



Jan 20 2010

Company – Hyderabad Industries Ltd (HIL)

Industry - Cement - Products/Building Materials

Buy – CMP – Rs. 600

Target Price - Rs.740-50 (3 months)

About the Company

Hyderabad Industries Limited is a flagship Company of the C.K.Birla group of Companies, incorporated on 17th June 1946. HIL has blazed a pioneering path in the building products industry. HIL has led the cement industry for well over five decades. Today HIL is a multi product, multi locational organization with a formidable network of branches, depots, stockists and personnel spread all over India.

HIL being backed by the organizational and technical expertise of the Birlas, also has a Board of directors comprising experienced personnel from Business, Finance and Industry. The Board is chaired by Mr.C.K.Birla.

HIL’s product range include Fibre Cement roofing sheets in the name of CHARMINAR,

Autoclaved Aerated Concrete Blocks and Panels called AEROCON, Calcium Silicate insulation product called HYSIL, Jointing material for Gaskets and Plant and machinery for these products.

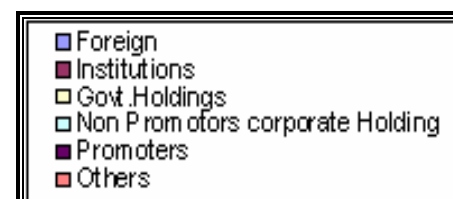
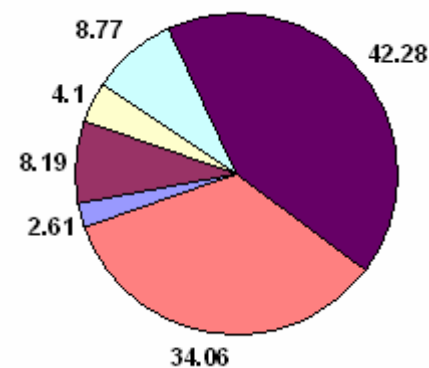
Investment Argument

- Company has set up a new factory in Balasore with capacity of 1.25 lakh tonnes. Requisite clearances have already been obtained and trial production has started. .
- Commercial production of New Fibre Cement Sheeting Plant at Vijayawada in the state of Andhra Pradesh has started from 09.07.2009.Impact of the same reflected in Q2 of FY09-10.
- Company will also be setting up a new plant for AAC Blocks.
- Company is increasing its capacity of Thermal Insulation products from 3500 tonnes to 6000 tonnes.
- The Company's Unit located at Wada has recommenced its operations with effect from November 05; 2009.Impact of the same will be reflected in the upcoming quarterly results.
- Financially Year on year the company has reported a 14% increase in sales, operating profit up 85%, bottom-line up 120%. Sound fundamentals and technical gives an indication in terms of results and valuation wise also the stock looks fairly attractive

Statistics

NSE Code	HYDRBADIND
BSE Code	529675
Face Value	10
52 W High/Low	618/102
Market cap	446.26 cr.
Dividend Yield (%)	1.67
EPS (TTM)	93.36
P/E Ratio	6.21
Book Value (Rs)	242.46

Share Holding Pattern



Results Watch

- Net sales for the quarter have increased by 13% to Rs 146.51 crores on YoY basis.
- On the operation front, total expenditure as a percentage of sales stood at 81.85% as compared to 87.62% in same period last year. Other expenses have surged by 5.2% to Rs. 36.54 crores.
- Interest expenses have reduced by 45% to Rs 1.42 crores while depreciation was quite inline as compared to last year.
- EBITDA has increased by 65% to Rs. 26.59 crores due to lower cost component and stronger sales growth.
- EBITDA margin has jumped by 577 basis points to 18.15% as compared to 12.38% in same period last year.
- Reported Profit after Tax has increased by 6.60 % to Rs 14.55 crores on YOY basis.

Technical Analysis

Technically, the counter has been witnessing a slow and steady upside rally since last few days Daily chart of the past few weeks suggests consolidation in the counter, and it has recently given a breakout above the range of 350-450 to touch the current highs of 618. The stock is showing strength along with the momentum and consistent volumes, and given the positive oscillators set-up, the stock could outperform as long as it sustains above short-term moving averages. In daily charts it is trading well above the crossover of 9 & 18 days WMA as well as 100 days SMA indicating the bullish trend to continue in the short as well as medium term. 14 days RSI is trading with upward bias at 77 level which indicates that the counter is already in overbought zone. There we may see some correction in prices in the coming days. This downfall should be best utilised to enter in the counter for significant gains. MACD and stochastic also giving bullish indications.

On weekly charts the trend is looking positive. A bullish engulfing candlestick supports the positive trend in the medium term. A clear-cut breakout above the Bollinger band gives a sign of further upside rally in medium term with or without early consolidation. A strong support is available at 550-540 level. Immediate and next resistance is placed at 635. A confirmatory breakout above this level will take the counter to the higher level of 740-750.

We hold positive view for the stocks in the short to medium term.



Technical View

As on 20th January stock closed at @601.

Our recommendation: - Buy for three months target of Rs 740-50

Important Level

Resistance		Support	
R1	635	S1	551
R2	660	S2	501
R3	710	S3	472
R4	740	S4	422



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