

Company Report

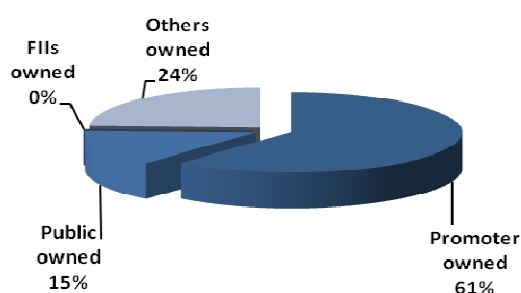
Supreme Infrastructure India Ltd.

17th August, 2010**BUY**
CMP **Rs 292.10**
Target Price **Rs 400.00**

BSE Code	532904
NSE Code	SUPREMEINF
Market Cap (Rs Mn)	4890.36
52 Week High/Low	306.70/72.00
Industry	Infrastructure
Face Value	Rs 10.00
Shares O/S	1,67,42,087

EPS	27.07
CEPS	41.64
Book Value	111.61
P/E	10.79
P/B	2.62

Shareholding Pattern



Strong Guidance: SIIL aims to clock turnover between Rs.780 to 800 crores in this financial year ended March 2011 and also targets about Rs.1200 crores in FY12 as per the carried over order book and the contracts it has participated in. The company is confident to sustain recent EBIDTA margins going forward as well.

Excellent Quarterly Financials: Supreme Infrastructure India Ltd. has reported whopping financials for the quarter ended June 2010. Revenues moved sharply up by about 73% at Rs.1845.35 million from the like period previous year translating operating profits even higher at Rs.366.63 million which witnessed a growth of 77% y-o-y while on a sequential basis it advanced about 45%. The major segment contributing to the turnover is 48% from building segment, road and bridge segment attributing 36%, small booking contracts in railways posted 3% and the new vertical power distribution segment attributed 3% to the turnover.

The bottom line of the company jumped about 81 per cent over Rs.86.31 million registered for the corresponding period of last fiscal to stay at Rs.155.93 million. On the margins front, both the operating profit margin and net profit margin stood more or less flat on year on year basis. EPS ascended sharply to stay at Rs.11.24 from Rs.6.22 clocked a year ago quarter.

Robust order book: Post March, SIIL had the overall order book of Rs.1896 crores out of which it had done execution of Rs.184 crores in this June quarter, post that the balance order book stood at 1771 crores and there has been a very recent addition of 350 crores as an EPC contract. With this the total order book adds up to Rs.2121 crores post June quarter. This order book is well diversified among Roads and bridges, buildings, railways and power projects.

Further, as far as new order intake is concerned, the company has quoted for approximately 12 projects which consists of some certain major road projects and also projects for construction of Government buildings along with projects into the structural engineering. The overall contracts the company has participated in are worth around Rs.3300 crores, out of which there is a single project of Rs.900 crore which is under NHI.

Quarterly Financial performance

Rs. Million

Particulars	Q1FY11	Q1FY10	Q4FY10	YoY%	QoQ%
Net sales	1845.35	1067.82	1718.27	72.81	7.40
Expenditure	1478.72	860.34	1465.37	71.81	0.91
EBITDA	366.63	207.48	252.90	76.71	44.97
EBITDA margin	19.87	19.43	14.72	44bps	515bps
Other income	-----	-----	-----	-----	-----
Depreciation	49.34	44.30	53.60	(7.94)	11.38
EBIT	317.29	163.18	205.82	94.44	54.16
EBIT margin	17.19	15.28	11.98	191bps	521bps
Interest	82.25	44.37	61.11	85.37	34.59
PBT	235.04	118.81	144.71	97.83	62.42
Tax	79.11	32.50	52.50	143.42	50.69
Adjusted PAT	155.93	86.31	92.21	80.66	69.10
Net Profit margins	8.45	8.08	5.37	37bps	308bps
Equity Capital	138.76	138.76	138.76	-----	-----
Equity Shares	13.88	13.88	13.88	-----	-----
EPS	11.24	6.22	6.65	80.71	69.02
CEPS	14.79	9.41	10.51	57.17	40.72

Valuation

We have initiated our coverage on Supreme Infrastructure India Ltd. as on July 8th, 2010 with an initiation price of Rs.257 and with a target price of Rs.330. The company has posted sparkling results for the first quarter ended June 2010 which depicts its strong operational performance. Robust order backlog and decent guidance signifies revenue visibility going forward. The company is also gaining its foothold in backward integration which is an added advantage. Further, active participation in new contracts and increasing edge in BOT projects would make its market presence strong. Since the stock still offers good opportunity, we revise our price target from INR 330.00 to INR 400.00 for medium to long term investment horizon.

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SEBI REGISTERED CATEGORY I MERCHANT BANKER

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