



Research



## FUNDAMENTAL RESEARCH:- ALLIED DIGITAL SERVICES LTD:- RESULT UPDATE

**ACCUMULATE**

**CMP:: 233**

**Date::30th JULY 2010**

### ACCUMULATE

#### STOCK INFO (TTM Basis)

Sector	ITES
Market cap	6417cr
Equity Capital	1083.45cr
Face value	₹ 5
Book value	₹ 139.83
EPS	₹ 22.32
P/E	10.43
P/BV	1.66
52 week H/L	279.75/166.5
Avg Daily Vol	1.05 lac (2 Wk Avg)
Incorporation	1995
Listed At	NSE/BSE
Chairman	Nitin Shah
Promoter Holding	43.42%
FII/MF's (in %)	24.63/8.74%

Fairwealth Research Desk:

<http://fairwealth.in/Research.aspx>

Contact Us:-

[research@fairwealth.in](mailto:research@fairwealth.in)

0124-3024874/3024840

Fairwealth Research Desk initiated Buy ADSL at ₹ 218 on 4<sup>th</sup> June 2010 with target price of ₹ 320.

We recommend to Accumulate it with the same target price of ₹ 320.

#### ADSL Quarterly Results Highlights;

The top-line of the company increased 27.61% YoY (on consolidated basis) to ₹ 202.6 cr as against ₹ 158.76 cr.

The EBITDA expanded by 53.16% to ₹ 45.78cr as against ₹ 29.89cr.

The net profit improved by 44.86 % YoY to ₹ 33.39 cr due to impressive growth in its major business segments.

#### COMPANY PROFILE

Allied Digital Services Ltd (ADSL) is a leading IT Infrastructure management and Technical Support Services Outsourcing Company. It enables global, large and medium enterprises and service providers to reduce their total cost of ownership using a combination of onsite and remote services. It primarily acts as a support-partner for IT infrastructure products like desktops, laptops, servers, network software, routers etc.

ADSL has over two decades of experience in enterprise IT Infrastructure, management and implementation & consulting on complex IT Solutions for different business verticals. The Company has about 2,265 Committed Professionals from different managerial and engineering backgrounds operating across 132 locations in India and across locations in USA and Australia.

**RESULT ANALYSIS (Consolidated)**

Particulars (In crores)	Jun'10	Jun'09	Var% Y-o-Y	Mar'10	Var% Q-o-Q
<b>Net Sales</b>	202.6	158.76	27.61	193.41	4.75
<b>Add: Other Income</b>	3.66	0.32	1043.75	1.99	83.92
<b>Total Income</b>	206.26	159.08	29.66	195.4	5.56
<b>Less: Expenditure</b>	160.48	129.19	24.22	154.12	4.13
<b>PBIDT</b>	45.78	29.89	53.16	41.28	10.90
<b>Less: Interest</b>	1.32	1.54	-14.29	1.08	22.22
<b>PBDT</b>	44.46	28.35	56.83	40.2	10.60
<b>Less: Depreciation</b>	3.05	1.6	90.63	2.49	22.49
<b>PBT</b>	41.41	26.75	54.80	37.71	9.81
<b>Less: Tax</b>	8.02	3.7	116.76	6.22	28.94
<b>PAT</b>	33.39	23.05	44.86	31.49	6.03
<b>EPS</b>	7.12	6.28	13.38	6.68	6.59
<b>CEPS</b>	7.84	6.81	15.15	7.31	7.24
<b>OPM%</b>	22.60	18.83	-	21.34	-
<b>NPM%</b>	16.48	14.52	-	16.28	-

During the quarter ended 30<sup>th</sup> Jun, 2010, the net sales of the company reported an increment of 27.61% on y-o-y basis to ₹ 202.6cr as against ₹ 158.76cr during the corresponding quarter last year. The operating profit for June quarter increased by 53.16% to ₹ 45.78 cr against ₹ 29.89 cr, largely on account of increased income of the company. Net profit for the quarter rose by an impressive 44.86% y-o-y basis to Rs 33.39cr as against ₹ 23.05cr during the corresponding quarter last year.

The Operating profit margin of the company surged 377 bps to 22.60% against 18.83% during the same quarter last year. The net profit margin of the company surged 196 bps for the quarter ended 30<sup>th</sup> June, 2010 to 16.48% as against 14.52% during the corresponding period last year.

However, on Q-o-Q basis, net sales witnessed an increase of 4.75% to Rs 202.6cr as against ₹ 193.41cr in FY 2010. Operating profits surged 10.90% to ₹ 45.78cr as against ₹ 41.28cr. The bottom-line increased by 6.03% to ₹ 33.39cr in Jun quarter as against ₹ 31.49cr in March quarter.

The Operating profit margin of the company surged 126 bps to 22.60% against 21.34% during the previous quarter. The net profit margin of the company surged 20bps for the quarter ended on 30<sup>th</sup> June, 2010 to 16.48% as against 16.28% during the March quarter.

Company has a healthy order book position with ₹ 440 crore from Solutions and ₹ 125 crore from the Services.

Management is confident that the growth story of the company will remain intact for this fiscal as they continue to address exciting transformational opportunities in the IMS space.

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**FAIRWEALTH SECURITIES PVT. LTD.  
FAIRWEALTH COMMODITY BROKING PVT. LTD.**

H. O. : Plot No. 651-652, Udyog Vihar, Phase-5, Gurgaon 122001 (Haryana)

Phone: 0124-3024400 - Fax : 0124-3024474

Website: [www.fairwealth.in](http://www.fairwealth.in) • E-mail: [info@fairwealth.in](mailto:info@fairwealth.in)

• **Delhi** : UG-3, Somdutt Chambers, 9 Bhikaji Cama Place, New Delhi-110 066 • Ph. : 46091111 (50 Lines) • **Mumbai** : Unit No.12, 2nd Floor, Sonawala Apollo Building, Mumbai Samachar Marg, Above Oriental Bank of Commerce, Fort, Mumbai - 400 001 (Maharashtra) • Ph. : 022-26200053 • **Haryana** : SCO-250, Sector-16, Panchkula - Haryana, Pin - 134109 • Ph. : 017-25057614, 15, 17 • **Punjab** : SCO-135, First Floor, Chooti Bharadari, Patiala, Punjab • 0175-3241555, 3243555, 3246555 • **Rajasthan** : 411, 4th Floor, Ganpati Plaza, M.L Road, Jaipur 30200, Rajasthan • Ph. : 0141-4073710 • **Ahmedabad** : 206, Peoples Plaza, Nr, Memnagar Fire Station, Navrangpura, Ahmedabad-380009 • Ph. : 079-27911126 • **Indore** : 101-102, Kalyan Palace, Opp. Sheesh Mahal, Cloth Market, Indore, M.P.-452001 • Ph. : 0731-4250007/8/9 • **Lucknow** : 24, 1st Floor, Mahavir Plaza, B.N. Road, Lal Bagh, Lucknow, UP-226001 • Ph. : 0522-4082901/02/03 • **Kolkata** : 3rd Floor, Tobacco House, Dalhousie Square, 1, Old Court House Corner, Kolkata-1 • **Dehradun** : 1st Floor, City Centre, 54, Rajpur Road, Dehradun (Uttanchal) • **Surat** : G-10, Empire State Building, Near Udhna Darwaja, Ring Road, Surat, Gujarat -395002 • Ph. : 0261-3103298, 3102890 • **Raipur** : 1st Floor, Guri Apartment, Main Road, Sadar Bazar, Raipur, Chattishgarh - 4920019 • Ph. : 0771-4243200, 02