



Embarking On the Next Phase of Growth!

We initiate coverage on PSP Projects Limited (PSPPL) with a BUY recommendation and a Target Price (TP) of Rs 620/share, implying an upside of 28% from the current levels. We believe PSPPL is well-placed to take advantage of the government's focus on infrastructure development, revival in the real estate industry, emerging opportunities in construction space by leveraging its asset-light business model and strong management pedigree.

Investment Thesis

Strong and diversified order book provides robust revenue growth visibility

As of Dec'21, PSPPL has a robust order book of Rs 4,008 Cr (3.2x of FY21 revenue) comprising both public and private sector projects and reflects healthy revenue visibility for the next 2-3 years. The company has built a diversified order book including Institutional, Industrial, Government Infra and residential projects, and Private residential projects located in six different geographies. Recently, the company has also commissioned a pre-cast facility (investment outlay of Rs 109 Cr) to support and enhance its existing business. It is increasingly looking at opportunities from the public sector to capitalise on the government spending on the Infra development. With a healthy and diversified order book coupled with large emerging opportunities, we expect the company to deliver robust revenue growth of 26% CAGR over FY21-FY24E.

Established track record and project execution prowess

PSPPL has established itself as an integrated EPC contractor across the entire construction value chain from design, construction, mechanical, electrical, plumbing, Interior, and O&M services. The company has developed a strong track record of constructing building structures across multiple segments, particularly in Pharmaceutical, Healthcare, and FMCG industries. Over the years, it has built a strong track record of adhering to the strict project delivery timelines resulting in repeat orders from the clients. Moreover, the company follows stringent operating parameters and employs cutting-edge technologies for its projects enabling it to post industry-leading margins. Factoring in better order inflows, we expect the company to maintain its margin profile between 13%-14% over FY21-FY24E.

Reputed clientele and healthy financials to support future growth

Over the years, leveraging its timely project execution skill, PSPPL has built a marquee customer base including well-known companies such as Zydus Cadila, Torrent group, Adani group, Reliance, Claris group, UP public work department, and Intas group amongst others. The company has consistently strengthened its operational matrix by deepening its existing markets and expanding to newer markets.

The company's robust financial position is reflected in its lean balance sheet, low Debt:Equity ratio, high return ratios, and adequate interest coverage ratio. With the major Capex completed, we see the company generating healthy cash flow moving forward and expect its capital structure to remain healthy from the medium to long-term perspective.

Outlook & Valuation – Initiate with BUY

With favourable attributes such as strong and diversified order book position, healthy bidding pipeline and order inflows, asset-light model, a higher proportion of stable public order book, emerging opportunities in the construction space, efficient and timely execution, and majority of Capex completed, we expect the company to deliver Revenue/EBITDA/APAT growth of 26%/36%/37% CAGR over FY21-FY24E. Currently, the stock is trading at 10x and 8x FY22E and FY23E EPS. We initiate coverage on the company with a BUY rating and value the company at 10.5x FY24E EPS to arrive at the target price of Rs 620/share, implying an upside potential of 28% from the current levels.

Key Financials (Consolidated)

(Rs Cr)	FY21	FY22E	FY23E	FY24E
Net Sales	1,241	1,752	2,067	2,481
EBITDA	135	248	283	339
Net Profit	83	159	172	213
EPS (Rs)	23	44	48	59
PER (x)	22	11	10	8
EV/EBITDA (x)	14	7	6	5
P/BV (x)	3.5	2.6	2.1	1.7
ROE (%)	17	26	23	23

Source: company, Axis Research

(CMP as of Feb 25, 2022)

CMP (Rs)	484
Upside /Downside (%)	28
High/Low (Rs)	639/397
Market cap (Cr)	1748
Avg. daily vol. (6m) Shrs.	345829
No. of shares (Cr)	3.6

Shareholding (%)

	June-21	Sept-21	Dec-21
Promoter	74.19	69.88	70.16
FII's	1.29	1.27	1.71
MFs / UTI	2.17	2.11	2.89
Banks / FIs	0	0	0
Others	22.35	26.74	25.24

Financial & Valuations

Y/E Mar (RsCr)	FY22E	FY23E	FY24E
Net Sales	1752	2067	2481
EBITDA	248	283	339
Net Profit	159	172	213
EPS (Rs)	44	48	59
PER (x)	11	10	8
EV/EBITDA (x)	7	6	5
P/BV (x)	2.6	2.1	1.7
ROE (%)	26	23	23

Key Drivers (%) (Growth in %)

Y/E Dec	FY22E	FY23E	FY24E
Net Sales	41	18	20
EBITDA	84	14	20
Net Profit	91	8	23

Axis vs Consensus

EPS Estimates	FY23E	FY24E
Axis	48	59
Consensus	48	58

Mean Consensus TP (12M) Rs 691

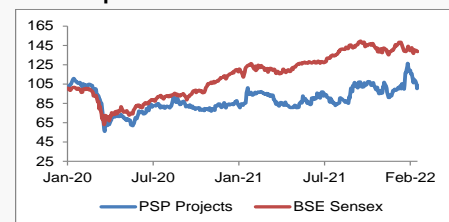
ESG disclosure Score**

Environmental Disclosure Score	NA
Social Disclosure Score	NA
Governance Disclosure Score	NA
Total ESG Disclosure Score	NA

Source: Bloomberg, Scale: 0.1-100

**Note: This score measures the amount of ESG data a company reports publicly and does not measure the company's performance on any data point. All scores are based on 2020 disclosures

Relative performance



Source: Capitaline, Axis Securities

Uttam Kumar Simal

Research Analyst

email:uttamkumar.simal@axissecurities.in

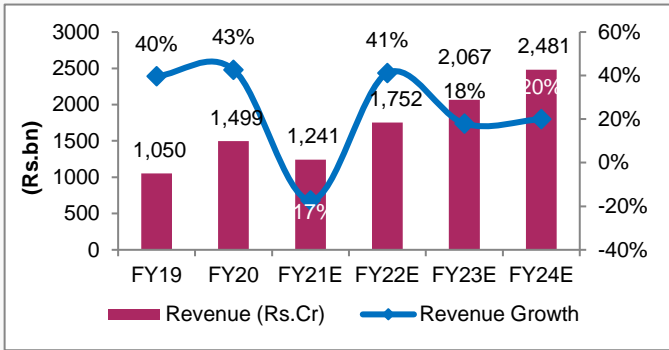
Shikha Doshi

Research Analyst

email:shikha.doshi@axissecurities.in

Financial Story in Charts

Exhibit 1: Revenue to grow with efficient project execution capabilities



Source: company, Axis Securities

Exhibit 2: EBITDA to grow with stable margins

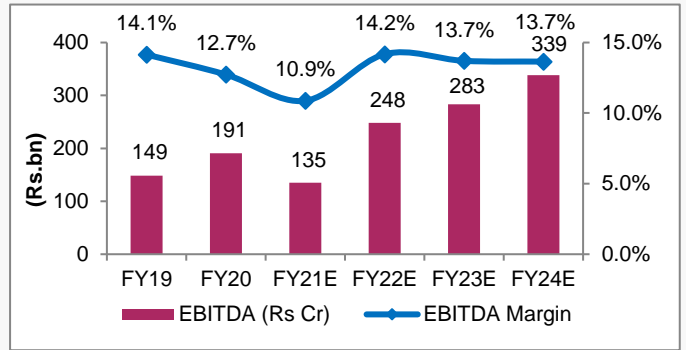
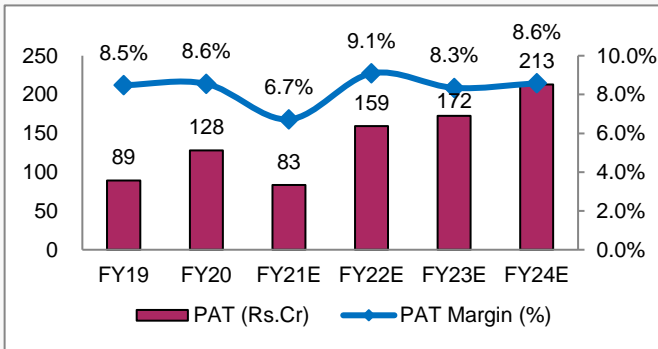


Exhibit 3: PAT to show notable improvement



Source: company, Axis Securities

Exhibit 4: Order book and revenue to grow in tandem

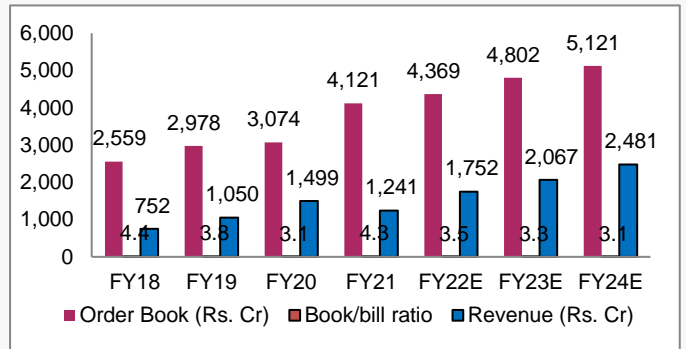
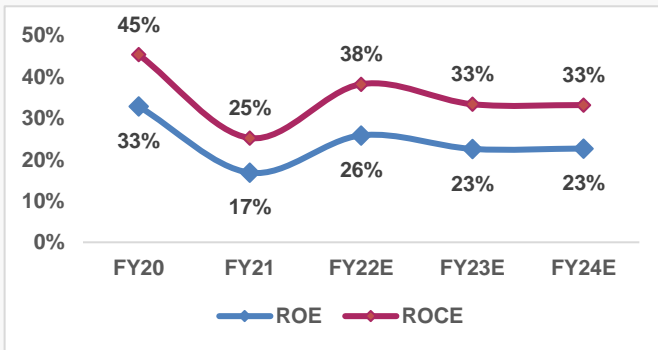


Exhibit 5: ROE & ROCE



Source: company, Axis Securities

Exhibit 6: CCC to remain stable

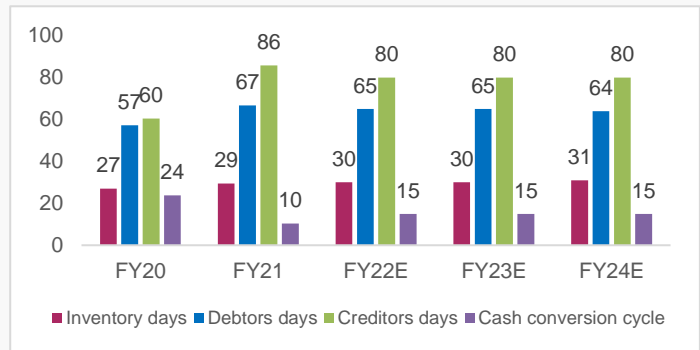
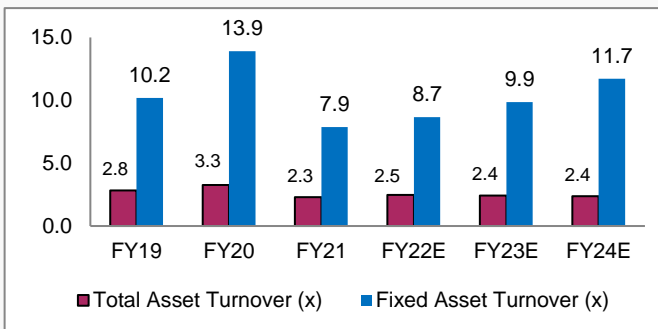
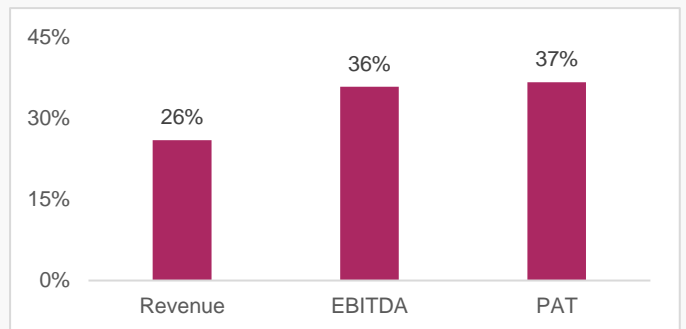


Exhibit 7: Asset turnover to improve



Source: company, Axis Securities

Exhibit 8: Encouraging CAGR trend (FY21-FY24E)

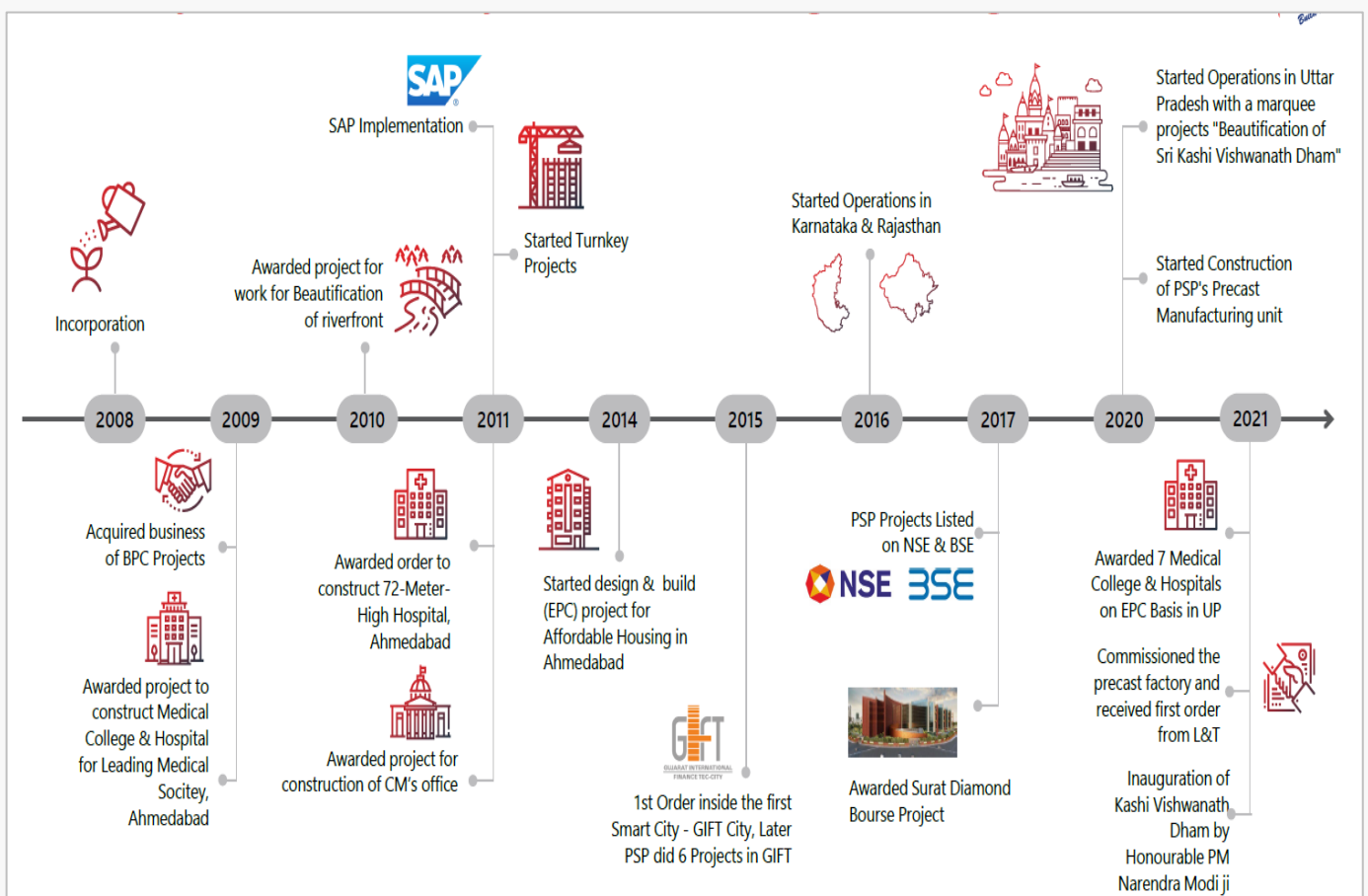


Company Overview

- PSP Projects – incorporated in 2008 is led by Mr. Prahaladbhai Shivrambhai Patel (Chairman, Managing Director and CEO), and has been working in the construction business for more than 30 years. Earlier, Mr. Patel had been engaged in the business of civil construction through a proprietorship firm whose business was taken over by PSP Projects in 2009.
- Over the years, PSP Projects has developed and proved its capabilities across various project stages - Business Development, Tendering, Engineering & Design, Procurement & Construction, Project Management & Planning, Project Execution, and Operations & Maintenance. This has helped it build expertise in executing well-diversified projects across several segments including Industrial Projects, Hospital Projects, Hotel & Hospitality Projects, Residential & Commercial Projects, and Government Projects.
- PSPPL has expanded its reach in constructing Buildings & Factories across sectors primarily in institutional, industrial, government projects and residential construction segments in Gujarat and gradually foraying into other geographies over the years. It has established a geographically diversified presence spanning six states including Gujarat, Rajasthan, Karnataka, Uttar Pradesh, Maharashtra and New Delhi.
- The company strives to provide superior quality services through its skilled workforce by adhering to the highest quality standards and maintaining excellent client relationships to create value for all its stakeholders. It continues to focus on ensuring cost optimization while enabling client satisfaction.
- The company made its public offering in 2017 and mobilised Rs211.68 Cr at Rs 210/share.

One of the established companies in the construction space having strong position in the State of Gujarat, its core market

Exhibit 9: The company journey so far...

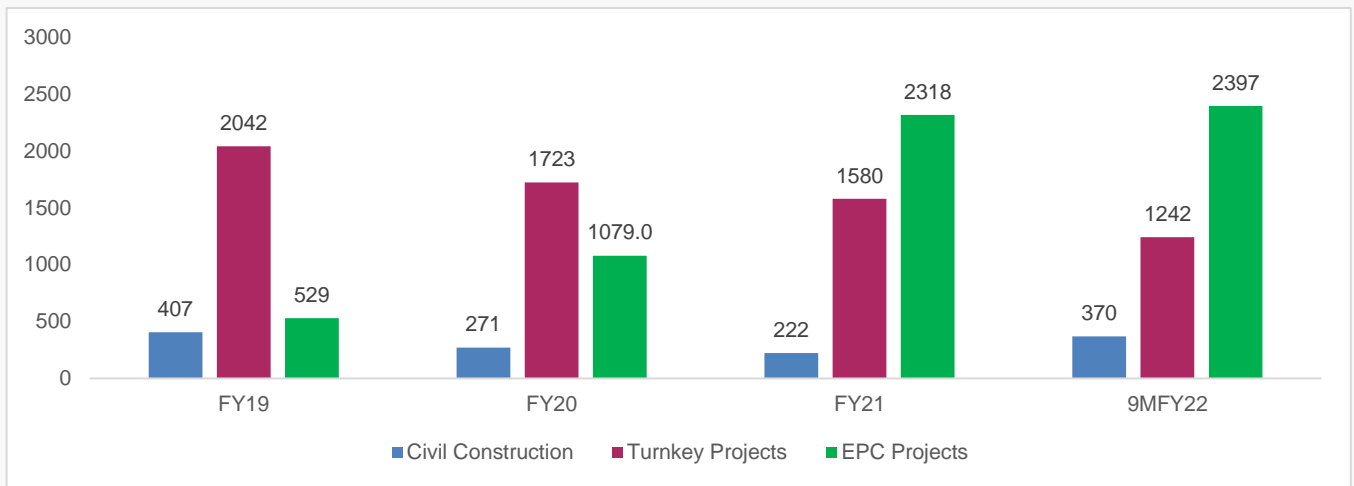


Source: company, Axis Securities

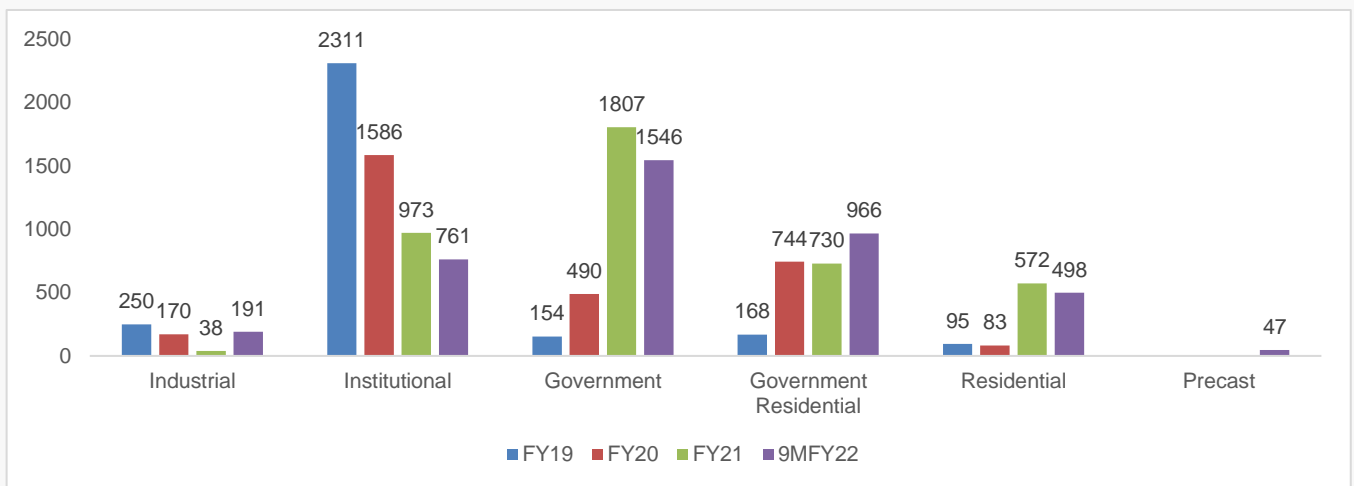
Strong and diversified order book gives good revenue growth visibility

- **Robust order book position:** The company's order book position stands robust at Rs 4,008 Cr (as of 31st Dec'21) and provides good revenue visibility for the next 3-4 years. The order book is well-diversified between public and private sectors at 63%:37% and the entire order book is currently under execution with a timeline of 18-24 months. Furthermore, the company's average ticket size of the projects is increasing which is expected to augur well moving forward.
- **Healthy bidding pipeline:** The Construction industry contributes a full 8% of India's GDP. Moreover, the government continues to sharply focus on developing the country's infrastructure and has undertaken several proactive policy initiatives, providing significant growth opportunities to the company. The company has a strong presence in Institutional, Industrial, and Government as well as Residential (Private & Public) projects which ensures steady order inflow. With a strong bidding pipeline of projects (Rs 3,500 Cr) both at the public and private level (51:49), we expect the company's order inflows to remain robust moving ahead. The company expects an order inflow of Rs 1,500-1,800 Cr in FY22.
- **Diversified Order Book:** The company's order book is well diversified across segments with its major chunk comprised of government projects. This validates the company's ability to diversify order books and shift focus to government projects from an institutional construction-heavy mix. It has leveraged its presence across multiple verticals to de-risk its business model and has converted increasing investment in government projects as an opportunity to sustain business amidst challenging times. Besides government projects, the Institutional, Industrial, and Residential segment contribute 24%/1%/14% to the total order book respectively.
- **Improving the quality of the order book:** The quality of the order book has also undergone a change and continues to climb up the value chain. Earlier, civil work used to constitute the majority of the order book but now the EPC (Engineering, Procurement & Construction) segment contributes the larger part of the order book at 60% and the balance contributed by Turnkey and Civil projects.
- **Healthy order book growth:** The company's order book has grown consistently at 54% CAGR in the last 4 years to Rs 4,120 Cr in FY21 from Rs 729 Cr in FY17. Over the years, the public order book, too, has grown significantly and consistent growth in the overall order book augurs well for the company. Surat Diamond Bourse (SDB) has been the largest order win for the company (Rs 1,775 Cr) since inception. With the completion of SDB, the company would be pre-qualified to bid for larger projects over Rs 2,000 Cr.
- **Pre-cast facility:** The company has commissioned a state-of-the-art pre-cast facility with an investment of Rs 109 Cr with an initial capacity of 1 Mn sq ft expandable to 3 Mn sq ft to support and enhance its existing business. The company expects revenue of Rs 100-150 Cr at current capacity which can be extended to Rs 200-250 Cr moving ahead upon further capacity addition on a minimal Capex of Rs 15-20 Cr.
- **Ability to manufacture all elements of the building and infrastructure industry:** This will allow the company to manufacture all elements of the building and infrastructure industry, such as Beams Columns, Slabs, Load Bearing Walls, Partition Walls, Staircase, and Lift Cores, among others. This will help in reducing turnaround time for projects, delivering consistent quality, increasing operating efficiency and enhancing margins.
- **Robust revenue growth projections:** Moving forward, with the healthy and diversified order book and emerging opportunities in other construction spaces, we expect the company to deliver a robust revenue CAGR of 26% over FY21-FY24E.

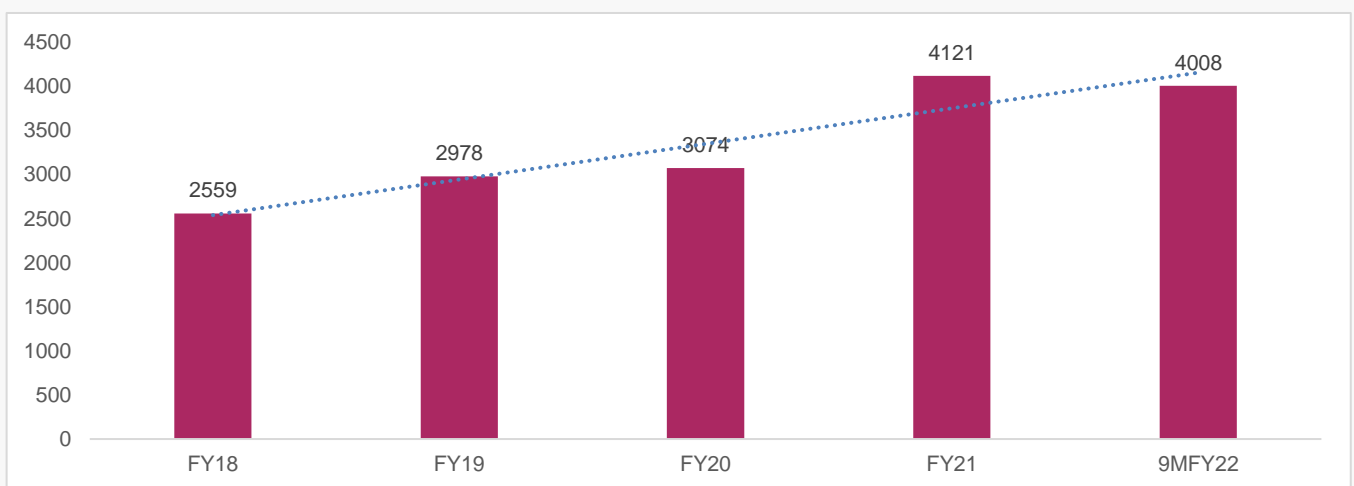
Order book gives revenue visibility for next 2-3 years with good margins. Diversification into pre-cast facility to support and enhance overall business.

Exhibit 10: Order book across verticals (Rs Cr)


Source: company, Axis Securities

Exhibit 11: Order Book Across Public & Private Projects (Rs Cr)


Source: company, Axis Securities

Exhibit 12: Growing Order Book (Rs Cr)


Source: company, Axis Securities

Exhibit 13: Important Projects and Contract Value (Rs Cr) as of 31st Dec 2021

Sr No	Project	Location	Name of the Client	Contract Value	O/s Contract Value
1	Surat Diamond Bourse Main Contract Works	Gujarat	SDB Diamond Bourse	1,775	117
2	Medical Colleges & Hospitals at 7 Locations	UP	Public Works Department	1,491	1,327
3	EWS Housing Project	Maharashtra	Municipal Corporation	601	601
4	Residential Project	Gujarat	Adani Estate Management Pvt. Ltd.	499	449
5	Development of Shri Kashi Vishwanath Dham	UP	Public Works Department	339	24
6	Construction of Residential Buildings of PAC Mahila Battalion at Badaun	UP	Public Works Department	239	239
7	IIM Ahmedabad	Gujarat	Indian Institute of Management	328	149
8	EWS Housing Project	Maharashtra	Municipal Corporation	158	126
9	Construction Of Steel Plant	Gujarat	Private Company	104	90
10	A High-rise and a low-rise building at S.G. Highway	Gujarat	A Private Developer	101	69

Established track record and project execution prowess

- **Successful and timely project execution:** In an extremely competitive and highly dynamic construction space, the need to create a differentiated identity lies at the core of the operational strategy. Since its inception in 2008, the company has delivered over 179 projects comprising both public and private sectors and currently, 45 projects are ongoing.
- The company has made a mark and set new performance standards by adopting robust processes and innovative solutions. Its strong project execution skills coupled with timely delivery of the projects has created an innate reputation for the company among its clients.
- **Harnessing project execution:** The company has adopted strategies such as better sourcing of long-term contracts, labour management, and investment in cutting edge technologies, faster turnaround and completion time to harness its project execution skills. Besides the private sector, many public sector undertakings have awarded projects to the company in recent years owing to its superior project execution capabilities. It has also built a captive equipment bank to ensure smooth project execution.
- **Expanding geographical footprint:** After establishing itself as a renowned name in the construction space in Gujarat, the company has gradually expanded its presence to other states since 2016 and is currently executing projects in 5 different states apart from Gujarat. The core market intact along with the addition of new geographies would augur well for the future growth of the company. At present, geographical footprint stands at Gujarat 31%, UP 51%, Maharashtra 16%, and Rajasthan 0.5%.
- **Qualified and Professional Team:** The company is well-capitalized in terms of its employee engagement and has a pool of on-roll qualified and professional employees, contract staff, and sub-contract workers for the timely execution of projects.
- **Stable margins:** Going forward, we expect the company to maintain a stable EBITDA margin between 13%-14% over FY21-FY24E.

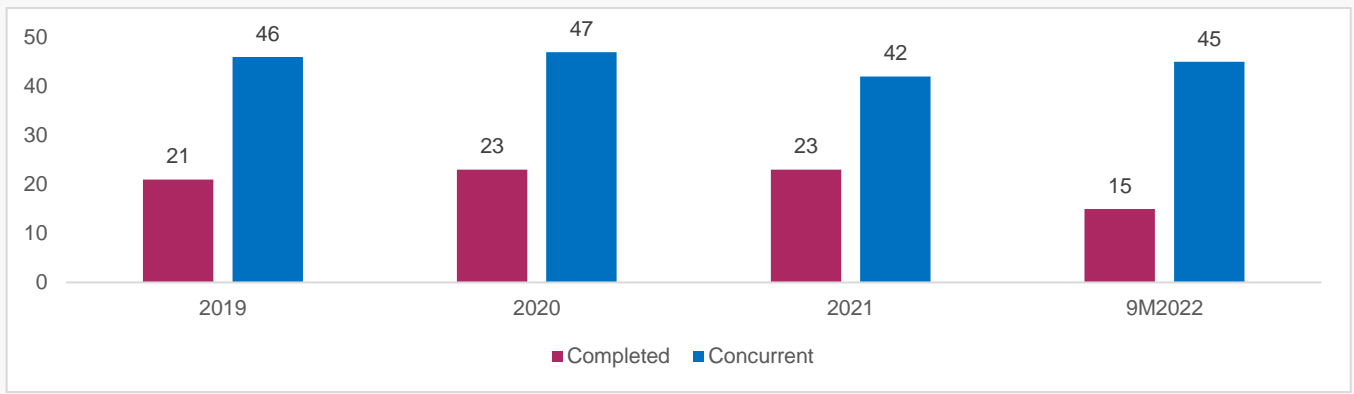
Exemplary and timely project execution to bring better order inflows and sustain margins

Exhibit 14: Strong project execution prowess



Source: company, Axis Securities

Exhibit 15: Projects Completed vis-à-vis Concurrent Projects



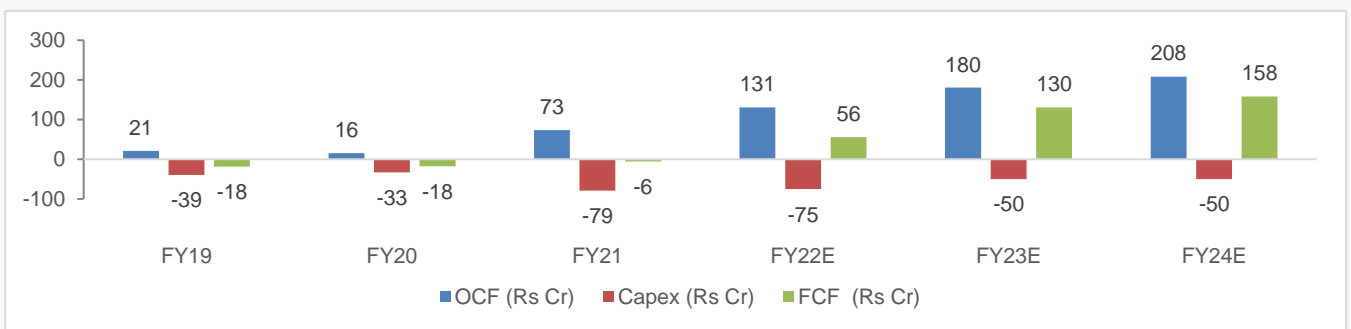
Source: company, Axis Securities

Experienced management & Healthy financials to support future growth

Experienced management and reputed clientele provides business strength and strong financial lends support for the future growth.

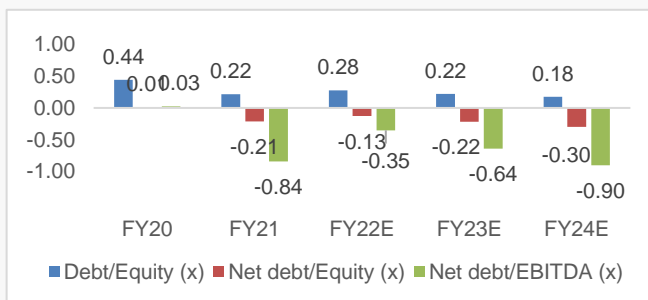
- Strong player in the construction space:** PSPPL has emerged as a leading player in the Indian construction space over the years and commands a strong market position in Gujarat. Over the years, it has developed and nurtured strong clientele both in the private as well as public sectors by leveraging its deep management experience and market expertise. This can be manifested in repeat orders it continues to receive from the existing clients.
- The company has made significant investments in brand building to emerge as a marquee contractor in the construction space.** The extensive experience of top management in the construction space has enabled it to scale operations over the period and transformed the company from a pure Civil player to a full-fledge EPC player serving marquee clients.
- Reputed clientele:** The company has built a strong clientele base both in private and public space. An experienced management team at the helm also ensures better monitoring and implementation of projects. In the private space, the company clientele includes reputed corporate names such as Zydus Cadila group, Torrent group, Adani group, Reliance, and Intas group among others. In the public space, it has dealt with many states governments over the years. Furthermore, a hybrid client portfolio ensures continuity in business momentum and lowers uncertainty.
- Healthy revenue growth and Cash-rich B/S:** The company's revenue has grown at a CAGR of 29% over FY17-FY21 from Rs 445 Cr in FY17 to Rs 1,240 Cr in FY21. As of 31st Dec'21, the company's cash and cash equivalent along with FDs stood at Rs 215 Cr, indicating a strong liquidity profile.
- Majority Capex completed, expects healthy cash generation moving ahead:** During the last 5 years, the company has invested Rs 225 Cr in PPE (Property, Plant & Equipment) to augment its capacity with the majority of cash generated being used for Capex purposes. We estimate that since the majority of the Capex is now over, the company is likely to generate healthy cash going forward and create wealth for stakeholders.
- Robust financial position:** The company exhibits a robust financial position, reflected in its lean balance sheet, low Debt to Equity ratio, high returns and interest coverage ratios, and better management of working capital. We believe the capital structure of the company will remain healthy from a medium to long-term perspective.

Exhibit 16: Expected trend in OCF, Capex, and FCF



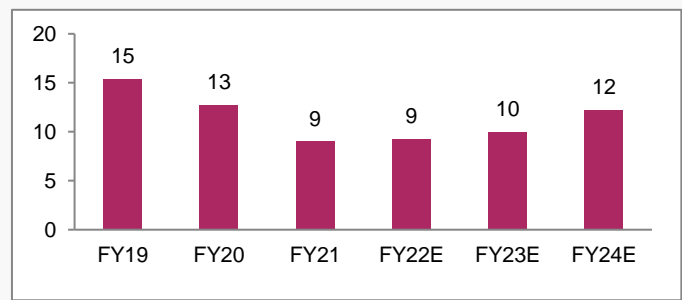
Source: company, Axis Securities

Exhibit 17: Leverage ratio



Source: company, Axis Securities

Exhibit 18: Interest Coverage Ratio



Outlook & Valuation

We initiate coverage on PSPPL with a BUY recommendation and value it 10.5x FY24E EPS to arrive at a Target Price of Rs 620/share. This implies an upside of 28% from the CMP. Over the years, the company has transformed itself as an efficient EPC player and has delivered a healthy order book and revenue growth with good margins. The company has also increased its geographical footprint leading to superior scalability and recognition. The current order book is healthy and order inflows are expected to be robustly backed by the government's focus on augmenting overall infrastructure in India. We expect the company to maintain a healthy book to bill ratio moving forward.

The company's outlook over FY22E-24E continues to be robust driven by attributes such as high order book with 2-3 years of revenue visibility, encouraging traction in construction and infrastructure activities supported by high government spending as envisaged in the recently announced budget, favourable industry tailwind, and a robust track record of high-quality and timely project execution. These factors will ensure higher revenue growth for the company going forward. Furthermore, diversification in the related segment such as pre-cast will enable it to gain further ground in the construction industry.

We expect the company to report Revenue/EBITDA/APAT CAGR of 26%/37%/36% over FY21-FY24E. The stock is currently trading at 10 x and 8x FY23E and FY24E EPS which is attractive. **We initiate coverage on PSPPL with a BUY recommendation and value it at 10.5x FY24E EPS to arrive at a Target Price of Rs 620/share. TP implies an upside of 28% from the CMP.**

High order book, shift towards hybrid projects, and better execution to drive the company's overall growth.

Exhibit 19: FWD PE BAND (x)

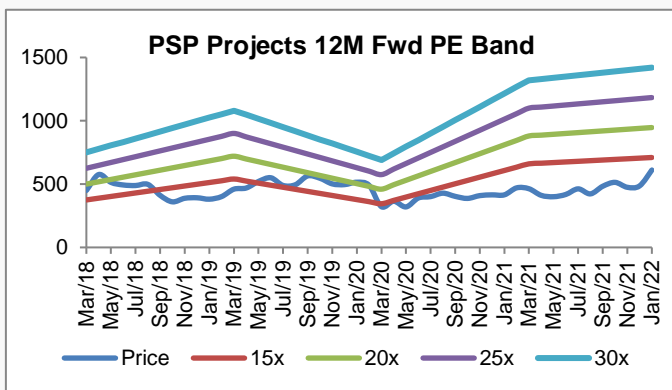
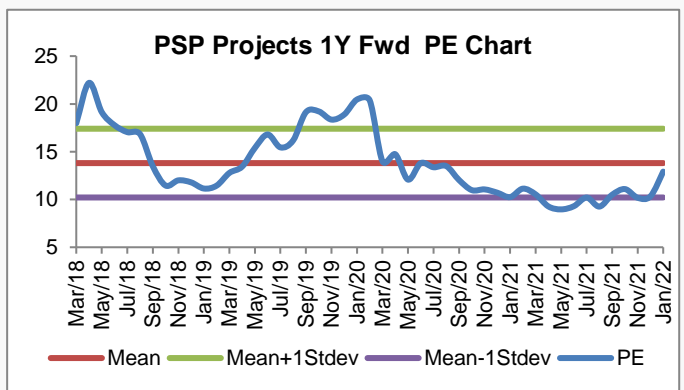


Exhibit 20: FWD PE CHART (x)



Source: company, Axis Securities

Management Profile

Key Management Personnel	Experience
<p>Mr. Prahaladbhai Patel <i>Chairman, MD & CEO</i> <i>BE (Civil)</i></p>	<p>Mr. Prahaladbhai Patel has been working in the civil construction space through a proprietorship business since before the incorporation of PSP Projects Limited. He has an experience of 36 years in the construction space and has played a significant role in the growth of PSP Projects since its incorporation. He has been featured in the book titled 'Business Game Changers: Shoonya se Shikhar' authored by Prakash Biyani.</p>
<p>Pooja Patel <i>Whole Time Director</i> <i>BE (Civil)</i></p>	<p>Pooja Patel has been actively involved in the planning of projects, procurement of materials, and execution of projects for PSP Projects Limited since 2015. She has also represented PSP Projects in the Indian Concrete Institute Chapter-1, Ahmedabad.</p>
<p>Mr. Mahesh Patel <i>SVP-Operations</i> <i>Diploma in Civil Eng,</i></p>	<p>Mr. Mahesh Patel heads the project operations of the company. He has been an instrumental part of all the projects completed by PSP Projects to date. He has been with the company since its inception</p>
<p>Mr. Maulik Patel <i>Vice-President- Procurement</i></p>	<p>Heads the procurement, management of plants and machinery and formworks. He has been associated with the company since its inception and played a pivotal role in PPL's growth</p>
<p>Mrs.Hetal Patel <i>Chief Financial Officer</i> <i>CA</i></p>	<p>Mrs.Hetal Patel is a certified internal auditor from the Institute of Internal Auditor. She looks after the entire financial matters of the company. She is associated with the company for the last 8 years.</p>
<p>MrViplav Shah <i>Vice-President, Planning</i> <i>MEP, IIM, Ahmedabad</i></p>	<p>Mr Viplav Shah looks after project planning and has over 25 years of experience in the construction field.</p>

Source: company, Axis Securities

Key Risk

- **Region-specific risk:** The company derives a majority of its revenue from the States of Gujarat which exposes the company to the region-specific risk. The slowdown in economic activity in the region may impact its revenue growth. Moreover, adverse and unforeseen changes in any client's operational and financial parameters may lead to an adverse impact on the company's financials.
- **Risk Mitigation:** The company has forayed into other regions and has increased order sourcing from the public sector having stable financials. The company normally stops the execution of projects if it anticipates deterioration in the financial conditions of the client.
- **Raw materials price risk:** The price of key raw materials such as cement, bricks, sand, and steel constantly fluctuates with changing demand-supply dynamics which may lead to a rise in input cost, which in turn, put pressure on the company's margins and profitability.
- **Risk Mitigation:** The company maintains strong and long-standing relations with suppliers enabling it to mitigate risks arising from price fluctuations, which in turn, gives it a competitive edge over its peers. Moreover, most of the company's private contracts include a price escalation clause ensuring margin stability.
- **Financial risk:** Increased financing costs and lower debt servicing ability could impact the company's performance of the company.
- **Risk Mitigation:** A strong working capital policy along with timely debtor management keeps the company's cash flow steady.
- **Manpower Shortage risk:** Construction work requires a significant pool of labour on the construction site to execute projects in a time-bound manner. Any labour shortage may impact the performance of the company.
- **Risk Mitigation:** The company has a strong track record of decades in the construction space and has built long-term relationships with suppliers, enabling it to mitigate the risk.

The company is exposed to different kind of risks. The management remains cautious and vigilant to mitigate these risks.

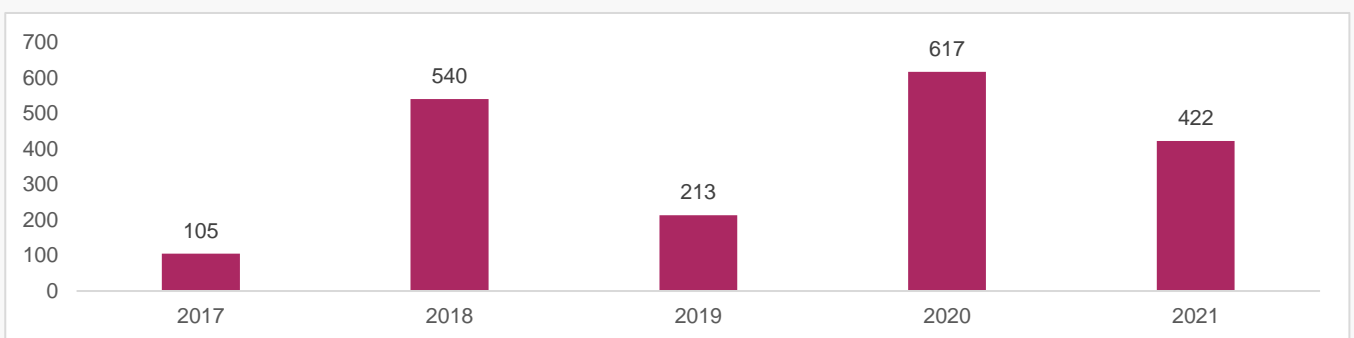
Industry Overview

- The Indian Construction Industry:** The Indian construction industry is the engine of the Indian economy and is responsible for propelling the country's overall development as good infrastructure is the basis for all other projects. ~9% of India's GDP is spent on Infrastructure services. It comprises of construction of power, bridges, dams, roads, and urban infrastructure development which also forms the base and supporting factor for other services sectors.
- There are mainly three segments in the construction industry viz. Real Estate includes residential and commercial construction; Infrastructure Development which includes roads, railways, power, etc, and Industrial construction that consists of Oil & Gas refineries, pipelines, and textiles, among many others.
- India is expected to become the third-largest construction market globally by 2022. This will be supported by large investments in infrastructure through overall PE (Private Equity) and VC (Venture Capital) investments in India. The country has recorded an all-time high investment of \$14.5 Bn in CY19 and plans to spend \$1.4 Tn on infrastructure in the next five years.
- Real Estate market to grow:** Real estate market is projected to reach \$650 Bn by FY25. Residential, Commercial, and Retail are the three key asset classes that are primarily contributing to the sector's growth. Currently, the industry employs 55 Mn people and is expected to employ 67 Mn people by FY22. The Real estate sector is expected to contribute 13% of the country's GDP by FY25.
- The National Infrastructure Pipeline (NIP):** The NIP has a mission to improve project preparation and attract investments into infrastructure with an aim is to provide world-class infrastructure to Indian citizens and thereby improve their quality of life. It will also support and encourage more infrastructure projects and create employment in the process. It intends to implement the latest technology to enhance service standards, efficiency, and safety across the Indian construction industry. The idea is to improve citizens' ease of living and provide equitable access to infrastructure, thus, making growth more inclusive.
- Healthy long-term outlook:** The government initiatives include the flagship scheme Pradhan Mantri Awas Yojana, which aims to build 20 Mn urban homes and 30 Mn rural houses by 2022. Smart Cities and government schemes are fueling the growth of urban infrastructure and construction development. Over the 2017-2021 period, the construction and infrastructure sector received FDI inflows amounting to \$105 Mn and \$422 Mn respectively. In the Union Budget 2022-23, the government has substantially increased the Capex from Rs 5.54 Lc Cr to 7.5 Lc Cr to create world-class infrastructure and all this augurs well for the construction sector.

Overall outlook for the construction industry is robust on account of high government spending. We expect industry to grow at a CAGR of 6% over FY20-FY25

Source: Industry, Axis Securities

Exhibit 21- FDI Equity inflow in the Construction sector (USD)



Source: company, Axis Securities

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY21	FY22	FY23E	FY24E
Net sales	1,241	1,752	2,067	2,481
Other operating income	0	0	0	0
Total income	1,241	1,752	2,067	2,481
Cost of materials consumed	398	538	662	800
Changes in Inventories of Work-In-Progress	-2	-3	0	0
Sub construction cost	0	0	0	0
Civil construction cost	644	875	1,007	1,203
Contribution (%)	16.2%	19.5%	19.3%	19.3%
Other Expenses	66	93	116	139
Operating Profit	135	248	283	339
Other income	17	21	21	25
PBITD	152	270	304	363
Depreciation	26	31	43	48
Interest & Fin Chg.	15	27	28	28
Pre-tax profit	111	212	233	288
Tax provision	28	53	61	75
PAT	83	159	172	213

Source: company, Axis Securities

Balance Sheet

(RsCr)

Y/E March	FY21	FY22E	FY23E	FY24E
Total assets	610	775	927	1,120
Net Block	116	192	200	202
CWIP	42	10	10	10
Investments	1	1	1	1
Wkg. cap. (excl cash)	107	172	214	270
Cash / Bank balance	229	274	366	489
Other assets	115	126	137	149
Capital employed	610	775	927	1,120
Equity capital	36	36	36	36
Reserves	500	641	796	990
Minority Interests	0	0	0	0
Borrowings	74	97	95	93
Other Liabilities	0.8	0.8	0.8	0.8

Source: company, Axis Securities

Cash Flow

(RsCr)

Y/E March	FY21	FY22E	FY23E	FY24E
PBT	111	212	233	288
Depreciation	26	31	43	48
Interest Expense	8	27	28	28
Changes in Working Capital	-33	-64	-42	-56
Others	-16	-21	-21	-25
Tax Paid	-23	-53	-61	-75
Net Cash from Operations	73	131	180	208
Capex	-79	-75	-50	-50
Investment	0	0	0	0
Others	84	11	10	13
Net Cash from Investing	5	(64)	(40)	(37)
Borrowings	4	23	-2	-2
Interest Expense	-8	-27	-28	-28
Others	0	-18	-18	-18
Net Cash from Financing	(4)	(22)	(48)	(48)
Net Change in Cash	74	45	92	123
Opening cash	41	116	161	253
Closing cash	116	161	253	376

Source: company, Axis Securities

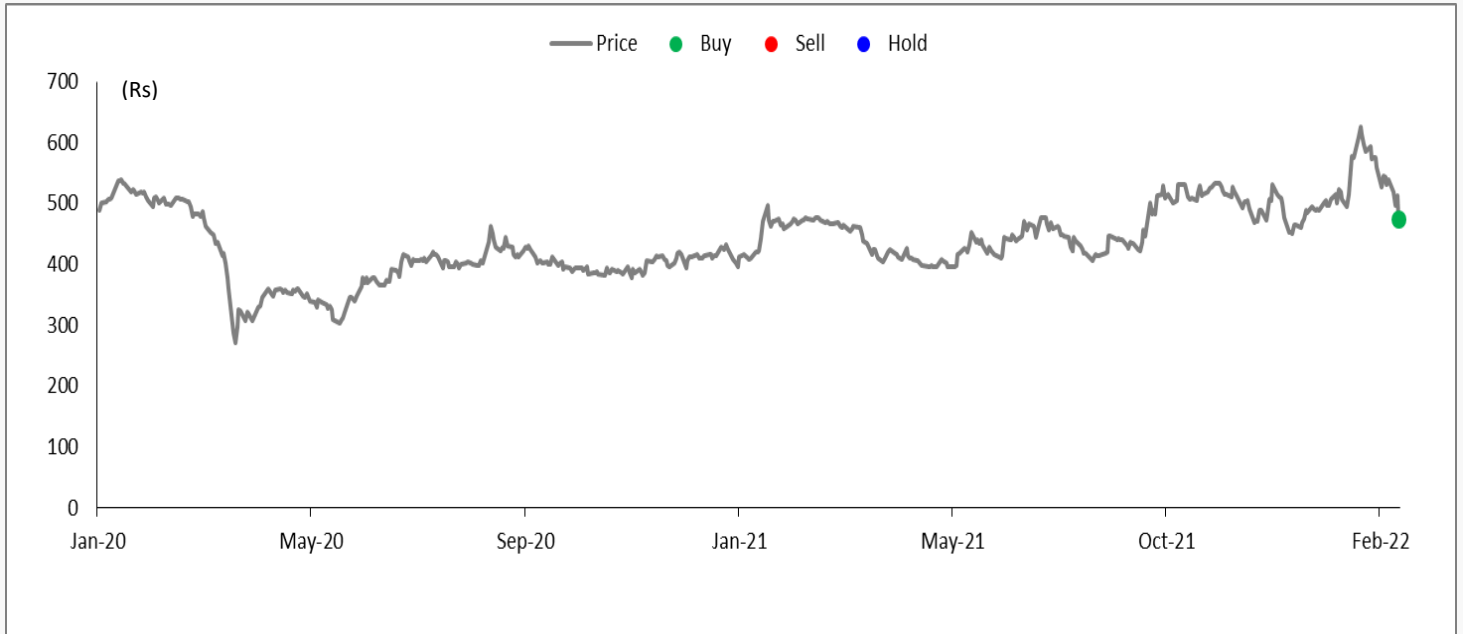
Ratio Analysis

(%)

Y/E March	FY21	FY22E	FY23E	FY24E
Growth Indicator				
Sales Growth	-17%	41%	18%	20%
Ebitda Growth	-29%	84%	14%	20%
PAT Growth	-35%	91%	8%	23%
Profitabilty Ratio				
EBITDA Margin	10.9%	14.2%	13.7%	13.7%
Adjusted net margin	6.7%	9.1%	8.3%	8.6%
Effeciency Ratio				
Capital Turnover	2.3	2.6	2.5	2.4
Total Asset Turnover	2.3	2.5	2.4	2.4
Fixed Asset Turnover	7.9	8.7	9.9	11.7
Debtor days	67	65	65	64
Inventory days	29	30	30	31
Payable days	86	80	80	80
Cash Conversion Cycle (days)	10	15	15	15
Leverage Ratios				
Debt to equity	0.20	0.15	0.12	0.10
Net debt to equity	-0.3	-0.3	-0.3	-0.4
Interest coverage	9	9	10	12
Per Share Data				
Diluted EPS (Rs)	23	44	48	59
Book value per share (Rs)	149	188	231	285
DPS (Rs)	0.0	5.0	5.0	5.0
Return Ratios				
Return on equity	17%	26%	23%	23%
Return on capital employed	25%	38%	33%	33%
Valuation Ratio				
P/E	21	11	10	8
P/BV	3.3	2.6	2.1	1.7
EV/EBITDA	12.9	7.1	6.2	5.2
Cash Flow Ratio (%)				
OCF/EBITDA	54%	53%	64%	61%
OCF/Sales	6%	7%	9%	8%
FCF/Sales	0%	3%	6%	6%
OCF/ROIC	43%	46%	55%	55%

Source: company, Axis Securities

PSP Projects Chart and Recommendation History



Date	Reco	TP	Research
24-Feb-22	BUY	620	Initiating Coverage

Source: Axis Securities

About the analyst


Analyst: Uttam Kumar Simal

Email: uttamkumar.simal@axissecurities.in

Sector: Cement/Infra

Analyst Bio: Uttam Kumar Simal is PGDBF from NMIMS with 20 years of experience in Equity Market/Research.

About the analyst


Analyst: Shikha Doshi

Email: shikha.doshi@axissecurities.in

Sector: Cement/Infra

Analyst Bio: Shikha Doshi is Master of Science in Finance from Illinois Institute of Technology, Chicago. Currently handling Cement/infra sector.

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