

August 16, 2018

Sadbhav Engineering (SADENG)

₹ 270

HAM to drive revenues from Q2 onwards...

- Sadbhav Engineering (SEL's) topline de-grew 3.5% YoY to ₹ 911.4 crore (our estimate: ₹ 1004.3 crore)
- EBITDA margins expanded 44 bps YoY to 11.7% (our estimate: 11.5%) led by lower other expenses (2.0% as percentage of sales in Q1FY19 vs. 6.7% in Q1FY19)
- PAT grew 14.4% YoY to ₹ 63.4 crore (our estimate: ₹ 61.3 crore) on account of high EBITDA margin and higher other income (₹ 10.8 crore in Q1FY19 vs ₹ 3.9 crore in Q1FY18)
- In Q1FY19, SEL issued and allotted 1700 NCDs having face value of ₹ 10 lakh each aggregating to ₹ 170 crore on private placement basis

Robust orderbook, opportunities give strong revenue visibility ahead...

SEL received order inflows worth ₹ 1312 crore in Q1FY19 taking its orderbook to ₹ 13712 crore, implying an orderbook to construction bill ratio of 3.8x on a TTM basis, thus providing strong revenue visibility ahead. On the opportunity front, there are 29 projects for a total length of 1075 km worth ₹ 19781 crore on EPC basis from NHAI, 38 projects for aggregate length of 1777 km worth ₹ 36612 crore on HAM basis from NHAI, four mining projects worth ₹ 4007 crore and one large irrigation project in Gujarat worth ₹ 2376 crore, all for which, bids are to be submitted before September 30, 2018. Consequently, the company has guided for robust order inflows worth ₹ 8000 crore for FY19E.

HAM projects to drive revenues....

SEL has 12 executable HAM projects. Financial closure (FC) for eight HAM projects has been achieved. Of these, it has received appointed dates for seven projects that started contributing to revenues from Q1FY19. Appointed date for Jodhpur Ring Road HAM project is expected in Q2FY19E. Execution of these eight HAM projects will be a major revenue driver for SEL from Q3FY19E. Furthermore, FC for balance four HAM projects is expected in Q3FY19E. These projects will start contributing significantly to topline in FY20E. The management has guided for revenue worth ₹ 4100 crore for FY19E and ~₹ 5500-5600 crore for FY20E. Also, the management expects EBITDA margins to improve to 12% in FY19E given the contribution of relatively higher margin HAM projects. Consequently, we expect topline, PAT to grow robustly at 16.7%, 16.3% CAGR to ₹ 4776.7 crore, ₹ 298.4 crore, respectively, in FY18-20E.

Standalone debt to reduce by ₹ 100-150 crore by FY19E end...

SEL's standalone debt declined to ₹ 1430 crore in Q1FY19 vs. ₹ 1485 crore in Q4FY18. The company expects debt to reduce further by ₹ 100 crore by FY19E end. It expects to receive mobilisation advance worth ₹ 741.1 crore from several projects that would be partly used to reduce debt. Also, SEL has outstanding receivables worth ~₹ 430 crore from SIPL as on August 2018.

Execution set to ramp up; maintain BUY

We like SEL, given its strong orderbook, management bandwidth, strong execution capabilities and robust set of opportunities ahead. Consequently, we expect revenues to grow at 16.7% CAGR to ₹ 4776.7 crore in FY18-20E. 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 ₹ 350/share. We now value SEL's 69% stake in SIPL at ₹ 159/share and EPC business at ₹ 193/share (8.0x FY20E EV/EBITDA implying PE multiple of 11.1x FY20E EPS).

Rating matrix		
Rating	:	Buy
Target	:	₹ 350
Target Period	:	12 months
Potential Upside	:	30%

What's Changed?	
Target	Changed from ₹ 430 to ₹ 350
EPS FY19E	Changed from ₹ 17.1 to ₹ 16.3
EPS FY20E	Changed from ₹ 15.0 to ₹ 17.4
Rating	Unchanged

Quarterly Performance					
	Q1FY19	Q1FY18	YoY (%)	Q4FY18	QoQ (%)
Revenue	911.4	944.4	-3.5	1,104.5	-17.5
EBITDA	107.0	106.7	0.3	124.0	-13.7
EBITDA (%)	11.7	11.3	44 bps	11.2	51 bps
PAT	63.4	55.4	14.4	69.9	-9.2

Key Financials				
(₹ Crore)	FY17	FY18E	FY19E	FY20E
Net Sales	3,320.3	3,505.1	4,099.2	4,776.7
EBITDA	355.6	415.1	486.9	572.1
Net Profit	187.8	220.7	279.2	298.4
EPS (₹)	10.9	12.9	16.3	17.4

Valuation summary				
(x)	FY17E	FY18E	FY19E	FY20E
P/E	24.5	20.9	16.5	15.4
Target P/E	32.0	27.2	21.5	20.1
EV / EBITDA	17.2	14.6	11.9	10.3
P/BV	2.8	2.5	2.2	1.9
RoNW (%)	11.3	11.8	13.2	12.5
RoCE (%)	10.8	9.9	11.5	12.3

Stock data	
Particular	Amount
Market Capitalization	₹ 6003 Crore
Total Debt	₹ 1485 Crore
Cash and Investments	₹ 13 Crore
EV	₹ 7475 Crore
52 week H/L (₹)	439 / 262
Equity capital	₹ 17 Crore
Face value	₹ 1

Price performance (%)				
Return %	1M	3M	6M	12M
PNC Infratech	(3.1)	(15.9)	(24.0)	2.0
Sadbhav Engg	(4.5)	(29.2)	(31.4)	(1.0)
Ashoka Buildcon	(13.5)	(22.6)	(12.5)	11.1
IRB Infra	(11.8)	(23.5)	(19.6)	(8.7)

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Variance analysis

	Q1FY19	Q1FY19E	Q1FY18	YoY (Chg %)	Q4FY18	QoQ (Chg %)	Comments
Income from Operation	911.4	1,004.3	944.4	-3.5	1,104.5	-17.5	Topline growth was led by moderate execution during the quarter
Other Income	10.8	3.9	3.9	176.7	3.9	177.1	
Construction Expenses	743.4	803.4	743.6	0.0	893.5	-16.8	
Employee Cost	42.4	50.2	30.9	37.2	55.2	-23.2	
Other expenditure	18.6	35.2	63.1	-70.5	31.8	-41.4	
Total Expenditure	804.4	888.8	837.6	-4.0	980.5	-18.0	
EBITDA	107.0	115.5	106.7	0.3	124.0	-13.7	
EBITDA Margin (%)	11.7	11.5	11.3	44 bps	11.2	51 bps	EBITDA margin expansion was led by lower other expenses
Depreciation	24.1	23.6	24.5	-1.8	23.6	2.0	
Interest	25.7	34.5	32.2	-20.1	34.5	-25.5	
PBT	68.1	61.3	53.9	26.2	69.8	-2.5	
Taxes	4.6	0.0	-1.5	-407.3	0.0	-10,503.6	
Reported PAT	63.4	61.3	55.4	14.4	69.9	-9.2	

Source: Company, ICICI Direct Research

Change in estimates

	FY18	FY19E			FY20E			Comments
(₹ Crore)		Old	New	% Change	Old	New	% Change	
Revenue	3,505.1	4,099.2	4,099.2	0.0	4,776.7	4,776.7	0.0	We maintain our estimates
EBITDA	415.1	486.9	486.9	0.0	576.9	572.1	-0.8	
EBITDA Margin (%)	11.8	11.9	11.9	-2 bps	12.1	12.0	-10 bps	
PAT	220.7	293.6	279.2	-4.9	257.4	298.4	15.9	We revise tax rates in line with management commentary, which has led to bottomline revision
EPS (₹)	12.9	17.1	16.3	-4.9	15.0	17.4	15.9	

Source: Company, ICICI Direct Research

Assumptions

	FY14	FY15	FY16	FY17	FY18	Current		Earlier		Comments
						FY19E	FY20E	FY19E	FY20E	
Order inflow	2,317	2,220	2,463	3,503	9,064	8,000	8,000	8,000	8,000	We upgrade our order inflow estimates for FY19E in sync with management commentary

Source: Company, ICICI Direct Research

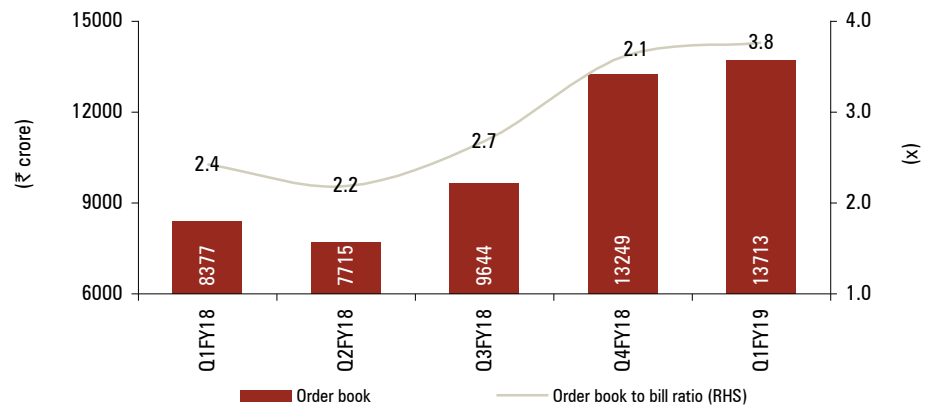
Conference Call Highlights

- **Orderbook & bidding update:** The company received order inflows worth ₹ 1312 crore in Q1FY19 taking its orderbook to ₹ 13712 crore, implying an orderbook to construction bill ratio of 3.8x on a TTM basis. The management expects to receive ~₹ 8000 crore order inflows in FY19E, mostly from the transport segment
- **Bid pipeline:** Among opportunities, there are 29 projects for a total length of 1075 km worth ₹ 19781 crore on EPC basis from NHAI, 38 projects for aggregate length of 1777 km worth ₹ 36612 crore on HAM basis from NHAI, four mining projects worth ₹ 4007 crore and one large irrigation project in Gujarat worth ₹ 2376 crore. For all for this, bids are to be submitted before September 30, 2018
- **Management guidance:** The company has guided for revenues worth ₹ 4100 crore for FY19E and ₹ 5400-5500 crore for FY20E. It has further guided for EBITDA margins of 11.5-12% for FY19E & FY20E and capex of ₹ 70-75 crore each for FY19E & FY20E
- **Equity commitment:** It is at ~₹ 300-350 crore to be evenly invested over the next three years for the current HAM projects
- **HAM project update:** The company has 12 HAM projects. Financial closure for eight HAM projects has been achieved out of which, it has received appointed date for seven projects, which started contributing to revenues from Q1FY19. The management expects to receive appointed date for Jodhpur Ring Road HAM project in September 2018. For the balance four HAM projects, the management expects to receive financial closure by Q2FY19E end. Part of the construction work of these four projects may start in Q3FY19E and the remaining in Q4FY19E, depending on the land availability. Due to non-availability of land from NHAI, the management has requested to de-link ~8 km of Una-Kodinar and ~6.5 km of Rampur-Katgodham HAM project. Absolute impact of this de-linking can be to the tune of 170-180 crore
- **EPC project update:** The management expects execution work for Jodhpur Ring Road project to commence from Q3FY19E and for Karnataka Sate Highway project from Q4FY19E
- **Mumbai-Nagpur project update:** MSRDC has given approval for the project in August 2018. Lol is expected by August 2018 end
- **Completion certificate:** SEL received final completion certificate for Eastern Peripheral Expressway Package I & II in July 2018
- **Debt update:** SEL's standalone debt declined to ₹ 1430 crore in Q1FY19 vs. ₹ 1485 crore in Q4FY18. The company expects debt to reduce further by ~₹ 100 crore in FY19E. It expects to receive mobilisation advance worth ₹ 741.1 crore from several projects that would be partly used to reduce debt. Also, SEL has outstanding receivables worth ~₹ 430 crore from SIPL as on Q1FY19
- **Arbitration:** The company won ₹ 104 crore arbitration award for Rohtak-Panipat tollway project for which, the management expects to receive award amount (SEL's share: ₹ 65 crore) from NHAI by August 2018 end. For Nagpur-Seoni and Dhule-Palasner project, the management expects to receive the arbitration award by October 2018. SEL has Mumbai-Nashik project under arbitration proceedings worth ~₹ 410 crore (SEL's share: 72%), which is expected to be settled by November 2018
- **Tax rate:** The company expects ~5% against initial guidance of nil tax rate for FY19E. For FY20E, it expects ~15-18% tax rate
- **GST proceeds:** The company has received ₹ 38-39 crore GST proceeds for three of its projects as of Q1FY19 and is further expecting to receive ~₹ 95-100 crore for balance projects in Q2FY19

Company Analysis

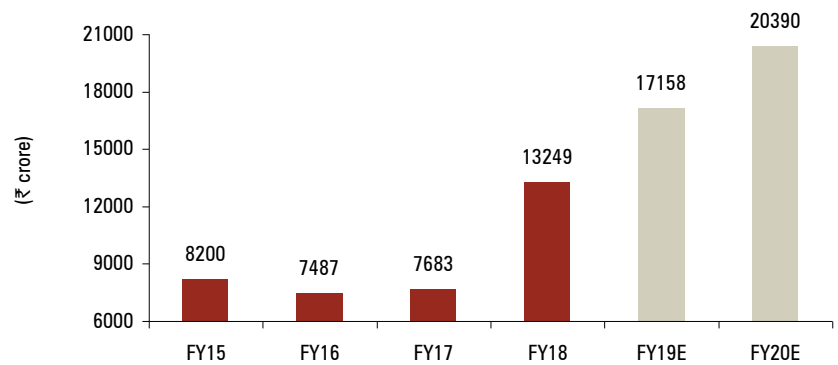
Order book was at ₹ 13713 crore, 3.8x book to bill on TTM basis

Exhibit 1: Quarterly orderbook trend...



Source: Company, ICICI Direct Research

Exhibit 2: Annual orderbook trend...

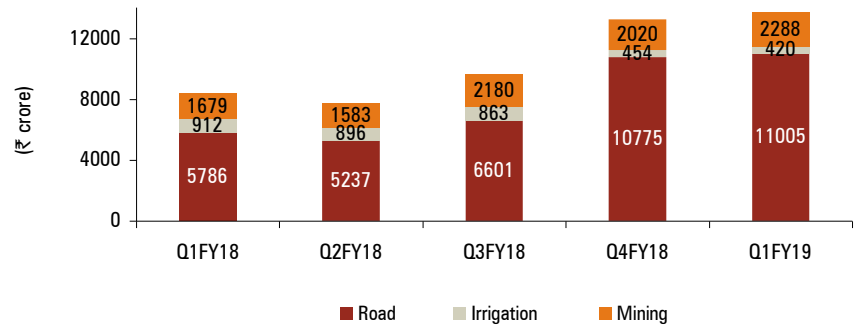


Source: Company, ICICI Direct Research

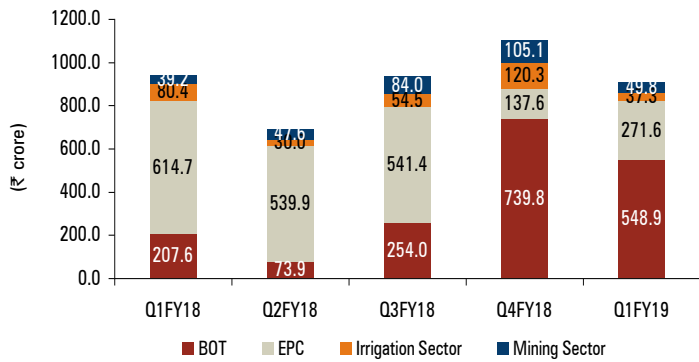
Exhibit 3: Top five projects by execution during Q1FY19

Project	Segment	Execution during Q1FY19
BRT Tiger Reserve	Transport-HAM	138.4
Udaipur Bypass	Transport-HAM	125.2
Bhavnagar Talja	Transport-HAM	83.7
Ambala Kaithal	Transport-EPC	67.5
Una-Kodinar	Transport-HAM	57.5
Total		472.3

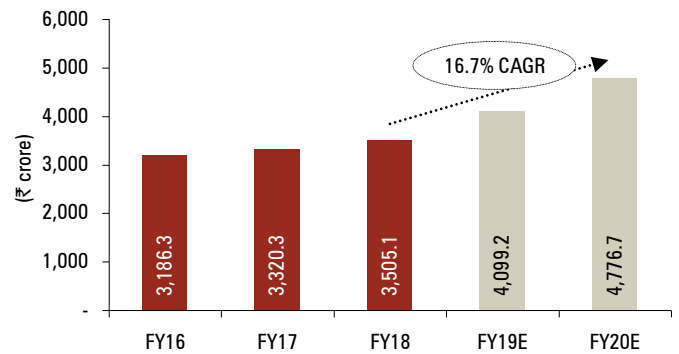
Source: Company, ICICI Direct Research

Exhibit 4: Segmental break-up of order book


Source: Company, ICICI Direct Research

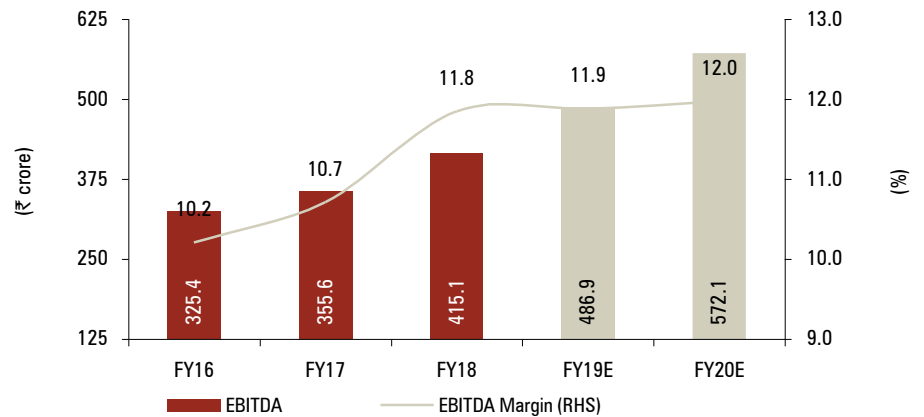
Exhibit 5: Quarterly segmental revenue trend


Source: Company, ICICI Direct Research

Exhibit 6: Revenue trend...


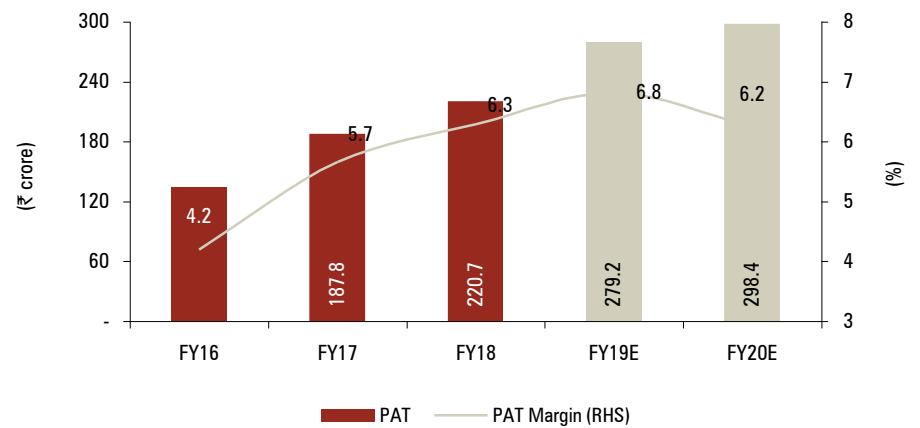
Source: Company, ICICI Direct Research

Going ahead, we anticipate SEL's EBITDA margin will improve 20 bps to 12% during FY18-20E on account of better execution providing better operating leverage

Exhibit 7: Margins to inch up...


Source: Company, ICICI Direct Research

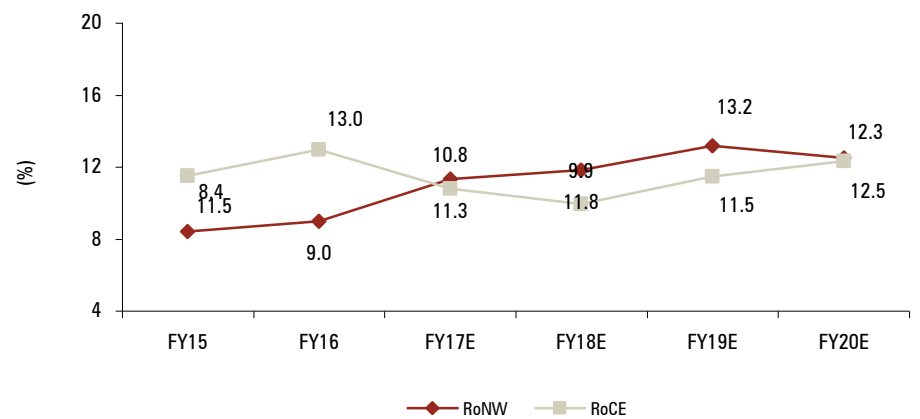
Exhibit 8: PAT trend



Source: Company, ICICI Direct 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 12.5%, in FY20E

Exhibit 9: Return ratio trend



Source: Company, ICICI Direct Research

We assign a **BUY** rating to the stock with an SoTP based target price of ₹ 350/share

Outlook and Valuation

We like SEL, given its strong orderbook, management bandwidth, strong execution capabilities and robust set of opportunities ahead. Consequently, we expect SEL's revenues to grow at 16.7% CAGR to ₹ 4776.7 crore in FY18-20E. 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 ₹ 350/share. We now value SEL's 69% stake in SIPL at ₹ 159/share and EPC business at ₹ 193/share (8.0x FY20E EV/EBITDA implying PE multiple of 11.1x 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 ₹ 159/share (after considering 15% holding company discount).

Construction business: We value SEL's construction business at ₹ 193/share (8.0x FY20E EV/EBITDA). Our target multiple of 9.0x FY20E EV/EBITDA implies FY20E PE multiple 11.1x.

Exhibit 10: BOT valuation

Projects Name	Project cost (₹ cr)	Debt	Equity (₹ cr)	SIPL Commitem ent*	CoE(%)	Equity value (₹ cr)	SIPL Stake(%)	SIPLs stake value (₹ cr)	Value per share (₹)
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								-1238	-72.2
Total value	11434	8743	1862	1537		9258		5290	308.5

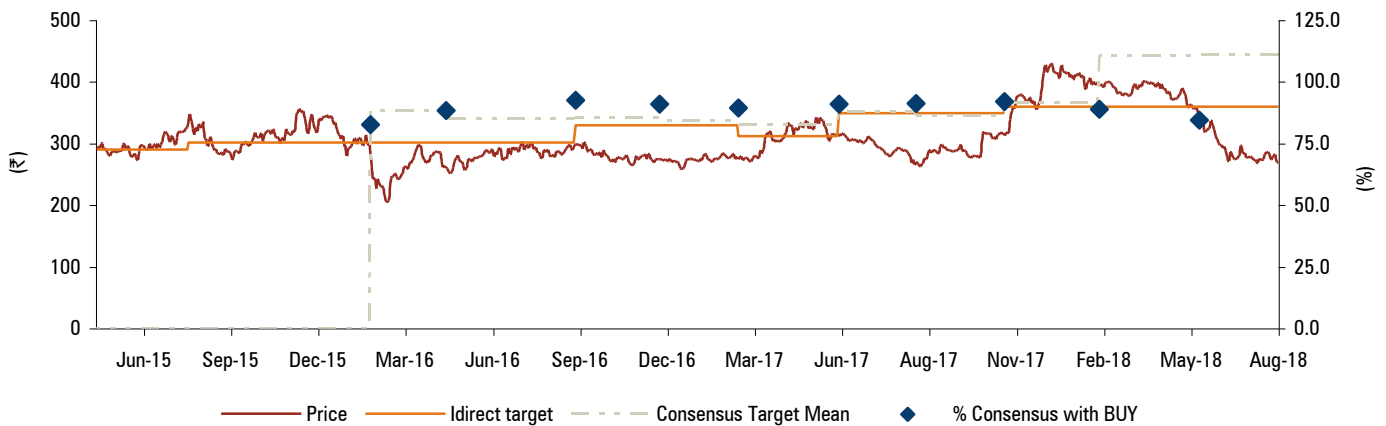
Source: Company, ICICI Direct Research

Exhibit 11: Valuation summary

Valuation summary	Stake (%)	₹ crore	Value per share (₹)
BOT & HAM projects (A)			
SIPL Valuation		5290.2	308
SEL stake valuation	68.6	2723	159
Construction Business (B)			
FY20E EBITDA		572.1	
EV/EBITDA (x)		8.0	
Construction business valuation		4576.9	
FY20E Net debt		1270.4	
Equity Value (B)	100.0	3306.4	193
Total SoTP Value (A) + (B)		6029.8	352
Rounded off target price			350

Source: Company, ICICI Direct Research

Recommendation history vs. Consensus



Source: Bloomberg, Company, ICICI Direct 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, ICICI Direct Research

Top 10 Shareholders						Shareholding Pattern				
Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)	(in %)	Sep-17	Dec-17	Mar-18	Jun-18
1	S M Management Pvt. Ltd.	30-Jun-18	25.8%	31.6	0.0	Promoter	51.0	51.0	51.0	51.0
2	Prime Holdings Pvt. Ltd.	30-Jun-18	9.8%	12.0	0.0	Public	49.0	49.0	49.0	49.0
3	Jwalamukhi Investment Holdings	30-Jun-18	9.7%	11.9	0.0	Others	0.0	0.0	0.0	0.0
4	Trade Combines Partnership Firm	20-Mar-17	9.5%	11.7	11.7	Total	100.0	100.0	100.0	100.0
5	Mittal (Shiv Prakash & Shobhan)	30-Jun-18	9.5%	11.7	0.0					
6	SBI Funds Management Pvt. Ltd.	30-Sep-17	9.3%	11.4	0.0					
7	HDFC Asset Management Co., Ltd.	30-Sep-17	8.9%	11.0	0.0					
8	WestBridge Capital Partners, LLC	30-Jun-18	3.0%	3.6	0.0					
9	Mittal (Rajesh)	30-Jun-18	2.5%	3.1	0.0					
10	HDFC Standard Life Insurance Company Limited	30-Jun-18	2.0%	2.5	0.1					

Source: Reuters, ICICI Direct Research

Recent Activity

Buys			Sells		
Investor name	Value (m)	Shares (m)	Investor name	Value (m)	Shares (m)
Tata Asset Management Limited	2.3	0.7	Norges Bank Investment Management (NBIM)	-15.7	-3.0
IDFC Asset Management Company Private Limited	0.9	0.3	Reliance Nippon Life Asset Management Limited	-1.5	-0.5
HDFC Standard Life Insurance Company Limited	0.2	0.1	Florida State Board of Administration	0.0	0.0
Union Asset Management Company Private Limited	0.1	0.0	BlackRock Institutional Trust Company, N.A.	0.0	0.0
Bessemer Trust Company, N.A. (US)	0.0	0.0	Northern Trust Investments, Inc.	0.0	0.0

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement				
₹ Crore				
(₹ Crore)	FY17	FY18	FY19E	FY20E
Net Sales	3,320.3	3,505.1	4,099.2	4,776.7
Growth (%)	4.2	5.6	17.0	16.5
Other Income	87.5	15.8	34.1	39.1
Total Revenue	3,407.8	3,520.8	4,133.3	4,815.8
Raw Material Expenses	817.9	863.4	1,016.6	1,179.9
Construction Expenses	1,837.3	1,950.0	2,276.5	2,652.7
Administrative Expenses	309.5	276.5	319.3	372.0
Total operating expenses	2,964.7	3,089.9	3,612.4	4,204.6
EBITDA	355.6	415.1	486.9	572.1
Growth (%)	9.3	16.7	17.3	17.5
Interest	153.4	116.7	118.8	128.8
Depreciation	100.0	97.9	108.2	118.5
PBT	189.7	216.3	293.9	363.9
Total Tax	1.8	-4.4	14.7	65.5
PAT	187.8	220.7	279.2	298.4
Growth (%)	40.5	17.5	26.5	6.9
EPS (Diluted)	10.9	12.9	16.3	17.4

Source: Company, ICICI Direct Research

Cash flow statement				
₹ Crore				
(₹ Crore)	FY17	FY18	FY19E	FY20E
Profit after Tax	187.8	220.7	279.2	298.4
Depreciation	100.0	97.9	108.2	118.5
Cash Flow before WC changes	355.6	415.1	486.9	572.1
Net Increase in CA	-607.9	-360.9	-179.2	-599.3
Net Increase in CL	-101.5	177.8	183.5	198.7
Cash Flow from Operating Act.	-355.6	236.5	476.4	106.0
(Purchase)/Sale of FA	-2.3	-77.8	-75.0	-75.0
Cash flow from Investing Act.	78.7	-70.1	-40.9	-35.9
Others	-87.5	-15.8	-34.1	-39.1
Proceeds from LT Borrowings	302.0	-150.1	-118.8	-3.8
Cash flow from Financing Act.	287.6	-178.1	-146.8	-31.8
Net Cash flow	10.7	-11.7	288.6	38.3
Opening Cash/ Cash Equivalent	16.6	23.0	12.7	301.3
Closing Cash/ Cash Equivalent	23.0	12.7	301.3	339.6

Source: Company, ICICI Direct Research

Balance sheet				
₹ Crore				
(₹ Crore)	FY17	FY18	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	1,849.6	2,100.8	2,371.2
Total Shareholders funds	1,660.9	1,866.8	2,118.0	2,388.3
Secured Loans	1,514.9	1,485.0	1,485.0	1,610.0
Unsecured Loans	3.5	0.0	0.0	0.0
Deferred Tax Liability	0.0	0.0	0.0	0.0
Sources of funds	3179.2	3351.8	3,603.0	3,998.3
Assets				
Gross Block	675.9	751.3	826.3	901.3
Accumulated Depreciation	153.0	250.9	359.1	477.6
Net Block	522.9	500.4	467.2	423.7
Investments	569.4	577.5	577.5	577.5
Inventory	123.4	164.3	143.5	167.2
Debtors	1,701.0	1,628.0	1,740.1	2,123.2
Loans and Advances	538.1	688.2	702.4	722.9
Other Current Assets	434.7	677.4	751.3	923.2
Cash	23.0	12.7	301.3	339.6
Total Current Assets	2,820.0	3,170.6	3,638.5	4,276.1
Current Liabilities	348.1	417.2	470.7	548.5
Provisions	2.0	2.7	2.5	2.9
Net current assets	2,469.9	2,750.8	3,165.3	3,724.7
Application of funds	3179.2	3351.8	3,603.0	3,998.3

Source: Company, ICICI Direct Research

Key ratios				
	FY17	FY18	FY19E	FY20E
Per share data (₹)				
Reported EPS	10.9	12.9	16.3	17.4
Cash EPS	16.8	18.6	22.6	24.3
BV per share	96.8	108.8	123.4	139.2
Dividend per share	0.8	1.6	1.6	1.6
Cash Per Share	1.3	14.6	20.9	27.8
Operating Ratios (%)				
EBITDA Margin	10.7	11.8	11.9	12.0
PBT / Net Sales	5.7	6.2	7.2	7.6
PAT Margin	5.7	6.3	6.8	6.2
Inventory days	14	17	13	13
Debtor days	187	170	155	162
Creditor days	54	62	65	65
Return Ratios (%)				
RoE	11.3	11.8	13.2	12.5
RoCE	10.8	9.9	11.5	12.3
RoIC	8.1	9.5	11.5	12.4
Valuation Ratios (x)				
P/E	24.5	20.9	16.5	15.4
EV / EBITDA	17.2	14.6	11.9	10.3
EV / Net Sales	1.8	1.7	1.4	1.2
Market Cap / Sales	1.4	1.3	1.1	1.0
Price to Book Value	2.8	2.5	2.2	1.9
Solvency Ratios				
Debt/EBITDA	4.3	3.6	3.1	2.8
Debt / Equity	0.9	0.8	0.7	0.7
Current Ratio	3.5	3.2	2.9	2.9
Quick Ratio	3.3	3.1	2.8	2.8

Source: Company, ICICI Direct Research

ICICI Direct Research 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
IRB Infra (IRBINF)	208	230	Hold	7,281	19.1	21.5	27.7	10.9	9.7	7.5	1.3	1.2	1.2	1.4	1.3	1.1	13.2	13.6	15.2
PNC Infratech (PNCINF)	168	215	Buy	4,310	8.2	9.8	7.2	20.6	17.2	23.2	20.0	13.6	12.8	2.7	2.4	2.2	9.7	13.9	9.4
Sadbhav Engg. (SADENG)	270	350	Buy	4,638	10.9	12.9	16.3	24.5	20.9	16.5	17.2	14.6	11.9	2.8	2.5	2.2	11.3	11.8	13.2
Ashoka Buildcon (ASHBUI)	146	195	Buy	2,749	-7.9	-4.2	0.9	NA	NA	191.7	9.6	8.1	7.2	9.9	14.7	13.6	NM	NM	7.1

Source: Company, ICICI Direct Research

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