

Rupee Gains Fortnight

Newsletter

This week's recommendations

Premium Pick: Tera Software (55),

Editor's Choice: Havells India (420)

Premium Pick

Tera Software

Face Value	Rs.10
BSE Code	590020
NSE Symbol	NOT TRADED
Equity	Rs.12.51 cr.
Book Value	Rs.51.60
Reserves	Rs.51.99 cr.
Market Cap.	Rs.80 cr.
52-wk Hi/Lo	Rs.96.30/Rs.34.90
CMP.	Rs.55
Buying Area	Rs.50-53
Medium term Trg. (3 to 4 Months)	Rs.70
Long term Target (9 to 12 months)	Rs.100
Stop Loss	Rs.40

Back Ground: Tera Software Limited

provides information technology, software development, and integrated solutions in India. It offers e-governance solutions in areas, such as transportation, land registration, public distribution, automation of taxes, education, power, common service center, SWAN, banking, telecom, healthcare, and ID segment; and system integration and networking solutions, including hardware/software integration, mobile computing, local and wide area networking, smart cards, bio-metrics and kiosks, software maintenance, facility management, tech support and training, storage area networks, VSAT communications, VPN and security solutions, and video conferencing solutions. The company also provides information technology-enabled services comprising data entry, data capture and processing, scanning, digitization and document management, GIS/GPS services, and BPO services; and e-business application development and

software consultancy services. It primarily serves corporates, banks, public sector enterprises, defense, and research organizations. The company was founded in 1994 and is based in Hyderabad, India.

Dividend History: Company has been given dividends as shown here: FY11-20%, FY10-15%, FY09-20%, FY08-20%, FY07-20%.

Key Financial

Y/E March (Rs.	FY2009	FY2010	FY2011	FY2012 (E)
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Cr.)				
Net Sales	82.56	104.62	125.37	170
% change	39.20	26.72	19.83	35.59
Net Profit	10.52	9.61	9.69	20
% change	(-16.25)	(-9.46)	0.8	106
EPS (Rs.)	9.78	8.41	7.74	16.16
P/E ratio	6.53	7.16	7.10	3.40
NPM	12.74	9.18	7.73	11.78

Quarterly Performance

Y/E March (Rs. Cr.)	Q2FY12	Q1FY11	H1FY12	H1FY11
Net Sales	52.69	33.36	86.04	42.84
Net Profit	6.12	3.99	10.11	4.57
Equity	12.51	12.51	12.51	12.51
EPS (Rs.)	4.89	3.19	8.08	3.66

Future Outlook & Target: At CMP, the stock is trading at 3.40x FY2012E EPS of Rs.16.16 which is attractive. Hence, we recommended to buy the stock between Rs.50-53 with stop loss of Rs.40 for medium term target of Rs.70 & long term target of Rs.100...

Editor's Choice

Havells India:

Face Value	Rs.5
BSE Code	517354
NSE Symbol	HAVELLS
Equity	Rs.62.39 cr.
Book Value	Rs.107.50
Reserves	Rs.1278.42 cr.
Market Cap.	Rs.5210 cr.
52-wk Hi/Lo	Rs.451/Rs.290
CMP	Rs.420
Buying Area	Rs.400-410
Medium term Trg. (3 to 4 Months)	Rs.450
Long term Target (9 to 12 months)	Rs.550
Stop Loss	Rs.380

Back Ground: Havells India Ltd is a billion-dollar-plus organization, and is one of the largest & India's fastest growing electrical and power distribution equipment manufacturer with products ranging from Industrial & Domestic Circuit Protection Switchgear, Cables & Wires, Motors, Fans, Power Capacitors, CFL Lamps, Luminaires for Domestic, Commercial & Industrial applications, Modular Switches, Water Heaters and Domestic Appliances covering the entire gamut of household, commercial and industrial electrical needs. Havells owns some of the prestigious global brands like Crabtree, Sylvania, Concord, Luminance, Linolite & Standard. With 94 branches / representative offices and over 5000 professionals in over 50 countries across the globe, the group has achieved rapid success in the past few years. Its 12 state-of-the-art manufacturing units in India located at Haridwar, Baddi, Noida, Faridabad, Alwar, Neemrana, and 6 state-of-the-art manufacturing plants located across Europe, Latin America & Africa churn out globally acclaimed products. Havells is a name

synonymous with excellence and expertise in the electrical industry. Its 20000 strong global distribution network is prompt to service customers. The company has acquired a number of International certifications, like CSA, KEMA, CB, CE, ASTA, CPA, SEMKO, SIRIUM (Malaysia), SPRING (Singapore), TSE (Turkey), SNI (Indonesia) and EDD (Bahrain) for various products. Today, Havells and its brands have emerged as the preferred choice of electrical products for discerning individuals and industrial consumers both in India and abroad.

Promoters: Havells India Ltd was promoted by Mr.Qimat Rai Gupta in 1983.

Financial & Equity Holding: The company's equity capital is Rs.62.39 cr. And with reserve of Rs.1278.42 cr., the book value of its share works out to Rs.107.50. The promoter of the company is holding 61.56% stake in this company. The foreign investors hold 27.68%, institutions hold 1.92%, non promoters hold 1.65% while other public hold only 7.19% stake in this company. Some of the funds like City group global markets, Warburg pincus international, Seacrest Investments and Nalanda India Equity funds are holding the shares of the company.

Financial Performance: In 2001, company's revenue was only Rs.170.08 cr., while net profit was only Rs.6.21 cr., and in FY2011 company has recorted net profit of Rs.303.57 cr. Against turn over of Rs.5635.59 cr on consolidation basis, means in past 10 years company has shown unbelivable growth in income and profit.

Bonus Histrory: Company has been given bonus shares as shown here: August-2005=1:1, July-2006=1:1, October-2010=1:1.

Dividend Histrory: Company has been given dividends as shown here: FY11-50%, FY10-75%, FY09-50%, FY08-50%, FY07-50%, FY06-50%.

Key Financial

Y/E March (Rs. Cr.)	FY2009	FY2010	FY2011	FY2012 (E)
Net Sales	2204.76	2484.27	2898.90	3325
% change	7.29	12.67	16.69	14.69
Net Profit	145.23	227.10	242.05	270
% change	1.17	56.37	6.58	11.54
EPS (Rs.)	24.93	37.75	19.40	21.63
P/E ratio	33.05	21.8	21.2	19.05
NPM	6.59	9.13	8.35	8.12

Quarterly Performance

Y/E March (Rs. Cr.)	Q2FY12	Q1FY11	H1FY12	H1FY11
Net Sales	851.81	696.64	1654.46	1350.13
Net Profit	70.24	58.57	127.74	111.43
Equity	62.39	62.39	62.39	62.396
EPS (Rs.)	5.63	4.70	10.24	9.13

Future Outlook & Target: At CMP, the stock is

trading at 19.05x FY2012E EPS of Rs21.63 which is attractive. Hence, we recommended to buy the stock between Rs.400-410 with stop loss of Rs.380 for medium term target of Rs.450 & long term target of Rs.550...

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