

Sadbhav Engineering (SADENG)

₹ 391

Order inflows to remain healthy...

- Sadbhav Engineering's (SEL) topline grew 8.4% YoY to ₹ 935.1 crore and was marginally lower than our expectation of ₹ 970.4 crore
- EBITDA margin expanded 50 bps YoY to 11.3% led by lower other expenses (2% as percentage of sales in Q3FY18 vs. 4.7% in Q3FY17). It was largely in line with our estimate of 11.4%
- Net profit grew robustly by 17.9% YoY to ₹ 61.8 crore (our estimate: ₹ 62.2 crore) mainly on account of topline growth and higher other income (₹ 7.4 crore in Q3FY18 vs. ₹ 6.0 crore in Q3FY17)

Orderbook strong at ₹ 9644 crore in Q3FY18...

SEL has received order inflows worth ₹ 2549 crore in Q3FY18, taking its orderbook to ₹ 9644 crore. Furthermore, the company is L1 (lowest bidder) in orders worth ₹ 167 crore. On the opportunity front, several bids are open across sectors. The company has submitted bids worth ₹ 2630 crore for three EPC projects. Furthermore, bids in EPC & HAM projects worth ~₹ 1.3 lakh crore are open and are to be bid out in the next two months. Also, SEL has bid and qualified for all 13 packages worth ₹ 21870 crore in the Mumbai-Nagpur Expressway. Consequently, the company has maintained its order inflow guidance of ₹ 7000 crore for FY18E & guided for ₹ 8000 crore for FY19E given quantum of projects in bidding.

HAM projects execution to boost revenues in FY19E...

The management has lowered its FY18E revenue guidance by ₹ 100 crore to ~₹ 3700 crore given the delay in receipt of appointed dates for couple of its HAM and EPC projects i.e Rampur-Katgodham Package II (received on December 31, 2017 after a delay of a year) and Warangal-Mahagaon (financial closure done and appointed date expected in first week March, 2018). However, all six HAM projects are expected to contribute to revenues from FY19E onwards in full swing. Hence, we expect SEL's topline to grow robustly at 17.2% CAGR to ₹ 5090.1 crore in FY18-20E.

Standalone debt to reduce by ₹ 150-200 crore by FY18 end...

SEL's standalone debt has marginally increased to ₹ 1450 crore in Q3FY18 vs. ₹ 1423 crore in Q2FY18. Furthermore, the company expects the debt to reduce further by ₹ 150-200 crore from this level due to recovery of money stuck in Mysore-Bellary project where it expects to receive ₹ 110 crore and ₹ 40 crore expected to be received in Yamunanagar-Panchkula package one and package two, respectively, that has already been approved. The company expects to receive mobilisation advance worth ₹ 130 crore from two HAM projects and ₹ 90 crore from Ahmedabad-Rajkot project that would be partly used to reduce debt. Also, SEL has outstanding receivables worth ~₹ 445 crore from SIPL.

Opportunities galore; maintain BUY

We like SEL, given its strong management bandwidth, strong execution capabilities and robust opportunities ahead. Furthermore, we expect revenues to grow at 17.2% CAGR to ₹ 5090.1 crore in FY18-20E on the back of its strong orderbook and robust opportunities. Furthermore, its robust project pipeline drives our comfort over SEL's capabilities to capture the opportunities ahead. Hence, we maintain our **BUY** recommendation on the stock with an SOTP based target price of ₹ 450/share. We roll over our valuations to FY20E. We now value SEL's 69% stake in SIPL at ₹ 196/share and EPC business at ₹ 255/share (9.0x FY20E EV/EBITDA implying PE multiple of 17.1x FY20E EPS).

Rating matrix	
Rating	: Buy
Target	: ₹ 450
Target Period	: 12 months
Potential Upside	: 15%

What's Changed?	
Target	Changed from ₹ 360 to ₹ 450
EPS FY18E	Unchanged
EPS FY19E	Changed from ₹ 12.6 to ₹ 14.7
EPS FY20E	Introduced at ₹ 14.9
Rating	Unchanged

Quarterly Performance					
	Q3FY18	Q3FY17	YoY (%)	Q2FY18	QoQ (%)
Revenue	935.1	864.8	8.1	693.1	34.9
EBITDA	105.6	93.8	12.6	78.8	34.1
EBITDA (%)	11.3	10.8	45 bps	11.4	-7 bps
PAT	61.8	52.4	18	33.5	85

Key Financials				
(₹ Crore)	FY17	FY18E	FY19E	FY20E
Net Sales	3,320.3	3,705.6	4,300.3	5,090.1
EBITDA	355.6	419.1	495.0	601.2
Net Profit	187.8	241.5	252.7	255.3
EPS (₹)	10.9	14.1	14.7	14.9

Valuation summary				
(x)	FY17E	FY18E	FY19E	FY20E
P/E	35.7	27.8	26.5	26.3
Target P/E	41.1	32.0	30.6	30.2
EV / EBITDA	23.0	18.6	15.6	13.0
P/BV	4.0	3.6	3.2	2.9
RoNW (%)	11.3	12.9	12.0	11.0
RoCE (%)	10.8	11.6	12.2	13.9

Stock data	
Particular	Amount
Market Capitalization	₹ 6701 Crore
Total Debt	₹ 1423 Crore
Cash and Investments	₹ 38 Crore
EV	₹ 8086 Crore
52 week H/L (₹)	439 / 262
Equity capital	₹ 17 Crore
Face value	₹ 1

Price performance (%)				
Return %	1M	3M	6M	12M
PNC Infratech	19.8	28.6	13.0	55.7
Sadbhav Engg	13.1	17.9	(4.7)	14.8
Ashoka Buildcon	9.8	18.0	(1.0)	31.1
IRB Infra	10.8	12.9	(8.4)	15.5

Research Analyst	
Deepak Purswani, CFA	deepak.purswani@icicisecurities.com
Vaibhav Shah	vaibhav.shah@icicisecurities.com

Variance analysis

	Q3FY18	Q3FY18E	Q3FY17	YoY (Chg %)	Q2FY18	QoQ (Chg %)	Comments
Income from Operation	935.1	970.4	864.8	8.1	693.1	34.9	Topline growth was led by moderate execution during the quarter
Other Income	7.4	1.0	6.0	22.9	0.5	1,278.8	
Construction Expenses	773.4	777.1	698.6	10.7	555.0	39.4	
Employee Cost	37.6	44.3	31.9	17.8	31.7	18.8	
Other expenditure	18.4	38.7	40.5	-54.4	27.7	-33.4	
Total Expenditure	829.5	860.1	771.0	7.6	614.3	35.0	
EBITDA	105.6	110.3	93.8	12.6	78.8	34.1	
EBITDA Margin (%)	11.3	11.4	10.8	45 bps	11.4	-7 bps	EBITDA margin expansion was led by lower other expenses
Depreciation	24.7	25.1	25.0	-1.3	25.1	-1.8	
Interest	28.5	24.0	24.3	17.3	21.5	32.5	
PBT	59.8	62.2	50.5	18.3	32.7	83.1	
Taxes	-2.0	0.0	-1.9	5.8	-0.8	138.1	
Reported PAT	61.8	62.2	52.4	17.9	33.5	84.5	PAT growth was led by topline growth and strong EBITDA margin expansion

Source: Company, ICICIdirect.com Research

Change in estimates

₹ Crore)	FY18E			FY19E			FY20E	Comments
	Old	New	% Change	Old	New	% Change	Introduced	
Revenue	3,805.5	3,705.6	-2.6	4,523.0	4,300.3	-4.9	5,090.1	
EBITDA	419.0	419.1	0.0	507.0	495.0	-2.4	601.2	
EBITDA Margin (%)	11.0	11.3	31 bps	11.3	11.5	21 bps	11.8	We tweak our estimates in line with management commentary
PAT	233.1	241.5	3.6	211.8	252.7	19.3	255.3	Significant bottomline upgrade as we factor in lower tax rate for FY19E at 12% in line with management guidance
EPS (₹)	13.6	14.1	3.6	12.4	14.7	19.3	14.9	

Source: Company, ICICIdirect.com Research

Assumptions

	Current				Earlier				Introduced	Comments
	FY14	FY15	FY16	FY17	FY18E	FY18E	FY19E	FY19E		
Order inflow	2,317	2,220	2,463	3,503	7,000	6,000	8,000	7,200	8,000	We upgrade our order inflow estimates in sync with management commentary. Also, we factor in order inflow of ₹ 8000 crore in FY20E

Source: Company, ICICIdirect.com Research

Conference Call Highlights

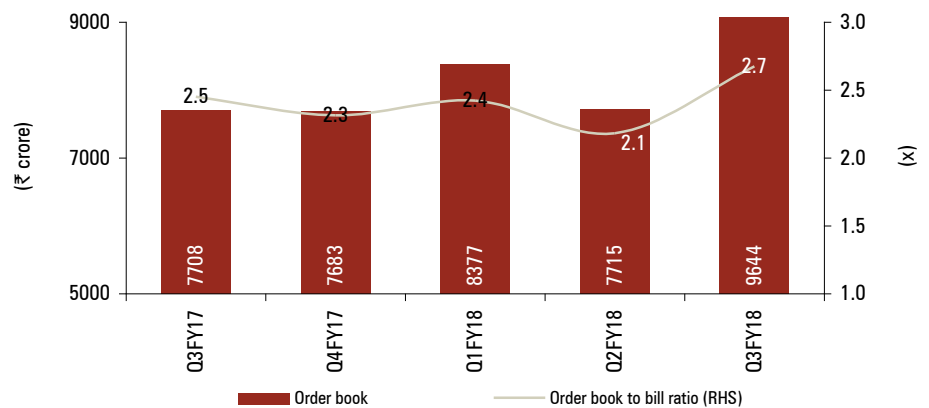
- **Orderbook & bidding update:** The company received order inflows of ₹ 2549 crore in Q3FY18 taking its orderbook to ₹ 9644 crore, implying an orderbook to construction bill ratio of 2.7x on a TTM basis
- **Bid pipeline:** On the opportunity front, several bids are open across sectors. The company has submitted bids worth ₹ 2630 crore for three EPC projects. Furthermore, bids in EPC and HAM projects worth ~₹ 1.3 lakh crore are open and are to be bid out in the next two months. Also, SEL has bid and qualified for all 13 packages worth ₹ 21870 crore in the Mumbai-Nagpur Expressway. Consequently, the company has maintained its order-inflow guidance of ₹ 7000 crore for FY18E and guided for ₹ 8000 crore for FY19E given the quantum of projects in bidding
- **Management guidance:** The company has lowered its FY18E revenue guidance by ₹ 100 crore to ₹ 3700 crore given the delay in receipt of appointed dates for Rampur-Katgodham Package II (received on December 31, 2017 after a delay of a year) and Warangal-Mahagaon (financial closure done and appointed date expected in first week March, 2018). However, it has guided for revenues of ~₹ 4300 crore in FY19E given the anticipated execution pick up in FY19E. On the margin front, SEL has guided for EBITDA margins of 11.35% and 11.5% for FY18E and FY19E, respectively
- **Debt update:** SEL's standalone debt has marginally increased to ₹ 1450 crore in Q3FY18 vs. ₹ 1423 crore in Q2FY18. Furthermore, the company expects the debt to reduce further by ₹ 150-200 crore from this level due to recovery of money stuck in Mysore-Bellary project where it expects to receive ₹ 110 crore and ₹ 40 crore expected to be received in Yamunanagar-Panchkula package one and package two which has already been approved. SEL expects to receive mobilization advance worth ₹ 130 crore from two HAM projects and ₹ 90 crore from Ahmedabad-Rajkot project, which would be partly used to reduce debt. Also, the company has outstanding receivables worth ~₹ 445 crore from SIPL
- **Arbitration:** The company has won and received arbitration proceedings worth ₹ 104 crore in the Rohtak-Panipat tollway project (SEL's share: ₹ 72 crore). Also, SEL has outstanding proceedings (excluding interest) worth ~₹ 650 crore for Nagpur-Seoni expressway, Dhule-Palasnur and Mumbai-Nashik expressway
- **Capex:** The company has spent ₹ 60 crore in 9MFY18 and guided for a capex of ₹ 50 crore each for FY18E & FY19E, respectively
- **Metro projects:** SEL can bid for projects worth ₹ 400-450 crore on a standalone basis. It believes the competitive intensity in the metro projects has increased
- **Debtor update:** The company has debtors worth ₹ 1425 crore. It expects it to come down as it has executed EPC works worth ₹ 300-310 crore for which it has not received payment that it expects to receive soon
- **Tax rate:** The company expects tax rate of 10-12% for FY19E as it would continue to benefit from MAT credit for previous years

Robust construction order book to drive revenues, going ahead...

SEL has received order inflows worth ₹ 2549 crore in Q3FY18, taking its orderbook to ₹ 9644 crore. Furthermore, the company is L1 (lowest bidder) in orders worth ₹ 167 crore. On the opportunity front, several bids are open across sectors. SEL has submitted bids worth ₹ 2630 crore for three EPC projects. Furthermore, bids in EPC & HAM projects worth ~₹ 1.3 lakh crore are open and are to be bid out in the next two months. Also, the company has bid and qualified for all 13 packages worth ₹ 21870 crore in the Mumbai-Nagpur Expressway. Consequently, SEL has maintained its order-inflow guidance of ₹ 7000 crore for FY18E and guided for ₹ 8000 crore for FY19E given the quantum of projects in bidding. Hence, we expect construction revenues to grow at 17.2% CAGR in FY18-20E to ₹ 5090.1 crore.

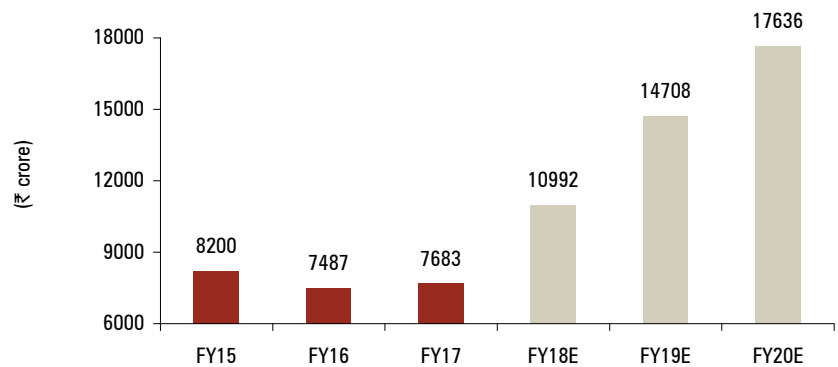
Exhibit 1: Quarterly orderbook trend...

Order book at ₹ 9644 crore, 2.7x book to bill on TTM basis



Source: Company, ICICIdirect.com Research

Exhibit 2: Annual orderbook trend...



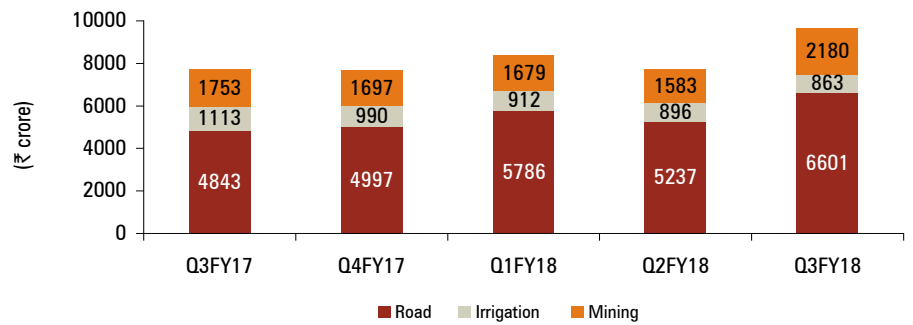
Source: Company, ICICIdirect.com Research

Exhibit 3: Top five projects by execution during Q3FY18

Project	Segment	Execution during Q3FY18
EPE-II	Transport-EPC	137.5
EPE-I	Transport-EPC	94.0
Ambala Kaithal	Transport-EPC	68.7
Mysore Bellary	Transport-BOT	64.1
Yamunanagar Panchkula I	Transport-EPC	59.4

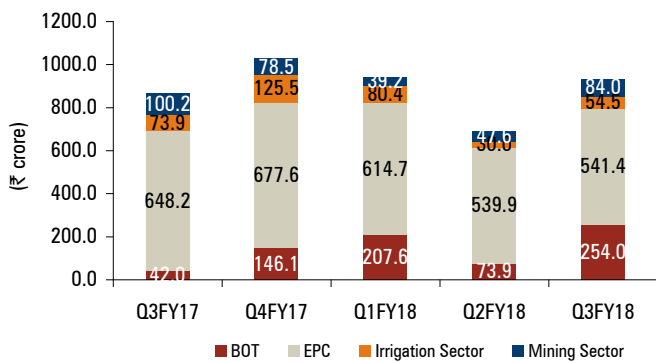
Source: Company, ICICIdirect.com Research

Exhibit 4: Segmental break-up of order book



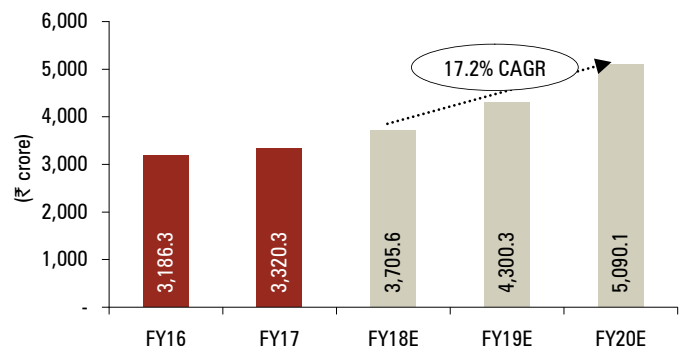
Source: Company, ICICIdirect.com Research

Exhibit 5: Quarterly segmental revenue trend



Source: Company, ICICIdirect.com, Research

Exhibit 6: Revenue trend...



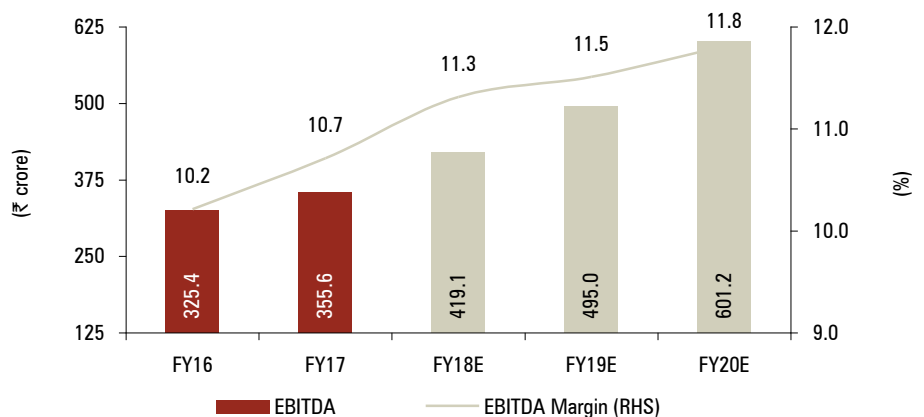
Source: Company, ICICIdirect.com, Research

Going ahead, we anticipate SEL's EBITDA margin will improve 50 bps to 11.8% during FY18-20E on account of better execution providing better operating leverage

EBITDA margin to improve 50 bps to 11.8% during FY18-20E...

SEL's construction business has historically enjoyed 10.5-11% margins. The margins had dropped to 8.9% in FY13, given the unabsorbed fixed cost on account of slower execution. However, it has bounced back to 10.7% in FY17 with a pick-up in execution. Going ahead, we expect EBITDA margins to improve 50 bps to 11.8% in FY18-20E on account of execution of better priced orders and better operating leverage.

Exhibit 7: Margins to inch up...

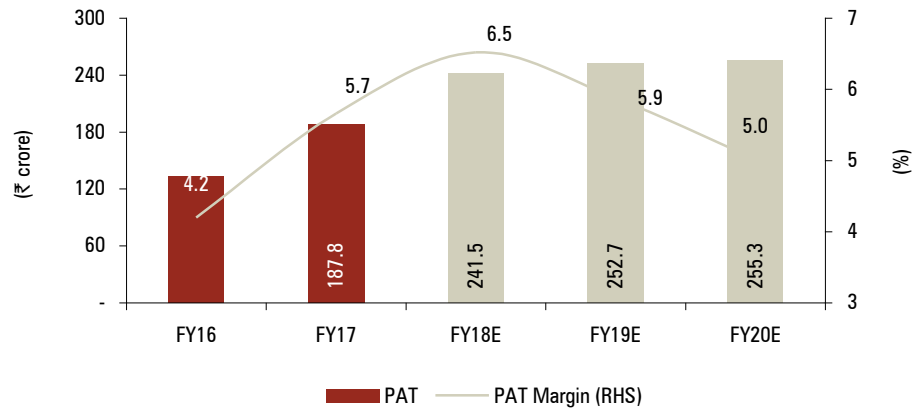


Source: Company, ICICIdirect.com Research

Bottomline to grow moderately over FY18-20E...

Due to delays in execution, the bottomline was impacted in FY13, which had declined 47.3% YoY to ₹ 74.1 crore. The earnings, however, climbed back and grew at a CAGR of 26.2% in FY13-17 to ₹ 187.8 crore with sharp execution across BOT projects. Furthermore, we expect PBT to grow at 26.7 CAGR to ₹ 304.5 crore over FY18-20E. However, we expect net income to grow at a moderate pace of 2.8% CAGR in FY18-20E to ₹ 255.3 crore on account of full tax rate of 29% in FY20E against almost nil tax rate in FY17 & FY18E.

Exhibit 8: PAT trend

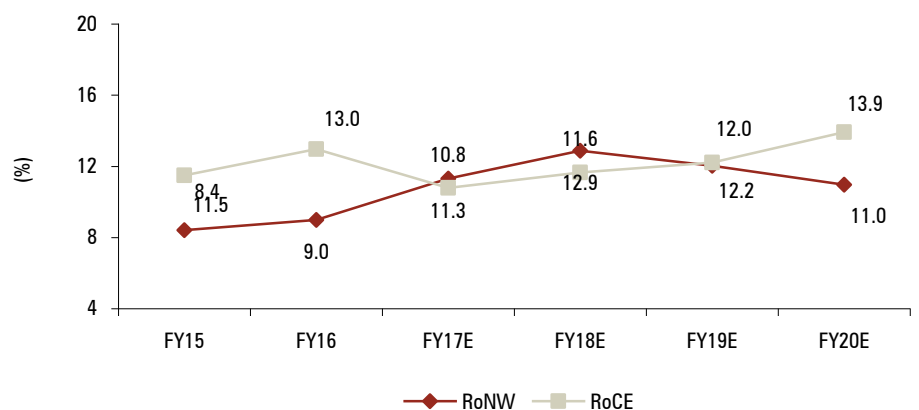


Source: Company, ICICIdirect.com Research

Return ratios to bounce back...

The return ratios of SEL's standalone business were in the range of ~20-21% in FY11 and FY12 given the sharp execution. The same had slumped to ~9% in FY16. However, with an improvement in execution and stable margins supporting healthy bottomline growth, we expect the RoCE of SEL's standalone business to bounce back to 13.9% in FY20E.

Exhibit 9: Return ratio trend



Source: Company, ICICIdirect.com Research

With an improvement in execution and stable margins supporting healthy bottomline growth, we expect the RoCE of SEL's standalone business to bounce back to 13.9%, in FY20E

Outlook and Valuation

We assign a **BUY** rating to the stock with an SoTP based target price of ₹ 450/share

We like SEL, given its strong management bandwidth and robust execution capabilities. Furthermore, we expect revenues to grow at 17.2% CAGR to ₹ 5090.1 crore during FY18-20E on the back of its strong orderbook. Furthermore, its robust project pipeline drives our comfort over SEL's capabilities to capture the opportunities ahead. Hence, we maintain our **BUY** recommendation on the stock with an SOTP based target price of ₹ 450/share. We now value SEL's 69% stake in SIPL at ₹ 196/share and EPC business at ₹ 255/share (9.0x FY20E EV/EBITDA implying PE multiple of 17.1x FY20E EPS).

BOT projects: We value SIPL using the FCFE methodology. To value each project, we consider traffic growth of 6% per annum and toll growth rate as per the agreement (either 5% per annum or 18% after every three years). We consider cost of equity of 12% for operational projects and 13% for under construction projects. We also roll over our valuation to FY20E. Based on these assumptions, we value SEL's ~69% stake in SIPL at ₹ 196/share (after considering 15% holding company discount).

Construction business: We value SEL's construction business at ₹ 255/share (9.0x FY20E EV/EBITDA). Our target multiple of 9.0x FY20E EV/EBITDA implies FY20E PE multiple 17.1x.

Exhibit 10: BOT valuation

Projects Name	Project cost (₹ cr)			SIPL Commitment		Equity value (₹ cr)	SIPL Stake(%)	SIPLs stake value (₹ cr)	Value per share (₹)
	Debt	Equity (₹ cr)	SIPL Commitment*	CoE(%)					
Operational/partially operational projects	7617	6278	1227.6	941.9		7283		4706	274.4
Ahmedabad Ring Road Infrastructure Ltd. (ARRIL)	501	405	52	42	12%	554	80	443	25.8
Aurangabad - Jalna Tollway Ltd. (AJTL)	277	222	55	83	12%	397	100	397	23.2
Mumbai - Nashik Expressway Ltd. (MNEL)	795	650	94	24	12%	1944	20	90	5.2
Nagpur Seoni Expressway Ltd. (NSEL)	490	432	58	44	12%	93	51	48	2.8
Dhule Palasner Tollway Ltd. (DPTL)	1420	1349	355	136	12%	1074	100	1074	62.6
Maharashtra Border Check Post Network Ltd. (MBCPNL)	1184	1022	184	184	13%	1745	90	1571	91.6
Hyderabad Yadagiri Tollway Pvt. Ltd.(HYTPL)	480	380	60	60	12%	428	60	257	15.0
Rohtak Panipat Tollway Private Ltd. (RPTPL)	1213	971	265	265	12%	88	100	88	5.1
Bijapur Hungund Tollway Private Ltd. (BHTPL)	1257	847	106	106	12%	958	77	738	43.0
Under Construction	3817	2466	635	595		1974		1822	106.3
Gomati ka Chauraha - Udaipur (SUTPT)	1150	835	315	315	13%	766	100	766	44.7
Rajsam Bilawara (BRTPL)	720	321	133	133	13%	483	100	483	28.1
Rohtak Hissar (RHTPL)	1210	891	108	108	13%	421	100	421	24.5
Mysore Bellary (MBHPL)	737	419	79	40	13%	304	50	152	8.9
Less: SIPL Holdco Debt								-1083	-63.1
Total value	11434	8743	1862	1537		9258		5446	317.5

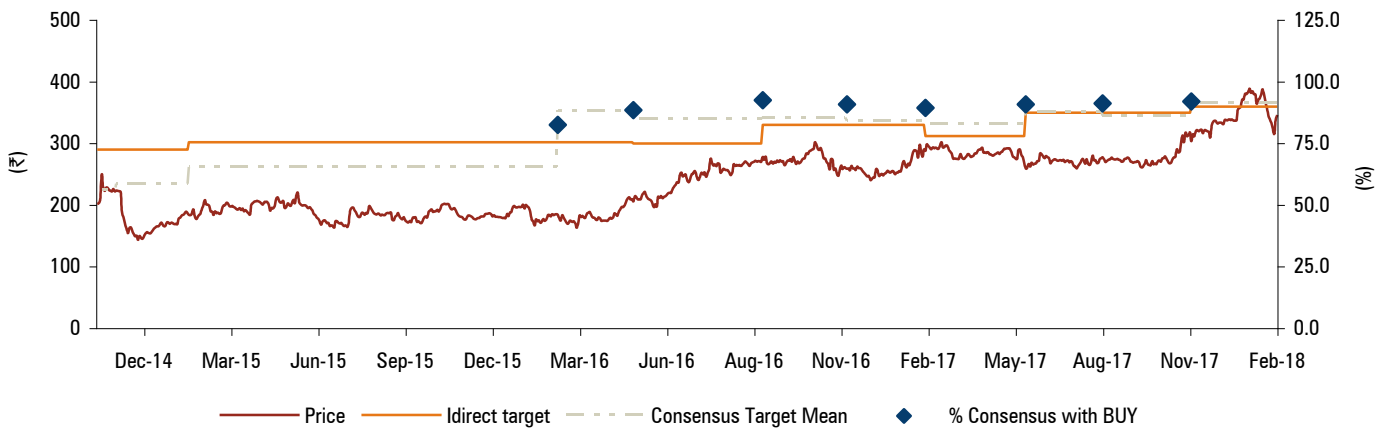
Source: Company, ICICIdirect.com Research

Exhibit 11: Valuation summary

Valuation summary	Stake (%)	₹ crore	Value per share (₹)
BOT & HAM projects (A)			
SIPL Valuation		5445.7	318
SEL stake valuation	68.6	3364	196
Construction Business (B)			
FY19E EBITDA		601.2	
EV/EBITDA (x)		9.0	
Construction business valuation		5410.5	
FY19E Net debt		1034.6	
Equity Value (B)	100.0	4375.9	255
Total SoTP Value (A) + (B)		7740.1	451
Rounded off target price			450

Source: Company, ICICIdirect.com Research

Recommendation history vs. Consensus



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Sep-14	Sadbhav Infrastructure Project (subsidiary of Sadbhav Engineering) signs binding memorandum of agreement with the latter's JV partner Patel Infrastructure to acquire 20% stake in Ahmedabad Ring Road Infrastructure
Dec-14	SIPL, subsidiary of Sadbhav Engineering, files draft papers with Sebi for raising up to ₹ 600 crore through an initial public offering (IPO). The issue consists of a fresh issue of equity shares of ₹ 10 each aggregating up to ₹ 600 crore and an offer for sale of up to 16,178,811 equity shares by Xander Investment Holding and up to 16,178,811 equity shares by Norwest Venture Partners
Jun-15	Sadbhav-PIPL JV awarded project by MoRTH and Punjab State PWD for development to four lanes with paved shoulders of Tapa to Bhathinda section of NH-64 from existing 168 km to 209.4 km worth ₹ 453.8 crore on EPC mode
Aug-15	Start of toll revenue at Kharpi (on MSH6), Biloli (on SH225), Deori (on NH6) and Muktainagar (on MSH8)
Aug-15	The company declared lowest bidder in two NHAI projects on EPC basis for continuous stretch of 45.5 km for aggregating value of ₹ 1557 crore
Feb-16	SIPL, a subsidiary of Sadbhav Engineering, receives a provisional certificate for developed section on 11.35 km length in Dhule Palesner Tollway.
Feb-16	SEL transfers its entire 20% stake in Mumbai Nashik Expressway (MNEL) to BIF India Holdings PTE Ltd for ~₹ 72 crore.
Apr-16	SIPL, a subsidiary of Sadbhav Engineering, completes refinancing of its ₹ 436 crore debt in the Hyderabad-Yadgiri tollway project

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Patel (Vishnubhai M)	30-Sep-17	16.4%	28.1	0.0
2	Sadbhav Finstock Pvt. Ltd.	30-Sep-17	9.6%	16.5	0.0
3	Patel (Shantaben V)	30-Sep-17	8.6%	14.7	0.0
4	ICICI Prudential Life Insurance Company Ltd.	30-Sep-17	6.5%	11.1	1.7
5	HDFC Asset Management Co., Ltd.	31-Dec-17	6.1%	10.4	0.0
6	SBI Funds Management Pvt. Ltd.	31-Dec-17	4.7%	8.1	0.0
7	Tata Asset Management Limited	31-Dec-17	4.3%	7.3	-0.1
8	Nomura Asset Management Co., Ltd.	30-Sep-17	3.8%	6.6	0.1
9	Patel (Shashin V)	4-Oct-17	3.6%	6.2	0.7
10	ICICI Prudential Asset Management Co. Ltd.	31-Dec-17	3.3%	5.6	-0.2

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Jun-17	Sep-17	Dec-17
Promoter	46.5	46.8	46.8
Public	53.5	53.2	53.2
Others	0.0	0.0	0.0
Total	100.0	100.0	100.0

Recent Activity

Buys			Sells		
Investor name	Value (m)	Shares (m)	Investor name	Value (m)	Shares (m)
ICICI Prudential Life Insurance Company Ltd.	7.5	1.7	Patel (Truptiben Vishnubhai)	-1.5	-0.3
Patel (Shashin V)	3.3	0.7	Patel (Rajshreeben Vishnubhai)	-1.5	-0.3
Kuwait Investment Authority	0.7	0.1	ICICI Prudential Asset Management Co. Ltd.	-1.2	-0.2
Nomura Asset Management Co., Ltd.	0.3	0.1	Tata Asset Management Limited	-0.9	-0.1
Taurus Asset Management Co. Ltd.	0.3	0.0	Principal PNB Asset Management Company Ltd.	-0.4	-0.1

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement		₹ Crore			
(₹ Crore)	FY17	FY18E	FY19E	FY20E	
Net Sales	3,320.3	3,705.6	4,300.3	5,090.1	
Growth (%)	4.2	11.6	16.0	18.4	
Other Income	87.5	56.9	34.1	39.1	
Total Revenue	3,407.8	3,762.5	4,334.4	5,129.2	
Raw Material Expenses	817.9	898.0	1,033.5	1,208.0	
Construction Expenses	1,837.3	2,043.1	2,371.0	2,806.4	
Administrative Expenses	309.5	345.4	400.9	474.5	
Total operating expenses	2,964.7	3,286.5	3,805.3	4,488.9	
EBITDA	355.6	419.1	495.0	601.2	
Growth (%)	9.3	17.9	18.1	21.5	
Interest	153.4	130.6	130.6	140.5	
Depreciation	100.0	103.9	111.3	118.7	
PBT	189.7	241.5	287.1	381.0	
Total Tax	1.8	0.0	34.5	125.7	
PAT	187.8	241.5	252.7	255.3	
Growth (%)	40.5	28.6	4.6	1.0	
EPS (Diluted)	10.9	14.1	14.7	14.9	

Source: Company, ICICIdirect.com Research

Balance sheet		₹ Crore			
(₹ Crore)	FY17	FY18E	FY19E	FY20E	
Liabilities					
Share capital	17.2	17.2	17.2	17.2	
Stock Option Premium outstanding	0.0	0.0	0.0	0.0	
Share warrant	0.0	0.0	0.0	0.0	
Reserves & Surplus	1,643.7	1,858.4	2,084.3	2,312.8	
Total Shareholders funds	1,660.9	1,875.6	2,101.5	2,330.0	
Secured Loans	1,514.9	1,314.9	1,314.9	1,414.9	
Unsecured Loans	3.5	3.5	3.5	3.5	
Deferred Tax Liability	0.0	0.0	0.0	0.0	
Sources of funds	3,179.2	3,193.9	3,419.8	3,748.3	
Assets					
Gross Block	675.9	725.9	775.9	825.9	
Accumulated Depreciation	153.0	256.9	368.2	487.0	
Net Block	522.9	469.0	407.6	338.9	
Investments	569.4	569.4	569.4	569.4	
Inventory	123.4	148.2	150.5	178.2	
Debtors	1,701.0	1,861.3	2,031.0	2,404.0	
Loans and Advances	538.1	363.5	567.9	661.7	
Other Current Assets	434.7	485.1	563.0	666.4	
Cash	23.0	239.3	283.8	314.8	
Total Current Assets	2,820.0	3,097.4	3,596.2	4,225.0	
Current Liabilities	348.1	388.5	493.8	584.5	
Provisions	2.0	2.2	2.6	3.1	
Net current assets	2,469.9	2,706.7	3,099.7	3,637.4	
Application of funds	3,179.2	3,193.9	3,419.8	3,748.3	

Source: Company, ICICIdirect.com Research

Cash flow statement		₹ Crore			
(₹ Crore)	FY17	FY18E	FY19E	FY20E	
Profit after Tax	187.8	241.5	252.7	255.3	
Depreciation	100.0	103.9	111.3	118.7	
Cash Flow before WC changes	355.6	419.1	495.0	601.2	
Net Increase in CA	-607.9	-61.0	-454.3	-597.9	
Net Increase in CL	-101.5	208.8	211.5	231.6	
Cash Flow from Operating Act.	-355.6	566.9	217.8	109.2	
(Purchase)/Sale of FA	-2.3	-50.0	-50.0	-50.0	
Cash flow from Investing Act.	78.7	6.9	-15.9	-10.9	
Others	-87.5	-56.9	-34.1	-39.1	
Proceeds from LT Borrowings	302.0	-330.6	-130.6	-40.5	
Cash flow from Financing Act.	287.6	-357.4	-157.4	-67.3	
Net Cash flow	10.7	216.3	44.5	31.0	
Opening Cash/ Cash Equivalent	16.6	23.0	239.3	283.8	
Closing Cash/ Cash Equivalent	23.0	239.3	283.8	314.8	

Source: Company, ICICIdirect.com Research

Key ratios		FY17	FY18E	FY19E	FY20E
Per share data (₹)					
Reported EPS		10.9	14.1	14.7	14.9
Cash EPS		16.8	20.1	21.2	21.8
BV per share		96.8	109.3	122.5	135.8
Dividend per share		0.8	1.6	1.6	1.6
Cash Per Share		1.3	15.0	21.5	28.4
Operating Ratios (%)					
EBITDA Margin		10.7	11.3	11.5	11.8
PBT / Net Sales		5.7	6.5	6.7	7.5
PAT Margin		5.7	6.5	5.9	5.0
Inventory days		14	15	13	13
Debtor days		187	183	172	172
Creditor days		54	65	65	65
Return Ratios (%)					
RoE		11.3	12.9	12.0	11.0
RoCE		10.8	11.6	12.2	13.9
RoIC		8.4	11.1	12.7	14.5
Valuation Ratios (x)					
P/E		35.7	27.8	26.5	26.3
EV / EBITDA		23.0	18.6	15.6	13.0
EV / Net Sales		2.5	2.1	1.8	1.5
Market Cap / Sales		2.0	1.8	1.6	1.3
Price to Book Value		4.0	3.6	3.2	2.9
Solvency Ratios					
Debt/EBITDA		4.3	3.1	2.7	2.4
Debt / Equity		0.9	0.7	0.6	0.6
Current Ratio		3.3	2.7	2.6	2.6
Quick Ratio		3.2	2.6	2.5	2.5

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (Infrastructure)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			P/B (x)			RoE (%)		
	(₹)	TP(₹)	Rating		FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E
NBCC (NBCC)	206	250	Buy	18,540	3.9	3.9	5.1	52.8	53.0	40.6	42.1	40.7	29.3	11.1	10.0	8.9	21.0	18.9	22.0
IRB Infra (IRBINF)	225	245	Hold	7,867	21.5	28.0	22.6	10.5	8.0	10.0	1.3	1.4	1.2	1.4	1.2	1.1	13.6	15.4	11.3
PNC Infratech (PNCINF)	170	215	Buy	4,361	8.2	5.9	8.5	20.8	28.7	19.9	18.8	17.3	12.4	2.8	2.6	2.3	9.8	9.0	11.6
Sadbhav Engg. (SADENG)	391	450	Buy	6,701	10.9	14.1	14.7	35.7	27.8	26.5	23.0	18.6	15.6	4.0	3.6	3.2	11.3	12.9	12.0
Ashoka Buildcon (ASHBUI)	219	250	Buy	4,080	-0.6	-3.2	3.1	NA	NA	71.3	9.5	9.3	8.0	2.1	2.1	2.1	NM	NM	2.9
Simplex Infra (SIMCON)	561	750	Buy	2,881	24.3	34.3	41.8	24.0	17.0	13.9	8.9	7.8	7.0	1.9	1.7	1.5	7.9	10.0	10.8
NCC (NAGCON)	124	160	Buy	6,894	4.1	4.2	6.3	30.6	29.3	19.7	12.2	10.7	9.3	2.0	1.8	1.6	6.6	6.0	8.4

Source: Company, ICICIdirect.com Research

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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICIdirect.com Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

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