

Good business, rough weather

We maintain BUY on CDSL despite revenue and margin miss in 2QFY20. Annual issuer charges (+21% YoY in 6M) is driving growth led by the unlisted opportunity. We value CDSL on SoTP basis by assigning 30x to Sep-21 core profit and adding net cash to arrive at a TP of Rs 286.

HIGHLIGHTS OF THE QUARTER

- Revenue was down 9.8% QoQ to Rs 527mn (vs est. of Rs 539mn) due to 7.1/8.7% QoQ fall in Transaction/IPO & corp. action offset by 6.2% QoQ rise in KYC revenue.
- Total of 460 unlisted companies applied for demat in the quarter. CDSL is adding ~150-200 unlisted companies per month vs. ~350-400 by NSDL. The pace of addition has reduced but the opportunity remains huge. Annual issuer revenue (+19% FY20E) is driving growth for CDSL and is a multi-year opportunity.
- Others (e-CAS, e-Voting, Govt.) was down 30.6% QoQ led by steep drop in one-off Govt. project (adjusted total revenue was down only 2.5% QoQ). The Govt. project is low margin and lumpy in nature.
- Reported margin expanded 670bps QoQ to 40.9% due to absence of lower margin Govt. project. Adjusted margin was 46.2% lower than est. of 47.8% due to lower revenue and rise in tech and employee expenses.
- CDSL continued to gain Beneficiary Owner (BO) market share (49%, +188bps YoY). Incremental market share for CDSL stood at 73% which indicates preference of CDSL

over NSDL. CDSL is popular with discount and retail brokers while NSDL is institutional focussed.

- The no of registered universities under NAD increased to 565 vs 546 QoQ and ~0.48mn students have already enrolled. This can be a future revenue driver.
- Near-term outlook:** Growth will be led by annual Issuer charges and improvement in market condition will accelerate growth. Margins will improve gradually.

STANCE: Growth acceleration is market linked

CDSL has a diversified revenue stream, ~36% of the revenue is annuity in nature and ~42% is market-linked (Transaction, IPO/corporate action and KYC). The big opportunity related to demat of ~60K unlisted public companies is unfolding. At current run-rate, it will contribute ~7% to FY20 growth with negligible incremental cost. Transactions charges/KYC revenue will revive with better retail participation and improved market sentiments. New revenue streams like National Academic Depository (NAD) and e-warehouse receipts are future growth drivers. We have moderated our estimates for FY20/21E and now expect revenue/EBIT/PAT to grow at a CAGR of 12/5/6% over FY19-22E.

We like CDSL based on its (1) Annuity revenue stream, (2) Cash-rich balance sheet (Net cash of Rs 6.50bn, ~30% of Mcap), (3) Option value and (4) Unlisted opportunity. Risks include regulatory changes, market slowdown and increase in competition.

FINANCIAL SUMMARY (Consolidated)

YE March (Rs mn)	2QFY20	2QFY20	YoY (%)	1QFY20	QoQ (%)	FY18	FY19	FY20E	FY21E	FY22E
Net Revenues	527	531	(0.9)	584	(9.8)	1,877	1,947	2,219	2,465	2,748
EBIT	215	306	(29.8)	200	7.8	1,034	990	889	1,017	1,158
APAT	293	300	(2.3)	274	6.8	1,032	1,135	1,128	1,212	1,335
Diluted EPS (Rs)	2.8	2.9	(2.3)	2.6	6.8	9.9	10.9	10.8	11.6	12.8
P/B (x)						3.6	3.2	2.9	2.7	2.5
P/E (x)						20.8	18.9	19.0	17.7	16.1
EV / EBITDA (x)						14.4	13.7	14.2	12.0	10.0
RoE (%)						17.2	17.0	15.5	15.2	15.3

Source: Company, HDFC sec Inst Research

INDUSTRY	EXCHANGES
CMP (as on 22 Oct 2019)	Rs 206
Target Price	Rs 286
Nifty	11,588
Sensex	38,964
KEY STOCK DATA	
Bloomberg	CDSL IN
No. of Shares (mn)	105
MCap (Rs bn) / (\$ mn)	21/302
6m avg traded value (Rs mn)	35
STOCK PERFORMANCE (%)	
52 Week high / low	Rs 255/181
	3M 6M 12M
Absolute (%)	5.5 (12.2) (14.6)
Relative (%)	3.9 (11.7) (28.2)
SHAREHOLDING PATTERN (%)	
	Jun-19 Sep-19
Promoters	24.00 24.00
FIs & Local MFs	41.74 41.48
FPIs	3.43 2.45
Public & Others	30.83 32.07
Pledged Shares	0.00 0.00

Source : BSE

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Revenue was down 9.8% QoQ but adjusted for the Govt. project the fall was just 2.5% QoQ

Adjusting for the one-time impact of Rs 35mn last quarter related to leave encashment, PF and Gratuity, employee cost was up 5.1% QoQ

Other expenses came down QoQ due to the fall in revenue from Govt. project (Rs 24.6mn vs Rs 69.3mn QoQ) offset by higher provisions of Rs 24mn (vs. Rs 16mn QoQ)

Adjusted EBIT margin stood at 46.2% (+155bps QoQ) vs. est. of 47.9%

APAT for the quarter stood at Rs 293mn +6.8% QoQ led by margin expansion and higher other income

Quarterly Consolidated Financials Snapshot

YE March (Rs mn)	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)
Total Revenue	527	531	(0.9)	584	(9.8)
Employee Cost	113	84	35.3	143	(20.6)
Technology Expenses	34	34	(0.4)	31	8.5
Other Operating Expenses	134	85	57.6	184	(26.9)
EBITDA	245	329	(25.4)	226	8.2
Depreciation	30	22	34.7	27	11.2
EBIT	215	306	(29.8)	200	7.8
Interest Cost	0	0	NM	0	NM
Other Income	167	97	71.3	150	11.1
PBT	382	404	(5.4)	350	9.2
Tax	92	102	(10.4)	71	29.6
Share of Profit Loss from JV & Associates	0	0	NM	0	NM
Minority Interest	-3	2	NM	5	NM
RPAT	293	300	(2.3)	274	6.8
E/o gains (adj for tax)	0	0	NM	0	NM
APAT	293	300	(2.3)	274	6.8

Source: Company, HDFC sec Inst Research

Margin Analysis

MARGIN ANALYSIS (%)	2QFY20	2QFY19	YoY (bps)	1QFY20	QoQ (bps)
Employee Cost % of Net Rev	21.5	15.8	576	24.4	(293)
Technology exp % of Net Rev	6.4	6.4	3	5.3	108
Other Operating Exp % of Net Rev	25.5	16.0	948	31.5	(593)
EBITDA Margin (%)	46.5	61.8	(1,527)	38.8	778
EBIT Margin (%)	40.9	57.6	(1,677)	34.2	670
Tax Rate (%)	24.0	25.3	(134)	20.2	376
APAT Margin (%)	55.7	56.4	(80)	47.0	868

Source: Company, HDFC sec Inst Research

Annual issuer charge was flat QoQ but was up 21.3% YoY in 6MFY20

Transaction charge was down QoQ/YoY and will recover with better delivery percentage

Online data charges (KYC) revenue is partial linked to market conditions and MFs flow

Others consist of document storage charges, e-voting, ECAS charges and Govt.

The phase-1 of the Govt. contract is over and phase-2 will start soon

The project involves verification of ~40mn records and can extend for the next one year. We have not assumed any revenue in our future estimates.

Segmental Revenue Analysis

Segments Split (Rs mn)	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)	6MFY20	6MFY19	YoY (%)
Annual issuer charges	192	160	19.9	192	(0.3)	384	317	21.3
Transaction charges	92	103	(10.7)	99	(7.1)	190	199	(4.5)
IPO/corporate action charges	49	62	(21.3)	53	(8.7)	102	121	(15.8)
Online data charges	81	102	(20.3)	76	6.2	158	170	(7.5)
Others (e-voting, CAS, Govt etc)	114	106	7.6	164	(30.6)	277	178	56.1
Total	527	531	(0.9)	584	(9.8)	1,111	984	12.8

Source: Company, HDFC sec Inst Research

Segmental Revenue Contribution

Segment Contribution (%)	2QFY20	2QFY19	YoY (bps)	1QFY20	QoQ (bps)	6MFY20	6MFY19	YoY (bps)
Annual issuer charges	36.4	30.1	632	33	350	34.6	32.2	240
Transaction charges	17.4	19.3	(191)	17	51	17.1	20.2	(311)
IPO/corporate action charges	9.2	11.6	(238)	9	12	9.1	12.3	(310)
Online data charges	15.4	19.1	(373)	13	232	14.2	17.3	(311)
Others (e-voting, CAS, Govt etc)	21.6	19.9	170	28	(645)	25.0	18.0	692
Total	100.0	100.0		100.0		100.0	100.0	

Source: Company, HDFC sec Inst Research

No of DPs stood at 602 vs 277 for NSDL in 1QFY20. Total no. of BO accounts for CDSL is at 18.5mn (+15.2% YoY) vs 18.9mn (+6.9% YoY) for NSDL

The gap between CDSL & NSDL is narrowing

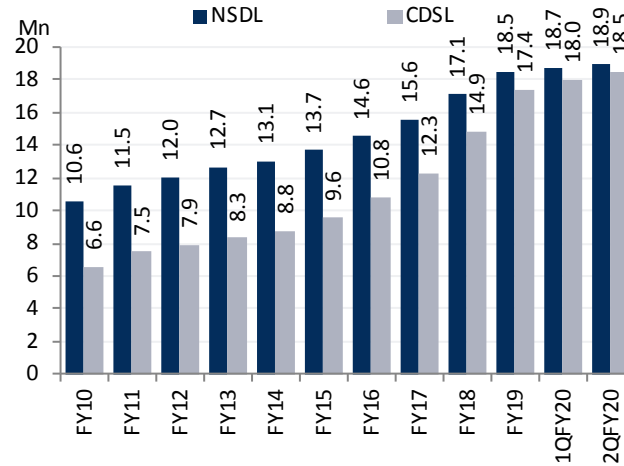
CDSL has more no of DP's than NSDL due to more retail focus, whereas NSDL is institutional focused

CDSL is more DP friendly than NSDL on various aspects like lower transaction fee for higher volume, zero fixed fees for no activity

CDSL growth in BO accounts has been impressive, current market share is at 49% (+188bps YoY)

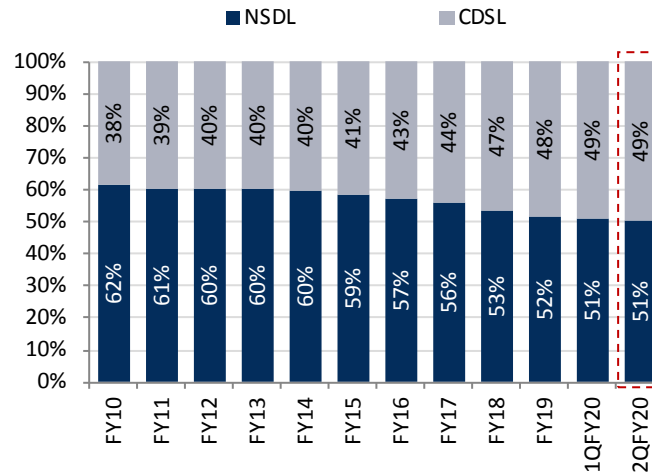
Incremental BO market share is constant at 73% up from 64% same quarter last year

No of BO Accounts, CDSL Catching Up With NSDL



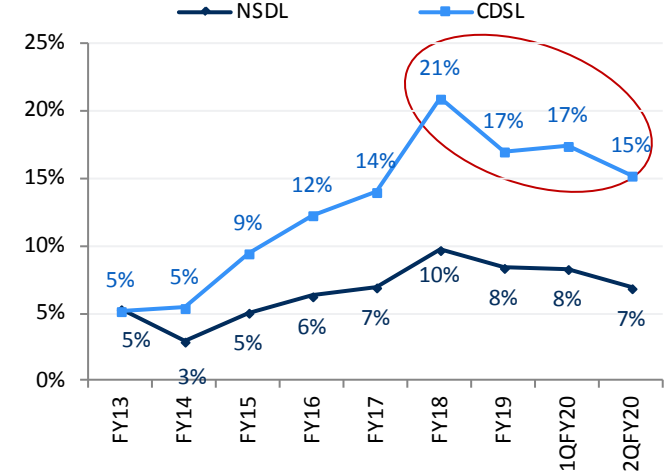
Source: CDSL, NSDL, HDFC sec Inst Research, 2QFY20 figures as of Aug 2019

CDSL Gaining Market Share From NSDL



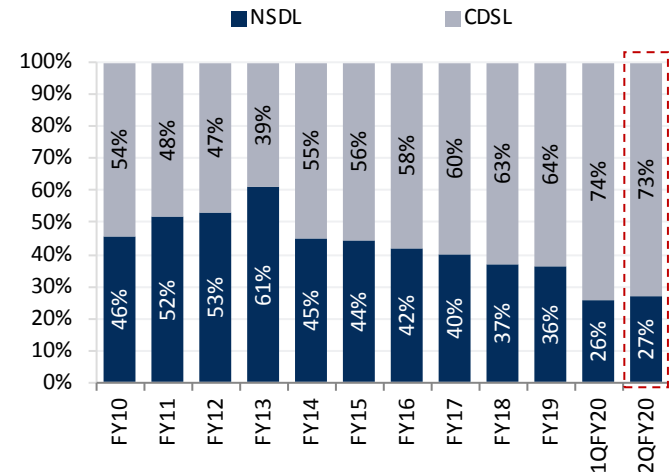
Source: CDSL, NSDL, HDFC sec Inst Research 2QFY20 figures as of Aug 2019

Growth In BO Accounts Is Impressive



Source: CDSL, NSDL, HDFC sec Inst Research

Incremental Market Share (%)



Source: CDSL, NSDL, HDFC sec Inst Research, 2QFY20 figures as of Aug 2019

CDSL Revenue Break-up And Assumptions

CDSL Revenue (Rs mn)	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E	CAGR 14-19	CAGR 16-19	CAGR 19-22E
Annual Issuer Charges	355	481	517	556	672	799	914	1,053	12%	12%	16%
Growth %	-7.3%	35.8%	7.4%	7.6%	20.7%	19.0%	14.4%	15.2%			
% of Revenue	33.7%	39.2%	35.4%	29.6%	34.5%	36.0%	37.1%	38.3%			
Transaction Charges	283	258	312	440	393	382	426	466	15%	15%	6%
Growth %	42.4%	-8.8%	20.9%	40.8%	-10.8%	-2.7%	11.5%	9.5%			
% of Revenue	26.9%	21.0%	21.4%	23.4%	20.2%	17.2%	17.3%	17.0%			
IPO/Corporate action	62	107	165	295	199	199	215	235	NM	23%	6%
Growth %	NM	72.8%	54.3%	78.5%	-32.6%	-0.1%	8.5%	9.0%			
% of Revenue	5.9%	8.7%	11.3%	15.7%	10.2%	9.0%	8.7%	8.5%			
Online Data Charges	147	154	187	292	317	328	353	381	29%	27%	6%
Growth %	64.1%	4.8%	21.9%	55.8%	8.6%	3.5%	7.5%	8.0%			
% of Revenue	13.9%	12.5%	12.8%	15.5%	16.3%	14.8%	14.3%	13.9%			
Others	206	228	278	294	367	511	557	613	11%	17%	19%
Growth %	-5.6%	10.5%	21.9%	5.8%	24.7%	39.4%	9.0%	10.0%			
% of Revenue	19.6%	18.6%	19.0%	15.7%	18.8%	23.0%	22.6%	22.3%			
Total	1,053	1,229	1,460	1,877	1,947	2,219	2,465	2,748	17%	17%	12%
Growth %	18.4%	16.7%	18.8%	28.6%	3.7%	14.0%	11.1%	11.5%			

Source: Company, HDFC sec Inst Research

In July-Aug 2019 CDSL added 300 unlisted companies while NSDL added 944 companies

CDSL charges Rs 15K/company as fixed one-time charge and Rs 5-6K/company based on paid up equity capital. Revenue is realised on pro rata basis

The total opportunity from unlisted can be Rs 0.60bn over the next five years

Growth is driven by Annual issuer charges (CAGR of 16% over FY19-22E)

The steep growth in others in FY20E is due to the addition of Govt. project

CDSL Cost Analysis and Assumptions

CDSL Costing Analysis (Rs mn)	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E	CAGR 14-19	CAGR 16-19	CAGR 19-22E
Employee Cost	192	215	249	303	342	484	522	564	14%	17%	18%
Growth %	10.0%	11.9%	15.7%	22.0%	12.7%	41.5%	7.9%	8.0%			
% of Revenue	18.2%	17.5%	17.0%	16.2%	17.6%	21.8%	21.2%	20.5%			
% of Total Cost	31.9%	36.5%	37.3%	39.2%	39.9%	39.9%	39.3%	38.7%			
IT Cost	79	79	84	97	116	126	136	148	8%	14%	8%
Growth %	-1.0%	-0.2%	7.1%	15.2%	19.9%	8.0%	8.5%	8.8%			
% of Revenue	7.5%	6.4%	5.8%	5.2%	6.0%	5.7%	5.5%	5.4%			
% of Total Cost	13.1%	13.3%	12.7%	12.5%	13.6%	10.4%	10.3%	10.2%			
Other cost	207	273	287	332	357	560	625	698	15%	9%	25%
Growth %	15.6%	31.9%	5.2%	15.7%	7.7%	56.7%	11.6%	11.7%			
% of Revenue	19.6%	22.2%	19.7%	17.7%	18.4%	25.2%	25.4%	25.4%			
% of Total Cost	34.4%	46.3%	43.1%	42.9%	41.7%	46.2%	47.1%	47.9%			
IP Fund	123	23	46	41	42	43	45	47	-20%	22%	4%
Growth %	-4.4%	-81.3%	98.8%	-11.2%	2.0%	3.0%	4.0%	4.5%			
% of Revenue	11.7%	1.9%	3.1%	2.2%	2.1%	1.9%	1.8%	1.7%			
% of Net Profit	22.1%	4.0%	5.4%	4.0%	3.7%	3.8%	3.7%	3.5%			
Total Cost	601	589	666	773	857	1,212	1,328	1,457	9%	13%	19%
Growth %	6.9%	-2.0%	13.0%	16.1%	10.9%	41.4%	9.6%	9.7%			
EBITDA	452	639	794	1,104	1,089	1,006	1,137	1,291	27%	19%	6%
Growth %	38.1%	41.5%	24.3%	39.0%	-1.3%	-7.6%	13.0%	13.5%			
EBITDA Margin %	42.9%	52.0%	54.4%	58.8%	56.0%	45.4%	46.1%	47.0%	1,917	393	-983

Source: BSE, HDFC sec Inst Research

Employee cost has risen sharply due to steep wage hike taken in 1QFY20, will normalize in FY21-22

Other cost includes the cost related to Govt. project

Margins is falling due to lower margin Govt. business, lower growth and increase in provision for doubtful debts

Valuation & outlook

- We expect CDSL revenue/EBIT/PAT to increase at a CAGR of 12/5/6% over FY19-22E. EBIT margin will contract from 50.9% in FY19 to 42.1% in FY22E due to lower margin Govt business and increase in cost structure (total cost to grow at 19% CAGR over FY19-22E).
- RoE for the business is only 17.0%, owing to high net cash on the books (Rs 6.50bn in FY19, ~30% of Mcap). Adjusting for cash, RoIC stands at healthy 60.7% in FY19. There is no incremental capital requirement in the business to fuel growth, thus core return ratios will remain high.
- We see value based on (1) Diversified revenue stream, (2) Stable fixed cost (after wage hike), (3) Oligopoly market (4) Cash-rich balance sheet (Net cash ~82% of BS), (4) High return ratios (RoE 17%, RoIC 61% in FY19) (5) Option value of new growth engines like NAD and e-warehouse receipts (4) No capex required to fund growth, (5) Asset light model (6) Excellent operating cash generation (~64% of EBITDA and 62% of PAT in FY19).

- We believe the business should command higher multiple because of its asset-light nature, higher (~36%) annuity revenue stream vs exchanges, higher return ratios, and excellent cash generation. We assign a P/E multiple of 30x to core earnings and add back net cash to arrive at a SoTP based price of Rs 286 (39% upside from CMP). We have taken a discount of 20% to the net cash to factor the impact of buyback tax. At P/E of 19.0/17.7x FY20/21E earnings, we believe the stock is available at reasonable valuations. We maintain our BUY rating.

CDSL Valuation Table

Core Sep 21 PAT (Rs mn)	837
Core P/E Multiple (x)	30
Core Mcap (Rs mn)	25,119
Net Cash (Rs mn) @20% discount	4,637
Target Mcap (Rs mn)	29,756
TP (Rs)	286
CMP (Rs)	206
Upside from CMP (%)	39%

Source: Company, HDFC sec Inst Research, * Net cash ex liabilities

Peer Set Comparison

Company	M-Cap (Rs bn)	Rating	CMP (Rs)	TP (Rs)	P/E (x)				Dividend Yield (%)				RoE (%)			
					FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E
MCX	57.0	BUY	1,120	1,175	37.9	25.6	24.4	20.7	1.6	2.3	2.5	2.9	11.4	17.4	17.6	19.9
BSE	26.3	NEU	544	615	11.8	13.4	12.0	10.6	6.4	6.2	7.4	7.4	7.1	7.5	8.5	9.6
CDSL	21.5	BUY	206	286	18.9	19.0	17.7	16.1	2.0	2.0	2.1	2.3	17.0	15.5	15.2	15.3

Source: Company, HDFC sec Inst Research

Change in Estimate

Particulars	Earlier estimates	Revised estimates	% change
FY20E			
Revenue (Rs mn)	2,256	2,219	(1.6)
EBIT (Rs mn)	1,013	889	(12.2)
EBIT margin (%)	44.9%	40.1%	(484)bps
APAT (Rs mn)	1,201	1,128	(6.0)
FY21E			
Revenue (Rs mn)	2,526	2,465	(2.4)
EBIT (Rs mn)	1,166	1,017	(12.8)
EBIT margin (%)	46.2%	41.2%	(492) bps
APAT (Rs mn)	1,322	1,212	(8.3)
FY22E			
Revenue (Rs mn)	2,806	2,748	(2.1)
EBIT (Rs mn)	1,318	1,158	(12.2)
EBIT margin (%)	47.0%	42.1%	(484) bps
APAT (Rs mn)	1,481	1,335	(9.8)

Source: Company, HDFC sec Inst Research

Income Statement (Consolidated)

YE March (Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
Net Revenues (Rs mn)	1,877	1,947	2,219	2,465	2,748
Growth (%)	28.6	3.7	14.0	11.1	11.5
Employee Expenses	303	342	484	522	564
Other operating Expenses	470	515	728	806	893
EBITDA	1,104	1,089	1,006	1,137	1,291
EBITDA Margin (%)	58.8	56.0	45.4	46.1	47.0
EBITDA Growth (%)	39.0	(1.3)	(7.6)	13.0	13.5
Depreciation	69	99	117	121	133
EBIT	1,034	990	889	1,017	1,158
EBIT Margin (%)	55.1	50.9	40.1	41.2	42.1
Other Income (Including EO Items)	380	492	594	576	596
Interest	0	0	0	0	0
PBT	1,414	1,482	1,483	1,593	1,754
Tax (Incl Deferred)	378	334	341	366	403
Minority Interest	5	13	14	14	15
RPAT					
EO (Loss) / Profit (Net Of Tax)	1,032	1,135	1,128	1,212	1,335
APAT	0	0	0	0	0
APAT Growth (%)	1,032	1,135	1,128	1,212	1,335
Adjusted EPS (Rs)	20.3	10.0	(0.6)	7.4	10.2
EPS Growth (%)	9.9	10.9	10.8	11.6	12.8
Core PAT	758	767	685	783	892
Core PAT Growth (%)	34.8	1.2	(10.8)	14.4	13.9

Source: Company, HDFC sec Inst Research

Balance Sheet (Consolidated)

YE March (Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
SOURCES OF FUNDS					
Share Capital - Equity	1,045	1,045	1,045	1,045	1,045
Reserves	4,943	5,636	6,257	6,924	7,658
Total Shareholders' Funds	5,988	6,681	7,302	7,969	8,703
Settlement guarantee fund					
Minority Interest	159	413	427	441	456
Total Debt	0	0	0	0	0
Net Deferred Taxes (Net)	(19)	(33)	(33)	(33)	(33)
Long Term Provisions & Others	9	10	10	10	10
TOTAL SOURCES OF FUNDS	6,137	7,071	7,705	8,386	9,136
APPLICATION OF FUNDS					
Net Block	761	752	735	725	716
LT Loans & Advances & Others	217	243	288	320	357
Total Non-current Assets	978	995	1,023	1,046	1,073
Debtors	189	191	219	243	271
Other Current Assets	87	89	89	99	110
Cash & Equivalents	5,630	6,530	7,174	7,840	8,571
Total Current Assets	276	280	308	342	381
Creditors	40	36	43	48	53
Other Current Liabilities & Provns	707	698	756	793	836
Total Current Liabilities	747	734	800	841	889
Net Current Assets	(471)	(454)	(492)	(500)	(508)
TOTAL APPLICATION OF FUNDS	6,137	7,071	7,705	8,386	9,136

Source: Company, HDFC sec Inst Research

Cash Flow (Consolidated)

YE March (Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
Reported PBT	1,414	1,482	1,483	1,593	1,754
Non-operating & EO items	(380)	(492)	(594)	(576)	(596)
Interest expenses	-	-	-	-	-
Depreciation	69	99	117	121	133
Working Capital Change	164	(56)	(8)	(25)	(28)
Tax Paid	(378)	(334)	(341)	(366)	(403)
OPERATING CASH FLOW (a)	890	699	658	746	860
Capex	(776)	(91)	(100)	(111)	(124)
<i>Free cash flow (FCF)</i>	<i>114</i>	<i>609</i>	<i>558</i>	<i>635</i>	<i>736</i>
Investments	-	-	-	-	-
Non-operating Income	380	492	594	576	596
INVESTING CASH FLOW (b)	(396)	401	495	465	472
Debt Issuance/(Repaid)	-	-	-	-	-
Interest Expenses	-	-	-	-	-
<i>FCFE</i>	<i>114</i>	<i>609</i>	<i>558</i>	<i>635</i>	<i>736</i>
Share Capital Issuance	-	-	-	-	-
Dividend	(444)	(511)	(508)	(545)	(601)
FINANCING CASH FLOW (c)	(444)	(511)	(508)	(545)	(601)
NET CASH FLOW (a+b+c)	51	590	644	666	731
EO Items, Others	67	310	-	-	-
Closing Cash & Equivalents	5,630	6,530	7,174	7,840	8,571

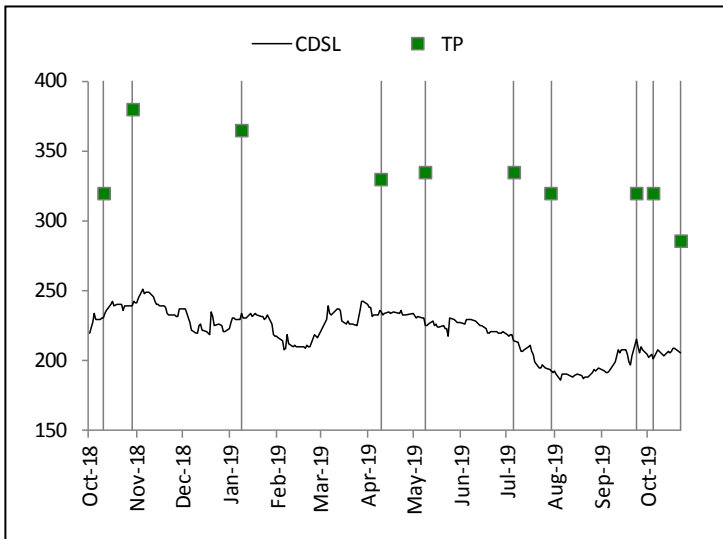
Source: Company, HDFC sec Inst Research

Key Ratios (Consolidated)

	FY18	FY19	FY20E	FY21E	FY22E
PROFITABILITY (%)					
GPM	83.8	82.4	78.2	78.8	79.5
EBITDA Margin	58.8	56.0	45.4	46.1	47.0
APAT Margin	55.0	58.3	50.9	49.2	48.6
RoE	17.2	17.0	15.5	15.2	15.3
RoIC (or Core RoCE)	84.6	60.7	52.5	57.6	62.8
RoCE	17.8	17.2	15.3	15.1	15.2
EFFICIENCY					
Tax Rate (%)	26.7%	22.5%	23.0%	23.0%	23.0%
Fixed Asset Turnover (x)	2.1	2.0	2.0	2.0	2.1
<i>Inventory (days)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Debtors (days)</i>	<i>37</i>	<i>36</i>	<i>36</i>	<i>36</i>	<i>36</i>
<i>Other Current Assets (days)</i>	<i>17</i>	<i>17</i>	<i>15</i>	<i>15</i>	<i>15</i>
<i>Payables (days)</i>	<i>8</i>	<i>7</i>	<i>7</i>	<i>7</i>	<i>7</i>
<i>Other Current Liab & Provns (days)</i>	<i>137</i>	<i>131</i>	<i>124</i>	<i>117</i>	<i>111</i>
Cash Conversion Cycle (days)	-92	-85	-81	-74	-68
Debt/EBITDA (x)	0.0	0.0	0.0	0.0	0.0
Net D/E (x)	(0.9)	(1.0)	(1.0)	(1.0)	(1.0)
Interest Coverage (x)	NM	NM	NM	NM	NM
PER SHARE DATA (Rs)					
EPS	9.9	10.9	10.8	11.6	12.8
CEPS	10.5	11.8	11.9	12.8	14.1
Dividend	3.5	4.1	4.0	4.3	4.8
Book Value	57.3	63.9	69.9	76.3	83.3
VALUATION					
P/E (x)	20.8	18.9	19.0	17.7	16.1
P/BV (x)	3.6	3.2	2.9	2.7	2.5
EV/EBITDA (x)	14.4	13.7	14.2	12.0	10.0
OCF/EV (%)	5.6	4.7	4.6	5.5	6.7
FCF/EV (%)	0.7	4.1	3.9	4.7	5.7
FCFE/Mkt Cap (%)	0.5	2.8	2.6	3.0	3.4
Dividend Yield (%)	1.7	2.0	2.0	2.1	2.3

Source: Company, HDFC sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
10-Oct-18	231	BUY	320
30-Oct-18	240	BUY	380
8-Jan-19	233	BUY	365
9-Apr-19	233	BUY	330
9-May-19	226	BUY	335
5-Jul-19	214	BUY	335
30-Jul-19	194	BUY	320
22-Sep-19	204	BUY	320
4-Oct-19	205	BUY	320
23-Oct-19	206	BUY	286

Rating Definitions

- BUY : Where the stock is expected to deliver more than 10% returns over the next 12-month period
- NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12-month period
- SELL : Where the stock is expected to deliver less than (-)10% returns over the next 12-month period

INSTITUTIONAL RESEARCH

Disclosure:

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