Stock Note **(CMP: Rs. 364.5)** **October 23, 2009**

Company Background & Business Profile

Incorporated in 1997, Consolidated Construction Consortium Ltd (CCCL) is an ISO 9001:2000 certified company which provides integrated turn-key construction services in the industrial, commercial, infrastructure and residential sectors. The company also provides services, which include construction design, engineering, procurement, construction and project management. CCCL came out with an IPO in September 2007, raising Rs. 1887 mn by issuing 3.70 mn equity shares at Rs.10/ each, at a premium of Rs. 500 per share.

Since the completion of its first project (constructed a temple in Tamil Nadu in 1998), the company has come a long way having executed 334 projects comprising 104 industrial projects, 172 commercial projects, 14 infrastructure projects and 44 residential projects across 17 states and union territories in India. It has a significant presence in India, with offices in Chennai, Bangalore, Hyderabad, Delhi, Kolkata, Pune and Trivandrum. The major presence is in South, which accounts for approx. 73% of the orders received, and to some extent in North which contributes around 20%. Further, its MoU with Tradeline LLC places the company in a favourable position to capitalize on opportunities accruing from the Middle East & GCC. The total employee strength of CCCL as on June 30, 2009 stood at 2652.

Out of the total order book (Rs. 36.1 bn as on June 30, 2009), the Commercial & Industrial Sectors contribute around 55.7% of CCCL's total order backlog, whereas the Infrastructure & residential segments constitute 42.8% & 1.5% respectively. Some of the prominent projects successfully completed by CCCL include: i) A meditation hall for the Art of Living Foundation, Bangalore; ii) Two parabolic shell structures, each 28 meters wide for Infosys Technologies, Bangalore; iii) A 10,000 square meter large span prayer hall at Sringeri; iv) The 1.8 mn sq. ft. Olympia Tech Park for Khivraj Tech Park Pvt Limited, Chennai & v) A dome structure with a 53-meter diameter for Infosys Technologies, Hyderabad.

The company has over the years maintained strong relationship with some blue chip companies including IT firms like Infosys and HCL Tech & also with clients under manufacturing, retail and education. Approximately 52% of its Order Book comprises repeat orders from existing clients.

Subsidiaries & Divisions

CCCL has three subsidiaries viz; Consolidated Interiors Ltd. (CIL), Noble Consolidated Glazings Ltd. (NCGL) & CCCL Infrastructure Limited.

Consolidated Interiors Ltd: The Company was incorporated in April 2006. CIL provides interior contracting and fit-out services. Apart from catering to CCCL, the company also provides services to third party clients across public & private sectors. CIL's services encompass manufacturing wood based products (doors & windows), flooring, ceilings, panelling and custom built furniture for commercial and residential structures. In FY09, CIL achieved a turnover of Rs. 602.6 mn as against Rs. 266.3 mn in FY08, registering growth of 126%. Its PAT grew significantly by 190.5% to Rs. 24.4 mn. Also in FY09, CIL commissioned a new state-of-the-art factory for manufacture of wood & wood items, the production of which has begun in full swing. The factory manufactures items like panels, jambs, doors, doorframes, tables & storage units to specific requirements of its clients like Infosys & Manipal Institute of Technology. As on March 31, 2009, CIL's order book stood at Rs. 146 mn.

Nobel Consolidated Glazings Ltd. (NCGL): NCGL was incorporated in May 2007 after CCCL entered into a MoU with promoters of Noble Associates. The company aims at providing in house glazing & aluminium fabrication services. Further, it is on the look out for strategic tie-ups for upgrading its execution skills. In FY09, NCGL achieved a turnover of Rs. 260.3 mn against Rs. 138.9 mn in FY08 registering growth of 87%. Similarly its PAT grew by 68.1% to Rs. 15.9 mn. As on March 31, 2009, NCGL's order backlog stood at Rs. 451.8 mn.

CCCL Infrastructure Ltd.: Established in May 2007, CCCL Infrastructure is focussed on developing & operating SEZ projects. The company has acquired nearly 523 acres of land near Tuticorin for development of a Sector Specific Special Economic Zone (SEZ) in the Food Processing sector. The Ministry of Commerce and Industry has Notified to the extent of 294.3 acres & the same is to be published in the Government Gazette shortly. The clearance from government has now paved the way for starting full-fledged commercial operations.

CCCL

Consolidated Interiors Ltd. (100% Subsidiary) | CCCL Infrastructure Ltd (100% Subsidiary) | Noble Consolidated Glazings Ltd. (100% subsidiary)

Divisions:

Mechanical & Electrical Division (M&E): The division provides electrical & mechanical, plumbing, ventilation and air-conditioning works. In addition, it provides consultancy and execution services for various contract works including design, estimation and procurement services.

Building Products Division: This division consists of 12 batching plants for production of ready mixed concrete (RMC) across the country & manufacturing facility for building blocks in Chennai.

Joint ventures & Alliances

Yuga Developers: Constituted in July 2005, Yuga Developers was formed as a JV between Ambattur Constructions (50%), Yuga Homes Ltd. (25%) & CCCL (25%). The company plans to develop a group housing project in Thiruverkadu village, Chennai consisting of 450 apartments. The project seems to have commenced by Q4FY09 & is expected to be completed over a period of 2.5-3 years.

Yuga Builders: Incorporated in Nov 2006, Yuga Builders is a 50:50 JV between CCCL & Yuga Homes Ltd. The entity shall undertake 3 group housing projects consisting of 930 apartments at Koyambedu (230), Vandalur (150) & Thayyur (550) in Chennai.

Tradeline LLC: CCCL entered into a MoU with Tradeline LLC in Sep 2005 for joint execution of engineering & construction activities in GCC countries. Under the MoU terms, while CCCL will carry out project execution, Tradeline will obtain necessary local approvals & licenses. CCCL will receive 15% share in profits for every project executed.

Shareholding Pattern: (As on June 30, 2009)

Particulars	No of Shares (In Mn)	% Holding
Institutions	1.4	3.8
Non Promoter Corporate Holding	2.2	5.9
Foreign	2.8	7.5
Promoters	18.7	50.5
Public & Others	11.9	32.3
Total	**37.0**	**100.0**

Investment Rationale

Concentric business model helps in providing integrated construction solutions

CCCL has developed a concentric business model, which enables it to provide integrated construction solutions. The model enables the company to acquire key competencies by deploying in-house resources to deliver services at various stages in a project ranging from its conceptualization to completion. Besides the core construction service, the company also offers ancillary services, which include software based design & detailing, M&E & interiors contracting. This reduces its dependence on third parties for providing ancillary services while executing projects & in turn ensures better operating margins and provides CCCL an edge over its peers.

Leading construction service provider having strong execution capabilities & good customer relationship

CCCL provides integrated turn-key construction services in the industrial, commercial, infrastructure and residential sectors of the construction industry. CCCL possesses strong project management & execution skills and is backed by an experienced management team & technical personnel. The company has executed and is in the process of executing projects across several states and union territories in India. In June 2008, the company entered into a strategic and investment partnership with Innotech Construction LLC in Dubai, to add their engineering excellence and on-time project execution skills.

CCCL is a key player & one among the few in the country to deliver challenging Engineering Marvels, Pre-Cast Concrete Structures. Some of the prominent projects successfully completed by CCCL include: i) A meditation hall for the Art of Living Foundation, Bangalore; ii) Two parabolic shell structures, each 28 meters wide for Infosys Technologies, Bangalore; iii) A 10,000 square meter large span prayer hall at Sringeri; iv) The 1.8mn sq. ft. Olympia Tech Park for Khivraj Tech Park Pvt Limited, Chennai & v) A dome structure with a 53-meter diameter for Infosys Technologies, Hyderabad. CCCL has every capability to undertake large turnkey projects. Besides on-site computerized monitoring, a comprehensive control over all projects through link-up with a central server at regional center guarantees fluent progress of projects at all times.

Over the years, CCCL has maintained strong relationship with some blue chip companies including IT firms like Infosys & HCL Tech & also with clients under manufacturing, retail & education. Around 52% of its order book comprises repeat orders from existing clients.

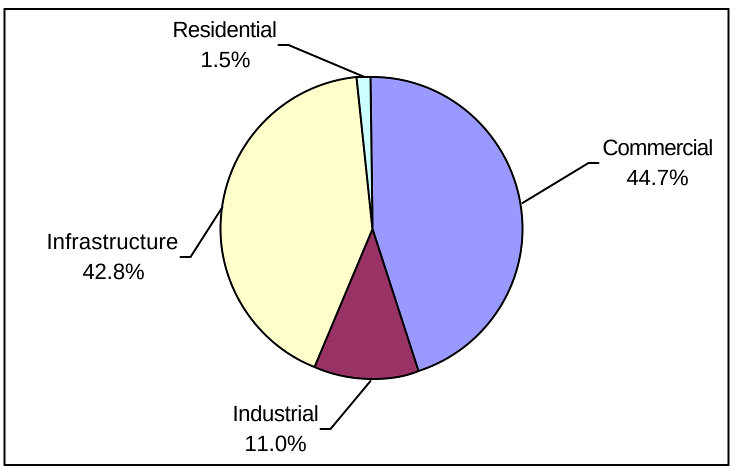
With a view to exploit the opportunities in infrastructure sector, CCCL has recently set up a full fledged Infra construction division, to oversee its operations especially in the field of Ports, Railways, Power Projects, Bridges & flyovers, Airports, Desalination Plants & large heavy civil construction jobs. CCCL has already forayed into airport terminal projects in Trichy, Thiruvananthapuram, and Mangalore. In May 2009, CCCL bagged an order from Airports Authority of India for expansion of the existing airport terminal at Chennai for Rs. 12.1 bn in consortium with Herve Pomerleau International Inc., Canada.

With leadership in providing the construction service, strong execution capabilities & good customer relationship, CCCL is expected to capitalise on the growing opportunities in the construction space.

Robust order backlog provides strong revenue visibility

CCCL's total order backlog as on June 30, 2009 stood at Rs. 36.1 bn, which is 2 times its FY09 consolidated sales. The execution period of the orders is 18-20 months. CCCL is associated with a number of projects in Delhi and the National Capital Region including a sewage treatment plant at Keshopur, a water treatment plant at Dwarka & an IT Park for DMRC at Shastri Park. The Commercial & Industrial sectors contribute 44.7% & 11% respectively to CCCL's total order book (in Q1FY10), while the Infrastructure sector accounts for 42.8% (Q1FY10). Residential sector (housing projects) accounts for only 1.5% of the total order book. The share of the infrastructure segment to the total order book has increased significantly from 10% during FY03-08. This increase has come at the expense of the commercial segment, which has steadily been losing its share from the highs of 70% in FY05. As on June 30, 2009, 55% of the orders were received from government / government enterprises, while the private sector contributed the balance 45%. Around 78.6% of CCCL's orders are price-protected, while 7.3% are without material and hence immune from raw material ups & downs.

Segmental break-up of CCCL's total order backlog (as on June 30, 2009):

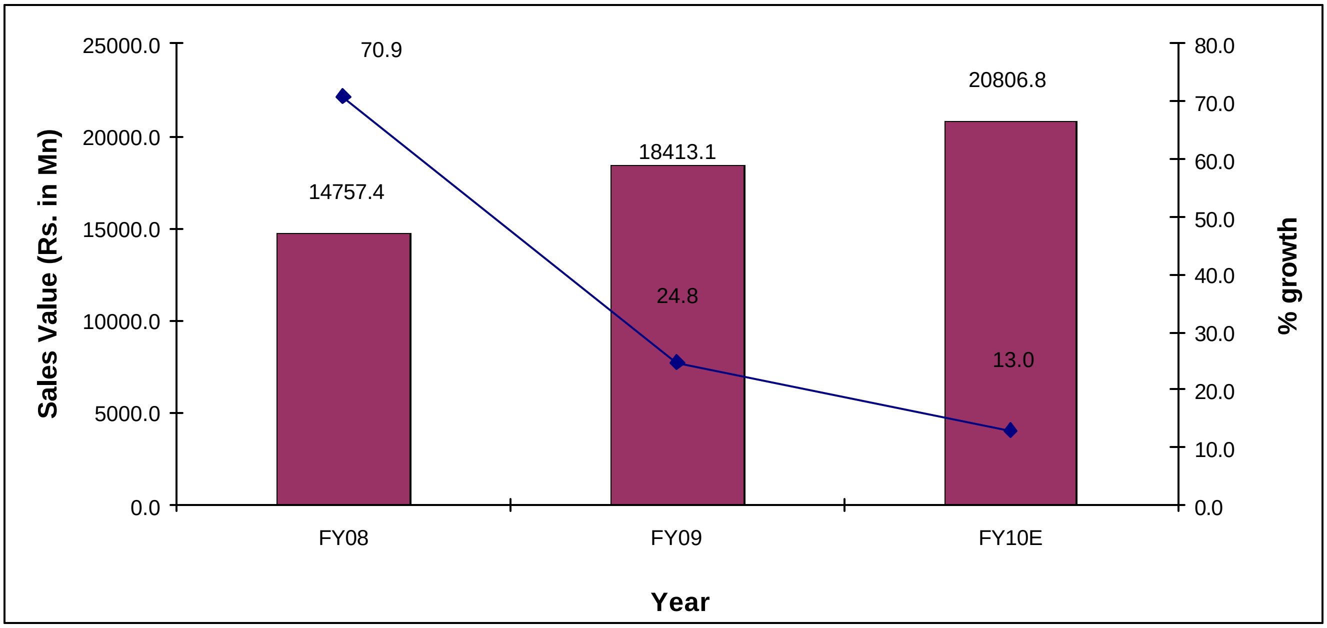


CCCL's order book has grown at a CAGR of 78.7% over FY05-08 (mainly on account of lower base). However, in FY09, the order inflows fell significantly due to liquidity crunch, financial crisis & general slowdown in the economic activity. Projects worth ~ Rs. 7 bn witnessed cancellations. However, CCCL still managed to bag decent amount of orders in FY09. Even in FY10, the order inflow has been good till now, though not as much as it was in FY07 & FY08. In May 2009, CCCL bagged an order from Airports Authority of India for expansion of the existing airport terminal at Chennai for value of Rs. 12.1 bn, in consortium with Herve Pomerleau International Inc., Canada. The entire project would be executed by CCCL with project management services & quality control inputs from HPI. The work at site for construction of domestic terminal, international terminal, and elevated ramp has already commenced. The financial closure for the JV has already been achieved. In August 2009, CCCL bagged a Rs 4.3 bn order to construct an office building for Oil & Natural Gas Corporation Ltd. Including this order, the total order backlog of CCCL stands at Rs. 40.4 bn. Further, the company has also teamed up with Samjung Tech, a Korean electronics company, to design and build automated car parking structure for the Delhi Metro Rail Corporation (DMRC). Samjung Tech is to supply electronic equipment for the automation component, while CCCL will handle the design and civil construction. Work on the project has already begun.

Going forward, government's increasing focus on the infra space would generate opportunities for CCCL. As a result of easing of liquidity & revival in demand along with improving economic outlook, significant revival could also be witnessed on the commercial & Industrial front. Regarding the availability of funding, with the focus on Infrastructure, we believe that funds will be available due to the strong interest evinced by the foreign institutional investors. Expansion plans, which got delayed due to global slowdown, could be put to track, thus creating opportunities for established construction players like CCCL. We expect CCCL's order book to grow at a decent pace going forward, thus providing strong revenue visibility.

CCCL's revenue has grown at a CAGR of 46% over FY07-FY09. In FY10, we expect the growth to slow down on account of lower order inflows in FY09 as compared to in FY07 & FY08 due to demand slowdown. We expect CCCL's sales to grow by 13% in FY10. However, in FY11 the growth could be much better (20%+), as we expect the pace of order inflows to increase.

The chart gives an overview of CCCL's revenue performance since FY08 along with our FY10 projections:



Expansion across newer verticals

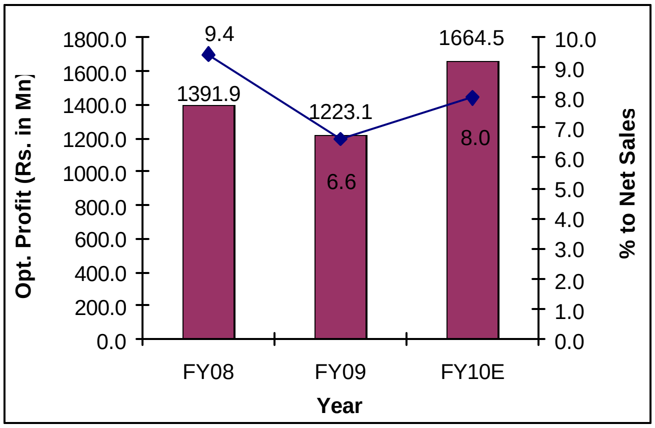
CCCL is exploring avenues like strategic alliances & partnerships as part of its business strategy to foray into high margin verticals. The company has acquired nearly 523 acres of land near Tuticorin for development of a Sector Specific Special Economic Zone (SEZ) in the Food Processing sector. The Ministry of Commerce and Industry has Notified to the extent of 294.3 acres & the same is to be published in the Government Gazette shortly. The clearance from government has now paved the way for starting full-fledged commercial operations. CCCL is expected to invest around Rs. 500-600 mn over the next two years in this venture. Some MNC's in food processing have shown interest in this venture & the corresponding business model is being worked out by E&Y.

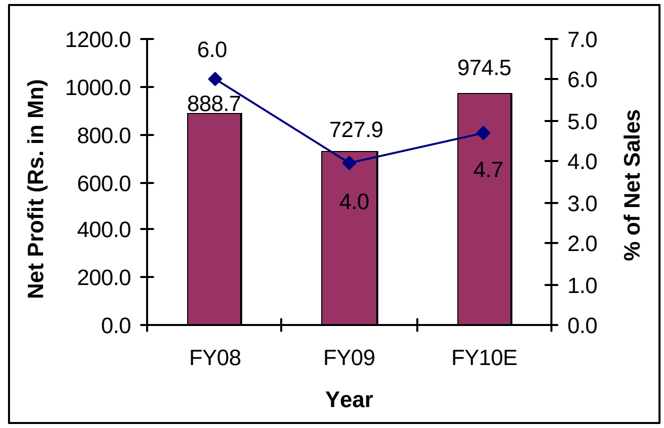
Additionally CCCL is in the process of bidding for a few commercial projects in the BOT space, which could add to company's revenues going forward. CCCL is considering participating in Delhi Metro Rail Corporation's multi levels car parking tenders. The company is technically qualified to undertake these projects & is expected to bid for atleast three packages. Also, in the power segment CCCL has qualification for doing civil works & has worked on a piling job for BHEL's 2*500 MW power plant at Athipattu and a 43 MW captive power plant in Chattisgarh for KSK group.

Scope for margin improvement

CCCL's operating profit & PAT has grown at a CAGR of 32.5% & 23.6% respectively over FY07-09. The operating margins declined from 9.4% in FY08 to 6.6% in FY09 mainly on account of higher expenditure incurred due to increase in sourcing cost for some projects on account of increase in VAT by 2-4% in neighbouring locations, higher employee cost & delay in projects & idle manpower. However, CCCL has taken measures to rationalise the ideal capacity, for focussing on bigger size orders & reducing the sites under management (site reduced from 98 in FY08 to 70 in July 2009 to maintain balance between number of sites & resource allocation). This could lead to improvement in operating margins in FY10. Also, we expect the input prices to soften over the next few quarters, which could further enhance CCCL's margins to the extent of fixed price contracts (In Q1FY10: Fixed price contracts were ~ 14.2% of the total order backlog). CCCL's operating profit is expected to grow by 36.1% in FY10, while the OPM could improve by 140 bps to 8%. PAT margins also declined from 6% in FY08 to 4% in FY09. In FY10, PAT is expected to grow by 33.9%, while PAT margins could improve by 70 bps to 4.7%.

The chart given below gives an overview of CCCL's Operating Profit & PAT performance since FY08 along with our FY10 projections:





Industry Outlook

Construction activities are considered as integral part of country's industry, economy, employment and quality of life, which goes beyond mere development of physical infrastructure development plans. During FY09, the economic meltdown did affect this sector especially in the 2nd half. The Eleventh 5 Year Plan (2007-2012) projected the pace of investment was going to enhance considerably in this sector and was estimated to be over Rs. 14 trillion for developing physical infrastructure.

Construction still remains the second largest employer after the agriculture sector in India. Currently, the construction industry directly or indirectly employs approximately 33 mn workers, representing 14% of the workforce. It also accounts for nearly half of the fixed capital formation. The construction industry in India currently has a gross value of output of around Rs. 3800 bn & accounts for nearly 10% of India's GDP. It has grown at a CAGR of 14% over the past five years

It is an accepted fact that India suffers from a massive infrastructure deficit. Although the gap between demand and supply has started narrowing in recent years, the pace of project implementation has slowed down considerably. The recent economic slowdown is threatening to slow down this process even further. In India, the bulk of infrastructure building is carried out by government agencies. The resources required to meet the infrastructure deficit is beyond the means of the public sector. Hence, it has now become pertinent to involve private sector through various forms of PPP to execute infrastructure projects. The Planning Commission expects private players to account for about 30% of the total infrastructure projects. Private sector companies have responded well in sectors like airways, telecommunication and power. They are also keen to invest in areas like ports, airport development and road building. However, to attract increased private investment it is necessary to create an environment that is both attractive to investors and user.

Among the infrastructure sectors, electricity, transport and telecommunication are key sectors for raising the overall economic growth rate and sustaining the economy. On the Industrial Front, the private sector capacity addition plans in metals, Oil & Gas, and cement verticals are likely to be hampered considering the macro-economic scenario. We are hopeful that the public sector-backed spending in the power and infrastructure sectors could support the infrastructure segment.

The Residential segment of the market (where CCCL has minimal presence) has been witnessing price cuts and shift to affordable housing. However the sentiments among the buyers is poor due to the uncertain job market. With an improvement in these sentiments there will be a revival. The Commercial segment of the market has witnessed a correction in rentals and further corrections are likely. We expect that with improved sentiments and higher capex spending and lower availability of ready to move stock this sector would revive during the last quarter of the ensuing financial year.

Competitive Profile:

CCCL faces competition from established construction players like Simplex Infrastructure, Nagarjuna Construction & Hindustan Construction. At the CMP of Rs. 364.5, the stock trades at 18.5xFY09 & 13.8xFY10E EPS, which is at a discount to its peers. This could be due to its smaller business size. However, it should be noted that CCCL enjoys better return ratios (ROCE: 17.2%, RONW: 14.1% in FY09) than its peers. Also, CCCL has higher PAT margins than them. We feel that considering its smaller size, the company could continue to trade at 5-10% discount to its peers. However, with the demand scenario improving & government's increasing thrust on infrastructure, we feel that established construction companies (like CCCL) having leadership position in providing the construction service & strong execution capabilities deserve to trade at higher valuations.

Company Name	FY09									
	OPM (%)	NPM (%)	EPS (Rs.)	CMP (Rs.)	PE (x)	BV (Rs.)	P/BV (x)	Mark. Cap (Rs. In Mn)	Sales (Rs. In Mn)	Mk. Cap/Sales (x)
CCCL	6.6	4.0	19.7	364.5	18.5	139.6	2.6	13471.9	18413.1	0.7
Simplex Infrastructure	8.8	2.7	25.7	525.9	20.5	183.0	2.9	26110.9	47235.4	0.6
Nagarjuna Construction	9.3	3.8	7.3	164.7	22.6	75.4	2.2	37691.6	47241.2	0.8
Hindustan Construction	14.0	1.7	2.3	129.1	56.1	34.3	3.8	33088.3	35603.1	0.9

(Source: Company)

Risks and concerns

- Economic slowdown could delay the inflow of new orders as well as the execution of the existing projects, thus impacting the order book & revenue growth. Further, slowdown in order book growth could create pricing pressure on CCCL & impact its profitability.
- Delays in project execution & payment could stretch the working capital of CCCL.
- CCCL's execution period is only 18-20 months, which is shorter. Hence, continuous order inflow is key for sustained growth on the revenue front.
- Any substantial rise in key input cost like steel & cement could impact CCCL's margins, since 14.2% of the total orders are fixed price contracts (in Q1FY10).
- While CCCL's leverage levels are low due to high turnover ratios & healthy cash flows, its entry into Real Estate Development will need upfront investments with returns being back-ended. While the parent entity may become debt free going ahead, funding requirements for real estate may increase consolidated leverage levels & balance sheet risks.
- CCCL's operations have been primarily focussed in South India since inception. At present the company receives ~ 73% orders from Southern regions like Tamil Nadu & Karnataka. This makes it highly dependent on the prevailing macro environment of the region. Though CCCL has commenced initiatives to geographically diversify its presence, successful execution of projects in the newer terrains & competition from the local players remains a concern.
- CCCL derives large portion of its revenue from IT clients like Infosys & HCL Tech. Any slowdown in the sector might rein in construction demand thereby impacting the company's growth plans.
- Other risks relate to ramp-up of several new business segments like glazing and interior fit-outs.

Quarterly Result Update: (Standalone)

Y-o-Y: CCCL's Q1FY10 results (Y-o-Y) were disappointing. The net sales grew marginally by 8.5% to Rs. 4116 mn [Q1FY09: Rs. 3795.2 mn] on account of muted order inflow in FY09. Operating profit grew by only 5% to Rs. 302.1 mn [Q1FY09: Rs. 287.7 mn], which was lower than in line with sales. This was due to increase in the total expenditure as a % to sales from 92.4% in Q1FY09 to 92.7% in Q1FY10. Raw materials consumed & selling & administration expenses rose 15.7% & 33.9% respectively. The OPM declined by 30 bps to 7.3% in Q1FY10. However, during the quarter, CCCL provided for Rs. 12.2 mn towards service tax liability (provided under sales and admin. exp) for the jobs being done on behalf of two clients who are claiming that the levy of service tax is exempt. The contention made by the client has been disputed and in the event of recovery of the amount of service tax from the client, the provision would be reversed in the subsequent quarters. If this amount is excluded, then the operating profit stands at Rs. 314.3 mn, an increase of 9.2% over Q1FY09. Similarly OPM margins for Q1FY10 would increase by 30 bps 7.6%.

PAT declined by 3.1% to Rs. 176.5 mn [Q1FY09: Rs. 182.2 mn] on account of higher interest & depreciation (which increased by 128.3% & 31.1% respectively). Interest cost increased on account of higher credit utilisation of overdraft at 80% of the sanctioned limit due to extention of working capital cycle from 55 to 60 days owing to delay in payments from clients, while the supplier demanded upfront payment for the cement & steel delivered. PAT margins declined by 50 bps to 4.3%. EPS for the quarter stood at Rs. 4.8 vs Rs. 4.9 in Q1FY09.

Q-o-Q: Sequentially, net sales declined by 13.8%, while operating profit (including Rs. 12.2 mn provided towards service tax liability for the jobs being done on behalf of two clients) & PAT fell by 10.4% & 14.1% respectively. OPM improved marginally by 20 bps from 7.1% due to decline in the total expenditure by 14.1%. PAT margins remained the same at 4.3%.

Segmental Breakup of CCCL's revenue (excluding sales of Ready Mix Concrete):

(Rs. In Million)

Segment	Q1FY10	Q1FY09	VAR [%]	Q4FY09	VAR [%] (Q-o-Q)	FY09
Industrial	1271.1	643.2	97.6	1280.2	-0.7	3842.7
Commercial	2044.0	2509.8	-18.6	2739.7	-25.4	10802.8
Infrastructure	700.1	464.9	50.6	709.1	-1.3	2344.7
Residential	51.7	66.8	-22.6	6.1	747.5	206.5
Total Revenue	**4066.9**	**3684.7**	**10.4**	**4735.1**	**-14.1**	**17196.7**

(Source: Company)

Conclusion & Recommendation:

We expect CCCL's net sales & PAT to grow by 13% & 33.9% respectively. Increasing thrust spend by the government on infrastructure facilities along with positive outlook of realty sector over the longer term offers tremendous potential in the construction segment. With leadership in providing the construction service, strong execution capabilities & good customer relationship, CCCL is expected to capitalise on the growing opportunities. CCCL has a healthy order backlog of Rs. 40.4 bn (including the latest orders received) & we expect the same to grow at a healthy pace going forward, thus improving the company's revenue visibility. CCCL's operating & PAT margins are expected to improve on the back of softening input prices & improving economic environment as well as measures taken by CCCL to rationalise the ideal capacity, focussing on bigger size orders & reducing the sites under management.

CCCL's concentric business model enables it to acquire key competencies by deploying in-house resources to deliver services at various stages in a project ranging from its conceptualization to completion. CCCL is also exploring avenues like strategic alliances & partnerships as part of its business strategy to foray into high margin verticals like the development of a sector specific SEZ in the Food Processing sector & commercial projects in the BOT space, which could add to company's revenue & profits going forward.

At the CMP of Rs. 364.5, the stock trades at 18.5xFY09 & 13.8xFY10E EPS, which is at a discount to its peers. This could be due to its smaller business size. Even though CCCL could continue to trade at a discount to its peers, we feel that with the demand scenario improving & government's increasing thrust on infrastructure, the entire construction industry deserves to trade at better valuations. Being a leader in providing the construction services & having strong execution, we feel that CCCL could trade at atleast 17xFY10E EPS, which gives a price target of Rs. 449. Hence we recommend investors to enter the scrip at CMP and average it on dips in the price band of Rs. 310-330 for the above mentioned price target over the next 6-9 months.

Quarterly Financial Performance: (Standalone)

(Rs. In Million)

Particulars	Q1FY10	Q1FY09	VAR [%]	Q4FY09	VAR [%]	Q3FY09	Q2FY09
Net Sales	**4116**	**3795.2**	**8.5**	**4776.4**	**-13.8**	**4316**	**4671**
Other Operating Income	0	0	#DIV/0!	0	#DIV/0!	0	0
Other Income	23.1	21.4	7.9	35.7	-35.3	15.7	17.9
Total Income	4139.1	3816.6	8.4	4812.1	-14.0	4331.7	4688.9
Total Expenditure	3813.8	3507.6	8.7	4439.3	-14.1	4084.5	4354
PBIDT	**325.2**	**309.1**	**5.2**	**372.8**	**-12.8**	**247.2**	**334.9**
Interest	36.3	15.9	128.3	33.8	7.4	38.3	24.4
Depreciation	21.5	16.4	31.1	24.3	-11.5	22.2	19.5
PBT	267.4	276.8	-3.4	314.7	-15.0	186.7	291
Tax (incl. FBT & DT)	90.9	94.6	-3.9	109.2	-16.8	56.1	99.6
Reported Profit After Tax	**176.5**	**182.2**	**-3.1**	**205.5**	**-14.1**	**130.6**	**191.4**
EPS (Rs.)	**4.8**	**4.9**	**-3.0**	**5.6**	**-14.2**	**3.5**	**5.1**
Equity	369.6	369.6	0.0	369.6	0.0	369.6	369.6
Face Value (Rs.)	10	10	0.0	10	0.0	10	10
OPM (%)	**7.3**	**7.6**	**-3.2**	**7.1**	**4.0**	**5.4**	**6.8**
PATM (%)	**4.3**	**4.8**	**-10.7**	**4.3**	**-0.3**	**3.0**	**4.1**

(Source: Company)

Financial Estimations: (Consolidated)

Profit & Loss A/c

(Rs. In Million)

Particulars	FY07	FY08	FY09	FY10E
Net Sales	**8633.4**	**14757.4**	**18413.1**	**20806.8**
Other Income	50.3	78.3	94.2	98.9
Total Income	8683.7	14835.7	18507.3	20905.7
Total Expenditure	7937.0	13365.5	17190.0	19142.3
EBITDA (incl. other income)	**746.7**	**1470.2**	**1317.3**	**1763.5**
Interest	68.8	73.8	118.1	171.5
Depreciation	36.3	55.6	89.5	106.4
PBT	641.6	1340.8	1109.7	1485.6
Tax	164.9	452.1	381.8	511.0
PAT	**476.7**	**888.7**	**727.9**	**974.5**

(Source: Company, HDFC Sec Estimates)

Balance Sheet

(Rs. In Million)

Particulars	FY07	FY08	FY09	FY10E
Share Capital	133.0	369.6	369.6	369.6
Reserves & Surplus	1739.9	4171.0	4791.0	5657.5
Total Shareholders Funds	1872.9	4540.6	5160.6	6027.1
Secured Loans	1154.3	1254.5	1975.5	2765.7
Unsecured Loans	0.0	0.0	0.0	0.0
Loan Funds	1154.3	1254.5	1975.5	2765.7
Deferred Tax Liability	165.6	295.7	442.0	663.0
Capital Employed	**3192.8**	**6090.8**	**7578.1**	**9455.8**
Net Block	512.3	808.9	1384.2	1827.8
CWIP	26.0	21.3	64.4	77.3
Investments	0.6	991.1	569.1	569.1
Current Assets	4894.0	8224.8	10894.0	13040.7
Current Liabilities & Provisions	2256.1	4096.9	5457.1	6166.5
Working Capital	2637.9	4127.9	5436.9	6874.2
Miscellaneous Expenditure	16.0	141.6	123.5	107.4
Capital Deployed	**3192.8**	**6090.8**	**7578.1**	**9455.8**

(Source: Company, HDFC Sec Estimates)

Key Ratios:

Particulars	FY07	FY08	FY09	FY10E
FD EPS (Rs.)	**12.9**	**24.0**	**19.7**	**26.4**
PE (x)	**28.3**	**15.2**	**18.5**	**13.8**
FD Book Value (Rs.)	50.7	122.9	139.6	163.1
P/BV (x)	7.2	3.0	2.6	2.2
EBITDA (%)	8.1	9.4	6.6	8.0
PBT (%)	7.4	9.1	6.0	7.1
PAT (%)	5.5	6.0	4.0	4.7
ROCE (%)	23.5	24.4	17.2	18.8
RONW (%)	25.5	19.6	14.1	16.2
Debt / Equity (x)	0.6	0.3	0.4	0.5
Market Cap/ Sales (x)	1.6	0.9	0.7	0.6

(Source: Company, HDFC Sec Estimates)

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