

INDUSTRY		IT
<b>CMP (as on 31 Jan 2019)</b>	<b>Rs 1,074</b>	
<b>Target Price</b>	<b>Rs 1,035</b>	
Nifty	10,831	
Sensex	36,257	
KEY STOCK DATA		
Bloomberg	ECLX IN	
No. of Shares (mn)	39	
MCap (Rs bn) / (\$ mn)	42/585	
6m avg traded value (Rs mn)	25	
STOCK PERFORMANCE (%)		
<b>52 Week high / low</b>	<b>Rs 1,565 / 985</b>	
	3M 6M 12M	
Absolute (%)	1.0 (16.9) (28.8)	
Relative (%)	(4.3) (13.3) (29.6)	
SHAREHOLDING PATTERN (%)		
Promoters	50.56	
FIs & Local MFs	16.98	
FIIIs	24.18	
Public & Others	8.28	
Source : BSE		

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## In transition mode

eClerx posted in-line revenue and weak operating performance. Revenue stood at USD 50mn, 0.7/3.3% QoQ/YoY in CC terms. EBIT% contracted sharply by 514bps QoQ to 15.3% impacted by higher employee cost (-260bps impact) and higher SG&A (-200bps impact). Operating performance impacted by investments in onshore delivery (-250bps impact) and facility expansion (Pune center). APAT was lower at Rs 0.39bn on forex loss impact and higher ETR.

Following three consecutive years of no growth in revenue (USD terms) and FY19 profit retracing to FY15 levels on margin compression, recovery in earnings growth lies ahead. The structural change in eClerx' operating model (shift to onshore/managed services) has resulted in EBIT margin contraction from 34% to 20% with onshore rev% increasing from 13% to 23% in the last two years. We reckon that rev growth/margins have 'nearly' bottomed-out and will recover moderately based on (1) Nearing completion of onsite expansion (Fayetteville center) and recovery in offshore revenue, (2) Increase in RFP

### Financial Summary

(Rs bn)	3QFY19	3QFY18	YoY (%)	2QFY19	QoQ (%)	FY17	FY18	FY19E	FY20E	FY21E
Net Sales	3.58	3.40	5.2	3.56	0.5	13.30	13.65	14.32	16.07	17.58
EBIT	0.55	0.78	(29.6)	0.73	(24.8)	4.17	3.20	2.59	3.32	3.80
APAT	0.39	0.57	(31.4)	0.70	(43.7)	3.54	2.74	2.27	2.78	3.13
Diluted adj. EPS (Rs)	10.2	14.9	(31.4)	18.1	(43.7)	91.5	70.8	58.7	71.9	80.9
P/E (x)						11.7	15.2	18.3	14.9	13.3
EV / EBITDA (x)						8.1	10.3	12.4	9.8	8.4
RoE (%)						30.8	22.4	18.3	21.1	22.2

Source: Company, HDFC sec Inst Research

activity, deal size and new wins (YTD wins higher by 20%) and steady roll-off, (3) Pricing increase and recovery in emerging accounts.

We remain cautious on portfolio risk (high T-10 contribution), shorter duration projects providing limited visibility and growth lag to onsite investments. Factored USD rev growth of 1.1/8.2/9.2% and EBIT% at 18.1/20.6/21.6% for FY19/20/21E, respectively. Maintain NEUTRAL with TP of Rs 1,035, 13x Dec-20E EPS.

### Highlights of the quarter

- Onshore revenue grew 1.6/21.1% QoQ/YoY and offshore revenue grew 0.1/-1.7% QoQ/YoY. Onshore headcount increased to 520 (vs. 284/453 in 3QFY18 and 2QFY19). UK retailer and BFS account expected to support offshore revenue growth. Steady growth in 5 of the 7 USD 5mn+ clients and decline in the other 2 accounts expected to moderate over 4Q-1Q.
- Near-term outlook:** Strong cash position (18% of M-cap) and high payout (upcoming) will cushion the downside from weak operating performance.

**Revenue stood at USD 50.2mn, up 0.7% QoQ and 3.3% YoY in CC terms**

**EBIT% contracted 514 bps to 15.3%, impacted by higher G&A (-220bps) impacted by Pune facility, accelerated depreciation of old Pune facility (-60bps), higher delivery cost (-260bps) offset by lower Selling & Distribution cost (+20bps)**

**Capex (Rs 77mn in 3Q) on account of Pune Facility (as guided earlier), Capex for next two quarters guided at Rs 300mn**

**ETR expected at lower band of 28-30%**

### Quarterly Consolidated Financials Snapshot

Particulars (Rs bn)	3QFY19	3QFY18	YoY (%)	2QFY19	QoQ (%)
<b>Net Revenues (USD mn)</b>	<b>50.2</b>	<b>48.9</b>	<b>2.7</b>	<b>50.0</b>	<b>0.4</b>
Net Revenues	3.58	3.40	5.2	3.56	0.5
Employee Costs	1.83	1.55	18.3	1.73	5.8
SG&A and Other Operating Expenses	1.07	0.95	13.4	1.00	7.7
<b>EBITDA</b>	<b>0.67</b>	<b>0.90</b>	<b>(25.8)</b>	<b>0.83</b>	<b>(19.3)</b>
Depreciation	0.12	0.13	(2.2)	0.10	19.8
<b>EBIT</b>	<b>0.55</b>	<b>0.78</b>	<b>(29.6)</b>	<b>0.73</b>	<b>(24.8)</b>
Interest Cost	0.00	0.00		0.00	
Other Income	0.00	0.01	(96.9)	0.19	(99.9)
<b>PBT</b>	<b>0.55</b>	<b>0.78</b>	<b>(30.1)</b>	<b>0.92</b>	<b>(40.5)</b>
Tax	0.15	0.21	(26.4)	0.22	(30.2)
<b>APAT</b>	<b>0.39</b>	<b>0.57</b>	<b>(31.4)</b>	<b>0.70</b>	<b>(43.7)</b>
E/o (adj for tax)	-	-		-	
RPAT	0.39	0.57	(31.4)	0.70	(43.7)

Source: Company, HDFC sec Inst Research

### Margin Analysis

Particulars	3QFY19	3QFY18	YoY (bps)	2QFY19	QoQ (bps)
Employee Cost % Net Revenues	51.2	45.5	567	48.6	258
SG&A and Other Expenses % Net Revenues	30.1	27.9	216	28.0	201
EBITDA Margin (%)	18.8	26.6	(783)	23.4	(459)
<b>EBIT Margin (%)</b>	<b>15.3</b>	<b>22.9</b>	<b>(757)</b>	<b>20.5</b>	<b>(514)</b>
Tax Rate (%)	28.1	26.7	142	24.0	415
APAT Margin (%)	11.0	16.9	(589)	19.7	(866)

Source: Company, HDFC sec Inst Research

*eClerx added 2 new logos in Fortune-500, one from Apparel industry the other from Electronics*

*Client specific issues for couple of clients in USD 1-5mn revenue bucket, clients expected to be retained with lower revenue*

### Revenue Trend

Particulars	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Revenue (USD mn)	48.8	48.4	48.9	52.5	49.2	50.0	50.2
Revenue growth (USD QoQ%)	1.9	(0.9)	1.2	7.4	(6.3)	1.6	0.3
<b>Revenue growth (CC QoQ%)</b>	<b>1.4</b>	<b>(1.8)</b>	<b>1.1</b>	<b>6.5</b>	<b>(5.7)</b>	<b>2.2</b>	<b>0.7</b>

Source: Company, HDFC Sec Inst Research

### Geographic Revenue Split

(% of revenue)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
North America	69.0	64.6	64.7	59.0	64.4	63.6	64.3
<b>Europe</b>	<b>26.3</b>	<b>28.6</b>	<b>27.9</b>	<b>35.0</b>	<b>28.2</b>	<b>29.3</b>	<b>28.9</b>
Rest of the World	4.8	6.8	7.4	6.0	7.4	7.0	6.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Company, HDFC Sec Inst Research

### Geographic Revenue Growth

(QoQ, %)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
North America	4.7	(7.1)	1.3	(2.1)	2.2	0.4	1.4
<b>Europe</b>	<b>(5.7)</b>	<b>7.9</b>	<b>(1.5)</b>	<b>35.0</b>	<b>(24.6)</b>	<b>5.7</b>	<b>(0.9)</b>
Rest of the World	7.3	40.4	11.0	(13.0)	15.3	(3.2)	(3.2)
<b>Total</b>	<b>1.9</b>	<b>(0.9)</b>	<b>1.1</b>	<b>7.4</b>	<b>(6.4)</b>	<b>1.6</b>	<b>0.4</b>

Source: Company, HDFC Sec Inst Research

### Client Data

(% of revenue)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
<b>Top-10 clients</b>	<b>74.6</b>	<b>71.5</b>	<b>70.7</b>	<b>67.0</b>	<b>70.2</b>	<b>69.5</b>	<b>70.3</b>
Non-top 10 clients	25.4	28.5	29.3	33.0	29.8	30.5	29.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Company, HDFC Sec Inst Research

**Uptick in T-10 accounts aided revenue growth while Non T-10 accounts declined 2.2% QoQ**

**Onshore headcount continued to rise to 520 (vs. 453 in 2Q) and total headcount stood at 9,520**

### Client Growth

(QoQ, %)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
<b>Top-10 clients</b>	2.2	(5.0)	0.0	1.8	(1.8)	0.6	1.5
Non-top 10 clients	1.0	11.1	3.9	21.0	(15.5)	4.1	(2.2)
<b>Total</b>	<b>1.9</b>	<b>(0.9)</b>	<b>1.1</b>	<b>7.4</b>	<b>(6.4)</b>	<b>1.6</b>	<b>0.4</b>

Source: Company, HDFC Sec Inst Research

### Client Metrics

(No.s)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Clients US\$0.5mn-US\$1mn	14	14	16	17	19	17	16
Clients US\$1mn-US\$5mn	17	17	16	17	16	18	19
Clients >US\$5mn	6	6	6	6	7	7	7

Source: Company, HDFC Sec Inst Research

### Headcount, Utilisation Data

(Nos.)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
<b>Total headcount</b>	<b>9,164</b>	<b>9,223</b>	<b>9,091</b>	<b>9,429</b>	<b>9,363</b>	<b>9,583</b>	<b>9,520</b>
- Operations headcount	7,762	7,740	7,592	7,825	7,746	7,907	7,788
- Onshore headcount	240	259	284	367	366	453	520
- Support Services headcount	601	615	613	618	638	640	641
- Tech services	423	463	431	460	444	406	393
- R&D	60	64	86	81	91	91	91
Selling & Distribution Staff	78	82	85	78	78	86	87
<b>Net additions</b>	<b>349</b>	<b>59</b>	<b>(132)</b>	<b>338</b>	<b>(66)</b>	<b>220</b>	<b>(63)</b>
Seat count	8,941	8,926	8,904	8,919	8,900	8,914	8,908
Utilisation (%)	76.8	73.8	72.9	72.4	72.4	72.5	71.9

Source: Company, HDFC Sec Inst Research

### Key Assumptions

Particulars	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Volume growth (%)	13.5	17.4	3.9	(6.5)	(0.1)	3.6	4.9
Pricing change (%)	(2.0)	10.3	(6.1)	9.4	1.2	4.4	4.1
<b>USD revenue growth (%)</b>	<b>11.3</b>	<b>29.5</b>	<b>(2.5)</b>	<b>2.3</b>	<b>1.1</b>	<b>8.2</b>	<b>9.2</b>
<b>EBIT margin (%)</b>	<b>28.2</b>	<b>32.4</b>	<b>31.4</b>	<b>23.5</b>	<b>18.1</b>	<b>20.6</b>	<b>21.6</b>

Source: Company, HDFC Sec Inst Research

### Change In Estimates

Particulars	Earlier estimates	Revised estimates	% change
<b>FY20E</b>			
Revenue (USD mn)	219.1	217.1	(0.9)
Revenue (Rs bn)	16.33	16.07	(1.5)
EBITDA (Rs bn)	3.68	3.32	(9.9)
EBITDA margin (%)	22.6	20.6	(191)bps
APAT (Rs bn)	3.06	2.78	(9.0)
<b>FY21E</b>			
Revenue (USD mn)	238.0	237.1	(0.4)
Revenue (Rs bn)	17.74	17.58	(0.9)
EBITDA (Rs bn)	4.12	3.80	(7.9)
EBITDA margin (%)	23.2	21.6	(165)bps
APAT (Rs bn)	3.40	3.13	(7.8)

Source: Company, HDFC Sec Inst Research

### Peer Set Comparison

Company	Mcap (Rs bn)	CMP (Rs)	Target (Rs)	Rating	EPS (Rs)				P/E (x)				RoE (%)			
					FY18	FY19E	FY20E	FY21E	FY18	FY19E	FY20E	FY21E	FY18	FY19E	FY20E	FY21E
L&T Infotech	303	1,761	2,240	BUY	67.0	87.4	92.2	105.9	26.3	20.1	19.1	16.6	33.2	35.3	30.7	29.6
Mphasis	187	1,003	1,390	BUY	45.4	58.1	68.2	81.5	22.1	17.3	14.7	12.3	14.6	20.5	23.3	24.1
L&T Tech	164	1,585	2,030	BUY	45.7	66.5	75.3	97.7	34.7	23.8	21.1	16.2	27.7	31.9	29.8	31.8
Mindtree	147	894	1,140	BUY	30.5	44.3	52.5	59.0	29.3	20.2	17.0	15.1	20.5	25.5	25.1	24.3
Hexaware *	102	343	475	BUY	16.8	19.6	22.8	26.2	20.4	17.5	15.0	13.1	26.6	26.5	26.9	27.3
Cyient	68	610	790	BUY	38.6	39.2	45.5	50.7	15.8	15.6	13.4	12.0	18.1	17.9	18.9	19.0
Tata Elxsi	54	874	1,050	NR	38.5	46.9	51.3	61.1	22.7	18.6	17.0	14.3	37.0	35.1	31.1	30.4
Zensar	51	225	300	BUY	10.6	13.4	16.7	19.5	21.2	16.7	13.5	11.5	15.1	16.8	18.1	18.3
Persistent	48	602	815	BUY	40.4	44.9	51.8	59.8	14.9	13.4	11.6	10.1	16.0	16.0	16.8	17.0
<b>eClerx</b>	<b>42</b>	<b>1,074</b>	<b>1,035</b>	<b>NEU</b>	<b>70.8</b>	<b>58.7</b>	<b>71.9</b>	<b>80.9</b>	<b>15.2</b>	<b>18.3</b>	<b>14.9</b>	<b>13.3</b>	<b>22.4</b>	<b>18.3</b>	<b>21.1</b>	<b>22.2</b>
Sonata	33	321	440	BUY	18.6	22.3	25.3	28.1	17.3	14.4	12.7	11.4	31.0	33.4	33.5	33.1
Intellect	23	181	300	BUY	3.7	7.5	11.7	16.7	48.5	24.2	15.4	10.9	6.5	10.3	14.0	17.1
HGS	13	630	725	NR	93.3	82.7	86.4	92.1	6.7	7.6	7.3	6.8	13.8	11.1	10.6	10.4
Majesco	13	462	755	BUY	(2.1)	27.9	39.2	48.0	NA	16.6	11.8	9.6	NA	14.2	17.2	17.9

Source: HDFC sec Inst Research; \*Dec Y/E, TP implies Fair Value for Not Rated stocks

### Consolidated Income Statement

Year ending March (Rs bn)	FY17	FY18	FY19E	FY20E	FY21E
<b>Net Revenues (USD mn)</b>	<b>194.2</b>	<b>198.6</b>	<b>200.8</b>	<b>217.1</b>	<b>237.1</b>
<b>Growth (%)</b>	<b>(2.5)</b>	<b>2.3</b>	<b>1.1</b>	<b>8.2</b>	<b>9.2</b>
<b>Net Revenues</b>	<b>13.30</b>	<b>13.65</b>	<b>14.32</b>	<b>16.07</b>	<b>17.58</b>
<b>Growth (%)</b>	<b>1.2</b>	<b>2.6</b>	<b>4.9</b>	<b>12.3</b>	<b>9.4</b>
Employee Costs	5.25	6.18	7.13	7.79	8.40
SG&A and Other Operating Expenses	3.37	3.80	4.18	4.53	4.89
<b>EBITDA</b>	<b>4.69</b>	<b>3.67</b>	<b>3.00</b>	<b>3.75</b>	<b>4.30</b>
<b>EBITDA (%)</b>	<b>35.2</b>	<b>26.9</b>	<b>20.9</b>	<b>23.3</b>	<b>24.4</b>
<b>EBITDA Growth (%)</b>	<b>(2.8)</b>	<b>(21.8)</b>	<b>(18.2)</b>	<b>25.1</b>	<b>14.6</b>
Depreciation	0.52	0.46	0.41	0.43	0.50
<b>EBIT</b>	<b>4.17</b>	<b>3.20</b>	<b>2.59</b>	<b>3.32</b>	<b>3.80</b>
Other Income	0.19	0.19	0.55	0.55	0.55
Interest	0.00	0.00	0.00	-	-
<b>PBT</b>	<b>4.36</b>	<b>3.39</b>	<b>3.15</b>	<b>3.86</b>	<b>4.35</b>
Tax (incl deferred)	0.82	0.90	0.87	1.08	1.22
RPAT	3.54	2.71	2.27	2.78	3.13
<b>APAT</b>	<b>3.54</b>	<b>2.74</b>	<b>2.27</b>	<b>2.78</b>	<b>3.13</b>
<b>APAT Growth (%)</b>	<b>3.7</b>	<b>(22.7)</b>	<b>(17.0)</b>	<b>22.5</b>	<b>12.6</b>
<b>EPS</b>	<b>91.5</b>	<b>70.8</b>	<b>58.7</b>	<b>71.9</b>	<b>80.9</b>
<b>EPS Growth (%)</b>	<b>3.7</b>	<b>(22.7)</b>	<b>(17.0)</b>	<b>22.5</b>	<b>12.6</b>

Source: Company, HDFC sec Inst Research

### Consolidated Balance Sheet

As at March (Rs bn)	FY17	FY18	FY19E	FY20E	FY21E
<b>SOURCES OF FUNDS</b>					
Share Capital - Equity	0.40	0.38	0.39	0.39	0.39
Reserves	11.76	11.67	12.34	13.30	14.14
<b>Total Shareholders' Funds</b>	<b>12.15</b>	<b>12.05</b>	<b>12.73</b>	<b>13.68</b>	<b>14.53</b>
Net Deferred Taxes	0.17	(0.04)	(0.04)	(0.04)	(0.04)
Long Term Provisions & Others	0.29	0.47	0.49	0.56	0.61
<b>TOTAL SOURCES OF FUNDS</b>	<b>12.62</b>	<b>12.54</b>	<b>13.18</b>	<b>14.20</b>	<b>15.10</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	1.25	1.21	1.24	1.29	1.31
CWIP	0.02	0.00	0.00	0.00	0.00
Goodwill	2.00	2.22	2.22	2.22	2.22
Investments	0.00	0.00	0.00	0.00	0.00
Other non-current assets	0.59	0.30	0.31	0.32	0.33
<b>Total Non Current Assets</b>	<b>3.86</b>	<b>3.74</b>	<b>3.77</b>	<b>3.83</b>	<b>3.86</b>
Debtors	2.14	2.33	2.44	2.74	3.00
Cash & Equivalents	6.07	6.05	6.61	7.22	7.79
Other Current Assets	1.91	1.99	2.09	2.35	2.57
<b>Total Current Assets</b>	<b>10.12</b>	<b>10.37</b>	<b>11.14</b>	<b>12.31</b>	<b>13.36</b>
Creditors	0.13	0.20	0.29	0.33	0.36
Other Current Liabilities & Provns	1.23	1.37	1.43	1.61	1.76
<b>Total Current Liabilities</b>	<b>1.36</b>	<b>1.57</b>	<b>1.73</b>	<b>1.94</b>	<b>2.12</b>
<b>Net Current Assets</b>	<b>8.76</b>	<b>8.80</b>	<b>9.42</b>	<b>10.37</b>	<b>11.24</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>12.62</b>	<b>12.54</b>	<b>13.18</b>	<b>14.20</b>	<b>15.10</b>

Source: Company, HDFC sec Inst Research

## Consolidated Cash Flow

Year ending March (Rs bn)	FY17	FY18	FY19E	FY20E	FY21E
Reported PBT	4.36	3.60	3.15	3.86	4.35
Non-operating & EO items	(0.15)	(0.14)	(0.40)	(0.39)	(0.40)
Interest expenses	0.00	0.00	0.00	0.00	0.00
Depreciation	0.52	0.46	0.41	0.43	0.50
Working Capital Change	(1.11)	(0.08)	(0.09)	(0.45)	(0.38)
Tax paid	(0.82)	(0.90)	(0.87)	(1.08)	(1.22)
<b>OPERATING CASH FLOW ( a )</b>	<b>2.79</b>	<b>2.95</b>	<b>2.19</b>	<b>2.38</b>	<b>2.85</b>
Capex	(0.30)	(0.41)	(0.43)	(0.48)	(0.53)
<i>Free cash flow (FCF)</i>	<i>2.49</i>	<i>2.54</i>	<i>1.76</i>	<i>1.89</i>	<i>2.33</i>
<b>INVESTING CASH FLOW ( b )</b>	<b>(0.14)</b>	<b>(0.27)</b>	<b>(0.03)</b>	<b>(0.09)</b>	<b>(0.13)</b>
Debt Issuance	(0.02)	0.05	(0.06)	0.00	0.00
Interest expenses	(0.00)	(0.00)	(0.00)	0.00	0.00
<i>FCFE</i>	<i>2.47</i>	<i>2.59</i>	<i>1.69</i>	<i>1.89</i>	<i>2.33</i>
Share capital Issuance	(0.01)	(0.02)	0.01	0.00	0.00
Dividend/ Buyback	(2.39)	(2.63)	(1.60)	(1.83)	(2.28)
<b>FINANCING CASH FLOW ( c )</b>	<b>(2.42)</b>	<b>(2.59)</b>	<b>(1.66)</b>	<b>(1.83)</b>	<b>(2.28)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>0.22</b>	<b>0.09</b>	<b>0.50</b>	<b>0.46</b>	<b>0.44</b>
Closing Cash & Equivalents	6.07	6.05	6.61	7.22	7.79

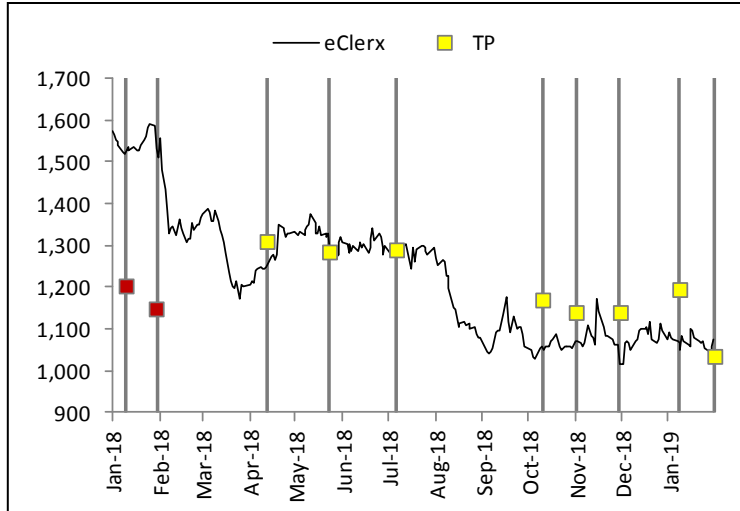
Source: Company, HDFC sec Inst Research

## Key Ratios

	FY17	FY18	FY19E	FY20E	FY21E
<b>PROFITABILITY (%)</b>					
EBITDA Margin	35.2	26.9	20.9	23.3	24.4
APAT Margin	26.6	19.8	15.9	17.3	17.8
RoE	30.8	22.4	18.3	21.1	22.2
RoIc or Core RoCE	55.2	36.9	28.7	35.2	38.3
RoCE	29.7	21.5	17.7	20.3	21.4
<b>EFFICIENCY</b>					
Tax Rate (%)	18.8	24.9	27.8	28.0	28.0
Fixed Asset Turnover (x)	5.9	5.1	4.6	4.5	4.3
Debtors (days)	59	62	62	62	62
<i>Other current assets (days)</i>	<i>52</i>	<i>53</i>	<i>53</i>	<i>53</i>	<i>53</i>
<i>Payables (days)</i>	<i>4</i>	<i>5</i>	<i>7</i>	<i>7</i>	<i>7</i>
<i>Other current liab &amp; prov (days)</i>	<i>34</i>	<i>37</i>	<i>37</i>	<i>37</i>	<i>37</i>
Cash Conversion Cycle (days)	74	73	71	71	71
Net Debt/EBITDA (x)	(1.3)	(1.6)	(2.2)	(1.9)	(1.8)
Net Debt/Equity (x)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Interest Coverage (x)	17,021	8,008	10,366	NA	NA
<b>PER SHARE DATA</b>					
EPS (Rs/sh)	91.5	70.8	58.7	71.9	80.9
CEPS (Rs/sh)	104.9	82.7	69.2	83.1	93.9
DPS (Rs/sh)	1.0	1.0	35.0	40.0	50.0
BV (Rs/sh)	306.1	311.6	328.9	353.6	375.5
<b>VALUATION</b>					
P/E	11.7	15.2	18.3	14.9	13.3
P/BV	3.5	3.4	3.3	3.0	2.9
EV/EBITDA	8.1	10.3	12.4	9.8	8.4
OCF/EV (%)	7.8	8.2	6.9	7.6	9.0
FCF/EV (%)	7.0	7.1	5.8	6.2	7.6
FCFE/mkt cap (%)	6.0	6.2	4.8	5.2	6.2
Dividend Yield (%)	0.1	0.1	3.3	3.7	4.7

Source: Company, HDFC sec Inst Research

**RECOMMENDATION HISTORY**



Date	CMP	Reco	Target
10-Jan-18	1,519	SELL	1,200
30-Jan-18	1,531	SELL	1,145
12-Apr-18	1,244	NEU	1,310
24-May-18	1,325	NEU	1,285
6-Jul-18	1,300	NEU	1,290
10-Oct-18	1,059	NEU	1,170
1-Nov-18	1,072	NEU	1,140
30-Nov-18	1,061	NEU	1,140
8-Jan-19	1,060	NEU	1,195
1-Feb-19	1,074	NEU	1,035

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



## INSTITUTIONAL RESEARCH

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