

VISIT NOTE

Share Data

Reuters code	ANLY.BO
Bloomberg code	VPUL IN
Market cap. (US\$ mn)	205.9
6m avg. daily turnover (US\$ mn)	0.04
Issued shares (mn)	12.0

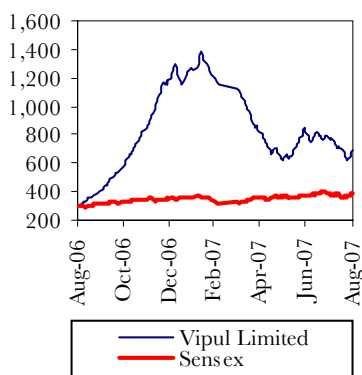
Performance (%)	1m	3m	12m
Absolute	(11)	(8)	132
Relative	(10)	3	77

Major shareholders (%)*

Promoters	63
Foreign Corporate Bodies	15
Bodies corporate	10
Public & Others	12

*As on 30 June 2007

Relative performance



Vipul Limited

Not Rated

Price: Rs 704

BSE Index: 15,422

04 September 2007

Going the township way

We recently met the management of Vipul Limited (VPUL) and following are the key takeaways from the meeting.

- Headquartered in Gurgaon, the flagship company of the Vipul Group, VPUL has almost a decade of experience in real estate business and offers development of commercial, residential, townships, hospitality and IT parks/SEZs. Apart from real estate development, VPUL also has presence in remote facilities management through Joint Venture (JV) with UK-based Laing'O Rourke (a 50:50 JV).
- Till date, VPUL has developed ~2.3 million square feet (msf) of saleable area in Gurgaon mostly in joint venture or partnerships with other real estate developers. From this single market, it is now expanding its presence into select markets like Hyderabad, Kolkata, Bhubaneswar and other Tier II & III cities, which offer a significant commercial development potential.
- As on date, VPUL along with its joint venture partners has disclosed development plans for 1,174 acres of land area, which on exploitation would lead to development of ~41.5 msf of saleable/lettable area over seven-eight years.
- Of the total proposed development of ~41.5 msf, VPUL has economic interest over ~70.6% or ~29.3 msf of saleable/lettable area, primarily comprising of township developments ~22.0 msf. Special Economic Zones (SEZs), commercial, residential and hospitality account for ~9.1%, ~2.2%, ~12.7% and ~0.7%, respectively.
- VPUL recently completed preferential issue with Wachovia Corporation. Wachovia through its company WDC Ventures Ltd. subscribed to 14.9% (~1.8 mn equity shares @ premium of approx. Rs 1,294 per share) of post placement equity capital for a consideration of approx. Rs 2.3 bn. Post this issue equity share capital stands at ~Rs 120 mn.
- VPUL's standalone revenues historically have grown at a CAGR of ~57.8% over FY03-07, PAT CAGR of ~221.1% and adjusted EPS CAGR of ~221.1% during the same period.

Outlook

Increasing focus on Integrated Township Development (~75.2% of total proposed development of VPUL's share) would provide better project viability. This strategy would primarily help in completing projects in phases, allowing developer the flexibility to modify their plans to suit the changing consumer preferences. Further significant ramping up of execution capabilities (from ~2.3 msf to ~41.5 msf) would be the key driver going forward.

Valuations

We have valued VPUL based on discounted cash flow (DCF) approach. Based on this approach; the indicative fair value is Rs 1,167 per share. However, we have not factored in the proposed hotel cum commercial project to be developed in Manesar over land area of ~11.3 acres, due to limited visibility. At the current market price of Rs 704, the stock is trading at 40% discount to the indicative net present value (NPV) per share. Post preferential issue (~1.8 mn equity shares), the stock is trading at 20x FY07 standalone earnings. We do not have a rating on the stock.

Background

Incorporated in the year 1991, VPUL was primarily engaged in corporate advisory services till it entered real estate business in 1997. Earlier known as Vipul Infrastructure Developers Limited, the name was changed to Vipul Limited w.e.f. 24 November 2005. Vipul Group has almost a decade of experience in real estate business and offers development of commercial and residential properties and remote facilities management services.

VPUL has historically focused on commercial developments in Gurgaon realty market and is a niche player in developing premium office complexes. Of late, VPUL has diversified in the other major segments of real estate business by developing integrated townships and SEZs. Further to grow its business on a larger scale and tap the growth in the upcoming areas, the company has acquired land in cities like Hyderabad, Kolkata, Ludhiana and Faridabad.

Management

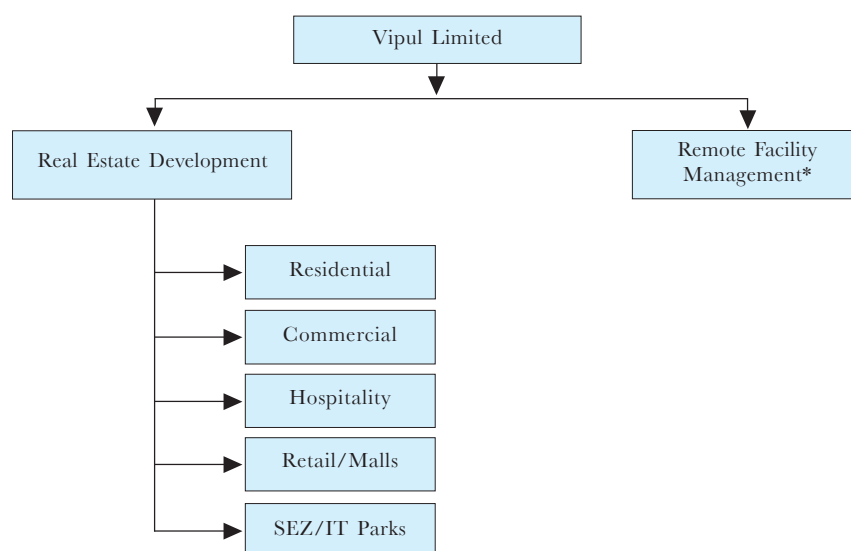
Mr Punit Beriwal is the Managing Director of VPUL. Mr Beriwal has more than 15 years of experience in real estate and construction industry and has been instrumental in the success of the company since it started its operations in the real estate business. The Board of Directors comprises of five directors.

Board of Directors

Name	Category	Qualification
Mr Punit Beriwal	ED	Commerce graduate
Mr Anil Kumar Agarwal	NED – Independent	Graduated from Patna University in 1973
Mr Kapil Dutta	NED – Independent	B.A. (Hons. Eco), graduated from SRCC, Delhi
Mr G.S. Baweja	NED – Independent	Graduated from Kolkata
Mr Rajesh Batra	NED – Independent	Has done engineering from Waseda University, Tokyo

ED: Executive Director NED: Non-Executive Director

Business overview



*Through JV company – Vipul Lang'O Rourke

Historically focused on commercial developments in Gurgaon realty market

Till date developed ~2.3 msf of saleable area

Pioneer in remote facilities management through JV with Laing O'Rourke, UK

Real estate development: Till now, the company has developed and outrightly sold its residential as well as commercial projects. It has developed ~2.3 msf of saleable area till date mostly in joint venture or partnerships with other real estate developers. VPUL is now planning to selectively retain the commercial developments and enter the lease-rent model. VPUL has further ventured into development of integrated townships, hotels and SEZs recently.

Remote facility management: Apart from real estate development, VPUL also pioneers in remote facilities management through Vipul Laing O'Rourke (VLOR) a 50:50 joint venture with Laing O'Rourke Plc. of UK. The JV offers remote (offshore) facilities management service to real estate facilities outside India. An export oriented unit (EOU), the centralised resource called Monitoring and Response Centre (MRC) manages distant buildings on line in an IT enabled platform by combining expertise and process tools.

The company is currently managing 3 commercial buildings consisting of ~0.2 msf of built up area and 5 buildings are in the negotiation pipeline. VLOR at present monitors buildings at UK and is poised to monitor buildings in different verticals at Middle East and North America.

Equity history

VPUL recently completed preferential issue of shares with Wachovia Corporation. Wachovia through its company WDC Ventures Ltd. subscribed to 14.9% (~1.8 mn equity shares @ premium of approx. Rs 1,294 per share) of post issue equity capital for a consideration of approx. Rs 2.3 bn. Post this issue, VPUL's equity share capital stands at approx. Rs 120 mn (face value Rs 10 each).

Equity history

Date	Particular	Equity Capital (Rs mn)	Premium (Rs per share)	Remarks
25/04/2007	Preferential issue of shares	120.0	1294.1	Preferential issue to WDC Ventures Ltd.
08/03/2007	Bonus issue	102.0	-	Bonus ratio of 1:1
06/11/2003	Shares issued on amalgamation with Analysis Finance Ltd.	51.0	-	Under lock-in till December 2009
04/04/1995	Public issue	32.0	-	-

Source: Capitaline

Land bank details

Cities	Land bank (acres)	VPUL's share (acres)
Bhubaneswar	9	7
Daruhera	13	4
Faridabad	94	70
Fazilpur	225	113
Gurgaon	177	126
Hyderabad	412	412
Kolkata	32	31
Ludhiana	130	98
Manesar	11	3
Nagpur	70	35
Total	1,174	900

Source: Company, B&K Research

The company in FY04 had issued ~1.9 mn equity shares of Rs 10 each pursuant to scheme of amalgamation of the company with Analysis Finance Limited. The shares issued pursuant to the scheme are under lock in till 30 December 2009.

Land bank

The company along with JV partners owns a land bank of approx. 1,174 acres with economic interest over 900 acres. VPUL's share of land bank is spread over cities like Faridabad (~7.8%), Fazilpur (~12.6%), Gurgaon (~14.0%), Hyderabad (~45.8%), Kolkata (~3.5%), Ludhiana (~10.8%), Nagpur (~3.9%) and others (~1.6%), making it a fairly diversified land bank, geographically.

The company earlier concentrated only in National Capital Region (NCR) and its peripheral areas. But keeping in mind the geographical expansion and de-risking land portfolio, the company has been on constant lookout for acquiring land in areas where there are growth opportunities.

Geographical spread

Land bank spread across 10 cities



Source: Company, B&K Research

Completed projects

The company has developed ~2.3 msf of saleable area primarily comprising of commercial projects, in joint ventures with other developers and independently.

Completed projects

Particulars	Location	Land area (acres)	Saleable area (msf)
Commercial			
Millennium Plaza	Gurgaon	3.1	0.2
Global Business Park	MG Road	8.0	0.5
Fortune Select Global Hotel	MG Road	1.7	0.1
Vipul Square	Gurgaon	2.8	0.2
Vipul Plaza	Gurgaon	3.0	0.2
Vipul Agora	Gurgaon	2.5	0.2
Vipul Tech Square I	Gurgaon	3.2	0.3
Residential			
Vipul Floors	Gurgaon	1.4	0.1
Vipul Gardens	Gurgaon	9.0	0.7

Source: Company, B&K Research

Till date, developed ~ 2.3 msf primarily in Gurgaon realty market

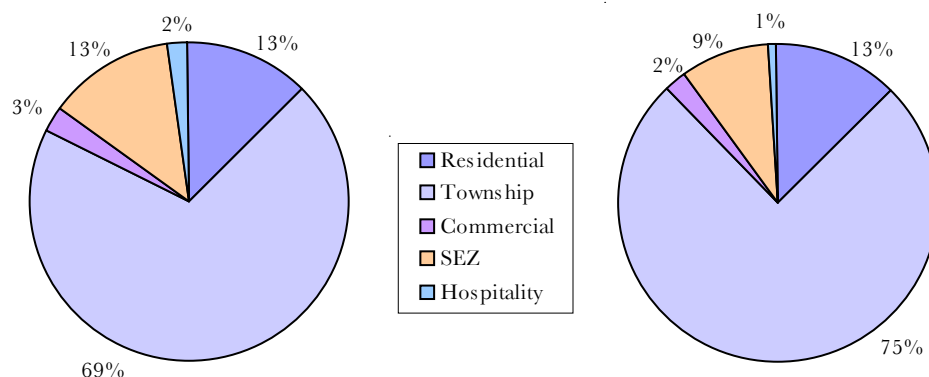
Currently area under development of ~41.5 msf with economic interest over ~29.3 msf

Area under development and proposed

As per management expectation, VPUL along with its JV partners on exploitation of owned land bank of ~1,174 acres would be able to develop ~41.5 msf of saleable/lettable area over seven-eight years. This development primarily comprises of township developments. VPUL of this ~41.5 msf of saleable area enjoys economic interest over ~29.3 msf.

Planned development – 41.5 msf

VPUL's share – 29.3 msf



Source: Company, B&K Research

Residential: VPUL entered residential segment in 2002 after successful launch of its first commercial project. Since then it has delivered a number of residential projects in joint venture with developers or as a sole developer. Prominent projects include Vipul floors and gardens with total saleable area of ~0.8 msf. In residential segment, the company plans to focus on middle to upper class housing projects.

Residential projects

Particulars	Location	Land area (acres)	Saleable area (msf)	VPUL's share		
				Share (%)	Land area (acres)	Saleable area (msf)
Vipul Villanova	Gurgaon	19.5	1.6	50.0	9.8	0.8
Vipul Gardens	Daruhera	13.4	1.0	33.0	4.5	0.3
Group Housing	Kolkata	30.0	2.0	100.0	30.0	2.0
Group Housing	Bhubaneswar	8.9	0.8	82.0	7.3	0.6
Total		71.8	5.4	71.9	51.6	3.7

Source: Company, B&K Research

Townships: The company along with JV partners is developing integrated townships with the brand name of 'Vipul World' in Gurgaon, Ludhiana, Faridabad, Hyderabad and Fazilpur. It has already acquired large tracts of land for the same. For township developments, the company has acquired land in excess of 1,012 acres which would lead to development of ~28.7 msf of saleable area.

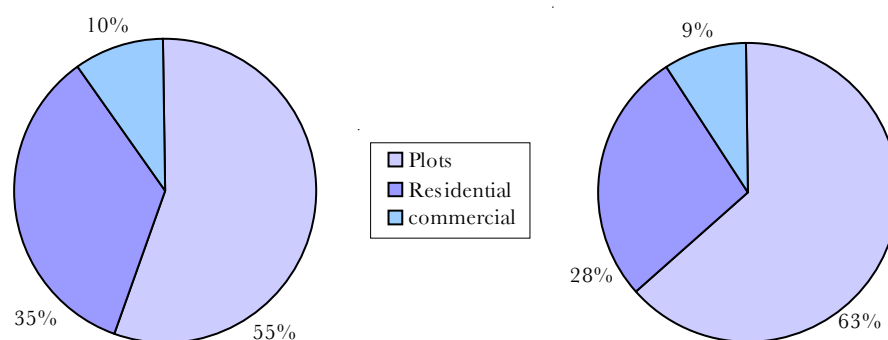
Township projects

Particulars	Location	Land area (acres)	Saleable area (msf)	VPUL's share		
				Share (%)	Land area (acres)	Saleable area (msf)
Vipul World	Gurgaon	151.4	3.3	75.0	113.6	2.5
Vipul World	Ludhiana	130.1	3.3	75.0	97.6	2.4
Vipul World	Faridabad	93.8	3.2	75.0	70.4	2.4
Vipul World	Hyderabad	412.0	10.3	100.0	412.0	10.3
Vipul World	Fazilpur	224.7	8.7	50.5	113.5	4.4
Total		1,012.0	28.7	79.8	807.1	22.0

Source: Company, B&K Research

Township segment break-up – ~28.7 msf

VPUL's share – ~22.0 msf



Source: Company, B&K Research

Commercial: VPUL has mostly developed mid-sized commercial complexes in JV with other developers (Unitech Ltd., Orchid Infra) and outrightly sold these developments. The company is currently developing three IT parks, two in Gurgaon and one in Kolkata. The company along with JV partners plans to develop ~1.2 msf of saleable area. Going forward, the company plans to selectively retain its commercial projects to earn capital appreciation as well as lease rentals.

Commercial projects

Particulars	Location	Land area (acres)	Saleable area (msf)	VPUL's share		
				Share (%)	Land area (acres)	Saleable area (msf)
Vipul Tech Square II	Gurgaon	2.0	0.2	75.0	1.5	0.1
Vipul Trade Centre	Gurgaon	4.1	0.3	25.0	1.0	0.1
Vipul Tech Square	Kolkata	1.9	0.7	64.5	1.2	0.4
Total		8.0	1.2	44.6	3.7	0.6

SEZs: Seeing the long-term growth opportunity in SEZ development space, VPUL has SEZ planned in Nagpur spread over 70 acres. The company plans to develop SEZs for IT/ITES.

SEZ projects

Particulars	Location	Land area (acres)	Saleable area (msf)	VPUL's share		
				Share (%)	Land area (acres)	Saleable area (msf)
Vipul SEZ	Nagpur	70.2	5.4	50.0	35.1	2.7

Source: Company, B&K Research

Hospitality: As India continues to emerge as a leading tourist destination, quality and world class accommodation have not kept pace with the growth. Tapping successfully into these trends, the company is already planning to construct hotel-cum-commercial project in Manesar.

Hospitality projects

Particulars	Location	Land area (acres)	Saleable area (msf)	VPUL's share		
				Share (%)	Land area (acres)	Saleable area (msf)
Hotel-cum-commercial	Manesar	11.3	0.9	25.0	2.8	0.2

Source: Company, B&K Research

Focus on township development to improve project viability through execution in phases

Business strategy

Focus on developing integrated townships: With land acquisition laws and procedures becoming simpler, average project sizes is increasing and more & more developers are developing integrated townships. As VPUL owns large tracts of land in cities like Gurgaon, Ludhiana, Faridabad, Hyderabad and Fazilpur, it becomes imperative for the company to develop these land parcels using integrated township model. This improves the project viability of the land by executing the project in phases depending on the market demand. Besides this, 100% FDI allowed in townships and housing projects subject to a minimum area of 10 hectares in the case of serviced housing plots and 50,000 sq m in the case of construction development projects through the automatic route would be beneficial for the company in future while raising funds.

Presence in Tier II & III cities: The company has established a strong presence in NCR and its peripheral areas. The company's operations encompass the state of Delhi, NCR, Haryana and more recently Andhra Pradesh and Maharashtra. The company proposes to drive growth through focused concentration in tier II & III cities and establishing presence in IT parks and SEZs. The company also plans to establish hotels in cities like Manesar with mixed hotel/serviced apartment usage. VPUL is focusing on cities such as Faridabad, Daruhera, Manesar, Nagpur, Hyderabad and Ludhiana.

Payment plan reducing working capital requirement: The majority of the projects comprise of residential and integrated townships. In case of townships and residential projects once the layout plans are approved, the developers launch the project for booking. It entails lower working capital requirements as the developer needs to fund the cost of land while the cost of construction is funded out of the installments received from buyers. Moreover, this also covers developers from any default risk.

Payment plan for VPUL properties

Completed project	(%)
At the time of booking	10-15
Within 30 days of booking (bottom line is 95%)	80-85
Within 60 days (at the time of possession)	5
Under Construction/Launch	(%)
At the time of booking	15
Within 30 days of booking	10
Within 60 days of booking	10
Balance on – Construction Link Plan (7.5% -10%)	Up to 60
Balance (at the time of possession)	5

Source: Company

Ownership versus sales model: VPUL earlier was primarily into sales model. Of late, the company has decided to change its model from sales to mix of sales and ownership. The company, going forward, plans to outrightly sale its residential projects resulting in low working capital requirement and selectively retain commercial projects to earn lease rentals and capital appreciation.

Concerns

Rising interest rates: Rising interest rates is the most significant risk for the real estate market. Declining rates on housing loans have been one of the key drivers for residential housing in the last four-six years. Any further interest rate hike may force buyers to postpone their decision to purchase home which is bound to adversely impact pricing in the market.

Project execution risk: Successful and timely execution is one of the major challenges faced by the developers today. VPUL along with JV partners plans to develop ~41.5 msf saleable/lettable area over seven-eight years as against historical development of ~2.3 msf of saleable area over a decade. The apparent risk here could be in the form of inability of contractors to assemble all resources – labour, materials and machines – as per schedule due to tight supply-demand balance.

Occupancy concerns for commercial/hospitality projects: An economic slowdown may impact the commercial leasing activities of the company leading to shrinkage in lease rental revenues on account of increased vacancy levels. Further, the occupancy levels in hospitality projects are directly dependent upon sustained growth in tourism industry.

Financial highlights (Standalone)

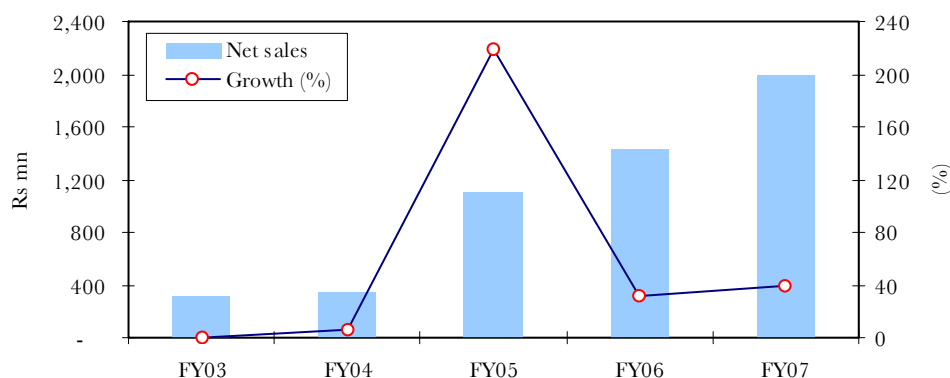
Revenue recognition

Profit on construction/development of properties is recognised according to percentage of completion method after making appropriate allowance for foreseeable loss, if any. However, no profit is booked in the accounts unless formal agreement to sell is made and in respect of partly completed projects until actual construction reaches 30% level.

Net sales and growth

On the back of increased real estate activity and project sizes, net sales of the company on standalone basis have increased from Rs 322 mn in FY03 to Rs 1,997 mn in FY07 at a CAGR of 57.8% over the period. Going forward, we believe that the growth in the revenues would be driven by (i) increased real estate activity and (ii) increased volumes – ~29.3 msf to be delivered over seven-eight years.

Net sales and growth



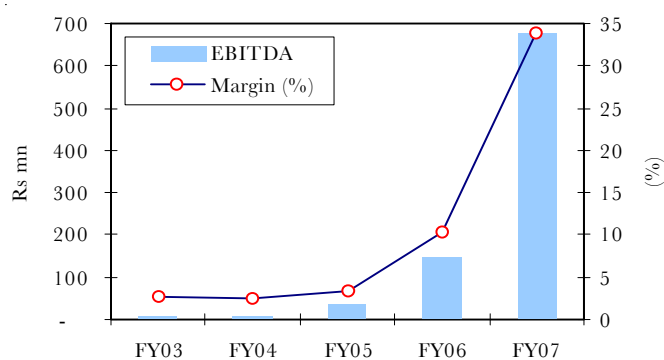
Source: Company, B&K Research

EBITDA, PAT and Margins

On standalone basis, the EBITDA margins have increased from 2.6% in FY03 to 33.9% in FY07. This 3,126 basis points (bps) increase in EBITDA margin is primarily attributable to better realisation on account of increased real estate activity. In absolute terms, the EBITDA has risen from Rs 8 mn to Rs 676 mn at a CAGR of 199.6%.

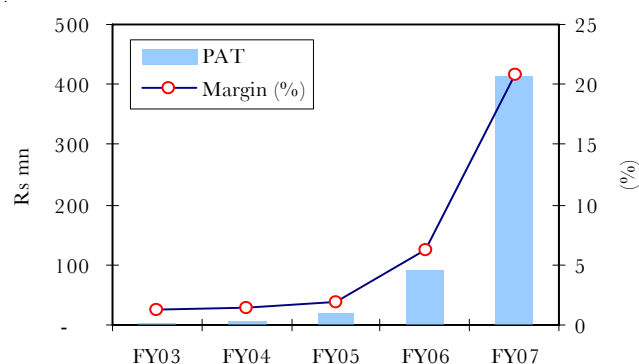
The net profits on standalone basis have risen at a CAGR of 221.1% from Rs 4 mn in FY03 to Rs 415 mn in FY07 on standalone basis. The PAT margin has increased to 20.8% in FY07 from 1.2% in FY03.

EBITDA and Margin



Source: Company, B&K Research

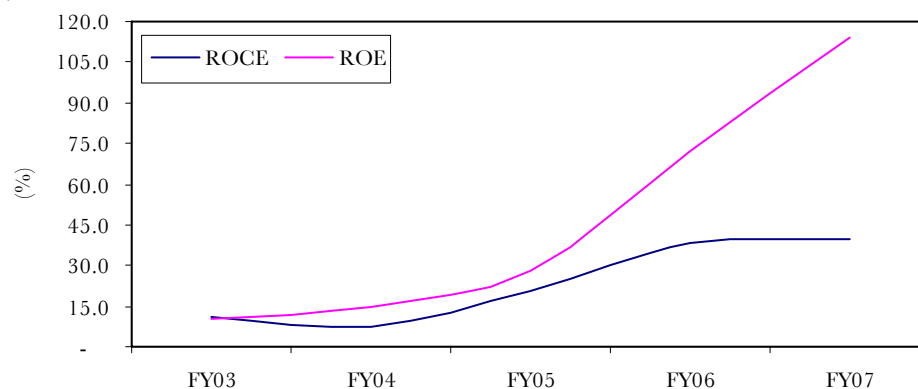
PAT and Margin



RoE/RoCE

RoE of the company in FY07 stood at 114.2% as compared to 10.2% in FY03 showing a considerable improvement. This is primarily on the account of improved margins on the back of increased property prices and volume.

RoCE in FY07 stood at 39.7% as against 10.7% in FY03 posting an increase of 2,900 basis points. The company, over the period, has acquired considerable land bank and going forward plans to acquire more at strategic locations resulting in increased capital employed. This is bound to result in fall in RoCE from current levels.

RoE/RoCE

Source: Company, B&K Research

Quarterly results (Standalone)

(Rs mn)	Jun 06	Jun 07	YoY (%)	FY06	FY07	YoY (%)
Net sales	287	775	170.0	1,437	1,997	39.0
EBITDA	24	101	313.2	149	676	354.2
EBITDA Margin (%)	8.5	13.0	–	10.4	33.9	–
Other Income	2	27	1,185.0	0	2	752.8
Interest paid	2	4	85.2	4	44	895.5
Depreciation	1	2	25.5	6	7	7.0
PBT	23	122	431.2	139	628	353.2
Total Tax	7	42	491.9	49	213	335.6
PAT	16	80	404.3	90	415	362.8
Adjusted PAT	16	80	404.3	90	415	362.8
Equity shares (Mn)	10.2*	12.0	–	10.2*	10.2	–
EPS (Rs)	1.6	6.7	328.9	8.8	40.6	362.8

* Adjusted for bonus issue

- In 1QFY08, the company has performed well on the back of increased real estate activity. On standalone basis its net sales stood at Rs 775 mn as against Rs 287 mn in corresponding quarter last year, showing a YoY growth of 170%.
- The company has shown considerable improvement on EBITDA level. EBITDA in absolute terms stood at Rs 101 mn as against Rs 24 mn in 1QFY07 posting a growth of 313.2% YoY.
- In absolute terms, PAT stood at Rs 80 mn as against Rs 16 mn in corresponding quarter last year, showing a growth of 404.3% YoY.
- Increase in sales can be attributed to increased property prices and better project portfolio as well as increased volume and project rollouts.
- EBITDA and PAT margin in 1QFY08 stood at 13% and 10.3%, respectively, on account of increased property prices as against 8.5% and 5.5% reported in 1QFY07.

Valuations

We have valued the company based on discounted cash flow approach with the following assumptions.

- For sale projects we have computed indicative net present value of estimated future cash flows expected from (a) projects under development and (b) planned projects.
- For projects to be leased, we have taken indicative net present value of estimated future lease rentals after deducting cost of developments till FY15E and post FY15E we have taken terminal growth rate of 3% to compute terminal value of the future cash flows.
- We have not incorporated hotel cum commercial project to be developed by the company in Manesar over land area of ~11.3 acres due to limited visibility.
- Seeing tedious execution process, we have selectively taken average delay of 6 months for the projects from construction start date mentioned by the company.

Calculation of discounted rate of return

Pre-tax cost of debt (%)	13.8
Effective tax rate* (%)	23.6
Post-tax cost of debt (%)	10.5
Risk free rate (%)	9.0
Risk premium (%)	5.0
Market return (%)	14.0
Beta (x)	1.4
Cost of equity (%)	16.0
Debt-equity ratio	4:1
WACC (%)	11.6
Terminal growth rate for lease rentals (%)	3

*Effective tax rate for the company

Indicative PV of estimated future cash flows

(Rs mn)	FY08E	FY09E	FY10E	FY11E	FY12E	FY13E	FY14E	FY15E
Operating cash flows	2,218	3,077	5,871	8,498	7,368	2,551	988	988
Net cash flows	1,356	1,411	3,113	4,998	4,182	1,630	843	843
Less: Land payments	184	2,398	–	–	–	–	–	–
Free cash flows	1,172	(987)	3,113	4,998	4,182	1,630	843	843
Terminal value of lease rentals (post tax)								9,669
PV of cash flows	1,050	(792)	2,239	3,220	2,415	843	391	4,365

Operating cash flows = Sales realisations – cost of development

Net cash flows = Operating cash flows – (selling & admin exp. + Maintenance exp. + taxes)

Indicative DCF valuation for ongoing and planned projects

Total Free cash flows (Rs mn)	15,793
Terminal Value (for property on lease) (Rs mn)	9,669
Gross Free cash flows (Rs mn)	25,462
Discounted cash flows (Rs mn)	13,730
Less: Net debt (consolidated) (Rs mn)	(2,063)
Add: Money received on preferential issue (Rs mn)	2,339
Net Discounted cash flows (Rs mn)	14,006
No. of shares (mn)	12.0
Value per share (Rs)	1,167

Based on the DCF valuation, we estimate the indicative fair value per share of Rs 1,167. At the current market price, the stock is trading at 40% discount to its indicative NPV per share and at 20x FY07 standalone EPS (adjusted for preferential issue made to WDC Ventures Ltd., a company of Wachovia Corporation).

Income Statement (Standalone)				
Yr end 31 Mar (Rs mn)	FY04	FY05	FY06	FY07
Net sales	344	1,096	1,437	1,997
Growth (%)	6.7	218.7	31.1	39.0
Operating expenses	(335)	(1,060)	(1,288)	(1,321)
Operating profit	9	37	149	676
EBITDA	9	37	149	676
Growth (%)	3.6	321.8	305.7	354.2
Depreciation	(3)	(2)	(6)	(7)
Other income	3	2	0	2
EBIT	9	37	143	671
Interest paid	(1)	(2)	(4)	(44)
Pre-tax profit (before non-recurring items)	8	35	139	628
Pre-tax profit (after non-recurring items)	8	35	139	628
Tax (current + deferred)	(2)	(14)	(49)	(213)
Net profit	5	21	90	415
Adjusted net profit	5	21	90	415
Growth (%)	33.3	296.0	335.1	362.8
Net income	5	21	90	415

Balance Sheet (Standalone)				
Yr end 31 Mar (Rs mn)	FY04	FY05	FY06	FY07
Current assets	708	1,873	5,109	8,308
Debtors	32	184	218	190
Inventory	392	769	1,755	3,403
Cash	13	128	145	213
Loans and advances	270	793	2,991	4,503
Investments	71	1	86	1,053
Net fixed assets	13	14	25	25
Total assets	792	1,889	5,221	9,386
Current liabilities	640	1,678	4,689	6,536
Total debt	86	128	365	2,291
Total liabilities	726	1,806	5,054	8,826
Share capital	51	51	51	102
Reserves & surplus	15	32	115	458
Shareholders' funds	66	83	166	560
Total equity & liabilities	792	1,888	5,221	9,386

Cash Flow Statement (Standalone)				
Yr end 31 Mar (Rs mn)	FY04	FY05	FY06	FY07
Pre-tax profit	8	35	139	628
Depreciation	3	4	7	(20)
Chg in working capital	82	(13)	(208)	(1,285)
Total tax paid	(2)	(14)	(49)	(213)
Cash flow from oper. (a)	89	11	(111)	(890)
Capital expenditure	(4)	(5)	(18)	20
Chg in investments	(71)	70	(85)	(967)
Cash flow from inv. (b)	(75)	65	(104)	(946)
Free cash flow (a+b)	15	76	(215)	(1,837)
Equity raised/(repaid)				51
Debt raised/(repaid)	(5)	42	237	1,926
Other financing activities	0	(4)	(6)	(72)
Cash flow from fin. (c)	(5)	38	232	1,905
Net chg in cash (a+b+c)	10	114	17	68

Key Ratios (Standalone)				
Yr end 31 Mar (%)	FY04	FY05	FY06	FY07
EPS (Rs)	0.5	2.0	8.8	40.6
EPS growth	33.3	296.0	335.1	362.8
EBITDA margin	2.5	3.3	10.4	33.9
EBIT margin	2.5	3.4	9.9	33.6
ROCE	7.7	20.4	38.5	39.7
Net debt/Equity	110.7	(0.5)	132.2	371.1

Valuations (Standalone)				
Yr end 31 Mar (x)	FY04	FY05	FY06	FY07
PER	1,380.0	348.5	80.1	17.3
PCE	932.0	316.2	74.9	17.0
Price/Book	109.4	86.9	43.1	12.8
EV/Net sales	0.2	0.0	0.2	1.0
EV/EBITDA	8.3	0.0	1.5	3.1

Du Pont Analysis – ROE (Standalone)				
Yr end 31 Mar (x)	FY04	FY05	FY06	FY07
Net margin (%)	1.5	1.9	6.2	20.8
Asset turnover	0.7	0.8	0.4	0.3
Leverage factor	8.4	18.1	28.6	20.1
Return on equity (%)	8.3	27.8	72.0	114.2

B&K Securities is the trading name of Batlivala & Karani Securities India Pvt. Ltd.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, print, publishing, photocopying, recording or otherwise without the permission of Batlivala & Karani Securities India Pvt. Ltd. Any unauthorized act in relation to all or any part of the material in this publication may call for appropriate statutory proceedings.

The information contained herein is confidential and is intended solely for the addressee(s). Any unauthorized access, use, reproduction, disclosure or dissemination is prohibited. This information does not constitute or form part of and should not be construed as, any offer for sale or subscription of or any invitation to offer to buy or subscribe for any securities. The information and opinions on which this communication is based have been compiled or arrived at from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to their accuracy, correctness and are subject to change without notice. Batlivala & Karani Securities India P Ltd and/ or its clients may have positions in or options on the securities mentioned in this report or any related investments, may effect transactions or may buy, sell or offer to buy or sell such securities or any related investments. Recipient/s should consider this report only for secondary market investments and as only a single factor in making their investment decision. The information enclosed in the report has not been whetted by the compliance department due to the time sensitivity of the information/document. Some investments discussed in this report have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when the investment is realized. Those losses may equal your original investment. Some investments may not be readily realizable and it may be difficult to sell or realize those investments, similarly it may prove difficult for you to obtain reliable information about the value, risks to which such an investment is exposed. Neither B&K Securities nor any of its affiliates shall assume any legal liability or responsibility for any incorrect, misleading or altered information contained herein.

B & K SECURITIES INDIA PRIVATE LTD.

Equity Research Division: 12/14, Brady House, 2nd Floor, Veer Nariman Road, Fort, Mumbai-400 001, India. Tel.: 91-22-4007 6000, Fax: 91-22-2287 2766/1136.

Registered Office: Room No. 3/4, 7 Lyons Range, Kolkata-700 001. Tel.: 91-033-2243 7902.

B&K Research is also available on Bloomberg <BNKI>, Thomson First Call & Investext.