

Result Update

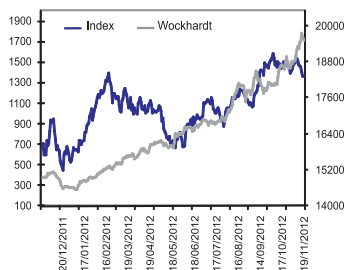
CMP : INR 1711
Rating : Buy
Target : INR 2268
Upside : 33%

KEY DATA

Market Cap (INR bn)	187.3
Market Cap (USD mn)	3404.6
52 WK High / Low	1784 / 251
Avg Daily Volume (NSE)	188365
Face Value (INR)	5
BSE Sensex	18339
Nifty	5571
BSE Code	532300
NSE Code	WOCKPHARMA
Reuters Code	WCKH.BO
Bloomberg Code	WPL IN

Shareholding %	4Q	1Q	2Q
Promoters	74.0	74.0	74.0
MF/Banks/Indian FIs	4.0	4.0	4.0
FII/ NRIs/ OCBs	4.0	6.0	7.0
Indian Public	18.0	16.0	15.0

Performance Chart



PRICE PERFORMANCE (%)

	3 M	6 M	YTD
Absolute	31.8	153.1	517.8
Relative	28.1	139.6	499.6

Wockhardt Ltd (WPL)

Q2FY13 performance well ahead of our estimates... sale of lower EBDITA margin business (Nutrition Business) helps to boost margins

Q2FY13 revenue came in at Rs 13.47 bn, in line with our estimate of Rs 13.55 bn. But divestment of lower margin nutrition business and favorable stock adjustments during the quarter helped margin expansion. EBIDTA came in at Rs 5.17 bn, 15% ahead of our estimate of Rs 4.51 bn. The adjusted PAT (pre exceptional) grew 3% Q-o-Q to Rs 4.13 bn. Considering buoyant performance during 1HFY13, we revise upward our revenue estimates for FY13 and FY14 by 3%. Consequently due to improved margins and profitability during 1HFY13 caused by hive-off of lower margin nutrition business we revise upward our EPS estimate for FY13 and FY14 by 28% and 8% respectively. Perhaps now post the hive-off of nutrition business, the buoyant EBIDTA margin appears sustainable. We maintain our strong BUY rating on WPL with a target upgrade to Rs.2,268 on a one year time horizon valuing it at a P/E multiple of 18x to its FY14 earnings.

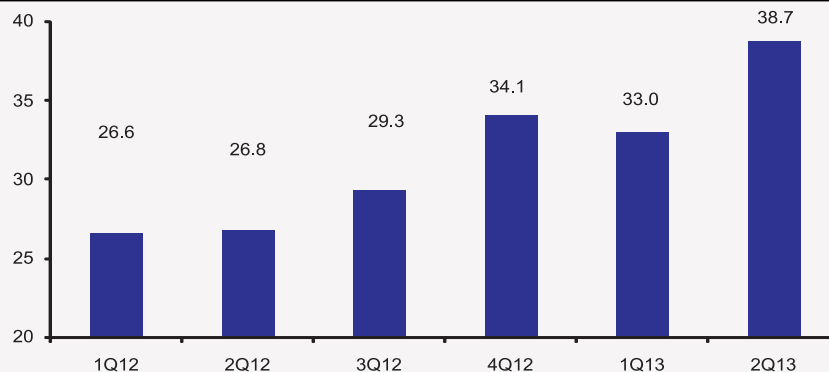
EBIDTA margin continues to expand, stood at 38.4% for Q2FY13 and 38.7% (Excluding Nutrition Business)

WPL EBIDTA margins for Q2FY13 expanded 302bps Q-o-Q due to divestment of Nutrition business (low EBIDTA margin business) and stock adjustments. For fair comparison if we exclude the nutrition business from Q1FY13 and Q2FY13 (25 days) numbers, WPL EBIDTA margins has improved by 340 bps to 38.7%. Such sharp improvement in margins was perhaps compounded by the favorable stock adjustments during the quarter. Nevertheless we see the margins threading upward amid at lower range. We believe WPL will maintain the EBIDTA margin in 32-35% in the longer run. We have increased our EBIDTA margin expectation for FY13 to 34.8% from our earlier forecast of 32% as we believe Generic Comtan will support the EBIDTA margins for the coming 2Quaters. WPL is the sole FTF generic player in the Generic Comtan market with 180days exclusivity in US market.

Change in R&D policy at the right time removes overhang

WPL has changed the most talked R&D policy at the right time and have expensed Rs.4.34 bn of intangible assets and product development cost capitalized till June 30,2012 against the nutrition business gain which in turn has thrown out a strong balance sheet position with reduced investors concern. WPL will now expense its R&D expense in the same quarter as an when incurred, the management expects R&D expense to increase 50bps year on year from the current level of 5.7%. EBIDTA margins post R&D and Nutrition have expanded 570bps Q-o-Q.

EBITDA margin % ex-R&D and Nutrition



Source: Company, FQ Research

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Valuation

We maintain our strong BUY rating on WPL with a target upgrade to Rs.2268 valuing it at a P/E multiple of 17.5x to its FY13EPS and 18x its FY14EPS. We believe investor concern of WPL losing its market share in its key product Toprol-XL in US has not played out and we expect going forward their will be price cuts in Toprol-XL but may not be as aggressive as we saw in other product and WPL will lose market share as an when a new player enters the market, we peg a market share of 15% in Toprol-XL for WPL in FY14. We expect the stock would now trade inline with large cap Pharma majors and may also command premium over the same if the current financial performance continues to dominate going ahead.

Triggers for the stock going ahead

Maintaining market share in its key products (Toprol-XL) in US and reducing the dependence on the same by gaining new approval and ramping up the market share in its other products like Flonase, Comtan & Staleveo.

2Q13A Variance Analysis

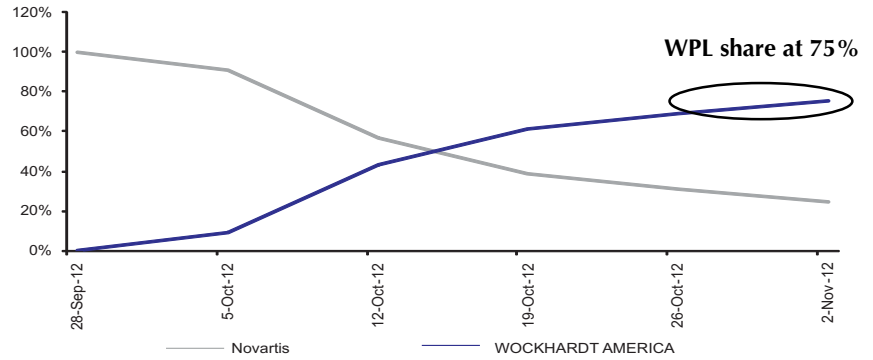
INR mn	Previous	FQ-e	Y-o-Y	Last Q		Y-o-Y	Q-o-Q	Difference v FQ-e	
	2Q12A	2Q13E	% Chg	2Q13A	1Q13A	% Chg	% Chg	INR mn	% Chg
Sales	11,106	13,550	22	13,474	14,258	21	(5)	(75)	(1)
COGS	(4,332)	(5,217)	20	(4,059)	(5,410)	(6)	(25)	1,158	(22)
% sales	39.0	38.5		30.1	37.9				
SG&A	(3,383)	(3,591)	6	(3,476)	(3,594)	3	(3)	115	(3)
% sales	30.5	26.5		25.8	25.2				
R&D expenditure	(157)	(230)	47	(770)	(228)	392	238	(540)	234
% sales	1.4	1.7		5.7	1.6				
EBITDA	3,234	4,512	40	5,170	5,020	60	3	658	15
EBITDA margin %	29.1	33.3		38.4	35.2	9.25			
Depreciation, amortization & impairment	(280)	(302)	8	(310)	(302)	10	2	(7)	2
% sales	2.5	2.2		2.3	2.1				
EBIT (Operating profit)	2,954	4,210	43	4,861	4,718	65	3	651	15
EBIT margin %	26.6	31.1		36.1	33.1				
Net financials & Other income	(800)	(291)	-63.6	115.3	(559)	-114.4	-120.6	406.5	-139.6
Interest and other income	28	134	386.5	171.2	92	522.5	86.5	37.4	28.0
Interest expense	(398)	(425)	6.7	-423.5	(463)	6.3	-8.5	1.5	-0.4
Exchange fluctuation	(429)	-	-100.0	367.6	(188)	-185.6	-295.5	367.6	nm
PBT & exceptional items(Exc Forex)	2,583	3,918	52	4,608	4,347	78	6	690	18
Exceptional items	(681)	12,300	-1,905.6	382.5	(66)	-156.2	-678.7	-11,917.5	-96.9
Profit before tax	1,473	16,218	1,001	5,358	4,093	264	31	(10,860)	(67)
Tax	(244)	(2,475)	913.9	-868.1	(299)	255.6	190.8	1,606.8	-64.9
Profit after tax	1,229	13,743	1,019	4,490	3,795	265	18	(9,253)	(67)
Profit/[loss] from associates	47	3	-93.8	45.2	(15)	-4.2	-405.4	42.3	1,445.3
Net Income	1,276	13,746	977	4,536	3,780	256	20	(9,211)	(67)
Net Income before exceptional items	1,659	3,138	89	4,128	3,998	149	3	990	32
Net margin %	14.9	23.2		30.6	28.0				
EPS Core (pre exceptional)	15.16	28.67	89	37.72	36.53	149	3	9	32
EPS Basic	11.66	125.61	977	41.44	34.54	256	20	(84)	(67)

Source: Finquest Research

WPL key products market share details in US

Wockhardt has launched FTF Comtan(Entacapone) on 1st October and has acquired 75% of the market share within a month of the launch

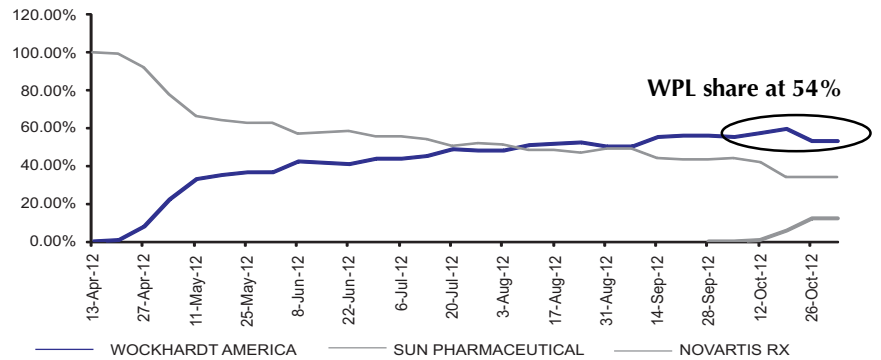
WPL has clear exclusivity in generic Comtan and would be the sole generic player for 180 days



Source: IMS, FQ Research

Considering the 4 strengths of Stalevo where WPL had the FTF

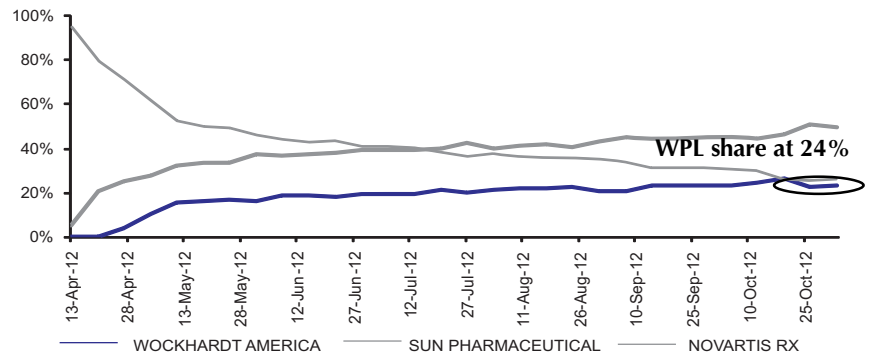
WPL holds 54% of the market share post exclusivity



Source: IMS, FQ Research

Considering all strengths of Stalevo

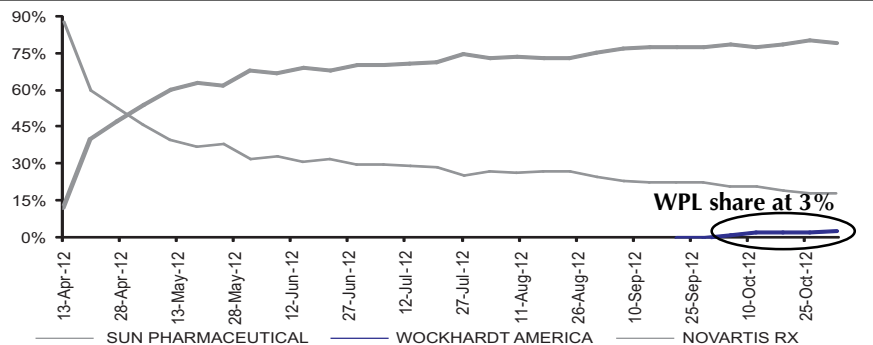
WPL holds 24% of the market share considering all strengths of Stalevo



Source: IMS, FQ Research

Considering the 2 strengths of Stalevo where Sun had the FTF

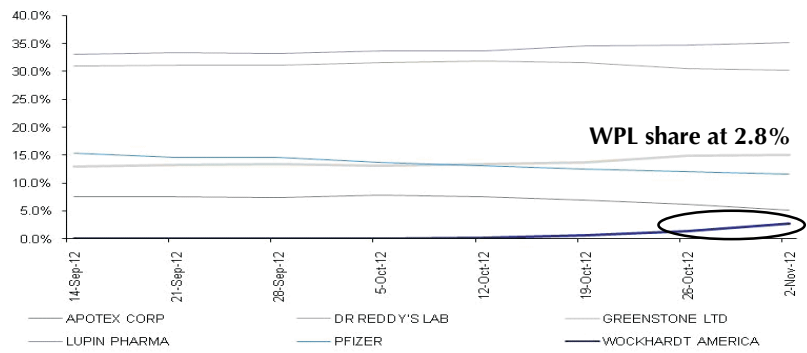
WPL entered the two strengths post Sun exclusivity and now holds 3% of the market share



Source: IMS, FQ Research

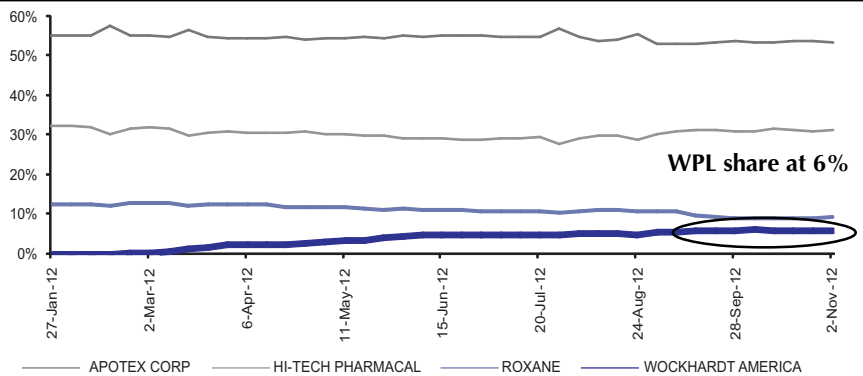
Launched in September '12 post
exclusivity and now holds 2.8%

Geodon Weekly



Source: IMS, FQ Research

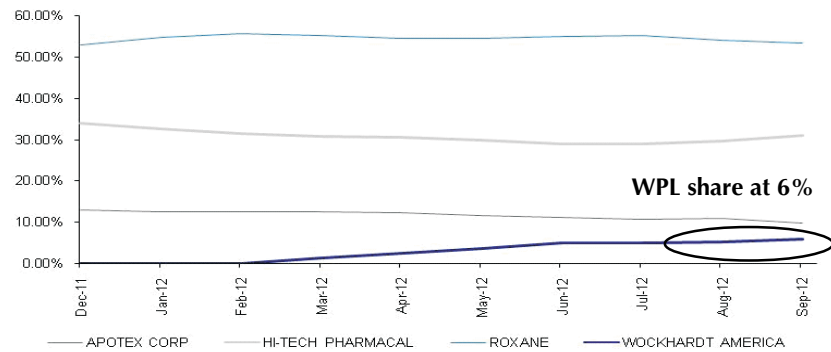
Flonase Weekly



Source: IMS, FQ Research

WPL market share is stable at 6%

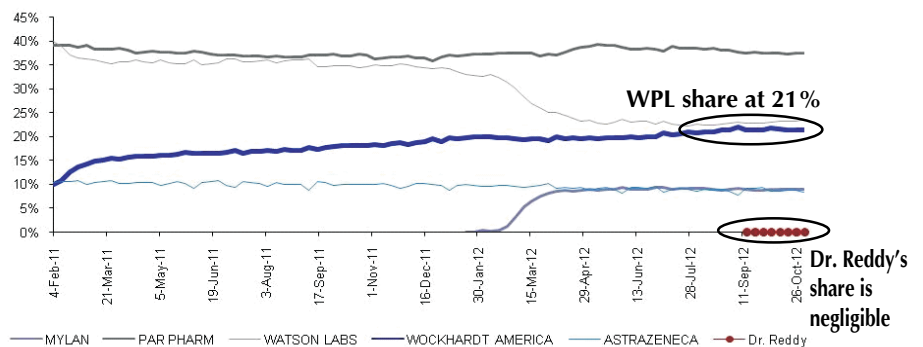
Flonase Monthly



Source: IMS, FQ Research

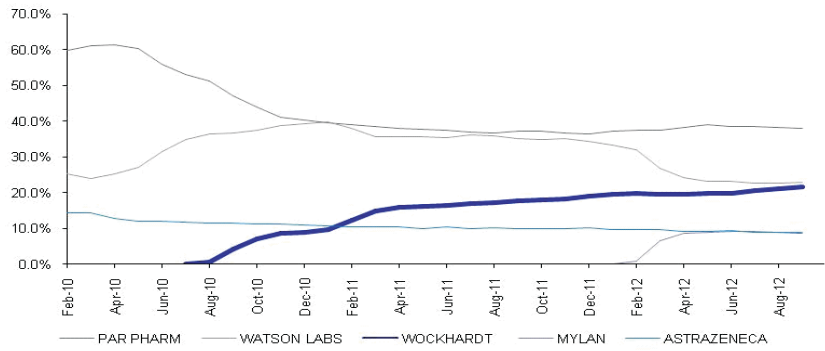
WPL market share is stable at 21%
post Dr. Reddy's entry (

Toprol Weekly



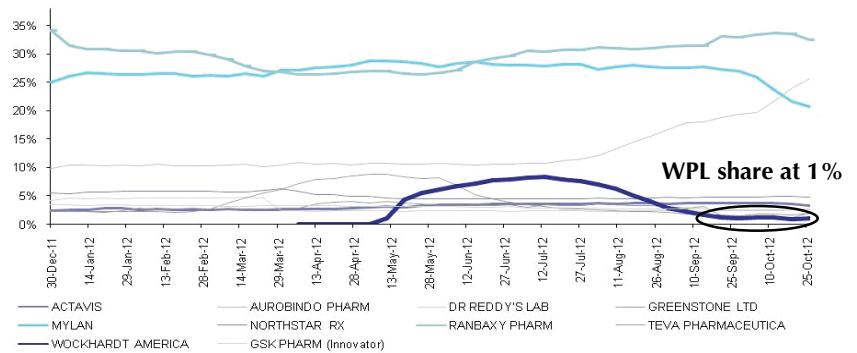
Source: IMS, FQ Research

Toprol Monthly



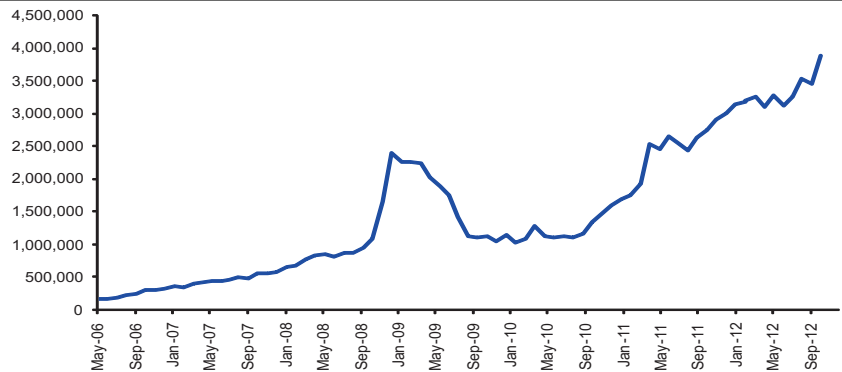
Source: IMS, FQ Research

Valtrex



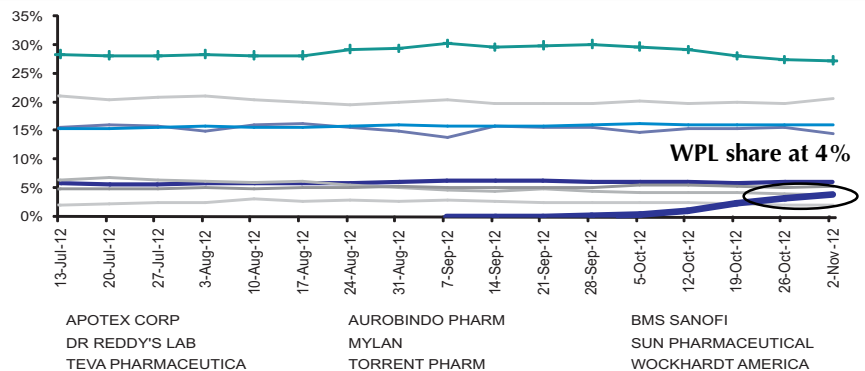
Source: IMS, FQ Research

Wockhardt Prescription growth in US over a period of time



Source: IMS, FQ Research

Plavix Weekly



Source: IMS, FQ Research

Changes to forecast post Q2FY13

Changes to Sales

Year to March INRm	2013E	2014E	2015E
New Sales	55366	60349	64573
Old Sales	53500	58315	62397
% change	3%	3%	3%

Source: FQ research

Changes to EBITDA

Year to March INRm	2013E	2014E	2015E
New EBITDA	19267	19312	20663
Old EBITDA	17120	18719	20653
% change	13%	3%	0%

Source: FQ research

Changes to EBIT (Operating profit)

Year to March INRm	2013E	2014E	2015E
New EBIT (Operating profit)	18042	18102	19345
Old EBIT (Operating profit)	15748	17253	18995
% change	15%	5%	2%

Source: FQ research

Changes to Net profit

Year to March INRm	2013E	2014E	2015E
New Net profit	15090	13854	14377
Old Net profit	21769	12797	14033
% change	-31%	8%	2%

Source: FQ research

Changes to Net Income before exceptional items

Year to March INRm	2013E	2014E	2015E
New Net Income before exceptional items	14288	13854	14377
Old Net Income before exceptional items	11160	12797	14033
% change	28%	8%	2%

Source: FQ research

Changes to EPS Core

Year to March INRm	2013E	2014E	2015E
New EPS Core	131	127	131
Old EPS Core	102	117	128
% change	28%	8%	2%

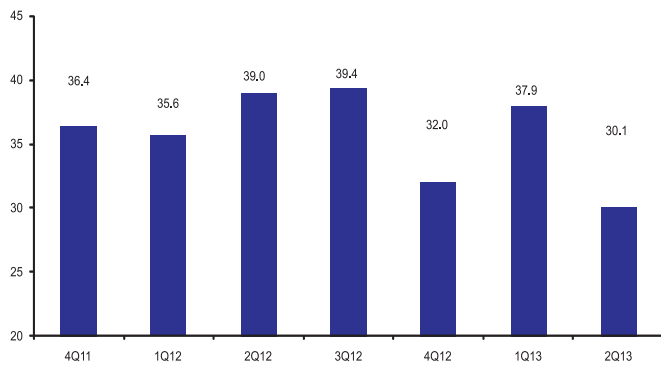
Source: FQ research

Changes to EPS reported

Year to March INRm	2013E	2014E	2015E
New EPS reported	138	127	131
Old EPS reported	199	117	128
% change	-31%	8%	2%

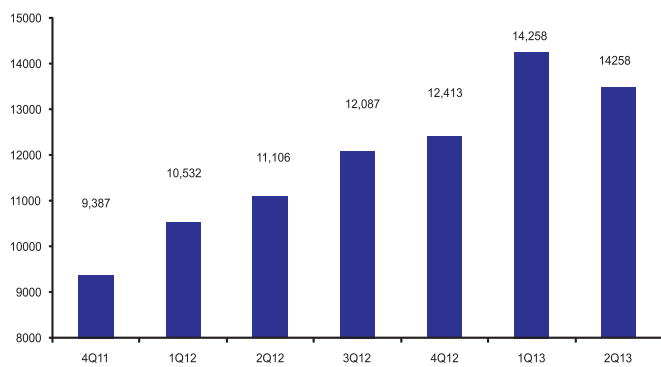
Source: FQ research

Quarterly COGS as a % of Sales



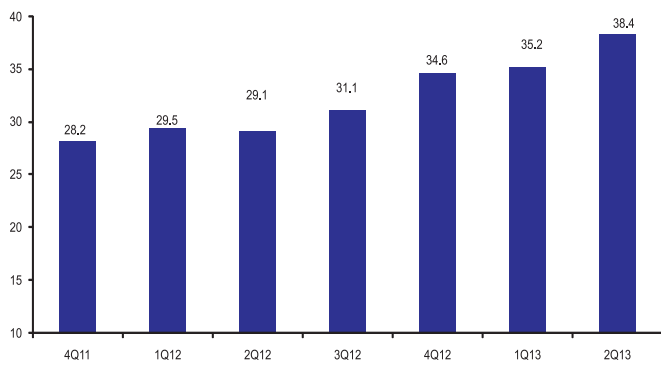
Source: Company, FQ Research

Quarterly Sales movement



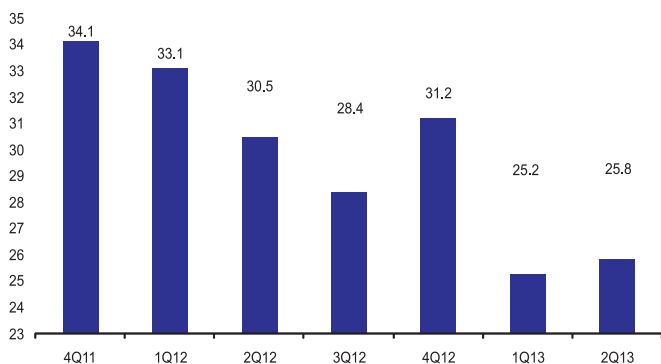
Source: Company, FQ Research

Quarterly movement in EBITDA Margins



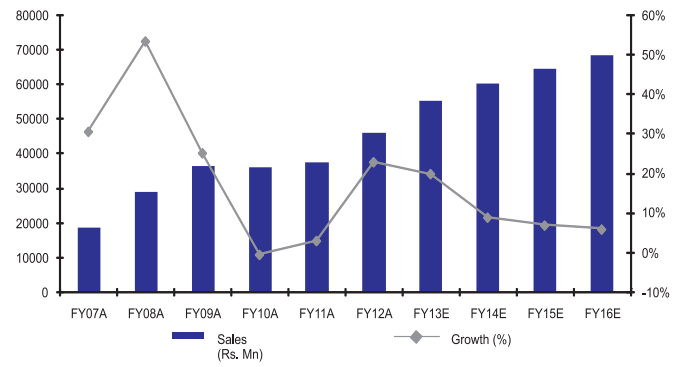
Source: Company, FQ Research

Quarterly SGnA % of sales



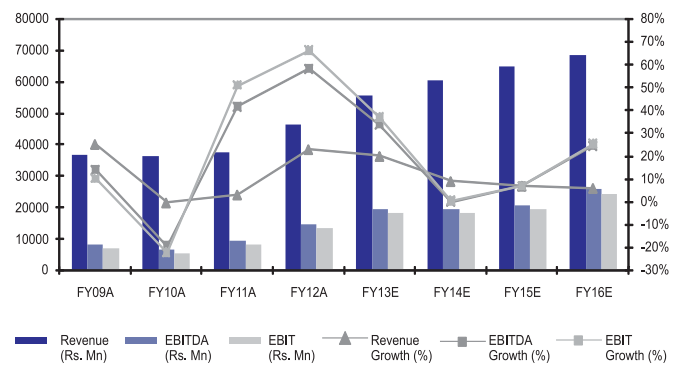
Source: Company, FQ Research

Revenue growth over the years



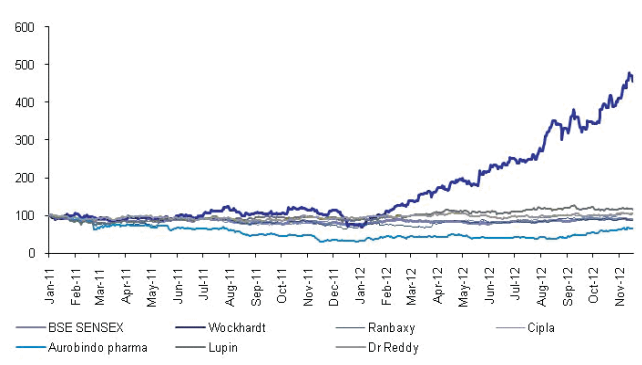
Source: Company, FQ Research

Revenue & Profit Growth



Source: Company, FQ Research

Wockhardt price performance YTD compared to peers



Source: C-Line, FQ Research

Peer comparison

Company	EPS		P/E		P/S		EV/Sales		EV/EBITDA		EBIDTA	Annual	Annual
	Rs		(x)		(x)		(x)		(x)		(%)	EPS	Sales
	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E	FY13E	(14/13E)	(14/13E)
Wockhardt	131	127	12.9x	13.4x	3.3x	3.1x	3.5x	3.2x	10.0x	10.0x	34.8%	-3%	9%
Ranbaxy	38.6	29.7	13.5x	17.5x	1.8x	1.9x	1.7x	1.8x	8.9x	11.4x	19.6%	-23%	-5%
Cipla	19.0	20.7	20.2x	18.5x	3.8x	3.3x	3.6x	3.2x	13.9x	12.8x	26.1%	9%	13%
Aurobindo pharma	12.8	17.1	13.7x	10.2x	0.9x	0.8x	1.4x	1.2x	9.8x	8.0x	14.5%	34%	14%
Unichem	12.9	16.8	13.9x	10.6x	2.0x	1.7x	2.0x	1.7x	11.9x	9.3x	17.2%	31%	17%
Lupin	26.3	31.6	21.4x	17.8x	2.8x	2.4x	2.9x	2.5x	13.9x	11.8x	21.1%	20%	16%
Dr Reddy	95.8	105.8	18.3x	16.6x	2.6x	2.4x	2.8x	2.5x	12.4x	11.5x	22.2%	10%	11%
Cadila	36.7	47.2	21.7x	16.9x	2.6x	2.2x	2.9x	2.4x	14.1x	11.5x	20.4%	28%	17%

Source: Bloomberg, FQ Research

Change in Share holding pattern over the quarter

Share Holder Pattern	2QFY13	1QFY13	4QFY12	3QFY12	2QFY12	1QFY12	4QFY11	3QFY11
	Sep-12	Jun-12	Mar-12	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10
Promoter and Promoter Group	73.64%	73.64%	73.64%	73.64%	73.64%	73.64%	73.64%	73.64%
Pledged Shares as % of Promoter Holding	87.06%	84.06%	87.06%	87.06%	87.06%	87.06%	87.06%	87.06%
Public	26.18%	26.18%	26.13%	25.97%	25.97%	25.97%	25.94%	25.84%
Institutions	10.42%	8.86%	7.31%	7.44%	7.82%	9.25%	9.67%	10.06%
FII	6.76%	5.16%	3.15%	1.32%	1.14%	1.59%	1.76%	1.82%
Goldman Sachs Investments Mauritius Ltd	1.13%	1.13%	1.19%					
Others FII	5.63%	4.03%	1.96%	1.32%	1.14%	1.59%	1.76%	1.82%
DII	3.66%	3.70%	4.16%	6.12%	6.68%	7.66%	7.91%	8.24%
Insurance Companies	0.20%	0.33%	0.92%	1.18%	1.25%	1.30%	1.32%	1.39%
Financial Institutions / Banks	2.86%	2.98%	3.14%	4.55%	4.75%	6.36%	6.59%	6.65%
LIC of India/LIC of India Money Plus	2.85%	2.96%	3.13%	4.44%	3.43%	5.43%	5.35%	5.39%
Others	0.01%	0.02%	0.01%	0.11%	1.32%	0.93%	1.24%	1.26%
Mutual Funds / UTI	0.60%	0.39%	0.10%	0.39%	0.68%	0.00%	0.00%	0.20%
Non Institutions	15.76%	17.32%	18.82%	18.53%	18.15%	16.72%	16.27%	15.78%
Laxmi Mankekar	1.99%	2.01%	1.98%	1.87%	1.61%	1.61%	1.61%	1.61%
Bodies Corporate	2.41%	2.99%	3.25%	3.22%	3.03%	2.32%	1.87%	1.91%
Custodians	0.18%	0.18%	0.23%	0.39%	0.39%	0.39%	0.42%	0.52%

Source: BSE, FQ Research

Geographic wise performance

INR mn	Previous		Last Q	Y-o-Y	Q-o-Q
	2Q12A	2Q13A	1Q13A	% Chg	% Chg
Sales	11,106	13,474	14,258	21	(5)
Europe	2,940	3,320	3,628	13	(8)
% sales	26.5	24.6	25.4		
France	540	350	508	(35)	(31)
Others	2,400	2,970	3,120	24	(5)
UK operations(Including Pinewood)	1,810	2,280	2,340	26	(3)
Irish Business	400	530	560	33	(5)
USA	4,390	6,450	6,530	47	(1)
% sales	39.5	47.9	45.8		
India and other emerging markets	3,776	3,704	4,100	(2)	(10)
% sales	34.0	27.5	28.8		

Source: Company, FQ Research

Quarterly Sales Model

Year to March (INRm)	2Q2013A	1Q2013A	4Q2012A	3Q2012A	2Q2012A	1Q2012A
Sales	13,474	14,258	12,413	12,087	11,106	10,532
Europe	3,320	3,628	2,820	3,398	2,940	3,262
% sales	24.6	25.4	22.7	28.1	26.5	31.0
USA	6,450	6,530	5,823	5,207	4,390	3,660
% sales	47.9	45.8	46.9	43.1	39.5	34.8
India and other emerging markets	3,704	4,100	3,770	3,482	3,776	3,610
% sales	27.5	28.8	30.4	28.8	34.0	34.3

Source: FQ Research, Company

Quarterly Profit & Loss

Year to March (INRm)	2Q2013A	1Q2013A	4Q2012A	3Q2012A	2Q2012A	1Q2012A	4Q2011A	3Q2011A
Sales	13,474	14,258	12,413	12,087	11,106	10,532	9,387	9,508
COGS	(4,059)	(5,410)	(3,977)	(4,761)	(4,332)	(3,751)	(3,418)	(3,764)
% sales	30.1	37.9	32.0	39.4	39.0	35.6	36.4	39.6
Gross Profit	9,416	8,848	8,436	7,326	6,774	6,781	5,969	5,744
% Gross Profit Margin	69.9	62.1	68.0	60.6	61.0	64.4	63.6	60.4
SG&A	(3,476)	(3,594)	(3,870)	(3,428)	(3,383)	(3,485)	(3,199)	(3,223)
% sales	25.8	25.2	31.2	28.4	30.5	33.1	34.1	33.9
R&D expenditure	(770)	(228)	(273)	(135)	(157)	(188)	(120)	(84)
% sales	5.7	1.6	2.2	1.1	1.4	1.8	1.3	0.9
EBITDA	5,170	5,020	4,293	3,764	3,234	3,108	2,650	2,437
EBITDA margin %	38.4	35.2	34.6	31.1	29.1	29.5	28.2	25.6
Depreciation, amortization & impairment	(310)	(302)	(288)	(277)	(280)	(380)	(272)	(301)
% sales	2.3	2.1	2.3	2.3	2.5	3.6	2.9	3.2
EBIT (Operating profit)	4,861	4,718	4,005	3,487	2,954	2,728	2,378	2,136
EBIT Margin %	36.1	33.1	32.3	28.8	26.6	25.9	25.3	22.5
Profit before tax & exceptional items(Exc Forex)	4,608	4,347	3,591	2,893	2,583	2,197	1,499	1,640
Exceptional items	383	(66)	(4,504)	(97)	(681)	-	(1,721)	165
Profit before tax	5,358	4,093	(366)	2,501	1,473	2,160	1,373	1,582
Net financials & Other income	115	(559)	133	(889)	(800)	(568)	717	(719)
Interest and other income	171	92	68	86	28	54	22	65
Interest expense	(424)	(463)	(482)	(679)	(398)	(585)	(901)	(561)
Profit before tax	5,358	4,093	(366)	2,501	1,473	2,160	1,373	1,582
Tax	(868)	(299)	(1,521)	(370)	(244)	(216)	289	(173)
Tax rate (%)	16.2	7.3	-415.5	14.8	16.6	10.0	-21.0	10.9
Tax on exceptional	(526)	(335)	97	(523)	(971)	(223)	276	(181)
Profit after tax	4,490	3,795	(1,887)	2,131	1,229	1,944	1,662	1,409
Profit/{loss} from associates/Duiscontinued Operations	45	(15)	(28)	(3)	47	(5)	(44)	8
Net Income before exceptional items(Exc. Forex)	4,128	3,998	3,660	2,367	1,659	1,969	1,731	1,467
Net Income attributable to equity shareholder	4,536	3,780	(1,915)	2,128	1,276	1,939	1,618	1,417
Net Margin %	33.7	26.5	-15.4	17.6	11.5	18.4	17.2	14.9
EPS								
EPS ex- nutrition Business/Exceptional	37.44	35.41	32.50	20.55	14.15	16.87		
EPS pre exceptional items	37.72	36.53	33.45	21.63	15.16	18.00	15.82	13.41
Basic	41.44	34.54	-17.50	19.45	11.66	17.72	14.79	12.95

Source: FQ Research, Company

Financials

Year to March (INRm)	FY12A	FY13E	FY14E	FY15E	FY12A	FY13E	FY14E	FY15E	CAGR 12-15E
Sales Model									
Europe	12,420	13,731	14,182	13,969	(13)	11	3	(2)	4
% of Sales	26.9	24.8	23.5	21.6					
USA	19,080	26,409	28,967	31,834	78	38	10	10	19
% of Sales	41.4	47.7	48.0	49.3					
India	11,720	11,350	12,492	13,431	13	(3)	10	8	5
% of Sales	25.4	20.5	20.7	20.8					
Row	2,918	3,876	4,707	5,338	36	33	21	13	22
% of Sales	6.3	7.0	7.8	8.3					
Sales	46,138	55,366	60,349	64,573	23	20	9	7	12
Profit & Loss Model									
Sales	46,138	55,366	60,349	64,573	23	20	9	7	12
COGS	(16,821)	(19,156)	(21,424)	(22,923)	11	14	12	7	11
% sales	36.5	34.6	35.5	35.5					
Gross Profit	29,317	36,209	38,925	41,650	31	24	8	7	7
% Gross Profit Margin	63.5	65.4	64.5	64.5					
SG&A	(14,166)	(14,118)	(15,691)	(16,466)	11	(0)	11	5	5
% sales	30.7	25.5	26.0	25.5					
R&D expenditure	(753)	(2,824)	(3,923)	(4,520)	56	275	39	15	82
% sales	1.6	5.1	6.5	7.0					
EBITDA	14,399	19,267	19,312	20,663	58	34	0	7	13
EBITDA margin %	31.2	34.8	32.0	32.0					
Depreciation, amortization & impairment	(1,225)	(1,225)	(1,210)	(1,318)	5	0	(1)	9	2
% sales	2.7	2.2	2.0	2.0					
EBIT (Operating profit)	13,174	18,042	18,102	19,345	66	37	0	7	14
EBIT Margin %	28.6	32.6	30.0	30.0					
PBT & exceptional items(Exc Forex)	11,264	16,995	16,881	18,417	108	51	(1)	9	18
Exceptional items	(5,282)	316	-	-	(8)	(106)	(100)	nm	(100)
Profit before tax	5,767	17,491	16,881	18,417	453	203	(3)	9	47
Net financials & Other income	(2,124)	(867)	(1,220)	(928)	85	(59)	41	(24)	(24)
Interest and other income	235	648	822	1,158	48	176	27	41	70
Interest expense	(2,144)	(1,695)	(2,042)	(2,086)	(20)	(21)	20	2	(1)
Profit before tax	5,767	17,491	16,881	18,417	453	203	(3)	9	47
Tax	(2,351)	(2,413)	(3,039)	(4,052)	2,619	3	26	33	20
Tax rate (%)	40.8	13.8	18.0	22.0					
Tax on exceptional	(1,620)	(2,719)	(3,039)	(4,052)	141	68	12	33	36
Profit after tax	3,416	15,078	13,843	14,365	257	341	(8)	4	61
Profit/{loss} from associates	12	12	12	12	(123)	0	0	0	0
Net Income before exceptional items	9,656	14,288	13,854	14,377	106	48	(3)	4	14
Net Income attributable to eq. shareholder	3,425	15,090	13,854	14,377	279	341	(8)	4	61
Net Margin %	7.4	27.3	23.0	22.3					
EPS									
EPS pre exceptional items	88.23	130.56	126.60	131.37	106	48	(3)	4	14
Basic	31.32	137.89	126.60	131.37	279	340	(8)	4	61
Diluted	31.15	137.89	126.60	131.37	277	343	(8)	4	62

Source: FQ Research, Company

Balance Sheet

Particulars (INR mn)	Mar-12	Mar-13	Mar-14	Mar-15
Assets				
Net Tangible assets	11,039	12,469	14,265	16119
Goodwill	13,332	13,332	13,332	13332
Net Intangible assets	1,343	1,747	2,494	3257
Capital WIP including Cap. Adv.	9,023	9,023	9,023	9023
Investments	908	919	931	943
Deferred Tax Asset	-	-	-	0
Total long-term assets	35,644	37,489	40,045	42673
Total current assets	26,895	34,293	45,800	57416
Inventories	8,886	10,686	11,647	12463
Sundry debtors	7,587	9,080	9,897	10590
Cash and bank balances	7,000	10,420	19,779	29574
Loans and advances to subsidiaries	3,422	4,107	4,476	4790
Total assets	62,538	71,782	85,845	100089
Equity and Liabilities:				
Total Equity	14,710	29,800	43,655	58032
Equity shares	8161	8,161	8,161	8161
Reserves and surplus	6,549	21,639	35,494	49,871
Secured loans	32,724	27,662	26,512	25362
Unsecured loans	2,201	91	91	91
Total long-term liabilities	35,934	28,763	27,613	26463
Other Current liabilities	9,939	11,558	12,767	13657
Provisions	1,955	1,661	1,810	1937
Total current liabilities	11,894	13,219	14,578	15594
Total liabilities	47,828	41,982	42,190	42057
Total equity and liabilities	62,538	71,782	85,845	100089
Gross debt	34,975	27,804	26,654	25503
Cash and securities	7,021	10,441	19,800	29594
Net debt	27,955	17,363	6,854	-4091
Gearing (net debt/equity)	190%	58%	16%	-7%

Ratios

Particulars (INR million)	FY12A	FY13E	FY14E	FY15E
Valuation Ratios				
P/E	19.2x	12.9x	13.4x	13.4x
EV/EBITDA	12.8x	9.6x	9.6x	9.6x
P/BV	26.1x	8.3x	5.1x	5.1x
Per Share Data (INR)				
EPS Core (Adjusted)	88	131	127	127
EPS Basic	31	138	127	127
Cash flow per share	5	31	86	86
Free Cash per share	79	-12	107	107
Returns				
ROIC	20.2%	36.9%	32.4%	30.8%
ROCE	26.0%	30.8%	25.4%	22.9%
Asset Utilisation & Liquidity Ratios				
Total asset turnover	0.7x	0.8x	0.7x	0.6x
Fixed asset turnover	4.2x	4.4x	4.2x	4.0x
Inventory days (COGS)	193	204	198	198
Accounts receivable days (sales)	60	60	60	60
Accounts payable days (COGS)	117	117	117	117
Working capital (% sales)	17.5	19.3	19.0	19.0
Current ratio	2.3x	2.6x	3.1x	3.7x
Debt to equity	238%	93%	61%	44%
Net debt to equity	190%	58%	16%	(7%)
EBITDA / total interest expense	6.7x	11.4x	9.5x	9.9x
EBITDA / net interest expense	7.5x	15.3x	12.8x	16.9x
EBIT / total interest expense	6.1x	10.6x	8.9x	9.3x
EBIT / net interest expense	6.9x	14.3x	12.0x	15.8x

Recommendation Summary

Event	Date	Price	Rating	Target
Initiating Coverage	26-09-2011	377	Buy	600
Result Update (Q2F12)	14-11-2011	426	Buy	600
Result Update (Q3F12)	14-02-2012	442	Buy	600
Result First Cut (Q4F12)	22-05-2012	690	Buy	950
Result Update (Q4F12)	29-05-2012	800	Buy	950
Company Update	27-07-2012	948	Buy	1400
Result Update (Q1F13)	10-08-2012	1190	Buy	1400
Result Update (Q2F13)	20-11-2012	1711	Buy	2268

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BUY

More than 10% return

HOLD

Between 5-10% return

SELL

Less than 5% return