

PUBLICATION NAME : BUSINESS STANDARD
(SMARTINVESTOR)
CITY WHERE IT APPEARED : MUMBAI
DATE : 02.04.2007
PAGE : 04& 05

SPECIAL REPORT

research, Ambit Capital, "Though most of the concerns are factored into the stock prices, investors should wait as interest rates are yet to peak out indicating margin pressures to continue." After a further correction and easing of interest rates, the listed players can be looked at as they either have a differentiated business model with superior margins or a diversified loan portfolios. Read on to find out more about the companies.

Bajaj Auto Finance

Bajaj Auto Finance, a Bajaj group non-banking financial company (NBFC), is largely into retail lending. Apart from financing Bajaj's products (two and three wheelers), the company has also diversified into high margin segments like consumer durables, personal computers and personal loans. Thus the company has a well diversified loan portfolio with auto financing and non-auto financing forming 55 per cent and 45 per cent respectively. Further, it seems to be on a robust growth path as it targets to grow its auto financing business at 30 per cent in the next financial year and its non-auto financing business is expected to grow at a robust 45 per cent. The company recently raised capital through a rights issue and convertible debentures and warrants for expansion and retirement of high cost debt. However, a consistent decline in margins over the last few quarters is a concern despite Bajaj's superior brands and high margin non-auto financing. Also, the stock looks richly valued at 2.5 times its estimated FY08 book value.

Shriram Transport Finance

Shriram Transport Finance, the flagship company of Shriram Group, is India's largest asset financing NBFC with an asset size of Rs 10,000 crore and a network of over 327 branches spread across the country. It is exclusively engaged in the commercial vehicle finance business and predominantly into pre-owned truck financing

STRAINED PR

Rs crore

| |
|---------------------|
| Interest income |
| Interest expenses |
| Net interest income |
| Operating profit |
| Net profit |

If interest rates rise any further then it will impact the demand for automobiles and thus auto loan say industry analysts

PENNY WISE



Rice company basmati exp

Rice is the staple food which feeds more than half of the world's population. India is one of the largest producers and exporters of basmati rice. KRBL Ltd, a leading rice player, is expected to benefit from the increased emphasis on exports and better product mix. Besides, its strategy to enter into value added products and cash in on the growing domestic demand for the packaged food augur well.

From the investment perspective the stock is trading at an attractive price. After the recent sell-off in the equity market, the stock tumbled down to Rs 99.25 and recovered to the current Rs 109.50. The stock is still down by 55 per cent compared to its 52-week high of Rs 243.90.

KRBL has an 11 per cent market share with an export turnover of Rs 387 crore in FY06. With its brands like India Gate, Doon, Bemisal and Lotus, it has generated a strong sell in export