

Conference Highlights

26 August 2009

Alphas galore!

Our two-day 'Focus India' conference (20-21 August 2009) brought together 32 companies and 170 institutional investors, facilitating over 600 meetings – an average of about 20 meetings per company! We were pleasantly surprised with the overwhelming response - the common refrain from the participants was that the selection of companies offered them with a number of alpha-generating ideas. We saw a clear preference for mid-small-caps at the conference, which may indicate that fund managers are still not defensive and preference for taking on more risk in portfolios continues – a bullish sentiment indicator!?

- **Clear preference for mid/small-cap names:** Demand for companies seemed to be inversely proportional to the market capitalization. We saw tremendous enthusiasm for companies with market cap between \$100 mn and \$500 mn – implying fund houses are still hunting for new ideas. Demand for large cap companies (over \$1bn), although still good, was somewhat lesser enthusiastic.
- **Domestically focused sectors in demand:** Sectors such as consumer, media, infrastructure, education and banks were clear favorites. Pharma was the only exception where interest was high, evident from the response towards Ipca and Aurobindo, which also derive a large proportion of sales locally.
- **Stock ideas that emerged as clear favorites:** Based on signals from enthusiastic investor response and active note-taking from our research team, the ideas that stood out included Aurobindo (ARBP IN), Everonn (ESIL IN), ICSA (AURFI IN), IPCA Labs (IPCA IN), Provogue (PROV IN), Godrej Consumer (GCPL IN), Federal Bank (FB IN), Entertainment Network (ENIL IN), MIC Electronics (MICE IN), South Indian Bank (SIB IN), JK Tyre (JKI IN), Harrisons Malayalam (HM IN), SREI Infrastructure (SREI IN) and Triveni (TRE IN). Please look inside for post-conference notes on these and other companies that participated.

Focus India Conference

20-21 August 2009

Trident, Mumbai

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Company	Rating	Target Price	CMP**	M Cap (Rsbn)	P/E (x)		
					FY09	FY10E	FY11E
Aurobindo Pharma	Buy	806	696	37.4	13.2	8.5	7.5
Bank of India	Hold	339	306	160.7	5.3	6.0	5.4
ENIL	Hold	212	208	9.9	NA	111.8	18.0
Everonn System	Buy	535	350	5.3	24.0	13.1	10.3
Federal Bank	Buy	284	218	37.2	7.4	7.8	7.0
HT Media	Hold	113	107	25.3	2,791.5	25.6	18.1
IDEA Cellular	Hold	74	83	256.7	30.4	24.5	21.5
Ipca Labs	Buy	721	617	15.5	10.0	8.1	6.8
JK Tyre & Industries	Hold	83	90	3.7	18.2	5.3	2.8
Kotak Mahindra Bank	Sell	387	720	249.5	90.1	81.8	66.3
Mahindra & Mahindra	Buy	1,000	801	223.2	21.3	17.2	15.8
South Indian Bank	Buy	132	114	12.9	6.6	6.1	5.1
Triveni Engineering	Buy	67	107	27.7	24.7	14.6	10.3
Union Bank	Hold	229	209	105.6	6.1	6.4	5.4

Company	CMP**	M Cap (Rsbn)	P/E (x)	
			FY08	FY09
Aditya Birla Nuvo	968	92.0	3.9	6.9
Andhra Bank	89	43.1	8.0	7.0
Deepak Fertilisers	80	7.0	7.4	4.8
Dolphin Offshore	229	3.1	14.4	7.5
Elder Pharma	281	5.3	8.2	10.2
Financial Technology	1,431	65.7	60.8	7.4
Geodesic	126	11.7	7.8	4.3
Godrej Consumer Products	218	56.4	30.9	31.9
Harrisons Malayalam	103	1.9	25.3	31.5
ICSA India	174	8.2	6.9	-
Lakshmi Energy and Foods	89	5.6	5.3	-
Marg Ltd	119	3.0	10.2	-
MIC Electronics	52	5.2	7.2	-
Plethico Pharmaceuticals*	184	6.3	4.6	3.7
Pratibha Industries	173	2.9	8.4	6.8
Provogue India	58	5.9	21.7	-
Srei Infrastructure Finance	63	7.3	6.9	-
Tata Communications	498	142.0	802.4	152.8

Note: *P/E is for CY07 & CY08; CY07 is for 18 months; **Price as on 21 Aug 2009

Source: Company, Centrum Research Estimate

Company	Invitee
Aditya Birla Nuvo	Manoj Kedia - Dy. CFO
Andhra Bank	Anil Girotra – Executive Director
Aurobindo Pharma	Sudhir Singhi - CFO Tathagato Roychoudhary - IR
Bank of India	A A Badshah, General Manager, Treasury S K Dutta, Dy General Manager, Credit Monitoring Ravi Kumar, Dy General Manager, Comptrollers Department
Deepak Fertilisers	N. D. Joshi – CFO
Dolphin Offshore	Satpal Singh - MD & CEO Navpreet Singh – Jt. MD
Elder Pharma	Alok Saxena - Director
ENIL	N. Subramanian - CFO Dalpat Jain – Business Analyst
Everonn System	A. V. Sridhar – CFO
Federal Bank	P C John - CFO
Financial Technologies	Vaishali Kariya - Sr. VP - IR Mayura Kulkarni – Asst. Manager- IR
Geodesic	Kiran Kulkarni – Managing Director
Godrej Consumer Products	Hoshedar Press - Vice Chairman
Harrisons Malayalam	Pankaj Kapoor - Managing Director B L Chandak - Group CFO
HT Media	Prateek Chandra – AVP (Strategy)
ICSA India	Bala Reddy – CMD
IDEA Cellular	Vinu Vergese - VP - Finance Pradeep Agrawal - GM - Finance
Ipca Labs	A.K. Jain - Executive Director Harish Kamat -VP- Legal and CS
JK Tyre & Industries	A. K. Kinra – Finance Director K Manik – GM Finance Ritesh Zaveri – Dy. GM
Kotak Mahindra Bank	Jaimin Bhatt – Group CFO
Lakshmi Energy and Foods	Harwant Singh – Chief Advisor
Mahindra & Mahindra	Sandhya G. Sharma - Sr. GM - Project Finance & IR Rajen Kavadia - Manager- Investor Relations
Marg Construction	G R K Reddy - Managing Director
MIC Electronics	Anil Goyal – Director
Plethico Pharmaceuticals	Shashikant Patel – CMD Sanjay Pai - CFO
Pratibha Industries	T.R. Radhakrishnan – CFO Pankaj Chourasia – Company Secretary
Provogue India	Salil Chaturvedi – Whole Time Director
South Indian Bank	M S Mani– GM
Srei Infrastructure Finance	Bajrang Kumar Choudhary - Senior VP
Tata Communications	Harish Abhichandani – VP Finance
Triveni Engineering	Nikhil Sawhney - Executive Director C N Narayanan - Head Strategy
Union Bank	S K Gupta – Dy. GM

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Aditya Birla Nuvo

Conference Highlights

26 August 2009

Not Rated

CMP: Rs968*

*as on 21 August 2009

No dilution in near-term

Aditya Birla Nuvo (ABNL) is a conglomerate holding company of the Aditya Birla group with exposure to 10 diverse businesses. ABNL is the largest shareholder of Idea Cellular (27% stake), that is separately listed. We believe the company's a presence in myriad unrelated businesses is a significant deterrent to realizing growth potential adequately.

- **Capital needs to be sourced internally:** Aditya Birla Nuvo (ABNL) is committed to funding the capital needs of its various businesses internally. Though the management indicated they would pursue value-unlocking strategies at the appropriate time, the group does not perceive any pressures at the moment or in the near-term to dilute its shareholdings.
- **Financial services businesses gaining momentum:** Under the aegis of Mr Ajay Srinivasan, ABNL's financial services business has grown at a robust pace over the last 18 months. While regulatory changes would likely impact margins of both the asset management and insurance business, the management believes they would have a long-term positive impact and facilitate the much-needed shakeout of non-serious participants.
- **Insulator and fertilizer businesses could throw up positive surprises:** The group views the insulator business as a profitable niche business and believes a gradual scale-up may result in significant positive surprise over the ensuing 18-24 months. The fertilizers business, despite not being a focus business at present, may emerge as the dark horse if a policy change involving payment of subsidies directly to farmers is effected.
- **Branded garments business may be turning the corner:** The management conceded that the garments business was among the weaker links. However, the recent pick-up in consumer sentiment augurs well for its strong brands and should enable the company to start reporting profits in the ensuing 18-24 months.

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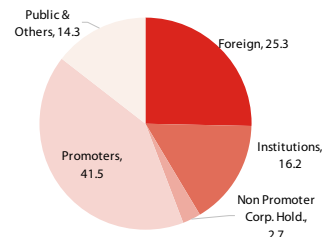
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Key Data

Bloomberg Code	ABNL IN
Reuters Code	ABRL.BO
Current Shares O/S (mn)	95.0
Diluted Shares O/S(mn)	95.0
Mkt Cap (Rsbn/USDbn)	92/1.9
52 Wk H / L (Rs)	1,381/330
Daily Vol. (3M NSE Avg.)	189,994
Face Value (Rs)	10

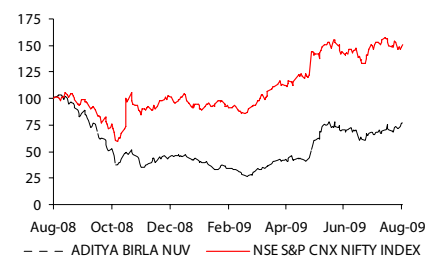
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Aditya Birla Nuvo	16.0	125.2	(24.7)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY06	26,312	-	4,521	16.3	1,881	-	292	10.6	12.1	3.3	22.3
FY07	33,977	29.1	6,268	17.6	2,232	18.6	233	8.4	10.4	4.2	18.1
FY08	39,155	15.2	6,601	16.0	2,370	6.2	246	7.0	8.2	3.9	17.0
FY09	47,542	21.4	6,189	12.5	1,335	(43.7)	140	3.6	5.9	6.9	20.9

Source: Company, Centrum Research

Financials

Exhibit 1: Income Statement

Y/E Mar (Rsmn)	FY06	FY07	FY08	FY09
Income				
Sales Turnover	27,718	35,548	41,283	49,653
Excise Duty	1,406	1,571	2,128	2,111
Net Sales	26,312	33,977	39,155	47,542
Other Income	628	920	960	1,140
Stock Adjustments	436	452	832	179
Total Income	27,375	35,349	40,947	48,861
Expenditure				
Raw Materials	14,038	17,829	20,618	25,647
Power & Fuel Cost	1,876	3,338	3,570	5,374
Employee Cost	1,626	1,840	2,449	2,739
Other Manufacturing Expenses	2,185	2,490	3,034	3,153
Selling and Administration Expenses	2,432	2,861	3,590	4,658
Miscellaneous Expenses	696	724	1,085	1,101
Less: Pre-operative Expenses Capitalised	0	0	0	0
Total Expenditure	22,854	29,081	34,345	42,672
Operating Profit	4,521	6,268	6,601	6,189
Interest	686	1,954	2,045	2,906
Gross Profit	3,836	4,314	4,557	3,283
Depreciation	1,118	1,203	1,411	1,660
Profit Before Tax	2,718	3,111	3,146	1,623
Tax	875	676	424	418
Fringe Benefit tax	43	34	39	41
Deferred Tax	(69)	152	252	(211)
Reported Net Profit	1,869	2,250	2,431	1,374
Extraordinary Items	(12)	18	61	40
Adjusted Net Profit	1,881	2,232	2,370	1,335
Adjst. below Net Profit	2,626	0	0	0
P & L Balance brought forward	3,236	5	169	211
Appropriations	7,726	2,085	2,389	725
P & L Balance carried down	5	169	211	860
Dividend	418	513	546	380
Equity Dividend %	500	550	575	400
Earnings Per Share-Unit Curr	302	233	246	140
Earnings Per Share(Adj)-Unit Curr	292	233	246	140
Book Value-Unit Curr	3,647	3,349	3,838	3,941

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E Mar (Rsmn)	FY06	FY07	FY08	FY09
Share Capital	835	933	950	950
Reserves Total	21,241	30,312	35,513	36,492
Total Shareholders Funds	22,076	31,246	36,463	37,443
Secured Loans	10,842	20,716	18,567	22,171
Unsecured Loans	4,794	7,602	8,867	22,821
Total Debt	15,636	28,318	27,434	44,992
Total Liabilities	37,712	59,564	63,898	82,435
Gross Block	24,618	26,532	31,118	32,902
Less : Accumulated Depreciation	14,487	15,489	16,809	18,140
Net Block	10,131	11,043	14,309	14,762
Capital Work in Progress	1,225	2,039	707	1,288
Investments	16,758	38,494	40,073	57,124
Inventories	5,263	4,753	7,766	7,476
Sundry Debtors	4,154	5,960	7,532	8,872
Cash and Bank	203	227	972	898
Loans and Advances	6,642	3,323	5,242	5,326
Total Current Assets	16,263	14,263	21,511	22,572
Current Liabilities	4,247	3,937	5,590	6,770
Provisions	739	597	1,335	964
Total Current Liabilities	4,987	4,534	6,925	7,734
Net Current Assets	11,276	9,729	14,586	14,838
Deferred Tax Assets	152	261	248	251
Deferred Tax Liability	1,829	2,002	2,251	2,054
Net Deferred Tax	(1,677)	(1,741)	(2,003)	(1,802)
Total Assets	37,712	59,564	63,898	82,435
Contingent Liabilities	5,039	3,311	7,408	9,223

Source: Company, Centrum Research

Exhibit 3: Key Ratios

Y/E Mar	FY06	FY07	FY08	FY09
Key Ratios				
Debt-Equity Ratio	0.6	0.8	0.8	0.9
Long Term Debt-Equity Ratio	0.3	0.4	0.4	0.3
Current Ratio	1.2	0.8	0.8	0.7
Turnover Ratios				
Fixed Assets	1.4	1.4	1.4	1.6
Inventory	6.3	7.1	6.6	6.5
Debtors	8.2	7.0	6.1	6.1
Interest Cover Ratio	5.0	2.6	2.5	1.6
PBIDTM (%)	16.3	17.6	16.0	12.5
PBITM (%)	12.3	14.3	12.6	9.1
PBDTM (%)	13.8	12.1	11.0	6.6
CPM (%)	10.8	9.7	9.3	6.1
APATM (%)	6.7	6.3	5.9	2.8
ROCE (%)	12.1	10.4	8.2	5.9
RONW (%)	10.6	8.5	6.8	3.4

Source: Company, Centrum Research

Andhra Bank

Conference Highlights

26 August 2009

Not Rated

CMP: Rs89*

*as on 21 August 2009

Steady operator

Andhra Bank plans to grow its business to Rs130,000bn by end FY10 and Rs150,000bn by Q2FY11 (implying 22% growth in deposits and 27% growth in advances).

- **Focus on savings and retail term deposits:** (through recurring deposits) which we believe should help the bank achieve its deposit target. On advances, it focusing on retail segment and expects 30% growth. However, we believe there would be some disappointment here as the bank's CD ratio is already at 74%.
- **NIMs ~ 3% by end FY10:** The bank expects re-pricing of deposits would continue and offset the fall in loan yields going forward. It has also shifted its loan mix from low-rate high volume lending to oil companies to more accretive businesses in retail and SME. On liabilities, the bank plans to boost CASA ratio from 31% to 34%
- **CASA target looks tough:** Positive for margins and we believe the directional shift is appropriate and would help improve margins. However, the CASA target looks difficult based on past track record though we believe the much-improved technology platform and thrust should drive upward traction here.
- **NPAs under control:** The bank has over the past five years demonstrated very low impairment of assets with gross NPAs below 1% for almost three years in succession. Agri- gross NPAs stood at 0.29% and the management does not believe they would surge owing to drought fears.
- **Number of accounts restructured a concern:** Despite the bold guidance, potential for some slippage is real and is indicated by the restructuring asset number which stood at ~4.5% of loans. We are concerned somewhat on the number of accounts restructured more than the quantum and believe recoverability will be more tedious. That said, we doubt NPLs would double for them, which is more our view for the industry. We believe this should be a re-rating driver
- **Strong probability of earnings surprise:** We believe there exists a strong probability of earnings surprise and the current valuations are not capturing the same. While, we are not arguing for substantial re-rating, we do believe potential for a 20-25% upside on FY10 BV is realistic.

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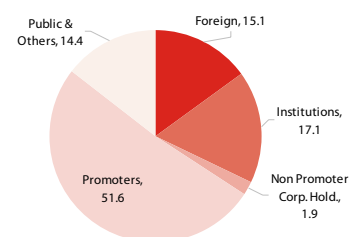
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Key Data

Bloomberg Code	ANDB IN
Reuters Code	ADBK.BO
Current Shares O/S (mn)	485.0
Diluted Shares O/S(mn)	485.0
Mkt Cap (Rsbm/USDmn)	43.1/887.6
52 Wk H / L (Rs)	98/35
Daily Vol. (3M NSE Avg.)	791,117
Face Value (Rs)	10

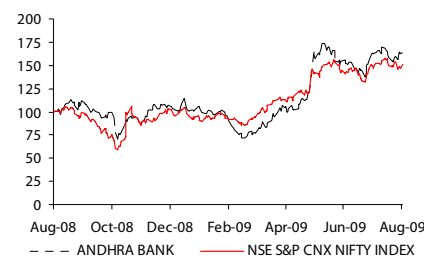
USD = Rs48.6

Shareholding Pattern



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Andhra Bank	0.9	79.5	62.6
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E March (Rsmn)	NII	Non Int Inc	Adj PAT	YoY (%)	EPS (Rs)	P/E (x)	BVPS (Rs)	P/ BV (x)	RoE (%)	RoA (%)
FY06	11,690	4,644	4,851	-	9.5	9.3	60	1.5	16.8	1.3
FY07	14,175	5,864	5,376	10.8	10.5	8.5	65	1.4	17.0	1.2
FY08	13,396	6,453	5,754	7.0	11.2	8.0	67	1.3	17.7	1.1
FY09	16,269	7,822	6,528	13.5	12.7	7.0	75	1.2	17.9	1.0

Source: Company, Centrum Research

Financials

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY06	FY07	FY08	FY09
Interest Earned	26,751	33,153	42,096	53,746
Interest Expended	15,062	18,978	28,700	37,477
Net Interest Income	11,690	14,175	13,396	16,269
Growth(%)		21.3	(5.5)	21.5
Non Interest Income	4,644	5,864	6,453	7,822
Growth(%)		26.3	10.0	21.2
Net income	16,334	20,039	19,848	24,091
Growth(%)		22.7	(1.0)	21.4
Operating Expenses	7,513	8,201	7,911	9,717
Growth(%)		9.2	(3.5)	22.8
- Employee expenses	4,929	5,488	5,094	6,241
- Other operating exp.	2,584	2,713	2,817	3,476
Pre-Prov Profits	8,821	11,839	11,937	14,375
Provisions & Contingencies	3,246	3,990	2,761	5,394
Profit Before Tax	5,574	7,849	9,176	8,981
Taxes	719	2,470	3,420	2,450
Effective tax rate(%)				
PAT before extra-ordinary items	4,855	5,379	5,756	6,531
Growth(%)		10.8	7.0	13.5
Extra-ordinary items	4	3	2	2
PAT after extra-ordinary items	4,851	5,376	5,754	6,528

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY06	FY07	FY08	FY09
Cash and balance with RBI	38,607	29,491	49,017	48,533
Inter bank borrowings	12,787	10,751	7,926	4,342
Loans	221,004	278,891	342,384	441,393
Investments	114,442	143,007	148,982	169,111
Total interest earning assets	386,840	462,140	548,309	663,379
Fixed Assets	1,928	1,924	2,195	3,353
Other Assets	17,966	11,516	15,739	17,960
Total Assets	406,733	475,579	566,243	684,692
Deposits	339,224	414,540	494,366	593,900
Other Int. bearing liabil.	7,585	7,335	5,905	13,112
Total interest bearing liab	346,809	421,876	500,271	607,013
Other non-int. bearing liab	30,984	22,141	33,480	41,210
Total Liabilities	377,793	444,016	533,751	648,222
Capital	4,850	4,850	4,850	4,850
Reserve and Surplus	24,089	26,713	27,643	31,620
Equity	28,939	31,563	32,493	36,470
Total Liabilities & equity	406,733	475,579	566,243	684,692

Source: Company, Centrum Research

Exhibit 3: Key Ratios

Y/E March	FY06	FY07	FY08	FY09
Balance Sheet Structure Ratios (%)				
Loans/Deposits	65.1	67.3	69.3	74.3
Investments / Deposits	33.7	34.5	30.1	28.5
CASA Ratio				
Loan Growth		26.2	22.8	28.9
Deposit Growth		22.2	19.3	20.1
Operating Ratios (%)				
NIM	3.6	3.6	2.9	2.9
Non-interest income/Net income	28.4	29.3	32.5	32.5
Employee Costs as % of Total Op Costs	65.6	66.9	64.4	64.2
Cost/Income	46.0	40.9	39.9	40.3
Operating cost growth	0.2	9.2	(3.5)	22.8
Total provi as % of avg. loans	1.6	1.6	0.9	1.4
Credit Quality Ratios (%)				
Net NPA	0.2	0.2	0.2	0.2
Capital Adequacy Ratios (%)				
Total CAR	14.0	11.3	11.6	12.4
Tier 1 CAR	12.2	10.0	8.5	8.1
Profitability Ratios (%)				
RoAE	16.8	17.0	17.7	17.9
RoAA	1.3	1.2	1.1	1.0
Valuations Ratios				
BVPS (Rs)	59.7	65.1	67.0	75.2
Price/BV (x)	1.5	1.4	1.3	1.2
EPS (Rs)	9.5	10.5	11.2	12.7
P/E (x)	9.3	8.5	8.0	7.0

Source: Company, Centrum Research

Aurobindo Pharma

Conference Highlights

26 August 2009

Buy

Target Price: Rs806

CMP: Rs696*

Upside: 16%

*as on 21 August 2009

Poised for sustainable growth

The management reinforced our view of strong growth visibility over the next 3-4 year, along with margin expansion. The in-licensing deal with Pfizer in March 2009 came as a major shot in the arm for the company. We believe other similar deals would be finalized in FY10, which would provide the company additional growth visibility.

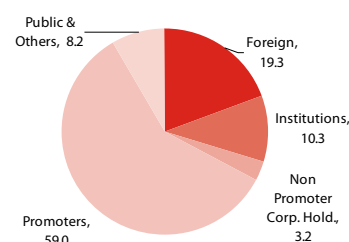
- **Peak revenues from Pfizer deal estimated at US\$500mn per year:** The Pfizer deal includes supply contracts for the US (58 products), France (59), Rest of Europe (41) and Rest of World (60) and dossier licensing income from these contracts would accrue till FY11E. The peak revenue from supply contracts with Pfizer may go up to US\$500mn per year by FY13.
- **Acquired injectables facility:** Aurobindo recently acquired an injectables facility from Trident Life Sciences for a total amount of Rs1.34bn at book value, including cash out flow of Rs380mn and debt of Rs960mn. The facility is expected to commercialize from April 2011.
- **Hyderabad SEZ facility to commence operations in April 2010:** One manufacturing facility at Hyderabad SEZ is expected to start from April 2010 and high-value products from other facilities would be transferred to this site.
- **ARV business to grow 20-25% annually:** The anti-retrovirals (ARV) business is expected to grow at 20-25% annually. However, the focus would be lower on this business and generic formulations would be priority.
- **Attractive valuations:** We expect revenue and adjusted PAT CAGR of 19.1% and 38.2% respectively for FY09-11E. The stock is currently trading at 8.5x FY10E and 7.5x FY11E earnings. We maintain Buy with price target of Rs806 per share.

Key Data

Bloomberg Code	ARBP IN
Reuters Code	ARBN.BO
Current Shares O/S (mn)	53.8
Diluted Shares O/S(mn)	53.8
Mkt Cap (Rsbn/USDmn)	37.4/770.4
52 Wk H / L (Rs)	702/101
Daily Vol. (3M NSE Avg.)	228,831
Face Value (Rs)	5

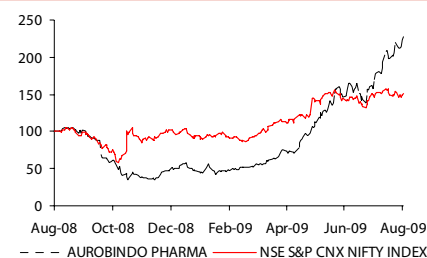
USD = Rs48.6

Shareholding Pattern



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Aurobindo	34.2	382.5	127.7
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

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Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	ROE(%)	ROCE (%)	P/E (x)	EV/EBITDA (x)
FY07	21,362	33.8	3,155	14.8	1,906	282.6	29.5	22.4	8.9	19.5	16.5
FY08	24,465	14.5	3,521	14.4	1,819	(4.6)	28.1	18.1	7.1	20.6	15.1
FY09E	31,243	27.7	5,732	18.3	2,840	56.1	43.9	24.4	10.5	13.2	10.3
FY10E	38,979	24.8	7,917	20.3	4,401	54.9	68.1	31.4	14.2	8.5	7.4
FY11E	44,333	13.7	9,300	21.0	5,425	23.3	83.9	27.3	15.1	7.5	6.0

Source: Company, Centrum Research Estimate

Financials

Exhibit 1: Income Statement

Y/E Mar (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Revenues	21,362	24,465	31,243	38,979	44,333
<i>Growth in revenues (%)</i>	33.8	14.5	27.7	24.8	13.7
Raw materials	12,216	13,514	16,283	19,601	22,216
<i>% of Sales</i>	57.2	55.2	52.1	50.3	50.1
Personnel expenses	1,504	1,930	2,435	3,173	3,631
<i>% of Sales</i>	7.0	7.9	7.8	8.1	8.2
Selling and other expenses	4,487	5,500	6,793	8,288	9,185
<i>% of Sales</i>	21.0	22.5	21.7	21.3	20.7
EBITDA	3,155	3,521	5,732	7,917	9,300
<i>EBITDA Margin</i>	14.8	14.4	18.3	20.3	21.0
Depreciation	997	1,004	1,221	1,424	1,541
PBIT	2,157	2,517	4,510	6,493	7,759
Interest expenses	454	432	811	1,049	1,049
PBIT from operations	1,704	2,084	3,700	5,445	6,711
Other income	233	140	159	56	70
PBT before extra-ordinary items	1,937	2,224	3,859	5,501	6,781
Extra-ordinary income/ (expenses)	127	693	(2,547)	-	-
PBT	2,064	2,917	1,312	5,501	6,781
Provision for tax	21	536	346	1,100	1,356
<i>Effective tax rate</i>	1.0	18.4	26.4	20.0	20.0
PAT	2,043	2,381	966	4,401	5,425
Minority Interest	11	(3)	-	-	-
PAT after minority interest	2,032	2,385	966	4,401	5,425
Adjusted PAT	1,906	1,819	2,840	4,401	5,425
<i>Growth in PAT (%)</i>	282.6	(4.6)	56.1	54.9	23.3
<i>PAT margin</i>	8.9	7.4	9.1	11.3	12.2

Source: Company, Centrum Research Estimate

Exhibit 2: Balance Sheet

Y/E Mar (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Share Capital	267	269	269	269	291
Reserves	8,593	10,971	11,744	15,784	23,459
Shareholders' fund	8,860	11,240	12,012	16,053	23,751
Minority Interest	35	32	32	32	32
Debt	20,781	18,470	22,111	22,111	19,394
Deferred Tax Liability	682	732	792	792	792
Total Capital Employed	30,359	30,475	34,947	38,987	43,968
Gross Block	14,681	17,180	21,525	24,125	25,125
Accumulated depreciation	3,155	4,177	5,398	6,822	8,363
Net Block	11,526	13,003	16,127	17,304	16,763
Capital WIP	2,187	2,146	1,800	1,200	700
Total Fixed Assets	13,713	15,149	17,927	18,504	17,463
Investments	3	604	604	604	604
Inventories	6,544	7,950	9,086	11,063	12,477
Debtors	6,261	6,650	9,751	11,251	12,875
Cash and bank balances	5,825	2,826	343	725	4,088
Loans and Advances	2,719	3,165	3,836	4,829	5,526
Total current assets	21,349	20,591	23,016	27,869	34,967
Current liabilities and provisions	4,706	5,869	6,600	7,989	9,066
Net current assets	16,643	14,722	16,416	19,880	25,901
Misc. Expenditure	-	-	-	-	-
Total Assets	30,359	30,475	34,947	38,987	43,968

Source: Company, Centrum Research Estimate

Exhibit 3: Cash flow

Y/E Mar (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Cash flow from operating activities					
Profit before tax	2,064	2,917	1,312	5,501	6,781
Depreciation	997	1,004	1,221	1,424	1,541
Interest expenses	454	432	811	1,049	1,049
Operating profit before wc change	3,515	4,354	3,344	7,973	9,370
Working capital adjustment	(2,546)	(1,078)	(4,177)	(3,082)	(2,658)
Gross cash generated from operations	969	3,276	(833)	4,891	6,712
Direct taxes paid	(62)	(484)	(254)	(1,100)	(1,356)
Cash generated from operations	907	2,792	(1,086)	3,791	5,356
Cash flow from investing					
Capex	(1,810)	(2,457)	(4,000)	(2,000)	(500)
Investment	0	(602)	-	-	-
Cash generated from investment	(1,809)	(3,059)	(4,000)	(2,000)	(500)
Cash flow from financing					
Proceeds from sh. cap. & premium	-	-	-	-	-
Borrowings/ (Repayments)	7,051	(2,311)	3,641	-	-
Interest paid	(454)	(432)	(811)	(1,049)	(1,049)
Dividend paid	(156)	(206)	(227)	(360)	(444)
Cash generated from financing	6,441	(2,949)	2,603	(1,409)	(1,493)
Net cash increase/ (decrease)	5,539	(3,216)	(2,483)	382	3,363

Source: Company, Centrum Research Estimate

Exhibit 4: Key Ratios

Y/E Mar (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Margin Ratios (%)					
EBITDA Margin	14.8	14.4	18.3	20.3	21.0
PBIT Margin	10.1	10.3	14.4	16.7	17.5
PBT Margin	9.7	11.9	4.2	14.1	15.3
PAT Margin	8.9	7.4	9.1	11.3	12.2
Return Ratios (%)					
ROCE	8.9	7.1	10.5	14.2	15.1
ROIC	10.0	7.5	10.6	14.3	15.9
ROE	22.4	18.1	24.4	31.4	27.3
Turnover Ratios					
Asset turnover ratio (x)	0.8	0.8	1.0	1.1	1.1
Working capital cycle (days)	96	104	106	102	103
Average collection period (days)	104	97	101	103	103
Average payment period (days)	121	119	117	119	122
Inventory holding (days)	113	126	122	118	123
Per share (Rs)					
Basic EPS	35.7	33.8	52.8	81.9	93.2
Fully diluted EPS	29.5	28.1	43.9	68.1	83.9
CEPS	44.9	43.7	62.8	90.1	107.8
Book Value	166.1	209.1	223.4	298.6	408.0
Solvency ratios					
Debt/ Equity	2.3	1.6	1.8	1.4	0.8
Interest coverage	4.8	5.8	5.6	6.2	7.4
Valuation parameters (x)					
P/E (Basic)	19.5	20.6	13.2	8.5	7.5
P/BV	4.2	3.3	3.1	2.3	1.7
EV/ EBITDA	16.5	15.1	10.3	7.4	6.0
EV/ Sales	2.4	2.2	1.9	1.5	1.3
M-Cap/ Sales	1.7	1.5	1.2	1.0	0.9

Source: Company, Centrum Research Estimate

Bank of India

Conference Highlights

26 August 2009

Hold

Target Price: Rs339

CMP: Rs306*

Upside: 11%

*as on 21 August 2009

In consolidation phase

Bank of India (BOI) is currently in a consolidation phase and we do not expect any near-term surprises. Earnings momentum is expected to moderate in the near future and the bank is unlikely to record the astronomical growth rates above ~50% registered in the previous 13 quarters.

- **Management positive on credit off-take:** BOI expects its loan book to grow around 22% and deposits by 18-20% in FY10. The management was positive with respect to the credit scenario and expects credit to pick up soon. On the international front, the management expects about 10% growth.
- **NIM target above 3% by end FY10:** The bank expects re-pricing in deposits to continue and aims to achieve NIMs above 3% levels for domestic business and 3% in international business by FY10. We believe the pressure on NIMs would ease in H2FY10 after the 50bp YoY compression in Q1FY10 on re-pricing of liabilities and increased credit off-take in H2FY10.
- **Asset quality under control:** The bank has demonstrated relatively better asset quality performance vis-à-vis its peers with gross NPAs at 1.9% and net NPAs at 0.9% levels as the end of Q1. BOI restructured assets to the tune of Rs63bn, which amounts to 5% of total advances as on 30 June 2009 (vs. 8%-10% levels for peers).
- **Focus areas:** The bank intends to focus on improving CASA levels, reducing NPA levels, boost other income and improve credit monitoring in FY10 and FY11. The bank hopes to increase the share of low-cost CASA deposits from 31% to 35% as share of total deposits. The fee-based income in the retail segment is expected to accelerate through insurance products, depository participant and online trading.
- **Valuation triggers missing:** We reiterate our hold rating on the stock valuing the bank at 1.2x FY11E Adj BV to arrive at a target price of Rs339. We believe valuation triggers are missing due to slowing earnings momentum, higher asset quality risks and expected reorientation of strategy by the incoming CMD.

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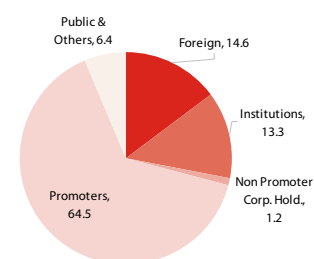
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Key Data

Bloomberg Code	BOI IN
Reuters Code	BOI.BO
Current Shares O/S (mn)	525.2
Diluted Shares O/S(mn)	525.2
Mkt Cap (Rsbn/USDbn)	160.7/3.3
52 Wk H / L (Rs)	368/179
Daily Vol. (3M NSE Avg.)	1,691,334
Face Value (Rs)	10

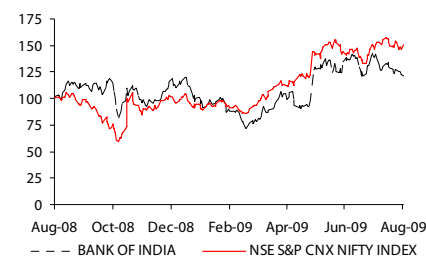
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Bank of India	(13.0)	37.9	18.6
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E March (Rsmn)	NII	Non Int Inc	Adj PAT	YoY (%)	EPS (Rs)	P/E (x)	Adj BV (Rs)	P/Adj BV (x)	RoE (%)	RoA (%)
FY07	34,405	15,630	11,117	60.1	23.0	13.3	101	3.0	21.2	0.9
FY08	42,293	21,169	20,094	78.9	38.3	8.0	157	2.0	27.6	1.3
FY09	54,994	30,519	30,079	49.7	57.2	5.3	200	1.5	30.1	1.5
FY10E	63,047	29,512	26,839	(10.8)	50.9	6.0	231	1.3	21.7	1.1
FY11E	73,118	33,314	30,035	11.9	57.1	5.4	264	1.2	20.1	1.1

Source: Company, Centrum Research Estimate

Financials

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY07	FY08	FY09	FY10E	FY11E
Interest Earned	89,363	123,552	163,474	187,925	217,062
Interest Expended	54,958	81,260	108,480	124,878	143,944
Net Interest Income	34,405	42,293	54,994	63,047	73,118
Growth(%)		22.9	30.0	14.6	16.0
Non Interest Income	15,630	21,169	30,520	29,512	33,314
Growth(%)		35.4	44.2	(3.3)	12.9
- Fee & other income	13,580	17,507	23,060	23,512	26,314
- Profit/loss on sale of inv.	2,049	3,662	7,460	6,000	7,000
Net income	50,034	63,462	85,514	92,559	106,432
Growth(%)		26.8	34.7	8.2	15.0
Operating Expenses	26,084	26,450	30,940	34,894	39,662
Growth(%)		1.4	17.0	12.8	13.7
- Employee expenses	16,140	16,570	19,374	22,175	24,745
- Other operating exp.	9,944	9,880	11,566	12,719	14,917
Pre-Prov Profits	23,950	37,012	54,574	57,665	66,770
Provisions & Contingencies	8,621	10,165	12,924	19,323	23,862
Loan loss provisions	5,269	6,973	6,230	17,835	22,867
Other provisions	3,353	3,192	6,694	1,488	996
Profit Before Tax	15,329	26,847	41,650	38,342	42,907
Taxes	4,097	6,753	11,571	11,502	12,872
Effective tax rate(%)	26.7	25.2	27.8	30.0	30.0
PAT before extra-ord. items	11,232	20,094	30,079	26,839	30,035
Growth(%)		78.9	49.7	(10.8)	11.9
Extra-ordinary items	(115)	(0)	-	-	-
PAT after extra-ord. items	11,117	20,094	30,079	26,839	30,035

Source: Company, Centrum Research Estimate

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY07	FY08	FY09	FY10E	FY11E
Cash and balance with RBI	71,969	117,419	89,153	113,953	134,572
Inter bank borrowings	102,087	59,755	128,460	57,956	68,678
Loans	851,159	1,134,763	1,429,094	1,657,744	1,972,716
Investments	354,928	418,029	526,072	679,866	779,227
Total int. earning assets	1,380,142	1,729,966	2,172,778	2,509,520	2,955,193
Fixed Assets	7,893	24,261	25,319	29,422	31,476
Other Assets	30,435	34,380	56,920	82,033	102,013
Total Assets	1,418,470	1,788,606	2,255,018	2,620,975	3,088,682
Deposits	1,198,817	1,500,120	1,897,085	2,229,069	2,641,447
Other Int. bearing liabil.	113,798	121,184	94,869	176,460	192,616
Total interest bearing liab	1,312,615	1,621,304	1,991,954	2,405,529	2,834,063
Other non-int. bearing liab	46,901	61,408	128,114	61,561	72,561
Total Liabilities	1,359,516	1,682,712	2,120,068	2,467,090	2,906,624
Capital	4,881	5,259	5,259	5,259	5,259
Reserve and Surplus	54,072	100,635	129,690	148,625	176,799
Equity	58,954	105,894	134,949	153,884	182,058
Total Liabilities & equity	1,418,470	1,788,606	2,255,017	2,620,975	3,088,682

Source: Company, Centrum Research Estimate

Exhibit 3: Key Ratios

Y/E March	FY07	FY08	FY09	FY10E	FY11E
Balance Sheet Structure Ratios (%)					
Loans/Deposits	71.0	75.6	75.3	74.4	74.7
Investments / Deposits	29.6	27.9	27.7	27.7	27.7
CASA Ratio	32.2	30.6	26.8	29.0	31.0
Loan Growth	30.6	33.3	25.9	16.0	19.0
Deposit Growth	27.6	25.1	26.5	17.5	18.5
Operating Ratios (%)					
NIM	2.8	2.7	3.1	2.7	2.7
Non-interest income/Net income	31.2	33.4	35.7	31.9	31.3
Employee Costs as % of Total Op Costs	61.9	62.6	62.6	63.5	62.4
Cost/Income	52.1	41.7	36.2	37.7	37.3
Operating cost growth	23.3	1.4	17.0	12.8	13.7
Total provi as % of avg. loans	1.1	1.0	1.0	1.3	1.3
Tax Rate (%)	26.7	25.2	27.8	30.0	30.0
Credit Quality Ratios (%)					
Gross NPA	2.5	1.7	1.7	2.9	3.9
Net NPA	1.0	0.5	0.4	1.0	1.4
Slippage	1.1	1.2	1.6	2.0	2.1
NPL coverage ratio	64.5	75.6	74.6	65.0	63.8
Capital Adequacy Ratios (%)					
Total CAR	11.6	12.0	13.0	12.5	12.5
Tier 1 CAR	6.5	7.7	8.9	8.8	8.9
Profitability Ratios (%)					
RoAE	21.2	27.6	30.1	21.7	20.1
RoAA	0.9	1.3	1.5	1.1	1.1
Valuations Ratios					
BVPS (Rs)	117.7	168.1	212.2	261.3	316.9
Price/BV (x)	2.6	1.8	1.4	1.2	1.0
Adjusted BVPS (Rs)	101.1	156.8	200.2	231.2	264.5
Price/Adj. BV (x)	3.0	2.0	1.5	1.3	1.2
EPS (Rs)	23.0	38.3	57.2	50.9	57.1
P/E (x)	13.3	8.0	5.3	6.0	5.4

Source: Company, Centrum Research Estimate

Deepak Fertilisers

Conference Highlights

26 August 2009

Not Rated

CMP: Rs80*

*as on 21 August 2009

Expanding all the way

Deepak Fertilizers and Petrochemicals (DFPCL) has undertaken huge capacity expansion plans in nitric acid, sulphur and technical ammonium nitrate (TAN) during the year. The company has assured feedstock availability for producing industrial chemicals, given that it acquires natural gas from a 42-km gas pipeline from Uran to its Taloja plant.

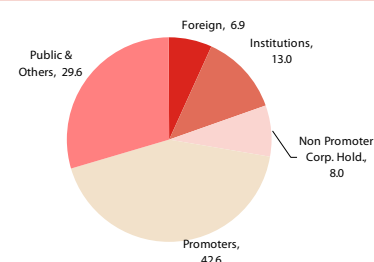
- **Capacity expansion:** DFPCL is in the process of setting-up its fourth Dilute Nitric Acid plant with a capacity of 450 TPD, augmenting its annual capacity to 4,45,500 MTPA. It expects to complete this by August 2009. For the purpose it would incur a cost of Rs1,050mn. It has also expanded its ammonium nitrate capacity by 1.4x to 1,32,000 MTPA in FY09 at a cost of Rs200mn. In addition, it has already installed 3MW steam turbines for power generation.
- **TAN project:** In addition to the above-mentioned expansions, the company intends to enhance its TAN capacity to 3,00,000 MT at about Rs6550mn to exploit emerging opportunities in the mining sector. Detail engineering contractors have been appointed and major equipments have been ordered for the purpose and it expects to complete this project by Nov 2010.
- **Commissioning of Bentonite Sulphur plant at Taloja:** DFPCL set up a new 25,000 MTPA Bentonite Sulphur plant at Taloja during the year at a cost of Rs160mn.

Key Data

Bloomberg Code	DFPC IN
Reuters Code	DPFE.BO
Current Shares O/S (mn)	88.2
Diluted Shares O/S(mn)	88.2
Mkt Cap (Rsbn/USDmn)	7/144.8
52 Wk H / L (Rs)	112/40
Daily Vol. (3M NSE Avg.)	355,499
Face Value (Rs)	10

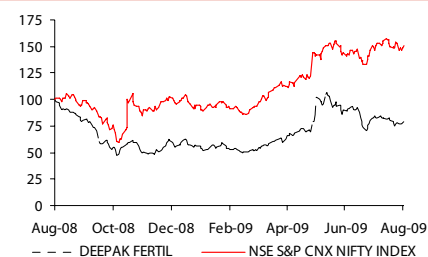
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Deepak Fertilisers	(5.4)	50.6	(18.7)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

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Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY05	5,048	-	1,521	30.1	769	-	9	16.0	19.8	9.3	4.0
FY06	6,145	21.7	1,488	24.2	644	(16.3)	9	11.7	14.8	9.3	6.8
FY07	9,131	48.6	1,786	19.6	932	44.8	10	15.4	16.4	8.0	5.6
FY08	10,578	15.9	2,120	20.0	1,001	7.3	11	15.0	16.7	7.4	5.5
FY09	14,410	36.2	3,046	21.1	1,497	49.5	17	19.8	20.5	4.8	3.0

Source: Company, Centrum Research

Financials

Exhibit 1: Income Statement

Y/E Mar (Rsmn)	FY05	FY06	FY07	FY08	FY09
Revenue	5,048	6,145	9,131	10,578	14,410
YoY growth (%)		21.7	48.6	15.9	36.2
Net raw material	2,425	3,427	5,860	6,746	8,863
% of sales	48.0	55.8	64.2	63.8	61.5
Employees expenses	365	376	422	531	682
% of sales	7.2	6.1	4.6	5.0	4.7
Other manufacturing expenses	554	638	733	894	1,455
% of sales	11.0	10.4	8.0	8.5	10.1
Selling & Distribution expense	183	217	331	288	364
% of sales	3.6	3.5	3.6	2.7	2.5
EBITDA	1,521	1,488	1,786	2,120	3,046
EBITDA Margin	30.1	24.2	19.6	20.0	21.1
Depreciation	311	316	391	447	524
PBIT	1,210	1,172	1,395	1,672	2,522
PBIT margin (%)	24.0	19.1	15.3	15.8	17.5
Interest expenses/(interest income)	87	57	115	159	405
PBT	1,123	1,116	1,280	1,513	2,118
Pre-tax margin	22.3	18.2	14.0	14.3	14.7
Provision for tax	326	318	351	510	631
Effective tax rate	29.0	28.5	27.4	33.7	29.8
PAT-Reported	798	798	929	1,003	1,487
PAT (adjusted)	769	644	932	1,001	1,497
YoY growth (%)		(16.3)	44.8	7.3	49.5
PAT Margin	15.8	13.0	10.2	9.5	10.3

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E Mar (Rsmn)	FY05	FY06	FY07	FY08	FY09
Share capital	882	882	882	882	882
Reserves	4,361	4,855	5,473	6,106	7,149
Net worth	5,243	5,737	6,355	6,988	8,031
Debt	909	1,761	3,253	3,494	6,078
Deferred tax liability	511	483	658	617	651
Total Capital Employed	6,662	7,981	10,265	11,099	14,759
Gross block	6,784	6,774	8,850	10,392	12,660
Accumulated depreciation	3,820	4,079	4,456	4,877	5,368
Net block	2,965	2,695	4,393	5,515	7,292
Capital WIP	811	2,239	1,878	2,482	2,435
Total fixed assets	3,776	4,934	6,271	7,997	9,727
Investments	2,485	2,267	2,096	1,428	1,545
Inventories	384	612	1,153	792	985
Debtors	548	906	1,220	2,168	2,720
Cash and bank	231	227	351	300	1,590
Loans and advances	427	599	900	914	900
Total current assets	1,590	2,344	3,623	4,174	6,194
Current liabilities and provisions	1,189	1,589	1,743	2,513	2,712
Net current assets	401	755	1,880	1,662	3,482
Mis. Expenses not written off	0	25	19	12	6
Total Assets	6,662	7,981	10,265	11,099	14,759

Source: Company, Centrum Research

Exhibit 3: Cash flow

Y/E Mar (Rsmn)	FY05	FY06	FY07	FY08	FY09
Net Cash from Operating Activities	1,096	613	656	1,461	1,720
Net Cash Used in Investing Activities	(599)	(1,113)	(1,532)	(1,342)	(2,066)
Net Cash Used in Financing Activities	(696)	496	1,001	(170)	1,635
Net Inc/(Dec) in Cash and Cash Equivalent	(199)	(5)	124	(50)	1,289
Cash and Cash Equ. at End of the year	231	227	351	300	1,590
Cash and Cash Equ. at Beginning of the year	431	231	227	351	300

Source: Company, Centrum Research

Exhibit 4: Key Ratios

Y/E Mar	FY05	FY06	FY07	FY08	FY09
Margin Ratios(%)					
EBITDA margin	30.1	24.2	19.6	20.0	21.1
PBIT margin	24.0	19.1	15.3	15.8	17.5
PBT Margin	22.3	18.2	14.0	14.3	14.7
PAT Margin	15.8	13.0	10.2	9.5	10.3
Returns Ratios(%)					
ROCE	19.8	14.8	16.4	16.7	20.5
ROIC	19.3	14.3	15.9	16.2	20.0
ROE	16.0	11.7	15.4	15.0	19.8
Turnover Ratios					
Asset Turnover Ratio (x)	0.8	0.8	1.0	1.0	1.1
Working capital cycle (days)	44.5	45.7	51.5	43.2	38.0
Average collection period (days)	44	40	45	49	61
Average payment period (days)	26	24	29	37	45
Inventory holding (days)	27	30	36	31	22
Per Share (Rs.)					
Basic EPS	8.6	8.6	10.0	10.8	16.6
Fully diluted EPS	8.6	8.6	10.0	10.8	16.6
CEPS	12.2	12.2	14.5	15.8	22.5
Book value	59.4	65.0	72.1	79.2	91.1
Solvency Ratio(X)					
Debt-equity	0.2	0.3	0.5	0.5	0.8
Interest coverage	14.0	17.8	12.1	10.5	6.2
Valuation Parameters(X)					
P/E	9.3	9.3	8.0	7.4	4.8
P/BV	1.3	1.2	1.1	1.0	0.9
EV/EBITDA	4.0	6.8	5.6	5.5	3.0
EV/Sales	1.2	1.6	1.1	1.1	0.6
M-Cap/Sales	1.0	1.4	0.8	0.7	0.3

Source: Company, Centrum Research

Dolphin Offshore

Conference Highlights

26 August 2009

Not Rated

CMP: Rs229*

*as on 21 August 2009

Focus on offshore EPC services

Dolphin Offshore Enterprises (India) has graduated from providing diving and underwater services to the Indian offshore oil & gas industry to undertaking engineering and turnkey contracts. The company is now qualified to bid directly for EPC contracts as an independent contractor and has a robust order book of Rs6bn. It also plans to diversify into shipbuilding and repairs of offshore vessels.

- **Engineering & turnkey services to drive revenues ahead:** Dolphin expects turnkey projects and EPC contracts to be the main driver of revenues ahead. It graduated from being a sub-contractor to a main EPC contractor. It has now qualified to bid directly for ONGC's projects independently as the main contractor.
- **Order book position of Rs6bn:** The Company has a robust current order book position of Rs6bn, of which 70-75% is expected to be executed during FY10 and the rest during FY11. It plans to bid for orders totaling about Rs900mn which are expected to be opened by ONGC during FY10.
- **MoU with US-based firm for deepwater offshore services:** Dolphin has set up a 50:50 JV with US-based Deep Marine Technology to boost its market share in the global deepwater offshore services space. Deep Marine provides comprehensive sub-sea services and specializes in deepwater construction and intervention systems.
- **Jafrabad shipyard to be developed in 3 phases:** Dolphin plans to develop the Jafrabad shipyard over a 100-hectare land in three phases. The company is awaiting the allotment of 56 hectares of land on lease from the Gujarat Maritime Board to start the project. The total project cost is expected at Rs4bn. The first phase will involve an investment of about Rs700mn, followed by Rs1bn and Rs2.3bn in second and third phase.

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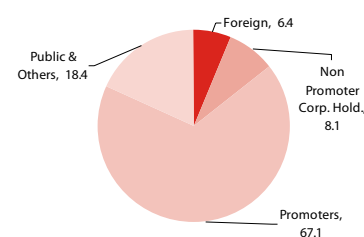
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Key Data

Bloomberg Code	DOEI IN
Reuters Code	DOLP.BO
Current Shares O/S (mn)	13.4
Diluted Shares O/S(mn)	13.4
Mkt Cap (Rsbn/USDmn)	3.1/63
52 Wk H / L (Rs)	259/73
Daily Vol. (3M NSE Avg.)	7,881
Face Value (Rs)	10

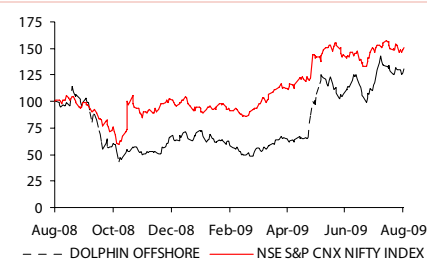
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Dolphin	11.8	126.9	31.5
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY %	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY06	1,825		206	11.3	88		6.6	25.2	8.5	19.9	10.3
FY07	2,124	16.3	368	17.3	166	87.7	12.4	39.1	13.4	11.2	7.8
FY08	2,336	10.0	278	11.9	157	(5.4)	11.7	25.0	11.0	14.4	13.9
FY09	3,525	50.9	648	18.4	409	160.0	30.5	42.4	18.3	7.5	7.4

Source: Company, Centrum Research

Financials – Consolidated

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY06	FY07	FY08	FY09
Revenue	1,825	2,124	2,336	3,525
YoY growth (%)	-	16.3	10.0	50.9
Operating expenses	1,444	1,594	1,727	2,129
% of Sales	79.1	75.1	73.9	60.4
Employee Cost	28	36	62	110
% of Sales	1.5	1.7	2.7	3.1
General & admin expenses	148	126	269	638
% of Sales	8.1	5.9	11.5	18.1
Total expenditure	1,620	1,756	2,058	2,877
EBIDTA	206	368	278	648
EBIDTA margin (%)	11.3	17.3	11.9	18.4
Depreciation	41	55	77	74
EBIT	165	312	201	574
Interest expenses	48	65	122	126
EBT	116	248	78	447
Other income	22	5	144	119
PBT	138	253	223	566
Provision for tax	50	87	92	157
Effective tax rate (%)	36.1	34.3	41.2	27.8
PAT	89	166	131	409
Minority Interest	(0)	(0)	(0)	(0)
Exceptional income (Expenses)	0	0	26	0
Adj Net Profit	88	166	157	409
YoY growth (%)		87.7	(5.4)	160.0
PAT margin (%)	4.8	7.8	6.7	11.6

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY06	FY07	FY08	FY09
Equity Share Capital	56	90	96	96
Reserves & Surplus	295	410	662	1,073
Net worth	351	500	758	1,169
Secured Loans	271	461	556	875
Unsecured Loans	781	745	1,141	959
Total Loan Funds	1,053	1,206	1,698	1,834
Minority Interest	1	1	1	1
Deferred Tax Liability	22	29	47	16
Total Capital Employed	1,427	1,736	2,503	3,020
Gross Block	493	812	883	854
Accumulated Depreciation	184	294	319	339
Net Block	310	518	564	514
Capital WIP	15	189	466	941
Net Fixed Assets	324	706	1,031	1,455
Goodwill on Consolidation	-	115	115	115
Investments	-	-	3	2
Inventories	-	-	2	3
Sundry debtors	879	1,281	1,702	1,795
Cash & bank balances	690	189	87	112
Other Current Assets	70	238	278	269
Loans and Advances	21	33	164	286
Total current assets	1,659	1,740	2,233	2,466
Current liabs & prov	557	826	878	1,020
Net Current Assets	1,102	914	1,355	1,447
Misc Exp	-	-	-	2
Total Assets	1,427	1,736	2,503	3,020

Source: Company, Centrum Research

Exhibit 3: Cash flow

Y/E March (Rsmn)	FY06	FY07	FY08	FY09
Profit after Tax	88	166	157	409
Depreciation	41	55	51	74
Provision for deferred tax	2	7	18	(31)
Misc Items	0	(2)	(0)	5
CF bf WC change	132	227	226	457
Working capital adj	(181)	(313)	(542)	(66)
Cash from operation	(50)	(86)	(317)	391
Capex	(41)	(552)	(384)	(474)
Investments	0	(0)	(3)	1
Minority Interest	0	0	0	0
Cash from investing	(41)	(552)	(387)	(473)
Borrowings/ (repayments)	664	154	491	136
Proceeds from sh capital	0	0	136	0
Dividend paid	(14)	(16)	(26)	(28)
Cash from financing	650	138	601	108
Net Cash inc/(dec)	559	(501)	(102)	26
Opening Cash Balance	131	690	189	87
Closing Cash Balance	690	189	87	112
FCF to firm (FCFF)	(91)	(639)	(701)	(84)
FCF per share	(16)	(71)	(73)	(9)

Source: Company, Centrum Research

Exhibit 4: Key Ratios

Y/E March	FY06	FY07	FY08	FY09
O/s shares mn (FV-Rs 10)	5.6	9.0	9.6	9.6
Fully diluted shares	13.4	13.4	13.4	13.4
Per share (Rs)				
Basic EPS	15.8	18.5	16.4	42.7
Fully diluted EPS	6.6	12.4	11.7	30.5
CEPS	9.7	16.5	17.5	36.1
BVPS	26.2	37.3	56.6	87.3
Cash/Share	51.5	14.1	6.5	8.4
Dividend ratios				
DPS (Rs)	2.5	2.5	2.5	3.0
Dividend yield (%)	1.9	1.8	1.5	1.3
Dividend payout (%)	18.0	15.8	17.8	8.2
Turnover ratios (days)				
Debtors turnover	175.7	185.6	233.0	181.1
Creditors turnover	89.2	93.4	109.9	73.3
Working cap turnover	220.4	173.3	177.3	145.1
Asset turnover (x)	1.3	1.2	0.9	1.2
Return ratios (%)				
RoE	25.2	39.1	25.0	42.4
RoCE	8.5	13.4	11.0	18.3
Solvency ratios				
Debt/ Equity (x)	3.0	2.4	2.2	1.6
Interest coverage (%)	21.2	17.4	28.9	16.5
Valuation ratios (x)				
P/E	19.9	11.2	14.4	7.5
P/BV	5.0	3.7	3.0	2.6
EV/EBIDTA	10.3	7.8	13.9	7.4
EV/Sales	1.2	1.4	1.7	1.4
M-Cap to Sales	1.0	0.9	1.0	0.9

Source: Company, Centrum Research

Elder Pharmaceuticals

Conference Highlights

26 August 2009

Not Rated

CMP: Rs281*

*as on 21 August 2009

Strong product pipeline

Elder Pharmaceuticals holds a strong position in the domestic formulations market and is one of India's fastest growing pharmaceuticals company. The core area of focus for the company remains niche therapeutic segments – women's healthcare, wound care and nutraceuticals.

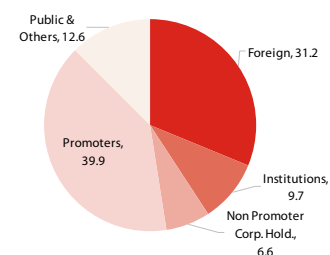
- **Domestic market focus:** The Company aims to derive more than 85% of its revenues from the domestic going forward. The company has a dominant market share in therapeutic segments it operates in with six of its products having a market share of over 30% in their respective categories.
- **Exiting FMCG space:** Elder Pharma is exiting the FMCG space and transferring the relevant businesses to Elder Healthcare. It would focus on entrenching itself deeper into selected niche therapeutic areas.
- **Successful in-licensing strategy:** The Company has entered into non-infringing strategic alliance with more than 30 international companies for in-licensing their products into India and thus expanding its niche product portfolio.
- **Strong pipeline and pricing power:** Elder Pharma's strong focus on innovative high-value products and in-house R&D capability has helped it build of a strong pipeline of products (12-13 in current financial year). The Company has not seen any pricing pressure and has been able to increase prices of some of its products to maintain its EBITDA margins
- **Building an international footprint:** Exports constituted mere 5% of total revenue in FY09. In a bid to expand its international presence, the company has acquired a 51% stake in Biomeda in Bulgaria and 21% stake in UK-based NutraHealth. It has also formed a joint venture in Nepal.

Key Data

Bloomberg Code	ELDP IN
Reuters Code	ELDP.BO
Current Shares O/S (mn)	18.9
Diluted Shares O/S(mn)	18.9
Mkt Cap (Rsbn/USDmn)	5.3/109.3
52 Wk H / L (Rs)	345/166
Daily Vol. (3M NSE Avg.)	11,381
Face Value (Rs)	10

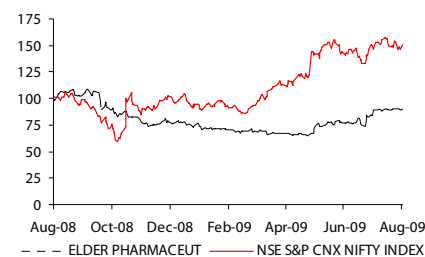
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Elder Pharma	0.4	27.9	(7.9)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

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Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY06	3,548	24.4	606	17.1	367	79.9	18.6	16.0	9.4	15.0	11.8
FY07	4,493	26.6	780	17.4	528	43.8	28.4	18.2	10.6	9.9	9.0
FY08	5,512	22.7	1,051	19.1	687	30.1	34.0	20.0	11.6	8.2	7.9
FY09	6,092	10.5	1,047	17.2	557	(18.9)	27.6	-	-	10.2	-

Source: Company, Centrum Research

Financials

Exhibit 1: Income Statement

Y/E Mar (Rsmn)	FY06	FY07	FY08	FY09
Revenues	3,548	4,493	5,512	6,092
<i>Growth in revenues (%)</i>	24.4	26.6	22.7	10.5
Raw materials	1,781	2,205	2,659	2,928
<i>% of Sales</i>	50.2	49.1	48.2	48.1
Personnel expenses	440	604	724	883
<i>% of Sales</i>	12.4	13.5	13.1	14.5
Selling and other expenses	721	903	1,079	1,234
<i>% of Sales</i>	20.3	20.1	19.6	20.3
EBITDA	606	780	1,051	1,047
<i>EBITDA Margin</i>	17.1	17.4	19.1	17.2
Depreciation	55	88	106	136
PBIT	550	692	944	911
Interest expenses	112	128	210	330
PBIT from operations	438	564	734	581
Other non operating income	30	47	52	51
PBT before extra-ordinary items	468	611	786	632
Extra-ordinary income/ (expenses)	-	-	-	-
PBT	468	611	786	632
Provision for tax	102	83	99	75
<i>Effective tax rate</i>	21.7	13.6	12.6	11.9
PAT	367	528	687	557
Minority Interest	-	-	-	-
PAT after minority interest	367	528	687	557
Adjusted PAT	367	528	687	557
<i>Growth in PAT (%)</i>	79.9	43.8	30.1	(18.9)
<i>PAT margin</i>	10.3	11.7	12.5	9.1

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E Mar (Rsmn)	FY06	FY07	FY08
Equity Share Capital	197	186	202
Reserves	2,381	3,048	3,444
Shareholders' fund	2,578	3,234	3,646
Minority Interest	-	-	-
Debt	1,977	2,365	3,416
Deferred Tax Liability	49	55	52
Total Capital Employed	4,604	5,654	7,114
Gross Block	1,134	1,724	2,115
Accumulated depreciation	234	321	424
Net Block	899	1,403	1,692
Capital WIP	949	1,372	1,634
Total Fixed Assets	1,849	2,775	3,325
Investments	428	369	879
Inventories	1,071	933	837
Debtors	1,082	1,224	1,396
Cash and bank balances	365	570	790
Loans and Advances	711	859	748
Total current assets	3,229	3,587	3,771
Current liabilities and provisions	902	1,077	861
Net current assets	2,328	2,510	2,910
Misc. Expenditure	-	-	-
Total Assets	4,604	5,654	7,114

Source: Company, Centrum Research

Exhibit 3: Cash flow

Y/E Mar (Rsmn)	FY06	FY07	FY08
Cash flow from operating activities			
Profit before tax	468	611	786
Depreciation	55	88	106
Interest expenses	112	128	210
Operating profit before WC change	636	827	1,102
Working capital adjustment	(1,428)	(945)	(1,148)
Gross cash generated from operations	(792)	(118)	(45)
Direct taxes paid	(110)	(78)	(103)
Cash generated from operations	(902)	(196)	(148)
Cash flow from investing activities			
Capex	(970)	(1,013)	(653)
Investment	24	59	(510)
Cash generated from investment	(946)	(954)	(1,163)
Cash flow from financing activities			
Proceeds from sh. cap. and premium	267	194	75
Borrowings/ (Repayments)	658	388	1,051
Interest paid	(112)	(128)	(210)
Dividend paid	(53)	(55)	(55)
Cash generated from financing	760	400	861
Net cash increase/ (decrease)	(1,088)	(750)	(450)

Source: Company, Centrum Research

Exhibit 4: Key Ratios

Y/E Mar	FY06	FY07	FY08
Margin Ratios (%)			
EBITDA Margin	17.1	17.4	19.1
PBIT Margin	15.5	15.4	17.1
PBT Margin	13.2	13.6	14.3
PAT Margin	10.3	11.7	12.5
Growth Ratios (%)			
Revenues	24.4	26.6	22.7
EBITDA	44.6	28.7	34.7
Net Profit	79.9	43.8	30.1
Return Ratios (%)			
ROCE	9.4	10.6	11.6
ROIC	10.7	12.6	13.8
ROE	16.0	18.2	20.0
Turnover Ratios (x)			
Asset turnover ratio (x)	0.6	0.7	0.7
Working capital cycle (days)	152	132	106
Average collection period (days)	87	94	87
Average payment period (days)	61	61	53
Inventory holding (days)	126	98	72
Per share (Rs)			
EPS	18.6	28.4	34.0
CEPS	21.4	33.1	39.3
Book Value	130.8	173.8	180.6
Solvency ratios			
Debt/ Equity	0.8	0.7	0.9
Interest coverage	4.9	5.4	4.5
Net Debt/ EBITDA	2.7	2.3	2.5
Valuation parameters (x)			
P/E	15.0	9.9	8.2
P/BV	2.1	1.6	1.6
EV/ EBITDA	11.8	9.0	7.9
EV/ Sales	2.0	1.6	1.5
M-Cap/ Sales	1.6	1.2	1.0

Source: Company, Centrum Research

Entertainment Network

Conference Highlights

26 August 2009

Hold

Target Price: Rs212

CMP: Rs209*

Upside: 1%

*as on 21 August 2009

Radio and OOH to turnaround by FY11

The management is confident of a turnaround in both the radio and OOH segments by FY11E as pricing concerns ease and the benefits of cost-cutting measures undertaken in H2FY09 kick in. The management reiterated its focus on long-term contracts and said that advertising rights for Delhi International Airport Ltd (DIAL) Terminal 3 could be a potential trigger for the stock. The next high growth phase for the radio business would come with the advent of Phase-III.

- **Volumes up, but pricing still a concern:** Ad volumes rose 20% in Q4FY09 and Q1FY10 on the back of 20%-25% decline in pricing. Management believes pricing concerns would ease for both the OOH and radio segments on increased advertising during the festive season and improvement in economic activity. We expected an up-tick in the revenues from H2FY10.
- **Cost rationalization to boost profitability:** The management said cost-cutting measures undertaken in H2FY09 have significantly lowered the variable and fixed costs. Thought marketing and licensing costs are expected to increase, SG&A and employee costs would remain flat boosting profitability and margins.
- **DIAL contract to be the key trigger:** Management reiterated it would only focus on long-term OOH contracts and is confident of turning around both the DIAL and Mumbai International Airport Ltd (MIAL) properties by FY11. The company also expect fresh tender to get floated by FY12 for Delhi Airport Terminal 3 for 15 years.
- **Phase III to propel growth in radio business:** Management believes the major themes to be covered under Phase-III are: 1) Multi-frequency; 2) Music Royalty and 3) Industry Consolidation. Management feels the company can expand very quickly given the low inventory utilization for most of the new stations (less than 50%). Company hopes to add over 200 cities after clarity emerges on the above issues.
- **Valuations:** The stock currently trades at 18x FY11E EPS. We remain cautiously optimistic on the company and maintain our Hold rating.

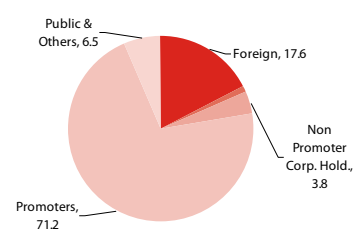
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Key Data

Bloomberg Code	ENIL.IN
Reuters Code	ENIL.BO
Current Shares O/S (mn)	47.6
Diluted Shares O/S(mn)	47.6
Mkt Cap (Rsbn/USDmn)	9.9/203.5
52 Wk H / L (Rs)	323/93
Daily Vol. (3M NSE Avg.)	78,916
Face Value (Rs)	10

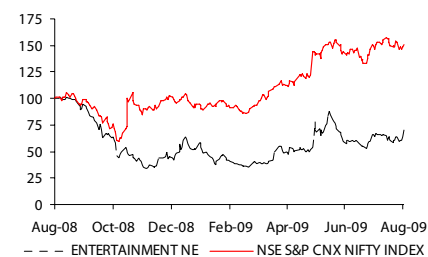
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
ENIL	10.2	73.3	(29.6)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)
FY07	2,351	71.1	428	18.2	251	(14)	5.3	9.0	7.5	39.4
FY08	4,135	75.9	321	7.8	(171)	N.A.	(3.6)	N.A.	N.A.	NA
FY09E	4,271	3.3	(83)	(1.9)	(337)	N.A.	(7.1)	N.A.	N.A.	NA
FY10E	4,600	7.7	696	15.1	89	NA	1.9	1.8	3.5	111.8
FY11E	4,961	7.9	1,198	24.1	550	520	11.5	13.4	11.4	18.0

Source: Company, Centrum Research Estimate

Financials (Consolidated)

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY07	FY08	FY09	FY10E	FY11E
Net Sales	2,351	4,135	4,271	4,600	4,961
-Growth (%)	71.1	75.9	3.3	7.7	7.9
Production Expenses	391	637	648	590	612
% of sales	16.7	15.4	15.2	12.8	12.3
License Fees	331	1,365	1,689	1,388	960
% of sales	14.1	33.0	39.6	30.2	19.4
Personnel Expenses	447	667	772	806	862
% of sales	19.0	16.1	18.1	17.5	17.4
Admin and Other exp	754	1,145	1,245	1,120	1,329
% of sales	32.1	27.7	29.1	24.4	26.8
EBITDA	428	321	(83)	696	1,198
EBITDA margin (%)	18.2	7.8	(1.9)	15.1	24.1
Depreciation and Amortisation	187	363	526	514	506
PBIT	240	(42)	(609)	181	692
Interest Expenses	22	174	144	141	126
PBT from operations	218	(216)	(753)	41	565
Other non operating income	25	34	22	35	36
PBT before extraordinary items	243	(182)	(731)	76	601
Extraordinary income/(expenses)	0	0	266	0	0
PBT	243	(182)	(465)	76	601
-PBT margin (%)	10.3	(4.4)	(17.1)	1.7	12.1
Provision for tax	(9)	(6)	(3)	7	30
Effective tax rate (%)	(3.5)	3.1	0.5	9.0	4.9
Net Profit (reported)	251	(176)	(729)	69	572
Minority Interest		(5)	(126)	(19)	22
Net Profit after minority interest (adj)	251	(171)	(337)	89	550
-Growth (%)	(14.2)	N.A.	N.A.	(126.3)	520.4
-NPM (%)	10.7	(4.3)	(17.1)	1.5	11.5

Source: Company, Centrum Research Estimate

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Share Capital	476	477	476	476	476
Reserves and Surplus	2,439	3,930	3,413	3,501	4,049
Shareholders fund	2,916	4,407	3,889	3,976	4,525
Minority Interest	-	325	199	179	201
Loan fund	1,138	1,933	1,470	2,016	1,800
Total capital employed	4,054	6,664	5,558	6,172	6,526
Gross block	2,881	3,903	4,783	5,427	5,951
Less: Acc depreciation	468	831	1,331	1,846	2,351
Net block	2,413	3,072	3,452	3,582	3,600
Capital WIP	612	110	15	15	15
Net fixed assets	3,025	3,182	3,467	3,597	3,615
Investments	25	30	30	30	30
Cash and bank	126	147	562	609	977
Inventories	-	-	-	-	-
Debtors	728	1,335	1,040	1,198	1,183
Other CA and loans and adv	722	2,819	928	1,058	956
Total CA and loans and adv	1,576	4,301	2,530	2,865	3,116
Current liab and Prov	599	910	560	439	384
Net current assets	977	3,391	1,971	2,425	2,731
Deferred tax assets	27	61	90	120	150
Total assets	4,054	6,664	5,558	6,172	6,526

Source: Company, Centrum Research Estimate

Exhibit 3: Cash flow

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
CF from operating activities					
Profit before tax	243	(182)	(731)	76	601
Depreciation	187	363	526	514	506
Interest expenses	18	174	144	141	126
Other non cash charges	16	17	-	-	-
OP before WC change	464	372	(61)	731	1,233
Working capital adjustments	(605)	(2,290)	1,869	(409)	61
Direct tax paid	(73)	(119)	(1)	(37)	(60)
Net cash from operation	(214)	(2,037)	1,808	285	1,235
CF from investment					
Capex	(810)	(520)	(785)	(644)	(524)
Investments	283	24	-	-	-
Net cash from investment	(527)	(496)	(785)	(644)	(524)
CF from financing					
Proceeds from sh cap & premium	3	1,991	-	-	-
Borrowings/(Repayments)	788	794	(462)	546	(216)
Interest paid	(18)	(174)	(144)	(141)	(126)
Dividend paid	-	-	-	-	-
Net CF from financing	773	2,612	(607)	405	(342)
Net cash increase/(decrease)	31	79	415	46	368

Source: Company, Centrum Research Estimate

Exhibit 4: Key Ratios

Y/E March	FY07	FY08E	FY09E	FY10E	FY11E
Margin Ratio (%)					
EBITDA Margin	18.2	7.8	(1.9)	15.1	24.1
PBIT Margin	10.2	(1.0)	(14.3)	3.9	13.9
PBT Margin	10.3	(4.4)	(17.1)	1.7	12.1
PAT Margin	10.7	(4.3)	(17.1)	1.5	11.5
Growth Ratio (%)					
Revenue	71.1	75.9	3.3	7.7	7.9
EBITDA	9.1	(24.9)	(125.9)	(936.2)	72.1
Net Profit	(14.2)	N.A.	N.A.	N.A.	726.2
Return Ratios (%)					
ROCE	7.5	N.A.	N.A.	3.5	11.4
ROIC	12.5	6.2	(1.4)	13.2	21.6
ROE	9.0	N.A.	N.A.	1.8	13.4
Turnover Ratios					
Asset turnover ratio (x)	0.7	0.8	0.7	0.8	0.8
Working capital cycle (days)	(155.3)	(12.7)	18.2	21.3	20.5
Average collection period (days)	92.7	91.1	101.5	88.8	87.6
Average payment period (days)	248.0	103.8	83.3	67.5	67.1
Per share (Rs)					
Basic EPS	5.3	(3.6)	(7.1)	1.9	11.5
Fully diluted EPS	5.3	(3.6)	(7.1)	1.9	11.5
Book value	61.3	92.5	81.6	83.4	95.0
Solvency Ratio					
Debt-equity	0.4	0.4	0.4	0.5	0.4
Interest coverage ratio	19.1	1.8	(0.6)	4.9	9.5
Valuation					
P/E	39.4	NA	NA	111.8	18.0
P/BV	3.4	2.2	2.5	2.5	2.2

Source: Company, Centrum Research Estimate

Everonn Systems

Conference Highlights

26 August 2009

Buy

Target Price: Rs535

CMP: Rs350*

Upside: 53%

*as on 21 August 2009

Growth momentum to continue

Everonn Systems is confident of doubling its revenues in FY10E on back of strong orders from the information and communication technologies (ICT) business, and robust growth in the Virtual & Technology-Enabled Learning Solutions (VITELS) segment and Toppers Tutorials. New initiatives include foraying into B-schools and pre-schools.

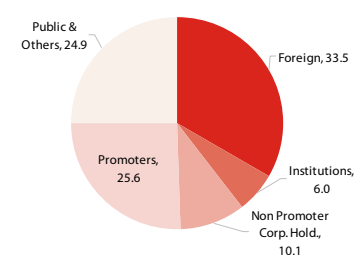
- **Everonn, NIIT, Educomp cannot meet demand in ICT segment:** Everonn believes that about 20,000 to 25,000 schools are likely to come up for tendering over the next two years and organized players like Everonn, NIIT and Educomp would not be able to meet demand.
- **Points of presence under VITELS and Toppers Tutorials to increase:** The company expects to expand its points of presence under VITELS from 1,560 (620 schools and 940 colleges) to 2,700 and the number of Toppers Tutorials centres from the current 12 to 19 during the year. Its new strategy of targeting universities rather than individual colleges is likely to aid rapid growth and scalability.
- **Robust growth momentum to continue:** We believe strong growth across the company's business segments would result in 52% revenue CAGR over FY09- 11E.
- **Valuations – room for significant upside:** Everonn is currently trading at 10.3x its FY11E EPS of Rs33.8 despite its robust growth prospects. This is a discount to Educomp, which is currently trading at 21x FY11 consensus EPS, and NIIT (25x FY11E earnings). We reiterate our Buy with a target price of Rs535, valuing the stock at 20x FY10E and 15.8x FY11E earnings.

Key Data

Bloomberg Code	ESIL IN
Reuters Code	EVSI.BO
Current Shares O/S (mn)	15.1
Diluted Shares O/S(mn)	15.1
Mkt Cap (Rsbn/USDmn)	5.3/108.9
52 Wk H / L (Rs)	585/79
Daily Vol. (3M NSE Avg.)	1,620,332
Face Value (Rs)	10

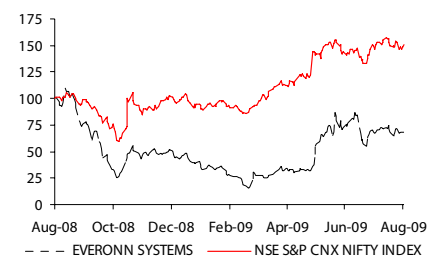
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Everonn System	1.9	149.0	(32.5)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

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Y/E Mar(Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY07	430	39.2	172	19.8	37	(11.2)	3.5	13.0	8.8	100.2	22.3
FY08	916	112.9	334	93.9	138	284.6	9.9	21.0	15.0	35.2	14.9
FY09E	1,447	57.9	512	53.3	221	60.0	14.6	14.6	12.3	24.0	9.5
FY10E	2,522	74.3	947	85.0	405	83.6	26.8	17.7	15.3	13.1	5.8
FY11E	3,323	31.8	1,315	38.9	512	26.4	33.8	18.7	16.7	10.3	4.2

Source: Company, Centrum Research Estimate

Financials

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Net Sales	430	916	1,447	2,522	3,323
-Growth (%)	39.2	112.9	57.9	74.3	31.8
Salary expenses	76	119	278	426	557
% of sales	17.6	13.0	19.2	16.9	16.8
Education & training & other exp.	182	463	657	1149	1450
% of sales	42.3	50.5	45.4	45.5	43.6
Operating Profits	172	334	512	947	1,315
% of sales	40.0	36.4	35.4	37.6	39.6
Depreciation and Amortisation	96	99	159	323	525
PBIT	76	235	354	624	790
Interest Expenses	23	33	52	50	59
PBT from operations	53	202	302	574	731
Other non operating income	0	15	39	40	45
PBT before extraordinary items	53	218	341	614	776
Extraordinary income/(expenses)					
PBT	53	218	341	614	776
-PBT margin (%)	12.2	23.7	23.6	24.4	23.4
Provision for tax	18	80	120	209	264
Effective tax rate (%)	34.8	36.6	34.0	34.0	34.0
Net Profit (reported)	37	138	221	405	512
-Growth (%)	(11.2)	284.6	60.0	83.6	26.4
-NPM (%)	8.3	15.1	15.3	16.1	15.4

Source: Company, Centrum Research Estimate

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Share Capital	103	139	151	151	151
Warrant	-	-	77	-	-
Reserves and Surplus	262	808	1,930	2,336	2,848
Total shareholders fund	365	950	2,161	2,490	3,003
Loan fund	235	459	459	489	489
Total capital employed	655	1,469	2,680	3,039	3,552
Gross block	545	787	1,441	2,748	3,528
Less: Accumulated depreciation	197	292	451	774	1,299
Net block	348	495	990	1,974	2,228
Capital WIP	17	126	200	50	50
Net fixed assets	365	621	1,190	2,024	2,278
Goodwill	-	5	5	5	5
Investments	0	87	87	87	87
Cash and bank	42	386	975	356	379
Inventories	3	-	-	-	-
Debtors	280	424	608	891	1,197
Other CA & loans and advances	59	133	188	328	432
Total current assets	384	943	1,771	1,575	2,007
Current liabilities and Provision	94	187	373	652	826
Net current assets	290	756	1,398	923	1,181
Total assets	655	1,469	2,680	3,039	3,551

Source: Company, Centrum Research Estimate

Exhibit 3: Cash Flow

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Cash Flow from operating					
Profit before tax	53	218	341	614	776
Depreciation	96	99	159	323	525
Interest expenses	23	25	52	50	59
Other non cash charges	2	0	0	0	0
Operating profit before WC change	175	338	551	987	1,360
Working capital adjustments	(98)	(171)	(53)	(143)	(236)
Direct tax paid	18	33	120	209	264
Net cash generated from operating	58	133	378	635	861
Cash flow from investing					
Capex	(129)	(351)	(728)	(1,157)	(780)
Investments	-	(86.9)	-	-	-
Net cash from investment	(129)	(433)	(728)	(1,157)	(780)
Cash flow from financing					
Proceeds from sh. cap & premium	137	444	990	(77)	-
Borrowings/(Repayments)	(33)	223	-	30	-
Interest paid	(23)	(25)	(52)	(50)	(59)
Dividend paid	(2)	-	-	-	-
Net cash flow from financing	78	642	939	(96)	(59)
Net cash increase/(decrease)	7	342	589	(619)	23

Source: Company, Centrum Research Estimate

Exhibit 4: Key Ratios

Y/E March	FY07	FY08	FY09E	FY10E	FY11E
Margin Ratio (%)					
EBITDA Margin	40.0	36.4	35.4	37.6	39.6
PBIT Margin	17.7	25.7	24.4	24.7	23.8
PBT Margin	12.2	23.7	23.6	24.4	23.4
PAT Margin	8.3	15.1	15.3	16.1	15.4
Growth Ratio (%)					
Revenue	39.2	112.9	57.9	74.3	31.8
EBITDA	19.8	93.9	53.3	85.0	38.9
Net Profit	(11.2)	284.6	60.0	83.6	26.4
Return Ratios (%)					
ROCE	8.8	15.0	12.3	15.3	16.7
ROIC	31.7	39.4	36.7	43.2	44.9
ROE	13.0	21.0	14.6	17.7	18.7
Turnover Ratios					
Asset turnover ratio (x)	0.7	0.9	0.7	0.9	1.0
Working capital cycle (days)	86.1	119.7	82.8	36.7	32.9
Average collection period (days)	192.1	140.1	130.2	108.5	114.6
Average payment period (days)	108.2	20.4	47.5	71.7	81.8
Per share (Rs)					
Basic EPS	3.5	9.9	14.6	26.8	33.8
Fully diluted EPS	3.5	9.9	14.6	26.8	33.8
Book value	35.5	68.4	137.6	164.4	198.2
Solvency Ratio					
Debt-equity	0.8	0.5	0.2	0.2	0.2
Interest coverage ratio	3.3	7.1	6.8	12.5	13.5
Valuation					
P/E	100.2	35.2	24.0	13.1	10.3
P/BV	9.9	5.1	2.5	2.1	1.8
EV/EBITDA	22.3	14.9	9.5	5.8	4.2
EV/Sales	8.9	5.4	3.3	2.2	1.6
M-cap/Sales	8.4	5.3	3.7	2.1	1.6

Source: Company, Centrum Research Estimate

Federal Bank

Conference Highlights

26 August 2009

Buy

Target Price: Rs284

CMP: Rs218*

Upside: 30%

*as on 21 August 2009

Cautious optimism

Credit and deposit growth trends during the current quarter (Q2) have been encouraging for Federal Bank. However, the management remains cautiously optimistic. While the much-talked about acquisition of Catholic Syrian Bank (CSB) remains uncertain, we believe the bank's franchise is undervalued.

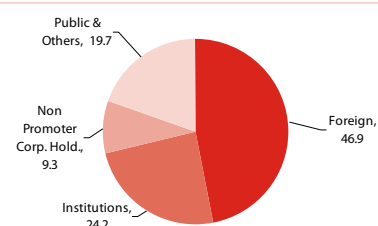
- **Management remains cautiously optimistic:** Management is cautiously optimistic about the bank's performance in FY10. While the trends in July are encouraging, the management says improved performance in H2FY10 would be key for conviction about the sustenance of the recovery
- **Q2FY10 trends are encouraging:** Credit disbursements and deposit mobilization during July have been encouraging. The bank has clocked 7.2% YTD credit growth and 20% YoY growth in retail deposits. The bank is cautiously paring down its wholesale deposits.
- **CSB acquisition still uncertain:** Not much clarity has emerged about the much-talked about acquisition of CSB. CSB's AGM is scheduled to be held on 28 August where there could be rotation of directors.
- **Compelling valuations:** We believe bank would come back to growth path once the economic environment improves and expect 25% loan growth and 10bp improvement in NIMs to 3.6% over FY09-11E, resulting in 11.4% PAT growth. We value the bank at 1x FY11E P/Adj BV, that translating into a target price of Rs284.

Key Data

Bloomberg Code	FB IN
Reuters Code	FED BO
Current Shares O/S (mn)	170.9
Diluted Shares O/S(mn)	170.9
Mkt Cap (Rsbn/USDmn)	37.2/765.8
52 Wk H / L (Rs)	269/110
Daily Vol. (3M NSE Avg.)	514,526
Face Value (Rs)	10

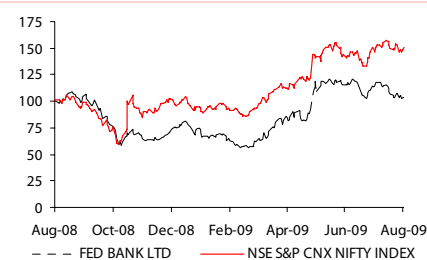
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Federal Bank	(9.5)	64.1	4.1
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

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Y/E Mar (Rsmn)	NII	Non Int. Inc.	Adj PAT	YoY (%)	EPS (Rs)	P/E (x)	Adj BV (Rs)	P/Adj BV (x)	RoE (%)	RoA (%)
FY07	7,165	3,026	2,927	30.0	17.1	12.7	168.1	1.3	21.3	1.3
FY08	8,680	3,950	3,680	25.7	21.5	10.1	227.1	1.0	13.6	1.3
FY09E	13,155	5,160	5,008	36.1	29.3	7.4	249.1	0.9	12.1	1.4
FY10E	13,999	5,202	4,772	(4.7)	27.9	7.8	264.2	0.8	10.6	1.2
FY11E	16,776	5,579	5,314	11.4	31.1	7.0	283.6	0.8	11.0	1.1

Source: Company, Centrum Research Estimate

Financials

Exhibit 1: Income Statement

Y/E Mar (Rsmn)	FY07	FY08	FY09	FY10E	FY11E
Interest Income	18,015	25,154	33,154	38,095	44,888
Interest Expense	10,850	16,474	19,999	24,095	28,112
Net Interest Income	7,165	8,680	13,155	13,999	16,776
YoY Growth (%)	19.5	21.1	51.6	6.4	19.8
Non Interest Income	3,026	3,950	5,160	5,202	5,579
YoY Growth (%)	39.5	30.5	30.6	0.8	7.2
Fee Income	828	905	1,010	1,131	1,267
Gains / (Losses) on Securities	500	750	830	1,100	1,100
Others	1,698	2,294	3,320	2,971	3,212
Total Net Income	10,191	12,630	18,315	19,202	22,355
Total Operating Expenses	4,061	4,689	5,715	6,681	7,854
YoY Growth (%)	11.4	15.5	21.9	16.9	17.6
Employee Costs	2,605	2,712	3,175	3,633	4,196
Other Operating Expenses	1,456	1,977	2,540	3,048	3,658
Pre-provision Profit	6,130	7,941	12,600	12,520	14,501
Provisions	2,148	2,940	4,668	5,179	6,326
NPL Provisions	893	1,921	3,317	4,680	5,718
Provisions for Depn on Invest	610	315	236	0	0
Other Provisions	645	704	1,115	499	608
Profit Before Tax	3,982	5,001	7,933	7,341	8,175
Taxes	1,055	1,321	2,925	2,569	2,861
Net Profit	2,927	3,680	5,008	4,772	5,314
YoY Growth (%)	30.0	25.7	36.1	(4.7)	11.4

Source: Company, Centrum Research Estimate

Exhibit 2: Balance Sheet

Y/E Mar (Rsmn)	FY07	FY08	FY09	FY10E	FY11E
Cash and balance with RBI	12,315	23,557	22,144	24,428	28,497
Inter-bank borrowings	10,816	3,898	12,227	5,234	6,576
Loans & Advances	148,991	189,047	223,919	268,703	333,191
Investments	70,327	100,266	121,190	122,138	149,059
Total Interest Earning Assets	242,449	316,767	379,480	420,502	517,323
Fixed Assets	1,861	2,328	2,808	3,241	3,241
Other Assets	6,589	5,969	6,221	6,532	7,186
Total Assets	250,899	325,065	388,509	430,276	527,750
Customer Deposits	215,844	259,134	321,980	348,964	438,409
Other Interest Bearing Liab	7,702	7,920	7,490	17,379	21,594
Total Int Bearing Liab	223,546	267,053	329,470	366,343	460,003
Other Non-Int Bearing Liab	12,331	18,755	15,779	17,356	17,356
Total Liabilities	235,877	285,808	345,249	383,699	477,360
Equity	15,022	39,257	43,259	46,576	50,390
Total Liab & Equity	250,899	325,065	388,507	430,276	527,750

Source: Company, Centrum Research Estimate

Exhibit 3: Key Ratios

Y/E March	FY07	FY08	FY09	FY10E	FY11E
Balance Sheet Structure Ratios (%)					
Loans / Deposits	69.0	73.0	69.5	77.0	76.0
CASA Ratio	25.2	25.1	24.5	27.0	27.5
Loan Growth	26.9	26.9	18.4	20.0	24.0
Deposit Growth	20.7	20.1	24.3	8.4	25.6
Operating Ratios (%)					
Net Interest Margin (%)	3.5	3.5	4.3	3.5	3.6
Non-Int Inc as % of Total Inc	29.7	31.3	28.2	27.1	25.0
Core fee income Growth	18.4	9.4	11.6	12.0	12.0
Emp Costs as % of Total Op Costs	64.1	57.8	55.6	54.4	53.4
Cost to Income Ratio	39.8	37.1	31.2	34.8	35.1
Operating costs growth	11.4	15.5	21.9	16.9	17.6
Total prov as % avg loans	1.6	1.7	2.3	2.1	2.1
Tax Rate (%)					
Credit Quality Ratios (%)					
Gross NPLs as % of loans	3.0	2.4	2.6	2.5	2.9
NPL Coverage Ratio	85.6	90.8	88.4	79.6	80.8
Net NPLs as % of net loans	0.4	0.2	0.3	0.5	0.6
Capital Adequacy Ratios (%)					
Total CAR (%)	13.4	22.5	20.2	18.4	16.1
Tier 1 Capital ratio (%)	8.9	19.1	17.5	16.0	14.2
Profitability Ratios (%)					
RoE	21.3	13.6	12.1	10.6	11.0
RoA	1.3	1.3	1.4	1.2	1.1
Valuation Ratios					
EPS Reported	28.7	32.4	29.3	27.9	31.1
Adj EPS	17.1	21.5	29.3	27.9	31.1
P/E (x)	12.7	10.1	7.4	7.8	7.0
Adj BV per share	168.1	227.1	249.1	264.2	283.6
P/ Adj BV (x)	1.3	1.0	0.9	0.8	0.8
Dividend Yield	1.1	1.4	1.4	1.5	1.7

Source: Company, Centrum Research Estimate

Financial Technologies

Conference Highlights

26 August 2009

Not Rated

CMP: Rs1,431*

*as on 21 August 2009

Unlocking value

Financial Technologies (FTIL) and the Multi Commodity Exchange of India (MCX) plan to offload 50%-52% stake in MCX-SX, of which 5% has been sold to the Industrial Finance Corporation of India (IFCI) at an enterprise value of US\$1.25bn. The company hopes to offload the remaining stake at a similar valuation.

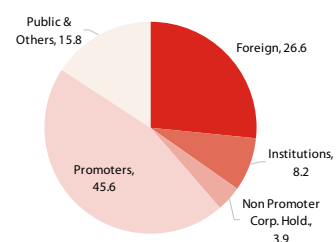
- **Higher dividends post stake sale:** FTIL plans to reward shareholders through higher dividends post the MCX-SX stake sale. The stake sale could amount to receipts of ~Rs20bn in our view. MCX-SX currently has an average daily turnover of Rs26.5bn and future plans include introduction of interest rate derivatives and equities.
- **MCX continues to see growth in volumes:** MCX registered 45% growth in transaction volumes last year despite the weak environment. The company attributes this growth to lower penetration of commodities trading on Indian exchanges.
- **Standalone technology solutions business to grow at current pace:** FTIL's standalone business is likely to see growth continue at the current pace of ~25% to 30%. The business would derive revenues from the current and upcoming exchanges.
- **Allegations of bugs in FTIL's products by NSE unlikely to impact the business:** The Company maintains that there are no bugs in its products and the transactions executed over its platforms over the past several years vindicate the robustness of its products. FTIL has obtained an injunction from the courts to prevent the National Stock Exchange (NSE) from restricting sale of its products.

Key Data

Bloomberg Code	FTECH IN
Reuters Code	FITE.BO
Current Shares O/S (mn)	45.9
Diluted Shares O/S(mn)	45.9
Mkt Cap (Rsbm/USDbn)	65.7/1.4
52 Wk H / L (Rs)	1,625/382
Daily Vol. (3M NSE Avg.)	178,544
Face Value (Rs)	2

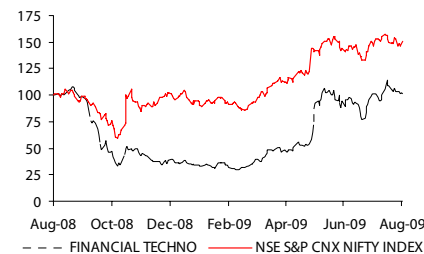
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Financial Tech.	(0.0)	215.2	2.0
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

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Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY05	574	166.4	284	49.5	226	386.6	5.1	16.0	16.4	278.6	229.4
FY06	1,820	217.1	1,030	56.6	839	271.5	19.1	27.2	23.1	75.0	62.9
FY07	2,645	45.3	1,028	38.9	1,036	23.5	23.5	33.1	10.9	60.8	61.9
FY08	2,669	0.9	244	9.1	8,857	755.4	192.5	59.0	0.8	7.4	264.5

Source: Company, Centrum Research Estimate

Financials

Exhibit 1: Income Statement

Y/E Mar (Rsmn)	FY05	FY06	FY07	FY08
Net Sales	574	1,820	2,645	2,669
YoY (%)	166.4	217.1	45.3	0.9
Cost of Traded Software Pkg.	-	0	79	30
Employee Cost	91	222	588	945
Other Expenses	199	568	950	1,451
EBITDA	284	1,030	1,028	244
EBIDTA margin (%)	49.5	56.6	38.9	9.1
Depreciation	32	56	89	98
EBIT	252	974	939	146
Interest	0	1	9	123
Other Income	53	193	622	11,775
PBT	305	1,165	1,553	11,798
Tax	79	326	517	2,940
Rate (%)	25.9	28	33.3	24.9
Reported PAT	226	839	1,036	8,857
YoY (%)	386.6	271.5	23.5	755.4

Source: Company, Centrum Research Estimate

Exhibit 2: Balance Sheet

Y/E Mar (Rsmn)	FY05	FY06	FY07	FY08
Share Capital	88	88	88	92
Reserves	1,321	2,999	3,045	14,921
Net Worth	1,409	3,087	3,133	15,012
Loans	1	-	4,344	4,243
Deferred Tax Liabilities	(26)	(23)	(26)	39
Minority Interest	96	1,109	1,089	118
Total Liabilities	1,531	4,219	8,593	19,334
Gross Fixed Assets	289	472	1,201	504
Less : Depreciation	76	130	212	-
Net Fixed Assets	213	342	989	504
Capital WIP	5	20	884	1,709
Investment	1,518	6,310	4,387	11,842
Curr. Assets	859	1,473	7,209	7,208
Inventory	-	-	18	592
Debtors	53	161	269	390
Cash & Bank Balance	673	1,052	6,563	5,543
Loans & Advances	133	259	359	683
Curr. Liab. & Provisions	1,063	3,926	4,875	1,929
Creditors	74	226	365	-
Other Liabilities	895	3,386	4,204	1,231
Provisions	94	314	306	698
Net Current Assets	(204)	(2,453)	2,334	5,279
Total Assets	1,531	4,219	8,593	19,334

Source: Company, Centrum Research Estimate

Exhibit 3: Key Ratios

Y/E Mar	FY05	FY06	FY07	FY08
Profitability ratios (%)				
EBIDTA margin	49.5	56.6	38.9	9.1
PBIT margin	43.9	53.5	35.5	5.5
PBT margin	53.1	64.0	58.7	442.0
PAT margin	39.4	46.1	39.2	331.8
Return ratios (%)				
ROCE	16.4	23.1	10.9	0.8
ROIC	29.3	30.7	46.2	1.1
ROE	16.0	27.2	33.1	59.0
Turnover Ratios				
Asset turnover ratio (x)	0.4	0.4	0.3	0.1
Working capital cycle (days)	(129.7)	(491.9)	322.1	721.9
Average collection period (days)	33.7	32.3	37.1	53.3
Per share (Rs)				
Basic EPS	5.1	19.1	23.5	192.5
Book value	32.0	70.2	71.2	326.3
Solvency Ratio				
Debt-equity	-	-	1.4	0.3
Interest coverage ratio	-	974.0	104.3	1.2
Valuation				
P/E	278.6	75.0	60.8	7.4
P/BV	44.7	20.4	20.1	4.4
EV/EBIDTA	229.4	62.9	61.9	264.5
EV/Sales	113.5	35.6	24.0	24.2
M-cap/Sales	114.7	36.2	24.9	24.7

Source: Company, Centrum Research Estimate

Geodesic

Conference Highlights

26 August 2009

Not Rated

CMP: Rs126*

*as on 21 August 2009

Focus on *Simputer* and *Spokn*

The management believes the launch of *Spokn* and *Simputer* could be the next growth area for the company. Though margins would be under pressure, management believes the long-term outlook is very promising. We are impressed by the way the company is capitalizing on the convergence theme and believe the stock is currently trading at very cheap valuations.

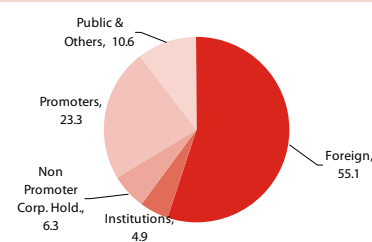
- **Amida Simputer well-received in market:** Management believes there is immense scope for the Amida Simputer over the next three years. The company expects to sell 35,000 units in FY10 at Rs19500/unit. It is currently executing orders from the Bihar government and expects more orders from eastern India. The management claims the product was well received.
- **Launch of *Spokn* on track:** *Spokn*, a new branded retail VOIP service, is to be launched in Sept 2009 in 40 countries. The pricing of the product, along with different countries numbering series, would be a differentiating factor. The company plan to target the retail segment and grow the brand from this launch.
- **Targeting telecom carriers and handset manufactures:** Geodesic hopes to package its products into more than 15mn handsets in FY10 and has already tied up with handset manufactures and carriers for the same globally.
- **New marketing strategy:** Company is currently targeting companies with its new telecommunication product where the total cost for the latter would decline by about 30%. It is pitching this product directly to company CFOs as a cost-saving proposition.
- **Margins to be under pressure:** Margins are expected to be under pressure due to the high advertising and marketing costs for *Spokn* and *Simputer*, which are retail products. Further, the company's product development cost could be higher due to some new launches in pipeline.

Key Data

Bloomberg Code	GEOD IN
Reuters Code	GEIS.BO
Current Shares O/S (mn)	92.2
Diluted Shares O/S(mn)	92.2
Mkt Cap (Rsbn/USDmn)	11.7/239.8
52 Wk H / L (Rs)	190/38
Daily Vol. (3M NSE Avg.)	150,907
Face Value (Rs)	2

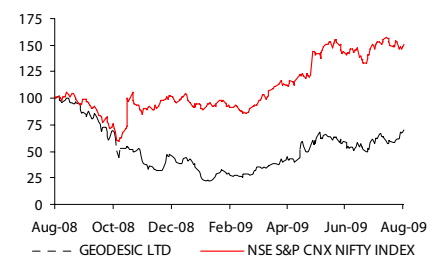
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Geodesic	22.5	150.5	(30.4)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

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Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY06	968		539	55.7	413	123.8	6.0	20.1	18.1	20.9	14.0
FY07	1,680	73.5	1,035	61.6	912	120.1	13.3	28.9	26.4	9.5	7.1
FY08	3,164	88.4	1,915	60.5	1,486	64.5	16.1	31.2	14.5	7.8	5.3
FY09	6,429	103.2	3,482	54.2	2,864	79.8	29.0	-	-	4.3	2.6

Source: Company, Centrum Research

Financials

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY06	FY07	FY08	FY09
Net Sales	968	1,680	3,164	6,429
Growth (%)	123.9	73.5	88.4	103.2
Cost of Revenues	284	396	833	1,824
% of Sales	29.3	23.6	26.3	28.4
Employee Cost	72	106	184	243
%of Sales	7.4	6.3	5.8	3.8
Admin & other expenses	73	136	145	517
% of sales	7.6	8.1	4.6	8.0
EBIDTA	539	1,035	1,915	3,482
EBIDTA Margins (%)	55.7	61.6	60.5	54.2
Depreciation	138	208	336	398
PBIT	401	828	1,579	3,084
Interest expenses	1	1	74	404
PBT for operations	399	827	1,505	2,680
Other non operating income	36	77	138	248
PBT before extra-ordinary items	436	904	1,643	2,928
Exceptional item	-	-	-	156
PBT	436	904	1,643	3,084
Provision for tax	23	(8)	157	220
Effective tax rate (%)	5.2	(0.9)	9.6	7.1
PAT	413	912	1,486	2,864
Less: Exce. item & minority interest	10.2	13.5	(0.3)	35.4
Adjusted PAT	403	898	1,486	2,828
Growth (%)		123.1	65.5	90.3
PAT Margins (%)	41.6	53.5	47.0	44.0

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY06	FY07	FY08
Share Capital	134	135	184
Share application money	40	193	18
Reserves & Surplus	1,875	2,822	4,557
Total Shareholders Funds	2,049	3,150	4,760
Minority Interest	0	0	3
Loan Funds	22	15	5,068
Deferred Tax Liab	25	2	-
Total Capital Employed	2,096	3,167	9,830
Fixed Asset			
Gross Block	711	970	1,625
Less:- Accumulated Depreciation	218	402	735
Net Block	493	567	890
Capital WIP	6	377	656
Total fixed assets	499	944	1,546
Investments	523	139	233
Goodwill	248	248	134
Inventory	1	0	0
Debtors	234	617	1,043
Loans & advances	204	274	944
Cash & bank balances	398	1,063	6,361
Total current assets	837	1,954	8,348
Current liabilities and provisions	33	135	596
Net current assets	804	1,819	7,751
Misc Expenditure	23	17	148
Total	2,096	3,167	9,830

Source: Company, Centrum Research

Exhibit 3: Cash flow

Y/E March (Rsmn)	FY06	FY07	FY08
Cash flows from operating			
Profit before tax	436	904	1,643
Depreciation & amortisation	138	208	336
Others	(40)	(40)	(1)
Operating charges before WC chg.	534	1,071	1,978
Working capital changes	(336)	(279)	(727)
Cash inflow from operations	198	792	1,251
Income tax paid	(12)	(14)	(79)
Net cash inflow from operations	186	778	1,172
Cash flows from investing			
Capex	(519)	(660)	(641)
Investments	(707)	322	(72)
Other Income	25	21	59
Cash generated from investment	(1,200)	(317)	(655)
Cash flow from financing activities			
Equity shares	1,094	232	70
Borrowings/ repayments	(32)	(1)	4,737
dividend paid	(14)	(28)	(23)
Interest paid	(0)	(0)	(4)
Cash generated from financing	1,048	204	4,781
Net increase/decrease in cash & cash eq.	34	664	5,298
Cash & cash eq. at beginning of the year	365	398	1,063
Cash at the end of the year	398	1,063	6,361

Source: Company, Centrum Research

Exhibit 4: Key Ratios

Y/E March	FY06	FY07	FY08
Margin ratios (%)			
EBIDTA Margins	55.67	61.64	60.52
PBIT Margins	41.40	49.28	49.90
PBT Margins	45.00	53.80	51.93
PAT Margins	42.65	54.28	46.96
Growth ratios (%)			
Revenues	123.95	73.55	88.40
EBIDTA	128.08	92.17	84.99
Net Profit	123.76	120.06	64.52
Return Ratios (%)			
ROCE	18.12	26.37	14.53
RoIC	45.86	52.69	59.17
ROE	20.15	28.94	31.22
Turnover Ratios			
Average collection period(days)	88.1	134.0	120.3
Average payment period (days)	14.8	53.3	102.0
Working Capital Cycle (days)	74.6	80.8	18.4
Per Share (Rs)			
EPS	6.0	13.3	16.1
CEPS	8.2	16.6	19.8
Book Value	30.7	46.7	51.6
Dividend	0.4	0.4	0.6
Valuations (x)			
PER	20.9	9.5	7.8
P/BV	4.1	2.7	2.4
EV/EBIDTA	14.0	7.1	5.3
EV/Sales	7.8	4.4	3.2
M-cap/Sales	8.7	5.1	3.7

Source: Company, Centrum Research

Godrej Consumer

Conference Highlights

26 August 2009

Not Rated

CMP: Rs218*

*as on 21 August 2009

Focus on rural India

Godrej Consumer Products (GCPL) plans to focus on rural India and aims to get about 50% of revenue from rural sales in the next three years (currently ~35%). It would expand its distribution network to 8,000 towns and 50,000 villages, which it believes would help strengthen its market position, build brands and maintain profitability.

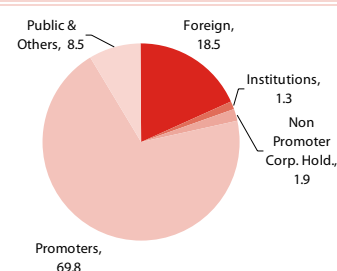
- **Quality and attractive pricing to be a key driver:** The Rs5 and Rs10 price points in the soap and hair-colour category would be the driving points behind the company's sales. The company would maintain the prices and the quality, but could look at modifying the weight, in case of inflationary pressures.
- **Going aggressive on advertising:** The management will go aggressive on advertising and promotional (A&P) taking advantage of the benign raw material prices and the recent increase in selling prices. The company intends to maintain its margins and would deploy the savings in advertising to increase its reach and build its brands.
- **Input costs under control:** GCPL has forward hedged crude palm oil till March 2010. This would allow it to pursue its target of maintaining margins with an option to revisit pricing in case needed.
- **Consolidating FMCG businesses:** GCPL has the first right of refusal for Sara Lee's 51% stake in Godrej Sara Lee (GSL) in case ownership changes hands. The board has approved plans to acquire the 49% stake from Godrej Consumer Biz and Godrej Hygiene Care in GSL. We believe GSL's valuation is likely to be favorable for GCPL.

Key Data

Bloomberg Code	GCPL IN
Reuters Code	GOCP.BO
Current Shares O/S (mn)	258.7
Diluted Shares O/S(mn)	258.7
Mkt Cap (Rsbn/USDbn)	56.4/1.2
52 Wk H / L (Rs)	250/90
Daily Vol. (3M NSE Avg.)	166,464
Face Value (Rs)	1

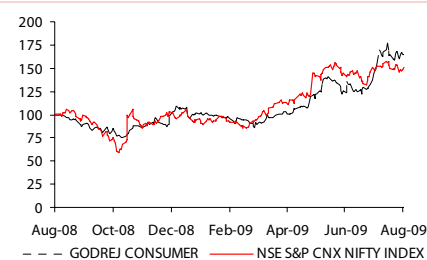
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Godrej Consumer	12.6	73.4	65.2
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

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Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY %	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY07	9,515	36.0	1,797	18.9	1,440	10.6	6.4	143.5	61.2	34.2	32.1
FY08	11,040	16.0	2,159	19.6	1,592	8.8	7.1	108.5	50.0	30.9	26.7
FY09	13,966	26.5	2,074	14.8	1,733	(100.0)	6.8	46.9	0.3	31.9	27.8

Source: Company, Centrum Research

Financials

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY07	FY08	FY09
Revenue	9,515	11,040	13,966
<i>Growth in revenue (%)</i>	36.0	16.0	26.5
Raw Material	4,877	5,414	7,606
<i>% of Sales</i>	51.3	49.0	54.5
Manufacturing & Other Expenses	1,313	1,447	1,695
<i>% of Sales</i>	13.8	13.1	12.1
Advertising & Sales Expense	1,240	1,529	1,637
<i>% of Sales</i>	13.0	13.9	11.7
EBIDTA	1,797	2,159	2,074
<i>EBIDTA Margin</i>	18.9	19.6	14.8
Depreciation	142	182	192
PBIT	1,655	1,977	1,881
Interest expense	96	148	189
Other income	26	46	399
PBT before extra-ordinary items	1,585	1,875	2,092
Extra-ordinary income/ (expenses)	51	-	-
PBT	1,585	1,875	2,092
Provision for tax	243	283	3,733
<i>Effective Tax Rate</i>	15.4	15.1	178.4
PAT	1,342	1,592	1,726
Adjusted PAT	1,440	1,592	1,733
<i>Growth in PAT(%)</i>	18.7	10.6	8.8
<i>PAT margin</i>	15.1	14.4	12.4

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY07	FY08	FY09
Share Capital	226	226	257
Reserves	994	1,490	5,412
Shareholder's funds	1,220	1,716	5,668
Minority Interest	-	-	-
Debt	1,736	1,871	2,776
Deferred Tax Liability	80	89	42
Total Capital Employed	3,036	3,676	8,486
Gross Block	2,699	2,937	3,370
Accumulated depreciation	1,105	1,253	1,098
Net Block	1,594	1,683	2,272
Capital WIP including	398	716	25
Total Fixed Assets	1,992	2,399	2,297
Investments	-	-	75
Inventories	1,352	1,916	1,675
Debtors	483	510	602
Loans & Advances	465	668	1,178
Cash Balances	475	426	3,783
Total current assets	2,775	3,519	7,327
Current liabilities and provisions	2,617	3,227	3,299
Net Current Assets	158	292	4,029
Misc. Expenditure	-	29	-
Total Assets	3,036	3,676	8,486

Source: Company, Centrum Research

Exhibit 3: Cash flow

Y/E March (Rs mn)	FY07	FY08	FY09
Cash Flow from Operating			
Profit Before Tax	159	187	209
Depreciation	14	18	19
Interest Expense	14	15	(17)
Others	(4)	(3)	(0)
Operating profit before WC change	182	217	211
Working capital adjustments	(37)	(28)	(35)
Gross cash generated from ope.	145	189	176
Direct tax paid	(25)	(27)	(33)
Cash generated from operations	120	162	143
Cash flow from investing activities			
Capex	(111)	(64)	(48)
Investments	17	-	(93)
Cash generated from investment	(94)	(64)	(142)
Cash flows from financing			
Proceeds from sh. cap & premium	-	-	396
Borrowings/(Repayments)	100	13	90
Dividend paid	(96)	(98)	(100)
Interest paid	(14)	(16)	(19)
Others	5	(3)	(34)
Cash generated from financing	(5)	(103)	334
Exceptional items	-	-	-
Net cash increase/ (decrease)	21	(5)	336

Source: Company, Centrum Research

Exhibit 4: Key Ratios

Y/E March	FY07	FY08	FY09
Margin Ratio (%)			
EBIDTA Margin	18.9	19.6	14.8
PBIT Margin	17.4	17.9	13.5
PBT Margin	16.7	17.0	15.0
PAT Margin	15.1	14.4	12.4
Growth Ratio (%)			
Revenues	36.0	16.0	26.5
EBITDA	25.9	20.2	(3.9)
Net Profit	18.7	10.6	8.8
Return Ratio (%)			
ROCE	61.2	50.0	0.3
ROE	143.5	108.5	46.9
ROIC	54.7	51.7	33.0
Turnover Ratios			
Asset Turnover ratio (x)	4.2	3.3	2.3
Working capital cycle (days)	(57.9)	(56.3)	(39.0)
Average collection period (days)	15.1	16.4	14.5
Average payment period (days)	161.2	182.9	139.7
Inventory holding (days)	88.2	110.2	86.1
Per Share (Rs)			
Fully diluted EPS	6.4	7.1	6.8
CEPS	7.0	7.9	7.5
Book Value	5.4	7.6	22.0
Dividend Per Share	3.7	4.1	4.6
Solvency Ratios			
Debt/Equity	1.4	1.1	0.5
Interest coverage	17.2	13.3	87.9
Valuation parameters (x)			
P/E	34.2	30.9	31.9
P/BV	40.4	28.7	9.9
EV/EBITDA	32.1	26.7	27.8
EV/Sales	6.1	5.2	4.1
M-Cap/Sales	5.9	5.1	4.0

Source: Company, Centrum Research

Harrisons Malayalam

Conference Highlights

26 August 2009

Not Rated

CMP: Rs103*

*as on 21 August 2009

Rehashing businesses

Harrisons Malayalam has about 25,000 hectares of land under long-term lease, which includes 6,030 hectares (ha) of land under tea plantation and 7,366 ha under rubber plantation. Given the global decline in rubber production, higher realization and upturn in rubber production (FY13) would boost the company's top line from FY13 onwards. The company witnessed huge interest among funds and private equity players.

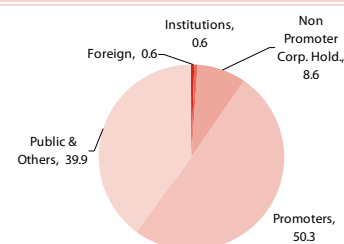
- **Tea business to gain momentum:** The company plans to increase the yield per hectare by infilling new high yielding clones in its existing fields and planting new bushes. The management believes this would increase productivity by over 50%. It intends to incur a cost of Rs13.1mn for planting new bushes and Rs40mn annually for infilling and replanting activities.
- **Venture into tea tourism; better realizations from orthodox tea:** The company has indicated its intentions to venture into tea tourism next year onwards. Of its 26mn tea production capacity, 60% can be switched between CTC and orthodox (varieties of tea). Of this, orthodox tea fetches better realization than CTC.
- **Re-plantation in rubber:** It also intends to re-develop its 700-hectare of rubber plantation, which would improve its average yield from 1,250kg/ha (below average) currently to 1800kg/ha. About 95% of the rubber produce is directed towards centrifuge latex, which yields 15% higher realization than RSS4 (a variety of rubber)
- **Rs150mn capex in engineering division:** The company plans to incur a capex of 150mn funded primarily through internal accrual for its engineering and services division. This division is engaged in designing, supplying, erection and commissioning of projects including tea factories, rubber factories, effluent treatment plants, waste heat recovery systems, stainless and carbon steel pipelines, custom built dryers, air conditioning, and industrial water supply.

Key Data

Bloomberg Code	HRM IN
Reuters Code	HRMA.BO
Current Shares O/S (mn)	18.5
Diluted Shares O/S(mn)	18.5
Mkt Cap (Rsbn/USDmn)	1.9/39
52 Wk H / L (Rs)	107/27
Daily Vol. (3M NSE Avg.)	281,172
Face Value (Rs)	10

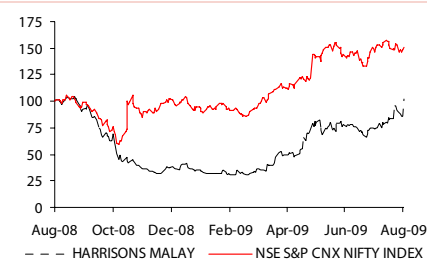
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Harrisons M.	38.1	228.0	1.1
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

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Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY %	Fully DEPS	RoE (%)	RoCE (%)	P/E	EV/EBITDA
FY06	1,494	6.3	64	4.3	32	(62.8)	36.9	1.4	1.0	2.8	58.0
FY07	2,051	36.9	254	12.4	148	358.2	7.8	5.4	5.8	13.3	13.2
FY08	2,021	(2.4)	135	6.7	79	(46.6)	4.1	2.9	2.7	25.3	22.7
FY09	2,910	44.4	212	7.3	59	(25.3)	3.3	4.3	7.5	31.5	18.4

Source: Company, Centrum Research

Financials

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY06	FY07	FY08	FY09
Revenue	1,494	2,051	2,021	2,910
<i>Growth in revenue (%)</i>	6.3	36.9	(2.4)	44.4
Raw Material	149	532	572	1,164
<i>% of Sales</i>	10.0	25.9	28.3	40.0
Manufacturing, Employee & Other Exp.	1,133	1,109	1,146	1,533
<i>% of Sales</i>	75.8	54.1	56.7	52.7
Selling and other expense	148	157	168	-
<i>% of Sales</i>	9.9	7.6	8.3	0.0
EBIDTA	64	254	135	212
<i>EBIDTA Margin</i>	4.3	12.4	6.7	7.3
Depreciation	31	30	30	34
PBIT	33	224	105	178
Interest expense	123	119	133	114
PBT from operations	(90)	105	(28)	64
Other income	782	54	116	14
PBT before extra-ordinary items	692	160	89	77
Extra-ordinary income/ (expenses)	-	-	-	-
PBT	692	160	89	79
Provision for tax	8.8	11.5	8.7	19.7
<i>Effective Tax Rate</i>	1.3	7.2	9.8	25.0
Reported PAT	683	148	80	59
Adjusted PAT	32	148	79	59
<i>Growth in PAT(%)</i>	(62.8)	358.2	(46.6)	(25.3)
<i>PAT margin</i>	2.2	7.2	3.9	2.0

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY06	FY07	FY08
Total Capital Employed	3,642	3,547	3,555
Share Capital	185	185	185
Reserves	2,477	2,593	2,540
Shareholder's funds	2,661	2,777	2,724
Minority Interest	-	-	-
Debt	981	770	830
Deferred Tax Liability	-	-	-
Total Capital Employed	3,642	3,547	3,555
Gross Block	2,478	2,484	2,497
Accumulated depreciation	639	641	666
Net Block	1,838	1,821	1,810
Capital WIP including	6.6	7.0	7.6
Total Fixed Assets	1,845	1,828	1,817
Investments	1,897	1,896	1,896
Inventories	110	96	108
Debtors	102	96	149
Cash Balances	29	140	200
Loans & Advances	88	952	1,003
Total current assets	329	1,283	1,460
Current liabilities and provisions	430	1,461	1,619
Net Current Assets	(101)	(177)	(159)
Misc. Expenditure	-	-	-
Total Assets	3,642	3,547	3,555

Source: Company, Centrum Research

Exhibit 3: Cash flow

Y/E March (Rsmn)	FY06	FY07	FY08
Cash Flow from Operating			
Profit Before Tax	38.0	159.6	88.5
Depreciation	30.5	29.7	30.0
Interest Expense	117.2	113.2	123.4
Others	18.2	(11.5)	(20.6)
Operating profit before WC change	204	291	221
Working capital adjustments	(48.60)	(142.90)	(148.90)
Gross cash from operations	155	148	72
Direct tax paid	0.3	(8.4)	(9.6)
Cash from operations	156	140	63
Cash flow from investing			
Capex	740.2	207.2	31.5
Investments	(728.0)	16.1	28.0
Cash from investment	12.20	223.30	59.50
Cash flows from financing			
Proceeds from sh. cap and premium	-	-	-
Borrowings/(Repayments)	(8.4)	(210.9)	73.7
Dividend paid	(21.0)	(21.1)	(32.4)
Interest paid	(129.3)	(120.1)	(149.6)
Cash generated from financing	(159)	(352)	(108)
Exceptional items	-	-	-
Net cash increase/ (decrease)	9.1	10.9	14.0

Source: Company, Centrum Research

Exhibit 4: Key Ratios

Y/E March	FY06	FY07	FY08	FY09
Margin Ratio (%)				
EBIDTA Margin	4.3	12.4	6.7	7.3
PBIT Margin	2.2	10.9	5.2	6.1
PBT Margin	46.3	7.8	4.4	2.7
PAT Margin	2.2	7.2	3.9	2.0
Growth Ratio (%)				
Revenues	6.3	36.9	(2.4)	44.4
EBITDA	206.0	300.0	(46.8)	56.7
Net Profit	(62.8)	358.2	(46.6)	(25.3)
Return Ratio (%)				
ROCE	1.0	5.8	2.7	7.5
ROE	1.4	5.4	2.9	4.3
ROIC	1.0	5.9	2.8	7.9
Turnover Ratios				
Asset Turnover ratio (x)	0.4	0.6	0.6	-
Working capital cycle (days)	(406.7)	(177.9)	(238.3)	-
Average collection period (days)	21.8	17.5	22.2	-
Average payment period (days)	714.6	266.1	325.4	0.0
Inventory holding (days)	286.2	70.7	64.9	-
Per Share (Rs)				
Fully diluted EPS	36.9	7.8	4.1	3.3
CEPS	37.7	8.6	4.9	4.2
Book Value	68.6	74.9	72.0	-
Dividend Per Share	0.5	0.7	0.7	-
Solvency Ratios				
Debt/Equity	0.6	0.5	0.5	-
Interest coverage	0.3	1.9	0.8	1.6
Valuation parameters (x)				
P/E	2.8	13.3	25.3	31.5
P/BV	1.5	1.4	1.4	-
EV/EBITDA	58.0	13.2	22.7	18.4
EV/Sales	2.5	1.6	1.5	1.3
M-Cap/Sales	2.6	1.9	1.9	1.3

Source: Company, Centrum Research

HT Media

Conference Highlights

26 August 2009

Hold

Target Price: Rs113

CMP: Rs107*

Upside: 5%

*as on 21 August 2009

Hindustan de-merger a positive trigger

The management is confident that rural growth would continue and guided over 30% ad revenue growth for **Hindustan**, its Hindi daily. **Hindustan** is gaining market share in Uttar Pradesh and maintained its leadership position in Bihar and Jharkhand. We believe the de-merger of **Hindustan** could be a positive trigger for the stock. Despite incurring substantial losses in new verticals, the company maintains they are investments for future growth.

- **Hindustan gaining market share:** The management sounded very confident of *Hindustan* gaining market share. The company claims the daily currently has 10% market share in Uttar Pradesh and hopes to increase its market share by increasing the number of editions and hiking ad rates. The paper is also the leader in Bihar and Jharkhand.
- **Losses in new ventures to impact profitability:** The management said the new ventures would continue to incur losses (Internet Rs350mn, radio and mobile advertisement Rs40mn, JV with Burda Rs50mn) in FY10E. *Mint*, the business daily, is likely to incur a loss of Rs150mn in FY10, though the Delhi and Mumbai editions will breakeven in Q4FY10.
- **High-cost newsprint to get absorbed by Q2FY10:** The Company will exhaust its high-cost (~US\$850 per tonne) newsprint inventory by Q2FY10. After that, lower newsprint prices (US\$550-600 per tonne) would help the company to post better margins.
- **National ad market still weak:** Company derives more than two-third of its revenue from its flagship daily, *Hindustan Times*, which is likely to face challenges in Delhi and Mumbai due to subdued advertisement outlook. However, the management believes the Mumbai edition would breakeven by FY12.
- **Fairly valued:** We value the stock at 18.1x its consolidated FY11E EPS of Rs5.94 and arrive at a target price of Rs113. We believe the stock is fairly valued and maintain our Hold rating as concerns persist over subdued advertising outlook and losses in new ventures.

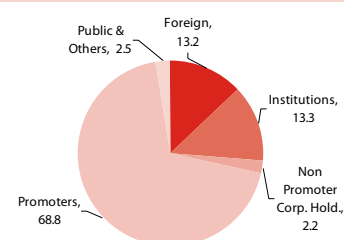
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Key Data

Bloomberg Code	HTML IN
Reuters Code	HTML.BO
Current Shares O/S (mn)	235.0
Diluted Shares O/S(mn)	235.0
Mkt Cap (Rsbn/USDmn)	25.3/519.6
52 Wk H / L (Rs)	144/36
Daily Vol. (3M NSE Avg.)	176,007
Face Value (Rs)	2

USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
HT Media	11.1	109.3	(10.8)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E Mar (Rsmn)	Rev	YoY(%)	EBIDTA	EBIDTA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE(%)	RoCE (%)	P/E (x)	EV/EBIDTA (x)
FY07	10,397	26.1	1,680	16.2	970	172.7	4.1	12.1	8.4	26.0	14.0
FY08	12,033	15.7	1,699	14.1	1,013	4.4	4.3	11.9	8.0	24.9	14.1
FY09E	13,466	11.9	879	6.5	9	(99.1)	0.0	NM	NM	2,791.5	28.7
FY10E	14,459	7.4	2,332	16.1	988	NM	4.2	10.6	8.9	25.6	10.5
FY11E	16,168	11.8	2,765	17.1	1,396	41.3	5.9	13.1	10.9	18.1	8.4

Source: Company, Centrum Research Estimate

Financials

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Net Sales	10,397	12,033	13,466	14,459	16,168
Growth (%)	26.1	15.7	11.9	7.4	11.8
Cost of Revenues	4,352	4,640	5,589	5,256	5,712
% of Sales	41.9	38.6	41.5	36.4	35.3
Employee Cost	1,596	1,983	2,419	2,473	2,746
% of Sales	15.4	16.5	18.0	17.1	17.0
Admin & other expenses	2,768	3,711	4,579	4,397	4,944
% of sales	26.6	30.8	34.0	30.4	30.6
EBIDTA	1,680	1,699	879	2,332	2,765
EBIDTA Margins (%)	16.2	14.1	6.5	16.1	17.1
Depreciation	436	570	688	808	856
PBIT	1,244	1,129	191	1,524	1,909
Interest expenses	143	178	323	270	195
PBT for operations	1,101	951	(132)	1,254	1,714
Other non operating income	367	439	330	265	225
PBT before extra-ordinary items	1,468	1,390	198	1,519	1,939
Extra-ordinary expense	0	-	189	165	-
PBT	1,468	1,390	9	1,354	1,939
Provision for tax	546	377	125	366	543
Effective tax rate (%)	37.2	27.1	1405.2	27.0	28.0
PAT	922	1,013	(116)	988	1,396
Share of minority interest	48	(0)	125	-	-
Adjusted PAT	970	1,013	9	988	1,396
Growth (%)	172.7	4.4	(99.1)	10,810.2	41.3

Source: Company, Centrum Research Estimate

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Share Capital	468	469	470	470	470
Reserves & Surplus	7,174	8,060	8,015	8,866	10,152
Minority Interest	0	1	(69)	1	1
Loan Funds	1,658	2,231	3,706	3,000	1,750
Deferred Tax Liab	273	122	207	211	211
Total Capital Employed	9,572	10,882	12,329	12,547	12,584
Gross Block	6,142	7,005	8,238	9,778	10,422
Accumulated Depreciation	1,244	1,765	2,467	3,314	4,170
Net Block	4,898	5,240	5,771	6,464	6,252
Capital WIP	309	589	1,946	450	300
Total Assets	5,207	5,829	7,717	6,914	6,552
Investments	2,293	2,656	3,035	1,750	1,750
Inventory	1,032	1,155	1,756	1,197	1,305
Debtors	1,485	1,983	2,199	2,456	2,746
Loans & advances	552	1,287	2,315	1,295	1,435
Cash & bank balances	1,104	774	705	1,970	2,108
Total current assets	4,173	5,199	6,976	6,918	7,595
Current liabilities and provisions	2,101	2,804	5,399	3,035	3,313
Net current assets	2,072	2,395	1,577	3,883	4,282
Misc Expenditure	1	1	0	0	0
Total	9,572	10,882	12,329	12,547	12,584

Source: Company, Centrum Research Estimate

Exhibit 3: Cash flow

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Cash flows from operating					
Profit before tax	1,468	1,390	9	1,354	1,939
Depreciation & amortisation	436	570	688	808	856
Others	(33)	(113)	284	249	(30)
Operating charges before WC chg	1,871	1,846	981	2,411	2,765
Working capital changes	(226)	(131)	1,313	(1,153)	(261)
Cash inflow from operations	1,645	1,715	2,294	1,259	2,504
Income tax paid	(513)	(597)	(205)	(367)	(543)
Net cash inflow from operations	1,132	1,118	2,089	891	1,961
Cash flows from investing activities					
Capex	(867)	(1,196)	(2,597)	(43)	(494)
Investments	(319)	(325)	(1,103)	1,285	-
Other Income	200	75	256	191	225
Cash generated from investment	(986)	(1,447)	(3,443)	1,432	(269)
Cash flow from financing activities					
Equity shares	(158)	573	-	-	-
Borrowings/ repayments	(38)	-	1,491	(706)	(1,250)
Dividend paid	(66)	(82)	(110)	(83)	(110)
Interest paid	(143)	(179)	(297)	(270)	(195)
Cash generated from financing	(406)	312	1,084	(1,059)	(1,555)
Net inc./dec. in cash & cash eq.	(260)	(17)	(270)	1,265	138
Cash & cash eq. at beginning of the yr	897	637	620	705	1,970
Cash at the end of the year	637	620	349	1,970	2,108

Source: Company, Centrum Research Estimate

Exhibit 4: Key Ratios

Y/E March	FY07	FY08	FY09E	FY10E	FY11E
Margin ratios (%)					
EBIDTA Margins	16.2	14.1	6.5	16.1	17.1
PBIT Margins	12.0	9.4	1.4	10.5	11.8
PBT Margins	14.1	11.6	0.1	9.4	12.0
PAT Margins	8.9	8.4	(0.9)	6.8	8.6
Growth ratios (%)					
Revenues	26.1	15.7	11.9	7.4	11.8
EBIDTA	41.2	1.1	(48.3)	165.4	18.6
Net Profit	172.7	4.4	(99.1)	10,810.2	41.3
Return Ratios (%)					
ROCE	8.4	8.0	NM	8.9	10.9
RoIC	23.0	18.3	8.1	21.0	26.3
ROE	12.1	11.9	NM	10.6	13.1
Turnover Ratios					
Average inventory period (days)	86.6	90.8	114.7	83.1	83.4
Average collection period(days)	52.1	60.2	59.6	62.0	62.0
Average payment period (days)	56.0	61.4	62.6	59.7	59.6
Working Capital Cycle (days)	82.7	89.6	111.7	85.4	85.8
Per Share (Rs)					
EPS	4.1	4.3	0.0	4.2	5.9
CEPS	5.8	6.8	2.4	7.6	9.6
Book Value	32.6	36.4	36.1	39.7	45.2
Dividend	0.3	0.4	0.3	0.4	0.4
Valuations (x)					
PER	26.0	24.9	2791.5	25.6	18.1
P/BV	3.3	3.0	3.0	2.7	2.4
EV/EBIDTA	14.0	14.1	28.7	10.5	8.4
EV/Sales	2.3	2.0	1.9	1.7	1.4
M-cap/Sales	2.4	2.1	1.9	1.7	1.6

Source: Company, Centrum Research Estimate

ICSA India

Conference Highlights

26 August 2009

Not Rated

CMP: Rs174*

*as on 21 August 2009

Increased focus on embedded solutions

The management said increased focus on embedded solutions would help the company turn operating cash positive by end FY10. The management believes ICSA is well-positioned to capitalize on Rs100bn opportunity provided by Restructured Accelerated Power Development and Reform Programme (R-APDRP). Moreover, the company is making a gradual shift to the more profitable high-voltage orders in the infra segment.

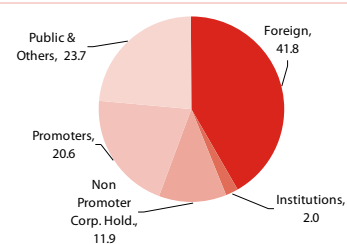
- **Increased focus on embedded solutions:** The management is targeting a 60:40 revenue mix from infrastructure projects and embedded solutions by FY11. Higher EBITDA margin (~25% vs 10% in infrastructure), higher book-to-bill ratio and better working capital cycle are the key reasons for increasing focus on embedded solutions.
- **To become operational cash positive by end FY10:** The management is confident of improving its overall working capital cycle on the back of increased focus on embedded solutions (where debtor days are low) and reforms in power distribution companies (Discoms). Currently, debtor days for embedded solutions segment is 140 days vs 180 days for the infrastructure segment.
- **Large opportunity in R-APDRP:** The management believes it is well-positioned to capitalize the opportunity (estimated at Rs100bn over the next 3 years) provided by R-APDRP. R-APDRP focuses on establishing baseline data to fix accountability and reduce AT&C losses by strengthening sub-transmission and distribution network through IT.
- **Move to higher voltage contracts:** ICSA is moving into higher voltage (220KV & 400KV) sub-station orders (upto 33KV substation orders currently). This would improve margins and profitability, going forward.

Key Data

Bloomberg Code	AURFI IN
Reuters Code	ICSA.BO
Current Shares O/S (mn)	47.1
Diluted Shares O/S(mn)	47.1
Mkt Cap (Rsbn/USDmn)	8.2/168.9
52 Wk H / L (Rs)	354/48
Daily Vol. (3M NSE Avg.)	743,568
Face Value (Rs)	2

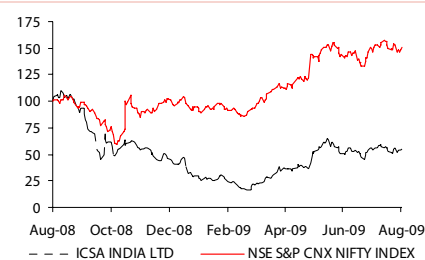
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
ICSA India	2.7	126.2	(47.8)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

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Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY05	215	-	50	23.2	37	-	6.9	33.3	41.5	25.2	52.7
FY06	811	277.3	201	24.8	151	304.7	25.1	46.1	52.8	6.9	14.2
FY07	3,325	309.8	805	24.2	589	290.5	86.4	52.8	30.6	2.0	3.3
FY08	6,707	101.7	1,804	26.9	1,111	88.6	25.3	29.7	30.7	6.9	1.7

Source: Company, Centrum Research

Financials

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY05	FY06	FY07	FY08	FY09
Revenue	215	811	3,325	6,707	11,113
Material cost / Direct expenses	145	541	2,354	4,538	7,796
Personnel Expenses	10	28	55	150	185
Administrative & Other expenses	10	41	111	215	460
EBIDTA	50	201	805	1,804	2,673
<i>EBIDTA margin (%)</i>	<i>23.2</i>	<i>24.8</i>	<i>24.2</i>	<i>26.9</i>	<i>24.1</i>
Depreciation	2	9	17	34	111
EBIT	48	193	788	1,770	2,562
Interest	0	1	59	271	331
Other income	0	2	8	79	18
Profit before Tax	48	194	737	1,577	2,249
Provision for tax	11	43	148	466	566
<i>Effective tax rate (%)</i>	<i>22.5</i>	<i>22.2</i>	<i>20.1</i>	<i>29.5</i>	<i>25.2</i>
PAT	37	151	589	1,111	1,683

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY05	FY06	FY07	FY08
Share Capital	54	60	68	88
Reserves Total	58	267	1,049	3,653
Networth	112	327	1,117	3,741
Borrowings	4	38	1,460	2,014
Total Liabilities	116	365	2,577	5,755
Gross Block	44	79	139	983
Less: Accumulated Depreciation	7	15	32	66
Net Block	38	63	107	917
Investments	-	-	2	26
Inventories	14	33	289	649
Sundry Debtors	111	459	1,737	3,190
Cash and Bank	1	3	873	585
Loans and Advances	17	73	326	1,589
Current Liabilities	56	246	732	1,055
Provisions	15	46	168	316
Net Current Assets	72	277	2,325	4,642
Miscellaneous Exp. not written off	14	45	173	338
Net Deferred Tax	(7)	(20)	(29)	(168)
Total Assets	116	365	2,577	5,755

Source: Company, Centrum Research

Exhibit 3: Key Ratios

Y/E March (Rsmn)	FY05	FY06	FY07	FY08
Profitability ratios (%)				
EBIDTA margin	23.2	24.8	24.2	26.9
PBIT margin	22.5	23.7	23.7	26.4
PBT margin	22.4	23.9	22.2	23.5
PAT margin	17.3	18.6	17.7	16.6
Return ratios (%)				
ROCE	41.5	52.8	30.6	30.7
ROIC	41.7	53.2	46.2	34.2
ROE	33.3	46.1	52.8	29.7
Turnover Ratios				
Asset turnover ratio (x)	1.9	2.2	1.3	1.2
Working capital cycle (days)	121.3	124.5	255.2	252.6
Average collection period (days)	188.6	206.6	190.6	173.6
Per share (Rs)				
Basic EPS	6.9	25.1	86.4	25.3
Book value	20.7	54.5	163.7	85.0
Solvency Ratio				
Debt-equity	0.0	0.1	1.3	0.5
Interest coverage ratio	100.9	183.5	13.4	6.5
Valuation				
P/E	25.2	6.9	2.0	6.9
P/BV	8.4	3.2	1.1	2.0
EV/EBIDTA	52.7	14.2	3.3	1.7
EV/Sales	35.6	9.5	2.5	1.4
M-cap/Sales	35.6	9.4	2.3	1.1

Source: Company, Centrum Research

Idea Cellular

Conference Highlights

26 August 2009

Hold

Target Price: Rs74

CMP: Rs83*

Downside: 11%

*as on 21 August 2009

High growth despite competition

Idea Cellular continues to expand in newer circles and is likely to build a pan-India presence by the year end. Network expansion will likely remain a key catalyst to its minutes growth. The stock is fairly valued and we reiterate Hold with a positive bias.

- **High minutes growth despite competition:** Promotional strategies of new entrants continues to have a downward bias on industry growth due to increase of dual-SIM phenomenon and decline in tariff. However, Idea continues to register robust minutes growth (10.2% QoQ in Q1FY10) despite competitive headwind.
- **Strengthening network in Spice's Karnataka circle:** Idea continues to strengthen its capabilities (network and distribution) in the Karnataka circle where the company holds 900MHz of spectrum. It is hopeful of reaping benefits from these investments in the medium to long-term.
- **Idea maintains capex guidance of Rs55bn for FY10:** The company is upbeat about the response from its newer circle launches like Mumbai and Bihar. However, the company continues to be cautious in new circle rollouts, as it acknowledges its limitations of rollout in 1800MHz vs incumbents, who operate in the 900MHz spectrum.
- **Mobile number portability (MNP) implementation unlikely by Sep 2009:** We believe the industry is unlikely to implement MNP by Sep 2009, as TRAI's consultation on several important aspects for MNP is underway. This would provide further time to incumbent operators to gear up their quality of service to minimize the possible churn due to MNP.
- **Fairly valued– Hold with a positive bias:** At CMP, the stock is fairly valued. However, we have a positive bias on the stock since we expect company to benefit immensely once competitive pressures reduce or consolidation happens in the industry. Upside to our valuation stems from unlocking of value in Indus Towers.

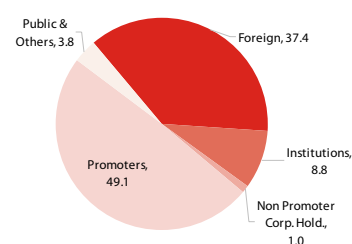
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Key Data

Bloomberg Code	IDEA IN
Reuters Code	IDEA.BO
Current Shares O/S (mn)	3,100.1
Diluted Shares O/S(mn)	3,100.1
Mkt Cap (Rsbn/USDbn)	256.7/5.3
52 Wk H / L (Rs)	92/34
Daily Vol. (3M NSE Avg.)	10,581,586
Face Value (Rs)	10

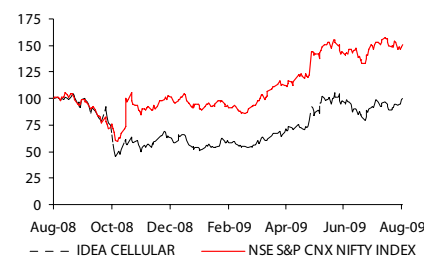
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Idea	10.8	71.1	1.0
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E March (Rsmn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adjust. PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY07	43,664	47.2	14,653	33.6	5,022	137.5	1.9	30.4	15.3	42.7	16.3
FY08	67,200	53.9	22,518	33.5	10,423	107.5	4.0	36.5	17.8	20.9	12.1
FY09E	101,252	50.7	28,121	27.8	9,009	(13.6)	2.7	10.3	8.5	30.4	10.1
FY10E	138,316	36.6	39,824	28.8	11,176	24.1	3.4	8.3	9.1	24.5	8.2
FY11E	161,720	16.9	44,654	27.6	12,800	14.5	3.9	9.4	9.3	21.5	7.3

Source: Company, Centrum Research Estimate

Financials (Consolidated)

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY07	FY08	FY09	FY10E	FY11E
Revenue	43,664	67,200	101,252	138,316	161,720
YoY growth (%)	47.2	53.9	50.7	36.6	16.9
Roaming and Access charges	7,321	11,334	18,473	21,222	25,309
% of Sales	16.8	16.9	18.2	15.3	15.6
License and spectrum charges	4,487	6,851	11,239	15,533	17,802
% of Sales	10.3	10.2	11.1	11.2	11.0
Network operations cost	5,336	10,470	20,987	31,434	40,471
% of Sales	12.2	15.6	20.7	22.7	25.0
Personnel expenses	2,609	3,464	5,252	6,946	7,966
% of Sales	6.0	5.2	5.2	5.0	4.9
Mar, Dist, Admin and & expense	9,259	12,563	17,180	23,358	25,519
% of Sales	21.2	18.7	17.0	16.9	15.8
EBITDA	14,653	22,518	28,121	39,824	44,654
EBITDA Margin	33.6	33.5	27.8	28.8	27.6
Depreciation	6,718	8,768	14,039	18,545	22,267
PBIT	7,934	13,750	14,082	21,279	22,387
Interest expenses	3,294	4,592	4,943	11,157	10,420
Share of profits/(losses) in JV & assoc.	-	-	-	-	-
PBT from operations	4,641	9,158	9,139	10,122	11,967
Other non operating income	452	1,991	232	3,950	3,950
PBT before extra-ordinary items	5,093	11,148	9,371	14,072	15,917
Extra-ordinary income/(expenses)	-	-	-	-	-
PBT	5,093	11,148	9,371	14,072	15,917
Provision for tax	70	725	362	2,896	3,117
Effective tax rate	1.4	6.5	7.1	20.6	19.6
Minority Interest	-	-	-	-	-
PAT	5,022	10,423	9,009	11,176	12,800
PAT (adjusted)	5,022	10,423	9,009	11,176	12,800
YoY growth (%)	137.5	107.5	(13.6)	24.1	14.5
PAT margin	11.5	15.5	8.9	8.1	7.9

Source: Company, Centrum Research Estimate

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Share Capital	25,929	26,354	33,002	33,064	33,162
Share Warrants Account	-	-	-	-	-
Reserves	(4,131)	9,092	106,690	96,270	110,079
Net worth	21,798	35,446	139,692	129,334	143,241
Debt	42,505	65,154	77,654	91,288	90,985
Minority Interest	-	-	-	-	-
Deferred Tax Liability	11	661	661	661	661
Total Capital Employed	64,313	101,261	218,007	221,283	234,887
Gross Block	70,473	110,141	134,719	263,922	293,492
Accumulated depreciation	26,306	31,242	36,430	74,537	95,361
Net Block	44,167	78,899	98,290	189,385	198,132
Capital WIP	5,069	10,372	11,000	11,039	10,746
Intangible assets (net)	11,864	17,892	16,791	15,348	13,904
Total Fixed Assets	61,100	107,163	126,081	215,772	222,782
Goodwill	61	61	61	61	61
Investments (strategic)	-	-	41,479	-	-
Investments (marketable sec)	12	5,560	40,000	35,000	40,000
Inventories	179	276	86	118	129
Debtors	1,525	1,986	2,123	3,784	4,028
Cash and cash equivalent	18,199	4,975	28,706	3,377	1,428
Loans and Advances	4,000	7,742	29,732	28,206	28,531
Other current asset	758	521	462	420	400
Total current assets	24,660	15,500	61,108	35,904	34,517
Current liabilities and provisions	21,520	27,022	50,723	65,454	62,473
Net current assets	3,140	(11,523)	10,386	(29,551)	(27,956)
Miscellaneous expenditure	-	-	-	-	-
Total Assets	64,313	101,261	218,007	221,283	234,887

Source: Company, Centrum Research Estimate

Exhibit 3: Cash flow

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Cash flow from operating					
Profit before tax	5,093	11,148	8,936	14,072	15,917
Depreciation	6,718	8,768	13,429	18,545	22,267
Other	3,108	3,161	(3,299)	(3,950)	(3,950)
Interest expenses	11	650	7,854	10,863	10,000
Cash before working capital chg.	14,930	23,728	26,920	39,530	44,234
Working capital adjustment	1,198	2,221	179	7,119	2,010
Gross cash flow from operations	16,128	25,949	27,099	46,649	46,244
Direct taxes paid	70	725	637	2,896	3,117
Cash from operations	16,057	25,224	26,462	43,753	43,127
Cash flow from investing					
Capex	(22,902)	(55,576)	(72,183)	(64,582)	(34,830)
Investments & income for inv.	145	(4,193)	(31,141)	8,950	(1,050)
Cash flow from investing	(22,756)	(59,768)	(103,324)	(55,632)	(35,880)
Cash flow from financing					
Proceeds from share capital & pre.	25,000	3,188	95,947	515	1,107
Borrowings/ (Repayments)	9,623	22,649	12,500	(12,795)	(303)
Interest paid	(11,223)	(4,517)	(7,854)	(10,863)	(10,000)
Dividend paid	-	-	-	-	-
Cash flow from financing	23,401	21,319	100,592	(23,143)	(9,196)
Net cash increase/ (decrease)	16,702	(13,225)	23,731	(35,022)	(1,949)
Free cash flow to firm (FCFF)	(6,734)	(30,020)	(45,132)	(22,631)	6,876
FCFF per share	(2.6)	(11.4)	(13.7)	(6.8)	2.1

Source: Company, Centrum Research Estimate

Exhibit 4: Key Ratios

Y/E March	FY07	FY08	FY09E	FY10E	FY11E
Margin Ratios (%)					
EBITDA Margin	33.6	33.5	27.8	28.8	27.6
PBIT Margin	18.2	20.5	13.9	15.4	13.8
PBT Margin	11.7	16.6	9.3	10.2	9.8
PAT Margin	11.5	15.5	8.9	8.1	7.9
Return Ratios (%)					
ROCE	15.3	17.8	8.5	9.1	9.3
ROIC	33.0	32.9	23.4	24.0	23.7
ROE	30.4	36.5	10.3	8.3	9.4
Turnover Ratios					
Asset Turnover Ratio (x)	0.81	0.81	0.64	0.63	0.71
Working capital cycle (days)	(283.3)	(227.0)	(262.4)	(250.7)	(199.6)
Average collection period (days)	12.7	10.8	7.6	10.0	9.1
Average payment period (days)	297.5	239.3	270.4	261.0	209.0
Inventory holding (days)	1.5	1.5	0.3	0.3	0.3
Per share (Rs)					
Basic EPS	1.9	4.0	2.9	3.4	3.9
Fully diluted EPS	1.9	4.0	2.7	3.4	3.9
CEPS	4.5	7.3	7.4	9.0	10.6
Book Value	8.4	13.5	42.3	39.1	43.2
Solvency ratios					
Debt/ Equity	2.0	1.9	0.6	0.7	0.6
Interest Coverage	2.4	3.0	1.7	1.9	2.1
Valuation parameters (x)					
P/E	42.7	20.9	30.4	24.5	21.5
P/BV	9.8	6.2	2.0	2.1	1.9
EV/ EBITDA	16.3	12.1	10.1	8.2	7.3
EV/ Sales	5.5	4.1	2.8	2.4	2.0
M-Cap/ Sales	4.9	3.2	2.7	2.0	1.7

Source: Company, Centrum Research Estimate

Ipca Laboratories

Conference Highlights

26 August 2009

Buy

Target Price: Rs721

CMP: Rs617*

Upside: 17%

*as on 21 August 2009

Steady growth, compelling valuations

Ipca Labs is a fully integrated pharmaceutical company engaged in manufacturing and marketing of branded and generic formulations, APIs and intermediates. The management guided steady 18-20% revenue growth and 21% EBITDA margins. India, Africa and Russia would be key growth drivers. We remain positive on the company's business model and growth visibility.

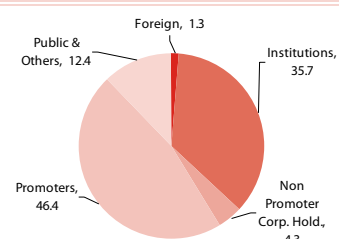
- **Domestic formulations to grow 20% in FY10E:** Ipca's domestic formulation business is expected to grow over 20% in FY10E on the back of high growth in cardiovascular (CVS), pain management and central nervous system (CNS) segments. The company is engaged building strong franchisee in these categories.
- **Indore SEZ facility to be operational in H2FY10:** The manufacturing facility at the Indore SEZ would be operational in H2FY10. The company expects to receive US FDA approval for its Indore SEZ plant by end FY10 after which it will be in a position to scale up its US business driven by volume growth.
- **14 ANDAs filed:** Ipca has already filed 14 Abbreviated New Drug Applications (ANDA) and has identified 60 more products to be filed. Ipca has received 9 approvals till date. Ipca is also looking at developing 4-5 NDDS products targeting the CVS and CNS Segments.
- **Africa, Russia key export growth markets:** Africa and Russia would be key growth drivers for exports on the back of low base and substantial increase in product offerings.
- **Attractive valuations:** Ipca currently trades at attractive valuations of 8.1x FY10E and 6.8x FY11E earnings and 6x and 5x EV/EBITDA. We maintain Buy on the stock with a price target of Rs721.

Key Data

Bloomberg Code	IPCA IN
Reuters Code	IPCA.BO
Current Shares O/S (mn)	25.2
Diluted Shares O/S(mn)	25.2
Mkt Cap (Rsbn/USDmn)	15.5/319.6
52 Wk H / L (Rs)	710/284
Daily Vol. (3M NSE Avg.)	12,239
Face Value (Rs)	10

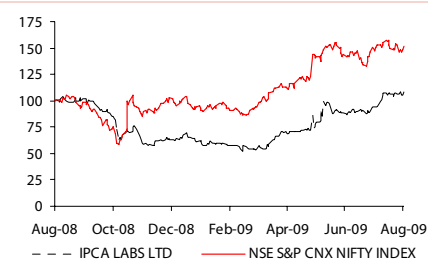
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
IPCA Labs	15.1	87.7	8.2
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

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Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY07	9,362	24.0	1,980	21.1	1,243	102.1	49.6	29.5	20.9	12.5	9.0
FY08	10,652	13.8	1,817	17.1	1,357	9.1	54.1	25.5	17.6	11.4	10.4
FY09E	12,926	21.3	2,653	20.5	1,542	13.6	61.6	25.3	17.0	10.0	7.5
FY10E	15,225	17.8	3,209	21.1	1,895	22.9	75.7	26.9	18.1	8.1	6.0
FY11E	17,205	13.0	3,641	21.2	2,255	19.0	90.1	26.2	18.9	6.8	5.0

Source: Company, Centrum Research Estimate

Financials

Exhibit 1: Income Statement

Y/E Mar (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Revenues	9,362	10,652	12,926	15,225	17,205
<i>Growth in revenues (%)</i>	24.0	13.8	21.3	17.8	13.0
Raw materials	4,013	4,639	5,073	6,014	6,753
<i>% of Sales</i>	42.9	43.5	39.2	39.5	39.3
Personnel expenses	1,172	1,470	1,882	2,189	2,517
<i>% of Sales</i>	12.5	13.8	14.6	14.4	14.6
Selling and other expenses	2,198	2,726	3,319	3,814	4,294
<i>% of Sales</i>	23.5	25.6	25.7	25.0	25.0
EBITDA	1,980	1,817	2,653	3,209	3,641
<i>EBITDA Margin</i>	21.1	17.1	20.5	21.1	21.2
Depreciation	295	325	397	487	527
PBIT	1,685	1,492	2,256	2,722	3,114
Interest expenses	247	240	378	414	391
PBIT from operations	1,438	1,253	1,879	2,308	2,723
Other non operating income	105	64	66	60	96
PBT before extra-ordinary items	1,543	1,316	1,945	2,368	2,819
Extra-ordinary income/ (expenses)	8	(436)	762	-	-
PBT	1,552	880	2,706	2,368	2,819
Provision for tax	305	360	280	474	564
<i>Effective tax rate</i>	19.7	40.9	10.4	20.0	20.0
PAT	1,246	520	2,426	1,895	2,255
Minority Interest	4	(35)	57	-	-
PAT after minority interest	1,262	1,359	1,008	1,895	2,255
Adjusted PAT	1,243	1,357	1,542	1,895	2,255
<i>Growth in PAT (%)</i>	102.1	9.1	13.6	22.9	19.0
<i>PAT margin</i>	13.3	12.7	11.9	12.4	13.1

Source: Company, Centrum Research Estimate

Exhibit 2: Balance Sheet

Y/E Mar (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Share Capital	250	251	250	250	250
Reserves	4,488	5,641	6,063	7,514	9,168
Shareholders' fund	4,738	5,892	6,313	7,765	9,418
Minority Interest	-	-	-	-	-
Debt	2,389	3,530	4,599	4,599	4,099
Deferred Tax Liability	512	574	651	651	651
Total Capital Employed	7,639	9,996	11,560	13,011	14,165
Gross Block	5,109	5,789	7,790	8,434	9,134
Accumulated depreciation	1,355	1,646	2,022	2,509	3,036
Net Block	3,754	4,143	5,768	5,925	6,098
Capital WIP	570	1,276	144	300	-
Total Fixed Assets	4,324	5,420	5,912	6,225	6,098
Investments	86	95	412	412	412
Inventories	2,363	2,676	3,062	3,457	3,902
Debtors	1,807	2,676	3,391	3,443	3,920
Cash and bank balances	101	94	113	776	1,301
Loans and Advances	386	642	832	918	1,037
Total current assets	4,657	6,088	7,398	8,593	10,160
Current liabilities and provisions	1,428	1,607	2,162	2,219	2,505
Net current assets	3,229	4,481	5,236	6,374	7,655
Total Assets	7,639	9,996	11,560	13,012	14,165

Source: Company, Centrum Research Estimate

Exhibit 3: Cash flow

Y/E Mar (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Cash flow from operating activities					
Profit before tax	1,552	1,753	1,183	2,368	2,819
Depreciation	295	325	397	487	527
Interest expenses	247	240	378	414	391
Operating profit before WC change	2,093	2,317	1,957	3,269	3,737
Working capital adjustment	(810)	(1,259)	(736)	(476)	(755)
Gross cash generated from operations	1,283	1,058	1,221	2,794	2,982
Direct taxes paid	262	298	203	474	564
Cash generated from operations	1,544	1,357	1,424	3,267	3,546
Cash flow from investing activities					
Capex	(835)	(1,387)	(869)	(800)	(400)
Investment	(50)	(9)	(316)	-	-
Cash generated from investment	(885)	(1,396)	(1,185)	(800)	(400)
Cash flow from financing					
Proceeds from sh cap and premium	-	-	-	-	-
Borrowings/ (Repayments)	420	1,141	1,069	-	(500)
Interest paid	(247)	(240)	(378)	(414)	(391)
Dividend paid	(217)	(235)	(323)	(443)	(528)
Cash generated from financing	(43)	667	369	(857)	(1,419)
Net cash increase/ (decrease)	616	628	608	1,610	1,727

Source: Company, Centrum Research Estimate

Exhibit 4: Key Ratios

Y/E Mar	FY07	FY08	FY09E	FY10E	FY11E
Margin Ratios (%)					
EBITDA Margin	21.1	17.1	20.5	21.1	21.2
PBIT Margin	18.0	14.0	17.5	17.9	18.1
PBT Margin	16.6	8.3	20.9	15.6	16.4
PAT Margin	13.3	12.7	11.9	12.4	13.1
Growth Ratios (%)					
Revenues	24.0	13.8	21.3	17.8	13.0
EBITDA	72.2	(8.2)	46.0	21.0	13.5
Net Profit	102.1	9.1	13.6	22.9	19.0
Return Ratios (%)					
ROCE	20.9	17.6	17.0	18.1	18.9
ROIC	21.1	17.6	17.1	18.7	19.9
ROE	29.5	25.5	25.3	26.9	26.2
Turnover Ratios					
Asset turnover ratio (x)	0.8	0.9	0.9	0.9	0.8
Working capital cycle (days)	110.1	127.7	135.5	131.1	131.7
Average collection period (days)	62.9	77.8	96.4	83.1	83.7
Average payment period (days)	57.5	54.1	69.7	57.0	57.0
Inventory holding (days)	104.7	104.1	108.8	105.0	105.0
Per share (Rs)					
Fully diluted EPS	49.6	54.1	61.6	75.7	90.1
CEPS	61.3	67.0	77.5	95.2	111.2
Book Value	188.8	234.8	252.3	310.3	376.4
Solvency ratios					
Debt/ Equity	0.5	0.6	0.7	0.6	0.4
Interest coverage	6.8	6.2	6.0	6.6	8.0
Valuation parameters (x)					
P/E	-	11.4	10.0	8.1	6.8
P/BV	-	2.6	2.4	2.0	1.6
EV/ EBITDA	-	10.4	7.5	6.0	5.0
EV/ Sales	1.9	1.8	1.5	1.3	1.1
M-Cap/ Sales	1.7	1.5	1.2	1.0	0.9

Source: Company, Centrum Research Estimate

JK Tyre & Industries

Conference Highlights

26 August 2009

Hold

Target Price: Rs83

CMP: Rs90*

Downside: 8%

*as on 21 August 2009

Tornel acquisition turning positive

JK Tyres has been able to turnaround its Mexican subsidiary, Tornel, and expects strong synergy benefits coming in from the latter's strong OE reach and retail network in North America. JK Tyres, the largest CV radial tyre manufacturer in the country, is also expected to benefit from the increasing trend towards radialisation in India. This augurs well for the company and we would be factoring this in our estimates.

- **Major truck radials manufacturer:** JK Tyres accounts for 80% of India's truck radial tyre production and about 40-45% of truck radial tyre sales. It is expanding capacity of its Mysore facility to 0.8mn tyres per annum. Though truck radials are priced about 15% higher, they provide an overall cost saving of 5-6% in comparison to bias tyres for operators.
- **Strong performance by Tornel in H1CY09:** After posting Rs1.26bn loss in CY08 (partial year from June 2008), JK Tyres' Mexican subsidiary Tornel reported a profit of Rs0.5bn in H1CY09, resulting in a PAT margin of 10%. This performance is attributed to lower material costs and better sourcing of materials at competitive prices. With material cost hardening, margins could slip to 6-7%.
- **Tornel to provide synergistic benefits:** Tornel provides JK Tyres synergistic benefits with a strong OE reach in North America. Further, Tornel's tyre capacity of 6.6mn pa would free up JK Tyres' capacity for domestic sales.
- **Capex to boost radial capacity:** JK Tyres has lined up Rs7.8bn capex over FY09-12E. Out of this amount, Rs3bn is for setting up a new facility to make PV radials with a capacity of 2.5mn tyres annually and Rs3.4bn is to increase its truck radial tyre capacity to 1.2mn. Balance is to be incurred on truck bias, OTR and tractor capacities.
- **Price increases likely with rising input cost pressure:** With rubber prices increasing, tyre manufacturers plan to hike prices. JK Tyres' average recipe cost in Q1FY10 was Rs77/kg and has increased to Rs85/kg currently, indicating pressure on margin in Q2FY10E.
- **Fairly valued:** Currently, the stock trades at 3.5x FY11E EV/EBITDA. We value the stock at 3.3x FY10E EV/E, which translates into a target price of Rs83.

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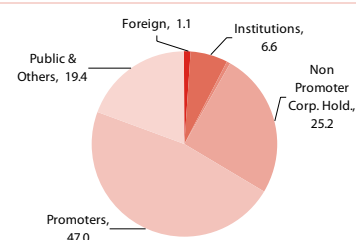
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Key Data

Bloomberg Code	JK IN
Reuters Code	JKIN.BO
Current Shares O/S (mn)	41.1
Diluted Shares O/S(mn)	41.1
Mkt Cap (Rsbn/USDmn)	3.7/76.1
52 Wk H / L (Rs)	96/26
Daily Vol. (3M NSE Avg.)	64,485
Face Value (Rs)	10

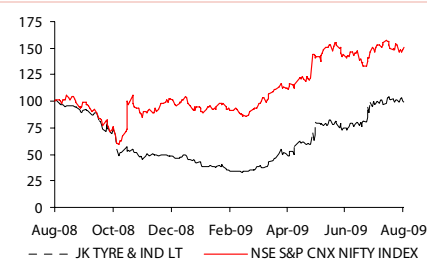
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
JK Tyre	2.7	187.9	(1.8)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY06	26,092	7.9	1,512	5.8	170	-	4.1	4.3	4.8	21.8	8.4
FY07	28,162	7.9	2,547	9.0	667	292.8	16.2	17.4	8.4	5.5	4.9
FY09E*	54,701	94.2	3,222	5.9	203	(69.6)	4.9	4.9	7.5	18.2	4.5
FY10E	38,715	(29.2)	3,158	8.2	699	244.5	17.0	14.7	8.2	5.3	4.5
FY11E	42,101	8.7	4,145	9.8	1,331	90.5	32.4	22.8	10.6	2.8	3.5

*FY09E pertains to an 18 month period (Oct 2007 - Mar 2009)

Source: Company, Centrum Research Estimate

Financials

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY06	FY07	FY09E*	FY10E	FY11E
Net Sales	26,092	28,162	54,701	38,715	42,101
% Growth	7.9	7.9	94.2	(29.2)	8.7
Raw Materials	18,212	18,749	38,631	26,641	28,235
Personnel	1,557	1,767	3,349	2,304	2,480
Manufact. & Other Exp.	4,811	5,099	9,498	6,612	7,241
EBITDA	1,512	2,547	3,222	3,158	4,145
EBITDA Margin (%)	5.8	9.0	5.9	8.2	9.8
Depn.& Amortn	709	754	1,275	911	954
EBIT	803	1,792	1,946	2,247	3,191
Interest Expenses	761	890	1,652	1,165	1,052
EBT	41	902	294	1,082	2,139
Other Income	176	105	25	20	25
Extraord. (Income)/Exp.	0	0	0	0	0
PBT	217	1,007	319	1,102	2,164
Tax-Total	48	340	117	403	833
Tax Rate (%) - Total	21.9	33.8	36.5	36.6	38.5
Reported PAT	170	667	203	699	1,331
Extraord. items -Adj.					
Adjusted PAT	170	667	203	699	1,331
PAT Margin	0.7	2.4	0.4	1.8	3.2
% Growth		292.8	(69.6)	244.5	90.5

Source: Company, Centrum Research Estimate

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY06	FY07	FY09E*	FY10E	FY11E
Sources of funds					
Capital	308	308	411	411	411
Reserves & Surplus	5,594	5,050	5,156	5,819	7,080
Shareholders' Funds	5,902	5,358	5,566	6,230	7,491
Minority Interest					
Loans	9,439	9,150	11,225	12,200	11,500
Total Loan Funds	9,439	9,150	11,225	12,200	11,500
Deferred Tax Liabi. - Net	(16)	1,053	1,419	1,552	1,282
Total	15,325	15,561	18,210	19,982	20,272
Application of funds					
Gross Block	20,842	21,561	23,228	24,429	25,503
Accumulated Dep.	(8,600)	(9,573)	(10,775)	(11,686)	(12,639)
Capital WIP	225	203	232	244	100
Net Fixed Assets	12,467	12,191	12,685	12,988	12,964
Investments	676	714	714	714	714
Goodwill	-	-	750	750	750
Inventories	3,686	5,029	8,085	8,485	9,458
Sundry Debtors	4,779	4,355	4,761	4,879	5,387
Other Current Assets	2	3	3	3	3
Cash & Bank Balances	402	300	478	1,634	898
Loans and Advances	1,282	1,329	1,620	1,764	1,611
Total CA, Loans & Adv.	10,151	11,016	14,947	16,765	17,356
Current Liabilities	7,664	8,001	10,512	10,821	11,063
Provisions	305	359	374	415	449
Total Current Liab. & Prov.	7,969	8,360	10,886	11,235	11,512
Net Current Assets	2,182	2,656	4,061	5,530	5,844
Miscellaneous Expend.	-	-	-	-	-
Total assets	15,325	15,561	18,210	19,982	20,272

Source: Company, Centrum Research Estimate

Note: FY10E onwards the company would change its financial year from Oct-Sept to Apr-March.

*FY09E pertains to 18 month period (Oct 2007 - Mar 2009)

Exhibit 3: Cash flow

Y/E March (Rsmn)	FY06	FY07	FY09E*	FY10E	FY11E
Net cash from operations	456	1,950	1,280	2,561	2,288
Net cash from investment	(1,016)	(737)	(1,428)	(1,180)	(1,202)
Net CF from financing	591	(1,314)	325	(225)	(1,821)
Net cash increase/(dec)	32	(101)	178	1,156	(736)

Source: Company, Centrum Research Estimate

Exhibit 4: Key Ratios

Y/E March	FY06	FY07	FY09E*	FY10E	FY11E
O/s Shares (mn)	30.8	30.8	41.1	41.1	41.1
Fully Diluted Shares (mn)	30.8	30.8	41.1	41.1	41.1
Per share (Rs)					
Basic EPS	4.1	16.2	4.9	17.0	32.4
Fully diluted EPS	4.1	16.2	4.9	17.0	32.4
Book value	129.4	120.1	104.3	126.5	157.2
Valuation					
P/E	21.8	5.5	18.2	5.3	2.8
P/BV	0.7	0.8	0.9	0.7	0.6
EV/EBITDA	8.4	4.9	4.5	4.5	3.5
EV/Sales	0.5	0.4	0.3	0.4	0.3
Margin Ratio (%)					
EBITDA Margin	5.8	9.0	5.9	8.2	9.8
PBIT Margin	3.1	6.4	3.6	5.8	7.6
PAT Margin	0.7	2.4	0.4	1.8	3.2
Return Ratio (%)					
ROCE	4.8	8.4	7.5	8.2	10.6
ROE	4.3	17.4	4.9	14.7	22.8
Other Ratios					
Interest coverage ratio (%)	0.9	0.5	0.8	0.5	0.3
Debt-equity (x)	1.6	1.7	2.0	2.0	1.5
Liquidity ratio (x)	1.3	1.3	1.4	1.5	1.5
Other income contrib. (%)	81.0	10.4	7.9	1.8	1.2
Dividend Payout (%)	52	15	17	10	14
Asset TO (x)	1.7	1.8	3.2	2.0	2.1
WC Turnover (days)	22.2	33.9	18.7	17.0	18.7

Source: Company, Centrum Research Estimate

Kotak Mahindra Bank

Conference Highlights

26 August 2009

Sell

Target Price: Rs387

CMP: Rs720*

Downside: 46%

*as on 21 August 2009

Balancing act

Kotak Mahindra Bank (KMB) intends to revamp its loan book, improve capital efficiency to prop up RoE and focus on organic and inorganic growth opportunities. The stock currently trades at 3.7x FY09E P/BV.

- **Organic growth priority but open to inorganic opportunities:** KMB is identifying potential acquisitions in the banking and NBFC space, although organic growth would remain its preferred expansion strategy. The bank is open to acquisitions in the old private banking space but sees constraints from unavailability of easy blocks.
- **Insurance value unlocking not a near term possibility:** The bank would prefer to operate as a financial conglomerate and is not seriously considering value unlocking in the insurance business. It hinted at funding its capital needs for the insurance business through accruals and does not contemplate further capital infusion.
- **OM Kotak Life insurance an efficient player:** The company indicated OM Kotak's persistency ratio at 70% and accumulated losses at about Rs3bn. The bank to date has deployed Rs4.5bn equity in this business and bancassurance accounts for 28% of premiums sourced from a sales distribution perspective. It has an agency force of about 25,000. From an equity efficiency standpoint (measured as cumulative premium to date/capital), the bank at number 2 position trails SBI.
- **Focus on corporate loans going forward:** KMB intends to beef up its corporate loans to 25% of loans by FY11, with large corporates making up 60% of these loans. It expects to achieve this through entry into consortiums, which would aid greater balance to loan book and help increase capital leverage. Although spreads would be lower here, the bank hopes to gain through non-fund businesses in this space.
- **Expansion plans:** It hopes to scale up its branch network to 250 by Mar 2010 and to 450 in 3 years.

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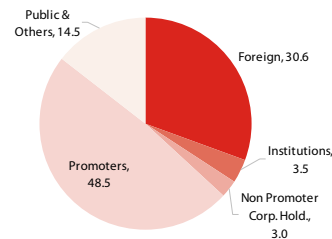
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Key Data

Bloomberg Code	KMB IN
Reuters Code	KTKM.BO
Current Shares O/S (mn)	346.5
Diluted Shares O/S(mn)	346.5
Mkt Cap (Rsbn/USDbn)	249.5/5.1
52 Wk H / L (Rs)	771/208
Daily Vol. (3M NSE Avg.)	1,736,112
Face Value (Rs)	10

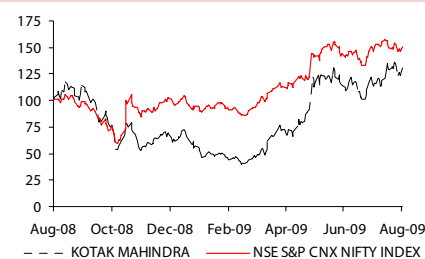
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Kotak Mahindra Bank	15.3	194.2	26.5
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E Mar (Rsmn)	NII	YoY (%)	Net Income	YoY (%)	Adj PAT	YoY (%)	EPS (Rs)	Adj BV (Rs)	RoE (%)	RoA (%)	P/E (x)	P/Adj BV (x)
FY07	6,199	63.1	9,385	56.9	1,414	19.6	4.3	43.4	11.4	0.9	166.0	16.6
FY08	12,258	97.8	16,892	80.0	2,940	107.9	8.5	94.6	11.4	1.2	84.4	7.6
FY09	15,185	23.9	18,764	11.1	2,761	(6.1)	8.0	98.8	7.5	1.0	90.1	7.3
FY10E	16,538	8.9	20,332	8.4	3,040	10.1	8.8	102.7	7.7	1.0	81.8	7.0
FY11E	19,133	15.7	23,230	14.3	3,752	23.4	10.9	108.2	8.8	1.0	66.3	6.6

Source: Company, Centrum Research Estimate

Financials (Standalone)

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY07	FY08	FY09	FY10E	FY11E
Interest Earned	13,191	25,354	30,651	32,821	37,166
Interest Expended	6,992	13,096	15,466	16,283	18,033
Net Interest Income	6,199	12,258	15,185	16,538	19,133
Growth (%)	63.1	97.8	23.9	8.9	15.7
Non Interest Income	3,187	4,634	3,579	3,793	4,097
Growth (%)	46.1	45.4	-22.8	6.0	8.0
Fee, forex and other income	3,029	4,487	2,879	3,293	3,597
Profit on sale of investments	158	147	700	500	500
Net Income	9,385	16,892	18,764	20,332	23,230
Growth (%)	56.9	80.0	11.1	8.4	14.3
Operating Expenses	6,127	10,194	11,964	12,885	14,274
Growth (%)	58.1	66.4	17.4	7.7	10.8
Employee expenses	2,930	5,192	5,568	6,269	6,913
Other expenses	3,197	5,001	6,396	6,617	7,361
Pre-Prov Profits	3,258	6,699	6,800	7,446	8,956
Provisions & Contingencies	1,226	2,721	2,539	2,861	3,297
Loan loss provisions	602	1,437	1,200	2,160	2,254
Other provisions	624	1,284	1,339	701	1,043
PBT	2,033	3,978	4,261	4,585	5,659
Provision for taxes	619	1,038	1,500	1,545	1,907
Effective tax rate (%)	30.4	26.1	35.2	33.7	33.7
PAT	1,414	2,940	2,761	3,040	3,752
Growth (%)	19.6	107.9	(6.1)	10.1	23.4

Source: Company, Centrum Research Estimate

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY07	FY08	FY09	FY10E	FY11E
Cash and balance with RBI	7,512	17,103	9,954	10,439	11,879
Bal with banks & money at call	5,448	4,392	1,453	5,398	6,261
Loans	109,241	155,522	166,253	192,853	225,639
Investments	68,620	91,420	91,102	100,754	114,787
Total interest earning assets	190,820	268,437	268,762	309,444	358,566
Fixed Assets	1,411	2,103	2,134	2,727	2,829
Other Assets	6,935	12,614	16,223	22,534	25,057
Total Assets	199,166	283,153	287,119	334,705	386,452
Deposits	110,001	164,237	156,449	179,918	208,704
Other Int. bearing liab.	57,253	59,015	59,041	75,948	87,867
Total interest bearing liab	167,254	223,251	215,490	255,866	296,572
Other non-int. bearing liab	15,577	24,547	32,573	37,922	45,471
Total Liabilities	182,831	247,798	248,063	293,788	342,043
Networth	16,335	35,355	38,136	40,917	44,409
Total Liabilities & Equity	199,166	283,153	286,200	334,705	386,452

Source: Company, Centrum Research Estimate

Exhibit 3: Key Ratios

Y/E March	FY07	FY08	FY09	FY10E	FY11E
Balance Sheet Structure Ratios (%)					
Loans/Deposits	99.3	94.7	106.3	107.2	108.1
CASA Ratio	27.2	28.4	32.0	29.5	30.0
Loan Growth	72.1	42.4	6.9	16.0	17.0
Deposit Growth	67.5	49.3	-4.7	15.0	16.0
Operating Ratios (%)					
NIM	4.3	5.3	5.6	5.7	5.7
Non-interest income/Net income	34.0	27.4	19.1	18.7	17.6
Employee Costs as % of Total Op Costs	47.8	50.9	46.5	48.7	48.4
Cost/Income	65.3	60.3	63.8	63.4	61.4
Operating cost growth	58.1	66.4	17.4	7.7	10.8
Total provi as % of avg. loans	1.4	2.1	1.6	1.6	1.6
Credit Quality Ratios (%)					
Gross NPA	0.5	0.9	2.8	3.3	4.0
Net NPA	0.2	0.4	1.3	1.4	1.8
Slippage	2.6	1.6	1.1	2.0	1.8
NPL coverage ratio	21.9	37.1	45.7	46.7	47.1
Capital Adequacy Ratios (%)					
Total CAR	11.6	18.6	19.9	18.8	18.3
Tier 1 CAR	6.5	14.5	16.0	14.5	13.8
Profitability Ratios (%)					
RoAE	11.4	11.4	7.5	7.7	8.8
RoAA	0.9	1.2	1.0	1.0	1.0
Valuations Ratios					
BVPS (Rs)	50.1	102.6	110.3	118.4	128.5
Price/BV (x)	14.4	7.0	6.5	6.1	5.6
Adjusted BVPS (Rs)	43.4	94.6	98.8	102.7	108.2
Price/Adj. BV (x)	16.6	7.6	7.3	7.0	6.6
EPS (Rs)	4.3	8.5	8.0	8.8	10.9
P/E (x)	166.0	84.4	90.1	81.8	66.3
Dividend Yield	0.2	0.1	0.2	0.1	0.1

Source: Company, Centrum Research Estimate

Lakshmi Energy & Foods

Conference Highlights

26 August 2009

Not Rated

CMP: Rs89*

*as on 21 August 2009

Strategy change for higher growth

Lakshmi Energy & Foods plans to increase production of Pusa1121 basmati for branded and export markets. It has already commissioned 30MW of power plant and hopes to expand its power generation capacity by further 50MW over the next two years. Full impact of power revenue and profitability will be seen in the FY Oct 09-Sep 10.

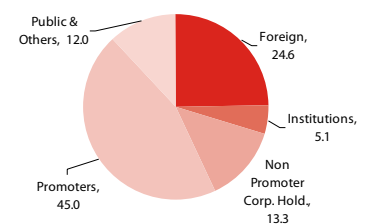
- **Change in strategy:** Input output prices of FCI grades are determined by the government and any adverse change in regulation might impact the profitability of the company. Recently, the company diversified its product mix to mitigate any potential adverse impact from such an eventuality. It expects to reduce sales to the government from 75% in FY08 to about 50% in FY10.
- **New capacity addition:** The company has added 1.2 million MT/year of modern processing capacity during FY09. It has additional par boiling capacity of 800MT/day to tap the huge export market potential. Lakshmi plans to process 300,000 tonnes of Pusa1121 paddy next year.
- **Better margins:** Of the 9,00,000 tones of rice to be produced next year, the management expects to produce 3,00,000 tones of Pusa1121, which would provide superior realisation (2-3 times normal rice) and margins to the company
- **Impetus to power generation:** The company has commissioned 2 units of 15MW of power generation plants using bio waste husk for which it would enjoy tax exemption and 80% depreciation benefits in the first year. It sells power through PTC at remunerative prices and expects realization of Rs7.50 per unit. The company is eligible for (0.14mn units) carbon credits.

Key Data

Bloomberg Code	LKEF IN
Reuters Code	LAKO BO
Current Shares O/S (mn)	63.2
Diluted Shares O/S(mn)	63.2
Mkt Cap (Rsbn/USDmn)	5.6/116
52 Wk H / L (Rs)	340/62
Daily Vol. (3M NSE Avg.)	438,315
Face Value (Rs)	2

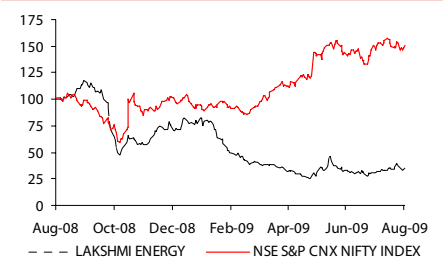
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Lakshmi Energy	15.6	(28.6)	(65.0)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

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Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY06	5,978	35.0	751	12.6	420	132.7	39	42.0	37.3	2.3	13.3
FY07	6,957	16.4	1,188	17.1	603	43.6	10	34.8	31.4	8.5	9.1
FY08*	16,187	132.7	3,223	19.9	1,598	164.8	17	31.0	28.9	5.3	6.6

Note: *Y/E Sep 18 Months

Source: Company, Centrum Research

Financials

Exhibit 1: Income Statement

Y/E Mar (Rsmn)	FY06	FY07	FY08*
Revenue	5,978	6,957	16,187
YoY growth (%)	35.0	16.4	132.7
Net raw material	5,027	5,584	12,574
% of sales	84.1	80.3	77.7
Employees expenses	21	28	62
% of sales	0.3	0.4	0.4
Other manufacturing expenses	81	89	169
% of sales	1.4	1.3	1.0
Selling & Distribution expense	98.4	67.3	160.4
% of sales	1.6	1.0	1.0
EBITDA	751	1,188	3,223
EBITDA Margin	12.6	17.1	19.9
Depreciation	49	122	335
PBIT	702	1,066	2,888
PBIT margin (%)	11.7	15.3	17.8
Interest expenses/(interest income)	65	45	488
PBT	636	1,021	2,400
Pre-tax margin	10.6	14.7	14.8
Provision for tax	216	418	802
Effective tax rate	34.0	40.9	33.4
PAT-Reported	420	603	1,598
PAT (adjusted)	420	603	1,598
YoY growth (%)	132.7	43.6	164.8
PAT Margin	7.0	8.7	9.9

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E Mar (Rsmn)	FY06	FY07	FY08*
Share capital	109	114	126
Reserves	1,453	2,284	4,743
Net worth	1,561	2,398	4,870
Debt	1,082	2,233	4,208
Deferred tax liability	94	358	886
Total Capital Employed	2,738	4,990	9,964
Gross block	1,298	2,530	4,762
Accumulated depreciation	466	623	1,012
Net block	832	1,907	3,750
Capital WIP	0	456	33
Total fixed assets	832	2,363	3,783
Investments	4.7	111.4	601.0
Inventories	1,983	2,804	5,379
Debtors	20	39	184
Cash and bank	88	587	58
Loans and advances	540	819	612
Total current assets	2,631	4,248	6,234
Current liabilities and provisions	730	1,733	653
Net current assets	1,901	2,515	5,580
Total Assets	2,738	4,990	9,964

Note: *Y/E Sep 18 Months

Source: Company, Centrum Research

Exhibit 3: Cash flow

Y/E Mar (Rsmn)	FY06	FY07	FY08*
Net Cash from Operating Activities	(144)	736	(1,072)
Net Cash Used in Investing Activities	(404)	(1,691)	(2,298)
Net Cash Used in Financing Activities	564	1,454	2,841
Net Inc/(Dec) in Cash and Cash Equivalent	17	498	(529)
Cash and Cash Equivalents at End of the year	88	587	58
Cash and Cash Equivalents at Beginning of the year	71	88	587

Source: Company, Centrum Research

Exhibit 4: Key Ratios

Y/E Mar	FY06	FY07	FY08*
Margin Ratios(%)			
EBITDA margin	12.6	17.1	19.9
PBIT margin	11.7	15.3	17.8
PBT Margin	10.6	14.7	14.8
PAT Margin	7.0	8.7	9.9
Returns Ratios(%)			
ROCE	37.3	31.4	28.9
ROIC	37.8	31.8	29.2
ROE	42.0	34.8	31.0
Turnover Ratios			
Asset Turnover Ratio (x)	2.7	1.8	2.2
Working capital cycle (days)	96.6	118.4	139.4
Average collection period (days)	4	2	3
Average payment period (days)	4	9	9
Inventory holding (days)	97	125	145
Per Share (Rs.)			
Basic EPS	38.6	10.4	16.9
Fully diluted EPS	38.6	10.4	16.9
CEPS	43.1	12.6	30.6
Book value	119.4	38.0	74.3
Solvency Ratio(X)			
Debt-equity	0.9	1.0	0.9
Interest coverage	10.8	23.7	5.9
Valuation Parameters(X)			
P/E	2.3	8.5	5.3
P/BV	0.7	2.3	1.2
EV/EBITDA	13.3	9.1	6.6
EV/Sales	1.7	1.5	1.3
M-Cap/Sales	1.5	1.3	1.0

Source: Company, Centrum Research

Mahindra & Mahindra

Conference Highlights

26 August 2009

Buy

Target Price: Rs1,000

CMP: Rs800*

Upside: 25%

*as on 21 August 2009

Truant monsoons not to impact sales

Mahindra & Mahindra (M&M) does not foresee the truant monsoons having a severe impact on sales. The management believes efforts by the government to offset the expected drop in farm output with incentives would prevent a sharp fall in tractor demand. Inorganic growth provided by Punjab Tractors (PTL) and the ongoing sales momentum in Xylo would help M&M overcome monsoon blues. We have factored in 15.6% YoY volume growth in FY10 (excluding Logan & LCVs).

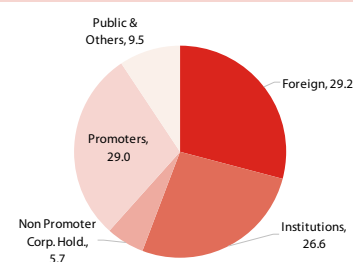
- **Better sales in festive period:** M&M posted a strong 23.8% YoY volume growth in Q1FY10 (volumes were even better in July growing 45.1% YoY). The management does not foresee any threat to sales till the end of the festive period. However, beyond the festive season, overall industry sales may not be robust, resulting in single-digit growth rate.
- **M&M plans to spend Rs70bn over 3 years:** M&M intends to incur Rs70bn capex over the next 3 years. Of this, Rs35bn would be for its new manufacturing facility at Chakan, near Pune, and the rest would be investments in group companies, R&D and maintenance capex. The company hopes to curtail this spend through alternate sourcing and project cost rationalization. Currently, M&M has a cash balance of Rs25bn.
- **New products on the anvil:** M&M plans to launch its new light transport vehicle from its Chakan plant by Nov 2009 to compete against Piaggio's *Truk* and Tata Motors' *Ace*. It plans to launch a 23-tonne truck in Q4FY10, manufactured by the JV with Navistar. Also in the pipeline are the variants of *Xylo*, a global vehicle and a refreshed *Scorpio* for later launches.
- **Valuations comfortable, Buy:** At CMP, M&M trades at 6.5x FY11E EV/EBITDA and 15.8x its FY11E EPS (consolidated). We retain our target price of Rs1,000. Reiterate Buy.

Key Data

Bloomberg Code	MM IN
Reuters Code	MAHM.BO
Current Shares O/S (mn)	278.8
Diluted Shares O/S(mn)	297.0
Mkt Cap (Rsbn/USDbn)	223.2/4.6
52 Wk H / L (Rs)	944/235
Daily Vol. (3M NSE Avg.)	1,426,069
Face Value (Rs)	10

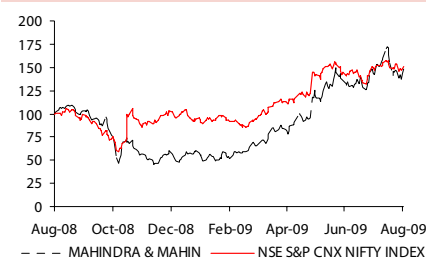
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
M & M	4.6	184.4	45.8
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

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Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY07	175,893	42.6	27,191	15.5	13,161	18.6	44.3	35.0	15.8	18.1	9.1
FY08	237,748	35.2	33,078	13.9	13,527	2.8	45.5	28.6	14.0	17.6	8.1
FY09	267,564	12.5	36,665	13.7	11,177	(17.4)	37.6	21.3	11.2	21.3	8.2
FY10E	340,051	27.1	41,762	12.3	13,801	23.5	46.4	17.5	9.8	17.2	7.5
FY11E	377,075	10.9	45,042	11.9	15,066	9.2	50.7	15.5	9.7	15.8	6.5

Source: Company, Centrum Research Estimate

Marg Ltd

Conference Highlights

26 August 2009

Not Rated

CMP: Rs119*

*as on 21 August 2009

Strong construction play in south India

MARG, an integrated infrastructure company, is well-placed to capitalize on the increased thrust on infrastructure given its expertise in the construction and realty in south India. The company has a good mix of core and support infrastructure projects which have been identified as growth centers.

- **Major businesses at inflexion point:** MARG's major businesses like marine infrastructure (ports, dredging, etc), EPC (marine structures and roads), industrial clusters (SEZ), realty (IT parks, malls, villas, etc) and other projects (airports, power projects) are well positioned to ride south India's infrastructure growth.
- **Phase II of Karaikal port in progress:** Phase II to develop the Karaikal port (addition of 16mt capacity) is currently going-on. Karaikal is located in Puducherry (serving Puducherry and central Tamil Nadu). It would help customers save about Rs350/tonne, which would otherwise have been compelled to use the busy Chennai or Tuticorin ports.
- **Funding tied up:** Debt of Rs11bn for Phase II of Karaikal port has already been tied-up with a consortium of banks. Around Rs1bn would come from internal accruals and the rest of equity funding of Rs3bn would be arranged through the PE route.
- **SEZ to boost rental income:** Going forward, the management believes income from SEZ (around Rs300mn rental income) and malls would boost overall rental income. The company has a presence in real estate in three areas namely Swarnbhoomi, Karaikal and Bijapur with a land-bank in excess of 2000 acres. Realty income is expected at about Rs750mn in FY10E.
- **To set-up green-field airport in Bijapur:** MARG has been selected by the Karnataka government to build a green-field airport at Bijapur on built-operate-transfer (BOT) basis (30+30+30years, operation to start in 2011). About 727 acres of land has been provided on lease basis (542 acres for airport and 185 acres for commercial development).
- **Financials:** The company had a consolidated debt of Rs12.5bn in FY09, which is expected to go to Rs.16bn in FY10E (Rs.12bn currently). The debt-equity ratio in FY09 was 1.07x. The management consolidated sales of Rs3.5bn in FY10E and Rs8.5bn in FY11E. Current order book is over Rs50bn (includes group orders). External order book is at around Rs6-7bn.

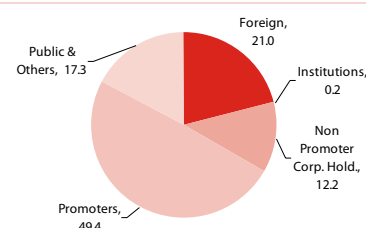
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Key Data

Bloomberg Code	MARG IN
Reuters Code	MARG.BO
Current Shares O/S (mn)	25.6
Diluted Shares O/S(mn)	25.6
Mkt Cap (Rsbn/USDmn)	3/62.7
52 Wk H / L (Rs)	161/29
Daily Vol. (3M BSE Avg.)	107,916
Face Value (Rs)	10

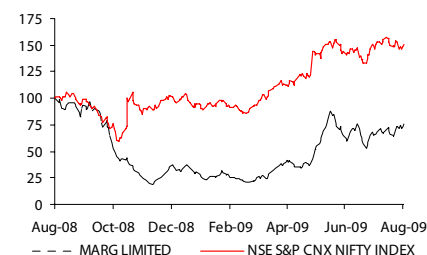
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Marg	15.0	194.3	(23.6)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	Adj PAT	YoY %	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY06	439	-	127	51	-	7.3	24.1	11.9	16.4	48.6
FY07	739	68.3	67	(94)	(284.7)	(6.4)	(13.4)	(1.5)	(18.5)	92.6
FY08	1,565	111.8	524	247	(362.5)	11.6	14.3	8.4	10.2	11.8

Source: Company, Centrum Research

Financials (Consolidated)

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY06	FY07	FY08
Revenues	439	739	1,565
Growth in revenues (%)		68.3	111.8
Construction costs	274	532	831
% of net sales	62.5	72.0	53.1
Staff costs	16	56	96
% of net sales	3.6	7.6	6.1
Other expenses	21	83	114
% of net sales	4.9	11.3	7.3
Operating expenses	312	672	1,041
% of net sales	71.0	91.0	66.5
EBITDA	127	67	524
y-o-y growth (%)		(47.5)	684.1
EBITDA Margin (%)	29.0	9.0	33.5
Depreciation & Amortisation	19	19	32
Other Income	2	7	65
EBIT	111	55	557
Interest expenses	38	63	143
EBT before extraordinary items	73	(8)	414
Extraordinary Income/(Exp)	0	0	0
EBT	73	(8)	414
Provision for tax	22	86	167
Effective tax rate (%)	29.9	(1,122.1)	40.3
Net Profit before minority interest	51	(94)	247
Minority interest	0	0	(0)
Net Profit after minority interest	51	(94)	247
Extra-ordinary income/ (expenses)	0	0	0
Adjusted Net Profit	51	(94)	247
y-o-y growth (%)		(284.7)	(362.5)
Adjusted Net Profit Margin (%)	11.6	(12.6)	15.2

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E March (Rs mn)	FY06	FY07	FY08
Equity Share Capital	100	166	256
Reserves	112	1,027	2,007
Shareholders' fund	212	1,193	2,263
Minority Interest	0	0	0
Debt	520	2,114	3,674
Deferred Tax Liability	14	20	35
Total Capital Employed	746	3,326	5,972
Total Fixed Assets	668	1,902	4,149
Investments	23	23	25
Inventories	83	317	1,061
Debtors	21	396	724
Cash and bank balances	18	332	537
Loans and Advances	210	947	1,270
Total current assets	333	1,992	3,592
Current liabilities and provisions	281	657	1,794
Net current assets	52	1,335	1,797
Misc Exp/Profit and Loss	3	67	0
Total Assets	746	3,326	5,972

Source: Company, Centrum Research

Exhibit 3: Cash flow

Y/E March (Rs mn)	FY06	FY07	FY08
Cash flow from operating activities	87	(1,060)	(73)
Cash flow from investing activities	(159)	(1,253)	(2,231)
Cash generated from financing activities	85	2,627	2,509
Net cash increase/ (decrease)	13	314	206
Opening Cash Balance	5	18	332
Closing Cash Balance	18	332	538

Source: Company, Centrum Research

Exhibit 4: Key Ratios

Y/E March	FY06	FY07	FY08
Margin Ratios (%)			
EBITDA Margin	29.0	9.0	33.5
PBIT Margin	25.1	7.4	34.1
PBT Margin	16.5	(1.0)	25.4
PAT Margin	11.6	(12.6)	15.2
Growth Ratio (%)			
Revenue	-	68.3	111.8
EBITDA	-	(47.5)	684.1
Net Profit	-	(284.7)	(362.5)
Return Ratios (%)			
ROCE	11.9	(1.5)	8.4
ROIC	12.3	(2.1)	7.8
ROE	24.1	(13.4)	14.3
Per share Ratios (Rs)			
Basic EPS	7.3	(9.1)	11.7
Fully diluted EPS	7.3	(6.4)	11.6
Book value	30.2	82.9	106.5
Cash per share	2.6	23.0	25.3
Gearing Ratio (x)			
Debt-equity	2.5	1.8	1.6
Interest coverage ratio	3.4	1.1	3.7
Valuation (x)			
P/E (Fully Diluted)	16.4	(18.5)	10.2
P/BV	3.9	1.4	1.1
EV/EBITDA	48.6	92.6	11.8
EV/Sales	14.1	8.4	4.0
M-cap/Sales	6.9	4.1	1.9

Source: Company, Centrum Research

MIC Electronics

Conference Highlights

26 August 2009

Not Rated

CMP: Rs52*

*as on 21 August 2009

SLM, railways' orders to drive growth

MIC Electronics believes its JV, Sports LED Media (SLM), and railways' orders would strengthen its revenue flow going forward. SLM is a 50:50 JV between MIC's 100% subsidiary MIC Electronics Inc. US, and Latin America Futbol Corporation (LAFC) to tap LED display opportunities in sports stadiums globally.

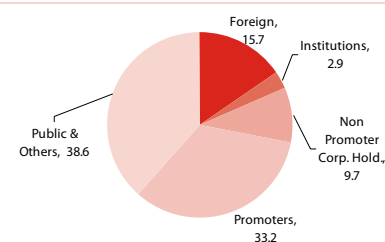
- **SLM segment to boost revenues:** SLM plans to set-up 50 LED perimeter boards over the next 2 years and has started by signing 2 teams, one in Latin America and one in Europe. It intends to supply modern LED perimeter boards to top professional soccer teams across Europe and Latin America.
- **Railways' orders – a huge opportunity:** Indian Railways plans to migrate to LED lighting systems in its coaches and LED display boards at stations. It is estimated that about 15,000 coaches would shift to LED lighting every year at an average cost of Rs250,000 per coach.
- **Strong order-book:** The company's order book as at end June 2009 was Rs3.5bn from its LED segment and Rs700mn from telecom. EBITDA margins by segment were display 45%, lighting 30%, SLM 20% and telecom 15%.
- **Fund raising plans:** MIC plans to raise Rs3bn by issue of different financial instruments to expand its further business plan. It also plans to launch a manufacturing unit in Hyderabad where the government has allotted a 50 acre land to the company near the airport.
- **Hit by global recession:** The last two quarters saw the company take a hit on its profits due to the recession because of which many orders were delayed. But going forward the company expects to perform better.

Key Data

Bloomberg Code	MICE IN
Reuters Code	MELC.BO
Current Shares O/S (mn)	100.6
Diluted Shares O/S(mn)	100.6
Mkt Cap (Rsbn/USDmn)	5.2/107.2
52 Wk H / L (Rs)	145/14
Daily Vol. (3M BSE Avg.)	1,508,309
Face Value (Rs)	2

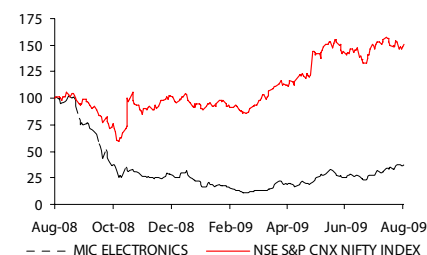
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
MIC	38.7	135.8	(63.0)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

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Y/E June (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)
FY06	1,025		204	19.9	155	15.1	17.3	31.5	25.5	2.9
FY07	2,695	162.8	435	16.1	338	12.5	3.3	20.1	21.3	15.2
FY08	3,560	32.1	912	25.6	701	19.7	6.9	30.0	31.3	7.2
FY09	3,050	(14.3)	878	28.8	681	22.3				

Source: Company, Centrum Research

Financials

Exhibit 1: Income Statement

Y/E June (Rsmn)	FY06	FY07	FY08	FY09
Net Sales	1,025	2,695	3,560	3,050
% growth		162.8	32.1	(14.3)
Raw Materials	676	1,847	2,024	1,405
% of sales	65.9	68.6	56.8	46.1
Employee Cost	27	154	180	252
% of sales	2.7	5.7	5.0	8.3
Other Manufacturing Expenses	118	259	445	515
% of sales	11.5	9.6	12.5	16.9
EBIDTA	204	435	912	878
EBIDTA Margins %	19.9	16.1	25.6	28.8
Interest	21	30	36	71
Depreciation	16	22	23	34
PBT from operations	168	383	852	774
Other Income	1	5	18	8
Profit Before Tax	168	387	871	781
Tax	13	38	152	94
Effective tax rate (%)	7.7	9.8	17.4	12.0
Net Profit before Minority Interest	155	349	719	688
Minority Interest	-	11	18	7
Net Profit after Minority Interest	155	338	701	681
PAT Margins (%)	15.1	12.5	19.7	22.3

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E June (Rsmn)	FY06	FY07	FY08
Share Capital	90	201	201
Reserves Total	403	1,480	2,133
Total Shareholders Funds	493	1,681	2,335
Minority Interest	-	16	28
Secured Loans	188	82	250
Unsecured Loans	2	11	11
Total Capital employed	682	1,790	2,624
Gross Block	254	415	586
Less: Accumulated Depreciation	56	86	112
Net Block	198	329	474
CWIP	24	154	818
Investments	6	6	6
Inventories	91	89	208
Sundry Debtors	362	1,450	1,548
Cash and Bank	17	429	88
Loans and Advances	86	263	712
Total Current Assets	557	2,231	2,557
Current Liabilities	78	859	1,030
Provisions	21	96	191
Net Current Assets	457	1,276	1,335
Miscellaneous Expenses	-	43	31
Net Deferred Tax	(4)	(18)	(40)
Total Assets	682	1,790	2,624

Source: Company, Centrum Research

Exhibit 3: Cash flow

Y/E June (Rsmn)	FY07	FY08
Cash & Cash Equ. at Beginning of the year	17	429
Net Cash from Operating Activities	(78)	(52)
Net Cash Used in Investing Activities	(279)	(815)
Net Cash Used in Financing Activities	769	527
Net Inc/(Dec) in Cash and Cash Equivalent	412	(340)
Cash and Cash Equ. at End of the year	429	88

Source: Company, Centrum Research

Exhibit 4: Key Ratios

Y/E June	FY06	FY07	FY08
Margin Ratio (%)			
EBIDTA Margin	19.9	16.1	25.6
PBIT Margin	18.4	15.3	25.0
PBT Margin	16.4	14.4	24.5
PAT Margin	15.1	12.5	19.7
Growth Ratio (%)			
Revenues	-	162.8	32.1
EBITDA		112.6	109.9
Net Profit		117.8	107.3
Return Ratio (%)			
ROCE	25.5	21.3	31.3
ROE	31.5	20.1	30.0
Turnover Ratios			
Average collection period (days)	129.0	196.4	158.8
Average payment period (days)	42.3	169.6	185.8
Inventory holding (days)	32.5	12.1	21.3
Per Share (Rs)			
Fully diluted EPS	17.3	3.3	6.9
Book Value	54.9	83.5	23.2
Dividend Per Share	-	4.0	4.0
Valuation parameters (x)			
P/E	2.9	15.2	7.2
P/BV	0.9	0.6	2.2

Source: Company, Centrum Research

Plethico Pharmaceuticals

Conference Highlights

26 August 2009

Not Rated

CMP: Rs184*

*as on 21 August 2009

Active acquisition strategy

Plethico has pursued an active acquisition strategy in the past few years with acquisitions of brands and investments into distribution companies. The company intends to make further acquisitions to expand its distribution capability and enlarge its portfolio of brands.

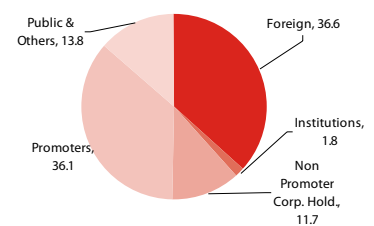
- **Acquires stake in Tricon Holdings:** Plethico has acquired 20% stake in Tricon Holdings FZE, UAE, a subsidiary of Tricon Holdings Limited, Hong Kong. Tricon Holdings holds a CIS-based retail pharmacy chain. The move would help Plethico improve its distribution capability in the CIS and supplement its existing investments.
- **Setting up new facility in UAE:** The Company has commenced construction of its manufacturing facility in the UAE for high-end herbal lozenges and other nutraceuticals. It plans to sell the products in high-end markets like the US and Europe. The company would benefit from favourable tax environment in the UAE.
- **Tie-up with Molekule India:** Plethico has tied-up with Molekule India Private Ltd for the distribution and marketing of Natrol's brands in India. Molekule has a marketing and distribution network across India.
- **Robust financials:** Plethico (excluding Natrol) reported revenue CAGR of 33.5% to Rs5.3bn and PAT CAGR of 32.5% to Rs1.3bn over FY05 to CY08 with strong EBITDA margin of 28-30%. Natrol contributed additional revenue of US\$96mn in CY08 but had lower EBITDA margin of 9%. Return ratios are lower due to investment in associate companies for operating in CIS and Middle East countries.

Key Data

Bloomberg Code	PSL IN
Reuters Code	PENN.BO
Current Shares O/S (mn)	34.1
Diluted Shares O/S(mn)	34.1
Mkt Cap (Rsbn/USDmn)	6.3/129
52 Wk H / L (Rs)	450/79
Daily Vol. (3M NSE Avg.)	5,819
Face Value (Rs)	5

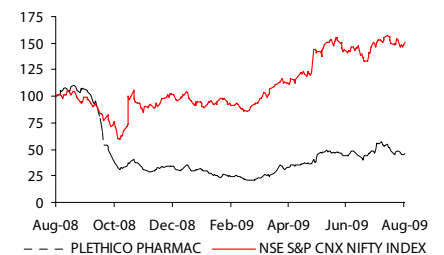
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Plethico Pharma	(6.9)	93.1	(54.3)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research

*as on 21 August 2009

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Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY06	3,195	43.5	984	30.8	860	53.3	21.4	24.4	20.6	7.5	6.8
CY07*	5,461	70.9	1,589	29.1	1,436	64.9	35.3	27.4	19.7	4.6	5.5
CY08	9,594	75.7	1,895	19.8	1,768	24.2	43.8	26.5	16.6	3.7	6.8

Note: *CY07 is for 18 months as the period changed from September to December ending.

Source: Company, Centrum Research

Financials

Exhibit 1: Income Statement

Y/E Mar (Rsmn)	FY06	CY07*	CY08
Revenues	3,195	5,461	9,594
<i>Growth in revenues (%)</i>	43.5	70.9	75.7
Raw materials	1,944	3,240	3,897
<i>% of Sales</i>	60.8	59.3	40.6
Personnel expenses	128	241	991
<i>% of Sales</i>	4.0	4.4	10.3
Selling and other expenses	140	390	2,811
<i>% of Sales</i>	4.4	7.1	29.3
EBITDA	984	1,589	1,895
<i>EBITDA Margin</i>	30.8	29.1	19.8
Depreciation	52	67	155
PBIT	932	1,522	1,739
Interest expenses	55	94	196
PBIT from operations	876	1,428	1,543
Other non operating income	6	38	95
PBT before extra-ordinary items	882	1,466	1,638
Extra-ordinary income/ (expenses)	-	1	155
PBT	882	1,466	1,793
Provision for tax	22	30	(142)
<i>Effective tax rate</i>	2	2	(8)
PAT	860	1,437	1,935
Profit & dividend from associates	-	-	-
PAT after minority interest	860	1,437	1,935
Recurring PAT	860	1,436	1,768
<i>Growth in PAT (%)</i>	53.3	64.9	24.2
<i>PAT margin</i>	26.9	26.3	18.4

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E Mar (Rsmn)	FY06	CY07*	CY08
Share Capital	341	341	341
Reserves	4,097	5,590	7,020
Shareholders' fund	4,438	5,931	7,360
Minority Interest	-	-	-
Debt	946	3,826	6,815
Deferred Tax Liability	101	120	(239)
Total Capital Employed	5,485	9,876	13,936
Gross Block	1,158	1,399	6,282
Accumulated depreciation	225	288	2,032
Net Block	933	1,110	4,251
Capital WIP	236	24	1,913
Total Fixed Assets	1,169	1,134	6,163
Investments	1,382	4,089	1,993
Inventories	142	147	1,215
Debtors	2,227	2,659	3,887
Cash and bank balances	703	1,512	464
Loans and Advances	68	569	1,077
Total current assets	3,140	4,887	6,644
Current liabilities and provisions	271	307	918
Net current assets	2,869	4,581	5,726
Misc. Expenditure	65	72	54
Total Assets	5,485	9,876	13,936

Source: Company, Centrum Research

Exhibit 3: Cash flow

Y/E Mar (Rsmn)	FY06	CY07*	CY08
Cash flow from operating activities			
Profit before tax	882	1,613	1,091
Depreciation	52	67	155
Interest expenses	55	94	196
Operating profit before WC change	989	1,775	1,443
Working capital adjustment	(1,052)	(903)	(2,193)
Gross cash generated from operations	(63)	872	(750)
Direct taxes paid	1	3	8
Cash generated from operations	(61)	875	(742)
Cash flow from investing activities			
Capex	(235)	(28)	(6,772)
Investment	(131)	(2,706)	2,096
Cash generated from investment	(366)	(2,735)	(4,677)
Cash flow from financing activities			
Proceeds from sh. cap & premium	-	-	-
Borrowings/ (Repayments)	268	2,880	2,990
Interest paid	(55)	(94)	(196)
Dividend paid	(97)	(100)	(100)
Cash generated from financing	115	2,686	2,694
Net cash increase/ (decrease)	(312)	826	(2,725)

Source: Company, Centrum Research

Exhibit 4: Key Ratios

Y/E Mar	FY06	CY07*	CY08
Margin Ratios (%)			
EBITDA Margin	30.8	29.1	19.8
PBIT Margin	29.2	27.9	18.1
PBT Margin	27.6	26.9	18.7
PAT Margin	26.9	26.3	18.4
Growth Ratios (%)			
Revenues	43.5	70.9	75.7
EBITDA	46.8	61.6	19.2
Net Profit	53.3	64.9	24.2
Return Ratios (%)			
ROCE	20.6	19.7	16.6
ROIC	22.4	21.8	16.9
ROE	24.4	27.4	26.5
Turnover Ratios			
Asset turnover ratio (x)	1.7	1.8	1.5
Working capital cycle (days)	187	159	133
Average collection period (days)	191	163	125
Average payment period (days)	25	18	24
Inventory holding (days)	21	14	32
Per share (Rs)			
Basic EPS	25.3	41.6	51.7
Fully diluted EPS	21.4	35.3	43.8
CEPS	26.8	43.6	56.3
Book Value	130.3	174.1	216.1
Solvency ratios			
Debt/ Equity	0.2	0.6	0.9
Interest coverage	16.8	16.1	8.9
Valuation parameters (x)			
P/E	7.5	4.6	3.7
P/BV	1.5	1.1	0.9
EV/ EBITDA	6.8	5.5	6.8
EV/ Sales	2.1	1.6	1.3
M-Cap/ Sales	2.0	1.2	0.7

Source: Company, Centrum Research

Note: *CY07 is for 18 months as the period changed from September to December ending.

Pratibha Industries

Conference Highlights

26 August 2009

Not Rated

CMP: Rs173*

*as on 21 August 2009

Good earnings visibility

Pratibha Industries is likely to emerge as one of the key beneficiaries of increased spending on urban infrastructure. The company's strength in water sanitation/transport projects and its success in other urban development projects are likely to ensure that it translates the above opportunity into revenues.

- **Business profile enlarged:** Pratibha has diversified from a construction company to providing infrastructure services. It is now engaged in the design, engineering, execution of complex and integrated water transmission and distribution projects, commercial projects, road construction, etc.
- **To benefit from increasing spend on urban infrastructure:** While water projects would continue to remain a key driver for earnings, Pratibha is also well positioned to capitalize on opportunities emerging from the increasing spend to improve urban infrastructure.
- **Strong order-book boosts earnings visibility:** Company bagged orders worth Rs9.3bn during the first four months of FY10 now taking its total order book to Rs27.8bn. It has also bid for orders worth Rs24bn. This robust order book would improve the company's revenue and earnings visibility, going forward.
- **Management guides 38% PAT growth in FY10E:** The management has guided 48% topline growth with the stable margin of 12-13% for FY10. PAT is expected to grow by 38.7%.
- **Strategic alliances:** Pratibha has entered into strategic alliances and joint ventures with Ostu-Statin of Austria for tunneling projects and Thailand based Italian – Thai Development Company for the Ahmadabad airport project. Currently, it is executing a 3.8km long tunnel project for Mumbai Municipal Corporation connecting Malabar Hill with Cross Maidan.

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Jatin Damania

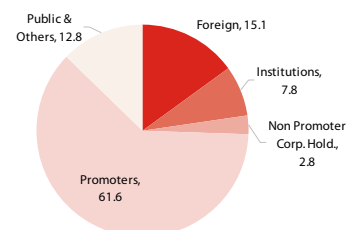
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Key Data

Bloomberg Code	PRIL IN
Reuters Code	PRTI.BO
Current Shares O/S (mn)	16.7
Diluted Shares O/S(mn)	16.7
Mkt Cap (Rsbn/USDmn)	2.9/59.3
52 Wk H / L (Rs)	288/47
Daily Vol. (3M NSE Avg.)	29,851
Face Value (Rs)	10

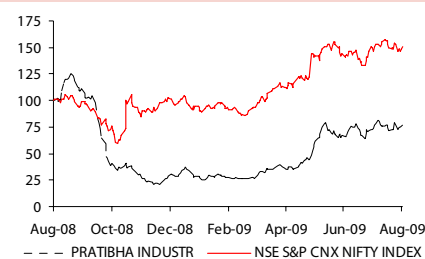
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Pratibha Ind.	4.8	184.0	(23.2)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E Mar (Rsmn)	Rev	YoY(%)	EBIDTA	EBIDTA(%)	Adj. PAT	YoY(%)	EPS (Rs)	ROE(%)	ROCE(%)	P/E(x)	EV/EBIDTA(x)
FY06	1,741	43.4	210	12.1	124	49.3	7.5	15.1	10.8	23.1	15.2
FY07	3,004	72.5	366	12.2	205	65.2	12.3	21.6	11.1	14.0	10.5
FY08	5,650	88.1	659	11.7	342	66.8	20.6	18.5	13.5	8.4	5.5
FY09	8,058	42.6	916	11.4	420	22.8	25.3	18.7	6.3	6.8	5.1

Source: Company, Centrum Research

Financials

Exhibit 1: Income Statement

Y/E Mar (Rsmn)	FY06	FY07	FY08	FY09
Net Sales	1,741	3,004	5,650	8,058
Total Expenditure	1,531	2,638	4,991	7,142
Stock adjustment	(101)	105	(1,559)	(267)
Power & Fuel Cost	0.8	1.3	6.6	13.9
Employee Cost	19	68	163	314
Manufacturing Expenses	1,521	2,279	6,010	6,425
Other Expenditure	91	185	370	656
EBIDTA	210	366	659	916
Other Income	11	27	14	50
Depreciation	7	11	36	71
EBIT	214	381	637	895
Interest	76	144	236	340
PBT	138	237	401	555
Tax	14	32	59	107
PAT	124	205	342	448
Extraordinary Items	(0.5)	0.7	0.0	28.0
Adjusted PAT	124	205	342	420

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E Mar (Rsmn)	FY06	FY07	FY08	FY09
Sources of funds				
Share Capital	143	143	167	167
Reserves Total	679	805	1,672	2,080
Total Networkth	822	948	1,848	2,247
Total Debt	503	1,363	1,328	2,485
Total capital employed	1,325	2,312	3,167	4,731
Application of funds				
Gross Block	156	246	989	1,683
Less: Accumulated Depreciation	22	33	69	139
Net Fixed Assets	135	214	921	1,543
Capital Work in Progress	-	279	315	608
Investments	295	28	853	-
Current Assets, Loans & Advances				
Inventories	378	273	1,833	2,100
Sundry Debtors	592	1,605	775	1,411
Cash and Bank	168	403	568	721
Loans and Advances	264	391	1,202	1,385
Total Current Assets	1,402	2,672	4,378	5,616
Less : Current Liabilities and Provisions				
Current Liabilities	534	743	3,083	2,707
Provisions	14	135	200	269
Total Current Liabilities	548	878	3,283	2,976
Net Current Assets	854	1,794	1,095	2,641
Miscellaneous Exp. not written off	43	-	-	-
Total Assets	1,325	2,312	3,167	4,731

Source: Company, Centrum Research

Exhibit 3: Key Ratios

Y/E Mar	FY06	FY07	FY08	FY09
Per Share (Rs)				
EPS	7.5	12.3	20.6	25.3
BV	49.5	57.1	111.3	135.4
DPS	-	2.0	2.0	2.0
Return Ratios				
ROCE	10.8	11.1	13.5	6.3
ROE	15.1	21.6	18.5	18.7
Valuation (x)				
P/E	23.1	14.0	8.4	6.8
P/BV	3.5	3.0	1.6	1.3
EV/EBIDTA	15.2	10.5	5.5	5.1
EV/Sales	1.8	1.3	0.6	0.6
Margin(%)				
EBIDTA	12.1	12.2	11.7	11.4
PAT	7.1	6.8	6.1	5.2
EBIT	12.3	12.7	11.3	11.1

Source: Company, Centrum Research

Provogue India

Conference Highlights

26 August 2009

Not Rated

CMP: Rs58*

*as on 21 August 2009

Margins to improve

Provogue India intends to expand its business over FY10-11E by opening more Provogue and Promart stores to take advantage of declining lease rentals and commence operations at its mall in Aurangabad (part of Prozone) in May 2010.

- **Business environment improving:** The Company seeing improvement in the overall macro-economic scenario with consumer spends increasing and expects to achieve 5% same-store-sales-growth in FY10. But going forward, it would be selective in opening new stores at suitable locations.
- **Sales to grow to Rs5-6bn by FY11E:** Company expects consolidated sales to increase to between Rs5-6bn in FY11E on the back of increased contribution from Provogue and Promart stores. Further, rentals would start flowing in from Prozone in May 2010.
- **Margins to improve over FY10-11E:** Company expects EBITDA margin to improve to 13-14% in FY10 on back of lower operating costs and hopes to achieve a margin of 16% by FY12-13.
- **Aurangabad mall in advanced stage of completion:** Aurangabad mall, with a leasable area of 800,000 sq ft, is set to become operational in May 2010. Prozone has already pre-leased 65% of the space Rs70 per sq ft/month for vanilla tenants and Rs50-55 per sq ft/month for anchor tenants such as Shoppers Stop, Croma, Westside and Globus.
- **Other Prozone malls at inception stage:** Prozone's plans for setting up malls at various locations are still on the drawing board. Prozone is a 75% subsidiary of Provogue. It plans to build malls in Indore, Jaipur, Nagpur and Coimbatore (land has been fully paid for and is in Prozone's possession).
- **Funding position comfortable:** Provogue has a comfortable debt-equity ratio of 0.2x with ~Rs3.5bn of net cash on its books at consolidated level (Rs2bn in parent company and Rs3bn in Prozone).

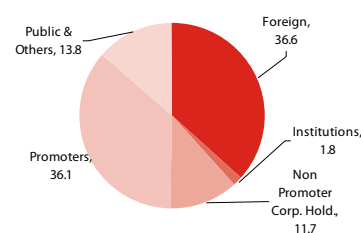
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Key Data

Bloomberg Code	PSL IN
Reuters Code	PENN.BO
Current Shares O/S (mn)	102.2
Diluted Shares O/S(mn)	102.2
Mkt Cap (Rsbn/USDmn)	5.9/121.2
52 Wk H / L (Rs)	152/26
Daily Vol. (3M NSE Avg.)	474,199
Face Value (Rs)	2

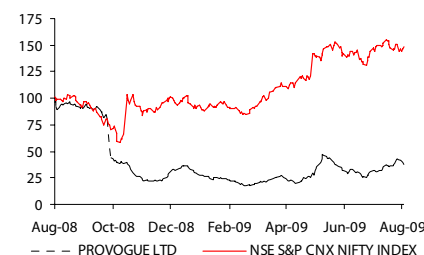
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Provogue	20.0	70.6	(57.4)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E Mar (Rsmn)	Rev	YoY (%)	EBITDA	Adj PAT	YoY %	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY06	1,598		215	129		1.6	11.7	9.8	36.3	35.6
FY07	2,390	49.6	320	193	49.7	2.3	9.7	9.7	24.6	23.9
FY08	3,378	41.3	444	256	32.8	2.7	7.0	6.5	21.7	17.2

Source: Company, Centrum Research

Financials (Consolidated)

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY06	FY07	FY08
Revenues	1,598	2,390	3,378
Growth in revenues (%)		49.6	41.3
Construction costs	896	1,358	1,820
% of net sales	56.1	56.8	53.9
Staff costs	47	81	142
% of net sales	2.9	3.4	4.2
Other expenses	440	631	973
% of net sales	27.5	26.4	28.8
Operating expenses	1,383	2,070	2,934
% of net sales	86.6	86.6	86.9
EBITDA	215	320	444
y-o-y growth (%)		49.0	38.7
EBITDA Margin (%)	13.4	13.4	13.1
Depreciation & Amortisation	35	49	84
Other Income	6	17	74
EBIT	186	289	434
Interest expenses	33	62	120
EBT before extraordinary items	153	227	314
Extraordinary Income/(Exp)	-	-	-
EBT	153	227	314
Provision for tax	24	35	64
Effective tax rate (%)	15.7	15.5	20.4
Net Profit before minority interest	129	191	250
Minority interest	0	(1)	(6)
Net Profit after minority interest	129	193	256
Extra-ordinary income/ (expenses)	-	-	-
Adjusted Net Profit	129	193	256
YoY growth (%)		49.7	32.8
Adjusted Net Profit Margin (%)	8.0	8.0	7.4

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY06	FY07	FY08
Equity Share Capital	162	191	200
Reserves	937	2,691	4,258
Shareholders' fund	1,099	2,882	4,458
Minority Interest	-	113	1,208
Debt	544	594	2,146
Deferred Tax Liability	2	0	0
Total Capital Employed	1,644	3,589	7,812
Total Fixed Assets	256	584	3,938
Goodwill/Share joint venture	8	62	401
Investments	101	1,006	432
Inventories	650	1,024	1,537
Debtors	357	523	779
Cash and bank balances	198	165	393
Loans and Advances	366	723	1,379
Total current assets	1,572	2,435	4,087
Current liabilities and provisions	293	502	1,071
Net current assets	1,279	1,933	3,017
Misc Exp/Deferred Tax Asset	1	4	24
Total Assets	1,644	3,589	7,812

Source: Company, Centrum Research

Exhibit 3: Cash flow

Y/E March (Rsmn)	FY06	FY07	FY08
Cash flow from operating	(319)	(291)	107
Cash flow from investing	(225)	(1,444)	(3,314)
Cash generated from financing	721	1,701	3,151
Net cash increase/ (decrease)	177	(33)	(56)
Opening Cash Balance	21	198	449
Closing Cash Balance	198	165	393

Source: Company, Centrum Research

Exhibit 4: Key Ratios

Y/E March	FY06	FY07	FY08
Margin Ratios (%)			
EBITDA Margin	13.4	13.4	13.1
PBIT Margin	11.6	12.0	12.6
PBT Margin	9.5	9.4	9.1
PAT Margin	8.0	8.0	7.4
Growth Ratio (%)			
Revenue		49.6	41.3
EBITDA		49.0	38.7
Net Profit		49.7	32.8
Return Ratios (%)			
ROCE	9.8	9.7	6.5
ROIC	11.6	12.6	6.3
ROE	11.7	9.7	7.0
Per share Ratios (Rs)			
Basic EPS	1.6	2.3	2.7
Fully diluted EPS	1.6	2.3	2.7
Book value	10.8	28.2	43.6
Cash per share	1.9	1.6	3.8
Gearing Ratio (x)			
Debt-equity	0.5	0.2	0.5
Interest coverage ratio	6.5	5.1	3.7
Valuation (x)			
P/E (Fully Diluted)	36.3	24.6	21.7
P/BV	5.4	2.0	1.3
EV/EBITDA	35.6	23.9	17.2
EV/Sales	4.8	3.2	2.3
M-cap/Sales	3.7	2.5	1.7

Source: Company, Centrum Research

South Indian Bank

Conference Highlights

26 August 2009

Buy

Target Price: Rs132

CMP: Rs114*

Upside: 16%

*as on 21 August 2009

Aiming for pan-India presence

South Indian Bank (SIB) has adopted a strategy to transform its image of Kerala-based bank and expand its branch network in the northern belt to achieve pan-India presence. Out of its 540 branches as on Q1FY10, 285 are located in Kerala and over 45 in the north and north-eastern regions, where it plans to shift its focus eventually.

- **Drought not to impact asset quality:** The management said possible deterioration in asset quality due to the truant monsoons (expected to impact agriculture loans) is not a major concern for the bank primarily due to its predominant presence in Kerala and south India where the monsoons have been near-normal.
- **Increased focus loans against gold:** The bank anticipates potential growth in loans against gold, a segment expected to grow at ~30% levels. Such loans at 13% interest rates have become competitive. Further, the delinquency rate in this segment tends to be lower.
- **Well-poised for growth:** SIB's Tier 1 capital at 13.2% and net NPA at 0.5% would help cushion it during a downturn and well-position it during a recovery. Further, its access to low-cost NRI deposits is proving to be a silver lining for the bank. We also like its profitability-led growth strategy.
- **Valuations attractive:** We value the bank at 0.9x FY11E P/Adj BV on single stage Gordon Growth model, which translates into a target price of Rs132. Currently, the stock is trading at historical 5-year average P/B multiples, despite improvement in its RoE from 2% to 16% during the same period.

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Shweta Mane

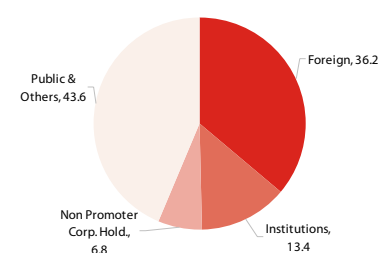
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Key Data

Bloomberg Code	SIB IN
Reuters Code	SIBK.BO
Current Shares O/S (mn)	113.0
Diluted Shares O/S(mn)	113.0
Mkt Cap (Rsbn/USDmn)	12.9/266.1
52 Wk H / L (Rs)	124/43
Daily Vol. (3M NSE Avg.)	424,470
Face Value (Rs)	10

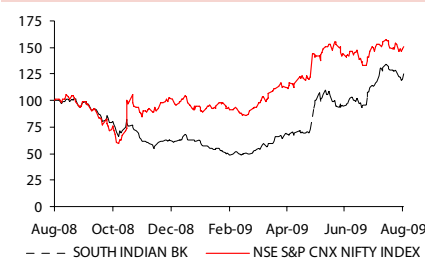
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
South Indian Bank	10.3	158.4	25.8
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E Mar(Rsmn)	NII	Non Int. Inc.	Adj PAT	YoY (%)	EPS (Rs)	P/E (x)	Adj BV (Rs)	P/Adj BV (x)	RoE (%)	RoA (%)
FY07	3,669	1,031	1,038	103.5	11.8	9.7	73.4	1.6	15.2	0.8
FY08	3,941	1,246	1,517	46.1	15.0	7.6	99.7	1.2	16.1	1.0
FY09	5,229	1,635	1,940	27.9	17.2	6.6	101.2	1.2	15.7	1.0
FY10E	5,913	1,917	2,116	9.1	18.7	6.1	118.4	1.0	15.4	1.0
FY11E	7,106	1,995	2,538	20.0	22.5	5.1	132.1	0.9	16.3	1.0

Source: Company, Centrum Research Estimate

Financials

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Interest Income	9,760	13,092	16,869	19,072	22,261
Interest Expense	6,091	9,151	11,640	13,159	15,156
Net Interest Income	3,669	3,941	5,229	5,913	7,106
Growth (%)	18.4	7.4	32.7	13.1	20.2
Non Interest Income	1,031	1,246	1,635	1,917	1,995
Growth (%)	42.8	20.8	31.3	17.3	4.1
Fee Income	243	281	282	338	406
Gains / (Losses) on Securities	132	134	354	380	300
Others	657	831	999	1,199	1,290
Total Net Income	4,701	5,187	6,864	7,830	9,101
Total Operating Expenses	2,186	2,480	3,285	3,647	3,961
Growth (%)	(3.1)	13.5	32.4	11.0	8.6
Employee Costs	1,330	1,463	2,142	2,335	2,438
Other Operating Expenses	856	1,017	1,143	1,313	1,523
Pre-provision Profit	2,515	2,707	3,579	4,183	5,140
Provisions	1,054	396	573	904	1,207
NPL Provisions	833	129	268	920	1,103
Provisions for Depn on Invest	82	115	188	(300)	0
Other Provisions	139	152	125	284	104
Profit Before Tax	1,461	2,311	3,006	3,279	3,933
Taxes	423	795	1,066	1,163	1,395
Net Profit	1,038	1,517	1,940	2,116	2,538
Growth (%)	103.5	46.1	27.9	9.1	20.0

Source: Company, Centrum Research Estimate

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
Cash and balance with RBI	6,997	9,736	9,977	10,676	11,316
Inter-bank borrowings	12,458	7,290	10,381	9,859	11,633
Loans & Advances	79,189	104,537	118,520	144,594	170,621
Investments	34,301	45,722	60,752	68,042	78,249
Total Interest Earning Assets	132,945	167,286	199,631	233,171	271,819
Fixed Assets	896	1,128	1,363	1,261	2,713
Other Assets	2,685	2,486	2,841	3,125	3,125
Total Assets	136,525	170,899	203,835	237,558	277,658
Customer Deposits	122,392	151,561	180,920	205,390	242,360
Other Interest Bearing Liab	325	276	2,570	10,225	11,296
Total Int Bearing Liab	122,717	151,837	183,490	215,614	253,656
Other Non-Int Bearing Liab	6,569	7,452	7,302	7,450	7,450
Total Liabilities	129,286	159,289	190,792	223,064	261,106
Equity	7,240	11,609	13,040	14,493	16,551
Total Liab & Equity	136,526	170,899	203,832	237,558	277,658

Source: Company, Centrum Research Estimate

Exhibit 3: Key Ratios

Y/E March	FY07	FY08	FY09	FY10E	FY11E
Balance Sheet Structure Ratios (%)					
Loans / Deposits	64.7	69.0	65.5	70.4	70.4
CASA Ratio	23.9	24.1	23.7	25.0	26.0
Loan Growth	24.3	32.0	13.4	22.0	18.0
Deposit Growth	27.8	23.8	19.4	13.5	18.0
Operating Ratios					
Net Interest Margin	3.1	2.6	2.9	2.7	2.8
Non-int inc as % Total Income	21.9	24.0	23.8	24.5	21.9
Core fee income Growth	8.1	15.7	0.2	20.0	20.0
Emp Costs as % of Total Op Costs	60.9	59.0	65.2	64.0	61.6
Cost Inc Ratio	46.5	47.8	47.9	46.6	43.5
Total prov as % of loans	1.2	0.1	0.2	0.7	0.7
Tax Rate (%)	28.9	34.4	35.5	35.5	35.5
Credit Quality Ratios (%)					
Gross NPLs as % of loans	3.9	1.8	1.3	2.3	2.6
Net NPLs as % of net loans	1.0	0.3	0.5	0.8	0.9
NPL Coverage Ratio	75.8	82.0	62.3	66.2	64.1
Capital Adequacy Ratios (%)					
Total CAR (%)	11.1	13.8	14.8	14.2	13.8
Tier 1 Capital ratio (%)	8.8	12.1	13.2	12.9	12.7
Profitability ratios					
RoE	15.2	16.1	15.7	15.4	16.3
RoA	0.8	1.0	1.0	1.0	1.0
Valuation Ratios					
EPS	11.8	15.0	17.2	18.7	22.5
P/E (x)	9.7	7.6	6.6	6.1	5.1
Adj BV per share	73.4	99.7	101.2	118.4	132.1
P/ Adj BV (x)	1.6	1.1	1.1	1.0	0.9
Dividend Yield	2.2	2.6	2.6	2.6	2.6

Source: Company, Centrum Research Estimate

SREI Infrastructure Finance

Conference Highlights

26 August 2009

Not Rated

CMP: Rs63*

*as on 21 August 2009

Set to ride infrastructure boom

SREI Infra expects an upturn in business Q3FY10 onwards as the broader economy revives and also on account of business seasonality (normally business picks up during Q3 and Q4). The management has forecast disbursements of Rs10bn each quarter during the remaining three quarters of FY10.

- **Higher growth in project financing business:** The Company expects to register higher growth in its project financing business vis-à-vis equipment financing. However, the project financing segment's revenue share would still remain below equipment finance for the next 2-3 years.
- **Infrastructure advisory business growing fast:** This business, mainly focused on urban infrastructure, is growing fast. SREI Infra earned revenue of Rs350mn from the Ganga Expressway Project. The company was a consultant for the project along with Indian Railways' consultancy firm RITES. The company believes growth in infrastructure advisory business will be robust.
- **Competition not a major threat:** Currently, L&T Finance and Magma Finance are the major competitors in equipment finance. Shriram Finance, a leader in second-hand CV financing, plans to foray into this segment. Competition from PSU banks is also increasing.
- **Asset portfolio at Rs30-35bn by end of FY10:** The management expects its asset portfolio to increase to Rs30-35bn by the end of FY10 (Rs17bn in Q1). Long-term sustainable spreads (NIM) are expected at 3.5%-4%.
- **JV with BNP Paribas on growth track:** Srei Equipment Finance Private Ltd (SEFPL), the JV between Srei Infrastructure Finance and BNP Paribas Lease Group has total AUM of Rs79bn (Rs11bn securitized and rest on balance sheet). It disbursed loans amounting to Rs11bn in Q1FY10 and ended the quarter with Rs65bn loan book.

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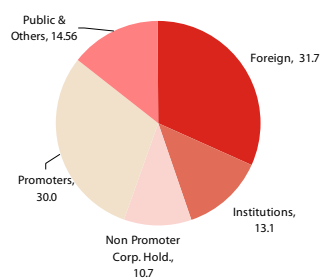
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Key Data

Bloomberg Code	SREI IN
Reuters Code	SREI.BO
Current Shares O/S (mn)	116.1
Diluted Shares O/S(mn)	116.1
Mkt Cap (Rsbn/USDmn)	7.3/150.4
52 Wk H / L (Rs)	129/22
Daily Vol. (3M NSE Avg.)	1,917,393
Face Value (Rs)	10

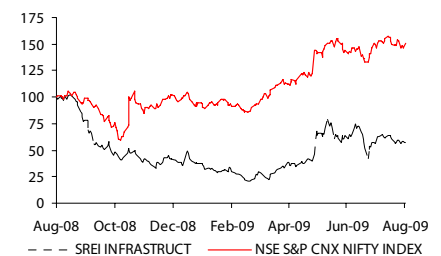
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
SREI Infra	(3.2)	95.5	(41.3)
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E Mar (Rsmn)	Total Income	YoY (%)	Operating Profit	Operating Profit (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)
FY05	1,299	-	410	-	283	-	5.1	18.3	9.1	12.3
FY06	2,273	74.9	777	89	484	71.1	4.2	2.5	10.8	15.0
FY07	4,001	76.0	1,190	53	795	64.2	7.1	17.9	10.2	8.9
FY08	5,275	31.9	1,494	26	1,081	36.0	9.1	19.3	15.7	6.9

Source: Company, Centrum Research

Financials

Exhibit 1: Income Statement

Y/E Mar (Rsmn)	FY05	FY06	FY07	FY08
Income				
Operating Income	1,296	2,268	3,987	4,604
Other Income	4	4	13	672
Total Income	1,299	2,273	4,001	5,275
Expenditure				
Operating & Administration Expenses	162	205	302	298
Miscellaneous Expenses	80	90	161	231
Interest	558	1,067	2,147	3,022
Less: Pre-operative Expenses Capitalised	0	0	0	0
Employee Expense	90	134	201	230
Total Expenditure	890	1,496	2,810	3,781
Gross Profit	410	777	1,190	1,494
Depreciation	12	95	332	361
Profit Before Tax	398	682	858	1,133
Tax	19	31	65	54
Fringe Benefit tax	0	0	0	0
Deferred Tax	96	167	0	0
Reported Net Profit	283	484	793	1,080
Extraordinary Items	0	0	(3)	(1)
Adjusted Net Profit	283	484	795	1,081
Adjustment below net profit	0	0	0	0
P & L Balance brought forward	68	180	281	540
Appropriations	171	383	534	406
P & L Balance carried down	180	281	540	1,214
Dividend	8.0	18.0	10.9	13.9
Preference Dividend	0.0	0.0	0.0	0.0
Equity Dividend %	15.0	16.5	10.0	12.0
Earnings Per Share-Unit Curr	5.1	4.2	7.1	9.1
Earnings Per Share(Adj)-Unit Curr	7.1	9.1		
Book Value-Unit Curr	30.7	37.6	43.7	55.1

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E Mar (Rsmn)	FY05	FY06	FY07	FY08
Sources Of Funds				
Share Capital	535	1,091	1,091	1,163
Reserves Total	1,105	3,014	3,679	5,240
Total Shareholders Funds	1,639	4,105	4,770	6,403
Secured Loans	7,542	13,281	23,264	5,878
Unsecured Loans	2,314	3,663	9,771	3,064
Total Loan Funds	9,855	16,944	33,035	8,942
Total Liabilities	11,495	21,049	37,805	15,345
Application Of Funds				
Gross Block	246	2,400	4,827	45
Less: Accumulated Depreciation	68	162	480	1
Less: Impairment of Assets	0	0	0	0
Net Block	178	2,238	4,346	44
Lease Adjustment	0	0	0	0
Capital Work in Progress	0	0	0	0
Investments	495	1,039	1,467	3,282
Current Assets Loans & Advances	0	0	0	0
Inventories	10,541	16,956	31,739	1,704
Sundry Debtors	0	17	80	0
Cash and Bank Balance	437	1,424	753	842
Loans and Advances	823	875	1,739	10,931
Total Current Assets	11,801	19,272	34,311	13,478
Less: Current Liab. & Provisions	0	0	0	0
Current Liabilities	93	320	1,089	1,072
Provisions	421	594	645	387
Total Current Liabilities & Provisions	514	915	1,734	1,459
Net Current Assets	11,286	18,358	32,576	12,019
Miscellaneous Expenses not written-off	14	60	61	0
Deferred Tax Liability	478	645	645	0
Net Deferred Tax	(478)	(645)	(645)	0
Total Assets	11,495	21,049	37,805	15,345
Contingent Liability	788	793	835	430

Source: Company, Centrum Research

Exhibit 3: Key Ratios

Y/E Mar	FY05	FY06	FY07	FY08
Key Ratios				
Debt-Equity Ratio	5.8	4.7	5.6	3.8
Long Term Debt-Equity Ratio	3.3	2.8	4.4	3.1
Current Ratio	1.7	2.3	3.7	4.4
Turnover Ratios				
Fixed Assets	5.6	1.7	1.1	2.2
Inventory	0.1	0.2	0.2	0.3
Debtors	79.5	268.9	82.9	132.5
Interest Cover Ratio	1.7	1.6	1.4	1.4
PBIDTM (%)	74.5	81.1	83.4	85.6
PBITM (%)	73.6	77.0	75.1	78.8
PBDTM (%)	31.5	34.2	29.8	28.3
CPM (%)	22.7	25.5	28.1	27.3
APATM (%)	21.8	21.3	19.8	20.5
ROCE (%)	9.1	10.8	10.2	15.7
RONW (%)	18.3	16.9	17.9	19.3

Source: Company, Centrum Research

Tata Communications

Conference Highlights

26 August 2009

Not Rated

CMP: Rs498*

*as on 21 August 2009

Bandwidth play

Tata Communication (TCOM) is a leader in wholesale voice services. The company has strengthened its voice portfolio with a recent US\$1.5bn deal with the BT group. TCOM is upbeat about maintaining its growth trajectory in the enterprise/carrier data segment and is looking to build long-term strength in the retail broadband segment through participation in the Wimax spectrum auction.

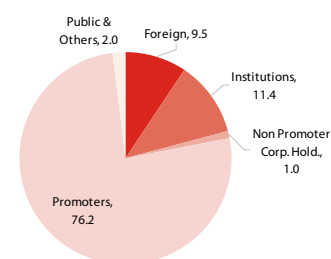
- **Deal with BT Group in the voice segment:** The Company has signed a five-year US\$1.5bn deal with BT Group in the voice segment in Q1FY10. It believes growth in the voice segment would be driven by similar deals with other global telecom companies.
- **Promising enterprise/carrier data segment:** The enterprise/carrier data segment shows good promise and the company is likely to maintain its growth trajectory in these segments.
- **Upbeat on broadband opportunity:** TCOM is keen to take part in the Wimax spectrum auction. The company sees immense broadband opportunity in the country and is awaiting DoT guidelines on spectrum auction, akin to other players in the industry.
- **Company guides submarine cable projects will be live by mid-FY11:** TCOM continues to maintain its capex guidance of US\$2bn over FY08-10E. The company has indicated that all its submarine cable projects (under construction) would be live by mid-FY11.
- **Decline in stake in TTSL:** TCOM's stake in Tata Tele Services Ltd (TTSL), after NTT Docomo's investment, has fallen to 10.5%-11.0% from around 15.0%.

Key Data

Bloomberg Code	TCOM IN
Reuters Code	TATA.BO
Current Shares O/S (mn)	285.0
Diluted Shares O/S(mn)	285.0
Mkt Cap (Rsbn/USDbn)	142/2.9
52 Wk H / L (Rs)	660/320
Daily Vol. (3M NSE Avg.)	708,320
Face Value (Rs)	10

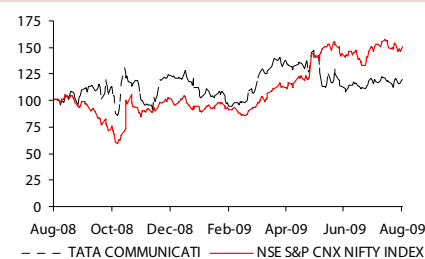
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Tata Comm.	4.3	27.7	18.5
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

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Y/E March (Rsmn)	Revenue	YoY (%)	EBITDA	EBITDA(%)	Adjust. PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY07	86,112	-	10,536	12.2	757	-	2.7	1.5	2.2	187.5	14.8
FY08	82,630	(4.0)	8,452	10.2	177	(76.6)	0.6	0.4	1.6	802.4	20.1
FY09	99,632	20.6	13,496	13.5	929	425.2	3.3	1.9	3.1	152.8	14.4

Source: Company, Centrum Research

Financials

Exhibit 1: Income Statement

Y/E March (Rsmn)	FY07	FY08	FY09
Revenue	86,112	82,630	99,632
YoY growth (%)	-	(4.0)	20.6
Network operations cost	52,428	47,635	53,002
% of Sales	60.9	57.6	53.2
Personnel cost	8,662	8,950	12,273
% of Sales	10.1	10.8	12.3
Other operating expense	14,486	17,594	20,861
% of Sales	16.8	21.3	20.9
EBITDA	10,536	8,452	13,496
EBITDA Margin	12.2	10.2	13.5
Depreciation	7,830	7,844	11,023
PBIT	2,706	608	2,473
Interest expenses	1,436	1,754	3,507
Share of profits / (losses) in JV & assoc.	-	-	(80)
PBT from operations	1,271	(1,147)	(1,114)
Other non operating income	2,454	2,748	2,597
PBT before extra-ordinary items	3,724	1,601	1,483
Extra-ordinary income/ (expenses)	(914)	(112)	2,665
PBT	2,811	1,489	4,148
Provision for tax	2,794	1,769	2,307
Effective tax rate	75.0	110.5	155.6
Minority Interest	(137)	(383)	(1,318)
PAT	154	103	3,158
PAT (adjusted)	757	177	929
YoY growth (%)	-	(76.6)	425.2
PAT margin	0.9	0.2	0.9

Source: Company, Centrum Research

Exhibit 2: Balance Sheet

Y/E March (Rsmn)	FY07	FY08	FY09
Share Capital	2,850	2,850	2,850
Reserves	49,674	48,670	48,214
Net worth	52,524	51,520	51,064
Debt	25,681	33,889	67,090
Minority Interest	-	32	50
Deferred Tax Liability	769	998	1,559
Total Capital Employed	78,973	86,439	119,763
Gross Block	80,816	89,001	128,785
Accumulated depreciation	19,715	26,444	39,402
Net Block	61,101	62,557	89,383
Capital WIP	7,300	20,406	26,676
Total Fixed Assets	68,401	82,963	116,059
Goodwill	1,674	1,674	575
Investments (strategic)	8,127	8,125	9,769
Investments (marketable securities)	9,510	3,919	6,991
Inventories	82	93	178
Debtors	16,648	20,746	28,630
Cash and cash equivalent	2,454	2,941	8,759
Loans and Advances	12,737	16,734	24,077
Other current asset	1,434	6,115	3,917
Total current assets	33,354	46,628	65,561
Current liabilities and provisions	42,093	56,870	79,192
Net current assets	(8,738)	(10,242)	(13,631)
Miscellaneous expenditure	-	-	-
Total Assets	78,973	86,439	119,763

Source: Company, Centrum Research

Exhibit 3: Cash flow

Y/E March (Rsmn)	FY07	FY08	FY09
Cash flow from operating activities			
Profit before tax	3,584	(849)	96
Depreciation	7,830	7,844	11,023
Other	(1,404)	(567)	177
Interest expenses	1,436	1,754	3,507
Cash before working capital change	11,446	8,182	14,802
Working capital adjustment	(380)	6,439	4,316
Gross cash flow from operations	11,066	14,620	19,118
Direct taxes paid	2,794	1,769	2,307
Cash generated from operations	8,271	12,852	16,811
Cash flow from investing activities			
Capex	(13,638)	(25,332)	(34,458)
Investments and income for investments	1,209	6,196	1,944
Cash flow from investing activities	(12,430)	(19,136)	(32,515)
Cash flow from financing activities			
Proceeds from sh. cap. and premium	-	-	-
Borrowings/ (Repayments)	5,118	10,189	26,244
Interest paid	(1,508)	(1,747)	(3,140)
Dividend paid	(1,461)	(1,502)	(1,504)
Cash flow from financing activities	2,148	6,940	21,600
Net cash increase/ (decrease)	(2,010)	656	5,895
Free cash flow to firm (FCFF)	(5,853)	(9,895)	(13,691)

Source: Company, Centrum Research

Exhibit 4: Key Ratios

Y/E March	FY07	FY08	FY09
Margin Ratios (%)			
EBITDA Margin	12.2	10.2	13.5
PBIT Margin	3.1	0.7	2.5
PBT Margin	4.3	1.9	1.5
PAT Margin	0.9	0.2	0.9
Return Ratios (%)			
ROCE	2.2	1.6	3.1
ROIC	2.8	0.5	1.7
ROE	1.5	0.4	1.9
Turnover Ratios			
Assets Turnover Ratio (x)	1.09	0.96	0.83
Average collection period (days)	70.6	91.6	104.9
Average payment period (days)	229.6	318.2	391.3
Inventory holding (days)	0.3	0.4	0.7
Per share (Rs)			
Basic EPS	0.5	0.4	11.1
Fully diluted EPS	2.7	0.6	3.3
CEPS	30.1	28.1	41.9
Book Value	184.3	180.8	179.2
Solvency ratios			
Debt/ Equity	0.5	0.7	1.4
Interest Coverage	1.9	0.3	0.7
Valuation parameters (x)			
P/E	187.5	802.4	152.8
P/BV	2.7	2.8	2.8
EV/ EBITDA	14.8	20.1	14.4
EV/ Sales	1.8	2.1	2.0
M-Cap/ Sales	1.6	1.7	1.4

Source: Company, Centrum Research

Triveni Engineering

Conference Highlights

26 August 2009

Buy

Target Price: Rs123

CMP: Rs107*

Upside: 9.8%

*as on 21 Aug 2009

Higher sugar volumes

The management is optimistic about the prospects for both its main businesses – sugar and engineering. It believes the current sugar cycle would be the longest up-cycle, which is expected to last till season 2010-11. The engineering business is also showing signs of improvement with increased order-flows for steam turbines, gears and water treatment solutions.

- **Higher sugar volumes:** The management has guided higher sugar volumes on account of the 5% YoY increase in sugarcane crushed and 10% increase in sugar recovery. The company has also imported 85,500 tonnes of raw sugar. Higher volumes would also reduce cost of processing for the company by 20-25% YoY, resulting in better margins going forward.
- **Government intervention not to impact earnings:** The management was of opinion that media reports of government intervening to reduce sugar prices would not have any impact on earnings. Rather, the government is now considering a long-term strategy to reduce high volatility in sugar price.
- **Sugarcane crushing to start in mid-October:** Triveni would start crushing sugarcane in second half of October 2009. The statutory minimum price (SMP) for sugarcane would be announced in September and is expected to be in the range of Rs160-180 per quintal.
- **Increasing traction in engineering business:** The management expects healthy growth in all the engineering business divisions (steam turbines, gear and water treatment solutions). While turbine and gear revenues are expected to grow 20-25% over the next two years, the water business is expected to grow 100%.
- **Maintain Buy:** The stock is trading at 14.6x FY09E and 10.3x FY10E. We maintain our Buy rating on the stock with a target price of RS 123.

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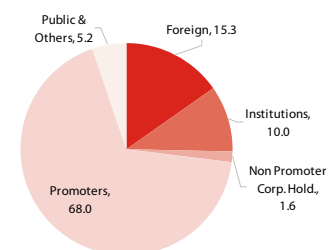
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Key Data

Bloomberg Code	TRE IN
Reuters Code	TREI.BO
Current Shares O/S (mn)	257.9
Diluted Shares O/S(mn)	257.9
Mkt Cap (Rsbn/USDmn)	27.7/570.1
52 Wk H / L (Rs)	119/29
Daily Vol. (3M NSE Avg.)	1,922,893
Face Value (Rs)	1

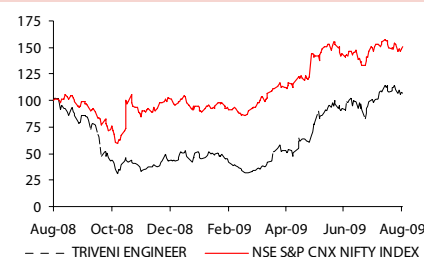
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
Triveni Engg.		8.2	151.6
NIFTY		(2.5)	62.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E Sep (Rsmn)	Rev	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY06	11,921	24.0	2,067	17.3	1,316	32.1	5.1	38.3	18.1	18.2	15.2
FY07	19,075	6.7	2,340	12.3	754	(61.8)	2.9	12.7	11.1	46.7	16.0
FY08	15,930	25.3	3,095	19.4	1,115	(1.4)	4.3	15.5	10.2	24.7	12.6
FY09	18,900	18.6	4,529	24.0	1,876	68.2	7.3	22.4	13.7	14.6	7.9
FY10E	24,017	27.1	5,652	23.5	2,768	47.5	10.7	27.2	18.1	10.3	5.9

Source: Company, Centrum Research Estimate

Financials

Exhibit 1: Income Statement

Y/E Sep (Rsmn)	Mar-06	Sep-07 ^s	Sep-08	Sep-09E	Sep-10E
Net sales	11,921	19,075	15,930	18,900	24,017
YoY growth (%)#	24.0	6.7	25.3	18.6	27.1
Total expenditure	9,854	16,735	12,835	14,371	18,365
EBITDA	2,067	2,340	3,095	4,529	5,652
EBITDA margin (%)	17.3	12.3	19.4	24.0	23.5
Depreciation & amortisation	288	863	840	860	886
PBIT	1,779	1,478	2,255	3,669	4,766
PBIT margin (%)	14.9	7.7	14.2	19.4	19.8
Interest expenses/(interest income)	232	731	982	1,038	716
Other non operating (income)/expenses	(65)	(38)	(72)	(50)	(50)
Profit before extraordinary items and tax	1,613	785	1,346	2,680	4,100
Extraordinary expenses/(income)	0	0	0	0	0
Profit before tax	1,613	785	1,346	2,680	4,100
Pre-tax profit margin (%)	13.5	4.1	8.4	14.2	17.1
Total tax	297	31	230	804	1,332
Net profit	1,316	754	1,115	1,876	2,768
Adjusted profit	1,316	754	1,115	1,876	2,768
YoY growth (%)#	32.1	(61.8)	(1.4)	68.2	47.5
Profit margin(%)	11.0	4.0	7.0	9.9	11.5

Source: Company, Centrum Research Estimate

Exhibit 2: Balance Sheet

Y/E Sep (Rsmn)	Mar-06	Sep-07 ^s	Sep-08	Sep-09E	Sep-10E
Share capital	258	258	258	258	258
Preference Shares	0	0	0	0	0
Reserves	4,864	6,491	7,411	8,857	10,990
Total stakeholders equity	5,122	6,749	7,668	9,115	11,248
Loan fund	4,026	10,016	11,687	8,187	5,187
Deferred tax liability	443	403	609	965	1,462
Total capital employed	9,591	17,167	19,964	18,267	17,896
Gross block	6,878	14,823	15,369	15,869	16,369
Accumulated depreciation	1,398	2,189	2,958	3,775	4,618
Net block	5,480	12,634	12,411	12,094	11,751
Capital WIP	467	211	397	0	0
Revaluation reserve	(181)	(172)	(169)	(169)	(169)
Total fixed assets	5,767	12,673	12,639	11,925	11,582
Net Intangibles	21	33	39	46	54
Plants under lease	202	179	162	162	162
Investments	19	108	116	116	116
Cash and bank	259	254	187	365	265
Inventories	4,048	4,197	5,398	3,691	3,635
Receivables	1,003	943	2,134	1,062	1,308
Other loans and advances	874	3,468	3,857	3,854	4,588
Total current assets and loans & advances	6,184	8,862	11,577	8,973	9,796
Current liabilities and provisions	2,611	4,712	4,587	2,974	3,834
Net current assets	3,573	4,151	6,990	5,999	5,963
Misc expenditure	10	22	19	19	19
Total assets	9,591	17,167	19,964	18,267	17,896

Source: Company, Centrum Research Estimate

Exhibit 3: Cash flow

Y/E Sep (Rs mn)	Mar-06	Sep-07 ^s	Sep-08	Sep-09E	Sep-10E
Cash Flow From Operating					
Profit before tax and extraordinary item	1,613	785	1,346	2,680	4,100
Depreciation	288	863	840	860	886
Interest expenses/(interest income)	230	731	982	1,038	716
Non-cash charges/non-operating charges	(22)	(22)	(11)	0	0
Operating profit before WC chg	2,108	2,357	3,157	4,579	5,702
Working capital adjustment	(37)	667	(2,907)	1,078	(171)
Gross cash generated from operation	2,071	3,024	250	5,657	5,531
Direct tax paid	(264)	(146)	(154)	(408)	(791)
Cash generated from Operations	1,807	2,878	95	5,249	4,740
Cash Flow From Investing Activities					
Capex	(3,433)	(7,755)	(797)	(143)	(540)
Investment	211	(90)	5	0	0
Interest income/dividend income	65	22	64	22	25
Net cash used in investing	(3,157)	(7,822)	(728)	(121)	(515)
Cash Flow From Financing Activities					
Proceeds from share capital (incl pref)	2,161	0	(0)	0	0
Borrowings/(repayment)	(479)	5,990	1,688	(3,500)	(3,000)
Interest paid	(273)	(748)	(1,093)	(1,016)	(691)
Dividend paid	(66)	(295)	(31)	(430)	(635)
Net cash from financing	1,342	4,947	563	(4,947)	(4,325)
Net Cash Increase/(Decrease) in Cash	(8)	2	(70)	181	(100)

Source: Company, Centrum Research Estimate

Exhibit 4: Key Ratios

Y/E Sep	Mar-06	Sep-07 ^s	Sep-08	Sep-09E	Sep-10E
Margins Ratios(%)					
EBITDA margin	17.3	12.3	19.4	24.0	23.5
PBIT margin	13.5	4.1	8.4	14.2	17.1
Profit after tax margin	11.0	4.0	7.0	9.9	11.5
Growth Ratios(%)#					
Net sales	24.0	6.7	25.3	18.6	27.1
EBITDA	22.3	(24.5)	98.4	46.3	24.8
Net profit	32.1	(61.8)	(1.4)	68.2	47.5
Returns Ratios(%)					
Return on invested capital (ROIC)	18.3	5.8	9.2	13.8	18.3
Return on equity	38.3	12.7	15.5	22.4	27.2
Return on capital employed	18.1	11.1	10.2	13.7	18.1
Working Capital Cycle(Days)-Core					
Average inventory	169	96	150	121	86
Collection	26	19	24	22	22
Payable	74	69	113	66	32
Operating cycle	121	45	61	77	76
Per Share (Rs.)					
Adj. earnings	5.1	2.9	4.3	7.3	10.7
Book value	19.9	26.2	29.7	35.3	43.6
Dividend	0.5	0.6	0.6	1.5	2.1
Solvency Ratio (x)					
Debt-equity	0.8	1.5	1.5	0.9	0.5
Interest coverage -on EBIT	6.5	1.9	2.3	3.6	6.9
Valuation Parameters(X)					
P/E	19.0	48.7	25.8	15.3	10.4
P/BV	5.6	4.3	3.8	3.2	2.6
EV/EBITDA	15.7	16.5	13.0	8.1	6.0
EV/Sales	2.7	2.0	2.5	1.9	1.4
M-Cap/Sales	2.4	1.5	1.8	1.5	1.2

Source: Company, Centrum Research Estimate

\$ Period of 18 months, Company changed its financial year from March end to September end.

Growth has been adjusted for 12 months period

Union Bank of India

Conference Highlights

26 August 2009

Hold

Target Price: Rs229

CMP: Rs209*

Upside: 10%

*as on 21 August 2009

Continued focus on liability franchisee

While we like Union Bank of India's (UBI) liability-led growth strategy with its focus on technology, improving productivity and distribution network expansion, the concentration of SME and retail loans would result in NPAs spiking. Further, its relatively low Tier 1 capital of 8.2% would put pressure on the bank's core business in the near-term.

- **Business growth target:** UBI aims to reach a business mix of Rs2,930bn by the end of FY10, which translates into 23% growth. Out of this, Rs1,700bn would be deposits (23% YoY growth) and Rs1,230bn will be advances (25% YoY growth).
- **Credit off-take to improve:** The bank believes credit off-take would improve facilitated by increased investments in infrastructure (roads and ports), manufacturing and telecom. Demand for retail credit (housing and auto loans) is also showing signs of revival.
- **Continued focus on liability franchisee:** The bank plans to expand its branch network to outskirts of cities and major towns to tap the potential centers and reach out to un-banked rural areas. The rise in CASA ratio to about 31% augurs well for the improvement in liability franchisee.
- **NIM target of 2.8% for FY10:** The bank expects repricing of deposits to the tune of Rs160bn in Q2 and Rs43bn in Q3 enabling the bank to achieve higher margins of 2.8% levels. The management is calibrating its efforts to increase fee-based income growth.
- **Asset quality position comfortable:** Gross NPAs for Q1 stood at 1.95% and net NPAs with floating provisions setting off stood at 0.7%. The management does not anticipate a sharp deterioration in asset quality. However, we believe higher concentration of loan portfolio to micro, small and medium enterprises (MSME) could lead to higher delinquencies.
- **Return ratios to remain subdued, Hold:** We expect return ratios to remain with RoA of 1% and RoE of 21% in FY10-11E. We recommend hold with a target price of Rs229, valuing the bank at 1.2x FY11E BV.

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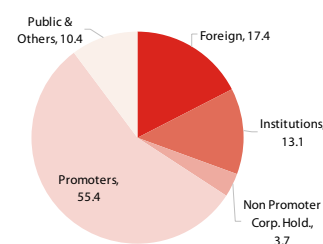
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Key Data

Bloomberg Code	UNBK IN
Reuters Code	UNBK.BO
Current Shares O/S (mn)	505.1
Diluted Shares O/S(mn)	505.1
Mkt Cap (Rsbn/USDbn)	105.6/2.2
52 Wk H / L (Rs)	266/113
Daily Vol. (3M NSE Avg.)	1,280,643
Face Value (Rs)	10

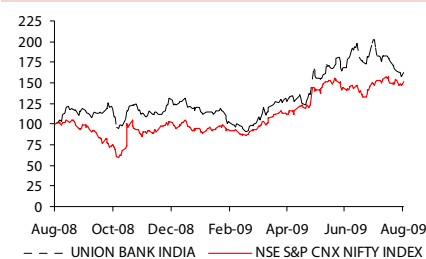
USD = Rs48.6

Shareholding Pattern (%)



As on 30 June 2009

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
UBI	(19.5)	61.2	61.9
NIFTY	(2.5)	62.9	2.9

Source: Bloomberg, Centrum Research
*as on 21 August 2009

Y/E March (Rsbn)	NII	Non Int Inc	Adj PAT	YoY (%)	EPS (Rs)	P/E (x)	Adj BV (Rs)	P/Adj BV (x)	RoE (%)	RoA (%)
FY07	26.4	8.4	8.5	25.2	16.7	12.5	81.4	2.6	19.2	0.9
FY08	28.5	13.2	13.9	64.1	27.5	7.6	108.4	1.9	26.8	1.2
FY09	38.1	14.8	17.3	24.5	34.2	6.1	134.4	1.6	27.1	1.2
FY10E	43.9	15.1	16.4	(4.9)	32.5	6.4	152.0	1.4	21.0	0.9
FY11E	53.0	16.4	19.6	19.4	38.8	5.4	176.4	1.2	21.0	1.0

Source: Company, Centrum Research Estimate

Financials

Exhibit 1: Income Statement

Y/E March (Rsbn)	FY07	FY08	FY09	FY10E	FY11E
Interest Earned	72.3	92.1	118.9	137.3	156.5
Interest Expended	45.9	63.6	80.8	93.4	103.5
Net Interest Income	26.4	28.5	38.1	43.9	53.0
Growth(%)	17.4	8.3	33.6	15.2	20.6
Non Interest Income	8.4	13.2	14.8	15.1	16.4
Growth(%)	34.8	56.8	12.3	1.6	8.8
- Fee and other income	7.3	10.3	9.7	11.3	13.4
- P/L on sale of invest	1.1	2.9	5.2	3.8	3.0
Net income	34.8	41.7	53.0	59.0	69.4
Growth(%)	21.2	20.0	26.9	11.4	17.6
Operating Expenses	14.8	15.9	22.1	24.3	27.9
Growth(%)	5.2	7.9	39.0	9.7	14.7
- Employee expenses	8.7	8.5	11.5	12.9	14.9
- Other operating exp.	6.0	7.5	10.6	11.4	13.0
Pre-Prov Profits	20.0	25.8	30.8	34.7	41.5
Prov & Cont	6.2	7.3	7.4	12.2	14.7
Provisions for NPA	3.3	5.9	5.5	10.6	13.9
Other provisions	2.9	1.4	1.9	1.6	0.8
Profit Before Tax	13.8	18.5	23.4	22.5	26.8
Taxes	5.4	4.6	6.2	6.1	7.2
Effective tax rate(%)	38.8	25.1	26.4	27.0	27.0
Profit after Tax	8.5	13.9	17.3	16.4	19.6
Growth(%)	25.2	64.1	24.5	(4.9)	19.4

Source: Company, Centrum Research Estimate

Exhibit 2: Balance Sheet

Y/E March (Rsbn)	FY07	FY08	FY09	FY10E	FY11E
Cash and bal with RBI	59	95	87	84	99
Inter bank borrowing	25	6	42	45	48
Loans	624	743	967	1,131	1,335
Investments	280	338	432	517	606
Total int assets	988	1,183	1,527	1,778	2,087
Fixed Assets	8	22	27	27	27
Other Assets	32	39	57	59	72
Total Assets	1,028	1,244	1,610	1,863	2,186
Deposits	852	1,039	1,387	1,616	1,907
Other Int bearing liab	66	85	97	110	125
Total int bearing liab	918	1,124	1,484	1,726	2,031
Other non-int bearing liab	58	47	38	35	36
Total Liabilities	976	1,170	1,522	1,761	2,068
Capital	5	5	5	5	5
Reserve and Surplus	47	68	83	97	114
Equity	52	73	88	102	119
Total Liab & equity	1,028	1,244	1,610	1,863	2,186

Source: Company, Centrum Research Estimate

Exhibit 3: Key Ratios

Y/E March	FY07	FY08	FY09	FY10E	FY11E
Bal Sheet Ratios (%)					
Loans/Deposits	73.2	71.6	69.7	70.0	70.0
CASA Ratio	34.5	34.9	30.1	34.0	36.0
Loan Growth	16.9	19.2	30.0	17.0	18.0
Deposit Growth	15.0	21.9	33.5	16.5	18.0
Operating Ratios (%)					
NIM	2.9	2.6	2.8	2.7	2.7
Non-int inc/Net income	24.2	31.6	28.0	25.5	23.6
Emp. costs/ Total Op Costs	59.2	53.1	52.0	53.1	53.3
Cost/Income	42.5	38.2	41.8	41.2	40.2
Operating cost growth	5.2	7.9	39.0	9.7	14.7
Total prov/avg. loans	1.1	1.1	0.9	1.2	1.2
Credit Quality Ratios (%)					
Gross NPA	2.9	2.2	2.0	2.8	3.6
Net NPA	1.0	0.2	0.3	0.7	1.0
Slippage	1.2	1.0	1.2	2.0	1.9
NPL coverage ratio	67.4	91.2	83.0	74.8	74.0
Capital Adequacy Ratios (%)					
Total CAR	12.8	11.7	13.3	13.2	13.1
Tier 1 CAR	7.8	7.0	8.2	8.3	8.4
Profitability Ratios (%)					
RoAE	19.2	26.8	27.1	21.0	21.0
RoAA	0.9	1.2	1.2	0.9	1.0
Valuations Ratios					
BVPS (Rs)	93.3	110.9	140.4	167.9	201.4
Price/BV (x)	2.2	1.9	1.5	1.2	1.0
Adjusted BVPS (Rs)	81.4	108.4	134.4	152.0	176.4
Price/Adj. BV (x)	2.6	1.9	1.6	1.4	1.2
EPS (Rs)	16.7	27.5	34.2	32.5	38.8
P/E (x)	12.5	7.6	6.1	6.4	5.4

Source: Company, Centrum Research Estimate

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Key to Centrum Investment Rankings

Buy: Expected outperform Nifty by >15%, **Accumulate:** Expected to outperform Nifty by +5 to 15%, **Hold:** Expected to outperform Nifty by -5% to +5%, **Reduce:** Expected to underperform Nifty by 5 to 15%, **Sell:** Expected to underperform Nifty by >15%

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