

Buy

Welspun Corp.



Industry:- Pipes

Industry View: Overweight

Initiating Coverage

“Strengthening Its Roots”

WELCORP the flagship company of the Welspun Group has one of the largest Pipe manufacturing capacities in the World, with an installed line pipe capacity of 1.55 MTPA likely to go up to 2.2 MTPA by beginning of FY12E. Post expansion WELCORP would become the worlds largest pipe manufacturing company overtaking Salzgitter of Germany.

Capacity Expansion Well In Place To Support Future Demand

WELCORP is now well placed to grab a larger pie of the pipe demand in USA & UAE. It recently commissioned 0.3 MTPA HSAW plant in Middle East and 0.35 MTPA HSAW plant along with coating & double jointing facility at Little Rock, Arkansas, USA. By doing this, WELCORP has grabbed an opportunity to be closer to its USA & UAE customer. It also commissioned a plant in Mandya, Karnataka primarily to cater to the domestic demand in the water & sewage segment. The 0.35 MTPA LSAW at Anjar is expected to be operational by Q1FY12E.

Healthy Order Book and Steady Sales Growth

The company has a healthy order book position of ₹ 50 bn translating into order book to sales ratio of 0.6x for FY11E. Nearly 58% of order inflows are from HSAW pipes, 34% from LSAW Pipes, 4% from ERW & balance from plates & coils. We expect volumes & Net Sales to grow at 24% & 17% CAGR for 3 years respectively between FY10-FY13E. The Net Profit is expected to grow at CAGR 19% for the same period.

One Stop Solution For Pipes

WELCORP has set up a 1.5 MT plates & coil mill in 2008 as a backward integration process. The company also intends to foray into laying of pipes by acquiring 35% strategic, stake in Leighton Contractors and controlling 61.12% stake in MSK Projects. WELCORP is thus moving towards becoming a one stop solution for pipes infrastructure.

Foraying New Markets

WELCORP is an established player in USA, Latin America & UAE. The company is now looking at new markets to establish its presence. By setting up a plant in Middle East, WELCORP plans to explore African and European markets. it is also looking forward to foray in to Australian markets.

Outlook & Valuations

At CMP of ₹ 191, WELCORP, is trading at 4.5x & 3.8x FY12E & FY13E EPS of ₹ 42.4 & ₹ 50.7 respectively. On EV/EBITDA WELCORP is attractively trading at 3.2x & 2.3x FY12E & FY13E respectively. **We recommend BUY with a 12 months price target of ₹ 253 excluding the value of Welspun Projects.** At our target price, the stock is valued at 6x & 5x FY12E & FY13E earnings respectively and at an EV/EBITDA of 4x & 3x FY12E & FY13E respectively.

Stock Data

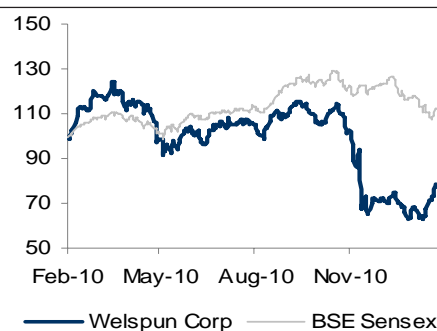
Current Market Price (₹)	191
12 Months Target Price (₹)	253
Potential upside (%)	32.5
Reuters	WGSR.BO
Bloomberg	WLCO IN

Key Data

Market Cap (₹.bn)	39
52-Week Range (₹)	296 / 144
Avg. Daily Trading Value (₹.mn)	15
Promoters (%)	41
FII Holding (%)	20
DII Holding (%)	13
Public & Others Holding (%)	26

YE Mar (₹mn.)	FY10	FY11E	FY12E	FY13E
Total Revenues	73503	77982	101027	117673
EBITDA Margin(%)	17.9%	17.6%	17.0%	16.8%
PAT Margins (%)	8.3%	8.5%	8.6%	8.8%
EPS	29.9	32.5	42.4	50.7
EPS Growth	160.9%	8.9%	30.3%	19.5%
PE	6.4	5.9	4.5	3.8
PBV	1.4	1.1	0.9	0.7
EV/EBITDA	3.6	4.5	3.2	2.3
ROCE	20.4%	15.3%	17.8%	19.5%
ROE	21.0%	18.2%	19.2%	18.8%

Relative Price Performance



One Year Indexed

(%)	1 Month	3 Months	12 Months
Absolute	19	(21)	(19)
BSE Relative	22	(13)	(32.2)

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Company Background

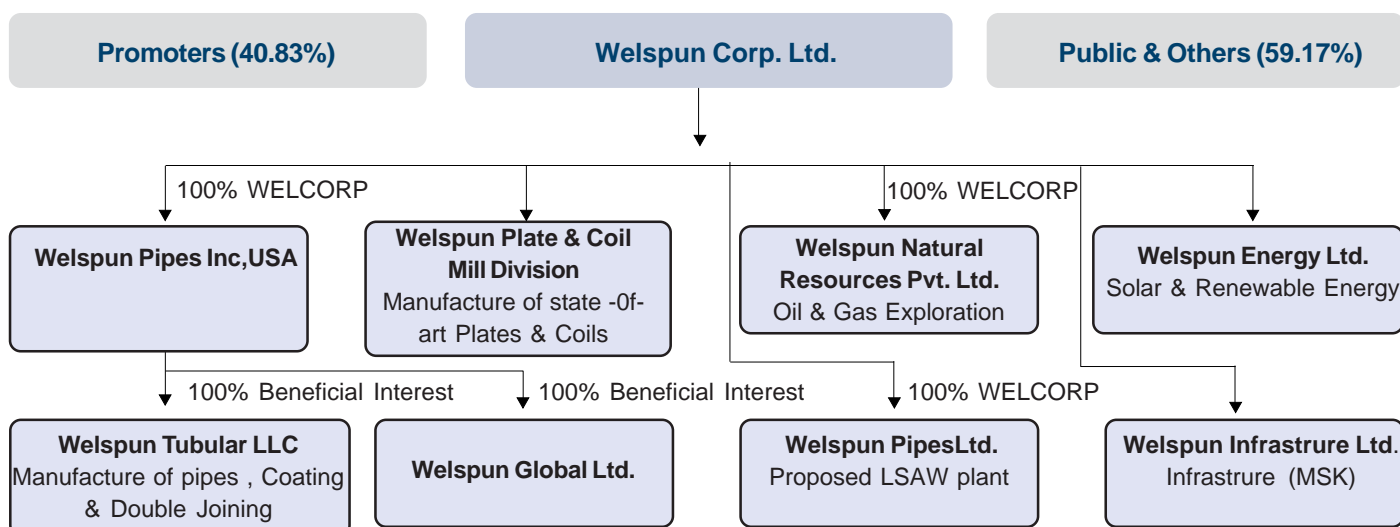
WELCORP the flagship company of the Welspun Group has one of the largest Pipe manufacturing capacities in the World, with an installed line pipe capacity of 1.55 MTPA likely to go up to 2.2 MTPA by beginning of FY12E. Post expansion WELCORP would become the worlds largest pipe manufacturing company overtaking Salzgitter of Germany.It was ranked as the 2nd Largest Diameter Pipe Producer by Financial Times UK, 2008 and awarded 'The 'Emerging Company of the Year' by Economic Times, 2008. WELCORP has excellent relationship with domestic & international client, with 80% exports mainly to USA, Europe, Latin America, Middle East, etc. WELCORP has global relationships with marquee clients including Fortune 100 companies like Exxon Mobil, Chevron, Shell, Bechtel, Wal-Mart, Target, etc.

Existing Capacity Schedule

	Dahej	Anjar	Other India	USA	Total
LSAW	0.35				0.35
HSAW	0.05	0.50	0.1	0.35	1.00
ERW		0.20			0.20
Total Pipes (MT)	0.4	0.7	0.1	0.35	1.55
Plates & Coils (MT)		1.5			1.50
Coating (mn per sq. mt)	4.4	10.1		6	20.50

Source: Company

Organization Structure



Source: Company

Milestones

Years	Key Milestone
1995	Incorporated on April 26, 1995 as Welspun Stahl Rohren Limited
1997	<ol style="list-style-type: none"> 1. Name changed to Welspun Gujarat Stahl Rohren Limited with equity participation from Gujarat Industrial Investment Corporation Limited. 2. Commissioned the first HSAW mill at Dahej, Gujarat, with capacity of ~30,000 MTPA (subsequently enhanced to 50,000 MTPA)
1999	Commissioned a LSAW Mill at Dahej with capacity of ~ 350,000 MTPA
2000	Commissioned a coating plant at Dahej pursuant to a joint venture with Mulheim Pipe Coating GMBH (formerly known as EUPEC Pipe Coatings GMBH), a leading Germanybased international coating company
2002	Ventured in supplying pipes for the offshore projects in the USA
2005	Commissioned an ERW mill in Anjar, Gujarat, with capacity of 250,000 MTPA
2006	<ol style="list-style-type: none"> 1. Commenced two new HSAW production plants with a combined capacity of 350,000 MTPA in Anjar, Gujarat 2. Initiated bending facilities and additional coating plants in Anjar, Gujarat
2007	Commissioned a 43 MW captive power plant at Anjar, Gujarat.
2008	<ol style="list-style-type: none"> 1. Commissioned a 1.5 mn MTPA plate mill in Anjar, Gujarat. 2. Commenced production of high end X70, 4.5 mts wide and 45 mm thick plates. 3. Commissioned a double jointing and coating facility in Little Rock, Arkansas 4. Commissioned a 150,000 MTPA HSAW project at Anjar, Gujarat
2009	Commissioned a 350,000 MTPA HSAW production facility in Little Rock, Arkansas, USA
2010	<ol style="list-style-type: none"> 1. Foray into infra & pipe laying for O&G and water through MSK Projects India Ltd. 2. Investment in Middle East with HSAW pipe capacity of 300,000 MTPA. 3. Commissioning of 100,000 MTPA HSAW capacity in Karnataka

Source: Company & LKP Research

Investment Argument

Strong Global Demand

According to global research agency Simdex, 831 pipeline projects of 340,144 km are to be implemented till 2015. This would translate into pipeline requirement of ~ 67 MT, an opportunity of more than USD 81 bn over the next five years. The demand is estimated to come largely from Asia, North America and the Gulf countries.

According to the US Energy Information Administration, International Outlook 2010, the world's energy demand is likely to grow at a CAGR of 1.4% between 2007-2035; with a higher CAGR of 1.3% for Gas & 0.9% for oil. Growth in the demand for energy supported by rise in crude oil prices would result in fast tracking the Exploration & Production Activity. This would result in the fresh demand for SAW pipes.

Apart from the demand from new projects, there is another opportunity in the form of replacement demand for pipelines from the US. More than one million miles of gas pipelines out of the 1.5 million miles in the US were laid prior to 1975, which are now due for replacement. Taking into consideration the oil leakages over the past 5 years, we expect the demand generation from replacement market to fasten up.

Oil Leakages & Spill

Spill / Vessel	Location	Dates
Taylor Energy wells	Gulf of Mexico	Jun-10 to Till Date
Red Butte Creek oil spill	Salt Lake City,Utah	Jun-10
Barataria Bay oil spill	Barataria Bay, Gulf of Mexico	Jul-10
Deepwater Horizon	Gulf of Mexico	Jul-10
Talmadge Creek oil spill	Kalamazoo River,Calhoun, Michigan	Jul-10
Trans-Alaska Pipeline spill	Anchorage, Alaska	May-10
2010 Port Arthur oil spill	Port Arthur, Texas	Jan-10
2008 New Orleans oil spill	New Orleans,Louisiana	Jul-08
COSCO Busan oil spill	San Francisco,California	Nov-07
Citgo refinery oil spill	Lake Charles,Louisiana	Jun-06
Prudhoe Bay oil spill	Alaska North Slope, Alaska	Mar-06
Venice Energy Services Company (Hurricane Katrina)	Venice, Louisiana	Aug-05
Chevron (Hurricane Katrina)	Port Fourchon, Louisiana	Aug-05
Bass Enterprises (Hurricane Katrina)	Pointe à la Hache, Louisiana	Aug-05
Shell (Hurricane Katrina)	Pilottown, Louisiana	Aug-05
Murphy Oil USA refinery spill (Hurricane Katrina)	Meraux and Chalmette, Louisiana	Aug-05
Chevron (Hurricane Katrina)	Empire, Louisiana	Aug-05
Sundown Energy (Hurricane Katrina)	West Potash,Louisiana	Aug-05
Shell Pipeline Oil (Hurricane Katrina)	Nairn, Louisiana	Aug-05
Bass Enterprises (Hurricane Katrina)	Cox Bay,Louisiana	Aug-05

Source: Wikipedia

Domestic Demand To Evolve In the Near Future

The Indian pipe industry is among the top three manufacturing hubs after Europe and Japan. India has relatively under-developed gas pipeline infrastructure, which currently stands at only 6,000-7,000 km. The pipeline market alone for Oil & Gas segment is estimated to be around ₹ 200 bn over a period of five-six years.

The National Gas Grid, being implemented by GAIL (India) Ltd is expected to use 3 MT of LSAW pipes to lay a 17,000 km pipeline network. The proposed oil pipeline network, on the other hand, is expected to use 0.6 MT of LSAW pipes for a network spanning over 5,000 km.

With the setting up of the Petroleum & Natural Gas Regulatory Board (PNGRB) and new gas finds on India's eastern coast, heavy investment is being lined up for laying pipelines across the country. As per plans, the length of trunk pipelines is set to triple to 33,000 kms in the next 4-5 years.

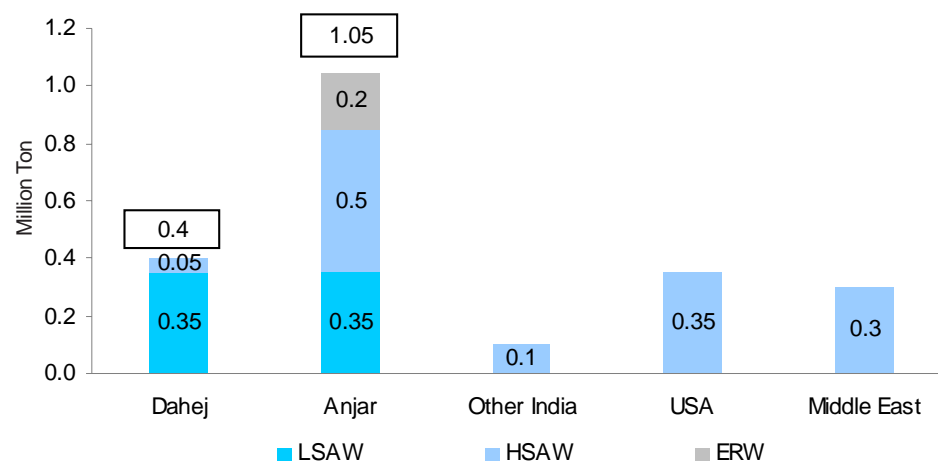
Major oil & gas pipeline players, GAIL (6725 km), GSPL (2711 km) and RGTIL (Reliance Gas Transportation Infrastructure Ltd.)(3630 km) plan to lay around 13,066 km of pipelines over the next 3-4 years.

Another segment that would help boost the demand for pipes is the water & sewage segment. India has a poor water infrastructure & dismal sanitation levels as compared to global peers. Growing population demands for an urgent requirement for developing water infrastructure. Heavy spending by Gol under various schemes opens up a massive opportunity for pipe manufacturers.

Capacity Expansion Well In Place To Support Future Demand

WELCORP is now well placed to grab a larger pie of the global pipe demand. It recently commissioned its Middle East plant with a capacity of 0.3 MTPA. WELCORP also commissioned a plant in Mandya, Karnataka primarily to cater to the domestic demand in the water & sewage segment. The 0.35 MTPA LSAW at Anjar is expected to start its trial runs by May 2011 & commercial production by June 2011.

WELCORP's Total Capacity - 2.2 MTPA by Q1FY12E

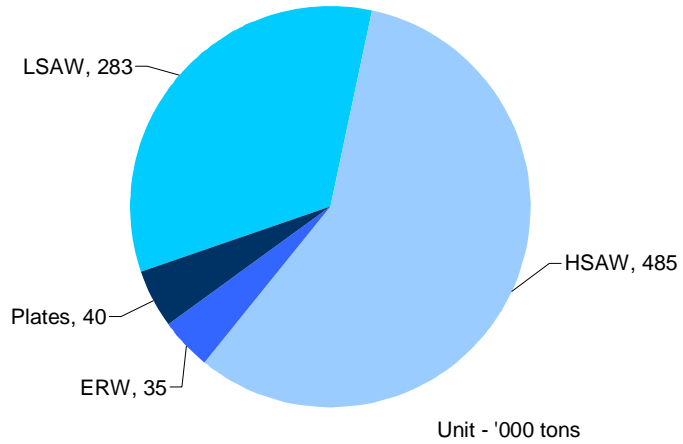


Source: Company & LKP Research

Healthy Order Book

Order Book Break Up

Order Book - ₹. 50 bn

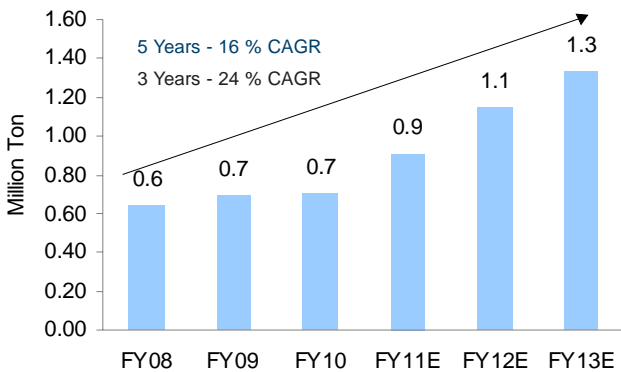


Source: Company & LKP Research

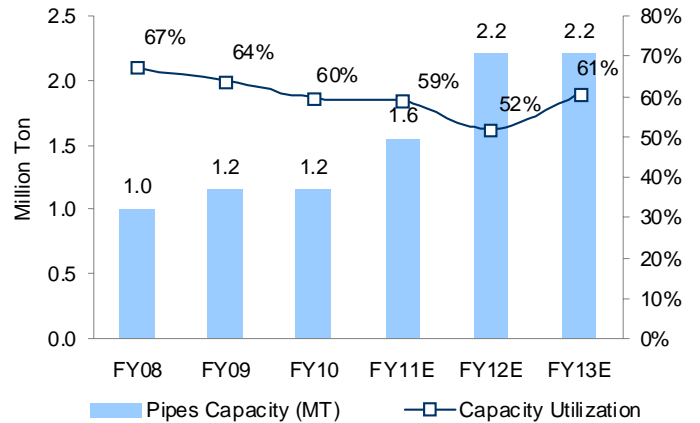
The company has a healthy order book position of ₹ 50bn translating into order book to sales ratio of 0.6x for FY11E. Nearly 58% of order inflows are from HSAW pipes, 34% from LSAW Pipes, 4% from ERW & balance from plates & coils.

Volumes To Grow At 24% CAGR For 3 Years

Pipes Volumes



Pipes Capacity & Operating Rates



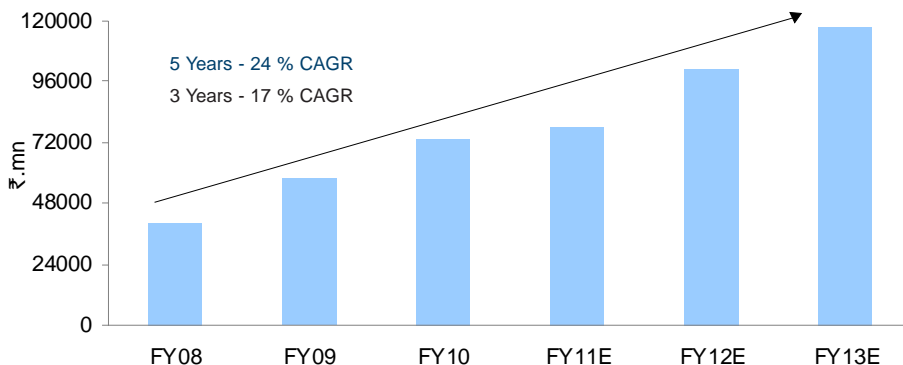
Source: Company & LKP Research

WELCORP has maintained a good record of operating at over 60%. The company is expected to maintain its pace of performance, with an average operating rates of 50-60% on its expanded capacity. Thus, the company's volume is expected to grow at a 24% CAGR for 3 years between FY10-FY13E and at a steady 16% CAGR for 5 years between FY08-FY13E.

Net Sales To Grow At 24% CAGR for 5 years

Healthy order book coupled with steady volume growth would result in Net Sales growth of 24% CAGR for 5 years between FY08-FY13E.

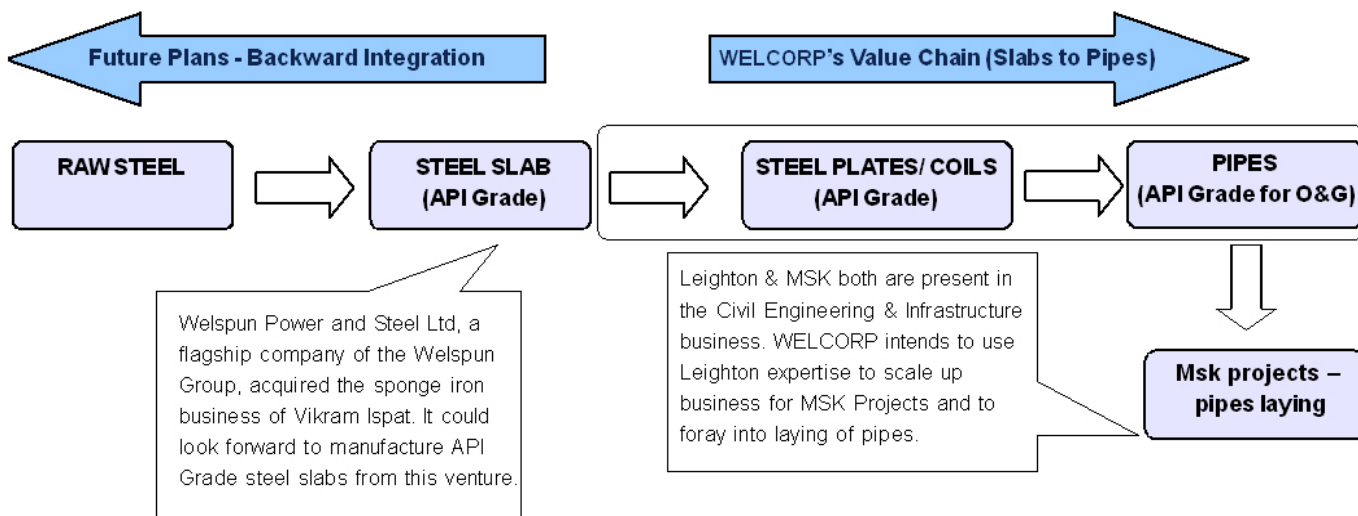
Net sales



Source: Company & LKP Research

One Stop Solution For Pipes

WELCORP is a global leader in manufacturing API's grade pipes for few global O&G leaders. API' grade pipes need a special API grade plates & coils which WELCORP used to import it until FY09. However, in the recent past WELCORP has set up 1.5 MTPA plate & coil mill. This gives WELCORP an edge over other domestic pipe manufacturers. In future company also intends to leverage Vikram Ispat for manufacturing in house raw steel & API grade steel slabs. WELCORP also intends to foray into laying of pipes by acquiring of 35% strategic, stake in Leighton Contractors Pvt, Ltd. and controlling 61.12% stake in MSK Projects, thereby, moving step by step towards becoming a one-stop solutions for pipes infrastructure.



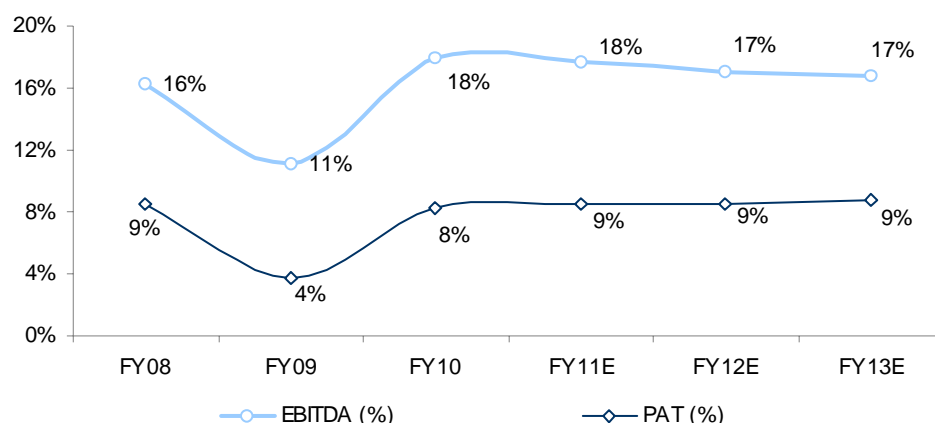
Source: Company

Leighton Contractors – WELCORP has acquired a 35% strategic stake in Leighton Contractors Pvt, Ltd. Leighton International is a subsidiary of Australia's Leighton Group, one of the world's largest project development and contracting groups. It is a leading international contractor and project developer. Its key focus area is Civil Engineering & Infrastructure, Building, Mining, Offshore Oil & Gas and Rail. It is recognized as an industry leader in offshore construction.

MSK Projects (Welspun Projects) – Welspun Infratech has a controlling 61.12% stake in MSK Projects. This was a key acquisition aimed to become one stop solution for pipes. WELCORP is looking forward to lay pipes through MSK Projects. MSK has a successful track record in mass housing & township, multi-storied buildings and also Industrial projects for coal mines, fertilizer plants, petrochemicals, water retaining structures.

Strategic Investments & Efficiency To Help Maintain Profitability

Profitability Margins

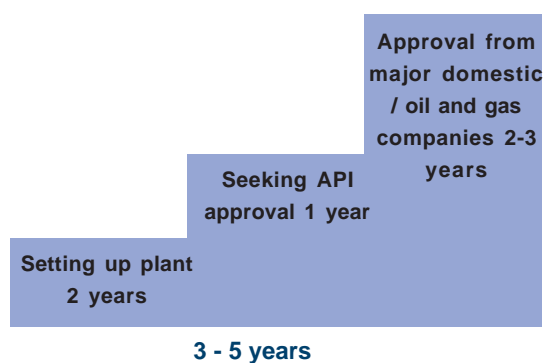


Source: Company & LKP Research

WELCORP has an internal target of maintaining an average profitability of ₹ 10,000-11,000 per ton. WELCORP has also made certain strategic investments (MSK Projects & Leighton Contractors) which will help it to maintain its profitability in the longer term. Thus, we expect WELCORP to maintain its EBITDA Margin ~17-18%. The Net Profitability of the company is expected to be marginally better because of lower interest cost due to debt repayment.

Pre – Approved With Major O&G Players

Accreditation Process



The key entry barrier to the global pipe industry is its Accreditation Process. Any company would take at least 2 years in setting up a plant & another 2-3 years in seeking API approval & approval from various Oil & Gas companies. WELCORP, however has got all the approvals in place & is ready to serve the future expected demand growth both in domestic as well as international markets. Given below is the list of clients WELCORP is pre-approved with:

Clientele

AGIP	ENTERPRISE	NTPC	SHELL
BECHTEL	EXXON-MOBIL (GOLDEN PASS PIPELINE)	ONGC	STOLT OFFSHORE - Acergy
BRITISH GAS	GAIL	PETRO CHINA	SONATRACH
BRITISH PETROLEUM	GASCO, ABU DHABI	PETRONAS, MALAYSIA	TOTAL
CHINA NATIONAL PETROLEUM CORP.	GASCO, EGYPT	PDO, OMAN	TECHNIP
CPMEC, CHINA	GAZPROM (STROYTRANSGAZ)	PGN, INDONESIA	TRANSCANADA (Long Term Contract)
CHEVRON (Framework Agreement)	KINDER MORGAN	QATAR PETROLEUM	UNOCAL
DOW	MOGE, MYANMER	RELIANCE INDUSTRIES LIMITED	PERU LNG (HUNT OIL)
RUBY (ELPASO)	N.A.O.C. - NIGERIA	SAIPEM, SNAM	VIETSOPEM

WELCORP has already undertaken few prestigious projects like the World's deepest pipeline project in the Gulf of Mexico, U.S.A, heaviest pipeline project in the Persian Gulf, highest LNG pipeline project in Peru and longest pipeline project from Canada to the US. Welspun's state-of-the-art technology gives it an edge over other global players. Further, in 2007 pre-expansion WELCORP had been rated as the world second largest diameter steel pipe producer.

Setting Up A Plant In USA – Strengthening Existing Roots in USA

WELCORP commissioned a 0.35 MTPA HSAW pipe plant at Little Rock, Arkansas, USA in February 2009 at a capex of USD 150 mn. The facility spread over 750 acre of land can produce API grade pipes from 24 to 60 inches outer diameter; 6mm to 25 mm as wall thickness and length of 40-80 ft. It also has a coating and double jointing facility adjoined to provide one stop solutions to WELCORP's valued customers. By setting up this plant, WELCORP has grabbed an opportunity to be closer to its customers who were facing supply challenges as the existing capacity in USA was not able to serve the requirements of the USA clients. Setting up of this plant will also help reducing the transportation cost. WELCORP aims to supply pipes from this plant to its key 4 clients in USA namely: Chevron, Exxon Mobil, Kinder Morgan & Ruby. Further WELCORP has an agreement with Chevron, making WELCORP one of the 3 global preferred player atleast for the next 3-5 years. The Little Rock plant already achieved a capacity utilization of 60% v/s 40-50% of the industry average.

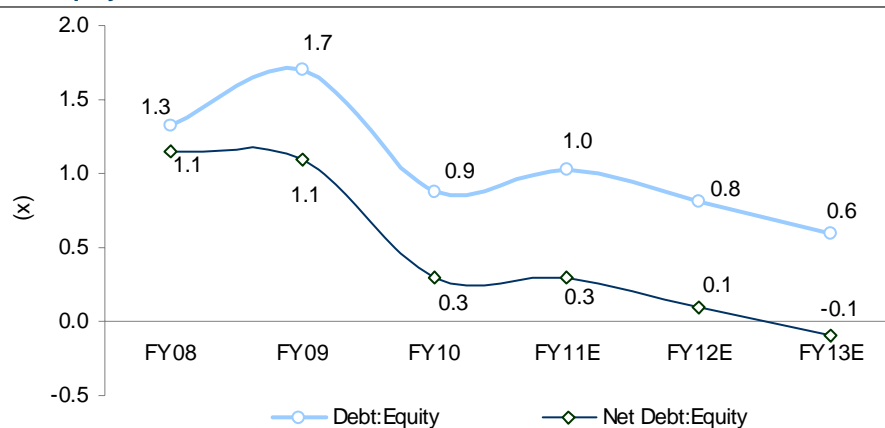
Foraying New Markets

WELCORP is a well known and an established player in USA, Latin America, UAE. The company is now looking at new markets to establish its presence.

- The company has thus set up a 0.3 MTPA HSAW plant in Middle East not only to cater to the Saudi market but also to explore opportunity in Africa.
- Europe recently has invited WELCORP to bid for its active project due to supply constraints. Thus, opening up doors for WELCORP in the European Market.
- WELCORP is pre-qualified for trans-country pipeline projects in South East Asian Region. WELCORP has been shortlisted and has submitted its bid for the same.
- Australia another country with huge gas requirement with large gas pipeline project coming up to serve the country's gas need. WELCORP is qualified as a preferred vendor by the EPC companies.

Repayment Of Debt To Reduce Leverage

Debt: Equity Ratio

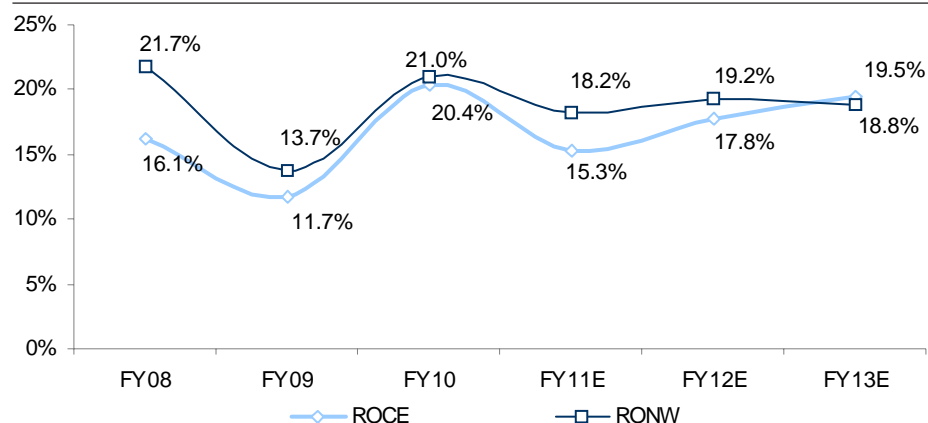


Source: Company & LKP Research

WELCORP recently raised USD 100 mn & USD 150 mn by the way of QIP & FCCB respectively. The fund is to be utilized for the expansion at Anjar and the Spiral Pipe Plant in South India. Part of fund is also to be utilized for the repayment of its high cost debt. WELCORP repaid ₹ 1.3 bn of debentures in the current year and is expected to repay remaining ₹ 1.7 bn debentures by FY13E. WELCORP is also due for repayment of ECB's worth USD 50 mn in FY13E. In addition to the repayment of debentures & ECB's, WELCORP is expected to repay ~₹ 1 bn each in FY12E & FY13E.

Robust Return Ratio's

Return Ratio's



Source: Company & LKP Research

WELCORP's ROCE & RONW is expected to stay steady at ~18-20% for the next 2 years depicting the robust financials of the company.

Risk & Concerns

Rise In Raw Material Prices

Pipe is a highly raw material intensive industry, where key raw material contributes more than 60% of the total cost. Pipe industry is very vulnerable to the steel prices as steel is the key raw material for the industry. However we believe that the company is well positioned to pass on the increase in cost to its end consumers.

Fall In Crude Oil Price

O&G is the key sector driving the demand for pipes globally. Any steep correction or fall in the Crude Oil prices would hamper the future demand for the pipes.

FOREX Fluctuation

More than 85% of WELCORP's revenue comes from export market, hence is exposed to a huge forex fluctuation risk. However, WELCORP's imports API grades plates & coils and steel slabs which automatically hedges the forex risk.

SEBI Banning Promoters From Dealing In Shares Of WELCORP

SEBI had banned the promoters of WELCORP from dealing into the company's shares in December 2010. The company has asserted that the SEBI order has no bearing on any of its business operations or financial performance. The company however, has submitted all the documents in the above regards to clarify their stance. Any serious action taken by SEBI on the above-mentioned issue would adversely impact our rating on the stock.

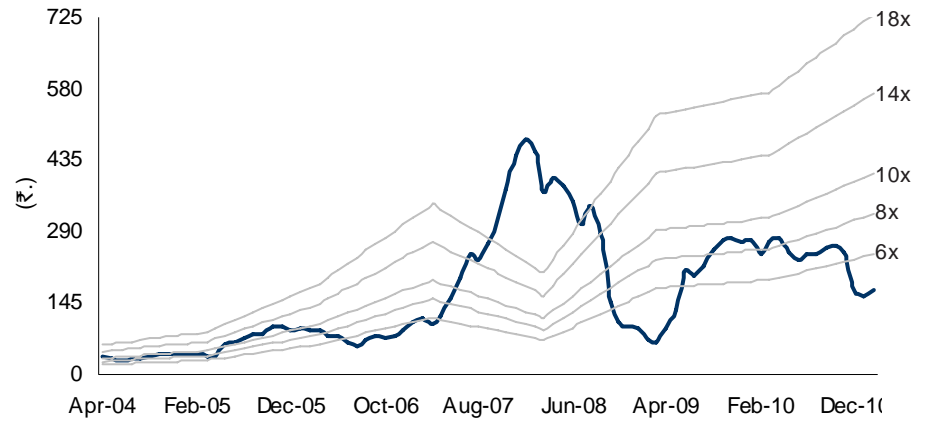
Outlook & Valuations

Short Term political uncertainty could lead to slow down in demand for pipes. However, WELCORP gets more than 85% of its revenue from USA, UAE & other global markets. The recent global economic data coupled with robust oil prices could give an impetus to demand for pipes for new projects. WELCORP has been pre-approved with various leading global O&G players and hence is best positional to grab the global opportunity. Thus, WELCORP's Sales & Net Profit is expected to grow at a 3 year CAGR of 17% & 19% respectively.

At CMP of ₹191, WELCORP, An One Stop Pipe Solution Company is trading at 4.5x & 3.8x FY12E & FY13E EPS of ₹ 42.4 & ₹ 50.7 respectively. On EV/EBITDA WELCORP is attractively trading at 3.2x & 2.3x FY12E & FY13E respectively. **We recommend BUY with a 12 months price target of ₹ 253 excluding the value of Welspun Projects.** At our target price, the stock is valued at 6x & 5x FY12E & FY13E earnings respectively and at an EV/EBITDA of 4x & 3x FY12E & FY13E respectively.

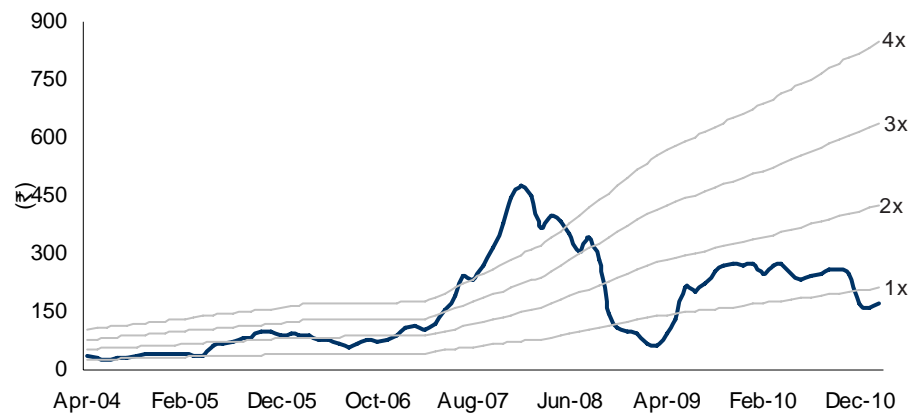
Trading Bands

PE BAND



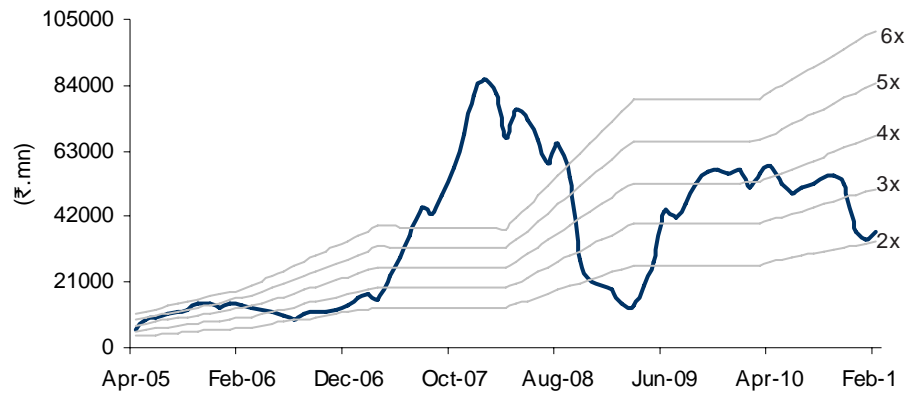
Source: Capital line & LKP Research

BV BAND



Source: Capital line & LKP Research

EV/EBITDA



Source: Capital line & LKP Research

Financial Summary

Income statement

YE Mar (₹mn.)	FY10	FY11E	FY12E	FY13E
Total Revenues	73,503	77,982	101,027	117,673
Raw Material Cost	47,484	47,171	61,374	71,369
Power & Fuel Cost	1,682	3,556	5,018	6,156
Employee Cost	2,670	3,492	4,550	5,350
Other Exp	8,480	10,016	12,900	15,058
EBITDA	13,186	13,747	17,185	19,740
<i>EBITDA Margin(%)</i>	<i>17.9</i>	<i>17.6</i>	<i>17.0</i>	<i>16.8</i>
Depreciation	2,061	2,410	2,681	2,750
EBIT	11,126	11,337	14,504	16,990
<i>EBIT Margin(%)</i>	<i>15.1</i>	<i>14.5</i>	<i>14.4</i>	<i>14.4</i>
Interest	2,071	1,395	1,365	1,250
Other Income	185.3	186.3	185.0	185.0
PBT	9,240	10,128	13,324	15,925
<i>PBT Margin(%)</i>	<i>12.6</i>	<i>13.0</i>	<i>13.2</i>	<i>13.5</i>
Tax	3136	3545	4663	5574
PAT	6104	6583	8660	10351
<i>PAT Margins (%)</i>	<i>8.3</i>	<i>8.4</i>	<i>8.6</i>	<i>8.8</i>
APAT	6104	6648	8660	10351
<i>APAT Margins (%)</i>	<i>8.3</i>	<i>8.5</i>	<i>8.6</i>	<i>8.8</i>

Key Ratios

YE Mar	FY10	FY11E	FY12E	FY13E
Per Share Data (₹)				
EPS	29.9	32.5	42.4	50.7
CEPS	39.0	43.3	54.2	62.6
BVPS	138.7	174.5	215.1	262.8
DPS	2.5	2.5	2.5	2.5
Growth Ratios(%)				
Total revenues	28	6	30	16
EBITDA	108	4	25	15
EPS Growth	161	9	30	20
Valuation Ratios (X)				
FE	6.4	5.9	4.5	3.8
P/CEPS	4.9	4.4	3.5	3.1
P/BV	1.4	1.1	0.9	0.7
EV/Sales	0.6	0.8	0.5	0.4
EV/EBITDA	3.6	4.5	3.2	2.3
Operating Ratios (Days)				
Inventory days	137	137	136	135
Receivable Days	40	47	47	47
Payables day	160	147	147	147
Net Debt/Equity (x)	0.3	0.3	0.1	(0.1)
Profitability Ratios (%)				
ROCE	20	15	18	19
ROE	21	18	19	19
Dividend payout	8	7	6	5
Dividend yield	1	1	1	1

Balance sheet

YE Mar (₹mn.)	FY10	FY11E	FY12E	FY13E
SOURCES OF FUNDS				
Equity Share Capital	1,022	1,022	1,022	1,022
Employee Stock Option O/S	24	24	24	24
Reserves & Surplus	27,965	35,466	43,948	53,931
Total Networth	29,011	36,512	44,994	54,977
FCCB	6,735	6,735	6,735	6,735
Total debt	18,816	30,865	29,965	25,615
Net Deferred Tax Liability	3,352	4,769	5,785	6,985
Minority Interest	0.1	0.1	0.1	0.1
Total Liabilities	57,915	78,881	87,479	94,312
APPLICATION OF FUNDS				
Net Fixed Assets	38,333	40,140	40,781	40,845
MSK BOOT Projects	0	4,600	4,600	4,600
Investments	1,596	12,500	12,500	12,500
Current Assets	51,471	53,882	71,379	85,039
Inventories	20,322	21,365	27,679	32,239
Sundry Debtors	8,077	10,042	13,009	15,152
Cash and Bank	17,028	14,570	20,450	25,718
Loan, Advances & others	6,044	7,905	10,241	11,928
Current Liab & Prov	33,510	32,261	41,795	48,681
Current liabilities	32,291	31,407	40,688	47,392
Provisions	1,219	855	1,107	1,290
Net Current Assets	17,961	21,620	29,584	36,357
Miscellaneous Exp	25	20	15	9
Total Assets	57,915	78,881	87,479	94,312

Cash Flow

YE Mar (₹mn.)	FY10	FY11E	FY12E	FY13E
PBT	9,240	10,128	13,324	15,925
Depreciation	2,061	2,410	2,681	2,750
Interest & Others	478	1,209	1,180	1,065
Chng in working capital	(6,117)	(6,118)	(2,083)	(1,505)
Tax paid	(1,841)	(3,545)	(4,663)	(5,574)
CF from operations (a)	3,821	4,084	10,438	12,661
Capital expenditure	(3,775)	(6,000)	(2,000)	(1,500)
Chng in investments	(494)	(10,905)	0	0
Other investing activities	406	0	0	0
CF from investing (b)	(3,863)	(16,905)	(2,000)	(1,500)
FCFF	7,613	10,084	12,438	14,161
Equity Share Capital raised	4,695	0	0	0
FCCB Issued	6,942	0	0	0
Inc/dec in borrowings	(6,510)	12,049	(900)	(4,350)
Dividend paid (incl. tax)	(327)	(478)	(478)	(478)
Other financing activities	(2,033)	(1,209)	(1,180)	(1,065)
CF from financing (c)	2,767	10,362	(2,558)	(5,893)
Net chng in cash (a+b+c)	2,725	(2,458)	5,880	5,268
Closing cash	17,028	14,570	20,450	25,718

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