

## INDUSTRY IT PRODUCTS

CMP (as on 07 Nov 2017) Rs 533

Target Price Rs 680

Nifty 10,350

Sensex 33,371

## KEY STOCK DATA

Bloomberg MJCO IN

No. of Shares (mn) 24

MCap (Rs bn) / (\$ mn) 13/193

6m avg traded value (Rs mn) 104

## STOCK PERFORMANCE (%)

52 Week high / low Rs 591/299

3M 6M 12M

Absolute (%) 47.2 47.9 28.1

Relative (%) 43.8 36.2 6.6

## SHAREHOLDING PATTERN (%)

Promoters 48.06

FIs &amp; Local MFs 7.98

FPIs 0.99

Public &amp; Others 42.97

Source : BSE

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## Back on track

Majesco delivered strong growth in 2QFY18, after four consecutive quarters of revenue decline. Revenue grew 8.7% QoQ to USD 30.3mn vs est. of USD 30.8mn. The first cloud deal win (MetLife) from the IBM partnership is driving growth (cloud revenue was up 28% QoQ, 31% of revenue), and ~83% incremental revenue was from cloud.

Positive takeaways are (1) 24.8% YoY growth in 12-month executable order book to USD 77.5mn, (2) Improving deal wins within the Tier-1 US P&C space, and (3) 80% of the deal pipeline is cloud, hence there is a clear transition from the on-premise model to cloud. The IBM alliance is strategically very crucial for Majesco, and can drive significant growth ahead. The total opportunity size of the partnership is ~USD 300-400mn over a five-year period.

We maintain our positive stance on Majesco based on (1) Rising adoption of third-party software by US P&C insurance majors, (2) IBM partnership benefits, (3) Improving deal wins within Tier-1, and (4) A ramp-up in cloud subscription revenues (higher

### Financial Summary (Consolidated)

YE March (Rs mn)	2QFY18	2QFY17	YoY (%)	1QFY18	QoQ (%)	FY16	FY17	FY18E	FY19E	FY20E
Net Revenue	1,991	2,111	(5.7)	1,830	8.8	7,571	8,281	8,308	9,976	12,077
EBITDA	22	124	(82.5)	(52)	NM	99	322	349	803	1,271
APAT	0.5	52	NM	(32)	NM	116	116	137	362	621
Diluted EPS (Rs)	0.0	2.2	NM	(1.4)	NM	4.9	4.9	5.8	15.4	26.4
P/E (x)						108.5	108.1	91.5	34.7	20.2
EV / Sales (x)						1.6	1.4	1.4	1.2	0.9
RoE (%)						4.2%	4.1%	4.6%	11.2%	16.9%

Source: Company, HDFC sec Inst Research

margins). We increase our EV/revenue multiple to 2.0x (earlier 1.8x), based on better visibility and maintain BUY with a TP of Rs 680 (28% upside from CMP).

### Highlights of the quarter

- INR revenue stood at Rs 1.99bn, up 8.8% QoQ. EBITDA% improved to 1.1% vs -2.9% in the last quarter, led by revenue growth. R&D expenses were up 8% QoQ, owing to higher development cost for the IBM platform.
- Professional services (52% of rev, -1.3% QoQ) was the key revenue deterrent, impacted by the shift to cloud. P&C/L&A (79/18% of rev) were up 7.6/4.1% QoQ. Two new clients were added, and Top-5 clients' revenue was up 33% QoQ, led by the IBM channel.
- Near-term outlook:** 3QFY18 should witness further improvement in the order book. Traction in cloud (implementation and subscription) will drive revenue growth and margins will expand with top-line growth. New deal wins from the IBM channel will trigger further re-rating.

*USD revenue grew, led by growth in cloud revenue; incremental revenue is coming mostly from the cloud ramp-up*

*A shift is taking place from on-premise to cloud, which impacted legacy revenue (~35% of revenue)*

*EBITDA margin expanded owing to revenue growth offset by higher R&D cost*

*SG&A and R&D will be at the same level, and will provide operating leverage with growth*

*The IBM partnership has started to yield results with a large deal win, and will be the future growth driver*

### Financials Snapshot (Consolidated)

Particulars	2QFY18	2QFY17	YoY (%)	1QFY18	QoQ (%)
<b>Net Revenues (US \$mn)</b>	<b>30.3</b>	<b>31.0</b>	<b>(2.3)</b>	<b>27.9</b>	<b>8.7</b>
<b>Net Revenues</b>	<b>1,991</b>	<b>2,111</b>	<b>(5.7)</b>	<b>1,830</b>	<b>8.8</b>
Employee Expenses	1,051	1,006	4.4	996	5.5
SG&A	655	688	(4.8)	641	2.1
R&D	264	293	(9.8)	244	8.0
<b>EBITDA</b>	<b>22</b>	<b>124</b>	<b>(82.5)</b>	<b>(52)</b>	<b>NM</b>
Depreciation	48	61	(21.5)	49	(0.8)
<b>EBIT</b>	<b>(26)</b>	<b>63</b>	<b>NM</b>	<b>(101)</b>	<b>NM</b>
Interest Cost	7	12	(41.5)	14	(50.0)
Other Income	26	20	34.7	17	55.3
<b>PBT</b>	<b>(7)</b>	<b>71</b>	<b>NM</b>	<b>(98)</b>	<b>NM</b>
Minority Interest	0	19	NM	(18)	NM
Tax	(7)	(0)	NM	(47)	NM
<b>APAT</b>	<b>0</b>	<b>52</b>	<b>NM</b>	<b>(32)</b>	<b>NM</b>
E/o (adj for tax)	106	0	NM	0	NM
<b>RPAT</b>	<b>107</b>	<b>52</b>	<b>NM</b>	<b>(32)</b>	<b>NM</b>

Source: Company, HDFC sec Inst Research

### Margin Analysis

	2QFY18	2QFY17	YoY (%)	1QFY18	QoQ (%)
Employee Expenses % Net Sales	52.8	47.7	509	54.4	(168)
SG&A Expenses % Net Sales	32.9	32.6	30	35.1	(217)
R&D Expenses % Net Sales	13.3	13.9	(60)	13.4	(10)
Gross Margin %	47.2	52.3	(509)	45.6	168
<b>EBITDA Margin (%)</b>	<b>1.1</b>	<b>5.9</b>	<b>(479)</b>	<b>(2.9)</b>	<b>395</b>
<b>EBIT Margin %</b>	<b>(1.3)</b>	<b>3.0</b>	<b>(431)</b>	<b>(5.5)</b>	<b>418</b>
Tax Rate (%)	107.2	(0.6)	NM	48.6	NM
<b>APAT Margin (%)</b>	<b>0.0</b>	<b>2.5</b>	<b>(244)</b>	<b>(1.7)</b>	<b>176</b>

Source: Company, HDFC sec Inst Research

**USD revenue bounced back after four consecutive quarters of decline**

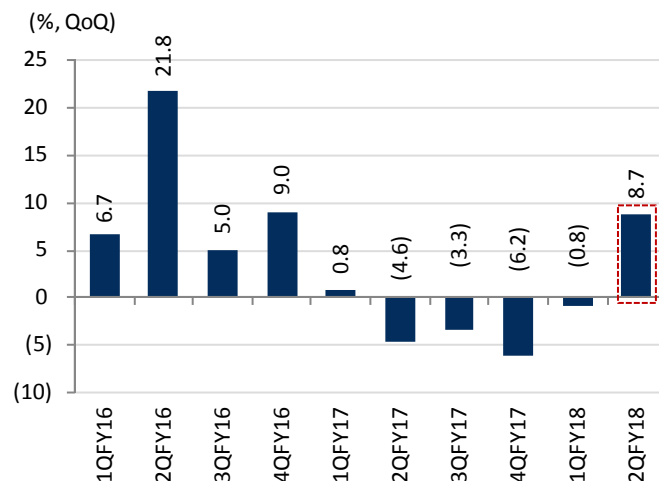
**Posted negative YoY growth for the third time in the last ten quarters**

**We expect growth to resume in 2QFY18, and FY19E will reflect the benefits of cloud deal ramp-ups**

**Added two new clients in the quarter; active client base increased to 166**

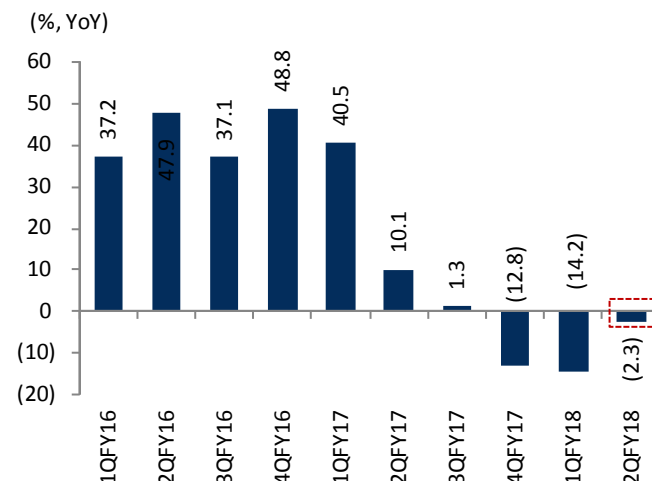
**Significant improvement in the 12-month order book in 1HFY18 boosted confidence; provides ~65% revenue visibility**

### USD Revenue Growth QoQ (Majesco US)



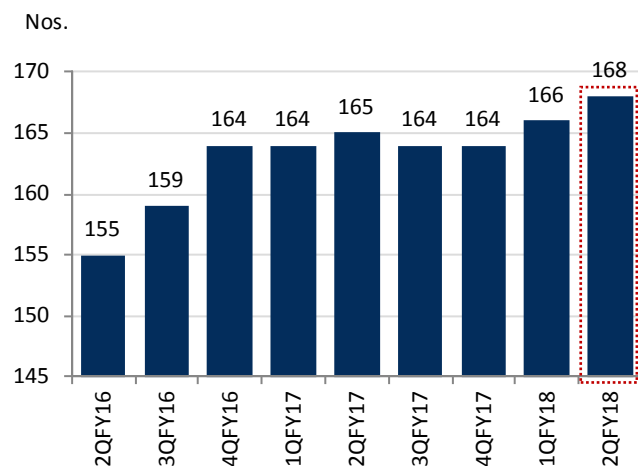
Source: Company, HDFC sec Inst Research

### USD Revenue Growth YoY (Majesco US)



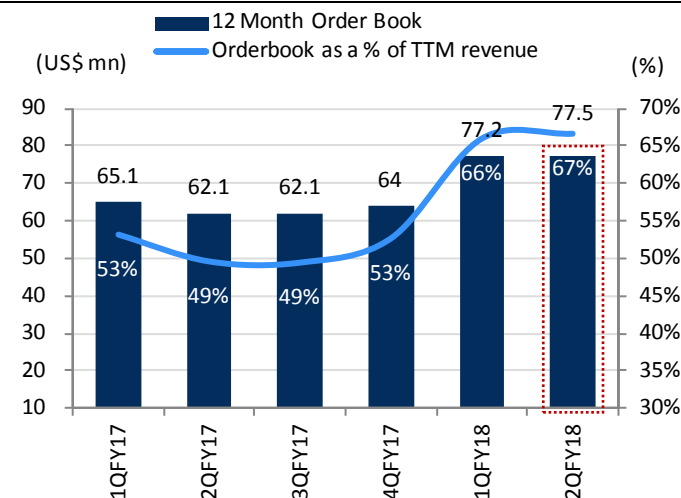
Source: Company, HDFC sec Inst Research

### Active Client Base (Nos.)



Source: Company, HDFC sec Inst Research

### 12-Month Executable Order Book



Source: Company, HDFC sec Inst Research

*Geographically, Majesco witnessed growth in its major market - US - after six quarters*

*Absence of on-premise deal wins led to lower licence revenue*

*Huge cloud opportunity is present across mid-tier P&C insurers in the US*

*Cloud revenue has grown at a CQGR of 6.8% over the last six quarters*

### Geographical Revenue Break-up

(% Contribution)	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18
North America	88.7	88.6	87.5	89.1	88.4	88.4	88.9
UK	7.2	7.3	7.3	6.3	6.0	5.3	4.7
Others	4.1	4.1	5.2	4.6	5.6	6.3	6.4
<b>Total revenue</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

### Geographical Revenue Growth

Growth (INR, QoQ %)	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18
North America	14.0	(0.7)	(5.3)	(0.9)	(7.9)	(4.1)	9.4
UK	(3.7)	(0.4)	(3.3)	(16.1)	(11.5)	(15.7)	(2.9)
Others	1.3	0.3	20.6	(13.7)	13.3	8.0	9.8
<b>Total revenue</b>	<b>11.9</b>	<b>(0.7)</b>	<b>(4.1)</b>	<b>(2.7)</b>	<b>(7.1)</b>	<b>(4.1)</b>	<b>8.8</b>

Source: Company, HDFC Sec Inst Research

### Revenue Break-up By Segments

(% Contribution)	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18
License	10.1	1.9	4.6	3.2	1.4	1.3	1.3
Professional Services	57.3	63.6	60.2	62.3	64.7	57.4	52.0
Cloud	19.3	18.1	20.2	19.5	18.9	25.9	30.5
Support	13.3	16.4	15.0	15.0	15.0	15.4	16.2
<b>Total revenue</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

### Revenue Growth By Segments

Growth (INR, QoQ %)	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18
License	43.7	(81.3)	132.7	(32.7)	(58.9)	(13.8)	8.4
Professional Services	9.9	10.4	(9.4)	0.7	(3.5)	(15.0)	(1.3)
Cloud	17.1	(6.3)	6.6	(5.9)	(10.2)	31.5	28.1
Support	(2.9)	22.9	(12.7)	(2.6)	(6.9)	(1.2)	14.2
<b>Total revenue</b>	<b>11.9</b>	<b>(0.4)</b>	<b>(4.3)</b>	<b>(2.7)</b>	<b>(7.1)</b>	<b>(4.1)</b>	<b>8.8</b>

Source: Company, HDFC Sec Inst Research

***P&C saw a sharp jump in revenues, after four quarters of pain, led by the IBM deal***

***P&C revenue momentum will pick up, and will be the main revenue driver***

***The IBM partnership will open new avenues and provide direct access to the IBM sales channel (80% of major Insurance companies are on IBM legacy); expect more Tier-1 deal wins***

***Top-5 clients' revenues were up 33.0% QoQ, recovered after five quarters of decline***

## Revenue Break By Verticals

(% Contribution)	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18
Property & Casualty	77.0	79.5	81.0	82.4	83.1	80.0	79.0
Life & Annuities	20.6	18.2	17.6	16.3	15.1	19.0	18.2
Non-Insurance	2.4	2.1	1.4	1.3	1.8	1.1	2.8
<b>Total revenue</b>	<b>100.0</b>	<b>99.7</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

## Revenue Growth By Verticals

Growth (INR, QoQ %)	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18
Property & Casualty	6.6	2.8	(2.5)	(0.9)	(6.4)	(7.7)	7.6
Life & Annuities	37.5	(11.8)	(7.5)	(10.1)	(13.9)	20.7	4.1
Non-Insurance	14.5	(15.5)	(34.8)	(9.7)	31.0	(44.7)	188.2
<b>Total revenue</b>	<b>11.9</b>	<b>(0.4)</b>	<b>(4.3)</b>	<b>(2.7)</b>	<b>(7.1)</b>	<b>(4.1)</b>	<b>8.8</b>

Source: Company, HDFC Sec Inst Research

## Client Data

Client data	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18
Active client base (Nos.)	164	164	165	164	164	166	168
New Client additions (Nos.)	5	0	4	0	1	2	2
Cloud Customers	NA	29	NA	NA	30	31	32
<b>Clients accounting for &gt;5% of revenue (Nos.)</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>

Source: Company, HDFC Sec Inst Research

## Client Concentration

Client concentration (% of revenue)	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18
Top-5 clients	30.0	28.3	28.0	28.0	23.7	23.4	28.6
Top-10 clients	43.0	42.2	40.9	42.0	37.5	39.5	43.7

Source: Company, HDFC Sec Inst Research

## Top Clients Growth

Growth (INR, QoQ %)	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18
Top-5 clients	25.8	(6.1)	(5.3)	(2.7)	(21.4)	(5.4)	33.0
Top-10 clients	18.3	(2.3)	(7.3)	(0.1)	(17.0)	1.0	20.4

Source: Company, HDFC Sec Inst Research

*With increased revenue visibility, Majesco has increased its technical employee base by 111 in 1HFY18*

### Headcount, Utilisation Data

Employee break-up (Nos.)	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18
<b>Total Headcount</b>	<b>2,465</b>	<b>2,487</b>	<b>2,355</b>	<b>2,302</b>	<b>2,312</b>	<b>2,395</b>	<b>2,423</b>
Technical	2,251	2,253	2,117	2,047	2,057	2,143	2,163
Technical Support	131	144	150	168	167	164	175
Marketing	83	90	88	87	88	88	85
<b>Net Additions</b>	<b>223</b>	<b>22</b>	<b>-132</b>	<b>-53</b>	<b>10</b>	<b>83</b>	<b>28</b>

Source: Company, HDFC Sec Inst Research

### Majesco Valuation Scenarios

Majesco Ltd	Bear Case	Base Case	Bull Case
<b>Revenue (FY19E) (Rs mn)</b>	<b>9,704</b>	<b>10,782</b>	<b>11,861</b>
Guidewire (EV/Revenue) (x)	7.0	7.0	7.0
Discount to Guidewire %	74	71	69
Target (EV/Revenue) (x)	1.8	2.0	2.2
<b>Majesco EV (Rs mn)</b>	<b>17,467</b>	<b>21,629</b>	<b>26,093</b>
Holding Discount %	35%	30%	25%
EV (Rs mn)	11,354	15,141	19,570
Less: Debt (Rs mn)	1,022	1,022	1,022
Add: Cash (Rs mn)	1,887	1,887	1,887
Add: Net QIP proceeds (Rs mn)	0	0	0
<b>Market Cap (Rs mn)</b>	<b>12,220</b>	<b>16,006</b>	<b>20,436</b>
No of Shares (Rs mn)	23.5	23.5	23.5
<b>Target price per share (Rs)</b>	<b>519</b>	<b>680</b>	<b>868</b>
<b>Upside (%)</b>	<b>-2.7%</b>	<b>27.5%</b>	<b>62.8%</b>

Source: HDFC sec Inst Research

### Change In Estimates

Particulars	Earlier estimates	Revised estimates	% change
<b>FY18E</b>			
Revenue (US\$mn)	128	127	(0.7)
Revenue (Rsmn)	8,346	8,308	(0.5)
EBITDA (Rsmn)	468	349	(25.6)
EBITDA margin (%)	5.6	4.2	(142) bps
EPS (Rs)	8.1	5.8	(28.3)
<b>FY19E</b>			
Revenue (US\$mn)	155	153	(1.0)
Revenue (Rsmn)	10,080	9,976	(1.0)
EBITDA (Rsmn)	887	803	(9.5)
EBITDA margin (%)	8.8	8.0	(75) bps
EPS (Rs)	17.5	15.4	(11.9)

Source: HDFC sec Inst Research

### Peer Valuations

Relative Valuation	Mcap (Rsbn)	CMP (Rs)	Rating	Target (Rs)	EV/Revenue (x)				EV/EBITDA (x)				EBITDA Margin (%)			
					FY17	FY18E	FY19E	FY20E	FY17	FY18E	FY19E	FY20E	FY17	FY18E	FY19E	FY20E
Intellect	17.9	144	BUY	184	2.1	1.8	1.6	1.5	NM	31.0	15.2	10.9	(2.7)	5.8	10.8	13.5
Majesco	12.6	533	BUY	680	1.4	1.4	1.2	0.9	35.9	33.5	14.4	8.7	3.9	4.2	8.0	10.5

Source: HDFC sec Inst Research

## Income Statement (Consolidated)

YE March (Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
<b>Net Revenues US\$</b>	<b>113</b>	<b>122</b>	<b>127</b>	<b>153</b>	<b>186</b>
<b>Growth (%)</b>	<b>42.9%</b>	<b>7.5%</b>	<b>4.5%</b>	<b>20.6%</b>	<b>21.1%</b>
<b>Net Revenues</b>	<b>7,571</b>	<b>8,281</b>	<b>8,308</b>	<b>9,976</b>	<b>12,077</b>
<b>Growth (%)</b>	<b>56.0%</b>	<b>9.4%</b>	<b>0.3%</b>	<b>20.1%</b>	<b>21.1%</b>
Employee Cost	4,003	4,141	4,167	4,832	5,879
R&D expenses	1,036	1,124	1,091	1,237	1,327
SG&A expenses	2,433	2,694	2,701	3,104	3,601
<b>EBIDTA</b>	<b>99</b>	<b>322</b>	<b>349</b>	<b>803</b>	<b>1,271</b>
<b>EBIDTA (%)</b>	<b>1.3%</b>	<b>3.9%</b>	<b>4.2%</b>	<b>8.0%</b>	<b>10.5%</b>
<b>EBIDTA Growth (%)</b>	<b>2.0%</b>	<b>225.3%</b>	<b>8.2%</b>	<b>130.4%</b>	<b>58.2%</b>
Depreciation	179	217	201	223	250
<b>EBIT</b>	<b>-79</b>	<b>105</b>	<b>148</b>	<b>580</b>	<b>1,021</b>
Other Income	91	95	88	100	121
Interest	43	67	40	33	33
<b>PBT</b>	<b>-31</b>	<b>133</b>	<b>196</b>	<b>647</b>	<b>1,109</b>
Tax (Incl deffered)	-150	-13	5	129	222
Minority Interest and associate profit	3	31	54	155	266
EO items	46	30	-104	0	0
<b>RPAT</b>	<b>70</b>	<b>86</b>	<b>242</b>	<b>362</b>	<b>621</b>
<b>APAT</b>	<b>116</b>	<b>116</b>	<b>137</b>	<b>362</b>	<b>621</b>
<b>APAT Growth (%)</b>	<b>316.4%</b>	<b>0.4%</b>	<b>18.2%</b>	<b>163.9%</b>	<b>71.4%</b>
<b>EPS</b>	<b>4.9</b>	<b>4.9</b>	<b>5.8</b>	<b>15.4</b>	<b>26.4</b>
<b>EPS Growth (%)</b>	<b>316.4%</b>	<b>0.4%</b>	<b>18.2%</b>	<b>163.9%</b>	<b>71.4%</b>

Source: Company, HDFC sec Inst Research

## Balance Sheet (Consolidated)

YE March (Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
<b>SOURCES OF FUNDS</b>					
Share Capital - Equity	115	117	117	117	117
Reserves	2,644	2,734	2,949	3,262	3,833
<b>Total Shareholders' Funds</b>	<b>2,759</b>	<b>2,850</b>	<b>3,066</b>	<b>3,379</b>	<b>3,950</b>
Minority Interest	723	752	806	961	1,227
<b>Total Debt</b>	<b>919</b>	<b>722</b>	<b>1,022</b>	<b>1,022</b>	<b>1,022</b>
Net Deferred Taxes	-380	-405	-405	-405	-405
Long Term Provisions & Others	519	492	513	537	562
<b>TOTAL SOURCES OF FUNDS</b>	<b>4,540</b>	<b>4,412</b>	<b>5,003</b>	<b>5,494</b>	<b>6,356</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	669	642	691	768	818
Goodwill	1,925	1,880	1,880	1,880	1,880
Investments	24	23	23	23	23
LT Loans & Advances	107	131	143	157	173
<b>Total Non-current Assets</b>	<b>2,725</b>	<b>2,675</b>	<b>2,737</b>	<b>2,828</b>	<b>2,894</b>
Inventories					
Debtors	1,520	830	1,252	1,503	1,820
Other Current Assets	840	788	791	949	1,149
Cash & Equivalents	1,272	1,723	1,887	1,998	2,561
<b>Total Current Assets</b>	<b>3,632</b>	<b>3,341</b>	<b>3,930</b>	<b>4,450</b>	<b>5,530</b>
Creditors	181	143	147	159	185
Other Current Liabilities & Provns	1,636	1,462	1,517	1,626	1,883
<b>Total Current Liabilities</b>	<b>1,816</b>	<b>1,604</b>	<b>1,665</b>	<b>1,785</b>	<b>2,068</b>
Net Current Assets	1,815	1,737	2,265	2,665	3,462
<b>TOTAL APPLICATION OF FUNDS</b>	<b>4,540</b>	<b>4,412</b>	<b>5,003</b>	<b>5,494</b>	<b>6,356</b>

Source: Company, HDFC sec Inst Research



## Cash Flow Statement (Consolidated)

Year ending March (Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
Reported PBT	(77)	107	303	647	1,109
Non-operating & EO items	(137)	(121)	18	(100)	(121)
Interest expenses	43	67	40	33	33
Depreciation	179	217	201	223	250
Working Capital Change	(480)	499	(343)	(266)	(208)
Tax Paid	150	13	(5)	(129)	(222)
<b>OPERATING CASH FLOW ( a )</b>	<b>(322)</b>	<b>782</b>	<b>212</b>	<b>407</b>	<b>841</b>
Capex	(329)	(190)	(250)	(300)	(300)
Free cash flow (FCF)	(652)	592	(38)	107	541
Investments	0	1	0	0	0
Non Operating Income	39	117	76	86	105
<b>INVESTING CASH FLOW ( b )</b>	<b>(291)</b>	<b>(72)</b>	<b>(174)</b>	<b>(214)</b>	<b>(195)</b>
Debt repayment	114	(197)	300	0	0
Interest expenses	(43)	(67)	(40)	(33)	(33)
FCFE	(808)	722	(378)	74	507
Share capital Issuance	1	2	0	0	0
Dividend	0	0	(28)	(50)	(50)
<b>FINANCING CASH FLOW ( c )</b>	<b>72</b>	<b>(263)</b>	<b>233</b>	<b>(83)</b>	<b>(83)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>(541)</b>	<b>447</b>	<b>270</b>	<b>110</b>	<b>563</b>
Non-operating and EO items	275	4	-106	0	0
<b>Closing Cash &amp; Equivalents</b>	<b>1,272</b>	<b>1,723</b>	<b>1,887</b>	<b>1,998</b>	<b>2,561</b>

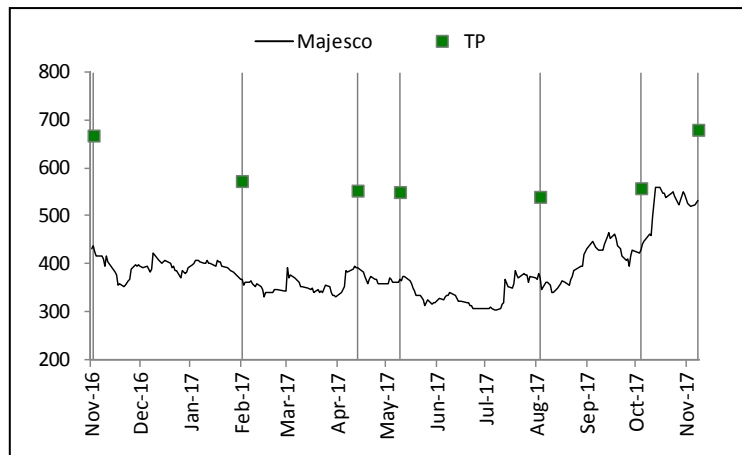
Source: Company, HDFC sec Inst Research

## Key Ratios (Consolidated)

	FY15	FY16	FY17	FY18E	FY19E
<b>PROFITABILITY (%)</b>					
GPM	47.1%	50.0%	49.8%	51.6%	51.3%
EBITDA Margin	1.3%	3.9%	4.2%	8.0%	10.5%
APAT Margin	1.5%	1.4%	1.7%	3.6%	5.1%
RoE	4.2%	4.1%	4.6%	11.2%	16.9%
RoIC or Core RoCE	2.6%	4.0%	5.0%	14.0%	22.4%
RoCE	-1.9%	1.7%	0.8%	8.8%	13.8%
<b>EFFICIENCY</b>					
Tax Rate (%)	N.M.	-12.6%	1.8%	20.0%	20.0%
Fixed Asset Turnover (x)	7.6	7.0	5.8	5.7	5.9
Debtors (days)	73	37	55	55	55
Other Current Assets (days)	41	35	35	35	35
Payables (days)	9	6	6	6	6
Other Current Liab & Provns (days)	79	64	67	60	57
Cash Conversion Cycle (days)	26	1	17	24	27
Net Debt/EBITDA (x)	(3.6)	(3.1)	(2.5)	(1.2)	(1.2)
Net D/E	(0.1)	(0.4)	(0.3)	(0.3)	(0.4)
Interest Coverage	2.3	4.8	8.8	24.2	38.4
<b>PER SHARE DATA</b>					
EPS (Rs/sh)	4.9	4.9	5.8	15.4	26.4
CEPS (Rs/sh)	12.5	14.1	14.4	24.9	37.0
DPS (Rs/sh)	0.0	0.0	1.2	2.1	2.1
BV (Rs/sh)	117.3	121.1	130.3	143.6	167.9
<b>VALUATION</b>					
P/E	108.5	108.1	91.5	34.7	20.2
P/BV	4.5	4.4	4.1	3.7	3.2
EV/Revenue	1.6	1.4	1.4	1.2	0.9
EV/EBITDA	123.2	35.9	33.5	14.4	8.7
OCF/EV (%)	N.A.	6.8%	1.8%	3.5%	7.6%
FCF/EV (%)	N.A.	5.1%	-0.3%	0.9%	4.9%
FCFE/mkt cap (%)	N.A.	5.8%	-3.0%	0.6%	4.0%
Dividend Yield (%)	0.0%	0.0%	0.2%	0.3%	0.3%

Source: Company, HDFC sec Inst Research; N.M – Not Meaningful

## RECOMMENDATION HISTORY



Date	CMP	Reco	Target
2-Nov-16	432	BUY	668
2-Feb-17	370	BUY	573
17-Apr-17	394	BUY	553
10-May-17	368	BUY	550
4-Aug-17	372	BUY	540
4-Oct-17	421	BUY	558
8-Nov-17	533	BUY	680

## 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

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