

# Techno Electric & Engineering Limited

BUY



Asian Markets Securities Pvt. Ltd.

**Week Quarter but long term story intact.....**

## Institutional Research

CMP (Rs)	367
Target (Rs)	456

Nifty: 10,225; Sensex: 33,034

## Key Stock Data

BSE Code	533281
NSE Code	TECHNO
Bloomberg Code	TEEC IN
Shares o/s mn (FV Rs2)	112.7
Market Cap (Rs bn)	41.4
52-Week High / Low	439/280
3-M Daily Avg. Vol.	83,745

## Relative Performance

(%)	1m	3m	12m
TEEC	5.1	6.2	21.1
NIFTY	0.6	5.3	23.2
SENSEX	1.9	5.8	23.2

## Shareholding Pattern

(%)	Mar17	Jun17	Sep17
Promoter	58.0	58.8	58.8
FII	5.3	4.9	4.6
DII	17.9	17.8	17.5
Others	18.8	18.5	19.2

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Techno Electric & Engineering Co Ltd. (TEEC) reported week set of 2QFY18 results. Consolidated revenue declined by 30.8% yoy at Rs 2.54bn, on the back of 32.2% yoy decline in EPC revenues on account of preponement (to save GST) as well as postponement (as rates were expected to reduce) of supplies to the tune of ~Rs1bn. Consolidated EBITDA declined by 31.2% yoy & EBITDM decline by 13bp, due to lower sales. APAT declined by 14.5% yoy to Rs601mn Vs Rs 702mn in Q2FY17. The current order book stands at Rs23.5bn and has a strong bidding pipeline. The management continues to be positive on EPC segment and guiding FY18 EPC revenue at ~Rs12-12.5bn. Further, it is targeting doubling the EPC revenue in 4-5 years. Further the debt profile has improved considerably by repayment of Rs1.5bn of debt in 1HFY18. We have reduced our estimates of FY18/FY19 estimate marginally by 4.0%/3.6% respectively and introduced FY20E with Consolidated EPS of Rs25.1. Given the strong order book, high EBITDA margins, efficient working capital management, T&D assets and strong and consistent free cash flow generation, we believe the business continues to be attractive. We maintain BUY with TP of Rs456. We value TEEC on SOTP basis valuing EPC at 20x FY20E earnings (Rs401), wind business at DCF (Rs45) and the transmission BOT assets on the basis of BV (Rs9).

**Week 2QFY18 Consolidated Results on account of GST uncertainty:** Consolidated net sales stood at Rs 2.54bn declined by 30.8% yoy on the back of 32.2% decline in EPC segment. EPC sales decline primarily due to preponement (to save GST) as well as postponement (as rates were expected to reduce from 28% to 18%) of supplies to the tune of ~Rs1bn. EBITDA declined by 31.2% yoy to Rs 768mn in Q2FY18. EBITDAM declined by 13bp yoy to 30.2% yoy due to lower revenue. Adjusted PAT stood at Rs601mn down by 14.5% yoy; the decline is lower than the revenue decline, due to lower interest, depreciation and tax rate. In 1HFY18, consolidated Sales reported flat growth of 4.4% yoy to Rs6.67bn and EBITDM stand at 26.8%. APAT grew by 8.8% yoy to Rs1.29bn.

**Segment Wise Performance in Q2FY18:** EPC reported 32.2% yoy decline in EPC revenues due to GST impact as stated above. EPC EBITM declined by 199bp yoy to 13.2% Vs 15.2%, on account of lower revenue. Wind segment revenue in 2QFY18 is down by 25.4% yoy to Rs528mn due to the lower capacity yoy by 33MW. Company sold 33MW of wind assets post 2QFY17 last year. Corporate segment reported sales increased by 92.9% yoy to Rs109mn due to higher cash. In 1HFY18, EPC revenue up by 7.9% to Rs5.7bn and EBITM improved by 36bp to 15.3%. Wind revenue down by 9.2% to Rs 970mn and EBITM stand at 72.4%.

**Decent order book and pipeline:** TEEC firm order book orders stands at Rs23.5bn. The current order book reflects ~1.73x book-to-bill ratio suggesting visibility and growth in next two years. Management targeting ~Rs12-12.5bn order inflow in FY18, with major inflow is 4QFY18. Company expects strong order inflow in next 4-5 quarters and expects to close FY19 with order backlog of Rs ~Rs35-40bn. SEB order pipeline remains strong from states like Andhra Pradesh, Tamilnadu, J&K, Rajasthan, MP & Orissa; apart from PGCIL and private industries firm inflow outlook.

**Balance Sheet improvement in 1HFY18:** TEEC had reduced ~85% of consolidated gross debt to ~Rs1.5bn Vs Rs3bn in FY17, despite that TEEC gross cash has gone up to Rs4.1bn in 1HFY18. TEEC has also improved its receivables both in Wind as well as EPC business. Consolidated Debtor's days as on 30th September 2017 stand at 142days Vs 151days in FY17.

**Outlook and Valuations:** Consolidated revenues and earnings are likely to increase by CAGR of 9.8% and 10.6% respectively over FY17-20E, lead by strong performance in EPC segment. We have conservatively factored in 12% revenue CAGR with 15% EBITM for EPC segment during FY17-20E, whereas for wind power we factored in a 24% PLF going forward. Given the strong EPC business, one of the most efficient EPC players, sizable cash balance, wind power assets and potential sale of the assets, value accretive BOOT assets in power T&D side and positive free cash flows; we remain positive on the business. We reiterate BUY with a PT of Rs456. We value TEEC on SOTP basis valuing EPC at 20x FY20E earnings, wind business at DCF and the transmission BOT assets on the basis of BV.

## Exhibit 1: Key Financials (Consolidated)

Y/E Mar (Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
Sales	10,972	13,567	13,961	15,883	17,978
yoy (%)	38.2	23.7	2.9	13.8	13.2
EBITDA	2,206	3,125	2,968	3,333	3,564
yoy (%)	4.3	41.6	(5.0)	12.3	6.9
Adjusted PAT	1,043	2,024	2,098	2,512	2,737
yoy (%)	10.8	61.3	10.5	19.7	9.0
Equity	114	228	225	225	225
EPS	10.3	18.0	18.6	22.3	24.3

Source: Company, AMSEC Research

## Exhibit 2: Key Ratios

Y/E Mar	FY16	FY17	FY18E	FY19E	FY20E
EBITDAM (%)	20.1	23.0	21.3	21.0	19.8
NPM (%)	10.2	14.6	14.7	15.4	14.9
Adjusted PER (x)	71.2	20.4	19.7	16.5	15.1
P/BV (x)	2.3	3.7	3.4	3.0	2.6
EV/Sales (x)	2.1	2.9	2.7	2.3	1.9
EV/ EBITDA (x)	10.6	12.6	12.6	10.7	9.5
Core RoACE (%)	8.1	15.6	21.7	24.9	26.4
Core RoANW (%)	13.8	30.9	30.4	31.4	31.2

**Exhibit 3: Quarterly snapshot (Consolidated)**

P&L (Rs mn)	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	yoy(%)	qoq (%)	1HFY17	1HFY18	yoy (%)
<b>Net Sales</b>	<b>3,676</b>	<b>3,563</b>	<b>3,619</b>	<b>4,123</b>	<b>2,542</b>	<b>(30.8)</b>	<b>(38.3)</b>	<b>6,385</b>	<b>6,665</b>	<b>4.4</b>
Cons of Raw Materials	2,269	2,560	2,745	2,793	1,483	(34.6)	(46.9)	4,020	4,275	6.4
Employee Cost	100	76	97	82	103	2.3	24.9	172	185	7.1
Other Expenditure	192	173	233	232	189	(1.5)	(18.5)	366	421	14.8
Total Expenditure	2,561	2,809	3,075	3,107	1,774	(30.7)	(42.9)	4,558	4,881	7.1
<b>EBITDA</b>	<b>1,115</b>	<b>754</b>	<b>544</b>	<b>1,016</b>	<b>768</b>	<b>(31.2)</b>	<b>(24.4)</b>	<b>1,827</b>	<b>1,784</b>	<b>(2.4)</b>
Add: Other Income	56	49	70	114	109	92.9	(4.3)	139	223	60.6
Interest	126	80	76	86	60	(52.3)	(29.9)	218	146	(33.2)
Depreciation	133	133	110	106	106	(20.1)	0.3	265	212	(20.1)
Exceptional item	(5)	-	233	-	-	(100.0)	-	(0)	-	(100.0)
<b>Profit Before Tax</b>	<b>918</b>	<b>590</b>	<b>662</b>	<b>939</b>	<b>711</b>	<b>(22.6)</b>	<b>(24.3)</b>	<b>1,483</b>	<b>1,649</b>	<b>11.3</b>
Provision for Taxation	200	185	367	245	106	(46.8)	(56.6)	284	352	23.7
<b>Reported PAT</b>	<b>718</b>	<b>405</b>	<b>295</b>	<b>693</b>	<b>604</b>	<b>(15.8)</b>	<b>(12.8)</b>	<b>1,198</b>	<b>1,298</b>	<b>8.3</b>
Share of profit /loss of associates	(12)	4	37	(3)	(4)	(69.9)	17.9	(12)	(7)	(45.0)
<b>Adjusted PAT</b>	<b>702</b>	<b>409</b>	<b>429</b>	<b>690</b>	<b>601</b>	<b>(14.5)</b>	<b>(13.0)</b>	<b>1,186</b>	<b>1,291</b>	<b>8.8</b>
Equity Capital (FQ Rs 2)	228	228	228	225	225			228	225	
<b>Basic EPS (In Rs.)</b>	<b>6.3</b>	<b>3.5</b>	<b>2.6</b>	<b>6.2</b>	<b>5.4</b>			<b>10</b>	<b>12</b>	
<b>Adjusted EPS (In Rs.)</b>	<b>6.2</b>	<b>3.6</b>	<b>3.8</b>	<b>6.1</b>	<b>5.3</b>			<b>10</b>	<b>11</b>	
EBITDA (%)	30.3	21.2	15.0	24.6	30.2	(13bp)	556bp	28.6	26.8	(184bp)
PAT (%)	21.2	12.8	13.1	18.1	26.9	570bp	881bp	18.2	18.7	56bp
Tax / PBT (%)	21.8	31.4	55.4	26.1	15.0	(681bp)	(1117bp)	19.2	21.3	214bp
Raw Mat / Net Sales (%)	61.7	71.8	75.9	67.7	58.3	(339bp)	(942bp)	63.0	64.2	120bp
Emp Cost/Net Sales (%)	2.7	2.1	2.7	2.0	4.0	131bp	204bp	2.7	2.8	7bp
Other Exp/Net Sales (%)	5.2	4.9	6.4	5.6	7.4	221bp	181bp	5.7	6.3	57bp

Source: Company, AMSEC Research

**Exhibit 4: Quarterly segment (Consolidated)**

Segment	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	yoy(%)	qoq (%)	1HFY17	1HFY18	yoy (%)
<b>Revenue</b>										
EPC (Construction)	2,968	3,258	3,572	3,681	2,014	(32.2)	(45.3)	5279	5695	7.9
Energy (Power)	708	304	47	442	528	(25.4)	19.6	1106	970	(12.4)
Corporate	56	49	70	114	109	92.9	(4.3)	139	223	60.6
<b>Total</b>	<b>3733</b>	<b>3611</b>	<b>3690</b>	<b>4237</b>	<b>2651</b>	<b>(29.0)</b>	<b>(37.4)</b>	<b>6524</b>	<b>6888</b>	<b>5.6</b>
<b>EBIT</b>										
EPC (Construction)	452	491	494	604	266	(41.0)	(55.9)	787	870	10.5
Energy (Power)	534	130	(59)	307	395	(25.9)	28.9	773	702	(9.2)
Corporate	44	49	70	114	109	144.9	(4.3)	127	223	76.0
<b>Total</b>	<b>1,030</b>	<b>670</b>	<b>505</b>	<b>1,024</b>	<b>771</b>			<b>1,687</b>	<b>1,795</b>	<b>6.4</b>
<b>Sales Growth (% , y-y)</b>										
EPC (Construction)	47.2	4.2	11.0	59.3	-32.2			39.1	7.9	
Energy (Power)	37.8	685.4	14.4	10.8	(25.4)			47.7	-12.4	
Corporate	(5.5)	(71.9)	(73.1)	38.4	92.9			30.7	60.6	
<b>EBIT Margin (%)</b>										
EPC (Construction)	15.2	15.1	13.8	16.4	13.2	(199bp)	(317bp)	14.9	15.3	36bp
Energy (Power)	75.4	42.8	-125.2	69.5	74.9	(54bp)	542bp	69.9	72.4	255bp
Corporate	78.7	99.8	100.0	100.0	100.0	2126bp	(1bp)	91.3	100.0	874bp
<b>ROCE (%)</b>										
EPC (Construction)	20.9	24.1	25.1	28.7	11.5	(938bp)	(1726bp)	36.3	37.5	117bp
Energy (Power)	5.0	1.3	-0.7	4.3	5.7	64bp	137bp	7.3	10.0	279bp
Corporate	11.7	3.0	3.2	3.4	3.1	(861bp)	(28bp)	33.3	6.3	(2698bp)

Source: Company, AMSEC Research

### Concall Highlights

- Management guiding EPC revenue to be at ~Rs12-12.5bn in FY18 and targeting to double the EPC revenue in 4-5 years. FY20 revenue guidance stands at Rs18-20bn.
- Order book as on Sept 2017 stand at Rs23.5bn and order inflow for the quarter stand at Rs1.0bn. Order Inflow guidance remains at Rs12-13bn for FY18 where as planning to close FY19 with an order backlog of Rs35-40bn.
- TEEC is planning to submit tender in Jharkhand for BOOT projects worth ~USD1 bn.
- Order book break-up: Out of total OB of Rs 23.5bn, ~60% of OB is from PGCIL, 30% is from SEB, 15% is from NTPC and remaining 5% is Private orders.
- SEB order pipeline strong from states like Andhra Pradesh, Tamilnadu, Jharkhand, Rajasthan, MP and Orissa.
- Company expects Rs5.8bn is the depreciated investment in wind.
- In 1HFY18, Consolidate Gross debt stand at Rs 1.5bn Vs Rs 3.0bn and Net cash stands at over ~Rs2.5bn. Company repaid ~Rs1bn during Q2FY18 and will prepay ~Rs380mn in 2HFY18 of IFC loan subject to RBI approval. Management targeting gross debt of ~Rs600mn in next one year.
- Management planning another Buy back of similar size in FY18-FY19.
- Almost 40 items related to techno's business activities have brought back to 18% from 28% slab in GST. Such Item like SRP, Switchgear, cement product, poles & cables etc.

### Exhibit 5: Change in estimate

Consolidated (Rs mn)	Old Estimates		Revised Estimates		% Change		Introducing FY20
	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E	
Revenue	15,062	17,860	13,961	15,883	(7.3)	(11.1)	17,978
EBITDA	3,084	3,500	2,968	3,333	(3.8)	(4.8)	3,563.8
Adj. PAT	2,185	2,606	2,098	2,512	(4.0)	(3.6)	2,736.9
EPS (Rs)	19.4	23.1	18.6	22.3	(4.0)	(3.6)	24.3
PT (Rs)		447					456
Rating		BUY					BUY

Source: Company, AMSEC Research

### Exhibit 6: Yearly Segment Details

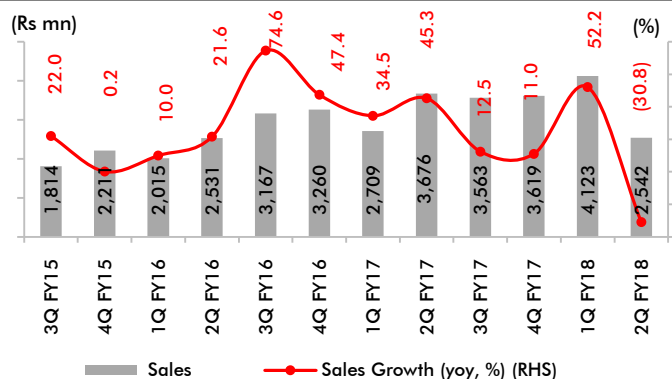
EPC segment	FY16	FY17	FY18E	FY19E	FY20E
Closing orderbook	25937	25541	22783	20607	18727
Order intake	15830	11714	9957	12446	14935
Sales	10143	12109	12715	14622	16815
EBITDA	1436	1781	1852	2201	2531
EBITDA margin %	14.2	14.7	14.6	15.1	15.1
Other Income	375	258	350	400	400
Adjusted PAT	1278	1468	1690	2004	2260

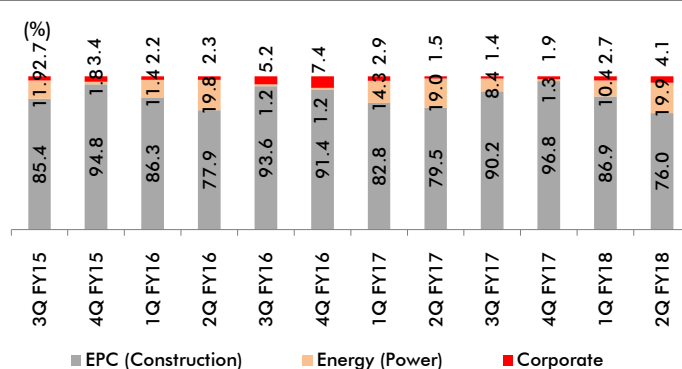
Wind business	FY16	FY17	FY18	FY19	FY20
Installed capacity (MW)	163	163	130	130	130
Units, mn p.a	198	315	273	273	273
PLF (%)	13.9	22.1	24.0	24.0	24.0
Average tariff	4.19	4.62	4.56	4.62	4.26
Revenues	828	1458	1246	1261	1162
EBITDA	768	1344	1116	1131	1032
PAT	-61	436	408	508	477

Source: Company, AMSEC Research

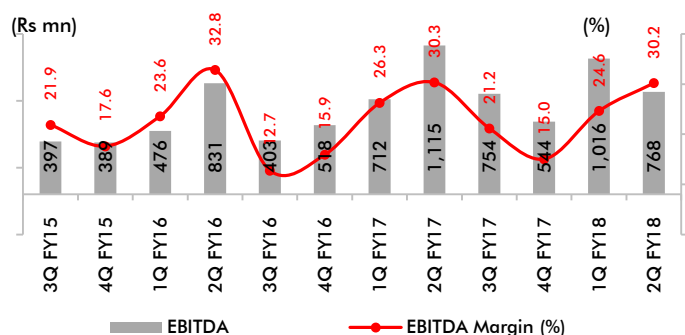
**Exhibit 7: Quarterly revenue trend**



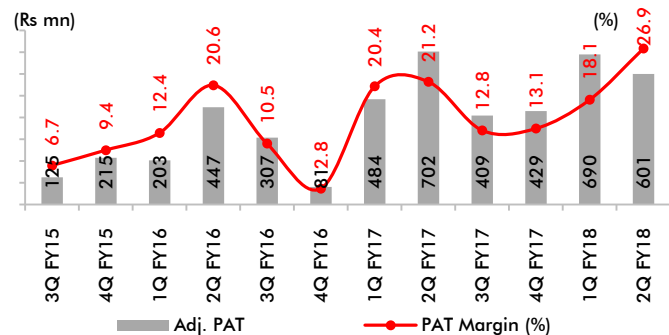
**Exhibit 8: Quarterly revenue breakdown segment wise**



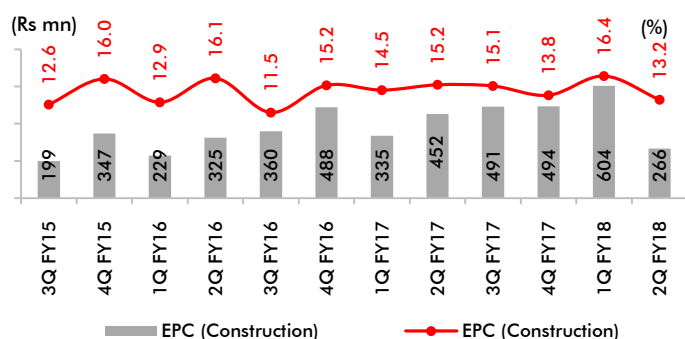
**Exhibit 9: Quarterly EBITDA margin Trend**



**Exhibit 10: Quarterly profit trend**



**Exhibit 11: Quarterly EPC EBIT and EBITM %**



**Exhibit 12: SOTP Valuations and PT based on FY19E**

Business segment	Valuation methodology	Amount (Rs mn)	Per Share (Rs)
EPC	20x FY20E P/E	45,193	401
Wind power	DCF	5,088	45
<b>Transmission business</b>			
Jhajjar KT Transco	2x book value	760	7
Patran Power	1x book value	300	3
<b>Total equity value</b>		<b>51,341</b>	<b>456</b>
CMP			367
Upside (%)			24%

Source: Company, AMSEC Research

## Financials (Consolidated)

(Rs mn)

Profit & Loss Account						Cash Flow Statement					
Particulars	FY16	FY17	FY18E	FY19E	FY20E	Particulars	FY16	FY17	FY18E	FY19E	FY20E
Net sales	10,972	13,567	13,961	15,883	17,978	PBT	1,898	2,502	2,623	3,140	3,421
Consumption of materials	7,816	9,325	9,633	11,039	12,495	Non-cash adjustments	495	508	414	414	415
Staff Expenses	299	346	349	397	449	Changes in working capital	(1,237)	1,434	20	(421)	(459)
Other operating expenses	652	772	1,011	1,115	1,470	Interest Paid	443	373	281	179	128
Total Expenditure	8,766	10,442	10,993	12,551	14,414	Tax Paid & Other Adj	(811)	(1,384)	(525)	(628)	(684)
<b>EBITDA</b>	<b>2,206</b>	<b>3,125</b>	<b>2,968</b>	<b>3,333</b>	<b>3,564</b>	<b>Cashflow from operations</b>	<b>788</b>	<b>3,433</b>	<b>2,813</b>	<b>2,683</b>	<b>2,820</b>
Depreciation	495	508	414	414	415	Capital exp. & Advances	1,553	2,051	(150)	(150)	(150)
<b>Operating profit</b>	<b>1,712</b>	<b>2,617</b>	<b>2,554</b>	<b>2,919</b>	<b>3,149</b>	Change in investments	(224)	(3,100)	(500)	(500)	(500)
Other income	375	258	350	400	400	Other investing cashflow	-	-	-	-	-
<b>EBIT</b>	<b>2,087</b>	<b>2,875</b>	<b>2,904</b>	<b>3,319</b>	<b>3,549</b>	<b>Cashflow from investing</b>	<b>1,329</b>	<b>(1,049)</b>	<b>(650)</b>	<b>(650)</b>	<b>(650)</b>
Interest	443	373	281	179	128	Issue of equity	-	-	(578)	-	-
Exceptional items	254	233	-	-	-	Issue/repay debt	(527)	(2,095)	(1,500)	(600)	(600)
<b>Profit before tax</b>	<b>1,898</b>	<b>2,502</b>	<b>2,623</b>	<b>3,140</b>	<b>3,421</b>	Interest Paid	(443)	(373)	(281)	(179)	(128)
Tax	721	837	525	628	684	Dividends paid	(278)	-	(549)	(659)	(769)
<b>Reported net profit</b>	<b>1,177</b>	<b>1,899</b>	<b>2,098</b>	<b>2,512</b>	<b>2,737</b>	<b>Cashflow from financing</b>	<b>(1,248)</b>	<b>(2,468)</b>	<b>(2,907)</b>	<b>(1,438)</b>	<b>(1,496)</b>
Minority interest	23	29	-	-	-	<b>Change in cash &amp; cash eq</b>	<b>869</b>	<b>(84)</b>	<b>(745)</b>	<b>596</b>	<b>674</b>
<b>Adjusted net profit</b>	<b>1,043</b>	<b>2,024</b>	<b>2,098</b>	<b>2,512</b>	<b>2,737</b>	<b>Opening cash &amp; cash eq</b>	<b>247</b>	<b>1,116</b>	<b>1,032</b>	<b>288</b>	<b>883</b>
Share O/s mn	57	114	113	113	113	<b>Closing cash &amp; cash eq</b>	<b>1,116</b>	<b>1,032</b>	<b>288</b>	<b>883</b>	<b>1,557</b>
EPS Rs (adjusted)	10.3	18.0	18.6	22.3	24.3	<b>Free cash flow to firm</b>	<b>2,341</b>	<b>5,484</b>	<b>2,663</b>	<b>2,533</b>	<b>2,670</b>
<b>Balance Sheet</b>						<b>Ratios</b>					
Particulars	FY16	FY17	FY18E	FY19E	FY20E	Particulars	FY16	FY17	FY18E	FY19E	FY20E
<b>SOURCES OF FUNDS :</b>						<b>PER SHARE</b>					
Share Capital	114	228	225	225	225	EPS Rs (adjusted)	10.3	18.0	18.6	22.3	24.3
Reserves	9,164	10,842	11,817	13,670	15,638	CEPS Rs	29.3	21.4	22.3	26.0	28.0
Minority Interest	-	-	-	-	-	Book Value Rs	162.5	98.2	106.9	123.3	140.8
<b>Total Shareholders Funds</b>	<b>9,279</b>	<b>11,070</b>	<b>12,042</b>	<b>13,895</b>	<b>15,863</b>	<b>VALUATION</b>					
<b>Non-Current Liabilities</b>	<b>6,147</b>	<b>4,189</b>	<b>2,689</b>	<b>2,089</b>	<b>1,489</b>	EV / Net Sales	2.1	2.9	2.7	2.3	1.9
Total borrowings	5,122	3,028	1,528	928	328	EV / EBITDA	10.6	12.6	12.6	10.7	9.5
Deferred tax liability	1,025	1,161	1,161	1,161	1,161	P / E Ratio	71.2	20.4	19.7	16.5	15.1
<b>Current Liabilities</b>	<b>3,124</b>	<b>3,805</b>	<b>4,169</b>	<b>4,917</b>	<b>5,566</b>	P / BV Ratio	2.3	3.7	3.4	3.0	2.6
Trade payables	3,081	3,699	4,016	4,700	5,319	<b>GROWTH YOY%</b>					
Short term provisions	44	106	153	218	246	Sales Growth	38.2	23.7	2.9	13.8	13.2
<b>Total Equity &amp; Liabilities</b>	<b>18,550</b>	<b>19,064</b>	<b>18,900</b>	<b>20,901</b>	<b>22,918</b>	EBITDA Growth	4.3	41.6	(5.0)	12.3	6.9
<b>APPLICATION OF FUNDS :</b>						Net Profit Growth	10.8	61.3	10.5	19.7	9.0
<b>Non Current Assets</b>	<b>8,871</b>	<b>7,276</b>	<b>7,012</b>	<b>6,748</b>	<b>6,483</b>	<b>PROFITABILITY (%)</b>					
Goodwill	205	205	205	205	205	EBITDA / Net Sales	20.1	23.0	21.3	21.0	19.8
Gross block (Total)	10,886	8,835	8,985	9,135	9,285	EBIT / Net sales	19.0	21.2	20.8	20.9	19.7
Less : accumulated depreciation	2,855	2,553	2,967	3,381	3,796	NPM / Total income	10.2	14.6	14.7	15.4	14.9
Net block (Total)	8,032	6,282	6,018	5,755	5,490	Raw Material/Net Sales	71.2	68.7	69.0	69.5	69.5
Capital work in progress	-	-	-	-	-	Int/PBIT	21.2	13.0	9.7	5.4	3.6
Noncurrent investment	634	789	789	789	789	Core ROaNW (Ex cash)	13.8	30.9	30.4	31.4	31.2
<b>Current Assets</b>	<b>9,679</b>	<b>11,787</b>	<b>11,888</b>	<b>14,153</b>	<b>16,435</b>	Core ROaCE (Ex Cash)	8.1	15.6	21.7	24.9	26.4
Current investment	926	3,871	4,371	4,871	5,371	ROaNW	13.1	19.9	18.2	19.4	18.4
Inventories	379	2	38	87	99	ROaCE	9.4	15.6	23.0	26.7	26.4
Sundry debtors	4,963	5,596	5,814	6,658	7,536	Tax / PBT	38.0	33.4	20.0	20.0	20.0
Cash and bank	1,116	1,032	288	883	1,557	<b>TURNOVER</b>					
Short loans and advances	551	238	268	348	394	Net Working Cycle (Days)	150	83	80	80	80
Others current assets	1,744	1,048	1,109	1,305	1,478	Debtors Velocity (Days)	165	151	152	153	153
<b>Total Assets</b>	<b>18,550</b>	<b>19,064</b>	<b>18,900</b>	<b>20,901</b>	<b>22,918</b>	Inventory (Days)	13	0	1	2	2
<b>Net Working Capital*</b>						Creditors Velocity (Days)	102	100	105	108	108
	4,513	3,080	3,060	3,481	3,940	<b>LIQUIDITY</b>					
<b>Total Gross Debt**</b>	<b>5,122</b>	<b>3,028</b>	<b>1,528</b>	<b>928</b>	<b>328</b>	Gross Asset Ratio	0.9	1.4	1.6	1.8	2.0
<b>Total Net Debt</b>	<b>3,080</b>	<b>(1,876)</b>	<b>(3,131)</b>	<b>(4,827)</b>	<b>(6,601)</b>	Total Asset Ratio	0.6	0.7	0.7	0.8	0.8
<b>Capital Employed***</b>	<b>14,401</b>	<b>14,098</b>	<b>13,570</b>	<b>14,823</b>	<b>16,191</b>	Net Debt-Equity Ratio	0.3	(0.2)	(0.3)	(0.3)	(0.4)
* WC = CA-CL (Excl short term & Curr. Mat. Long term debt)						Interest Coverage (x)	4.7	7.7	10.3	18.6	27.8
** Total Debt = Long Term + short Term + Curr. Mat. Of Long Term Debt						<b>PAYOUT</b>					
*** Capital Employed = NW + Total Debt						Payout %	23.6	-	26.2	26.2	28.1
						Yield %	1.4	-	1.4	1.6	1.9

Source: Company, AMSEC Research;

## Recommendation rationale

<b>Buy:</b> Potential upside of	> +15% (absolute returns)
<b>Accumulate:</b>	> +5 to +15%
<b>Reduce:</b>	+5 to -5%
<b>Sell:</b>	< -5%
<b>Not Rated (NR):</b>	No investment opinion on the stock

## Sector rating

<b>Overweight:</b>	The sector is expected to outperform relative to the Sensex.
<b>Underweight:</b>	The sector is expected to underperform relative to the Sensex.
<b>Neutral:</b>	The sector is expected to perform in line with the Sensex.

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