

Stock details

BSE Code	513250
NSE Code	JYOTISTRUC
Reuters Code	JYTS.BO
Bloomberg Code	JYS IN
Market Cap (Rs Mn)	9,558.0
Free Float (%)	73.1
52-wk Hi/Lo (Rs)	328/141
Avg weekly Vol (BSE)	23765
Avg weekly Vol (NSE)	81660
Shares o/s (mn) FV Rs 2	81.2

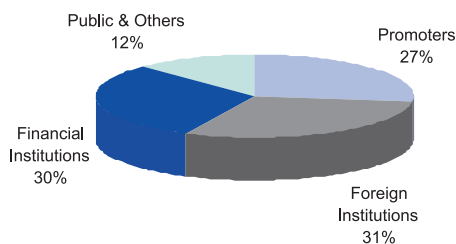
Source: Reliance Money Research

Summary table

Year to March	FY07	FY08E	FY09E	FY10E
Total Revenue	9723.8	13719.5	19820.3	25524.1
Growth %	39	41	44	29
EBITDA	1263.0	1725.1	2173.4	2801.7
EBITDA margin %	13.0	12.6	11.0	11.0
Net Profit	549.9	727.0	849.6	1136.1
EPS (Rs)	6.8	9.0	10.5	14.0
CEPS (Rs)	7.5	9.8	11.8	15.3
EV/EBITDA	8.7	6.8	6.0	4.9
EV/Sales	1.1	0.9	0.7	0.5
ROE %	20.3	21.7	20.6	22.0
ROCE %	28.4	29.5	27.7	28.7
P/E (x)	17.4	13.1	11.3	8.4
P/CEPS (x)	15.7	12.0	10.0	7.7

Source: Company Reliance Money Research

Shareholding pattern (31st March 08)



Source: Reliance Money Research

Stock Performance (Rel to sensx)



Source: Capitaline

Jyoti Structures

RECOMMENDATION :BUY

Price: Rs. 118

Target Price: Rs.195

We initiate coverage on Jyoti Structures (JSL), one of the key players in the Transmission & Distribution space project with a BUY, which we believe is well positioned to take advantage of the strong growth driven by the huge investments lined in the Power sector. JSL enjoys an experienced management team, which has a strong grip on execution deadlines in this business and hence it is ideally placed to capitalise on this huge business opportunity leading to substantial growth both in terms of revenue and profits.

We expect CAGR of 36% in consolidated revenue and a CAGR of 25% in consolidated net profit for JSL during FY08-FY10E. Based on the sum of parts valuation we initiate coverage on JSL with 12 month price target of Rs 195. At our Target price the stock would trade, respectively at 18.6x and 13.9x to our FY09E and FY10E EPS.

Key Positives

Strong Order Book Pipeline would drive revenue growth

The current total domestic order book of JSL stands at Rs 2652 crore with around Rs 1800 crore orders from the transmission line towers projects. Around 2/3rd of the transmission line tower projects orders are in the 400 KV lines and around 40% of the rest in the 765 range KV lines. Due to its considerable expertise in transmission projects and good association with private transmission utilities, we believe that JSL will be the largest beneficiary from the Rs 900 bn business opportunity in the private sector. We therefore, estimate that the revenue for JSL from the domestic market would grow at more than 30% over the next 2 years time.

Growing Business Opportunities in Middle East & Africa

The 70% South African subsidiary of JSL has also witnessed a good move in winning substantial orders in a short time span. Currently this subsidiary has a total orders to the tune of USD 110 mn which are to be executed in the next one and half year's time. Both these business would further boost JSL's domestic push and contribute to the overall topline and bottomline growth of JSL in the next 2 years.

Competition in the T & D segment unlikely to intensify

Within the T & D business segment, apart from project execution capabilities and enjoying a track record, new entrants need to invest in tower manufacturing capacities and require strong pre qualifications norms before they get eligible for large orders from Power Grid and other large customers. Hence entry barriers within the T&D sector demands long term commitment from players making it a stronghold for existing players. JSL is amongst the top three T&D players in India, and with strong execution and product capabilities is likely to benefit significantly.

We Recommend a Buy with a target price of Rs. 195

Based on the sum of parts valuation we initiate coverage on JSL with a 12 month target price of Rs 195. At our Target price the stock would trade, respectively at 18.6x and 13.9x to our FY09E and FY10E EPS.

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Profit & loss statement (Rs mn)

Y/E March	FY07	FY08E	FY09E	FY10E
Net sales	9,723.8	13,719.5	19,820.3	25,524.1
% Growth	39.0	41.1	44.5	28.8
EBIDTA	1,263.0	1,725.1	2,173.4	2,801.7
% growth	72.0	36.6	26.0	28.9
Other Income	8.2	15.2	71.7	77.4
Depreciation	59.4	68.3	106.3	109.5
Interest	329.3	464.7	707.5	858.2
EBIT	1,211.8	1,672.0	2,138.8	2,769.6
EBIT margin	12.5	12.2	10.8	10.8
Contribution from JVs			18	22.4
PBT	882.5	1,207.3	1,449.3	1,933.8
% Growth	100.5	36.8	20.0	33.4
Tax provision	327.9	480.3	557.1	746.0
PAT	554.7	727.0	892.2	1,187.7
% growth	114.5	31.1	22.7	33.1
EO items	(4.7)	-	-	-
Minority Interest	-	-	42.6	51.6
Adj PAT	549.9	727.0	849.6	1,136.1
Dividend (%)	35%	40%	45%	50%
EPS (Rs)	6.8	9.0	10.5	14.0
BVPS (Rs)	33.3	41.4	50.8	63.6

Balance sheet (Rs mn)

Y/E March	FY07	FY08E	FY09E	FY10E
Equity Cap	161.4	162.3	162.3	162.3
Reserves	2,543.7	3,194.7	3,958.8	4,999.9
Networth	2,705.1	3,357.0	4,121.1	5,162.3
Total Debt	1,607.5	2,287.8	3,531.9	4,361.1
Net Deffe Tax Liability	55.1	55.1	55.1	55.1
Minority Interest	-	-	42.6	94.2
Total Liability	4,367.8	5,700.0	7,750.7	9,672.8
Net Block	605.3	665.9	1,159.5	1,082.0
Investments	121.0	121.0	121.0	121.0
CA Loans/Adv	6,499.2	8,530.4	11,493.8	14,956.6
Inventory	818.4	809.6	1,127.4	1,454.8
Debtors	3,639.0	4,905.5	6,631.7	8,573.3
Cash & Bank	93.3	153.8	82.4	211.5
Loans & Advances	1,948.5	2,661.4	3,652.3	4,717.0
CL & Provisions	2,881.7	3,641.0	5,047.5	6,510.7
Current Liabilities	2,685.0	3,335.9	4,719.3	6,088.4
Provisions	196.7	305.1	328.1	422.4
NCA	3,617.6	4,889.3	6,446.3	8,445.9
Mis exp	23.9	23.9	23.9	23.9
Total Assets	4,367.8	5,700.0	7,750.7	9,672.8

Ratio Analysis

Y/E March	FY07	FY08E	FY09E	FY10E
OPM(%)	13.0	12.6	11.0	11.0
NPM(%)	5.7	5.3	4.3	4.4
ROE(%)	20.3	21.7	20.6	22.0
ROCE(%)	28.4	29.5	27.7	28.7
Int cover(X)	3.9	3.7	3.2	3.4
Debt/Equity(X)	0.59	0.68	0.86	0.84
Gross FA turnover (x)	9.92	12.48	11.66	14.59
Debtors Days	136.6	130.5	-	-
Inventory Days	35.3	24.6	24.1	24.1
Valuation Ratios (x)				
P/E	17	13.1	11.3	8.4
P/CF per share	15.7	12.0	10.0	7.7
EV/EBDITA	8.7	6.8	6.0	4.9
EV/Sales	1.1	0.9	0.7	0.5
Mkt cap/Sales	1.0	0.7	0.5	0.4
CEPS(Rs)	7.5	9.8	11.8	15.3
P/BV	3.5	2.8	2.3	1.9

Source: Reliance Money Research

Cash Flow Statement (Rs mn)

Y/E March	FY07	FY08E	FY09E	FY10E
PBT	882.5	1,207.3	1,449.3	1,933.8
Depreciation	59.4	68.3	106.3	109.5
Interest	329.3	464.7	707.5	858.2
Others	83.1	-	-	-
Operating CF	1,354.3	1,740.3	2,263.1	2,901.5
Change in WC	(1,398.9)	(1,211.2)	(1,628.5)	(1,870.4)
Gross Operating CF	(44.6)	529.1	634.6	1,031.1
Direct taxes paid	(334.8)	(480.3)	(557.1)	(746.0)
Other adjustment	(4.7)	-	-	-
Net operating CF	(384.1)	48.8	77.5	285.0
Investing CF	(173.0)	(128.8)	(600.0)	(32.0)
Free Cash Flow	(557.1)	(80.0)	(522.5)	253.0
Financing CF	611.1	140.6	451.1	(123.9)
Net Change	54.0	60.6	(71.5)	129.2
Opening Cash	39.3	93.3	153.8	82.4
Closing Cash	93.3	153.8	82.4	211.5



Corporate Office:

Reliance Money House, Plot No - 250 - A - 1, Baburao Pendharkar Marg,
Off Annie Besant Road, Behind Doordarshan Tower, Worli, Mumbai - 400025
Tel.: 91-22-30443301, Fax No.: 30443306

Equities: Trading through Reliance Securities Limited | NSE SEBI Registration Number Capital Market :- INB 231234833 |
BSE SEBI Registration Number Capital Market :- INB 011234839 | NSE SEBI Registration Number Derivatives :- INF 231234833
Commodities : Trading through Reliance Commodities Limited | MCX member code: 29030 | NCDEX member code: NCDEX-CO-05-00647|
NMCE member code: CL0120 Mutual Funds : Reliance Securities Limited | AMFI ARN No.29889

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