

JYOTI LTD.

BSECODE: 504076
EQUITY: 9.66 CRS
TARGET: 180

NSE CODE: N/A
CMP: 79
DURATION: 12 MONTHS

BACKGROUND

Originally an engineering department of Alembic Chemical Works, Jyoti made a small beginning in the manufacturing line in 1935. This manufacturing venture was established in 1943 as a separate limited company. It manufactures hydraulic and electrical engineering goods, ceramic products and agricultural equipments. It exports HT switchgear products to Oman, hydel systems to Malaysia and other products to New Zealand, Kenya, Tanzania and Bahrain. Jyoti has technical collaborations with leading foreign firms for the manufacture of vacuum circuit-breakers, pole amplitude modulated (PAM) motors and models for hydraulic turbines. During 1996, the company has received ISO -9001 accreditation for its Switchgear division.

INTRODUCTION

Jyoti Ltd is engaged in the business of manufacturing pumps and pump sets, motors, switchboards, generating sets and spare parts. Its plants are located in Kalol (Mehsana, Gujrat) and Vadodara (Gujrat). The company's main product divisions are Rotating Electric Machines, Pumps, Hydro-Electric Generating Systems, Switchgear and Electronics & Control Systems. Jyoti has more than 50 years of engineering excellence in this field.

INDUSTRY STRUCTURE & DEVELOPMENTS

Jyoti belongs to the capital goods industry and supplies heavy engineering equipment to infrastructural sectors like large thermal power stations, captive power plants, power distribution, water supply and irrigation schemes, railways etc. Accordingly the major orders are received from Governments, Electricity Boards etc. The demand for capital goods generally, follows a cyclical pattern depending on the overall economic situation and the investment priorities of the Government. In the recent past, there has been some sluggishness of demand leading to severe competition in the market, with consequent adverse effects on prices and profitability. Also non-receipt of timely payments from customers resulted in serious liquidity problems for the company. The Company is taking all the several steps to remain competitive by streamlining operations, reducing costs; rationalising manpower etc.

MARKETING NETWORK

The wide range of products and services offered by "JYOTI" are engineered by different product and service groups manned by competent professionals specializing in their respective fields. Jyoti has a country wide marketing network of Zonal and Branch offices and System houses. The System houses serve as an extended arm of the network catering to the complete technical and commercial needs of customers..

CLIENTS

JYOTI meets the quality standard of various prestigious companies like DCL, Tata Consulting Engineers (TCE), Engineers India Ltd. (EIL), National Thermal Power Corporation (NTPC), UHDE India, L&T, MECONS, IVRCL, International Power Corpn. Ltd, UNDP/GEFHPP, MNES, New Delhi etc.

CONCERNS

However, for Jyoti much depends, on the investments undertaken by the States and Electricity Boards, whose finances continue to be difficult. If the expected revival of the markets and improvement of prices do not take place; it can have an adverse effect on the operations of the company.

PROSPECTS

Jyoti's prospects look far more promising now than what was looking some months earlier. With the economy looking up, the order-book of the Company looks healthier in terms of profit margins and more orders to pick from. Further the downturn has led to tightening of the belt in the operations of it leading to improved efficiencies. Also the Government has announced a number of policy measures for power and water sectors which have resulted in increased demand for Company's products..

OUTLOOK

The long-term outlook for the industry is good, considering a growing population and comparatively low levels of consumption at present. The high rate of economic growth being planned by the Government will require a sustained investment in the infrastructural sector which should result in increased demand in the coming years.

CONCLUSION

Jyoti has turned the corner this quarter and has returned in black after a gap of several quarters. Its order book is increasing all the time and considering the Govt. thrust on this sector, the order should further continue to flow for it in the coming days. Jyoti should report a topline of about 120cr and PAT of about 10crs.

It should report an EPS of over 10 this fiscal. So at CMP of 79rs its quoting at a forward P.E of less than 8 times. With a decent management, solid track record, strong visibility of growth forward, JYOTI IS A GR8 BUY AT CURRENT LEVELS with a medium to long term perspective.

Year	Jun 05	Jun 04	Var(%)
Sales	25.12	13.14	91.17
Other Income	0.04	0.03	33.33
Expenditure	22.21	14.39	54.34
Interest	2.09	1.83	14.21
Gross Profit	0.86	-3.05	128.20
Depreciation	0.38	0.40	-5.00
Tax	0.00	-0.08	0.00
PAT	0.48	-3.37	114.24
Equity	9.66	9.66	0.00
OPM(%)	11.58	-9.51	21.09
GPM(%)	3.26	-23.44	26.70
NPM(%)	1.91	-25.64	27.55

Shareholding Pattern (%)

Indian Promoters	29.43%
Foreign Promoters	20.65%
Mutual Funds and UTI	0.00 %
Banks, FII, Insurance comp.	7.55%
PCB	30.09%
Indian Public	31.79%
NRIs / OCBS	1.10%

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