

**Man Infracon. Ltd.**

₹ 44

*Present in all Verticals of Construction***Buy**

Jun 17, 2016

**Company Background**

Man Infraconstruction is a leading construction company in India that has executed construction work for some of the most significant port projects in the country. The company has also demonstrated its expertise in other business verticals of construction like Residential Infrastructure, Industrial Constructions, Road Constructions, Commercial and institutional Construction etc. Since inception, Man Infraconstruction has steadily attained substantial profitability and value creation for its stakeholders. It is a ISO 9001:2008, ISO 14001:2004 and OSHAS 18001:2007 certified Company. It has always offered to its clients quality, timely deliveries, superior customer service. By leveraging its strengths and capitalizing on developing opportunities, Man Infra aspires to consolidate its position in the infrastructure construction and become one of the top Real Estate Development Company in Mumbai.

**Key Highlights**

- ➔ Man Infra has given a termination notice to the Government in which it was participating due to the delays faced in execution. The Government has principally agreed the same and paperwork is going on after which the company would be getting back around Rs. 175 Cr. which was its investment.
- ➔ Man Infra has significant expertise in the port segment. The government has already started working on the modernisation of the water transport infrastructure of India which may get in some more opportunities for the company.
- ➔ Man Infra has started 2 hi-end real estate development projects one at Ghatkopar and another at Dahisar in Mumbai. The Ghatkopar project is around 6 Lac sq. ft and priced at around 13000 to 15000 Rs per sqft while the Dahisar project is around 26.5 Lac sq. ft and is priced in at around 8000 to 10000 per sq. ft. Both these projects would bring in lot of value for company.
- ➔ Management has informed that the projects in pipeline will start booking revenues from the second and third quarter of FY17. It further informed that there are no bad debts currently pending in the books and the interest service capacity of the company is good enough with a significant amount of cash reserves maintained for any upcoming opportunity.

**Key Financials**

Year Ended 31 <sup>st</sup>	Mar 13	Mar 14	Mar 15
Revenue (INR mn)	4,177.7	3,223.5	2,662.1
Rev. growth (%)	(3.44)	(22.84)	(17.42)
EBITDA (INR mn)	865.0	728.8	919.6
Net profit (INR mn)	435.8	285.5	505.2
Shares outstanding (mn)	49.5	49.5	247.5
EPS (INR)	8.8	5.8	2.0
EPS growth (%)	(34.50)	(34.49)	(64.61)
P/E (x)	3.30	3.22	19.52
RONW (%)	7.70	2.80	7.53
ROCE (%)	7.59	2.74	7.47

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**Info Codes**

Reuters	: MANI.BO
Bloomberg	: MINF@IN
NSE	: MANINFRA
BSE	: 533169

**Market Data**

52 Wk Range (₹)	: 29 / 50
Shares in Issue (mn)	: 247.5
Mkt. Cap (₹ bn)	: 11.07
BSE 2 Wk Avg Vol	: 746000

**Share Holding Pattern (%)**

Promoters	: 60.25
Public	: 39.75
Others	: 00.00

**Investment Theme**

After the new Government came into place the overall Indian Economy has been showing a cyclical upturn on the back of strong policies. This reform agenda is aimed at reinvigorating investment flows and reviving construction expected to support growth in the real estate and construction. Further introduction of relaxed FDI norms and REITs along with the planning of smart cities will guide the Real Estate sector hereon. Similarly the government has taken up Infrastructure Development in its agenda and may continue to spend an estimated USD 1 trillion till 2017. The Ports Sector is also gaining momentum with the Government's reforms in areas like land acquisition & easy clearances, it has realized the potential of this sector and has taken major initiatives for it. Man Infra operates in these two major segment and therefore is expected to gain the most from the current upcoming macroeconomic scenario.

**Good Port-ability !**

## Financial Statements

### Income Statement

(₹ mn)

Year end	Mar 13	Mar 14	% Chg	Mar 15	% Chg
Total Sales + Excise	3,694.5	2,662.9	(27.9)	1,899.3	(28.7)
Other Income	483.2	546.1	13.0	748.3	37.0
Change in Stocks	(183.7)	(17.4)	(90.5)	(0.3)	(98.3)
Raw Material Con.	1,334.9	1,026.1	(23.1)	643.1	(37.3)
Employee Exp.	349.4	262.1	(25.0)	240.2	(8.4)
Indirect Taxes	9.9	21.4	116.2	46.7	118.2
Other Exp.	1,434.8	1,153.2	(19.6)	797.7	(30.8)
Operating Exp.	3,312.7	2,480.2	(25.1)	1,728.0	(30.3)
Operating Profit	381.8	182.7	(52.1)	171.3	(6.2)
Total Interest	28.6	11.5	(59.8)	54.2	371.3
Gross Profit	836.4	717.3	(14.2)	865.4	20.6
Net Dep.	233.5	302.6	29.6	128.3	(57.6)
Total Taxation	167.1	129.2	(22.7)	231.9	79.5
Net Profit/Loss	435.8	285.5	(34.5)	505.2	77.0

### 4 Years Balance Sheet

(₹ mn)

Balance Sheet as on 31 <sup>st</sup>	Mar 12	Mar 13	Mar 14	Mar 15
<b>SOURCES OF FUNDS</b>	<b>5,369.1</b>	<b>5,842.4</b>	<b>5,957.6</b>	<b>6,339.9</b>
Equity Share capital	495.0	495.0	495.0	495.0
Share Application Money	0.0	0.0	0.0	0.0
Preference Share Capital	0.0	0.0	0.0	0.0
Reserves & Surplus	4,874.1	5,188.3	5,390.3	5,812.9
Long Term Loans	0.0	0.0	0.0	0.0
Short Term Loans	0.0	159.1	72.3	32.0
<b>USES OF FUNDS</b>	<b>5,369.1</b>	<b>5,842.4</b>	<b>5,957.6</b>	<b>6,339.9</b>
Gross Block	1,271.9	1,236.1	1,125.4	1,021.3
Less : Revaluation Reserves	0.0	0.0	0.0	0.0
Less : Accumulated Depreciation	617.7	632.9	643.2	665.8
Net Block	654.2	603.2	482.2	355.5
Capital Work in Progress	55.1	1.3	3.0	0.6
Investments	133.7	211.4	594.2	1,390.5
Current Assets	7,270.9	7,052.3	6,287.0	5,387.1
Less : Current Liabilities	2,744.8	2,025.8	1,408.8	793.8
Total Net Current Assets	4,526.1	5,026.5	4,878.2	4,593.3
Misc. Expenses not writtenoff	0.0	0.0	0.0	0.0
<b>NOTE</b>				
Bk Val Unquoted Investments	116.7	201.1	458.6	1,390.5
Mkt Val. Quoted Investments	17.0	10.6	135.9	0.0
Contingent Liabilities	1,629.7	2,121.7	2,211.0	6,579.7
Dividend (%)	22.5	13.5	40.5	49.5

Quarterly Income Sheets

(₹ mn)

Quarter Ended	Mar 15	Jun 15	Sep 15	Dec 15
Net Sales	430.8	592.2	549.3	544.9
Cost Of Sales	390.2	555.2	462.4	559.6
Operating Profit	40.6	37.0	86.9	(14.7)
Other Income	110.2	107.5	159.1	139.0
Adjusted PBDIT	150.8	144.5	246.0	124.3
Financial Expenses	1.0	4.7	1.0	1.8
Depreciation	16.5	18.6	18.2	19.4
Other Write Offs	0.0	0.0	0.0	0.0
Adjusted PBT	133.3	121.2	226.8	103.1
Tax Charges	48.2	43.9	77.0	39.7
Adjusted PAT	85.1	77.3	149.8	63.4
Non Recurring Items	0.0	0.0	0.0	0.0
Other Non Cash Adjust	0.0	0.0	0.0	0.0
Net Profit	85.1	77.3	149.8	63.4

52 Week Index Relative Percentage Appreciation



Man Infra vs SENSEX

Risks Associated

- An unexpected development in any of the macroeconomic variables may adversely impact the profitability of the Company both Infra and Real estate are cyclical industries and they get impacted more by the changes in macroeconomic variables like interest rate, GDP Growth, purchasing power, inflation etc.
- The Real Estate Business has significant initial outflow with staggered and long term inflow. Delays in the project cycle; inadequate funding resources may have an impact on the liquidity position of the Company.
- The Groups Real Estate operations as well as EPC contracts are subject to cost over runs due to increase in material cost or labour cost. The Company's earnings may be affected from the volatility in the price of input.
- All Companies face the risk of competition, across all industries. In order to stay competitive in the market, Companies may resort to various tactics to achieve a sustainable and a profitable growth and may fail in the same.
- The performance of the company may be affected if there is substantial difference between the estimated and actual sales volume of the Real Estate development projects.



**In a Nutshell**

Man Infraconstruction is a leading construction company in India that has executed construction work for some of the most significant port projects in the country. It has also completed several other prestigious projects in the residential, commercial, Institutional and industrial space as well. Its renowned achievement was the construction of India's first premier private port project for Nhava Sheva International Container Terminal at Jawaharlal Nehru Port Terminal, Navi Mumbai in 1997. Subsequently it has successfully worked on five ports viz., Jawaharlal Nehru Port Trust, Mundra Port, Chennai Port, Vallaradam Port and the Pipavav Port. Man Infra has also successfully executed construction of high rise building with 3 Residential Towers of 55 storey which is one of the tallest towers' in western suburb of Mumbai. It have relentlessly explored and seized construction opportunities across various business verticals. Its current expertise spans across diverse domains and is evident through the successful execution of various projects covering Port Infrastructure, Commercial & Institutional Constructions, Residential Constructions, Industrial Constructions and Road Constructions. The Group has entered into Real Estate Development and is currently developing premium Residential Projects with an approximate saleable area of 2.5 million sq. ft. in various suburbs of Mumbai. With an impressive order book and several projects due for completion, it is poised to scale newer benchmarks in the near future.

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**Rating Interpretation**

**Buy** : Expected to appreciate 20% or more over 12-months

**Accumulate** : Expected to appreciate 10% to 20% over 12-months

**Trade Buy** : Expected to appreciate more than 10% over 45-days

**Reduce** : Expected to depreciate up to 10% over 12-months

**Sell** : Expected to depreciate 10% or more over 12-months

**Trade Sell** : Expected to depreciate more than 10% over 45-days

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