



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

Analyst: Mayank Babla (022) 67141412

**Q3 FY20 Result Update@ Dalal&Broacha**

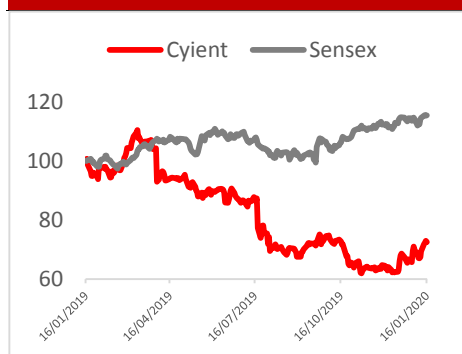
**BUY**

Current Price	452
Target Price	575
Upside	27%
52 Week Range	380/692

**Key Share Data**

Market Cap (Rs.bn)	49.72
Market Cap (US\$ Mn)	700.28
No of o/s shares (Mn)	110
Face Value	5
Monthly Avg.	
Vol(BSE+NSE)'000	126.63
BSE Code	532175
NSE Code	CYIENT
Bloomberg	CYL:IN

**Price performance**



% Shareholding	Dec-19	Sept-19
Promoters	22.80	22.74
Public	77.20	77.26
Others	0.00	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

**Consolidated Financials (In INR Mn)**

	Net Sales	% Growth	EBITDA	Margin (%)	PAT	Margin (%)	EPS	% Growth	P/E (x)	ROE (%)	ROCE (%)
<b>FY17</b>	35,858	15.9%	4,772	13.3%	3,699	9.6%	32.9	11%	14.8x	18.7%	17.5%
<b>FY18</b>	39,139	9.1%	5,354	13.7%	4,104	10.4%	36.5	11%	12.5x	18.4%	17.5%
<b>FY19</b>	46,175	18.0%	6,436	13.9%	4,909	10.6%	43.7	20%	10.4x	20.0%	18.9%
<b>FY20E</b>	44,854	(2.9%)	6,128	13.7%	4,182	9.3%	37.2	-15%	12.1x	15.4%	14.9%
<b>FY21E</b>	48,724	8.6%	7,512	15.4%	4,883	10.0%	43.4	17%	10.4x	15.9%	16.0%
<b>FY22E</b>	53,788	10.4%	8,334	15.5%	5,473	10.2%	48.7	12%	9.3x	15.9%	15.8%

Cyient's Q3FY20 performance was in-line with our estimates

- USD revenue came in at \$155.2 Mn, -5.5% qoq / -6% yoy and in-line with our estimate of INR 155.5 Mn
- INR revenue at INR 11,059 Mn, -4.6% qoq / -6.9% yoy and in-line with our estimate of INR 11,073 Mn
- EBIT came in at INR 1,053 Mn, -5.6% qoq / -28% yoy and -5.4% below our estimate of INR 1,113 Mn
- EBIT margin stood at 9.5% vs 9.6% / 12.3% in Q2FY20 / Q3FY19 and 50 bps below our estimate of 10%
- EBITDA at INR 1522 Mn, -5.1% qoq / -12.6% yoy and +5.3% vs our est. of INR 1,445 Mn EBITDA margin at 13.8% vs 13.8% / 14.7% in Q2FY20 / Q3FY19 and 80 bps above our est. of 13%
- PAT at INR 1076 Mn, +9.3% qoq / +16.6% yoy and +12.5% above our estimate of INR 957 Mn. PAT was above our estimate mainly due to higher Other Income (due to higher unrealized forex restatement gain) which was +88.6% qoq and +95.5% vs our estimates.
- EPS came in at INR 9.85 vs INR 8.9 / INR 8.4 in Q2FY20 / Q3FY19 respectively

**Financial Highlights**

- Communications (24% of topline) and Utilities (15% of revenue) were the only 2 verticals that delivered growth during Q3FY20. Comms grew 12.3% qoq and Utilities grew 9.7% qoq.
- APAC (17% of revenue) grew 17.5% qoq whereas EMEA (26% of topline) and America (58% of revenue) reported a de-growth of -8.4% qoq and -9.7% qoq respectively
- Services (90% of revenue) was largely flat during the quarter with 0.8% qoq whereas DLM (10% of revenue) degrew by -36% yoy

**Key Concall Takeaways**

(i) Q3 performance was largely marred by furloughs, delay in deals and low demand in Aerospace vertical as spend shifted towards MRO and New Product Development rather than ER&D services (ii) Other Income was high due to unrealized forex restatement gains, however, expect OI to normalize from Q4FY20 onwards (iii) Expect de-growth in A&D vertical to arrest and revive from Q4FY20 onwards on the back of rebound in spending by Top Client as well as non-Top clients. However, revival should be steady and not rapid. (iv) Communications vertical is finally out of the woods after 4 quarters of subdued growth and should sustain performance going ahead (v) EU should continue to grow at double digits yoy (vi) Transportation will bounce back from Q4FY20 onwards (vii) Not involved directly in Boeing's 737 max issue, however a slowdown at Boeing has caused a slowdown in Supply Chain partners, which in turn has impacted demand for Cyient. Boeing issue will still take some time before revival (viii) Cost optimization program taken up in FY20 should start yielding results from Q1FY21 onwards. Incurred a total cost of \$10 Mn for Cost Optimization exercise out of which \$7 Mn already incurred and balance in Q4FY20 (ix) Attrition increased from by 2% qoq to 20% in Q3FY20 as Cyient is undergoing resizing and therefore forced attrition due to overcapacity (x) Cyient made investments in a Rail Transportation client in the form of discounts provided that the client commits spend over the next few years



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

Analyst: Mayank Babla (022) 67141412

**Q3 FY20 Result Update@ Dalal&Broacha**

**Q3FY20 Performance Highlights:**

YE March (Rs. mn)	Q3 FY20	Q2 FY20	Q-o-Q change %	Q3 FY19	Y-o-Y change %
<b>Total Revenue (USD Mn)</b>	<b>155</b>	<b>164</b>	<b>(5.5%)</b>	<b>165</b>	<b>(6.0%)</b>
<b>Total Revenue (INR Mn)</b>	<b>11,059</b>	<b>11,589</b>	<b>(4.6%)</b>	<b>11,877</b>	<b>(6.9%)</b>
<b>Less:</b>					
Cost of Revenues	6,901	7,687	(10.2%)	7,583	(9.0%)
SG&A Expenses	2,636	2,299	14.7%	2,552	3.3%
<b>Total Expenditure</b>	<b>9,537</b>	<b>9,986</b>	<b>(4.5%)</b>	<b>10,135</b>	<b>(5.9%)</b>
<b>EBIDTA</b>	<b>1,522</b>	<b>1,603</b>	<b>(5.1%)</b>	<b>1,742</b>	<b>(12.6%)</b>
Less: Depreciation	469	487	(3.7%)	280	67.5%
<b>Operating Income</b>	<b>1,053</b>	<b>1,116</b>	<b>(5.6%)</b>	<b>1,462</b>	<b>(28.0%)</b>
Interest Paid	119	125	(4.8%)	85	40.0%
Other income (expense), net	498	264	88.6%	(187)	(366.3%)
Extraordinary Expense	0	0		0	
<b>Profit Before Tax</b>	<b>1,432</b>	<b>1,255</b>	<b>14.1%</b>	<b>1,190</b>	<b>20.3%</b>
Tax	279	330	(15.5%)	292	(4.5%)
Deferred Tax	54	(49)		(26)	
<b>PAT before Minority Interest</b>	<b>1,099</b>	<b>974</b>	<b>12.8%</b>	<b>924</b>	<b>18.9%</b>
Minority Interest	(7)	(10)	N.A.	2	N.A.
Share of Profit of Associates	0	0		1	
<b>Profit After Tax</b>	<b>1,106</b>	<b>984</b>	<b>12.4%</b>	<b>923</b>	<b>19.8%</b>
<b>Adjusted PAT</b>	<b>1,106</b>	<b>984</b>		<b>923</b>	
<b>Basic &amp; Diluted EPS (Rs.)</b>	<b>10.1</b>	<b>8.9</b>	<b>12.4%</b>	<b>8.4</b>	<b>19.8%</b>
Basic & Diluted Outstanding (mn)	110	110		110	
<b>Margin Analysis %</b>					
			<b>Change In bps</b>		<b>Change In bps</b>
<b>EBIDTA Margin</b>	<b>13.8%</b>	<b>13.8%</b>	<b>-7</b>	<b>14.7%</b>	<b>-90</b>
Operating Margin	9.5%	9.6%	-11	12.3%	-279
<b>PBT Margin</b>	<b>12.9%</b>	<b>10.8%</b>	<b>212</b>	<b>10.0%</b>	<b>293</b>
NPM	10.0%	8.5%	151	7.8%	223
<b>Effective Tax Rate (%)</b>	<b>23.3%</b>	<b>22.4%</b>	<b>86</b>	<b>22.4%</b>	<b>90</b>
<b>Cost Analysis %</b>					
			<b>Change In bps</b>		<b>Change In bps</b>
<b>Cost of Revenues/ Sales</b>	<b>62.4%</b>	<b>66.3%</b>	<b>-393</b>	<b>63.8%</b>	<b>-144</b>
<b>Other income/ PBT</b>	<b>34.8%</b>	<b>21.0%</b>	<b>1,374</b>	<b>-15.7%</b>	<b>5,049</b>

- EBIT margins were down 11 bps qoq and 279 bps yoy due to slow demand resulting in lower revenue, higher furloughs, higher onsite deployment in aerospace vertical and investments in cost optimization initiatives and NBA program. Margins were also impacted due to investment by Cyient in a Rail Transportation client (on people and infra) in the form of discounts given. Company expects this investment to result in deal wins in FY21.
- Other income should come back to normalized run rate from Q4FY20 onwards
- EBIT margin improved by 400 bps in the current quarter but was offset by 160 bps of one time cost, 170 bps wage hike, 220 bps due to lower volume and changed revenue mix and other cost increases to the tune of 120 bps
- Going ahead, expect EBIT margin to improve by 200 bps YoY due to cost optimization from Q1FY21 onwards

**Industry-wise Trend Analysis**

By Industry (% Terms)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20
Aerospace & Defense	37%	34%	34%	34%	35%	34%	32%
Transportation	12%	12%	12%	12%	13%	13%	11%
Semiconductor	5%	6%	5%	6%	6%	5%	5%
Medical and Cons. Electronics	3%	2%	2%	2%	2%	2%	2%
Utilities	11%	14%	15%	13%	12%	13%	15%
Communications	22%	24%	23%	22%	22%	22%	24%
Portfolio	11%	9%	9%	11%	10%	11%	11%
By Industry (\$ Terms)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20
Aerospace & Defense	53.10	49.34	49.58	49.83	48.42	47.56	45.12
Q-o-Q	1.8%	-7.1%	0.5%	0.5%	-2.8%	-1.8%	-5.1%
Y-o-Y	22.7%	5.9%	2.2%	-4.5%	-8.8%	-3.6%	-9.0%
Transportation	17.27	17.23	17.34	18.08	17.66	18.24	15.55
Q-o-Q	19.6%	-0.3%	0.7%	4.2%	-2.3%	3.3%	-14.7%
Y-o-Y	38.3%	14.5%	6.0%	25.2%	2.2%	5.9%	-10.3%
Semiconductor	6.85	8.47	6.79	8.23	7.59	6.87	6.87
Q-o-Q	41.0%	23.6%	-19.8%	21.2%	-7.8%	-9.4%	-0.1%
Y-o-Y	10.9%	53.8%	31.3%	69.3%	10.7%	-18.8%	1.1%
Medical and Cons. Electronics	4.00	2.77	2.89	2.94	3.17	3.37	3.36
Q-o-Q	-15.3%	-30.6%	4.2%	1.7%	7.9%	6.1%	-0.1%
Y-o-Y	10.9%	-6.1%	3.3%	-37.7%	-20.6%	21.4%	16.3%
Energy & Utilities	16.27	20.88	21.68	19.26	16.97	18.52	20.32
Q-o-Q	-19.3%	28.3%	3.9%	-11.2%	-11.9%	9.1%	9.7%
Y-o-Y	0.3%	-2.2%	-6.6%	-4.5%	4.3%	-11.3%	-6.3%
Communications	31.98	34.89	33.82	32.78	29.80	30.44	34.19
Q-o-Q	-1.5%	9.1%	-3.1%	-3.1%	-9.1%	2.2%	12.3%
Y-o-Y	10.9%	11.5%	6.5%	1.0%	-6.8%	-12.7%	1.1%
Portfolio	15.99	12.56	12.43	15.87	14.35	15.29	14.71
Q-o-Q	13.0%	-21.5%	-1.0%	27.7%	-9.6%	6.6%	-3.8%
Y-o-Y	32.1%	8.7%	3.3%	12.1%	-10.3%	21.8%	18.4%

- Aerospace reported a muted quarter on the back low spend by top client and lower demand in ER&D services compared to MRO & New Product Development. Expect de-growth to arrest and slow revival from Q4FY20 onwards
- Comms vertical has reported solid growth in Q3FY20 after 4 quarters of subdued performance and expect it sustain this strong performance going ahead. Demand in Comms business largely coming from Fibre and 4G rollout and not 5G.
- Semiconductor business was subdued during FY20, however expect a revival from beginning of FY21
- Geospatial industry is seeing strong demand trends however company is facing certain client specific challenges which should take another quarter or 2 before revival



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

Analyst: Mayank Babla (022) 67141412

## Q3 FY20 Result Update@ Dalal&Broacha

### Other Key Highlights

- (i) EBIT Margins to expand by ~200 bps from Q1FY21 onwards as cost optimization program kicks in full scale
- (ii) Investments in NBA program should reduce from FY21 onwards
- (iii) Expect cap on FII limit of 49% (due to dealings with Indian Defense) to be lifted by Q4FY20 or maximum Q1FY21 as company will make some arrangement to organizational structure to facilitate this
- (iv) Exited lower margin business in DLM segment leading to 36% drop in DLM revenue. Looking to improve quality of business. Although DLM has not panned out as initially planned, company is aggressively working towards achieving its vision in this business.

### Valuation& Outlook

Cyient's Q3FY20 performance was in-line with our expectations. Going ahead, revival of performance of Communications business and revival of Aerospace business from Q4FY20 onwards should augur well for the company. Additionally, we believe that spend on Cost Optimization initiatives and New Business Accelerator program should largely be completed by Q4FY20, should aid margin expansion from Q1FY21 onwards. Lastly, focus on higher margin DLM business should revive the ailing business unit as well. Apart from the improvement in operational performance, we believe that relaxation of the FII cap of 49%, should provide major impetus to the stock. **Cyient is currently trading at 10.7x and 9.3x FY21e and FY22e estimated EPS. While we roll-over our estimates to FY22E, we maintain our originally applied multiple of ~12x FY22e EPS of INR 48.7 to arrive at a revised target price of INR 575 (earlier INR 520).**



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

Analyst: Mayank Babla (022) 67141412

## Q3 FY20 Result Update@ Dalal&Broacha

Profit & Loss A/c					
YE March (Rs. mn)	FY18	FY19	FY20E	FY21E	FY22E
<b>Total Revenue</b>	<b>39,139</b>	<b>46,175</b>	<b>44,854</b>	<b>48,724</b>	<b>53,788</b>
Less:					
Cost of Services	3,272	3,936	4,670	4,385	4,841
Employee Cost	21,877	25,374	24,994	27,323	30,721
SG&A Expenses & Other	8,837	10,288	9,561	10,288	10,758
<b>Total Operating Expenditure</b>	<b>33,785</b>	<b>39,739</b>	<b>38,727</b>	<b>41,213</b>	<b>45,454</b>
<b>EBITDA</b>	<b>5,354</b>	<b>6,436</b>	<b>6,128</b>	<b>7,512</b>	<b>8,334</b>
Less: Depreciation	1,052	1,114	1,879	2,022	2,205
<b>EBIT</b>	<b>4,302</b>	<b>5,322</b>	<b>4,249</b>	<b>5,489</b>	<b>6,129</b>
Growth %	12.6%	23.7%	-20.2%	29.2%	11.7%
Interest Paid	204	326	480	476	476
Non-operating Income	1,519	1,340	1,554	1,218	1,345
<b>Profit Before tax</b>	<b>5,567</b>	<b>6,336</b>	<b>5,322</b>	<b>6,232</b>	<b>6,998</b>
Tax	1,380	1,512	1,225	1,433	1,609
<b>Net Profit before Minority</b>	<b>4,187</b>	<b>4,824</b>	<b>4,098</b>	<b>4,798</b>	<b>5,388</b>
Minority Interest	(23)	(23)	(23)	(23)	(23)
Profit/Loss of Associate Company	(156)	62	62	62	62
<b>Net Profit</b>	<b>4,008</b>	<b>4,863</b>	<b>4,136</b>	<b>4,837</b>	<b>5,427</b>
<b>Adjusted Profit</b>	<b>4,104</b>	<b>4,909</b>	<b>4,182</b>	<b>4,883</b>	<b>5,473</b>
<b>Reported Diluted EPS Rs</b>	<b>36.1</b>	<b>43.7</b>	<b>37.2</b>	<b>43.4</b>	<b>48.7</b>
Growth %	17.9%	21.1%	-14.8%	16.8%	12.1%
<b>Adjusted Diluted EPS Rs</b>	<b>36.5</b>	<b>43.7</b>	<b>37.2</b>	<b>43.4</b>	<b>48.7</b>

Key Ratios					
<b>EBITDA (%)</b>	<b>13.7%</b>	<b>13.9%</b>	<b>13.7%</b>	<b>15.4%</b>	<b>15.5%</b>
<b>NPM (%)</b>	<b>10.4%</b>	<b>10.6%</b>	<b>9.3%</b>	<b>10.0%</b>	<b>10.2%</b>
<b>RoE (%)</b>	<b>18.4%</b>	<b>20.0%</b>	<b>15.4%</b>	<b>15.9%</b>	<b>15.9%</b>
<b>RoCE (%)</b>	<b>17.6%</b>	<b>19.5%</b>	<b>13.9%</b>	<b>16.0%</b>	<b>15.8%</b>
<b>Tax Rate %</b>	<b>24.8%</b>	<b>23.9%</b>	<b>23.0%</b>	<b>23.0%</b>	<b>23.0%</b>
<b>Book Value Per share (Rs.)</b>	<b>208.5</b>	<b>228.1</b>	<b>256.1</b>	<b>288.7</b>	<b>325.2</b>

Cash Flows (Consolidated)					
YE December (Rs. Mn)	FY18	FY19	FY20E	FY21E	FY22E
<b>PAT</b>	<b>4,054.0</b>	<b>4,908.5</b>	<b>4,182.0</b>	<b>4,882.8</b>	<b>5,472.8</b>
Less: Non Operating Income	(1,519.0)	(1,340.0)	(1,553.5)	(1,218.1)	(1,344.7)
Add: Depreciation	1,052.0	1,114.0	1,878.9	2,022.1	2,205.3
Add: Interest Paid	204.0	326.0	480.0	476.0	476.0
<b>Operating Profit before WC Changes</b>	<b>3,974.0</b>	<b>4,947.0</b>	<b>4,925.9</b>	<b>6,101.3</b>	<b>6,747.9</b>
<b>Net Cash From Operations</b>	<b>2,414.0</b>	<b>3,898.0</b>	<b>5,948.0</b>	<b>7,307.6</b>	<b>7,234.2</b>
<b>Cash Flow from Investing Activities</b>					
(Inc)/Dec in Fixed Assets	(1,255.0)	(1,424.0)	(1,121.4)	(1,218.1)	(1,344.7)
<b>Cash Flow from Financing Activities</b>					
Inc/(Dec) in Total Loans	149.0	460.0	460.0	460.0	460.0
Dividend Paid	(1,296.0)	(1,296.0)	(1,045.5)	(1,220.7)	(1,368.2)
<b>Net Cash from Financing Activities</b>	<b>(1,676.0)</b>	<b>(1,942.5)</b>	<b>(1,546.8)</b>	<b>(1,118.5)</b>	<b>(1,298.9)</b>
<b>Net Inc/Dec in cash equivalents</b>	<b>1,026.0</b>	<b>(102.0)</b>	<b>5,077.0</b>	<b>6,190.1</b>	<b>5,917.7</b>
<b>Opening Balance</b>	<b>8,781.0</b>	<b>9,807.0</b>	<b>9,705.0</b>	<b>14,782.0</b>	<b>20,972.1</b>
<b>Closing Balance Cash and</b>	<b>9,807.0</b>	<b>9,705.0</b>	<b>14,782.0</b>	<b>20,972.1</b>	<b>26,889.8</b>

Free Cash Flow Statement					
YE March (Rs. mn)	FY18	FY19	FY20E	FY21E	FY22E
<b>EBITDA</b>	<b>5,354</b>	<b>6,436</b>	<b>6,128</b>	<b>7,512</b>	<b>8,334</b>
FC Investment	644	709	1,121	1,218	1,345
WC Changes	-1,560	-1,049	1,022	1,206	486
Depreciation Tax Shield	261	266	432	465	507
Tax Expenses	1,327	1,536	1,410	1,728	1,917
<b>FCF</b>	<b>2,084</b>	<b>3,408</b>	<b>5,051</b>	<b>6,237</b>	<b>6,066</b>

Valuation Ratios					
<b>YE March (Rs. mn)</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20E</b>	<b>FY21E</b>	<b>FY22E</b>
<b>P/E (x)</b>	<b>12.5x</b>	<b>10.4x</b>	<b>12.1x</b>	<b>10.4x</b>	<b>9.3x</b>
<b>P/BV (x)</b>	<b>2.2x</b>	<b>2.0x</b>	<b>1.8x</b>	<b>1.6x</b>	<b>1.4x</b>
<b>EV/EBITDA (x)</b>	<b>7.8x</b>	<b>6.6x</b>	<b>6.2x</b>	<b>4.3x</b>	<b>3.2x</b>
<b>EV/Sales</b>	<b>1.1x</b>	<b>0.9x</b>	<b>0.8x</b>	<b>0.7x</b>	<b>0.5x</b>
<b>Market Cap./ Sales (x)</b>	<b>1.3x</b>	<b>1.1x</b>	<b>1.1x</b>	<b>1.0x</b>	<b>0.9x</b>
<b>Dividend Yield (%)</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.1%</b>	<b>2.4%</b>	<b>2.7%</b>

Balance Sheet (Consolidated)					
YE March (Rs. mn)	FY18	FY19	FY20E	FY21E	FY22E
<b>Liabilities</b>					
Equity Capital	563	552	563	563	563
Reserves & Surplus	22,876	25,089	28,226	31,888	35,992
<b>Equity</b>	<b>23,439</b>	<b>25,641</b>	<b>28,789</b>	<b>32,451</b>	<b>36,555</b>
<b>Net Worth</b>	<b>23,439</b>	<b>25,641</b>	<b>28,789</b>	<b>32,451</b>	<b>36,555</b>
Minority Interest					
Net Deferred tax liability/(Asset)	1,590	2,220	1,728	1,846	1,931
<b>Total Loans</b>	<b>676</b>	<b>1,136</b>	<b>1,596</b>	<b>2,056</b>	<b>2,516</b>
<b>Capital Employed</b>	<b>25,705</b>	<b>28,997</b>	<b>32,112</b>	<b>36,353</b>	<b>41,002</b>
<b>Assets</b>					
Gross Block	7,616	8,325	9,446	10,664	12,009
Less: Depreciation	4,396	4,795	6,674	8,696	10,901
<b>Net Block</b>	<b>3,220</b>	<b>3,530</b>	<b>2,772</b>	<b>1,968</b>	<b>1,108</b>
Capital WIP	213	300	135	146	161
<b>Investments</b>	<b>568</b>	<b>583</b>	<b>566</b>	<b>615</b>	<b>679</b>
Intangible Assets	5,057	6,990	6,990	6,990	6,990
<b>Current Assets</b>					
Sundry Debtors	6,913	8,137	7,865	7,742	8,252
Current Investments	1,130	278	907	895	800
Cash and Bank Balance	9,807	9,705	14,782	20,972	26,890
Loans and Advances	4,120	4,852	3,947	3,947	4,034
Other Current Assets	1,986	2,684	1,884	1,852	1,775
<b>Total Current Assets</b>	<b>25,268</b>	<b>27,489</b>	<b>31,166</b>	<b>37,342</b>	<b>43,887</b>
<b>Less: Current Liabilities &amp; Provisions</b>					
Sundry Creditors	3,813	3,712	4,562	5,307	5,853
Provisions	229	289	245	287	322
Other Current Liabilities	4,579	5,894	4,710	5,116	5,648
<b>Total Current Liabilities &amp; Provisions</b>	<b>8,621</b>	<b>9,895</b>	<b>9,517</b>	<b>10,710</b>	<b>11,823</b>
<b>Capital Applied</b>	<b>25,705</b>	<b>28,997</b>	<b>32,112</b>	<b>36,353</b>	<b>41,002</b>

Key Ratios (Consolidated)					
YE March (Rs. mn)	FY18	FY19	FY20E	FY21E	FY22E
<b>Key Operating Ratios</b>					
EBITDA Margin (%)	13.7%	13.9%	13.7%	15.4%	15.5%
Tax / PBT (%)	24.8%	23.9%	23.0%	23.0%	23.0%
Net Profit Margin (%)	10.4%	10.6%	9.3%	10.0%	10.2%
RoE (%)	18.4%	20.0%	15.4%	15.9%	15.9%
RoCE (%)	17.5%	18.9%	14.9%	15.3%	15.1%
Current Ratio (x)	2.9x	2.8x	3.3x	3.5x	3.7x
Dividend Payout (%)	32.0%	26.4%	25.0%	25.0%	25.0%
Book Value Per Share (Rs.)	208.5	228.1	256.1	288.7	325.2
<b>Financial Leverage Ratios</b>					
Interest Coverage (x)	26.2x	19.7x	12.8x	15.8x	17.5x
<b>Growth Indicators %</b>					
Sales Growth (%)	9.1%	18.0%	(2.9%)	8.6%	10.4%
EBITDA Growth (%)	12.2%	20.2%	(4.8%)	22.6%	11.0%
Net Profit Growth (%)	17.9%	21.1%	(14.8%)	16.8%	12.1%
Diluted EPS Growth (%)	17.9%	21.1%	(14.8%)	16.8%	12.1%
<b>Turnover Ratios</b>					
Debtors	62	59	65	58	54
Creditors	63	52	60	67	68



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

Analyst: Mayank Babla (022) 67141412

## Q3 FY20 Result Update@ Dalal&Broacha

### Disclaimer

Dalal & Broacha Stock Broking Pvt Ltd, hereinafter referred to as D&B (CIN U67120MH1997PTC111186) was established in 1997 and is an integrated financial services player offering an extensive range of financial solutions and services to a wide spectrum of customers with varied needs ranging from equities to mutual funds to depository services.

D&B is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE). D&B along with its affiliates offers the most comprehensive avenues for investments and is engaged in the securities businesses including stock broking (Institutional and retail), depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. [www.dalal-broacha.com](http://www.dalal-broacha.com)

D&B is registered as Research Analyst with SEBI bearing registration Number INH000001246 as per SEBI (Research Analysts) Regulations, 2014.

D&B hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in any time in the past. It has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on D&B for certain operational deviations in routine course of business.

D&B offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

### Other disclosures by D&B (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

D&B or its associates may have financial interest in the subject company.

D&B or its associates do not have any material conflict of interest in the subject company.

The Research Analyst or Research Entity (D&B) has not been engaged in market making activity for the subject company.

D&B or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

### Disclosures in respect of Research Analyst:

Whether Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report:	No
Whether the Research Analyst or his/her relative's financial interest in the subject company.	No
Whether the research Analyst has served as officer, director or employee of the subject company	No
Whether the Research Analyst has received any compensation from the subject company in the past twelve months	No
Whether the Research Analyst has managed or co-managed public offering of securities for the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation or other benefits from the subject company or third party in connection with the research report	No

D&B and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject D&B or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to D&B. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

Analyst: Mayank Babla (022) 67141412

### Q3 FY20 Result Update@ Dalal&Broacha

to any other party, without the prior express written permission of D&B . All trademarks, service marks and logos used in this report are trademarks or registered trademarks of D&B or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Contact	Email ID	Contact No.	Sector
Mr. Kunal Bhatia	kunal.bhatia@dalal-broacha.com	022 67141442	Auto, Auto Ancillary, FMCG
Ms. CharulataGaidhani	charulata.gaidhani@dalal-broacha.com	022 67141446	Pharma /Healthcare
Ms. AbhilashaSatale	abhilasha.satale@dalal-broacha.com	022 67141135	Mid cap
Mr. Avinash Tanawde	avinash.tanawde@dalal-broacha.com	022 67141149	BFSI
Mr. Mayank Babla	mayank.babla@dalal-broacha.com	022 67141412	I.T,Media,Telecom
Ms. Nidhi Babaria	nidhi.babaria@dalal-broacha.com	022 67141450	Associate
Mr. Suraj Nandu	suraj.nandu@dalal-broacha.com	022 67141438	Associate
Mr. Tanush Mehta	tanush.mehta@dalal-broacha.com	022 67141441	Associate

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021. Tel: 91-22- 2282 2992, 2287 6173,Fax: 91-22-2287 0092  
E-mail: equity.research@dalal-broacha.com