

Indices	Last Close	% Chg 1-d	% Chg mtd
Sensex	17,639	(1.0)	0.6
Nifty	5,274	(0.9)	0.5
CNX 500	4,359	(0.6)	1.1
BSE Bank	10,559	(1.4)	(0.9)
BSE IT	5,526	0.4	5.5
BSE Oil & Gas	10,146	(1.8)	(0.1)
Dow Jones	11,145	0.2	2.7
Nasdaq	2,516	0.4	4.9
FTSE	5,825	0.5	2.6
DAX	6,291	0.2	2.2

Mkt Breadth	Advance	Decline	Unchanged
Nifty	19	31	0
Sensex	11	19	0

Turnover	INR Bn	% Chg
BSE Cash	44	5.9
NSE Cash	154	5.5
NSE F&O	737	19.1
Total	935	

Fund Flows	US \$ mn	MTD	YTD
FII Equity	136	1,055	5,424
DII	57	182	1,981

Forex/Bond	Last Close	Chg 1-d	Chg mtd
INR/USD	44.44	(0.03)	(0.51)
USD/EUR	1.357	(0.01)	0.01
YEN/USD	93.0	(0.21)	(0.44)
10 yr G-Sec	8.09	0.05	0.26

Commodities	Last Close	% Chg 1-d	% Chg MTD
Brent (\$/bbl)	87.6	0.8	5.2
Gold (\$/oz)	1,159	0.3	4.1
Copper (\$/mt)	7,945	(0.1)	2.0
Aluminium (\$/mt)	2,472	0.4	6.4

Most Traded			
Scrip	Last Close	% chg	Value*
Infosys Tech	2,802	0.7	9.0
ARSS Infra	1,248	6.2	8.8
Reliance Inds.	1,091	(2.7)	7.6
ICICI Bank	918	(2.6)	5.7
Unitech	80	3.5	5.7

* INR Bn.

ADR GDR			
Scrip	Last Close*	% chg	% Prem.
Dr Reddy's	27.3	(0.4)	(1.3)
HDFC Bank	146.4	0.6	10.8
ICICI Bank	41.8	(2.3)	1.3
ITC	5.5	(10.4)	(7.8)
Infosys	62.7	(0.2)	(0.6)
Satyam	5.4	(2.0)	26.3
Ranbaxy	10.2	(1.9)	(0.3)
Reliance	49.7	(3.3)	1.3
Wipro	24.3	(0.0)	49.5
SBI	95.0	(1.0)	2.8
Tata Motors	19.8	1.0	13.7

* US\$

Contents

- Bilcare – FCCB Buyback

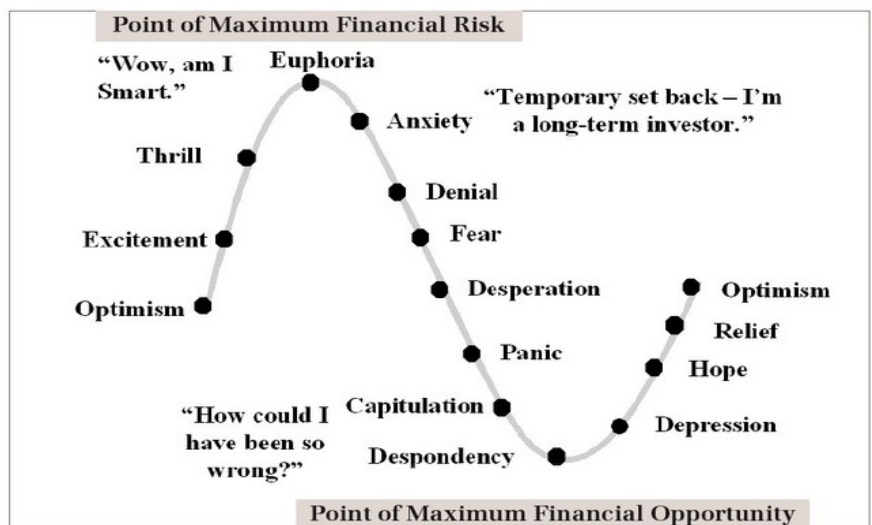
From the Blogosphere

Barron's: The Return of a Dismal Dollar (Source)

THE U.S. DOLLAR INDEX GAINED a handsome 10% between December and March, but action this week has ended that run. As of Monday, the index dropped sharply through its rising trendline and now threatens to lose even more value. If we look at the individual performances of major currencies versus the dollar we will find that the dollar was not as strong as the dollar index suggested. European currencies were the clear laggards while such currencies as the Canadian dollar, Australian dollar and Brazilian real were leaders. The U.S. dollar was in the middle of the pack. Most commodities are priced in U.S. dollars so a rising dollar translates into lower commodity prices, all else being equal. But since the dollar more or less marked time with relation to all the world's major currencies, gold moved mostly sideways. Looking out to the rest of the year, John Person, president of NationalFutures.com, thinks that the dollar will continue to decline against most currencies. The question for investors is what to do about it. If the U.S. Dollar Index is now weakening and was already lagging Canada and others, the math says that Europe is starting to rally. In other words, the dollar is now falling behind the euro and the British pound, both components of the U.S. Dollar Index, at least in the near term. So, with Europe getting stronger while most of the rest of the world continues to outperform, the dollar's outlook is as shaky as ever.

The Big Picture: Lagging Psychology at Turning Points (Source)

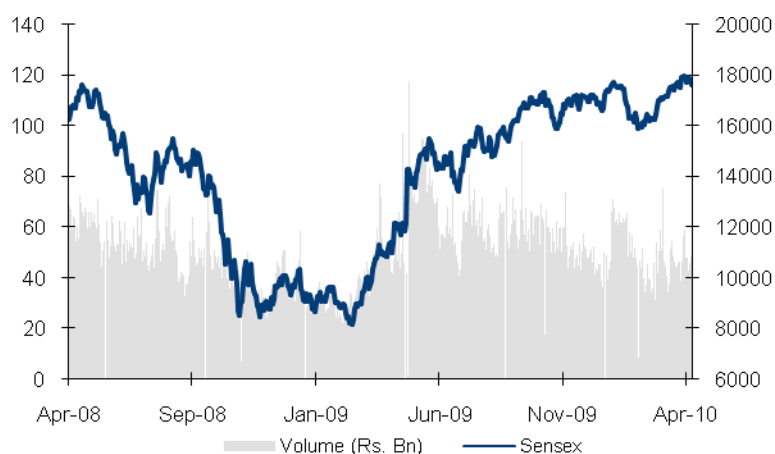
Over the past few weeks, we've been debating the state of the economic recovery. The posts that have emphasized the shift in data towards the positive have generated a lot of pushback. This is something that I want to discuss in general terms — I want readers to not only understand my perspective, but to grasp what typically occurs heading into recessions and recoveries, into new bull and bear markets. Today, I want to look at the big overview. Historically, the sentiment that occurs at inflection points are extremes. These are the result of the prior few years of economic/market activity. They lag the cycle — often quite significantly.



Headlines

- **Triveni Engineering** to shut its loss-making rural retail business. Its fully-owned retail arm, Triveni Retail Ventures Ltd, operates under the brand name, Triveni Khushali Bazaar (BS)
- **Tata Motors** said global sales of its vehicles in March rose 39% from a year ago to 101,712 units (BS)
- **L&T** is planning to enter the heavy industrial tyre business in collaboration with Japanese heavy machinery manufacturer Mitsubishi Heavy Industries (MHI) (BS)
- **SAIL** is in talks with South Korean steel major Posco and Japan's Kobe Steel for technology tie-ups to jointly set up steel plants, Parliament was informed (BS)
- **IOC** may see revenue loss on fuel sales jump 63% to over Rs 425.4bn in the FY10 (BS)
- **GMR infrastructure** is planning to raise up to \$ 250mn through a QIP of shares (BS)
- **Videocon Group** is keen to set up a 1,000 Mw thermal power project in Punjab with an investment of Rs 50bn (BS)
- **HDFC** has lowered its home loan rate to 8.25% for the first year in its new dual rate scheme, commonly known as teaser loans, applicable on fresh loans (ET)
- **Areva T&D India** has bagged three prestigious turnkey orders from Indian state utilities worth Rs 630 million (BS)

Sensex



April 16, 2010

Recommendation	BUY
CMP	529
Target	615
Stock Return	16.2%

Nifty	5,274
Sensex	17,639

Key Stock Data

Sector	Packaging
Reuters Code	BIL BO
BLOOMBERG Code	BILC IN
No. of Shares (mn)	22.7
Market Cap (Rs bn)	12.0
Market Cap (\$ mn)	269
6 mth avg traded value (Rs. mn)	21

Stock Performance (%)

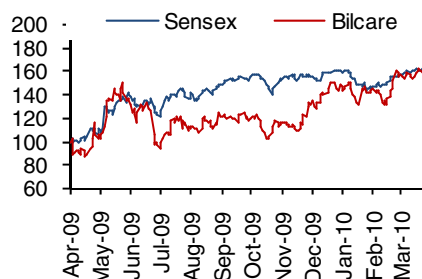
52 - Week high / low Rs 600/306

	3M	6M	12M
Absolute (%)	2.0	23.9	46.7
Relative (%)	0.6	20.4	15.8

Shareholding Pattern (%)

Promoters	46.7
FIs & Local MFs	1.1
FIIIs	5.2
Public & Others	47.0

Source: Company

Sensex and Stock Movement

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Bilcare, the leading player in Pharma Packaging Innovations (PPI) and Global Clinical Supplies (GCS) derives around 85% of its income from the PPI business and the balance 15% from GCS. The company has forayed into NonClonable Securities Technologies (NST), which will be commercialised shortly. NST is likely to revolutionise pharma packaging. Besides pharma, the company is in talks for non-pharma applications for currency and security solutions. Bilcare has successfully re-structured its debt through FCCB buyback and issue of GDR. The debt: equity ratio is likely to decline from 1.9 in FY09 to 0.6 in FY10 and go down further to 0.4 in FY11. This has strengthened the balance sheet of the company.

Revenues to rise by 29% CAGR and Net profit by 47% CAGR over 3 yrs

We expect Bilcare to report 29% CAGR in net sales and 47% CAGR in net profit over the next three years from FY10-FY12 due to strong growth on the global front. We expect the domestic business to grow by 13% CAGR and global business by 43% CAGR in the same period. We expect Bilcare's EBIDTA margin to improve from 21.8% in FY09 to 24.7% in FY12 due to economies of scale. We expect the company's ROCE to improve from 7.9% in FY09 to 17.5% in FY12. The RoE is likely to improve from 16.7% to 19.4% in the same period.

FCCB Buyback – strengthens balance sheet

Out of \$128m outstanding FCCBs, Bilcare has completed the buyback of \$116m FCCBs (\$26m of Bilcare India and \$90m of Bilcare Singapore, its 100% subsidiary) thus leaving only \$12m FCCBs in Bilcare India. The company has borrowed \$30m debt for FCCB buyback. Hence, the debt reduction due to the FCCB buyback is \$86m (\$116m-\$30m). Moreover, the conversion price of FCCB in Bilcare India has been lowered from Rs704 to Rs483. The company has issued 7% exchangeable bonds to existing FCCB holders for \$54m in SPV. Bilcare's balance sheet has strengthened due to the FCCB Buyback.

BUY with a target price of Rs616

We expect the company to report EPS of Rs76.8 for FY11 and Rs110.6 for FY12 (on fully diluted equity of Rs238m) due to the strong top line growth and margin improvement. The stock currently trades at 6.9x FY11E and 4.8x FY12E. We maintain BUY recommendation and a target price of Rs615 (8x FY11 EPS) with an upside of 16.2% over the next 12m.

Particulars (Rs mn)	FY07	FY08	FY09	FY10E	FY11E	FY12E
Revenues	4,079	6,507	8,560	10,985	14,090	18,180
Growth %	54%	60%	32%	28%	28%	29%
EBIDTA	991	1,435	1,865	2,484	3,332	4,499
EBIDTA margin (%)	24.3%	22.1%	21.8%	22.6%	23.6%	24.7%
Net profit	599	816	830	1,115	1,831	2,635
Net profit Growth (%)	54.2	36.1	1.8	34.4	64.1	44.0
EPS (Rs.)	25.1	34.2	34.8	46.8	76.8	110.6
P/E (x)	21.0	15.5	15.2	11.3	6.9	4.8
D/E (x)	1.2	1.8	1.9	0.6	0.4	0.2
RoCE(%)	9.7	8.3	7.9	10.7	13.7	17.6
RoE (%)	19.2	20.8	16.7	12.9	16.7	19.5

Source : HDFC Securities Institutional Research

Valuations

Particulars	FY07	FY08	FY09	FY10E	FY11E	FY12E
P/E	21.0	15.5	15.2	11.3	6.9	4.8
Dividend yield %	0.8	0.8	0.5	0.4	0.6	0.6
P/BV	2.4	2.2	1.8	1.4	1.1	0.9
EV/EBIDTA	10.1	9.9	9.4	6.3	4.6	3.0
EV/Sales	2.5	2.2	2.1	1.4	1.1	0.7
Market cap/sales	1.8	1.3	1.1	1.1	0.9	0.7

Source : HDFC Securities Institutional Research

Revised Financials

The revised financials due to FCCB buyback are indicated in the following table:

PARTICULARS (Rs mn)	EARLIER			REVISED		
	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E
Net profit	1,206	1,760	2,546	1,115	1,831	2,635
inc/(dec)				-90.6	70.7	89.4
Equity capital	172	200	200	227	238	238
inc/(dec)				54.9	38.3	38.3
% change				31.9	19.2	19.2
EPS Rs.	60.3	88.0	127.3	46.8	76.8	110.6
inc/(dec)				-13.5	-11.2	-16.7
% change				-22.4	-12.7	-13.1
D/E	1.6	0.7	0.4	0.6	0.4	0.2

Source : HDFC Securities Institutional Research

The D/E ratio is likely to come down to 0.6 in FY10 and 0.4 in FY11, thereby strengthening the balance sheet considerably.

Investment Arguments

Bilcare derives around 85% of its revenues from Pharma Packaging Innovations (PPI) and balance 15% from Global Clinical Supplies (GCS)

- Bilcare derives around 85% of its revenues from Pharma Packaging Innovations (PPI) and balance 15% from Global Clinical Supplies (GCS). The company derives around 55% of its revenues from the domestic market and 45% from global operations. The domestic business consists primarily of PPI and is expected to grow at 13% CAGR over FY10-FY12 in line with the industry growth.
- The global PPI business is expected to grow at 43% CAGR over FY10-12 and global GCS business at 48% CAGR over the same period. The rise in PPI business is due to the higher use of generic products and expected switch over from bottle packing to blister packing. The rise in GCS business is expected to come from increase in outsourcing of clinical trials and increase in new molecules.
- Bilcare's EBIDTA margin is expected to improve from 21.8% in FY09 to 24.7% in FY12 due to operations outside India reaching economies of scale. GCS offers higher margin than PPI leading to overall improvement in margins.
- Bilcare has developed packaging solutions for a new drugs called 'Optima', which gives stability test results in 4-6 weeks against 12-18m taken by conventional methods. Hence, there is considerable savings in terms of cost and product launch time.
- Bilcare has developed and patented metallised polymer film called 'Patina' for advanced packaging applications. Patented products currently account for about 10% of the company's revenues. The company has developed novel packs for Elder Pharma's Shelcal and Ranbaxy Labs' Cifran brands. Bilcare has 62% MS in Indian

Institutional Research

Bilcare's DMF for packing material is registered with US FDA and hence can supply packing materials for all formulation packs meant for exports

The Singapore facility provides lower shipping time. For example, shipping time from India to Brazil is around 65 days whereas from Singapore it is 35 days resulting in 30-day saving in shipping time

blister packing market. The company has come up with packaging solutions for 26 fast growing brands using Patina.

- Bilcare has developed anti-counterfeit solution for pharma packaging using patented NonClonable Security Technologies (NST). NST is likely to revolutionize pharma packaging in the years to come and will differentiate Bilcare from its competitors. The company is planning to launch this product shortly and is exploring other uses besides pharma packaging.
- The company is in talks with a few central banks for anti-counterfeit solutions for currency notes. Besides this, the company is in discussion with high end optical glass manufacturers in Europe and high end fashion garment industry in Europe for NST counterfeit applications.
- The pharma packaging in US is likely to shift from bottles to unit dose packaging like aluminium strips and blisters by 2012. This is likely to provide huge opportunity for Bilcare.
- Bilcare's DMF for packing material is registered with US FDA and hence can supply packing materials for all formulation packs meant for exports.
- The company's 50:50 JV with MeadWestwaco, US has acquired International Labs, US (IL) in July'08. This company has long-term supply contract with Wal Mart, US for contract packaging for the \$4 (Rs177) treatment per month program of Wal Mart. Bilcare expects good upside from this deal.
- Over 50 global pharma companies have audited Bilcare's Pune and Singapore facilities. This is likely to culminate in long-term supply contracts for packaging materials.
- The Singapore facility provides lower shipping time. For example, shipping time from India to Brazil is around 65 days whereas from Singapore it is 35 days resulting in 30-day saving in shipping time.
- Currently, Bilcare has 60-70 drugs in GCS for 35-40 global clients, of which around 75% are in Phase I and II and the balance 25% in Phase III. The company has increased manpower in GCS from 30 in 2005 to 220 in 2008.

FCCB buyback – strengthens balance sheet

- Bilcare has successfully concluded the buyback/restructuring of its FCCB at Bilcare India and its 100% subsidiary at Bilcare Singapore.
- Out of the \$128m existing FCCB (\$38m at Bilcare India and \$90m Bilcare Singapore) as on 31 March 2009, the company has bought back \$116m (\$26m of Bilcare India and \$90m Bilcare Singapore) thus leaving \$12m FCCB at Bilcare India.
- **Bilcare took additional debt of \$30m in Bilcare Singapore for FCCB buyback. Hence, the overall debt has been reduced by \$86m (\$116m-\$30m).**
- As on 31.3.2009, Bilcare's consolidated debt was Rs9.5bn, of which the FCCB amounted to Rs6.3bn and debt: equity was 1.9. The debt: equity ratio is likely to come down to 0.6 for FY10 and is likely to reduce further to 0.4 in FY11 and 0.2 in FY12. This has considerably strengthened the balance sheet of the company.
- The conversion price of Bilcare India FCCB has been lowered from Rs704 to Rs483.3.
- As part of FCCB buyback, Bilcare Singapore has issued 7% exchangeable bonds to existing FCCB holders amounting to \$54m in an SPV. The said SPV also holds 5.480m

Bilcare India shares as exchange property, which came from the conversion of \$26m Bilcare India FCCB and subscription of \$32m by SPV to the Bilcare India GDR issue. The said bonds can be exchanged into Bilcare India shares at Rs460 per share.

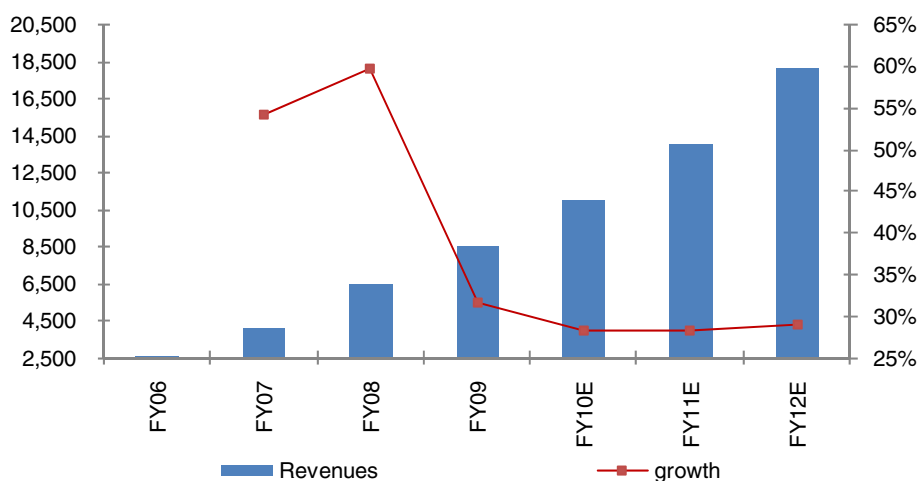
- The current value of said assets is \$68m (being the 5.480m shares in SPV at current price of Rs529).
- In brief therefore, due to the FCCB buyback/restructuring, part of FCCB got reduced due to the discount available in the global markets in CY09. And part of the FCCB was converted to equity by lowering the conversion price.

Revenues to grow by 29% CAGR

The global business is likely to grow at 43% CAGR over FY10-FY12

Bilcare revenues are likely to grow by 29% CAGR over next three years from FY10-FY12 due to the strong growth on export front. The domestic segment, which contributes around 55% of its sales, is likely to grow at 13% CAGR over FY10-FY12 in line with the industry growth. The global business is likely to grow at 43% CAGR over the same period. This is shown in the following chart:

Chart 1: Revenues and revenue growth



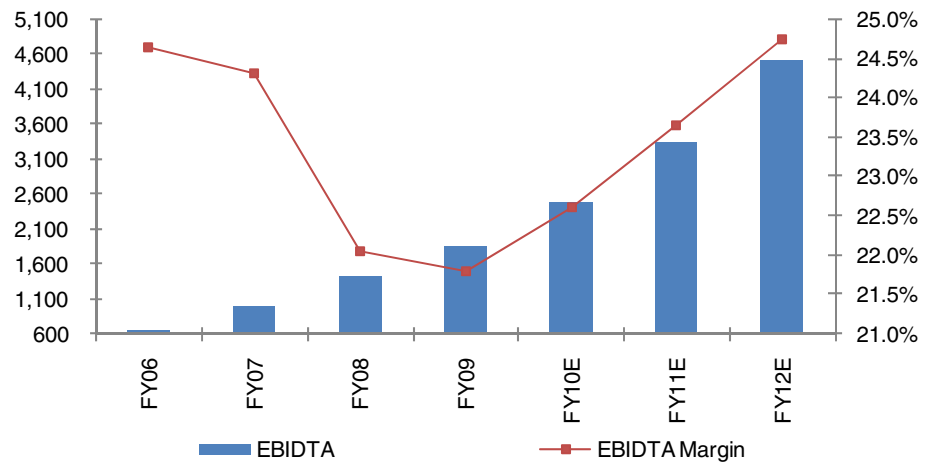
Source: HDFC Securities Institutional Research

Margins to expand from 21.8% in FY09 to 24.7% in FY12

The GCS business has higher margin than the PPI business and hence overall margins are likely to improve

Bilcare's EBIDTA margin is likely to grow from 21.8% in FY09 to 24.7% in FY12 due to its operations outside India reaching economies of scale. Fixed expenses as a percentage of Revenue are likely to come down due to strong sales growth. The GCS business has higher margin than the PPI business and hence overall margins are likely to improve with higher growth of the GCS business. The EBIDTA margin over the years is shown in the following chart:

Chart 2: EBIDTA margin



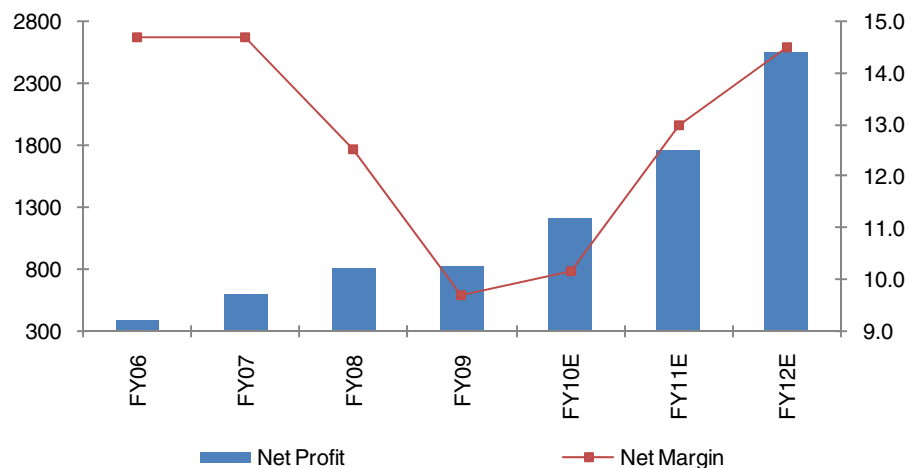
Source: HDFC Securities Institutional Research

Bilcare’s net profit is likely to grow at 47% CAGR over the next three years from FY10-FY12

Net profit to grow at 47% CAGR over next three years

Bilcare’s net profit is likely to grow at 47% CAGR over the next three years from FY10-FY12 due to strong top line growth and margin improvement due to economies of scale setting in. This is shown in the following chart:

Chart 3: Net profit and net margin



Source: HDFC Securities Institutional Research

According to estimates, 30% of the drugs in India are counterfeit compared to 10% globally

Problem of counterfeit medicines

Stopping counterfeit or spurious medicines from entering the trade channels is needed to protect the safety of patients in India and globally. According to estimates, 30% of the drugs in India are counterfeit compared to 10% globally. It is estimated that by 2010, the global counterfeit drugs market would reach \$75bn (Rs3,500bn). Bilcare has developed NonClonable Security Technologies (NST), which uses the combination of bar coding and nano technology principles. By scanning the strip or blister pack in the scanner provided at the chemist's shop, the customer can verify the genuineness of the product through satellite communication with the manufacturer's server. Hence, the technology assures the genuineness of the product in a fraction of minute to the entire satisfaction of the customer. The additional cost of NST is around 10-15% of the packing cost but the benefits are far higher than the cost. Hence, this technology is likely to find wide usages in protecting brand equity and credibility among the pharma manufacturers.

Application of NST to non-pharma applications

For enhancing the presence in anti-counterfeit solutions, Bilcare acquired Singular ID-a Singapore based technology innovator company for \$15m (Rs705m) in Dec'07. Bilcare's NST offers zero error solutions and can be effectively utilised for luxury goods, automobiles, costly watches, high end fashion garments, security solutions, engineering goods, white goods, FMCG products with established brands losing billions of dollars and brand value. NST helps the customers to verify the authenticity of the products with the help of point-of-sale authentication devices. It also allows tracking the goods throughout the supply chain.

Bilcare has successfully collaborated with Sanden Corporation, Japan (\$2.63bn auto ancillary company), and a major supplier of automotive compressors by using NST to protect its range of automotive spare parts.

Any positive development on the NST front is likely to improve the sales and profitability of the company, as NST enjoys very high margins.

We have not taken NST revenues in our projections for FY11 and FY12. Any upside from this business will be in addition to our estimates.

Concerns

- Bilcare's major raw materials are derived from petrochemicals and hence are subjected to fluctuations in crude price. The company passes on the change in material cost to its customers. However, there is a time lag of around 3m as the company imports most of the raw materials.
- The company is solely dependent on pharma industry. Any slowdown in the global pharma industry or fall in demand of drugs will adversely affect the performance of the company.
- The GCS revenues of Bilcare depend upon the existing and new clinical trial studies. In FY09, due to the global meltdown, the GCS business of the company suffered due to lower allocation for R & D projects resulting in the curtailment of pre-clinical and Phase I clinical trials. Any slowdown on the global R & D front is likely to affect the GCS business.
- Bilcare faces competition from global players such as Fischer, Almac and Aptuit in the GCS business. All the three are established players, having good contacts with global pharma companies. The advantage for Bilcare, however, is that these players are present primarily in US and Europe, while Bilcare has presence in US, Europe and Asia. This is crucial as clinical trials, to get speed, are increasingly moving towards Asia.

The company is solely dependent on pharma industry. Any slowdown in the global pharma industry or fall in demand of drugs will adversely affect the performance of the company

The top 10 customers account for 30-35% of its sales

Financials

Bilcare had consolidated debt of Rs9.5bn at the end of FY09, of which the dollar denominated FCCB was \$128m (Rs6.02bn). The FCCB has been reduced to \$12m due to buyback/restructuring. The debt: equity is likely to come down from 1.9 in FY09 to 0.6 in FY10.

Bilcare's interest cost jumped by 175% from Rs143m in FY08 to Rs393m in FY09 due to the rise in PLR during the year, new convertible debt of \$90m in Bilcare Singapore and the rise in working capital to support sales growth. The company extends 120 days credit to its customers. Bilcare's revenues are well spread across its customers. The top 10 customers account for 30-35% of its sales. Bilcare has plans to spend Rs950m capex in FY10.

Valuation

We expect Bilcare to report 29% CAGR in net sales and 47% CAGR in net profit over next three years from FY10-FY12 due to the strong growth on the global front. We expect the domestic business to grow by 13% CAGR and global business to grow by 43% CAGR over the same period. We expect Bilcare's EBIDTA margin to improve from 21.8% in FY09 to 24.7% in FY12 due to economies of scale. We expect the company's ROCE to improve from 7.9% in FY09 to 17.5% in FY12. The RoE is likely to improve from 16.7% to 19.4% during the same period.

We expect the company to report EPS of Rs76.8 for FY11 and Rs110.6 for FY12 (on fully diluted equity of Rs238m) due to the strong top line growth and margin improvement. The stock currently trades at 6.9x FY11E and 4.8x FY12E. We maintain BUY recommendation and a target price of Rs615 (8x FY11 EPS) with an upside of 16.2% over the next 12m.

Q3FY10 RESULTS

PARTICULARS (Rs mn)	Q3FY10 DEC.09	Q3FY09 DEC.08	YoY Gr%	Q2FY10 SEPT.09	QOQ Gr%	9MFY10 DEC.09	9MFY09 DEC.08	YoY Gr%
Net sales	2,813	2,157	30.4	2,651	6.1	7,881	6,109	29.0
Expenditure								
Raw materials	1,543	1,193	29.3	1,474	4.7	4,353	3,336	30.5
as % of net sales	54.8	55.3		55.6		55.2	54.6	
Personnel expenses	263	228	15.5	245	7.3	732	593	23.4
as % of net sales	9.4	10.6		9.3		9.3	9.7	
Other expenses	314	276	13.5	307	2.1	922	872	5.7
as-% of net sales	11.2	12.8		11.6		11.7	14.3	
Total Expenditure	2,120	1,697	24.9	2,027	4.6	6,006	4,800	25.1
EBIDTA	694	460	50.8	624	11.2	1,875	1,309	43.3
EBIDTA Margin (%)	24.7	21.3		23.5		23.8	21.4	
Other income	0	0		-		0	0	
PBDIT	694	460	50.8	624	11.2	1,875	1,309	43.3
Depreciation	143	88	62.7	132	8.5	406	244	66.9
Interest	115	101	13.9	104.9	9.5	317	284	11.6
PBT	435	271	60.6	387	12.5	1,152	781	47.5
Prov. For tax	122	87	40.4	109	12.1	332	240	38.2
% of PBT	27.9	31.9		28.0		28.8	30.7	
PAT	314	185	70.1	279	12.7	821	542	51.6
Profit share/Minority interest	-	-		-		-	-	
Reported PAT	314	185	70.1	279	12.7	821	542	51.6
Equity capital	200	200	-	200	0.0	200	200	0.0
EPS Rs.(Rs10 Paid up)	15.7	9.2	70.1	13.9	12.7	41.0	27.1	51.6

Source: HDFC Securities Institutional Research

Income Statement – Consolidated

Particulars (Rs mn)	FY06	FY07	FY08	FY09	FY10E	FY11E	FY12E
Net Sales	2,645	4,079	6,507	8,560	10,985	14,090	18,180
growth		54.2%	59.5%	31.6%	28.3%	28.3%	29.0%
Operating Expenses	1,993	3,087	5,072	6,695	8,501	10,758	13,681
(Inc) / Dec in stock	-5	-52	-64	-103	-120	-130	-150
Material Cost	1,652	2,484	3,615	4,847	6,174	7,850	10,050
(% of sales)	62.3%	59.6%	54.6%	55.4%	55.1%	54.8%	54.5%
Staff Cost	120	224	606	863	1100	1370	1730
(% of sales)	4.5%	5.5%	9.3%	10.1%	10.0%	9.7%	9.5%
Selling & Admin Exps	81	111	229	229	270	330	380
(% of sales)	3.1%	2.7%	3.5%	2.7%	2.5%	2.3%	2.1%
Other Expenses	145	320	686	859	1077	1338	1671
(% of sales)	5.5%	7.8%	10.5%	10.0%	9.8%	9.5%	9.2%
EBIDTA	652	991	1,435	1,865	2,484	3,332	4,499
EBIDTA Margin	24.6%	24.3%	22.1%	21.8%	22.6%	23.6%	24.7%
Other Income	40	179	192	77	101	204	222
PBDIT	692	1170	1627	1942	2585	3536	4721
PBDIT Margin	26.2%	28.7%	25.0%	22.7%	23.5%	25.1%	26.0%
Depreciation	75	154	242	378	540	561	575
Avg Gross Block	1,922	2,862	4,840	7,574	9,474	9,831	10,149
Amortisation Rate	3.9%	5.4%	5.0%	5.0%	5.7%	5.7%	5.7%
EBIT	617	1,016	1,386	1,564	2,045	2,976	4,145
EBIT Margin	23.3%	24.9%	21.3%	18.3%	18.6%	21.1%	22.8%
Interest	49	91	143	393	480	510	560
- Interest Cost	39	84	129	336	415	440	480
- Financial Charges	10	7	14	56	65	70	80
Avg Debt	3,536	3,614	7,037	9,505	5,109	4,880	3,310
Av. Int. rate	1.1%	2.3%	1.8%	3.5%	8.1%	9.0%	14.5%
Provisions & Write-offs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax	569	924	1,243	1,172	1,565	2,466	3,585
Tax Provision	180	325	427	342	450	635	950
Effective Tax Rate	31.7%	35.2%	34.4%	29.2%	28.7%	25.8%	26.5%
- Current Tax	71	185	219	165	290	520	850
- Deferred Tax	107	136	203	174	160	115	100
FBT	3	4	5	3	0	0	0
Profit After Tax before EO	389	599	816	830	1,115	1,831	2,635
Net Profit	389	599	816	830	1,115	1,831	2,635
Net Margin	14.7%	14.7%	12.5%	9.7%	10.2%	13.0%	14.5%
Equity Capital	142	142	164.5	172.1	226.9	238.3	238.3
Face Value (Rs)	10	10	10	10	10	10	10
Equity Shares (mn)	14.2	14.2	16.5	17.2	22.7	23.8	23.8
EPS Rs.	16.3	25.1	34.2	34.8	46.8	76.8	110.6
CEPS Rs.	19.4	31.6	44.4	50.7	69.5	100.3	134.7
DPS Rs.	3.0	4.3	4.2	2.5	2.3	2.9	3.4
Payout ratio	0.2	0.2	0.1	0.1	0.0	0.0	0.0

Source : HDFC Securities Institutional Research

Balance Sheet-consolidated

Particulars (Rs mn)	FY06	FY07	FY08	FY09	FY10E	FY11E	FY12E
SOURCES OF FUNDS							
Equity Share Capital	142	142	165	172	227	238	238
share application money	67	1,089	40	0	0	0	0
Reserves & Surpluses	1,350	1,897	3,724	4,788	8,451	10,729	13,260
Net Worth	1,559	3,128	3,929	4,960	8,678	10,967	13,499
Average Net Worth	1,559	3,128	3,929	4,960	8,678	10,967	13,499
Secured Loans	1,086	1,339	1,745	2,795	4,100	4,300	2,600
Unsecured Loans	2,450	2,276	5,292	6,709	1,009	580	710
Total Debt	3,536	3,614	7,037	9,505	5,109	4,880	3,310
Average Debt	3,536	3,614	7,037	9,505	5,109	4,880	3,310
Deferred Tax Liability	271	406	630	984	1,144	1,259	1,359
Capital Employed	5,366	7,149	11,596	15,449	14,931	17,106	18,168
Average Capital Employed	5,366	7,149	11,596	15,449	14,931	17,106	18,168
APPLICATION OF FUNDS							
Gross Block	1,922	3,802	5,879	9,269	9,680	9,982	10,315
Average Gross Block	1,922	2,862	4,840	7,574	9,474	9,831	10,149
Less: Accum. Depreciation	219	431	629	986	1,525	2,086	2661
Net Block	1,703	3,371	5,250	8,283	8,155	7,896	7,654
Capital Work-in-Progress	459	106	432	160	200	230	250
Investments	206	867	1,228	1,455	200	1,800	2,000
Current Assets, Loans & Advances	3,214	3,257	5,243	6,484	7,752	9,153	10,772
Inventories	226	461	817	1,415	1,910	2,270	2,645
Sundry Debtors	702	1,251	2,120	3,295	3,700	3,890	4,785
Cash & Bank Balances	1,965	1,075	1,566	1,054	1,372	2,183	2,482
Other Current Assets							
Loans & Advances	321	471	740	720	770	810	860
Less: Current Liab. & Provisions	230.2	506	812	1,168	1,596	2,174	2,694
Current Liabilities	175	356	695	1,110	1,245	1,572	1,750
Provisions	56	150	116	58	351	602	944
Net Current Assets	2,984	2,751	4,431	5,316	6,156	6,979	8,078
Miscellaneous Expenses not w/off	15	55	255	235	220	201	185
Capital Deployed	5,366	7,149	11,596	15,449	14,931	17,106	18,168

Source : HDFC Securities Institutional Research

Ratio

Particulars	FY06	FY07	FY08	FY09	FY10E	FY11E	FY12E
Valuation (x)							
P/E	32.4	21.0	15.5	15.2	11.3	6.9	4.8
P/BV	4.8	2.4	2.2	1.8	1.4	1.1	0.9
Market Cap / Sales	2.8	1.8	1.3	1.1	1.1	0.9	0.7
EV / EBIDTA	13.9	10.1	9.9	9.4	6.3	4.6	3.0
EV / Sales	3.4	2.5	2.2	2.1	1.4	1.1	0.7
Profitability (%)							
EBIDTA Margin	24.6%	24.3%	22.1%	21.8%	22.6%	23.6%	24.7%
PBDIT Margin	26.2%	28.7%	25.0%	22.7%	23.5%	25.1%	26.0%
EBIT Margin	23.3%	24.9%	21.3%	18.3%	18.6%	21.1%	22.8%
PBT Margin	21.5%	22.7%	19.1%	13.7%	14.3%	17.5%	19.7%
Net Margin	14.7%	14.7%	12.5%	9.7%	10.2%	13.0%	14.5%
RoE	24.9%	19.2%	20.8%	16.7%	12.9%	16.7%	19.5%
RoCE	8.1%	9.7%	8.3%	7.9%	10.7%	13.7%	17.6%
Growth (%)							
Revenue		54.2%	59.5%	31.6%	28.3%	28.3%	29.0%
EBIDTA		52.1%	44.8%	29.9%	33.2%	34.1%	35.0%
PBDIT		69.1%	39.1%	19.3%	33.1%	36.8%	33.5%
Net Profit		54.2%	36.1%	1.8%	34.4%	64.1%	44.0%
EPS		54.2%	36.1%	1.8%	34.4%	64.1%	44.0%
CEPS		62.7%	40.3%	14.2%	37.1%	44.5%	34.3%
Efficiency Ratios							
Working Capital (days)		395.8	321.4	273.4	244.6	218.2	195.0
Inventory (days)		47.4	57.2	62.6	70.9	69.4	63.7
Debtors (days)		134.8	150.8	151.9	149.1	126.1	112.4
Creditors (days)		48.6	62.1	65.0	64.2	60.5	56.4
Net Fixed Assets (x)		1.0	0.9	1.0	1.0	1.4	1.8

Source : HDFC Securities Institutional Research

Cash flow statement

Particulars (Rs mn)	FY06	FY07	FY08	FY09	FY10E	FY11E	FY12E
EBIT	577	837	1,194	1,487	1,944	2,772	3,924
Depreciation	75	154	242	378	540	561	575
Deferred revenue exp w/off	0	0	0	0	0	0	0
Changes in working capital	-1,019	-658	-1,188	-1,397	-523	-11	-800
Exceptional items chg to P&L	0	0	0	0	0	0	0
Operating cash flow	-367	334	247	468	1,961	3,321	3,699
Tax chg to P&L	-71	-185	-219	-165	-290	-520	-850
Interest expense	-49	-91	-143	-393	-480	-510	-560
Other Income	40	179	192	77	101	204	222
Capex	-2,251	-1,509	-2,647	-3,119	-436	-313	-337
Free cash flow	-2,697	-1,273	-2,570	-3,132	856	2,182	2,173
Dividends paid	-49	-71	-81	-51	-61	-82	-94
Shares issued	209	1,023	-1,026	-33	55	11	0
Direct Adj to reserves	1,174	18	1,114	464	2,608	530	-10
Investments (made)/sold	-206	-661	-361	-227	1,255	-1,600	-200
Change in net debt	-6,517	-3,747	-8,143	-9,228	5,134	2,909	3,706
Opening net debt	0	-6,517	-10,264	-18,407	-27,635	-22,501	-19,592
Closing Net Debt	-6,517	-10,264	-18,407	-27,635	-22,501	-19,592	-15,886
As per Balance sheet		3,747	8,143	9,228	-5,134	-2,909	-3,706

Source : HDFC Securities Institutional Research

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