Stock Note June 29, 2010

Scrip ID	Industry	CMP	Recommended Action	Averaging Band	Targets	Time Horizon
YUKEN	Hydraulics	232.90	Buy at CMP and add at dips	Rs. 198 - Rs. 207	Rs. 266 and Rs. 299	2 - 3 quarters

Company Background

Yuken India Limited (YIL) was set up in 1976 in technical and financial collaboration with Yuken Kogyo Company Limited, Japan (YKC) for the manufacture of Oil Hydraulic Equipment. YIL is listed on the BSE with 40% of the shares held by YKC and the rest by Financial Institutions, the Indian Promoters (MD Mr. Rangachar, his family and friends), and the Public. The manufacturing facilities are located in Whitefield, Bangalore. Hydraulic pumps, valves, cylinders etc constitute ~95% of the company's revenues, the rest coming from castings.

Subsidiaries & Associates:

Subsidiaries:

1. Yuflow Engineering Pvt. Ltd.: Yuflow was incorporated in 2002 as a wholly owned subsidiary of YIL (investment Rs. 1.6 cr) with a vision to become the preferred supplier for quality hydraulic cylinders and solutions that meets the customer's demands at the minimum cost and lead time. Yuflow manufactures a variety of standard and custom built cylinders for industries like steel mills, presses, machine tools and also for Original Equipment Manufacturers of material handling, road construction, car carriers, drill rigs, fork lifts/stackers, tractors etc. Yuflow sells ~80% of its products in the open market with the balance sold to YIL.
2. Coretec Engineering India Pvt. Ltd.: YIL owns 77% stake (investment Rs. 0.12 cr) in the Bangalore based Coretec Engineering. Coretec manufactures critical components required in hydraulics and supplies its products only to YIL thereby guarding YIL's technology, assuring YIL supply and reducing its raw material cost.
3. Prism Hydraulics Pvt. Ltd.: Located in Belgaum, Karnataka, Prism manufactures hydraulic products not in YIL's range. Only ~10% of its products are sold to YIL and the balance in the open market. With an investment of Rs. 0.24 cr, YIL owns 60% stake in Prism.
4. Sriplas Engineering India Pvt. Ltd.: YIL owns 68% shares of Sriplas (investment Rs. 0.20 cr). However, the company currently does not carry out any operations.

Associates:

1. Sai India Limited (SIL): Seeing the need for high torque, low speed Hydraulic Motors, in 1989 YIL floated Sai India Limited, a 40:51:9 joint venture with SAI Spa of Italy and employees of SIL. SAI Spa Italy is the largest manufacturer of radial piston motors in the World. SIL has grown to become the preferred supplier of hydraulic motors to all major OEMs in India. SIL has an annual turnover of ~Rs. 50 cr, only a small portion of which is derived from YIL.

Product Range:

Product Range		
Vane Pumps	Direction Control Valves	Hydraulic Power Units
Piston Pumps	Pressure Control Valves	Mobile Control Valves
Gear Pumps	Flow Control Valves	Parison Controllers
Pal Pumps	Modular Valves	Actuators
	Logic Valves	Accumulators
	Electro Proportional Valves	Total Machine Controlled
	Servo Valves	Chip Compacting Machine (KIRIKO)

(**Source:** HDFC Sec, Company)

Raw Material:

YIL requires Steel items, casting, components and small quantities of other raw material to manufacture its products. In 2009 YIL used 9.52 lakh kgs of casting and 2.72 lakh kgs of steel items. To ensure supply of high quality Castings, YIL took over a running foundry in Whitefield in 1986. In-house foundry supplies ~95% of the casting requirements of the company. It imported raw materials worth Rs. 12.11 cr in FY09.

Customer segments:

YIL supplies mainly to the private sector thereby keeping PSU dependence low

Machine tools industry accounts for ~40% of company sales. Sales made are used as an end product that is added as a part of the final product (like CNC machines etc) and sold further. Large clients include Kenna Metal, Bharat Fritz Werner, Ace Manufacturing, HMT and Lokesh Machineries.
Steel industry accounts for ~25% of company sales. YIL product is sold as capital equipment (semi consumable) and for spare purposes. Also sold as part of Hydraulic systems. Big clients include Gallium Industries, Jindal Steel, Essar Steel and SAIL.
Automobile industry accounts for ~10-15% of company sales. YIL product is sold as capital equipment (semi consumable) and for spares purposes. Large clients include Maruti Suzuki and Honda.
Power accounts for ~20% of company sales. YIL product is sold as capital equipment, usually as part of hydraulic systems. Supplies to thermal, wind and mini-hydro power sectors. Major clients include BHEL, Govind and Enercon.

Apart from this, YIL also supplies directly or indirectly to Plastic Machinery Manufacturers, Defence sector, Material Handling Equipment Manufacturers, and Construction Machinery manufacturers etc

Western and Southern regions provide majority of the sales due to the high concentration of machine tools and power plants in these regions. These regions combined, account for ~70% of YIL's sales. The Northern region accounts for ~20% of the company's sales while the Eastern region accounts for only ~10% of the company's sales due to the lack of industrialization (apart from large steel mills) in that region.

YIL has a pan India presence with dealers in 17 states. It has even established networks in Sri Lanka, Bangladesh, UAE and Japan. Close to 70% of the topline is attributed to standard product sales made through dealers. The remaining ~30% sales are of hydraulic systems with a 3-6 month recovery period resulting in a high working capital requirements. Since only ~40% of the parts required for a hydraulic system are captive (and the rest bought out) raw material costs increase resulting in lower profit margins from sale of hydraulic systems than that from standard product sales.

Industry Outlook

The pump, valve, vane and hydraulic system industry is a very large industry and plays a critical role in almost every facet of our lives. These are used in Water supply, fire protection, oil & gas, power plants, waste water treatment, sump pumps at homes, processing chemicals, foods & pharmaceuticals, and many more. The Hydraulic Industry is a measure of the progress of a nation in terms of industrialization as well as social development. Obviously, extensive use of sophisticated hydraulics co-relates with a high level of development.

Real estate is one of the major user segments of pumps. The realty sector, which was affected by slowdown in demand since H1FY09, has picked in volumes since H2FY10 especially in residential segment. The industry is caught up with affordable housing projects with more and more players launching projects in this segment as well as with encouraging response from user segment. This is all expected to drive the demand from this segment along with the steady demand from infrastructure (including power), domestic as well as process industries. The revival in realty segment and industrial segment augurs well for the pump demand given the steady demand growth in infrastructure segment.

Indian manufacturers fulfill most demand of pumps, as imports are negligible. With a resurrection of the economy and growth in infrastructure, the industry is expected to grow in the years to come.

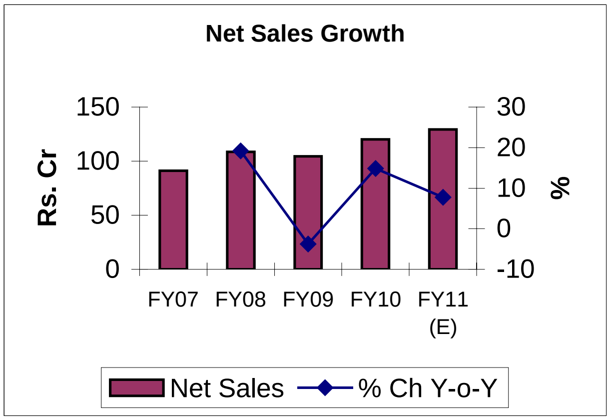
Shareholding Pattern: (As on March 31, 2010)

Particulars	No of Shares (In lakhs)	% Holding
Institutions	0.015	0.05
Foreign Promoter	12.00	40.00
Indian Promoters	3.76	12.54
Foreign Individuals	0.47	1.57
Non Promoter Corporate Holding	2.20	7.33
Public & Others	11.55	38.52
Total	**30.00**	**100.0**

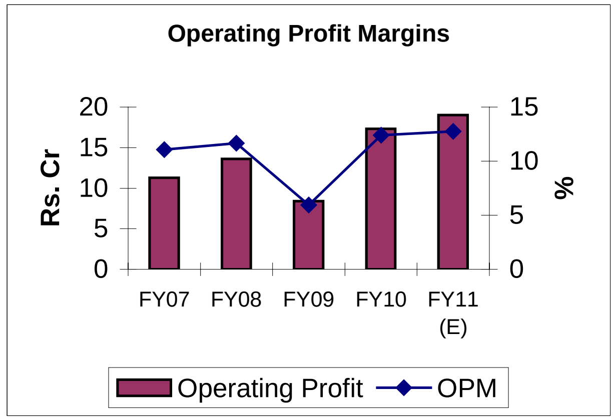
(**Source:** HDFC Sec, Company)

Triggers

Key beneficiary of economic turnaround post mid-2009: YIL's net sales have grown at a CAGR of 7.1% over FY07-FY10. Due to global economic slowdown, the hydraulic pumps industry went through a rough patch during FY09 and H1FY10. In H2FY10, YIL took advantage of the revival of the economy and performed outstandingly ending the year with a PAT of Rs.8.2 cr, higher than any previous year. Net sales is expected to grow in FY11 by ~7.7% resulting in a CAGR of 7.3% over FY07-FY11. Thereafter, we expect the topline to grow at a faster rate, as projected expansions could come on stream in FY12.



(**Source:** HDFC Sec, Company)



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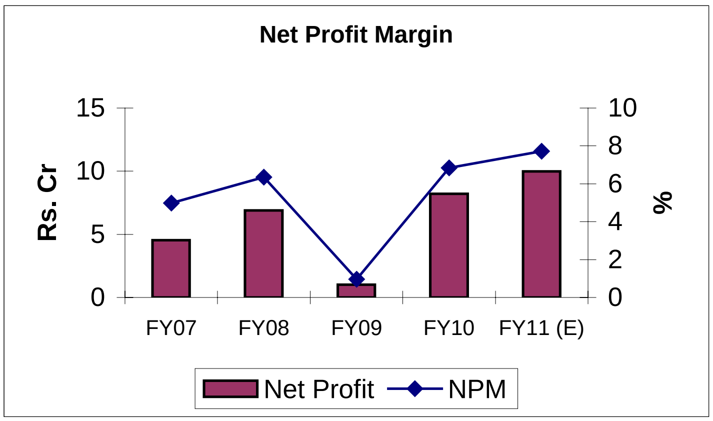
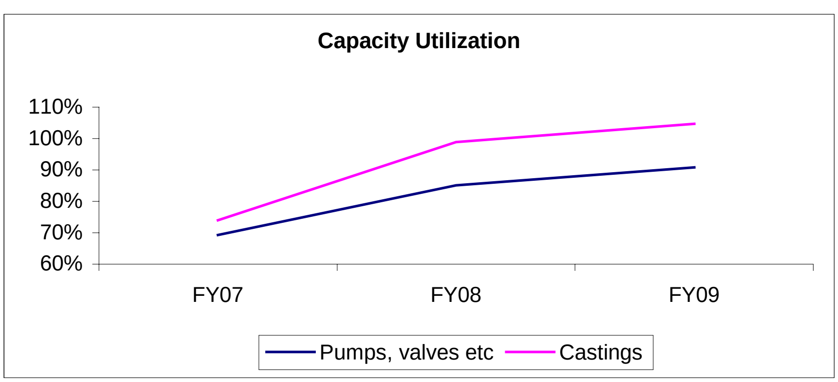


(**Source:** HDFC Sec, Company)

Captive foundry: In 1986 YIL invested in a captive foundry unit at Mahadevapura, Bangalore to ensure quality and timely deliveries of raw material. This unit provides YIL ~95% of its castings requirement and reduces the raw material expense significantly.

Expansion: Yuken expects to spend capital expenditure of ~Rs. 15 cr in FY11 which will be funded partly by loans and partly by internal accruals. Out of this, ~Rs. 7 cr will be dedicated to replace existing hydraulics machinery. The company is increasing its building size currently to accommodate the new equipment and possible more equipment in the future. The new equipment could lead to increase in production by ~15%. Hydraulic equipment replacement should be completed by Q4FY11. The remaining ~Rs. 8 cr will be devoted to the expansion of foundry casting. Casting capacity could increase from 200 tonnes/month to ~350-400 tonnes/month, providing ample raw material to increase production of pumps, valves etc. The excess castings will be sold, thereby increasing revenue. Foundry expansion should be completed by Q2FY12 providing benefits in H2FY12. The plan for expansion of foundry could be finalized in 1-2 months and work on the same could start by Sept 2010. While FY11 could see a small volume growth, but better value growth, FY12 and FY13 could witness larger volume growth and value growth due to this expansion going on stream. YIL already operates at nearly full capacity and is expected to continue doing so.



(**Source:** HDFC Sec, Company)

Efficient working capital management: YIL has a low interest obligation which has reduced by ~25% to Rs.2.95 cr in FY10 from Rs.3.97 cr in FY09. The company has also reduced its debt obligation from Rs.42.1 cr to Rs.20.8 cr reducing the gearing ratio to 0.63 in FY10 from 1.38 in FY09.

Strong parentage: Yuken Kogyo (YKC) is an established hydraulics manufacturer since 1929 with distribution in over 25 countries. Yuken India gets new technologies from YKC. YKC is the 3rd largest hydraulics player in the world after Bosch and Parker. All major players in Hydraulic pumps in India are MNC owned (Bosch Rexroth, Eaton etc.) and Yuken India is the only listed player among them (apart from Veljan Denison). Yuken has presence across the world (Taiwan, China, Korea, Indonesia and Malaysia to name a few in Asia, UK, Austria and Denmark to name a few in Europe, Egypt in Africa, Australia, USA, Argentina, Brazil, Canada and Mexico). Hence export possibilities by YIL are limited. Apart from receiving technology from Japan, YIL has its own R&D and has introduced high-pressure pumps and gear pumps among other products over the last few years.

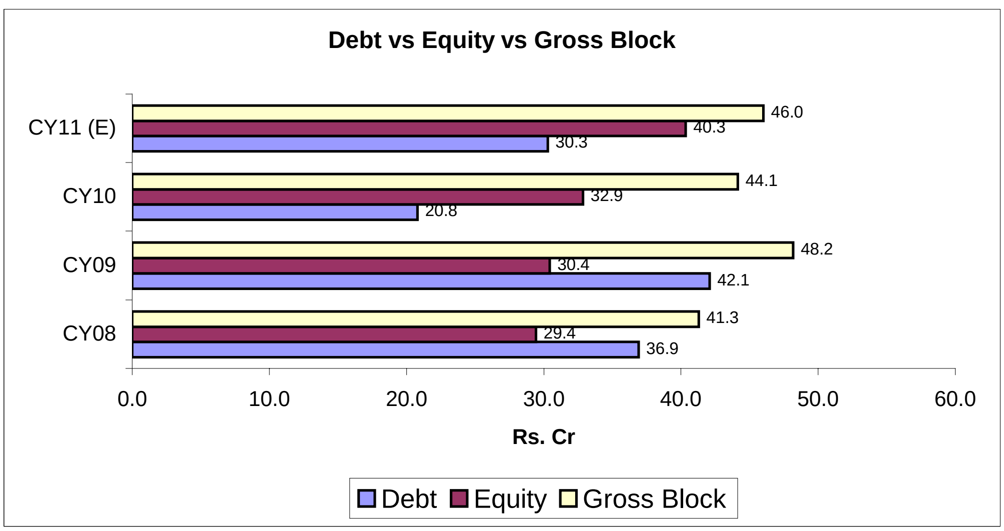
Subsidiaries provide vertical integration and have started to contribute to overall profitability: Yuflow manufactures a variety of cylinders used by YIL in hydraulic systems. Yuflow sells only ~20% of its products to YIL and the rest in open market. Coretec manufactures critical components for hydraulics and supplies only to YIL, ensuring timely and cheap supply and guarding technology. Prism hydraulics produces hydraulic products not in the scope of YIL saving YIL the cost of purchasing them. Only ~10% of Prism's output is sold to YIL and the rest to open market. SIL manufactures radial piston motors used by YIL in building hydraulic systems. SIL has an annual turnover of ~Rs. 50 cr.

	Consolidated			Standalone			Difference		
	FY08	FY09	FY10	FY08	FY09	FY10	FY08	FY09	FY10
Net Sales	108.6	104.5	120.0	103.0	97.0	114.2	5.6	7.5	5.8
Operating Profit	15.8	8.8	17.7	14.3	7.7	15.7	1.5	1.1	2.0
PAT	6.9	1.0	8.2	6.1	0.6	6.9	0.8	0.3	1.3

(**Source:** HDFC Sec, Company)

From the above, it is clear that the subsidiaries on lower external sales have begun to contribute larger operating and net profits in FY10 to the consolidated numbers. This trend could continue going forward.

Low Debt-Equity, healthy cash balance provides margin of safety: YIL is under leveraged at present with its debt-equity ratio being very low at 0.63 (as on March 31, 2010). Over the last three years, the company has managed to reduce its debt significantly by Rs. 16.1 cr from Rs. 36.9 cr in FY08 to 20.8 cr in FY10 despite incurring CAPEX during that period (YIL's gross block has increased by 6.9% from Rs. 41.3 cr in FY08 to Rs. 44.1 cr in FY10). In FY10, YIL retired a portion of its debt, which has reduced its interest cost significantly by 25% in FY10. Lower debt equity provides margin of safety mainly during high interest rate scenario. Going forward, we don't expect the borrowings to increase significantly, since YIL could fund majority of its expansion through its internal accruals. YIL's debt-equity ratio is likely to be ~0.75 in FY11.



(**Source:** HDFC Sec, Company)

Concerns

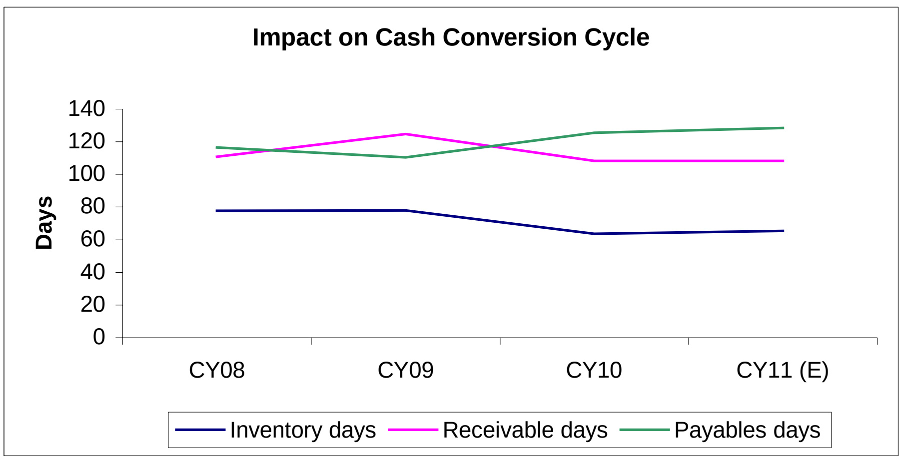
Seasonality: Q4 traditionally is the best quarter and Q1 worst for Yuken. Going further we expect Q1 to still be the worst quarter but with higher Y-o-Y growth in sales and profits. Q4 will continue as the strongest quarter in light of year-end considerations.

Low margins in hydraulic systems: In hydraulic systems, ~40% of the system consists of products made by Yuken such as valves, pumps etc. ~60% of the system comprises of products bought from others such as tanks etc. This results in lower margins. Close to 30% of Yuken's sales result from hydraulic system sales while the remaining ~70% are an outcome of regular standard product sales. Part of the raw materials for hydraulic systems need to be imported (mostly from Yuken Kogyo) which result in lower margins.

Too much dependence on economic conditions: Machine tools industry was doing badly in FY10. Demand for Yuken's products is directly dependent on the growth in the manufacturing sector of India. The influence of the economic downturn led to a slowdown in manufacturing which in turn led to lower revenue for Yuken. The recovery in sales started from Q2FY10 and has grown well since. The buoyancy in demand from Q4FY10 continues in Q1FY11.

Forex Impact: Yuken exports ~5% of its products to Dubai, USA and Japan – mainly components for pumps (total exports amounted to Rs. 2.57 cr in FY09). Yuken also imports raw materials for hydraulic systems from Yuken Kogyo in Japan (total imports amounted to Rs. 12.34 cr in FY09). The company is exposed to forex risk due to this.

High cash conversion cycle (CCC): Yuken's CCC has been high reaching up to 92 days in FY09 and declining to 46 days in FY10. Days of sales outstanding for FY09 and FY10 were 125 and 108 respectively. The high CCC can be attributed to the high Operating Cycle of hydraulic systems. Close to 70% of Yuken's products are sold through dealers with an average receivable days of 45 while the rest are sold as hydraulic systems with 90-180 day receivable periods.



(**Source:** HDFC Sec, Company)

Peer Comparison

Company	Net Sales		PAT		OPM%		NPM%		BV	EPS	CMP	PE	P/BV
	FY09	FY10	FY09	FY10	FY09	FY10	FY09	FY10	FY09	FY10		FY10	FY09
Veljan Denison *	41.2	-	4.8	-	25.9%	-	11.6%	-	223.9	26.6*	348.2	13.1*	1.6
Yuken India	**104.5**	**120.0**	**1.0**	**8.2**	**6.0%**	**12.4%**	**1.0%**	**6.9%**	**89.3**	**27.4**	**232.9**	**8.5**	**2.6**

* = Fiscal year ends Sept, hence FY09 values (**Source:** HDFC Sec, Company)

FY10 Results Review

Yearly Results (Consolidated)

Y-o-Y: YIL's net sales grew by 14.8% to Rs. 120 cr in FY10 from Rs. 104.5 cr in FY09. Operating profit grew by 104.8% to Rs. 17.2 cr in FY10 from Rs. 8.4 cr in FY09. The total expenditure as a % to net sales declined from 94.1% in FY09 to 87% in FY10 resulting in an increase in operating profit margins by 640 bps to 12.3% from 5.9% in FY09. This combined with a 25% drop in interest expense (Rs. 3 cr in FY10 as compared to Rs. 4 cr in FY09) and a significant drop in effective tax rate (32.5% in FY10 as compared to 64.7% in FY09) led to an 1183.3% increase in PAT to Rs. 7.7 cr from Rs. 0.6 cr in FY09. Depreciation expense increased marginally to Rs. 2.8 cr from Rs. 2.7 cr in FY09. PAT margins improved by 585 bps to 6.42%. EPS for the year was Rs. 25.7 vs. Rs. 2.0 in FY09.

Quarterly Results (Stand Alone)

Y-o-Y: YIL's Q4FY10 net sales grew by 65.11% to Rs. 40.93 cr from Rs. 24.79 cr in Q4FY09. The company reported robust growth in its operating profit, which grew by 167.56% to Rs. 6.02 cr from Rs. 2.25 cr in Q4FY09 largely on account of greater sales and control over employee expenses despite this increase. The total expenditure as a % to net sales declined from 94.39% in Q4FY09 to 87.93% in Q4FY10. The operating margins improved significantly by 646 bps to 12.07%. This coupled with lower interest cost (which declined by 54.55%) and lower depreciation expense (which declined by 12.50%) led to higher growth in PAT, which increased by 1625% to Rs. 3.45 cr from Rs. 0.20 cr in Q4FY09. Interest cost reduced on account of repayment of some part of borrowings. PAT margins improved by 762 bps to 8.43%. EPS for the quarter stood at Rs. 11.50 vs. Rs. 0.67 in Q4FY09.

Q-o-Q: Sequentially, the net sales increased by 39.03% from Rs. 29.44 cr. Employee expense increased by 27.7% from Rs. 4.08 cr in Q3FY10 to Rs. 5.21 cr in Q4FY10 as a result of high bonuses in response to the pay cuts in FY09. The operating profit & PAT increased by 45.41% & 72.50% respectively. OPM margins decreased by 199 bps from 14.06% mainly on account of 132.09% increase in the other expenses. Interest cost declined by 21.05%, while depreciation was flat. PAT margins improved by 164 bps from 6.79%.

Conclusion & Recommendation

India is a developing nation and technology is a key driver in the development of a country. Being in a technologically advanced product segment, YIL could grow well with the country. Indian economy is on a good wicket recording a GDP growth of ~6% even during the global financial crisis. The GDP is expected to grow at ~8.5% in FY11 which could lead to better growth for YIL.

Yuken Kogyo has a strong global presence in the hydraulics industry, providing good parentage to YIL along with advanced technology and distribution capabilities. With technological support from Yuken Kogyo, YIL intends to expand its foundry capacity to nearly double its current capacity as well as possible expansion in the hydraulics segment. YIL is also in the process of replacing old hydraulics equipment, which could lead to better capacity utilization. These factors could lead to volume and value growth for the company after a long period of steady/stagnant volumes. YIL manages its finances well keeping interest expense and gearing ratio low and intends to continue doing so by meeting capital expenditure largely from internal accruals.

YIL has small size operations, as seen in the past with relatively small revenue and margins. So far the company has not been very aggressive with sales and expansions but this could change with the forthcoming expansion plans. Lastly, YIL's growth is very dependant on the infrastructure growth and economic growth of the country. A slowdown in the economy could adversely affect the company.

We believe YIL is valued cheap as it is currently trading at 8.5x its FY10 earnings and 7.0x its expected FY11 earnings. We recommend buying the stock at CMP of Rs. 232.90 and adding on dips in the range of Rs. 198 to Rs. 207 for sequential targets of Rs. 266 and Rs. 299 in the next 2-3 quarters.

Financials

Annual Profit & Loss Account (Consolidated)

Particulars (Rs. Cr)	FY08	FY09	%YoY	FY10	%YoY	FY11 (E)
Net Sales	108.6	104.5	-3.7%	120.0	14.9%	129.3
Other Income	1.0	2.2	122.4%	2.4	11.9%	2.5
Total Income	109.6	106.7	-2.6%	122.5	14.8%	131.8
Expenditure (inc stock adjustment)	95.9	98.3	2.4%	105.2	7.0%	112.8
% of sales	*88.4*	*94.0*		*87.0*		*86.3*
Operating Profit	**13.6**	**8.4**	**-38.3%**	**17.3**	**106.3%**	**19.0**
OPM %	*11.6%*	*6.0%*		*12.4%*		*12.8%*
Interest	2.8	4.0	42.3%	3.0	-25.7%	2.3
Depreciation	2.3	2.7	15.8%	2.8	3.3%	2.8
PBT	**8.5**	**1.7**	**-79.7%**	**11.6**	**573.3%**	**13.9**
PBTM %	*7.8*	*1.6*		*9.6*		*10.8*
Exceptional Items	-1.3	0.0	-100.0%	0.0	-	0.0
Net Tax	3.7	1.1	-71.8%	3.7	247.6%	4.3
Effective Tax Rate %	*43.8%*	*61.0%*		*31.5%*		*30.9%*
Minority Interest / Extraordinary Income	0.8	0.3		0.3		0.4
PAT	**6.9**	**1.0**	**-85.5%**	**8.2**	**722.0%**	**10.0**
NPM %	*6.4%*	*1.00%*		*6.9%*		*7.7%*
EPS	**23.0**	**3.3**	**-85.5%**	**27.4**	**722.0%**	**33.3**
P/E	**10.1**	**69.9**		**8.5**		**7.0**

(**Source:** HDFC Sec, Company)

Annual Profit & Loss Account (Stand-Alone)

Particulars (Rs. Cr)	FY08	FY09	%YoY	FY10	%YoY
Net Sales	103.0	97.0	-5.8%	114.2	17.7%
Other Income	2.3	2.1	-6.1%	2.1	-1.9%
Total Income	105.2	99.2	-5.8%	116.3	17.3%
Expenditure (inc stock adj)	91.0	91.4	0.5%	100.7	10.1%
% of sales	*88.3*	*94.2*		*87.0*	
Operating Profit	**14.3**	**7.7**	**-45.8%**	**15.7**	**102.5%**
OPM %	*11.7%*	*5.8%*		*11.9%*	
Interest	2.6	3.8	45.0%	2.8	-26.6%
Depreciation	2.1	2.4	17.4%	2.5	3.7%
PBT	**9.6**	**1.5**	**-84.3%**	**10.4**	**586.1%**
PBTM %	*9.3*	*1.6*		*9.1*	
Net Tax	3.5	0.9	-75.3%	3.4	298.8%
Effective Tax Rate %	*36.3%*	*57.0%*		*33.1%*	
PAT	**6.1**	**0.6**	**-89.4%**	**6.9**	**966.2%**
NPM %	*5.94%*	*0.67%*		*6.07%*	
EPS	**20.4**	**2.2**	**-89.4%**	**23.1**	**966.2%**
P/E	**11.4**	**107.5**		**10.1**	

(**Source:** HDFC Sec, Company)

Quarterly Profit & Loss Account (Stand-Alone)

Particulars (Rs. Cr)	Q4FY10	Q3FY10	% QoQ	Q4FY09	%YoY
Net Sales	40.9	29.4	39.0%	24.8	65.1%
Total Income	42.0	29.7	41.3%	25.7	63.8%
Operating Expense	36.0	25.6	40.6%	23.4	53.8%

Operating Profit	**6.0**	**4.1**	**45.4%**	**2.3**	**167.6%**
OPM (%)	*12.1%*	*14.1%*		*5.6%*	
Depreciation	0.6	0.6	1.6%	0.7	-12.5%
Interest	0.5	0.6	-21.1%	1.0	-54.5%
PBT	**4.9**	**3.0**	**67.5%**	**0.5**	**814.8%**
Tax	1.5	1.0	56.8%	0.3	338.2%
PAT	**3.5**	**2.0**	**72.5%**	**0.2**	**1625.0%**
NPM (%)	*8.4%*	*6.8%*		*0.8%*	
EPS	**11.5**	**6.7**	**72.5%**	**0.7**	**1625.0%**
P/E	**20.3**	**34.9**		**349.4**	

(**Source:** HDFC Sec, Company)

Balance Sheet

Particulars (Rs. Cr)	**FY08**	**FY09**	**FY10**	**FY11 (E)**
SOURCES OF FUNDS				
Shareholders' Funds:				
Capital	3.0	3.0	3.0	3.0
Reserves & Surplus	26.4	27.4	29.9	37.3
	29.4	30.4	32.9	40.3
Loan Funds:				
Secured Loans	25.4	38.3	17.5	24.3
Unsecured Loans	11.5	3.8	3.3	6.0
	36.9	42.1	20.8	30.3
Minority Interest	0.3	0.4	0.0	0.5
Net Deferred Tax	1.4	2.0	1.6	2.0
Total	**68.1**	**75.0**	**55.2**	**73.1**
APPLICATION OF FUNDS				
Fixed Assets:				
Gross Block	41.3	48.2	44.1	46.0
Depreciation	15.2	17.5	20.3	23.1
Net Block	26.1	30.7	23.8	22.9
Capital WIP	1.3	0.6	0.4	5.0
	27.4	31.2	24.3	27.9
Goodwill	0.2	0.2	0.0	0.0
Investments	2.8	3.1	2.2	2.5
Current Assets				
Inventories	21.8	20.2	16.5	24.0
Sundry Debtors	37.0	34.4	36.7	40.0
Cash & Bank Balances	3.6	2.6	2.3	2.9
Other Current Assets	0.0	0.0	0.0	0.0
Loans & Advances	5.1	5.1	5.8	6.0
	67.5	62.4	61.3	72.9

Current Liabilities	26.0	21.4	29.1	27.2
Provisions	5.2	1.3	3.4	3.0
	31.3	22.8	32.5	30.2
Net Current Assets	36.2	39.7	28.8	42.7
Misc. Expenses not written off	1.5	0.8	0.0	0.0
Total	**68.1**	**75.0**	**55.2**	**73.1**

(**Source:** HDFC Sec, Company)

Key Ratios

Particulars	**FY08**	**FY09**	**FY10**	**FY11 (E)**
RoCE	10.1	3.1	15.3	17.4
RoA	9.6	1.0	12.2	14.9
RoE	23.4	3.3	25.0	24.7
PE	10.1	69.9	8.5	7.0
Price/BV	2.7	2.6	2.1	1.7
D/E	1.3	1.4	0.6	0.8
Inventory (days)	77.7	78.0	63.7	65.5
Debtors (days)	110.8	124.8	108.2	108.3
Creditors (days)	116.5	110.4	125.6	128.4

(**Source:** HDFC Sec, Company)

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