

Industry	CMP	Recommendation	Add on Dips of	Sequential Targets	Time Horizon
IT	Rs. 170.3	Buy at CMP and add on declines	Rs. 148-155	Rs. 202-233	2-3 quarters

HDFC Scrip Code	TAKSOLEQNR
BSE Code	532890
NSE Code	TAKE
Bloomberg	TAKE:IN
CMP (9 th June 2016)	Rs. 170.3
Equity Capital (Rs crs)	12.0
Face Value (Rs)	1.00
Eqty Sh. Outstanding	12.0
Market Cap (Rs crs)	2043.6
Book Value (Rs)	52.6
Avg. 52 Wk Volumes	822976
52 Week High	210.5
52 Week Low	90.1

Shareholding Pattern % (Mar 2016)

Foreign Promoters	57.89
Indian Promoters	10.83
Institutions	6.47
Non Institutions	24.81
Total	100.00

Fundamental Research Analyst

Zececa Mehta

zececa.mehta@hdfcsec.com
Company Profile

TAKE Solutions, is a globally recognized knowledge intensive technology player, delivering comprehensive and niche solutions for enterprises across diverse sectors for over 15 years, with key expertise in Life Sciences (LS) and Supply Chain Management (SCM). In the LS domain, TAKE offers IP-based software and extensive knowledge-based solutions to enable efficient clinical (largest revenue earner with higher margins), regulatory, safety and content management. In SCM, TAKE's product suite includes distinct technology with embedded IP that spans enterprise mobility, trading partner collaboration, and material tracking.

TAKE encompasses specialized lines of businesses under distinct brands such as Navitas – an IP driven Life Sciences solutions company, Ecron Acunova – a specialized provider of Clinical Services to both Pharma & Biotech companies, Intelent – an expert in Life Sciences Big Data, TAKE Supply Chain & TAKE MEA – flexible, accessible, mobile Supply Chain software solution providers, APA Engineering – an International e-Sourcing and Engineering services company, TAKE Innovations – an incubator to facilitate IP Creation and TAKE Enterprise Services Inc. – a specialist provider of technology-driven business solutions and software services.

With its global headquarters in Chennai, India, TAKE has a proven track record of delivering world-class solutions to more than 400 customers worldwide, including 9 of the top 10 global Pharma companies. Out of the total 1,500 employees, nearly 400 are doctors, and many are PhDs and biostatisticians. The US contributes 75 per cent to its revenue; Europe about 15 per cent, and countries like Singapore, Korea and Australia the remaining 10 per cent.

TAKE holds 100% stake (directly or indirectly) in 11 companies namely TAKE Business Cloud Private Limited, Navitas LLP, TAKE Solutions Global Holdings Pte Ltd, TAKE Solutions Information Systems Pte Ltd, TAKE Enterprise Services Inc., TAKE Innovations Inc., Navitas Life Sciences Holdings Limited, Navitas Life Sciences Limited, Navitas Life Sciences, Inc., Navitas, Inc. and TAKE Supply Chain De Mexico S De RL De Cv and holds 58% stake in APA Engineering Private Ltd and 51% stake on Towell TAKE Investments LLC, Oman.

We had issued TAKE Solutions Ltd Stock Note on 12th Jan 2015 at the then CMP of Rs. 56.4 with sequential targets of Rs. 74 & Rs. 84 for 3-4 quarters. The link to the report is http://hdfcsec.com/Research/ResearchDetails.aspx?report_id=3010654

Subsequently on 16th Jan 2015 and 19th Jan 2015, the stock achieved both our first and second price targets respectively.

Q4FY16/FY16 Result Updates

During Q4FY16, TAKE recorded robust revenue growth of 45% YoY and 26% QoQ to record a total revenue at Rs. 312.1 crore. This growth was mainly driven by LS segment (~77% of total revenue contributor) whose revenue grew by 59% YoY to record at Rs. 239.4 crore. There was also shift of revenue from Q3FY16 to Q4FY16 of about \$ 0.8 million due to Chennai floods in Q3FY16. The LS segment also included revenue from Ecron Acunova (EA) of Rs. 42 crore. Even if one excludes this revenue, TAKE's LS segment organically grew by 50% YoY on the back of strong demand environment and uptick seen.

The EBITDA grew significantly by 30% YoY to Rs. 65.1 crore (lower than topline growth) due to higher employee and other expenses due to EA acquisition and one time EA acquisition transaction cost of Rs.3 cr. This includes Rs. 4 crore arising from EA's acquisition. The EBITDA margins of TAKE consolidated came in at 20.4% but if we exclude EA's share, the margins come in at 22% for TAKE (compared to 21.7% in Q4FY15 and 20.8% in 9MFY16). Due to the rise in interest cost (up by 73% YoY, due to loan taken from promoters of about Rs. 75 crore for EA's acquisition), increase in the depreciation charges by 26% to Rs. 17.7 crore (due to EA's acquisition effect), fall in other income and increase in tax rate (25.6% vs 9.0% in 9MFY16 and 0.7% in Q4FY15) PAT after minority interest came in at Rs. 31.1 crore, up by 15% YoY.

During Q4FY16, the company witnessed the strongest client addition in the history of TAKE and added 15 new customers and TAKE's web-based product suite pharmaREADY achieved its milestone 100th customer win. Also the order book increased significantly on the back of few big orders and recent acquisition of Ecron Acunova. The company won its first ever \$10+ million contract (\$ 12 million to be precise) from one of the largest global pharmaceutical company in Q4 with an annual increment of 15% and the contract is valid till 2024. The execution of this contract is expected to be started from July 2016. As on 31st March 2016, the order book of the company is \$103 million from \$69 million at the end of FY15.

During FY16, TAKE recorded revenue growth of about 41% o Rs. 1030.1 crore driven on the back of ~59% growth YoY in the LS segment which recorded a revenue of Rs. 741.69 crore. FY16 revenue does not factor in the whole effect of EA's revenue as it was present in only Q4FY16. The Operating Profit rose to Rs. 213.3 crore, up by 43.3% YoY and OPM rose by 25 bps at 20.7%. The OPM did not fall despite the fact that the entire 51% stake in JV subsidiary Applied Clinical Intelligence LLC was sold by TAKE in Q1FY16 (FY15 sales Rs.72.6 cr and PAT Rs.18 cr). In spite of rise in interest cost (up by 17% YoY), depreciation charges (up by 25%) and higher tax rate (~14% vs ~6.5% in FY15), PAT came in at Rs. 119.7 crore, significantly up by 71% YoY partly aided by increase in Other income due to profit on sale of stake in Applied Clinical.

Other Highlights of FY16

- TAKE was awarded a patent by the United States Patent and Trademark Office (USPTO) for its "Method for Optimizing Clinical Data Standardization". This process leverages TAKE Solutions' Clinical Accelerators to reduce the time taken to standardize trial data by over 50% (when compared to standardization without the accelerators), thus reducing time to market.
- TAKE acquired a Life Sciences Services player, **Ecron Acunova (EA) in an all cash deal of Rs. 115 crore on 18th November, 2015**. This association will enable TAKE to add drug development expertise in the areas of Biosimilars, Regenerative Medicine and Diagnostic imaging agents space, which are emerging growth areas. This will help TAKE move the addressable market for its services to \$30 bn. It will also significantly enhance presence in Europe and Nordic countries. With this acquisition, TAKE will add audit ready infrastructure in Europe and India, and parts of South Asia to its expanding footprint. The organization will also augment its pool of subject matter experts by 30% and Life Sciences talent by 50%, significantly amplifying its experience, innovation and domain expertise.

Ecron Acunova was an Indo-German collaborative effort -- The Manipal Group's Manipal Acunova had acquired Germany-based Ecron in 2007 to form Ecron Acunova, a clinical research organisation. It has facilities in Bengaluru, Mangalore and Manipal and a lot of access to Manipal's hospitals. The Manipal Group and US-based PE fund OrbiMed exited Ecron through the deal.

EA will continue to concentrate on conducting clinical trials and studies. Take could provide the IT backbone with host of services such as Analytics, CDM, Risk Based Monitoring, Adaptive trial design, etc. Going forward, the objective could be to increase the value-proposition by making EA a sponsor, making it possible to increase the pricing and subsequently the margins.

- TAKE launched of its new Latin America hub in Bogotá, Colombia. TAKE's expansion into Latin America will take advantage of the many benefits provided by Colombia, the third largest economy in the continent. The Latin America hub enables easy access to any Latin American client and will provide document, report and submission level publishing for simple and complex submission applications including life cycle management. TAKE also provides invaluable subject matter expertise in evolving electronic submissions standards, health authority specific guidelines and processes.
- TAKE has added three new domains. One is regenerating medicine or stem cell therapy. The second is biosimilar, which is going to be a big domain in the future. Out of the top ten selling drugs in 2005, only one was biologic and nine were chemical compounds. In 2015, six were biologic and four were chemical compounds. What generic is to innovator chemical compound, biosimilar is to biologic. As biologics come off patents, biosimilars will be very important in addressing the issue. The third is diagnostic imaging and non-interventional studies. These are TAKE's areas of focus driving growth over the next five years.
- During the year, the company has divested its entire investment in subsidiaries Applied Clinical Intelligence LLC, USA and TAKE Business Cloud Private Limited and has acquired Manipal Acunova Limited, India. Hence the corresponding figures of the previous periods are not comparable.
- The Board of Directors has recommended a final dividend of Rs. 0.40 per share (40% of paid up capital) for fiscal 2016. The payment is subject to approval of the shareholders in the ensuing Annual General Meeting of the Company. This dividend is in addition to two interim dividend of Rs. 0.30 each already paid for FY16. Once approved, the total dividend for FY16 will be Re.1.00 (100% of paid up capital).
- **New Offerings**
 - TAKE forayed into the big data market for the Life Sciences sector, by setting up **Intelent – its new US-based subsidiary**, with an initial investment of USD 3 million. Intelent aims to address the USD 300 billion healthcare and life sciences market by providing clients offerings in the areas of data integration and advanced analytics. Noting the exponential growth in data volume and variety, and shortening of technology lifecycles, TAKE has set up Intelent to address the challenge of harnessing data from multiple streams to create a competitive advantage for its clients. This investment is expected to help organizations mine their mountain of data to fulfil business and operational needs along with compliance to reduce risk, accelerate timelines and boost returns.
 - TAKE launched **pvlIndia**, a forum for Heads of Post-marketed Drug Safety (Pharmacovigilance). This is a new Network specifically for Indian pharmaceutical companies aimed at improving PV processes and operational efficiencies while engaging in discussions on the regulatory framework and the expectations of the Health Authority. The first meet of pvlIndia was held in March, 2016 and was attended by 25 Drug Safety professionals representing 14 Indian pharmaceutical and global pharmaceutical companies. The key discussion topics at the event were, Global harmonization of regulations, how companies adapt to a variety of international regulations and Inspection Readiness.
 - TAKE Supply Chain announced the addition of Business Intelligence Dashboards to OneSCM®, the leading SaaS-based supply chain collaboration software solution focused on helping mid-market companies increase operating margin through better performance of extended supply chain operations. The new dashboards feature a variety of standard information and graphical reports for key performance areas such as Procurement, Shipping, and Invoicing, all delivered within the OneSCM SaaS application.

- TAKE's RoutePro Unwired 1.0, developed in cooperation with SAP Co-Innovation Lab in Bangalore, has been certified for integration with SAP® Mobile Platform version 3.0. This configuration meets the requirements for connecting mobile application RoutePro Unwired 1.0 to SAP ERP version 6, enhancement package 6 using SAP Mobile Platform 3.0.
- TAKE added sales-focused transactions to OneSCM®, a leading SaaS-based supply chain collaboration software solution focused on helping mid-market companies increase operating margin and grow market share through better performance of extended supply chain operations. The new transactions, which can also be referred to as "Order-to-Cash," feature automated sales order creation and management, inventory visibility, and status for key activities such as fulfillment, delivery and receipt of payment.

Management View

- As per the management, there is a significant demand and need in the LS industry which calls for innovative products concurrent with low cost. The companies have to embrace disruptive technology so as to create an altogether new market with advance offerings. There are now more companies looking at domain specialist (like TAKE) as a spate of new regulations by regulatory authorities centered on ensuring patient safety and enhancing compliance needs continue to create an environment of opportunities. The number of inspections has increased in India in view of rising exports of generic drugs from the country. Regulatory non-compliance is an issue in the industry and adherence to compliance is the key to successful launches. In view of this, TAKE is going to launch a new product by end of June 2016.
- The company is also working with a global consulting company to come out with some new ideas for a significant growth in LS industry. There are about 6 big ideas which the company is looking into and which will be the game changers in digital pharma space. The company is looking into an accelerated revenue growth as in FY16, the organic growth has been about 50%. It is looking to either double or triple the LS business in next few years. For the organic growth, the company has 4 big deals which are in advanced stage, but after having won the \$12 million deal in Q4FY16 (which took a year of closure), TAKE is more confident now to crack these four deals. These deals are in the range of \$15-28 million. To drive the accelerated growth, inorganic route can also be looked into by TAKE as the company has done some strong additions in the management team which will be concentrating on the US market which offer huge opportunity in the LS segment. In FY16, US contributed to 74% of total revenue of the company. Organic growth rate of about 25% for FY17 is envisaged by the company currently, but the management would want to wait for Q1FY17 results to come out, so that they can be sure for a much greater growth rate.
- As far as the SCM business is concerned which contributed around Rs. 236.9 crore or 23% to FY16 revenue, the company is looking for divestment of the business and has a mandate in place with an investment banker for the same. If not the entire business, the company is looking to sell at least a part of it in FY17. The business in FY17 is anticipated to be flat with no further investment in this segment. Normally March quarter is seen as a good quarter for order flow in this segment. However, in Q4FY16, the order book stood at \$13.3 million as against \$18.9 million in Q4FY15. This is due to the impact of geo-political issue in Middle East from where TAKE gets good orders.

Risks/Concerns

- Goodwill: There is a significant amount of goodwill on the books of TAKE of Rs 255.5 cr as on FY16, due to the acquisitions done by the company is past. This may have to be amortised in case the acquired companies do not perform as expected resulting in a hit to P&L/reserves/book value.
- The company has a substantial part of its revenue generated outside India, significantly the USA which leads to foreign exchange fluctuation risk.

- TAKE's total debt rose from Rs. 159.2 crore in FY15 to Rs. 317.8 crore in FY16 due to the effect of acquisition of EA, both the debt on EA's books which came in TAKE's balance sheet and also the effect of debt taken by TAKE to fund this acquisition. Any further rise in debt would affect the company's balance sheet and profitability. Having said that, TAKE has cash and bank balance of Rs. 128.4 crore as on 31st March 2016 which gives some cushion.
- The company has Software product development cost of Rs. 79.6 crore (net – as part of Fixed assets) as on 31st March 2015. Such costs have to be capitalized and written off over a period of 3-5 years. This can cause the profitability to be impacted due to quantum of costs carried forward and hits to the P&L account can be lumpy due to amortisation.
- Higher number of debtor days than the industry norm poses a risk as the company would have to borrow more to pay off its debtors. For FY16, the DSO days came in at 99 days which was low as compared to 119 days in FY15 but was higher than the company's target of 90 days. The rise in the debtor days is mainly attributable to the effect of Ecron Acunova's full year balance sheet getting merged in TAKE's when the revenue of Ecron Acunova has been integrated only in Q4FY16.
- The selloff of the SCM business (if delayed) can have some negative effect on the company's overall margins. Having said that, SCM contributed to about 12% to total consolidated revenue of TAKE in FY16.
- Competition in LS segment from players like Veeva Systems which is a cloud computing company focused on pharmaceutical and life sciences industry applications and is headquartered in California. It is listed in NYSE and in Q1FY17 it earned revenue of \$119.8 million and its trailing PE is ~90x.
- Currently the tax rate is low for TAKE at about 14% (FY16). Going ahead it can increase which can affect the bottomline growth, though the management has guided for tax rate to be in the range of 14%-16%.

View and Recommendation

The company has remained dedicated with its strategy of focusing on Life Sciences and building a robust platform for LS growth which has helped TAKE to surpass the Rs.1000 crore sales mark and report a topline of Rs. 1030.1 crore in FY16. The company has made emphatic inroads into the USA which would be the driving force for the years ahead in terms of revenue. With the acquisition of Ecron Acunova, the company will continue to witness strong and significant demand. At this stage, the company is poised to witness phenomenal growth in the coming year and beyond. Consistent performance post the recent acquisition could result in expansion of top and bottom line and also P/E expansion, having regard to the high P/E commanded by its US peer Veeva.

We think that investors could buy the stock at the CMP and add on declines to Rs. 148-155 band (9.5-10x FY18E EPS) for sequential targets of Rs. 202 and Rs. 233 (13x and 15x FY18E EPS) over 2-3 quarters.

Particulars (Rs in Cr)	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E
Total Operating Income	703.7	832.0	815.5	730.4	1030.1	1267.1	1533.1
Operating Profit	145.1	161.4	147.3	149.4	213.3	261.0	318.9
OPM (%)	20.6	19.4	18.1	20.5	20.7	20.6	20.8
Reported PAT after MI	85.6	79.5	58.0	69.9	119.7	148.5	186.4
PATM (%)	12.2	9.6	7.1	9.6	11.6	11.7	12.2
EPS (Rs.)	7.1	6.6	4.8	5.8	10.0	12.4	15.5
PE (x)	23.9	25.7	35.2	29.2	17.1	13.8	11.0
EV/EBITDA	13.1	12.4	13.6	13.2	9.5	8.0	6.4
RoNW (%)	25.0	18.9	12.3	13.3	19.0	19.4	19.9

(Source: Company HDFCSec)

Financials
Quarterly Results - Consolidated

Particulars (Rs cr)	Q4FY16	Q4FY15	% chg	Q3FY16	% chg	FY16	FY15	% chg
Income from Operations	312.1	215.1	45.1%	247.8	25.9%	1030.1	730.4	41.0%
Other Operating Income	0.0	0.0		0.0		0.0	0.0	
Total Income	312.1	215.1	45.1%	247.8	25.9%	1030.1	730.4	41.0%
Raw Material Cost	89.7	61.3	46.4%	71.8	25.0%	293.5	199.5	47.1%
Employee Expenses	85.4	56.4	51.4%	66.6	28.1%	281.8	209.8	34.3%
Other Expenses	73.2	50.8	44.0%	59.1	23.8%	241.6	171.7	40.7%
Total Expenditure	248.3	168.4	47.4%	197.5	25.7%	816.8	581.0	40.6%
Operating Profit	63.8	46.7	36.7%	50.3	26.9%	213.3	149.4	42.7%
Other Income	1.3	3.2	-60.2%	0.8		20.8	8.3	
PBIDT	65.1	49.9	30.5%	51.1	27.5%	234.0	157.7	48.4%
Interest	5.1	2.9		3.3		14.8	12.7	
PBDT	60.0	46.9	27.8%	47.8	25.5%	219.3	145.0	51.2%
Depreciation	17.7	14.0	26.2%	18.8	-5.6%	74.3	59.6	24.6%
PBT	42.3	32.9		29.0		145.0	85.4	
Tax (including DT & FBT)	10.8	0.2		3.7		20.1	5.4	
Reported Profit After Tax	31.5	32.7	-3.6%	25.3	24.5%	124.9	79.9	56.2%
Minority Interest	0.4	5.6		1.3		5.2	10.1	
Adjusted PAT	31.1	27.1	14.8%	24.0	29.8%	119.7	69.9	71.3%
EPS (Rs.)	2.6	2.3		2.0		10.0	5.8	
Equity	12.0	12.0		12.0		12.0	12.0	
			bps		bps			bps
OPM (%)	20.45	21.70	-126	20.29	16	20.71	20.46	25
PATM (%)	9.97	12.60	-262	9.68	29	11.62	9.57	205

(Source: Company HDFCSec)

Profit & Loss Account – Consolidated

Particulars (Rs in Cr)	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E
Total Operating Income	703.7	832.0	815.5	730.4	1030.1	1267.1	1533.1
Raw material consumed	244.8	264.5	253.5	199.5	293.5	357.3	429.3
Employee expense	182.0	224.9	226.5	209.8	281.8	348.4	420.1
Other Expenses	131.7	181.1	188.3	171.7	241.6	300.3	364.9
Total Operating Expenses	558.6	670.6	668.3	581.0	816.8	1006.0	1214.2
Operating Profit	145.1	161.4	147.3	149.4	213.3	261.0	318.9
Other Income	15.2	6.6	6.2	8.3	20.8	10.4	12.5
EBITDA	160.2	168.1	153.4	157.7	234.0	271.4	331.3
Interest	18.3	14.4	13.8	12.7	14.8	18.9	20.6

Depreciation	26.7	46.4	76.9	59.6	74.3	72.6	81.3
PBT	115.3	107.3	62.8	85.4	145.0	179.9	229.4
Tax (including FBT & DT)	21.1	18.2	1.0	5.4	20.1	27.9	39.0
Reported PAT before minority interest	94.2	89.1	61.8	79.9	124.9	152.0	190.4
Minority Interest	8.6	9.6	3.8	10.1	5.2	3.5	4.0
Reported PAT	85.6	79.5	58.0	69.9	119.7	148.5	186.4

(Source: Company HDFCSec)

Balance Sheet – Consolidated

Particulars (Rs in Cr)	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E
Equity & Liabilities							
Shareholders' Funds	342.0	420.4	470.0	524.4	631.3	765.3	937.3
Equity Share Capital	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Reserves & Surplus	330.0	408.4	458.0	512.4	619.3	753.3	925.3
Non-Current Liabilities	180.9	158.5	130.8	82.4	140.2	145.1	139.7
Minority Interest	37.6	45.7	48.3	56.1	40.2	42.2	45.6
Long Term borrowings	123.5	83.0	57.6	0.8	68.1	69.5	59.1
Deferred Tax Liabilities (Net)	15.0	23.2	16.7	17.0	20.7	21.7	22.8
Other Long Term Liabilities	0.7	0.7	1.6	1.2	2.6	2.7	2.8
Long Term Provisions	4.1	5.9	6.6	7.3	8.5	8.9	9.4
Current Liabilities	217.8	257.9	270.3	315.6	443.0	483.5	545.5
Short Term Borrowings	39.2	86.5	113.5	158.3	249.6	274.6	315.8
Trade Payables	54.5	74.9	56.9	42.1	50.1	54.1	59.5
Other Current Liabilities	88.4	78.7	85.2	108.9	132.6	143.2	157.5
Short Term Provisions	35.8	17.7	14.8	6.3	10.7	11.6	12.7
Total Equity & Liabilities	740.6	836.7	871.2	922.4	1214.5	1393.8	1622.5
Assets							
Non-Current Assets	346.3	376.6	393.7	397.6	588.2	618.2	665.4
Fixed Assets	141.0	171.1	177.6	187.6	289.9	313.1	344.4
Goodwill	198.9	200.7	208.4	187.5	255.5	260.6	273.7
Deferred Tax Asset (net)	0.1	0.1	0.6	0.3	0.8	1.0	1.0
Non-Current Investments	0.0	0.0	0.0	4.7	19.6	19.9	20.9
Long -term Loans and Advances	4.4	4.7	5.6	17.5	22.4	23.5	25.4
Other Non-Current Assets	2.0	0.0	1.5	0.0	0.0	0.0	0.0
Current Assets	394.3	460.2	477.6	524.8	626.3	775.7	957.1

Current Investments	50.2	50.2	50.2	1.4	1.7	2.0	2.2
Inventories	18.1	15.5	17.2	23.0	21.6	24.8	29.7
Trade Receivables	158.8	224.6	223.3	240.5	301.4	346.7	416.0
Cash & Cash Equivalents	59.5	76.1	77.3	124.4	128.4	211.4	289.6
Short Term Loans & Advances	99.9	91.5	109.6	135.6	172.1	189.3	217.7
Other Current Assets	7.8	2.5	0.0	0.0	1.2	1.5	1.8
Total Assets	740.6	836.8	871.2	922.4	1214.5	1393.8	1622.5

(Source: Company HDFCSec)

Key Ratios – Consolidated

Particulars	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E
No of Equity Shares	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Current Market Price	170.3	170.3	170.3	170.3	170.3	170.3	170.3
Market Capitalization	2043.6	2043.6	2043.6	2043.6	2043.6	2043.6	2043.6
Enterprise Value	2096.6	2086.8	2087.3	2077.0	2231.4	2174.3	2126.6
FD EPS	7.1	6.6	4.8	5.8	10.0	12.4	15.5
Cash EPS (PAT + Depreciation)	9.4	10.5	11.2	10.8	16.2	18.4	22.3
PE(x)	23.9	25.7	35.2	29.2	17.1	13.8	11.0
Book Value (Rs.)	28.5	35.0	39.2	43.7	52.6	63.8	78.1
P/BV (x)	6.0	4.9	4.3	3.9	3.2	2.7	2.2
OPM (%)	20.6	19.4	18.1	20.5	20.7	20.6	20.8
PBT (%)	16.4	12.9	7.7	11.7	14.1	14.2	15.0
NPM (%)	12.2	9.6	7.1	9.6	11.6	11.7	12.2
ROCE (%)	26.5	20.6	11.9	14.3	16.8	17.9	19.1
RONW (%)	25.0	18.9	12.3	13.3	19.0	19.4	19.9
Debt-Equity	0.5	0.4	0.4	0.3	0.5	0.4	0.4
Current Ratio	1.8	1.8	1.8	1.7	1.4	1.6	1.8
Mcap/Sales(x)	2.9	2.5	2.5	2.8	2.0	1.6	1.3
EV/EBITDA	13.1	12.4	13.6	13.2	9.5	8.0	6.4

(Source: Company HDFCSec)

One Year Price Chart



Fundamental Research Analyst: Zececa Mehta (zececa.mehta@hdfcsec.com)

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066 Website: www.hdfcsec.com Email: hdfcsecetailresearch@hdfcsec.com.

"HDFC Securities Ltd. is a SEBI Registered Research Analyst having registration no. INH000002475."

Disclosure:

We /I, (Zececa Mehta), (MMS), authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. **does not have** any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate **does not have** any material conflict of interest. **Any holding in stock – No**

Disclaimer:

This report has been prepared by HDFC Securities Ltd and is meant for sole use by the recipient and not for circulation. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. This document is for information purposes only. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this document is not, and should not be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HDFC Securities Ltd or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any individual in such country, especially, USA, the same may be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published for any purposes without prior written approval of HDFC Securities Ltd.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk.

It should not be considered to be taken as an offer to sell or a solicitation to buy any security. HDFC Securities Ltd may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HDFC Securities and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HDFC Securities Ltd, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HDFC Securities Ltd and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report.

HDFC Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HDFC Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HDFC Securities or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HDFC Securities nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HDFC Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

This report has been prepared by the Retail Research team of HDFC Securities Ltd. The views, opinions, estimates, ratings, target price, entry prices and/or other parameters mentioned in this document may or may not match or may be contrary with those of the other Research teams (Institutional, PCG) of HDFC Securities Ltd