

CMP: Rs 89.7

BUY

Upside: 119.6%

Target: Rs 197

16th September 2008

Key Share Data

BSE Code	507315
NSE Code	SAKHTISUG
Bloomberg	STSG IN
Reuters	SKSG.BO
Industry	Sugar
Sensex	13518.5
Nifty	4075
Equity (Rs.Cr)	31.4
F.V (Rs.)	10
M.Cap (Rs. Cr)	281.4
52 Wk H/L	127.4/52.5
Avg Daily Volume	23180

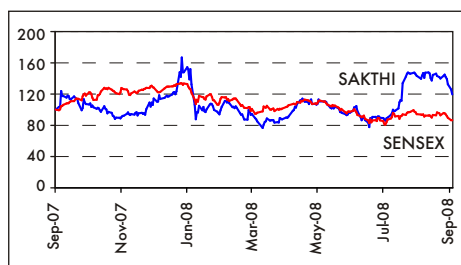
Absolute Returns (%)

	1m	3m	12m
Absolute	-14%	21%	20%
Rel. to Sensex	-6%	34%	33%

Shareholding Pattern (%): (30th June 08)

Promoters	39.2
FII & Institutions	10.8
Public & Others	50.0

Relative Price Movement



Sakthi Sugars, the company has two major divisions Sugar & Sugar Affiliates including Soya and second is its Auto Subsidiary. All is good for Sakthi as both its division are entering into a turnaround face. Few investment arguments in favour of Sakthi are:

Industry To Turnaround "Higher Realization On The Back Of Lower Sugarcane Production"

Indian sugar economics have improved significantly over the past six months with sugar realizations improving by ~ Rs.4500-5000/tonne crossing Rs.17500/tonne. Demand-supply dynamics in the sector is now changing, which is likely to bring closing stock to consumption ratio at some comfortable levels of 44.3% in SS- 08E, 36.5% in SS-09E & 22.1% in SS-10E after hitting high of 67.26% in SS-02.

Sugar CAPEX Plans To Grow The Bottom-Line At 73.7% CAGR From 2007-2009E

The capacity additions mainly in the high margin distillery & co-gen division coupled with higher sugar prices in the years to come would result Sakthi's sugar & sugar affiliates top-line to grow at a CAGR of 16% & bottom-line to grow at a CAGR of 73.7% from year ending on June 2007 to December 2009E. The higher growth in the bottom line is attributed to high margin distillery & co-gen biz which will improve the EBITDA Margin by 1030 bps to 25.7% in CY09E & PAT margin will improve by 500 bps to 9% in CY09E.

Auto Business - "Undisclosed Expansion Story"

Until FY07 SACL was a small Auto Component company with a mere capacity of 37500 MT p.a. In April 2007 it acquired the European arm of Intermet International Inc., of USA & a Sweden company in February 2008, which would take SACLs consolidated capacity to 3,51,000 MT p.a. a 206% CAGR in 2 yrs. SACL not only went for an inorganic growth but also turnaround the European operations by increasing realizations through its pass through strategy, this will lead to 264.6% CAGR in topline & 253.2% CAGR in EBITDA within the span of 2 yrs. SACL's bottom line is also expected to be remarkable at Rs.61 Cr v/s a loss of Rs.4.2 Cr. in FY07.

Valuation "Good Times Ahead"

Sakthi Sugars has two major divisions Sugar & Sugar Affiliates including Soya and second is its Auto Subsidiary. The Auto biz has not been factored in the CMP of Rs.89.7. It is a good time for both the Sakthi Sugars Biz namely Sugar & Auto. Both these Biz are expected to turnaround by end of Dec'08. This will lead to a consolidated top-line CAGR of 94.5% & bottom-line of 145% CAGR for the period starting from Jul'07 to Dec'09. Sakthi Sugar an extremely high growth company is available at just 4.5x & 2.1x its CY08E(18) & CY09E combine diluted EPS of Rs.19.8 & Rs.43 respectively. We are extremely bullish on Sakthi Sugars both sugar & Auto Biz & have arrived at a 12-18 months **SOTP Price Target of Rs.197** which discounts its CY08E(18) & CY09E consolidated diluted EPS by 9.9x & 4.6x respectively.

Y/E March	FY07	CY08E(18)	CY09E
Revenues (Rs. Cr)	943.9	4094.9	3572.0
EBITDA (Rs. Cr)	139.5	510.5	560.4
EBITDA (%)	14.8%	12.5%	15.7%
PAT (Rs. Cr)	26.0	71.9	155.9
PAT (%)	2.7%	1.8%	4.4%
EPS	8.3	22.9	49.7
EPS (Diluted)	7.2	19.8	43.0
P/E	12.5	4.5	2.1
M.Cap/Sales	0.3	0.1	0.1

Note: Diluted EPS is post FCCB Conversion of worth USD 20 mn due on May' 09. The Exchange Rate assumed is Rs.44 per USD.

COMPANY DESCRIPTION

Sakthi Sugars is one of the largest producers of Sugar in India with a capacity of over 19000 tonnes crush per day (TCD). Sakthi Sugar has plants in Tamil Nadu and Orissa. The company was incorporated in 1961 with 1250 TCD. In 1972 to take advantage of captive molasses, the company started a distillery division with a capacity of 9 Lakh Litre per annum (LLPA) & currently it has an expanded capacity of 360 LLPA. Further to take advantage of the waste Bagasse (Sugarcane Husk) Sakthi had set up a 32 MW Co-Generation Plant for Rs.78 Cr. This captive power facility helped Sakthi to reduce its Power cost & improve overall profitability. Currently Sakthi has 92MW captive power plant.

The details of the various Sakthi Plants are stated below

Sugar

Units	Capacity (TCD)	Remarks
Sakthi Nagar	9000	<ul style="list-style-type: none"> Capable of producing sugar from raw sugar Situated near the port, resulting in huge benefits on transport costs on imports and exports, Located in Erode district, which had excellent monsoons in the last 3 years and recent good rainfall ensures bumper crop next year
Sivaganga	4000	<ul style="list-style-type: none"> Situated near the Tuticorin port, resulting in huge benefits in transport costs on imports and exports
Modakurichi	3500	<ul style="list-style-type: none"> Situated near the port, resulting in huge benefits in transport cost on imports and exports, Located in Erode district, which had excellent monsoon since last 3 years and recent good rainfall ensures bumper crop next year Cane development programme in the region by the company ensures higher production next year
Dhenkanal	2500	<ul style="list-style-type: none"> Proximity to Paradeep port gives tremendous advantage in terms of transport cost on imports 2008-09 season sugarcane availability is expected to be good

Note: TCD = Tonnes Crushed per day

Co-Generation

Units	Capacity (MW)	Remarks
Sakthi Nagar	32	<ul style="list-style-type: none"> The company plans to increase the co-generation capacity by 25 MW taking the total capacity to about 57 MW Revenue after expansion is expected to be ~Rs. 100 Cr.
Sivaganga	35	<ul style="list-style-type: none"> The plant went operational from Feb' 08 & is expected to generate an revenue of ~Rs.45 Cr from full year generation
Modakurichi	25	<ul style="list-style-type: none"> The plant went operational from Nov' 07 & is expected to generate an revenue of ~Rs.37 Cr from its 2nd year of operational wherein it will be operational for the whole year.

Distillery Division

Units	Capacity (LLPA)	Remarks
Sakthi Nagar	360	<ul style="list-style-type: none"> Open market molasses price is Rs.215 per quintal against Rs.250 in U.P, hence there are higher margins for distillery as the company purchases molasses from open markets also.
Dhenkanal	100	

Note: LLPA = Lakh Litres per annum

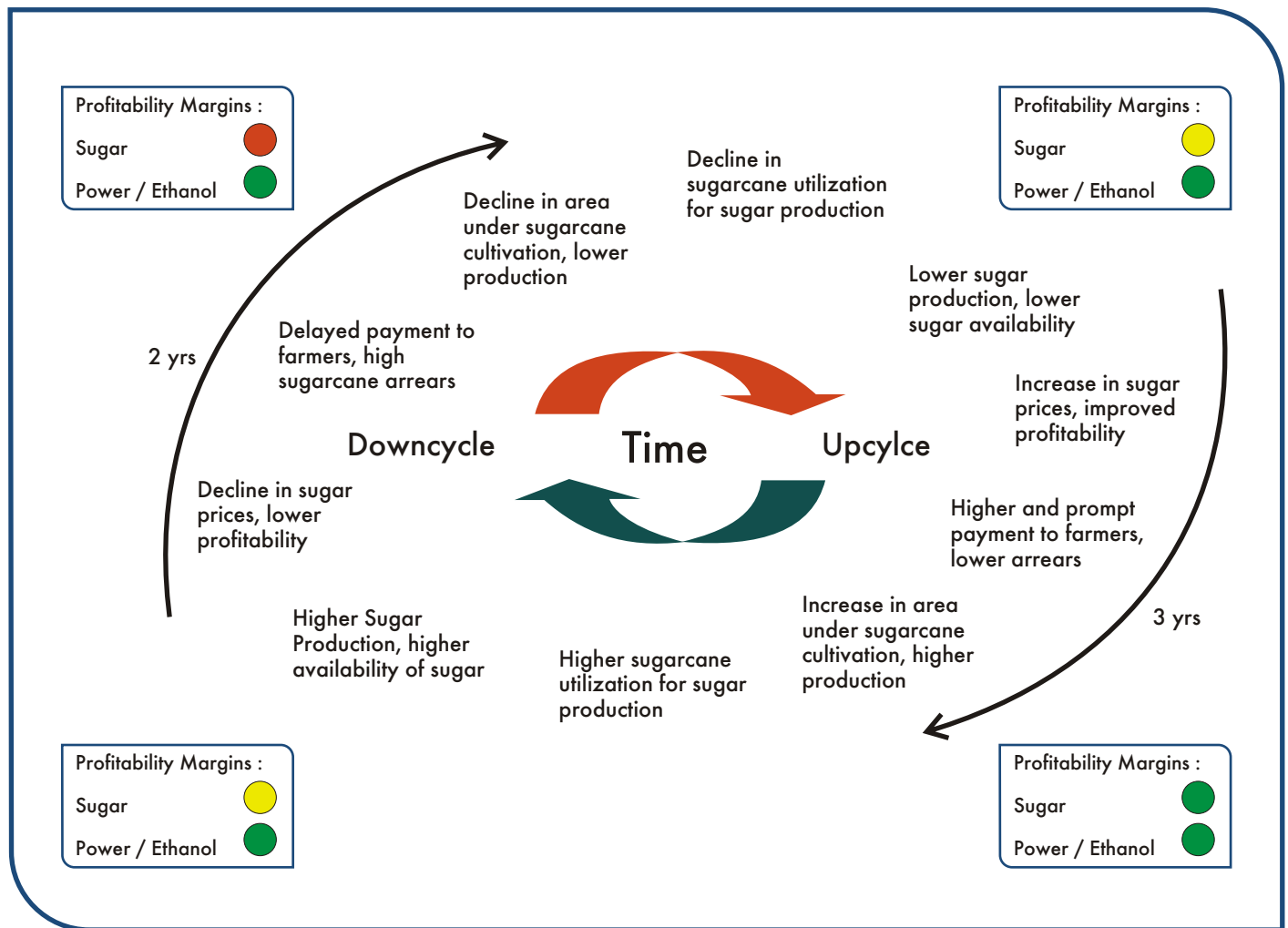
Sakthi Soya is a division of Sakthi Sugars Ltd. which owns one of the best plants in Asia. It has the world's best technology from Switzerland and Germany and uses the innovative flash desolventising system to manufacture high-protein soya flour. The plant has a capacity to process 90,000 tonnes of Soya per annum. The company's High Protein Soya Meal, Soya Flour and Soya Chunks are exported to Srilanka, Thailand, Singapore, Malaysia, UK, South Korea and Taiwan.

Sakthi Auto is a group company of Sakthi Sugars Ltd. The Sakthi Automotive Group is the global market leader for the production of complex safety parts made of ductile iron for automobiles. The range of uses of the products includes cars and heavy duty commercial vehicles. Going ahead we see Sakthi Auto business to be much bigger in size than its Sugar & Sugar Affiliates Biz.

INDUSTRY OUTLOOK

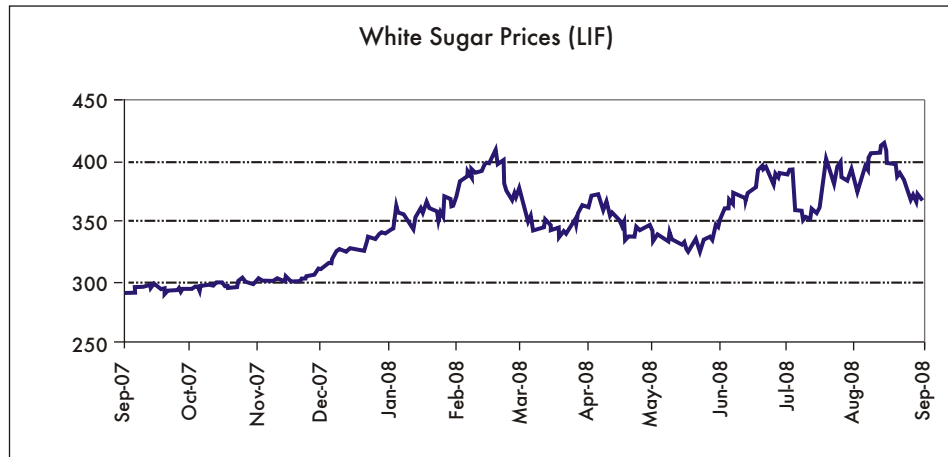
Sugar Cycle entering into the regime of “Low Sugarcane Production High Sugar Prices”

Domestic sugar cycle follows a 5-7 year cycle. The down trends in the sugar cycle starts with improved profitability of sugar mills, the higher and prompt payment to the farmers and hence low sugarcane arrears to the cultivators, higher area under sugarcane cultivation and bumper sugar production. All these lead to drop in sugar prices. Uptrend in sugar cycle starts with increased availability sugar, decline in sugar prices, low profitability of the mills, delayed payment to farmers, high sugarcane arrears & thus farmers switch over to other crops resulting in lower cane production. All these factors bring higher sugar prices and again cycle turns around. Below chart depicts the same.



Source: Company

International Sugar Prices



Source: Bloomberg

World Sugar Industry - 2007-08

India is the 2nd largest in the production of sugar after Brazil accounting for 16% of the world's production. The world sugar production in SS-08E is expected to reach 167.38 mt v/s 167.29 mt in which top seven producers contributes 68% of the production. (Refer to the Table below)

Million Tonnes

Country/Region	2003-04	2004-05	2005-06	2006-07	2007-08E	% Share
Brazil	26.14	27.73	32.64	32.77	34.23	20.5%
India	14.74	13.80	20.94	30.60	27.00	16.0%
EU	20.20	21.95	21.02	17.05	17.45	12.0%
China	10.90	9.86	9.58	13.04	13.59	7.0%
USA	7.85	7.15	6.71	7.70	7.66	4.5%
Thailand	7.28	5.43	5.08	6.98	7.89	3.8%
Mexico	5.36	6.00	5.39	5.43	5.58	3.4%
Total of Top 7 producers	92.47	91.92	101.36	113.57	113.40	67.2%
Others	53.72	49.18	51.22	53.72	53.98	32.8%
World Total	146.19	141.10	152.58	167.29	167.38	

Source: F.O Litch's International Sugar & Sweetener Report dated 24.7.07&LMSPL research)

World Ethanol Production

Country/Region	% Share
Brazil	36%
USA	32%
China	9%
India	5%
EU	6%
Russia	2%
South Africa	1%
Saudi Arabia	1%
Others	8%

Source: KPMG Report

The sugar production world wide is however expected to reduce in the years to come on the back of Lower Sugar prices & continuous higher oil process to divert cane juice to Ethanol production. Sugar manufacturers in Brazil have diverted cane juice usages towards Ethanol manufacturing rather than Sugar production. The Ethanol:Sugar ratio in Brazil currently is 64:36 v/s 58:42 in the previous year. However, the prices in India are nowhere in comparison with global prices mainly due to bumper production, government intervention and less diversion of sugarcane towards producing ethanol. (Refer to the Table Above)

Indian Sugar Industry - 2007-08

Indian is a geographically diversified country with different climatical conditions prevailing all over. Maharashtra's is the largest producer of sugar in the country with ~32% of the country's total production followed by UP with ~30%. Land fertility along with favorable climatic conditions makes Maharashtra the largest sugar producer with 11.5% recovery rate. However, low sugar prices & huge buffer stocks resulted in the delay in payment to the farmers, which indeed lead the farmers to opt for alternative crop. Thus in the coming seasons we expect the sugar production to drop, closing stock to come down & there by the prices would increase resulting in the sugar cycle to turn around. Below Table depicts the likely reduction in closing stock to consumption ratio.

Million Tons	SS 00-01	SS 01-02	SS 02-03	SS 03-04	SS 04-05	SS 05-06	SS 06-07	SS 07-08	SS 08-09E	SS 09-10E
Opening Stock	9.3	10.7	11.3	11.6	8.5	4.5	4.4	10.5	11.0	8.5
Production	18.5	18.5	20.1	14	12.5	19.2	27.5	25.3	20.7	19.9
Imports	0	0	0	0.4	2	0	0	0	0	0
Total Consumption	17.2	17.9	19.9	17.5	18.5	19.6	21.4	24.8	23.2	23.2
Domestic Consumption	16.2	16.8	18.4	17.3	18.5	18.5	19.8	20.5	22.2	23.2
Exports	1	1.1	1.5	0.2	0	1.1	1.6	4.3	1	0
Closing Stock	10.7	11.3	11.6	8.5	4.5	4.4	10.5	11.0	8.5	5.1
Closing Stock / Consumption	66.05	67.26	63.04	49.13	24.32	23.78	49.07	44.31	36.50	22.07
Closing Stock (Months)	7.93	8.07	7.57	5.90	2.92	2.85	6.36	6.43	4.58	2.65

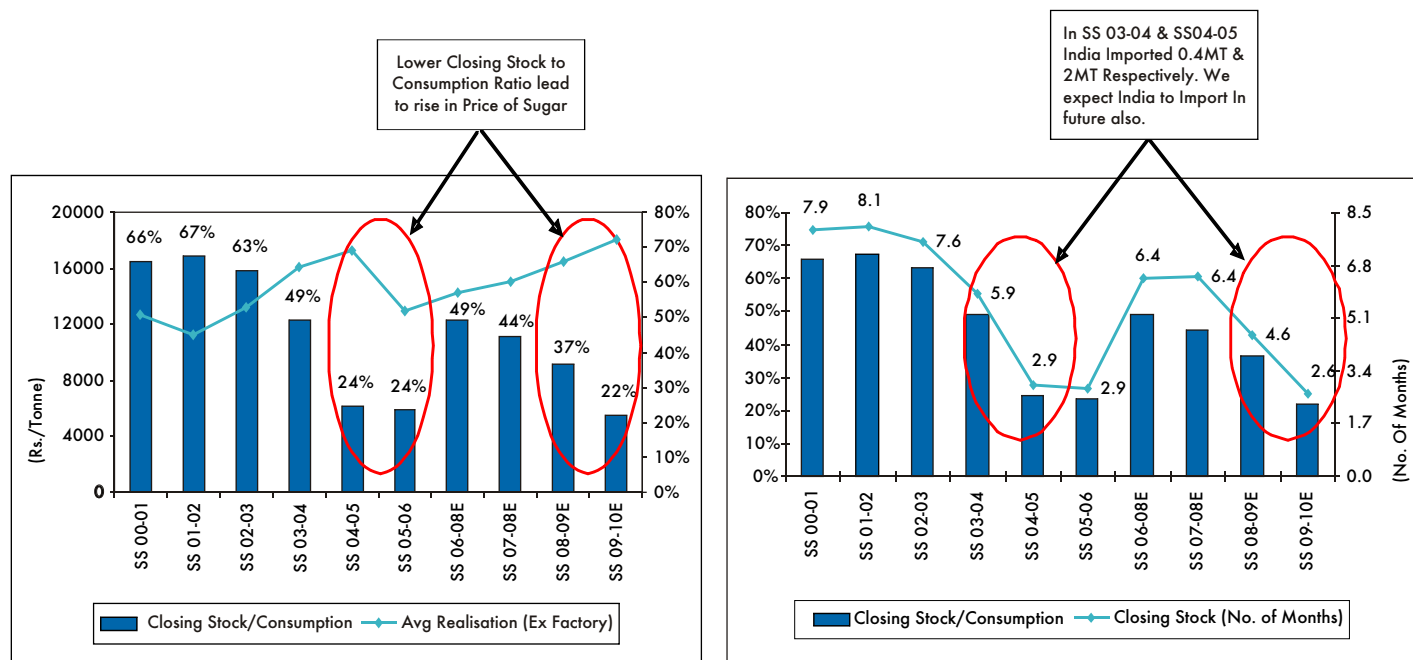
Source: EsugarIndia & LMSPL Research

The country's sugar production is likely to end up ~25 Million Tonnes (mt) in 2007-08 crushing season (Oct-Sept). The current crushing season i.e SS 08-09E is expected to begin with stock of 11 mt based on Excise Department's assessment. The total sugar available for sale is 31.7mt (11 mt+20.7 mt), out of which the domestic consumption is expected to be ~22.2 mt & exports of ~1 mt. Thus the season is expected to end with a stock of ~8.5mt.

In SS08-09E India's closing stock is expected to go below 5 months and in SS09-10E to below 3 months average. It is observed historically in India that whenever the stock drops below 6 months average quantity the government starts to import & hence SS08-09E could see marginal import while in SS09-10E the import would be significant larger.

INVESTMENT ARGUMENT

Industry To Turnaround "Higher Realization On The Back Of Lower Sugarcane Production"

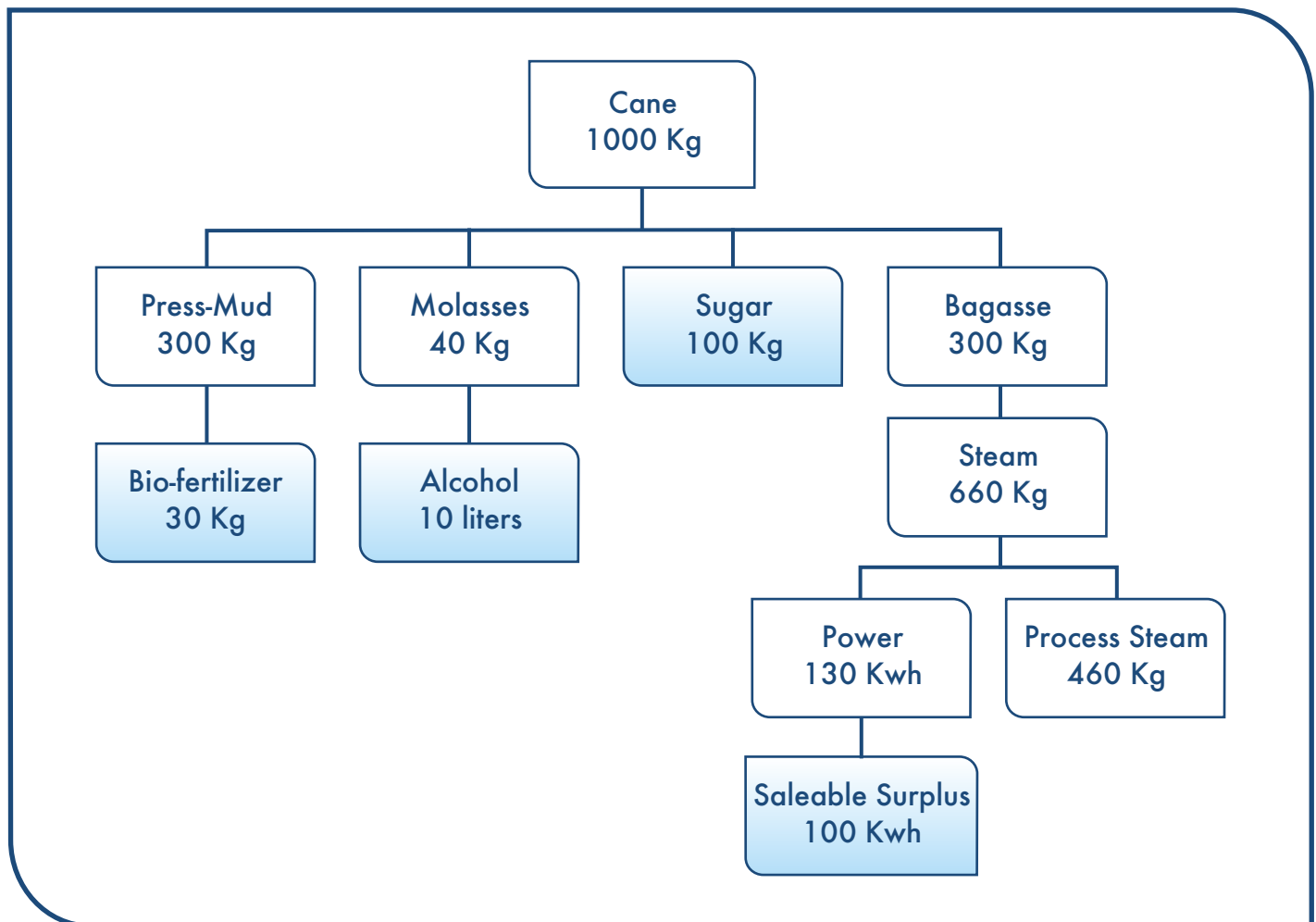


Source: EsugarIndia & LMSPL Research

Indian sugar economics have improved significantly over the past six months. Sugar prices made bottom of Rs.12,000/tonne (ex-factory in U.P) last year, but since last six month the prices are showing some strength with sugar realizations have improved by ~ Rs.4500-5000/tonne crossing Rs.17500/tonne. Demand-supply dynamics in the sector is now changing in favor of the sugar sector with expected fall in sugar production in the next season SS-09E, which is likely to bring closing stock to consumption ratio at some comfortable levels of 44.3% in SS- 08E, 36.5% in SS-09E & 22.1% in SS-10E after hitting high of 67.26% in SS-02.

Robust Integrated Biz Model - "Waste At Its Best"

In the entire process of manufacturing sugar we get 2 main by-products Molasses & Bagasse. Molasses is used for making industrial Alcohol, Alcohol & Ethanol which are very high margin businesses. Out of sugar cane husk i.e. Bagasse power is produced, which enables to bring down fuel & energy cost for producing sugar. Further the surplus units can be sold to SEB i.e. State Electricity Board. Given below the table will explain the cycle of sugar & sugar affiliates.



Source: Company

Sakthi, thus operates on an extremely integrated business model which enables it to earn better profitability even during the down trend in the sugar cycle.

Sugar CAPEX Plans To Grow The Bottom-Line At 73.7 % CAGR From 2007-2009E

The company has undergone a various capex plans till June' 08 & additional till Dec'08 to take benefit of the turnaround in the sugar cycle and high margin co-generation & distillery biz. The CAPEX plan of the company has been drawn down as below.

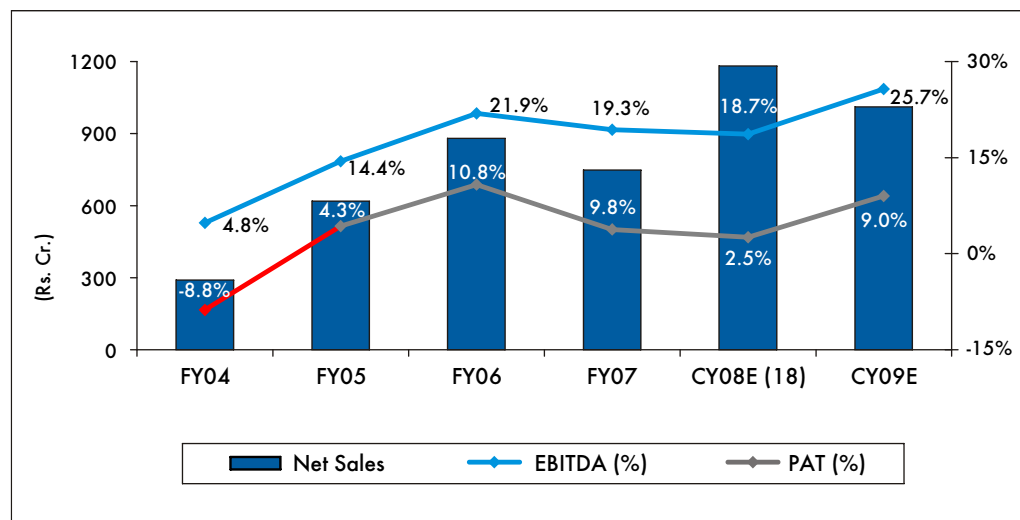
	Old Capacity	Incremental Capacity	Total Capacity	Date of Commencement	CAPEX CY08 (18 months)	CAPEX CY08 (12 months)
SUGAR					65	20
Modakuruchi (New Plant)		3500 TCD	3500 TCD	Sept' 07	35	
Upgrade Sakhtinagar Plant	7500 TCD	1500 TCD	9000 TCD	Jun' 07		
Normal Capex in Sugar					30	20
DISTILLERY					25	5
Sakhtinagar Phase 1	275 LLPA	85 LLPA	360 LLPA	Nov' 07	15	
Sakhtinagar Phase 2	360 LLPA	90 LLPA	450 LLPA	Dec' 08	10	
Normal Distillery Capex						5
CO-GENERATION					155	5
Sakhtinagar	32 MW	25 MW	57 MW	Dec' 08	95	
Sivaganga		35 MW	35 MW	Feb' 08	38	
Modakuruchi		25 MW	25 MW	Sept' 07	22	
Normal Co-Gen Capex						5
SOYA (Normal Capex)					5	2
TOTAL SUGAR & SUGAR ANCILLARY					250	32

Source: Company

The capacity additions mainly in the high margin distillery & co-gen division coupled with higher sugar prices in the years to come would result Sakthi's sugar & sugar affiliates top-line to grow at a CAGR of 16% & bottom-line to grow at a CAGR of 73.7% from year ending on June 2007 to December 2009E.

Capacity Addition In The Higher Margin Distillery & Power Biz To Improve Profitability

Sakthi initially had a capacity of 375 lakh Litre p.a. which has now increased to 460 Lakh Litre p.a. & is expected to go to 550 Lakh Litre p.a. by CY09E. The distillery biz has as high operating margin as 60%. The co-generation capacity has also increased from 32MW till June'07 to 92 MW currently. Sakthi will add additional 25 MW which will be operational in CY09E to touch 117MW of power generation capacity. The co-generation biz has as high operating margin as 52%. Both the expansions are expected to boost both the top & bottom line.



Steady Growth In Soya Biz Along With Better Realization On Account Of Self Soya Crushing

The Soya biz has been robustly growing at around 20-25%. Initially a ~60% of soya used to be crushed on the contract & 40% used to be self crushed. This ratio has already started moving ahead & till June' 08 ~ 44% of soya was self crushed. In the years to come this ratio is expected to turn vice-versa wherein 60% of soya will be self crushed & 40% would be crushed on contract. This change in the segment will result in better margins. The soya biz operating margin stood at 3% as on year ending on June' 07 which have now moved up to 7% as on June' 08. As per year ending on June' 07 this segment contributed merely ~7% of the total revenue which is expected to go up to 10-12% & years to come.

Segmental Performance

	FY04	FY05	FY06	FY07	CY08E (18)	CY09E
SUGAR						
Capacity (TCD)	11500	11500	11500	14000	19000	19000
Implied Crushing Days	78	209	280	299	242	242
Sugarcane Crushed p.a.(LT)	4	8	27	35	50.5	31.6
Sugar Produced (LT)	0.4	0.8	2.6	3.3	4.8	3.0
Recovery Rate (%)	10.3%	9.3%	9.5%	9.5%	9.5%	9.5%
Avg Realisation per tone (Rs.)	13383	15625	17333	14404	14900	18500
Sugar Realisation (Rs.Cr)	55.6	122.6	453.1	478.0	714.2	556.9
% of Total Realisation	29%	44%	74%	71%	60%	55%
DISTILLERY						
Capacity (Lakh Litres (LL) p.a.)	375	375	375	375	460	550
Industrial Alcohol Produced LL	325	329	316	329.4	638.1	515.0
Avg Realisation Per Litre (Rs.)	25.1	25.1	25.1	26.9	27.6	29.4
Distillery Realisation (Rs.Cr)	81.6	82.6	79.3	88.5	176.2	151.4
% of Total Realisation	43%	30%	13%	13%	15%	15%
CO-GENERATION						
Capacity (MW)	32	32	32	32	92	117
Power Generating Capacity (Lakh Units p.a.)	2803.2	2803.2	2803.2	2803.2	12077.76	10249.2
PLF (%)	44%	94%	96%	88%	57%	80%
Power Generation (Lakh Units p.a.)	1233	2649	2700	2474	6878.01	8177
Self Consumption	210	483	735	536.8	2020.93	2024.8
Exported	1023	2166	1965	1937.2	4857.08	6152.2
Realisation Per Unit (Rs.)	3.01	3.01	3.01	3.01	3.03	3.04
Co-Gen Realisation (Rs.Cr)	30.8	65.2	59.1	58.3	147.3	187.2
% of Total Realisation	16%	23%	10%	9%	12%	18%
SOYA						
Total Soya Crushed (tones)	12340	5263	47535	65677	115818	81000
Avg Realisation per tone	16952	16078	4285	7120	12425	14321
Soya Realisation Rs.Cr	20.9	8.5	20.4	46.8	143.9	116.0
% of Total Realisation	11%	3%	3%	7%	12%	11%
Total Realisation Rs.Cr	188.9	278.8	611.9	671.6	1181.5	1011.5

Source: LMSPL Research & Company

Note: • CY08 are 18 months figures since the company decided to change its financial year ending from June to December

- Average Realisation for soya crushed on own is between Rs.25000-28000 per tonne. However Average Realisation for Soya crushed on contract is between Rs.1000-1200 per tonne bringing the total average realisation down.

Peer Groups Valuation

Valuation Matrix	Balrampur	Renuka	Treveni	Sakthi
Sugarcane Crushed (TCD)	73000	27750	61000	19000
Distillery (KLPD)	320	450	160	180
Power (MW)	112.8	104	68	92
FY08E				
Revenue (Rs.Cr)	1547.5	1529.8	1943.4	1181.5
PAT (Rs.Cr)	113.2	132.4	137.7	30.0
EPS (Rs.)	4.4	4.4	5.4	9.6
CMP (Rs.)	85.0	105.9	78.6	89.7
PE (x)	19.2	24.3	14.7	9.4
FY09E				
Revenue (Rs.Cr)	1669.5	2601.4	2499.3	1011.5
PAT (Rs.Cr)	174	261.5	307.5	90.9
EPS (Rs.)	6.8	10.8	11.9	28.9
CMP (Rs.)	85.0	105.9	78.6	89.7
PE (x)	12.5	9.8	6.6	3.1

Source: Bloomberg Estimates & Sakthi Estimates are by LMSPL Research

Note: Sakthi Figures are for Sugar Standalone biz for 18 months ending on December' 08 & CY09 is 12 months.

Valuation

Keeping in mind the turn around in the sugar cycle coupled with higher profitability of the sugar affiliates like power & distillery. We remain bullish on the whole sector and have a positive outlook on Sakthi Sugar. At the CMP of Rs.89.7 the company is trading at 9.4x CY08E(18) EPS of Rs.9.6 & 3.1x CY09E(12) EPS of Rs.28.9. On the Diluted Equity of Rs.36.3 Cr post FCCB conversion the company is trading at 10.9x CY08E(18) EPS of Rs.8.3 & 3.6x CY09E(12) EPS of Rs.25. We have valued its sugar biz on PE basis & arrived at **Price target of Rs. 125 only for its sugar biz**, discounting its CY09 EPS by 5x which is at a significant discounts to its peers.

FINANCIALS:

Segment Table (Rs. Cr.)	CY08E (18)	CY09E(12)
SUGAR		
Sugar Cane Crushed p.a. (Lakh Tones)	50.5	32.5
Sugar Production (Lakhs Tones)	4.8	3.1
Avg Realisation Per Tone (Rs.)	14900	18000
Total Realisation	714.2	556.9
EXPENDITURE		
Cost of Procurement	529.9	366.4
Fuel & Energy Cost	55.9	41.1
Any Other Cost	72.8	70.2
Total Expenses	658.7	477.7
Operating Profit	55.5	79.2
OPM(%)	7.8%	14.2%
ALCOHOL		
Industrial Alcohol (Lakh Litres p.a.)	638	515
Avg Realisation per litre (Rs.)	27.6	29.4
Total Realisation	176.2	151.4
Expenditure	24.2	19.57
Operating Profit	151.9	131.8
OPM(%)	86.2%	87.1%
CO-GEN		
Power Production (lakhs units p.a.)	6878	8177
Power Exported (lakhs units p.a.)	4857	6152
Realisation per unit (Rs.)	3.03	3.04
Total Realisation	147.3	187.2
Expenditure	68.8	85.0
Operating Profit	78.5	102.2
OPM(%)	53.3%	54.6%
SOYA		
Total Soya Crushed (tones)	115818	81000
Avg Realisation per tone (Rs.)	12425	14321
Total Realisation	143.9	116.0
Expenditure	133.0	107.2
Operating Profit	10.9	8.8
OPM(%)	7.6%	7.6%

Income Statement (Rs. Cr.)	CY08E (18)	CY09E(12)
Total Realisation	1181.5	1011.5
Cost of Manufacturing	884.7	689.5
% of Total Realisation	74.9%	68.2%
Employee Cost	50.0	35.9
% of Total Realisation	4.2%	3.5%
Other Cost	26.2	26.2
% of Total Realisation	2.2%	2.6%
Total Expenditure	960.9	751.6
% of Total Realisation	81.3%	74.3%
EBITDA	220.6	260.0
EBITDA (%)	18.7%	25.7%
Depreciation	43.7	43.9
EBIT	176.9	216.1
Interest	144.5	112.4
PBT	32.4	103.7
TAX	2.4	12.9
PAT	30.0	90.8
PAT (%)	2.5%	9.0%
Equity @ Rs.10	31.4	31.4
EPS	9.6	28.9
CMP (Rs.)	89.7	89.7
P/E	9.4	3.1
Post FCCB Conversion		
EPS	8.3	25.1
CMP (Rs.)	89.7	89.70
P/E	10.8	3.6

Note:

- CY08 numbers are for the period of 18 months since the company is changing its year ending from June to December.
- Diluted EPS is post FCCB Conversion of worth USD 20 mn due on May' 09. The Exchange Rate assumed is Rs.44 per USD
- FCCB conversion is taken at Rs. 177.39 per share as mentioned in Annual Report Jun 07.

Quarterly Results

QUFY08 Results (Rs. Cr.)	Jul-Jun (12 mths)			Apr-Jun		YoY (%)
	FY08	FY07	YoY (%)	Q4FY08	Q4FY07	
Net Sales	800.2	751.3	7%	265.0	202.1	31%
Raw Material	469.7	421.8		160.9	94.4	
Stock Increase/decrease	-15.3	-25.4		3.1	4.5	
Net Raw Material	454.4	396.4	15%	164.0	98.9	66%
Power & Fuel	78.2	83.3	-6%	1.9	21.2	-91%
Employees Cost	35.6	31.2	14%	11.1	8.2	36%
Other Exp	106.1	132.9	-20%	30.3	62.2	-51%
Total Expenditure	674.2	643.7	5%	207.4	190.5	9%
% of Sales	84.3%	85.7%		78.2%	94.3%	
EBITDA	126.0	107.6	17%	57.6	11.6	397%
EBITDA (%)	15.7%	14.3%		21.8%	5.7%	
Depreciation	23.4	13.4	75%	7.6	3.5	118%
EBIT	102.5	94.2	9%	50.0	8.1	518%
Interest	97.0	99.2	-2%	28.6	33.3	-14%
Other Income	4.7	35.1	-86%	1.1	30.1	-96%
PBT	10.3	30.1	-66%	22.5	4.9	359%
Tax	0.0	0.0		0.0	0.0	
PAT Before Minority Interest	10.3	30.1	-66%	22.5	4.9	359%
Minority Interest	0.0	0.0		0.0	0.0	
PAT after Minority Interest	10.3	30.1	-66%	22.5	4.9	359%
Extraordinary Items	0.2	-0.1		0.0	0.0	
Adj PAT	10.1	30.3	-67%	22.5	4.9	362%
PAT(%)	1.3%	4.0%		8.5%	2.4%	
Equity Capital	31.4	31.4		31.4	31.4	
FV	10	10		10	10	
Cal EPS	3.2	9.6	-67%	7.2	1.55	362%
CMP (Rs.)	109.4	109.4				
PE (x)	34.3	11.4				

Note: Increase in other income for FY07 is mainly due to exchange rate fluctuations on FCCB issued.

Quarterly Results

Segment Break Up	Jul-Jun (12 mths)			Apr-Jun		YoY (%)
	FY08	FY07	YoY (%)	Q4FY08	Q4FY07	
Segment Revenue						
Sugar	466.2	524.4	-11.1%	159.5	136.5	16.9%
% Contribution	66%	78%		69%	76%	
Industrial Alcohol	119.4	89.5	33.4%	33.7	23.3	44.6%
% Contribution	17%	13%		15%	13%	
Power	117.1	87.8	33.3%	44.4	22.3	99.0%
% Contribution	17%	13%		19%	13%	
Soya Products	97.5	49.6	96.5%	27.4	20.0	37.1%
% Contribution	14%	7%		12%	11%	
Total	800.2	751.3	6.5%	265.0	202.1	31.1%
Less: Inter Seg Revenue	96.6	79.8	21.2%	35.5	22.0	61.4%
Net Sales/Income from Opr	703.6	671.6	4.8%	229.5	180.1	27.4%
Segment Results						
Sugar	-29.7	1.2	-2602.0%	5.5	-12.4	-144.3%
% Margin	-6.4%	0.2%	660 bps	3%	-9%	120bps
% Contribution	-289%	4%		24%	-253%	
Industrial Alcohol	76.1	58.2	30.6%	20.1	12.7	57.8%
% Margin	63.7%	65.1%	140 bps	60%	55%	500 bps
% Contribution	740%	193%		89%	259%	
Power	54.2	45.2	19.9%	23.0	13.7	68.6%
% Margin	46.3%	51.5%	520 bps	52%	61%	900bps
% Contribution	528%	150%		102%	279%	
Soya Products	7.2	1.6	339.6%	2.6	1.0	150.8%
% Margin	7%	3%	400 bps	9%	5%	400bps
% Contribution	71%	5%		12%	21%	
Total	107.8	106.3	1.4%	51.2	15.0	241.6%
Less: Interest	97.0	99.2	-2.2%	28.6	33.3	-14.3%
Less: Unallocable Exp	0.6	.1	-45.7%	0.1	0.7	-80.2%
Less: Unallocable Inc	-0.03	-24.1	-99.9%	-	-24.0	-100.0%
PBT	10.3	30.1	-65.9%	22.5	4.9	358.7%
Capital Employed	1568.2	1481.6	5.8%	1568.2	1481.6	5.8%
Sugar	920.4	924.4	-0.4%	920.4	924.4	-0.4%
% Contribution	59%	62%		59%	62%	
Industrial Alcohol	107.2	95.7	12.0%	107.2	95.7	12.0%
% Contribution	7%	6%		7%	6%	
Power	302.2	228.1	32.5%	30.2	228.1	32.5%
% Contribution	19%	15%		19%	15%	
Soya Products	49.4	50.6	-2.3%	49.4	50.6	-2.3%
% Contribution	3%	3%		3%	3%	
Unallocated	189.1	182.8	3.4%	189.1	182.8	3.4%
% Contribution	12%	12%		12%	12%	
ROCE (%)						
Sugar	-3%	-		1%	-1%	
Industrial Alcohol	71%	61%		19%	13%	
Power	18%	20%		8%	6%	
Soya Products	15%	3%		5%	2%	
Blended on PBIT	6.9%	7.2%		3.3%	1.0%	
Blended on PBT	0.7%	2.0%		1.4%	0.3%	

Production Sheet

Segment Break Up	Jul-Jun (12 mths)			Apr-Jun		YoY (%)
	FY08	FY07	YoY (%)	Q4FY08	Q4FY07	
SUGAR						
Sugarcane Crushed (LT)	35.98	34.77	3.5%	10.3	9.36	10.0%
Sugar Produced (LT)	3.28	3.37	-2.6%	0.93	0.91	2.0%
Sugar Sold (LT)	3.15	3.20	-1.5%	1.02	0.92	10.4%
Avg Realisation (Rs.)	13132	14568	-9.9%	13856	12980	6.8%
(including Export Incentive/DEPB)						
Total Realisation - Sugar (Rs.Cr)	413.3	465.4	-11.2%	141.5	120.1	17.8%
DISTILLERY						
Alcohol Produced (LL)	433.69	329.49	31.6%	121.2	86.63	39.9%
Alcohol Sold (LL)	432.11	324.55	33.1%	118.42	86.05	37.6%
Avg Realisation (Rs.)	27.01	26.89	0.4%	27.86	26.41	5.5%
Total Realisation (Rs.Cr)	116.7	87.3	33.7%	33.0	22.7	45.2%
CO-GEN						
Power Generated (Lakh units)	3607.21	2474.26	45.8%	1254.58	615.8	103.7%
Power Exported (Lakh units)	2167.02	1641.64	32.0%	838.64	390.91	114.5%
Avg Realisation (Rs.)	3.11	3.06	1.6%	3.09	3.03	2.0%
Total Realisation (Rs.Cr)	67.4	50.2	34.2%	25.9	11.8	118.8%
SOYA						
Soya Crushed on Contract	46443	44304	4.8%	15942	14287	11.6%
Soya Crushed on Otherwise	36975	21373	73.0%	8769	8237	6.5%
Total Soya Crushed	83418	65677	27.0%	24711	22524	9.7%
Soya Products Sold	35059	19663	78.3%	8097	8081	0.2%
Avg Realisation (Rs.)	26034	22783	14.3%	30154	22713	32.8%
Total Realisation (Rs.Cr)	91.3	44.8	103.7%	24.4	18.4	33.0%
Income from Job Process	6.2	4.82	29.0%	2.9	1.6	79.6%
Net Sales	97.5	49.6	96.5%	27.3	20.0	36.8%

Note: The inter-segmental revenue transfer & miscellaneous income is not considered & hence it will not exactly match the Reported Segmental Revenues.

SAKTHI AUTOMOTIVE GROUP - "AN UNDISCLOSED & NOT DISCOUNTED EXPANSION STORY"

Company Background

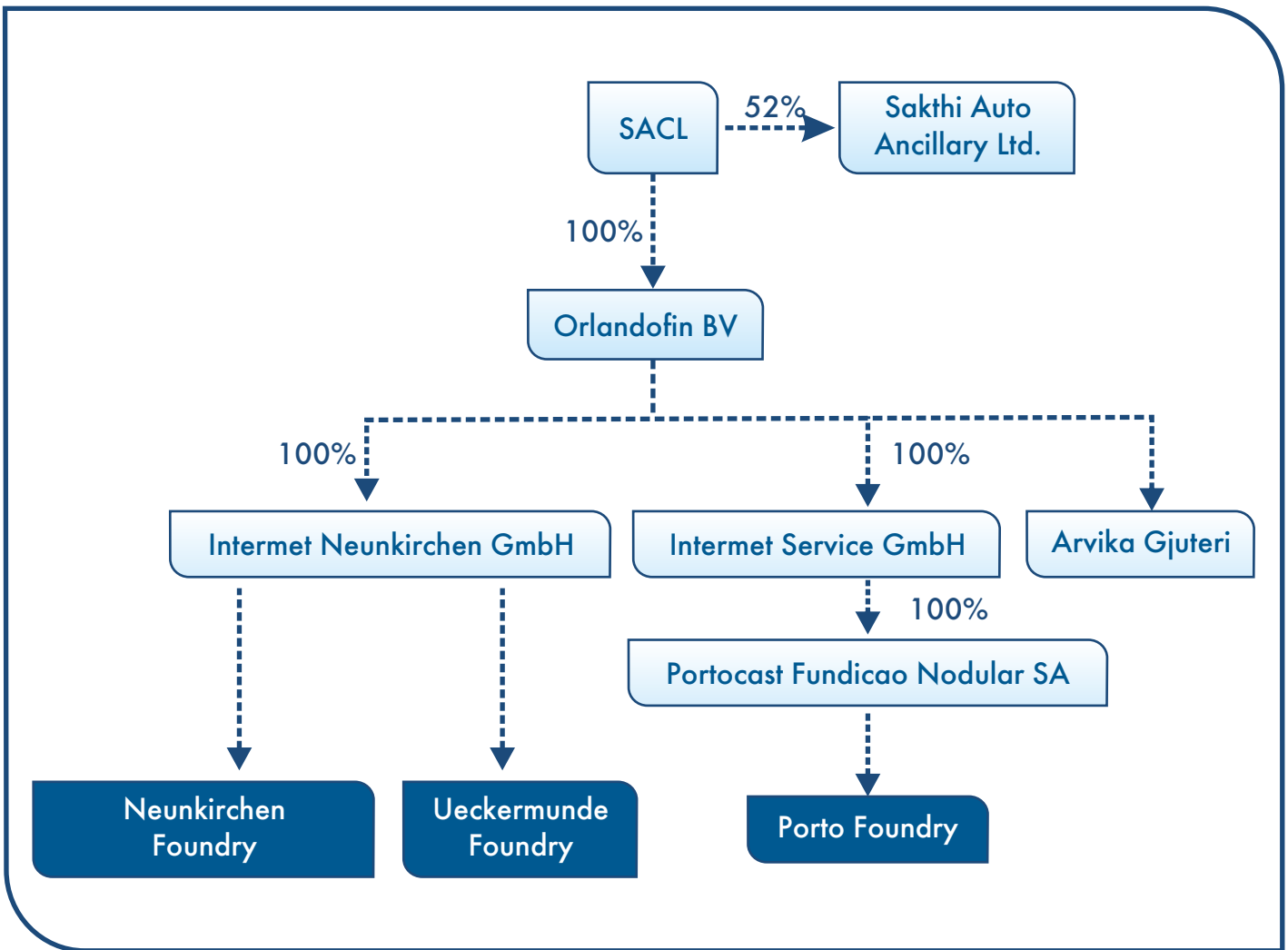
Sakthi Auto Component Ltd. (SACL), was established in 1983 by Sakthi Sugars Ltd., the holding company with initial capacity of only 3600 MT p.a. SACL India currently has a capacity of 37500 MT p.a. with its manufacturing facilities located each in Coimbatore & Erode. SACL is one of the few integrated foundries in India specializing in Steering Knuckles used in front wheel.

Sakthi Auto Ancillary Ltd. (SAAL), 52% subsidiary of SACL was acquired in June 2006. The Balance 48% is held by Jeevanandam & Family the co-promoter.

SACL has recently acquired the European operations of Intermet International Inc., of USA, which is a market leader in Diesel injection Pumps & holds a major share in Brake Systems market in Europe. The acquired company has 3 foundries one each at Neunkirchen, Ueckermunde & Porto. SACL has also acquired 1 Sweden Company named 'Arvika Gjuteri' which specializes in Trucks & Buses Components, Construction Equipment & Tractor Components & Engine Components. Both this acquisitions would make SACL one among the top Auto Component manufacturers in the World with capacity of 272000 MT by CY08E & 351000 MT by CY09E.

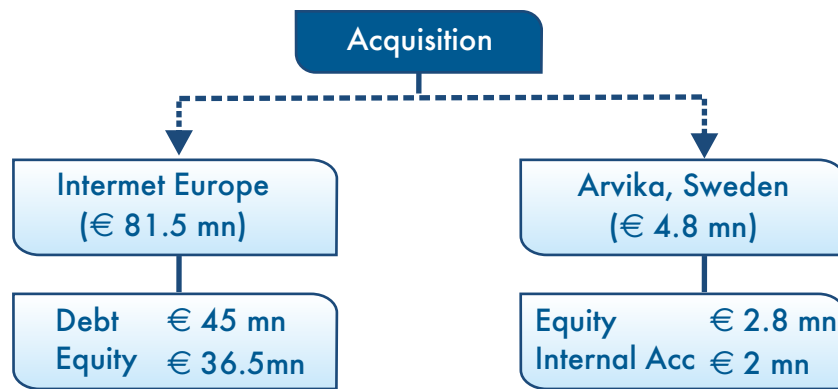
Organizational Structure

Sakthi Automotive Group - "Full Performance With The Greatest Safety"

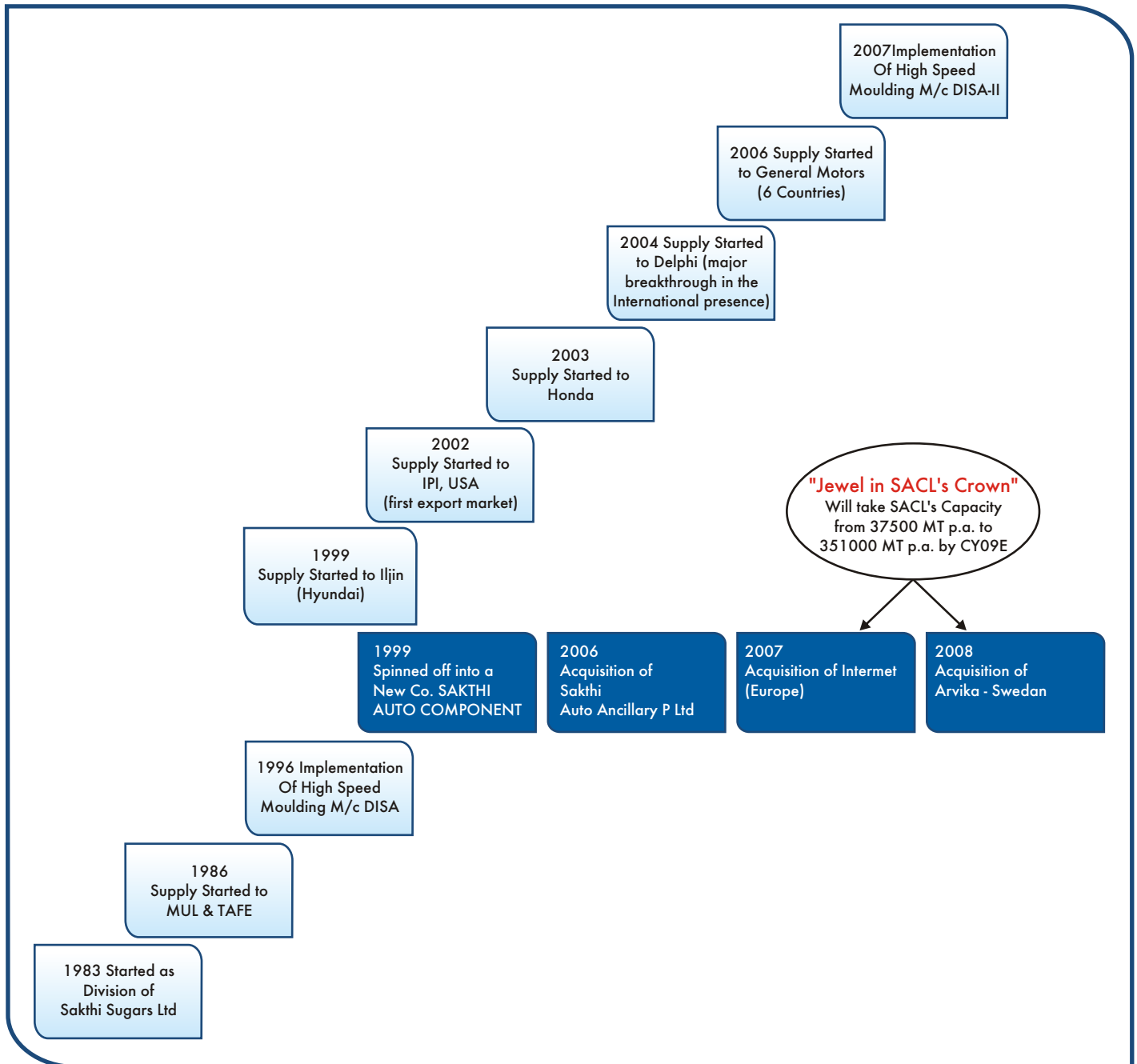


Source: Company

Funding Structure



Evolution of SACL

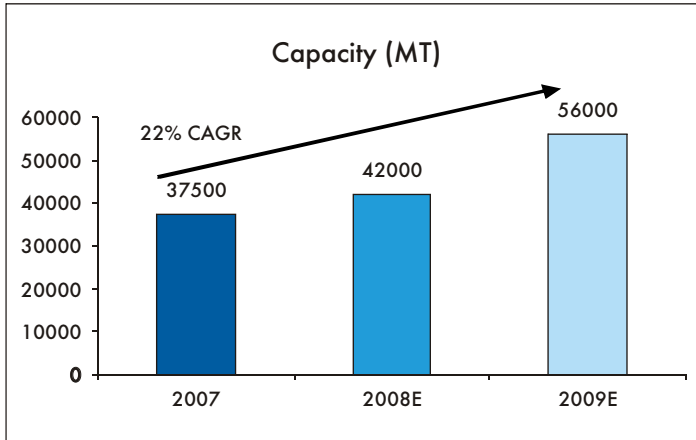


Auto Business An Expansion Story

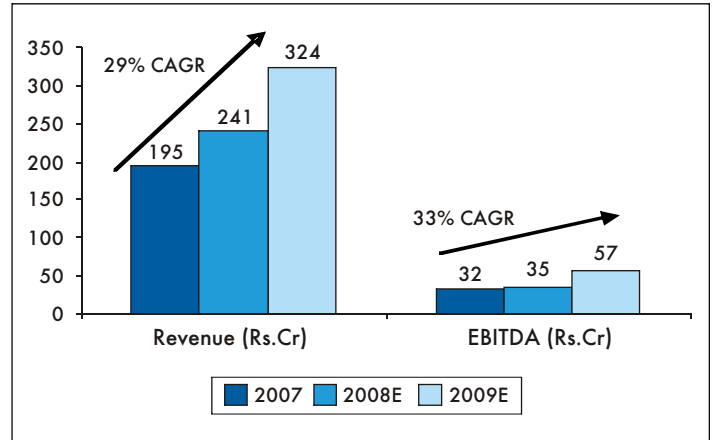
(A) Domestic Operations

Increase In Volumes & Revenue Supported by Capacity Expansion

SACL has its manufacturing facility at Coimbatore & Erode with an annual capacity of 37500 MT. In the domestic market SACL specializes in the manufacturing of steering knuckles for which it is a single source for most of the OEMs in India barding Tata Motors. Given below are the financial highlights of SACL's domestic operation.



Source: Company



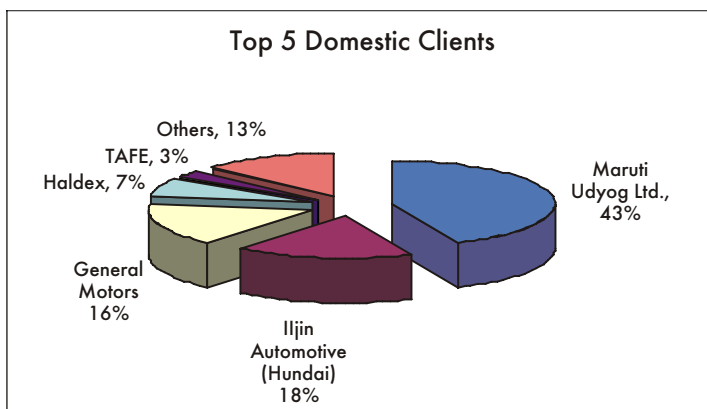
Source: Company & LM Research

SACL's domestic operations have shown an excellent and a robust performance against the market trend. And going ahead also we expect SACL to continue its trend. SACL's revenue is expected to grow at 29% CAGR between CY07-CY09E. This revenue growth is backed by capacity addition which is expected to grow at CAGR of 22% from CY07-CY09E. Its strategy of passing through the raw material price fluctuation will enable its EBITDA to grow at CAGR of 33% from CY07-CY09E. This will also enable SACL to sustain its operating margins in the years to come.

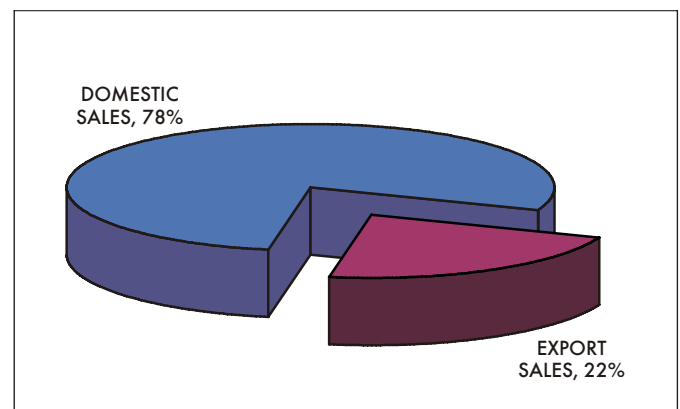
Clientele & Product Mix

Products	% Of Sales	Clients	Comments
Steering Knuckles	55%	Maruti, Hyundai, Fiat, GM & Mahindra Renault	100% of their Requirement is Supplied by SACL India
		Honda, Delphi	
Brake Disc	35%	Maruti,	60% of their Supply
		Hyundai,	100% of their Supply
Brake Drums		Maruti	60% of their Supply
		Hyundai	50% of their Supply
Other	10%	Maruti, Hyundai, Fiat, GM & Mahindra Renault	60% of Maruti's Manifold Requirement 100% of Hyundai's Case Diff Requirement

Source: Company



Source: Company



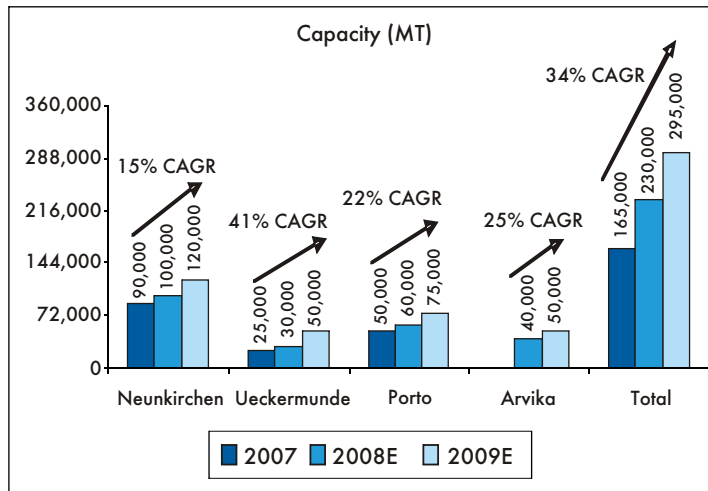
Source: Company

New Order Inflows Expected In CY09

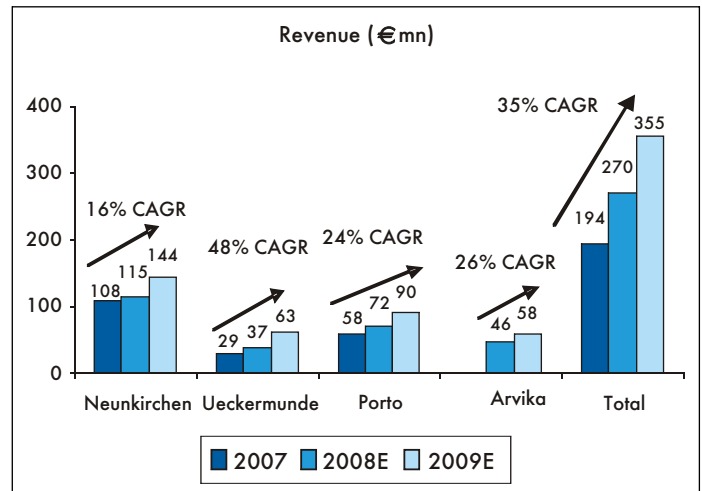
With general motors opening up its plants in India followed by Volvo (Buses), Volkswagen & Nissan also setting up plants in India shortly, would open up a huge opportunity for SACL. SACL being a preferred supplier for safety auto components has sketched out capex plans which would be funded through internal accruals. However the contract has still not been signed & hence we have not taken it into consideration in our projections.

(B) European Operations - "Jewel In SACL's Crown"

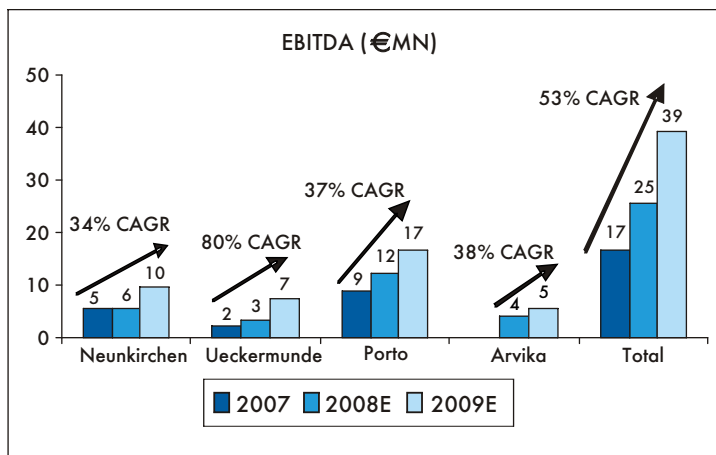
Volume & Revenue Growth Coupled With Margin Expansion



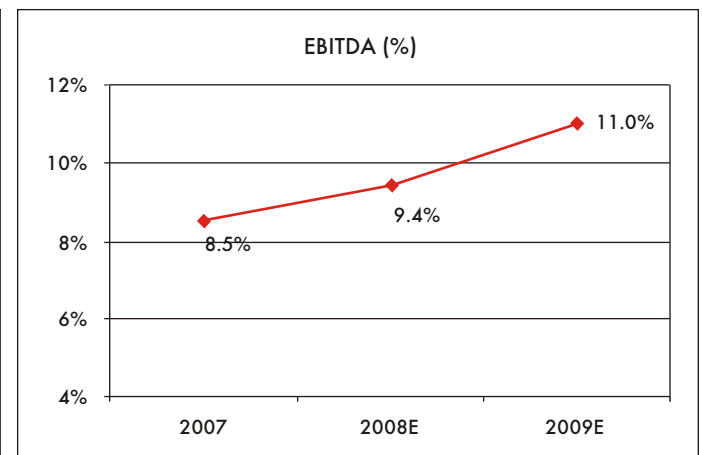
Source: Company & LM Research



Source: Company & LM Research



Source: Company & LM Research



Source: Company & LM Research

SACL acquired a company called Orlandofin BV a European Company through which it acquired 3 other European Auto Component Companies namely: Intermet Neunkirchen GmbH (2 Foundries), Intermet Service GmbH (1 Foundry) & Arvika Gjúteri (1 Foundry). SACL plans to turnaround the business of these companies by implementing its strategies: (1) De-bottle necking the plants & thereby increasing its capacity & volume. (2) Incremental cost pass through strategy which would result an improvement in Operating margins & (3) Also looks at increase in market share by providing best quality safety component. This effort of SACL would result its European Operations capacity to grow at 34% CAGR for 2 years & Revenue to grow by 35% CAGR for 2 years. Its incremental cost pass through strategy would lead to its EBITDA to grow by 53% CAGR for 2 years & its operating margin would improve by 250 bps from 8.5% in CY07 to 11% in CY09E.

Capacity Expansion by 79% - A Volume Boost to Increase Its Market Share

Capacity (MT)	2007	2008E	2009E
Neunkirchen	90000	100000	120000
Unckemunde	25000	30000	50000
Porto	50000	60000	75000
Arvika		40000	50000
TOTAL	165000	230000	295000
% Growth		36%	28%
CAPEX (€mn)	2007	2008E	2009E
Neunkirchen	-	-	-
Unckemunde	-	-	-
Porto	-	-	17.5
Arvika	-	10	-
Replacement	12.5	7	7
TOTAL	12.5	17	24.5
Rs. = €	64	64	64
CAPAX (Rs. Cr)	80	108.8	156.8

Source:Company

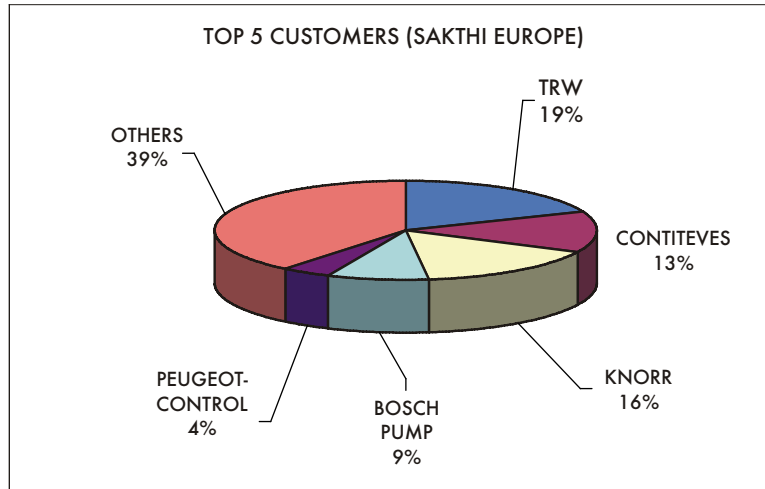
SACL will expand its capacity from 1,65,000 MT in CY07 to 2,95,000 MT in CY09E over the period of 2 years a growth of 79%. This will help SACL European operations to expand its volume by same quantity. With the implementation of its incremental cost pass through strategy SACL's European operations would be able to generate better realization from its clients. Thus its Revenue is expected to grow to € 355 mn in CY09E from € 194 mn in CY07 a growth of 83%. Debt being cheap in Europe @ 6% all its expansion would be funded through bank loans. SACL has already got tie up & approvals from European Bank to fund its European expansion plans.

Clientele & Product Mix

Products	% Of Sales	Clients	Market Position
Customer Portfolio for Sakthi Neunkirchen, Porto and Ueckermünde			
Car Brakes	38%	Conti teves, Bosch, TRW, Brembo	No.1 Europe
Heavy Duty Parts	27%	Knorr Bremse, Wabco, TMD, Jost, Federal Mogul, BWP, Honeywell, Haldex	No.2 Europe
Knuckles/Control Arm	10%	Dailmer, Ford, Renault, Peugeot, Dana, SMW Automotive	
Diesel Injection Pump Housing	10%	Conti teves,, Bosch	No. 1 Europe
Diff Cases, Housing & Other	9%	Dailmer, Renault, Dana ES Guss, Linamar, Weight, MFT, Tedrive, Volkswagen	No. 3 Europe
Customer Portfolio for Sakthi Sweden			
Trucks & Buses	43%	Scania, Tonsjo, Valve, Arvin Meritor	
Construction & Equipment & Agricultural Tractors	40%	Volvo, Hiab, Valtra, Partex, JCB, Moxy, Newholland	
Engine Components	15%	Scania, Volvo	
General Industry Products	2%	Kuka, ABB	

Source:Company & LM Research

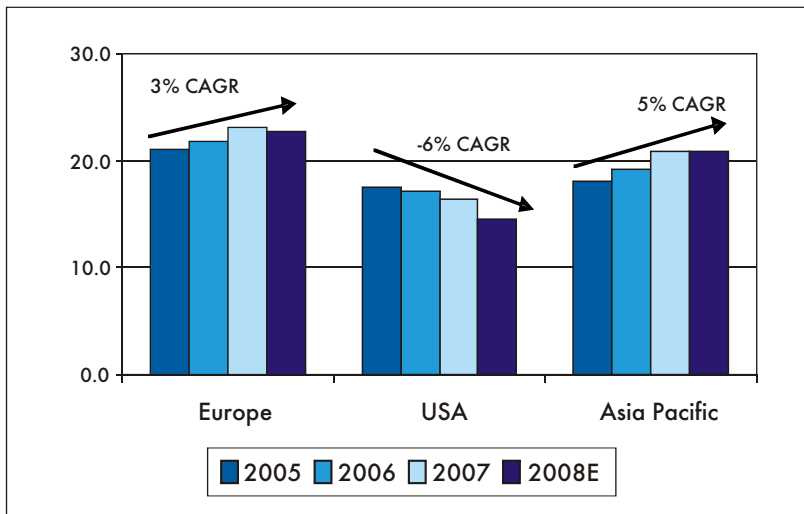
Top 5 Clients & their Contribution to Sales



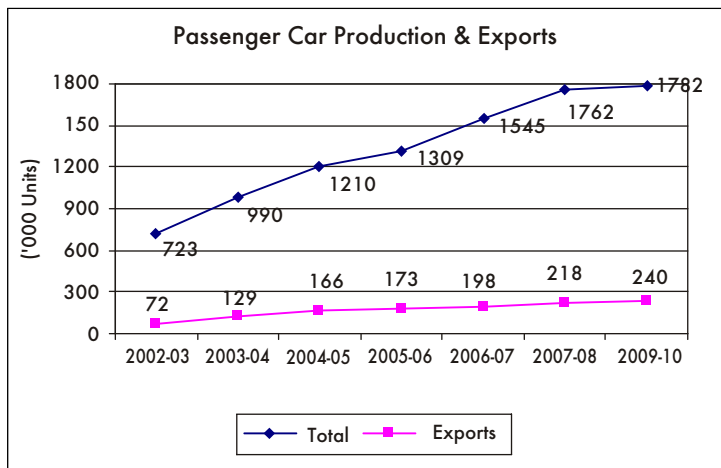
Source: Company

Automobile Industry Is Dying Is It True.....

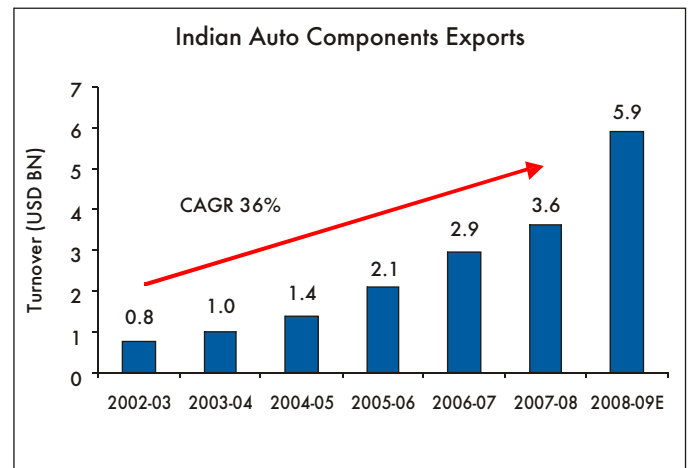
“US is a Dying Market, While Asia & Europe are Growing”



And India “Small Cars Export Hub”



Source: SIAM



Source: ACMA, ImaCS Analysis

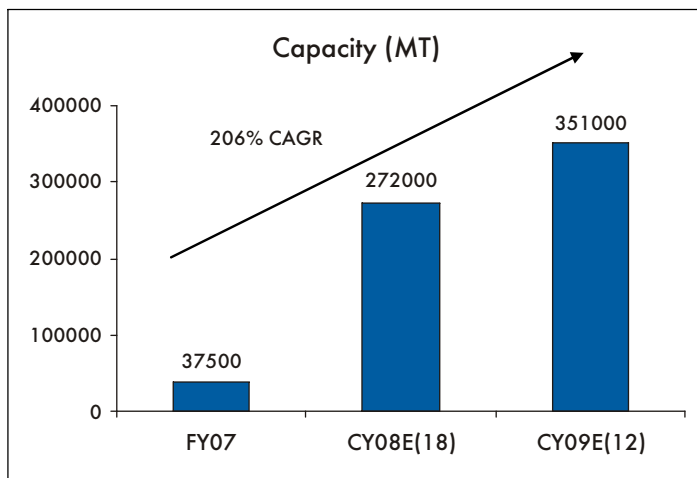
India is expected to produce 1.7 mn units in 2009-10 of which nearly 70% is small cars. Indian Passenger car export grew at a 25% CAGR for 5 years starting from 2002-03. This is expected to reach to 1.8 mn units in 2009-10 a 10% growth YoY. However the Auto component industry grew at 36% CAGR for 5 years starting from 2002-03. Indian Auto component industry is expected to grow at 64% YoY to touch UAD 5.9 bn in 2008-09.

Going ahead India would be one of the largest small car exporters in the world. There by opening up an huge opportunity for the Auto Component Manufacturer. SACL with its expertise in the manufacturing of safety components like steering knuckles, brake drums, brake disk, etc. would be a preferred supplier.

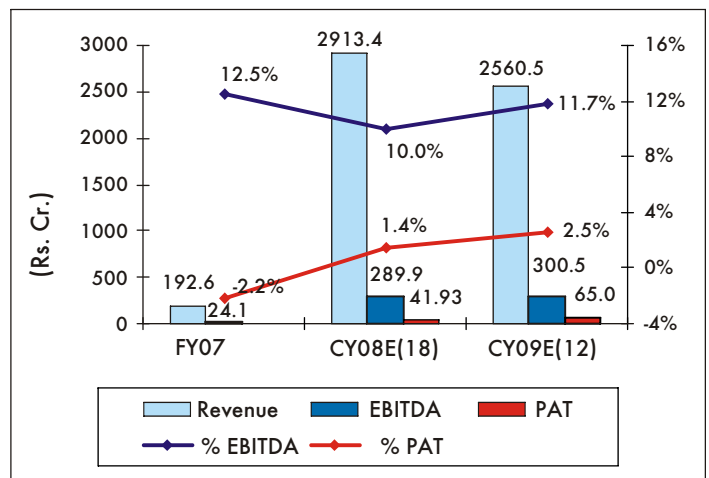
Business Strategy Cost Pass Through To Eliminate Commodity Risk

SACL has a price escalation clause signed with all of its client in India as well as Europe. The price escalation is structured in such a manner that the rise or fall in the raw material both are passed through the customer. The policy of the company would result in deviation the Sales, however its operating margins would be well maintained. Further the company has entered into tie up with few OEM's like Maruti, Hyundai etc for the supply of scrap which can be used as raw material to make these safety auto components, in return its would supply these OEM casting of same tonnage. Both the above strategy adopted by the company would insulate SACL from the risk of commodity price fluctuation. SACL has traditionally implemented these strategies in its domestic operations & has off lately implemented it in is European operations too, the benefits of which will be reflected in H2CY08 & CY09.

Robust Financial Performance In A Challenging Macro Economic Environment



Source:Company



Source:Company & LM Research

Until FY07 SACL was a small Auto Component company with a mere capacity of 37500 MT p.a. In April 2007 it acquired the European arm of Internet International Inc., of USA & a Sweden company which would take SACLs consolidated capacity to 3,51,000 MT p.a. a 206% CAGR in 2 yrs. SACL not only went for an inorganic growth but also turnaround the European operations by increasing realizations through its pass through strategy, this will lead to 265% CAGR in topline & 253% CAGR in EBITDA with in the span of 2 yrs. The companies operating profit margin which dipped in CY08E(18) mainly on account of consolidation & rising raw material price is also expected to improve by 170 bps in CY09E(12) to 11.7% v/s 10% in CY08E. SACL's bottom line is expected to be remarkable at Rs.61 Cr v/s a loss of Rs.4.2 Cr. in FY07.

Peer Group Comparison

(Rs. Cr.)

BHARAT FORGE	March'08	March'09E	March'10E	CAGR
Capacity (MT)	700000	700000	700000	
Revenue	4652.3	5234.3	5954.2	13.1%
EBITDA	704.5	820.4	1013.1	19.9%
EBITDA (%)	15.1%	15.7%	17.0%	
PAT	301.5	356.0	461.2	23.7%
PAT (%)	6.5%	6.8%	7.7%	
Equity @ Rs.2	44.5	44.5	44.5	
EPS	13.5	16.0	20.7	
CMP (Rs.)	243.5	243.5	243.5	
PE (x)	18.0	15.2	11.8	
AMTEK AUTO	June'08	June'09E	June'10E	CAGR
Capacity (MT)	135000	135000	135000	
Capacity (Units)	2800000	2800000	2800000	
Revenue	4642.98	5749.3	6617.1	19.4%
EBITDA	894.6	1089.5	1268.1	19.1%
EBITDA (%)	19.3%	19.0%	19.2%	
PAT	431.9	525.8	628.0	20.6%
PAT (%)	9.3%	9.1%	9.5%	
Equity @ Rs.2 (Diluted)	36.8	36.8	36.8	
EPS	23.4	28.5	34.1	
CMP (Rs.)	169.4	169.4	169.4	
PE (x)	7.2	5.9	5.0	
SACL	June'07	Dec'08E (18)	Dec'09	CAGR
Capacity (MT)	37500	272000	351000	
Revenue	192.6	2913.4	2560.5	264.6%
EBITDA	24.1	289.9	300.5	253.1%
EBITDA (%)	12.5%	10.0%	11.7%	
PAT	-4.2	41.9	65.0	
PAT (%)	-2.2%	1.4%	2.5%	
Equity @ Rs.10 (Diluted)	36.3	36.3	36.3	
EPS	-1.2	11.5	17.9	
CMP (Rs.)	89.7	89.7	89.7	
PE (x)	-	7.8	5.0	

Source: Bloomberg & LM Research

Auto Valuation - "Not Factored in the CMP"

Sakthi's Auto biz was as small as 37500 MT p. a. running in losses till FY07 & hence the price of sakthi sugar does not factor in its auto biz. With the acquisition of the European arm of Intermet International Inc., of USA & a Sweden Company Arvika Gjuteri SACL a 100% subsidiary of Sakthi Sugars is expected to touch the capacity of 272000 MT by CY08E & 351000 MT by CY09E which makes SACL one of the major auto components manufactures in Europe. SACL is expected to report an EPS of Rs.13.4 & Rs.20.7 in CY08E (18) & CY09E respectively. Post FCCB conversion on a diluted basis SACL is expected to post an EPS of Rs.11.6 & Rs.17.9 in CY08E (18) & CY09E respectively. We have valued SACL on PE basis arriving to SACL's price target of Rs.72 discounting CY09E diluted EPS by 4x which is at a significant discounts to its peers. Considering a very high CAGR growth as compared to its peers we remain very bullish on Sakthi's Auto Biz.

CONSOLIDATION

Valuation - "Good times Ahead"

Sakthi Sugars has two major divisions Sugar & Sugar Affiliates including Soya and second is its Auto division. The Auto division has not been factored in the CMP of Rs.87.7. However we have valued both the Biz separately on PE model basis the details of which are given below:

SOTP	EPS		Assigned (PE)		Target (Rs.)
	CY08E	CY09E	CY08E	CY09E	
Sugar	8.3	25.0	15.1	5.0	125
Auto	11.6	17.9	6.2	4.0	72
TOTAL	19.9	42.9	9.9	4.6	197

It is a good time for both the Sakthi Sugars Biz namely Sugar & Auto. Both these Biz are expected to turnaround by end of Dec'08. This will lead to a consolidated top-line CAGR of 94.5% & bottom-line of 145% CAGR for the period between Jul'07 to Dec'09. Sakthi Sugar an extremely high growth company is available at just 4.5x & 2.1x its CY08E(18) & CY09E consolidated diluted EPS of Rs.19.9 & Rs.42.9 respectively. We are extremely bullish on Sakthi Sugars both sugar & Auto Biz & have arrived at a 12-18 months **SOTP Price Target of Rs. 197** which discounts its CY08E(18) & CY09E combine diluted EPS by 9.9x & 4.6x respectively.

Financials

P&L A/C Rs. Cr.)	FY07 (12)		CY08 (18)		YOY		CY09(12)		YOY					
	Consol	Sugar Biz SAGL	Consol	Sugar Biz SAGL	Consol	Sugar Biz SAGL	Consol	Sugar Biz SAGL	Consol	Sugar Biz SAGL				
Net Sales	943.9	751.32	4094.9	1181.5	2913.4	334%	57%	1413%	3572.0	1011.5	2560.5	-13%	-14%	-12%
Cost Of Manufacturing	681.1	542.1	2165.4	884.7	1280.7	218%	63%	821%	1866.6	689.5	1177.1	-14%	-22%	-8%
Employee Cost	40.5	31.2	715.7	50.0	665.7	1669%	60%	7065%	546.9	35.9	511.1	-24%	-28%	-23%
Other Cost	82.9	62.7	703.3	26.2	677.1	748%	-58%	3247%	598.1	26.2	571.9	-15%	0%	-16%
Total Expenditure	804.4	635.9	3584.4	960.9	2623.5	346%	51%	1457%	3011.6	751.56	2260.1	-16%	-22%	-14%
% of Total Sales	85.2	84.6%	87.5%	81.3%	90.0%				84.3%	74.3%	88.3%			
EBITDA	139.5	115.4	510.5	220.6	289.9	266%	91%	1104%	560.4	259.9	300.5	10%	18%	4%
EBITDA (%)	14.8%	15.4%	12.5%	18.7%	10.0%				15.7%	25.7%	11.7%			
Depriciation	32.9	21.1	183.5	43.7	139.8	458%	107%	1084%	152.8	43.9	109.0	-17%	0%	-22%
EBIT	106.6	94.3	327.0	176.9	150.1	207%	88%	1123%	407.6	216.1	191.5	25%	22%	28%
Interest	107.3	91.9	235.1	144.5	90.6	119%	57%	489%	214.7	112.4	102.3	-9%	-22%	13%
Other Income	33.7	27.8	5.9	-	-	-	-	-	-	-	-			
PBT	33.0	30.2	91.9	32.4	59.5	179%	7%	2011%	192.9	103.7	89.2	110%	220%	50%
Tax	7.1	0.1	20.0	2.4	17.6	184%	3482%	152%	37.0	12.9	24.2	85%	435%	37%
% of PBT	21.4%	-	21.8%	7.4%	29.6%				19.2%	12.4%	27%			
PAT	26.0	30.1	71.9	30.0	41.9	177%	0%	907%	155.9	90.9	65.0	117%	203%	55%
PAT (%)	2.7%	4.0%	1.8%	2.5%	1.4%				4.4%	9.0%	2.5%			

Balance Sheet (Rs. Cr.)	FY07 (12)			CY08 (18)			CY09 (12)		
	Consol	Sugar Biz	SAGL	Consol	Sugar Biz	SAGL	Consol	Sugar Biz	SAGL
Equity Share Capital	31.4	31.4	43.86	31.4	31.4	43.86	36.3	36.3	43.9
Preference Share Capital			263.5	263.5		263.5	263.5	000	263.5
Share Application Money	16	16	-	15.7	16	-	15.7	15.7	-
Reserves & Surplus	422	356	66	689.9	362	327.5	933.5	537.8	395.7
Total Shareholders Funds (Incl Pref)	469	403	373	1000	409	635	1249	589.8	703.1
Total Shareholders Funds (Excl Pref)	469	403	110	737	409	371	985	589.8	439.6
Secured Loans	872	750	121	1380.8	931	449.4	1292.1	833.2	458.9
Unsecured Loans	213	161	51	33.2	21	12	11.9		11.9
FCCB	245	245	-	244.5	245	-	163.0	163.0	
Total Loan Funds	1329	1156	173	1658	1197	462	1467	996.2	470.8
Deferred Tax Liability	-13	-12	-1	39.6	-12	51.4	39.6	-11.8	51.4
Total Capital Employed	1786	1548	545	2699	1594	1148	2756	1574.2	1225.3
APPLICATION OF FUNDS									
Gross Block	1265	914	351	2302.6	1102	796.1	2374.5	1104.6	865.0
Less: Depreciation	159	102	56	225.9	157	68.5	282.5	201.3	81.2
Net Block	1106	811	295	2077	944	728	2092	903.3	783.8
Intangible Assets	78	62	16	64.0	50	13.6	54.2	42.7	11.5
Investment	66	170	203	13.6	170	292.3	13.6	170.2	292.3
Curr. Assets, Loans & Advances	706	623	83	1290	635	655	1403	678.1	725.1
Inventories	129	81	48	346.8	92	254	379.3	110.8	268.5
% Of Total Revenues	13.7%	10.8%	25.1%	8.5%	7.8%	8.7%	10.6%	11.0%	10.5%
Sundry Debtors	63.0	25.1	38	343.3	50.52	292.8	427.2	77.1	350.1
% Of Total Revenues	6.7%	3.3%	19.7%	8.4%	4.3%	10.1%	12.0%	7.6%	13.7%
Cash & Bank Bal	103	91	12	45.1	19	26.5	45.4	20.5	24.9
% Of Total Revenues	10.9%	12.2%	6.2%	1.1%	1.6%	0.9%	1.3%	2.0%	1.0%
Loans & Advances	347	363	-17	457.5	414	43.7	457.5	413.8	43.7
% Of Total Revenues	36.8%	48.4%	-8.6%	11.2%	35.0%	1.5%	12.8%	40.9%	1.7%
Other Current Assets	63	62	1	97.4	59	37.9	93.8	55.9	37.9
% Of Total Revenues	6.7%	8.2%	0.8%	2.4%	5.0%	1.3%	2.6%	5.5%	1.5%
Less: Current Liab & Provisions	190	131	59	758.3	215	543.3	817.0	227.6	589.4
Net Current Assets	516	492	24	532	420	112	586	450.5	135.7
Miscellaneous Exp	21	13	8	12.5	10	2.7	9.6	7.6	2.0
Total Assets	1786	1548	545	2699	1594	1148	2756	1574.2	1225.3

Valuation Matrix	FY07 (12)			CY08 (18)			CY09 (12)		
	Consol	Sugar Biz	SAGL	Consol	Sugar Biz	SAGL	Consol	Sugar Biz	SAGL
Debt:Equity	2.8	2.9	4.0	2.3	2.9	2.0	1.5	1.7	1.7
RONW (%)	5.5%	7.5%	-3.8%	9.8%	7.3%	11.3%	15.8%	15.4%	14.8%
ROCE (%)	6.0%	6.1%	2.3%	12.1%	11.1%	13.1%	14.8%	13.7%	15.6%
ROAA (%)	-	-	-	20.5%	20.2%	29.4%	19.6%	23.4%	25.3%
BV (Rs.)	149.6	128.6	25.0	234.9	130.5	84.7	271.3	162.3	100.2
EV/EBITDA	10.8	11.7	18.4	3.7	6.6	2.5	3.0	4.8	2.4
EV/Sales	1.6	1.8	2.3	0.5	1.2	0.2	0.5	1.2	0.3
P/BV	0.6	0.7	3.6	0.4	0.7	1.1	0.3	0.6	0.9
EPS (Rs.)	8.3	9.6	-1.3	22.9	9.6	13.4	49.7	28.9	20.7
CMP (Rs.)	89.7	89.7	89.7	89.7	89.7	89.7	89.7	89.7	89.7
PE (x)	10.9	9.4	-	3.9	9.4	6.7	1.8	3.1	4.3
EPS (Rs.) (Diluted)	7.2	8.3	-1.1	19.8	8.3	11.6	43.0	25.0	17.9
PE (x)	12.5	10.8		4.5	10.9	7.8	2.1	3.6	5.0

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