



SUBSCRIBE Tecpro Systems Ltd (TPRO)

Power infrastructure stock at 8x PER

IPO Research

Analyst

Anubhav Gupta
anubhav@kimeng.co.in
(022) 66232605

Price	Rs340-355
Target	Rs544
BSE Index	20,001

Stock Information

Ticker code	TPRO IN
IPO date	23 Sep – 28 Sep
IPO price (Rs)	340-355
Market cap (US\$m)	387
Shares issued (m)	44.2
New shares offered (m)	6.3
Major shareholders (%)	
Gabrani and Bishnoi families	42

Statutory Auditor

BSR & Co.
Chartered Accountants

TPRO, a specialized contractor, bids for work related to material handling and construction of power plants. We forecast EPS to grow 25% in FY11 and 50% next year underpinned by new contracts of Rs39bn this year. The IPO proceeds would help TPRO lower D/E to 0.4x from 0.9x and fund expansion through FY12. At IPO, price the stock is available at PER of 7.8x FY12F (40% below avg. sector PER). We rate the stock BUY on strong EPS growth and financial position. Our share TP of Rs544 is based on 12x PER.

FY11F revenue up 45%, FY12F up 35%

Demand for TPRO's services would remain strong since power firms are estimated to invest Rs50bn pa in power plants over the next few years. TPRO's FY11F backlog will rise 90% to Rs38bn (2x FY11F revenue). Of this, 70% relates to work from power sector and the balance comprises material handling work from steel/cement sectors. The large backlog will support revenue growth of 45% for FY11 and 35% for FY12.

Gross margin up 80bp to 21.2%

TPRO's margin will rise due to increasing sales to power plants that have higher margin of 23% vs. 19% in material handling. The risk of volatile metal prices is limited as TPRO can pass on RM price increases to customers. The company includes price escalation clauses in its contracts. High-margin work will lead to TPRO's earnings growing 25% and 50% in FY11F and FY12F respectively.

D/E down to 0.4x from 0.9x on new share sale

The company will raise Rs2.2bn from listing (EPS dilution of 14%). The proceeds will be used to reduce debt and fund expansion. Over the next 2 years, TPRO requires Rs1.7bn to meet the shortfall in opCF.

TP of Rs544 based on PER of 12x FY12F, 50% potential upside

We recommend investors to SUBSCRIBE given strong earnings growth and low PER. Our discounted CF yields a value of Rs639/sh.

Year End March 31	FY08	FY09	FY10	FY11F	FY12F
Revenue (Rsm)	5,054	8,262	14,549	21,096	28,480
Net profit (Rsm)	406	546	1,077	1,502	2,288
EPS (Rs)	15.2	19.6	24.3	29.8	45.3
Growth (%)	-	28.7	23.9	22.4	52.3
D/E (x)	0.0	-0.1	0.9	0.4	0.5
PER (x)	23.3	18.1	14.6	11.9	7.8
P/BV (x)	9.2	5.7	4.5	2.6	2.0

Key Indicators (FY11F)

ROE (%)	21.4
Net gearing (%)	42.2
NTA (US\$m)	500
Interest cover (x)	3.0

SEE APPENDIX I FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS

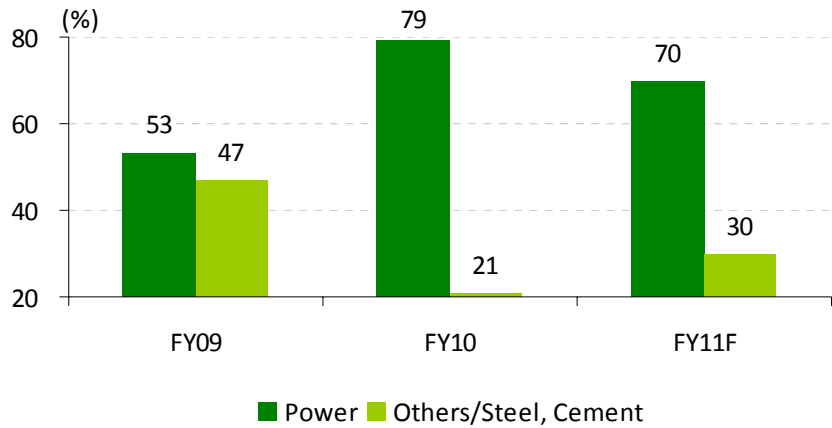
Revenue

Leading provider of material handling services

Over the past 10 years, TPRO has been mainly involved in providing material handling services to companies in the steel, power, and cement sectors. As of end-March 2010, the company executed 1,007 contracts. In 2007, the company started to bid for work related to construction of power plants. Last year, TPRO secured a large gov't contract in the power sector worth Rs8.5bn.

Majority of work from power sector

Backlog break-up



Source: Company data, KESI estimates

Strong backlog of Rs38bn, FY11F revenue up 45%

For FY11, we forecast revenue to grow 45% to Rs21bn, mainly supported by execution of backlog. We expect TPRO to secure new contracts of Rs39bn this year (up 75% from FY10). This will help the company increase its backlog by 90% to Rs38bn (2x FY11F revenue).

Started bidding for contracts in power sector in 2007

Last year, revenue from construction of power plants accounted for less than 5% of total revenue. The company started bidding for such work in the power sector because of shortage of contractors and its strong experience in construction of coal/ash handling systems.

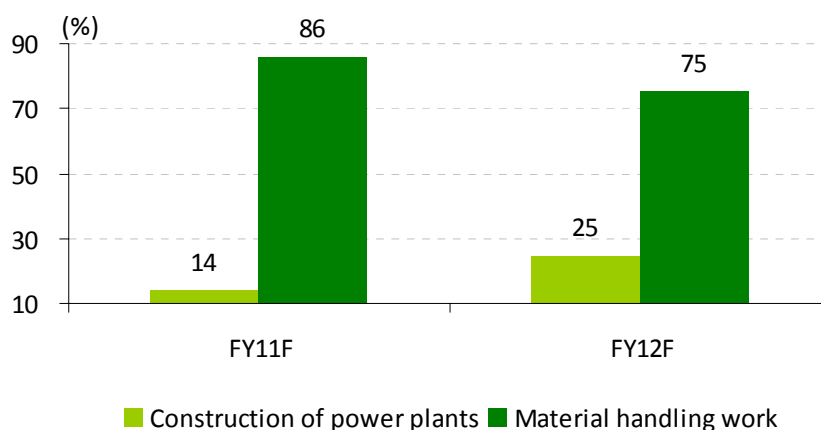
Construction of power plants is highly specialized work

As of August 2010, the company secured contracts worth Rs19bn in the power sector. The work involves construction of coal-handling plant, ash-handling plant, water treatment systems, and cooling towers. This is highly specialized work and has high gross margin.

Revenue from power sector - 15% of FY11F revenue

Of the FY11F backlog of Rs38bn, power sector accounts for 70% of the contracts and should account for 15% and 25% of FY11F and FY12F revenue.

Revenue break-up

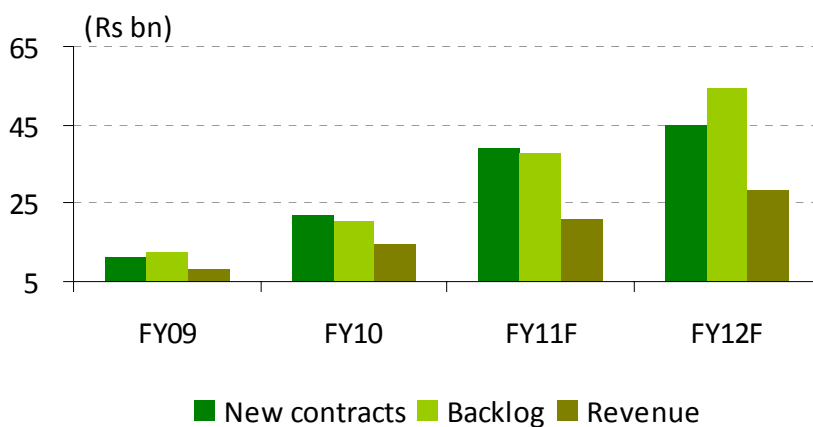


Source: Company data, KESI estimates

Currently bidding for contracts worth Rs60bn

TPRO is bidding for large contracts in the power sector and for material handling work in the steel and cement sectors. In Q1, TPRO secured new contracts worth Rs7bn and is bidding for contracts worth Rs60bn. Of this we expect the company to secure contracts worth Rs12bn by end-FY11.

Revenue forecast



Source: Company data, KESI estimates

New FY11 contracts of Rs39bn, revenue up 35% next year

For FY12, revenue growth would be underpinned by rising backlog. We forecast FY12 backlog to rise to 45% to Rs55bn on new contracts of Rs45bn.

Large CAPEX from infrastructure firms benefiting TPRO

Over the next few years, infrastructure firms are expected to invest Rs250bn pa on power plants and Rs90bn pa on material handling plants. This will help TPRO secure large contracts in the power and steel sectors.

Key orders as at August 2010

Customer	Work involved	Size (Rsm)
Power sector		
Chhattisgarh State	Construction of 500MW power plant	8,500
Reliance Energy Ltd	Construction of coal handling system for 2X800MW power plant	911
Tata Project Ltd	Construction of coal handling system for 2X600MW power plant	172
Maithon Power Ltd	Construction of coal handling system for 2X525MW power plant	-
Raj West Power Ltd	Construction of coal handling system for 8X135MW power plant	-
NTPC Ltd	Construction of ash handling system for 3X660MW power plant	-
Tata Project Ltd	Construction of ash handling system for 2X800MW power plant	-
Lanco Infratech Ltd	Construction of ash handling system for 2X600MW power plant	-
Total		16,800
Others		
Steel Authority of India	Constructing of material handling plant	-
Utkal Alumina Refinery	Construction of bauxite handling plant	-
Total		7,200
Total backlog*		24,000

Source: Company data, KESI estimates * As at August 2010

Cost

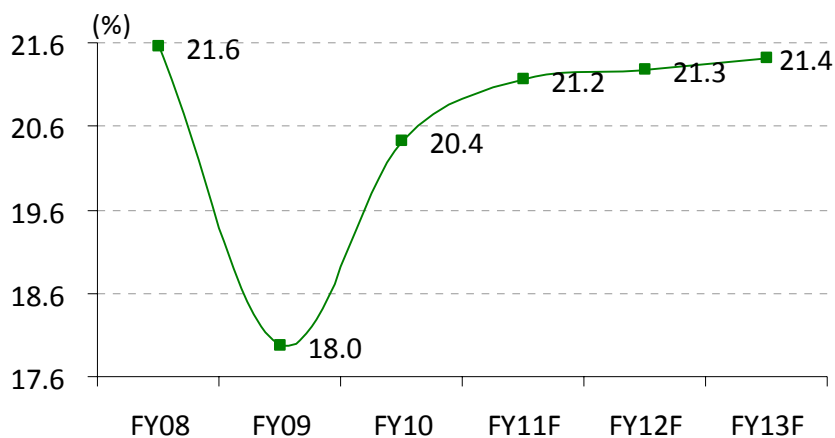
Less vulnerable to fluctuation in commodity prices

Stable gross margin of 21%

Iron and steel form 10% of total cost of sales. TPRO includes price escalation clauses in its contracts, which shields it from volatility in commodity prices to a great extent.

In FY11, gross margin is expected to increase 80bp to 21.2% on increasing revenue from construction of power plants. This work has gross margin of 23% vs. 19% in material handling work. The margin is high because the work calls for a high degree of specialization. Moreover, a shortage of contractors constructing power plants gives TPRO a distinct competitive advantage. Going forward, we expect gross margin to remain stable at 21%.

Gross margin



Source: Company data, KESI estimates

Earnings

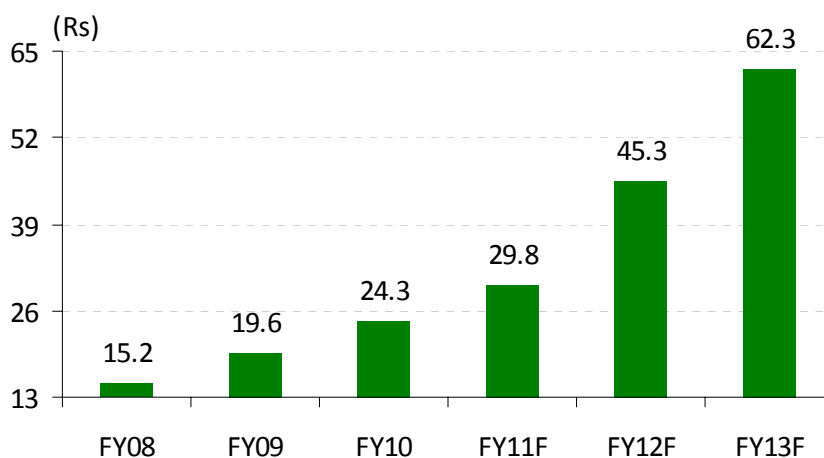
FY11 EPS to rise 25%

Following 100% increase in earnings in FY10, we expect TPRO to record 40% earnings growth to Rs1.5bn on revenue growth of 45%. However we expect EPS to increase only 25% on earnings dilution of 14% owing to the listing.

High interest expense this year

For FY11, interest cost would increase 70% to Rs1.2bn because the company raised new debt of Rs4bn last year. However, we expect interest cost to remain stable for FY12, which would help earnings to grow 50% to Rs2.3bn.

EPS forecast



Source: Company data, KESI estimates

Balance sheet

Part of working capital funded by internal CF

The company funds working capital also through advances received from customers. A customer pays up to 20% in advance. TPRO enjoys this luxury since a limited number of companies provide power plant and material handling facilities in India.

Receivables of 240 days; payables of 230 days

Receivable days for TPRO are 240 vs. sector average of 250 because contracts are usually executed within 24 months to 36 months. We believe receivables are secure as 60% of the company's work is associated with the gov't.

D/E down to 0.4x from 0.9x

The new share sale of Rs2.2bn will help TPRO lower D/E to 0.4x from 0.9x. The proceeds will also be used to fund expansion and meet working capital requirements.

Working capital, CAPEX to be funded from new capital

In FY11/12, TPRO will require Rs1.7bn to meet working capital requirements and Rs1bn to fund CAPEX. This would be funded from new capital.

Cash flow

Yr to Mar (Rsm)	FY09	FY10	FY11F	FY12F
EBITDA	1,086	2,471	3,660	4,916
Change in WC	-501	-4,365	-2,989	-2,865
Operating CF	585	-1,894	670	2,051
Interest and tax	-498	-1,301	-2,029	-2,458
Residual CF	86	-3,195	-1,359	-407
CAPEX	-418	-518	-550	-556
Investments	0	-93	-9	-10
Free CF	-332	-3,806	-1,917	-973
Net debt	125	-3,047	-2,963	-4,266
Dividend (Rsm)	-219	-162	-155	-216

Source: Company data, KESI estimates

Valuation

PER based valuation at Rs544/sh

We valued TPRO based on target PER of 12x FY12F. Our assumptions include earnings growth of 25% FY11F and 50% in FY12F.

Superior earnings growth in FY12

We compare TPRO with contractors involved in the material handling work and power sectors. The avg. sector earnings will grow 30% in FY12. TPRO's FY12F earning growth of 50% is highest in the sector. Our target PER of 12x is below the average sector of 13x.

Peer valuations

Company	Ticker	Mcap (US\$m)	FY11F		FY12F	
			PER (x)	P/BV (x)	PER (x)	P/BV (x)
Larsen & Toubro	LT	24,952	27.1	4.7	21.1	4.0
BGR Energy Systems	BGRL	1,266	20.9	6.0	16.6	4.6
Punj Lloyd Ltd	PUNJ	831	17.5	1.2	11.2	1.1
TRF Ltd	TRF	205	13.6	3.9	10.3	2.9
McNally Bharat Engineering	MCNA	198	10.5	2.6	8.3	2.0
Elecon Engineering	ELCN	183	12.7	2.2	10.2	1.8
Average			17.1	3.4	13.0	2.7
Tecpro Systems	TPRO	387	11.9	2.6	7.8	2.0

Source: KESI estimates

Discounted CF value at Rs639/sh

We prefer valuing TPRO on a PER basis rather than on discounted CF as PER reflects the company's near-term earnings potential better. For comparison purposes, however, we have provided a valuation based on discounted CF.

The discounted CF estimate is 17% higher than our TP. We assume WACC of 12% and terminal growth rate of 5%.

Discounted CF – key components

Yr to Mar (Rsm)	FY11F	FY12F	FY13F	FY14F	FY15F	Terminal Value
Terminal growth rate (%)	5					
WACC (%)	12					
Free cash flow	-1,917	-973	-541	3,990	4,053	58,395
PV	-1,713	-777	-386	2,541	2,306	33,221
NPV	35,194					
Net debt	-2,963					
Equity value	32,231					
No. of shares (m)	50					
Fair value (Rs/sh)	639					

Source: KESI estimates

Recommendation – BUY

50% upside potential to our share TP

We like TPRO for the following reasons:

- TPRO management is transforming the company, leveraging its long experience, strong presence in local market, and robust demand for power and material handling plants. TPRO expects to triple earnings in 3 years.
- Solid shareholder background in the form of Macquarie Asia Pacific and Credit Suisse PE Asia Investments
- Increased earnings will strengthen CF. New capital will lower D/E
- Barriers to entry for this industry are high. TPRO is well placed to sustain its market share and growth rates.

Annexure

Local power plant / material handling industry

Planned investment of Rs5tn in power sector through FY16

Over the next 5 years, the gov't plans to invest Rs5tn to increase the country's power generation by 50% to 250k MW. Of this, Rs2.5tn will be deployed in construction of power plants and supply of power equipment. We estimate total market size for TPRO's services at Rs1.3tn through FY16. During this period, a total of 725 contracts will be up for bidding over the next 5 years. In the past 5 years the number was 279.

No. of contracts

Type of construction work	FY05-10	FY11-16F	Chg (%)
Coal handling plant	54	148	174.1
Ash handling plant	56	148	164.3
Water treatment plant	58	211	263.8
Cooling towers	111	218	96.4
Total	279	725	159.9

Source: Company data

Entry barriers

A limited number of local companies construct power plants as this involves highly specialized work. The gov't has set prequalification norms for companies bidding for such work. These norms mainly include: a) minimum revenue of Rs4bn pa; and b) completion of at least 1 plant with capacity of 100MW. These entry barriers help TPRO as gross margin on such contracts is high.

Competition

Type of construction work	No. of companies
Coal handling plants	8
Ash handling plants	9
Water treatment plants	5
Cooling towers	5

Source: Company data

Company background

10 years of experience in material handling business

In 2001, TPRO started business of providing material handling services to companies in the steel, power, and cement sectors. As of March 2010, TPRO executed 1,007 orders and is executing 225 orders.

Successfully started business of constructing power plants in 2007

Given its strong experience in ash/coal handling plants, the company started bidding for orders related to construction of power plants. In 2009, TPRO secured a large gov't order of Rs8.5bn to construct a plant with generation capacity of 500MW.

Promoted by 2 individuals

TPRO is promoted by 2 entrepreneurs who have more than 20 years experience in construction of material handling plants. Mr. Amul Gabrani is the founder promoter who controls finance and production while Mr. Ajay Kumar Bishnoi controls marketing, project execution, design and engineering, and business development.

Majority of workers are engineers

As at March 2010, TPRO employed 1,157 workers of which 65% are engineers. It currently has 4 manufacturing units and 7 engineering design offices. These are spread across various locations in the country.

Corporate structure and shareholders

Avigo Venture invested Rs340m

Over the last 4 years, Avigo Venture Investment invested Rs340m in TPRO. Its holding in TPRO will decline to 15% from 17% after listing.

Rs240m investment from Credit Suisse

Credit Suisse PE Asia Investments will own 2% post listing. In January 2008, it bought 1m shares at Rs240/sh. The total investment was Rs240m.

3 funds bought 32% of TPRO's equity

The total shareholding of the 3 private equity participants is equal to 31.9% of total equity.

Details of private equity participation in TPRO

Investor	Investment (Rsm)
Avigo Venture Investment	340
Metmin Investments Holdings	150
Credit Suisse PE Asia Investment	240
Total	730

Source: Company data

IPO details – US\$58m offering

TPRO will sell 6.3m new shares to raise Rs2.2bn. The capital will increase by 14% to 50.5m shares. One of the existing shareholders, Metmin Investment Holdings Ltd, will sell its own 1.3m shares during the IPO to raise Rs462m.

IPO Details

Market Capitalization (Rsm)	387.0
Par (Rs)	10.0
Total shares offered during IPO (m)	7.6
New shares offered during IPO (m)	6.3
Assumed IPO price (Rs)	355.0
Pre IPO paid-up capital (m)	44.2
Post IPO paid-up capital (m)	50.5

Source: Company data

Shareholding structure

	Pre IPO Shares	(%)	Post IPO Shares	(%)
Gabrani & Bishnoi families	18,809,327	42.5	18,809,327	37.3
Fusion Fittings Ltd	7,525,084	17.0	7,525,084	14.9
Avigo Venture Investments Ltd	7,524,710	17.0	7,524,710	14.9
Metmin Investments Holdings Ltd	5,594,881	12.7	4,294,881	8.5
Macquarie Asia Pacific Co	1,650,000	3.7	1,650,000	3.3
Credit Suisse PE Asia Investments Ltd	1,000,000	2.3	1,000,000	2.0
Others	2,119,789	4.8	2,119,789	4.2
Public	0	0.0	7,550,000	15.0
Total	44,223,791	100.0	50,473,791	100.0

Source: Company data

IPO Details

Issue opens on	23 September 2010
Issue closes on	28 September 2010
Lead managers to the issue:	SBI Capital Markets Kotak Mahindra Capital
Funds being raised (Rsm)	2,680
Use of funds	Business expansion and working capital

Source: Company data

CONSOLIDATED YEARLY FINANCIALS (Yr To Mar)						
PROFIT & LOSS (Rsm)	FY08	FY09	FY10	FY11F	FY12F	FY13F
Revenue	5,054	8,262	14,549	21,096	28,480	37,024
Cost of sales	-3,939	-6,743	-11,504	-16,534	-22,292	-28,943
Depreciation	-26	-34	-73	-99	-126	-152
Selling and admn expenses	-425	-553	-783	-1,114	-1,504	-1,955
Operating profit	665	933	2,189	3,349	4,558	5,974
Other income / Expense	44	120	209	211	232	256
Interest expensed	-50	-144	-714	-1,209	-1,209	-1,307
Profit before tax	659	909	1,684	2,351	3,582	4,923
Tax	-249	-355	-587	-820	-1,249	-1,717
Minorities	-2	-11	-21	-30	-45	-62
Recurring net profit	407	543	1,075	1,502	2,288	3,145
Exceptional items	-1	3	2	0	0	0
Net profit	406	546	1,077	1,502	2,288	3,145
EPS (Rs)	15.2	19.7	24.4	29.8	45.3	62.3
Recurring EPS (Rs)	15.2	19.6	24.3	29.8	45.3	62.3
Fully diluted no. of share (m)	27	28	44	50	50	50
KEY ASSUMPTIONS (Rsm)	FY08	FY09	FY10	FY11F	FY12F	FY13F
Revenue	5,054	8,262	14,549	21,096	28,480	37,024
Backlog	9,667	12,526	20,138	38,042	54,562	67,538
New contracts	9,960	11,121	22,161	39,000	45,000	50,000
Backlog to revenue (x)	1.9	1.5	1.4	1.8	1.9	1.8
Total average debt	226	577	2,875	4,868	4,868	5,368
<i>Average interest Rate (%)</i>	<i>12.9</i>	<i>13.8</i>	<i>13.1</i>	<i>13.6</i>	<i>13.6</i>	<i>13.6</i>
RATIOS (%)	FY08	FY09	FY10	FY11F	FY12F	FY13F
Gross margin	21.6	18.0	20.4	21.2	21.3	21.4
Operating margin	13.2	11.3	15.0	15.9	16.0	16.1
Net margin	8.0	6.6	7.4	7.1	8.0	8.5
SG&A / Sales	8.4	6.7	5.4	5.3	5.3	5.3
Effective tax	37.9	39.0	34.9	34.9	34.9	34.9
Book value per share (Rs)	38.6	62.7	79.6	139.2	178.0	231.3
ROA	10.3	7.3	6.6	6.5	7.9	8.5
ROE	39.4	31.5	30.6	21.4	25.5	26.9
Net Debt/ Equity (x)	0.0	-0.1	0.9	0.4	0.5	0.5
Dividend payout ratio	46.0	25.3	12.3	12.3	12.3	12.3
CASHFLOW (Rsm)	FY08	FY09	FY10	FY11F	FY12F	FY13F
EBITDA	734	1,086	2,471	3,660	4,916	6,382
Accounts receivables	-1,361	-1,935	-4,989	-4,696	-4,855	-5,618
Inventory	-96	-460	-267	-478	-539	-623
Working capital	1,275	1,894	890	2,184	2,529	2,918
Operating cash flow	552	585	-1,894	670	2,051	3,058
Interest	-50	-144	-714	-1,209	-1,209	-1,307
TAX	-249	-355	-587	-820	-1,249	-1,717
Residual cash flow	253	86	-3,195	-1,359	-407	35
Fixed assets	-246	-418	-518	-550	-556	-565
Investments	0	0	-93	-9	-10	-11
Free cashflow	7	-332	-3,806	-1,917	-973	-541
Capital increase	334	440	90	2,219	0	0
Dividend payments	-219	-219	-162	-155	-216	-329
Others/exceptional items	-43	51	706	-61	-114	-260
Net change in cashflow	79	-60	-3,172	85	-1,303	-1,131
Net debt beg	106	184	125	-3,048	-2,963	-4,266
Net debt end	184	125	-3,047	-2,963	-4,266	-5,396
BALANCE SHEET (Rsm)	FY08	FY09	FY10	FY11F	FY12F	FY13F
Cash & equivalent	456	1,007	1,820	1,905	602	472
Receivables	2,252	4,187	9,176	13,872	18,727	24,345
Inventories	334	795	1,061	1,539	2,078	2,701
Other current assets/loans & advances	328	589	2,726	3,953	5,337	6,938
Fixed assets (net)	317	304	1,208	1,609	1,983	2,331
Investments	1	1	94	104	114	125
Capital work in progress	217	548	110	160	215	280
Other assets/goodwill	41	43	12	12	13	13
Total assets	3,946	7,474	16,208	23,153	29,069	37,205
Working capital - liabilities	2,636	4,791	7,819	11,230	15,142	19,661
Debt	271	883	4,868	4,868	4,868	5,868
Others	8	64	0	30	75	0
Shareholders' funds	1,031	1,736	3,522	7,026	8,984	11,676

Source: Company Data, Kim Eng Securities Estimates

SINGAPORE

Stephanie WONG *Head of Research*
Regional Head of Institutional Research
+65 6432 1451 swong@kimeng.com

- Strategy
- Small & Mid Caps

Gregory YAP

+65 6432 1450 gyap@kimeng.com
▪ Conglomerates
▪ Technology & Manufacturing
▪ Transport & Telcos

Rohan SUPPIAH

+65 6432 1455 rohan@kimeng.com
▪ Airlines
▪ Marine & Offshore

Pauline LEE

+65 6432 1453 paulinelee@kimeng.com
▪ Bank & Finance
▪ Consumer
▪ Retail

Wilson LIEW

+65 6432 1454 wilsonliew@kimeng.com
▪ Hotel & Resort
▪ Property & Construction

Anni KUM

+65 6432 1470 annikum@kimeng.com
▪ Industrials
▪ REITs

James KOH

+65 6432 1431 jameskoh@kimeng.com
▪ Infrastructure
▪ Resources

Eric ONG

+65 6432 1857 ericong@kimeng.com
▪ Marine & Offshore

David LOMIS

+65 6432 1417 dloomis@kimeng.com
▪ Special Situations

HONG KONG / CHINA

Edward FUNG *Head of Research*
+852 2268 0632 edwardfung@kimeng.com.hk
▪ Power
▪ Construction

Norman ZHANG

+852 2268 0631 normanzhang@kimeng.com.hk
▪ Technology/mid-caps

Ivan CHEUNG

+852 2268 0634 ivancheung@kimeng.com.hk
▪ Property

Ivan LI

+852 2268 0641 ivanli@kimeng.com.hk
▪ Banking & Finance

TAM Tsz Wang

+852 2268 0636 tamtszwang@kimeng.com.hk
▪ Telcos
▪ Small Caps

Jacqueline KO

+852 2268 0633 jacquelineko@kimeng.com.hk
▪ Food & Beverage

Grace DAI

+852 2268 0640 gracedai@kimeng.com.hk
▪ Metal

INDIA

Jigar SHAH *Head of Research*
+91 22 6623 2601 jshah@kimeng.com
▪ Oil & Gas
▪ Transportation

Anubhav GUPTA

+91 22 6623 2605 agupta@kimeng.com
▪ Property
▪ Capital goods

Rohit LEDWANI

+91226623 2625 rohit@kimeng.co.in
▪ Banking and Financial services

Nikhil AGARWAL

+91226623 2611 nichil@kimeng.co.in
▪ Cement
▪ Metals

Haripreet BATRA

+91226623 2606 haripreet@imeng.co.in
▪ Software
▪ Education

Ganesh RAM

+91226623 2607 ganeshram@kimeng.co.in
▪ Telecom
▪ Media

MALAYSIA

YEW Chee Yoon *Head of Research*
+603 2141 1555 cheeyoon@kimengkl.com

- Strategy
- Banks
- Telcos
- Property
- Conglomerates & others

LIEW Mee Kien

+603 2141 1555 meekien@kimengkl.com

- Gaming
- Media
- Power
- Construction

Research Team

+603 2141 1555
▪ Food & Beverage
▪ Manufacturing
▪ Plantations
▪ Tobacco
▪ Technology

INDONESIA

Katarina SETIAWAN *Head of Research*
+6221 2557 1125 ksetiawan@kimeng.co.id

- Consumer
- Infra
- Shipping
- Strategy
- Telcos
- Others

Ricardo SILAEN

+6221 2557 1126 rsilaen@kimeng.co.id
▪ Auto
▪ Energy
▪ Heavy Equipment
▪ Property
▪ Resources

Rahmi MARINA

+6221 2557 1128 rmarina@kimeng.co.id
▪ Banking

Lucky ARIESANDI, CFA

+6221 2557 1127 lariesandi@kimeng.co.id
▪ Cement
▪ Construction
▪ Pharmaceutical
▪ Retail

Adi N. WICAKSONO

+6221 2557 1130 anwicaksono@kimeng.co.id
▪ Generalist

Arwani PRANADJAYA

+6221 2557 1129 apranadjaya@kimeng.co.id
▪ Technical analyst

VIETNAM

Nguyen Thi Ngan Tuyen
+84 838 38 66 36 x 163 tuyen.nguyen@kimeng.com.vn

- Pharmaceutical
- Confectionary and Beverage
- Oil and Gas

Ngo Bich Van

+84 838 38 66 36 x 164 van.ngo@kimeng.com.vn
▪ Bank
▪ Insurance

Nguyen Quang Duy

+84 838 38 66 36 x 162 duy.nguyenquang@kimeng.com.vn

- Shipping
- Seafood
- Rubber

Trinh Thi Ngoc Diep

+84 838 38 66 36 x 166 diep.trinh@kimeng.com.vn
▪ Property
▪ Construction

THAILAND

Kanchan KHANIJOU
+ 662 658 6300 x 4750 kanchan@kimeng.co.th

- Banks
- Construction Materials

Nathavut SHIVARUCHIWONG

+ 662 658 6300 x 4730 nathavut@kimeng.co.th
▪ Property
▪ Shipping

PHILIPPINES

Ricardo PUIG *Head of Research*
+63 2 849 8835 ricardo_puig@atr.com.ph

- Strategy
- Property
- Telcos

Laura DY-LIACCO

+63 2 849 8840 laura_dyliacco@atr.com.ph
▪ Utilities
▪ Conglomerates

Lovell SARREAL

+63 2 849 8841 lovell_sarreal@atr.com.ph
▪ Consumer
▪ Media

Kenneth NERECINA

+63 2 849 8839 kenneth_nerecina@atr.com.ph
▪ Conglomerates
▪ Cement
▪ Ports/ Logistics

Katherine TAN

+63 2 849 8843 kat_tan@atr.com.ph
▪ Banks
▪ Construction

REGIONAL

Luz LORENZO *Economist*
+63 2 849 8836 luz_lorenzo@atr.com.ph
▪ Economics

ONG Seng Yeow

+65 6432 1832 ongsengyeow@kimeng.com
▪ Regional Products & Planning

TAIWAN

Gary Chia
Head of Greater China Research
+886 2 3518 7900 gary.chia@yuanta.com

Boris Markovich

COO, Greater China Research
+852 3969 9518 boris.markovic@yuanta.com

John Brebeck, CFA

Head of Taiwan Strategy
Head of Research, Taiwan
+886 2 3518 7906 john.brebeck@yuanta.com

George Chang, CFA

Head of Upstream Tech
+886 2 3518 7907 george.chang@yuanta.com

Vincent Chen

Head of Downstream Tech
+886 2 3518 7903 vincent.chen@yuanta.com

Dennis Chan – NB Supply Chain
+886 2 3518 7913 dennis.chan@yuanta.com

Andrew C Chen – IC Backend
+886 2 3518 7940 andrew.chen@yuanta.com

Ellen Chiu – Taiwan Consumer
+886 2 3518 7936 ellen.chiu@yuanta.com

Danny Ho – Taiwan Petrochemical
+886 2 3518 7923 danny.ho@yuanta.com

Min Li – Alternative Energy
+852 3969 9521 min.li@yuanta.com

May Lin – Taiwan Telecom
+886 2 3518 7942 may.lin@yuanta.com

Tess Wang – Taiwan Financials
+886 2 3518 7901 tess.wang@yuanta.com

Recommendation definitions

Our recommendation is based on the following expected price performance within 12 months:

+15% and above: BUY
-15% to +15%: HOLD
-15% or worse: SELL

**APPENDIX I: TERMS FOR PROVISION OF REPORT, DISCLOSURES
AND
DISCLAIMERS**

This report, and any electronic access to it, is restricted to and intended only for clients of Kim Eng Research Pte. Ltd. ("KER") or a related entity to KER (as the case may be) who are institutional investors (for the purposes of both the Singapore Securities and Futures Act ("SFA") and the Singapore Financial Advisers Act ("FAA")) and who are allowed access thereto (each an "Authorised Person") and is subject to the terms and disclaimers below.

IF YOU ARE NOT AN AUTHORISED PERSON OR DO NOT AGREE TO BE BOUND BY THE TERMS AND DISCLAIMERS SET OUT BELOW, YOU SHOULD DISREGARD THIS REPORT IN ITS ENTIRETY AND LET KER OR ITS RELATED ENTITY (AS RELEVANT) KNOW THAT YOU NO LONGER WISH TO RECEIVE SUCH REPORTS.

This report provides information and opinions as reference resource only. This report is not intended to be and does not constitute financial advice, investment advice, trading advice or any other advice. It is not to be construed as a solicitation or an offer to buy or sell any securities or related financial products. The information and commentaries are also not meant to be endorsements or offerings of any securities, options, stocks or other investment vehicles.

The report has been prepared without regard to the individual financial circumstances, needs or objectives of persons who receive it. The securities discussed in this report may not be suitable for all investors. Readers should not rely on any of the information herein as authoritative or substitute for the exercise of their own skill and judgment in making any investment or other decision. Readers should independently evaluate particular investments and strategies, and are encouraged to seek the advice of a financial adviser before making any investment or entering into any transaction in relation to the securities mentioned in this report. The appropriateness of any particular investment or strategy whether opined on or referred to in this report or otherwise will depend on an investor's individual circumstances and objectives and should be confirmed by such investor with his advisers independently before adoption or implementation (either as is or varied). You agree that any and all use of this report which you make, is solely at your own risk and without any recourse whatsoever to KER, its related and affiliate companies and/or their employees. You understand that you are using this report AT YOUR OWN RISK.

This report is being disseminated to or allowed access by Authorised Persons in their respective jurisdictions by the Kim Eng affiliated entity/entities operating and carrying on business as a securities dealer or financial adviser in that jurisdiction (collectively or individually, as the context requires, "Kim Eng") **which has, vis-à-vis a relevant Authorised Person, approved of, and is solely responsible in that jurisdiction for, the contents of this publication in that jurisdiction.**

Kim Eng, its related and affiliate companies and/or their employees may have investments in securities or derivatives of securities of companies mentioned in this report, and may trade them in ways different from those discussed in this report. Derivatives may be issued by Kim Eng its related companies or associated/affiliated persons.

Kim Eng and its related and affiliated companies are involved in many businesses that may relate to companies mentioned in this report. These businesses include market making and specialised trading, risk arbitrage and other proprietary trading, fund management, investment services and corporate finance.

Except with respect the disclosures of interest made above, this report is based on public information. Kim Eng makes reasonable effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. The reader should also note that unless otherwise stated, none of Kim Eng or any third-party data providers make ANY warranties or representations of any kind relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages of any kind relating to such data.

Proprietary Rights to Content. The reader acknowledges and agrees that this report contains information, photographs, graphics, text, images, logos, icons, typefaces, and/or other material (collectively "Content") protected by copyrights, trademarks, or other proprietary rights, and that these rights are valid and protected in all forms, media, and technologies existing now or hereinafter developed. The Content is the property of Kim Eng or that of third party providers of content or licensors. The compilation (meaning the collection, arrangement, and assembly) of all content on this report is the exclusive property of Kim Eng and is protected by Singapore and international copyright laws. The reader may not copy, modify, remove, delete, augment, add to, publish, transmit, participate in the transfer, license or sale of, create derivative works from, or in any way exploit any of the Content, in whole or in part, except as specifically permitted herein. If no specific restrictions are stated, the reader may make one copy of select portions of the Content, provided that the copy is made only for personal, information, and non-commercial use and that the reader does not alter or modify the Content in any way, and maintain any notices contained in the Content, such as all copyright notices, trademark legends, or other proprietary rights notices. Except as provided in the preceding sentence or as permitted by the fair dealing privilege under copyright laws, the reader may not reproduce, or distribute in any way any Content without obtaining permission of the owner of the copyright, trademark or other proprietary right. Any authorised/permited distribution is restricted to such distribution not being in violation of the copyright of Kim Eng only and does not in any way represent an endorsement of the contents permitted or authorised to be distributed to third parties.

Additional information on mentioned securities is available on request.

Jurisdiction Specific Additional Disclaimers:

THIS RESEARCH REPORT IS STRICTLY CONFIDENTIAL TO THE RECIPIENT, MAY NOT BE DISTRIBUTED TO THE PRESS OR OTHER MEDIA, AND MAY NOT BE REPRODUCED IN ANY FORM AND MAY NOT BE TAKEN OR TRANSMITTED INTO THE REPUBLIC OF KOREA, OR PROVIDED OR TRANSMITTED TO ANY KOREAN PERSON. FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF SECURITIES LAWS IN THE REPUBLIC OF KOREA. BY ACCEPTING THIS REPORT, YOU AGREE TO BE BOUND BY THE FOREGOING LIMITATIONS.

THIS RESEARCH REPORT IS STRICTLY CONFIDENTIAL TO THE RECIPIENT, MAY NOT BE DISTRIBUTED TO THE PRESS OR OTHER MEDIA, AND MAY NOT BE REPRODUCED IN ANY FORM AND MAY NOT BE TAKEN OR TRANSMITTED INTO MALAYSIA OR PROVIDED OR TRANSMITTED TO ANY MALAYSIAN PERSON. FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF SECURITIES LAWS IN MALAYSIA. BY ACCEPTING THIS REPORT, YOU AGREE TO BE BOUND BY THE FOREGOING LIMITATIONS.

Without prejudice to the foregoing, the reader is to note that additional disclaimers, warnings or qualifications may apply if the reader is receiving or accessing this report in or from other than Singapore.

As of 22 September 2010, Kim Eng Research Pte. Ltd. and the covering analyst do not have any interest in Tecpro Systems Ltd (TPRO)

Analyst Certification:

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

© 2010 Kim Eng Research Pte Ltd. All rights reserved. Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of Kim Eng Research Pte. Ltd. Kim Eng Research Pte. Ltd. accepts no liability whatsoever for the actions of third parties in this respect.

Singapore

Kim Eng Securities Pte Ltd
Kim Eng Research Pte Ltd
9 Temasek Boulevard
#39-00 Suntec Tower 2
Singapore 038989

Tel: +65 6336 9090
Fax: +65 6339 6003

LAU Wai Kwok (sales)
lauwk@kimeng.com

Stephanie WONG (research)
swong@kimeng.com

Hong Kong

Kim Eng Securities (HK) Ltd
Level 30,
Three Pacific Place,
1 Queen's Road East,
Hong Kong

Tel: +852 2268 0800
Fax: +852 2877 0104

Ray LUK (sales)
rluk@kimeng.com.hk

Edward FUNG (research)
edwardfung@kimeng.com.hk

Philippines

ATR-Kim Eng Securities Inc.
17/F, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines 1200

Tel: +63 2 849 8888
Fax: +63 2 848 5738

Lorenzo ROXAS (sales)
lorenzo_roxas@atr.com.ph

Ricardo PUIG (research)
ricardo_puig@atr.com.ph

South Asia Sales Trading

Connie TAN
connie@kimeng.com
Tel: +65 6333 5775
US Toll Free: +1 866 406 7447

London

Kim Eng Securities (London) Ltd
6/F, 20 St. Dunstan's Hill
London EC3R 8HY, UK

Tel: +44 20 7621 9298
Dealers' Tel: +44 20 7626 2828
Fax: +44 20 7283 6674

Giles WALSH (sales)
gwals@kimeng.co.uk

Geoff HO (sales)
gho@kimeng.co.uk

James JOHNSTONE (sales)
jjohnstone@kimeng.co.uk

Thailand

Kim Eng Securities (Thailand)
Public Company Limited
999/9 The Offices at Central World,
20th - 21st Floor,
Rama 1 Road, Pathumwan,
Bangkok 10330, Thailand

Tel: +66 2 658 6817 (sales)
Tel: +66 2 658 6801 (research)

Vikas KAWATRA (sales)
vkawatra@kimeng.co.th

Vietnam

Kim Eng Vietnam Securities Joint Stock
Company
1st Floor, 255 Tran Hung Dao St.
District 1
Ho Chi Minh City, Vietnam

Tel: +84 838 38 66 36
Fax: +84 838 38 66 39

Mai Phan Lam Hoa (sales)
Hoa.maiph@kimeng.com.vn

North Asia Sales Trading

Eddie LAU
eddielau@kimeng.com.hk
Tel: +852 2268 0800
US Toll Free: +1 866 598 2267

New York

Kim Eng Securities USA Inc
406, East 50th Street
New York, NY 10022, U.S.A.

Tel: +1 212 688 8886
Fax: +1 212 688 3500

Jeffrey S. SEO (sales)
jseo@kesusa.com

Thanh C NGUYEN (sales & trading)
tnguyen@kesusa.com

Indonesia

PT Kim Eng Securities
Plaza Bapindo
Citibank Tower 17th Floor
Jl Jend. Sudirman Kav. 54-55
Jakarta 12190, Indonesia

Tel: +62 21 2557 1188
Fax: +62 21 2557 1189

Kurnia SALIM (sales)
ksalim@kimeng.co.id

Katarina SETIAWAN (research)
ksetiawan@kimeng.co.id

India

Kim Eng Securities India Pvt Ltd
2nd Floor, The International,
Plot No.16, Maharishi Karve Road,
Churchgate Station,
Mumbai City - 400 020, India

Tel: +91.22.6623.2600
Fax: +91.22.6623.2604

Vikas KAWATRA (sales)
vkawatra@kimeng.co.th

Jigar SHAH (research)
jigar@kimeng.co.in

North American Sales Trading
(Night Desk)

Brian LEE
blee@kesusa.com
Tel: +1 212 688 8886

Taiwan

Yuanta Securities Investment
Consulting Co.
10/F, No 225, Nanking East Rd
Section 3
Taipei 104, Taiwan

Tel: +886 2 8770-6078
Fax: +886 2 2546-0376

Arthur LO (sales)
Arthur.lo@yuanta.com.tw

Gary CHIA (research)
Gary.chia@yuanta.com.tw

Malaysia

Kim Eng Research Sdn Bhd
16/F, Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

Tel: +603 2141 1555
Fax: +603 2141 1045

YEW Chee Yoon (research)
cheeyoon@kimengkl.com