

BUY

TP: Rs 600 | ▲ 54%

DILIP BUILDCON

Infrastructure

06 August 2019

Delayed appointed dates continue to hurt revenue

Dilip Buildcon (DBL) reported below-expected Q1FY20 revenue at Rs 23bn, down 6% YoY, due to execution constraints from delays in award of appointed dates for HAM projects. EBITDA margin expanded 25bps YoY to 18% (17.5% est.) on receipt of an early completion bonus (Rs 379mn) for the Lucknow-Sultanpur works. Higher interest cost and depreciation charge (post Ind-AS 116) contributed to a 51% YoY drop in PAT to Rs 1.3bn. We crop FY20/FY21 EPS by 11%/10% and roll to a revised Jun'20 TP of Rs 600 (from Rs 730).

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Execution constraints persist: Revenue fell 6% YoY to Rs 22.9bn (Rs 24.5bn est.) due to delayed appointed dates (AD) for HAM projects. EBITDA slipped 5% YoY, while EBITDA margin came in at 18% (17.5% est.) led by an early completion bonus for the Lucknow-Sultanpur HAM project.

PAT slumps: Adoption of Ind-AS 116 saw depreciation expense rising 39% YoY/20% QoQ to Rs 1bn. Interest cost rose 31% YoY/11% QoQ to Rs 1.6bn due to higher bank guarantee charges and interest on capitalised asset. Earnings were weak, sliding 51% YoY to Rs 1.3bn. DBL's order backlog as on Jun'19 was Rs 190bn (2.1x TTM revenue), with the executable backlog share at ~75%.

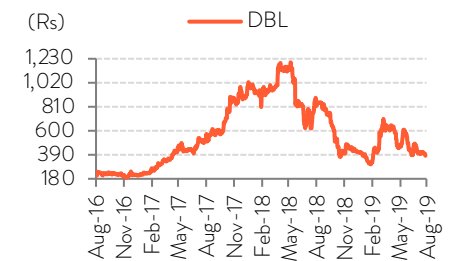
FY20 outlook unchanged: Management maintained its guidance of 15-20% revenue growth and EBITDA margins in the range of 17-18%. DBL also retained the outlook on effective tax rate (30-32%) and net D/E (0.8x as on Mar'20), with zero capex for FY20. ADs for the remaining two HAM projects are expected by end Sep'19 or early Oct'19.

Maintain BUY: We cut FY20/FY21 earnings ~10% to bake in lower revenues and higher interest/depreciation cost while paring our target P/E for the EPC business from 12x to 10x on near-term execution challenges, yielding a TP of Rs 600.

Ticker/Price	DBL IN/Rs 391
Market cap	US\$ 758.2mn
Shares o/s	137mn
3M ADV	US\$ 2.7mn
52wk high/low	Rs 750/Rs 312
Promoter/FPI/DII	76%/10%/5%

Source: NSE

STOCK PERFORMANCE



KEY FINANCIALS (STANDALONE)

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
Adj. net profit (Rs mn)	6,355	7,607	5,351	6,614	8,248
Adj. EPS (Rs)	46.5	55.6	39.1	48.4	60.3
Adj. EPS growth (%)	63.4	19.7	(29.7)	23.6	24.7
Adj. ROAE (%)	29.5	26.9	15.4	16.3	17.3
Adj. P/E (x)	8.4	7.0	10.0	8.1	6.5
EV/EBITDA (x)	5.6	5.1	4.9	4.2	3.7

Source: Company, BOBCAPS Research

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Important disclosures, including any required research certifications, are provided at the end of this report.

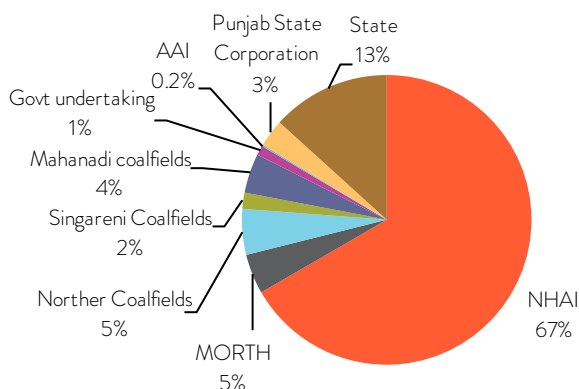


FIG 1 – QUARTERLY PERFORMANCE – STANDALONE

(Rs mn)	Q1FY20	Q1FY19	YoY (%)	Q4FY19	QoQ (%)
Revenue	22,880	24,363	(6.1)	25,710	(11.0)
Total Expenditure	18,759	20,037	(6.4)	21,214	(11.6)
EBITDA	4,121	4,326	(4.7)	4,495	(8.3)
EBITDA margins (%)	18.0	17.8	25bps	17.5	53bps
Other income	121	91	32.2	191	(36.6)
Interest *	1,588	1,211	31.2	1,428	11.2
Depreciation *	1,047	754	38.8	870	20.3
PBT	1,607	2,452	(34.5)	2,388	(32.7)
PBT margin (%)	7.0	10.1	(304bps)	9.3	(226bps)
Total tax	354	(96)	(468.3)	231	53.4
Effective tax rate (%)	22.1	(3.9)	2,598bps	9.7	1,238bps
Adjusted PAT	1,252	2,549	(50.9)	2,157	(41.9)
Extraordinary Items	-	-	-	42.66	-
Reported PAT	1,252	2,549	(50.9)	2,199	(43.0)
Adjusted PAT margin (%)	5.5	10.5	(499bps)	8.4	(291bps)
EPS (Rs)	9.2	18.6	(50.9)	15.8	(41.9)
% growth YoY					
Revenue	(6.1)	46.4	-	0.5	-
EBITDA	(4.7)	44.1	-	(4.9)	-
Other income	32.2	244.3	-	366.4	-
Interest	31.2	9.4	-	13.4	-
Depreciation	38.8	15.9	-	19.9	-
PBT	(34.5)	92.8	-	(14.2)	-
Adjusted PAT	(50.9)	107.8	-	1.2	-
Reported PAT	(50.9)	107.8	-	1.2	-
EPS (Rs)	(50.9)	107.8	-	(7.3)	-

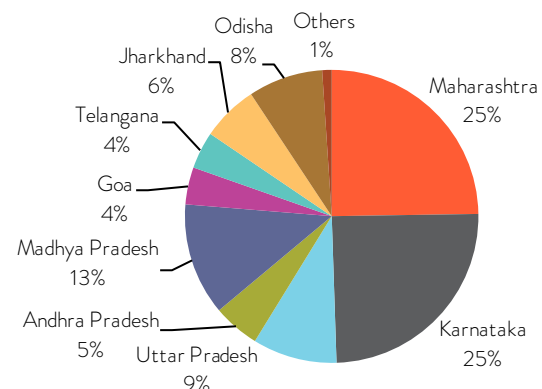
Source: Company, BOBCAPS Research | *Note: Due to adoption of Ind-AS 116 'Leases', interest cost and depreciation for Q1FY20 went up by Rs 18.5mn and Rs 101.1mn respectively. However, the company has not restated comparative results and hence the numbers are not comparable

FIG 2 – ORDER BACKLOG BREAKUP CLIENT-WISE



Source: Company, BOBCAPS Research

FIG 3 – ORDER BACKLOG BREAKUP STATE-WISE



Source: Company, BOBCAPS Research

FIG 4 – STANDALONE REVENUE: SEGMENTAL BREAKUP

(Rs mn)	Q1FY18	Q2FY18	Q3FY18	Q4FY18	FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	FY19	Q1FY20
Roads & Bridges	13,929	13,664	16,915	22,193	66,694	21,847	14,251	21,807	22,235	80,136	19,423
Irrigation	711	284	279	336	1,610	351	25	-	-	380	-
Urban Development	11	9	16	279	315	114	82	236	680	1,112	173
Mining	1,927	1,857	2,178	2,450	8,411	2,028	1,834	2,834	2,700	9,396	3,128
Others	62	4	33	321	429	23	45	(5)	95	158	156
Total	16,641	15,818	19,421	25,579	77,459	24,363	16,237	24,872	25,710	91,182	22,880
% growth YoY											
Roads & Bridges	55.8	62.2	33.6	41.5	45.9	56.8	4.3	28.9	0.2	20.2	(11.1)
Irrigation	(25.9)	(42.6)	(61.5)	(53.0)	(42.2)	(50.6)	(91.2)	(100.0)	(100.0)	(76.4)	NM
Urban Development	(97.3)	(91.2)	(52.9)	8.6	(65.1)	936.4	811.1	1,375.0	143.7	253.5	51.8
Mining	2,065.2	1,275.6	364.4	245.6	501.2	5.2	(1.2)	30.1	10.2	11.7	54.2
Others	110.3	(32.9)	370.8	137.0	139.5	(63.2)	1,055.6	(114.1)	(70.5)	(63.1)	578.4
Total	59.7	72.6	39.8	46.1	52.0	46.4	2.7	28.1	0.5	17.7	(6.1)
% share											
Roads & Bridges	83.7	86.4	87.1	86.8	86.1	89.7	87.8	87.7	86.5	87.9	84.9
Irrigation	4.3	1.8	1.4	1.3	2.1	1.4	0.2	-	-	0.4	-
Urban Development	0.1	0.1	0.1	1.1	0.4	0.5	0.5	0.9	2.6	1.2	0.8
Mining	11.6	11.7	11.2	9.6	10.9	8.3	11.3	11.4	10.5	10.3	13.7
Others	0.4	0.0	0.2	1.3	0.6	0.1	0.3	(0.0)	0.4	0.2	0.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Company, BOBCAPS Research

FIG 5 – ORDER BACKLOG AND ORDER INFLOW TREND

(Rs mn)	Q1FY18	Q2FY18	Q3FY18	Q4FY18	FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	FY19	Q1FY20
Order backlog	1,56,297	1,42,044	1,23,571	2,38,810	2,38,881	2,40,903	2,39,351	2,31,002	2,11,718	2,11,718	1,90,290
Order inflow	1,250	-	-	1,41,139	1,42,389	25,855	7,175	23,941	4,286	61,257	-
Book-to-bill ratio (x)	2.7	2.2	1.8	3.1	3.1	2.8	2.8	2.5	2.3	2.3	2.1
Order backlog break-up											
Roads & Bridges	1,27,632	1,15,056	98,857	2,19,250	2,19,250	2,24,040	2,11,504	1,87,547	1,71,141	1,71,141	1,53,025
Irrigation	1,125	1,420	1,236	426	426	72	-	5,366	5,366	5,366	5,366
Urban Development	3,345	2,841	3,707	1,400	1,400	1,012	892	4,907	4,729	4,729	4,545
Mining	24,195	22,727	19,771	17,805	17,805	15,779	26,955	33,182	30,482	30,482	27,354
Total	1,56,297	1,42,044	1,23,571	2,38,881	2,38,881	2,40,903	2,39,351	2,31,002	2,11,718	2,11,718	1,90,290
% share											
Roads & Bridges	81.7	81.0	80.0	91.8	91.8	93.0	88.4	81.2	80.8	80.8	80.4
Irrigation	0.7	1.0	1.0	0.2	0.2	0.0	-	2.3	2.5	2.5	2.8
Urban Development	2.1	2.0	3.0	0.6	0.6	0.4	0.4	2.1	2.2	2.2	2.4
Mining	15.5	16.0	16.0	7.5	7.5	6.6	11.3	14.4	14.4	14.4	14.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Company, BOBCAPS Research

FIG 6 – BALANCE SHEET – STANDALONE

(Rs mn)	FY17	FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	FY19	Q1FY20
Share capital	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368
Reserves & Surplus	17,161	23,203	25,758	26,394	28,480	30,677	30,677	31,846
Shareholders' Funds	18,529	24,571	27,125	27,762	29,848	32,044	32,044	33,214
Debt	25,634	29,549	32,914	36,086	36,988	35,764	35,764	35,723
Deferred Tax Liabilities	759	1,067	897	698	73	171	171	2
Total Capital Employed	44,922	55,186	60,935	64,546	66,909	67,979	67,979	68,939
Net Fixed Assets	16,825	18,319	18,126	18,046	18,768	20,822	20,822	21,179
Tangible Assets	16,785	18,319	17,906	17,814	18,505	20,482	20,482	20,855
Intangible assets	40	-	27	24	22	341	341	323
CWIP	-	-	193	208	241	-	-	1
Investments	4,695	2,415	2,420	2,421	2,873	5,238	5,238	6,382
Non-current investments	4,695	2,415	2,420	2,421	2,873	5,238	2,365	6,382
Current Investments								
Current Assets								
Inventories	16,639	20,262	20,111	21,343	22,212	25,038	25,038	25,793
Trade Receivables	10,165	16,040	13,770	12,476	12,284	14,093	14,093	14,143
Cash and bank balance	1,137	1,613	2,023	1,583	2,239	1,888	1,888	2,291
Loans and Advances	2,113	6,297	5,529	5,951	8,268	7,778	7,778	8,144
Other current assets	12,663	25,570	23,250	25,064	25,939	31,453	31,453	32,398
Total (a)	42,717	69,782	64,683	66,417	70,942	80,249	80,249	82,769
Current Liabilities								
Trade payables	6,630	15,078	13,924	11,283	13,827	17,241	17,241	17,045
Current liabilities	12,381	19,736	9,813	10,229	10,974	20,118	20,118	23,376
Provisions	304	732	773	826	873	971	971	970
Total (b)	19,315	35,546	24,510	22,338	25,674	38,329	38,329	41,391
Net Current assets (a-b)	23,402	34,236	40,173	44,079	45,268	41,919	41,919	41,378
Assets held for sale	-	216	216	-	-	-	-	-
Total Assets	44,922	55,186	60,935	64,546	66,909	67,979	67,979	68,939

Source: Company, BOBCAPS Research

FIG 7 – SCHEDULE OF EQUITY INVESTMENT IN 12 NEW HAM PROJECTS (RS 15.3BN; PENDING RS 10.3BN)

(Rs bn)	Requirement	FY19	Q1FY20	Q2FY20E	Q3FY20E	Q4FY20E	FY20E	FY21E
Investment in 12 new HAM projects	15,315	3,893	1,158	2,556	2,348	1,890	7,952	3,470

Source: Company, BOBCAPS Research

FIG 8 – MONETISATION OF ROAD ASSETS: RS 4.5BN PENDING FROM SHREM GROUP

Sr. No.	Particulars (Rs mn)	Total	FY19	Q1FY20	Q2FY20E	Q3FY20E
A	Amount receivable by DBL					
(i)	Consideration against 18 (14+4) completed assets	8,140	7,000	160	980	-
(ii)	DBL's upfront equity investment in 6 under construction HAM projects (26% of Rs. 7,880 Mn)	2,050*	-	-	1,010	1,040
	Total (A)	10,190	7,000	160	1,990	1,040
B	74% equity investment in 6 under construction HAM projects	-	-	-	-	-
(i)	To be invested as per project progress (74% of Rs. 7,880 Mn)	5,830	4,010	320	380	1,120**
	Total (B)	5,830	4,010	320	380	1,120
	Grand Total (A+B)	16,020	11,010	480	2,370	2,160
	Cumulative		11,010	11,490	13,860	16,020

Source: Company, BOBCAPS Research | *Upfront 26% equity is repayable by Shrem to DBL on COD and transfer of 49% stake of respective project | **Actual amount may be lower in view of early completion of projects, resulting in savings in project cost

FIG 9 – HAM PROJECTS

12 HAM Project	Appointed date	Equity (Rs mn)	Total project cost (Rs mn)
DBL Rewa Sidhi Highways Pvt Ltd	14.12.2018	906	8,152
DBL Chandikhole Bhadrak Highways Pvt Ltd	16.12.2018	1,222	12,613
DBL Byrapura Challakere Highways Pvt Ltd	31.12.2018	812	6,708
DBL Anandpuram Anakapalli Highways Pvt Ltd	04.01.2019	2,202	17,717
DBL Mangloor Highways Pvt Ltd	12.04.2019	868	7,461
DBL Borgaon Watambare Highways Pvt Ltd	22.04.2019	986	8,448
DBL Banglaore Nidagatta Highways Pvt Ltd	14.05.2019	2,190	20,048
DBL Sangli-Borgaon Highways Pvt Ltd	23.05.2019	1,052	8,768
DBL Mangalwedha Solapur Highways Pvt Ltd	23.05.2019	1,086	9,480
DBL Gorhar Khiratunda Highways Pvt Ltd	19.07.2019	738	7,644
DBL Nidgatta -Myosre Highways Pvt Ltd	Awaited	2,284	20,926
DBL Bellary Byrapura Highways Pvt. Ltd	Awaited	1,180	11,076
Total		15,526	1,39,041

Source: Company, BOBCAPS Research

FIG 10 – ORDER INFLOWS TO DATE IN FY20 AT RS 12BN

Project Name	Type	Awarding authority	Project cost ex-GST (Rs mn)	LOA date	Awarded in
Extra-dosed bridge across Sharavathi backwaters, Karnataka	Road	MORTH	3,215	30-Jul-2019	Q2FY20
Construction of Kharkai Dam at Icha, Jharkhand	Irrigation	Water Resources Department, Jharkhand	8,681	Awaited	Q2FY20
Total			11,896		

Source: Company, BOBCAPS Research

Other result highlights

- Of the total mobilisation advances of Rs 12.4bn due to the company, DBL has received Rs 7.6bn to date (Rs 3.3bn in Q1FY20 and Rs 4.3bn so far in Q2). Management expects to receive the pending advances of Rs 4.8bn partly in Q2FY20 (Rs 1.8bn) and the balance in Q3 (Rs 3bn).
- As on date, ADs are pending for 2 of 12 HAM projects. Management expects the AD for Bellary-Byrapura by Sep'19 and for Nidgatta-Mysore by Oct'19.
- FY20 order inflow guidance stands at Rs 120bn-150bn, with 80% likely from the roads sector. Revenue mix guidance stands at ~20% from the roads sector and the balance from other sectors.
- DBL has completed six projects in FY20 YTD including three ahead of schedule, for which it is entitled to early completion bonus of Rs 913mn (Rs 379mn received so far). The remainder is likely to come in by Q2/Q3FY20.
- Management highlighted plans to sell the portfolio of 12 HAM projects in bundles of two or three packages each. The first bundle is likely to include five projects and the stake sale is expected to be concluded by the end of Q3FY20 (in advanced discussions with financial investors).
- The stake sale deal with Shrem Group (for older projects) is likely to be concluded by end-Q3FY20 on receipt of pending approvals from NHAI.
- The current NHAI bid pipeline stands at ~Rs 600bn, of which the share of EPC projects stands at Rs 350bn-400bn and the balance are HAM projects. DBL plans to focus on bids in the EPC space. As per management, the awarding from NHAI is likely to commence from Oct'19.
- Management highlighted the huge opportunity arising from the central government's recently announced Jal Shakti scheme. Under this scheme, ~90 dam projects are likely to come up for bids (first project won by the company in Q2FY20). The competitive intensity in this segment is low with only 4-5 players in the fray, resulting in better margins.
- DBL recently hired the ex-CMD of IRCON to focus on bids from the railway segment. As on date, the company has identified ~Rs 100bn worth of relevant bids from the railways segment which it intends to participate in.
- Inventory days remained high at 104 days in Q1. However, the company expects this to normalise to ~90 days by end of Mar'20.
- Gross debt remained unchanged QoQ, while it went up by Rs 2.8bn YoY to Rs 35.7bn as on Jun'19. Net D/E stood at 1x (1.1x as on Jun'19/Mar'19).

Valuation methodology

DBL, with its strong execution capabilities and well-funded balance sheet, is well placed to benefit from growth opportunities offered by India's roads, railways and irrigation sectors. We expect the company to be a prime beneficiary of NHAI's strong ~Rs 600bn bid pipeline over the next 6-9 months. Led by a healthy order backlog, we forecast a revenue and pre-tax earnings CAGR of 14% and 15% respectively for the company over FY19-FY22.

Post Q1FY20 results, we pare our FY20/FY21 EPS estimates by 11.4%/9.9% to bake in lower revenues and higher interest & depreciation expenses. The stock is trading at 8.2x/6.6x FY20E/FY21E standalone earnings, adjusted for Rs 87/sh of asset value. We reiterate BUY and roll forward to a revised Jun'20 SOTP-based target price of Rs 600 (Rs 730 earlier).

For our SOTP model, we value (i) the standalone EPC business at Rs 513/sh based on 10x Jun'21E earnings (down from 12x earlier due to near-term growth headwinds from execution challenges and muted order inflows), and (ii) HAM projects at Rs 87/sh (implied P/BV of 1x for equity investment in 12 projects as on Mar'20E). Maintain BUY.

FIG 11 – REVISED ESTIMATES

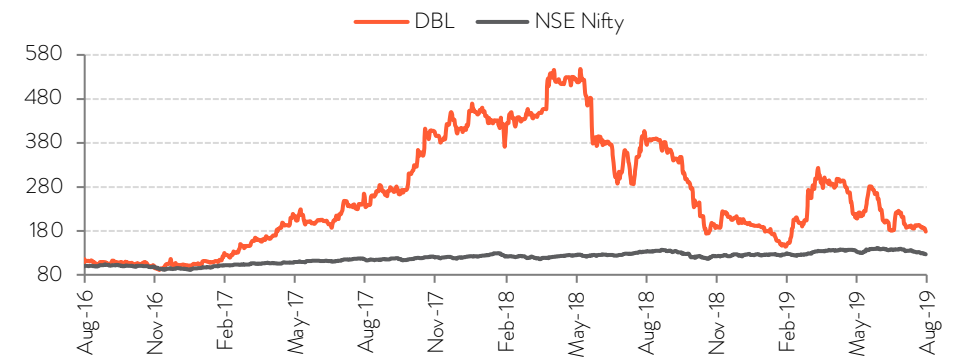
(Rs mn)	FY20E			FY21E		
	Old	New	Change (%)	Old	New	Change (%)
Revenue	1,04,244	1,00,378	(3.7)	1,18,925	1,15,713	(2.7)
EBITDA	18,246	17,708	(3.0)	20,842	20,237	(2.9)
EBITDA margin (%)	17.5	17.6	14bps	17.5	17.5	(4bps)
Adjusted PAT	6,042	5,351	(11.4)	7,339	6,614	(9.9)
PAT margin (%)	5.8	5.3	(46.6)	6.2	5.7	(45.5)

Source: Company, BOBCAPS Research

FIG 12 – SOTP-BASED JUN'20 TARGET PRICE OF RS 600

Business	Rationale	Value (Rs mn)	Multiple (x)	Valuation (Rs mn)	Value per share (Rs)
Standalone business (EPC)	P/E on Jun'21E earnings	7,022	10.0	70,224	513
Value of 12 HAM projects	P/BV – Equity investment as on Mar'20E	11,845	1.0	11,845	87
Target price				82,069	600
O/s shares (mn)				137	

Source: Company, BOBCAPS Research

FIG 13 – RELATIVE STOCK PERFORMANCE

Source: NSE

Key risks

- **Slowdown in road sector capex:** Capex in the road sector has witnessed some revival over the last two years. Any slowdown in project awarding would impact the company's growth and our estimates.
- **Delay in execution of projects in hand/awards:** DBL has the largest fleet of construction equipment compared to its road segment peers and hence is under greater obligation to have reasonably strong asset utilisation to preserve return ratios. Execution hurdles due to delays in land acquisition, delay in appointed dates, regulatory bottlenecks or sluggish award progression from the government would drive return ratios lower and lead to P/E compression.
- **Slide in working capital efficiency:** DBL follows a 100% backward integration business model. Thus, its net working capital days are usually higher than most peers. Any further increase in this metric would worsen return ratios.

FINANCIALS (STANDALONE)

Income Statement

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue	77,459	91,182	100,378	115,713	134,260
EBITDA	14,028	16,044	17,708	20,237	23,429
EBIT	11,278	12,842	13,551	15,820	18,570
Net interest income/(expenses)	(4,644)	(5,299)	(6,371)	(6,427)	(6,749)
Other income/(expenses)	155	464	463	478	489
Exceptional items	0	0	0	0	0
EBT	6,789	8,007	7,644	9,872	12,310
Income taxes	(434)	(400)	(2,293)	(3,258)	(4,062)
Extraordinary items	(152)	43	0	0	0
Min. int./Inc. from associates	0	0	0	0	0
Reported net profit	6,203	7,649	5,351	6,614	8,248
Adjustments	0	0	0	0	0
Adjusted net profit	6,355	7,607	5,351	6,614	8,248

Balance Sheet

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Accounts payables	15,078	17,241	17,827	20,606	24,057
Other current liabilities	0	0	0	0	0
Provisions	732	971	823	1,030	1,104
Debt funds	29,549	35,764	32,819	34,073	32,578
Other liabilities	19,736	20,118	21,895	24,495	27,563
Equity capital	1,368	1,368	1,368	1,368	1,368
Reserves & surplus	23,203	30,677	35,862	42,310	50,392
Shareholders' fund	24,571	32,044	37,229	43,678	51,760
Total liabilities and equities	89,665	106,138	110,592	123,882	137,061
Cash and cash eq.	1,613	1,887	1,967	1,985	2,020
Accounts receivables	20,480	23,093	27,426	31,702	36,416
Inventories	20,262	25,038	24,683	28,532	32,921
Other current assets	0	0	0	0	0
Investments	2,415	5,238	7,189	9,271	9,398
Net fixed assets	18,319	20,822	18,166	17,249	16,390
CWIP	0	0	0	0	0
Intangible assets	0	0	0	0	0
Deferred tax assets, net	(1,067)	(171)	96	393	762
Other assets	27,643	30,231	31,066	34,751	39,155
Total assets	89,665	106,138	110,592	123,882	137,061

Source: Company, BOBCAPS Research

Cash Flows

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Net income + Depreciation	8,953	10,851	9,507	11,031	13,107
Interest expenses	4,644	5,299	6,371	6,427	6,749
Non-cash adjustments	152	0	0	0	0
Changes in working capital	(10,268)	(8,091)	(2,866)	(6,520)	(7,284)
Other operating cash flows	0	0	0	0	0
Cash flow from operations	3,481	8,059	13,012	10,937	12,571
Capital expenditures	(4,244)	(5,705)	(1,500)	(3,500)	(4,000)
Change in investments	2,280	(2,823)	(1,951)	(2,082)	(127)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(1,964)	(8,528)	(3,451)	(5,582)	(4,127)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	3,915	6,215	(2,945)	1,255	(1,495)
Interest expenses	(4,644)	(5,299)	(6,371)	(6,427)	(6,749)
Dividends paid	(165)	(165)	(165)	(165)	(165)
Other financing cash flows	(146)	(7)	0	0	0
Cash flow from financing	(1,042)	744	(9,481)	(5,338)	(8,410)
Changes in cash and cash eq.	476	274	79	18	35
Closing cash and cash eq.	1,613	1,887	1,967	1,985	2,020

Per Share

Y/E 31 Mar (Rs)	FY18A	FY19A	FY20E	FY21E	FY22E
Reported EPS	45.4	55.9	39.1	48.4	60.3
Adjusted EPS	46.5	55.6	39.1	48.4	60.3
Dividend per share	1.0	1.0	1.0	1.0	1.0
Book value per share	179.6	234.3	272.2	319.4	378.4

Valuations Ratios

Y/E 31 Mar (x)	FY18A	FY19A	FY20E	FY21E	FY22E
EV/Sales	1.0	0.9	0.9	0.7	0.6
EV/EBITDA	5.6	5.1	4.9	4.2	3.7
Adjusted P/E	8.4	7.0	10.0	8.1	6.5
P/BV	2.2	1.7	1.4	1.2	1.0

DuPont Analysis

Y/E 31 Mar (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Tax burden (Net profit/PBT)	93.6	95.0	70.0	67.0	67.0
Interest burden (PBT/EBIT)	60.2	62.4	56.4	62.4	66.3
EBIT margin (EBIT/Revenue)	14.6	14.1	13.5	13.7	13.8
Asset turnover (Revenue/Avg TA)	99.7	93.1	92.6	98.7	102.9
Leverage (Avg TA/Avg Equity)	3.6	3.5	3.1	2.9	2.7
Adjusted ROAE	29.5	26.9	15.4	16.3	17.3

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Ratio Analysis

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
YoY growth (%)					
Revenue	52.0	17.7	10.1	15.3	16.0
EBITDA	41.4	14.4	10.4	14.3	15.8
Adjusted EPS	63.4	19.7	(29.7)	23.6	24.7
Profitability & Return ratios (%)					
EBITDA margin	18.1	17.6	17.6	17.5	17.5
EBIT margin	14.6	14.1	13.5	13.7	13.8
Adjusted profit margin	8.2	8.3	5.3	5.7	6.1
Adjusted ROAE	29.5	26.9	15.4	16.3	17.3
ROCE	22.8	21.6	20.3	22.1	23.7
Working capital days (days)					
Receivables	97	92	100	100	99
Inventory	95	100	90	90	90
Payables	71	69	65	65	65
Ratios (x)					
Gross asset turnover	2.9	2.9	2.9	3.1	3.3
Current ratio	2.0	2.1	2.1	2.1	2.1
Net interest coverage ratio	2.4	2.4	2.1	2.5	2.8
Adjusted debt/equity	1.1	1.1	0.8	0.7	0.6

Source: Company, BOBCAPS Research

Disclaimer

Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

ADD – Expected return from >+5% to +15%

REDUCE – Expected return from -5% to +5%

SELL – Expected return <-5%

Note: Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

HISTORICAL RATINGS AND TARGET PRICE: DILIP BUILDCON (DBL IN)



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