

IRB Infrastructure

Q4FY11 Result update

26 May 2011

Hold

Target Price: Rs174

CMP: Rs153*

Upside: 14%

*as on 24 May 2011

Lower FY12 Guidance Perplexing; Hold

IRB Infra's Q4FY11 numbers were largely in-line with our expectations. Reported PAT of Rs1bn is lower on account of Rs540mn one-time adjustment on interest-rate currency swap (INR/USD/JPY) taken pre-IPO on Mumbai-Pune project (MPEL) which triggered hurdle rate of 77JPY/USD post Japan's earthquake. Confusion did arise as the company always disclosed fixed-rate debt on MPEL, but clarified that this was taken pre-IPO and could not close before term. On future guidance, we believe revenue growth of 15%-20% is very low considering order-book status and its respective completion timeline. We have factored in higher numbers on top-line. However, we believe profitability will remain flat on higher share of construction in total turnover. We maintain our Hold rating as we believe upside triggers is missing (CMP Rs150, ~10% lower than our initiation price). We removed Goa road project from financials & valuations on uncertainties.

- **Robust order-book:** IRB's gross order book is robust at Rs117bn and even if we remove the Goa Project and O&M segment, order book of Rs73bn stands at 4.4x FY11 revenue, providing good earnings visibility for EPC segment.
- **Revenue, net profit growth of 15-20% for FY12 guided:** Considering the current order-book, the guided revenue growth is lower. Management didn't give break-up on the same. We factor 28%/19% revenue growth for FY12/FY13.
- **EPC Margins sustainable?:** EPC Margin at 26% for FY11 is more than peers by 2X, which we believe is not sustainable. **We would wait to see 2HFY12 margins once Surat-Dahisar project is completed.** We have modeled in 24%/21% for FY12/FY13. We expect bottom-line to remain flat in FY12 vs guided growth of 15%-20%. Our FY13 PAT delivers 16% YoY.
- **Maintain Hold:** Though the stock price has corrected by 10% post our initiation (10th May'11), risk-reward has not improved materially. Material upside triggers are missing in the near-to medium-term. TP Rs174. Maintain Hold.

Manish Kayal

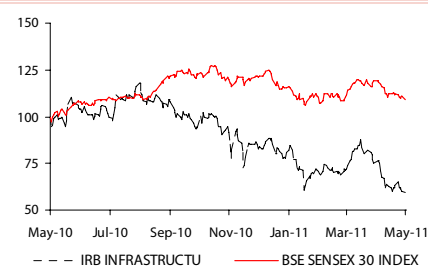
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Key Data

Bloomberg Code	IRB IN
Reuters Code	IRB.BO
Current Shares O/S (mn)	332.4
Diluted Shares O/S (mn)	332.4
Mkt Cap (Rsbn/USDbn)	51.1/1.1
52 Wk H / L (Rs)	315/148
Daily Vol. (3M NSE Avg.)	1,245,800
Face Value (Rs)	10

USD = Rs45.3

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
IRB Ltd	(23.1)	(28.1)	(38.3)
NIFTY	(8.0)	(6.0)	9.7

Source: Bloomberg, Centrum Research
*as on 24 May 2011

Y/E March (Rsmn) (Consolidated)	Q4FY11A	Q4FY10A	YoY%	Q3FY11A	QoQ%	Q4FY11E	Var (%)	FY11	FY10	YoY%
Net sales	7,670	5,017	52.9	6,688	14.7	7,867	(2.5)	24,381	17,049	43.0
Consumption of RM	4,005	2,356	70.0	3,355	19.4	4,282	(6.5)	11,812	7,851	50.4
% of sales	52.2	46.9		50.2		54.4		48.4	46.1	
Employee costs & SG&A	518	351	47.4	398	30.3	477	8.7	1,630	1,207	35.0
% of sales	6.8	7.0		5.9		6.1		6.7	7.1	
EBITDA	3,147	2,310	36.2	2,936	7.2	3,109	1.2	10,939	7,990	36.9
EBITDA Margin (%)	41.0	46.0		43.9		39.5	151.2	44.9	46.9	
Dep and amortisation	587	516	13.9	585	0.3	673	(12.8)	2,254	1,819	23.9
Interest	1,398	815	71.6	820	70.6	903	54.9	3,572	2,494	43.2
EBT	1,161	980	18.5	1,531	(24.1)	1,533	(24.2)	5,113	3,677	39.1
Other income	229	114	101.4	117	95.4	132	72.8	645	490	31.7
PBT	1,390	1,094	27.1	1,648	(15.6)	1,665	(16.5)	5,758	4,167	38.2
Provision for tax	336	(393)	(185.4)	288	16.5	392	(14.4)	1,117	133	740.0
Effective Tax Rate %	24.1	(35.9)		17.5		23.5		19.4	3.2	
PAT Before Minority Int.	1,055	1,487		1,360		1,273		4,641	4,034	
Minority Interest	27	69		30		41.5		117	179	
PAT (reported)	1,028	1,417	(27.5)	1,330	(22.7)	1,232	(16.6)	4,524	3,854	17.4
PAT (adjusted)	1,577	1,417	11.2	1,330	18.5	1,232	28.0	5,073	3,854	31.6
NPM (%)	20.6	28.2		19.9		15.7		20.8	22.6	
EPS (adjusted)	4.7	4.3	11.2	4.0	18.5	3.7	28.0	15.3	11.6	31.6

Source: Company, Centrum Research

Y/E Mar (Rsmn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	EPS (Rs)	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY09	9,919	35.4	4,388	44.2	1,758	54.4	5.3	10.5	8.1	14.9	10.7
FY10	17,049	71.9	7,990	46.9	3,854	119.2	13.6	20.4	13.2	6.8	6.3
FY11E	24,381	43.0	10,939	44.9	4,524	17.4	14.7	20.2	14.2	6.6	5.9
FY12E	31,082	27.5	12,284	39.5	4,593	1.5	13.8	17.0	11.7	6.5	6.7
FY13E	36,997	19.0	13,947	37.7	5,285	15.1	15.9	16.1	10.3	5.6	7.2

Source: Company, Centrum Research Estimates

Please refer to important disclosures/disclaimers in Appendix A
Centrum Equity Research is available on Bloomberg, Thomson Reuters and FactSet

Q4FY11: Revenue inline, Adjusted PAT higher than estimates

IRB's Q4FY11 results were inline or better than our expectations. Revenue at Rs7.9bn (up 53% YoY) was inline with our expectation. This was contributed by the EPC segment (Rs5.7bn, up 85% YoY) and BOT (Rs2.2bn, up 5.2% YoY). Operating margins were slightly higher at 42.7% vs our estimate of 41%, driven by better EPC margins.

Reported PAT at Rs1bn was lower than our expectation of Rs1.3bn. However, if adjusted or one-time MTM of Rs549mn (interest rate currency swap on Mumbai-Pune Expressway, booked in Interest expense of MPEL), recurring PAT was 25% higher than our expectation.

Overview of the MTM loss

IRB, pre-IPO made an interest rate currency swap agreement on INR/USD/JPY with an execution price of 77JPY/1USD. Since, the JPY never appreciated above 77JPY, the company never expected to book any loss on the swap. However, post Japan Tsunami event, the JPY appreciated beyond 77JPY, touching 76JPY on 16th March'2011 triggering payment on the swap. Though the company booked a cash loss of Rs240mn loss out of the total provision of Rs549mn, since the JPY has then depreciated to 86JPY at the end of FY11. The settlement of the swap would be made in August'11 and company does not expect further losses out of this swap. Note that there are two more swap agreement which the company says is not a high-risk one since they are just interest rate swap and does not involve currency swap like the one discussed above.

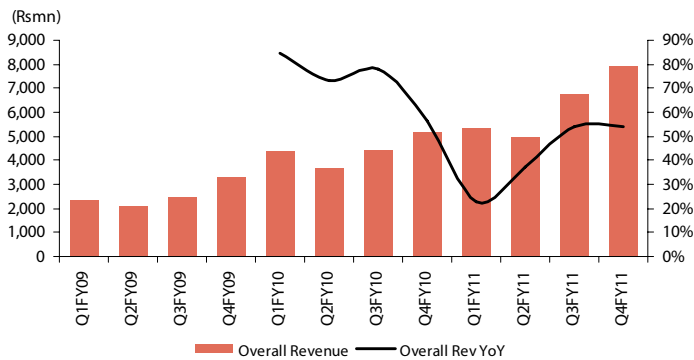
Exhibit 1: Q4FY11 Financial Result Analysis (Reported)

Particulars (Rsmn)	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11	Q4FY11E	Var %
Revenue (4,356	3,633	4,418	5,131	5,337	4,985	6,805	7,899	7,867	0.4
Construction	2,749	2,018	2,354	3,120	3,301	2,954	4,665	5,784	5,668	2.0
BOT	1,607	1,615	2,064	2,011	2,036	2,032	2,140	2,115	2,199	(3.8)
EBITDA	1,877	1,821	2,359	2,424	2,710	2,446	3,053	3,376	3,241	4.1
Construction	505	417	505	579	952	710	1,161	1,460	1,297	12.6
BOT	1,371	1,404	1,853	1,845	1,758	1,736	1,892	1,916	1,944	(1.5)
EBITDA Margin (%)	43.1	50.1	53.4	47.2	50.8	49.1	44.9	42.7	41.2	
Construction	18.4	20.7	21.5	18.5	28.8	24.0	24.9	25.2	22.9	
BOT	85.3	86.9	89.8	91.8	86.3	85.4	88.4	90.6	88.4	
Interest Expenses	467	477	736	815	661	693	820	1,398	903	54.9
Construction	63	61	54	48	59	68	162	252	178	41.7
BOT	405	416	681	767	602	625	658	1,146	725	58.1
Depreciation	376	396	531	516	537	544	585	587	673	(12.8)
Construction	129	133	126	132	110	118	147	149	179	(16.5)
BOT	247	263	405	384	427	426	438	438	494	(11.4)
Profit Before Tax	1,033	948	1,092	1,094	1,512	1,209	1,648	1,390	1,665	(16.5)
Construction	313	224	324	399	783	525	852	1,058	940	12.6
BOT	720	725	768	695	728	684	796	332	725	(54.2)
Tax	182	205	139	(393)	303	190	288	336	392	(14.4)
Construction	60	79	67	42	224	152	275	324	320	1.5
BOT	122	126	73	(435)	79	39	13	11	73	(84.5)
Profit After Tax	851	743	953	1,487	1,208	1,018	1,360	1,055	1,273	(17.2)
Construction	253	145	258	357	560	373	577	734	621	18.3
BOT	598	598	695	1,130	649	645	783	321	653	(50.8)
Net Profit Margin (%)	19.5	20.5	21.6	29.0	22.6	20.4	20.0	13.4	16.2	
Construction	9.2	7.2	11.0	11.4	16.9	12.6	12.4	12.7	10.9	
BOT	37.2	37.0	33.7	56.2	31.9	31.8	36.6	15.2	29.7	

Source: Company, Centrum Research

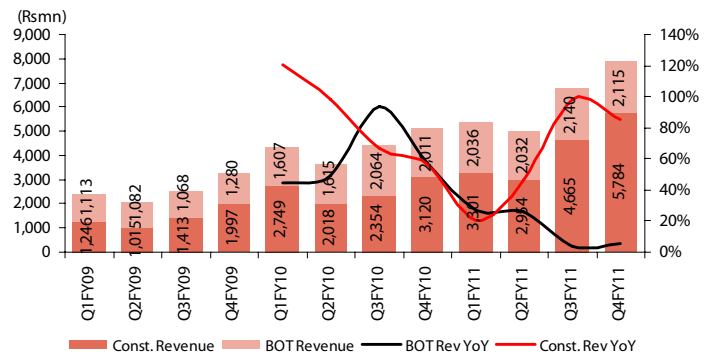
For the full year, IRB reported 43% revenue growth contributed by 83% YoY growth in its EPC business 15% YoY in BOT segment. Within the EPC segment, the Surat-Dahisar project contributed the highest share of total at around 75% with Jaipur - Deoli, Amritsar - Pathankot and Talegaon-Amravati contributing 15% and balance by Kolhapur IRDP project.

Exhibit 2: Revenue Consolidated (Quarterly)



Source: Company, Centrum Research

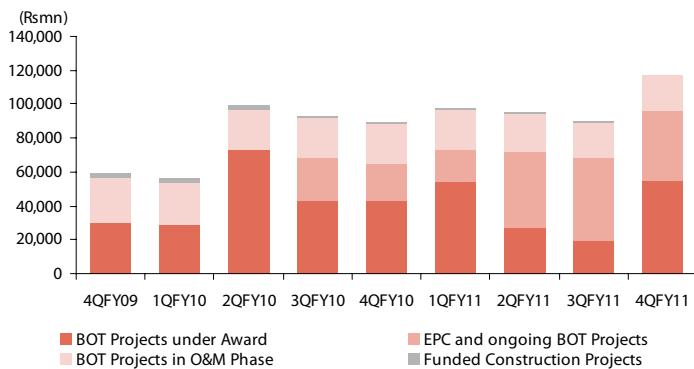
Exhibit 3: Revenue Mix (Quarterly)



Source: Company, Centrum Research

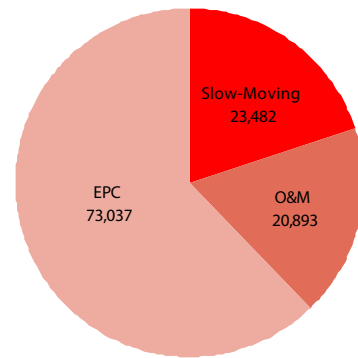
Order-book at Rs117bn is strong giving a robust visibility in EPC segment. However, if we exclude slow-moving Goa Project, O&M segment order-book, and Airport order-book, the pure road segment order-book is strong at Rs73bn, 4.4x FY11 EPC Revenue. However, the management's guidance of 15-20% revenue growth in FY12 leads us to believe that there might be issues in execution of some projects which the company denied on the conference call.

Exhibit 4: Order-book trend...



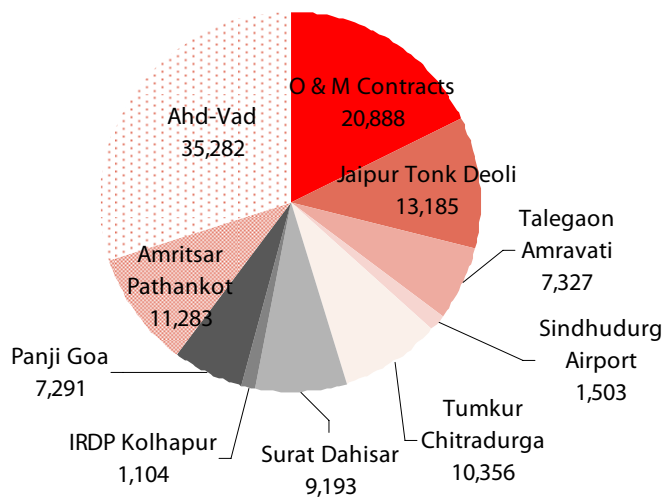
Source: Company, Centrum Research

Exhibit 5: Excl. O&M and Goa project, Book-to-Bill is 4.4x



Source: Company, Centrum Research

Exhibit 6: Order-book break-up as at end-FY11 (Rsmn)



Source: Company, Centrum Research

... But guidance was perplexing on growth

Overall revenue growth for FY12 is guided at 15%-20% (both EPC and BOT combined). We went into the details of the current order-book and time-line, but couldn't figure out the reason for the lower growth guidance. We have factor-in higher numbers for FY12. On the other hand, the BOT business would benefit from (1) 18% rise in toll rates on the Mumbai-Pune road from 1st April 2011; (2) CoD of Tumkur-Chitradurga project in June 2011, and (3) CoD of Kolhapur IRDP in June 2011. As per our calculation, the growth numbers as given by the management are very conservative unless there is any negative information which the management has not shared with the public.

EPC business

- The MTM loss of Rs549mn was booked on an interest rate currency swap. This swap agreement was made on Aug 2005, before the company's IPO and restructuring of the debt of Mumbai-Pune project. The original intention to get in to this arrangement was to save on the interest cost. Note that before IPO, the debt of MPEL had a variable interest rate structure. The company had booked cash loss of Rs240mn on this swap agreement and expects no further provision on the same as current forex rate or USD/JPY is further at 86 v/s 77 agreement execution rate.
- FY12 EPC business guided to grow by 15%-20% on revenue & bottom-line. Note that there is no consistency on the growth numbers guided by the company. CMD says 15%-20% (which is highly unlikely unless there is information which we and street doesn't know), whereas CFO says 25%-30% on BOT business & 20% on EPC business.
- The Surat-Dahisar project contributed most of the revenue of EPC business for FY11 (around 75%). Kolhapur contributed 15% whereas the newer projects like Jaipur-Deoli, Amritsar-Pathankot and Talegaon-Amravati contributed 15%-20%.

Development / BOT segment

- The Tumkur - Chitradurga project would achieve COD by 3rd June'11. The SPV has already received the toll notification and the company is in the notice period, wherein, a project before starting to charge toll need to put in 15days of notice before starting toll collection.
- The Kolhapur IRDP project is also expected to achieve COD by June. Toll notification order from the agency is under process.
- The Surat-Dahisar project is 80% complete. Expected to be complete by the scheduled time of August'11. We doubt this timeline. Also, the company maintained that the projects final cost would be 15%-20% lower than earlier estimated. However, the most intriguing point is which unit will reap this benefit of cost savings. As per normal industry standards, the EPC arm should be the one. But company said that the SPV would be benefited. Since, the SPV is **90%** owned, the probability of EPC arm getting the benefit is highly **LIKELY**. On the other hand, there is a possibility that EPC arm which is already reporting higher operating margins is already factoring in these cost savings benefits through better margins. **We have a different stance in respect to this aspect v/s consensus and hence taken a conservative view on operating margins going forward. We believe, our stance would be clarified only when the project is complete, because, only then one would be able to get a grasp of sustainable margins.**
- Jaipur-Deoli, Amritsar-Pathankot and Talegaon-Amravati are 10%-15% complete.
- The company still has no clue of the Goa road project. Land acquisition is still an issue. We believe Goa is more sensitive to land acquisition and hence investors should be more cautious in attributing value to Goa based project unless land is fully acquired.
- Average cost of debt for the group for its various projects (construction + operational) is 10.75%. Whereas the projects under construction are observing 10.5% interest charge as it is fixed during construction period.
- Long-term target of the company is to have a portfolio of \$5bn-\$6bn. The project award activity is expected to peak-out in FY15, similar to our projection made in initiation note.
- The company expects to fund all equity requirements on new projects from internal accruals and is not expecting to raise external equity raising.
- MAT credit of Rs350mn/Rs400mn is still outstanding. This will have the impact of lowering tax expense of the Mumbai-Pune expressway for the next few years.

Valuation

We maintain our Hold rating. We would await the company bagging new projects (and the assumptions in those projects). The CMP seems to factor in most of the current operational projects. We have reduced our growth numbers for the construction business, giving us a fair value of Rs47 vs. Rs74 earlier. On BOT, we correct our road project numbers giving us a higher number of Rs125 than previously ascribed Rs109. However, our overall fair value for IRB is not impacted much, after adjusting for the EPC segment on the downside and BOT valuation on the upside. We maintain our Hold rating on the stock as upside triggers are still missing. We wait for assumptions of new wins which would set the call on the company in the long-term.

Note that we have removed Goa project from our consolidated financials and valuation. Since, there is no progress on the project; we believe it would be prudent to wait to get a clear picture of the project. We believe Goa is more sensitive to land acquisition than other states.

Exhibit 7: IRB Infrastructure's valuation table

Project	Stake	Method	Multiple	FY13 EPS	Value	Discount	Per Share	% of Total Value
Core construction business	100%	P/E	6	8	15,479	NA	47	27%
Road Projects		DCF			47,098		125	72%
Operational Road Projects					36,862	0%	111	64%
Under Construction Road Projects					10,236	25%	14	8%
Airport	100.0%	BV	1		148	25%	0.3	0%
Sindhudurg Airport	100.0%	BV	1.0		148	25%	0.3	0%
Real Estate	100.0%	BV	1		1,000	25%	2	1%
B/w Mumbai-Pune	100.0%	BV	1.0		1,000	25%	2	1%
Grand Total Value of IRB Infra					63,726		174	100%
Current Market Price					50,968		153	
Upside / (Downside)							14%	

Source: Company, Centrum Research Estimates

BOT Business Revenue Analysis

Exhibit 8: Toll revenue steady growth in revenue from road BOT Projects ...

Project (Rsmn)	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Surat-Dahisar (Gross)	778	780	873	907	882	829	955	982
Mumbai –Pune	764	767	771	761	802	803	809	802
Thane-Bhiwandi Bypass (4 Lane)	112	112	118	131	133	122	138	150
Thane-Ghodbunder	69	67	72	70	72	65	73	74
Pune-Nashik	42	43	47	48	48	53	55	55
Pune-Solapur	36	31	32	35	36	31	35	42
Nagar -Karmala –Tembhurni	29	34	35	36	38	35	36	37
Mohol -Mandrup –Kamtee	17	18	14	14	17	20	19	20
Kharpada Bridge	18	15	16	17	19	15	19	21
Bharuch –Surat	-	21	324	317	298	306	348	351
Kaman –Paygaon	9	8	5	-	-	-	-	-
Khambatki Ghat	12	-	-	-	-	-	-	-
Total	1,886	1,896	2,307	2,335	2,345	2,277	2,487	2,534

Exhibit 9: YoY (%) - BOT Revenue growth has shown moderation after robust growth in every quarter of FY10 ...

Project (YoY %)	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Surat-Dahisar (Gross)	NA	NA	NA	NA	13.4	6.3	9.3	8.3
Mumbai –Pune	5.9	5.6	6.8	7.2	4.9	4.6	4.9	5.4
Thane-Bhiwandi Bypass (4 Lane)	2.5	14.3	23.8	28.7	19.7	9.2	16.5	15.2
Thane-Ghodbunder	1.5	4.8	7.7	5.1	4.8	(3.2)	1.4	6.2
Pune-Nashik	5.1	3.0	16.5	16.3	14.1	22.6	17.2	14.9
Pune-Solapur	(2.6)	(0.4)	8.4	14.8	1.4	0.8	10.5	20.7
Nagar -Karmala –Tembhurni	(6.9)	20.2	30.0	35.5	29.3	2.6	3.5	2.5
Mohol -Mandrup –Kamtee	(4.9)	7.0	(7.7)	(9.9)	0.6	10.3	37.4	43.8
Kharpada Bridge	(10.1)	(9.4)	(1.0)	0.8	2.6	(3.4)	19.3	23.5
Bharuch –Surat	NA	NA	NA	NA	NA	1345.9	7.3	10.6
Kaman –Paygaon	NA	NA	(44.4)	(100.0)	(100.0)	(100.0)	(100.0)	NA
Khambatki Ghat	NA	NA	(100.0)	(100.0)	(100.0)	NA	NA	NA
Total	51.6	55.6	86.7	88.4	25.9	22.2	7.0	8.1

Exhibit 10: QoQ (%) -revenue growth has been muted in Q4 both for FY10 & FY11 ...

Project (QoQ %)	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Surat-Dahisar (Gross)	NA	0.2	12.0	3.8	(2.7)	(6.1)	15.2	2.8
Mumbai –Pune	7.5	0.4	0.5	(1.2)	5.3	0.1	0.8	(0.8)
Thane-Bhiwandi Bypass (4 Lane)	10.0	0.0	6.2	10.2	2.3	(8.7)	13.3	8.9
Thane-Ghodbunder	4.5	(3.1)	7.2	(3.0)	4.1	(10.5)	12.2	1.5
Pune-Nashik	2.1	3.2	9.1	1.2	0.1	10.9	4.3	(0.8)
Pune-Solapur	17.4	(14.0)	4.5	8.8	3.7	(14.4)	14.5	18.8
Nagar -Karmala –Tembhurni	8.8	17.9	0.9	4.6	3.9	(6.5)	1.8	3.6
Mohol -Mandrup –Kamtee	8.3	4.3	(22.7)	3.2	20.9	14.3	(3.7)	8.0
Kharpada Bridge	7.7	(14.9)	4.5	5.3	9.6	(19.9)	29.0	9.0
Bharuch –Surat	NA	NA	1433.6	(2.1)	(6.2)	2.6	13.8	0.9
Kaman –Paygaon	0.0	(11.1)	(37.5)	(100.0)	NA	NA	NA	NA
Khambatki Ghat	(64.7)	(100.0)	NA	NA	NA	NA	NA	NA
Total	50.4	0.6	23.5	0.8	0.5	(2.3)	8.2	1.8

Exhibit 11: % Share in total BOT - Three projects out of total 10 operational contribute more than 80% of the toll revenue

Project (% share)	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Surat-Dahisar (Gross)	30.0	29.9	27.1	27.9	26.6	25.5	27.2	27.5
Mumbai –Pune	48.3	48.2	39.2	38.4	40.2	41.2	38.4	37.4
Thane-Bhiwandi Bypass (4 Lane)	7.0	7.0	6.0	6.6	6.7	6.3	6.6	7.0
Thane-Ghodbunder	4.4	4.2	3.6	3.5	3.6	3.3	3.5	3.4
Pune-Nashik	2.7	2.7	2.4	2.4	2.4	2.7	2.6	2.6
Pune-Solapur	2.2	1.9	1.6	1.8	1.8	1.6	1.7	2.0
Nagar -Karmala –Tembhurni	1.8	2.2	1.8	1.8	1.9	1.8	1.7	1.7
Mohol -Mandrup –Kamtee	1.1	1.1	0.7	0.7	0.9	1.0	0.9	1.0
Kharpada Bridge	1.1	1.0	0.8	0.9	0.9	0.8	0.9	1.0
Bharuch –Surat	0.0	1.3	16.5	16.0	14.9	15.7	16.5	16.4
Kaman –Paygaon	0.6	0.5	0.3	0.0	0.0	0.0	0.0	0.0
Khambatki Ghat	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Company, Centrum Research

Project pipeline strong...IRB is an obvious beneficiary of the road sector opportunity. But fierce competition a huge concern, risking reasonable returns on projects

Exhibit 12: IRB's Status of Bidding in various projects across India

Row Labels	Total Length	Total Rsmn RFP Stage	Total Rsmn RFQ Stage
Haryana PWD	151		12,017
Madhya Pradesh Road Development Corporation (MPRDC)	212		14,813
NH Division, Govt. Of Rajasthan	515		13,880
NHAI	5,288	31,610	399,307
NE-II	135		26,990
OMT	380		2,570
PHASE -III	731		57,659
PHASE -III (BOT -Annuity)	456	22,310	7,057
PHASE -IV, IV A & IV B	2,234		193,527
PHASE -VII	21		2,785
PHASE -V	1,101	9,300	97,350
PHASE -VI	231		11,369
Punjab PWD & Punjab Infrastructure Development Board	217		19,438
Grand Total	6,382	31,610	459,455

Source: Company, Centrum Research

Exhibit 13: IRB's Projects in RFP Stage

Name of the Project	Laning	Phase	State	NH No.	Length (Km)	Amount Rsmn
NHAI						
Walajapet – Poonamalli	6 Laning	Phase V	Tamil Nadu	4	93	9,300
Jabalpur-RajmargChourah–Bhopal	4 Laning	III (BOT -Annuity)	MP	12	289.8	22,310
Total					382.8	31,610

Source: Company, Centrum Research

Financials (Consolidated)

Exhibit 14: Income Statement

Y/E March (Rsmn)	FY09	FY10	FY11E	FY12E	FY13E
Revenues	9,919	17,049	24,381	31,082	36,997
Growth in revenue	35.4	71.9	43.0	27.5	19.0
Cost of Raw Material	4,682	7,851	11,812	16,901	20,793
% of Revenue	47.2	46.1	48.4	54.4	56.2
Employee cost	424.8	710.4	929.2	1,088.3	1,289.5
% of Sales	4.3	4.2	3.8	3.5	3.5
O&M expenses	423.4	496.7	700.4	808.4	968.2
% of Sales	4.3	2.9	2.9	2.6	2.6
EBITDA	4,388	7,990	10,939	12,284	13,947
EBITDA Margin	44.2	46.9	44.9	39.5	37.7
Depreciation	1,144	1,819	2,254	2,767	3,488
PBIT	3,244	6,171	8,686	9,517	10,459
Interest expenses	1,377	2,494	3,572	4,336	4,820
PBIT from operations	1,868	3,677	5,113	5,181	5,638
Other non op. income	282	490	645	815	1,092
PBT before ext.od items	2,149	4,167	5,758	5,996	6,730
Extra-ord. income/ (exp)					
PBT	2,149	4,167	5,758	5,996	6,730
Provision for tax	(378)	(133)	(1,117)	(1,238)	(1,279)
Effective tax rate	17.6	3.2	19.4	20.6	19.0
Minority interest	(13.2)	(179.5)	(117.1)	(166.0)	(166.0)
Reported PAT	1,758	3,854	4,524	4,593	5,285
Adjusted PAT	1,758	3,854	5,073	4,593	5,285
Growth in PAT (%)	54.4	119.2	17.4	1.5	15.1
PAT margin	17.7	22.6	18.6	14.8	14.3

Source: Company, Centrum Research Estimates

Exhibit 15: Balance Sheet

Y/E March (Rsmn)	FY09	FY10	FY11E	FY12E	FY13E
Share Capital	3,324	3,324	3,324	3,324	3,324
Stock Options / Warrants					
Reserves	13,977	17,075	21,002	26,410	32,787
Shareholders' fund	17,301	20,399	24,326	29,734	36,110
Debt	24,859	29,152	46,255	60,276	74,958
Deferred Tax Liability	182	267	232	232	232
Minority Interest	599	779	896	1,062	1,228
Total Capital Employed	42,940	50,597	71,709	91,304	112,528
Gross Block	24,601	40,185	50,597	59,529	90,273
Accumulated dep.	4,440	5,511	7,764	10,531	14,020
Net Block	20,161	34,674	42,832	48,998	76,254
Capital WIP	14,545	8,802	15,874	29,812	25,582
Total Fixed Assets	34,707	43,477	58,706	78,809	101,836
Investments	1,108	451	551	551	551
Inventories	2,054	1,698	1,638	2,587	3,810
Debtors	130	297	397	438	755
Cash & bank balances	4,147	5,102	12,000	7,325	3,876
Loans and Advances	3,849	4,380	6,349	8,914	12,516
Total current assets	10,180	11,477	20,384	19,264	20,958
Current lia & provisions	3,065	4,816	7,941	7,329	10,826
Net current assets	7,116	6,661	12,443	11,935	10,132
Misc. Expenditure	10	9	9	9	9
Total Assets	42,940	50,597	71,709	91,304	112,528

Source: Company, Centrum Research Estimates

Exhibit 16: Cash flow Statement

Y/E March (Rsmn)	FY09	FY10	FY11E	FY12E	FY13E
CF from operating					
Profit before tax	2,149	4,167	3,038	6,812	7,822
Depreciation	1,144	1,819	1,173	2,767	3,488
Interest expenses	1,344	2,437	2,218	4,336	4,820
OP profit before WC change	4,441	7,995	6,429	13,914	16,130
Working capital adjustment	(1,401)	1,849	2,220	(4,167)	(1,646)
Gross cash from operations	3,040	9,844	8,649	9,748	14,484
Direct taxes paid	(424)	(812)	(624)	(1,238)	(1,279)
Cash from operations	2,615	9,033	8,025	8,510	13,205
CF from investing					
Capex	(8,114)	(10,604)	(14,107)	(22,870)	(26,515)
Investment	829	803	-	-	-
Others	1,238	(422)	-	-	-
Cash from investment	(6,047)	(10,223)	(14,107)	(22,870)	(26,515)
CF from financing					
Proceeds from sh cap & prem.	-	-	-	-	-
Borrowings/ (Repayments)	4,579	4,315	6,950	14,021	14,682
Interest paid	(1,257)	(2,455)	(2,218)	(4,336)	(4,820)
Dividend paid	(223)	(429)	-	-	-
Others	208	0	-	-	-
Cash from financing	3,308	1,431	4,732	9,685	9,861
Net cash increase/ (dec)	(123)	241	(1,351)	(4,675)	(3,449)

Source: Company, Centrum Research Estimates

Exhibit 17: Key Ratios

Y/E March	FY09	FY10	FY11E	FY12E	FY13E
Margin Ratios (%)					
EBITDA Margin	44.2	46.9	44.9	39.5	37.7
PBIT Margin	18.8	21.6	21.0	16.7	15.2
PBT Margin	21.7	24.4	23.6	19.3	18.2
PAT Margin	17.7	22.6	18.6	14.8	14.3
Growth Ratios (%)					
Revenues	35.4	71.9	43.0	27.5	19.0
EBITDA	6.5	82.1	36.9	12.3	13.5
Net Profit	54.4	119.2	17.4	1.5	15.1
Return Ratios (%)					
ROCE	8.1	13.2	14.2	11.7	10.3
ROIC	8.0	14.4	13.4	10.6	8.8
ROE	10.5	20.4	20.2	17.0	16.1
Turnover Ratios					
Asset turnover ratio (x)	0.2	0.4	0.4	0.4	0.4
Working Capital Turnover (x)	1.4	2.5	2.6	2.6	3.4
Avg collection period (days)	5	6	6	5	7
Avg payment period (days)	256	241	258	166	189
Per share (Rs)					
Fully diluted EPS	5.3	13.6	14.7	13.8	15.9
CEPS	12.0	24.2	26.3	28.1	33.9
Book Value	101	119	125	153	186
Solvency ratios (x)					
Debt/ Equity	1.4	1.4	1.9	2.0	2.1
Interest coverage ratio	3.2	3.2	3.1	2.8	2.9
Valuation parameters (x)					
P/E	14.9	6.8	6.6	6.5	5.6
P/BV	1.5	1.3	1.2	1.0	0.8
EV/ EBITDA	10.7	6.3	5.9	6.7	7.2
EV/ Sales	4.7	3.0	2.6	2.7	2.7
M-Cap/ Sales	2.7	1.5	1.2	1.0	0.8

Source: Company, Centrum Research Estimates

Appendix

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