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Power Mech Projects

1QFY19 Result: Est. (↑), TP (↑), Rating (↔)

Regular Coverage

Absolute : LONG
Relative : Overweight
50% ATR in 11 months

Execution to remain healthy in FY19E/FY20E – maintain LONG

Industrials

Power Mech Projects (PMPL) reported strong 1QFY19 revenues of Rs 4.62bn (+28% yoy) with EBITDAM/PATM at ~13.2%/~6.6%. Order inflows for 1QFY19 (till 13th Aug) were healthy at Rs 26.2bn, leading to a strong closing order book of Rs 64bn. The share of non-power segment in revenues is increasing gradually and should reach 30% by FY19E. Management is confident of achieving FY19E execution growth of ~30%, with EBITDAM at +13% levels and a closing order book of Rs 60bn providing healthy execution visibility for FY20E. Given strong execution in FY19E/FY20E, we retain LONG with a Jun'19 TP of Rs 1,340 (Mar'19 TP: Rs 1,319) set at 14x TTM P/E.

Healthy order book, higher civil & international revenues to fuel growth: PMPL delivered 28% yoy execution growth in 1QFY19 with a 26%/52%/17% yoy increase in ETC/civil/O&M segment revenues. Consolidated EBITDA margins stood at 13.2%. We expect a rising share of O&M and international ETC revenues to support margins in the coming quarters. Given a healthy order book of ~Rs 64bn+ and a strong order pipeline, we expect 31%/20% FY19E/FY20E revenue growth with EBITDAM at 13.2%/13.3%.

Working capital to gradually improve in FY19E/FY20E: Uncertified revenue and retention money is expected to reduce from current levels with the closure of projects and resolution of final bills. Currently, total retention money is at ~Rs 2.50bn, of which ~Rs 800mn (from BHEL) is expected to come back in FY19E. With a rise in share of civil and international businesses, we expect working capital days to improve gradually from 128 in FY18 to 119 in FY21E (Exhibit 1). Total consolidated debt for 1QFY19 stood at Rs 3.1bn (4QFY18: Rs 2.8bn) mainly due to an increase in order inflows and renewal/processing fees. The company is confident of utilizing internal accruals for new projects and total debt should not rise from current levels.

Strong order inflows in FY19E amid various non-power business opportunities: Major projects to be executed in FY19E are AMTZ, the Rs 3.57bn Visakhapatnam project, the Rs 3.7bn irrigation project in Telangana and the Rs 4.90bn Dangote Project in Nigeria. PMPL has recently bagged two civil work orders of Rs 13.9bn from the government of Andhra Pradesh under *SarvaSiksha Abhiyan*, to be completed in the next 24 months. Under its ETC, civil and O&M business, PMPL is on a lookout for opportunities beyond the power sector, mainly from oil & gas, steel, pipeline, renewables, and roads.

Attractive valuations, strong revenue visibility – maintain LONG: PMPL has smartly ramped up its profitable lines of businesses in adverse times, which should enable an EPS CAGR of ~33% over FY18-FY21E. The stock trades attractively at FY19E/FY20E P/E of ~10x/~8x. Maintain LONG. **Key risks:** Deterioration in WC and EBITDAM contraction.

Rs mn	Revised Estimates		% Change in Estimates	
	FY19E	FY20E	FY19E	FY20E
Sales	20,235	24,301	0.9%	3.9%
EBITDA	2,660	3,236	-1.1%	1.2%
PAT	1,331	1,711	1.5%	4.9%
EPS	90.5	116.3	1.5%	4.9%

Consolidated Financials

Rs. Mn YE Mar	FY18A	FY19E	FY20E	FY21E
Sales	15,478	20,235	24,301	29,083
EBITDA	2,023	2,673	3,236	3,966
Depreciation	428	477	511	573
Interest Expense	359	456	433	423
Other Income	67	73	60	60
Reported PAT	908	1,320	1,705	2,121
Recurring PAT	908	1,320	1,705	2,121
Total Equity	6,985	8,272	9,934	12,001
Gross Debt	2,739	3,149	3,229	3,249
Cash	948	782	1,238	1,969
Rs. Mn YE Mar	FY18A	FY19E	FY20E	FY21E
Earnings	61.7	89.7	115.9	144.2
Book Value	475	562	675	816
Dividends	1.0	1.8	2.3	2.9
FCFF	5.9	12.1	34.5	44.7
P/E (x)	15.1	10.4	8.1	6.5
P/B (x)	2.0	1.7	1.4	1.1
EV/EBITDA (x)	8.1	6.4	5.2	4.2
ROE (%)	14%	17%	19%	19%
Core ROIC (%)	12%	15%	13%	14%
EBITDA Margin (%)	13%	13%	13%	14%
Net Margin (%)	6%	7%	7%	7%

Rating Information	
Price (Rs)	934
Target Price (Rs)	1,340
Target Date	30th Jun'19
Target Set On	14th Aug'18
Implied yrs of growth (DCF)	10
Fair Value (DCF)	1,192
Fair Value (DDM)	36
Ind Benchmark	-
Model Portfolio Position	NA

Stock Information	
Market Cap (Rs Mn)	13,740
Free Float (%)	36.83%
52 Wk H/L (Rs)	1084/446.1
Avg Daily Volume (1yr)	30,974
Avg Daily Value (Rs Mn)	25
Equity Cap (Rs Mn)	147
Face Value (Rs)	10
Bloomberg Code	POWM IN

Ownership	Recent	3M	12M
Promoters	63.2%	-0.7%	-1.9%
DII	14.0%	0.5%	1.1%
FII	3.8%	-3.2%	-3.2%
Public	19.1%	3.4%	4.0%

Price %	1M	3M	12M
Absolute	-0.5%	-6.7%	64.1%
Vs Industry	-3.4%	1.7%	77.3%
SUNILHITEC	6.3%	-30.9%	-70.5%
TECHNO	0.4%	-18.2%	-29.3%

Consolidated Quarterly EPS forecast

Rs/Share	1Q	2Q	3Q	4Q
EPS (18A)	16.3	13.1	13.8	20.4
EPS (19E)	20.8	20.3	21.7	27.0

Earnings call takeaways

Consolidated performance aided by higher growth in ETC, civil revenues

- Standalone revenues for 1QFY19 stood at Rs 3.31bn (+3% yoy), standalone EBITDA at Rs 432mn (+12% yoy) and PAT at Rs 172mn (+10% yoy). Consolidated revenues for 1QFY19 were at Rs 4.62bn (+28% yoy), consolidated EBITDA at Rs 608mn (+25% yoy) and PAT at Rs 306mn (+28% yoy).
- Revenues from ETC/civil/O&M segments were at Rs 1.81bn (+26% yoy)/Rs 1.38bn (+52% yoy)/Rs 1.41bn (+17% yoy). The growth in ETC was mainly led by international business while civil segment revenues were mainly driven by execution of the AMTZ order.
- Order inflows for 1QFY19/2QFY19E (up to 13th Aug) were healthy at Rs 26bn, which led to a strong 1QFY19E closing order book of Rs 49.54bn (at Rs 64.31bn up to 13 Aug). Of the total order book, ETC order book stood at Rs 24.2bn, civil order book at Rs 30.3bn and O&M order book at Rs 9.9bn.
- Recently, PMPL has won two orders of civil works worth Rs 13.9bn from the Government of Andhra Pradesh under *SarvaSiksha Abhiyan* on Hybrid Annuity Mode (HAM). For one order of Rs 5.13bn, the company has identified the subcontractor; PMPL is executing the second order of Rs 8.73bn itself. The company will be floating separate SPV for order. These orders will be completed in 24 months and work would be started in the next few months.
- Payment terms of HAM projects are as follows: 10% of payment will be given as advance (at interest of ~6.5%) and 30% will be received in 24 months. Rest 60% will come in 10 installments over 5 years (interest rate on differed payments at ~10%).
- PMPL is in the process of de-risking its business by diversifying into related non-power sectors like railways, roads, transmission, and industrials. The share of non-power segment revenues in FY18 was ~9% and should increase to ~30% in FY19E and ~40% in FY20E.
- On the ETC business front, PMPL is looking to enter oil & gas and other industrial sectors. For O&M, it aims for orders from oil & gas, steel, solar and international markets.

Total debt rises to Rs 3.1bn in 1QFY19

- Retention money stood at ~Rs 2,500mn in 1QFY19, of which retention money from BHEL is at ~Rs 1.5bn. PMPL is confident of booking retention money of Rs 800mn in FY19E from BHEL.

- Total debt levels increased to ~Rs 3.10bn in 1QFY19 mainly due to an increase in order inflows and renewal/processing fees.
- Blended tax rate has come down to ~28% due to an increase in international revenues and is expected to remain at the same level for next two years.

Strong execution guidance of 30-35% for FY19E with EBITDAM at 13-13.5%

- Execution of the Rs 3.74bn civil irrigation project from the Telangana state government has started and would be completed in the next 8/10 months. Execution of the Rs 4.90bn Dangote Project in Nigeria will start from Sep'18 and be executed in the next ~2 years.
- Management is confident of booking operating cash flows of Rs 1bn in FY19E.
- PMPL is targeting revenue growth of 30-35% in FY19E driven by higher execution with EBITDAM at 13-13.5%. It is eyeing FY19E closing order book of Rs 60bn-61bn and FY20E execution growth of 20-25%.

Quarterly performance, consolidated

Rs Mn	1QFY19	1QFY19E	4QFY18	1QFY18	% Change			Comments
					1QFY19E	4QFY18	1QFY18	
Net Sales	4,619	4,501	4,896	3,608	3%	-6%	28%	In line with EE
Raw Materials Consumed	546	585	684	319	-7%	-20%	71%	
Contract Execution Expenses	2,384	2,340	2,537	2,130	2%	-6%	12%	
Employee Costs	1,015	909	998	587	12%	2%	73%	
Other Expenses	67	77	37	88	-12%	84%	-24%	
Total Expenditures	4,012	3,911	4,255	3,124	3%	-6%	28%	
EBITDA	608	590	641	484	3%	-5%	25%	In line EBITDAM
Depreciation	105	108	109	102	-3%	-3%	3%	
EBIT	502	481	532	382	4%	-6%	32%	
Interest	116	95	100	76	22%	16%	52%	Higher than expected
Other Income	28	15	1	28	88%	2966%	1%	
PBT	415	401	433	334	3%	-4%	24%	
Tax	109	128	133	95	-15%	-18%	15%	Lower tax rate
PAT before MI & Associates	306	273	300	239	12%	2%	28%	
Profit from Assoc.	0	0	-1	0		-100%	-100%	
Recurring PAT	306	273	299	239	12%	2%	28%	
Extraordinaries	0	0	3	-1		-101%	-95%	
Reported PAT	306	273	296	240	12%	3%	27%	
EPS (Rs)	20.8	18.5	20.4	16.3	12%	2%	28%	
Gross Margin	88.2%	87.0%	86.0%	91.2%	118 bps	214 bps	-298 bps	
EBITDA Margin	13.2%	13.1%	13.1%	13.4%	5 bps	6 bps	-27 bps	
EBIT Margin	10.9%	10.7%	10.9%	10.6%	18 bps	1 bps	29 bps	
PBT Margin	9.0%	8.9%	8.8%	9.2%	7 bps	13 bps	-27 bps	
PAT Margin	6.6%	6.1%	6.1%	6.6%	56 bps	50 bps	-1 bps	
Tax Rate	26.3%	32.0%	30.6%	28.3%	-572 bps	-436 bps	-204 bps	
Cost items as % of Sales								
RM	63.4%	65.0%	65.8%	67.9%	-158 bps	-237 bps	-446 bps	
Employee Cost	22.0%	20.2%	20.4%	16.3%	177 bps	159 bps	571 bps	
Other Expenses	1.5%	1.7%	0.7%	2.4%	-24 bps	71 bps	-99 bps	



Exhibit: 1: Working capital should not deteriorate from current levels

Working Capital Cycle (Days)	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Inventory	9	8	13	11	11	10	9
Debtors	52	72	80	73	71	69	68
Loans & Advances	2	3	4	6	7	7	7
Other Current Assets	103	138	143	160	153	153	154
Creditors	59	71	72	73	69	71	72
Other Current Liabilities	44	45	54	49	47	46	46
Non Cash WC Days	62.7	104.4	114.0	128.4	125.6	122.2	119.7

Source: Company, Equirus Securities

Company Snapshot

How we differ from Consensus

	-	Equirus	Consensus	% Diff	Comment
EPS	FY19E	89.7	76.2	18 %	We expect revenues and margins to improve in FY19E
	FY20E	115.9	96.5	20 %	
Sales	FY19E	20,235	19,308	5 %	
	FY20E	24,301	22,833	6 %	
PAT	FY19E	1,320	1,167	13 %	
	FY20E	1,705	1,479	15 %	

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

Key Drivers	Unit	FY18A	FY19E	FY20E	FY21E
ETC Order Book	Rs mn	24,810	22,501	21,701	20,791
Civil Order Book	Rs mn	18,970	29,312	30,759	32,073
O&M Order Book	Rs mn	9,500	9,166	9,131	9,654
ECC revenues	Rs mn	6,588	7,273	8,070	9,111
Civil revenues	Rs mn	3,701	7,041	9,132	11,381
O&M revenues	Rs mn	5,150	5,916	7,099	8,592
EBITDA Margins	%	13.1%	13.2%	13.3%	13.6%

Risk to Our View

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

Key Upside Triggers

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

Comparable valuation	Company	Reco.	CMP	Mkt Cap Rs. Mn.	Price Target	Target Date	EPS			P/E			BPS			P/B			RoE			Div Yield	
							FY18A	FY19E	FY20E	FY18A	FY19E	FY20E	FY18A	FY19E	FY20E	FY18A	FY19E	FY20E	FY18A	FY19E	FY20E	FY18A	FY19E
	Power Mech Projects	LONG	934	13,740	1,340	30th Jun'19	61.7	89.7	115.9	15.1	10.4	8.1	474.8	1.7	14 %	17 %	19 %	0.0 %	0.0 %				
	SUNILHITEC	NA	5	2,015	NA	NA	1.0	-	-	11.1	-	-	13.7	-	8 %	-	-	0.7 %	0.7 %				
	TECHNO	NA	313	35,241	NA	NR	18.2	21.3	24.9	17.2	14.7	12.5	97.0	3.5	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 %	2.5 %	26.9 %

	FY19E	FY20E	FY21-23E	FY24-28E	FY29-33E
Sales Growth	31 %	15 %	10 %	10 %	9 %
NOPAT Margin	8 %	7 %	7 %	7 %	6 %
IC Turnover	1.73	1.86	2.15	2.88	4.13
RoIC	14.6 %	13.4 %	15.5 %	20.3 %	23.9 %

Years of strong growth	1	2	5	10	15
Valuation as on date (Rs)	640	595	830	1,176	1,353
Valuation as of Jun '19	649	603	842	1,192	1,372

Based on DCF, assuming 10 years of 15% CAGR growth and 19% average ROIC, we derive our current fair value of Rs 1,176 and a Jun'19 fair value of Rs 1,192.

Company Description:

Power Mech Projects (PMP), 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 PMP 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

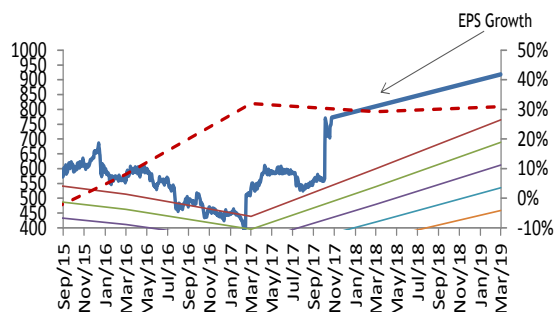
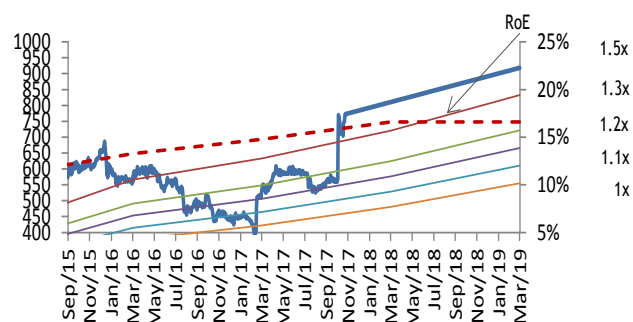
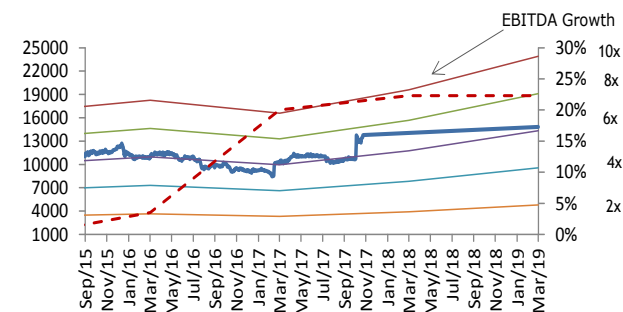
Rs in Mn	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19E	3Q19E	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E	FY18A	FY19E	FY20E	FY21E
Revenue	3,608	3,452	3,547	4,896	4,619	4,725	5,027	5,864	5,749	5,872	5,906	6,773	15,478	20,235	24,301	29,083
Cost of Fuel	319	384	491	684	546	567	603	762	782	787	756	948	1,879	2,479	3,273	3,983
Power Purchase Cost	2,130	1,814	1,661	2,537	2,384	2,457	2,639	3,049	2,990	3,083	3,095	3,542	8,145	10,529	12,710	15,456
O&M Expense	587	708	828	998	1,015	1,027	1,043	1,147	1,136	1,140	1,179	1,262	3,122	4,232	4,718	5,242
EBITDA	572	545	567	677	675	674	741	905	841	862	876	1,021	2,333	2,995	3,601	4,402
Depreciation	102	109	108	109	105	111	118	143	117	128	131	135	428	477	511	573
EBIT	470	436	459	568	570	563	624	762	724	734	745	886	1,904	2,518	3,089	3,829
Interest	76	87	96	100	116	115	114	112	110	109	108	107	359	456	433	423
Other Income	28	19	19	1	28	15	15	15	15	15	15	15	67	73	60	60
PBT	422	369	381	470	482	463	525	666	629	640	652	794	1,613	2,136	2,716	3,466
Tax	95	82	83	133	109	113	121	151	149	152	155	190	392	494	647	909
PAT bef. MI & Assoc.	327	287	298	337	373	350	404	515	480	488	497	604	1,220	1,642	2,069	2,557
Minority Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit from Assoc.	0	0	0	-1	0	0	0	0	0	0	0	0	-2	0	0	0
Recurring PAT	327	286	298	336	373	350	404	515	480	488	497	604	1,218	1,642	2,069	2,557
Extraordinaries	-1	-1	-1	3	0	0	0	0	0	0	0	0	0	0	0	0
Reported PAT	328	287	299	332	373	350	404	515	480	488	497	604	1,218	1,642	2,069	2,557
EPS (Rs)	16.26	13.05	13.79	20.35	20.78	20.27	21.65	27.03	26.77	27.20	27.79	34.14	61.74	89.72	115.90	144.16
Key Drivers																
ETC Revenues	1,442	1,457	1,476	2,213	1,812	1,603	1,646	2,213	1,903	1,923	1,810	2,434	6,588	7,273	8,070	9,111
Civil Works Revenues	912	766	650	1,373	1,384	1,685	1,885	2,087	2,145	2,224	2,300	2,463	3,701	7,041	9,132	11,381
O&M Revenues	1,217	1,218	1,412	1,303	1,418	1,437	1,497	1,564	1,702	1,725	1,796	1,876	5,150	5,916	7,099	8,592
EBITDA Margins (%)	13.4%	13.1%	13.3%	13.1%	13.1%	13.2%	13.0%	13.4%	13.1%	13.2%	13.3%	13.6%	13.1%	13.2%	13.3%	13.6%
-																
Sequential Growth (%)																
Revenue	-2 %	-4 %	3 %	38 %	-6 %	2 %	6 %	17 %	-2 %	2 %	1 %	15 %	-	-	-	-
Raw Materials Consumed	-11 %	20 %	28 %	39 %	-20 %	4 %	6 %	26 %	3 %	1 %	-4 %	25 %	-	-	-	-
EBITDA	29 %	-5 %	4 %	20 %	0 %	0 %	10 %	22 %	-7 %	2 %	2 %	16 %	-	-	-	-
EBIT	37 %	-7 %	5 %	24 %	0 %	-1 %	11 %	22 %	-5 %	1 %	1 %	19 %	-	-	-	-
Recurring PAT	98 %	-13 %	4 %	13 %	11 %	-6 %	15 %	27 %	-7 %	2 %	2 %	21 %	-	-	-	-
EPS	19 %	-20 %	6 %	48 %	2 %	-2 %	7 %	25 %	-1 %	2 %	2 %	23 %	-	-	-	-
Yearly Growth (%)																
Revenue	11 %	6 %	16 %	33 %	28 %	37 %	42 %	20 %	24 %	24 %	17 %	16 %	16 %	31 %	20 %	20 %
EBITDA	36 %	33 %	45 %	53 %	18 %	24 %	31 %	34 %	25 %	28 %	18 %	13 %	41 %	28 %	20 %	22 %
EBIT	50 %	42 %	56 %	65 %	21 %	29 %	36 %	34 %	27 %	30 %	19 %	16 %	52 %	32 %	23 %	24 %
Recurring PAT	132 %	101 %	124 %	104 %	14 %	22 %	36 %	53 %	29 %	39 %	23 %	17 %	114 %	35 %	26 %	24 %
EPS	42 %	22 %	37 %	48 %	28 %	55 %	57 %	33 %	29 %	34 %	28 %	26 %	41 %	45 %	29 %	24 %
Margin (%)																
EBITDA	16 %	16 %	16 %	14 %	15 %	14 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %
EBIT	13 %	13 %	13 %	12 %	12 %	12 %	12 %	13 %	13 %	13 %	13 %	13 %	12 %	12 %	13 %	13 %
PBT	12 %	11 %	11 %	10 %	10 %	10 %	10 %	11 %	11 %	11 %	11 %	12 %	10 %	11 %	11 %	12 %
PAT	9 %	8 %	8 %	7 %	8 %	7 %	8 %	9 %	8 %	8 %	8 %	9 %	8 %	8 %	9 %	9 %

Consolidated Financials

P&L (Rs Mn)	FY18A	FY19E	FY20E	FY21E
Revenue	15,478	20,235	24,301	29,083
Op. Expenditure	13,455	17,562	21,065	25,118
EBITDA	2,023	2,673	3,236	3,966
Depreciation	428	477	511	573
EBIT	1,594	2,196	2,725	3,392
Interest Expense	359	456	433	423
Other Income	67	73	60	60
PBT	1,303	1,813	2,352	3,029
Tax	392	494	647	909
PAT bef. MI & Assoc.	911	1,320	1,705	2,121
Minority Interest	0	0	0	0
Profit from Assoc.	-2	0	0	0
Recurring PAT	908	1,320	1,705	2,121
Extraordinaires	0	0	0	0
Reported PAT	908	1,320	1,705	2,121
FDEPS (Rs)	61.7	89.7	115.9	144.2
DPS (Rs)	1.0	1.8	2.3	2.9
CEPS (Rs)	98.0	124.7	150.7	183.1
FCFPS (Rs)	5.9	12.1	34.5	44.7
BVPS (Rs)	474.8	562.3	675.3	815.9
EBITDAM (%)	13 %	13 %	13 %	14 %
PATM (%)	6 %	7 %	7 %	7 %
Tax Rate (%)	30 %	27 %	28 %	30 %
Sales Growth (%)	16 %	31 %	20 %	20 %
FDEPS Growth (%)	41 %	45 %	29 %	24 %

Balance Sheet (Rs Mn)	FY18A	FY19E	FY20E	FY21E
Equity Capital	147	147	147	147
Reserve	6,838	8,124	9,787	11,854
Networth	6,985	8,272	9,934	12,001
Long Term Debt	2,739	3,149	3,229	3,249
Def Tax Liability	821	880	1,105	1,454
Minority Interest	138	0	0	0
Account Payables	3,075	3,849	4,729	5,752
Other Curr Liabi	2,097	2,594	3,038	3,635
Total Liabilities & Equity	15,854	18,744	22,034	26,092
Net Fixed Assets	2,025	1,909	1,797	1,624
Capital WIP	60	0	0	0
Others	2,204	2,338	2,790	3,321
Inventory	472	610	666	717
Account Receivables	3,086	3,936	4,594	5,418
Other Current Assets	7,058	8,863	10,643	12,789
Cash	948	1,088	1,544	2,221
Total Assets	15,854	18,744	22,034	26,092
Non-cash Working Capital	5,445	6,965	8,136	9,537
Cash Conv Cycle	128.4	125.6	122.2	119.7
WC Turnover	2.8	2.9	3.0	3.0
FA Turnover	7.4	10.6	13.5	17.9
Net D/E	0.3	0.2	0.2	0.1
Revenue/Capital Employed	2.5	2.7	2.8	3.0
Capital Employed/Equity	1.9	1.7	1.5	1.5

Cash Flow (Rs Mn)	FY18A	FY19E	FY20E	FY21E
PBT	1,303	1,813	2,352	3,029
Depreciation	428	477	511	573
Others	0	0	0	0
Taxes Paid	392	494	647	909
Change in WC	-1,265	-1,520	-1,171	-1,401
Operating C/F	74	276	1,045	1,292
Capex	-244	-434	-852	-931
Change in Invest	0	0	0	0
Others	0	0	0	0
Investing C/F	-244	-434	-852	-931
Change in Debt	942	410	80	20
Change in Equity	-117	0	0	0
Others	-59	21	177	292
Financing C/F	765	431	257	312
Net change in cash	595	273	451	673
RoE (%)	14 %	17 %	19 %	19 %
RoIC (%)	12 %	14 %	15 %	15 %
Core RoIC (%)	12 %	15 %	13 %	14 %
Div Payout (%)	2 %	3 %	3 %	3 %
P/E	15.1	10.4	8.1	6.5
P/B	2.0	1.7	1.4	1.1
P/FCFF	158.4	77.3	27.1	20.9
EV/EBITDA	8.1	6.4	5.2	4.2
EV/Sales	1.1	0.8	0.7	0.6
Dividend Yield (%)	0.0 %	0.0 %	0.0 %	0.0 %

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)	FY15A	FY16A	FY17A	FY18A	Balance Sheet (Rs Mn)	FY15A	FY16A	FY17A	FY18A	Cash Flow (Rs Mn)	FY15A	FY16A	FY17A	FY18A
Revenue	13,662	13,838	13,382	15,478	Equity Capital	126	147	147	147	PBT	1,066	1,163	997	1,303
Op. Expenditure	11,992	12,011	11,722	13,455	Reserve	3,437	5,404	6,065	6,838	Depreciation	368	390	410	428
EBITDA	1,670	1,827	1,660	2,023	Networth	3,562	5,551	6,213	6,985	Others	240	274	281	0
Depreciation	368	390	410	428	Long Term Debt	2,363	2,132	1,797	2,739	Taxes Paid	377	362	400	392
EBIT	1,302	1,437	1,249	1,594	Def Tax Liability	690	952	971	821	Change in WC	-1,258	-1,634	-98	-1,265
Interest Expense	294	329	329	359	Minority Interest	2	4	21	138	Operating C/F	39	-170	1,191	74
Other Income	58	55	77	67	Account Payables	2,221	2,705	2,654	3,075	Capex	-521	-584	-394	-244
PBT	1,066	1,163	997	1,303	Other Curr Liabi	1,640	1,711	1,971	2,097	Change in Invest	-1	0	0	0
Tax	350	405	357	392	Total Liabilities & Equity	10,479	13,054	13,627	15,854	Others	70	-45	-2	0
PAT bef. MI & Assoc.	716	757	641	911	Net Fixed Assets	1,832	1,978	2,065	2,025	Investing C/F	-452	-629	-397	-244
Minority Interest	2	2	0	0	Capital WIP	163	189	119	60	Change in Debt	613	-209	-398	942
Profit from Assoc.	0	0	6	-2	Others	1,802	2,081	2,290	2,204	Change in Equity	113	1,266	0	-117
Recurring PAT	714	755	646	908	Inventory	321	313	490	472	Others	-306	-350	-334	-59
Extraordinaires	0	-4	-4	0	Account Receivables	1,954	2,722	2,948	3,086	Financing C/F	419	708	-732	765
Reported PAT	714	759	650	908	Other Current Assets	3,933	5,340	5,367	7,058	Net change in cash	6	-91	62	595
EPS (Rs)	48.5	51.4	43.9	61.7	Cash	475	432	347	948	RoE (%)	23 %	17 %	11 %	14 %
DPS (Rs)	1.0	1.0	1.0	1.0	Total Assets	10,479	13,054	13,627	15,854	RoIC (%)	15 %	13 %	10 %	12 %
CEPS (Rs)	88.9	83.9	77.4	98.0	Non-cash Working Capital	2,346	3,960	4,181	5,445	Core RoIC (%)	15 %	12 %	9 %	12 %
FCFPS (Rs)	-17.8	-42.8	73.7	5.9	Cash Conv Cycle	62.7	104.4	114.0	128.4	Div Payout (%)	2 %	2 %	3 %	2 %
BVPS (Rs)	283.1	377.3	422.3	474.8	WC Turnover	5.8	3.5	3.2	2.8	P/E	19.2	18.2	21.3	15.1
EBITDAM (%)	12 %	13 %	12 %	13 %	FA Turnover	6.8	6.4	6.1	7.4	P/B	3.3	2.5	2.2	2.0
PATM (%)	5 %	5 %	5 %	6 %	Net D/E	0.5	0.3	0.2	0.3	P/FCFF	-52.6	-21.8	12.7	158.4
Tax Rate (%)	33 %	35 %	36 %	30 %	Revenue/Capital Employed	4.5	3.4	2.6	2.5	EV/EBITDA	10.2	9.5	10.3	8.1
Sales growth (%)	14 %	1 %	-3 %	16 %	Capital Employed/Equity	2.3	2.3	2.1	1.9	EV/Sales	1.2	1.3	1.3	1.1
FDEPS growth (%)	5 %	6 %	-14 %	41 %						Dividend Yield (%)	0.0 %	0.0 %	0.0 %	0.0 %



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- ADD: ATR >= 5% but less than Ke over investment horizon
- REDUCE: ATR >= negative 10% but <5% over investment horizon
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- UNDERWEIGHT: likely to under-perform the benchmark by at least 5% over investment horizon

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