

Gandhi Special Tubes Ltd
 Steel – Medium / Small

CMP –Rs. 206.60, 12M Target Price – Rs. 272
Buy at CMP and add on dips to Rs.178-189 band
Price Chart

Stock Details

BSE Code	513108
NSE Code	GANDHITUBE
Bloomberg	GNDI IN
Price (Rs) as on 24/12/07	206.6
Equity Capital (Rs Mn)	73.5
Face Value (Rs)	10.0
Eq. Shares O/s (mn)	7.35
Market Cap (Rs Cr)	147.7
Book Value (Rs)	79.7
Avg Monthly Volume	4895
52 wk H/L	234.9 / 121.2
Fully Diluted EPS (FY07)	17.5

Shareholding Pattern

(as on 30 Sept 2007)

Foreign	2.1
Institutions	0.1
Non Promoter Corp Hold	2.2
Promoters	72.1
Public & Others	23.5
Total	100.0

Generating Steady Returns!!
Company Background

Gandhi Special Tubes Ltd (GSTL) is a niche-player in the small diameter seamless and welded tubes segment. It also manufactures tubular components and has a presence in the wind power segment. With its plants located in Halol, Gujarat (set up in 1988-89 in technical collaboration with Benteler, Germany) and in Pune, Maharashtra, its products find application in various industries like automobile, general engineering and refrigeration.

Triggers

- The Indian Auto-components Industry is expected to grow at a CAGR of 16% over until 2011-12. **Increasing investments** committed by domestic and multi-national automobile companies in India provides GSTL with an opportunity to garner sizeable business.
- GSTL primarily **caters to fast growing industries** like the automobile and general engineering industry.
- GSTL operates in a very **niche segment** and has virtually no competitors in the small diameter seamless tube space, which contributes over 60% of its topline. Being a capital-intensive business, GSTL, is to a large extent **insulated from threats by new competitors** entering this segment, as the gestation period (receiving product approvals by different companies etc) is long, about 3 – 5 years.
- GSTL has a list of **reputable clients**, which includes domestic companies like M&M and Maruti Udyog as well as multi-nationals like Bosch India and Daewoo.
- GSTL has over FY07 and FY08, invested over Rs. 40 cr in doubling its seamless tube manufacturing capacity. This **timely expansion** is expected to bear fruits from H2FY08 onwards.
- A **zero debt company** since over a decade, with a strong cash position, GSTL has funded its ensuing capital expenditure via internal accruals.
- Rising demand for the highly specialized seamless tubes (vs welded tubes) is expected to result in a **better product mix**.
- GSTL enjoys benefits of cheap **captive power**, as it owns 5 windmills. This not only cuts costs for GSTL, but it also acts as an additional revenue stream as the excess power is sold to the MSEB.

Recommendation

GSTL is expected to report net sales of Rs. 78 cr and Rs. 96 cr in FY08 (E) and FY09 (E) respectively. EBIDTA margins could stabilize in the 38% range. Increased investments in the automobile, steel, cement etc sectors augurs well for GSTL. Further, operating in a highly specialized and niche segment assures a sizeable domestic market for GSTL's products. At the current market price of Rs. 206.60, GSTL is trading at 8.9 times FY08 (E) and 7.2 times its FY09 (E) EPS. We recommend a buy at the CMP and to add on dips to Rs.178-189 band with a price target of Rs. 272 (9.5 times FY09 (E) EPS) in the next one-year.

Financials at a Glance

Rs. in cr	FY06	FY07	FY08 (E)	FY09 (E)
Net Revenue	54.3	60.2	77.5	96.3
% chg y-o-y	19.5	10.8	28.8	24.3
EBITDA	22.0	23.5	30.6	38.2
% chg y-o-y	20.1	6.7	30.5	24.8
PAT	16.1	12.9	17.0	21.1
% chg y-o-y	64.2	-20.2	32.0	23.8
EPS	21.9	17.5	23.1	28.6
% chg y-o-y	64.2	-20.2	32.0	23.8
P/E			8.9	7.2

Investment Rationale

Operating in a Niche business segment

GSTL operates in a highly specialized and niche segment. It is engaged in the manufacture of small diameter welded and seamless tubes, which act as an import substitute. Its products are comparable to those produced by world-class tube-manufacturing companies from Japan, Germany and the UK. In the seamless tube segment, GSTL faces virtually no competition as the technology required to produce this is highly specialized. As a result, the small diameter seamless tubes are a high margin, value-added product in comparison to the welded tubes. The welded tubes primarily find application in the Refrigerator and Automobile industry and the seamless tubes are used in Diesel based automobiles and Hydraulic equipment.

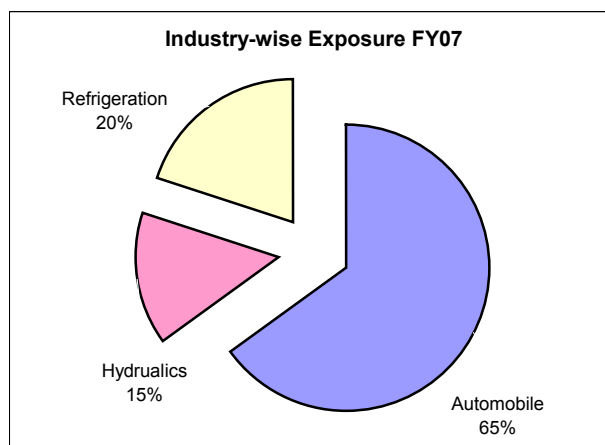
GSTL had acquired its machinery and technical expertise from Benteler of Germany. Its first plant was set up in Halol, Gujarat in 1988-89 and a few years ago it also set up a another facility in Pune for the manufacture for cold formed nuts and other parts thus providing the whole tubular component. Its plants are constantly upgraded with modernized technology.

The specialized and high quality nature of GSTL's products can be understood from the following example. GSTL has developed a very special component for Volvo. The product was approved and was of such good quality that now GSTL is manufacturing this component for all Volvo's component manufacturers who export out of India. Similarly, a lot of Japanese and German companies are setting up in India and this provides GSTL with an opportunity to garner sizeable business.

In addition, being a very capital intensive business where the sales to fixed asset turnover ratio is on the lower side, the entry barriers for other companies to set up shop are quite high. In the small diameter welded tube segment GSTL faces competition from STI Sanoh India Ltd located at Dewas near Indore in Madhya Pradesh and Bundy Tubing located in Baroda, Gujarat. However, overall, seamless tubes contribute more than 60% of GSTL's topline and thus GSTL is to a large extent insulated from any domestic competition.

Increased investment in the automobile and general engineering industry to drive demand

One of the most important engines driving the growth of the Indian manufacturing sector is the domestic automobile industry, which has grown at a CAGR of 13% over the past 5 years. Further, multinational automobile companies like JCB India and Volvo are expanding automobile/excavator manufacturing capacities in India. Many new players are entering the Indian market and India is emerging as an automobile and automobile component-manufacturing hub due to the availability of cheap labor, skilled Engineers and high-quality products. Even domestic auto component companies are investing about Rs. 30,000 crore to cash in on the automobile boom. It is expected that the automobile capacity in the country will double from 2.2 million units per annum to 4.4 million by 2010. This kind of growth in OEM auto manufacturers (one of GSTL's major clients), gives GSTL the potential to ride on the progress of the auto industry in India.



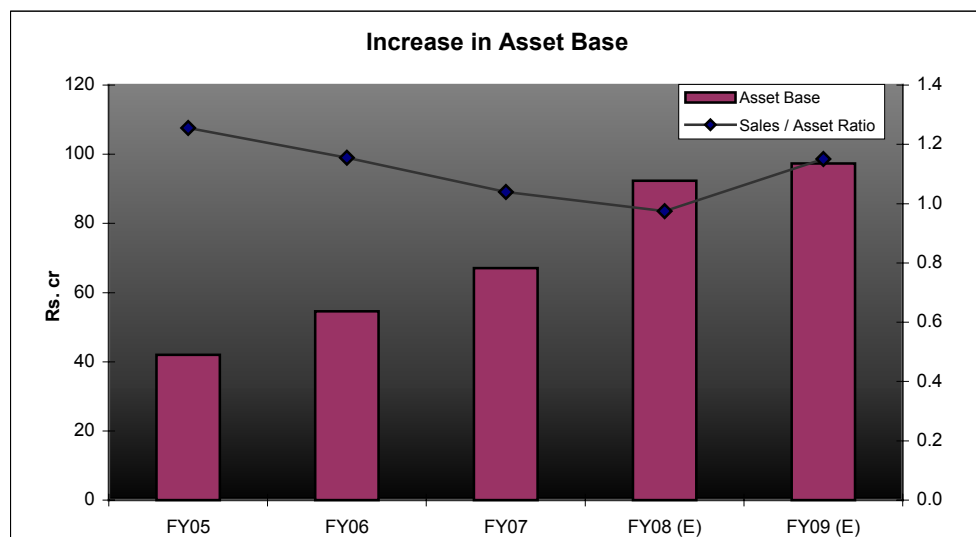
GSTL is the exclusive supplier of seamless tubes to JCB India. JCB recently announced the opening of its second plant in Pune, Maharashtra, with an investment of \$25 Million. Total investment of \$75 Million has been made in Pune Plants, where world-class heavy-line machines will be manufactured for India and Pan Asia. Going ahead, it is expected that JCB will open a third plant in India in order to keep up with the robust demand and to capitalize on the growing market.

Further, GM is coming up with a special small car plant in India. The Volkswagen group is also coming to India with plans to manufacture 1,20,000 cars per year near Pune. Moreover, other industries like the cement, steel and power industries are seeing unprecedented investments and growth rates. Moreover, with the current thrust on the construction and infrastructure segment, the demand for off the road (OTR) vehicles is also on the rise. GSTL's products also find application in hydraulic lines, pneumatic lines, evaporator coils, condenser coils and the refrigerators. With purchasing power on the rise, appliances like refrigerators are no longer luxuries but a necessity for the burgeoning middle class.

[Reaping the rewards of well-planned investments and timely expansion](#)

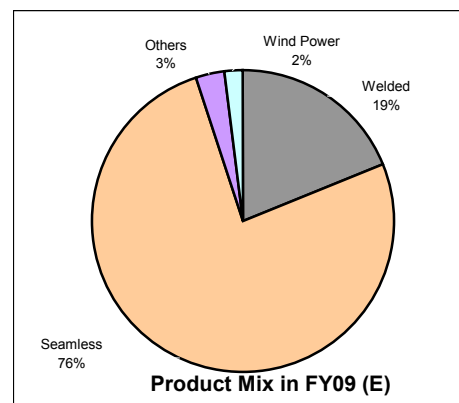
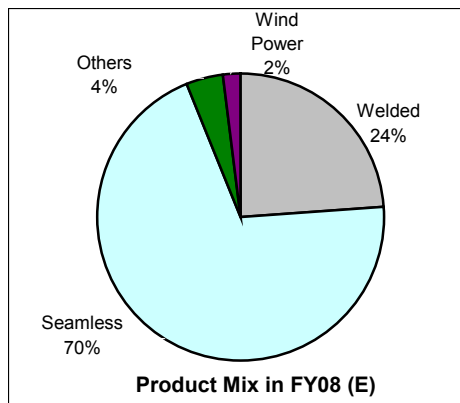
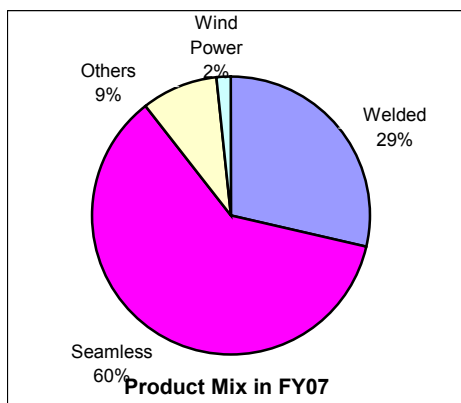
Being the only manufacturer of seamless welded tubes in India and a very cost-efficient import substitute, GSTL is witnessing a rise in demand for the same. Seamless welded tubes find applications in high-pressure diesel fuel injection, hydraulics and general engineering. Diesel engines are primarily found in commercial vehicles. With the Supreme Court's ban on overloading of trucks above permissible limits, rising off-take of the small commercial vehicles and increased demand for construction related vehicles; commercial vehicles sales are slated to grow at a CAGR of 10-11% till 2010-2011. Further, the Indian commercial vehicle space is also seeing substantial interest from foreign investors. Recently, Volvo acquired a 50% economic interest in Eicher Motors' commercial vehicles business for \$350 million while Daimler Trucks announced a strategic alliance with the Hero Group. In October, Ashok Leyland had announced an alliance with Nissan to produce LCVs. This results in increased demand for diesel engines that in turn results in augmented demand for GSTL's specialized small diameter seamless tubes.

GSTL has recently completed the expansion of its seamless tube manufacturing capacity at its plant in Halol, Gujarat. The Rs. 35 cr + expansion was carried out over 18 months and was completed in the month of November. This includes the purchase of a furnace for about Rs. 17 cr. GSTL also has good utilities in place like a 100MT LPG storage tank. The capacity has effectively been doubled from the currently installed capacity of 100 lac mtrs (or 2400 tonnes). The impact of this well-planned and timely expansion will be observed in the months to come. In addition, GSTL's well-integrated and flexible production facilities can cater to the diverse requirements and specifications of its customers. Generally, GSTL starts the production of a specific product when it receives the order. There are no off the shelf sales as the products are tailor-made for each customer.



Rising demand for seamless tubes to result in a better product mix

With the increase in demand of small diameter seamless tubes by its various user industries, we expect the product mix of GSTL to gradually shift towards this high margin, value added specialized products. Being an import substitute and highly specialized product the growth potential of this product is immense. Further, with enhanced seamless tube capacities on hand, GSTL stands to benefit from a gradual scaling up of operations in this segment. We expect seamless tubes to contribute about 80% going forward as against about 61% in FY07. Further, despite rising raw material prices (steel, copper and zinc) the margins of GSTL should be sustainable in the 37%-38% range.



Diversified client base

GSTL's clients include reputed international and domestic automobile and general engineering companies. Over the years, GSTL has built a direct relationship with its clients and has received the necessary approvals for its various products. The list of a few clients is provided below.

Tata Engineering & Locomotive Co	TISCO	Ashok Leyland
Maruti Udyog	L&T Case Equipment Ltd	L&T
M&M	SMS India Ltd	SAIL
Bajaj Auto	BHEL	BEML
Bosch Rexroth India Ltd	Volta Ltd	Escorts Group Cos
Vickers System International Ltd	Lincoln Helios India Ltd	Godrej Appliances Ltd
Electrolux India Ltd	Daewoo India Ltd	Kirloskar Copeland Ltd
Carrier Refrigeration Ltd	Imperial Auto Inds Ltd	Injecto Ltd
Matchwell Engg Pvt Ltd	Sebros Enterprises	

Enjoying the benefits of captive power

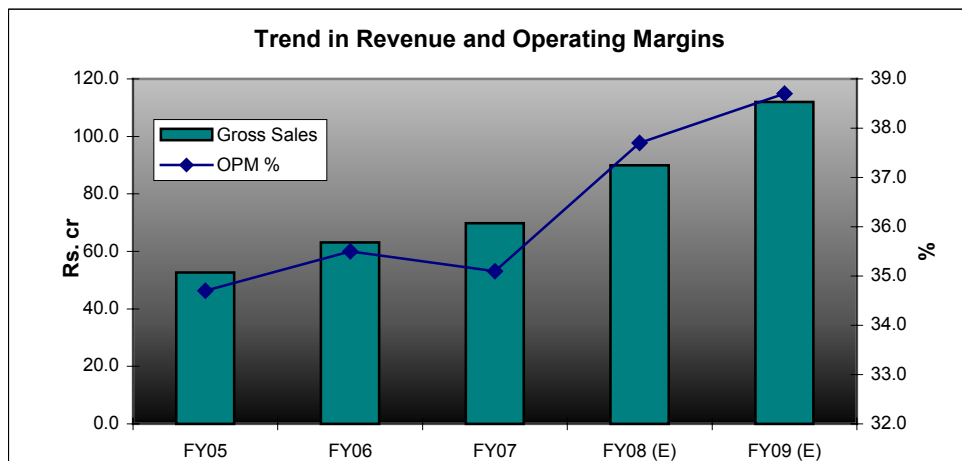
GSTL enjoys the benefits of captive power. Until FY07, it had 4 windmills with an aggregate capacity of 4.1MW and it has now recently added another 1.25 MW windmill at a capex of about Rs. 7 cr. This windmill is expected to be commissioned by end December 2007. Overall, GSTL has invested about Rs. 32 cr in its windmills. 3 windmills are used to generate captive power and the additional power generated from 2 windmills is sold to the MSEB. The income from the sale of power from windmills is tax-free for 10 years. GSTL generates about Rs. 1.5 – 2 cr of revenue from the sale of power each year.

A debt free company – GSTL is on a steady growth path

GSTL is a 100% debt-free company with prudent cash management skills and thus has been able to fund its ensuing expansion of about Rs. 45 cr entirely from internal accruals. Being a cash rich company and free from debt and interest burdens, GSTL is in a position to withstand the business cycles in a much better way.

GSTL's net revenues for H1FY08 grew by 24.4% to Rs.36.30 cr vs Rs. 29.19 cr in H1FY07. Its EBITDA for the half year grew in line by 24.7% to Rs. 14.63 cr and the EPS was up

26.5% at Rs. 8.54 vs Rs. 6.75 in H1FY07 on equity of Rs. 7.35 cr. Thus, GSTL is on a steady growth trajectory backed by healthy growth in revenues and strong profit margins



Company Background

GSTL, formerly known as Gandhi Special 07 Tubes Limited was a project set up by the Gandhi Group in technical collaboration with Benteler of Germany. The project was set up for the manufacturing of small diameter welded and cold drawn seamless steel tubes. The first plant that was set up in 1988-89 in Halol, Dist. Panchmahal, Gujarat. The imported plant includes state of the art equipments like continuous bright annealing furnace and stretch reducing tube mill. The primary aim of the project was to substitute imports in India. Commercial production started in April, 1988 and since then tubes for various applications like high pressure diesel fuel injection tubing, hydraulic tubes etc, in seamless steel tubes and low pressure fuel lines, oil lines, condenser tubing etc., in welded tubes have been developed. GSTL has been a major source for these tubes to almost all the reputed original manufacturers in India. The plant is certified as ISO 9002.

GSTL has also set up a plant in Pune, Maharashtra for manufacturing tubular components. The Pune plant carries out the value addition to products and caters to the OEMs like the Godrej group and Kirloskar group in and around Pune. They have also started manufacturing cold-formed nuts at its Halol plant. The Halol state-of-the-art plant includes imported 6 station cold formers, 3 die thread rolling machines and automatic tapping machines for rolled as well as machined threads.

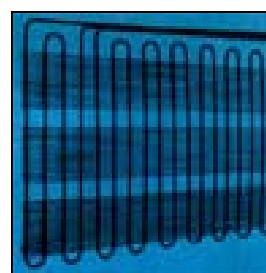
Products



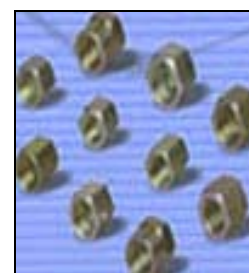
Small Diameter
Welded Steel Tubes



Cold Drawn Seamless
Steel Tubes



Tubular Components



Cold formed Nuts

Small Diameter Welded Steel Tubes

The size range of small diameter welded steel tubes manufactured is 3.1 to 12.7mm Outside dimension and 0.5 to 1.5 mm wall thickness. Plain, inside and outside copper plated and outside zinc plated tubes are manufactured. These tubes find applications mainly in

refrigeration and the automobile industry. The list of customers include major refrigerator manufacturers like Godrej, Voltas, Electrolux, Daewoo, Carrie etc and major automobile / engine manufacturers like Telco, Ashok Leyland, M&M, Simpson, Kirloskar Oil Engines, Maruti Udyog Ltd etc or their ancillaries.

Cold Drawn Seamless Steel Tubes

The size range of cold drawn seamless steel tubes manufactured is 3 to 75 mm Outside dimension and 0.5 to 7.5 mm wall thickness. GSTL is a pioneer in introducing cold drawn seamless steel tubes normalized / annealed in bright annealing furnace in India. This ensures soft and scale free tubes. These tubes find applications in high-pressure fuel injection tubing and hydraulic tubing. Most of the customers in India who were earlier importing these tubes are now buying these tubes from GSTL. The list of customers include Telco, Ashok Leyland, M&M, Simpson, Kirloskar Oil Engines, Mannesman Rexroth, Vickers, Wipro, SMS (I) Ltd, L&T, Tisco etc.

Tubular Components

Facilities at Pune plant for manufacturing tubular components include CNC and manual bending, hydraulic head forming, welding / brazing, flushing, pressure testing etc. Components manufactured are condensers, compressor parts, fuel injection tube assemblies, hydraulic tubes etc.

Cold Formed Nuts

In order to provide a complete product with end fittings, GSTL also started the manufacture of cold-formed nuts. These nuts have the following distinct advantages over machined nuts: High degree of reliability ensuring zero failures on account of cracked nuts, tensile strength, yield strength and shear strength increase due to cold working. Also, the unbroken flow lines follow the part contour, which increase the strength of the part and improved surface finish, which not only gives it a better look but also improves the life of the product and helps sealing where ferrules are used.

Risks and Concerns

GSTL's business is directly dependent on investment in the automobile sector. A slow down in the economy and hardening interest rates could cause a deceleration in GSTL's growth rate.

Any change in regulation with reference to diesel cars / engines could have an adverse impact on GSTL.

Given the buoyant demand scenario and decrease in import duties, GSTL may face competition from international players.

Any delay ramping up capacity utilization could have an adverse impact on GSTL's performance.

Rising LPG costs, copper and zinc prices could also impact the operational efficiency of GSTL.

Any major fluctuation in key raw material prices like steel, which has been on a sharp increase, may have a negative impact on GSTL's profit margins.

Conclusion

GSTL is expected to report net sales of Rs. 78 cr and Rs. 96 cr in FY08 (E) and FY09 (E) respectively. EBIDTA margins could stabilize in the 38% range. Increased investments in the automobile, steel, cement etc sectors augurs well for GSTL. Further, operating in a highly specialized and niche segment assures a sizeable domestic market for GSTL's products.

At the current market price of Rs. 206.60, GSTL is trading at 8.9 times FY08 (E) and 7.2 times its FY09 (E) EPS. We recommend a buy at the CMP and to add on dips to Rs.178-189 band with a price target of Rs.272 (9.5 times FY09 (E) EPS) in the next one-year.

Quarterly Financials

P & L Account (Rs. in cr)	2nd Qtr 200709	2nd Qtr 200609	Chg %	1st Qtr 200706	1st Qtr 200606	Chg %	4th Qtr 200703	4th Qtr 200603	Chg %	3rd Qtr 200612	3rd Qtr 200512	Chg %
Gross Sales	20.8	16.95	22.5%	21.2	16.7	26.8%	20.7	17.4	18.8%	16.7	16.4	1.7%
Excise Duty	2.8	2.2	25.0%	2.9	2.3	27.6%	2.8	2.4	18.9%	2.3	2.3	3.1%
Net Sales	18.0	14.8	22.2%	18.3	14.4	26.7%	17.8	15.0	18.8%	14.4	14.2	1.5%
Other Income	0.2	0.2	23.5%	0.5	0.3	84.0%	0.2	0.2	35.3%	0.2	0.4	-34.3%
Total Income	18.2	14.9	22.2%	18.7	14.7	27.7%	18.1	15.2	19.0%	14.6	14.5	0.6%
Total Exp	10.8	9.1	18.1%	11.6	8.8	32.0%	11.8	9.9	18.7%	9.2	8.7	5.6%
PBIDT	7.5	5.8	28.6%	7.2	5.9	21.3%	6.3	5.3	19.4%	5.4	5.8	-6.9%
Interest	0.0	0.0		0.0	0.0		0.0	0.0		0.0	0.0	0.0%
PBDT	7.5	5.8	28.6%	7.2	5.9	21.3%	6.3	5.3	19.4%	5.4	5.8	-6.9%
Depreciation	1.1	1.0	8.1%	1.1	1.0	9.3%	1.1	1.0	11.0%	1.0	0.8	23.2%
PBT	6.4	4.8	32.8%	6.1	5.0	23.6%	5.2	4.3	21.4%	4.4	5.0	-11.8%
Total Tax	2.0	1.4	44.3%	1.9	1.6	20.5%	1.8	-2.0	-191.0%	1.7	1.6	1.9%
Reported PAT	4.4	3.4	28.2%	4.2	3.3	25.1%	3.4	6.3	-46.5%	2.8	3.4	-18.3%
Extraordinary Items	0.0	0.0		0.0	0.0		0.0	0.0		0.0	0.0	
Adjusted PAT	4.4	3.4	28.2%	4.2	3.3	25.1%	3.4	6.3	-46.5%	2.8	3.4	-18.3%
EPS (Unit Curr)	5.9	4.6	28.2%	5.7	4.5	25.1%	4.6	8.5	-46.5%	3.8	4.6	-18.3%
Equity (Rs. cr)	7.4	7.4	0.0%	7.4	7.4	0.0%	7.4	7.4	0.0%	7.4	7.4	0.0%
OPM (w/o OI)%	40.2%	38.2%		36.8%	39.3%		33.9%	33.9%		36.2%	38.7%	
NPM%	24.3%	23.1%		22.9%	23.1%		18.8%	41.7%		19.3%	23.9%	

Financials

Income Statement (Rs. in cr)	FY05	FY06	FY07	FY08 (E)	FY09 (E)
Gross Sales	52.7	63.1	69.8	90.0	112.0
Excise Duty	7.3	8.8	9.6	12.5	15.7
Net Sales	45.4	54.3	60.2	77.5	96.3
% Ch Y-o-Y		19.5	10.8	28.8	24.3
Other income	2.5	2.7	2.4	1.4	0.9
% Ch Y-o-Y		6.8	-13.3	-40.6	-35.7
Total Income	48.0	57.0	62.5	78.9	97.2
% Ch Y-o-Y		18.9	9.7	26.2	23.2
Raw Materials	15.1	18.5	21.5	27.5	33.6
% Ch Y-o-Y		22.5	16.3	28.0	22.2
Manufacturing Expenses	8.4	10.0	10.7	12.5	14.7
% Ch Y-o-Y		18.2	7.1	17.0	17.6
Payments/provisions employees	2.6	3.1	3.4	4.1	5.2
% Ch Y-o-Y		17.1	10.1	20.9	26.8
SG&A	3.5	3.5	3.5	4.2	5.5
% Ch Y-o-Y		-0.2	0.1	20.1	31.0
Total Operating Expenditure	29.7	35.0	39.1	48.3	59.0
% Ch Y-o-Y		18.1	11.5	23.7	22.2
EBITDA	18.3	22.0	23.5	30.6	38.2
% Ch Y-o-Y		20.1	6.7	30.5	24.8
Interest	0.0	0.0	0.0	0.0	0.0
Depreciation & Non cash charges	3.4	3.4	4.1	5.2	6.8
% Ch YoY		0.4	18.9	27.3	30.8
PBT	14.9	18.5	19.4	25.4	31.4
% Ch YoY		24.6	4.4	31.1	23.6
Taxation-	5.1	2.4	6.5	8.4	10.4
% Ch YoY		-52.4	169.3	29.4	23.2
Adjusted Net Profit	9.8	16.1	12.9	17.0	21.1
% Ch YoY		64.2	-20.2	32.0	23.8
Latest Equity (Rs cr)	7.4	7.4	7.4	7.4	7.4
EPS (Adjusted for fully dil. equity)	13.4	21.9	17.5	23.1	28.6
% Ch YoY		64.2	-20.2	32.0	23.8

Balance Sheet

(Rs. in cr)	FY05	FY06	FY07	FY08 (E)	FY09 (E)
Sources of Funds					
Shareholders' Funds					
Capital	7.4	7.4	7.4	7.4	7.4
Reserves & Surplus	29.0	41.7	51.3	68.3	89.3
	36.3	49.1	58.6	75.6	96.7
Loan Funds					
Secured Loans	0.0	0.0	0.0	0.0	0.0
Unsecured Loans	1.4	1.1	0.9	1.0	1.1
	1.4	1.1	0.9	1.0	1.1
Deferred Tax Liability	3.7	2.4	3.3	4.3	4.3
Less: Deferred Tax Assets	0.1	0.2	0.2	0.0	0.0
	3.7	2.2	3.0	4.3	4.3
Total	41.4	52.5	62.5	80.9	102.0
Application of Funds					
Fixed Assets					
Gross Block	42.0	54.6	67.1	92.3	97.3
Less: Depreciation	23.9	27.2	31.0	36.2	43.0
Net Block	18.1	27.5	36.1	56.1	54.3
Capital WIP	0.1	1.8	1.6	0.0	0.0
	18.2	29.3	37.6	56.1	54.3
Investments	10.4	5.4	5.6	1.1	9.7
CA, Loans & Advances					
Inventories	7.1	9.7	10.7	13.6	17.1
Sundry Debtors	8.4	9.0	9.1	11.7	14.5
Cash & Bank Balances	1.1	2.9	1.2	0.8	8.6
Other Current Assets	0.0	0.0	0.0	0.0	0.0
Loans & Advances	1.2	2.1	3.3	3.9	5.5
	17.8	23.7	24.3	30.0	45.7
Less					
Current Liabilities & Provisions					
Liabilities	4.0	5.3	4.3	5.5	6.8
Provisions	1.0	0.6	0.7	0.8	0.9
	5.0	5.8	5.1	6.3	7.7
Net Current Assets	12.8	17.8	19.3	23.7	38.0
Total	41.4	52.5	62.5	80.9	102.0

Cash Flow

Cash Flow (Rs. in cr)	FY05	FY06	FY07	FY08 (E)	FY09 (E)
YE March					
Profit Before Tax	14.9	18.5	19.4	25.4	31.4
Net Operating Cash Flow	10.2	14.1	14.3	18.3	21.3
Net Cash from Investing Activity	-8.9	-8.7	-12.3	-18.9	-13.6
Net Cash from Financing Activity	-4.9	-3.6	-3.6	0.2	0.1
Cash & Cash Equivalents	1.1	2.9	1.2	0.8	8.6
Net Inc / (Dec) in Cash	-3.6	1.8	-1.7	-0.5	7.8

Key Ratios

Key Ratios	FY05	FY06	FY07	FY08 (E)	FY09 (E)
Profitability Ratios (%)					
EBITDA	34.7	35.5	35.1	37.7	38.7
Net profit	21.6	29.7	21.4	21.9	21.9
RoCE	23.7	34.4	22.4	23.7	23.0
RoA	23.7	34.4	22.4	23.7	23.0

Growth Ratios (%)						
Net sales	41.5	19.5	10.8	28.8	24.3	
EBITDA	38.3	20.1	6.7	30.5	24.8	
PBT	61.5	24.6	4.4	31.1	23.6	
PAT	44.7	64.2	-20.2	32.0	23.8	
EPS	43.2	64.2	-20.2	32.0	23.8	
Valuation Ratios (X)						
PE	15.5	9.4	11.8	8.9	7.2	
CPE	11.5	7.8	9.0	6.8	5.5	
Price/BV	4.2	3.1	2.6	2.0	1.6	
EV/EBITDA	1.9	5.3	4.0	4.9	3.5	
EV/Sales	0.8	2.2	1.5	1.9	1.4	
EV/Mcap	0.8	0.9	0.9	1.0	0.9	
D/E (Total)	0.0	0.0	0.0	0.0	0.0	
Per share data (Rs)						
Earnings	13.4	21.9	17.5	23.1	28.6	
Cash Earnings	18.0	26.6	23.1	30.2	37.9	
Book Value	49.4	66.8	79.7	102.9	131.5	
Turnover Ratios						
Fixed Assets	2.5	1.9	1.6	1.4	1.8	
Inventory	3.7	3.8	3.5	3.6	3.5	
Debtors	5.4	6.2	6.7	7.5	7.4	
Payable	6.5	6.8	7.4	9.0	8.7	
Working Capital	3.5	3.0	3.1	3.3	2.5	
Inventory (days)	98.5	96.9	104.7	100.6	104.7	
Debtors (days)	67.4	58.5	54.9	48.9	49.7	
Creditors (days)	56.1	53.7	49.2	40.7	42.0	

RETAIL RESEARCH Tel: (022) 6661 1700 Fax: (022) 2496 5066 Corporate Office

HDFC Securities Ltd. Trade World, C. Wing, 1st Floor, Kamala Mills Compound, Senapati Bapat Marg,
 Lower Parel, Mumbai 400 013 Phone: (022) 66611700 Fax: (022) 2496 5066 Website: www.hdfcsec.com
 Email: hdfcsecretailresearch@hdfcsec.com

Disclaimer: This document has been prepared by HDFC Securities Limited and is meant for sole use by the recipient and not for circulation. This document is not to be reported or copied or made available to others. It should not be considered to be taken as an offer to sell or a solicitation to buy any security. The information contained herein is from sources believed reliable. We do not represent that it is accurate or complete and it should not be relied upon as such. We may have from time to time positions or options on, and buy and sell securities referred to herein. We may from time to time solicit from, or perform investment banking, or other services for, any company mentioned in this document. **This report is intended for Retail Clients only and not for any other category of clients, including, but not limited to, Institutional Clients**