June 21, 2007

FOR PRIVATE CIRCULATION

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Stock details

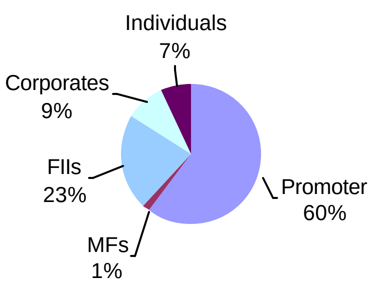
BSE code	:	526801
NSE code	:	PSL
Market cap (Rs bn)	:	9.2
Free float (%)	:	39.6
52-wk Hi/Lo (Rs)	:	278 / 182
Avg. daily volume BSE	:	20224
Shares o/s (mn)	:	34.1

Summary table (year end Mar)

Rs mn	FY07E	FY08E	FY09E
Sales	16,434	23,758	38,362
Growth (%)	14.7	44.6	61.5
EBITDA	1,712	2,591	4,042
EBITDA margin (%)	10.42	10.9	10.54
Net profit	612	1,000	1,873
Net debt (cash)	5,493	5,440	8,217
EPS (Rs)	18.0	24.2	45.3
Growth (%)	12.0	34.7	87.3
DPS (Rs)	4.4	3.6	3.6
ROE (%)	20.0	21.2	27.6
RoIC (%)	9.6	14.0	17.2
EV/Sales (x)	0.9	0.7	0.5
EV/EBITDA (x)	8.6	6.4	4.8
P/E (x)	15.1	11.2	6.0
P/BV (x)	2.6	1.9	1.5

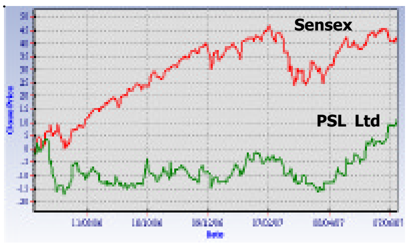
Source: Company Results & Kotak Securities - Private Client Research

Shareholding pattern



Source: BSE

One-year performance (Rel to Sensex)



Source: Capitaline

PSL Limited (PSL)

Price: Rs.271

Recommendation: BUY

Price target: Rs.343

PSL Ltd (PSL) is the largest manufacturer of high-grade large diameter helical submerged arc welded (HSAW) pipes in India with an installed capacity of 1.1 MMTPA. The company's order book pipeline is expected to rise substantially because of an upsurge in oil and gas transportation investment both at the domestic as well as global level (primarily in West Asia and the US). Domestically, a rise in pipeline investment is due to the multifold increase in gas supply (increase of 3x to 250 mmscmd) and refining capacity (increase of 2x to 200 MMTPA) over the next five years.

There are a few large pipe players (Welspun Gujarat, Jindal Saw, Man Industries etc.) operating in India. However, PSL is by far the largest player in HSAW pipes. HSAW pipes are the preferred option over longitudinally submerged arc welded (LSAW) pipes for onshore oil and gas transportation due to significant cost advantages.

PSL also has expertise in the design and manufacture of pipeline plants. Hence, all of its plants are made in-house. The in-house turnkey plant solution coupled with the strategic location of its 11 plant mills give the company a competitive advantage in the form of minimal capital and operation cost.

PSL is a proven cost leader in the industry and was able to offer minimum bids in the last four pipeline orders from GAIL.

Hence, on the back of increasing pipeline investment, we expect the company's net earnings to grow at a CAGR of 46% over FY08-10. We recommend BUY, with a one-year price target of Rs.343, providing 26% upside.

Key Investment Rationale

- **Strong domestic demand expected for oil and gas transportation pipes.** We expect increasing investment at the gas and refinery front to result in huge demand for onshore transportation pipes. GAIL, RIL and GSPL are together expected to invest close to Rs.400 bn and add 10,000 km long pipelines over the next five years compared to the existing network of 6000 km. To facilitate the development, the government has also provided infrastructure status to cross country pipelines.

- **Global demand from West Asia, North America expected to remain strong.** Globally, growth of the gas reserves accretion has been higher than oil. There are more natural gas reserves than oil. Hence, the demand for pipelines is expected to remain strong. West Asia accounts for 40% of the gas reserves. Many of the large discoveries are yet to be monetized. Hence, we expect high pipeline demand from West Asia, going forward. Apart from this, there is a huge replacement demand of ageing pipelines in the US, which is the largest consumer of oil and gas. To cater to the global demand, PSL is in the process of setting up plants both in the USA and West Asia.

- **PSL competitive advantage, HSAW pipes suited best for onshore oil and gas transportation.** Compared to LSAW pipes, HSAW pipes are better both in terms of cost (cheaper by about 20%) and features (large diameter possible only with HSAW). The cost advantage comes from cheaper raw materials in the form of HR coil for HSAW pipes. As against this, LSAW has to rely on expensive steel plates as raw material. Hence, we expect PSL to be the preferred supplier vis-à-vis LSAW competitors, for onshore oil and gas transportation pipes.

- **PSL's cost competitiveness on the capital and operation front.** PSL has expertise in the design and manufacture of pipeline plants. Hence, all its plants are made in-house. The in-house turnkey plant solutions coupled with the strategic location of its 11 pipe mills give the company competitive advantage in the form of minimal capital (savings up to 40% vis-à-vis EPC contractor) and operation cost (savings in the form of freight cost).

- **PSL, largest HSAW player with adequate capacity to cater to strong demand.** The company has the largest domestic HSAW capacity of 1.1 MMTPA. While only 0.27 MMTPA was utilized in FY07; we expect the utilization to rise up to 0.5 MMTPA in FY08-09. Apart from this, in FY09, we expect West Asia and the US plants of capacity 0.3 MMTPA to contribute 0.15 MMTPA in volumes in FY09. Hence, we expect volumes to increase at a CAGR of 55% over FY07-09. Apart from this, we expect a 100 bps improvement in net margins to 4.7%, due to saving both at the capital and operation front mentioned above.

Key Risks and concerns

- **High and Volatile HR Coil Prices.** The company's operating margins are susceptible to HR coil prices, as there tends to be no price escalation clauses in the ordered bid. High HR coil prices may put margin pressure on the entire pipeline value chain. Hence, this can be detrimental to the expected demand. While high volatility in the HR coil price may lead to funds getting tied up in working capital in the form of excess HR coil inventory as a mechanism for hedging.

- **Presence in only HSAW pipe segment.** A huge incremental demand is expected for HSAW pipes. However, absence in other pipe segments like LSAW, DI/ERW and seamless certainly increases the business risk.

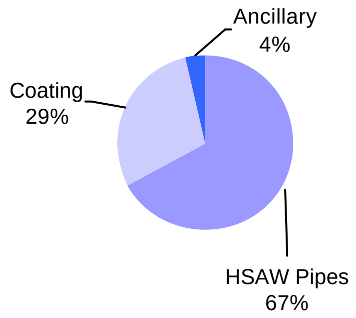
Valuation and Recommendation

We recommend BUY on PSL with a price target of Rs.343

The company's earnings grew at a CAGR of 30% during FY04-07. We expect net earnings growth to accelerate to 46% over FY08-09. We have valued the company at Rs.343, based on 2.2x FY08-09 average book value and DCF. At the current market price of 11x FY08 and 6x FY09 earnings, we find valuations attractive considering the growth potential. Hence, we recommend **BUY** with target price of Rs.343.

COMPANY BUSINESS DETAILS

Business Mix - FY06



Source: Company

PSL is the largest manufacturer of high-grade large diameter helical submerged arc welded (HSAW) pipes in India with an installed capacity of 1.1 MMTPA. The company manufactures and supplies pipes certified to American Petroleum Institute (API) standards for oil, gas and water transmission as well as structural and piling applications for both onshore and offshore sector.

PSL manufactures HSAW pipes in 11 HSAW pipe mills and pipe coating mills in five cities geographically spread throughout India. The company is among the few manufacturers in India with an integrated pipe coating capability and pipe corrosion protection. PSL also designs and builds own pipe manufacturing and coating equipment in-house and also undertake turnkey HSAW plant and machinery manufacturing. Other business segments that the company caters to, include pipe coating, corrosion protection for reinforcing steel bars, induction pipe bending and sacrificial anode manufacturing.

Industry Details

Pipelines are the preferred mode of transportation for liquids and gases globally. Buoyant activities in oil & gas E&P and the refinery front have resulted in higher demand for pipes. As far as gas is concerned, pipe is the only mode of transportation. According to Crisil, for oil products, transporting through pipeline costs around Rs.1.50 km/ton, railways cost Rs.2.30 km/ton and roadways cost Rs.3.40 km/ton. Pipes manufactured from steel can be classified on the basis of their manufacturing process into the following categories:

Categories

	Spiral/Helical Saw Pipes (HSAW)	Longitudinal Saw Pipes (LSAW)	Seamless	Electric Resistance (ERW)
Raw Material	HR Coil	Steel Plates	Steel Billets	HR Coil
Application	Oil & Gas, water onshore transportation	Oil & Gas offshore transportation	Oil E&P	Oil & Gas, water distribution
Size	18' to120" diameter	16' to 56 diameter	½' to 14" diameter	½' to 22" diameter
Main Players	PSL, Jindal Saw, Welspun Gujarat, Man Ind.	Jindal Saw, Welspun, Man Ind.	Mah Seamless, Jindal Saw	Welspun, Mah Seamless
Key differentiator	Cost effective on capital and operational front for onshore large dia pipes	Capital Intensive, suited best for offshore transportation	Application in branch lines	Limitation on size, thickness

Source: Company QIP Prospectus

Capital Expenditure Planned

The company is setting up plants in West Asia and the US

The company has got adequate capacity in India (1.1 MMTPA) to meet the expected demand over FY08-09. However, it would be setting up pipe mills in West Asia (capex $5 mn, 75 KTPA, expected to get completed by July 2007) and in the US (capex $20 mn, 350KTPA, expected to get completed by Q1FY09). The US plant would be set up through a JV named "PSL - NORTH AMERICA" between the company and the US based A & L GROUP, which is engaged in construction of gas distribution projects. The Company will be holding a majority stake of approximately 75% through funding of approximately $20 mn.

Capex Funding

PSL recently did a private placement of Rs 430 mn to raise money for the West Asian plant. The company would finance US projects through debt and internal accrual. Hence, no equity dilution is expected. The company had issued FCCB worth $40 mn in September 2005 at conversion price of Rs 188. We have taken conversion of FCCB into equity to calculate our equity fair value.

KEY INVESTMENT RATIONALE

Strong domestic demand expected for oil and gas transportation pipes

Pipe demand expected to remain robust due to multifold increase in gas supply

We expect increasing investment at the gas and refinery front to result in higher demand for onshore transportation pipes. GAIL, RIL and GSPL are together expected to invest close to Rs.400 bn and add 10000 km long pipelines over the next five years compared to the existing network of 6000 km. To facilitate the development, the government has also provided infrastructure status to cross country gas pipelines. The total pipeline infrastructure in India for oil and gas is around 18,000 km. Oil and gas majors have already announced plans to lay around 21,000 km of pipelines over the next five years. More projects are expected to be announced, going forward.

Low pipe penetration in India at 25% compared to 60% in developed countries

Existing Pipeline Network

	Length (kms)	Penetration Level (%)
India	1800	25
USA	329600	59
France	170000	75

Source: Company QIP Prospectus

On the petroleum product front pipeline transport is the cheapest mode of transportation. Despite much lower operation cost, only about 25% of the total petroleum products are transported through pipelines in India as against about 65% in the developed countries. This has been on account of low level of investments in the past in laying of pipelines in India. However, we expect this to change with large capex lined up by oil & gas companies on pipelines as preferred mode of transportation.

Demand from West Asia & North America expected to remain strong

High demand expected in West Asia due to huge gas reserves

Globally, growth of the gas reserves accretion has been higher than oil and there are more natural gas reserves than oil. Hence, demand for pipeline would remain strong. West Asia accounts for 40% of the gas reserves and many large discoveries are yet to be monetized. Hence, we expect high pipeline demand from West Asia, going forward. Apart from this, there is huge replacement demand of ageing pipelines in the US, which is the largest consumer of oil and gas. To cater to global demand, PSL is in process of setting up pipe mills in West Asia (75KT, Capex $5 mn, expected to be complete by July 2007) and in the US (350KT, Capex $20 mn, expected to be complete by Q1FY09). After the global expansion PSL would have capacity catering to 65% of the global demand.

Huge replacement demand expected from the US

Global demand scenario

	Expected new pipelines (Kms)	% of total
North America	65988	29.7
Latin America	31654	14.3
Europe	22565	10.2
Africa	12036	5.4
Middle East and Asia	76074	34.3
Australia	13673	6.2

Source: Simdex

The total pipeline demand is estimated at 221,990 km over the next five to seven years for oil and gas transportation (SAW pipes), which gives an average global demand in excess of 31,000 km per annum (assuming seven years). Production, however, does not match the required demand of 31,000 km. So, a demand-supply mismatch is expected over the next couple of years.

Pipe demand is both new and replacement demand. The new demand is primarily emerging from West Asia and Africa. This is on account of setting up of the basic oil & gas transportation infrastructure in these regions. Moreover, rising oil and gas prices have made a number of projects (smaller oilfields), which were ignored till now, viable resulting in setting up of the pipe network. Share of demand from West Asian countries is around 34% of the total demand for pipes. North America would contribute to replacement as well as new demand on account of higher thrust on natural gas consumption. The share of demand from North America and Latin America is around 44% of the total demand for pipes.

PSL's competitive advantage, HSAW pipes best suited for onshore oil & gas transportation

HSAW pipes about 20% cheaper compared to LSAW pipes

Compared to LSAW pipes, HSAW pipes are better both in terms of cost (cheaper by about 20%) and features (large diameter possible only with HSAW). The cost advantage comes from cheaper raw materials in the form of HR coil for HSAW pipes, while LSAW has to rely on expensive steel plates as raw material.

Apart from this, larger diameter pipes can only be manufactured using HSAW technology. The diameter of pipes can be as large as 120 inches compared to about 56 inches using LSAW technology. The limitation of LSAW pipes is that plates of such width are not widely manufactured by steel mills. We expect the majority of gas transmission pipelines to be on open carrier basis with 30% spare capacity. Hence, HSAW has to be the preferred option over LSAW on all accounts. Water transportation pipes are also large diameter pipes.

Industry Capacity Comparison (KTPA)

	HSAW	LSAW	ERW	Total
PSL	1,100	0	0	1,100
Welspun Gujarat	300	850	250	1,400
Jindal Saw	200	750	0	950
Man Industries	150	275	0	425

Source: Company QIP Prospectus

PSL is by far the largest player in HSAW technology with most competitors using LSAW technology. Hence, we expect PSL to be the preferred supplier vis-à-vis LSAW competitors, for onshore oil, gas and water transportation pipes.

PSL's cost competitiveness on the capital and operation front

PSL's competitive advantage lie at the capital and operational cost front

PSL has expertise in the design and manufacture of pipeline plants. Hence, all its plants are made in-house. The in-house turnkey plant solutions coupled with the strategic location of its 11 pipe mills give the company competitive advantage in the form of minimal capital (savings up to 40% vis-à-vis EPC contractor) and operation cost (savings in the form of freight cost).

PSL's advantage is also because of lower capital cost for HSAW plant vis-à-vis LSAW plants. LSAW pipe plants require heavy equipment and are built out of heavy steel components by specialized manufacturers. In contrast, HSAW pipe mills require lighter equipment and PSL has got in-house manufacturing expertise. Hence, PSL has lower capital costs in comparison to LSAW competitors.

Cost comparison

Company	Plant	Technology	Capacity (MT)	Cost per capacity (Rs/MT)
PSL	Kandla	HSAW	350000	2857
PSL	Vizag	HSAW	75000	2000
Welspun Gujarat	Anjar	HSAW/ERW	490000	4915
Man Ind.	Anjar	LSAW/HSAW	250000	6307

Source: Company QIP Prospectus

PSL is also the most efficient supplier in terms of operational cost. Large diameter pipes are costlier to transport than smaller diameter ones. Hence, the strategic location of the company's plants near ports help in freight cost savings especially for export orders. Apart from this, HSAW technology uses lighter equipment, which can be relocated nearer the project site. In comparison, other competing technologies like LSAW, which use heavy presses for plates, are heavy and are costlier to relocate.

PSL, largest HSAW player with adequate capacity to cater to strong demand

Largest HSAW player in India with 1.1 MMTPA capacity

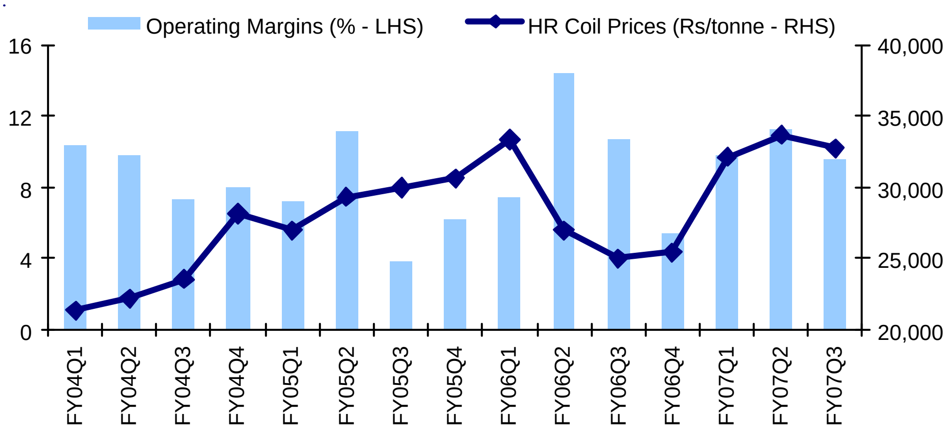
The company has the largest domestic HSAW capacity of 1.1 MMTPA, while only 0.27 MMTPA were utilized in FY07. We expect utilization to increase up to 0.5 MMTPA in FY08-09. Apart from this, in FY09, we expect West Asian and American plants of capacity 0.3 MMTPA to contribute 0.15 MMTPA in volumes in FY09. Hence, we expect volumes to increase at a CAGR of 55% over FY07-09. Apart from this, we expect a 100 bps improvement in net margins to 4.7%, due to saving both at capital and operation front mentioned above.

Key Risks and concerns

High and volatile HR coil prices can hit the operating margins

- **High and volatile HR coil prices.** The company's operating margins are susceptible to HR coil prices, as there tends to be no price escalation clause in the ordered bid. High HR coil prices may put margin pressure on the entire pipeline value chain. Hence, they can be detrimental to the expected demand. High volatility in HR coil prices may lead to funds getting tied up in working capital in the form of excess HR coil inventory as a mechanism for hedging. Though high HR coil price remain a concern for us, the company, over the past few quarters, has managed to pass on the current high HR coil prices to the buyers and has maintained its operating margins as shown in the graph.

Operating margin vs HR Coil



Source: Company, Crisil

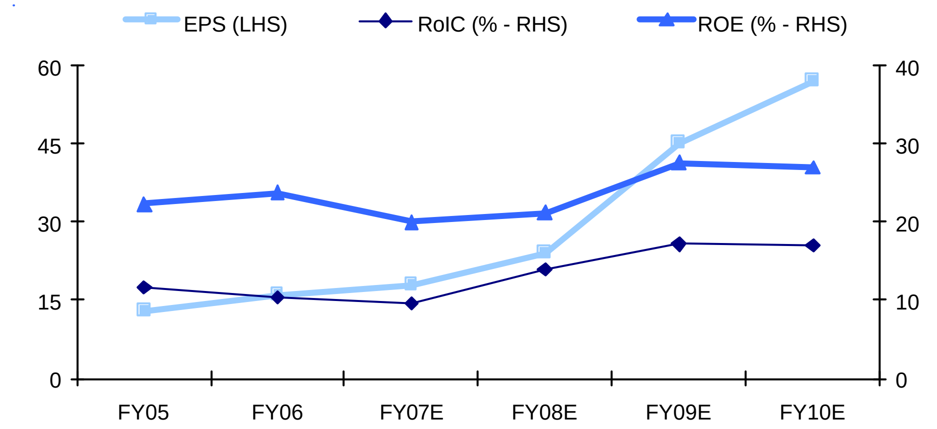
- **Presence in only HSAW pipe segment**. Though a huge incremental demand is expected for HSAW pipes, yet, an absence in other pipe segments like LSAW, DI/ERW and seamless certainly increases the business risk.

FINANCIALS AND KEY ASSUMPTIONS

We expect EPS of Rs.24 & Rs.45 in FY08 & FY09 respectively

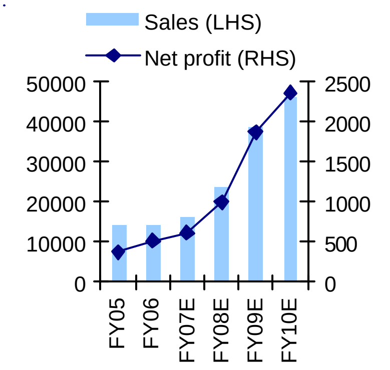
PSL has got a current order book of Rs.23 bn to be executed in FY08. We expect net profits to grow at a CAGR of 46% over FY07-10. We expect FY08-09 net profits of Rs.1.0 bn and Rs.1.9 bn, respectively, which corresponds to an EPS of Rs.24 and Rs.45, respectively.

Earnings and returns



Source: Company, Kotak Securities - Private Client Research

Turnover and earnings

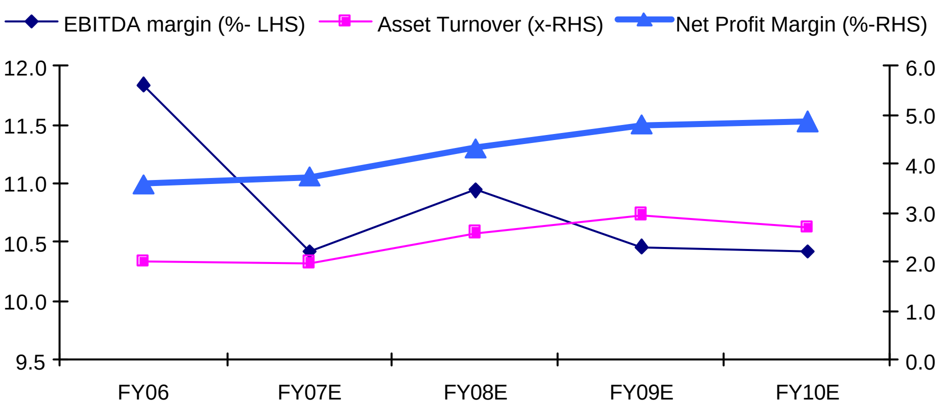


Source: Company, Kotak Securities - Private Client Research

The growth is primarily on account of higher volumes and improvement in margins due to scalability of the business because of adequate capacity. In terms of volumes, we expect pipe volumes to go up from the current level of 250 KTPA to 750 KTPA by FY09. We expect operating margins to remain stable in the range of 10-11% provided steel prices remain stable at current levels. However, net profit margins are expected to improve to 4.5-5% from the current levels of 3.7%. The improvement is because of stagnant capital cost (depreciation and interest).

Earnings growth expected due to improvement in asset turnover and margins

Margins and turnover



Source: Company, Kotak Securities - Private Client Research

Key assumptions

We expect exponential growth in volumes over FY08-09

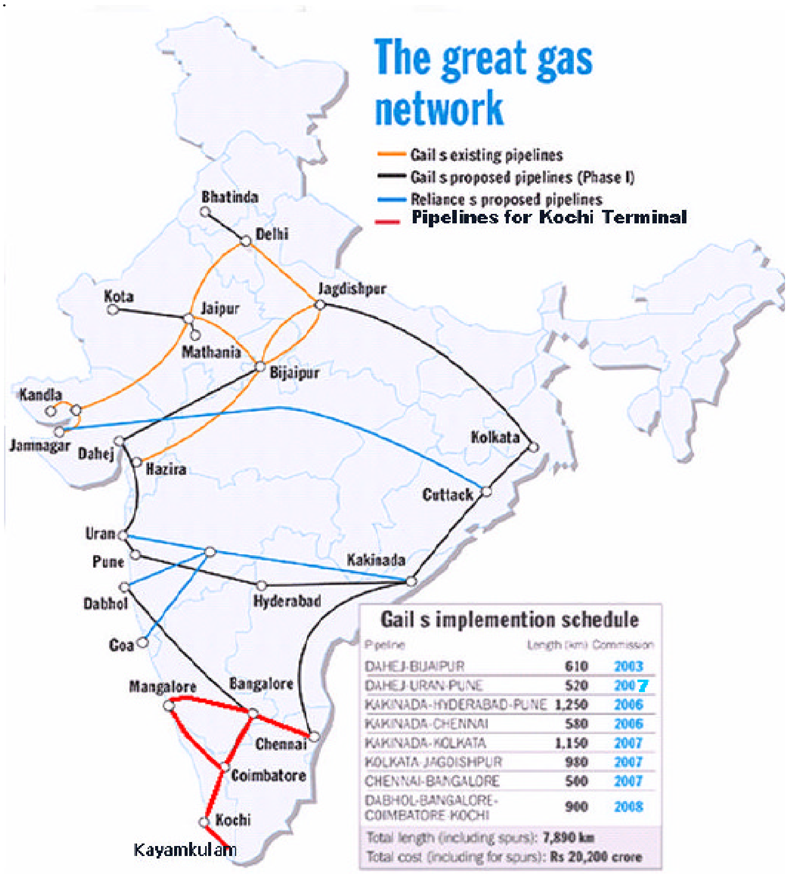
We have assumed stable HR steel coil prices. Henceforth, we have maintained operating margins in the current range of 10-11%. Other key assumptions regarding pipe volumes expected are highlighted in the table below. In FY08, there is a strong visibility on the volumes front, as the company already has FY08 order book of Rs 23 bn, corresponding to 350 KTPA capacity. We expect it to go up to 450 KTPA in FY08. In FY09-10, we expect some of the major cross-country gas pipelines from GAIL and RIL to be operational. Hence, we have assumed higher domestic utilization in FY09-10. Domestically, we expect investment close to Rs 500 bn on cross-country oil and gas pipeline over FY08-10. We expect PSL to get about 18% of the industry investment. The map below shows the expected gas grid network. Higher volumes in FY09-10 are also on account of contribution from the US and West Asian subsidiaries, as we expect high demand there as well.

Assumptions

	FY06	FY07	FY08E	FY09E	FY10E
Capacity - India (mmt)	0.075	1.100	1.100	1.100	1.100
Capacity - Abroad (mmt)	-	-	0.075	0.309	0.309
Pipe Volumes - (mmt)	0.269	0.270	0.423	0.674	0.760

Source: Company, Kotak Securities - Private Client Research

Domestic gas grid



Source: Industry

Valuation and Recommendation

PBx Valuation

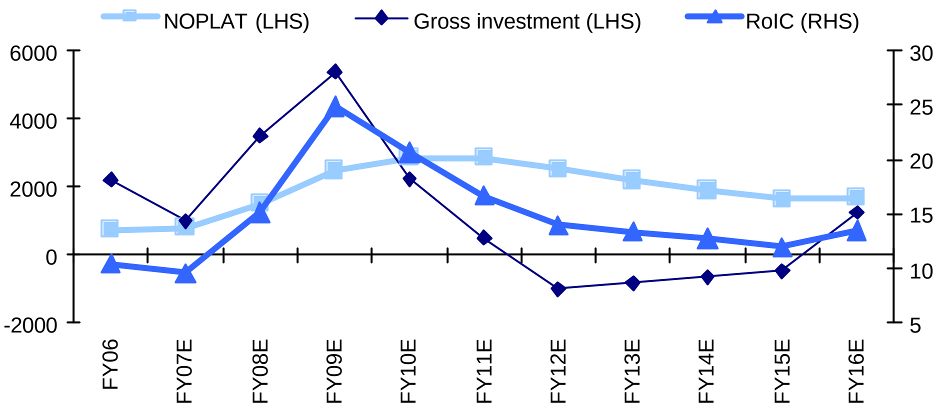
RoE (%)	23.93
Growth rate (%)	4.00
Cost of Equity (%)	13.40
Theoretical PBx	2.20
Avg BVPS FY08E-09E	164.21
Fair value	362.08

Source: Kotak Securities - Private Client Research

We have valued the company based on DCF and P/BV multiple. We have arrived at a price target of Rs.343, based on an average of DCF-based target of Rs.324 and 2.2x FY08-09 average book value of Rs.362.

In DCF valuation, we have assumed the current oil and gas investment up cycle to continue till FY10. After that, we have consolidation, followed by slowdown till FY15. We have taken average earnings CAGR of 6% during the cyclical period of (FY06-15). After FY15, we have assumed 4% growth to perpetuity, 20% discount to expected 5% domestic CAGR of natural gas industry. We arrive at a fair value of Rs.324 based on DCF.

Investment and returns



Source: Kotak Securities - Private Client Research

DCF Valuation Summary (Rs mn)

Terminal growth (%)	4.00
WACC	10.36
FY09-16 PV	9,492
Terminal value	9,329
Net Debt	5,440
Equity value	13,381
Value per share	324

Source: Kotak Securities - Private Client Research

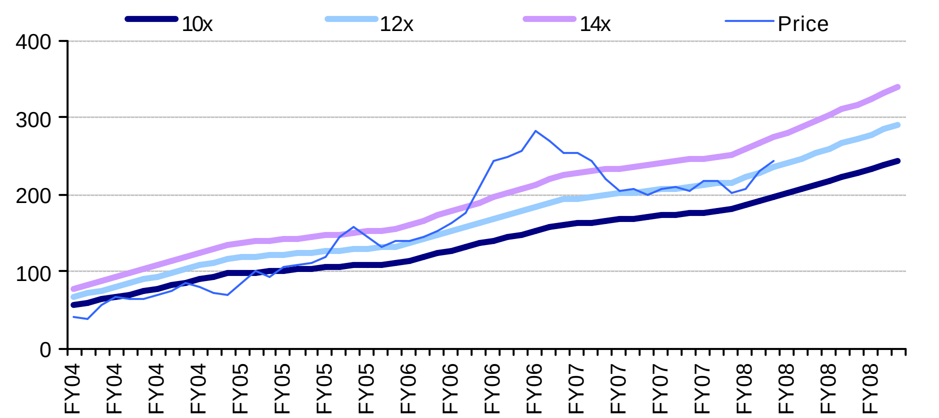
DCF Valuation (Rs mn)

	FY09E	FY10E	FY11E	FY12E	FY13E	FY14E	FY15E	FY16E
EBITDA	**3,913**	**4,796**	**4,796**	**4,317**	**3,885**	**3,497**	**3,147**	**3,273**
Dept	501	528	528	572	615	661	710	763
NOPLAT	2,286	2,860	2,860	2,509	2,191	1,900	1,633	1,681
Inc. NWC	4,781	2,599	-	(1,516)	(1,364)	(1,228)	(1,105)	398
Capex	200	528	528	515	553	595	639	853
FCF	**(2,194)**	**260**	**2,860**	**4,082**	**3,617**	**3,194**	**2,809**	**1,194**

Source: Kotak Securities - Private Client Research

Historically, the stock has traded at 12x one year forward earnings

PSL PE Band



Source: Kotak Securities - Private Client Research

Domestic peer comparisons

	Price (Rs)	Mkt Cap (Rs mn)	FY08 RoE (%)	EPS (Rs)			PE (x)		
				FY07E	FY08E	FY09E	FY07	FY08E	FY09E
PSL	271	9242.2	21	18	24	45	15.1	11.2	6.0
Welspun Guj*	202	28469.6	20	9	12	16	22.4	16.8	12.6
Jindal Saw*	625	30262.7	22	56	63	70	11.2	9.9	8.9
Man Industries*	220	5852.8	15	21	27	36	10.5	8.1	6.1
Mah Seamless*	615	43424.4	30	37	46	62	16.6	13.4	9.9

*Bloomberg consensus estimates; Source: Bloomberg, Kotak Securities - Private Client Research

We recommend a BUY on PSL with a price target of Rs.343

At the CMP of Rs.271, the stock is available at 11x and 6x FY08 and FY09 earnings respectively. We find valuations attractive and recommend **BUY** with a price target of Rs.343. This is a 26% upside over the current market price.

Profit and loss statement (Rs mn)

Year end March	FY06	FY07E	FY08E	FY09E
Net Sales	**14,333**	**16,434**	**23,758**	**38,362**
Other Income	243	87	92	129
Total Income	**14,576**	**16,521**	**23,850**	**38,491**
Expenditure	12,879	14,809	21,259	34,449
Operating Profit	**1,696**	**1,712**	**2,591**	**4,042**
Interest	689	438	634	745
Gross Profit	**1,008**	**1,274**	**1,957**	**3,297**
Depreciation	339	435	464	501
Profit before Tax	669	839	1,493	2,796
Profit after Tax	**512**	**612**	**1,000**	**1,873**
Equity Capital	320	341	414	414
EPS (Rs)	**16.0**	**18.0**	**24.2**	**45.3**

Balance sheet (Rs mn)

Year end March	FY06	FY07E	FY08E	FY09E
Share Capital	320	341	414	414
Reserves and Surplus	2,305	3,161	5,526	7,229
Total Shareholder's fund	2,625	3,502	5,940	7,643
Total Debt	6,810	6,810	7,276	9,276
Total sources of funds	**9,435**	**10,313**	**13,215**	**16,918**
Gross Block	5,115	5,365	5,815	6,265
Less: Depreciation	1,734	2,168	2,632	3,134
Net Block	3,382	3,197	3,183	3,132
Investments	114	114	114	114
Cash and Bank Balances	1,132	1,203	1,722	945
Total current assets	10,541	12,087	17,473	28,214
Current Liabilities & Provisions	5,849	6,706	9,695	15,655
Net current asset	4,692	5,380	7,778	12,560
Total application of funds	**9,435**	**10,313**	**13,215**	**16,918**

Cash flow statement (Rs mn)

Year end March	FY06	FY07E	FY08E	FY09E
PAT	**512**	**612**	**1,000**	**1,873**
Depreciation	339	435	464	501
Change in NWC	1,094	688	2,398	4,781
Operating cash flow	**(243)**	**359**	**(934)**	**(2,407)**
Capex	1,111	554	450	200
Investment cash flow	**1,111**	**554**	**450**	**200**
Loans Raised	320	-	465	2,000
Capital Issue	600	437	73	-
Dividend	170	170	170	170
Financial cash flow	**750**	**267**	**368**	**1,830**
Opening Cash	1,736	1,132	1,203	1,722
Closing Cash	1,132	1,203	1,722	945

Source: Company, Kotak Securities - Private Client Research

Ratio analysis

Year end March	FY06	FY07E	FY08E	FY09E
EBITDA margin (%)	11.8	10.4	10.9	10.5
EBIT Margin	9.3	7.7	8.9	9.2
Net Profit Margin (%)	3.6	3.7	4.2	4.9
Asset Turnover (x)	2.0	2.0	2.4	2.9
ROE (%)	23.8	20.0	21.2	27.6
RoIC (%)	10.4	9.6	14.0	17.2
D/E (x)	2.6	1.9	1.2	1.2
Current Ratio (CA/CL)	1.8	1.8	1.8	1.8
Debtors Turnover (days)	92.9	100.1	90.5	86.6
Inventory Turnover (days)	124.6	123.8	111.9	107.1
WC Turnover (days)	105.6	111.9	101.1	96.8
P/E (x)	16.9	15.1	11.2	6.0
P/BV (x)	3.3	2.6	1.9	1.5
Book value per share (Rs)	82.2	102.7	143.6	184.8

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Disclaimer

Analyst holding in stock: Nil