

May 30, 2008

Rating	Outperformer
Price	Rs403
Target Price	Rs548
Implied Upside	36.0%
Sensex	16,316

(Prices as on May 29, 2008)

Trading Data

Market Cap. (Rs bn)	53.8
Shares o/s (m)	133.5
Free Float	90.4%
3M Avg. Daily Vol ('000)	846.8
3M Avg. Daily Value (Rs m)	344.0

Major Shareholders

Promoters	9.6%
Foreign	57.0%
Domestic Inst.	18.4%
Public & Others	15.0%

Stock Performance

(%)	1M	6M	12M
Absolute	(3.9)	(11.7)	18.5
Relative	1.4	3.7	4.9

Price Performance (RIC: IVRC.BO, BB: IVRC IN)



Source: Bloomberg

IVRCL Infrastructure & Projects

Strong order book provides revenue visibility

- Results:** IVRCL Infrastructure & Projects (IVRCL) reported 33% YoY growth in topline to Rs13.21bn, higher than our expectation. EBITDA margin was at 10.5% as against 11.4% in the previous quarter. Interest cost was higher at Rs208m, which also included forex losses of Rs22m. IVRCL continues to avail of 80IA benefits, and so adjusting for prior period tax of Rs82m, IVRCL provided for tax at 25%. Consequentially, PAT for the quarter was flat at Rs733m. For the full year, revenue grew 59% to Rs36.6bn and PAT grew 49% to Rs2.1bn.
- Order book:** The company has a strong order book of Rs128bn and L1 status for Rs14-15bn worth of projects, which is expected to materialise over the next few days. Effectively, its order book stands at Rs143bn, which translates to 3.9x FY08 revenue, thus providing it strong revenue visibility.
- Outlook & valuation:** Given its strong order book position and stronger than expected revenue growth during the year, we have upgraded our revenue estimates for FY09 and FY10 by 9.4% and 10% to Rs53bn and Rs69.8bn respectively, and consequently PAT estimates for FY09 and FY10 by 9.3% and 9.4% to Rs2.95bn and Rs3.98bn respectively. We have reduced our price target from Rs653 to Rs548 as we cut our target multiple for its core business to 17x from 21x FY09 EPS. On account of conservatism we have valued IVR Prime at 30% discount to the NAV value. We maintain Outperformer rating on IVRCL.

Key financials (Y/e March)	FY07	FY08	FY09E	FY10E
Revenues (Rs m)	23,059	36,624	53,081	69,833
Growth (%)	54.2	58.8	44.9	31.6
EBITDA (Rs m)	2,301	3,655	5,441	7,158
PAT (Rs m)	1,415	2,106	2,948	3,983
EPS (Rs)	10.9	16.2	22.7	30.7
Growth (%)	25.6	48.8	40.0	35.1
Net DPS (Rs)	1.5	2.1	2.9	4.0

Source: Company Data; PL Research

Profitability & valuation	FY07	FY08	FY09E	FY10E
EBITDA margin (%)	10.0	10.0	10.3	10.3
RoE (%)	15.7	14.9	18.1	20.7
RoCE (%)	10.5	12.5	15.0	16.9
EV / sales (x)	2.4	1.6	1.0	0.8
EV / EBITDA (x)	24.0	15.5	10.0	7.9
PE (x)	36.9	24.8	17.7	13.1
P / BV (x)	3.9	3.6	3.1	2.6
Net dividend yield (%)	0.4	0.5	0.7	1.0

Source: Company Data; PL Research

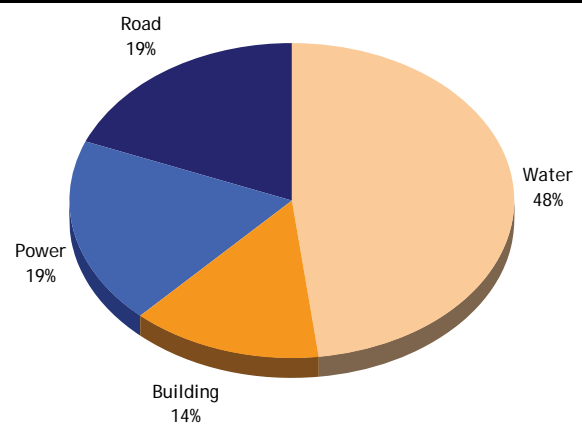
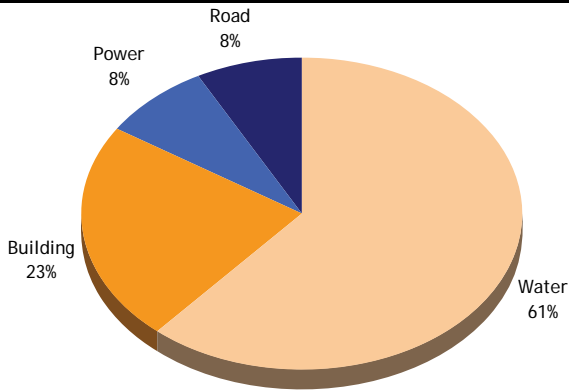
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Order book breakup

Revenue breakup



Source: Company Data, PL Research

Q4FY08 result overview

(Rs m)

Y/e March	Q4FY08	Q4FY07	YoY gr. (%)	Q3FY08	FY07	FY08	YoY gr. (%)
Net Sales	13,217	9,923	33.2	9,749	23,059	36,624	58.8
Expenditure							
Construction, Mfg. & others	11,350	8,554	32.7	8,352	19,904	31,536	58.4
<i>% of Net Sales</i>	<i>85.9</i>	<i>86.2</i>		<i>85.7</i>	<i>86.3</i>	<i>86.1</i>	
Personnel Cost	480	296	62.1	282	854	1,432	67.8
<i>% of Net Sales</i>	<i>3.6</i>	<i>3.0</i>		<i>2.9</i>	<i>3.7</i>	<i>3.9</i>	
Total Expenditure	11,830	8,850	33.7	8,634	20,757	32,969	58.8
EBITDA	1,387	1,073	29.3	1,114	2,301	3,655	58.8
<i>Margin (%)</i>	<i>10.5</i>	<i>10.8</i>		<i>11.4</i>	<i>10.0</i>	<i>10.0</i>	
Other income	11	2	374.9	8	74	45	(38.9)
Depreciation	99	69	43.9	87	216	328	52.0
EBIT	1,300	1,006	29.2	1,035	2,159	3,372	56.1
Interest	208	25	736.2	177	308	517	67.7
PBT	1,092	981	11.3	858	1,851	2,855	54.2
Total Tax	359	249	44.1	218	436	749	71.7
<i>% PBT</i>	<i>32.9</i>	<i>25.4</i>		<i>25.4</i>	<i>23.6</i>	<i>26.2</i>	
Recurring PAT	733	732	0.1	640	1,415	2,106	48.8



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PL's Recommendation Nomenclature

BUY	: > 15% Outperformance to BSE Sensex	Outperformer (OP)	: 5 to 15% Outperformance to Sensex
Market Performer (MP)	: -5 to 5% of Sensex Movement	Underperformer (UP)	: -5 to -15% of Underperformance to Sensex
Sell	: <-15% Relative to Sensex		
Not Rated (NR)	: No specific call on the stock	Under Review (UR)	: Rating likely to change shortly

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