

# PSP projects Limited

## Execution to gather pace – revise to ADD

CMP  
Rs 698

Rating  
ADD

Target Price  
Rs 767  
Mar 2024  
Upside  
10% (↑)

- PSP Projects' (PSPPL) 3QFY23 revenues were up 2% yoy to Rs 5bn (EE: Rs 5.6bn). Below-expected execution led to lower profitability (Rs 353mn vs EE of Rs 428mn).
- Given the muted execution in 9MFY23, management has revised its revenue guidance to ~Rs 21bn (~Rs 22bn earlier). Buoyed by strong order inflows of ~Rs 32.9bn in YTD FY23 and healthy bid pipeline, management has revised its order inflow guidance to ~Rs 40bn setting a strong growth platform for FY23E.
- Gross debt, though higher, was comfortable at ~Rs 1.9bn as of Dec'22. However, debt levels need to be closely tracked as (a) UP projects and recently won projects will contribute meaningfully and (b) the company is targeting large ticket-size orders.
- In view of PSPPL's 9MFY23 performance and guidance, we tweak FY23/FY24 revenue estimates by -2%/6% and PAT estimates by -4%/5%. With the recent stock runup, we revise our rating to ADD (from LONG) with a Mar'24 TP of Rs 767 (Rs 731 earlier). We value the EPC business at 14x its Mar'24 EPS of Rs 54.8.

**Lower profitability on below-expected revenues:** PSPPL's 3QFY23 revenues grew 2% yoy to Rs 5bn (EE: Rs 5.6bn). EBITDA was down 17% yoy to Rs 616mn (EE: Rs 696mn) while EBITDA margins matched estimates at 12.4%. PAT was down 25% yoy to Rs 353mn (EE: Rs 428mn) on account of lower execution. Interest costs/depreciation charges increased 4%/5% yoy. Tax (percentage of PBT) stood at 26.7% during 3QFY23 as against 25.0% during 3QFY22.

**Healthy OB, execution to gather pace:** PSPPL's OB stands healthy at ~Rs 50.8bn (including ~Rs 7.3bn slow/non-moving orders), offering revenue visibility for the next 2-2.5 years. Given muted 9MFY23 revenues, management has cut its revenue guidance for FY23E to ~Rs 21bn (~Rs 22bn earlier). PSPPL's order inflows have been robust at ~32.9bn YTD FY23 surpassing the FY23E order inflow guidance of ~Rs 25bn. With L1 order position (~Rs 3.5bn) along with a solid bid pipeline, PSPPL now expects total order inflows of Rs 39bn-40bn for FY23E setting a strong growth platform for FY24E.

**Stable B/S; working capital & debt levels to be monitored:** During 3QFY23, PSPPL's gross debt rose by ~Rs 0.3bn to ~Rs 1.9bn as of Dec'22 (though under control) on account of advances to suppliers and site mobilization expenses. Given that UP projects and recently won projects will contribute meaningfully and PSPPL is targeting large ticket-size orders, working capital and debt levels need to be watched.

**View:** Given PSPPL's healthy order book and execution capabilities, we expect strong execution momentum in the near-to-medium-term. Debt levels however would be under the lens. Revise to ADD (from LONG) with a Mar'24 TP of Rs 767 (Rs 731 earlier).

### Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22A	17,488	2,565	1,624	45.1	15.5	3.7	9.4	26.6	30.0	14.7
FY23E	20,217	2,507	1,535	42.7	16.4	3.1	9.4	20.5	24.6	12.4
FY24E	25,135	3,129	1,973	54.8	12.7	2.5	7.3	21.8	25.2	12.4
FY25E	28,280	3,535	2,231	62.0	11.3	2.1	6.2	20.4	24.4	12.5

Source: Company, Equirus Securities

### Estimate Revision

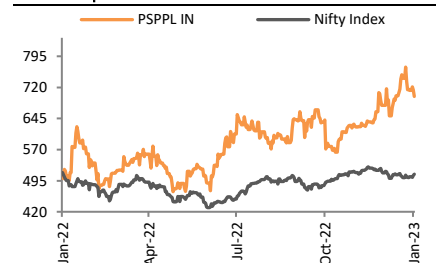
(Rs mn)	Forecasts		% Change	
	FY23E	FY24E	FY23E	FY24E
Sales	20,217	25,135	-2%	6%
EBITDA	2,507	3,129	-2%	5%
PAT	1,535	1,973	-4%	5%
EPS	42.7	54.8	-4%	5%

### Stock Information

Market Cap (Rs Mn)	25,139
52 Wk H/L (Rs)	776/459
Avg Daily Volume (1 yr)	2,74,635
Avg Daily Value (Rs Mn)	2.2
Equity Cap (Rs Mn)	6,870
Face Value (Rs)	10
Share Outstanding (Mn)	36.0
Bloomberg Code	PSPPL IN
Ind Benchmark	SPBSMIP

Ownership (%)	Recent	3M	12M
Promoters	70.2	0.3	-4.0
DII	5.7	-0.8	0.3
FII	1.7	0.4	0.4
Public	22.4	-0.1	3.3

### Relative price chart



Source: Bloomberg

### Analysts

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## Exhibit 1: Quarterly performance

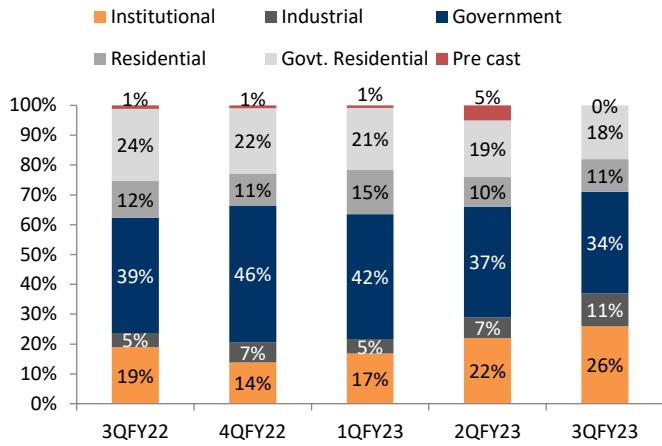
Particulars (Rs Mn)	3QFY23	3QFY23E	2QFY23	3QFY22	% Change			Comments
					3QFY23E	2QFY23	3QFY22	
Net Sales	4,974	5,635	3,566	4,856	-12%	39%	2%	
Raw materials consumed + Change in WIP	1,688	1,895	805	1,274	-11%	110%	33%	
Construction Expenses	2,400	2,744	2,099	2,601	-13%	14%	-8%	
Employee Cost	235	261	225	164	-10%	4%	43%	
Other expenses	35	40	51	77	-12%	-32%	-55%	
<b>Total Expenditures</b>	<b>4,357</b>	<b>4,939</b>	<b>3,180</b>	<b>4,116</b>	<b>-12%</b>	<b>37%</b>	<b>6%</b>	
<b>EBITDA</b>	<b>616</b>	<b>696</b>	<b>386</b>	<b>741</b>	<b>-11%</b>	<b>60%</b>	<b>-17%</b>	
Depreciation	98	93	91	94	6%	9%	5%	
<b>EBIT</b>	<b>518</b>	<b>603</b>	<b>295</b>	<b>647</b>	<b>-14%</b>	<b>75%</b>	<b>-20%</b>	
Interest	101	76	70	98	33%	44%	4%	
Other Income	65	45	83	76	44%	-22%	-15%	
<b>PBT</b>	<b>482</b>	<b>572</b>	<b>308</b>	<b>625</b>	<b>-16%</b>	<b>56%</b>	<b>-23%</b>	
Tax	129	144	79	156	-11%	63%	-18%	
<b>Recurring PAT</b>	<b>353</b>	<b>428</b>	<b>229</b>	<b>469</b>	<b>-18%</b>	<b>54%</b>	<b>-25%</b>	
Extraordinaries	0	0	0	0				
<b>Reported PAT</b>	<b>353</b>	<b>428</b>	<b>229</b>	<b>469</b>	<b>-18%</b>	<b>54%</b>	<b>-25%</b>	
EPS (Rs)	9.8	11.9	6.4	13.0	-18%	54%	-25%	
Gross Margin	17.8%	17.3%	18.6%	20.2%	51 bps	-75 bps	-239 bps	
EBITDA Margin	12.4%	12.4%	10.8%	15.3%	4 bps	157 bps	-286 bps	
EBIT Margin	10.4%	10.7%	8.3%	13.3%	-29 bps	213 bps	-291 bps	
PBT Margin	9.7%	10.2%	8.6%	12.9%	-47 bps	104 bps	-320 bps	
PAT Margin	7.1%	7.6%	6.4%	9.7%	-50 bps	67 bps	-256 bps	
Tax Rate	26.7%	25.2%	25.6%	25.0%	153 bps	105 bps	173 bps	
Cost items as % of Sales								
RM + Construction expenses	82%	83%	81%	80%	-51 bps	75 bps	239 bps	
Employee cost	5%	4%	6%	3%	97 bps	-159 bps	134 bps	
Other expenses	1%	1%	1%	2%	-50 bps	-73 bps	-88 bps	

Source: Company Data, Equirus

## Earnings Call Takeaways

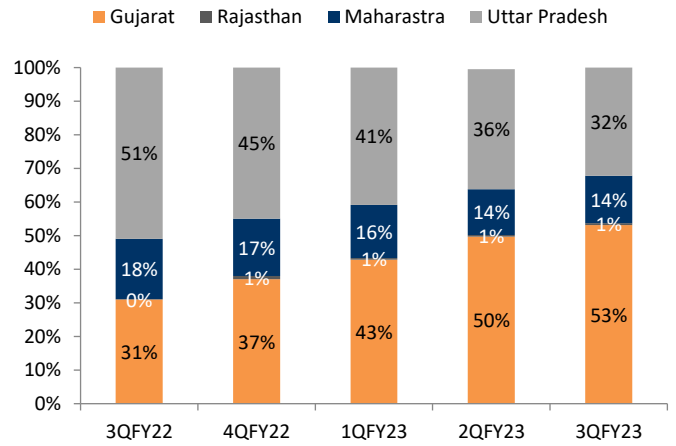
- PSPPL's OB stood at Rs 50.8bn at 3QFY23-end, providing near-to-mid-term revenue visibility. Projects worth ~Rs 7.3bn from the current OB are slow moving.
- PSPPL has received order inflows of ~Rs 19.5bn (ex-L1 orders worth ~Rs 3.4bn) during 9MFY23.
- Post 3Q, PSPPL has secured an order of ~Rs 13.4bn, taking the OB to ~Rs 64.2bn. Management expects total order inflows of Rs 39bn-40bn for FY23E.
- Management has indicated a near-term bid pipeline of ~Rs 45bn which, includes a Gems & Jewellery project at Mumbai and a Central Vista project at NCR. About 60% of the bid pipeline is from the private sector.
- Surat Municipal Corporation project (~Rs 13.4bn) has an execution period of 36 months. The project is likely to start by Mar'23 and is likely to contribute ~Rs 3bn-3.5bn in terms of revenues during the FY24E and the balance in next two years.
- Management has cut its revenue guidance by ~Rs 1bn and expects revenues of ~Rs 21bn for FY23E and Rs 26bn-27bn for FY24E.
- PSPPL expects EBIDTA margins in the range of 12-13% going ahead.
- Maharashtra projects are facing challenges and the situation continue to remain status quo.
- Interest cost was higher on greater fund-based utilization which in turn stemmed from advances to suppliers and site mobilization advances.
- Capex during 3QFY23 stood at ~Rs 0.3bn.
- The UP medical project contributed ~Rs 1.65bn in 1Q and ~Rs 4.17bn till date. The project is expected to contribute ~Rs 3bn per quarter from now.
- Total debt stood at ~Rs 1.9bn as of Dec'22 vs ~Rs 1.6bn as of Sep'22.
- Working capital days were at 41 as of Dec'22 vs 30 as of Sep'22.

## Exhibit 2: Diversified order book



Source: Company Data, Equirus

## Exhibit 3: Venturing into new territories



Source: Company Data, Equirus

## Exhibit 4: Key project details

Projects	Client	Project value (Rs mn)	O / S order book as on 31.12.2022 (Rs mn)
Medical Colleges & Hospitals At 7 Locations At Uttar Pradesh	Public Works Department	14910	10740
Ews Housing Project At Bhiwandi, Maharashtra	Bhiwandi Nizampur City Municipal Corporation	6010	6010
Sports Complex	Municipal Corporation	5040	4640
Noodle Factory Phase II & III	Industrial	3150	3010
Corporate Office Building	Institutional	2900	2600
Residential Project At Gujarat	Private Company	2520	2220
Residential Buildings of PAC Mahila Battalion at Badaun, UP	Public Works Department	2390	2080
Fore Court Development at Ahmedabad Airport	Private Company	2040	1970
Residential Project	Adani	3490	1830
Precast Order for National High Speed Project	L&T	1950	1950
Tallest Residential in GIFT city	Nila Infra	1220	1220
Construction Of Steel Plant	Private Company	2570	1090

Source: Company Data, Equirus

## Company Snapshot

### How we differ from consensus

Particular (Rs Mn)		Equirus	Consensus	% Diff	Comment
EPS	FY23E	43	44	-3%	
	FY24E	55	54	2%	
Sales	FY23E	20,217	20,471	-1%	
	FY24E	25,135	24,442	3%	
PAT	FY23E	1,535	1,582	-3%	
	FY24E	1,973	1,940	2%	

### Key Estimates

Key Assumptions	FY22A	FY23E	FY24E	FY25E
Revenues	17488	20217	25135	28280
EBITDAM %	15%	12%	12%	13%
PATM %	9%	8%	8%	8%
Orderbook	43240	60525	65390	70110
Orderbook/Billing Ratio	2.5	3.0	2.6	2.5

### Our Key Investment arguments:

- Expect company to post a 17%/11%/11% revenue/EBITDA/PAT CAGR over FY22-FY25E.
- Strong reputation and locational advantage of Gujarat market, where several opportunities are expected, will drive order book growth going forward.
- Clear focus on selective bidding in niche projects of industrial & institutional projects backed by reputed clients will help generate above-industry return ratios and WC control.

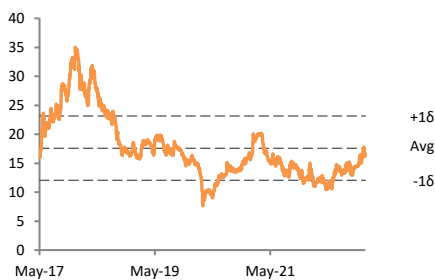
### Company Description:

PSP Projects is a Gujarat-based construction company and set up by Prahlad Patel in 2008. Its focus segments are industrial, institutional, and selective residential and government projects. It has secured orders from marquee clients like Surat Diamond Bourse, Cadila, Torrent Pharma, Intas and GIFT City. It has also started taking government projects of housing development. Further it has started receiving orders from pre-cast facility also.

Comparable valuation

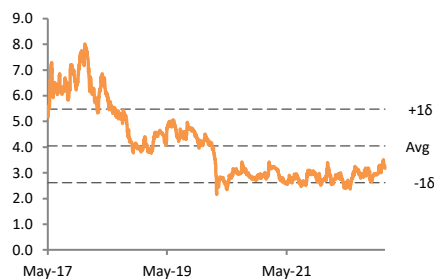
Company	Reco.	CMP	Mkt Cap Rs. Mn.	Price Target	Target Date	P/E			EV/EBITDA			P/B			RoE			Div Yield
						FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	
Ahluwalia Contracts	LONG	506	33,896	512	Mar-24	21.8	17.7	15.2	11.5	9.9	8.4	3.3	2.8	2.3	16%	17%	17%	0.1%
ITD cementation	LONG	125	21,508	141	Mar-24	31.0	16.6	11.5	7.4	6.3	4.5	1.9	1.7	1.5	6%	11%	14%	0.4%
Capacite Infracorps	LONG	155	10,527	187	Mar-24	21.7	13.7	10.0	5.5	3.5	2.9	1.1	1.0	0.9	5%	8%	10%	0.0%
JMC projects	LONG	119	19,914	157	Mar-24	8.9	9.8	7.6	6.5	4.9	4.2	2.3	1.9	1.5	24%	21%	22%	0.8%
PSP Projects	ADD	698	25,139	767	Mar-24	15.5	16.4	12.7	9.4	9.4	7.3	3.7	3.1	2.5	27%	20%	22%	0.7%

Price to earning chart



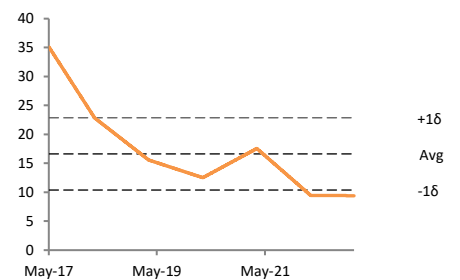
Source: Company, Equirus Research

Price to book chart



Source: Company, Equirus Research

EV-EBITDA chart



Source: Company, Equirus Research

## Quarterly performance

Y/E Mar (Rs mn)	1QFY22A	2QFY22A	3QFY22A	4QFY22A	1QFY23A	2QFY23A	3QFY23A	4QFY23E
<b>Revenue</b>	<b>3,174</b>	<b>3,904</b>	<b>4,856</b>	<b>5,553</b>	<b>3,452</b>	<b>3,566</b>	<b>4,974</b>	<b>8,225</b>
COGS	2,578	3,150	3,875	4,310	2,710	2,904	4,088	6,857
Employee Cost	152	155	164	252	218	225	235	273
Other Expenses	50	52	77	109	54	51	35	62
EBITDA	394	547	741	881	471	386	616	1,033
Depreciation	54	70	94	102	87	91	98	120
<b>EBIT</b>	<b>340</b>	<b>477</b>	<b>647</b>	<b>779</b>	<b>384</b>	<b>295</b>	<b>518</b>	<b>914</b>
Interest Exp.	34	38	98	95	56	70	101	94
<b>Other Income</b>	<b>38</b>	<b>46</b>	<b>76</b>	<b>54</b>	<b>56</b>	<b>83</b>	<b>65</b>	<b>59</b>
Profit before Tax	344	485	625	739	384	308	482	878
Tax Expenses	93	120	156	201	99	79	129	210
<b>Profit After Tax</b>	<b>251</b>	<b>366</b>	<b>469</b>	<b>538</b>	<b>285</b>	<b>229</b>	<b>353</b>	<b>668</b>
Minority Interest	0	0	0	0	0	0	0	0
<b>Profit/(Loss) from Associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Recurring PAT	251	366	469	538	285	229	353	668
Exceptional Items	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>251</b>	<b>366</b>	<b>469</b>	<b>538</b>	<b>285</b>	<b>229</b>	<b>353</b>	<b>668</b>
Other comprehensive income.	0	0	0	0	0	0	0	0
<b>PAT after comp. income.</b>	<b>251</b>	<b>366</b>	<b>469</b>	<b>538</b>	<b>285</b>	<b>229</b>	<b>353</b>	<b>668</b>
FDEPS	7.0	10.2	13.0	14.9	7.9	6.4	9.8	18.6
<b>Cost items as % of sales</b>								
<b>RM expenses</b>	<b>81.2</b>	<b>80.7</b>	<b>79.8</b>	<b>77.6</b>	<b>78.5</b>	<b>81.4</b>	<b>82.2</b>	<b>83.4</b>
<b>Employee expenses</b>	<b>4.8</b>	<b>4.0</b>	<b>3.4</b>	<b>4.5</b>	<b>6.3</b>	<b>6.3</b>	<b>4.7</b>	<b>3.3</b>
Other expenses	1.6	1.3	1.6	2.0	1.6	1.4	0.7	0.8
<b>Margin (%)</b>								
Gross Margin	18.8	19.3	20.2	22.4	21.5	18.6	17.8	16.6
<b>EBITDA Margin</b>	<b>12.4</b>	<b>14.0</b>	<b>15.3</b>	<b>15.9</b>	<b>13.6</b>	<b>10.8</b>	<b>12.4</b>	<b>12.6</b>
PAT Margin	7.9	9.4	9.7	9.7	8.3	6.4	7.1	8.1
<b>YoY Growth (%)</b>								
Sales	196.9	60.6	24.5	10.9	8.8	(8.7)	2.4	48.1
<b>EBITDA</b>	<b>2,933.7</b>	<b>123.1</b>	<b>57.8</b>	<b>42.0</b>	<b>19.6</b>	<b>(29.5)</b>	<b>(16.8)</b>	<b>17.2</b>
EBIT	(798.2)	161.3	59.8	40.9	13.0	(38.0)	(19.9)	17.3
PAT	(1,231.0)	154.0	53.0	32.3	13.6	(37.4)	(24.8)	24.2

## Key Financials (Standalone)

## Income Statement

Y/E Mar (Rs mn)	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Revenue</b>	<b>10,440</b>	<b>14,993</b>	<b>12,409</b>	<b>17,488</b>	<b>20,217</b>	<b>25,135</b>	<b>28,280</b>
COGS	8,420	12,355	10,402	13,913	16,558	20,573	23,133
Employee Cost	432	594	509	723	950	1,181	1,329
Other Expenses	99	134	150	286	202	251	283
EBITDA	1,489	1,910	1,348	2,565	2,507	3,129	3,535
Depreciation	242	267	256	321	396	434	478
<b>EBIT</b>	<b>1,247</b>	<b>1,643</b>	<b>1,092</b>	<b>2,245</b>	<b>2,111</b>	<b>2,695</b>	<b>3,057</b>
Interest Exp.	92	146	147	264	322	348	372
<b>Other Income</b>	<b>230</b>	<b>248</b>	<b>169</b>	<b>213</b>	<b>263</b>	<b>289</b>	<b>297</b>
Profit before Tax	1,385	1,744	1,114	2,193	2,052	2,636	2,981
Tax Expenses	483	452	279	569	516	664	750
<b>Profit After Tax</b>	<b>902</b>	<b>1,293</b>	<b>835</b>	<b>1,624</b>	<b>1,535</b>	<b>1,973</b>	<b>2,231</b>
Minority Interest	0	0	0	0	0	0	0
<b>Profit/(Loss) from Associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Recurring PAT	902	1,293	835	1,624	1,535	1,973	2,231
Exceptional Items	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>902</b>	<b>1,293</b>	<b>835</b>	<b>1,624</b>	<b>1,535</b>	<b>1,973</b>	<b>2,231</b>
Other comprehensive income.	0	0	0	0	0	0	0
<b>PAT after comp. income.</b>	<b>902</b>	<b>1,293</b>	<b>835</b>	<b>1,624</b>	<b>1,535</b>	<b>1,973</b>	<b>2,231</b>
FDEPS	25.1	35.9	23.2	45.1	42.7	54.8	62.0
<b>DPS</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
BVPS	103	127	149	190	227	276	332

YoY Growth (%)	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Sales	43.0	43.6	(17.2)	40.9	15.6	24.3	12.5
EBITDA	47.1	28.2	(29.4)	90.3	(2.3)	24.8	13.0
EBIT	38.4	31.7	(33.5)	105.6	(5.9)	27.6	13.4
PAT	40.2	43.2	(35.4)	94.4	(5.5)	28.5	13.1

## Key Ratios

Profitability (%)	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Gross Margin	19.4	17.6	16.2	20.4	18.1	18.2	18.2
EBITDA Margin	14.3	12.7	10.9	14.7	12.4	12.4	12.5
PAT Margin	8.6	8.6	6.7	9.3	7.6	7.8	7.9
ROE	26.8	31.2	16.8	26.6	20.5	21.8	20.4
ROIC	26.8	30.6	15.9	25.9	19.7	20.2	19.3
Core ROIC	38.8	38.9	19.9	30.0	24.6	25.2	24.4
Dividend Payout	1.4	0.4	8.9	11.7	11.7	9.1	8.1

CAGR (%)	1 year	2 years	3 years	5 years	7 years	10 years
Revenue	40.9	8.0	18.8	34.3	29.9	25.6
EBITDA	90.3	15.9	19.9	31.3	41.7	32.5
PAT	94.4	12.1	21.6	31.5	41.8	34.5

Valuation (x)	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
P/E	27.9	19.4	30.1	15.5	16.4	12.7	11.3
P/B	6.8	5.5	4.7	3.7	3.1	2.5	2.1
P/FCFF	(214.2)	(179.1)	(297.9)	57.2	21.6	17.9	16.8
EV/EBITDA	15.6	12.5	17.6	9.4	9.4	7.3	6.2
EV/Sales	2.2	1.6	1.9	1.4	1.2	0.9	0.8
Dividend Yield (%)	0.1	0.0	0.6	0.7	0.7	0.7	0.7



**Balance Sheet**

Y/E Mar (Rs mn)	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Equity Capital	360	360	360	360	360	360	360
Reserves	3,354	4,211	5,020	6,487	7,807	9,563	11,578
<b>Net Worth</b>	<b>3,714</b>	<b>4,571</b>	<b>5,380</b>	<b>6,847</b>	<b>8,167</b>	<b>9,923</b>	<b>11,938</b>
Total Debt	263	723	810	997	1,997	2,047	2,097
Other long term liabilities	0	0	0	0	0	0	0
Minority Interest	0	0	0	0	0	0	0
Account Payables	1,584	2,163	2,599	2,576	3,213	3,856	4,184
Other Current Liabilities	1,696	2,078	1,024	2,152	2,723	3,201	3,757
<b>Total Liabilities</b>	<b>7,256</b>	<b>9,535</b>	<b>9,813</b>	<b>12,572</b>	<b>16,098</b>	<b>19,027</b>	<b>21,976</b>
Gross Fixed Assets	1,672	1,986	2,326	3,558	3,958	4,433	4,983
Acc. Depreciation	(641)	(908)	(1,164)	(1,484)	(1,880)	(2,315)	(2,793)
Net Fixed Assets	1,032	1,079	1,162	2,074	2,078	2,118	2,190
Capital WIP	0	0	416	0	0	0	0
long term investments	0	0	0	0	0	0	0
Others	44	44	8	7	7	7	7
Inventory	750	968	893	806	1,219	1,653	1,937
Receivables	1,426	2,240	2,220	3,118	3,600	4,338	4,959
Loans and advances	0	0	0	0	0	0	0
Other current assets	1,788	3,236	2,826	4,615	5,615	6,445	7,461
Cash & Cash Equivalents.	2,217	1,967	2,288	1,952	3,579	4,466	5,422
<b>Total Assets</b>	<b>7,256</b>	<b>9,535</b>	<b>9,813</b>	<b>12,572</b>	<b>16,098</b>	<b>19,027</b>	<b>21,976</b>
Non-Cash WC	683	2,203	2,316	3,811	4,499	5,378	6,415
Cash Conv. Cycle	8.1	14.7	14.7	10.1	19.2	20.4	24.9
WC Turnover	15.3	6.8	5.4	4.6	4.5	4.7	4.4
Gross Asset Turnover	6.2	7.5	5.3	4.9	5.1	5.7	5.7
Net Asset Turnover	10.1	13.9	7.9	8.4	9.7	11.9	12.9
Net D/E	(0.5)	(0.3)	(0.3)	(0.1)	(0.2)	(0.2)	(0.3)

Days (x)	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Receivable Days	45	45	66	56	61	58	60
Inventory Days	24	25	33	22	22	25	28
Payable Days	61	55	84	68	64	63	63
Non-cash WC days	24	54	68	80	81	78	83

**Cash Flow**

Y/E Mar (Rs mn)	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Profit Before Tax	1,385	1,744	1,087	2,193	2,052	2,636	2,981
Depreciation	242	267	256	321	396	434	478
Others	(153)	(149)	(30)	(52)	322	348	372
Tax paid	(477)	(556)	(243)	(636)	(516)	(664)	(750)
Change in WC	(720)	(1,116)	(362)	(620)	(688)	(879)	(1,037)
<b>Operating Cashflow</b>	<b>277</b>	<b>190</b>	<b>708</b>	<b>1,206</b>	<b>1,565</b>	<b>1,876</b>	<b>2,044</b>
Capex	(394)	(331)	(793)	(766)	(400)	(475)	(550)
Change in Invest.	0	0	0	0	0	0	0
Others	55	218	847	(640)	0	0	0
<b>Investing Cashflow</b>	<b>(338)</b>	<b>(112)</b>	<b>54</b>	<b>(1,406)</b>	<b>(400)</b>	<b>(475)</b>	<b>(550)</b>
Change in Debt	46	486	61	187	1,000	50	50
Change in Equity	0	0	0	0	0	0	0
Others	(13)	(814)	(503)	(323)	(538)	(564)	(588)
<b>Financing Cashflow</b>	<b>33</b>	<b>(328)</b>	<b>(442)</b>	<b>(136)</b>	<b>462</b>	<b>(514)</b>	<b>(538)</b>
<b>Net Change in Cash</b>	<b>(28)</b>	<b>(250)</b>	<b>320</b>	<b>(336)</b>	<b>1,627</b>	<b>887</b>	<b>956</b>

Source: Company, Equirus Research

<p><b>Rating &amp; Coverage Definitions:</b></p> <p><b>Absolute Rating</b></p> <ul style="list-style-type: none"> <li>LONG : Over the investment horizon, ATR &gt;= Ke for companies with Free Float market cap &gt;Rs 5 billion and ATR &gt;= 20% for rest of the companies</li> <li>ADD: ATR &gt;= 5% but less than Ke over investment horizon</li> <li>REDUCE: ATR &gt;= negative 10% but &lt;5% over investment horizon</li> <li>SHORT: ATR &lt; negative 10% over investment horizon</li> </ul> <p><b>Relative Rating</b></p> <ul style="list-style-type: none"> <li>OVERWEIGHT: Likely to outperform the benchmark by at least 5% over investment horizon</li> <li>BENCHMARK: likely to perform in line with the benchmark</li> <li>UNDERWEIGHT: likely to under-perform the benchmark by at least 5% over investment horizon</li> </ul> <p><b>Investment Horizon</b></p> <p>Investment Horizon is set at a minimum 3 months to maximum 18 months with target date falling on last day of a calendar quarter.</p>	<p><b>Registered Office:</b></p> <p>Equirus Securities Private Limited Unit No. A2102B, 21st Floor, A Wing, Marathon Futrex, N M Joshi Marg, Lower Parel, Mumbai-400013. Tel. No: +91 – (0)22 – 4332 0600 Fax No: +91- (0)22 – 4332 0601</p> <p><b>Corporate Office:</b></p> <p>3rd floor, House No. 9, Magnet Corporate Park, Near Zydus Hospital, B/H Intas Sola Bridge, S.G. Highway Ahmedabad-380054 Gujarat Tel. No: +91 (0)79 - 6190 9550 Fax No: +91 (0)79 – 6190 9560</p>
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