

INVESTMENT IDEAS

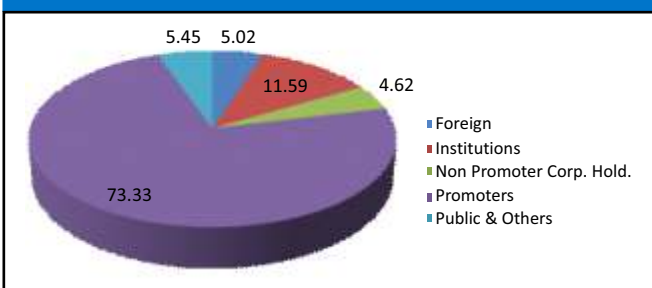


Moneywise. Be wise.

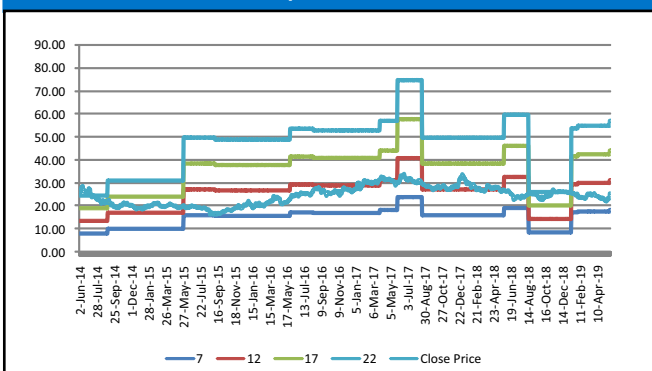
VALUE PARAMETERS

Face Value (Rs.)	10.00
52 Week High/Low	27.50/21.75
M.Cap (Rs. in Cr.)	24811.24
EPS (Rs.)	2.62
P/E Ratio (times)	9.43
P/B Ratio (times)	0.85
Dividend Yield (%)	0.00
Stock Exchange	BSE

SHAREHOLDING PATTERN



P/E CHART



FINANCIAL PERFORMANCE

(Rs.in Cr.)

	ACTUAL		ESTIMATE
	FY Mar-18	FY Mar-19	FY Mar-20
Revenue	7751.24	8982.87	9560.21
Ebitda	4201.84	4999.91	5564.18
Ebit	2722.74	3341.95	3881.75
Net Income	2503.90	2595.61	2736.40
EPS	2.44	2.54	2.71
BVPS	29.26	30.66	31.12
RoE	8.48%	8.41%	7.70%

Source: Company's Website, Reuters & Capitaline

Investment Rationale:

- On the development front, it is engaged in the construction of 3 projects aggregating to a total installed capacity of 3800 MW including 1000 MW (Pakal Dul HE Project) being executed through JV Company. In addition, 12 Projects with aggregate capacity of A7835 MW are under clearance stage which includes 7 Schemes of NHPC's own and 5 in JV mode. Further, 2 projects with aggregate capacity of 780 MW are in S&I stage and 3 projects aggregating to 581 MW are in Pre-S&I stage.
- The capex for the current FY shall be around Rs 3,800 crore and this may see major upward revision based on the progress in Teesta-VI and Teesta-IV hydro projects. It has received the government's nod for Teesta-VI HE Project and as soon as NCLT approve the acquisition, construction phase of the project will start. The HRT (Head Race Tunnel) works of Parbati-II H E Project are also gaining momentum and positive expectations about restarting Subansiri Lower project, too.
- The renewed thrust on development of hydro power in the country, the management of the company has drawn up an ambitious plan to add about 6,000 MW of hydropower capacity by the end of year 2022.
- On regulatory front, earlier, hydro projects of up to 25 megawatt capacity were eligible for various incentives like financial assistance and cheaper credit. With the government amending the hydropower policy, hydro projects above 25 MW can also avail the benefits. Cabinet has also approved budgetary support for funding flood-moderation component of hydropower projects on a case-to-case basis. With this, the company is able to start 2,880-MW Dibang project in Arunachal Pradesh at a faster pace.

Risk

- Delays in project commissioning
- Change in Government regulations or policies

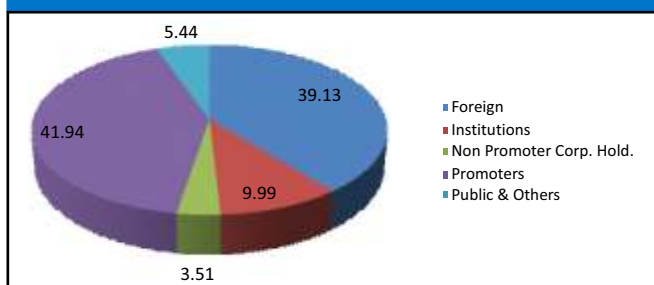
Valuation

Good Fundamental base and consistent performance on quarterly basis as well as yearly make a strong buy. The management of the company expects double digit growth in FY20 and has increased more power generation capacity as compared to earlier years. The company is actively exploring opportunities for the development of pumped storage schemes in potential rich states like Maharashtra, Karnataka, Odisha etc. The Company has identified some projects in Maharashtra and Karnataka and is under discussion with respective state governments for DPR (Detailed Power Project) preparation and subsequent development of pumped storage projects. Thus, it is expected that the stock will see a price target of Rs.31 in 8 to 10 months time frame on a target 4 year average P/E of 11.57x and FY20 (E) earnings of Rs.2.71.

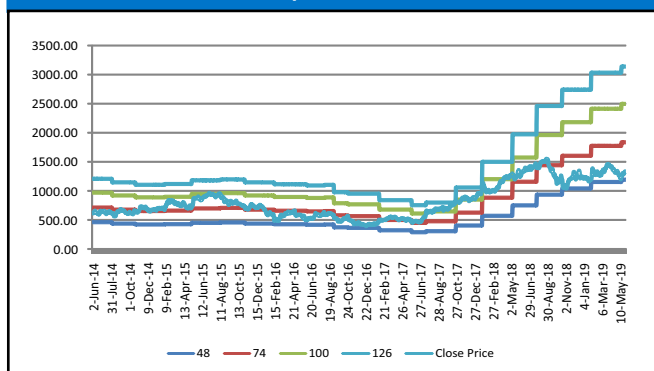
VALUE PARAMETERS

Face Value (Rs.)	10.00
52 Week High/Low	1575.00/982.00
M.Cap (Rs. in Cr.)	17429.81
EPS (Rs.)	24.85
P/E Ratio (times)	53.15
P/B Ratio (times)	13.17
Dividend Yield (%)	0.38
Stock Exchange	BSE

SHAREHOLDING PATTERN



P/E CHART



FINANCIAL PERFORMANCE

(Rs.in Cr.)

	ACTUAL		ESTIMATES
	FY Mar-18	FY Mar-19	FY Mar-20
Revenue	3018.40	3610.51	4115.19
Ebitda	440.09	599.76	722.90
Ebit	279.98	442.31	534.24
Net Income	196.23	319.79	391.43
EPS	14.87	24.23	29.64
BVPS	73.33	95.65	119.19
RoE	22.13%	23.87%	27.52%

Source: Company's Website, Reuters & Capitaline

Investment Rationale:

- The company has announced PepsiCo India as its beverage partner to further enhance customer experience. It has tied up with Golden Harvest to launch Domino's Pizza Restaurants in Bangladesh. The company is growing at a very strong pace owing to recent product upgrades, Every Day Value (EDV) extension to regular pizza and the continued momentum of online sales driven by the new Domino's app. Introduced 10 new Cricket-themed Pizzas bringing together the best of flavors from the cricketing playing nations.
- The company added 30 new stores in Q4 FY19, taking the total store count to 1,227. Same store sales growth came in at an 6.0% on a base of 26.5% owing to new initiatives which was reflected in higher number of orders and increased frequency of ordering. Domino's Online sales grew faster and now contribute 75% of the total Delivery sales.
- The management believes that there is a strong traction in the sales growth due to surge in the demand driven by aggregators and eCommerce players due to promotional efforts and increased visibility from food aggregators.
- The company posted operating revenues of Rs.865 Crores, a growth of 10.9% YoY in the quarter ended March 2019. EBITDA came in at Rs.147.6 crores at 17.1% of revenue, a growth of 15.5% YoY. Profit after Tax was at Rs.73.9 crores at 8.5% of revenue and a showing a growth of 8.6% YoY. Also, healthy sales growth in Sri Lanka and Bangladesh are fuelling the profitability. The management believes that despite significantly increased competitive intensity, Q4 FY19 was yet another strong quarter delivered by their continued focus on the basics and innovation.

Risk

- Competition from other food chains and unorganised players
- Inability to meet prescribed food health and safety standards

Valuation

Urbanisation, more women in the workforce and a youthful population are the growth drivers for Jubilant. The company is continuously launching new products and sides to gain traction on sales. Busy lifestyles and higher discretionary expenditure and experimental nature of Indian consumers with increased exposure to the culture of their western counterparts will bore well for the company. We expect the stock to see a price target of Rs. 1575 in 8-10 months time frame on an expected PE of 53x and FY20E EPS of 29.64.



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