

## INDIA RESEARCH

Sector: Software  
Group: Private  
Date: 12/04/2007  
Target Price: 193  
CMP: 132

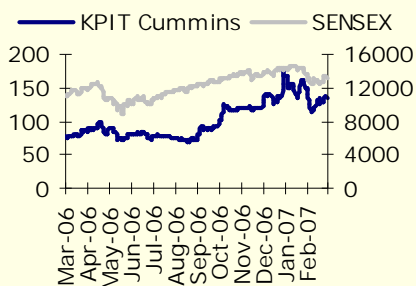
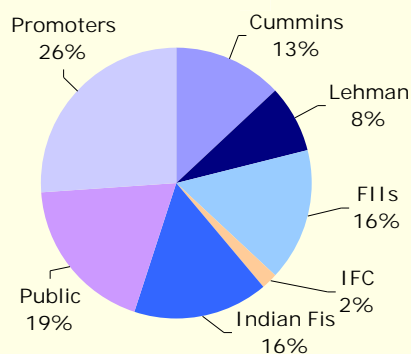
### BUY

BSE Code	532400
NSE Code	KPIT
Reuters	KPIT.NS
Eq. Cap (current)	149.1 mn
Face Value	Rs. 2
# of Shares	74.55 mn
Mkt. Cap. Rs.	9840 mn
Mkt. Cap. US\$.	230 mn
52 week Hi / Low	180.9/66.00
Avg Daily Vol.	325189
FY06 EPS	4.48*
FY07E EPS	6.79
FY-07 EPS Growth	51.6%
P/E (FY07e EPS)	19.4
P/E (FY08e EPS)	14.0

\*Adjusted to 1:1 bonus

Share Holding Pattern @ 31.12.06

Indian Promoters (Ravi Pandit & Group)	26.03
Institutions	31.46%
Public & others	42.51%



## KPIT CUMMINS INFOSYSTEMS LTD

### INTRODUCTION

KPIT Cummins Infosystems Ltd. (KPIT) is a leading Pune based global provider of offshore IT Services having an integrated set of offerings that span from Advanced Technology Solutions (Automotive, Industrial Automation, and Semiconductor Solutions), through Business IT & Intelligence to BPO / KPO for the Manufacturing and Diversified Financial Services. The company has grown at a fast pace of 61% CAGR over the past three years. KPIT Cummins is a mid-tier player with revenues of \$100 mn (FY07E) which is set to grow to \$250 mn by FY10 at a cagr of 35.7%. KPIT is an excellent buy with current valuations attractive at 14.1x FY08e EPS and 10.4x FY09e EPS.

### WHY KPIT?

- With the increasing benefits of offshoring, engineering services are gaining importance among Fortune 1000 companies. Indian Companies in the ESO space stand to benefit, especially a niche player like KPIT Cummins. Of late, offshoring in the engineering services and embedded space is growing rapidly, given the fact that it has been a lesser-penetrated market so far.
- KPIT mainly focuses on two verticals – manufacturing and BFSI. In manufacturing, it has expertise in the fast-growing auto-electronics and VLSI design services; in BFSI, it offers high-end data analytics, Sarbanes-Oxley advisory (Regulatory, compliance solutions) and BI services.
- KPIT got an early-start (over competition) in engineering services from mining of star customers Cummins and Renesas alongwith initiatives such as the CG Smith acquisition (for automotive electronics).
- KPIT is among the few global organizations that have the capability of offering solutions ranging from chip design (SOC & AMS) to advanced embedded software across all sub-systems of the automobile.
- KPIT's client profile consists of 8 of the Top 10 Automotive OEMs, 25+ Tier1s supplying to the Automotive OEMs, 6 of the Top 20 semiconductor companies.
- KPIT has forged strategic alliances with 2 of the largest and renowned players in their respective areas: Cummins (Manufacturing / Automotive) and Lehman Brothers (Diversified Financial Services).
- Cummins contribute about 40% to total revenues making it the largest client of KPIT. Cummins also hold about 13% equity in KPIT while Indian promoters (Ravi Pandit & group) hold 26%.
- The current change in the company's fortunes following inorganic initiatives over the last 3 years is showing vast improvement in performance now which is evident in the first 9 months of FY07.
- KPIT has grown from over \$10 mn in FY02 to ~\$100 mn in FY07- a ten fold rise in just five years. In its 2010 target of US\$250m, management expects PAT margins to improve to 16% (from ~11.5% in FY07e).
- Attractive valuation** — we believe KPIT Cummins is set to become one of the top offshore vendors in auto electronics and semiconductor design. KPIT trades at 14x FY08e EPS and 9.6x FY09e EPS. With 34% revenue CAGR and 45% earnings CAGR over FY07-10e, we believe current valuations do not factor in KPIT's growth potential. **We recommend a Buy with a 1-yr price target of Rs.193 yielding an upside of 46.2%.**

### Financial Snapshot

(Rs. in cr)

Particulars	FY06	FY07E	FY08E	FY09E
Income from Services	252.45	447.5	582.6	788.2
PBIDT	46.20	68.2	95.4	137.0
PBIDTM (%)	18.30	15.3%	16.4%	17.4%
PAT	32.56	50.6	72.9	106.6
PATM (%)	12.90	11.3%	12.4%	13.4%
EPS Rs. (on FV Rs.2/-)	4.48	6.79	9.4	13.8
P/E	29.46	19.4	14.0	9.6
Price target @ P/E of 14x FY09E EPS			193	

## BACKGROUND & HISTORY

Established in 1990 by a team of professionals from sectors as diverse as chartered accounting, management consulting and technical engineering

KPIT has developed core competencies in several horizontals including EAI (enterprise application integration), SCM (supply chain management), data warehousing and its latest focus area—embedded systems.

KPIT is among the few global organizations in SOC & AMS

Cummins Infotech merged with KPIT in Jan-02

KPIT acquires Panex, a US-based SAP Consulting firm to fill the gap in KPIT's service offerings

FY2006- a year of M&A initiatives.

KPIT reaches a milestone- clocks \$100 mn sales in FY07.

KPIT Cummins is a descendant of one of the respected accounting firms in India – Kirtane & Pandit, Chartered Accountants (KPCA). Established in 1946, KPCA has been offering services to blue chip clients in the Banking & Financial industries. KPCA has the privilege of being the financial consultants to over 50 nationalized and private sector banks in India, including the RBI.

Established in 1990 by a team of professionals from sectors as diverse as chartered accounting, management consulting and technical engineering, KPIT (a CMM Level 5 company) initially stuck to the much-trodden path of exporting software services to US-based entities. After establishing itself in this market, the company set up a subsidiary in the UK in 1996 to tap the European market. Since then the company followed the policy of setting up subsidiaries in any new market with huge growth potential. KPIT also has a joint venture in Dubai in addition to a branch office in Japan. Since inception the company has mainly focused on the manufacturing and banking, financial services and insurance (BFSI) segments.

Over the years KPIT has developed core competencies in several horizontals including EAI (enterprise application integration), SCM (supply chain management), data warehousing and its latest focus area—embedded systems. KPIT now has an integrated set of offerings that span from Advanced Technology Solutions (Automotive, Industrial Automation, and Semiconductor Solutions), through Business IT & Intelligence to BPO / KPO for the Manufacturing and Diversified Financial Services the company has grown at a fast pace of 61% CAGR over the past three years.

KPIT is among the few global organizations that have the capability of offering solutions ranging from chip design (SOC & AMS) to advanced embedded software across all sub-systems of the automobile.

KPIT's client profile consists of 8 of the Top 10 Automotive OEMs (Original Equipment Manufacturers) 25+ Tier1s supplying to the Automotive OEMs 6 out of the Top 20 semiconductor companies.

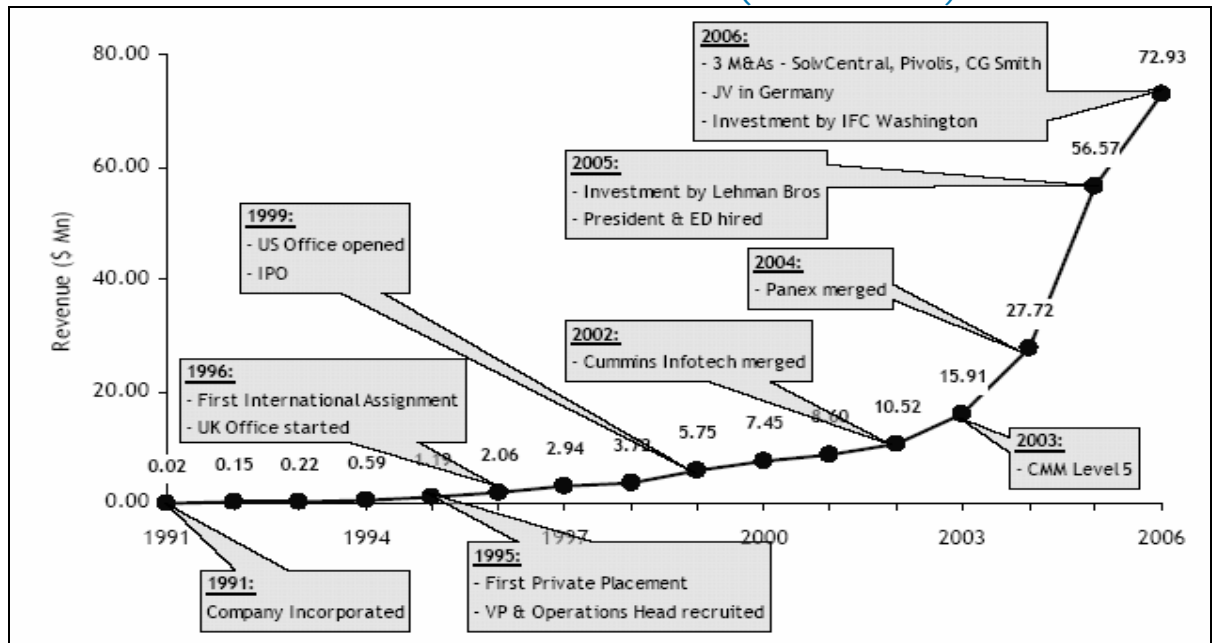
KPIT has been growing at a steady rate since its IPO in 1999. However the global economic slowdown saw revenues take a dip. This prompted the company to look for further growth opportunities. By then KPIT was doing an increasing amount of work for its star client Cummins. In early January-02 this relationship was taken a step further—Cummins Infotech was merged with KPIT.

CY2003 (FY04) also saw KPIT's acquisition of Panex Consulting, a US-based SAP consulting firm, for \$1.85 million. Panex, which has core competencies in SAP, business warehousing, business intelligence and supply chain optimisation, and boasts of clients like HP, Hercules, Accenture and SAP America, is expected to fill a gap in KPIT's service offering. SAP was a major service gap in KPIT's service offerings. This strategic partnership provided sustained business, domain knowledge and opportunities in the consulting area.

During FY2006 the company successfully concluded three acquisitions in US (SolvCentral.com Inc), France (Pivolis) and India (CG Smith Software Pvt. Ltd.) and entered into a joint venture agreement in Germany.

Based on the management guidance, the company's sales would close its books for the year (FY07) at Rs 440-450 cr, up 39 percent from the previous year and consolidated net profit would grow 54 percent, taking net profits to Rs 50.6 crore. Currently, KPIT boasts of total personnel strength of 3400+, including 3000+ software professionals. The company would have added over 1300 people to its rolls in FY07.

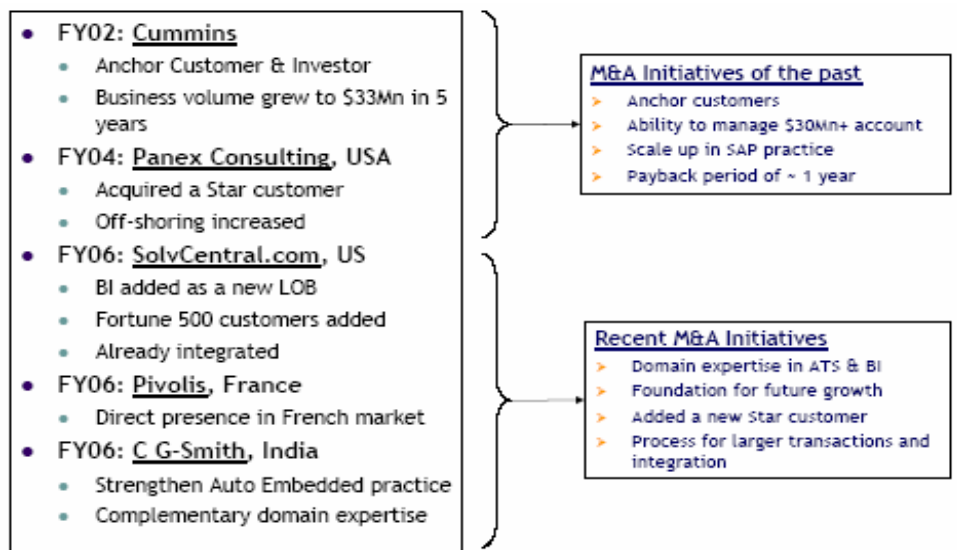
### KPIT'S 15-YEAR JOURNEY: (1991-2006)



Source: Company

### M&A INITIATIVES: 2002-2006

Thanks to these initiatives, KPIT Cummins recently realised its dream of crossing the \$ 100 mn mark in revenues (which was planned in 2002).



Source: Company

KPIT Cummins in \$9 mn pact with Cargill Ventures:

KPIT has recently entered into an agreement with Cargill Ventures (CV) to issue shares of \$4.5 million on a preferential basis, in addition to warrants convertible into shares of up to \$4.5 million. The warrants will be convertible into shares at the end of 18 months from the date of issue.

KPIT is likely to benefit from CV's fund's network and also from its parent company's business. CV is a venture capital arm of \$75bn Cargill Inc, with operations in 63 countries. CV has invested in several companies across diverse sectors like information technology, life sciences and industrial technology, which KPIT would look to tap. This business is expected to come mainly in the technology domain within the manufacturing vertical. The BFSI vertical is also expected to benefit from this association. This would also bring down dependency on Cummins, its largest customer.

The ambitious Vision 2007 was planned in FY02 and was aimed at attaining revenues of \$100 mn by FY07 (a ten fold jump in 5 years over FY02 revenue base of \$10.5 mn) with Cummins Inc. contributing 35% of sales.

In reality, KPIT has achieved its ambitious target of \$100 mn sales in FY07 with Cummins contributing about 40%. The company's inorganic initiatives helped in transforming vision into reality.

### WHAT HAS CHANGED: 2002-2007?

<p><b><u>Customers</u></b></p> <ul style="list-style-type: none"> <li>● Then: Number of customers: &lt; 10</li> <li>● Now:           <ul style="list-style-type: none"> <li>● Over 80 customers</li> <li>● Marquee names in Manufacturing (hi-tech; engg., electrical etc) &amp; DFS</li> <li>● 17 customers with annual billing run rate of \$1M or more</li> <li>● 7 of the top ten Auto OEMs</li> <li>● 6 of the top 20 Semicon mfrs</li> </ul> </li> </ul>	<p><b><u>Offerings</u></b></p> <ul style="list-style-type: none"> <li>● Then: IT services only</li> <li>● Now:           <ul style="list-style-type: none"> <li>● IT services</li> <li>● Consulting</li> <li>● Engineering (ATS)</li> <li>● BPO</li> </ul> </li> </ul>
<p><b><u>Infrastructure</u></b></p> <ul style="list-style-type: none"> <li>● Then:           <ul style="list-style-type: none"> <li>● Delivery centre across several small locations in Pune</li> <li>● Sales offices in US, UK</li> </ul> </li> <li>● Now:           <ul style="list-style-type: none"> <li>● Delivery centres in Pune, Bangalore, Poland (~500,000 sq.ft.)</li> <li>● Sales offices - US (6), UK, France, Germany (2), Singapore, Switzerland</li> </ul> </li> </ul>	<p><b><u>Investors</u></b></p> <ul style="list-style-type: none"> <li>● Then:           <ul style="list-style-type: none"> <li>● Strategic Investors - Cummins only</li> <li>● Institutional holding &lt; 1%</li> <li>● Market Cap &lt; \$15Mn</li> </ul> </li> <li>● Now:           <ul style="list-style-type: none"> <li>● Strategic investors - Cummins, Lehman, IFC</li> <li>● Institutional holding &gt;30%</li> <li>● Market cap of ~\$200Mn</li> </ul> </li> </ul>

Source: Company

According to a Nasscom-Booz Allen Hamilton report, India's current revenue base in the offshored engineering services market was about US\$1.5 bn (2005) and has the potential to exceed US\$60 billion by 2020 – indicating a 20-fold growth over the next 15 years.

Based on the current growth of the market, engineering design outsourcing to India should generate about \$3-5 billion by 2010. Current spending on engineering services (\$750 billion in 2004) is projected to increase to \$1.1 trillion by 2020.

We estimate sales and profits growth at 3-year cagr of 34% and 45% respectively between FY07-10.

KPIT Cummins		FY07E	FY08E	FY09E	FY10E
Sales	Rs. mn	4475	5826	7882	10665
PAT	Rs. mn	506.3	729.4	1066.5	1550.8
PAT	Margin%	11.3%	12.4%	13.4%	14.4%
EPS	Rs.	6.79	9.43	13.78	20.04
	P/E	19.4	14.0	9.6	6.6

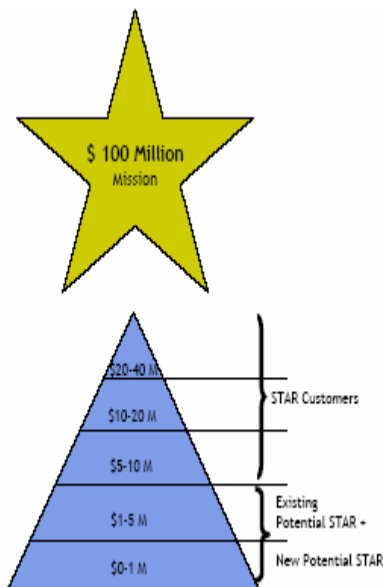
Vision 2010 aims at revenues of \$250 mn and PAT of \$ 40 mn (@ 16% of sales) propelled by:

A)

- Leadership in Auto Embedded, Semiconductor, Business Intelligence, F&A BPO solutions
- Stronger focus in Europe and Japan markets
- Continued focus on Manufacturing and DFS verticals

B)

Change in the customer acquisition strategy from STAR to PYRAMID model.

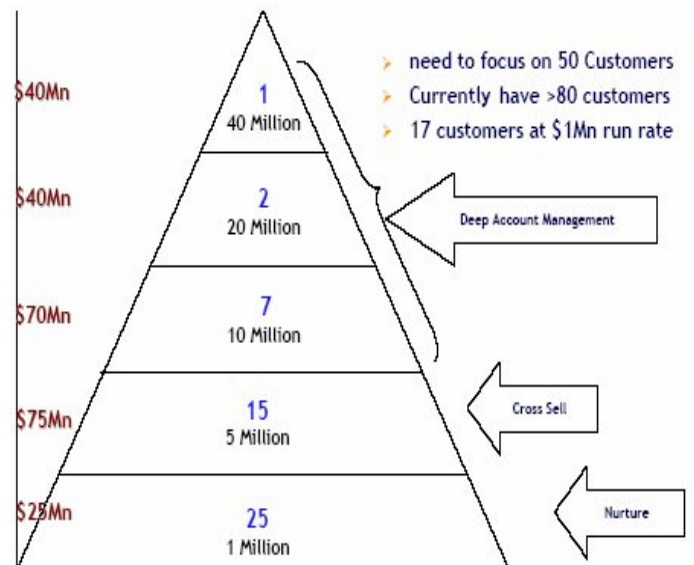


#### The STAR Model

- Aligned us for the \$100Mn roadmap
- Focus on
  - A few customers and
  - Two verticals

#### The PYRAMID Model

- To align us for the next level of growth
- Focus on Leadership
  - Practices
  - Geographies
- Continued Focus on Star customers and focus verticals



Source: Company

D) Improving Profitability by:

- Higher offshore revenues, onsite to offshore migration.
- Higher value offerings
- Improving utilisation & efficiency.

E) Building Scale:

- Create process to participate in large deals
- Create service delivery capabilities to service large deals



## F) Branding:

- o Promote KPIT Cummins brand internally and internationally.
- o LOB specific brand plans

## KPIT CUMMINS LINES OF BUSINESS

Lines of Business	Major Offerings	Major Customers	Lines of Business	Major Offerings	Major Customers
Manufacturing	<ul style="list-style-type: none"> <li>• IT Strategy consulting</li> <li>• PLM</li> <li>• Supply chain consulting</li> <li>• ERP:SAP/Oracle/Movex/Mapics</li> <li>• ADM</li> </ul>	<ul style="list-style-type: none"> <li>• Cummins</li> <li>• Unilever</li> <li>• HP</li> </ul>	Business Intelligence	<ul style="list-style-type: none"> <li>• Data Mart Deployment</li> <li>• Data modeling</li> <li>• Customization - BI Portal, Dashboard</li> <li>• KPIT + SolvCentral</li> </ul>	<ul style="list-style-type: none"> <li>• Business Objects</li> <li>• Fortune 500 Mfg and BFSI clients</li> </ul>
Auto Electronics	<ul style="list-style-type: none"> <li>• Auto Embedded software</li> <li>• Reverse engg.; porting</li> <li>• Powertrain, Body electronics, cluster, in-vehicle networking</li> <li>• KPIT Cummins + CGS</li> </ul>	<ul style="list-style-type: none"> <li>• Cummins</li> <li>• Big 7 Auto OEMs</li> <li>• 13 Tier I &amp; II vendors</li> </ul>	Diversified Financial Services	<ul style="list-style-type: none"> <li>• App Development &amp; Support</li> <li>• Re-engg. &amp; migration</li> <li>• Consultancy, data cleansing</li> <li>• Decommissioning</li> </ul>	<ul style="list-style-type: none"> <li>• BNP Paribas</li> <li>• Capital One</li> <li>• Deutsche Bank</li> </ul>
Semiconductor Solutions Group	<ul style="list-style-type: none"> <li>• Chip design,</li> <li>• Testing &amp; verification</li> </ul>	<ul style="list-style-type: none"> <li>• Renesas</li> <li>• 5 out of top 10 semicon companies</li> </ul>	Global Business Solutions	<ul style="list-style-type: none"> <li>• Skills &amp; Rules based - transaction processing; F&amp;A, HR</li> <li>• Technology based - Tech Help Desk, SOC, NOC</li> <li>• Knowledge based - RMC, sox, Data Analytics</li> </ul>	<ul style="list-style-type: none"> <li>• Cummins</li> <li>• Business Objects</li> </ul>

Source: Company

From FY06, KPIT has reorganized its business into six lines of business (LOB), each set up as an independent profit centre.

1. **Automotive Electronics:** Originally a part of Advanced Technology Solutions (ATS) practice, services in this LOB are mostly high-end specialized services for the automobile industry. Customers for this LOB include some of the top OEMs in the automobile industry and their Tier I and Tier II vendors which are also large corporations. (Refer to page 7 for detailed explanation on AE)
2. **Semiconductor solutions group:** This group is also part of the ATS practice. Under this LOB, KPIT works with some of the top semiconductor companies of the world in their chip design, verification and testing. Chips are increasing becoming embedded in all day to day equipment and the market for chips and their applications is increasing. KPIT's expertise is in the chips for the automobile industry and jointly work with chip manufacturers in that segment.
3. **Business Intelligence:** Set up as a new LOB, especially after the acquisition of SolvCentral.com, this LOB is one of the future growth areas. Services offered in this area help customers to customize their huge data analysis process. The company works with leading business intelligence (BI) software vendors as well as end customers in areas such as customization of portal and dashboards, data modelling, data mart creation and deployment.
4. **Global Business Solutions:** This is the BPO arm of KPIT, constituted as a wholly owned subsidiary. GBS is one of the growth areas for the future with the expected convergence of BPO and IT services in the industry. This LOB offers (i) skills and rule based services e.g. transaction processing, finance & accounting, HR processing etc. (ii) technology based services e.g. technical help desk solutions, and (iii) knowledge based solutions such as Sarbanes Oxley (SOX) solutions, data analytics etc.

5. Manufacturing: One of the focus verticals constituting a major portion of KPIT's revenue, services under this LOB include IT strategy consulting, product life cycle management (PLM) services, supply chain solutions, ERP implementation in addition to application development and maintenance services.
6. Diversified Financial Services: The second of KPIT's focus verticals, revenues from this area have so far remained a small percentage of total revenues. However, the company has good relationships with some of the leading global banks to whom it provides application development & support solutions, migration solutions etc.

Auto electronics, Semiconductor solutions, Business Intelligence and GBS are the areas of strength and future growth drivers. With the reorganization as independent profit centres, the company has further empowered the respective LOB heads to independently drive growth and profitability of their respective LOBs.

## WHY AUTOMOTIVE ELECTRONICS?

We find Auto Electronics most exciting among KPIT's high value drivers.

KPIT has forayed into the emerging market for embedded technologies in the automotive space. This foray is part of the company's strategy to grow beyond its traditional verticals of manufacturing, and BFSI sectors which account for more than 95 percent of its revenues.

The global automotive electronics market was valued at \$26.9 billion in 2002. It is expected to reach \$35.4 billion by 2007, according to a recent report published by Reed Electronics Research.

Even though the market for automotive electronics is huge, there are not many Indian players that work on embedded applications for the automotive segment. KPIT's domain knowledge in the embedded automotive space comes from Cummins, a company it merged with in 1999. Embedded systems are used in almost every part of an automobile. With government regulations being introduced to improve passenger safety, automotive manufacturers are relying upon embedded software to meet their requirements.

The migration of electronics into the volume-driven segments of the market will be a key driver for automotive electronic systems. The coming years will also see the emergence of new products and applications, such as advanced lighting, night-vision and car-interior comfort systems. The domestic market has potential and global majors such as General Motors, Robert Bosch, Visteon Corporation and Delphi Systems are here to test the waters. KPIT Cummins wants to play in lucrative areas such as engine management, engine control modules, power consumption, in-vehicle infotainment, navigation (GPS) and telematics.

KPIT offers end-to-end product lifecycle engineering services with specialisation in engine controls, communication protocols and remote monitoring technologies to clients in Japan, Germany and in the US. The company has registered a 20 percent revenue growth in this segment. The company is also working with academic institutions such as the IIT and IIT to form informal groups and evolve standards for automotive electronics to address the Indian market.

With electronics contributing to at least 20 % of a vehicle's systems, today's cars could very well be described as software-defined systems. Luxury cars have anywhere between 40 to 70 different electronic control modules along with their sensors and actuators and all these control modules need to exchange information with each other.

The trend is clear- automobiles in the future will make significant use of electronics and associated mechatronic systems and information-driven software. High performance computing has played a critical role in reviving the US automotive industry, affecting virtually every facet of its work, from enhancing product quality and reliability, to streamlining designs, improving vehicular safety and boosting fuel efficiency, while reducing production cost and shortening development time. The same is about to happen in India as well.

Recently Tata Auto Comp Systems Ltd. has entered into a joint venture with Sasken Communication Technologies Ltd. to design and develop electronic products.

### MANAGING IN-VEHICLE NETWORKS

A number of software vendors are providing in-vehicle solutions to automobile manufacturers. KPIT Cummins Infosystems which has recently tied up with CG-Smith Software to provide several complimentary practices for automotive electronics such as Body Electronics, Vehicle Networks, Chassis / Safety, Driver Information Systems and Audio systems. In addition it brings several customer relationships, product IPs, capabilities and scale in this vertical.

KPIT has developed four products and related tools for managing In-Vehicle networks. The in-vehicle solutions connect various Electronic Control Units (ECU) and are critical in providing additional functionality in a vehicle. The in-vehicle network products based help automakers reduce the development time and cost substantially. The products are used for communication, network management, diagnostics, downloading and re-flashing embedded software in the Electronic Control Units. The IP for these products is with KPIT and KPIT sells the product licenses as well as services built around these products.

### CHANGING TRENDS

New emission norms, safety requirements, increasing adoption of microcontrollers in the two wheeler segment will drive the use of semiconductors and embedded solutions in the automotive sector.

### VALUATION

- o KPIT has grown from over \$10 mn in FY02 to ~\$100 mn in FY07- a ten fold rise in just five years. In its 2010 target of US\$250m, management expects PAT margins to improve to 16% (from ~11.5% in FY07e).
- o We believe KPIT Cummins is set to become one of the top offshore vendors in auto electronics and semiconductor design. KPIT trades at 14.1x FY08e EPS and 10.4x FY09e EPS. With 34% revenue CAGR and 45% earnings CAGR over FY07-10e, we believe current valuations do not factor in KPIT's growth potential. **We recommend a Buy with a 1-yr price target of Rs.193.**

RELATIVE COMPARISON						(Rs. In Cr)
TTM*	Hexaware	iGate	Infotech	Rolta	KPIT	Average
Sales	412.7	805	313.24	532.37	423.5	-
PAT	118.7	49.8	54.75	155	46.7	-
EPS	8.99	15.75	11.93	19.39	6.27	-
CMP (11/4/07)	165	385	358	335	135	-
P/E	18.3	24.4	30.0	17.27	21.5	22.3
P/S	5.28	1.51	5.24	5.03	2.37	3.9

TTM-Trailing 12 months



### Financial Performance during the first nine months of FY07 (Apr-Dec-2006)

(Rs. In Cr)

CONSOLIDATED	9-M	Q3	Q2	Q1
Income from operations	333.4	117.11	114.03	102.26
Total Expenditure	282.44	99.26	96.15	87.03
PBIDT	50.96	17.85	17.88	15.23
PBT	39.79	13.97	14.14	11.68
Reported Profit After Tax	36.27	13.53	12.37	10.37
Minority Interest After NP	-0.15	-0.19	0.02	0.02
Net Profit after Minority Interest	36.42	13.72	12.35	10.35
EPS Rs. (FV 2/-)	9.78	3.68	3.32	2.84
Equity (Pre-Bonus 1:1)	7.45	7.45	7.44	7.28
Margins				
EBIDTA	15.3%	15.2%	15.7%	14.9%
PBT	11.9%	11.9%	12.4%	11.4%
PAT	10.9%	11.7%	10.8%	10.1%

P&L ACCOUNT -CONSOLIDATED	MAR-04	MAR-05	MAR-06	MAR-07E
Operating Income	126.99	252.45	318.21	447.5
Other Income	0.22	1.12	1.38	0.27
Total Income	<b>127.2</b>	<b>253.6</b>	<b>319.6</b>	<b>447.8</b>
Operating Expenses	44.6	103.7	114.3	159.3
Employee Cost	30.2	74.4	104.2	145.3
Power/Electricity Charges	0.8	1.1	2.1	3.1
Selling and Administration Exp.	30.5	37.8	47.4	66.0
Miscellaneous Expenses	1.4	2.5	4.1	5.7
Total Expenditure	<b>107.5</b>	<b>219.4</b>	<b>272.0</b>	<b>379.3</b>
Operating Profit	<b>19.5</b>	<b>33.0</b>	<b>46.2</b>	<b>68.2</b>
Interest	1.8	1.2	3.3	3.7
Gross Profit	17.9	32.9	44.3	64.5
Depreciation	2.9	3.2	8.4	11.6
Profit Before Tax	<b>15.0</b>	<b>29.7</b>	<b>35.9</b>	<b>53.2</b>
Tax	0.6	1.4	2.6	4.8
Fringe Benefit Tax	-	-	0.5	-
Deferred Tax	-	(0.1)	0.2	(1.9)
Net Profit after Minority Interest	14.4	28.4	32.6	50.3
Extraordinary Items	(0.0)	0.5	0.0	(0.3)
Adjusted Net Profit	<b>14.46</b>	<b>27.90</b>	<b>32.55</b>	<b>50.63</b>
				14.91
EPS Rs. (F.V.Rs.2/-)	<b>5.87</b>	<b>7.04</b>	<b>4.47 *</b>	6.79

\* Adjusted to 1:1 bonus and stock split from Rs.5/- to Rs.2/-

BALANCE SHEET - CONSOLIDATED	MAR-04	MAR-05	MAR-06	MAR-07E
<b>SOURCES OF FUNDS :</b>				
Share Capital	5.87	7.04	7.28	14.9
Reserves Total	29.91	94.62	131.9	177.9
Total Shareholders Funds	35.78	101.66	139.18	192.8
Minority Interest	0	0	0.44	0.44
Secured Loans	26.61	36.02	83.58	115
Unsecured Loans	0	0.94	3.93	7.39
Total Debt	26.61	36.96	87.51	122.39
Total Liabilities	62.39	138.62	227.13	315.64
<b>APPLICATION OF FUNDS :</b>				
Gross Block	21.4	61.35	86.3	112.63
Less: Accumulated Depreciation	7.46	10.93	19.02	31.02
Less: Impairment of Assets				
Net Block	13.94	50.42	67.28	81.61
Lease Adjustment	0	0	0	0
Capital Work in Progress	2.69	3.33	28.06	30.23
Investments	0.01	0.01	0.01	0.01
Total Current Assets	61.69	117.32	172.13	272.71
Sundry Debtors	37.22	50.05	86.77	112.6
Cash and Bank	18.64	54.62	41.14	72.59
Loans and Advances	5.83	12.65	44.22	87.48
Total Current Liabilities	15.3	31.9	39.6	68.2
Current Liabilities	11.05	24.97	31.47	52.29
Provisions	4.24	6.94	8.13	15.89
Net Current Assets	46.40	85.41	132.53	204.53
Miscellaneous Expenses not written off	-	-	0.02	0.02
Deferred Tax Assets	-	-	-	-
Deferred Tax Liabilities	-	-	-	-
Net Deferred Tax	(0.65)	(0.55)	(0.77)	(0.77)
Total Assets	62.39	138.62	227.13	315.64
Contingent Liabilities	2.8	2.5	3.0	3.0

KEY RATIOS	MAR-04	MAR-05	MAR-06	MAR-07E
Current Ratio	4.0	3.7	4.3	4.0
Fixed Assets Turnover Ratio	5.9	4.1	3.7	4.0
Debtors Turnover Ratio	3.4	5.1	3.7	4.0
Interest Cover Ratio	10.7	26.6	14.0	18.4
PBIDTM (%)	15.4	13.0	14.5	15.2
PBITM (%)	13.1	11.8	11.8	12.6
PBDTM (%)	14.1	13.0	13.9	14.4
CPM (%)	13.6	12.3	12.8	13.9
APATM (%)	11.4	11.0	10.2	11.3
ROCE (%)	26.7	29.7	20.7	20.9
RONW (%)	40.4	40.6	27.0	30.5

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