

BUY
Again...! Better than expected
CMP: 200

BSE Code	532693
NSE Code	PUNJLLOYD

Key Data

Sensex	9741
52 week H/L (Rs.)	589/183
Oct H/L (Rs.)	325/210
Market Cap (Rs cr)	7355
Avg. daily volume (6m)	881934
Face Value	2

Source: Capitaline

Shareholding Pattern (%)

Promoters	44.37
Institution	33.79
Other	21.84

Source: Capitaline

One-Year Performance (Rel. to Sensex)



Source: Capitaline

Result Highlights

- PLL reported robust growth of 54% in net sales (cons) basis and increased by 61% on YoY Basis.
- As on Q2FY09, Total Order book of PLL is at Rs. 21700 crore.
- OPM and NPM increased by 52 and 21 bps respectively.

Consolidated Quarterly performance

Rs. In Crore	Q2FY09	Q2FY08	%YoY	Q1FY09	% QoQ
Net Sales	2926.05	1894.2	54.47	2648.8	10.47
Total Expenditure	2653.63	1727.7	53.60	2438.1	8.84
Operating Profit	272.42	166.55	63.57	210.69	29.30
Other Income	28.94	30.5	(5.11)	23.69	22.16
Depreciation	43.87	33.35	31.54	39.17	12.00
Interest	49.03	39.36	24.57	36.82	33.16
PBT	208.46	124.34	67.65	158.39	31.61
Tax	64.66	34.9	85.27	46.91	37.84
PAT	143.8	89.44	60.78	111.48	28.99
Minority/ex.ordinary	-0.32	-0.03		0	
RPAT	144.12	89.47	61.08	111.48	29.28
Equity	60.69	60.69		60.69	
EPS	4.74	2.95		3.67	
CEPS	6.20	4.05		4.96	
Margin (%)					
OPM	9.31	8.79		7.95	
EBIDTA	10.30	10.40		8.85	
NPM	4.93	4.72		4.21	

Growth is mainly driven by big tickets order wins and stronger execution.

Robust Sales & PAT, But Margin down

Punj Lloyd (Cons) sales rose by 55% and PAT rose by 60% in Q1FY09 on the back of strong order book and focus on execution of some large orders. PAT increase by 60% to Rs. 144 Crore. Expenses also increase in proportionate of sales. It's OPM increased by 52 bps.

Order book to sales ratio stands at 1.89x FY09E

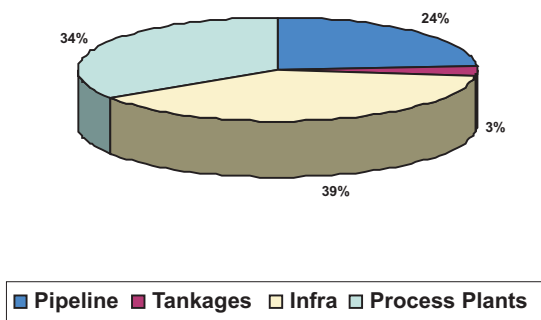
The auditor qualification of Rs 270 crore mainly pertains to a SABIC order, expected to settle by March'09

95% of orders are from Govt. owned companies

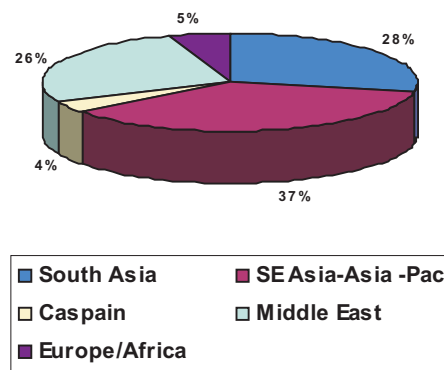
Strong Growth in Orders

Punj Lloyd reported robust growth in order backlog at Rs. 21700 crore up by 45% YoY. Legacy orders with the group in this total backlog is Rs. 590 crore and company is expected to complete substantial portion at the end of FY09 with nil margin. Provisioning on these orders is not ruled out as the company is yet to finish these projects and determine whether any further provisions are required. 80% of PLL orders has cost escalation clause.

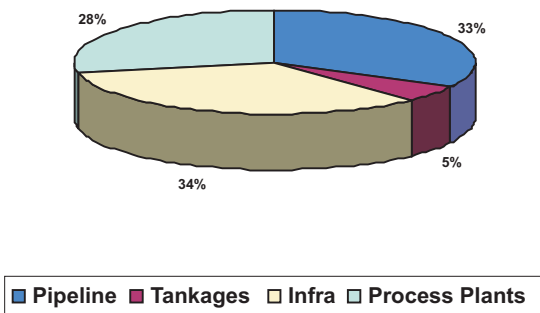
Sector Wise Revenue Break up



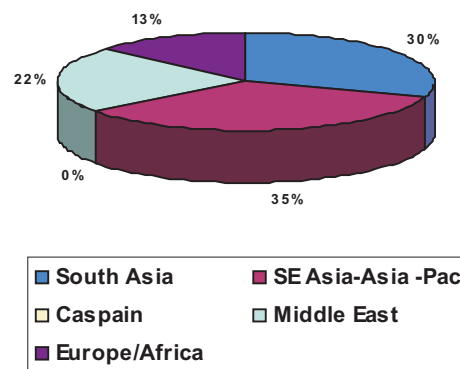
Geog. Revenue Break up



Sector Wise order book Break up



Geog. Order Break up



Key Orders Bag during the Quarter

- PLL Secured Rs. 1005 crore contract from GVK power, Hyderabad for 2x270 MW Thermal power project in Punjab.
- Won a Rs. 464 crore contract from Tecnicas Reunidas, Spain to carry out Mechanical work.
- Punj Lloyd Secured an order from Qatar Petroleum of Rs. 3636 crore.

Management Guidance

Management continues to be confident given robust order book of Rs. 21700 Crore. The company has minimal exposure to real estate and most of the clientele base is our govt. companies. According to management there is slow down in refinery/ petrochemicals capex, but upstream capex is still strong.

Future outlook

The current consolidated order of over Rs 21700 Cr is approximately 1.9x FY09 consolidated sales. Going forward, we expect PLL to gain a significant share of the ongoing industrial, Oil & gas and infrastructure capex from diversified geographical reach resulting in substantial topline growth and profitability. Going forward PLL's foreing into defense will add fuel to the growth. We believe that the company reported robust Q2 FY09 numbers, which is better than our expectation, answering medium term concern on PLL's earnings. Hence, we are keeping our estimates unchanged and are quite confident about its FY09E and FY10E earnings.

At CMP PLL is trading 10.47x FY09E and 6.5X FY10 earnings with an EPS of Rs 19.1 and Rs 30.5 respectively. Considering the future growth potential of the company, we recommend a "**BUY**" rating on the Stock

FINANCIAL HIGHLIGHTS

Profit and loss account	FY05	FY06	FY07	FY08	FY09E	FY10E
Sales (net)	1,790.0	1,684.7	5,123.8	7,752.9	11,629.4	16,862.6
Other Income	130.6	32.7	80.0	118.2	177.3	257.1
Total Income	1,920.6	1,717.4	5,203.7	7,871.1	11,806.7	17,119.7
Total exp.	1,620.3	1,510.5	4,749.4	7,113.9	10,640.9	15,412.4
EBIDTA	169.7	174.2	374.4	639.0	988.5	1,450.2
Interest	96.7	62.7	82.5	129.2	160.0	195.0
PBDT	203.7	144.3	371.8	628.0	1,005.8	1,512.2
Depreciation	83.9	60.4	106.2	146.2	210.0	250.0
PBT	119.8	83.9	265.6	481.8	795.8	1,262.2
Tax	19.4	29.2	69.0	123.5	216.0	335.0
PAT	100.4	54.7	196.7	360.0	579.8	927.2
Equity	60.69	60.69	60.69	60.69	60.69	60.69
EPS	3.31	1.80	6.48	11.86	19.11	30.56
Margin (%)						
EBIDTA	9.48	10.34	7.31	8.24	8.50	8.60
NPM	5.61	3.25	3.84	4.64	4.99	5.50

DISCLAIMER

This document has been prepared by Anagram Capital Ltd. (Anagram), for use by the recipient only and not for circulation. The information and opinions contained in the document have been compiled from sources believed to be reliable. Anagram does not warrant its accuracy, completeness and correctness. This document is not, and should not be construed as, an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from us. Anagram and the analyst(s), including his dependant family members may have an interest in the securities recommended above. To unsubscribe, send a mail to unsubscribechinta@gmail.com

RATING INTERPRETATION

Buy Expected to appreciate more than 20% over a 12-month period

Accumulate Expected to appreciate up to 20% over a 12-month period

Hold Expected to remain in a narrow range

Avoid Expected to depreciate up to 10% over a 12-month period

Exit Expected to depreciate more than 10% over a 12-month period