Equity Research
October 9, 2009
BSE Sensex: 16844

Infrastructure

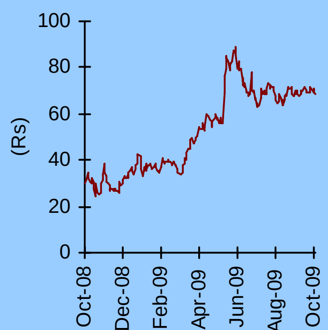
Target price Rs80

Shareholding pattern

	Dec '08	Mar '09	Jun '09
Promoters	74.1	74.9	74.4
Institutional investors	17.1	17.7	16.9
MFs and UTI	0.6	0.6	0.6
Banks, FIs & Insurance	7.9	7.9	8.0
FIIs	8.5	9.2	8.3
Others	8.9	7.4	8.7

Source: BSE

Price chart



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INDIA

ICICI Securities

GMR Infrastructure

BUY

Grand design

Rs68

Reason for report: Initiating coverage

GMR is India's leading infrastructure company, with presence in airports, power, roads and special economic zones (SEZs). GMR's superior airport assets (Delhi, Hyderabad & Sabiha Gokchen) have high growth potential with monopoly characteristics & downside protection. The company's domestic power portfolio consists of 823MW operational capacity and another 6,860MW is in pipeline; it also has 631Kms of road projects. GMR has expanded international footprint with the acquisition of coal mines (188mnte), InterGen (~7,700MW installed power capacity) and Island Power Singapore (800MW). GMR has demonstrated astute ability to garner high quality and big-ticket projects with significant upside potential. Though short-term valuations are rich and funding risk remains, GMR's assets would be value-accretive in the long term and capital raising could help tide short-term concerns – we are comforted by strong management & execution capabilities. GMR is a key play on India infrastructure, capitalising on burgeoning opportunities in the sector. We initiate coverage with BUY and Rs80 target price.

- **Airports – Superior-quality monopoly assets.** GMR's portfolio consists of two busiest Indian airports (Delhi & Hyderabad with 27% market share). Despite the downturn in FY09, traffic at Delhi and Hyderabad airports has grown at 12% & 16% through FY06-09. India is estimated to be the fastest growing market at 10.4% over the next 20 years. Given the strengthening demographics, rising international traffic, emergence of low-cost carriers and better infrastructure, GMR is in a sweet spot to capitalise from these assets and new projects opening up in the Indian aero space.
- **Power & real estate to provide significant upside.** With 823MW operational capacity and 6,860MW in the pipeline, GMR is well positioned in the power sector. Further, it has internal presence with 7,700MW installed capacity via InterGen and intends to add 3,400MW globally. The company has 1,750 acres of premium land adjoining Delhi & Hyderabad airports, providing significant upside to valuations.
- **Strong management and execution capabilities**. GMR has the ability tide through tough scenarios and has timely executed complex infrastructure projects. Despite the downturn, it has sold 29.3 acres (eight hotel plots) at Delhi International Airport (DIAL), raising Rs13.5bn as deposits with another Rs9.8bn as rental realisation.
- **Valuations.** Our sum-of-the-parts (SOTP) valuation for GMR is Rs291.8bn or Rs80.2/share, with 30% from airport & real estate and 42% from power. GMR trades at FY11E & FY12E P/E of 52.4x & 36.2x with 40% earnings CAGR in FY09-13E. Though valuations are rich in the short term, we believe GMR's superior positioning and long-term potential ensures premium valuations.

Market Cap	Rs251.2bn/US$5.4mn
Reuters/Bloomberg	GMRI.BO/GMRI IN
Shares Outstanding (mn)	3,667
52-week Range (Rs)	89/25
Free Float (%)	35.6
FII (%)	8.3
Daily Volume (US$'000)	29,200
Absolute Return 3m (%)	6.6
Absolute Return 12m (%)	131.7
Sensex Return 3m (%)	22.4
Sensex Return 12m (%)	60.0

Year to March	FY09	FY10E	FY11E	FY12E
Revenue (Rs mn)	40,192	43,572	51,915	62,007
Net Income (Rs mn)	2,795	2,947	4,796	6,946
EPS (Rs)	0.8	0.8	1.3	1.9
% Chg YoY	33.0	5.5	62.7	44.8
P/E (x)	89.9	85.2	52.4	36.2
CEPS (Rs)	1.8	2.4	3.5	4.9
EV/E (x)	32.5	23.5	17.3	14.4
Dividend Yield	0.0	0.0	0.0	0.0
RoCE (%)	3.3	3.9	4.2	4.4
RoE (%)	4.4	4.5	6.8	9.1

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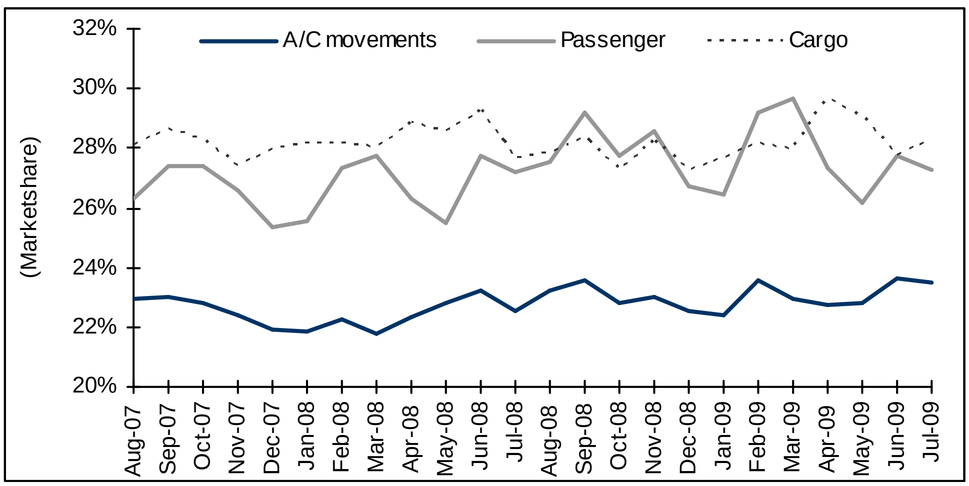
Airports – Superior-quality monopoly assets

GMR has a portfolio of high quality airport assets with monopoly characteristics, thereby derisking its portfolio. The New Delhi and Hyderabad airports accounted for 30% of international and 25% of domestic passengers traveling to and within India respectively. They cumulatively account for 27% of air traffic movement in India and 28% of cargo traffic. According to a survey by the Airports Council International (ACI), India will be the fastest growing market at 10.4% in the next 20 years. Further, Sabiha Gokcen has seen strong traffic growth in the past few years; with traffic growth of 32% in Q1FY10, the airport would benefit from increasing domestic and international traffic led by favourable demographics and rising tourism.

GMR enjoys a guaranteed return of 11.7% on its aero assets in DIAL, which ensures that its investment is protected, while it retains the upside accruing to it from non-aero sources. The Hyderabad airport has consistently been ranked among the best airports in India and has won several awards. Overall, we believe GMR's airport portfolio is high quality with considerable downside cushion.

Chart 1: Combined market share of Delhi & Hyderabad airports



Source: AAI, I-Sec Research

The GMR asset portfolio consists two of the busiest airports in the country with a growing hinterland that could provide the company with a steady and assured stream of revenue and cashflow. Despite the downturn in FY09, traffic at Delhi & Hyderabad airports have grown at 12% and 16% through FY06-09. Traffic is set to increase further due to strengthening demographics, rising international traffic, emergence of low cost carriers and better infrastructure.

DIAL – Limited downside with upside from non-aero sources

DIAL is one of the busiest airports in the country, serving 23mn domestic and international passengers. GMR has entered into a concession agreement with the Government of India, which allows it to develop and expand the airport in five phases to a capacity of 100mn passengers per annum. The agreement is valid for 60 years, with the last phase of construction and development being concluded in '36. On completion, the airport will have an area of 17.2mn sqft with four runways and a cargo capacity of 3.6mnte. The airport will also be linked to the main city by a metro rail service being developed by DMRC. GMR has already commissioned the third terminal at DIAL with a capacity of 45mn passengers.

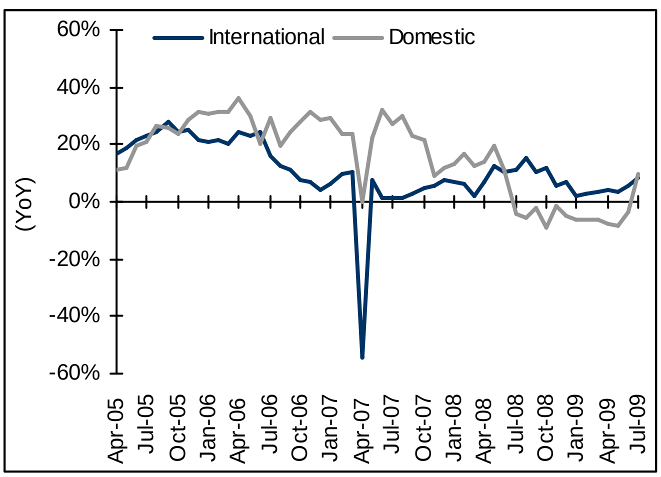
GMR has 50.1% stake in DIAL; other stakeholders include Fraport and Eraman Malaysia which hold 10% each. India Development Fund (IDF) has 3.9% stake. The Government holds the rest 26% stake through AAI.

We forecast strong traffic growth over next 10 years

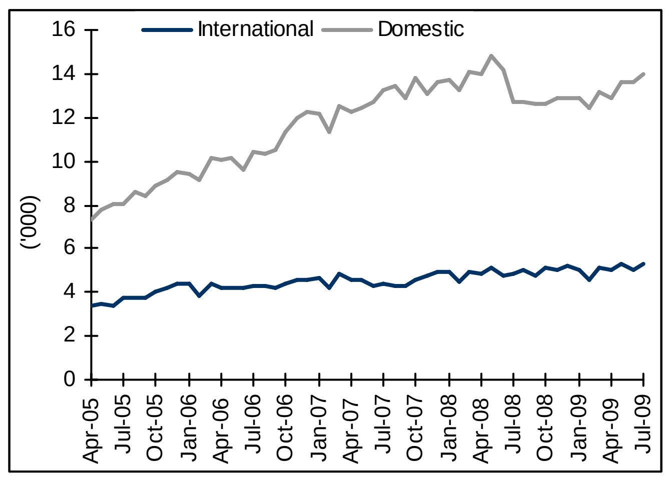
Based on Delhi's premier status, favourable Delhi demographics and improving civil infrastructure, we forecast strong growth in air traffic over the next 10 years. We expect passenger traffic to post 9.3% CAGR over the next 10 years. We have assumed 6% CAGR in the next 10 years for aircraft movement. Given the underdeveloped state of air cargo logistics, we forecast 3.5% CAGR through FY09E-19E for cargo tonnage.

Chart 2: ATMs to continue growth despite volatility

Despite volatility in growth…..



…..air traffic movement at Delhi airport has been increasing



Note: Airport Traffic Managements (ATMs); Source: AAI

ATMs are critical to drive Delhi Airport's revenues, despite the fact that GMR is assured of an 11.6% RoE on its aero assets. Aero revenues in Delhi airport are based on a price cap formula, utilising an 11.6% return on the capital cost incurred in building infrastructure. About 30% of non-aero revenues would be used to subsidise targeted aero revenues.

ATMs are the key contributor to airports' non-aero revenues such as ground handling charges and fuel farm revenues. While the growth rate of ATMs at the Delhi airport has been volatile, it has grown at 13% CAGR over the past three years.

Passenger traffic regaining post slowdown

Passenger traffic was hit hard by the slowdown in the economy in '08. However, it has grown at 12% since '06 and is expected to grow at a fast pace. We expect 9.3% traffic growth over the next 10 years. Passenger traffic drives revenues from duty free establishments, food, beverage and other miscellaneous travel spends. These revenues can be significant and would provide DIAL with a steady source of cashflows.

Chart 3: Passenger traffic growth has been hit by the slowdown….

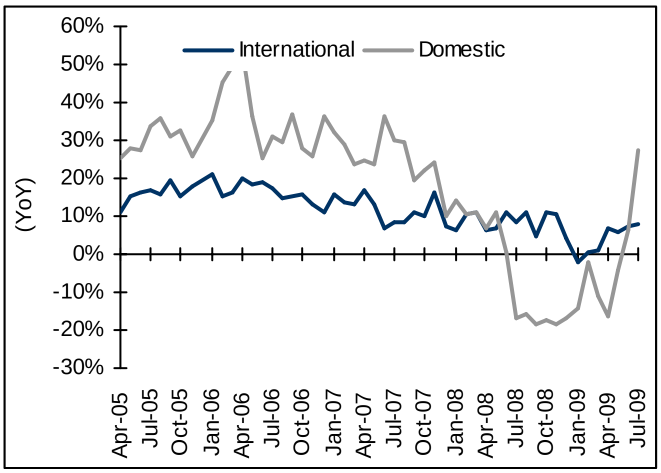
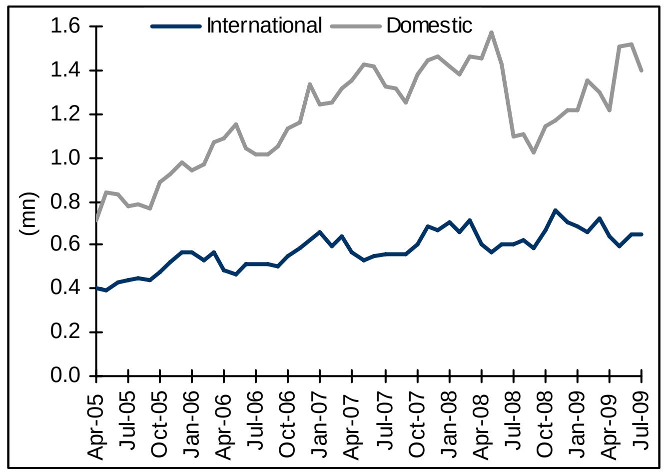


Chart 4: ...but aggregate numbers remain strong



Source: AAI

Cargo movement to provide stable revenue source

Despite monthly volatility in the growth of cargo tonnage, the aggregate number has been stable since '05, thereby giving downside protection to a large chunk of revenues from DIAL. Cargo traffic has grown at 4% through FY06-09; we expect traffic to grow at 3.5% CAGR over the next 10 years.

Chart 5: Although growth has been volatile, it has picked up lately

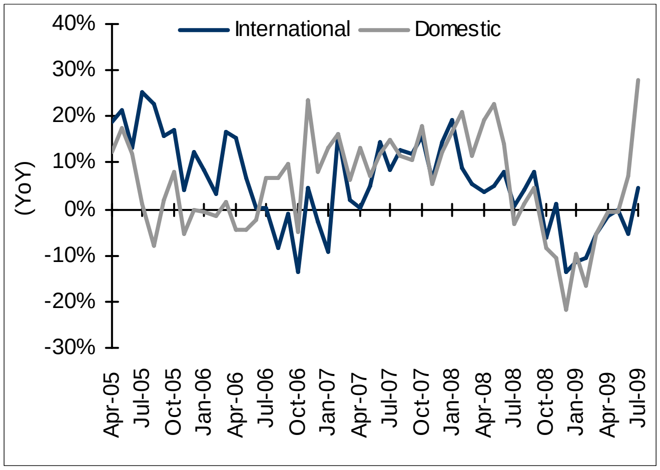
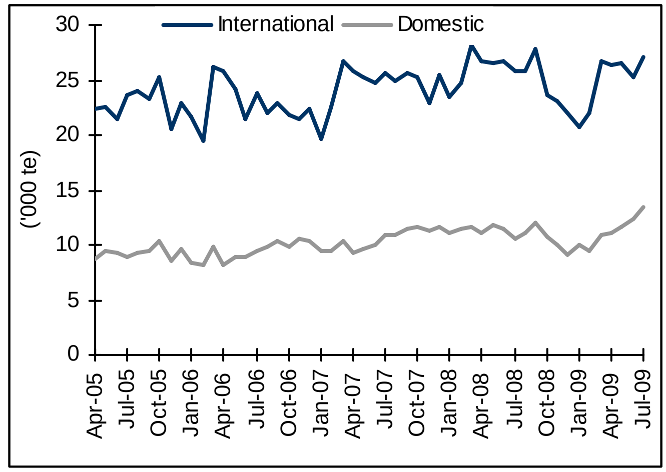


Chart 6: Cargo tonnage has been stable



Source: AAI

Hyderabad airport – Key value driver

GMR Hyderabad International Airport (GHIAL) is the key asset in GMR's portfolio. GMR holds a 63% stake in GHIAL, the SPV formed to develop a greenfield international airport in Hyderabad. Malaysia Airports Holdings Berhard (MAHB) holds 11% equity and would provide the necessary expertise in airport operations. The Government holds the remaining 26% stake with AAI and the Government of Andhra Pradesh (GoAP) holding 13% each.

The Hyderabad airport is India's first operational private greenfield airport project. GMR has been granted a concession period of 60 years during which it will develop the airport to handle a capacity of 40mn passengers in four phases, with a total area of 3.9mn sqft. The initial capacity for the Hyderabad airport at the time of bidding was envisaged at 5mn passengers per annum. Strong traffic growth in the interim has resulted in significant upward revision in the planned capacity in the initial phase to 12mn passengers per annum.

Unlike the Delhi airport, the Hyderabad airport does not guarantee GMR an assured RoE on aero assets, thereby allowing GMR to tap the full potential of growing passenger and aircraft traffic. This serves well to balance GMR's airport portfolio by counter balancing the capped upside in aero revenues from the Delhi airport project.

We forecast strong traffic growth in the next 10 years

Based on Hyderabad's strategic location, continued growth momentum driven by the service sector and significant capacity addition, we forecast strong growth in air traffic in the next 10 years. We forecast 10-year passenger traffic CAGR to be 10.3%, given 12% passenger traffic CAGR through FY06-09. We have assumed 9.5% growth in air traffic movement; ATMs grew at 17% CAGR over FY06-09. We have assumed 6.5% cargo tonnage CAGR through FY09E-19E; cargo grew at 13% CAGR over FY06-09. Given the underdeveloped state of air cargo logistics and low base at Hyderabad airport, we view cargo movements as a high growth opportunity.

Rapidly growing ATMs to drive value

Unlike the Delhi airport, GMR will be free to price the usage of its aero assets without a cap on its RoE. Generating incremental revenue and returns through ATM growth along with passenger traffic will assume greater importance versus DIAL. This could be positive for the company since GHIAL services a rapidly growing hinterland that would support passenger and ATM growth, thereby driving revenues and profits.

Chart 7: After setting a scorching pace, ATM growth has moderated in the slowdown

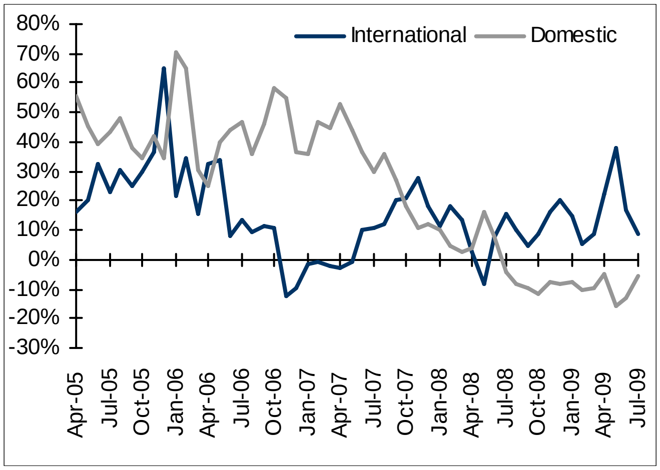
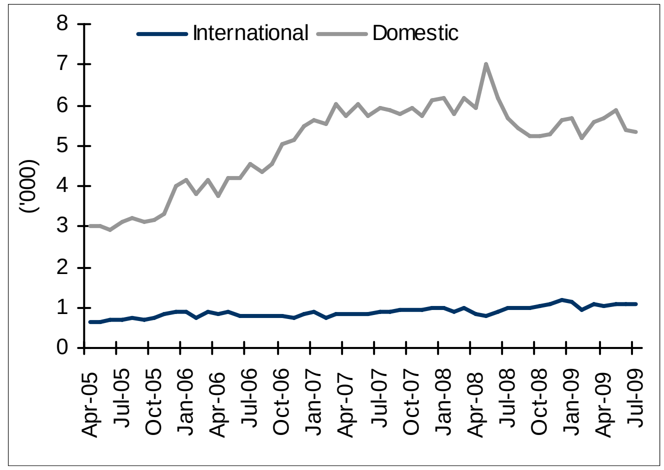


Chart 8: Average monthly ATMs have almost doubled since '05 with 13% CAGR



Source: AAI

Chart 9: Passenger growth has slowed only recently…

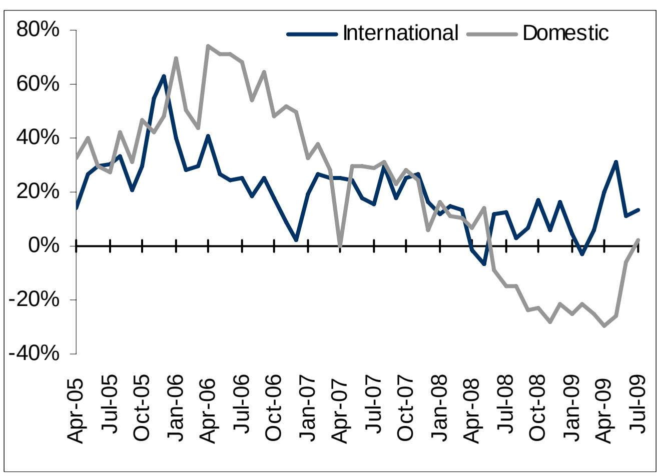
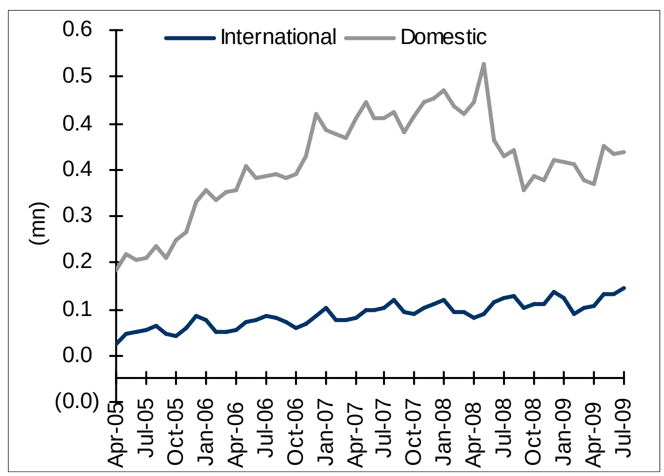


Chart 10: Passenger traffic has grown at 10% CAGR since '05



Source: AAI

Chart 11: International cargo growth has held well even in the recent slowdown

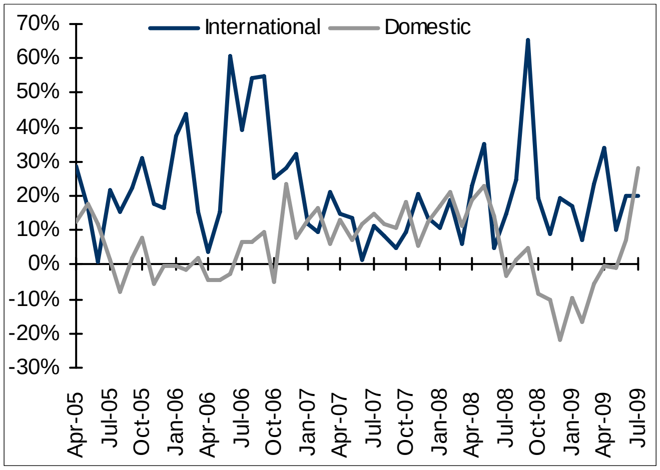
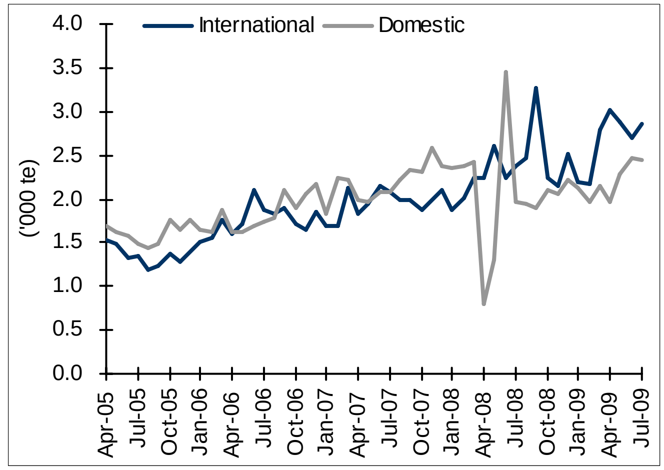


Chart 12: Cargo traffic has been increasing steadily



Source: AAI

Sabiha Gokcen International Airport

GMR made its first foray into global infrastructure market, when it won the bid for development and management of Istanbul Sabiha Gokcen International Airport (ISGIA), Turkey. It is based on a 20-year concession period for a concession fee of €1.93bn. GMR holds 40% stake in a consortium with Limak Insaat Sanayi Ve Tic A.S. (40%) and Malaysia Airports Holdings Berhad (20%) holding the rest. The consortium has completed the construction of a new international terminal, with an estimated total project cost of €451mn. The airport will be spread across 1.9mn sqft covered space, with handling capacity of 25mn passengers and will include hotels, viaduct, apron & car parking and other related support infrastructure.

Table 1: Sabiha Gocken – Project details

International Terminal	
Enclosed Area	20,000 sqmt
Domestic Terminal	
Enclosed Area	3,500 sqmt
Capacity	5.5 to 6 mn
Cargo Terminal	
Enclosed Area	7,500 sqmt
Capacity	145,000 te
Cold air rooms	5Nos
Runways and Parallel Taxiway	45 m x 3,000 m
Apron Parking Capacity	44 planes
Fuel pipeline	For 22 planes

Source: Company data

Table 2: Sabiha Gocken – Deal details

Concession period	20 years (including construction period of 30 months*)
Concession fee	In lieu of revenue share, €1.93bn, to be paid in 20years with no fee payable in first three years
Estimated capex	€451mn
Means of Finance	Equity: €115; debt: €336
Airport Operations taken over on	May 1, '08
Financial Closure	June '08
EPC Contractor	GMR – Limak Joint Venture
Master Planner	OveArup

Source: Company data

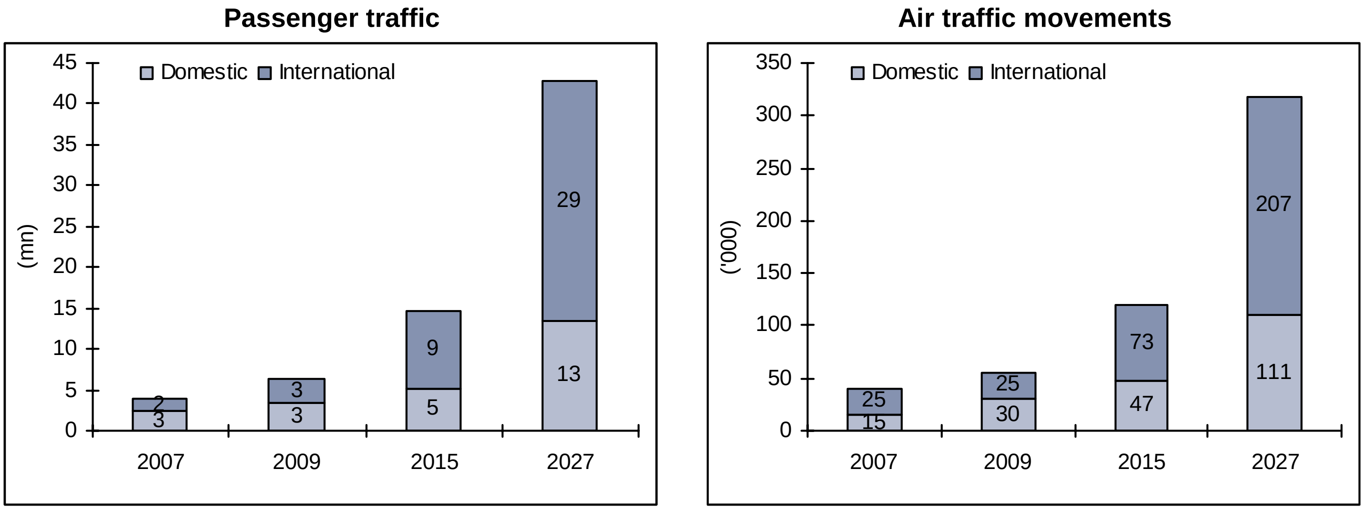
The annual passenger traffic in Turkey has been 66mn pax (domestic 29mn and international 37mn – 15% growth FY08). Sabiha Gokcen has a ~6% share of passenger traffic in Turkey; however, it would see traffic overflow from the older Ataturk International Airport. Passenger traffic at Sabiha Gocken has been growing strongly; in Q1FY10, the traffic grew ~32% YoY.

Table 3: Traffic at Sabiha Gokcen airport

Year (months)	Domestic	International	Total
2009 (first 8 months)	2,535,124 (+37.8%)	1,175,030 (+16.1%)	3,710,154 (+30.1%)
2008	2,764,856	1,516,337	4,281,193
2007	2,563,283	1,228,348	3,791,625
2006	2,153,561	762,893	2,916,454
2005	559,824	459,922	1,019,746
2004	10,323	235,278	245,601
2003	2,826	154,346	157,172

Source: I-Sec Research

Chart 13: Sobiha Gokcen International Airport



Source: Company data, I-Sec Research

Non-aero revenues to be drive revenues

Though airports are essentially air transport infrastructure, modern airports globally have larger non-aero streams compared with aero revenues. There are numerous non-aero revenue streams in an airport related to support functions for air traffic and retail spending by passengers. International airports derive up to ~50-70% of their total revenues from non-aero streams. Retail spending by passengers contributes a significant portion to non-aero revenues for most airports.

Table 4: Revenue break-up of major international airports (%)

Percentage split of the airport revenues	Amsterdam Schiphol	BAA UK Airports	Frankfurt	Toronto	Vancouver
Aeronautical Revenues	57	47	30	54	35
Non-aero Revenues	37	53	47	20	62
Other	6	n/a	23	26	3

Source: KPMG, 2007

Table 5: Non-aero revenue streams for an airport

ATM-related revenue stream	Non-aero revenue stream
Ground handling	Convenience & specialty stores
Cargo handling	Duty free shops
Aircraft refueling	Food & beverages
In-flight catering	Advertisements
Baggage screening	Car parking
Landing charges	
Parking charges	

Source: I-Sec Research

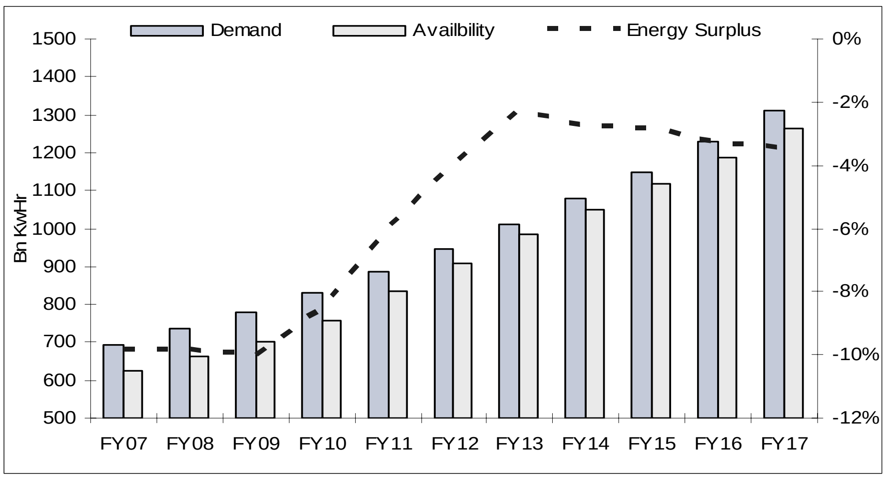
GMR's upside on three airports depends on revenues from non-aero streams. The healthy demographics at these locations should increase retail spending and air traffic movements.

Value unlocking in power and real estate

Power – Significantly large opportunity for GMR

India is seeking to add ~82,000MW capacity in XII Five Year Plan (FYP) through FY12-17, entailing an aggregate investment of ~US$90bn. India's power deficit currently stands at ~10% and imposes a crippling cost on industrial expansion. The Government has taken concrete steps to alleviate this problem by opening up the power sector to private investment, thereby giving conglomerate infrastructure players such as GMR a unique opportunity to scale up their infrastructure portfolios. India's demand for electricity is expected to outstrip supply till FY17, notwithstanding aggressive capacity additions in the XI and XII FYPs, giving GMR's operational & upcoming power plants significant revenue visibility.

Chart 14: Deficit expected to continue beyond FY17….



Source: Power Ministry

Table 6: ...notwithstanding aggressive plans for capacity addition

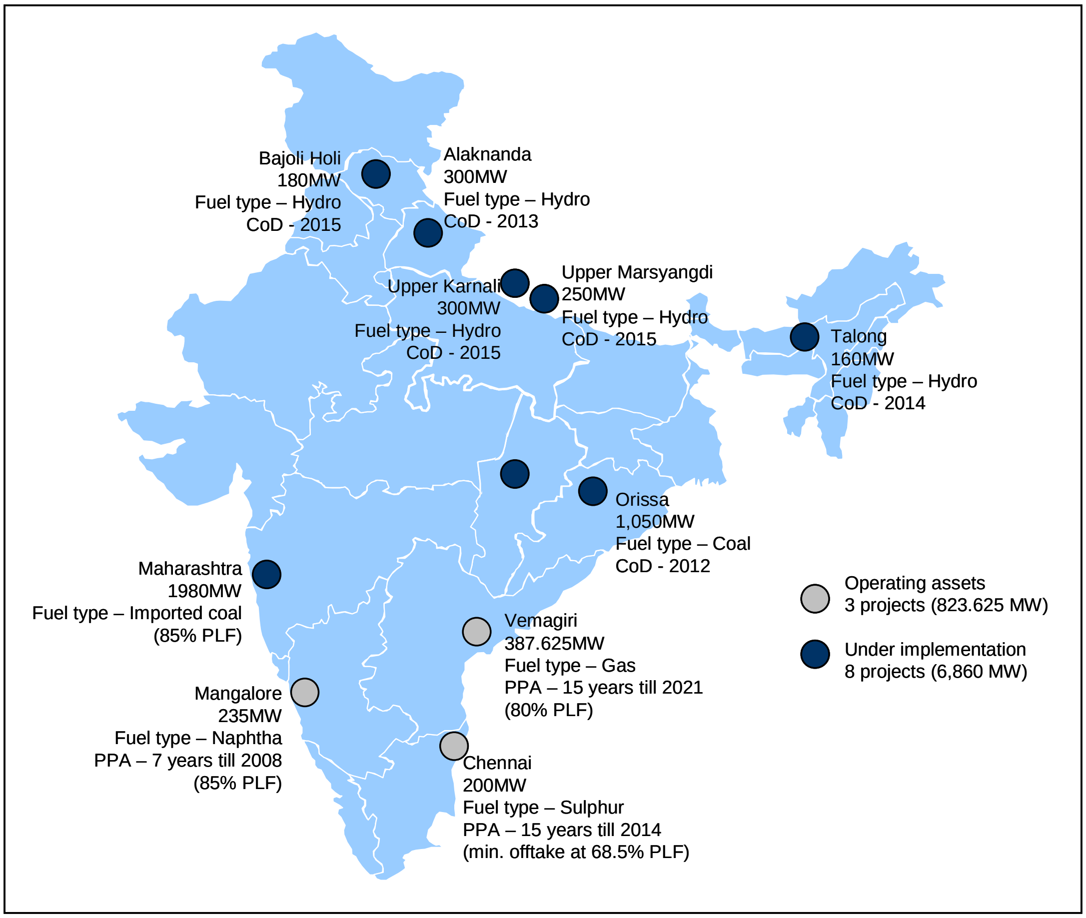
	XI Plan	XII Plan
Thermal	58,644	40,000
Hydro	16,553	30,000
Nuclear	3,380	12,000
Total	**78,577**	**82,000**

Source: Planning Commission

Power projects to drive value

GMR has an installed capacity of 823MW based on gas and liquid fuel power plants. The company has thermal and hydro power projects with 6,860MW capacity on the anvil to be commissioned between '12 and '16. GMR is developing thermal power projects worth ~5,670MW and hydro power projects worth 1,190MW that would add significant value. GMR has also progressively hedged its thermal power portfolio by acquiring mines in Sumatra and a stake in Homeland Energy, which has mines in South Africa; cumulatively capacity 188mntne. GMR could potentially create an energy portfolio valued at Rs125bn or Rs34/share, assuming timely financial closure and execution of its projects. Power assets contribute 42% to the company's value.

Chart 15: GMR's power portfolio



Source: Company data, I-Sec Research

GMR's power portfolio though still in the nascent stage holds significant potential for value accretion. GMR has also proactively hedged its exposure to coal price fluctuations by acquiring mines in Sumatra and South Africa. The company wants to structure its thermal projects with a debt equity ratio of 80:20, which could be difficult.

Table 7: GMR power portfolio

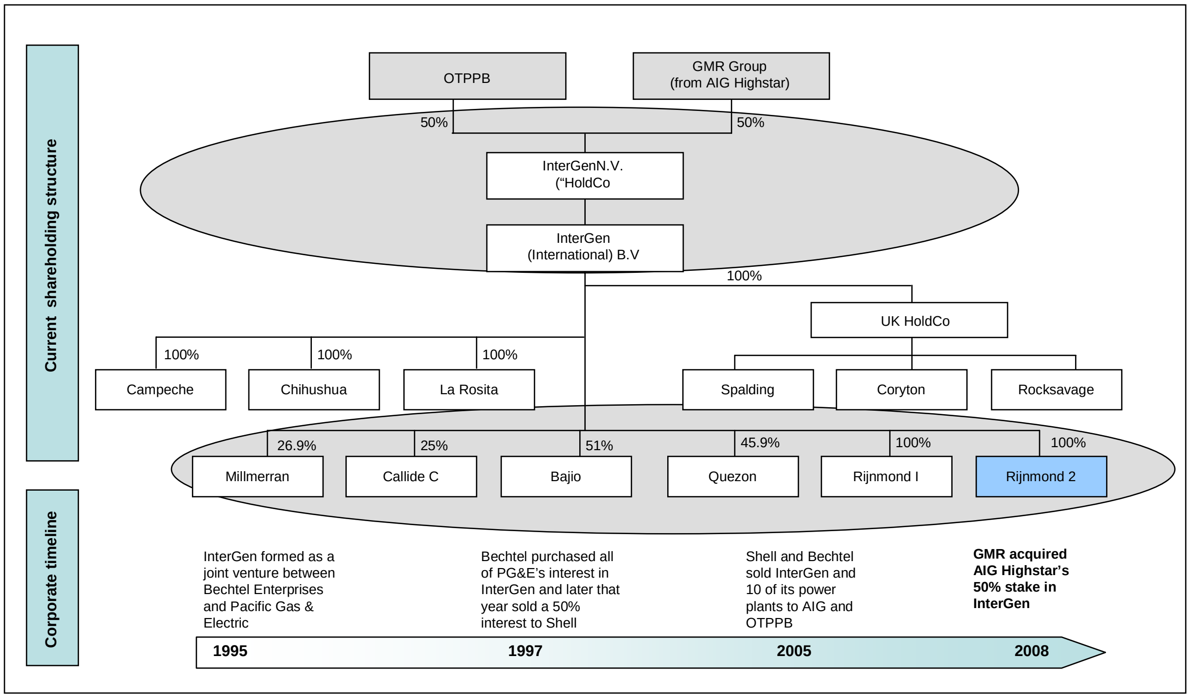
Particulars	Location	Fuel	Capacity (MW)	Contract Type	Cost (Rs mn)	Expected COD	Project status
GMR Energy	Mangalaore, Karnataka	Naptha	235	Merchant	3,949	2001	Completed
GMR Power Corp	Chennai, TN	LSHS	200	PPA	8,700	1999	Completed
Vemagiri	Vemagiri, AP	Gas	388.5	PPA-Merchant	11,500	2006	Completed
VPGL Extension	Vemagiri, AP	Gas	800	PPA-Merchant	28,000	2012	Under development
Orissa	Kamalanga, Orissa	Coal	1050	PPA-Merchant-Long Term sale	45,400	2012	Under development
Chhattisgarh	Chhattisgarh	Coal	1200	PPA-Merchant-Long Term sale	52,586	2013	Under development
Gujarat Coastal	Gujarat	Coal	700	Merchant-Long Term	32,000	2013	Under development
AP Coastal	AP	Coal	1320	Merchant	64,000	2012	Under development
Uttarakhand	Bajoli Holi	Hydro	300	Merchant	14,580	2014	Under development
Arunachal Pradesh	Talong	Hydro	160	Merchant	9,190	2014	Under development
Himachal Pradesh	Bajoli Holi	Hydro	180	Merchant	11,311	2015	Under development
Nepal	Upper Karnali	Hydro	300	Merchant	18,371	2015	Under development
Nepal	Upper Marsyangdi	Hydro	250	Merchant	16,257	2016	Under development

Source: Company, I-Sec Research

InterGen – High-quality power assets

GMR extended its global presence through the acquisition of 50% stake (US$954mn) in InterGen, a leading global power generation company. InterGen N.V., has 7,700MW of gross operating capacity across five countries and an additional 2,800MW capacity under development. The balance 50% equity stake is held by Ontario Teachers' Pension Plan, the largest single profession pension plan in Canada with US$108.5bn in net assets.

Chart 16: InterGen – Structure



Source: Company data, I-Sec Research

InterGen is a global power generation company with assets worth ~7,700MW in diverse geographies such as the UK, Netherlands, Australia and Mexico. The assets are profitable and located entirely in stable countries, with transparent generation and transmission policies. About 89% of the power plants are gas based and rest are coal based with average age of six years. The company has 70% of its capacity tied up for long term and the rest merchant, ensuring stable cashflows from running capacity.

Table 8: InterGen – Operational capacity

InterGen net capacity (net of aux)		
Operating assets	7,658	
UK		
Rocksavage	748MW	(100%)
Coryton	777 MW	(100%)
Spalding	860 MW	(100%)
Mexico		
Bajio	600 MW	(51%)
La Rosita	1,100 MW	(100%)
Campeche facility	252 MW	(100%)
Chihuahua facility	259 MW	(100%)
Netherlands		
Rijnmond	820 MW	(100%)
The Philippines		
Quezon	460 MW	(45.87%)
Australia		
Millmerran	850 MW	(26.85%)
Callide	920 MW	(25%)

Source: Company data

InterGen produced an FCFE of Rs130mn in '08 and this might ramp up significantly in the coming years. GMR has invested US$135mn as equity in InterGen and US$1.1bn debt to acquire InterGen. InterGen on its consolidated balance sheet has additional debt of US$4.1bn spread across various assets. Though the projects provide stable cashflows, the risk and return for GMR in InterGen is high given the leveraged acquisition.

Table 9: InterGen has a large diverse portfolio

Project name	Fuel Type	COD	Net MW	IG ownership (%)	Operator	Project debt (Dec 08, US$ mn)	Contract exp	Contract expansion option	Cashflow currency	Country rating
UK										
Coryton	Gas	Dec-01	779	100	InterGen	0	2013	10 Years	£	Aaa/AAA
Rocksavage	Gas	Jul-98	748	100	InterGen	0	2013	5 Years	£	Aaa/AAA
Spalding	Gas	Oct-04	860	100	InterGen	0	2021	8 Years	£	Aaa/AAA
Netherlands										
Rijnmond	Gas	Jun-04	820	100	InterGen	631	2019	NA	€	Aaa/AAA
MaaStroom	Gas	Q2 2010	428	100	InterGen	285	2030	NA	€	Aaa/AAA
Australia										
Millmerran	Coal	Feb-03	249	29.40	Oz Gen	187	NA	NA	A$	Aaa/AAA
Callide C	Coal	Nov-01	230	25	CS Energy	107	NA	NA	A$	Aaa/AAA
Philippines										
Quezon	Coal	May-00	211	45.9	Covanta	193	2025	NA	US$	B1/BB-
Mexico										
Bajio	Gas	Mar-02	306	51	InterGen/Tokyo Gas	123	2027	NA	US$	Baa1/BBB
La Rosita	Gas	Jul-03	1100	100	InterGen	0	2028	NA	US$	Baa1/BBB
Campeche	Gas	May-03	252	100	InterGen	90	2028	NA	US$	Baa1/BBB
Chihuahua	Gas	Sep-03	271	100	InterGen	116	2028	NA	US$	Baa1/BBB

Source: Company data

Island Power Corporation

The GMR Group acquired 100% stake in Island Power Singapore in May '09 for ~US$10mn. On completion, the gas-based power plant will have 800MW operational capacity. The company expects low cost gas linkage from Indonesia and is looking at financial closure within this financial year.

Mining assets

GMR has acquired a 100% stake in the Indonesian coal mine, PT Barasentosa Lestari, with mine life of ~25 years (104mntne). The company intends to use the mine for its costal projects in Andhra Pradesh or Gujarat. Additionally, the Group has acquired 38% stake in Homeland Energy Group (HEG). HEG via its subsidiaries in South Africa owns 75% stake in the Kendel mines (24mntne) and 75% stake in Eloff mines (264mnte). Cumulatively, GMR has ownership to 188mntne; this effectively hedges its fuel risk for coming thermal power plants.

Real estate development

Real estate adjoining airport projects could add significant upside

GMR also looks well poised to realise significant returns from the land bank acquired as a part of the airport development projects in New Delhi and Hyderabad. GMR has the right to develop 250 acres land at the New Delhi airport and 1,000 acres at the Hyderabad airport. Despite the downturn, at DIAL, GMR has sold 29.3 acres (eight hotel plots), raising Rs13.5bn as upfront deposits and also has annuity income, generating a rental realisation of Rs9.8bn (at 10% discount rate). GMR could potentially raise Rs108.8bn as deposits from DIAL till FY15E and another Rs101.7bn as deposits from GHIAL over the next 20 years. We have assumed an average realisation of Rs261.4mn/acre for DIAL's land bank and Rs31.3mn/acre for GHIAL's land bank. We believe our realisation could have upside potential given that GMR's sale of 29.3 acres is at 10% higher then our price estimates; further pick-up in property market will boost property prices in these prime locations. GMR is also developing a 3,300-acre SEZ in Krishnagiri. We expect development work for the SEZ to begin in FY11. We have ascribed Rs10.5bn or R3.2mn/acre value to the SEZ. The company is also developing two SEZs (250 acres each) near GHIAL, it intends to set up an MRO and aero-related services SEZ in the region.

Delhi airport real estate benefits from location advantage

Unlike most modern airports, the Delhi airport is situated within city limits rather than on the outskirts. It would also benefit from better connectivity with the central business district and the satellite city of Gurgaon. A six-lane national highway connecting Delhi to Gurgaon passes via the airport. By the time the expanded capacity comes on stream, Delhi airport would be connected to the Delhi metro system. Easier access from various parts of the metropolis would increase the potential growth in traffic.

The Delhi airport has development rights over 250 acres of land. The company plans to develop a Central Business District (60 acres); work would begin in FY11. The company had recently invited bids, offerings 45 acres for development of a hospitality district. Of these 45 acres, 29 has already been leased to developers through a bidding process (60 bids were received, indicating healthy demand for the property). GMR plans to auction another 50 acres in FY11 and the rest in the next three years.

Despite the downturn, at DIAL, GMR has sold 29.3 acres (eight hotel plots) raising Rs13.5bn as upfront deposits and also has an annuity income generating a rental realisation of Rs9.8bn (at10% discount rate). GMR could potentially raise Rs108.8bn as deposits from DIAL airport till FY15E. We have assumed average realisation of Rs261.4mn/acre for DIAL's land bank; there could be upside potential given that

GMR's sale of 29.3 acres is at 10% higher then our price estimates; further pick-up in the property market will boost property prices in these prime locations.

Hyderabad airport has a large land bank

GHIAL has been given development rights for over 1,000 acres land. As the airport is situated on the outskirts of the city, we have assumed slower development versus Delhi. We have assumed a 20-year development schedule and GMR could garner Rs101.7bn as infrastructure deposits from the GHIAL airport. We have assumed average realisation of Rs31.3mn/acre for GHIAL's land bank. GMR intends to develop the property through a mix of hotels, hospitals, commercial and residential. Further, 25 acres has already been tied up with Apollo Hospital for healthcare facilities.

SEZ development

The GMR Group has entered into an MoU with Tamil Nadu Industrial Development Corporation (TIDCO) for the development of a multi-product special economic zone (SEZ) in Krishnagiri (Tamil Nadu). The company plans to develop 3,300 acres SEZ as the first green SEZ in the country on account of its eco-friendly construction (green corridors, ecological efficiency, quality and social infrastructure) by focussing on sunrise sectors such as solar and PV with additional possibilities including bio-technology, IT, ITeS, traditional electronics and engineering industries. We expect development work for the SEZ to begin in FY11; we have ascribed Rs10.5bn or R3.2mn/acre value to the SEZ.

GMR plans to develop 250 acres aviation SEZ, which will serve as an aviation cluster in India, for which it has signed a JV with Malaysian airlines (MAE-MAS Aerospace Engineering) to develop a world class MRO facility. Agreement has also been signed with CFM, a French multinational, to setup a world class aviation training school as a part of this SEZ. The surge in air traffic in India, fuelled by the emergence of low-cost carriers, has helped an increase in fleet utilisation, which is spawning the growth in the Maintenance, Repair and Overhaul (MRO) market. The MRO industry in India is estimated at US$800mn and has tremendous potential as carriers plan to expand their aircraft fleet. India could be a key geographical hub with nearest MRO centers at Dubai in the West and Singapore in the East.

Further, GMR plans to develop a 250-acre multi-product SEZ to create a logistics hub; tapping on location advantages and world class infrastructure at the Hyderabad International Airport. For the remaining land, property development is focussed around creating a unique, first of its kind destination for retail, entertainment and healthcare.

Roads – Cruising along

The GMR Group is a leading developer and operator of highways business in India and holds concessions for eight highway projects, measuring a total length of ~631Kms. These projects are a diversified and a balanced mix of four annuity and four toll-based projects. Within the eight projects, six road projects have become operational.

The Group has recently won two road projects, the 181Kms Hyderabad-Vijayawada project in Andhra Pradesh on toll basis and 29Kms Chennai Outer Ring Road state project in Tamil Nadu on an annuity basis. Both the projects will be built on BOT basis. Going forward, the company will participate in six-laning and other corridor projects of the NHDP in India. These projects have a capital spend of Rs30bn with equity requirement of Rs5.4bn.

Table 10: Road projects implemented/under implementation

Particulars	GTAEPL	GTTEPL	GACEPL	GPEPL	GJEPL	GUEPL	GTAEPL	GUEPL
Location	Tuni-Anakapalli	Tambaram-Tindivanam	Ambala-Chandigarh	Pochanpalli	Faruknagar-Jadcherla	Tindivanam-Ulundurpet	Chennai outer ring road	Hyderabad-Vijaywada expressway
Road Length (Kms)	59	93	35	Construct -86 + O&M Sweetener -27	Construct -46 + O&M Sweetener -25	Construct -73	29	163
Concession Period (years)	17.5 incl. construction period of 2.5.	17.5 incl. construction period of 2.5	20 incl. construction period of 2.5	20 incl. construction Period of 2.5	20 incl. construction period of 2.5	20 incl. Construction Period of 2.5	20	25
Concession duration	May 2002-Nov 2019	May 2002-Nov 2019	May 2006-May 2026	Sep 2006-Sep 2026	Aug 2006 - Aug. 2026	Oct 2006 - Oct 2026	Feb 1, 2010-Jan 30, 2030	Jan 8, 2010-Jan 7, 2035
Project Cost (Rs mn)	3,040	3,900	4,985	6,900	4,713	7,950	10,643	19,340
Financial Closure	Jun-02	Jun-02	May-06	Sep-06	Aug-06	Oct-06		
Commercial Operation Date	Oct-04	Oct-04	Nov-08	Mar-09	Feb-09	Apr-09	Aug-12	Apr-12
Project status as of 30thJune 08	Started Commercial Operations	Started Commercial Operations	Started Commercial Operations	Started Commercial Operations	Started Commercial Operations	Started Commercial Operations	Awarded	Awarded
Concession Type	Annuity	Annuity	Toll	Annuity	Toll	Toll	Annuity	Toll
Completed							Aug-12	Apr-12

Source: Company data

The GMR - Punj Lloyd consortium has been short listed for three road projects under auction by NHAI:

Table 11: Projects under auction

Sr. No.	Title	Project Model	Consortium
1	Six-laning of Udaipur - Ahmedabad section of NH-8 (total length 242.51Kms) to be executed as BOT on DBFO Pattern under NHDP Phase V	Toll	GMR - Punj Lloyd
2	Six laning of Samakhiali - Gandhidham section of NH-8A (total length of 56.16Kms) to be executed as BOT on DBFO Pattern under NHDP Phase V	Toll	GMR - Punj Lloyd
3	Six laning of Pune - Satara Section of NH-4 from 725Kms to 865.35Kms (length – 140.35Kms) in Maharashtra to be executed as BOT on DBFO Pattern under NHDP Phase V as BOT on DBFO Pattern	Toll	GMR - Punj Lloyd

Source: Company data, I-Sec Research

Apart from these projects, we believe few more road projects under auction can be considered for bidding.

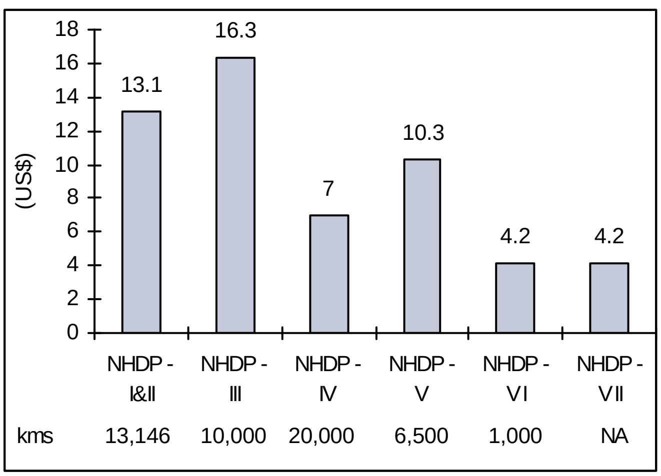
Table 12: Planned road projects

Sr. No.	Title	Project Model	Indicative project cost (Rs. bn)	Last date of bidding
1	Six-laning of Belgaum-Dharwad section of NH-4 to 515Kms from 433Kms (length – 79.36Kms) be executed as BOT on DBFO pattern under NHDP Phase – V	Toll	4.8	July 17, 2009
2	Six-laning of Indore-Dewas section of NH-3 from 577.550Kms to 610Kms to be executed as BOT on DBFO pattern under NHDP Phase – V	Toll	3.25	July 17, 2009
3	Consulting Services as Independent Engineer during Operation & Maintenance of 4-lane divided carriageway, facility constructed on BOT of Panagarh- Palsit- Dankuni Section from km 517Km to 645.6Kms of NH-2 in the State of West Bengal	Annuity	N/A	June 08, 2009
4	Design, engineering, finance, construction, operation and maintenance of four-laning of Devihalli - Hassan section of NH - 48 from 110Kms to 189.5Kms under NHDP Phase III on DBFOT basis	Toll	4.53	July 13, 2009
5	Six laning of Nellore - Chilkaluripet section of NH-5 in the state of Andhra Pradesh	Toll	14.65	July 13, 2009
6	Four laning of Coimbatore – Mettupalayam section km 328Km to 383.2Kms of NH-67 in the state of Tamil Nadu on DBFOT basis	Toll	5.0	N/A
7	Dalkola-Islampur-Purnea- Gayakota (500Kms – 410Kms of NH-31) & Purnea- Forbesganj- (230Kms to 309Kms of NH-57)		1.70	July 02, 2009
8	Independent Engineering Services for the work of six-laning of Vadakkancherry – Thrissur section of NH-47 (240Kms to 270Kms) – Package NS-2/BOT/KL-3 under NHDP Phase – II in the State of Kerala	Toll	6.17	June 30, 2009
9	Operation and Maintenance of Palanpur - Radhanpur Section (340Kms to 458Kms) of NH-14 and Radhanpur- Samakhiyali Section (138.8Kms to 281.3Kms) of NH-15 on OMT basis	Toll	170	June 19, 2009

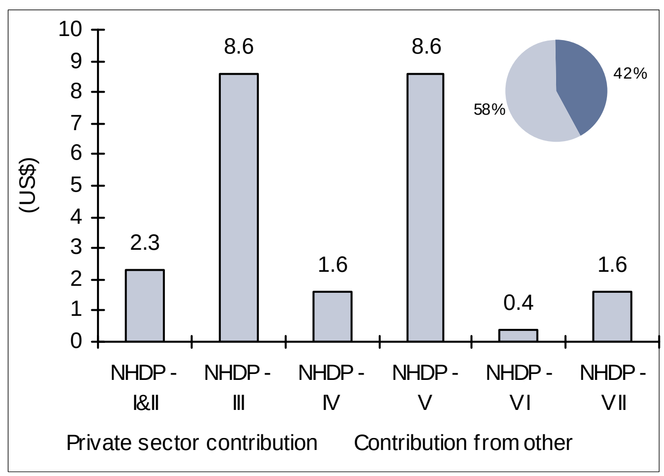
Source: I-Sec Research

Chart 17: Private sector participation opportunities

NHDP has planned expenditure of US$48bn by '12



Opportunity for private sector participation worth US$23bn ('08-12E)

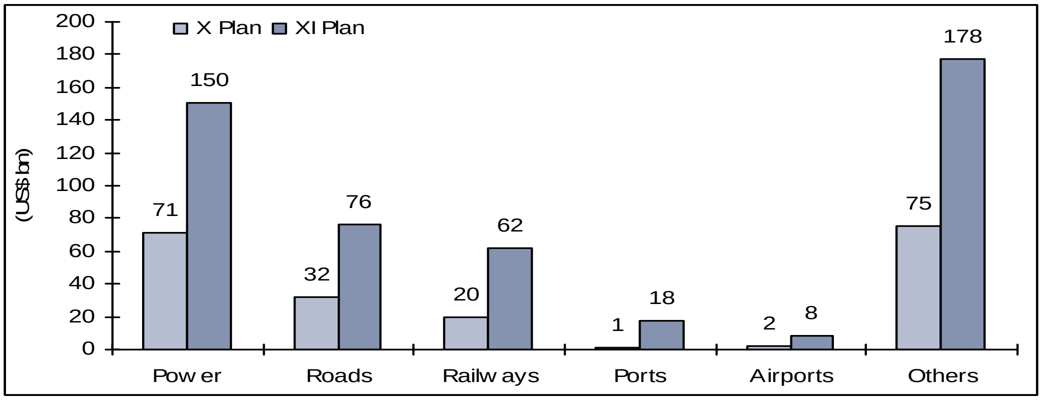


Source: NHDP

Strong management and execution capabilities

GMR is among the first business groups in India to recognise the value proposition of owning monopoly assets in high-growth but supply constrained infrastructure sector. GMR's entry into infrastructure was through power generation, where it was an early entrant. The company faced setbacks from early entry to emerge as a key power generator in India. GMR remains a key proxy on infrastructure development in India.

Chart 18: Increased plan allocation for infrastructure



Source: Planning commission, GOI

GMR has superior capability in managing the regulatory environment, which is critical for infrastructure developers in India. The company has gained significant experience in dealing with a wide spectrum of regulatory bodies.

GMR is among the best executors on infra projects in India. Its two operational road concessions were commissioned before schedule resulting in bonus payments. GMR has been very successful in executing highly complex infrastructure projects in a timely fashion. It has completed the Hyderabad airport before schedule and met all the deadlines for the Delhi airport notwithstanding complications such as Government approvals involved in the projects. The company has a professional management, with well qualified and well trained middle level managers who are well versed in the nuances of the sector. This provides GMR with significant comfort in terms of its ability to realise its strategies to fruition.

Table 13: GMR has executed complex and diverse projects on time

Project	Sector	Completion
Adloor Yellareddy Highway	Roads	On Time
Ambala Chandigarh Highway	Roads	On Time
Farukhnagar-Jadcherla	Roads	On Time
Tindivanam Unlunderpet	Roads	On Time
GHIAL	Airports	On Time
DIAL Runway	Airports	On Time
Terminal 1D	Airports	On Time
Terminal T3	Airports	On Time

Source: Company data, I-Sec Research

Table 14: DIAL working on aggressive commissioning schedules

Airport	Capacity (in mn passengers)	Execution time (in months)
Changi Airport - Singapore	22	76
Heathrow T5- London	25	60
Beijing Airport T3	45	60
DIAL IGI Airport T3	34	37

Source: Industry, I-Sec Research

Valuations

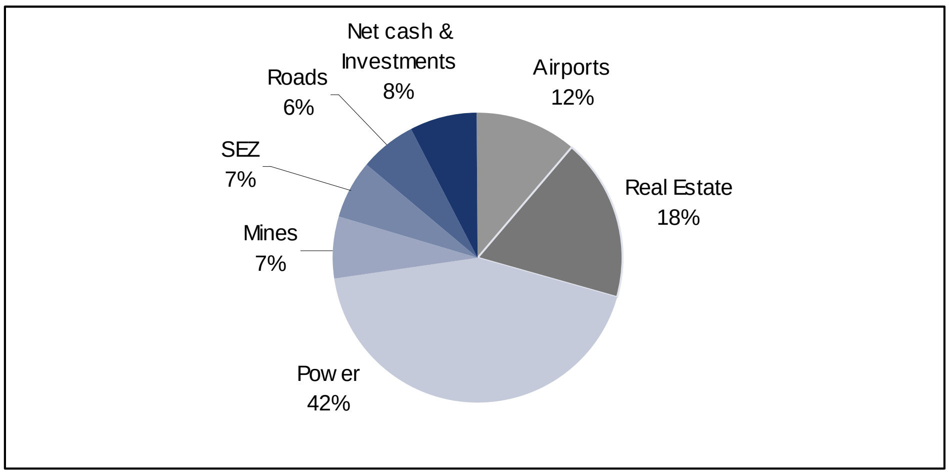
We have valued GMR Infrastructure on SOTP, valuing all the businesses separately. We value GMR at Rs291.8bn or Rs80.2/share based on 12% cost to equity (Ke) for airport projects, 12% Ke for operational power plants and road projects and 14-16% for under implementation and under development power projects. We have assumed 14% Ke for all mining, real estate and SEZ assets. Power contributes 42% to the valuations, with airport and its related real estate contributing another 30%.

Table 15: GMR – Infrastructure valuation

Sector	GIL's equity value (Rs mn)	Value per GIL's share (Rs)
Airports	33,637	9
Real estate	52,466	14
Power	125,362	34
Mines	20,298	6
SEZ	19,529	5
Roads	18,233	5
Net cash & investments	22,268	6
GIL's valuation	**291,793**	**80.2**

Source: I-Sec Research

Chart 19: Valuation break-up



Source: I-Sec Research

Airports

We have valued airports assets at Rs33.6bn or Rs9.2/share, valuing all the three operational assets at Ke of 12%. We believe the Hyderabad airport contributes the most to the overall airport valuation.

Table 16: Airports assets

Project	Cost of equity (%)	GIL's equity value (Rs mn)	Value per GIL's share (Rs)
DIAL	12.0	13,877	3.81
GHIAL	12.0	17,284	4.75
SGIA	12.0	2,477	0.68
Airport assets valuation		**33,637**	**9.24**

Source: I-Sec Research

Power & mining assets

We have valued GMR's overall power portfolio (823MW operational & 6,860MW pipeline) at Rs125.3bn or Rs34.4/share, based on 12% Ke for operational operational projects and 14-16% Ke for pipeline projects. We have not factored in Emco (600MW) and Island Power Singapore (800MW) in our valuations.

Table 17: Power portfolio – Valuations

Project	Cost of equity (%)	GIL's equity value (Rs mn)	Value Per GIL's share (Rs)
GEL (after relocation)	12.0	9,374	2.58
GMR Power (Chennai)	12.0	3,913	1.08
VPGL	12.0	21,179	5.82
VPGL Expansion	14.0	13,038	3.58
Kamalanga	14.0	23,554	6.47
Chhattisgarh	15.0	25,647	7.05
Gujarat Coastal	16.0	10,643	2.92
AP Coastal	16.0	4,353	1.20
Alaknanda	16.0	3,813	1.05
Bajoli Holi	16.0	1,225	0.34
Talong	16.0	793	0.22
Upper Karnali	16.0	2,325	0.64
Upper Marsyangadi	16.0	5,504	1.51
Power assets valuation		**125,362**	**34.44**

Source: I-Sec Research

Mining assets are valued at Rs20.3bn or Rs5.6/share.

Table 18: Mining portfolio – Valuations

Project	Cost of equity (%)	GIL's equity value (Rs mn)	Value per GIL's share (Rs)
Indonesian Mines	14.0	8,841	2.43
Eloff	14.0	8,351	2.29
Kendal	14.0	3,106	0.85
Mining Assets Valuation		**20,297**	**5.58**

Source: I-Sec Research

Real estate valuations

We have valued the airport real estate at Rs52.5bn or Rs14.4/share and the remaining SEZ land-bank at Rs19.6bn or Rs5.4/share.

Table 19: Real estate – Valuations

Project	Cost of equity (%)	GIL's equity value (Rs mn)	Value per GIL's share (Rs)
DIAL real estate	14.0	32,745	9.00
GHIAL real estate	14.0	19,721	5.42
Real estate's valuation		**52,466**	**14.41**

Source: I-Sec Research

Table 20: SEZ – Valuations

Project	Cost of Equity (%)	GIL's Equity Value (Rs mn)	Value Per GIL's share (Rs)
Krishnagiri	14.0	9,960	2.74
Hyd SEZ MP	14.0	5,325	1.46
Hyd SEZ Aviation	14.0	4,244	1.17
SEZ's valuations		**19,529**	**5.37**

Source: I-Sec Research

Road assets valuations

We have valued the road assets at Rs18.2bn or Rs5/share.

Table 21: Road assets – Valuations

Project	Cost of equity (%)	GIL's equity value (Rs mn)	Value Per GIL's share (Rs)
GPEPL	12.0	2,900	0.80
GTTEPL	12.0	1,127	0.31
GTAEPL	12.0	966	0.27
GACEPL	12.0	180	0.05
GJEPL	12.0	4,100	1.13
GUEPL	12.0	7,350	2.02
GHVEL & GCOR	1.3x BV	1,610	0.44
Road assets valuation		**18,233**	**5.01**

Source: I-Sec Research

Funding risk remains

We expect GMR to require external funding of Rs5-10bn in the next one year to meet its funding requirements.

We estimate GMR's power portfolio to require Rs20bn funding over the next couple of years. Further, the company's Emco and Island power projects would need additional funding. GMR does have ~Rs15bn reserves in total, including reserves at the parent and power projects to partly fund the capex of the projects. We estimate GMR to require Rs5-7bn external funding to meet its capital requirements. The company might partly fund its power projects from the deposits collected from its real estate assets.

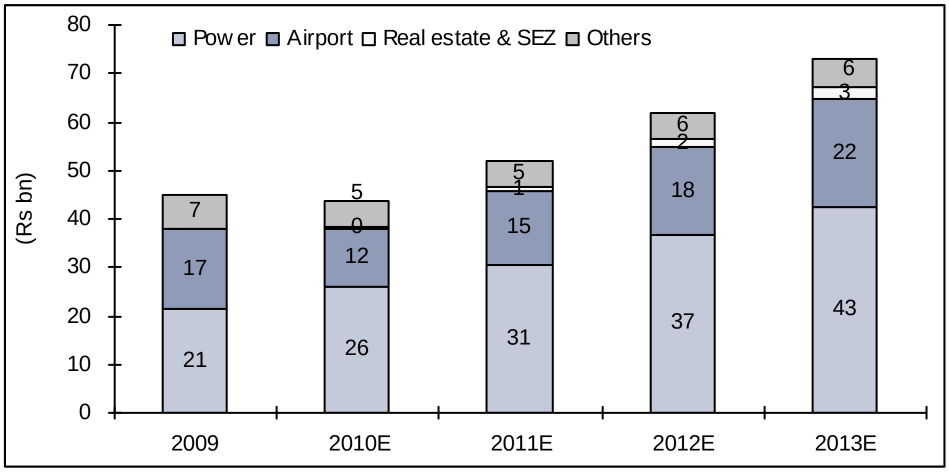
GMR needs to generate real estate deposits of at least Rs20bn in the next four years to remain cashflow neutral. Further, two new acquired road projects would also require equity infusion of Rs5.4bn, which can only be partly funded from existing roads projects, requiring an additional infusion of Rs2-3bn.

Financials

Revenue & PAT CAGR of 16% & 40% through FY09E-13E

We expect GMR to post revenue CAGR of 16% over FY09E-13E, led by boost from airport & power earnings. We expect power to drive earnings growth. We anticipate revenue contribution from the power business to increase to 58% by FY13E from 48% in FY09. We expect revenue CAGR from power & airport to be 19% & 16% (excluding concession fee) through FY09E-13E.

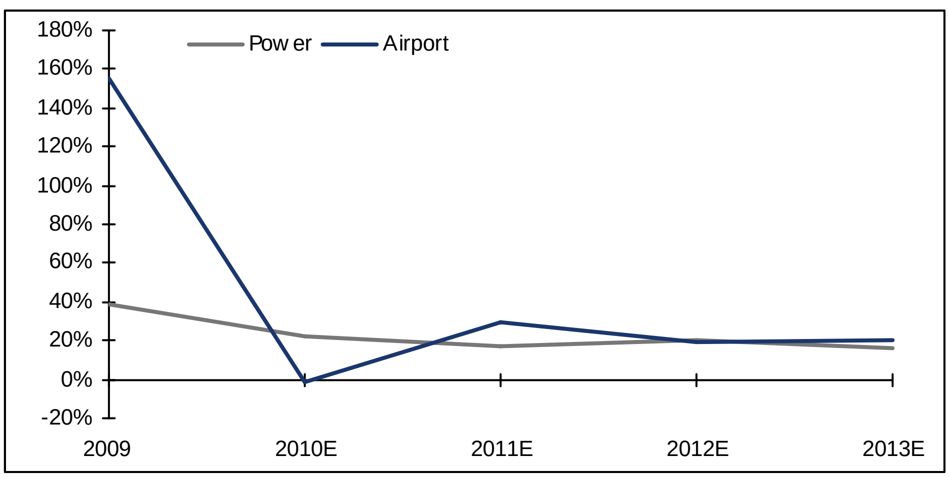
Chart 20: Revenue break-up & growth



Source: I-Sec Research

We believe power will lead to stable revenues, profits and cashflows post FY12 when new power plants come on stream; similarly airports are likely to contribute stable cashflows post FY11, when most of the capacities are on stream and passenger/cargo traffic picks up. Roads are currently a mix of both annuity and toll-based projects; hence, cashflows are likely to be stable throughout.

Chart 21: Growth in power & airport revenues



Source: I-Sec Research

EBITDA margins to expand significantly by FY12-13

We believe going forward, GMR's operating margins will expand to 55% by FY13E from the current 27% in FY09, primarily as incremental revenues will come in at low operating costs as all revenue generating assets will be on-stream by then and fixed cost on the same already incurred. Further, we expect real estate and mining to enjoy significantly higher margin.

GMR's RoE is low at 4.5x in FY10E since the company is still in capex stage; however, we expect it to increase to 12.7x by FY13E as these assets starts generating superior returns.

Significant risks

Policy ambiguity for airport projects

The airport projects being developed by GMR carry some amount of policy ambiguity and an adverse interpretation of the rules could damage profitability and returns. GMR has faced some policy resistance recently concerning raising deposits from real estate deals for funding the Delhi airport and also with respect to forming JVs for operating duty free establishments at the same airport. Although GMR has shown remarkable skill in managing the policy environment on the above issues, the fact that airport privatisation has never been tried before in India might lead to more grey areas, where policy interpretation by the Government could be crucial.

Cashflows may be lumpy

GMR's cashflows will be lumpy given that the bulk would accrue in the short term from real estate projects ancillary to its airports. While GMR has been able to ride out the downturn in the real estate sector by holding on to the assets and not monetising them at fire sale prices, it might be hard pressed to do so in future because of its funding requirements. The company needs to generate real estate deposits of at least Rs20bn in the next four years to remain cashflow neutral. Further, two new road projects acquired would also require equity infusing of Rs5.4bn, which can only be partly funded from existing roads projects, requiring an additional infusion of Rs2-3bn.

Lack of cash inflows could impact the development schedule for GMR.

Table 22: GMR will remain dependent on real estate deposits and long-term debt for funding capex

(Rs mn)

Consolidated cashflows	FY10E	FY11E	FY12E	FY13E	FY14E	FY15E
Operating cashflows	16,141	23,963	31,806	40,073	75,261	97,134
Deposits	8,827	12,710	25,930	23,278	38,055	29,354
Long-term loans	49,012	46,660	66,919	47,460	26,236	25,868
Total non operating cash inflows	19,956	6,128	2,744	2,679	13,213	6,642
Capex	(81,273)	(58,113)	(89,198)	(66,211)	(41,763)	(41,377)
Loan repayment	(2,605)	(3,972)	(7,572)	(7,958)	(21,217)	(19,597)
Interest	(7,246)	(10,944)	(12,305)	(13,296)	(19,544)	(26,139)
Other cash outflows	(424)	(4,043)	(3,801)	(4,541)	(16,534)	(15,166)
Total cash outflows	**2,388**	**12,388**	**14,522**	**21,486**	**53,707**	**56,719**

Source: I-Sec Research

GMR is dependent on cashflows from its real estate projects to meet the funding requirements. The company needs to generate deposits of at least Rs20bn in the next four years to remain cashflow neutral.

Table 23: Power projects will require significant long-term funding

(Rs mn)

Power cashflows	FY10E	FY11E	FY12E	FY13E	FY14E	FY15E
Operating cashflows	6,761	12,075	16,508	19,653	50,146	70,192
Debt	31,091	46,488	66,005	47,156	20,981	13,411
Total non operating cash inflows	311	625	2,142	1,910	12,398	5,940
Capex	(45,913)	(55,077)	(84,600)	(61,706)	(27,195)	(16,810)
Other cash outflow (including interest cost)	(3,125)	(5,802)	(6,720)	(8,901)	(39,516)	(42,041)
Net cashflow	**(10,875)**	**(1,691)**	**(6,664)**	**(1,888)**	**16,814**	**30,691**

Source: I-Sec Research

We estimate GMR's power portfolio to require Rs20bn funding over the next couple of years. GMR does have ~Rs15bn reserves in total, including reserves at the parent and power projects to partly fund the projects. Further, company's Emco and Island Power projects would additional funding. We estimate Rs5-7bn external funding to meet GMR's capital requirements. The company might partly fund its power projects from the deposits collected in its real estate assets.

Table 24: Airports' cashflow to remain weak

(Rs mn)

Airports cashflows	FY10E	FY11E	FY12E	FY13E	FY14E	FY15E
Operating cashflows	4,761	7,122	9,421	13,415	16,445	17,492
Debt	17,921	0	0	0	5,124	12,457
Total non operating cash inflows	25,731	636	531	558	586	482
Capex	(33,112)	0	0	0	(9,223)	(20,223)
Debt & interest cost	(3,375)	(8,449)	(12,055)	(11,621)	(11,071)	(11,423)
Other cash outflow	159	(655)	(513)	(662)	(809)	(1,069)
Net cashflow	**12,085**	**(1,346)**	**(2,617)**	**1,690**	**1,052**	**(2,283)**

Source: I-Sec Research

We do not expect airport portfolio to generate any significant cashflows for GMR. The airport assets require ~Rs4bn in FY11E-12E< which would be funded by Rs15bn cash reserves generated from debt, real estate deposits and ADF in FY10E. However, we do not foresee further funding gap for airport portfolio.

Return assumptions aggressive, volatility could upset valuations. The return on capital assumptions used in valuing GMR is aggressive. Increase in volatility in the capital markets and increased risk aversion could undermine valuations.

Implementation delays in road projects. Road projects under the National Highway Development Programme have witnessed significant implementation delays due to right-of-way and land acquisition issues.

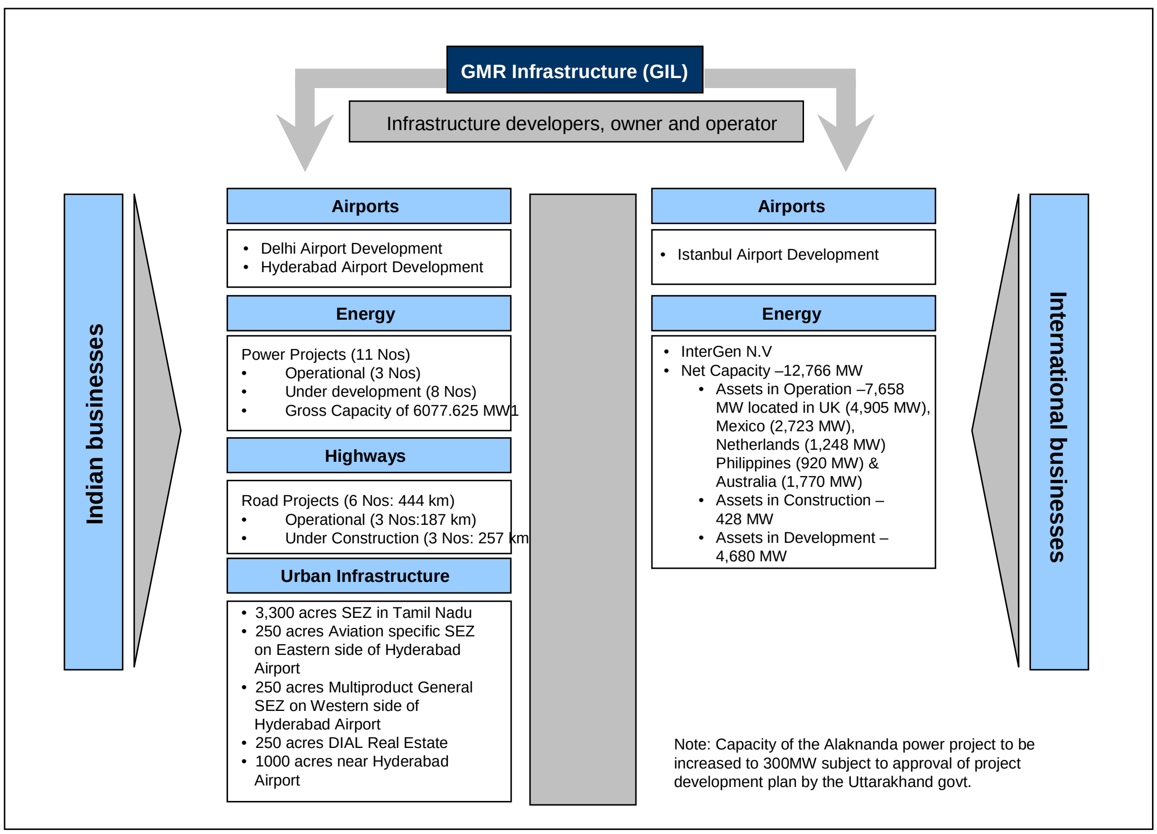
Economic slowdown would impact our traffic assumptions. In addition to the portfolio-specific risk, general macroeconomic slowdown could impact valuations for GMR. Given the low penetration of air travel in India, continued momentum in the broader economy and rising affordability, we forecast strong growth in air traffic over the next 10 years. A sharp slowdown in the Indian economy could lower the trajectory of both domestic and international traffic growth. Global slowdown would impact growth in international traffic. Further our road traffic assumptions would also get impacted by slowdown in economic activity.

Company profile

GMR is the flagship company of the GMR Group, promoted by Mr G. M. Rao. The promoter group was initially active in the agri business and the banking sector and controlled the Vysya Bank, the largest private sector bank in India, before banking sector reforms and subsequent sale to ING. GMR follows the developer model for infrastructure projects across different verticals – power, roads, airports, and urban infrastructure. The Group is headed by Mr G.M. Rao, who also heads the promoter group, which holds 74%. The promoter group is closely involved with the management of each vertical. Each business head is supported by a strong group of professionals.

GMR is headquartered in Bangalore. It is India's leading infrastructure asset owner, with concession for India's busiest airport, Delhi and the fastest growing airport, Hyderabad. It also has power plants, totalling 823MW and roads totaling 631Kms, which are operational. Besides, it has a long pipeline of projects under development. GMR also owns stakes in Sabiha Gokcen Airport, Istanbul and InterGen, a global power generation company.

Chart 22: GMR – Group profile



Source: Company, I-Sec Research

Chart 23: GMR – Management team

Airport sector

Mr. G Kiran Kumar – Chairman

- B. S. Shantharaju, CEO
- Andrew Harrison, COO
- Prabhakara Rao, CEO-Airport Development
- Gavin Makechnie, Chief Commercial officer
- M.S.Narayanan, VP-Finance
- K N Rao, Head-Corporate Relation
- SIS Ahmed, Executive Director-Security

GHIAL

- P.S.Nair, CEO
- Peter Noyce, COO
- A. Vishwanath, Chief Commercial Officer
- Mr. G.R.K Babu, Head-Finance

GADL

- Sripathy P, CEO

Urban infrastructure & highways sector

Mr. Srinivas Bommidala-Chairman

- Raju, MD & CEO-Highways
- V Jayaraman, COO–Property Development
- Gopala Krishna Kishore, COO-SEZ
- D.R Santhana Krishna, CFO -Highways
- Kamalakararao Y, CFO-SEZ & Property

Energy Sector

Mr. B V N Rao-Chairman

- Raajkumar, CEO
- G.Subba Rao, President Hydro Energy
- Avinash R Shah, EVP-Business Development
- R. K Goel, Project Director-Transmission
- K V V Rao, Director & President -Kamalanga
- S N Barde, EVP–O & M
- Ashish Basu, EVP–Commercial & Contracts
- G R Srinivasan–Advisor Nuclear Power Business

Corporate Function

Mr. GBS Raju-Chairman Corporate

- Ranjit Murugason, CEO
- Madhu Terdal, COO
- Cenk Alpsoy–CEO, Turkey

Corporate Services

Finance & Systems

- Subba Rao, Group CFO
- Ashutosh Agarwala, CFO-SFD
- Johny Paramian, Group CIO

Legal & Secretarial

- Y M Shivamurthy, Group President Legal
- Mr. C.P. Sounderarajan, Company Secretary

Other Shared Services

- G.K.Raghunandanan, CEO-Procurement
- Mr Sheshan Ranganathan, Head-Strategic Planning
- Dr.Vijay Vancheswar, Head Communications

Source: Company data

Annexure 1

Table 25: Funding regulations

Airports	FDI allowed	Regulatory scope	Guidelines
Greenfield projects	100%	Automatic	Subject to guidelines
Existing projects	74%	Approval requited beyond 74%	issued by MOCA

Source: Company data

Table 26: Top international airports' traffic

			Passengers	change in Percent	Aircraft movements	change in Percent	Cargo (tonnes)	change in Percent
1	Atlanta	ATL	89,379,287	5.3	994,346	1.8	720,209	(3.5)
2	Chicago	ORD	76,177,855	(0.1)	926,973	(3.3)	1,533,606	(1.6)
3	London	LHR	68,068,304	0.8	481,479	0.9	1,395,905	3.9
4	Tokyo	HND	66,823,414	1.1	331,818	2.4	852,454	1.8
5	Los Angeles	LAX	61,896,075	1.4	680,954	3.7	1,884,317	(1.2)
6	Paris	CDG	59,922,177	5.4	552,721	2.1	2,297,896	7.9
7	Dallas/Ftworth	DFW	59,786,476	(0.7)	685,491	(2.0)	724,140	(4.1)
8	Frankfurt	FRA	54,161,856	2.6	492,569	0.7	2,127,646	8.4
9	Beijing	PEK	53,583,664	10.1	399,697	6.1	1,192,553	15.9
10	Madrid	MAD	52,122,702	13.9	483,284	11.1	356,427	(1.3)
11	Denver	DEN	49,863,352	5.4	614,065	2.8	267,294	(5.2)
12	Amsterdam	AMS	47,794,994	3.8	454,360	3.2	1,651,385	5.4
13	New York	JFK	47,716,941	11.9	446,348	17.2	1,607,050	(1.9)
14	Hong Kong	HKG	47,042,419	7.3	305,010	5.1	3,773,964	4.5
15	Las Vegas	LAS	46,961,011	3.2	609,472	(1.6)	91,205	(10.0)
16	Houston	IAH	42,998,040	1.1	603,656	0.2	409,193	-
17	Phoenix	PHX	42,184,515	1.8	539,211	(1.3)	251,925	(12.2)
18	Bangkok	BKK	41,210,081	(3.7)	265,763	(8.7)	1,220,001	3.2
19	Singapore	SIN	36,701,556	4.8	223,488	2.6	1,918,159	(0.7)
20	Orlando	MCO	36,480,416	5.3	360,075	2.8	183,070	5.9
21	Newark	EWR	36,367,240	2.1	435,691	(2.0)	963,794	(0.6)
22	Detroit	DTW	35,983,478	-	467,230	(3.0)	233,034	8.7
23	San Francisco	SFO	35,792,707	6.6	379,500	5.7	562,933	(5.4)
24	Tokyo	NRT	35,478,146	1.4	195,074	2.6	2,254,421	(1.2)
25	London	LGW	35,218,374	3.1	266,552	1.2	176,822	(19.7)
26	Minneapolis	MSP	35,157,322	(1.3)	452,972	(4.6)	257,394	(6.4)
27	Dubai	DXB	34,348,110	19.3	260,530	9.8	1,668,505	11.0
28	Munich	MUC	33,959,422	10.4	431,815	5.0	265,607	11.6
29	Miami	MIA	33,740,416	3.7	386,058	0.4	1,922,985	5.1
30	Charlotte	CLT	33,165,688	11.7	522,541	2.6	122,149	(17.7)
31	Rome	FCO	32,855,542	9.2	334,848	6.1	154,441	(6.1)
32	Barcelona	BCN	32,794,575	9.3	352,489	7.6	100,360	1.3
33	Jakarta	CGK	32,458,946	6.1	248,482	0.6	473,593	24.7
34	Sydney	SYD	32,323,380	6.4	286,101	0.9	***	***
35	Philadelphia	PHL	32,211,439	1.4	499,653	(3.1)	543,357	2.1
36	Toronto	YYZ	32,452,848	2.1	425,500	1.8	504,608	(1.1)
37	Incheon	ICN	31,452,848	10.8	213,194	15.7	2,555,580	9.4
38	Seattle	SEA	31,296,628	4.3	347,046	2.1	319,013	(6.7)
39	Guangzhou	CAN	30,958,374	18.9	260,835	12.2	694,923	6.4
40	Shanghai	PVG	29,083,510	8.6	253,535	9.3	2,559,310	18.0
41	Boston	BOS	28,102,455	1.4	399,537	(1.6)	298,536	(8.1)
42	Kuala Lumpur	KUL	25,453,379	9.6	193,688	5.3	652,895	(3.6)
43	Paris	ORY	26,440,736	3.2	236,926	1.5	109,315	(0.2)
44	Mexico City	MEX	25,881,662	4.7	378,161	6.4	411,383	(1.3)
45	Istanbul	IST	25,561,435	9.9	262,248	8.7	341,454	14.6
46	Mumbai	BOM	25,236,400	18.1	236,585	14.8	536,432	12.1
47	New York	LGA	25,026,267	(3.0)	391,872	(2.1)	10,596	(40.7)
48	Washington	IAD	24,525,487	7.5	382,939	0.9	358,527	2.2
49	Milan	MXP	23,885,391	9.7	267,941	6.7	486,667	16.1
50	London	STN	23,777,277	0.4	208,423	0.8	228,747	(6.9)
51	Taipei	TPE	23,425,794	2.5	160,120	1.5	1,605,681	(5.5)
52	New Delhi	DEL	23,346,895	20.5	225,510	17.2	431,623	8.3
53	Dublin	DUB	23,287,438	9.9	211,804	7.7	114,422	(1.9)
54	Palma de Mallorca	PMI	23,223,970	3.7	197,354	3.7	26,408	0.6
55	Melbourne	MEL	23,076,369	5.4	184,052	2.8	***	***
56	Ft Lauderdale/Hollywood	FLL	22,681,903	6.1	307,975	3.7	137,219	(7.4)
57	Shanghai	SHA	22,632,962	17.1	187,045	5.3	388,812	6.9
58	Manchester	MAN	22,362,106	(1.8)	222,778	(3.1)	166,546	10.3

			Passengers	change in Percent	Aircraft movements	change in Percent	Cargo (tonnes)	change in Percent
59	Salt Lake City	SLC	22,045,333	2.3	422,010	0.1	177,710	(2.0)
60	Baltimore	BWI	21,498,091	1.5	296,872	(2.9)	115,402	(6.9)
61	Copenhagen	CPH	21,356,134	2.7	257,591	(0.3)	395,506	4.1
62	Zurich	ZRH	20,682,094	7.8	268,476	3.0	289,958	3.6
63	Shenzhen	SZX	20,619,164	12.3	181,450	7.1	616,046	10.2
64	Manila	MNL	20,467,627	14.1	188,797	9.8	388,551	(5.3)
65	Sao Paolo	GRU	19,560,963	18.0	187,960	21.3	488,485	(1.5)
66	Chicago	MDW	19,378,855	2.7	304,657	2.1	13,357	(10.5)
67	Tampa	TPA	19,154,957	1.5	358,349	0.5	98,018	(10.2)
68	Oslo	OSL	19,043,800	7.8	226,303	5.4	97,311	7.9
69	Vienna	VIE	18,768,468	11.4	280,912	7.7	205,024	1.6
70	Moscow	DME	18,755,098	22.0	181,141	20.9	133,662	5.8
71	Washington	DCA	18,670,924	0.7	275,433	(0.4)	2,515	(30.4)
72	Chengdu	CTU	18,586,000	14.2	166,382	6.4	328,000	11.0
73	Brisbane	BNE	18,374,667	7.5	171,412	3.4	-	-
74	Sapporo	CTS	18,361,366	(0.2)	98,827	(1.6)	274,269	2.8
75	San Diego	SAN	18,336,761	4.9	227,329	2.9	140,304	(25.6)
76	Stockholm	ARN	17,968,023	1.7	218,549	(3.8)	122,922	10.5
77	Fukuoka	FUK	17,902,563	(1.7)	71,456	3.8	292,694	0.1
78	Brussels	BRU	17,838,214	7.0	264,366	3.8	747,434	11.3
79	Dusseldorf	DUS	17,832,849	7.5	227,899	5.8	58,026	(2.4)
80	Antalya	AYT	17,795,523	20.5	115,002	16.0	6,480	(23.4)
81	Johannesburg	JND	17,787,673	2.6	226,992	9.3	360,831	12.3
82	Vancouver	YVR	17,710,239	3.4	328,563	1.9	225,412	1.2
83	Osaka	KIX	16,622,853	0.1	125,637	8.8	845,976	0.5

Source: ACI

Table 27: Private sector involvement in airports

Airport	Type	Ownership	Involvement
Cochin International Airport	Greenfield	Owned by Cochin International Airport (CIAL), a public company which is held by a large number of non resident Indians, major Indian corporations and has a 13% holding by the Government of Kerala	The airport is wholly managed and operated by CIAL
Hyderabad Airport	Greenfield	GMR Group holds 63% of the equity, Malaysia Airports Holdings Berhard (MAHB) 11%, while the Government of Andhra Pradesh and AAI each hold 13%.	GMR Hyderabad International Airport has undertaken to build, finance, operate and maintain the new airport under a PPP initiative. It is a Build, Own, Operate and Transfer (BOOT) agreement
Bengaluru Airport	Greenfield	Siemens Project Ventures, Germany owns a 40% equity, Unique (Flughafen Zürich AG) Zurich Airport, Switzerland and Larsen & Toubro, India own 17% and AAI and KSIIDC (an agency owned by the state of Karnataka, India) both hold 13% each.	The airport will be built and operated by Bangalore International Airport for the next 30 years, with an option to continue for another 30 years. It is a BOOT agreement
Mumbai Airport	Brownfield	Mumbai International Airport Pvt. (MIAL) is a joint venture company owned by the GVK led consortium – comprising GVK Industries – 37% Airports Company South Africa – 37% and Bidvest – 10% and AAI that owns 26%.	MIAL is mandated to finance, design, build, operate and maintain the airport. It is a BOOT agreement.
Delhi Airport	Brownfield	DIAL is a joint venture among GMR Group – 50.1%, Airports Authority of India – 26%, Fraport AG – 10%, Eraman Malaysia – 10% and India Development Fund 3.9%.	DIAL is mandated to finance, design, build, operate and maintain the Indira Gandhi International Airport for a period of 30 years till '36, with an option for extension by another 30 years. It is a BOOT agreement

Source: Company data

Table 28: Passenger traffic growth number (%)

Year	Domestic traffic	International traffic	Total traffic
2000 - 01	13.36	5.6	10.88
2001 - 02	11.43	(2.4)	7.22
2002 - 03	(10.64)	17.37	(2.88)
2003 - 04	9.14	12.05	10.12
2004 - 05	24.11	17.14	21.74
2005 - 06	27.99	14.41	23.53
2006 - 07	38.41	15.09	31.33
2007 - 08	23.23	16.38	21.41

Source: DGCA

Table 29: Cargo traffic growth number (%)

Year	Domestic cargo	International cargo	Total cargo
2000 - 01	13.36	(75)	7.75
2001 - 02	11.08	4.17	6.85
2002 - 03	(10.3)	17.98	6.58
2003 - 04	12.83	6.84	8.87
2004 - 05	22.13	18.54	19.8
2005 - 06	5.61	12.01	9.72
2006 - 07	11.47	11.05	11.19
2007 - 08	5.09	12.18	9.73

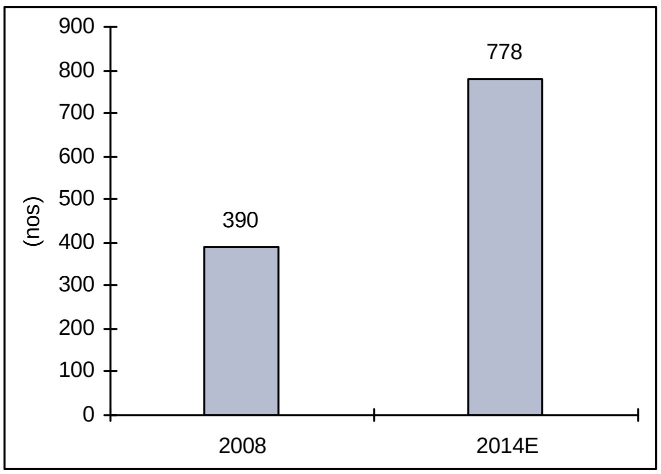
Source: DGCA

Table 30: Fleet size of operators ('08)

Airlines	Fleet size	Airlines	Fleet size
NACIL (Air India)	41	SpiceJet	18
NACIL (Indian Airlines)	76	IndiGo Airlines	19
Air India Express	20	GoAir	7
Alliance Air	20	Paramount Airways	5
Jet Airways	87	MDLR	2
Deccan Aviation	43	Jagson	2
Kingfisher Airlines	43	Indus Airways	2
JetLite	24		

Source: DGCA

Chart 24: Addition of fleet size in India



Source: Company data

Table 31: Composition of fleet

Type of Aircraft	Existing Fleet ('08)	Expected fleet('14)
A320	136	345
B737	118	171
B777	22	39
A330	10	35
B787	0	37
ATR	51	93
Others***	53	58
Total	**390**	**778**

*** Others include A300, A310, A380,B747, B757, B767, CRJ , Bombardier Jets, Embraer, Dornier Jets

Airport categorisation in India

Category	Numbers
International	17
Major Domestic	21
Custom	8
Other Domestic	57

- There are 127 airports, out of which ~80 airports are operational
- Out of international airports, 12 are with AAI, three are under joint ventures and two are greenfield airports

Annexure 2: Financials

Table 32: Earning statement

(Rs mn, year ending March 31)

	FY09	FY10E	FY11E	FY12E	FY13E
Power	21,352	26,173	30,522	36,564	42,597
Airport	16,632	11,875	15,393	18,320	21,994
Real estate & SEZ	-	180	701	1,549	2,552
Others	6,778	5,343	5,299	5,574	5,836
Gross Sales	**44,762**	**43,572**	**51,915**	**62,007**	**72,978**
Less: Excise Duty					
Net Sales	**44,762**	**43,572**	**51,915**	**62,007**	**72,978**
Less: Revenue share paid/payable to concessionaire grantors	4,570	-	-	-	-
Other Operating Income					
Total Operating Income	**40,192**	**43,572**	**51,915**	**62,007**	**72,978**
Less:					
Raw Material Consumed	13,560	19,399	19,531	20,960	22,757
Other Expenses	9,266	-	-	-	-
Personnel Expenses	6,698	8,038	8,440	9,284	10,212
Total Operating Expenses	**29,524**	**27,437**	**27,971**	**30,244**	**32,970**
EBITDA	**10,668**	**16,135**	**23,944**	**31,763**	**40,008**
Depreciation & Amortisation	3,898	5,948	8,197	10,869	11,153
Other Income	214	156	149	173	195
EBIT	**6,983**	**10,343**	**15,895**	**21,067**	**29,050**
Less: Gross Interest	3,682	7,246	10,944	12,305	13,296
Recurring Pre-tax Income	**3,301**	**3,097**	**4,951**	**8,761**	**15,754**
Less: Taxation	530	400	1,334	1,864	2,342
--Current Tax	761				
--Deferred Tax	(231)				
Less: Minority expense & associate profit	(23)	(251)	(1,179)	(48)	2,612
Net Income (Reported)	**2,795**	**2,947**	**4,796**	**6,946**	**10,800**
Recurring Net Income	**2,795**	**2,947**	**4,796**	**6,946**	**10,800**

Source: Company data, I-Sec Research

Table 33: Balance sheet

(Rs mn, year ending March 31)

	FY09	FY10E	FY11E	FY12E	FY13E
Current Assets, Loans & Advances					
Cash & Bank balance	24,665	16,249	28,637	43,159	64,645
Inventory	1,319	1,169	1,237	1,908	2,780
Sundry Debtors	6,609	5,912	6,652	7,984	9,375
Loans and Advances	12,612	9,958	10,023	10,088	10,153
Other Current Assets	178				
Total Current Assets	**45,383**	**33,288**	**46,550**	**63,139**	**86,953**
Current Liabilities & Provisions					
Current Liabilities	**18,865**	**10,301**	**10,858**	**12,515**	**14,779**
Sundry Creditors	8,483	8,011	8,397	9,262	10,316
Other Current Liabilities	10,381	2,290	2,461	3,253	4,463
Provisions	**782**				
Total Current Liabilities and Provisions	**19,647**	**10,301**	**10,858**	**12,515**	**14,779**
Net Current Assets	**25,736**	**22,988**	**35,692**	**50,624**	**72,174**
Investments					
Strategic & Group Investments	13,109	13,711	15,677	15,677	15,677
Other Marketable Investments					
Debt	-	16,293	11,293	11,293	11,293
Total Investments	**13,109**	**30,003**	**26,969**	**26,969**	**26,969**
Fixed Assets					
Gross Block	114,326	245,422	303,535	392,733	458,945
Less Accumulated Depreciation	17,810	26,965	35,162	46,031	57,185
Net Block	96,516	218,457	268,373	346,702	401,760
Add: Capital Work in Progress	67,909	-	-	-	-
Total Fixed Assets	**164,426**	**218,457**	**268,373**	**346,702**	**401,760**
Total Assets	**203,271**	**271,448**	**331,034**	**424,295**	**500,904**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Borrowings					
Long Term Debt	120,238	159,715	202,403	261,750	301,252
Total Borrowings	**120,238**	**159,715**	**202,403**	**261,750**	**301,252**
ADF Capitalised & deposits	260	27,097	39,807	65,737	89,015
Share Capital					
Paid up Equity Share Capital	*3,641*	*3,667*	*3,667*	*3,667*	*3,667*
No. of Shares outstanding (mn)	*3,667*	*3,667*	*3,667*	*3,667*	*3,667*
Face Value per share (Rs)	*1*	*1*	*1*	*1*	*1*
Reserves & Surplus					
Share Premium	50,708	50,708	50,708	50,708	50,708
General & Other Reserve	10,362	13,309	18,106	25,051	35,852
Less: Misc. Exp. not written off					
Less: Revaluation Reserve					
Net Worth	**64,711**	**67,685**	**72,481**	**79,427**	**90,227**
Minority Interest	18,061	16,951	16,343	17,382	20,409
Total Liabilities & Shareholders' Equity	**203,271**	**271,448**	**331,034**	**424,295**	**500,904**

Source: Company data, I-Sec Research

Table 34: Cashflow statement

(Rs mn, year ending March 31)

	FY09	FY10E	FY11E	FY12E	FY13E
Cash Flow from Operating Activities					
Reported Net Income	2,795	2,947	4,796	6,946	10,800
Add:					
Depreciation & Amortisation	3,592	9,155	8,197	10,869	11,153
Provisions	(99)	(782)	0	0	0
Deferred Taxes	(231)	0	0	0	0
Less:					
Other Income	214	156	149	173	195
Operating Cash Flow before Working Capital change (a)	**5,842**	**11,164**	**12,844**	**17,642**	**21,759**
Changes in Working Capital					
(Increase) / Decrease in Inventories	(939)	149	(68)	(671)	(872)
(Increase) / Decrease in Sundry Debtors	(2,303)	697	(740)	(1,332)	(1,391)
(Increase) / Decrease in Other Current Assets	(119)	178	0	0	0
Increase / (Decrease) in current liabilities	5,637	(8,564)	557	1,657	2,264
Working Capital Inflow / (Outflow) (b)	**2,276**	**(7,540)**	**(251)**	**(345)**	**1**
Net Cash flow from Operating Activities (a) + (b)	**8,118**	**3,624**	**12,593**	**17,297**	**21,760**
Cash Flow from Capital commitments					
Purchase of Fixed Assets	(70,091)	(63,187)	(58,113)	(89,198)	(66,211)
Purchase of Investments	35,887	(602)	(1,966)	0	0
Consideration paid for acquisition of undertaking					
Cash Inflow/(outflow) from capital commitments (c)	**(34,204)**	**(63,788)**	**(60,079)**	**(89,198)**	**(66,211)**
Free Cash flow after capital commitments (a) + (b) + (c)	**(26,086)**	**(60,164)**	**(47,486)**	**(71,902)**	**(44,452)**
Cash Flow from Investing Activities					
Other Income	214	156	149	173	195
Net Cash flow from Investing Activities (d)	**214**	**156**	**149**	**173**	**195**
Cash Flow from Financing Activities					
Issue of Share Capital during the year	0	26	0	0	0
Proceeds from fresh borrowings	40,469	39,477	42,688	59,347	39,502
Others	7,746	25,727	12,102	26,969	26,305
Net Cash flow from Financing Activities (e)	**48,215**	**65,230**	**54,790**	**86,316**	**65,808**
Net Extra-ordinary Income (f)	**0**	**0**	**0**	**0**	**0**
Total Increase / (Decrease) in Cash (a) + (b) + (c) + (d)+ (e) + (f)	**22,343**	**5,222**	**7,453**	**14,587**	**21,551**
Opening Cash and Bank balance	**8,945**	**24,665**	**16,249**	**28,637**	**43,159**
Closing Cash and Bank balance	**31,288**	**29,887**	**23,702**	**43,224**	**64,710**
Increase/(Decrease) in Cash and Bank balance	**22,343**	**5,222**	**7,453**	**14,587**	**21,551**

Source: Company data, I-Sec Research

Table 35: Key ratios

(Rs mn, year ending March 31)

	FY09	FY10E	FY11E	FY12E	FY13E
Per-share data (Rs)					
Diluted Recurring Earning per share (DEPS)	0.8	0.8	1.3	1.9	2.9
Diluted Earnings per share	0.8	0.8	1.3	1.9	2.9
Recurring Cash Earnings per share (CEPS)	1.8	2.4	3.5	4.9	6.0
Free Cashflow per share (FCPS-post capex)	(7.1)	(16.4)	(12.9)	(19.6)	(12.1)
Reported Book Value (BV)	17.6	18.5	19.8	21.7	24.6
Adjusted Book Value (ABV) **	17.6	18.5	19.8	21.7	24.6
Valuation Ratios (x)					
Diluted Price Earning Ratio	89.9	85.2	52.4	36.2	23.3
Price to Recurring Cash Earnings per share	37.5	28.2	19.3	14.1	11.4
Price to Book Value	3.9	3.7	3.5	3.2	2.8
Price to Adjusted Book Value	3.9	3.7	3.5	3.2	2.8
Price to Sales Ratio	5.6	5.8	4.8	4.1	3.4
EV / EBITDA	32.5	23.5	17.3	14.4	11.9
EV / Total Operating Income	8.6	8.7	8.0	7.4	6.5
EV / Operating Free Cash Flow (Pre-Capex)	42.7	104.4	32.8	26.5	21.9
EV / Net Operating Free Cash Flow (Post-Capex)	(13.3)	(6.3)	(8.7)	(6.4)	(10.7)
Dividend Yield (%)	-	-	-	-	-
Growth Ratios (% YoY)					
Diluted Recurring EPS Growth	33.0	5.5	62.7	44.8	55.5
Diluted Recurring CEPS Growth	72.2	32.9	46.1	37.1	23.2
Total Operating Income Growth	75.1	8.4	19.1	19.4	17.7
EBITDA Growth	78.2	51.2	48.4	32.7	26.0
Recurring Net Income Growth	33.0	5.5	62.7	44.8	55.5
Operating Ratios (%)					
EBITDA Margins	26.5	37.0	46.1	51.2	54.8
EBIT Margins	17.4	23.7	30.6	34.0	39.8
Recurring Pre-tax Income Margins	8.2	7.1	9.5	14.1	21.5
Recurring Net Income Margins	6.9	6.7	9.2	11.2	14.8
Raw Material Consumed / Sales	30.3	44.5	37.6	33.8	31.2
SGA Expenses / Sales	0.0	0.0	0.0	0.0	0.0
Other Income / Pre-tax Income	6.5	5.0	3.0	2.0	1.2
Other Operating Income / EBITDA	0.0	0.0	0.0	0.0	0.0
Effective Tax Rate	16.1	12.9	26.9	21.3	14.9
Return / Profitability Ratios (%)					
Return on Capital Employed (RoCE)-Overall	3.3	3.9	4.2	4.4	4.8
Return on Invested Capital (RoIC)	6.6	7.4	8.6	9.3	9.8
Return on Net Worth (RoNW)	4.4	4.5	6.8	9.1	12.7
Dividend Payout Ratio	0.0	0.0	0.0	0.0	0.0
Solvency Ratios / Liquidity Ratios (%)					
Debt Equity Ratio (D/E)	186.2	276.0	334.2	412.3	432.5
Long Term Debt / Total Debt	100.0	100.0	100.0	100.0	100.0
Net Working Capital / Total Assets	0.5	2.5	2.1	1.8	1.5
Interest Coverage Ratio-based on EBIT	189.7	142.7	145.2	171.2	218.5
Debt Servicing Capacity Ratio (DSCR)	279.5	211.9	193.2	238.3	287.5
Current Ratio	166.8	226.5	336.4	423.9	519.7
Cash and cash equivalents / Total Assets	12.1	6.0	8.7	10.2	12.9
Turnover Ratios					
Inventory Turnover Ratio (x)	31.5	20.4	23.0	20.2	14.5
Assets Turnover Ratio (x)	0.2	0.2	0.2	0.2	0.2
Working Capital Cycle (days)	57.7	109.5	136.0	194.9	256.5
Average Collection Period (days)	49.6	52.4	44.2	43.1	43.4
Average Payment Period (days)	101.2	109.7	107.1	106.6	108.4

Source: Company data, I-Sec Research

Annexure 3: Index of Tables and Charts

Tables

Charts

I-Sec investment ratings (all ratings relative to Sensex over next 12 months)
BUY: +10% outperformance; **HOLD**: -10% to +10% relative performance; **SELL**: +10% underperformance

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