Gayatri Projects

Ugly Duckling

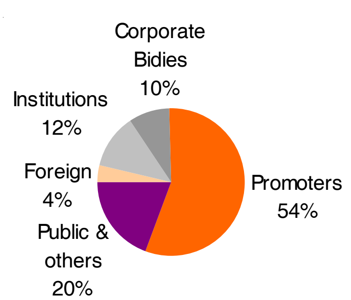
On the growth highway

Buy; CMP: Rs394

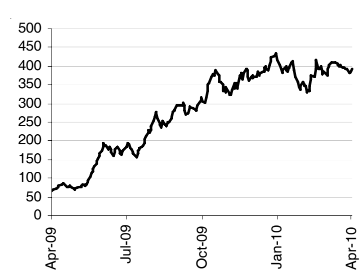
Company details

Price target:	Rs549
Market cap:	Rs438 cr
52-week high/low:	Rs472/62
BSE volume: (No of shares)	65,860
BSE code:	532767
Sharekhan code:	GAYATRI
Free float: (No of shares)	0.50 cr

Shareholding pattern



Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	2.5	-4.6	29.7	518.2
Relative to Sensex	-4.8	-5.9	25.2	241.8

Key points

- **Strong growth visibility:** Hyderabad based Gayatri Projects Ltd (GPL) has an impressive order book of Rs6,250 crore—more than 6x its FY2009 revenues. Besides, the company is the lowest bidder (L1) for projects worth Rs2,250 crore which include a highway built-operate-transfer (BOT) project of Rs2,000 crore and a road construction project of Rs250 crore. Currently, irrigation projects dominate the order book with a 61% share while road projects account for 35%. To de-risk its business model GPL is strategically venturing into newer segments: urban infrastructure, water division and industrial construction.
- **BOT deals add to the value:** At present GPL has six BOT road projects out of which four are on annuity basis and two are toll-based projects. Of these, five projects are expected to start generating revenue from FY2011. Two of its projects are completing ahead of schedule and hence would receive bonus of Rs70 crore.
- **Power project—financial closure near-term trigger:** As a strategy to expand vertically, GPL (under its subsidiary Gayatri Energy Ventures Ltd [GEVL]) is developing a 1,320MW (2X660MW) thermal power plant at Krishnapatnam, Andhra Pradesh (AP). About 70% of the debt for the project has already been tied up and the project is expected to achieve financial closure by May 2010. Moreover, GPL is expected to rope in a strategic partner in GEVL by diluting 49% stake at a substantial premium. We believe that positive developments related to the financial closure of the project and unlocking of value through the induction of a strategic partner in GEVL are the near-term triggers for the stock. We have currently valued GEVL at a 50% discount to its book value.
- **Strong growth despite issues in AP:** Despite the fact that some of GPL's irrigation projects could get delayed in AP due to political issues, we expect the revenues and earnings to grow at CAGR of 26.4% and 35.4% respectively during FY2009-12. The EPS are expected to grow at a CAGR of 17.4% on the fully diluted equity base.
- **Attractive valuations:** Currently the stock is trading at 7.3x and 5.9x its FY2011E and FY2012E earnings respectively and the valuations are attractive given GPL's growth plans. To discount for its AP focus, we have valued the core business at Rs463 which is 7x (as against 8x for the other mid-cap infrastructure companies in our coverage) FY2012 earnings. The SOTP based price target also includes Rs37.8 for its six BOT projects (based on the NPV method) and Rs48.4 for its power project (0.5x of its Rs150 core investment in GEVL). Thus, we initiate coverage on the stock with a Buy recommendation and price target of Rs549.

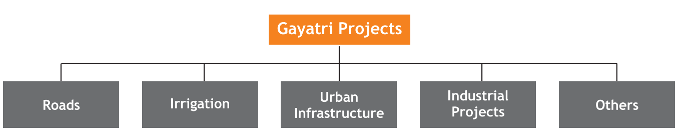
Key financials	FY2008	FY2009	FY2010E	FY2011E	FY2012E
Net sales (Rs cr)	752.4	1004.6	1288.6	1528.4	2030.0
Adjusted net profit (Rs cr)	39.3	41.3	53.8	65.0	102.5
Shares in issue (cr)	1.0	1.0	1.1	1.2	1.5
EPS (Rs)	38.9	40.9	48.4	53.7	66.1
% yoy growth	*65.1*	*5.1*	*18.5*	*10.9*	*23.1*
PER (x)	10.1	9.6	8.1	7.3	5.9
P/BV (Rs)	2.2	1.8	1.5	1.3	1.1
EV/EBIDTA (x)	5.3	5.0	4.5	4.0	3.2
RoCE (%)	14.2	11.9	12.7	12.9	16.0
RoNW (%)	24.6	20.9	21.4	20.3	22.8

Company background

Founded in 1963, GPL is a Hyderabad based construction company, which was mainly involved in the construction of major irrigation projects in AP. In 1967, it was awarded the gold medal for its outstanding performance in the construction of the world's largest masonry dam—Nagarjuna Sagar—in AP. The company is registered as a "Special Class Contractor" with the government of AP and as a "Special Class"/"Class AA Contractor" with the government of various other states like Karnataka, Gujarat, Maharashtra and Tamil Nadu.

Today GPL specialises in road and irrigation projects and has a pan-India presence. Three new divisions—urban infrastructure, water and industrial construction—were added recently as part of its plan to expand into other verticals of infrastructure and de-risk its business. The company has displayed extensive execution capabilities in the past and has completed several projects in diverse segments like irrigation, dams, railways, highways, water treatment plants, airport runways, port projects, industrial structures and onshore projects.

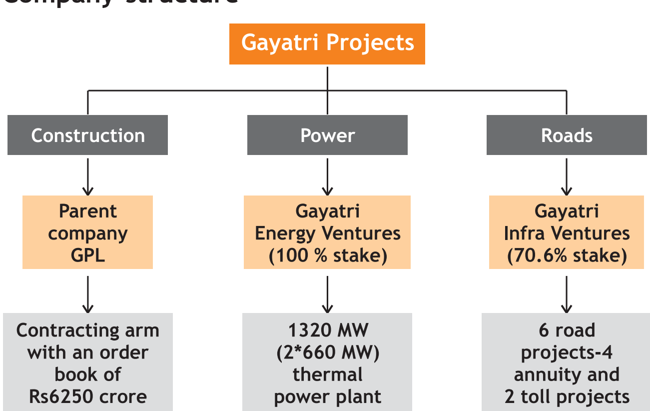
Business divisions



Source: Company, Sharekhan Research

Transforming itself, GPL has moved up the value chain by entering into the asset ownership space. The company intends to benefit from the increased government spending on road and power projects. It currently holds six BOT road projects of which four are annuity projects. It recently forayed into the power space and intends to develop a 1,320MW power plant.

Company structure



Source: Company, Sharekhan Research

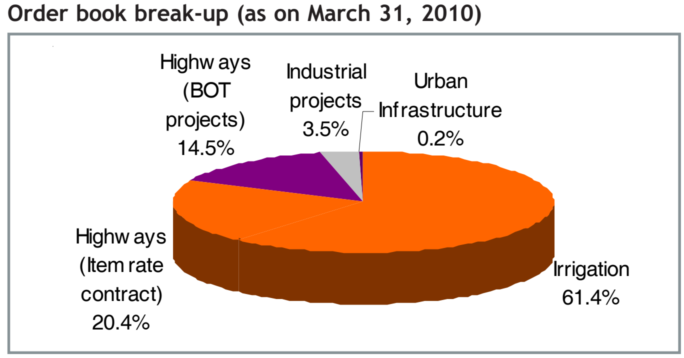
Investment arguments

Robust order book provides revenue visibility

GPL's current order book stands at Rs6,250 crore, which is 6.2x its FY2009 revenues. This provides strong revenue visibility as the robust order book would propel revenue growth going ahead. Additionally, the company is the L1 for projects worth Rs2,250 crore which include a highway BOT project worth Rs2,000 crore and a road engineering, procurement and construction (EPC) project worth Rs250 crore. The EPC work of the AP BOT project would cost Rs1,700 crore of which GPL's share would be 50%. This would add Rs850 crore to the order book. So taking both the projects together, the company is the L1 for Rs1,100 crore worth of orders.

The company's order book has grown at a compounded annual growth rate (CAGR) of 27% over FY2006-09 on the back of strong order inflows. Irrigation projects dominate the order book with a 61% share while road projects account for 35% of the same. These segments are at the forefront of the government's infrastructure development plans and would thus ensure a steady stream of orders for the company. Industrial projects form about 4% of the order book. With the revival of the economy, industrial projects are also expected to pick up; hence their share in the order book might increase. Conservatively, we anticipate GPL's order book to grow at a CAGR of 12% over FY2009-12.

Order book break-up (as on March 31, 2010)

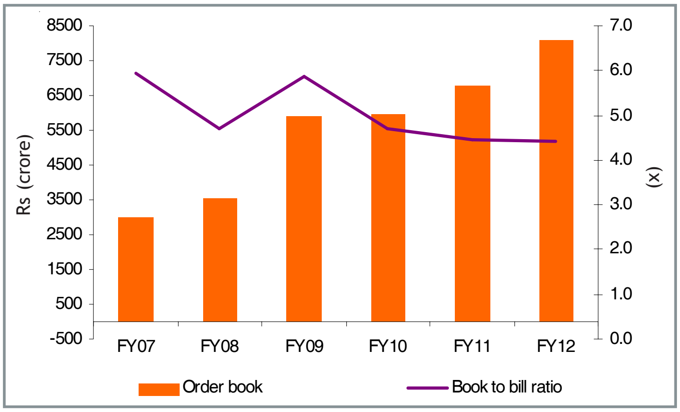


Source: Company, Sharekhan Research

Strong and wide execution skills displayed in the past

The company's order book/sales ratio has not dipped below 4x since FY2006 and at the same time its revenue has grown at a CAGR of 39% over FY2006-09. This displays GPL's strong execution capabilities. Going ahead also, we expect this ratio to be maintained above 4x, despite the 26% compounded annual growth expected in its revenue over FY2009-12.

Order book/Revenue ratio above 4x



Source: Sharekhan Research

Further, GPL has displayed extensive execution skills in the past. It has completed several projects in diverse segments like irrigation, dams, railways, highways, water treatment plants, airport runways, port projects, industrial structures and onshore projects. This shows that the company is capable of handling projects in various sectors and need not depend upon any particular segment.

De-risking the business model

The company is strategically trying to de-risk its business model by venturing into newer segments. Thus, three new divisions—urban infrastructure, water and industrial construction—were added recently to expand into the other verticals of infrastructure. All the three segments are high-margin segments and will thus enable the company to maintain its margins.

In fact, GPL has entered into a memorandum of understanding (MoU) with Ion Exchange to explore opportunities in the water segment. Again, it has tied up with DLF to foray into urban infrastructure space. It is currently building multiplex and malls and a Park Hyatt Hotel in Hyderabad under this segment. It also has an MoU with DLF for jointly bidding for all road BOT projects. These joint ventures will help in not only venturing into newer segments but also bidding for larger projects.

GPL has knowledge and experience of handling various industrial projects. It has executed various civil, structural and architectural work for reputed companies like NFCL, Reliance Petroleum, Jindal Vijayanagar Steel Plant and Visakhapatnam Steel Plant. It has also executed railway, ports and airport runway projects in the past. GPL plans to scale up operations in the industrial construction segment due to the lower execution period of about 15 months coupled with higher margins in this segment.

BOT deals add to the value

Apart from the proven track record in the EPC business the company is also focusing to strengthen its presence in the BOT road project space. It has signed an MoU with DLF to jointly bid for road BOT projects as this would enhance its bidding capacity.

At present the company has six BOT road projects out of which four are on annuity basis and two are on toll basis. Of this, five projects have achieved financial closure and are at mature stage of completion. The projects are expected to start generating revenue from FY2011. The sixth project is a recently won project in Indore. The company has created special purpose vehicles (SPVs) to implement these projects on a BOT basis.

Two of its projects, ie the Hyderabad Expressway project and the Cyberabad Expressway project, are completing six months ahead of schedule. Hence, the company would receive a bonus of Rs70 crore. However, two other annuity projects have got delayed by a year due to a delay on part of the National Highways Authority of India (NHAI) and thus both the projects are facing cost overruns. The cost of the two projects has gone up by Rs78 crore. However, the company is in negotiation with NHAI for extending the concession period by a year.

To optimise the advantages, the company has hived off all the SPVs into a single-holding company called Gayatri Infra Ventures Ltd (GIVL). GIVL has diluted 29.4% stake to AMP Capital Finance Mauritius for Rs100 crore, valuing the company at Rs340 crore. AMP Capital has also committed to invest additional Rs100 crore for future BOT projects as and when required. GPL holds a 70.6% stake in GIVL.

BOT project detail Rs (cr)

Project	Project type	Total cost	Debt	Grant	Equity (cr)	GPL stake (%)	GPL equity (cr)
Meerut-Muzaffarnagar	Toll	668.1	455.2	56.4	156.7	49	76.8
Gayatri-Jhansi	Annuity	460.7	366.3	0	94.4	51	48.2
Gayatri-Lalitpur	Annuity	350.6	277.1	0	73.5	51	37.5
Hyderabad expressway	Annuity	431.0	290.9	71.9	68.2	50	34.1
Cyberabad expressway	Annuity	501.8	376.3	80.7	44.8	50	22.4
Total		**2412.2**	**1765.8**	**209**	**437.6**	**50**	**219**

Source: Company, Sharekhan Research

Western Uttar Pradesh toll way highway

The western Uttar Pradesh highway is the first toll project for GPL. The project involves improvement, operation and maintenance, rehabilitation and strengthening of the existing two-lane and widening to four-lane divided highway from 52km to 131km of NH-59 (the Meerut-Muzaffarnagar section) in Uttar Pradesh on a BOT basis. The project is in joint venture with Nagarjuna Construction Company (NCC; a 30% stake) and Maytas Infra (a 30% stake). GPL used to hold a 40% stake in the SPV.

Recently, Maytas Infra divested its 30% stake to GPL and NCC, raising their stakes to 49% and 51% respectively.

Gayatri Lalitpur Roadways

This is an annuity BOT project that involves designing, developing, constructing, operating and maintaining of the 50km stretch between Jhansi and Lalitpur on NH-26 as part of the North-South Corridor in Uttar Pradesh. GPL bagged this project in joint venture with IDFC. The total cost of the project was Rs312.6 crore. However, due to the delay in project completion the cost has gone up to Rs350.6 crore. But since it is an annuity project, the impact of the cost escalation shall be limited. The project is expected to commence operation from September 2010.

Gayatri Jhansi Roadways

This is an annuity BOT project and involves designing, developing, constructing, operating and maintaining of the 50km stretch between Jhansi and Lalitpur in Uttar Pradesh. The work involves strengthening and widening of the existing two-lane highway, construction of additional two lanes and provision of service roads in specific urban and semi-urban areas. The project is in joint venture with IDFC. The total cost of the project was Rs421 crore. However, due to a delay in completion even this project saw cost overrun and the cost has gone up to Rs460.7 crore. But since it is an annuity project, the impact of the cost overrun shall be limited. The project is expected to commence operation from September 2010.

In both these projects, GPL is in negotiation with NHAI to extend the concession period as the delay in the project completion has been due to a delay caused by NHAI itself.

Hyderabad Expressway Pvt Ltd

GPL bagged this annuity project in joint venture with Maytas Infra. The project involves the designing, construction, development, financing, operating and maintaining an eight-lane access controlled expressway under Phase II programme of the outer ring road (ORR) of Hyderabad Urban Development Authority (HUDA). The project work starts from Bongulur to Tukkuguda casing 108km to 121km. The total cost of the project is Rs431 crore and it enjoys 15 years of concession period. The project is expected to commence operation in FY2011. As the project is commencing six months ahead of schedule, GPL is eligible for receiving bonus of one annuity, ie Rs30.5 crore.

Maytas Infra divested 7.29% stake to Terra Projects Pvt Ltd, bringing down its stake in the project to 42.71%.

Cyberabad Expressway Pvt Ltd

Cyberabad Expressway is an annuity BOT project that is in joint venture with Maytas Infra. This project also involves designing, construction and development, finance, operation and maintenance of an eight-lane access controlled expressway under Phase II programme of ORR of HUDA. The project work starts from Kollur to Patancheru casing 12km to 23.70km. The total cost of the project is Rs501.8 crore and enjoys 15 years of concession period. The project is expected to commence operation in FY2011. As the project is commencing six months ahead of schedule, the company is eligible for receiving bonus of one annuity, ie Rs39.5 crore.

Maytas Infra divested 32% of its stake to Terra Projects Pvt Ltd, thus bringing down its stake in the project to 18%.

Indore Dewas Toll project

GPL has recently received the letter of award (LOA) for a BOT toll project in Madhya Pradesh. The project involves six-laning of Indore-Dewas on NH-3 in Madhya Pradesh under the National Highways Development Project (NHDP) Phase V (the total length being 45km). It's a toll-based project wherein GPL would pay a premium of Rs24.1 crore annually to NHAI. The total project cost is Rs602 crore and will take six months to attain financial closure.

Valuation of BOT projects

Project	Valuation method	Value of project (Rs cr)	GIVL share (%)	GIVL (Rs cr)	GPL share (%)	GPL (Rs cr)	Value per share of GPL (Rs)
UP Tollway	DCF	45	49	22.1	70.6	15.6	10.1
Gayatri-Jhansi	DCF	-45	51	(23.2)	70.6	(16.4)	(10.6)
Gayatri-Lalitpur	DCF	-18	51	(9.2)	70.6	(6.5)	(4.2)
Hyderabad Expressway	DCF	75	50	37.7	70.6	26.6	17.2
Cyberabad Expressway	DCF	111	50	55.7	70.6	39.3	25.4
Total value per share of GPL from BOT projects							**37.8**

Source: Sharekhan Research

Power project—financial closure near-term trigger

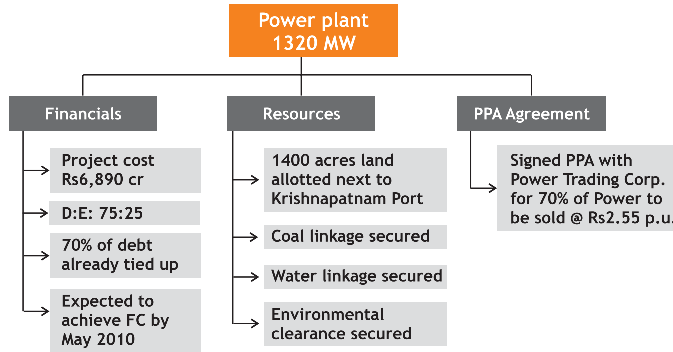
As a strategy to de-risk its business model and expand vertically, GPL is venturing into the power space. It is developing a 1,320MW (2X660MW) thermal power plant at Krishnapatnam, AP, through Thermal Powertech Corporation India, a wholly owned subsidiary of GEVL. GEVL is a wholly owned subsidiary of GPL, which, in turn, is going to be a holding company for the power project. The proposed power plant is near the Krishnapatnam Ultra Mega Power Project (UMPP) and will thus benefit from the associated development in the area. GPL has been allotted 1,400 acres of land in Krishnapatnam district for this purpose. The company has also secured the environmental clearance, and water and coal linkages for the plant.

GPL has also signed a power purchase agreement (PPA) with Power Trading Corporation (PTC) for selling 70% of the power generated at the rate of Rs2.55 per unit; the balance 30% will be sold on a merchant basis. GPL has been allocated 70% of the coal linkages from Mahanadi Coalfields and the remaining 30% from Indonesia.

The project is expected to achieve financial closure by May 2010. The construction is expected to be completed by March 2014 and the revenues will flow in by FY2015. The estimated cost of the project is Rs6,890 crore, the funding of which will be through a combination of debt and equity. The total debt to be raised for the project is Rs5,160 crore of which approximately Rs3,600 has been tied up with Power Finance Corporation (PFC), Rural Electrification Corporation (REC), Life Insurance Corporation of India (LIC), Canara Bank etc. The balance needs to be tied up and the company is in talks with financial institutions like State Bank of India, IDBI, Punjab National Bank and Housing and Urban Development Corporation (HUDCO) for the same. The project will have equity contribution of Rs1,730 crore of which Rs150 crore has already been invested by GPL. Moreover, the company is expected to rope in a strategic partner by diluting 49% stake at a substantial premium. We believe that positive developments related to the financial closure of the project and the unlocking of value through the induction of a strategic partner in GEVL are the near-term triggers for the stock. We have currently valued GEVL at a 50% discount to its book value.

GPL would also benefit by carrying out the EPC work of the project well due to its prior experience in executing industrial projects.

Progress on the power project



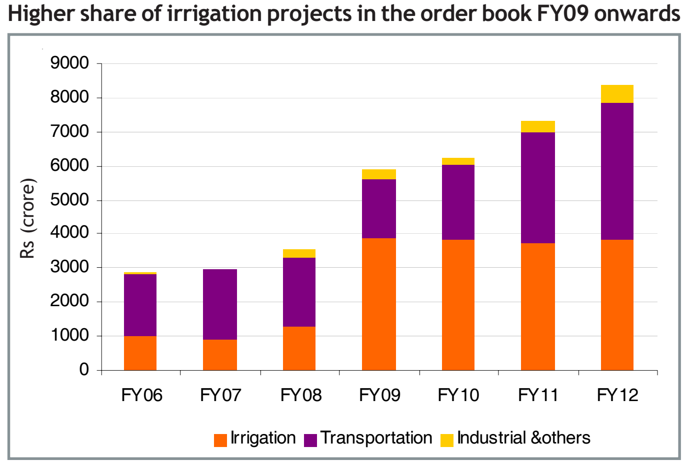
Source: Company, Sharekhan Research

Financials

A strong growth despite issues in AP

About 61% of the current order book of the company comes from the irrigation segment, which is mainly concentrated in AP. Such high concentration of projects in one state has been a result of a plethora of opportunities thrown open in FY2009 in the irrigation segment under the state's flagship programme, Jalayagnam. Till FY2008, irrigation formed only 35% of the order book of GPL. In FY2009 its share shot up to 66%. However, with various political issues surrounding AP, these orders either got stalled or slowed down. Thus, irrigation projects still account for 61% of the current order book of GPL.

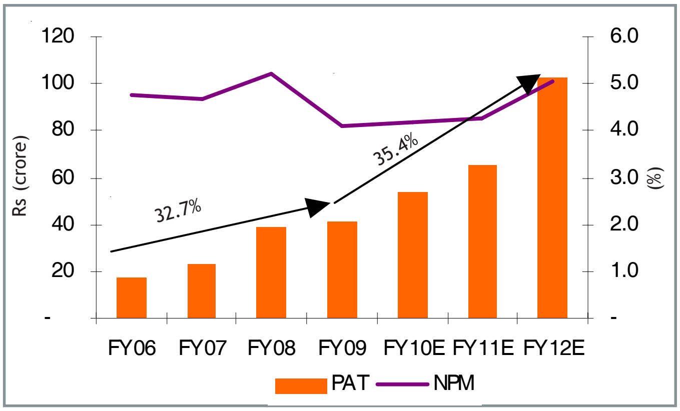
Higher share of irrigation projects in the order book FY09 onwards



Source: Company, Sharekhan Research

Despite a slower execution of the irrigation projects, we expect the revenue in FY2010 to grow by 28% supported by the contribution from the road and industrial segments. Going ahead, we expect the problems in AP to subside by the end of this year. The AP state government is taking efforts in speeding up the projects by clearing some of the pending bills. Hence, the execution work would gain pace by the end of FY2011. We expect the company's revenue and earnings to grow at a CAGR of 26.4% and 35.4% respectively during FY2009-12.

PAT to grow at a CAGR of 35% over FY2009-12



Source: Sharekhan Research

...But dilution lowers earnings growth to 17.5% CAGR

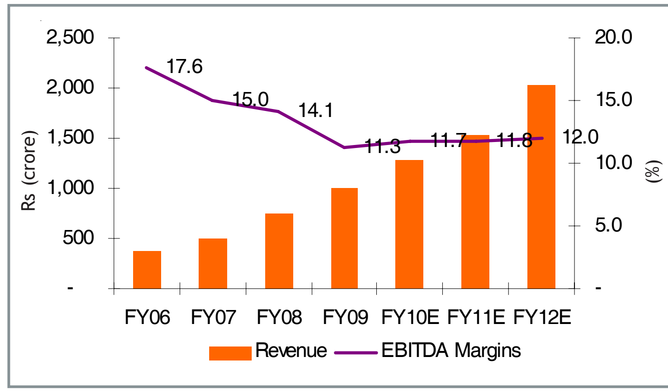
However, we expect the earnings to grow at a much lower CAGR of 17.5% on the back of a 53% dilution to be seen over FY2010-12. But this enhancement in net worth will help the company bid for bigger projects in future.

In Q2FY2010, GPL had sold a 9.9% stake through the allotment of one million shares to Reliance Capital Trustee Co (Reliance Infrastructure Fund) at a price of Rs185 per share. It had further allotted one million warrants to the promoters which will get converted into equity in FY2011 at a premium of Rs132.5 per share. Further, there are foreign currency convertible bonds (FCCBs) worth Rs97.8 crore in the books which will be due for conversion in FY2012. This would translate into approximately 3.4 million shares at a price of Rs288 per share. The promoter's stake would come down to 45.8% by FY2012, assuming full conversion of the warrants and the FCCBs.

Strong operating margins

GPL enjoys a strong operating profit margin (OPM) of about 15%. This is because the company is present in sectors like irrigation, road BOT projects and industrial projects which enjoy superior margins. However, the margins of the company got hit in FY2009 due to a substantial rise in commodity prices. Even in M9FY2010, the margins remained in the 11-12% range due to the lower execution of the high-margin irrigation projects and the higher execution of the comparatively low-margin road projects. We expect the margins to improve from FY2012 onwards as the situation improves in AP and irrigation projects kick off once again. Further, the company is entering into newer segments where the margins are high. This foray into newer segments coupled with the focus on the BOT projects would restore the company's margins.

Healthy OPM

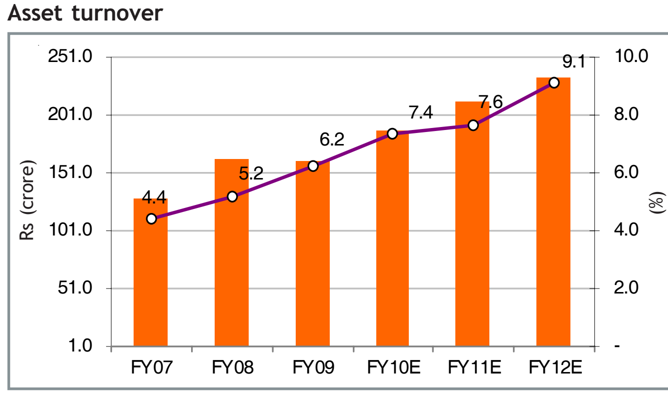


Source: Sharekhan Research

Owns large fleet of assets; reduces sub-contracting

GPL owns a large fleet of construction equipment comprising heavy earth moving machines, such as hydraulic excavators, loaders, dozers, earth compacters, concreting plants, concrete mixers, transit mixers, concrete pavers, various road equipment and other miscellaneous equipment. Such a large base minimises the need for sub-contracting and enables faster and timely execution of projects, eliminating reliance on equipment suppliers. This is reflected by its asset turnover ratio which is constantly improving. Such optimum asset utilisation would result in improved execution of the order book, which would get reflected in the turnover and margins.

Asset turnover

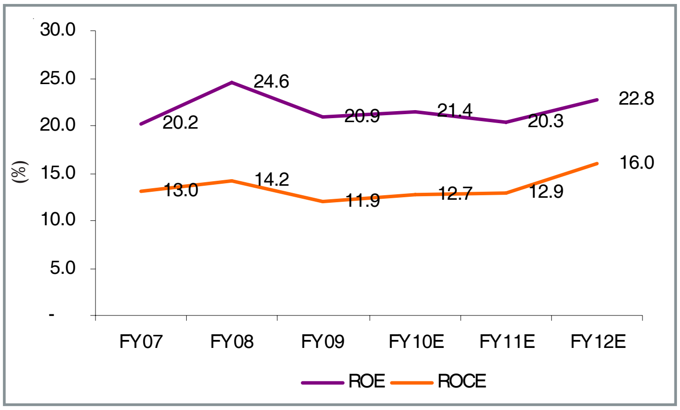


Source: Sharekhan Research

Healthy return ratios maintained

GPL has been able to maintain its return on equity at around 20%, which is healthy compared with that of its peers in the industry. Going ahead also, with expansion in the equity base, the return on equity shall not get diluted. This signifies the company's efficient operations as well as the strength of its business model.

Return ratios



Source: Sharekhan Research

Risks & concerns

Order book highly skewed towards AP

Irrigation projects form 61% of the order book and are mainly in AP. Due to various political issues the execution work in the state slowed down considerably in FY2010. This resulted in a delay in the payment of the projects which affected the working capital cycle of the company. The debtor days has gone up from 81 days in FY2009 to 90 days currently.

Rise in commodity prices

Any substantial rise in commodity prices would affect the margins of the company. The raw material cost forms the major portion of the total cost of the company. In FY2009, the margins had got affected because of the same reason. Though the projects do have a cost escalation clause, the same protects the margins to a certain limit. Any rise over and above the limit does affect the margins.

BOT projects—a riskier game

A BOT project has a higher risk compared to an EPC contract. Two projects of GPL have seen a cost overrun due to a delay in land acquisition and forest clearance. The company is in negotiation with NHAI to extend the concession period of the project. If the proposal is not accepted then the projects in question would be affected to a certain extent.

Power—a new territory for the company

GPL has no past experience in executing power projects. Power projects are riskier and require critical technicalities. However, GPL is expected to dilute its stake to a strategic partner that is expected to be a power utility company and might bring in the expertise required.

Outlook and valuations

GPL has a strong order book and is also de-risking its business model by entering into new segments. It is further moving up the value chain by focusing more on road BOT projects and foraying into power space.

At the current market price the stock is trading at 7.3x and 5.9x its FY2011E and FY2012E earnings and the valuations are attractive given the company's growth plans. We believe the valuations do not capture the significant value in GPL's BOT portfolio and power venture. We have valued GPL on a sum-of-the-parts (SOTP) basis. To discount its AP focus, we have valued its core business at Rs463 per share which is 7x (as against 8x for the other mid-cap infrastructure companies in our coverage) FY2012 earnings estimate.

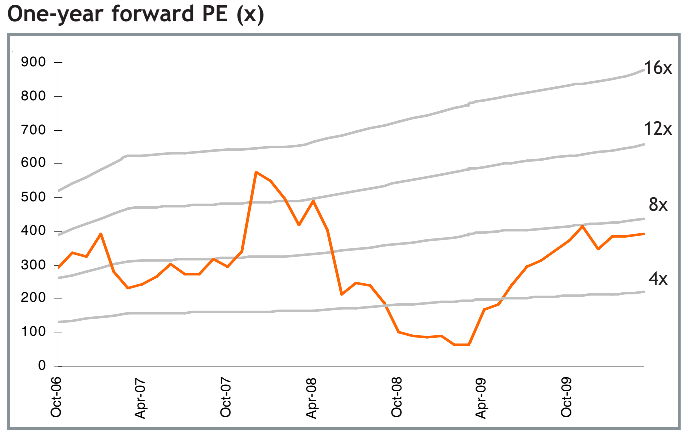
We have valued the five BOT projects at Rs38 per share based on GPL's net present value (NPV). We have not factored the sixth BOT project recently bagged in our valuation as the project will take around six months to attain a financial closure. Our valuation for the BOT projects is at a huge discount when compared to the valuation paid by AMP Capital. GPL divested its 29.4% stake in GIVL at Rs340 crore which values the BOT projects at Rs155 per share. Further, the company is planning to securitise all its four annuity projects in H2FY2011 which could provide further upside.

We have further valued its Rs150-crore investment in the power business at Rs48 per share at a price/book value of 0.5x since the project has reached an advanced stage of final closure. This gives us a price target of Rs549 which provides an upside of 39.6%. We initiate coverage on GPL with a Buy recommendation and price target of Rs549.

SOTP valuation

Particulars	Remarks	Value per share (Rs)
Core business	7x FY12 EPS	463.0
BOT valuation	NPV	37.8
Power project	P/BV of 0.5	48.4
Price target		**549.2**
CMP		393.5
Upside (%)		39.6

One-year forward PE (x)



Source: Sharekhan Research

Financials

Profit & Loss a/c

Rs (cr)

Particulars	FY08	FY09	FY10E	FY11E	FY12E
Net revenue	752.4	1004.6	1288.6	1528.4	2030.0
Operating expenses	646.5	891.0	1137.8	1348.1	1786.4
Operating profit	105.8	113.6	150.8	180.4	243.6
Other income	5.5	6.4	5.6	4.8	2.3
Depreciation	16.4	19.7	22.2	25.9	29.6
Interest	33.7	36.9	52.1	61.5	61.8
PBT	61.2	63.4	82.1	97.8	154.5
Tax	21.1	21.8	28.3	32.8	51.7
Reported PAT	40.1	41.6	53.8	65.0	102.7
EPS	38.9	40.9	48.4	53.7	66.3

Key ratio (%)

Particulars	FY08	FY09	FY10E	FY11E	FY12E
Sales growth (%)	0.5	0.3	0.3	0.2	0.3
PAT growth (%)	66.9	5.1	30.2	20.9	58.0
EPS growth (%)	65.1	5.1	18.5	10.9	23.4
EBIDTA margin (%)	14.1	11.3	11.7	11.8	12.0
PAT margin (%)	5.2	4.1	4.2	4.3	5.1
RoCE (%)	14.2	11.9	12.7	12.9	16.0
RoNW (%)	24.6	20.9	21.4	20.3	22.9
Debt equity (X)	1.7	1.7	1.7	1.4	0.7
Working capital days	98.6	89.9	100.5	95.7	91.0

Key valuations

Particulars	FY08	FY09	FY10E	FY11E	FY12E
PER (x)	10.1	9.6	8.1	7.3	5.9
P/BV (x)	2.2	1.8	1.5	1.3	1.1
EV/EBITDA (x)	5.3	5.0	4.5	4.0	3.2

Balance sheet

(Rs cr)

Particulars	FY08	FY09	FY10E	FY11E	FY12E
Share capital	10.1	10.1	11.1	12.1	15.5
Reserves & surplus	169.1	205.7	275.3	340.8	530.4
Shareholders fund	179.2	215.8	286.4	352.9	545.9
Total debt	310.2	360.8	480.8	480.8	383.0
Differed tax liability	18.7	18.6	18.6	18.6	18.6
Total liabilities	**508.0**	**595.1**	**785.7**	**852.2**	**947.5**
Gross block	257.3	274.8	324.8	374.8	424.8
Net fixed assets	162.9	160.7	188.5	212.6	232.7
Investments	66.2	128.3	176.8	198.5	198.5
Gross current assets	519.2	619.6	806.9	898.9	1122.3
Gross current liabilities	240.3	313.5	386.5	457.8	606.0
Net current assets	278.9	306.1	420.5	441.1	516.2
Total assets	**508.0**	**595.1**	**785.7**	**852.2**	**947.4**

Cash flow

(Rs cr)

Particulars	FY08	FY09	FY10E	FY11E	FY12E
Operating profit before working capital changes	111.4	120.0	156.4	185.1	245.9
Chg in working capital	-30.6	-48.8	-107.6	-45.7	-105.6
Taxes paid	-21.0	-22.2	-28.3	-32.8	-51.7
Net cash from operations	59.8	49.0	20.5	106.6	88.5
Capital expenditure	-50.8	-17.5	-50.0	-50.0	-50.0
Sale/purchase of investments	-30.4	-62.1	-48.4	-21.7	-
Net cash from investing	-81.2	-79.6	-98.4	-71.7	-50.0
Increase in share capital	1.8	-	22.1	7.1	97.8
Increase in debt	3.1	50.6	120.0	-	-97.8
Others	64.1	-36.9	-57.3	-67.1	-69.1
Net cash from financing	69.0	13.7	84.8	-60.0	-69.1
Net change in cash	47.6	-16.9	6.8	-25.1	-30.5

The author doesn’t hold any investment in any of the companies mentioned in the article.