

PADMAKSHI FINANCIAL SERVICES LTD.



December 2009

Small Cap Pick

Companies:

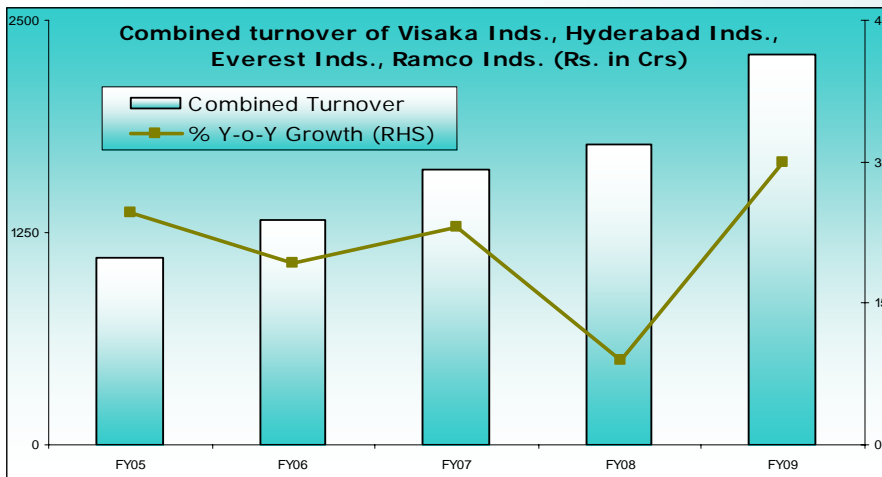
- Visaka Industries Ltd.
- Hyderabad Industries Ltd.
- Everest Industries Ltd.
- Ramco Industries Ltd.

Why Asbestos Cement Manufacturers

- Sustained demand from rural India is providing stable growth
- No new players from organized sector likely to enter this space.
- Pressure on cement prices, which are key raw material, will improve the operating margin for these manufacturers.
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- Top four players control more than 50% of asbestos product market.
- In terms of valuation these Companies are trading at 4– 5x which makes them attractive in light of above facts.

Industry trends

- Stable growth coupled with falling raw material prices & higher realization bode well for these Companies. With Low Cost housing theme in vogue, asbestos cement Sheets are gaining popularity as they are inexpensive, need no maintenance and last long when compared to competing products such as thatched roofs, tiled roofs and galvanized iron sheets.
- Cement constitute 30% of total raw material costs & with cement prices expected to remain under pressure during FY10–FY11 we expect 300 bps gain in operating costs for these Companies.
- Also close to 50% of raw material; fibre is being imported, the appreciating INR will give further impetus to reduction in costs.



VISAKA INDUSTRIES

Asbestos Products

Asbestos Products Selling Price/ MT

FY06	FY07	FY08	FY09
6366	6686	6104	8708

Textile Products

Textile Products Selling Price/ MT

FY06	FY07	FY08	FY09
151107	138956	130560	126418

Hyderabad Industries

Asbestos Cement Sheets

Asbestos cement sheets Selling Price/ MT

FY06	FY07	FY08	FY09
6812	7064	6212	7533

Thermal Insulation Products

Thermal Insulation Products selling price/ MT

FY06	FY07	FY08	FY09
54633	57278	57699	61522

Everest Inds.

Sales Realisation/ Unt

Fibre Cement Products/ MT

FY06	FY07	FY08	FY09
6966	7698	7477	8987

Building Steel/ MT

FY06	FY07	FY08	FY09
0	0	0	75898

Ramco Inds.

Sales Realisation/ Unt

Fibre Cement realisation/ MT

FY06	FY07	FY08	FY09
5829	5523	5601	6927

Cotton Yarn realisation/ MT

FY06	FY07	FY08	FY09
163	184	162	208

Visaka Industries Ltd. (VIL)

- Visaka Industries is setting up a 100,000–tonne capacity asbestos cement sheet plant at Sambalpur in Orissa at an estimated cost of Rs 40 Crs to meet the rural demand
- The Company has also signed a MoU with the Orissa Govt. for setting up a 1,000–Mw power plant in two phases at an estimated to cost Rs 4,000 Crs. It has initiated the land acquisition process and will form a SPV in a JV to execute the project. Internal accruals and long term debt will be sought for the project
- The 1HFY10 result shows modest increase of 5% in topline over 1HFY09 while the bottom line witnessed sharp increase during the same period of over 50% mainly due to better operating margin & reduction in interest cost. Operating margin went up to 22%, almost 500 bps increase over 1HFY09 & PAT margin increased by over 400 bps to 11.3% in 1HFY10 over 1HFY09.
- Synthetic Yarn’s PBIT margin went up by over 600 bps in 1HFY10 over 1HFY09 while the PBIT margin for Building products for the same period went up by 300 bps.
- Based on the excellent first half numbers, we expect VIL to achieve turnover of over to 600 Crs & EPS of Rs. 42. VIL is expected to generate cash profit of Rs. 90 Crs in FY10E; while the market cap of the Company is just around Rs. 200 Crs. AT CMP of Rs. 125, the stock is trading at 3x its FY10E EPS & 0.30x of market cap to sales.

Financial snapshots

(Rs. In Crs)

	1HFY10	1HFY09	Var. (%)
Net Sales	308.9	293.6	5.2
Other Operating Income	1.1	4.5	(75.6)
Other Income	2.6	2.5	2.4
Total Income	312.6	300.6	4.0
Total Expenditure	244.8	250.5	(2.3)
PBIDT	67.8	50.1	35.3
Interest	5.1	8.1	(37.1)
Depreciation	10.6	8.5	24.5
PBT	52.2	33.6	55.4
Tax	17.3	11.9	45.0
PAT	34.9	21.6	61.2
Extra-ordinary Items	(1.2)	(2.5)	(53.0)
Adj PAT	36.1	24.2	49.3
EPS (Unit Curr.)	22.0	13.6	61.1
PBIDTM(%)	22.0	17.1	28.6
PBDTM(%)	20.3	14.3	41.8
PATM(%)	11.3	7.4	53.2

(Rs. In Crs)

Segments	Half Yearly			Full Year		
	1HFY10	1HFY09	Var (%)	FY09	FY08	Var (%)
Sales						
Synthetic blended yarn	59.1	61.2	(3.6)	117.3	98.8	18.8
Building Product	249.9	232.4	7.5	456.6	330.8	38.0
TOTAL	308.9	293.6	5.2	573.9	433.1	32.5
PBIT						
Synthetic blended yarn	10.9	7.2	52.6	9.5	10.4	(8.9)
Building Product	52.4	41.0	27.7	72.3	29.0	149.5
TOTAL	63.3	48.2	31.4	81.7	32.8	149.0
Capital Employed						
Synthetic blended yarn	120.8	162.6	(25.7)	67.8	87.7	(22.7)
Building Product	549.7	536.6	2.4	282.8	233.0	21.4
TOTAL	670.5	699.2	(4.1)	350.6	320.7	9.3
PBIT Margin(%)						
Synthetic blended yarn	18.5	11.7	58.2	8.1	10.5	(23.3)
Building Product	21.0	17.7	18.8	15.8	8.8	80.8
TOTAL	20.5	16.4	24.9	14.2	7.6	87.9
ROCE(%)						
Synthetic blended yarn	9.1	4.4	105.2	14.0	11.9	18.0
Building Product	9.5	7.6	24.7	25.6	12.4	105.6
TOTAL	9.4	6.9	37.0	23.3	10.2	127.6

Financial Highlights

(Rs. In Crs)

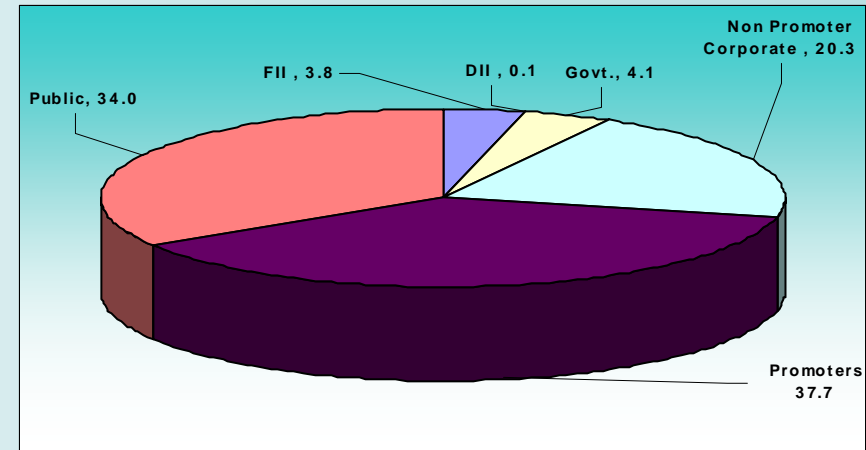
	FY06	FY07	FY08	FY09	FY10E	Sources Of Funds	FY06	FY07	FY08	FY09	FY10E
Income						Total Share Capital	13.2	17.2	15.9	15.9	15.9
Gross Revenue	303.7	445.2	459.6	606.4	654.3	Equity Share Capital	13.2	15.9	15.9	15.9	15.9
Building Products	213.2	339.8	357.2	479.7	517.5	Share Warrants	0.0	1.2	0.0	0.0	0.0
Textile	90.5	105.4	102.3	126.7	136.8	Reserves	74.6	140.0	143.4	171.9	231.9
Less: Excise Duty	(8.0)	(25.2)	(26.4)	(32.4)	(34.7)	Revaluation Reserves	0.0	0.0	0.0	0.0	0.0
Operating Income	295.8	420.0	433.1	574.0	619.7	Networth (RHS)	87.8	157.2	159.3	187.8	247.8
Other Income	3.9	5.4	6.5	11.4	5.0	Secured Loans	134.3	168.9	181.6	150.8	139.7
Stock Adjustments	11.6	1.7	20.1	(30.9)	5.0	Unsecured Loans	16.6	17.3	16.5	17.9	8.0
Total Income	311.2	427.1	459.6	554.5	629.7	Total Debt	150.9	186.2	198.1	168.8	147.7
Expenditure						Total Liabilities	238.7	343.4	357.3	356.5	395.5
Raw Materials	159.0	237.3	274.9	295.8	302.0	Application Of Funds					
Power & Fuel Cost	17.5	24.1	24.3	25.9	29.4	Gross Block	213.7	268.8	270.0	312.3	338.0
Employee Cost	12.6	18.2	18.6	22.3	25.8	Less: Accum. Depreciation	61.6	82.6	97.7	114.1	136.5
Other Manufacturing Exp.	71.5	86.4	97.3	121.5	132.2	Less: Impairment of Assets	0.0	0.0	0.0	0.0	0.0
Trade Purchases	0.6	0.1	0.0	0.0	0.0	Net Block	152.1	186.2	172.2	198.3	201.5
Total Expenses	261.1	366.1	415.0	465.5	489.3	Capital Work in Progress	3.9	3.5	37.3	10.5	8.0
Operating Profit	34.7	53.9	18.1	108.5	130.4	Investments	0.0	1.3	0.0	2.2	2.2
PBDIT	50.1	61.0	44.6	89.1	140.4	Inventories	72.3	80.0	94.1	90.0	99.0
Interest	10.5	12.2	15.7	17.0	11.9	Sundry Debtors	31.5	47.4	53.7	53.1	62.2
PBDT (Gross Profit)	39.7	48.8	28.9	72.0	128.5	Cash and Bank Balance	19.3	44.3	30.9	45.6	39.4
Depreciation	10.6	14.8	15.7	16.6	22.4	Total Current Assets	123.0	171.6	178.6	188.7	200.6
Diminution in value of	0.0	0.0	0.0	0.0	0.0	Loans and Advances	34.9	63.3	63.6	65.9	76.1
PBT	29.1	34.0	13.2	55.4	106.1	Total CA, Loans & Advances	157.9	235.0	242.2	254.6	276.7
Tax Provisions	9.8	10.8	5.5	19.5	38.5	Current Liabilities	45.8	39.6	47.7	49.6	49.7
Reported Net Profit	19.3	23.3	7.7	36.0	67.6	Provisions	21.6	32.7	37.0	48.2	38.2
Extraordinary Income/ Exp.	0.0	0.0	0.0	0.0	0.0	Total CL & Provisions	67.3	72.3	84.7	97.8	87.9
Adj. PAT Excl.	19.3	23.3	7.7	36.0	67.6	Net Current Assets	90.6	162.6	157.5	156.8	188.8
Cash Profit	29.9	38.0	23.4	52.6	90.0	Miscellaneous Expenses	(0.0)	0.0	0.0	0.0	0.0
						Net Deferred Tax	(7.9)	(10.3)	(9.7)	(11.3)	(5.0)
						Total Assets	238.7	343.4	357.3	356.6	395.5



Financial Highlights

Ratios	FY06	FY07	FY08	FY09	FY10E
Growth in Sales	42.35%	46.6%	3.2%	31.9%	7.9%
Building Products	70.20%	76.32%	77.73%	79.11%	79.09%
Textile	29.80%	23.68%	22.27%	20.89%	20.91%
Expenses as % of Sales	85.9%	82.2%	90.3%	76.8%	74.8%
Material Costs as % of Sales	52.3%	53.3%	59.8%	48.8%	46.1%
Power & Fuel Costs as % of Sales	5.7%	5.4%	5.3%	4.3%	4.5%
Emp cost as % of sales	4.1%	4.1%	4.0%	3.7%	3.9%
Operating Profit / Sales	11.4%	12.1%	3.9%	17.9%	19.9%
Interest as % of sales	3.4%	2.7%	3.4%	2.8%	1.8%
Interest as % of Debt	6.9%	6.5%	7.9%	10.1%	8.1%
Depreciation as % of Op Gr Bl	5.0%	5.5%	5.8%	5.3%	6.6%
Tax as % of PBT	34%	32%	42%	35%	36%
PAT/ Sales	6%	5%	2%	6%	11%
Sr Drs in no of days sales	38	39	43	32	35
Inventories in no of days sales	87	66	75	54	55
Debt Equity Ratio	1.72	1.18	1.24	0.90	0.60
Sales/ Gross Block	1.42	1.66	1.70	1.94	1.94
CMP	117.00	117.00	117.00	125.00	125.00
Market Cap	124.89	185.81	185.81	198.51	198.51
Cash profit	29.87	38.04	23.40	52.55	89.98
Cash Profit as % of Mkt Cap	23.92%	20.47%	12.59%	26.47%	45.33%
EPS	18.05	14.65	4.86	22.64	42.56
CEPS	27.98	23.95	14.73	33.09	56.66
CMP/EPS	6.48	7.98	24.06	5.52	2.94
CMP/CEPS	4.18	4.88	7.94	3.78	2.21
RoNW	22%	15%	5%	19%	27%
RoMC	23.9%	20.5%	12.6%	26.5%	45.3%
Book Value	82.28	98.97	100.30	118.25	156.02
CMP/ BV	1.42	1.18	1.17	1.06	0.80
Mkt Cap/ Sales	0.41	0.42	0.40	0.33	0.30

Shareholding Pattern Sept 09



8-Dec-09	
CMP (Rs.)	125
Equity (Rs.)	15.88
Face Value (Rs.)	10
52 week high/ low (Rs.)	147/ 31
Market Cap (Rs. Crs.)	198.5
Avg. Volume (3 month)	13613

BSE Code	509055
BSE Group	B
ISIN No	INE392A01013
NSE Symbol	VISAKAIND
Bloomberg Code	VSKI IN

Key Ratios	
EPS (TTM) (Rs.)	31.7
PE	3.9
P/ BV	1.0
EV/ EBITDA	2.4
Mcap/ Sales	0.3

Hyderabad Industries Ltd. (HIL)

- To retain position, HIL is coming up with a new Fibre Cement Sheet line with a capacity of 90000 MT PA is being set-up in the existing location at Vijayawada and has commenced production during the Q2FY10.
- During FY09, the Company has purchased the land at Golan, Gujarat and signed an MoU with the Govt. of Gujarat for setting up of an AAC Blocks plant. The Company put this project on a fast track and construction was commenced in February, 2009. The plant is expected to be operational by the last quarter of FY10.
- The demand for Thermal Insulation Products is expected to be healthy in future & HIL has successfully completed the expansion of its existing plant at Dharuhera where the production capacity has been increased from 3500 MT to 6000 MT PA.
- HIL achieved 15% increase in topline during 1HFY10 over 1HFY09 while the bottom line again showing handsome gain of 68% over 1HFY09 on the back of 500 bps increase in operating margin & over 400 bps increase in PAT margins over 1HFY09.
- Both the segment; viz; building products & thermal products achieved 60% & 70% increase in PBIT respectively, the PBIT margin for building products shown increase of 500 bps in 1HFY10 over 1HFY09.
- On the back of such strong 1st half, we expect HIL to cross Rs. 700 of revenue & achieve PAT of Rs. 78 Crs & Cash profit of Rs. 97 Crs. At CMP of Rs. 425, the stock is trading at 4x of its FY10E EPS of Rs. 105.

Financial snapshots

(Rs. In Crs)

Particulars	1HFY10	1HFY09	Var (%)
Net Sales	351.2	305.4	15.0
Other Operating Income	1.3	1.0	35.8
Other Income	1.2	1.4	(12.1)
Total Income	353.7	307.8	14.9
Total Expenditure	270.0	254.5	6.1
PBDIT	83.7	53.3	57.2
Interest	3.1	3.8	(19.4)
Depreciation/Amortisation	6.5	5.1	27.8
PBT	74.1	44.3	67.1
Tax	25.2	15.3	64.5
PAT	48.9	29.0	68.5
EPS (Rs.)	65.5	38.9	68.4
PBIDTM(%)	23.8	17.4	36.6
PBDTM(%)	23.0	16.2	41.8
PATM(%)	13.9	9.5	46.5

(Rs. In Crs)

Segments	Half yearly			Full Yearly		
	1HFY10	1HFY09	Var (%)	FY09	FY08	Var (%)
Sales						
Building Products	335.9	295.2	13.8	589.9	459.5	28.4
Thermal	15.7	10.6	48.4	29.5	22.9	28.7
TOTAL	351.6	306.0	14.9	619.8	484.3	28.0
PBIT						
Building Products	81.5	50.9	60.0	83.6	27.0	209.9
Thermal	4.9	2.9	70.8	9.2	9.4	(2.2)
TOTAL	86.4	53.8	60.6	91.4	36.2	152.5
Capital Employed						
Building Products	597.4	539.0	10.8	290.0	262.0	10.7
Thermal	30.2	13.5	124.3	15.2	7.4	105.4
TOTAL	627.6	557.5	12.6	305.8	272.0	12.4
PBIT Margin(%)						
Building Products	24.3	17.3	40.6	14.2	5.9	141.4
Thermal	31.4	27.3	15.1	31.1	41.0	(24.0)
TOTAL	24.6	17.6	39.8	14.8	7.5	97.2
ROCE(%)						
Building Products	13.6	9.5	44.3	28.8	10.3	179.8
Thermal	16.3	21.4	(23.8)	60.5	127.1	(52.4)
TOTAL	13.8	9.7	42.7	29.9	13.3	124.6

Financial Highlights

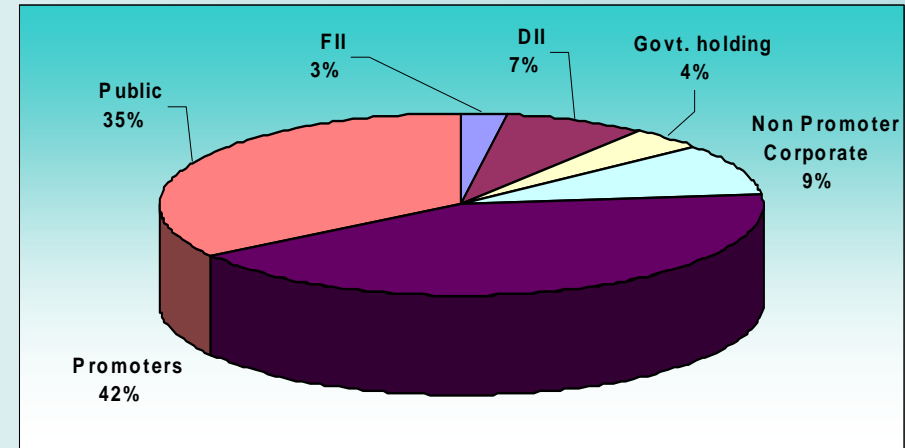
(Rs. In Crs)

	FY06	FY07	FY08	FY09	FY10E	Sources Of Funds	FY06	FY07	FY08	FY09	FY10E
Income						Total Share Capital	7.5	7.5	7.5	7.5	7.5
Gross Revenue	458.7	476.5	523.5	663.9	756.5	Equity Share Capital	7.2	7.5	7.5	7.5	7.5
Building Products (Asbestos)	425.3	416.4	458.8	589.0	681.9	Share Warrants & Application money	0.3	0.0	0.0	0.0	0.0
Thermal Insulation Products	12.4	17.8	22.8	29.4	32.4	Reserves	119.1	128.8	138.1	173.5	243.3
Heavy Engg.	7.0	1.4	0.5	0.5	0.2	Revaluation Reserves	5.7	5.6	5.4	5.2	5.2
Others	14.0	40.9	41.5	45.1	42.0	Networth (RHS)	132.4	141.8	151.0	186.2	256.0
Less: Excise Duty	(11.4)	(39.8)	(42.5)	(40.6)	(46.8)	Secured Loans	39.1	54.2	70.3	46.8	40.5
Operating Income/Net Sales	447.3	436.7	481.0	623.4	709.7	Unsecured Loans	17.9	19.1	20.5	32.8	30.0
Other Income	3.6	4.1	4.7	3.9	3.5	Total Debt	57.0	73.3	90.8	79.7	70.5
Stock Adjustments	(4.6)	30.9	5.6	(29.2)	(10.0)	Deferred payment liabilities	2.8	2.0	1.0	0.6	0.6
Total Income	446.3	471.6	491.3	598.0	703.2	Total Liabilities	192.2	217.1	242.8	266.5	327.1
Expenditure						Application Of Funds					
Raw Materials	194.0	255.3	264.9	300.1	327.0	Gross Block	192.0	229.9	238.4	282.2	327.2
Power & Fuel Cost	32.5	37.8	39.5	43.6	55.4	Less: Accum. Depreciation	91.3	100.4	109.1	122.4	140.8
Employee Cost	40.2	37.3	39.8	49.5	58.2	Less: Impairment of Assets	0.0	0.0	0.0	0.0	0.0
Other Manufacturing Exp.	55.8	56.9	63.1	74.6	63.9	Net Block	100.8	129.4	129.2	159.8	186.4
Freight Costs	50.5	53.0	43.9	36.7	49.7	Capital Work in Progress	24.8	2.7	23.0	36.5	15.0
Less: Pre-opertve exp Capitzed	1.2	5.3	0.0	0.0	0.0	Investments	18.1	9.6	9.5	9.3	9.3
Total Expenses	371.8	435.1	451.2	504.4	554.1	Inventories	77.4	115.1	113.5	111.5	147.3
Operating Profit	75.5	1.6	29.8	118.9	155.6	Sundry Debtors	39.2	38.9	47.9	50.6	61.9
PBDIT	74.5	36.5	40.1	93.6	149.1	Cash and Bank Balance	6.7	6.5	16.3	10.5	10.7
Interest	3.5	4.4	7.3	9.1	8.8	Total Current Assets	123.3	160.5	177.7	172.6	219.9
PBDT (Gross Profit)	71.0	32.1	32.8	84.5	140.3	Loans and Advances	25.6	23.4	22.1	19.0	22.0
Depreciation	8.3	9.7	11.3	14.2	18.4	Total CA, Loans & Advances	148.9	183.9	199.7	191.6	241.9
Transfer from Revl reserve	0.2	0.2	0.2	0.2	0.0	Current Liabilities	76.8	81.8	91.9	97.5	104.7
PBT	62.5	22.2	21.3	70.2	121.9	Provisions	11.9	13.2	10.4	14.6	15.8
Tax Provisions	22.4	8.4	7.8	25.3	43.3	Total CL & Provisions	88.7	94.9	102.3	112.1	120.5
Reported Net Profit	40.1	13.9	13.5	44.9	78.6	Net Current Assets	60.1	89.0	97.4	79.6	121.4
Extraordinary Income/ Exp.	-2.6	0.0	0.3	1.1	0.0	Miscellaneous Expenses	(0.0)	0.0	0.0	0.0	0.0
Adj. PAT Excl. extraordinary	37.5	13.9	13.2	43.7	78.6	Net Deferred Tax	(11.6)	(13.5)	(16.3)	(18.7)	(5.0)
Cash Profit	48.4	23.6	24.8	59.0	97.0	Total Assets	192.2	217.1	242.8	266.5	327.1

Financial Highlights

Ratios	FY06	FY07	FY08	FY09	FY10E
Growth in Sales	NA	3.9%	9.9%	26.8%	13.9%
Building Products	92.71%	87.39%	87.64%	88.72%	90.14%
Thermal Insulation Products	2.71%	3.73%	4.36%	4.42%	4.28%
Others	3.0%	8.6%	7.9%	6.8%	5.6%
Expenses as % of Sales	81.1%	91.3%	86.2%	76.0%	73.2%
Material Costs as % of Sales	42.3%	53.6%	50.6%	45.2%	43.2%
Power & Fuel Costs as % of Sales	7.1%	7.9%	7.5%	6.6%	7.3%
Emp cost as % of sales	8.8%	7.8%	7.6%	7.5%	7.7%
Freight cost as % of sales	11.3%	12.1%	9.1%	5.9%	7.0%
Operating Profit / Sales	16.5%	0.3%	5.7%	17.9%	20.6%
Interest as % of sales	0.8%	0.9%	1.4%	1.4%	1.2%
Interest as % of Debt	6.1%	6.0%	8.1%	11.4%	12.5%
Depreciation as % of Op Gr Bl	4.3%	4.2%	4.7%	5.0%	5.6%
Tax as % of PBT	36%	38%	37%	36%	35%
PAT/ Sales	9%	3%	3%	7%	10%
Sr Drs in no of days sales	31	30	33	28	30
Inventories in no of days sales	62	88	79	61	71
Debt Equity Ratio	0.43	0.52	0.60	0.43	0.28
Sales/ Gross Block	2.39	2.07	2.20	2.35	2.31
CMP	415.00	140.00	115.00	425.00	425.00
Market Cap	296.63	104.48	85.82	317.16	317.16
Cash profit	48.43	23.61	24.79	59.00	97.05
Cash Profit as % of Mkt Cap	16.33%	22.60%	28.89%	18.60%	30.60%
EPS	52.53	18.61	17.69	58.61	105.39
CEPS	67.75	31.64	33.22	79.06	130.04
CMP/EPS	7.90	7.52	6.50	7.25	4.03
CMP/CEPS	6.13	4.42	3.46	5.38	3.27
RoNW	30%	10%	9%	24%	31%
RoMC	16.3%	22.6%	28.9%	18.6%	30.6%
Book Value	185.18	190.03	202.36	249.50	343.07
CMP/ BV	2.24	0.74	0.57	1.70	1.24
Mkt Cap/ Sales	0.65	0.22	0.16	0.48	0.42

Shareholding Pattern Sept 09



8-Dec-09	
CMP (Rs.)	425
Equity (Rs.)	7.47
Face Value (Rs.)	10
52 week high/ low (Rs.)	450/ 90
Market Cap (Rs. Crs.)	317.5
Avg. Volume (3 month)	27391

BSE Code	509675
BSE Group	B
ISIN No	INE557A01011
NSE Symbol	HYDEBDIND
Bloomberg Code	HYI IN

Key Ratios	
EPS (TTM) (Rs.)	86.5
PE	4.9
P/ BV	1.7
EV/ EBITDA	4.3
Mcap/ Sales	0.5

Everest industries Ltd. (EIL)

- EIL registered a turnover of about Rs 530 Crs in FY09 which was nearly 85% higher than the FY08 turnover of Rs 285 crore. The growth had primarily come from new capacities and new businesses. An additional line for corrugated roofing sheets was installed at its Podanur and Roorkee factories and another line to manufacture fibre cement boards was added. Another strategy that paid off handsomely was the entry into pre-engineered steel buildings.
- The growth is expected to come from expansion in the roofing business as the company has grown from being a single product (fibre cement roofing) maker to a producer of a range of roofing products such as synthetic fibre, polycarbonate sheets, metallic roofing systems and coloured roofing sheets.
- The 1HFY10 numbers continue to show robust business environment as the topline grew by 35% over 1HFY09 while bottomline jumped by 157% to Rs. 14 Crs in 1HFY10 over 1HFY09. Close to 60% jump in operating profit & reduced interest cost led to sharp rise in profitability.
- Looking at the strong traction in demand, we expect EIL to cross Rs. 600 Crs turnover in FY10E & generate Cash profit of Rs. 47 Crs. At CMP of 170, the stock is currently trading at 10x of its FY10E EPS.

Financial snapshots

(Rs. In Crs)

Net Sales	313.6	231.2	35.6
Other Operating Income	0.7	0.5	38.5
Other Income	2.0	1.1	82.2
Total Income	316.3	232.8	35.9
Total Expenditure	281.7	211.2	33.4
PBIDT	34.6	21.7	59.7
Interest	5.6	6.6	(14.8)
Depreciation	9.2	7.7	19.7
PBT	19.8	7.4	167.1
Tax	5.7	1.9	193.8
Reported Profit After Tax	14.1	5.5	157.7
EPS	9.5	3.7	157.8
PBIDTM(%)	11.0	9.4	17.7
PBDTM(%)	9.3	6.5	41.7
PATM(%)	4.5	2.4	89.9

(Rs. In Crs)

Segments	1HFY10	FY09
Sales		
Steel Buildings	28.73	91.22
Build Products	149.60	439.13
TOTAL	178.33	530.35
PBIT		
Steel Buildings	(4.66)	1.94
Build Products	27.75	58.68
TOTAL	23.09	60.62
Capital Employed		
Steel Buildings	44.49	49.82
Build Products	244.56	289.04
TOTAL	289.05	338.86
PBIT Margin(%)		
Steel Buildings	(16.22)	2.13
Build Products	18.55	13.36
TOTAL	12.95	11.43
ROCE(%)		
Steel Buildings	(10.47)	3.89
Build Products	11.35	20.3
TOTAL	7.99	17.89

Financial Highlights

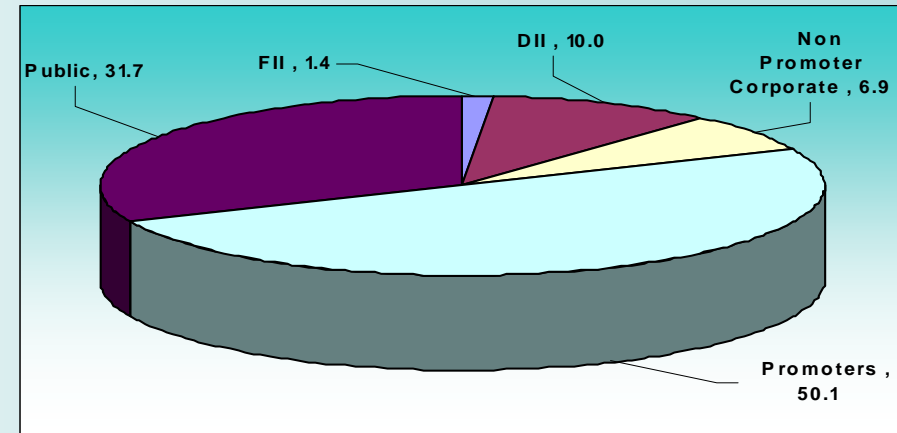
(Rs. In Crs)

	FY06	FY07	FY08	FY09	FY10E		FY06	FY07	FY08	FY09	FY10E
Income						Sources Of Funds					
Fibre Cement Products	248.4	306.7	299.3	449.4	529.6	Total Share Capital	14.8	14.8	14.8	14.8	14.8
Building Steel	0.0	0.0	0.0	98.8	118.7	Equity Share Capital	14.8	14.8	14.8	14.8	14.8
Resale Materials	6.5	19.0	0.0	0.0	0.0	Share Warrants & Application money	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	7.8	3.8	0.0	Reserves	115.0	119.7	126.5	136.5	157.8
Less: Excise Duty	(1.8)	(22.0)	(21.9)	(22.6)	(26.0)	Revaluation Reserves	0.0	0.0	0.0	0.0	0.0
Operating Income/Net Sales	253.1	303.8	285.2	529.5	622.3	Networth (RHS)	129.8	134.5	141.3	151.3	172.6
Other Income	1.3	3.0	14.3	4.8	2.0	Secured Loans	20.4	68.4	111.8	149.7	142.6
Stock Adjustments	0.0	0.0	10.2	8.7	5.0	Unsecured Loans	0.0	0.0	20.0	20.0	15.0
Total Income	254.4	306.8	309.6	542.9	629.3	Total Debt	20.4	68.4	131.8	169.7	157.6
Expenditure						Stockists Deposits	2.8	3.0	3.4	4.6	4.6
Raw Materials	109.0	152.6	164.4	292.5	330.8	Total Liabilities	153.0	205.9	276.6	325.6	334.8
Power & Fuel Cost	9.3	11.7	17.0	20.5	23.8	Application Of Funds					
Employee Cost	22.6	26.3	33.8	50.5	57.8	Gross Block	165.1	178.4	198.9	333.6	356.2
Other Manufacturing Exp.	20.0	23.9	26.0	50.3	54.3	Less: Accum. Depreciation	65.9	74.3	83.1	99.0	120.5
SG&A Exp.	51.0	62.9	64.7	88.3	93.1	Less: Impairment of Assets	0.0	0.0	0.0	0.0	0.0
Cost of land & development charges	0.0	0.0	0.0	0.0	0.0	Net Block	99.2	104.0	115.8	234.6	235.7
Less: Pre-opertve exp Capitalized	0.0	0.0	-28.8	-12.9	0.0	Capital Work in Progress	13.7	67.3	102.8	6.9	5.0
Total Expenses	211.9	277.3	277.1	489.2	559.8	Investments	0.0	0.0	0.1	0.1	0.1
Operating Profit	41.2	26.4	8.0	40.3	62.6	Inventories	52.2	58.0	79.0	129.6	150.7
PBDIT	42.4	29.5	32.5	53.7	69.6	Sundry Debtors	2.9	10.4	6.9	23.8	28.1
Interest	1.4	2.7	4.7	16.5	13.1	Cash and Bank Balance	14.0	17.2	31.5	22.6	11.6
PBDT (Gross Profit)	41.1	26.7	27.8	37.3	56.5	Total Current Assets	69.1	85.6	117.4	176.0	190.4
Depreciation	7.5	8.9	9.6	17.1	21.5	Loans and Advances	20.2	17.1	20.3	35.4	36.0
Exceptional Item	9.2	0.0	0.0	0.0	0.0	Total CA, Loans & Advances	89.4	102.7	137.7	211.4	226.4
PBT	42.8	17.8	18.1	20.1	35.0	Current Liabilities	29.0	42.1	56.3	99.8	104.7
Tax Provisions	11.6	6.2	3.7	5.7	9.2	Provisions	9.1	13.2	10.2	9.5	9.8
Reported Net Profit	31.2	11.7	14.4	14.5	25.8	Total CL & Provisions	38.1	55.3	66.5	109.3	114.5
Extraordinary Income/ Exp.	9.2	0.0	0.0	0.0	0.0	Net Current Assets	51.3	47.4	71.2	102.1	112.0
Adj. PAT Excl. extraordinary Income	22.0	11.7	14.4	14.5	25.8	Miscellaneous Expenses	0.9	0.0	0.0	0.0	0.0
Cash Profit	38.7	20.6	24.0	31.6	47.3	Net Deferred Tax	(12.2)	(12.9)	(13.2)	(18.0)	(18.0)
						Total Assets	153.0	205.9	276.6	325.6	334.8

Financial Highlights

Ratios	FY06	FY07	FY08	FY09	FY10E
Growth in Sales	NA	27.8%	-5.7%	79.8%	17.4%
Fibre Cement Products	98.15%	100.98%	104.96%	84.88%	85.10%
Steel Products	0.00%	0.00%	0.00%	17.89%	18.31%
Others	0.0%	0.0%	2.5%	0.7%	0.0%
Expenses as % of Sales	83.2%	85.1%	90.3%	88.6%	86.3%
Material Costs as % of Sales	42.8%	46.8%	53.6%	53.0%	51.0%
Power & Fuel Costs as % of Sales	3.7%	3.6%	5.5%	3.7%	3.7%
Emp cost as % of sales	8.9%	8.1%	11.0%	9.2%	8.9%
Operating Profit / Sales	16.2%	8.1%	2.6%	7.3%	9.7%
Interest as % of sales	0.5%	0.8%	1.5%	3.0%	2.0%
Interest as % of Debt	6.7%	4.0%	3.6%	9.7%	8.3%
Depreciation as % of Op Gr BI	4.5%	5.0%	4.8%	5.1%	6.0%
Tax as % of PBT	27%	35%	21%	28%	26%
PAT/ Sales	12%	4%	5%	3%	4%
Sr Drs in no of days sales	4	12	8	16	16
Inventories in no of days sales	75	65	94	86	85
Debt Equity Ratio	0.16	0.51	0.93	1.12	0.91
Sales/ Gross Block	1.54	1.83	1.54	1.65	1.82
CMP	184.00	84.50	97.00	170.00	170.00
Market Cap	272.32	125.06	143.56	251.60	251.60
Cash profit	38.68	20.56	24.04	31.59	47.28
Cash Profit as % of Mkt Cap	14.21%	16.44%	16.75%	12.56%	18.79%
EPS	14.89	7.87	9.73	9.76	17.42
CEPS	26.14	13.89	16.24	21.34	31.95
CMP/EPS	12.36	10.73	9.97	17.41	9.76
CMP/CEPS	7.04	6.08	5.97	7.96	5.32
RoNW	24%	9%	10%	10%	15%
RoMC	14.2%	16.4%	16.7%	12.6%	18.8%
Book Value	87.69	90.89	95.50	102.25	116.63
CMP/ BV	2.10	0.93	1.02	1.66	1.46
Mkt Cap/ Sales	1.07	0.38	0.47	0.46	0.39

Shareholding Pattern Sept 09



8-Dec-09	
CMP (Rs.)	170
Equity (Rs.)	14.8
Face Value (Rs.)	10
52 week high/ low (Rs.)	179/ 44
Market Cap (Rs. Crs.)	251.6
Avg. Volume (3 month)	16965

BSE Code	508906
BSE Group	B
ISIN No	INE295A01018
NSE Symbol	EVERESTIND
Bloomberg Code	EVI IN

Key Ratios	
EPS (TTM) (Rs.)	15.6
PE	10.9
P/ BV	1.7
EV/ EBITDA	7.7
Mcap/ Sales	0.5

Ramco Industries Ltd.

- The Company plans to setting up a new Plant for the manufacture of Fibre Cement Products at SIPCOT Industrial Growth Centre, Tamil Nadu, at a cost of about Rs.25 Crs, for which 32.31 acres of Land has been taken on 99 years Lease from SIPCOT. The Plant Capacity will be 120,000 M.T. p.a. and will cater to the Southern Districts of Tamil Nadu and Kerala. The Plant is expected to be commissioned before 30th September 2010.
- The Company registered steady growth of 15% in its topline for 1HFY10 as agianst 1hFY09 while the bottom-line also shown steady growth of 13% for the same period. Although both building products & textile space turnover went up in terms of PBIT margin, both the segment gave flat results. As against, wind mill segment's PBIT margin went to 55% in 1HFY10 over 45% in 1HFY09.
- Investments of Rmaco Inds.'s current valuation is around Rs. 640 Crs, which amounts to close to Rs. 70/ share. Currently the Company is available at market cap of Rs. 485 Crs. We feel the Company is grossly under valued as the value of business is not been been recognized in the market.
- Looking at the stable growth in this industry, we expect Ramco to earn EPS of Rs. 5.9 for FY10E. At CMP of Rs. 56, the stock is trading at 9x of its FY10E earning.

Financial snapshots

(Rs. In Crs)

	1HFY10	1HFY09	VAR [%]
Net Sales	247.38	214.91	15.1
Other Operating Income	9.79	9.32	5.0
Other Income	7	7	4.2
Total Income	264.30	231.07	14.4
Total Expenditure	198.24	168.32	17.8
PBIDT	66.06	62.75	5.3
Interest	11.70	11.36	3.0
Depreciation	14.38	16.22	(11.3)
PBT	39.98	35.17	13.7
Tax	11	9	17.6
Fringe Benefit Tax	0.00	0.20	(100.0)
Deferred Tax	(0.07)	0.06	(216.7)
PAT	29.35	25.81	13.7
EPS	3.39	2.98	13.7
PBIDTM(%)	26.70	29.20	(8.6)
PBDTM(%)	21.97	23.91	(8.1)
PATM(%)	11.86	12.01	(1.2)

(Rs. In Crs)

Segments	Half Yearly			Yearly		
	1HFY10	1hFY09	Var (%)	FY09	FY08	Var (%)
Sales						
Building Products	208.7	178.9	16.7	349.0	298.8	16.8
Textiles	34.8	29.8	16.7	56.7	44.9	26.4
Wind Mill	9.1	8.5	7.1	11.7	11.0	6.5
TOTAL	252.6	217.2	16.3	417.4	354.7	17.7
PBIT						
Building Products	36.2	31.6	14.5	49.1	35.7	37.4
Textiles	(1.1)	(1.2)	(10.5)	(4.4)	(0.5)	740.4
Wind Mill	5.0	3.8	31.1	2.9	1.6	80.0
TOTAL	40.1	34.2	17.2	47.6	36.8	29.4
Capital Employed						
Building Products	375.7	333.8	12.6	202.8	176.3	15.0
Textiles	112.4	86.0	30.6	52.9	31.9	65.8
Wind Mill	92.8	105.3	(11.9)	47.0	53.4	(12.1)
TOTAL	580.9	525.1	10.6	302.7	261.6	15.7
PBIT Margin(%)						
Building Products	17.4	17.7	(1.9)	14.1	12.0	17.6
Textiles	(3.2)	(4.2)	(23.3)	(7.7)	(1.2)	563.8
Wind Mill	55.2	45.1	22.4	24.7	14.6	69.0
TOTAL	15.9	15.8	0.8	11.4	10.4	9.9
ROCE(%)						
Building Products	9.6	9.5	1.7	24.2	20.3	19.5
Textiles	(1.0)	(1.4)	(31.3)	(8.3)	(1.6)	406.8
Wind Mill	5.4	3.6	48.6	6.1	3.0	104.3
TOTAL	6.9	6.5	6.0	15.7	14.1	11.9

Financial Highlights

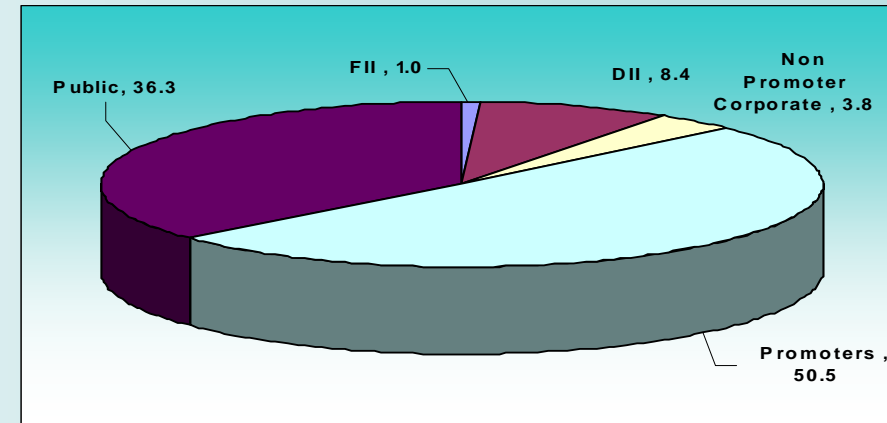
(Rs. In Crs)

	FY06	FY07	FY08	FY09	FY10E		FY06	FY07	FY08	FY09	FY10E
Income						Sources Of Funds					
Building Products	220.0	255.1	291.1	339.1	423.7	Total Share Capital	4.3	4.3	4.3	4.3	4.3
Textile	19.2	38.1	41.8	55.3	68.8	Equity Share Capital	4.3	4.3	4.3	4.3	4.3
Others	0.0	0.0	1.2	3.8	3.0	Reserves	203.9	220.7	241.6	273.2	317.0
Power generated from Wind Mills	4.9	10.7	10.4	11.0	17.5	Revaluation Reserves	0.0	0.0	0.0	0.0	0.0
Operating Income/Net Sales	244.1	303.8	344.4	409.2	513.0	Networth (RHS)	208.2	225.1	245.9	277.5	321.3
Other Income	15.7	28.9	29.9	32.3	28.0	Secured Loans	139.5	162.2	233.2	188.7	190.0
Stock Adjustments	14.9	5.8	3.5	11.5	10.0	Unsecured Loans	85.0	63.3	30.9	70.6	65.0
Total Income	274.7	338.5	377.8	453.0	551.0	Total Debt	224.5	225.5	264.1	259.2	255.0
Expenditure						Total Liabilities	432.7	450.6	510.0	536.7	576.3
Raw Materials	139.6	184.4	210.6	256.9	305.8	Application Of Funds					
Power & Fuel Cost	18.2	23.7	27.2	30.5	39.1	Gross Block	288.1	308.7	388.6	405.6	458.3
Employee Cost	15.9	18.9	19.8	20.9	26.4	Less: Accum. Depreciation	86.7	112.7	140.7	171.3	207.2
Other Manufacturing Exp.	5.2	6.2	1.2	1.7	2.5	Less: Impairment of Assets	0.0	0.0	0.0	0.0	0.0
Cost of resale materials	1.2	2.2	1.4	2.0	2.0	Net Block	201.4	196.0	247.9	234.3	251.1
SG&A Exp.	19.2	24.1	31.1	35.6	41.8	Capital Work in Progress	3.0	5.1	1.6	0.8	5.0
MD's Remuneration	2.4	1.6	2.0	3.1	3.5	Investments	180.5	192.8	192.8	202.6	210.0
Total Expenses	201.6	261.0	293.2	350.7	420.9	Inventories	64.0	59.3	68.4	109.7	119.7
Operating Profit	42.5	42.7	51.2	58.5	92.1	Sundry Debtors	22.5	24.0	27.3	29.1	37.1
PBDIT	73.1	77.4	84.6	102.3	130.1	Cash and Bank Balance	10.9	5.8	15.0	14.9	7.1
Interest	8.2	15.9	19.5	25.3	23.5	Total Current Assets	97.3	89.1	110.7	153.7	163.9
Depreciation	17.4	27.8	28.2	30.7	35.9	Loans and Advances	20.1	35.3	37.6	48.6	51.0
PBT	47.5	33.7	36.9	46.4	70.7	Total CA, Loans & Advances	117.4	124.4	148.3	202.3	214.9
Tax Provisions	14.4	9.0	11.5	10.7	19.3	Current Liabilities	34.8	29.2	36.4	56.1	63.3
Reported Net Profit	33.1	24.7	25.5	35.7	51.5	Provisions	7.9	10.6	12.0	17.9	21.5
Cash Profit	50.5	52.5	53.7	66.3	87.4	Total CL & Provisions	42.7	39.8	48.5	74.0	84.7
						Net Current Assets	74.8	84.6	99.8	128.3	130.2
						Miscellaneous Expenses	0.2	0.0	0.0	0.0	0.0
						Net Deferred Tax	(27.1)	(28.0)	(32.1)	(29.4)	(20.0)
						Total Assets	432.7	450.6	510.0	536.7	576.3

Financial Highlights

Ratios	FY06	FY07	FY08	FY09	FY10E
Growth in Sales	NA	22.5%	14.0%	19.2%	24.4%
Building Producers	90.14%	83.96%	84.50%	82.87%	82.59%
Textile	7.88%	12.53%	12.13%	13.51%	13.41%
Wind Power	2.0%	3.5%	3.0%	2.7%	3.4%
Expenses as % of Sales	84.3%	89.1%	87.8%	88.1%	84.9%
Material Costs as % of Sales	58.3%	62.9%	63.1%	64.5%	61.7%
Power & Fuel Costs as % of Sales	7.6%	8.1%	8.1%	7.7%	7.9%
Emp cost as % of sales	6.6%	6.4%	5.9%	5.2%	5.3%
Operating Profit / Sales	17.8%	14.6%	15.3%	14.7%	18.6%
Interest as % of sales	3.4%	5.4%	5.8%	6.3%	4.7%
Interest as % of Debt	3.7%	7.1%	7.4%	9.7%	9.2%
Depreciation as % of Op Gr Bl	6.0%	9.0%	7.3%	7.6%	7.8%
Tax as % of PBT	30%	27%	31%	23%	27%
PAT/ Sales	14%	8%	8%	9%	10%
Sr Drs in no of days sales	34	30	30	27	27
Inventories in no of days sales	98	74	75	101	88
Debt Equity Ratio	1.08	1.00	1.07	0.93	0.79
Sales/ Gross Block	0.83	0.95	0.86	0.98	1.08
CMP	75.00	40.00	38.00	56.00	56.00
Market Cap	650.25	346.80	329.46	485.52	485.52
Cash profit	50.48	52.50	53.68	66.32	87.35
Cash Profit as % of Mkt Cap	7.76%	15.14%	16.29%	13.66%	17.99%
EPS	3.81	2.85	2.94	4.11	5.93
CEPS	5.82	6.06	6.19	7.65	10.07
CMP/EPS	19.67	14.03	12.93	13.62	9.44
CMP/CEPS	12.88	6.61	6.14	7.32	5.56
RoNW	16%	11%	10%	13%	16%
RoMC	7.8%	15.1%	16.3%	13.7%	18.0%
Book Value	24.01	25.96	28.37	32.00	37.06
CMP/ BV	3.12	1.54	1.34	1.75	1.51
Mkt Cap/ Sales	2.72	1.18	0.99	1.22	0.98

Shareholding Pattern Sept 09



8-Dec-09	
CMP (Rs.)	57
Equity (Rs.)	8.66
Face Value (Rs.)	1
52 week high/ low (Rs.)	72/ 17
Market Cap (Rs. Crs.)	493.6
Avg. Volume (3 month)	17380

BSE Code	532369
BSE Group	B
ISIN No	INE614A01028
NSE Symbol	RAMCOIND
Bloomberg Code	RAMCO IN

Key Ratios	
EPS (TTM) (Rs.)	4.5
PE	12.6
P/ BV	1.8
EV/ EBITDA	7.3
Mcap/ Sales	1.0



THANK YOU



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