June 9, 2010

# Essel Propack Ltd.

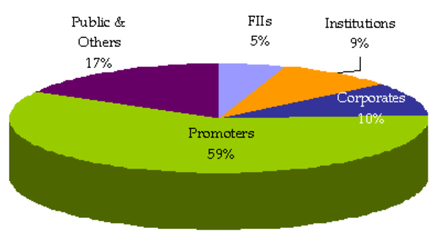
*...the world leader*

SKP Securities Ltd

**CMP Rs. 42** **Target Rs. 62** **Initiating Coverage- Buy**

| Key Share Data | |
|---|---|
| Face Value (Rs.) | 2.0 |
| Equity Capital (Rs. mn) | 313.2 |
| Market. Capitalization (Rs. mn) | 6577 |
| 52-wk High / Low (Rs.) | 59/23 |
| Average Daily Volume | 141614 |
| BSE code | 500135 |
| NSE code | ESSELPACK |
| Reuters code | ESSEL.BO |
| Bloomberg code | ESEL IN |

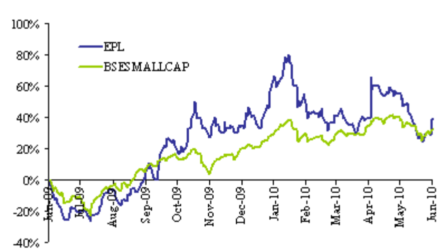
**Shareholding Pattern – 31st March 2010**




| Consolidated Financials | | | | (Rs. mn) |
|---|---|---|---|---|
| | CY08 | FY10 | FY11E | FY12E |
| Net Sales | 12911.0 | 16593.6 | 13689.7 | 15332.5 |
| Sales Gr | 8.2% | 28.5% | -17.5% | 12.0% |
| EBIDTA | 1283.4 | 2834.0 | 2751.6 | 3235.2 |
| PAT | -883.1 | 599.4 | 780.4 | 1219.8 |
| PAT Gr | -6.8% | 3.6% | 5.7% | 8.0% |
| EPS (Rs.) | -5.6 | 3.8 | 5.0 | 7.8 |
| CEPS (Rs) | 1.5 | 12.6 | 11.4 | 14.0 |

| Key Financial Ratios | | | | |
|---|---|---|---|---|
| | CY08 | FY10 | FY11E | FY12E |
| Int Cover (x) | 0.2 | 1.7 | 2.6 | 3.6 |
| P/E (x) | -- | 11.0 | 8.4 | 5.4 |
| P/BV (x) | 0.9 | 0.9 | 0.8 | 0.7 |
| P/Cash EPS | 27.8 | 3.3 | 3.7 | 3.0 |
| MCap/Sales | 0.5 | 0.4 | 0.5 | 0.4 |
| EV/EBIDTA | 12.5 | 5.0 | 4.6 | 3.6 |
| ROCE | 0.9% | 9.2% | 11.1% | 13.8% |
| ROE | -12.6% | 8.0% | 9.5% | 13.0% |
| EBITDM(%) | 9.9% | 17.1% | 20.1% | 21.1% |
| NPM (%) | -6.8% | 3.6% | 5.7% | 8.0% |
| Debt-Equity | 1.5 | 1.1 | 0.9 | 0.7 |

**Performance comparison EPL v/s BSE Smallcap**





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## *Company Profile*

Essel Propack Ltd (EPL) is the leading manufacturer of laminated tubes with the 60% market share in India and 32% globally. It also manufactures co-extruded plastic tubes. In 2006 EPL ventured speciality packaging business whereby it manufactures sachets and pouches for leading FMCG players in India. Majority of its revenues come from dominant oral care segment.

## *Investment Rationale*

### Essel Propack China (EP China) negotiated longterm contract in China – underpin growth in the coming years:

- EP China has entered in to a longterm contract with a leading FMCG player in China, whereby it (FMCG player) has agreed to buy land, build plant and provide it on lease to EP China.
- EPL China is also allowed to meet the demand of the other local players besides the demand of anchor customer.
- This facility is strategically located close to South Korea and Japan, whichs will be used for exporting its products to these countries.
- This will help improving the topline and margins of the company in the coming years.

### Ramping up Poland facilities - improving margins:

- EPL is ramping up the Poland facilities by rebuilding the cost structure and increasing capacities keeping in view the opportunities present in the European region.
- This ramping up has resulted in to reduction of losses from Rs 924.6 mn in CY08 to Rs 454.6 mn in FY10.
- We further expect this facility to breakeven by Q1FY11 and witness profits at PAT levels by the end of FY11, improving the overall margins of the company.

### Reducing the debts – reducing interest cost and improving D/E:

- EPL has paid around Rs 1.9 bn of its longterm debts bringing it down to approximately Rs 8.41 bn in FY10 from Rs 10.3 bn in CY08.
- This has improved its D/E of the company from 1.5x in CY08 to 1.1x in FY10. We further expect it to go down to below 1x by the end of FY11.

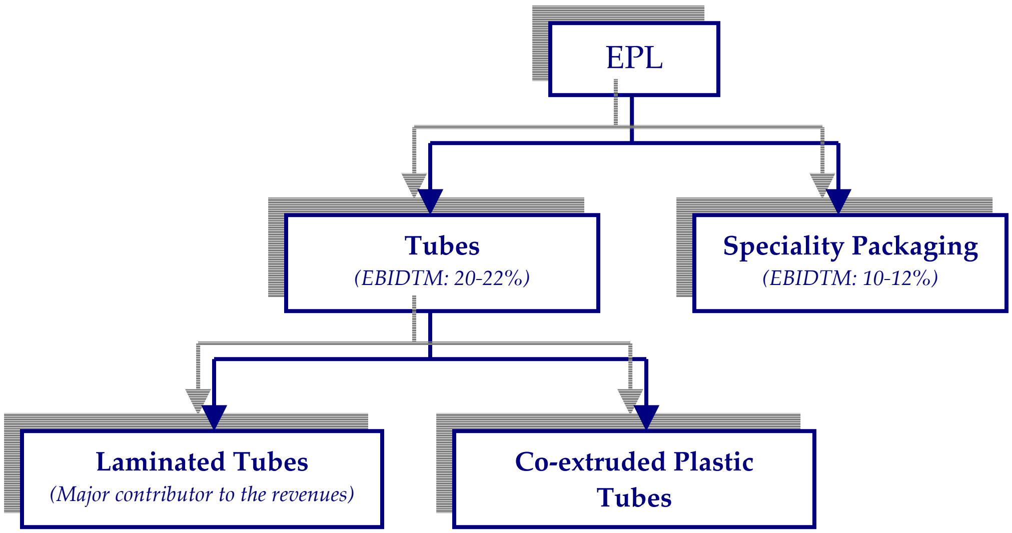
## *Outlook & Recommendation*

We believe that demand for EPL's products should not be materially impacted by the current global downturn (specially European region). The emerging market will continue to provide growth opportunity with increasing penetration of FMCG.

At the current market price of Rs 42, the stock is trading at a P/E of 8.4x and 5.4x of FY11E and FY12E earnings of Rs 5 and Rs 7.8 respectively. ***We recommend BUY rating on the stock with a target price of Rs 62/- (48% upside) in 18 months at the P/E of 8x on FY12 earnings.***

# The Company: A snap shot

**An introduction:** Essel Propack Ltd (EPL), earlier known as Essel Packaging Ltd, was established in 1982. It is the first company to introduce laminated tubes in India. Today, it is India's one of the largest manufacturer of laminated collapsible tubes globally. The company is also present in the business of co-extruded plastic tubes, speciality packaging and plastic films. Business classification of EPL is as follows:




*Source: Company*

1. **Tubes Business:** EPL is the largest tube manufacturer globally. It started tubes business in 1984, manufacturing laminated tubes. EPL is the company who first introduced laminated tubes in India and today it has mammoth market share of 60% in India. It has its facilities in Wada (Gujarat), Uttarakhand, Puducherry & Cuddalore (Tamilnadu), Murbad & Vasind (Maharashtra), Goa, Nalagarh (Himachal Pradesh) and Silvassa (Dadra & Nagar Haveli), in India.

The company is majorly catering to oral care industry. Oral care products are packed in laminated tubes globally with sales of 4.5 bn tubes per year. More and more toiletries, haircare, pharmaceuticals, food and industrial products are packaged in laminated tubes with technological advancement.

Company is also serving to the industries such as toiletries, cosmetics, pharma, food, industrial products etc. Tubes business of the company is the major contributor to the revenues of the company with the share of 85% in FY10.

Today, company has established itself in five continents, starting from Egypt in 1992. The company has twenty state-of-the-art facilities in the following geographies:

| Geographies | Countries | Market Share | Status | CAGR Growth (2006-2010) |
|---|---|---|---|---|
| AMESA | Egypt and India | 44% | Market Leader | 26% |
| EAP | China, Philippines, Singapore and Indonesia | 40-45% | Market Leader | 14% |
| Americas | USA, Mexico and Columbia | 30-35% | Market Leader | 25% |
| Europe | UK, Germany, Russia, Poland | 11% | Fourth largest player | -9% |

*Source: Company & SKP Research*

AMESA is also contributing highest to the revenues of EPL with 33% share followed by AMERICAS with around 35% contribution. Margin wise EAP is the highest contributor followed by AMESA.

EPL has strong relationships with multinational clients like Colgate Palmolive, Unilever and Procter & Gamble (P&G), to whom it supplies laminated tubes globally.

2. **Speciality Packaging Business:** EPL stepped in to flexible packaging business by acquiring Packaging India Private Ltd (PIPL) in 2006 and moved up the value chain. It is the third largest producer of speciality packaging material in India offering innovative packaging solutions to the companies in FMCG sector, in domestic market.

   PIPL has the state-of-the-art manufacturing facility in Pondicherry, equipped with latest equipments from leading international machinery manufacturers. PIPL's customers include most of the MNCs and brand leaders in India from food and pharma sector.

   EPL has set up a factory in Uttarakhand under PIPL, for the manufacturing of packaging solutions for pharma applications such as tablets, capsules, powders and gels.

   The business contributed 15% to the total revenue in FY10.

**Raw Materials:**

- The key raw materials for the tubes are polymer resins and aluminium foil. Different polymers used by EPL are HDP, LDP etc.
- Price of these polymers is positively correlated to the price of crude oil and thus highly price sensitive.
- Polymers are largely imported by the company from the suppliers such as Dow and Exon. Polymers are purchased by EPL on quarterly basis.
- The company is able to pass on the increase/decrease of prices in raw materials to its customers with the price review mechanism of the company is in place with escalation clause in the orders. Lag period is 3-4 months.

## Recent Development

**EPL exited from its medical devices business:** EPL exited from its non-core business of medical devices to focus on its core businesses, in December 2009 to an Irish Company Creggana at undisclosed sum.

EPL entered medical devices business by acquiring US-based Tacpro Inc and Singapore-based Avalon Medical Services in March 2006 having expertise in manufacturing of cardio-vescular catheters, angioplasty balloons, urinary catheters etc. Later in 2008, it bought MED Inc and Catheter & Disposables Tech.

## Investment Arguments

1. **Increasing presence in pharma and cosmetics segments – tapping new customers with product development:** The end-user oral care laminate tube segment had witnessed strong growth over the last few years on account of the conversion from aluminium tubes to laminate tubes. Now, with the conversion in this segment being almost complete, its growth rate has now become moderate. Thus, EPL is trying to increase its presence in other segments like cosmetics and pharmaceuticals.

**Pharmaceutical industry:**

- India's pharmaceutical industry is now the third largest in the world in terms of volume and 14th in terms of value. According to data published by the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers, total turnover of India's pharmaceuticals industry between September 2008 and September 2009 was US$ 21.04 billion. Of this the domestic market was worth US$ 12.3 billion.

- According to a detailed research by one of the prominent domestic broking house, India is expected to rank among the top 10 global pharmaceutical markets by 2015. The industry is typically growing at around 1.5-1.6 times the country's gross domestic product (GDP) growth.

- More over export of pharmaceutical products from India increased from US$ 6.23 billion in 2006-07 to US$ 7.74 billion in 2007-08 and to US$ 7.81 billion in 2008-09, CAGR growth of 21%.

- Socio-economic factors such as rising income levels, increasing affordability, gradual penetration of health insurance and the rise in chronic diseases would see the Indian formulation market touch US$ 13.7 billion by 2013, at a CAGR of 12.2% over the period from fiscal year 2008 to 2013.

- According to a new report published by Pricewaterhouse Coopers in April 2010, India will join the league of top 10 global pharmaceuticals markets in terms of sales by 2020 with the total value reaching USD 50 billion by then.

**Cosmetic Industry:**

- The Indian cosmetic Industry has witnessed rapid growth in the last couple of years, growing at a CAGR of around 7.5% between 2006 and 2008. The industry is expected to maintain the growth momentum of 7% during 2009-2012, with improving purchasing power and increasing fashion consciousness.

- ***The average consumer spending on cosmetic products in India is much lesser than any other part of the world, despite the massive surge in the popularity of cosmetic products, This implies that the Indian cosmetic industry has an even greater potential for growth in future, fueling the growth in plastic tubes.***

- Currently, most of cosmetics manufacturers in India cater to the domestic market but they are gradually establishing their footholds in overseas markets. In recent years, the Indian cosmetic manufactures have received orders from overseas markets; for instance Indian herbal cosmetic products have a tremendous demand in the international market.

***This is creating robust demand for innovative packaging with the immense export potential. Packaging attractiveness (specially in cosmetic industry) will be the key driver of the branding strategy in these sectors. Thus EPL's new high luster laminate tube (EGNITE) and recycled plastic barrier tube (ETAIN) can play major role in capturing market in the above segments.***

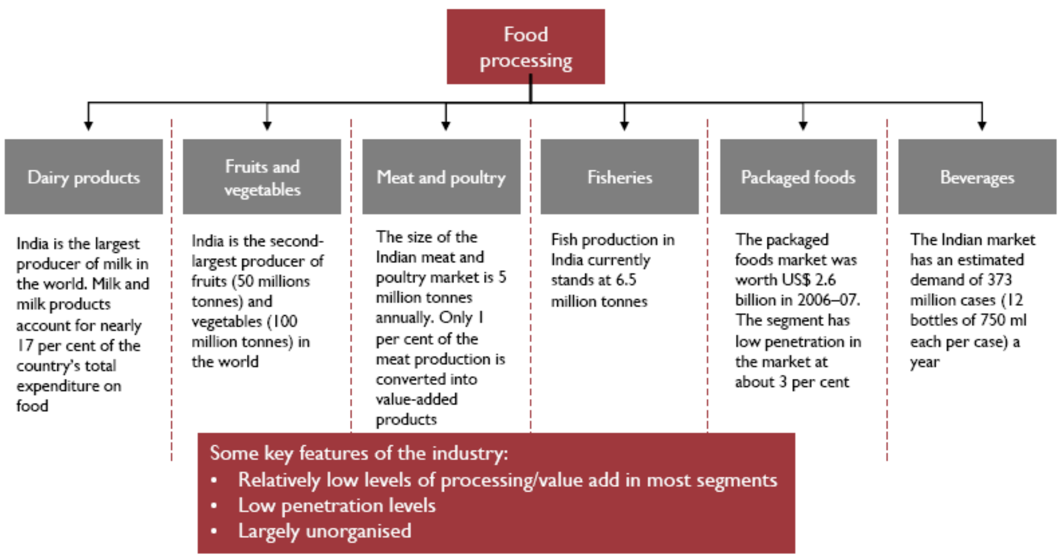
**2. Growing Food Processing Industry – advantageous for speciality packaging business:**

- As mentioned earlier EPL ventured in to speciality packaging business in 2006. Speciality packaging materials find application in varied industries such as pharmaceuticals, food, beverages, confectionary etc.

- Food market in India is about USD 182 bn of which food-processing market is about USD 70 bn.

- The Government of India has formulated a Vision-2015 action plan in order to further grow the food processing industry under which the size of the industry is to be trebled to about USD 210 bn.

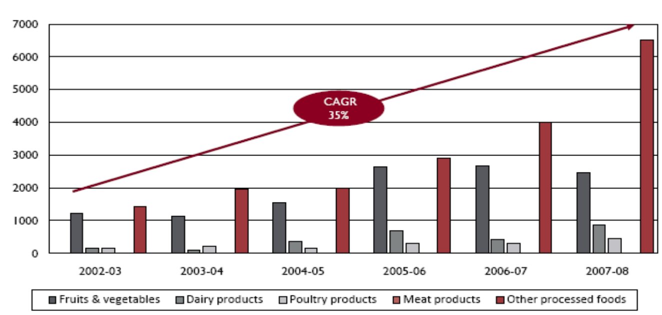
- The penetration level of the industry is as low as 6%. This situation is rapidly changing with semi processed and ready to eat packaged food industry is reflecting rapid growth (of over 33% till 2006). This change is primarily happening because of fast growing consumerism. The GOI has targeted to increase the penetration level to 20% till 2015. The food processing industry at a glance:




*Source: IBEF.org*

**Rapid growth in exports:** The Indian food processing industry is primarily export oriented. India's geographical situation gives it the unique advantage of connectivity to Europe, the Middle East, Japan, Singapore, Thailand, Malaysia and Korea. India's exports of processed food were Rs. 89.75 bn in 2007-08 growing with the CAGR of 35% since 2002-03.

Food processing exports have been growing rapidly




Processed food exports constitute nearly 5 per cent of the total exports of the country

*Source: ibef.org*

***The growth in food processing segment will fuel growth in speciality packaging segment of the company. EPL is all ready to meet the demanding needs of the business with possess of required knowledge, infrastructure and process capabilities.***

3. **Essel Propack China (EP China) negotiated longterm contract with a leading FMCG player in China – underpin growth in the coming years:**
    - EP China has entered in to exclusive longterm contract with one of the leading FMCG player during the second half of 2009, whereby the anchor customer (FMCG player) agreed to buy land, construct the factory building, and lease the facility to EP China. The facility is at Tianjin city of North East China.
    - EP China has started the facility based on the committed volume of the anchor customer. This has resulted in keeping the capital expenditure of the company low.
    - This distinctive business model also allows the company to use the capacity to service other customers in the region besides catering to the needs of anchor customer. EP China has already entered in to the contract with other customers to supply from this facility.
    - The location of Tianjin also becomes strategic, as it is one of the fastest growing industrial zones for personal and home care products.
    - The plant is geographically close to South Korea and Japan and it will be used to export to these locations.

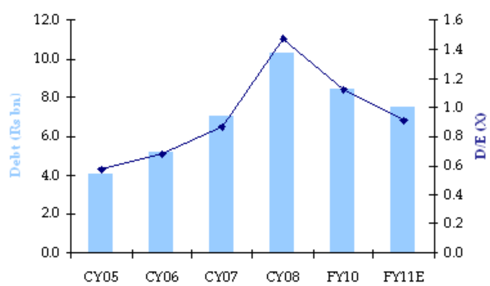
    ***This new facility will help improving topline and margins of EP China in coming years and help broadening the customer base of the company.***

4. **Ramping up Poland facilities - improving margins:**
    - EPL caters to European markets through its facilities in UK, Germany, Russia and Poland with the approximate market share of 11%.
    - EPL's Europe operations were facing problem of under utilization of capacities in UK due to shifting of manufacturing operations by a large UK based customer.
    - The company saw lots of business opportunity in Poland because of large number tube filling lines, thus it decided to downsize the capacities in UK by shifting its facilities to Poland.
    - The company faced loss of business in Poland during CY08 because of lower volumes and high scrap level. As a result EPL witnessed a loss of Rs 880 mn in CY08 (at consolidated level) of which Rs 820 mn was from Poland alone.
    - The company is ramping up its Poland facility to increase in presence in Europe and curb losses by restructuring of overheads, increasing capacities and constant price review.
    - Poland facility is now becoming stable with the number of steps initiated to correct the problem. This is visible from FY10 result of the company. The operating losses from Europe have reduced to Rs 454.6 mn in March 2010 from Rs 924.6 mn in December 2008.
    - Further, we expect that EPL's Poland facility will breakeven at EBIT levels in Q1FY11 and become profitable at PAT levels by the end of FY11, strengthening the consolidated margins of the company.
    - Secondly, Poland facility of the company is set up in the tax free zone. This will bring down affective tax rate of the company to about 26% by FY12, further increasing the margins. It was 36% in FY10.

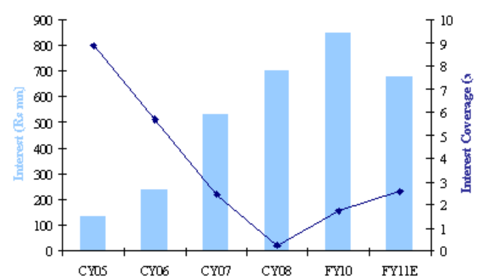
5. **Focus on Pharmaceutical and cosmetics – further improve the margins:**
    - As mentioned earlier the company is now also focusing on cosmetics and pharma segment. Tubes made for the packaging of pharma products are speciality tubes with small diameter and low volumes.
    - Generally, plastic tubes are used for packaging pharma products. Realisations of plastic tubes are higher by 2-2.5 times (approx) than laminated tubes (widely used in oral care).
    - Tubes made for cosmetics segment is high luster decorative tubes, which fetches higher margins. EPL has developed a new product called EGNITE to cater the demand of this segment.

6. **Reducing the debts – reducing interest cost and improving D/E:**
    - EPL is expanding its presence in various regions globally since 1992 requiring more and more capital for day-to-day workings (working capital) for expansion. As a result company's debt increased from Rs 4.3 bn in CY05 to Rs 10.3 bn in CY08, consequently increasing interest cost from Rs 132 mn in CY05 to Rs 847 mn in FY10. This has further resulted in to the peaking of D/E of the company to 1.5x during CY08.
    - EPL has started reducing its debts from FY10 whereby it has repaid around Rs 1.9 bn during the year bringing down its debt levels to Rs 8.3-8.4 bn improving PAT margins as well as D/E of the company. D/E of the company improved to 1.1x in FY10.
    - ***We expect D/E to fall below 1x by the end of FY11.***

**Debts and D/E**




**Improving Interest Cost & Interest Coverage**




*Source: Company & SKP Research*

7. **Brownfield expansion of Rs 1.6 bn for next two years:**
    - The company has announced a brown field capacity expansion of Rs 1.6 bn to be undertaken between FY11 and FY12 to pursue growth opportunities in AMESA and Europe region.
    - These existing capacities will be coming up at Goa, India; Poland and Germany.

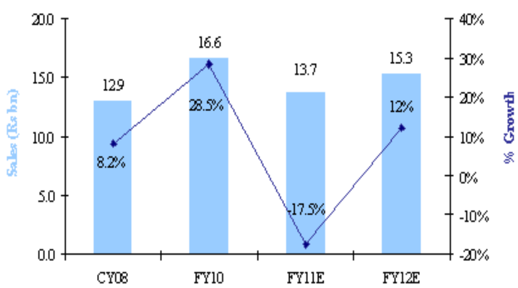
## Key Concerns

1. **Exposed to dynamic economic and market conditions**: EPL is exposed to dynamic and economic and market conditions of its operating terrain, being a multinational company. Aspects such as changes in consumption pattern, increase in competition and regulatory changes may put adverse affect on the results of the company.

2. **Price volatility of polymers:** Polymers are the key raw material for the company, which is derived from crude oil, which is highly price volatile. Any adverse movement in the prices may put negative impact on the margins of the company.

3. **Foreign Exchange Fluctuation:** EPL is exposed to multiple currencies due to the global scale of operations. The Company's performance and future can be affected by fluctuations in exchange rates.

## Financial Outlook




*Source: Company & SKP Research*

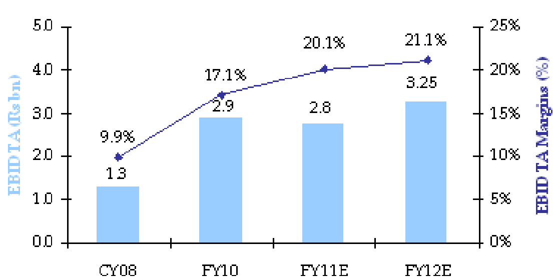
**Top-line to grow by 12% in the coming 2-3 years**

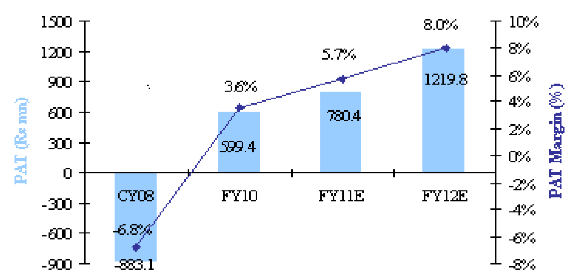
Net sales have gone up to Rs 16,593.6 mn for FY10 by registering a growth of 28.5%. *FY10 figures are not comparable with CY08 figures as company changed it year-end from December to March, thus, FY10 years contains 15 months data.*

***We expect the topline to grow by 12% in the coming two to three years,*** with ramping up of Poland plant and tapping new customers with new developed products such as EGNITE and ETAIN to cater to cosmetics and pharma segment**.** We expect most of the growth from the geographies such as AMESA, EAP and Europe.

**EBITDA margin rise to 21.1% by FY12**

EPL has witnessed EBITDA margin of 17.1% in FY10. ***We expect the company to stabilize its margin at 21.1% by FY12 on account of effective cost control measures taken by the company.***




*Source: Company & SKP Research*

**PAT margin to stabilize at 8%**

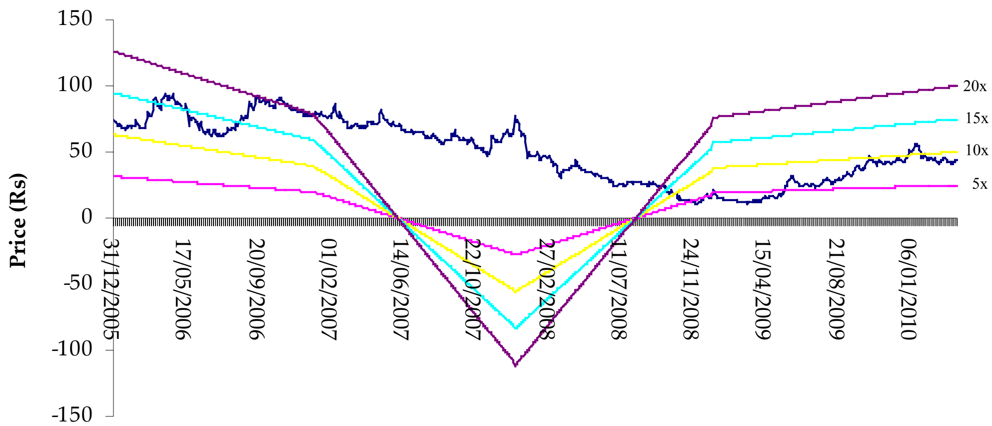
PAT margin has increased to 3.6% in FY10 vis-à-vis loss of 6.8% last year. ***We expect PAT margin to stabilize around 8% by FY12 due to reduction in interest cost and effective tax rate. EPS of the company is expected to grow from Rs 3.8 in FY10 to Rs 7.8 in FY12.***

## Valuation

EPL's products satisfy the daily needs of the consumers globally. Therefore, we believe that demand for its products should not be materially impacted by the current global downturn (specially European region). On the contrary the emerging market will continue to provide growth opportunity with increasing penetration of FMCG.

At the current market price of Rs 42, the stock is trading at a P/E of 8.4x and 5.4x of FY11E and FY12E earnings of Rs 5 and Rs 7.8 respectively. ***We recommend BUY rating on the stock with a target price of Rs 62/- (48% upside) in 18 months at the P/E of 8x on FY12 earnings.***

***One year forward P/E Band***




*Source: SKP Research Desk*

# Financials (Rs mn)

## Income Statement

| Particulars | CY08 | FY10 | FY11E | FY12E |
|---|---|---|---|---|
| Net sales | 12911.0 | 16593.6 | 13689.7 | 15332.5 |
| *Growth (%)* | *8.2%* | *28.5%* | *-17.5%* | *12.0%* |
| EBIDTA | 1283.4 | 2834.0 | 2751.6 | 3235.2 |
| *EBIDTA Margin (%)* | *9.9%* | *17.1%* | *20.1%* | *21.1%* |
| *Growth (%)* | *-34.7%* | *120.8%* | *-2.9%* | *17.6%* |
| Depreciation | 1119.9 | 1374.1 | 1001.7 | 969.6 |
| EBIT | 163.5 | 1459.9 | 1749.9 | 2265.6 |
| *EBIT Margin (%)* | *1.3%* | *8.8%* | *12.8%* | *14.8%* |
| *Growth (%)* | *-87.4%* | *792.9%* | *19.9%* | *29.5%* |
| Interest | 698.7 | 847.0 | 676.3 | 631.3 |
| Other Income | 38.3 | 113.8 | 95.8 | 107.3 |
| Exceptional Item | 0.0 | 304.5 | 0.0 | 0.0 |
| EBT | -496.8 | 1031.2 | 1169.5 | 1741.7 |
| Tax | 345.6 | 370.8 | 327.5 | 452.8 |
| Extraordinary Item | 11.9 | 0.0 | 0.0 | 0.0 |
| Minority Interest | 60.3 | 67.6 | 68.4 | 76.7 |
| Profit/(Loss) of Associat | 7.8 | 6.6 | 6.8 | 7.7 |
| PAT | -883.1 | 599.4 | 780.4 | 1219.8 |
| *PAT Margin (%)* | *-6.8%* | *3.6%* | *5.7%* | *8.0%* |
| *Growth (%)* | *-245.2%* | *167.9%* | *30.2%* | *56.3%* |
| EPS (Rs.) | -5.6 | 3.8 | 5.0 | 7.8 |

## Balance Sheet

| Particulars | CY08 | FY10E | FY11E | FY12E |
|---|---|---|---|---|
| Equity Capital | 313.2 | 313.2 | 313.2 | 313.2 |
| Reserves | 6678.6 | 7214.2 | 7930.7 | 9086.7 |
| Net worth | 6991.8 | 7527.4 | 8243.9 | 9399.9 |
| Long-term Loan | 10314.1 | 8414.0 | 7514.0 | 7014.0 |
| Minority Interest | 165.6 | 233.2 | 301.6 | 378.3 |
| Deferred Tax Liab. | 61.2 | 61.2 | 61.2 | 61.2 |
| **Total Liabilities** | **17532.7** | **16235.8** | **16120.7** | **16853.4** |
| Goodwill | 4390.0 | 4390.0 | 4390.0 | 4390.0 |
| Net Fixed Assets | 6830.6 | 5179.0 | 4827.3 | 4857.7 |
| Capital WIP | 422.6 | 0.0 | 200.0 | 0.0 |
| Investments | 452.6 | 452.6 | 452.6 | 452.6 |
| Inventories | 2079.4 | 2489.0 | 2327.3 | 2606.5 |
| Accounts receivable | 2020.0 | 2588.6 | 2135.6 | 2391.9 |
| Cash & Bank | 817.4 | 940.3 | 1557.9 | 1875.9 |
| Other Current Assets | 154.2 | 198.2 | 163.5 | 183.2 |
| Loan & Advances | 2518.6 | 2820.9 | 2327.3 | 2606.5 |
| **Current Assets** | **7589.6** | **9037.1** | **8511.6** | **9664.0** |
| Account payables | 1600.3 | 2157.2 | 1697.5 | 1901.5 |
| Other Current Liab | 425.6 | 546.9 | 451.2 | 505.3 |
| Provisions | 178.9 | 170.9 | 164.1 | 156.4 |
| **Curr. liab. & prov.** | **2204.6** | **2874.9** | **2312.8** | **2562.9** |
| Net Current Assets | 5385.0 | 6162.1 | 6198.8 | 7101.0 |
| Miscellaneous Exp | 52.0 | 52.0 | 52.0 | 52.0 |
| **Total Assets** | **17532.7** | **16235.8** | **16120.7** | **16853.4** |

## Cash Flow Statement

| Particulars | CY08 | FY10E | FY11E | FY12E |
|---|---|---|---|---|
| Profit before Tax | -496.8 | 726.7 | 1169.5 | 1741.5 |
| Add: Depreciation, Int. & Other Expenses | 1323.9 | 2221.0 | 1678.0 | 1600.8 |
| Net changes in WC, tax interest | -1432.1 | -714.9 | 260.3 | 1283.6 |
| **Cash flow from operating activities** | **-605.1** | **2232.9** | **3107.8** | **2313.1** |
| Capital expenditure | -907 | -300 | -850 | -800 |
| Investments, Sales of FA, Div. Recd & others | -615 | 1000 | 0.0 | 0.0 |
| **Cash flow from investing activities** | **-1522.6** | **700** | **-850** | **-800** |
| **Cash flow from financing activities** | **2393.7** | **-2811.0** | **-1640.1** | **-1195.1** |
| **Changes in Consolidation Reserve** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Net Increase/Decrease in Cash & Cash Equivalents** | **266.0** | **122.0** | **617.7** | **317.9** |
| Opening Cash Balance | 552.3 | 818.3 | 940.3 | 1557.9 |
| **Closing Cash Balance** | **818.3** | **940.3** | **1557.9** | **1875.9** |

## Key Ratios

| Particulars | CY08 | FY10E | FY11E | FY12E |
|---|---|---|---|---|
| **Valuation Ratios** | | | | |
| P/E | -- | 11.0 | 8.4 | 5.4 |
| P/Cash EPS | -- | 3.3 | 3.7 | 3.0 |
| P/BV | 27.8 | 3.3 | 3.7 | 3.0 |
| EV/EBIDTA | 12.5 | 5.0 | 4.6 | 3.6 |
| EV/Sales | 1.2 | 0.8 | 0.9 | 0.8 |
| **Earnings Ratios** | | | | |
| OPM | 1.3% | 8.8% | 12.8% | 14.8% |
| NPM | -6.8% | 3.6% | 5.7% | 8.0% |
| ROCE | 0.9% | 9.2% | 11.1% | 13.8% |
| ROE | -12.6% | 8.0% | 9.5% | 13.0% |
| **Balance Sheet Ratios** | | | | |
| Current Ratio | 3.4 | 3.1 | 3.7 | 3.8 |
| Debt/Equity | 1.5 | 1.1 | 0.9 | 0.7 |
| Debtor days | 50.5 | 50.7 | 63.0 | 53.9 |
| Creditors Days | 107 | 89 | 121 | 99 |
| Inventory Days | 125 | 114 | 146 | 137 |
| FA/Turnover | 0.9 | 1.2 | 0.9 | 1.0 |

## Notes:

The above analysis and data are based on last available prices and not official closing rates. SKP Research is also available on Bloomberg, Thomson First Call & Investext Myiris, Moneycontrol , ISI Securities, Ticker Plant and Ticker Plant.



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