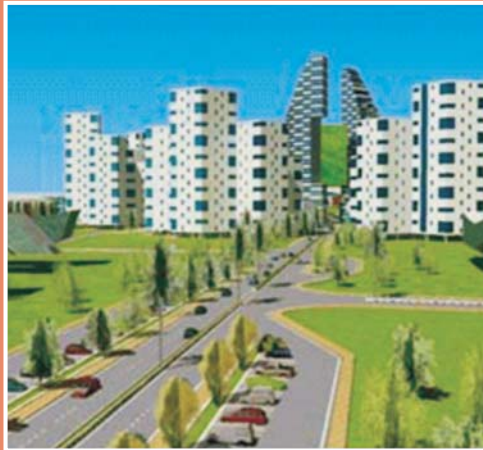


Initiating Coverage
December 16, 2010

IRB Infrastructure Ltd.



Denil Savla, Analyst
(denil@keynoteindia.net)
(+9122-30266043)

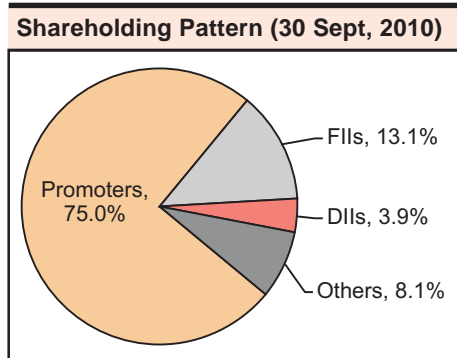
IRB Infrastructure Ltd.

Timely execution...

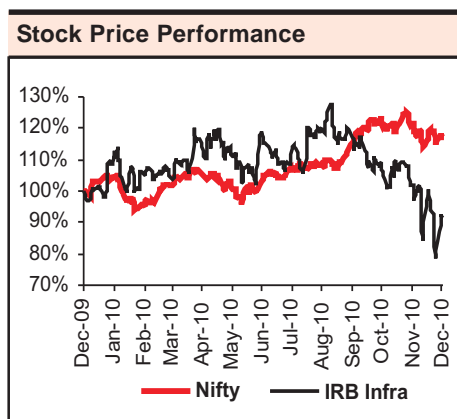
December 16, 2010

Key Stock Data	
Sector	Infra-Road
CMP	₹221.10
52-wk High / Low	₹312.8 / 186.4
Market Cap	₹73.51 bn (\$1613.8mn)
Avg 6m daily vol.	591725
BSE Sensex	19647.8
Reco	Buy
TP	₹284.6

Stock Codes	
Bloomberg Code	IRB IN
Reuters Code	IRBI.BO
BSE Code	532947
NSE Code	IRB
Face Value	₹10per share



Price Performance (%)			
1 Mth	3 Mths	6 Mths	1 Yr
-10.5%	-21.2%	-20.7%	-8.7%



Leading private road developer

IRB Infrastructure Developers Ltd. (IRB), incorporated in 1998, is one of the largest and most experienced road BOT player in the country with total length of around 5,735 lane km of road projects under its portfolio. IRB continues to play a bigger role on the increasing demand from the recent infrastructure thrust to develop Roads, National Highways, Bridges and Tunnels in India. This road toll operator with daily cash collection of around ₹2.6Cr from its 10 operating projects has 9.3% stake in golden quadrilateral. The company also has in-house EPC division which does EPC work for its own road projects. The company has presence in four business verticals, namely BOT, EPC, airport development and real estate development. Out of these four verticals, two-business verticals namely EPC and BOT contribute 60% and 40% to the revenues respectively. The other two verticals (airport development and real estate development) are at a very nascent stage.

- **Robust order of ₹9506Cr to drive revenue visibility:** The Company's order book consists of EPC & ongoing BOT projects worth ₹4491Cr, O&M worth ₹2315Cr, funded project worth ₹30Cr and BOT which are under award worth ₹2670Cr.
- **Operational debt free projects:** The Company generates revenues of around ₹0.7Cr per day as on 30th September, 2010 from the six debt free projects.
- **Project selection approach- A key strategy:** The company has adopted strategy to bid for larger projects rather than competing with smaller players by negotiating margins. It targets to bid for more than 1000km of road in a year in next 2-3 years.
- **New norms initiative by government to highly benefit:** Currently, IRB has only one order in pre financial closure stage. Hence, according to the new norms, it qualifies to bid and raise money for new projects.

Valuation

Considering the growth and execution capabilities, we expect the company's revenue to grow at 47.2% and 52.0% for FY11E & FY12E respectively. Based on the SOTP valuation, we recommend a **'buy'** on the stock with the target price of ₹284.60 per share for one year period, subject to change.

Key Financials

Particulars	₹Cr				
	FY08	FY09	FY10	FY11E	FY12E
Net Revenues	732.7	991.9	1704.8	2510.0	3815.6
Growth (%)	139.7%	35.4%	71.9%	47.2%	52.0%
EBITDA	463.9	467.1	847.9	1120.3	1438.4
Growth (%)	151.0%	0.7%	81.5%	32.1%	28.4%
Net Profit	126.5	177.2	403.3	481.5	581.1
Growth (%)	325.9%	40.1%	127.6%	19.4%	20.7%
Earnings Per Share (₹)	3.8	5.3	12.1	14.5	17.5
Price Earnings (₹)	33.9	45.9	18.2	15.3	12.6
Book Value (x)	48.8	52.0	61.4	75.5	92.7
Price to Book Value (x)	2.6	4.7	3.6	2.9	2.4
EBIDTA Margin %	63.3%	47.1%	49.7%	44.6%	37.7%
PAT Margin %	17.3%	17.9%	23.7%	19.2%	15.2%
RONW %	7.8%	10.2%	19.8%	19.2%	18.9%

E - Keynote Capitals Institutional Research Estimates

Company Background

IRB Infrastructure Developers Limited (“IRB”) incorporated in 1998, has strong in house integrated execution capabilities. Group has successfully executed numerous BOT projects in roads and highways sector, including improvement of National highways and sections of Golden Quadrilateral.

The aggregate size of all our BOT projects (both completed and under execution) is around ₹12375Cr. The company has also executed 1st ever BOT project (Thane Bhiwandi Bypass) in India.

Total BOT Toll Projects Detail

Name	Length KM	Period Yrs.	Total cost (₹Cr)	Sales (FY10) (₹Cr)	COD	Status
Thane Bhiwandi Bypass	24	19	104	47.2	Dec 2003	Operational
Kharpada	2	18	32	6.7	July 1999	Operational
Nagar - Karmala - Tembhorni	60	15	37	13.5	Aug 2003	Operational
Mohol - Kurul - Kamti - Mandrup	33	20	18	6.3	Jan 2004	Operational
Pune - Solapur	26	16	104	13.3	Dec 2004	Operational
Pune - Nashik	30	18	73	18.7	Dec 2005	Operational
Mumbai Pune	206	15	1302	306.3	Sept 2006	Operational
Thane Ghodbunder	15	15	248	27.7	June 2007	Operational
Bharuch - Surat	65	20	1409	120.6	July 2009	Operational
Surat Dahisar**	239	20	2500	206.9	Aug 2011	Operational
Kolhapur City	50	30	457	0	Jan 2011	Under Con
Pathankot Amritsar	102	20	1445	0	Nov 2012	Under Con
Jaipur - Deoli	146	25	1733	0	Dec 2012	Under Con
Talegaon - Amravati	67	22	888	0	Nov 2012	Under Con
Panji - Goa	69	30	833	0	Feb 2013	Under Con
Tumkur - Chitradurga		26	1142	0	-	Under Dev

**Partly operational

The company has 16 BOT under its kitty. Each BOT is separate SPV. The company also has an EPC division which takes care of the construction of these BOT roads. Its major clients are government agencies undertaking road development in India (NHAI, MSRDC, etc).

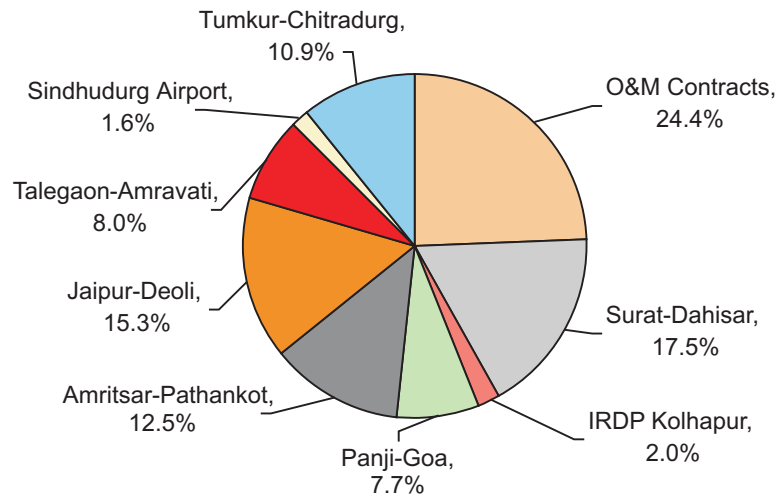
Investment Rationale

1) Robust order of ₹9506Cr to drive revenue visibility:

The company's order book of ₹9506Cr is nearly 5.6x of FY10 revenue which gives clear visibility of revenues for at least next three years. It comprises of EPC & ongoing BOT projects worth ₹4491Cr, O&M worth ₹2315Cr, funded project worth ₹30Cr and BOT which are under award worth ₹2670Cr.

Chart 1

Break up of order book



Source: Company, Keynote Capitals Institutional Research

It is expected that the company's revenues will grow at a CAGR of 27% and net earnings at a CAGR of 14% during FY10-FY12E.

The company is in RFP stage for order worth ₹3516Cr. NHAI Projects-Phase 3 comprise ₹1755Cr of order and NHAI project- collection of user fee comprises ₹1609Cr worth of orders. The conversion of such qualification into orders will trigger further upside to the business.

Upcoming Opportunities for IRB

(₹Cr)

Name	RFP Stage	RFQ Stage
NHAI Projects - Phase 3	1755	4710
NHAI Projects - Phase 5	0	11316
NHAI Projects - OMT Basis	112	104
NHAI Projects - BOT - Annuity Basis - Phase 3	0	4036
NHAI Projects - Collection of User Fee	1609	0
Other Clients	39	890
Power Projects	0	6600
Total	3516	27687

2) EPC division to lead growth for the next couple of years

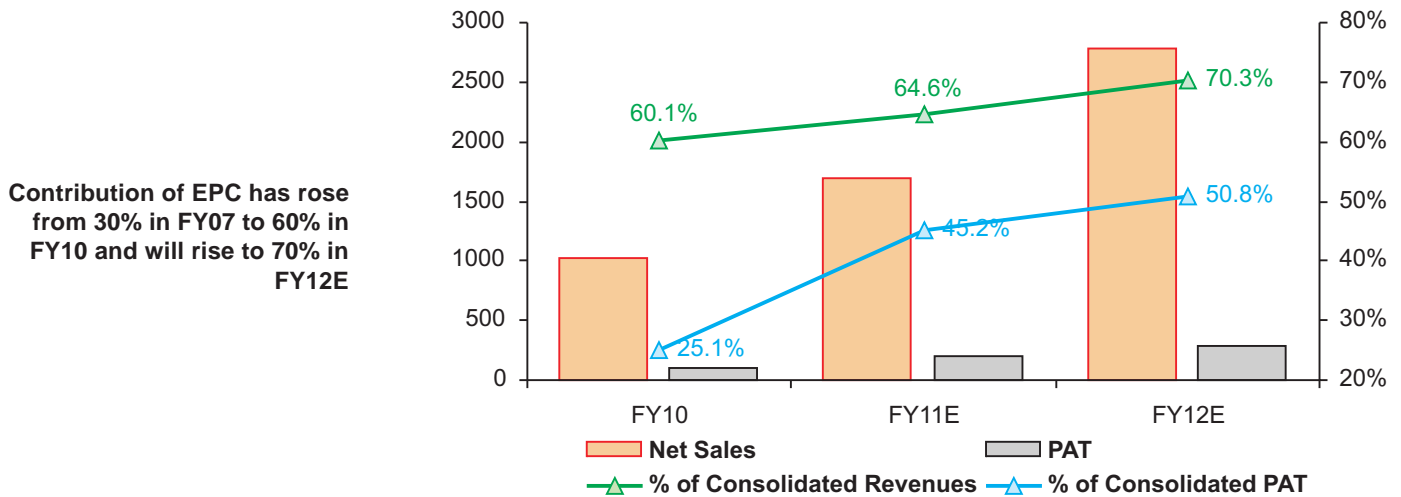
The company through its EPC division (Modern Road Makers Ltd, 100% subsidiary) has gained significant experience (built more than 1200km) in constructing road projects. The EPC activities of the company are executed by the in-house division enabling the company to reduce dependence on third party subcontractors which helps to exercises better control over the quality and timely completion of the project. The company also owns advanced construction equipment to efficiently manage the construction asset, helping them to move the required machinery/equipments at desired sites which reduces the subcontracting work and enables to maintain high margins. The company currently has six projects under construction that will

Six under construction projects will lead to substantial growth in the EPC

be executed over period of 36-42months, and its end result can be seen as an increase in contribution from EPC business.

Chart 2

Rising contribution from EPC business (₹Cr)



Contribution of EPC has rose from 30% in FY07 to 60% in FY10 and will rise to 70% in FY12E

Source: Company, Keynote Capitals Institutional Research

In the past, the contribution from EPC in the revenue has been in the range of 30% to 50% during FY07 so FY09. Further, its contribution in consolidated net revenues would increase to 70% in FY12E from 60% in FY10 where as in consolidated net profit would increase to around 50% in FY12E from 25% in FY10. However, the PAT margins would be in the range of 9%-11%.

Revenues from EPC are expected to grow at the rate of 65% in FY11E and FY12E each. It is expected that the EBIDTA margins would be in the range of 19% to 21% between FY10 & FY12E where as PAT would be around 11.7% and 10.7% in FY11E & FY12E respectively. ROE and ROCE of EPC business are expected to be around 44.5% & 22.15% in FY11E and 40.1% & 24.0% in FY12E. IRB is one of the leading companies which have better ROE & ROCE. There by improving the execution capabilities and quality within given period of time.

3) Debt free projects:

The largest BOT Company in road segment has six out of ten operational projects under debt free projects. The company generates revenues of around ₹0.7Cr per day as on 30th September, 2010 and mainly used to repay the debt of other projects. It is expected that the company is likely to pay the debt of remaining project ahead of scheduled time and the balance funds to be used for new projects.

Revenue Inflow from Debt Free BOT

(₹Cr)

Name of project	FY10	FY11E	FY12E	FY13E	FY14E	FY15E
Thane Biwandi Bypass	47.2	51.9	57.1	62.8	69.1	76.0
Kharpada	6.7	7.5	8.4	9.4	10.5	11.8
Nagar - Karmala - Tembhurni	13.5	15.1	16.9	19.0	21.2	23.8
Mohol - Kurul - Mandrup	6.3	6.9	7.6	8.4	9.2	10.1
Pune - Solapur	13.3	14.9	16.7	18.7	20.9	23.4
Pune - Nashik	18.7	20.9	23.4	26.2	29.3	32.9
Total	105.7	117.3	130.2	144.5	160.4	178.1

E - Keynote Capitals Institutional Research Estimates

Equity requirement of ₹1581Cr of all the new projects will be easily funded through internal accruals over the period of 3-3.5Yrs. Over and above that, the company is in the position to fund its new project.

Fund Requirement (₹Cr)

Particulars	FY11E	FY12E	FY13	FY14E	Total
Project Cost			6041		
Funded Via					
Debt	642.9	720.8	774.7	664.7	3624.6
Equity	280.5	314.5	338.0	290.0	1581.4
Grant	148.1	166.1	178.5	153.1	835.8

With the expected cash inflow of ₹406Cr and ₹537.6Cr in FY11E & FY12E respectively, the company can easily fund the equity requirement. Over and above, the company can also fund its new projects worth ₹1500Cr for next two years considering debt equity ratio of 70:30.

Fresh new Project worth more than ₹1500Cr can be easily funded in next two years

Particulars	FY11E	FY12E	Total
Equity Requirement for current projects	280.5	314.5	595.0
Cash Generated	406.1	537.0	943.1
Net Gap	125.4	222.5	347.9
Debt Requirement (70:30)	418.4	741.7	1160.1
Total Projects Cost	543.9	964.2	1508.1

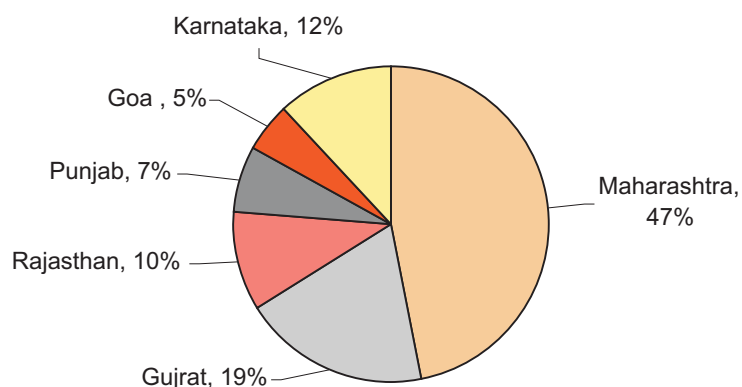
4) Project selection approach - A key strategy

Bidding for large-size projects in order to be away from small competitors

IRB is qualified for around 2000km projects, out of which more than 10 projects are national highway projects from NHAI. The company has adopted a strategy to bid for large-size projects in high traffic States (such as Gujarat, Maharashtra & Rajasthan where the company already has its major presence) and national highways that carry nearly 40% of total traffic of India. The company also intends to bid for large-size projects which government is likely to announce in near future (development of 9-10 road projects, 500 km each worth of ₹5000Cr).

Chart 3

Statewise break-up order book



Source: Company, Keynote Capitals Institutional Research

Approximately 22700km of new road projects have been planned in Maharashtra, Gujarat, Karnataka and Rajasthan. Out of these, major developments are lined in the state of Karnataka (approx 13000km) and Gujarat (approx 6600km). Maharashtra and Rajasthan (together contribute development of 3100km). We believe there are huge investments opportunities in Indian road segment and IRB with its present strategy is likely to benefit from the same.

Set to achieve ambitious target of developing 1000kms per year over the next 3-4 years

There are new upcoming opportunities, where road projects worth ₹3500Cr are under Request for Proposal (RFP) stage and road project worth ₹27600Cr are under Request for Qualification (RFQ) stage. IRB has set target of around 500km in FY11 and expects it to double in next two years. IRB has already bagged Tumkur-Chitradurg project, an order of 114km (nearly 25% of target). However, there might be a shortfall in target km by around 100km as we

expect some delays in the award of the project, which we believe may delay to the next fiscal year. Overall, there is a tremendous opportunity for IRB to expand its road portfolio as government has embarked huge development plan.

5) Execution capabilities to hold IRB as a market share

The company has experience in all the stages of road development business, starting from EPC work to complete operation of developed road. All BOT operational road project that IRB has built are completed almost on or before time. This makes IRB stand different from other road developers. The company is a market leader in such projects.

Over the years, the company has enhanced its human resources to become strong and technically experienced work force. It owns an entire range of state-of-the-art road construction machinery, which is enough to undertake at least 7 projects simultaneously. It also owns quarries of key raw materials such as bitumen, which enables it to earn relatively higher margins. It also enables the company to execute contracts in a cost efficient manner by reducing dependence on subcontractors.

Construction Equipments Owned By IRB Group

Equipments	Quantity
Vibratory Rollers (Soil Compactor)	14
Vibratory Tandem Rollers (Asphalt Compactor)	25
Static Rollers	2
Pneumatic Tyre Rollers	6
Sensor Pavers (9.0m width)	4
Sensor Pavers	12
Front End Rollers	13
Skid Steel Loaders (with milling and sweeping attachment)	2
JCB/Excavator Loaders	17
Dumpers (10 Tones)	40
Dumpers (25 Tones)	155
Concrete Mixers (15 m3/hr. capacity)	2
Kerb Laying Machine	6
Cranes	3
Excavators	10
Graders	6
Bulldozers	2
DG sets	66
Light Source	5
Transit Mixer	16

Plant Owned By The Group

Equipments	Quantity
Asphalt Hot Mix (Batch Mix Type)	10
Asphalt Hot Mix (Drum Mix Type)	2
Stone Crushers Units	10
Concrete Batch Mix Plant	4
Wet Mix Plant	3

The company’s efficiency in improving margins compare to its peers is due to its usage of own equipments and ownership of quarries of key raw materials.

6) New norms initiative by government to be beneficial for IRB

NHAI & RBI have initiated several steps like-

- Construction companies cannot bid for new projects if they have not achieved financial closure for 3 or more projects
- To consider tolling assets as tangible assets
- Lowest grant was the sole criteria for awarding road construction contracts formerly. However now selection criteria would also consider ability to execute projects faster.

Presently, the company has only one project under pre-financial closure stage and qualifies for bidding new projects as per recent norms laid down by the government. Moreover, tolling assets can also be used as bank guarantee for smooth sanctioning of fresh debt for the forthcoming bidding projects. Since, the company is maintaining timely execution of projects, the chances of getting new projects will be on rise.

7) New business to open vast opportunities

IRB has one airport project with total project cost of ₹175Cr with concession period of 95 years, real estate business with land bank of 1200acres and two commercial property development projects under its new business portfolio. Although, all these projects are in pre-construction phase, success in its implementation can unlock more value.

- **Sindhudurg Greenfield airport project**

IRB bagged this project from MIDC on Design Build Finance and Operate (DBFO) basis to build airport with state-of-the-art technology and facility.

Estimated cost: ₹175Cr and Concession period of 95 years.

- **Specification:**

Airport area for development - 670acres, Runway Length - 3170m.

- **Real estate development project**

It intends to develop integrated township alongside Mumbai–Pune Expressway. Already acquired land of approx 1200acres and proposed to acquire 150-200 acres more. Existing land has been valued at book value in our valuation.

- **Commercial property development**

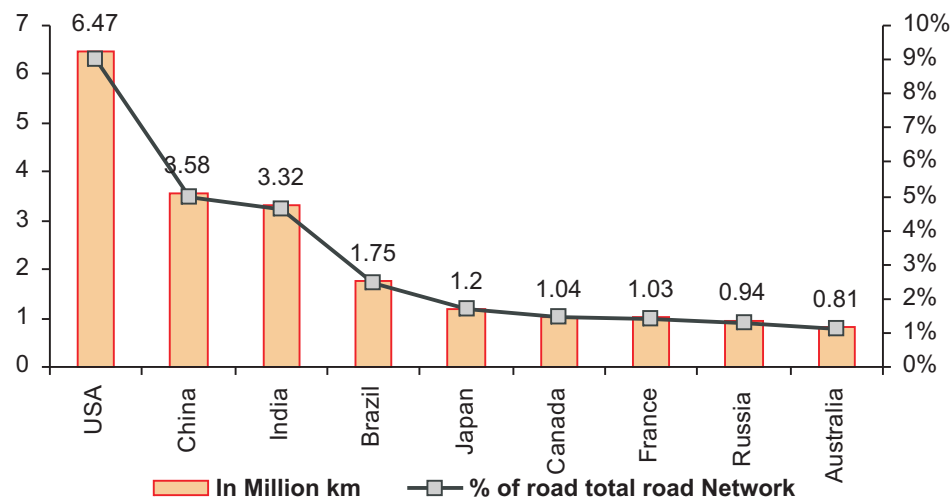
As part of terms of concession agreement of IRDP Kolhapur project, IRB has received commercial plot of 30000sq.m on lease for 99 years for commercial use at Re1. IRB has executed Hotel Operating Agreement and Technical Services & Development Assistance Agreement with The Indian Hotels Company Ltd. to operate & maintain a Gateway Hotel, to be constructed at an estimated cost of ₹430Cr. IRB can also use 50% of 670acres land from airport project for commercial use.

8) India's road network

India has one of the largest road networks (3rd largest) in the world, aggregating 3.3mn km and around 5% of world's total road network consists of 68.93mn km, it stands third after United States and China, aggregating 6.46mn km and 3.58mn km respectively.

Chart 4

World roads networks



Source: CIA world fact book, Keynote Institutional Research

Road network consist of national highways & expressways (2%), state highways (4%), major district roads (14%) and rural including other roads (80%). Although national highways contribute only 2% to Indian road network, it plays a vital role in handling traffic on Indian roads which handles 40% of traffic compared to rural roads, which consist 80% of total road network and handle only 20% traffic. State roads and major district roads, together handle the remaining 40% of traffic.

India will require US\$70bn investment over the next three years to realize plans to build 20km of road per day to ensure future growth. For this NHAI is required to award at least 21000km over next 3 years so as to achieve the objective of constructing 7000km per year (equal to 20km per day). NHDP program comprises about 54000km, out of which, about 11000kms have already been 4 laned and another 6000km are under different stages of implementation. Thus, around 37000km is yet to be awarded for construction. However, these projects will be awarded over the next 3.5 to 4 years, assuming a construction period of 3 years.

NHDP & Other NHAI Projects

	GQ	NSEW Ph. I&II	NHDP Ph. III	NHDP Ph. V	NHDP Ph. VI	NHDP Ph. VII	SARD PNE	NHDP IV	Total NHDP	Port Conet	Others	Total
Total Length (km)	5846	7300	12109	6500	1000	700	388	14799	48642	380	965	49987
Already 4-Lanned (km)	5793	5172	1778	301	-	-	-	-	12895	289	917	14250
Under Implement. (km)	53	1476	5060	1999	-	41	112	176	9066	85	28	9179
Contract Under Implement (km)	13	113	73	17	-	2	2	1	221	6	6	233
Balance Under Forward (km)	-	494	5271	4200	1000	659	276	14623	26523	6	20	26549

It is expected that the construction of these 37000km shall be completed in the year 2017. Thus it is expected that the award of this entire length needs to be completed in 5 years time commencing from FY10. This shows that lot of work orders are to be executed in the next 4-5 years.

9) Road - The Lifeline of Indian Transportation System.

Roads are the dominant mode of transportation in India today. Roads are considered to be one of the cost effective and preferred modes of transport for both freight and passengers, as they carry more than 85% of the country's passenger traffic and 60% of total freight. The Road Transport Sector has grown significantly during the past six decades from 13.8% share in goods traffic in 1950-51 but at present it is more than 60% in 2009-10, and 15.4% share in passenger traffic in the year 1950-51, which has increased to above 85% at present. Preference of road transportation for freight movement is mainly on account of its easy accessibility, flexible operations, door-to-door service and reliability.

Chart 5

Goods Traffic Growth

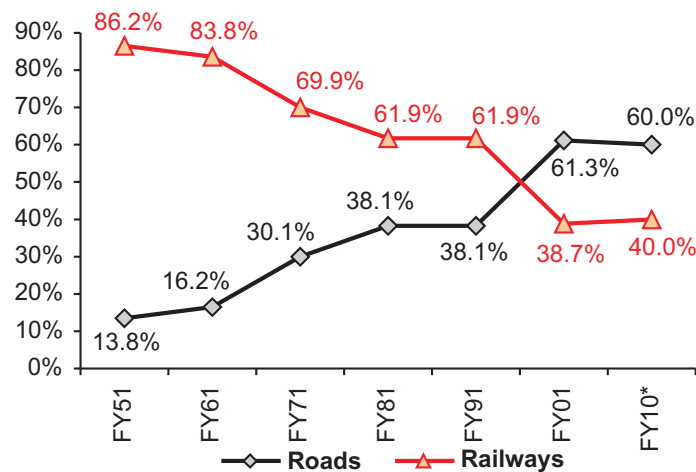
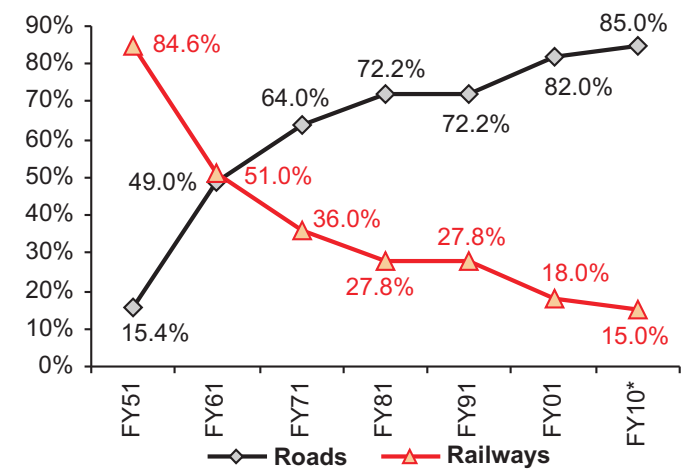


Chart 6

Passenger Traffic Growth



Source: Road transport for 11th FYP, Keynote Capital Research

Note- For 2009-10, road is estimated to carry more than 60% of freight and more than 85% of passenger traffic reported in Ministry Of Road Transport And Highways Outcome Budget 2010-11.

It is expected that the road segment will continue to account for major share in freight and passenger traffic. The freight and passenger traffic is expected to grow significantly due to the growth witnessed in the Auto sector. Further growth of vehicle traffic is an important key value driver for toll based road projects. On the other side, better road connectivity will accelerate growth in number of vehicles. Development of road plays vital role for both segments.

This marks good rational behind assuming higher traffic growth in the ambience of improving macroeconomic environment. Low borrowing cost accompanied by favourable demographics led to such massive recovery in growth after a lacklustre FY09, where passenger vehicles sales volume grew by mere 0.2% and commercial vehicles sales volume had fallen by 21.7%.

So, despite no new project becoming operational during the year we could expect a positive surprise in traffic flow (on operational road BOT projects), resulting in higher than consensus BOT toll revenues.

Key Concerns

- **Economy deceleration:**

Aspects like traffic growth, awarding the projects by government will steer downwards due to deceleration in the economy. Nevertheless, delay in awarding projects is considered

- **Policy and political risk:**

Adverse changes in policy will impact profitability and margins of the company. Company may find difficult to raise funds for new projects. Procedural delays and political involvement in policy changing can also impact adversely.

- **Fluctuation in interest rate:**

Fluctuations in interest rate can impact cash flow of road projects as most of the projects have reset clause for interest rate every three years. Although the company's major revenue contributor Mumbai-Pune has fixed interest rate for the remaining period due to the debt restructuring procedure so partly impact would be taken care.

- **Delay in Execution:**

Delay in completion of construction of road may result in cost overrun Extended construction period will also cause loss of toll revenues for this extended period, as construction period is part of total concession period. Adverse change in law, problem in land acquisition (however, low under new MCA) and clearance issues could delay the execution. However, till date most of the projects are executed in time by the IRB.

BOT Toll Revenues Breakup - Project wise

(₹Cr)

Project	FY08	FY09	FY10	FY11E	FY12E	FY13E
Thane Biwandi Bypass	33.5	40.3	47.2	51.9	57.1	62.8
Kharpada	7.5	7.1	6.7	7.5	8.4	9.4
Nagar - Karmala - Tembhorni	11.0	11.3	13.5	15.1	16.9	19.0
Mohol - Kurul - Mandrup	6.3	6.5	6.3	6.9	7.6	8.4
Pune - Solapur	13.6	12.7	13.3	14.9	16.7	18.7
Pune - Nashik	16.0	16.4	18.7	20.9	23.4	26.2
Mumbai - Pune	235.2	288.0	306.3	350.7	401.6	459.8
Thane - Godbandur	27.0	26.5	27.7	31.8	34.0	36.4
Bharuch - Surat	-	-	120.6	138.1	158.1	181.0
Surat - Dahisar	-	33.6	206.9	230.0	255.7	296.7
Kolhapur City	-	-	-	-	30.0	33.6
Pathankot - Amritsar	-	-	-	-	-	30.0
Jaipur - Deoli	-	-	-	-	-	15.0
Talegaon - Amravati	-	-	-	-	-	13.5
Goa - Panji	-	-	-	-	-	15.0
Tumku - Chitradurg	-	-	-	-	25.0	41.1
Total	369.3	440.7	842.5	867.8	1034.5	1266.6

Of the operational BOT, the company is earning revenue of ₹2.6Cr per day which is expected to increase to ₹3.5Cr per day once all the BOT roads projects are operational. However, the major contribution of revenue will be from Mumbai-Pune & Surat-Dahisar.

Valuations

We have valued the company on SOTP methodology. All BOT projects are valued separately on FCFF basis, EPC business on PE multiple and land bank on Book value. Considering all the projects separately in the valuation, except for the Sindhadurg Airport project, Integrated Township Development project and Hotel business due to lack of clarity and with given the expected growth in revenue & earnings at the rate of 47%% & 52% for the year FY11E & FY12E respectively, we arrive at fair value of ₹284.6 per share. We initiate coverage with 'buy' recommendation considering the potential upside of 28.7%.

	Valuation	Cost of Capital	NPV (₹Cr)	Value per share(₹)
Thane Biwandi Bypass	FCFF	12.9%	253.5	7.6
Kharpada	FCFF	12.9%	32.6	1.0
Nagar - Karmala - Tembhurni	FCFF	12.9%	62.6	1.9
Mohol - Kurul - Mandrup	FCFF	12.9%	38.6	1.2
Pune - Solapur	FCFF	12.9%	84.2	2.5
Pune - Nashik	FCFF	12.9%	384.6	11.6
Mumbai - Pune	FCFF	10.9%	1246.3	37.5
Thane - Godbandur	FCFF	10.9%	160.5	4.8
Bharuch - Surat	FCFF	11.1%	650.1	19.6
Surat - Dahisar	FCFF	11.3%	443.9	13.4
Kolhapur City	FCFF	12.5%	181.6	5.5
Pathankot - Amritsar	FCFF	11.8%	178.2	5.4
Jaipur - Deoli	FCFF	12.1%	384.6	11.6
Talegaon - Amravati	FCFF	11.8%	246.5	7.4
Goa - Panji	FCFF	11.8%	438.3	13.2
Tumku - Chitradurg	FCFF	11.6%	685.2	20.6
Total of BOT			5471.4	164.6
EPC	P/E Multiple	12	3567.2	107.3
Land Bank	BV	1	420.0	12.6
Total			9458.6	284.6

Peer Comparison

	IRB Infra	II&FS Transport	IVRCL Infra	Asoka Buildcon
Share Price	221.1	301.0	125.6	287.9
Market Cap (₹Cr)	7351	5848.4	3353.2	1512.2
Revenues (₹Cr)	1704.9	2402.9	5831.2	795.6
EBIDTA (₹Cr)	849.9	893.9	693.6	181.9
PAT (₹Cr)	403.3	338.3	234.5	85.9
EBIDTA %	49.9%	37.2%	11.9%	22.9%
PAT %	23.7%	14.1%	4.0%	10.8%
EPS (₹/Share)	11.8	16.9	8.65	18.9
Book Value	61.4	85.9	100.2	98.5
P/E (x)	18.7	17.8	14.5	15.2
P/BV (x)	3.6	3.5	1.3	2.9
ROE (%)	19.8%	24.5%	3.1%	21.9%
ROCE (%)	13.2%	20.9%	7.8%	12.6%
Order Book (₹Cr)	9506	13460	22800	1615
Order Book/ Sales (x)	5.58	5.60	3.91	2.03

Financials

Consolidated Profit & Loss Account

(₹Cr)

Particulars	FY08	FY09	FY10	FY11E	FY12E
Net Sales	732.7	991.9	1704.8	2510.0	3815.6
Growth (%)	139.7%	35.4%	71.9%	47.2%	52.0%
Total Expenditure	320.8	553	905.8	1459.7	2427.2
PBIDT (Excl OI)	411.9	438.9	799.0	1050.3	1388.4
Other Income	52	28.2	48.9	70.0	50.0
Operating Profit	463.9	467.1	847.9	1120.3	1438.4
% of Sales	63.3%	47.1%	49.7%	44.6%	37.7%
Interest	195.8	137.7	249.4	291.3	354.3
PBDT	268.1	329.4	598.5	828.9	1084.0
Depreciation	101.6	114.4	181.9	325.5	434.9
PBT	166.5	215	416.6	503.5	649.1
Tax	40	37.8	13.3	22.0	68.0
Profit After Tax	126.5	177.2	403.3	481.5	581.1
% of Sales	17.3%	17.9%	23.7%	19.2%	15.2%

(E: Keynote Capitals Institutional Research Estimates)

Consolidated Balance sheet

(₹Cr)

Particulars	FY08	FY09	FY10	FY11E	FY12E
Share Capital	332.4	332.4	332.4	332.4	332.4
Total Reserves	1288.3	1397.7	1707.5	2177.6	2747.5
Shareholder's Funds	1620.7	1730.1	2039.9	2510.0	3079.9
Minority Interest	28.1	59.9	77.9	50.0	50.0
Deferred Liabilities	2.6	18.2	26.7	0.0	52.8
Total Debts	2021.2	2485.9	2915.2	3623.1	4618.7
Total Liabilities	3672.6	4294.1	5059.7	6183.1	7801.4
Net Block	1884.9	2016.2	3467.4	4417.5	4867.4
Capital Work in Progress	888.8	1454.5	880.2	792.6	1620.6
Total Fixed Assets	2773.7	3470.7	4347.6	5210.0	6488.0
Investments	198.5	110.8	45.1	50.0	80.0
Inventories	50.2	205.5	169.8	209.2	318.0
Sundry Debtors	11.8	13.0	29.7	51.6	88.9
Cash and Bank	522.0	414.7	510.2	558.3	620.2
Loans and Advances	374.8	384.9	438.0	687.7	1097.6
Total Current Assets	958.8	1018.1	1147.7	1573.7	2024.6
Current Liabilities	104.9	130.3	158.7	263.9	365.7
Provisions	155.1	176.2	322.9	387.5	426.2
Total Current Liabilities	260.0	306.5	481.6	651.4	792.0
Net Current Assets	698.8	711.6	666.1	922.3	1232.6
Miscellaneous Expenditure	1.6	1.0	0.9	0.8	0.8
Total Assets	3672.6	4294.1	5059.7	6183.1	7801.4

(E: Keynote Capitals Institutional Research Estimates)

Cash Flow (₹Cr)

	FY08	FY09	FY10	FY11E	FY12E
Profit Before Tax	166.5	215.0	416.6	503.5	649.1
Add: Depreciation	101.6	114.4	181.9	325.5	434.9
Add: Interest Expenses	193.4	115.9	214.4	374.0	354.3
Add: Others	-49.9	-1.2	-13.4	0.0	0.0
Operating profit before WC changes	411.6	444.1	799.5	1203.0	1438.4
Changes In working Capital	-158.5	-140.1	185.0	-141.1	-281.2
Cash Flow after changes in WC	253.1	304.0	984.5	1061.9	1157.1
Tax Paid	41.2	42.4	81.2	22.0	68.0
Cash From Operating Activities	211.9	261.6	903.3	1039.9	1089.1
Cash Flow from Investing Activities	-528.8	-604.7	-1022.3	-1342.8	-1765.6
Cash from Financing Activities	407.6	330.9	142.6	338.8	563.5
Net Cash Inflow / Outflow	90.7	-12.2	23.6	435.8	61.9
Opening Cash & Cash Equivalents	20.3	111.0	98.8	122.4	558.3
Closing Cash & Cash Equivalent	111.0	98.8	122.4	558.3	620.2

(E: Keynote Capitals Institutional Research Estimates)

Ratios (₹Cr)

Turnover Ratios	FY08	FY09	FY10	FY11E	FY12E
Total Assets Turnover	0.2	0.2	0.3	0.4	0.5
Fixed Assets Turnover	0.3	0.3	0.4	0.5	0.6
Net sales to working capital	1.0	1.4	2.6	2.7	3.1
Net Working Capital Days	348.1	261.9	142.6	134.1	117.9
Inventory Turnover	14.6	4.8	10.0	12.0	12.0
Inventory Days	25.0	75.6	36.4	30.4	30.4
Advances Turnover	2.0	2.6	3.9	3.7	3.5
Advances Days	186.7	141.6	93.8	100.0	105.0
Debtors Turnover	62.09	76.30	57.40	48.67	42.94
Debtors Days	5.9	4.8	6.4	7.5	8.5
Creditors Turnover	3.1	4.2	5.7	5.5	6.6
Creditors Days	119.4	86.0	63.9	66.0	55.0

Valuation Ratios (x)	FY08	FY09	FY10	FY11E	FY12E
Market Price (₹)	129.2	244.7	221.1	221.1	221.1
EPS (x)	3.8	5.3	12.1	14.5	17.5
Book Value Per Share	48.8	52.0	61.4	75.5	92.7
PE (x)	33.9	45.9	18.2	15.3	12.6
P/BV (x)	2.6	4.7	3.6	2.9	2.4
EV/EBIDTA (x)	21.2	21.0	11.5	8.7	6.8
Market Cap/Sales (x)	10.1	7.5	4.3	2.9	1.9

Return Ratios (%)	FY08	FY09	FY10	FY11E	FY12E
ROCE	9.9%	8.2%	13.2%	12.9%	12.9%
ROE	7.8%	10.2%	19.8%	19.2%	18.9%

Margins (%)	FY08	FY09	FY10	FY11E	FY12E
PBIDTA	63.3%	47.1%	49.7%	44.6%	37.7%
PBIT	49.4%	35.6%	39.1%	31.7%	26.3%
PBDT	36.6%	33.2%	35.1%	33.0%	28.4%
PBT	22.7%	21.7%	24.4%	20.1%	17.0%
PAT	17.3%	17.9%	23.7%	19.2%	15.2%

Other Ratios	FY08	FY09	FY10	FY11E	FY12E
Dividend Payout Ratio (%)	0.0%	28.1%	12.4%	13.8%	11.4%
Interest Cover (x)	1.9	2.6	2.7	2.7	2.8

(E: Keynote Capitals Institutional Research Estimates)

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