

Kridhan Infra Ltd.

Strong foundation

- Kridhan Infra Ltd (KIL) is well placed to cater to construction demand from Singapore, India and South East Asia in the niche foundation engineering/piling space. Its superior technology and track record of completing of over 250 projects in Singapore with an L6 certification, further strengthens its position. KIL, via acquisitions, is now present across the entire value chain of foundation engineering
 - Current order book for KIL stands at Rs 5.7bn and has grown at a CAGR of 51% over the past three years. Management expects order inflows of Rs 26bn over FY15E-17E, implying a 27% growth in order book
 - KIL has a strong balance sheet with lower leverage (D/E 0.9x) and shorter working capital cycle (18 days) as compared to its peers
 - We initiate coverage on Kridhan Infra Ltd (KIL) with a Buy Rating and a target price of Rs. 141 (12x FY17E earnings), implying an upside of 47%
- **KIL- A strong player in the niche foundation engineering/piling space:** KIL was originally founded in Mumbai as **Readymade Steel (RMS)** in 2006 in a JV with CSC Holdings, Singapore. RMS pioneered the usage of Ready to use Steel for the Indian construction industry. Through a series of acquisitions (K H Foges in 2012, PSL Engineering in 2013 and Econ Geotech in 2014 all in Singapore), KIL has evolved into a niche foundation engineering/piling company. KIL has completed 250 projects in Singapore valued at SGD 500 million.
 - **Access to superior technology:** KIL through its diverse acquisitions, has access to superior technology from soil investigation to piling. KIL will be able to dig up to an average of 60 meters and beyond, while Indian players can dig up to an average of 30 meters.
 - **Construction and Infra spending to drive growth across geographies:** Construction spending is expected to go up from SGD37 billion in 2014 to SGD 63 billion by 2025, a CAGR of 5.4%. India's infra spending is expected to grow by 13% in the revised XII plan, driven largely by roads and railways (11% and 57% growth respectively).
 - **Strong growth in order book – India and S E Asia to drive growth:** KIL's consolidated order book increased by 80% in FY14 y-o-y. The management has guided a 33% CAGR over FY14- FY17E. The share of Singapore is expected to come down from 76% in FY14 to 48% by FY17E while that of India is expected to rise from 13% in FY14 to 40% in FY17E
 - **Strong growth and superior capital efficiency ratios – BUY:** We expect KIL to clock a 22%, 23% and 30% CAGR in Revenue, EBITDA and Profits respectively during FY14-17E. KIL's ROE and ROCE are expected to increase from 26%/18% in FY15E to 34%/27% in FY17E. We initiate coverage with a **Buy** rating and a target price of Rs.141.

Financial Snapshot (Consolidated)

(Rs mn)	FY13	FY14	FY15E	FY16E	FY17E
Net Sales	4,692	6,799	6,835	9,750	12,300
EBITDA	535	789	738	1,073	1,476
EBITDA Margin (%)	11.4	11.6	10.8	11.0	12.0
APAT	343	400	382	583	879
EPS (Rs)	5.9	6.5	5.6	7.8	11.7
EPS (% chg)	1,416.2	11.0	(13.4)	38.0	50.8
ROE (%)	54.5	39.0	25.8	30.6	34.6
P/E (x)	16.2	14.6	16.9	12.3	8.1
EV/EBITDA (x)	12.3	8.7	9.8	7.2	5.1
P/BV (x)	7.5	4.5	3.9	3.3	2.4

Source: Company, Emkay Research

CMP Rs95	Target Price Rs141 (▲)
Rating BUY (▲)	Upside 47.7 %

Change in Estimates

EPS Chg FY16E/FY17E (%)	NA
Target Price change (%)	NA
Previous Reco	NA

Emkay vs Consensus

EPS Estimates		
	FY16E	FY17E
Emkay	7.8	11.7
Consensus	NA	NA
Mean Consensus TP	-	-

Stock Details

Bloomberg Code	KRID IN
Face Value (Rs)	2
Shares outstanding (mn)	62
52 Week H/L	104 / 51
M Cap (Rs bn/USD bn)	6 / 0.09
Daily Avg Volume (nos.)	82,228
Daily Avg Turnover (US\$ mn)	0.1

Shareholding Pattern Mar '15

Promoters	64.9%
FIIs	1.0%
DIIIs	-%
Public and Others	34.2%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(5)	9	48	75
Rel. to Nifty	(2)	15	51	52

Relative price chart



Source: Bloomberg

Kshitiz Prasad
kshitiz.prasad@emkayglobal.com
022-66242482

Sameep Kasbekar
sameep.kasbekar@emkayglobal.com
+91 22 66121281

Kridhan Infra Ltd: A Foundation Engineering Specialist

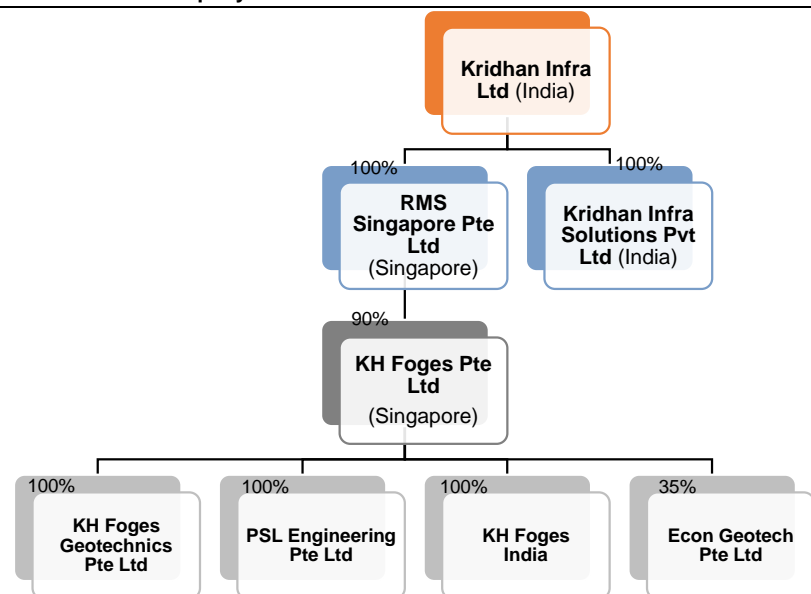
Kridhan Infra Ltd. (KIL) is an infrastructure solution company, with expertise in foundation engineering/piling industry. KIL was originally founded in Mumbai as **Readymade Steel (RMS)** in 2006 in a JV with CSC Holdings, Singapore. RMS was one of the pioneers of Ready to use Steel for the construction industry in India. Its product range includes fabricated reinforcement steel bars, prefabricated cages and steel couplers. The management bought out the JV shares from CSC in 2007 and started its manufacturing unit in Khopoli, Maharashtra. It came out with its IPO in FY11 to raise Rs. 340mn.

In 2012, RMS acquired **KH Foges**, 5th largest Foundation and Geotechnical Engineering Company in Singapore. Post-acquisition, KH Foges has risen from the 5th largest to 2nd largest Foundation Engineering Company in Singapore.

In 2013, RMS acquired **PSL Engineering Pte Ltd**, (Singapore's leading bored and micro piling company) and **Rotary Piling Pte Ltd** (a specialised ground engineering equipment rental company). These acquisitions have helped RMS complete the bouquet of services in the Foundation Engineering space.

In July 2014, it changed its name from **Readymade Steel** to **Kridhan Infra Ltd (KIL)**. In October 2014, KIL entered into an agreement to acquire 35% stake in **Econ Geo Tech Pte Ltd**, Singapore – a soil investigation company. This acquisition fits KIL's plans of backward integration. Soil investigation is a prerequisite to initiate any piling work. Foundation engineering account for 92% of Kridhan's revenues.

Exhibit 1: Kridhan Infra company structure



Source: Company, Emkay Research

Initially provided steel solutions to the Indian construction industry

KIL's primary business is to provide steel solutions for the construction industry. This was in the form of prefabricated steel bars, steel couplers. Some of the key projects in India are as follows

Exhibit 2: Key projects in India

Name	Location
Delhi Metro	Delhi
Jaipur Metro	Jaipur
Minerva, Mahalaxmi	Mumbai
Lodha Fiorenza	Mumbai
Hyderabad Metro	Hyderabad
Kochi Metro	Kochi
Omkar Altamonte	Mumbai
Oberoi Towers	Mumbai

Source: Company, Emkay Research

Its recent order from JSW Steel in January 2015, marks KIL's foray into foundation engineering/piling business in India.

Kridhan Infra Ltd: Bagged its maiden order from JSW Steel

KIL, through its subsidiary, **K H Foges India**, bagged its maiden piling order of Rs. 420mn from JSW steel for their expansion at Pen, Maharashtra. The project is expected to be completed in 12 months.

Foray into Laos with a maiden order of Rs. 1000 million in March 2015

KIL, through its subsidiary, **Econ Geotech**, bagged its maiden order of Rs. 1,000mn in Laos, a South East Asian country. The project entails soil stabilisation and improvement of 200 hectares of land, to render it fit for construction. The project will be completed in 5 months.

Bagged order worth Rs. 280 million In UP and West Bengal, India in May 2015

KIL, through its subsidiary, **K H Foges India**, has won 2 orders in India worth Rs. 280 million in UP and West Bengal. The first order which KIL has won is for the construction of a diaphragm wall for the channelization of Gomti River in UP. The project entails foundation engineering of the site and construction of the wall and is expected to be completed in 8-10 months.

The 2nd order is from Tata Projects Ltd., for piling work for ITC food factory in the state of West Bengal, India

Awarded a new order In Singapore – May 2015

KIL, through its subsidiary, **K H Foges (Singapore)**, has also been awarded orders worth Rs 480mn for specialised foundation and engineering projects.

Exhibit 3: KIL's office at JSW site – Dolvi, Maharashtra



Source: Company, Emkay Research

Exhibit 4: Piling work at JSW site



Source: Company, Emkay Research

Exhibit 5: Piling work at JSW site



Source: Company, Emkay Research

Exhibit 6: Gomti river project - UP



Source: Company, Emkay Research

Exhibit 7: Equipment at JSW site



Source: Company, Emkay Research

Exhibit 8: Piling work at JSW site



Source: Company, Emkay Research

India: Infrastructure spending to rise modestly

India's infra spending to increase by 13% as per the revised XII Five year plan

India's infra spending increased from USD 143bn during X Plan (FY02 - FY07) to USD 379 bn during XI Plan (FY07- FY12), recording a 165% rise. During FY12-17 (XII Five-Year Plan), India plans to spend USD 483bn on infrastructure development, with Infra spend as percent of GDP rising from 5.5% in FY13 to 7% FY17E

Exhibit 9: Revised Investment in Infrastructure (Rs. Billion)

	10th Plan	11th Plan	12th Plan
	Actual	Actual	Projections
Electricity (Incl Renewal Energy)	2747	8925	10791
Roads & Bridges	1526	5268	5826
Telecom	1447	4388	3230
Railways (Incl MRTS)	1035	2811	4467
Irrigation	1215	2664	2927
Water Supply	606	1360	1491
Ports	224	553	954
Airports	74	413	336
Oil & Gas Pipeline	234	705	515
Storage	56	205	399
Grand Total	9162	27292	30936
In USD Billion (1 USD = Rs. 64)	143	426	483

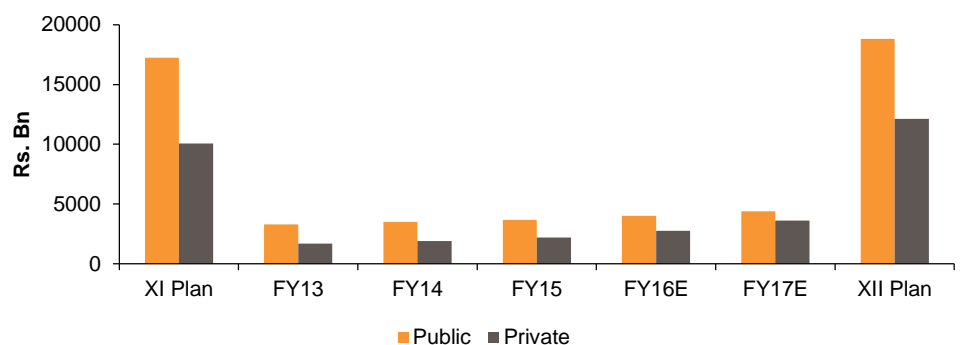
Source: Planning Commission, Emkay Research

Electricity (including Renewal Energy) and Roads & Bridges would account for 54% of the planned infra expenditure, with most of the remaining coming from Telecom, Railways, Irrigation, water supply, ports and airports to name a few.

Investment by Private sector in Infrastructure to play a key role

The strategy for the 12th Plan is to encourage private sector participation directly as well as through various Public Private Partnership (PPPs). The private sector contributed 36% of the total infra spend during the 11th plan.

Exhibit 10: Revised Infrastructure spending in the XII Plan (Rs. bn)



Source: Planning Commission, Emkay Research

Of the total USD 483 bn infra expenditure estimated for the XII plan, private sector is estimated to contribute 39% by the end of FY17.

Opportunities in the real estate space

The value of the Indian real estate market was estimated at USD 121bn in 2013 by various industry reports. KPMG expects the industry to grow at a CAGR of 13.9% over the next 14-15 years to touch USD 853bn in 2028.

The leading growth drivers include,

- Rapid urbanisation – 10mn people move to Indian cities each year
- Rising income level – urban per capita income expected to triple by 2028
- Growing number of nuclear families – falling size expected drive demand for 10m new housing units
- Robust growth in various industries such as manufacturing and service sector.

Projects awarded in FY15 have slowed down....

After witnessing a healthy 105% yoy growth in FY14, the value of awarded projects at Rs 2,533 bn has declined by 13% in FY15.

Exhibit 11: Projects Awarded (Rs. Billion)

	FY13	FY14	FY15	Growth YoY	
				FY13-14	FY14-15
Roadways	180	220	269	22%	23%
Power Distribution	178	367	502	107%	37%
Power Equipment	396	891	521	125%	-42%
Railways	180	322	195	79%	-39%
Real Estate	38	198	121	418%	-39%
Process	175	198	279	13%	41%
Pipeline	8	15	5	92%	-65%
Infrastructure	30	55	70	83%	27%
Water	70	178	70	154%	-60%
Irrigation	65	107	30	65%	-72%
Mining	16	5	1	-68%	-79%
Others	85	360	470	321%	31%
Total	1421	2916	2533	105%	-13%

Source: Project Today, Emkay Research

However, roadways, power distribution and infra saw healthy growth of 25%, 37% and 27% respectively in awarded products in FY15.

KH Foges – 2nd largest foundation engineering player

KH Foges (KHF) was founded in 2004 as **Keew Hing Engineering Pte Ltd** and was later renamed as KH Foges in 2007. **KIL**, through its wholly owned subsidiary, **Readymade Steel Singapore** acquired 90% of KHF in 2012. At the time of acquisition, KHF was the 5th largest foundation engineering company in Singapore. Under the new management, KHF became the 2nd largest player in the foundation engineering sector in Singapore with an estimated market share of 10%-12%. Its revenues have also increased from SGD 80 mn in CY2011 to SGD 131 mn in FY14.

Management Snapshot

The company boasts of strong management capabilities as listed below.

Exhibit 12: Kridhan & K H Foges Key Management Personnel

Name	Background
Mr. Anil Agrawal, MD (KIL)	One of the founding members of KIL with over 15 years of industry experience Holds an MBA from Mumbai University
Mr. Siang Thong Yeo, CEO- KH Foges	Has over 20 years of experience in the construction industry Registered Professional Engineer and holds a Honours Degree in Civil Engineering from NUS Singapore
Mr. Ang Boon Hai, Director- KH Foges	Has over 20 years of experience in the construction industry. Holds 10% in KH Foges Has managed more than 200 piling projects in Singapore
Mr. Arnab Ghosh, CFO- KIL	Joined as Business Head for Kridhan Infra Solutions and was later appointed as CFO for KIL Holds a PGP from IIM Bangalore
Mr. Ravindra Havaladar, President- KH Foges India	Over 40 years of experience in ITD Cementation with vast knowledge on the construction sector Holds a Bachelor's Degree in Civil Engineering
Mr. Bharat Sharma, Executive Director- KH Foges India	Has over 22 years of experience in various fields with firms such as NCC, Essar and Punj Llyod Holds a Bachelor's Degree in Civil Engineering from NIT, Jaipur and an MBA
Mr. Bala Narasimhan, GM -KH Foges India	Over 20 years of experience in the industry and has previously worked with ITD Cementation Holds a Post graduate degree in Construction Management

Source: Company, Emkay Research

Foundation Engineering remains KHF's forte

KHF specializes in i) Bored piling, ii) Driven piles, (iii) Micro piles (iv) Soil investigation. Bored piling contributes 80-85% to KHF's revenues. In the past 10 years, KHF has completed over 250 projects valued at SGD 500mn in Singapore. The company boasts a healthy order book of SGD 110mn as of Jan'2015. KHF has a strong track record and has completed various marquee projects as mentioned below.

Exhibit 13: Select completed projects

Project Details	Client	Value (SGD mn)	Year
HDB: Yishun	Chip Eng Seng	13.7	2012
Upper Serangoon Crescent	Tiong Aik	7.9	2012
HDB: Bukit Panjang	Chip Eng Seng	9.8	2012
Bukit Panjang C912	Lum Chang (LTA)	15.9	2012
HDB: Punggol East	Expand Construction	9.3	2013
Bukit Timah Canal Contract	Koh Bros	18.9	2013
Bus Interchange: Petir Road/ Selegie Road	Sim Lian Construction	13.5	2013
Shangri-la Hotel & Residences Yangon	Shangri-La Group	8.0	2014
HDB: Sembawang	Right Construction	12.2	2014
HDB: Sembawang	Chip Eng Seng	12.5	2014
Yishun Hospital	Ministry of Health	22.0	2014
Primary schools (Bukit Batok & Jurong West)	Ministry of Education	2.0	2014

Source: Company, Emkay Research

L6 certification from Singapore's Building & Construction Authority: A big positive

KHF's consistent performance has enabled it to achieve the L6 certification in Singapore, which allows them to tender for unlimited project values in the foundation engineering space. It is the highest certification level given by the Building and Construction Authority of Singapore.

Facilities and equipment

KHF has three buildings in Singapore, which function as its offices and warehouses. The buildings have been purchased/leased prior to 2010 and are located in the industrial zones. The cumulative market value of these three facilities are ~SGD 10mn.

Exhibit 14: KHF building

Source: Company, Emkay Research

Exhibit 15: KHF warehouse

Source: Company, Emkay Research

Though KHF rents most of its equipment, they have also acquired a part of their equipment through hire-purchase agreements and outright purchase. The market value of their equipment is estimated at SGD 45mn.

Exhibit 16: Equipment list

Equipment List	Total Units (owned)
Bored piling rigs	31
Micro-Piling rigs	24
Crawler cranes	14
Percussion piling rigs	6
Vibratory hammers	3
Excavators	12

Source: Company, Emkay Research

KHF has a list of marquee clients such as Changi Airport, Shangri-La, Gammon, Housing & Development Board Singapore to name a few.

Exhibit 17: Select client list

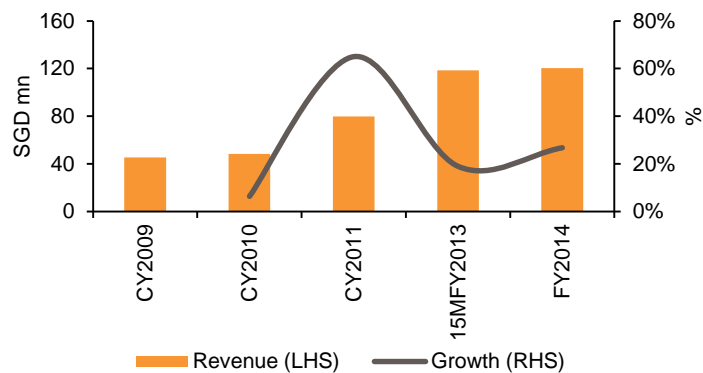
Selected clients list	Location
Chip Eng Seng Corporation Ltd	Singapore
Gammon	Hong Kong
Hong Fok Corporation Limited	Singapore/Hong Kong
Changi Airport	Singapore
Tiong Seng Holdings Limited	Singapore
Shangri-La	Hong Kong
Koh Bros	Singapore
Ministry of Health Singapore	Singapore
Far East Organization	Singapore
Nanyang Technology University	Singapore
Logistics Construction Pte Ltd	Singapore
Land Transport Authority	Singapore
JTC	Singapore
United Engineers Pte Ltd	Singapore
HPC Builders Pte Ltd	Singapore
Housing & Development Board	Singapore

Source: Company, Emkay Research

Strong traction in revenue and profitability

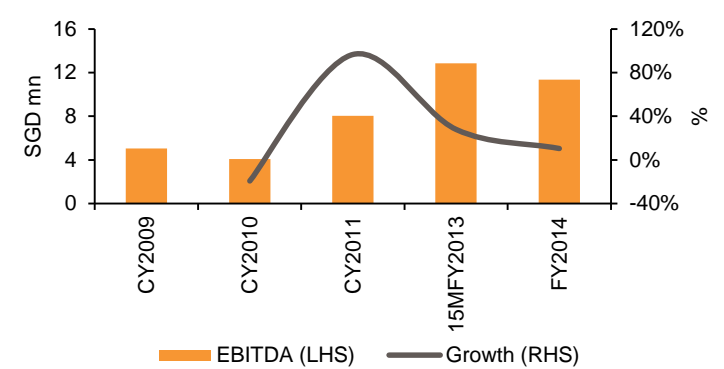
The strong order inflow and execution has led to robust growth in KHF. Its revenues have grown at a 28% CAGR during 2009-2014. EBITDA and PAT have recorded a 22% and 16% CAGR during the same period.

Exhibit 18: KHF revenue



Source: Company, Emkay Research

Exhibit 19: KHF EBITDA



Source: Company, Emkay Research

Growth prospects for KHF remain strong

The company has recently completed a project in Myanmar and expects to gain exposure to various other Asian countries. The management estimates that by FY19, regions outside Singapore would contribute ~20% to its total revenues from the current 9% of total revenues.

Exhibit 20: Ongoing projects

Project Details	Client	Value (SGD mn)	Location
Havelock Station (Thomson Line)	Gammon Pte Ltd	22.0	Singapore
Tan Kah Kee Station & Tunnels for Downtown line	SK Engineering	1.2	Singapore
Corals by Keppel Bay (HDB)	Who Hip Pte Ltd	5.22	Singapore
HDB Sembawang N1C10	Chip Eng Seng	12.5	Singapore

Source: Company, Emkay Research

Exhibit 21: Private condo housing project - Singapore



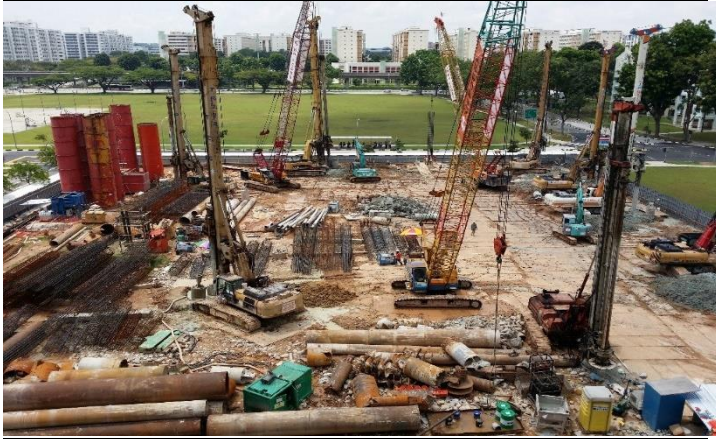
Source: Company, Emkay Research

Exhibit 22: Private condo housing project - Singapore



Source: Company, Emkay Research

Exhibit 23: Metro station - Singapore



Source: Company, Emkay Research

Exhibit 24: Havelock Station - Singapore



Source: Company, Emkay Research

Exhibit 25: HDB Sengkang - Singapore



Source: Company, Emkay Research

Exhibit 26: Senior School - Singapore



Source: Company, Emkay Research

Singapore's construction demand to remain strong

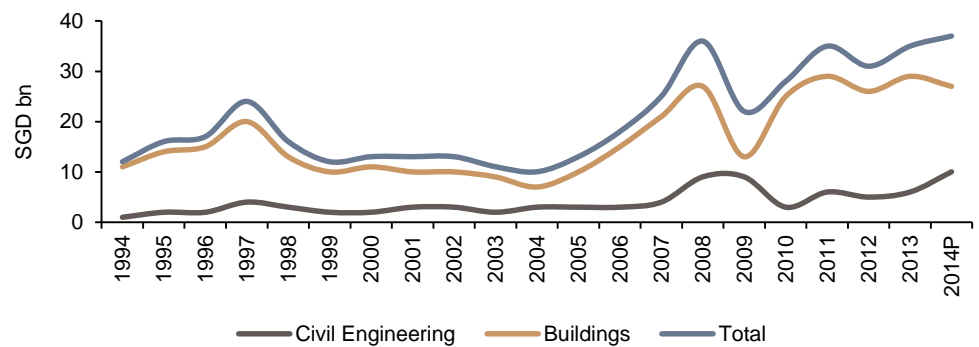
Construction: An important constituent of Singapore's economy

Singapore continues to remain a highly investment driven economy. Construction demand forms 9.5% of GDP as of 2014, up from 7.5% of GDP in 2009. Construction demand is defined as the total value of construction contract awarded. It does not include reclamation projects.

Faster pace of growth in Construction Demand

Construction demand in Singapore recorded a 5.7% CAGR during the last 20 years (1994 – 2014). The demand rose from SGD 12 billion in 1994 to SGD 37 bn in 2014. However, in the last 10 years (2004 – 2014) the growth has been much faster at 14% CAGR. The demand has been largely driven by growth in buildings, which forms 73% of the total demand of 2014.

Exhibit 27: Construction demand



Source: Industry, Emkay Research

Public Sector continues to dominate

The construction industry in Singapore is broadly divided into Public and private sector.

Exhibit 28: Break up of Public Sector Construction Demand (in SGD bn)

	2014
Public Residential contracts	5.0
Institutional & Other Buildings	5.2
Public Civil Engineering	8.8
Others	0.7
Total	19.7

Source: BCA (Singapore), Emkay Research

The public sector construction demand has outstripped private sector demand in 2014, growing by 32% YoY to SGD 19.7bn. The growth in public sector was primarily driven by a demand for institutional buildings and civil engineering works. The public sector demand now constitutes 52% of the total construction demand.

On the other hand private sector construction demand fell by 14% YoY in 2014 to SGD 18bn, on the back of a 38.3% YoY decline in demand for residential buildings. However, the total private sector demand for commercial buildings stood steady at SGD 3.7bn in 2014.

Construction demand outlook for 2015

The continuing slowdown of private sector demand has affected the overall demand outlook for 2015. Industry estimates suggest that the overall construction demand in 2015 is likely to be to the tune of SGD 32.5bn, a fall from SGD 37.7bn in 2014.

Public sector demand is expected to grow by around 6.5% YoY to SGD 21bn and is likely to contribute 60% to the overall industry demand in 2015. The growth is expected to be driven by the continued growth in demand for institutional buildings and civil engineering works.

The strong level of construction contracts awarded in 2013 and 2014, together with the on-going construction for various major infrastructure projects will continue to generate strong on-site activities over the next 2 to 3 years at least.

Key competitive advantages

Order book driven by India and SE Asia

KIL currently has an order book of Rs 5.7bn, which has grown at a CAGR of 51% over the past three years. The company strongly believes that the order book will grow at a CAGR of 27% over the next two years. The average execution period for an order is six to nine months, which makes order inflows crucial for the company. Historically, the company has managed to gain orders to grow its order book and the management estimates an order inflow of about Rs 26bn over the next two years. While orders from Singapore are expected to grow at a stable rate, the company expects India and SE Asia to be the major growth drivers

Exhibit 29: KIL Order book

Order Book (Rs. mn)	FY13	FY14	FY15E	FY16E	FY17E
Singapore	2000	3400	3800	4500	5000
India	250	600	1700	2700	4250
Others (S E Asia)	250	500	1000	1000	1250
Total Order Book	2500	4500	6500	8200	10500
Order Inflow		8799	8835	11450	14600

Source: Company, Emkay Research

Characterised by stronger balance sheet and lower leverage

KIL has surpassed its peer group in terms of profitability as well as strength of the balance sheet. As shown below, KIL has a more conservative leverage ratio over its peers not only indicating its strong balance sheet but also the possibility of raising debt in the future to fund growth opportunities.

Exhibit 30: Peer group financial details

Rs mn	FY14			
	ITD Cementation	Simplex	Valecha	Kridhan
Sales	17190	56154	7065	6799
Adj PAT	-600	588	61	400
Debt	7653	29306	8941	1166
Networth	5678	14339	2939	1306
D/E (x)	1.3	2.0	3.0	0.9

Source: Company, Emkay Research

Working capital management better than peers

Owing to a short execution period of the order book, the working capital cycle of KIL is much shorter as compared to peers such as ITD Cementation and Simplex Infrastructure. This feature enhances the cash generation capability of the company, which in-turn improves the strength of the overall balance sheet.

Exhibit 31: Working capital details

	FY14			
	Debtor days	Inventory days	Creditor days	NWC days
ITD Cementation*	93	47	154	214
Simplex Infrastructure	139	57	182	204
Kridhan Infra	70	10	162	18

*CY14; NWC days includes other current assets and liabilities

Source: Company, Emkay Research

KIL is a niche specialist player

Following global standards, the construction industry in India is likely to get more specialized as the projects get larger and more sophisticated. Any one player may not be able to execute the entire project from piling to the final completion of the project. Currently, most players in India are EPC contractors i.e. they (through themselves and/or other sub-contractors) acquire and execute the entire project from piling to the finish product.

Acquisition of K H Foges gave KIL access to superior technology

KIL's association through a JV with CSC Holdings in its initial days exposed it to the business of ready to use steel and foundation engineering. This was the foundation for the strategic acquisition of K H Foges leading to access to superior technology. KIL has brought this state of the art technology to India. For example, KIL will be able to dig up to an average of 60 meters and beyond while the Indian players can dig upto an average of 30 meters. In its maiden order at JSW Steel, KIL has been able to dig/execute 25 piles vis-à-vis competitors run rate of about 12 piles a day.

Valuation & View

KIL is primarily involved in foundation engineering business and steel solutions and can be viewed as a single business entity. In the listed space, its competitors include ITD Cementation, Simplex Infrastructures, Valecha Engineering but most of them are EPC contractors and have presence in most verticals of construction. In Singapore, in the listed space, CSC Holdings is the largest player with a FY14 revenue of SGD 487mn (Rs 23.4bn) and a market cap of SGD 52mn (Rs 2.5bn).

Exhibit 32: Peer group valuation

	P/E			EV/EBITDA			ROE (%)			ROCE (%)		
	2015E	2016E	2017E	2015E	2016E	2017E	2015E	2016E	2017E	2015E	2016E	2017E
ITD Cementation	-5.9	6.8	7.7	11.2	4.6	4.9	-35.7%	31.5%	21.5%	-15.0%	13.4%	10.5%
Simplex (Standalone)	31.0	22.3	13.6	8.1	7.1	6.4	4.5%	6.0%	9.1%	10.3%	10.9%	12.0%
Kridhan Infra	16.6	12.5	8.3	9.8	7.3	5.2	26.4%	30.3%	34.4%	18.1%	21.9%	26.7%
Average – Ex. KIL	12.6	14.5	10.7	9.7	5.9	5.6	-15.6%	18.8%	15.3%	-2.4%	12.2%	11.3%

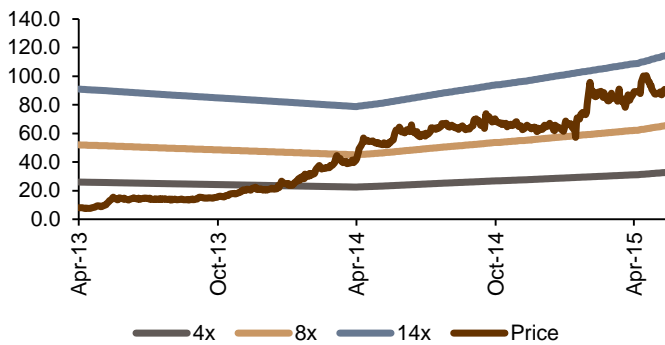
Source: Company, Emkay Research

We expect KIL to clock a 22%, 23% and 30% CAGR in Revenue, EBITDA and Profits respectively, during FY14-17E. KIL's ROE and ROCE are expected to increase from 26% and 18% in FY15E to 34% and 27% in FY17E

At current price, KIL trades at a PER of 12.5x FY16E and 8.3x FY17E earnings. In terms of EV/EBITDA, KIL trades at 7.3x FY16E and 5.2x FY17E EBITDA

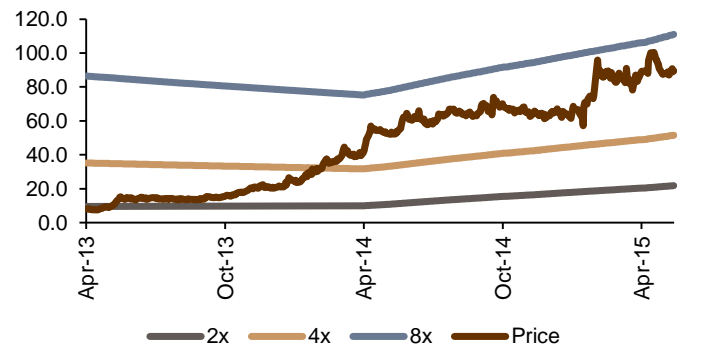
Historically, KIL has traded in a PE band of 4x-14x and an EV/EBITDA band of 2x-8x as shown below.

Exhibit 33: PE Band charts



Source: Emkay Research, Bloomberg

Exhibit 34: EV-EBITDA Band charts



Source: Emkay Research, Bloomberg

Based on its peer comparison as well as the company's strong financial/future outlook, we see a substantial upside to the market price. We initiate coverage on KIL with a **BUY** rating and a target price of Rs 141 (12x PE FY17E), indicating an upside of 47%.

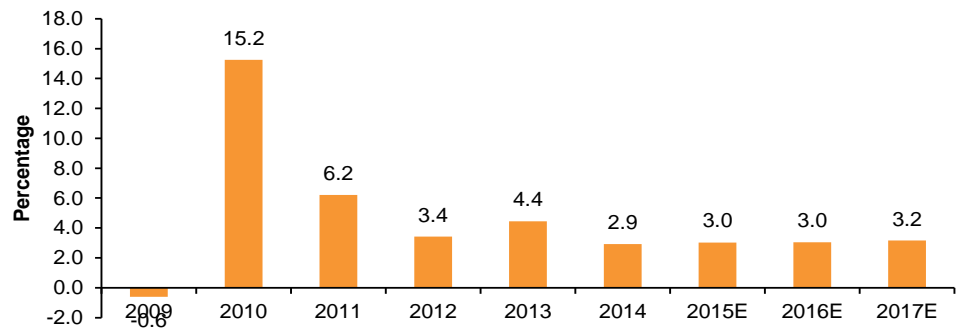
Appendix

Asian economies – On a sound footing

Singapore's economy growing at a steady pace

Singapore's economy has grown steadily over the past five years. In real terms, it recorded a 6% CAGR during 2009-2014. However, the growth slowed down to about 3% in 2014.

Exhibit 35: Singapore's Real GDP to grow at 3%



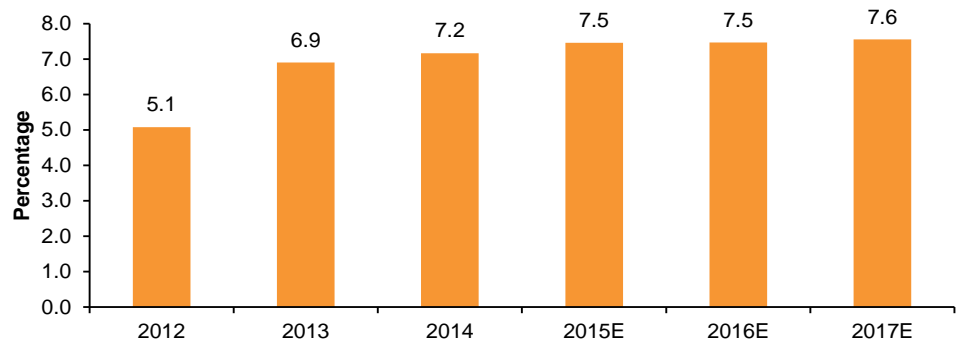
Source: IMF, Emkay Research

According to the IMF, Singapore's GDP is expected to expand on an average by 3% over the next three years, in line with global growth.

India likely to become the fastest growing economy

The base year was changed. Under the revised base year (from 2004 -05 to 2011-12), the Indian Economy clocked a 6% CAGR during FY12- FY14.

Exhibit 36: India: To become the fastest growing economy



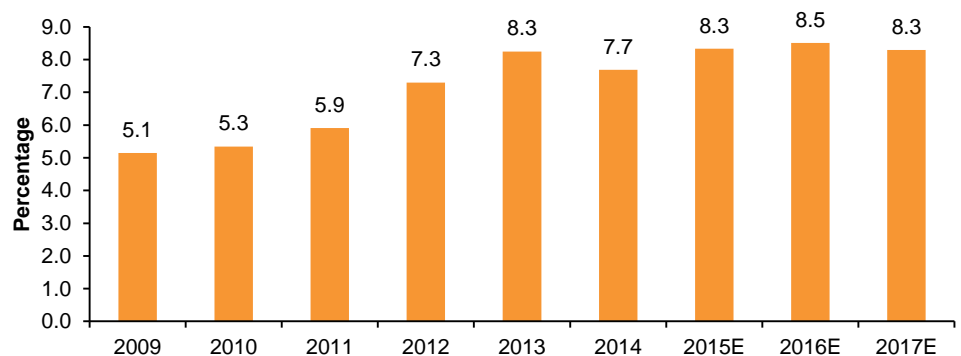
Source: IMF, Emkay Research

The Indian economy is in a recovery phase and is likely to outpace China and grow in excess of 7% over the next 3 years. According to IMF in its April 2015 outlook, China is expected to grow at 6.7% in 2015E and 6.3% in 2016E.

Myanmar: Fastest among the smaller Asian economies

Myanmar recorded a 6.8% CAGR during 2009-14. It was one of the fastest growing economies in East Asia. IMF expects Myanmar's GDP to clock 8.4% CAGR during 2014-17.

Exhibit 37: Myanmar: To exhibit strong growth going forward



Source: IMF, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY13	FY14	FY15E	FY16E	FY17E
Net Sales	4,692	6,799	6,835	9,750	12,300
Expenditure	4,156	6,009	6,097	8,678	10,824
EBITDA	535	789	738	1,073	1,476
Depreciation	154	264	261	293	326
EBIT	381	526	478	779	1,150
Other Income	110	80	88	96	106
Interest expenses	77	100	91	134	138
PBT	414	506	474	742	1,118
Tax	43	56	53	99	149
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	(29)	(49)	(39)	(60)	(90)
Reported Net Income	343	400	382	583	879
Adjusted PAT	343	400	382	583	879

Balance Sheet

Y/E Mar (Rs mn)	FY13	FY14	FY15E	FY16E	FY17E
Equity share capital	117	123	136	150	150
Reserves & surplus	629	1,183	1,517	2,006	2,773
Net worth	746	1,306	1,652	2,156	2,923
Minority Interest	121	174	154	154	154
Loan Funds	1,130	1,166	1,880	1,950	2,000
Net deferred tax liability	77	9	9	9	9
Total Liabilities	2,074	2,655	3,695	4,269	5,086
Net block	1,258	1,845	2,056	2,312	2,782
Investment	20	276	276	276	276
Current Assets	1,969	3,221	3,827	4,682	5,513
Cash & bank balance	126	177	1,079	1,337	1,588
Other Current Assets	1,176	1,473	1,621	1,783	1,961
Current liabilities & Provision	1,196	2,711	2,464	3,021	3,505
Net current assets	773	510	1,363	1,661	2,008
Misc. exp	0	0	0	0	0
Total Assets	2,074	2,655	3,695	4,269	5,086

Cash Flow

Y/E Mar (Rs mn)	FY13	FY14	FY15E	FY16E	FY17E
PBT (Ex-Other income) (NI+Dep)	304	426	386	645	1,012
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(113)	245	49	(40)	(95)
Operating Cashflow	351	929	695	874	1,142
Capital expenditure	(1,257)	(850)	(448)	(569)	(796)
Free Cash Flow	(906)	78	247	305	347
Investments	(20)	(256)	0	0	0
Other Investing Cash Flow	0	0	0	0	0
Investing Cashflow	(1,167)	(1,027)	(360)	(473)	(690)
Equity Capital Raised	(110)	98	(103)	(173)	(225)
Loans Taken / (Repaid)	955	36	714	70	50
Dividend paid (incl tax)	0	62	68	94	113
Other Financing Cash Flow	121	54	(20)	0	0
Financing Cashflow	889	149	567	(143)	(201)
Net chg in cash	73	50	902	258	252
Opening cash position	54	126	177	1,079	1,337
Closing cash position	126	177	1,079	1,337	1,588

Key Ratios

Profitability (%)	FY13	FY14	FY15E	FY16E	FY17E
EBITDA Margin	11.4	11.6	10.8	11.0	12.0
EBIT Margin	8.1	7.7	7.0	8.0	9.4
Effective Tax Rate	10.3	11.2	11.2	13.3	13.3
Net Margin	7.9	6.6	6.2	6.6	7.9
ROCE	35.4	25.6	17.8	22.0	26.9
ROE	54.5	39.0	25.8	30.6	34.6
RoIC	30.2	25.8	21.1	31.3	39.4

Per Share Data (Rs)	FY13	FY14	FY15E	FY16E	FY17E
EPS	5.9	6.5	5.6	7.8	11.7
CEPS	8.5	10.8	9.5	11.7	16.0
BVPS	12.7	21.2	24.4	28.7	38.9
DPS	0.0	1.0	1.0	1.3	1.5

Valuations (x)	FY13	FY14	FY15E	FY16E	FY17E
PER	16.2	14.6	16.9	12.3	8.1
P/CEPS	11.2	8.8	10.0	8.2	5.9
P/BV	7.5	4.5	3.9	3.3	2.4
EV / Sales	1.4	1.0	1.1	0.8	0.6
EV / EBITDA	12.3	8.7	9.8	7.2	5.1
Dividend Yield (%)	0.0	1.1	1.1	1.3	1.6

Gearing Ratio (x)	FY13	FY14	FY15E	FY16E	FY17E
Net Debt/ Equity	1.3	0.8	0.5	0.3	0.1
Net Debt/EBIDTA	1.9	1.3	1.1	0.6	0.3
Working Cap Cycle (days)	50.3	17.9	15.2	12.1	12.4

Growth (%)	FY13	FY14	FY15E	FY16E	FY17E
Revenue	505.4	44.9	0.5	42.6	26.2
EBITDA	729.4	47.5	(6.5)	45.3	37.6
EBIT	688.1	38.0	(9.2)	63.2	47.6
PAT	1,416.2	16.7	(4.7)	52.8	50.8

Shareholding Pattern (%)	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Promoters	61.3	61.3	61.3	61.3	64.9
FIIIs	2.8	2.8	2.8	2.8	1.0
DIIs	-	-	-	-	-
Public and Others	35.9	35.9	35.9	35.9	34.2

Emkay Rating Distribution

BUY	Expected total return (%) (Stock price appreciation and dividend yield) of over 25% within the next 12-18 months.
ACCUMULATE	Expected total return (%) (Stock price appreciation and dividend yield) of over 10% within the next 12-18 months.
HOLD	Expected total return (%) (Stock price appreciation and dividend yield) of upto 10% within the next 12-18 months.
REDUCE	Expected total return (%) (Stock price depreciation) of upto (-) 10% within the next 12-18 months.
SELL	The stock is believed to underperform the broad market indices or its related universe within the next 12-18 months.

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

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