

Infrastructure

Operations to be hit hard; FY21 likely to be a washout year

INDIA | INFRASTRUCTURE | Sector Update

31 March 2020

Infrastructure stocks have corrected significantly over the last months (average -40%) on the back of the Covid-19 pandemic. Not that they were doing any better in the preceding 3/6/12 months! But the correction has been sharp in the last month – primarily due to the 21-day lockdown imposed by the Central govt. The lockdown is expected to bring their operations to a standstill – to an extent that we expect FY1 to be a washout year for most companies.

We see Covid-19 impacting the sector in two ways: (1) execution would be impacted due to lack of labour and lockdown announced by the central govt, and (2) significant hit on margins, as fixed costs continue to be incurred, even for days/weeks without any revenue.

While all companies maintain that it is nearly impossible to quantify the impact of this crisis on their financials (*understandably so*) – we have decided to revisit our assumptions, and align our estimates to the current environment (*and expectations*). We caution that these estimates are, as per the current pandemic situation and lockdown across the country. The highly fluid situation that it is, our estimates might need revisiting, if the lockdown or recovery period from Covid-19 is prolonged or shortened.

For our estimates, we assume:

- **30-45 days of ZERO revenue** for all companies – from April beginning to mid-May.
- Since most migrant workers have travelled back to their hometowns, it will take them sometime, to be back to the construction sites, and work to begin in full swing. This, in essence, makes **Q1FY21 a complete washout quarter**.
- **Q2 is anyways a seasonally weak quarter**, impacted by monsoons.
- So **real recovery in revenues would occur, only Q3FY21 onwards**.
- The **pace of recovery in Q3/Q4FY21 will also depend on the fiscal room the government has**, and intends/decides to spend on infrastructure.

We hence:

- **Cut our FY21 revenue estimates to -10% yoy revenue decline** for ALL companies.
- **100-150bps yoy fall in margins in FY21** for most companies.
- All this would lead to significant **yoy decline in FY21 EPS** for companies – average -48%.
- For Toll projects, we assume 15% yoy drop in traffic in FY21.
- **25% yoy revenue growth for FY22, with margins at the pre-pandemic levels**
- All this means our **FY21/22 EPS estimates are cut for all companies (avg. -59%/-28%)**

However, we take solace in the strong balance sheets and decent orderbooks of the companies. Almost all companies currently have leverage less than 0.4x and Interest coverage ratio of more than 2x. This ensures, that even with complete lockdown and drying up of revenues, they do not get into the vicious loop of interest-cashflow-debt – as they had, in the 2011-14 downcycle. The current orderbooks (average 3x book-to-sales) will provide decent revenue visibility for FY22, given that FY21 will anyways be a year of weak execution.

We believe a recovery in Indian markets (*if and when*) will probably be led by domestic consumption stories – like FMCG, Cement and Infrastructure. The recovery would be led by large-caps – for their relatively stable business models, and attractive valuations – hence the midcap construction companies might see a longer gestation period.

Therefore we believe, that investors should wait for a few months, for clarity to emerge on the magnitude of the impact of the lockdown, and then take the plunge into the infra stocks. The stocks are currently trading at abysmally inexpensive valuations – and would hence continue to offer significant upside, even after an initial jump (*if and whenever*). Once clarity emerges, quality infrastructure names (with strong balance sheets and decent orderbooks) will deliver significant returns over the next 12-18 months – akin to the run-up during the 2014-15 cycle. We maintain BUY on PNC, NCC, KNR, Ashoka and upgrade Ahluwalia Contracts to BUY. Remain negative on Sadbhav and ITD Cementation.

Companies

NCC Ltd	BUY
CMP, Rs	16
Target Price, Rs	60
PNC Infratech	BUY
CMP, Rs	86
Target Price, Rs	230
Ashoka Buildcon	BUY
CMP, Rs	40
Target Price, Rs	140
KNR Construction	BUY
CMP, Rs	191
Target Price, Rs	250
Ahluwalia Contracts	Upgrade to BUY
CMP, Rs	178
Target Price, Rs	230
IRB Infrastructure	BUY
CMP, Rs	52
Target Price, Rs	125
ITD Cementation	SELL
CMP, Rs	29
Target Price, Rs	25
Sadbhav Engineering	Upgrade to BUY*
CMP, Rs	28
Target Price, Rs	100
Adani Ports & SEZ	BUY
CMP, Rs	252
Target Price, Rs	370

*We upgrade Sadbhav Engg to Buy only on the back of the sharp correction in price – we continue to remain negative on the company, and the stock.

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Covid-19 impact: Changes to our estimates

We see Covid-19 impacting the sector in two ways: (1) execution would be impacted, due to lack of labour and lockdown announced by various govts, and (2) significant hit on margins, as fixed costs will continue to be incurred, even for days/weeks without any revenue.

For our estimates, we assume:

- **30-45 days of ZERO revenue** for all companies – from April to mid-May.
- Since most migrant workers have travelled back to their hometowns, it will take them sometime, to be back to the construction sites, and work to begin in full swing. This, in essence, makes **Q1FY21 a complete washout quarter**.
- **Q2 is anyways a seasonally weak quarter**, impacted by monsoons.
- So **real recovery in revenues would occur, only Q3FY21 onwards**.
- The **pace of recovery in Q3/Q4FY21 will also depend on the fiscal room the government has**, and intends to spend on infrastructure.

We hence:

- **Cut our FY21 revenue estimates to 10% yoy revenue decline** for ALL companies.
- Overall, **100-1500bps yoy fall in margins in FY21** for most companies.
- This would lead to significant **yoy decline in FY21 EPS** for companies – avg -48%.
- For Toll projects, we assume 15% yoy drop in traffic in FY21.
- **25% yoy revenue growth for FY22, with margins at the pre-pandemic levels**
- This means **FY21/22 EPS estimates are cut for all companies (avg -59%/-28%)**.

Revised growth/margin estimates

	Revenue growth (%)			EBITDA margins (%)			EPS growth (%)		
	FY20	FY21	FY22	FY20	FY21	FY22	FY20	FY21	FY22
IRB Infra	4.7%	-14.4%	14.6%	42.2%	35.8%	32.8%	-20.9%	-93.9%	-363.2%
Ashoka Buildcon	7.0%	-10.0%	25.0%	12.8%	11.0%	12.5%	-1.0%	-26.6%	49.8%
Sadbhav Engg	-38.0%	1.0%	25.0%	12.2%	10.5%	12.0%	-61.0%	-69.2%	252.0%
NCC	-30.0%	-10.0%	25.0%	12.0%	11.0%	11.8%	-34.9%	-48.6%	110.3%
KNR	11.0%	-10.0%	25.0%	20.0%	17.5%	20.0%	-16.7%	-43.7%	98.7%
ITD Cementation*	-13.0%	-10.0%	25.0%	9.5%	9.0%	10.0%	-36.9%	-60.3%	310.9%
PNC Infra	58.5%	-12.0%	25.0%	15.7%	12.5%	14.0%	42.6%	-42.7%	52.2%
Ahluwalia	-5.0%	-10.0%	25.0%	10.0%	11.0%	12.5%	-35.6%	2.2%	67.6%
Adani Ports	10.1%	21.2%	17.6%	63.9%	63.1%	64.1%	-0.5%	0.2%	30.1%
Average	-0.6%	-9.4%	23.7%	16.8%	14.8%	15.7%	-20.5%	-47.8%	72.3%

Revised Revenue/EBITDA/PAT estimates

	Revenue (Rs mn)			EBITDA (Rs mn)			PAT (Rs mn)		
	FY20	FY21	FY22	FY20	FY21	FY22	FY20	FY21	FY22
IRB Infra	70,199	60,122	68,906	29,641	21,526	22,632	6,721	408	-1,074
Ashoka Buildcon	40,966	36,870	46,087	5,223	4,056	5,761	3,160	2,318	3,472
Sadbhav Engg	22,005	22,225	27,782	2,685	2,334	3,334	729	225	791
NCC	84,558	76,102	95,128	10,147	8,371	11,178	3,672	1,889	3,973
KNR	23,724	21,351	26,689	4,745	3,736	5,338	2,192	1,233	2,450
ITD Cementation*	27,541	24,787	30,983	2,616	2,231	3,098	525	208	855
PNC Infra	49,096	43,201	54,002	7,695	5,400	7,560	4,634	2,657	4,044
Ahluwalia	16,646	14,981	18,726	1,665	1,648	2,341	755	772	1,294
Adani Ports	1,20,278	1,45,801	1,71,457	76,804	91,985	1,09,955	39,706	39,786	51,759

Change in estimates

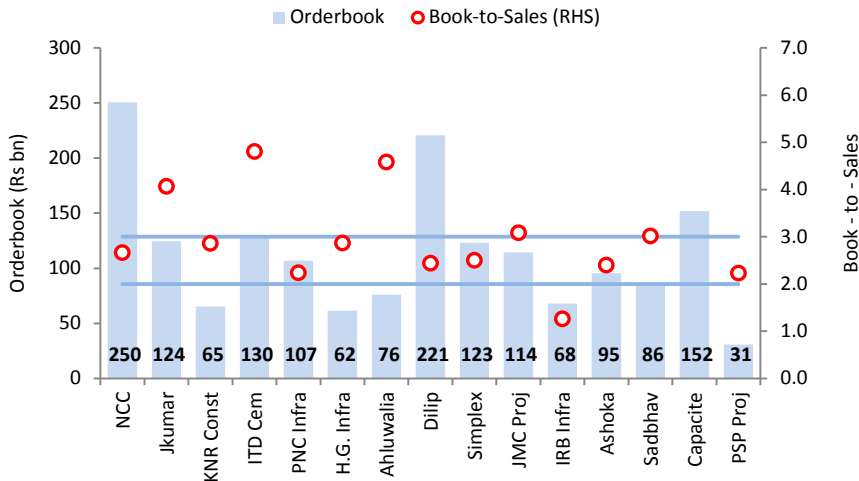
% change	Revenue			EBITDA			PAT		
	FY20	FY21	FY22	FY20	FY21	FY22	FY20	FY21	FY22
IRB Infra	-1%	-1%	0%	-2%	-3%	0%	-10%	-67%	0%
Ashoka Buildcon	-3%	-24%	-17%	-5%	-33%	-17%	-6%	-40%	-22%
Sadbhav Engg	-5%	-26%	-20%	-6%	-36%	-20%	-17%	-81%	-47%
NCC	-7%	-31%	-24%	-8%	-35%	-24%	-15%	-64%	-40%
KNR	-8%	-31%	-28%	-16%	-33%	-20%	-24%	-51%	-25%
ITD Cementation*	-4%	-28%	-23%	-7%	-35%	-23%	-23%	-79%	-32%
PNC Infra	-3%	-27%	-21%	-4%	-35%	-21%	-3%	-44%	-27%
Ahluwalia	-6%	-29%	-23%	-10%	-38%	-23%	-16%	-49%	-28%
Adani Ports	-2%	-10%	-5%	-4%	-11%	-6%	-7%	-23%	-12%
Average	-4%	-25%	-20%	-7%	-31%	-19%	-14%	-59%	-28%

Source: PhillipCapital India Research Estimates

FY22 growth to be driven by the current orderbooks

Our Q3FY20 ‘orderbook keeper’ (read report [here](#)) demonstrates that almost all EPC companies currently have decent orderbooks, representing 2-3x book-to-sales. Few like ITDC, Ahluwalia and Capacité have orderbooks at relatively higher book-to-sales. IRB Infra relatively, has the weakest orderbook.

Most EPC companies have orderbooks in the range of 2.0-3.0x book-to-sales



Almost all EPC companies currently have decent orderbooks, representing 2-3x book-to-sales

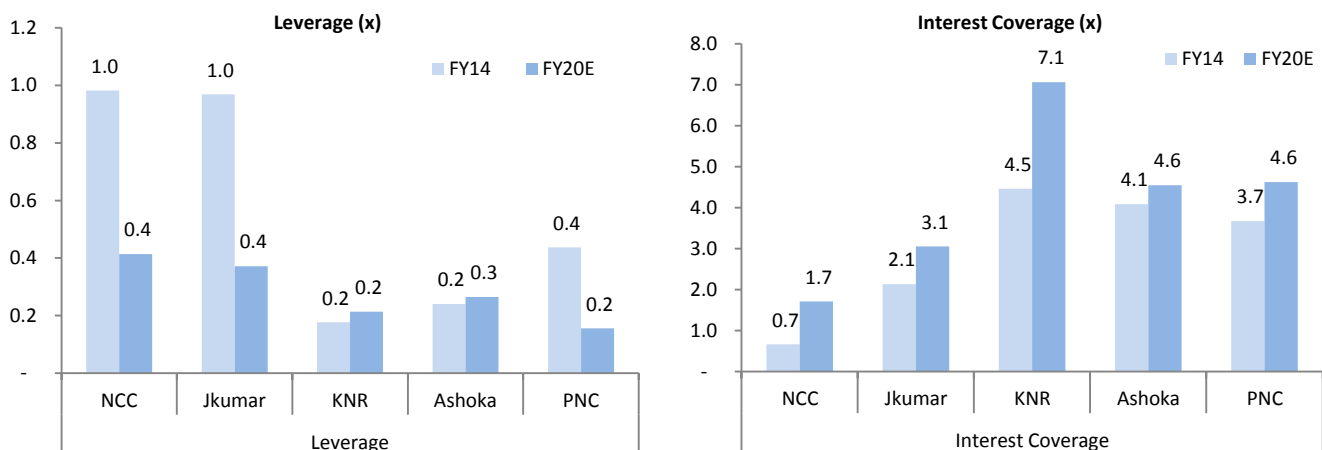
Source: Companies, Phillip Capital India Research

The current orderbooks (average 2-3x book-to-sales) will provide decent revenue visibility for FY22, given that FY21 will anyways the year of moderate execution. Hence even if govt bodies take time to start order awarding in FY21, large part of the growth expected in FY22 can be achieved from the current orderbooks itself. Any meaningful pickup in order award activity, will be cherry on the cake.

Balance sheet much stronger than earlier cycle

Almost all construction companies have leverage less than 0.4x and Interest coverage ratio of more than 2x – unlike the last cycle, where the leverage was high, and interest coverage low. This ensures, that even with complete lockdown and drying up of revenues, the companies do not get into the vicious loop of interest-cashflow-debt – as they had, in the 2011-14 downcycle.

As compared to FY14, the current balance sheets are in much better shape, along with debt serviceability



Source: Companies, Phillip Capital India Research

Recommendations and Valuations

Infrastructure sector – Recommendations based on strengths/weaknesses

	Negatives	Positives	Recommendation
IRB Infra	Weak orderbook; Toll collection to be severely impacted	Lower competition in BOT space; GIC deal improves the balance sheet	-
Ashoka Buildcon	McQ deal will be even more difficult to close now	Diversified orderbook; Strong balance sheet	Wait for clarity on McQ deal to emerge
Sadbhav Engg	Poor succession planning has led to business in doldrums	Cash infusion from SIPL stake sale to improve balance sheet	Avoid at all levels
NCC	Orders stuck in AP	Diversified orderbook; Strong balance sheet - just needs few large orders	BUY
KNR Construction	NA	Superior execution track record; Strong balance sheet	BUY
ITD Cementation	Contingent liability related to metro orders; poor track record	Strong orderbook	Avoid at all levels
PNC Infratech	NA	Superior execution track record; Strong balance sheet	BUY
Ahluwalia Contracts	Inconsistent performer over last many quarters	Strong orderbook; Net cash balance sheet	BUY
Jkumar*	OB concentration in Maharashtra; corporate governance issues in last 3 years	Strong orderbook; Execution expected to return to full swing	-
Dilip Buildcon*	Capital intensive model; Cashflow to remain stretched	Strong execution track record; orderbook diversifying	Avoid
Capacite Infra*	High exposure to private real estate	Strong orderbook; MHADA and CIDCO orders will partly mitigate impact	Avoid
PSP Projects*	High exposure to private real estate	Small local player; works with tier corporates	Avoid

Source: PhillipCapital India Research Estimates (* Not under coverage)

Company	Mkt Cap		Rating	Price		EPC Target Multiple	Our Target EPC Valuation	BOT/Others Valuation	CMP implied FY22 PE (EPC)
	Rs bn	CMP		Target	% Upside				
IRB infra	18.1	52	Buy	125	142%	5.0	89	36	0.9
Ashoka Buildcon	11.3	40	Buy	140	249%	8.0	97	43	-0.2
Sadbhav	4.8	28	Buy	100	257%	5.0	17	83	-14.5
NCC	9.8	16	Buy	60	269%	9.0	60	-	2.5
KNR	26.8	191	Buy	250	31%	12.0	210	40	8.7
ITD Cementation	5.0	29	SELL	25	-14%	5.0	25	-	5.8
PNC Infra	22.0	86	Buy	230	169%	12.0	192	38	3.0
Ahluwalia	11.9	178	Buy	230	29%	12.0	230	-	9.2
Adani Ports*	521.0	252	Buy	370	47%	10.0	370	-	7.8

Source: Company, PhillipCapital India Research Estimates (*EV/EBITDA for Adani Ports)

Valuations

Infrastructure sector – Valuation table

Company	P/E		EV/EBITDA		ROE		D/E		P/BV	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
IRB Infra	2.7	-16.9	7.8	7.8	0.5	-1.4	2.3	2.4	0.2	0.2
Ashoka Buildcon	3.6	3.2	4.3	3.0	8.5	11.4	0.3	0.2	0.4	0.4
Sadbhav Engg	6.6	7.4	8.8	7.8	0.9	3.0	0.8	1.0	0.2	0.2
NCC	2.7	2.5	3.5	2.7	3.7	7.4	0.4	0.4	0.2	0.2
KNR	12.2	10.9	6.4	4.3	7.0	12.3	0.1	0.1	1.5	1.3
ITD Cementation	9.3	5.7	3.8	2.9	1.9	7.4	0.5	0.4	0.5	0.4
PNC Infra	4.7	5.4	4.5	3.3	9.4	12.6	0.1	0.1	0.8	0.7
Ahluwalia	15.8	9.2	5.4	3.8	8.7	12.8	0.0	0.0	1.3	1.2

Company	Orderbook Rs bn	Book-to-Bill	Revenue growth		EBITDA Margin		Earnings Growth		WC Days	
			FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
IRB Infra	68	1.3	-14%	15%	36%	33%	-94%	-363%	-	-
Ashoka Buildcon	95	2.4	-10%	25%	11%	13%	-27%	50%	121	112
Sadbhav Engg	86	3.0	1%	25%	11%	12%	-69%	252%	412	334
NCC	250	2.7	-10%	25%	11%	12%	-49%	110%	239	208
KNR	65	2.9	-10%	25%	18%	20%	-44%	99%	93	99
ITD Cementation	130	4.8	-10%	25%	9%	10%	-60%	311%	123	109
PNC Infra	107	2.2	-12%	25%	13%	14%	-43%	52%	137	135
Ahluwalia	76	4.6	-10%	25%	11%	13%	2%	68%	166	161

Source: PhillipCapital India Research Estimates

Financials (Standalone) - NCC

Income Statement

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Net sales	1,20,798	84,558	76,102	95,128
Growth, %	60	-30	-10	25
Total income	1,20,798	84,558	76,102	95,128
Employee expenses	-4,393	-3,075	-2,768	-3,460
Other Operating expenses	-54,539	-30,443	-27,399	-34,248
EBITDA (Core)	14,230	10,147	8,371	11,178
Growth, %	66.5	(28.7)	(17.5)	33.5
Margin, %	11.8	12.0	11.0	11.8
Depreciation	-1,494	-1,733	-1,795	-1,810
EBIT	12,736	8,414	6,577	9,368
Growth, %	72.7	(33.9)	(21.8)	42.4
Margin, %	10.5	10.0	8.6	9.8
Interest paid	-4,513	-5,326	-5,258	-5,321
Other Non-Operating Income	1,183	1,507	1,200	1,250
Pre-tax profit	8,817	4,202	2,518	5,297
Tax provided	-3,178	-529	-630	-1,324
Profit after tax	5,639	3,672	1,889	3,973
Others (Minorities, Associates)	0	0	0	0
Net Profit	5,639	3,672	1,889	3,973
Growth, %	96.6	(34.9)	(48.6)	110.3
Net Profit (adjusted)	6,052	3,948	1,889	3,973
Unadj. shares (m)	601	601	601	601
Wtd avg shares (m)	601	601	601	601

Orderbook

Y/E Mar, Rs bn	FY19	FY20E	FY21E	FY22E
Orderbook	412	256	260	315
Growth YoY (%)	27%	-38%	2%	21%
Book-to-Sales (x)	3.4	3.0	3.4	3.3
Order Inflow	208	(71)	80	150

Balance Sheet

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Cash & bank	2,990	1,052	1,485	686
Debtors	31,542	26,642	22,935	28,669
Inventory	5,129	3,707	4,587	7,819
Loans & advances	6,725	4,633	4,170	6,516
Total current assets	1,07,438	97,085	94,229	1,04,742
Investments	9,193	8,193	8,193	8,193
Gross fixed assets	19,632	21,132	22,132	23,132
Less: Depreciation	-8,536	-10,268	-12,063	-13,873
Add: Capital WIP	2,132	2,132	2,132	2,132
Net fixed assets	13,229	12,996	12,202	11,392
Total assets	1,31,586	1,20,001	1,16,350	1,26,053
Current liabilities	64,085	48,782	44,297	50,581
Total current liabilities	64,085	48,782	44,297	50,581
Non-current liabilities	19,933	21,033	21,033	21,533
Total liabilities	84,018	69,815	65,330	72,114
Paid-up capital	1,201	1,201	1,201	1,201
Reserves & surplus	46,366	48,984	49,819	52,738
Shareholders' equity	47,568	50,186	51,021	53,939
Total equity & liabilities	1,31,586	1,20,001	1,16,350	1,26,053

Cash Flow

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Pre-tax profit	8,817	4,202	2,518	5,297
Depreciation	1,494	1,733	1,795	1,810
Chg in working capital	-6,943	-6,889	-1,196	-5,027
Total tax paid	-2,113	-529	-630	-1,324
Cash flow from operating activities	1,254	-1,484	2,488	755
Capital expenditure	-6,333	-1,500	-1,000	-1,000
Chg in investments	1,045	1,000	0	0
Cash flow from investing activities	-5,288	-500	-1,000	-1,000
Free cash flow	-4,033	-1,984	1,488	-245
Equity raised/(repaid)	0	0	0	0
Debt raised/(repaid)	6,932	1,100	0	500
Cash flow from financing activities	6,365	46	-1,054	-554
Net chg in cash	2,331	-1,938	434	-799

Valuation Ratios

	FY19	FY20E	FY21E	FY22E
Per Share data				
EPS (INR)	9.4	6.1	3.1	6.6
Growth, %	96.6	(34.9)	(48.6)	110.3
Book NAV/share (INR)	79.2	83.6	84.9	89.8
FDEPS (INR)	10.1	6.6	3.1	6.6
CEPS (INR)	13.5	10.1	6.1	9.6
CFPS (INR)	0.1	(5.0)	2.1	(0.8)
Return ratios				
Return on assets (%)	7.0	5.5	4.2	5.8
Return on equity (%)	12.7	7.9	3.7	7.4
Return on capital employed (%)	13.7	9.9	7.0	9.6
Turnover ratios				
Asset turnover (x)	2.5	1.5	1.3	1.5
Sales/Total assets (x)	1.0	0.7	0.6	0.8
Sales/Net FA (x)	11.2	6.4	6.0	8.1
Working capital/Sales (x)	0.3	0.6	0.6	0.6
Receivable days	95.3	115.0	110.0	110.0
Inventory days	15.5	16.0	22.0	30.0
Payable days	217.4	236.3	235.4	217.2
Working capital days	122.0	204.0	232.4	205.2
Liquidity ratios				
Current ratio (x)	1.7	2.0	2.1	2.1
Quick ratio (x)	1.6	1.9	2.0	1.9
Interest cover (x)	2.8	1.6	1.3	1.8
Total debt/Equity (x)	0.4	0.4	0.4	0.4
Net debt/Equity (x)	0.4	0.4	0.4	0.4
Valuation				
PER (x)	1.6	2.4	5.1	2.4
PEG (x) - y-o-y growth	0.0	(0.1)	(0.1)	0.0
Price/Book (x)	0.2	0.2	0.2	0.2
EV/Net sales (x)	0.2	0.3	0.4	0.3
EV/EBITDA (x)	1.9	2.9	3.5	2.7
EV/EBIT (x)	2.1	3.5	4.4	3.3

Source: Company, PhillipCapital India Research Estimates

Financials (Standalone) – PNC Infratech

Income Statement

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Net sales	30,969	49,096	43,201	54,002
Growth, %	67	59	-12	25
Total income	30,969	49,096	43,201	54,002
Employee expenses	-1,923	-2,981	-2,683	-3,354
Other Operating expenses	-3,333	-5,654	-5,629	-6,226
EBITDA (Core)	4,573	7,695	5,400	7,560
Growth, %	43.4	68.3	(29.8)	40.0
Margin, %	14.8	15.7	12.5	14.0
Depreciation	-922	-1,246	-1,364	-1,431
EBIT	3,651	6,449	4,036	6,129
Growth, %	51.1	76.6	(37.4)	51.8
Margin, %	11.8	13.1	9.3	11.3
Interest paid	-641	-1,169	-939	-982
Other Non-Operating Income	430	425	446	245
Pre-tax profit	3,440	6,061	3,543	5,392
Tax provided	-191	-1,426	-886	-1,348
Profit after tax	3,249	4,634	2,657	4,044
Net Profit	3,249	4,634	2,657	4,044
Growth, %	29.4	31.7	(37.9)	52.2
Net Profit (adjusted)	3,249	4,279	2,657	4,044
Unadj. shares (m)	257	257	257	257
Wtd avg shares (m)	257	257	257	257

Orderbook

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Orderbook	1,22,100	1,23,004	1,29,802	1,50,801
Growth YoY (%)	67%	1%	6%	16%
Book-to-Sales (x)	3.9	2.5	3.0	2.8
Order Inflow	79,889	50,000	50,000	75,000

Balance Sheet

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Cash & bank	3,094	1,364	1,046	813
Debtors	6,154	10,088	10,652	12,576
Inventory	4,036	6,053	6,510	8,137
Loans & advances	6,608	8,743	7,693	9,617
Total current assets	25,203	31,559	31,212	36,453
Investments	5,730	6,558	9,058	10,258
Gross fixed assets	8,621	9,871	10,371	10,871
Less: Depreciation	-2,486	-3,731	-5,095	-6,526
Add: Capital WIP	82	82	82	82
Net fixed assets	6,217	6,221	5,357	4,426
Total assets	37,156	44,344	45,633	51,143
Current liabilities	12,256	14,701	13,982	15,598
Total current liabilities	12,256	14,701	13,982	15,598
Non-current liabilities	3,747	4,007	3,507	3,507
Total liabilities	16,004	18,708	17,490	19,106
Paid-up capital	513	513	513	513
Reserves & surplus	20,639	25,123	27,631	31,524
Shareholders' equity	21,152	25,636	28,144	32,037
Total equity & liabilities	37,156	44,344	45,633	51,143

Cash Flow

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Pre-tax profit	3,440	6,061	3,543	5,392
Depreciation	922	1,246	1,364	1,431
Chg in working capital	-705	-5,642	-689	-3,858
Total tax paid	-176	-1,426	-886	-1,348
Cash flow from operating activities	3,481	238	3,332	1,617
Capital expenditure	-2,964	-1,250	-500	-500
Chg in investments	-782	-828	-2,500	-1,200
Cash flow from investing activities	-3,746	-2,078	-3,000	-1,700
Free cash flow	-265	-1,840	332	-83
Equity raised/(repaid)	0	0	0	0
Debt raised/(repaid)	2,050	260	-500	0
Dividend (incl. tax)	-150	-150	-150	-150
Cash flow from financing activities	1,886	110	-650	-150
Net chg in cash	1,621	-1,730	-318	-233

Valuation Ratios

	FY19	FY20E	FY21E	FY22E
Per Share data				
EPS (INR)	12.7	16.7	10.4	15.8
Growth, %	29.4	31.7	(37.9)	52.2
Book NAV/share (INR)	82.5	99.9	109.7	124.9
FDEPS (INR)	12.7	16.7	10.4	15.8
CEPS (INR)	16.3	20.1	15.7	21.3
CFPS (INR)	11.9	(0.7)	11.2	5.3
Return ratios				
Return on assets (%)	11.2	13.1	7.1	9.5
Return on equity (%)	16.6	18.3	9.9	13.4
Return on capital employed (%)	16.3	19.6	10.5	13.7
Turnover ratios				
Asset turnover (x)	2.1	2.6	2.0	2.3
Sales/Total assets (x)	1.0	1.2	1.0	1.1
Sales/Net FA (x)	6.0	7.9	7.5	11.0
Working capital/Sales (x)	0.3	0.3	0.4	0.4
Receivable days	72.5	75.0	90.0	85.0
Inventory days	47.6	45.0	55.0	55.0
Payable days	167.9	128.6	133.9	121.7
Working capital days	116.1	115.2	136.7	135.5
Liquidity ratios				
Current ratio (x)	2.1	2.1	2.2	2.3
Quick ratio (x)	1.7	1.7	1.8	1.8
Interest cover (x)	5.7	5.5	4.3	6.2
Total debt/Equity (x)	0.2	0.2	0.1	0.1
Net debt/Equity (x)	0.0	0.1	0.1	0.1
Valuation				
PER (x)	6.8	5.2	8.3	5.5
PEG (x) - y-o-y growth	0.2	0.2	(0.2)	0.1
Price/Book (x)	1.0	0.9	0.8	0.7
EV/Net sales (x)	0.7	0.5	0.6	0.5
EV/EBITDA (x)	5.0	3.2	4.5	3.3
EV/EBIT (x)	6.2	3.8	6.1	4.0

Source: Company, PhillipCapital India Research Estimates

Financials (Standalone) – KNR Construction

Income Statement

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Net sales	21,373	23,724	21,351	26,689
Growth, %	11	11	-10	25
Total income	21,373	23,724	21,351	26,689
Employee expenses	-929	-1,031	-928	-1,160
Other Operating expenses	-9,742	-10,809	-10,262	-12,160
EBITDA (Core)	4,270	4,745	3,736	5,338
Growth, %	10.6	11.1	(21.2)	42.9
Margin, %	20.0	20.0	17.5	20.0
Depreciation	-1,681	-1,891	-2,146	-2,316
EBIT	2,589	2,854	1,591	3,022
Growth, %	2.7	10.3	(44.3)	90.0
Margin, %	12.1	12.0	7.5	11.3
Interest paid	-291	-471	-396	-250
Other Non-Operating Income	634	570	450	495
Pre-tax profit	2,906	2,846	1,645	3,267
Tax provided	-273	-655	-411	-817
Profit after tax	2,633	2,192	1,233	2,450
Net Profit	2,633	2,192	1,233	2,450
Growth, %	(2.3)	(17.5)	(43.7)	98.7
Net Profit (adjusted)	2,633	2,192	1,233	2,450
Unadj. shares (m)	141	141	141	141
Wtd avg shares (m)	141	141	141	141

Orderbook

Y/E Mar, Rs bn	FY19	FY20E	FY21E	FY22E
Orderbook	40.2	73.4	72.0	75.4
Growth YoY (%)	73%	83%	-2%	5%
Book-to-Sales (x)	1.9	3.0	3.4	2.8
Order Inflow	38.3	57.3	20.0	30.0

Balance Sheet

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Cash & bank	130	1,430	4,517	5,319
Debtors	2,344	3,250	3,510	4,753
Inventory	951	1,300	1,170	1,828
Loans & advances	1,864	1,950	1,755	2,194
Total current assets	10,176	12,817	15,839	18,981
Investments	6,448	7,074	4,154	5,295
Gross fixed assets	10,752	12,752	13,752	14,752
Less: Depreciation	-6,412	-8,303	-10,448	-12,764
Add: Capital WIP	0	0	0	0
Net fixed assets	4,340	4,450	3,304	1,989
Total assets	22,703	26,080	25,036	28,004
Current liabilities	5,919	6,128	5,883	6,433
Total current liabilities	5,919	6,128	5,883	6,433
Non-current liabilities	2,641	3,641	1,641	1,641
Total liabilities	8,560	9,769	7,525	8,075
Paid-up capital	281	281	281	281
Reserves & surplus	13,862	16,030	17,230	19,648
Shareholders' equity	14,143	16,311	17,512	19,929
Total equity & liabilities	22,703	26,080	25,036	28,004

Cash Flow

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Pre-tax profit	2,906	2,846	1,645	3,267
Depreciation	1,681	1,891	2,146	2,316
Chg in working capital	-1,484	-1,132	-180	-1,790
Total tax paid	-605	-655	-411	-817
Cash flow from operating activities	2,498	2,951	3,200	2,976
Capital expenditure	-2,086	-1,991	-1,000	-1,000
Chg in investments	-1,091	-627	2,920	-1,141
Cash flow from investing activities	-3,177	-2,618	1,920	-2,141
Free cash flow	-679	333	5,120	835
Equity raised/(repaid)	0	0	0	0
Debt raised/(repaid)	439	1,000	-2,000	0
Dividend (incl. tax)	-61	-33	-33	-33
Cash flow from financing activities	371	967	-2,033	-33
Net chg in cash	-308	1,300	3,087	802

Valuation Ratios

	FY19	FY20E	FY21E	FY22E
Per Share data				
EPS (INR)	18.7	15.6	8.8	17.4
Growth, %	(2.3)	(17.5)	(43.7)	98.7
Book NAV/share (INR)	100.6	116.0	124.5	141.7
FDEPS (INR)	18.9	15.6	8.8	17.4
CEPS (INR)	31.0	29.0	24.0	33.9
CFPS (INR)	13.3	17.7	19.6	17.6
Return ratios				
Return on assets (%)	13.3	10.1	5.7	9.8
Return on equity (%)	20.7	14.4	7.3	13.1
Return on capital employed (%)	18.4	13.5	7.5	12.7
Turnover ratios				
Asset turnover (x)	2.8	2.6	2.3	3.0
Receivable days	40.0	50.0	60.0	65.0
Inventory days	16.2	20.0	20.0	25.0
Payable days	122.8	114.7	118.5	107.2
Working capital days	70.5	80.9	93.0	98.9
Liquidity ratios				
Current ratio (x)	1.7	2.1	2.7	3.0
Quick ratio (x)	1.6	1.9	2.5	2.7
Interest cover (x)	8.9	6.1	4.0	12.1
Total debt/Equity (x)	0.2	0.2	0.1	0.1
Net debt/Equity (x)	0.2	0.1	(0.2)	(0.2)
Valuation				
PER (x)	10.1	12.3	21.8	11.0
PEG (x) - y-o-y growth	(4.4)	(0.7)	(0.5)	0.1
Price/Book (x)	1.9	1.6	1.5	1.3
EV/Net sales (x)	1.4	1.2	1.1	0.9
EV/EBITDA (x)	6.9	6.1	6.4	4.3
EV/EBIT (x)	11.3	10.2	15.1	7.7

Source: Company, PhillipCapital India Research Estimates

Financials (Standalone) – Ahluwalia Contracts

Income Statement

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Net sales	17,522	16,646	14,981	18,726
Growth, %	6	-5	-10	25
Total income	17,522	16,646	14,981	18,726
Employee expenses	-1,433	-1,361	-1,225	-1,531
Other Operating expenses	-5,943	-6,036	-5,283	-6,322
EBITDA (Core)	2,163	1,665	1,648	2,341
Growth, %	(1.3)	(23.0)	(1.0)	42.0
Margin, %	12.3	10.0	11.0	12.5
Depreciation	-276	-313	-354	-382
EBIT	1,887	1,352	1,294	1,959
Growth, %	(2.5)	(28.4)	(4.3)	51.4
Margin, %	10.8	8.1	8.6	10.5
Interest paid	-192	-350	-375	-350
Other Non-Operating Income	98	105	110	116
Pre-tax profit	1,793	1,107	1,029	1,725
Tax provided	-620	-352	-257	-431
Profit after tax	1,173	755	772	1,294
Net Profit	1,173	755	772	1,294
Growth, %	1.6	(35.6)	2.2	67.6
Net Profit (adjusted)	1,173	755	772	1,294
Unadj. shares (m)	67	67	67	67
Wtd avg shares (m)	67	67	67	67

Orderbook

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Orderbook	60,380	73,734	68,753	75,027
Growth YoY (%)	96%	22%	-7%	9%
Book-to-Sales (x)	3.4	4.4	4.6	4.0
Order Inflow	47,159	30,000	10,000	25,000

Balance Sheet

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Cash & bank	2,092	2,241	3,281	3,394
Debtors	7,566	7,069	6,362	7,798
Inventory	2,223	2,280	2,463	3,078
Loans & advances	380	365	328	410
Total current assets	12,606	12,300	12,779	15,026
Investments	63	63	63	63
Gross fixed assets	2,613	3,113	3,363	3,613
Less: Depreciation	-751	-1,064	-1,418	-1,800
Add: Capital WIP	4	4	4	4
Net fixed assets	1,866	2,053	1,949	1,817
Total assets	14,834	14,715	15,090	17,205
Current liabilities	6,868	6,323	5,949	6,790
Total current liabilities	6,868	6,323	5,949	6,790
Non-current liabilities	611	309	309	309
Total liabilities	7,479	6,632	6,258	7,099
Paid-up capital	134	134	134	134
Reserves & surplus	7,221	7,950	8,698	9,972
Shareholders' equity	7,355	8,084	8,832	10,106
Total equity & liabilities	14,834	14,715	15,090	17,205

Cash Flow

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Pre-tax profit	1,793	1,107	1,029	1,725
Depreciation	276	313	354	382
Chg in working capital	-497	-90	187	-1,293
Total tax paid	-702	-352	-257	-431
Cash flow from operating activities	869	978	1,313	383
Capital expenditure	-295	-500	-250	-250
Chg in investments	0	0	0	0
Cash flow from investing activities	-295	-500	-250	-250
Free cash flow	574	478	1,063	133
Equity raised/(repaid)	0	-2	0	0
Debt raised/(repaid)	313	-302	0	0
Dividend (incl. tax)	-24	-24	-24	-24
Cash flow from financing activities	271	-328	-24	-24
Net chg in cash	845	150	1,039	109

Valuation Ratios

	FY19	FY20E	FY21E	FY22E
Per Share data				
EPS (INR)	17.5	11.3	11.5	19.3
Growth, %	1.6	(35.6)	2.2	67.6
Book NAV/share (INR)	109.8	120.7	131.8	150.9
FDEPS (INR)	17.5	11.3	11.5	19.3
CEPS (INR)	21.6	15.9	16.8	25.0
CFPS (INR)	11.5	13.0	18.0	4.0
Return ratios				
Return on assets (%)	9.5	6.5	6.7	9.3
Return on equity (%)	17.3	9.8	9.1	13.7
Return on capital employed (%)	17.8	11.8	11.3	15.3
Turnover ratios				
Asset turnover (x)	3.3	2.9	2.7	3.1
Receivable days	157.6	155.0	155.0	152.0
Inventory days	46.3	50.0	60.0	60.0
Payable days	161.5	152.3	160.9	149.7
Working capital days	75.9	81.9	86.5	94.4
Liquidity ratios				
Current ratio (x)	1.8	1.9	2.1	2.2
Quick ratio (x)	1.5	1.6	1.7	1.8
Interest cover (x)	9.8	3.9	3.4	5.6
Total debt/Equity (x)	0.1	0.0	0.0	0.0
Net debt/Equity (x)	(0.2)	(0.2)	(0.3)	(0.3)
Valuation				
PER (x)	10.2	15.8	15.5	9.2
PEG (x) - y-o-y growth	6.5	(0.4)	7.0	0.1
Price/Book (x)	1.6	1.5	1.4	1.2
EV/Net sales (x)	0.6	0.6	0.6	0.5
EV/EBITDA (x)	4.8	6.0	5.4	3.8
EV/EBIT (x)	5.5	7.4	6.9	4.5

Source: Company, PhillipCapital India Research Estimates

Financials (Standalone) – Ashoka Buildcon

Income Statement

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Net sales	38,286	40,966	36,870	46,087
Growth, %	56	7	-10	25
Total income	38,286	40,966	36,870	46,087
Raw material expenses	-14,817	-15,854	-14,268	-17,835
Employee expenses	-1,490	-1,595	-1,435	-1,794
Other Operating expenses	-16,748	-18,295	-17,111	-20,697
EBITDA (Core)	5,232	5,223	4,056	5,761
Growth, %	78.3	(0.2)	(22.4)	42.0
Margin, %	13.7	12.8	11.0	12.5
Depreciation	-783	-1,066	-1,182	-1,285
EBIT	4,449	4,157	2,874	4,476
Growth, %	85.2	(6.6)	(30.9)	55.7
Margin, %	11.6	10.1	7.8	9.7
Interest paid	-909	-916	-1,069	-1,145
Other Non-Operating Income	1,157	1,273	1,285	1,298
Non-recurring Items	-470	0	0	0
Pre-tax profit	4,227	4,514	3,091	4,629
Tax provided	-1,307	-1,354	-773	-1,157
Profit after tax	2,920	3,160	2,318	3,472
Others (Minorities, Associates)	0	0	0	0
Net Profit	2,920	3,160	2,318	3,472
Growth, %	37.1	(2.7)	(26.6)	49.8
Unadj. shares (m)	281	281	281	281
Wtd avg shares (m)	281	281	281	281

Orderbook

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Orderbook	84,390	1,03,424	96,554	1,20,466
Orderbook YoY (%)	44%	23%	-7%	25%
Book-to-Sales (x)	2.2	2.5	2.6	2.6
Order Inflow	64,187	60,000	30,000	70,000

Balance Sheet

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Cash & bank	550	622	1,705	1,598
Debtors	15,513	16,274	15,657	17,677
Inventory	1,527	1,684	2,020	2,525
Loans & advances	13,582	13,468	12,122	15,152
Other current assets	3,700	3,700	3,700	3,700
Total current assets	34,872	35,748	35,204	40,652
Investments	13,841	16,232	19,129	19,129
Gross fixed assets	7,206	8,106	8,606	9,356
Less: Depreciation	-3,407	-4,473	-5,655	-6,940
Add: Capital WIP	55	55	55	55
Net fixed assets	3,854	3,688	3,006	2,471
Total assets	53,086	56,186	57,858	62,771
Current liabilities	23,082	23,720	22,769	24,908
Total current liabilities	23,082	23,720	22,769	24,908
Non-current liabilities	7,883	7,383	7,883	7,383
Total liabilities	30,965	31,103	30,652	32,291
Paid-up capital	1,404	1,404	1,404	1,404
Reserves & surplus	20,717	23,680	25,802	29,077
Shareholders' equity	22,121	25,084	27,205	30,481
Total equity & liabilities	53,086	56,186	57,858	62,771

Source: Company, PhillipCapital India Research Estimates

Cash Flow

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Pre-tax profit	4,227	4,514	3,091	4,629
Depreciation	783	1,066	1,182	1,285
Chg in working capital	-7,467	-167	677	-3,417
Total tax paid	-1,477	-1,354	-773	-1,157
Cash flow from operating activities	-3,934	4,059	4,177	1,340
Capital expenditure	-2,313	-900	-500	-750
Chg in investments	-659	-2,391	-2,897	0
Cash flow from investing activities	-2,972	-3,291	-3,397	-750
Free cash flow	-6,906	768	780	590
Equity raised/(repaid)	0	0	0	0
Debt raised/(repaid)	6,284	-500	500	-500
Other financing activities	88	0	0	0
Cash flow from financing activities	6,222	-697	303	-697
Net chg in cash	-685	71	1,083	-107

Valuation Ratios

	FY19	FY20E	FY21E	FY22E
Per Share data				
EPS (INR)	11.6	11.3	8.3	12.4
Growth, %	37.1	(2.7)	(26.6)	49.8
Book NAV/share (INR)	78.8	89.4	96.9	108.6
FDEPS (INR)	11.6	11.3	8.3	12.4
CEPS (INR)	16.0	15.1	12.5	16.9
CFPS (INR)	(18.1)	9.9	10.3	0.1
Return ratios				
Return on assets (%)	7.5	6.8	5.2	6.9
Return on equity (%)	14.7	12.6	8.5	11.4
Return on capital employed (%)	13.7	11.9	8.7	11.3
Turnover ratios				
Asset turnover (x)	3.6	2.7	2.6	3.0
Receivable days	147.9	145.0	155.0	140.0
Inventory days	14.6	15.0	20.0	20.0
Payable days	247.2	235.1	245.5	219.1
Working capital days	107.2	101.6	106.2	112.0
Liquidity ratios				
Current ratio (x)	1.5	1.5	1.5	1.6
Quick ratio (x)	1.4	1.4	1.5	1.5
Interest cover (x)	4.9	4.5	2.7	3.9
Total debt/Equity (x)	0.4	0.3	0.3	0.2
Net debt/Equity (x)	0.3	0.3	0.2	0.2
Valuation				
PER (x)	3.5	3.6	4.8	3.2
Price/Book (x)	0.5	0.4	0.4	0.4
EV/Net sales (x)	0.5	0.4	0.5	0.4
EV/EBITDA (x)	3.5	3.4	4.3	3.0
EV/EBIT (x)	4.2	4.3	6.1	3.8

Financials (Consolidated) – IRB Infrastructure

Income Statement

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Net sales	67,070	70,199	60,122	68,906
Growth, %	18	5	-14	15
Total income	67,070	70,199	60,122	68,906
Raw material expenses	-31,200	-35,298	-34,091	-41,111
Employee expenses	-2,862	-3,085	-2,642	-3,028
Other Operating expenses	-3,636	-2,175	-1,862	-2,135
EBITDA (Core)	29,373	29,641	21,526	22,632
Growth, %	9.6	0.9	(27.4)	5.1
Margin, %	43.8	42.2	35.8	32.8
Depreciation	-5,395	-4,675	-7,153	-8,468
EBIT	23,978	24,967	14,374	14,164
Growth, %	12.3	4.1	(42.4)	(1.5)
Margin, %	35.8	35.6	23.9	20.6
Interest paid	-11,201	-16,157	-16,629	-18,684
Other Income	0	0	0	0
Pre-tax profit	14,733	10,723	-253	-2,418
Tax provided	-6,234	-4,002	-477	-309
Profit after tax	8,500	6,721	-730	-2,727
Others (Minorities, Associates)	0	0	1,138	1,653
Net Profit	8,500	6,721	408	-1,074
Growth, %	(7.6)	(20.9)	(93.9)	(363.2)
Unadj. shares (m)	351	351	351	351
Wtdavg shares (m)	351	351	351	351

Balance Sheet

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Cash & bank	15,603	17,766	23,401	21,455
Debtors	1,135	962	824	944
Inventory	4,425	5,193	4,447	5,097
Loans & advances	3,418	3,847	3,294	3,776
Other current assets	4,855	4,855	4,855	4,855
Total current assets	29,436	32,622	36,821	36,127
Investments	6,454	6,454	6,454	6,454
Gross fixed assets	3,76,841	3,77,341	3,77,841	3,78,341
Less: Depreciation	-9,522	-14,196	-21,349	-29,817
Add: Capital WIP	78	37,426	57,305	75,793
Net fixed assets	3,67,398	4,00,571	4,13,798	4,24,317
Total assets	4,04,961	4,41,320	4,58,746	4,68,571
Current liabilities	41,100	39,841	39,643	40,797
Gross Debt	1,66,318	1,58,990	1,73,010	1,80,732
Non-current liabilities	1,34,392	1,33,649	1,32,588	1,31,641
Total liabilities	3,41,809	3,32,481	3,45,240	3,53,169
Paid-up capital	3,515	3,515	3,515	3,515
Reserves & surplus	59,637	69,404	72,052	71,992
Shareholders' equity	63,152	1,08,839	1,13,506	1,15,402
Total equity & liabilities	4,04,961	4,41,320	4,58,746	4,68,571

Source: Company, PhillipCapital India Research Estimates

Cash Flow

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Pre-tax profit	14,733	10,723	-253	-2,418
Depreciation	5,395	4,675	7,153	8,468
Chg in working capital	-35,691	-3,024	175	-1,044
Total tax paid	-4,379	-4,002	-477	-309
Cash flow from operating activities	-19,942	8,371	6,598	4,697
Capital expenditure	-5,600	-37,848	-20,380	-18,988
Chg in investments	3,001	0	0	0
Cash flow from investing activities	-2,599	-37,848	-20,380	-18,988
Free cash flow	-22,541	-29,476	-13,782	-14,290
Equity raised/(repaid)	-1,214	4,074	3,268	2,043
Debt raised/(repaid)	27,739	-7,327	14,019	7,722
Dividend (incl. tax)	-1,028	-1,028	-1,028	-1,028
Other financing activities	-31	0	0	0
Cash flow from financing activities	25,465	31,639	19,416	12,345
Net chg in cash	2,925	2,163	5,634	-1,945

*Equity raised for FY20-21 represents the grant component of HAM projects

Valuation Ratios

	FY19	FY20E	FY21E	FY22E
Per Share data				
EPS (INR)	24.2	19.1	1.2	(3.1)
Growth, %	(7.6)	(20.9)	(93.9)	(363.2)
Book NAV/share (INR)	179.7	207.5	215.0	214.8
FDEPS (INR)	24.2	19.1	1.2	(3.1)
CEPS (INR)	39.5	32.4	21.5	21.0
CFPS (INR)	(62.3)	18.4	13.1	7.4
DPS (INR)	2.5	2.5	2.5	2.5
Return ratios				
Return on assets (%)	3.8	3.9	2.0	1.7
Return on equity (%)	13.5	9.2	0.5	(1.4)
Return on capital employed (%)	4.3	4.3	0.5	(1.4)
Turnover ratios				
Asset turnover (x)	0.4	0.3	0.2	0.3
Sales/Total assets (x)	0.2	0.2	0.1	0.1
Sales/Net FA (x)	0.2	0.2	0.1	0.2
Working capital/Sales (x)	(0.4)	(0.4)	(0.4)	(0.4)
Receivable days	6.2	5.0	5.0	5.0
Inventory days	24.1	27.0	27.0	27.0
Payable days	389.5	350.7	366.7	315.0
Working capital days	(148.4)	(129.9)	(159.2)	(138.4)
Liquidity ratios				
Current ratio (x)	0.7	0.8	0.9	0.9
Quick ratio (x)	0.6	0.7	0.8	0.8
Interest cover (x)	2.1	1.5	0.9	0.8
Dividend cover (x)	9.7	7.6	0.5	(1.2)
Total debt/Equity (x)	2.6	2.2	2.3	2.4
Net debt/Equity (x)	2.4	1.9	2.0	2.1
Valuation				
PER (x)	2.2	2.7	44.8	(17.0)
Price/Book (x)	0.3	0.3	0.2	0.2
EV/Net sales (x)	2.5	2.3	2.8	2.6
EV/EBITDA (x)	5.7	5.4	7.8	7.8
EV/EBIT (x)	7.0	6.4	11.7	12.5

Financials (Standalone) – Sadbhav Engineering

Income Statement

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Net sales	35,492	22,005	22,225	27,782
Growth, %	1	-38	1	25
Total income	35,492	22,005	22,225	27,782
Employee expenses	-1,676	-880	-889	-1,111
Other Operating expenses	-29,537	-11,839	-12,335	-15,002
EBITDA (Core)	4,279	2,685	2,334	3,334
Growth, %	3.1	(37.3)	(13.1)	42.9
Margin, %	12.1	12.2	10.5	12.0
Depreciation	-958	-1,102	-1,186	-1,287
EBIT	3,321	1,583	1,147	2,046
Growth, %	4.7	(52.3)	(27.5)	78.3
Margin, %	9.4	7.2	5.2	7.4
Interest paid	-1,103	-961	-1,129	-1,286
Other Non-Operating Income	357	267	281	295
Pre-tax profit	2,583	889	300	1,055
Tax provided	-714	-160	-75	-264
Profit after tax	1,869	729	225	791
Growth, %	(15.7)	(60.8)	(69.2)	252.0
Unadj. shares (m)	172	172	208	208
Wtd avg shares (m)	172	172	208	208

Orderbook

Y/E Mar, Rs bn	FY19	FY20E	FY21E	FY22E
Orderbook	112.3	81.3	74.0	76.3
Growth YoY (%)	-15%	-28%	-9%	3%
Book-to-Sales (x)	3.2	3.7	3.3	2.7
Order Inflow	15.3	(9.0)	15.0	30.0

Balance Sheet

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Cash & bank	604	1,643	740	495
Debtors	16,416	16,579	15,223	15,223
Inventory	1,792	1,206	1,522	1,522
Loans & advances	10,948	11,153	11,265	13,320
Other current assets	4,159	4,159	4,159	4,159
Total current assets	33,918	34,740	32,909	34,719
Investments	6,094	6,094	7,736	11,429
Gross fixed assets	8,010	8,510	9,260	10,010
Less: Depreciation	-3,038	-4,140	-5,326	-6,613
Add: Capital WIP	0	0	0	0
Net fixed assets	4,972	4,370	3,934	3,396
Total assets	45,977	46,198	45,572	50,538
Current liabilities	9,767	9,357	8,112	8,737
Total current liabilities	9,767	9,357	8,112	8,737
Non-current liabilities	15,873	15,873	16,373	20,373
Total liabilities	25,641	25,231	24,486	29,110
Paid-up capital	172	172	172	172
Reserves & surplus	20,165	20,795	20,915	21,257
Shareholders' equity	20,337	20,967	21,086	21,429
Total equity & liabilities	45,977	46,198	45,572	50,538

Cash Flow

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Pre-tax profit	2,583	889	300	1,055
Depreciation	958	1,102	1,186	1,287
Chg in working capital	-1,955	-193	-317	-1,431
Total tax paid	-714	-160	-75	-264
Cash flow from operating activities	871	1,638	1,094	648
Capital expenditure	-905	-500	-750	-742
Chg in investments	-319	0	-1,642	-3,694
Cash flow from investing activities	-1,224	-500	-2,392	-4,436
Free cash flow	-353	1,138	-1,298	-3,788
Equity raised/(repaid)	243	7	0	-351
Debt raised/(repaid)	1,026	0	500	4,000
Dividend (incl. tax)	-187	-105	-105	-105
Other financing activities	-253	0	0	0
Cash flow from financing activities	830	-99	395	3,543
Net chg in cash	477	1,039	-903	-245

Valuation Ratios

	FY19	FY20E	FY21E	FY22E
Per Share data				
EPS (INR)	10.8	4.2	1.1	3.8
Growth, %	(15.7)	(60.8)	(74.6)	252.0
Book NAV/share (INR)	118.5	122.2	101.4	103.1
FDEPS (INR)	10.8	4.2	1.1	3.8
CEPS (INR)	16.4	10.7	6.8	10.0
CFPS (INR)	3.0	8.0	3.9	1.7
DPS (INR)	1.0	0.5	0.4	0.4
Return ratios				
Return on assets (%)	5.7	2.8	1.9	3.2
Return on equity (%)	9.2	3.5	1.1	3.7
Return on capital employed (%)	7.3	3.6	2.4	3.9
Turnover ratios				
Asset turnover (x)	1.3	0.8	0.8	1.0
Receivable days	168.8	275.0	250.0	200.0
Inventory days	18.4	20.0	25.0	20.0
Payable days	113.9	176.8	148.9	130.4
Working capital days	242.2	393.8	395.1	334.9
Liquidity ratios				
Current ratio (x)	3.5	3.7	4.1	4.0
Quick ratio (x)	3.3	3.6	3.9	3.8
Interest cover (x)	3.0	1.6	1.0	1.6
Dividend cover (x)	10.8	8.1	2.5	8.8
Total debt/Equity (%)	0.8	0.8	0.8	1.0
Net debt/Equity (%)	0.8	0.7	0.7	0.9
Valuation				
PER (x)	2.6	6.6	25.9	7.4
Price/Book (x)	0.2	0.2	0.3	0.3
EV/Net sales (x)	0.6	0.9	1.0	0.9
EV/EBITDA (x)	4.7	7.1	9.2	7.7
EV/EBIT (x)	6.0	12.0	18.7	12.6

Source: Company, PhillipCapital India Research Estimates

Financials (Consolidated) – ITD Cementation

Income Statement

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Net sales	31,651	27,541	24,787	30,983
Growth, %	54	-13	-10	25
Raw material expenses	-11,956	-10,403	-9,363	-11,703
Employee expenses	-3,981	-3,464	-3,118	-3,897
Other Operating expenses	-12,543	-11,057	-10,075	-12,284
EBITDA (Core)	3,171	2,616	2,231	3,098
Growth, %	16.8	(17.5)	(14.7)	38.9
Margin, %	10.0	9.5	9.0	10.0
Depreciation	-824	-935	-1,055	-1,122
EBIT	2,346	1,682	1,176	1,976
Growth, %	9.8	(28.3)	(30.1)	68.0
Margin, %	7.4	6.1	4.7	6.4
Interest paid	-1,243	-1,282	-1,226	-1,167
Other Non-Operating Income	243	60	63	66
Share of JV Profits / Exceptional	-1	240	265	265
Pre-tax profit	1,345	700	278	1,140
Tax provided	-513	-175	-69	-285
Profit after tax	832	525	208	855
Growth, %	14.0	(36.9)	(60.3)	310.9
Net Profit (adjusted)	832	525	208	855
Unadj. shares (m)	172	172	172	172
Wtd avg shares (m)	172	172	172	172

FY19* comprises of five quarters

Orderbook

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Orderbook	99,926	1,32,385	1,32,599	1,51,616
Growth YoY (%)	33%	32%	0%	14%
Book-to-Sales (x)	3.2	4.8	5.3	4.9
Order Inflow	56,445	60,000	25,000	50,000

Balance Sheet

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Cash & bank	1,087	1,720	1,687	758
Debtors	4,396	4,527	5,093	6,366
Inventory	2,461	2,641	2,716	2,377
Loans & advances	9,450	10,186	9,168	11,460
Total current assets	17,394	19,074	18,664	20,960
Investments	6	6	6	6
Gross fixed assets	6,896	7,646	8,146	8,646
Less: Depreciation	-1,601	-2,532	-3,587	-4,710
Add: Capital WIP	73	73	73	73
Net fixed assets	5,368	5,187	4,632	4,009
Total assets	25,973	27,472	26,507	28,181
Current liabilities	10,420	10,956	10,343	11,722
Total current liabilities	10,420	10,956	10,343	11,722
Non-current liabilities	5,323	5,823	5,323	4,823
Total liabilities	15,742	16,779	15,666	16,544
Paid-up capital	172	172	172	172
Reserves & surplus	10,037	10,500	10,648	11,443
Shareholders' equity	10,230	10,694	10,842	11,637
Total equity & liabilities	25,973	27,472	26,507	28,181

Source: Company, PhillipCapital India Research Estimates

Cash Flow

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Pre-tax profit	1,345	700	278	1,140
Depreciation	824	935	1,055	1,122
Chg in working capital	-4,156	-512	-236	-1,847
Total tax paid	-549	-175	-69	-285
Cash flow from operating activities	-2,535	948	1,028	131
Capital expenditure	-1,190	-754	-500	-500
Chg in investments	0	0	0	0
Cash flow from investing activities	-1,190	-754	-500	-500
Free cash flow	-3,725	194	528	-369
Equity raised/(repaid)	3,313	-1	0	0
Debt raised/(repaid)	437	500	-500	-500
Cash flow from financing activities	3,718	437	-560	-560
Net chg in cash	-7	632	-33	-929

Valuation Ratios

	FY19	FY20E	FY21E	FY22E
Per Share data				
EPS (INR)	4.8	3.1	1.2	5.0
Growth, %	3.0	(36.9)	(60.3)	310.9
Book NAV/share (INR)	59.4	62.1	63.0	67.6
FDEPS (INR)	4.8	3.1	1.2	5.0
CEPS (INR)	9.6	8.5	7.4	11.5
CFPS (INR)	(11.5)	3.8	4.1	(1.2)
Return ratios				
Return on assets (%)	6.4	4.9	3.5	5.6
Return on equity (%)	8.1	4.9	1.9	7.4
Return on capital employed (%)	12.1	8.1	5.8	9.5
Turnover ratios				
Asset turnover (x)	3.4	2.4	2.2	2.6
Sales/Total assets (x)	1.3	1.0	0.9	1.1
Sales/Net FA (x)	6.1	5.2	5.0	7.2
Working capital/Sales (x)	0.19	0.23	0.27	0.27
Receivable days	63.2	60.0	75.0	75.0
Inventory days	35.4	35.0	40.0	28.0
Payable days	159.5	154.1	160.3	147.7
Working capital days	84.6	84.8	97.7	99.9
Liquidity ratios				
Current ratio (x)	1.7	1.7	1.8	1.8
Quick ratio (x)	1.4	1.5	1.5	1.6
Interest cover (x)	1.9	1.3	1.0	1.7
Total debt/Equity (x)	0.5	0.5	0.5	0.4
Net debt/Equity (x)	0.4	0.4	0.3	0.3
Valuation				
PER (x)	5.8	9.2	23.1	5.6
PEG (x) - y-o-y growth	1.9	(0.2)	(0.4)	0.0
Price/Book (x)	0.5	0.5	0.4	0.4
EV/Net sales (x)	0.3	0.3	0.3	0.3
EV/EBITDA (x)	2.9	3.4	3.8	2.9
EV/EBIT (x)	3.9	5.3	7.2	4.5

Financials (Consolidated) – Adani Ports & SEZ

Income Statement

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Net sales	1,09,254	1,20,278	1,45,801	1,71,457
Growth, %	-4	10	21	18
Total income	1,09,254	1,20,278	1,45,801	1,71,457
Employee expenses	-5,298	-4,296	-5,670	-6,317
Other Operating expenses	-33,282	-39,178	-48,146	-55,185
EBITDA (Core)	70,675	76,804	91,985	1,09,955
Growth, %	(1.1)	8.7	19.8	19.5
Margin, %	64.7	63.9	63.1	64.1
Depreciation	-13,735	-16,489	-21,372	-21,872
EBIT	56,940	60,315	70,612	88,082
Growth, %	(4.4)	5.9	17.1	24.7
Margin, %	52.1	50.1	48.4	51.4
Interest paid	-14,283	-19,345	-26,413	-26,693
Other Non-Operating Income	13,623	16,772	19,349	22,684
Non-recurring Items	-5,018	-4,924	-2,500	-2,000
Pre-tax profit	51,263	52,818	61,048	82,074
Tax provided	-10,815	-12,739	-19,684	-28,011
Profit after tax	40,448	40,079	41,364	54,063
Net Profit	44,920	44,630	42,286	53,759
Growth, %	8.3	(0.6)	(5.3)	27.1
Net Profit (adjusted)	39,903	39,706	39,786	51,759
Unadj. shares (m)	2,070	2,031	2,031	2,070
Wtd avg shares (m)	2,070	2,031	2,031	2,071

Cargo Assumptions

Mn tonnes	FY19	FY20E	FY21E	FY22E
Total Cargo	208.2	226.0	287.7	322.2
% YoY Growth	15%	9%	27%	12%
Mundra Cargo	137.3	146.9	145.7	161.3
% YoY Growth	13%	7%	-1%	11%
Dhamra Cargo	21.0	24.0	26.0	28.7
% YoY Growth	-2%	14%	9%	10%

Balance Sheet

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Cash & bank	59,673	34,552	10,109	24,580
Debtors	24,319	30,263	44,384	49,447
Inventory	8,067	8,406	11,096	12,362
Loans & advances	27,672	30,263	44,384	54,391
Other current assets	1,01,388	1,01,388	89,388	89,388
Total current assets	2,21,119	2,04,872	1,99,361	2,30,169
Investments	7,823	7,823	7,823	7,823
Gross fixed assets	2,99,844	3,42,963	4,80,363	5,04,363
Less: Depreciation	-51,309	-67,798	-89,170	-1,11,043
Add: Capital WIP	77,514	88,294	1,22,644	1,28,644
Net fixed assets	3,26,049	3,63,459	5,13,836	5,21,964
Total assets	5,65,275	5,86,438	7,31,304	7,70,239
Current liabilities	45,914	41,538	41,969	42,171
Total current liabilities	45,914	41,538	41,969	42,171
Non-current liabilities	2,71,879	2,82,534	3,69,653	3,65,386
Total liabilities	3,17,793	3,24,073	4,11,622	4,07,557
Paid-up capital	4,142	4,064	4,064	4,064
Reserves & surplus	2,41,240	2,55,829	2,93,168	3,33,864
Shareholders' equity	2,47,481	2,62,365	3,19,682	3,62,682
Total equity & liabilities	5,65,274	5,86,438	7,31,304	7,70,239

Source: Company, PhillipCapital India Research Estimates

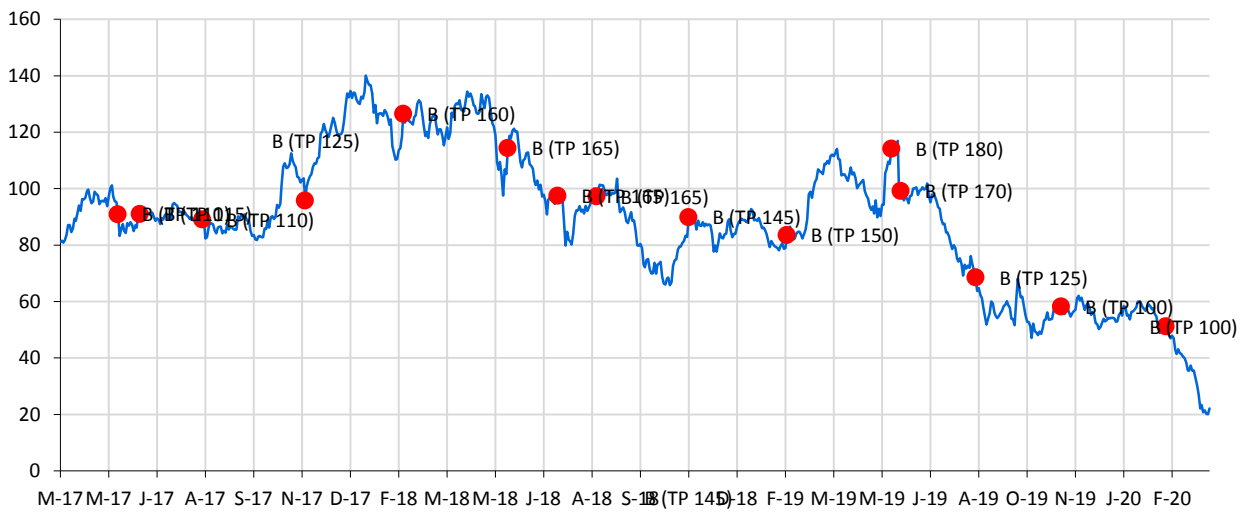
Cash Flow

Y/E Mar, Rs mn	FY19	FY20E	FY21E	FY22E
Pre-tax profit	51,263	52,818	61,048	82,074
Depreciation	13,735	16,489	21,372	21,872
Chg in working capital	-14,751	-13,250	-18,501	-16,134
Total tax paid	-7,993	-12,739	-19,684	-28,011
Cash flow from operating activities	42,254	43,318	44,235	59,802
Capital expenditure	-67,631	-53,897	-1,71,750	-30,000
Chg in investments	2,966	0	0	0
Cash flow from investing activities	-64,665	-53,897	-1,71,750	-30,000
Free cash flow	-22,412	-10,579	-1,27,515	29,802
Equity raised/(repaid)	3,620	-22,750	0	-8,641
Debt raised/(repaid)	57,558	10,655	87,119	-4,267
Dividend (incl. tax)	-766	-2,447	-3,493	-4,136
Other financing activities	-8,061	0	0	0
Cash flow from financing activities	52,409	-14,542	1,03,071	-15,330
Net chg in cash	29,997	-25,121	-24,443	14,472

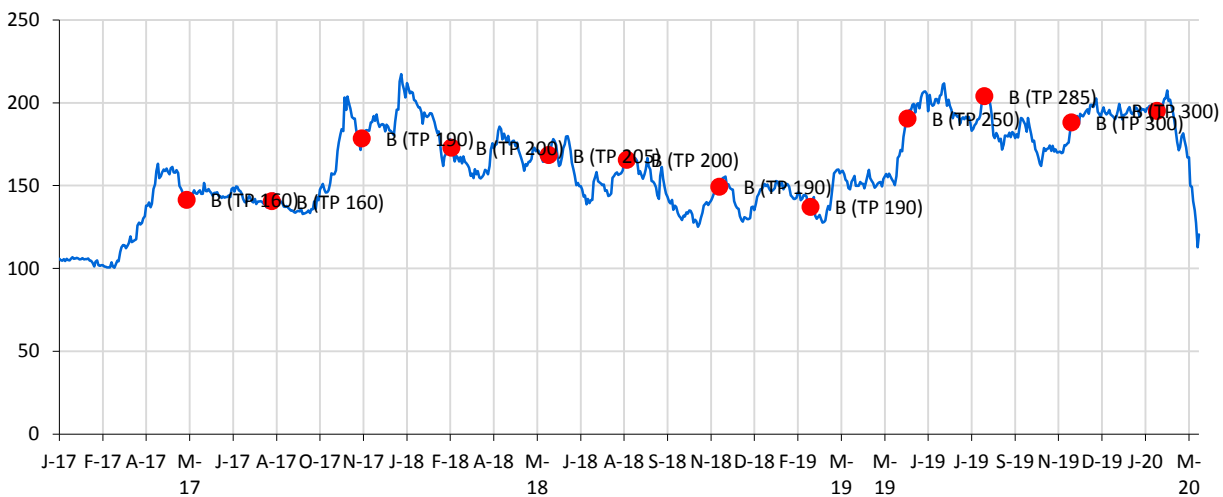
Valuation Ratios

	FY19	FY20E	FY21E	FY22E
Per Share data				
EPS (INR)	19.3	19.6	19.6	25.0
Growth, %	8.3	1.3	(5.3)	24.7
Book NAV/share (INR)	118.5	128.0	146.4	163.2
FDEPS (INR)	21.7	22.0	20.8	26.0
CEPS (INR)	30.8	32.5	32.6	37.5
CFPS (INR)	13.8	13.1	12.3	17.9
DPS (INR)	0.2	1.0	1.0	1.0
Return ratios				
Return on assets (%)	9.5	9.0	8.6	9.3
Return on equity (%)	18.3	17.2	14.2	15.9
Return on capital employed (%)	10.4	9.7	9.2	9.8
Turnover ratios				
Asset turnover (x)	0.3	0.3	0.3	0.3
Sales/Total assets (x)	0.2	0.2	0.2	0.2
Sales/Net FA (x)	0.4	0.3	0.3	0.3
Working capital/Sales (x)	1.1	1.1	1.0	1.0
Working capital days	386.0	390.8	368.7	347.9
Liquidity ratios				
Current ratio (x)	4.8	4.9	4.8	5.5
Quick ratio (x)	4.6	4.7	4.5	5.2
Interest cover (x)	4.0	3.1	2.7	3.3
Dividend cover (x)	108.5	22.0	20.8	26.0
Total debt/Equity (%)	1.1	1.1	1.2	1.1
Net debt/Equity (%)	0.9	1.0	1.2	1.0
Valuation				
PER (x)	11.3	11.1	11.8	9.4
Price/Book (x)	2.1	1.9	1.7	1.5
EV/Net sales (x)	6.6	6.2	5.9	4.9
EV/EBITDA (x)	10.2	9.7	9.3	7.7
EV/EBIT (x)	12.6	12.4	12.1	9.6

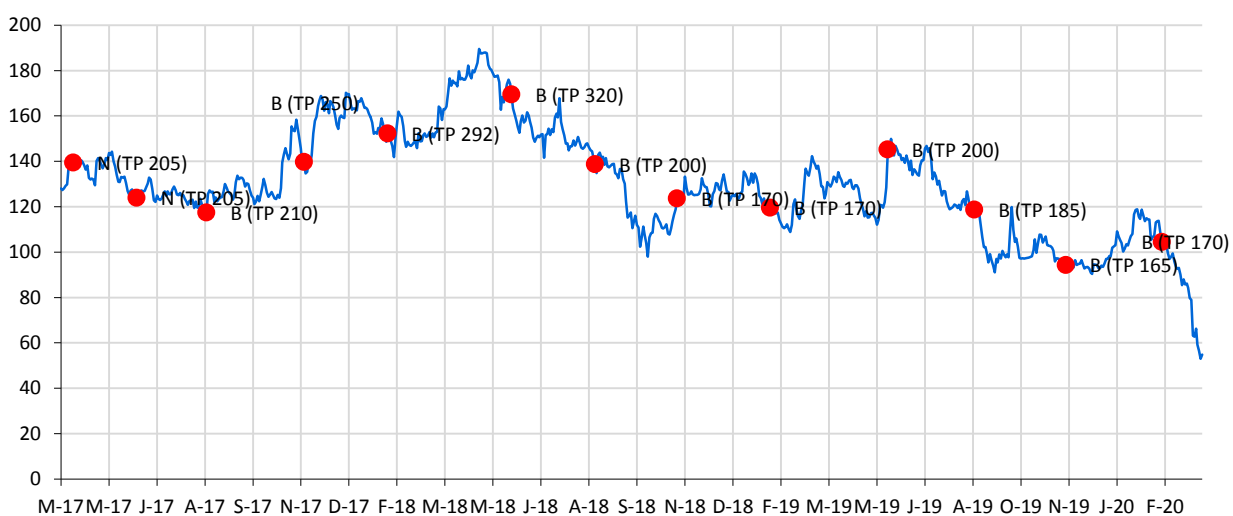
Stock Price, Price Target and Rating History - NCC

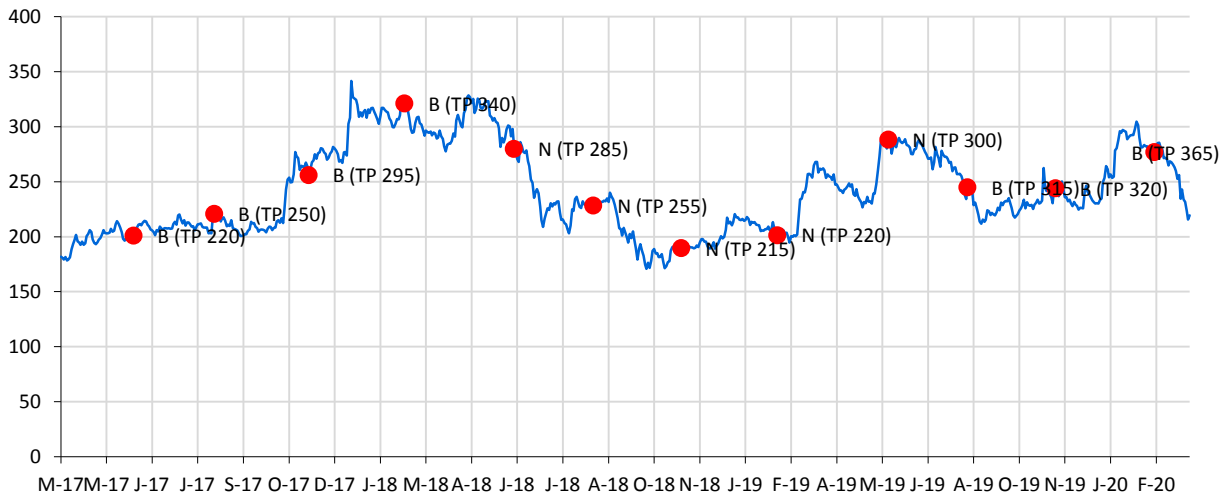
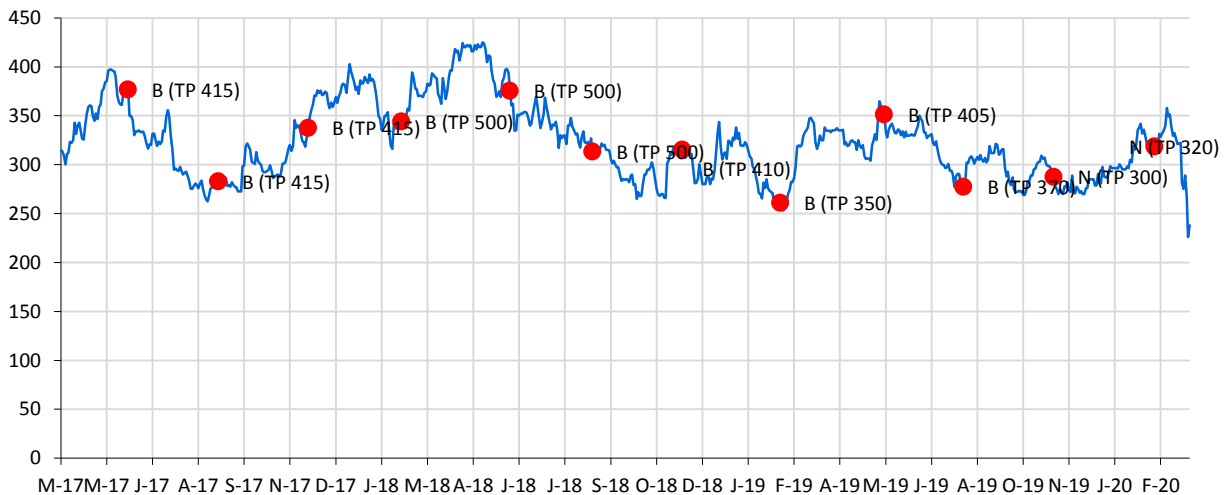
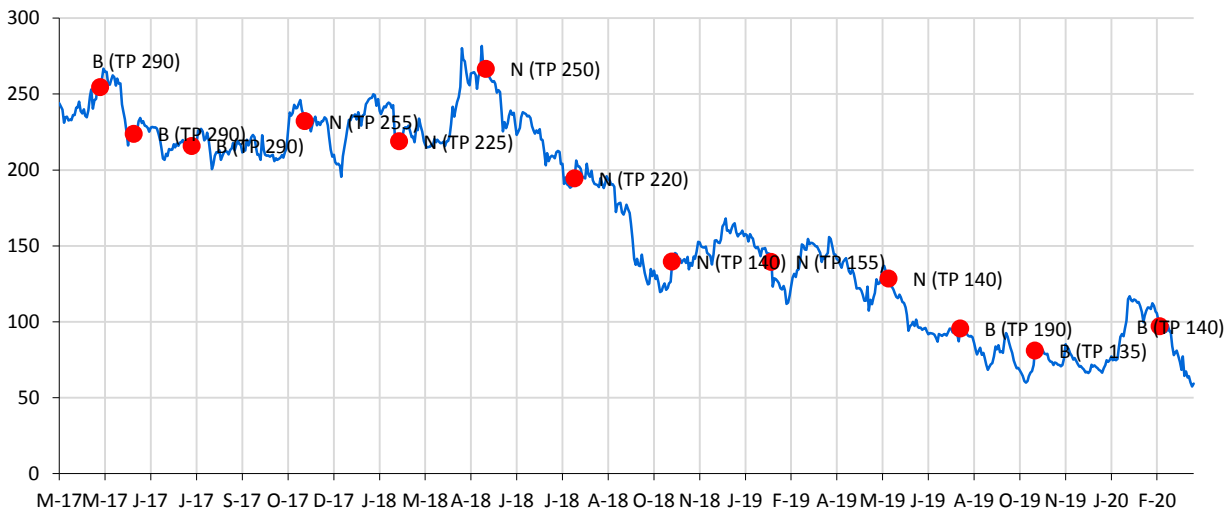


Stock Price, Price Target and Rating History – PNC Infratech

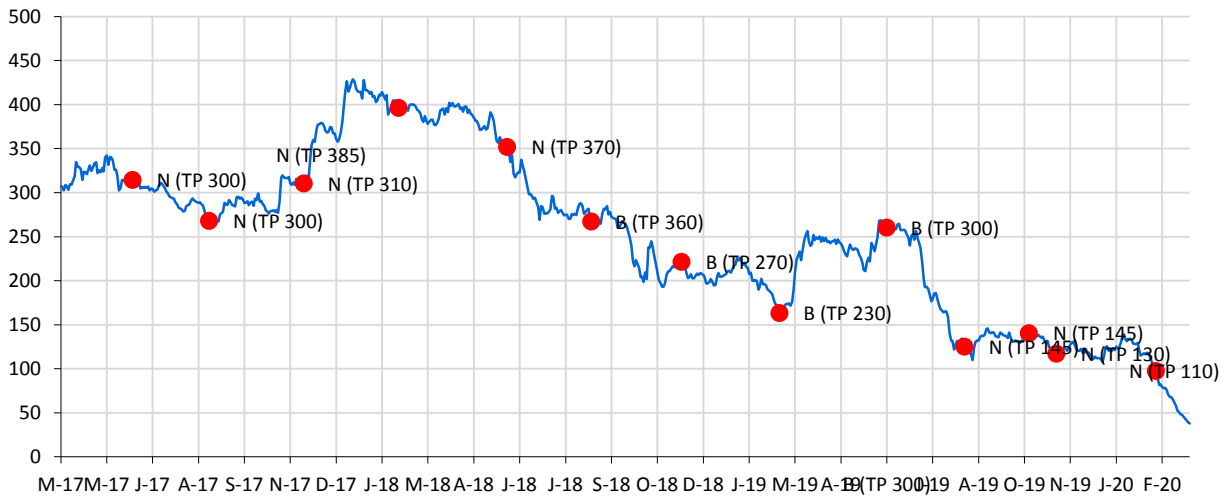


Stock Price, Price Target and Rating History – Ashoka Buildcon

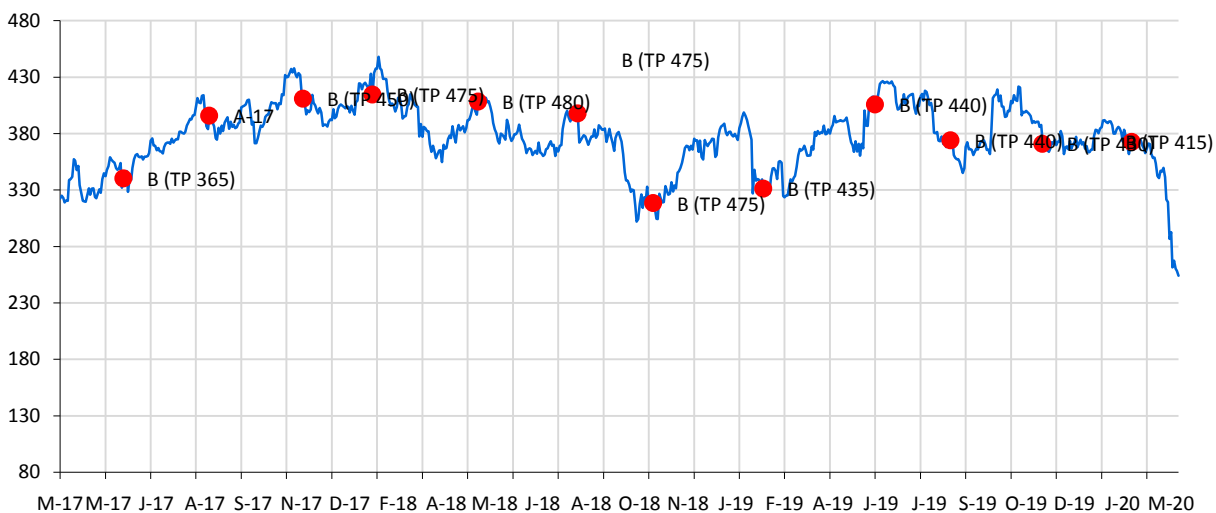


Stock Price, Price Target and Rating History – KNR Construction

Stock Price, Price Target and Rating History – Ahluwalia Contracts

Stock Price, Price Target and Rating History – IRB Infrastructure


Stock Price, Price Target and Rating History – Sadbhav Engineering



Stock Price, Price Target and Rating History – Adani Ports & SEZ



Rating Methodology

We rate stock on absolute return basis. Our target price for the stocks has an investment horizon of one year. We have different threshold for large market capitalisation stock and Mid/small market capitalisation stock. The categorisation of stock based on market capitalisation is as per the SEBI requirement.

Large cap stocks

Rating	Criteria	Definition
BUY	$\geq +10\%$	Target price is equal to or more than 10% of current market price
NEUTRAL	$-10\% > \text{to} < +10\%$	Target price is less than +10% but more than -10%
SELL	$\leq -10\%$	Target price is less than or equal to -10%.

Mid cap and Small cap stocks

Rating	Criteria	Definition
BUY	$\geq +15\%$	Target price is equal to or more than 15% of current market price
NEUTRAL	$-15\% > \text{to} < +15\%$	Target price is less than +15% but more than -15%
SELL	$\leq -15\%$	Target price is less than or equal to -15%.

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