



STOCK CHECK by Miserji 23 March 2010

Hello McMiser Abitha25!

Query company: UNITECH LTD

CMP- 71.90

(Domain-Manufacturing)

Miserji provides you with the following inputs for your analysis:

Ratio type	Value	Benchmarks (BM)	Weight	Inference
<u>Profitability</u>				
Growth in PBDT(YOY)	Positive	Positive/Negative	1	1
5 yr CAGR N.P	347.54%	Industry average = 89.73%	1	1
OPM %	52%	Industry average = 50%	1	1
ROE	29.57%	Industry average = 14.55%	1	1
Operating cash flow	Positive	Positive/Negative	1	1
<u>Liquidity</u>				
Current Ratio (Less Inventory)	0.97	McMiser BM = 2 Industry average =2.10	1/2 1/2	- -
Debt/Equity ratio	3.16	McMiser BM = 1	1	-

<u>Efficiency</u>				
Inventory Turnover	0.23%	Industry average = 0.37%	1	-
Debtors Turnover ratio	2.40%	Industry average = 2.04%	1	1
Fixed Assets Turnover ratio	13.09%	Industry average = 2.72%	1	1
		TOTAL	10	7

McMiser rating: 7 /10

VALUATION ANALYSIS

Ratio type	Value	Benchmarks (BM)	Inference
PE ratio	42.50	Industry average = 30.24 7 year average = 23.26	HIGH
P/BV ratio	1.98	Industry average = 1.29 7 year average = 9.85	Fair Value
P/Sales ratio	3.09	Industry average = 3.65 7 year average = 5.47	Fair Value

McMiser technical outlook: Considering the fact that this stock has tested Rs.25 levels during the lows of March 2009, it can be said that it has performed at par with the market indices. The fall from its highs of 545 (adjusted for splits and bonuses) makes it look exaggerated. The monthly charts suggest that the stock is in the process of bottoming out. The daily and weekly charts show further periods of sideways trend. A medium term target of 86 - 89 is a possibility being the resistance on the higher side. The lower side support comes at Rs.66

Inference: This stock has been reeling from the after effects of the credit meltdown. The industry is highly cyclical and capital intensive. Besides the high debt component has caused all sorts of problems to the company. As per the Union Budget, for an under-construction property, a 10.3% service tax will be charged on 33% of the price of the apartment, which effectively means about 3.3% of tax on the total value of the house. This would increase the cost of the apartment and may discourage potential buyers. All in all, the positive is that the company has healthy cash flows, which can come to its rescue. The economy too is showing signs of improvement. It is better to stick to the current investment, though your entry price is at Rs.98, one good quarter can take the stock price to higher levels. So hold on to your investment at-least till the next quarter results are announced. The recent high of Rs.116 (08-09-2009) is also a possibility if results are above expectations. With improving economic indicators, it is worth a wait!



About "Stock Check by Miserji"

- McMiser attempts to give the investor a fair idea about the company based on fundamental analysis on the financial statements given by the company.
- McMiser stock report relies on ratio analysis with comparisons with industry levels and generally accepted benchmarks used for stock valuation.
- Ratio analysis is based on TTM values. Future changes, positive or negative are not captured in analysis. Investors are better placed in decision-making taking into consideration future industry and company prospects.
- Management track record, dividend payout history and other factors also merit equal importance in stock analysis.
- Above ratios and weight attached to each ratio is purely based on our analysts' opinion and understanding. The above rating is only an additional input in helping the investor make a more informed decision about the stocks he owns or wishes to do so. The ratio analysis would also not capture any one-time element in the financial statements, although McMiser ordinarily takes all figures excluding extra-ordinary items for calculation.

About McMiser rating

"Stock Check by Miserji" gives a rating based on the ratio analysis, which could be one of the factors to help the investor make a better decision. However the rating system does not take into consideration management team quality, expected performance in future or some recent developments, which may alter the company's financial health significantly. The investor is advised to consider all these parameters before taking an investment call. Further, a low rating may only mean that the company has been performing below par in the past and a high rating only means that the company has been performing well in the past. The investor is cautioned against taking any decision only based on the rating. Also the argument, that better performing companies may not be available at cheap valuations is valid. Therefore the investor has to take a decision taking into consideration the financial health, past performance, valuations and any other factors, which may affect the performance of the company in the future.

About McMiser technical analysis: McMiser's approach to technical analysis is only to help determine the right price to enter or exit the stock in the near term. The trend to a certain extent captures future possible changes in the business of the company. Technical analysis is only to determine price movements and not as to what stock to buy or sell.

About McMiser ratios: The ratios applied for the stock analysis is based on the thumb rules which one should keep in mind when analyzing any stock investment. There could be some one time or exceptional factors, which may warrant attention on a "case to case" basis. The formula for calculation is also followed to capture all basic strengths and weaknesses in the financial condition of any company.



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