DOLAT CAPITAL

INITIATING COVERAGE

Dhanuka Agritech

Sr. Analyst: Bhavin Shah
Tel : +9122 4096 9731
E-mail: bhavin@dolatcapital.com

Associate: Hardick Bora
Tel : +9122 4096 9748
E-mail: hardickb@dolatcapital.com

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Dhanuka Agritech

DOLAT CAPITAL

CMP: Rs 100 | Target Price: Rs 155 | Buy

Dhanuka Agritech (DAL) is a branded formulations player focused on the fast-growing herbicides segment (33% of sales). DAL's well-established front-end initiatives — Dhanuka Suvidha Stores (franchisee model) /Dhanuka Doctors — position it well as a partner of choice for marketing agreements for large agrochemical companies. Revenue from specialty products launched through MNC tie-ups make up 55% of sales. We believe this could increase as new products are introduced every year.

DAL operates on an asset-light model and has the potential to generate healthy free cash flow through FY14E. Sustainable earnings growth (23% over FY11-14E) without the need to dilute equity and easing working capital stress too shall enable DAL to become virtually net debt free by FY14E.

Long-term growth drivers include a strengthening seeds portfolio (scouting for acquisition) and manufacturing selective technicals, resulting in backward integration. We expect DAL to trade at a premium considering its high return ratios and a positive transformation in balance sheet.

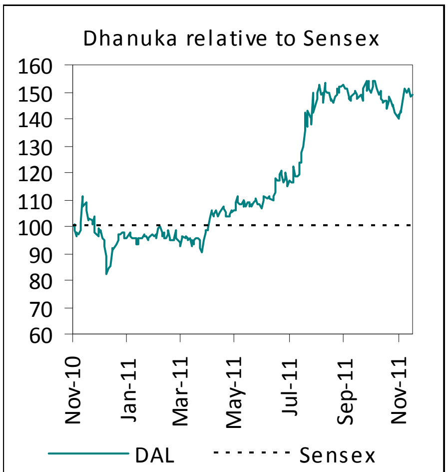
BSE Sensex	16,123
NSE Nifty	4,832

Scrip Details

Equity	Rs.100mn
Face Value	Rs.2/-
Market Cap	Rs.5bn
	USD 97mn
52 week High/Low	Rs. 115 / 63
Avg. Volume (no)	68,766
BSE Code	507717
NSE Symbol	DHANUKA
Bloomberg Code	DAGRI IN
Reuters Code	DHNP.BO

Shareholding Pattern as on Sept'11(%)

Promoter	75.0
MF/Banks/FIs	0.3
FIIs	8.3
Public / Others	16.4



Investment Rationale

Set to ride fast-growing herbicides segment

The rising cost of labour due to NREGA and other factors have led to increased usage of herbicides. Dhanuka derives 33% of its sales from herbicides (25% in FY09) and is well placed to capitalize on this opportunity. We expect the herbicide portfolio to grow 30% over FY11-14E, led by new product introductions.

Leveraging front-end capabilities

DAL has built an association with the Indian farming community and stockists over a period of three decades, positioning it as a preferred partner of choice for MNCs. The company establishes direct linkage with farmers via the 'Dhanuka Doctor' (counseling and product demonstrations) program and runs Dhanuka Suvidha stores (franchisee model) that promote awareness of Dhanuka products. These initiatives have built strong goodwill for DAL.

MNC tie-ups — Central to growth

DAL has also built strong relationships and has entered into several alliances with global majors such as DuPont, Chemtura and Nissan, among others. These tie-ups enable it to offer a bouquet of specialty products (55% of sales), addressing varied crop protection needs. In most cases, the product is marketed under the Dhanuka brand. DAL has a high-potential product pipeline with six specialty products to be launched in the next three years.

Balance sheet transformation underway

We expect 23% earnings growth over FY11-14E, driven by higher contribution from specialty product launches. DAL has the potential of generating healthy free cash flow through FY14E, aided by sustainable earnings growth. We believe the company is in a position to meet its capex commitments through internal accruals.

At CMP of Rs 100, the stock trades at 8.2x FY12E and 6.5x FY13E earnings. We initiate coverage on the stock and recommend a **Buy** rating, with a target price of Rs 155 (10x FY13E EPS). Healthy return ratios (over 30%) and no overhang of dilution plans give us comfort. We have not factored in any cash flow accretion from probable land sale in future.

Financials

Year	Net Sales	% growth	EBITDA	OPM%	PAT	% growth	EPS(Rs.)	% growth	PER(x)	ROANW(%)	ROACE(%)
FY10	4,075	21.1	577	14.2	363	56.6	7.3	56.6	13.8	43.9	40.3
FY11	4,862	19.3	711	14.6	511	40.7	10.2	40.7	9.8	38.2	37.8
FY12E	5,751	18.3	863	15.0	610	19.4	12.2	19.4	8.2	31.5	33.8
FY13E	6,942	20.7	1,076	15.5	775	27.0	15.5	27.0	6.5	31.4	35.4

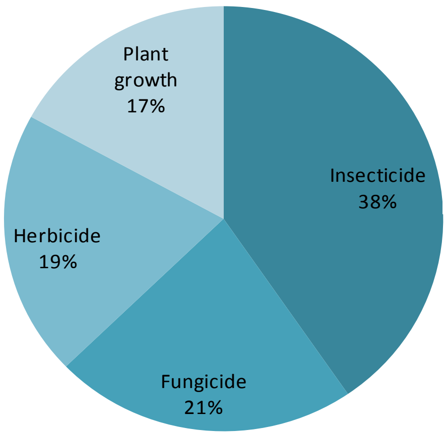
Figure in Rs mn

NREGA drains farm labour

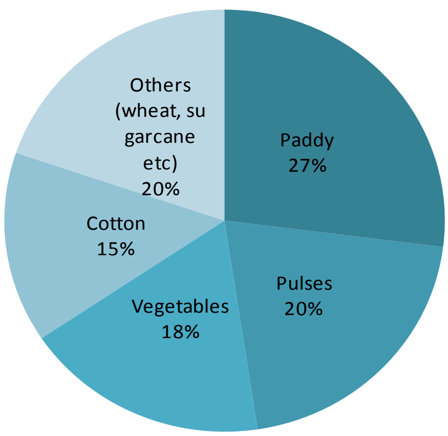
NREGA looks to enhance the livelihood security of people in rural areas by guaranteeing 100 days of wage-employment in a financial year to each rural household whose adult members volunteer to do unskilled manual work.

Across the paddy growing northern region, including Punjab and Haryana, farmlands have been facing severe shortage of labourers. Ubiquitous labourers, who poured in from Bihar, UP, Jharkhand and even Odisha, have dried up, content to stay home and take advantage of the work provided under NREGA. What has compounded the crisis is the diversion of labourers to the construction and real estate sectors.

Number of Brands (Category-wise)



Crop wise distribution



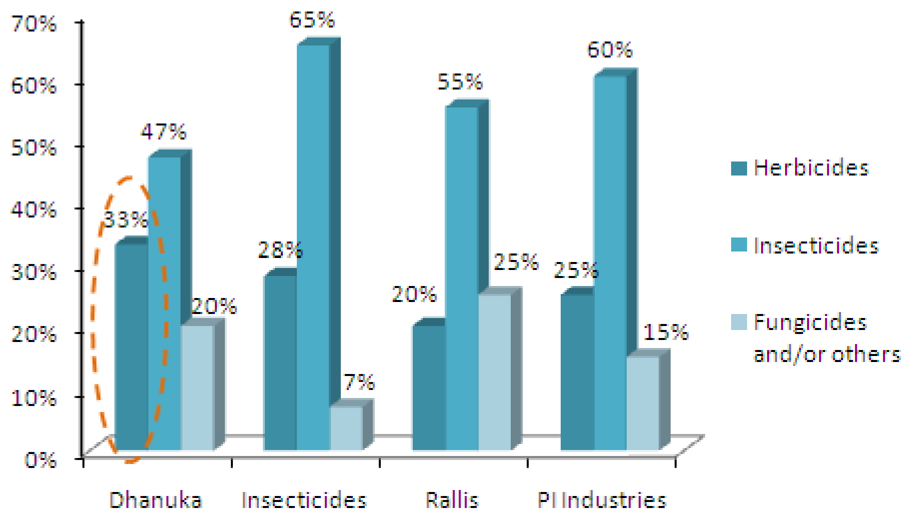
Source : Company, Dolat Research

The demand for herbicides in India is expected to rise sharply due to the acute shortage and increasing cost of labour, primarily as a fallout of the NREGA implementation. In contrast to global farming practices, crop-hurting weeds & herbs are separated manually in India. However, with changing economics, farmers are now using herbicides as a favourable alternative.

Given the high contribution of herbicides to its total sales (viz-a-viz competition) and its long-standing relationships with the farmer communities, DAL is best placed to tap the opportunity in the fast growing herbicides market.

DAL has over 80 products, of which 19 are herbicides that generate 33% of its total sales. Its portfolio predominantly consists of very few red triangle products (five of them) while 76 products fall in the yellow and blue category (more environment friendly).

Sales composition vis-a-vis peers



Source : Company, Dolat Research

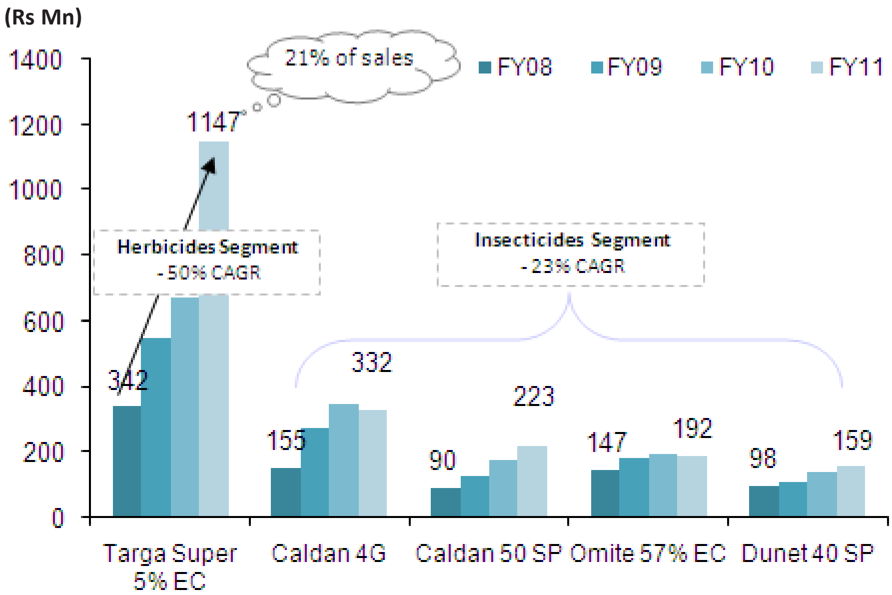
DAL was an early entrant in the herbicides segment. Its revenue mix has over the years tilted further towards this fast growing segment while contribution from insecticides has gradually declined from 65% in FY05 to 47% in FY11.

DAL's herbicide product pipeline consists of both generics and specialty molecules. Some of the main ones are ***Targa Super*** (quizalofop ethyl — specialty), ***Weedmar*** (ethyl ester EC/sodium salt tech WP) and ***Craze*** (pretilachlor) – the latter two being generics.

The company launched Targa Super in 2001 (in a tie up with Nissan Chemical of Japan) under Nissan's own brand. The product is under exclusivity and is used against grassy weeds in soyabean, cotton, groundnut and potato. Other products - Caldan & Dunet - are insecticides, while Omite & Dhanzyme are miticide and plant growth regulator, respectively.

DAL's top three products for H1FY12 account for 33% of sales - **Targa Super** (19%), **Caldan 4G & 50SP** (9%) and **Markar** (5%).

Targa Super leads performance race



Source : Company, Dolat Research

Competitive Landscape

Despite intense competition from domestic players as well as MNCs, DAL's top brands have dominated the market and at the same time have potential for further growth.

Company Brand	Addressable Market	Rank	Competing Products (Company)		
Targa Super (H)	Rs 5bn	2	**Whipsuper** (Bayer)	**Pentera** (DuPont)	**Pursuit** (BASF)
Caldan (I)	Rs 3bn	1	**Padan** (Coromandel)	**Sanvax** (Nagarjuna)	
Omite (M)	Rs 2bn	1	**Mastamite** (Chemtura)	**Endomite** (Indofil)	**Simbaa** (PI Inds)

Source : Company, Dolat Research

New product introductions - Steady gains

DAL has adopted a two-pronged strategy to grow its domestic business – own product launches (branded generics) and strategic alliances (specialty molecules). New products launched over the past five years contribute 13% to sales.

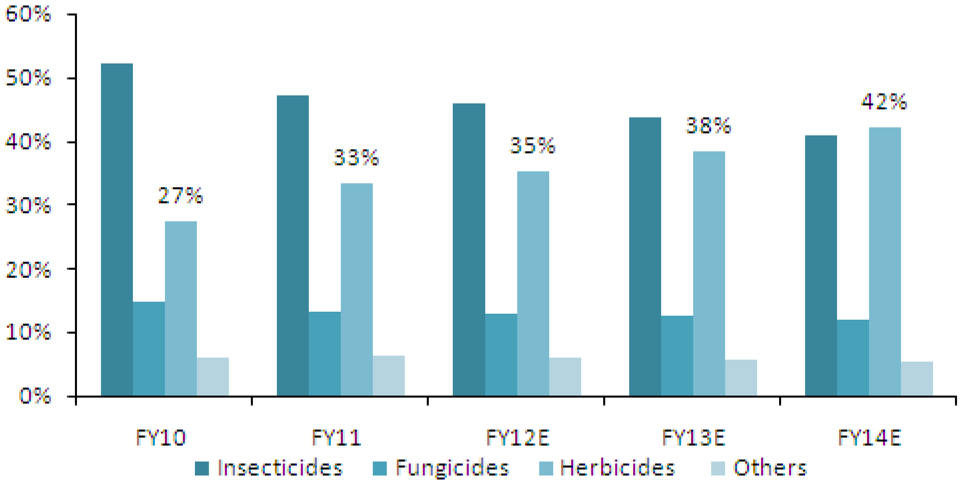
2006-07	2007-08	2008-09	2009-10	2010-11	2011-13E
Cursor (F)	Dhanutan (F)	Fax (I)	Dhawa Gold (I)	Ad-fyre (I)	2 Herbicides (Nissan Tie-up)*
Em-1 (I)	Dhanvan (I)	Wrap up (H)	Areva (I)	Qurin Combi (H)	1 Fungicides (DuPont Tie-up)*
Markar (I)	Zargon (H)	Quarate Gold (F)	Apple (I)	Zerox 25% EC (F)	Vitavax Ultra (F)
Ozone (I)		Samadhan Bordon (PGR)	D-era (H)	Mykel 10% WP (F)	Bombard (I)
Hi-Dice (F)			Nabood (H)	Dhanzyme Gold (PGR)	Brigade (I)
				Samadhan Zinc Monohydrate (PGR)	Banmite (I)

*(I)- Insecticide, (H) - Herbicide, (F) - Fungicide, (M) - Miticide, (PGR) – Plant Growth Regulator, * Expected to launch*

We expect DAL's herbicides segment to grow 30% over FY11-14E. This will be mainly aided by new product launches and the underlying growth potential in the segment. We expect the herbicide segment to contribute 42% of DAL's total sales in FY14E.

This shall be in sync with the global agrochem product-mix where herbicides dominate the market and represent 48% of sales.

Segment Mix - Increasing Contribution from Herbicides Portfolio



Source : Company, Dolat Research

Leveraging front-end capabilities

DAL's over three-decade-old association with farmers and stockists, makes it MNCs' partner of choice.

It has a strong marketing and distribution foundation with over 7,000 distributors / dealers and 70,000 retailers. The company, over the years, has gained a good understanding of the needs of end users and has incorporated them into its marketing and product avenues. Focused group discussions and regular interactions with farmers have increased brand reach.

Farmer Connect Initiatives

Dhanuka Suvidha

Dhanuka Doctors

Dhanuka Chaupal

Dhanuka kheti ki nai takneek

- In order to provide quality inputs and agri-services under a 'single window' system, DAL has set up 11 **Dhanuka Suvidha Kendras** (franchisees) in Uttar Pradesh, Uttarakhand and Gujarat. DAL aims to extend this concept to other states as well.
- In addition, through its agri-service centres, **Dhanuka Chaupal,** DAL provides soil and water testing facilities and training-cum-education to farmers in its campuses at Gurgaon, Jalandhar and Hoshangabad (Madhya Pradesh) .
- DAL employs technical experts – '**Dhanuka Doctors'** (1,000 field force) – who train farmers for safe and judicious use of pesticides.
- ***Dhanuka kheti ki nai takneek*** **(Dhanuka's new farming techniques)** is a well planned advertisement campaign focusing on agri-advisory services and provides integrated crop management technologies to farmers.

MNC tie-ups central to growth

DAL has built strong relationships and has entered into several alliances with global majors such as DuPont, Chemtura and Nissan, among others. These tie-ups enable it to offer a bouquet of specialty products (55% of sales), addressing varied crop protection needs across different kinds of crops.

The company imports technicals at pre-determined prices and in most cases the product is marketed under the Dhanuka brand. DAL enjoys operating margins of 18-20% in these specialty products — relatively higher compared to branded generics (approx. 10-15%).

Notably, DAL launched five new products during the quarter - Vitavax Ultra & Banmite (tie up with Chemtura, US), Bombard (Mitsui, Japan), Brigade (FMC Corp., US) and Wetcit (tie up with a South African company). Of these, Wetcit will be exclusively distributed by DAL in India. We expect increasing revenue contribution from specialty products, aided by six of them lined up for launch in the next three years.

Alliance Partner	Product(s)	Segment	Alliance Partner	Product(s)	Segment
DuPont (US)	Dunet Qurin Dhawa Gold Cursor Hi Dice	Insecticide Herbicide Insecticide Fungicide Fungicide	Nissan Chemical (Jap)	Targa Super	Herbicide
FMC Corp. (US)	Aatank Markar Nabood	Insecticide Insecticide Herbicide	Sumitomo (Jap)	Caldan Sheathmar	Insecticide Fungicide
Dow Agro (US)	Wrapup Zargon One-up	Herbicide Herbicide Insecticide	Mitsui (Jap)	Nukil	Insecticide
Chemtura (US)	Dimilin Omite Vitavax	Insecticide Miticide Fungicide	Hokko (Jap)	Kasu - B	Fungicide
Yara International (Nor)	Samadhan	PGR*			

**Plant growth regulator; Source : Company, Dolat Research*

Tie-up based products (sold under DAL brand name in most cases)

Other Strategic Initiatives

Investing for the future

- DAL aims to strengthen its seeds portfolio through acquisition. It will initially hold a minority stake (25%) in the target. After having gained knowledge and expertise in the new domain, DAL will acquire the residual stake.
- It is also setting up a plant at Dahej (37 acres) and has applied for land. It expects clearance and requisite approvals by January 2012. The new facility will make formulations and selective technicals that will lead to backward integration.

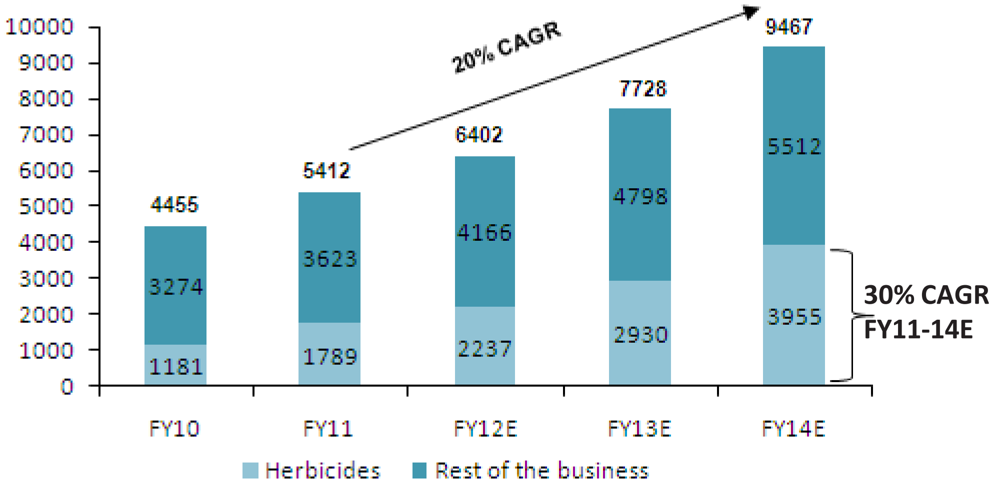
Land sale - Latent value unlocking opportunity

The company plans to gradually shift its manufacturing and production from Gurgaon and Sohna to Dahej (subject to land allotment), which is logistically a better location. Consequent to the allotment, the land sale at Gurgaon and Sohna will unlock the latent value in the company.

We expect 20% revenue growth over FY11-14E, driven by new product launches and higher contribution from herbicides. Exclusive launches on the cards include two herbicides (through Nissan tie-up) and one fungicide (through DuPont tie-up) to be introduced over next 2-3 years. Of these, one of Nissan's herbicides is under patent protection.

Gross Sales Breakup

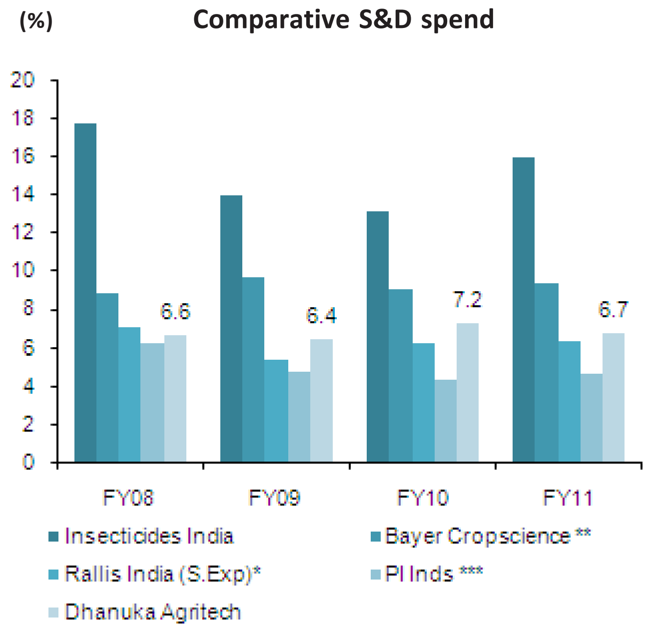
(Rs Mn)

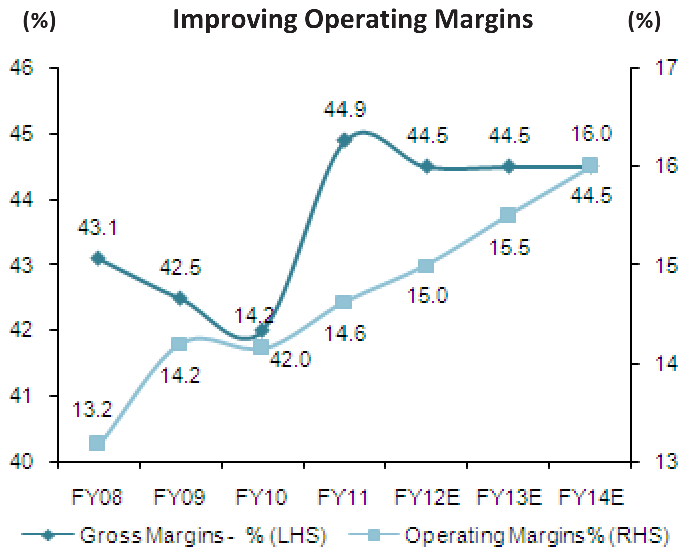


Source : Company, Dolat Research

EBITDA margins to sustain upward trend

DAL's has shown a gradual improvement in its operating margin from 13.2% in FY08 to 14.6% in FY11. This was primarily aided by increased contribution of high-margin specialty products (including herbicides). Notably, the technicals of these products are imported at predetermined prices and thus act as a hedge against raw material price fluctuation. We believe continued launches in this segment owing to fruition of its MNC tie-ups will sustain the upward trend in margins. However, continued spending on advertisement & promotions (7% of sales) limits margin expansion.





Source : Company, Dolat Research

** Incl. freight, brand equity, cash discount, selling exp.*

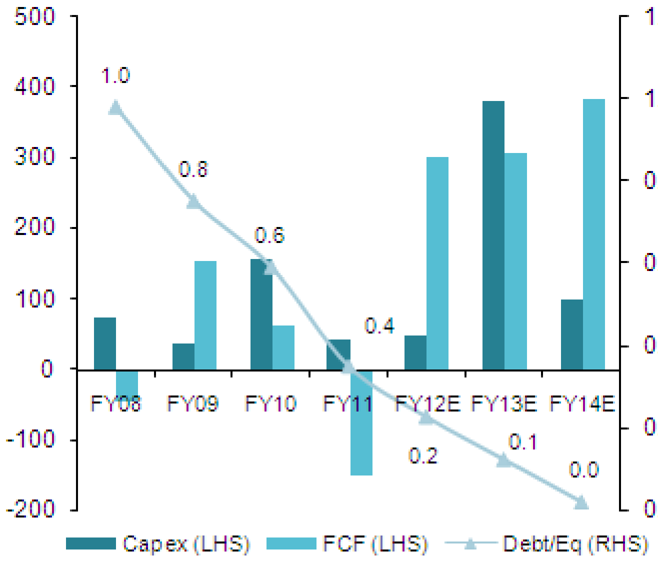
*** Incl. freight, advt, discount, royalty, commission, selling exp.*

**** Incl. freight, advt & sales promotion*

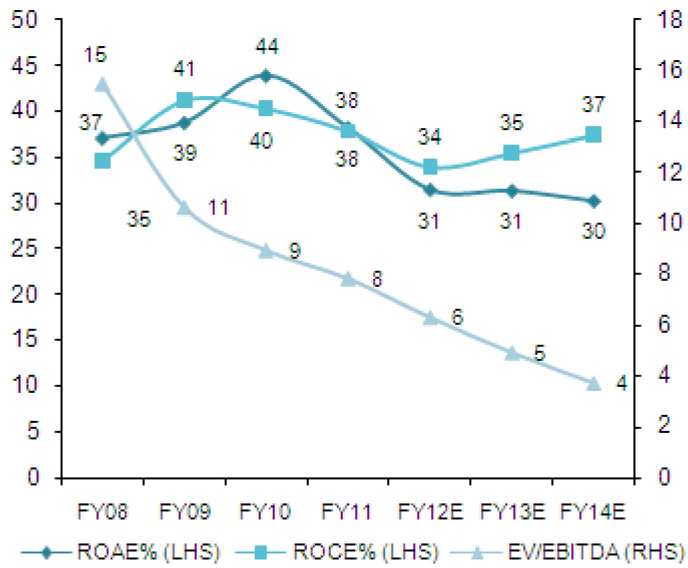
Asset light model, improving FCF

DAL lays more emphasis on front-end initiatives and, being more skewed towards distribution, operates on an asset-light model. Moreover, the company has sufficient capacity to match supply requirements for the next 2-2.5 years. Debt on books is primarily to meet working capital requirements, which we expect to gradually recede. Free cash flow was hit in FY11 due to higher inventory. This is expected to normalise in FY12E. We expect debt equity ratio to improve, aided by healthy cash flow generation with minimal capex. However, in FY13E we have factored in additional investment of Rs 300mn towards set up of new plant at Dahej.

Turning FCF-positive



Healthy Return Ratios

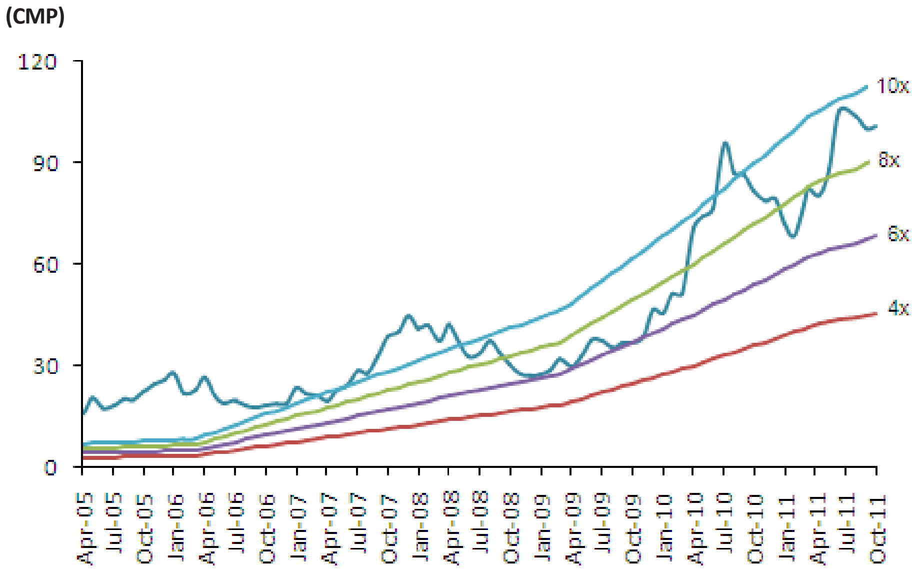


Source : Company, Dolat Research

Valuation

At CMP of Rs 100, the stock trades at 8.2x FY12E and 6.5x FY13E earnings. We initiate coverage on the stock and recommend a **Buy** rating with a target price of Rs 155 (10x FY13E EPS). With healthy return ratios (+30%) and no fears of any dilution plan, the picture looks comfortable. Also, land sale will further strengthen the balance sheet.

PE Band Chart



Peerset Comparison

Company Name	Mcap	Net Sales			Operating Profit			OPM%			Adj. Net Profit		
		FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E
Rallis India	29,171	10,934	14,097	16,772	1,991	2,693	3,365	18.2	19.1	20.1	1,260	1,558	2,024
PI Inds	12,868	7,210	8,928	11,607	1,252	1,608	2,119	17.4	18.0	18.3	651	873	1,199
Insecticides India #	5,200	4,501	6,768	8,441	451	685	906	10.0	10.1	10.7	322	501	664
Dhanuka Agritech	5,002	4,862	5,751	6,942	711	863	1,076	14.6	15.0	15.5	511	610	775

Company Name	ROACE (%)			ROANW(%)			PEx (Rs)			EV/EBITDA(x)		
	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E
Rallis India	35.3	34.4	36.2	27.1	27.9	29.6	23.1	18.7	14.4	15.2	11.3	9.0
PI Inds	26.5	27.4	30.8	35.7	32.8	31.7	19.8	14.7	10.7	12.2	9.1	6.9
Insecticides India #	25.3	27.3	28.8	22.9	29.0	29.6	16.1	10.4	7.8	11.5	7.6	5.7
						Average	20	15	11	13	9	7
Dhanuka Agritech	37.8	33.8	35.4	38.2	31.5	31.4	9.8	8.2	6.5	7.8	6.3	4.9

Source : Dolat Research; # Bloomberg Research

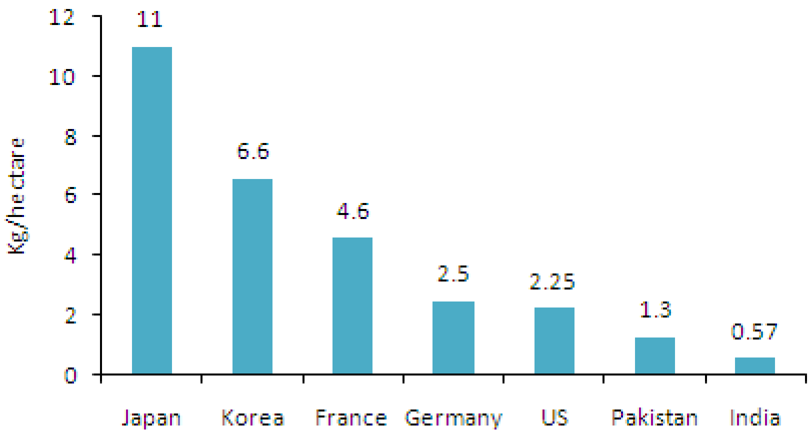
Concerns

- Unfavourable weather resulting in adverse crop conditions will impact the demand for pesticides
- Increasing application of genetically modified and biotech seeds will reduce the consumption of pesticides
- Regulatory developments in environmental and safety norms

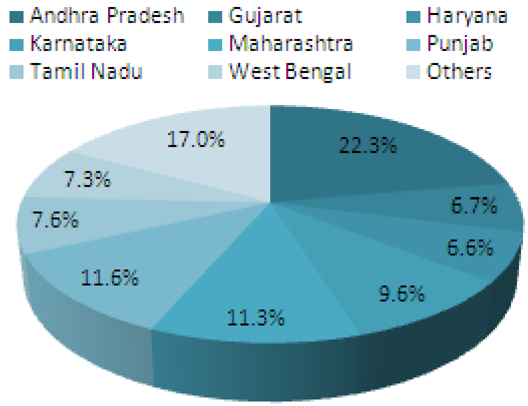
India Agrochem: Over a decade of gaining traction

The size of the Indian agrochemicals market is pegged at USD 1.4bn and is growing by 10-12% — among the world's fastest. India is the fourth largest producer of agrochemicals after USA, Japan and China. However, its consumption of crop-protection chemicals stands at 570gm per hectare which is relatively lower when compared to other markets. This is on account of the fragmented land holdings, poor irrigation, dependence on monsoon and low awareness of the benefits of pesticides.

Low Usage of Pesticides



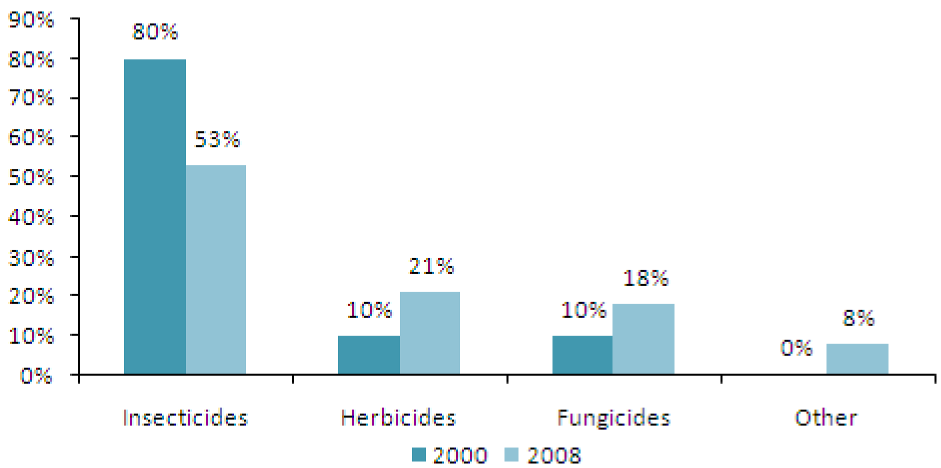
State Wise Consumption



Source : Industry, Dolat Research

Herbicides: The fast growing segment

In contrast to the global market where herbicides are dominant, the Indian market is led by insecticides, which account for over 65% of the value share. The reasons for significantly lower usage of herbicides and fungicides in India are two. First, weeding here is done manually. Second, the tropical climate is more conducive for growth of insects as compared to herbs/fungi. However, with rising labour costs and affordability, use of herbicides is expected to rise.



Source : Industry, Dolat Research

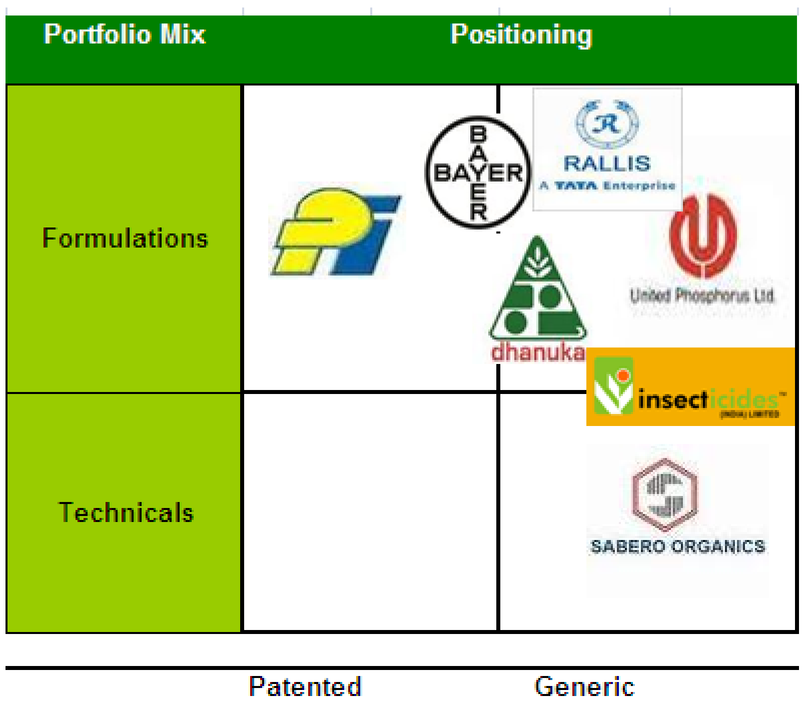
MNCs eye emerging markets

As developed markets reach saturation, global players are increasingly looking to expand their footprint in emerging markets that are growing faster and are under-penetrated. However, given the stringent registration norms, lack of distribution reach and intense competition from generics, global players are eyeing collaborations with their local counterparts to gain market share. We also learn from our interaction with Indian players that there is willingness to take a long-term view and invest consistently to build portfolios and brands.

Play on in-licensing deals

The Indian market has been dominated by the fragmented presence of large players, lack of training to farmers and by the generic-driven local brands. However, given the rising support prices and government focus on raising productivity, we believe the market shall be open to new products and in licensing deals.

Major domestic companies have business models varying from non-patented to patented, technical to formulations, and those involving no research at all to those with process research. The market is fragmented, with most of them being small regional players. The larger ones focus more on distribution and R&D in order to gain in-licensing deals.



Source : Dolat Research

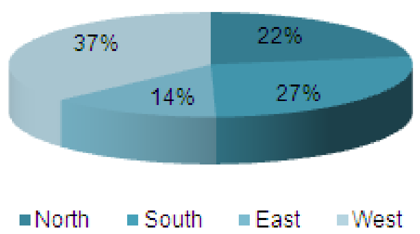
Overview

Dhanuka Agritech (DAL) is engaged in the business of agro-chem, plant growth regulators and seeds. Dhanuka Pesticides Ltd. (DPL), promoted by Dhanuka Group of Industries, was incorporated in 1985. During 2007, Northern Minerals Ltd. (NML) amalgamated with DPL and the entity was rechristened to Dhanuka Agritech Ltd. (DAL).

DAL's core strength lies in its deep and widespread distribution network across rural India. The company has a network of over 32 branch offices, 7,000 distributors / dealers and 70,000 retailers. The company's flagship brands include Targa Super, Caldan, Omite, Markar, Dunet and Dhanzyme.

DAL has three manufacturing facilities located in Gurgaon, Sanand and Udhampur.

Zone-wise Revenue



Plant Wise Capacity

Particulars:	Gurgaon	Sanand	Udhampur
Liquids (KL)	4500	NIL	4000
Powder/Dust/Granules (MT)	2920	24000	900

Source : Company, Dolat Research

Key Management's Profile

Mr. R G Agarwal, Chairman & Whole-time Director

Mr. Agrawal promoted the organization in 1980 by acquisition of a sick unit in Gurgaon. Under his able leadership, that unit started to earn profits from very first year of acquisition. He has been instrumental in bringing many multinational associations to Dhanuka with companies like E.I. DuPont De Nemours & Co. Inc. (USA), Sumitomo Chemical Co Ltd (Japan), Syngenta India Ltd (Switzerland), to name a few.

He was the President of the Board of Haryana Pesticides Manufacturers Association for 8-9 years. After spending two terms as Vice Chairman of Crop Care Federation of India, he was elevated as the Chairman of Crop Care Federation of India as well in the 2006.

Mr. M K Dhanuka, Managing Director

Mr. Dhanuka has been associated with the Group since its inception. Mr. Dhanuka is the President of Haryana Pesticides Manufacturers Association since 2006. He also sits on the boards of Golden Overseas Pvt. Ltd., Dhanuka Laboratories Ltd., Dhanuka Infotech Pvt Ltd., Madhuri Designs 'n' Exports Pvt Ltd. He holds a Bachelor's Degree in Commerce (Hons) from SRCC, Delhi University.

Mr. Rahul Dhanuka, Director - Marketing

Rahul oversees the entire marketing of the company. He has travelled extensively across the states of the country and leads the marketing team at the fore-front. Mr. Dhanuka has completed MBA from S.P. Jain, Mumbai.

Mr . Mridul Dhanuka, Director

Mridula oversees the manufacturing and supply chain function across all three facilities of the company. He has completed his MBA (Operations) from NITIE.

Financial Statements

DOLAT CAPITAL

INCOME STATEMENT				Rs.mn
Particulars	**Mar10**	**Mar11**	**Mar12E**	**Mar13E**
Gross Sales	4,455	5,412	6,402	7,728
Excise	380	550	651	786
Income from Operations	**4,075**	**4,862**	**5,751**	**6,942**
Other income	12	74	50	50
Total Income	4,087	4,936	5,801	6,992
Total Expenditure	3,498	4,151	4,889	5,866
Raw Material	2,363	2,679	3,192	3,853
Employee Expenses	267	352	431	521
Other Expenses	869	1,120	1,265	1,493
EBIDTA (Excl. Other Income)	**577**	**711**	**863**	**1,076**
EBIDTA (Incl. Other Income)	**589**	**785**	**913**	**1,126**
Interest	68	65	55	37
Gross Profit	**521**	**721**	**858**	**1,089**
Depreciation	31	49	55	70
Profit Before Tax & EO Items	490	672	803	1,019
Extra Ordinary Exps/(Income)	0	1	0	0
Profit Before Tax	490	673	803	1,019
Tax	127	162	193	245
Net Profit	**363**	**511**	**610**	**775**

BALANCE SHEET				
Particulars	**Mar10**	**Mar11**	**Mar12E**	**Mar13E**
Sources of Funds				
Equity Capital	92	100	100	100
Other Reserves	879	1,605	2,069	2,669
Net Worth	**971**	**1,705**	**2,169**	**2,769**
Secured Loans	269	455	450	350
Unsecured Loans	308	147	50	0
Loan Funds	**577**	**602**	**500**	**350**
Deferred Tax Liability	17	28	66	115
Total Capital Employed	**1,565**	**2,334**	**2,735**	**3,234**
Applications of Funds				
Gross Block	590	630	687	767
Less: Accumulated Depreciation	208	247	302	372
Net Block	**382**	**383**	**386**	**396**
Capital Work in Progress	4	8	0	300
Investments	0	0	0	0
Current Assets, Loans & Advances				
Inventories	1,113	1,419	1,639	1,902
Sundry Debtors	956	1,377	1,607	1,807
Cash and Bank Balance	20	50	86	86
Loans and Advances	484	742	892	922
Other Current Assets				
sub total	2,573	3,587	4,224	4,717
Less : Current Liabilities & Provisions				
Current Liabilities	988	1,145	1,286	1,495
Provisions	407	506	595	684
Sub total	1,395	1,651	1,881	2,179
Net Current Assets	1,178	1,936	2,342	2,538
Misc Expenses	0	7	7	0
Total Assets	**1,565**	**2,334**	**2,735**	**3,234**

E-estimates

CASH FLOW				
Particulars	**Mar10**	**Mar11**	**Mar12E**	**Mar13E**
Profit before tax	490	672	803	1,019
Depreciation & w.o.	31	49	55	70
Net Interest Exp	68	65	55	37
Direct taxes paid	(127)	(162)	(193)	(245)
Chg in Working Capital	(239)	(729)	(370)	(195)
(A) CF from Opt. Activities	**223**	**(106)**	**350**	**686**
Capex {Inc./ (Dec.) in FA n WIP}	(158)	(43)	(50)	(380)
Free Cash Flow	**65**	**(149)**	**300**	**306**
Inc./ (Dec.) in Investments	0	0	0	0
(B) CF from Investing Activities	**(158)**	**(43)**	**(50)**	**(380)**
Issue of Equity/ Preference	0	8	0	0
Inc./(Dec.) in Debt	62	25	(102)	(150)
Interest exp net	(68)	(65)	(55)	(37)
Dividend Paid (Incl. Tax)	(75)	(117)	(146)	(175)
Other (Bal Fig)	3	326	39	56
(C) Cash Flow from Financing	**(78)**	**178**	**(264)**	**(306)**
Net Change in Cash	(13)	29	36	0
Opening Cash balances	34	20	50	86
Closing Cash balances	20	50	86	86

E-estimates

IMPORTANT RATIOS				
Particulars	**Mar10**	**Mar11**	**Mar12E**	**Mar13E**
(A) Measures of Performance (%)				
Contribution Margin				
EBIDTA Margin (excl. O.I.)	14.2	14.6	15.0	15.5
EBIDTA Margin (incl. O.I.)	14.4	16.1	15.9	16.2
Interest / Sales	1.7	1.3	1.0	0.5
Gross Profit Margin	12.8	14.8	14.9	15.7
Tax/PBT	25.9	24.1	24.0	24.0
Net Profit Margin	8.9	10.5	10.6	11.2
(B) As Percentage of Net Sales				
Raw Material	58.0	55.1	55.5	55.5
Employee Expenses	6.5	7.2	7.5	7.5
Other Expenses	21.3	23.0	22.0	21.5
(C) Measures of Financial Status				
Debt / Equity (x)	0.6	0.4	0.2	0.1
Interest Coverage (x)	8.7	12.1	16.6	30.6
Average Cost Of Debt (%)	12.4	11.0	10.0	8.6
Debtors Period (days)	86	103	102	95
Closing stock (days)	100	107	104	100
Inventory Turnover Ratio (x)	3.7	3.4	3.5	3.7
Fixed Assets Turnover (x)	6.9	7.7	8.4	9.0
Working Capital Turnover (x)	3.5	2.5	2.5	2.7
Non Cash Working Capital (Rs Mn)	1,157.9	1,886.9	2,256.7	2,451.8
(D) Measures of Investment				
EPS (Rs.) (excl EO)	7.3	10.2	12.2	15.5
EPS (Rs.)	7.3	10.2	12.2	15.5
CEPS (Rs.)	8.6	11.2	13.3	16.9
DPS (Rs.)	1.4	2.0	2.5	3.0
Dividend Payout (%)	19.3	19.6	20.5	19.4
Book Value (Rs.)	21.2	34.1	43.4	55.4
RoANW (%)	43.9	38.2	31.5	31.4
RoACE (%)	40.3	37.8	33.8	35.4
RoAIC (%) (Excl Cash & Invest.)	41.1	38.5	34.8	36.4
(E) Valuation Ratios				
CMP (Rs.)	100	100	100	100
P/E (x)	13.8	9.8	8.2	6.5
Market Cap. (Rs. Mn.)	4,589	5,002	5,002	5,002
MCap/ Sales (x)	1.1	1.0	0.9	0.7
EV (Rs. Mn.)	5,146	5,554	5,416	5,266
EV/Sales (x)	1.3	1.1	0.9	0.8
EV/EBDITA (x)	8.9	7.8	6.3	4.9
P/BV (x)	4.7	2.9	2.3	1.8
Dividend Yield (%)	1.4	2.0	2.5	3.0

E-estimates

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BUY	Upside above 20%
ACCUMULATE	Upside above 5% and up to 20%
REDUCE	Upside up to 5%
SELL	Negative Returns

DOLAT TEAM

Principal	Sector / Tel. No.
Purvag Shah purvag@dolatcapital.com	+9122 4096 9747
Research research@dolatcapital.com	
Amit Khurana, CFA amit@dolatcapital.com	*Head of Research* +9122 4096 9745
Senior Analysts	
Amit Purohit amitp@dolatcapital.com	*FMCG & Media* +9122 4096 9724
Bhavin Shah bhavin@dolatcapital.com	*Pharma & Agro Chem* +9122 4096 9731
Priyank Chandra priyank@dolatcapital.com	*Oil & Gas* +9122 4096 9737
Rahul Jain rahul@dolatcapital.com	*IT* +9122 4096 9754
Rakesh Kumar rakesh@dolatcapital.com	*Financials* +9122 4096 9750
Ram Modi ram@dolatcapital.com	*Metals & Mining* +9122 4096 9756
Sameer Panke sameer@dolatcapital.com	*Construction & Infrastructure* +9122 4096 9757
Analysts	
Nehal Shah nehals@dolatcapital.com	*Midcaps* +9122 4096 9753
Associates	
Dhaval Shah dhaval@dolatcapital.com	*Engineering & Capital Goods* +9122 4096 9726
Hardick Bora hardickb@dolatcapital.com	*Pharma & Agro Chem* +9122 4096 9748
Hetal Shah hetals@dolatcapital.com	*Financials* +9122 4096 9725
Mahvash Ariyanfar mahvash@dolatcapital.com	*Economy, Midcaps* +9122 4096 9736
Pranav P. Joshi pranavj@dolatcapital.com	*Financials* +9122 4096 9706
Praveen Kumar praveen@dolatcapital.com	*IT* +9122 4096 9723
Rohit Natarajan rohit@dolatcapital.com	*Construction & Infrastructure* +9122 4096 9751

Sales	Tel. No.
sales@dolatcapital.com	
Janakiram Karra janakiram@dolatcapital.com	+9122 4096 9712
Vikram Babulkar vikram@dolatcapital.com	+9122 4096 9746
Kapil Yadav kapil@dolatcapital.com	+9122 4096 9735
Head Dealing - Equities	
P. Sridhar sridhar@dolatcapital.com	+9122 4096 9728
Equity Sales Traders	
salestrading@dolatcapital.com	+9122 4096 9797
Jignesh Shahukar jignesh@dolatcapital.com	+9122 4096 9727
Parthiv Dalal parthiv@dolatcapital.com	+9122 4096 9705
Derivatives Team	
Head of Derivatives	
Aadil R. Sethna aadil@dolatcapital.com	+9122 4096 9708
Derivatives Sales Traders	
Chirag Makati chiragm@dolatcapital.com	+9122 4096 9702-03
Mihir Thakar mihir@dolatcapital.com	+9122 4096 9701
Quantitative Research derivativesinfo@dolatcapital.com	
Prachi Save prachi@dolatcapital.com	*Derivatives Research* +9122 4096 9733
Bloomberg Id	
dolatcapital@bloomberg.net	
Board Lines	+9122 4096 9700
Fax Lines	+9122 2265 0410 +9122 2265 1278
Production Staff	
Paresh Girkar pareshgirkar@dolatcapital.com	+9122 4096 9742
Rajesh Shinde rajesh@dolatcapital.com	+9122 4096 9743

Dolat **Capital Market Pvt. Ltd.**

20, Rajabahadur Mansion, 1st Floor, Ambalal Doshi Marg, Fort, Mumbai - 400 001