

10 December 2012

CMP: Rs. 7.63

Industry: Finance

BSE group/index: T

Promoters

Laquavit Consultants Pvt Ltd. & Laquavit Management Services Pvt Ltd

Year of incorporation

1999

Corporate office

 214, Surya Plaza, LBS Road, Navi Peth
 Pune,
 Maharashtra - 411030

Company website

<http://www.indiaco.com>

Investors should note that the FY12 annual report is not available. Financials relating to FY12 cited in this report are on basis of company filings with stock exchange.

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Key Data (as on 10-Dec-12)

BSE	506131	ISIN	INE064E01028
Face Value	2.0	Mkt Cap (Rs. mn)	141.4
Current P/E	negative	Current P/BV	0.52
52 week low-high	5.18-18.00	30 day daily trading volume (nos)	13223
Equity capital (Rs. mn)	37.1	Net worth (Rs. mn)	269.1

Company business

IndiaCo Ventures (P) Limited (Indiaco) was founded in 1999 by a team of professionals with investment, corporate finance, investment banking, venture funding and private equity experience. IndiaCo's promoter group acquired a Bombay Stock Exchange listed company called Shivaji Securities in FY07, which was later renamed to IndiaCo Ventures Limited.

IndiaCo is an investment and financial services firm. The company engages with companies through strategic, financial, technological and operational involvement. Indiaco invests its own capital, manages private equity funds, and also provides PE placement and M&A advisory services.

Late Rahul Patwardhan, founder of the company, was the vice-chairman and managing director of the company. Since his demise in July 2102 Investors should note that it is unclear who is leading the company.

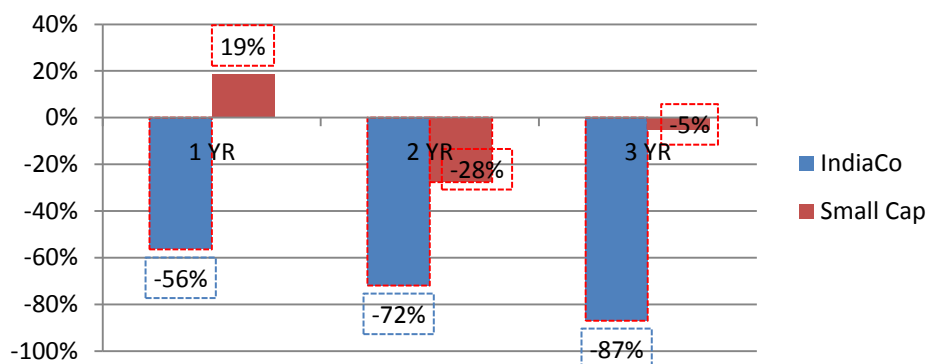
Peer group analysis

IndiaCo has reported negative income for FY12. Its return (on net-worth & on capital employed) ratios are adverse than those of Vaarad Ventures Ltd.

FY12, Rs in million	Indiaco Ventures Ltd.	Vaarad Ventures Ltd.
Total income	(0.7)	9.3
EBIDTA	(10.8)	4.6
EBIDTA margin	Neg	49.5%
PBT	10.4	
PAT	-	(0.9)
PAT margin	10.4	(9.5%)
EPS	(0.56)	(0.02)
Cash accruals	(6.3)	(0.04)
Debt/EBIDTA	-	8.0
Debt/Equity	-	0.12
ROANW	(3.9%)	(0.3%)
ROACE	(5.5%)	1.15%
P/E	neg	neg
P/BV	0.52	18.1

Source: Moneycontrol, Company

Price Performance (vs BSE small cap)



1 YR: 1 Dec' 11 to 30 Nov' 12

2 YR: 1 Dec' 10 to 30 Nov' 12

3 YR: 1 Dec' 09 to 30 Nov' 12

Top 10 public shareholders

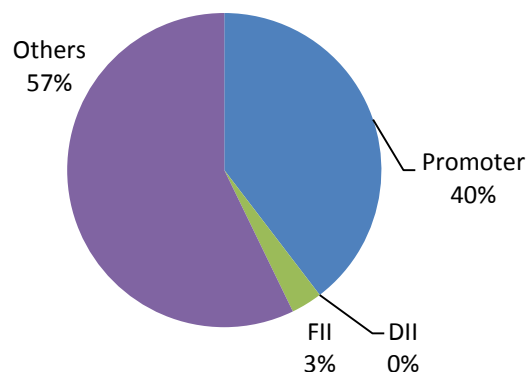
No.	Name of the Shareholder	Total Shares held (in mns.)	Shares as % of Total No. of Shares
1	India Holding LLC	2.0	10.8
2	Shlok Managment & Investment Pvt Ltd	1.6	8.7
3	Virat Managment & Consultants Pvt Ltd	1.2	6.3
4	Shree Suvarn Consultants Pvt Ltd	0.8	4.3
5	Samson Leasing & Finance Co Ltd	0.5	2.6
6	Rhodes Diversified	0.4	2.4
7	Lupin Venture Pvt Ltd	0.3	1.5
8	Ishwar Advani	0.2	1.3
9	Advani Poonam	0.2	1.3
10	VIC Enterprises Pvt Ltd	0.2	1.3
Total		7.5	40.5

Change in Shareholding Pattern (%)

Year	Promoter	DII	FII	Others
Sep-12	39.6	0.0	3.2	57.2
Jun-12	39.6	0.0	3.2	57.2
Mar-12	39.6	0.0	3.2	57.2
Mar-11	39.6	0.0	3.2	57.2
Mar-10	36.3	0.0	3.5	60.2
Mar-09	36.4	0.0	0.9	62.7
Mar-08	36.6	0.0	0.3	63.1
Mar-07	41.5	0.0	0.0	58.5

Source: BSE

Shareholding Pattern



Source: BSE, as at 30 September 2012

	Key strengths
Diversified revenue base	IndiaCo's revenue has diverse revenue lines include proprietary investment, asset management, financial advisory and technology consulting.
Debt-free company	The company is a debt free company. As an investment company, not having debt is a conservative strategy.
	Key concerns
Investments in relatively high risk business and risk of losing capital	The company may invest in relatively high-risk, illiquid assets and may fail to realize any profits for a considerable period of time or lose some or all of principal.
Risk of investee companies	The performance of the investee companies may be adversely affected by numerous factors, including, for example (i) the supply of and demand for the goods and services produced, provided or sold (ii) changes and advances in technology, that may render goods and services sold as obsolete; (iii) business, economic and political conditions in India; and (iv) competition from other companies.
Competition from foreign venture capital/private equity	The opening of financial sector for foreign private equity/venture capital is a threat to the company's business due to increase in competition from players with deep pockets. These funds have access to large amounts of capital and may impact the quality of investment opportunities available to the company. With a small number of quality investment opportunities chased by a large number of firms, the company may have to look investment opportunities other than in the unlisted space i.e. also invested in listed companies.
	Industry overview
PE industry is reasonably mature	<p>Private Equity (PE) is money that is typically invested in a company that is not publicly traded on a stock exchange. PE funds usually invest in companies that already have some income and that can potentially be grown by bringing in additional capital or restructuring, or through their reach, provide access to new markets or technologies.</p> <p>PE investments happen through various stages of a company's life cycle, namely early-stage, growth-stage, late-stage, pre-IPO and PIPE (private investments in public equity) transactions.</p> <p>The concept of private equity financing was introduced in India in 1964. The industry grew rapidly from 2000 and today there are over 200 funds.</p>
Private equity funds are promoted by government, banks, financial institutions etc,	<p>Private equity funds in India are categorized in to the following groups:</p> <ol style="list-style-type: none"> 1. Central/State government controlled development finance institutions e.g. IFCI Venture Capital Funds Ltd, Gujarat Venture Finance Co. Ltd 2. Public Bank/Financial institution promoted e.g. CanBank Venture Capital Fund, ICICI Ventures Ltd. 3. Overseas Venture Capital Fund e.g. SEAF India Investment & Growth Fund, KKR, Blackstone etc.
Poor return on investment and sticky exit environment	Lately, the private equity story in India has been characterized by poor return on investments and sticky exit environment.
	Company fundamentals
Raises & manages private equity funds	<p>IndiaCo raises and manages private equity funds under a professional fund structure, for investment into private Indian companies. 1.IndiaCo Energy Efficiency Fund 2. IndiaCo India Fund</p> <p>In addition it has been advising funds since 2003 on investments in private and public companies.</p>
Proprietary investments and aggregation vehicles	<p>Aggregation vehicles are structured as co-investment vehicles along with strategic or financial investors, with IndiaCo driving investments, synergies, and exits. In each aggregation vehicle, IndiaCo invests its proprietary capital in multiple companies and seeks to drive synergies, thereby reducing portfolio risk.</p> <p>The focus of investment is areas of telecom, health care & wellness and clean energy. Page 3 of 6</p>

	<p>The investee companies include:</p> <ol style="list-style-type: none"> 1. Verity Technologies Pvt. Ltd.: Mobile based authentication services for financial and other transactions. 2. Laser Cosmetics Pvt. Ltd.: Cosmetic surgery clinics under brand name of 'Maaya' 3. Info Dynamic Telesystems Pvt. Ltd.: Telecom infrastructure services including network creation and tower maintenance. 4. Neo Corp International Ltd : Textiles for industrial, agro, and geo-textile applications 5. Grow VC Operations Limited: Venture funding for start-ups in Web 2.0 and mobile sectors
Subsidiaries	<p>IndiaCo's subsidiaries include:</p> <ol style="list-style-type: none"> 1. IndiaCo Telecom Pvt. Ltd. 2. IndiaCo Healthcare Pvt. Ltd.. 3. IndiaCo Advisors Pvt Ltd 4. IndiaCo Capital Pvt. Ltd.
	<p>Key financial indicators</p>
Bonus and Stock split in FY10	<p>In FY10, the company had a Rs 10 to Rs 2 stock split and 1:1 bonus.</p> <p>The quarterly results of the last two quarters of FY13 are not available.</p> <p>Inspite of having a 'diversified revenue base, the total income for FY12 has turned negative (Rs 0.7 mn) (Rs 5.9 mn in FY11). Loss for the year has increased to Rs 10.4 mn from Rs 8.3 mn.</p> <p>In absence of FY12 annual report, balance sheet for the year is not available. Investors should also note that financial performance for FY12 reported is un-audited.</p>

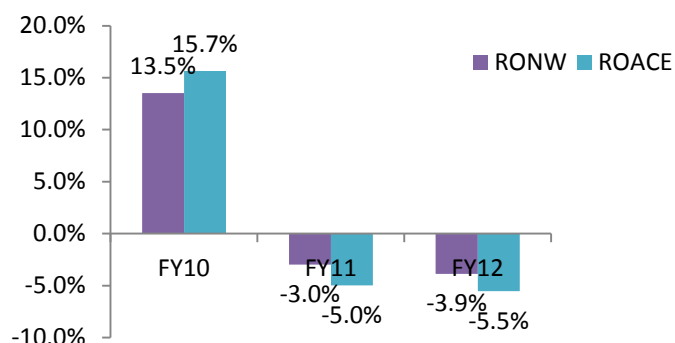
Quarterly results

Particulars (Rs in mn)	Jan '12 to Mar '12	Jan '11 to Mar '11	% Change ¹	Oct '11 to Dec '11	% Change ²
Total income	(0.72)	0.09	-	(0.28)	-
Total expenditure(excl. depreciation)	1.6	3.0	(46.4%)	2.1	(24.8%)
EBIDTA	(2.3)	(2.9)	-	(2.4)	-
PBT	(3.4)	(4.1)	-	(3.4)	-
PAT	(3.4)	(2.8)	-	(3.4)	-
EPS	(0.18)	(0.15)	-	(0.18)	-

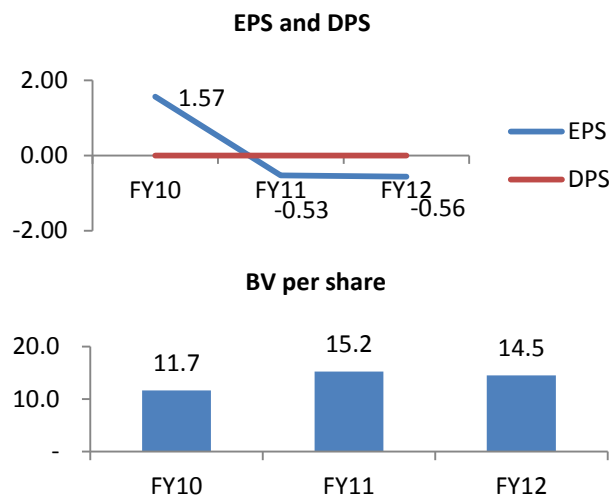
¹ compared to corresponding quarter in the previous year

² sequential comparison

Profitability ratios



Key ratios



Financials

P&L (Rs. mn)	FY10	FY11	FY12 ¹
Total income	50.3	5.9	(0.7)
EBIDTA	36.1	(9.8)	(10.8)
EBITDA Margin%	71.8%	Neg	Neg
Depreciation	4.8	4.3	4.1
EBIT	31.3	(14.1)	(14.9)
Interest	0.1	-	-
PBT(post extraordinary items)	31.2	(8.3)	(10.4)
Tax	4.3	-	-
PAT (excluding minority interest)	27.0	(8.4)	(10.4)
PAT Margin %	53.7%	Neg	Neg
Dividend (including dividend tax)	0	0	0
1. Un-audited results.			
Valuation ratios	FY10	FY11	FY12
P/E	46.2	Neg	Neg
P/BV	6.16	1.57	0.62

Balance Sheet (Rs. mn)	FY10	FY11	FY12
Share Capital	34.3	37.1	37.1
Reserves & Surplus (incl. revaluation reserves)	165.6	245.4	232.0
Net worth	199.9	282.5	269.1
Borrowings	0.3	-	-
Current liabilities and provisions	4.2	1.6	NA
Total liabilities	204.4	284.1	NA
Net fixed assets	42.6	40.3	NA
loans and advances (Long term and short term)	7.4	16.3	NA
Investments	231.0	223.6	NA
Current assets	5.7	3.9	NA
Other non-current assets	(82.3)	0.0	NA
Total assets	204.4	284.1	NA
Cash Flow (Rs.mn)	FY10	FY11	FY12
PBT	26.7	(8.4)	(10.4)
CF from Operations	27.6	(16.5)	NA
CF from Investment	(97.3)	5.7	NA
CF from Financing	71.7	4.9	NA
Inc/(dec) in Cash	2.0	(5.9)	NA
Closing Balance	6.3	0.4	NA

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