

Sensex	20,207
Nifty	6,080

# Transformers

Positive

## Sector summary:

The Transformer sector has been delivering a strong set of numbers for the last several quarters. The companies in the sector have seen strong volume growth as well as increasing realizations. The strong demand scenario with demand outpacing supply has helped companies expand their margins in the last few quarters. We expect the companies to continue to maintain strong margins given that the mis-match in demand supply is expected to continue for few more quarters.

## Key highlights of the results:

- Sales for the sector will grow by 46% YoY. The order book of the sector stood at 16.3bn at the end of September 2007.
- EBIDTA will grow by 60% YoY. EBIDTA growth will be faster than the sales growth as the companies in the sector will maintain margins QoQ and see margins expand YoY due to strong demand.
- PAT will grow by 60% YoY to 444mn.
- We have revised our earnings estimate upwards by 3%, 14%, 6% for FY08, FY09 and FY10 respectively for Indotech. We have revised our target for Indotech to Rs 797 from Rs 714 to factor in this upgrade in earnings.
- We have revised our earnings estimate upwards by 5% and 4% for FY09 and FY10 respectively for Voltamp. We have revised our target price to Rs 1868 from 1715 to factor in this upgrade in earnings.

## Our top picks are:

- Indotech
- Voltamp

**Kunal Sheth**

 kunal.sheth@religare.in  
 +91 22 6655 0141

## Valuation summary

Company	Price (Rs)	Rating	Target Price (Rs)	Mkt Cap (Rs mn)	Sales		EBITDA		Adj PAT		Adj EPS		FY08E		FY09E	
					Q3FY08E	YoY	Q3FY08E	YoY	Q3FY08E	YoY	Q3FY08E	YoY	Adj EPS	P/E	Adj EPS	P/E
					(Rs mn)	(%)	(Rs mn)	(%)	(Rs mn)	(%)	(Rs)	(%)	(Rs)	(x)	(Rs)	(x)
IndoTech	682	Buy	797	7229	656	46	173	46	112	54	10.6	54	37.5	18.2	50.2	13.6
Volatamp	1820	Buy	1868	18382	1537	46	287	96	188	81	15.5	81	72.1	25.2	94	19.4
Emco	1500	Hold	1393	15300	2369	45	320	45	144	45	14.1	45	65.3	20.0	89	14.7
Total				40911	4562	46%	780	60%	444	60%			1878	21.8	2584	15.8

Source: Religare Institutional Equity Research, Bloomberg

**Key data**

<b>Sector</b>	<b>Capital Goods</b>
Market Cap	Rs7.2bn/US\$0.1bn
52 Wk H/L (Rs)	739/247.1
Avg. daily vol. (6 month)	81,660

BSE Code	532717
NSE Code	INDOTECH
Bloomberg	INDT IN
Reuters	INTT.BO

Sensex	20,207
Nifty	6,080

**Shareholding pattern (%)**

	30-Jun-07	30-Sep-07
FII's NRI, ADR/GDR	15.1	14.2
MFs and institutions	3.1	3.4
Promoters	54.4	54.4
Others	27.5	28.1

**Absolute returns (%)**

	1mth	3mth	12mth
Indo Tech	13.7	32.2	172.7
Sensex	6.7	16.9	45.9

# IndoTech

**Buy**
**Current Price: Rs.682**
**Target price: 797**
**Quarterly Performance**

	FY07				FY08			FY07	FY08E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE		
<b>Net Sales</b>	<b>213.9</b>	<b>325</b>	<b>450.4</b>	<b>567.2</b>	<b>393.8</b>	<b>513</b>	<b>656</b>	<b>1,557</b>	<b>2261</b>
Change %	NA	NA	NA	80.2	84.1	57.8	45.6	68	45
<b>EBITDA</b>	<b>37</b>	<b>68</b>	<b>119</b>	<b>154</b>	<b>99</b>	<b>148</b>	<b>173</b>	<b>378</b>	<b>598.87</b>
EBITDA margin (%)	17.3	21.0	26.3	27.1	25.0	28.8	26.5	24	26
Change (%)	NA	NA	NA	260.4	165.5	117.3	46.2	125.6	59
Depreciation	2.3	2.6	2.8	3.9	3.50	3.7	6.94	12	21.1
Other Income	10	7.8	6.9	7.9	8.7	9.2	7	33	28.9
Interest exp/(inc)	0	0	2.3	0.9	1.2	1.5	3.2	3	9.288
<b>PBT</b>	<b>45</b>	<b>73</b>	<b>120</b>	<b>157</b>	<b>103</b>	<b>152</b>	<b>170</b>	<b>395</b>	<b>597.4</b>
PBT margin (%)	20.9	22.6	26.7	27.6	26.0	29.6	26.0	25.4	26.4
PBT growth (%)	NA	NA	NA	178.5	128.8	107.4	41.4	127	51.1
Extraordinary exp/(Inc)	-	-	-	-	-	-	-	-	-
Tax	13	27	48	54	34	49.4	58	141	199.6
Effective tax rate (%)	28.3	37.1	39.5	34.4	32.7	32.5	34.0	35.8	33.4
<b>PAT reported</b>	<b>32</b>	<b>46</b>	<b>73</b>	<b>103</b>	<b>69</b>	<b>102.6</b>	<b>112</b>	<b>263</b>	<b>397.85</b>
<b>Adjusted PAT *</b>	<b>32</b>	<b>46</b>	<b>73</b>	<b>103</b>	<b>69</b>	<b>102.6</b>	<b>112</b>	<b>263</b>	<b>397.85</b>
Adj PAT margin (%)	15.0	14.2	16.2	18.1	17.5	20.0	17.1	16.9	17.6
Change (%)	NA	NA	NA	159.0	115.0	122.6	54.3	125.0	51.3
Equity Capital (Rs mn)	106	106	106	106	106	106	106	106	106
Adj EPS	3.03	4.35	6.87	9.71	6.51	9.68	10.60	24.8	37.5

**Financial highlights**

- **Net Sales** will grow by 46% YoY to Rs.656mn on the back of a strong order book of Rs 2.3bn as of October 2007 which is 1.3x FY07 sales.
- **EBITDA** will grow by 46% YoY to Rs 173mn. The company will continue to report strong margins given the strong demand scenario and execution of high margin orders. The company is expected to report an EBIDTA margin of 26.5%.
- **PAT** will grow by 54% YoY to Rs 112mn.
- We have revised our FY08, FY09 and FY10 numbers by 3%, 14% and 6% respectively. Indotech's current EBIDTA margins are very high and we had expected them to normalize to 22% over the next few years. Based on the discussion with the management we understand that as the demand scenario remains very strong, margins will come down slower than our expectation.

(Rs mn)	Earlier estimates			Revised estimates			Upgrade/(downgrade) (%)		
	FY08E	FY09E	FY10E	FY08E	FY09E	FY10E	FY08E	FY09E	FY10E
Net Sales	2261	3312.5	4305	2261.3	3312	4305.0	0	0	0
EBITDA	583	712	904	598.9	811.6	947.1	3	14	5
EBITDA margin (%)	26.3	21.5	21.0	26.5	24.5	22.0	20bps	300bps	100bps
PBT	581.4	707.0	907.0	597.4	805.9	950.4	3	14	5
Adj PAT	387.3	466.0	599.0	397.9	531.9	627.3	3	14	5
Adj PAT margin (%)	17.5	14.1	13.9	17.6	16.1	14.6	10bps	200bps	70bps
Adj EPS (Rs)	36.5	44.0	56.0	37.5	50.2	59.2	3	14	6

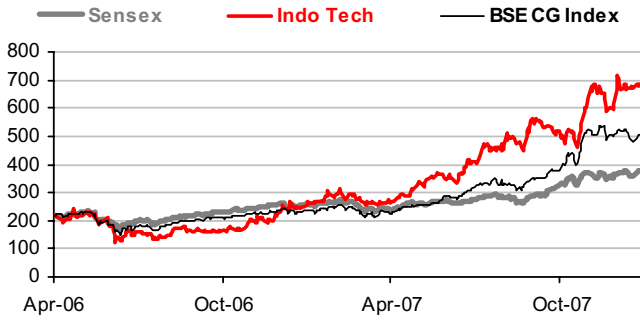
**Valuations and Recommendation**

The stock is trading 14.5x 1-yr forward earnings. We maintain our buy rating on the stock. We have revised our price target on the stock to Rs 797 from Rs 715 to factor in upgrade in earnings.

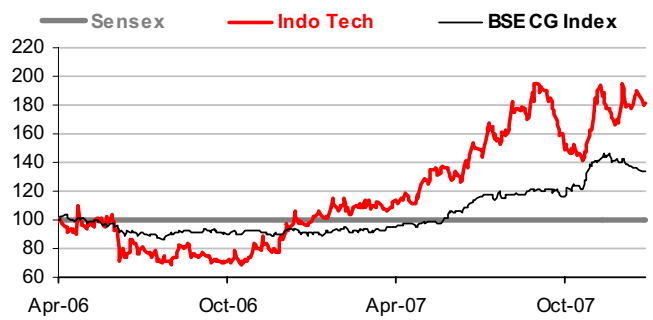
# Stock performance

## Indo Tech

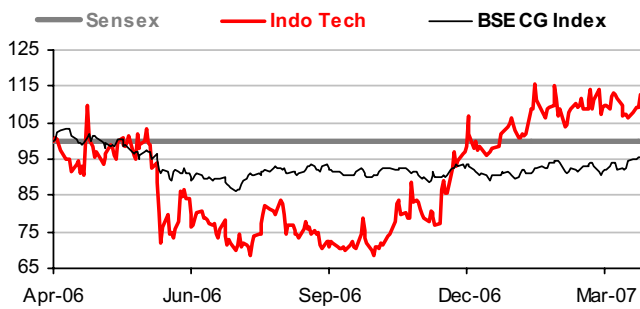
**Absolute Perf. From Apr 06**



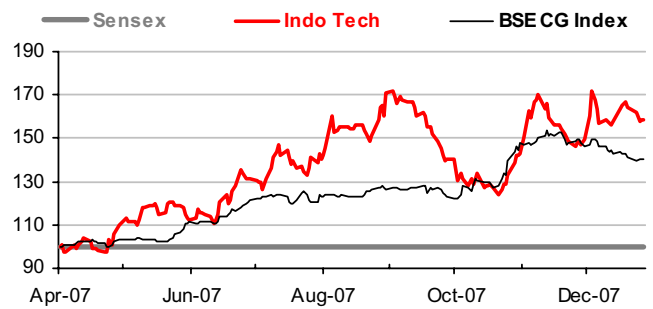
**Relative Perf. From Apr 06**



**Relative Perf. From Apr 06 to Mar 07**



**Relative Perf. From Apr 07**

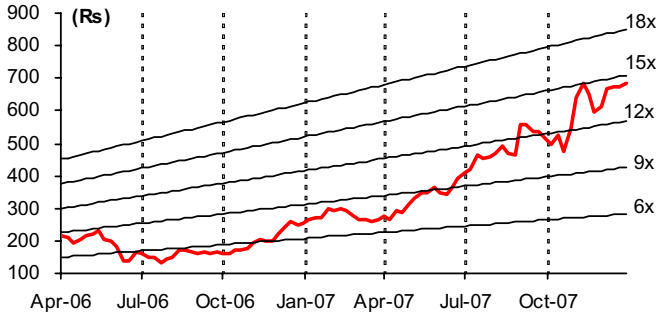


Source: Bloomberg, Religare Institutional Equity Research

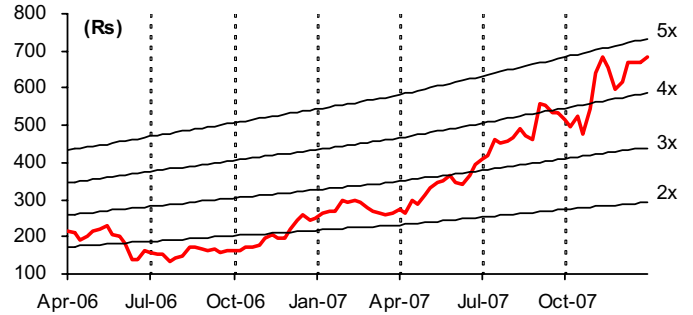
# 12 month forward rolling band charts

## Indo Tech

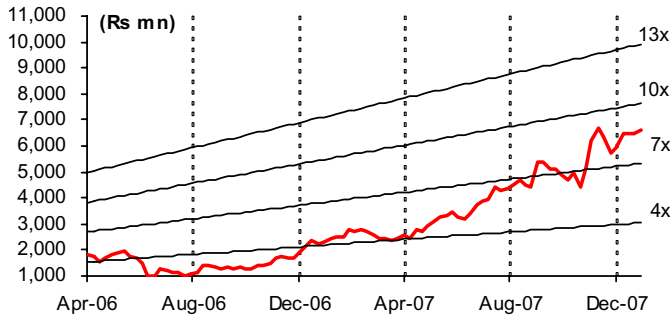
**P/E Band**



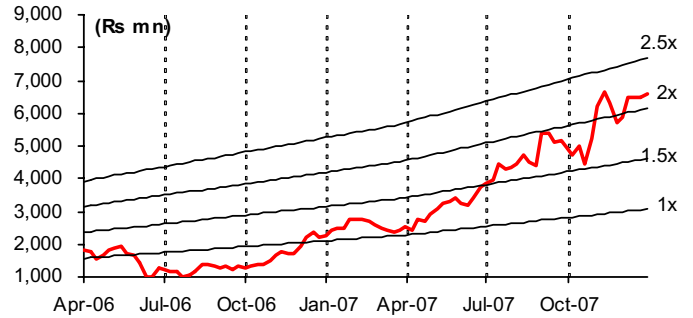
**P/BV Band**



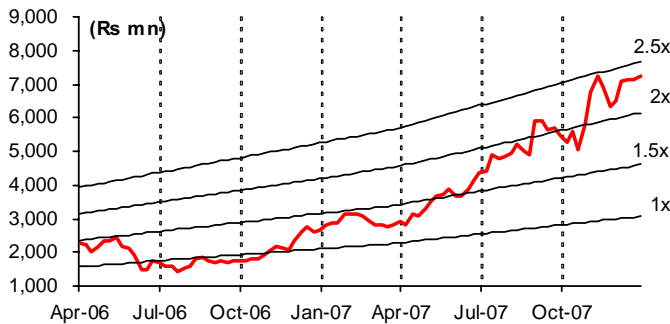
**EV/EBITDA Band**



**EV/Sales Band**



**Mkt cap/Sales Band**



## Indo Tech Financials

### Income statement

(Rs mn)

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
<b>Net sales</b>	<b>975</b>	<b>1,558</b>	<b>2,261</b>	<b>3,313</b>	<b>4,305</b>
<b>EBITDA</b>	<b>183</b>	<b>380</b>	<b>599</b>	<b>812</b>	<b>947</b>
EBITDA margin (%)	19	24	26	25	22
Depreciation	9	11	21	30	34
<b>EBIT</b>	<b>175</b>	<b>368</b>	<b>578</b>	<b>782</b>	<b>913</b>
Other income	6	30	29	37	50
Interest Exp/(Inc)	7	2	9	13	13
<b>PBT (operating)</b>	<b>174</b>	<b>397</b>	<b>597</b>	<b>806</b>	<b>950</b>
PBT margin (%)	17.8	25.5	26.4	24.3	22.1
Extra ord (inc)/exp	-	-	-	-	-
Taxes	54	134	200	274	323
Minority interest	-	-	-	-	-
<b>PAT (Reported)</b>	<b>120</b>	<b>263</b>	<b>398</b>	<b>532</b>	<b>627</b>
Less: Extra ordinary income / Others	-	-	-	-	-
<b>Adj PAT</b>	<b>120</b>	<b>263</b>	<b>398</b>	<b>532</b>	<b>627</b>
Adj PAT margin (%)	12.3	16.9	17.6	16.1	14.6

### Quarterly – Financials

(Rs mn)

Y/E, 31st March	Q2FY07	Q3FY07	Q4FY07	Q1FY08	Q2FY08
Net sales	325	450	567	394	514
Changes (%)	-	-	-	84.1	58.1
EBITDA	68	119	154	99	148
Changes (%)	-	-	-	1.7	1.2
Margin (%)	0.2	0.2	0.3	0.3	0.3
<b>PAT</b>	<b>46</b>	<b>73</b>	<b>103</b>	<b>69</b>	<b>102</b>
PAT adj	46	73	103	69	102
Changes (%)	-	-	-	1.6	1.1
Margin (%)	0.2	0.1	0.2	0.2	0.2
EPS adj (Rs)	3.0	4.3	6.9	6.5	9.7
EPS dil (Rs)	3.0	4.3	6.9	6.5	9.7

### Ratios

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
<b>Growth</b>					
Net sales (%)	37	60	45	46	30
EBITDA (%)	45	107	58	36	17
PAT adjusted (%)	38	120	51	34	18
EPS adjusted (%)	-0.1	120	51	34	18
EPS diluted (%)	-0.1	120	51	34	18
EPS Consl and diluted (%)	-	-	-	-	-

### Valuations

P/E (x)	54.6	24.8	18	14	11
P/BV (x)	9.1	7.2	5.3	3.9	3.0
EV/EBITDA (x)	32.4	15.9	10.3	7.1	5.8
EV/Sales (x)	6.1	3.9	2.7	1.7	1.3

### Profitability

EBITDA margin (%)	19	24	26	25	22
Adj PAT margin (%)	12	17	17	16	15
RoE (%)	25	32	35	36	32
RoCE (%)	23	27	31	31	28
RolC (%)*	73	82	57	57	58

### B/S ratios

Inventory days	55.4	39.8	45.0	45.0	45.0
Creditor days	127.1	123.6	124.1	129.5	129.6
Debtor days	91.4	94.1	94.0	94.0	94.0
Working Capital days	47.7	57.1	61.3	59.3	63.6
Net debt/equity	(0.8)	(0.5)	(0.3)	(0.4)	(0.5)

\* ROIC is calculated on post tax basis.

### Balance sheet

(Rs mn)

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
<b>Liabilities</b>					
Equity share capital	106	106	106	106	106
Total Res. & Surplus	608	807	1,120	1,550	2,059
<b>Total Shareholders' fund</b>	<b>714</b>	<b>913</b>	<b>1,226</b>	<b>1,656</b>	<b>2,165</b>
Convertible Debt	-	-	-	-	-
Others Debt	20	65	165	165	165
<b>Total Loans</b>	<b>20</b>	<b>65</b>	<b>165</b>	<b>165</b>	<b>165</b>
<b>Deferred tax liability (net)</b>	<b>16</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Total liabilities</b>	<b>750</b>	<b>997</b>	<b>1,410</b>	<b>1,840</b>	<b>2,351</b>

### Assets

Net fixed assets & others	111	296	891	862	977
Capital WIP & others	23	87	2	1	1
<b>Total non-current assets</b>	<b>134</b>	<b>383</b>	<b>893</b>	<b>863</b>	<b>978</b>
<b>Total investments - non current</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Current assets</b>					
Inventories	125	120	197	290	398
Sundry debtors	226	426	582	853	1,109
Cash & cash equivalents					
Cash	593	559	523	901	1,222
Liquid investments	-	-	-	-	-
Other current assets	138	250	339	497	646
<b>Total current assets</b>	<b>1,082</b>	<b>1,355</b>	<b>1,642</b>	<b>2,541</b>	<b>3,374</b>
<b>Total current liabilities</b>	<b>346</b>	<b>452</b>	<b>704</b>	<b>979</b>	<b>1,313</b>
<b>Total provisions</b>	<b>121</b>	<b>290</b>	<b>422</b>	<b>585</b>	<b>690</b>
<b>Net current assets</b>	<b>615</b>	<b>13</b>	<b>516</b>	<b>977</b>	<b>1,371</b>
<b>Misc. expenditure</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Total assets</b>	<b>750</b>	<b>997</b>	<b>1,410</b>	<b>1,840</b>	<b>2,351</b>

### Cash flow

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
<b>Cash from operations</b>					
PBT	174	397	578	806	950
Tax paid	(54)	(134)	(196)	(274)	(323)
Dep & amortization	9	11	25	30	34
Working capital changes	49	(31)	62	(83)	(74)
Others	(0)	(6)	(0)	0	0
<b>Net cash from operations</b>	<b>177</b>	<b>237</b>	<b>467</b>	<b>479</b>	<b>587</b>
<b>Cash from investments</b>					
Capital expenditure	(36)	(254)	(536)	1	(152)
Sale/purchase of inv & others	(0)	0	0	0	0
<b>Net cash from investments</b>	<b>(37)</b>	<b>(254)</b>	<b>(536)</b>	<b>1</b>	<b>(152)</b>
<b>Cash from financing</b>					
Issue of shares & share premium	382	0	0	0	1
Dividend paid	(10)	(27)	(68)	(91)	(108)
Debt change	(1)	44	100	0	0
Others	(19)	(33)	0	(11)	(10)
<b>Net cash from financing</b>	<b>352</b>	<b>(16)</b>	<b>32</b>	<b>(102)</b>	<b>(117)</b>
<b>Net change in cash</b>	<b>493</b>	<b>(34)</b>	<b>(36)</b>	<b>378</b>	<b>318</b>

### Per share data

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
EPS adjusted	11.3	24.8	37.5	50.2	59.2
EPS diluted - wtd	11.3	24.8	37.5	50.2	59.2
EPS Consl and diluted					
CEPS	12.1	25.9	38.3	53.0	62.3
Book value	67.3	86.0	115.5	156.1	204.0
Dividend	1.0	2.3	5.6	7.5	0.0
O/s shs.-actual (mn)	10.6	10.6	10.6	10.6	10.6
O/s shs.-diluted (mn)	10.6	10.6	10.6	10.6	10.6
O/s shs wtd / diluted (mn)	10.6	10.6	10.6	10.6	10.6

**Key data**

<b>Sector</b>	<b>Capital Goods</b>
Market Cap	Rs18.4bn/US\$0.4bn
52 Wk H/L (Rs)	1940/503
Avg. daily vol. (6 month)	113,040

BSE Code	532757
NSE Code	VOLTAMP
Bloomberg	VAMP IN
Reuters	VOTL.BO

Sensex	20,207
Nifty	6,080

**Shareholding pattern (%)**

	30-Jun-07	30-Sep-07
FII's NRI, ADR/GDR	24.9	25.0
MFs and institutions	12.2	11.8
Promoters	51.7	51.7
Others	11.2	11.5

**Absolute returns (%)**

	1mth	3mth	12mth
Voltamp	12.0	46.7	164.7
Sensex	6.7	16.9	45.9

# Voltamp

**Buy**
**Current Price: Rs.1820 Target price: Rs.1868**
**Quarterly Performance**

	FY07			FY08			FY07	FY08E
	2Q	3Q	4Q	1Q	2Q	3QE		
<b>Net Sales</b>	<b>995</b>	<b>1,052</b>	<b>1,226</b>	<b>1,293</b>	<b>1,480</b>	<b>1,537</b>	<b>4,049</b>	<b>5,910</b>
<i>Change %</i>	NA	NA	NA		48.8	46.0	62.8	46.0
<b>EBITDA</b>	<b>155</b>	<b>147</b>	<b>228</b>	<b>241</b>	<b>276</b>	<b>287</b>	<b>612</b>	<b>1,094</b>
<i>EBITDA margin (%)</i>	15.6	13.9	18.6	18.6	18.7	18.7	15.1	18.5
<i>Change (%)</i>	NA	NA	NA	NA	88.2	95.5	78.2	78.7
Depreciation	5	5	6	5	6	9	22	30
Other Income	14	13	15	33	28	16	48	93
Interest exp/(inc)	3	3	5	2	1.00	0.09	13	3.2
<b>PBT</b>	<b>161</b>	<b>151</b>	<b>232</b>	<b>266</b>	<b>297</b>	<b>294</b>	<b>626</b>	<b>1,154</b>
<i>PBT margin (%)</i>	16.1	14.4	18.9	20.6	20.0	19.1	15.5	19.5
<i>PBT growth (%)</i>	NA	NA	NA	NA	84.7	94.4	77.6	84.3
Extraordinary exp/(Inc)	-	-	-					
Tax	40	47	98	95	112	106	235	420
<i>Effective tax rate (%)</i>	25.1	31.1	42.1	35.9	37.7	36.0	37.5	36.4
<b>PAT reported</b>	<b>69</b>	<b>104</b>	<b>134</b>	<b>171</b>	<b>185</b>	<b>188</b>	<b>391</b>	<b>734</b>
<b>Adjusted PAT *</b>	<b>69</b>	<b>104</b>	<b>134</b>	<b>171</b>	<b>185</b>	<b>188</b>	<b>391</b>	<b>734</b>
<i>Adj PAT margin (%)</i>	6.9	9.9	11.0	13.2	12.5	12.2	9.7	12.4
<i>Change (%)</i>	NA	NA	NA	NA	168.9	80.5	70.5	87.5
Equity Capital (Rs mn)	101	101	101	101	101	101	101	101
Adj EPS	6.74	10.26	13.23	16.77	18.16	18.50	38.49	72.14

**Financial highlights**

- **Net Sales** will grow by 46% YoY to Rs.1537mn on the back of a strong order book of Rs 4.bn as of September 2007 which is 1x FY07 sales.
- **EBITDA** will grow by 96% YoY to Rs 287mn. The company will continue to report strong margins given the strong demand scenario and execution of high margin orders in the current quarter. The company is expected to report an EBIDTA margin of 18.7%.
- **PAT** will grow by 81%% YoY to Rs 188mn.
- Our recent interaction with management indicates margins will remain strong for another 3-4 Quarters. We have upgraded our FY09 and FY10 earnings by 5.3% and 3.6% respectively to reflect this upgrade in earnings.

(Rs mn)	Earlier estimates			Revised estimates			Upgrade/(downgrade) (%)		
	FY08E	FY09E	FY10E	FY08E	FY09E	FY10E	FY08E	FY09E	FY10E
<b>Net Sales</b>	<b>5910</b>	<b>8181</b>	<b>10951</b>	<b>5,910</b>	<b>8,181</b>	<b>10,951</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
EBITDA	1094	1403	1878	1,094	1,477	1,944	0.0	5.3	3.5
<i>EBITDA margin (%)</i>	18.5	17.1	17.1	18.5	18.1	17.8	-	30bps	30bps
PBT	1154	1401	1899	1,154	1,476	1,966	0.0	5.3	3.5
Adj PAT	734	897	1216	734	945	1,258	0.0	5.3	3.5
<i>Adj PAT margin (%)</i>	12.4	11.0	11.1	12.4	11.5	11.5	-	30bps	20bps
Adj EPS (Rs)	72.1	88.8	120.3	72.64	93.53	124.57	0.7	5.3	3.6

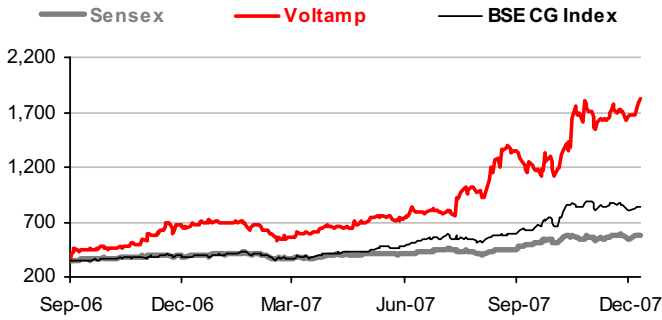
**Valuations and Recommendation**

The stock is trading a 20.4x 1-yr forward earnings. We maintain our buy rating on the stock. We have revised our price target on the stock to Rs1868 from Rs 1715 to factor in upgrade in earnings.

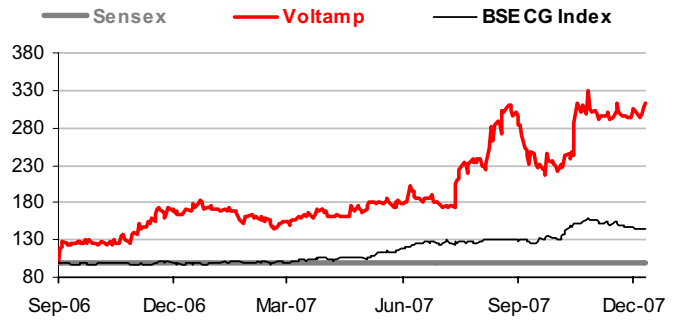
# Stock performance

## Voltamp

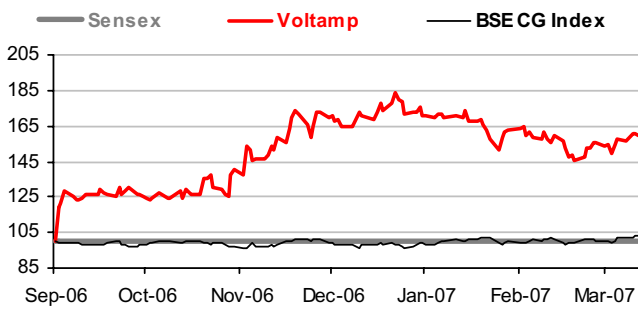
**Absolute Perf. From Sep 06**



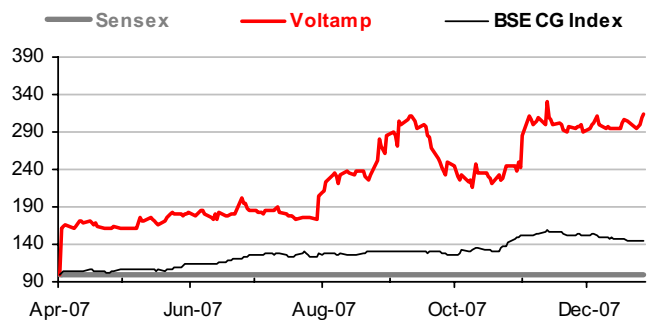
**Relative Perf. From Sep 06**



**Relative Perf. From Sep 06 to Mar 07**



**Relative Perf. From Apr 07**

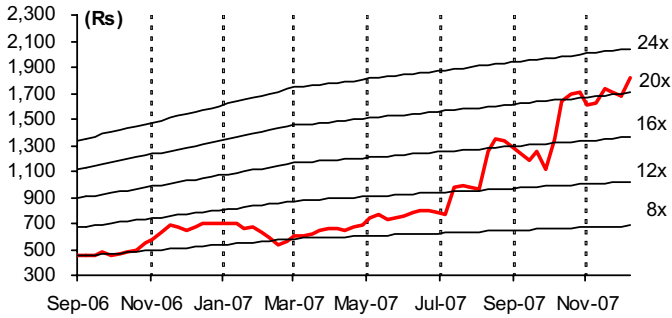


Source: Bloomberg, Religare Institutional Equity Research

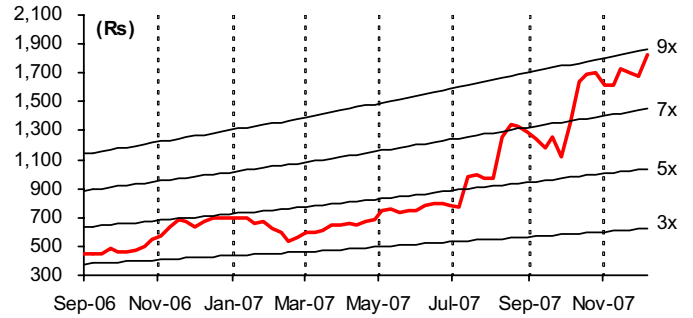
# 12 month forward rolling band charts

## Voltamp

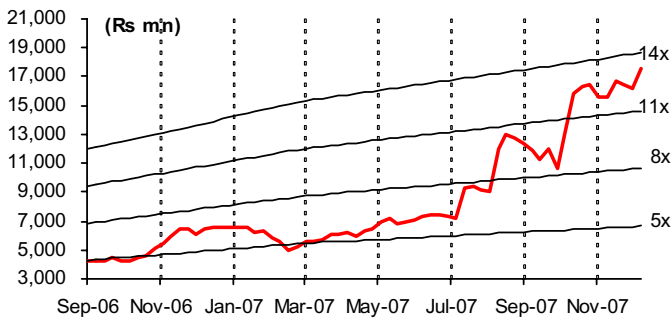
**P/E Band**



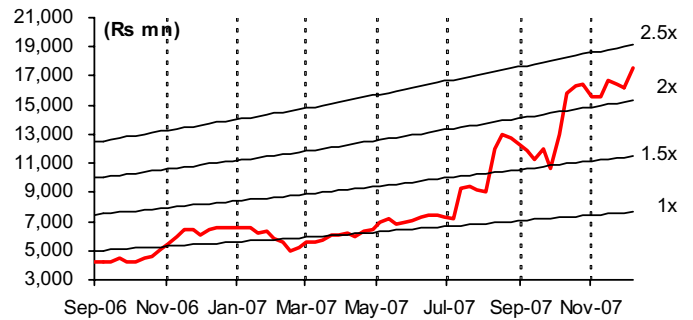
**P/BV Band**



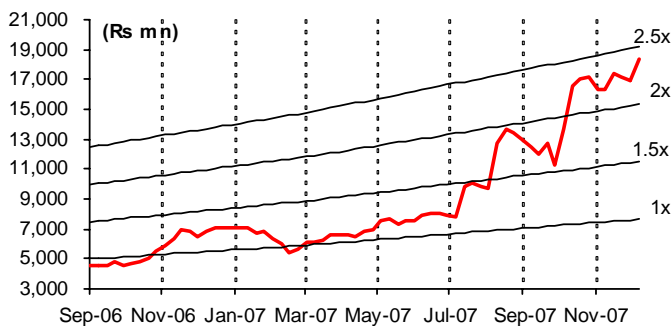
**EV/EBITDA Band**



**EV/Sales Band**



**Mkt cap/Sales Band**





## Voltamp Financials

### Income statement

(Rs mn)

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
<b>Net sales</b>	<b>2,488</b>	<b>4,058</b>	<b>5,910</b>	<b>8,181</b>	<b>10,951</b>
<b>EBITDA</b>	<b>344</b>	<b>619</b>	<b>1,094</b>	<b>1,477</b>	<b>1,944</b>
EBITDA margin (%)	13.8	15.3	18.5	18.1	17.8
Depreciation	19	22	30	43	70
<b>EBIT</b>	<b>324</b>	<b>597</b>	<b>1,064</b>	<b>1,434</b>	<b>1,874</b>
Other income	38	42	93	43	93
Interest Exp/(Inc)	10	13	3	1	1
<b>PBT (operating)</b>	<b>353</b>	<b>626</b>	<b>1,154</b>	<b>1,476</b>	<b>1,966</b>
PBT margin (%)	14.2	15.4	19.5	18.0	18.0
Extra ord (inc)/exp	-	-	-	-	-
Taxes	123	235	420	531	708
Minority interest	-	-	-	-	-
<b>PAT( Reported)</b>	<b>230</b>	<b>391</b>	<b>734</b>	<b>945</b>	<b>1,258</b>
Less: Extra ordinary income / Others	-	-	-	-	-
<b>Adj PAT</b>	<b>230</b>	<b>391</b>	<b>734</b>	<b>945</b>	<b>1,258</b>
Adj PAT margin (%)	9.2	9.6	12.4	11.5	11.5

### Quarterly – Financials

(Rs mn)

Y/E, 31st March	Q2FY07	Q3FY07	Q4FY07	Q1FY08	Q2FY08
Net sales	-	1,052	1,226	1,293	1,480.0
Changes (%)	-	na	na	na	-
EBITDA	-	147	228	241	276.1
Changes (%)	-	na	na	na	-
Margin (%)	-	13.9	18.6	18.6	<b>18.7</b>
<b>PAT</b>	-	104	134	171	185
PAT adj	-	134	134	171	184.7
Changes (%)	-	na	na	na	-
Margin (%)	-	12.8	11.0	13.2	12.5
EPS adj (Rs)	-	10.3	13.2	16.8	18.2
EPS dil (Rs)	-	10.3	13.2	16.8	18.2

### Ratios

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
<b>Growth</b>					
Net sales (%)	43	63	46	38	34
EBITDA (%)	47	80	77	35	32
PAT adjusted (%)	53	70	88	29	33
EPS adjusted (%)	53	70	88	29	33
EPS diluted (%)	53	70	88	29	33
EPS Consl and diluted (%)					

### Valuations

P/E (x)	77.0	45.2	25	19	15
P/BV (x)	25.4	17.8	11.3	7.7	5.4
EV/EBITDA (x)	51.9	28.0	15.7	11.3	8.4
EV/Sales (x)	27.5	7.2	4.3	2.9	2.0

### Profitability

EBITDA margin (%)	14	15	19	18	18
Adj PAT margin (%)	9	10	12	12	11
RoE (%)	39.4	43.9	53.9	46.5	43.1
RoCE (%)	31.9	42.5	57.4	48.9	45.2
RoIC (%)*	30	49	76	75	74

### B/S ratios

Inventory days	75.7	76.2	76.0	76.0	76.0
Creditor days	58.6	53.4	55.0	55.0	55.0
Debtor days	69.1	42.3	42.0	40.0	40.0
Working Capital days	97.7	68.6	55.0	51.7	49.0
Net debt/equity	0.23	(0.32)	(0.29)	(0.42)	(0.41)

\* ROIC is calculated on post tax basis.

### Balance sheet

(Rs mn)

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
<b>Liabilities</b>					
Equity share capital	101	101	101	101	101
Total Res. & Surplus	594	894	1,460	2,189	3,159
<b>Total Shareholders' fund</b>	<b>695</b>	<b>995</b>	<b>1,561</b>	<b>2,290</b>	<b>3,260</b>
Convertible Debt					
Others Debt	190	9	9	9	9
<b>Total Loans</b>	<b>190</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Deferred tax liability (net)</b>	<b>(1)</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>883</b>	<b>994</b>	<b>1,570</b>	<b>2,299</b>	<b>3,270</b>
<b>Assets</b>					
Net fixed assets & others	81	99	216	293	522
Capital WIP & others	4	27	2	2	2
<b>Total non-current assets</b>	<b>84</b>	<b>126</b>	<b>218</b>	<b>295</b>	<b>524</b>
<b>Total investments - non current</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Current assets</b>					
Inventories	632	752	931	1,189	1,598
Sundry debtors	382	378	680	897	1,200
Cash & cash equivalents					
Cash	28	326	457	965	1,353
<i>Liquid investments</i>					
Other current assets					
<b>Total current assets</b>	<b>1,126</b>	<b>1,570</b>	<b>2,245</b>	<b>3,231</b>	<b>4,392</b>
<b>Total current liabilities</b>	<b>290</b>	<b>527</b>	<b>725</b>	<b>1,010</b>	<b>1,357</b>
<b>Total provisions</b>	<b>38</b>	<b>175</b>	<b>167</b>	<b>216</b>	<b>287</b>
<b>Net current assets</b>	<b>798</b>	<b>868</b>	<b>1,353</b>	<b>2,005</b>	<b>2,748</b>
<b>Misc. expenditure</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Total assets</b>	<b>883</b>	<b>994</b>	<b>1,570</b>	<b>2,290</b>	<b>3,270</b>

### Cash flow

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
<b>Cash from operations</b>					
PBT	353	626	1,154	1,476	1,966
Tax paid	(123)	(235)	(420)	(531)	(708)
Dep & amortization	19	22	30	43	70
Working capital changes	(277)	228	(354)	(144)	(355)
Others	(0)	(2)	0	(0)	(0)
<b>Net cash from operations</b>	<b>(29)</b>	<b>639</b>	<b>409</b>	<b>844</b>	<b>974</b>
<b>Cash from investments</b>					
Capital expenditure	(30)	(62)	(122)	(120)	(302)
Sale/purchase of inv & others	0	0	0	0	0
<b>Net cash from investments</b>	<b>(30)</b>	<b>(62)</b>	<b>(122)</b>	<b>(120)</b>	<b>(302)</b>
<b>Cash from financing</b>					
Issue of shares & share premium	0	0	0	0	0
Dividend paid	(6)	(92)	(167)	(216)	(288)
Debt change	57	(181)	0	0	0
Others	4	(7)	10	0	0
<b>Net cash from financing</b>	<b>56</b>	<b>(280)</b>	<b>(158)</b>	<b>(216)</b>	<b>(287)</b>
<b>Net change in cash</b>	<b>(3)</b>	<b>297</b>	<b>130</b>	<b>509</b>	<b>385</b>

### Per share data

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
EPS adjusted	22.7	38.7	72.6	93.5	124.6
EPS diluted - wtd	22.7	38.7	72.6	93.5	124.6
EPS Consl and diluted					
CEPS	24.6	40.9	75.6	97.8	131.4
Book value	68.8	98.4	154.5	226.7	322.6
Dividend	0.5	8.0	14.5	18.7	24.9
O/s shs.-actual (mn)	10.1	10.1	10.1	10.1	10.1
O/s shs.-diluted (mn)	10.1	10.1	10.1	10.1	10.1
O/s shs wtd / diluted (mn)	10.1	10.1	10.1	10.1	10.1

Key data			
<b>Sector</b>	Capital Goods		
Market Cap	Rs14.5bn/US\$0.3bn		
52 Wk H/L (Rs)	1526/712.05		
Avg. daily vol. (6 month)	30,913		
BSE Code	504008		
NSE Code	EMCO		
Bloomberg	EMCO IN		
Reuters	EMCO.BO		
Sensex	20,207		
Nifty	6,080		
<b>Shareholding pattern (%)</b>			
	<b>31-Mar-07</b>	<b>30-Jun-07</b>	
FII's NRI, ADR/GDR	30.0	26.8	
MFs and institutions	14.8	16.7	
Promoters	32.6	32.6	
Others	22.6	23.9	
<b>Absolute returns (%)</b>			
	<b>1mth</b>	<b>3mth</b>	<b>12mth</b>
Emco Ltd	15.7	35.2	111.3
Sensex	6.7	16.9	45.9

# EMCO.

**Hold**                                      **Current Price: Rs.1500**                                      **Target price: Rs.1393**

## Quarterly Performance (Standalone numbers)

	FY07				FY08			FY07	FY08E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE		
<b>Net Sales</b>	<b>1,106</b>	<b>1,305</b>	<b>1,632</b>	<b>2,517</b>	<b>1543</b>	<b>1841</b>	<b>2369.1</b>	<b>6,559</b>	<b>9,871</b>
<i>Change %</i>	77.5	71.4	68.0	48.2	39.6	41.1	45.2	61.8	50.5
<b>EBITDA</b>	<b>148</b>	<b>177</b>	<b>222</b>	<b>319</b>	<b>202</b>	<b>250.81</b>	<b>320</b>	<b>866</b>	<b>1,327</b>
<i>EBITDA margin (%)</i>	13.4	13.5	13.6	12.7	13.1	13.6	13.5	13.2	13.4
<i>Change (%)</i>	82.9	79.5	75.9	109.5	35.9	41.9	44.3	89.1	53.3
Depreciation	14.9	14.3	15.3	15.3	17	18.34	17	59.80	71
Other Income	0	0	0	1.3	0.00	0	0	1.30	0
Interest exp/(inc)	26.3	39.5	44.3	87.9	47	73.7	84	198.00	303
<b>PBT</b>	<b>107</b>	<b>123</b>	<b>162</b>	<b>217</b>	<b>138</b>	<b>158.77</b>	<b>219</b>	<b>609</b>	<b>954</b>
<i>PBT margin (%)</i>	9.7	9.4	9.9	8.6	8.9	8.6	9.2	9.3	9.7
<i>PBT growth (%)</i>	166.4	102.6	107.7	106.8	28.5	29.1	35.0	114.6	56.5
Extraordinary exp/(Inc)	0	0	0	0	0	0	0	0	0
Tax	32	36	63	72	34	55	74	203.30	313
<i>Effective tax rate (%)</i>	30.1	29.4	38.9	33.1	25.0	34.8	34.0	33.4	32.8
<b>PAT reported</b>	<b>75</b>	<b>87</b>	<b>99</b>	<b>145</b>	<b>90</b>	<b>103.55</b>	<b>144</b>	<b>406</b>	<b>627</b>
<b>Adjusted PAT *</b>	<b>74.9</b>	<b>86.8</b>	<b>99</b>	<b>145.2</b>	<b>90.07</b>	<b>103.55</b>	<b>144.3</b>	<b>406</b>	<b>627</b>
<i>Adj PAT margin (%)</i>	6.8	6.7	6.1	5.8	5.8	5.6	6.1	6.2	6.4
<i>Change (%)</i>	114.0	71.2	63.6	226.3	20.3	19.3	45.7	112.8	54.6
Equity Capital (Rs mn)	76.40	79.10	102.10	102.10	102.10	102.1	102.1	102.10	102.1
Adj EPS	9.80	10.97	9.70	14.22	8.82	10.14	14.13	44.60	61.45

## Financial highlights

- **Net Sales** will grow by 45% YoY to Rs.2369mn on the back of strong order book of Rs 10bn as of September 2007 which is 1.5x FY07 sales.
- **EBITDA** will grow by 45% YoY to Rs 320mn. The company is expected to report a EBIDTA margin of 13.5%.
- **PAT** will grow by 45%% YoY to Rs 144mn.

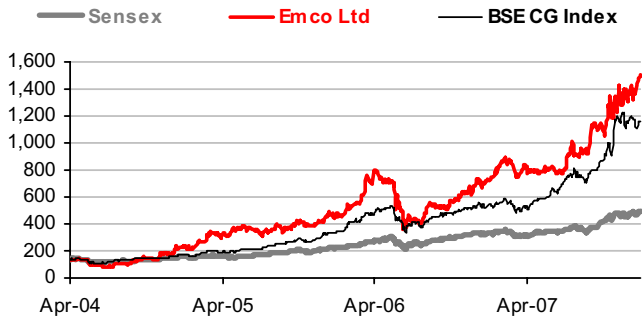
## Valuations and Recommendation

The stock is trading 15.5x 1-yr forward earnings. Transformer sector has been consistently getting re-rated. EMCO is expected to perform largely in line with the market unlike its peers, given its weaker return ratios compared to other companies in the sector. Hence we maintain our HOLD rating on the stock.

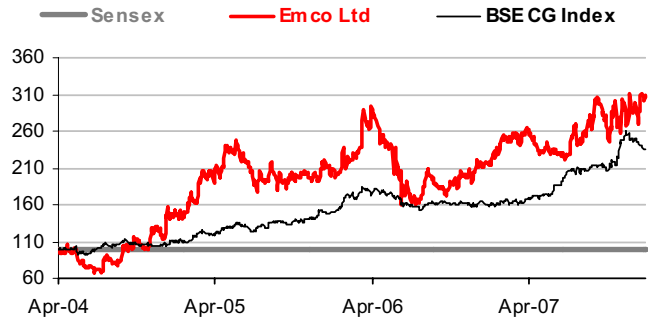
# Stock performance

## EMCO

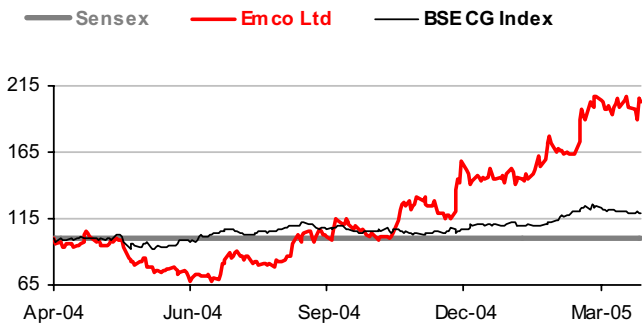
**Absolute Perf. From Apr 04**



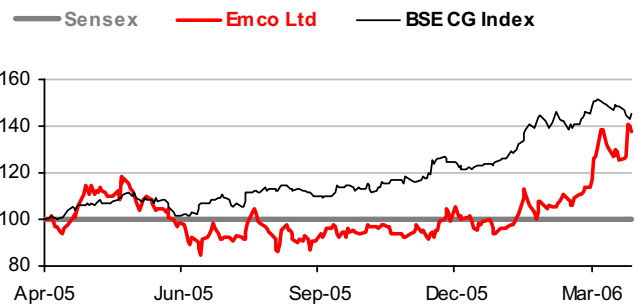
**Relative Perf. From Apr 04**



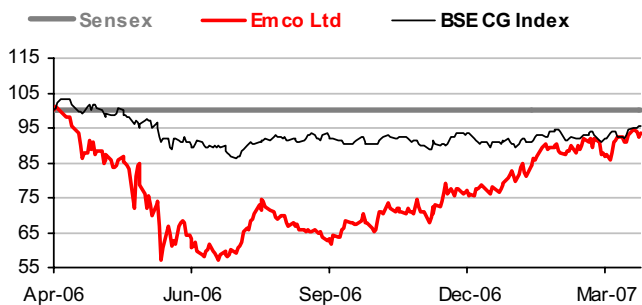
**Relative Perf. From Apr 04 to Mar 05**



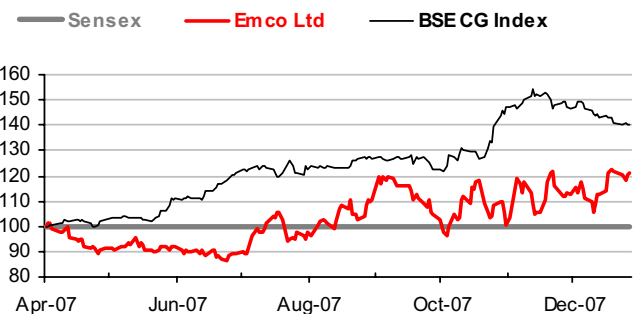
**Relative Perf. From Apr 05 to Mar 06**



**Relative Perf. From Apr 06 to Mar 07**



**Relative Perf. From Apr 07**

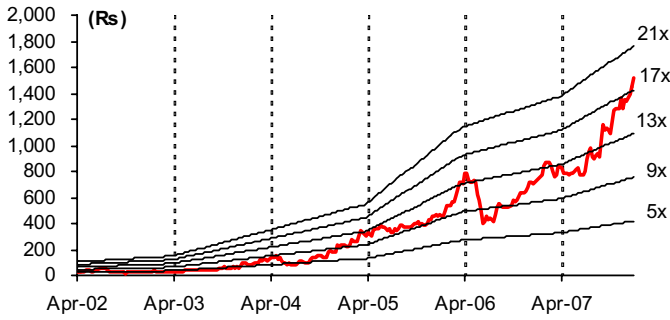


Source: Bloomberg, Religare Institutional Equity Research

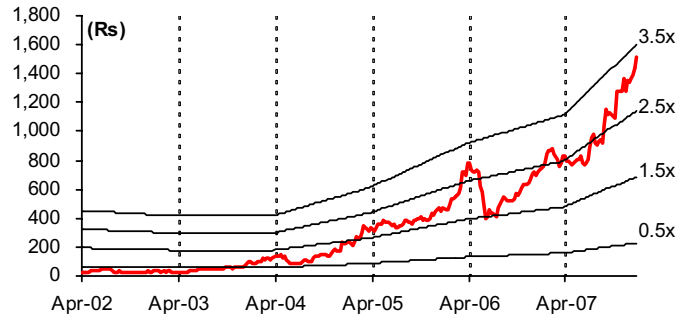
# 12 month forward rolling band charts

## EMCO

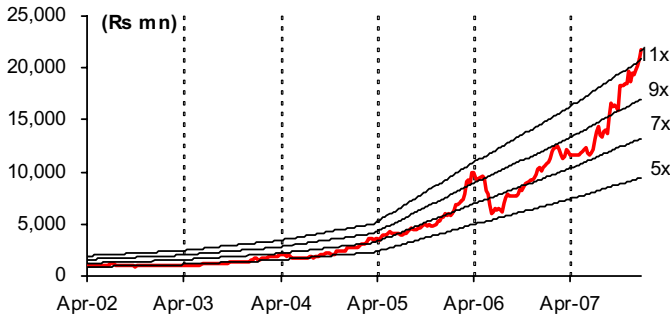
**P/E Band**



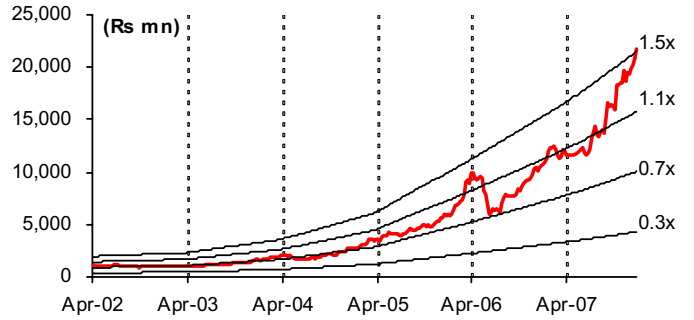
**P/BV Band**



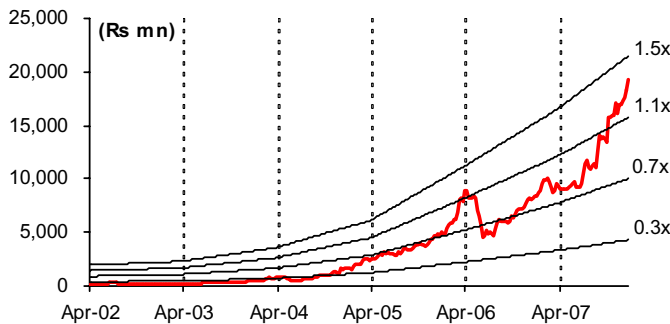
**EV/EBITDA Band**



**EV/Sales Band**



**Mkt cap/Sales Band**



## EMCO Financials

### Income statement

(Rs mn)

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
<b>Net sales</b>	<b>4,054</b>	<b>7,409</b>	<b>10,976</b>	<b>15,344</b>	<b>20,144</b>
<b>EBITDA</b>	<b>458</b>	<b>976</b>	<b>1,460</b>	<b>2,022</b>	<b>2,640</b>
EBITDA margin (%)	11	13	13	13	13
Depreciation	57	60	71	70	79
<b>EBIT</b>	<b>401</b>	<b>916</b>	<b>1,390</b>	<b>1,390</b>	<b>1,390</b>
Other income	9	47	-	30	21
Interest Exp/(Inc)	118	209	316	316	316
<b>PBT (operating)</b>	<b>293</b>	<b>754</b>	<b>1,073</b>	<b>1,073</b>	<b>1,073</b>
PBT margin (%)	7.2	10.2	9.8	9.8	9.8
Extra ord (inc)/exp	-	-	-	-	-
Taxes	93	199	326	566	746
Minority interest	-	-	-	-	-
<b>PAT( Reported)</b>	<b>200</b>	<b>555</b>	<b>747</b>	<b>1,243</b>	<b>1,621</b>
Less: Extra ordinary income / Others	-	-	-	-	-
<b>Adj PAT</b>	<b>200</b>	<b>555</b>	<b>747</b>	<b>1,099</b>	<b>1,448</b>
Adj PAT margin (%)	4.9	7.5	6.8	7.2	7.2

### Quarterly – Financials

(Rs mn)

Y/E, 31st March	Q2FY07	Q3FY07	Q4FY07	Q1FY08	Q2FY08
<b>Net sales</b>	<b>1,305</b>	<b>1,632</b>	<b>2,517</b>	<b>1,543</b>	<b>1,841</b>
Changes (%)	71.4	68.0	48.2	39.6	41.1
<b>EBITDA</b>	<b>177</b>	<b>222</b>	<b>319</b>	<b>202</b>	<b>250</b>
Changes (%)	79.5	75.9	109.5	35.9	41.5
Margin (%)	0	0	0	0	0
<b>PAT</b>	<b>87</b>	<b>99</b>	<b>145</b>	<b>90</b>	<b>103</b>
PAT adj	87	99	145	90	103
Changes (%)	71.2	63.6	226.3	20.3	18.7
Margin (%)	6.7	6.1	5.8	5.8	5.6
EPS adj (Rs)	11.0	9.7	14.2	8.8	10.1
EPS dil (Rs)	11.0	9.7	14.2	7.9	9.0

### Ratios

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
<b>Growth</b>					
Net sales (%)	72	83	48	40	31
EBITDA (%)	49	113	50	39	31
PAT adjusted (%)	98	178	35	47	32
EPS adjusted (%)	58	108	35	28	32
EPS diluted (%)	59	71	20	37	23
EPS Consl and diluted (%)					

### Valuations

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
P/E (x)	42.9	27.7	20	15	13
P/BV (x)	6.4	5.2	4.3	2.7	2.3
EV/EBITDA (x)	20.8	16.8	12.3	10.0	8.1
EV/Sales (x)	2.4	2.2	1.6	1.3	1.1

### Profitability

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
EBITDA margin (%)	11	13	13	13	13
Adj PAT margin (%)	5	7	7	7	7
RoE (%)	19	25	22	21	20
RoCE (%)	11.8	16.6	15.4	14.7	14.7
RoIC (%)*	13	20	18	17	16

### B/S ratios

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
Inventory days	108.7	97.8	97.4	97.6	97.8
Creditor days	85.7	82.9	88.0	88.1	88.2
Debtor days	175.7	181.2	184.2	183.7	182.9
Working Capital days	153.1	147.6	133.8	128.1	135.2
Net debt/equity	0.74	0.31	0.71	0.38	0.47

\* ROIC is calculated on post tax basis.

### Balance sheet

(Rs mn)

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
<b>Liabilities</b>					
Equity share capital	76	114	114	131	131
Total Res. & Surplus	1,257	2,868	3,514	6,425	7,685
<b>Total Shareholders' fund</b>	<b>1,333</b>	<b>2,983</b>	<b>3,628</b>	<b>6,557</b>	<b>7,817</b>
Convertible Debt	-	-	-	-	-
Others Debt	1,063	1,853	2,945	3,168	3,875
<b>Total Loans</b>	<b>1,063</b>	<b>1,853</b>	<b>2,945</b>	<b>3,168</b>	<b>3,875</b>
<b>Deferred tax liability (net)</b>	<b>71</b>	<b>35</b>	<b>149</b>	<b>149</b>	<b>149</b>
<b>Total liabilities</b>	<b>2,468</b>	<b>5,159</b>	<b>6,723</b>	<b>9,873</b>	<b>11,840</b>
<b>Assets</b>					
Net fixed assets & others	594	784	1,030	1,050	1,193
Capital WIP & others	1	169	1	-	-
<b>Total non-current assets</b>	<b>595</b>	<b>952</b>	<b>1,031</b>	<b>1,050</b>	<b>1,193</b>
<b>Total investments - non current</b>	<b>9</b>	<b>-</b>	<b>1,210</b>	<b>2,210</b>	<b>2,210</b>
<b>Current assets</b>					
Inventories	1,071	1,723	2,541	3,563	4,690
Sundry debtors	2,144	3,635	6,091	8,330	10,898
Cash & cash equivalents	-	-	-	-	-
<b>Cash</b>	<b>83</b>	<b>846</b>	<b>354</b>	<b>692</b>	<b>176</b>
<b>Liquid investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other current assets	249	526	603	831	1,101
<b>Total current assets</b>	<b>3,546</b>	<b>6,730</b>	<b>9,589</b>	<b>13,416</b>	<b>16,866</b>
<b>Total current liabilities</b>	<b>1,652</b>	<b>2,959</b>	<b>4,191</b>	<b>5,845</b>	<b>7,742</b>
<b>Total provisions</b>	<b>32</b>	<b>70</b>	<b>69</b>	<b>112</b>	<b>151</b>
<b>Net current assets</b>	<b>1,863</b>	<b>3,702</b>	<b>5,329</b>	<b>7,459</b>	<b>8,973</b>
<b>Misc. expenditure</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Total assets</b>	<b>2,468</b>	<b>5,159</b>	<b>6,723</b>	<b>9,873</b>	<b>11,840</b>

### Cash flow

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
<b>Cash from operations</b>					
PBT	293	754	1,073	1,665	2,194
Tax paid	(93)	(199)	(326)	(566)	(746)
Dep & amortization	57	60	71	70	79
Working capital changes	(594)	(1,203)	(1,145)	(1,794)	(2,339)
Others	-	1	-	-	-
<b>Net cash from operations</b>	<b>(338)</b>	<b>(587)</b>	<b>(328)</b>	<b>(625)</b>	<b>(812)</b>
<b>Cash from investments</b>					
Capital expenditure	(35)	(375)	(206)	(89)	(221)
Sale/purchase of inv & others	(4)	(1)	(1,179)	(1,000)	-
<b>Net cash from investments</b>	<b>(39)</b>	<b>(376)</b>	<b>(1,385)</b>	<b>(1,089)</b>	<b>(221)</b>
<b>Cash from financing</b>					
Issue of shares & share premium	439	1,303	-	1,972	-
Dividend paid	(26)	(66)	(97)	(143)	(188)
Debt change	(106)	655	1,207	222	707
Others	(19)	(180)	111	(0)	0
<b>Net cash from financing</b>	<b>288</b>	<b>1,712</b>	<b>1,220</b>	<b>2,051</b>	<b>519</b>
<b>Net change in cash</b>	<b>(89)</b>	<b>750</b>	<b>(493)</b>	<b>338</b>	<b>(515)</b>

### Per share data

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
EPS adjusted	26.1	48.7	65.3	83.7	110.3
EPS diluted - wtd	26.1	54.4	65.3	89.5	110.3
EPS Consl and diluted	-	-	-	-	-
CEPS	33.5	54.0	71.5	89.0	116.3
Book value	174.5	261.6	317.4	499.4	595.3
Dividend	3.0	5.0	7.1	10.0	13.6
O/s shs.-actual (mn)	7.6	11.4	11.4	13.1	13.1
O/s shs.-diluted (mn)	7.6	11.4	11.4	13.1	13.1
O/s shs wtd / diluted (mn)	7.6	10.2	11.4	12.3	13.1

**Religare Institutional Equity Team**

<b>Name</b>	<b>Sector</b>	<b>E-Mail ID</b>	<b>Telephone</b>
Sangeeta Purushottam ( <i>Head Institutional Business</i> )		sangeeta.p@religare.in	+91 22 6655 0102
<b>Research - Equity</b>			
Arvind Jain	Auto, Steel Pipes	arvind.jain@religare.in	+91 22 6655 0140
Kunal Sheth	Capital Goods / Power Utilities	kunal.sheth@religare.in	+91 22 6655 0141
Manak Gaushal	Cement, Logistics	manak.gaushal@religare.in	+91 22 6655 0106
Nimit Shah	Construction, Real Estate	nimit.shah@religare.in	+91 22 6655 0128
Harshad Deshpande	Information Technology	harshad.deshpande@religare.in	+91 22 6655 0116
Abneesh Roy	Media, FMCG	abneesh.roy@religare.in	+91 22 6655 0176
Paresh Jain	Metals	paresh.jain@religare.in	+91 22 6655 0117
Dikshit Mittal	Oil & Gas	dikshit.mittal@religare.in	+91 22 6655 0115
Vikas Sonawale	Pharmaceuticals	vikas.sonawale@religare.in	+91 22 6655 0112
Naveen Kulkarni	Telecom	naveen.kulkarni@religare.in	+91 22 6655 0185
Archit Kumar	Auto, Steel Pipes, Textiles	archit.kumar@religare.in	+91 22 6655 0190
Sneha Rungta	Logistics, Construction, Cement	sneha.rungta@religare.in	+91 22 6655 0170
<b>Technical research - Equity</b>			
Vidur Pendharkar		vidur.p@religare.in	+91 22 6655 0109
<b>Sales - Equity</b>			
Paresh Mehta		paresh.mehta@religare.in	+91 22 6655 0108
Aisha Udeshie		aisha.udeshie@religare.in	+91 22 6655 0107
Ankur Varman		ankur.varman@religare.in	+91 22 6655 0103
<b>Dealing - Equity</b>			
Rajeev Gupta ( <i>Head - Dealing and Sales trading</i> )		rajeev.g@religare.in	+91 22 6655 0104
Jayesh Balsara		jayesh.balsara@religare.in	+91 22 6655 0186
Govind Satam		govind.satam@religare.in	+91 22 6655 0181
Vinita Pandya		vinita.pandya@religare.in	+91 22 6655 0180
<b>Production, Database and administration</b>			
Sanjeev Chaukekar		sanjeev.chaukekar@religare.in	+91 22 6655 0157
Vishal Randive		vishal.randive@religare.in	+91 22 6655 0160
Sachin Jadhav		sachin.jadhav@religare.in	+91 22 6655 0189

**Rating definition**

<b>Buy</b>	: > 15% returns relative to Sensex	<b>Accumulate</b>	: +5 to +15% returns relative to Sensex
<b>Sell</b>	: > (-)15% returns relative to Sensex	<b>Reduce</b>	: (-) 5 to (-) 15% returns relative to Sensex
<b>Hold</b>	: Upto + / (-) 5% returns relative to Sensex		

Religare Securities Ltd. Taj Building, 210, D.N. Road, Mumbai - 400001

**For inquiries contact:**  
**Email: [institutionalsales@religare.in](mailto:institutionalsales@religare.in)**  
**Phone: 6655 0000**

---

**DISCLAIMER:** Religare Securities Limited (Religare) has two independent equity research groups: Institutional Equities (Institutional Equity Research) and Priority Client Group (Religare Research). Religare Institutional Equity Research is aimed to service the institutional clients of Religare Securities Limited including the Portfolio Management Services of Religare whereas Religare Research is published with a view to service all segments of clients including Retail, HNIs and Institutional clients and PMS.

This document has been prepared by Religare Securities Limited – Institutional Equities. Affiliates of Religare- Institutional Equities may have issued other reports that are contrary with and reach different conclusion from the information presented in this report. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating and target price of the Priority Client Group of Religare Securities Limited.

We are not soliciting any action based upon this material. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information of clients of Religare-Institutional Business. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Religare-Institutional will not treat recipients as customers by virtue of their receiving this report. We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable. It should be noted that the information contained herein is from publicly available data or other sources believed to be reliable. Neither Religare, nor any person connected with it, accepts any liability arising from the use of this document.

This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The investment discussed or views expressed may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. Certain transactions -including those involving futures, options and other derivatives as well as non investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

Opinions expressed are our current opinions as of the date appearing on this material only. We do not undertake to advise you as to any change of our views expressed in this document. While we would endeavor to update the information herein on a reasonable basis, Religare, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also there may be regulatory, compliance, or other reasons that may prevent Religare and affiliates from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Religare and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Religare and its affiliates, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall Religare, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

**Copy right in this document vests exclusively with Religare.** This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose, without prior written permission from Religare. We do not guarantee the integrity of any e-mails or attached files and are not responsible for any changes made to them by any other person.

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. Analyst's holding in the stocks mentioned in the report: **NIL**