

# Sterlite Industries

<b>BSE Sensex</b> 19,991	<b>S&amp;P CNX</b> 6,050
Bloomberg	STLT IN
Equity Shares (m)	3,361.2
M.Cap. (INR b)/(USD b)	380/7.1
52-Week Range (INR)	138/89
1,6,12 Rel. Perf. (%)	-6/-10/-22

**CMP: INR113**
**TP: INR124**
**Buy**

### 3QFY13 results below expectations

- Sterlite Industries' (STLT) adjusted consolidated PAT declined 18% QoQ to INR12.5b, below our estimate of INR13.9b. Sterlite Energy (STLE), Bharat Aluminium (BALCO) and Vedanta Aluminium (VAL) reported losses. Attributable losses from VAL increased 3.7x QoQ to INR2.26b due to increased forex losses. Zinc (international) PAT increased 8% QoQ to INR2.26b.
- EBITDA declined 8% QoQ to INR23.3b, below our estimate of INR26.9b, dragged by Copper (lower by-product credit; lower TcRc), Power (evacuation problem) and Hindustan Zinc (lower silver volumes).

### Segment-wise outlook and update

- While Copper TcRc is expected to improve, by-product realizations are likely to remain subdued due to lower demand from the fertilizer industry.
- PLF of the Power business suffered due to evacuation-related issues, which are likely to be addressed significantly on easing of bottlenecks. BALCO's surplus power is likely to shrink in the interim, as the 325ktpa smelter is expected to ramp up ahead of the 1,200MW CPP expansion. The factory license for the 1,200MW expansion is under temporary suspension.
- BALCO's coal block has received stage-II forest clearance, but the mining lease is yet to be signed.
- VAL is considering reviving its 1.25mtpa phase-II smelter in view of improved metal prices and subdued merchant power rates. We remain skeptical because sourcing large quantities of third-party alumina is challenging.
- Zinc business (both India and international) is expected to remain strong. In India, growth in mine production will drive volume growth and earnings.

### Maintain Buy, with an SOTP-based target price of INR124

The merger with Sesa Goa is awaiting approvals from the Madras and Goa High Courts. On merged entity basis, the stock is trading at 5.6x FY15E EPS, 0.6x FY15E BV and at an EV of 4.9x FY15E EBITDA. Maintain **Buy**.

### Financials & Valuation (INR b)

Y/E March	2013E	2014E	2015E
Sales	429.4	448.7	464.5
EBITDA*	78.2	80.3	82.9
NP	57.6	57.8	56.5
Adj. EPS (INR)	17.1	17.2	16.8
EPS Gr(%)	2.8	0.3	-2.3
BV/Sh. (INR)	139.8	153.2	166.2
RoE (%)	13.0	11.7	10.5
RoCE (%)	13.3	13.9	12.5
Payout (%)	15.0	16.3	15.5

### Valuation

P/E (x)	6.6	6.6	6.7
P/BV	0.8	0.7	0.7
EV/EBITDA (x)*	4.3	4.0	3.4
Div. Yield (%)	1.9	2.1	2.3

\* Attributable

### Quarterly Performance (Consolidated for Sterlite Inds.)

Y/E March	FY12				FY13				FY12	FY13E	(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	vs Est (%)
Copper cathode ('000 tons)	74	87	84	80	88	87	92	82	325	349	86	7
Aluminum (BALCO, '000 tons)	61	60	63	62	60	63	62	62	246	260	62	0
Aluminum (VAL, '000 tons)	112	89	107	115	124	134	135	130	423	500	130	4
<b>Net Sales</b>	<b>98,630</b>	<b>101,968</b>	<b>103,037</b>	<b>108,189</b>	<b>106,484</b>	<b>111,026</b>	<b>107,375</b>	<b>104,486</b>	<b>411,823</b>	<b>429,371</b>	<b>110,664</b>	<b>-3</b>
<b>EBITDA</b>	<b>27,512</b>	<b>24,065</b>	<b>23,312</b>	<b>27,054</b>	<b>23,083</b>	<b>25,270</b>	<b>23,269</b>	<b>27,712</b>	<b>101,943</b>	<b>99,333</b>	<b>26,850</b>	<b>-13</b>
As % of Net Sales	27.9	23.6	22.6	25.0	21.7	22.8	21.7	26.5	24.8	23.1	24.3	
Interest	1,643	2,372	1,790	3,280	2,419	1,777	2,269	2,801	9,085	9,266	2,196	3
Depreciation	4,200	4,459	4,575	5,072	5,182	5,221	5,382	5,729	18,306	21,513	5,146	5
Other Income	8,391	8,010	8,768	7,035	9,484	8,476	8,590	8,744	32,205	35,293	8,406	2
<b>PBT (before XO item)</b>	<b>30,059</b>	<b>25,244</b>	<b>25,715</b>	<b>25,737</b>	<b>24,966</b>	<b>26,748</b>	<b>24,208</b>	<b>27,925</b>	<b>106,756</b>	<b>103,847</b>	<b>27,914</b>	<b>-13</b>
Extra-ordinary gain (loss)	-44	-2,760	-4,231	-1,005	-2,174	2,188	-625	0	-8,039	-610	0	
<b>PBT (after XO item)</b>	<b>30,015</b>	<b>22,485</b>	<b>21,484</b>	<b>24,733</b>	<b>22,792</b>	<b>28,936</b>	<b>23,583</b>	<b>27,925</b>	<b>98,717</b>	<b>103,237</b>	<b>27,914</b>	<b>-16</b>
Total Tax	6,137	5,049	5,053	4,867	3,339	5,109	3,555	5,306	21,106	17,309	6,699	-47
% Tax	20.4	22.5	23.5	19.7	14.7	17.7	15.1	19.0	21.4	16.8	24.0	
<b>Reported PAT</b>	<b>23,878</b>	<b>17,436</b>	<b>16,431</b>	<b>19,866</b>	<b>19,453</b>	<b>23,827</b>	<b>20,028</b>	<b>22,620</b>	<b>77,611</b>	<b>85,927</b>	<b>21,215</b>	<b>-6</b>
- Minority int.	6,420	5,030	4,660	5,499	5,771	5,793	5,853	5,709	21,609	23,126	5,854	0
+ share in associates profit	-1,061	-2,428	-2,636	-1,598	-1,666	-607	-2,261	-1,240	-7,723	-5,774	-1,478	53
<b>Adjusted PAT</b>	<b>16,442</b>	<b>12,738</b>	<b>13,366</b>	<b>13,774</b>	<b>14,190</b>	<b>15,239</b>	<b>12,539</b>	<b>15,671</b>	<b>56,318</b>	<b>57,638</b>	<b>13,883</b>	<b>-10</b>

E: MOSL Estimate

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## Segmental Results (INR m)

	1QFY12	2QFY12	3QFY12	4QFY12	1QFY13	2QFY13	3QFY13	4QFY13
Copper	2,909	3,450	3,260	2,728	2,006	2,765	1,603	2,342
Aluminium	1,523	210	-230	234	37	433	89	225
Zinc & Lead (RHS)	18,126	16,502	14,857	17,053	14,015	15,123	16,340	17,611
Zinc India	12,479	10,900	10,169	11,159	8,627	8,592	7,462	11,064
Silver India	1,930	2,201	2,334	3,680	3,510	4,109	5,985	4,316
Zinc International	3,718	3,401	2,353	2,215	1,878	2,422	2,893	2,231
Power	867	527	533	1,516	1,897	1,903	341	2,100
Others	162	282	297	1	79	112	43	
<b>Total EBIT</b>	<b>23,587</b>	<b>20,970</b>	<b>18,716</b>	<b>21,532</b>	<b>18,035</b>	<b>20,336</b>	<b>18,415</b>	<b>22,279</b>
Less : Interest paid	1,643	2,372	3,234	3,280	2,419	1,777	2,269	2,801
add: Other unallocable income net off expe	8,115	4,186	6,067	10,799	7,176	10,378	7,436	8,744
Less : XO items expenditure (gain)	44	299	64	4,319				
<b>Profit before tax &amp;EO</b>	<b>30,015</b>	<b>22,485</b>	<b>21,484</b>	<b>24,733</b>	<b>22,792</b>	<b>28,936</b>	<b>23,583</b>	<b>19,478</b>
less: Extra ordinary		-2,461	-4,166	3,314	-2,174	2,188	-625	
<b>Profit before Tax</b>	<b>30,015</b>	<b>24,945</b>	<b>25,651</b>	<b>21,418</b>	<b>24,966</b>	<b>26,748</b>	<b>24,208</b>	<b>19,478</b>

## Copper: Lower by-product credits and TcRc impacted margins

- Standalone sales declined 7% QoQ to INR45.4b. Copper cathode production increased 6% QoQ to 92kt, while sales volumes were flat at 86kt.
- EBITDA declined 51% QoQ to INR1.4b. Operating margins were affected due to lower by-product realizations and lower TcRc. Sulphuric acid and phosphoric acid realizations declined 27% and 11% QoQ to INR2,675/t and INR49,207/t, respectively.
- Adjusted PAT increased 8% QoQ to INR6.2b due to higher other income of INR7.8b, which contained INR4.4b of dividends from Hindustan Zinc (HZ).
- STLT expects TcRc charges to improve in FY14 as demand-supply situation becomes favorable for smelters. However, realizations of sulphuric acid and phosphoric acid are likely to remain subdued due to lower demand from the fertilizer industry.
- 80MW CPP has been commissioned at Tuticorin. It is now operating at 80% PLF. The second unit of 80MW is expected to be synchronized in 1QFY14.

## Quarterly performance (Sterlite Inds standalone)

Y/E March	FY12				FY13				FY12	FY13E	(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	vs Est (%)
Net Sales	41,726	48,018	45,841	45,343	45,611	48,636	45,364	44,260	180,928	183,871	49,206	-8
Change (YoY %)	30.4	65.2	4.6	-6.1	9.3	1.3	-1.0	-2.4	18.1	1.6	7.3	
Total Expenditure	39,046	45,227	42,912	42,598	44,335	45,803	43,975	42,128	169,782	176,241	46,710	-6
EBITDA	2,681	2,791	2,929	2,745	1,276	2,833	1,389	2,132	11,146	7,630	2,497	-44
Change (YoY %)	48.4	96.0	115.0	16.2	-52.4	1.5	-52.6	-22.4	60.2	-31.5	-14.7	
As % of Net Sales	6.4	5.8	6.4	6.1	2.8	5.8	3.1	4.8	6.2	4.1	5.1	
Interest	1,287	1,541	1,471	1,730	1,506	1,150	1,448	1,463	6,029	5,567	1,173	23
Depreciation	378	375	364	508	360	367	435	437	1,625	1,600	369	18
Other Income	6,639	3,935	8,279	3,616	3,481	5,741	7,785	3,655	22,469	20,662	8,044	-3
PBT (before XO item)	7,655	4,809	9,373	4,124	2,891	7,057	7,290	3,887	25,962	21,125	8,999	-19
Extra-ordinary Exp.	-21	-1,043	-1,224	-3,596	-2,195	1,611	-924	0	-5,883	-1,508	0	
PBT (after XO item)	7,634	3,767	8,149	529	696	8,668	6,366	3,887	20,078	19,617	8,999	-29
Total Tax	1,462	1,195	1,181	-335	243	1,620	948	1,233	3,504	4,044	2,856	-67
% Tax	19.2	31.7	14.5	-63.4	34.9	18.7	14.9	31.7	17.4	20.6	31.7	
Reported PAT	6,172	2,571	6,968	864	453	7,048	5,418	2,654	16,575	15,573	6,144	-12
Adjusted PAT	6,189	3,283	8,014	2,763	1,883	5,738	6,205	2,604	22,458	17,081	6,144	1
Change (YoY %)	97.7	-18.1	153.3	-2.4	-69.6	74.8	-22.6	-5.8	76.3	-23.9	-23.3	

E: MOSL Estimate

**Power: Volumes suffered due to evacuation problems; margins under pressure**

- Power segment revenues and earnings were impacted due to lower volumes, increase in cost and reduction in prices. Volumes declined 23% QoQ to 1,916Mkwh due to evacuation restrictions imposed at both BALCO and STLE by the Northern and Eastern grids.
- EBITDA declined 48% QoQ to INR1.55b. There was an after tax loss of INR280m v/s a PAT of INR1.1b in 2QFY13.
- STLE's reported average power realization declined INR0.11/kwh to INR3.31/kwh, while reported CoP declined INR0.09/kwh to INR2.22/kwh.
- We expect PLF to improve in 4QFY13 to 50% due to charging of shared 1,000MW Raipur-Wardha transmission line in January 2013. As a result earnings of power segment should improve. The fourth unit of 600MW is under trial runs and should start generation in 1QFY14.
- Talwandi Saboo first unit of 660MW is expected to be synchronized in 2QFY14.

**Aluminum: CoP increasing; Korba coal mine gets stage-2 forest clearance**

- BALCO's cost of production (CoP) increased by USD25/t to USD1,995/t due to higher cost of alumina and tapering coal linkages. In a positive development, the Korba coal mine (211m tonnes R&R) has received stage-2 forest clearance. Coal production should start in FY14, subject to signing of final mining lease. Land acquisition will start post signing of mining lease.
- BALCO's EBITDA declined 33% QoQ to INR640m. There was a loss of INR80m v/s a PAT of INR320m in 2QFY13.
- BALCO is targeting to commission the 325ktpa Korba-III smelter in 1QFY14 - a delay of three months from the last announcement.
- VAL continues to operate at above capacity, with total production of 135kt. CoP has increased by USD23/t to USD1,928/t due to increase in cost of alumina. The Lanjigarh refinery produced 104kt of alumina and is now closed due to shortage of bauxite. EBITDA increased 10% QoQ to INR2.48b. However, after tax losses increased 3.7x to INR7.7b.

**Zinc, Lead and Silver: Volumes to be lower in 4Q**

- Zinc (international) EBITDA grew 12% QoQ to INR4.4b due to higher LME prices. CoP increased by USD42/t QoQ to USD1,095/t. Volumes are likely to be lower in 4QFY13 due to seasonal pattern. Production is expected to decline by 5% to 420kt in FY13 and by a further 5% to 400kt in FY14 due to depletion of mines.
- Zinc India, the target is to produce 190kt of integrated zinc and 35kt of integrated lead in 4QFY13, and 1mt of total mined metal in FY14.

Production (tonnes)	1QFY12	2QFY12	3QFY12	4QFY12	1QFY13	2QFY13	3QFY13	4QFY13
<b>Alumina</b>								
Lanjigarh	224,000	228,000	236,000	240,000	218,000	205,000	104,000	
<b>Copper</b>								
Mined Metal Content	6,000	5,000	6,000	5,000	7,000	6,000	6,000	6,000
Cathode	74,000	87,000	84,000	80,383	88,305	87,000	91,971	81,990
<b>Aluminium Balco</b>	61,000	60,000	63,000	62,000	60,000	63,000	62,000	61,750
Aluminium (VAL)	112,000	89,000	107,000	115,000	124,000	134,000	135,000	130,000
<b>Power (M kwh)</b>	1,652	1,748	1,997	2,166	2,458	2,474	1,915	2,829
Rate average (INR/kwh)	4.1	3.9	3.8	3.8	3.9	3.9	3.6	3.3
EBIT average (INR/kwh)	0.5	0.3	0.3	0.7	0.8	0.8	0.2	0.7
SEL (M Kwh)	1,123	1,267	1,559	1,674	1,938	1,940	1,578	2,365
Balco (M kwh)	424	387	382	412	338	346	275	304
Wind (M kwh)	105	94	56	80	182	188	62	160
<b>Zinc International</b>	119,000	114,000	105,000	106,000	106,000	114,000	104,000	98,800
MIC (Black Mountain & Lisheen)	80,000	77,000	71,000	71,000	70,000	77,000	68,000	64,600
Refined Zinc (Skorpion)	39,000	37,000	34,000	36,000	36,000	37,000	36,000	34,200
<b>Zinc India</b>								
Mine production (MIC)	188,403	209,676	209,007	223,000	187,000	190,000	233,000	229,900
Change (YoY %)	3.6	2.4	-6.0	-3.5	-0.7	-9.4	11.5	3.1
Refined Zinc (incl. custom smelting)	191,000	184,816	190,946	190,000	157,000	163,000	171,000	189,701
Refined Lead (incl. custom smelting)	16,000	15,657	27,074	37,000	29,000	27,000	32,000	32,000
Refined Silver (Kg, integrated basis)	47,000	49,000	58,000	83,000	79,000	80,000	62,000	81,200

### Sesa-Sterlite merger awaiting Madras and Goa HC approval; maintain Buy

The merger with Sesa Goa is awaiting approvals from the Madras and Goa High Courts. On merged entity basis, the stock is trading at 5.6x FY15E EPS, 0.6x FY15E BV and at an EV of 4.9x FY15E EBITDA. Maintain **Buy** with an SOTP-based target price of INR124 - 10% upside.

	Sum-of-the-parts Valuation: SESA-STERLITE										(INR Billion)		
	Net Sales	EBITDA	PAT	Net Debt	Net Worth	Valuations Basis	EV	CWIP Disc(%)	Equity Value	Stake (%)	Attrib. Equity	INR/ share	
	(A)	(A)	(A)	(G)	(B)	(B)	C=(AxB)	(D)	(F)	{C-G+D*(1-F)}			
Stand-alone #	343	47	-11	677	377	5.0 x EBITDA	234	181	51	-355	100	-355	
Hindustan Zinc	130	69	68	-316	277	5.0 x EBITDA	343	4		664	64.9	431	
Balco	42	7	3	57	25	5.0 x EBITDA	34	94	51	23	51	12	
CMT+TSPL+inter seg.	19	5	-6	92	-559	5.0 x EBITDA	24	101	51	-19	100	-19	
Zinc International	45	13	10	-72	111	3.5 x EBITDA	44			116	100	116	
Cairn India	182	92	65	-244	629	380 =Cairn TP(INR/sh)		112		723	59.0	426	
	<b>761</b>	<b>231</b>	<b>129</b>	<b>193</b>	<b>859</b>			<b>492</b>			<b>SOTP</b>	<b>612</b>	
												<b>206</b>	
Implied TP for Sterlite Inds (at Conv. Ratio of 3:5 ratio) <b>124</b> ;												Implied TP for Sesa	<b>206</b>

Aluminium prices USD2,100/ton, Zinc = USD2,000/ton, Lead prices = USD2,100/ton Silver = USD27/oz, USD/INR = 53; FY15 estimates  
Source: MOSL # (VAL, copper TcRc, SEL, Sesa) TP = Target Price

### Conference call highlights

- The Sesa-Sterlite merger is awaiting approvals from the Madras and Mumbai (Goa bench) High Courts. While the hearings are completed at the Madras High Court, they are still underway at the Goa (Mumbai) High Court.
- Zinc (India) announced the next phase of growth to increase mined metal capacity to 1.2mtpa. The project will be completed in six years, with benefits beginning to accrue in the third year itself. Capex will be USD250m per year.
- Zinc (India) targets to produce 190kt of integrated zinc and 35kt of integrated lead in 4QFY13, and 1mt of mined metal in FY14.

- Zinc (International) is targeting to produce 420kt of metal in FY13 and 400kt in FY14. Production is ramping down due to depletion.
- VAL has suspended Lanjigarh operations temporarily and is looking for alternate sources of bauxite to restart operations. It is considering beginning operations of 1.25mtpa smelter expansion at Jharsuguda due to improved LME premiums and prices, and lower merchant power rates.
- BALCO: First unit of 300MW of the 1,200MW expansion is awaiting regulatory approval. Factory license for the 1,200MW expansion is temporarily suspended. The 325ktpa Korba-III aluminum smelter is expected to undergo first metal tapings in 1QFY14. 211mt coal block has received stage-II forest clearance, but the mining lease is yet to be signed. Land will be acquired post signing of mining lease. Majority of the land is forest/government land. The plan is to ramp up production from the initial 1mtpa to 3mtpa by FY15.
- Power sales declined 4% on evacuation constraints. Evacuation capacity has improved marginally post increased evacuation capacity (shared) of 1,000MW Raipur-Wardha by Power Grid. PLF is expected to be 50% in 4QFY13.
- The synchronization of Talwandi Saboo's first unit is expected in 2QFY14.
- VAL received 42-45% while BALCO received 45-50% coal linkage in 3QFY13.
- Gross debt is INR186b (INR40b at BALCO + INR20b at STLE + INR38b at TSPL + INR80b at Standalone). Cash and cash equivalents stand at INR230b.
- Upgradation of the coal berth at Vishakhapatnam Port (74% stake) to 10.18mtpa is being carried out at a total project cost of USD150m. It is expected to commence operations in 4QFY13. It has a concession period of 30 years.
- Cost of generation at VAL and BALCO's CPPs is around INR2.35/kwh and coal cost is around INR2/kwh.

## Sterlite Industries: an investment profile

### Company description

Sterlite Industries (STLT) is a diversified play on three base metals. It has ramped up refined zinc and lead capacities to 1.06mtpa, which will fuel significant volume growth. The company is setting up a 2,400MW power project in Orissa of which three units of 600MW each have already commissioned, while the fourth unit is at synchronization stage. The project is in close proximity to coal mines and STLT will soon replace coal linkages with coal from its captive mines. Given its low cost production and strong demand, the project will drive earnings. STLT has planned aggressive expansion in the aluminum business through its 51% stake in BALCO and 29.5% stake in VAL.

### Key investment arguments

- STLT's earnings are likely to be driven by volume growth in the zinc and lead business. Zinc and lead smelting capacity after expansion last year is 1.064mtpa, and STLT is planning to expand its mining capacity to 1.2mtpa over the next six years. The 350tpa silver refinery was commissioned in 3QFY12 is also adding to margins.
- BALCO's 1,200MW power plant and 325ktpa Korba-III smelter will get commissioned in the next few quarters. Also, it has received stage-II forest clearance for 211mt captive coal block. Expanded aluminum capacity with captive coal block will also boost profitability, going forward.

### Comparative valuations

		Sterlite	Hindalco	Nalco
P/E (x)	FY13E	6.6	6.0	27.5
	FY14E	6.6	5.6	14.5
P/BV (x)	FY13E	0.8	1.1	1.0
	FY14E	0.7	1.0	1.0
EV/Sales (x)	FY13E	0.8	0.8	1.5
	FY14E	0.7	0.7	1.1
EV/EBITDA (x)	FY13E	4.3	7.2	15.6
	FY14E	4.0	6.2	6.8

### Shareholding Pattern (%)

	Dec-12	Sep-12	Dec-11
Promoter	53.3	53.3	53.3
Domestic Inst	9.4	9.2	9.2
Foreign	27.5	26.8	24.8
Others	9.8	10.8	12.7

### Key investment risks

- Unexpected fall in base metal prices may affect profitability, as STLT derives significant profits from its mining business.

### Recent developments

- BALCO's 211mt coal block has received stage-II forest clearance in 3QFY13.

### Valuation and view

- On merged entity basis, the stock is trading at 5.6x FY15E EPS, 0.6x FY15E BV and at an EV of 4.9x FY15E EBITDA. Maintain **Buy**.

### Sector view

- **Zinc:** Zinc is our most preferred base metal due to favorable demand outlook and constraints in supply growth due to shortage of large scale low cost mines in the world. The current surplus in zinc capacity is expected to turn into deficit in 2-3 years due to supply shortfall resulting from mine closures and lack of quality mine additions. We are factoring zinc and lead prices of USD2,000/t and USD2,100/t, respectively for FY14.
- **Aluminum:** Aluminum prices have risen 4% QoQ while spot premium has shot up to all-time high levels. Weak LME and high operating cost has resulted in shutdowns of 2-3mt of smelter capacities recently. LME prices are expected to improve from current levels. We are factoring aluminum prices of USD2,100/t in FY14.

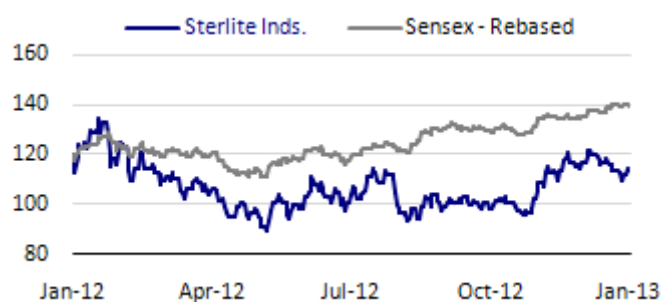
### EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY13	16.7	17.0	-1.9
FY14	17.1	19.2	-10.8

### Target price and recommendation

Current Price (INR)	Target Price (INR)	Upside (%)	Reco.
113	124	9.7	Buy

### Stock performance (1 year)



## Financials and Valuation

Income Statement (Consolidated)		(INR Million)			
Y/E March	FY12	FY13E	FY14E	FY15E	
Net Sales	411,789	429,371	448,668	464,546	
Change (%)	35.3	4.3	4.5	3.5	
Total Expenses	310,104	330,038	332,211	345,327	
<b>EBITDA</b>	<b>101,686</b>	<b>99,333</b>	<b>116,457</b>	<b>119,219</b>	
Change (YoY %)	26.3	-2.3	17.2	2.4	
As % of Net Sales	24.7	23.1	26.0	25.7	
Deprn. & Amortization	18,298	21,513	23,300	23,398	
<b>EBIT</b>	<b>83,388</b>	<b>77,820</b>	<b>93,157</b>	<b>95,821</b>	
Net Interest	8,524	9,266	15,155	15,830	
Other income	31,632	35,293	36,413	31,719	
<b>PBT</b>	<b>106,496</b>	<b>103,847</b>	<b>114,414</b>	<b>111,710</b>	
Tax	21,106	17,309	25,214	22,964	
Rate (%)	19.8	16.7	22.0	20.6	
<b>PAT</b>	<b>85,390</b>	<b>86,538</b>	<b>89,200</b>	<b>88,746</b>	
EO item	7,779				
<b>Reported PAT (after EO)</b>	<b>77,611</b>	<b>86,538</b>	<b>89,200</b>	<b>88,746</b>	
Minority interests	21,609	23,126	26,126	26,177	
Share in Asso.	-7,723	-5,774	-5,290	-6,108	
<b>Adj. PAT (after MI &amp; asso.)</b>	<b>56,058</b>	<b>57,638</b>	<b>57,785</b>	<b>56,461</b>	
Change (YoY %)	9.9	2.8	0.3	-2.3	

Balance Sheet (Consolidated)		(INR Million)			
Y/E March	FY12	FY13E	FY14E	FY15E	
Share Capital	3,361	3,361	3,361	3,361	
Reserves	457,196	507,237	552,275	596,021	
<b>Net Worth</b>	<b>460,557</b>	<b>510,598</b>	<b>555,636</b>	<b>599,382</b>	
Minority Interest	121,990	139,939	161,209	182,530	
Total Loans	156,944	174,944	192,444	192,444	
Deferred Tax Liability	22,083	24,281	29,682	33,316	
<b>Capital Employed</b>	<b>761,574</b>	<b>849,761</b>	<b>938,971</b>	<b>1,007,673</b>	
Gross Block	331,666	373,427	403,273	426,362	
Less: Accum. Deprn.	117,550	138,064	161,364	184,762	
<b>Net Fixed Assets</b>	<b>214,115</b>	<b>235,363</b>	<b>241,908</b>	<b>241,599</b>	
Good will	40,615	40,615	40,615	40,615	
Capital WIP	132,229	155,500	190,218	208,018	
Investments	183,122	233,339	291,195	349,176	
Liquid invest.(of above)	144,199	194,416	252,272	310,253	
<b>Curr. Assets</b>	<b>284,746</b>	<b>272,022</b>	<b>264,695</b>	<b>261,085</b>	
Inventory	44,981	46,182	47,632	49,585	
Trade Receivables	18,182	19,870	20,438	21,261	
Cash and Bank Balance	85,392	76,755	66,478	59,350	
Loans and advances	136,192	129,216	130,146	130,889	
<b>Curr. Liability &amp; Prov.</b>	<b>93,254</b>	<b>87,077</b>	<b>89,659</b>	<b>92,820</b>	
Trade Payable	32,516	35,997	37,448	39,683	
Provisions & Others	60,738	51,080	52,211	53,138	
<b>Net Curr. Assets</b>	<b>191,493</b>	<b>184,945</b>	<b>175,035</b>	<b>168,264</b>	
<b>Appl. of Funds</b>	<b>761,574</b>	<b>849,761</b>	<b>938,971</b>	<b>1,007,673</b>	

E: MOSL Estimates

Ratios		(INR Million)			
Y/E March	FY12	FY13E	FY14E	FY15E	
<b>Basic (INR)</b>					
EPS	16.7	17.1	17.2	16.8	
Cash EPS	22.1	23.5	24.1	23.8	
BV/Share	124.9	139.8	153.2	166.2	
DPS	2.0	2.2	2.4	2.6	
Payout (%)	14.0	15.0	16.3	15.5	
<b>Valuation (x)</b>					
P/E	6.8	6.6	6.6	6.7	
Cash P/E	5.1	4.8	4.7	4.8	
P/BV	0.9	0.8	0.7	0.7	
EV/Sales	0.9	0.8	0.7	0.6	
EV/EBITDA (attrib.)	4.6	4.3	4.0	3.4	
Dividend Yield (%)	1.8	1.9	2.1	2.3	
<b>Return Ratios (%)</b>					
RoE	14.1	13.0	11.7	10.5	
RoCE (pre-tax)	15.1	13.3	13.9	12.5	
RoIC (pre-tax)	28.4	23.4	26.8	27.3	
<b>Working Capital Ratios</b>					
Fixed Asset Turnover (x)	1.2	1.1	1.1	1.1	
Asset Turnover (x)	0.5	0.5	0.5	0.5	
Receivable (Days)	16	17	17	17	
Inventory (Days)	40	39	39	39	
Payable (Days)	29	31	30	31	
<b>Leverage Ratio (x)</b>					
Current Ratio	3.1	3.1	3.0	2.8	
Interest Cover Ratio	9.8	8.4	6.1	6.1	
Debt/Equity	0.0	0.0	-0.1	-0.2	

Cash Flow Statement		(INR Million)			
Y/E March	FY12	FY13E	FY14E	FY15E	
EBITDA	101,686	99,333	116,457	119,219	
Non cash expenditure (i	624	3,505	563	383	
(Inc)/Dec in Wkg. Cap.	5,516	593	-568	-542	
Tax paid	-23,828	-15,803	-19,813	-19,330	
<b>CF from Op. Activity</b>	<b>83,998</b>	<b>87,628</b>	<b>96,639</b>	<b>99,730</b>	
(Inc)/Dec in FA + CWIP	-73,960	-65,033	-64,563	-40,889	
(Pur)/Sale of Investmen	-3,112	-50,217	-57,856	-57,982	
Interest & Dividend Incc	15,519	24,705	25,489	22,203	
Loans and advances	-26,305	-2,681	200	184	
<b>CF from Inv. Activity</b>	<b>-95,215</b>	<b>-93,226</b>	<b>-96,730</b>	<b>-76,484</b>	
Equity raised/(repaid)					
Debt raised/(repaid)	30,481	18,000	17,500		
Dividend (incl. tax)	-13,113	-13,933	-15,160	-6,162	
Interest paid	-10,752	-9,266	-15,155	-15,830	
Other financing activitie	-9,130	2,160	2,629	-8,384	
<b>CF from Fin. Activity</b>	<b>-2,515</b>	<b>-3,039</b>	<b>-10,187</b>	<b>-30,375</b>	
<b>(Inc)/Dec in Cash</b>	<b>-13,732</b>	<b>-8,637</b>	<b>-10,277</b>	<b>-7,129</b>	
Add: Opening Balance	99,124	85,392	76,755	66,478	
<b>Closing Balance</b>	<b>85,392</b>	<b>76,755</b>	<b>66,478</b>	<b>59,350</b>	

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