

## PSP Project Limited

BUY



Asian Markets Securities Pvt. Ltd.

Strong foundation to capture future growth...

### Institutional Research

|             |     |
|-------------|-----|
| CMP (Rs)    | 382 |
| Target (Rs) | 636 |

Nifty: 10,572; Sensex: 35,145

### Key Stock Data

|                         |            |
|-------------------------|------------|
| BSE Code                | 540544     |
| NSE Code                | PSPPROJECT |
| Bloomberg               | PSPPL IN   |
| Shares O/s mn (FV Rs10) | 36.0       |
| Mcap (Rs bn)            | 13.7       |
| 52-week High/Low        | 596/358    |
| 3-m daily avg vol.      | 39,452     |

### Price Performance

| (%)         | 1m    | 3m     | 12m   |
|-------------|-------|--------|-------|
| PSP         | (7.7) | (21.1) | (8.7) |
| NIFTY Index | 2.5   | (7.2)  | 1.2   |
| Sensex      | 2.2   | (6.8)  | 4.2   |

### Shareholding Pattern

| (%)      | Mar18 | Jun18 | Sep18 |
|----------|-------|-------|-------|
| Promoter | 72.1  | 72.4  | 73.0  |
| FII      | 1.2   | 1.2   | 1.3   |
| DII      | 8.3   | 7.9   | 7.7   |
| Others   | 18.5  | 18.5  | 18.0  |

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**PSP Project Ltd (PSP) reported standalone Q2FY19 results with strong top line growth of 50.4% yoy to Rs2.1bn, led by strong execution. EBITDA grew by 57.6% yoy to Rs294mn and EBITDAM improved by 64bp yoy to 14%, on the back of lower RM cost. PAT grew by 38.7% yoy to Rs176mn, led by strong topline growth. The standalone order book remain strong at Rs25.8bn in Q2FY19, suggesting a 3.5x of FY18 revenue. Management maintains order inflow guidance of Rs10bn, along with revenue of Rs10bn and EBITDAM of 12-14% in FY19E. Current book to bill of 3.5x and strong order pipeline; provides healthy revenue growth visibility. We have maintained our FY19 and FY20 estimates. Given the strong order book, healthy margin, superior return ratio, strong cash rich balance sheet post IPO, expanding geographical footprint and large opportunity in infrastructure space; we are positive on the business and stock. We maintain our BUY rating with Target price of Rs636, based on 18x FY20E earning.**

**Sales grew by 50.4% yoy with Margin improved by 64bp yoy to 14.0%:** PSP reported strong sales growth of 50.4% yoy to Rs2.1bn, on the back of strong order book execution during the quarter. EBITDA grew by 57.6% yoy to Rs294bn and EBITDAM improved by 64bp yoy to 14%, on the back of lower raw material cost. Adj PAT grew by 38.7% to Rs176mn Vs Rs127mn in Q2FY18 and PATM declined by 60bp yoy to 8.2%, on the back of higher depreciation cost. In 1HFY19, Revenue grew by 50.6% yoy to Rs4.4bn, EBITDA grew by 62% and EBITDAM stands at 14.0%, APAT grew by 47% to Rs386mn and APATM stand at 8.5%.

**Robust standalone order book at 3.5x of FY18 revenue; provides strong growth visibility:** PSP Project has strong order book of Rs25.8bn as on Sept'18 (include Rs13.8bn of Surat diamond bourse project), ensuring strong revenue growth. Order inflows is healthy of Rs3.8bn in Q2FY19 from industries, institutional and residential segments. Gujarat orders account for 93.4% of total order book and Rajasthan & Karnataka orders are 3.4%/3.1% total standalone orderbook. The Average ticket size increased to Rs327mn in Q2FY19 Vs Rs85.4mn in FY13.

Company has L1 in six projects worth Rs10bn and waiting for LOI. Further, Company has bid 5-7 projects worth Rs30bn and average size of projects is Rs3-4bn. This orders are mostly in Bangalore & Gujarat region and these are private developers orders. The order backlog implies a strong book-to-bill ratio of 3.5x in FY18 revenue. Management targeting order inflow of Rs10bn/Rs13bn for FY19E/FY20E, respectively.

**Outlook & Valuation:** We expect revenue CAGR of 48.5% and PAT CAGR of 42.2% during FY18-20E, respectively. We expect ROE and ROCE to remain strong at 30.2%/45.0% respectively in FY20E. The stock is trading at 10.8x FY20E earning. Given the robust order book, healthy margin, superior return ratio, strong balance sheet, expanding geographical footprint and opportunity in infrastructure space; we are positive on the business and stock as a long-term investment opportunity. We maintain our BUY rating with TP of Rs 636 based on 18x FY20E earning.

### Exhibit 1: Key Financials

| Y/E Mar/Rs mn    | FY17   | FY18  | FY19E  | FY20E  |
|------------------|--------|-------|--------|--------|
| Sales            | 4,008  | 7,283 | 11,403 | 16,069 |
| yoy (%)          | (12.5) | 81.7  | 56.6   | 40.9   |
| EBITDA           | 659    | 999   | 1,391  | 1,977  |
| yoy (%)          | 67.9   | 53.8  | 37.2   | 42.1   |
| Adjusted PAT     | 416    | 629   | 878    | 1,272  |
| yoy (%)          | 65.6   | 54.7  | 36.4   | 44.8   |
| Equity           | 288    | 360   | 360    | 360    |
| Diluted EPS (Rs) | 11.6   | 17.9  | 24.4   | 35.3   |

Source: Company, AMSEC Research

### Exhibit 2: Key Ratios

| Y/E Mar        | FY17 | FY18 | FY19E | FY20E |
|----------------|------|------|-------|-------|
| EBITDAM (%)    | 16.5 | 13.9 | 12.2  | 12.3  |
| Adj PATM (%)   | 10.0 | 8.6  | 7.6   | 7.8   |
| PER (x)        | 33.0 | 21.3 | 15.6  | 10.8  |
| P/BV (x)       | 12.8 | 4.5  | 3.7   | 2.9   |
| EV/Sales (x)   | 3.3  | 1.6  | 1.1   | 0.8   |
| EV/ EBITDA (x) | 20.3 | 11.6 | 8.9   | 6.2   |
| ROCE (%)       | 50.2 | 43.5 | 39.1  | 45.0  |
| ROE (%)        | 48.2 | 31.4 | 26.1  | 30.2  |

**Exhibit 3 : 2QFY19 Quarterly Standalone Performance**

| P&L (Rs mn)                      | 2QFY18      | 3QFY18      | 4QFY18      | 1QFY19      | 2QFY19      | yoy(%)      | qoq (%)      | 1HFY18      | 1HFY19      | yoy (%)     |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| <b>Net Sales</b>                 | <b>1396</b> | <b>1708</b> | <b>2637</b> | <b>2347</b> | <b>2099</b> | <b>50.4</b> | <b>-10.6</b> | <b>2954</b> | <b>4447</b> | <b>50.6</b> |
| Other Operating Inc.             |             |             |             |             |             | -           | -            | 0           | 0           | -           |
| <b>Total Sales</b>               | <b>1396</b> | <b>1708</b> | <b>2637</b> | <b>2347</b> | <b>2099</b> | <b>50.4</b> | <b>-10.6</b> | <b>2954</b> | <b>4447</b> | <b>50.6</b> |
| Stock Adjustment                 | 48          | -42         | -37         | 91          | -126        | -363.4      | -239.5       | -24         | -36         | 48.0        |
| Consumption of RM                | 569         | 606         | 928         | 1073        | 848         | 49.0        | -20.9        | 1313        | 1921        | 46.3        |
| Construction Exp                 | 323         | 489         | 671         | 482         | 571         | 77.0        | 18.5         | 734         | 1053        | 43.5        |
| Employee Cost                    | 67          | 74          | 85          | 100         | 108         | 60.1        | 7.8          | 127         | 208         | 63.3        |
| Sub-Contracting work bills       | 165         | 300         | 597         | 245         | 376         | 127.1       | 53.4         | 332         | 621         | 87.1        |
| Other Expenditure                | 36          | 16          | 29          | 27          | 29          | -20.3       | 6.9          | 86          | 56          | -34.9       |
| Total Expenditure                | 1209        | 1442        | 2274        | 2017        | 1806        | 49.3        | -10.5        | 2568        | 3823        | 48.9        |
| <b>EBITDA</b>                    | <b>186</b>  | <b>266</b>  | <b>363</b>  | <b>330</b>  | <b>294</b>  | <b>57.6</b> | <b>-11.0</b> | <b>385</b>  | <b>624</b>  | <b>61.8</b> |
| Add: Other Income                | 52          | 32          | 59          | 61          | 54          | 4.7         | -10.8        | 93          | 115         | 24.0        |
| Interest                         | 20          | 23          | 30          | 15          | 23          | 13.0        | 56.0         | 34          | 37          | 10.5        |
| Depreciation                     | 23          | 28          | 43          | 48          | 58          | 153.4       | 20.3         | 41          | 106         | 157.1       |
| <b>Core PBT</b>                  | <b>195</b>  | <b>247</b>  | <b>349</b>  | <b>328</b>  | <b>267</b>  | <b>37.0</b> | <b>-18.5</b> | <b>403</b>  | <b>596</b>  | <b>47.6</b> |
| Excep. item Loss / (Gain)        | 0           | 0           | 0           | 0           | 0           |             |              | 0           | 0           |             |
| <b>Profit Before Tax</b>         | <b>195</b>  | <b>247</b>  | <b>349</b>  | <b>328</b>  | <b>267</b>  | <b>37.0</b> | <b>-18.5</b> | <b>403</b>  | <b>596</b>  | <b>47.6</b> |
| Provision for Taxation           | 69          | 95          | 119         | 117         | 92          | 33.8        | -21.6        | 141         | 209         | 48.2        |
| <b>PAT</b>                       | <b>127</b>  | <b>152</b>  | <b>230</b>  | <b>211</b>  | <b>176</b>  | <b>38.7</b> | <b>-16.7</b> | <b>262</b>  | <b>386</b>  | <b>47.4</b> |
| Equity Capital (FV Rs 10)        | 360         | 360         | 360         | 360         | 360         |             |              | 360         | 360         |             |
| <b>Basic EPS (Rs)</b>            | <b>3.5</b>  | <b>4.2</b>  | <b>6.4</b>  | <b>5.9</b>  | <b>4.9</b>  |             |              | <b>7.3</b>  | <b>10.7</b> |             |
| <b>Diluted EPS Rs (adjusted)</b> | <b>3.5</b>  | <b>4.2</b>  | <b>6.4</b>  | <b>5.9</b>  | <b>4.9</b>  |             |              | <b>7.3</b>  | <b>10.7</b> |             |
| EBITDA (%)                       | 13.4        | 15.5        | 13.8        | 14.1        | 14.0        | 64bp        | (-6bp)       | 13.1        | 14.0        | 98bp        |
| PAT (%)                          | 8.7         | 8.7         | 8.5         | 8.8         | 8.2         | (-60bp)     | (-60bp)      | 8.6         | 8.5         | (14bp)      |
| Tax / PBT (%)                    | 35.2        | 38.5        | 34.1        | 35.7        | 34.4        | (-81bp)     | (-138bp)     | 35.0        | 35.1        | 12bp        |
| Interest/Net Sales               | 1.4         | 1.4         | 1.1         | 0.6         | 1.1         | (-36bp)     | 46bp         | 1.1         | 0.8         | (30bp)      |
| Employee cost/Net Sales          | 4.8         | 4.3         | 3.2         | 4.3         | 5.1         | 31bp        | 88bp         | 4.3         | 4.7         | 36bp        |
| Sub-Contracting/Net Sales (%)    | 11.9        | 17.5        | 22.7        | 10.4        | 17.9        | 604bp       | 746bp        | 11.2        | 14.0        | 273bp       |
| RM / Net Sales (%)               | 67.4        | 61.7        | 59.2        | 70.1        | 61.6        | (-576bp)    | (-849bp)     | 68.5        | 66.1        | (241bp)     |

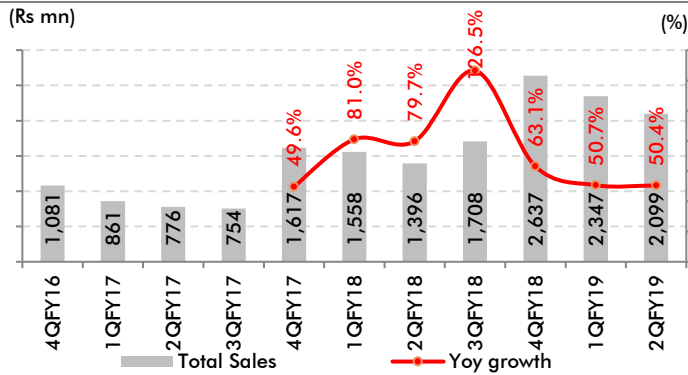
Source: Company, AMSEC Research

**Concall highlights:**

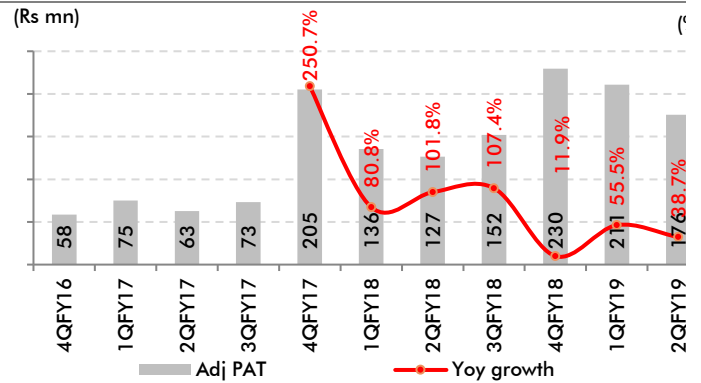
- Management guided EBITDM of 12-14% and revenue of Rs10bn in FY19. Management targeting order inflow of Rs10bn/Rs13bn for FY19E/FY20E.
- Standalone order book as on 31st June 2018 stands at Rs25.8bn, include Rs13.8bn of Surat diamond bourse project.
- PSP Projects bagged orders Rs3.8bn in Q2FY19 from industries, institutional and residential sectors. Major awards include, three projects worth Rs2bn from Zydus group for construction of hospitals and R&D center in Baroda & research lab in Ahmedabad, MRF tyer manufacturing plant in dahej worth Rs830mn.
- **Order Pipeline:** Company has L1 in 6 projects worth Rs10bn and waiting for LOI. Further, Company has bided 5-7 projects worth Rs30bn and average size of projects is Rs3-4bn. This orders are mostly in Bangalore & Gujarat region and private developers orders.
- **CAPEX:** Company has done capex of Rs210mn in Q1FY19 and Rs320mn in Q2FY19. Management expect Rs200mn capex in 2HFY19.
- Average ticket size of project has increased to Rs326.7mn in Q2FY19 Vs Rs85.4mn in FY2013. Currently 35 projects are under execution as on 30th Sept 2018.
- **SDB Project update:** Project is going on full swing and presently 4000 no of workers on site. Current billing in SDB stand at Rs250-300mn PM. Company has booked revenue of Rs1.4bn in 1HFY19. Management expect SDB revenue of Rs4-4.5bn/~8bn for FY19E/FY20E, respectively and confidence of completing project by June 2020.
- In Q2FY19, Debtor days stands at 45 days and creditors days stands at 50-60 days.
- Employee cost has increased in Q2FY19, due to increase in no of employee to 941 in Q2FY19 Vs 628 yoy.

**Quarterly Standalone Charts:**

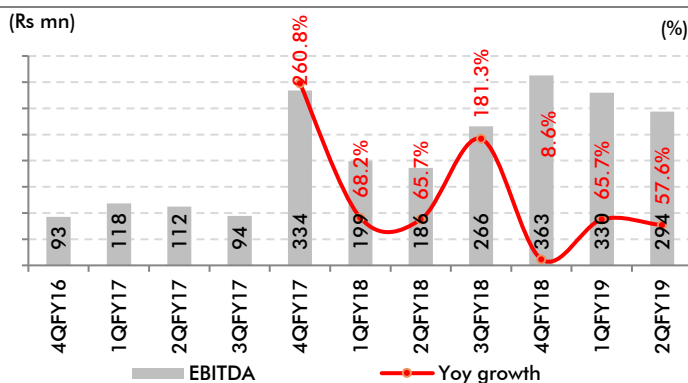
**Exhibit 4: Revenue Trend**



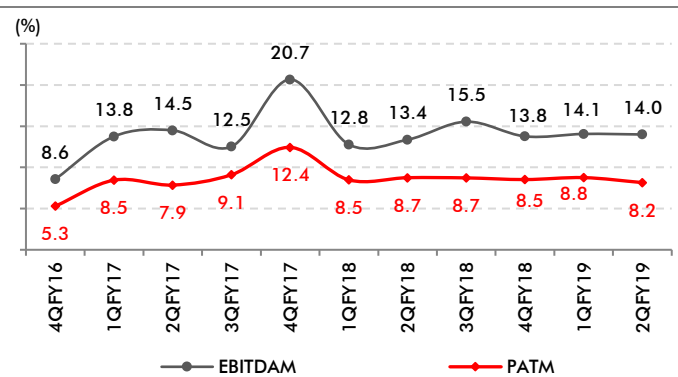
**Exhibit 5: PAT Trend**



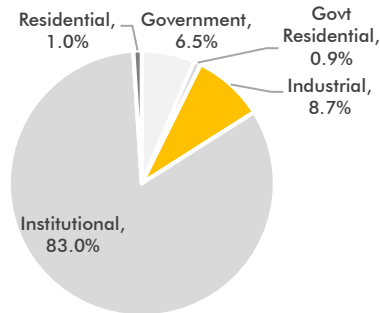
**Exhibit 6: EBITDA Trend**



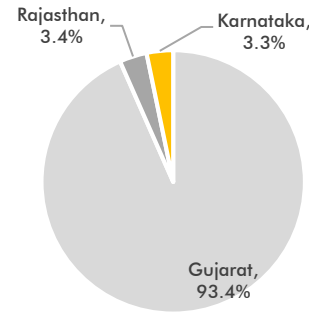
**Exhibit 7: EBITDAM Trend**



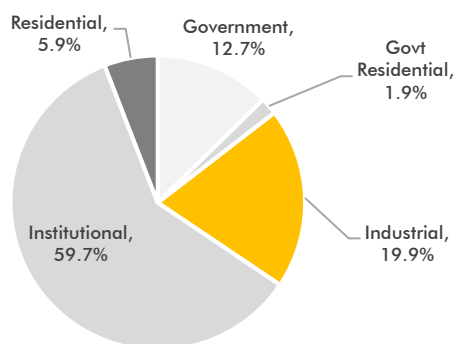
**Exhibit 8: Standalone order book break up (Rs25.8bn) - Segment wise**



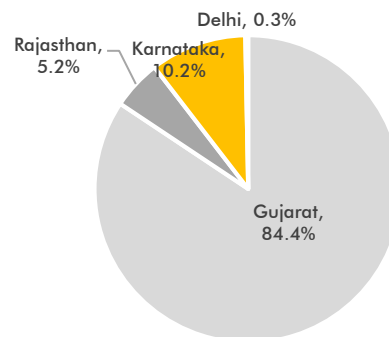
**Exhibit 9: Standalone Order book (Rs25.8bn) - region wise**



**Exhibit 10: Revenue break up for Q2FY19 - Segment wise**



**Exhibit 11: Revenue break up for Q2FY19- region wise**



Source: Company, AMSEC Research

**Financials (Standalone)****(Rs Mn)**

| <b>Profit &amp; Loss Accounts</b> |              |              |               |               | <b>Cash Flow Statement</b>          |              |              |              |              |
|-----------------------------------|--------------|--------------|---------------|---------------|-------------------------------------|--------------|--------------|--------------|--------------|
| <b>Particulars</b>                | <b>FY17</b>  | <b>FY18</b>  | <b>FY19E</b>  | <b>FY20E</b>  | <b>Particulars</b>                  | <b>FY17</b>  | <b>FY18</b>  | <b>FY19E</b> | <b>FY20E</b> |
| <b>Net sales</b>                  | <b>4,008</b> | <b>7,283</b> | <b>11,403</b> | <b>16,069</b> | PBT                                 | 642          | 999          | 1,310        | 1,898        |
| Raw material                      | 2,487        | 4,684        | 7,400         | 10,365        | Non-cash adjustments                | (58)         | (72)         | 3            | 2            |
| Subcontracting Expenses           | 560          | 1,229        | 1,665         | 2,410         | Changes in working capital          | (524)        | 17           | (1,024)      | (715)        |
| Employee benefits expenses        | 208          | 286          | 570           | 803           | Interest Paid                       | 75           | 87           | 77           | 77           |
| Other expenses                    | 93           | 86           | 376           | 514           | Tax Paid & Other Adj                | (153)        | (522)        | (432)        | (626)        |
| <b>Total Expenditure</b>          | <b>3,348</b> | <b>6,284</b> | <b>10,012</b> | <b>14,093</b> | <b>Cashflow from operations</b>     | <b>(18)</b>  | <b>509</b>   | <b>(65)</b>  | <b>635</b>   |
| <b>EBITDA</b>                     | <b>659</b>   | <b>999</b>   | <b>1,391</b>  | <b>1,977</b>  | Capital exp. & Advances             | (68)         | (355)        | (482)        | (500)        |
| Depreciation                      | 76           | 112          | 203           | 242           | Change in investments               | (25)         | (1)          | -            | -            |
| <b>Operating profit</b>           | <b>584</b>   | <b>887</b>   | <b>1,188</b>  | <b>1,735</b>  | Other investing cashflow            | 134          | 184          | 200          | 240          |
| Other income                      | 134          | 184          | 200           | 240           | <b>Cashflow from investing</b>      | <b>41</b>    | <b>(172)</b> | <b>(282)</b> | <b>(260)</b> |
| <b>EBIT</b>                       | <b>718</b>   | <b>1,071</b> | <b>1,388</b>  | <b>1,975</b>  | Issue of equity                     | -            | 1,512        | -            | -            |
| Interest                          | 75           | 87           | 77            | 77            | Issue/repay debt                    | 225          | (461)        | (45)         | -            |
| Exceptional items                 | -            | -            | -             | -             | Interest Paid                       | (75)         | (87)         | (77)         | (77)         |
| <b>Profit before tax</b>          | <b>642</b>   | <b>984</b>   | <b>1,310</b>  | <b>1,898</b>  | Dividends paid                      | (92)         | (86)         | (216)        | (216)        |
| Tax                               | 226          | 355          | 432           | 626           | Other financing cashflow            | -            | -            | -            | -            |
| <b>Reported net profit</b>        | <b>416</b>   | <b>629</b>   | <b>878</b>    | <b>1,272</b>  | <b>Cashflow from financing</b>      | <b>58</b>    | <b>878</b>   | <b>(338)</b> | <b>(293)</b> |
| EO Items (loss/ (gain))           | -            | -            | -             | -             | <b>Change in cash &amp; cash eq</b> | <b>80</b>    | <b>1,214</b> | <b>(686)</b> | <b>82</b>    |
| <b>Adjusted net profit</b>        | <b>416</b>   | <b>629</b>   | <b>878</b>    | <b>1,272</b>  | <b>Opening cash &amp; cash eq</b>   | <b>938</b>   | <b>1,018</b> | <b>2,232</b> | <b>1,547</b> |
| Share O/s mn                      | 28.8         | 36.0         | 36.0          | 36.0          | <b>Closing cash &amp; cash eq</b>   | <b>1,018</b> | <b>2,232</b> | <b>1,547</b> | <b>1,629</b> |
| Diluted EPS Rs (adjusted)         | 11.6         | 17.9         | 24.4          | 35.3          | <b>Free cash flow to firm</b>       | <b>(86)</b>  | <b>154</b>   | <b>(548)</b> | <b>135</b>   |

| <b>Balance Sheet</b>                  |              |              |              |              | <b>Ratio</b>               |             |             |              |              |
|---------------------------------------|--------------|--------------|--------------|--------------|----------------------------|-------------|-------------|--------------|--------------|
| <b>Particulars</b>                    | <b>FY17</b>  | <b>FY18</b>  | <b>FY19E</b> | <b>FY20E</b> | <b>Particulars</b>         | <b>FY17</b> | <b>FY18</b> | <b>FY19E</b> | <b>FY20E</b> |
| <b>SOURCES OF FUNDS :</b>             |              |              |              |              | <b>PER SHARE</b>           |             |             |              |              |
| Share Capital                         | 288          | 360          | 360          | 360          | EPS Rs (adjusted)          | 11.6        | 17.9        | 24.4         | 35.3         |
| Reserves                              | 783          | 2,667        | 3,329        | 4,384        | CEPS Rs                    | 13.7        | 21.0        | 30.0         | 42.0         |
| <b>Total Shareholders Funds</b>       | <b>1,071</b> | <b>3,027</b> | <b>3,689</b> | <b>4,744</b> | Book Value Rs              | 29.7        | 84.1        | 102.5        | 131.8        |
| <b>Non-Current Liabilities</b>        |              |              |              |              | <b>VALUATION</b>           |             |             |              |              |
| Long term borrowings                  | 34           | 17           | -            | -            | EV / Net Sales             | 3.3         | 1.6         | 1.1          | 0.8          |
| Long term provisions                  | 9            | -            | -            | -            | EV / EBITDA                | 20.3        | 11.6        | 8.9          | 6.2          |
| <b>Current Liabilities</b>            | <b>2,033</b> | <b>2,811</b> | <b>3,139</b> | <b>3,782</b> | P / E Ratio                | 33.0        | 21.3        | 15.6         | 10.8         |
| Short term borrowings                 | 625          | 178          | 150          | 150          | P / BV Ratio               | 12.8        | 4.5         | 3.7          | 2.9          |
| Trade payables                        | 693          | 1,213        | 1,562        | 2,069        | <b>GROWTH YOY%</b>         |             |             |              |              |
| Other current liabilities             | 597          | 1,348        | 1,271        | 1,342        | Sales Growth               | (12.5)      | 81.7        | 56.6         | 40.9         |
| Short term provisions                 | 118          | 72           | 156          | 220          | EBITDA Growth              | 67.9        | 53.8        | 37.2         | 42.1         |
| <b>Total Equity &amp; Liabilities</b> | <b>3,147</b> | <b>5,854</b> | <b>6,828</b> | <b>8,526</b> | Net Profit Growth          | 65.6        | 54.7        | 36.4         | 44.8         |
| <b>APPLICATION OF FUNDS :</b>         |              |              |              |              | Gross Fixed Asset Growth   |             |             |              |              |
| <b>Non Current Assets</b>             | <b>1,187</b> | <b>1,717</b> | <b>2,082</b> | <b>2,441</b> | <b>Margin Analysis (%)</b> |             |             |              |              |
| Gross block (Total)                   | 823          | 1,196        | 1,696        | 2,196        | Gross profit Margin        | 34.3        | 33.1        | 31.6         | 32.0         |
| Less : accumulated depreciatic        | 315          | 425          | 629          | 870          | EBITDA Margin              | 16.5        | 13.9        | 12.2         | 12.3         |
| Net block (Total)                     | 508          | 770          | 1,067        | 1,325        | EBIT Margin                | 17.9        | 14.9        | 12.2         | 12.3         |
| Capital work in progress              | -            | 18           | -            | -            | Adj PAT Margin             | 10.0        | 8.6         | 7.6          | 7.8          |
| Investment in Equity Shares           | 40           | 40           | 40           | 40           | Int/Debt                   | 11.1        | 40.2        | 45.0         | 45.0         |
| Other Investment                      | 36           | 37           | 37           | 37           | Tax/PBT                    | 35.2        | 35.6        | 33.0         | 33.0         |
| Deferred tax assets                   | 15           | 18           | 18           | 18           | <b>Return Ratio (%)</b>    |             |             |              |              |
| Long term loans and advance:          | 225          | 301          | 351          | 401          | ROE                        | 48.2        | 31.4        | 26.1         | 30.2         |
| Other non-current assets              | 363          | 533          | 569          | 619          | ROCE                       | 50.2        | 43.5        | 39.1         | 45.0         |
| <b>Current Assets</b>                 |              |              |              |              | ROIC                       |             |             |              |              |
| Current investment                    | 141          | 151          | 151          | 151          | <b>Turnover</b>            |             |             |              |              |
| Inventories                           | 30           | 335          | 549          | 695          | Net Working capital (Days) | (54)        | (43)        | 3            | 16           |
| Sundry debtors                        | 533          | 1,162        | 1,874        | 2,730        | Debtors Velocity (Days)    | 49          | 58          | 60           | 62           |
| Cash and bank                         | 1,018        | 2,232        | 1,547        | 1,629        | Inventory (Days)           | 3           | 20          | 20           | 18           |
| Short loans and advances              | 199          | 231          | 469          | 660          | Creditors Velocity (Days)  | 63          | 61          | 50           | 47           |
| Others current assets                 | 39           | 25           | 156          | 220          | Gross Asset Ratio          | 5.1         | 7.2         | 7.9          | 8.3          |
| <b>Total Assets</b>                   | <b>3,147</b> | <b>5,854</b> | <b>6,828</b> | <b>8,526</b> | Total Asset Ratio          | 148         | 162         | 180          | 209          |
| Net Working Capital                   | (588)        | (858)        | 80           | 695          | <b>LIQUIDITY</b>           |             |             |              |              |
| Total Gross Debt                      | 677          | 216          | 171          | 171          | Current Ratio              | 1.0         | 1.5         | 1.5          | 1.6          |
| Total Net Debt                        | (482)        | (2,167)      | (1,526)      | (1,608)      | Quick Ratio                | 0.9         | 1.4         | 1.3          | 1.4          |
| Capital Employed                      | 1,748        | 3,243        | 3,860        | 4,916        | Net Debt-Equity Ratio      | (0.4)       | (0.7)       | (0.4)        | (0.3)        |
| Order book                            | 7,292        | 18,307       | 16,904       | 12,835       | Interest Coverage (x)      | 7.8         | 10.4        | 15.4         | 22.5         |
| Order inflow                          | 7,918        | 25,407       | 10,000       | 12,000       | <b>PAYOUT</b>              |             |             |              |              |
| Book To bill (x)                      | 1.8          | 2.5          | 1.5          | 0.8          | Payout %                   | 21          | 34          | 25           | 20           |
|                                       |              |              |              |              | Dividend %                 | 25          | 50          | 50           | 60           |
|                                       |              |              |              |              | Yield %                    | 0.5         | 1.3         | 1.3          | 1.6          |

Source: Company, AMSEC Research

## Recommendation rationale

|                                 |                                    |
|---------------------------------|------------------------------------|
| <b>Buy:</b> Potential upside of | > +15% (absolute returns)          |
| <b>Accumulate:</b>              | > +5 to +15%                       |
| <b>Reduce:</b>                  | +5 to -5%                          |
| <b>Sell:</b>                    | < -5%                              |
| <b>Not Rated (NR):</b>          | No investment opinion on the stock |

## Sector rating

|                     |  |
|---------------------|--|
| <b>Overweight:</b>  | The sector is expected to outperform relative to the Sensex.   |
| <b>Underweight:</b> | The sector is expected to underperform relative to the Sensex. |
| <b>Neutral:</b>     | The sector is expected to perform in line with the Sensex.     |

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