

Sadbhav Engineering

Performance Highlights

Quarterly highlights - Standalone

Y/E March (₹ cr)	4QFY12	4QFY11	% chg (yoy)	3QFY12	% chg (qoq)
Net sales	905	1,047	(13.6)	725	24.8
Operating profit	86	96	(10.3)	82	4.4
Net profit	47	54	(13.0)	42	12.4

Source: Company, Angel Research

For 4QFY2012, Sadbhav Engineering (SEL) reported a mixed set of numbers, with revenue coming marginally higher than our estimates while earnings coming in lower than our expectations. SEL had an order inflow of ₹2,844cr (majority contribution by the two recent road BOT projects) during FY2012, taking its order book to ₹7,554cr (2.8x FY2012 revenue), which provides good revenue visibility.

We maintain our Buy view on the stock.

Mixed performance: On the top-line front, SEL reported a 13.6% yoy decline to ₹905cr, marginally higher than our estimate of ₹856cr. It should be noted that the decline was on account of high base in 4QFY2011. On a sequential basis, revenue grew by 24.8%. On the margin front, the company posted EBITDAM of 9.5%, tad lower than our estimate of 10.0% owing to development cost incurred in projects but revenue not booked. Interest cost stood at ₹15cr, registering a decline of 10.4% yoy/5.6% qoq. On the earnings front, SEL reported a 13.0% yoy decline to ₹47cr, lower than our expectation of ₹53cr. We were expecting higher earnings on the back of bonus income as per the company's guidance.

Outlook and valuation: For FY2013, SEL has given a flat guidance on the revenue front primarily due to completion of Dhule Palesnar and Bijapur Hungund projects. Further, the two recently won road BOT projects – Gomti ka Chauraha and Solapur Bijapur – will start contributing to construction revenue post September 2013. On the EBITDAM front, the company expects its margin to stay at 10.5-11%. SEL's management has reiterated that the company would continue to focus on the sustainability of its margins. **We continue to maintain our Buy view on the stock with an SOTP target price of ₹182, owing to robust order backlog of ₹7,554cr (2.8x FY2012 revenue), strong balance sheet (0.5x net debt/equity FY2012) and as the company's equity requirement for under-construction/development projects is expected to be met by internal accruals.**

Key financials (Standalone)

Y/E March (₹ cr)	FY2011	FY2012	FY2013E	FY2014E
Net sales	2,209	2,676	2,789	3,147
% chg	75.8	21.1	4.2	12.8
Adj. net profit	120	140	127	157
% chg	122.1	17.3	(9.6)	23.5
EBITDA (%)	10.2	10.8	10.6	10.7
FDEPS (₹)	8.0	9.3	8.4	10.4
P/E (x)	15.0	12.8	14.1	11.4
P/BV (x)	2.9	2.3	1.9	1.7
RoE (%)	23.5	20.2	15.0	15.6
RoCE (%)	21.3	23.1	19.4	18.7
EV/Sales (x)	1.0	0.8	0.8	0.7
EV/EBITDA (x)	9.3	7.5	7.4	6.8

Source: Company, Angel Research

BUY

CMP	₹119
Target Price	₹182

Investment Period	12 Months
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Stock Info	
Sector	Infrastructure
Market Cap (₹ cr)	1,794
Net Debt (₹ cr)	393
Beta	0.5
52 Week High / Low	161/94
Avg. Daily Volume	37,249
Face Value (₹)	1
BSE Sensex	16,020
Nifty	4,863
Reuters Code	SADE.BO
Bloomberg Code	SADE@IN

Shareholding Pattern (%)	
Promoters	47.4
MF / Banks / Indian Fls	31.8
FII / NRIs / OCBs	18.3
Indian Public / Others	2.5

Abs. (%)	3m	1yr	3yr
Sensex	(7.7)	(12.8)	6.1
Sadbhav	(11.2)	(19.7)	81.9

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Exhibit 1: 4QFY2012 performance (Standalone)

Y/E March (₹ cr)	4QFY12	4QFY11	% chg (yoy)	3QFY12	% chg (qoq)	FY2012	FY2011	% chg
Net sales	905	1,047	(13.6)	725	24.8	2,676	2,209	21.1
Total expenditure	819	951	(13.9)	643	27.4	2,385	1,972	21.0
Operating profit	86	96	(10.3)	82	4.4	290	238	22.0
OPM (%)	9.5	9.2	30bp	11.4	(190)bp	10.8	10.8	-
Interest	15	17	(10.4)	16	(5.6)	65	54	20.3
Depreciation	7	7	(3.6)	7	(3.1)	27	27	2.2
Non operating income	4	4	2.3	3	40.4	11	19	(43.2)
Non-recurring items	-	-	-	-	-	-	-	-
Profit Before Tax	68	76	(10.2)	62	9.4	208	176	18.6
Tax	21	22	(3.4)	21	3.3	68	56	21.1
Reported Profit After Tax	47	54	(13.0)	42	12.4	140	120	17.4
PAT (%)	5.2	5.2	-	5.8	(60)bp	5.2	5.4	(20)bp
EPS (₹)	3.1	3.6	(13.0)	2.8	12.4	9.3	8.0	17.4

Source: Company, Angel Research

Exhibit 2: Actual vs. Estimates

Particulars (₹ cr)	Estimates	Actual	Variation (%)
Revenues	856	905	5.7
EBITDA	86	86	0.4
Interest	12	15	31.0
Tax	25	21	(16.2)
PAT	53	47	(11.3)

Source: Company, Angel Research

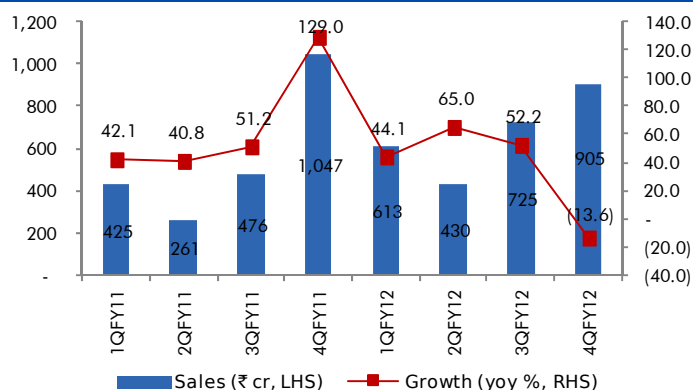
Revenue performance marginally above expectations

On the top-line front, SEL reported a 13.6% yoy decline to ₹905cr, marginally higher than our estimate of ₹856cr. It should be noted that the decline was on account of high base in 4QFY2011. On a sequential basis, revenue grew by 24.8%. For FY2012, SEL reported a yoy jump of 21.1% on the revenue front to ₹2,676cr. Majority contribution came from the road segment – ₹2,242cr (₹1,980cr – BOT projects and ₹262cr – cash contracts), while irrigation and mining contributed ₹211cr and ₹219cr, respectively.

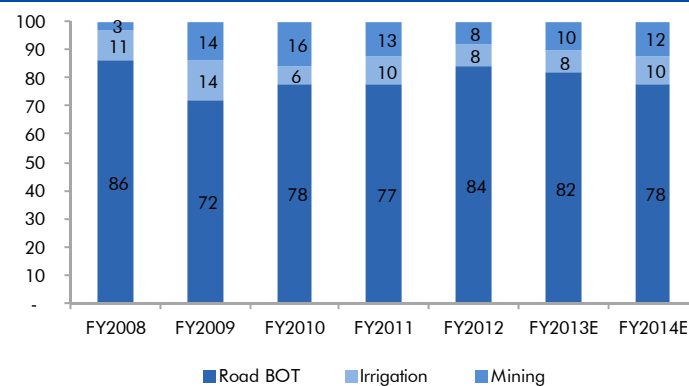
Upcoming opportunities in the irrigation and mining segments – 1) Irrigation: SEL has submitted the bids of ₹1,025cr, and we expect the bids will open in a couple of weeks; 2) Mining sector bids are outstanding for a total value of ₹910cr.

Operational BOT projects – Toll collection

On the toll collection front for FY2012, SEL reported 17.3% yoy growth for Ahmedabad Ring road project to ₹78.7cr and 13.9% yoy growth for Aurangabad Jalna project to ₹27.0cr. As per management, these projects have witnessed traffic growth of 7.7% and 13.2% for Ahmedabad Ring road and Aurangabad Jalna project, respectively, on a yoy basis.

Exhibit 3: Revenue lower on high base


Source: Company, Angel Research

Exhibit 4: Road segment – Lion's share of overall revenue (%)


Source: Company, Angel Research

Project update

Dhule Palesnar project: Dhule Palasner project achieved the commercial operation date (COD) for 75% of the project length on January 17, 2012, as against the scheduled date of June 18, 2012. For the balance portion of the project, NHAI has already recommended final COD and SEL is expecting the same in June 2012. Average collection in Dhule-Palesnar is ~₹24.5lakhs/day.

Nagpur Seoni project: This project will be limited to 28km as against the original length of 56km. Further, for the payment of annuity, proportionate invoice has already been raised to NHAI. Adjusted annuity for this project would be ₹17cr-18cr on a semiannual basis.

Maharashtra border check post project: Possession for 14 check posts has been given by Government of Maharashtra to SEL; and out of these, COD for three check posts has been proposed and operations have started in all the three check posts. SEL expects another three would be operational in August 2012, and 12 check posts out of 14 will be operational by the end of March 2013. SEL is expecting revenue of ₹140cr-145cr from the 12 check posts in the first full year of operations (FY2014).

Bijapur Hungund: Bijapur Hungund project has achieved the COD for the entire 100% of the project length on April 9, 2012, against the scheduled date of completion of March 3, 2013. Currently, the project has a daily toll collection of ₹28lakhs/day.

Hyderabad Yadgiri: The scheduled date of completion for the project is May 2012, and as per SEL the proposal for 75% completion has already been moved to NHAI and is expected to get the approval by the end of June 2012, post which toll collection would start for 75% of the project highway. Further, SEL is expecting toll revenue of ₹62cr-65cr during the first full year of operations.

Rohtak Panipat: The scheduled date of completion for the project is October 2013. SEL is expecting 75% completion by January 2013 and the balance by April 2013.

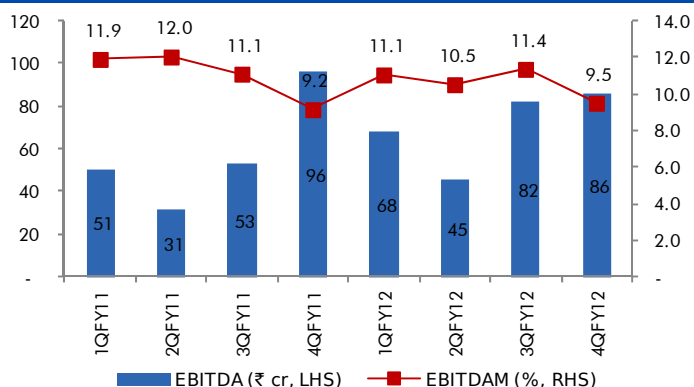
Under-development projects

SEL has won two road projects – Gomti ka Chauraha (TPC – ₹1,280cr; EPC – ₹975cr) and Solapur Bijapur (TPC – ₹1,220; EPC – ₹999cr). However, as SEL is yet to achieve financial closure on these projects, contribution to construction revenue would start from September 2013. Further, SEL is expecting toll revenue of ₹126cr-129cr and ₹145cr-148cr for Gomti ka Chauraha and Solapur Bijapur projects, respectively, in the first full year of operations.

Lower EBITDAM and interest cost lead to lower-than-expected earnings growth

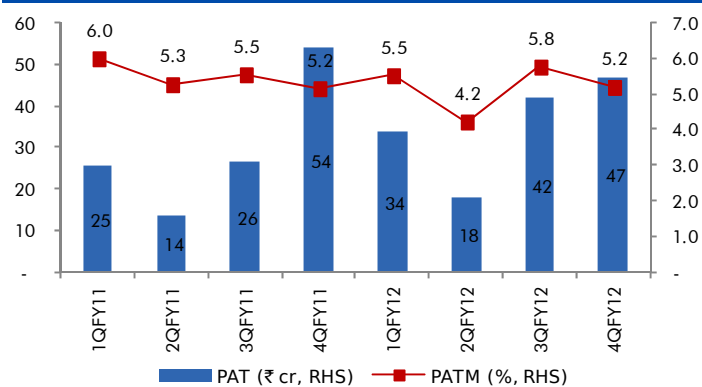
On the margin front, the company posted EBITDAM of 9.5%, tad lower than our estimate of 10.0% owing to development cost incurred in projects but revenue not booked for the same. Interest cost stood at ₹15cr, registering a decline of 10.4% yoy/5.6% qoq. On the earnings front, SEL reported a 13.0% yoy decline to ₹47cr, lower than our expectation of ₹53cr. We were expecting higher earnings on the back of bonus income as per the company’s guidance.

Exhibit 5: EBITDAM in-line with our estimate



Source: Company, Angel Research

Exhibit 6: PAT trend



Source: Company, Angel Research

Bonus of ~₹70cr to come in FY2013 for SEL

As per management, SEL’s parent will receive ~₹70cr bonus as its share for the early completion of the two projects (Bijapur Hungund – ₹50cr and Dhule Palesnar – ₹20cr) during FY2013. This bonus (75% of toll collection) is payable to EPC contractors (SEL and other sub contractors) for the early completion of the project and is applicable from 75% completion of project (toll collection starts post 75% completion) till the scheduled completion date. We have accounted this bonus amount (one time income) under other income for SEL’s parent in FY2013. It should be noted that this bonus amount is adjusted from total earnings, while assigning a PE multiple for valuing its parent business and calculating our SOTP target price.

Equity requirement for BOT projects

SEL's subsidiary, Sadbhav Infrastructure Project Ltd. (SIPL) has a total equity requirement of ~₹919cr (excluding Solapur Bijapur and Gomti ka Chauraha projects), of which the company has already invested ₹731cr. For the balance ₹188cr, SIPL can utilize cash balance of ₹162cr, expected generation of ₹80cr-90cr margin from Maharashtra Border Check Post project (unexecuted portion of ₹210cr), expected savings (in terms of the debt service reserve account and contingencies) on BOT projects (₹250cr from four projects – Rohtak-Panipat, Bijapur-Hungood, Hyderabad-Yadgiri and Maharashtra Border Check Post) and sanctioned loan from ICICI Bank of ₹180cr. Hence, SIPL sits on a comfortable position for the balance equity funding requirement for its BOT projects.

Outlook and valuation

For FY2013, SEL has given a flat guidance on the revenue front primarily due to completion of Dhule Palesnar and Bijapur Hungund projects. Further, the two recently won road BOT projects – Gomti ka Chauraha and Solapur Bijapur – will start contributing to construction revenue post September 2013. On the EBITDAM front, the company expects its margin to stay at 10.5-11%. SEL's management has reiterated that the company would continue to focus on the sustainability of its margins. **We continue to maintain our Buy view on the stock with an SOTP target price of ₹182, owing to robust order backlog of ₹7,554cr (2.8x FY2012 revenue), strong balance sheet (0.5x net debt/equity FY2012) and as the company's equity requirement for under-construction/development projects is expected to be met by internal accruals.**

Exhibit 7: SOTP break-up

Business Segment	Methodology	Remarks	₹ cr	₹/share
Construction (a)	P/E	8x FY2014E earnings	1,254	83.4
Ahmedabad Ring Road (SIPL's share 80%)	NPV	CoE -14%, Traffic & Toll increase 5% each	274	18.2
Aurangabad - Jalna (SIPL's share 100%)	NPV	CoE -14%, Traffic 5% & Toll increase 18.5% (every 3 years)	191	12.7
Mumbai - Nasik (SIPL's share 20%)	NPV	CoE -14%, Traffic & Toll increase 5% each	122	8.1
Nagpur - Seoni (SIPL's share 51%)	NPV	CoE -14%, Annuity Project	18	1.2
Dhule - Palasner (SIPL's share 27%)	NPV	CoE -14%, Traffic & Toll increase 5% each	103	6.8
Maharashtra Border (SIPL's share 90%)	NPV	CoE -14%, Traffic & Toll increase 5% each	363	24.2
Rohtak - Panipat (SIPL's share 100%)	NPV	CoE -14%, Traffic & Toll increase 5% each	377	25.0
Bijapur - Hungund (SIPL's share 77%)	NPV	CoE -14%, Traffic & Toll increase 5% each	293	19.5
Hyderabad - Yadgiri (SIPL's share 60%)	NPV	CoE -14%, Traffic & Toll increase 5% each	112	7.4
SIPL - Road BOT Projects			1,853	123.2
SEL holds 80.0% stake in SIPL (b)			1,482	98.6
Total (a+b)				182.0

Source: Company, Angel Research

Exhibit 8: Key assumptions

	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
Order inflow	2,649	2,912	2,363	2,844	2,673	2,883
Revenue	1,074	1,257	2,209	2,676	2,789	3,147
Order backlog (Y/E)	4,339	5,994	6,965	7,554	7,438	7,175
Order book-to-sales ratio (x)	4.0	4.8	3.2	2.8	2.7	2.3

Source: Company, Angel Research

Exhibit 9: BOT assumptions

Project	ARRIL	AJIT	MNEL	NSEL	DPTL	MBCPNL	RPTL	BHTL	HYTL
Type	Toll	Toll	Toll	Annuity	Toll	Entry Fees	Toll	Toll	Toll
Status	Oper.	Oper.	Oper.	Under Dev.	Under Dev.	Under Dev.	Under Dev.	Under Dev.	Under Dev.
KM	76	66	100	57	97	-	66	100	35
Issuing Auth.	AUDA	MSRDC	NHAI	NHAI	NHAI	MSRDC	NHAI	NHAI	NHAI
State	Gujarat	Mah.	Mah.	MP	Mah./MP	Mah.	Haryana	Karnataka	AP
Concession (Yrs)	20	24	20	20	18	25	25	20	23
Con. Start	Jan-07	Jan-07	Dec-09	May-07	Dec-09	Apr-12	Sep-10	Mar-13	Aug-10
Con. End	Jan-27	Jul-30	Dec-29	Nov-27	Dec-27	Aug-34	Sep-35	Sep-30	Aug-33
TPC (₹ cr)	515.0	277.0	753.0	269.8	1,420.0	1,426.4	1,213.6	1,257.1	480.2
Equity (₹ cr)	74.0	83.0	52.0	31.5	355.0	285.4	242.8	137.0	100.0
Debt (₹ cr)	405.0	194.0	650.0	238.3	1,065.0	1,141.0	970.8	846.5	380.2
Grant (₹ cr)	36.0	-	51.0	-	-	-	-	273.6	-
Traffic Growth (%)	5.0	5.0	5.0	-	5.0	5.0	5.0	5.0	5.0
Toll inc (%)	5.0	5.0	5.0	-	5.0	5.0	5.0	5.0	5.0
Interest Rate (%)	11.0	11.0	11.0	8.9	11.8	12.8	12.3	10.5	12.8

Source: Company, Angel Research

Exhibit 10: Angel EPS forecast vs. consensus

	Angel Forecast	Bloomberg consensus	Variation (%)
FY2013E	8.4	10.9	(22.2)
FY2014E	10.4	12.5	(16.6)

Source: Company, Angel Research

Investment arguments

Sound balance sheet: SEL has a sound balance sheet with parent net debt/equity of 0.5x as of FY2012. The company's working capital position is also much better than its peers. This has insulated the company's earnings to a great extent in such an exorbitant interest rate scenario, which has been the key concern for the decline in the sector's earnings, and has aided the company to outperform on the bourses.

Funds tied up for projects in hand: SEL had successfully raised ₹400cr through stake dilution (22.2% in August 2010) in SIPL. This has made SEL fully tied up for the projects in hand. This money raising was a timely development for SEL, given its then huge equity commitment towards under-development projects. Also, this helped the company to focus on project execution, which is SEL's forte, leading to early completion of projects – a rare phenomenon in the industry.

Key concerns

Interest rate: Road BOT projects are vulnerable to interest rate fluctuations and any hike in interest rates would increase SEL's interest costs.

Commodity risks: Road players are facing pressures from the recent price inflation in commodities such as cement, steel, bitumen and diesel, which have a direct impact on margins.

Awarding from NHAI: Slowdown in awarding activity by NHAI would hit order inflow for road-focused players such as SEL.

Company background

SEL was incorporated in 1988. The company is a leading EPC and infrastructure development company based in Ahmadabad. SEL is present in the roads and highways (71.5% of order book), irrigation (13.2%) and mining (15.3%) sectors. The company forayed into the road sector in 1995 and has since then executed several projects for NHAI and state governments. Currently, SEL is one of the largest BOT players in India with 11 projects in its portfolio through its 80.0% owned subsidiary, SIPL.

Exhibit 11: Recommendation summary

Company	CMP	TP	Rating	Top line (₹ cr)				EPS (₹)				Adj. P/E			OB/ Sales(x)
				FY12E	FY13E	FY14E	CAGR (%)	FY12E	FY13E	FY14E	CAGR (%)	FY12E	FY13E	FY14E	
ABL	209	273	Buy	1,514	2,014	2,293	23.1	18.0	22.6	26.7	21.7	11.6	9.3	7.8	3.9
CCCL	14	-	Neutral	2,128	2,526	2,792	14.5	(0.4)	1.8	2.8	-	-	7.6	4.9	2.8
HCC	17	-	Neutral	3,988	4,239	4,522	6.5	(3.7)	(1.8)	(0.8)	-	-	-	-	3.8
IRB Infra	114	186	Buy	3,131	3,821	4,582	21.0	14.9	15.0	16.9	6.5	7.7	7.6	6.8	-
ITNL	171	265	Buy	5,606	6,619	7,925	18.9	25.6	22.0	26.7	2.1	6.7	7.8	6.4	4.3
IVRCL	39	61	Buy	4,971	5,510	6,722	16.3	0.9	2.5	4.6	125.5	43.3	15.4	8.5	5.6
JP Assoc.	64	88	Buy	12,853	15,259	17,502	16.7	4.8	4.2	5.0	1.9	13.2	15.0	12.7	-
L&T	1,210	1,553	Buy	53,171	59,559	69,089	14.0	64.7	70.8	76.5	8.7	18.7	17.1	15.8	2.7
Madhucon	37	70	Buy	1,802	2,206	2,502	17.8	4.9	4.6	4.7	(2.6)	7.6	8.1	8.0	4.3
NCC	31	41	Buy	5,250	5,453	6,169	8.4	1.4	1.6	1.9	17.3	21.7	18.6	15.8	3.8
Patel Engg	85	-	Neutral	3,573	3,609	3,836	3.6	14.9	14.0	14.5	(1.1)	5.7	6.1	5.8	2.7
Punj Lloyd	44	-	Neutral	10,557	11,592	12,993	10.9	2.8	1.8	3.2	7.2	15.8	24.0	13.7	2.6
Sadbhav	119	182	Buy	2,676	2,789	3,147	8.4	9.3	8.4	10.4	5.7	12.8	14.1	11.4	2.8
Simplex In.	214	265	Buy	6,019	6,732	7,837	14.1	16.8	23.5	29.4	32.2	12.7	9.1	7.3	2.5

Source: Company, Angel Research

Exhibit 12: SOTP break-up

Company	Core Const.		Real Estate		Road BOT		Invst. In Subsidiaries		Others		Total ₹
	₹	% to TP	₹	% to TP	₹	% to TP	₹	% to TP	₹	% to TP	
ABL	87	32	-	-	186	68	-	-	-	-	273
CCCL	17	100	-	-	-	-	-	-	-	-	17
HCC	(5)	(20)	12	50	16	70	-	-	-	-	23
IRB Infra	98	59	-	-	64	39	4	3	-	-	166
ITNL	53	20	-	-	180	68	-	-	33	12	265
IVRCL	41	67	-	-	-	-	20	33	-	-	61
JP Assoc.	28	32	25	29	-	-	-	-	35	40	88
L&T	1,223	79	-	-	-	-	330	21	-	-	1,553
Madhucon	19	27	2	3	38	54	-	-	12	17	70
NCC	14	33	2	5	6	15	-	-	19	48	41
Patel Engg	44	46	17	18	16	16	-	-	19	20	95
Punj Lloyd	72	100	-	-	-	-	-	-	-	-	72
Sadbhav	83	46	-	-	99	54	-	-	-	-	182
Simplex In.	265	100	-	-	-	-	-	-	-	-	265

Source: Company, Angel Research

Profit & loss statement (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
Net Sales	1,074	1,257	2,209	2,676	2,789	3,147
Other operating income	-	-	-	-	-	-
Total operating income	1,074	1,257	2,209	2,676	2,789	3,147
% chg	19.5	17.0	75.8	21.1	4.2	12.8
Total Expenditure	954	1,119	1,983	2,386	2,494	2,810
Net Raw Materials	276	211	160	166	177	196
Other Mfg costs	625	843	1,707	2,108	2,198	2,480
Personnel	51	66	116	111	119	135
Other	1	(1)	0	-	-	-
EBITDA	120	138	226	290	295	337
% chg	19.7	14.7	64.0	28.5	1.7	14.2
(% of Net Sales)	11.2	11.0	10.2	10.8	10.6	10.7
Depreciation & Amortisation	16	23	27	27	39	49
EBIT	104	114	199	263	257	288
% chg	20.8	9.7	73.9	32.0	(2.3)	12.2
(% of Net Sales)	9.7	9.1	9.0	9.8	9.2	9.1
Interest & other Charges	21	33	43	65	68	73
Other Income	12	17	20	11	81	17
(% of PBT)	12.4	17.0	11.1	5.2	30.0	7.3
Share in profit of Associates	-	-	-	-	-	-
Recurring PBT	95	98	176	208	270	232
% chg	27.0	3.5	79.4	18.5	29.5	(14.0)
Extraordinary Expense/(Inc.)	-	-	-	-	-	-
PBT (reported)	95	98	176	208	270	232
Tax	19.2	44.1	56.2	68.0	87.6	75.3
(% of PBT)	20.3	45.0	32.0	32.6	32.4	32.4
PAT (reported)	75	54	120	140	182	157
Add: Share of earnings of asso	-	-	-	-	-	-
Less: Minority interest (MI)	-	-	-	-	-	-
Prior period items	-	-	-	-	-	-
PAT after MI (reported)	75	54	120	140	182	157
ADJ. PAT	75	54	120	140	127	157
% chg	48.0	(28.6)	122.1	17.3	(9.6)	23.5
(% of Net Sales)	7.0	4.3	5.4	5.2	4.6	5.0
Reported EPS (₹)	6.0	4.3	8.0	9.3	12.1	10.4
Adj. EPS (₹)	5.0	3.6	8.0	9.3	8.4	10.4
% chg	48.0	(28.6)	122.1	17.3	(9.6)	23.5

Balance sheet (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012E	FY2013E	FY2014E
SOURCES OF FUNDS						
Equity Share Capital	13	13	15	15	15	15
Preference Capital	-	-	-	-	-	-
Reserves & Surplus	331	379	611	747	919	1,065
Shareholder's Funds	343	392	626	762	934	1,080
Minority Interest	-	-	-	-	-	-
Total Loans	211	424	396	449	459	551
Deferred Tax Liability	11	14	16	23	23	23
Total Liabilities	566	830	1,038	1,235	1,417	1,655
APPLICATION OF FUNDS						
Gross Block	261	332	372	457	581	741
Less: Acc. Depreciation	106	122	142	169	208	257
Net Block	155	210	230	288	374	485
Capital Work-in-Progress	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Investments	125	144	326	332	449	526
Current Assets	592	1,009	1,434	1,519	1,543	1,689
Inventories	28	54	69	88	100	112
Debtors	278	441	687	791	783	840
Cash	10	45	85	56	52	51
Loans & Advances	276	467	586	565	589	665
Other	1	3	7	18	19	21
Current liabilities	306	534	952	904	948	1,045
Net Current Assets	286	476	482	614	594	645
Misc. Exp. not written off	1	-	-	-	-	-
Total Assets	566	830	1,038	1,235	1,417	1,655

Cash flow statement (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Profit Before Tax	95	98	176	208	270	232
Depreciation	16	23	27	27	39	49
Change in Working Capital	105	155	(34)	161	(16)	51
Less: Other income	-	17	20	11	81	17
Direct taxes paid	19	44	56	68	88	75
Cash Flow from Operations	(14)	(95)	161	(4)	156	138
(Inc.)/ Dec. in Fixed Assets	(19)	(72)	(39)	(86)	(124)	(160)
(Inc.)/ Dec. in Investments	(4)	(20)	(182)	(6)	(116)	(77)
Other income	-	17	20	11	81	17
Cash Flow from Investing	(23)	(74)	(202)	(81)	(160)	(220)
Issue of Equity	-	-	123	0	-	-
Inc./(Dec.) in loans	61	213	(28)	53	10	92
Dividend Paid (Incl. Tax)	6	6	10	11	11	11
Others	(18)	(3)	(3)	14	-	-
Cash Flow from Financing	37	204	81	57	(0)	81
Inc./(Dec.) in Cash	(0)	35	40	(28)	(4)	(1)
Opening Cash balances	10	10	45	85	56	52
Closing Cash balances	10	45	85	56	52	51

Key Ratios

Y/E March	FY2009	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Valuation Ratio (x)						
P/E (on FDEPS)	23.7	33.2	15.0	12.8	14.1	11.4
P/CEPS	19.7	23.2	12.2	10.7	10.8	8.7
P/BV	5.2	4.6	2.9	2.3	1.9	1.7
Dividend yield (%)	0.3	0.3	0.4	0.4	0.4	0.4
EV/Sales	1.9	1.7	1.0	0.8	0.8	0.7
EV/EBITDA	16.6	15.8	9.3	7.5	7.4	6.8
EV / Total Assets	3.5	2.6	2.0	1.8	1.6	1.4
Per Share Data (₹)						
EPS (Basic)	6.0	4.3	8.0	9.3	12.1	10.4
EPS (fully diluted)	5.0	3.6	8.0	9.3	8.4	10.4
Cash EPS	6.1	5.1	9.7	11.2	11.0	13.7
DPS	0.4	0.4	0.5	0.5	0.5	0.5
Book Value	22.8	26.0	41.6	50.7	62.1	71.8
DuPont Analysis						
EBIT margin	9.7	9.1	9.0	9.8	9.2	9.1
Tax retention ratio	0.8	0.5	0.7	0.7	0.7	0.7
Asset turnover (x)	2.2	1.9	2.5	2.5	2.2	2.1
ROIC (Post-tax)	16.8	9.4	15.6	16.6	13.6	13.1
Cost of Debt (Post Tax)	9.4	5.7	7.1	10.4	10.1	9.7
Leverage (x)	0.5	0.8	0.7	0.5	0.5	0.4
Operating ROE	20.7	12.2	21.8	19.7	15.3	14.6
Returns (%)						
ROCE (Pre-tax)	20.6	16.4	21.3	23.1	19.4	18.7
Angel ROIC (Pre-tax)	21.0	17.1	22.9	24.6	20.2	19.4
ROE	23.9	14.7	23.5	20.2	15.0	15.6
Turnover ratios (x)						
Asset Turnover (Gross Block)	4.3	4.2	6.3	6.5	5.4	4.8
Inventory / Sales (days)	19	12	10	11	12	12
Receivables (days)	73	104	93	101	103	94
Payables (days)	89	128	125	118	107	104
W.cap cycle (ex-cash) (days)	76	103	68	65	72	66
Solvency ratios (x)						
Net debt to equity	0.6	1.0	0.5	0.5	0.4	0.5
Net debt to EBITDA	1.7	2.8	1.4	1.4	1.4	1.5
Interest Coverage	4.9	3.5	4.7	4.0	3.8	4.0

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Disclosure of Interest Statement

Sadbhav Engg

1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹ 1 lakh for Angel, its Group companies and Directors.

Ratings (Returns):

Buy (> 15%)

Reduce (-5% to 15%)

Accumulate (5% to 15%)

Sell (< -15%)

Neutral (-5 to 5%)