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Power Mech Projects

2QFY18 Result: Est. (↓), TP (↑), Rating (↔)

Regular Coverage

Absolute : LONG
Relative : Overweight
14% ATR in 16months

Strong order book, higher execution to fuel growth in FY19E - reiterate LONG

Industrials

Power Mech Projects' (PMPL) overall 2QFY18 performance was in line with EE, even as total debt rose to Rs 2.7bn on higher working capital requirements. Quarterly order inflows stood at Rs 4.5bn with inflows of Rs 2.9bn from the civil segment. Management is confident of achieving order inflows of ~Rs 16bn over the next 3-4 months under the non-power segment of the civil business. With that, the FY18E closing order book should touch ~Rs 50bn, providing strong revenue visibility for FY19E. We retain LONG with a Mar'19 TP of Rs 918 set at 12x TTM P/E (vs. a Sep'18 TP of Rs 675 at 10x TTM P/E earlier).

Healthy order book, higher O&M, civil, & international ETC revenues to offset lull in domestic ETC market: PMPL managed 8% yoy execution growth vs. 18% higher starting order book and a 14% decline in ETC revenues due to solid growth in the civil segment and steady O&M performance. Consolidated EBITDA margins came in at 13.1%, and we expect a rising share of O&M and international ETC to support margins in the coming quarters. Given a healthy order book of Rs 40bn+ and a strong order pipeline, we expect 9%/17% FY18E/FY19E revenue growth with EBITDA growth of 18%/22%.

Total debt rises on higher working capital requirements: Total consolidated debt for 2QFY18 stood at Rs 2.7bn (4QFY17: Rs 1.8bn) mainly due to higher working capital borrowings on account of GST transition. Uncertified revenue and retention money is expected to reduce from current levels with the closure of projects and the resolution of final bills. Currently, total retention money is at ~Rs 2.76bn, of which ~Rs 800mn is expected to come back in FY19E. Total debt should not rise from current levels, and cash flows of Rs 1bn are expected in FY19E.

Eyeing opportunities in non-power segment: Under its civil business, PMPL is on a lookout for business opportunities beyond the power sector. In the next 3-4 months, the company is likely to receive (a) a Rs 4bn order for the development of an industrial zone in Andhra Pradesh, (b) an Rs 8bn order for a building & development project and (c) rural electrification orders worth Rs 3bn from PGCIL and SEBs. This apart, the company is also looking at segments of railway electrification, roads EPC and opportunities in FGD business, oil & gas and steel sectors.

Attractive valuations, strong revenue visibility - maintain LONG: PMPL has smartly ramped up profitable lines of businesses in adverse times, which should enable an EPS CAGR of ~32% over FY17-FY20E. The stock trades attractively at FY18E/FY19E P/E of ~13x/~10x and our Mar'19 TP of Rs 918 implies a P/E of 12x on Mar'19 TTM EPS of ~Rs 76.5. We maintain our LONG rating on the stock.

	Revised Estimates		% Change in Estimates	
	FY18E	FY19E	FY18E	FY19E
Sales	14,636	17,104	-2.8%	-4.0%
EBITDA	1,958	2,390	1.0%	-7.7%
PAT	882	1,125	1.4%	-12.9%
EPS	59.9	76.5	1.4%	-12.9%

Consolidated Financials

Rs. Mn YE Mar	FY17A	FY18E	FY19E	FY20E
Sales	13,382	14,636	17,104	19,935
EBITDA	1,660	1,958	2,390	2,929
Depreciation	410	427	455	487
Interest Expense	329	338	340	336
Other Income	77	77	60	60
Reported PAT	650	884	1,125	1,473
Recurring PAT	646	882	1,125	1,473
Total Equity	6,207	7,067	8,164	9,600
Gross Debt	1,797	2,640	2,560	2,600
Cash	347	2,064	2,713	3,346
Rs Per Share	FY17A	FY18E	FY19E	FY20E
Earnings	43.9	59.9	76.5	100.1
Book Value	422	480	555	653
Dividends	1.0	1.1	1.5	1.9
FCFF	73.7	73.3	49.0	41.7
P/E (x)	17.6	12.9	10.1	7.7
P/B (x)	1.8	1.6	1.4	1.2
EV/EBITDA (x)	8.3	6.7	5.3	4.2
ROE (%)	11 %	13 %	15 %	17 %
Core ROIC (%)	9 %	12 %	14 %	13 %
EBITDA Margin (%)	12 %	13 %	14 %	15 %
Net Margin (%)	5 %	6 %	7 %	7 %

Rating Information	
Price (Rs)	773
Target Price (Rs)	918
Target Date	31st Mar'19
Target Set On	22nd Nov'17
Implied yrs of growth (DCF)	10
Fair Value (DCF)	905
Fair Value (DDM)	24
Ind Benchmark	-
Model Portfolio Position	NA

Stock Information	
Market Cap (Rs Mn)	11,365
Free Float (%)	34.96 %
52 Wk H/L (Rs)	813.8/389.15
Avg Daily Volume (1yr)	26,853
Avg Daily Value (Rs Mn)	14
Equity Cap (Rs Mn)	147
Face Value (Rs)	10
Bloomberg Code	POWM IN

Ownership	Recent	3M	12M
Promoters	65.0 %	0.0 %	0.0 %
DII	12.6 %	-0.3 %	-5.0 %
FII	7.5 %	0.5 %	3.7 %
Public	14.9 %	-0.2 %	1.4 %

Price %	1M	3M	12M
Absolute	37.6 %	45.7 %	76.4 %
Vs Industry	35.3 %	42.1 %	56.9 %
SUNILHITEC	6.3 %	24.3 %	62.3 %
TECHNO	12.3 %	11.1 %	32.7 %

Consolidated Quarterly EPS forecast

Rs/Share	1Q	2Q	3Q	4Q
EPS (17A)	11.5	10.7	10.1	10.9
EPS (18E)	14.6	13.1	13.4	17.2

Earnings call takeaways**Strong 2Q closing order book of ~Rs 42bn with ~17% from international market**

- Consolidated revenues for 2QFY18 stood at Rs 3.45bn (+6% yoy), consolidated EBITDA at Rs 451mn (+10% yoy) and PAT at Rs 192mn (+22% yoy).
- Revenues from ETC/civil/O&M segments were at Rs 1.46bn/Rs 766mn/Rs 1.22bn.
- Order inflows for 2QFY18 were at Rs 4.45bn which led to a strong 2QFY18 closing order book of Rs 41.62bn. Of the total order book, international orders were at Rs 7bn (~17% of total), ETC order book at Rs 21.4bn, civil order book at Rs 11.4bn and O&M order book at Rs 8.8bn.
- The domestic ETC business remained grim while international ETC business is picking up with projects coming up in Nigeria and Bahrain. The company is consistently tracking opportunities in the domestic ETC space.

Total debt rises on higher working capital borrowings

- Total consolidated debt increased to Rs 2.68bn from ~Rs 1.80bn in 4QFY17 mainly due to higher working capital borrowings which increased on GST transition. GST impacted the company's civil business which also involves the supply of materials. PMPL expects things to settle down in the next 3-4 months and believes debt levels would not rise from here on. Nevertheless, management stated GST would be beneficial as, unlike in the past, the company would now get input tax credit for a few materials.
- Cash flow from operations would be slightly negative in FY18E but would cross the Rs 1bn mark in FY19E.
- As of now, total retention money is at Rs 2.76bn, and Rs 100mn-150mn should come back into the business in 2HFY18E and Rs 800-900mn in FY19E.

Higher execution, strong civil business order inflows likely in 2HFY18E

- PMPL is confident of achieving higher execution of ~18% in 2HFY18E supported by a stronger order book.
- The company will target non-power businesses also under its civil business.
- Order inflows for 1HFY18E were at Rs 11.58bn and orders worth Rs 16bn-17bn are in the pipeline; the company is confident of achieving Rs 50bn of closing order book by FY18E.
- Order inflow details: (i) PMPL is L1 in a project worth Rs 4bn for development of an industrial zone in Andhra Pradesh. (ii) The company has been shortlisted for building & development of the Rs 8bn SarvaSiksha Abhiyan project, and is in advanced stages of receiving it. (iii) On the T&D side, PMPL expects Rs 3bn of rural electrification orders to come up in 2HFY18E from PGCIL and SEBs.
- PMPL is targeting railway electrification and road EPC projects and is confident of achieving orders at that front too. It is also looking at mechanical jobs of IOCL's pipeline and steel plant modernization.
- On the FJD business side, 122GW of projects have been identified for FGD; of these, tenders have been called for 27 NTPC projects with an installed base of ~21GW in two lots. FGD opportunities from each unit would be in the range of Rs 500mn-Rs 700mn. The company will target a couple of FGD projects this year and is in discussion with one Spanish company for partnership.



Quarterly performance, consolidated

Rs Mn	2QFY18	2QFY18E	1QFY18	2QFY17	% Change			Comments
					2QFY18E	1QFY18	2QFY17	
Net Sales	3,452	3,490	3,584	3,247	-1%	-4%	6%	In line with EE
Raw Materials Consumed	384	332	319	403	16%	20%	-5%	
Contract Execution Expenses	1,814	2,059	2,130	1,773	-12%	-15%	2%	
Employee Costs	708	580	587	594	22%	21%	19%	Higher than expected
Other Expenditure	94	70	88	68	35%	7%	39%	
Total Expenditures	3,001	3,040	3,124	2,838	-1%	-4%	6%	
EBITDA	451	449	460	409	0%	-2%	10%	
Depreciation	109	106	102	102	3%	6%	6%	
EBIT	342	344	443	307	0%	-23%	11%	
Interest	87	65	76	76	33%	14%	14%	Higher due to increase in debt
Other Income	19	15	28	15	30%	-31%	29%	
PBT	275	293	309	246	-6%	-11%	12%	
Tax	82	102	95	89	-20%	-14%	-8%	
PAT before MI & Associates	193	191	215	157	1%	-10%	23%	
Profit from Assoc.	0	0	0	0	NA	NA	NA	
Recurring PAT	192	191	215	158	1%	-10%	22%	
Extraordinaries	-1	0	-1	0	NA	-1%	NA	
Reported PAT	193	191	216	158	1%	-10%	23%	
EPS (Rs)	13.1	13.0	14.6	10.7	1%	-10%	22%	
EBITDA Margin	13.1%	12.9%	12.8%	12.6%	19 bps	23 bps	46 bps	
EBIT Margin	9.9%	9.8%	12.4%	9.5%	6 bps	-247 bps	45 bps	
PBT Margin	8.0%	8.4%	8.6%	7.6%	-45 bps	-68 bps	38 bps	
PAT Margin	5.6%	5.5%	6.0%	4.9%	13 bps	-42 bps	75 bps	
Tax Rate	30%	35%	31%	36%	-517 bps	-81 bps	-629 bps	

Company Snapshot

How we differ from Consensus

		Equirus	Consensus	% Diff	Comment
EPS	FY18E	59.9	53.5	12 %	We expect revenues and margins to improve in FY18E/FY19E; however consensus seems to be aggressive on the sales front
	FY19E	76.5	68.3	12 %	
Sales	FY18E	14,636	15,172	-4 %	
	FY19E	17,104	17,535	-2 %	
PAT	FY18E	884	832	6 %	
	FY19E	1,125	1,089	3 %	

Our Key Investment arguments: Robust order inflows to boost order book and drive execution visibility in FY18E/FY19E.

Key Drivers	Unit	FY17A	FY18E	FY19E	FY20E
ETC Order Book	Rs mn	16,750	22,011	23,399	25,045
Civil Order Book	Rs mn	10,270	17,305	25,992	34,631
O&M Order Book	Rs mn	10,030	9,002	9,712	11,034
ECC revenues	Rs mn	6,321	5,876	6,040	6,523
Civil revenues	Rs mn	2,108	3,617	5,071	6,221
O&M revenues	Rs mn	4,822	5,096	5,993	7,191
EBITDA Margins	%	12.4%	13.4%	14.0%	14.7%

Risk to Our View

Lower order inflows and order book, a deterioration in the working capital position, labour unavailability and regulatory risks.

Key Upside Triggers

Further breakthrough in O&M, IO and civil segments; capex cycle recovery.

Comparable valuation		Mkt Cap Rs. Mn.	Price Target	Target Date	EPS			P/E			BPS			P/B			RoE			Div Yield	
Company	Reco.				CMP	FY17A	FY18E	FY19E	FY17A	FY18E	FY19E	FY17A	FY18E	FY19E	FY17A	FY18E	FY19E	FY17A	FY18E	FY19E	FY17A
Power Mech Projects	LONG	773	11,365	918	31st Mar'19	43.9	59.9	76.5	17.6	12.9	10.1	422.0	1.6	11 %	13 %	15 %	0.1 %	0.1 %			
SUNILHITEC	NA	14	5,405	NA	NA	1.0	-	-	11.1	-	-	13.7	-	8 %	-	-	0.7 %	0.7 %			
TECHNO	NA	396	45,268	NA	NR	16.9	20.0	23.3	23.5	19.8	17.0	97.0	4.4	19 %	13 %	19 %	-	-			

Sensitivity to Key Variables	% Change	% Impact on EPS
Sales	%10/-10%	30%/-30%
EBITDA	%10/-10%	14%/-14%
-	-	-

DCF Valuations & Assumptions

Rf	Beta	Ke	Term. Growth	Debt/IC in Term. Yr
6.7 %	0.8	11.5 %	3.0 %	26.5 %

	FY18E	FY19E	FY20-22E	FY23-27E	FY28-37E
Sales Growth	9 %	17 %	7 %	8 %	8 %
NOPAT Margin	7 %	8 %	7 %	6 %	5 %
IC Turnover	1.63	1.77	1.91	2.75	4.80
RoIC	11.8 %	14.1 %	14.0 %	17.0 %	24.2 %

Years of strong growth	1	2	5	10	20
Valuation as on date (Rs)	514	624	711	825	974
Valuation as of Mar'19	564	685	780	905	1,070

Based on DCF, assuming 10 years of 15% CAGR growth and 19% average ROIC, we derive our current fair value of Rs 825 and a Mar'19 fair value of Rs 905.

Company Description:

Power Mech Projects (PMPL), established in 1999, provides power infrastructure services like erection, testing and commissioning of boilers, turbines and generators (ETC-BTG) and balance of plant (BOP) works, civil works and operation and maintenance (O&M) services. The main business segments of PMPL include: (i) Erection Works (ETC); (ii) Civil Works; (iii) Operation & Maintenance Services (O&M). ETC, O&M and Civil works constituted 55%, 27% and 15% respectively of FY16A revenues.

Consolidated Quarterly Earnings Forecast and Key Drivers

Rs in Mn	1Q17A	2Q17A	3Q17A	4Q17A	1Q18A	2Q18A	3Q18E	4Q18E	1Q19E	2Q19E	3Q19E	4Q19E	FY17A	FY18E	FY19E	FY20E
Revenue	3,257	3,247	3,048	3,439	3,584	3,452	3,530	4,047	3,998	4,089	4,328	4,689	13,382	14,636	17,104	19,935
Cost of Fuel	249	403	247	310	319	384	335	384	400	368	433	469	1,216	1,423	1,670	1,994
Power Purchase Cost	1,995	1,773	1,808	2,092	2,130	1,814	1,977	2,347	2,279	2,310	2,467	2,708	7,928	8,268	9,764	11,490
O&M Expense	530	594	536	568	587	708	676	682	704	779	743	750	2,266	2,653	2,977	3,164
EBITDA	420	409	390	385	460	451	471	552	544	562	607	678	1,660	1,958	2,390	2,929
Depreciation	106	102	96	93	102	109	107	109	111	113	115	117	410	427	455	487
EBIT	314	307	293	292	357	342	364	443	433	449	492	561	1,249	1,531	1,935	2,442
Interest	87	76	81	74	76	87	90	86	85	84	87	83	329	338	340	336
Other Income	28	15	16	32	28	19	15	15	15	15	15	15	77	77	60	60
PBT	255	246	228	250	309	275	289	373	363	380	420	493	997	1,270	1,655	2,166
Tax	89	89	79	90	95	82	93	119	116	121	134	158	357	388	530	693
PAT bef. MI & Assoc.	166	157	148	160	215	193	197	253	247	258	285	335	641	882	1,125	1,473
Minority Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit from Assoc.	3	0	0	0	0	0	0	0	0	0	0	0	6	0	0	0
Recurring PAT	169	158	148	160	215	192	197	253	247	258	285	335	646	882	1,125	1,473
Extraordinaries	0	0	0	-4	-1	-1	0	0	0	0	0	0	-4	-2	0	0
Reported PAT	169	158	148	164	216	193	197	253	247	258	285	335	650	884	1,125	1,473
EPS (Rs)	11.47	10.72	10.08	10.88	14.60	13.08	13.37	17.23	16.77	17.55	19.40	22.78	43.92	59.95	76.50	100.13
Key Drivers																
ETC Revenues	1,740	1,694	1,417	1,290	1,442	1,457	1,481	1,496	1,413	1,501	1,555	1,571	6,321	5,876	6,040	6,523
Civil Works Revenues	351	411	491	795	912	766	786	1,153	1,186	1,187	1,257	1,441	2,108	3,617	5,071	6,221
O&M Revenues	1,113	1,087	1,128	1,357	1,217	1,218	1,263	1,397	1,400	1,401	1,516	1,677	4,822	5,096	5,993	7,191
EBITDA Margins (%)	13.3%	12.9%	12.8%	11.2%	13.4%	13.1%	13.4%	13.6%	13.6%	13.7%	14.0%	14.5%	12.4%	13.4%	14.0%	14.7%
-																
Sequential Growth (%)																
Revenue	-16 %	0 %	-6 %	13 %	4 %	-4 %	2 %	15 %	-1 %	2 %	6 %	8 %	-	-	-	-
Raw Materials Consumed	-46 %	62 %	-39 %	26 %	3 %	20 %	-13 %	15 %	4 %	-8 %	18 %	8 %	-	-	-	-
EBITDA	-14 %	-2 %	-5 %	-1 %	19 %	-2 %	5 %	17 %	-2 %	3 %	8 %	12 %	-	-	-	-
EBIT	-17 %	-2 %	-4 %	0 %	22 %	-4 %	6 %	22 %	-2 %	4 %	10 %	14 %	-	-	-	-
Recurring PAT	-15 %	-7 %	-6 %	8 %	34 %	-10 %	2 %	29 %	-3 %	5 %	11 %	17 %	-	-	-	-
EPS	-15 %	-7 %	-6 %	8 %	34 %	-10 %	2 %	29 %	-3 %	5 %	11 %	17 %	-	-	-	-
Yearly Growth (%)																
Revenue	8 %	2 %	-14 %	-11 %	10 %	6 %	16 %	18 %	12 %	18 %	23 %	16 %	-3 %	9 %	17 %	17 %
EBITDA	5 %	-5 %	-19 %	-21 %	10 %	10 %	21 %	43 %	18 %	25 %	29 %	23 %	-9 %	18 %	22 %	23 %
EBIT	2 %	-10 %	-24 %	-23 %	14 %	11 %	24 %	52 %	21 %	31 %	35 %	26 %	-13 %	23 %	26 %	26 %
Recurring PAT	6 %	-13 %	-27 %	-19 %	27 %	22 %	33 %	58 %	15 %	34 %	45 %	32 %	-14 %	37 %	28 %	31 %
EPS	6 %	-13 %	-27 %	-19 %	27 %	22 %	33 %	58 %	15 %	34 %	45 %	32 %	-14 %	37 %	28 %	31 %
Margin (%)																
EBITDA	13 %	13 %	13 %	11 %	13 %	13 %	13 %	14 %	14 %	14 %	14 %	14 %	12 %	13 %	14 %	15 %
EBIT	10 %	9 %	10 %	8 %	10 %	10 %	10 %	11 %	11 %	11 %	11 %	12 %	9 %	10 %	11 %	12 %
PBT	8 %	8 %	7 %	7 %	9 %	8 %	8 %	9 %	9 %	9 %	10 %	11 %	7 %	9 %	10 %	11 %
PAT	5 %	5 %	5 %	5 %	6 %	6 %	6 %	6 %	6 %	6 %	7 %	7 %	5 %	6 %	7 %	7 %



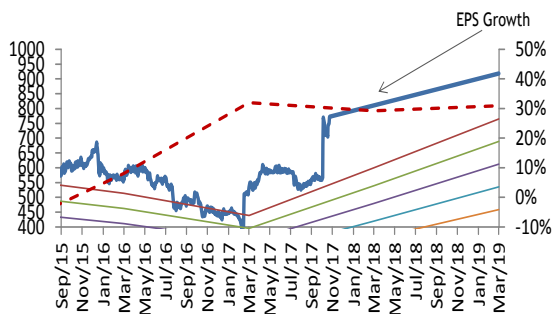
Consolidated Financials

P&L (Rs Mn)	FY17A	FY18E	FY19E	FY20E
Revenue	13,382	14,636	17,104	19,935
Op. Expenditure	11,722	12,678	14,714	17,006
EBITDA	1,660	1,958	2,390	2,929
Depreciation	410	427	455	487
EBIT	1,249	1,531	1,935	2,442
Interest Expense	329	338	340	336
Other Income	77	77	60	60
PBT	997	1,270	1,655	2,166
Tax	357	388	530	693
PAT bef. MI & Assoc.	641	882	1,125	1,473
Minority Interest	0	0	0	0
Profit from Assoc.	6	0	0	0
Recurring PAT	646	882	1,125	1,473
Extraordinaires	-4	-2	0	0
Reported PAT	650	884	1,125	1,473
FDEPS (Rs)	43.9	59.9	76.5	100.1
DPS (Rs)	1.0	1.1	1.5	1.9
CEPS (Rs)	77.4	89.0	107.4	133.2
FCFPS (Rs)	73.7	73.3	49.0	41.7
BVPS (Rs)	422.0	480.4	555.0	652.6
EBITDAM (%)	12 %	13 %	14 %	15 %
PATM (%)	5 %	6 %	7 %	7 %
Tax Rate (%)	36 %	31 %	32 %	32 %
Sales Growth (%)	-3 %	9 %	17 %	17 %
FDEPS Growth (%)	-14 %	37 %	28 %	31 %

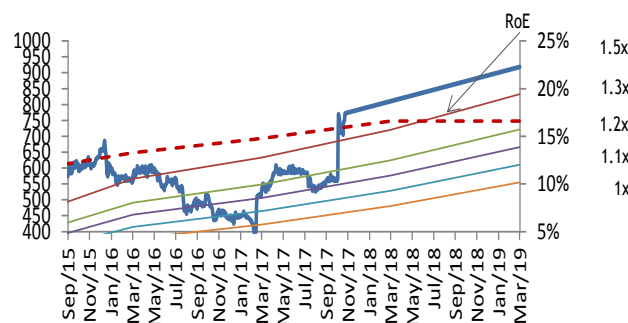
Balance Sheet (Rs Mn)	FY17A	FY18E	FY19E	FY20E
Equity Capital	147	147	147	147
Reserve	6,060	6,920	8,017	9,453
Networth	6,207	7,067	8,164	9,600
Long Term Debt	1,797	2,640	2,560	2,600
Def Tax Liability	971	1,220	1,487	1,733
Minority Interest	21	0	0	0
Account Payables	1,643	2,575	3,132	3,694
Other Curr Liabi	2,988	1,830	2,012	2,345
Total Liabilities & Equity	13,627	15,332	17,356	19,973
Net Fixed Assets	2,065	1,528	1,393	1,226
Capital WIP	119	0	0	0
Others	2,290	1,830	1,900	2,215
Inventory	490	321	375	437
Account Receivables	2,948	2,727	3,046	3,550
Other Current Assets	5,370	6,603	7,670	8,939
Cash	347	2,324	2,972	3,606
Total Assets	13,630	15,332	17,356	19,973
Non-cash Working Capital	4,178	5,246	5,946	6,886
Cash Conv Cycle	114.0	130.8	126.9	126.1
WC Turnover	3.2	2.8	2.9	2.9
FA Turnover	6.1	9.6	12.3	16.3
Net D/E	0.2	0.0	-0.1	-0.1
Revenue/Capital Employed	2.2	1.9	1.9	2.0
Capital Employed/Equity	2.0	1.7	1.5	1.5

Cash Flow (Rs Mn)	FY17A	FY18E	FY19E	FY20E
PBT	997	1,270	1,655	2,166
Depreciation	410	427	455	487
Others	281	2	0	0
Taxes Paid	400	388	530	693
Change in WC	-98	-1,067	-700	-941
Operating C/F	1,191	244	880	1,019
Capex	-394	689	-391	-635
Change in Invest	0	0	0	0
Others	-2	-90	0	0
Investing C/F	-397	600	-391	-635
Change in Debt	-398	842	-80	40
Change in Equity	0	-2	0	0
Others	-334	221	235	204
Financing C/F	-732	1,062	155	244
Net change in cash	62	1,905	644	629
RoE (%)	11 %	13 %	15 %	17 %
RoIC (%)	10 %	11 %	12 %	13 %
Core RoIC (%)	9 %	12 %	14 %	13 %
Div Payout (%)	3 %	2 %	3 %	3 %
P/E	17.6	12.9	10.1	7.7
P/B	1.8	1.6	1.4	1.2
P/FCFF	10.5	10.5	15.8	18.5
EV/EBITDA	8.3	6.7	5.3	4.2
EV/Sales	1.0	0.9	0.7	0.6
Dividend Yield (%)	0.1 %	0.1 %	0.2 %	0.2 %

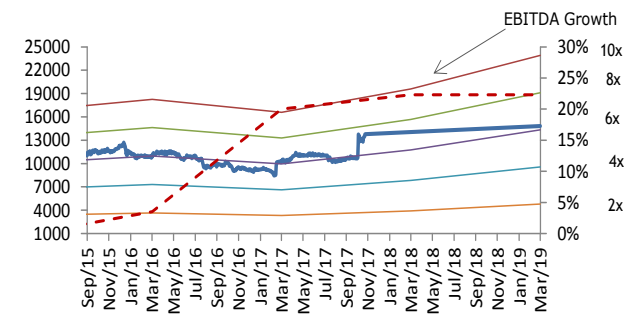
TTM P/E vs. 2 yr forward EPS growth



TTM P/B vs. 2 yr forward RoE



TTM EV/EBITDA vs. 2 yr forward EBITDA growth



Historical Consolidated Financials

P&L (Rs Mn)	FY14A	FY15A	FY16A	FY17A	Balance Sheet (Rs Mn)	FY14A	FY15A	FY16A	FY17A	Cash Flow (Rs Mn)	FY14A	FY15A	FY16A	FY17A
Revenue	12,003	13,662	13,838	13,382	Equity Capital	109	126	147	147	PBT	1,067	1,066	1,163	997
Op. Expenditure	10,449	11,992	12,011	11,722	Reserve	2,627	3,421	5,404	6,060	Depreciation	328	368	390	410
EBITDA	1,554	1,670	1,827	1,660	Networth	2,736	3,547	5,551	6,207	Others	200	240	274	281
Depreciation	328	368	390	410	Long Term Debt	1,812	2,576	2,132	1,797	Taxes Paid	332	377	362	400
EBIT	1,225	1,302	1,437	1,249	Def Tax Liability	1,014	690	952	971	Change in WC	-996	-1,258	-1,634	-98
Interest Expense	266	294	329	329	Minority Interest	2	2	4	21	Operating C/F	268	39	-170	1,191
Other Income	108	58	55	77	Account Payables	1,876	2,221	1,919	1,643	Capex	-367	-521	-584	-394
PBT	1,067	1,066	1,163	997	Other Curr Liabi	2,120	1,442	2,496	2,988	Change in Invest	-8	-1	0	0
Tax	385	350	405	357	Total Liabilities & Equity	9,560	10,479	13,053	13,627	Others	-42	70	-45	-2
PAT bef. MI & Assoc.	682	716	757	641	Net Fixed Assets	1,781	1,832	1,978	2,065	Investing C/F	-416	-452	-629	-397
Minority Interest	1	2	2	0	Capital WIP	68	163	189	119	Change in Debt	402	613	-209	-398
Profit from Assoc.	0	0	0	6	Others	1,689	1,574	2,081	2,290	Change in Equity	0	113	1,266	0
Recurring PAT	681	714	755	646	Inventory	243	321	313	490	Others	-239	-306	-350	-334
Extraordinaires	0	0	-4	-4	Account Receivables	1,492	1,954	2,722	2,948	Financing C/F	163	419	708	-732
Reported PAT	681	714	759	650	Other Current Assets	3,599	3,958	5,340	5,370	Net change in cash	14	6	-91	62
EPS (Rs)	62.2	56.8	51.4	43.9	Cash	688	678	432	347	RoE (%)	28 %	23 %	17 %	11 %
DPS (Rs)	1.5	1.0	1.0	1.0	Total Assets	9,560	10,479	13,054	13,630	RoIC (%)	17 %	15 %	13 %	10 %
CEPS (Rs)	92.7	88.9	83.9	77.4	Non-cash Working Capital	1,338	2,569	3,960	4,178	Core RoIC (%)	17 %	15 %	12 %	9 %
FCFPS (Rs)	2.0	-17.8	-42.8	73.7	Cash Conv Cycle	40.7	68.6	104.5	114.0	Div Payout (%)	3 %	2 %	2 %	3 %
BVPS (Rs)	250.1	281.9	377.3	422.0	WC Turnover	9.0	5.3	3.5	3.2	P/E	12.4	13.6	15.0	0.0
EBITDAM (%)	13 %	12 %	13 %	12 %	FA Turnover	6.5	6.8	6.4	6.1	P/B	3.1	2.7	2.0	0.0
PATM (%)	6 %	5 %	5 %	5 %	Net D/E	0.4	0.5	0.3	0.2	P/FCFF	390.7	-43.5	-18.0	10.5
Tax Rate (%)	36 %	33 %	35 %	36 %	Revenue/Capital Employed	2.9	2.7	2.2	1.7	EV/EBITDA	9.3	8.8	8.2	0.0
Sales growth (%)	28 %	14 %	1 %	-3 %	Capital Employed/Equity	2.3	2.1	2.0	1.7	EV/Sales	1.2	1.1	1.1	0.0
FDEPS growth (%)	31 %	-9 %	-10 %	-14 %						Dividend Yield (%)	0.0 %	0.2 %	0.1 %	0.1 %



Equirus Securities

Research Analysts	Sector/Industry	Email	Equity Sales	E-mail
Abhishek Shindadkar	IT Services	abhishek.shindadkar@equirus.com	91-22-43320643	VishadTurakhia vishad.turakhia@equirus.com 91-22-43320633
Ashutosh Tiwari	Auto, Metals & Mining	ashutosh@equirus.com	91-79-61909517	Subham Sinha subham.sinha@equirus.com 91-22-43320631
Depesh Kashyap	Mid-Caps	depesh.kashyap@equirus.com	91-79-61909528	Sweta Sheth sweta.sheth@equirus.com 91-22-43320634
Devam Modi	Power & Infrastructure	devam@equirus.com	91-79-61909516	Viral Desai viral.desai@equirus.com 91-22-43320635
Dhaval Dama	FMCG, Mid-Caps	dhaval.dama@equirus.com	91-79-61909518	Dealing Room E-mail
Manoj Gori	Consumer Durables	manoj.gori@equirus.com	91-79-61909523	Ashish Shah ashishshah@equirus.com 91-22-43320662
Maulik Patel	Oil and Gas	maulik@equirus.com	91-79-61909519	lleshSavla ilesh.savla@equirus.com 91-22-43320666
Praful Bohra	Pharmaceuticals	praful.bohra@equirus.com	91-79-61909532	Manoj Kejriwal manoj.kejriwal@equirus.com 91-22-43320663
Rohan Mandora	Banking & Financial Services	rohan.mandora@equirus.com	91-79-61909529	Dharmesh Mehta dharmesh.mehta@equirus.com 91-22-43320661
Associates		E-mail		Sandip Amrutiya sandipamrutiya@equirus.com 91-22-43320660
Ankit Choudhary		ankit.choudhary@equirus.com	91-79-61909533	Compliance Officer E-mail
Bharat Celly		bharat.celly@equirus.com	91-79-61909524	Jay Soni jay.soni@equirus.com 91-79-61909561
Harshit Patel		harshit.patel@equirus.com	91-79-61909522	Corporate Communications E-mail
Meet Chande		meet.chande@equirus.com	91-79-61909513	MahdokhtBharda mahdokht.bharda@equirus.com 91-22-43320647
Parva Soni		parva.soni@equirus.com	91-79-61909521	
Pranav Mehta		pranav.mehta@equirus.com	91-79-61909514	
Ronak Soni		Ronak.soni@equirus.com	91-79-61909525	
Samkit Shah		samkit.shah@equirus.com	91-79-61909520	
Shreepal Doshi		shreepal.doshi@equirus.com	91-79-61909541	
Varun Baxi		varun.baxi@equirus.com	91-79-61909527	
Vikas Jain		vikas.jain@equirus.com	91-79-61909531	

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- ADD: ATR >= 5% but less than Ke over investment horizon
- REDUCE: ATR >= negative 10% but <5% over investment horizon
- SHORT: ATR < negative 10% over investment horizon

Relative Rating

- OVERWEIGHT: Likely to outperform the benchmark by at least 5% over investment horizon
- BENCHMARK: likely to perform in line with the benchmark
- UNDERWEIGHT: likely to under-perform the benchmark by at least 5% over investment horizon

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Investment Horizon is set at a minimum 3 months to maximum 18 months with target date falling on last day of a calendar quarter.

Lite vs. Regular Coverage vs. Spot Coverage

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Registered Office:

Equirus Securities Private Limited
Unit No. 1201, 12th Floor, C Wing, Marathon Futurex,
N M Joshi Marg, Lower Parel,
Mumbai-400013.
Tel. No: +91 - (0)22 - 4332 0600
Fax No: +91- (0)22 - 4332 0601

Corporate Office:

3rd floor, House No. 9.
Magnet Corporate Park. Near Zvdus Hospital, B/H Intas Sola Bridge,
S.G. Highway Ahmedabad-380054
Gujarat
Tel. No: +91 (0)79 - 6190 9550
Fax No: +91 (0)79 - 6190 9560

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