investor's eye

Index

Take Five

Scrip	Reco Date	Reco Price	CMP	Target
Aban Loyd	03-Mar-05	330	**911**	1,760
Bajaj Auto	15-Nov-05	1,873	**2,391**	3,500
BHEL	11-Nov-05	1,203	**1,759**	2,650
Esab India	21-May-04	60	**284**	575
Infosys	30-Dec-03	689	**1,606**	1,865

Sharekhan Ltd
A-206, Phoenix House, 2nd Floor, Senapati Bapat Marg, Lower Parel, Mumbai - 400013, India.

Tata Consultancy Services

Evergreen

Stock Update

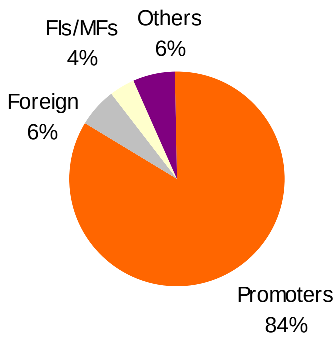
A strong revenue growth

Buy; CMP: Rs1,758

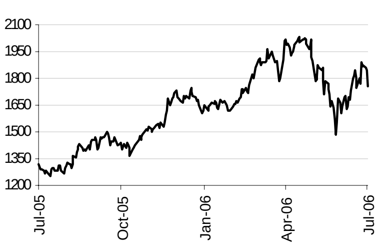
Company details

Price target:	Rs2,190
Market cap:	Rs86,019 cr
52 week high/low:	Rs2,099/1,241
NSE volume: (No of shares)	5.5 lakh
BSE code:	532540
NSE code:	TCS
Sharekhan code:	TCSCONS
Free float: (No of shares)	8.0 cr

Shareholding pattern



Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	9.1	-8.3	14.1	40.7
Relative to Sensex	5.0	5.1	2.0	-0.5

Result highlights

- For Q1FY2007 Tata Consultancy Services (TCS) has reported a growth of 11.3% quarter on quarter (qoq) and of 42.3% year on year (yoy) in its consolidated revenues to Rs4,144 crore. The sequential revenue growth was driven by an 8.1% growth in the volumes (7.1% organic and 1% inorganic) with another 3.2% growth coming from the depreciation of the rupee. The billing rates were stable during the quarter.
- The operating profit margin (OPM) declined by 220 basis points to 24.2% on a sequential basis, largely due to the cumulative impact of the integration cost, the ramp-up in large deals and the annual salary hikes (15% on an average for the offshore employees) given in Q1FY2007. The operating profit grew by 1.9% qoq to Rs1,001.6 crore.
- However, the decline in the depreciation charges as a percentage of revenues and the healthy jump in the other income component to Rs66.8 crore (driven by the positive net foreign exchange [forex] impact of Rs40 crore) boosted the consolidated earnings growth by 8.4% qoq to Rs862.6 crore (higher than our estimate of Rs853.9 crore).
- In terms of outlook, the company does not provide any specific growth guidance. However, the management re-iterated that the demand environment is quite favourable. The management indicated that for the full year it aims to maintain the OPM at around the 25.8% level reported in FY2006. However, it appears to be a difficult task as the guidance implies a considerable improvement in the OPM

Result table (consolidated US GAAP) Rs (cr)

Particulars	Q1FY07	Q4FY06	Q1FY06	% qoq chg	% yoy chg
Revenue	4144.3	3723.3	2912.9	11.3	42.3
Development cost	2307.1	1989.7	1499.0	16.0	53.9
Gross profit	1837.2	1733.6	1413.8	6.0	29.9
SG&A expenses	835.6	750.7	582.4	11.3	43.5
Operating profit	1001.6	982.9	831.4	1.9	20.5
Depreciation	75.1	86.5	58.2		
EBIT	926.5	896.4	773.2		
Other income	66.8	(4.0)	13.7	-	-
Profit before tax	993.2	892.5	787.2	11.3	26.2
Tax	123.8	89.8	130.3	37.9	(5.0)
PAT	869.5	802.7	656.9	8.3	32.4
Affiliates earnings	1.6	3.3	(0.9)	(52.9)	(265.2)
Minority interest	8.5	10.3	8.5	(17.5)	-
PAT before one-time items	862.6	795.7	647.6	8.4	33.2
One-time item	0.0	0.0	0.4	-	-
RPAT	862.6	795.7	647.2	8.4	33.3
Equity capital	48.9	48.9	48.9		
EPS (Rs)	17.6	16.3	13.2		
Margins (%)					
GPM	44.3	46.6	48.5		
OPM	24.2	26.4	28.5		
EBIT	22.4	24.1	26.5		
NPM	20.5	21.4	22.1		

over the coming quarters. We expect the OPM to decline by 90-100 basis points to around 24.8% during the current year.

- The company has announced an interim dividend of Rs3 per share.
- At the current market price the stock trades at 22.4x FY2007 and 17.8x FY2008 revised earning estimates. We maintain our Buy call on the stock with the price target of Rs2,190.

Robust growth in volumes

TCS reported a robust volume growth of 8.1% on a sequential basis. Though the incremental revenues from the recent inorganic initiatives contributed around 1% of the sequential growth, the third consecutive quarter of a 7-8% growth in the volumes clearly reflects the strong demand environment.

In terms of specific growth drivers, the company reported an impressive growth in the revenues from Europe which grew by 26% sequentially. The key industry verticals of telecom and retail are also showing significant traction with a double-digit sequential growth in revenues.

Margins nose-dive

The margins at the operating level were adversely affected by the average wage hike of 15% given to the offshore employees in Q1 (resulting in a decline of 240 basis points), integration and start-up cost related to the large deals (impact of 160 basis points) and higher visa costs (impact close to 100 basis points). However, the positive impact of the depreciation of the rupee, the improvement in the employee utilisation rates (gross utilisation at 77.3% as compared to 75.8% in Q4) and the favourable offshore-onsite mix (offshore contribution at 38.1% as compared to 37.8% in Q4) resulted in a net decline of only 220 basis points in the margins during the quarter.

Other income surprises

Though the extent of the decline in the company's profitability was much higher than expectations, the healthy other income of Rs66.7 crore (up from Rs13.7 crore in Q4FY2006 and a negative other income of Rs4 crore in Q1FY2006) was a surprising factor. The company was able to effectively manage foreign currency fluctuations and reported net forex gains of Rs40 crore for the quarter (as against a negative impact of Rs32 crore shown in Q3 when the rupee had depreciated by 2.1% against the US dollar).

Robust demand environment but margins under pressure

In terms of outlook, the company does not provide any specific growth guidance. However, the management re-iterated that the demand environment is quite favourable. The management indicated that there has been a considerable increase in the number of deals available and the average size of an order.

In term of profitability, the management is confident of maintaining the full-year FY2007 OPM at around the 25.8% level reported in FY2006. However, it appears to be a difficult task as the guidance implies a considerable improvement in the OPM over the coming quarters. We expect the OPM to decline by 90-100 basis points to around 24.8% during the current year.

On the other hand, given the robust growth in the volumes and the expectations of a higher other income, we are upgrading our earning estimates for FY2007 and FY2008 by 3.7% and 2.6% respectively.

Other highlights

The revenues from GE, its largest client, declined by 2.7% qoq to Rs373 crore and contributed 9% of its total turnover as compared to 10.3% in the previous quarter. Other than GE, the top ten clients have shown a robust growth of 8.5% on a sequential basis. The number of clients with a revenue run rate of over $10 million has increased to 65, up from 54 in the previous quarter. The company added 62 new clients during the quarter.

It added 4,698 employees (including the 937 employees added in Dilligenta as part of the Pearl deal) during the quarter, taking the total staff strength to 71,190. The attrition rate has increased by 70 basis points to 10.6% but is still better than that of most of its peers.

Valuation

At the current market price the stock trades at 22.4x FY2007 and 17.8x FY2008 revised earning estimates. We maintain our Buy call on the stock with a price target of Rs2,190.

Earnings table

Particulars	FY2005	FY2006	FY2007E	FY2008E
Net revenue (Rs cr)	9,727.0	13,245.0	18,066.0	23,442.0
Net profit (Rs cr)	2,356.0	2,911.0	3,846.0	4,828.0
Number of shares (cr)	48.0	48.9	48.9	48.9
EPS(Rs)	49.1	59.5	78.6	98.7
% y-o-y chg	-	*21.3*	*32.1*	*25.5*
PER	35.8	29.5	22.4	17.8
OPM (%)	27.7	25.7	24.8	24.2
RONW	58.2	49.4	43.5	38.1
ROCE	51.4	40.1	38.5	35.6

New Delhi Television

Emerging Star

Stock Update

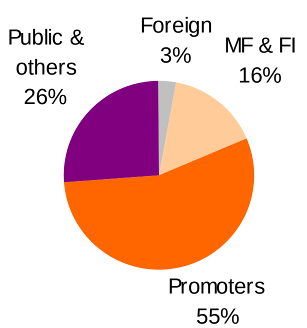
Strong quarter but cost pressures rise again

Buy; CMP: Rs146

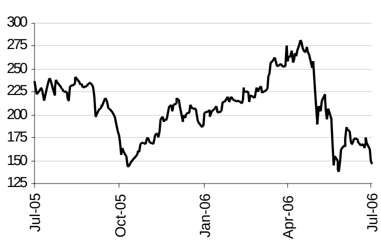
Company details

Price target:	Rs270
Market cap:	Rs888 cr
52 week high/low:	Rs288/129
NSE volume: (No of shares)	4.8 lakh
BSE code:	532529
NSE code:	NDTV
Sharekhan code:	NDTV
Free float: (No of shares)	2.7 cr

Shareholding pattern



Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	-7.1	-45.2	-19.7	-43.1
Relative to Sensex	-10.6	-37.3	-28.2	-59.8

Result highlights

- The revenues of New Delhi Television (NDTV) grew by a strong 57% year on year (yoy) in Q1FY2007 to Rs63.7 crore. The growth in the revenues was backed by a strong growth in all the channels.
- The operating profit margin (OPM) for the quarter expanded by 420 basis points to 12.2% backed by a stable employee cost. As a result the operating profit grew by 141% yoy to Rs7.8 crore.
- The net profit for Q1FY2007 grew ten-fold over the last year to Rs2.7 crore.
- In our last note on NDTV, "Takeaways from management meeting" dated June 22, 2006, we had mentioned that the intensifying competition could put pressure on the production and marketing costs of the company.
- During Q1FY2007, the pressure on the marketing and distribution (M&D) cost was visible as the same jumped up from 10.6% of sales in Q1FY2006 to nearly 14.6% in Q1FY2007.
- We have revised our earnings estimates for FY2007 and FY2008 downwards by 11% and 7% respectively to take into account the additional M&D costs.
- At the current market price of Rs146, the stock is quoting at 12.5x its FY2008E earnings per share (EPS) and 7.4x FY2008E enterprise value (EV)/earnings before interest, depreciation, tax and amortisation (EBIDTA). We reiterate our Buy recommendation on the stock with a revised price target of Rs270.

Net revenues grow by 57.2% yoy

NDTV's net revenues grew by a strong 57.2% yoy to Rs63.7 crore in Q1FY2007 as all the three channels, ie *NDTV 24x7*, *NDTV India* and *NDTV Profit*, reported a strong growth with *NDTV Profit*, the last channel launched by the company, reporting profits at the net profit level during the quarter.

Result table Rs (cr)

Particulars	Q1FY2006	Q1FY2007	% yoy change
Net sales	40.5	63.7	57.2
Total expenditure	37.3	55.9	49.9
Operating profit	3.2	7.8	141.4
Non-operating income	1.0	0.4	-61.7
Extraordinary expense	-	11.1	
Financial charges	-	0.1	
Depreciation	3.6	4.1	14.9
Profit before tax	0.7	-7.1	
Taxes	0.4	1.2	200.0
Profit after tax	0.2	-8.4	
Adjusted profit after tax	0.2	2.7	1081.6
OPM (%)	8.0	12.2	

Operating profit grows by 141% as employee cost stabilises

The operating profit for the quarter grew by 141% yoy to Rs7.8 crore as the OPM expanded by 420 basis points yoy. The expansion in the margins was on account of a stable employee cost that grew by just 5% over the previous quarter.

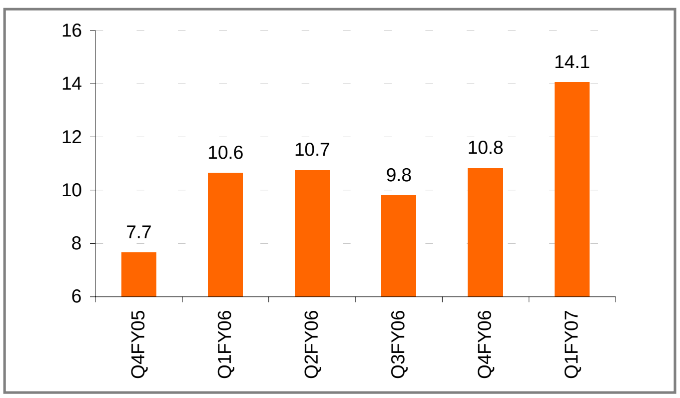
The strong operating performance coupled with stable depreciation resulted in a ten-fold increase in the net profit, which stood at Rs2.7 crore.

...but brand-building exercise costs much more

In our last note on NDTV ("Takeaways from management meeting" dated June 22, 2006), we had also mentioned that the company was losing its market share in various genres of news channels. The intensified competition in the various genres of news channels could put pressure on NDTV's M&D costs.

Although we thought that the fall in the market share could be a one-time phenomenon, the pressure of the same on the M&D cost was visible during Q1FY2007 as well. The M&D cost as a percentage of the revenues shot up substantially to 14.6% in Q1FY2007 compared with an average of 10.5% over the previous four quarters.

M&D costs as % of sales



Source: Company, Sharekhan Research

Strong revenue model in place

Three properties in television media

We believe that NDTV has got a strong revenue model in place with all its three television media properties showing a strong performance. We expect NDTV's revenues from advertisement sales to grow at a compounded annual growth rate (CAGR) of 28% over FY2006-08E.

Local subscription income

As we have been mentioning the implementation of the conditional access system and the expansion of the direct-to-home services would result in a strong growth in the domestic subscription revenues for the television industry in India.

Global subscription tie-ups

During FY2006, NDTV tied up with DirectTV in the USA, BSkyB in the UK and ATN in Canada for the distribution of *NDTV 24x7*. NDTV is also distributing its leading channel, *NDTV 24x7*, in the Middle East as well as South Africa. Looking at the success that Zee has had in its international distribution venture, we expect NDTV to garner revenues of Rs20-25 crore in FY2008.

JV with Genpact

During March 2006, NDTV tied up with one of the biggest outsourcing companies of the world, Genpact, to jointly provide media outsourcing services to global media companies. We estimate the size of the overall opportunity in this industry to be approximately $9-10 billion.

The project is under the pilot test mode and the management has indicated that it may sign up a global client over the next couple of months.

New value-creating strategies

Global consulting tie-up

With the objective of leveraging its competence in news content and of setting up a broadcasting channel, NDTV has entered into a joint venture with Astro Broadcast, Malaysia, Asia's largest media company. As part of the agreement NDTV is using its expertise to set up two news channels in Indonesia and Malaysia. NDTV will get a 20% stake in these channels as a consideration for its consulting services. Thus it will not have to incur any cost for the same.

While the Indonesian channel (called *Astro Awani*) has already been launched, the Malaysian channel is likely to take off by the end of CY2006. As per the management's indications, the response to *Astro Awani* has been great and NDTV is looking at some further tie-ups of the same sort.

General entertainment channel

In Q2FY2006, the management of NDTV had announced its intentions of launching a general entertainment channel (GEC). The GEC will be launched under a separate entity and the shareholders of NDTV will get shares of that entity at par. We expect the GEC to be launched in Q1FY2008.

But in the meanwhile the management of NDTV has already struck a deal to place 5% of the venture with an investor at a price that puts the overall valuation of the channel at triple-digit million dollars.

Monetising ndtv.com

NDTV's website, www.ndtv.com, has been rated the sixth best news website globally. Looking at the recent deals in the space (www.indiatimes.com valued for $200 million), we believe that the Internet venture can substantially boost NDTV's valuations.

NDTV is actively looking at roping in a strategic partner in the venture to unlock the value. However, it is looking at placing only a minority stake.

But M&D cost to put pressure on profits

As we mentioned earlier, the M&D cost has substantially shot up in Q1FY2007 which we believe would be of continuing nature. We have revised our EPS estimates for FY2007 and FY2008 by 11.3% and 7.0% respectively to take the same into account.

	Earlier estimates		New estimates		%
	Net profit (Rs crore)	EPS (Rs)	Net profit (Rs crore)	EPS (Rs)	change
FY2007E	47.8	7.6	42.4	6.7	-11.3
FY2008E	78.8	12.5	73.4	11.7	-7.0

Valuation and view

We believe that despite the prevailing cost pressures, NDTV's net profit would grow at a CAGR of 71.0% over FY2006-08E, thanks to the strong revenue model. At the current market price of Rs146, the stock is quoting at 12.5x its FY2008E EPS and 7.4x FY2008E EV/EBIDTA.

We reiterate our Buy recommendation on the stock with a revised price target of Rs270. While we have valued the existing businesses at 19x FY2008E EPS, we have valued the rest of the investments (www.ndtv.com, GEC, *Astro Awani* and Indonesian channel as well as the cash/cash equivalent of Rs60 crore) at Rs48-50 per share.

Valuation table

Particulars	FY2005	FY2006	FY2007E	FY2008E
Net profit (Rs crore)	33.2	24.1	42.4	73.4
Shares in issue (crore)	6.1	6.1	6.3	6.3
EPS (Rs)	5.5	4.0	6.7	11.7
EPS growth (%)	-122.7	-27.5	69.7	73.1
PER (x)	26.7	36.8	21.7	12.5
Book value (Rs)	32.5	31.5	36.4	47.2
P/BV (x)	4.5	4.6	4.0	3.1
EV/EBIDTA (x)	16.4	20.0	12.4	7.4
RoCE (%)	15.3	0.0	19.3	27.7
RoNW (%)	17.4	0.0	21.6	29.2

The author doesn't hold any investment in any of the companies mentioned in the article.

ICI India

Ugly Duckling

Stock Update

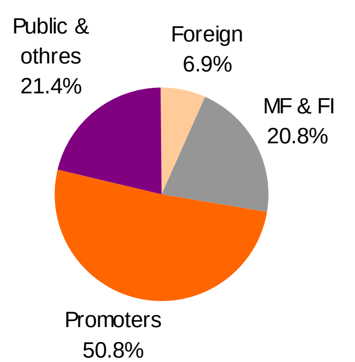
ICI announces buy-back

Buy; CMP: Rs293

Company details

Price target:	Rs420
Market cap:	Rs1,201 cr
52 week high/low:	Rs421/243
NSE volume: (No of shares)	12,815
BSE code:	500710
NSE code:	ICI
Sharekhan code:	ICI
Free float: (No of shares)	2.0 cr

Shareholding pattern



Price chart

Price performance

(%)	1m	3m	6m	12m
Absolute	12.5	-15.3	-9.8	16.0
Relative to Sensex	8.2	-3.0	-19.3	-18.0

ICI India has announced a buy-back of its shares through market operations. ICI intends to utilise up to Rs125 crore on the buy-back exercise. The buy-back exercise will be through market operations, which means that the company will be acquiring the shares through the stock exchanges as and when it deems the stock price is prudent.

The maximum price limit has been fixed at Rs350 per share for the buy-back of shares. The company will have to obtain the shareholders' approval through a special resolution. We expect the process of the buy-back to start from September 2006 and under the guidelines issued by the securities and exchange board of India, the shareholders' approval will be valid for one year, ie, till September 2007.

Impact on financials

We have analysed the impact of the buy-back at different price bands on the fair value of the stock as below. We believe that the buy-back of the stock would be positive for the shareholders as depending on the purchase price it would result in incremental gains of 1.1-2.7% to our target price.

Purchase price (Rs/share)	300.0	310.0	320.0	330.0	340.0	350.0
Shares bought back (No of shares)	0.42	0.40	0.39	0.38	0.37	0.36
% of equity bought back	10.2	9.9	9.6	9.3	9.0	8.7
Remaining share capital (No of shares)	3.67	3.69	3.70	3.71	3.72	3.73
FY2008E core EPS (Rs)	19.1	19.1	19.0	18.9	18.9	18.8
Price at 15x FY2008E core EPS (Rs per share)	287.1	286.0	285.0	284.1	283.3	282.5
Cash/cash equivalent (Rs per share)	144.3	143.8	143.3	142.8	142.4	142.0
Fair value (Rs per share)	431.4	429.8	428.3	426.9	425.7	424.5

Valuation table#

Year ended March 31	2004	2005	2006	2007E	2008E
Net profit (Rs crore)	48.5	42.6	53.7	64.7	86.3
Shares in issue (crore)	4.1	4.1	4.1	4.1	4.1
EPS (Rs)	11.9	10.4	13.1	15.8	21.1
PER (x)	24.6	28.2	22.4	18.5	13.9
Book value (Rs)	125	128	133	159.1	174.0
P/BV (x)	2.3	2.3	2.2	1.8	1.7
EV/Sales (x)	1.0	1.0	0.8	0.9	0.8
EV/EBIDTA (x)	9.6	10.3	7.8	7.5	5.9
RoNW (%)	9.6	8.2	10.1	10.8	12.7
RoCE (%)	8.1	8.7	11.5	10.8	13.8

without considering buyback

The author doesn't hold any investment in any of the companies mentioned in the article.

Crompton Greaves

Apple Green

Stock Update

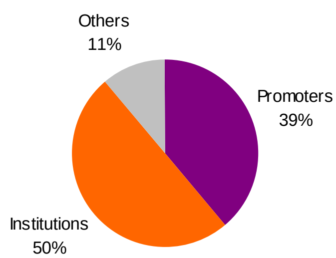
Powerful performance

Buy; CMP: Rs910

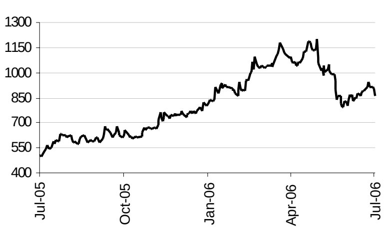
Company details

Price target:	Rs1,144
Market cap:	Rs4,482 cr
52 week high/low:	Rs1,225/495
NSE volume: (No of shares)	44,605
BSE code:	500093
NSE code:	CROMPGREAVE
Sharekhan code:	CROMPTON
Free float: (No of shares)	3.2 cr

Shareholding pattern



Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	9.4	-16.0	14.6	87.7
Relative to Sensex	4.5	-6.7	2.7	30.3

Result highlights

- Crompton Greaves' (Crompton) revenues grew by an impressive 42.5% year on year (yoy) in Q1FY2007 to Rs740.6 crore. The operating profit margin (OPM) improved by 100 basis points yoy in the quarter to 9.7%, driven by strong order booking and better cost management. Consequently, the operating profit grew by 58.7% yoy to Rs72.2 crore. The results on the operational front are ahead of our expectations.

- Although all its three divisions reported strong performances, the power systems division was the pick of the lot with a growth of 66.4% yoy to Rs346.9 crore. The consumer products division grew by 27.8% yoy to Rs265.8 crore and the industrial systems division grew by 26.8% yoy to Rs189.5 crore.

- The growth in the net profit during the quarter was slower at 16.4% yoy (in comparison with the growth in the revenue and operating profit), but was still in line with our expectations. The slower growth was attributable to a higher tax rate of 41% (including deferred tax) in the quarter, as the company no longer falls under the minimum alternative tax (MAT) regime, as was the case last year.

- Crompton had a stand-alone order backlog of Rs1,789 crore as on June 30, 2006. The order backlog grew by 32% quarter on quarter (qoq) and by 47.8% yoy. An order book to revenues of 0.9x FY2006 (excluding the consumer products business) renders a strong visibility to the company's earnings.

- Its Belgium subsidiary, Pauwels reported good numbers. The revenue grew impressively by 25% yoy to Rs488.0 crore and the profit before tax stood at Rs18.3 crore. It had an operating profit margin of 6.5% versus 5.3% in FY2006, a jump of 120 basis points. The performance is in line with our estimates.

Result table Rs (cr)

Particulars	Q1FY2007	Q1FY2006	% yoy chg
Net sales	740.6	519.8	42.5
Expenditure	668.5	474.3	40.9
Operating profit	72.2	45.5	58.7
Other income	4.9	7.7	-36.0
PBIDT	77.1	53.2	45.0
Interest	5.3	7.5	-29.5
Depreciation	10.0	10.5	-4.7
PBT	61.8	35.2	75.7
Tax	25.4	3.9	548.7
PAT	36.4	31.2	16.4
EPS (Rs/Share)	6.9	6.0	16.4
OPM (%)	9.7	8.7	100.0 bps
PBTM (%)	8.3	6.8	150.0 bps
PATM (%)	4.9	6.0	-110.0 bps

- In the annual general meeting (AGM), the management reiterated the positive outlook for the company and is optimistic about the growth prospects (a stand-alone revenue growth guidance of 25% for FY2007 is maintained). Further, the management aims to replicate the success of its inorganic growth in transformers (through Pauwels) in its switchgears business.
- At the current market price of Rs910, Crompton is trading at price-earnings ratio (PER) of 13.7x its FY2008E consolidated earnings and enterprise value (EV)/earnings before interest, depreciation, tax and amortisation (EBIDTA) of 7.7x FY2008E. We maintain a Buy on the stock with a price target of Rs1,144, discounting its FY2008E consolidated earnings by 18x.

Revenue growth of 42.5% yoy—above our estimates

Crompton's revenues grew by 42.5% yoy in Q1FY2007 to Rs740.6 crore on the back of the robust performance of all the three business divisions. The power systems division's revenue grew by 66.4% yoy to Rs346.9 crore, aided by strong order booking. The revenue of the consumer products division and industrial systems division grew by 27.8% yoy to Rs265.8 crore and by 26.8% yoy to Rs189.5 crore respectively. While the top line growths of the consumer products and industrial systems divisions are largely in line with our estimates, the growth of the power systems division is above our estimates, leading to a positive surprise on the top line front.

Robust OPM expansion of 100 basis points—above our estimates

The operating profit margin (OPM) improved by 100 basis points yoy in the quarter to 9.7%. This was due to strong order booking and better cost management. The other costs as a percentage of sales came down to 11.3% in the current quarter as compared with 13.5% in the corresponding quarter of the previous year. The employee expenses as a percentage of sales came down to 5.7% as compared with 7.9% for the same period last year. The raw material cost as a percentage of sales spiked to 73.3% in Q1FY2007 compared to 69.9% in Q1FY2006 largely due to a larger share of the low margin power systems division and the consumer products division in the quarter's revenues.

Cost analysis

	Q1FY2007	Q1FY2006	Change in basis points
Material cost	73.3	69.9	340.0
Employee cost	5.7	7.9	-220.0
Other cost	11.3	13.5	-220.0
OPM	9.7	8.7	100.0

Segments analysis—Power systems steals the show

During Q1FY2007 the power systems division saw a superlative top line growth of 66.4% year on year (yoy) to Rs346.9 crore. The consumer products and industrial systems divisions also reported a growth of over 25% in the quarter. The profit before interest and tax (PBIT) margins for Q1FY2007 of the power systems division expanded by 210 basis points to 9.0%, mainly attributed to strong order booking. The other divisions maintained their margins, with the consumer products division's margin up 20 basis points to 9.7% and the industrial systems division's margins flat at 14.0%.

Segment results

	Q1FY2007	Q1FY2006	Change %
Revenues (Rs crore)			
Power systems	346.9	208.5	66.4
Consumer products	265.8	207.9	27.8
Industrial system	189.5	149.4	26.8
PBIT (Rs crore)			
Power systems	31.3	14.3	119.0
Consumer products	25.8	19.8	30.3
Industrial system	26.5	20.9	27.2
PBIT (%)			
Power systems	9.0	6.9	210.0
Consumer products	9.7	9.5	20.0
Industrial system	14.0	14.0	0.0

Net profit growth at 16.4% in the quarter—in line with our estimates

Crompton's net profit grew at a slower rate of 16.4% yoy to Rs36.4 crore in Q1FY2007 (in comparison with the growth in the revenue and operating profit) , but still is in line with our estimates. The slower growth was attributable to a higher tax rate of 41% (including deferred tax) in the quarter, as the company no longer falls under the MAT regime, as was the case last year. Going forward, the tax outgo will be at the full rate due to the company moving out of the MAT regime and we have factored the same in our estimates.

Pauwels revenues grew by 25% yoy—in line with estimates

Crompton acquired Pauwels, through its 100% subsidiary, CG International BV Netherlands in May 2005. Post-acquisition, the performance of Pauwels has improved significantly with the focus of the new management on the improvement in the margins and debt reduction through better working capital management. This trend of FY2006 continued in Q1FY2007 as well. The top line of Pauwels grew by an impressive 25.0% yoy to Rs488.3 crore. The operating margins expanded by 120 basis points to 6.5%

compared to FY2006. The profit before tax stood at Rs18.3 crore. Even, the order book is up 50% yoy, rendering a strong visibility to its earnings.

	May-Sept 05	3QFY06	4QFY06	FY06*	1QFY07
Sales (mn euro)	124.0	85.4	71.1	280.5	85.2
PBT (mn euro)	1.6	3.7	7.6	12.9	3.2
PAT (mn euro)	1.6	3.7	5.5	10.8	3.2
Sales (Rs crore)	669.6	484.3	403.0	1,590.6	488.3
PBT (Rs crore)	8.6	21.0	43.0	73.1	18.3
PAT (Rs crore)	8.6	21.0	31.0	61.0	18.3
PBTM	1.3	4.3	10.7	4.6	3.8
PATM	1.3	4.3	7.7	3.8	3.8
Order backlog (mn euro)	240.0	271.0	250.0	250.0	NA

* FY06: May05 - March06

Capital expenditure (capex) of Rs170 crore

The management announced capex plans of Rs100.0 crore for Crompton (stand-alone) and Rs70.0 crore for Pauwels to be spent in FY2007 alone. The capex plan will be financed through internal accruals and the same is factored in our estimates.

Stand-alone order book of Rs1,789 crore

The stand-alone order book of Crompton grew by 21.8% qoq and by 47.8% yoy to Rs1,789 crore, which is 0.9x its stand-alone revenues (excluding the consumer products business). The order book is spilt 85:15 in favour of the power systems division. An order book of 0.9x its stand-alone revenues give a strong visibility to the company's earnings.

Key takeaways from the annual general meeting (AGM)

We also attended the AGM of Crompton. The management reiterated the positive outlook for the company and is optimistic about the growth prospects. The key takeaways from the AGM are given below.

- The management reiterated its earlier revenue guidance of 25% for the company on a stand-alone basis and 15-18% for Pauwels. It expects the FY2007 revenues in the range of Rs5,500-5,700 crore.
- The management emphasised that the integration of Pauwels was on track and that the synergy benefits accruing from this acquisition would flow in the coming year.
- The management wishes to replicate the success of inorganic growth in transformers (through Pauwels) to its switchgears business. It is scanning potential targets in the market place but doesn't foresee paying exorbitant prices to buy assets.
- The management also reiterated its positive outlook on its business on the domestic as well as on the international fronts. The strong macro environment, possibility of a sustained 8% gross domestic product (GDP) growth, willingness to spend on infrastructure, strong capex plans of user industries and rising household disposable incomes are the main pillars for the management's positive view on the local business. On the international front, the management believes there exists tremendous business opportunities in countries like Belgium, Canada, the USA and Indonesia as these countries have substantial capex plans under their sleeves.

Fine-tuning our FY2007 and FY2008 estimates

Given the impressive revenue growth, higher order booking by the power systems division and higher provisioning for income tax in Q1FY2007, we are fine-tuning our FY2007 and FY2008 estimates. We have upgraded the revenues by 3% to Rs3,210.2 crore in FY2007E and by 1% to Rs3,740.9 crore in FY2008E. However the net profit estimates are more-or-less maintained because of a higher tax provisioning.

Valuations

The stock is currently trading at 13.7x FY2008E consolidated earnings and EV/EBIDTA of 7.7x. Historically, Crompton has traded at a discount to the industry peers due to its limited product range, especially high voltage products. But, with Pauwels' acquisition, the company has successfully plugged the gaps in its product portfolio. Access to a wider product range would differentiate it in the domestic market and enable it to compete effectively with the other MNCs such as ABB, Siemens and Areva. We maintain a Buy on the stock with a price target of Rs1,144, discounting its FY2008E consolidated earnings by 18x.

Earnings table (consolidated)

Particulars	FY2005	FY2006	FY2007E	FY2008E
Net profit (Rs Cr)	109.6	227.9	266.9	329.8
Share in issue (Cr)	5.2	5.2	5.2	5.2
EPS (Rs)	20.9	43.5	51.0	63.0
% y-o-y growth	*75.1*	*106.5*	*17.1*	*23.6*
PER (x)	41.2	19.8	16.9	13.7
Book value (Rs)	71.2	109.6	154.4	211.5
P/BV (x)	12.1	7.9	5.6	4.1
EV/Ebidta (x)	24.3	12.9	9.7	7.7
Dividend yield (%)	0.8	0.8	0.8	0.8
ROCE (%)	20.6	32.2	32.0	33.8
RONW (%)	26.8	29.4	26.6	25.4

The author doesn't hold any investment in any of the companies mentioned in the article.

Wipro

Apple Green

Stock Update

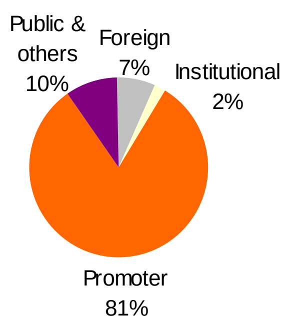
Integration pangs

Buy; CMP: Rs458

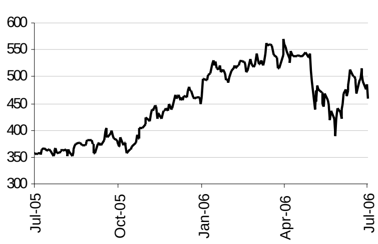
Company details

Price target:	Rs552
Market cap:	Rs65,059 cr
52 week high/low:	Rs744/350
NSE volume: (No of shares)	1.2 cr
BSE code:	507685
NSE code:	WIPRO
Sharekhan code:	WIPRO
Free float: (No of shares)	26.9 cr

Shareholding pattern



Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	11.2	-14.1	6.2	37.9
Relative to Sensex	7.0	-1.6	-5.0	-2.5

Result highlights

- Wipro reported a 2.5% quarter-on-quarter (q-o-q) and a 36.9% year-on-year (y-o-y) growth in its consolidated revenues to Rs3,131 crore.
- The operating margins slid by 20 basis points to 20.8%, largely due to an increase of 160 basis points in selling, general and administration (SG&A) cost to 11.6% of sales. The company invested in its sales and marketing infrastructure and added 44 members to the existing sales team of 213 employees in global information technology (IT) services at the beginning of the quarter.
- The other income stood at Rs50.7 crore, up from Rs21.4 crore in Q1FY2006 and from Rs40.2 crore in Q4FY2006. Consequently, the consolidated earnings grew by 2.8% quarter on quarter (qoq) and by 43.9% year on year (yoy) to Rs614.2 crore.
- In terms of the performance of the global IT services business, the revenue grew by 7.1% qoq and by 40.6% yoy to Rs2,451.3 crore. The revenues from the IT services segment (including acquisitions) grew by 7.7% qoq (organic revenue growth of 7.1%) whereas the revenues from the business process outsourcing (BPO) segment grew at a tepid rate of 1% on a sequential basis. Despite the positive impact of the depreciation in the rupee, the operating margins declined by 60 basis points primarily due to the operating loss of Rs12.9 crore reported by the acquired entities during the quarter.
- In Q2, the revenues from the global IT services business are expected to grow at a sequential rate of 7% to $577 million according to the guidance given by the company. The guidance includes around $10-11 million incremental revenues from the full impact of the acquisitions that were concluded in Q1FY2007. Thus, according to the guidance the existing business is expected to grow by only 5.1% on a sequential basis.
- At the current market price the scrip trades at 25.2x FY2007 and 19.9x FY2008 estimated earnings. We maintain our Buy call on the stock with a target price of Rs552.

Result table (consolidated US GAAP) Rs (cr)

Particulars	Q1FY07	Q1FY06	Q4FY06	% qoq chg	% yoy chg
Net revenue	3,131.1	2,286.5	3,054.2	36.9	2.5
Cost of revenue	2,118.1	1,528.2	2,106.0	38.6	0.6
Gross profit	1,013.1	758.3	948.2	33.6	6.8
SG&A expenses	363.0	299.8	306.6	21.1	18.4
Operating profit	650.9	458.5	641.6	42.0	1.4
Affiliate profit/(loss)	6.5	5.6	5.5	16.7	18.8
Other income	50.7	21.4	40.2	136.9	26.1
Profit before tax	708.1	485.5	687.3	45.9	3.0
Tax	97.9	58.6	89.8	67.1	9.0
PAT (before minority interest/adj)	610.2	426.9	597.5	42.9	2.1
Minority Interest/adjustments	3.9	(0.1)	0.0	-	-
Net profit	614.2	426.8	597.5	43.9	2.8
Equity	284.1	284.1	284.1		
EPS (Rs)	4.3	3.0	4.2		
Margins (%)					
GPM	32.4	33.2	31.0		
OPM	20.8	20.1	21.0		
NPM	19.6	18.7	19.6		

Global IT services

Lagging behind its peers

The revenues of $539.3 million reported for the global IT services business was ahead of the $533 million guidance given at the beginning of the quarter. However, the growth was boosted by the incremental revenues of $3.2 million accrued from the acquisition of Enabler and wasn't factored into the guidance. Thus, the company outperformed its guidance by just 0.6% and grew by 4.6% qoq to $536.1 million.

Second, the volume growth of 5.5% (including the incremental growth from the acquired entities) was lower than the sequential volume growth of 8.5% and 8.1% reported by Infosys and TCS respectively, during the first quarter. Moreover, the volumes in the BPO business declined by 90 basis points during the quarter.

Sequential growth contributors

	IT Services	BPO
Revenue growth (in USD)	6.0%	-2.1%
- Volume	5.5%	-0.9%
- Pricing	0.5%	-1.2%

Acquisitions dent margins

The operating profit margins (OPMs) of the global IT services business declined by 60 basis points to 24.1% due to a 80-basis-point decline in the OPM of its IT services business (including acquisitions) and a 140-basis-point improvement in the OPM of the BPO business.

The decline in the margins of the IT services business was largely contributed by the Rs12.9 crore loss reported by the acquired companies during the quarter, as compared to a loss of Rs1.8 crore in the previous quarter. Thus, almost a 50-basis-point decline (out of the total decline of 60 basis points) in the overall margins of the global IT services division was contributed by the acquisitions.

Sequential comparison of operating margins

(Rs crore)	Q1FY07	Q4FY06	qoq (bps)
Global IT services	**591.2**	**565.6**	
OPM(%)	24.1	24.7	-60
IT services (including acquisitions)	**551.3**	**529.0**	
OPM(%)	24.6	25.4	-80
- IT services organic	564.2	530.8	
OPM(%)	25.8	26.0	-20
- Acquisitions	-12.9	-1.8	
OPM(%)	-22.8	-4.4	-1840
BPO	**39.9**	**36.6**	
OPM(%)	19.0	17.6	140

Lower than expected employee addition

The company added 2,841 employees in Q1, taking the total staff strength in the IT services business to 40,496 employees. However, the manpower in the BPO business declined by 148 associates, breaking the streak of healthy recruitment in the preceding two quarters. Moreover, the attrition rate has increased in the IT services business from 16% to 17% whereas the attrition in the BPO business continues to remain high at 27% on a quarterly basis.

Q2 guidance includes inorgatnic growth

In Q2, the revenues from the global IT services business are expected to grow at a sequential rate of 7% to $577 million according to the guidance given by the company. The guidance includes around $10-11 million incremental revenues from the full impact of the acquisitions that were concluded in Q1FY2007. Thus, the implied growth of the existing business works out to around 5.1% on a sequential basis. The cautious Q2 growth guidance could be due to client specific issues, especially in the telecom vertical.

In terms of profitability, the management aims to maintain the operating margins close to the Q1 levels in the following two quarters. This is despite the fact that the third quarter would witness cost pressure resulting from the annual wage hikes with effect from September 2006. The management expects to mitigate the adverse impact of the wage hikes by an improvement in the performance of the acquired entities and better margins in the business from the large deals.

Other businesses

The Indian IT services business witnessed a sequential decline of 17.8% in the revenues to Rs435.6 crore due to the seasonal weakness in Q1. The operating margins were flat at 8.1% as compared to 8.2% in the previous quarter.

The consumer care business grew by 11.2% and the other business declined by 8.8% resulting in a marginal impact on the consolidated performance.

(Rs crore)	Q1FY07	Q1FY06	Q4FY06	% yoy	% qoq
Indian IT services	435.6	341.3	529.7	27.6	-17.8
Consumer care/lighting	164.9	132.2	148.3	24.7	11.2
Others	79.3	70.0	87.0	13.3	-8.8

Valuation

At the current market price the scrip trades at 25.2x FY2007 and 19.9x FY2008 estimated earnings. We maintain our Buy call on the stock with a target price of Rs552.

Key financials

Particulars	FY2005	FY2006	FY2007E	FY2008E
Net sales (Rs cr)	8135	10611	13861	17431
Net profit (Rs cr)	1583	2027	2592	3279
No of shares (cr)	142	143	143	143
EPS (Rs)	11.1	14.2	18.2	23.0
% y-o-y chg	-	*27.5*	*27.8*	*26.5*
PER (x)	41.1	32.2	25.2	19.9
Price/BV (x)	11.5	8.3	6.7	5.4
EV/EBIDTA(x)	34.8	27.9	21.4	16.7
Dividend yield (%)	1.1	1.1	1.3	1.5
RoCE (%)	25.8	23.5	24.7	25.3
RoNW (%)	27.9	25.7	26.7	27.2

Associated Cement Companies

Apple Green

Stock Update

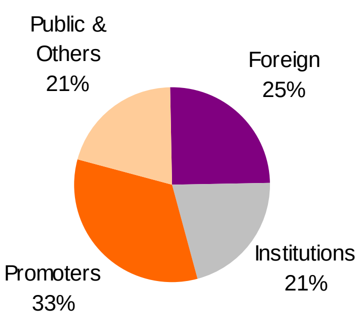
Q2CY2006 results—first cut analysis

Buy; CMP: Rs780

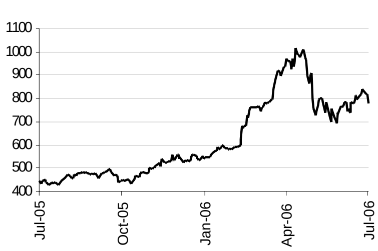
Company details

Price target:	Rs1,050
Market cap:	Rs14,555 cr
52 week high/low:	Rs1,061/425
NSE volume: (No of shares)	1.2 lakh
BSE code:	500410
NSE code:	ACC
Sharekhan code:	ACC
Free float: (No of shares)	12.5 cr

Shareholding pattern



Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	11.4	-12.7	52.9	93.8
Relative to Sensex	7.2	0.0	36.7	37.0

Result highlights

- ACC's Q2CY2006 pre-exceptional net profit at Rs259 crore is above our expectations primarily because of the higher-than-expected improvement in the cement realisations.
- The net sales for the quarter grew by a healthy 32%, to Rs1,462 crore driven by the volumes growth of 5.7% and the realisations growth of a whopping 31% year on year (yoy).
- The company's operating profit margin (OPM) for the quarter improved by a staggering 1,190 basis points to 31.2%, primarily driven by a sharp improvement in the cement realisations, which brought the operating leverage into play.
- With a 32% growth in the revenues and a 1,190-basis-point improvement in the OPMs, the operating profit for the quarter jumped by a steep 113.6% to Rs455 crore.
- On the cost front, despite a 33.5% increase in the staff cost, an 11.6% increase in the freight cost and a 9.4% increase in the power and fuel costs, the total cost per tonne increased by only 6.5%.
- With a lower debt burden and the conversion of the foreign currency convertible bonds (FCCBs) into equity shares, the interest cost declined by 33% in the quarter. The pre-exceptionl net profit for the quarter jumped by a handsome 98.4% to Rs259 crore. The reported net profit, which includes the gain from the sale of the land and the Mancherial unit (which we have treated as extraordinary items) stood at Rs405 crore, up 191%.

Result table Rs (cr)

Particulars	Q2CY2006	Q2CY2005	% yoy chg
Net sales	1,462.0	1,107.2	32.0
Total expenditure	1,006.5	893.9	12.6
Operating profit	455.5	213.3	113.6
Other income	15.5	32.7	-52.7
PBIDT	471.0	246.0	91.4
Interest	14.7	21.9	-32.9
PBDT	456.3	224.1	103.6
Depreciation	57.9	48.0	20.8
PBT	398.4	176.1	126.2
Tax	139.3	45.5	205.9
PAT before extraordinary item	259.1	130.6	98.4
Extraordinary items	146.3	8.8	
Reported PAT	405.4	139.4	190.9
EPS	13.8	7.3	89.8
EPS after extraordianries	21.7	7.8	
Margins			
OPMs (%)	31.2	19.3	
EBIDTA (%)	31.9	21.6	
PBT(%)	27.0	15.5	
PAT (%)	17.5	11.5	

ACC's pre-exceptional net profit grew by 98.4% to Rs259 crore, which is ahead of our expectation, primarily because of the higher-than-expected improvement in the cement realisations. Further the company is planning an expansion at its Bargarh cement works from 0.96 million tonne per annum (MTPA) to 2.14MTPA and setting up a 30MW captive power plant at a capital outlay of Rs537 crore. In view of the strong cement prices and the new capital expenditure (capex) plan as mentioned above, we would be upgrading our earnings estimates for ACC after speaking to the company on the details of the capex plan. At the current market price of Rs780, the stock is discounting its CY2007E earnings by 15.1x and earnings before interest, depreciation, tax and amortisation (EBIDTA) by 8.6x. Given the continued momentum in the earnings growth and the sharp improvement in the return ratios, the stock is attractively valued. Given the positive outlook for the cement prices and ACC's high leverage to the same, we maintain our Buy recommendation on the stock with a price target of Rs1,050.

Earnings table

Particulars	FY04	FY05	CY05*	CY06E	CY07E
Net profit (Rs cr)	200.2	378.2	310.5	753.5	975.4
Share in issue (cr)	17.7	17.9	18.5	18.8	18.8
EPS (Rs)	11.3	21.2	16.8	40.0	51.8
% y-o-y growth	*93.0*	*87.0*	*-21.0*	*138.0*	*29.0*
PER (x)	72.4	36.9	46.4	19.5	15.1
P/BV (x)	10.2	8.7	6.7	4.8	3.8
EV/Ebidta (x)	39.8	24.4	30.1	11.2	8.6
Dividend Yield (%)	0.5	0.5	1.0	1.0	1.0
ROCE (%)	12.5	16.8	12.3	27.4	32.5
RONW (%)	14.8	23.7	14.5	24.8	25.2

*Includes only 9 months results as the accounting year was changed

The author doesn't hold any investment in any of the companies mentioned in the article.

Monsoon Watch

Monsoon enters a crucial phase

21% of rain dependent area receives deficient rainfall

For the period June 1-July 12, 2006 the monsoon is 10% below normal. The sowing of *kharif* crops (barring bajra and soy bean) has not been affected as yet. The total crop sowing area up to July 12 has increased by 12% to 27.2 million hectare over the corresponding period last year. To assess the impact of the monsoon one needs to measure its deficiency in the rain dependent area as it covers 72% of the total crop area in the country of nearly 186 million hectare. The impact of a deficient monsoon will be limited in the areas that are well irrigated as well as that receive ample rainfall. Up to July 12, the rainfall was deficient for 21% of the 135 million hectare of the crop area that is rain dependent. The states of Madhya Pradesh and Chattisgarh have received a deficient rainfall leading to lower sowing of the soy bean crop. Although the sowing of rice is lagging behind a bit in Punjab, a revival in the rainfall activity will be sufficient to take care of the shortfall, as Punjab is one of the well-irrigated states.

June 1- July 12	Percentage to total cropped area			
Summary of rainfall activity of 36 sub-divisions	Well irrigated	Adequately rain fed areas	Rain Dependendent Areas	Total
Normal to excess	16.3	4.3	57.1	77.7
Deficient	4.1	3.0	15.2	22.3
Total	**20.4**	**7.3**	**72.3**	**100**
Deficient as a percentage with respect to each category	20	41	21	

Source: CMIE, IMD

Area under coverage for important *kharif* crops (up to July 10) in million hectare

Crop	Normal Area	2006	2005	Change in acreage	% Change
Rice	39.9	6.1	5.4	0.7	14
Jowar	4.6	1.2	1.1	0.1	10
Maize	6.0	3.5	2.7	0.8	28
Bajra	9.3	2.1	2.4	-0.3	-11
Sugar-cane	4.3	4.5	4.3	0.2	4
Cotton	8.3	3.2	2.5	0.7	29
Groundnut	5.5	1.6	1.2	0.3	28
Soy bean	6.3	1.0	1.3	-0.3	-22
Kharif pulses	10.6	2.7	2.0	0.7	33

Source: Ministry of Agriculture

Outlook for monsoon

For July, which is the most crucial month for the *kharif* crops, the India Meteorological Department (IMD) has predicted a rainfall 97% of the long-period average, which is near normal (98% and above is normal). The National Center for Environmental Prediction, US has predicted a relatively higher precipitation (rainfall) over South-East Asia and India over July 18-24. The recently formed "low" over the Bay of Bengal has already resulted in widespread rainfall over central parts of the country and the same will cover the western coast of the country by the weekend. The International Research Institute has predicted near neutral El Nino/Southern Oscillation conditions up to September, which sould ensure that the monsoon is not affected.

What's in store?

We are in the middle of July, the period that generally accounts for 20-25% of the total rainfall of the June-September season of approximately 850-950 millimetre. Till July 12, 21% of the rain dependent area had received a deficient rainfall, but with the ongoing wet spell over the central parts of the country, the situation is expected to improve. For July a 97% rainfall has been forecast which is near normal. We believe that the monsoon's progress over the next one month is most crucial, as the same will be a deciding factor for the farm sector's contribution to the gross domestic product (GDP) which is nearly 20-22%. The government authorities and external agencies will also keep a close eye on the monsoon over the next one month so as to review India's FY2007 GDP growth target, which has been set above 7%.

Rainfall (sub-division-wise): Monsoon 2006

Gross cropped area	%	Meteorological sub-divisions	Jun 1 to Jul 5, 2006			Jun 1 to Jul 12, 2006		
Million hectare	Total		Actual	Normal	Deviation	Actual	Normal	Deviation
37.9	**20.4**	**Well irrigated areas**						
13.9	7.5	East Uttar Pradesh	140	144	-3%	255	216	18%
10.5	5.6	West Uttar Pradesh	66	99	-33%	148	165	-10%
5.9	3.2	Haryana,Chandigarh and Delhi	61	63	-3%	111	102	9%
7.6	4.1	Punjab	62	67	-7%	85	107	-21%
13.7	**7.4**	**Adequately rain-fed areas**						
1.1	0.6	Konkan and Goa	959	871	10%	1132	1106	2%
0.4	0.2	Coastal Karnataka	991	1111	-11%	1204	1362	-12%
3.1	1.7	Kerala	715	828	-14%	851	1043	-18%
2.4	1.3	Sub-Himalayan West Bengal and Sikkim	471	593	-21%	641	735	-13%
4.1	2.2	Assam and Meghalaya	400	659	-39%	501	799	-37%
1.0	0.5	Nagaland, Manipur, Mizoram and Tripura	361	412	-12%	462	496	-7%
0.3	0.2	Arunachal Pradesh	445	591	-25%	503	706	-29%
1.3	0.7	Uttaranchal	148	218	-32%	248	316	-22%
0.0	0.0	Andaman and Nicobar	376	549	-32%	385	636	-39%
0.0	0.0	Lakshadweep	311	366	-15%	366	429	-15%
134.5	**72.3**	**Rain dependent areas**						
6.2	3.3	Gangetic West Bengal	229	291	-21%	391	369	6%
9.4	5.1	Orissa	371	264	41%	387	341	13%
2.2	1.2	Jharkhand	204	247	-17%	335	323	4%
7.4	4.0	Bihar	171	225	-24%	324	307	6%
1.0	0.5	Himachal Pradesh	100	123	-19%	175	180	-3%
1.1	0.6	Jammu & Kashmir	71	79	-10%	119	111	7%
10.9	5.9	West Rajasthan	37	39	-5%	54	62	-13%
9.3	5.0	East Rajasthan	83	86	-3%	125	133	-6%
11.6	6.2	West Madhaya Pradesh	90	149	-40%	140	217	-35%
6.6	3.5	East Madhya Pradesh	72	198	-64%	112	288	-61%
5.7	3.1	Chattisgarh	192	264	-27%	206	342	-40%
6.3	3.4	Gujarat region	220	180	22%	342	269	27%
4.8	2.6	Saurashtra and Kutch	119	117	2%	205	158	30%
8.3	4.5	Madhya Maharashtra	311	176	77%	356	233	53%
5.9	3.2	Vidarbha	255	224	14%	291	299	-3%
6.0	3.2	Marathwada	183	170	8%	189	206	-8%
2.9	1.6	Rayalsema	89	70	27%	93	88	6%
4.5	2.4	Telangana	139	169	-18%	140	216	-35%
5.4	2.9	Coastal Andhra Pradesh	143	125	14%	145	159	-9%
6.7	3.6	North interior Karnataka	142	115	23%	156	141	11%
5.3	2.8	South interior Karnataka	237	172	38%	265	226	17%
7.0	3.8	Tamil Nadu and Pondicherry	56	50	12%	59	67	-12%
186.1	**100**	**India**	**187.9**	**206.6**	**-9%**	**245**	**272.7**	**-10%**

Source: CMIE, IMD

Spatial distribution yearly comparison

State	Share of *kharif* output (%)	2006	2005	2004	2003
Uttar Pradesh	15.9	N	N	D	N
Punjab	10.5	D	N	D	N
West Bengal	9.0	N	N	N	N
Madhya Pradesh	8.8	D	N	N	N
Andhra Pradesh	8.6	N	N	N	N
Bihar	8.0	N	D	N	N
Maharashtra	7.9	N	N	N	N
Karnataka	6.6	N	N	N	D
Tamil Nadu and Pondicherry	6.4	N	N	N	N
Orissa	4.4	N	N	N	N
Haryana, Chandigarh and Delhi	3.1	N	N	D	N
Rajasthan	2.8	N	N	N	N
Gujarat	2.8	N	N	N	N
Cropped area with deficient/scanty rainfall (%)		22.4*	8.3	38.9	7.7
Cropped area with normal/excess rainfall (%)		77.6	91.7	61.1	92.3

*Up to July 12, 2006. N = normal D = defecient

Source: CMIE, IMD

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