

15 November 2011

MF Global Quarterly Report

Tata Steel

| Other subsidiaries disappoint, Outlook grim for overseas operations

METALS

TATA IN: **BUY**

RS 402

Tata Steel's Q2FY12 results were lower than expected on account of losses at subsidiaries, JV companies and higher tax outgo. The European operations reported better-than-expected numbers; however, the margins are expected to be subdued in Q3FY12 due to higher costs. We revise our FY12E and FY13E EPS downwards to Rs 58.0 and Rs 74.9, down 12.8% and 9.6%, respectively. The uncertainty in Europe will continue to be an overhang on the stock until domestic expansion benefits start kicking in. **We maintain our Buy rating, but however, lower our target price to Rs 493.**

Q2FY12 results highlights

- » Consolidated revenues stood at Rs 325.1bn, 1.1% below estimates of Rs 328.7bn. Standalone/Europe/South East Asia (SEA) revenues stood at Rs 81.4bn/US\$ 4.3bn/US\$ 0.64bn, up -0.2%/ 2.9%/ -11.6%, respectively, against estimates.
- » Consolidated OP stood at Rs 27.5bn against expectation of Rs 32.9bn, 16.5% below estimates. Standalone/Europe/South East Asia (SEA) operating profits stood at Rs 27.7bn/US\$ 103mn/US\$ 5mn, up -6.5%/215.8%/-69%, respectively, against estimates. Adjusted Ebidta per tonne for the standalone/Europe/SEA stood at US\$ 346/30/7 per tonne. Losses in other subsidiaries, JVs companies and inter-company transactions to the tune of US\$ 77mn led to lower-than-expected operating profit at a consolidated level.
- » Other income stood 60.6% ahead of estimates at Rs 1.2bn. Depreciation and interest expenses stood marginally below estimates at Rs 11.1bn and Rs 7.2bn, respectively.
- » Consolidated profits stood at Rs 2.1bn, 80% lower than estimates of Rs 10.7bn. The profits were impacted by a higher tax expense which stood at Rs 9 bn, implying a tax rate of 86.7%. Tax payment on profit of some individual subsidiaries led to a higher tax outgo at the consolidated level during the quarter.

Valuation: At the CMP of Rs 402, the stock trades at a P/E of 7.2x FY12E EPS of Rs 55.5 and 5.6x FY13E EPS of Rs 72.4. It trades at an Ev/Ebidta of 6.2x FY12E and 4.7x FY13E.

VALUATION SUMMARY

| Y/E MAR, RS MN | FY2009 | FY2010 | FY2011 | FY2012E | FY2013E |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| NET SALES | 1,473,293 | 1,023,931 | 1,187,531 | 1,187,762 | 1,243,705 |
| GROWTH, % | 12.0 | -30.5 | 16.0 | 0.0 | 4.7 |
| EBIDTA | 181,277 | 80,427 | 159,956 | 133,799 | 180,466 |
| EBIDTA MARGINS, % | 12.3 | 7.9 | 13.5 | 11.3 | 14.5 |
| NET PROFIT | 49,509 | -20,092 | 89,827 | 88,724 | 70,326 |
| NET PROFIT MARGIN, % | 3.4 | -2.0 | 7.6 | 7.5 | 5.7 |
| NET PROFIT (ADJUSTED) | 49,509 | -20,092 | 89,827 | 53,954 | 70,326 |
| MF EPS, RS | 67.8 | (22.7) | 93.7 | 55.5 | 72.4 |
| EPS GROWTH, % | (20.5) | (133.4) | (513.5) | (40.7) | 30.3 |
| PER, X | 5.9 | (17.7) | 4.3 | 7.2 | 5.6 |
| EV/EBIDTA, X | 4.9 | 10.2 | 5.6 | 6.2 | 4.7 |
| EV/NET SALES, X | 0.6 | 0.8 | 0.8 | 0.7 | 0.7 |
| PRICE/BOOK VALUE, X | 1.3 | 1.5 | 1.1 | 0.9 | 0.8 |
| ROIC, % | 11.4 | (56.3) | 10.4 | 8.1 | 9.7 |
| ROE, % | 19.1 | (8.6) | 29.9 | 13.4 | 15.0 |

Source: Company, MF Global India Research Estimates

TARGET RS 493 (+22.7%)

STOCK RATING

| BUY | NEUTRAL | SELL |
|-------|--------------|--------|
| > 15% | -15% TO +15% | < -15% |

COMPANY DATA

| | |
|----------------------|-----------|
| O/S SHARES : | 959MN |
| MARKET CAP (RS) : | 385BN |
| MARKET CAP (USD) : | 7.6BN |
| 52 - WK HI/LO (RS) : | 714 / 391 |
| LIQUIDITY 3M (USD) : | 48.6MN |
| FACE VALUE (RS) : | 10 |

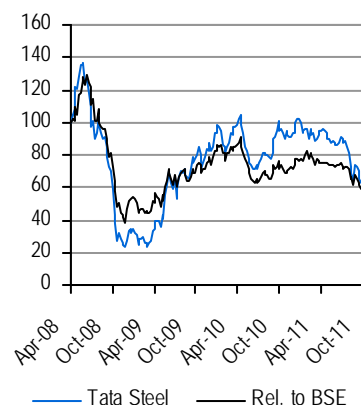
SHARE HOLDING PATTERN, %

| | |
|-------------------------------|------|
| PROMOTERS : | 30.6 |
| FII / NRI : | 19.7 |
| FI / MF : | 26.3 |
| NON-PROMOTER CORP. HOLDINGS : | 2.9 |
| PUBLIC & OTHERS : | 20.5 |

PRICE PERFORMANCE, %

| | 1MTH | 3MTH | 1YR |
|------------|------|-------|-------|
| ABS | -8.4 | -15.7 | -34.9 |
| REL TO BSE | -7.2 | -16.0 | -18.1 |

PRICE VS. SENSEX



Source: Bloomberg, MF Global India Research

TATA STEEL: Q2FY12 RESULTS (CONSOLIDATED)

| Y/E MAR, RS MN | Q2FY12 | Q2FY11 | % CHG | Q1FY12 | % CHG | H1FY12 | H1FY11 | % CHG |
|-------------------------------|---------|---------|---------|---------|--------|---------|---------|---------|
| SALES | 325,075 | 280,909 | 15.7% | 328,399 | -1.0% | 654,331 | 551,010 | 18.8% |
| OTHER OPERATING INCOME | 2,904 | 5,553 | -47.7% | 1,603 | 81.2% | 3,649 | 7,389 | -50.6% |
| TOTAL OPERATING INCOME | 327,979 | 286,462 | 14.5% | 330,002 | -0.6% | 657,981 | 558,399 | 17.8% |
| OPERATING EXPENDITURE | 300,479 | 249,740 | 20.3% | 285,773 | 5.1% | 586,252 | 477,350 | 22.8% |
| RAW MATERIALS | 162,202 | 124,064 | 30.7% | 148,944 | 8.9% | 311,146 | 227,656 | 36.7% |
| EMPLOYEE COST | 39,811 | 39,461 | 0.9% | 42,316 | -5.9% | 82,127 | 78,585 | 4.5% |
| PURCHASE OF POWER | 11,807 | 9,967 | 18.5% | 12,093 | -2.4% | 23,900 | 19,680 | 21.4% |
| FREIGHT & HANDLING | 16,850 | 14,676 | 14.8% | 15,937 | 5.7% | 32,787 | 30,536 | 7.4% |
| OTHER EXP | 69,809 | 61,573 | 13.4% | 66,484 | 5.0% | 136,293 | 120,891 | 12.7% |
| OPERATING PROFITS | 27,500 | 36,722 | -25.1% | 44,229 | -37.8% | 71,729 | 81,049 | -11.5% |
| OPM (%) | 8.4% | 12.8% | | 13.4% | | 10.9% | 14.5% | |
| OTHER INCOME | 1,204 | 8,144 | -85.2% | 38,823 | -96.9% | 40,027 | 8,737 | 358.1% |
| DEPRECIATION | 11,088 | 10,781 | 2.8% | 11,508 | -3.7% | 22,596 | 21,220 | 6.5% |
| INTEREST | 7,161 | 6,637 | 7.9% | 7,377 | -2.9% | 14,538 | 12,613 | 15.3% |
| EBT | 10,456 | 27,448 | 61.9% | 64,167 | -83.7% | 74,622 | 55,953 | 33.4% |
| NON-RECURRING GAIN/(LOSS) | - | 316 | -100.0% | - | | - | 915 | -100.0% |
| PBT | 10,456 | 27,132 | 61.5% | 64,167 | -83.7% | 74,622 | 55,038 | 35.6% |
| TAX | 9,065 | 7,450 | 21.7% | 11,230 | -19.3% | 20,295 | 17,454 | 16.3% |
| EFFECTIVE TAX RATE | 86.7% | 27.5% | | 17.5% | | 27.2% | 31.7% | |
| NET PROFIT | 1,390 | 19,682 | 92.9% | 52,937 | -97.4% | 54,327 | 37,584 | 44.5% |
| MINORITY INTEREST | (542) | (103) | 428.1% | (248) | 118.4% | (790) | (38) | 1995.2% |
| PROFIT FROM ASSOCIATES | 192 | 3 | 5906.3% | 281 | -31.5% | 473 | 419 | 12.9% |
| CONSOLIDATED PROFIT | 2,124 | 19,788 | 89.3% | 53,466 | -96.0% | 55,590 | 38,041 | 46.1% |
| PAT MARGIN (%) | 0.6% | 6.9% | | 16.2% | | 8.4% | 6.8% | |

Source: Company, MF Global India Research

TATA STEEL: SEGMENTAL RESULTS

| Y/E MAR, RS MN | Q2FY12 | Q2FY11 | % CHG | Q1FY12 | % CHG | H1FY12 | H1FY11 | % CHG |
|--|---------|---------|----------|---------|---------|---------|---------|----------|
| SEGMENT REVENUE | | | | | | | | |
| STEEL | 315,534 | 273,067 | 15.6% | 316,988 | -0.5% | 632,522 | 534,891 | 18.3% |
| OTHERS | 29,249 | 30,067 | -2.7% | 33,341 | -12.3% | 62,590 | 58,775 | 6.5% |
| UNALLOCATED | 4,254 | 3,643 | 16.8% | 4,228 | 0.6% | 8,481 | 6,899 | 22.9% |
| LESS:- INTERSEGMENT REVENUE | 21,058 | 20,315 | 3.7% | 24,555 | -14.2% | 45,613 | 42,166 | 8.2% |
| NET SALES AND OPERATING REVENUE | 327,979 | 286,462 | 14.5% | 330,002 | -0.6% | 657,981 | 558,399 | 17.8% |
| SEGMENT RESULTS | | | | | | | | |
| STEEL | 28,363 | 31,391 | 9.6% | 36,202 | -21.7% | 64,566 | 64,216 | 0.5% |
| OTHERS | (1,024) | 2,340 | -143.7% | 917 | -211.6% | (106) | 5,619 | -101.9% |
| UNALLOCATED | (1,879) | 363 | 618.4% | 38,058 | -104.9% | 36,179 | (37) | 98412.2% |
| LESS: INTER SEGMENT ELIMINATIONS | 7,844 | 9 | 87055.6% | 3,634 | 115.8% | 11,478 | 901 | 1174.5% |
| PBIT | 17,617 | 34,085 | 48.3% | 71,543 | -75.4% | 89,160 | 68,897 | 29.4% |
| MARGINS | | | | | | | | |
| STEEL | 9.0% | 11.5% | | 11.4% | | 10.2% | 12.0% | 9.0% |
| OTHERS | -3.5% | 7.8% | | 2.8% | | -0.2% | 9.6% | -3.5% |

Source: Company, MF Global India Research

Other updates

- » Group deliveries stood at 6.1mn tonnes, 6.7% above estimates. Standalone/Europe/SEA deliveries stood at 1.65/3.48/0.78mn tonnes against estimates of 1.65/3.26/0.81mn tones, respectively.

DELIVERIES

| Y/E MAR, RS MN | Q2FY12 | Q2FY11 | % CHG | Q1FY12 | % CHG |
|-------------------------------|--------|--------|--------|--------|--------|
| DELIVERIES (MN TONNES) | | | | | |
| TATA STEEL | 1.65 | 1.66 | -1.0% | 1.59 | 3.5% |
| TATA STEEL EUROPE | 3.48 | 3.56 | -2.2% | 3.50 | -0.6% |
| SOUTH EAST ASIA | 0.78 | 0.79 | -1.3% | 0.79 | -1.3% |
| EBIDTA PER TONNE, US\$ | | | | | |
| TATA STEEL | 346 | 451 | -23.3% | 440 | -21.4% |
| TATA STEEL EUROPE | 30 | 56 | 46.1% | 78 | -61.5% |
| SOUTH EAST ASIA | 7 | 44 | -83.9% | 25 | -72.4% |

Source: Company, MF Global India Research

- » Standalone net revenues stood at Rs 81.4bn, in line with the estimate of Rs 81.6bn. 2% higher-than-expected steel revenues offset the lower revenues from the ferro alloy segment. Steel revenues stood at Rs 76.5bn against estimates of Rs 74.7bn. The Ferro Alloy segment revenues stood at Rs 5.4bn, 18% below estimates. The revenues were impacted on account of lower volumes (0.268mn tonnes, 33% below estimates). Certain operational issues in Orissa have affected production of ferro alloys. The issues are likely to continue and will impact the operations of the ferro alloys division.
- » Revenues from Europe stood at US\$ 4.3bn, 3% ahead of expectations. Revenues from South East Asia operations stood at US\$ 637mn, 11.6% below estimates. Floods in Thailand have impacted demand in Q2FY12. The effect of the same is likely to continue in Q3FY12. The company has guided for 3.2-3.3mn tonnes of deliveries in Europe for Q3FY12.
- » Operating profit at domestic operations has been impacted on account of higher other expenses. Other expenses include Rs 2.2bn of forex loss (Rs 1.5bn on account of convertible bonds), excluding which operating profit stood at Rs 29.9bn, in line with our estimates. Higher-than-expected profitability from the steel segment offset the lower profitability from the Ferro Alloy segment. The company has guided EBITDA in the range of US\$ 350-US\$ 375 per tonne at the standalone steel business.
- » The company has hedged its exposure towards dollar-denominated loans, except for US\$ 875mn towards convertible bonds. The company has been impacted to the tune of Rs 4bn on account of rupee depreciation. It has charged Rs 1.5bn in P & L account during the quarter, while the balance will be amortised in the coming quarters.
- » The Benga project is expected to commence operations in H2FY12 and is expected to produce ROM output of 5.3mn tonnes in FY13. 1mn tonnes of washed coking coal by rail and 0.5mn tonnes of washed thermal coal through road are expected to be delivered in FY13.
- » Net debt of the company has increased from US\$ 8.34bn in Q1FY12 to US\$ 8.4bn in Q2FY12. The company has incurred capex of US\$ 557mn during the quarter.
- » The company has a surplus position in the pension fund. However, it has reduced from £ 350mn in Q1FY12 to £ 106mn in Q2FY12 on account of deteriorating market conditions in Europe.
- » The company has mothballed the mini blast furnace in Thailand on high costs and weaker demand.

FINANCIALS

INCOME STATEMENT

| Y/E MAR, RS MN | FY2009 | FY2010 | FY2011 | FY2012E | FY2013E |
|-------------------------------------|------------|-----------|------------|------------|------------|
| NET SALES | 1,473,293 | 1,023,931 | 1,187,531 | 1,187,762 | 1,243,705 |
| GROWTH, % | 12 | -31 | 16 | 0 | 5 |
| TOTAL INCOME | 1,473,293 | 1,023,931 | 1,187,531 | 1,187,762 | 1,243,705 |
| OPERATING EXPENSES | -1,292,016 | -943,505 | -1,027,575 | -1,053,964 | -1,063,240 |
| EBITDA (CORE) | 181,277 | 80,427 | 159,956 | 133,799 | 180,466 |
| GROWTH, % | 0.7 | (55.6) | 98.9 | (16.4) | 34.9 |
| MARGIN, % | 12.3 | 7.9 | 13.5 | 11.3 | 14.5 |
| DEPRECIATION | -42,654 | -44,917 | -44,148 | -44,817 | -53,182 |
| EBIT | 138,623 | 35,509 | 115,808 | 88,982 | 127,284 |
| GROWTH, % | 0.0 | (74.4) | 226.1 | (23.2) | 43.0 |
| MARGIN, % | 9.4 | 3.5 | 9.8 | 7.5 | 10.2 |
| INTEREST PAID | -32,902 | -30,221 | -27,700 | -28,691 | -37,355 |
| OTHER NON-OPERATING INCOME | 2,657 | 11,859 | 9,810 | 9,417 | 3,962 |
| NON-RECURRING ITEMS | 0 | 0 | 0 | 34,770 | 0 |
| PRE-TAX PROFIT | 68,040 | 1,579 | 121,683 | 105,207 | 94,694 |
| TAX PROVIDED | -18,940 | -21,518 | -32,459 | -17,056 | -24,912 |
| PROFIT AFTER TAX | 49,100 | -19,940 | 89,224 | 88,151 | 69,782 |
| NET PROFIT | 49,509 | -20,092 | 89,827 | 88,724 | 70,326 |
| MF NET PROFIT | 49,509 | -20,092 | 89,827 | 53,954 | 70,326 |
| GROWTH, % | (20.5) | (140.6) | (547.1) | (39.9) | 30.3 |
| NET PROFIT (ADJUSTED) | 49,509 | (20,092) | 89,827 | 53,954 | 70,326 |
| EXTRAORDINARY ITEMS: GAINS/(LOSSES) | -40,945 | -16,837 | 23,102 | 34,770 | 0 |
| UNADJ. SHARES (M) | 730 | 887 | 959 | 971 | 971 |
| WTD AVG SHARES (M) | 730 | 887 | 959 | 971 | 971 |

CASH FLOW

| Y/E MAR, RS MN | FY2009 | FY2010 | FY2011 | FY2012E | FY2013E |
|-------------------------------------|----------|----------|---------|----------|---------|
| PRE-TAX PROFIT | 68,040 | 1,579 | 121,683 | 105,207 | 94,694 |
| DEPRECIATION | 42,654 | 44,917 | 44,148 | 44,817 | 53,182 |
| CHG IN WORKING CAPITAL | 68,744 | 102,956 | -81,021 | 51,834 | -27,256 |
| TOTAL TAX PAID | -26,390 | -22,072 | -28,874 | -16,720 | -24,130 |
| OTHER OPERATING ACTIVITIES | -67,860 | -97,548 | -38,866 | -14,888 | -8,143 |
| CASH FLOW FROM OPERATING ACTIVITIES | 85,187 | 29,832 | 17,070 | 170,250 | 88,347 |
| CAPITAL EXPENDITURE | -84,335 | 17,806 | -73,771 | -112,500 | -90,000 |
| CHG IN INVESTMENTS | -30,437 | 9,933 | -24,296 | 18,262 | -2,483 |
| CASH FLOW FROM INVESTING ACTIVITIES | -114,771 | 27,739 | -98,067 | -94,238 | -92,483 |
| FREE CASH FLOW | -29,584 | 57,571 | -80,996 | 76,012 | -4,136 |
| EQUITY RAISED/(REPAID) | 0 | 80,754 | 42,509 | 7,148 | 0 |
| DEBT RAISED/(REPAID) | 63,079 | -122,728 | 92,622 | 6,977 | 13,500 |
| DIVIDEND (INCL. TAX) | -14,950 | -9,094 | -13,135 | -13,639 | -13,639 |
| CASH FLOW FROM FINANCING ACTIVITIES | 48,751 | -51,177 | 122,045 | 930 | 872 |
| NET CHG IN CASH | 19,167 | 6,394 | 41,048 | 76,942 | -3,264 |

BALANCE SHEET

| AS AT 31ST MAR, RS MN | FY2009 | FY2010 | FY2011 | FY2012E | FY2013E |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| CASH & BANK | 61,484 | 67,878 | 108,926 | 185,868 | 182,604 |
| DEBTORS | 130,316 | 116,240 | 148,163 | 130,166 | 136,296 |
| INVENTORY | 216,684 | 186,866 | 240,552 | 227,790 | 238,519 |
| LOANS & ADVANCES | 129,987 | 67,615 | 99,947 | 94,950 | 104,445 |
| OTHER CURRENT ASSETS | 68 | 79 | 98 | 98 | 98 |
| TOTAL CURRENT ASSETS | 538,540 | 438,678 | 597,686 | 638,871 | 661,962 |
| INVESTMENTS | 64,111 | 54,178 | 78,473 | 60,212 | 62,695 |
| GROSS FIXED ASSETS | 1,148,236 | 1,118,308 | 1,134,580 | 1,178,653 | 1,273,765 |
| LESS: DEPRECIATION | -630,832 | -608,126 | -615,922 | -660,738 | -713,920 |
| ADD: CAPITAL WIP | 89,304 | 93,194 | 158,258 | 238,158 | 237,158 |
| NET FIXED ASSETS | 606,708 | 603,377 | 676,916 | 756,073 | 797,002 |
| TOTAL ASSETS | 1,210,120 | 1,097,381 | 1,354,831 | 1,456,911 | 1,523,415 |
| CURRENT LIABILITIES | 230,933 | 233,886 | 266,711 | 276,596 | 272,634 |
| PROVISIONS | 81,831 | 75,578 | 79,693 | 85,884 | 88,946 |
| TOTAL CURRENT LIABILITIES | 312,764 | 309,464 | 346,404 | 362,480 | 361,579 |
| NON-CURRENT LIABILITIES | 671,762 | 548,868 | 645,682 | 652,994 | 667,277 |
| TOTAL LIABILITIES | 984,526 | 858,332 | 992,085 | 1,015,475 | 1,028,856 |
| PAID-UP CAPITAL | 7,301 | 8,867 | 9,587 | 9,714 | 9,714 |
| RESERVES & SURPLUS | 210,398 | 221,341 | 344,270 | 422,389 | 475,045 |
| SHAREHOLDERS' EQUITY | 225,594 | 239,049 | 362,746 | 441,436 | 494,559 |
| TOTAL EQUITY & LIABILITIES | 1,210,120 | 1,097,381 | 1,354,831 | 1,456,911 | 1,523,415 |

PER-SHARE DATA

| | FY2009 | FY2010 | FY2011 | FY2012E | FY2013E |
|----------------------|--------|---------|---------|---------|---------|
| MF EPS (INR) | 67.8 | (22.7) | 93.7 | 55.5 | 72.4 |
| GROWTH, % | (20.5) | (133.4) | (513.5) | (40.7) | 30.3 |
| BOOK NAV/SHARE (INR) | 309.0 | 269.6 | 378.4 | 454.4 | 509.1 |
| FDEPS (INR) | 67.8 | (22.7) | 93.7 | 55.5 | 72.4 |
| CEPS (INR) | 126.2 | 28.0 | 139.7 | 65.9 | 127.1 |
| CFPS (INR) | 261.2 | 147.8 | 23.3 | 177.4 | 91.7 |
| DPS (INR) | 17.5 | 8.5 | 12.0 | 12.0 | 12.0 |

FINANCIAL STRUCTURE

| | FY2009 | FY2010 | FY2011 | FY2012E | FY2013E |
|-----------------------|--------|--------|--------|---------|---------|
| TOTAL DEBT/EQUITY (%) | 289.9 | 222.2 | 172.0 | 142.9 | 130.3 |
| NET DEBT/EQUITY (%) | 262.6 | 193.8 | 141.9 | 100.8 | 93.4 |

PROFITABILITY, PRODUCTIVITY, LIQUIDITY AND VALUATION RATIOS

| | FY2009 | FY2010 | FY2011 | FY2012E | FY2013E |
|--------------------------------|--------|--------|--------|---------|---------|
| RETURN ON ASSETS (%) | 5.9 | 0.0 | 8.9 | 7.8 | 6.5 |
| RETURN ON EQUITY (%) | 19.1 | (8.6) | 29.9 | 13.4 | 15.0 |
| RETURN ON INVESTED CAPITAL (%) | 11.4 | (56.3) | 10.4 | 8.1 | 9.7 |
| ROIC/COST OF CAPITAL (X) | 1.2 | (5.8) | 1.1 | 0.9 | 1.6 |
| ROIC - COST OF CAPITAL (%) | 1.5 | (66.0) | 0.8 | (1.3) | 3.7 |
| RETURN ON CAPITAL EMPLOYED (%) | 7.4 | 0.0 | 11.2 | 9.7 | 8.0 |
| COST OF CAPITAL (%) | 9.8 | 9.7 | 9.5 | 9.4 | 5.9 |
| ROCE - COST OF CAPITAL (%) | (2.4) | (9.7) | 1.7 | 0.2 | 2.1 |
| ASSET TURNOVER (X) | 1.7 | 1.3 | 1.4 | 1.3 | 1.3 |
| SALES/TOTAL ASSETS (X) | 1.2 | 0.9 | 1.0 | 0.8 | 0.8 |
| SALES/NET FA (X) | 2.4 | 1.7 | 1.9 | 1.7 | 1.6 |
| WORKING CAPITAL/SALES (X) | 0.2 | 0.1 | 0.2 | 0.1 | 0.2 |
| FIXED CAPITAL/SALES (X) | 0.8 | 1.1 | 1.0 | 1.0 | 1.0 |
| RECEIVABLE DAYS | 32.3 | 41.4 | 45.5 | 40.0 | 40.0 |
| INVENTORY DAYS | 53.7 | 66.6 | 73.9 | 70.0 | 70.0 |
| PAYABLE DAYS | 65.2 | 90.5 | 94.7 | 95.8 | 93.6 |
| CURRENT RATIO (X) | 2.3 | 1.9 | 2.2 | 2.3 | 2.4 |
| QUICK RATIO (X) | 1.4 | 1.1 | 1.3 | 1.5 | 1.6 |
| INTEREST COVER (X) | 4.2 | 1.2 | 4.2 | 3.1 | 3.4 |
| DIVIDEND COVER (X) | 3.9 | (2.7) | 7.8 | 4.6 | 6.0 |
| PER (X) | 5.9 | (17.7) | 4.3 | 7.2 | 5.6 |
| PRICE/BOOK (X) | 1.3 | 1.5 | 1.1 | 0.9 | 0.8 |
| YIELD (%) | 4.4 | 2.1 | 3.0 | 3.0 | 3.0 |
| EV/NET SALES (X) | 0.6 | 0.8 | 0.8 | 0.7 | 0.7 |
| EV/EBITDA (X) | 4.9 | 10.2 | 5.6 | 6.2 | 4.7 |
| EV/EBIT (X) | 6.4 | 23.1 | 7.8 | 9.4 | 6.7 |
| EV/NOPLAT (X) | 5.5 | 13.9 | 7.1 | 7.2 | 5.5 |
| EV/CE | 0.9 | 0.9 | 0.8 | 0.7 | 0.7 |
| EV/IC (X) | 1.0 | 1.0 | 1.1 | 0.9 | 0.9 |

Source: Company, MF Global India Research Estimates

RECOMMENDATION HISTORY

| RECOMMENDATION | TARGET, RS | CMP, RS | DATE |
|----------------|------------|---------|------------------|
| BUY | 493 | 402 | 15 NOVEMBER 2011 |
| BUY | 541 | 463 | 18-AUG-2011 |
| NEUTRAL | 645 | 641 | 17-FEB-2011 |
| BUY | 691 | 584 | 1-DEC-2010 |
| NEUTRAL | 691 | 636 | 18-OCT-2010 |

| | | | |
|------------------|-------------------------------|-----------------|-------------------------|
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