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QUARTERLY PERFORMANCE ANALYSIS OF COMPANIES (July-September 2006)

INDIAN CONSTRUCTION & INFRASTRUCTURE

November 2006

Cygnus Business Consulting & Research

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EXECUTIVE SUMMARY

Indian economy registered a growth of 8.9% in the first quarter AMJ06 as compared to 8.5% in the same period in previous year; this has been the highest in best quarter of any fiscal since 2000-01. The growth is attributed to 31% rise in bank credit, 36.2% growth in commercial vehicle production, 32.2% increase in civil aviation passenger traffic and a 48.9% increase in telephone connections. Further growth was also due to strong performance of manufacturing as well as service sector. The IIP (Index of Industrial Production) growth during first half months ended Sept 2006 was at 10.9% as compared to 8.5% in the same period of 2005. Manufacturing sector continues to drive main industrial activities with IIP growth of 12.1% during first half months ended September 2006, the highest since 1996-97. The infrastructure sector witnessed 7.3% during first half months ended September 2006 as compared to 6.1% in same period in 2005. The construction and infrastructure firms witnessed strong growth with huge order book position.

The construction sector in India maintained a strong growth rate during the JAS06 and it is estimated to grow at 9-10%. The Reserve Bank of India increased the interest rates fearing a real estate bubble; however this increase in the rate may not have a high impact on the growth rate, since the lending for the real estate and housing from banks and other institutions remain robust, fuelling the growth. This sector's growth rate during the JAS06 is also heavily influenced by the investment that the government of India is making to improve the infrastructure like roads, ports, irrigation, and physical infrastructure sector.

Nagarjuna construction and Madhucon projects witnessed high growth rates in top line, growing at 77% and 54% respectively among its peers. However, L&T remains as the undisputed market leader, revenue with a revenue Rs.34,083m during JAS06. Among order books position L&T dominant with high order book position of Rs 29,270 m during end of September 2006. All construction firm's have strong order books positions for the rest of half year. Further into on operations state owned HCC witnessed high growth in operating profit with a growth of 194% during JAS06. Madhucon Constructions is most profitable company with operating margins of 20% among peers. In terms of financial performance, Madhucon Projects registered an yet another cracking performance by clocking a 253 % growth rate in PAT, followed by IVRCL, which registered a 194% growth rate in PAT during JAS06. However L&T position remained unchanged with huge after tax profits of Rs 2,012 m during JAS06. Madhucon continues to be most profitable company with net margin of 12% compared to its peers during JAS06. In capital market, except Nagarjuna, L&T and State owned HCC share prices of all companies witnessed positive growth. It's due to fact that Nagarjuna and L&T witnessed split in its shares. Alstom construction gave highest return among peers with a return of 51%, followed by Madhucon with 17% and IVRCL with 10% compared to Sensex that gave 16.4% return during JAS06.

Infrastructure sector is poised to grow at much faster rate as India is witnessing major growth across all the segments. According to the estimates of Planning Commission, India needs to invest around 8-9% of its GDP to upgrade the infrastructure in the country in next two 5 years plans. India's rising population has created demand for houses, both new as well as replacement ones. The demand for new houses required in India is likely to touch 10m by 2030. Even the approach paper for 11th five year plan states that the investment in the infrastructure needs to be increased from 7 to 8% during the 11th plan period from the current level of 4.6%. This alone will ensure the continuous growth in the construction sector since it is the biggest beneficiary of the investments in the construction sector. India is aiming to achieve 10% annual GDP growth by the year 2011-12. It needs over US\$300 billion to upgrade its infrastructure over the next five years. Large investments are geared towards the infrastructure, which augurs well for the construction industry in India.

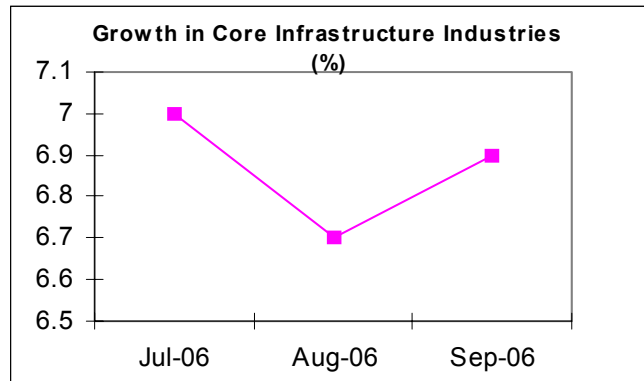
INDUSTRY ANALYSIS

Boom in the construction business to sustain

The unprecedented increase of activity in the construction space is likely to continue for long time While roads are the taking the centre stage, other segments are too beginning to show momentum. Investments in the road sector have picked up significantly, funded by cess on petrol and diesel and spurred by government’s active interest. It accounts for nearly 65% of the total investment in infrastructure and is expected to be the biggest beneficiary of the surge in infrastructure investment over the next five years.

Construction Sector growth drives core index

With government continually giving top priority to the development of physical infrastructure like highways, ports, and dams in the country, the core infrastructure index has seen a modest growth during July-September 2006, Though the year growth rates have slowed down when compared to the same in 2005, the growth in construction sector will drive the infrastructure index northwards in the coming quarter due to increased investment by the government as well as corporates.

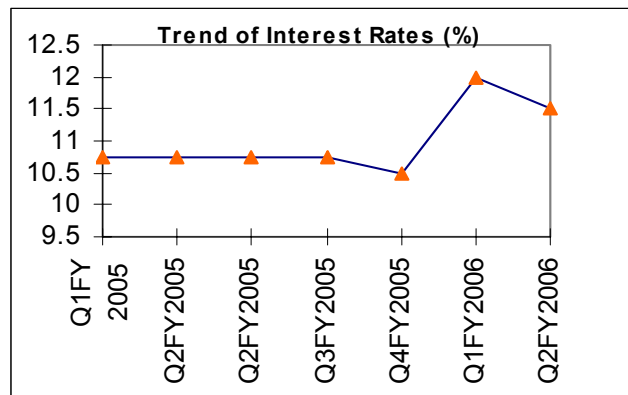


Source: RBI, Ministry of industry&

Real Estate & Sector

Real Estate and housing robust despite hike in interest rates

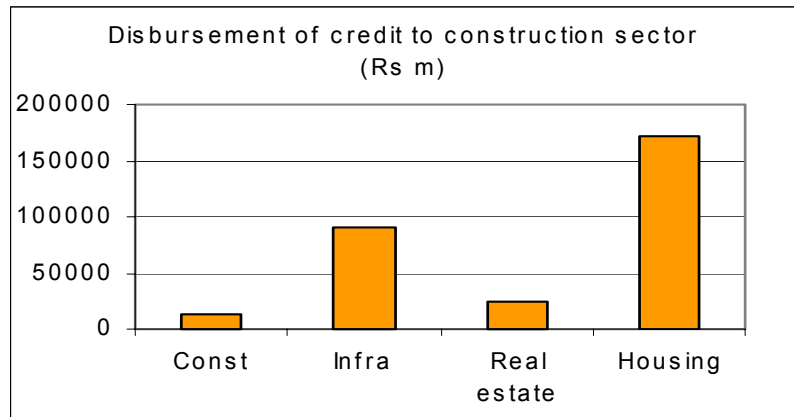
Indian housing finance industry is growing by leaps and bound in past few years. The industry saw a compound annual growth rate (CAGR) of 30% in the last five years. Housing loans by scheduled commercial banks (SCB) and housing finance companies (HFC) grew by 20% during 2000-2005. During July-September 2006, housing loans feared at an impressive growth rate 22%.The robust growth experienced by the industry in the few years has been triggered by a number of factors such as by certain fiscal, social and regulatory drivers. Because of the expected hike in home loans rates due to recent credit policy changes, strong rise in salary levels and tax incentives, .India’s housing demand will probably expand four fold to 80m units by 2015, requiring an investment of US\$670 billion.



Source: Cygnus Research

Government credit towards construction & infrastructure groups

Real estate and housing sector witnessed drastic rise in total banking credit growth. Loans to commercial real estate rose by 15% during April-September 2006 as compared to same in year 2005. However, interest rate was not hiked. RBI may have a positive impact on the loan disbursement in the coming quarter.



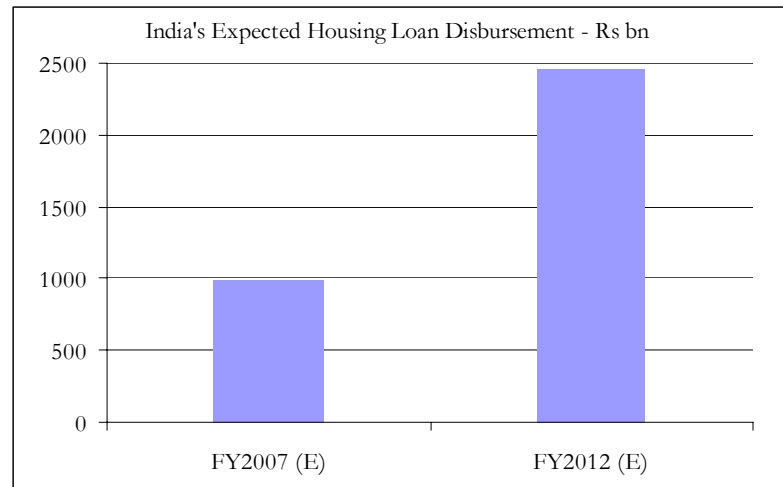
Source: Cygnus Research

Robust growth in credit towards Real Estate & housing sector

Indian housing finance industry has grown by leaps and bounds in past few years. The industry saw a compound annual growth rate (CAGR) of 30% in the last five years. Housing loans by scheduled commercial banks (SCB) and housing finance companies (HFC) grew by 20% during 2000-2005.

Demand for houses to touch 10m by 2030

India's rising population has created demand for houses, both new as well as replacement ones. The main factors driving the housing industry are rising urbanization, rising disposable income, decline in average household and comparatively lower interest rates. The demand for new houses required in India is likely to touch 10m by 2030. Currently, 1.21 billion people live in 250m homes; 175 lie in rural areas and 75 in urban areas. In tenth five year plan, urban development estimated an additional requirement of about 4.5m houses each year during the plan period (2002-07). Over the next decade and a half, India will have to build around 85m housing units to meet the shortfall.



Source: Cygnus Research

306 new irrigation projects taken up during tenth plan

Three hundred new irrigation projects have been taken up or are in the process of being taken up by the Government of India to increase the irrigation potential. In the irrigation sector, a total of Rs944.18 crore has been released under the program during the current year, in addition to Rs,45,000m allotted for repair, renovate and restore 20,000 water bodies with a command area of 1.47m hectares.

Project Type	No Of Projects
Major Irrigation projects	78
Medium Irrigation Projects	142
Extension, Renovation & Modernization	86
Total	306

Source: ministry of water resources

Outlook for the Sector

Infrastructure development in India has taken a major leap in the last two years and is witnessing impressive growth across various segments. A recent study shows that India needs to invest US\$331 billion over next five years to upgrade its infrastructure. Even the approach paper for 11th five year plan states that the investment in the infrastructure needs to be increased to 7 to 8% during the 11th plan period from the current level of 4.6%. This alone will ensure the continuous growth in the construction sector since it is the biggest beneficiary of the investments in the construction sector. India is aiming to achieve 10% annual GDP growth by the year 2011-12. It needs over US\$300 billion to upgrade its infrastructure over the next five years. The Indian economy has grown at an average 8% in the past three years, and a 10% annual GDP growth is difficult to achieve, unless the country improves its infrastructure. The investment in infrastructure would have to come from the private sector. But private players have shown little interest to invest in power projects and roads due to the absence of proper user charges.

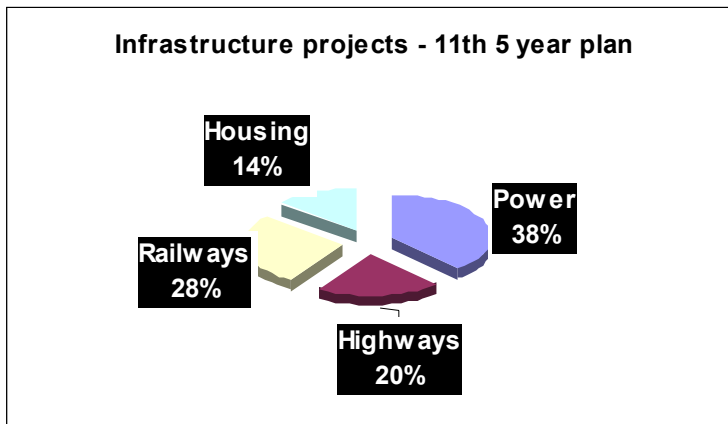
Government doubles infrastructure investments to 145bn

The government has pegged investment requirements for the country's infrastructure sector at Rs 145bn, India should double gross capital formation in the infrastructure sector to 8% by 2012 to sustain the current pace of economic growth of over 8%. Finance Minister of India has also outlined the same recently.

Real estate: poised for exponential growth

India's real estate is one of hottest among real estate markets in the globe. With an industry size of US\$210 billion in 2005, it is poised to become US\$500 billion by 2010. With change in reforms and regulations many real estate companies are coming with their initial public offering (IPO). The capital market accepts that real estate sector would bring Rs2 lakh million to the market with in 2-3 months. In real estate sector special economic zone is considered to be biggest component accounting for 60%, the rest consists of commercial segments corporate offices, hotels, hospitals and shopping malls.

Construction industry focuses on capacity building in 11th five year plan



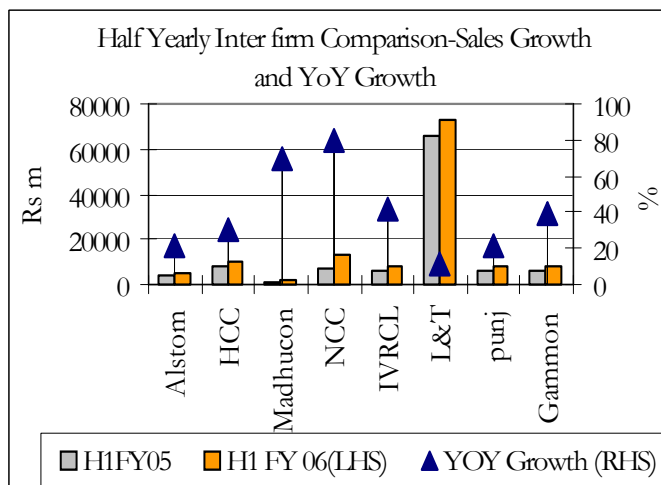
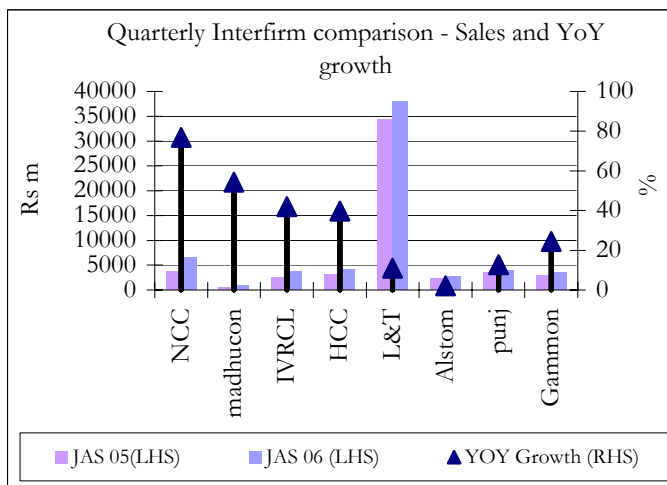
Source: Cygnus Research

The government is engaged with investment being envisaged in the 11th plan to develop physical infrastructure of the country. The huge investment would be made mainly in railways, freight corridors, surface transport, road, highways, ports, aviation and power 15-20% of the total investment would come from private sector in PPP model. Out of the Rs145bn investment, 42bn would be in power generation followed by modernization of highways Rs22bn railways Rs30bn housing Rs150bn. CIDC is an apex body formed by the planning commission together with the Indian construction industry.

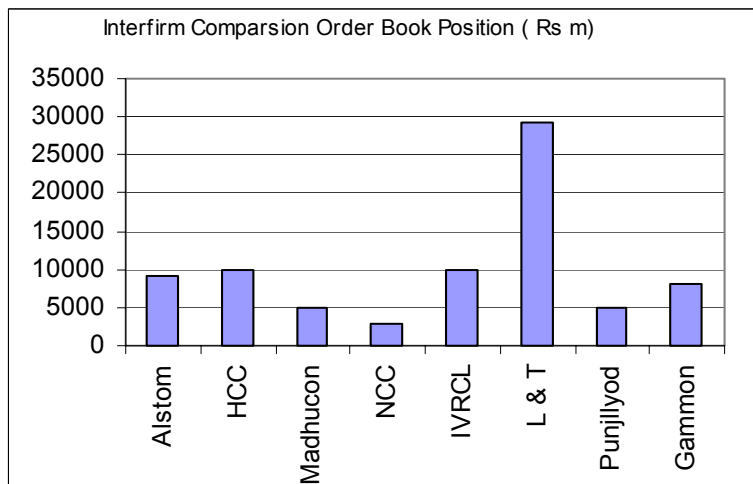
INTER-FIRM COMPARISON

Operating Performance

Construction companies witness growth; Nagarjuna makes impressive strides, L&T continues to dominate
 Nagarjuna Projects Limited and Madhucon Constructions made impressive strides during July-September 2006 quarter registering an impressive growth of 77% and 54% in sales when compared to the same quarter of last year. This growth was achieved mainly due to a gain of overseas orders, especially for Nagarjuna and Madhucon Projects. IVRCL also continued its impressive sales growth by registering a handsome 42% growth in its sales. **However L&T**, Alstom projects continues to dominate the field by foraying into new areas of engineering like Ship Building, Hydro Electric projects, Hydro carbon projects and other real estate ventures. The order books of these firms also show a healthy trend and as on September 2006, it is estimated that these firms have Rs29,270m and Rs20,000m worth of orders, which are to be executed in another two to five years time. Of these companies, the biggest order book has been that of L&T Engineering Constructions & Contracts (ECC) division, which dominates the other companies with an order book of Rs15,000m. The other company, which has a decent share, is Nagarjuna Construction Company that has an order book of Rs3,000m and is followed by the likes of IVRCL, Nagarjuna and Madhucon Projects.



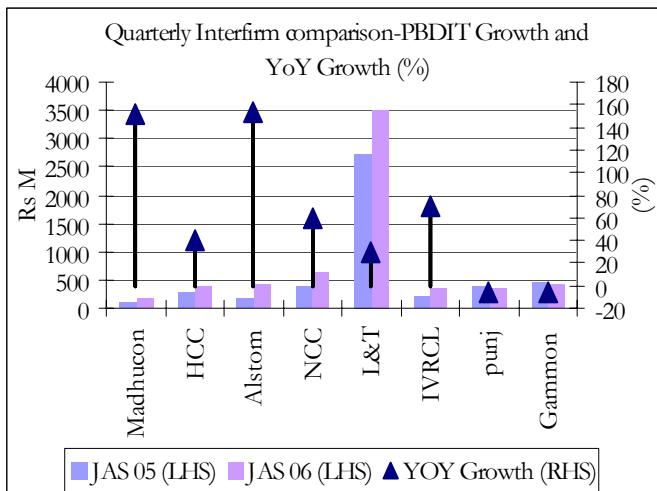
On the back of strong order book position



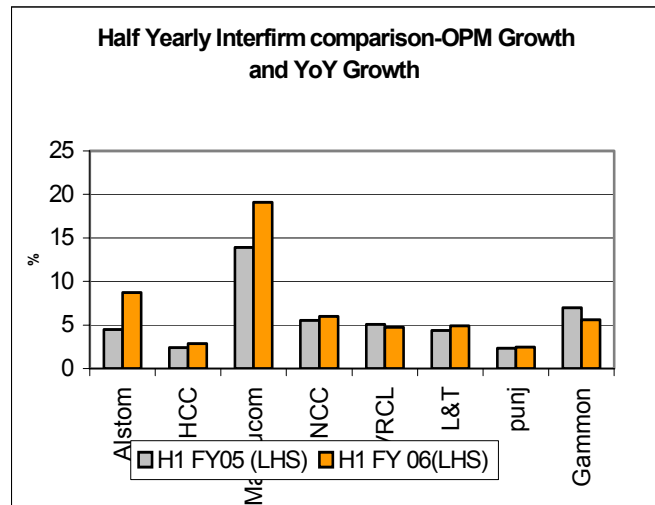
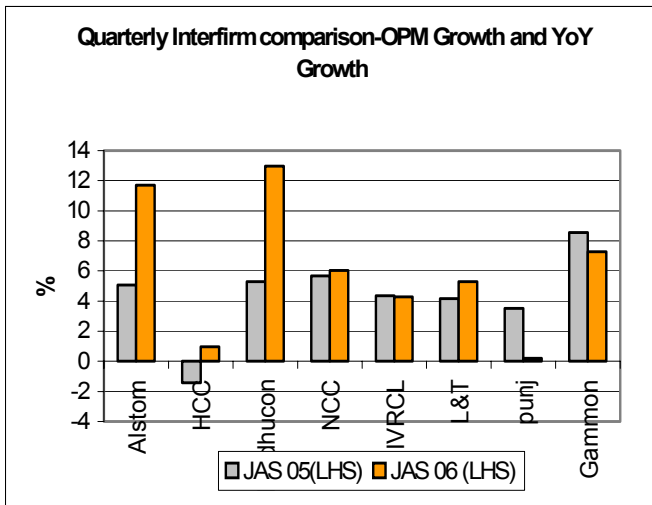
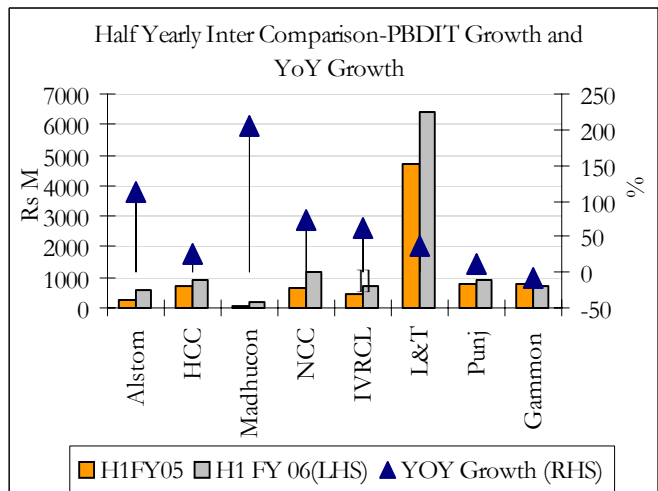
Source: Cygnus Research

Alstom logs in high growth in operating profit

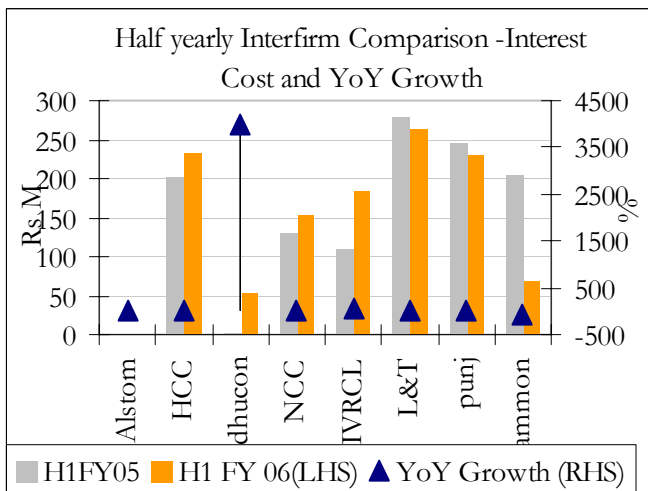
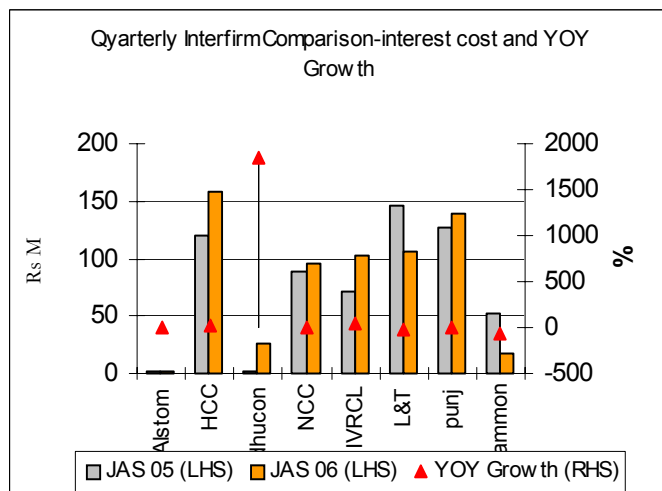
Alstom projects retained their lead in the construction market and their PBDIT has risen from Rs167m in July-September 2005 to Rs424m in July-September 2006 registering a growth of 153%. This growth has been registered mainly on the strength of overseas orders, especially from European and Asia countries. The only other company, which has a high PBDIT other than Alstom projects, is Madhucon projects Company that followed the trend of major players in increasing the PBDIT. However, the growth rates in the PBDIT have been achieved by IVRCL, whose PBDIT jumped from Rs213.88m during July-September 2005 to Rs362.88m in April-June 2006, a growth of 69%, and Nagarjuna Constructions, which recorded an impressive increase in PBDIT to Rs627.63m from Rs393.71m during the corresponding quarter in 2005. This growth rate was achieved mainly due to an increased inflow of orders from NHAH and overseas, especially for Irrigation projects. Hindustan Construction Company also followed the growth trend and managed to increase its PBDIT by 41% in April-June 2006 when compared to the corresponding



Source: Cygnus Research



Major Construction firms have witnessed grown in its interest cost on account of as is it used debt amount using the interest cost of Alstom projects has dipped highest by 0% to Rs1m during quarter ended September 2006 as compared to same period in 2005. Larsen & Tourbo and Gammon India experienced 27% and 66% decline in interest cost respectively, during the same period. Some of the Construction firms like Madhucon, Hindustan Construction Company and IVRCL have witnessed rise in interest cost, owing to debt money being used by the industry for their development Projects.

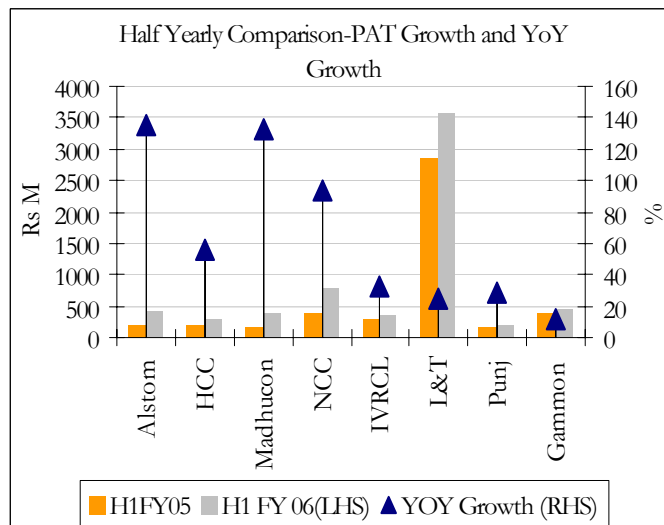
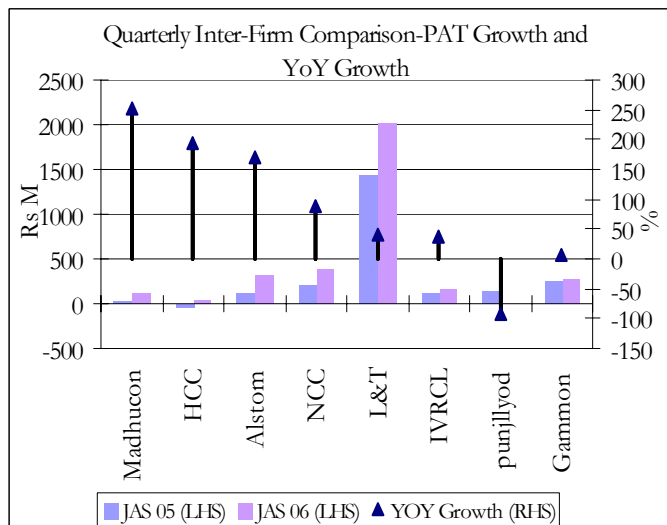


Source: Cygnus Research

Financial Performance

Madhucon outperforms peers in PAT growth

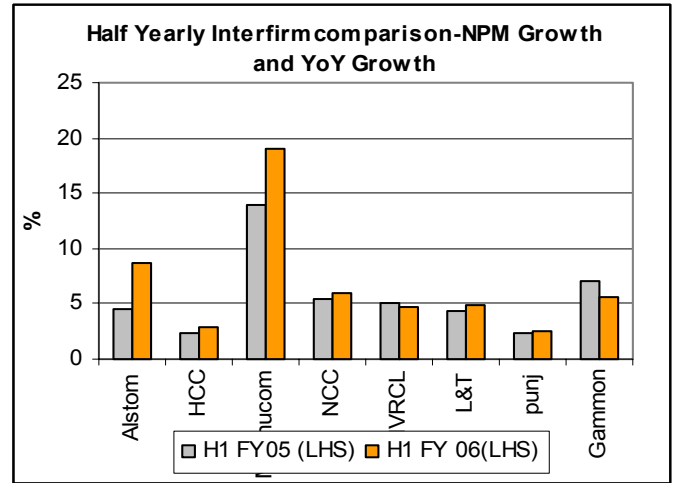
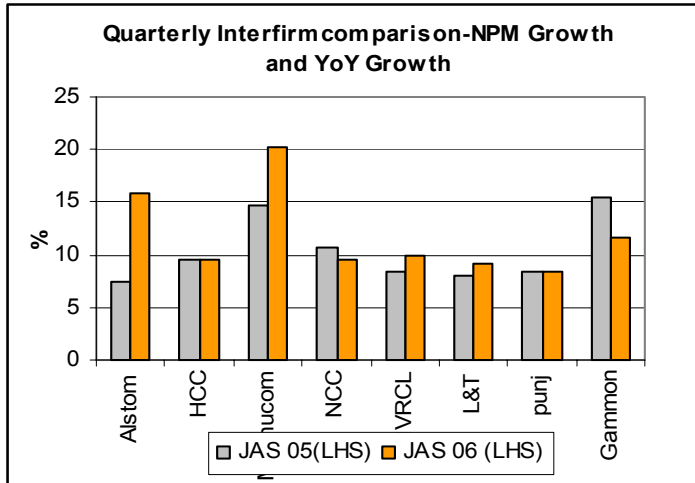
Madhucon Projects recorded an impressive 253% growth in PAT, while the other star performer was Nagarjuna Constructions and IVRCL, which recorded a remarkable 194% increase in PAT. Alstom projects, however, remained the most profitable company in the group with the highest PAT of Rs313m, 172% higher than the same



Source: Cygnus Research

corresponding quarter in 2005. Nagarjuna constructions followed the similar growth trend and increased its PAT by 88% to Rs627.63m. All the firms in the above mentioned group recorded a good increase in the order flow, with L&T

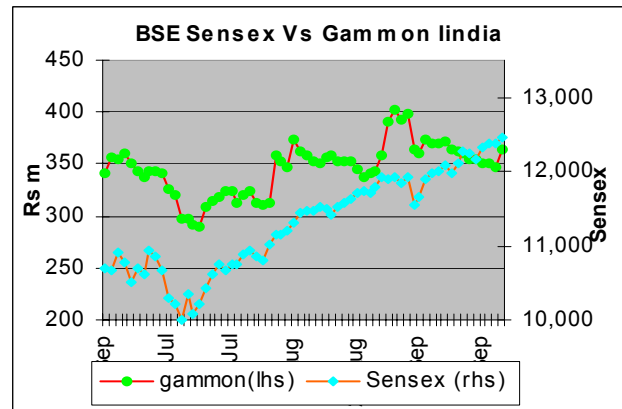
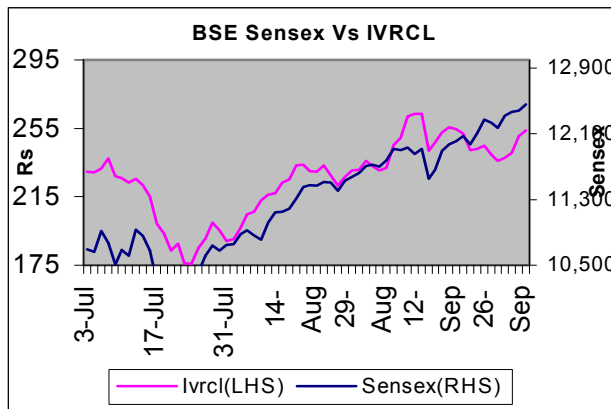
inauguration switch gear factory in China. L&T will manufacture and market its indigenously developed, high-end air circuit breakers (ACB) and moulded case circuit breakers (MCCBS) out of the new factory. Along with that order, Alstom projects, which also secured Rs20,000m order from Bharat Heavy Electricals Limited for supercritical boilers, would look at job sharing for the project. Alstom has order book of Rs21,000m and expects revenue of 10,000m this year.

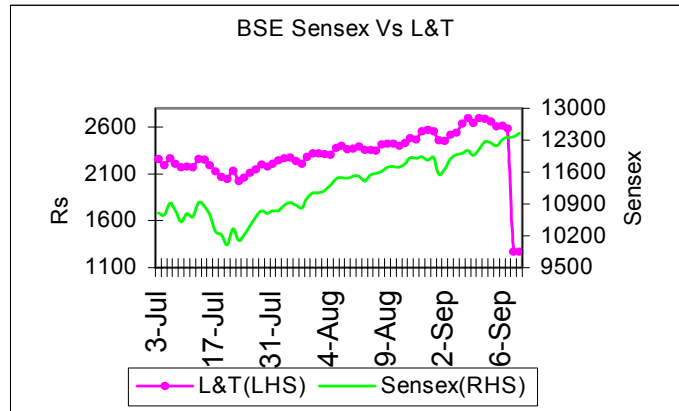
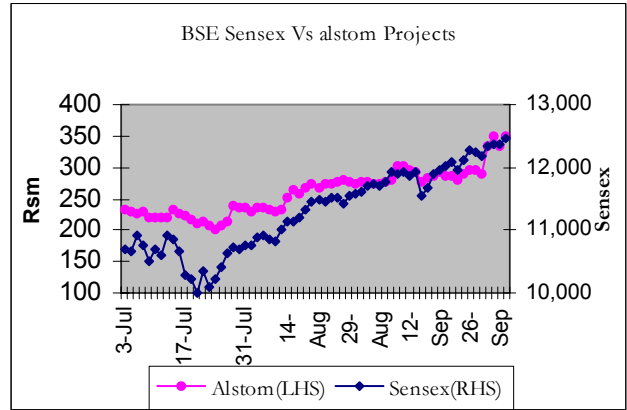
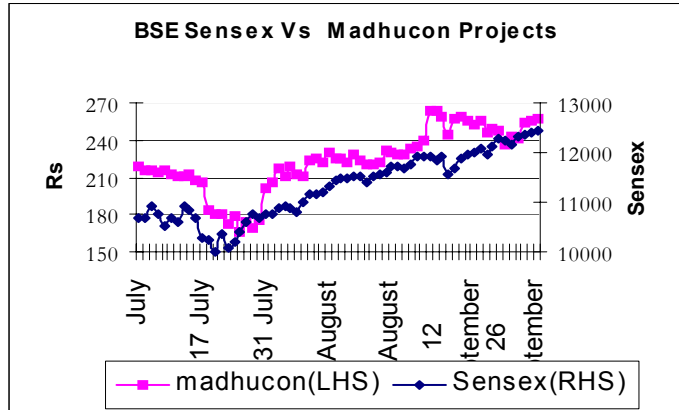


Source: Cygnus Research

However L&T continues to dominate the field by foraying into new areas of engineering like Ship Building, Hydro Electric Projects, Hydro carbon projects and other real estate ventures. The order books of these firms also show a healthy trend, and as on September 2006, it is estimated that these firms have Rs29270m worth of orders that are to be executed in another three to four years time. Of these companies, the biggest order book has been that of L&T Engineering Constructions & Contracts (ECC) division, which dominates the other companies with an order book of Rs15,000m. The other company, which has a decent share, is Hindustan Construction Company; it has an order of 9,819m and is followed by IVRCL, Nagarjuna and Madhucon Projects.

Stock performance





Source: Cygnus Research

The stocks of all the companies have underperformed in terms of markets looking to other sectors in the stock market. Mutual funds launches the infrastructure fund in the market in this second quarter. FIIs buy to the tune of Rs124, 536m during July-September 2006. Even the domestic mutual fund follows suit and has bought to the tune of Rs16,849.2m during the same quarter. The index has gone up by 16.45% from 10,000 to 12,500. The construction industry's stock performance is very volatile in the stock market, due to the interest shown by the foreign institutional investors, who mostly held on to the stock during the down turn. The Alstom projects have shown impressive growth in the stock performance in the construction industry. L&T has issued bonus shares 1:1 in July-September 2006 and Nagarjuna Construction company's stock has been stock split into 1:5 shares in the same period as in July-September 2006.

COMPANY ANALYSIS

1. Madhucon Projects

Year End	Net Sales (Rs m)	PAT (Rs m)	EPS(Rs)	P/E	ROE (%)	ROCE (%)
March 06(A)	3,420	294	14.7	21.6	7%	11%
March 07 (E)	5,301	385.9	20.9	15.1	10%	16%
March 08 (E)	8,322	621.5	31.5	10.1	15%	26%

A: Actual, E: estimates
 Source: Cygnus Research
 Note: 1.All calculations are on the basis of trailing method
 2. EPS is projected on the basis of Profit

Madhucon Projects recorded a impressive 253% growth in PAT higher than the same corresponding quarter in 2005. PBDIT registered a 113% in July-September 2006 as compared to 2005 same quarter.

Madhucon Projects is engaged in the areas such as national highways, toll roads, irrigation projects, residential-cum-commercial projects and railway projects. Recently, the company signed a concession agreement with the National Highways Authority of India (NHAI) for laying over 126 km stretch of road between Madurai and Tuticorin on a build, operate and transfer (BOT) basis. The Rs8200m toll road project is scheduled to be completed in 36 months with a concession period of 20 years with a positive grant of Rs1,450m, which is payable by NHAI.

(Rs millions)						
Y/E March	Quarter		Industry Aggregate	Full Year ended		
	JAS05	JAS06	JAS06	2005-06	2006-07 (E)	2007-08 (E)
Sales	605.00	933.60	63195.71	3420	5301.0	8,322.5
Change (%)	-0.35	54.31	23.00	12%	55%	57%
EBITDA	88.50	188.98	5068.4	479	730.8	1,184.0
Change (%)	-0.27	113.50	63.00	24%	53%	62%
Depreciation	39.00	33.11	1,014.70	171	278.3	436.9
Interest	1.32	25.61	646.50	6.20	34.52	34.52
Other Income	3.21	40.34	2,107.23	64	64	64
PBT	48.19	130.26	4,630.40	366	482.3	776.9
TAX	16.22	17.60	1,332.01	71	96.5	155.4
Effective Tax Rate	0.24	13.00	28.02	20%	20%	20%
Reported PAT	31.97	112.66	3,298.32	294	420.2	632.8
Adj PAT	29.44	112.66	3,154.20	294	385.9	621.5
Change %	-0.50	3.96	63.00	50%	31%	61%

Source: Cygnus Research
 Note: 1.All calculations are on the basis of trailing method
 2. PBT and PAT are projected figures

2. Larsen & Toubro

Year End	Net Sales (Rs m)	PAT (Rs m)	EPS(Rs)	P/E	ROE (%)	ROCE (%)
March 06 (A)	1,47,630.80	11,166.03	81.27	13.95	24.00	NA
March 07 (E)	3,01,831.17	15,514.02	112.09	11.20	33.00	NA
March 08 (E)	2,09,635.73	22,209.64	161.39	8.23	48.00	NA

A-Actual, E-Estimates
Source: Cygnus Research
Note: 1.All calculations are on the basis of trailing method
2. EPS is projected on the basis of Profit

L&T retained their lead in the construction market and their PBDIT has risen from 2,715.5m to 3,499.2m during the quarter July-September 2006, registering a growth of 28%.and PAT registered from 1,430.5m to 2,012.5m during the quarter July-September 2006.

Larsen and Toubro (L&T) is the largest division in the L&T group contributing revenues from Engineering Construction and Contracts (ECC) nearly 89% from one segment sector of the company. The total order backlog as on September 2006 stood at Rs29,270m which ensures a steady growth of income for the company. International orders constituted 19% of the total value of orders booked during the current quarter. A robust order-book, for a wide range of electrical and electronics division, infrastructure projects and expanding margins that lend earnings visibility make Larsen and Toubro (L&T) more positive.

(Rs millions)						
Y/E March	Quarter		Industry Aggregate	Full Year ended		
	JAS05	JAS06	JAS06	2005-06	2006-07 (E)	2007-08 (E)
Sales	34,269.30	37,360.70	63,195.71	1,47,630.80	2,09,635.73	3,01,831.17
Change (%)	13%	11%	23	12%	42%	44%
EBITDA	2,715.00	3,499.20	5,068.4	10,677	16,608.07	25,827.62
Change (%)	-49%	29%	63	32%	56%	56%
Depreciation	260.20	336.40	1014.70	1,144.90	1,660.81	2,582.76
Interest	146.70	106.10	646.50	750.70	1,050.98	1,471.37
Other Income	1,963.70	1,117.30	2107.23	4,355.50	4,355.50	4,355.50
PBT	2,308.10	3,056.70	4630.40	13,136.76	18,251.78	26,128.98
TAX	877.60	1,044.50	1332.01	1,970.47	2,737.76	3,919.34
Effective Tax Rate	38%	34%	28.02	15%	15%	15%
Reported PAT	1,430.50	2,012.20	3,298.3	9,423.90	13,207.05	19,015.36
Adj PAT	1,430.50	2,012.20	3,154.2	11,166.03	15,514.02	22,209.64
Change %	65.31	40.66	63%	2%	28%	39%

Source: Cygnus Research
Note: 1.All calculations are on the basis of trailing method
2. PBT and PAT are projected figures

3. IVRCL

Year End	Net Sales (Rs m)	PAT (Rs m)	EPS(Rs)	P/E	ROE (%)	ROCE (%)
March 06 (A)	14,956.98	929.55	9.29	24.54	19.99	24.47
March 07 (E)	21,089.34	1,229.93	12.29	25.08	23.51	25.71
March 08 (E)	31,001.32	2,082.01	20.82	16.80	13.88	27.90

A-Actual, E-Estimates
Source: Cygnus Research
basis of trailing method

Note: 1.All calculations are on the
2. EPS is projected on the basis of Profit

IVRCL has posted a growth of 42% in top line and 39% in net profit for the second quarter of current fiscal ended September 2006. The company's other income has increased by 1483% during the quarter ended September 2006. IVRCL focused on projects like drinking water, sanitation and irrigation which is likely to propel growth as this is the key component of IVRCL orders and revenues. This has led to a decline in the EPS from 5.41 to 1.43 during the quarter ended September 2006.

IVRCL Infrastructures & Projects Ltd has announced that the Company has bagged orders of value Rs3,290m that included water transmission works of Rs2,840m value in the states of Gujarat and Kerala and building works of Rs450m. Apart from these projects, IVRCL is related to power projects, sewerage projects, water pipelines, buildings, housing projects in Noida worth Rs2,500m. With major orders in hand it is expected to register a top line growth of 50% in FY 2007-08.

(Rs millions)						
Y/E March	Quarter		Industry Aggregate	Full Year ended		
	JAS05	JAS06	JAS06	2005-06	2006-07 (E)	2007-08 (E)
Sales	2,566.6	3,644.13	63,195.71	14,956.98	21,089.34	31,001.32
Change (%)	36.66	41.98	23.00	41.81	41.00	47.00
EBITDA	213.88	362.88	5068.4	1400.35	1799.44	2800.41
Change (%)	26.21	69.66	63.00	57.52	18.25	46.34
Depreciation	24.17	48.89	1014.70	109.97	123.25	162.33
Interest	71.81	102.65	646.50	253.13	253.13	253.13
Other Income	3.49	54.56	2107.23	57.47	57.47	57.47
PBT	117.90	211.34	4,630.40	1,037.25	1,423.06	2,384.95
TAX	5.94	55.67	1,332.01	107.70	193.13	353.43
Effective Tax Rate	5.03	26.03	28.02	10.38	14.99	17.50
Reported PAT	111.96	155.67	3,298.32	929.55	1,229.93	2,082.01
Adj PAT	111.96	155.67	3,154.20	929.55	1,229.93	2,082.01
Change %	37.72%	39.04%	63.00	63.92%	23.92%	56.84%

Source: Cygnus Research
Note: 1.All calculations are on the basis of trailing method
2. PBT and PAT are projected figures

4. Alstom Projects

Year End	Net Sales (Rs m)	PAT (Rs m)	EPS(Rs)	P/E	ROE (%)	ROCE (%)
March 06 (A)	9,456.00	463.00	6.91	66.40	15.40	17.50
March 07 (E)	12,765.60	793.39	11.84	38.40	26.10	32.67
March 08 (E)	17,616.52	1,187.16	17.71	25.91	39.48	45.80

A-Actual, E-Estimates
Source: Cygnus Research
Note: 1.All calculations are on the basis of trailing method
2. EPS is projected on the basis of Profit

Alstom Projects retained their lead in the construction market and their PBDIT has risen from Rs167m in July-September 2005 to Rs424m in July-September 2006 registering a growth of 153%. This growth has been registered mainly on the strength of overseas orders especially from the European and Asian countries. The surging book order positions when converted to revenues have led to a rise in top line. Alstom, the global power generation and rail Infrastructure Company, is optimistic about the potential in the Indian market. The company has identified India as one of the markets for hydro-power development. The vadodora hydro capacity is one of the world's three hydro-power manufacturing facilities, it has decided to enhance its business by going global. In addition to the six, existing engineering centres, the soon-to-be-launched centre at Kolkata will offer design and engineering services for the company's air pollution control systems business on a global scale.

Alstom, which has a tie-up with state-run Bharat Heavy Electricals Limited for supercritical boilers, would look at job sharing for the project. Alstom has an order book of Rs21,000m and expects a revenue of 10,000m this year. Alstom Projects India Ltd has announced that the Alstom group has won four major orders worth Rs3,300m for equipment supplies and Renovation and Modernization (R&M) work on four power plants in India. These orders from National Thermal Power Corporation Ltd (NTPC), TATA Power, Nalco and GEA Energy Systems (India) Ltd. reaffirm the client's confidence in the ALSTOM' wide spectrum of products, services and solutions such as Boilers, Heat Recovery Steam Generators and Pollution Control Equipment. These orders are a testimony to the group's commitment to bring frontline technologies to India. NTPC awards Rs1,140m contract to a consortium of Alstom - NASL for R&M Boilers work for the TANDA plant. Nalco awards Rs810m contract to Alstom for pollution control equipment for its smelter plant in Orissa.

(Rs millions)						
Y/E March	Quarter		Industry Aggregate	Full Year ended		
	JAS05	JAS06	JAS06	2005-06	2006-07 (E)	2007-08 (E)
Sales	2,262.0	2,677.0	63,195.71	9,456.0	12,765.6	17,616.5
Change (%)	18.3	19.6	23.00	14.1	35.0	38.0
EBITDA	167.0	424.0	5,068.4	677.0	1,170.5	1,607.6
Change (%)	111.3	168.4	63.00	41.6	72.9	37.3
Depreciation	34.0	36.0	1,014.70	36.0	175.0	209.0
Interest	-1.0	-1.0	646.50	2.0	2.0	2.0
Other Income	51.0	102.0	2,107.23	240.0	240.0	240.0
PBT	131.0	387.0	4,630.40	534.0	933.5	1,396.6
TAX	16.0	74.0	1,332.01	71.0	140.1	209.4
Effective Tax Rate	12.2	19.1	28.02	13.2	15.0	15.0
Reported PAT	115.0	313.0	3,298.32	463.0	793.4	1,187.2
Adj PAT	115.0	313.0	3,154.20	463.0	793.4	1,187.2
Change %	82.50	174.33	63.00	3.34	71.36	49.36

Source: Cygnus Research
Note: 1. All calculations are on the basis of trailing method
2. PBT and PAT are projected figures

5. Punj Llyod

Year End	Net Sales (Rs. M)	PAT (Rs. M)	EPS	P/E	ROE (%)
March 06(A)	13,682.15	351.47	8.08	133.91	3.33
March 07 (E)	18,470.90	775.71	14.85	71.24	7.35
March 08 (E)	25,305.13	1,253.05	2,395.00	44.14	11.88

Source: Cygnus Research
 Note: 1. All calculations are on the basis of trailing method
 2. EPS is projected on the basis of Profit

Punj Lloyd is the largest engineering construction company in India. During the July-September 2006, it achieved significantly higher in sales growth 51% when compared to the same corresponding period in September 2005. Punj Lloyd followed the similar growth trend and increased its operating profit by 40% to 365.11m.

Punj Lloyd has been aggregating on engineering, procurement, construction and commissioning basis for the hydro cracker and hydrogen generation unit for its refinery project at Haldia, West Bengal. With this, the order backlog for the group stands at Rs12,000m. This is the total value of unexecuted orders as of 30 September 2006 and new orders received till date. Recently, Punj Lloyd formed a joint venture with Swiss port International, a world leader in ground handling industry. Punj Lloyd won a contract worth Rs3,497m for Indian Oil Corporation's naphtha cracker project at its Panipat complex, Haryana.

(Rs millions)						
Y/E March	Quarter		Industry Aggregate	Full Year ended		
	JAS05	JAS06	JAS06	2005-06	2006-07 (E)	2007-08 (E)
Sales	2,662.50	4,018.73	6,319.57	13,682.15	18,470.90	25,305.13
Change (%)	16.32	50.23	23.00	29.63	34.99	36.98
EBITDA	262.50	365.11	506.84	1,622.81	2,216.34	2,896.55
Change (%)	24.78	39.50	63.00	38.63	51.63	35.35
Depreciation	225.60	201.11	101.41	591.90	836.32	925.85
Interest	21.36	139.47	64.65	467.99	526.89	561.38
Other Income	771.80	77.18	210.71	348.21	348.21	348.21
PBT	24.80	24.53	463.04	562.92	1,201.34	1,751.53
TAX	16.60	16.66	133.30	211.45	425.63	498.48
Effective tax Rate	68.35	67.76	28.79	16.62	23.36	24.36
Reported PAT	8.23	7.87	329.71	351.47	775.71	1,253.05
Adj PAT	8.23	7.87	315.70	351.47	775.71	1,253.05

Source: Cygnus Research
 Note: 1. All calculations are on the basis of trailing method
 2. PBT and PAT are projected figures

6. Nagarjuna Constructions

Year End	Net Sales (Rs M)	PAT (Rs M)	EPS	P/E	ROE (%)	ROCE (%)
March 06(A)	18,404.40	901.48	11.7	13.0	10%	15%
March 07 (E)	28,674.06	1,150.71	15.0	17.1	12%	17%
March 08 (E)	40,143.68	2,203.93	28.7	8.9	23%	36%

Source: Cygnus Research

Note: 1. All calculations are on the basis of trailing method

2. EPS is projected on the basis of Profit

Nagarjuna constructions made impressive strides during July-September 2006 quarter registering an impressive growth of 77% in sales when compared to the same quarter of last year. They recorded an impressive 89% growth in PAT when compared to same quarter in 2005.

Nagarjuna Construction Company (NCC) is engaged in a diverse set of activities like construction of roads, industrial structures and buildings, water & environment, irrigation & hydropower, electrical transmission and property development. Over the years, the company has successfully built and executed a diverse portfolio of projects. The infrastructure sector firm has also secured a large number of projects on a build-operate-transfer (BOT) basis in joint venture with other leading construction companies. These have an added advantage of higher margins vis-à-vis the Engineering, Procurement and Construction (EPC) contracts. The company has both toll and annuity-based BOT projects in its portfolio. NCC has a strong order-book of Rs54,280m. This is nearly three times its full year FY 2006 (year ended 31 March 2006) sales of Rs 18,404m.

(Rs millions)						
Y/E March	Quarter		Industry Aggregate	Full Year ended		
	JAS05	JAS06	JAS06	2005-06	2006-07 (E)	2007-08 (E)
Sales	3,593.5	6,517.4	63,195.71	18,404	28674.1	40143.7
Change (%)	55.53	81.30	23.00	54.85	56.32	40.01
EBITDA	285.5	544.9	5068.4	1439	1862.2	3174.5
Change (%)	66.35	90.12	63.00	92.61	29.01	70.69
Depreciation	33.90	57.86	1014.70	181.57	231.23	280.08
Interest	42.80	56.70	646.50	216.95	297.48	321.77
Other Income	12.60	7.60	2107.23	20.25	20.25	20.25
PBT	221.37	437.97	4630.40	1060.56	1353.78	2592.86
TAX	22.20	58.93	1332.01	159.08	203.07	388.93
Effective Tax Rate	10%	13%	28.02	15%	15%	15%
Reported PAT	191.70	384.04	3298.32	1039.04	1296.45	2336.63
Adj PAT	199.17	379.04	3154.20	901.48	1150.71	2203.93
Change %	96.13	90.10	63.00	96.03	28.03	92.63

Source: Cygnus Research

Note: 1. All calculations are on the basis of trailing method

2. PBT and PAT are projected figures

7. Hindustan Construction Company

Year End	Net Sales (Rs. M)	PAT (Rs. M)	EPS(Rs)	P/E	ROE (%)	ROCE (%)
March 06(A)	19870	809	5.9	96.6	23%	10%
March 07 (E)	28810	980.7	7.2	18.8	11%	81%
March 08 (E)	43215	1225.7	9.0	15.0	14%	17%

E- Estimates

Source: Cygnus Research

Note: 1. All calculations are on the basis of trailing method

2. EPS is projected on the basis of Profit

Hindustan Construction Company specializes in building large-scale infrastructure. The Company has managed and executed several technically complex and high value projects across segments like transportation, power generation, marine projects, oil & gas pipeline constructions, irrigation and water supply, utilities and urban infrastructure. The order book position for HCC is impressive at Rs25,000m during September 2006, which is significantly higher than Rs13,000m during the same corresponding period in September 2005. Most of the projects handled by HCC are large scale in nature and ensure a steady flow of income for the company. The company has made impressive strides during July-September 2006 quarter registering an impressive growth of 194% in PAT when compared to the same quarter of last year.

(Rs millions)						
Y/E March	Quarter		Industry Aggregate	Full Year ended		
	JAS05	JAS06	JAS06	2005-06	2006-07 (E)	2007-08 (E)
Sales	3021.8	4202.4	63195.71	19870	28810.1	43215.1
Change (%)	13%	39%	23.00	34%	45%	50%
EBITDA	286.7	403.7	5068.4	1829	2240.3	2956.0
Change (%)	14.65%	186%	63.00	19%	23%	32%
Depreciation	129.4	186.0	1014.70	524	633.8	864.3
Interest	120	158	646.50	414	435	456
Other Income	32.0	9.7	2107.23	61	65	69
PBT	37.5	59.9	4630.40	952	1236.4	1704.4
TAX	80.8	19.2	1332.01	143	185.5	255.7
Effective Tax Rate	215%	32%	28.02	15%	15%	15%
Reported PAT	-43.3	41.7	3298.32	817	980.6	1225.7
Adj PAT	-43.3	40.7	3154.20	809	1050.9	1448.8
Change %	-256%	193%	63.00	27%	30%	38%

Source: Cygnus Research

Note: 1. All calculations are on the basis of trailing method

2. PBT and PAT are projected figures

8. Gammon India Ltd.

Year End	Net Sales (Rs m)	PAT (Rs m)	EPS(Rs)	P/E	ROE (%)	ROCE (%)
March 06 (A)	14850.9	1042.5	13.4	15.3	11.3%	19%
March 07 (E)	20790	1648.9	18.4	23.4	16.2%	16%
March 08 (E)	30145.5	2595.5	29.7	14.5	25.5%	25%

E-Estimates
 Source: Cygnus Research
 Note: 1. All calculations are on the basis of trailing method
 2. EPS is projected on the basis of Profit

Gammon India Ltd undertakes construction of roads, highways, bridges and other projects. The group operates in three segments: Construction activities, Infrastructure Development and Transportation Engineering, Energy projects and high rise structures, Hydraulic works and irrigation projects, Tunnel engineering, Marine structures, Water projects, Pipeline projects and Road projects.

The total order back log as on September 2006 stood at Rs8000m during the quarter ended September 2006. It recorded an impressive growth in operating profit with 25% when compared to September 2005.

(Rs millions)						
Y/E March	Quarter		Industry Aggregate	Full Year ended		
	JAS05	JAS06	JAS06	2005-06	2006-07 (E)	2007-08 (E)
Sales	2,890.9	3793.2	63,195.71	14,850.9	20,790.0	30145.5
Change (%)	10.60	31.21	23.00	0.32	40.00	45.00
EBITDA	448.2	418.3	5068.4	1953.6	2910.6	4220.4
Change (%)	25.12	-6.67	63.00	80.2%	51.0	45.0
Depreciation	63.4	103.4	1014.70	371	500.1	563.1
Interest	101.8	17.6	646.50	470.9	470.9	470.9
Other Income	1.2	0.6	2107.23	21.5	21.5	21.5
PBT	283.0	297.3	4630.40	1111.7	1939.6	3186.4
TAX	35.5	35.8	1332.01	69.2	290.8	590.8
Effective Tax Rate	12.6	12.05	28.02	6.02	15.0	15.0
Reported PAT	247.5	261.5	3298.32	1042.5	1648.9	2595.5
Adj PAT	247.5	261.5	3154.20	1042.5	1648.9	2595.5
Change %		5.65	63.00	6143%	58.2	57.5

E-Estimates
 Source: Cygnus Research
 Note: 1. All calculations are on the basis of trailing method
 2. PBT and PAT are projected figures

METHODOLOGY USED FOR COMPANY PROJECTIONS

The methodology of company projections and their details are based on-

1. Reading recent company annual report – Chairman’s statement and MDA analysis
2. Understanding companies, product, services, business segments, exports ...etc
3. Recent Quarterly growth rate
4. Analysis of growth rate of last 8 quarters
5. Reading Press release and news items for understanding any starting deviation in quarterly performance
6. Understanding Industry and economic trends
7. Making revenue projection for quarters for segments
8. Validating with aggregate figures for comparison

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A monthly publication containing **35** Industry Monitors focused on specific sectors and sub-sectors to arm its customers with insights and cutting edge analysis of all major news and events that have taken place during the month, all over the world. GIM Pack is the best ready-reckoner that gives reader-friendly research information. It follows the E-I-C framework which provides insights at the Economy, Industry and the Company level. The broad vertical domains covered in the GIM pack are given the adjoining table.

Global Economy	Consumer Durables
Agri - Business	Engineering
Banking , Insurance & Financial Services	Automobile
Information, Communication & Entertainment	Textile
Pharmaceuticals, Biotech & Healthcare	Power , Oil & Gas
FMCG , Retail, Hospitality	Chemicals
Logistics	Construction & Infrastructure Projects

CHINA MONITORS

Monthly publication provides insights / updates on the seven major sectors of China and its economy. It keeps the reader abreast with updates on the sectors and sub-sectors. The highlight of the report is its analytical content on production details, capacity utilization, export and imports, sector specific indexing and top companies performance on the bourses. The company scan takes stock of a particular company each month and gives a brief analysis on the future outlook of that company.

China Economy	Automobile	Banking	Chemicals
Oil & Gas	Pharmaceuticals	Steel	Textiles

ECONOMY MONITORS

It is a monthly publication focused on the Indian economy and **13** state economies (see table) with insights and cutting edge analysis of all major news and events that have taken place during the month in the country and the states.

Indian Economy	Andhra Pradesh	Delhi	Gujarat	Haryana
	Karnataka	Kerala	Maharashtra	Orissa
	Punjab	Tamil Nadu	Uttar Pradesh	West Bengal

QPAC

It is a 360-degree analysis of a sector following the E-I-C framework. It analyses the industry trends in the recently concluded quarter with respect to size, exports, imports, regulatory issues and provides the outlook for the sector in short and medium term. The inter-firm comparison among the top 5-6 players of the industry in the quarter is done on the basis of net sales, operational efficiency or operating margin, PBDIT, Profit after tax, interest cost and net profit margin etc. The Company analysis section gives the projection for the current financial year by taking into both i.e. qualitative and quantitative factors. The list of **22** QPAC's prepared are given the adjoining table.

Indian Economy	Agri Processed Food	Automobiles	Cement	Chemicals
	Construction & Infrastructure	Engineering	FMCG	Oil & Gas
	Pharmaceuticals	Steel	Textiles	Banking
Telecom	Healthcare	Hospitality	IT Enabled Services	Life Insurance
	Media & Entertainment	Retail	Shipping	Software Products & Services

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Industry Insights (Global & Indian)	Monthly Updates on Sub - sectors
Quarterly Performance Analysis of Industries & Companies - sub-sectors specific (QPAC)	Company Profiles
Specialized reports	Seminars & Conferences
Country Scan	Value Added Information
Vital Statistics, Articles, Product Scan, Company Scan, Industry Monitor Archives , QAPC Archives	

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