

31st March, 2008**BUY**

Price Rs 199	Target Rs 304
Sensex	16371

Price Performance

(%)	1M	3M	6M	12M
Absolute	-16.5	2.0	5.1	47.1
Rel to Sensex	-8.3	21.0	10.4	21.9

Source: Capitaline

Stock Details

Sector	IT
Bloomberg	VKI IN
Reuters	VAKR.BO
Equity Capital (Rs mn)	214.0
Face value Rs	10
52 week H/L Rs	285/126
Market Cap (Rs mn)	4257.8
Daily Avg Volume (No of shares)	143359
Daily Avg Turnover (Rs mn)	28.5

Shareholding Pattern (%)

Promoters	15.5
Foreign	34.9
Institutions	0.7
Non-Promoter Corporate Holding	20.1
Public & Others	28.8

(31st December '07)

Source: Capitaline

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Vakrangee Softwares Ltd.**Empowered for strong growth**Initiating
Coverage

Vakrangee Softwares Ltd is one of the few leading e-governance service providers in India which is involved in both document management and printing management services. VSL is looking to capitalize on its expertise in the Digitization, Document Management and Print Management space by venturing in the private sector. The company is well-poised for growth backed by strong order book position of Rs 400cr+ to be executed by FY09 coupled with healthy pipeline of projects. We expect the topline and bottomline of the company to grow at a CAGR of 76.7% and 68.6% respectively and the EPS to grow at 62.5% during FY07A-10E. Based on our estimated EPS of Rs 35.8 in FY09E and Rs 54.6 in FY10E, the stock is currently trading at a P/E of 5.6x and 3.6x respectively which is quite attractive. We initiate coverage on the company with a BUY and a one year forward target price of Rs 304.

FY09 is the year of delimitation

VSL, having the largest market share in the e-governance business, will largely benefit from the delimitation exercise.

Largest scanning and variable data printing capacity in India

VSL has the largest capacity in India in DMS and PMS with 6mn impressions scanning and 5 million impression variable full colour printing capacity per day. In Nov 07, VSL had set-up digital data printing machine with a capacity to print 2.9 million pages per day in its Mumbai Hub which is based on Kodak Versamark, USA technology. The company has further ramped up its capacity by installing a state-of-the-art variable data digital colour printing facility in its Delhi Hub which would print 5.8 mn pages per day. This Hub is expected to start functioning by May 09.

Private sector to contribute about 50% of revenues by FY10

After handling government projects, VSL has now entered into private sector in FY08 as the demand for its services from telecom, banking, insurance and retail sectors is growing. This sector is expected to contribute about 50% of revenues by FY10.

Expanding focus on ERP Products

The company has transferred its software products to its wholly owned subsidiary Vakrangee IT Solutions, Bangalore. This decision has been taken to put renewed focus on these products for providing services to the government. This division could start functioning by June 08 and will be revenue accretive from FY09.

Healthy pipeline of projects

VSL has a strong order book position of about Rs 400 cr+ as of now to be executed by FY09. This includes orders received from ICICI Lombard for providing health cover of Rs.30,000 for every worker in the unorganised sector under the Rashtriya Swasthya Bima Yojana for Rajasthan and Haryana. VSL will collect the data and the output will be provided to ICICI Lombard. The project is executable in 4 years time. The company has also made bids for projects of Rs 2,280 cr to be executed in the next 3 years.

Financial Estimates:

Y/E, March Rs Mn	Net Sales	EBIDTA	EBIDTA (%)	APAT	EPS (Rs)	ROE (%)	ROCE (%)	PE (x)	EVEBITDA (x)	P/BV (x)
FY07	1166.6	515.9	44.2	243.7	12.7	19.3	26.4	15.6	7.3	2.2
FY08E	2190.5	983.5	44.9	462.3	21.6	23.5	30.2	9.2	4.2	2.0
FY09E	3887.9	1734.0	44.6	765.8	35.8	30.3	37.0	5.6	2.0	1.5
FY10E	6434.2	2811.7	43.7	1168.3	54.6	33.8	41.2	3.6	0.8	1.1

Source: Company, Emkay PCG Research

Company Background:

VSL is one of the few leading e-governance service providers in India which is involved in both document management and printing management services.

Incorporated in 1990, Vakrangee Softwares Ltd (VSL) is one of the few leading e-governance service providers in India which is involved in both document management and printing management services. VSL has been involved in maintaining and managing the electoral rolls for the Election Commission of India (ECI) for the last 14 years. It has also been involved in variable printing activities for the ECI wherein they printed photo identification cards for voters and also the electoral rolls during an election. This experience has enabled VSL to gain a foothold in the Document Management and Print Management space, which can be leveraged for opportunities in the government and private sector, to deliver critical high quality voluminous work in organizations having a large number of physical documents.

VSL delivers a whole range of services in the enterprise document and content management space. These services include digitization, data extraction and variable colour printing services and VSL has the ability to roll out these services at low cost and is able to deal in high volumes of data in a secure and time bound manner across 22 geographic locations. Clients bear no cost of capex and opex requirements as VSL manages it all for them.

Hub and Spoke Model:

VSL operates on the hub and spoke model and is expanding its integrated solutions to retail, BFSI, Telecom and Power sectors with more locations.

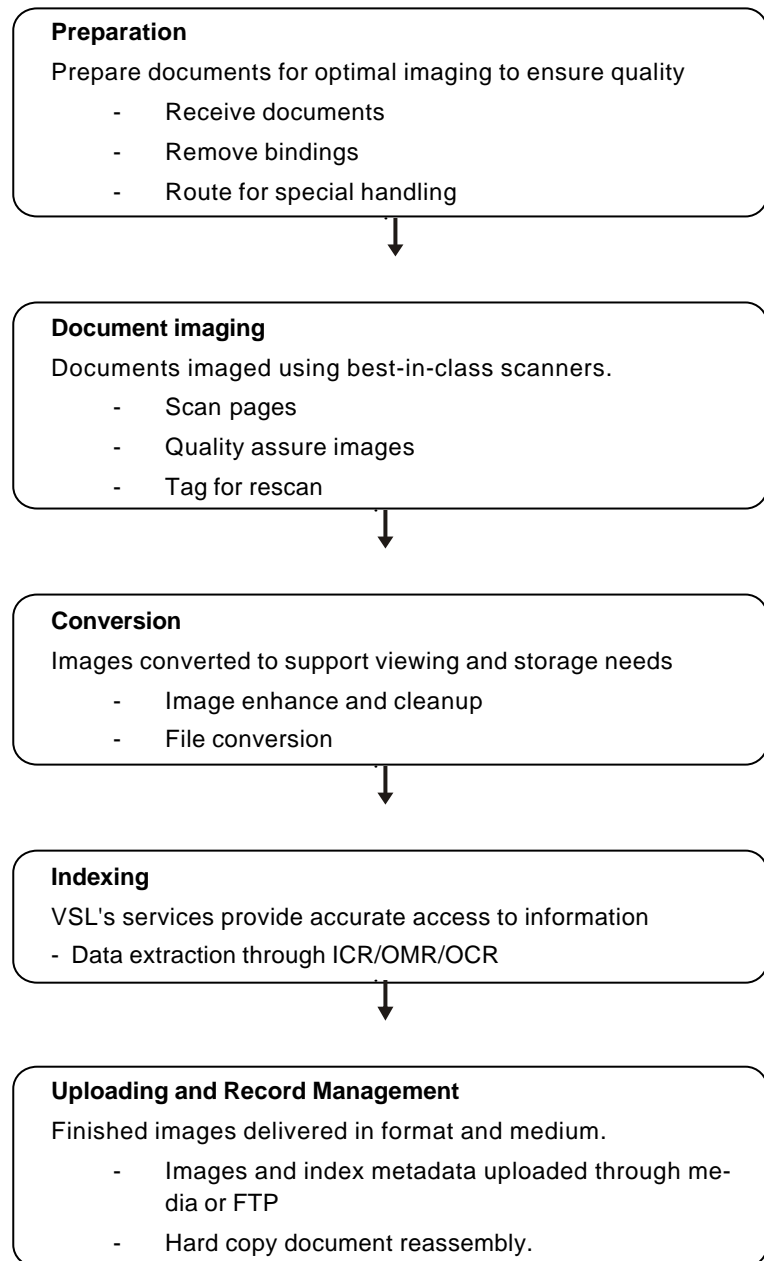
VSL operates on the hub and spoke model and is expanding its integrated solutions to retail, BFSI, Telecom and Power sectors with more locations. The Mumbai center currently acts as the hub for all operations. Another integrated hub near New Delhi could start functioning by May 09. The 3rd and 4th hub are planned in Calcutta and Chennai by FY09 after which VSL will become the largest document outsourcing hub in India. The company is confident of becoming the largest hub in the world by FY10 and it would also be the largest printing outsourcing hub. The 22 regional offices which are VSL's own properties act as spokes. The various spokes are located in Ahmedabad, Bhopal, Pune, Delhi, Jaipur, Chandigarh, Lucknow, Kolkata, Bhubaneshwar, Patna, Guwahati, Ranchi, Chennai, Hyderabad, Bangalore, Cochin, Trivandrum, Vishakapatnam etc.

The company is capitalizing on the rich experience gained by the team over the past few years and executing large projects. More than 1500 employees are working in various projects across the country. VSL is shifting its focus from project based revenue model to annuity based revenue model wherein the revenues are accretive over the life of the contract which is typically for 4-5 years.

VSL's lines of business are as follows:

Document Management Services (DMS) :

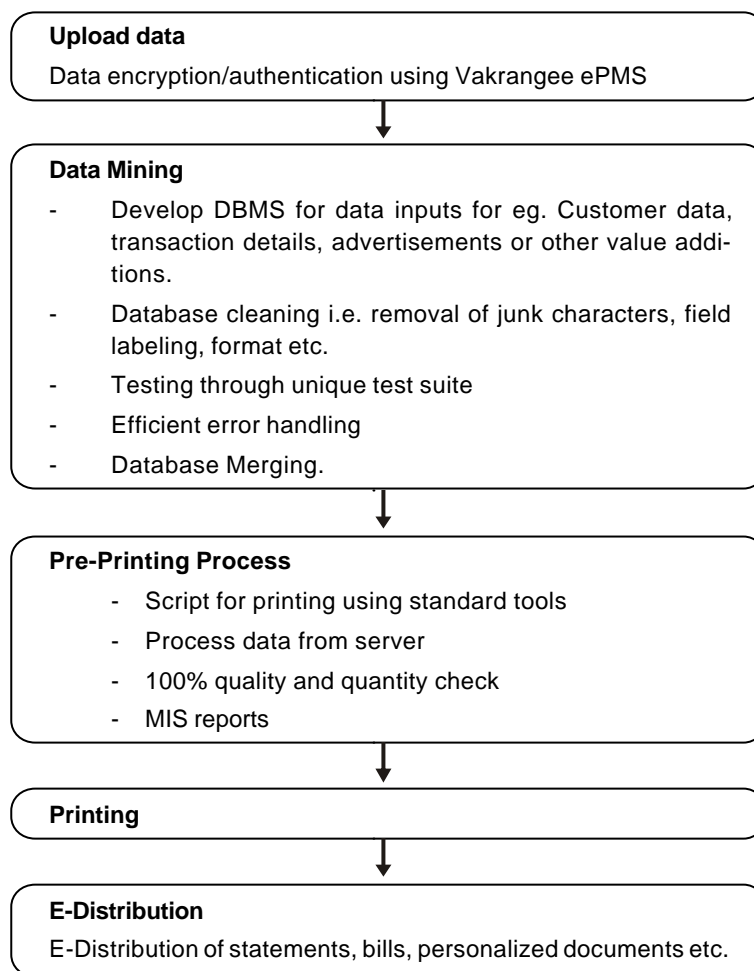
Document management is the process of handling documents in such a way that information can be created, shared, organized and stored efficiently and appropriately. This involves the following process:

Document management process

VSL's state-of-the-art application solutions, coupled with Kodak's cutting-edge technology benefit document intensive companies.

Printing Management Services (PMS):

VSL's state-of-the-art application solutions, coupled with Kodak's cutting-edge technology empower document intensive companies like banks, insurance, telecom, retail & power distribution companies to transform their customer communications practices such as bill invoices and statements, with personalised text, graphics and colour that enable the transaction documents to act as powerful personalised promotional documents at the same time. VSL's innovative software solutions allow these companies to automate the workflow to design, personalize, produce, deliver, archive and manage high volumes of customer communication statements in a print and web-enabled environment in a highly secured manner. All this is done through the following process:



Awards and Achievements:

CMD, Mr. Dinesh Nandwana has been awarded the Business Leader (SME Segment) of the Year Award, 2008. Also, the company has received ET-500 best company of the year award in FY07 and DTT award for the 500 fastest growing company in Asia in FY05.

Investment Rationale:

FY09 is the year of delimitation:

Delimitation is the exercise of redrawing boundaries of Lok Sabha and Assembly constituencies to maintain equitable distribution of population across constituencies. Article 82 of the Constitution directs Parliament to enact a Delimitation Act after every census. This done, the centre then goes on to constitute a Delimitation Commission which can come into force only after the President releases an official notification on it. This delimitation exercise has been started and VSL having the largest market share in the e-governance business would be largely involved in this exercise.

Only Indian player providing both document management and printing management services :

VSL enjoys the first mover advantage in India in providing end-to-end document management and printing management services altogether. There are few unorganized small players in the document management space who are providing similar kind of services. VSL operates in the digitization, document management and print management services space delivering a gamut of services which can help an organization better manage their physical documents and make them intelligent. In printing management services, there are a few organized players who compete with VSL. At present,

FY09 is the year of delimitation

VSL enjoys the first mover advantage in India in providing end-to-end document management and printing management services altogether.

CMS Computers is the only competitor to VSL which is engaged in both document management and printing management services.

Largest scanning and variable data printing capacity in India:

VSL has the largest capacity in India in DMS and PMS with 6mn impressions scanning and 5 million impression variable full colour printing capacity per day. In Nov 07, VSL entered into a strategic alliance with Eastman Kodak Company to offer mass customization & personalization of customer communication practices in India. The company has set-up High Speed Variable Digital data printing Machine based on Kodak Versamark, Inc., USA technology which is the world's fastest printing system and first in Asia. The machine is having a capacity to print 2.9 million pages per day and can print customized design from page to page and hence has very high potential for printing documents (including bills) for telecom companies, electricity supply companies, retail groups etc. The printer which costs about Rs 15 cr is installed in VSL's Mumbai Hub helps the company to cater to the needs of the Election Commission thereby reducing the dependency on outsiders and improving profitability.

VSL has the largest capacity in India in DMS and PMS.

VSL has also ramped up its capacity by placing another order with Eastman-Kodak for acquisition of a state-of-the-art variable data digital colour printing facility which would print 5.8 mn pages per day. This machine would be installed in the Delhi Hub which is expected to start functioning by May 09.

Foray into private sector:

After handling government projects, the company has now decided to target private sector as the demand for its services from telecom, banking, insurance, aviation and retail sectors is growing and these are early adaptors of frequent changes. There is a huge demand for document, printing and turn-key solutions from private sector and the company is looking at these opportunities aggressively. VSL expects to clock revenues of about Rs 840 mn from the private sector in FY08E. This sector is expected to contribute about 50% of revenues by FY10.

VSL entered the private sector in FY08.

Expanding focus on ERP (enterprise resource planning) Products:

VSL has transferred its software products i.e. Document Management System, Human Capital Management and School ERP to its wholly owned subsidiary Vakrangee IT Solutions, Bangalore. This decision has been taken to put renewed focus on these products for providing services to the government. The proprietary software products were sold for a consideration of Rs 50 cr paid other than in cash i.e. by issue and allotment of 1 cr equity shares of Rs 10/- each at a premium at Rs 40/- per share by the subsidiary company. This division Could start functioning by June 08 and is expected to contribute about Rs 10 cr in FY09 and Rs 100 cr by FY10, according to the company management.

The company is expanding its focus on ERP products and has transferred these products to its wholly-owned subsidiary.

Vakrangee Electronics Ltd, in which VSL has 21% holding is currently developing new improved Electronic Election Machine.

Healthy pipeline of projects:

VSL has a strong order book position of about Rs 400 cr+ as of now to be executed by FY09. The current projects are as follows.

VSL has a strong order book position and a healthy pipeline of projects.

Document Management	Print Mangement
MCA-21	EPIC (Electors' Photo Identity Card)- Maharashtra
Development Authority, Ghaziabad	EPIC- Chattisgarh
Two leading telecom service providers	Pilot for a leading organised retail company (Reliance Retail)
Miniaturisation Project- Gujarat	Electoral Potoroll- MP
Miniaturisation Project- Maharashtra	Electoral Potoroll- Maharashtra
	Leading Private Insurance Player
	Leading Banks
	Leading Financial Services Company

Source: Company

MCA-21 Project:

Keeping in tune with the e-Governance initiatives the world over, Ministry of Corporate Affairs (MCA), Government of India, has initiated the MCA21 project, to enable an easy and secure access to MCA services in a manner that best suits the corporate entities and professionals besides the public. The MCA21 project is designed to fully automate all processes related to the proactive enforcement and compliance of the legal requirements under the Companies Act, 1956. This will help the business community to meet their statutory obligations. From the customer perspective, the Front Office operations assume significance, which would be administered through the Front Office portal. The entire Back Office operations of the MCA would be automated so as to achieve the objective of a userfriendly computerized environment. MCA portal is the single point of contact for all MCA related services, which can be easily accessed over the internet by all users. TCS has provided programme management, application development and business application and support whereas CMC has been involved in data migration, data center IT infrastructure set-up, networking setup and IT infrastructure maintenance and support for this project. VSL has done the digitization for the MCA-21 project.

The company has a healthy pipeline of projects for the next 3 years for which bids have already been made. These projects are as follows:

Projects Bid (Rs Cr)	Category	Value	Project Period (Years)
Telecom	PMS	120	3
	DMS	40	3
Insurance	PMS	108	
	DMS	52	3
Retail	PMS	180	3
	DMS	100	3
SEZ & Others	DMS	40	2
Karnataka Govt	DMS	40	1
Department of Post	PMS	1600	3
Total Bid Value		2280	

Source: Company

In the recent budget, FM has announced Rashtriya Swasthya Bima Yojana to provide health cover of Rs.30,000 for every worker in the unorganised sector falling under the BPL category and his/her family. The Yojana will be launched in Delhi and in the States of Haryana and Rajasthan on April 1, 2008. Rs.205 crore has been provided as the Centre's share of the premia in 2008-09. For Rajasthan and Haryana, ICICI Lombard has been awarded this project which has further sub-contracted this to VSL. VSL will collect the data and the output will be provided to ICICI Lombard. The project is executable in 4 years time.

Strong long standing relationships with customers and vendors:

VSL has a long list of customers.

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Verticals	Customers	
Government	Central Govt, State Govt, Local authorities	Election Commission (PMS)
BFSI	Banking, Financial Services, Insurance	ICICI Lombard (DMS), ICICI Prudential (PMS)
Utility	Power Distribution Companies, Telecom Service Providers	Reliance Communication, Vodafone, Airtel (DMS)
Retail, Aviation and others	Hyper Retail, Organized Retail Sales	Reliance Retail (PMS)

Source: Company

VSL is well positioned to participate in NeGP projects.

Well positioned to participate in high growth market opportunity:

Government of India has identified 26 mission mode projects and 8 support components under the National e-Governance Plan, to make its services more accessible to people electronically, which would cost about Rs 23,000 cr over the next five years. Of these, components (core infrastructure, support and technical assistance) would cost Rs 10,000 crore and the mission mode projects would cost about Rs 13,000 crore, over the next five years. The plan aims at making government services easily accessible to the common man through e-Governance. VSL is well positioned to participate in these projects and is identified as a well qualified participant.

Mission mode projects- National e-Governance Plan (NeGP):

Central Government	State Government	Integrated
Income Tax	Land Records	EDI (E-Commerce)
Passport Visa & Immigration Project	Road Transport	E-Biz
MCA-21	Property Registration	Common Service Centres
Insurance	Agriculture	India Portal
National Citizen Database	Treasuries	EG Gateway
Central Excise	Municipalities	e-Office
Pensions	Gram Panchayats	e-Procurement
	Commercial Taxes	e-Courts
	Police (Uts initially)	e-Districts
	Employment Exchange	

Source: Dept of IT, Govt of India

* VSL is already engaged in MCA-21, Insurance, Land Records and Employment Exchange projects at present.

**VSL has made bids for Passport Visa & Immigration Project, Road Transport and e-Courts

***For others, VSL shall bid when RFP will be floated.

VSL intends to invest about Rs 200 cr to set up digital printing centres in ten cities by FY10.

Investment in digital printing business:

VSL intends to invest about Rs 200 cr (to be funded by internal accruals) to set up digital printing centres in ten cities by FY10 to tap the growing business opportunities in government and private sectors. VSL intends to build up the global Hub for meeting end-to-end document management solution requirements of the transnational clients across the globe so that these clients can focus on their core business effectively and efficiently. The strategic alliance with Eastman Kodak, the world leader in this area, shall immensely help VSL in attaining this objective. The company will set up these centres in all metros as well as in other major cities including Hyderabad, Pune, Chandigarh, Jaipur and Bangalore based on hub-and-spoke model. The solutions from VSL will enable the fast growing Retail, Telecom & BFSI Companies to transform their customer communications practices and retain their customers in a fiercely competitive environment.

The market in India is currently estimated at more than Rs 5,000 cr, which is growing at about 40% per annum. VSL shall have the first mover advantage to tap this market to the fullest.

VSL is planning to enter international markets by FY10.

Foray into international markets:

VSL is planning to enter international markets by FY10 with a special focus on Europe and US.

Strong management team:

VSL has reinforced its management team which includes professionals from the financial services and e-Governance sector like Mr. Pradip Shah (ex-CRISIL Chairman), Mr. R.M Joshi (Ex- ED of SEBI) and Mr. Santosh Dash (President of VSL). The Chairman and Managing Director, Mr. Dinesh Nandwana, together with the strong management team are well poised to tap the growing opportunities in the government and the private sectors.

Recent Financial Performance:

VSL recorded 90.1% YoY increase in revenues to Rs 1,492.5 mn for the nine month period ended Dec 07 on the back of its foray into private sector. EBITDA margins increased by 100 bps to 44.6% in 9MFY08 on account of low data processing expenses. VSL recorded 130.8% increase in PAT to Rs 318.3 mn for 9MFY08 with an EPS of Rs 16.6.

Rs. Mn.	9MFY08	9MFY07	YoY%
Net Sales	1492.5	785.2	90.1
Other income	13.9	3.0	360.0
Total Expenditure	826.6	443.0	86.6
EBITDA	665.9	342.2	94.6
EBITDA%	44.6	43.6	100 bps
Interest	0.0	0.0	
Depreciation	205.4	94.9	116.6
PBT	474.4	250.4	89.5
Tax	156.1	112.5	38.8
PAT	318.3	137.9	130.8
EPS	16.6	7.2	130.8
Equity	191.5	191.5	0.0

Source: Company

Industry Overview**Document management services (DMS)**

Economical growth and expansion of business across the globe has made paperless work environment the need of the hour. The total addressable market size for Document Management Services is currently estimated at about Rs 1,25,000 cr per annum where as for private sector which includes BFSI, Telecom and Retail, it is estimated at about Rs 5,000 cr+ per annum. Particularly in India the Right to Information Act has made it mandatory for all government departments to have all the information in digital form. This includes not only conversion of historical data but also to keep present as well as future information in digital form. Also, KYC (know your customer) norms for validation of customer data have been defined for banks, telecom and insurance companies which requires these companies to keep all the data in electronic form. VSL is well poised to take advantage of the growing business opportunities in this arena.

Printing Management Services :

In the face of stiff competition, revolution in the mass communication market, and high customer attrition, organizations such as banks, telecom service providers, power distribution companies are now focusing on new medium for retaining their customers. They are now using the transaction documents such as monthly bills/credit card statements etc. to give personalized value proposition based on age, income, life style and transaction amounts amongst others. This requires large scale data handling capability of the vendors like data extraction from Customer Relationship Management (CRM) & Billing Transaction Database, developing the business logic to processing them and printing them as per the customized output format for each customer. In fact, several marketers, especially in certain emerging sectors in India have started using the bill very intelligently in order to communicate with the customers. VSL has been doing similar kind of large scale data management and variable printing activities for the Election Commission of India (which has a market size of about Rs 140 cr+ per annum) and therefore wants to leverage the competency to gain a market share in the booming private sector market. This market is further accentuated by the current organised retail boom with the entry of industry giant like Reliance, Bharti-Walmart, Aditya Birla group etc.

The total addressable market size for Document Management Services is currently estimated at about Rs 1,25,000 cr per annum where as for private sector, it is estimated at about Rs 5,000 cr+ per annum.

The total addressable market size for printing management services is currently estimated at about Rs 5000 cr+ per annum.

The private/public sector (banks, insurance companies, organized retail, telecom service provider and power distribution) market for India is currently estimated at more than Rs. 3,000 crores per annum whereas the total addressable market size for printing management services is currently estimated at about Rs 5000 cr+ per annum.

Risks and Concerns:

- ❖ As the business of e-Governance is gathering momentum, the company faces increased competition from both domestic and global players such as 3i Infotech, Hewlett Packard, Xerox, TCS, CMC, Wipro, IBM and HCL Technologies.
- ❖ The big players in the industry who are presently outsourcing Document Management Services to VSL may decide to have in-house facility.
- ❖ VSL's business is subject to competitive bidding and therefore in order to be successful bidder, the company may have to participate competitively resulting in reduction in margins. Any failure in winning bids and getting orders could slow down the revenues and profits of the company.
- ❖ The advent of new technologies designed to enhance the efficiency of Document Management Services could reduce the use of existing machines/ scanners, infrastructure, which might become obsolete and fresh investment may be required.

Financial Outlook:

Topline expected to grow at a CAGR of 76.7% during FY07A-10E

We expect the growth impetus to sustain over the next couple of years, on the back of strong order book position and healthy pipeline of projects for which bids have already been made. On the basis of sound track record, we believe that the company will be able to bag larger size contracts. The Delimitation Act, RTI Act and the NeGP combined with the opportunities in the private sector will act as catalysts to drive VSL's business on a high growth trajectory. Besides, the ERP business will be revenue accretive from FY09. We expect the company's revenues to grow at a CAGR of 76.7% during FY07A-10E.

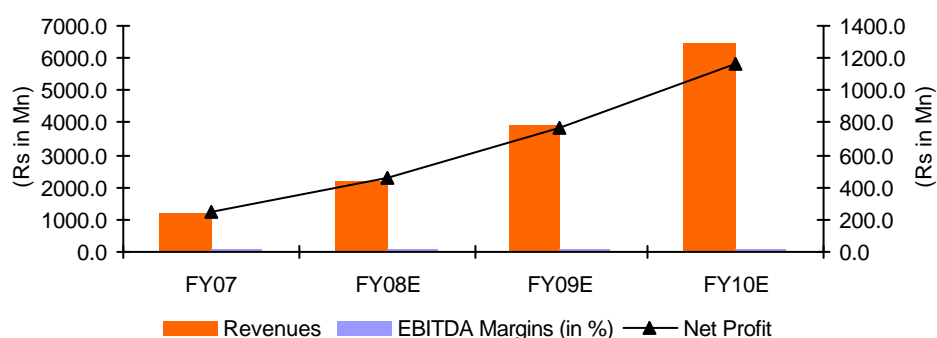
Sustainability of EBITDA margins in the range of 44-45%

Over the years, the margins have witnessed rising trend and have improved to 44.6% in 9MFY08. We believe that, VSL with its competitive advantage is in a position to maintain its EBITDA margins in the range of 44-45%. Being the first mover, the company would be able to leverage the learning curve advantage for the next 2-3 years.

Bottomline expected to grow at a CAGR of 68.6% over FY07A-10E

We expect the bottomline of the company to grow at a CAGR of 68.6% over FY07A-10E. The company is expected to report EPS of Rs 21.6, 35.8 and 54.6 in FY08E, FY09E and FY10E respectively. We have factored in the equity dilution due to conversion of 22.5 lakh warrants which were allotted to the promoters in FY07 and were fully converted into equity shares in March 08.

We expect the topline and bottomline of the company to grow at a CAGR of 76.7% and 68.6% respectively over FY07A-10E.



Source: Emkay PCG Research

We initiate coverage on the company with a BUY and one year forward target price of Rs 304.

Valuation:

At the current market price of Rs 199, VSL is attractively valued at 9.2x FY08E, 5.6x FY09E and 3.6x FY10E earnings. We initiate coverage on the company with a BUY and one year forward target price of Rs 304. At our target price, the stock trades at 8.5x FY09E earnings.

Profit & Loss statement (Rs Mn)

Year	FY07A	FY08E	FY09E	FY10E
Net Sales	1,166.6	2,190.5	3,887.9	6,434.2
% Growth	128.1	87.8	77.5	65.5
Other Income	4.4	19.7	38.9	57.9
Total Expenditure	650.7	1207.0	2153.9	3622.4
EBITDA	515.9	983.5	1,734.0	2,811.7
% Growth	208.0	90.6	76.3	62.2
Interest	-	-	-	-
Depreciation	149.6	313.2	629.8	1,126.0
PBT	370.7	690.0	1,143.0	1,743.7
% Growth	217.7	86.1	65.7	52.5
Tax	42.1	227.7	377.2	575.4
Adj PAT	243.7	462.3	765.8	1,168.3
% Growth	134.6	89.7	65.7	52.5
EPS (Rs)	12.7	21.6	35.8	54.6
BVPS (Rs)	89.8	101.3	135.3	188.2

Source: Company, Emkay PCG Research

Balance sheet (Rs Mn)

Year	FY07A	FY08E	FY09E	FY10E
Equity Capital	191.5	214.0	214.0	214.0
Reserves	1,527.5	1,952.9	2,681.8	3,813.1
Networth	1,773.2	2,166.8	2,895.8	4,027.1
Secured loans	14.5	14.5	14.5	14.5
Unsecured loans	-	-	-	-
Total loans	14.5	14.5	14.5	14.5
Deffered Tax Liab	169.8	424.5	657.9	855.3
Total Liabilities	1,957.5	2,605.8	3,568.2	4,896.9
Net Block	1,231.1	1,364.8	1,347.9	1,071.9
Investments	21.0	21.0	21.0	21.0
Inventories	486.6	913.7	1,170.2	1,205.7
Debtors	193.4	340.4	578.6	954.7
Cash balance	54.1	118.4	708.3	2,117.7
Loans and Advances	113.3	212.7	377.6	624.8
Current Liabilities	67.0	100.5	221.2	486.6
Provisions	74.9	264.6	414.1	612.3
Net Current Assets	847.4	1,585.2	2,834.6	4,903.0
Total Assets	1,957.5	2,605.8	3,568.2	4,896.9

Source: Company, Emkay PCG Research

Ratio Analysis

Year to Mar	FY07A	FY08E	FY09E	FY10E
EBITDA %	44.2	44.9	44.6	43.7
NPM %	20.9	21.1	19.7	18.2
ROE %	19.3	23.5	30.3	33.8
ROCE %	26.4	30.2	37.0	41.2
D/E (x)	0.1	0.0	0.0	0.0
Asset Turnover (x)	0.9	1.6	2.9	6.0
Debtors Days (x)	59.7	55.9	53.6	53.4
Inventory Turnover (x)	2.4	2.4	3.3	5.3
Per Share Data				
Adjusted EPS (Rs)	12.7	21.6	35.8	54.6
CEPS (Rs)	20.5	36.2	65.2	107.2
BVPS (Rs)	89.8	101.3	135.3	188.2
Valuation ratios				
P/E (x)	15.6	9.2	5.6	3.6
P/CEPS (x)	9.7	5.5	3.1	1.9
EV/EBITDA (x)	7.3	4.2	2.0	0.8
EV/Sales (x)	3.2	1.9	0.9	0.3
Mkt Cap/Sales (x)	3.3	1.9	1.1	0.7
P/ BV (x)	2.2	2.0	1.5	1.1

Source: Company, Emkay PCG Research

Cash Flow Statement (Rs Mn)

Year to Mar	FY07A	FY08E	FY09E	FY10E
Opening Cash & Bank Balance	4.6	54.1	118.4	708.3
Profit after Tax	243.7	462.3	765.8	1168.3
Investment Income Adjustment	-4.4	-19.7	-38.9	-57.9
Interest Paid Adj	0.0	0.0	0.0	0.0
Depreciation	149.6	313.2	629.8	1126.0
Defered Taxation	126.5	254.7	233.5	197.4
Others	722.3	-0.1	118.4	708.3
Net Change in Wkg. Capital	-118.5	-450.3	-389.4	-195.3
CF- Operating Activities	1119.1	560.1	1319.2	2946.7
Change in Fixed Assets	-1065.9	-446.9	-613.0	-850.0
Change in Investments	-21.0	0.0	0.0	0.0
Investment Income	4.4	19.7	38.9	57.9
CF- Investing Activities	-1082.4	-427.2	-574.1	-792.1
Increase in Equity	88.0	22.5	0.0	0.0
Changes in Borrowings	-37.9	0.0	0.0	0.0
Interest Paid	0.0	0.0	0.0	0.0
Dividend Paid	-32.7	-36.9	-36.9	-36.9
CF- Financing Activities	17.4	-14.4	-36.9	-36.9
Net Change in Cash	54.1	118.4	708.3	2117.7
Closing Cash & Bank Balance	54.1	118.4	708.3	2117.7

Source: Company, Emkay PCG Research

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