

IRB Infrastructure

Q1FY12 Result Update

21 July 2011

Hold

Target Price: Rs180

CMP: Rs187*

Downside: 4%

*as on 20 July 2011

Beats Estimates On Robust EPC numbers, Maintain Hold

IRB Infra again beat expectations in Q1FY12 mainly buoyed by its construction arm. Construction revenue was Rs6bn vs our estimate of Rs4.1bn (see Exhibit 2). Road BOT segment performed as we had expected (see Exhibit 2). Overall, the results were good. However, we believe the construction arm's margins of 26% are not sustainable. Also, the pledged shares, which were an overhang on the stock, rose from 25% in Q3FY11 to 28%. Upside risks exists in the form of new orders bagged at attractive terms which we believe is highly unlikely in the current scenario. We have made marginal changes in our numbers and raised our target price to Rs180 (earlier: Rs174). We have not factored in the Goa project in our valuations since it's still mired in land acquisition issues. IVRCL too is stuck in a Goa based road BOT project.

- **Construction arm beats our estimates:** Construction arm delivered robust numbers while the BOT segment performed as expected. Interest expenses were high, but probably that would be offset against higher other income and could be attributed to the arbitrage in interest rates that the company goes for in the short-term.
- **Maintain Hold:** Though Q1FY12 performance was better than our expectations, we believe the stock is fairly-valued at current levels. We are skeptical on the sustainability of the construction arm's margins of 25% and hence apply a lower P/E multiple of 5x to value it. Our target price of Rs180 doesn't leave much of an upside and we would recommend investors to look for quality names like Sadbhav Engg, IL&FS Transportation and Ashoka Buildcon.

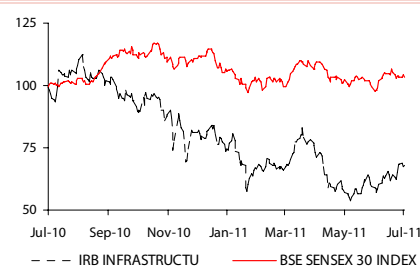
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Key Data

Bloomberg Code	IRB IN
Reuters Code	IRBI.BO
Current Shares O/S (mn)	332.4
Diluted Shares O/S (mn)	332.4
Mkt Cap (Rsbn/USDbn)	62.1/1.4
52 Wk H / L (Rs)	315/145
Daily Vol. (3M NSE Avg.)	1,480,013
Face Value (Rs)	10
USD = Rs44.5	

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
IRB Ltd	17.0	(11.5)	(30.6)
NIFTY	5.7	(2.3)	3.3

Source: Bloomberg, Centrum Research
*as on 20 July 2011

Y/E March (Rsmn) (Consolidated)	Q1FY12A	Q1FY11A	YoY%	Q4FY11A	QoQ%	Q1FY12E	Var (%)
Net sales	8,013	5,120	56.5	6,688	19.8	6,495	23.4
Consumption of RM	4,218	2,286	84.5	3,355	25.7	3,182	32.6
% of sales	52.6	44.7		50.2		49.0	
Employee costs & SG&A	501	341	46.8	398	25.9	369	35.9
% of sales	6.2	6.7		5.9		5.7	
EBITDA	3,294	2,493	32.2	2,936	12.2	2,944	11.9
EBITDA Margin (%)	41.1	48.7		43.9		45.3	
Depn/Amortisation	602	537	12.2	585	2.9	608	(1.0)
Interest	1,174	661	77.6	820	43.3	1,054	11.4
EBT	1,518	1,295	17.2	1,531	(0.8)	1,282	18.4
Other income	282	217	30.2	117	140.9	187	50.8
PBT	1,800	1,512	19.1	1,648	9.2	1,469	22.5
Provision for tax	443	303	45.9	288	53.6	250	77.0
Effective Tax Rate %	24.6	20.1		17.5		17.0	
PAT (Before Minority Int.)	1,357	1,208		1,360		1,219	
Minority Interest	16	33		30		41.5	
PAT (reported)	1,342	1,175	14.2	1,330	0.9	1,178	13.9
Mat Credit	31	73	(57.8)	116		-	
PAT (adjusted)	1,311	1,103	18.9	1,214	8.0	1,178	11.3
NPM (%)	16.4	21.5		18.2		18.1	
EPS (adjusted)	3.9	3.3	18.9	3.7	8.0	3.5	11.3

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	18.2	12.0
FY10	17,049	71.9	7,990	46.9	3,854	119.2	13.6	20.4	13.2	8.3	7.0
FY11E	24,381	43.0	10,939	44.9	4,524	17.4	14.7	20.2	14.2	8.0	6.5
FY12E	30,626	25.6	12,645	41.3	4,646	2.7	14.1	17.6	12.2	7.8	6.9
FY13E	36,751	20.0	14,330	39.0	5,333	14.8	16.0	17.3	10.9	6.8	7.4
FY14E	45,071	22.6	18,226	40.4	5,010	(6.1)	15.1	14.1	10.5	7.2	6.4

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

Q1FY12 Results: Construction segment the surprise ... again

We have detailed our estimates vs actual numbers. Key variances were on:

- Overall, it was the construction arm which surprised. The BOT segment witnessed in-line results. The construction segment's revenue at Rs6bn was 45% higher than our estimate of Rs4.1bn. Construction segment EBITDA margin at 25.9% in Q1FY12 is the highest for the past 4 quarters. We don't think it's sustainable. We expected 25.2%.
- Interest expenses in the construction arm were 41% higher than expected. Though we would wait for clarification on this amount, we believe the company has gone for more arbitrage opportunities, wherein the parent company takes loan and lends it to SPV giving it a spread of 50bps. This can be confirmed from increase in other income of Rs282mn (vs Rs187mn expectation).

Exhibit 1: Q1FY12 Financial Result Analysis (Reported)

Particulars (Rsmn)	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11	Q1FY12	QFY12E	Var %
Revenue	4,356	3,633	4,418	5,131	5,337	4,985	6,805	7,899	8,295	6,495	27.7
Construction	2,749	2,018	2,354	3,120	3,301	2,954	4,665	5,784	5,972	4,133	44.5
BOT	1,607	1,615	2,064	2,011	2,036	2,032	2,140	2,115	2,324	2,362	(1.6)
EBITDA	1,877	1,821	2,359	2,424	2,710	2,446	3,053	3,376	3,577	3,131	14.2
Construction	505	417	505	579	952	710	1,161	1,460	1,548	1,043	48.4
BOT	1,371	1,404	1,853	1,845	1,758	1,736	1,892	1,916	2,029	2,088	(2.8)
EBITDA Margin (%)	43.1	50.1	53.4	47.2	50.8	49.1	44.9	42.7	43.1	48.2	
Construction	18.4	20.7	21.5	18.5	28.8	24.0	24.9	25.2	25.9	25.2	
BOT	85.3	86.9	89.8	91.8	86.3	85.4	88.4	90.6	87.3	88.4	
Interest Expenses	467	477	736	815	661	693	820	1,398	1,174	1,054	11.4
Construction	63	61	54	48	59	68	162	252	285	202	41.1
BOT	405	416	681	767	602	625	658	1,146	889	852	4.4
Depreciation	376	396	531	516	537	544	585	587	602	608	(1.0)
Construction	129	133	126	132	110	118	147	149	137	106	28.7
BOT	247	263	405	384	427	426	438	438	465	502	(7.3)
Profit Before Tax	1,033	948	1,092	1,094	1,512	1,209	1,648	1,390	1,800	1,469	22.5
Construction	313	224	324	399	783	525	852	1,058	1,126	735	53.2
BOT	720	725	768	695	728	684	796	332	674	735	(8.2)
Tax	182	205	139	(393)	303	190	288	336	443	250	77.0
Construction	60	79	67	42	224	152	275	324	360	225	59.8
BOT	122	126	73	(435)	79	39	13	11	83	25	232.2
Profit After Tax	851	743	953	1,487	1,208	1,018	1,360	1,055	1,357	1,219	11.3
Construction	253	145	258	357	560	373	577	734	766	510	50.3
BOT	598	598	695	1,130	649	645	783	321	592	710	(16.7)
Net Profit Margin (%)	19.5	20.5	21.6	29.0	22.6	20.4	20.0	13.4	16.4	18.8	
Construction	9.2	7.2	11.0	11.4	16.9	12.6	12.4	12.7	12.8	12.3	
BOT	37.2	37.0	33.7	56.2	31.9	31.8	36.6	15.2	25.5	30.1	

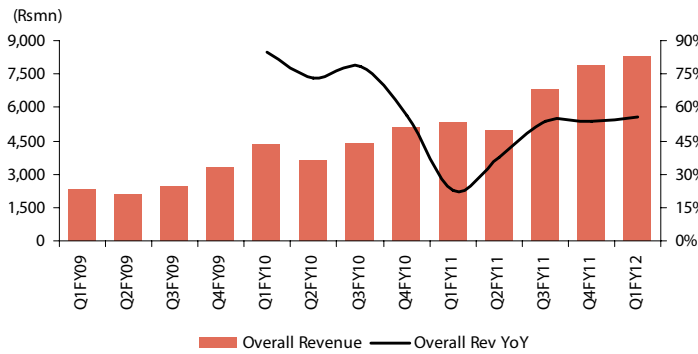
Source: Company, Centrum Research

Exhibit 2: Project-wise revenues vs expectations

Project (Rsmn)	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11	Q1FY12	Q1FY12E	Var (%)
Surat-Dahisar (Gross)	778	780	873	907	882	829	955	982	942	1,015	(7.2)
NHAI's Revenue Share	39	39	39	39	40	40	40	40	41	41	-
IRB Infra's Share	475	476	533	553	529	497	573	589	556	599	(7.2)
Mumbai -Pune	764	767	771	761	802	803	809	802	986	1,012	(2.6)
Thane-Bhiwandi Bypass	112	112	118	131	133	122	138	150	156	151	3.2
Thane-Ghodbunder	69	67	72	70	72	65	73	74	70	83	(15.5)
Pune-Nashik	42	43	47	48	48	53	55	55	56	54	2.6
Pune-Solapur	36	31	32	35	36	31	35	42	43	40	9.3
Nagar -Karmala -Tembhurni	29	34	35	36	38	35	36	37	37	43	(12.7)
Mohol -Mandrup -Kamtee	17	18	14	14	17	20	19	20	20	20	0.9
Kharpada Bridge	18	15	16	17	19	15	19	21	24	21	11.3
Bharuch -Surat	-	21	324	317	298	306	348	351	336	339	(1.1)
Kaman -Paygaon	9	8	5	-	-	-	-	-	-	-	NA
Khambatki Ghat	12	-	-	-	-	-	-	-	-	-	NA
Tumkur Project	-	-	-	-	-	-	-	-	114	-	NA
Gross Total	1,886	1,896	2,307	2,335	2,345	2,277	2,487	2,534	2,783	2,778	0.2
Net Total	1,582	1,592	1,967	1,982	1,992	1,946	2,105	2,142	2,397	2,362	1.5

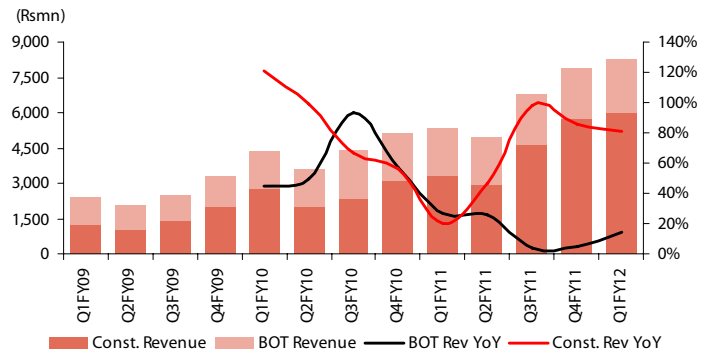
Source: Company, Centrum Research

Exhibit 3: Revenue Consolidated (Quarterly)



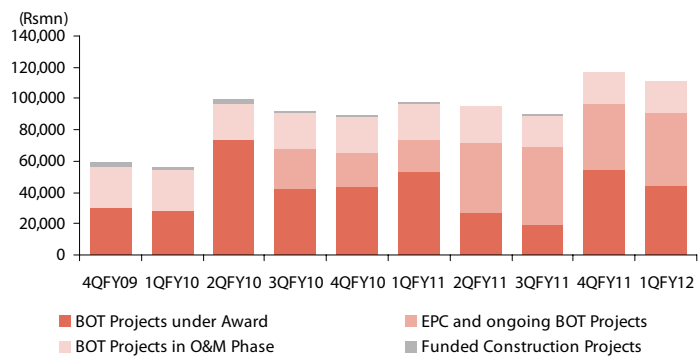
Source: Company, Centrum Research

Exhibit 4: Revenue Mix (Quarterly)



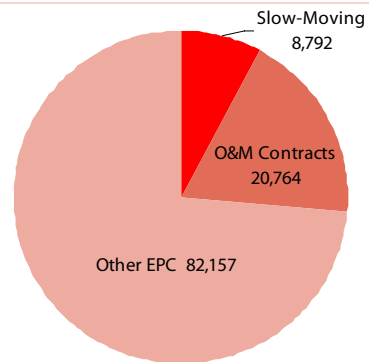
Source: Company, Centrum Research

Exhibit 5: Order-book trend...



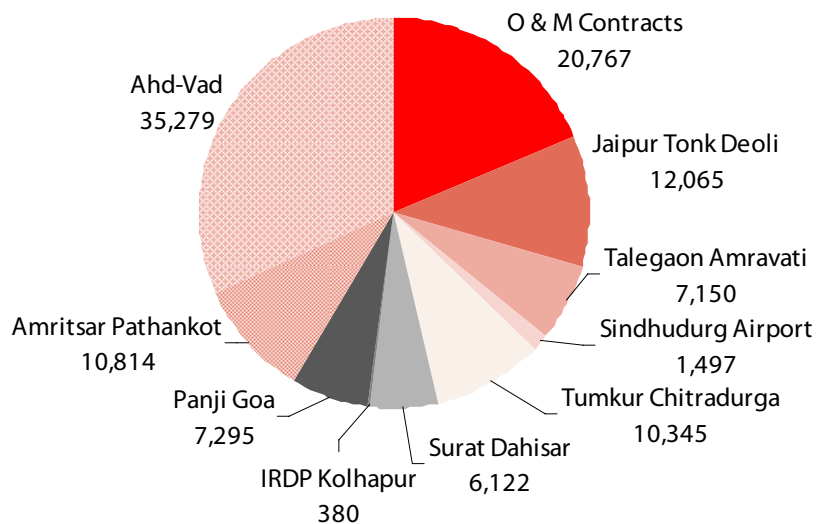
Source: Company, Centrum Research

Exhibit 6: Order-book robust at 4.2x TTM (Excl. slow OB)



Source: Company, Centrum Research

Exhibit 7: Order-book break-up as on 1QFY12 (Rsmn)



Source: Company, Centrum Research

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

Exhibit 8: IRB's status of bidding in various projects across India

Row Labels	Total Length (Km)	Total Rsmn RFP Stage	Total Rsmn RFQ Stage
Haryana PWD	151	12,017	0
Madhya Pradesh Road Development Corporation (MPRDC)	212	6,836	7,977
NH Division, Govt. Of Rajasthan	598		24,380
NHAI	4,452	101,234	244,855
NE-II	135		26,990
OMT	852		5,440
PHASE -III	581	17,441	27,309
PHASE -III (BOT -Annuity)	166		7,057
PHASE -IV, IV A & IV B	1,672	32,453	135,445
PHASE -VII	21		2,785
PHASE -V	795	51,340	28,460
PHASE -VI	231		11,369
Punjab PWD & Punjab Infrastructure Development Board	217		19,438
Grand Total	5,629	120,087	296,650

Source: Company, Centrum Research

Exhibit 9: IRB's Projects in RFP Stage

Project	Laning	Phase	State	NH No.	Length (Km)	Amount Rsmn
NHAI						
Vijayawada -Machilipatnam	4	III	TN	9	64.6	6,150
Patna -Start of AraBypass & 2 Laning of AraBypass -Buxar	4	III	Bihar	30 & 84	125.44	11,291
Jabalpur -Rewa	4	IV, IV A & IV B	MP	7	226.54	18,955
Punjab / Haryana Border to Jind	4	IV, IV A & IV B	Haryana	71	69.35	4,388
Hospet-Bellary -AP / Karnataka Border (Phase-IVB)	6	IV, IV A & IV B	Karnataka	63	95.44	9,110
Kishangarh-Udaipur-Ahmedabad	6	V	Raj & Guj	76, 79A, 79,8	558	51,340
Others						
Development of Rewa- MP/ UP Border	NA	NA	MP	7	107	6,836
Development of Raimalkapur-Narnaul-Kharakcorridor	NA	NA	Haryana	-	151	12,017
Total					1,397.4	120,087

Source: Company, Centrum Research

Maintain Hold with target price of Rs180

We have raised our target price to Rs180 from Rs174 with a marginal revision in numbers (predominantly for construction arm). We maintain our Hold rating as we believe the construction arm's margins of about 25% are not sustainable and would reduce, going forward. We have factored around lower operating margins at around 20% in FY13E and FY14E. Had the company's operating margins been similar to those of other construction companies, we would have observed lower ROE for the consolidated numbers. At current operating margins, we have modeled in 17.3% ROE for FY13. We advise investors to look at peers like Sadbhav Engineering, IL&FS Transportation and Ashoka Buildcon for better fundamentals and comfort on financial numbers.

Exhibit 10: IRB Infrastructure's valuation table

Particulars	Stake	Method	Multiple (x)	FY13 EPS (Rs)	Value (Rsmn)	Discount (%)	Per Share	% of Total Value
Core construction business	100	P/E	6	7	13,831	NA	42	23
Road Projects		FCFE			47,098		135	75
Operational Road Projects		FCFE			36,862		111	62
Under Construction Road Projects		FCFE			10,236		24	14
Airport	100	P/BV	1		148	25	0.3	0
Sindhudurg Airport	100	P/BV	1		148	25	0.3	0
Real Estate	100	P/BV	1		1,000	25	2	1
B/w Mumbai-Pune	100	P/BV	1		1,000	25	2	1
Grand Total Value of IRB Infra							180	100
Current Market Price							187	
Upside / (Downside) (%)							(4)	

Source: Company, Centrum Research Estimates

BOT Business Revenue Analysis

Exhibit 11: Steady growth in revenue from road BOT Projects ...

Project (Rsmn)	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11	Q1FY12
Surat-Dahisar	778	780	873	907	882	829	955	982	942
Mumbai -Pune	764	767	771	761	802	803	809	802	986
Thane-Bhiwandi Bypass (4 Lane)	112	112	118	131	133	122	138	150	156
Thane-Ghodbunder	69	67	72	70	72	65	73	74	70
Pune-Nashik	42	43	47	48	48	53	55	55	56
Pune-Solapur	36	31	32	35	36	31	35	42	43
Nagar -Karmala -Tembhurni	29	34	35	36	38	35	36	37	37
Mohol -Mandrup -Kamtee	17	18	14	14	17	20	19	20	20
Kharpada Bridge	18	15	16	17	19	15	19	21	24
Bharuch -Surat	-	21	324	317	298	306	348	351	336
Kaman -Paygaon	9	8	5	-	-	-	-	-	-
Khambatki Ghat	12	-	-	-	-	-	-	-	-
Tumkur Project	-	-	-	-	-	-	-	-	114
Total	1,886	1,896	2,307	2,335	2,345	2,277	2,487	2,534	2,783

Exhibit 12: YoY (%) - BOT Revenue growth robust from 23% growth in Mumbai-Pune Project

Project (YoY %)	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11	Q1FY12
Surat-Dahisar	NA	NA	NA	NA	13.4	6.3	9.3	8.3	6.7
Mumbai -Pune	5.9	5.6	6.8	7.2	4.9	4.6	4.9	5.4	23.0
Thane-Bhiwandi Bypass (4 Lane)	2.5	14.3	23.8	28.7	19.7	9.2	16.5	15.2	17.0
Thane-Ghodbunder	1.5	4.8	7.7	5.1	4.8	(3.2)	1.4	6.2	(3.3)
Pune-Nashik	5.1	3.0	16.5	16.3	14.1	22.6	17.2	14.9	16.3
Pune-Solapur	(2.6)	(0.4)	8.4	14.8	1.4	0.8	10.5	20.7	20.5
Nagar -Karmala -Tembhurni	(6.9)	20.2	30.0	35.5	29.3	2.6	3.5	2.5	(1.0)
Mohol -Mandrup -Kamtee	(4.9)	7.0	(7.7)	(9.9)	0.6	10.3	37.4	43.8	15.5
Kharpada Bridge	(10.1)	(9.4)	(1.0)	0.8	2.6	(3.4)	19.3	23.5	26.2
Bharuch -Surat	NA	NA	NA	NA	NA	1,345.9	7.3	10.6	12.7
Kaman -Paygaon	NA	NA	(44.4)	(100.0)	(100.0)	(100.0)	(100.0)	NA	NA
Khambatki Ghat	NA	NA	(100.0)	(100.0)	(100.0)	NA	NA	NA	NA
Tumkur Project	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	51.6	55.6	86.7	88.4	25.9	22.2	7.0	8.1	20.3

Exhibit 13: QoQ (%) Better than Q1FY11 seasonality on account of Tumkur Project toll collection start

Project (QoQ %)	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11	Q1FY12
Surat-Dahisar	NA	0.2	12.0	3.8	(2.7)	(6.1)	15.2	2.8	(4.1)
Mumbai -Pune	7.5	0.4	0.5	(1.2)	5.3	0.1	0.8	(0.8)	22.9
Thane-Bhiwandi Bypass	10.0	0.0	6.2	10.2	2.3	(8.7)	13.3	8.9	3.9
Thane-Ghodbunder	4.5	(3.1)	7.2	(3.0)	4.1	(10.5)	12.2	1.5	(5.1)
Pune-Nashik	2.1	3.2	9.1	1.2	0.1	10.9	4.3	(0.8)	1.4
Pune-Solapur	17.4	(14.0)	4.5	8.8	3.7	(14.4)	14.5	18.8	3.5
Nagar -Karmala -Tembhurni	8.8	17.9	0.9	4.6	3.9	(6.5)	1.8	3.6	0.4
Mohol -Mandrup -Kamtee	8.3	4.3	(22.7)	3.2	20.9	14.3	(3.7)	8.0	(2.8)
Kharpada Bridge	7.7	(14.9)	4.5	5.3	9.6	(19.9)	29.0	9.0	12.0
Bharuch -Surat	NA	NA	1,433.6	(2.1)	(6.2)	2.6	13.8	0.9	(4.4)
Kaman -Paygaon	-	(11.1)	(37.5)	(100.0)	NA	NA	NA	NA	NA
Khambatki Ghat	(64.7)	(100.0)	NA	NA	NA	NA	NA	NA	NA
Tumkur Project	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	50.4	0.6	23.5	0.8	0.5	(2.3)	8.2	1.8	11.9

Exhibit 14: % Share in total BOT - 4 out of 11 operational contribute around 85% of toll revenue collection

Project (% share)	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11	Q1FY12
Surat-Dahisar	30.0	29.9	27.1	27.9	26.6	25.5	27.2	27.5	23.2
Mumbai -Pune	48.3	48.2	39.2	38.4	40.2	41.2	38.4	37.4	41.1
Thane-Bhiwandi Bypass (4 Lane)	7.0	7.0	6.0	6.6	6.7	6.3	6.6	7.0	6.5
Thane-Ghodbunder	4.4	4.2	3.6	3.5	3.6	3.3	3.5	3.4	2.9
Pune-Nashik	2.7	2.7	2.4	2.4	2.4	2.7	2.6	2.6	2.3
Pune-Solapur	2.2	1.9	1.6	1.8	1.8	1.6	1.7	2.0	1.8
Nagar -Karmala -Tembhurni	1.8	2.2	1.8	1.8	1.9	1.8	1.7	1.7	1.6
Mohol -Mandrup -Kamtee	1.1	1.1	0.7	0.7	0.9	1.0	0.9	1.0	0.8
Kharpada Bridge	1.1	1.0	0.8	0.9	0.9	0.8	0.9	1.0	1.0
Bharuch -Surat	-	1.3	16.5	16.0	14.9	15.7	16.5	16.4	14.0
Kaman -Paygaon	0.6	0.5	0.3	-	-	-	-	-	-
Khambatki Ghat	0.8	-	-	-	-	-	-	-	-
Tumkur Project	-	-	-	-	-	-	-	-	4.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Company, Centrum Research

Financials (Consolidated)

Exhibit 15: Income Statement

Y/E March (Rsmn)	FY10	FY11E	FY12E	FY13E	FY14E
Revenues	17,049	24,381	30,626	36,751	45,071
<i>Growth in revenue</i>	71.9	43.0	25.6	20.0	22.6
Cost of Raw Material	7,851	11,812	16,119	20,190	24,205
<i>% of Revenue</i>	46.1	48.4	52.6	54.9	53.7
Employee cost	710.4	929.2	1,064.9	1,289.5	1,487.4
<i>% of Sales</i>	4.2	3.8	3.5	3.5	3.3
O&M expenses	496.7	700.4	796.9	941.2	1,152.8
<i>% of Sales</i>	2.9	2.9	2.6	2.6	2.6
EBITDA	7,990	10,939	12,645	14,330	18,226
<i>EBITDA Margin</i>	46.9	44.9	41.3	39.0	40.4
Depreciation	1,819	2,254	2,746	3,488	6,023
PBIT	6,171	8,686	9,899	10,842	12,203
Interest expenses	2,494	3,572	4,705	5,152	7,061
PBIT from operations	3,677	5,113	5,194	5,690	5,141
Other non op. income	490	645	1,022	1,338	1,581
PBT before ext.od items	4,167	5,758	6,216	7,028	6,722
Extra-ord. income/ (exp)					
PBT	4,167	5,758	6,216	7,028	6,722
Provision for tax	(133)	(1,117)	(1,430)	(1,529)	(1,546)
<i>Effective tax rate</i>	3.2	19.4	23.0	21.8	23.0
<i>Minority interest</i>	(179.5)	(117.1)	(140.0)	(166.0)	(166.0)
Reported PAT	3,854	4,524	4,646	5,333	5,010
Adjusted PAT	3,854	4,524	4,646	5,333	5,010
<i>Growth in PAT (%)</i>	119.2	17.4	2.7	14.8	(6.1)
<i>PAT margin (%)</i>	22.6	18.6	15.2	14.5	11.1

Source: Company, Centrum Research Estimates

Exhibit 16: Balance Sheet

Y/E March (Rsmn)	FY10	FY11E	FY12E	FY13E	FY14E
Share Capital	3,324	3,324	3,324	3,324	3,324
Stock Options / Warrants					
Reserves	17,075	21,002	25,150	29,986	34,498
Shareholders' fund	20,399	24,326	28,474	33,309	37,822
Debt	29,152	46,255	60,276	74,958	82,840
Deferred Tax Liability	267	232	232	232	232
Minority Interest	779	896	1,036	1,202	1,368
Total Capital Employed	50,597	71,709	90,018	109,701	122,261
Gross Block	40,185	50,597	59,529	90,273	109,153
Accumulated dep.	5,511	7,764	10,510	13,998	20,021
Net Block	34,674	42,832	49,019	76,275	89,132
Capital WIP	8,802	15,874	29,812	25,582	25,582
Total Fixed Assets	43,477	58,706	78,830	101,857	114,714
Investments	451	551	551	551	551
Inventories	1,698	1,638	2,474	3,623	5,286
Debtors	297	397	419	718	1,048
Cash & bank balances	5,102	12,000	9,714	4,935	2,450
Loans and Advances	4,380	6,349	7,523	8,709	10,586
Total current assets	11,477	20,384	20,130	17,985	19,369
Current lia & provisions	4,816	7,941	9,502	10,701	12,382
Net current assets	6,661	12,443	10,628	7,284	6,987
Misc. Expenditure	9	9	9	9	9
Total Assets	50,597	71,709	90,018	109,701	122,261

Source: Company, Centrum Research Estimates

Exhibit 17: Cash flow Statement

Y/E March (Rsmn)	FY10	FY11E	FY12E	FY13E	FY14E
CF from operating					
Profit before tax	4,167	3,038	6,216	7,028	6,722
Depreciation	1,819	1,173	2,746	3,488	6,023
Interest expenses	2,437	2,218	4,705	5,152	7,061
OP CF before WC change	7,995	6,429	13,667	15,668	19,806
Working capital adjustment	1,849	2,220	(471)	(1,434)	(2,189)
Gross cash from operations	9,844	8,649	13,196	14,234	17,618
Direct taxes paid	(812)	(624)	(1,430)	(1,529)	(1,546)
Cash from operations	9,033	8,025	11,766	12,705	16,072
CF from investing					
Capex	(10,604)	(14,107)	(22,870)	(26,515)	(18,880)
Investment	803	-	-	-	-
Others	(422)	-	-	-	-
Cash from investment	(10,223)	(14,107)	(22,870)	(26,515)	(18,880)
CF from financing					
Proceeds from sh cap & prem.					
Borrowings/ (Repayments)	4,315	6,950	14,021	14,682	7,882
Interest paid	(2,455)	(2,218)	(4,705)	(5,152)	(7,061)
Dividend paid	(429)	(498)	(498)	(498)	(498)
Others	0	-	-	-	-
Cash from financing	1,431	4,234	8,818	9,032	323
Net cash increase/ (dec)	241	(1,849)	(2,286)	(4,779)	(2,485)

Source: Company, Centrum Research Estimates

Exhibit 18: Key Ratios

Y/E March	FY10	FY11E	FY12E	FY13E	FY14E
Margin Ratios (%)					
<i>EBITDA Margin</i>	46.9	44.9	41.3	39.0	40.4
<i>PBIT Margin</i>	21.6	21.0	17.0	15.5	11.4
<i>PBT Margin</i>	24.4	23.6	20.3	19.1	14.9
<i>PAT Margin</i>	22.6	18.6	15.2	14.5	11.1
Growth Ratios (%)					
<i>Revenues</i>	71.9	43.0	25.6	20.0	22.6
<i>EBITDA</i>	82.1	36.9	15.6	13.3	27.2
<i>Net Profit</i>	119.2	17.4	2.7	14.8	(6.1)
Return Ratios (%)					
<i>ROCE</i>	13.2	14.2	12.2	10.9	10.5
<i>ROIC</i>	14.6	14.5	12.2	10.1	9.5
<i>ROE</i>	20.4	20.2	17.6	17.3	14.1
Turnover Ratios					
Asset turnover ratio (x)	0.4	0.4	0.4	0.4	0.4
Working Capital T/O (x)	2.5	2.6	2.7	4.1	6.3
Avg collection period (days)	6	6	5	7	8
Avg payment period (days)	241	258	221	193	183
Per share (Rs)					
Fully diluted EPS	13.6	14.7	14.1	16.0	15.1
CEPS	24.2	26.3	28.2	34.0	46.1
Book Value	119	125	147	171	195
Solvency ratios (x)					
Debt/ Equity	1.4	1.9	2.1	2.3	2.2
Interest coverage ratio	3.2	3.1	2.7	2.8	2.6
Valuation parameters (x)					
P/E	8.3	8.0	7.8	6.8	7.2
P/BV	1.6	1.5	1.3	1.1	1.0
EV/ EBITDA	7.0	6.5	6.9	7.4	6.4
EV/ Sales	3.3	2.9	2.8	2.9	2.6
M-Cap/ Sales	1.9	1.5	1.2	1.0	0.8

Source: Company, Centrum Research Estimates

Appendix

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