

# Stock Update

## Engineers India Ltd.

Aug 23, 2023





Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Consultancy Services-Industrial	Rs 158.8	Buy in the band of Rs 157-160 & add more on dips to Rs 141-144 band	Rs 176	Rs 188	2-3 quarters

HDFC Scrip Code	ENGINDEQNR
BSE Code	532178
NSE Code	ENGINEERSIN
Bloomberg	ENGR IN
CMP Aug 22, 2023	158.8
Equity Capital (Rs cr)	281.0
Face Value (Rs)	5
Equity Share O/S (cr)	56.2
Market Cap (Rs cr)	8,925
Book Value (Rs)	34.9
Avg. 52 Wk Volumes	5203492
52 Week High	161.4
52 Week Low	62.4

Share holding Pattern % (June 2023)	
Promoters	51.3
Institutions	26.2
Non Institutions	22.5
Total	100.0



**HDFCsec Retail research  
stock rating meter**

for details about the ratings, refer at the end of the report

\* Refer at the end for explanation on Risk Ratings

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### Our Take:

Engineers India Ltd (EIL) is a leading global engineering consultancy and EPC company providing services mainly to Hydrocarbons and Petrochemicals sector. The company has strong track record across entire oil & gas value chain – offshore platforms, oil & gas processing, oil refining, petrochemicals and pipeline projects - with experience of landmark/ complex projects. The company is the preferred partner of all major oil & gas PSUs. EIL has been focusing on new verticals like Hydrogen, Biofuel etc. and is strengthening its exports market presence in Middle East, Africa and South America. Its order book as of Jun'23 stood at ~Rs 8100cr (2.4x TTM revenue), providing robust revenue visibility over the next couple of years.

Order pipeline in hydrocarbons continue to remain strong and the company continues to participate in turnkey projects. Oil & Gas remains EIL's core end market even though the company is eyeing diversification into non-hydrocarbon areas. It expects a lot of tendering activities in refineries and petrochemical in the next four-five years. EIL expects 3-4 mega petrochemical project tenders worth around Rs 250-400 bn coming in the near-term. EIL is currently working on feasibility projects across multiple hydrocarbon fuels, pipeline and renewable fuels such as hydrogen, ethanol and other biofuels in consultancy segment which are margin accretive. The company has also initiated business development activities in sectors like Bio Fuels, SMART Cities, LNG Terminals, Ports and Harbours, Defence etc., as part of possible diversification initiatives aligning with Government of India initiatives.

We had issued stock note report on Engineers India dated Dec 19, 2022 ([link](#)) and again on July 24, 2023 ([link](#)); targets for both the reports were achieved within our investment horizon. On account of healthy order book and pipeline coupled with strong focus on new verticals, we believe there is scope for further re-rating.

### Valuation & Recommendation:

We believe Engineers India is on a strong footing on the back of strong track record in consultancy of complex and high-value projects, capex in hydrocarbon sector and foray into newer segment coupled with strong clientele base. Company's asset-light business model, zero debt and strong profitability enables it to maintain healthy dividend payout ratio. Increasing interest in green hydrogen gives the company an opportunity to be a part of high growth segment.

Robust order book, strong tailwinds in oil & gas sector, coupled with diversification into non-hydrocarbon, bodes well for the company. Moreover, lean balance sheet, robust project pipeline and strong growth visibility augurs well for the long run. Muted topline growth in



Q1FY24 has been largely due to declining trend in order book from last several quarters till Q4FY23. EIL saw huge order inflows in Q4FY23 that would improve revenue growth from H2FY24. We expect revenue/EBITDA/PAT to grow at CAGR of 13.6%/24.8%/22.3% over FY23-25E. **We think the base case fair value of the stock is Rs 176 (18.5x FY25E core EPS + FY25E cash) and the bull case fair value is Rs 188 (20x FY25E core EPS + FY25E cash) over the next two-three quarters. Investors can buy the stock in the band of Rs 157-160 and add more on dips to Rs 141-144 band (14x FY25E core EPS + FY25E cash). At CMP, the stock trades at 16.2x FY25E core EPS + FY25E cash.**

### Financial Summary

Particulars (Rs cr)	Q1FY24	Q1FY23	YoY-%	Q4FY23	QoQ-%	FY21	FY22	FY23	FY24E	FY25E
Total Operating Income	818.3	814.8	0.4	880.1	-7.0	3,144.2	2,912.8	3,330.1	3,716.2	4,293.9
EBITDA	71.0	46.8	51.6	166.9	-57.5	349.9	344.1	308.4	387.8	480.2
PAT	138.9	64.8	114.4	190.2	-27.0	248.9	139.5	346.3	433.3	517.9
Adjusted PAT	138.9	64.8	114.4	190.2	-27.0	248.9	139.5	346.3	433.3	517.9
Diluted EPS (Rs)	2.5	1.2	114.4	3.4	-27.0	4.4	2.5	6.2	7.7	9.2
RoE-%						12.0	7.9	18.6	20.9	22.4
P/E (x)						35.9	64.0	25.8	20.6	17.2
EV/EBITDA (x)						21.7	21.9	25.5	20.0	16.2

(Source: Company, HDFC sec)

### Q1FY24 Result Review

Engineers India reported subdued topline of Rs 818.3cr (flat/-7% YoY/QoQ) while margins held up. Turnkey project segment posted de-growth of 6.5% YoY and while consulting & engineering segment clocked de-growth of 7.7% YoY. The company posted EBITDA of Rs 71cr (+51.6%/-57.5% YoY/QoQ). There was a certain reversal of provisions of Rs 78.8cr in Q4FY23 in relation to write-back of contractual obligation for execution of major projects. EBITDA margin expanded 293bps YoY and stood at 8.7%. Other income includes one-off interest income of Rs 55.6cr pursuant to settlement of claims with client in Consultancy segment. EIL reported adjusted PAT of Rs 138.9cr (up 114.4% YoY).

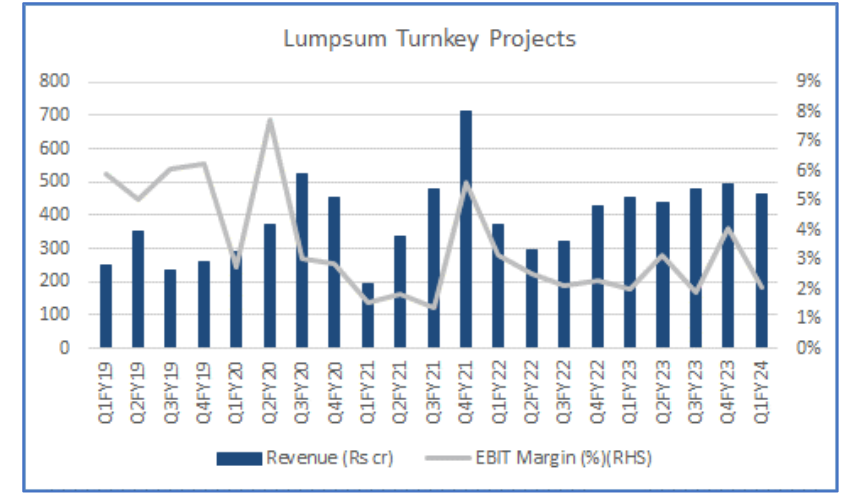
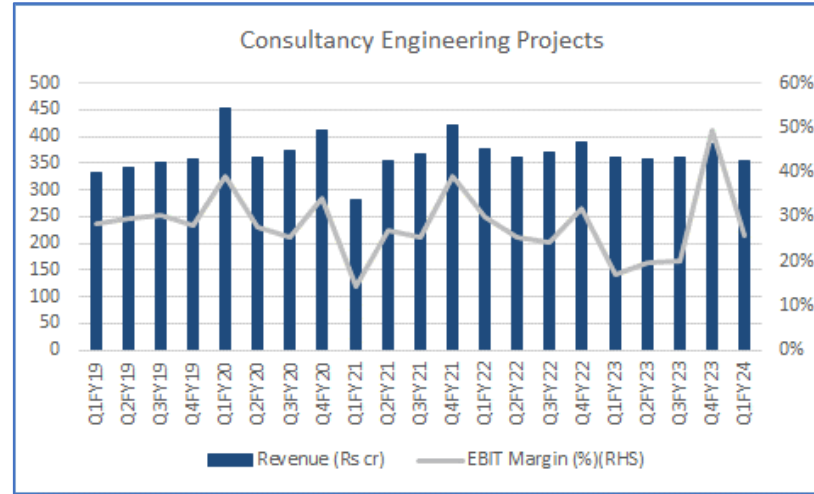
Consultancy segment posted revenue of Rs 355.6cr (-1.3%/-7.7% YoY/QoQ). EBIT margin for this segment came in at 25.6% vs 17.1% in Q1FY23. Turkey project segment posted topline of Rs 462.7cr (+1.8%/-6.5% YoY/QoQ). EBIT margin of turkey project segment stood at 2.1%. Management continues to guide for a margin range of 3-4% / 25-27% for turnkey / consultancy segments on a full-year basis.

EIL secured over Rs 1265.2cr orders during the quarter on the back of a large Turnkey order win. The company's order book stands at Rs 8102.5cr as at Jun'23; 2.4x TTM revenue providing revenue visibility for next few quarters. Consultancy business accounts for 61% of the total order book while turnkey contributes to the remaining 39%. Domestic consultancy contributes ~80% of the total consultancy order book.



## Concall Highlights:

- **Guidance:** The management expects similar levels of order inflows as last fiscal in FY24, around Rs 4400-4500cr. Ratio of Consultancy: Turnkey projects is expected to 50:50. Revenue is expected to grow 10% for FY24E with consultancy margins in the range of 25-27% in FY24. It is in discussions with customers for change orders for turnkey segment to improve the margin level of 3-4%.
- **Order pipeline:**
  - One of the private refineries is going for an expansion and the company has been involved in the initial study stage; order is expected to come through by this year end.
  - EIL is involved in initial DFR for ONGC and other petrochemical companies are going for crude to chemical complexes
  - BORL is going for a petrochemicals complex for which tenders are expected to come in this fiscal.
  - IOCL has plans to set up petrochemical complex at Paradip; tenders for which is expected to come in the near future.
- **Cementing presence in New sectors:**
  - EIL is exploring opportunities in emerging sectors such as green energy, bioethanol, coal gasification, green hydrogen, etc. Alternative fuels remain a core area of focus for EIL as the company has been involved in the biofuel space since the policy was announced.
  - EIL has been appointed as a consultant by NTPC for one of their carbon capture projects, to convert it ethanol.
  - The company was involved in assignment in Green hydrogen for GAIL and is working on a project for BORL for the electrolyzer implementation in their refinery.
  - The company has entered into strategic alliance with Australia's Sunrise CSP group to expand its capabilities in Solar Projects. Sunrise will provide its technology, while EIL will provides its EPC services
- **Refinery opportunity:** The Government of India has the target of increasing the refinery capacity from 250 MMTPA to 430 MMTPA by 2030. In the next 5-7 years ~180-190 MMTPA of refinery capacity is being added, which provides huge business opportunity to EIL.
- **Defence:** EIL is working with a company on a modernisation project; but it is still in the initial stages.
- **Focus on international business:** The company is focused on increasing its focus on export market by strengthening its presence in Middle East by increasing its outreach to many other Middle East countries. Recently, it bagged order from Nigeria in Petrochem. Algeria is another country where EIL sees opportunities. Out of the order book of Rs 8100cr, foreign consultancy accounts for ~Rs 1600cr.
- **Ramagundam Fertilizer project (RFCL):** RFCL (26% stake) is currently operating at 100% capacity utilization. Company share of RFCL profit in Q1FY24 stood at Rs 22.5cr compared to Rs 13.85cr in Q1FY23.
- **Numaligarh Refinery:** During FY23, the company has received dividend of Rs 55cr from Numaligarh Refinery Ltd. (NRL) (100% subsidiary) on investment of Rs 700cr. No dividends were received in Q1FY24.



(Source: Company, HDFC sec)

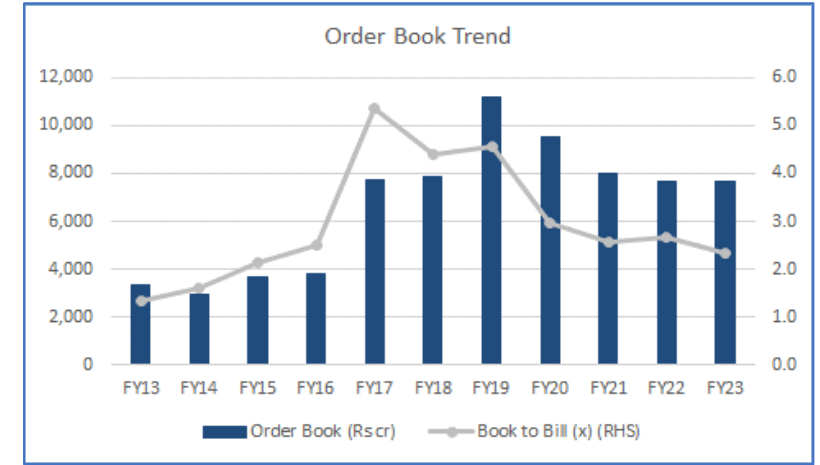
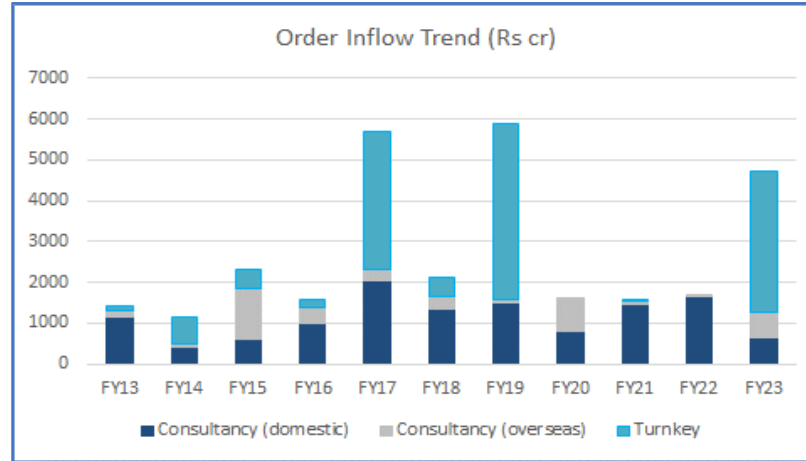
**Triggers:**

**Strong Order Book & order pipeline:**

Engineers India has maintained a healthy order book over the years providing revenue visibility. Although its order book declined during FY20-22 due to lower orders secured in turnkey projects; the management secured order wins of Rs 4,708cr in FY23 taking the order book to Rs 7,694.6cr. Its order book as of Jun’23 stood at Rs 8102.5cr (2.4x TTM revenue), providing robust revenue visibility in next couple of years. Going forward, the management maintained order inflow guidance at ~Rs 4000-5000cr p.a. over the next 2-3 years.

The company expects strong demand in the refinery and petrochemicals; which would continue to dominate orders in the next 4-5 years. The Oil & Gas industry will play a critical role in fuelling the energy demand for the growing economy and will account for more than 35% of India’s primary energy consumption till 2030. Overall, Indian Oil & Gas sector can benefit from key reforms and initiatives, whether it be fiscal, infrastructural or supply enablement. India is likely to attract investments of around \$250 bn in Oil and Gas this decade out of which \$58 bn expected in E&P, \$60 bn in Natural Gas infrastructure and around \$130 bn in Refining and Petrochemical infrastructure. The Government of India has the target of increasing the refinery capacity from 250 MMTPA to 430 MMTPA by 2030. Several projects in these segments are lined up such as IOCL- Petrochemical facility in Gujarat, BORL- Refinery expansion, Private sector – Crude to Chemicals, Polymer projects among others. EIL has been focusing on new verticals like Hydrogen, Biofuel etc. and is strengthening its exports market presence in Middle East, Africa and South America. The company is also working on coal gasification, ethanol projects, data centre projects.





(Source: Company, HDFC sec)

### Key player in Hydrocarbon segment; supported by strong industry tailwinds:

Engineers India has unmatched track record of providing services to major petrochemical complexes. EIL has helped in setting up 20 out of 23 refineries in India including 10 greenfield refineries. EIL has been involved in the establishment of 10 of the 11 mega petrochemical complexes in India. EIL has secured many repeat businesses from clients and is the preferred partner of all major Oil & Gas PSUs like BPCL, ONGC, IOC, HPCL, MRPL. It also offers complete solutions to hydrocarbon sector with expertise in design, engineering and project implementation. EIL has established an outstanding track record in design, engineering and execution of cross-country pipelines for transportation of crude oil, refined petroleum products, natural gas and LPG. It has worked extensively with ONGC in developing offshore oil and gas projects in Mumbai High and other offshore fields. It has also developed experience and engineering capabilities for all facets of onshore oil & gas processing projects.

Order pipeline in hydrocarbons continue to remain strong and the company continues to participate in turnkey projects. Oil & Gas remains EIL's core end market even though the company is eyeing diversification into non-hydrocarbon areas. It expects a lot of tendering activities in refineries and petrochemical in the next four-five years. EIL expects 3-4 mega petrochemical project tenders' worth around Rs 250-400 bn coming in the near-term. Major ordering activity would be seen in petrochemical and crude to chemical business and some activity in refineries. The opportunity size for EIL's consultancy business is around 2-4% of the overall capex. Tender pipeline includes IOCL - Petrochemical facility in Gujarat, BORL - Refinery expansion, private players order for crude to chemical projects among others. India's energy demand remains robust and is projected to increase two-fold by 2035.



**Healthy progress in non-hydrocarbon side; new age business provides huge opportunity in next 3-5 years:**

Leveraging its engineering consultancy, EPC capabilities and successful track record; EIL has successfully diversified into high potential sectors - infrastructure, water & waste management, solar & nuclear power and fertilizer. The company has also initiated business development activities in sectors like Bio Fuels, SMART Cities, LNG Terminals, Ports and Harbours, Defence etc., as part of possible diversification initiatives aligning with Government of India initiatives. The company is working on multiple new opportunities in green energy - Green hydrogen, coal to methanol, emission control technology for steel majors and; emission control technologies to help oil & gas companies achieve their net zero targets.

Oil & Gas would continue to be core of its operations; diversification in other sectors would reduce cyclicity associated to its revenues. The company targets 20-25% revenue would come from sectors such as coal gasification, waste to ethanol for steel, green hydrogen, data centres, airports, etc. EIL was awarded an assignment from Ministry of Housing and Urban Affairs (MoHUA) for advisory services to setup large scale Bio-Methanation and Waste to Energy projects in many cities. The company has been entrusted EPCM Services Contract for setting up Gas Based Greenfield 4000 TPD Urea and 2300 TPD Ammonia Complex. The company has done works for various institutional buildings and data centre projects on EPC basis. It also entered into defence space where it has bid for a modernisation project for Ordnance Factory Board.

Engineers India has been proactive in exploring opportunities in emerging sectors such as hydrogen, alternative fuels, rooftop solar, coal gasification, carbon to ethanol among others which contributed revenue of Rs 66cr in FY23. The company has realigned its vision statement steering its operations focused towards Sustainability, Climate Change and Energy Transition. The new vision statement – “To be a Global Leader offering Total Energy Solutions for a Sustainable Future”. The company is working on various coal gasification projects from both public and private players. In the coal gasification projects, the management sees huge opportunities as it would attract investments of over Rs 35,000cr over five years. The company has bagged two Green Hydrogen projects - hydrogen blending in natural gas pipeline / CGD network for GAIL and conceptual study for setting up of green hydrogen plant for NICDC, Gujarat. Green hydrogen is at very nascent stage of development in India, EIL is well positioned in terms of technical know-how in green hydrogen opportunity and is focusing on securing consultancy works. The economic viability of the new project undertaken remain uncertain as it is in learning phase. The company wants to be at the frontrunner to tap opportunities in the space over the coming years. Although the contract size is small and the cleaner solutions is at nascent stage; as and when the capex cycle picks up, these capabilities would help win execution orders for the company.



### Concerns:

**Dependence on Govt orders:** A large part of EIL's order comes from Government entities which requires requisite regulatory clearances and cash flows which are dependent on government policies. Although company's engagement with private players and overseas clients has increased, still it has huge reliance on Govt. entities for order inflows.

**Project execution risk:** Any delay in execution of orders may result in slowdown in revenue. Also large exposure to turnkey projects could pose higher business risk due to cost overruns impacting its operational performance.

**Slowdown in capex:** Any slowdown in industrial capex would impact EIL's business. While EIL is fairly diversified into various businesses including petrochemicals, pipelines, fertilisers, power, EPC, etc., its current mainstay is refining and hydrocarbons; any slowdown/cancellations in their planned capex would impact future revenue and profitability of the company.

**Change in revenue mix:** Higher proportion of turnkey projects could impact blended margins and working capital and bring volatility to earnings.

### About the company:

Engineers India Ltd (EIL) is a leading global engineering consultancy and EPC company providing services mainly to Hydrocarbons and Petrochemicals sector. The company has a strong track record across entire oil & gas value chain – offshore platforms, oil & gas processing, oil refining, petrochemicals and pipeline projects - with experience of landmark/ complex projects. The company is the preferred partner of all major oil & gas PSUs like BPCL, ONGC, IOC, HPCL, CPCL, MRPL, HMEL. It has a leadership position in project implementation in almost all major oil & gas verticals. While strengthening its expertise across the hydrocarbon value chain, EIL has also diversified into sectors like infrastructure, water and waste management, solar & nuclear power and fertilizers to leverage its strong technical competencies and track record. EIL is continuously expanding its international operations, providing wide range of engineering consultancy services particularly in Middle East, Africa and Southeast Asia.

Company key business segments – Consultancy Services & Turnkey Projects. In the consultancy segment, the company provides the complete range of services required to conceptualize, design, engineer and construct projects to meet client specific needs. Its association with clients extends beyond the commissioning of their plants through monitoring operations of each plant and accumulating feedback on performance. In Turnkey projects, the company undertakes projects wherein it takes single point responsibility for managing all elements of project execution viz. basic & detailed engineering, procurement, plant erection, construction and commissioning.





# Engineers India Ltd.

EIL has a wholly owned subsidiary, Certification Engineers International Limited (CEIL), which provides services in the field of certification, re-certification, third party inspection services. The company has invested in joint venture - Ramagundam Fertilizers and Chemicals Limited (26% stake) - for setting up Gas based Urea Manufacturing Plant at Ramagundam, Telangana, with capacity of 2200 MTPD Ammonia Unit and 3850 MTPD Urea Unit. EIL is the Project Management Consultant for project execution on EPCM mode. EIL is a 'Total Solutions' engineering consultancy company providing design, engineering, procurement, construction and integrated project management services from 'Concept to Commissioning' with highest quality and safety standards.



## Financials

### Income Statement

(Rs Cr)	FY21	FY22	FY23	FY24E	FY25E
<b>Net Revenues</b>	<b>3144.2</b>	<b>2912.8</b>	<b>3330.1</b>	<b>3716.2</b>	<b>4293.9</b>
<b>Growth (%)</b>	<b>-2.9</b>	<b>-7.4</b>	<b>14.3</b>	<b>11.6</b>	<b>15.5</b>
Operating Expenses	2794.3	2568.7	3021.8	3328.3	3813.7
<b>EBITDA</b>	<b>349.9</b>	<b>344.1</b>	<b>308.4</b>	<b>387.8</b>	<b>480.2</b>
<b>Growth (%)</b>	<b>-22.8</b>	<b>-1.6</b>	<b>-10.4</b>	<b>25.8</b>	<b>23.8</b>
<b>EBITDA Margin (%)</b>	<b>11.1</b>	<b>11.8</b>	<b>9.3</b>	<b>10.4</b>	<b>11.2</b>
Depreciation	23.7	23.6	25.7	30.5	31.9
<b>EBIT</b>	<b>326.2</b>	<b>320.5</b>	<b>282.7</b>	<b>357.4</b>	<b>448.3</b>
Other Income	188.8	129.9	164.4	167.2	188.9
Interest expenses	3.7	1.0	1.5	1.9	2.4
<b>PBT</b>	<b>511.3</b>	<b>449.5</b>	<b>445.5</b>	<b>522.7</b>	<b>634.8</b>
Tax	94.9	106.6	101.3	126.5	155.5
<b>RPAT</b>	<b>248.9</b>	<b>139.5</b>	<b>346.3</b>	<b>433.3</b>	<b>517.9</b>
<b>APAT</b>	<b>248.9</b>	<b>139.5</b>	<b>346.3</b>	<b>433.3</b>	<b>517.9</b>
<b>Growth (%)</b>	<b>-41.3</b>	<b>-44.0</b>	<b>148.2</b>	<b>25.1</b>	<b>19.5</b>
EPS	4.4	2.5	6.2	7.7	9.2

### Balance Sheet

As at March (Rs Cr)	FY21	FY22	FY23	FY24E	FY25E
<b>SOURCE OF FUNDS</b>					
Share Capital	281.0	281.0	281.0	281.0	281.0
Reserves	1469.7	1489.0	1680.5	1900.3	2165.3
<b>Shareholders' Funds</b>	<b>1750.7</b>	<b>1770.0</b>	<b>1961.5</b>	<b>2181.3</b>	<b>2446.3</b>
Minority's Interest	0.0	0.0	0.0	0.0	0.0
Long Term Debt	2.4	1.3	12.9	17.9	22.9
Net Deferred Taxes	-336.2	-340.1	-337.0	-337.0	-337.0
Long Term Provisions & Others	13.2	12.6	15.2	18.6	21.5
<b>Total Source of Funds</b>	<b>1430.1</b>	<b>1443.8</b>	<b>1652.7</b>	<b>1880.8</b>	<b>2153.8</b>
<b>APPLICATION OF FUNDS</b>					
Net Block & Goodwill	263.3	263.0	278.9	293.4	306.5
CWIP	1.1	6.2	25.9	25.9	25.9
Other Non-Current Assets	1239.0	1137.0	1245.4	1228.3	1258.6
<b>Total Non-Current Assets</b>	<b>1503.4</b>	<b>1406.3</b>	<b>1550.2</b>	<b>1547.6</b>	<b>1591.0</b>
Current Investments	207.1	85.2	145.4	495.4	825.4
Inventories	1.9	2.3	1.2	1.5	1.8
Trade Receivables	532.5	386.0	367.7	427.6	494.1
Cash & Equivalents	1321.6	1382.8	1096.4	1191.7	1194.9
Other Current Assets	538.8	574.8	890.3	936.7	1094.1
<b>Total Current Assets</b>	<b>2601.9</b>	<b>2431.1</b>	<b>2500.9</b>	<b>3052.9</b>	<b>3610.2</b>
Short-Term Borrowings	1.7	2.4	6.0	6.0	6.0
Trade Payables	412.2	320.5	346.6	386.9	435.3
Other Current Liab & Provisions	2261.3	2070.6	2045.8	2326.8	2606.2
<b>Total Current Liabilities</b>	<b>2675.2</b>	<b>2393.5</b>	<b>2398.4</b>	<b>2719.7</b>	<b>3047.5</b>
Net Current Assets	-73.3	37.6	102.5	333.2	562.8
<b>Total Application of Funds</b>	<b>1430.1</b>	<b>1443.8</b>	<b>1652.7</b>	<b>1880.8</b>	<b>2153.7</b>



## Cash Flow Statement

(Rs Cr)	FY21	FY22	FY23	FY24E	FY25E
Reported PBT	356.3	449.5	445.5	522.7	634.8
Non-operating & EO items	173.4	-36.3	-100.8	54.3	8.9
Interest Expenses	-154.6	-64.6	-70.1	1.9	2.4
Depreciation	23.7	23.6	25.7	30.5	31.9
Working Capital Change	-63.9	-185.7	-278.3	218.0	106.0
Tax Paid	-163.5	-138.2	-134.7	-126.5	-155.5
<b>OPERATING CASH FLOW ( a )</b>	<b>171.4</b>	<b>48.3</b>	<b>-112.7</b>	<b>700.8</b>	<b>628.5</b>
Capex	-11.5	-25.5	-34.5	-45.0	-45.0
Free Cash Flow	160.0	22.8	-147.2	655.8	583.5
Investments	-149.7	126.7	-56.5	-350.0	-330.0
Non-operating income	936.8	-39.9	358.4	0.0	0.0
<b>INVESTING CASH FLOW ( b )</b>	<b>775.6</b>	<b>61.3</b>	<b>267.4</b>	<b>-395.0</b>	<b>-375.0</b>
Debt Issuance / (Repaid)	-2.9	-2.7	-14.1	5.0	5.0
Interest Expenses	0.0	0.0	0.0	-1.9	-2.4
FCFE	157.1	20.1	-161.3	658.9	586.1
Share Capital Issuance	0.0	0.0	0.0	0.0	0.0
Dividend	-174.4	-146.1	-168.6	-213.6	-252.9
Others	-726.5	0.0	7.1	0.0	0.0
<b>FINANCING CASH FLOW ( c )</b>	<b>-903.7</b>	<b>-148.8</b>	<b>-175.7</b>	<b>-210.5</b>	<b>-250.3</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>43.3</b>	<b>-39.2</b>	<b>-21.0</b>	<b>95.3</b>	<b>3.2</b>

## One Year Price Chart:



(Source: Company, HDFC sec)

## Key Ratios

	FY21	FY22	FY23	FY24E	FY25E
<b>PROFITABILITY RATIOS (%)</b>					
EBITDA Margin	11.1	11.8	9.3	10.4	11.2
EBIT Margin	10.4	11.0	8.5	9.6	10.4
APAT Margin	7.9	4.8	10.4	11.7	12.1
RoE	12.0	7.9	18.6	20.9	22.4
RoCE	15.7	18.2	15.1	17.1	19.2
<b>Solvency Ratio (x)</b>					
Debt/EBITDA	0.0	0.0	0.1	0.1	0.1
D/E	0.0	0.0	0.0	0.0	0.0
<b>PER SHARE DATA (Rs)</b>					
EPS	4.4	2.5	6.2	7.7	9.2
CEPS	4.8	2.9	6.6	8.3	9.8
Dividend	2.0	3.0	3.0	3.8	4.5
BVPS	31.1	31.5	34.9	38.8	43.5
<b>Turnover Ratios (days)</b>					
Debtor days	70	58	41	39	39
Inventory days	1	0	0	0	0
Creditors days	40	46	37	36	35
<b>VALUATION</b>					
P/E (x)	35.9	64.0	25.8	20.6	17.2
P/BV (x)	5.1	5.0	4.6	4.1	3.6
EV/EBITDA (x)	21.7	21.9	25.5	20.0	16.2
EV/Revenues (x)	2.4	2.6	2.4	2.1	1.8
Dividend Yield (%)	1.3	1.9	1.9	2.4	2.8
Dividend Payout (%)	45.2	120.9	48.7	49.3	48.8

(Source: Company, HDFC sec)



## HDFC Sec Retail Research Rating description

### Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

### Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

### Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicity of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

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