John Keells Stock Brokers (Pvt) Ltd.
A JKSB Research Publication
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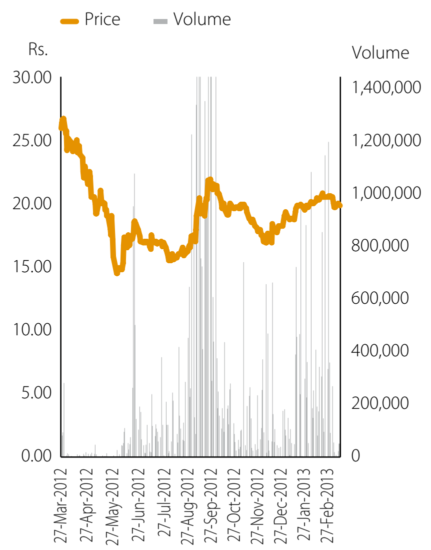
Access Engineering PLC (AEL)

Rs.19.80 — LONG TERM BUY

AEL			
Reuters Code			ACCE.CM
Bloomberg Code			AEL SL
Share Price LKR			19.80
Issued Share Capital (Shares)			
Voting			1,000,000,000
12 mth High/Low (Rs.)			26.70 / 14.50
Market Capitalisation (Rs.mn)			19,800
Average Daily Volume (Shares)			274,306
Price Performance (%)			
	1 mth	3 mth	11 mth
ASPI	(2.4)	(1.6)	4.8
AEL	(2.5)	10.6	(17.8)

Valuation Metrics	Mar 10A	Mar 11A	Mar 12A	Mar 13E	Mar 14E	Mar 15E
Revenue (Rs.'mn)	3,175	3,651	7,315	11,910	15,770	19,077
EBITDA (Rs.'mn)	1,065	1,207	1,987	3,156	4,167	5,004
EBIT (Rs.'mn)	956	1,068	1,759	2,882	3,839	4,610
Earnings to Equity (Rs.'mn)	808	962	1,731	2,431	3,239	3,906
EPS (Rs.)	0.81	0.96	1.73	2.43	3.24	3.91
EPS Growth (%)	(5.9)	19.1	80.0	40.4	33.3	20.6
P/E (x)	24.5	20.6	11.4	8.1	6.1	5.1
EV/EBITDA (x)	18.9	16.7	9.2	5.5	3.8	2.8
P/B (x)	6.7	4.6	1.9	1.6	1.4	1.1
ROE %	27.3	22.1	16.2	20.1	22.6	22.7

AEL Adjusted Price / Volume Graph



Executive summary

Offers investors a proxy to Sri Lanka's infrastructure boom

Amongst the construction and engineering companies listed on the Colombo Stock Exchange, we believe Access Engineering PLC (AEL) offers investors the best exposure to capitalize on the projected post war infrastructure boom in Sri Lanka, given both its liquidity and fundamental growth potential. AEL enjoys the benefits of 1) a solid pipeline amounting to ~US$356mn (Rs.46bn), stemming from robust infrastructure spend in the country; 2) superior margins vs. peers, stemming mainly from backward vertical integration and strong relationships with principal contractors; 3) a healthy balance sheet, with virtually zero debt; 4) a diverse project funding mix, with zero risk of payment default; and 5) exposure to multiple sectors, which reduces dependence on a single sector/service offering. The company's 84.39% owned subsidiary Sathosa Motors (SMOT) – a leading player in the Japanese light commercial vehicles market in Sri Lanka - is also expected to post relatively strong growth in sales volumes over the next 2-3 years, supported by an expected increase in demand. SMOT also recently announced that it had been granted the exclusive rights to distribute and service Land Rover/Range Rover vehicles in Sri Lanka, which should strongly position the company in the luxury automobiles segment of the market.

Construction of Access Towers 2 to result in moderate medium term earnings accretion

AEL recently announced plans to construct a new 25 storey office complex to capitalize on the dearth of office space in the Colombo business district, which should result in moderate earnings accretion over the medium term (AEL's existing office complex currently enjoys almost 100% occupancy and registered a 9% increase in rental rates during FY12).

Currently trades at an unwarranted discount to the market

Given AEL's strong growth prospects, we project earnings to grow at a 31% CAGR over FY12-15E to reach Rs.3.9bn by end FY15E. The company has reported cumulative earnings of Rs.1.6bn in 9MFY13 (+71% YoY) and is on track to achieve our full year earnings forecast of Rs.2.4bn in full year FY13E. AEL has thus far announced an interim dividend of Rs.0.25 per share for FY13. Given its strong cash position and aggressive capacity expansion in FY12 and 9MFY13, we expect management to maintain a medium term dividend payout amounting to 4% of AEL's IPO price which translates to a DPS of Rs.1.00 and a healthy ~5.1% dividend yield. At its current price of Rs.19.80, the stock trades at a FY14E P/E multiple of 6.1x at an unwarranted 40% discount to the FY14E market P/E. The stock has significantly outperformed the ASPI in YTD April 2013, +9% vs. a 2% appreciation of the ASPI. Reiterate **LONG TERM BUY.**

Investment themes

Key points:

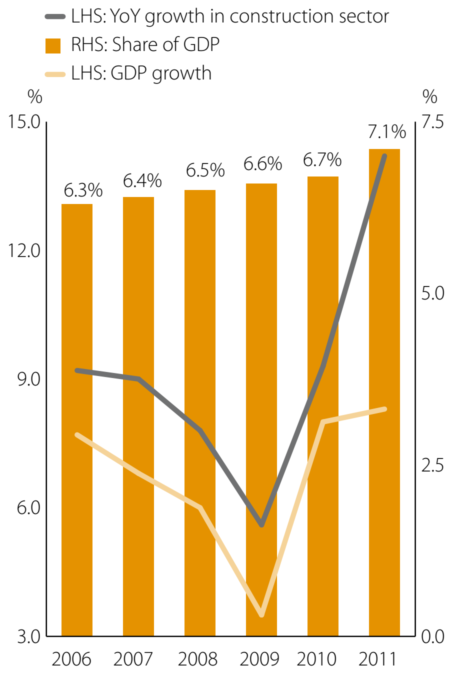
- Development of the roads/highways sector has been the government's primary focus in terms of infrastructure spending
- China, Japan, and India are the main sources of donor funding
- Spending on roads is likely to taper off within 3-4 years and focus is expected to shift to water/waste water management and building construction (supported by urban development and investments in the tourism sector)
- The construction sector has a preferential tax rate of 12%; BOI projects are granted tax holidays
- Biggest players in terms of turnover – MAGA, AEL, ICC, Tudawe, Sierra
- AEL's project pipeline is ~US$356mn over the next three years; the company could potentially grow its pipeline by a further US$600mn-US$1bn over the medium term
- The industry norm for local construction companies is a 12% net margin; AEL has a 18% net margin
- AEL's superior margin vs. peers is due to 1) vertical integration of supply chain; and 2) long standing relationships with principal contractors, some of whom were introduced to Sri Lanka by AEL
- AEL enjoys a zero risk of payment default as all projects are either multi lateral/ bi lateral funded or backed by a bank guarantee

Prime beneficiary of post war construction boom

Sharp increase in construction activity driven by post war infrastructure spend

Growth in Sri Lanka's construction sector has sharply outperformed GDP growth over the last three years (Figure 1) on the back of a post war infrastructure boom in the country since mid 2009, which has resulted in significant investment in reconstruction activity in the North and East of the country, coupled with capacity building in other areas. Reconstruction efforts have been predominantly funded by large foreign inflows, with China, Japan, and India, being the main sources of donor funding, via large-scale government-to-government deals. The choice of principal contractor on construction projects is typically determined by the source of donor funding (e.g. Chinese principals on China funded construction projects, Japan provides tied loans, etc.)

Figure 1: Sri Lanka construction sector indicators 2006-11

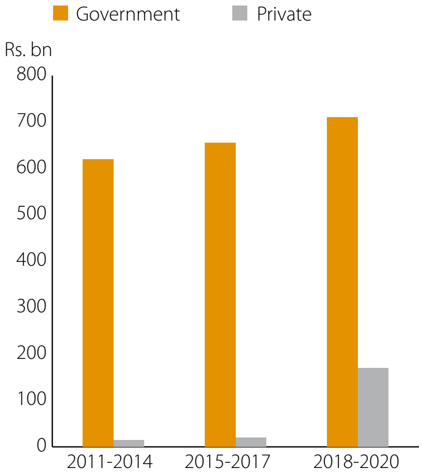


Source: Central Bank of Sri Lanka

Key areas of focus in terms of both public and private infrastructure spending have been:

- Roads and highways construction:
  Public investment in the last 2-3 years has been focused on the road/bridges/ flyover sector, with the government's priority being the establishment of an effective road network. Public investment on roads continued to grow in CY12, amounting to Rs.50bn in YTD May 2012, with a longer term commitment by the government to invest Rs.175-200bn on development and maintenance of the road network (Figure 2). Major road development projects which are soon to be completed incude 1) Phase 2 of the Southern Expressway; 2) the Colombo-Katunayake Expressway; and 3) the Colombo Outer Circular Highway Project, with longer term plans to undertake a Colombo – North/East highway project (Figure 3).

Figure 2: Projected road sector investments: 2011-2020



Source: Ministry of finance and planning

Figure 3: Major ongoing/planned road projects in Sri Lanka

Project	Status	Comment
The Southern Expressway project - 126 km	Phase 1- completed; Phase 2 - completion 2013	AEL installed the guard rails and did the lighting (i.e. lamposts)
The Colombo - Katunayake Expressway - 26km	Completion 2013	
The Colombo Outer Circular Highway (OCH) Project - 29km	Phase 1 - completion 2013	AEL secured a piling project worth Rs.3.1bn from Taisei Corporation, the main contractor for the Northern Section of the OCH project - the single largest piling project undertaken by a Sri Lankan company
Colombo - North/East Highway Project	Feasibility study in progress	
Kandy - Badulla Alternate Highway Project - 34 km	Feasibility study done	

Source: Central Bank, Company data

Looking ahead, we expect public spending on the road/highways sector to continue to dominate overall infrastructure construction expenditure over the next 4-5 years, but to gradually taper off over the long term, as the government's longer term focus should eventually shift from new construction to maintenance.

- Ports and aviation:
  The development of port and aviation services within the country has also contributed significantly to construction sector growth in recent years. Two key port development projects are currently in progress, namely the Colombo South Harbour Project (CSHP) and Oluvil Port Development Project (Oluvil). Within the civil aviation sector, a second international airport was recently opened on 18th March 2013, while expansion and modernization of Bandaranaike International Airport (BIA) – the country's only international airport at present – is also underway.

Figure 4: Major ongoing/planned port and airport projects in Sri Lanka

Project	Status	Comment
	Airports	
Second International Airport at Mattala	Opened on 18th March 2013	- Chinese donor funding - China Harbour Engineering functioned as principal contractor - AEL: 1) constructed the cargo and fire rescue building; 2) designed and constructed the airport access road; 3) carried out laying of pipes; 4) constructed a water tower; 5) constructed a fuel hydrant system - Combined value of the projects was >Rs.2bn
BIA expansion project	In progress	
Domestic airport development - Ampara, Koggala, China-bay, Jaffna, and Ratmalana		
	Ports	
The South Colombo Harbour Project	Phase 1 completion 2013	
The Hambantota Port Development Project	Phase 1- completed; Phase 2- completion 2015	
The Oluwil Port Development Project	Completion 2013	
The Kankasanthurei Port development Project	In progress	

Source: Central Bank, Company data

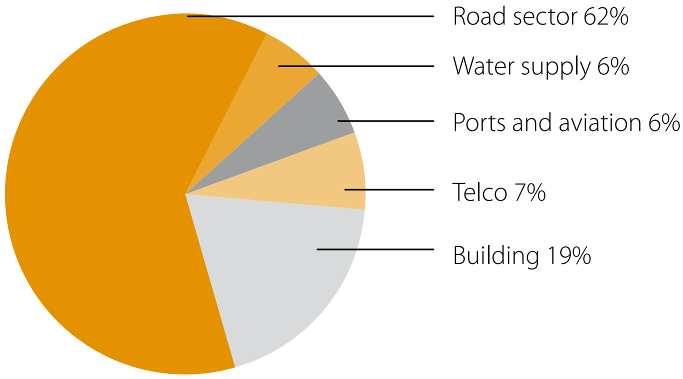
- Telecom and energy related infrastructure:
  Building a nationwide fibre optic backbone is essential for the development of the broadband sector in Sri Lanka. While leading local telco providers have established a fibre optic transmission network in major cities such as Colombo, Galle, and Kandy, these players plan to expand into other areas in the country including the North and East over the longer term.

  AEL has designed and constructed most of the fibre optic networks for Dialog Axiata PLC (DIAL) – the largest mobile telco provider in the country - and should leverage on this working relationship going forward to act as a construction partner in further projects.

- Commmercial and high end residential building construction:
  We expect strong growth in both commercial and residential construction over the medium term, particularly in the North and East of the country as businesses continue to expand into these regions. Tourism related infrastructure is also expected to drive growth, as the country would have to double its current stock of hotel rooms in order to meet the government's target of 2.5 million tourist arrivals by 2016.

Robust project pipeline of ~US$356mn (Rs.46bn) over FY13-15E
Stemming from the strong infrastructure boom in the country, AEL had a confirmed order book of US$260mn as at mid November 2012, and a project pipeline of roughly US$96mn (which would be converted into confirmed orders within the next 3-6 months. The roads, bridges, & flyovers sector remained the dominant contributor to the company's confirmed order book (~62% as at end December 2012 – Figure 5), followed by buildings (~19%) and telecommunication (~7%). Our channel checks suggest that the company could potentially grow its pipeline by a further US$600mn-US$1bn over the medium term, implying significant revenue upside. Management also sees strong opportunities to expand overseas into the Asia Pacific and Middle East region by leveraging on its long standing relationships with foreign principal contractors, and would likely focus on provision of mechanized services such as piling, horizontal drilling, etc. We have not incorporated incremental revenue uplift stemming from overseas expansion into our top line forecasts, which suggests significant upside potential over the medium term should it prove to be successful.

Figure 5: Project Pipeline by sector as at November 2012

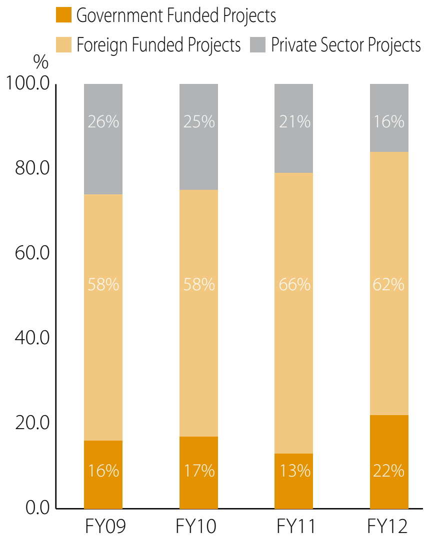


Source: Company data

Superior margins vs. peers stemming from vertical integration of supply chain
Other major players in the local construction and engineering space include Maga Engineering (Pvt) Ltd, ICC - International Construction Consortium (Pvt) Ltd – Tudawe Engineering Services (Pvt) Ltd, and Sierra Construction Ltd. We estimate that AEL enjoys a significant margin differential vs. local peers, due mainly to the fact that the company is able to control production costs by sourcing raw materials from its own resource base, thereby eliminating its dependency on external suppliers. The company's asphalt plants - located in Jaffna, Thalawa, Kanthale, and Kotadeniyawa - have a combined production capacity of 456 tonnes per hour (TPH), while the capacity of its crusher and concrete plants amount to 280 TPH and 175m3/hr respectively. Excess production from its plants is sold to external customers, which contributed to 8% of top line in FY12. AEL's superior margins are, in our view, also supported by long-standing relationships with multiple international principal contractors. In some instances, AEL has been responsible for introducing these contractors to Sri Lanka, which provides the company with a sizeable competitive edge over its local peers, in the form of both pricing power and the ability to secure new business. We expect AEL to maintain a >25% gross margin over FY13E-15E, thereby sustaining its superior margin differential vs. peers.

Diverse project funding mix; zero risk of payment default
Foreign funded projects accounted for a majority 62% share of AEL's project mix in FY12 (Figure 6), followed by government funded projects (22%). Most of the government commissioned projects in AEL's order book are multilaterally or bilaterally funded by foreign governments/foreign banks. The risk of default on payment is negligible, given that 1) all projects are backed by a bank guarantee; and 2) the company typically works as either a JV or a subcontractor with foreign principals, which provides a measure of security regarding its future cash flows.

Figure 6: AEL's Project Funding Mix (FY09 - FY12)



Source: Company data

Exposure to multiple sectors reduces dependency
AEL is established in ten areas of the civil construction sector (Figure 7), ensuring a diversified revenue stream. Over the longer term, the company intends to intensify its focus on 1) water management and electricity generation; 2) infrastructure

development (through public-private partnerships); 3) renewable energy (which management sees as profitable given Sri Lanka's dependence on oil); 4) overseas business opportunities; and 5) real estate development (given higher property rental rates and the significant demand created by rapid urbanisation). Management also intends to pursue expansion through in-organic growth in areas which complement its core business.

Figure 7: AEL's key sectors and services

Sectors	Services
Bridges and Flyovers construction	Piling
Waste and Wastewater Management	Trenchless Drilling - HDD
Harbours and Marine Work	Engineering Designs
Dredging and Reclamation Telecommunication	Geotechnical Services
Infrastructure Irrigation and Land Drainage	Asphalt Production
Environment and Waste Management Buildings	Quarry Operations
Investment Projects	Concrete Production
	Mechanical Workshops

Source: Company data

Strong balance sheet with negligible levels of gearing

AEL maintains a healthy balance sheet, with 1)Rs.876mn in cash and cash equivalents; 2) Rs.1.3bn in short term deposits; and 3) a negligible debt/equity ratio of 0.1% as at end December 2012. The company raised Rs.5bn from two share issues during FY12 - 1) Rs.4.5bn from a private placement in June 2011; and 2) Rs.0.5bn from its IPO in March 2012. The funds raised from both its IPO and private placement have been utilized for 1) settlement of an outstanding loan amount of Rs.596m; 2) capex of Rs.1.1bn; 3) working capital infusion of Rs.693m; and 4) the acquisition of a controlling stake in Sathosa Motors PLC in February 2012. As per management, the remainder of the funds is currently held in short term investments, and would be used to finance future working capital requirements and to part-finance construction of a housing project under contract from the UDA (Urban Development Authority) which is currently underway.

AEL invested a total of Rs.1.5bn on property, plant, and equipment in FY12, mainly aimed at increasing plant/machinery capacity in order to pursue growth opportunities over FY13E-15E. Specifically, PPE increased from Rs.1.2bn as at end March 2011 to Rs.2.7bn as at end March 2012, while its staff head count increased to over 3,100 employees (from ~1,300 staff previously). Given AEL's aggressive capex spend during FY12 and in 9MFY13 (Rs.1.0bn; 10% of revenue), we believe the company should incur capex amounting to 10-15% of turnover over FY13-15E, with adequate free cash for its working capital requirements.

Subsidiary Sathosa Motors acquires exclusive rights to local Land Rover franchise

As part of its strategy of in-organic expansion, AEL purchased a 59.67% controlling stake in Sathosa Motors PLC (SMOT) from ITOCHU Corporation Japan in February 2012, for a total consideration of Rs.851.3m using a portion of its private placement funds. The company subsequently increased its stake to 77.1% in March 2012, and now holds roughly 84.39% of the company. SMOT is the franchise holder of the "Isuzu" brand of vehicles and spare parts in both Sri Lanka and the Maldives, and holds a substantial share of the market for Japanese light commercial vehicles in Sri Lanka.

In February 2013, SMOT also announced that its 50% owned subsidiary SML Frontier Automotive (Pvt) Ltd had been granted the exclusive rights to sell, distribute, and service Land Rover/Range Rover vehicles in Sri Lanka. As per management, Land Rover/Range Rover has been among the top three selling European luxury automobile brands in the country over the last five years.AEL further intends to make use of SMOT's workshop operations to repair and maintain its own vehicle fleet.

SMOT sold a total of 427 new vehicles in FY12, representing a 29% YoY increase in unit sales and a 35.5% YoY increase in value, mainly on the back of strong demand from the construction and civil engineering sector, coupled with a waiver of duty and VAT on trucks and buses, effective Jan 2012. Custom import duty charged on lorry and bus tyres was reduced by 50%, while custom duty on imports of buses, trucks, lorries, and new lorry diesel engines was completely nullified.
New vehicle sales accounted for 81% of SMOT's turnover in FY12, followed by sales of spare parts.

Looking ahead, we expect SMOT to continue to post strong growth in new vehicle sales, supported by rapid infrastructure development in the country. Over the longer term, management plans to further expand SMOT's operations through possible new agency representation, particularly for engineering and construction related products, which should reduce sole brand dependency on the 'Isuzu' brand. SMOT has also commenced sales of 'Isuzu' branded standard and luxury buses for sale in the local market.

Construction of Access Tower 2 expected to commence in 1QFY14

Businesses based in the central business district area of Colombo are currently faced with a dearth of high end, purpose built office space. Consequently, operators such as Access Towers – AEL's existing fully owned office complex - have maintained >95% occupancy rates during the last 2-3 years, and have seen a sharp appreciation in rental rates during the period. AEL has announced plans to construct a new 25 storey office complex - Access Towers 2 – on its own land bank (adjacent to Access Towers 1), aimed at capitalising on the current demand for prime office space in the area. As per management, construction should commence in 1QFY14 and should take 24-30 months for completion. On completion, the property would have an approximate rentable area of 150,000 sq feet, with total floor area of roughly 280,000 sq feet. We believe AEL is better positioned by focusing on the construction of office space (vs. leisure sector or residential property development) given 1) a shorter payback period; 2) better margins (due to a lower cost base); and 3) access to its own resource base (e.g. piling machines, design capabilities, etc). The project should improve the company's effective tax rate, given that property development projects are typically assigned a tax holiday by the BOI (vs. a 12% tax rate on other construction activities).

Financial Outlook

Cumulative earnings +71% YoY in 9MFY13; on track to achieve our full year forecast

AEL reported robust growth in earnings to equity for 3QFY13, +65% YoY to Rs.835m, supported by significant topline growth (+101% YoY) coupled with a sharp increase in net finance income (+228% YoY), which offset percentage margin contraction at both the gross and operating level, -7.6ppt YoY and -6.1ppt

YoY respectively. Topline growth was driven largely by revenue recognition from completed projects (3Q and 4Q are typically the strongest quarters for the company in terms of top line performance), while gross margin contraction was due mainly to the sharp increase in revenue contribution from the building and construction sector, which typically has lower margins. Ongoing building projects being carried out by AEL include an UDA (Urban Development Authority) commissioned housing project - involving the relocation of underserved settlements scheduled for completion in 2014.

Cumulative earnings for the nine month period reached Rs.1.6bn, +71% YoY. We believe AEL is on track to achieve our earnings forecast of Rs.2.4bn for full year FY13E - slightly below management guidance of Rs.2.5bn - which translates to an EPS of Rs.2.43 (+40.4% YoY).

Earnings to grow at a 31% CAGR over FY12-15E; medium term dividend payout expected to be ~4% of IPO price

Based on the company's robust project pipeline, we project earnings to equity to grow at a 31% CAGR over FY12-15E to reach Rs.3.9bn by end FY15E. Management expects AEL's revenue mix to continue to be dominated by the road sector over the forecast period, as improvement of the country's road infrastructure is considered to be a key objective by the government.In contrast to its competitors who are likely to continue to focus on growing turnover – sometimes at the expense of margins/profitability – AEL is likely to cap civil engineering turnover at US$200mn. As per management, the company is likely to increase its exposure to BOI projects going forward, given the tax benefits.

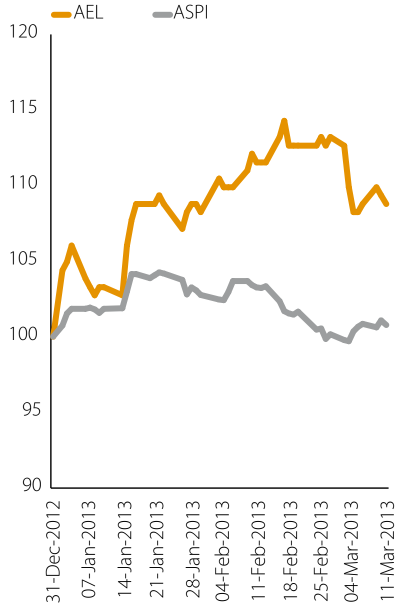
Given the company's strong cash postion and capex requirements, we expect AEL to maintain a dividend payout amounting to ~4% of its IPO price over the next 2-3 years, which translates to a dividend of Rs.1.00 per share and a relatively healthy dividend yield of 5.1% based on the current price of Rs.19.80. The company has thus far paid an interim dividend of Rs.0.25 per share in 9MFY13.

Valuation

At a price of Rs.19.80, AEL trades at a FY13E P/E of 8.1x at an unwarranted 28% discount to the market, and at a FY14E P/E multiple of 6.1x at a substantial 40% discount to the market. The stock has significantly outperformed the ASPI in YTD April 2013, +9% vs. a 2% appreciation of the ASPI. **LONG TERM BUY.**

Top Ten Shareholders as at 31st December 2012		
	Shareholder	%
1	Mr. S.J.S. Perera	25.0
2	Mr. R.J.S. Gomez	12.0
3	Mr. J.C. Joshua	10.0
4	Mrs. R.M.N. Joshua	7.0
5	Mr. S.J.S. Perera	4.5
6	Mrs. D.R.S. Malalasekera	4.5
7	John Keells Holdings PLC	4.0
8	Mr. S.A.A. Gomez	2.5
9	Mr. R.J. Gomez	2.5
10	Mr. S.D. Munasinghe	2.4
	Others %	*25.6*

Indexed performance of AEL vs. the ASPI in YTD March 2013



Profit & Loss Statement	2010	2011	2012	2013E	2014E	2015E
Year Ended 31st March	Rs.'mn	Rs.'mn	Rs.'mn	Rs.'mn	Rs.'mn	Rs.'mn
Revenue	**3,175**	**3,651**	**7,315**	**11,910**	**15,770**	**19,077**
Cost of Sales	(2,275)	(2,355)	(5,204)	(8,575)	(11,354)	(13,736)
Gross Profit	**900**	**1,296**	**2,111**	**3,335**	**4,415**	**5,342**
Administrative expenses	(219)	(250)	(382)	(478)	(597)	(746)
Other expenses	(12)	(17)	(52)	(60)	(69)	(80)
Others	319	352	355	203	225	250
Profit before tax	**988**	**1,381**	**2,032**	**3,000**	**3,974**	**4,765**
Income tax expenses	(138)	(213)	(297)	(438)	(580)	(696)
Net profit	850	1,167	1,735	2,562	3,394	4,070
Minority Interest	(43)	(206)	(4)	(131)	(155)	(163)
Earnings attributable to equity	**808**	**962**	**1,731**	**2,431**	**3,239**	**3,906**

Balance Sheet	2010	2011	2012	2013E	2014E	2015E
As at 31 March	Rs.'mn	Rs.'mn	Rs.'mn	Rs.'mn	Rs.'mn	Rs.'mn
ASSETS						
Non Current Assets						
Property, Plant and Equipment	355	1,229	2,672	3,014	3,301	3,522
Investment properties	2,314	2,800	3,000	3,000	3,000	3,000
Goodwill	216	-	506	506	506	506
Others	-	-	6	6	5	6
	2,884	**4,029**	**6,184**	**6,526**	**6,812**	**7,034**
Current Assets						
Inventories	112	312	1,817	1,755	2,323	2,811
Trade and other receivables	561	1,013	3,608	3,762	4,981	6,025
Cash and cash equivalents	491	225	1,641	2,805	4,198	6,451
Others	338	187	993	993	993	993
	1,502	**1,738**	**8,059**	**9,314**	**12,495**	**16,280**
TOTAL ASSETS	**4,386**	**5,767**	**14,243**	**15,840**	**19,307**	**23,314**
EQUITY AND LIABILITIES						
Equity						
Stated Capital	1,000	3,000	9,000	9,000	9,000	9,000
Revaluation reserve	-	228	28	28	28	28
Retained earnings	1,954	1,116	1,627	3,058	5,297	8,203
	2,954	**4,344**	**10,655**	**12,086**	**14,325**	**17,231**
Minority Interest	812	-	136	268	422	586
	3,767	**4,344**	**10,792**	**12,354**	**14,747**	**17,817**
Non Current Liabilities						
Interest bearing borrowings	19	453	6	6	6	6
Employee benefits	18	28	62	62	62	62
Others	1	44	106	106	106	106
	39	**525**	**174**	**174**	**174**	**174**
Current Liabilities						
Interest bearing borrowings	17	172	7	7	7	7
Trade and other payables	471	595	3,039	2,958	3,917	4,738
Others	94	132	232	348	462	578
	581	**898**	**3,277**	**3,313**	**4,385**	**5,323**
TOTAL EQUITY AND LIABILITIES	**4,386**	**5,767**	**14,243**	**15,840**	**19,307**	**23,314**

Cash flow statement	2010	2011	2012	2013E	2014E	2015E
For the Year Ended 31st March	Rs.'mn	Rs.'mn	Rs.'mn	Rs.'mn	Rs.'mn	Rs.'mn
Net profit (loss) before tax	**988**	**1,381**	**2,032**	**3,000**	**3,974**	**4,765**
Net cash from/(used in) operating activities	**949**	**745**	**229**	**2,481**	**2,693**	**3,533**
Cashflows from Investing activities						
Acquisition of PPE	(84)	(402)	(1,530)	(500)	(500)	(500)
Investments in short term deposit	(7)	(2)	(787)	-	-	-
Others	(114)	(924)	(606)	182	200	220
Net cash flows used in investing activities	**(205)**	**(1,329)**	**(2,923)**	**(318)**	**(300)**	**(280)**
Cashflows from Financing Activities						
Loan obtained during the year	-	610	-	-	-	-
Loan repayments	(5)	(10)	(611)	-	-	-
Others	(446)	(290)	4,727	(1,000)	(1,000)	(1,000)
Net cashflows from financing activities	**(451)**	**309**	**4,116**	**(1,000)**	**(1,000)**	**(1,000)**
Net increase/(decrease) in cash and cash equivalent	**294**	**(275)**	**1,422**	**1,164**	**1,393**	**2,253**
Cash and cash equivalents at the beginning of the year	183	477	202	1,624	2,788	4,181
Cash and cash equivalents at the end of the year *	**477**	**202**	**1,624**	**2,788**	**4,181**	**6,434**

* Includes bank overdraft

Ratios and Valuation	Mar 10A	Mar 11A	Mar 12A	Mar 13E	Mar 14E	Mar 15E
Growth (%)						
Sales	(7.6)	15.0	100.4	62.8	32.4	21.0
EBIT	(3.9)	11.7	64.7	63.9	33.2	20.1
PAT	(2.0)	37.3	48.6	47.7	32.5	19.9
EPS	(5.9)	19.1	80.0	40.4	33.3	20.6
Margins (%)						
EBITDA	33.5	33.1	27.2	26.5	26.4	26.2
EBIT	30.1	29.2	24.0	24.2	24.3	24.2
Pre-Tax margin	31.1	37.8	27.8	25.2	25.2	25.0
Net Margin	25.4	26.3	23.7	20.4	20.5	20.5
Valuation Metrics (x)						
P/E	24.5	20.6	11.4	8.1	6.1	5.1
P/B	6.7	4.6	1.9	1.6	1.4	1.1
EV/EBITDA	18.9	16.7	9.2	5.5	3.8	2.8
EV/EBIT	19.1	17.1	10.4	6.4	4.8	4.0
ROE %	27.3	22.1	16.2	20.1	22.6	22.7

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