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IRB Infrastructure Developers Ltd

IRB Infrastructure Developers was established in 1988, primarily to fund the capital requirements of the IRB Group initiatives in the infrastructure sector. Although the company was incorporated as a leasing and financing company, it did not undertake any leasing business. In the past, the company has carried on certain maintenance operations for road projects constructed by other entities in the IRB Group.

The company undertakes development of various infrastructure projects in the road sector through several Special Purpose Vehicles. The company, along with its subsidiaries has constructed or , operated and maintained around 1200 kms of road length so far and one of the major road developers in the country. The aggregate size of all our BOT projects (both completed and under execution) is around Rs. 33,000.00 million.

Management

The management of the company is led by Virendra D Mhaiskar- Chairman and Managing Director. Other directors of the company include Dayyatraya P Mhaiskar, Suresh G Kelkar, Deepali V Mhaiskar., while the independent directors of the company include Bhalchandra K Khare, Berjis M Desai, Govind G Desai and Chandrakant S Kaptan.

Business Overview

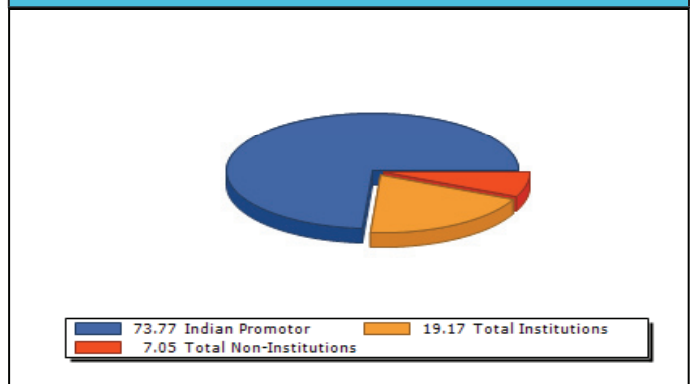
The company has been focused primarily on highway projects. Initially IRB's projects were geographically concentrated in its home state of Maharashtra and neighboring state of Gujarat. IRB also does most of the construction as well as the operation and maintenance of BOTs through its subsidiary, Modern Road Makers (MRM).

The company works under three main divisions: road construction, BOT projects and realty.

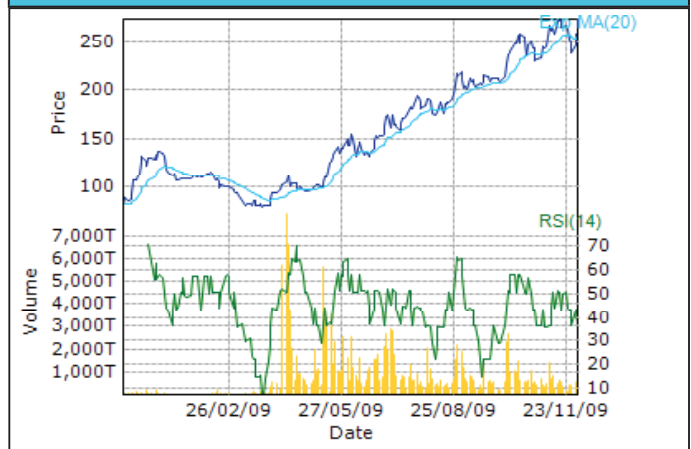
Road Constructions- The company is in the business of construction as well as construction and operation of major road projects. These not only include funded projects for major bodies like NHAI, MSRDC, PWD and various municipal corporations but their own BOT projects also. All in all, so far, the company has constructed & maintained (In-

Stock Data		04/12/09
Current Mkt Price (Rs)		251.20
52 Week High		279.85
52 Week Low		75.30
Mkt Cap (Rs. in Million)		83257.21
Return in last one Month (%)		2.72

Share Holding



Performance in last one year



Y-o-Y Performance

Particulars	(Rs. in Million)		
	Mar 2009	Mar 2008	Change(%)
Net Sales	0.90	0.72	25.00
Other Income	714.69	412.20	73.38
Total Expenditure	106.58	62.01	71.86
Operating Profit	609.01	350.90	73.55
Interest	29.90	290.93	-89.72
Profits After Tax	573.55	59.17	869.31
Reserve & Surplus	10322.07	10260.18	0.60
Reported EPS(Rs)	1.73	0.18	869.31
Core EBITDA Margin (%)	0.00	0.00	0.00



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cludes EPC, O&M & BOT projects) more than 1200 kms of roadways.

BOT Projects-The company has to its credit, completion of its first BOT project, namely Thane-Bhiwandi by-pass. Apart from this, the company has to its credit, an impressively large BOT portfolio. These include 11 out of 12 operational BOTs. One of the largest BOT in India, the Mumbai-Pune Expressway and NH4 is also part of the company's portfolio.

Realty - It had recently diversified its business into the real estate development sector. Its Land Reserves consist of approximately 1150 acres of land Mauje Taje and Mauje Pimploli Taluka in Pune district, and is intending to increase it. IRB has plans to develop a township on 1,400 acres (1,250 acres already acquired) approximately 20kms from Pune.

Latest Result Analysis

- * Total consolidated income for Q2 of FY10 has increased to Rs 363 crore from Rs 210 crore registering a growth of 73% over Q2 last year.
- * The consolidated net sales of the company stood at Rs 355.90 crore compared to Rs 201.61 crore in the corresponding previous quarter, up by 76.98%.
- * The PAT for the Q2 stood at Rs 74 Crore up by 80% from 41 crore in Q2 of last year.
- * PBT has gone up to Rs 95 crore in current Q2 from Rs49 crore registering a growth of 93% over corresponding quarter of previous year.
- * EBITDA margin for Q2 of current financial year increased to 182 Crore from 108 Crore of Q2 of last year registering a growth of 69%.
- * Consolidated total toll revenue for Q2 have registered a growth of 50% and are at Rs 160 Crore from Rs 107 Crore in Q2 of earlier year and construction revenue during the Q2 has gone up from Rs 95 crore in Q2 of last year to Rs 196 crore registering a growth of 106%.

Industry Scenario

For a country as large and diverse as India, efficient road connectivity is essential for both, nation-

Q-o-Q Performance			
(Rs. in Million)			
Particulars	Sep 2009	Sep 2008	Change(%)
Net Sales	5.23	6.37	-21.80
Expenditure	44.42	22.79	94.91
Other Income	52.31	63.67	-17.84
EBITDA	7.89	40.88	-80.70
Interest	12.97	0.00	0.00
Net Profit	-4.78	40.84	-111.70
EPS	-0.01	0.12	-108.33

Profit & Loss			
(Rs. in Million)			
Particulars	Mar 2009	Mar 2008	Change(%)
Net Sales	0.90	0.72	25.00
Total Income	715.59	412.92	73.30
Total Expenditure	106.58	62.01	71.86
Operating Profit	609.01	350.90	73.55
Profits After Tax	573.55	59.17	869.31

Balance Sheet			
(Rs. in Million)			
Particulars	Mar 2009	Mar 2008	Change(%)
Share Capital	3323.64	3323.64	0.00
Reserve & Surplus	10322.07	10260.18	0.60
Total Liabilities	15017.52	13752.65	9.20
Investments	8550.25	6090.34	40.39
Current Liabilities	48.55	66.46	-26.95
Net Current Assets	6467.27	7662.31	-15.60
Total Assests	15017.52	13752.65	9.20

Key Ratios		
(Rs. in Million)		
Particulars	Mar 2009	Mar 2008
Reported EPS (Rs)	1.73	0.18
ROA (%)	3.99	0.62
ROE (%)	4.21	0.74
ROCE (%)	4.23	3.66
Price/Book (x)	1.95	4.17
Net Sales Growth (%)	25.00	-92.94
EBIT Growth (%)	73.55	285.96
PAT Growth (%)	869.31	-13.35
Total Debt/Mcap (%)	0.05	0.00



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al integration as well socio-economic development. Government's latest emphasis on the road sector has projected it as an important tool to achieve balanced and inclusive growth.

Highways have a large shelf of projects which can be readily offered to the markets. Given the historical underinvestment in highway infrastructure and the role this sector can play in stimulating economic growth, the sector is all set to witness a strong boom going forward.

In order to give a push to development and improvement of national highways in the country, the National Highways Authority of India (NHAI) was constituted by an act of Parliament, the National Highways Authority of India Act, 1988. It is responsible for the development, maintenance and management of National Highways entrusted to it and for matters connected or incidental thereto. The Authority was operationalised in Feb 1995.

The Planning Commission of India has estimated an investment of Rs 3.14 lakh crore under the Eleventh Plan versus the Rs 1.44 lakh crore spent under the Tenth Plan.

In line with the declared policy of government, the road ministry has set up ambitious target of constructing 7000 km of roads annually for the next five years at rate of 20 km a day. The plan would involve an investment of more than Rs 2 lakh crore. The government has also taken a number of steps to incentivise the participation of private sector in the road projects. It has implemented all the suggestions of the Chaturvedy panel, thus addressing most concerns of private players.

Latest developments

IRB has emerged as lowest bidder for the following BOT Projects of NHAI.

Four lanning of Talegaon - Amravati section of NH 6 from Km.100.000 to Km.166.725 in the State of Maharashtra on DBFOT Basis.

Design, Engineering, Finance, Costruction, Operation amd Maintenance of Jaipur to Deoli Section of NH12 from Km 18.700 to Km 165.000 in the State of Rajasthan on DBFOT Basis.

Design, Engineering, Finance, Costruction, Operation amd Maintenance of Pathankot to Amritsar Section of NH - 15 from Km.6.082 to Km. 108.502 in the State of Punjab on BOT Basis.

Four-laning of NH-4A from Goa/ Karnataka Border Km 84.00 to Panaji - Goa Km 153.070 in the State of Goa on BOT basis. Based on the DBFOT pattern.

Recommendation Factors

The present order book of the company stands at Rs 9,900 crore which comprises of EPC order book of Rs.7,600 crore and O&M order book of Rs 2,300 crore, the present order book is almost ten times the net sales of the last fiscal also IRB can execute projects worth around Rs 6,000 crore from internal accruals and has around Rs1,500 crore to Rs2,000 crore of head room to bid for projects.

The company is having a portfolio of 10 operational projects and 6 projects under development. Fully integrated from development to toll operations. There are three projects that is Amritsar - Pathankot, then Jaipur- Tonk- Deoli, and Talegaon- Amravati for which the company has already received the LOA and for the project of Panaji to Goa-Karnataka border it has emerged as the lowest bidder and are awaiting the LOA to come.

IRB has plans to develop a township on 1,400 acres (1,250 acres already acquired) approximately 20kms from Pune. Additionally, IRB has diversified into the airports sector with the Sindhudurg Airport project (INR1500m project on a BOT basis). Hydropower, a civil construction intensive sector, is another potential sector for diversification.

IRB is having market share of 7.56% on the Golden Quadrilateral, which will link the country's north, east, south and west when it's completed. IRB is a pure-play highway developer with over 1,000 km, worth of projects in its BOT portfolio. IRB has more than Rs 215 crore worth of projects under tender and as per our estimates new project wins will provide potential upside to the current price. The scrip of the company is currently trading at Rs and at a P/E multiple of we would recommend a BUY in the stock with a price target of Rs 295.



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