

PNC Infratech Limited

Subscribe at lower price band with longer horizon

Company background: PNC Infratech Ltd (PNC), incorporated in 1999, is an Agra based infra player mainly focused on Roads & Highways construction. PNC, in FY2012, diversified into BOT-Toll & Annuity projects and in FY2014 into OMT projects. Currently, PNC is executing 23 Engineering Procurement Construction (EPC) projects (1 through JV route), 7 BOT projects (including 2 Annuity projects) and 1 OMT project. 3 of the 7 BOT projects are already operational. Another 4 are likely to be operational in the next 12 months. With no more BOT projects in the pipeline, PNC's dependency on BOT projects for EPC works has substantially declined from what it was two years ago. Currently, 12% of the EPC order book comes from in-house BOT projects and this should further decline in the next 1-2 quarters.

Positives: (1) Order book to FY2015 sales (for the standalone entity) is at 2.2x which gives good revenue visibility, (2) ₹50,000cr of NHAI and Uttar Pradesh (UP) PWD Roads & Highways bid-pipeline, gives visibility on the order book growth front, (3) commencement of 4 BOT projects in the next 12 months to ease Balance Sheet stress. Announcements on new order wins, better execution, and commencement of BOT projects could lead to re-rating.

Risks & Concerns: (1) Prolonged delay in the UP road sector award activity, (2) lower-than-expected traffic numbers across the 3 upcoming BOT projects (the fourth is a Annuity project), (3) higher dependency on sub-contracting works could impact their FY2016-17 EBITDA margins.

Valuation: PNC is poised to deliver healthy growth on the top-line as well as the bottom-line front with improvement in order book, particularly on account of revival in the NHAI and UP PWD award activity. On the valuation front, the company is available at a 12% discount to its listed Road focused EPC peers on Adj. P/E basis at the lower end of the issue price. The issue poses a good opportunity for investors with a 12 month investment horizon as the stock has potential to get re-rated on account of panning out of possible triggers, which include 1) commencement of Tolling/ Annuity across 4 BOT projects, 2) news flow pertaining to better execution and stable EBITDA margins (at ~13%) and (3) gradual build-up in the company's track-record as a listed entity. Accordingly, **we advise investors with a 12 months investment horizon to SUBSCRIBE to this issue at the lower end of the price band.**

Key Financials (Standalone)

| Y/E March (₹ cr) | FY11 | FY12 | FY13 | FY14 | 9mFY15 |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| Net Sales | 1,139 | 1,274 | 1,303 | 1,145 | 1,097 |
| % chg | | 11.8 | 2.3 | (12.1) | |
| Net Profit | 71 | 79 | 76 | 67 | 67 |
| % chg | | 10.7 | (3.3) | (12.6) | |
| EBITDA (%) | 11.3 | 12.1 | 11.9 | 12.2 | 14.2 |
| EPS (₹) | 18 | 20 | 19 | 17 | 17 |
| P/E (x) | 21.1 | 19.0 | 19.7 | 22.5 | |
| P/BV (x) | 3.6 | 3.0 | 2.7 | 2.4 | |
| RoE (%) | 23.5 | 17.4 | 14.4 | 11.2 | |
| RoCE (%) | 29.3 | 22.6 | 17.7 | 15.0 | |
| EV/Sales (x) | 1.4 | 1.4 | 1.3 | 1.4 | |
| EV/EBITDA (x) | 12.0 | 11.2 | 10.9 | 11.8 | |

Source: Company, Angel Research; Note: Valuation ratio's arrived using higher end of the Issue price

SUBSCRIBE

Issue Open: May 08, 2015

Issue Close: May 12, 2015

Issue Details

Face Value: ₹10

Present Eq. Paid up Capital: ₹39.8cr

Fresh Issue: 1.15cr Shares

Offer for Sale: 0.14cr Shares

Post Eq. Paid up Capital: ₹51.3cr

Issue size (amount): ₹458-488cr

Price Band: ₹355-378

Lot Size: 35 shares

Post-issue implied mkt. cap:
₹1,821.4cr- 1,939.4cr

Promoters holding Pre-Issue: 72.3%

Promoters holding Post-Issue: 56.1%

Note: *at Lower-end of the price band

Book Building

| | |
|-------------------|--------------|
| QIBs | 50% of issue |
| Non-Institutional | 15% of issue |
| Retail | 35% of issue |

Post Issue Shareholding Pattern

| | |
|-----------------------------|------|
| Promoters Group | 56.1 |
| DII's/FII's/Public & Others | 43.9 |

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Issue Details

PNC Infratech is offering 1.29cr equity shares of ₹10 each via book building route in a price band of ₹355-378, consisting of fresh equity issue of 1.15cr shares and offer for sale by PE firm of 0.14cr equity shares. Further, 50,000 shares have been reserved for employees of the company.

Exhibit 1: Shareholding Pattern

| Particulars | Pre-Issue | | Post-Issue | |
|-------------------------|---------------|------|---------------|------|
| | No. of Shares | (%) | No. of Shares | (%) |
| Promoter Group | 2,87,69,121 | 72.3 | 2,87,69,121 | 56.1 |
| Retail & HNI Investors | 53,50,173 | 13.4 | 1,11,25,173 | 21.7 |
| Institutional Investors | 56,88,539 | 14.3 | 1,14,13,539 | 22.2 |

Source: Company, Angel Research

Objects of the Offer

- Utilize the IPO proceeds for funding Working Capital requirements of ₹150cr.
- Equity investment of ₹65cr towards Raebareli-Jaunpur BOT project, a 100% subsidiary of PNC Infratech.
- Invest in Machinery / Equipment to the tune of ₹103cr.
- Prepay/ Repay debt to the tune of ₹35.21cr.
- General Corporate Purposes.

Company Details

PNC Infratech (PNC), incorporated in 1999, is an Agra based infrastructure player mainly focused on Roads, Highways and Bridge construction. The company in recent years has diversified into Build, Operate and Transfer (BOT)-Toll & Annuity projects as well as Operate Maintain Transfer (OMT) projects.

In 2011, Nylim Jacob Ballas India (FVCI) III LLC, acquired a stake in PNC and currently holds 14.29% of the pre-offer capital of the company.

In the backdrop of lull in EPC award activity (as seen during FY2012-14), PNC pursued the strategy of building its EPC Order Book by adding BOT projects to its asset portfolio. The company entered the BOT space in FY2012, when it reported its first order win of Jaora-Nayagaon Project through JV route. Since then PNC has won 5 BOT Road projects to build its EPC Order book. 3 of the 7 BOT projects are already operational. Another 4 BOT projects are likely to be operational in next 12 months. With no more BOT projects in the pipeline, PNC's dependency on BOT projects for EPC works would substantially decline from what it was 2 years ago. Currently, 12% of the EPC OB comes from in-house BOT projects and this would further decline in next 1-2 quarters.

To-date PNC has executed 42 major infra projects across more than 13 states. Currently, PNC is executing 23 projects (including 1 JV) on Engineering Procurement Construction (EPC) basis.

Exhibit 2: Vertical-wise Projects Split

| | |
|--------------------------------------|-----------|
| Total No. of Ongoing Projects | 23 |
| No. of projects (on JV basis) | 1 |
| Roads & Highways | 19 |
| Power Transmission & Distribution | 1 |
| Airport Runways | 2 |
| Water Supply Infrastructure | 1 |

Source: Company, Angel Research

The gross and net EPC order book (inc. escalation) of PNC at FY2015-end is at ₹7,849.7cr and ₹3,474.8cr, respectively. A major chunk of the current order book is from the Roads, Highways & Bridges vertical. At FY2015-end, the order book of PNC stands at 2.2x FY2015 standalone revenues.

PNC is also currently developing / operating 7 BOT projects and 1 OMT project.

Exhibit 3: BOT & OMT Project Key details

| BOT projects | Project Type | PNC Stake (%) | Status | Length (kms) | TPC (₹ cr) | Equity Inv. |
|--------------------------|---------------|---------------|--------------|--------------|------------|-------------|
| Ghaziabad-Aligarh | Toll | 35% | Under Const. | 125 | 2,000 | 68 |
| Kanpur-Kabrai | Toll | 100% | Under Const. | 123 | 458 | 81 |
| Gwalior-Bhind | Toll | 100% | Operational | 108 | 340 | 78 |
| Bareilly-Almora | Toll | 100% | Under Const. | 54 | 604 | 75 |
| Jaora-Nayagaon | Toll | 9% | Operational | 128 | 907 | 24 |
| Rae Bareilly-Jaunpur | Annuity | 100% | Under Const. | 166 | 837 | 140 |
| Narela Industrial Estate | Annuity + Fee | 100% | Operational | NA | 175 | 39 |
| OMT project | | | | | | |
| Kanpur-Ayodhya | Toll | 100% | Operational | 217 | 0 | 0 |

Source: Company, Angel Research

Key Investment Rationale

Order book to FY2015 sales at 2.2x...gives revenue visibility

PNC currently is working on 23 EPC projects across Roads, Highways & Bridges vertical, Power Transmission vertical and Airport Runways vertical. At FY2015-end, PNC reported gross and net EPC order book (including escalation) of ₹7,849.7cr and ₹3,474.8cr, respectively. Current the order book, at 2.3x FY2015 standalone revenues, gives better near-to-medium term revenue visibility.

Notably, Roads, Highways & Bridges vertical contributes majorly to the current order book.

Exhibit 4: Order Book details

| Sl. No. | Project details | Kms | State | Gross EPC val. (₹ cr) |
|--|--|-----|----------------|-----------------------|
| 1 | Develop Agra-Firozabad stretch | 51 | U.P. | 1,636 |
| 2 | Upgrade Sonauli-Gorakhpur stretch on NH-29E | 80 | U.P. | 441 |
| 3 | Construct 4-laning of Agra Bypass stretch | NA | U.P. | 385 |
| 4 | Construct 4-lane of Dholpur-Morena stretch (inc. Chambal Bridge) on NH-3 | 10 | Rajasthan-M.P. | 294 |
| 5 | Upgrade Barabanki-Jarwal stretch on NH-28C | 43 | U.P. | 273 |
| 6 | EPC works from in-house Ghaziabad-Aligarh BOT | 387 | U.P. | 1,725 |
| 7 | EPC works from in-house Raebareli-Jaunpur BOT | 166 | U.P. | 728 |
| 8 | EPC works from in-house Bareilly-Almora BOT | NA | U.P. | 540 |
| 9 | EPC works from in-house Kanpur-Kabrai BOT | NA | U.P. | 429 |
| 10 | EPC works from in-house Gwalior-Bhind BOT | NA | M.P.-U.P. | 316 |
| Gross EPC business - Order Book Value | | | | 7,850 |
| Net EPC business - Order Book Value | | | | 3,475 |

Source: Company, Angel Research

Order Inflow to pick-up...gives revenue growth visibility...

If we look at the standalone entity's (which captures EPC business) financials, PNC during FY2011-14 reported muted growth (vs some of its peers which reported a sharp decline in their profitability). During the same period, PNC reported a 0.2% top-line and -2.2% bottom-line CAGR, respectively. This could be majorly attributed to slowdown in NHAI roads & highways award activity environment.

Even though PNC has executed major projects across over 13 states to-date since its inception, the Management claims that the company is more comfortable and focused on UP based road projects. NHAI road award activity for UP has been lackluster to-date. However, both, NHAI and UP PWD have guided for strong bid-pipeline in UP for FY2016.

If we look at NHAI's award activity pipeline, then ~2,127 kms/₹29,083cr worth of road projects are expected to be awarded from UP alone in FY2016-17E. Further, UP State Government made ₹20,871cr of budgetary allocation in FY2015-16E towards roads, highways and bridges. Of this allocation, ₹1,635cr of Agra-Firozabad stretch (of the proposed Green Expressway connecting Agra-Lucknow) has already been awarded under competitive bidding format to PNC.

Exhibit 5: NHAI Bid Pipeline

| Sl. No. | Project Details | Kms | Proj. Type | State | Gross TPC val. (₹ cr) |
|---------------|--|--------------|---------------|--------------|-----------------------|
| 1 | 6-laning of Agra-Etawah stretch | 125 | BOT/DBFOT | U.P. | 1,787 |
| 2 | Lucknow-Sultanpur | 126 | BOT/DBFOT | U.P. | 1,276 |
| 3 | Chutmalpur-Saharapur-Yamunagarh-Haryana/UP Border | 105 | BOT/DBFOT | U.P. | 139 |
| 4 | IndoNepal Border-Ghaghra Bridge | 122 | EPC | U.P. | 1,220 |
| 5 | Barabanki-Bahraich-Nanpara-Rupaideeha | 152 | EPC | U.P. | 1,520 |
| 6 | Gorakhpur-Ferenda-Nautawa-Sonouli | 99 | EPC | U.P. | 990 |
| 7 | Aligarh-Moradabad | 146 | EPC | U.P. | 503 |
| 8 | Eastern Periphal Expressway (6-lane) Pack.-1 | 46 | EPC | U.P./Haryana | 771 |
| 9 | Eastern Periphal Expressway (6-lane) Pack.-2 | 45 | EPC | U.P./Haryana | 786 |
| 10 | Eastern Periphal Expressway (6-lane) Pack.-3 | 44 | EPC | U.P./Haryana | 789 |
| 11 | Eastern Periphal Expressway (6-lane) Pack.-4 | 22 | EPC | U.P./Haryana | 789 |
| 12 | Eastern Periphal Expressway (6-lane) Pack.-5 | 21 | EPC | U.P./Haryana | 665 |
| 13 | Eastern Periphal Expressway (6-lane) Pack.-6 | 22 | EPC | U.P./Haryana | 769 |
| 14 | 4-laning of Ghaghra Bridge-Varanasi | 178 | EPC | U.P. | 2,295 |
| 15 | 4-laning of Varanasi-Gorakhpur (Pack. 2) | 76 | EPC | U.P. | 857 |
| 16 | 4-laning of Varanasi-Gorakhpur (Pack. 3) | 60 | EPC | U.P. | 852 |
| 17 | 4-laning of Varanasi-Gorakhpur (Pack. 4) | 60 | EPC | U.P. | 1,038 |
| 18 | U.P./Haryana Border-Yamunagar-Saha-Barwala-Panchkula (Pack.-1) | 45 | EPC | U.P. | 587 |
| 19 | U.P./Haryana Border-Yamunagar-Saha-Barwala-Panchkula (Pack.-2) | 45 | EPC | U.P. | 567 |
| 20 | 4-laning of Sultanpur-Varanasi (Pack.-1) | 74 | EPC | U.P. | 1,028 |
| 21 | 4-laning of Sultanpur-Varanasi (Pack.-2) | 70 | EPC | U.P. | 815 |
| 22 | 4-laning of Haridwar-Dehradun | 39 | BOT (Annuity) | U.P. | 488 |
| 23 | 4-laning of Handia-Varanasi | 72 | BOT (Toll) | U.P. | 2,362 |
| 24 | 4-laning of Meerut-Bulandshahr | 61 | BOT/DBFOT | U.P. | 641 |
| 25 | Delhi-Meerut Expressway (Hapur Bypass) | 50 | BOT/DBFOT | U.P. | 2,887 |
| 26 | 4-laning of Kashipur-Sitarganj | 77 | BOT (Toll) | U.P. | 1,001 |
| 27 | 6-laning of Chakeri-Allahabad | 145 | BOT (Toll) | U.P. | 1,662 |
| Totals | | 2,127 | | | 29,083 |

Source: Company, Angel Research

With improved outlook in the UP roads and highways space (as over ₹50,000cr of projects are to be awarded in FY2016E), we expect PNC to stand a better chance to report new project wins during FY2016-17E. The Management maintained that it has historically experienced 20% bid success rate. On considering the same, PNC stands a good chance of reporting order book growth, which again translates to improved outlook towards revenue and profitability growth from here-on.

4 BOT projects to start paying-off in FY2016-17E

PNC currently has 8 BOT/OMT Assets which are at different stages of execution. Of this 1 is BOT-Annuity project, 1 is an Industrial Estate maintenance project (BOT-Annuity+Fee model), 1 is an OMT project and the remaining 5 are BOT-Toll projects. Notably, all the 8 BOT projects are either UP based or are Central/North India focused. Again, if we look into the details, then the most interesting perspective that emerged is that 5 of the BOT projects have been won on Viability Gap Funding (VGF) basis amidst intense competition. The VGF component in the TPC comforts us to a certain extent. The equity IRRs are slated to be in the range of 16-18%, as has been highlighted by the Management.

Only 4 of these 8 BOT/OMT projects are currently operational (including 1 OMT project). Barring Rae Bareilly-Jaunpur BOT project, all the required equity towards the other 7 BOT/OMT projects has been infused. Part proceeds (₹65cr) of the IPO money would be deployed towards the equity of this project. Also all the required land for these 4 ongoing BOT projects is in place, thereby allaying fears of any delays in completion of the EPC works and in getting the Commercial Operations Date (CoD).

The management highlighted that the Ghaziabad-Aligarh, Kanpur-Kabrai and Bareilly-Almora BOT projects would commence tolling in FY2016E. Whereas, the company's only BOT Annuity project in the portfolio, Rae Bareilly-Jaunpur BOT project, is expected to commence operations in FY2017E.

With commencement of these 4 BOT projects, revenues from these subsidiaries should see sharp growth in FY2016-17E. In-line with surge in revenues, we expect debt repayment cycle of these SPVs to commence, thereby easing consol. Balance sheet stress.

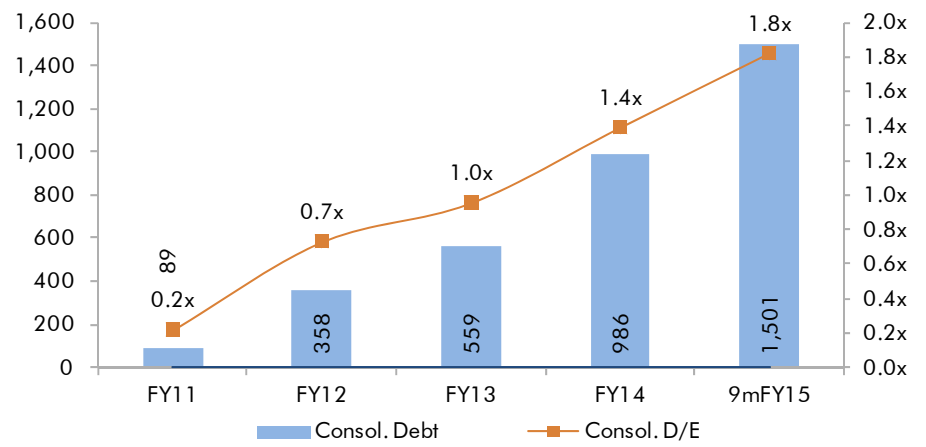
Balance Sheet stress to ease...

PNC entered the BOT space in FY2012 and the OMT space in FY2014. As a result, the consolidated debt of the company increased from 0.2x in FY2011 to 1.8x as of 9MFY2015-end. The consolidated debt of the company stands at ₹1,501cr as of Dec-2015 end.

The Management commented that they do not intend to build BOT portfolio unless (1) the BOT project gives an estimated 16-18% equity IRR, (2) the project's ticket size is within ₹500cr as the Management intends equity funding for new BOTs to be done through internal accruals, and (3) the project is based within UP.

With the pending 4 (of the total 7) BOT projects likely to get operational in the next 12 months, and PNC's focus to reduce additions to the BOT projects portfolio, we expect the consolidated D/E ratio levels of the company to peak-out in the next few quarters.

Exhibit 6: Balance Sheet stress to ease....



Source: Company, Angel Research

Outlook and Valuation

During FY2011-14, PNC Infratech (standalone entity) reported a 0.2% top-line and -2.2% bottom-line CAGR, respectively. In order to maintain its financials during the same period, PNC built its EPC order book by building its BOT projects portfolio. With ~₹50,000cr worth of NHAI & UP PWD projects likely to be awarded in FY2016-17E, the Management has indicated that it is now focusing less on adding any more BOT projects to the portfolio. Also, EPC works flowing in from the in-house BOT projects currently constitute ~12% of the net order book, which is lesser than what it was 2 years ago. In the next 1-2 quarters, we expect this contribution to further decline.

With a revival in order inflows, we are optimistic that PNC would be able to emerge as one of the key beneficiaries in the Roads and Highways space. We expect the order book of PNC to report a healthy growth during FY2015-17E, from the current net order book levels of ₹3,474cr. This when coupled with PNC's increased emphasis of doing in-house EPC works vs its earlier practice of doing more of sub-contracting, should help it maintain EBITDA margins at 13% levels, going forward. We expect the standalone entity's profitability growth to pick-up from current levels considering (1) stronger order book execution, (2) EBITDA margins being held at ~13% levels, and (3) benefits accruing from lower interest expenses (considering that part of the IPO proceeds would be deployed towards debt repayment and interest rates are in a down-cycle).

Considering PNC's current lower dependency on in-house BOT projects, higher dependency on Roads & Highways vertical and their Balance Sheet size, we are considering 2 of the Road focused EPC players, MBL Infra and KNR Construction for peer group comparison purpose.

In order to value the EPC business (captures standalone business) on FY2015E numbers, we have adjusted the value of BOT projects from their current market price.

Exhibit 7: Adj. P/E Multiple on FY2015E EPS

| | CMP (₹) | Adj. CMP (BOT proj.) | Adj. P/E FY15E | Adj. P/E FY16E | Adj. P/E FY17E |
|--|------------|-------------------------|-------------------|-------------------|-------------------|
| PNC Infratech (higher price band) | 378 | 273 | 14.0x | | |
| PNC Infratech (lower price band) | 355 | 250 | 12.8x | | |
| MBL Infra | 558 | 478 | 11.7x | 9.9x | 8.4x |
| KNR Construction | 448 | 388 | 17.4x | 14.1x | 11.1x |
| Average | | | 14.5x | 12.0x | 9.7x |

Source: Company, Angel Research; Note: Valued PNC has been valued using post IPO shares o/s

The above table clearly highlights that the PNC Infratech issue is relatively more attractive (assuming FY2015E post IPO outstanding shares) at the lower end of the issue price band. Alternatively PNC's issue, at the lower end of the price band, is at a considerable discount to its peers' average Adj. P/E multiple of 14.5x.

Notably, the lower P/E multiple enjoyed by MBL Infra is on account of, (1) comparatively higher D/E ratio (of 1.1x), (2) lower order book/FY2015 sales (at 1.4x), and (3) lower earnings growth estimate.

At FY2015E EPS, PNC (at lower-end of listing price) would be trading at 12.8x. In our view, the current valuations are not reflecting benefits of award activity revival and uptick in PNC's profitability.

Given the prospects of a healthy growth in the order book which in turn would translate into uptick in earnings momentum, the stock would pose to be a good investment opportunity in terms of valuations turning attractive.

At the backdrop of the following catalysts panning out: (1) standalone entity's growth potential (with NHAI and UP PWD award activity revival) from here-on, (2) Management's focus to maintain standalone entity's EBITDA margins at ~13%, (3) commencement of 4 BOT projects in next 12 months, and (4) gradual build-up in track-record as a listed entity, there exists potential for the stock to get re-rated (led by both, possible growth in earnings and expansion in valuation multiple). Accordingly **we advise investors to SUBSCRIBE to this issue at the lower end of the issue price from a 12 month investment horizon.**

Profit & Loss Statement (Standalone)

| Y/E March (₹ cr) | FY11 | FY12 | FY13 | FY14 | 9mFY15 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Net Sales | 1,139 | 1,274 | 1,303 | 1,145 | 1,097 |
| % Chg | | 11.8 | 2.3 | (12.1) | |
| Total Expenditure | 1,010 | 1,120 | 1,148 | 1,005 | 941 |
| Cost of Raw Materials Consumed | 183 | 353 | 367 | 372 | 442 |
| Change in Inventories of WIP | (73) | 52 | 2 | 10 | (25) |
| Employee benefits Expense | 32 | 42 | 47 | 58 | 50 |
| Other Expenses | 869 | 673 | 732 | 566 | 474 |
| EBITDA | 129 | 154 | 156 | 140 | 156 |
| % Chg | | 19.4 | 1.0 | (10.0) | |
| EBIDTA % | 11.3 | 12.1 | 11.9 | 12.2 | 14.2 |
| Depreciation | 19 | 19 | 23 | 25 | 26 |
| EBIT | 110 | 135 | 133 | 115 | 130 |
| % Chg | | 22.8 | (1.7) | (13.3) | |
| Interest and Financial Charges | 9 | 24 | 23 | 23 | 35 |
| Other Income | 4 | 6 | 4 | 11 | 5 |
| PBT | 105 | 118 | 114 | 102 | 100 |
| Tax | 34 | 39 | 37 | 36 | 33 |
| % of PBT | 32.2 | 32.8 | 32.7 | 34.8 | 33.2 |
| PAT before Exceptional item | 71 | 79 | 76 | 67 | 67 |
| Exceptional item | 0 | 0 | 0 | 0 | 0 |
| PAT | 71 | 79 | 76 | 67 | 67 |
| % Chg | | 10.7 | (3.3) | (12.6) | |
| PAT % | 6.3 | 6.2 | 5.9 | 5.8 | 6.1 |
| Diluted EPS (on pre-IPO basis) | 18 | 20 | 19 | 17 | 17 |
| % Chg | | 10.7 | (3.3) | (12.6) | |

Balance Sheet (Standalone)

| Y/E March (₹ cr) | FY11 | FY12 | FY13 | FY14 | 9mFY15 |
|-------------------------------------|------------|------------|------------|--------------|--------------|
| Sources of Funds | | | | | |
| Equity Capital | 40 | 40 | 40 | 40 | 40 |
| Reserves Total | 375 | 454 | 527 | 590 | 655 |
| Networth | 415 | 493 | 566 | 630 | 695 |
| Total Debt | 89 | 256 | 234 | 248 | 364 |
| Other Long-term Liabilities | 18 | 115 | 99 | 178 | 214 |
| Deferred Tax Liability | 2 | 2 | 0 | 3 | 1 |
| Total Liabilities | 524 | 867 | 900 | 1,058 | 1,274 |
| Application of Funds | | | | | |
| Gross Block | 180 | 203 | 225 | 287 | 327 |
| Accumulated Depreciation | 79 | 92 | 111 | 134 | 161 |
| Net Block | 101 | 111 | 114 | 153 | 166 |
| Cap. WIP & Intan. Assets under Dev. | 0 | 6 | 12 | 2 | 1 |
| Investments | 51 | 167 | 271 | 351 | 367 |
| Current Assets | | | | | |
| Inventories | 148 | 148 | 105 | 105 | 170 |
| Sundry Debtors | 190 | 416 | 398 | 344 | 427 |
| Cash and Bank Balance | 41 | 38 | 38 | 100 | 21 |
| Loans & Advances | 18 | 64 | 75 | 127 | 147 |
| Other Current Asset | 1 | 2 | 2 | 1 | 1 |
| Current Liabilities | 74 | 167 | 218 | 223 | 226 |
| Net Current Assets | 323 | 501 | 401 | 455 | 539 |
| Other Assets | 48 | 82 | 102 | 98 | 202 |
| Total Assets | 524 | 867 | 900 | 1,058 | 1,274 |

Cash Flow Statement (Standalone)

| Y/E March (₹ cr) | FY11 | FY12 | FY13 | FY14 | 9mFY15 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Profit before tax | 105 | 117 | 114 | 103 | 100 |
| Dep. & Other Non-cash Charg. | 20 | 14 | 22 | 28 | 23 |
| Change in Working Capital | (200) | (118) | 59 | 74 | (234) |
| Interest & Financial Charges | 9 | 24 | 23 | 23 | 35 |
| Direct taxes paid | (34) | (39) | (39) | (33) | (35) |
| Cash Flow from Operations | (100) | (2) | 179 | 195 | (111) |
| (Inc)/ Dec in Fixed Assets | (31) | (34) | (33) | (54) | (40) |
| (Inc)/ Dec in Investments | (28) | (116) | (104) | (80) | (16) |
| Cash Flow from Investing | (60) | (150) | (137) | (133) | (55) |
| Issue/ (Buy Back) of Equity | 150 | 0 | 0 | 0 | 0 |
| Inc./ (Dec.) in Loans | 9 | 167 | (17) | 21 | 119 |
| Dividend Paid (Incl. Tax) | 0 | 0 | (3) | (3) | 0 |
| Net Interest Expenses | (8) | (18) | (21) | (17) | (32) |
| Cash Flow from Financing | 152 | 149 | (42) | 0 | 87 |
| Inc./ (Dec.) in Cash | (8) | (3) | 0 | 62 | (79) |
| Opening Cash balances | 49 | 41 | 38 | 38 | 100 |
| Closing Cash balances | 41 | 38 | 38 | 100 | 21 |

Ratio Analysis (Standalone)

| Y/E March | FY11 | FY12 | FY13 | FY14 | 9mFY15 |
|----------------------------------|------|------|------|------|--------|
| Valuation Ratio (x) | | | | | |
| P/E (on FDEPS) | 21.1 | 19.0 | 19.7 | 22.5 | |
| P/CEPS | 16.7 | 15.4 | 15.2 | 16.4 | |
| Dividend yield (%) | 0.0 | 0.0 | 12.7 | 12.7 | |
| EV/Sales | 1.4 | 1.4 | 1.3 | 1.4 | |
| EV/EBITDA | 12.0 | 11.2 | 10.9 | 11.8 | |
| EV / Total Assets | 2.6 | 1.7 | 1.5 | 1.3 | |
| Per Share Data (₹) | | | | | |
| EPS (fully diluted) | 17.9 | 19.9 | 19.2 | 16.8 | 16.8 |
| Cash EPS | 22.7 | 24.6 | 24.9 | 23.0 | 23.2 |
| DPS | 0.0 | 0.0 | 0.8 | 0.8 | 0.0 |
| Book Value | 104 | 124 | 142 | 158 | 175 |
| Returns (%) | | | | | |
| RoCE (Pre-tax) | 29.3 | 22.6 | 17.7 | 15.0 | |
| Angel RoIC (Pre-tax) | 33.1 | 24.2 | 18.8 | 16.5 | |
| RoE | 23.5 | 17.4 | 14.4 | 11.2 | |
| Turnover ratios (x) | | | | | |
| Asset Turnover (Gross Block) (x) | 6.9 | 6.6 | 6.1 | 4.5 | |
| Inventory / Sales (days) | 31 | 42 | 35 | 33 | |
| Receivables (days) | 52 | 87 | 114 | 118 | |
| Payables (days) | 27 | 39 | 61 | 80 | |
| Leverage Ratios (x) | | | | | |
| D/E ratio (x) | 0.2 | 0.5 | 0.4 | 0.4 | 0.5 |
| Interest Coverage Ratio (x) | 13.1 | 5.9 | 5.8 | 5.4 | |

Note: Valuation ratio's arrived using higher end of the Issue price

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