Research

CRISIL IER

Independent Equity Research

Enhancing investment decisions

KNR Constructions Ltd

Q4FY17 Results Update

Explanation of CRISIL Fundamental and Valuation (CFV) matrix

The CFV Matrix (CRISIL Fundamental and Valuation Matrix) addresses the two important analysis of an investment making process – Analysis of Fundamentals (addressed through Fundamental Grade) and Analysis of Returns (Valuation Grade) The fundamental grade is assigned on a five-point scale from grade 5 (indicating Excellent fundamentals) to grade 1 (Poor fundamentals) The valuation grade is assigned on a five-point scale from grade 5 (indicating strong upside from the current market price (CMP)) to grade 1 (strong downside from the CMP).

CRISIL Fundamental Grade	Assessment	CRISIL Valuation Grade	Assessment
5/5	Excellent fundamentals	5/5	Strong upside (>25% from CMP)
4/5	Superior fundamentals	4/5	Upside (10-25% from CMP)
3/5	Good fundamentals	3/5	Align (+-10% from CMP)
2/5	Moderate fundamentals	2/5	Downside (negative 10-25% from CMP)
1/5	Poor fundamentals	1/5	Strong downside (<-25% from CMP)

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CRISIL
An S&P Global Company

KNR Constructions Ltd

July 03, 2017

Strong operating performance led by robust execution

Fundamental Grade: 4/5 (Superior fundamentals) **Valuation Grade:** 3/5 (CMP is aligned)

Industry: Construction & Engineering **Fair Value:** ₹226 **CMP:** ₹208

KNR Constructions Ltd's (KNR's) standalone Q4FY17 results surpassed CRISIL Research's estimates. Standalone revenue increased ~65% y-o-y to ₹4.8 bn owing to robust order execution. This led to EBITDA growth of ~69% y-o-y and EBITDA margin expansion of ~40 bps y-o-y. Despite healthy operating performance, adjusted PAT declined 9% y-o-y owing to rise in depreciation and steep fall in other income. As of FY17, the order book remains strong at ~₹38 bn (book-to-bill ratio of 2.5x on LTM revenue), which provides revenue visibility for the next two years. The company received orders worth ~₹16 bn in FY17. We expect the momentum in order flow to continue owing to 1) robust outlook on government spending on road and irrigation sectors over FY18-19, 2) KNR's strong execution track record, which should help it capitalise on the industry opportunities and 3) increasing focus on the hybrid annuity model (HAM). We retain our fundamental grade of 4/5. However, order wins and execution are key monitorables.

Order flow stagnated in H2FY17, to pick up in FY18 with focus on HAM

After a robust order flow of ~₹16 bn during H1FY17, there were no new orders in H2FY17. The company does not expect new orders in Q1FY18 either, and expects revival from H2FY18 onwards. The National Highways Authority of India's (NHAI's) increasing thrust on the HAM model – ~60% of new projects awarded by NHAI in FY17 were under HAM – has compelled KNR to shift its focus from pure EPC to selective HAM projects as well. KNR has bid for ~₹10 bn worth of HAM projects in Karnataka and Maharashtra. We have built in ₹20 bn worth of new orders in FY18. Our order flow forecasts are contingent on order flow and financial closure of projects awarded under HAM.

Execution risks lessened with the commencement of major projects

Execution risk for most projects is low as necessary permissions have been obtained and in some cases work has already started. Execution has started on the Hubli-Hospet (NH-63) project and ~20% execution has been completed on the Pollachi-Coimbatore project, which lowers the execution risk further. Sustained execution along and robust order wins are expected to drive revenue.

Expect two-year revenue CAGR of 19%; EBITDA margin to remain stable

We expect standalone revenue to increase at a two-year CAGR of 19% to ₹21.8 bn in FY19, primarily driven by execution of the current order book. We expect EBITDA margin to be similar to FY17 in the 14.8-14.9% range during FY18 and FY19. Driven by revenue growth and stable margin, EBITDA is estimated at ₹3.2 bn in FY19, growing at two-year CAGR of 18%. Operating PBT is expected to register 24% CAGR during FY17-19. Adjusted PAT is estimated to grow slower at 8% CAGR during FY17-19 owing to higher tax outgo as the benefits of Section 80IA are expected to reduce by FY19.

Fair value revised upwards

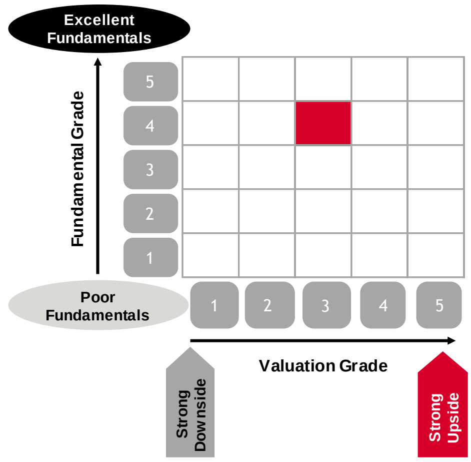
We have raised our estimates for FY18-19. We retain the P/E multiple of 15x for the EPC business and P/B multiple of 1x for Kerala and Muzaffarpur BOT (toll) projects. Following the upward revision in earnings, we have raised the sum-of-the-parts (SoTP)-based fair value to ₹226 per share from ₹180. At the current market price, our valuation grade is 3/5.

KEY FORECAST (STANDALONE)

(₹ mn)	FY15	FY16	FY17#	FY18E	FY19E
Operating income	8,517	8,622	15,411	18,124	21,810
EBITDA	1,440	1,378	2,296	2,691	3,221
Adj net income	879	1,095	1,680	1,832	1,976
Adj EPS-₹	6.3	7.8	12.0	13.0	14.1
EPS growth (%)	41.0	24.5	53.5	9.0	7.9
Dividend Yield (%)	0.1	0.1	0.3	0.2	0.2
RoCE (%)	14.4	12.7	17.6	17.0	18.4
RoE (%)	16.3	16.9	20.7	18.6	17.0
PE (x)	28.5	22.9	14.9	15.8	14.7
P/BV (x)	4.4	3.4	2.8	2.7	2.3
EV/EBITDA (x)	18.0	19.0	11.4	11.0	9.0

Source: Company, CRISIL Research estimates

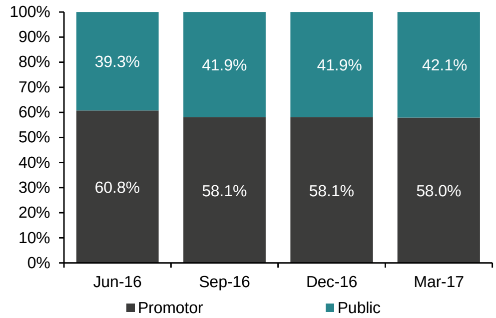
CFV MATRIX



KEY STOCK STATISTICS

NIFTY/SENSEX	9615/31221
NSE/BSE ticker	KNRCON
Face value (₹ per share)	2
Shares outstanding (mn)	141
Market cap (₹ mn)/(US$ mn)	29,248/454
52-week range (₹)/(H/L)	216/106
Beta	1.3
Free float (%)	41.9%
Avg daily volumes (30-days)	57,543
Avg daily value (30-days) (₹ mn)	11.9

SHAREHOLDING PATTERN



PERFORMANCE VIS-À-VIS MARKET

	Returns			
	1-m	3-m	6-m	12-m
KNR	-1%	11%	15%	79%
Nifty 500	2%	7%	22%	23%

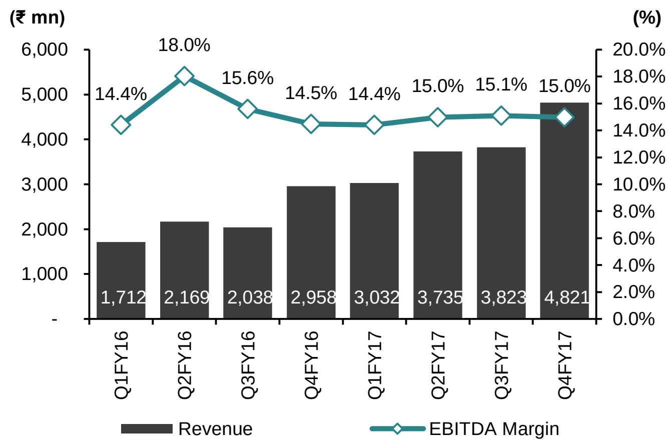
For detailed initiating coverage report please visit: www.crisil.com

CRISIL Independent Equity Research reports are also available on Bloomberg (CRI <go>) and Thomson Reuters.

Q4FY17 Results Summary (Standalone)

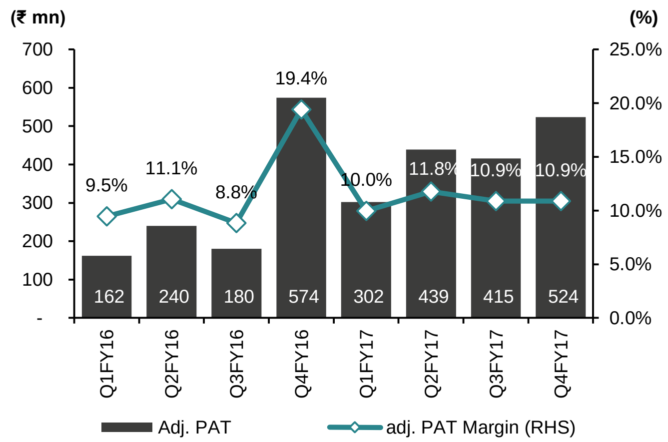
(₹ mn)	Q4FY17	Q3FY17	Q4FY16	q-o-q (%)	y-o-y (%)	FY17#	FY16	y-o-y (%)
Net sales	**4,821**	**3,823**	**2,958**	**26.1**	**63.0**	**15,411**	**8,622**	**78.7**
Material cost	3,485	2,773	2,029	25.7	71.7	11,145	6,374	74.8
Material cost (% of net sales)	72.3%	72.5%	68.6%	-24bps	370bps	72.3%	73.9%	-161bps
Employees cost	146	148	116	-1.8	25.8	552	435	26.9
Other expenses	468	325	362	43.9	29.2	1,417	367	286.4
EBITDA	**722**	**577**	**451**	**25.2**	**60.1**	**2,296**	**1,378**	**66.6**
EBITDA margin	**15.0%**	**15.1%**	**15.3%**	**-11bps**	**-27bps**	**14.9%**	**16.0%**	**-108bps**
Depreciation	195	166	110	17.5	77.4	639	423	51.2
EBIT	**528**	**411**	**341**	**28.3**	**54.5**	**1,657**	**955**	**73.5**
Interest and finance charges	54	66	40	-18.4	34.2	219	132	65.4
Operating PBT	**473**	**345**	**301**	**37.3**	**57.2**	**1,438**	**823**	**74.7**
Other Income	10	102	95	-90.4	-89.7	303	399	-24.2
Exceptional inc/(exp)	-	(109)	59	-100.0	-100.0	(109)	516	-121.1
PBT	**483**	**338**	**455**	**42.8**	**6.2**	**1,632**	**1,739**	**-6.1**
Tax	(41)	31	(124.7)	-229.3	-67.4	60	127	-52.6
PAT	**524**	**307**	**579**	**70.8**	**-9.6**	**1,572**	1,611	-2.4
Adj PAT	**524**	**415**	**339**	**26.1**	**54.5**	**1,680**	**1,095**	**53.5**
Adj PAT margin	**10.9%**	**10.9%**	**11.5%**	**0bps**	**-59bps**	**10.9%**	**12.7%**	**-179bps**
Adj EPS (₹)	**3.7**	**3.0**	**2.4**	**26.1**	**54.5**	**12.0**	**7.8**	**53.5**

Revenue up ~63% y-o-y, EBITDA margin expands y-o-y



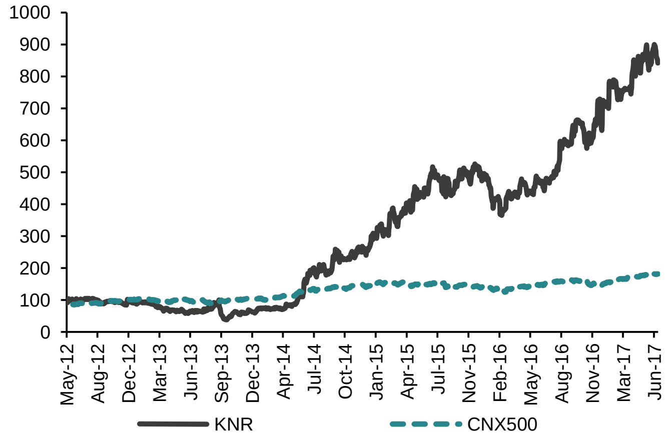
Source: Company, CRISIL Research

PAT margin down 850 bps y-o-y but stable q-o-q



Source: Company, CRISIL Research

Share price movement



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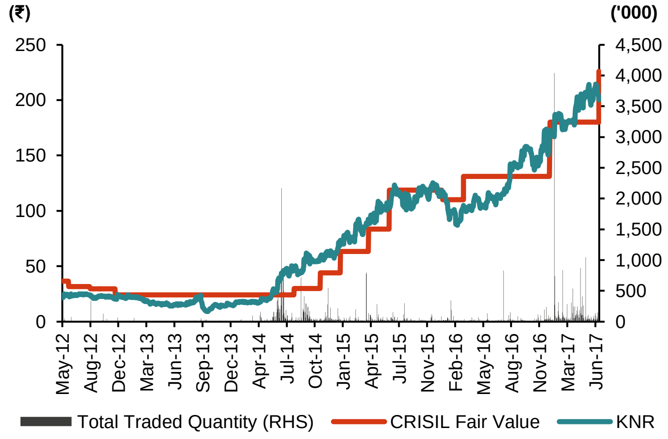
Source: NSE, CRISIL Research

Fair value movement since initiation



Source: NSE, BSE, CRISIL Research

Standalone earnings estimates revised

		FY18E			FY19E		
Particulars	**Unit**	**Old**	**New**	**%change**	**Old**	**New**	**%change**
Revenue	(₹ mn)	15,669	18,124	16%	17,816	21,810	22%
EBITDA	(₹ mn)	2,372	2,691	13%	2,701	3,221	19%
EBITDA margin	%	15.1	14.8	-25bps	15.2	14.8	-39bps
Interest cost	(₹ mn)	115	129	13%	82	87	6.9%
Other income	(₹ mn)	252	252	0%	316	316	0%
PBT	(₹ mn)	1,824	1,998	9.5%	2,150	2,534	18%
PAT	(₹ mn)	1,320	1,832	39%	1,546	1,976	28%
PAT margin	%	8.4	10.1	171bps	8.7	9.1	37bps
EPS	₹	9.4	13.0	39%	11.0	14.1	28%

Source: CRISIL Research

Reasons for changes in estimates

Line item	**FY18E**	**FY19E**
Revenues	Revised upwards to factor in robust pace of execution	
EBITDA margin	Reduced to factor in drop in margin from execution of lower-margin irrigation projects	
Other income	No change	
PAT	Raised factoring in upward revenue revision	

Source: CRISIL Research

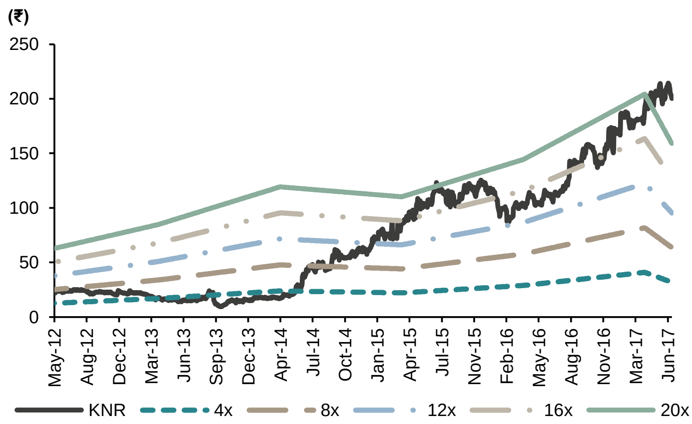
Valuation — Grade: 3/5

We have raised our estimates for FY18-19. We retain the P/E multiple of 15x for the EPC business and P/B multiple of 1x for Kerala and Muzaffarpur BOT (toll) projects. Following the upward revision in earnings, we have raised the fair value to ₹226 per share from ₹180. At the current market price, our valuation grade is 3/5.

Project	Method	Multiple	Value ₹
EPC business	P/E	15x	211
Kerala BOT toll project	P/B	1x	10
Muzaffarpur BOT toll project	P/B	1x	5
Total			226

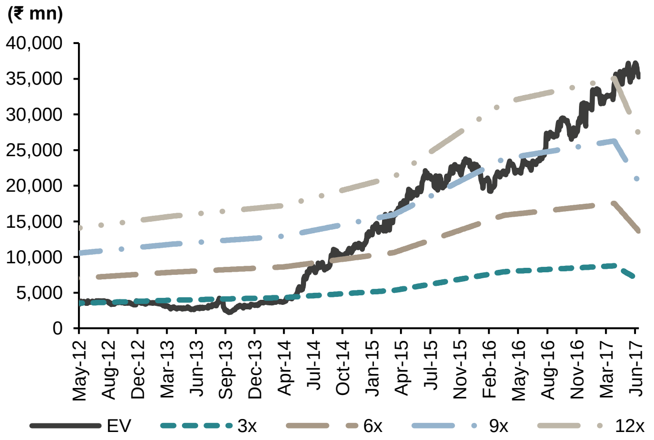
Source: CRISIL Research

One-year forward P/E band



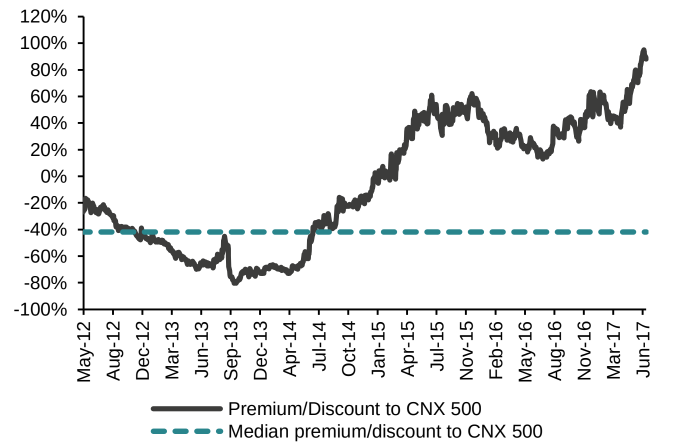
Source: NSE, CRISIL Research

One-year forward EV/EBITDA band



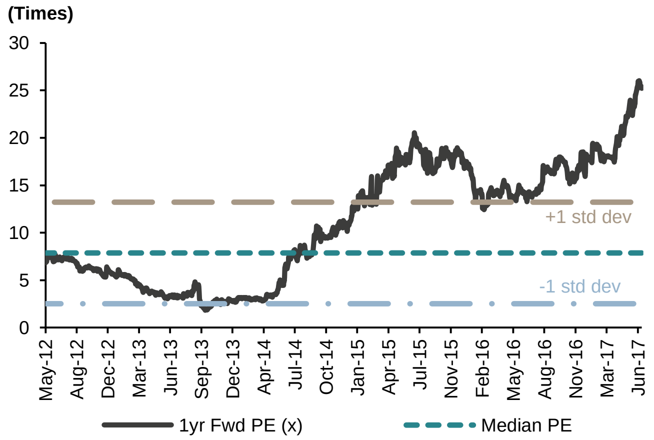
Source: NSE, CRISIL Research

P/E – premium / discount to CNX 500



Source: NSE, CRISIL Research

P/E movement



Source: NSE, CRISIL Research

CRISIL IER reports released on KNR Constructions Ltd

Date	Nature of report	Fundamental grade	Fair value	Valuation grade	CMP (on the date of report)
25-Nov-11	Initiating coverage	3/5	₹31	5/5	₹19
02-Mar-12	Q3FY12result update	3/5	₹36	5/5	₹27
14-Jun-12	Q4FY12 result update	3/5	₹32	5/5	₹23
29-Aug-12	Q1FY13 result update	3/5	₹30	5/5	₹24
10-Sep-12	Detailed report	3/5	₹30	5/5	₹24
23-Nov-12	Q2FY13 result update	3/5	₹24	4/5	₹20
06-Mar-13	Q3FY13 result update	3/5	₹24	5/5	₹19
05-Jun-13	Q4FY13 result update	3/5	₹24	5/5	₹15
26-Aug-13	Q1FY14 result update	3/5	₹24	5/5	₹18
24-Dec-13	Detailed report	3/5	₹24	5/5	₹16
21-Feb-14	Q3FY14 result update	3/5	₹24	5/5	₹17
10-Jun-14	Q4FY14 result update	3/5	₹30	2/5	₹36
02-Sep-14	Q1FY15 result update	3/5	₹44	3/5	₹49
21-Nov-14	Q2FY15 result update	3/5	₹63	3/5	₹60
03-Mar-15	Q3FY15 result update	3/5	₹83	3/5	₹88
26-Jun-15	Q4FY15 result update	3/5	₹119	4/5	₹105
27-Aug-15	Q1FY16 result update	3/5	₹119	3/5	₹110
28-Dec-15	Detailed report	3/5	₹110	3/5	₹115
07-Mar-16	Q3FY16 result update	3/5	₹131	5/5	₹101
07-Jun-16	Q4FY16 result update	3/5	₹131	4/5	₹114
21-Sep-16	Q1FY17 result update	3/5	₹131	3/5	₹140
03-Jan-17	Detailed Report	4/5	₹180	3/5	₹170
03-Mar-17	Q3FY17 result update	4/5	₹180	3/5	₹181
03-Jul-17	Q4FY17 result update	4/5	₹226	3/5	₹208

Note: Historical numbers adjusted for 5 for 1 stock split

Annexure: Financials (Standalone)

Income statement

(₹ mn)	FY14	FY15	FY16	FY17#	FY18E	FY19E
Operating income	**8,141**	**8,517**	**8,622**	**15,411**	**18,124**	**21,810**
EBITDA	**1,303**	**1,440**	**1,378**	**2,296**	**2,691**	**3,221**
EBITDA margin	**16.0%**	**16.9%**	**16.0%**	**14.9%**	**14.8%**	**14.8%**
Depreciation	563	532	423	639	816	916
EBIT	**739**	**908**	**955**	**1,657**	**1,875**	**2,305**
Interest	176	131	132	219	129	87
Operating PBT	**563**	**777**	**823**	**1,438**	**1,746**	**2,218**
Other income	106	84	399	303	252	316
Exceptional inc/(exp)	(5)	(278)	516	(109)	-	-
PBT	**664**	**583**	**1,739**	**1,631**	**1,998**	**2,534**
Tax provision	46	(18)	127	60	166	557
Share of profit/(loss) from associates	-	-	-	-	-	-
PAT (Reported)	**619**	**602**	**1,611**	**1,572**	**1,832**	**1,976**
Less: Exceptionals	(5)	(278)	516	(109)	-	-
Adjusted PAT	**623**	**879**	**1,095**	**1,680**	**1,832**	**1,976**

Ratios

	FY14	FY15	FY16	FY17#	FY18E	FY19E
Growth						
Operating income (%)	21.0	4.6	1.2	78.7	17.6	20.3
EBITDA (%)	13.1	10.5	(4.3)	66.6	17.2	19.7
Adj PAT (%)	37.2	41.0	24.5	53.5	9.0	7.9
Adj EPS (%)	37.2	41.0	24.5	53.5	9.0	7.9
Profitability						
EBITDA margin (%)	16.0	16.9	16.0	14.9	14.8	14.8
Adj PAT Margin (%)	7.7	10.3	12.7	10.9	10.1	9.1
RoE (%)	13.0	16.3	16.9	20.7	18.6	17.0
RoCE (%)	13.1	14.4	12.7	17.6	17.0	18.4
RoIC (%)	17.8	18.7	23.2	24.7	20.9	20.1
Valuations						
Price-earnings (x)	46.5	32.9	26.5	17.2	15.8	14.7
Price-book (x)	5.7	5.1	4.0	3.2	2.7	2.3
EV/EBITDA (x)	22.9	20.8	21.8	13.1	11.0	9.0
EV/Sales (x)	3.7	3.5	3.5	2.0	1.6	1.3
Dividend payout ratio (%)	4.5	4.7	1.7	4.5	3.8	3.6
Dividend yield (%)	0.1	0.1	0.1	0.2	0.2	0.2
B/S ratios						
Inventory days	15	15	15	15	15	15
Creditors days	138	132	162	138	137	137
Debtor days	53	76	84	82	79	76
Working capital days	123	157	216	150	144	142
Gross asset turnover (x)	1.6	1.6	1.5	2.4	2.3	2.5
Net asset turnover (x)	2.9	3.5	3.7	5.5	5.5	6.4
Sales/operating assets (x)	2.9	3.5	3.6	5.4	5.4	6.4
Current ratio (x)	1.8	2.1	2.2	2.1	2.1	2.1
Debt-equity (x)	0.2	0.2	0.2	0.2	0.09	0.06
Net debt/equity (x)	0.2	0.2	0.2	0.1	0.06	0.01
Interest coverage (EBITDA/interest)	7.4	11.0	10.4	10.5	20.8	36.9
Interest coverage (EBIT/interest)	4.2	7.0	7.2	7.6	14.5	26.4

Per share

	FY14	FY15	FY16	FY17#	FY18E	FY19E
Adj EPS (₹)	4.4	6.3	7.8	12.0	13.0	14.1
CEPS	8.4	10.0	10.8	16.5	18.8	20.6
Book value	36.3	40.4	51.6	63.7	76.1	89.6
Dividend (₹)	0.2	0.2	0.2	0.5	0.5	0.5
Actual o/s shares (mn)	28.0	28.0	28.0	140.6	140.6	140.6

Balance Sheet

(₹ mn)	FY14	FY15	FY16	FY17#	FY18E	FY19E
Liabilities						
Equity share capital	281	281	281	281	281	281
Reserves	4,825	5,393	6,979	8,673	10,421	12,313
Minorities	-	-	-	-	-	-
Net worth	**5,106**	**5,674**	**7,261**	**8,955**	**10,702**	**12,594**
Convertible debt	-	-	-	-	-	-
Other debt	908	963	1,167	1,440	990	740
Total debt	**908**	**963**	**1,167**	**1,440**	**990**	**740**
Deferred tax liability (net)	(118)	(239)	(276)	(432)	(432)	(432)
Total liabilities	**5,896**	**6,398**	**8,152**	**9,963**	**11,260**	**12,902**
Assets						
Net fixed assets	2,637	2,243	2,408	3,221	3,405	3,389
Capital WIP	3	33	61	15	15	15
Total fixed assets	**2,640**	**2,276**	**2,470**	**3,237**	**3,420**	**3,405**
Investments	**465**	**417**	**542**	**174**	**174**	**174**
Current assets						
Inventory	341	359	353	632	743	894
Sundry debtors	1,171	1,765	1,973	3,422	3,923	4,541
Loans and advances	4,737	4,905	7,104	8,171	9,556	11,499
Cash & bank balance	46	53	52	246	333	632
Marketable securities	2	2	2	-	-	-
Total current assets	**6,296**	**7,085**	**9,484**	**12,471**	**14,554**	**17,566**
Total current liabilities	**3,505**	**3,379**	**4,343**	**5,920**	**6,889**	**8,244**
Net current assets	**2,791**	**3,705**	**5,140**	**6,551**	**7,665**	**9,323**
Intangibles/Misc. expenditure	**0**	**0**	**0**	**0**	**0**	**0**
Total assets	**5,896**	**6,398**	**8,152**	**9,963**	**11,260**	**12,902**

Cash flow

(₹ mn)	FY14	FY15	FY16	FY17#	FY18E	FY19E
Pre-tax profit	669	861	1,222	1,741	1,998	2,534
Total tax paid	(128)	(103)	(164)	(216)	(166)	(557)
Depreciation	563	532	423	639	816	916
Working capital changes	(1,068)	(907)	(1,437)	(1,218)	(1,027)	(1,358)
Net cash from operations	**37**	**383**	**44**	**946**	**1,621**	**1,534**
Cash from investments						
Capital expenditure	(240)	(167)	(617)	(1,406)	(1,000)	(900)
Investments and others	52	47	(125)	369	-	-
Net cash from investments	**(187)**	**(120)**	**(741)**	**(1,036)**	**(1,000)**	**(900)**
Cash from financing						
Equity raised/(repaid)	-	-	-	-	-	-
Debt raised/(repaid)	197	56	204	273	(450)	(250)
Dividend (incl. tax)	(33)	(34)	(34)	(85)	(85)	(85)
Others (incl extraordinaries)	(5)	(278)	525	97	-	-
Net cash from financing	**159**	**(256)**	**696**	**285**	**(535)**	**(335)**
Change in cash position	9	7	(2)	195	86	299
Closing cash	46	53	52	246	333	632

Quarterly financials (Standalone)

(₹ mn)	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
Net Sales	**2,038**	**2,958**	**3,032**	**3,735**	**3,823**	**4,821**
Change (q-o-q)	-6%	45%	2%	23%	2%	26%
EBITDA	**318**	**428**	**437**	**560**	**577**	**722**
Change (q-o-q)	-19%	35%	2%	28%	3%	25%
EBITDA margin	**15.6%**	**14.5%**	**14.4%**	**15.0%**	**15.1%**	**15.0%**
PAT	**328**	**574**	**302**	**439**	**307**	**524**
Adj PAT	**180**	**574**	**302**	**439**	**415**	**524**
Change (q-o-q)	-25%	219%	-47%	45%	-5%	26%
Adj PAT margin	**8.8%**	**19.4%**	**10.0%**	**11.8%**	**10.9%**	**10.9%**
Adj EPS (₹)	**1.3**	**4.1**	**2.1**	**3.1**	**3.0**	**3.7**

Source: CRISIL Research

 # - abridged financials

Note: Some numbers have been reclassified as per CRISIL standards. Historical financials adjusted for 5 for 1 stock split.

Annexure: Financials (Consolidated)

Income statement

(₹ mn)	FY14	FY15	FY16	FY17#	FY18E	FY19E
Operating income	**8,695**	**9,052**	**9,720**	**16,796**	**18,782**	**22,499**
EBITDA	**1,311**	**1,434**	**1,768**	**2,640**	**2,934**	**3,514**
EBITDA margin	**15.1%**	**15.8%**	**18.2%**	**15.7%**	**15.6%**	**15.6%**
Depreciation	577	542	472	1,156	999	1,050
EBIT	**735**	**892**	**1,297**	**1,484**	**1,935**	**2,464**
Interest	184	138	569	727	780	780
Operating PBT	**550**	**754**	**727**	**757**	**1,155**	**1,684**
Other income	96	70	248	329	252	316
Exceptional inc/(exp)	10	(277)	490	(109)	-	-
PBT	**657**	**546**	**1,465**	**978**	**1,407**	**2,000**
Tax provision	52	(14)	202	70	141	500
Share of profit/(loss) from associates (incl. minorities)	-	(0)	(0)	-	178	173
PAT (Reported)	**605**	**560**	**1,263**	**908**	**1,444**	**1,673**
Less: Exceptionals	10	(277)	490	(109)	-	-
Adjusted PAT	**595**	**837**	**773**	**1,017**	**1,444**	**1,673**

Ratios

	FY14	FY15	FY16	FY17#	FY18E	FY19E
Growth						
Operating income (%)	16.6	4.1	7.4	72.8	11.8	19.8
EBITDA (%)	14.3	9.3	23.3	49.3	11.1	19.8
Adj PAT (%)	43.4	40.7	(7.6)	31.5	42.0	15.8
Adj EPS (%)	43.4	40.7	(7.6)	31.5	42.0	15.8
Profitability						
EBITDA margin (%)	15.1	15.8	18.2	15.7	15.6	15.6
Adj PAT Margin (%)	6.8	9.2	8.0	6.1	7.7	7.4
RoE (%)	10.1	11.1	9.5	12.5	15.5	15.3
RoCE (%)	8.4	6.6	8.3	9.6	11.8	13.8
RoIC (%)	11.0	8.2	10.6	14.0	14.8	15.5
Valuations						
Price-earnings (x)	40.2	28.6	30.9	23.5	16.6	14.3
Price-book (x)	3.6	2.8	3.1	2.8	2.4	2.0
EV/EBITDA (x)	21.5	22.5	18.0	11.5	10.3	8.5
EV/Sales (x)	3.2	3.6	3.3	1.8	1.6	1.3
Dividend payout ratio (%)	4.7	5.0	2.2	7.7	4.9	4.2
Dividend yield (%)	0.1	0.1	0.1	0.3	0.3	0.3
B/S ratios						
Inventory days	22	22	23	18	19	20
Creditors days	127	141	171	151	139	134
Debtor days	65	78	82	87	90	94
Working capital days	57	64	58	29	48	62
Gross asset turnover (x)	1.7	1.7	1.1	1.1	1.0	1.2
Net asset turnover (x)	3.1	3.6	1.8	1.6	1.4	1.7
Sales/operating assets (x)	1.4	0.8	0.7	1.3	1.4	1.7
Current ratio (x)	1.5	1.5	1.4	1.3	1.4	1.6
Debt-equity (x)	0.6	0.9	1.0	0.9	0.7	0.6
Net debt/equity (x)	0.6	0.9	0.9	0.8	0.6	0.5
Interest coverage (EBITDA/interest)	7.1	10.4	3.1	3.6	3.8	4.5
Interest coverage (EBIT/interest)	4.0	6.5	2.3	2.0	2.5	3.2

Per share

	FY14	FY15	FY16	FY17#	FY18E	FY19E
Adj EPS (₹)	4.2	6.0	5.5	7.2	10.3	11.9
CEPS	8.3	9.8	8.9	15.5	17.4	19.4
Book value	47.2	59.9	55.2	60.1	72.1	83.4
Dividend (₹)	0.2	0.2	0.2	0.5	0.5	0.5
Actual o/s shares (mn)	28.0	28.0	28.0	140.6	140.6	140.6

Balance Sheet

(₹ mn)	FY14	FY15	FY16	FY17#	FY18E	FY19E
Liabilities						
Equity share capital	281	281	281	281	281	281
Reserves	5,801	7,239	6,680	8,504	9,864	11,452
Minorities	560	906	807	(330)	-	-
Net worth	**6,642**	**8,426**	**7,768**	**8,455**	**10,145**	**11,734**
Convertible debt	-	-	-	-	-	-
Other debt	4,260	7,683	7,454	7,227	6,977	6,827
Total debt	**4,260**	**7,683**	**7,454**	**7,227**	**6,977**	**6,827**
Deferred tax liability (net)	(126)	(247)	(283)	(443)	(443)	(443)
Total liabilities	**10,776**	**15,862**	**14,938**	**15,240**	**16,680**	**18,118**
Assets						
Net fixed assets	2,722	2,349	8,343	13,170	13,171	13,021
Capital WIP	5,861	11,255	4,442	27	27	27
Total fixed assets	**8,583**	**13,604**	**12,785**	**13,197**	**13,198**	**13,048**
Investments	**321**	**375**	**278**	**278**	**278**	**278**
Current assets						
Inventory	530	557	618	805	978	1,233
Sundry debtors	1,559	1,921	2,164	3,930	4,632	5,775
Loans and advances	2,891	3,096	4,035	3,530	4,132	5,175
Cash & bank balance	507	295	338	473	685	900
Marketable securities	2	2	2	-	-	-
Total current assets	**5,488**	**5,871**	**7,158**	**8,739**	**10,427**	**13,083**
Total current liabilities	**3,615**	**3,989**	**5,283**	**6,974**	**7,223**	**8,290**
Net current assets	**1,872**	**1,882**	**1,874**	**1,765**	**3,203**	**4,792**
Intangibles/Misc. expenditure	**0**	**0**	**1**	**0**	**0**	**0**
Total assets	**10,776**	**15,862**	**14,938**	**15,240**	**16,680**	**18,118**

Cash flow

(₹ mn)	FY14	FY15	FY16	FY17#	FY18E	FY19E
Pre-tax profit	647	823	975	1,087	1,407	2,000
Total tax paid	(142)	(107)	(238)	(229)	(141)	(500)
Depreciation	577	542	472	1,156	999	1,050
Working capital changes	404	(222)	52	242	(1,227)	(1,373)
Net cash from operations	**1,487**	**1,037**	**1,260**	**2,256**	**1,038**	**1,177**
Cash from investments						
Capital expenditure	(5,074)	(5,564)	347	(1,568)	(1,000)	(900)
Investments and others	202	(55)	97	2	-	-
Net cash from investments	**(4,872)**	**(5,619)**	**445**	**(1,566)**	**(1,000)**	**(900)**
Cash from financing						
Equity raised/(repaid)	-	-	-	-	-	-
Debt raised/(repaid)	2,782	3,423	(229)	**(226)**	**(250)**	**(150)**
Dividend (incl. tax)	(33)	(34)	(34)	(85)	(85)	(85)
Others (incl extraordinaries)	945	981	(1,398)	(245)	508	173
Net cash from financing	**3,694**	**4,370**	**(1,661)**	**(556)**	**173**	**(61)**
Change in cash position	309	(212)	44	135	212	215
Closing cash	507	295	338	473	685	900

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Adj PAT	**180**	**574**	**302**	**439**	**415**	**524**
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 # - abridged financials

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Analyst Disclosure

Each member of the team involved in the preparation of the grading report, hereby affirms that there exists no conflict of interest that can bias the grading recommendation of the company.

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