

Bartronics India

CMP: Rs238
Harit Shah

Tel: 022 - 4040 3800 Ext: 321

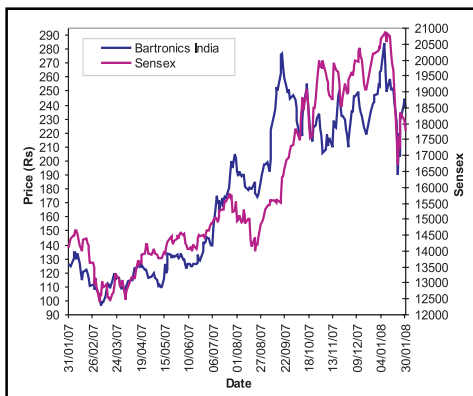
E-mail: harit.shah@angeltrade.com

Stock Info

Sector	IT
Market Cap (Rs cr)	463
Beta	1.0
52 Week High / Low	295/93
Avg Daily Volume	95453
Face Value (Rs)	10
BSE Sensex	17,759
Nifty	5,168
BSE Code	532694
NSE Code	BARTRONICS
Reuters Code	BARI.BO
Bloomberg Code	BAIL IN

Shareholding Pattern (%)

Promoters	40.3
MF / Banks / Indian FIs	16.0
FII / NRIs / OCBs	12.2
Indian Public / Others	31.5


Buy
**Target Price: Rs364
(15 Months)**
Raising the 'Bar'!

*Bartronics India (BIL) is a company operating in the automatic identification and data capture (AIDC) solutions segment. BIL enjoys a pre-eminent position in the Indian AIDC segment, and is all geared up to record strong growth going ahead. It is set to leverage the strong growth expected in the Retail sector. The company is also the only Smart cards manufacturer in India and this segment is expected to surge on strong demand from the Telecom, Banking and Government sectors. We expect BIL to record CAGRs of 128% and 115% in Topline and Bottomline respectively over FY2007-10E. At the CMP, the stock is trading at 6.5x FY2010E EPS on the fully diluted equity capital. **We Initiate Coverage on the stock, with a Buy recommendation and 15-month Target Price of Rs364.***

- Pre-eminent position in the AIDC market:** BIL is a pioneer in the Indian AIDC Industry. As per its internal estimates, it has a 25% marketshare in Bar Coding and Bio-metrics and as much as 95% in RFID. There is significant growth potential in this market, with Indian Organised Retail set to grow at a 38% CAGR till 2010. Given that the industry is still in a nascent stage, the opportunity for BIL is significant.
- Smart Cards - 'Smart' way to grow:** BIL has entered a new vertical in FY2008 - Smart Cards. The company has set up the first-ever Smart card manufacturing unit in the country with a capacity of 80mn units at a total cost of Rs270cr. Currently, most of BIL's smart card capacity is used for the Telecom Sector and its capacity is booked till FY2009. Going ahead, with strong demand expected from the Banking and Government sectors, there is significant growth potential in this business.
- Leveraging fund-raising efforts to power EPS growth:** BIL in order to finance its growth plans, has significantly diluted its equity. From FY2005, the company's equity base has increased by as much as 733% after accounting for full conversion of the foreign currency convertible bonds (FCCBs) made. Through focussed execution of its business plans, the company has justified its fund raising efforts, increasing EPS nearly eighteen-fold over this period.

Key Financials (Consolidated)

Y/E March (Rs. cr)	FY2007	FY2008E	FY2009E	FY2010E
Net Sales	63	229	509	750
% chg	119.1	260.1	122.6	47.3
Net Profits	13	42	95	133
% chg	152.0	213.7	125.6	39.5
EBITDA Margin (%)	26.6	24.0	24.5	25.0
Diluted EPS (Rs)	3.7	11.6	26.1	36.4
P/E (x)	64.5	20.6	9.1	6.5
P/CEPS (x)	57.3	18.8	8.3	5.8
RoE (%)	14.0	13.0	16.6	19.3
RoCE (%)	12.1	9.6	18.4	22.5
P/BV (x)	7.0	1.7	1.4	1.2
EV/Sales (x)	13.8	2.3	1.5	0.9

Source: Company, Angel Research

BIL is a Hyderabad-based company operating in the niche AIDC market

Company Background

Bartronics India (BIL) is a Hyderabad-based company operating in the niche area of AIDC solutions and technologies. The company provides AIDC solutions based on several technologies, starting with Bar Coding, one of the oldest AIDC technologies. The company also offers AIDC solutions based on emerging technologies like radio frequency identification (RFID), bio-metrics, point-of-sale (POS) technologies and Smart cards. The company's products include a wide-range of AIDC and RFID cards, handheld terminals, printers and scanners, having applications in the logistics, retail, security, education, HR, healthcare, hospitality, finance and other industries. BIL is a dominant player in the domestic AIDC market, while in the Smart cards business, it is the only player. The company has a marquee list of clients including Tata Steel, Tata Motors, ITC, Whirlpool, Dr Reddy's, M&M and Pantaloons.

BIL has pioneered AIDC technologies in the Indian market and has a marketshare of 25% in Bar Coding and Bio-Metrics

AIDC Solutions and Technologies

BIL is a pioneer in the Indian AIDC sector. The company provides solutions to a variety of verticals based on AIDC technologies. Bar Coding, one of the oldest AIDC technologies, is used mainly by retail and manufacturing companies for stock and inventory process management and control. BIL also offers solutions on Bio-Metrics and point-of-sale (POS) technologies. Bio-metrics refers to using a biological measurable (Eg. fingerprints), which is generally unique to a single person and cannot be duplicated or forged. Bio-metrics usually find application in industries where security is of paramount importance like defence, government, scientific research and IT-BPO. While there are no independent studies done on the AIDC sector in India, as per BIL's internal estimates, the company enjoys a 25% marketshare in Bar Coding and Bio-metrics.

BIL's marketshare is an impressive 95% in the RFID space

BIL also enjoys a pre-eminent position in radio frequency-based (RFID) AIDC solutions and technologies. RFID is the emerging technology for tracking goods and services worldwide and offers a better and more dynamic alternative to Bar Coding, primarily because it enables tracking beyond point of sales. In case of RFID-based AIDC solutions, the identifier (unique characteristic) is input, recorded or tracked by means of radio frequency methods. RFID solutions are equally beneficial to the consumer goods, industrial goods, logistics, retail, healthcare and other verticals. The basic and simplest application of this technology is through the tagging of high-value assets like goods in retail, cargo consignments, work-in-progress and even vehicles. The tagged object can thereafter be tracked as and when required. As per the company's internal estimates, BIL is a pre-eminent player in the RFID space, with a marketshare of 95%.

BIL has tied up with a leading German systems integrator, G&D, for supply of its SIM cards

Smart Cards – To ring in 'smart' growth

BIL has recently expanded its verticals of focus, venturing into the Smart Cards business. The company has set up the first-ever Smart card manufacturing unit in the country, with a total capacity of 80mn units, at a cost of Rs270cr. At present, BIL is the only company that manufactures Smart cards in India. Currently, in the Smart Cards segment, BIL caters to the Telecom sector, manufacturing GSM SIM cards for companies like Airtel and Idea. The company has tied up with a leading German systems integrator, G&D, for supply of its SIM cards. G&D will integrate the software with the card and then sell it to end-clients like Airtel, Reliance Communications (RCOM) and Idea. BIL has signed a two-year agreement to supply 50% of the capacity in the first year of operations and 70% in the second year to G&D.

Smart cards are expected to account for around half of BIL's Revenues going forward

BIL's capacity is thus booked till FY2009. This is expected to drive strong Revenue growth. The cost of one card is Rs30-35. However, going ahead, with opportunities likely to open up in newer verticals such as Banking (where a card can cost as much as Rs100) and Multi-purpose National ID Cards (MNIC, which can have multiple uses such as Ration card, Voter ID card, etc), BIL is in a strong position to capitalise on such opportunities.

Industry Outlook

AIDC Solutions and Technologies

At present, there are no independent studies done on the Indian AIDC market. However, as per various estimates, the total market size of the Indian AIDC Industry stands at Rs100-120cr. The market is estimated to be growing at 35-40% annually and is expected to maintain this growth over the next few years. AIDC technologies find widespread application in the Retail, Manufacturing and Logistics Industries, and given that such technology is still in the initial stages of adoption, the scope for growth is significant.

Smart Cards

The current estimated market size of the Smart Card Industry in India stands at Rs150cr. The market is estimated to be growing at 45-50% annually. Smart cards are used in National ID Cards, Banking (Credit/Debit cards) and Telecom sectors (SIM cards). At present however, most of the Smart cards are used in the Telecom sector. Going ahead, the Government of India is expected to introduce Multi-purpose National ID Cards (MNIC), which will have multiple uses such as Ration card, Voter ID card and so on. Growth is also expected in the Banking Sector. These opportunities are likely to fuel growth in this segment.

Exhibit 1: Smart Card unit shipment forecasts (India)

Year	Units (Mn)	Growth rate (%)
2002	20.3	-
2003	29.1	43.8
2004	43.1	48.2
2005	66.6	54.3
2006	100.1	50.3
2007	159.5	59.5
2008	225.9	41.7
2009	310.0	37.2

Source: Frost & Sullivan, Angel Research

The total unit shipments of Smart cards in India are expected to grow at a CAGR of 48.4% over CY2004-09E to 310mn by CY2009 (Source: Frost & Sullivan). Smart Card Industry on the other hand, are expected to grow to US \$248mn by 2009 from US \$47.5mn in 2004, growing at a CAGR of 39.2% over the mentioned period. Thus, the scope for growth is immense going forward.

Investment Argument

BIL is a pioneer in the Indian AIDC Industry. The company, as per its internal estimates, pegs the total size of the AIDC market at Rs100-120cr, with an annual growth rate of 35-40%. BIL's internal estimates suggest a marketshare of 25% in Bar Coding, 25% in Bio-metrics and an impressive 95% in RFID. There exists significant growth potential in the AIDC market, with the Indian Retail Industry set to grow at a strong pace going ahead. However, usage of AIDC technologies currently is at a nascent stage in India but, going ahead, we expect this to grow at a fast pace. According to sources, total Retail spending in India stood at Rs12,00,000cr (US \$300bn) in 2006, with the size of the Organised Retail Industry at Rs55,000cr (US \$13.75bn), giving it a share of just 4.6%. Thus, the scope for growth of this industry is significant and it is estimated to grow at a CAGR of nearly 40% to achieve a size of Rs2,00,000cr (US \$50bn) by 2010.

BIL is a leader in the fast growing Indian AIDC market

Bar Coding

Bar Coding is a series of parallel vertical lines (bars and space), that can be read by bar code scanners. Bar coding is an international concept today and is used worldwide as part of product packages, as price tags, carton labels, on invoices even in credit card bills and when it is read by scanners, a wealth of data is made available at the users end and when used with the Global India one Numbering Uniform Code Council Inc. (GS1.UCC), USA numbering system. The bar code becomes unique and universal and can be recognised anywhere in the world. It facilitates unique product identification through using international symbologies/ numbering system, promotes brand image and enables timely and accurate capture of product information. This results in wide ranging benefits including lowering of inventory costs, lower overall supply chain costs and hence reduced costs for Indian products, increasing efficiency of Indian industry and adherence to stringent quality assurance norms through product traceability.

Radio Frequency Identification (RFID)

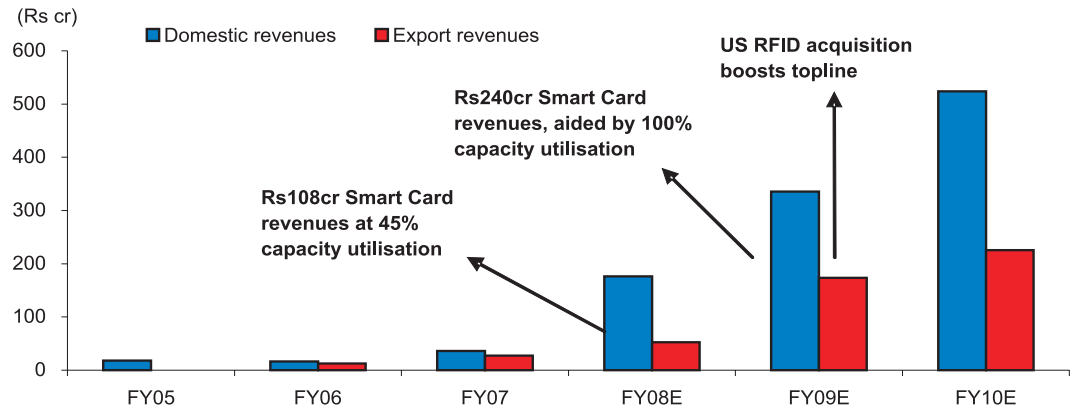
RFID is an automatic identification method relying on storing and remotely retrieving data using devices called RFID tags or transponders. An RFID tag is an object that can be applied to or incorporated into a product, animal, or person for the purpose of identification using radio waves. Some tags can be read from several meters away and beyond the line of sight of the reader. Most RFID tags contain at least two parts. One is an integrated circuit for storing and processing information, modulating and de-modulating a RF signal and can also be used for other specialised functions. The second is an antenna for receiving and transmitting the signal. A technology called chip-less RFID allows for discrete identification of tags without an integrated circuit, thereby allowing tags to be printed directly onto assets at lower cost than traditional tags. Today, a significant thrust in RFID use is in enterprise supply chain management, improving the efficiency of inventory tracking and management.

Going ahead, retail majors have significant plans on the anvil. Major corporates are also gearing up to capitalise on this huge upcoming opportunity and have big-bang forays planned out in the Retail space. The Bharti Group in partnership with Wal-Mart, the world's largest retailer, has ambitious plans, with an investment outlay of Rs31,500cr (US \$7.9bn) to set up a Retail network across the country, including 100 hyper malls and several hundred small stores. Reliance plans to invest Rs30,000cr to set up multiple retail formats. Pantaloon, the pioneer of organised retailing in the country, is also expanding into all possible Retail formats across categories and segments, with an expected 30mn square feet of retail space by FY2010. The company has also forayed into insurance, real estate and consumer finance. Thus, given these ambitious growth plans, the opportunity for BIL is immense.

Global expansion to drive growth

BIL also has a strategy in place for global expansion to tap opportunities in Export markets. The company mainly exports to South East Asian countries like Singapore and Malaysia. This is an important part of the company's growth initiatives. In FY2006 and FY2007, nearly 45% of the company's revenues were derived from exports.

Exhibit 2: Domestic and export revenue break-up



Source: Company, Angel Research

US expansion to fuel further growth

BIL has also commenced operations in the US market to further its growth initiatives. The company has incorporated a wholly-owned subsidiary, Bartronics America Inc. (BAI), which recently made an acquisition in the US market. BAI acquired Proximities Inc. and SRG America Inc., for a total consideration of US \$50mn. Proximities, Inc. is a privately held company that develops, markets and supports secure RFID cashless payment, access control and age verification solutions. Proximities' proprietary technologies enable fast, efficient and secure transactions. Software Research Group, Inc. (SRG) is an organisation that has served the information technology (IT) market place for over ten years. These acquisitions, with a size of Rs100cr, will result in further growth and enable BIL to become a global player in the AIDC space. We expect BIL's Topline in the AIDC segment to grow at a CAGR of 76.6% over FY2007-10E to hit nearly Rs350cr by FY2010 (Rs63.5cr in FY2007).

Smart Cards to further power BIL's growth momentum

Smart Cards - 'Smart' way to grow

In FY2008, BIL entered the Smart Cards vertical. The estimated market size of the Smart Card Industry in India stands at Rs150cr and is estimated to grow at 45-50% annually. BIL has set up the first-ever Smart card manufacturing unit in the country, with a capacity of 80mn units at a total cost of Rs270cr. Till date, the entire requirement was imported from other countries.

Smart Card

A Smart Card, also known as a Chip card, contains one or more computer chips or integrated circuits embedded in the card, loaded with an operating system to operate, using a Smart card reader/writer, a customised software application to meet the parameters for electronic access or building access, for controlled authentication or as identification, for credit payment or debit payment, for storing real cash value, data, records, loyalty or bonus points.

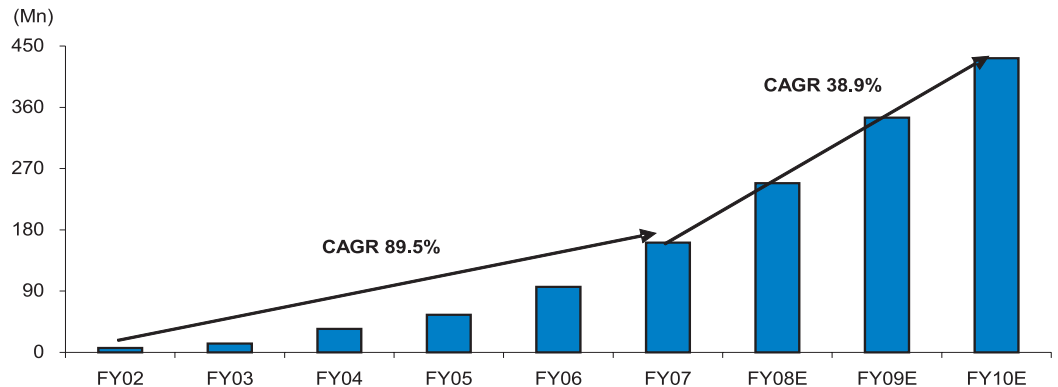
Currently, most of BIL's Smart card capacity is used by the Telecom sector. BIL has tied up with a German systems integrator, G&D, for supply of its SIM cards. G&D will integrate the software and sell it to clients like Airtel and Idea. Realisations per card are in the range of Rs30-35. BIL has signed an agreement with G&D for two years to supply 50% of the capacity in the first year of operations and 70% in the second year. Thus, the company's capacity is booked till FY2009.

It should be noted that there exists around 20% price differential between imported Smart cards and domestically produced Smart cards. Thus, going ahead, there exists strong scope for growth in this segment, with major telcos like Bharti Airtel, Reliance Communications (RCOM) and Vodafone-Essar all having ambitious expansion plans, necessitating increased demand for SIM cards and Smart cards.

Indian Telecom Sector - Poised for huge growth

The Indian Telecom Sector is the fastest-growing in the world, adding over 8mn users a month. Major drivers of this phenomenal growth are a continuous fall in minimum subscription costs, increasing affordability due to strong GDP growth, expansion of coverage area by mobile service operators and the introduction of a wide range of low-cost but feature-rich handsets in the market place catering to the increasing proportion of rural users. We estimate the Indian mobile subscriber base to grow at a CAGR of 39% over FY2007-10E to hit 432mn by FY2010. To put this into perspective, in FY2007, the mobile subscriber base stood at 161.3mn. Consequently, this huge multi-fold increase in the subscriber base will require significant production of SIM cards translating into a substantial opportunity for BIL to grow volumes even factoring in lower realisations per card going ahead, as competition would intensify with the entry of newer players. The major entry barrier is the gestation period required for setting up a new facility. An incumbent player can also form relationships with a large customer base, which will also be an entry barrier.

Exhibit 3: Mobile subscriber base - India calling!



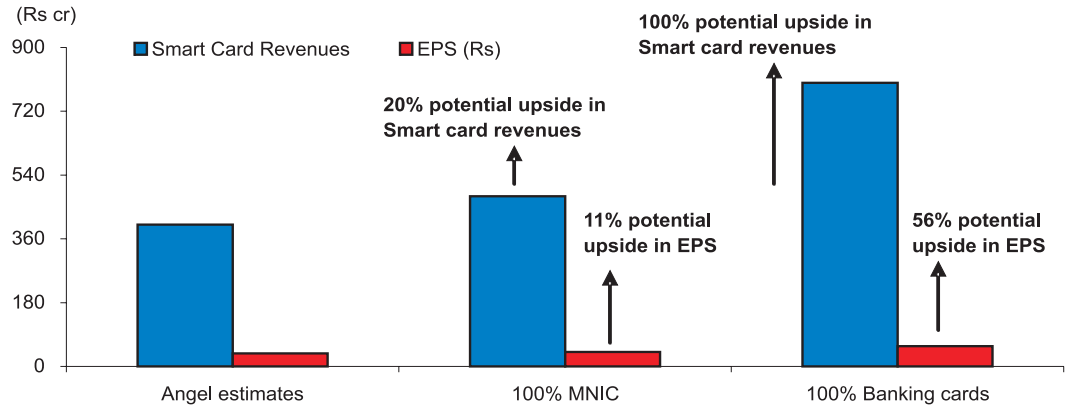
Source: COAI, AUSPI, Angel Research

We have factored in till FY2009, the entire capacity being utilised for this sector, with an average realisation of Rs30 per card. Thus, in FY2008, with a capacity utilisation of 45% and Rs30 per card realised, Total Revenues from the Smart Cards business are estimated to be Rs108cr, while in FY2009, with 100% utilisation, Revenues are estimated at Rs240cr.

MNIC and Banking Cards - Future growth avenues

Going ahead, the government plans to introduce MNIC cards, which will have multiple uses and can function as Ration Cards, Voter ID Cards and so on. This is likely to be a significant growth driver for BIL. The price per card that the company can realise is Rs60-70, which is double that of SIM card realisations. On the other hand, in the Banking Sector, where Smart Cards can be used in Debit / Credit cards, realisations per card can be as high as Rs100 per card. We have factored in Rs50 per card as realisations in FY2010E, accounting for a mix of SIM cards and MNIC. Assuming 100% capacity utilisation, it translates into Rs400cr Smart Card Revenues in FY2010E.

Exhibit 4: Scenario Analysis - FY2010E



Source: Company, Angel Research

We believe there is room for BIL to out-perform our estimates in the Smart Card business

To get a perspective of the potential upside to our estimates if part or full of BIL's capacity is used for the above-mentioned verticals, if 100% of the capacity is utilised for MNIC in FY2010E at Rs60 per card realisations, Smart Card revenues would touch Rs480cr, up 20% compared to our estimates, while EPS would be higher by over 11% v/s our estimates (Refer Exhibit 4). On the other hand, if 100% of the capacity is utilised for the Banking Sector in FY2010E at Rs100 per card realisations, Smart Card revenues would soar to Rs800cr, a 100% upside from our estimates, while EPS would be higher by a significant 56%. We believe we have been conservative in our assumptions for BIL's Smart Card business and believe there is room for the company to out-perform our estimates.

Fund raising plans - the growth driver

Exhibit 5: Dilution history

	FY2005	FY2006	FY2007	FY2008E	% increase#
Equity share capital (Rs cr)	4.4	14.6	17.8	36.5	733.2
Dilutions carried out					
Public issue (65lakh shares)		6.5			
21.9lakh bonus shares		2.2			
Private placement (15lakh shares)		1.5			
QIP issue (32.5lakh shares)			3.3		
Warrant issue (46.3lakh shares)				4.6	
FCCB issue (US \$25mn)*				7.1	
FCCB issue (US \$50mn)**				6.9	
EPS post dilution	5.5	3.7	7.6	11.6	111.4
Fully diluted EPS (FY2008E equity)	0.7	1.5	3.7	11.6	1,661.0

Source: Company, Angel Research; * FCCBs convertible at Rs140 a share; ** FCCBs convertible at Rs290 a share; # Point-to-point change of FY2008E equity base v/s FY2005 equity base

BIL has significantly diluted its equity base over the past three years to finance its ambitious growth plans (Refer Exhibit 5). While these dilutions result in an initial decline in EPS on account of a higher equity base, the entire objective of the fund raising initiative is to productively utilise the funds for expansion of business and / or acquisitions, which would eventually be EPS-accretive. BIL has, to its credit, effectively utilised these funds to ensure accretion to the EPS. In FY2005, its basic EPS stood at Rs5.5 on the FY2005 equity base, while in FY2008, we expect the company to report an EPS of Rs11.6, over 211% of the EPS in FY2005 on the significantly enlarged, fully diluted equity base. On a point-to-point basis, Bottomline has grown by an outstanding 1,661%, or nearly eighteen-fold over this period. Thus,

BIL has so far managed to justify its fund raising efforts through focussed execution of its business plans.

Concerns

High debtor days

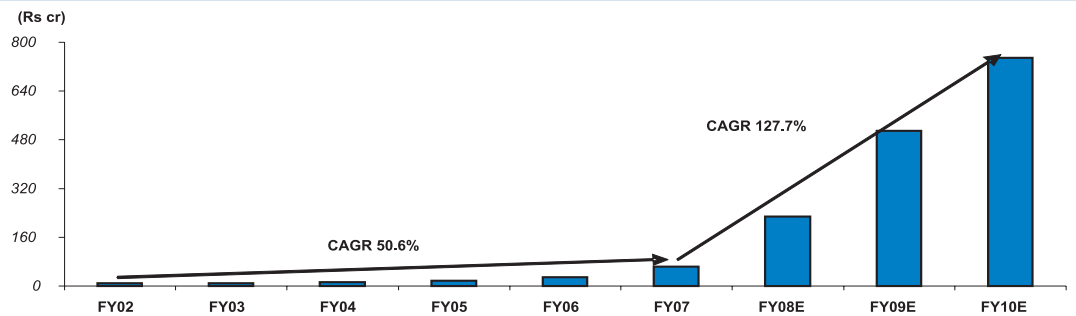
BIL's debtor days in FY2007 stood at a high 322 days, or nearly 11 months of sales. The company focuses on providing end-to-end AIDC solutions including pilot testing, which is the main reason for such high debtor days. This has the potential to impact the company's cash flows and result in a constant requirement for funds. However, with BIL's entry into the Smart Card business, the debtor days are expected to decline going forward, since in Smart Cards, days sales outstanding are generally in the range of 45 days.

Greater competition in smart cards

BIL currently operates the only Smart Card manufacturing facility in the country. This makes it a monopoly business for the company. However, going ahead, newer players are likely to enter the sector. Consequently, realisations could decline with competition intensifying. Nonetheless, we believe there exists enough room for growth for several players and volumes will be sufficient to maintain growth and profitability.

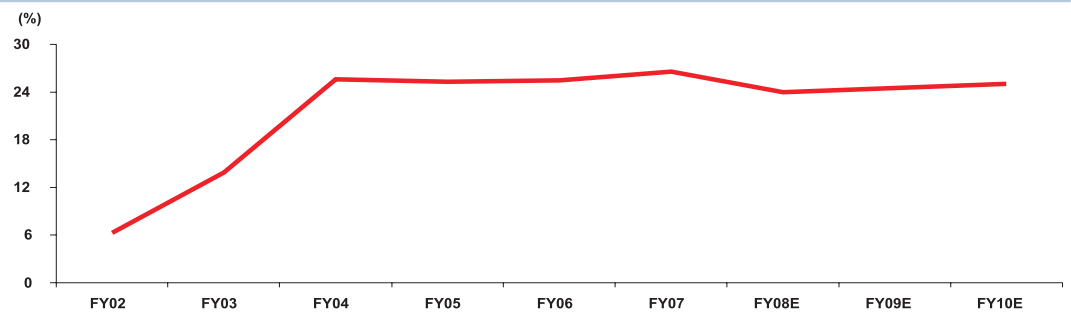
Financials

Exhibit 6: Sales growth



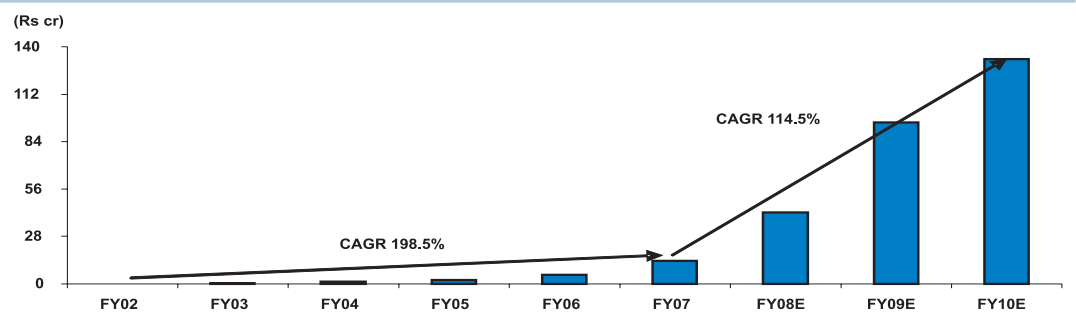
Source: Company, Angel Research

Exhibit 7: EBITDA Margins



Source: Company, Angel Research

Exhibit 8: Net Profits



Source: Company, Angel Research

Outlook and Valuation

Going ahead, we believe the Indian AIDC market is poised for strong growth, driven by robust growth in the Retail Industry. The Smart Cards segment also appears set to grow by leaps and bounds, with MNIC and Banking cards being the future growth drivers, apart from the Telecom Sector. As for BIL, with its leadership position in these businesses, we expect it to be a key beneficiary of this growth going forward.

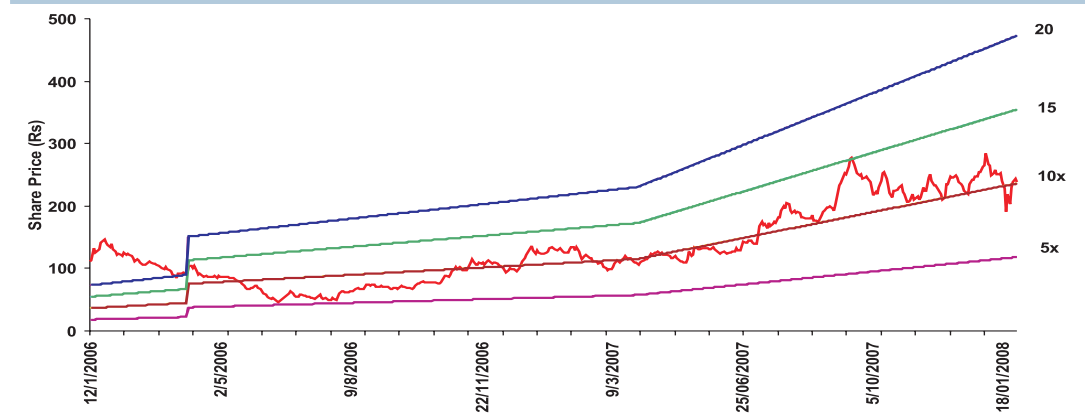
We expect the AIDC segment to clock a CAGR growth of 76.6% over FY2007-10E, driven by strong growth in the Indian economy, including sectors like Retail, Manufacturing and Logistics. Geographic expansion is also likely to power growth of this segment. We believe the recent acquisitions of Proximities, Inc. and SRG, Inc. will provide a strong boost to the company's Topline, and the company has utilised the entire US \$50mn that it had recently raised through an FCCB issue. On the other hand, we expect BIL to clock Revenues of Rs400cr from its Smart Cards business in FY2010 compared to NIL in FY2007 and Rs108cr in FY2008. Any capacity that is used for MNIC and / or Banking Cards over and above our estimates will provide strong upside to our estimates.

With the falling prices of chips, the major raw material used by the company for the manufacture of Smart cards, Margins are not expected to face any significant pressures

We expect BIL to record an outstanding 127.7% CAGR growth in Topline over FY2007-10E, while Bottomline is expected to grow at an equally impressive CAGR of 114.5% over the mentioned period. We expect EBITDA Margins to move in a narrow range to hit 25% in FY2010E v/s 26.6% in FY2007. With the falling prices of chips, the major raw material used by the company for the manufacture of Smart cards, Margins are not expected to face any significant pressures.

At the CMP of Rs238, the stock trades at 6.5x FY2010E EPS. Given the strong visibility in Revenues in the medium term and impressive EPS growth expected over the next few years, we believe these valuations are attractive. **We Initiate Coverage on the stock, with a Buy recommendation and 15-month Target Price of Rs364, translating into an upside of 53%.** The Target Price implies a P/E of 10x FY2010E EPS.

Exhibit 9: P/E band chart



Source: Company, Angel Research

Profit & Loss Statement

Rs crore

Y/E March	FY2007	FY2008E	FY2009E	FY2010E
Net Sales	63.5	228.6	508.9	749.6
% chg	119.1	260.1	122.6	47.3
Total Expenditure	46.6	173.8	384.2	562.2
EBITDA	16.9	54.9	124.7	187.4
% of Net Sales	26.6	24.0	24.5	25.0
Other Income	0.9	0.9	0.9	0.9
Depreciation & Amortisation	1.7	4.0	9.2	16.8
Interest and Financial Charges	1.3	2.1	1.7	1.3
PBT	14.8	49.7	114.7	170.3
% of Net Sales	23.3	21.7	22.5	22.7
Tax	1.3	7.4	19.5	37.5
Effective Tax Rate (%)	8.9	15.0	17.0	22.0
Misc. Exp. Written Off	0.0	0.0	0.0	0.0
PAT	13.5	42.2	95.2	132.8
% chg	152.0	213.7	125.6	39.5

Balance Sheet

Rs crore

Y/E March	FY2007	FY2008E	FY2009E	FY2010E
SOURCES OF FUNDS				
Equity Share Capital	17.8	36.5	36.5	36.5
Reserves & Surplus	105.8	489.5	584.8	717.6
Shareholders' Funds	123.6	526.0	621.3	754.1
Loan Funds	9.1	14.6	11.7	8.8
Deferred Tax Liability	1.8	1.8	1.8	1.8
Total Liabilities	134.5	542.4	634.7	764.6
APPLICATION OF FUNDS				
Gross Block	16.6	39.5	280.3	355.3
Less: Acc. Depreciation	4.9	9.0	18.1	34.9
Net Block	11.6	30.5	262.2	320.4
Capital Work-in-progress	10.9	10.9	10.9	10.9
Miscellaneous Expenditure	1.6	1.6	1.6	1.6
Current Assets	151.7	621.0	609.7	769.0
Less: Current Liabilities	41.3	121.6	249.7	337.3
Net Current Assets	110.4	499.4	360.0	431.7
Total Assets	134.5	542.4	634.7	764.6

Cash Flow Statement

Rs crore

Y/E March	FY2007	FY2008E	FY2009E	FY2010E
Profit before tax	14.8	49.7	114.7	170.3
Depreciation	1.7	4.0	9.2	16.8
Change in working capital	75.8	43.4	67.4	21.9
Income taxes paid	1.3	7.4	19.5	37.5
Cash from operations	(60.6)	2.8	37.0	127.7
Change in Fixed assets	(0.5)	22.9	240.9	75.0
Free cash flows	(60.2)	(20.1)	(203.9)	52.7
Change in Investments	0.0	0.0	0.0	0.0
Cash from investing activities	0.0	0.0	0.0	0.0
Change in Share capital*	3.3	360.2	0.0	0.0
Change in Debt	0.8	5.5	(2.9)	(2.9)
Dividend and dividend tax paid	0.0	0.0	0.0	0.0
Cash from financing activities	4.1	365.7	(2.9)	(2.9)
Other adjustments	20.5	0.0	0.0	0.0
Net increase/ in cash	(35.6)	345.6	(206.8)	49.8
Opening cash balance	35.8	0.2	345.8	139.0
Closing cash balance	0.2	345.8	139.0	188.8

Key Ratios

Y/E March	FY2007	FY2008E	FY2009E	FY2010E
Per Share Data (Rs)				
Diluted EPS	3.7	11.6	26.1	36.4
Cash EPS	4.1	12.7	28.6	41.0
DPS	0.0	0.0	0.0	0.0
Book value per share	33.9	144.2	170.3	206.7
Operating Ratios (%)				
Sales growth	119.1	260.1	122.6	47.3
EBITDA Margins	26.6	24.0	24.5	25.0
Net Profit Margins	21.2	18.5	18.7	17.7
Return ratios (%)				
RoE	14.0	13.0	16.6	19.3
RoCE	12.1	9.6	18.4	22.5
Dividend payout	0.0	0.0	0.0	0.0
Valuation ratios (x)				
P/E	64.5	20.6	9.1	6.5
P/BV	7.0	1.7	1.4	1.2
Sales/GFA	3.8	5.8	1.8	2.1
EV/EBITDA	52.0	9.8	5.9	3.7

Fund Management & Investment Advisory	(☎ 022 - 4040 3800 / 2835 9600)	
Ajay Jaiswal	Investment Strategist (Kolkata)	ajay.jaiswal@angeltrade.com
P. Phani Sekhar	Fund Manager	phani.sekhar@angeltrade.com
Prakarsh Gagdani	AVP - Investment Advisory	prakarsh@angeltrade.com
Research Team	(☎ 022 - 4040 3800 / 2835 9600)	
Hitesh Agrawal	Head - Research, Cement, Media	hitesh.agrawal@angeltrade.com
Sarabjit Kour Nangra	VP-Research, Pharmaceutical	sarabjit@angeltrade.com
Vaishali Jajoo	Automobile	vaishali.jajoo@angeltrade.com
Harit Shah	IT, Telecom	harit.shah@angeltrade.com
Rohit Nagraj	Oil & Gas	rohit.nagraj@angeltrade.com
Pawan Burde	Metals & Mining	pawan.burde@angeltrade.com
Vaibhav Agrawal	Banking	vaibhav.agrawal@angeltrade.com
Girish Solanki	Mid-cap	girish.solanki@angeltrade.com
Shailesh Kanani	Infrastructure & Real Estate	shailesh.kanani@angeltrade.com
Anand Shah	FMCG	anand.shah@angeltrade.com
Sulabh Agrawal	Mid-cap	sulabh.agrawal@angeltrade.com
Puneet Bambha	PMS	puneet.bambha@angeltrade.com
Amit Bagaria	PMS	amit.bagaria@angeltrade.com
Akshat Vyas	Research Associate (Pharmaceutical)	akshat.vyas@angeltrade.com
Reena Walia	Research Associate (Mid-cap)	reena.walia@angeltrade.com
Neha Idnany	Research Associate - (PMS)	neha.idnany@angeltrade.com
Sandeep Wagle	Chief Technical Analyst	sandeep@angeltrade.com
Ajit Joshi	AVP Technical Advisory Services	ajit.joshi@angeltrade.com
Milan Sanghvi	Sr. Technical Advisor	milan.sanghvi@angeltrade.com
Nitin Kunte	Technical Advisor	nitin.kunte@angeltrade.com
Brijesh Ail	Technical Analyst	brijesh.ail@angeltrade.com
Vaishnavi Jagtap	Technical Analyst	vaishnavi.jagtap@angeltrade.com
Siddarth Bhamre	Fund Manager - Derivatives & Equities	siddarth.bhamre@angeltrade.com
Commodities Research Team		
Amar Singh	Research Head (Commodities)	amar.singh@angeltrade.com
Samson P	Sr. Technical Analyst	samsonp@angeltrade.com
Anuj Gupta	Sr. Technical Analyst	anuj.gupta@angeltrade.com
Girish Patki	Sr. Technical Analyst	girish.patki@angeltrade.com
Commodities Research Team (Fundamentals)		
Badruddin	Sr. Research Analyst (Agri)	badruddin@angeltrade.com
Harmit Virvadia	Sr. Research Analyst (Bullion)	harmit.virvadia@angeltrade.com
Bharathi Shetty	Research Editor	bharathi.shetty@angeltrade.com
Bharat Patil	Production	bharat.patil@angeltrade.com

Research & Investment Advisory: Acme Plaza, 3rd Floor 'A' wing, M.V. Road, Opp Sangam Cinema, Andheri (E), Mumbai - 400 059

Disclaimer

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.

Opinion expressed is our current opinion as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true and are for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action.

Recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. Certain transactions - futures, options and other derivatives as well as non-investment grade securities - involve substantial risks and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We do not undertake to advise you as to any change of our views expressed in this document. While we would endeavor to update the information herein on a reasonable basis, Angel Broking, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also there may be regulatory, compliance, or other reasons that may prevent Angel Broking and affiliates from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

Angel Broking Limited and affiliates, including the analyst who has issued this report, may, on the date of this report, and from time to time, have long or short positions in, and buy or sell the securities of the companies mentioned herein or engage in any other transaction involving such securities and earn brokerage or compensation or act as advisor or have other potential conflict of interest with respect to company/ies mentioned herein or inconsistent with any recommendation and related information and opinions.

Angel Broking Limited and affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.

Ratings (Returns) Buy (> 15%) Accumulate (5 to 15%) Neutral (5 to -5%) Reduce (> -5%) Sell (> -15%)

Corporate & Marketing Office	: 612, Acme Plaza, M.V. Road, Opp Sangam Cinema, Andheri (E), Mumbai - 400 059	Tel : (022) 4000 3600 / 2835 9600
Wealth Management	: e-mail : wmshelpdesk@angeltrade.com	Tel : (022) 4000 3945 / 3900
Investment Advisory Helpdesk	: e-mail : advisory@angeltrade.com	Tel : (022) 4040 3800
Commodities	: e-mail : commodities@angeltrade.com	Tel : (022) 4000 3900 / 01
Feedback	: e-mail : feedback@angeltrade.com	Tel : (022) 2835 5000

Regional Offices:

Ahmedabad - Harshit Bhavsar Tel: (079) 3007 0749 - 751	Indore - Pramathu Chowksey Tel: (0731) 3013 360 - 65	Lucknow - Ejaz Moyi Tel: (0522) 6567 826	Rajkot - Vijay Popat Tel: (0281) 6451929 / 1910
Bengaluru - Dhiraj Pandey Tel: (080) 4153 6700 - 03	Jaipur - Ranveer Singh Jaipur - 302 001 Tel: (0141) 222 3334	Nashik - Nilesh Supekar Nashik - 422 002. Tel: (0253) 6614 235/236	Surat - Pinky Kothari Tel: (0261) 6696 666
Chennai - Thiruneer Selvan Tel: (044) 4226 9000 Fax: 2498 1742	Kanpur - Vivek Singh Tel: (0512) 3297 478/3017 100	New Delhi - Rohit Pateria Tel: (011) 4605 6600 / 4151 2555 / 2666	Visakhapatnam - Vamshi Krishna Tel: (0891) 6620 572-75
Hyderabad - Shiva Shankar Tel: (040) 6673 3573 / 74	Kolkata - Vijay Kothari Tel: (033) 4009 9899	Pune - Sunita Magnani Tel: (020) 2551 3143 / 2553 0912 - 14	

Private Client Group Offices:

Mumbai - Prakarsh Gagdani Tel: (022) 4040 3800 Fax: (022) 4040 3899	Ahmedabad (C. G. Road) - Arpit Shah Tel: (079) 3007 4049 / 50	Surat - Ali Asgar Rasiwala Mobile : (0261) 6696 666	Acme Plaza - Pankaj Mungre Tel: (022) 4000 3900 Fax: (022) 4000 3999
---	---	---	--

Sub - Broker Marketing:
Branch Offices:

Andheri (Lokhandwala) - Muskaan Doutani Tel : (022) 2639 2626 / 3255 0987	Ahmedabad (Bapu Nagar) - Milan Kanabar Tel : (079) 3026 0204 / 0205	Himatnagar - Sanjay Patel Tel: (02772) 241 008 / 241346	Pune - Sameer Amrute/Shraddha Gadekar Tel: (020) 6620 6591 / 6620 6595
Andheri (W) - Dinesh Nihalani Tel: (022) 2635 2345 / 6668 0021	Ahmedabad (C. G. Road) - Ritesh Patel Tel: (079) 4021 4023	Indore - Alok Rathi Tel: (0731) 4042242 / 4044 366 / 4087 966	Rajkot (Ardella) Hitesh Rupareliya Tel: (0281)2440 266 - 266
Bandra (W) - Gyan Joshi Tel: (022) 2655 5660 / 70	Ahmedabad (Gurukul) - Kaivalya Shah Tel: (079) 6522 5510 / 3012 5492-94	Jaipur - (Rajapark) Amit Kumar Garg Tel: (0141) 4000 500, 94143 14448	Rajkot (University Rd.) - Prashant Ukani Tel: (0281) 2577408
Bandra (W) - Faruq Wakani Tel: (022) 6643 2694 - 99	Ahmedabad (Kalupur) - Jicky Thomas Tel: (079) 3240 7474 / 75	Jaigaon - Sandeep Mundra Tel: (0257) 3200 906	Rajkot (Bhaktinagar) - Dhaval Dave Tel: (0281) 236 1935 / 329 6881 / 329 8100
Borivali (W) - Gautam Agarwal Tel: (022) 2895 2600 / 1 / 2	Ahmedabad (Maninagar) - Ashok Kumar Tel: (079) 3048 0241 / 0242 / 0245	Jamnagar - Jwalant Shingala Tel: (0288) 266 4941-44, 3217 790	Rajkot (Indira Circle) - Denish Patel Tel: (0281) 2585 751, 99258 84848
Borivali (W) - Tarun Dhami Tel: (022) 3092 1969 / 2892 8890	Ahmedabad (Ramdevnagar) - Krunal Pandya Tel : (079) 2692 6401 / 51	Jodhpur - Bharat Purohit Tel: (0291) 5100-941 - 948 / 98280-90009	Rajkot (Orbit Plaza) - Hitesh Popat Tel: (0281) 2463 291-94
Chembur - Rajesh Mehta Tel:(022) 6703 0210 / 11 / 12	Ahmedabad (Sabarmati) - Kaushik Rathi Tel : (079) 2692 6401 / 51	Junagadh - Nimesh Raichura Tel : (0285) 2622 483 / 2622 484	Rajkot (Star Chambers) - Manish Baradia Tel: (0281) 2233 230 / 50
Chembur - (Basant) - Atul Dwivedi Tel:(022) 2867 9114 / 15 / 16	Ahmedabad (Satellite) - Rishi Parghi Tel: (079) 4000 1000	Kota - Sumit Maheshwari Tel: (0285) 2622 483 / 2622 484	Rajkot (Star Chambers) - Kiran Marthak Tel: (0281) 2225 401 / 02 / 03
Fort - Ajit Karandikar Tel: (022) 2263 4050-55	Ahmedabad (Shahibaug) - Chirag Raghvani Tel: (079) 22861053 / 5 / 6	Mehsana - Alipt Doshi Tel: (02762) 645 291 / 92	Secunderabad - Srinivas Tel: (040) 6690 5192 / 3 / 4
Ghatkopar (E) - Ashwin Thakkar Tel: (022) 6799 3185 - 88 / 2510 1525	Amreli - Nishith Hemani Tel: (02792) 228 800/231039-42	Nadiad - Vipul Patel Tel: (0268) - 2527 230 / 31	Surat (Mahidharpura) - Sameet Kapadia Tel: 2402 911 - 915
Goregaon (W) - Sanjiv Dhami Tel: (022) 2878 9401 / 02	Anand - Pragadesh Pandya Tel : (02692) 267 041-45	Nashik - Nilesh Supekar Tel: (0253) 6611 201 / 206	Surat (Parle Point) - Akshay Panwala Tel : (0261) 2257 990 / 909
Kalbadevi - Viren Ved Tel: (022) 2243 5599 / 2242 5599	Ankleshwar - Ankit Mathur Tel: (02646) 652 681-85	New Delhi (Bhikaji Cama Place) - Sumit Bhattan Tel: (011) 41659 711/12	Surat (Ring Road) - Piyush Bothra Tel : (0261) 6696 666
Kandivali (W) - Sachin Ghelani Tel: (022) 2867 3800 / 2867 7032	Baroda - Rashmikant Thakar Tel: (0265) 2226 103-04 / 6624 280	New Delhi (Lawrence Rd.) - Sanjeev Kumar Tel: (011) 3262 8699 / 8799	Surendranagar - Prashant Jani Tel: (02752) 325905 / 223305
Kandivali (Thakur Village) - Akharam Chaudhary Tel: (022) 2846 1267 / 1654 / 2056 / 2076	Baroda (Akota) - Jaydeep Shah Tel: (0265) 2355 258 / 6499 286	New Delhi (Pitampura) - Roopal Agarwal Tel: (011) 4700 2380 / 84	Udaipur - Anurag Jain Tel - 098870 60723 / 099291 04723
Malad (E) - Satish Kanwarjani Tel: (022) 2880 4440	Baroda (Manjalpur) - Chirag Patel Mobile : 098252 27403	New Delhi (Preet Vihar) - Gulshan Khurana Tel: (011) 4242 1105 - 07	Valsad - Suchita Krishnani Tel: (02632) 645 344 / 45
Malad (W) - Tushar Shah Tel: (022) 2880 0960 / 68	Bhavnagar - Apurva Dhami Tel: (0278) 2512099 / 755 / 3001717 / 18	Noida - Amit Gupta Tel: (0120) 4217 149 - 158	Vapi - Jalpa Desai Tel: (0260) 2400 210 / 214 / 236
Mulund (W) - Niraj Anand Tel: (022) 2562 2282	Bhopal - Sandeep Kothana Tel: (0755) 3256 663 / 4024 000	Palanpur - Paresh Patel Tel: (02742) 645 171 / 72	Vijayawada - Badrinath Majeti Tel: (0866) 6636900 / 901 / 902 / 903
Thane (W) - Diksha Khushalani / Rajesh Kumar Tel: (022) 2539 0786 / 0789 / 0796	Gandhinagar - Vivek Thakker Tel: (079) 4010 1010 - 31	Patan - Shikha Saxena Tel: (02766) 222 306	
Vashi - Punit Chopra Tel: (022) 2765 4749 / 2251	Gondal - Lenin Trivedi Tel: (02825) 240 693 / 4	Patel Nagar - Harpreet Singh Tel: (011) 45030 600	
Vile Parle (W) - Dimple Shah Tel: (022) 2610 2894 / 95	Gurgaon - Pankaj Varma Tel: (0124) 4218 704	Porbandar - Ketan Thanki Tel: (0286) 221 5310 / 31 / 221 5450	