

Bilpower Ltd

Q1FY09 Result Review

BUY

Date: 11 August 2008

CMP: Rs.169

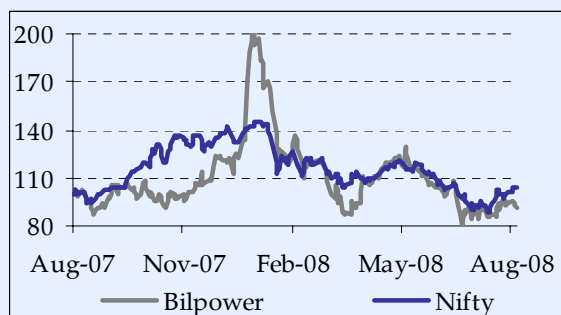
Target Price Rs.318

Stock Info	
Face Value (Rs)	10
Shares O/S (mn)	10.5
Market Cap (Rs mn)	1759.3
52-Week Range(H/L)	374/138.50
1-Year Avg Vol (mn)	40,056
Nifty	4,524
Reuters Code	BILP.BO
Bloomberg Code	BILP. IN
Year End	March

Key Financials	FY07	FY08	FY09E	FY10E
Net Sales	2239	3326	5031	6499
YoY % change	96.44	48.54	51.27	29.18
EBITDA	262.95	354.77	606.18	783.07
YoY % change	94.88	34.92	70.86	29.18
Net Profit	172.65	227	369.75	496.24
YoY % change	61.64	31.48	62.89	34.21
Equity Capital	90.01	105.01	125.01	125.01
EPS	19.18	21.62	29.58	39.7
EBITDA %	11.74	10.67	12.05	12.05
PAT %	7.71	6.83	7.35	7.64

Key Ratio	FY07	FY08	FY09E	FY10E
P/E	8.8	7.8	5.7	4.3
P/BV	1.91	1.6	0.98	0.8
EV/Sales	0.89	0.81	0.61	0.47
EV/EBITDA	7.55	7.58	5.07	3.86

Relative Price Performance



During Q1FY09, net sales showed a rise of 73.02% to Rs.1036 mn over the corresponding period of the previous year. EBITDA showed a rise of 36.68% to Rs.102.92 mn over the corresponding period of the previous year.

Margin declined

During Q1FY09 EBITDA margin has declined by 264bps to 9.93% on account of rise in raw material cost, which jumped by 94.56% to Rs.946.12 mn. Raw material as a percentage of sales reached to 91.32% as compared to corresponding period of the last year where it was only 81.21%. During the quarter, staff cost jumped by 207% to Rs.5.77 mn and other expenses went up by 18.08% to 54.9 mn over the corresponding period of the previous year.

The company has been in expansion mode from last two years. Capital expenditure planned in FY08 is progressing as per the schedules.

Valuation

Bilpower Ltd, is one of the leading players in electrical laminations in India. We believe that the ongoing capital expenditure, acquisition of Sun Transtamp and Tarapur Transformer Ltd and JV with the Pioneer Electric is likely to immensely benefit the company in coming years. We expect the company's revenues to grow by a CAGR of 40.2% over next two years. At the CMP of Rs. 169, Bilpower trades at a P/E of 5.71x and 4.26x its FY09E and FY10E respectively. We continue to maintain our positive outlook on the company with a price target of Rs.318.

Quarterly Financial Result

(Rs.mn)	Q1FY08	Q1FY09	FY08	FY09E	FY10E
Revenue	598.8	1,036.0	3,326.0	5,031.0	6,499.0
<i>Growth (%)</i>	34.3	73.0	48.5	51.3	29.2
Total Expenditure	523.5	933.1	2,970.8	4,424.3	5,715.4
EBITDA	75.3	102.9	354.8	606.2	783.1
<i>Growth (%)</i>	55.2	36.7	34.9	70.9	29.2
<i>EBITDA Margin (%)</i>	12.6	9.9	10.7	12.1	12.1
Other Income	0.0	0.0	2.2	2.3	2.3
Interest	10.0	20.5	52.8	91.5	86.7
Depreciation	0.8	2.2	4.7	23.7	36.7
Tax	14.6	18.7	72.3	123.3	165.5
PAT	49.9	61.7	227.2	369.9	496.4
<i>Growth (%)</i>	13.5	23.5	31.5	62.9	34.2
<i>PAT Margin (%)</i>	8.3	6.0	6.8	7.4	7.6
Minority Interest			0.2	0.2	0.2
Adj PAT			227.0	369.8	496.2
Equity	90.0	105.0	105.0	125.0	125.0
EPS	5.6	5.9	21.6	29.6	39.7

Source: SBICAP Securities Research

Recent Reports

Date	Company Name	Recommendation	Recommended Price	Target Price
24-Jul-08	Corn Sector Report			
	Riddhi Siddhi Gluco Biols	Buy	185	336
	Anil Products	Not Rated	97	-
21-Jul-08	Hotel Sector Report			
	Indian Hotels Company	Buy	84	146
	East India Hotels	Outperform	120	138
	Hotel Leelaventure	Marketperform	31	-
	Taj GVK Hotels & Resorts	Buy	91	157
	Sayaji Hotels	Outperform	76	105
10-Jul-08	Orbit Corporation	Buy	262	363
9-Jul-08	L&T	Buy	2,397	2,976
26-Jun-08	Oriental Bank of Commerce	Buy	136	223
30-Apr-08	FMCG Sector Report			
	GSK Consumer Healthcare	Buy	646	896
	Colgate Palmolive	Buy	405	624
	Nestle India	Buy	1,625	2,055
	Britannia Industries	Buy	1,342	2,071
	P&G Hygiene & Healthcare	Buy	750	1,114
29-Apr-08	Unity Infraprojects	Buy	560	790
24-Apr-08	B L Kashyap & Sons	Buy	1,590	1,884
17-Apr-08	Banking Sector Report			
	HDFC Bank	Buy	1,315	1,588
	Axis Bank	Buy	775	921
	Bank of Baroda	Buy	293	450
	Bank of India	Buy	304	381
	Punjab National Bank	Buy	519	650
	Union Bank of India	Buy	155	200
	Corporation Bank	Buy	306	452

Key to investment Ratings: Guide to the expected return relative to market over the next 12 months. 1=Buy (expected to outperform the market by 15 or more percentage points); 2=Outperform (expected to outperform the market by 5-15 percentage points); 3=Marketperform (expected to perform in line with the market); 4=Underperform (expected to underperform the market) by 5-15 percentage points); 5=Sell (expected to underperform the market by 15 or more percentage points)

SBICAP Securities Limited

Corporate Office: 191, Maker Tower 'F', Cuffe Parade, Mumbai 400005. Tel.: 91-22-30273340 Fax: (022) 30273420
Web: www.sbicapsec.com

Name	Designation	Phone	E-mail
Research		(022) 2218 4301	sbicapresearch@sbicapsec.com
Anil Advani	Head (Institutional Research)	(022) 30273339	anil.advani@sbicapsec.com
Equity Sales		(022) 22165204	
Equity Dealing		(022) 22160112	
Jignesh Desai	Head (Institutional Sales)	(022) 30273302	jignesh.desai@sbicapsec.com

DISCLAIMER

SBICAP Securities Limited is a full service, Stock Broking Company and is a member of Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). It is a wholly owned subsidiary of SBI Capital Markets Ltd. (SBICAP), which is an integrated investment banker. SBICAP also is an underwriter of securities. ("SBICAP and SBICAP Securities Ltd. are collectively referred to as SBICAP Group") SBICAP has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into our Investment Banking and other business selection processes. Recipients of this report should assume that SBICAP Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/ report. SBICAP group and its officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependant, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinion that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. SBICAP Group may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different from those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to potential conflicts of interest. SBICAP Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within SBICAP Group into other areas, units, groups or affiliates of SBICAP Group.

The projections and forecasts describe in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Bank. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Bank, SBICAP, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumption underlying such projections and forecasts.

This report is for information purposes only and this document/ material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of SBICAP Group. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. SBICAP Group will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/ circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be sui for all the investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receives this document should consider and independently evaluate whether it is sui for his/ her/ their particular circumstances and, if necessary, seek professional/ financial advice. Any such person shall be responsible for conducting his/ her/ their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document. The price and value of the investments referred to in this document/ material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. SBICAP Group does not provide tax advise to its clients, and all investors are strongly advised to consult regarding any potential investment. SBICAP Group and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment grade securities give rise to substantial risk and are not sui for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/ document has been prepared by the SBICAP Group based upon information available to the public and sources, believed to be reliable. Though utmost care has been taken to ensure its accuracy, no representation or warranty, express or implied is made that it is accurate or complete. SBICAP Group has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. SBICAP Group endeavors to update on a reasonable basis the information discussed in this document/ material, but regulatory, compliance or other reasons may prevent us from doing so. The opinions expressed in this document/ material are subject to change without notice and have no obligation to tell the clients when opinions or information in this report change.

This report or recommendations or information contained herein do/ does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of SBICAP Group. This report or any portion hereof may not be printed, sold or distributed without the written consent of SBICAP Group. Neither this document nor any copy of it may be taken, transmitted or sent into the United States, Canada, Japan or to any U.S. persons or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with this restriction may constitute a violation of U.S., Canada or Japanese securities laws. Neither SBICAP Group nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.