

RETAIL EQUITY RESEARCH

Transport Corporation of India Ltd

Logistics

BSE CODE:532349

NSE CODE: TCI

Bloomberg CODE: TRPC IN

SENSEX: 29,918

BUY

Rating as per Mid Cap

12 month period

CMP Rs242

TARGET Rs280

RETURN 15% 2nd May, 2017

A well integrated player on the highway

Transport Corporation of India Ltd (TCI) is one of the largest integrated players in the organised logistics industry providing Freight, supply chain, warehousing solutions and shipping services.

- One of the largest integrated player with 9000 trucks, 1400 branch network, 5 ships and 11mn sq ft of warehousing space.
- Key beneficiary from implementation of Goods & Services Tax (GST), which is expected to boost third party logistic players (3PL) business.
- Freight and supply chain business on a path to revival with improvement in domestic macros.
- We factor earnings to grow at 21% CAGR over FY17E-FY19E.
- We are positive on TCI as implementation of GST is expected to provide opportunities to scale up of business. We value standalone business at P/E of 20x on FY19E and subsidiaries at Rs23/share to arrive at SOTP target price of Rs280 with a Buy rating.

Indian logistics sector on cusp of change

Logistics sector is expected to witness a remarkable turnaround led by roll out of GST, revival in domestic macro, exponential growth in the e-commerce, higher infrastructure spending in roads projects, fast tracking of Dedicated Freight Corridor (DFC) and initiatives like Make in India.

GST implementation...the game changer

Implementation of Goods & Services Tax (GST) will be a game changing event for businesses in general and for organized logistics players. It will provide a boost to warehousing, supply chain management and third party logistic players (3PL) business. Lesser border checks/paper work would lead to faster movement of trucks; Transit times and cost is expected to shrink by 20-30%.

TCI an integrated player...

TCI is an integrated player in logistic sector with a fleet of 9000 trucks, 1400 branch network and also manages coastal shipping with an owned fleet of 5 ships. Furthermore, the company provides 8 fulfillment services centers with a delivery capacity of 100000/day with a warehousing space of 11mn sq ft.

Freight and supply chain business on path to revival

TCI's revenue growth from freight segment was modest at 2.4% CAGR over FY10-16 due to inefficiencies in the sector and presence of large number of unorganised players. TCI's Supply chain, Express and Seaway business divisions grew by 10%, 17% & 17% CAGR, respectively. However, during 9mFY17 Freight business witnessed an improvement, with a growth of 8% YoY. Further, supply chain and Seaway business witnessed a strong traction, grew by 19% & 14% YoY, respectively. We factor revenue to grow at 15% CAGR over FY17E-19E.

Valuation...Premium valuation to continue...

TCI has potential for scaling up of business as implementation of GST will lead increased outsourcing of logistics services to third party players. We factor earnings to grow at 21% CAGR over FY17E- 19E. We value standalone business at a P/E 20x on FY19E and subsidiaries at Rs23/share to arrive at a SOTP target price of Rs280 with a Buy rating.

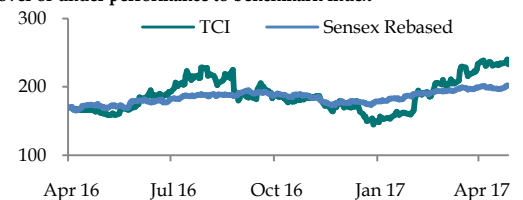
Company Data

Market Cap (cr)	Rs1,856
Enterprise Value (cr)	Rs2,179
Outstanding Shares (cr)	7.7
Free Float	34.0%
Dividend Yield	0.5%
52 week high	Rs244
52 week low	Rs144
6m average volume (cr)	0.01
Beta	1.4
Face value	Rs2.0

Shareholding %	Q2 FY17	Q3 FY17	Q4 FY17
Promoters	66.1	66.1	66.1
FII's	2.3	2.2	2.2
MFs/Insti	9.0	8.9	8.6
Public	16.7	17.2	17.1
Others	5.9	5.6	5.9
Total	100.0	100.0	100.0

Price Performance	3mth	6mth	1 Year
Absolute Return	44.9%	26.0%	41.1%
Absolute Sensex	7.7%	7.5%	15.2%
Relative Return*	37.2%	18.5%	25.9%

*over or under performance to benchmark index



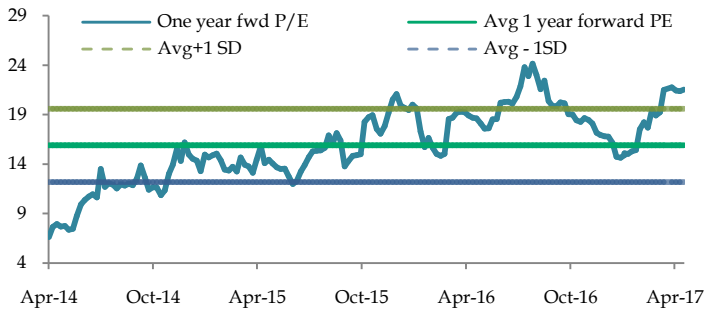
Y.E Mar (Rs cr)	FY17E	FY18E	FY19E
Sales	1,787	2,048	2,366
Growth (%)	10.7	14.6	15.6
EBITDA	161	192	225
Margins (%)	9.0	9.4	9.5
PAT Adj.	66	80	97
Growth (%)	12.9	20.0	21.9
Adj.EPS	8.8	10.5	12.8
Growth (%)	12.9	20.0	21.9
P/E	27.6	23.0	18.9
P/B	3.3	3.0	2.7
EV/EBITDA	13.6	11.5	9.9
ROE (%)	12.5	13.7	15.0
D/E	0.6	0.6	0.6

ANIL R
Analyst

Valuations...

TCI witnessed a re-rating in valuation during FY14-15 led by strong earnings growth of 20% CAGR over FY13-FY15. Currently TCI is trading at one year forward P/E 22x, which is 38% premium to last 3 year average.

1 Yr Fwd P/E



Source: Company, Geojit Research

Re-rating in valuation boosted by passage of GST...

The re-rating in valuation of logistic players including TCI is largely attributed to passage of GST bill, a major reform which was long pending. Implementation of GST would lead to rationalizing of taxes on production, distribution and inventory management. This would lead to consolidation of warehouses and shift towards hub and spoke distribution model. Larger warehouses and borderless movement of goods will lead to higher tonnage vehicles for operating in FTL (full truck load) operations. While, LTL (less truck load) operations will provide last mile delivery services to consumption centers. Lesser border checks/paper works will reduce the transit time and the operating cost is expected to shrink leading to better operational efficiency.

An integrated player...to benefit from revival in fortunes of logistics sector

TCI is one of the largest integrated players in the organised logistics industry. Leveraging branch network of 1400, 9000 trucks and 8 fulfillment centers, TCI claims to move ~2.5% of India's GDP by value. In addition to the surface logistics, TCI in collaboration with CONCOR provides container movements on Delhi, Bangalore, Chennai, Hyderabad, Mumbai, Kolkata and Guwahati and full rake movements on dedicated routes. TCI also manages coastal shipping of containers with an owned fleet of 5 ships with capacity of 40000 DWT (dead weight tonnage). Going forward we believe that TCI is likely to benefit from improvement in industry led by implementation of GST leading to higher outsourcing of logistics & warehousing services to third party logistics players.

Re-aligning focus with de-merger of XPS division

During FY17, TCI has completed de-merger of its XPS division into a separate entity which was contributing 29% (FY16) towards overall revenues. While EBITDA margin contribution was in the range of 8-10%. The de-merger is expected to realign management focus towards core business of freight and Supply chain.

Freight & supply chain business on path to revival

TCI's revenue growth from freight segment was modest at 2.4% CAGR over FY10-16. The decline in the freight segment has been compensated by the supply chain, XPs and seaway divisions which grew by 10%, 17% & 17% CAGR over FY10-16. During 9mFY17, Freight business (50% of revenues) witnessed a strong revival, grew by 8% YoY while supply chain and Seaway business witnessed a strong traction with a growth of 19% & 14% YoY.

Premium valuation to continue...we value at 20x

Currently, TCI is trading at a 1 Year forward P/E of 22x which is 38% premium to last 3 year historical average. Implementation of GST is expected to provide opportunities for scaling up for organised players like TCI business due to increased outsourcing by the manufacturers to 3PLs. With improvement in scale, free movement of goods and lower transit time is expected to bring overall efficiency thereby improvement in margin profile. We have a Buy rating on TCI with target price of Rs283.

SOTP Valuation

Particulars	Matrix	FY19 EPS	Multiple	Value/Share (Rs)
Standalone	P/E	12.6	20x	257
JV & Subsidiaries	Sales/Mcap		0.5x	23
Total Value per share				280

Peer comparison

Company	Mcap(cr)	Sales (cr)			EBITDA Margin %		
		FY17E	FY18E	FY19E	FY17E	FY18E	FY19E
VRL	3,058	1825	2024	2286	12.7	13.4	14.3
GATI	1,209	1910	2325	2826	8.3	9.8	10.7
GDL	2,925	1133	1280	1440	21.0	22.8	23.3
TCI	1,856	1787	2048	2366	9.0	9.4	9.5

Company	PAT (cr)			P/E		
	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E
VRL	81	107	146	31.3	24.8	19.2
GATI	54	94	140	16.5	10.8	7.7
GDL	99	142	178	28.0	19.8	15.9
TCI	66	80	97	26.9	22.5	18.4

Source: Bloomberg, Geojit Research

Investment Rationale...

Indian logistics sector on cusp of change...

Logistics sector is expected to witness a remarkable turnaround led by roll out of GST, revival in domestic macro, exponential growth in e-commerce, higher infrastructure spending in roads projects, fast tracking of Dedicated Freight Corridor (DFC) and initiatives like Make in India.

Further, the centre has identified 35 clusters which accounts for half of total freight movement for building logistics parks to improve the existing transportation and warehousing scenario in the country. The proposed multimodal logistics parks would reduce transportation cost by 10 per cent for the industries in the 35 clusters, thereby enabling freight movement on higher sized trucks and rail. Increased freight movement on higher sized trucks and rail will result in reduction in freight vehicles. In addition, shifting warehouses and wholesale markets, which is currently being operated inside the city, to logistics parks would free up urban spaces and it would further reduce warehousing costs.

GST implementation...the game changer

Currently, the average logistics cost in India is estimated to be around 14 per cent of GDP which is way higher compared to other developed countries which is around 8 per cent of GDP. More than 62% of the domestic freight movement in India is through roads and bulk of this includes interstate movement. Existence of multiple tax and state level levies mean long queues at check post which leads to significant idling of trucks leading to higher costs. Truck delays average five-to-seven hours at inter-state checkpoints. This, combined with other delays, keep trucks from moving during 60% of the entire transit time. High variability and unpredictability in shipments add to logistics costs in the form of higher-than-optimal buffer stocks and lost sales, pushing logistics costs in India. The prevailing complicated tax structure in India meant that logistics decisions, including the choice of setting up inventory and distribution centres, are taken based on the tax regime such as central sales tax and state value-added tax (VAT) rates, rather than on operational efficiency. Tax optimization and administration is often considered over the operational and logistics efficiency.

Implementation of Goods & Services Tax (GST) will be a game changing event for businesses in general and organized logistics players in specific. The planned GST system seeks to replace state and federal taxes and tariffs to a single tax at the point of sale. Expert

estimates suggest that GST implementation can reduce the overall logistics cost by around 30-40 per cent, thereby leading to an overall saving of about 0.3-0.4 per cent of GDP. It would provide a boost to warehousing, supply chain management and third party logistic players (3PL) business. It will enable the creation of the common market and permit free and unimpeded movement of goods & services across the country. The anticipated benefits for LSPs (Logistics Service Providers) being consolidation of its network, larger warehouses, larger tonnage trucks, thus overall better efficiencies. This would mean that modern technologies like automatic storage and retrieval, material handling equipment; RFID, etc. will replace labour intensive activities, thereby reducing errors in the supply chain and therefore cost. This will make warehousing and trucking in India more efficient. Additionally, GST will bring everyone into tax ambit which will reduce the share of unorganized sector in warehousing and transport. Price of organized player will reduce due to rationalisation of taxes will reduce the price advantage enjoyed by unorganised sector.

Currently, due to multiplicity of taxes levied by states and limitation in claiming taxes credits across states, manufacturers generally operate state-level warehouses, inventory and distribution centres to avoid Central Sales Tax (CST), rather than maximising on operational efficiency. With a view to avoid CST, manufacturers generally use the stock transfer method to move the goods inter-state and supply distributors. This has led to highly fragmented and unorganised players in the sector which is impacting organized players to scale up. The GST will allow manufacturers to move away from owing warehouses in different states to creating new regional warehouses based on operational and logistics efficiency and further employing third-party logistics companies to manage their overall distribution and supply chains.

Multimodal Logistics...theme of the day

Multimodal transport refers to the seamless transport of cargo from one point to another via more than one mode of transport. Multimodal Logistics can be viewed as "the chain that interconnects different links or modes of transport - air, sea, and land into one complete process that ensures an efficient and cost-effective door-to-door movement of cargo under the responsibility of a single transport operator, known as a Multimodal Transport Operator (MTO). Government's new initiative which includes Dedicated Freight Corridor (DFC), 'Sagarmala' and 'Bharatmala' would further

enable seamless multimodal logistics services. Multimodal logistics is designed to cut transit times, decongest the existing congested modes and reduce logistics cost. Estimates indicate that Multimodal logistics can potentially reduce costs by 10-25%.

Infrastructure push...to boost logistic players

Government's new initiative on the projects like Dedicated Freight Corridors (DFC), Sagar mala and Bharat Mala etc would further enable seamless multimodal logistics services. Government has enhanced the allocation for Road & highways by 12% to Rs64900cr for FY18 to complete 8000kms of road construction. Also government will launch an integrated transport and logistics policy aimed at increasing the average freight speed on highways to 50km/hour and cutting cost by half. This plan includes construction of 50 economic corridors, 35 logistic parks and 10 intermodal stations with investment of Rs5lakhs cr. Most of these corridors are national highway expansion plans where two-lane highways will be expanded to six lanes. The move would increase the average distances covered by the freight vehicles from the existing 200-250 km to 350 km.

Key beneficiary from revival in logistic sector...

TCI is expected to benefit from roll out of GST, improvement in infrastructure and revival in domestic macros. Given TCI's strong presence in managing warehousing space, provides multimodal logistics services, supply chain management and the third party logistics services, which are the key themes to emerge from the implementation of the GST. TCI over the years has transformed into a plain vanilla truck operator to an integrated player in logistic sector. Further, the company plans to ramp up its revenues from the multimodal transport services combining the benefits of integration of the road, rail and sea services.

TCI an integrated player...

TCI is an integrated player in logistic sector with a fleet of 9000 trucks operated/day, 1400 branch network and also manages coastal shipping with an owned fleet of 5 ships. Furthermore, the company provides 8 fulfillment services centers with a delivery capacity of 100000 orders per day and has 11mn sq ft of warehousing space. The company has organized its businesses into three key segments:

Freight business

TCI provides road & rail transportation services. TCI is largely into lower margin FTL (full truck load) business, but now about a third is constituted by LTL (less than truck load) which has higher margins. TCI also has a JV with Container Corporation of India (CONCOR), for providing train freight services. Under Freight segment, TCI provides comprehensive multimodal solutions for any cargo dimension or product segment. Supported by 600 owned offices, TCI Freight offers from Full Truck Load (FTL) to Less than Truck Load (LTL), Sundry, Project Heavy Haul (PHH) while its Rail logistics provide services such as containers, wagons and special automotive wagons to full train movement. For over dimensional cargo, TCI has its own hydraulic axles and trailers.

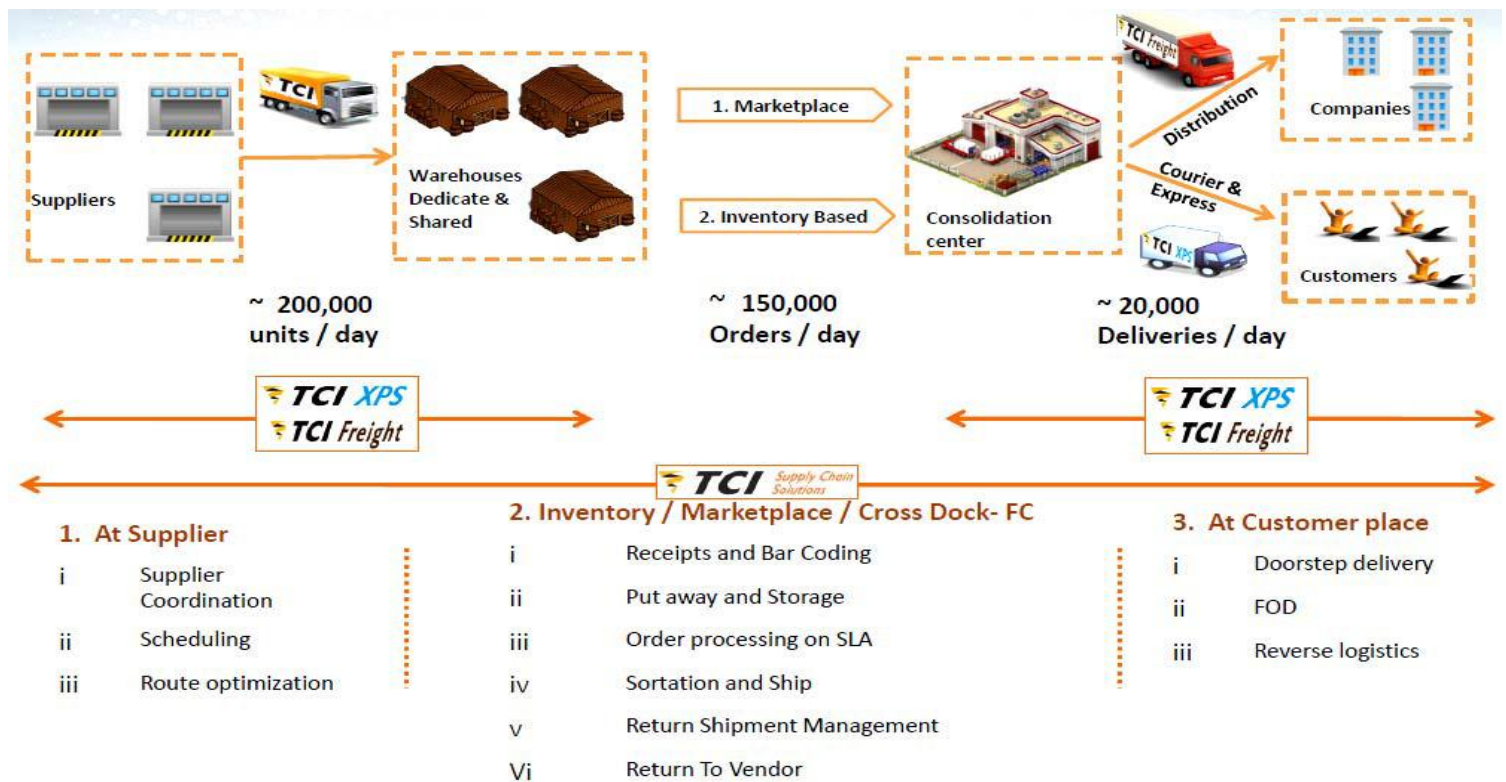
Freight division impacted by industry dynamics...

Currently 52% of TCI's revenue comes from the Freight division, which is a low margin business (EBITDA margins are in the range of 3%-5%). Margins are low as the business being mature and fragmented. Entry barriers are low largely due to not being a capital intensive business. Higher fuel cost, different rate structures, higher transit time and large unorganised players in different regions is currently affecting pricing power which is ultimately leading to difficulty in scale up by large organised players.

Freight division performance to improve....

The company has around 9000 trucks which provide freight services. It has a strong backing in terms of its extensive and strategically located branch network. TCI freight business segment is witnessing a shift from the full truck load to the less than truck load which has scope for improvement in margins. The stability in fuel prices and implementation of GST will reduce the transit cost. Once over dimensional cargo business (a shipment system that is normally bigger than standard container in length, breadth and height, specially designed vessels having 500-1000 tons) picks-up the volumes & revenue will see traction. Improvement in efficiency (and load factor) of road transporters on the back of route optimisation and reduced delivery times with the elimination of complications/delays around the state-level check posts. Currently, a bulk of journey time is spent at check posts, state borders, and other regulatory stoppages. We factor revenue from this segment to grow by 11% CAGR over FY17E-FY19E.

TCI's supply chain



Source: Company

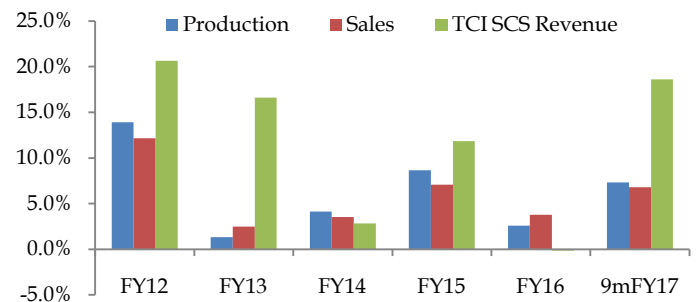
Supply Chain Solutions

In Supply Chain division, TCI provides a single-window supply chain solution from conceptualization and network design to implementation. The core service offerings includes supply chain consultancy, in-bound logistics, warehousing/distribution centre management and out-bound logistics. TCI manages complete logistics value chain for sectors such as Automobiles (auto parts & finished), construction segment, Hi tech & telecom (ICE), E-commerce, Retail & consumer products, Chemicals logistics. TCI's 75% revenue from this segment is contributed by automobile industry. It has over 300-350 customers in the Supply Chain segment (including Auto, FMCG and others) and caters to nearly all major Auto OEMs in India.

Auto industry to drive supply chain business

TCI Supply Chain business contributes 42% towards revenue (as of FY16) and nearly 75% of the revenues are driven by the Auto sector. After a downtrend in FY16 the auto industry is on path to recovery and which is also reflecting in TCI SCS segment also. Going forward, we factor TCI supply chain to growth by 20% CAGR over FY17E-FY19E driven by strong growth momentum in Auto sector.

Strong correlation with TCI SCS & Auto industry trend



Source: Company, Geojit Research.

Seaway business to witness strong growth...

TCI Seaways caters to the coastal cargo requirements for transporting container and bulk cargo from ports. TCI's is currently operating 5 ships with a capacity of 40000 DWT with 3650 marine containers. 3 ships are deployed in East coast operating Chennai-Andaman, Vizag-Andamang and Port Blair-Yangon-Kolkata- Vizag. In the West coast it is operating between Mundra-cochin. Recently it has acquired a new ship for (\$5.5mn) with capacity of 13760 DWT to be deployed in West coast. Revenue from this segment grew by 17% CAGR over FY10-16, while overall contribution from this segment towards total revenue has increased from 6% to 9% during FY10-16. Revenue from this segment is expected to grow by 12% CAGR over FY17E-19E.

Capacity building....

Capital expenditure in last 10 years

	FY07-15	FY16	FY17E	9mFY17
Hub centers & warehouses	260.2	95.7	25.0	23.8
Wind power	9.0	0.0	0.0	0.0
Ships & Containers	151.5	4.3	65.0	14.2
Trucks & Cars	240.7	64.5	30.0	14.6
Others (Equip, IT etc)	77.1	3.9	5.0	1.8
Total	738.5	168.4	125.0	54.4

Source: Company, Geojit Research

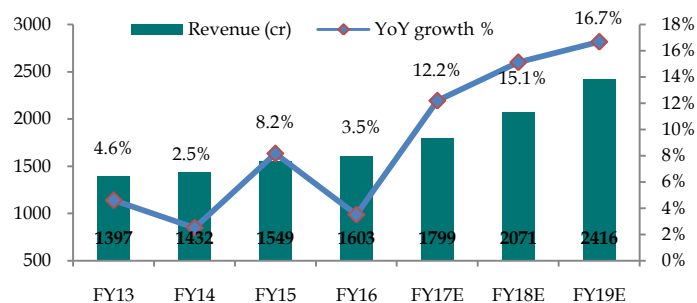
Over the years major investment done by TCI was towards expanding its warehousing capacity and fleet which includes trucks and ships & containers. The focus was towards attaining a multi logistics player status. Expansion of warehousing solutions was to strengthen its supply chain business. Going forward, we believe TCI will be a key beneficiary of improvement in the sector outlook led by implementation of GST, revival in domestic macro and improvement in infrastructure.

Financials

Revenue growth to pick-up...

Revenue growth was modest which grew by 6% CAGR over FY13-FY16 largely due to sluggish economy which impacting freight business which saw only modest growth of 3% CAGR. Revenue from XPS (now demerged entity), SCS and Seaway divisions grew by 6%, 6.4% and 13% CAGR over same period. However, 9mFY17 witnessed a revival; with a revenue growth of 12% YoY led by Freight, SCS and Seaway divisions which grew by 8%, 19% and 14% YoY, respectively. Going forward we factor revenue to grow by 15% CAGR over FY17E-19E.

Revenue growth excluding XPS division (demerged)

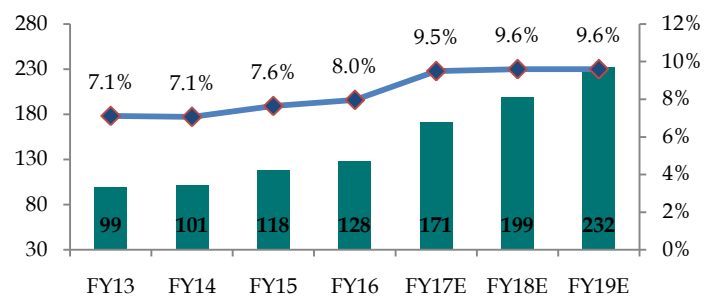


Source: Company, Geojit Research.

EBITDA margin is to improve...

TCI's EBITDA grew by 13% CAGR over FY13-16. EBITDA margin was in the range of 7%-7.6%. TCI's EBITDA margin from freight division was in range of 3%-5% during this period due to sluggish domestic macro and higher competition. During FY16, due to lower cost and improvement in operational efficiency EBITDA margins improved by 40bps YoY to 8%. For 9mFY17, EBITDA grew by 23% YoY, while EBITDA margins improved by 80bps YoY to 9%, led by lower cost. Going forward we factor EBITDA margins to improve by 50bps to 9.5% over FY17E-19E.

EBITDA and Margins excluding XPS division (demerged)



Source: Company, Geojit Research.

Company Description

Incorporated in 1958, as a "One Man, One Truck, and One Office" company, TCI has transformed into India's leading integrated multimodal logistics and supply chain solutions provider. Has infrastructure comprising of an extensive network of 1400+ company owned offices and 11million sq.ft of warehousing space. Over the years, has expanded its foot prints offering seamless multimodal transportation solutions in domestic as well as in International markets.

Key Risks...

- Higher competition due to new entrants in supply chain solutions & E-commerce opting for own supply chain.
- Competition from start-ups with strong technology back-up which may disrupt the existing eco system of organised players
- Freight contributes currently 50% of overall revenue which is vulnerable to truck rentals.

Standalone Financials

Profit & Loss Account

Y.E March (Rs cr)	FY15A	FY16A	FY17E	FY18E	FY19E
Sales	2,197	2,258	1,787	2,048	2,366
% change	8.4	2.8	(20.9)	14.6	15.6
EBITDA	170	182	161	192	225
% change	14.1	7.0	(11.8)	19.7	16.8
Depreciation	49	54	59	67	76
EBIT	121	128	102	125	149
Interest	32	28	30	34	37
Other Income	12	12	13	15	18
PBT	101	112	85	106	130
% change	22.0	11.0	(24.2)	24.8	21.9
Tax	25	27	19	27	32
Tax Rate (%)	25.0	24.3	22.0	25.0	25.0
Reported PAT	76	85	66	80	97
Adj.*	-	-	-	-	-
Adj. PAT	76	85	66	80	97
% change	22.5	12.0	(21.9)	20.0	21.9
No. of shares	7.6	7.6	7.7	7.7	7.7
Adj EPS (Rs)	10.0	11.2	8.8	10.5	12.8
% change	22.5	12.0	(21.9)	20.0	21.9
DPS (Rs)	1.6	2.9	2.9	2.9	2.9

Cash flow

Y.E March (Rs cr)	FY15A	FY16A	FY17E	FY18E	FY19E
Net inc. + Depn.	126	139	125	147	173
Non-cash adj.	28	99	17	19	19
Changes in W.C	(28)	(5)	(12)	(16)	(28)
C.F.O	126	233	130	150	164
Capital exp.	(136)	(170)	(115)	(131)	(129)
Change in inv.	(19)	(13)	(12)	(10)	(10)
Other invest.CF	8	85	13	15	18
C.F - investing	(147)	(99)	(114)	(126)	(122)
Issue of equity	62	2	-	-	-
Issue/ repay debt	58	127	42	27	35
Dividends paid	(10)	(18)	(22)	(22)	(22)
Other finance.CF	(89)	(249)	(30)	(34)	(37)
C.F - Financing	20	(138)	(9)	(28)	(23)
Chg. in cash	(1)	(4)	6	(4)	19
Closing cash	17	12	19	15	34

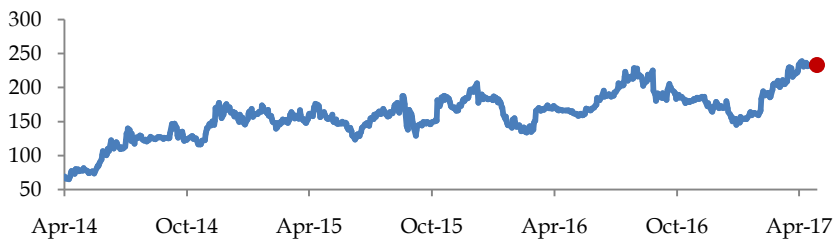
Balance Sheet

Y.E March (Rs cr)	FY15A	FY16A	FY17E	FY18E	FY19E
Cash	17	12	19	15	34
Accounts Receivable	394	313	323	353	389
Inventories	2	2	3	3	4
Other Cur. Assets	118	119	105	109	126
Investments	44	23	35	45	55
Gross Fixed Assets	737	789	914	1,039	1,164
Net Fixed Assets	475	516	582	640	689
CWIP	7	12	3	8	12
Intangible Assets	4	1	0	0	0
Def. Tax (Net)	(28)	(32)	(32)	(32)	(32)
Other Assets	-	-	-	-	-
Total Assets	1,031	967	1,038	1,142	1,277
Current Liabilities	123	110	98	110	128
Provisions	56	47	44	50	58
Debt Funds	271	300	342	369	404
Other Liabilities	-	-	-	-	-
Equity Capital	15	15	15	15	15
Reserves & Surplus	566	494	539	597	672
Shareholder's Fund	581	510	554	612	687
Total Liabilities	1,031	967	1,038	1,142	1,277
BVPS (Rs)	77	67	73	81	91

Ratios

Y.E March (Rs cr)	FY15A	FY16A	FY17E	FY18E	FY19E
Profitab. & Return					
EBITDA margin (%)	7.8	8.1	9.0	9.4	9.5
EBIT margin (%)	5.5	5.7	5.7	6.1	6.3
Net profit mgn.(%)	3.5	3.8	3.7	3.9	4.1
ROE (%)	14.6	15.6	12.5	13.7	15.0
ROCE (%)	10.0	11.0	8.8	9.1	9.7
W.C & Liquidity					
Receivables (days)	61.5	57.1	65.0	60.3	57.3
Inventory (days)	0.4	0.4	0.6	0.7	0.7
Payables (days)	25.5	23.8	26.6	23.6	23.3
Current ratio (x)	3.0	2.8	3.2	3.0	3.0
Quick ratio (x)	3.3	2.9	3.5	3.3	3.3
Turnover & Levq.					
Gross asset T.O (x)	3.3	3.0	2.1	2.1	2.1
Total asset T.O (x)	2.3	2.3	1.8	1.9	2.0
Int. covge. ratio (x)	3.8	4.6	3.4	3.7	4.1
Adj. debt/equity (x)	0.5	0.7	0.6	0.6	0.6
Valuation ratios					
EV/Sales (x)	1.0	0.9	1.2	1.1	0.9
EV/EBITDA (x)	12.4	11.8	13.6	11.5	9.9
P/E (x)	24.1	21.6	27.6	23.0	18.9
P/BV (x)	3.2	3.6	3.3	3.0	2.7

Recommendation Summary (last 3 years)



Source: Bloomberg, Geojit Research.

Dates	Rating	Target
02-May-2017	Buy	280

Large Cap Stocks;

Buy	-	Upside is 10% or more.
Hold	-	Upside or downside is less than 10%.
Reduce	-	Downside is 10% or more.

Mid Cap and Small Cap;

Buy	-	Upside is 15% or more.
Accumulate*	-	Upside between 10% - 15%.
Hold	-	Absolute returns between 0% - 10%.
Reduce/Sell	-	Absolute returns less than 0%.
To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.		

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating.

* For reasons of valuations/return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

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