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CESC Ltd.

Triggers for valuation discount to narrow down; Buy

Initiating Coverage

February 23, 2012

Reco

Buy

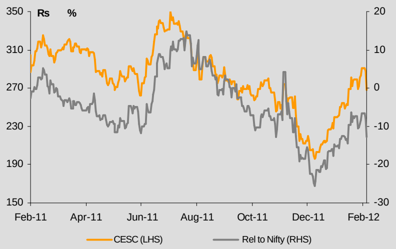
CMP	**Target Price**
Rs260	Rs371
EPS change FY11E/12E (%)	NA
Target Price change (%)	NA
Nifty	5,505
Sensex	18,145

Price Performance

(%)	**1M**	**3M**	**6M**	**12M**
Absolute	12	6	(13)	(11)
Rel. to Nifty	2	(7)	(23)	(12)

Source: Bloomberg

Relative Price Chart



Source: Bloomberg

Stock Details

Sector	Power
Bloomberg	CESC@IN
Equity Capital (Rs mn)	1256
Face Value(Rs)	10
No of shares o/s (mn)	125
52 Week H/L	364/186
Market Cap (Rs bn/USD mn)	34/690
Daily Avg Volume (No of sh)	339813
Daily Avg Turnover (US$mn)	1.7

Shareholding Pattern (%)

	Dec-11	**Sep-11**	**Jun-11**
Promoters	52.5	52.5	52.5
FII/NRI	18.2	18.4	17.9
Institutions	16.6	17.0	18.0
Private Corp	7.2	6.8	6.1
Public	5.5	5.4	5.5

Source: Capitaline

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- Even though CESC's valuations have always been cheaper vs. peers, discount (60%) has increased. While other IPP stocks have rallied 5-20% post 80% FSA directive, CESC is down 4%
- This is despite CESC holding 100% LOAs (5.6mnMT) for both its under construction projects – Haldia (600MW) and Chandrapur (600MW) - with all other clearances in place
- Expect 44% earnings CAGR over FY12-15E owing to 1) under-construction projects contributing from FY14E, 2) consistent 19% ROE from distribution business, 3) declining losses in Spencer's and 4) enough accruals to fund equity requirements
- Given significant LOAs and reducing retail losses, we expect the valuation gap to narrow down. Multi brand FDI remains added trigger; Recommend Buy with TP of Rs371; Key risks – lower tariff hike for distribution & higher losses in Spencer's

Post 80% FSA directive, stock is down 4% despite 5.6mn MT LOAs

Post 80% FSA (fuel supply agreement) directive by PMO, while most of the IPP stocks are up 5-20%, CESC is down 4%. This is despite CESC holding valid 'Letter of Assurances' (LOAs) worth 5.6mn MT from Coal India for both its under construction projects - Haldia (600MW - COD Jun'14, 75% regulated PPA) and Chandrapur (600MW - COD May'13, L1 for 200MW net & looking to tie up balance). As per our calculations, if LOAs materialize, CESC would be one of the big beneficiaries.

Slated to deliver consolidated EPS CAGR of 44% in FY12E-15E

With (1) under-construction projects starting to contribute to earnings from FY14E, (2) distribution business consistently earning 19% ROE, (3) retail business losses coming down and (4) CESC generating enough internal accruals to fund equity requirements and retail losses; we expect consolidated earnings CAGR of 44% in FY12E-FY15E.

Cheapest utility at 0.64xbook despite 5.6mnMT LOAs; Expect valuation gap to narrow down; Buy

Driven by recent underperformance, CESC's valuation (0.64x Book) discount to peers (1.6x Book) has increased to 60% vs. 45-50% on an average. Given significant LOAs and reducing retail losses, we expect the valuation gap to narrow down. Multi brand FDI remains an added trigger. We initiate coverage on the stock with a Buy rating and a SoTP based target price of Rs371/Share. We have not valued equity to be invested in under-construction projects and any of its under development projects. Further, we have valued its retail business at negative Rs62/Share. Key risks - lower tariff hike for distribution & higher losses in Spencer's.

Financial Snapshot (Standalone) **Rs Mn**

YE-Mar	Net Sales	EBITDA (Core)	EBITDA (%)	APAT	EPS (Rs)	EPS % chg	RoE (%)	P/E	EV/ EBITDA	P/BV
FY10	33,670	8,239	24.5	4,333	34.5	5.8	12.1	7.5	7.1	0.9
FY11	40,209	10,823	26.9	4,884	38.9	12.7	12.1	6.7	5.9	0.8
FY12E	46,577	10,095	21.7	4,119	32.8	-15.7	9.2	7.9	6.5	0.7
FY13E	50,950	12,257	24.1	5,485	43.7	33.1	11.2	6.0	5.5	0.6

Note – we have excluded revaluation reserve from Net worth/book value

Post 80% FSA directive, stock is down 4% despite 5.6mn MT LOAs

Post 80% FSA (fuel supply agreement) directive by prime minister's office (PMO) 10 days back, most of the IPP stocks are up 5-20%. However, CESC is down 4%. This is despite CESC holding valid LOAs worth 5.6mn MT from Coal India for both its under construction projects - Haldia (600MW - COD Jun'14, 75% regulated PPA) and Chandrapur (600MW - COD May'13, L1 for 200MW net & looking to tie up balance). As per our calculations, if LOAs materialize, CESC would be one of the big beneficiaries.

Price Performance	CESC	RPWR	LANCO	JSWE	NBVL	ADANI	GIPCL	JPVL	KSK	NTPC	TPWR	Torrent
Since Feb13	-4%	15%	21%	4%	5%	20%	4%	-2%	11%	1%	3%	7%
MTD	2%	21%	22%	15%	9%	1%	2%	3%	20%	7%	1%	9%
Before Feb 13	6%	5%	1%	11%	4%	-16%	-2%	4%	9%	6%	1%	3%
LOAs (mn MT)	5.6	3.3	16.4	0.0	0.0	11.4	0.0	2.0	2.3	82.1	3.6	0.0

Source: Bloomberg, Ministry of Coal, Emkay Research

Holds valid LOAs worth 5.6mn MT from CIL for under construction projects

CESC holds valid LOAs (letter of assurance) worth 5.6mn MT from Coal India for Haldia (600MW - COD Sep'14) and Chandrapur (600MW - COD May'13). Both the projects are in construction stage with all clearances in place. For Haldia, 75% of the power has already been tied up in long-term PPA with its distribution circle in Kolkata. For Chandrapur, CESC is L1 in recent case 1 bid for 200MW (net) and also plans to tie up majority of balance, once new bidding guidelines are announced.

Chandrapur (acquired project)– 600MW, Capex Rs28bn, D/E 75:25- It has received all clearances with complete land acquisition and financial closure. The BTG and EPC contract has been awarded to Shanghai Electric and Punj Lloyd respectively. About 50% of the capex will be spent by FY12E (Rs4bn equity and balance debt). The project is on schedule to commission in May'13. For the coal supply, CESC has LOA (at 85% PLF) from SECL (mines are 600km away). Even though no PPA has been signed, we understand that CESC is L1 in recent case 1 bid for 200MW (net) in Mumbai distribution circle and it is also looking to tie up majority of balance part once new bidding guidelines are announced.

Haldia - 600mw, Capex Rs33bn, Debt Equity 75:25 - It has received all clearances, land acquisition is complete and financial closure achieved. The EPC contract has been awarded to Punj Lloyd and BTG has been ordered from Shanghai Electric. The project is scheduled to commission in Sep'14. For the coal supply, CESC has LOA (at 85% PLF) from MCL (mines 200km away). The LOA is for 100% capacity. About 450MW power has been tied up in long term PPA (approved by regulator) with its Kolkata distribution circle. The balance is still open but can be easily supplied to its distribution circle if needed as per FSA preconditions. The company has spent about Rs3bn (all equity) till date.

19% ROE on its distribution business; Tariff order expected before Mar'12

CESC's Kolkata distribution business has regulated generation capacity of 1,225MW with regulated equity at Rs11.4bn and T&D assets with regulated equity at Rs14.1bn in FY12E. It has been consistently generating 19-20% ROE from this business. This is likely to continue going forward.

Recently, one of the issues with this business has been that tariff order scheduled to have come by Dec'11 has not yet come. However, we expect the tariff order to come in anytime and latest by Mar'12 (post APTEL order). This has been one of the reasons why CESC's standalone profits have taken a hit in FY12E. However, we expect ~Rs1.6bn of additional revenue recognition post tariff order, most likely in 4QFY12. This Rs1.6bn is mainly due to (1) additional capitalization of Rs5bn in FY12E and (2) increase in costs. Post tariff order, CESC's tariffs are likely to increase by 20-25 paisa per unit. One more important point to note is that this tariff order is going to be a multiyear tariff order, in which, regulator will approve certain capex for its distribution business, providing comfort on pass through of this capex through additional tariffs, going forward. The capex required for the distribution circle from now on is about Rs5bn (equity Rs1.5bn) p.a.

One of the under development projects certain to materialize

Apart from 1200MW of under construction assets, CESC has about 2000MW of under development projects. Out of this, the 600MW Jharkhand project is backed by captive coal mine. With the State Govt. already issuing notification for land acquisition following landowner's consent, land acquisition is likely to be completed in next 3-6months. Post land acquisition, we do not expect significant challenges in this project. Since it is backed by captive coal block, it is likely to contribute meaningfully to CESC's projects pipeline and NPV. However, its Orissa project does not have a LOA and unless LOA is given, it is unlikely to take off.

Pls note that we have not assigned any value to its under development projects.

Jharkhand - 600mw, Capex Rs35bn, Debt Equity 75:25 - Earlier, it was facing some land acquisition problems (tribal issues) but the management has stated that the issues have now been resolved. Local land owners have given their consent which has been forwarded to State Govt. State Govt. has already issued notification. Land acquisition is likely to be completed in 3-6months. Post land acquisition, we expect faster progress in this project because there isn't any other issue. For coal supply, CESC has been awarded captive coal block. This project we believe, is likely to contribute significantly to CESC"s project pipeline and NPV.

Orissa - Capex Rs65bn, Debt Equity 75:25 - Though land acquisition is complete, it is still awaiting most of the clearances (EIA completed). For the coal supply, CESC is awaiting linkages but management highlighted that project has highest marks (90%) as required for a coal linkage and is favorably placed for new linkage. However, unless LOA comes through for this project, it is unlikely to take off.

Plant	Chandrapur	Haldia-I	Dhenkanal-I	Dumka
	Under Construction		Under Development	
State	Maharashtra	West Bengal	Orissa	Jharkhand
Capacity (MW)	600	600	1320	600
Unit size (MW)	300	300	660	300
No of units (Nos.)	2	2	2	2
Commissioning	2013	2014	2015	2016
Capital cost (Rs mn)	28000	33000	62000	50000
Debt Equity	75%	75%	75%	75%
Financial closure	✓	✓	x	x
Fuel	100% - Linkage (SECL)	100% - Linkage (MCL)	Linkage Applied For	Captive Mine
Offtake	PPA (Waiting for new bidding norms)	Regulated - 450MW Open - 150MW	Regulated - 330MW Open - 990MW	Regulated - 150MW Open - 450MW
Land acquisition	✓	✓	✓	x
Water	✓	✓	✓	✓
Environmental clearance	✓	✓	x	✓
Equipment order	✓	✓	x	x

Source: Company presentations, Emkay Research

Retail Business – management confident of break even in FY15E

After breaking even at the store level in FY11, management seems confident about further loss reduction and overall break even in FY15E. In FY11, losses stood at Rs110mn/month or Rs1.3bn for the full year. The current store level profits are about Rs35mn/month but is yet to cover common overheads like corporate overheads (Rs60mn/month), distribution expenses (Rs50mn/Month) and advertising expenses (Rs20mn/Month). Management highlighted that they have been taking few steps, which would lead to improved performance from retail. One of them is that they are now going for revenue sharing rentals for new stores vs. fixed rentals for current ones. Currently, average rentals are around Rs57/sqft. For new stores this is likely to reduce in the initial period when revenues are low. On an overall basis, they expect to maintain rentals/revenue of 6%. Secondly, same store sales growth is in focus with FY11/12 already showing 14% growth. Also, increase in floor space from 0.9mn to 1.6mn sq. feet by FY15E is planned with focus on large format stores.

Overall on the retail business, management expects a loss of about Rs1.1bn and capex of Rs400mn in FY12E, loss of Rs800mn and capex of Rs400mn in FY13E, loss of Rs500mn and Capex of Rs400mn in FY14E and break even in FY15E.

Further, management plans to dilute minority stake if FDI in multi brand retail comes through, which is likely to ease its cash flows.

Spencer's	FY10	FY11	9MFY12
Sales (Rs/sq ft p.m.)	795	962	1166
Gross margin	18%	19%	NA
Store EBITDA (Rs/sq ft p.m.)	(19)	17	35
Small format	(20)	6	NA
Large Format	(18)	25	NA

Source: Company presentations, Emkay Research

Constructing a mall in Kolkata; Capex Rs2.3bn; Commissioning Dec'12

CESC is constructing a mall at Park Street in Kolkata on about 3 acres of land with retail area of 0.4mn sq.feet and parking area of 0.3mn sq.feet. It is expecting about Rs100/sqft of lease rentals. Overall, the project is 60:40 debt equity funded and should easily deliver 25% return on equity. It is on schedule to commission by Dec'12 and should contribute to revenues in FY13E.

6.8% stake in a coal mine in South Africa (resource generation)

Recently, CESC has taken a 6.8% stake in a green field mine in South Africa. It has invested about USD 10mn for this stake. In the long-term (after 4 yrs), it is expecting significant offtake rights (rights for 139mn MT, production expected to start from 2014) from this mine.

Sufficient cash and internal accruals to take care of equity investments in power, Spencer's losses/capex and debt repayment

As per our calculations, CESC has sufficient cash accruals to take care of (1) equity investments in power projects - Rs7.3bn in FY12E-FY15E, (2) Spencer's losses/capex - Rs3.2bn in FY12E-FY15E and (3) debt repayment - Rs14bn in FY12E-15E. Pls refer table below for detailed calculations.

Projected cash flow-Standalone

Particulars (Rs mn)	FY12E	FY13E	FY14E	FY15E	FY16E	FY17E
Opening cash balance	**10989**	**6134**	**3808**	**2542**	**2723**	**5326**
Equity investments from CESC	**8150**	**5350**	**5300**	**4250**	**2250**	**2250**
Distribution	1500	1500	1500	1500	1500	1500
Chandrapur	2000	1500	500	0	0	0
Haldia	3000	1000	2250	2000	0	0
Spencer's	1650	1350	1050	750	750	750
Debt repayment	**4000**	**4000**	**4000**	**4000**	**4000**	**4000**
Distribution	4000	4000	4000	4000	4000	4000
Internal accruals	**7295**	**7024**	**8034**	**8431**	**8853**	**9299**
Standalone (net of dividend)	7295	7024	8034	8431	8853	9299
Closing cash balance	**6134**	**3808**	**2542**	**2723**	**5326**	**8375**

Source: Company, Emkay Research

Cash Flow from SPVs	FY12E	FY13E	FY14E	FY15E	FY16E	FY17E
Debt repayment-	**0**	**0**	**0**	**2000**	**4063**	**4063**
Chandrapur	0	0	0	2000	2000	2000
Haldia					2063	2063
Internal accruals:	**0**	**0**	**2218**	**4657**	**6208**	**6450**
Chandrapur			2218	2958	3150	3342
Haldia				1700	3058	3108
Net Cash Inflow			**2218**	**2657**	**2146**	**2387**

Source: Company, Emkay Research

Slated to deliver consolidated EPS CAGR of 44% in FY12E-15E

With (1) under-construction projects starting to contribute to earnings from FY14E, (2) distribution business earnings 19% ROE consistently, (3) retail business losses coming down and (4) CESC generating enough internal accruals to fund equity requirements and retail losses; we expect consolidated earnings CAGR of 44% in FY12E-FY15E

Segment/Subsidiary (Rs mn)	FY12E	FY13E	FY14E	FY15E	FY16E	FY17E
Distribution	3467	4900	5180	5460	5740	6020
Investment Income	652	574	454	424	422	447
Standalone PAT	**4119**	**5475**	**5635**	**5884**	**6162**	**6467**
Spencer's	(1600)	(1300)	(1000)	(700)	0	0
Power generation - Chandrapur			986	1315	1507	1699
Mall			200	226	252	280
Power generation - Haldia				825	1309	1359
Consolidated profit/(loss)	**2519**	**4175**	**5821**	**7550**	**9231**	**9805**
Consolidated EPS	20.1	33.2	46.3	60.1	73.5	78.1
EPS CAGR (FY12E-15E)				**44%**		

Source: Emkay Research

Valuations discount has increased to 60% post recent underperformance

Driven by recent underperformance, CESC's valuations (0.64x Book) discount to peers (1.6x Book) has increased to 60% vs. 45-50% on an average. However, given significant LOAs and reducing retail losses, we expect valuations gap to narrow down.

	P/B (FY13E)	Reco	CMP	TP
Adani Power	2.40	Sell	83	57
Jaiprakash Power Ventures	2.19	Hold	45	45
NTPC	1.90	Buy	183	199
Reliance Power	1.84	Buy	123	155
Power Grid	1.81	NR (Top buy)	110	NR
Torrent Power	1.73	NR	228	NR
JSW Energy	1.67	Reduce	65	46
Tata Power	1.61	NR	109	NR
Nava Bharat Ventures	0.75	Accumulate	202	204
GIPCL	0.73	Buy	74	91
KSK Energy	0.71	Hold	76	75
Lanco Infratech	0.70	Hold	20	17
Average Valuations	**1.58**			
CESC	0.64	Buy	260	371
Valuations Discount	60%			

Source: Emkay Research, Bloomberg

Cheapest utility at 0.64xFY13E Book + LOAs worth 5.6mn MT; Buy

Out of FY13E net worth of Rs52bn, 1) Rs27bn is regulated equity for Kolkata distribution business, 2) Rs13.1bn is the funding of accumulated losses/capex of retail business, 3) Rs9.5bn investments in new projects' equity (Chandrapur & Haldia) and (4) balance investment in mall and coal mine' equity. Considering, regulated model makes a ROE of 19%, we have valued the distribution business at 1.6x FY13E net worth of Rs27bn, arriving at fair value of Rs42bn (cost of equity 12%). We have valued (1) Spencer's at NPV of cash flows and debt resulting in negative value of Rs7.8bn, (2) under construction power projects at 1x equity invested, (3) mall on NPV basis and (4) equity in coal mine at book.

We initiate coverage on the stock with a buy rating and a price target of Rs371/Share. We highlight that we have not valued (1) equity to be invested in its under construction projects and (2) under development projects. In a bull case scenario, value of its under construction projects likely to increase by Rs55/Share, therefore even without valuing under development projects, the fair value increases to Rs426/Share.

The key risks are (1) tariff increase not being allowed and (2) continued losses in Spencer's higher than management expectations and (3) coal supply to under construction projects not materializing despite LOAs.

	Rsmn		Base Case (Rsmn)			Bull Case (Rsmn)		
Business segment	**Book value**	**Method**	**Multiple (x)**	**Value**	**Rs/share**	**Multiple (x)**	**Value**	**Rs/share**
Distribution (Regulated)	27000	P/B	1.6	42002	335	1.6	42002	335
Power projects (Chandrapur and Haldia)	9500	P/B	1.0	9500	76	1.5	19000	131
CWIP funded by equity in Standalone	450	P/B	1.0	450	4	1.0	450	4
Spencer's	13100	NPV	COE 15%	(7763)	(62)	COE 15%	(7763)	(62)
Mall	1050	NPV	COE 15%	1750	14	COE 15%	1750	14
Coal mine	500	Book	1.0	500	4		500	4
TOTAL	**51600**			**46440**	**371**		**55940**	**426**

Source: Emkay Research, Note – we have excluded revaluation reserve from Net worth/book value

Financials (Standalone)

Income Statement

Y/E, Mar (Rs. mn)	FY10	FY11	FY12E	FY13E
Net Sales	**33,670**	**40,209**	**46,577**	**50,950**
Growth (%)	*8.5*	*19.4*	*15.8*	*9.4*
Expenditure	**25,431**	**29,386**	**36,482**	**38,693**
Fuel Cost	17,141	20,937	24,431	25,912
O&M Cost	8,291	8,449	12,051	12,782
SG&A Expenses	0	0	0	0
Other Expenses	0	0	0	0
EBITDA	**8,239**	**10,823**	**10,095**	**12,257**
Growth (%)		*31.4*	*-6.7*	*21.4*
EBITDA margin (%)	***24.5***	***26.9***	***21.7***	***24.1***
Depreciation	2,056	2,674	2,914	3,091
EBIT	**6,183**	**8,149**	**7,181**	**9,166**
EBIT margin (%)	***18.4***	***20.3***	***15.4***	***18.0***
Other Income	820	714	815	718
Interest expenses	1,782	2,721	2,815	2,986
PBT	**5,221**	**6,143**	**5,181**	**6,898**
Tax	**888**	**1,259**	**1,061**	**1,413**
Effective tax rate (%)	*17.0*	*20.5*	*20.5*	*20.5*
Adjusted PAT	**4,333**	**4,884**	**4,119**	**5,485**
Growth (%)	*5.8*	*12.7*	*-15.7*	*33.1*
Net Margin (%)	***12.9***	***12.1***	***8.8***	***10.8***
E/O items	0	0	0	0
Reported PAT	**4,333**	**4,884**	**4,119**	**5,485**
(Profit)/loss from JV's/Ass/MI	0	0	0	0
PAT after MI	**4,333**	**4,884**	**4,119**	**5,485**
Growth (%)	*5.8*	*12.7*	*-15.7*	*33.1*

Balance Sheet

Y/E, Mar (Rs. mn)	FY10	FY11	FY12E	FY13E
Equity share capital	1,256	1,256	1,256	1,256
Reserves & surplus	55,179	59,579	63,205	68,033
Net worth	**56,435**	**60,835**	**64,461**	**69,289**
Secured Loans	28,117	30,166	29,666	29,166
Unsecured Loans	**28,117**	**30,166**	**29,666**	**29,166**
Security deposits - customers	8,965	9,355	9,355	9,355
Net deferred tax liability	0	0	0	0
Total Liabilities	**93,517**	**100,355**	**103,481**	**107,809**
Gross Block	113,638	119,687	126,410	130,910
Less: Depreciation	-41,311	-44,902	-47,816	-50,907
Net block	**72,327**	**74,786**	**78,593**	**80,002**
Capital work in progress	2,783	2,722	1,000	1,500
Investment	**3,986**	**8,243**	**14,893**	**18,743**
Current Assets	**31,609**	**31,401**	**29,779**	**29,672**
Inventories	2,383	2,944	3,411	3,731
Sundry debtors	5,130	5,709	6,614	7,234
Cash & bank balance	13,998	10,989	6,134	3,808
Loans & advances	10,098	11,758	13,620	14,899
Other current assets	0	0	0	0
Current lia & Prov	**17,413**	**16,989**	**20,977**	**22,301**
Current liabilities	16,187	15,609	19,379	20,553
Provisions	1,227	1,380	1,598	1,748
Net current assets	**14,195**	**14,412**	**8,802**	**7,371**
Misc. exp	226	193	193	193
Total Assets	**93,517**	**100,355**	**103,481**	**107,809**

Cash Flow

Y/E, Mar (Rs. mn)	FY10	FY11	FY12E	FY13E
PBT (Ex-Other income)	4,400	5,428	4,366	6,180
Depreciation	2,056	2,674	2,914	3,091
Interest Provided	1,782	2,721	2,815	2,986
Other Non-Cash items	2	4	0	0
Chg in working cap	-734	-3,378	537	-1,045
Tax paid	-892	-1,106	-843	-1,263
Operating Cashflow	**6,615**	**6,343**	**9,789**	**9,948**
Capital expenditure	-9,510	-6,159	-5,000	-5,000
Free Cash Flow	**-2,896**	**184**	**4,789**	**4,948**
Other income	820	714	815	718
Investments	-3,482	-4,257	-6,650	-3,850
Investing Cashflow	**-12,172**	**-9,702**	**-10,835**	**-8,132**
Equity Capital Raised	1,923	1,217	0	0
Loans Taken / (Repaid)	4,652	2,439	-500	-500
Interest Paid	-1,782	-2,721	-2,815	-2,986
Dividend paid (incl tax)	-585	-585	-493	-657
Income from investments				
Others	0	0	0	0
Financing Cashflow	**4,207**	**350**	**-3,809**	**-4,143**
Net chg in cash	**-1,350**	**-3,009**	**-4,855**	**-2,326**
Opening cash position	15,348	13,998	10,989	6,134
Closing cash position	**13,998**	**10,989**	**6,134**	**3,808**

Key Ratios

Y/E, Mar	FY10	FY11	FY12E	FY13E
Profitability (%)				
EBITDA Margin	24.5	26.9	21.7	24.1
Net Margin	12.9	12.1	8.8	10.8
ROCE	7.0	8.4	7.1	8.7
ROE	12.1	12.1	9.2	11.2
RoIC	7.1	8.3	7.0	8.7
Per Share Data (Rs)				
EPS	34.5	38.9	32.8	43.7
CEPS	50.9	60.2	56.0	68.3
BVPS	302.6	341.2	370.0	408.5
DPS				
Valuations (x)				
PER	7.5	6.7	7.9	6.0
P/CEPS	5.1	4.3	4.6	3.8
P/BV	0.9	0.8	0.7	0.6
EV / Sales	1.7	1.5	1.4	1.3
EV / EBITDA	6.8	5.7	6.5	5.5
Dividend Yield (%)	1.8	1.8	1.5	2.0
Gearing Ratio (x)				
Net Debt/ Equity	0.5	0.5	0.5	0.5
Net Debt/EBIDTA	3.1	2.9	3.3	2.8
Working Cap Cycle (days)	2	27	19	24

Note – we have excluded revaluation reserve from Net worth/book value

Emkay Rating Distribution

BUY	Expected total return (%) (stock price appreciation and dividend yield) of over 25% within the next 12-18 months.
ACCUMULATE	Expected total return (%) (stock price appreciation and dividend yield) of over 10% within the next 12-18 months.
HOLD	Expected total return (%) (stock price appreciation and dividend yield) of upto 10% within the next 12-18 months.
REDUCE	Expected total return (%) (stock price depreciation) of upto (-)10% within the next 12-18 months.
SELL	The stock is believed to under perform the broad market indices or its related universe within the next 12-18 months.

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