PSP Projects

BUY

INDUSTRY	INFRASTRUCTURE
CMP *(as on 12 Apr 2018)*	Rs 522
Target Price	Rs 639
Nifty	10,459
Sensex	34,101

KEY STOCK DATA	
Bloomberg	PSPPL IN
No. of Shares (mn)	36
MCap (Rs bn) / ($ mn)	19/288
6m avg traded value (Rs mn)	43

STOCK PERFORMANCE (%)			
52 Week high / low		Rs 595/189	
	3M	6M	12M
Absolute (%)	(6.8)	26.7	-
Relative (%)	(5.4)	20.8	-

SHAREHOLDING PATTERN (%)	
Promoters	71.99
FIs & Local MFs	9.37
FPIs	1.41
Public & Others	17.23

Source : BSE

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Adding scale

PSP Projects (PSP) current project portfolio is significantly concentrated in Gujarat (89% incl. Diamond Bourse), even as the Company looks to diversify into other geographies.

PSP is a secular growth story driven by strong on ground execution, robust working capital management and scalable business model. Revenue overdependence on Surat Diamond Bourse is a risk even as we see it as an opportunity. Successful and timely execution may catapult PSP into a new orbit with high pre-qualification credentials of up to Rs 25bn.

As increase in investments in office space and retail drives institutional construction along with FDI and manufacturing activity aiding industrial construction, we expect PSP's order book/APAT to grow ~1.2/2.1x over FY18-20E. Initiate coverage with BUY. Our TP is Rs 639/sh (18x Mar-20E EPS).

Investment Arguments

- **Strong revenue visibility:** Order book of Rs 27.5bn translates into 3.8x bill to book ratio on FY18E base. Total order inflows for FY18E stood at Rs 24.7bn. Early payment discounts from creditors to aid in 1-2% margin expansion over normalized EBITDA margins of 10%. Accordingly creditor days are expected to normalize to ~50 days.
- **Increasing ticket size:** PSP's average project size has increased at a CAGR of ~40% from Rs 85mn in FY13 to Rs 450mn in 1HFY18 (excluding diamond bourse project for 15.8bn). PSP has scaled up its execution capabilities with significant investment in state of the art plant and machinery. PSP is targeting project with average ticket size of Rs 2-2.5bn as there is limited 'Grade A' EPC players in this segment.
- **Strong local presence:** PSP has strong presence in its home state of Gujarat (91% of 3QFY18 backlog). Apart from getting repeat orders from clients like Zydus, Cadila, Torrent etc due to its reputation and connect, spending on institutional and industrial constructions in Micro markets such as Sanand and GIFT City will continue to aid order bookings.
- **Selective expansion to diversify geographical concentration:** PSP has steadily expanded in Karnataka (5% 3QFY18 backlog) and Rajasthan (4% 3QFY18 backlog). May look at adding Andhra Pradesh as well as state capital is being built.
- **Near-term outlook:** With (1) Strong Revenue visibility, (2) Ramp-up in execution capabilities, (3) Healthy balance sheet, (4) High EBIDTA margins and (5) Expected order inflows; the stock should remain buoyant in the near term.

Financial Summary (Standalone)

(Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
Net Revenues	4,580	4,008	7,261	12,845	17,354
EBITDA	393	659	941	1,570	2,058
APAT	252	415	601	998	1,278
Diluted EPS (Rs)	9	14	17	28	36
P/E (x)	60.6	36.8	31.8	19.1	14.9
EV/EBITDA (x)	37.3	22.3	18.6	11.0	8.2
RoE (%)	44.7	47.8	28.4	28.0	28.4

Source: Company, HDFC sec Inst Research

Debtors to remain in the range of 50-55 days over FY18-20E

Creditor days are expected to reduce to 50 days as PSP aims at 1-2% margin expansion to avail early payment discounts

WC Cycle To Normalize With Execution Ramp Up

- Debtor days had increased to 55days as of 1HFY18 on account of GST related holding up of payment by clients. The projects have been repriced but we expect debtors to remain in the range of 50-55 days over FY18-20E.
- Creditor days are expected to reduce to 50 days as PSP aims at 1-2% margin expansion to avail early payment discounts.
- For the Diamond bourse project, PSP has already received Rs 780mn of advance (5% of cost). The company has also received Rs 500mn of payment for the Mar-18 execution.
- PSP is expected to remain a net cash company and net D/E is pegged at (0.5)x over FY18-20E.
- PSP will generate positive operating cash flows post accounting for working capital expansion over FY18E-20E. Capex requirements to support ramp up in execution will result in lower FCF. We do not see this impacting the balance sheet materially as the accretion to net worth will keep gross D/E (0.2x) in check and debt will continue to remain insignificant.

Working Capital Cycle (Standalone)

Particulars (days)	FY12	FY13	FY14	FY15	FY16E	FY17E	FY18E	FY19E	FY20E
Inventory (days)	3	3	3	5	3	3	15	15	15
Debtors (days)	39	17	24	31	8	49	55	52	53
Payables (days)	42	50	69	82	55	63	50	50	50
Other Current Assets (days)	35	29	43	35	40	67	50	45	42
Other Current Liab (days)	65	36	63	56	39	66	53	51	51
Net Working Capital Cycle (Days)	**(31)**	**(38)**	**(63)**	**(67)**	**(43)**	**(11)**	**17**	**10**	**9**

Source: Company, HDFC sec Inst Research

Free Cash Flow (FCF) Generation (Standalone)

Particulars (Rs mn)	FY12	FY13	FY14	FY15	FY16E	FY17E	FY18E	FY19E	FY20E
EBITDA	154	220	167	224	393	659	941	1,570	2,058
NWC Changes	150	118	94	153	136	(497)	(452)	(34)	(44)
Cash Flow From Operations	264	278	208	305	411	11	151	975	1,295
Capex	(231)	(41)	(37)	(199)	(258)	(71)	(500)	(500)	(450)
Free Cash Flow (FCFF)	**33**	**237**	**172**	**106**	**153**	**(60)**	**(349)**	**475**	**845**
Enterprise Value (EV)	13,302	13,165	13,045	12,960	12,858	12,887	15,290	14,970	14,588
FCF/EV (%)	0.2	1.8	1.3	0.8	1.2	(0.5)	(2.3)	3.2	5.8

Source : Company, HDFC sec Inst Research

PSP has won the Surat Diamond Bourse project with a total project cost of Rs 15.7bn. This has resulted in PSP creating an equal size of operation (another PSP) in Surat. Total 2,000 people are working currently and will ramp to 7,500 at peak

Total development potential is 6.6mn sqft in 30months. The average rate is Rs 2,800/sqft and PSP will make about 12-13% EBIDTA margin on the project. This project was won in competition with other 8 players viz. L&T, Shapoorji, Ahluwalia, JMC etc.

The project is self funded by diamond merchants who shall be buying office space in the complex. About 90% of the project is sold out and remaining is kept for selling at completion stage. Post completion this project will make PSP pre-qualified for project size of ~Rs 25bn vs. Rs 5bn currently. Until now payments have been timely and there is no impact of the recent scam in the sector

Revenue Visibility To Increase With Key Project Wins

Increasing Order Book Size Aided By Marquee Wins

- Led by the marquee project win of Diamond Bourse for Rs 15.8bn, we expect PSP's order book size to increase at a CAGR of 56.3% (FY17-20E). Order backlog will reach Rs 27.8bn by FY20E aided by expected increase in institutional and industrial activity. There is scope for geographical expansion, though management is not immediately focusing to ramp up its non Gujarat operations.

Strong Revenue Visibility

- FY18E order book to bill of 3.2x is higher than industry average of 3.0x. This is because the diamond bourse project is its largest ever win in terms of size outshining its previous projects. This will provide strong revenue visibility for execution over FY19E and FY20E. We expect revenue to post a CAGR of 65.8% over FY17-20E and execution will touch ~18.3bn by FY20E.

Order Book Size

Particulars (Rs mn)	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Ahluwalia Contracts	32,977	25,860	24,427	33,705	36,073	35,530	33,911	34,882	33,094
Capacite Infraprojects		5,959	19,404	24,464	30,632	43,593	54,097	61,707	65,846
JMC Projects	56,811	55,830	50,876	58,357	64,067	71,057	76,620	84,290	89,707
PSP Projects	**3,710**	**2,120**	**4,458**	**4,841**	**3,307**	**7,292**	**23,030**	**21,185**	**27,831**
Average	**31,166**	**22,442**	**24,791**	**30,342**	**33,520**	**39,368**	**47,952**	**51,972**	**56,019**

Source : Company, HDFC sec Inst Research

Book To Bill (x)

	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Ahluwalia Contracts	2.4	1.9	2.5	3.2	2.9	2.5	2.0	2.1	1.7
Capacite Infraprojects*#			11.2	4.8	3.8	3.9	3.7	3.5	3.2
JMC Projects	2.7	2.2	1.9	2.4	2.7	3.1	2.7	2.6	2.5
PSP Projects	**2.1**	**0.8**	**2.1**	**1.7**	**0.7**	**1.8**	**3.2**	**2.9**	**2.2**
Average	**2.4**	**1.6**	**4.4**	**3.0**	**2.5**	**2.8**	**3.0**	**2.8**	**2.4**

Source: Company, HDFC sec Inst Research *history is publicly available only from FY13 #FY13 figures are not comparable as operations commenced from Aug-12.

Debtors days is below than average of peers at 53

Debtor Days Lower Than Industry Average

- PSP's debtor cycle is well below the peer group average. We expect it will remain comfortable at ~53 days by FY20E as compared to the industry average of 98 days.

Gross Debt/Equity Lower Than Peer Average

- PSP's FY18E gross D/E at 0.2x is slightly lower than its peer set's average of 0.4x. We expect this to remain at 0.2x over FY18-20E primarily on account of ease in net working capital cycle, higher operating cash flows and lower capex requirement.

Receivables (Days of Sales)

	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Ahluwalia Contracts	114	108	154	144	146	132	135	135	135
Capacite Infraprojects*		39	157	104	120	107	109	109	108
JMC Projects	53	46	48	63	102	103	90	90	90
PSP Projects	**39**	**17**	**24**	**31**	**8**	**49**	**55**	**52**	**53**
Average	**69**	**53**	**96**	**85**	**94**	**97**	**97**	**96**	**96**

Source : Company, HDFC sec Inst Research *history is publicly available only from FY13

Gross Debt/Equity (x)

	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Ahluwalia Contracts	0.8	1.2	1.1	0.5	0.3	0.2	0.1	0.1	0.1
Capacite Infraprojects*		1.3	3.6	1.9	1.0	0.4	0.2	0.2	0.2
JMC Projects	0.7	0.9	0.9	1.4	1.2	0.9	0.9	0.8	0.7
PSP Projects	**1.6**	**0.5**	**0.7**	**0.7**	**0.7**	**0.6**	**0.2**	**0.2**	**0.2**
Average	**1.0**	**1.0**	**1.6**	**1.1**	**0.8**	**0.5**	**0.4**	**0.3**	**0.3**

Source : Company, HDFC sec Inst Research *history is publicly available only from FY13

Asset turns higher vs. peers. Expect pick-up on account of increased order visibility and execution capability

Asset Turnover Higher Than Industry Averages

- PSP has historically maintained high turnover ratios as compared to its peer group. Due to significant capex additions in FY17 and FY18E, the ratios are slightly lower. We expect them to breach 7.0(x) in FY19E and FY20E.
- PSP owns state of the art machinery and a captive equipment bank for project execution. Additionally they have imported machinery for external plaster, painting and formwork material. PSP has invested over Rs 700mn in plants, machinery and vehicles for timely project delivery.

Asset Turnover(x) Higher Vs. Peers

	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Ahluwalia Contracts	2.9	3.2	2.1	2.2	2.3	2.5	2.4	2.3	2.2
Capacite Infraprojects*		0.4	2.0	2.9	3.1	3.8	3.9	3.9	4.3
JMC Projects	4.5	5.1	4.8	7.6	6.1	5.2	5.3	5.3	5.4
PSP Projects	**7.7**	**9.5**	**6.8**	**5.5**	**6.0**	**4.8**	**5.4**	**7.0**	**7.6**
Average	**5.1**	**4.5**	**3.9**	**4.5**	**4.4**	**4.1**	**4.3**	**4.6**	**4.9**

Source : Company, HDFC sec Inst Research *history is publicly available only from FY13

EBIDTA margins higher than peers owing to self-owned equipment and captive quarries near its projects

EBITDA Margins To Remain Around 12-13%

- Excluding the one-off instance in FY17, historically EBITDA margins have generally been in excess of 8%. Over FY18-20E we expect the margins to improve to 12-13% led by the 12% margins in the Diamond Bourse project and early payments to suppliers to act as an incentive for discounts.

EBIDTA Margins (%)

	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Ahluwalia Contracts	1.3	(1.7)	4.3	10.8	12.9	12.1	13.5	13.5	13.4
Capacite Infraprojects*#			9.2	12.9	14.4	14.5	15.0	15.1	15.2
JMC Projects	7.1	4.7	5.1	6.8	8.9	9.1	10.0	10.1	10.1
PSP Projects	**8.6**	**8.5**	**8.0**	**8.0**	**8.6**	**16.4**	**13.0**	**12.2**	**11.9**
Average	**5.7**	**3.8**	**6.7**	**9.6**	**11.2**	**13.0**	**12.8**	**12.7**	**12.6**

Source : Company, HDFC sec Inst Research *history is publicly available only from FY13 #Reported negative margins in the 1st year of operations (FY13)

PSP has consistently delivered positive cash flows from operations. Further scope to improve as profitability increases and the company exercises a tighter control on its working capital needs

Positive OCF

- PSP has consistently delivered positive cash flows from operations from FY12, which explains the low net D/E ratio. Going ahead, we expect the cash flow from operations to improve as profitability increases and the company exercises a tighter control on its working capital needs.

Operating Cash Flow (OCFF)

Particulars (Rs mn)	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Ahluwalia Contracts	945	(226)	153	1,149	373	1,827	840	1,485	1,328
Capacite Infraprojects*		(24)	114	505	833	1,311	1,548	1,887	2,253
JMC Projects	528	623	985	(652)	554	2,500	1,135	1,856	2,436
PSP Projects	**264**	**278**	**208**	**305**	**411**	**11**	**151**	**975**	**1,295**
Average	**579**	**163**	**365**	**327**	**543**	**1,412**	**919**	**1,570**	**1,829**

Source : Company, HDFC sec Inst Research *history is publicly available only from FY13

Historically the OCF/EBIDTA ratio for the company has been more than 1x.
Over FY19-20E, stabilize to 0.6x in FY19-20E which is comparable to the peer group

OCF/EBIDTA Conversion Reflects Superior Quality Of Cash Flows

- Barring FY17 when there were cash crunches witnessed leading to funds locked in receivables, historically the OCF/EBIDTA ratio for the company has been more than 1x.
- As the Company targets significant ramp up in expansion, OCF/EBITDA is expected to remain low in FY18E. This will stabilize to 0.6x in FY19-20E which is comparable to the peer group.

OCF/EBIDTA(x) Depicts High Cash-Flow Quality

	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Ahluwalia Contracts	5.3	1.0	0.4	1.0	0.2	1.1	0.4	0.6	0.5
Capacite Infraprojects*		1.3	0.7	0.8	0.7	0.8	0.7	0.7	0.7
JMC Projects	0.4	0.5	0.7	(0.4)	0.3	1.2	0.4	0.6	0.7
PSP Projects	**1.7**	**1.3**	**1.2**	**1.4**	**1.0**	**0.0**	**0.2**	**0.6**	**0.6**
Average	**2.5**	**1.0**	**0.8**	**0.7**	**0.6**	**0.8**	**0.4**	**0.6**	**0.6**

Source : Company, HDFC sec Inst Research *history is publicly available only from FY13

Significant growth in Order book driven by marquee project wins and increase in project ticket sizes which are expected to continue

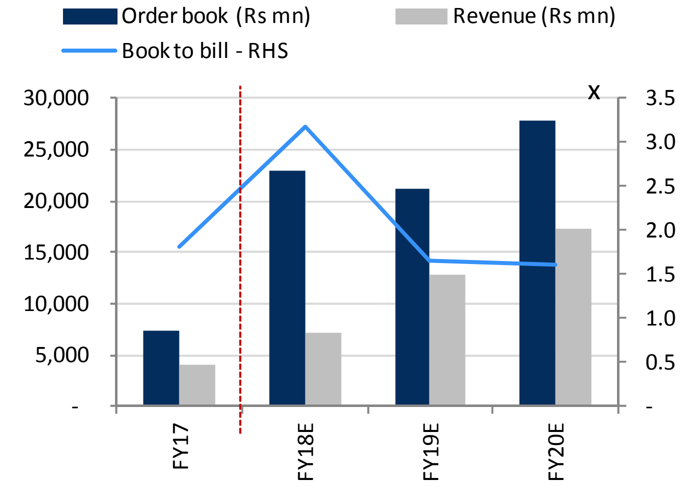
EBITDA margins expected to remain around 12-13% given the order book composition of high margin projects

High interest income from fixed deposits and interest costs to lead to high single digit net margins

Funded by strong operating cash flows, we expect PSP to net cash company

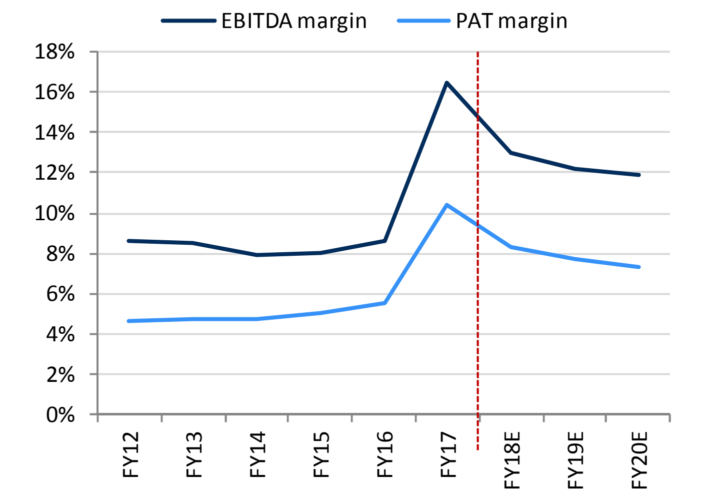
As debtor days stabilize to ~50-55 days over FY18-20E, CFO to increase significantly led by double digit EBITDA margins

Order Book, Revenues, Book-to-bill Ratio



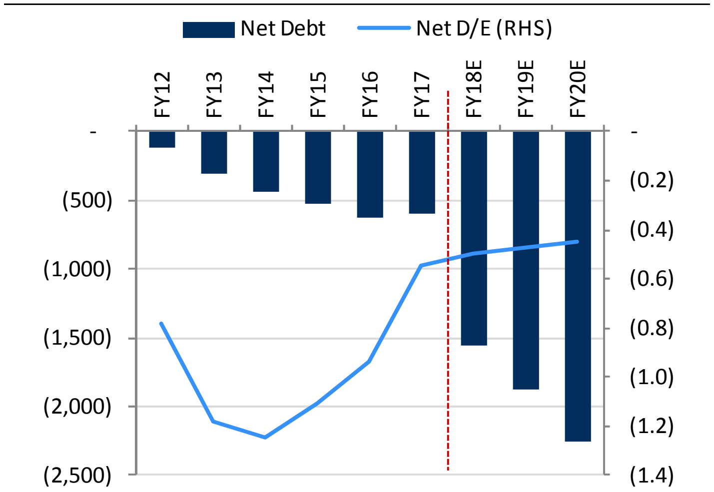
Source : Company, HDFC sec Inst Research

EBITDA And PAT Margins (%)



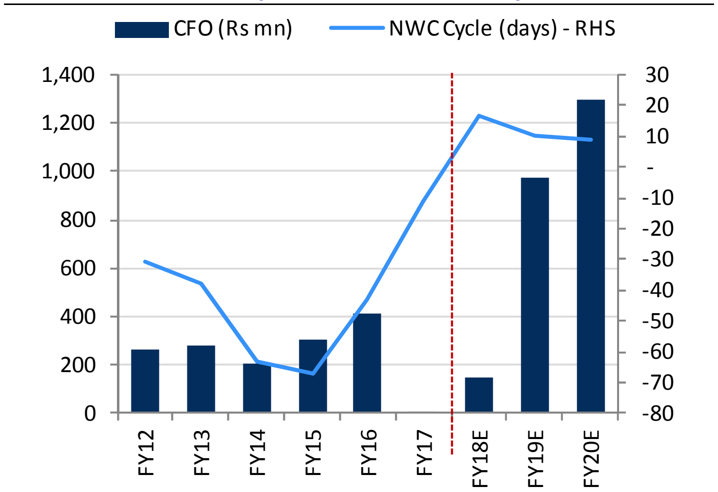
Source : Company, HDFC sec Inst Research

Net Debt And Net D/E



Source : Company, HDFC sec Inst Research

Cash Flow From Operations & NWC Cycle



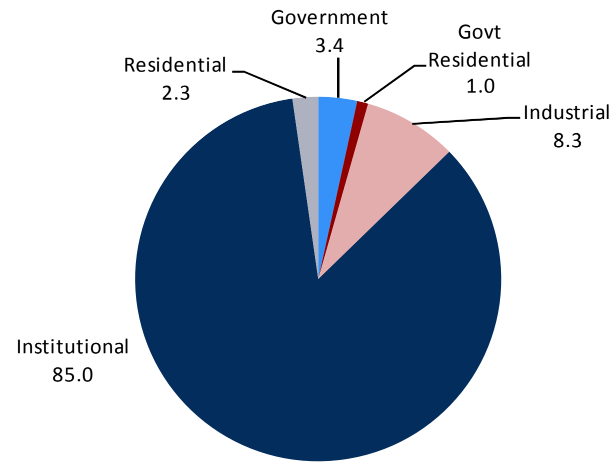
Source : Company, HDFC sec Inst Research

PSP's 3QFY18 order book is concentrated towards institutional projects with projects ranging from corporate houses, hospitals and educational institutes. PSP is cautiously evaluating expanding share in residential projects with likely focus on Tier I developers

Gujarat continues to dominate the backlog with a 90.9% share led by the diamond bourse project. PSP may look at incremental bidding in Southern India. Outside Gujarat focus would be on smaller projects with ~Rs 1bn size vs. ~ Rs 2-2.5bn single projects in Gujarat.

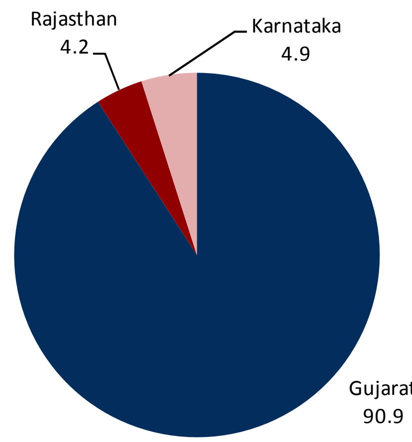
Revenues from the institutional segment accounted for 45.6% of the revenues for 9MFY18. This share will significantly increase in FY19-20E

Order Book – 3QFY18 (%)



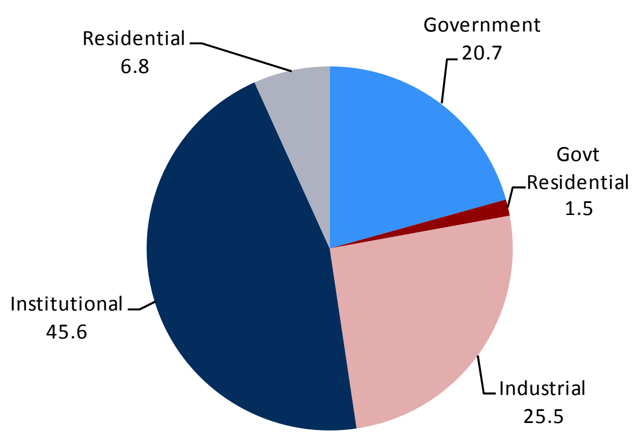
Source : Company, HDFC sec Inst Research

Order Book – 3QFY18 (%)



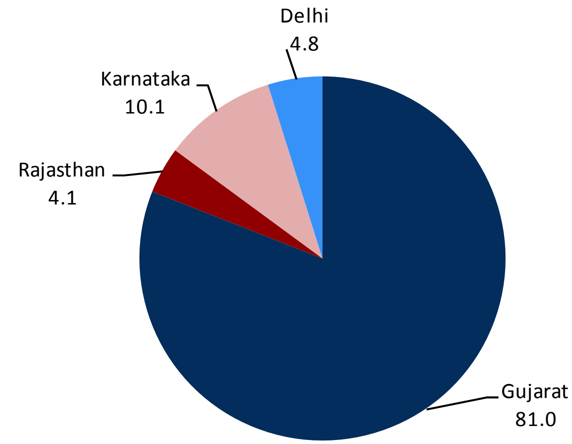
Source : Company, HDFC sec Inst Research

Revenue – 9MFY18 (%)



Source : Company, HDFC sec Inst Research

Revenue – 9MFY18 (%)



Source : Company, HDFC sec Inst Research

Order book to grow at a CAGR of 9.9% over FY18-20E

Revenue to grow at a CAGR of 54.6% over FY18-20E aided by the marquee Diamond Bourse project

EBITDA margins will stabilize between the 12-13% range

APAT will grow by 45.8% CAGR over FY18-20E

Key Assumptions And Estimates (Standalone)

Key Assumptions	FY18E	FY19E	FY20E	Comments
Closing order book	23,030	21,185	27,831	Order book to grow at a CAGR of 9.9% over FY18-20E
Order book growth (%)	216%	-8%	31%	
New order booking	23,000	11,000	24,000	
Book to bill ratio	3.2	1.6	1.6	
Total Revenue	**7,261**	**12,845**	**17,354**	**Revenue to grow at a CAGR of 54.6% over FY18-20E aided by the marquee Diamond Bourse project.**
Growth (%)	81.2	76.9	35.1	
EBIDTA	**941**	**1,570**	**2,058**	**EBITDA to grow at a CAGR of 47.9% over FY18-20E**
EBIDTA margin (%)	13.0	12.2	11.9	EBITDA margins will be stable between 12-13% range.
Depreciation	120	176	228	Increased Capex to increase execution ramp up will significantly increase depreciation charge.
Financial Charges	110	113	131	Gross debt is expected to increase by 7.1% over FY18-20E and finance costs will remain low.
PBT	**940**	**1,559**	**1,997**	**Significant generation of other non operating income from fixed deposits to result in double digit PBT margins**
PBT margin (%)	12.9	12.1	11.5	
Tax	338.2	561.4	719.0	
Tax rate (%)	36.0	36.0	36.0	Company operates at a full tax rate and the same is expected to continue over FY18-20E
RPAT	**601**	**998**	**1,278**	
Net margin (%)	8.3	7.8	7.4	
Extraordinary	-	-	-	
Adjusted PAT	**601**	**998**	**1,278**	**APAT will grow by 45.8% CAGR over FY18-20E**
Gross Block Turnover	6.7	8.1	8.4	
Debtor days	55	52	53	
CFO - a	151	975	1,295	As debtor days stabilize to ~50-55 days over FY18-20E, CFO to increase significantly led by double digit EBITDA margins
CFI - b	(551)	(361)	(551)	We expect significant investment in capex to continue as PSP witnesses increased execution demand.
FCF - a+b	(349)	475	845	
CFF - c	1,391	(263)	(291)	
Total change in cash - a+b+c	**991**	**351**	**452**	

Source : HDFC sec Inst Research

HDFC Sec Vs. Consensus

HDFC Sec Vs Consensus

		Consensus	HDFC Sec	% Divergence
Sales (Rs mn)	FY18E	6,958	7,261	*4.4*
	FY19E	11,626	12,845	*10.5*
	FY20E	14,288	17,354	*21.5*
EBIDTA (Rs mn)	FY18E	867	941	*8.6*
	FY19E	1,487	1,570	*5.6*
	FY20E	1,876	2,058	*9.7*
Net Profit (Rs mn)	FY18E	572	601	*5.1*
	FY19E	951	998	*5.0*
	FY20E	1,196	1,278	*6.9*
				Divergence (bps)
EBITDA Margin	FY18E	12.5%	13.0%	*50.6*
	FY19E	12.8%	12.2%	*(57.3)*
	FY20E	13.1%	11.9%	*(127.2)*
NPM	FY18E	8.2%	8.3%	*5.0*
	FY19E	8.2%	7.8%	*(43.0)*
	FY20E	8.4%	7.4%	*(100.6)*

Source: HDFC sec Inst Research

Peer Valuations

Relative Valuation	EV/EBITDA (x)			P/E (x)			P/BV (x)		
	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
Ahluwalia Contracts	12.0	10.1	8.7	23.8	19.3	16.9	4.5	3.6	3.0
Capacite Infra	10.7	8.8	7.5	23.4	19.1	15.1	2.9	2.5	2.2
JMC Projects	9.6	8.3	7.0	20.5	17.6	14.7	2.6	2.3	2.0
PSP Projects	**18.6**	**11.0**	**8.2**	**31.8**	**19.1**	**14.9**	**6.1**	**4.8**	**3.8**
Average	**12.7**	**9.5**	**7.8**	**24.9**	**18.8**	**15.4**	**4.0**	**3.3**	**2.7**

Source: HDFC sec Inst Research

We rate PSP as BUY with a TP of Rs 639/share (18x one year forward Mar-20E EPS)

Outlook And Valuation

Target Price Of Rs 639/sh

Valuation methodology

- We have valued PSP at 18x one-year forward Mar-20E EPS. This is in line with other players like Ahluwalia. Our rationale behind this is (1) Strong growth potential led by the Diamond bourse project, (2) Robust FY18E order backlog of Rs 23.0bn (3.2x FY18E revenue), (2) Net cash company and gross debt to continue to remain low, and (4) PSP getting repeat orders from dairy and pharma clients demonstrate its execution quality.

- Investment in the building segment would remain robust on the back of institutional and industrial demand in addition to NBCC, CPWD and private capex in the segment. PSP will benefit from the strong demand in and around GIFT city and areas like Surat.

- **<u>We initiate coverage with a BUY rating.</u>** We value the PSP at Rs 639/share (18x one-year forward Mar-20E EPS).

Key Catalysts

- **Execution of key Turnkey project:** Surat Diamond Bourse project currently accounts for ~58% of the order backlog. This project will add Rs 15.75bn to the top line over the next 30 months. We expect revenue to grow at a CAGR of ~65.8% over FY17-20E aided by strong execution and steady order inflows in FY19.

Key Risks To Our BUY Stance

- **Localised presence in Gujarat:** PSP has ~89% of the order book (incl. diamond bourse) exposed to Gujarat. To maintain current pace of revenue growth, PSP will have to diversify to other geographies. Over the years, PSP has been able to develop long term associations with suppliers and contractors in Gujarat for favourable terms and assured quality and supply. PSP may find it difficult to replicate the same as it expands in other geographies. PSP intends to increase non-Gujarat revenues to 30% of the total business. Currently it is executing 2 projects each in Rajasthan and Karnataka; and one in New Delhi.

- **Execution history:** PSP's order book/ revenue are expected to grow at a CAGR of 56.5%/ 65.8% over FY17-20E. As ticket size of project increases, PSP's execution capabilities will be tested. Any slowdown in execution will adversely affect the earnings and future project credentials.

Income Statement (Standalone)

Year ending March (Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
Net Revenues	**4,580**	**4,008**	**7,261**	**12,845**	**17,354**
Growth (%)	***63.3***	***-12.5***	***81.2***	***76.9***	***35.1***
Material Expenses	1,902	1,301	2,689	4,692	6,376
Labour/Subcontracting/Employee Expenses	2,147	1,887	3,413	6,230	8,399
Other Operating Expenses	137	161	218	353	521
EBIDTA	**393**	**659**	**941**	**1,570**	**2,058**
EBIDTA (%)	***8.6***	***16.4***	***13.0***	***12.2***	***11.9***
EBIDTA Growth (%)	***75.4***	***67.5***	***42.9***	***66.8***	***31.1***
Depreciation	71	76	120	176	228
EBIT	**322**	**583**	**821**	**1,394**	**1,830**
Other Income (Incl. EO Items)	103	132	229	279	299
Interest	31	75	110	113	131
PBT	**394**	**640**	**940**	**1,559**	**1,997**
Tax	142	224	338	561	719
RPAT	**252**	**415**	**601**	**998**	**1,278**
EO items (net of tax)	-	-	-	-	-
APAT	**252**	**415**	**601**	**998**	**1,278**
APAT Growth (%)	***79.6***	***64.6***	***44.8***	***66.0***	***28.1***
EPS	**8.8**	**14.4**	**16.7**	**27.7**	**35.5**
EPS Growth (%)	***79.6***	***64.6***	***15.8***	***66.0***	***28.1***

Source: Company, HDFC sec Inst Research

Balance Sheet (Standalone)

As at March (Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
SOURCES OF FUNDS					
Share Capital	32	288	360	360	360
Reserves	629	788	2,793	3,612	4,660
Total Shareholders' Funds	**661**	**1,076**	**3,153**	**3,972**	**5,020**
Minority Interest	-	-	-	-	-
Long Term Debt	10	34	34	34	34
Short Term Debt	433	625	650	680	750
Total Debt	**444**	**658**	**684**	**714**	**784**
Deferred Taxes	(9)	(11)	(11)	(11)	(11)
TOTAL SOURCES OF FUNDS	**1,096**	**1,723**	**3,826**	**4,674**	**5,792**
APPLICATION OF FUNDS					
Net Block	522	518	897	1,222	1,443
CWIP	-	-	-	-	-
Investments, LT Loans & Advances	50	76	356	496	896
Total Non-current Assets	**572**	**593**	**1,253**	**1,717**	**2,339**
Inventories	40	30	298	528	713
Debtors	104	533	1,094	1,812	2,496
Cash & Equivalents	1,064	1,250	2,241	2,592	3,044
ST Loans & Advances, Others	242	460	597	1,056	1,284
Other Assets	257	275	398	528	713
Total Current Assets	**1,706**	**2,548**	**4,629**	**6,516**	**8,250**
Creditors	694	693	995	1,760	2,377
Other Current Liabilities & Provns	489	724	1,061	1,799	2,420
Total Current Liabilities	**1,183**	**1,418**	**2,056**	**3,559**	**4,797**
Net Current Assets	**524**	**1,130**	**2,573**	**2,957**	**3,453**
Misc Expenses & Others	-	-	-	-	-
TOTAL APPLICATION OF FUNDS	**1,096**	**1,723**	**3,826**	**4,674**	**5,792**

Source: Company, HDFC sec Inst Research

Cash Flow (Standalone)

Year ending March (Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
PBT	394	639	940	1,559	1,997
Non-operating & EO items	(72)	(69)	(229)	(279)	(299)
Interest expenses	1	7	110	113	131
Depreciation	71	76	120	176	228
Working Capital Change	136	(497)	(452)	(34)	(44)
Tax paid	(118)	(145)	(338)	(561)	(719)
OPERATING CASH FLOW (a)	**411**	**11**	**151**	**975**	**1,295**
Capex	(258)	(71)	(500)	(500)	(450)
Free cash flow (FCF)	153	(60)	(349)	475	845
Investments	38	87	(51)	139	(101)
INVESTING CASH FLOW (b)	**(220)**	**16**	**(551)**	**(361)**	**(551)**
Share capital Issuance	-	-	1,584	-	-
Debt Issuance	114	215	25	30	70
Interest expenses	(17)	(55)	(110)	(113)	(131)
Dividend	(72)	-	(108)	(180)	(230)
FINANCING CASH FLOW (c)	**25**	**160**	**1,391**	**(263)**	**(291)**
NET CASH FLOW (a+b+c)	**216**	**186**	**991**	**351**	**452**
Closing Cash & Equivalents	1,064	1,250	2,241	2,592	3,044

Source: Company, HDFC sec Inst Research

Key Ratios (Standalone)

Year ending March	FY14	FY15	FY16E	FY17E	FY18E
PROFITABILITY (%)					
GPM	58.5	67.5	63.0	63.5	63.3
EBITDA Margin	8.6	16.4	13.0	12.2	11.9
EBIT Margin	7.0	14.5	11.3	10.9	10.5
APAT Margin	5.5	10.4	8.3	7.8	7.4
RoE	44.7	47.8	28.4	28.0	28.4
Core RoCE	(1,153.5)	95.2	42.8	56.2	63.2
RoCE	24.8	26.9	17.6	22.9	23.5
EFFICIENCY					
Tax Rate (%)	36.0	35.1	36.0	36.0	36.0
Asset Turnover (x)	6.0	4.8	5.4	7.0	7.6
Inventory (days)	3	3	15	15	15
Debtors (days)	8	49	55	52	53
Payables (days)	55	63	50	50	50
Other Current Assets (days)	40	67	50	45	42
Other Current Liab (days)	39	66	53	51	51
Net Working Capital Cycle (Days)	(43)	(11)	17	10	9
Debt/EBITDA (x)	1.1	1.0	0.7	0.5	0.4
Net D/E	(0.9)	(0.5)	(0.5)	(0.5)	(0.5)
Interest Coverage	10.5	7.7	7.5	12.3	14.0
PER SHARE DATA					
EPS (Rs/sh)	8.8	14.4	16.7	27.7	35.5
CEPS (Rs/sh)	11.2	17.1	20.0	32.6	41.8
DPS (Rs/sh)	0.1	0.0	0.1	0.1	0.2
BV (Rs/sh)	23	37	88	110	139
VALUATION					
P/E	60.6	36.8	31.8	19.1	14.9
P/BV	23.1	14.2	6.1	4.8	3.8
EV/EBITDA	37.3	22.3	18.6	11.0	8.2
OCF/EV (%)	2.8	0.0	0.0	0.1	0.1
FCF/EV (%)	1.0	(0.4)	(2.0)	2.8	5.0
FCFE/Market Cap (%)	1.6	0.7	(2.3)	2.0	4.1
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company, HDFC sec Inst Research