

Results Watch

March Quarter, FY10 Results Update

Financial Highlights Particulars	Rs mn					
	Q4FY10	Q4FY09	% Change	FY10	FY09	% Change
Net Revenues	5476.6	4736.4	15.6%	20185.4	17243.4	17.1%
Material Consumed	3112.1	2715.0	14.6%	12342.0	11019.5	12.0%
Employee Expenses	164.1	115.4	42.2%	599.2	435.1	37.7%
Erection & Subcontracting Exp	880.0	837.9	5.0%	3037.5	2200.5	38.0%
Other Expenses	603.0	540.9	11.5%	1809.0	1556.3	16.2%
TOTAL EXPENDITURE	4759.1	4209.2	13.1%	17787.7	15211.5	16.9%
EBIDTA	717.5	527.2	36.1%	2397.8	2031.9	18.0%
EBIDTA Margin (%)	13.1%	11.1%	--	11.9%	11.8%	--
Depreciation	62.1	28.8	115.5%	168.9	86.4	95.6%
EBIT	655.4	498.4	31.5%	2228.9	1945.6	14.6%
EBIT Margin (%)	12.0%	10.5%	--	11.0%	11.3%	--
Interest	249.0	190.2	30.9%	786.2	682.6	15.2%
Other Income	0.2	0.4	-51.4%	0.9	0.7	37.9%
EBT	406.6	308.5	31.8%	1443.6	1263.6	14.2%
EBT Margin (%)	7.4%	6.5%	--	7.2%	7.3%	--
Tax	153.7	98.3	56.4%	524.4	466.2	12.5%
Reported Profit After Tax	252.9	210.2	20.3%	919.2	797.4	15.3%
PAT Margin (%)	4.6%	4.4%	--	4.6%	4.6%	--
Diluted EPS	3.1	2.6	19.8%	11.2	9.8	14.8%

Analysis

- Net Sales has witnessed a growth of 15.6% to Rs 5,476.6 mn in the quarter ended March 2010 as against Rs 4,736.4 mn during the corresponding quarter last year.

Topline for the full year FY10 rose by 17.1% to Rs 20,185.4 mn. Transmission line segment contributed highest to the topline at 70%, as usual, whereas distribution and substations contributed 15% each.

- EBIDTA has seen a rise of 36.1% during the quarter to Rs 717.5 mn whereas EBIDTA margin for the quarter stood at 13.1% against 11.1% for the same period last year, an increase of 200 bps. This has happened on the back of better raw material management. Raw material to sales ratio improved by 50 basis points to 56.8% during the quarter. Secondly, the company witnessed rise in erection and subcontracting charges marginally by 5% resulting in improvement in margins.
- EBIT margin has also gone up by 150 bps to 12%, though, depreciation increased significantly by 115.5% to Rs 62.1 mn during the quarter.
- PAT for the quarter has increased by 20.3% to Rs 252.9 mn against Rs 210.2 mn for the corresponding quarter in FY09.

- JSL has a current order book of approximately Rs. 41.5 bn, executable within the period of 18 months. 70% of the order comprises of transmission lines, 20% rural electrification and rest substation. Order book of Gulf Jyoti, in which JISL has 30% stake, have the order book of Rs 10.5 bn executable in next 18-36 months.
- JSL plans to issue NCDs worth Rs 1.25 bn with the interest rate of 7-7.5%. The raised fund will be utilized for refinancing of the current debts whose average cost is around 9-10%.
- The company also plans to issue share warrants to its existing shareholders worth Rs 3-4 bn for meeting its working capital requirements.

Company Profile

The Valecha Group, Mumbai, Mirchandani Group, Bhopal and Tata Exports jointly promoted JSL, incorporated in 1974. It manufactures transmission line towers with the installed capacity of 110,000 MT per annum. It also manufactures sub-station structures, tall antenna towers and railway electrification structures. JSL also undertakes turnkey contracts involving survey, foundation, erection, and stringing activities of extra-high voltage transmission lines and substations.

Around half of the revenues of the company are generated from Power Grid Corporation of India Ltd (PGCIL) and the other half is generated through Transmission Corporations and Private Sector players.

The above analysis and data are based on last available prices and not official closing rates.		SKP Research is also available on Bloomberg, Thomson First Call & Investext Myiris, Moneycontrol, Ticker Plant and ISI Securities.	
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SKP Securities Ltd

Contacts	Research		Sales	
	Mumbai	Kolkata	Mumbai	Kolkata
Phone	022 2281 9012	033 4007 7000	022 2281 1015	033 4007 7400
Fax	022 2283 0932	033 4007 7007	022 2283 0932	033 4007 7007
E-mail	researchmum@skpmoneywise.com	research@skpmoneywise.com	dealingdesk@skpmoneywise.com	

Member: NSE BSE NSDL CDSL NCDEX* MCX* MCX-SX FPSB
 INB/INF: 230707532, BSE INB: 010707538, CDSL IN-DP-CDSL-132-2000, DPID: 021800, NSDL IN-DP-NSDL: 222-2001, DP ID: IN302646, ARN: 0006, NCDEX: 00715, MCX: 31705, MCX-SX: INE 260707532

*Group Entities