



Backwaters '11
18 - 20 Nov
Powering Our Future



First Prize: Rs 25000
Second Prize: Rs 15000

Submission Deadline
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CASE

Introduction

The year 2010-11 tested the resilience and the innate strength of the Indian industry, particularly in the construction and infrastructure space. Firms in the infrastructure and construction sector faced an environment dominated by competitive pressures, strain on liquidity and the resultant pressure on operating margins. The trickle-down effect of the global meltdown and the increased uncertainties in markets across the world contributed to the overall negative outlook. Although India continued to be largely insulated from the uncertainties of the global market environment, there continued to be a strain on large scale investments required in the construction and infrastructure domain. The sector therefore did not grow in line with earlier expectations and failed to meet investment targets during the year 2010-2011.

The impact of global slowdown and consequent limitations of funding through the FII and the FDI route was a dampener for accelerated economic growth in the sector. Factors of inflation, high input costs combined with spiraling interest rates posed challenges to mobilization of resources, a key requirement for large scale projects, covering civil, industrial structures, power, transportation and related infrastructure segments. Given the lower than expected IIP numbers and the rising interest burden for infrastructure firms, banks are reluctant to lend to new projects and access to debt is not easy. The sector is facing many regulatory hurdles as well. Regulatory clearances to new projects have been slow, and many projects have been delayed leading to lower than expected cash flows for infrastructure firms.

India's infrastructure sector output grew 3.5% in August 2011 from a year earlier, sharply slower than the annual growth of 7.5% in July 2011. During April-August 2011, the output rose 5.3% compared with an annual rise of 6.1% a year ago. The infrastructure sector accounts for 37.9% of index of industrial output.

The encouraging signals, of course, are the governments' commitment to infrastructure as a prime driver of the nation's economic growth agenda. The construction industry under the infrastructure domain has in the recent past received a significant focus of its importance as a key driver of economic growth. This would necessarily have to adopt the proven Public Private Partnership (PPP) Model. This will involve the private sector as a key stakeholder so as to ensure that the plans translate to visible and time bound actions at the ground level. Indeed, the success of the PPP model in the modernization of the country's major airports and some key national highway projects is encouraging. Government has accorded highest priority to improving urban infrastructure by giving a boost to Metro Rail in almost all metropolitan cities of the country. The Delhi, Chennai, Kolkata and Bangalore Metro Rail Projects offer new opportunities for Metro Construction and Metro viaduct.

The investment in infrastructure is likely to be about 7.55% of GDP during the Eleventh Five Year Plan (2007-12). A preliminary assessment suggests that investment in infrastructure during the Twelfth Five Year Plan (2012-17) would need to be of the order of about USD 1,025 billion to achieve a share of 9.95% as a proportion of GDP, according to the Planning Commission. At least 50% of the investment should come from the private sector. The Twelfth Plan, therefore, would require a huge participation from the private sector to create and maintain newer infrastructure, particularly in road, power, airport and seaport sectors.

The Union Budget 2011-12 allocated USD 48.78 billion for infrastructure, an increase of 23.3% over 2010-11. The Planning Commission has projected an investment of USD 459.12 billion for the Eleventh Plan, which was more than twice the investment during the Tenth Plan. A number of initiatives were taken in the course of the Eleventh Plan to accelerate the pace of investment in infrastructure. In particular, the government undertook several initiatives for standardizing documents and processes for structuring and awarding PPP projects in a transparent and competitive manner.



Investments in the railways are expected to increase from Rs 1501 billion in 2006-10 to Rs 3216 billion by 2011-2015. Indian Railways is aiming for a major network expansion and plans to add 25,000 km of new lines by 2020. Indian Railways is also planning for a new dedicated freight corridor (DFC), initially covering about 2,700 km, for linking the ports of Western and Eastern India. The DFC, expected to see an investment of around USD 12 billion, has already started awarding projects to construction companies.

The Infrastructure Industry in the country is witnessing a growing demand in the water and environment sector, which has tremendous opportunities. The Central Public Health and Environmental Engineering Organization Estimates an investment requirement of Rs 1.73 trillion for meeting 100% coverage of safe water supply and sanitation services by 2021 in the country.

A lot of foreign players are eager to enter the Indian infrastructure space and are looking for acquisitions. M&A deals in the infrastructure sector in India have shot up 80% in the last 3 years. The infra firms in India are going through a difficult phase and many promoters are eager to sell off their stakes in the business as the infra valuations in the M&A market still look attractive. With rising cost pressures, huge debt re-payments, pledged shares being sold by banks, inhibition of banks to lend new funds and considerable delays in projects leading to cash flow pressures, many promoters feel helpless and are increasingly drawn towards across the table negotiations with major foreign players eyeing acquisitions to enter the Indian Infrastructure sector, which still has a robust long term growth story intact.

Bainstrow PLC, a London based engineering and design consultancy, is eager to enter the Indian infrastructure sector through acquisitions. It has hired a prominent investment bank, which has shortlisted 3 target firms.

The criteria for the short-listing by the investment bank:

- 1) The firm should be strategically placed to make profits in the infrastructure space.
- 2) The firm should have a strong presence in Indian Infrastructure space.
- 3) The firm should have a strong order book and a diversified infra portfolio.
- 4) The firm's P/E ratio should be less than 10 at current market prices.

Constraints and Assumptions

- 1) Bainstrow PLC can acquire only one of the 3 target firms.
- 2) Assume there are no regulatory hurdles in the acquisition.
- 3) Bainstrow PLC has a long term view on the Indian infrastructure sector

General Instructions

- 1) The data provided in the case is deemed sufficient for the first round of submission.
- 2) Event organizers may provide additional data to shortlisted teams for future rounds.
- 3) Any assumptions regarding the acquiring firm and the target firms or the sector must be clearly mentioned as footnotes to the slides
- 4) Sources for sector specific information must be listed as footnotes.

Bainstrow PLC – Buy side Firm

Established in London in 1956, Bainstrow PLC is one of the world's leading engineering and design consultancies. It plans, designs and enables its clients' capital expansion programmes. The company has developed the breadth and depth of expertise to respond to the most technically challenging and time-critical infrastructure projects. When clients are undertaking capital intensive infrastructure projects they need assistance with planning, designing and enabling activities – from policy, strategic choices, feasibility, concept and detailed design, through to procurement and implementation. At each stage, professional services are sought from design and engineering consultancies such as Bainstrow.



In the year ended 31 March 2011, the company's revenue increased by 12.7% to £1,564.3m, while operating profit rose by 7.5% to £118.7m and the operating margin was 7.6%. This improvement in underlying operating profit was achieved despite challenging economic conditions in a number of Bainstrow's key markets.

In the UK, Bainstrow PLC delivers engineering and technically integrated design, together with project and cost management services, to a wide range of clients in the public, regulated and private sectors. Its areas of operation include water, environment, education, aerospace, defense and infrastructure design and transportation. 56% of the company's revenue comes from UK alone. With the UK economy going through a slowdown, the company is concerned about a significant hit in its consulting revenue from UK in the coming years.

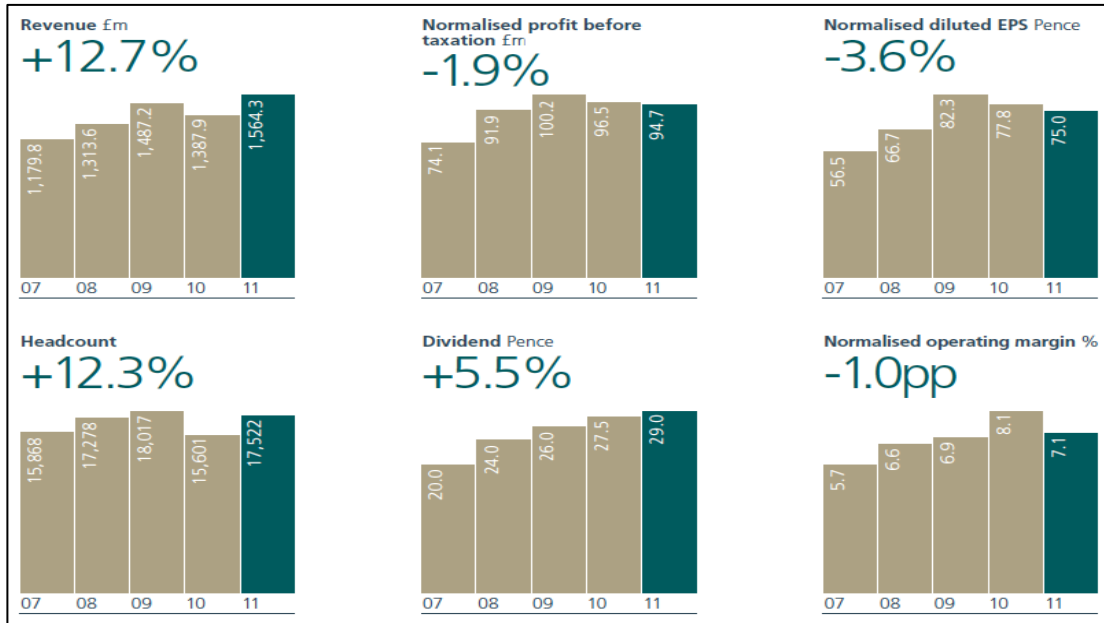
In North America, Bainstrow provides infrastructure planning, engineering, construction management, environmental consulting and urban planning to state and local government clients, federal agencies and private businesses. 18% of the company's revenues come from North America. The entry into North America was through an acquisition in June 2010. Bainstrow acquired The BJN Corporation headquartered in New York for a cash consideration of US\$280 million (£178 million), unanimously recommended by the boards of Bainstrow and BJN. BJN was one of America's leading providers of engineering, planning, Architecture, construction, environmental and project management services. As at 31 March 2010, BJN generated EBITDA of US\$47 million on gross revenue of US\$399 million.

In the Asia Pacific business Bainstrow provides engineering, planning, urban design, architectural and rail design services. In India, Bainstrow established a subsidiary Bainstrow India Pvt Limited, in Bangalore, in 2006. The company provides engineering and design consultancy to leading infrastructure players of India with 2010-2011 revenue of Rs 70 crores and a net profit margin of 12.8%.

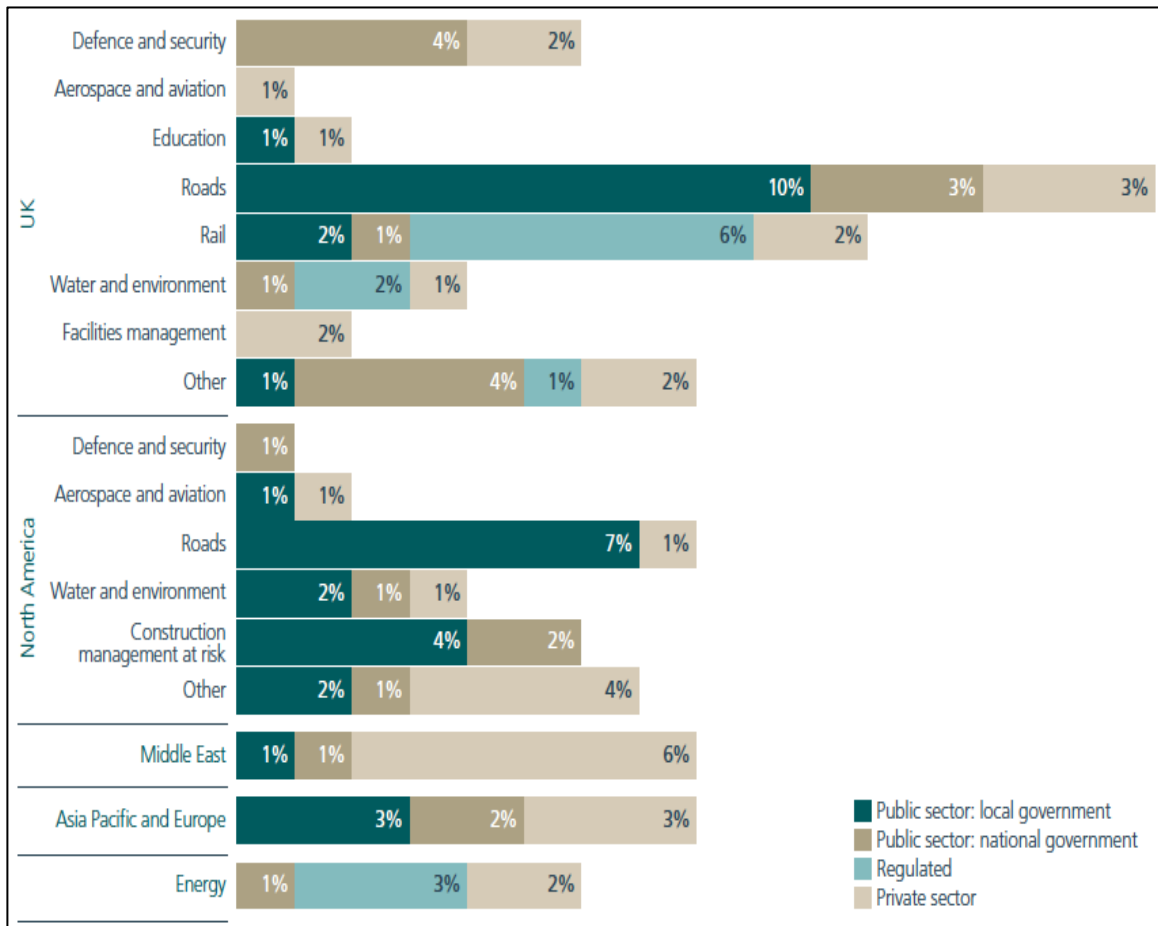
Bainstrow wants to expand from an infrastructure design and engineering consultancy firm to a full-fledged infrastructure provider in emerging markets and wants to execute key projects in these high growth markets, leveraging its design and engineering skills in end-to-end implementation and execution of projects, something it has not done before anywhere. The company eagerly wants to bid for infrastructure projects in India, and seeks to acquire an Indian infrastructure firm. Bainstrow would then leverage the experience and resources of the acquired firm along with its superior design, urban planning, construction management and engineering expertise to bid for ambitious infrastructure projects in India. The company believes this would be the best way to utilize its superior design and engineering skills to transform the infrastructure landscape in India and create a solid reputation for itself, which would also boost its consulting income in the region. Once the India model is successful, the company wants to replicate the same model in China.

The current slowdown in the Indian infrastructure sector, rising interest rates and slowdown in projects execution has significantly brought down valuations of Indian infrastructure firms and Bainstrow is not opposed to a hostile takeover of an established infrastructure player in India if it is not able to acquire any firm through dialogue and mutual understanding with the management.





Breakup of Bainstrow revenues by nature of business and region



Bainstrow PLC Balance sheet

(All figures in GBP Millions except per share data)

Fiscal Year Ending Mar 31 2011	2011	2010	2009
ASSETS			
Cash And Short Term Investments	256	393	338
Total Receivables, Net	313	189	240
Total Inventory	0.8	0.9	0.3
Prepaid expenses	21	12	14
Total current assets	591	597	592
Property, plant & equipment, net	53	39	47
Goodwill, net	189	62	62
Intangibles, net	50	4.7	9
Long term investments	1.5	1.8	3.9
Note receivable - long term	20	21	13
Total assets	998	876	829
LIABILITIES			
Accounts payable	97	51	64
Accrued expenses	219	139	214
Notes payable/short-term debt	46	0.7	2.8
Current portion long-term debt	2.1	3.7	4.8
Other current liabilities	44	36	43
Total current liabilities	408	230	329
Total long term debt	4.6	7	9.5
Total debt	53	11	17
Other liabilities, total	369	474	334
Total liabilities	782	711	673
SHAREHOLDERS EQUITY			
Common stock	0.5	0.5	0.5
Additional paid-in capital	62	62	62
Retained earnings	153.5	102.5	93.5
Total equity	216	165	156
Total liabilities & shareholders' equity	998	876	829
Total common shares outstanding	100	100	100

The company has a market cap of 540 million as of 17th Oct 2011. The cost of debt for the firm is 7.8% till a debt limit of £ 200 million, subsequently; the cost of debt rises to 9.4% if additional borrowing is done. The debt covenants do not allow the firm to take long-term debt beyond a total of £ 450 million. The GBP-INR exchange rate can be assumed to be INR 77.4 for 1 GBP.

The beta of the firm's stock is 0.89. The firm has access to bridge loans in the UK market at an interest rate of 13.5%, but these loans have to be necessarily repaid with interest in 18 months. The bridge loans can be taken over and above the debt limits.



Key Financial Information for Bainstrow (In Millions GBP except per share)

Year End	Mar-11	Mar-10	Mar-09	Mar-08	Mar-07
Revenue	1562	1394	1487	1298	1187
Net Income	79	104	89	101	-58
Total Assets	998	873	824	685	778
Total Debt	53	11	17	21	39
Cash on books	156	293	238	186	235
EPS Basic	74.3	79.5	86.1	67.9	54.4
Total Dividend (p)	29	27.5	26	24	20
Operating Margin %	7	6	7	7	5
P/E Ratio	9.1	7.8	5.9	15.5	17
Return on Assets %	9.09	14.27	12.71	16.64	-8.67

Sell Side Players

Following are the 3 target firms, the investment bank has selected, for Bainstrow PLC.

Vindhyachal Infratech

Vindhyachal Infratech is one of the prominent companies operating in the infrastructure sector in India and was set up in 1977. It possesses a rich and diversified presence across the key growth sectors in the infrastructure space. It got listed on the BSE & NSE stock exchanges in 1992. The GDRs, of the Company are listed on the Luxembourg stock exchange. In the infrastructure sector, Vindhyachal Infratech constructs buildings, housing and industrial structures, water treatment plants, pipelines, transport infrastructure, i.e., highways, flyovers, bridges, elevated railroads along with electrification and irrigation projects. The company has built a strong reputation with timely completion and has demonstrated an excellent execution capability on all its projects. It has secured and completed complex orders thus showing a consistently phenomenal growth in revenues and profitability over the last 5 years.

The company is headquartered at Indore and has extensive regional presence with offices in Delhi, Ahmedabad, Kolkata, Mumbai, Vishakhapatnam, Lucknow, Chennai and Bangalore. Its presence in Gulf includes offices in Dubai (UAE) and Muscat (Oman). The company has a diversified business portfolio and is present across industry sectors comprising buildings and housing, water and environment, transportation, irrigation, electrical, refinery construction and maintenance, power and railways. PE firm Blackstone invested \$50 Million in the firm for a 6% stake in 2010.

Since its inception in 1977, the buildings and housing division of the firm - evolved from a mere contractor to a full-fledged infrastructure solutions provider. Its completed projects feature cutting-edge construction technologies at par with international standards. Its key areas of operations include Housing Projects, Industrial & Commercial Buildings, IT Parks, Shopping Malls, Sports Complexes, Stadia and Hospitals.

Water and Environment Division was established in the year 1997, considering the increasing investments in several projects by various Government agencies in water supply and sewerage. The company undertakes projects in Water Supply, Water Treatment plants, Underground Drainage Works, and Sewerage Treatment projects.



The Transportation Division of Vindhyachal Infratech was established in 1995 to capture opportunities in the country's road network. The Transportation Division has successfully completed many famous projects and has also executed projects on Build, Operate and Transfer (BOT) and Engineering Procurement and Construction (EPC) basis for government and private players. Key areas of presence include highways, bridges including flyovers and elevated Corridors, railways, airport terminals and ports. The Electrical Division was started in the year 1996.

The Electrical division undertakes design, engineering, supply, erection, testing and commissioning of extra high voltage (EHV) transmission lines and distribution systems. Vindhyachal Infratech started its foray in the irrigation segment in the year 2002. The division has successfully procured many irrigation projects individually and together with other reputed companies as JV partners. The company builds dams and facilitates gravity and lift irrigation projects.

The major clients the company include National Highways Authority of India (NHAI), Public Works Departments, NTPC, SAIL and Reliance Industries Limited. The Company has offices in Muscat (Oman) and Dubai (UAE) and has bagged projects in these countries worth \$200 million. The Company in consortia is already involved in two small Greenfield airport projects in Andhra Pradesh and a deep-water port in Orissa. The focus of the company is to tap the potential in regional airports and non-metro (tier II cities).

For the Twelfth Five-Year Plan period (2012-17), infrastructure investments are being estimated at an unprecedented USD 1 trillion, almost double the investment committed for the Eleventh Plan. New initiatives are expected to be rolled out in terms of enhanced public-private partnership projects (PPP), build-operate-transfer (BOT) and build-own-operate-transfer (BOOT) projects. Vindhyachal Infratech is attractively placed to capitalize on this opportunity. The company's net worth of Rs 23,787 million as on 31 March 2011, strengthens its prequalification capability for large, complex and margin-accretive projects. With an order book of Rs 17,269 crores (as on 31 March 2011), and attractive opportunities unfolding in infra space, the company expects to grow its turnover by 13% over the next 5 years.

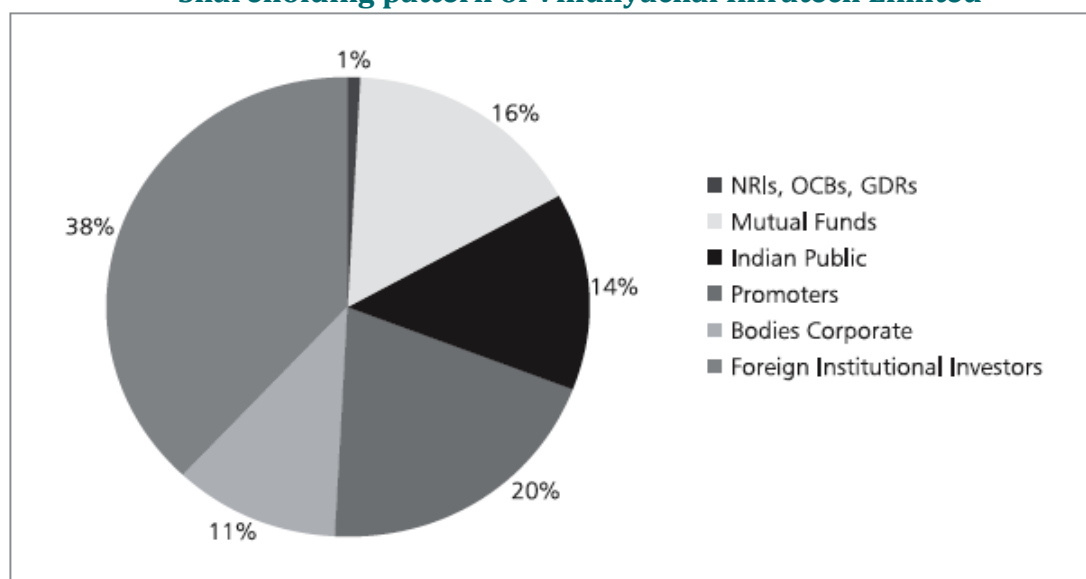
The company's stock price has dramatically dipped 70% from its 52 week yearly high of Rs 390 to Rs 112 as of October 18, 2011, after the recent crash in infrastructure stocks. The beta of the firm's stock is 1.6. The 200-day moving average for the stock is 176 and the 52-week low is Rs 102. The promoters hold only 20% stake in the firm, foreign institutional investors hold 38% of the stake and domestic institutions hold around 13%. For the quarter ended June 2011, the company reported Net sales of 1160 crores, EBITDA of 120 crores and a PAT of 24 crores. The current market cap of the firm is around Rs 1500 crores. Sources say, another large Indian infrastructure firm is eyeing Vindhyachal for a possible hostile takeover, though the company has denied such reports.

The strongest aspect of Vindhyachal Infratech is its presence in almost all segments of Indian Infrastructure and it has the most diversified order book in the industry. Analysts believe, the firm is comfortably placed with respect to its liquidity needs and would show significant growth if the sector turns around.

However, recent IT raids at the firm's premises, consequent litigation and penalty of Rs 25 crore on the firm by the IT department has raised many corporate governance issues. Many FIIs are not too happy with the management and would like to exit given a good premium to the market price. Even Blackstone is not happy with the latest developments - It is at loggerheads with the Vindhyachal management and is looking to exit its stake. The stock has seen massive delivery based selling in the last few months.



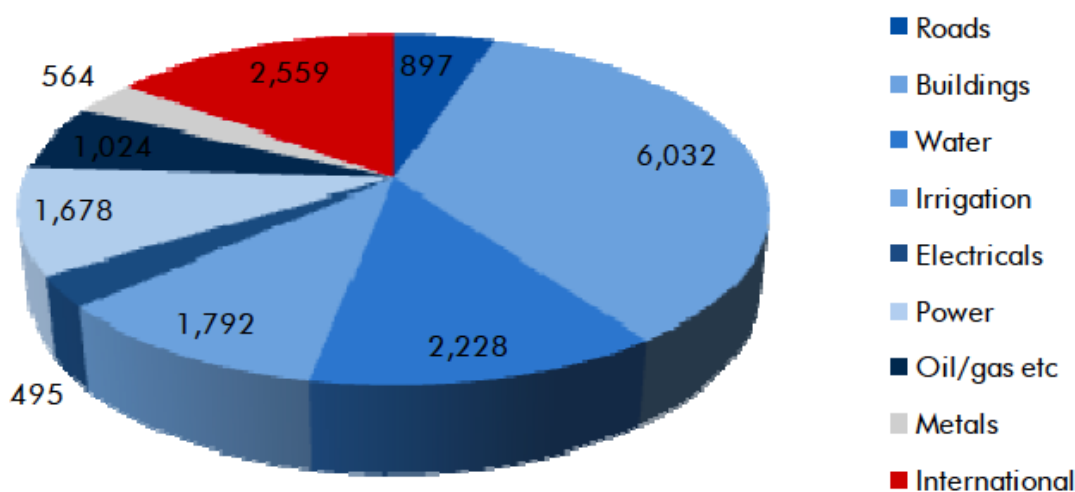
Shareholding pattern of Vindhyachal Infratech Limited



Key Financial Information for Vindhyachal Infratech Limited

	Rs. in crore except per share data				
Financial year ending	2010-11	2009-10	2008-09	2007-08	2006-07
Revenues (gross)	5088	4832	4156	3479	2900
EBITDA	487.6	483.4	373.7	359.8	269.8
Net Block	248.4	153	124.4	89.4	63.7
Networth	2379	2246	1686	1572	1039
Enterprise Value	4941	5502	2525	5534	3741
Capital Employed	4863	3776	2929	2466	1676
Gross Block	923	756	623	662	501
Pre Tax Profit	232	245	207	210	182
Post tax Profit	163.5	192.2	154	162	152
EBITDA Margin %	9.6	10.1	9	10.4	9.4
Interest Coverage	2.03	2.55	2.41	3.2	3.45
Total Debt	2484	1530	1244	894	637
Book value per share (Rs)	185.5	175	147	137	100
Earnings per share (Rs)	12.74	19	13.44	15.02	14.70
Dividend (%) Face Value Rs 2	50	65	55	65	60
Order book	17269	15370	12197	11380	7302
Debt Equity Ratio	0.87	0.71	0.66	0.59	0.56

Order Book Position of Vindhyachal Infratech as on 31st March 2011



Bearings Infrastructure and Projects Limited (BIPL)

The company operates through three main business segments – railway, roads & bridges and irrigation; presenting a diversified income portfolio. Till date, BIPL has executed over 100 projects across India; it has completed 500 kms of rail track projects and constructed over 400 kms of roads and highways. Since the successful completion of its first project about a decade ago, BIPL have steadily grown in size, geographic coverage, clients, equipment portfolio and financial strength.

BIPL has a decade-plus experience in road and bridge building. The road portfolio includes projects focused on: Building new roads, Repair and reconstruction of roads, Widening and strengthening of roads to help reduce commuting time and traffic congestion, and Constructing road embankments. The Company has built major bridges and flyovers in a number of Indian states including Orissa, Chhattisgarh, Tamil Nadu and Kerala.

An investment of around Rs 2,010 billion is expected from the central and state governments on roads over the next five years. BIPL benefits from the backward integration of sourcing aggregates, especially for its road projects. Currently, BIPL has six captive quarrying mines and 13 stone crusher units. Stone (especially granite) represents one of the key components of construction and constitutes about 40% of the total cost of road construction. This helps reduce costs and improve margins considerably as raw materials from captive quarrying units are 50% cheaper, compared with those purchased from outside.

83% of the order book consists of work orders from Government and Government entities as on 31st March, 2011. Prominent clients from which BIPL has received repeat orders include Government of Orissa, Indian Railways, Rail Vikas Nigam Limited and RITES. BIPL currently operates across 20 Indian states, reflecting its pan-India project expertise. BIPL has expanded its operations from Orissa to states, such as Chhattisgarh, Rajasthan, Jharkhand, Haryana, Kerala, Andhra Pradesh, Assam, Maharashtra and TN.

Associated with Indian Railways since the last 11 years, BIPL is present across the entire value chain of activities right from survey designs to the final commissioning of railway projects. BIPL has executed railway projects of East Coast Railway, South Eastern Railway, South East Central Railway, Southern Railway and North Western Railway. The scope of work conducted by BIPL comprises: Survey, fixing of alignment and railway designing, Building major and minor bridges for railways, Manual and mechanical layout of rail tracks, Maintenance of railroads, construction of railway stations and terminals.

BIPL ventured into the irrigation sector quite recently. The Company is currently constructing a dam in Haryana. The project is valued at Rs 120 crores. For the quarter ending June 2011, BIPL's revenues were 438 crores, EBITDA of 99 crores and net profit of 40 crores. The stock price of BIPL has crashed from its 52 week high of Rs 600 to Rs. 152 as of October 17th, 2011. The current market cap of the company is around 500 crores. The 200-day moving average of the stock price is Rs. 257.

The promoters of the firm are willing to sell their stake only when offered a very attractive valuation. The company's revenues are mainly from Government entities and thus order book would not be affected much by the slowdown in the sector, but the firm has been piling on debt and can face shortage of working capital for projects.

Order book position for BIPL and breakup at the end of financial year

	2007-08		2008-09		2009-10		2010-2011	
Railway	812	53%	991	65%	1,196	43%	1,239	39%
Road	609	39%	422	28%	1,092	40%	1,701	52%
Irrigation	87	6%	57	4%	31	1%	4	0%
Other	36	2%	55	4%	440	16%	277	9%
Total	1,544	100%	1,525	100%	2,759	100%	3,221	100%

Financial Highlights for Bearings Infrastructure Private Limited

In Rs crore	2010-11	2009-10	2008-09	2007-08	2006-07
Revenue	1249	1007	624	314	133
EBIDTA	279	188	105	51	20
EBIT	251	174	98	47	16
EBT	152	121	71	38	14
Total Debt	940	447	222	99	38
Gross Block	531	288	163	86	32
Net Block	473	257	145	78	27
Networth	448	338	148	100	30
Net Profit Margin %	8.98	8.95	8.02	8.64	7.12
Interest Coverage	2.53	3.28	3.61	5.02	4.72
ROCE (%)	22	30	34	35	36
Debt-Equity Ratio	1.76	1.38	1.29	1.06	1.35
Book Value (Rs)	156	114	59	40	14
EPS (Rs.)	38	30	20	11.7	4.44
Dividend Payout (%)	10	20	10	10	0

The shareholding pattern of BIPL – Promoters hold 56%, Indian Public 20%, Corporate bodies 18%, Domestic Banks 4%, NRIs 1.5%, FIIs 0.5%. The Face Value of the company's stock is Rs 5. The beta of the firm is 1.72.



NavNirman India Limited

NavNirman India Limited is amongst the largest infrastructure construction companies in India with a prominent presence across all sectors of civil engineering, design and construction. It has a track record of building landmark structures, some of which have become iconic. It can also stake claim to having built the maximum number of bridges in India. For nearly a century, NavNirman has been undertaking and executing the toughest engineering and construction projects. The company is involved in designing and constructing bridges, ports, thermal and nuclear power station, dams, high-rise structures, international airports, cross-country water, oil and gas pipelines, highways, chemical and fertilizer complexes and environmental structures.

The company has diversified into infrastructure management, and building power transmission lines. It has an admirable track record, a solid experience and a proven strength on delivery norms across its full spectrum of services. It has accomplished this by fusing tremendous engineering knowledge with groundbreaking skills, effectively harnessing men and materials across diverse projects.

NavNirman's projects cover businesses and projects involving highways, public utilities, environmental engineering and marine structures. NavNirman's expertise also covers the design, financing, construction and operation of modern bridges, viaducts, and metro rail, both on a Built-Operate-Transfer (BOT) basis as well as contract execution. Company is engaged in the design and construction of projects spanning roads, bridges, flyovers, metro railway systems, marine structures, ports and airports. Besides its large scale of operations in the Construction and Infrastructure domain, NavNirman has a dominant presence in energy business in which it operates in the hydro, nuclear and thermal power sectors.

The company has secured a contract of Rs 2000 crores for the Bangalore Metro Rail Project. Company is currently executing the project for design, engineering and construction of Offshore Terminal for Mumbai Port Trust, valued at Rs. 450 crores.

In the near future, NavNirman India would also be actively participating in the mega highways and expressway development programmes launched by NHAI. The authority has planned 10 mega highway projects of each around 500 km. and worth Rs 45-50 billion. NHAI also plans to develop 10,000 km. of expressways under phase VI of the National Highway Development Programme.

In the power sector, the company has Rs 1200 crore order book for construction of thermal power plants, Rs 700 crore order book for Hydro power plant construction and about 150 crores order book for Nuclear power plants. The company has a Rs 1150 crore order book in water treatment, water supply and sanitation projects and is one of the largest players in this space.

The Transmission and Distribution (T&D) business of the Company operates on Engineering Procurement Construction (EPC) basis in power transmission and distribution sector. With its execution capacities, large manufacturing capabilities for Transmission Tower & Conductor the Company is recognized as a leading player in India. The Company has also been expanding its footing into overseas countries and executing EPC contracts in Algeria, Kenya, Afghanistan and also supplying towers to Nigeria, Ethiopia, Ghana, Sri Lanka and Oman. With the thrust on privatization of Transmission Lines, the division is well positioned to capture the business opportunity having large manufacturing capacity for towers as well as conductors.

NavNirman is also a major player in the chimneys and cooling tower construction business with an order book of 1864 crores. The Company has also secured industrial structure construction projects to the tune of Rs 234 crore. The total order book position of the Company as on 31st March, 2011 stood at Rs. 15,600 crore. For the quarter ended June 2011, the company announced revenues of 1390 crores, an EBITDA of 123 crores and a PAT of 29 crores.



In 2008 NavNirman India acquired three Italian companies, and in FY 2011, the subsidiaries posted a loss of 9m euros due to (i) slow order awards and (ii) delays in providing bank guarantees for projects. In FY11, the international order book was 1,093m euros and in FY12, NavNirman expects 11% growth to 1,224m euros.

Over the past few years, NavNirman India has been carrying low margin legacy orders, which impacted its resources, working capital and profit margins. The company has put the projects on the fast track, with a view to exiting them at the earliest.

Two of NavNirman's promoters have pledged 9.14 per cent stake in the company with lenders and the company is facing a severe risk of delay on its debt payments in the coming quarters, which would make the lender sell shares in the open market.

The stock price of the firm has crashed from its 52 week high of Rs 98 to Rs 34 as of October 18th 2011. The 52 week low of the stock is around Rs 32, and the 200 day moving average is Rs 49. The total market cap of the firm as of October 18th, 2011 was 900 crores. A lot of FII's and mutual funds are stuck around Rs 60-75 levels and would like to exit given a good premium to the market price. The beta of the firm's stock is 1.49.

The promoters, though hesitant to sell off their stake initially, are mulling over selling off their stake as sale of pledged shares by banks would further dip the stock price of the firm and curtail future borrowing for the firm.

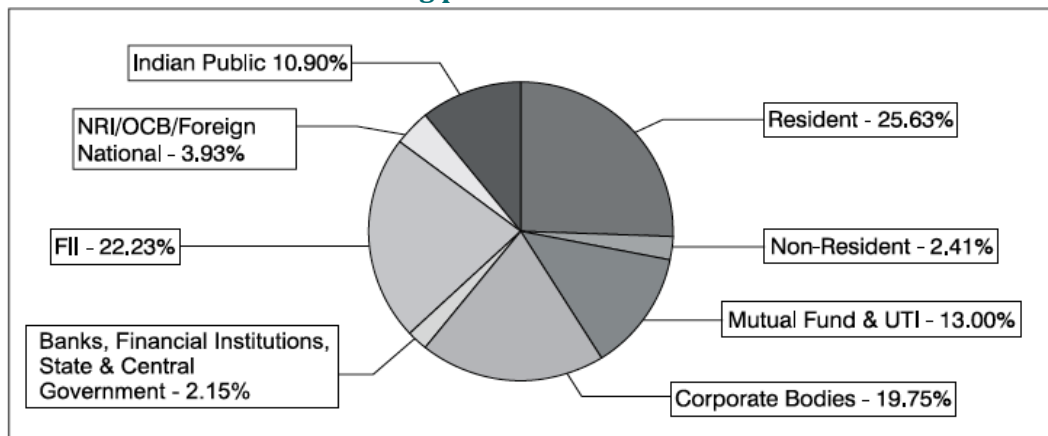
Key Financial Information for NavNirman India Limited (in Rs Crore)

Year End	Mar-11	Mar-10	Mar-09	Mar-08	Mar-07
Networth	1878	1702	1226	979	897
Net Block	1330	1084	948	773	691
Total Debt	2126	1295	972	377	371
Sales	5654	4640	3706	2356	1859
Other Income	280.2	106.3	113.3	35.7	55.2
EBIDT	537.3	481.6	431.3	245.1	226.8
EBDT	268.4	282.2	272.6	185.6	178.3
EBIT	445.5	410.6	367.4	198.9	191.6
EBT	176.7	211.3	208.7	139.3	143.1
PAT	118.5	125.7	140.5	86.1	44.5
Book Value (Rs)	68.25	65.15	69.3	55.3	51.8
EPS (Rs.)	4.25	4.55	7.45	4.85	2.5
Dividend Payout %	9.1	6.5	4.9	5.1	10.0
Interest Coverage	1.56	1.87	2.06	3.34	3.95
Debt Equity Ratio	1.11	0.75	0.58	0.4	0.31

*The face value of the stock is Re 1.

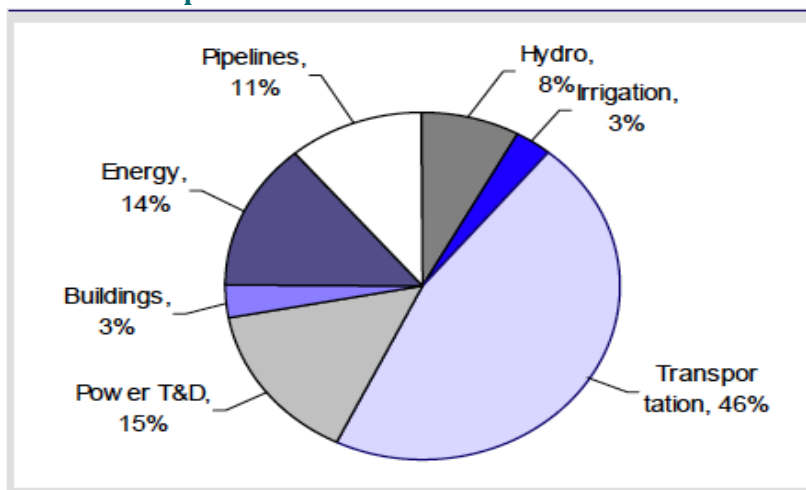


Shareholding pattern of NavNirman India



(Resident and Non-resident portions refer to promoter stakes of resident and foreign promoters)

Order book position of NavNirman India as of March 2011



Order book expected to pick up marginally in FY12, FY13

