

### View: Decadal low EBITDA margin, pressure on WC, rise in debt despite Rs5 bn QIP; Downgrade to Sell

- DBL reported results below estimates on all fronts and EBITDA margins of 13.2% were the lowest in a decade. DBL expects similar margins in Q2FY22E.
- DBL posted 13.4% / -5.8% / -10.9% YoY growth in revenue/ EBITDA/ Adj. PAT to Rs21.5 bn/ Rs2.8 bn/ Rs300 mn in Q1FY22.
- We broadly maintain our revenue estimates for FY22E/ FY23E and reduce EBITDA margin estimates by 85bps/ 80bps for FY22E/ FY23E factoring Q1FY22 results.
- We factor higher debt of Rs32.7 bn/ Rs30.9 bn (earlier Rs28.9 bn/ Rs23.9 bn) in FY22E/ FY23E leading to higher finance cost. Accordingly, we sharply decrease our APAT by 26.3% / 20.7% in FY22E/ FY23E.
- We expect DBL's revenue/ Adj. APT to grow at CAGR of 9.2/ 26.9% over FY21-23E. Gross debt increased by Rs3 bn QoQ in Q1FY22 to Rs36.9 bn despite Rs5.1 bn QIP in Apr'21 as working capital increased by Rs7.2 bn. We factor gross debt reduction by only Rs1.2 bn/ Rs1.8 bn vs. earlier Rs5 bn/ Rs5 bn in FY22E/ FY23E as WC days to rise to 94 (FY22E & FY23E vs. 82 in FY21), reduction in APAT estimates and monetization of HAM projects (we factor lower cash inflow of Rs6 bn/ Rs6 bn in FY22E/ FY23E vs. management guidance of Rs10 bn/ Rs15 bn). NHAI restricted DBL from bidding since 12 Jul'21 due to accident at one of its project site where DBL expect removal of restriction very soon. Thus, we downgrade the stock from Buy to Sell with a downward revised SOTP of Rs495 (10x FY23E EPS + 1x FY23E P/BV for equity investment in HAM).

### Order book at 2.7x TTM revenue

DBL bagged significant order inflow of Rs172.3 bn in FY21 but nil in YTDFY22. Order book stands at Rs254.9 bn (2.7x TTM revenue). Following the ban on bidding for projects after the girder fall incident, DBL plans to commence bidding only in Q3FY22. However, we maintain our order inflow estimate for FY22E/ FY23E at Rs120 bn/ Rs120 bn.

### Q1FY22 Result (Rs Mn)

| Particulars       | Q1FY22 | Q1FY21 | YoY (%) | Q4FY21 | QoQ (%) |
|-------------------|--------|--------|---------|--------|---------|
| Revenue           | 21,463 | 18,920 | 13.4    | 29,250 | (26.6)  |
| Total Expense     | 18,634 | 15,919 | 17.1    | 24,688 | (24.5)  |
| EBITDA            | 2,828  | 3,001  | (5.8)   | 4,562  | (38.0)  |
| Depreciation      | 979    | 1,066  | (8.2)   | 961    | 1.9     |
| EBIT              | 1,850  | 1,935  | (4.4)   | 3,601  | (48.6)  |
| Other Income      | 124    | 85     | 46.5    | 50     | 150.5   |
| Interest          | 1,490  | 1,511  | (1.4)   | 1,500  | (0.7)   |
| EBT               | 484    | 510    | (5.0)   | 2,150  | (77.5)  |
| Tax               | 214    | 172    | 23.8    | 877    | (75.7)  |
| RPAT              | 270    | 337    | (19.8)  | 1,273  | (78.8)  |
| APAT              | 300    | 337    | (10.9)  | 1,273  | (76.4)  |
|                   |        |        | (bps)   |        | (bps)   |
| Gross Margin (%)  | 18.3   | 20.4   | (208)   | 21.0   | (273)   |
| EBITDA Margin (%) | 13.2   | 15.9   | (269)   | 15.6   | (242)   |
| NPM (%)           | 1.4    | 1.8    | (38)    | 4.4    | (295)   |
| Tax Rate (%)      | 44.1   | 33.9   | 1030    | 40.8   | 334     |
| EBIT Margin (%)   | 8.6    | 10.2   | (161)   | 12.3   | (369)   |

|                          |                                |
|--------------------------|--------------------------------|
| CMP                      | Rs 535                         |
| Target / Downside        | Rs 495 / 7%                    |
| NIFTY                    | 16,364                         |
| <b>Scrip Details</b>     |                                |
| Equity / FV              | Rs 1,368mn / Rs 10             |
| Market Cap               | Rs 73bn                        |
|                          | USD 986mn                      |
| 52-week High/Low         | Rs 720/ 321                    |
| Avg. Volume (no)         | 4,29,465                       |
| Bloom Code               | DBL IN                         |
| <b>Price Performance</b> |                                |
|                          | <b>1M</b> <b>3M</b> <b>12M</b> |
| Absolute (%)             | (5)   2   52                   |
| Rel to NIFTY (%)         | (9)   (12)   6                 |

### Shareholding Pattern

|                 | Dec'20 | Mar'21 | Jun'21 |
|-----------------|--------|--------|--------|
| Promoters       | 75.0   | 75.0   | 70.2   |
| MF/Banks/FIs    | 7.1    | 5.9    | 9.9    |
| FIs             | 8.8    | 10.9   | 11.6   |
| Public / Others | 9.0    | 8.2    | 8.3    |

### Valuation (x)

|           | FY21A | FY22E | FY23E |
|-----------|-------|-------|-------|
| P/E       | 22.9  | 23.5  | 14.2  |
| EV/EBITDA | 7.1   | 7.1   | 6.2   |
| ROE (%)   | 8.5   | 7.2   | 10.3  |
| RoACE (%) | 12.8  | 11.5  | 12.6  |

### Estimates (Rs mn)

|           | FY21A  | FY22E  | FY23E    |
|-----------|--------|--------|----------|
| Revenue   | 92,089 | 97,873 | 1,09,771 |
| EBITDA    | 14,690 | 14,338 | 16,466   |
| PAT       | 3,193  | 3,117  | 5,145    |
| EPS (Rs.) | 23.3   | 22.8   | 37.6     |

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**Exhibit 1: Actual V/s DART estimates (Rs mn)**

| Particulars     | Actual | DART Est | % Variance | Comments  |
|-----------------|--------|----------|------------|---|
| Revenue (Rs mn) | 21,463 | 23,861   | (10.1)     | Slower execution vs. expected                   |
| EBITDA (Rs mn)  | 2,828  | 3,580    | (21.0)     | -   |
| EBITDA%         | 13.2   | 15.0     | (183 bps)  | Due to higher construction exp                  |
| PAT (Rs mn)     | 300    | 793      | (62.1)     | Due to muted operating efficiency vs. estimated |

Source: Company, DART

**Exhibit 2: Change in estimates – Downgrade FY22E/ FY23E estimates**

| (Rs mn)           | FY22E  |          |          | FY23E    |          |         |
|-------------------|--------|----------|----------|----------|----------|---------|
|                   | New    | Old      | % change | New      | Old      | %change |
| Net revenues      | 97,873 | 1,01,537 | (3.6)    | 1,09,771 | 1,13,735 | (3.5)   |
| EBIDTA            | 14,338 | 15,738   | (8.9)    | 16,466   | 17,970   | (8.4)   |
| EBIDTA margin (%) | 14.7   | 15.5     | (85)     | 15.0     | 15.8     | (80)    |
| Adj. Net Profit   | 3,117  | 4,227    | (26.3)   | 5,145    | 6,485    | (20.7)  |
| EPS (Rs)          | 21.3   | 28.9     | (26.3)   | 35.2     | 44.4     | (20.7)  |

Source: DART, Company

**Monetization of 12 HAM projects**

DBL entered into agreement with Cube Highways for sale of 5 (out of 12 won in 2020) under construction HAM projects on 31<sup>st</sup> Aug'19 for total consideration of Rs6.4 bn. DBL also expects deal of balance 7 HAM projects soon and expects cash inflow of Rs10 bn/ Rs15 bn in FY22E/ FY23E for these 12 HAM projects.

**Key earnings takeaways**

- 25%-30% employees went back to their villages during the 2<sup>nd</sup> wave which impacted the operations. Employees are back now but operations are impacted by monsoons.
- Awarding activity was low in April'21 and May'21 due to COVID-19. DBL expects muted awarding in Q2FY22 and strong awarding in Q3FY22 and Q4FY22.
- DBL gave revenue guidance of Rs100-Rs100.5 in FY22 with an EBITDA margin of 15%-15.5%. DBL guided for order inflow of Rs100-120 bn for FY22E, majority the order book comprising of road projects.
- DBL will focus on roads as well other sector like water, bridges and mining. Bigger ticket size projects has always been the focus of the company. Projects in the water sector will be bidding taking into consideration the State finances and margin profile.
- EBITDA margins declined in Q1FY22 due to lower (Rs21.5 bn) than expected (Rs29-30 bn) revenues resulting in under recovering of overheads coupled with increased cost of input (aggregate, steel, cement) material and no early completion bonus. Management expect very less possibility to receive any early completion bonus going forward due to reduction in execution time line. EBITDA margins in Q2FY22 expected to be in the same range as Q1FY22 however it will improve to 15%-15.5% in H2FY22.
- The girder incident at one of their sites was posted on exchange as soon as the company received the letter from NHAI. According to the due diligence done after the incident, it came into light that there was negligence in placing the block and because of the rains and traffic it loosened up further.

- DBL is currently banned to bid for projects. NHAI is done with their due diligence and the management expects the ban to get lifted in 15 days. Company has experience of lodging more than 2,500 girders and at difficult places but this is the first time such an incident took place.
- DBL acquired DBL infrastructure a promoter company for a value of Rs20mn since there was cash of Rs20 mn in the books of DBL infrastructure. This entity will be used to channel investment in HAM projects in the future.
- DBL bids for new projects only when there is 9 month left to complete one of the existing projects since bidding procedure goes on for 3 months and then all the clearances and time to start the new project takes another 4-6 months. Once the existing project is completed the equipment's of that project is shifted on the new project, this way the company has no need to spend on equipment's.
- DBL has 12 HAM assets which are either committed or in advance stage of monetization. Expect Rs25 bn (earlier Rs20 bn) from the deal (Rs10 bn/ Rs15 bn in FY22E/ FY23E), the increase in valuation is primarily for remaining 7 projects as first 5 projects already signed deal with Cube Highways. DBL expects value appreciation of the assets which have achieved CoD and hence the management has taken decision to sell assets only after COD maximizing shareholders value. One of the HAM achieved COD and received 1<sup>st</sup> annuity in July'21. There is a lot of interest in the HAM assets of DBL from investors as DBL has 10% of the HAM portfolio awarded by NHAI. CUBE deal for sale of 5 HAM projects is in the last stages, expect to receive Rs5.5 bn in FY22 and balance Rs1 bn in FY23.
- Siarmal Open cast mining – Singing of agreement on 2 Jun'21 and expect to commence mining after 1.5 year as there are many mining procedures only after which the company can start the work. Equity infusion will take place only when the work is commenced at the site.
- Pachwara mining case still pending in the supreme court, next hearing to be held in Sept'21.
- Increase in working capital resulted in increase in debt on QoQ: DBL made investment of Rs2 bn in new HAM project in Q1FY22, Inventory increase by Rs2.6 bn QoQ as price of cement, steel, bitumen and aggregates increased, debtor increased by Rs1.7 bn QoQ and creditors reduced by Rs1.0 bn QoQ. Total cash outflow of Rs7.2 bn due to increase in net working capital resulted in Rs3 bn QoQ increase in gross debt to Rs36.9 bn (historically highest) as on Q1FY22 despite Rs5 bn QIP inflow in Apr'21. Management expect to reduce debt by Rs8 bn/ Rs5 bn from Q1FY22/ FY21 level by end of FY22 with the cash inflow from asset monetization.
- Unutilized MAT credit stands at Rs2.3 bn as on June'21. DBL utilized Rs130 mn of the MAT credit in Q1FY22. Expect to continue on the same old tax regime in FY23 as well.
- Mobilization advance/ Retention money/ Unbilled revenue stood at Rs10 bn/ Rs7.5 bn/ Rs5.0 bn. WC days stood at 100 days vs. 82 days in Q4FY21. Expect WC to reach 92-95 days by end of FY22.
- All the project of the company are moving smoothly except Indore metro project which faced some clearance issues. DBL will complete 5 EPC projects in next one month.
- Expect equity infusion of Rs7 bn, Rs1.8 bn has already been invested, the rest will be infused in a staggered manner.
- Capex – DBL incurred Rs770 mn of capex in Q1FY22 and does not expect the number to cross beyond Rs1.0 bn in FY22E.

We have not valued DBL's equity investment in 24 BOT projects, which it signed an agreement in Aug'17 to sell 100% to Shrem Group for Rs16 bn since the deal has been closed and the company has received the cash consideration.

**Exhibit 3: Income statement (Standalone)**

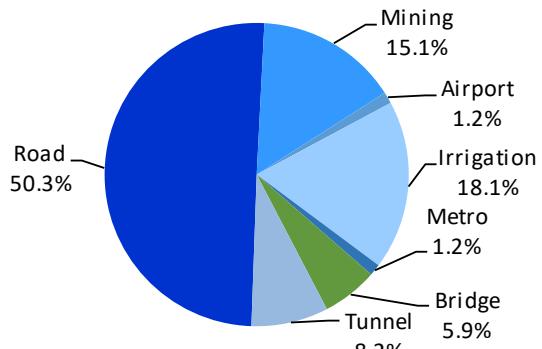
| Particulars (Rs mn)        | Q1FY22        | Q1FY21        | YoY (%)       | Q4FY21        | QoQ (%)       | FY21          | FY20          | YoY (%)       |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Revenue</b>             | <b>21,463</b> | <b>18,920</b> | <b>13.4</b>   | <b>29,250</b> | <b>(26.6)</b> | <b>92,089</b> | <b>89,838</b> | <b>2.5</b>    |
| (Inc)/dec in stocks & WIP  | (48)          | 124           | -             | (482)         | -             | (183)         | 1,175         | -             |
| Material consumed          | 17,586        | 14,944        | 17.7          | 23,585        | (25.4)        | 72,982        | 68,956        | 5.8           |
| Employees cost             | 493           | 488           | 1.1           | 433           | 13.9          | 1,925         | 1,958         | (1.7)         |
| Other expenditure          | 603           | 363           | 65.9          | 1,152         | (47.7)        | 2,672         | 2,029         | 31.7          |
| <b>Total expenditure</b>   | <b>18,634</b> | <b>15,919</b> | <b>17.1</b>   | <b>24,688</b> | <b>(24.5)</b> | <b>77,396</b> | <b>74,118</b> | <b>4.4</b>    |
| <b>EBITDA</b>              | <b>2,828</b>  | <b>3,001</b>  | <b>(5.8)</b>  | <b>4,562</b>  | <b>(38.0)</b> | <b>14,693</b> | <b>15,720</b> | <b>(6.5)</b>  |
| Depreciation               | 979           | 1,066         | (8.2)         | 961           | 1.9           | 4,071         | 4,241         | (4.0)         |
| <b>Operating profit</b>    | <b>1,850</b>  | <b>1,935</b>  | <b>(4.4)</b>  | <b>3,601</b>  | <b>(48.6)</b> | <b>10,621</b> | <b>11,479</b> | <b>(7.5)</b>  |
| Other income               | 124           | 85            | 46.5          | 50            | 150.5         | 288           | 313           | (7.9)         |
| <b>EBIT</b>                | <b>1,974</b>  | <b>2,020</b>  | <b>(2.3)</b>  | <b>3,651</b>  | <b>(45.9)</b> | <b>10,910</b> | <b>11,792</b> | <b>(7.5)</b>  |
| Interest                   | 1,490         | 1,511         | (1.4)         | 1,500         | (0.7)         | 5,862         | 6,127         | (4.3)         |
| Exceptional item           | -             | -             | -             | -             | -             | -             | 89            | -             |
| <b>EBT</b>                 | <b>484</b>    | <b>510</b>    | <b>(5.0)</b>  | <b>2,150</b>  | <b>(77.5)</b> | <b>5,048</b>  | <b>5,754</b>  | <b>(12.3)</b> |
| Tax                        | 214           | 172           | 23.8          | 877           | (75.7)        | 1,855         | 1,505         | (18.9)        |
| <b>Net income</b>          | <b>270</b>    | <b>337</b>    | <b>(19.8)</b> | <b>1,273</b>  | <b>(78.8)</b> | <b>3,193</b>  | <b>4,250</b>  | <b>(24.9)</b> |
| Adjustments                | 30            | -             | -             | -             | -             | -             | (89)          | -             |
| <b>Adjusted net income</b> | <b>300</b>    | <b>337</b>    | <b>(10.9)</b> | <b>1,273</b>  | <b>(76.4)</b> | <b>3,193</b>  | <b>4,160</b>  | <b>(23.3)</b> |
| <b>EPS (Rs)</b>            | <b>2.1</b>    | <b>2.3</b>    | <b>(10.9)</b> | <b>8.7</b>    | <b>(76.4)</b> | <b>21.8</b>   | <b>28.5</b>   | <b>(23.3)</b> |
|                            |               |               |               | <b>bps</b>    | <b>bps</b>    |               |               | <b>bps</b>    |
| EBIDTA Margin (Excl. O.I.) | 13.2          | 15.9          | (269)         | 15.6          | (242)         | 16.0          | 17.5          | (154)         |
| EBIDTA Margin (Incl. O.I.) | 13.8          | 16.3          | (255)         | 15.8          | (201)         | 16.3          | 17.8          | (158)         |
| NPM (%)                    | 1.4           | 1.8           | (38)          | 4.3           | (295)         | 3.5           | 4.6           | (116)         |
| Tax/PBT (%)                | 44.1          | 33.9          | 1,030         | 40.8          | 334           | 36.7          | 26.1          | 1,060         |
| Material cons/Revenue (%)  | 81.7          | 79.6          | 208           | 79.0          | 273           | 79.1          | 78.1          | 99            |

Source: DART, Company

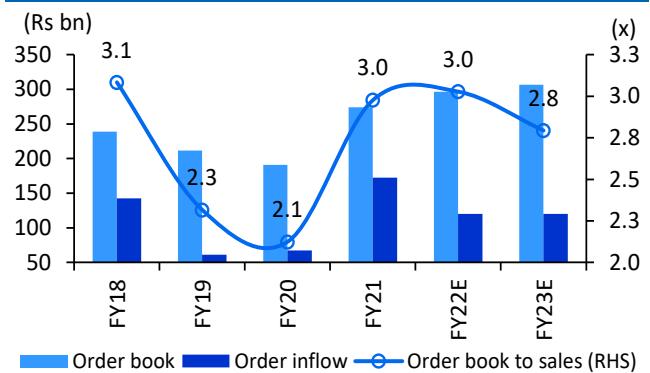
**Exhibit 4: SOTP Valuation**

| Component                | Valuation Method | Rs/sh | %     |
|--------------------------|------------------|-------|-------|
| Standalone cons business | 10x FY23E EPS    | 351.9 | 71.0  |
| Road BOTs                | 1x FY23E P/B     | 143.4 | 29.0  |
| Total                    |                  | 495.3 | 100.0 |
| CMP                      |                  | 535.0 |       |
| Potential upside (%)     |                  | -7.4  |       |

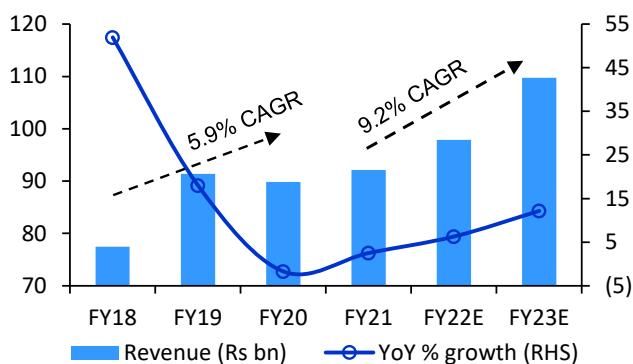
Source: DART, Company

**Exhibit 5: Order book (Rs254.9 bn) break-up**


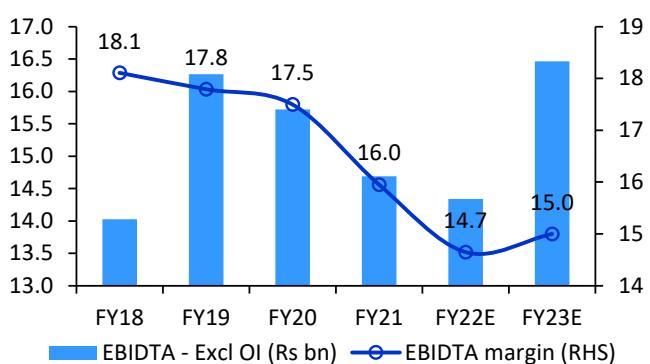
Source: Company, DART

**Exhibit 6: Order book trend**


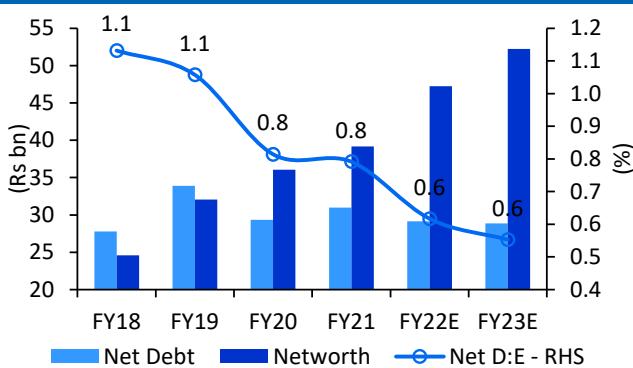
Source: Company, DART

**Exhibit 7: Revenue CAGR of 9.2% over FY21-23E**


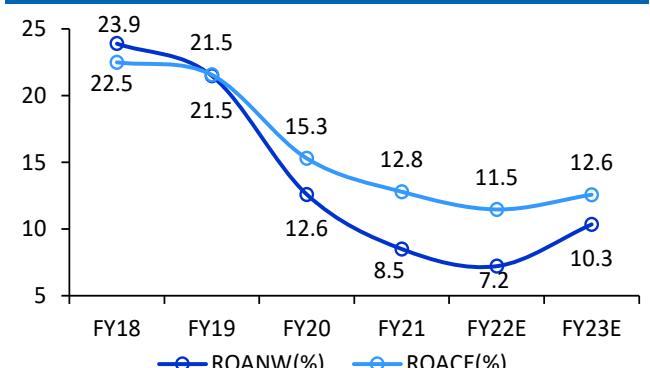
Source: Company, DART

**Exhibit 8: EBITDA Margin trend**


Source: Company, DART

**Exhibit 9: Reduction in Net D:E**


Source: Company, DART

**Exhibit 10: Return Ratio Trend**


Source: Company, DART

**Profit and Loss Account**

| (Rs Mn)                                | FY20A         | FY21A         | FY22E         | FY23E           |
|--|---------------|---------------|---------------|-----------------|
| <b>Revenue</b>                         | <b>89,838</b> | <b>92,089</b> | <b>97,873</b> | <b>1,09,771</b> |
| <b>Total Expense</b>                   | <b>74,118</b> | <b>77,399</b> | <b>83,535</b> | <b>93,305</b>   |
| COGS                                   | 70,132        | 72,799        | 78,641        | 87,817          |
| Employees Cost                         | 1,958         | 1,925         | 2,153         | 2,635           |
| Other expenses                         | 2,029         | 2,675         | 2,740         | 2,854           |
| <b>EBIDTA</b>                          | <b>15,720</b> | <b>14,690</b> | <b>14,338</b> | <b>16,466</b>   |
| Depreciation                           | 4,241         | 4,071         | 4,327         | 4,579           |
| <b>EBIT</b>                            | <b>11,479</b> | <b>10,619</b> | <b>10,012</b> | <b>11,886</b>   |
| Interest                               | 6,127         | 5,862         | 5,650         | 5,100           |
| Other Income                           | 313           | 291           | 291           | 262             |
| Exc. / E.O. items                      | 89            | 0             | 0             | 0               |
| <b>EBT</b>                             | <b>5,754</b>  | <b>5,048</b>  | <b>4,652</b>  | <b>7,048</b>    |
| Tax                                    | 1,505         | 1,855         | 1,535         | 1,903           |
| RPAT                                   | 4,250         | 3,193         | 3,117         | 5,145           |
| Minority Interest                      | 0             | 0             | 0             | 0               |
| <b>Profit/Loss share of associates</b> | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>        |
| <b>APAT</b>                            | <b>4,160</b>  | <b>3,193</b>  | <b>3,117</b>  | <b>5,145</b>    |

**Balance Sheet**

| (Rs Mn)                       | FY20A         | FY21A         | FY22E         | FY23E         |
|-------------------------------|---------------|---------------|---------------|---------------|
| <b>Sources of Funds</b>       |               |               |               |               |
| Equity Capital                | 1,368         | 1,368         | 1,462         | 1,462         |
| Minority Interest             | 0             | 0             | 0             | 0             |
| Reserves & Surplus            | 34,692        | 37,804        | 45,781        | 50,780        |
| <b>Net Worth</b>              | <b>36,060</b> | <b>39,172</b> | <b>47,243</b> | <b>52,242</b> |
| Total Debt                    | 32,562        | 33,910        | 32,668        | 30,894        |
| Net Deferred Tax Liability    | 0             | 0             | 0             | 0             |
| <b>Total Capital Employed</b> | <b>68,622</b> | <b>73,082</b> | <b>79,912</b> | <b>83,137</b> |

**Applications of Funds**

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Net Block   | <b>20,276</b> | <b>19,149</b> | <b>17,323</b> | <b>15,243</b> |
| CWIP  | 43            | 1             | 0             | 0             |
| Investments                                       | 11,444        | 10,447        | 11,759        | 13,500        |
| <b>Current Assets, Loans &amp; Advances</b>       | <b>80,009</b> | <b>82,657</b> | <b>88,082</b> | <b>95,441</b> |
| Inventories                                       | 26,309        | 30,294        | 33,414        | 37,322        |
| Receivables                                       | 12,397        | 11,047        | 12,724        | 14,270        |
| Cash and Bank Balances                            | 3,219         | 2,922         | 3,545         | 2,034         |
| Loans and Advances                                | 5,880         | 7,711         | 8,353         | 8,397         |
| Other Current Assets                              | 32,204        | 30,683        | 30,046        | 33,418        |
| <b>Less: Current Liabilities &amp; Provisions</b> | <b>43,149</b> | <b>39,172</b> | <b>37,252</b> | <b>41,048</b> |
| Payables  | 16,389        | 20,630        | 20,884        | 23,326        |
| Other Current Liabilities                         | 26,761        | 18,542        | 16,368        | 17,722        |
| <i>sub total</i>                                  |               |               |               |               |
| Net Current Assets                                | 36,859        | 43,485        | 50,830        | 54,393        |
| <b>Total Assets</b>                               | <b>68,622</b> | <b>73,082</b> | <b>79,912</b> | <b>83,137</b> |

E – Estimates

**Important Ratios**

| Particulars                               | FY20A    | FY21A    | FY22E    | FY23E    |
|---|----------|----------|----------|----------|
| <b>(A) Margins (%)</b>                    |          |          |          |          |
| Gross Profit Margin                       | 21.9     | 20.9     | 19.7     | 20.0     |
| EBIDTA Margin                             | 17.5     | 16.0     | 14.7     | 15.0     |
| EBIT Margin                               | 12.8     | 11.5     | 10.2     | 10.8     |
| Tax rate                                  | 26.1     | 36.7     | 33.0     | 27.0     |
| Net Profit Margin                         | 4.6      | 3.5      | 3.2      | 4.7      |
| <b>(B) As Percentage of Net Sales (%)</b> |          |          |          |          |
| COGS                                      | 78.1     | 79.1     | 80.4     | 80.0     |
| Employee                                  | 2.2      | 2.1      | 2.2      | 2.4      |
| Other                                     | 2.3      | 2.9      | 2.8      | 2.6      |
| <b>(C) Measure of Financial Status</b>    |          |          |          |          |
| Gross Debt / Equity                       | 0.9      | 0.9      | 0.7      | 0.6      |
| Interest Coverage                         | 1.9      | 1.8      | 1.8      | 2.3      |
| Inventory days                            | 107      | 120      | 125      | 124      |
| Debtors days                              | 50       | 44       | 47       | 47       |
| Average Cost of Debt                      | 17.9     | 17.6     | 17.0     | 16.0     |
| Payable days                              | 67       | 82       | 78       | 78       |
| Working Capital days                      | 150      | 172      | 190      | 181      |
| FA T/O                                    | 4.4      | 4.8      | 5.7      | 7.2      |
| <b>(D) Measures of Investment</b>         |          |          |          |          |
| AEPS (Rs)                                 | 30.4     | 23.3     | 22.8     | 37.6     |
| CEPS (Rs)                                 | 61.4     | 53.1     | 54.4     | 71.1     |
| DPS (Rs)                                  | 1.2      | 1.0      | 1.1      | 1.1      |
| Dividend Payout (%)                       | 4.0      | 4.3      | 4.7      | 2.8      |
| BVPS (Rs)                                 | 263.7    | 286.4    | 345.4    | 382.0    |
| RoANW (%)                                 | 12.6     | 8.5      | 7.2      | 10.3     |
| RoACE (%)                                 | 15.3     | 12.8     | 11.5     | 12.6     |
| RoAIC (%)                                 | 15.9     | 13.4     | 12.0     | 13.0     |
| <b>(E) Valuation Ratios</b>               |          |          |          |          |
| CMP (Rs)                                  | 535      | 535      | 535      | 535      |
| P/E                                       | 17.6     | 22.9     | 23.5     | 14.2     |
| Mcap (Rs Mn)                              | 73,165   | 73,165   | 73,165   | 73,165   |
| MCap/ Sales                               | 0.8      | 0.8      | 0.7      | 0.7      |
| EV  | 1,02,508 | 1,04,153 | 1,02,289 | 1,02,026 |
| EV/Sales                                  | 1.1      | 1.1      | 1.0      | 0.9      |
| EV/EBITDA                                 | 6.5      | 7.1      | 7.1      | 6.2      |
| P/BV                                      | 2.0      | 1.9      | 1.5      | 1.4      |
| Dividend Yield (%)                        | 0.2      | 0.2      | 0.2      | 0.2      |
| <b>(F) Growth Rate (%)</b>                |          |          |          |          |
| Revenue                                   | (1.7)    | 2.5      | 6.3      | 12.2     |
| EBITDA                                    | (3.3)    | (6.6)    | (2.4)    | 14.8     |
| EBIT                                      | (12.1)   | (7.5)    | (5.7)    | 18.7     |
| PBT                                       | (28.5)   | (12.3)   | (7.8)    | 51.5     |
| APAT                                      | (27.4)   | (23.3)   | (2.4)    | 65.1     |
| EPS                                       | (27.4)   | (23.3)   | (2.4)    | 65.1     |

**Cash Flow**

| (Rs Mn)      | FY20A   | FY21A   | FY22E   | FY23E   |
|--------------|---------|---------|---------|---------|
| CFO          | 18,529  | 6,990   | 6,724   | 9,532   |
| CFI          | (7,709) | (2,637) | (4,164) | (4,023) |
| CFF          | (9,489) | (4,650) | (1,938) | (7,020) |
| FCFF         | 15,422  | 3,997   | 4,224   | 7,032   |
| Opening Cash | 1,888   | 3,219   | 2,922   | 3,545   |
| Closing Cash | 3,219   | 2,922   | 3,545   | 2,034   |

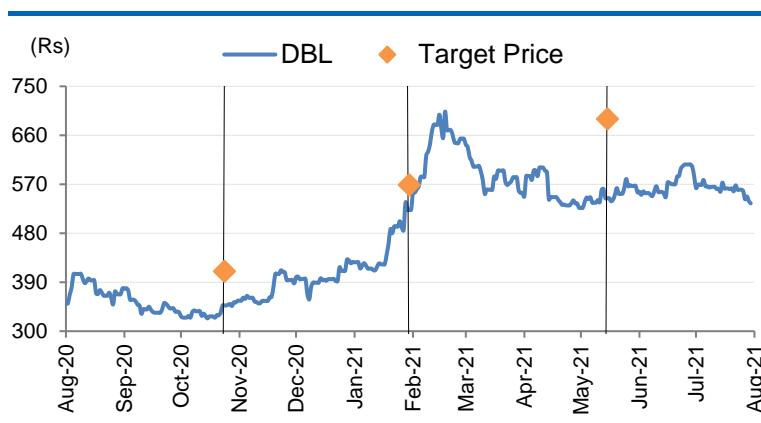
E – Estimates

### DART RATING MATRIX

Total Return Expectation (12 Months)

|            |           |
|------------|-----------|
| Buy        | > 20%     |
| Accumulate | 10 to 20% |
| Reduce     | 0 to 10%  |
| Sell       | < 0%      |

### Rating and Target Price History



| Month  | Rating     | TP (Rs.) | Price (Rs.) |
|--------|------------|----------|-------------|
| Nov-20 | Accumulate | 410      | 347         |
| Feb-21 | Accumulate | 569      | 523         |
| May-21 | Buy        | 690      | 544         |

\*Price as on recommendation date

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