27.6%	26.4%	44.2%	44.4%	39.7%	36.4%	27.4%	28.1%	24.3%	27.1%
Fixed asset turnover (x)	3.1	3.2	3.5	3.0	2.3	2.5	2.9	3.0	2.5	2.6
Total asset turnover (x)	1.1	1.1	1.1	1.0	0.8	0.8	0.8	0.8	0.8	0.9
Financial stability ratios										
Net Debt to Equity (x)	(0.1)	(0.1)	(0.1)	(0.1)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net Debt to EBITDA (x)	(0.4)	(0.4)	(0.3)	(0.2)	0.1	(0.2)	(0.3)	(0.1)	(0.2)	(0.2)
Interest cover (x)	21.3	29.5	71.3	77.7	122.2	51.3	42.5	28.5	143.7	-
Cash conversion days	150	132	114	123	125	148	148	157	154	154
Working capital days	164	149	109	127	132	161	163	175	172	170
Valuation metrics										
Fully Diluted Shares (mn)	94	94	94	94	94	94	94	94	94	94
Market cap (Rs.mn)							1,67,418			
P/E (x)	92.8	79.4	47.0	38.8	36.6	36.6	37.8	32.8	32.1	25.9
P/OCF(x)	178.7	103.2	37.1	54.8	28.1	72.6	56.9	77.7	30.3	35.3
EV (Rs.mn) (ex-CWIP)	1,64,976	1,64,273	1,60,829	1,59,822	1,58,292	1,56,512	1,55,089	1,55,624	1,55,267	1,54,660
EV/ EBITDA (x)	60.4	53.0	32.0	27.3	26.0	24.7	29.0	23.6	21.5	16.8
EV/ OCF(x)	176.1	101.3	35.6	52.3	26.6	67.9	52.7	72.2	28.1	32.6
FCF Yield	-0.1%	0.6%	2.0%	0.7%	2.5%	0.9%	0.9%	0.0%	1.5%	1.6%
Price to BV (x)	13.5	11.7	9.6	8.0	7.2	6.1	5.5	4.8	4.3	3.7
Dividend pay-out (%)	15.7%	17.9%	15.9%	17.5%	37.2%	24.7%	17.0%	16.6%	18.1%	14.6%
Dividend yield (%)	0.2%	0.2%	0.3%	0.5%	1.0%	0.7%	0.5%	0.5%	0.6%	0.6%

Crystal Ball Gazing

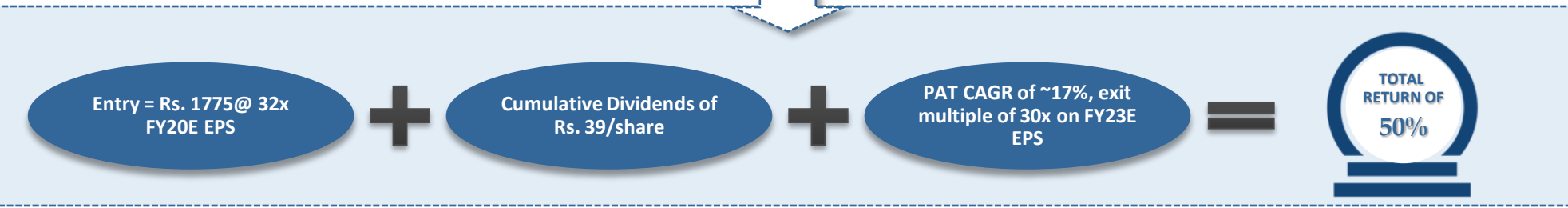
Over FY19-23E, AIAE to grow revenue and PAT by CAGR 15% and 17% respectively, on the back of continued market penetration in the high chrome grinding media market. Expect EBITDA margins to gradually improve through FY23E to ~25% levels driven by better pricing power and operating leverage.



	FY08-FY11	FY12-FY14	FY15-FY18	FY19-FY23E
Revenues CAGR	17.7%	21.2%	3.8%	14.9%
Gross Margin	54.7%	62.0%	64.6%	59.8%
EBITDA CAGR	10.5%	35.6%	-2.9%	19.6%
EBITDA margin	24.5%	20.4%	26.5%	23.4%
EPS CAGR	11.1%	40.5%	0.9%	16.8%
Total Asset Turnover (x)	1.0	1.1	0.8	0.9
Total WC days	135	141	146	171
Pre-tax OCF/EBITDA (%)	63.4%	80.8%	89.6%	84.6%
Post Tax OCF as a % of IC	17%	23%	24%	15%
Debt/EBITDA	(0.6)	(0.3)	(0.2)	(0.2)

	FY08-FY11	FY12-FY14	FY15-FY18	FY19-FY23E
RoE (%)	21.8%	18.0%	19.2%	15.8%
RoCE (%)	21.2%	16.9%	18.2%	15.4%
RoIC (%)	30.5%	23.4%	26.6%	19.2%
Average 1 yr fwd				
PE (x)	15.4	14.0	23.1	27.4
EV/EBITDA (x)	10.3	8.8	14.9	18.0
Peak 1 yr fwd				
PE (x)	27.2	16.5	33.6	31.3
EV/EBITDA (x)	17.2	11.1	22.2	20.9

P/E multiple	FY23E EPS (mn)	Price target
30.0x	87.7	2630
32.0x	87.7	2805



ONE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- We expect AMBER's standalone revenue (core air conditioning) business growth to be at 20% yoy in FY20E (from a low base) to be driven by recovery in the end market demand in the air conditioning market and also due to addition of new customers (such as Carrier Midea, Havells, Flipkart etc). Consolidated growth should be higher at 34% yoy (from a high base), due to the recent acquisitions they had made (IL JIN, Ever and Sidwal Refrigerators).
- Consolidated EBITDA margin should see expansion of ~60bps ~8.3% (vs 7.7% in FY19 which had been impacted due to poor season). However, cost pressure in the core manufacturing business due to rising input costs, rupee depreciation and lower margins in the acquired companies is expected to restrict further margin expansion.
- We expect operating cash flow to remain weak in FY20E as working capital requirement for the subs entities would be higher (as they cater to government projects).

VALUATION MULTIPLES ◀▶

- We maintain our negative stance on Amber as pace of growth is likely to reduce as new brand addition and retention becomes difficult increasingly, margins should remain under pressure as pricing power is low. We assign 15x multiple on FY21E earnings to arrive at a TP of Rs. 729. Maintain "Sell".

FINANCIAL SUMMARY

Year	Sales (Rs. mn)	EBITDA (Rs. mn)	PAT (Rs. mn)	EPS (Rs.)	P/E (x)	RoE(%)
FY19	27,520	2,129	937	29.8	27.9	10.0%
FY20E	36,841	3,066	1,322	42.0	19.7	12.6%
FY21E	41,329	3,469	1,527	48.6	17.1	13.0%

THREE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- We have a cautious three year view. While the air conditioner market has a sizeable headroom for growth, the addressable ODM/OEM market could be much smaller in size for AMBER.
- While brands like Voltas and Blue Star had moved towards an outsourcing model for manufacturing air conditioners largely, out interaction with leading Japanese brands suggest that they are likely to adopt out-sourcing as a concept only partly.
- We expect Amber's FCF/EBITDA to weak during the period FY19-23E at ~5% vs 3% over FY12-FY18) due to incremental capex planned for setting up of new facility.

VALUATION MULTIPLES ◀▶

- We expect AMBER to deliver 21% return over a 3 year period assuming an exit multiple of 15x FY22E earnings and a cumulative dividend of Rs. 12 over the next three years.

KEY ESTIMATES REVISION

	FY20E			FY21E		
	Old	New	Change	Old	New	Change
Revenue	34,834	36,841	5.8%	40,884	41,329	1.1%
EBITDA	2,742	3,066	11.8%	3,338	3,469	3.9%
Margin (%)	7.9%	8.3%	45 bps	8.2%	8.4%	23 bps
PAT	1,311	1,322	0.8%	1,542	1,527	-0.9%
Margin (%)	3.8%	3.6%	-18 bps	3.8%	3.7%	-8 bps
EPS	41.7	42.0	0.8%	49.0	48.6	-0.9%

All figures in Rs. mn except EPS, which is in Rs.

OUTLOOK REVIEW 4QFY19 29 MAY 2019

Industry	Cons. Durables
CMP	Rs. 830
Target Price	Rs. 729
Key Stock Data	
Bloomberg	AMBER IN
Shares o/s	31mn
Market Cap	Rs. 26bn
52-wk High-Low	Rs. 1,128-621
3m ADV	Rs. 35mn
Index	BSE 500

	Sep'18	Dec'18	Mar'19
Promoters	44.0	44.0	44.0
Institutions	18.4	18.8	18.8
Public	37.6	37.2	37.2

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Quarterly Financial Statement

Standalone Financial Result

Rs. mn\Period	31-Mar-19	31-Mar-18	YoY Growth	31-Dec-18	QoQ Growth	FY18	FY19	YoY Growth
Revenues	9,713	6,920	40.4%	3,888	149.8%	21,281	27,520	29.3%
Material cost	8,098	5,759	40.6%	3,340	142.4%	17,688	23,132	30.8%
Employee cost	111	112	-0.7%	98	12.7%	498	588	18.1%
Other expenditure	480	370	29.6%	228	110.1%	1,259	1,672	32.7%
Operating Expenses	8,688	6,241	39.2%	3,667	136.9%	19,445	25,391	30.6%
EBITDA	1,024	679	50.9%	221	364.1%	1,835	2,129	16.0%
EBITDA margin (%)	10.5%	9.8%	73 bps	5.7%	487 bps	8.6%	7.7%	-89 bps
Depreciation	131	113	15.6%	122	7.1%	490	623	27.1%
Other income	49	8	506.3%	3	1638.4%	87	99	14.1%
EBIT	942	574	64.2%	101	828.7%	1,432	1,605	12.0%
Interest	52	72	-28.4%	35	48.7%	538	246	
PBT	891	502	77.4%	67	1233.0%	894	1,359	52.0%
Tax	275	164	68.0%	28	870.7%	271	412	51.9%
Effective tax rate	30.9%	32.6%		42.4%		30.3%	30.3%	
PAT	616	338	82.0%	38	1499.7%	623	937	50.3%
PAT margin (%)	6.3%	4.9%	145 bps	1.0%	535 bps	2.9%	3.4%	48 bps
EPS (Rs.)	19.6	10.8	82.0%	1.2	1499.7%	19.8	29.8	50.3%

Financial Summary

Abridged Financial Statements										
Rs. mn	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Profit & Loss										
Revenue	6,202	8,757	9,734	12,303	10,890	16,519	21,281	27,520	36,841	41,329
Gross profit	1,059	1,288	1,755	2,169	2,305	2,807	3,592	4,388	6,501	7,295
EBITDA	306	553	749	1,026	1,137	1,305	1,835	2,129	3,066	3,469
Depreciation	134	125	184	256	309	401	490	623	637	718
EBIT	173	428	565	770	829	904	1,345	1,506	2,428	2,750
Other Income	21	66	63	62	31	88	87	99	50	61
Interest expense	0	203	323	428	532	635	538	246	437	446
Exceptional items	0	0	0	0	0	0	0	0	0	0
PBT	194	291	305	404	327	357	894	1,359	2,041	2,366
Reported PAT (after minority interest)	134	195	216	288	241	221	623	937	1,322	1,527
Adj PAT	134	195	216	288	241	221	623	937	1,322	1,527
EPS (Rs.)	9.3	10.9	10.0	13.3	11.1	9.3	19.8	29.8	42.0	48.6
Balance Sheet										
Net Worth	760	1,357	2,131	2,385	2,626	3,627	8,928	10,051	11,269	12,673
Deferred Tax	49	123	193	268	329	67	352	452	452	452
Total debt	2,087	2,551	2,573	3,067	3,266	3,741	1,055	2,328	3,900	3,800
Other liabilities and provisions	208	1,154	1,702	1,919	2,091	615	1,230	1,483	1,631	1,794
Total Net worth and liabilities	3,104	5,185	6,599	7,639	8,313	8,050	11,565	14,314	17,251	18,718
Gross Fixed assets	2,012	3,073	3,967	5,041	6,007	6,958	8,666	10,269	11,369	12,469
Net fixed assets	1,602	2,490	3,209	3,856	4,679	5,226	6,446	7,426	7,888	8,270
Capital work-in-progress	53	239	522	519	357	213	297	337	337	337
Goodwill	0	277	277	326	326	341	654	669	669	669
Investments	10	0	0	0	0	0	57	0	0	0
Cash and bank balances	385	432	506	289	184	352	1,338	447	518	671
Loans & advances and other assets	242	666	770	859	868	586	750	1,365	1,502	1,652
Net working capital	811	1,080	1,314	1,791	1,900	1,328	2,022	4,071	6,338	7,120
Total assets	3,104	5,185	6,599	7,639	8,313	8,050	11,565	14,314	17,251	18,718
Capital Employed	2,896	4,031	4,897	5,720	6,222	7,435	10,334	12,831	15,620	16,924
Invested Capital (CE - cash - CWIP)	2,458	3,360	3,869	4,912	5,682	6,869	8,699	12,047	14,765	15,916
Net debt	1,702	2,118	2,066	2,778	3,083	3,389	-283	1,881	3,382	3,129
Cash Flows										
Cash flows from Operations (Pre-tax)	-8	629	1,182	900	1,627	1,508	1,438	-195	854	2,754
Cash flows from Operations (post-tax)	6	628	1,137	809	1,522	1,417	1,270	-595	213	2,012
Capex	-537	-1,119	-1,092	-997	-1,012	-814	-1,024	-1,642	-1,100	-1,100
Free cashflows	-532	-491	44	-188	510	603	246	-2,236	-887	912
Free cashflows (post interest costs)	-532	-701	-341	-686	-89	27	-315	-2,482	-1,324	466
Cash flows from Investing	-537	-1,573	-1,152	-865	-839	-845	-1,520	-1,584	-1,100	-1,100
Cash flows from Financing	895	977	-41	8	-679	-465	1,278	1,027	1,008	-692
Total cash & liquid investments	385	432	506	289	184	352	1,338	447	518	671

Financial Summary

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Growth ratios										
Revenue	10.9%	41.2%	11.2%	26.4%	-11.5%	51.7%	28.8%	29.3%	33.9%	12.2%
EBITDA	1.0%	80.4%	35.5%	37.0%	10.9%	14.8%	40.6%	16.0%	44.0%	13.1%
Adj PAT	-31.3%	45.6%	11.0%	33.1%	-16.2%	-8.1%	181.4%	50.3%	41.1%	15.6%
Margin ratios										
Gross	17.1%	14.7%	18.0%	17.6%	21.2%	17.0%	16.9%	15.9%	17.6%	17.7%
EBITDA	4.9%	6.3%	7.7%	8.3%	10.4%	7.9%	8.6%	7.7%	8.3%	8.4%
Adj PAT	2.2%	2.2%	2.2%	2.3%	2.2%	1.3%	2.9%	3.4%	3.6%	3.7%
Performance ratios										
Pre-tax OCF/EBITDA	-2.5%	113.7%	157.8%	87.8%	143.0%	115.5%	78.4%	-9.2%	27.9%	79.4%
OCF/IC (%)	0.2%	18.7%	29.4%	16.5%	26.8%	20.6%	14.6%	-4.9%	1.4%	12.6%
RoE (%)	18.4%	18.4%	12.4%	12.7%	9.6%	7.1%	9.9%	9.9%	12.4%	12.8%
RoCE(%)	5.6%	9.7%	10.2%	11.2%	10.6%	9.0%	11.2%	9.7%	11.9%	11.8%
RoCE (Pre-tax)	8.1%	14.3%	14.1%	15.7%	14.4%	14.5%	16.1%	13.9%	17.4%	17.3%
RoIC (Pre-tax)	8.6%	14.7%	15.6%	17.5%	15.6%	14.4%	17.3%	14.5%	18.1%	17.9%
Fixed asset turnover (x)	3.8	3.4	2.8	2.7	2.0	2.5	2.7	2.9	3.4	3.5
Total asset turnover (x)	2.4	2.1	1.7	1.7	1.4	2.0	2.2	2.1	2.3	2.3
Financial stability ratios										
Net Debt to Equity (x)	2.2	1.6	1.0	1.2	1.2	0.9	(0.0)	0.2	0.3	0.2
Net Debt to EBITDA (x)	5.6	3.8	2.8	2.7	2.7	2.6	(0.2)	0.9	1.1	0.9
Interest cover (x)	-	3.1	3.5	1.9	2.9	2.2	2.4	(2.4)	0.5	4.5
Cash conversion days	48	45	49	53	64	29	35	54	63	63
Working capital days	50	25	14	22	23	29	26	52	62	62
Valuation metrics										
Fully Diluted Shares (mn)	14	18	22	22	22	24	31	31	31	31
Market cap (Rs.mn)							26,095			
P/E (x)	88.9	76.2	83.3	62.6	74.7	89.2	41.9	27.9	19.7	17.1
P/OCF(x)	4,682.3	41.6	23.0	32.3	17.1	18.4	20.5	(43.9)	122.4	13.0
EV (Rs.mn)(ex-CWIP)	27,797	28,214	28,162	28,873	29,178	29,484	25,812	27,977	29,477	29,224
EV/ EBITDA (x)	90.7	51.0	37.6	28.2	25.7	22.6	14.1	13.1	9.6	8.4
EV/ OCF(x)	4,987.7	44.9	24.8	35.7	19.2	20.8	20.3	(47.0)	138.2	14.5
FCF Yield	-2.0%	-1.9%	0.2%	-0.7%	2.0%	2.3%	0.9%	-8.6%	-3.4%	3.5%
Price to BV (x)	34.3	19.2	12.2	10.9	9.9	7.2	2.9	2.6	2.3	2.1
Dividend pay-out (%)	0.0%	29.4%	0.0%	0.0%	0.0%	22.6%	8.0%	0.0%	8.0%	8.0%
Dividend yield (%)	0.0%	0.4%	0.0%	0.0%	0.0%	0.3%	0.2%	0.0%	0.4%	0.5%

Crystal Ball Gazing

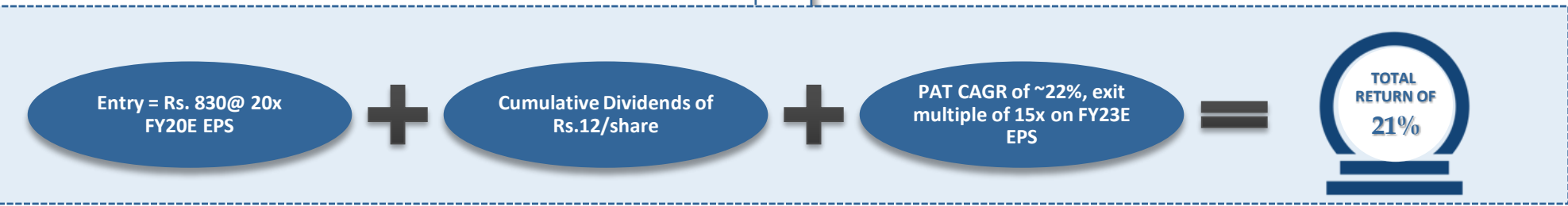
Over FY19-23E, AMBER to grow revenue and PAT by CAGR 17% and 22% respectively. We expect margins to remain at ~8.5% levels given Amber's B2B business model.

We believe AMBER would register a revenue growth of 17% CAGR. EBITDA margin to be ~8.5% + RoE to be capped at ~14-15% at best + Already trading at high multiple Limited scope for further expansion

	FY08-FY11	FY12-FY14	FY15-FY18	FY19-FY23E
Revenues CAGR	-	25.3%	20.0%	17.3%
Gross Margin	-	16.6%	18.2%	17.3%
EBITDA CAGR	-	56.3%	21.4%	19.3%
EBITDA margin	-	6.3%	8.8%	8.2%
EPS CAGR	-	3.3%	14.3%	23.0%
Total Asset Turnover (x)	-	2.1	1.8	2.3
Total WC days	-	30	25	60
Pre-tax OCF/EBITDA (%)	-	89.7%	106.2%	51.7%
Post Tax OCF as a % of IC	-	16%	20%	7%
Debt/EBITDA	-	4.0	2.0	0.7

	FY08-FY11	FY12-FY14	FY15-FY18	FY19-FY23E
RoE (%)	-	16.4%	9.8%	12.8%
RoCE (%)	-	8.5%	10.5%	11.7%
RoIC (%)	-	9.1%	11.2%	12.3%
Average 1 yr fwd				
PE (x)	-	-	-	-
EV/EBITDA (x)	-	-	-	-
Peak 1 yr fwd				
PE (x)	-	-	-	-
EV/EBITDA (x)	-	-	-	-

P/E multiple	FY23E EPS (mn)	Price target
15.0x	66.3	995
13.0x	66.3	862



ONE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- We expect BHEL's revenue to register strong growth of 18% yoy in FY20E over a low base. Power segment should register strong growth of ~21% in FY20E (vs FY19 which had been impacted due to weak demand scenario) and industrials should grow by ~8-9% (from a high base) driven by incremental orders from transportation segment.
- EBITDA margin should witness significant expansion by ~270bps to 9.7% (vs 7.1% in FY19) driven by lower employee cost (retirements in existing employee base), lower provisions related to private sector write-offs and operating leverage.
- We expect order inflow to improve to ~380bn in FY20E as L1 orders worth ~Rs.250bn are in the pipeline, 15GW of thermal power plants worth ~Rs. 500-600bn are in the pipeline.
- Expect working capital position to improve going forward as measures have been undertaken to lower its debtors. Also shift in mix of orders from central vs. state would help maintain WC.

VALUATION MULTIPLES ◀▶

- The stock has corrected by ~50% over the past one year and has factored in many of the negatives in our opinion. Incremental improvement in execution and gradual working capital improvement should improve cash flow going forward. We value the stock at 15x on FY21 EPS to arrive at a TP of Rs. 104 and maintain "Buy" rating.

FINANCIAL SUMMARY

Year	Sales (Rs. mn)	EBITDA (Rs. mn)	PAT (Rs. mn)	EPS (Rs.)	P/E (x)	RoE(%)
FY19	3,03,490	21,420	12,154	3.5	20.6	3.8%
FY20E	3,56,737	34,728	21,750	6.6	10.9	6.8%
FY21E	3,72,846	39,162	23,724	7.2	10.0	7.1%

THREE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- We expect the order inflow environment for BHEL to improve over the next 2-3 years driven by incremental thermal power capacity requirement from FY25 onwards which should translate to equipment ordering from FY20-FY21 onwards. Replacement of ageing power plants and moderation in renewable capacity addition should also contribute to overall thermal equipment ordering momentum.
- Reduced competitive intensity due to exit/reduced scope of operations of a few competitors over the past 3-4 years should lead to better margin profile of new orders.
- With retirements in existing employee base likely to continue over the next 2-3 years and write-off related to private sector clients largely behind we expect the EBITDA margin to expand from 7.1% in FY19 to ~12.5% by FY23E.
- Working capital position which was impacted due to execution of orders for state governments, should improve as these projects are completed and pipeline orders are more towards central government projects leading to FCF/EBITDA conversion of 37% over FY19-FY23E vs 13% over FY12-FY18.

VALUATION MULTIPLES ◀▶

- We expect BHEL to deliver 94% return returns over 3-period assuming an exit multiple of 13x FY23E EPS and a cumulative dividend of Rs.10/share.

KEY ESTIMATES REVISION

	FY20E			FY21E		
	Old	New	Change	Old	New	Change
Revenue	3,43,092	3,56,737	4.0%	3,41,795	3,72,846	9.1%
EBITDA	34,023	34,728	2.1%	37,682	39,162	3.9%
Margin (%)	9.9%	9.7%	-18 bps	11.0%	10.5%	-52 bps
PAT	21,292	21,750	2.2%	24,522	23,724	-3.3%
Margin (%)	6.2%	6.1%	-11 bps	7.2%	6.4%	-81 bps
EPS	6.5	6.6	2.2%	7.4	7.2	-3.3%

All figures in Rs. mn except EPS, which is in Rs.

OUTLOOK REVIEW 4QFY19 29 MAY 2019

Industry	Capital Goods
CMP	Rs. 72
Target Price	Rs. 104
Key Stock Data	
Bloomberg	BHEL IN
Shares o/s	3,482mn
Market Cap	Rs. 251bn
52-wk High-Low	Rs. 87-56
3m ADV	Rs. 1,201mn
Index	BSE 500

	Sep'18	Dec'18	Mar'19
Promoters	63.1	63.2	63.2
Institutions	31.3	30.8	30.8
Public	5.6	6.1	6.1
Pledge			

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Quarterly Financial Statement

Consolidated Financial Result

Rs. mn\Period	31-Mar-19	31-Mar-18	YoY Growth	31-Dec-18	QoQ Growth	FY18	FY19	YoY Growth
Revenues	1,02,972	1,02,130	0.8%	73,364	40.4%	2,89,257	3,03,490	4.9%
Material cost	58,400	51,289	13.9%	45,808	27.5%	1,61,435	1,77,641	10.0%
Employee cost	19,809	18,962	4.5%	13,015	52.2%	60,673	62,613	3.2%
Other expenditure	10,811	18,955	-43.0%	12,354	-12.5%	47,832	41,816	-12.6%
Operating Expenses	89,019	89,206	-0.2%	71,177	25.1%	2,69,941	2,82,070	4.5%
EBITDA	13,952	12,924	8.0%	2,187	537.9%	19,317	21,420	10.9%
EBITDA margin (%)	13.5%	12.7%	90 bps	3.0%	1057 bps	6.7%	7.1%	38 bps
Depreciation	1,342	2,171	-38.2%	1,124	19.4%	7,864	4,748	-39.6%
Other income	1,209	1,371	-11.8%	2,265	-46.6%	6,943	6,776	-2.4%
EBIT	13,819	12,125	14.0%	3,328	315.3%	18,395	23,448	27.5%
Interest	964	726	32.9%	577	67.1%	2,546	2,869	12.7%
PBT	12,854	11,399	12.8%	2,751	367.3%	15,850	20,579	29.8%
Tax	6,027	6,827	-11.7%	831	625.0%	7,784	8,425	8.2%
Effective tax rate	46.9%	59.9%		30.2%		49.1%	40.9%	
PAT	6,827	4,572	49.3%	1,920	255.7%	8,066	12,154	50.7%
PAT margin (%)	6.6%	4.5%	215 bps	2.6%	401 bps	2.8%	4.0%	122 bps
EPS (Rs.)	1.9	1.2	49.3%	0.5	255.7%	2.2	3.5	58.9%

Financial Summary

Abridged Financial Statements										
Rs. mn	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Profit & Loss										
Revenue	4,79,789	4,84,247	3,91,088	3,01,830	2,54,826	2,84,470	2,89,257	3,03,490	3,56,737	3,72,846
Gross profit	1,98,944	2,04,091	1,59,524	1,27,627	88,950	1,13,371	1,27,822	1,25,848	1,39,128	1,45,410
EBITDA	99,069	93,898	45,198	20,986	-13,665	10,614	19,317	21,420	34,728	39,162
Depreciation	8,000	9,534	9,829	10,773	9,357	8,488	7,864	4,748	5,204	5,604
EBIT	91,069	84,364	35,369	10,213	-23,023	2,125	11,453	16,672	29,524	33,558
Other Income	12,656	11,217	16,160	12,204	14,978	7,659	6,943	6,776	6,807	5,810
Interest expense	513	1,253	1,326	917	3,595	3,506	2,546	2,869	2,869	2,869
Exceptional items	0	0	0	-101	0	0	0	0	0	0
PBT	1,03,211	94,329	50,203	21,399	-11,640	6,278	15,850	20,579	33,462	36,499
Reported PAT (after minority interest)	70,396	66,143	34,608	14,192	-7,094	4,959	8,066	12,154	21,750	23,724
Adj PAT	70,396	66,143	34,608	14,293	-7,094	4,959	8,066	12,154	21,750	23,724
EPS (Rs.)	19.2	18.0	9.4	3.9	(1.9)	1.4	2.2	3.5	6.6	7.2
Balance Sheet										
Net Worth	2,53,732	3,04,441	3,30,132	3,40,846	3,21,811	3,22,944	3,26,011	3,13,999	3,27,688	3,43,729
Deferred Tax	-15,462	-15,507	-19,690	-22,207	-36,592	-38,414	-36,259	-35,145	-35,145	-35,145
Total debt	1,859	14,152	26,548	610	1,263	896	572	25,527	19,145	14,359
Other liabilities and provisions	2,97,961	2,72,825	2,70,257	2,42,097	2,35,544	1,95,059	1,99,939	1,83,853	1,83,853	1,83,853
Total Network and liabilities	5,38,090	5,75,911	6,07,248	5,61,345	5,22,025	4,80,486	4,90,263	4,88,234	4,95,541	5,06,796
Gross Fixed assets	97,915	1,09,446	1,21,440	1,26,661	1,34,072	53,725	56,318	60,048	65,048	70,048
Net fixed assets	42,968	44,966	47,131	41,578	39,632	35,959	30,688	29,670	29,466	28,862
Capital work-in-progress	13,476	11,335	6,220	5,005	3,154	1,683	2,028	2,354	2,354	2,354
Goodwill	0	0	0	0	1,457	0	0	0	0	0
Investments	4,617	4,292	4,202	4,177	6,643	6,614	6,907	6,694	6,694	6,694
Cash and bank balances	66,720	77,320	1,18,729	98,127	1,00,860	1,04,918	1,11,759	75,033	62,280	56,465
Loans & advances and other assets	31,624	31,344	34,435	36,187	33,130	32,357	6,014	4,025	4,056	4,089
Net working capital	3,78,684	4,06,653	3,96,531	3,76,271	3,37,149	2,98,954	3,32,866	3,70,458	3,90,690	4,08,332
Total assets	5,38,090	5,75,911	6,07,248	5,61,346	5,22,025	4,80,485	4,90,263	4,88,234	4,95,541	5,06,796
Capital Employed	2,40,129	3,03,087	3,36,991	3,19,249	2,86,481	2,85,426	2,90,324	3,04,381	3,11,688	3,22,943
Invested Capital (CE - cash - CWIP)	1,59,933	2,14,431	2,12,042	2,16,117	1,82,467	1,78,825	1,76,538	2,26,993	2,47,053	2,64,123
Net debt	-64,861	-63,168	-92,181	-97,517	-99,597	-1,04,022	-1,11,187	-49,506	-43,135	-42,106
Cash Flows										
Cash flows from Operations (Pre-tax)	23,696	51,023	66,490	18,054	6,523	11,509	9,509	-11,849	24,463	31,488
Cash flows from Operations (post-tax)	-8,136	18,648	45,177	7,755	3,469	5,620	9,941	-26,819	12,752	18,713
Capex	-13,072	-9,885	-6,697	-4,568	-5,484	-3,530	-2,813	-4,056	-5,000	-5,000
Free cashflows	-21,208	8,763	38,480	3,187	-2,015	2,090	7,128	-30,875	7,752	13,713
Free cashflows (post interest costs)	-21,706	7,538	37,214	2,174	-2,269	1,454	6,755	-33,745	4,882	10,844
Cash flows from Investing	-3,297	-3,381	-1,681	4,643	884	-5,659	9,607	2,934	1,429	810
Cash flows from Financing	-18,149	-4,667	-2,092	-33,000	-1,239	-4,697	-6,710	13,729	-16,934	-15,339
Total cash & liquid investments	66,720	77,320	1,18,729	98,127	1,00,860	1,04,918	1,11,759	75,033	62,280	56,465

Financial Summary

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Growth ratios										
Revenue	13.6%	0.9%	-19.2%	-22.8%	-15.6%	11.6%	1.7%	4.9%	17.5%	4.5%
EBITDA	15.4%	-5.2%	-51.9%	-53.6%	-165.1%	-177.7%	82.0%	10.9%	62.1%	12.8%
Adj PAT	23.6%	-6.0%	-47.7%	-59.0%	-150.0%	-169.9%	62.7%	50.7%	79.0%	9.1%
Margin ratios										
Gross	41.5%	42.1%	40.8%	42.3%	34.9%	39.9%	44.2%	41.5%	39.0%	39.0%
EBITDA	20.6%	19.4%	11.6%	7.0%	-5.4%	3.7%	6.7%	7.1%	9.7%	10.5%
Adj PAT	14.7%	13.7%	8.8%	4.7%	-2.8%	1.7%	2.8%	4.0%	6.1%	6.4%
Performance ratios										
Pre-tax OCF/EBITDA	23.9%	54.3%	147.1%	86.0%	-47.7%	108.4%	49.2%	-55.3%	70.4%	80.4%
OCF/IC (%)	-5.1%	8.7%	21.3%	3.6%	1.9%	3.1%	5.6%	-11.8%	5.2%	7.1%
RoE (%)	30.9%	23.7%	10.9%	4.3%	-2.1%	1.5%	2.5%	3.8%	6.8%	7.1%
RoCE (%)	33.6%	24.7%	11.1%	4.5%	-1.6%	2.7%	3.3%	4.7%	7.7%	8.1%
RoCE (Pre-tax)	49.3%	35.2%	16.1%	6.8%	-2.7%	3.4%	6.4%	7.9%	11.8%	12.4%
RoIC (Pre-tax)	80.2%	45.1%	16.6%	4.8%	-11.6%	1.2%	6.4%	8.3%	12.5%	13.1%
Fixed asset turnover (x)	5.4	4.7	3.4	2.4	2.0	3.0	5.3	5.2	5.7	5.5
Total asset turnover (x)	1.0	0.9	0.7	0.5	0.5	0.6	0.6	0.6	0.7	0.7
Financial stability ratios										
Net Debt to Equity (x)	(0.3)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.2)	(0.1)	(0.1)
Net Debt to EBITDA (x)	(0.7)	(0.7)	(2.0)	(4.6)	7.3	(9.8)	(5.8)	(2.3)	(1.2)	(1.1)
Interest cover (x)	(15.9)	14.9	34.1	8.5	1.0	1.6	3.9	(9.3)	4.4	6.5
Cash conversion days	288	307	370	455	483	384	420	446	400	400
Working capital days	85	124	150	206	193	175	175	229	216	224
Valuation metrics										
Fully Diluted Shares (mn)	3,671	3,671	3,671	3,671	3,671	3,671	3,671	3,482	3,293	3,293
Market cap (Rs.mn)							2,50,708			
P/E (x)	3.8	4.0	7.6	18.5	(37.3)	53.3	32.8	20.6	10.9	10.0
P/OCF(x)	(30.8)	13.4	5.5	32.3	72.3	44.6	25.2	(9.3)	19.7	13.4
EV (Rs.mn) (ex-CWIP)	1,85,846	1,87,539	1,58,527	1,53,191	1,51,111	1,46,685	1,39,521	2,01,201	2,07,573	2,08,602
EV/ EBITDA (x)	1.9	2.0	3.5	7.3	(11.1)	13.8	7.2	9.4	6.0	5.3
EV/ OCF(x)	(22.8)	10.1	3.5	19.8	43.6	26.1	14.0	(7.5)	16.3	11.1
FCF Yield	-8.5%	3.5%	15.3%	1.3%	-0.8%	0.8%	2.8%	-12.3%	3.1%	5.5%
Price to BV (x)	1.0	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.8	0.7
Dividend pay-out (%)	33.4%	20.0%	20.0%	19.9%	-20.7%	57.8%	82.8%	57.3%	30.3%	27.8%
Dividend yield (%)	8.9%	5.0%	2.6%	1.1%	0.6%	1.1%	2.5%	2.8%	2.8%	2.8%

Crystal Ball Gazing

Over FY19-23E, BHEL's revenue to grow by ~9% CAGR. Operating leverage to help register a PAT CAGR of 29% (from a low earnings base) over the same period.

Expect revenue to grow by CAGR 9% over FY19-FY23E

Return metrics to improve from a low base

Muted order inflow visibility limits the scope for further multiple expansion

	FY08-FY11	FY12-FY14	FY15-FY18	FY19-FY23E		FY08-FY11	FY12-FY14	FY15-FY18	FY19-FY23E	P/E multiple	FY23E EPS (mn)	Price target
Revenues CAGR	28.9%	-9.7%	-1.4%	8.5%	RoE (%)	29.7%	21.8%	1.5%	6.8%	15.0x	10.1	152
Gross Margin	42.1%	41.5%	40.3%	39.5%	RoCE (%)	33.3%	23.1%	2.2%	7.8%	13.0x	10.1	131
EBITDA CAGR	31.9%	-32.5%	-2.7%	25.4%	RoIC (%)	-	32.6%	0.1%	8.7%			
EBITDA margin	18.2%	17.2%	3.0%	10.3%	Average 1 yr fwd							
EPS CAGR	28.1%	-29.9%	-17.4%	30.5%	PE (x)	20.7	10.3	23.7	16.5			
Total Asset Turnover (x)	0.9	0.8	0.5	0.7	EV/EBITDA (x)	14.0	6.3	13.9	6.4			
Total WC days	-0	120	187	213	Peak 1 yr fwd							
Pre-tax OCF/EBITDA (%)	102.6%	75.1%	49.0%	70.0%	PE (x)	36.4	16.3	35.7	20.9			
Post Tax OCF as a % of IC	-269%	8%	4%	7%	EV/EBITDA (x)	23.5	10.5	24.5	10.1			
Debt/EBITDA	(1.8)	(1.1)	(3.2)	(1.6)								

Entry price of Rs. 72@
11x FY20E EPS

Cumulative Dividends of
Rs. 8/share

PAT CAGR of 29%, exit
multiple of 13x on FY23E
EPS

TOTAL
RETURN OF
94%

ONE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- We expect DIXON's FY20E revenue to grow by 18% (from a low base in FY19) majorly led by Consumer electronics to grow by 20% led by new customer additions. Growth in home appliance (washing machine) should be healthy at 25% yoy. Lighting segment to grow by 15% yoy, mobile phones to grow by 10% yoy whereas reverse logistics segment to witness muted growth yoy (from a negative base).
- EBITDA margin should witness expansion by ~20bps to 4.7% in FY20E vs (4.5% in FY19E) led by increasing mix in ODM share. We do not expect margins to improve further as pricing power is low for DIXON.
- PAT to grow by 29% to Rs. 815mn in FY20E.
- Capex during the year FY20E should be ~Rs.600mn. Cash flow from operations to remain muted at Rs. 0.5bn and free cash flows to be negative during the period.

VALUATION MULTIPLES ◀▶

- We maintain our cautious stance on DIXON. Increasing uncertainty on medium term growth visibility on certain segments (reverse logistics, CCTVs and mobile) and possible margin pressure remains a concern. Also, valuation remains elevated at ~34x FY20E. We assign 25x on FY21E EPS to arrive at a target price of Rs.2184. Maintain "Reduce" rating

FINANCIAL SUMMARY

Year	Sales (Rs. mn)	EBITDA (Rs. mn)	PAT (Rs. mn)	EPS (Rs.)	P/E (x)	RoE(%)
FY19	29,845	1,349	634	55.9	43.4	18.3%
FY20E	35,238	1,655	815	72.0	33.7	19.6%
FY21E	40,512	1,951	990	87.4	27.7	19.9%

THREE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- We have a cautious 3-year view on DIXON. While growth in lighting, consumer electronics (LED TVs) and Home Appliances (washing machines) is likely to be healthy through new client addition, risks of margin dilution and working capital expansion is high incrementally.
- In mobiles, while the market is seeing rapid growth, market share even among the top players keep fluctuating significantly especially after the entry of Chinese players (Xiaomi, Vivo, Oppo, etc) in the market. Growth uncertainty persists in the mobiles segment as while DIXON is in talk with a few potential clients translation of them into revenue might take time .
- With increasing working capital (~31 days through FY19-FY23E), we expect cash generations to be lower at (Rs. 1.6bn FCF over FY19-23E) with ~16% FCF/EBITDA conversion over FY19-FY23E

VALUATION MULTIPLES ◀▶

- We expect DIXON to deliver 29% return over a 3 year period assuming an exit multiple of 25x FY23E earnings and a cumulative dividend of Rs.25 over the next three years.

KEY ESTIMATES REVISION

	FY20E			FY21E		
	Old	New	Change	Old	New	Change
Revenue	33,927	35,238	3.9%	38,518	40,512	5.2%
EBITDA	1,706	1,655	-3.0%	1,930	1,951	1.1%
Margin (%)	5.0%	4.7%	-33 bps	5.0%	4.8%	-20 bps
PAT	841	815	-3.0%	968	990	2.3%
Margin (%)	2.5%	2.3%	-16 bps	2.5%	2.4%	-7 bps
EPS	74.2	72.0	-3.0%	85.4	87.4	2.3%

All figures in Rs. mn except EPS, which is in Rs.

OUTLOOK REVIEW 4QFY19 27 MAY 2019

Industry	Cons. Durables
CMP	Rs. 2424
Target Price	Rs. 2184
Key Stock Data	
Bloomberg	DIXON IN
Shares o/s	11mn
Market Cap	Rs. 28bn
52-wk High-Low	Rs. 3,538-1,890
3m ADV	Rs. 21mn
Index	BSE 500

	Sep'18	Dec'18	Mar'19
Promoters	38.9	38.9	38.9
Institutions	32.2	30.5	30.5
Public	28.9	30.6	30.6
Pledge			

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Quarterly Financial Statement

Consolidated Financial Result

Rs. mn\Period	31-Mar-19	31-Mar-18	YoY Growth	31-Dec-18	QoQ Growth	FY18	FY19	YoY Growth
Revenues	8,588	5,978	43.7%	7,940	8.2%	28,416	29,845	5.0%
Material cost	7,523	5,119	47.0%	6,957	8.1%	25,104	26,093	3.9%
Employee cost	273	200	36.8%	193	41.6%	728	839	15.3%
Other expenditure	418	386	8.3%	400	4.5%	1,466	1,564	6.7%
Operating Expenses	8,213	5,704	44.0%	7,550	8.8%	27,297	28,496	4.4%
EBITDA	375	275	36.6%	390	-3.9%	1,119	1,349	20.5%
EBITDA margin (%)	4.4%	4.6%	-23 bps	4.9%	-55 bps	3.9%	4.5%	58 bps
Depreciation	62	45	37.1%	59	4.9%	152	217	42.6%
Other income	19	16	16.8%	6	224.1%	42	56	35.0%
EBIT	332	246	35.2%	337	-1.5%	1,009	1,189	17.8%
Interest	88	43	105.1%	65	35.4%	128	250	
PBT	244	203	20.4%	272	-10.3%	881	938	6.5%
Tax	79	62	27.9%	96	-17.7%	273	305	11.5%
Effective tax rate	32.3%	30.4%		35.2%		31.0%	32.5%	
PAT	165	141	17.1%	176	-6.3%	608	634	4.2%
PAT margin (%)	1.9%	2.4%	-44 bps	2.2%	-30 bps	2.1%	2.1%	-2 bps
EPS (Rs.)	14.6	12.5	17.1%	15.6	-6.3%	53.7	55.9	4.2%

Product-wise Segment Analysis

Rs. mn\Period	31-Mar-19	31-Mar-18	YoY Growth	31-Dec-18	QoQ Growth	FY18	FY19	YoY Growth
Revenue								
Consumer Electronics	3,233	2,136	51.3%	2,879	12.3%	10,735	11,937	11.2%
<i>% of total Revenue</i>	38%	36%		36%		38%	40%	
Lighting Products	3,049	2,132	43.0%	2,341	30.2%	7,742	9,194	18.8%
<i>% of total Revenue</i>	36%	36%		29%		27%	31%	
Home appliances	926	810	14.2%	923	0.3%	2,503	3,744	49.6%
<i>% of total Revenue</i>	11%	14%		12%		9%	13%	
Mobile Phones	669	772	-13.4%	1,511	-55.7%	6,698	3,549	-47.0%
<i>% of total Revenue</i>	8%	13%		19%		24%	12%	
Reverse Logistics	26	123	-79.3%	32	-19.3%	734	302	-58.9%
<i>% of total Revenue</i>	0%	2%		0%		3%	1%	
Security Systems	687	5	NM	254	170.3%	5	1,120	NM
<i>% of total Revenue</i>	8%	0%		3%		0%	4%	
Total	8,588	5,978	43.7%	7,940	8.2%	28,416	29,845	5.0%
EBITDA								
Consumer Electronics	41	29	39.5%	60	-32.1%	231	249	8.2%
<i>% of total EBIT</i>	11%	11%		15%		21%	18%	
Lighting Products	216	135	60.5%	189	14.5%	469	660	40.7%
<i>% of total EBIT</i>	58%	2%		48%		42%	49%	
Home appliances	95	110	-14.0%	99	-4.6%	307	370	20.6%
<i>% of total EBIT</i>	25%	2%		25%		27%	27%	
Mobile Phones	17	9	89.7%	44	-62.3%	65	74	13.8%
<i>% of total EBIT</i>	4%	0%		11%		6%	6%	
Reverse Logistics & security	-9	-4	116.7%	-3	250.0%	58	-17	-129.7%
<i>% of total Revenue</i>	-2%	0%		-1%		5%	-1%	
Security Systems	16	-4	NM	1	NM	-9	12	NM
<i>% of total Revenue</i>	4%	0%		0%		-1%	1%	
Total	375	274	36.7%	390	-3.9%	1,120	1,349	20.4%
EBITDA margin								
Consumer Electronics	1.3%	1.4%	-11 bps	2.1%	-83 bps	2.1%	2.1%	-6 bps
Lighting Products	7.1%	6.3%	77 bps	8.1%	-97 bps	6.1%	7.2%	112 bps
Home appliances	10.2%	13.6%	-336 bps	10.8%	-53 bps	12.3%	9.9%	-237 bps
Mobile Phones	2.5%	1.1%	134 bps	2.9%	-43 bps	1.0%	2.1%	112 bps
Reverse Logistics & security	-35.7%	-3.4%	NM	-8.2%	NM	7.8%	-5.7%	NM
Security Systems	2.3%	-87.8%	NM	0.3%	199 bps	NM	1.1%	NM
Total	4.4%	4.6%	-22 bps	4.9%	-55 bps	3.9%	4.5%	58 bps

Financial Summary

Abridged Financial Statements										
Rs. mn	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Profit & Loss										
Revenue	5,724	7,669	10,937	12,013	13,894	24,570	28,416	29,845	35,238	40,512
Gross profit	966	1,073	976	1,169	1,771	2,769	3,313	3,752	4,430	5,093
EBITDA	52	201	260	322	568	912	1,119	1,349	1,655	1,951
Depreciation	49	47	53	69	84	107	152	217	262	292
EBIT	3	154	207	253	484	805	967	1,132	1,394	1,659
Other Income	14	11	34	18	28	14	42	56	51	54
Interest expense	106	115	112	98	131	155	128	250	237	248
Exceptional items	0	0	54	0	-28	0	0	0	0	0
PBT	-89	51	182	173	353	664	881	938	1,208	1,466
Reported PAT (after minority interest)	-70	50	136	119	273	476	608	634	815	990
Adj PAT	-70	50	82	119	300	476	608	634	815	990
EPS (Rs.)	(22.6)	16.2	26.3	38.2	96.8	43.3	53.7	55.9	72.0	87.4
Balance Sheet										
Net Worth	569	627	758	879	1,176	1,971	3,150	3,782	4,549	5,420
Deferred Tax	17	32	60	62	72	0	41	160	160	160
Total debt	1,194	943	936	823	796	430	406	1,361	1,800	1,500
Other liabilities and provisions	96	81	167	122	217	457	911	646	711	782
Total Net worth and liabilities	1,877	1,683	1,921	1,886	2,260	2,857	4,508	5,949	7,219	7,861
Gross Fixed assets	1,069	1,121	1,175	1,339	1,562	2,051	2,886	3,486	3,486	3,886
Net fixed assets	786	795	842	970	1,125	1,366	1,790	2,409	2,748	2,856
Capital work-in-progress	38	52	0	0	0	20	159	188	188	188
Goodwill	4	4	0	0	111	0	0	0	0	0
Investments	44	65	63	60	0	0	111	76	76	76
Cash and bank balances	57	58	46	69	75	153	441	367	389	447
Loans & advances and other assets	495	480	548	452	547	722	922	1,135	1,248	1,373
Net working capital	453	229	422	334	403	594	1,083	1,758	2,554	2,905
Total assets	1,877	1,683	1,921	1,886	2,260	2,857	4,508	5,933	7,203	7,845
Capital Employed	1,781	1,602	1,754	1,764	2,043	2,401	3,597	5,287	6,492	7,064
Invested Capital (CE - cash - CWIP)	1,686	1,492	1,707	1,695	1,969	2,228	2,996	4,732	5,916	6,429
Net debt	1,138	886	890	754	721	276	-35	994	1,411	1,053
Cash Flows										
Cash flows from Operations (Pre-tax)	65	463	79	486	509	683	881	248	853	1,592
Cash flows from Operations (post-tax)	39	450	104	445	422	529	680	-52	469	1,124
Capex	-83	-87	-85	-221	-270	-391	-758	-864	-600	-400
Free cashflows	-44	362	19	224	152	138	-78	-915	-131	724
Free cashflows (post interest costs)	-149	246	-93	126	21	-17	-211	-1,166	-368	476
Cash flows from Investing	-42	-86	12	-222	-216	-434	-997	-829	-600	-400
Cash flows from Financing	7	-367	-128	-223	-200	-84	416	677	153	-666
Total cash & liquid investments	57	58	46	69	75	153	441	367	389	447

Financial Summary

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Growth ratios										
Revenue	-	34.0%	42.6%	9.8%	15.7%	76.8%	15.7%	5.0%	18.1%	15.0%
EBITDA	-	290.1%	29.2%	23.9%	76.3%	60.6%	22.7%	20.5%	22.7%	17.9%
Adj PAT	-	-171.8%	169.7%	-12.8%	129.9%	74.5%	27.8%	4.2%	28.7%	21.4%
Margin ratios										
Gross	16.9%	14.0%	8.9%	9.7%	12.7%	11.3%	11.7%	12.6%	12.6%	12.6%
EBITDA	0.9%	2.6%	2.4%	2.7%	4.1%	3.7%	3.9%	4.5%	4.7%	4.8%
Adj PAT	-1.2%	0.7%	0.7%	1.0%	2.2%	1.9%	2.1%	2.1%	2.3%	2.4%
Performance ratios										
Pre-tax OCF/EBITDA	125.9%	230.3%	30.3%	150.9%	89.6%	74.9%	78.7%	18.4%	51.6%	81.6%
OCF/IC (%)	2.3%	30.1%	6.1%	26.3%	21.4%	23.7%	22.7%	-1.1%	7.9%	17.5%
RoE (%)	-24.6%	8.4%	11.8%	14.5%	29.2%	30.2%	23.7%	18.3%	19.6%	19.9%
RoCE(%)	1.6%	6.9%	11.6%	11.6%	20.8%	26.4%	23.2%	18.1%	16.6%	17.1%
RoCE (Pre-tax)	1.8%	9.8%	14.3%	15.4%	26.9%	36.9%	33.6%	26.8%	24.5%	25.3%
RoIC (Pre-tax)	0.3%	9.7%	12.9%	14.9%	26.4%	38.4%	37.0%	29.3%	26.2%	26.9%
Fixed asset turnover (x)	10.7	7.0	9.5	9.6	9.6	16.2	16.1	12.1	11.1	11.0
Total asset turnover (x)	6.1	4.3	6.1	6.3	6.7	9.6	7.7	5.7	5.4	5.4
Financial stability ratios										
Net Debt to Equity (x)	2.0	1.4	1.2	0.9	0.6	0.1	(0.0)	0.3	0.3	0.2
Net Debt to EBITDA (x)	22.1	4.4	3.4	2.3	1.3	0.3	(0.0)	0.7	0.9	0.5
Interest cover (x)	0.4	3.9	0.9	4.5	3.2	3.4	5.3	(0.2)	2.0	4.5
Cash conversion days	29	11	14	10	11	9	14	21	26	26
Working capital days	54	30	27	20	19	13	14	27	32	32
Valuation metrics										
Fully Diluted Shares (mn)	3	3	3	3	3	11	11	11	11	11
Market cap (Rs.mn)							27,464			
P/E (x)	(107.2)	149.3	92.1	63.4	25.0	56.0	45.2	43.4	33.7	27.7
P/OCF(x)	701.9	61.1	264.2	61.7	65.1	51.9	40.4	(532.2)	58.6	24.4
EV (Rs.mn)(ex-CWIP)	28,601	28,349	28,353	28,218	28,185	27,740	27,429	28,458	28,875	28,517
EV/ EBITDA (x)	554.5	140.9	109.1	87.6	49.6	30.4	24.5	21.1	17.4	14.6
EV/ OCF(x)	730.9	63.0	272.8	63.4	66.8	52.5	40.3	(551.5)	61.6	25.4
FCF Yield	-0.2%	1.3%	0.1%	0.8%	0.6%	0.5%	-0.3%	-3.3%	-0.5%	2.6%
Price to BV (x)	48.2	43.8	36.2	31.2	23.4	13.9	8.7	7.3	6.0	5.1
Dividend pay-out (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.7%	3.6%	5.0%	10.0%
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.4%

Crystal Ball Gazing

Over FY19-23E, Dixon to grow revenue and PAT by CAGR 15% and 22% respectively, driven by growth in consumer electronics, lighting and home appliances segment and foray into new divisions like CCTV/DVR. EBITDA margin should be range bound at ~5%.

Expect DIXON's revenue to grow by 15% CAGR.
EBITDA margin to be ~5%

RoEs to be ~20% going forward

Already trading at high multiple
Limited scope for further expansion

	FY12-FY14	FY15-FY18	FY19-FY23E
Revenues CAGR	38.2%	33.2%	15.2%
Gross Margin	13.3%	11.4%	12.6%
EBITDA CAGR	124.5%	51.5%	16.7%
EBITDA margin	2.0%	3.6%	4.7%
EPS CAGR	-	12.0%	22.0%
Total Asset Turnover (x)	5.5	7.6	5.6
Total WC days	37	17	31
Pre-tax OCF/EBITDA (%)	128.8%	98.5%	63.6%
Post Tax OCF as a % of IC	13%	24%	12%
Debt/EBITDA	10.0	1.0	0.5

	FY12-FY14	FY15-FY17	FY18-FY23E
RoE (%)	-	24.4%	19.5%
RoCE (%)	6.7%	20.5%	17.5%
RoIC (%)	5.9%	21.2%	19.0%
Average 1 yr fwd			
PE (x)	-	39.0	40.0
EV/EBITDA (x)	-	24.0	24.3
Peak 1 yr fwd			
PE (x)	-	52.1	52.1
EV/EBITDA (x)	-	31.2	31.2

P/E multiple	FY23E EPS (mn)	Price target
23.0x	123.7	2845
25.0x	123.7	3092

Entry = Rs. 2424@ 34x
FY20E EPS

Cumulative Dividends of
Rs. 25/share

PAT CAGR of ~22%, exit
multiple of 25x on FY23E
EPS

TOTAL
RETURN OF
29%

ONE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- We expect Elgi Equipments (ELEQ) growth to moderate from a high base to 13% yoy in FY20E driven by a combination of growth in both domestic and international markets. Domestic market growth should continue to be driven by infrastructure demand and a possible recovery from industrial demand. International segment to be driven by traction from US and Europe.
- EBITDA margin (consolidated) should witness marginal expansion by 40bps to 10.7% in FY20E (vs. 10.3% in FY19) led by operating leverage. Though manpower additions related to US operations are largely done, the company plans to add manpower in Europe region which restricts further margin expansion currently.
- Subsidiary revenue should also grow by ~10% yoy in FY20E driven by growth in key international subsidiaries especially in the U.S and also recent acquisitions. EBITDA margin to see contraction by ~20bps to 9.0% by FY20E (vs 7.5% in FY19).

VALUATION MULTIPLES ▼

- While current growth momentum in both domestic and international markets are healthy, there are risks related to possible moderation in growth over a high base. The current stock price has largely factored in the near term growth and also medium term margin expansion possibly. Valuations also remain high at ~36x FY20 earnings. Therefore we would maintain our negative stance on the stock with a TP of Rs. 218, 25x on FY21E earnings.

FINANCIAL SUMMARY

Year	Sales (Rs. mn)	EBITDA (Rs. mn)	PAT (Rs. mn)	EPS (Rs.)	P/E (x)	RoE(%)
FY19	18,635	1,918	1,031	6.5	42.7	14.1%
FY20E	21,111	2,269	1,232	7.8	35.7	15.3%
FY21E	23,748	2,732	1,531	9.7	28.8	17.3%

THREE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- We have a cautious three-year outlook on ELEQ. Moderation in demand environment (from a high base) across key sectors like mining, construction, major industries, etc over the next 3-years could lead to topline growth of ~13% CAGR FY19-23E.
- EBITDA margins to be range bound at ~12.5% during the period FY19-23E led by various people and process improvement initiatives undertaken beyond which margin expansion possibilities could remain low given the high base and competitive environment.
- We expect ELEQ's free cash flow to improve to Rs. 6.7bn over FY19-23E (vs negative Rs.1.3bn over FY12-FY18) leading to FCF/EBITDA conversion of 48% over FY19-23E.

VALUATION MULTIPLES ◀▶

- We expect ELEQ to deliver 23% return over a 3 year period assuming an exit multiple of 23x FY23E EPS and a cumulative dividend of Rs. 13 over the next three years.

KEY ESTIMATES REVISION - Consolidated

	FY20E			FY21E		
	Old	New	Change	Old	New	Change
Revenue	20,758	21,111	1.7%	22,683	23,748	4.7%
EBITDA	2,299	2,269	-1.3%	2,663	2,732	2.6%
Margin (%)	11.1%	10.7%	-33 bps	11.7%	11.5%	-24 bps
PAT	1,253	1,232	-1.7%	1,449	1,531	5.6%
Margin (%)	6.0%	5.8%	-20 bps	6.4%	6.4%	6 bps
EPS	7.9	7.8	-1.7%	9.1	9.7	5.6%

All figures in Rs. mn except EPS, which is in Rs.

OUTLOOK REVIEW 4QFY19 29 MAY 2019

Industry	Capital Goods
CMP	Rs. 278
Target Price	Rs. 218
Key Stock Data	
Bloomberg	ELEQ IN
Shares o/s	158mn
Market Cap	Rs. 44bn
52-wk High-Low	Rs. 315-219
3m ADV	Rs. 20mn
Index	BSE500

	Sep'18	Dec'18	Mar'19
Promoters	31.9	31.9	31.9
Institutions	28.0	27.4	27.4
Public	40.1	40.7	40.7
Pledge			

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Quarterly Financial Statements

Consolidated Financial Result

Rs. mn\Period	31-Mar-19	31-Mar-18	YoY Growth	31-Dec-18	QoQ Growth	FY18	FY19	YoY Growth
Revenues	5,280	4,622	14.2%	4,702	12.3%	16,053	18,635	16.1%
Material cost	2,977	2,664	11.8%	2,570	15.8%	9,049	10,311	14.0%
Employee cost	908	724	25.4%	886	2.5%	2,813	3,408	21.2%
Other expenditure	780	718	8.5%	771	1.1%	2,430	2,998	23.3%
Operating Expenses	4,665	4,106	13.6%	4,227	10.4%	14,292	16,717	17.0%
EBITDA	615	516	19.3%	475	29.6%	1,761	1,918	8.9%
EBITDA margin (%)	11.6%	11.2%	49 bps	10.1%	156 bps	11.0%	10.3%	-68 bps
Depreciation	143	113	26.5%	145	-1.7%	447	511	14.3%
Other income	33	39	-16.6%	21	58.9%	123	97	-21.3%
EBIT	505	442	14.2%	350	44.3%	1,437	1,503	4.6%
Interest	19	19	1.5%	27	-28.9%	60	90	50.8%
PBT	486	423	14.8%	323	50.5%	1,377	1,413	2.6%
Tax	126	154	-18.4%	92	36.5%	413	404	-2.1%
Effective tax rate	25.9%	36.5%		28.6%		30.0%	28.6%	
PAT	356	271	31.4%	234	52.1%	980	1,031	5.1%
PAT margin (%)	6.8%	5.9%	88 bps	5.0%	177 bps	6.1%	5.5%	-58 bps
EPS (Rs.)	2.3	1.7	31.4%	1.5	52.1%	6.2	6.5	5.1%

Financial Summary

Consolidated Financial Statements										
Rs. mn	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Profit & Loss										
Revenue	9,916	11,445	13,504	13,143	14,008	13,701	16,053	18,635	21,111	23,748
Gross profit	3,838	4,687	5,706	5,837	6,210	6,162	7,004	8,324	9,418	10,562
EBITDA	1,100	995	993	884	1,251	1,392	1,761	1,918	2,269	2,732
Depreciation	135	182	262	366	436	446	447	511	637	700
EBIT	965	813	731	518	815	946	1,314	1,406	1,633	2,032
Other Income	147	162	91	100	91	121	123	97	114	135
Interest expense	7	45	97	158	122	78	60	90	99	93
Exceptional items	-2	-24	0	224	-44	0	-27	0	0	0
PBT	1,103	907	725	684	741	989	1,350	1,413	1,647	2,074
Reported PAT (after minority interest)	752	578	456	481	509	740	953	1,031	1,175	1,474
Adj PAT	754	602	456	258	553	740	980	1,031	1,175	1,474
EPS (Rs.)	4.8	3.8	2.9	1.6	3.5	4.7	6.2	6.5	7.4	9.3
Balance Sheet										
Net Worth	3,976	4,336	4,636	4,934	5,462	6,069	6,889	7,709	8,395	9,109
Deferred Tax	40	38	-2	41	31	16	8	-1	-1	-1
Total debt	91	2,877	3,701	3,667	2,617	2,111	2,228	1,931	2,200	2,000
Other liabilities and provisions	1,107	986	1,329	1,254	1,256	1,168	1,324	1,643	1,700	1,761
Total Network and liabilities	5,215	8,237	9,664	9,897	9,366	9,364	10,449	11,283	12,294	12,869
Gross Fixed assets	2,434	4,668	5,772	5,675	5,036	4,041	4,367	5,185	5,685	6,285
Net fixed assets	1,087	2,971	3,251	3,448	3,407	3,194	3,040	3,346	3,210	3,110
Capital work-in-progress	76	755	0	0	20	36	21	57	57	57
Goodwill	0	0	1,521	1,195	1,212	1,172	1,251	1,529	1,529	1,529
Investments	154	150	149	148	149	196	317	310	310	310
Cash and bank balances	1,481	731	688	783	828	1,059	1,089	1,227	1,748	1,841
Loans & advances and other assets	896	1,352	1,079	964	658	737	694	824	891	964
Net working capital	1,522	2,279	2,976	3,359	3,091	2,971	4,037	3,989	4,549	5,058
Total assets	5,215	8,237	9,664	9,897	9,366	9,364	10,449	11,283	12,294	12,869
Capital Employed	4,108	7,251	8,335	8,642	8,110	8,196	9,125	9,639	10,594	11,108
Invested Capital (CE - cash - CWIP)	2,551	5,765	7,647	7,859	7,262	7,101	8,015	8,356	8,789	9,210
Net debt	-1,390	2,146	3,013	2,884	1,789	1,052	1,139	705	452	159
Cash Flows										
Cash flows from Operations (Pre-tax)	838	-399	1,251	953	1,512	1,442	889	2,314	1,800	2,331
Cash flows from Operations (post-tax)	493	-708	975	781	1,257	1,256	485	1,790	1,319	1,724
Capex	-395	-2,750	-1,327	-568	-238	-273	-290	-854	-500	-600
Free cashflows	98	-3,459	-352	212	1,019	983	195	936	819	1,124
Free cashflows (post interest costs)	81	-3,504	-450	55	895	905	136	846	720	1,031
Cash flows from Investing	-258	-2,587	-1,222	-168	-147	-389	-552	-847	-500	-600
Cash flows from Financing	-181	2,542	204	-517	-995	-774	-99	-592	-251	-947
Total cash & liquid investments	1,481	731	688	783	828	1,059	1,089	1,227	1,748	1,841

Financial Summary

Consolidated	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Growth ratios										
Revenue	5.6%	15.4%	18.0%	-2.7%	6.6%	-2.2%	17.2%	16.1%	13.3%	12.5%
EBITDA	-18.0%	-9.6%	-0.1%	-11.0%	41.5%	11.3%	26.5%	8.9%	18.4%	20.4%
Adj PAT	-15.8%	-23.2%	-21.2%	5.6%	5.9%	45.3%	28.8%	8.2%	14.0%	25.4%
Margin ratios										
Gross	38.7%	40.9%	42.3%	44.4%	44.3%	45.0%	43.6%	44.7%	44.6%	44.5%
EBITDA	11.1%	8.7%	7.4%	6.7%	8.9%	10.2%	11.0%	10.3%	10.7%	11.5%
Adj PAT	7.6%	5.3%	3.4%	2.0%	3.9%	5.4%	6.1%	5.5%	5.6%	6.2%
Performance ratios										
Pre-tax OCF/EBITDA	76.2%	-40.1%	125.9%	107.8%	120.8%	103.6%	50.4%	120.7%	79.3%	85.3%
OCF/IC (%)	19.3%	-12.3%	12.7%	9.9%	17.3%	17.7%	6.1%	21.4%	15.0%	18.7%
RoE (%)	20.5%	14.5%	10.2%	5.4%	10.6%	12.8%	15.1%	14.1%	14.6%	16.8%
RoCE(%)	20.0%	10.9%	6.6%	5.1%	7.3%	9.6%	11.5%	11.4%	12.1%	14.0%
RoCE (Pre-tax)	29.3%	17.2%	10.5%	7.3%	10.8%	13.1%	16.6%	16.0%	17.3%	20.0%
RoIC (Pre-tax)	42.0%	19.5%	10.9%	6.7%	10.8%	13.2%	17.4%	17.2%	19.0%	22.6%
Fixed asset turnover (x)	4.4	3.2	2.6	2.3	2.6	3.0	3.8	3.9	3.9	4.0
Total asset turnover (x)	2.0	1.7	1.5	1.3	1.5	1.5	1.6	1.7	1.8	1.9
Financial stability ratios										
Net Debt to Equity (x)	(0.3)	0.5	0.6	0.6	0.3	0.2	0.2	0.1	0.1	0.0
Net Debt to EBITDA (x)	(1.3)	2.2	3.0	3.3	1.4	0.8	0.6	0.4	0.2	0.1
Interest cover (x)	69.2	(15.9)	10.0	4.9	10.3	16.2	8.1	19.9	13.3	18.6
Cash conversion days	56	73	80	93	81	79	92	78	79	78
Working capital days	48	84	74	85	65	68	77	62	65	65
Valuation metrics										
Fully Diluted Shares (mn)	158	159	158	158	158	158	158	158	158	158
Market cap (Rs.mn)							44,049			
P/E (x)	58.4	73.2	96.7	171.0	79.7	59.5	44.9	42.7	37.5	29.9
P/OCF(x)	89.4	(62.2)	45.2	56.4	35.0	35.1	90.8	24.6	33.4	25.6
EV (Rs.mn)(ex-CWIP)	42,659	46,195	47,062	46,933	45,838	45,101	45,188	44,754	44,501	44,208
EV/ EBITDA (x)	38.8	46.4	47.4	53.1	36.6	32.4	25.7	23.3	19.6	16.2
EV/ OCF(x)	86.6	(65.2)	48.3	60.1	36.5	35.9	93.1	25.0	33.7	25.6
FCF Yield	0.2%	-7.9%	-0.8%	0.5%	2.3%	2.2%	0.4%	2.1%	1.9%	2.6%
Price to BV (x)	11.1	10.2	9.5	8.9	8.1	7.3	6.4	5.7	5.2	4.8
Dividend pay-out (%)	21.5%	27.7%	36.6%	61.5%	28.7%	21.4%	16.1%	20.0%	35.8%	44.4%
Dividend yield (%)	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	1.0%	1.5%

Crystal Ball Gazing

Over FY19-23E, ELEQ to grow revenue and PAT by CAGR 12% and 22% respectively. Topline growth led by moderation in demand across key sectors over a high base. EBITDA margin to be ~13% over FY19-23E due to better product mix and operating leverage. With low capex requirements, we expect healthy free cash flow position to sustain.

Expect revenue to grow by 12% CAGR. EBITDA margin to range bound at ~13% over FY19-23E

Margin recovery to aid better ROE. Expect company to generate strong cash flows and deleverage gradually

Already trading at high multiple
Limited scope for further expansion

	FY08-FY11	FY12-FY14	FY15-FY18	FY19-FY23E		FY08-FY11	FY12-FY14	FY15-FY18	FY19-FY23E	P/E multiple	FY23E EPS (mn)	Price target
Revenues CAGR	23.1%	16.7%	6.9%	12.3%	RoE (%)	26.1%	15.0%	11.0%	17.5%	25.0x	14.3	358
Gross Margin	35.7%	40.6%	44.3%	44.5%	RoCE (%)	26.7%	12.5%	8.4%	15.8%	23.0x	14.3	329
EBITDA CAGR	30.3%	-5.0%	25.8%	19.1%	RoIC (%)	32.9%	16.0%	8.4%	17.4%			
EBITDA margin	13.3%	9.0%	9.2%	11.6%	Average 1 yr fwd							
EPS CAGR	-5.5%	-22.3%	56.1%	21.8%	PE (x)	10.1	13.0	26.8	29.3			
Total Asset Turnover (x)	2.2	1.7	1.5	2.0	EV/EBITDA (x)	4.9	8.0	16.9	16.5			
Total WC days	48	69	74	65	Peak 1 yr fwd							
Pre-tax OCF/EBITDA (%)	80.6%	54.0%	95.7%	92.4%	PE (x)	17.5	20.4	44.2	34.1			
Post Tax OCF as a % of IC	35%	7%	13%	21%	EV/EBITDA (x)	8.0	12.0	25.6	20.6			
Debt/EBITDA	(0.7)	1.3	1.5	0.1								

Entry = Rs. 278@ 36x
FY20E EPS

Cumulative Dividends of
Rs. 13/share

PAT CAGR of ~22%, exit
multiple of 23x on FY23E
EPS

TOTAL
RETURN OF
23%

ONE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- We expect WHIRL's FY19E revenue to grow by 13% driven by category growth across key products – refrigerator and washing machine by 13% each). Air conditioners segment should witness growth of 15% yoy in FY20E (from a low base in FY19E which was impacted due to unfavorable weather). New product launches, widening distribution and market share gains to aid the stated growth in FY20E.
- Expect FY20E EBITDA margin to be at similar levels as FY19 at 12%. We expect benefit of better product mix and operating leverage would be offset higher input costs.
- We expect the company to continue its robust cash generation and carry a cash position of Rs. ~17bn by FY20E.

VALUATION MULTIPLES ▼

- We maintain long term positive stance on the company given the robust revenue growth and strong cash generation. However, we believe that current market price has already priced in the positives to a considerable extent and valuations remain high at ~40x FY20 earnings. Hence, we maintain our 'ADD' rating valuing the company at 35x of FY21E EPS arriving at a TP of Rs.1490.

FINANCIAL SUMMARY

Year	Sales (Rs. mn)	EBITDA (Rs. mn)	PAT (Rs. mn)	EPS (Rs.)	P/E (x)	RoE(%)
FY19	53,977	6,422	4,071	32.1	43.9	20.7%
FY20E	61,047	7,317	4,521	35.6	39.5	19.8%
FY21E	68,722	8,545	5,400	42.6	33.1	20.7%

THREE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- We have positive three year view on WHIRL. Pick up in white goods demand (refrigerator and washing machine) over the next 2-3 years on account of low penetration and rising per capita income in India offering structurally attractive growth opportunities.
- Company's entry into new products (front loaded washing machines), focus on doubling its revenues in built-in appliances segment and increasing distribution reach (by 50% over next three years) should sustain revenue growth.
- EBITDA margin should expand to ~12.8% in FY23E from 11.9% in FY19 on the back of higher operating leverage. However, we expect gross margins to remain broadly flat as better product mix would be offset by increasing input cost and competition.
- Stable working capital (at low levels), strong growth and improving margins are expected to translate into superior return metrics with strong FCF to EBITDA of (71% over FY18-FY23E).

VALUATION MULTIPLES ▼

- We expect WHIRL to deliver 44% return over a 3-year period assuming an exit multiple of 35x FY23E EPS and a cumulative dividend of Rs. 46 over the next three years.

KEY ESTIMATES REVISION

	FY20E			FY21E		
	Old	New	Change	Old	New	Change
Revenue	62,060	61,047	-1.6%	69,794	68,722	-1.5%
EBITDA	7,214	7,317	1.4%	8,414	8,545	1.6%
Margin (%)	11.6%	12.0%	36 bps	12.1%	12.4%	38 bps
PAT	4,394	4,521	2.9%	5,251	5,400	2.8%
Margin (%)	7.1%	7.4%	32 bps	7.5%	7.9%	33 bps
EPS	34.6	35.6	2.9%	41.4	42.6	2.8%

All figures in Rs. mn except EPS, which is in Rs.

OUTLOOK REVIEW 4QFY19 29 MAY 2019

Industry	Cons. Durables
CMP	Rs. 1407
Target Price	Rs. 1490
Key Stock Data	
Bloomberg	WHIRL IN
Shares o/s	127mn
Market Cap	Rs. 178bn
52-wk High-Low	Rs. 1,955-1,263
3m ADV	Rs. 96mn
Index	BSE 500

	Sep'18	Dec'18	Mar'19
Promoters	75.0	75.0	75.0
Institutions	13.8	14.0	14.0
Public	11.2	11.0	11.0
Pledge			

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Quarterly Financial Statement

Quarterly Financial Result (Standalone)								
Rs. mn\Period	31-Mar-19	31-Mar-18	YoY Growth	31-Dec-18	QoQ Growth	FY18	FY19	YoY Growth
Revenues	13,552	12,577	7.7%	12,115	11.9%	48,319	53,977	11.7%
Material cost	8,463	7,993	5.9%	7,654	10.6%	29,988	33,745	12.5%
Employee cost	1,311	1,109	18.2%	1,262	3.9%	4,553	4,931	8.3%
Other expenditure	2,064	2,082	-0.9%	2,225	-7.2%	8,179	8,879	8.6%
Operating Expenses	11,838	11,184	5.8%	11,140	6.3%	42,719	47,555	11.3%
EBITDA	1,714	1,393	23.0%	976	75.7%	5,600	6,422	14.7%
EBITDA margins	12.6%	11.1%	157bps	8.1%	460bps	11.6%	11.9%	31bps
Depreciation	320	234	36.8%	252	26.8%	4,553	4,931	8.3%
Other income	253	247	2.7%	269	-5.7%	8,179	8,879	8.6%
EBIT	1,648	1,406	17.2%	992	66.1%	9,226	10,370	12.4%
Interest	33	1	4642.9%	53	-37.5%	44	91	107.1%
PBT	1,615	1,406	14.9%	939	71.9%	9,183	10,279	11.9%
Tax	573	492	16.6%	333	72.2%	1,902	2,194	15.4%
Effective tax rate	35.5%	35.0%		35.5%		20.7%	21.3%	
PAT	1,041	914	13.9%	606	71.8%	3,507	4,071	16.1%
PAT margin	7.7%	7.3%	42bps	5.0%	268bps	7.3%	7.5%	28bps
EPS (Rs.)	8.2	7.2	13.9%	4.8	71.8%	27.6	32.1	16.1%

Financial Summary

Abridged Financial Statements										
Rs. mn	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Profit & Loss										
Revenue	26,579	27,727	28,346	32,936	34,383	39,408	48,319	53,977	61,047	68,722
Gross profit	9,670	10,372	10,422	13,223	14,018	16,307	18,331	20,231	22,587	25,427
EBITDA	2,231	2,188	2,116	3,311	3,819	4,889	5,600	6,422	7,317	8,545
Depreciation	497	603	638	681	769	875	1,015	1,113	1,214	1,315
EBIT	1,734	1,585	1,478	2,629	3,050	4,015	4,585	5,309	6,103	7,230
Other Income	123	205	279	380	553	730	867	1,047	902	1,117
Interest expense	44	30	14	7	52	59	44	91	50	40
Exceptional items	0	0	0	0	-8	0	0	0	0	0
PBT	1,813	1,760	1,743	3,002	3,543	4,686	5,408	6,265	6,955	8,307
Reported PAT (after minority interest)	1,238	1,246	1,230	2,102	2,384	3,106	3,507	4,071	4,521	5,400
Adj PAT	1,238	1,246	1,230	2,102	2,392	3,106	3,507	4,071	4,521	5,400
EPS (Rs.)	9.8	9.8	9.7	16.6	18.9	24.5	27.6	32.1	35.6	42.6
Balance Sheet										
Net Worth	4,902	6,175	7,404	9,158	11,657	14,831	17,963	21,427	24,313	27,761
Deferred Tax	213	248	213	24	30	-159	-279	-344	-344	-344
Total debt	0	0	0	0	0	0	0	0	0	0
Other liabilities and provisions	1,626	1,613	1,734	2,028	1,234	1,825	2,156	2,334	2,567	2,824
Total Network and liabilities	6,740	8,036	9,351	11,210	12,920	16,496	19,841	23,417	26,537	30,241
Gross Fixed assets	8,620	9,723	10,188	10,984	4,430	5,617	7,115	8,800	9,600	10,400
Net fixed assets	3,386	3,886	3,713	3,827	3,662	3,978	4,459	5,032	4,618	4,102
Capital work-in-progress	450	263	532	132	367	295	331	433	433	433
Goodwill	0	0	0	0	0	0	0	502	502	502
Investments	0	0	0	0	0	1,297	4,563	5,180	5,180	5,180
Cash and bank balances	859	1,550	2,918	5,357	8,501	10,590	9,819	10,610	13,966	18,054
Loans & advances and other assets	1,483	1,217	1,067	948	1,221	1,506	2,303	3,495	3,845	4,229
Net working capital	562	1,120	1,123	947	-830	-1,170	-1,634	-1,836	-2,007	-2,259
Total assets	6,740	8,036	9,351	11,210	12,920	16,496	19,841	23,417	26,537	30,241
Capital Employed	5,115	6,423	7,617	9,182	11,687	14,671	17,684	21,083	23,970	27,417
Invested Capital (CE - cash - CWIP)	3,805	4,610	4,167	3,693	2,819	2,490	2,972	6,582	6,112	5,472
Net debt	-859	-1,550	-2,918	-5,357	-8,501	-10,590	-9,819	-10,610	-13,966	-18,054
Cash Flows										
Cash flows from Operations (Pre-tax)	2,608	1,785	2,427	3,847	4,606	5,640	5,881	6,261	8,055	9,545
Cash flows from Operations (post-tax)	2,170	1,408	2,040	2,999	3,438	3,836	3,842	4,397	5,840	6,880
Capex	-1,184	-841	-864	-849	-792	-1,122	-1,561	-1,789	-800	-800
Free cashflows	987	567	1,176	2,150	2,646	2,714	2,280	2,608	5,040	6,080
Free cashflows (post interest costs)	943	544	1,166	2,144	2,637	2,701	2,272	2,517	4,990	6,040
Cash flows from Investing	-1,139	-735	-660	-553	-284	-1,801	-4,151	-683	-800	-800
Cash flows from Financing	-701	26	-10	-6	-9	-13	-465	-1,317	-1,684	-1,992
Total cash & liquid investments	859	1,550	2,918	5,357	8,501	11,886	14,382	14,068	17,424	21,512

Financial Summary

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Growth ratios										
Revenue	-1.6%	4.3%	2.2%	16.2%	4.4%	14.6%	22.6%	11.7%	13.1%	12.6%
EBITDA	-14.6%	-1.9%	-3.3%	56.5%	15.4%	28.0%	14.5%	14.7%	13.9%	16.8%
Adj PAT	-25.5%	0.6%	-1.2%	70.9%	13.4%	30.3%	12.9%	16.1%	11.1%	19.4%
Margin ratios										
Gross	36.4%	37.4%	36.8%	40.1%	40.8%	41.4%	37.9%	37.5%	37.0%	37.0%
EBITDA	8.4%	7.9%	7.5%	10.1%	11.1%	12.4%	11.6%	11.9%	12.0%	12.4%
Adj PAT	4.7%	4.5%	4.3%	6.4%	7.0%	7.9%	7.3%	7.5%	7.4%	7.9%
Performance ratios										
Pre-tax OCF/EBITDA	116.9%	81.6%	114.7%	116.2%	120.6%	115.4%	105.0%	97.5%	110.1%	111.7%
OCF/IC (%)	57.0%	30.5%	49.0%	81.2%	122.0%	154.1%	129.3%	66.8%	95.5%	125.7%
RoE (%)	27.1%	22.5%	18.1%	25.4%	23.0%	23.5%	21.4%	20.7%	19.8%	20.7%
RoCE(%)	26.6%	22.0%	17.7%	25.1%	23.2%	23.9%	21.9%	21.3%	20.2%	21.1%
RoCE (Pre-tax)	38.9%	31.0%	25.0%	35.8%	34.5%	36.0%	33.7%	32.8%	31.1%	32.5%
RoIC (Pre-tax)	45.8%	37.7%	33.7%	66.9%	93.7%	151.3%	167.9%	111.1%	96.2%	124.8%
Fixed asset turnover (x)	3.2	3.0	2.8	3.1	4.5	7.8	7.6	6.8	6.6	6.9
Total asset turnover (x)	3.7	3.8	3.3	3.2	2.8	2.7	2.7	2.5	2.4	2.4
Financial stability ratios										
Net Debt to Equity (x)	(0.2)	(0.3)	(0.4)	(0.6)	(0.7)	(0.7)	(0.5)	(0.5)	(0.6)	(0.7)
Net Debt to EBITDA (x)	(0.4)	(0.7)	(1.4)	(1.6)	(2.2)	(2.2)	(1.8)	(1.7)	(1.9)	(2.1)
Interest cover (x)	49.6	46.9	143.5	415.9	66.4	65.1	87.5	48.4	116.8	172.0
Cash conversion days	8	15	14	10	-9	-11	-12	-12	-12	-12
Working capital days	6	10	6	-1	-9	-14	-11	-5	-4	-5
Valuation metrics										
Fully Diluted Shares (mn)	127	127	127	127	127	127	127	127	127	127
Market cap (Rs.mn)							1,78,506			
P/E (x)	144.2	143.3	145.1	84.9	74.6	57.5	50.9	43.9	39.5	33.1
P/OCF(x)	82.3	126.8	87.5	59.5	51.9	46.5	46.5	40.6	30.6	25.9
EV (Rs.mn)(ex-CWIP)	1,77,647	1,76,956	1,75,588	1,73,149	1,70,005	1,66,620	1,64,124	1,64,438	1,61,082	1,56,995
EV/ EBITDA (x)	79.6	80.9	83.0	52.3	44.5	34.1	29.3	25.6	22.0	18.4
EV/ OCF(x)	81.9	125.7	86.1	57.7	49.5	43.4	42.7	37.4	27.6	22.8
FCF Yield	0.6%	0.3%	0.7%	1.2%	1.5%	1.5%	1.3%	1.5%	2.8%	3.4%
Price to BV (x)	36.4	28.9	24.1	19.5	15.3	12.0	9.9	8.3	7.3	6.4
Dividend pay-out (%)	0.0%	0.0%	0.0%	0.0%	0.0%	12.3%	14.5%	25.0%	30.0%	30.0%
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.3%	0.6%	0.8%	0.9%

Crystal Ball Gazing

Over FY19-23E, WHIRL to grow revenue and PAT by CAGR 12% and 15% respectively, driven by strong demand across product categories. Expect EBITDA margins to expand through FY19-FY23E driven by operating leverage. With low capex requirements, we expect healthy free cash flow generation.

Expect revenue to grow by X12% CAGR.

Margin increase to keep ROE stable despite cash increase in the books. Expect company to generate strong cash flows

Already trading at high multiple
Limited scope for further expansion

	FY08-FY11	FY12-FY14	FY15-FY18	FY19-FY23E
Revenues CAGR	20.0%	3.3%	13.6%	11.8%
Gross Margin	36.3%	36.9%	40.1%	37.1%
EBITDA CAGR	42.9%	-2.6%	19.1%	13.8%
EBITDA margin	8.6%	7.9%	11.3%	12.3%
EPS CAGR	75.4%	-0.3%	18.6%	15.3%
Total Asset Turnover (x)	4.1	3.6	2.8	2.4
Total WC days	-2	7	-9	-5
Pre-tax OCF/EBITDA (%)	105.2%	104.4%	114.3%	109.6%
Post Tax OCF as a % of IC	55%	46%	122%	136%
Debt/EBITDA	0.4	(0.8)	(1.9)	(2.1)

	FY08-FY11	FY12-FY14	FY15-FY18	FY19-FY23E
RoE (%)	34.5%	22.6%	23.3%	20.7%
RoCE (%)	34.0%	22.1%	23.5%	21.1%
RoIC (%)	37.1%	27.2%	79.7%	91.8%
Average 1 yr fwd				
PE (x)	-	15.2	33.2	39.0
EV/EBITDA (x)	-	9.1	20.2	24.1
Peak 1 yr fwd				
PE (x)	-	20.5	46.3	46.3
EV/EBITDA (x)	-	12.3	28.3	29.0

P/E multiple	FY23E EPS (mn)	Price target
35.0x	56.7	1986
40.0x	56.7	2269

Entry = Rs.1407@ 40x
FY20E EPS

Cumulative Dividend of
Rs. 46/share

PAT CAGR of ~15%, exit
multiple of 35x on FY23E
EPS

TOTAL
RETURN OF
44%

ONE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- Maintaining our positive stance on TCIEXP as it will benefit from 1) increasing lead distance aided by GST rollout, 2) imminent shift of volumes from unorganised to organised logistics service providers 3) Scaling up in key geographies (East and South cities) and 4) growth in ecommerce segment with strong penetration across tier-i to tier-iii cities. Expect revenue growth of 18% CAGR through FY19-21E driven by tonnage growth of 13% for the period.
- EBITDA margins improved 95bps sequentially in 4QFY19 to 12.7% led by uniform pricing structure amongst SME and corporate clients and operating efficiencies. Expect margins to improve on back of 1) improving vehicle utilisation (85% in FY19) resulting in efficient movement of goods, 2) direct cargo transport to hub vs earlier process of rerouting through branch, 3) automating sorting centres to reduce manpower cost, and 4) minimum sales price mechanism across customer touchpoints. Expect EBITDA margins to expand 170bps to ~13.3% through FY19-21E.
- Expect capex spend of Rs. 1.6bn through FY20-21 towards addition of new own hubs (funded with internal accruals) across key cities. TCIEXP has firmed up plans for 5 cities (Delhi, Pune, Indore, Nagpur and Kolkata) and intends to expand in Tier II and Tier III cities. The owned hubs are expected to provide larger space to semi-automated operations enabling better operating efficiencies.

VALUATION MULTIPLES ◀▶

- Valuing TCIEXP at 24x FY21 EPS to arrive at TP of Rs.760. Our multiple factors' in TCIEXP's strong revenue and EBITDA growth resulting in healthy cash flows from operations (average OCF/IC at 28% through FY19-21) and returns (average RoCE of 30% and RoIC (pre-tax) of 47% through FY19-21).

FINANCIAL SUMMARY

Year	Revenue (Rs. mn)	EBITDA (%)	PAT (Rs.mn)	EPS (Rs.)	P/E (x)	EV/EBITDA (x)
FY18	8,851	10.2%	584	15.3	44.6	29.0
FY19	10,238	11.6%	728	19.0	35.8	21.8
FY20E	12,084	13.0%	1,009	26.3	25.8	16.5
FY21E	14,201	13.3%	1,217	31.8	21.4	13.7

THREE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- Expect TCIEXP to benefit from 1) macroeconomic growth (express industry has historically grown at 1.5-2x GDP growth) as it leverages on its established infrastructure (wide network covering ~40,000 pan India locations) 2) shift of cost sensitive volumes from air express to ground express on account of high cost differential, 3) incremental demand for transit warehouses with shift towards inventory on wheels, 4) increasing demand for professionally managed service providers over unorganized players and 5) spurt in ecommerce segment. Expect revenue growth of 14% CAGR through FY19-23E based on aforementioned factors.
- TCIEXP's improving operating efficiencies through its slew of measures coupled with shifting from rental sorting centres to owned model is expected to drive EBITDA growth of 21% CAGR through FY19-23E.
- Expect capex spend to the tune of Rs.4bn over next five years towards setting up of own sorting centres. The company intends to have own sorting centres in over 11 cities (major consumption centres) by FY21.
- Expect EPS growth of 22% CAGR through FY19-23E to result in healthy RoE (ranging between 25-32% through FY19-23E).

VALUATION MULTIPLES ◀▶

- TCIEXP's high capex spend is expected to constrain returns over the period (average RoCE of 28% through FY19-23E and average FCF yields of ~2%). On EV/OCF basis, TCIEXP trades at ~15x FY23E,
- Based on FY23E estimates with a 24x EPS, we see a potential upside of 53% (incl. dividends).

KEY ESTIMATES REVISION

	FY20E			FY21E		
	Old	New	Change	Old	New	Change
Revenue	12,784	12,084	-5%	14,485	14,201	-2%
EBITDA	1,626	1,571	-3%	1,878	1,882	0%
Margin (%)	12.7%	13.0%	29 bps	13.0%	13.3%	29 bps
PAT	1,014	1,009	-1%	1,201	1,217	1%
PAT (%)	7.9%	8.3%	45 bps	8.3%	8.6%	28 bps
EPS	26.5	26.3	-1%	31.3	31.8	1%

All figures in Rs. mn

OUTLOOK REVIEW 4QFY19 MAY 29, 2019

Industry	LOGISTICS
CMP	Rs. 678
Target Price	Rs. 760
Key Stock Data	
Bloomberg	TCIEXP IN
Shares o/s	38
Market Cap	Rs. 26bn
52-wk High-Low	Rs. 768-490
3m ADV	Rs. 15mn
Index	BSE500

	Sep'18	Dec'18	Mar'19
Promoters	67.0	67.0	67.0
Institutions	9.3	11.0	11.5
Public	23.7	22.0	21.5
Pledge			

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Quarterly Financial Statement

STANDALONE FINANCIAL RESULTS

Rs. mn\Period	4QFY19	4QFY18	yoy Growth	3QFY19	qoq Growth	FY18	FY19	yoy Growth
Revenue	2,658	2,493	6.6%	2,632	1.0%	8,851	10,238	15.7%
Operating expense	1,894	1,822	3.9%	1,941	-2.5%	6,644	7,534	13.4%
Employee cost	223	202	10.3%	211	5.8%	725	859	18.4%
Other cost	204	185	10.4%	170	20.1%	575	656	14.1%
Total Expenditure	2,321	2,209	5.0%	2,322	-0.1%	7,944	9,048	13.9%
EBITDA	338	284	18.9%	310	9.1%	907	1,190	31.3%
Margin %	12.7%	11.4%	131 bps	11.8%	94 bps	10.2%	11.6%	138 bps
D&A	17	15	9.6%	17	0.0%	52	65	25.4%
EBIT	321	269	19.4%	293	9.6%	854	1,125	31.6%
Other income	12	6	101.4%	7	81.8%	21	32	53.0%
Net Interest exp (inc)	5	12	-59.8%	10	-53.4%	38	38	0.6%
PBT	328	263	24.9%	289	13.5%	838	1,119	33.5%
Tax provision	111	85	30.7%	102	8.7%	254	390	53.9%
Tax rate %	33.8%	32.3%	4.7%	35.2%	-148 bps	30.3%	34.9%	461 bps
PAT (Reported)	217	178	22.1%	187	16.1%	584	728	24.7%
PAT (Adjusted)	217	178	22.1%	187	16.1%	584	728	24.7%
Adjusted PAT Margin %	8.2%	7.1%	104 bps	7.1%	106 bps	6.6%	7.1%	52 bps
Shares Outstanding	38	38		38		38	38	
EPS (Reported)	5.7	4.6	22.0%	4.9	16.1%	15.3	19.0	24.6%
EPS (Adjusted)	5.7	4.6	22.0%	4.9	16.1%	15.3	19.0	24.6%

Revenue growth of 7% YoY was led by tonnage growth of 5% led by incremental tonnage from existing clientele

EBITDA at Rs. 338mn was up 19% YoY and 9% QoQ. EBITDA margins expanded 95bps sequentially and came in at 12.7% for the quarter

The company declared final dividend of Rs.0.6 per share

Financial Summary

Abridged Financial Statements							
Rs. mn	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Profit & Loss							
Revenue	6,586	6,632	7,503	8,851	10,238	12,084	14,201
Gross profit	1,456	1,556	1,737	2,207	2,704	3,337	3,905
EBITDA	516	544	619	907	1,190	1,571	1,882
Depreciation	60	58	43	52	65	84	89
EBIT	456	486	576	854	1,125	1,488	1,793
Other Income	3	1	14	21	32	34	37
Interest expense	58	53	24	38	38	4	0
Exceptional items	0	0	0	0	0	0	0
PBT	402	435	565	838	1,119	1,517	1,830
Reported PAT (after minority interest)	265	284	375	584	728	1,009	1,217
Adj PAT	265	284	375	584	728	1,009	1,217
EPS (Rs.)	7.0	7.5	9.8	15.3	19.0	26.3	31.8
Balance Sheet							
Net Worth	1,154	1,230	1,608	2,068	2,672	3,542	4,593
Deferred Tax	0	24	33	43	43	43	43
Total debt	6	408	316	407	95	0	0
Other liabilities and provisions	57	92	115	275	247	284	326
Total Networth and liabilities	1,216	1,753	2,072	2,793	3,057	3,869	4,962
Gross Fixed assets	388	806	1,164	1,814	1,990	2,790	3,590
Net fixed assets	146	637	971	1,620	1,731	2,447	3,158
Capital work-in-progress	0	91	79	0	14	14	14
Goodwill	0	0	0	0	0	0	0
Investments	0	0	0	0	13	13	13
Cash and bank balances	249	109	88	122	161	99	287
Loans & advances and other assets	34	94	175	153	230	237	246
Net working capital	788	822	759	898	909	1,059	1,245
Total assets	1,216	1,753	2,072	2,793	3,057	3,869	4,962
Capital Employed	1,160	1,661	1,957	2,518	2,810	3,585	4,636
Invested Capital (CE - cash - CWIP)	911	1,461	1,791	2,396	2,635	3,473	4,335
Net debt	-243	299	228	285	-66	-99	-287
Cash Flows							
Cash flows from Operations (Pre-tax)	613	485	725	980	1,165	1,479	1,768
Cash flows from Operations (post-tax)	476	335	523	739	775	971	1,155
Capex	35	510	381	629	190	800	800
Free cashflows	441	-175	143	110	585	171	355
Free cashflows (post interest costs)	384	-227	118	72	547	167	355
Cash flows from Investing	-32	-508	-391	-628	-190	-800	-800
Cash flows from Financing	-63	350	-153	-76	-445	-234	-166
Total cash & liquid investments	249	109	88	122	161	99	287

Financial Summary

	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Key variables							
Tonnage (mn)		0.60	0.66	0.75	0.84	0.95	1.07
Realisation/Ton (Rs.)		11,116	11,407	11,801	12,129	12,777	13,288
EBITDA/Ton (Rs.)		909	941	1,209	1,410	1,662	1,761
Growth ratios							
Revenue	9.6%	0.7%	13.1%	18.0%	15.7%	18.0%	17.5%
EBITDA	7.0%	5.4%	13.8%	46.5%	31.3%	32.1%	19.8%
Adj PAT	3.6%	7.4%	31.8%	55.8%	24.7%	38.5%	20.6%
Margin ratios							
Gross	22.1%	23.5%	23.1%	24.9%	26.4%	27.6%	27.5%
EBITDA	7.8%	8.2%	8.3%	10.2%	11.6%	13.0%	13.3%
Adj PAT	4.0%	4.3%	5.0%	6.6%	7.1%	8.3%	8.6%
Performance ratios							
Pre-tax OCF/EBITDA	118.6%	89.2%	117.1%	108.1%	97.9%	94.1%	93.9%
OCF/IC (%)	52.2%	22.9%	29.2%	30.8%	29.4%	28.0%	26.6%
RoE (%)	24.4%	23.9%	26.4%	31.8%	30.7%	32.5%	29.9%
RoCE (%)	27.7%	22.6%	21.6%	27.3%	28.3%	31.6%	29.6%
RoCE (Pre-tax)	41.9%	34.6%	32.6%	39.1%	43.4%	47.6%	44.5%
RoIC (Pre-tax)	47.0%	41.0%	35.4%	40.8%	44.7%	48.7%	45.9%
Fixed asset turnover (x)	17.8	11.1	7.6	5.9	5.4	5.1	4.5
Total asset turnover (x)	5.9	4.5	3.9	3.6	3.5	3.5	3.2
Financial stability ratios							
Net Debt to Equity (x)	(0.2)	0.2	0.1	0.1	(0.0)	(0.0)	(0.1)
Net Debt to EBITDA (x)	(0.5)	0.5	0.4	0.3	(0.1)	(0.1)	(0.2)
Interest cover (x)	8.3	6.4	21.4	19.7	20.5	219.4	-
Cash conversion days	44	45	37	37	32	32	32
Working capital days	42	45	40	32	32	31	30
Valuation metrics							
Fully Diluted Shares (mn)	38.0	38.0	38.3	38.3	38.3	38.3	38.3
Market cap (Rs.mn)				25,960			
P/E (x)	97.3	90.6	69.3	44.5	35.7	25.7	21.3
P/OCF(x)	54.5	77.6	49.6	35.1	33.5	26.7	22.5
EV (Rs.mn) (ex-CWIP)	25,717	26,168	26,110	26,244	25,880	25,847	25,672
EV/ EBITDA (x)	49.8	48.1	42.2	29.0	21.7	16.4	13.6
EV/ OCF(x)	54.0	78.2	49.9	35.5	33.4	26.6	22.2
FCF Yield				0.4%	2.3%	0.7%	1.4%
Price to BV (x)	22.5	21.1	16.1	12.6	9.7	7.3	5.7
Dividend pay-out (%)	0.0%	0.0%	8.2%	18.4%	15.3%	11.4%	11.3%
Dividend yield (%)				0.4%	0.4%	0.4%	0.5%

Crystal Ball Gazing

Over FY19-23E, Expect TCIEXP's revenue growth to be driven by 1)improving macro economic conditions, and 2)growth in ground express driven by shift of FTL volumes from unorganised sector (~70% of road volumes in FY16) to organised. EBITDA growth is expected to be driven by improving operating efficiencies.

Healthy Revenue and EBITDA growth

	FY15-FY19	FY19-FY23E
Revenues CAGR	12%	14%
Gross Margin	24%	27%
EBITDA CAGR	23%	21%
EBITDA margin	9.2%	13.2%
EPS CAGR	29%	22%
Total Asset Turnover (x)	4.3	3.1
Total WC days	38	30
Pre-tax OCF/EBITDA (%)	106%	96%
Post Tax OCF as a % of IC	33%	28%
Net Debt/EBITDA	0.1	(0.2)

Improving profitability to result in healthy returns over the medium term despite aggressive capex

	FY15-FY19	FY19-FY23E
RoE (%)	27.4%	29.1%
RoCE (%)	25.5%	28.3%
RoIC (%)	41.8%	45.2%
Average 1 yr fwd		
PE (x)	28.3	-
EV/EBITDA (x)	17.6	-
Peak 1 yr fwd		
PE (x)	33.8	-
EV/EBITDA (x)	21.3	-

Limited re-rating potential

P/E multiple	FY23E EPS	Price target
24x	42.6	1,023

Entry = Rs. 678 @ 21x
FY21E EPS

Cumulative Dividends of
Rs. 16/share

PAT CAGR of ~22%, exit
multiple of 24x

TOTAL
RETURN OF
53%

ONE YEAR OUTLOOK

BUSINESS & EARNINGS ▼

- Maintain our positive stance on TRPC as it will benefit from 1) imminent spurt in contract logistics (TCI Supply Chain (SCS) division) aided by GST, 2) Thrust in demand for coastal shipping especially west-south route and 3) Shifting focus towards multi-modal transportation providing cost effective logistic solutions. TRPC's is well placed to capitalise on its established infrastructure and strong market position in an evolving logistics space.
- SCS revenues slowed down to 9% YoY in 4Q primarily due to slowdown in automotive sector (constitutes ~80%). While new non-automotive contracts are yet to scale up, we expect 3PL adoption to gain traction over the medium term with emphasis shifting towards logistics efficiencies. Expect increasing penetration of services and scaling up of new contracts to drive revenue and EBITDA CAGR of 15% and 19% (FY19-21E). However auto sector slowdown is expect near term growth prospects (till 1HFY20).
- Expect freight division to benefit from 1) higher LTL contribution (share increasing from 30% in FY19 to 40% in FY20-21 resulting in 70bps margin expansion of through FY19-21) 2) shift of market share from unorganised sector and 3) growth in multi-modal logistics. The segment reported revenue and EBIT growth of 10% and 32% YoY, in 4Q led by shift from unorganised. Expect revenue and EBITDA CAGR of 11% and 20% (FY19-21E).
- Seaways' revenue/EBITDA CAGR of 27%/23% (FY19-21) led by addition of new ships to cater to strong demand on the West-South route.

VALUATION MULTIPLES ◀▶

- Valuing the stock based on SOTP (page 2) to arrive at TP of Rs.360. Expect healthy operating performance to generate healthy avg RoCE of 13% through FY19-21. However, expect capex (~Rs. 4.2bn through FY20-21), towards ship addition, addition of truck fleet, upgrading IT infrastructure and warehouse expansion, to constrain FCF over the period.

FINANCIAL SUMMARY

Year	Revenue (Rs. mn)	EBITDA (%)	PAT (Rs.mn)	EPS (Rs.)	P/E (x)	EV/ EBITDA (x)
FY18	21,778	9.6%	1,077	14.1	23.3	13.3
FY19	25,583	9.5%	1,276	16.7	18.9	11.7
FY20E	29,156	9.7%	1,503	19.6	16.0	10.4
FY21E	33,929	10.6%	1,999	26.1	12.1	8.1

THREE YEAR OUTLOOK

BUSINESS & EARNINGS ▼

- Macro economic growth coupled with shift of volumes from unorganised sector to organised is expected to drive TRPC's revenue and EBITDA CAGR of 13% and 18%, respectively, through FY19-23.
- TRPC's established infrastructure, long standing customer relationships and experienced management team (vintage of ~six decades) is expected to aid its position as being a preferred 3PL partner. Furthermore, presence across multimodal logistics value chain (JV with Concor for rail transportation and fleet of ships for waterway transportation) allows TRPC to provide efficient end-to-end logistics solutions.
- Robust demand for multimodal logistics is expected to drive coastal shipping volume growth benefiting Seaways division. Expect addition of new ship every 15-18 months to cater to incremental demand. We don't foresee impact of cabotage relaxation on the Seaways division given it does not cater to agro and fertilisers segment
- Expect freight segment to benefit from higher contribution from LTL services. However, disruption from tech enabled start-ups may be a tough competitor in FTL segment. Expect freight segment's share of overall revenues to reduce from 47% in FY19 to ~40% by FY23E.

VALUATION MULTIPLES ◀▶

- Improving operating cashflows combined with reducing debt is expected to drive RoCE (12% in FY19 to ~16% in FY23E). Based on FY23E estimates, we see a potential upside of 60% (incl. dividends).

KEY ESTIMATES REVISION

	FY20E			FY21E		
	Old	New	Change	Old	New	Change
Revenue	30,292	29,156	-4%	34,662	33,929	-2%
EBITDA	3,110	2,837	-9%	3,707	3,598	-3%
Margin (%)	10.3%	9.7%	-54 bps	10.7%	10.6%	-9 bps
PAT	1,758	1,503	-14%	2,114	1,999	-5%
PAT (%)	5.8%	5.2%	-65 bps	6.1%	5.9%	-21 bps
EPS	23.0	19.6	-14%	27.6	26.1	-5%

All figures in Rs. mn

OUTLOOK REVIEW 4QFY19 MAY 29, 2019

Industry	LOGISTICS
CMP	Rs. 315
Target Price	Rs. 360
Key Stock Data	
Bloomberg	TRPC IN
Shares o/s	76mn
Market Cap	Rs. 24bn
52-wk High-Low	Rs. 376-230
3m ADV	Rs. 18mn
Index	BSE500

	Sep'18	Dec'18	Mar'19
Promoters	66.9	66.9	66.9
Institutions	12.1	12.7	12.7
Public	21.0	20.4	20.4
Pledge			

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Quarterly Financial Statement

Supply chain segment revenue at Rs. 2.65bn, grew 9% YoY. EBIT margins at 7.9% for the quarter expanded 190bps sequentially and flat YoY.

Seaways segment continued its growth momentum as it reported revenue growth of 46% YoY driven by addition of new ship. EBIT margins for the segment at 27.0% for the quarter expanded 825bps sequentially.

Freight segment reported revenues of Rs. 3.27bn, 10% YoY growth. The segment's EBIT margins at 4.0%, expanded 80bps sequentially. This comes on the heel of 40 bps expansion witnessed in 3QFY19.

STANDALONE FINANCIAL RESULTS

Rs. mn\Period	4QFY19	4QFY18	yoy Growth	3QFY19	qoq Growth	FY18	FY19	yoy Growth
Revenue	6,918	6,053	14.3%	6,630	4.3%	21,778	25,583	17.5%
Operating expense	5,475	4,833	13.3%	5,438	0.7%	17,490	20,695	18.3%
Emp. cost	338	330	2.4%	340	-0.4%	1,208	1,358	12.4%
Other expenses	334	285	17.3%	242	38.2%	997	1,088	9.2%
Total Expenditure	6,148	5,448	12.8%	6,020	2.1%	19,695	23,141	17.5%
EBITDA	771	605	27.5%	611	26.2%	2,083	2,442	17.2%
Margin %	11.1%	10.0%	115 bps	9.2%	193 bps	9.6%	9.5%	-2 bps
D&A	189	162	16.6%	205	-7.7%	673	752	11.7%
EBIT	582	443	31.5%	406	43.3%	1,410	1,690	19.9%
Other income	46	93	-50.6%	76	-39.5%	245	269	9.5%
Net Interest exp (inc)	91	68	33.4%	102	-10.9%	299	356	18.9%
PBT	537	467	15.0%	380	41.4%	1,356	1,603	18.2%
Tax provision	101	101	0.3%	80	25.5%	278	326	17.3%
Tax rate %	18.8%	21.5%	-12.8%	21.1%	-237 bps	20.5%	20.4%	-16 bps
PAT (Reported)	436	327	33.6%	300	45.6%	1,077	1,276	18.5%
PAT (Adjusted)	436	327	33.6%	300	45.6%	1,077	1,276	18.5%
Adjusted PAT Margin %	6.3%	5.4%	91 bps	4.5%	179 bps	4.9%	5.0%	4 bps
Shares Outstanding	77	77		77		77	77	
EPS (Reported)	5.7	4.3	33.6%	3.9	45.6%	14.1	16.7	18.5%
EPS (Adjusted)	5.7	4.3	33.6%	3.9	45.6%	14.1	16.7	18.5%

SOTP	Rs./Share	Value (Rs. mn)	Basis
TCI Freight		3,358	5x FY21e EV/EBITDA
TCI SCS		15,022	10x FY21e EV/EBITDA
TCI Seaways		11,808	7.5x FY21e EV/EBITDA
Others		106	2x FY21e EV/EBITDA
Net Cash (Net Debt)		-4,925	
Value from TCI	331	25,370	92.5% of Total
Value from JV	27	2,071	7.5% of Total; Adjusted for hold co discount
No. Of Shares O/s (mn)		77	
Target Price	358	27,440	

Financial Summary

Abridged Financial Statement									
Rs. mn	FY13*	FY14*	FY15*	FY16*	FY17	FY18	FY19	FY20E	FY21E
Profit & Loss									
Revenue	19,512	20,273	21,967	22,578	18,042	21,778	25,583	29,156	33,929
Gross profit	3,709	3,861	4,320	4,742	3,502	4,288	4,888	5,733	6,786
EBITDA	1,449	1,493	1,704	1,823	1,575	2,083	2,442	2,837	3,598
Depreciation	421	424	495	539	578	673	752	824	954
EBIT	1,028	1,069	1,209	1,284	996	1,410	1,690	2,013	2,643
Other Income	54	57	124	122	177	245	269	309	329
Interest expense	322	297	319	282	286	299	356	418	442
Exceptional items	4	0	2	0	0	40	0	0	0
PBT	757	829	1,012	1,124	888	1,316	1,603	1,903	2,530
Reported PAT (after minority interest)	519	620	759	851	703	1,037	1,276	1,503	1,999
Adj PAT	515	620	758	850	703	1,037	1,276	1,503	1,999
EPS (Rs.)	7.1	8.5	10.0	11.2	9.2	13.5	16.7	19.6	26.1
Balance Sheet									
Net Worth	3,883	4,400	5,612	4,917	5,809	6,769	8,370	9,873	11,706
Deferred Tax	314	327	285	320	392	443	390	390	390
Total debt	3,324	3,045	3,068	3,394	4,066	4,238	4,604	5,852	5,207
Other liabilities and provisions	619	671	941	819	318	535	1,183	1,340	1,551
Total Networth and liabilities	8,139	8,443	9,905	9,449	10,584	11,985	14,546	17,455	18,854
Gross Fixed assets	6,062	6,247	7,524	8,021	8,761	10,345	11,917	14,665	16,120
Net fixed assets	3,914	3,836	4,783	5,169	5,325	6,236	7,055	8,979	9,480
Capital work-in-progress	30	182	68	123	568	563	40	40	40
Goodwill	0	0	0	0	0	0	0	0	0
Investments	332	452	444	231	298	313	938	938	938
Cash and bank balances	165	173	165	124	184	130	122	525	282
Loans & advances and other assets	820	955	1,176	1,192	1,601	1,604	2,221	2,518	2,930
Net working capital	2,878	2,846	3,268	2,609	2,608	3,139	4,170	4,454	5,183
Total assets	8,139	8,443	9,905	9,449	10,584	11,985	14,546	17,455	18,854
Capital Employed	7,521	7,772	8,964	8,630	10,266	11,450	13,364	16,115	17,303
Invested Capital (CE - cash - CWIP)	7,326	7,417	8,731	8,383	9,514	10,757	13,202	15,549	16,981
Net debt	3,159	2,872	2,903	3,270	3,882	4,109	4,482	5,326	4,925
Cash Flows									
Cash flows from Operations (Pre-tax)	1,205	1,633	1,455	2,567	1,115	2,119	1,303	2,304	2,554
Cash flows from Operations (post-tax)	1,017	1,429	1,261	2,330	883	1,768	976	1,904	2,023
Capex	595	556	1,416	1,750	1,156	1,590	1,048	2,748	1,455
Free cashflows	422	872	-156	580	-273	177	-72	-844	568
Free cashflows (post interest costs)	100	576	-475	298	-560	-122	-428	-1,262	125
Cash flows from Investing	-688	-720	-1,471	-988	-1,174	-1,538	-1,048	-2,748	-1,455
Cash flows from Financing	-294	-702	203	-1,383	370	316	199	1,248	-811
Total cash & liquid investments	165	173	165	124	184	130	122	525	282

*Includes financials of TCI XPS segment (demerged in FY17)

Financial Summary

Abridged Financial Statement									
	FY13*	FY14*	FY15*	FY16*	FY17	FY18	FY19	FY20E	FY21E
Key variables									
Freight Revenues (Rs. Mn)	7,776	7,797	8,156	8,400	9,223	10,311	12,096	13,569	14,926
Supply Chain Revenues (Rs. Mn)	5,197	5,423	6,129	6,249	7,374	9,126	10,189	11,663	13,412
Seaways Revenues (Rs. Mn)	950	1,137	1,220	1,407	1,639	2,564	3,593	4,165	5,831
Growth ratios									
Revenue	6.7%	3.9%	8.4%	2.8%	12.9%	20.7%	17.5%	14.0%	16.4%
EBITDA	0.2%	3.1%	14.1%	7.0%	17.7%	32.3%	17.2%	16.2%	26.8%
Adj PAT	0.1%	19.6%	22.5%	12.0%	18.0%	47.6%	23.0%	17.8%	33.0%
Margin ratios									
Gross	19.0%	19.0%	19.7%	21.0%	19.4%	19.7%	19.1%	19.7%	20.0%
EBITDA	7.4%	7.4%	7.8%	8.1%	8.7%	9.6%	9.5%	9.7%	10.6%
Adj PAT	2.6%	3.1%	3.4%	3.8%	3.9%	4.8%	5.0%	5.2%	5.9%
Performance ratios									
Pre-tax OCF/EBITDA	83.1%	109.3%	85.4%	140.8%	70.8%	101.7%	53.3%	81.2%	71.0%
OCF/IC (%)	13.9%	19.3%	14.4%	27.8%	9.3%	16.4%	7.4%	12.2%	11.9%
RoE (%)	14.0%	15.0%	15.1%	16.2%	13.1%	16.5%	16.9%	16.5%	18.5%
RoCE (%)	10.2%	11.0%	12.0%	12.1%	9.8%	12.0%	12.6%	12.4%	14.1%
RoCE (Pre-tax)	14.9%	14.7%	15.9%	16.0%	12.4%	15.2%	15.8%	15.7%	17.8%
RoIC (Pre-tax)	14.6%	14.5%	15.0%	15.0%	11.1%	13.9%	14.1%	14.0%	16.3%
Fixed asset turnover (x)	3.3	3.3	3.2	2.9	2.2	2.3	2.3	2.2	2.2
Total asset turnover (x)	2.5	2.4	2.4	2.3	1.8	1.9	1.9	1.8	1.9
Financial stability ratios									
Net Debt to Equity (x)	0.8	0.7	0.5	0.7	0.7	0.6	0.5	0.5	0.4
Net Debt to EBITDA (x)	2.2	1.9	1.7	1.8	2.5	2.0	1.8	1.9	1.4
Interest cover (x)	3.2	4.8	4.0	8.3	3.1	5.9	2.7	4.6	4.6
Cash conversion days	54	51	54	42	53	53	59	56	56
Working capital days	58	56	58	48	79	71	74	71	71
Valuation metrics									
Fully Diluted Shares (mn)	72.8	72.9	75.7	76.1	76.1	76.6	76.6	76.6	76.6
Market cap (Rs.mn)						24,122			
P/E (x)	39.5	32.8	27.9	25.0	30.2	23.3	18.9	16.0	12.1
P/OCF(x)	20.9	14.9	16.8	9.1	24.0	13.6	24.7	12.7	11.9
EV (Rs.mn) (ex-CWIP)	24,354	23,915	24,059	24,371	24,538	27,667	28,564	29,408	29,046
EV/ EBITDA (x)	16.8	16.0	14.1	13.4	15.6	13.3	11.7	10.4	8.1
EV/ OCF(x)	23.9	16.7	19.1	10.5	27.8	15.7	29.3	15.4	14.4
FCF Yield						0.7%	-0.3%	-3.5%	2.4%
Price to BV (x)	5.5	4.8	3.8	4.3	3.7	3.6	2.9	2.4	2.1
Dividend pay-out (%)	14.1%	15.3%	14.8%	13.4%	12.0%	11.8%	10.8%	0.0%	6.9%
Dividend yield (%)						0.5%	0.6%	0.0%	0.6%

*Includes financials of TCI XPS segment (demerged in FY17); ^Adjusted

Crystal Ball Gazing

Over FY18-23, Revenue growth is driven by 1)improving macro economic conditions, 2) logistics supply chain outsourcing to 3PL players, and 3)shift of FTL volumes from unorganised sector(~70% of road volumes in FY17) to organised. EBITDA growth is expected to be driven by higher contribution from supply chain services(3PL) and increase in movement of freight by multimodal logistics.

Revenue CAGR of 13% from FY19 to FY23 driven by incremental demand for 3PL services



Improving operating efficiencies resulting in healthy returns



Healthy operating performance to sustain multiple

	FY11-FY14	FY14-FY19	FY19-FY23E
Revenues CAGR	5%	12%	13%
Gross Margin	19%	20%	20%
EBITDA CAGR	3%	19%	18%
EBITDA margin	7.6%	8.7%	10.3%
EPS CAGR	6%	27%	22%
Total Asset Turnover (x)	2.5	2.1	1.9
Total WC days	56	66	71
Pre-tax OCF/EBITDA (%)	87%	94%	74%
Post Tax OCF as a % of IC	15%	15%	12%
Debt/EBITDA	2.1	2.5	1.4

	FY11-FY14	FY14-FY19	FY19-FY23E
RoE (%)	15.2%	15.5%	17.6%
RoCE (%)	10.6%	11.6%	13.8%
RoIC (%)	15.6%	13.9%	15.8%
Average 1 yr fwd			
PE (x)	9.3	13.8	-
EV/EBITDA (x)	7.2	9.5	-
Peak 1 yr fwd			
PE (x)	18.0	19.3	-
EV/EBITDA (x)	12.6	13.7	-

SOTP	FY23 EBITDA (Rs.mn)	EV/EBITDA (x)	EV (Rs.mn)
TCI Freight	755	3.0	2,264
TCI SCS	1,866	10.0	18,663
TCI Seaways	2,251	8.0	18,011
Others	53	2.0	106
Net Debt (Rs.mn)			3,208
Mkt Cap (Rs.mn)			35,836
Standalone TP			468
JV (Transystem)			32
Target Price			500

Entry = Rs. 315 @ 12x FY21 EPS



Cumulative Dividends of Rs.5/share



PAT CAGR of ~22%, implied exit multiple of 13x on FY23E EPS



TOTAL RETURN OF 60%

ONE YEAR OUTLOOK

BUSINESS & EARNINGS ▶▶

- We continue to remain positive on GAIL. Q4'19 results were slightly below estimates with weakness in petchem and LPG & LHC segments being partly offset by gas trading. Gas trading margins (\$0.22/mmbtu in 4Q'19 -adj for 1x charges) continued to remain above avg. allaying apprehensions on negligible margins/loss expectations in this segment.
- Our medium-term outlook hinges on: (a) higher transmission tariff – build in 15% hike in avg. tariffs led by 20% hike from HVJ (GAIL expects a final ruling in <30 days) & see a case for a steeper hike (40-50%; 2% increase for end consumer) given retrospective impact being a key determinant of the quantum of revision (10% hike required 10 years ago would read as 40% at present) (b) oil price led improvement across segments – build in crude of \$70-75/bbl for FY20/21E (c) Sustained profitability in Gas trading; GAIL has hedged 100% of its LNG volumes for CY19 and 90% for CY20 and (d) modest uplift from current trough Petchem margins as market rebalances.
- Expect EBITDA/PAT CAGR of 4% each over FY19-21E from a very high base (FY19 EBITDA/PAT grew 25%/36% yoy) as Tariff upsides are largely offset by lower earnings from Trading biz (one time incremental gains in FY19 in our view), however improvements are in higher multiple biz (8x EBITDA) offset by drop in low multiple biz (4x multiple – FY19 gains also not factored in the price).

VALUATION MULTIPLES ▶▶

- Our FY21E SOTP based estimates yield a TP of Rs. 440/sh. Maintain BUY

FINANCIAL SUMMARY (Standalone)

Year	Net Sales (Rs.bn)	EBITDA (Rs. bn)	PAT (Rs. bn)	EPS (Rs./sh)	P/E(x)	EV/EBITDA(x)	ROE(%)
FY18	537	76	46	20.4	17.1	9.5	12%
FY19	751	96	62	27.7	12.6	7.3	15%
FY20E	659	97	63	27.9	12.5	6.8	13%
FY21E	671	103	65	28.8	12.1	6.2	12%

THREE YEAR OUTLOOK

BUSINESS & EARNINGS ▶▶

- GAIL's most business lines are skewed towards better profitability from higher crude prices and this becomes a key trigger. We expect crude prices to remain in the range of \$70-75/bbl over the medium term and see continued benefit to GAIL.
- We remain positive on the long term prospects of GAIL driven by 1) increased gas availability both from domestic & new LNG terminals – additional 40+mmscmd over the next 3-4 years aiding current low utilisation in Gas transmission biz & improving volumes/margins in trading. Post JHBDPL completion see 10-15mmscmd incremental volumes from fertilizer/refinery demand, 2) increased transmission tariffs over the short/medium term, 3) rebalancing of LNG markets in the next 2-3 years aiding for a strong earnings in GAIL's US LNG portfolio and 4) rising oil prices to aid margins in Petchem & LPG biz amidst modest domestic gas prices & benign LNG prices

VALUATION MULTIPLES ▶▶

- Our FY 23E SOTP based TP yields a TP of Rs. 485 (~50% returns incl. dividends).

KEY ESTIMATES REVISION

	FY20E			FY21E		
	Old	New	Change	Old	New	Change
Gas transmission (mmscmd)	110	111	1%	112	114	2%
Petchem (mmt)	800	800	0%	820	820	0%
EBITDA (Rs. bn)	101.3	97.4	-4%	104.5	102.8	-2%
PAT (Rs. bn)	62.7	63.0	1%	64.6	65.0	1%

OUTLOOK REVIEW 4QFY19
29 May 2019

Industry	OIL & GAS
CMP	Rs. 349
Target Price	Rs. 440
Key Stock Data	
Bloomberg	GAIL IN
Shares o/s	2,255mn
Market Cap	Rs. 786bn
52-wk High-Low	Rs. 399-295
3m ADV	Rs. 1,409mn
Index	BSE 100

	Sep'18	Dec'18	Mar'19
Promoters %	53.5	53.5	53.5
Institutions %	34.7	34.8	34.8
Public %	11.9	11.7	11.7
Pledge			

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Quarterly Financial Statement (Standalone)

- Reported EBITDA of Rs. 17bn came below both our/street estimate (-14%/-28%). The miss was largely driven by higher opex (+21% yoy/ 33% qoq)
- Segment wise: Allaying fears gas trading performance continued to remain solid. Gas trading EBITDA of Rs. 5.9bn (-13% qoq) came above our estimates while this was offset by weak performance in LPG & LHC (Rs. 4.5bn; -47% qoq) and Petchem (0.9bn; -36% qoq)
- Volumes across Gas trading/ LPG & LHC/ Petchem increased 1%/-2%/23% while margins declined 13%/49%/(moved to negative territory) qoq
- The company reported impairment of Rs.3.2bn; adjusted for this standalone PAT came 6% above our estimate driven by higher other income
- Based on available data FY19 capex is ~ Rs.75bn. Cash stood at Rs.12bn (25bn as of Mar'18)

Rs. mn\Period	4QFY19	4QFY18	yoy Growth	3QFY19	qoq Growth	FY18	FY19	yoy Growth
Revenues	1,87,639	1,54,307	22%	1,97,890	-5%	5,36,616	7,51,263	40%
Cost of Goods Sold	1,51,865	1,21,496	25%	1,56,016	-3%	4,04,369	5,88,642	46%
Gross Profit	35,774	32,811	9%	41,874	-15%	1,32,247	1,62,622	23%
Employee Costs	3,993	3,527	13%	3,920	2%	13,015	17,784	37%
Other expense	14,936	12,331	21%	11,220	33%	42,893	49,287	15%
Total operating expense	18,929	15,859	19%	15,140	25%	55,908	67,071	20%
EBITDA	16,845	16,953	-1%	26,735	-37%	76,339	95,551	25%
<i>Margins</i>	9.0%	11.0%		13.5%		14.2%	12.7%	
Depreciation	4,574	3,608	27%	3,634	26%	14,151	15,502	10%
EBIT	12,272	13,344	-8%	23,101	-47%	62,188	80,049	29%
Other income	8,659	2,756	214%	2,201	293%	9,870	15,448	57%
Interest expense	263	333	-21%	227	16%	2,751	1,385	-50%
PBT	20,667	15,767	31%	25,075	-18%	69,307	94,112	36%
Exceptional items	-3,263	277		0		277	-3,263	
Tax	6,177	5,835	6%	8,262	-25%	23,400	30,592	31%
effective tax rate %	30%	37%		33%		34%	33%	
PAT	11,227	10,209	10%	16,812	-33%	46,184	60,257	30%
EPS (Rs./sh)	5.0	4.5	10%	7.5	-33%	20.5	26.7	30%
Adj. PAT	13,332	10,033	33%	16,812	-21%	46,000	62,421	36%
Adj. EPS (Rs./sh)	5.9	4.4	33%	7.5	-21%	20.4	27.7	36%

Valuation and Key estimates

Valuation - FY21				
Particulars	EBITDA	Multiple	Rs. bn	Rs/share
NG Transmission	51	8.0x	405	179
LPG Transmission	4	8.0x	33	14
Gas Trading	21	4.5x	95	42
Petrochemical	11	6.0x	65	29
LPG and Liquid HC	29	6.0x	174	77
Core business			771	342
Investments			174	77
Growth Capex - CWIP @ 0.5x			40	18
Total EV			985	437
Net Debt			-8	-3
Target Price				440

Key model Assumptions						
Particulars		FY17	FY18	FY19	FY20E	FY21E
Natural gas transmission	Mmscmd	100.4	105.2	107.4	111.0	114.0
Natural gas trading	Mmscmd	81.2	85.0	96.9	99.0	100.0
LPG Transmission	Mmt	3.4	3.7	4.0	4.0	4.0
Petrochemical	Mtpa	0.6	0.7	0.7	0.8	0.8
Liquid and HC	Mtpa	1.1	1.3	1.3	1.3	1.3
Gas Transmission Tariff	Rs./scm	1.3	1.3	1.5	1.7	1.7
Gas Trading Margin	Rs./scm	0.5	0.4	0.8	0.6	0.6
LPG transmission tariff	Rs./tonne	1.5	1.5	1.6	1.7	1.7
Petrochemical realisation	\$/mt	1462	1352	1267	1275	1325
Liquid HC Price	\$/mt	432	569	552	609	626

Financial Summary (Standalone)

Abridged Financial Statements							
Rs. Mn	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Profit & Loss							
Revenue	5,65,695	5,15,287	4,80,546	5,36,616	7,51,263	6,58,820	6,70,593
Gross profit	1,11,758	93,213	1,16,614	1,32,247	1,62,622	1,66,802	1,76,607
EBITDA	45,237	40,875	63,152	76,339	95,551	97,363	1,02,844
Depreciation	9,743	13,098	13,968	14,151	15,502	16,611	18,371
EBIT	35,494	27,777	49,184	62,188	80,049	80,753	84,474
Other Income	10,334	10,841	12,705	9,870	15,448	14,000	14,000
Interest expense	3,613	7,999	4,794	2,751	1,385	700	1,500
Exceptional items	629	0	-2,987	277	-3,263	0	0
PBT	42,844	30,620	54,108	69,584	90,848	94,053	96,974
Reported PAT (after minority interest)	30,392	22,264	35,029	46,184	60,257	63,015	64,972
Adj PAT	29,946	22,264	36,963	46,000	62,421	63,015	64,972
EPS (Rs.)	13.3	9.9	16.4	20.4	27.7	27.9	28.8
Balance Sheet							
Net Worth	2,91,195	3,50,946	3,81,494	4,03,281	4,40,929	4,99,275	5,56,332
Deferred Tax	33,087	40,714	46,559	46,309	59,477	65,120	70,939
Total debt	95,559	80,601	50,630	20,805	10,000	10,000	20,000
Other liabilities and provisions	26,583	17,277	20,854	22,455	41,329	41,329	41,329
Total Networth and liabilities	4,46,424	4,89,537	4,99,537	4,92,850	5,51,736	6,15,724	6,88,600
Gross Fixed assets	4,13,893	4,30,935	4,44,826	4,61,813	5,00,278	5,55,278	6,11,278
Net fixed assets	2,77,597	2,84,670	2,85,062	2,87,898	3,10,861	3,49,560	3,86,189
Capital work-in-progress	43,600	34,202	38,034	55,140	92,025	1,05,525	1,46,525
Goodwill							
Investments	43,224	85,847	95,096	99,531	95,282	95,282	95,282
Cash and bank balances	11,416	17,939	13,419	25,294	12,147	32,128	27,824
Loans & advances and other assets	58,558	59,294	53,063	40,982	42,543	42,543	42,543
Net working capital	12,029	7,585	14,863	-15,994	-1,121	-9,313	-9,763
Total assets	4,46,424	4,89,537	4,99,537	4,92,850	5,51,736	6,15,724	6,88,600
Capital Employed	3,86,754	4,31,547	4,32,124	4,24,086	4,50,929	5,09,275	5,76,332
Invested Capital (CE - cash - CWIP)	3,31,738	3,79,283	3,80,671	3,39,837	3,46,758	3,71,622	4,01,983
Net debt	84,143	62,539	37,211	-8,304	-2,147	-22,128	-7,824
Cash Flows							
Cash flows from Operations (Pre-tax)	32,992	47,745	68,202	99,842	83,924	1,05,246	1,03,294
Cash flows from Operations (post-tax)	24,441	40,706	56,293	86,626	59,282	79,852	77,111
Capex	-18,676	-12,138	-16,947	-29,456	-75,350	-68,500	-96,000
Free cashflows	5,765	28,568	39,346	57,171	-16,068	11,352	-18,889
Free cashflows (post interest costs)	-1,692	20,131	33,812	53,609	-17,453	10,652	-20,389
Cash flows from Investing	-9,644	-6,709	-6,985	-25,680	-55,609	-54,500	-82,000
Cash flows from Financing	-29,890	-33,180	-47,883	-54,705	-12,926	-5,370	585
Total cash & liquid investments	11,416	18,062	13,419	29,109	12,147	32,128	27,824

Financial Summary (Standalone)

	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Key variables (sector specific)							
Gas transmission volumes (mmscmd)	92.1	92.2	100.4	105.2	107.4	111.0	114.0
Gas trading (mmscmd)	72.1	73.7	81.2	85.0	96.9	99.0	100.0
Growth ratios							
Revenue	-1.2%	-8.9%	-6.7%	11.7%	40.0%	-12.3%	1.8%
EBITDA	-29.7%	-9.6%	54.5%	20.9%	25.2%	1.9%	5.6%
Adj PAT	-27.7%	-25.7%	66.0%	24.4%	35.7%	1.0%	3.1%
Margin ratios							
Gross	19.8%	18.1%	24.3%	24.6%	21.6%	25.3%	26.3%
EBITDA	8.0%	7.9%	13.1%	14.2%	12.7%	14.8%	15.3%
Adj PAT	5.3%	4.3%	7.7%	8.6%	8.3%	9.6%	9.7%
Performance ratios							
Pre-tax OCF/EBITDA	73%	117%	108%	131%	88%	108%	100%
OCF/IC (%)	7%	11%	15%	25%	17%	21%	19%
RoE (%)	11%	7%	10%	12%	15%	13%	12%
RoCE (%)	9%	7%	9%	11%	14%	13%	12%
RoCE (Pre-tax)	12%	9%	14%	17%	22%	20%	18%
RoIC (Pre-tax)	12%	8%	13%	17%	23%	22%	22%
Fixed asset turnover (x)	1.5	1.2	1.1	1.2	1.6	1.2	1.1
Total asset turnover (x)	1.3	1.1	1.0	1.1	1.4	1.1	1.0
Financial stability ratios							
Net Debt to Equity (x)	0.3	0.2	0.1	(0.0)	(0.0)	(0.0)	(0.0)
Net Debt to EBITDA (x)	1.9	1.5	0.6	(0.1)	(0.0)	(0.2)	(0.1)
Interest cover (x)	6.8	5.1	11.7	31.5	42.8	114.1	51.4
Cash conversion days	12	10	13	7	12	12	12
Working capital days	8	5	11	-11	-1	-5	-5
Valuation metrics							
Fully Diluted Shares (mn)	2,255.1	2,255.1	2,255.1	2,255.1	2,255.1	2,255.1	2,255.1
Market cap (Rs.mn)				7,87,020			
P/E (x)	26.3	35.3	21.3	17.1	12.6	12.5	12.1
P/OCF(x)	32.2	19.3	14.0	9.1	13.3	9.9	10.2
EV (Rs.mn) (ex-CWIP)	8,27,562	8,15,357	7,86,197	7,23,576	6,92,848	6,59,367	6,32,671
EV/ EBITDA (x)	18.3	19.9	12.4	9.5	7.3	6.8	6.2
EV/ OCF(x)	33.9	20.0	14.0	8.4	11.7	8.3	8.2
FCF Yield				7.3%	-2.0%	1.4%	-2.4%
Price to BV (x)	2.9	2.7	2.2	2.1	2.0	1.8	1.6
Dividend pay-out (%)	45%	31%	55%	49%	29%	33%	36%
Dividend yield (%)	3%	2%	2%	3%	3%	2%	3%

Crystal Ball Gazing

We see ~50% returns (incl. dividends) from a 3-year perspective – exit price of Rs.485/sh (based on FY23 EBITDA) and dividends of Rs.31/sh

Gas transmission to support earnings stability

	FY11-FY14	FY14-FY19	FY19-FY23E
Revenues CAGR	21%	6%	1%
Gross Margin	23%	22%	27%
EBITDA CAGR	6%	8%	3%
EBITDA margin	13%	11%	15%
EPS CAGR	5%	9%	3%
Total Asset Turnover (x)	1.5	1.2	1.0
Total WC days	(10.8)	2.6	(1.4)
Pre-tax OCF/EBITDA (%)	104%	103%	99%
Post Tax OCF as a % of IC	22%	15%	19%
Debt/EBITDA	0.9	0.8	(0.3)

Return ratios expected to improve

	FY11-FY14	FY14-FY19	FY19-FY23E
RoE (%)	18%	11%	12%
RoCE (%)	14%	10%	12%
RoIC (%)	26%	15%	22%
Average 1 yr fwd			
PE (x)	11.2	13.1	
EV/EBITDA (x)	7.6	8.4	
Peak 1 yr fwd			
PE (x)	14.5	16.5	
EV/EBITDA (x)	10.0	10.5	

SOTP valuation on FY23E earnings –exit price of Rs. 485/sh

		Rs. bn	Rs. /sh
NG Transmission	8.0x	425	189
LPG Transmission	8.0x	38	17
Gas Trading	5.0x	104	46
Petrochemical	6.0x	82	36
LPG and Liquid HC	6.0x	171	76
Core business		820	364
Investments		198	88
Growth Capex - CWIP @ 0.5x		41	18
Total EV		1,059	470
Net Debt		-36	-16
Target Price			485

Entry = Rs.349

Cumulative Dividends of Rs. 31/share

Exit at Rs.485 (SOTP at FY23E EBITDA)

TOTAL RETURN OF 50%

ONE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- SUNP's India sales (44% yoy decline) had one-time impact of ~Rs.11bn related to change in distribution for the business. Adjusted for this, India sales growth was 11% yoy. Ex Taro US sales (36% qoq growth) benefitted from generic supply business to a customer (serviced over 6 months starting 4QFY19). Ex Taro EBITDA (62% qoq decline) was impacted by one-time domestic sales impact, incremental staffing for specialty business including sales force for Cequa (~25% qoq increase in employee costs) and higher promotional spending for specialty products (including launch of Direct-To-Customer initiatives and Early Access Programs for Ilumya). Given the current quarter includes significant portion of specialty costs, ramp up of Specialty launches – Ilumya (Oct 2018), Xelpros (Jan 2019) and Cequa (expected in 2QFY20) should aid margin expansion, partly offset by higher R&D spends (expected to increase due to trials for additional indications for Ilumya). However, we remain less optimistic (vs. consensus) on revenue potential and operating leverage benefits from SUNP's specialty launches including Ilumya and estimate ex Taro US sales of \$1.2bn/\$1.3bn in FY20/FY21. Maintain REDUCE
- Visibility on high-value generic launches for FY20/FY21 remains low. While Taro sales remained flat in FY19, EBITDA margin continued to decline (~130bps). Pricing pressure in derma segment will continue to impact Taro
- We factor India sales cagr of ~8% in FY19-21 on adjusted FY19 base (~Rs. 8.4bn). RoW sales (estimate of 12% cagr in FY19-21) should benefit from Pola Pharma acquisition (in Jan 2019)

VALUATION MULTIPLES ▲

- We value the stock at 20x (in line with other large-cap peers) FY21E EPS of Rs. 22.5 to arrive at a target price of Rs. 450. Given the inherent uncertainties in commercial prospects for specialty products, we believe the risk-reward is unattractive. Maintain REDUCE

FINANCIAL SUMMARY

Year	Sales (Rs. mn)	EBITDA (Rs. mn.)	Adj. PAT (Rs. mn)	Adj. EPS (Rs.)	P/E (x)	EV/EBIT DA	RoE (%)
FY18	264,895	56,164	33,007	13.8	30.0	17.9	8.0%
FY19	290,659	61,075	38,798	16.2	25.5	16.4	8.9%
FY20E	334,261	82,812	46,802	19.5	21.2	12.1	10.1%
FY21E	359,497	93,338	53,915	22.5	18.5	10.8	10.7%

THREE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- Given the structural headwinds in the US faced by Indian generic companies, SUNP's investments to build a branded specialty business is a key differentiator. However, Specialty pharma is a vastly different business model compared to traditional generics requiring significantly superior R&D skills, M&A capabilities, business development strategy and risk appetite
- Having already built a pipeline focused on dermatology, ophthalmology and oncology, SUNP is significantly ahead of Indian peers in executing a specialty strategy. Ramp up of Ilumya, Yonsa, Xelpros, Bromsite and Odomzo sales are significant value drivers for SUNP's specialty business in the medium term
- We estimate sales of ~\$760mn from specialty products in FY23 (from ~\$370mn in FY19). The superior margin profile of specialty products should drive SUNP's consolidated margins (from ~21% in FY19 to ~26% in FY23E)

VALUATION MULTIPLES ▲

- Our 3-year exit multiple for the stock is at 20x (in-line with our FY21E multiple). This factors 1) significant contribution from higher-margin specialty business by FY23 2) the opportunity to scale up the business further through M&A on the back of strong balance sheet and cash generation

KEY ESTIMATES REVISION

	FY20E			FY21E		
	Old	New	Change	Old	New	Change
Revenues	335,376	334,261	-0.3%	371,013	359,497	-3.1%
EBITDA	84,570	82,812	-2.1%	97,667	93,338	-4.4%
Margin (%)	25.2%	24.8%		26.3%	26.0%	
PAT	50,517	46,802	-7.4%	59,398	53,915	-9.2%
EPS (Rs.)	21.1	19.5	-7.4%	24.8	22.5	-9.2%

All figures in Rs. mn

OUTLOOK REVIEW 4QFY19 29 MAY 2019

Industry	PHARMA		
CMP	Rs. 413		
Target Price	Rs. 450		
Key Stock Data			
Bloomberg	SUNP IN		
Shares o/s	2,399mn		
Market Cap	Rs. 995bn		
52-wk High-Low	Rs. 679-345		
3m ADV	Rs. 2,933mn		
Index	BSE SENSEX		
	Sep'18	Dec'18	Mar'19
Promoters	54.4%	54.4%	54.4%
Institutions	33.3%	32.5%	32.9%
Public	12.3%	13.1%	12.7%
Pledge	2.6%	4.1%	6.0%

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Quarterly Financial Statement

Ex Taro US sales at ~\$291mn (vs. ~\$214mn in 3QFY19). US sales benefitted from generic supply to a customer (to be serviced over 6 months starting from Q4FY19). Taro had reported sales of \$180mn

Forex loss of Rs. 520mn in 4QFY19 (vs. forex gain of Rs. 2.3bn in 3QFY19)

FY20 topline guidance of 'low-to-mid double digit teen' growth (on reported basis)

Taro EBITDA margin at 44.6% . Taro EBITDA of \$80mn (vs. \$84mn in 3QFY19)

CONSOLIDATED FINANCIAL RESULTS								
Rs. mn\Period	4QFY19	4QFY18	yoy	3QFY19	qoq	FY19	FY18	yoy
Revenue	71,639	69,771	3%	77,402	-7%	290,659	264,895	10%
Raw material cost	(18,388)	(17,701)	4%	(21,657)	-15%	(78,690)	(74,247)	6%
Employee cost	(15,688)	(13,413)	17%	(14,950)	5%	(59,671)	(53,671)	11%
Other expenditure	(26,876)	(23,356)	15%	(21,537)	25%	(91,223)	(80,814)	13%
EBITDA	10,688	15,301	-30%	19,259	-45%	61,075	56,164	9%
% margin	14.9%	21.9%		24.9%		21.0%	21.2%	
D&A	(4,541)	(4,552)	0%	(4,711)	-4%	(17,533)	(14,998)	17%
EBIT	6,147	10,749	-43%	14,548	-58%	43,543	41,165	6%
Other income	2,815	3,028	-7%	1,931	46%	10,255	8,388	22%
Interest expense	(1,500)	(1,554)	-3%	(1,448)	4%	(5,553)	(5,176)	7%
Exceptional items	0	0	NM	0	NM	(12,144)	(9,505)	NM
Forex gain (loss)	(520)	1,534	NM	2,270	NM	2,001	(82)	NM
PBT	6,942	13,756	-50%	17,301	-60%	38,102	34,790	10%
Tax	288	2,102	-86%	(2,709)	NM	(6,757)	(8,555)	-21%
PAT	7,231	15,859	-54%	14,592	-50%	31,345	26,235	19%
PAT (after minority, discontinued operations)	6,359	13,425	-53%	12,419	-49%	25,906	21,513	20%
Adj. PAT (after minority, discontinued operations)	6,359	10,839	-41%	12,419	-49%	38,050	33,562	13%

Financial Summary

Abridged Financial Statements										
Rs. mn	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Profit & Loss										
Revenue	80,195	112,999	160,804	274,334	284,870	315,784	264,895	290,659	334,261	359,497
	63,796	92,265	133,010	206,943	221,567	234,477	190,648	211,969	334,261	359,497
EBITDA	32,043	48,962	71,901	79,635	81,583	97,162	56,164	61,075	82,812	93,338
Depreciation	(2,912)	(3,362)	(4,092)	(11,947)	(10,375)	(12,648)	(14,998)	(17,533)	(19,614)	(20,886)
EBIT	29,132	45,601	67,808	67,688	71,208	84,515	41,165	43,543	63,198	72,452
Other Income	4,715	3,881	3,624	4,508	6,583	6,232	8,388	10,255	6,325	6,190
Interest expense	(282)	(432)	(442)	(5,790)	(5,232)	(3,998)	(5,176)	(5,553)	(5,840)	(4,751)
Exceptional items / Forex gains (loss)	-	(5,836)	(25,174)	(2,378)	(6,852)	3,731	(9,588)	(10,143)	-	-
PBT	33,565	43,214	45,817	64,029	65,706	90,479	34,790	38,102	63,682	73,892
Reported PAT (after minority interest)	26,567	29,831	31,415	45,394	45,457	69,644	20,957	26,654	46,802	53,915
Adj PAT	26,578	34,590	56,589	47,771	52,294	69,644	33,007	38,798	46,802	53,915
Adj. EPS (Rs.)	12.8	16.7	27.3	19.9	21.7	29.0	13.8	16.2	19.5	22.5
Balance Sheet										
Net Worth	133,972	166,248	204,461	284,893	370,677	404,305	419,847	447,226	483,768	525,722
Deferred taxes	(5,283)	(7,122)	(9,110)	(17,516)	(30,462)	(21,780)	(19,748)	(24,506)	(26,921)	(28,419)
Total debt	3,207	2,597	25,609	89,939	84,935	98,278	103,624	105,040	89,631	68,730
Other liabilities and provisions	16,081	24,348	47,599	82,924	62,834	64,417	69,705	52,151	52,544	52,849
Total Networth and liabilities	147,978	186,071	268,559	440,239	487,984	545,220	573,428	579,911	599,022	618,883
Gross Fixed assets	67,933	92,718	113,267	224,455	243,559	272,678	294,140	329,611	345,662	363,611
Net fixed assets	29,295	45,145	49,827	89,815	102,375	121,390	132,459	158,808	155,240	152,303
Capital work-in-progress	3,447	5,626	8,415	20,386	21,755	28,014	24,652	14,112	14,112	14,112
Goodwill	10,218	11,330	18,346	37,010	56,347	55,362	56,067	59,558	59,562	59,562
Non- current investments	5,890	11,064	7,876	5,989	11,161	9,610	30,523	39,518	39,518	39,518
Cash and bank balances and current investments	49,911	53,639	95,886	131,155	138,955	153,717	140,200	112,263	113,309	122,333
Loans & advances and other assets	17,487	19,947	48,257	77,620	61,239	80,727	90,230	69,429	72,345	75,295
Net working capital	31,730	39,320	39,952	78,265	96,153	96,400	99,298	126,223	144,937	155,761
Total assets	147,978	186,071	268,559	440,239	487,984	545,220	573,428	579,911	599,022	618,883
Capital Employed	137,180	168,845	230,070	374,832	455,612	502,584	523,471	552,266	573,399	594,453
Invested Capital (CE - cash - CWIP)	83,822	109,580	125,768	223,291	294,903	320,853	358,620	425,891	445,979	458,009
Net debt	(46,704)	(51,042)	(70,278)	(41,216)	(54,020)	(55,439)	(36,576)	(7,223)	(23,678)	(53,602)
Cash Flows										
Cash flows from Operations (Pre-tax)	24,612	44,363	47,481	70,623	87,578	91,393	46,489	41,713	63,995	81,367
Cash flows from Operations (post-tax)	22,345	33,629	39,592	53,219	67,694	70,822	39,072	30,946	47,010	62,868
Capex	(9,870)	(24,869)	(9,060)	(23,659)	(44,538)	(36,929)	(19,608)	(39,621)	(16,050)	(17,949)
Free cashflows	12,475	8,759	30,532	29,560	23,156	33,894	19,464	(8,675)	30,960	44,919
Free cashflows (post interest costs)	12,190	8,320	30,302	27,047	20,160	30,555	14,699	(14,228)	25,120	40,168
Cash flows from Investing	(8,627)	(26,351)	(23,668)	(26,710)	(44,549)	(42,216)	(33,708)	(12,172)	(10,168)	(11,759)
Cash flows from Financing	(5,444)	(6,713)	5,066	(10,875)	(19,243)	(22,854)	(15,393)	(45,312)	(36,239)	(42,086)
Total cash & liquid investments	49,911	53,639	95,886	131,155	138,955	153,717	140,200	112,263	113,309	122,333

Financial Summary

Key financial metrics (Consolidated)										
	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Growth ratios										
Revenue	40.0%	40.9%	42.3%	70.6%	3.8%	10.9%	-16.1%	9.7%	15.0%	7.5%
EBITDA	63.2%	52.8%	46.8%	10.8%	2.4%	19.1%	-42.2%	8.7%	35.6%	12.7%
Adj PAT	46.1%	30.1%	63.6%	-15.6%	9.5%	33.2%	-52.6%	17.5%	20.6%	15.2%
Margin ratios										
EBITDA	40.0%	43.3%	44.7%	29.0%	28.6%	30.8%	21.2%	21.0%	24.8%	26.0%
Adj PAT	33.1%	30.6%	35.2%	17.4%	18.4%	22.1%	12.5%	13.3%	14.0%	15.0%
Performance ratios										
Pre-tax OCF/EBITDA	76.8%	90.6%	66.0%	88.7%	107.3%	94.1%	82.8%	68.3%	77.3%	87.2%
OCF/IC (%)	26.7%	30.7%	31.5%	23.8%	23.0%	22.1%	10.9%	7.3%	10.5%	13.7%
RoE (%)	22.4%	23.0%	30.5%	19.5%	16.0%	18.0%	8.0%	8.9%	10.1%	10.7%
RoCE (%)	25.1%	26.8%	32.3%	20.8%	16.5%	16.4%	7.9%	8.9%	10.2%	10.8%
RoCE (Pre-tax)	27.7%	32.3%	35.8%	23.9%	18.7%	18.9%	9.7%	10.0%	12.4%	13.5%
RoIC (Pre-tax)	39.3%	47.2%	57.6%	38.8%	27.5%	27.5%	12.1%	11.1%	14.5%	16.0%
Fixed asset turnover (x)	1.30	1.41	1.56	1.62	1.22	1.22	0.93	0.93	0.99	1.01
Total asset turnover (x)	0.62	0.68	0.71	0.77	0.61	0.61	0.47	0.50	0.57	0.59
Financial stability ratios										
Net Debt to Equity (x)	(0.3)	(0.3)	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	(0.1)
Net Debt to EBITDA (x)	(1.5)	(1.0)	(1.0)	(0.5)	(0.7)	(0.6)	(0.7)	(0.1)	(0.3)	(0.6)
Interest cover (x)	113.6	113.4	162.7	13.8	15.6	24.3	10.9	11.0	14.2	19.6
Inventory and debtor days	190	172	121	147	173	169	206	213	213	213
Working capital days	145	128	91	105	126	116	139	161	160	160
Valuation metrics										
Fully Diluted Shares (mn)	2,071	2,071	2,071	2,406	2,408	2,399	2,399	2,399	2,399	2,399
Market cap (Rs.mn)									990,301	
P/E (x)	32.2	24.7	15.1	20.8	19.0	14.2	30.0	25.5	21.2	18.4
P/OCF(x)	44.3	29.4	25.0	18.6	14.6	14.0	25.3	32.0	21.1	15.8
EV (Rs.mn)									1,004,474	
EV/ EBITDA (x)	31.3	20.5	14.0	12.6	12.3	10.3	17.9	16.4	12.1	10.8
EV/ OCF(x)	45.0	29.9	25.4	18.9	14.8	14.2	25.7	32.5	21.4	16.0
FCF Yield	1.3%	0.9%	3.1%	3.0%	2.3%	3.4%	2.0%	-0.9%	3.1%	4.5%
Price to BV (x)	7.4	6.0	4.8	3.5	2.7	2.4	2.4	2.2	2.0	1.9
Dividend pay-out (%)	33%	35%	10%	16%	5%	12%	23%	25%	17%	17%
Dividend yield (%)	1.0%	1.2%	0.4%	0.7%	0.2%	0.8%	0.5%	0.7%	0.8%	0.9%

Crystal Ball Gazing

Given the structural headwinds in the US faced by Indian generic companies, SUNP's investments to build a branded specialty business is a key differentiator. However, Specialty pharma is a vastly different business model compared to traditional generics requiring significantly superior R&D skills, M&A capabilities, business development strategy and risk appetite. Having already built a pipeline focused on dermatology, ophthalmology and oncology, SUNP is significantly ahead of Indian peers in executing a specialty strategy. Ramp up of Ilumya, Yonsa, Xelpros, Bromsite and Odomzo are significant value drivers for SUNP's specialty business in the medium term

~9% revenue CAGR in FY19-23E driven by

12% CAGR in the US, 10% CAGR in domestic business, 10% CAGR in EMs and 9% CAGR in Regulated Markets (ex US)

PAT to grow at a CAGR of 14% in FY19-23E

Expect P/E multiple to sustain due to long term growth opportunities

	FY11-FY14	FY14-FY19	FY19-FY23E
Revenues CAGR	41%	13%	9%
EBITDA CAGR	54%	-3%	16%
EBITDA margin	41%	26%	25%
EPS CAGR	46%	-10%	14%
Total Asset Turnover (x)	0.6	0.6	0.6
Total WC days	122	129	160
Pre-tax OCF/EBITDA (%)	88%	88%	82%
Post Tax OCF as a % of IC	31%	17%	12%
Debt/EBITDA	(1.3)	(0.5)	(0.6)

	FY11-FY14	FY14-FY19	FY19-FY23E
RoE (%)	24%	14%	10%
RoCE (%)	26%	14%	10%
RoIC (%)	43%	23%	15%
Average 1 yr fwd			
PE (x)	23.2	24.9	27.4
EV/EBITDA (x)	17.3	16.6	13.0
Peak 1 yr fwd			
PE (x)	28.7	33.3	33.3
EV/EBITDA (x)	22.6	23.2	21.0

P/E multiple	FY22E EPS (mn)	Price target
20.0x	27.5	550

Entry = Rs. 413 @ 19x FY21E EPS

Cumulative Dividends of Rs. 11

Earnings CAGR of 14% in FY19-23E, exit multiple of 20x

TOTAL RETURN OF 36%

ONE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- We continue to maintain our positive outlook and BUY rating on Info Edge post an inline 4QFY19 results, as the strong growth in collections for recruitment and real estate classifieds segments would drive 18% revenue growth in FY20E.
- The strong growth in billings for the Recruitment segment continued with billings growing by 20% YoY in 4QFY19 and FY19. We have increased our estimates for the recruitment vertical by 2% to 19% for FY20E. In addition to this we have also included Rs. 190mn in revenues for FY20E from IIM Jobs, which Info Edge acquired for Rs. 808m in 4QFY19.
- The deferred revenue growth continues to remain strong at 21% YoY for Recruitment segment and can be read as an indicator of expected revenue growth, as Info Edge do not sell multi-year subscriptions and thus collections for any quarter get recorded as revenues over the next four quarters.
- The strong growth in 99acres continues, wherein, billings were up 19% YoY in 4QFY19 and 32% YoY for FY19. Led by strong growth in billings in H2FY18 and FY19, 99acres revenues grew 42% in FY19. We, however, expect this to moderate to 20%, which is in line with growth in deferred revenues. 99acres currently have 19,000 brokers and 5,000 builders with >40% market share.
- We continue to remain positive on Policybazaar with 100% YoY revenue growth in FY18 and 60% for FY19E. On Zomato, its Gold membership program continues to surprise positively and on expected lines, Zomato has completely bridged the food ordering gap with Swiggy and thus the valuation gap is also expected to converge. Swiggy's last round of valuation stood at US\$3.3bn and Zomato's next round valuation could also reach US\$3bn, which would be 50% higher than previous round valuation of \$2bn.

VALUATION MULTIPLES ▲

- We use SOTP based valuation to arrive at 1yr FW target price for Info Edge. We assign 26x EV/EBITDA (24x earlier) for Naukri business, 6x EV/sales (unchanged) for 99acres and 2x EV/sales (unchanged) for other businesses, based on Mar-21 estimates and arrive at a target price of Rs.2,290

FINANCIAL SUMMARY – Info Edge (Standalone)

Year	Revenues (Rs. mn)	EBITDA margins	EPS (Rs.)	P/E (x)	EV/EBITDA (x)	ROE (%)
FY19	10,983	31.1%	25.9	74.6	64.3	14.2%
FY20E	13,159	34.3%	34.0	56.8	48.0	16.9%
FY21E	15,452	38.6%	43.8	44.0	35.5	19.3%
FY22E	18,106	40.3%	53.8	35.8	28.2	20.8%

THREE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- The Recruitment vertical would continue to be the core driver of earnings growth and we expect Naukri to grow ~18% over FY19-22E owing to increased focus on internet penetration and market share gain from other mediums, with consistent margins of c.55%. We believe Naukri would be back to revenue growth of c.19-20% with higher margins, if India returns to 7% GDP growth. We also note that, beyond the revenue growth level of 15% YoY, the entire incremental revenues would flow to EBITDA.
- During FY18, Naukri business was able to maintain margins of ~55% even while the revenue growth was 12.3% YoY, clearly showcasing its ability to contain costs in a low growth period. Additionally, with Naukri.com not sharing leads/updation with Indeed over the past three years and still controlling 72% of the market would mean limited competition from Indeed/Google. As such, maintaining 14-15% earnings growth despite macro headwinds would not be difficult and recruitment vertical is already delivering 58% PBT margins (excluding unallocable expenses).
- We continue to believe that Real Estate portals would witness consolidation over the next 2-3 years and 99acres, being market leader with >40% traffic share, would show consistent profitability.
- Zomato's better than expected entry into the B2C segment with 1,200+ restaurants and ~80k subscribers paves the way for consistent price hikes in the future. Given negligible overheads (currently managed by 7 people team and 6 sales members), this segment can add significantly to Zomato's profitability. We expect Zomato to grow its revenues by ~35-40% over the next two years with margins of 10-12%.

VALUATION MULTIPLES ▲

- We use an exit multiple of 16x (14x earlier) based on blended FY23E EV/sales, as we expect revenues to grow at a CAGR of 18% during FY19-22E, primarily driven by recruitment business, while expecting 99acres and Zomato businesses to contribute positively to EBITDA.

KEY ESTIMATES REVISION

Rs.mn	FY20E			FY21E		
	Old	New	Chg (%)	Old	New	Chg (%)
Revenue	12,852	13,159	2.4%	14,957	15,452	3.3%
EBITDA	4,488	4,515	0.6%	5,732	5,966	4.1%
Margins	34.9%	34.3%	-1.7%	38.3%	38.6%	0.8%
PAT	4,108	4,143	0.8%	5,145	5,339	3.8%
EPS	33.7	34.0	0.8%	42.2	43.8	3.7%

OUTLOOK REVIEW 4QFY19 29 MAY 2019

Industry	TECHNOLOGY
CMP	Rs. 1,980
Target Price	Rs. 2,290
Key Stock Data	
Bloomberg	INFOE IN
Shares o/s	122mn
Market Cap	Rs. 235bn
52-wk High-Low	Rs. 2,057-1,125
3m ADV	Rs. 465 mn
Index	BSE MID CAP

	Sep'18	Dec'18	Mar'19
Promoters	41.35	41.24	40.76
Institutions	47.48	47.50	48.53
Public	11.17	11.26	10.71

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SOTP valuation

Business	Metric	Mar-21(Rs.mn)	Multiple type	Multiple	Value (Rs.mn)	Per share	% contribution
Naukri	EBITDA	6,190	EV/EBITDA	26.0	1,60,951	1,320	57.7%
99Acres	Sales	2,669	EV/Sales	7.0	18,686	153	6.7%
Jeevan Sathi	Sales	1,062	EV/Sales	2.0	2,125	17	0.8%
Others (Shiksha, Brijj& Others)	Sales	465	EV/Sales	2.0	930	8	0.3%
Cash		25,640		1.0	25,640	210	9.2%
		36,028			2,08,333		
Shares O/S					122		
Price /share					1,709		74.6%
Investment value					580		25.4%
Infoedge consolidated value					2,290		

Investment Particulars	% stake	Book value of investments (Rs.mn)	Discount %	Value (Rs.mn)	Per share	% Contribution per share	Contribution to investments
Zomato Media	26.4%	1,520	Valued at US\$3.0bn	55,447	455	19.9%	78.4%
Policy Bazaar	15.6%	4,140	Valued at US\$1.2bn	13,104	108	4.7%	18.5%
Applect Learning Systems	66.0%	1,360	25%	1,020	8	0.4%	1.4%
International Education Gateway	31.4%	130	25%	98	1	0.0%	0.1%
Shop Kirana	11.5%	100	25%	75	1	0.0%	0.1%
Happily Unmarried	45.3%	260	25%	195	2	0.1%	0.3%
Vacationlabs	26.1%	60	25%	45	0	0.0%	0.1%
NoPaperForms Solutions	48.1%	340	25%	255	2	0.1%	0.4%
Bluedolph	43.9%	110	25%	83	1	0.0%	0.1%
Unnati	31.6%	40	25%	30	0	0.0%	0.0%
Vcare	15.1%	40	25%	30	0	0.0%	0.0%
Wishbook Infoservices	25.7%	40	25%	30	0	0.0%	0.0%
Zippserv	45.3%	50	25%	38	0	0.0%	0.1%
Gramophone	27.8%	60	25%	45	0	0.0%	0.1%
Shoekconnect	28.9%	60	25%	45	0	0.0%	0.1%
Printo	26.1%	250	25%	188	2	0.1%	0.3%
Medcords	11.4%	30	25%	23	0	0.0%	0.0%
Sum of investments		8,590		70,748	580		100%

Quarterly Financial Statement

Quarterly financial results								
Rs. mn\Period	Mar-19	Mar-18	yoy Growth	Dec-18	qoq Growth	FY18	FY19	yoy Growth
Net Sales	2,927	2,407	22%	2,811	4%	9,155	10,983	20%
Network and other charges	55	41	33%	71	-22%	143	221	54%
Employees Cost	1,212	1,048	16%	1,151	5%	3,931	4,586	17%
Advertising and Promotion Cost	474	478	-1%	503	-6%	1,164	1,757	51%
Admin & other expenses	273	246	11%	253	8%	944	1,005	6%
EBITDA	913	593	54%	833	10%	2,973	3,413	15%
Depreciation/Amortization	49	56	-12%	50	-2%	215	204	-5%
EBIT	864	538	61%	783	10%	2,758	3,210	16%
Finance charges	0	0	NM	0	NM	1	1	15%
Interest	0	0	NM	0	NM	0	0	NM
Other income	304	225	35%	296	3%	971	1,112	14%
PBT	1,168	763	53%	1,079	8%	3,728	4,320	16%
Taxes	331	197	68%	336	-2%	991	1,169	18%
PAT	838	566	48%	743	13%	2,737	3,151	15%
EPS	5.44	-1.13	-581%	6.10	-11%	15	23	54%
Ad expenses as % of sales	16.2%	19.9%	-368bps	17.9%	-170bps	12.7%	16.0%	329bps
EBITDA margin	31.2%	24.7%	653bps	29.6%	155bps	32.5%	31.1%	-140bps
EBIT margin	29.5%	22.3%	717bps	27.9%	166bps	30.1%	29.2%	-90bps
Tax rate	28.3%	25.8%	245bps	31.1%	-282bps	26.6%	27.1%	49bps

Financial Summary

Abridged Financial Statements								
Rs. mn	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Profit & Loss								
Revenue	6,116	7,235	8,021	9,155	10,983	13,159	15,452	18,106
Gross Profit	3,399	3,800	4,097	5,081	6,176	7,410	8,825	10,383
EBITDA	1,822	1,580	2,275	2,973	3,413	4,515	5,966	7,305
Depreciation	173	210	241	215	204	212	217	218
EBIT	1,649	1,370	2,034	2,758	3,210	4,303	5,750	7,087
Other Income	764	827	625	971	1,112	1,221	1,370	1,661
Interest expense	30	1	1	1	1	1	1	1
Exceptional items	0	0	0	0	0	0	0	0
PBT	2375	2196	2659	3728	4320	5523	7119	8747
Reported PAT (after minority interest)	1,931	1,416	2,044	1,824	2,817	4,143	5,339	6,560
Adj PAT	1,639	1,530	2,084	2,737	3,151	4,143	5,339	6,560
EPS (Rs.)	14.2	12.7	17.3	22.6	25.9	34.0	43.8	53.8
Balance Sheet								
Net Worth	16,624	17,640	19,831	21,074	23,239	25,875	29,321	33,803
Deferred Tax liabilities	0	0	0	0	0	0	0	0
Total debt	0	0	0	0	0	0	0	0
Other liabilities and provisions	520	489	468	500	543	632	737	853
Total Networth and liabilities	17144	18129	20299	21575	23782	26508	30058	34657
Gross Fixed assets	1520	1711	1044	1127	1333	1517	1702	1886
Net fixed assets	840	922	602	529	569	542	509	476
Goodwill	0	0	0	0	0	0	0	0
Capital Work in Progress	0	0	0	0	0	0	0	0
Investments	5410	5736	7409	8263	10333	11191	11191	11191
Cash and bank balances	11981	9879	14460	14494	15320	18222	22979	28916
Loans & advances and other assets	327	1827	1258	2816	2939	2939	2939	2939
Net working capital	-1414	-235	-3429	-4528	-5379	-6386	-7561	-8865
Total assets	17144	18129	20299	21575	23782	26508	30058	34657
Capital Employed	16,624	17,640	19,831	21,074	23,239	25,875	29,321	33,803
Invested Capital (CE- cash-CWIP)	10,053	13,497	13,842	14,843	16,182	15,916	14,605	13,150
Net Debt	-11981	-9879	-14460	-14494	-15320	-18222	-22979	-28916
Cash Flows								
Cash flows from Operations (Pre-tax)	1,847	1,912	3,167	4,327	4,305	5,611	7,246	8,725
Cash flows from Operations (post-tax)	1,390	1,091	2,283	3,067	3,136	4,230	5,466	6,539
Capex	123	298	89	139	207	184	184	184
Free cashflows	1,266	792	2,194	2,928	2,929	4,046	5,282	6,354
Free cashflows (post interest costs)	1,237	792	2,193	2,927	2,928	4,045	5,281	6,353
Cash flows from Investing	-8,430	-300	-1,839	-2,042	904	179	1,185	1,477
Cash flows from Financing	7,156	-701	-419	-757	-881	-1,507	-1,894	-2,079
Total cash & liquid investments	11,981	9,879	14,460	14,494	15,320	18,222	22,979	28,916

Financial Summary

	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Key variables								
Number of resumes in Naukri (mn)	41	46	51	56	62	68	75	82
Number of paid listings in 99acres (000')	964	1,098	1,038	1,153	1,268	1,395	1,535	1,688
Number of profiles loaded in Jeevansathi (mn)	7	8	9	8	9	10	11	12
Growth ratios								
Revenue	20.9%	18.3%	10.9%	14.1%	20.0%	19.8%	17.4%	17.2%
EBITDA	9.2%	-13.3%	44.0%	30.7%	14.8%	32.3%	32.2%	22.4%
Adj PAT	50.2%	-26.7%	44.4%	-10.8%	54.5%	47.1%	28.9%	22.9%
Margin ratios								
Gross	55.6%	52.5%	51.1%	55.5%	56.2%	56.3%	57.1%	57.3%
EBITDA	29.8%	21.8%	28.4%	32.5%	31.1%	34.3%	38.6%	40.3%
Adj PAT	26.8%	21.2%	26.0%	29.9%	28.7%	31.5%	34.6%	36.2%
Performance ratios								
Pre-tax OCF/EBITDA	101.4%	121.0%	139.2%	145.5%	126.1%	124.3%	121.4%	119.5%
OCF/IC (%)	13.8%	8.1%	16.5%	20.7%	19.4%	26.6%	37.4%	49.7%
RoE (%)	13.5%	8.9%	11.1%	13.4%	14.2%	16.9%	19.3%	20.8%
ROCE (%)	13.7%	8.9%	11.1%	13.4%	14.2%	16.9%	19.3%	20.8%
RoCE (Pre-tax)	19.9%	12.8%	14.2%	18.2%	19.5%	22.5%	25.8%	27.7%
RoIC (Pre-tax)	16.4%	10.2%	14.7%	18.6%	19.8%	27.0%	39.4%	53.9%
Fixed asset turnover (x)	7.2	8.2	10.5	16.2	20.0	23.7	29.4	36.8
Total asset turnover (x)	0.5	0.4	0.4	0.4	0.5	0.5	0.5	0.6
Financial stability ratios								
Net Debt to Equity (x)	-0.7	-0.6	-0.7	-0.7	-0.7	-0.7	-0.8	-0.9
Net Debt to EBITDA (x)	-6.6	-6.3	-6.4	-4.9	-4.5	-4.0	-3.9	-4.0
Interest cover (x)	47	N.A	N.A	N.A	N.A	N.A	N.A	N.A
DSO days	6	6	3	2	2	2	2	2
Working capital days	-40	-23	-35	-39	-40	-40	-40	-40
Valuation metrics								
Fully Diluted Shares (mn)						122	122	122
Market cap (Rs.mn)						2,35,139	2,35,139	2,35,139
P/E (x)	135.8	152.0	111.8	85.5	74.6	56.8	44.0	35.8
P/OCF(x)	169.0	215.4	102.9	76.6	74.9	55.5	43.0	35.9
EV (Rs.mn)	2,22,947	2,25,048	2,20,468	2,20,433	2,19,608	2,16,705	2,11,948	2,06,011
EV/ EBITDA (x)	122.3	142.4	96.9	74.1	64.3	48.0	35.5	28.2
EV/ OCF(x)	160.4	206.3	96.6	71.9	70.0	51.2	38.8	31.5
FCF Yield				1.2%	1.2%	1.7%	2.2%	2.7%
Price to BV (x)	14.1	13.3	11.8	11.1	10.1	9.1	8.0	6.9
Dividend pay-out (%)	21.1%	15.8%	29.0%	29.7%	23.2%	30.2%	29.3%	26.2%
Dividend yield (%)	0.2%	0.1%	0.3%	0.3%	0.3%	0.5%	0.7%	0.7%

Crystal Ball Gazing

Info Edge's revenues and PAT to grow at a CAGR of 18.1% and 27.6% respectively during FY19-22E driven by growth in Naukri business, while EBITDA margins are likely to expand to 40.3% in FY22 vs. 31.1% in FY19.

Revenue growth of c.18%

Higher EBITDA margins will result in

Strong growth and higher margins will drive

Strong revenue growth primarily driven by recruitment business



Improved ROEs and higher cash flow from operations



Higher multiple

	FY07-FY11	FY11-FY14	FY14-FY19	FY19-FY23E
Revenues CAGR	20.5%	19.8%	16.8%	14.4%
Gross Margin	59.5%	59.2%	54.2%	57.1%
EBITDA CAGR	27.9%	18.8%	15.4%	22.5%
EBITDA margin	30.0%	35.0%	28.7%	38.5%
EPS CAGR	0.3%	33.7%	13.4%	21.7%
Total Asset Turnover (x)	0.8	0.7	0.4	0.5
Total WC days	-73	-65	-35	-40
Pre-tax OCF/EBITDA (%)	99.1%	100.3%	126.7%	125.4%
Post Tax OCF as a % of IC	129.5%	28.0%	15.7%	45.5%
Net Debt/EBITDA	-2.9	-2.4	-5.7	-4.1

	FY07-FY11	FY11-FY14	FY14-FY19	FY19-FY23E
RoE (%)	18.0%	21.1%	12.2%	19.0%
RoCE (%)	18.3%	21.3%	12.3%	19.0%
RoIC (%)	38.6%	24.8%	12.6%	33.0%
Average 1 yr fwd				
PE (x)	31.6	28.4	47.0	53.2
EV/EBITDA (x)	22.7	21.2	38.1	41.4
Peak 1 yr fwd				
PE (x)	39.8	42.6	68.5	68.7
EV/EBITDA (x)	28.0	32.2	51.3	51.3

EV/Sales	FY23E sales (mn)	Price target
14	18,828	2,876
16	18,828	3,259

Entry = Rs. 1,980@ 13.7x FY21E EV/Sales



Cumulative Dividends of Rs. 53



Exit multiple of 16x FY23 EV/Sales



TOTAL RETURN OF 72%

ONE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- We reiterate our positive outlook and BUY rating on TeamLease, despite a tepid performance in 4QFY19, as we expect revenue from general staffing segment (90% of revenue mix) to grow at a CAGR of ~22% during FY19-21E, while margin uptick would be primarily driven by Specialized staffing (~7% of revenue mix) and HR services segments.
- Considering the exit revenue run rate in FY19, which is lower than our expectations, and inclusion of revenue from eCentric solutions from FY20E (1.8% yoy inorganic revenue growth), we marginally lower our revenue growth expectations by 0.7-0.8% during FY20/21E. We now expect overall revenue to grow at a CAGR of ~22% yoy during FY19-21E primarily led by growth in general staffing segment, which in turn is expected to be led by increase in volumes.
- The EBITDA margins for eCentric solutions (~34% of IT staffing revenue in FY20E) is ~7% compared to ~12% for other business verticals of IT staffing segment. Thus, we expect margins for IT staffing segment to decline to ~9.5% in FY20E from ~12% in FY19 and improve to 10% by FY21E. However, we expect an improvement in overall margins (~60bps during FY19-21E) for the company led by uptick in margins in Telecom segment and HR services segment, while General staffing segment is likely to witness moderate improvement in margins led by productivity gains (core/associate at 270 in 4QFY19 vs. 220 in 4QFY18).
- The derived pre-tax OCF for FY19 stood at negative Rs. 30mn led by higher TDS deduction (~ Rs. 870mn), as Teamlease was unable to get the TDS Certificate (which is required for TDS deduction at lower rate) from the Income Tax department due to the change in registered office from Mumbai to Bangalore. As ~95% of the revenue is in the form of pass through costs (salaries to associates), TDS certificate helps flexi staffing companies to manage their cash flows. Adjusted for this, the Post tax OCF to EBITDA for FY19 stood at ~90%. We expect this to reverse in FY21 post completion of assessment and thus our pre tax OCF to EBITDA conversion increases from 100% in FY20E to 152% in FY21E.

VALUATION MULTIPLES ▲

- We value Teamlease using P/E multiple of 40x (37x earlier) based on our tax adjusted Mar-21 EPS and arrive at one year forward target price of Rs. 3,640.

FINANCIAL SUMMARY

Year	Revenues (Rs. mn)	EBITDA margins	EPS (Rs.)	P/E (x)	EV/EBITDA (x)	ROE (x)
FY19	44,476	2.1%	57.3	54.7	55.6	20.0%
FY20E	54,780	2.7%	88.9	35.3	35.3	25.4%
FY21E	65,897	2.8%	113.8	27.5	26.9	26.4%
FY22E	78,820	2.9%	150.8	20.8	20.8	28.1%

THREE YEAR OUTLOOK

BUSINESS & EARNINGS ◀▶

- We maintain our positive outlook on flexi staffing industry, as we believe the industry would benefit from 1) onset of GST resulting in consolidation and 2) Increase in flexi-staffing penetration in India (~0.5% of workforce vs. global average of 1.6%) across various sectors. With GST, the unorganized players would no longer be able to play the price arbitrage, resulting in clients preferring organized players over unorganized players. We expect revenues of TeamLease to grow by ~21% yoy on organic basis over FY19-22E.
- TeamLease derives c.90% of revenues from general staffing segment and the entry into IT staffing space and Telecom staffing space with c.12.0% and c.5-7% EBITDA margins respectively, should drive overall margins upwards. However, the quantum of margin improvement depends on the performance of these acquisitions and potential new acquisitions with high margin profile. Also, we expect an uptick in margins for Other HR services (3% of revenue mix) segment from 6.5% in FY19 to ~8% in FY22E.
- The associate to core employee ratio for TeamLease stood at ~270, compared to ~300 for general staffing segment of Qess Corp, thereby providing further scope to improve the operational efficiencies and acts as an additional lever for the margin improvement. We expect TeamLease to expand the EBITDA margins by ~75bps over FY19-22E.
- The pre-tax OCF to EBITDA for TeamLease has been impressive at an average of ~105% during FY14-17 vs. 36% for Qess Corp. We expect the cash flow conversion to stay healthy at above 100% levels during FY19-22E (except for FY19) post declining in FY18 led by higher working capital days requirement in specialized staffing segment.

VALUATION MULTIPLES ▲

- We use an exit multiple of 37x (35x earlier) based on our tax adjusted FY23 EPS in order to arrive at our 3 year target price

KEY ESTIMATES REVISION

Rs.mn	FY20E			FY21E		
	Old	New	Chg (%)	Old	New	Chg (%)
Revenues	55,218	54,780	-0.8%	66,367	65,897	-0.7%
EBITDA	1,436	1,454	1.3%	1,778	1,815	2.1%
EBITDA margin	2.6%	2.7%	5bps	2.7%	2.8%	8bps
PAT	1,499	1,521	1.5%	1,934	1,947	0.7%
EPS	87.6	88.9	1.5%	113.1	113.8	0.7%

OUTLOOK REVIEW 4QFY19 29 MAY 2019

Industry	FLEXI-STAFFING		
CMP	Rs. 3,135		
Target Price	Rs. 3,640		
Key Stock Data			
Bloomberg	TEAM IN		
Shares o/s	17mn		
Market Cap	Rs. 54bn		
52-wk High-Low	Rs. 3,339-1,990		
3m ADV	Rs. 58mn		
Index	BSE SmallCap		
	Sep'18	Dec'18	Mar'19
Promoters	40.78	40.78	40.78
Institutions	49.60	49.99	51.29
Public	9.62	9.23	7.93

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Quarterly Financial Statement

Quarterly financial results								
Rs. mn\Period	Mar-19	Mar-18	yoy Growth	Dec-18	qoq Growth	FY18	FY19	yoy Growth
Revenues from operations	11,634	9,775	19.0%	11,722	-0.8%	36,241	44,476	22.7%
Other Income	52	12	340.0%	36	43.4%	156	181	15.5%
Total Revenues	11,686	9,787	19.4%	11,759	-0.6%	36,397	44,657	22.7%
Employee benefit expenses	10,961	9,314	17.7%	11,083	-1.1%	34,712	41,972	20.9%
Gross profit	673	461	45.9%	639	5.2%	1,529	2,504	63.8%
Other expenses	415	233	77.9%	394	5.4%	841	1,560	85.5%
EBITDA	257	227	13.1%	245	4.9%	688	944	37.3%
Depreciation & Amortization	25	28	-10.5%	25	0.3%	92	105	14.8%
EBIT	232	200	16.4%	220	5.5%	596	839	40.8%
Finance costs	14	11	28.9%	13	7.0%	25	52	111.8%
PBT	268	197	35.8%	244	10.0%	725	964	32.9%
Tax expense	8	-15	-152.6%	-9	-187.9%	-9	-16	75.4%
PAT before minority and associates	260	212	22.7%	253	3.0%	735	980	33.5%
PAT	260	212	22.7%	253	3.0%	735	980	33.5%
EPS (basic)	15.2	12.4	22.6%	14.8	3.0%	42.9	57.3	33.5%
EPS (diluted)	15.2	12.4	22.6%	14.8	3.0%	42.9	57.3	33.5%
Margins								
Gross margin	5.8%	4.7%	107bps	5.5%	33bps	4.2%	5.6%	141bps
EBITDA margin	2.2%	2.3%	-11bps	2.1%	12bps	1.9%	2.1%	23bps
PAT margin	2.2%	2.2%	7bps	2.2%	8bps	2.0%	2.2%	18bps

Financial Summary

Abridged Financial Statements								
Rs. mn	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Profit & Loss								
Revenue	20,071	25,049	30,419	36,241	44,476	54,780	65,897	78,820
Gross Profit	626	658	1,042	1,529	2,504	2,151	2,556	3,147
EBITDA	241	258	443	688	944	1,454	1,815	2,264
Depreciation	27	30	43	92	105	102	112	124
EBIT	213	228	400	596	839	1,352	1,703	2,139
Other Income	114	154	224	156	181	221	297	493
Interest expense	1	4	11	25	52	52	52	52
Exceptional items	0	0	0	0	0	0	0	0
PBT	326	378	613	725	964	1,521	1,947	2,580
Reported PAT (after minority interest)	308	248	663	735	980	1,521	1,947	2,580
Adj PAT	308	248	663	735	980	1,521	1,947	2,580
EPS (Rs.)	20.1	15.9	38.8	42.9	57.3	88.9	113.8	150.8
Balance Sheet								
Net Worth	1,488	3,116	3,811	4,417	5,391	6,608	8,166	10,230
Deferred Tax liabilities	0	0	0	0	0	0	0	0
Total debt	0	194	11	73	106	106	106	106
Other liabilities and provisions	623	623	968	1,215	1,618	1,749	1,891	2,162
Total Networth and liabilities	2112	3932	4791	5705	7115	8463	10163	12498
Gross Fixed assets	251	339	379	815	830	920	1,028	1,158
Net fixed assets	29	88	77	421	505	537	533	538
Goodwill	24	24	952	952	952	952	952	952
Capital Work in Progress	41.87	0	0	2.189	60.129	60.129	60.129	60.129
Investments	0	0	103	593	414	414	414	414
Cash and bank balances	1,147	2,590	1,593	1,424	1,230	2,433	4,932	6,560
Loans & advances and other assets	1,069	1,878	2,324	3,231	5,030	5,134	4,578	5,461
Net working capital	-200	-646	-259	-921	-1,137	-1,127	-1,366	-1,547
Total assets	2111	3932	4791	5705	7115	8463	10163	12498
Capital Employed	1,488	3,309	3,822	4,490	5,497	6,715	8,272	10,337
Invested Capital (CE- cash-CWIP)	299	720	2,229	3,063	4,207	4,221	3,280	3,717
Net Debt	-1,147	-2,396	-1,685	-1,675	-1,284	-2,487	-4,986	-6,613
Cash Flows								
Cash flows from Operations (Pre-tax)	326	160	523	1,447	(28)	1,471	2,753	1,832
Cash flows from Operations (post-tax)	343	(105)	332	792	(220)	1,167	2,363	1,316
Capex	38	47	903	23	73	90	108	130
Free cashflows	305	(152)	(571)	769	(294)	1,077	2,255	1,186
Free cashflows (post interest costs)	304	(155)	(582)	744	(346)	1,025	2,203	1,134
Cash flows from Investing	(243)	(1,187)	(169)	(235)	107	131	188	364
Cash flows from Financing	(10)	1,569	(412)	(133)	(52)	(52)	(52)	(52)
Total cash & liquid investments	1,147	2,590	1,696	1,747	1,390	2,593	5,092	6,720

Financial Summary

	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Key variables								
General Staffing associate headcount	94,647	1,08,647	1,26,463	1,32,323	1,54,050	1,77,284	2,00,751	2,24,452
IT staffing associate headcount			1,251	1,798	2,147	3,207	3,427	3,647
Core employees (General staffing & IT staffing)	1,057	1,278	1,436	1,554	1,605	1,673	1,651	1,629
Growth ratios								
Revenue	31.2%	24.8%	21.4%	19.1%	22.7%	23.2%	20.3%	19.6%
EBITDA	99.7%	7.2%	71.7%	55.4%	37.3%	54.0%	24.8%	24.7%
Adj PAT	73.3%	-19.4%	167.5%	10.7%	33.5%	55.2%	28.0%	32.5%
Margin ratios								
Gross	3.1%	2.6%	3.4%	4.2%	5.6%	3.9%	3.9%	4.0%
EBITDA	1.2%	1.0%	1.5%	1.9%	2.1%	2.7%	2.8%	2.9%
Adj PAT	1.5%	1.0%	2.2%	2.0%	2.2%	2.8%	2.9%	3.3%
Performance ratios								
Pre-tax OCF/EBITDA	135.7%	62.0%	118.1%	210.4%	-2.9%	101.2%	151.6%	80.9%
OCF/IC (%)	114.5%	-14.6%	14.9%	25.9%	-5.2%	27.6%	72.1%	35.4%
RoE (%)	23.1%	10.8%	19.2%	17.9%	20.0%	25.4%	26.4%	28.1%
ROCE (%)	23.1%	10.4%	18.9%	18.3%	20.8%	25.8%	26.7%	28.3%
RoCE (Pre-tax)	24.5%	15.9%	17.5%	18.1%	20.4%	25.8%	26.7%	28.3%
RoIC (Pre-tax)	68.4%	44.7%	27.1%	22.5%	23.1%	32.1%	45.4%	61.2%
Fixed asset turnover (x)	416.6	428.6	368.4	145.3	96.0	105.1	123.3	147.2
Total asset turnover (x)	10.8	8.3	7.0	6.9	6.9	7.0	7.1	7.0
Financial stability ratios								
Net Debt to Equity (x)	-0.8	-0.8	-0.4	-0.4	-0.2	-0.4	-0.6	-0.6
Net Debt to EBITDA (x)	-4.8	-9.3	-3.8	-2.4	-1.4	-1.7	-2.7	-2.9
Interest cover (x)	246.6	-26.7	30.3	32.1	-4.2	22.3	45.2	25.2
DSO days	18	27	28	28	27	27	27	27
Working capital days	(1)	(1)	2	(6)	(6)	(4)	(4)	(3)
Valuation metrics								
Fully Diluted Shares (mn)						17.1	17.1	17.1
Market cap (Rs.mn)						53,629	53,629	53,629
P/E (x)	156.1	196.9	80.8	73.0	54.7	35.3	27.5	20.8
P/OCF(x)	156.4	-511.9	161.5	67.7	-243.3	46.0	22.7	40.8
EV (Rs.mn)	52,482	51,233	52,047	52,278	52,505	51,303	48,803	47,176
EV/ EBITDA (x)	218.2	198.7	117.6	76.0	55.6	35.3	26.9	20.8
EV/ OCF(x)	153.1	-489.0	156.7	66.0	-238.2	44.0	20.7	35.8
FCF Yield				1.4%	-0.5%	2.0%	4.2%	2.2%
Price to BV (x)	36	17	14.1	12.1	9.9	8.1	6.6	5.2
Dividend pay-out (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Crystal Ball Gazing

TeamLease revenues and PAT are expected to grow at a CAGR of 21% and 38% respectively over FY19-22E, while the EBITDA margins are likely to expand to 2.9% in FY22E from 2.1% in FY19. The expansion in EBITDA margins is driven by economies of scale and increased contribution of high margin IT staffing and telecom staffing business to the overall revenues. The revenue growth over the next 3 years is driven by consolidation in the industry, with the onset of GST, and increased flexi-staffing penetration across sectors

Revenue growth of c.21%

Improving EBITDA margins will result in

High growth and increasing margins will result in

Revenue growth driven by consolidation in industry with the onset of GST and increased adoption of flexi staff across sectors

Higher cash flow from operations

Higher multiple

	FY11-FY14	FY14-FY18	FY18-FY22E
Revenues CAGR	30.6%	23.8%	20.4%
Gross Margin	2.7%	3.8%	4.0%
EBITDA CAGR	-167.6%	51.0%	31.0%
EBITDA margin	-0.8%	1.5%	2.8%
EPS CAGR	-170.4%	37.7%	34.9%
Total Asset Turnover (x)	9.7	8.0	6.9
Total WC days	-2	-2	-4
Pre-tax OCF/EBITDA (%)	112.0%	104.7%	105.3%
Post Tax OCF as a % of IC	-32.5%	27.1%	44.8%
Net Debt/EBITDA	0.9	-4.3	-2.6

	FY11-FY14	FY14-FY18	FY18-FY22E
RoE (%)	-4.7%	18.2%	27.0%
RoCE (%)	-3.8%	18.3%	27.3%
RoIC (%)	-52.6%	33.9%	51.6%
Average 1 yr fwd			
PE (x)	NA	34.3	38.0
EV/EBITDA (x)	NA	31.8	38.6
Peak 1 yr fwd			
PE (x)	NA	48.7	48.7
EV/EBITDA (x)	NA	50.0	50.0

P/E multiple	FY23E EPS (mn)*	Price target
35	152	5,320
37	152	5,624

*Post tax adjustment

Entry = Rs. 3,135@ 27.5x FY21E EPS

Cumulative Dividends of Rs. 0

Exit multiple of 40x FY23EPS

TOTAL RETURN OF 70%

Global Indices	Equity Performance (%)					YTD	Chg. from 52WH	Chg. from 52WL
	Today	1m	3m	6m	12m			
Developed								
US (Dow Jones)	25,586	-3.6	-1.5	3.4	3.4	9.7	-5.1	17.8
UK (FTSE100)	7,269	-2.1	2.3	3.6	-6.0	8.0	-6.7	11.2
Japan (Nikkei 225)	21,260	-4.5	-0.6	-4.5	-4.9	6.2	-13.0	12.2
Germany (DAX)	12,027	-2.3	4.4	6.4	-6.5	13.9	-8.7	17.0
BRICS								
Brazil (IBOV)	96,465	0.2	0.9	8.1	28.0	9.8	-4.0	39.7
Russia (IMOEX)	2,610	1.8	5.0	9.6	12.9	10.1	-1.4	19.0
India (Sensex)	39,750	1.7	10.8	11.3	13.0	10.2	-0.9	19.4
China (SHCOMP)	2,910	-5.0	-1.1	13.3	-6.7	16.7	-11.5	19.2
South Africa (Jalsh)	54,432	-7.6	-2.8	4.9	-4.3	3.2	-9.7	8.8
Asian								
HK (H S I)	27,391	-8.4	-4.3	3.6	-10.1	6.0	-13.1	11.6
Korea (Kospi)	2,049	-7.6	-6.7	-3.1	-16.6	0.4	-17.4	3.2
Singapore (Straits)	3,165	-7.1	-1.5	1.8	-10.0	3.1	-10.3	7.1
Malaysia (KLCI)	1,615	-1.4	-5.5	-4.8	-9.1	-4.5	-11.6	2.7
Indonesia (Jakarta)	6,033	-6.1	-6.4	-1.2	-0.6	-2.6	-9.1	8.6
Commodities								
	Performance (%)							
Brent (\$/bbl)	70.3	-2.6	6.4	19.6	-6.7	30.6	-19.0	40.8
WTI (\$/bbl)	59.4	-6.3	1.5	15.8	-6.3	25.5	-21.1	34.3
Copper (\$/MT)	5,932	-8.0	-9.0	-4.9	-13.5	-0.3	-19.0	2.1
Zinc (\$/MT)	2,721	-4.5	-0.8	4.1	-10.4	8.0	-16.4	19.1
Aluminium (\$/MT)	1,771	-4.6	-6.3	-8.6	-22.3	-4.9	-24.0	2.0
Iron Ore (\$/MT)	100	14.9	23.4	53.4	61.3	41.5	0.0	72.6
Lead (\$/MT)	1,815	-4.8	-12.0	-6.6	-27.0	-9.6	-28.7	2.7

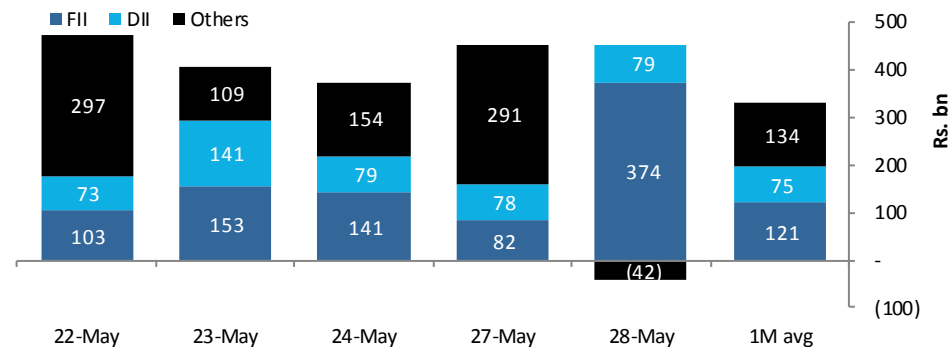
Currency	Currency Performance (%)					Chg. from 52WH
	Today	1m	3m	6m	12m	
Developed						
Dollar Index#	97.9	-0.1	1.9	1.2	3.9	-0.4
Pound	1.3	-2.1	-4.5	-1.3	-4.9	-6.0
Yen	109.5	1.9	1.7	3.8	-0.1	-4.4
Euro	1.1	-0.2	-1.8	-1.7	-3.9	-5.8
BRICS						
Real	4.0	-2.0	-6.6	-4.2	-7.1	-4.5
Ruble	64.7	-0.3	2.0	3.7	-3.6	-8.7
Rupee	69.7	0.5	1.5	1.3	-3.2	-6.4
Renminbi	6.9	-2.6	-3.1	0.6	-7.4	-1.0
Rand	14.7	-2.7	-4.3	-6.4	-15.3	-6.3
Asian						
HK Dollar	7.8	-0.1	0.0	-0.3	-0.1	0.0
Won	1,186.3	-2.3	-5.2	-5.0	-9.5	-0.9
SG Dollar	1.4	-1.2	-1.9	-0.4	-2.6	-0.6
Ringgit	4.2	-1.3	-2.9	0.3	-4.9	-0.3
Ind Rupiah	14,375.0	-1.2	-2.1	1.1	-2.6	-5.9
Commodities						
	Performance (%)					
Indonesian Coal (\$/MT)	81.9	-7.9	-10.8	-16.4	-8.6	-24.1
S Africa Coal (\$/MT)	61.0	-7.6	-6.9	-16.7	-26.4	NA
Australia Coal (\$/MT)	61.8	-0.6	-4.4	-11.9	-25.4	NA
Gold Spot \$/Oz	1,278	-0.2	-2.7	4.6	-1.6	-5.1
GOLD INDEX (Rs./10g)	31,710.0	-0.2	-4.6	4.3	2.6	-6.0
Silver Spot \$/Oz	14.3	-3.9	-8.1	0.1	-12.9	-17.2
MCX Silver (Rs./KG)	36,225.0	-3.5	-9.1	1.4	-8.0	-12.4

Particulars	Today	1D	1M	3M	6M	12M
Liquidity (Rs. Bn)						
Reverse Repo	86	296	425	184	198	368
Repo	114	183	86	30	40	39
MSF	1	16	10	6	0	-
Net liquidity*	341	320	616	1,091	820	(100)
Money Market Rates						
		Change in BPS				
NSE MIBOR	6.78	(7)	(55)	(42)	(99)	(136)
1M CP	7.74	-	86	83	118	118
3M CP	7.44	-	-	-	-	-
6M CP	7.67	4	(34)	39	82	67
3M CD	7.26	-	11	(23)	(87)	(108)
6M CD	7.46	9	24	(19)	(81)	(101)
12M CD	7.62	3	17	(25)	(71)	(104)
Bond Market						
		Change in BPS				
India 10 yr	7.15	(2)	(26)	(26)	(50)	(59)
US 10 yr	2.27	(5)	(23)	(44)	(79)	(66)
Spread (India 10Y-US10Y)	488					
India 10YR AAA corp	8.29	(2)	(24)	(43)	(44)	(15)
Spread (India 10Y-AAA10Y)	115					
91D T.Bills	6.36	(4)	4	(4)	(46)	4
1YT.Bills	#N/A N/A					
Call rate	5.87	(7)	(25)	(33)	(49)	1
LIBOR, MIFOR						
		Change in BPS				
LIBOR	2.43	(10)	(12)	(19)	26	35
MIFOR	6.48	(12)	(15)	(38)	5	(30)
OIS	5.89	3	6	5	11	(6)
12m OIS fwd	5.84	(2)	(31)	(42)	(110)	(91)

* Positive number represents liquidity deficiency/Negative number represents surplus – in the system

Market Activity FII & DII - Provisional (INR Bn)						
Last 5 Day	FII Buy	FII Sell	Net	DII Buy	DII Sell	Net
28-May-19	184.7	189.7	-5.0	40.9	38.2	2.7
27-May-19	47.3	35.2	12.2	37.4	40.7	-3.3
24-May-19	80.6	60.3	20.3	38.4	40.4	-2.0
23-May-19	83.4	69.9	13.5	67.8	73.7	-5.9
22-May-19	46.9	56.5	-9.7	35.8	37.4	-1.6

NSE / BSE Category wise turnover



Nifty Top 10 Deliveries

Rank	Company	Delivery %	30D Del. %	Price Chg
1	WIPRO LTD	64.8	51.2	0.9%
2	HDFC BANK LIMITED	63.2	60.2	0.3%
3	TECH MAHINDRA LTD	60.6	52.6	1.5%
4	ITC LTD	60.3	57.8	-0.7%
5	POWER GRID CORP OF INDIA LTD	60.1	67.2	1.5%
6	TATA CONSULTANCY SVCS LTD	59.7	47.2	0.9%
7	HINDUSTAN UNILEVER LTD	59.3	60.9	0.3%
8	HOUSING DEVELOPMENT FINANCE	58.3	60.7	-0.8%
9	ASIAN PAINTS LTD	57.4	51.8	-0.2%
10	INFOSYS LTD	57.0	59.9	2.8%

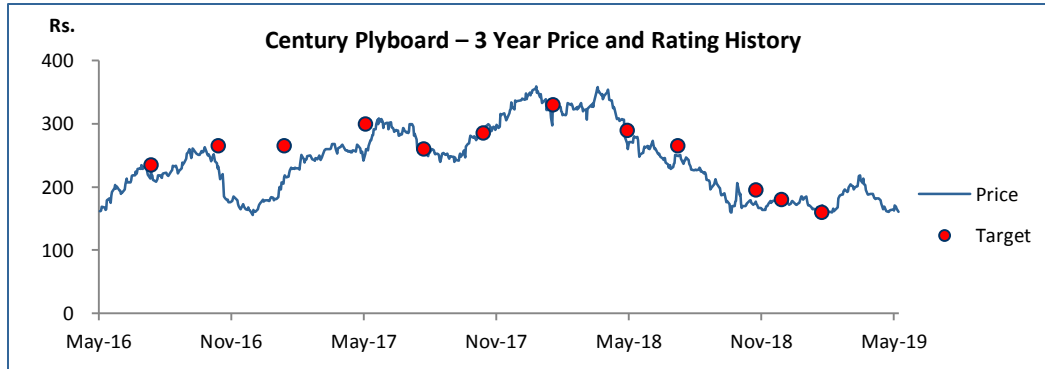
Bulk Deals (INR Mn)

Date	Script	Client Name	Type	Price
24-May-19	GRUH	HOUSING DEVELOPMENT FINANCE CORPORATIO	SELL	1,41,00,000
24-May-19	GRUH	NOMURA INDIA INVESTMENT FUND MOTHER FUN	BUY	89,51,807
24-May-19	GRUH	HDFC LTD.	SELL	70,96,774
24-May-19	GRUH	HOUSING DEVELOPMENT FINANCE CORPORATIO	SELL	1,13,90,000
24-May-19	GRUH	SOCIETE GENERALE	BUY	51,94,758

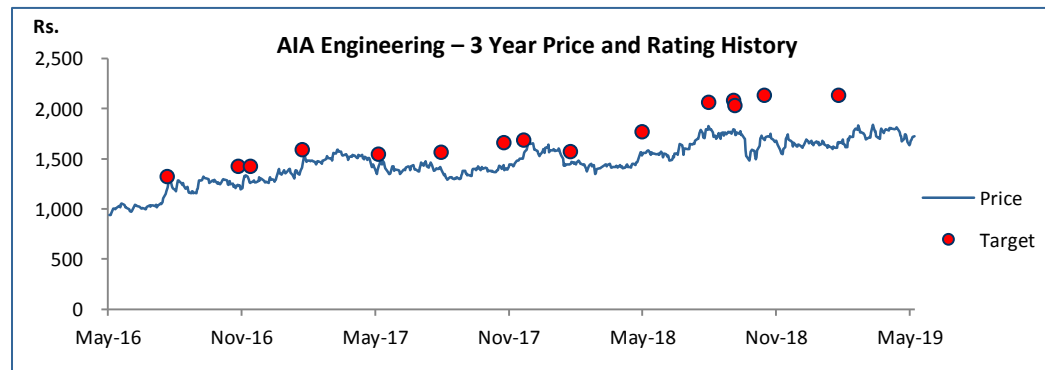
Company	Price	Returns (%)				Delivery Volume ('000)	% inc/dec to 30D avg	Delivery %	PE (All sectors) & P/ABV (Banks)		EV/EBITDA (x)		Rating
		1D	1M	3M	1Y				FY18	FY19E	FY18	FY19E	
Automobiles & Logistics													
AMARA RAJA BATTERIES LTD	638	(0.1)	(4.3)	(11.0)	(19.4)	399.3	1.5	50.9	22.7	22.1	11.8	10.9	Add
GATEWAY DISTRI PARKS LTD	151	13.9	9.7	40.6	(24.5)	274.2	1.4	42.0	9.5	9.5	7.3	5.7	Buy
MAHINDRA LOGISTICS LTD	515	1.9	(4.2)	17.9	(11.3)	11.3	(1.0)	68.5	51.2	36.9	27.0	20.7	Add
SKF INDIA LTD	1924	3.1	(2.9)	(0.6)	9.3	14.5	(1.0)	76.9	33.4	29.7	20.8	18.5	Buy
VRL LOGISTICS LTD	302	12.7	13.0	24.3	(17.4)	72.9	(1.0)	23.3	27.5	23.5	12.6	11.3	Buy
VST TILLERS TRACTORS LTD	1226	9.5	(5.3)	(12.9)	(53.3)	9.1	(1.0)	69.8	10.0	24.4	7.2	20.7	Add
WABCO INDIA LTD	6297	1.4	0.2	(7.5)	(15.5)	11.0	1.2	66.1	43.9	39.7	28.3	25.3	Reduce
Consumption & Media													
ARVIND LTD	78	(0.3)	(9.6)	2.8	(43.5)	701.7	(0.9)	28.2	7.7	5.8	4.9	5.3	Review
BAJAJ CONSUMER CARE LTD	345	2.5	4.3	(1.5)	(25.7)	115.9	#DIV/0!	79.0	32.2	20.1	25.7	15.5	Buy
BERGER PAINTS INDIA LTD	303	(2.3)	(5.2)	(0.6)	1.7	518.6	1.2	53.5	95.0	80.3	30.9	27.7	Add
INDIAN TERRAIN FASHIONS LTD	113	2.7	(13.6)	(5.5)	(36.8)	15.2	1.3	60.6	18.7	10.9	2.5	1.7	Reduce
JYOTHY LABORATORIES LTD	175	3.3	(2.2)	(2.7)	(18.2)	1194.3	1.8	79.4	19.1	18.5	12.8	13.3	Add
KEWAL KIRAN CLOTHING LTD	1288	3.7	(3.1)	9.4	(14.3)	0.4	(0.5)	63.6	20.6	15.6	11.5	11.1	-
LA OPALA RG LTD	206	4.4	0.1	5.0	(22.4)	24.2	0.0	61.2	33.1	30.1	10.4	8.1	Add
SUN TV NETWORK LTD	537	1.3	(6.5)	(11.7)	(42.9)	100.7	(1.0)	6.2	17.8	13.2	10.6	8.9	Buy
WONDERLA HOLIDAYS LTD	306	1.9	(2.1)	10.1	(11.8)	4.1	(1.0)	73.6	40.8	32.4	22.2	17.6	Buy
V.I.P. INDUSTRIES LTD	440	(0.4)	(6.9)	7.8	6.5	131.8	(1.0)	42.1	56.1	42.4	53.0	36.2	Add
Capital Goods & Infra													
AIA ENGINEERING LTD	1724	(1.8)	(4.4)	0.5	8.9	33.3	(1.0)	62.8	35.3	30.9	23.4	27.5	Buy
AHLUWALIA CONTRACTS LTD	358	2.5	10.4	22.6	(10.6)	2.0	(1.0)	57.8	17.8	14.1	12.5	9.7	Add
ASHOKA BUILDCON LTD	144	12.7	13.0	21.6	(16.7)	488.3	32.1	50.5	NA	152.7	8.8	7.6	Buy
BLUE STAR LTD	791	2.5	20.1	27.5	12.6	150.4	(0.1)	79.3	41.0	38.3	25.8	21.4	Buy
CARBORUNDUM UNIVERSAL LTD	379	3.7	2.3	1.9	8.2	790.9	12.6	88.3	30.9	27.0	16.6	15.1	Buy
ELGI EQUIPMENTS LTD	282	7.2	5.9	6.4	(2.2)	123.6	(1.0)	55.0	40.4	38.8	28.5	22.9	Sell
KNR CONSTRUCTIONS LTD	291	6.6	17.8	45.4	(3.1)	184.2	(1.0)	53.6	12.3	16.7	13.9	8.4	Buy
TRIVENI TURBINE LTD	109	(0.6)	1.3	6.9	(0.8)	22.7	(1.0)	48.7	39.2	32.5	24.4	25.7	Add
V-GUARD INDUSTRIES LTD	224	6.8	2.4	9.0	(2.9)	878.6	3.2	30.9	65.1	47.0	41.0	45.8	Add
VOLTAS LTD	588	1.0	(3.4)	3.9	8.3	606.5	(0.9)	37.6	31.0	29.2	27.7	22.8	Add

Company	Price	Returns (%)				Delivery Volume ('000)	% inc/dec to 30D avg	Delivery %	PE (All sectors) & P/ABV (Banks)		EV/EBITDA (x)		Rating	
		1D	1M	3M	1Y				FY18	FY19E	FY18	FY19E		
Cement, Building Material & Real Estate														
DALMIA BHARAT LTD	1214	7.1	5.7	5.2	N/A	N/A	505.9	5.5	89.4	72.4	68.6	12.0	12.2	Add
ASTRAL POLY TECHNIK LTD	1297	5.1	6.4	20.0	35.1	246.8	(1.0)	55.5	73.9	57.7	46.9	38.9	Reduce	
SOMANY CERAMICS LTD	430	1.5	5.8	32.2	(20.9)	38.3	(1.0)	68.3	20.9	32.0	7.9	10.2	Add	
RAMCO CEMENTS LTD/THE	820	0.7	4.7	22.3	3.9	341.3	1.5	62.4	25.9	30.0	13.3	14.2	Reduce	
SOBHA LTD	537	1.2	9.6	22.6	2.9	159.6	(1.0)	68.6	18.8	14.3	11.6	9.6	Buy	
Financials														
CHOLAMANDALAM INVESTMENT AND	1496	0.8	6.3	21.5	(3.1)	86.5	(0.2)	21.7	4.2	3.5	4.2	3.5	Sell	
CITY UNION BANK LTD	217	1.8	7.9	18.0	29.6	669.3	0.1	72.8	2.9	2.4	2.9	2.4	Buy	
EQUITAS HOLDINGS LTD/INDIA	141	2.8	6.9	23.8	NA	1050.7	(0.8)	44.8	2.0	1.7	2.0	1.7	Add	
FEDERAL BANK LTD	108	1.8	12.4	28.3	23.9	5518.2	0.1	40.7	1.3	1.1	1.3	1.1	Buy	
KARUR VYSYA BANK LTD	78	(2.4)	(0.8)	12.9	(15.1)	6968.9	5.6	83.0	3.6	1.4	3.6	1.4	Reduce	
REPCO HOME FINANCE LTD	420	(0.0)	(2.4)	25.3	(29.6)	57.3	(0.1)	29.4	2.6	2.2	2.6	2.2	Add	
SHRIRAM CITY UNION FINANCE	1526	3.8	(10.1)	(6.9)	(28.9)	1.8	(0.9)	74.0	2.3	2.0	2.3	2.0	Buy	
SOUTH INDIAN BANK LTD	15	3.1	(9.5)	12.1	(40.1)	3712.2	(0.2)	26.8	0.7	0.6	0.7	0.6	Buy	
SUNDARAM FINANCE LTD	1503	2.1	2.6	(8.2)	(14.7)	66.1	(1.0)	61.9	3.2	2.5	3.2	2.5	Add	
IT Services														
CYIENT LTD	565	2.6	(3.1)	(12.0)	(26.1)	43.1	(0.6)	48.3	16.7	13.9	13.8	12.2	Buy	
TEAMLEASE SERVICES LTD	3086	7.4	2.9	8.2	15.6	7.9	(1.0)	67.3	67.4	48.0	70.0	47.1	Buy	
INTELLECT DESIGN ARENA LTD	252	0.3	12.0	35.8	19.0	22.4	(0.7)	48.4	NA	20.4	NA	27.7	Buy	
REDINGTON INDIA LTD	95	(2.6)	(1.2)	12.2	(23.4)	176.2	(0.2)	73.5	6.7	8.3	5.7	5.7	Buy	
Pharma														
BIOCON LTD	541	1.2	(12.8)	(12.9)	(20.0)	1734.0	(0.7)	52.2	106.8	48.0	40.9	46.6	Sell	
GRANULES INDIA LTD	115	3.7	0.9	17.5	40.0	545.2	(0.9)	60.7	17.0	11.7	9.7	11.6	Add	
HEALTHCARE GLOBAL ENTERPRISE	197	(2.4)	(2.8)	0.9	NA	17.4	(1.0)	93.5	83.6	NA	47.6	42.4	Reduce	
SYNGENE INTERNATIONAL LTD	683	9.6	12.2	15.8	12.3	705.6	(0.9)	82.1	37.5	35.6	28.7	26.0	Sell	
Oil & Gas														
GUJARAT GAS LTD	176	6.3	11.6	47.9	NA	513.4	(0.9)	60.5	6.3	NA	5.9	4.5	Reduce	
AgroChemicals														
PI INDUSTRIES LTD	1084	(4.7)	4.1	17.6	28.1	71.5	(1.0)	66.6	32.1	26.8	21.4	23.7	Buy	
SHARDA CROP CHEM LTD	361	0.2	(3.8)	0.3	(12.9)	6.2	(1.0)	83.6	14.7	14.4	8.8	8.5	Buy	
COROMANDEL INTERNATIONAL LTD	435	6.2	0.6	(1.6)	(6.0)	207.4	(1.0)	53.4	18.4	17.3	11.8	10.6	Buy	

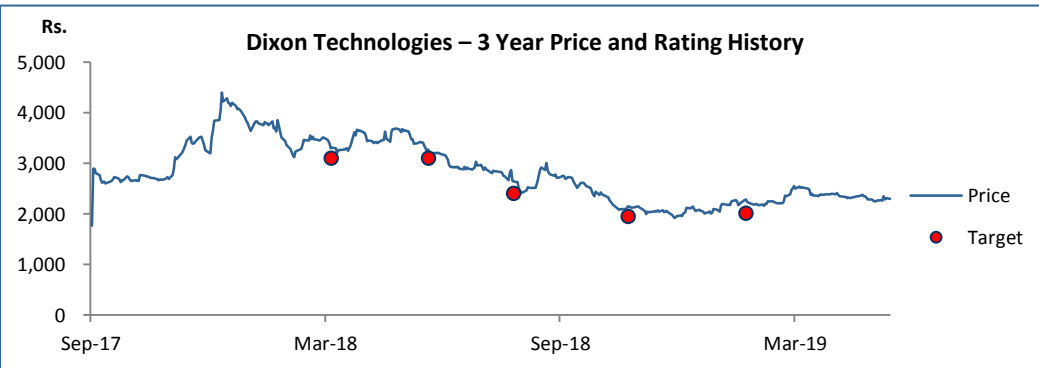
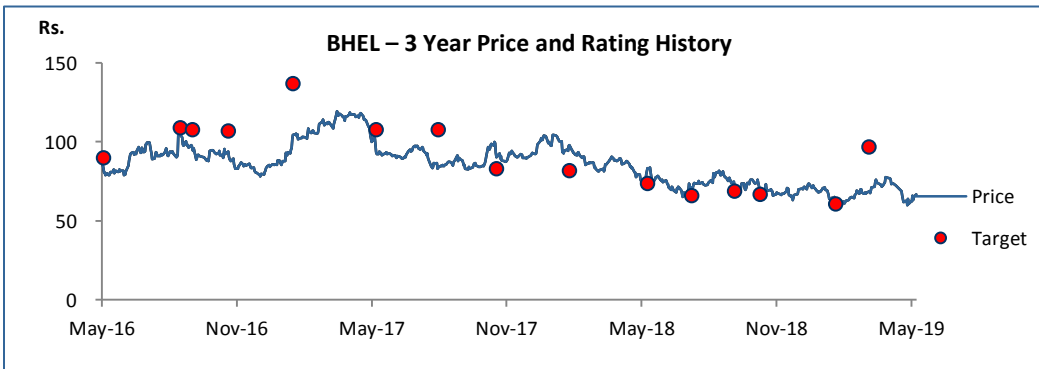
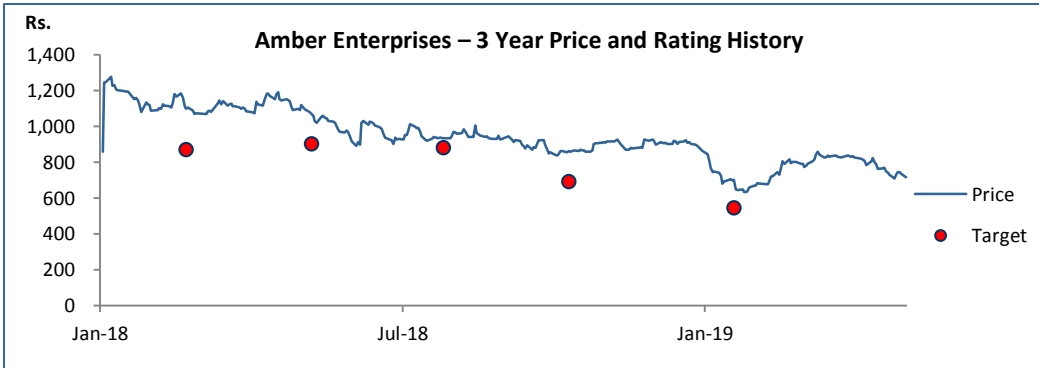
Companies	Result date	Mar 2019 (Spark Capital Estimates)			Mar 2018			YoY Growth		
		Revenues	EBITDA	PAT	Revenues	EBITDA	PAT	Revenues	EBITDA	PAT
NRB Bearings	29-May-2019	2,567	449	235	2,359	428	274	8.8%	5.0%	-14.4%
V-Guard Industries Ltd	29-May-2019	7,597	563	420	6,586	379	276	15.3%	48.8%	52.2%
Grindwell Norton	29-May-2019	4,361	741	480	3,835	726	440	13.7%	2.0%	9.1%
Havells India Ltd	29-May-2019	29,787	3,836	2,577	25,349	3,577	2,348	17.5%	7.2%	9.7%
REPCO Home Finance Ltd*	29-May-2019	1,226	965	551	1,164	1,009	566	5.3%	-4.4%	-2.7%
Cadila Healthcare	29-May-2019	36,298	8,177	4,688	32,502	8,704	5,903	11.7%	-6.0%	-20.6%
Glenmark Pharmaceuticals	29-May-2019	26,079	4,758	2,294	22,798	3,266	1,510	14.4%	45.7%	51.9%
Power Grid	29-May-2019	87,487	76,114	23,621	78,113	65,241	18,461	12.0%	16.7%	28.0%
Greenply Industries	30-May-2019	4,951	584	148	4,371	632	326	13.3%	-7.6%	-54.5%
Berger Paints India	30-May-2019	15,459	2,331	1,336	12,983	2,002	1,062	19.1%	16.5%	25.8%
Ujjivan Microfinance*	30-May-2019	2,791	863	467	2,109	1,326	649	32.3%	-34.9%	-28.1%
Alkem Laboratories Ltd	30-May-2019	17,021	2,604	1,665	15,132	1,138	453	12.5%	NA	NA
Apollo Hospitals	30-May-2019	21,960	2,705	847	18,629	2,135	596	17.9%	26.7%	42.3%
Sadbhav Engineering	30-May-2019	12,443	1,468	793	11,045	1,240	699	12.7%	18.4%	13.6%
KNR Construction	30-May-2019	5,275	1,029	558	6,244	1,207	798	-15.5%	-14.8%	-30.1%
Ahluwalia	30-May-2019	5,561	733	421	4,468	534	310	24.5%	37.3%	35.9%
Coal India	30-May-2019	277,187	77,435	60,056	268,939	1,803	12,797	3.1%	NA	NA
Oil & Natural Gas Corp Ltd	30-May-2019	252,806	139,682	66,269	239,698	113,822	59,149	5.5%	22.7%	12.0%



Report Date	Price	Target	Reco.
07/Feb/19	165	160	Reduce
14/Dec/18	185	180	Reduce
09/Nov/18	175	195	Add
26/Jul/18	250	265	Add
18/May/18	270	290	Add
07/Feb/18	300	330	Add
02/Nov/17	280	285	Add
14/Aug/17	255	260	Add
25/May/17	245	300	Buy
03/Feb/17	205	265	Buy
07/Nov/16	225	265	Buy
05/Aug/16	210	235	Buy
13/May/16	175	210	Buy



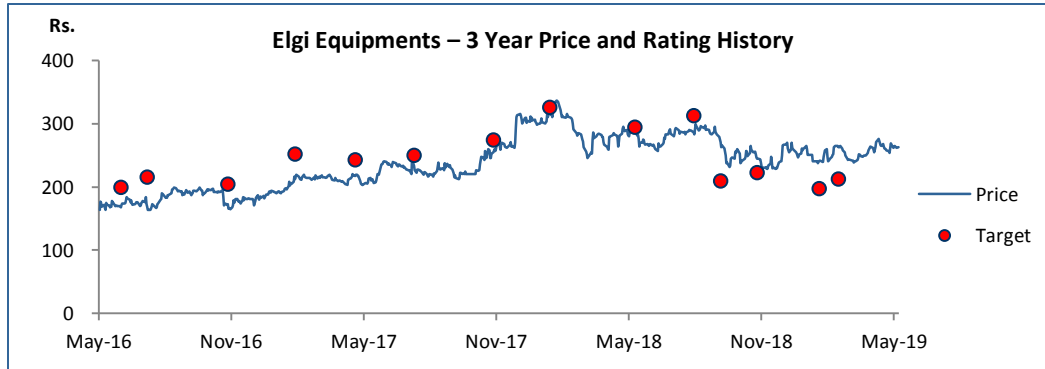
Report Date	Price	Target	Reco.
11/Feb/19	1,659	2,136	Buy
01/Nov/18	1,709	2,136	Buy
24/Sep/18	1,750	2,037	Buy
19/Sep/18	1,750	2,083	Buy
17/Aug/18	1,766	2,063	Buy
21/May/18	1,570	1,772	Buy
12/Feb/18	1,435	1,577	Buy
12/Dec/17	1,505	1,689	Buy
15/Nov/17	1,440	1,666	Buy
22/Aug/17	1,410	1,571	Buy
29/May/17	1,391	1,550	Buy
15/Feb/17	1,392	1,593	Buy
07/Dec/16	1,287	1,430	Buy
18/Nov/16	1,245	1,430	Buy
16/Aug/16	1,175	1,324	Buy
27/May/16	937	1,135	Buy



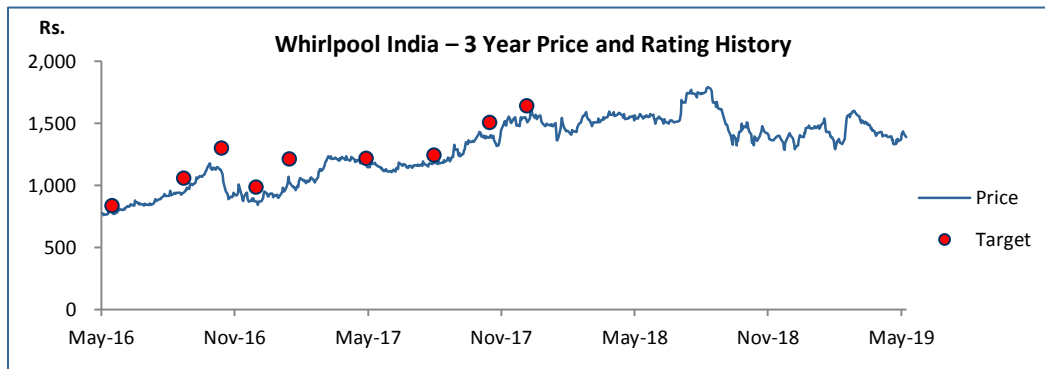
Report Date	Price	Target	Reco.
11/Feb/19	690	545	Sell
02/Nov/18	856	692	Sell
20/Aug/18	973	882	Sell
01/Jun/18	1,081	904	Sell
20/Mar/18	1,181	872	Sell

Report Date	Price	Target	Reco.
20/Mar/19	67	97	Buy
06/Feb/19	59	61	Reduce
26/Oct/18	70	67	Sell
24/Sep/18	75	69	Sell
26/Jul/18	72	66	Sell
30/May/18	85	74	Sell
14/Feb/18	95	82	Sell
08/Nov/17	95	83	Sell
22/Aug/17	124	108	Sell
31/May/17	138	108	Sell
08/Feb/17	154	137	Sell
10/Nov/16	135	107	Sell
26/Sep/16	146	108	Sell
08/Sep/16	156	109	Sell
30/May/16	128	90	Sell

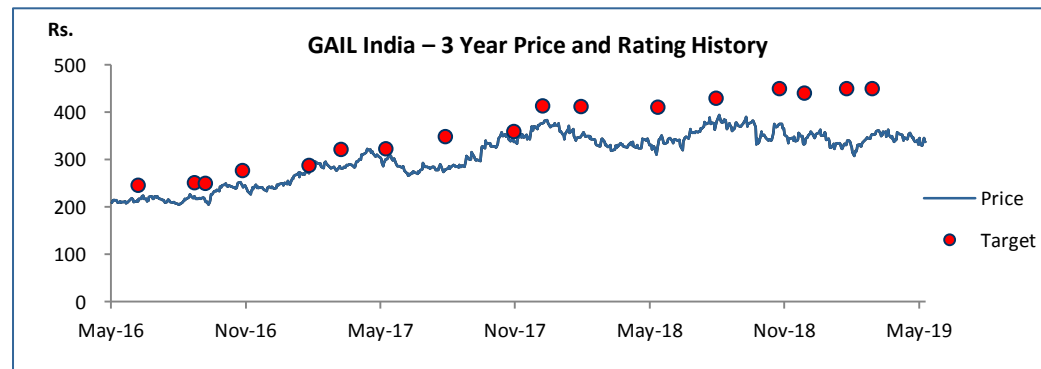
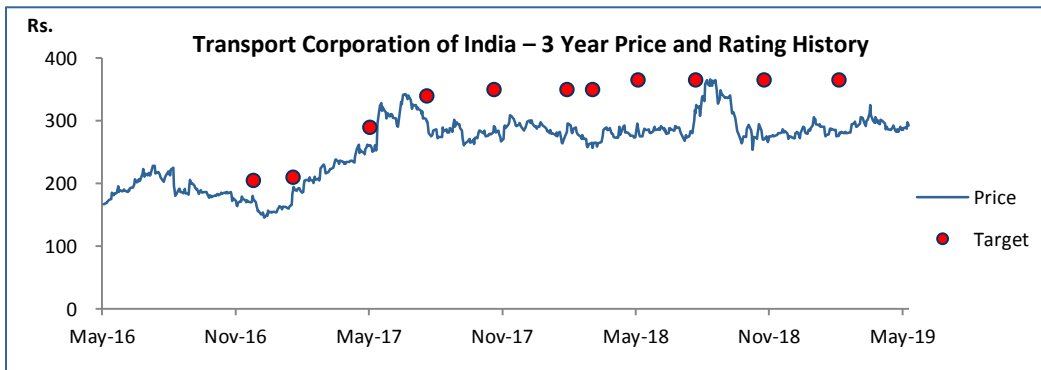
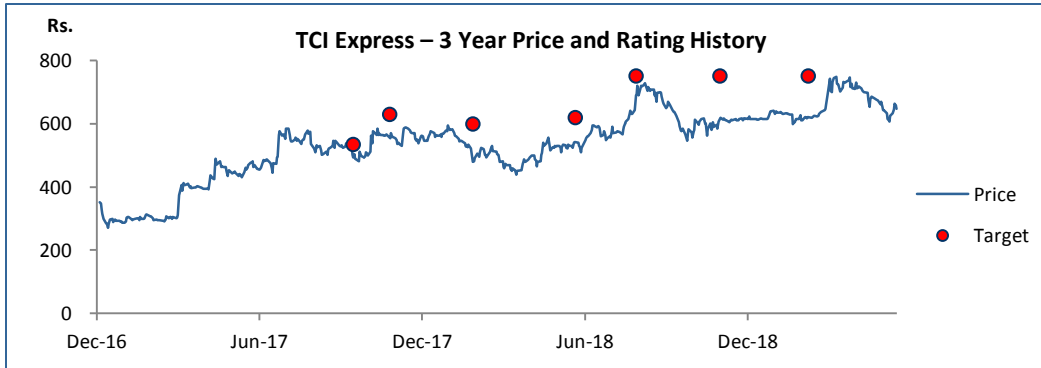
Report Date	Price	Target	Reco.
01/Feb/19	2,257	2,010	Reduce
02/Nov/18	2,114	1,946	Reduce
08/Aug/18	2,644	2,412	Reduce
01/Jun/18	3,407	3,095	Reduce
20/Mar/18	3,389	3,097	Reduce



Report Date	Price	Target	Reco.
01/Mar/19	264	213	Sell
06/Feb/19	236	198	Sell
13/Nov/18	247	223	Sell
24/Sep/18	273	210	Sell
17/Aug/18	290	313	Add
30/May/18	285	295	Add
01/Feb/18	310	326	Add
16/Nov/17	250	274	Add
02/Aug/17	233	250	Add
11/May/17	215	243	Buy
20/Feb/17	217	252	Buy
18/Nov/16	176	205	Buy
02/Aug/16	173	216	Buy
27/Jun/16	169	200	Buy



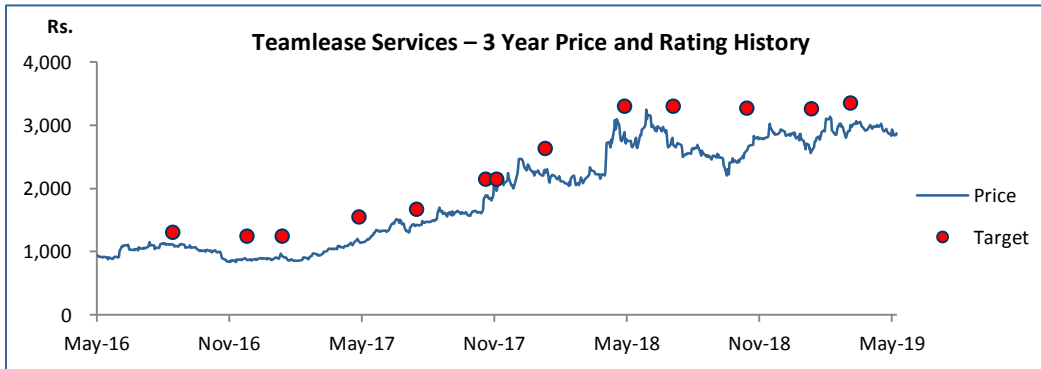
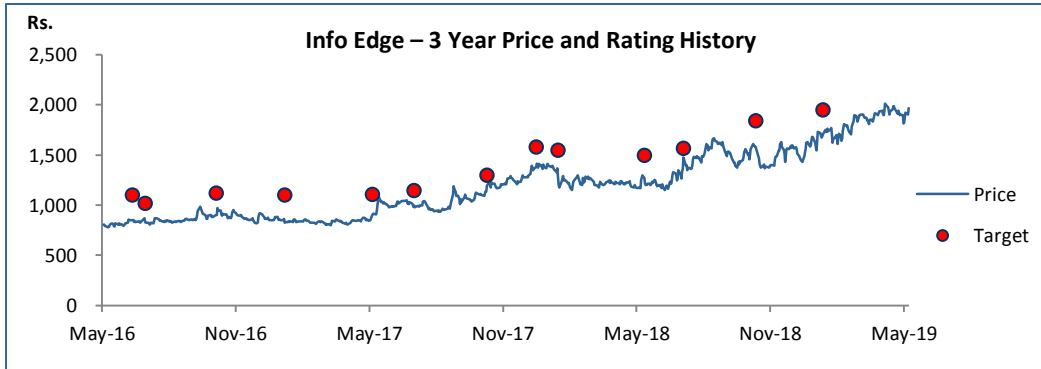
Report Date	Price	Target	Reco.
06/Feb/19	1,463	1,530	Add
05/Nov/18	1,365	1,373	Add
31/Aug/18	1,790	1,833	Add
20/Aug/18	1,730	1,853	Add
14/May/18	1,532	1,573	Add
12/Feb/18	1,455	1,546	Add
26/Dec/17	1,535	1,640	Add
06/Nov/17	1,390	1,505	Add
22/Aug/17	1,190	1,245	Add
22/May/17	1,175	1,215	Add
07/Feb/17	1,070	1,213	Buy
22/Dec/16	891	984	Buy
07/Nov/16	1,124	1,300	Buy
15/Sep/16	920	1,057	Buy
09/Jun/16	788	833	Buy



Report Date	Price	Target	Reco.
13/Feb/19	621	750	Buy
06/Nov/18	607	750	Buy
06/Aug/18	650	750	Buy
30/May/18	541	620	Buy
05/Feb/18	495	600	Buy
03/Nov/17	554	630	Buy
25/Sep/17	497	535	Add

Report Date	Price	Target	Reco.
15/Feb/19	279	365	Buy
06/Nov/18	270	365	Buy
06/Aug/18	317	365	Buy
18/May/18	293	365	Buy
19/Mar/18	265	350	Buy
12/Feb/18	282	350	Buy
06/Nov/17	295	350	Buy
04/Aug/17	300	340	Buy
19/May/17	258	290	Buy
06/Feb/17	183	210	Buy
14/Dec/16	176	205	Buy

Report Date	Price	Target	Reco.
12/Mar/19	352	450	Buy
06/Feb/19	333	450	Buy
11/Dec/18	332	440	Buy
06/Nov/18	372	450	Buy
13/Aug/18	365	430	Buy
28/May/18	319	410	Buy
14/Feb/18	349	413	Buy
21/Dec/17	374	413	Buy
15/Nov/17	342	360	Buy
14/Aug/17	277	349	Buy
25/May/17	294	323	Buy
28/Mar/17	282	322	Buy
13/Feb/17	271	288	Buy
16/Nov/16	244	277	Buy
27/Sep/16	210	250	Buy
09/Sep/16	218	252	Buy
28/Jun/16	213	246	Buy



Report Date	Price	Target	Reco.
30/Jan/19	1,690	1,950	Buy
31/Oct/18	1,578	1,840	Buy
25/Jul/18	1,360	1,570	Buy
31/May/18	1,302	1,500	Buy
05/Feb/18	1,330	1,550	Buy
05/Jan/18	1,375	1,580	Buy
01/Nov/17	1,116	1,300	Buy
25/Jul/17	979	1,150	Buy
30/May/17	883	1,110	Buy
31/Jan/17	853	1,100	Buy
28/Oct/16	891	1,120	Buy
26/Jul/16	861	1,020	Buy
07/Jul/16	843	1,100	Buy
26/May/16	767	1,110	Buy

Report Date	Price	Target	Reco.
22/Mar/19	2,905	3,350	Buy
30/Jan/19	2,520	3,260	Buy
01/Nov/18	2,570	3,270	Buy
25/Jul/18	2,812	3,300	Buy
18/May/18	2,883	3,300	Buy
31/Jan/18	2,275	2,630	Buy
24/Nov/17	2,061	2,150	Buy
09/Nov/17	1,840	2,150	Buy
09/Aug/17	1,429	1,670	Buy
22/May/17	1,170	1,550	Buy
06/Feb/17	939	1,250	Buy
20/Dec/16	885	1,250	Buy
08/Sep/16	1,110	1,310	Buy

Absolute Rating Interpretation	BUY	Stock expected to provide positive returns of >15% over a 1-year horizon
	ADD	Stock expected to provide positive returns of >5% – <15% over a 1-year horizon
	REDUCE	Stock expected to provide returns of <5% – -10% over a 1-year horizon
	SELL	Stock expected to fall >10% over a 1-year horizon

Symbol Interpretation	◀▶	No Change
	▼	Downgrade
	▲	Upgrade

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