KEC International Ltd.	
No. of shares (m)	257.1
Mkt cap (Rs crs/$m)	8073/1100
Current price (Rs/$)	314/4.3
Price target (Rs/$)	404/5.5
52 W H/L (Rs.)	360/154
Book Value (Rs/$)	104/1.4
Beta	0.8
Daily NSE volume	473068
P/BV (FY21e/22e)	2.6/2.2
EV/EBITDA (FY21e/22e)	7.5/6.7
P/E (FY21e/22e)	13.0/10.9
EPS growth (FY20/21e/22e)	16.4/9.5/19.6
OPM (FY20/21e/22e)	11.1/10.9/10.9
ROE (FY20/21e/22e)	24.0/21.8/21.7
ROCE (FY20/21e/22e)	18.8/16.3/16.7
D/E ratio (FY20/21e/22e)	1.0/0.8/0.6
BSE Code	532714
NSE Code	KEC
Bloomberg	KECI IN
Reuters	KECL.NS

Shareholding Pattern	%
Promoters	51.8
MFs / Banks /FIs	26.9
Foreign Portfolio Investors	9.7
Govt. Holding	-
Public & Others	11.6
Total	**100.0**

As on September 30, 2020

Recommendation

BUY

Phone: + 91 (33) 4488 0011

E- mail: research@cdequi.com

Quarterly Highlights

- Despite April being highly impacted due to the pandemic, and business activity being pretty low, decent return to activity in May and June leading to marginally better performance than in the same months last year. KEC posted just 8.5% decline in revenues to Rs. 2206.76 cr partially helped by progressive ramp up in T&D business across domestic and international business – except SAE Brazil where the pandemic is widespread, most international projects are operating at pre-covid levels.
- The railways business clocked flattish revenues amounting to Rs. 521 cr in the quarter gone by in comparison to the same period last year. In addition to its existing offerings of conventional OHE, civil work etc, KEC has started bidding for technologically complex projects like metros (two for Delhi metro and one for Kochi metro). Cable business as well registered a muted quarter on account of lower order intake due to Covid-19 whereas, the Civil business posted healthy revenue growth (revenues – Rs. 103 cr in Q1FY21 vs Rs. 65 cr in Q1FY20) backed by the execution of three metro projects.
- Decline in topline somewhat affected operating profits, which fell 22.5% to Rs. 195 cr in the first quarter this fiscal resulting in OPM's going down to 8.8% from 10.4% in the same period last year. Lower interest cost to the extent of Rs. 13 cr (Finance cost – Rs. 66.26 cr in Q1FY21) was unable to save no little decline in pre tax profits as it tumbled over 30% (y-o-y) to Rs. 96.45 cr.
- Struck by the pandemic, KEC's order book did not experience significant rise – total order book at the end of Q1FY21 stood at Rs. 19682 cr, a tepid rise of 3.5% from a year earlier. Until 11th August YTD, its order intake was Rs. 1931 cr, a rise of 73% y-o-y mainly contributed by a rise in T&D business orders.
- The stock currently trades at 13.0x FY21e EPS of Rs 24.11 and 10.9x FY22e EPS of Rs 28.83. Not so tepid sales velocity next fiscal would bode well for KEC International triggered partially by better execution (seemingly little affected by Covid). Profitability is expected to witness an uptick in FY22 (EBIT to increase by almost 13% y-o-y in FY22) thus uplifting ROCE to 16.7%, still slightly below FY20 levels of 18.8%. Although, order book has remained flattish, ordering momentum would see a pick up on the back of expected recovery in SAARC and Middle East while little expectation of wavering in railway capex would stand KEC in good stead (railway constituted 28% of its order book in FY20). Weighing odds, we recommend buying the stock with target price of Rs 404 (previous target Rs 393) based on 14x FY22e EPS of Rs 28.83 over a period of 9-12 months.

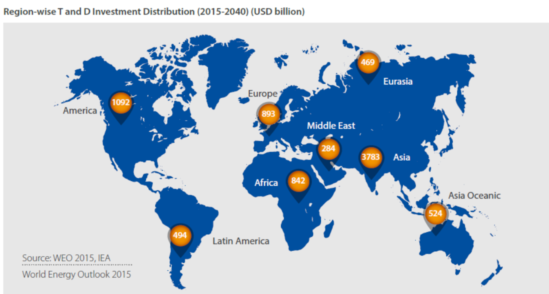
Consolidated figures in Rs crs	FY18	FY19	FY20	FY21e	FY22e
Income from operations	10052.63	11000.53	11965.37	12539.56	14069.77
Other Income	20.70	22.59	11.10	17.15	17.30
EBITDA (other income included)	1114.93	1258.78	1340.55	1379.04	1550.04
PAT after MI, Associate Profit & EO	458.56	486.12	565.83	619.74	741.12
EPS(Rs)	17.84	18.91	22.01	24.11	28.83
EPS growth (%)	45.8	6.0	16.4	9.5	19.6

Industry Outlook

Global Power T&D Industry

According to a recent report published by oilandgas360.com, the global market for power transmission and distribution equipment is projected to exceed US$200 billion by 2024, driven by the ever-present demand for energy, growing trend towards distributed energy generation and rising investments in smart grids. Other major factors also poised to drive growth in the market include improvements in the design and architecture of transformers, rising prominence of ultra-high-voltage (UHV) transmission systems etc. Rising demand for long-distance energy transmission is forecast to fuel demand for high-voltage direct current (HVDC) technology given its ability to connect power grids from remote places and allow delivery of power without energy losses or outages.

Region wise T&D investment distribution (2015-2040)



Source: World Energy Outlook

With high costs of energy, there is considerable focus shed on energy-efficient production, transmission and distribution of power in order to minimize energy losses and lower the lifecycle costs of power generation equipment. Asia-Pacific represents the largest and the fastest growing market worldwide with a projected CAGR of 5.8% over the analysis period led by factors such as developing economies, rapid industrialization, vigorous infrastructural development, government policy led prioritization of domestic energy infrastructure development and increased R&D in transformer innovations by manufacturers.

India T&D Industry

With a generation of 1,561 terawatt-hour (TWh), India is the third largest producer and consumer of electricity in the world according to KEC International. Installed power generation capacity has reached ~370 GW as of April 2020. During FY20, the power sector witnessed limited growth in both generation as well as transmission owing to economic slowdown, funding and liquidity challenges, issues related to land acquisition, etc. Nevertheless, with India focusing on becoming a USD 5 trillion economy, building industries to drive manufacturing-led growth and goals on sustainable energy will ensure significant investments in the power sector. India's generation capacity is expected to reach 469 GW by 2022 (according to KEC International 2020 annual report) and the development of high voltage transmission grid will need to keep pace with this generation capacity. Other factor that will drive growth in the T&D sector is the need for setting-up of interregional grid capacity to ensure seamless flow.

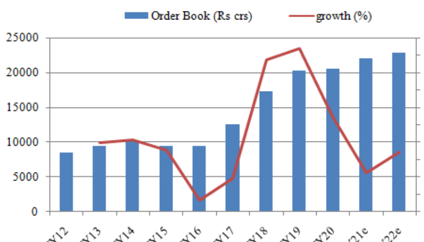
Railways

The outlook for the Railway sector remains positive with clear plans set by the Government for conventional railways such as 100 percent railway electrification by 2022, speedy upgradation of existing/conventional lines to enhance speed of passenger trains, and rolling out semi high-speed railways to connect various cities within a state. Further, the sector received a budgetary allocation of Rs. 70,000 crore and an outlay for capital expenditure amounting to Rs. 1.61 lakh crore for FY21. An investment of Rs. 13.67 lakh crore for Railways capital expenditure from FY20 to FY25 has been projected according to a report on National Infrastructure Pipeline. This offers promising business opportunities for the sector.

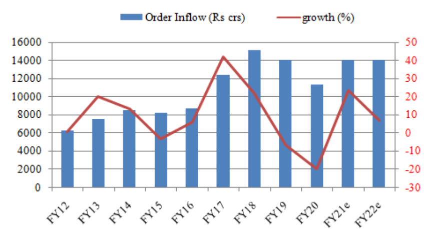
Order Book

KEC International's order book grew by a tepid 1% in FY20 after witnessing 14.8% CAGR growth during FY14-19; this was partially contributed by lower order inflows in FY20 (order inflow for FY20 was down 19.5% y-o-y to Rs. 11331 cr partially due to subdued economic scenario in India and some parts of the world). Strong order book plus L1 amounting to an aggregate Rs. 24500 cr should hold the company in good stead in an otherwise difficult fiscal.

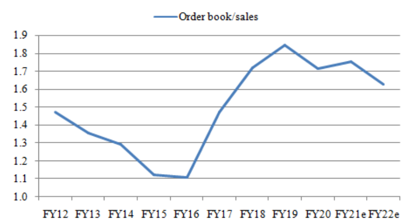
More than half of its order book as of the end of first quarter this fiscal consisted of T&D orders (55% of Rs. 19682 cr). With recent focus on improving international presence, the company acquired its 6th manufacturing plant in Dubai (this also makes them one of the largest tower manufacturers globally supplying over 3.6 lakh tonne of tower components annually) – this could lead to enhanced order inflows from the Middle East where the company aims to increase its presence (currently at around 5%). Despite the recent slowdown in tendering activity, the company picked up a few new orders in the Middle East in T&D, most notably, a large order from Oman Electricity Transmission Company for around Rs. 900 cr.



Sources: KEC International Ltd., CD Equisearch

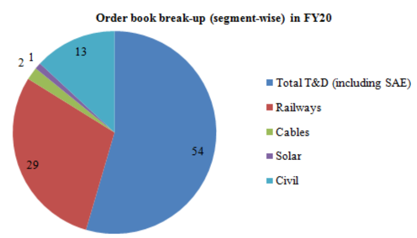


Sources: KEC International Ltd., CD Equisearch

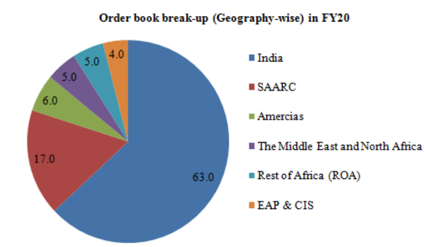


Sources: KEC International Ltd., CD Equisearch

Having delivered over 30% of India's overall overhead electrification till date, the company continued to diversify its order book with significant increases in the railway segment bringing the railway order book to some 28% (roughly Rs. 5500 cr) of the total order book as on June 30, 2020 from just 12% 3 years back in FY17. Due to its diversification from overhead electrification to other avenues like road bed projects, signaling and control system, now over 60% of railway orders are un-related to overhead electrification. Cables, civil, solar roughly account for 20% of the order book.



Source: KEC International



Source: KEC International

Order Inflow

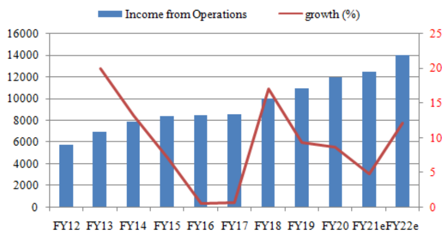
At the beginning of August 2020, KEC International won its second order from Kochi Metro Rail Limited amounting to Rs. 146 cr for the construction of viaduct along with station for Phase 1 extension of Kochi metro. This was the fourth order it got for metro projects in the preceding 12 months including two orders for Delhi metro amounting to Rs. 964 cr in December and Rs. 853 cr in November. August last year, it received its first order from Kochi metro amounting to Rs. 265 cr for Phase 1 extension of Kochi metro. These metro projects further strengthen their presence in urban infrastructure space.

In the last few months, KEC also won a few pretty large orders in T&D business amounting to an aggregate of Rs. 2854 cr from Oman Electricity Transmission Company, Power Grid and various other T&D projects in India, SAARC, Malaysia, Africa and the Americas. Third order win in Africa and new order in Oceania would not only expand its geographical presence but also lead to decent growth in its T&D order book. Keeping with its diversification philosophy in the railway business, KEC won an order for construction of roadbeds, major and minor bridges and associated civil works from Rail Vikas Nigam Limited in India in November last fiscal amounting to some Rs. 517 cr.

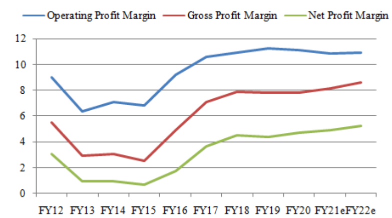
Financials & Valuations

With slower execution in fourth quarter, due to the pandemic, KEC witnessed modest revenue expansion. Yet, strong growth in railway and T&D business proved saving grace –T&D business grew by almost 12% to Rs. 8175 cr; enhanced execution capabilities led to 33% growth in railway business executions. The management expects railways to continue to drive growth over the next couple of years and we estimate FY21 revenues to be slightly over Rs. 3000 cr from Rs. 2551 cr in FY20. We expect overall revenues to tepidly increase this fiscal due to some delay in order execution in Brazil and loss of activity in April. The recently acquired tower manufacturing facility in Dubai has started commercial production towards the end of second quarter this fiscal. Uptick in tendering activity in MENA region and seemingly little trickle down impact (brutal) of the pandemic could see revenues go up over 12% next fiscal.

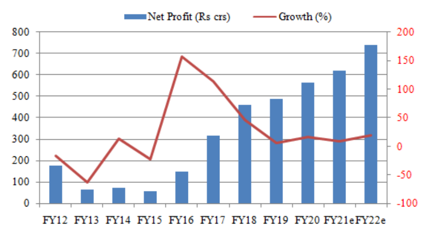
KEC is likely to see some margin erosion largely due to cost overruns caused by slowdown of EPC execution in Brazil – Operating profit is expected to marginally increase by 2.4% to Rs. 1361.89 cr this fiscal (operating margins expected to be at 10.9% this fiscal). Saved by lower finance costs, post tax profits are expected to rise over 9% in FY21 and 19.6% in FY22 to Rs. 741.12 cr. Despite an increase in profits last fiscal, KEC's operating cash flows declined to Rs. 87.45 cr from Rs. 198.74 cr a year earlier mainly due to a sizeable increase in its receivables, partly due to the pandemic. With a reduction in operating cash flows and higher capital expenditures, it posted negative cash flows of Rs. 387.9 cr vs negative Rs. 231.44 cr in the same period a year ago.



Sources: KEC International Ltd., CD Equisearch



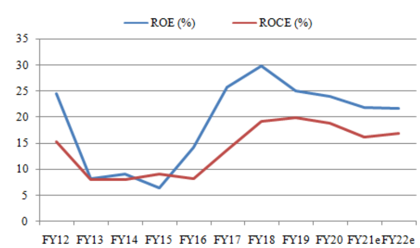
Sources: KEC International Ltd., CD Equisearch



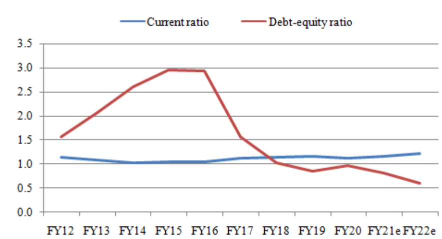
Sources: KEC International Ltd., CD Equisearch

Continuous monitoring of cash flows and concerted efforts to expedite commercial closure of projects coupled with focus on collection of receivables especially in Saudi Arabia has helped KEC manage its overall Debt position in line with its target of around Rs. 2500 cr (around 60% of borrowings in foreign currency) – we expect this to have a sizeable impact on its overall debt equity position, bringing it down to 0.8 this fiscal and 0.6 in FY21 from 1.0 in FY20. With current working capital utilization at around 65% - 70% according to company estimates, the liquidity position of the company looks comfortable at the moment.

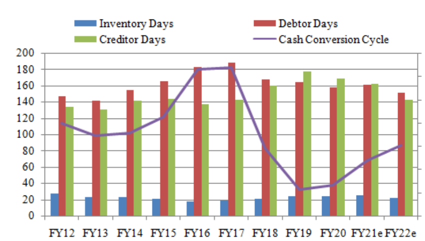
Smart management of debt would also aid in increasing the firms profitability with finance costs expected to go down significantly this fiscal to Rs. 350 cr from Rs. 403 cr in FY20 (Interest coverage for FY21 and FY22 – 3.5 and 4.1 from 3.0 in FY20). Lower capacity utilizations in the initial part of the year and lockdowns in Brazil would have a tepid impact on its turnover ratios this fiscal – fixed asset turnover is expected to decline to 10.7 in FY21 from 11.4 in FY20 affecting ROE which is expected to decline to 21.8% this fiscal.



Sources: KEC International Ltd., CD Equisearch



Sources: KEC International Ltd., CD Equisearch



Sources: KEC International Ltd., CD Equisearch

The stock currently trades at 13.0x FY21e EPS of Rs 24.11 and 10.9x FY22e EPS of Rs 28.83. Strong order book would allow revenue to grow by over 12% next fiscal, largely driven by T&D and railway business (which is focusing on new segments such as regional rapid transit system, ROBs in addition to the conventional railways). Yet, any unexpected political unrest or changes in countries where KEC is operational (Some countries in MENA region experienced political unrest in FY11, resulting in risk to business activity) need assaying. Execution challenges such as obtaining approvals and clearances from government agencies (as evident in T&D projects in Brazil in FY19 when some delays in environmental approvals delayed executions) cannot be overlooked. Slowdown in infrastructure investment could lead to lower order intake as witnessed in H1FY20 (reported order inflow down 52.5% in H1FY20). Though, pick up in execution of orders is expected from Q2FY21, we have revised our earnings estimates for FY21 not least due to impact of the pandemic (EPS of Rs 24.11 vs earlier estimate of Rs 28.06). Weighing odds, we recommend buying the stock with target price of Rs 404 (previous target Rs 393) based on 14x FY22e EPS of Rs 28.83 over a period of 9-12 months. For more information, refer to our December 2019 report.

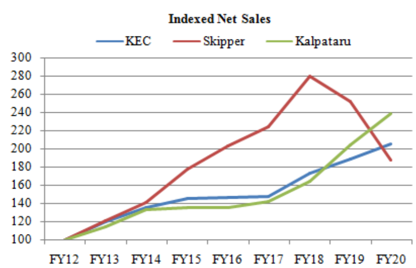
Cross Sectional Analysis

Company	Equity*	CMP	MCAP*	Sales*	Profit*	OPM (%)	NPM (%)	Int Cov	ROE (%)	Mcap/Sales	P/BV	P/E
KEC	51	314	8073	11760	548	10.8	4.7	2.9	22.3	0.7	3.0	14.7
Skipper	10	51	528	1273	21	8.3	1.6	0.8	3.1	0.4	0.8	25.4
Kalpataru	31	239	3697	12235	332	12.1	2.7	1.9	10.3	0.3	1.1	11.1

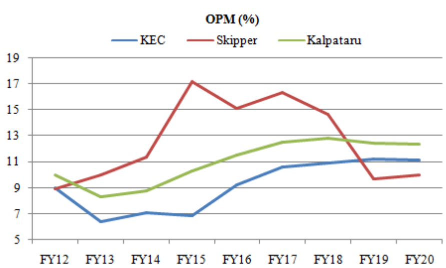
*figures in crores; consolidated or standalone data as available

The intractable business environment did not spare Skipper Ltd. whose revenues dropped almost 35% to some Rs. 220 cr in the first quarter with the engineering products segment (contributes around 80% to revenues) revenues falling over 45%. Its polymer products segment, which albeit a small contributor is expected to double in size this fiscal according to company estimates. It barely managed to post profit at the operating level thus falling to a dismal Rs. 9 cr from Rs. 42.65 cr in Q1FY20. Barely saved by comparative lower finance costs, Skipper reported loss before tax close to Rs. 18 cr. With a strong bidding pipeline of Rs. 5150 cr, the company expects a robust performance in FY21 – considering the same, it has increased its workforce by 10% for seamless execution of orders. With 69% of the company's current order book coming from domestic orders, the management aims to increase the share of international orders to 50% in next 2 years, barely a little ambitious target by any stretch of imagination.

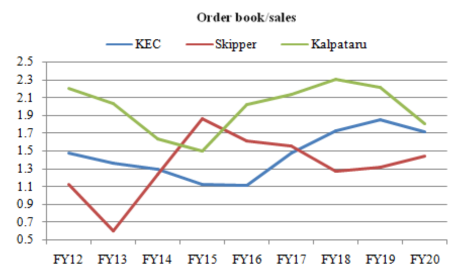
Some recovery in May and June, limited KPTL's revenue de-growth to almost 16% y-o-y in Q1FY21 to Rs. 2330 cr, largely on account of decline in revenues from its EPC segment which declined 16.8% to Rs. 2217 cr. Operating profit witnessed a not so tepid decline of 23.6% y-o-y, with OPM witnessing a decline to 11.9% from 13.1% in Q1FY20. KPTL recently signed an agreement with Adani Transmission to sell Alipurduar Transmission Limited for an estimated enterprise value of Rs. 310 cr and entered into an agreement to sell Jhajjar KT Transco Private Limited to India Grid Trust. Order inflows so far this fiscal (as on 12th August) stood at Rs.5902 crs; L1 of over Rs.2600 crs, with total order book at an impressive Rs.24934 crs in Q1FY21.



Sources: Companies, Ace Equity



Sources: Companies, Ace Equity



Sources: Companies, Ace Equity

Note: Graphs on standalone or consolidated data as applicable

Financials

Consolidated Quarterly Results

Figures in Rs crs

	Q1FY21	Q1FY20	% chg	FY20	FY19	% chg
Income From Operations (Net)	**2206.76**	**2412.45**	**-8.5**	**11965.37**	**11000.53**	**8.8**
Other Income	6.91	2.73	153.1	11.10	22.59	-50.9
Total Income	**2213.67**	**2415.18**	**-8.3**	**11976.47**	**11023.12**	**8.6**
Total Expenditure	2011.88	2161.13	-6.9	10635.92	9764.34	8.9
EBITDA (other income included)	**201.79**	**254.05**	**-20.6**	**1340.55**	**1258.78**	**6.5**
Interest**	66.26	79.53	-16.7	403.08	398.14	1.2
Depreciation	39.08	36.61	6.7	147.20	117.13	25.7
PBT	**96.45**	**137.91**	**-30.1**	**790.27**	**743.51**	**6.3**
Tax	25.65	49.30	-48.0	224.75	257.07	-12.6
PAT	**70.80**	**88.61**	**-20.1**	**565.52**	**486.44**	**16.3**
Extraordinary Item	-	-	-	-0.31	0.32	-198.2
Adjusted Net Profit*	**70.80**	**88.61**	**-20.1**	**565.83**	**486.12**	**16.4**
EPS(Rs)	2.75	3.45	-20.1	22.01	18.91	16.4

**quarterly interest expense exclusive of bank charges

Consolidated Income Statement

Figures in Rs crs

	FY18	FY19	FY20	FY21e	FY22e
Income From Operations (Net)	**10052.63**	**11000.53**	**11965.37**	**12539.56**	**14069.77**
Growth (%)	17.1	9.4	8.8	4.8	12.2
Other Income	20.70	22.59	11.10	17.15	17.30
Total Income	**10073.33**	**11023.12**	**11976.47**	**12556.71**	**14087.07**
Total Expenditure	8958.40	9764.34	10635.92	11177.67	12537.03
EBITDA (other income included)	**1114.93**	**1258.78**	**1340.55**	**1379.04**	**1550.04**
Interest	317.89	398.14	403.08	349.50	333.70
Depreciation	109.74	117.13	147.20	162.77	179.81
PBT	**687.30**	**743.51**	**790.27**	**866.77**	**1036.54**
Tax	229.01	257.07	224.75	247.03	295.41
PAT	**458.29**	**486.44**	**565.52**	**619.74**	**741.12**
Extraordinary Item	-0.27	0.32	-0.31	-	-
Adjusted Net Profit*	**458.56**	**486.12**	**565.83**	**619.74**	**741.12**
EPS (Rs)	17.84	18.91	22.01	24.11	28.83

*from continuing operations;

Consolidated Balance Sheet Figures in Rs crs

	FY18	FY19	FY20	FY21e	FY22e
Sources of Funds					
Share Capital	51.42	51.42	51.42	51.42	51.42
Reserves & Surplus	1946.04	2383.68	2746.16	3365.90	4014.47
Total Shareholders' Funds	**1997.46**	**2435.10**	**2797.58**	**3417.32**	**4065.89**
Long Term Debt*	738.44	541.06	263.74	150.00	100.00
Total Liabilities	**2735.89**	**2976.16**	**3061.32**	**3567.32**	**4165.89**
Application of Funds					
Gross Block	1793.23	1960.02	2273.93	2524.89	2699.89
Less: Accumulated Depreciation	681.04	777.63	922.15	1084.93	1264.73
Net Block	**1112.18**	**1182.39**	**1351.78**	**1439.97**	**1435.16**
Capital Work in Progress	78.07	7.32	83.96	8.00	8.00
Investments	39.30	13.21	22.50	22.50	22.50
Current Assets, Loans & Advances					
Inventory	627.41	641.01	775.82	737.03	773.88
Trade Receivables	5038.93	4875.26	5425.88	5642.80	6014.83
Cash and Bank	231.31	276.17	163.67	228.73	95.35
Other current assets	2901.89	4345.43	4633.27	4810.65	5054.12
Total CA & LA	**8799.55**	**10137.87**	**10998.64**	**11419.22**	**11938.17**
Current Liabilities	7574.98	8504.39	9664.43	9606.51	9560.18
Provisions-Short term	83.24	50.33	59.25	61.82	67.45
Total Current Liabilities	**7658.23**	**8554.72**	**9723.68**	**9668.32**	**9627.63**
Net Current Assets	1141.33	1583.15	1274.96	1750.89	2310.54
Net Deferred Tax	-100.70	-118.33	-52.71	-23.68	-23.68
Net long term assets	465.69	308.42	380.83	369.63	413.37
Total Assets	**2735.89**	**2976.16**	**3061.32**	**3567.32**	**4165.89**

*includes lease liability

Key Financial Ratios

	FY18	FY19	FY20	FY21e	FY22e
Growth Ratios(%)					
Revenue	17.1	9.4	8.8	4.8	12.2
EBITDA	18.7	12.8	6.6	2.8	12.4
Net Profit	45.8	6.0	16.4	9.5	19.6
EPS	45.8	6.0	16.4	9.5	19.6
Margins (%)					
Operating Profit Margin	10.9	11.2	11.1	10.9	10.9
Gross profit Margin	7.9	7.8	7.8	8.2	8.6
Net Profit Margin	4.6	4.4	4.7	4.9	5.3
Return (%)					
ROCE	19.3	20.0	18.8	16.3	16.7
ROE	29.8	25.1	24.0	21.8	21.7
Valuations					
Market Cap/ Sales	1.0	0.7	0.4	0.6	0.6
EV/EBITDA	10.3	7.4	5.3	7.5	6.7
P/E	21.9	15.9	8.4	13.0	10.9
P/BV	5.8	3.6	1.9	2.6	2.2
Other Ratios					
Interest Coverage	3.2	2.9	3.0	3.5	4.1
Debt Equity	1.0	0.9	1.0	0.8	0.6
Current Ratio	1.1	1.2	1.1	1.2	1.2
Turnover Ratios					
Fixed Asset Turnover	10.7	11.6	11.4	10.7	11.6
Total Asset Turnover	4.4	4.3	4.3	4.1	4.0
Debtors Turnover	2.2	2.2	2.3	2.3	2.4
Inventory Turnover	17.5	15.4	15.0	14.8	16.6
Creditor Turnover	2.3	2.1	2.2	2.3	2.6
WC Ratios					
Debtor Days	167.7	164.5	157.1	161.1	151.2
Inventory Days	20.8	23.7	24.3	24.7	22.0
Creditor Days	159.4	176.8	168.3	161.8	142.7
Cash Conversion Cycle	29.1	11.4	13.1	24.0	30.5

Cumulative Financial Data

Rs crs	FY11-13	FY14-16	FY17-19	FY20-22e
Income from operations	17271	24887	29638	38575
Operating profit	1492	1927	3243	4225
EBIT	1381	1663	2957	3780
PBT	747	586	1909	2694
PAT	454	277	1259	1927
Dividends	87	77	207	311
Sales growth (%)	-	44.1	19.1	30.2
PAT growth (%)	-	-38.9	354.3	53.0
OPM (%)	8.6	7.7	10.9	11.0
GPM (%)	5.2	3.5	7.6	8.3
NPM (%)	2.6	1.1	4.2	5.0
Interest coverage	2.2	1.5	2.8	3.5
ROE (%)	19.0	9.7	25.9	21.9
ROCE (%)	13.4	8.4	15.7	17.8
Debt-Equity ratio*	2.1	2.9	0.9	0.6
Fixed asset turnover	6.9	8.4	10.0	11.7
Total asset turnover	3.7	5.2	4.5	3.9
Debtors turnover	2.4	2.2	2.1	2.4
Creditors turnover	2.6	2.9	2.3	2.4
Inventory turnover	16.3	20.2	17.6	16.2
Debtor days	153.7	166.0	176.1	154.6
Creditor days	142.0	126.1	158.1	154.6
Inventory days	22.4	18.0	20.8	22.6
Cash conversion cycle	34.1	57.9	38.8	22.5
Dividend payout ratio (%)	18.1	20.4	16.6	16.1

FY 11-13 implies three year period ending fiscal 13; *as on terminal year

Surge in order inflows in FY17-19 period did not completely reflect in its revenues as it grew by a tepid 19.1% from FY14-16 to FY17-19. Struck by the pandemic, KEC's cumulative revenues are expected to go up by merely 30% in FY20-22e. Little velocity in revenue recognition this fiscal - partially contributed by slower execution in April would not much affect asset turnovers as fixed asset turnover is expected to increase to 11.7 in the projected period from 10 in the previous three year period, though revenues of EPC companies barely sync with fixed assets.

Lower debt in the projected period, is expected to sharply bring down debt equity to 0.6 by FY22 from 0.9 in FY19. Reasonable stability in ROCE, up 210 bps in FY20-22e to 17.8%, would not make apparent the stress in earnings in the current fiscal – cumulative after tax profits are expected to increase 53% to Rs. 1927 cr in the projected period (see table). Significant decline in debtor days, down to some 155 days in FY20-22e from 176 days in the previous three year period is expected to sharply bring down the cash conversion cycle to around 23 days from 39 days (see table).

Financial Summary- US Dollar denominated

million $	FY18	FY19	FY20	FY21e	FY22e
Equity capital	7.9	7.4	6.8	7.0	7.0
Shareholders funds	266.2	310.5	341.6	422.5	508.1
Total debt	271.6	265.9	334.1	340.5	326.9
Net fixed assets (including CWIP)	153.5	142.5	160.9	166.9	166.3
Investments	6.0	1.9	3.0	3.1	3.1
Net current assets	164.1	216.8	169.1	225.9	299.3
Total assets	379.7	388.7	376.6	443.0	521.7
Revenues	1559.8	1574.0	1688.1	1707.9	1916.4
EBITDA	173.1	180.0	189.2	187.8	211.1
EBDT	123.7	123.1	132.3	140.2	165.7
PBT	106.7	106.3	111.6	118.1	141.2
PAT	71.2	69.6	79.8	84.4	100.9
EPS($)	0.28	0.27	0.31	0.33	0.39
Book value ($)	1.04	1.21	1.33	1.64	1.98

Income statement figures translated at average rates; balance sheet at year end rates; projections at current rates (Rs 73.42/$).
All dollar denominated figures are adjusted for extraordinary items.

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Exchange Rates Used- Indicative

Rs/$	FY16	FY17	FY18	FY19	FY20
Average	65.46	67.09	64.45	69.89	75.39
Year end	66.33	64.84	65.04	69.17	70.88

All $ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate. Cumulative dollar figure is the sum of respective yearly dollar value.