

## IRB Infrastructure

### Performance Highlights

Y/E March (₹ cr)	3QFY12	3QFY11	2QFY12	% chg (yoy)	% chg (qoq)
<b>Net sales</b>	<b>745.5</b>	<b>668.8</b>	<b>735.9</b>	<b>11.5</b>	<b>1.3</b>
Op. profit	341.7	293.6	321.5	16.4	6.3
<b>Net profit</b>	<b>132.0</b>	<b>133.0</b>	<b>110.1</b>	<b>(0.7)</b>	<b>20.0</b>

Source: Company, Angel Research

For 3QFY2012, IRB reported a decent set of numbers, which were above our and street estimates, led by better execution of under-construction projects and high E&C margins. IRB has a robust order book of ₹7,070cr (4.2x FY2011 E&C revenue, excluding O&M orders), which lends revenue visibility. We have revised our estimates upwards for FY2012 to factor in pickup in execution before our expectations. We retain our estimates for FY2013 as we were already expecting pickup in execution from 4QFY2012. **Due to the recent run up in the stock price, we recommend Accumulate on the stock.**

**Better-than-expected performance:** IRB's top line witnessed modest growth of 11.5% to ₹745.5cr, ahead of our estimate of ₹639.5cr, owing to higher-than-expected E&C income from under-construction projects (Jaipur Deoli - ~₹180cr, Talegaon Amravati - ~₹180cr and Amritsar Pathankot - ~₹100cr). IRB's EBITDAM came at 45.8%, in-line with our estimate of 45.9%. Interest cost stood at ₹142.0cr, registering a jump of 73.2% yoy/0.6% qoq basis, in-line with our estimates. IRB reported PAT of ₹132.0cr, higher than our estimate of ₹81.5cr on account of better show on the revenue front and lower tax provisioning (18.0% vs. our estimate of 23.2%).

**Outlook and valuation:** NHAI has awarded ~4,500km of projects so far in FY2012 in the road segment; and it is expected to finish the year by awarding more than ~5,400km of projects. We believe IRB with its robust order book in hand would be concentrating more on execution in FY2013 and would be selective in bidding for projects. **IRB's stock has outperformed its peers over the past few months, vindicating our top pick in the space. However, we believe IRB offers limited upside from current levels and, hence, we downgrade the stock to Accumulate from Buy with an SOTP target price of ₹182.**

#### Key financials (Consolidated)

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E
<b>Net sales</b>	<b>1,705</b>	<b>2,438</b>	<b>3,176</b>	<b>3,781</b>
% chg	71.9	43.0	30.3	19.1
<b>Adj. net profit</b>	<b>385.4</b>	<b>452.4</b>	<b>470.5</b>	<b>434.0</b>
% chg	119.2	17.4	4.0	(7.7)
EBITDA (%)	46.9	44.9	43.3	40.4
<b>FDEPS (₹)</b>	<b>11.6</b>	<b>13.6</b>	<b>14.2</b>	<b>13.1</b>
P/E (x)	14.2	12.1	11.6	12.6
P/BV (x)	2.7	2.2	1.9	1.7
RoE (%)	20.4	20.2	17.8	14.3
RoCE (%)	13.2	14.2	12.6	10.3
EV/Sales (x)	4.6	3.6	3.3	3.1
EV/EBITDA (x)	9.9	8.1	7.7	7.7

Source: Company, Anael Research

## ACCUMULATE

CMP	₹165
Target Price	₹182

Investment Period	12 Months
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Stock Info	
Sector	Infrastructure
Market Cap (₹ cr)	5,778
Beta	1.2
52 Week High / Low	230/121
Avg. Daily Volume	361,819
Face Value (₹)	10
BSE Sensex	16,863
Nifty	5,087
Reuters Code	IRBI.BO
Bloomberg Code	IRB@IN

Shareholding Pattern (%)	
Promoters	67.6
MF / Banks / Indian Fls	10.0
FII / NRIs / OCBs	17.6
Indian Public / Others	4.8

Abs. (%)	3m	1yr	3yr
Sensex	(5.3)	(8.3)	78.9
IRB	(2.7)	(18.5)	46.4

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**Exhibit 1: 3QFY2012 performance (Consolidated)**

Y/E March (₹ cr)	3QFY12	3QFY11	% chg(yoy)	2QFY12	% chg(qoq)	9MFY12	9MFY11	% chg(yoy)
<b>Income from operations</b>	<b>745.5</b>	<b>668.8</b>	11.5	<b>735.9</b>	1.3	<b>2,282.7</b>	<b>1,671.1</b>	36.6
<b>Total expenditure</b>	<b>403.8</b>	<b>375.2</b>	7.6	<b>414.4</b>	(2.6)	<b>1,290.1</b>	<b>891.9</b>	44.6
<b>Operating profit</b>	<b>341.7</b>	<b>293.6</b>	16.4	<b>321.5</b>	6.3	<b>992.6</b>	<b>779.2</b>	27.4
OPM (%)	45.8	43.9	(190)bp	43.7	210bp	43.5	46.6	(310)bp
Interest*	142.0	82.0	73.2	141.1	0.6	400.5	217.4	84.3
Depreciation	72.4	58.5	23.6	62.9	15.1	195.5	166.6	17.3
Non operating income	33.8	11.7	188.2	30.1	12.3	92.0	41.6	121.2
Nonrecurring items/Dividend from SPV's	0.0	-	-	-	-	-	-	-
<b>PBT</b>	<b>161.1</b>	<b>164.8</b>	(2.2)	<b>147.6</b>	9.2	<b>488.7</b>	<b>436.8</b>	11.9
Tax	29.1	28.8		36.7		110.0	78.2	40.7
<b>PAT</b>	<b>132.0</b>	<b>136.0</b>	(2.9)	<b>110.9</b>	19.1	<b>378.7</b>	<b>358.6</b>	5.6
Share of profits/ (losses) of asso.	-	-	-	-	-	-	-	-
Share of profits/ (losses) of MI	-	3.0	(100.0)	0.8	(100.0)	2.4	9.0	-
<b>PAT after MI and share of asso.</b>	<b>132.0</b>	<b>133.0</b>	(0.7)	<b>110.1</b>	20.0	<b>376.3</b>	<b>349.6</b>	7.6
PAT (%)	17.7	19.9	(220)bp	15.0	270bp	16.5	20.9	(440)bp
<b>FDEPS (₹)</b>	<b>4.0</b>	<b>4.0</b>	(0.7)	<b>3.3</b>	20.0	<b>11.3</b>	<b>10.5</b>	7.6

Source: Company, Angel Research; Note: \*Interest cost for 2QFY2012 includes ~₹14cr and 1QFY2012 includes ₹8cr-10cr MTM loss on the Mumbai Pune project

**Exhibit 2: Segmental revenue break-up**

Particulars	3QFY12	3QFY11	% chg	2QFY12	% chg	9MFY12	9MFY11	% chg
E&C Segment	525.8	466.5	12.7	527.5	(0.3)	1,053.3	1,092.0	(3.5)
BOT Segment	253.5	214.0	18.4	238.5	6.3	491.9	620.7	(20.8)
<b>Total Revenue</b>	<b>779.2</b>	<b>680.5</b>	14.5	<b>766.0</b>	1.7	<b>1,545.2</b>	<b>1,712.8</b>	(9.8)
E&C Segment	146.9	116.1	26.6	139.9	5.0	286.8	282.3	1.6
BOT Segment	228.5	189.2	20.8	211.6	8.0	440.2	538.5	(18.3)
<b>EBITDA</b>	<b>375.4</b>	<b>305.3</b>	23.0	<b>351.6</b>	6.8	<b>727.0</b>	<b>820.8</b>	(11.4)
E&C Segment (%)	27.9	24.9	300bp	26.5	140bp	27.2	25.9	130bp
BOT Segment (%)	90.2	88.4	180bp	88.8	140bp	89.5	86.8	270bp
<b>EBITDAM (%)</b>	<b>48.2</b>	<b>44.9</b>	330bp	<b>45.9</b>	230bp	<b>47.0</b>	<b>47.9</b>	(90)bp
E&C Segment	31.8	16.2	96.6	31.9	(0.4)	63.8	28.8	121.3
BOT Segment	110.1	65.8	67.4	109.2	0.9	219.3	188.6	16.3
<b>Financial Expenses</b>	<b>142.0</b>	<b>82.0</b>	73.2	<b>141.1</b>	0.6	<b>283.1</b>	<b>217.4</b>	30.2
E&C Segment	14.4	14.7	(2.3)	14.0	2.5	28.4	37.5	(24.3)
BOT Segment	58.0	43.8	32.3	48.8	18.8	106.8	129.2	(17.3)
<b>Depreciation &amp; Amortization</b>	<b>72.4</b>	<b>58.5</b>	23.6	<b>62.9</b>	15.1	<b>135.2</b>	<b>166.6</b>	(18.9)
E&C Segment	100.7	85.2	18.2	93.9	7.2	194.6	216.0	(9.9)
BOT Segment	60.4	79.6	(24.1)	53.6	12.7	114.0	220.8	(48.4)
<b>PBT</b>	<b>161.1</b>	<b>164.8</b>	(2.2)	<b>147.6</b>	9.2	<b>308.7</b>	<b>436.8</b>	(29.3)
E&C Segment	69.1	57.7	19.8	65.5	5.5	134.7	150.7	(10.6)
BOT Segment	57.1	78.3	(27.1)	44.5	28.1	101.6	207.7	(51.1)
<b>PAT</b>	<b>126.2</b>	<b>136.0</b>	(7.2)	<b>110.1</b>	14.7	<b>236.2</b>	<b>358.4</b>	(34.1)

Source: Company, Angel Research

**Exhibit 3: 3QFY2012 Actual vs. Angel estimates**

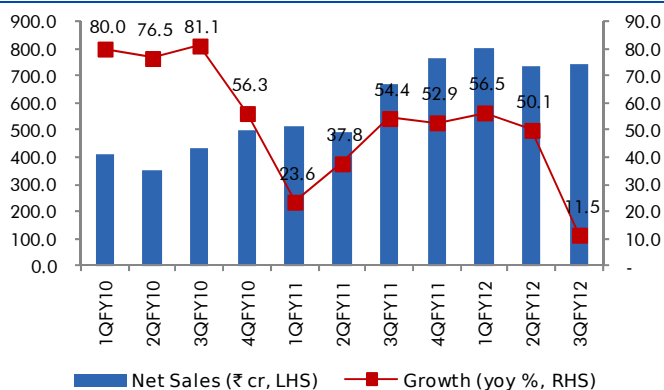
Parameter (₹ cr)	Estimates	Actual	Variation (%)
Revenues	639.5	745.5	16.6
EBITDA	275.2	341.7	24.2
Interest	141.1	142.0	0.6
PBT	109.3	161.1	47.4
Tax	36.7	29.1	(20.8)
PAT	81.5	132.0	62.1

Source: Company, Angel Research

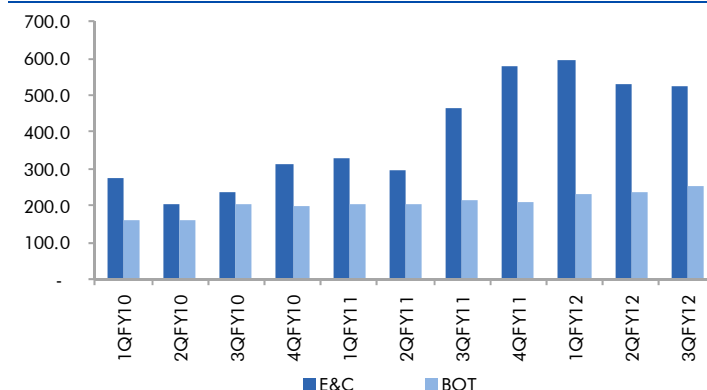
### Surge in execution leads to better-than-expected revenue growth

IRB's top line witnessed modest growth of 11.5% to ₹745.5cr, ahead of our estimate of ₹639.5cr, owing to higher-than-expected E&C income from under-construction projects (Jaipur Deoli - ~₹180cr, Talegaon Amravati - ~₹180cr and Amritsar Pathankot - ~₹100cr). The E&C segment reported yoy growth of 12.7% to ₹525.8cr against our expectation of a 15.3% decline. Our assumption was based on the completion of IRB's two projects – Surat Dahisar and Kolhapur projects, which were contributing significantly to E&C revenue. However, IRB managed to cover up with faster-than-expected execution for its under-construction projects.

On the BOT front, IRB reported an 18.4% yoy jump to ₹253.5cr, against our estimate of ₹244.3cr. On the back of good show at the revenue front, we are revising our FY2012 estimates upwards by 4.6% to ₹3,176cr from ₹3,037cr.

**Exhibit 4: Revenue growth above expectation**


Source: Company, Angel Research

**Exhibit 5: Segmental break-up of revenue (₹ cr)**


Source: Company, Angel Research

## BOT toll revenue

On the toll collection front, for 3QFY2012, Surat Dahisar, Mumbai Pune and Bharuch Surat projects witnessed 11.3%, 23.6% and 6.9% growth in toll revenue on a yoy basis, respectively. In terms of traffic growth, Surat Dahisar and Bharuch Surat projects have disappointed with flat traffic growth in Surat Dahisar project and a decline in traffic growth for Bharuch Surat project. Further, Surat Dahisar and Bharuch Surat projects had a toll hike of 10.5% in 2QFY2012 on the back of high inflation (toll hike directly linked to inflation), which made up for the low/decline in traffic growth. Going forward, we believe IRB's projects may not witness such high toll hike due to lowering of inflation, which could impact its BOT revenue if traffic growth does not pick up.

Overall growth in toll income for 3QFY2012 came in at 29.6% yoy because of the addition of the Tumkur Chitradurga project, which started toll collection since 1QFY2012. On the Tumkur Chitradurga project, management does not see any major impact of the mining ban in Tumkur, and currently per day collections are worth ~₹42lakhs.

## BOT projects update

**Ahmedabad Vadodara:** IRB expects to achieve financial closure (FC) for this project by February 2012 and is confident of starting construction and tolling by April 2012. IRB is looking for a mix of external commercial borrowing (ECB) and rupee loan for the project to bring the blended cost of loan to 11-12%.

### Exhibit 6: Road BOT project-wise toll revenue growth

Project Name	3QFY12	3QFY11	% chg	2QFY12	% chg(qoq)	9MFY12	9MFY11	% chg(yoy)
Surat Dahisar BOT Project ^	106.3	95.5	11.3	93.9	13.2	294.4	266.5	10.5
Mumbai Pune BOT Project	100.0	80.9	23.6	99.7	0.3	298.3	241.3	23.6
Thane Bhiwandi Bypass 4 Lane BOT Project	15.9	13.8	15.2	14.5	9.7	46.0	39.3	17.0
Thane Ghodbunder BOT Project	7.5	7.3	2.7	6.9	8.7	21.4	21.0	1.9
Pune Nashik BOT Project	5.8	5.5	5.5	5.5	5.5	16.9	15.7	7.6
Pune Sholapur BOT Project	4.2	3.5	20.0	3.9	7.7	12.4	10.2	21.6
Nagar Karmala Tembhorni BOT Project	3.5	3.6	(2.8)	3.5	-	10.7	10.9	(1.8)
Mohol Mandrup Kamtee BOT Project	1.9	1.9	-	1.9	-	5.8	5.6	3.6
Kharpada Bridge BOT Project	2.0	1.9	5.3	1.9	5.3	6.2	5.3	17.0
Bharuch Surat BOT Project §	37.2	34.8	6.9	34.7	7.2	105.5	95.1	10.9
Kaman Paygaon BOT Project **	-	-	-	-	-	-	-	-
Khambatki Ghat BOT Project *	-	-	-	-	-	-	-	-
Tumkur Chitradurga#	38.0	-	-	38.7	(1.8)	88.1	-	-
<b>Total</b>	<b>322.3</b>	<b>248.7</b>	<b>29.6</b>	<b>305.1</b>	<b>5.6</b>	<b>905.7</b>	<b>710.9</b>	<b>27.4</b>

Source: Company, Angel Research; Note: \* Concession period of Khambatki Ghat BOT project ended on May 3, 2009, ^ Surat-Dahisar commissioned on February 20, 2009, § Bharuch Surat BOT project commissioned on September 25, 2009, \*\* Kaman-Paygaon BOT project concession period stopped from November 22, 2009, # Tumkur Chitradurga Project commissioned on June 4, 2011

### EBITDAM and interest cost in line, PAT driven by revenue growth

IRB's EBITDAM came in at 45.8%, though in-line with our estimate of 45.9% but largely aided by high margins on the E&C front. The E&C segment posted EBITDA margin of 27.9% for the quarter, reporting a yoy jump of 300bp, way beyond our expectation of moderate growth.

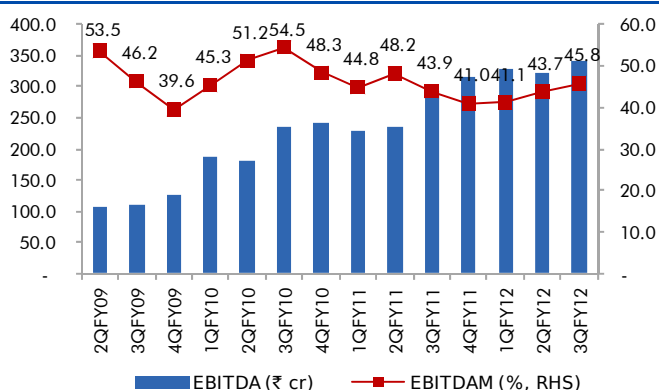
#### Are these high E&C EBITDAM sustainable?

IRB has maintained and delivered above-industry EBITDA margin for its E&C division and upholds the guidance for future as well. However, we have serious concerns on the sustainability of the same, given the wide difference between the margins reported by IRB and its peers (as depicted in the table below). Hence, we have our doubts over the sustainability of such high margins and we are factoring in E&C margin of 20.8% (still much above the industry average), a yoy dip of 350bp, for FY2013E.

On the BOT front, the company reported EBITDAM of 90.2%, an improvement of 180bp on a yoy basis. On a blended basis, we are factoring in EBITDAM of 43.9% and 40.4% for FY2012E and FY2013E, respectively.

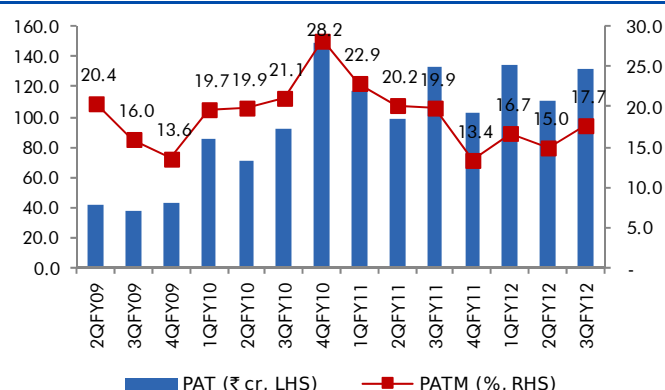
Interest cost stood at ₹142.0cr, a jump of 73.2% yoy/0.6% qoq, in-line with our estimates. On the earnings front, IRB reported a decline of 0.7% to ₹132.0cr, higher than our estimate of ₹81.5cr on account of better show on the revenue front and lower tax rate (18.0%).

**Exhibit 7: EBITDAM higher than industry average**



Source: Company, Angel Research

**Exhibit 8: Better-than-expected show at the PAT level**



Source: Company, Angel Research

## Outlook and valuation

We are revising our estimates for FY2012 upwards, owing to the better-than-expected performance in 3QFY2012. On the revenue front, we expect IRB to post revenue of ₹3,176cr (earlier ₹3,037cr) for FY2012 on account of pickup in execution of under-construction projects during 3QFY2012. On the earnings front, we are factoring ₹471cr (earlier ₹395cr) for FY2012 on account of better show at the revenue front and lower tax rate during the quarter. We retain our estimates for FY2013 as we were already expecting pickup in execution from 4QFY2012.

### Exhibit 9: Change in estimates

	FY2012E			FY2013E		
	Earlier estimates	Revised estimates	Variation (%)	Earlier estimates	Revised estimates	Variation (%)
Revenue (₹ cr)	3,037	3,176	4.6	3,781	3,781	-
EBITDA margin (%)	43.3	43.3	-	40.4	40.4	-
PAT (₹ cr)	395.3	470.5	19.0	434.0	434.0	-

Source: Company, Angel Research

NHAI has awarded ~4,500km of projects so far in FY2012 in the road segment; and it is expected to finish the year by awarding more than ~5,400km of projects. We believe IRB with its robust order book in hand would be concentrating more on execution in FY2013 and would be selective in bidding for projects. **IRB's stock has outperformed its peers over the past few months, vindicating our top pick in the space. However, we believe IRB offers limited upside from current levels and, hence, we downgrade the stock to Accumulate from Buy with an SOTP target price of ₹182.**

**Exhibit 10: SOTP break-up**

Business Segment	Methodology	₹ cr	IRB's stake (%)	₹/share	% to Target Price
4 BOT Projects	NPV	248	100	7.5	4.1
Kharpada Bridge BOT Project	NPV	23	100	0.7	0.4
Nagar-Karmala Tembhurni BOT Project	NPV	60	100	1.8	1.0
Mohol-Mandup-Kamtee BOT Project	NPV	39	100	1.2	0.6
Pune-Solapur BOT Project	NPV	68	100	2.0	1.1
Pune-Nashik BOT Project	NPV	165	100	5.0	2.7
Mumbai-Pune BOT Project	NPV	937	100	28.2	15.5
Thane Ghodbunder BOT Project	NPV	203	100	6.1	3.4
Surat Dahisat BOT Project	NPV	(90)	90	(2.4)	(1.3)
Bharuch-Surat BOT Project	NPV	46	100	1.4	0.8
IRDP Kolhapur	NPV	364	100	10.9	6.0
Pathankot-Amritsar	NPV	86	100	2.6	1.4
Jaipur Deoli	NPV	283	100	8.5	4.7
Talegaon-Amravati	NPV	59	100	1.8	1.0
Tumkur-Chitradurga	NPV	163	100	4.9	2.7
Ahmedabad Vadodara	NPV	(622)	100	(18.7)	(10.3)
<b>Total Road BOT Asset Portfolio Valuation</b>				<b>61.4</b>	
Modern Road Makers Pvt. Ltd	6 EV/EBITDA	3,155		<b>94.9</b>	52.3
Land Parcel Valuation	1x Book Value	125	66	3.7	2.0
Sindhudurg Airport Project	1x Book Value	15		0.7	0.4
Net standalone cash adj for adv to subs		696		<b>20.9</b>	11.5
<b>Total</b>				<b>181.6</b>	<b>100.0</b>

Source: Company, Angel Research; Note: Goa Karnataka has been removed from the SOTP calculation given the persistent delay in awarding of the same.

**Exhibit 11: Key assumptions**

Project	4 BOT Projects	Kharpada	NKT	MMK	Pune-Solapur	Pune-Nashik	Mumbai-Pune	Thane Ghod	Bharuch-Surat	Surat Dahisat	IRDP Kolhapur	Pathankot-Amritsar	Jaipur Deoli	Talegaon-Amravati	Tumkur-Chitradurga	A'bad Baroda
Status	Oper.	Oper.	Oper.	Oper.	Oper.	Oper.	Oper.	Oper.	Oper.	Under Dev.	Under Dev.	Under Dev.	Under Dev.	Under Dev.	Under Dev.	Under Dev.
KM	24	1	60	33	26	30	206	15	65	240	50	102	146	67	114	102
Issuing Auth.	PWD	MORTH	PWD	PWD	MORTH	MORTH	MSRDC	MSRDC	NHAI	NHAI	MSRDC	NHAI	NHAI	NHAI	NHAI	NHAI
State	Mah.	Mah.	Mah.	Mah.	Mah.	Mah.	Mah.	Mah.	Gujarat	Guj./Mah	Mah.	Punjab	Rajasthan	Mah.	Karnataka	Gujarat
Concession (Yrs)	18.5	17.8	15.0	16.0	16.0	18.0	15.0	15.0	15.0	12.1	30.0	20.0	25.0	22.0	26.0	25.0
Con. Start	Jan-99	Nov-97	Nov-01	May-02	Mar-03	Sep-03	Aug-04	Dec-05	Jan-07	Feb-09	Jan-09	Apr-10	Apr-10	Apr-10	Jun-11	Apr-12
Con. End	May-17	Aug-15	Dec-16	May-18	Mar-19	Sep-21	Aug-19	Dec-20	Jan-22	Mar-21	Jan-39	Mar-30	Mar-35	Mar-32	May-37	Apr-37
TPC (₹ cr)	104	32	37	18	63	74	1,292	249	1,470	2,535	430	1,442	1,705	885	1,142	4,920
Equity (₹ cr)	34	10	15	7	18	6	105	32	198	785	172	391	499	194	311	1,420
Debt (₹ cr)	70	22	22	11	45	68	1,187	217	1,272	1,750	258	924	900	475	831	3,500
Grant (₹ cr)	-	-	-	-	-	-	-	-	-	-	(27.0)	126.9	306.0	216.0	140.4	-
Traffic Grth (%)	7%	5%	4%	5%	2%	7%	5%	7%	7%	6%	7%	7%	7%	7%	7%	7/6/5%
Toll inc (%)	5%	0%	5%	5%	3%	5%	#18%	3%	5%	5%	5%	5%	5%	5%	5%	5%
Int Rate (%)	-	-	-	-	-	-	10.6%	-	10.8%	10.8%	11.5%	10.5%	10.5%	10.5%	10.8%	10.5%

Source: Company, Angel Research, Note: #Once in three years; \$ IRB had shared 38% of its FY2011 revenue with NHAI and the same increases by 1% every year; @ IRB is expected to pay a sum of ₹309.6cr to NHAI from FY2013 and the sum increases by 5% every year

**Exhibit 12: Angel EPS forecast vs. consensus**

	Angel forecast	Bloomberg consensus	Variation (%)
FY2012E	14.2	14.6	(3.1)
FY2013E	13.1	15.8	(17.6)

Source: Company, Angel Research

**Investment arguments**

**Integrated business model:** IRB's integrated business model ensures the timely completion of projects, reduces its reliance on subcontractors and controls costs. Further, it allows capturing the entire value in the BOT development business, including EPC margins, developer returns and operation and maintenance (O&M) margins.

**OB/Sales provide good revenue visibility:** IRB achieved its yearly order inflow guidance by winning the Ahmedabad Vadodara project and is staying away from current competition. The order book of ₹7,070cr, excluding O&M orders (4.2x FY2011 E&C revenue), lends good revenue visibility for the next few years.

**Negligible dependence on capital markets:** As per our analysis, IRB has an equity requirement of ~₹2,148cr (FY2012-14E), and its internal accruals/support (cash flows from the E&C and BOT segments) would substantially fund this requirement. Further, the company would be able to keep its debt equity position within reasonable limits.

**Concerns**

**Delay in order awarding:** IRB being a road-focused player is dependent on NHAI for road awarding activity. Thus, any slowdown from NHAI's end would affect IRB's order inflow. However, given the huge bidding pipeline of NHAI, IRB should perform well, as it is one of the market leaders.

**Interest rate:** BOT projects are inherently high-leverage projects. Hence, IRB's business model is vulnerable to interest rate fluctuations, and any hike in interest rates could increase the company's interest costs.

**Commodity risks:** Road players are facing pressures from the recent price inflation in commodities such as cement and steel, which directly affect margins.

**Exhibit 13: Recommendation summary**

Company	CMP	TP	Rating	Top-line (₹ cr)				EPS (₹)				Adj. P/E			OB/ Sales(x)
				FY11	FY12E	FY13E	CAGR (%)	FY11	FY12E	FY13E	CAGR (%)	FY11	FY12E	FY13E	
ABL	194	245	Buy	1,302	1,648	1,853	19.3	19.2	21.7	25.4	15.2	10.1	8.9	7.6	4.2
CCCL	17	-	Neutral	2,199	2,350	2,451	5.6	2.5	(1.1)	1.6	(20.5)	6.6	-	10.5	2.7
HCC	22	-	Neutral	4,093	3,915	4,633	6.4	1.2	(3.1)	0.6	(25.8)	19.1	-	34.8	4.0
<b>IRB Infra</b>	<b>165</b>	<b>182</b>	<b>Accu.</b>	<b>2,438</b>	<b>3,176</b>	<b>3,781</b>	<b>24.5</b>	<b>13.6</b>	<b>14.2</b>	<b>13.1</b>	<b>(2.0)</b>	<b>12.1</b>	<b>11.6</b>	<b>12.6</b>	<b>-</b>
IVRCL	199	227	Accu.	4,049	5,169	6,609	27.8	22.3	24.4	25.7	7.4	8.9	8.1	7.7	5.2
JP Assoc.	46	56	Buy	5,651	5,598	6,458	6.9	5.9	3.8	4.6	(11.5)	7.8	12.2	10.0	4.5
Punj Lloyd	66	88	Buy	13,832	13,763	16,017	7.6	5.5	2.7	4.2	(12.6)	12.1	24.2	15.8	-
NCC	1,307	1,608	Buy	43,905	53,779	60,258	17.2	54.3	63.7	70.9	14.2	24.1	20.5	18.4	3.3
Sadbhav	57	77	Buy	1,816	1,952	2,503	17.4	5.6	4.4	4.7	(8.1)	10.3	13.0	12.2	3.8
Simplex In.	53	59	Accu.	5,074	5,095	5,749	6.4	6.4	3.6	3.8	(22.4)	8.3	14.8	13.7	3.4
Patel Engg	98	-	Neutral	3,476	3,271	3,586	1.6	17.6	14.0	14.5	(9.2)	5.6	7.0	6.8	2.7
Madhucon	50	-	Neutral	7,850	9,585	10,592	16.2	(5.4)	1.9	2.9	-	-	26.2	17.1	3.3
L&T	127	150	Buy	2,209	2,602	2,585	8.2	8.0	9.1	9.0	6.0	15.9	13.9	14.2	2.8
ITNL	190	233	Buy	4,889	5,562	6,485	15.2	21.5	18.9	25.9	9.8	8.8	10.0	7.3	3.1

Source: Company, Angel Research

**Exhibit 14: SOTP break-up**

Company	Core Const.		Real Estate		Road BOT		Invst. In Subsidiaries		Others		Total ₹
	₹	% to TP	₹	% to TP	₹	% to TP	₹	% to TP	₹	% to TP	
ABL	104	42	-	-	141	58	-	-	-	-	245
CCCL	17	100	-	-	-	-	-	-	-	-	17
HCC	4	12	12	37	16	51	-	-	-	-	32
<b>IRB Infra</b>	<b>116</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>34</b>	<b>4</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>182</b>
ITNL	59	26	-	-	143	63	-	-	25	11	227
IVRCL	37	66	-	-	-	-	19	34	-	-	56
JP Assoc.	31	35	24	27	-	-	-	-	33	37	88
L&T	1,276	79	-	-	-	-	332	21	-	-	1,608
Madhucon	23	30	2	3	52	68	-	-	-	-	77
NCC	31	52	2	3	8	14	-	-	18	31	59
Patel Engg	42	45	17	18	16	17	-	-	19	21	94
Punj Lloyd	47	100	-	-	-	-	-	-	-	-	47
Sadbhav	81	54	-	-	70	46	-	-	-	-	150
Simplex In.	233	100	-	-	-	-	-	-	-	-	233

Source: Company, Angel Research

**Profit & loss statement (Consolidated)**

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
<b>Net Sales</b>	<b>733</b>	<b>992</b>	<b>1,705</b>	<b>2,438</b>	<b>3,176</b>	<b>3,781</b>
Other operating income	-	-	-	-	-	-
<b>Total operating income</b>	<b>733</b>	<b>992</b>	<b>1,705</b>	<b>2,438</b>	<b>3,176</b>	<b>3,781</b>
% chg	139.7	35.4	71.9	43.0	30.3	19.1
<b>Total Expenditure</b>	<b>321</b>	<b>554</b>	<b>906</b>	<b>1,344</b>	<b>1,802</b>	<b>2,254</b>
Net Raw Materials	159	305	450	413	927	1,187
Other Mfg costs	39	57	65	88	194	234
Personnel	95	134	284	722	507	624
Other	27	58	106	122	175	208
<b>EBITDA</b>	<b>412</b>	<b>437</b>	<b>799</b>	<b>1,094</b>	<b>1,374</b>	<b>1,528</b>
% chg	148.9	6.2	82.7	36.9	25.6	11.2
(% of Net Sales)	56.2	44.1	46.9	44.9	43.3	40.4
Depreciation & Amortisation	102	114	182	225	300	455
<b>EBIT</b>	<b>310</b>	<b>323</b>	<b>617</b>	<b>869</b>	<b>1,073</b>	<b>1,073</b>
% chg	174.8	4.1	91.0	40.7	23.6	(0.1)
(% of Net Sales)	42.3	32.6	36.2	35.6	33.8	28.4
Interest & other Charges	196	138	249	357	551	587
Other Income	52	30	49	64	110	116
(% of PBT)	31.2	13.8	11.7	11.2	17.3	19.3
Share in profit of Associates	-	-	-	-	-	-
<b>Recurring PBT</b>	<b>167</b>	<b>215</b>	<b>417</b>	<b>576</b>	<b>633</b>	<b>602</b>
% chg	273.4	29.1	93.8	38.2	9.8	(4.9)
Extraordinary Expense/(Inc.)	-	-	-	-	-	-
<b>PBT (reported)</b>	<b>167</b>	<b>215</b>	<b>417</b>	<b>576</b>	<b>633</b>	<b>602</b>
Tax	40	38	13	112	150	156
(% of PBT)	24.0	17.6	3.2	19.4	23.7	26.0
<b>PAT (reported)</b>	<b>127</b>	<b>177</b>	<b>403</b>	<b>464</b>	<b>483</b>	<b>445</b>
Add: Share of earnings of asso.	-	-	-	-	-	-
Less: Minority interest (MI)	12.6	1.3	17.9	11.7	12.2	11.2
Prior period items	-	-	-	-	-	-
<b>PAT after MI (reported)</b>	<b>114</b>	<b>176</b>	<b>385</b>	<b>452</b>	<b>470</b>	<b>434</b>
<b>ADJ. PAT</b>	<b>114</b>	<b>176</b>	<b>385</b>	<b>452</b>	<b>470</b>	<b>434</b>
% chg	403.9	54.4	119.2	17.4	4.0	(7.7)
(% of Net Sales)	15.5	17.7	22.6	18.6	14.8	11.5
<b>Basic EPS (₹)</b>	<b>4.2</b>	<b>5.3</b>	<b>11.6</b>	<b>13.6</b>	<b>14.2</b>	<b>13.1</b>
<b>Fully Diluted EPS (₹)</b>	<b>4.2</b>	<b>5.3</b>	<b>11.6</b>	<b>13.6</b>	<b>14.2</b>	<b>13.1</b>
% chg	357.3	26.6	119.2	17.3	4.0	(7.7)

**Balance sheet (Consolidated)**

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
<b>SOURCES OF FUNDS</b>						
Equity Share Capital	332	332	332	332	332	332
Preference Capital	-	-	-	-	-	-
Reserves & Surplus	1,288	1,398	1,708	2,100	2,511	2,885
<b>Shareholder's Funds</b>	<b>1,621</b>	<b>1,730</b>	<b>2,040</b>	<b>2,433</b>	<b>2,843</b>	<b>3,218</b>
Minority Interest	28	60	78	90	90	90
Total Loans	2,021	2,486	2,915	4,626	6,949	7,512
Deferred Tax Liability	3	18	27	23	23	23
<b>Total Liabilities</b>	<b>3,673</b>	<b>4,294</b>	<b>5,060</b>	<b>7,171</b>	<b>9,905</b>	<b>10,843</b>
<b>APPLICATION OF FUNDS</b>						
Gross Block	2,219	2,460	4,019	4,132	7,397	7,397
Less: Acc. Depreciation	334	444	551	769	1,070	1,525
<b>Net Block</b>	<b>1,885</b>	<b>2,016</b>	<b>3,467</b>	<b>3,362</b>	<b>6,327</b>	<b>5,872</b>
Capital Work-in-Progress	889	1,455	880	2,508	1,442	3,515
Goodwill	-	-	-	-	-	-
<b>Investments</b>	<b>198</b>	<b>111</b>	<b>45</b>	<b>55</b>	<b>61</b>	<b>67</b>
<b>Current Assets</b>	<b>959</b>	<b>1,033</b>	<b>1,148</b>	<b>2,038</b>	<b>2,923</b>	<b>2,550</b>
Cash	522	415	510	1,200	1,829	1,247
Loans & Advances	375	399	438	635	827	985
Other	62	218	199	203	267	318
Current liabilities	260	321	482	794	848	1,161
<b>Net Current Assets</b>	<b>699</b>	<b>712</b>	<b>666</b>	<b>1,244</b>	<b>2,075</b>	<b>1,388</b>
Misc. Exp. not written off	2	1	1	1	1	1
<b>Total Assets</b>	<b>3,673</b>	<b>4,294</b>	<b>5,060</b>	<b>7,171</b>	<b>9,905</b>	<b>10,843</b>

**Cash flow statement (Consolidated)**

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
Profit before tax	167	215	417	564	620	590
Depreciation	102	114	182	225	300	455
Change in Working Capital	42	120	(141)	(112)	202	(104)
Less: Other income	52	30	49	64	110	116
Direct taxes paid	40	38	13	112	150	156
<b>Cash Flow from Operations</b>	<b>134</b>	<b>142</b>	<b>677</b>	<b>725</b>	<b>459</b>	<b>877</b>
(Inc.)/ Dec. in Fixed Assets	(433)	(807)	(984)	(1,741)	(2,198)	(2,073)
(Inc.)/ Dec. in Investments	(157)	87	66	(10)	(6)	(6)
Other income	52	30	49	64	110	116
<b>Cash Flow from Investing</b>	<b>(538)</b>	<b>(690)</b>	<b>(869)</b>	<b>(1,687)</b>	<b>(2,094)</b>	<b>(1,963)</b>
Issue of Equity	1,090	(1)	-	(0)	-	-
Inc./(Dec.) in loans	(497)	465	429	1,710	2,323	564
Dividend Paid (Incl. Tax)	3	65	76	60	60	60
Others	63	43	(66)	1	-	-
<b>Cash Flow from Financing</b>	<b>653</b>	<b>441</b>	<b>288</b>	<b>1,652</b>	<b>2,264</b>	<b>504</b>
Inc./(Dec.) in Cash	250	(107)	95	690	629	(582)
<b>Opening Cash balances</b>	<b>272</b>	<b>522</b>	<b>415</b>	<b>510</b>	<b>1,200</b>	<b>1,829</b>
<b>Closing Cash balances</b>	<b>522</b>	<b>415</b>	<b>510</b>	<b>1,200</b>	<b>1,829</b>	<b>1,247</b>

**Key Ratios**

Y/E March	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	48.0	31.1	14.2	12.1	11.6	12.6
P/CEPS	25.4	18.8	9.6	8.1	7.1	6.2
P/BV	3.4	3.2	2.7	2.2	1.9	1.7
Dividend yield (%)	0.0	0.9	0.9	1.2	1.2	1.2
EV/Sales	9.5	7.6	4.6	3.6	3.3	3.1
EV/EBITDA	16.9	17.2	9.9	8.1	7.7	7.7
EV / Total Assets	1.9	1.8	1.6	1.2	1.1	1.1
<b>Per Share Data (₹)</b>						
EPS (Basic)	3.4	5.3	11.6	13.6	14.2	13.1
EPS (fully diluted)	3.4	5.3	11.6	13.6	14.2	13.1
Cash EPS	6.5	8.7	17.1	20.4	23.2	26.7
DPS	0.0	1.5	1.5	2.0	2.0	2.0
Book Value	48.8	52.1	61.4	73.2	85.5	96.8
<b>DuPont Analysis</b>						
EBIT margin	42.3	32.6	36.2	35.6	33.8	28.4
Tax retention ratio	76.0	82.4	96.8	80.6	76.3	74.0
Asset turnover (x)	0.3	0.3	0.4	0.5	0.5	0.4
ROIC (Post-tax)	8.1	7.6	14.2	13.3	11.7	9.0
Cost of Debt (Post Tax)	6.6	5.0	8.9	7.6	7.3	6.0
Leverage (x)	3.3	1.1	1.2	1.3	1.6	1.9
Operating ROE	13.4	10.3	20.4	20.6	18.7	14.6
<b>Returns (%)</b>						
ROCE (Pre-tax)	9.3	8.1	13.2	14.2	12.6	10.3
Angel ROIC (Pre-tax)	14.3	13.8	20.3	24.4	21.3	16.9
ROE	11.4	10.5	20.4	20.2	17.8	14.3
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	0.3	0.4	0.5	0.6	0.6	0.5
Inventory / Sales (days)	15	47	40	25	22	23
Receivables (days)	39	5	5	5	5	6
Payables (days)	118	77	58	87	94	91
W.cap cycle (ex-cash) (days)	78	87	48	15	17	19
<b>Solvency ratios (x)</b>						
Net debt to equity	0.9	1.2	1.2	1.4	1.8	1.9
Net debt to EBITDA	3.6	4.7	3.0	3.1	3.7	4.1
Interest Coverage	1.6	2.3	2.5	2.4	1.9	1.8

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### Disclosure of Interest Statement

1. Analyst ownership of the stock
2. Angel and its Group companies ownership of the stock
3. Angel and its Group companies' Directors ownership of the stock
4. Broking relationship with company covered

### IRB Infra

No  
No  
No  
No

Note: We have not considered any Exposure below ₹ 1 lakh for Angel, its Group companies and Directors.

### Ratings (Returns):

Buy (> 15%)

Reduce (-5% to 15%)

Accumulate (5% to 15%)

Sell (< -15%)

Neutral (-5 to 5%)