

## Allcargo Global Logistics

Q2CY10/Estimate change

17 August 2010

## Buy

Target Price: Rs207

CMP: Rs171\*

Upside: 21.1%

\*as on 16 August 2010

## Business upbeat with better volumes

**Allcargo Global Logistics' (Allcargo) Q2 results were mixed. Revenue improved, but higher freight cost and depreciation impacted profitability. However, container volumes remained buoyant (up 31.5% YoY and 1.6% QOQ) at 116,991 TEUs. We maintain our Buy rating with a target price of Rs207 (earlier: Rs225), valuing the stock at 14x CY11E earnings.**

- **Estimates revised:** We have revised our estimates to factor in lower-than-expected profitability margins. While revenue estimates have been raised by 2.2% for CY10 and 2.4% for CY11, EBITDA estimates have been cut by 6.1% and 3.3%, respectively. After accounting for higher depreciation, EPS estimates have been lowered by 8.3% for both CY10 and CY11 to Rs12.0 and Rs14.8.
- **Q2 results – a mixed bag:** While Q2 consolidated revenue at Rs6,395mn was higher than our estimate of Rs5,913mn, PAT at Rs379mn was 8.1% lower than our estimate of Rs412mn due to higher operating costs in the domestic MTO segment and depreciation provided in the equipment hiring division. EBITDA margin declined 150bp YoY to 10.4% and net margin slipped 298bp YoY to 5.9%, 104bp lower than expected.
- **Volumes remain buoyant:** CFS volumes surged 40.1% YoY to 56,593 TEUs. Domestic MTO volume grew 7.5% YoY to 6,302 TEUs, while ECU Line's volumes grew 26.7% YoY to 54,096 TEUs despite concerns of the European economic slowdown.

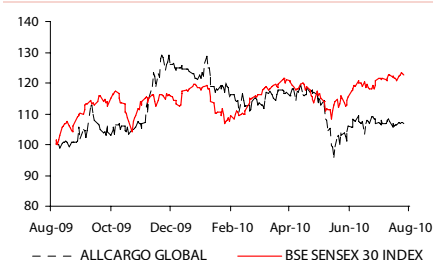
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## Key Data

|                          |          |
|--------------------------|----------|
| Bloomberg Code           | AGLL IN  |
| Reuters Code             | ALGL.BO  |
| Current Shares O/S (mn)  | 130.5    |
| Diluted Shares O/S(mn)   | 130.6    |
| Mkt Cap (Rsbn/USDmn)     | 22.4/480 |
| 52 Wk H / L (Rs)         | 218/151  |
| Daily Vol. (3M NSE Avg.) | 12,768   |
| Face Value (Rs)          | 2        |

USD = Rs46.6

## One Year Indexed Stock Performance



## Price Performance (%)

|          | 1M  | 6M    | 1Yr  |
|----------|-----|-------|------|
| Allcargo | 1.1 | (5.3) | 7.9  |
| NIFTY    | 0.8 | 10.2  | 22.5 |

Source: Bloomberg, Centrum Research  
\*as on 16 Aug 2010

| Y/E Dec (Rsmn) (Consol)     | Q2CY10       | Q2CY09       | YoY (%)        | Q1CY10       | QoQ (%)     | Q2CY10E      | Variance (%)   |
|-----------------------------|--------------|--------------|----------------|--------------|-------------|--------------|----------------|
| <b>Net sales</b>            | <b>6,395</b> | <b>5,232</b> | <b>22.2</b>    | <b>5,858</b> | <b>9.2</b>  | <b>5,913</b> | <b>8.1</b>     |
| Operating expenses          | 4,375        | 3,365        |                | 3,892        |             | 3,768        |                |
| % of sales                  | 68.4         | 64.3         | 410bp          | 66.4         | 198bp       | 63.7         | 469bp          |
| Employee costs              | 899          | 859          |                | 908          |             | 946          |                |
| % of sales                  | 14.1         | 16.4         | (235)bp        | 15.5         |             | 16.0         |                |
| Other Expenses              | 454          | 384          |                | 486          |             | 485          |                |
| % of sales                  | 7.1          | 7.3          | (25)bp         | 8.3          |             | 8.2          |                |
| <b>Operating profit</b>     | <b>667</b>   | <b>624</b>   | <b>6.8</b>     | <b>572</b>   | <b>16.6</b> | <b>714</b>   | <b>(6.6)</b>   |
| <b>OPM (%)</b>              | <b>10.4</b>  | <b>11.9</b>  | <b>(150)bp</b> | <b>9.8</b>   | <b>66bp</b> | <b>12.1</b>  | <b>(165)bp</b> |
| Depreciation                | 180          | 140          |                | 150          |             | 170          |                |
| Interest                    | 73           | 89           | (18.5)         | 35           | 105.6       | 45           | 60.7           |
| Other income                | 77           | 217          |                | 42           |             | 26           |                |
| <b>PBT</b>                  | <b>491</b>   | <b>611</b>   | <b>(19.7)</b>  | <b>428</b>   | <b>14.8</b> | <b>525</b>   | <b>(6.5)</b>   |
| Exceptional item (reported) | 5            | 6            |                | (1)          |             | -            |                |
| Provision for tax           | 86           | 125          |                | 75           |             | 87           |                |
| -effective tax rate         | 17.6         | 20.4         |                | 17.4         |             | 16.6         |                |
| Minority Interest           | 21           | 14           |                | 13           |             | 26           |                |
| <b>PAT (adjusted)</b>       | <b>379</b>   | <b>466</b>   | <b>(18.7)</b>  | <b>340</b>   | <b>11.3</b> | <b>412</b>   | <b>(8.1)</b>   |
| <b>NPM (%)</b>              | <b>5.9</b>   | <b>8.9</b>   | <b>(298)bp</b> | <b>5.8</b>   | <b>11bp</b> | <b>7.0</b>   | <b>(104)bp</b> |
| EPS (adjusted) (Rs)         | 2.9          | 3.6          |                | 2.6          |             | 3.2          |                |

Source: Company, Centrum Research

| Y/E Dec (Rsmn) | Rev    | YoY (%) | EBITDA | EBITDA (%) | Adj PAT | YoY (%) | DEPS (Rs) | RoE (%) | RoCE (%) | P/E (x) | EV/EBITDA (x) |
|----------------|--------|---------|--------|------------|---------|---------|-----------|---------|----------|---------|---------------|
| CY07           | 16,135 | 80.2    | 1,424  | 8.8        | 766     | 26.9    | 5.9       | 17.7    | 15.9     | 29.1    | 16.1          |
| CY08           | 23,141 | 43.4    | 2,201  | 9.5        | 1,077   | 40.7    | 8.3       | 19.9    | 16.1     | 20.7    | 11.2          |
| CY09           | 20,609 | (10.9)  | 2,191  | 10.6       | 1,299   | 20.7    | 10.0      | 16.3    | 13.8     | 17.2    | 10.7          |
| CY10E          | 24,866 | 20.7    | 2,759  | 11.1       | 1,571   | 20.9    | 12.0      | 14.2    | 13.0     | 14.2    | 8.3           |
| CY11E          | 27,785 | 11.7    | 3,351  | 12.1       | 1,927   | 22.7    | 14.8      | 14.5    | 13.3     | 11.6    | 6.7           |

Source: Company, Centrum Research Estimate

Please refer to important disclosures/disclaimers in Appendix A

## Estimates revised

We have lowered our EPS estimate by 8.3% to Rs12.0 for CY10E and by 8.3% to Rs14.8 for CY11E.

We have revised our estimates to factor in lower-than-expected profitability margins. While revenue has been increased marginally by 2.2% to Rs24,866mn for CY11 and by 2.4% to Rs27,785mn for CY12, EBITDA has been lowered by 6.1% and 3.3%, respectively. EBITDA margin estimates have been cut by 98bp to 11.1% and 71bp to 12.1%, respectively. After accounting for higher depreciation, EPS estimates have been lowered by 8.3% for both CY10 and CY11 to Rs12.0 and Rs14.8, respectively.

### Exhibit 1: Revised estimates to factor lower margins and higher depreciation

| Consolidated<br>(Rsmn) | Revised |        | Earlier |        | Variance (%) |        |
|------------------------|---------|--------|---------|--------|--------------|--------|
|                        | CY10E   | CY11E  | CY10E   | CY11E  | CY10E        | CY11E  |
| Revenue                | 24,866  | 27,785 | 24,327  | 27,135 | 2.2          | 2.4    |
| EBITDA                 | 2,759   | 3,351  | 2,938   | 3,465  | (6.1)        | (3.3)  |
| PAT                    | 1,571   | 1,927  | 1,712   | 2,102  | (8.3)        | (8.3)  |
| EPS (Rs)               | 12.0    | 14.8   | 13.1    | 16.1   | (8.3)        | (8.3)  |
| <b>Margins (%)</b>     |         |        |         |        |              |        |
| EBITDA                 | 11.1    | 12.1   | 12.1    | 12.8   | (98)bp       | (71)bp |
| PAT                    | 6.3     | 6.9    | 7.0     | 7.7    | (72)bp       | (81)bp |

Source: Company, Centrum Research Estimates

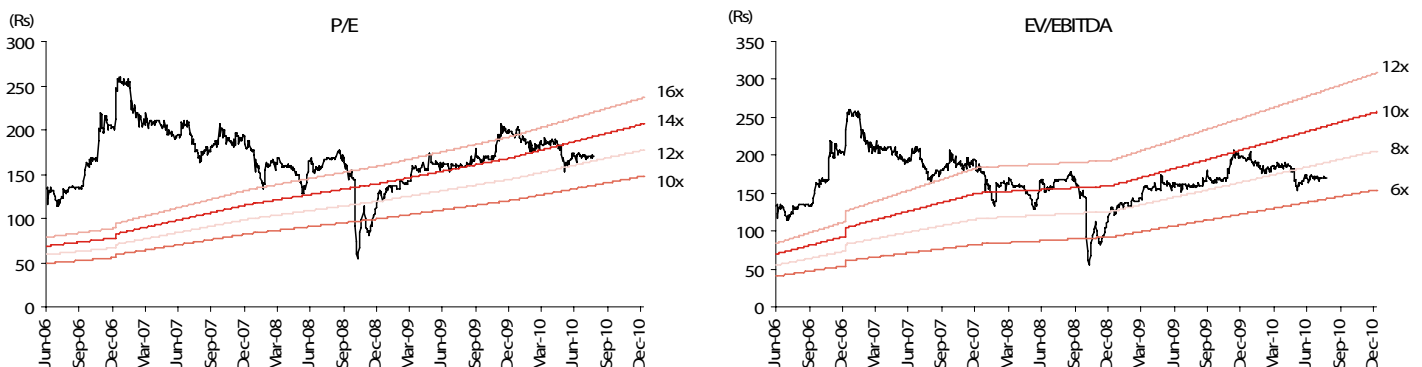
## Maintain Buy with target price of Rs207

We maintain our Buy rating with a revised price target of Rs207 (earlier: Rs225), valuing the stock at 14x CY11E earnings. Despite the lower-than-expected margins reported in Q2, we remain upbeat on the outlook on the back of improving container volumes.

At CMP, the stock trades at 14.2x and 11.6x CY10E and CY11E earnings, respectively. On EV/EBITDA, the stock trades at 8.3x and 6.7x, respectively. Our target price of Rs207 discounts 8.1x CY11E EBITDA and 1.9x P/BV.

We continue to remain positive on Allcargo given its global presence through its subsidiary, ECU Line. We expect the company to benefit from growth in international trade movement. Further, the company has firm plans for inorganic expansion in high-growth geographies like China where it has no presence currently with the recently raised QIP money. The debt-equity ratio is estimated to reduce to 0.1x in CY11E from current 0.2x.

### Exhibit 2: Valuations at attractive levels (one-year rolling forward P/E and EV/EBITDA multiples)



Source: Bloomberg, Company, Centrum Research Estimates

## Q2 results mixed – Revenue improves, but profitability declines

Consolidated revenue in Q2CY10 grew 22.2% YoY to Rs6,395mn, 8.1% higher than our estimate of Rs5,913mn mainly on back of volume growth in all segments. However, PAT declined 18.7% YoY to Rs379mn, 8.1% lower than our estimate of Rs412mn. This underperformance was mainly due to higher operating costs (freight rates) in the domestic MTO segment and depreciation provided on the new assets acquired in the equipment hiring division. While EBITDA margin declined 150bp YoY to 10.4% net margins declined 298bp YoY to 5.9%, 104bp lower than expected.

Standalone revenue grew 39.3% YoY to Rs1,622mn on the back of strong growth in the equipment hiring division which reported a 130.0% YoY increase in Q2 revenues. The company incurred a capex of Rs1,084mn in this segment which helped increase the fleet size to 84 cranes in Q2 vs 54 last year. The segment's capital employed accordingly saw an increase of 138.1% YoY and 48.0% QoQ to Rs3,340mn thus adding to the additional depreciation cost to the overall profitability.

Though other segments also reported revenue growth in Q2, profitability declined across divisions. CFS revenue grew 32.0% YoY to Rs457mn and MTO revenues increased 25.0% YoY to Rs892mn primarily on account of growth in the container volumes handled.

Profitability margins also declined across segments. The MTO division's EBIT declined 887bp YoY to 9.7% on back of higher freight cost and lower realisations. The equipment hiring division's PBIT contracted 857bp YoY to 16.0% due to depreciation provided on new under-utilised assets recently acquired.

### Exhibit 3: Segmental break-up (stand-alone)

| Particulars (Rsmn)            | Q2CY10       | Q2CY09       | YoY (%)        | Q1CY10       | QoQ (%)        |
|-------------------------------|--------------|--------------|----------------|--------------|----------------|
| <b>Revenues</b>               |              |              |                |              |                |
| MTO (including project cargo) | 892          | 714          | 25.0           | 1036         | (13.9)         |
| CFS                           | 457          | 346          | 32.0           | 447          | 2.2            |
| Equipment hiring division     | 325          | 141          | 130.0          | 198          | 64.0           |
| Inter-segmental               | (52)         | (37)         |                | (41)         |                |
| <b>Total Revenue</b>          | <b>1,622</b> | <b>1,164</b> | <b>39.3</b>    | <b>1,640</b> | <b>(1.1)</b>   |
| <b>EBIT</b>                   |              |              |                |              |                |
| MTO (including project cargo) | 86           | 133          | (34.8)         | 127          | (32.1)         |
| CFS                           | 202          | 180          | 12.3           | 214          | (5.5)          |
| Equipment Hiring Division     | 52           | 35           | 49.6           | 44           | 19.1           |
| Other unallocated expenditure | (98)         | (62)         |                | (37)         |                |
| <b>Total EBIT</b>             | <b>242</b>   | <b>285</b>   | <b>(14.9)</b>  | <b>348</b>   | <b>(30.3)</b>  |
| <b>EBIT margin (%)</b>        |              |              |                |              |                |
| MTO (including project cargo) | 9.7          | 18.6         | (887)bp        | 12.3         | (260)bp        |
| CFS                           | 44.3         | 52.0         | (775)bp        | 47.8         | (359)bp        |
| Equipment Hiring Division     | 16.0         | 24.5         | (857)bp        | 22.0         | (601)bp        |
| <b>Total EBIT margin (%)</b>  | <b>14.9</b>  | <b>24.5</b>  | <b>(953)bp</b> | <b>21.2</b>  | <b>(627)bp</b> |

Source: Company, Centrum Research

Allcargo's European MTO subsidiary, ECU Line, reported good Q2 performance. Revenue grew 15.6% YoY to Rs4,532mn and net profit after minority interest increased 53.2% YoY to Rs101mn. Profitability margins remained healthy with OPM at 5.4% flat YoY but up 176bp QoQ and NPM at 2.2% up 55bp YoY and 77bp QoQ.

### Exhibit 4: ECU Line reported healthy Q2 performance

| Particulars (Rsmn)  | Q2CY10 | Q2CY09 | YoY (%) | Q1CY10 | QoQ (%) |
|---------------------|--------|--------|---------|--------|---------|
| Revenue             | 4,532  | 3,920  | 15.6    | 4,064  | 11.5    |
| EBITDA              | 243    | 210    | 15.7    | 146    | 66.1    |
| Net profit after MI | 101    | 66     | 53.2    | 59     | 70.7    |
| <b>Margin (%)</b>   |        |        |         |        |         |
| OPM                 | 5.4    | 5.4    | 0bp     | 3.6    | 176bp   |
| NPM                 | 2.2    | 1.7    | 55bp    | 1.5    | 77bp    |

Source: Company, Centrum Research

Standalone revenues grew 39.3% YoY on back of improvement seen across segments

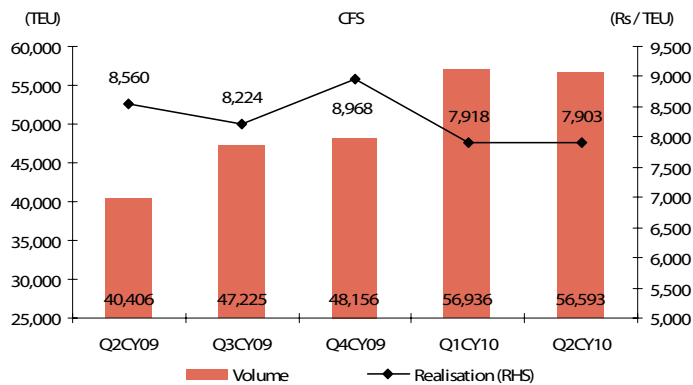
## Business outlook positive as volumes remain buoyant

Domestic standalone MTO revenue increased 25.0% on the back of a 7.5% YoY growth in volumes to 6,302 TEUs and 16.3% YoY increase in average realisations to Rs141,576 per TEU. However, the performance weakened sequentially, as volumes were down 9.7% QoQ and realisations down 4.7% QoQ.

CFS revenue grew 32.0% YoY due to higher volumes even though realisations declined. CFS volumes registered a growth of 40.1% YoY to 56,593 TEUs. However, average realisations declined 5.8% YoY to Rs8,067 per container.

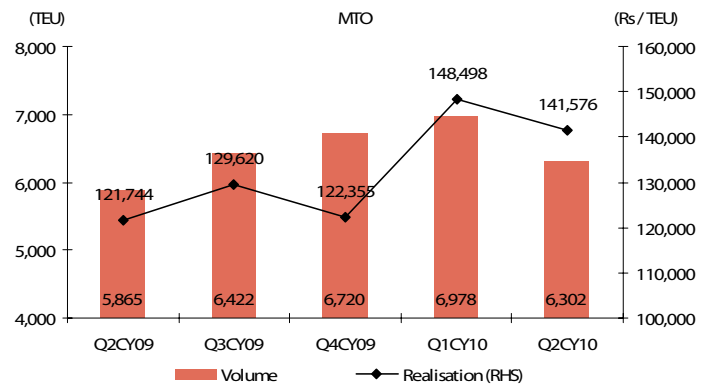
Volumes at the company's flagship JNPT CFS increased 36.4% YoY (down 7.3% QoQ) to 32,188 TEUs. Chennai CFS continued its good performance as volumes jumped 32.3% YoY (up 14.0% QoQ) to 17,615 TEUs. With this performance the Chennai CFS has now become the largest CFS players in the region. Mundra CFS also reported a growth of 40.9% YoY (down 4.0% QoQ) in container volumes to 4,915 TEUs during Q2.

**Exhibit 5: CFS business stable**



Source: Company, Centrum Research

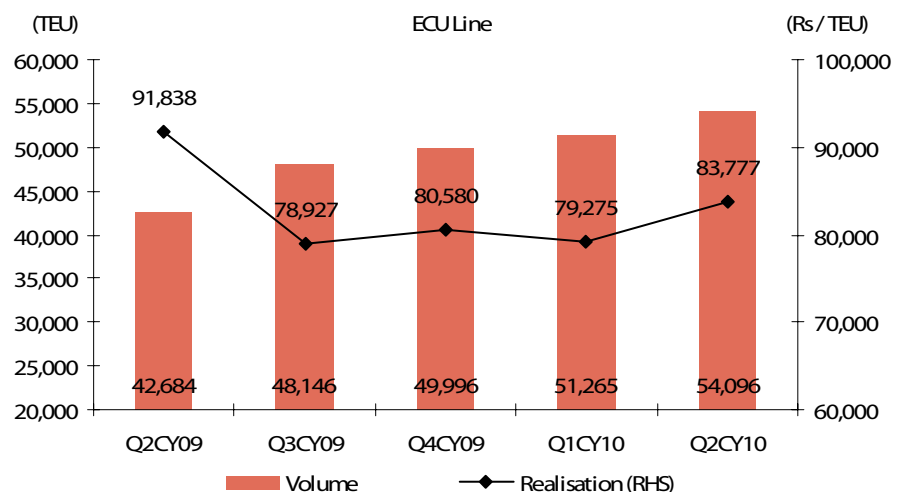
**Exhibit 6: MTO volume and realisation up YoY**



Source: Company, Centrum Research

ECU Line's Q2 revenue improved 15.6% YoY to Rs4,532mn on back of volume growth of 26.7% YoY to 54,096 TEUs while average realisations declined 8.8% YoY to Rs83,777 per container.

**Exhibit 7: ECU Line volumes on a steady growth path**



Source: Company, Centrum Research

## Financials - Consolidated

### Exhibit 8: Income Statement

| Y/E Dec (Rsmn)              | CY07          | CY08          | CY09          | CY10E         | CY11E         |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Revenue</b>              | <b>16,135</b> | <b>23,141</b> | <b>20,609</b> | <b>24,866</b> | <b>27,785</b> |
| YoY growth (%)              | 80.2          | 43.4          | (10.9)        | 20.7          | 11.7          |
| Operating Expenses          | 10,397        | 15,894        | 13,052        | 16,164        | 17,954        |
| % of Net Sales              | 64.4          | 68.7          | 63.3          | 65.0          | 64.6          |
| Employee cost               | 2,692         | 3,155         | 3,466         | 3,854         | 4,201         |
| % of Net Sales              | 16.7          | 13.6          | 16.8          | 15.5          | 15.1          |
| Other Expenses              | 1,622         | 1,891         | 1,901         | 2,089         | 2,278         |
| % of Net Sales              | 10.1          | 8.2           | 9.2           | 8.4           | 8.2           |
| Total expenditure           | 14,711        | 20,940        | 18,418        | 22,106        | 24,434        |
| <b>EBITDA</b>               | <b>1,424</b>  | <b>2,201</b>  | <b>2,191</b>  | <b>2,759</b>  | <b>3,351</b>  |
| EBITDA margin (%)           | 8.8           | 9.5           | 10.6          | 11.1          | 12.1          |
| Depreciation                | 252           | 447           | 545           | 729           | 885           |
| <b>EBIT</b>                 | <b>1,171</b>  | <b>1,754</b>  | <b>1,646</b>  | <b>2,030</b>  | <b>2,466</b>  |
| Interest expenses           | 123           | 249           | 232           | 213           | 153           |
| Other income                | 51            | 106           | 286           | 205           | 165           |
| Extraordinary (inc) /exp    | 3             | (34)          | (33)          | (4)           | 0             |
| <b>PBT</b>                  | <b>1,103</b>  | <b>1,577</b>  | <b>1,667</b>  | <b>2,017</b>  | <b>2,478</b>  |
| Provision for tax           | 239           | 357           | 260           | 342           | 432           |
| Effective tax rate (%)      | 21.6          | 22.7          | 15.6          | 17.0          | 17.4          |
| PAT before MI               | 864           | 1,220         | 1,407         | 1,675         | 2,046         |
| Exceptional item (post tax) | 0             | (4)           | 0             | 0             | 0             |
| Minority Interest           | 98            | 139           | 108           | 104           | 118           |
| <b>Net profit after MI</b>  | <b>766</b>    | <b>1,077</b>  | <b>1,299</b>  | <b>1,571</b>  | <b>1,927</b>  |
| YoY growth (%)              | 26.9          | 40.7          | 20.7          | 20.9          | 22.7          |
| PAT margin (%)              | 4.7           | 4.7           | 6.3           | 6.3           | 6.9           |

Source: Company, Centrum Research Estimates

### Exhibit 9: Balance Sheet

| Y/E Dec (Rsmn)                | CY07         | CY08         | CY09          | CY10E         | CY11E         |
|-------------------------------|--------------|--------------|---------------|---------------|---------------|
| Equity Share Capital          | 239          | 240          | 266           | 278           | 278           |
| Reserves & Surplus            | 4,483        | 5,580        | 9,545         | 12,059        | 13,885        |
| Advance Against warrants      | 0            | 294          | 0             | 0             | 0             |
| <b>Net worth</b>              | <b>4722</b>  | <b>6113</b>  | <b>9811</b>   | <b>12337</b>  | <b>14163</b>  |
| Secured Loans                 | 1,250        | 2,405        | 2,044         | 2,244         | 1,615         |
| Unsecured Loans               | 12           | 1,035        | 0             | 0             | 0             |
| <b>Total Loan Funds</b>       | <b>1,263</b> | <b>3,440</b> | <b>2,044</b>  | <b>2,244</b>  | <b>1,615</b>  |
| Deferred Tax Liability        | 44           | 127          | 179           | 259           | 299           |
| Minority Interest             | 86           | 115          | 135           | 239           | 357           |
| <b>Total Capital Employed</b> | <b>6,114</b> | <b>9,795</b> | <b>12,169</b> | <b>15,079</b> | <b>16,433</b> |
| Gross Block                   | 5,581        | 7,084        | 9,241         | 11,191        | 12,691        |
| Accumulated Depreciation      | 1,144        | 1,460        | 2,053         | 2,782         | 3,667         |
| Net Block                     | 4,437        | 5,624        | 7,188         | 8,409         | 9,024         |
| Capital WIP                   | 405          | 741          | 750           | 100           | 500           |
| <b>Net Fixed Assets</b>       | <b>4,842</b> | <b>6,365</b> | <b>7,938</b>  | <b>8,509</b>  | <b>9,524</b>  |
| <b>Investments</b>            | <b>65</b>    | <b>828</b>   | <b>1,668</b>  | <b>1,643</b>  | <b>1,598</b>  |
| Sundry debtors                | 2,271        | 2,975        | 2,354         | 3,747         | 4,187         |
| Cash and bank                 | 631          | 1,012        | 916           | 1,709         | 1,631         |
| Loans, adv & other CA         | 734          | 1,686        | 2,193         | 2,511         | 2,806         |
| Total current assets          | 3,637        | 5,673        | 5,463         | 7,967         | 8,624         |
| Current liabs & prov          | 2,435        | 3,075        | 2,900         | 3,040         | 3,311         |
| <b>Net Current Assets</b>     | <b>1,202</b> | <b>2,599</b> | <b>2,563</b>  | <b>4,927</b>  | <b>5,313</b>  |
| Misc exp                      | 6            | 3            | 0             | 0             | 0             |
| <b>Total Assets</b>           | <b>6,114</b> | <b>9,795</b> | <b>12,169</b> | <b>15,079</b> | <b>16,435</b> |

Source: Company, Centrum Research Estimates

### Exhibit 10: Cash flow

| Y/E Dec (Rsmn)              | CY07           | CY08           | CY09           | CY10E          | CY11E          |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Profit after Tax            | 766            | 1,077          | 1,299          | 1,571          | 1,927          |
| Depreciation                | 252            | 447            | 545            | 729            | 885            |
| Provision for deferred tax  | 91             | 94             | 50             | 80             | 40             |
| Misc Items                  | 47             | 62             | 57             | 85             | 110            |
| CF bf WC change             | 1,155          | 1,680          | 1,951          | 2,466          | 2,963          |
| Working capital adj         | 81             | (1,016)        | (60)           | (1,572)        | (464)          |
| <b>Cash from operation</b>  | <b>1,236</b>   | <b>664</b>     | <b>1,891</b>   | <b>894</b>     | <b>2,499</b>   |
| Capex                       | (2,141)        | (1,970)        | (2,118)        | (1,300)        | (1,900)        |
| Investments                 | 537            | (515)          | (451)          | 25             | 45             |
| <b>Cash from investing</b>  | <b>(1,604)</b> | <b>(2,485)</b> | <b>(2,569)</b> | <b>(1,275)</b> | <b>(1,855)</b> |
| Borrowings/ (repayments)    | 487            | 2,028          | (361)          | 200            | (630)          |
| Proceeds from sh capital    | 156            | 252            | 1,081          | 1,047          | 0              |
| Dividend paid               | (94)           | (78)           | (138)          | (73)           | (92)           |
| <b>Cash from financing</b>  | <b>549</b>     | <b>2,202</b>   | <b>582</b>     | <b>1,174</b>   | <b>(722)</b>   |
| <b>Net Cash inc/(dec)</b>   | <b>181</b>     | <b>381</b>     | <b>(96)</b>    | <b>792</b>     | <b>(78)</b>    |
| Opening Cash Balance        | 450            | 631            | 1,012          | 916            | 1,709          |
| <b>Closing Cash Balance</b> | <b>631</b>     | <b>1,012</b>   | <b>916</b>     | <b>1,709</b>   | <b>1,631</b>   |
| FCF to firm (FCFF)          | (905)          | (1,306)        | (226)          | (406)          | 599            |
| FCF per share               | (40)           | (58)           | (2)            | (3)            | 5              |

Source: Company, Centrum Research Estimates

### Exhibit 11: Key Ratios

| Y/E Dec                       | CY07 | CY08 | CY09  | CY10E | CY11E |
|-------------------------------|------|------|-------|-------|-------|
| Face Value (Rs)               | 10.0 | 10.0 | 2.0   | 2.0   | 2.0   |
| O/s shares mn                 | 22.4 | 22.4 | 124.8 | 130.5 | 130.5 |
| <b>Per share (Rs)</b>         |      |      |       |       |       |
| Fully diluted EPS             | 5.9  | 8.3  | 10.0  | 12.0  | 14.8  |
| CEPS                          | 7.8  | 11.7 | 14.1  | 17.6  | 21.6  |
| BVPS                          | 36.2 | 46.9 | 75.2  | 94.6  | 108.5 |
| <b>Dividend ratios</b>        |      |      |       |       |       |
| DPS (Rs)                      | 0.8  | 0.4  | 1.0   | 0.6   | 0.7   |
| Dividend yield (%)            | 0.5  | 0.3  | 0.6   | 0.4   | 0.4   |
| Dividend payout (%)           | 2.4  | 0.9  | 9.2   | 5.0   | 4.5   |
| <b>Turnover ratios (days)</b> |      |      |       |       |       |
| Debtors turnover              | 46.7 | 41.4 | 47.2  | 44.8  | 52.1  |
| Creditors turnover            | 47.9 | 41.2 | 50.9  | 42.2  | 40.3  |
| Working cap turnover          | 26.1 | 30.0 | 45.7  | 55.0  | 67.3  |
| Asset turnover (x)            | 2.6  | 2.4  | 1.7   | 1.6   | 1.7   |
| <b>Return ratios (%)</b>      |      |      |       |       |       |
| RoE                           | 17.7 | 19.9 | 16.3  | 14.2  | 14.5  |
| RoCE                          | 15.9 | 16.1 | 13.8  | 13.0  | 13.3  |
| <b>Solvency ratios</b>        |      |      |       |       |       |
| Debt/ Equity (x)              | 0.3  | 0.6  | 0.2   | 0.2   | 0.1   |
| Interest coverage (%)         | 8.4  | 10.8 | 9.4   | 7.2   | 4.4   |
| <b>Valuation ratios (x)</b>   |      |      |       |       |       |
| P/E                           | 29.1 | 20.7 | 17.2  | 14.2  | 11.6  |
| P/BV                          | 4.7  | 3.6  | 2.3   | 1.8   | 1.6   |
| EV/EBITDA                     | 16.1 | 11.2 | 10.7  | 8.3   | 6.7   |
| EV/Sales                      | 1.4  | 1.1  | 1.1   | 0.9   | 0.8   |
| M-Cap to Sales                | 1.4  | 1.0  | 1.1   | 0.9   | 0.8   |

Source: Company, Centrum Research Estimates

## Appendix A

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