

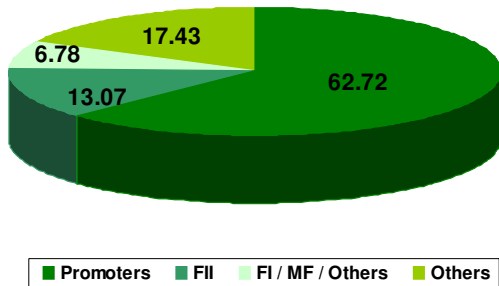
Unity Infrastructure Ltd

4 June 2010

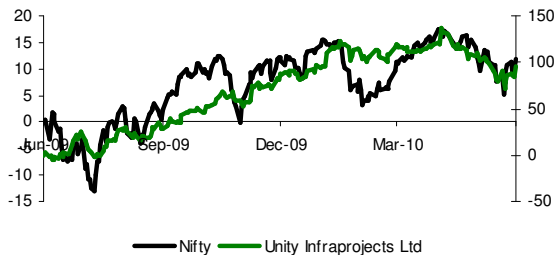
Buy

Industry	Construction
CMP (INR)	108
52 week High/Low (INR)	138 / 51
Market Cap (INR MN)	7,991
3M Avg. Daily Volumes	191,526

Shareholding Pattern (%)



Stock Performance (Last one year)



Performance (%)

	1 Month	3 Months	1 Year
UIL	-5.14	-10.44	106.63
Nifty	-2.15	0.44	12.8

* Source: Capitaline, Unicon Research

Q3FY10	Actual Results	Unicon Estimates
Revenue	4,910	3,721
EBITDA	600	461
PAT	277	234

Q4FY10 Result Analysis

Unity Infrastructures Ltd (UIL), result was ahead of Unicon's estimate for Q4FY10. The revenue at INR 4,910Mn increased by 27.7% on YoY. The operating profit (EBITDA) at INR 600 increased by 18.9% on YoY basis. However, margins declined by 90bps on YoY to 12.2% owing to higher staff cost and construction expenses which rose by 40bps and 730bps respectively during the quarter on YoY basis.

The Profit after tax however, increased by 31.8% led by lower depreciation (32.4%) and Interest outgo (8.8%) on yearly basis. Depreciation and Interest during the quarter were INR 46Mn and 161Mn respectively.

FY10 performance Highlights

Revenue for FY10 at consolidated level increased by 30.8% to INR 15,255Mn. The EBITDA at INR 1,977Mn was higher by 32.4% compared to FY09. The EBITDA margin at 13% is marginally up by 16bps. Interest outgo at INR 605Mn was higher by 38.9%. The PAT increased by 22.3% to INR 860Mn.

Order-book

Current order-book of the company stands at INR 34.77bn which is ~2.5x its FY10 revenue and provides revenue visibility over FY12E. Moreover, UIL is lowest bidder for projects worth INR 8bn pre-dominantly in water and irrigation segment, that otherwise have higher operating margins compared to road and transportation segment. The current order-book comprises of orders from water & irrigation ~55%, ~35% by civil constructions and remaining 10% is from road and transportation segment.

Outlook and Valuation

For FY11, management of UIL expects its order intake to grow by ~30-35% while that in case of Revenue, growth is expected at ~25%.

At the current market price of INR 108/share, UIL discounts its FY11E consensus per share earning of INR 14 by 8x. Buy for target price of INR 130/- from medium to long term perspective.

Analyst
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Unity Infrastructure Ltd

Financial Result

(INR in Mn)

	Q4FY10	Q4FY09	YoY %	FY10S	FY09S	YoY %	FY10C	FY09C	YoY %
Income from Operation	4,910	3,846	27.7	14,790	11,323	30.6	15,255	11,659	30.8
Total Expenditure	4,310	3,342	29.0	12,855	9,880	30.1	13,278	10,166	30.6
EBITDA	600	504	18.9	1,935	1,443	34.1	1,977	1,493	32.4
EBITDA (%)	12.2	13.1	-90 bps	13.1	12.7	34 bps	13.0	12.8	16 bps
Depreciation	46	68	(32.4)	175	159	9.8	178	163	9.6
EBIT	553	436	27.0	1,760	1,284	37.1	1,799	1,330	35.2
EBIT (%)	11.3	11.3	-6 bps	11.9	11.3	56 bps	11.8	11.4	38 bps
Interest	161	176	(8.8)	584	400	45.8	605	436	38.9
Other Income	48	71	(32.5)	122	156	(21.6)	128	156	(18.1)
PBT	441	331	33.2	1,299	1,039	25.0	1,321	1,050	25.8
PBT (%)	9.0	8.6	37 bps	8.8	9.2	-40 bps	8.7	9.0	-35 bps
Tax Provisions	164	121	36.2	433	342	26.5	447	346	29.0
Tax Provisions (%)	37.3	36.4		33.3	32.9		33.8	33.0	
Profit Before Prior Year's Tax	277	210		866	697		874	704	
Share of Firm's Tax	-	(1)		(14)	(1)		(14)	(1)	
PAT	277	210	31.8	851	697	22.2	860	703	22.3
PAT (%)	5.6	5.5	18 bps	5.8	6.2	-40 bps	5.6	6.0	-40 bps
Eps - Basic & Diluted	19	16		58	52		59	53	
Expenditure Break-up	4,310	3,342	29.0	12,855	9,880	30.1	13,278	10,166	30.6
Change in Stock and WIP	(289)	(6)		(339)	(98)		(349)	(388)	
Consumption of materials	2,130	1,707	24.8	6,517	5,073	28.5	6,710	5,267	27.4
% of Sales	37.5	44.2		41.8	43.9		41.7	41.9	
Staff Cost	221	159	38.9	532	433	23.0	561	484	16.0
% of Sales	4.5	4.1		3.6	3.8		3.7	4.2	
Construction Expenses	2,090	1,357	54.0	5,765	4,209	37.0	5,936	4,523	31.2
% of Sales	42.6	35.3		39.0	37.2		38.9	38.8	
Other Expenditure	159	125	27.2	379	264	43.7	419	279	50.2
% of Sales	3.2	3.2		2.6	2.3		2.7	2.4	

Source: UIL, Unicon



Unity Infrastructure Ltd

Unicon Investment Ranking Methodology

Rating	Buy	Accumulate	Hold	Reduce	Sell
Return Range	>= 20%	10% to 20%	-10% to 10%	-10% to -20%	<= -20%

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