



SHREE GANESH JEWELLERY HOUSE LTD

September 16, 2011

BSE Code: 533180 NSE Code: SGJHL Reuters Code: SHRG.BO Bloomberg Code: SGJ:IN

Shree Ganesh Jewellery House Ltd (SGJHL) is a ₹58 billion jewellery manufacturer by revenue with a pan-India presence across 20 locations in the country. Over its 19 years of operations in the Indian gems and jewellery market, the company has magnified its presence from low-cost converters of gold into a progressively holistic jewellery organisation with a sound business model and well defined business strategies. The company with a 'four star export house' status derives ~90% of its revenue from overseas markets.

Investor's Rationale

SGJHL reported a remarkable increase of 89.2% (y-o-y) in its consolidated net revenues at ₹25,722.1 million backed by strong demand across product categories and markets. Going forward, **the company intends to increase its turnover in the range of 20-25% to over ₹70 billion during FY12 and reach ~₹90 billion by FY13.**

SGJHL is planning to enter the non-banking financial company (NBFC) by Dec'11, with an initial investment of ₹2 billion. This move of the company is not only well strategized in terms of safety but also seems logical, as apart from generating attractive interest income on the quantum of loan provided, it will have a secure holding of gold collaterals, whose value is at the best level in the present times.

On international front, SGJHL is close to acquiring two foreign jewellery retail brands, one each in Italy and United Arab Emirates. This move of the company will not only enhance the **global presence of the fashion jewellery house but will also provide a better competitive edge over brand value, cost reduction and asset base.**

SGJHL is setting up a gold refinery for old and used gold, at Domjur in West Bengal, which is expected to commence production in Q2FY'12. The expected additional production of 4,250 kgs of handcrafted jewellery and 1.5 lac carat diamond studded jewellery from this unit will boost the total productivity level of the company from its present 17 tonnes to ~30 tonnes in FY2012.

Under its three-way retail expansion strategy, SGJHL is targeting to more than double the number of its stores in FY12 to 50, from the existing 23 stores. For this purpose, it has also entered into a strategic alliance **with Bharti-Walmart to open 25-30 stores**, under a shop-in-shop format in its retail stores for better penetration into in tier II and tier III cities. Under this initiative, **the company also intends to have approximately 150 franchises around India and launch its own stores in large metros.**

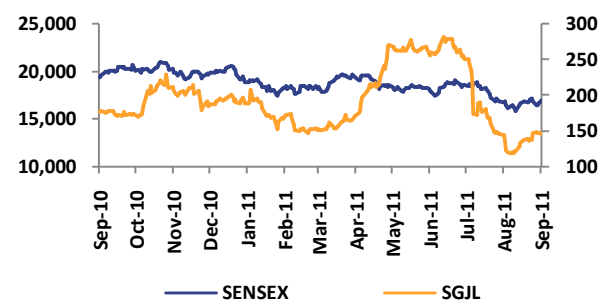
Market Data

Rating	BUY
CMP (₹)	146
Target (₹)	200
Potential Upside (%)	36
Duration	Long Term
52 week H/L (₹)	286/117.2
All time High (₹)	286
Decline from 52WH (%)	140
Rise from 52WL (%)	29
Beta	0.56
Mkt. Cap (₹ mn)	8,877.8
Enterprise Val (₹ mn)	9,140.8

Fiscal Year Ended

	FY10A	FY11A	FY12E	FY13E
Revenue (₹mn)	34,755	58,399	72,999	91,979
Net Profit(₹mn)	1,674	2,950	4,885	6,949
Capital (₹mn)	485	607	607	607
EPS (₹)	34.5	48.6	80.5	114.5
PE (x)	4.2	3.0	1.8	1.3
P/BV (x)	1.2	0.8	0.6	0.4
EV/EBITDA (x)	0.2	0.2	0.1	0.1
ROE (%)	29.3	25.9	30.8	31.3
ROA (%)	26.7	24.2	32.1	31.2

Relative Price Chart



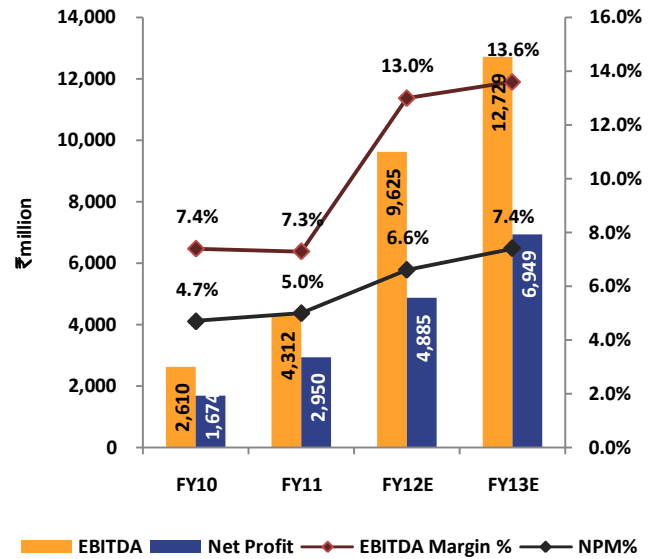
Shareholding Pattern	Jun'11	Mar'11	Diff.
Promoters	70.7%	70.7%	-
Institutional	15.9%	17.3%	(1.40)
General Public	4.0%	6.0%	(2.00)
Others	9.5%	6.0%	3.50



Healthy demand and rising gold prices pops up Q1FY'12 top-line

During Q1FY'12, SGJHL reported a significant increase of 89.2% (y-o-y) in its consolidated net revenues at ₹25,722.1 million, backed by strong demand across product categories and markets coupled with increasing gold prices. Healthy demand in the domestic as well as overseas markets for Italian fusion jewellery boosted the top-line further. During the quarter, retail contribution marked a significant ~14.6% contribution to the total domestic revenues basket against 10.81% share in the same period prior year. At the same time, contribution of studded jewellery to the company's revenue mix also increased to ~25-30% as compared to ~15-20% in Q1FY'11. Operating profit increased 35.2% (y-o-y) to ₹1,072.5 million, reflecting an operating margins of 4.2%. Despite increased taxation charges due to change in regulation related to levy of MAT on SEZs, the company clocked a 26.6% increase in its quarterly net profit at ₹813.2 million against ₹642.1 million in the corresponding period a year earlier. Going forward, **the company intends to increase its turnover in the range of 20-25% during FY12 to over ₹70 billion and reach ~₹90 billion by FY13.**

Reduced dependency on imported gold to fuel up operating margins

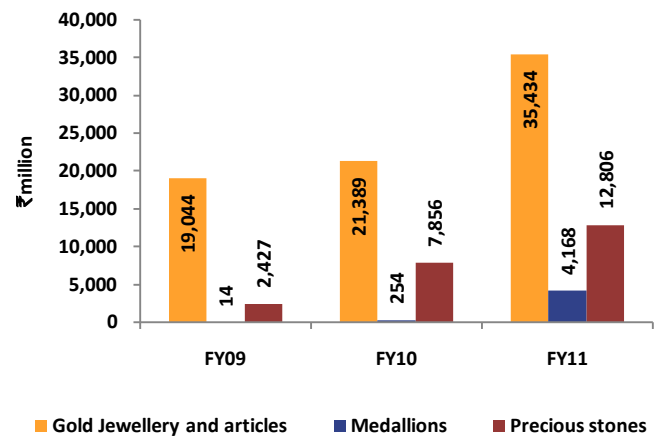


New Product range to result huge volume growth

SGJHL has recently launched a **new range of 18-22 karat gold jewellery "Gaja Lites", varying between 1-20 gms** with the intention to tap the growing fashionable and light-weight gold and diamond jewellery market, as well as the low-budget spenders, especially during the upcoming festive season.

This move of the company encompasses to SGJHL's vast product expansion programme to attract young men and women with its in-house brands 'GAJA'. Moving further, the company intends to enhance its vast product portfolio mix of medallions, gold jewellery and precious stones by adding a new range of products to its Italian fusion and studded jewellery line, so as to cater to a diverse customer base and add substantial volume growth of ~76% (y-o-y) in FY12.

Revenue growth from medallions-highest in past 2 years



Strategic foray into the Gold Loan Business reflects safer extension

As a part of its diversification plan, SGJHL is also planning to enter the non-banking financial company (NBFC) by Dec'11. For this purpose, it has already acquired a Kolkata-based NBFC in Aug'11, which has a substantial portfolio of gold loans. The company intends to invest around ₹2 billion in the business at the initial point and considering the pro-activeness among gold owners in southern India to accept and exercise the option of pledging gold to borrow money than that in rest of the country, **SGJHL aims to launch ~50 branches in region and expand gradually.**

In India, gold loan comprise only 10% of the total loan market of which 25% is organised and the rest is accounted by local money lenders, who provide loans at higher rates. The company's entry into the niche market with gold loan capabilities by providing easy access, with little documentation and formality, is not only well strategized in terms of safety but also seems logical as it will not only generate an attractive interest income on the quantum of loan provided against collateral gold securities, but will do so with collateral that exceeds the value of the loan by a safe margin.



Overseas acquisitions to play larger role in cost reduction

On the international front, SGJHL is close to acquiring two foreign jewellery retail brands, one each in Italy and United Arab Emirates. The company aims to purchase a Dubai-based diamond jewellery manufacturer with a capacity of 10 tonnes of diamond jewellery per annum, and 20 retail stores across UAE, with an outlay of ~₹1,250-1,500 million. And this facility is expected to start operations from Dec'11. On the materialisation of this deal, SGJHL's broad based presence will facilitate considerable freight saving as gold presently needs to be transported from Dubai to Kolkata. Under the proposed arrangement, the company also intends to relocate craftsmen to Dubai, reduce costs, taxes and maintain prompt delivery schedules to serve its larger international clientele better.

Additionally, the company is eyeing to buy a 150 year popular **Italian fashion jewellery house at a suitable price of ~₹9,800 million in the next half of the fiscal, banking on its big brand value to cater the youth of the country.** Besides, SGJHL has also initiated negotiations with an Italian jewellery house for an equal joint venture to manufacture light-weight machine-made jewellery to tap the growing demand for lightweight jewellery, likely to be signed by Dec'11.

Domjur refinery to see processing capacity at 41,250 kgs per year in Q3FY'12

SGJHL is setting up a gold refinery for old and used gold, at Domjur in West Bengal, which is expected to commence production in Q2FY'12. The proposed plant with an installed capacity to refine 35,000 kgs of gold, will not only assist SGJHL in reduction of raw material cost and optimization of operations, but will also to reduce dependence on imported gold and improve margins notably. Besides, it will enable the company to buy old jewellery and refine it for onward re-use, reduce gold procurement costs, ensure steady supply of gold from domestic sources as well as facilitate attractive arbitrage opportunity. Further **in Q3FY12, the company intends to ramp up its processing capacity to 41,250 kgs a year.** With an additional production capacity of 4,250 kgs of handcrafted jewellery and 1.5 lac carat diamond studded jewellery, the new refining facility will go a long way in supporting the execution of its present order book of ₹35 billion.

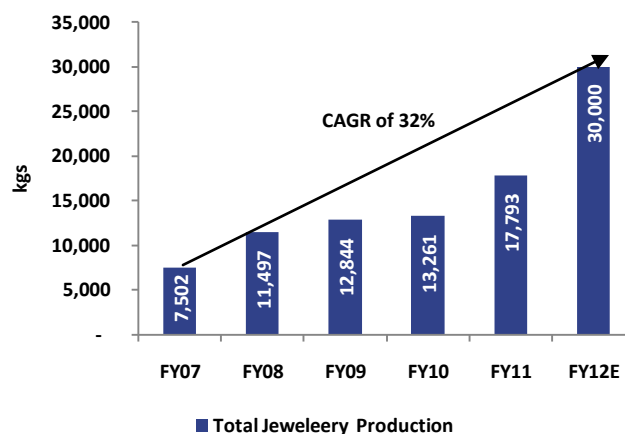
Productivity level to reach 30 tonnes in FY12E

In FY11, SGJHL's total jewellery production reported a growth of 42% to 17 tonnes from 12 tonnes of output in FY10, backed by additional production of Italian fusion jewellery and other handcrafted products at its Mondalpara unit (West Bengal), which came into operation during Q4FY11. During FY11, the gold jewellery and articles of the company increased by 22% to 15,159 kgs on y-o-y basis and its Medallions output grew more than twelve times from 168 kgs in FY10 to 2,087 kgs in FY11. Meanwhile, its precious stones witnessed 25.5% decline to 2,737 kgs on y-o-y basis. Going further, backed by additional production of 4,250 kgs of handcrafted jewellery and 1.5 lac carat diamond studded jewellery from its Domjur (West Bengal), **likely to be operative from Q2FY12, SGHJL is expected to witness a volume growth of ~32% (5 year CAGR), boosting its total productivity level to ~30 tonnes in FY12.**

Total jewellery manufacturing capacity stays strong at ~ 43,000 kgs

Location	Manufacturing capacity	Refining capacity	Number of Craftsman	Operational status
Manikanchan SEZ (Kolkata)	37,000 kgs of handcrafted jewellery	-	489	Operational
Mondalpara (West Bengal)	2,550 kgs of Italian fusion jewellery and handcrafted jewellery	-	56	Operational (Q4FY11)
Domjur (West Bengal)	4,250 kgs of handcrafted jewellery and 1.5 lac carat diamond studded jewellery	35,000	350	Expected to operationalise in Q2FY12.

Increased gold jewellery throughout to yield better margins





SGJHL- well strategized with a progressive holistic model

SGJHL, based on a sound business model with well defined business strategies and an evolving product portfolio has emerged to be one of the promising jewellery house in the country, with persistent focus on sustainable profitability. Over the years, addressing the fast-growing jewellery demand, the company has magnified its presence from low-cost converters of gold into a progressively holistic jewellery organisation. And banking on its following **strengths of strategic location, designing capabilities, quality, strong customer relationship, marketing network, brands and widespread product portfolio, SGJHL aims to be over US\$2 billion venture in the next two years.**

- **Strategic location:** The company's three manufacturing units are located in West Bengal, leveraging the abundant availability of skilled jewellery craftsmen as well as international connectivity.
- **Quality:** The Company's products meet stringent international standards. 88.32% of the company's sales are derived through exports; more than 80% of the income is derived from longstanding repeat customers.
- **Strong customer relationship:** SGJHL enjoys long-term relationships with major suppliers and vendors in India and abroad, which enhances raw material availability, bulk purchase economies and repeat orders.
- **Marketing network:** SGJHL enjoys strong marketing connections with large wholesalers in Singapore, Middle East and Hong Kong; nearly 90% of the Company's revenues were derived through exports to these wholesalers.
- **Competitiveness:** A combination of scale (30,000 kgs of handcrafted gold jewellery and light Italian fusion jewellery and 35,000 kgs of gold refinery) and labour costs (a tenth of developed countries) has enhanced the company's competitive advantage.

Strong business model to be sustained with wide-geographical reach

Business	Volume	Value	Outlay	Risk
Handcrafted jewellery	High, derived from growing demand from large international wholesalers	Reasonable returns	High on account of investments in working capital and capital assets	Low owing to a high product acceptance.
Fusion jewellery	High, derived from a growing demand for affordable jewellery.	High margins as the Company substitutes imports through in-house manufacture.	Low, as the Company tied up with an Italian company to provide free equipment	Low, as the reasonably priced products find Better acceptance.
Retail stores	Medium, as the retail stores are driven by individual buyers.	High, as the Company markets products manufactured in house, enhancing margins.	High, as setting up retail stores involves capital investments.	Medium, as some retail stores may struggle to break even. Franchising is an option.
Brand acquisition	High, as the Company intends to invest in prominent brands	High, as branding will attract margins	High, as the acquisition of reputed brands will involve huge capital costs.	Medium, as the Company may take longer to break even.
Refining	High, as there are large number of sellers of old jewellery and few creators of new ones.	High, as the Company Procures old gold at a low cost, refines it and consumes it to make jewellery.	Medium, as a refining unit requires a large Capital investment.	Low, as the Company is getting associated with London Bullion Metal Association for certifying purity of its refined gold
NBFC	Medium, as there are numbers of individuals looking for loans against gold.	Low, as the Company will charge reasonable rates of interest.	Medium, as offices entail a reasonable capital cost.	Low, as the gold will provide more than 100% collateral security.
Bullion trading	High, as there is a large number of investors in gold.	Low, as the Company will earn delivery charges on gold transactions.	Medium, as the Company needs to commission an online trading terminal to facilitate gold trading.	Low, as the trading terminal will be delivery based, enabling the Company to earn delivery charges on every transaction.



Three-way retail expansion strategy to boost domestic presence

As a part of SGJHL's brand extension and domestic retail expansion plan, the company is targeting to more than double the number of its stores in FY12 to 50, from the existing 23 stores. Its light-weight gold jeweller brand, 'Gaja Lites' will be rolled out in 250 outlets in tier II and tier III cities and the first store has already been launched in Bangalore. Additionally, the company has entered into a strategic alliance with Bharti-Walmart, which is developing large format stores, for a shop-in-shop arrangement in its retail stores to sell jewellery. **The first outlet of this kind is expected to be operational in Q2FY12, followed by another 24-29 stores in the near future.** This move will not only help the company to have better penetration to tier II areas but also avail larger footfall. Under its three-fold retail expansion strategy, the company also intends to have approximately 150 franchises around India and launch its own stores in large metros.

Proposed acquisition to give extra edge to brand value

SGJHL is eyeing to purchase two big international jewellery retail brands by the end of FY13. These acquisitions are likely to give the next big trigger for its skyrocketing balance sheet as it will circumvent years of painstaking brand building efforts and will facilitate a quicker access into the fast-growing Asian markets. It will also create a demand pull for the company's in-house brands and help the company to gradually reinforce its business integration.

Bullion trading to add another revenue wing

Gold is one of the most preferred investment media in India and SGJHL has tied up with National Spot Exchange to facilitate a gold trading platform, enabling investors to buy and sell gold online. **This move would not only earn revenues through delivery charges on such transactions but will also complement the company's efforts to build a larger and more profitable venture over the foreseeable future.**

Margins to stay unharmed despite rising gold procurement cost.

Gold comprises ~90% of raw materials procurement cost of the company. However, heavy price fluctuation in gold prices does not affect margins as the commodity is passed to consumer with higher realisation. The price at which the customer fixes the gold content of the jewellery determines the price at which the company fixes the purchase price paid to the vendor. **This minimises SGJHL's exposure to open metal price volatility.**

Italian Fusion jewellery products to contribute ~25-30% of FY12 revenues

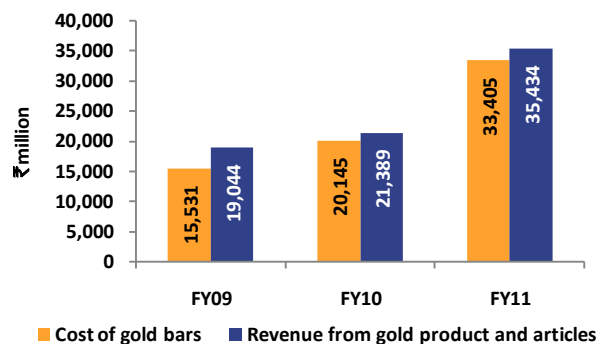
The jewellery industry has recently identified a new class of consumers in several Asian countries, who are some years away from buying expensive handcrafted jewellery but keen to buy relatively affordable jewellery. Considering the long-term potential of this consumer segment, SGJHL has commissioned a fusion gold jewellery manufacturing plant in Mondalpara (West Bengal) in Q4FY11, equipped with all modern equipment from Italy with a manufacturing capacity of 2,550 kgs of Italian fusion jewellery and handcrafted jewellery with 56 skilled craftsmen. Encouraged by the growing demand for Italian fusion jewellery in both the domestic as well as overseas market, **SGJHL aims to generate 25-30% of its FY12 revenues from its fusion Italian jewellery products and thereby enhance margins with an attractive volume-value play.**

Effective utilisation of IPO proceeds to generate revenues in FY12

In Apr'10, SGJHL raised funds worth ~₹3,155.4 million through an IPO in the growing equity market of India. The following effective utilisation of these funds for greater value addition is likely to yield returns from FY12.

- Invested a sum of ₹948.8 million to commission capacities across our three facilities
- Invested ₹181.8 million to setup retail stores across India
- Allocated ₹500 million to address its working capital needs
- Allocated ₹30 million for general corporate purposes

Revenue from gold jewellery and articles offsets rising cost of gold

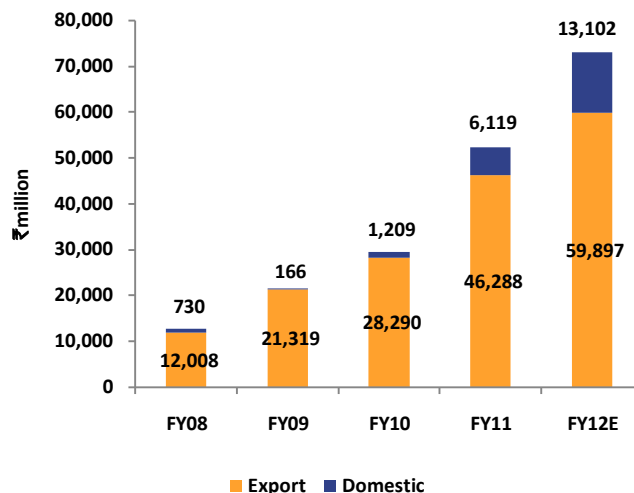




Domestic retail business to grow three-fold in next two years

During Q1FY12, SGJHL's revenue from the domestic business grew more than double to ₹3,756.2 million from ₹1,469.4 million in the same period a year ago. Backed by its efforts to expand its pan-India presence by adding 3 retail stores to its network of 20, (2 owned stores in Chandigarh and 1 franchisee store in Bangalore) the proportion of domestic revenues in its overall turnover has increased to 15% from 11% in Q1FY11. Going further, SGJHL intends to commission another 30 retail stores in Tier II & III cities through exclusive shops & franchisees to sustain its present level of revenue contribution from the domestic business in FY12. Further, **SGJHL intends to record a three-fold growth in the domestic retail business in the next two years.** We expect revenue from domestic business to grow more than twofold to ~ ₹13 billion in FY12.

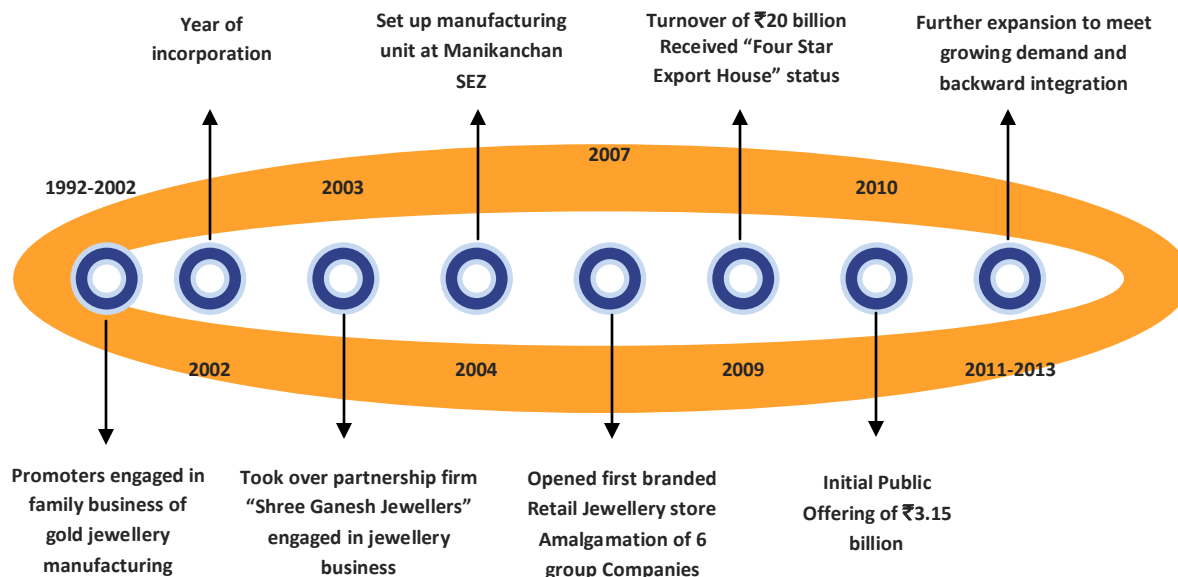
Revenue growth from domestic business to outpace export sales growth



Export Business to grow over ₹50 billion in FY12E

During Q1FY12, the export business of SGJHL recorded an impressive growth of 81% to ₹21,965.90 million from ₹12,165.90 million in Q1FY11, on the back of continued efforts to expand the product portfolio and robust demand for handcrafted gold jewellery from the overseas market including Middle East, Singapore and Hong-Kong. SGJHL is one of the largest manufacturer and exporter of handcrafted gold Jewellery in India with "Four Star Export House" status, generating more than 80% of turnover from the export business. The company is known for its long standing relations with International customers such as Ibrahim Al Sayegh Jewellery, Sparkle Jewellery FZE (UAE), Denzong (Hong Kong), Wondercut Pte Ltd, Abhusan (S) Private Limited, Excellency Pte Limited, (Singapore). Going further, **the company intends to increase its product portfolio and venture into new territories like ASEAN, Europe, Australia and Africa and exploring retail opportunities in the overseas markets to increase its exports manifold. We expect export revenues to grow over ₹55 billion by the end of FY12.**

SGJHL's journey so far





The Gems and Jewellery Industry

The Gems and jewellery sector has a huge market in India and abroad, India carry the tag of world's largest bullion market and the largest consumer of gold and silver jewellery across the globe, with the domestic market size of over US\$50 billion as on 2011. It is expected to grow to US\$100 billion by 2015 with a compound annual growth rate (CAGR) of 19% during 2011-2015, on the back ever rising share of domestic saving in the economy tied with latent demand for jewellery from both rural and urban population of the country. The Indian gems and jewellery market comprises diamonds, coloured stones, jewellery (gold and silver), pearls, among others. Gold and diamond jewellery account for around 80% of diamonds processing in terms of carats and 55% in terms of volume. A steady sale of jewellery, especially of gold, has helped the gems and jewellery industry in India flourish at this rapid rate. Moreover, people are also investing their money in gold as a future recourse to counter tough times. In addition, India has evolved as a great place for diamond processing with over 90% of the world's diamonds are cut and polished in India only.

The gems and jewellery sector accounts for 16.7% of India's total merchandise exports with a value of US\$43 billion, an increase of about 47% over the last year. Almost 50.5% of the goods were exported to the USA during the year. The total imports in the gems and jewellery sector increased 46.96% from US\$28.53 billion in FY10 to US\$42.93 billion in FY11.

Organized retail offers escalation prospective

India has been witnessing the retail revolution since the preceding few years, encouraged by the growth in disposable income and the increasing wealth of individuals, rapid construction of organised retail infrastructure, increased demand for value-added products and changing lifestyle trends.

With the growth of branded retail in India, organised retail (comprising retail and branded retail) grew from 4% in FY10 to about 5-7% in 2010-11. The share of unorganised segment, comprising family jewellers, declined from 96% in FY10 to around 93-95% in FY11. The market for branded jewellery retail in India at US\$2.85 billion, is just 5% of the US\$57 billion domestic jewellery retail market. The branded Indian jewellery retail market is growing at 30-40% annually, with growth being attributed to the rising brand consciousness of people.

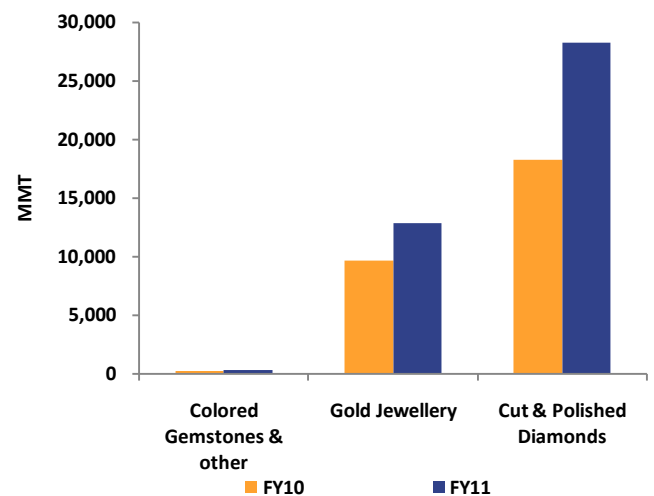
India's gems and jewellery have traditionally been sold by family jewellers. Now, retail formats, such as boutiques, shopping malls, supermarkets and gold souks offer branded gems and jewellery. International brands have increasingly thronged the Indian market in the last decade. A number of jewellery exporters are actively looking to open their retail outlets here. India has begun to move towards branded jewellery retail as consumers have accepted the modern retail formats.

Outlook

The growth in the Indian Gems and Jewellery industry is witnessing a significant growth and advent many new branded jewellery shops in various metros of this country in recent years, backed by rising income levels in the country, latent domestic demand and strong demand from export markets. Brands such as, Damas Jewellery, Reliance Retail, Swarovski, and Joy Alukkas, are either opening or have already opened their new branches. The Indian Gems & jewellery industry is set to scale new heights in the fields of production, development, manufacturing backed by the presence of low cost manufacturing facilities, cheap labour and presence of well skilled people in various states of India is helping in the growth of diamond polishing and gold jewellery markets.

The Indian gems and jewellery market is expected to grow at a CAGR of 19% during FY15, backed by increasing government support and incentives coupled with private sector initiatives. The country's exports from gems and jewellery in FY12 are expected to increase by 15-20%.

Demand for gems and jewellery products in India





Balance Sheet (Consolidated)

(₹million)	FY10A	FY11A	FY12E	FY13E
Share Capital	485.5	606.8	606.8	606.8
Reserve and surplus	5,226.2	10,774.9	15,235.9	21,580.6
Net Worth	5,711.7	11,381.8	15,842.8	22,187.4
Minority Interest	32.7	36.2	36.2	36.2
Secured funds	2,931.3	4,640.5	5,568.6	6,571.0
Unsecured Funds	774.3	1,389.0	1,666.8	1,966.8
Capital Employed	9,449.9	17,447.5	23,114.4	30,761.5
Gross fixed assets	268.3	1,145.0	2,290.0	4,076.2
Less: accumulated depreciation	78.7	144.0	253.5	391.5
Net Fixed assets	189.6	1,001.0	2,036.5	3,684.7
Capital WIP	5.8	230.3	69.1	13.8
Total Fixed Assets	195.4	1,231.3	2,105.6	3,698.5
Net deferred Tax Asset	76.7	81.7	81.7	81.7
Investment	1.6	1,263.5	2,527.0	5,054.1
Net Current Assets	9,176.2	14,871.0	18,400.2	21,927.2
Capital Deployed	9,449.9	17,447.5	23,114.4	30,761.5

Key Ratios

	FY10A	FY11A	FY12E	FY13E
EBITDA Margin (%)	7.4	7.3	13.0	13.6
EBIT Margin (%)	7.3	7.2	12.9	13.5
NPM (%)	4.7	5.0	6.6	7.4
ROCE (%)	27.3	24.3	41.2	40.9
ROE (%)	29.3	25.9	30.8	31.3
ROA (%)	26.7	24.2	32.1	31.2
EPS (₹)	34.5	48.6	80.5	114.5
P/E (x)	4.2	3.0	1.8	1.3
BVPS	117.7	187.6	261.0	365.5
P/BVPS (x)	1.2	0.8	0.6	0.4
EV/Operating Income (x)	0.2	0.2	0.1	0.1
EV/EBITDA (x)	3.3	2.1	1.0	0.7
EV/EBIT (x)	3.4	2.2	1.0	0.7

Profit & Loss Account (Consolidated)

(₹million)	FY10A	FY11A	FY12E	FY13E
Operating Income	34,755.2	58,399.1	72,998.8	91,978.5
Other Income	528.7	722.0	1,010.8	1,415.2
Total Income	35,283.9	59,121.1	74,009.7	93,393.7
Operating Expenses	32,674.4	54,809.3	64,385.0	80,665.2
EBITDA	2,609.5	4,311.8	9,624.7	12,728.5
EBITDA Margin (%)	7.4	7.3	13.0	13.6
Depreciation	28.4	65.4	109.5	138.0
EBIT	2,581.1	4,246.5	9,515.2	12,590.6
EBIT Margins (%)	7.3	7.2	12.9	13.5
Interest	846.4	1,265.9	2,531.8	2,658.4
PBT	1,734.7	2,980.5	6,983.4	9,932.1
Tax	61.0	34.1	2,095.0	2,979.6
Minority Interest	0.6	3.6	3.6	3.6
Net Profit	1,674.3	2,950.0	4,884.8	6,948.9
Net Profit Margin (%)	4.7	5.0	6.6	7.4

Valuation

SGJHL has a long term strategy to capitalize on the prevailing strong and steady economic growth of India. The company's strategy to introduce a new range of products, foray into a lucrative business, growing manufacturing capacity and a three-way retail expansion effort stands in testimony to its consistent efforts to improve competitive edge in the market and offer better values to its shareholders. Based on a sound business model with well defined business strategies, the company's balance sheet is expected to register a two-fold growth in the coming two years. Considering the above aspects, we rate the stock as 'BUY' at the current market price of ₹146. At the current market price, the stock is trading at PE of 1.8x on FY12 EPS of ₹80.5 and 1.3x on FY13E EPS of ₹114.5.



Indbank Merchant Banking Services Ltd.
I Floor, Khiviraj Complex I,
No.480, Anna Salai, Nandanam, Chennai 600035
Telephone No: 044 – 24313094 - 97
Fax No: 044 – 24313093
www.indbankonline.com

Disclaimer

@ All Rights Reserved

This report and Information contained in this report is solely for information purpose and may not be used as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. The investment as mentioned and opinions expressed in this report may not be suitable for all investors. In rendering this information, we assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available to us. The information has been obtained from the sources that we believe to be reliable as to the accuracy or completeness. While every effort is made to ensure the accuracy and completeness of information contained, Indbank Limited and its affiliates take no guarantee and assume no liability for any errors or omissions of the information. This information is given in good faith and we make no representations or warranties, express or implied as to the accuracy or completeness of the information. No one can use the information as the basis for any claim, demand or cause of action.

Indbank and its affiliates shall not be liable for any direct or indirect losses or damage of any kind arising from the use thereof. Opinion expressed is our current opinion as of the date appearing in this report only and are subject to change without any notice.

Recipients of this report must make their own investment decisions, based on their own investment objectives, financial positions and needs of the specific recipient. The recipient should independently evaluate the investment risks and 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 and should consult their advisors to determine the merits and risks of such investment.

The report and information contained herein is strictly confidential and meant solely for the selected recipient and is not meant for public distribution. This document should not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced, duplicated or sold in any form.