

# PSP Projects

## Buy



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### Annual Report 2020: Getting Bigger, Better and Stronger

The annual report theme highlights PSP's strategy of getting bigger by expanding the scale and size, getting better by evolving with time and getting stronger with their team and expertise. PSP's diversified offerings, robust capabilities and continuous perseverance are led by focus areas of timeliness, quality and safety and vision of growing bigger and stronger. The company, driven by passion and commitment is optimistic about the bright future of the construction industry as urbanization, industrial growth and smart cities will only increase in India.

### MDA Overview

The Jan-March period is most crucial for construction companies as most of their orders fructify. June onwards, the monsoon hinders building activities. In 2020, this most productive season for construction has been severely affected by the contagion and the lockdown. Construction companies have suggested that Covid-19 needs to be declared 'force majeure' under Section 6 of the Real Estate (Regulations and Development) Act (RERA) that provides extension of project registration granted to promoters. The government's continued investments under flagship programs such as the Bharatmala scheme, 100 Smart Cities Mission, Housing for All 2022, the Atal Mission for Urban Rejuvenation and Transformation (AMRUT), the UDAN (Ude Desh ka Aam Nagrik) scheme, Pradhan Mantri Gram Sadak Yojana (PMGSY), Make in India, and Power for All (PFA) are expected to drive the growth of construction.

### Opportunities

Gujarat is an important state for the company as 62.1% of the orderbook as on Jun'20 comes from Gujarat and 94% of FY20 revenue is from Gujarat. Upcoming key projects in Gujarat include Delhi-Mumbai Industrial Corridor of \$100 bn, of the total 24 industrial nodes across the DMIC, 6 fall within the state of Gujarat. GIFT City, DREAM city and Smart cities are some other opportunities for the company in the state of Gujarat. PSP intends to diversify to airport building vertical. In this regard, the announcement of development of 400 regional airports under the 'UDAAN' (Ude Desh Ke Aam Naagarik) scheme offers promising prospects for construction companies.

### Setting up a Precast Concrete Plant

PSP is setting up a 3mn sq. ft precast concrete plant near Sanand, Gujarat for Rs750 mn (land cost of Rs200-250 mn) to be operational by May'21 for Phase-I of 1mn sq.ft. It will be financed through internal accruals. This plant will improve quality, reduce time and labour requirement, however will not improve margin. Hence, difficult to see near-term benefit to company.

### Financial Snapshot

Revenue increased by 43.6% YoY in FY20 to Rs15 bn vs. Rs10.4 bn in FY19. SDB's revenue too increased by 52.7% YoY in FY20 to Rs5.4 bn (36.2% of revenue) vs. Rs3.55 bn (34% of revenue) in FY19. EBITDA margins down 153 bps YoY to 12.7% in FY20 vs. 14.3% in FY19. Reported PAT increased by 43.2% YoY in FY20 to Rs1.29 bn vs. Rs902 mn in FY19. PSP received order inflow of Rs15.8 bn in FY20 vs. Rs14.15 bn in FY19, a growth of 11.5% YoY. PSP's orderbook as on Jun'20 stands at Rs29.6 bn and is L1 in GIDC project worth Rs2.75 bn. Including the same, orderbook stands at Rs32.35 bn providing revenue visibility of 2.5 TTM revenue.

CMP	Rs 444
Target / Upside	Rs 516 / 16%
BSE Sensex	39,154
NSE Nifty	11,559

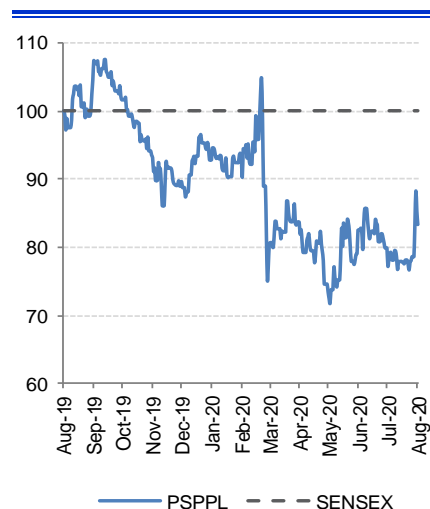
### Scrip Details

Equity / FV	Rs 360mn / Rs 10
Market Cap	Rs 16bn
	US\$ 216mn
52-week High/Low	Rs 577/Rs 232
Avg. Volume (no)	38,743
NSE Symbol	PSPPROJECT
Bloomberg Code	PSPPL IN

### Shareholding Pattern Jun'20(%)

Promoters	74.0
MF/Banks/FIs	5.8
FIIIs	1.3
Public / Others	19.0

### Company Relative to Sensex



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## Annual Report Macro View

Key Management	During the year under review, Mr. Sagar P. Patel (DIN:07168126) and Mrs. Zarana P. Patel (DIN: 08580937) were appointed as Executive Director and Non-Executive Women Independent Director respectively on 25 Nov’19.			
	Mrs. Shilpaben P. Patel (DIN: 02261534), Whole Time Director of the company has resigned from the directorship of the company w.e.f. 5 Aug’20 due to personal reasons.			
Board of Directors	No Changes			
Credit Rating		FY2019	FY2020	
	CARE	CARE A+, Stable (Long term bank facilities) CARE A1+ (Short term bank facilities)	CARE A+, Stable (Long term bank facilities) CARE A1+ (Short term bank facilities)	
Auditors	No changes. M/s. Kantilal Patel & Co. and M/s. Riddhi P. Sheth & Co. continue to remain Joint Statutory Auditors of the company. Rohit Shantilal Dudhela is the Secretarial auditor. Manubhai & Shah LLP is the Internal Auditor and M/s. K.V. Melwani & Associates is the Cost Auditor.			
Pledged Shares	% of shares pledged:			
	FY2019	FY2020		
	-	-		
Macro-economic Factors	The year under review was a difficult one for the construction industry in India. The second quarter of the year saw one of the lowest growth periods in about a decade, and by the end of the third quarter, realty was in even deeper trouble because of the liquidity crisis in the NBFC (non-banking financial companies) sector and its cascading impact on borrowing abilities. And then, there was the COVID-19 pandemic, which stopped the world in its tracks, and certainly impacted operations, as construction is one area where remote work is not possible.			
Key Holders	Shareholding Pattern		Mar’19	Jun’20
	A. Promoters		73.28	73.96
	B. Public Shareholding			
	1. Institutions:			
	a. Mutual Funds		5.61	5.23
	b. Banks/FI		0.23	0.02
	c. Central Govt.		-	-
	d. State Govt.(s)		-	-
	e. Venture Capital Funds		-	-
	f. Insurance Companies		-	-
	g. FII(s) / FPI(s)		1.17	1.27
	h. Foreign Venture Capital Funds		-	-
	i. Others (Alternate Investment Funds)		0.57	0.57
	j. Qualified Institutional Buyer		-	-
	2. Non-Institutions:			
	a. Bodies Corp.		5.94	6.56
	b. Individuals		11.60	10.94
	c. Others		1.60	1.45
	C. Shares held by Custodian for GDRs & ADRs		-	-
	Total		100.00	100.00

Source: Company, DART

## Management Discussion & Analysis

The Covid-19 pandemic impact has led to the stalling of activity in the construction sector and this disruption will have a negative impact on the operating income, profitability, and liquidity position of construction companies in the short term to medium term. The Jan-March period is most crucial for construction companies as most of their orders fructify. June onwards, the monsoon hinders building activities. In 2020, this most productive season for construction has been severely affected by the contagion and the lockdown.

Unlike sectors such as financial services, online retail, automated manufacturing, and information technology, where much of the work can be done through virtual channels or robots, the construction sector requires the physical presence of a large human workforce in concentrated areas. Therefore, construction companies will be under stress during the first two quarters of 2020-21.

Construction companies have suggested that Covid-19 needs to be declared 'force majeure' under Section 6 of the Real Estate (Regulations and Development) Act (RERA) that provides extension of project registration granted to promoters.

As the government plans invest about Rs100 lakh crores in the infrastructure sector over the next five years; construction industry in India is expected to become the 3rd largest construction market globally by 2022, driven by current and planned spends on highways, railways, ports, airports, and urban infrastructure.

The government's continued investments under flagship programs such as the Bharatmala scheme, 100 Smart Cities Mission, Housing for All 2022, the Atal Mission for Urban Rejuvenation and Transformation (AMRUT), the UDAN (Ude Desh ka Aam Nagrik) scheme, Pradhan Mantri Gram Sadak Yojana (PMGSY), Make in India, and Power for All (PFA) are expected to drive the growth of construction.

## INDUSTRY STRUCTURE AND DEVELOPMENTS

### Industrial construction segment overview

Construction within the institutional and infrastructure space in India has many government initiatives in its favour. Programs such as Bharatmala Pariyojana, a nationwide road and highway network project that aims to create 9,000km of economic corridors; Sagarmala, for leveraging the country's coastline and inland waterways to drive industrial development; UDAN (short for Ude Desh ke Aam Nagrik), a regional air connectivity program that would boost aviation infrastructure development; and investment in Make in India to turn the Indian construction industry into a globally competitive one and attract foreign capital will all result in more institutional construction activity.

### Institutional construction segment overview

The institutional construction market will be supported by public and private sector investment in educational and healthcare projects. As per the India Brand Equity Foundation (IBEF), the institutional construction demand from the healthcare sector is also on the rise driven by rising incomes, greater health awareness, lifestyle disease and increasing access to insurance

### Residential construction segment overview

Global Data expects the residential construction market to retain its leading position and account for 30.1% of the industry's total value in 2023. Market expansion is expected to be supported by public and private sector investments in the construction of new residential buildings, in order to meet the demand for housing. A rising trend of nuclear family concept is expected to provide impetus to residential units. Three major reforms – the introduction of GST, the launch of RERA, and the grant of infrastructure status to affordable housing projects – have had a massive and positive impact on the industry.

### Commercial construction segment overview

According to the CRISIL Report, India's top 10 commercial real estate owners alone, including both developers and funds, have a portfolio of around 184 million square feet, translating into an annual lease rental income of over ` 17,000 Crore. Sectors such as information technology and IT-enabled services, retail, consulting and e-commerce have registered a high demand for office space in recent times. With the underlying commercial office space growing at 18% annually over the past 19 years along with rent escalation (generally 5% every year), India still has one of the lowest rental rates, office space and capital values across major global cities. The demand for grade A commercial real estate remains a trend that is likely to see 5-10% escalations per annum. Of the total capital flows into the real estate sector over the past five years, 70% has gone into rent yielding assets.

### Opportunities in Gujarat

Gujarat is a leader in various sectors, including pharmaceuticals, petrochemicals, textiles, automobiles, among others. Further, Gujarat continues to invest in its infrastructure to boost its economic and social development. Some of the key projects include Delhi-Mumbai Industrial Corridor of \$100 bn, of the total 24 industrial nodes across the DMIC, 6 fall within the state of Gujarat. GIFT City, DREAM city and Smart cities are some other opportunities for the company in the state of Gujarat.

**Diversification** - With increasing presence in Gujarat, PSP is also aggressively expanding footprint in the states of Maharashtra, Rajasthan, and Karnataka. They have also penetrated Uttar Pradesh by securing the prestigious government project of development of Shri Kashi Vishwanath Dham and its beautification at Varanasi.

Going forward, PSP intends to diversify to airport building vertical. In this regard, the announcement of development of 400 regional airports under the 'UDAAN' (Ude Desh Ke Aam Naagarik) scheme offers promising prospects for construction companies. They are also keen to enter the pre-cast and pre-engineered building segment.

**Infrastructure development** - The Government's flagship infrastructure development schemes such as Make in India, Smart Cities, and Housing for All augur well for the construction sector. The Government has also earmarked Rs102 tn infrastructure as part of the National Infrastructure Pipeline (NIP) over the next five years. In addition, game-changing policies such as GST and RERA have changed the face of the real estate sector and expected to benefit the residential segment.

**Construction demand from institutional sector** - Further, there is a growing demand of space from certain institutional sectors. Demand from healthcare segment has been on the rise, driven by rising incomes, greater health awareness, increasing lifestyle diseases, and higher access to insurance. Education sector, on the other hand, has been witnessing growth on the back of favorable policy reforms and increasing number of schools and institutions. PSP's strong track record across healthcare, education and FMCG positions the company well to benefit from new construction activity within these segments.

### **Key Projects in Gujarat**

The Gujarat Infrastructure Development Board (GIDB) developed 'Blueprint for Infrastructure, Gujarat 2020 (BIG 2020)'. Major projects envisaged by government under BIG 2020 are Power Generation capacity of 31000 MW, Strong application of renewable energy/solar power, Robust Natural Gas infrastructure in the State, cross the Gas processing chain, Coal Gasification projects, Leveraging the Dedicated Freight Corridor ("DFC")/Delhi Mumbai Industrial Corridor ("DMIC") opportunity, Gujarat international Finance Tech City (GIFT), Bullet Train to connect Ahmedabad – Mumbai, Metro Rail Transportation project, Kalpsar Project etc.

### **Surat Diamond Bourse - Project Status**

Of the total contract of Rs15.75 bn, PSP realized revenue of Rs9.57 bn up to Mar'20, out of which Rs5.42 bn was realized in FY20. Nearly 61% of the project value has been completed so far. Outstanding orderbook of the company as on Jun'20 is Rs5.7 bn. Civil works have been completed while items procured, MEP, and other ancillary works are going on. Previously, it was envisaged to complete the project by Mar'21, however, there may be a delay of one or two months beyond Mar'21 due to circumstances beyond control. Delay in approval for the finishing material was one of the challenges faced in project execution. As it is a basic rate item, they were not able to commence the finishing work before finalization by the client. Further, the coronavirus outbreak and the subsequent nationwide lockdown in Mar'20 resulted in labour shortage across the country, which also impacted the project execution in Q4FY20. As the project crosses 60% completion, it will make PSP eligible to bid for larger and more complex single projects. Prequalification credentials will strengthen growth prospects and put PSP in different growth orbit.

**Exhibit 1: Board and Committee composition**

Name of Directors	Audit	Nomination & Remuneration	Stakeholders Relationship	CSR	Fund Raising	Risk management
Mr. Vasishtha Patel	✓	•			✓	
Mr. Sandeep Shah	•	•		•		
Mr. Prahaladbhai S. Patel	•		•	•	•	✓
Mr. Chirag Shah		✓	✓		•	•
Ms. Pooja P. Patel			•		•	
Mrs. Shilpaben P. Patel				✓		
Mr. Sagar P. Patel						•
Mrs. Zarana P. Patel	•					•
<b>Total No. of Members</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>

Source: Company, DART, ✓ Chairperson, • Member

**Exhibit 2: Trend of Remuneration (Rs mn)**

Name	Position	FY18	FY19	FY20
Mr. Prahaladbhai S. Patel	MD & CEO	41.0	54.0	54.0
Mrs. Shilpaben P. Patel	Whole time Director	11.7	18.0	18.0
Ms. Pooja P. Patel	Executive Director	5.9	10.2	10.2
Mr. Sagar P. Patel	Executive Director	-	-	1.0
Mrs. Hetal Patel	CFO	1.9	2.2	2.5
Ms. Mittali Christachary	CS & Compliance	-	0.5	0.7
Ms. Minakshi Tak	CS & Compliance	0.6	-	-

Source: Company, DART

## Financial Highlights

### Operational Performance

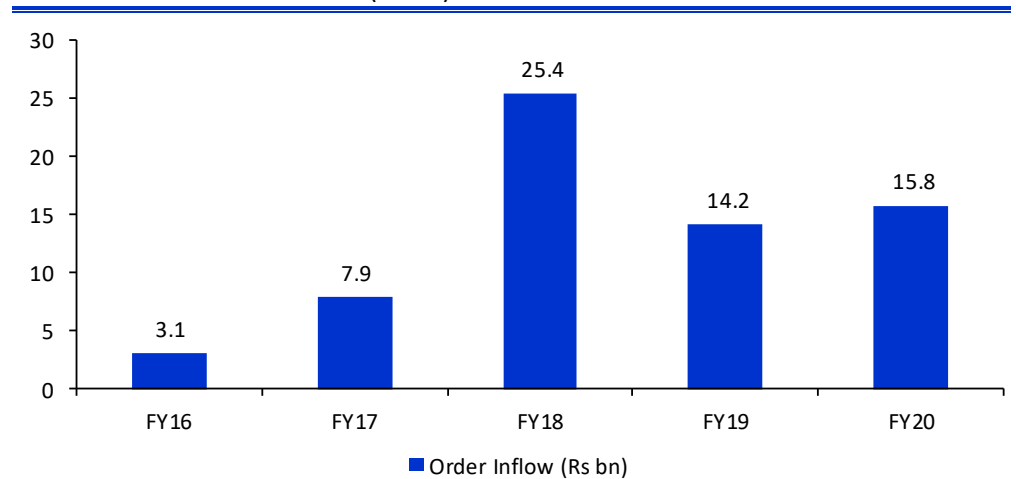
**Order Inflows:** PSP has received orders worth Rs15.8 bn in FY20 vs. Rs14.2 bn in FY19, a growth of 11.5% YoY. PSP has not received any orders in YTD FY21E.

**Exhibit 3:** Some of the major awards won in FY20

Project	State	Value (Rs bn)
Second Affordable Housing Project	Maharashtra	6.0
Development of Shri Kashi Vishwanath Dham	UP	3.4
Construction of Phoenix Mall at Ahmedabad	Gujarat	1.4
Civil construction of Nestle India Plant at Sanand	Gujarat	1.0

Source: Company, DART

**Exhibit 4:** Order Inflow Trend (Rs bn)



Source: Company, DART

**Exhibit 5:** Average ticket size of orders

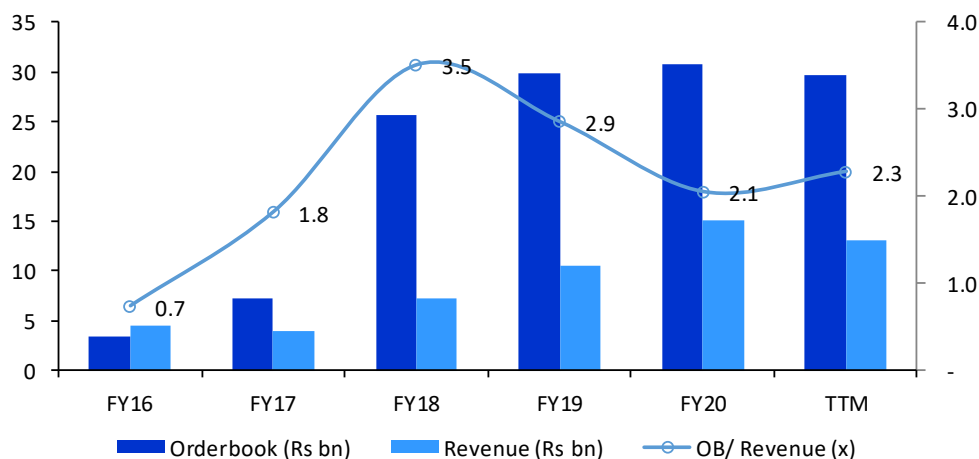
Rs mn	FY17	FY18	FY19	FY20
Average ticket size of orders	351	1,105	429	828

Source: Company, DART



**Order Book:** PSP's orderbook as on FY20 stood at Rs30.7 bn and as on Jun'20 it stood at Rs29.6 bn providing revenue visibility of 2.3x TTM revenue.

**Exhibit 6:** Order book (Rs29.6 bn) as on Jun'20



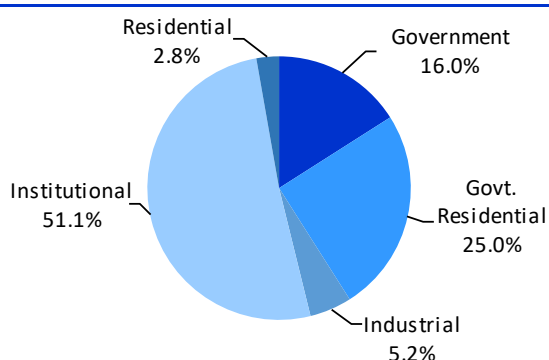
Source: Company, DART

**Exhibit 7:** Surat Diamond Bourse orderbook and revenue trend

Project	FY18	FY19	FY20	TTM
SDB Orderbook (Rs bn)	15.2	11.6	6.2	5.7
Revenue (Rs bn)	0.6	3.6	5.4	4.9
OB/ Revenue (x)	25.7	3.3	1.1	1.2
% of total orderbook	59.2	39.0	20.1	19.3

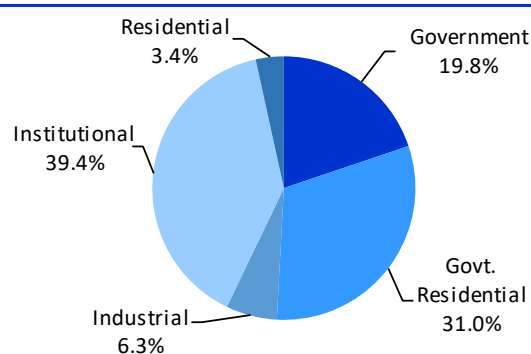
Source: Company, DART

**Exhibit 8:** Category wise orderbook (Rs29.6 bn) as on Jun'20



Sources: Company, DART

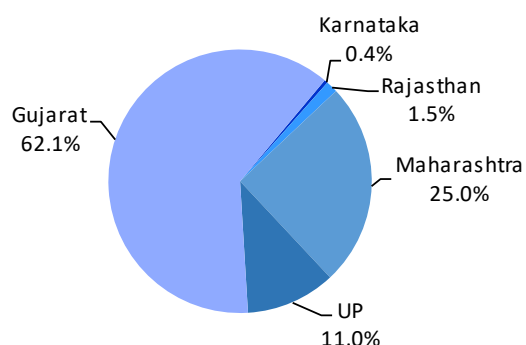
**Exhibit 9:** Category wise orderbook (Rs23.9 bn) excl SDB as on Jun'20



Sources: Company, DART

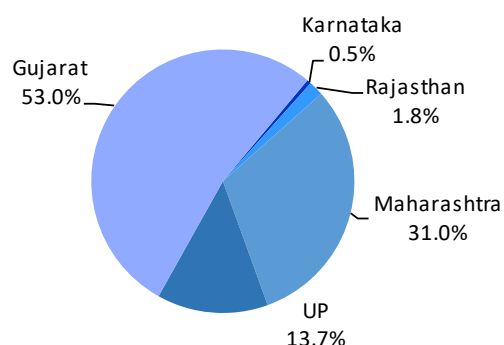


**Exhibit 10:** Geography wise orderbook (Rs29.6 bn) as on Jun'20



Sources: Company, DART

**Exhibit 11:** Geography wise orderbook (Rs23.9 bn) excl SDB as on Jun'20



Sources: Company, DART

**Exhibit 12:** Some of the top projects in orderbook (Rs29.6 bn) as on Jun'20

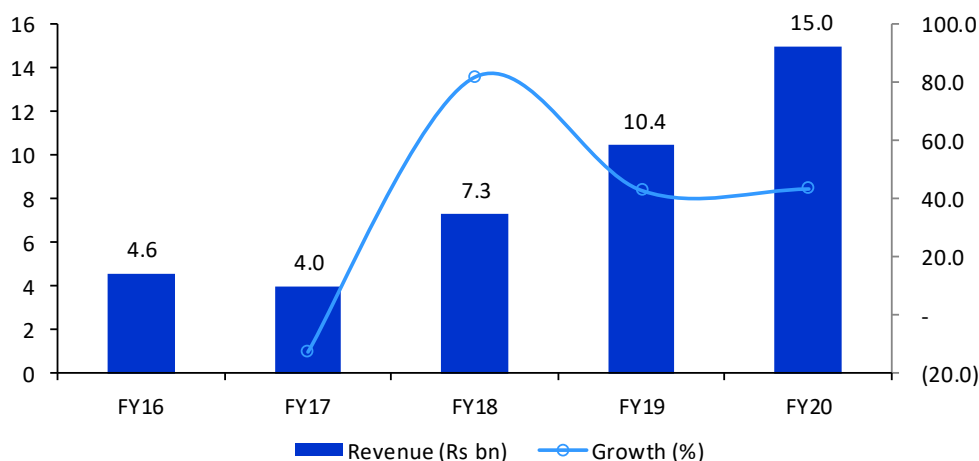
Project	State	Client	O/S value (Rs mn)	% of total OB
Surat Diamond Bourse	Gujarat	SDB Diamond Bourse	5,727	19
EWS Housing Project at Bhiwandi	Maharashtra	Municipal Corporation	6,014	20
Development of Shri Kashi Vishwanath Dham at Varanasi	UP	PWD	3,265	11
IIM Ahmedabad	Gujarat	IIM	2,706	9
Affordable Housing Project at Pandharpur	Maharashtra	PMC	1,404	5
Phoenix Mall at Ahmedabad	Gujarat	SGH Realty LLP	1,057	4
Sabha Hall & Residential Complex at Ahmedabad	Gujarat	Private Trust	1,046	4
Zydus Hospital at Baroda	Gujarat	Zydus Hospitals	943	3
Multi-tenanted office at Gandhinagar	Gujarat	Dalal Street Commercial CHS Ltd.	883	3
Civil/Structural works for FMCG Company at Ahmedabad	Gujarat	Private Company	929	3
Residential Complex for Pharma Company at Dahod	Gujarat	Pharma Company	736	2
Construction of Medical College at Dahod	Gujarat	Medical Foundation	409	1
Hospital on Lumpsum Turnkey Basis at Sitapur	Gujarat	Corporate Foundation	541	2
Super Specialty Block of Medical College at Bhavnagar	Gujarat	Government PSU	421	1
<b>TOTAL</b>			<b>26,079</b>	<b>88</b>

Source: Company, DART

## Profit and Loss Analysis

**Revenue:** PSP reported revenue of Rs15 bn in FY20 vs. Rs10.4 bn in FY19, a growth of 43.6% YoY.

**Exhibit 13:** Revenue growth of 34.5% CAGR between FY16-FY20



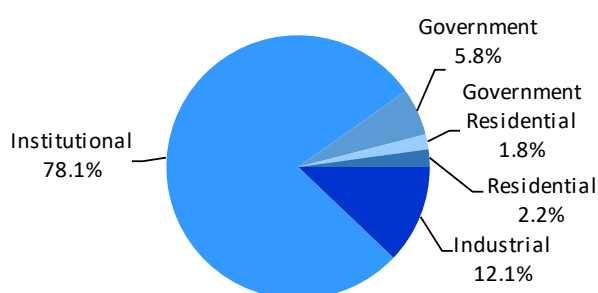
Source: Company, DART

**Exhibit 14:** Surat Diamond Bourse revenue trend

(Rs mn)	FY18	FY19	FY20	TTM
SDB Revenue (Rs bn)	0.6	3.6	5.4	4.9
Total Revenue (Rs bn)	7.3	10.4	15.0	13.0
% of total revenue	8.1	34.0	36.2	38.1

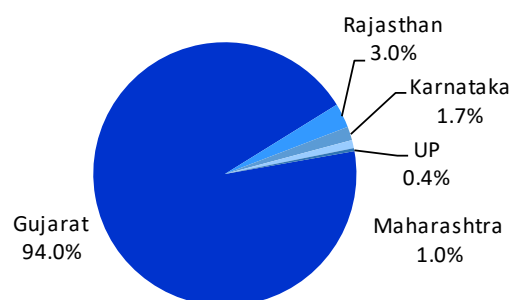
Source: Company, DART

**Exhibit 15:** Sector wise revenue breakup



Sources: Company, DART

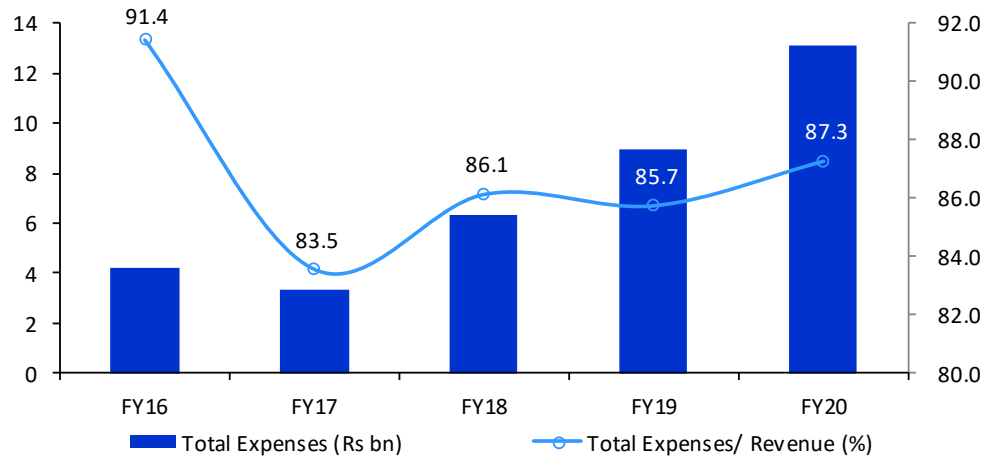
**Exhibit 16:** Region wise revenue breakup



Sources: Company, DART

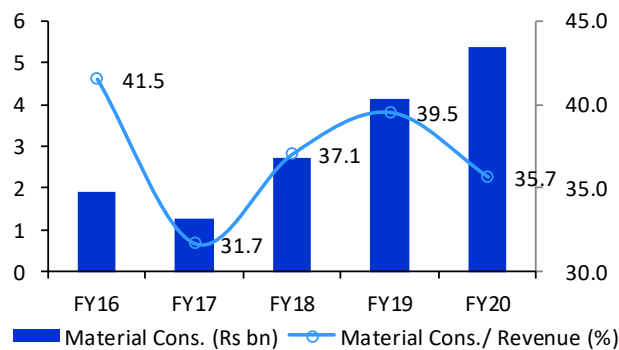
**Expenses:** Total expenses increased by 46.2% YoY to Rs13.1 bn led by rise in construction expenses by 63.2% YoY to Rs7 bn followed by material consumption by 29.6% YoY to Rs5.4 bn, employee expense by 37.7% YoY to Rs0.6 bn and lastly other expense by 34.6% YoY to Rs0.13 bn.

**Exhibit 17: Total expenses trend as a % to revenue**



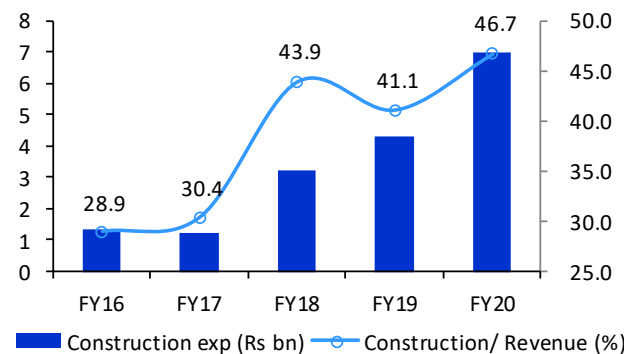
Source: Company, DART

**Exhibit 18: Material cons. trend as a % to revenue**



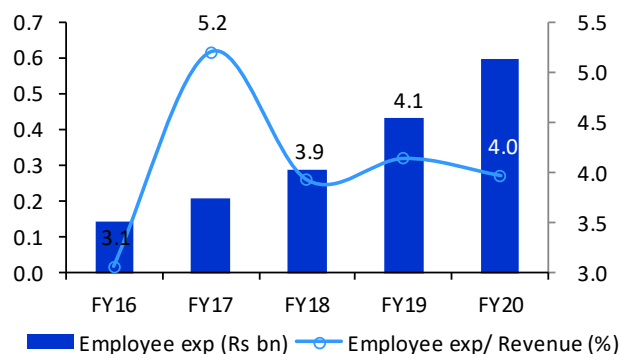
Sources: Company, DART

**Exhibit 19: Const. expenses trend as a % to revenue**



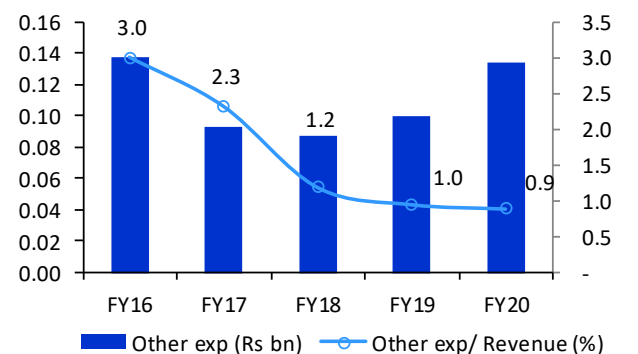
Sources: Company, DART

**Exhibit 20: Employee exp trend as a % to revenue**



Sources: Company, DART

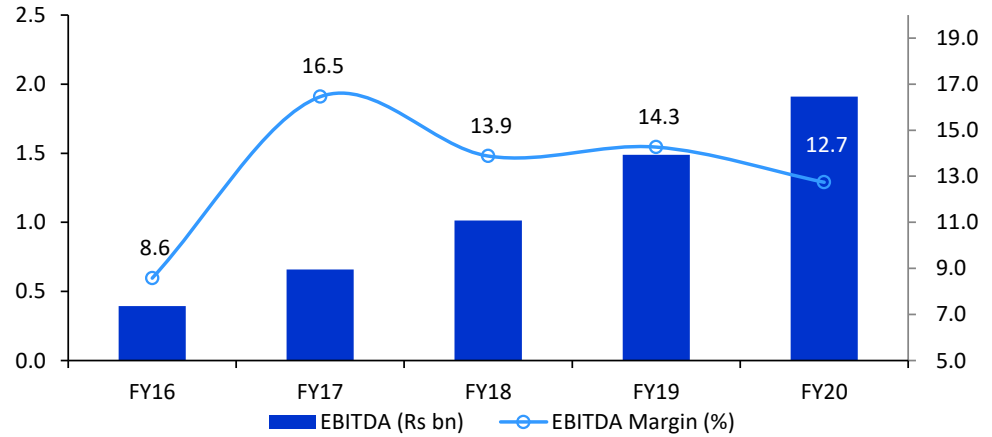
**Exhibit 21: Other exp. trend as a % to revenue**



Sources: Company, DART

**EBITDA:** EBITDA increased by 28.2% YoY to Rs1.9 bn in FY20 whereas EBITDA margins were down by 153 bps YoY to 12.7%.

**Exhibit 22: EBITDA Margin Trend**



Source: Company, DART

**Depreciation:** Depreciation increased by 10.2% YoY to Rs267 mn in FY20 vs. Rs242 mn in FY19. Gross block increased by 16% YoY to Rs2 bn vs. Rs1.7 bn in FY19.

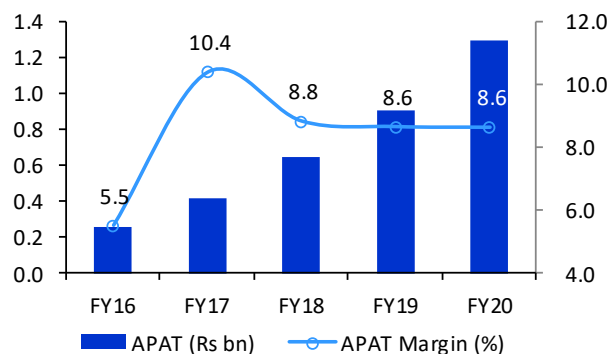
**Finance Cost:** Finance cost increased by 59.8% YoY to Rs146 mn vs. Rs92 mn in FY19.

**Effective Tax Rate:** Total effective tax rate for FY20 stood at 25.9% vs. 34.9% in FY19.

**PAT:** Reported PAT increased by 43.2% YoY to Rs1.3 bn in FY20 vs Rs902 mn in FY19. NPM was flat YoY at 8.6% in FY20.

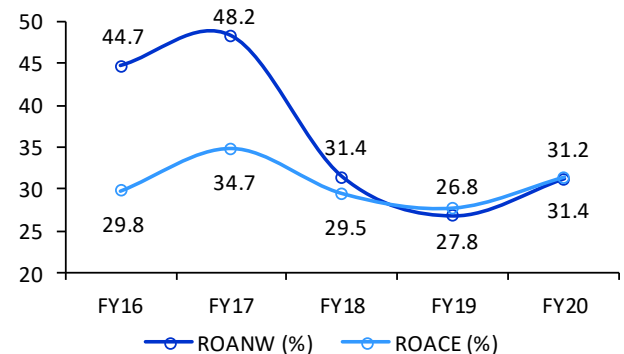
**Return Ratios:** ROACE increased to 31.4% in FY20 from 27.8% in FY19 and ROANW also increased to 31.2% from 26.8%.

**Exhibit 23: PAT margin trend**



Sources: Company, DART

**Exhibit 24: Return Ratios Trend**



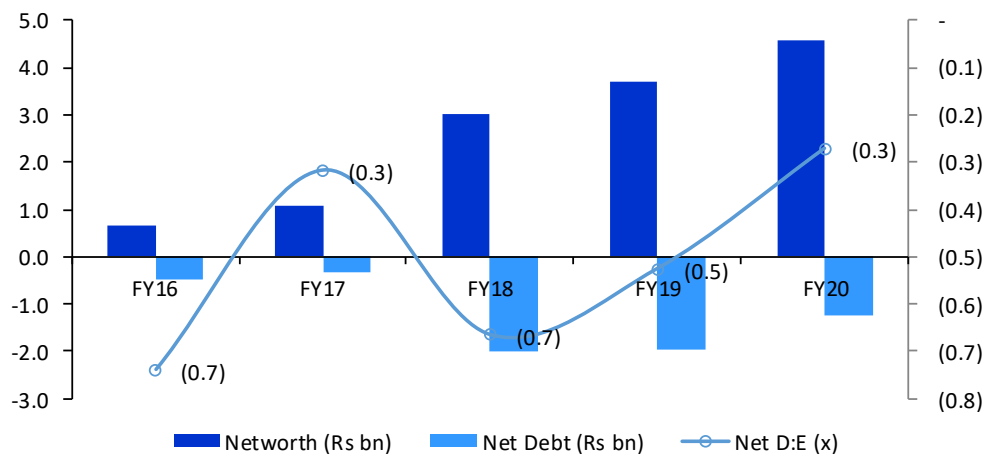
Sources: Company, DART

## Balance Sheet Analysis

**Networth:** PSP's Networth increased 23.1% YoY to Rs4.6 bn in FY20 vs. Rs3.7 bn in FY19.

**Borrowings:** Total borrowings increased by 175.3% YoY to Rs723 mn in FY20 from Rs263 mn in FY19. Net debt decreased to (Rs1.2 bn) in FY20 vs. (Rs2.0 bn) in FY19. Net D:E too decreased slightly to (0.3x) in FY20 vs. (0.5x) in FY19.

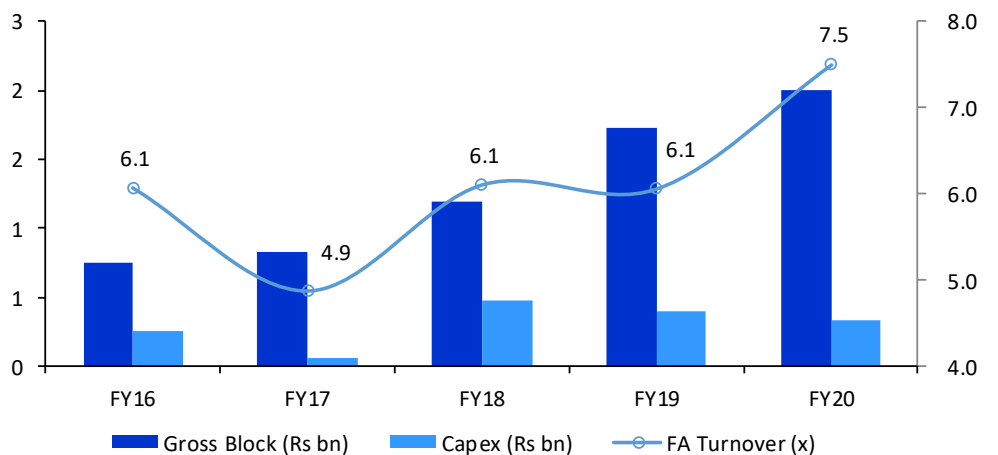
**Exhibit 25: Net D:E trend**



Source: Company, DART

**Gross Block:** Gross block increased by 16.0% YoY to Rs2 bn vs. Rs1.7 bn in FY19. Capex was almost flat at Rs331 mn in FY20 vs. Rs394 mn in FY19. FA turnover increased to 7.5x in FY20 vs. 6.1x in FY19.

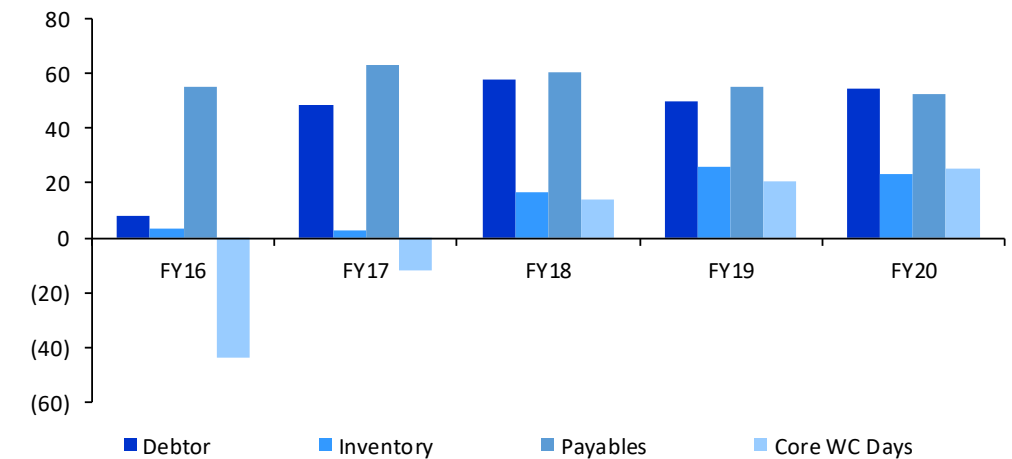
**Exhibit 26: Gross Block Trend**



Source: Company, DART

**Working Capital:** Trade receivables increased by 57.1% to Rs2.24 bn in FY20 resulting in rise in debtor days to 55 vs. 50 days. Inventories increased by 29.1% YoY to Rs968 mn in FY20 resulting in lower inventory days of 24 vs. 26 days. Trade payables too increased by 36.5% YoY to Rs2.2 bn in FY20 resulting in decreased trade payable days of 53 vs. 55 days. Core working capital days thus increased to 25 days vs. 21 days.

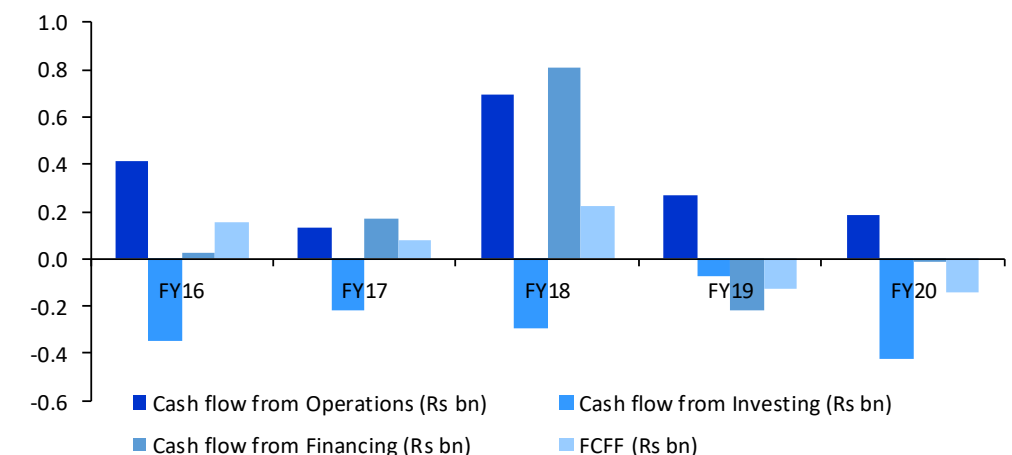
**Exhibit 27: Core Working capital days trend**



Source: Company, DART

**Cash Flow:** Cash flow from operations decreased by 30.2% YoY to Rs187 mn in FY20 vs. 268 mn in FY19. Cash flow from investing decreased further to (Rs424 mn) in FY20 vs. (Rs77 mn) in FY19. Cash flow from financing improved to (Rs16 mn) in FY20 vs. (Rs215 mn) in FY19.

**Exhibit 28: Cash Flows Trend**



Source: Company, DART

**Dividend:** PSP declared a dividend of Rs5 per equity share on face value of Rs10 per share. The cash outflow on account of dividend and dividend distribution tax amounted to Rs180 mn in FY20.

### Profit and Loss Account

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
<b>Revenue</b>	<b>10,440</b>	<b>14,993</b>	<b>13,579</b>	<b>16,452</b>
<b>Total Expense</b>	<b>8,951</b>	<b>13,083</b>	<b>12,053</b>	<b>14,305</b>
COGS	8,420	12,355	11,338	13,507
Employees Cost	432	594	571	628
Other expenses	99	134	144	170
<b>EBIDTA</b>	<b>1,489</b>	<b>1,910</b>	<b>1,526</b>	<b>2,147</b>
Depreciation	242	267	312	381
<b>EBIT</b>	<b>1,247</b>	<b>1,643</b>	<b>1,214</b>	<b>1,766</b>
Interest	92	146	140	130
Other Income	230	248	248	285
Exc. / E.O. items	0	0	0	0
<b>EBT</b>	<b>1,385</b>	<b>1,744</b>	<b>1,321</b>	<b>1,921</b>
Tax	483	452	339	492
RPAT	902	1,293	983	1,428
Minority Interest	0	0	0	0
<b>Profit/Loss share of associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APAT</b>	<b>902</b>	<b>1,293</b>	<b>983</b>	<b>1,428</b>

### Balance Sheet

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
<b>Sources of Funds</b>				
Equity Capital	360	360	360	360
Minority Interest	0	0	0	0
Reserves & Surplus	3,354	4,211	5,014	6,262
<b>Net Worth</b>	<b>3,714</b>	<b>4,571</b>	<b>5,374</b>	<b>6,622</b>
Total Debt	263	723	660	470
Net Deferred Tax Liability	(49)	(58)	(78)	(98)
<b>Total Capital Employed</b>	<b>3,928</b>	<b>5,236</b>	<b>5,956</b>	<b>6,994</b>

### Applications of Funds

Net Block	1,032	1,079	1,567	1,686
CWIP	0	0	0	0
Investments	44	44	44	44
<b>Current Assets, Loans &amp; Advances</b>	<b>6,181</b>	<b>8,412</b>	<b>8,391</b>	<b>10,042</b>
Inventories	750	968	1,018	1,234
Receivables	1,426	2,240	2,037	2,468
Cash and Bank Balances	2,217	1,967	2,620	3,448
Loans and Advances	396	394	386	443
Other Current Assets	1,391	2,842	2,330	2,449
<b>Less: Current Liabilities &amp; Provisions</b>	<b>3,329</b>	<b>4,299</b>	<b>4,046</b>	<b>4,778</b>
Payables	1,584	2,163	1,929	2,289
Other Current Liabilities	1,745	2,136	2,118	2,489
<i>sub total</i>				
Net Current Assets	2,852	4,113	4,345	5,264
<b>Total Assets</b>	<b>3,928</b>	<b>5,236</b>	<b>5,956</b>	<b>6,994</b>

E – Estimates



### Important Ratios

Particulars	FY19A	FY20A	FY21E	FY22E
<b>(A) Margins (%)</b>				
Gross Profit Margin	19.4	17.6	16.5	17.9
EBIDTA Margin	14.3	12.7	11.2	13.0
EBIT Margin	11.9	11.0	8.9	10.7
Tax rate	34.9	25.9	25.6	25.6
Net Profit Margin	8.6	8.6	7.2	8.7
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	80.6	82.4	83.5	82.1
Employee	4.1	4.0	4.2	3.8
Other	1.0	0.9	1.1	1.0
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.1	0.2	0.1	0.1
Interest Coverage	13.6	11.2	8.7	13.6
Inventory days	26	24	27	27
Debtors days	50	55	55	55
Average Cost of Debt	38.3	29.7	20.3	23.0
Payable days	55	53	52	51
Working Capital days	100	100	117	117
FA T/O	10.1	13.9	8.7	9.8
<b>(D) Measures of Investment</b>				
AEPS (Rs)	25.1	35.9	27.3	39.7
CEPS (Rs)	31.8	43.3	36.0	50.3
DPS (Rs)	6.0	12.1	5.0	5.0
Dividend Payout (%)	24.0	33.6	18.3	12.6
BVPS (Rs)	103.2	127.0	149.3	183.9
RoANW (%)	26.8	31.2	19.8	23.8
RoACE (%)	27.8	31.4	20.1	24.1
RoAIC (%)	73.6	57.8	34.0	45.3
<b>(E) Valuation Ratios</b>				
CMP (Rs)	444	444	444	444
P/E	17.7	12.4	16.3	11.2
Mcap (Rs Mn)	15,982	15,982	15,982	15,982
MCap/ Sales	1.5	1.1	1.2	1.0
EV	14,028	14,737	14,022	13,004
EV/Sales	1.3	1.0	1.0	0.8
EV/EBITDA	9.4	7.7	9.2	6.1
P/BV	4.3	3.5	3.0	2.4
Dividend Yield (%)	1.4	2.7	1.1	1.1
<b>(F) Growth Rate (%)</b>				
Revenue	43.0	43.6	(9.4)	21.2
EBITDA	47.1	28.2	(20.1)	40.7
EBIT	38.4	31.7	(26.1)	45.5
PBT	38.7	25.9	(24.2)	45.4
APAT	40.2	43.2	(24.0)	45.4
EPS	40.2	43.2	(24.0)	45.4

### Cash Flow

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
CFO	277	190	1,588	1,543
CFI	(77)	(424)	(552)	(215)
CFF	(215)	(16)	(383)	(500)
FCFF	(117)	(140)	788	1,043
Opening Cash	2,232	2,217	1,967	2,620
Closing Cash	2,217	1,967	2,620	3,448

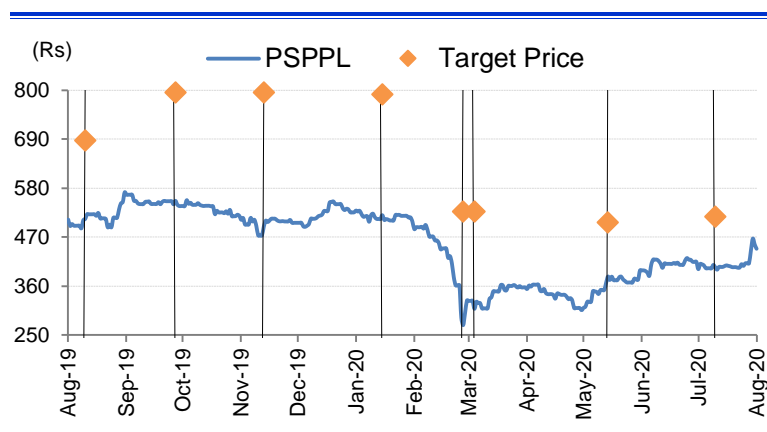
E – Estimates

## DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

## Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Sep-19	Buy	688	511
Oct-19	Buy	796	551
Dec-19	Buy	796	494
Feb-20	Buy	792	519
Mar-20	Buy	528	273
Mar-20	Buy	528	310
Jun-20	Buy	504	382
Aug-20	Buy	516	403

\*Price as on recommendation date

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