

Sadbhav Engineering

Performance Highlights

Quarterly highlights - Standalone

Y/E March (₹ cr)	3QFY13	3QFY12	% chg (yoy)	2QFY13	% chg (qoq)
Net sales	353	725	(51.3)	335	5.6
Operating profit	33	82	(59.8)	31	5.4
Net profit	4	42	(91.1)	6	(41.7)

Source: Company, Angel Research

For 3QFY2013, Sadbhav Engineering (SEL) reported a disappointing set of numbers, which were significantly below our and consensus estimates. SEL had an order book of ₹8,747cr (3.3x FY2012 revenue) as of 3QFY2013, which provides good revenue visibility. **We maintain our Buy view on the stock.**

Execution falters; to improve in FY2014: On the top-line front, SEL reported a revenue decline of 51.3% yoy to ₹353cr which was significantly below our and street estimate by 53% and 40% respectively. This was mainly on account of slower execution pace in the remaining under-construction projects and delay in start of construction activity in newly awarded projects. On the margin front, the company's EBITDAM declined by 200bp yoy to 9.4% against our estimate of 10.3%. Interest cost grew by 28.2% yoy/17.1% qoq to ₹21cr and was in line with our estimate. On the bottom-line front, the company reported a PAT of ₹4cr (significantly below our estimate), a decline of 91.1% yoy. This was mainly due to lower-than-expected revenue growth and higher interest expense during the quarter.

Outlook and valuation: For FY2013, SEL has reiterated a muted performance on the revenue front. It expects two recently won BOT projects – Gomti-ka-Chauraha and Solapur-Bijapur to contribute revenue from 1QFY2014. Given the poor performance in 9MFY2013, we have revised our FY2013 and FY2014 EPS estimates downwards to ₹3.2 (earlier estimate was of ₹7.2) and ₹7.2 (earlier estimate was of ₹8.2) respectively. **We continue to maintain our Buy view on the stock with a SOTP target price of ₹157, owing to robust order backlog of ₹8,747cr (3.3x FY2012 revenue), strong balance sheet 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	1,642	2,642
% chg	75.8	21.1	(38.6)	60.9
Adj. net profit	120	141	48	109
% chg	122.1	17.5	(65.7)	125.5
EBITDA (%)	10.8	10.8	9.7	10.1
FDEPS (₹)	8.0	9.3	3.2	7.2
P/E (x)	14.3	12.1	35.4	15.7
P/BV (x)	2.7	2.2	2.0	1.8
RoE (%)	23.5	20.3	6.0	12.1
RoCE (%)	22.5	23.1	9.7	15.5
EV/Sales (x)	0.9	0.8	1.2	0.8
EV/EBITDA (x)	8.5	7.2	12.8	8.4
OB/Sales (x)	3.2	2.8	5.2	3.3
Order inflows	2,363	2,844	2,673	2,883
% chg	(18.9)	20.4	(6.0)	7.9

Source: Company, Angel Research

BUY

CMP	₹114
Target Price	₹157

Investment Period	12 Months
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Stock Info	
Sector	Infrastructure
Market Cap (₹ cr)	1,713
Net Debt (₹ cr)	555
Beta	1.0
52 Week High / Low	161/106
Avg. Daily Volume	60,860
Face Value (₹)	1
BSE Sensex	19,636
Nifty	5,940
Reuters Code	SADE.BO
Bloomberg Code	SADE@IN

Shareholding Pattern (%)	
Promoters	47.4
MF / Banks / Indian Fls	22.8
FII / NRIs / OCBs	18.1
Indian Public / Others	11.6

Abs. (%)	3m	1yr	3yr
Sensex	7.1	7.4	21.3
Sadbhav	(18.6)	(21.1)	(0.8)

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Exhibit 1: 3QFY2013 performance (Standalone)

Y/E March (₹ cr)	3QFY13	3QFY12	% chg (yoy)	2QFY13	% chg (qoq)	9MFY2013	9MFY2012	% chg (yoy)
Net Sales	353	725	(51.3)	335	5.6	1,109	1,768	(37.3)
Total Expenditure	320	643	(50.1)	303	5.7	1,006	1,573	(36.0)
Operating Profit	33	82	(59.8)	31	5.4	104	195	(47.0)
OPM (%)	9.4	11.4	(200)bp	9.4	(2) bp	9.3	11.1	(172)bp
Interest	21	16	28.2	18	17.1	55	44	25.2
Depreciation	9	7	24.1	8	11.7	24	21	15.0
Non Operating Income	2	3	(40.5)	2	(33.0)	7	10	(27.3)
Non recurring items	-	-	-	0	-	61	-	-
Profit Before Tax	6	62	(90.8)	9	(34.6)	93	140	(34.0)
Tax	2	21	(90.2)	2	(15.7)	30	47	(35.6)
Reported Profit After Tax	4	42	(91.1)	6	(41.7)	63	94	(33.3)
PAT (%)	1.1	5.8	(470)bp	1.9	(86)bp	5.6	5.3	34bp
EPS (₹)	0.2	2.8	(91.1)	0.4	(41.7)	4.2	6.2	(33.3)

Source: Company, Angel Research

Exhibit 2: Actual vs Estimates

Particulars (₹ cr)	Estimates	Actual	Variation (%)
Revenues	753	353	(53.0)
EBITDA	78	33	(57.3)
Interest	18	21	11.6
Tax	18	2	(88.8)
PAT	38	4	(90.1)

Source: Company, Angel Research

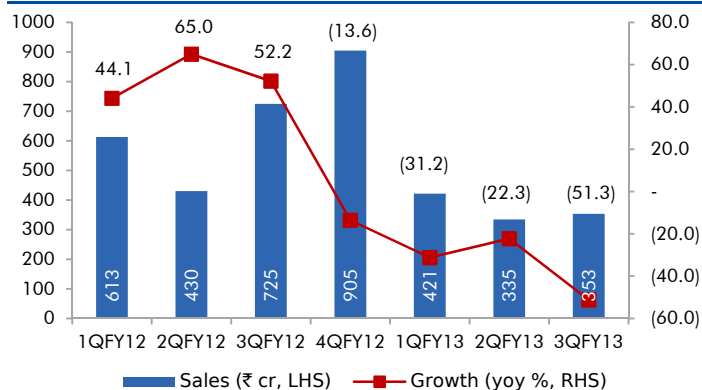
Revenue performance disappoints

On the top-line front, SEL reported a revenue decline of 51.3% yoy to ₹353cr, which was significantly below our and street estimate by 53% and 40% respectively. This was mainly on account of slower execution pace in the remaining under-construction projects and delay in start of construction activity in newly awarded projects. Majority contribution came from the road segment – ₹237.1cr (₹134.20cr from BOT projects and ₹102.9cr from cash contracts), while irrigation and mining contributed ₹49.5cr and ₹66.1cr, respectively.

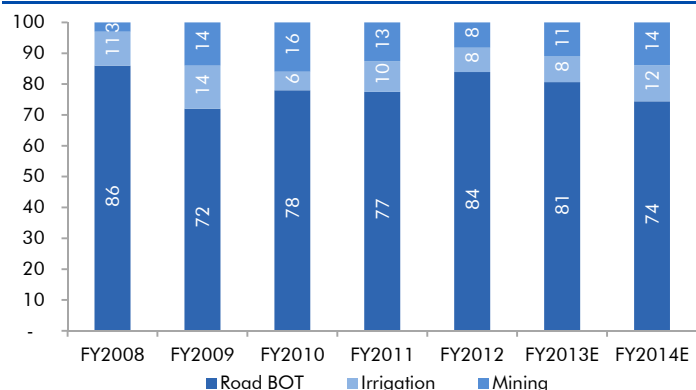
The upcoming opportunities in the irrigation and mining segments are – 1) Irrigation: SEL has submitted bids of ₹716cr (two projects); 2) Mining sector bids are outstanding for a total value of ₹1,100cr (three projects).

Operational BOT projects – Toll collection

On the toll collection front, for 3QFY2013, SEL reported a decline 9.5% yoy for the Ahmedabad Ring road project to ₹19.1cr and a decline of 3% yoy for the Aurangabad-Jalna project to ₹7.0cr. The daily toll collection stood at ₹19.5lakh/day for the Ahmedabad Ring road project; ₹7.7lakh/day for the Aurangabad Jalna project and ₹25.3lakh/day for the Bijapur-Hungund project.

Exhibit 3: Revenue momentum takes a hit


Source: Company, Angel Research

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


Source: Company, Angel Research

Project update

Dhule-Palesnar project: The commercial operational date (COD) for the balance 25% of the Dhule-Palesnar project has been issued by the NHAI which is November 2, 2012. However, tolling on the balance 25% portion will start in 4QFY2013, as it is awaiting the final fee validation letter from the NHAI. The average collection from the Dhule-Palesnar project is ~₹20.4lakh/day. Further, SEL expects toll revenue of ~₹36-38lakh/day, once all the three sections of the project are operational (expected by December 2013).

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 on the NHAI. The adjusted annuity for this project would be ₹20.5cr on a semiannual basis.

Maharashtra border check post project: Approval for commercial operations for three check posts has been received by the company and tolling for the same will start in 4QFY2013. Further, another three check posts are expected to be operational by June 2013 and the company is expecting an average toll revenue to the tune of ~₹35lakh/day in FY2015.

Bijapur-Hungund: The Bijapur-Hungund project has commenced toll revenue generation from May 2, 2012. Currently, the project has a daily toll collection of ₹27.4lakh/day.

Hyderabad-Yadgiri: The COD for the 100% of Hyderabad-Yadgiri project has been issued by the NHAI. The company has started toll collection on the balance 25% portion from December 10, 2012. Currently, the project has a daily toll collection of ₹11.2lakh/day.

Rohtak Panipat: The scheduled time for completion of the project is October 2013. However the company has already completed ₹704cr of construction work and expects early completion of the project.

Chhindwara project: Execution momentum has picked up from June 2012. During the quarter, SEL has booked revenues of ₹64cr in 3QFY2013 and expects to book revenues of ~₹180-200cr in 4QFY2013.

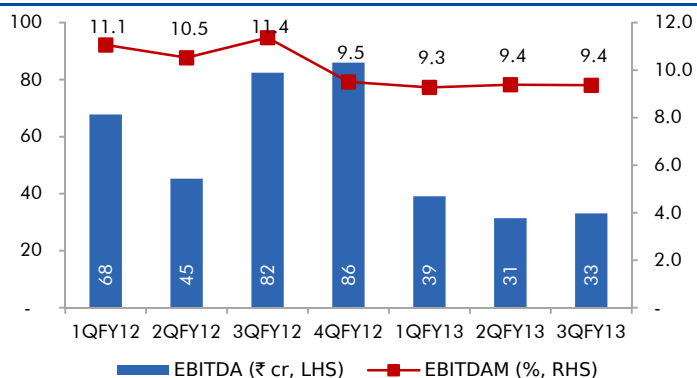
Under-development projects

During the quarter, SEL has been declared a successful bidder for Karnataka State highway improvement project on a BOT annuity basis. The estimated total project cost is ₹720cr which includes a grant of ~₹239cr and has a concession period of 10 years. The company has also bagged two projects worth ₹682cr in the mining sector from Bharat Coking Coal. The company has also achieved financial closure of two road projects – Gomti ka Chauraha (TPC – ₹1,150cr; EPC – ₹976cr) and Solapur Bijapur (TPC – ₹1,185cr; EPC – ₹999cr). SEL expects to start construction on these projects by 1QFY2014.

Slower-than-expected execution dents PAT growth

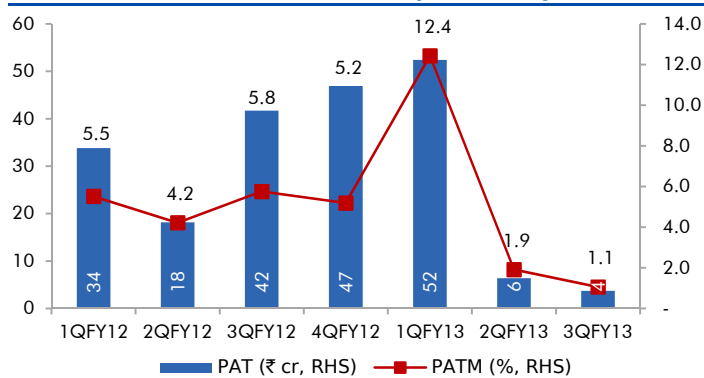
On the margin front, the company's EBITDAM decline by 200bp yoy to 9.4% against our estimate of 10.3%. Interest cost grew by 28.2% yoy/17.1% qoq to ₹21cr and was in line with our estimate. On the bottom-line front, the company reported a PAT of ₹4cr in 3QFY2013 (significantly below our estimate), indicating a decline of 91.1% yoy. This was mainly due to lower-than-expected revenue growth and higher interest expense during the quarter.

Exhibit 5: EBITDAM lower than estimate



Source: Company, Angel Research

Exhibit 6: Slower execution hurts profitability



Source: Company, Angel Research

Equity requirement for BOT projects

SEL's subsidiary, Sadbhav Infrastructure Project Ltd (SIPL) has a total equity requirement of ~₹1,010cr (including Solapur-Bijapur, Gomti-ka-Chauraha and Rajsmand-Bhilwara projects) over a period of three-four years. SEL is confident of funding this requirement from internal accruals and through securitization of its two BOT assets- Ahmedabad Ring road and Nagpur-Seoni BOT project. For the recently won Solapur-Bijapur, Gomati-ka-Chauraha and Rajsmand-Bhilwara projects, SEL would invest an equity of ~₹120cr during 4QFY2013.

Outlook and valuation

Exhibit 7: Change in estimates

	FY2013E			FY2014E		
	Earlier Estimates	Revised Estimates	Variation (%)	Earlier Estimates	Revised Estimates	Variation (%)
Revenue	2,506	1,642	(34.5)	3,147	2,642	(16.1)
EBITDA Margin	10.3	9.7	(58)bp	10.7	10.1	(58)bp
Adj. PAT	113	48	(57.2)	157	109	(30.5)

Source: Company, Angel Research

For FY2013, SEL has reiterated a muted performance on the revenue front. It expects two recently won BOT projects – Gomti-ka-Chauraha and Solapur-Bijapur to contribute revenue from 1QFY2014. Given the poor performance in 9MFY2013, we have revised our FY2013 and FY2014 EPS estimates downwards to ₹3.2 (earlier estimate was ₹7.2) and ₹7.2 (earlier estimate was ₹8.2) respectively. **We continue to maintain our Buy view on the stock with a SOTP target price of ₹157, owing to robust order backlog of ₹8,747cr (3.3x FY2012 revenue), strong balance sheet and as the company's equity requirement for under-construction/development projects is expected to be met by internal accruals.**

Exhibit 8: SOTP break-up

Business Segment	Methodology	Remarks	₹ cr	₹/share
Construction (a)	P/E	8x FY2014E earnings	870	58
Ahmedabad Ring Road (SIPL's share 80%)	NPV	CoE -14%, Traffic & Toll increase 5% each	274	18
Aurangabad - Jalna (SIPL's share 100%)	NPV	CoE -14%, Traffic 5% & Toll increase 18.5% (every 3 years)	191	13
Mumbai - Nasik (SIPL's share 20%)	NPV	CoE -14%, Traffic & Toll increase 5% each	122	8
Nagpur - Seoni (SIPL's share 51%)	NPV	CoE -14%, Annuity Project	18	1
Dhule - Palasner (SIPL's share 27%)	NPV	CoE -14%, Traffic & Toll increase 5% each	103	7
Maharashtra Border (SIPL's share 90%)	NPV	CoE -14%, Traffic & Toll increase 5% each	365	24
Rohtak - Panipat (SIPL's share 100%)	NPV	CoE -14%, Traffic & Toll increase 5% each	377	25
Bijapur - Hungund (SIPL's share 77%)	NPV	CoE -14%, Traffic & Toll increase 5% each	293	19
Hyderabad - Yadgiri (SIPL's share 60%)	NPV	CoE -14%, Traffic & Toll increase 5% each	112	7
SIPL - Road BOT Projects			1,855	123
SEL holds 80.0% stake in SIPL (b)			1,484	99
Total (a+b)				157

Source: Company, Angel Research

Exhibit 9: 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	1,642	2,642
Order backlog (Y/E)	4,339	5,994	6,965	7,554	8,585	8,827
Order book-to-sales ratio (x)	4.0	4.8	3.2	2.8	5.2	3.3

Source: Company, Angel Research

Exhibit 10: 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.	Oper.	Oper.	Under Dev.	Under Dev.	Oper.	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 11: Angel EPS forecast vs consensus

	Angel Forecast	Bloomberg consensus	Variation (%)
FY2013E	3.2	6.5	(50.7)
FY2014E	7.2	8.4	(13.9)

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 the prevailing high interest rate scenario (which has been a key concern impacting 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. With the money raised, SEL is fully tied up for the projects in hand. This money raising was a timely move by 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 Ahmedabad. 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 12: Recommendation summary

Company	CMP	TP	Rating	Top line (₹ cr)				EPS (₹)				P/E			OB/ Sales(x)
				FY12	FY13E	FY14E	CAGR (%)	FY12	FY13E	FY14E	CAGR (%)	FY12	FY13E	FY14E	
ABL	222	268	Buy	1,500	1,866	2,131	19.2	22.6	24.3	27.0	9.3	9.8	9.1	8.2	2.9
CCCL	13	-	Neutral	2,048	2,262	2,522	11.0	(0.5)	1.5	2.7	-	-	8.7	4.9	2.2
IRB Infra	118	164	Buy	3,133	3,843	4,212	15.9	14.9	16.9	17.8	9.3	7.9	7.0	6.6	2.8
ITNL	200	225	Accu.	5,606	6,564	7,054	12.2	25.6	26.3	29.0	6.5	7.8	7.6	6.9	1.5
IVRCL	31	35	Accu.	6,178	3,773	6,706	4.2	0.6	(3.9)	2.9	121.0	53.1	-	10.9	4.9
JP Assoc.	75	97	Buy	12,853	14,243	16,382	12.9	4.8	3.2	4.3	(5.2)	15.6	23.5	17.3	-
L&T	1,465	1,788	Buy	53,171	60,666	69,525	14.3	64.3	63.2	75.1	8.1	22.8	23.2	19.5	2.7
NCC	43	44	Neutral	5,250	5,863	6,576	11.9	1.4	3.1	4.1	71.0	30.5	13.9	10.4	3.3
Punj Lloyd	48	-	Neutral	10,557	11,892	13,116	11.5	2.8	(0.4)	3.0	3.5	17.5	(113.7)	16.4	2.0
Sadbhav	114	157	Buy	2,676	1,642	2,642	(0.6)	9.3	3.2	7.2	(12.1)	12.1	35.4	15.7	3.3
Simplex In.	167	197	Buy	6,010	6,026	7,135	9.0	18.1	14.1	24.6	16.6	9.3	11.9	6.8	2.5

Source: Company, Angel Research

Exhibit 13: 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	86	32	-	-	182	68	-	-	-	-	268
CCCL	16	100	-	-	-	-	-	-	-	-	16
IRB Infra	52	32	-	-	113	69	4	3	-	-	164
ITNL	74	33	-	-	121	54	-	-	30	13	225
IVRCL	14	40	-	-	-	-	21	60	-	-	35
JP Assoc.	25	26	26	27	-	-	-	-	46	47	97
L&T	1,351	76	-	-	-	-	437	24	-	-	1,788
NCC	25	57	-	-	7	16	-	-	12	27	44
Punj Lloyd	64	100	-	-	-	-	-	-	-	-	64
Sadbhav	58	37	-	-	99	63	-	-	-	-	157
Simplex In.	197	100	-	-	-	-	-	-	-	-	197

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	1,642	2,642
Other operating income	-	-	-	-	-	-
Total operating income	1,074	1,257	2,209	2,676	1,642	2,642
% chg	19.5	17.0	75.8	21.1	(38.6)	60.9
Total Expenditure	954	1,119	1,972	2,385	1,483	2,375
Net Raw Materials	276	211	160	330	207	333
Other Mfg costs	625	843	1,706	1,916	1,190	1,897
Personnel	51	66	105	139	85	145
Other	1	(1)	-	-	-	-
EBITDA	120	138	238	290	159	267
% chg	19.7	14.7	72.7	22.1	(45.1)	67.5
(% of Net Sales)	11.2	11.0	10.8	10.8	9.7	10.1
Depreciation & Amortisation	16	23	27	27	35	45
EBIT	104	114	211	263	124	221
% chg	20.8	9.7	84.3	24.7	(52.9)	78.8
(% of Net Sales)	9.7	9.1	9.5	9.8	7.5	8.4
Interest & other Charges	21	33	54	65	72	77
Other Income	12	17	19	11	20	17
(% of PBT)	12.4	17.0	10.8	5.2	28.0	10.6
Share in profit of Associates	-	-	-	-	-	-
Recurring PBT	95	98	176	209	71	161
% chg	27.0	3.5	79.4	18.7	(65.7)	125.3
Extraordinary Expense/(Inc.)	-	-	-	-	(60.9)	-
PBT (reported)	95	98	176	209	132	161
Tax	19.2	44.1	56.2	68.0	42.9	52.2
(% of PBT)	20.3	45.0	32.0	32.6	32.4	32.4
PAT (reported)	75	54	120	141	89	109
Add: Share of earnings of asso.	-	-	-	-	-	-
Less: Minority interest (MI)	-	-	-	-	-	-
Prior period items	-	-	-	-	-	-
PAT after MI (reported)	75	54	120	141	89	109
ADJ. PAT (excl. income from sub.)	75	54	120	141	48	109
% chg	48.0	(28.6)	122.1	17.5	(65.7)	125.5
(% of Net Sales)	7.0	4.3	5.4	5.3	2.9	4.1
Reported EPS (₹)	6.0	4.3	8.0	9.3	5.9	7.2
Fully Diluted Adj. EPS (₹)	5.0	3.6	8.0	9.3	3.2	7.2
% chg	48.0	(28.6)	122.1	17.5	(65.7)	125.5

Balance sheet (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
SOURCES OF FUNDS						
Equity Share Capital	13	13	15	15	15	15
Preference Capital	-	-	-	-	-	-
Reserves & Surplus	331	379	611	747	831	930
Shareholder's Funds	343	392	626	762	846	945
Minority Interest	-	-	-	-	-	-
Total Loans	211	424	400	449	459	551
Deferred Tax Liability	11	14	16	23	23	23
Total Liabilities	566	830	1,042	1,235	1,329	1,519
APPLICATION OF FUNDS						
Gross Block	261	332	372	444	568	728
Less: Acc. Depreciation	106	122	142	155	191	236
Net Block	155	210	230	288	377	491
Capital Work-in-Progress	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Investments	125	144	327	332	449	526
Current Assets	592	1,009	1,435	1,519	1,190	1,466
Inventories	28	54	69	88	59	85
Debtors	278	441	687	791	525	793
Cash	10	45	85	56	68	42
Loans & Advances	276	467	575	565	525	528
Other	1	3	19	18	11	18
Current liabilities	306	534	949	905	686	964
Net Current Assets	286	476	485	614	504	502
Misc. Exp. not written off	1	-	-	-	-	-
Total Assets	566	830	1,042	1,235	1,329	1,519

Cash flow statement (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Profit Before Tax	95	98	176	209	132	161
Depreciation	8	16	20	14	35	45
Change in Working Capital	(105)	(155)	30	(157)	123	(25)
Less: Other income	(12)	(17)	(19)	(11)	(20)	(17)
Direct taxes paid	(19)	(44)	(56)	(68)	(43)	(52)
Cash Flow from Operations	(34)	(102)	150	(14)	228	112
(Inc.)/ Dec. in Fixed Assets	(19)	(72)	(39)	(72)	(124)	(160)
(Inc.)/ Dec. in Investments	(4)	(20)	(183)	(5)	(116)	(77)
Inc./ (Dec.) in loans and adv.	-	-	-	-	-	-
Other income	12	17	19	11	20	17
Cash Flow from Investing	(12)	(74)	(203)	(66)	(221)	(220)
Issue of Equity	-	-	2	0	-	-
Inc./ (Dec.) in loans	61	213	(24)	48	10	92
Dividend Paid (Incl. Tax)	(6)	(6)	(10)	(10)	(11)	(11)
Others	(10)	4	125	14	5	-
Cash Flow from Financing	45	211	93	52	5	81
Inc./ (Dec.) in Cash	(0)	35	40	(28)	12	(27)
Opening Cash balances	10	10	45	85	56	68
Closing Cash balances	10	45	85	56	68	42

Key Ratios

Y/E March	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
Valuation Ratio (x)						
P/E (on FDEPS)	22.6	31.7	14.3	12.1	35.4	15.7
P/CEPS	18.7	22.1	11.7	10.2	20.4	11.1
P/BV	5.0	4.4	2.7	2.2	2.0	1.8
Dividend yield (%)	0.4	0.4	0.5	0.4	0.4	0.4
EV/Sales	1.8	1.7	0.9	0.8	1.3	0.8
EV/EBITDA	15.9	15.2	8.5	7.2	13.2	8.3
EV / Total Assets	3.4	2.5	1.9	1.7	1.6	1.5
Per Share Data (₹)						
EPS (Basic)	6.0	4.3	8.0	9.3	5.9	7.2
EPS (fully diluted)	5.0	3.6	8.0	9.3	3.2	7.2
Cash EPS	6.1	5.1	9.7	11.2	5.6	10.3
DPS	0.4	0.4	0.6	0.5	0.5	0.5
Book Value	22.8	26.0	41.6	50.7	56.3	62.8
Dupont Analysis						
EBIT margin	9.7	9.1	9.5	9.8	7.5	8.4
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	1.3	1.9
ROIC (Post-tax)	16.8	9.4	16.5	16.6	6.9	10.9
Cost of Debt (Post Tax)	9.4	5.7	8.9	10.3	10.8	10.4
Leverage (x)	0.5	0.8	0.7	0.5	0.5	0.5
Operating ROE	20.7	12.2	22.0	19.8	4.9	11.2
Returns (%)						
ROCE (Pre-tax)	20.6	16.4	22.5	23.1	9.7	15.5
Angel ROIC (Pre-tax)	21.0	17.1	24.2	24.6	10.2	16.2
ROE	23.9	14.7	23.5	20.3	6.0	12.1
Turnover ratios (x)						
Asset Turnover (Gross Block)	4.3	4.2	6.3	6.6	3.2	4.1
Inventory / Sales (days)	19	12	10	11	16	10
Receivables (days)	73	104	93	101	146	91
Payables (days)	89	128	125	118	150	98
WC cycle (ex-cash) (days)	76	103	69	65	110	62
Solvency ratios (x)						
Net debt to equity	0.6	1.0	0.5	0.5	0.5	0.5
Net debt to EBITDA	1.7	2.8	1.3	1.4	2.5	1.9
Interest Coverage	4.9	3.5	3.9	4.0	1.7	2.9

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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%)