

MBL Infrastructure Ltd

Q3FY12 First cut – Strong execution; easing order book concerns

Fundamental Grade **3/5 (Good fundamentals)**
Valuation Grade **5/5 (CMP has strong upside)**

Industry **Construction & Engineering**

MBL Infrastructure Ltd's (MBL's) Q3FY12 revenues and earnings beat CRISIL Research's expectations. Revenues registered robust growth of ~27% y-o-y due to strong execution of projects. EBITDA margin, also above our expectations, declined by 50 bps to 15.3%. Though PAT registered a slight decline of 3.7% due to an increase in interest and depreciation costs, it was higher than our expectations. Order intake for the quarter was strong as the company received ~Rs 11 bn worth of orders. MBL's current order book is worth ~Rs 24.1 bn (2.1x standalone TTM revenue), which provides visibility for the next 24 months. We may revise our estimates upwards post interaction with the management. We maintain the fundamental grade of **3/5**.

Q3FY12 result analysis

- Revenues grew by 26.9% y-o-y to Rs 3,397 mn due to timely execution of projects. 9MFY12 revenue grew by 30.9% to Rs 8,067 mn.
- EBITDA margin declined slightly by 50 bps y-o-y to 15.3% due to higher raw material cost.
- PAT registered a slight decline of 3.7% y-o-y to Rs 223 mn due to higher interest, depreciation and tax expenses. However, it was better than our expectations. EPS was Rs 12.7 vs. Rs 13.2 in Q3FY11.

Valuations: Current market price has strong upside

We continue to value MBL based on the sum-of-the-parts method. Our fair value is Rs 249 per share. We may revise our fair value estimate post our interaction with the management. At the current market price, the stock merits a valuation grade of **5/5**.

KEY FORECAST

(Rs mn)	FY09	FY10	FY11	FY12E	FY13E
Operating income	5,143	6,377	10,021	9,475	12,020
EBITDA	745	920	1,377	1,296	1,607
Adj PAT	273	370	625	485	635
Adj EPS-Rs	23.1	21.1	35.7	27.7	36.2
EPS growth (%)	51.3	(8.7)	69.0	(22.4)	30.8
Dividend yield (%)	1.4	1.4	1.5	2.8	3.6
RoCE (%)	32.9	26.3	26.9	16.7	14.6
RoE (%)	31.6	23.0	24.8	13.8	13.0
PE (x)	7.3	8.0	4.7	6.1	4.6
P/BV (x)	2.0	1.3	1.0	0.7	0.5
EV/EBITDA (x)	4.2	4.7	4.0	5.6	5.6

CMP: Current market price

Source: Company, CRISIL Research estimate

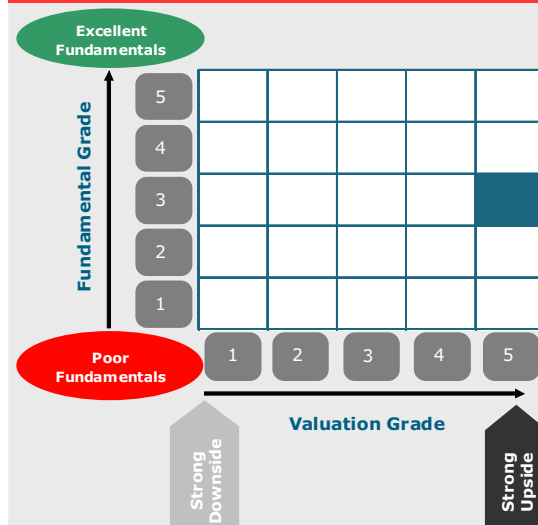


February 13, 2012

Fair Value **Rs 249**

CMP **Rs 168**

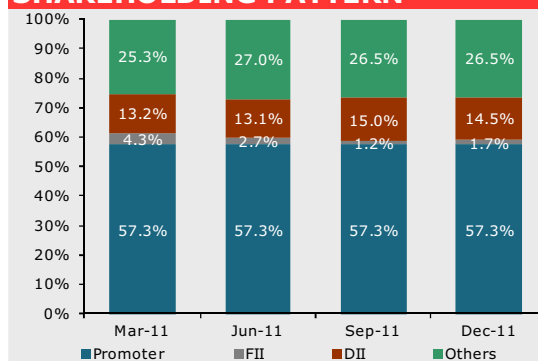
CFV MATRIX



KEY STOCK STATISTICS

NIFTY / SENSEX	5390/17773
NSE / BSE ticker	MBLINFRA
Face value (Rs per share)	10
Shares outstanding (mn)	17.5
Market cap (Rs mn)/(US\$ mn)	2,945/60
Enterprise value (Rs mn)/(US\$ mn)	5,555/113
52-week range (Rs) (H/L)	205/93
Beta	1.2
Free float (%)	43%
Avg daily volumes (30-days)	24,650
Avg daily value (30-days) (Rs mn)	3.7

SHAREHOLDING PATTERN



PERFORMANCE VIS-À-VIS MARKET

	Returns			
	1-m	3-m	6-m	12-m
MBL	29%	37%	24%	-14%
NIFTY	11%	4%	6%	2%

ANALYTICAL CONTACT

Chetan Majithia (Head) chetanmajithia@crisil.com

Sandeep Panchal sapanchal@crisil.com

Bhaskar Bukrediwala bsbukrediwala@crisil.com

Client servicing desk

+91 22 3342 3561

clientservicing@crisil.com