NIRMAL BANG
a relationship beyond broking

ESSEL PROPACK LIMITED

...Tough times seems to over

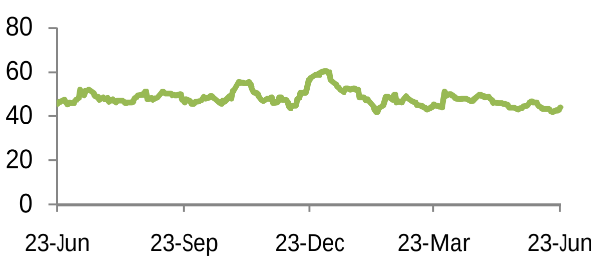
Initiating Coverage — ESSEL PROPACK LTD

Recommendation	BUY
CMP (24th June 2011)	Rs 45
Target price	Rs 61
Sector	Packaging

Stock Details

BSE Code	500135
NSE Code	ESSELPACK
Bloomberg Code	ESEL IN
Market Cap (Rs. cr)	710
Free Float (%)	40.9
52- wk HI/Lo (Rs.)	65/40
Avg. volume BSE (Quarterly)	59,950
Face Value (Rs.)	Rs. 2
Dividend (FY 11)	20%
Shares o/s (Nos. in crore)	15.7

Relative Performance	1Mths	3Mths	1 Yr
Essel Propack	5.3%	0.3%	-0.4%
Sensex	1.4%	0.2%	2.7%



Shareholding Pattern	31st March 2011
Foreign Promoters	13.93%
Indian Promoter	45.19%
FII & Mutual Funds	14.23%
Corporate Bodies	10.03%
Public & others	16.62%

Ruchita Maheshwari, Research Analyst
Ph: 022 - 3926 8023
E-mail ID: ruchita.maheshwari@nirmalbang.com

Snapshot

Essel Propack, part of the USD 2.4 billion Essel Group with turnover of over USD 300 million, is the largest specialty packaging company – manufacturing laminated and seamless plastic tubes.

Investment Rationale:

- Turnaround in Europe & Americas and Change in Sales mix to improve operating margins: Increase in capacity utilization driven by addition on new customer and new contracts coupled with renationalization of operation in UK and USA will improve in performance of Europe and America Region. America has already become positive at EBIT level in Q3FY11 and Europe has reduced losses by 50% in FY11. We expect further improvement in these two underperforming regions in coming period. EPL is focusing more on higher margin product like plastic tube and concentrating more on Non-oral care segment which gives higher margin to improve the overall operating margin of company. We expect 130 basis points improvement in operating margin during FY12.
- AMESA & EAP region will continue to remain highly profitable and drive growth: We expect EPL to enter the FY12E – FY13E with a strong surge in volumes, value and profitability. The management has taken a several recent initiatives like targeting newer clients, scaling up operations with existing clients, targeting new user industries and increasing exposure to plastic tubes. This is likely to trigger growth momentum for company. We expect AMESA and EAP region's Revenue to grow at 14% and 12.5% CAGR over FY11-13 respectively.
- Diversification into Plastic Tube and Flexible Packaging will balance the product portfolio for the company: EPL revenues are skewed more towards laminated tubes with 75% of total revenue. In recent time, company is more aggressively expanding its plastic tube business, which will reduce the dependence on laminate tube and even improve the margin as well. Other than laminated and plastic tubes, EPL is also growing its flexible packaging vertical which includes sachets and packets. PIPL has consistently grown over 150% p.a and we expect it to record similar growth rate going forward.
- Debt de-leveraging program on track: EPL's debt de-leverage program is on track and the management is continuously reducing its debt as planned. Management is also planning to convert its Indian debt to offshore debt, which would reduce interest cost and thereby boosting profitability.
- Near term Margin expansion on back of lower Polymer prices: Recent decline in polymer prices is likely to improve margins in near term for EPL.

Valuation & Recommendation

We recommend "BUY" on the stock with a target price of Rs. 61 (PE of 12x FY12E), an upside of 36% for a long term view.

Year	Net Sales Rs. Cr	Growth %	EBITDA Rs. Cr	EBIDTA Margin %	APAT Rs. Cr	APAT Margin %	EPS (Rs.)	P/E (x)	P/BV
FY10	1682.2	30%	288.9	17.2%	41.0	2.4%	2.1	21.6	0.9
FY11	1415.5	-16%	241.0	17.0%	46.1	3.3%	2.9	15.4	0.9
FY12E	1586.2	12%	289.5	18.3%	80.2	5.1%	5.1	8.9	0.8
FY13E	1750.0	10%	323.8	18.5%	108.8	6.2%	6.9	6.5	0.7

Nirmal Bang Research (Division of Nirmal Bang Securities Pvt. Ltd.)
B-2, 301/302, 3rd Floor, Marathon Innova, Off Ganpatrao Kadam Marg,
Lower parel (W), Mumbai - 400 013.
Tel - 3926 8000 / 8001; (Fax) 3926 8010
Website : www.nirmalbang.com

Company Background

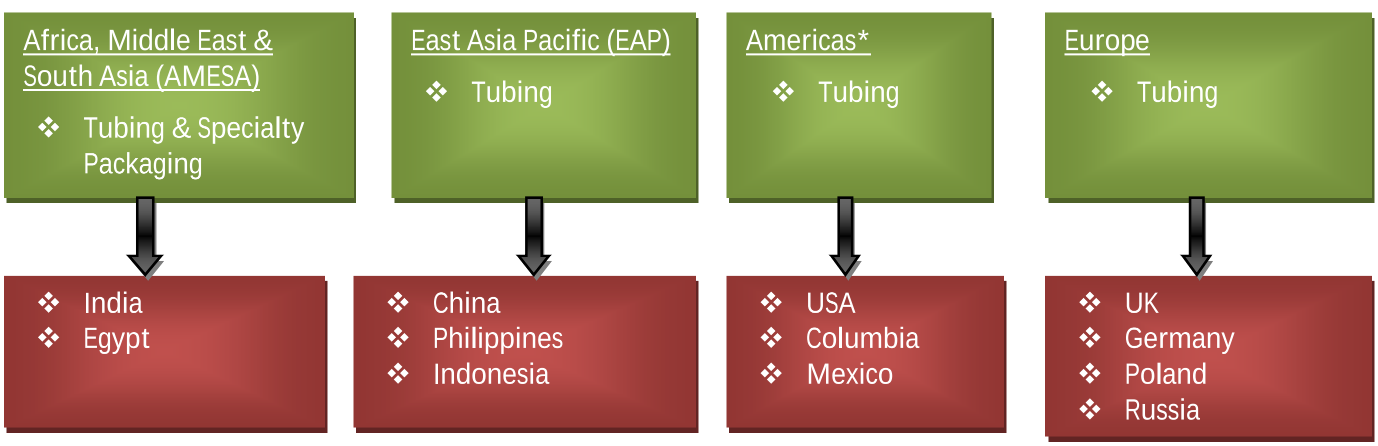
EPL, part of the USD 2.4 billion Essel Group with turnover of over USD 300 million, is the largest specialty packaging company in India engaged in manufacturing laminated and seamless plastic tubes.

In India company has six units for laminated tubes at Murbad, Vasind and Wada in Maharashtra, Baddi in Himachal Pradesh, Kundain in Goa, Silvassa in Gujarat, and three for specialty tubes in Pondicherry, Cuddalore in Tamil Nadu and Uttarakhand.

Besides India, Essel Propack has manufacturing bases in the US, Mexico, Colombia, UK, Poland, Germany, Egypt, Russia, China, Philippines and Indonesia. The company has the capacity to produce 2.5 billion tubes a year in India and 6 billion tubes globally. Of the domestic capacity, 70 per cent is accounted for oral care, while the pharmaceutical and cosmetic sectors chip in for the rest.

Business Organization

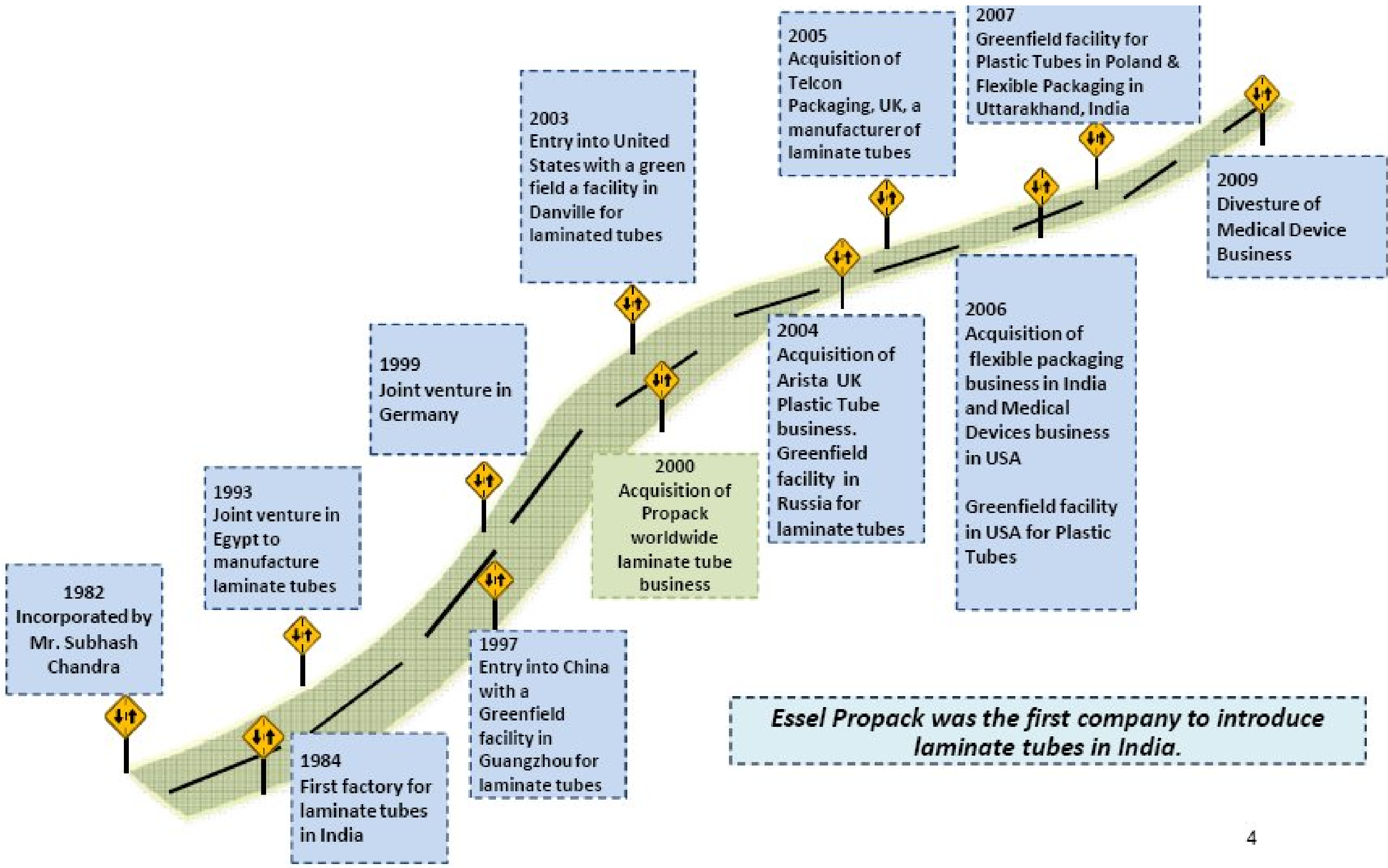
Business is organized by Regions headed by Regional Vice Presidents



Source: Company & Nirmal Bang Research

** Medical Devices Business divested in Dec 2009*

The Journey so far….



Source: Company PPT & Nirmal Bang Research

Investment Rationale

Turnaround in European and US operations coupled with change in sales mix will lead to margin expansion

- Turnaround of European operation EPL serves entire Europe (UK, Germany, Italy, France) and Russia through its European division. It has five facilities under Europe operations, one each located in Poland, Germany, Russia and UK. Its Europe operations were facing problems and were reporting negative earnings for quite some time. EPL has converted Poland as a manufacturing hub for laminate business for entire European region. Whereas for plastic tube business EPL is focusing on improving capacity utilization, which is quite low in Poland. Recently EPL has bagged few contracts in Poland, which will improve the capacity utilization and in turn reduces losses of the region. UK company is downsizing the operation to reduce cost and to make it more profitable

(Rs Cr)	CY08	CY09	FY10(15)	FY11
REVENUES				
AMESA	500.45	540.67	686.13	673.08
EAP	214.61	241.96	306.04	279.21
AMERICAS*	419.84	464.98	531.76	331.28
EUROPE	155.71	110.5	157.65	131.94
Total Revenue	1290.61	1358.11	1681.58	1415.51
EBIT				
AMESA	65.43	96.54	89.58	94.68
EAP	73.99	82.64	100.35	67.61
AMERICAS*	13.19	18.38	10.61	2.14
EUROPE	-92.46	-40.01	-45.21	-22.03
Total EBIT	60.15	157.55	155.33	142.4

**Including medical devices operation till Dec-09*
Source: Company, Nirmal Bang Research

For the past few years Europe is posting a negative earning which is dragging the consolidated profitability of the company. To counter these losses, EPL has implemented the cost-effective program, which has started showing its results. The improvement can be ascertained from the fact that the losses are seeing a declining trend for the six quarters except in Q3FY11 (due to some exceptional items). Europe, which accounts for around 10% of the total revenue, has considerably reduced its loss by roughly 50% from FY10 to FY11. We expect Europe to showcase further improvement and we expect it to achieve cash break-even by the end of FY12.

✍ Consolidation of operation in US: EPL serves both North America and Latin America through three manufacturing facilities in the region. Due to its rich client mining capabilities, EPL is able to report steady growth with successful ramp-up in volumes despite a limited number of clients. The company is witnessing ramp up in client addition which w, we believe, will act as a growth catalyst for the company. It will also reduce the risk of over dependency on a single client.

EPL is planning to ramp up its plastics tubes business by targeting clients in the Pharma and food sector. The plastic tube facility in the US, which was located five miles away from the existing facility for laminated tubes in Danville, Virginia, had been re-located to the laminated tubes facility. The integration of the two operations under one roof will bring in operational synergies helping to improve productivity, cut duplicate establishment costs and drive economies of scale.

USA was reporting negative earnings till Q2FY11. The company has turned positive at the EBIT level on the back of restructuring and minimizing cost of operations. We expect USA to grow by 4-5% in FY12E and FY13E. We expect improved performance of US will directly contribute to the consolidated EBIT eventually increasing margins of the company.

Quarterly (Rs Cr)	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11
REVENUES					
AMESA	139.2	156.89	166	177.53	172.65
EAP	61.74	60.71	82.7	75.74	60.06
AMERICAS	67.55	80.75	85.5	82.63	82.4
EUROPE	32.76	33.92	33.72	29.76	34.55
Total Revenue	301.25	332.27	367.92	365.66	349.66
EBIT					
AMESA	17.58	21.79	20.98	28.07	23.81
EAP	17.98	14.87	25.10	17.31	10.33
AMERICAS	-6.35	-0.74	-0.32	0.99	2.21
EUROPE	-5.45	-3.98	-3.96	-10.68	-3.41
Total EBIT	23.76	31.94	41.80	35.69	32.94

Source: Company, Nirmal Bang Research

✍ Change in Overall Sales mix
EPL revenue can be divided into Oral Care and Non Oral Care segments with 78% of revenue coming from Oral care. The Oral care business in linked to few large customers and has long term contracts whereas in Non-Oral care business the numbers of customers are large though order size is small. As such Non-Oral care business has higher margin as compared to Oral Care business. EPL is aggressively focusing on growing Non-oral care business which is likely to improve margin. The company is targeting 25% of Non Oral revenues in FY12 as compared to 22% reported in FY11.

EPL revenue can also be classified as per product category like laminates tube, plastic tubes and flexible packaging with business contributing 75%, 9.5% and 15.5% respectively. EPL is aggressively pursuing to increase share of plastic tube segment, which has higher margin as compare to laminate tube and flexible packaging.

With all the reduction in losses in European region, improvement in profitability in US region and change in sales mix with more focus on higher margin products, will improve overall margin of EPL. We are expecting EPL operating margin to improve by 130 bps FY12 and 20 bps in FY13.

AMESA & EAP Region will continue to remain highly profitable and drive growth:

We expect EPL to enter the FY12E – FY13E with a strong surge in volumes, value and profitability. EPL plans to achieve this by adopting region specific strategy. The management has taken a several initiatives like targeting newer clients, scaling up operations with existing clients, targeting new user industries and increasing exposure to plastic tubes, are likely to trigger growth momentum. We expect revenues to grow at CAGR of 11.2% over FY11-12E with Europe, Americas, AMESA and EAP contributing 10%, 5%, 14% and 12.5% respectively.

The management of EPL has taken a region specific strategy to ensure that the every region is performing at the optimum level and is contributing generously to the revenues and profitability of the company. The company has taken cost effective measures like re-location of spare capacities to low cost manufacturing destinations like India, Poland attain economies of scale.

Region Specific Strategy

✍ AMESA (Africa, Middle East & South Asia; with operations in Egypt and India)

AMESA is the largest region for EPL, contributing roughly 40% of the total revenue. The company has operations spread across India, Bangladesh, Nepal, Africa and Middle East. EPL has eight facilities to service the AMESA region with six located in India and two in Egypt to service Middle East and Africa markets. The business in AMESA has grown at a steady growth and is expected to play a dominant role in the total revenues of the company. The company has taken few initiatives to maintain its dominant position in AMESA:

a) Consolidate position with key clients through long term contracts: EPL is in the process of consolidating its position with its key clients like Colgate, HUL, etc by signing a long term contract with them. This will provide a strong growth momentum in their earnings.

Nirmal Bang Research (Division of Nirmal Bang Securities Pvt. Ltd.)
B-2, 301/302, 3rd Floor, Marathon Innova, Off Ganpatrao Kadam Marg,
Lower parel (W), Mumbai - 400 013.
Tel - 3926 8000 / 8001; (Fax) 3926 8010
Website : www.nirmalbang.com

b) Aggressively grow in the value added Cosmetic and Pharmaceutical segments in India: Currently company's major chunk of the production of laminated tubes goes into the oral care segment. To increase its business prospects and to tap the non-oral care business, EPL is aggressively increasing the offerings to new segments like Pharma and Food. We believe this strategy will open up immense growth opportunities for the company.

c) Increase in capacity to capture demand: AMESA includes exposure to developing countries like India, Africa and Middle East which are experiencing growth potential. To capture the growth in the region, EPL has increased the capacity through brown-filed expansion and through re-location of plant capacities. We think this will give an added advantage to EPL to capture volume growth momentum.

Considering the above factors, we expect AMESA operations of the company to register a growth of 14% CAGR in FY11-13E period. We expect AMESA operations to maintain its EBIT margins owing to benefits from change in sales mix.

✍ EAP (East Asia Pacific; with operations in China, Philippines and Indonesia)

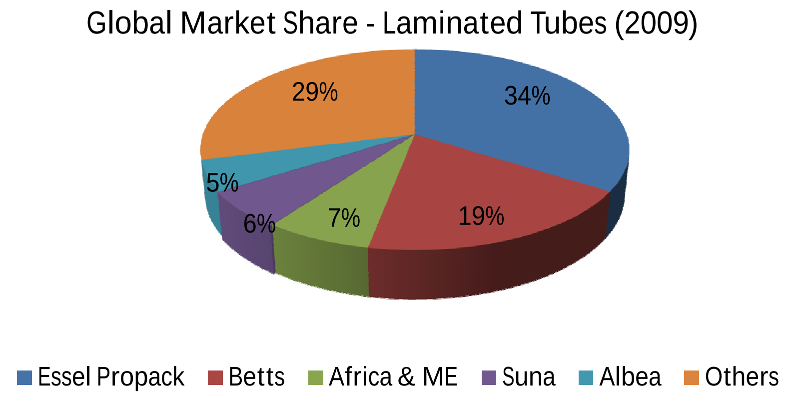
EAP operations are by far the most profitable operations for EPL with EBIT margins of around 30%. EAP largely covers China, Indonesia and Philippines, serviced through five manufacturing facilities. EPL's strategy is to nurture existing clients and add new clients. The few initiatives taken by the management has started giving fruits, which are as follows:

a) Consolidate position with key clients through long-term contracts: EPL is in the process of consolidating its position with its key clients by a long term contract with them. This will provide a strong earnings growth momentum by giving them assured business in this turbulent market conditions. EPL is also planning to expand capacity in the EAP region to maintain growth momentum and consolidate market share going forward.
b) Nurturing existing customers and adding new customers and targeting new sectors: EPL is trying to penetrate Pharma and food sectors for both laminated and plastic tubes, which are largely dominated by regional players in China. This will help the company to increase its customer base and get foothold in new sectors.

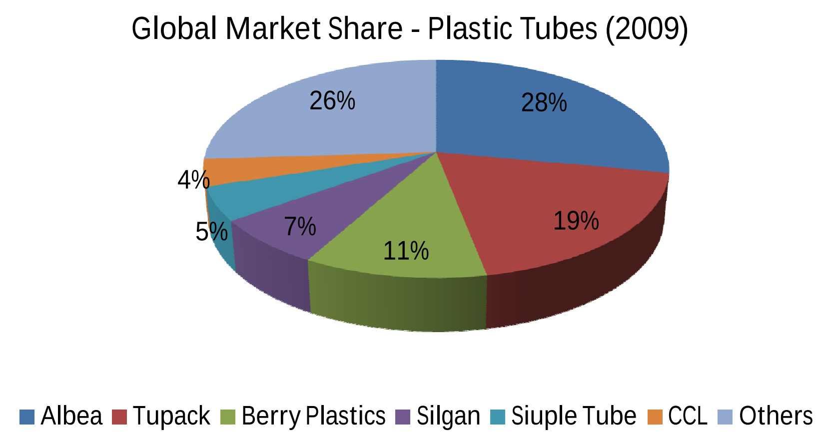
Considering the above factors, we expect its EAP operations to register a growth of 12.5% CAGR in FY11-13E period. We expect EAP operations to improve its EBIT margins owing to benefits from lower material costs and sustained control measures.

Diversification into Plastic tube and Flexible Packaging will balance the product portfolio for the company

EPL has a strong market position in laminated tubes with a world market share of 34% against 4% global share in plastics tubes. EPL has a low market share in the plastic tubes segment, which remains largely unexplored for the company. EPL's exposure is largely restricted to the FMCG sector for laminated tubes. Hence, Pharma and food sectors are untapped markets for both laminated tubes and plastic tubes segments.



Source: Company & Nirmal Bang Research



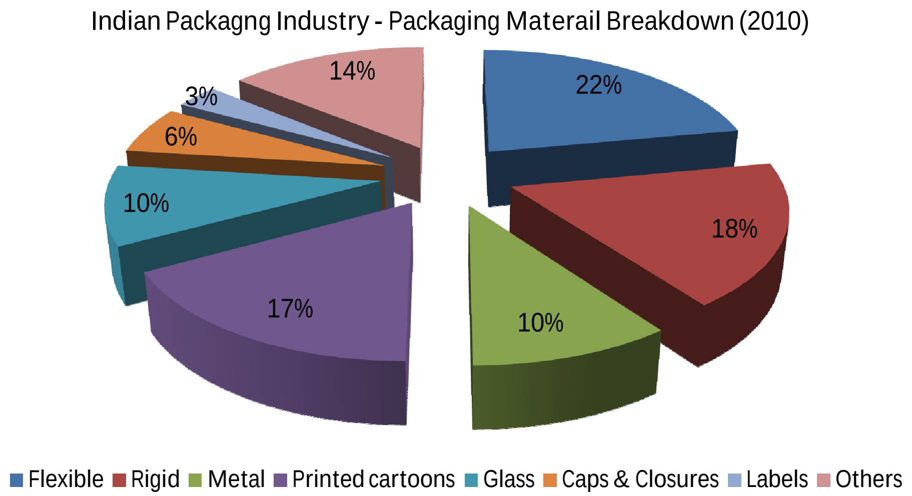
Source: Company & Nirmal Bang Research

EPL is addressing the key issue of de-bottlenecking the plastic tube capacity to process the large business volumes. EPL is aggressively pursuing non-oral clients and also exploring its existing clients in the oral care business. The company is also leveraging the existing clients in FMCG segment using laminated tubes for plastic tubes. The efforts of the management have started paying-off as the company has registered an increase of 28% revenue growth in the plastic tube category in FY11. The inclination of the management towards the plastic tubes can be understand through the fact that the plastic tube commands higher operating margin as compared to laminated tubes. Thus, we believe that with the increase in the usage of plastic tubes (through new addition of clients and through leveraging of existing laminated tubes clients), the operating margin for the company will improve.

Diversification in flexible packaging business through acquisition of Packaging India (PIPL)

The Indian economy is growing and so is the Packaging industry. Within India, increasing penetration of organized retail (including foreign players who are large consumers of flexible packaging solutions) and increasing preference for branded products has added fuel to the demand for flexible packaging solutions.

In the current scenario, number of traditional rigid packaging users is migrating to flexible packaging in a big way. The main reason for this is that flexible packages are found aesthetically attractive, cost-effective and sturdy. The food processing sector is the largest user of flexible packaging, accounting for more than 50% of the total demand. The segment is estimated to be grow at over 15% annually.

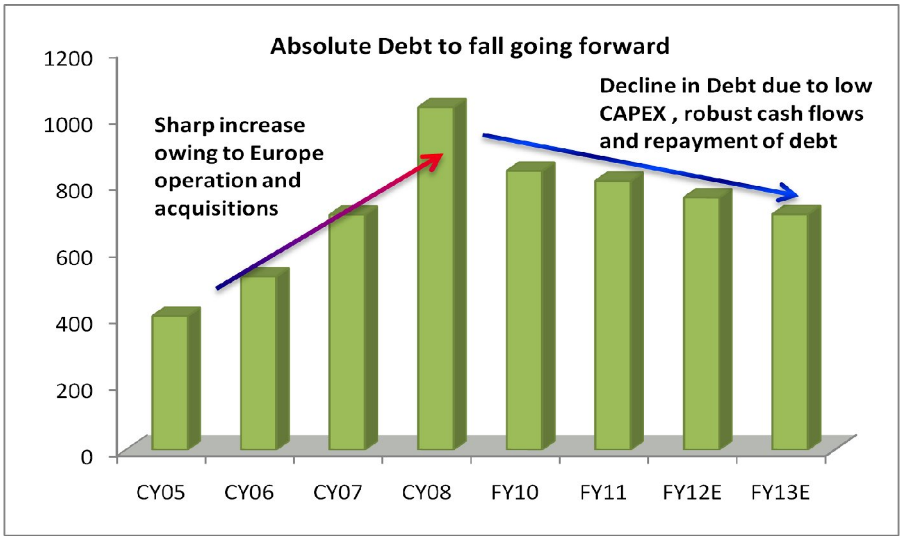


Source: Indian Institute of Packaging & Nirmal Bang Research

In a move to consolidate its position as the leader in the domestic packaging industry, Essel Propack (EPL) has acquired Packaging India (PIPL) for Rs 100 crores in CY 2006. PIPL enjoys a leading market position in the southern part of the sub-continent with substantial product breadth, sophisticated machinery and equipment, unmatched technology and uncharted development with expertise in creativity and innovation for the products. PIPL provides a good diversification into the high-end specialized flexible packaging industry to balance its portfolio in packaging industry. PIPL enjoys a good and reputed clientele base from the foods and the FMCG sectors. The industry has grown at 15% p.a, whereas; EPL has grown by 20% p.a. and we expect it to continue to grow at similar rate.

Debt de-leveraging program on track

Aggressive expansion plans, and acquisition of companies, has resulted in the increase of borrowed funds during CY05 – CY08 that has increased the debt/equity ratio of the company. The debt doubled from Rs. 403 crores in CY05 to Rs. 1031.4 crores in CY08.



Source: Company & Nirmal Bang Research

Over the period, the management has become increasingly judicious in its approach of using debt. The management is taking significant steps in reducing the burden of debt in their balance sheet. EPL's debt de-leverage program is on track and the management is continuously reducing its debt as planned. The management's prudent approach has resulted in debt reduction from Rs. 1000 cr in CY08 to Rs. 810 cr in FY11. Management is also planning to convert its Indian debt to offshore debt, which would reduce interest cost and thereby boost profitability going forward.

We expect the debt to reduce progressively from Rs 810 crores in FY11 to Rs 710 crores in FY13E – which will improve the balance sheet and operating matrix.

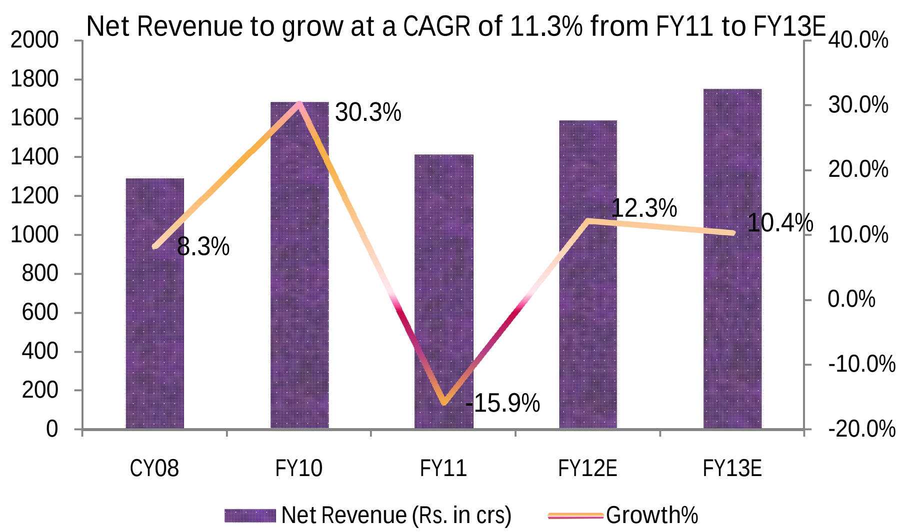
EPL's consolidated cash profit was at Rs.152cr in FY11 and do not have any big capex plans for near future. This gives us the confidence that the company is on track of reducing its debt burden in the balance sheet.

Near Term Margin expansion on back of lower Polymer Prices:

In the laminate tubes business, the contract prices are set on quarterly basis. Current quarter prices are based on average polymer prices (raw material) of previous quarter. The polymer prices moved up in Q4FY11 as compared to Q3FY11, hence EPL saw some margin contraction in Q4FY11. In Q1FY12 the polymer prices have come down as compared to Q4FY11. This is likely to improve margin in Q1FY12 and some near term improvement in performance of EPL is expected.

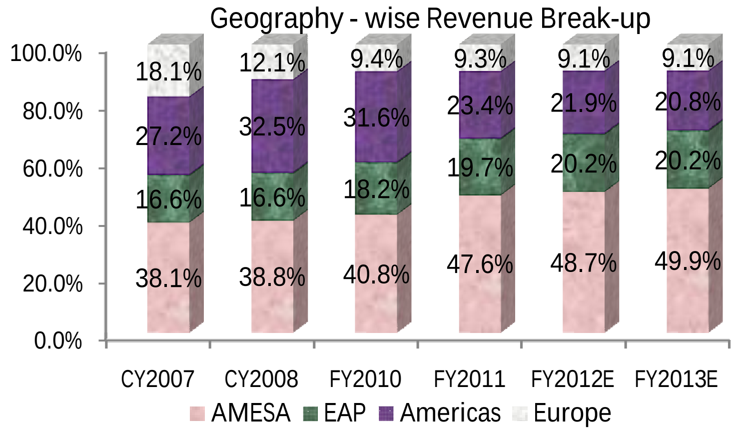
Financial Analysis

EPL has suffered a set-back in its growth due to the slowdown of business in Europe and Americas post CY08. To combat this financial slowdown, EPL has taken region specific initiatives with a view to regain its growth momentum. The management has taken a several initiatives like targeting newer clients, scaling up operations with existing clients, targeting new user industries and increasing exposure to plastic tubes which is likely to maintain current growth momentum. We expect revenues to grow at 11.3% CAGR from FY11 to FY13E with Europe, Americas, AMESA and EAP contributing 10%, 5%, 14% and 12.5% respectively. The increase in the performance from Europe and America will significantly contribute to the consolidated EBIT of the company, whereas, growth in the AMESA and EAP will continue to drive revenues.



Source: Company & Nirmal Bang Research

We expect AMESA to lead the growth.

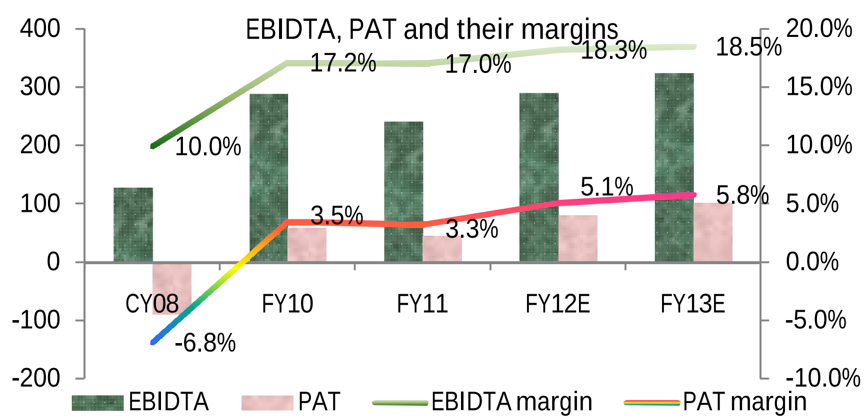


Source: Company & Nirmal Bang Research

Operating margins to improve in FY12E

EPL had been marred by the economic slowdown in Europe and Americas, resulting in the loss of revenue. Sky-rocketing raw-material prices has adversely impacted margins of the company during CY08-09.

To counter these ill-effects, EPL has gone for a complete make-over in its approach. The company has started dealing with the region specific problems. EPL has gone for a restructuring and reorganization in the regions to increase the operational efficiencies and effectively reducing the cost. It has also taken measures to enhance the production. The company has also started consolidating its manufacturing facilities - converting low cost manufacturing country to act as a hub for particular region, going in the non-oral care segment in a big way and addition of new clients. We expect these initiatives to drive the operating margins by 130 basis points in FY12E.



Source: Company & Nirmal Bang Research

Peer Comparison

We have tried to compare Essel Propack (EPL) with the Paper Product Ltd, as there are no immediate competitors. EPL was negatively impacted during the financial slowdown post CY08 as it has maximum global exposure (present in 12 countries). The company has taken several initiatives to be back on growth track. EPL is gearing itself to en-cash the opportunities available in the non-oral care segment where the presence of the company is insignificant. We believe that the margins for the company will improve going forward by 130 bps in FY12E owing to the change in sales mix by catering more customers in the non-oral care segment which commands better operating margins than the oral care segment plus converting low cost manufacturing facilities as a hub for catering to the entire region and consolidation of customers will provide enough fuel for the company to boost their profitability going forward. We believe that with the region specific initiatives, all the geographies where the company is present will showcase better performance thus, boosting consolidate earnings.

Companies	Sales	EBIDTA	EBIDTA%	PAT	PAT%	EPS	PE	EV/EBIDTA	P/BV	EV/Sales
Essel Propack	1415	241	17.0%	46.1	3.3%	2.9	15.4	5.8	0.8	0.8
Paper Product	743	87	11.7%	29.9	4.0%	4.8	15.0	5.4	1.6	0.6

Source: Company, Bloomberg Consensus & Nirmal Bang Research; FY11 numbers

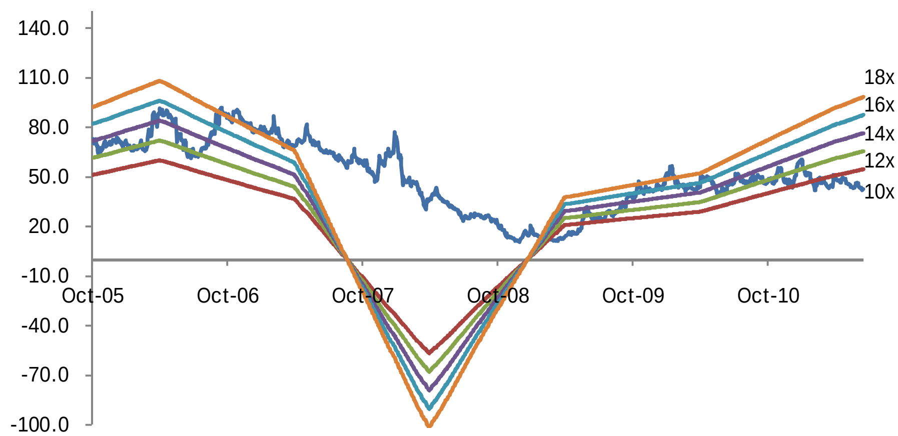
EPL is trading in line with its peer on most of the valuation parameters. Considering substantial improvement in operating margin in FY12 we feel EPL is better placed as compared to its peer.

Valuation & Recommendation

At CMP of Rs. 45, the stock is trading at a PE of 8.9x in FY12E and 6.5x in FY13E whereas on EV/EBITDA it is trading at 4.6x and 3.8x in FY11E and FY12E respectively. We believe that going forward EPL will be able to achieve its lost glory. We expect the losses from Europe to dwindle down; better performance by EAP and AMESA and stable performance by Americas will drive the consolidated earnings. We strongly believe that the restructuring in different geographies, plus robust demand from the FMCG sector and EPL holding as a dominant position with limited competitors will lead to the similar kind of performance of CY06 period. We are also of the opinion that the initiatives taken by the company will be more visible in FY12E.

We recommend to "BUY" the stock with a target price of Rs. 61 per share (PE of 12x in FY12E), an upside of 36% from current levels.

One year forward P/E



Nirmal Bang Research (Division of Nirmal Bang Securities Pvt. Ltd.)
B-2, 301/302, 3rd Floor, Marathon Innova, Off Ganpatrao Kadam Marg,
Lower parel (W), Mumbai - 400 013.
Tel - 3926 8000 / 8001; (Fax) 3926 8010
Website : www.nirmalbang.com

Risks & Concern

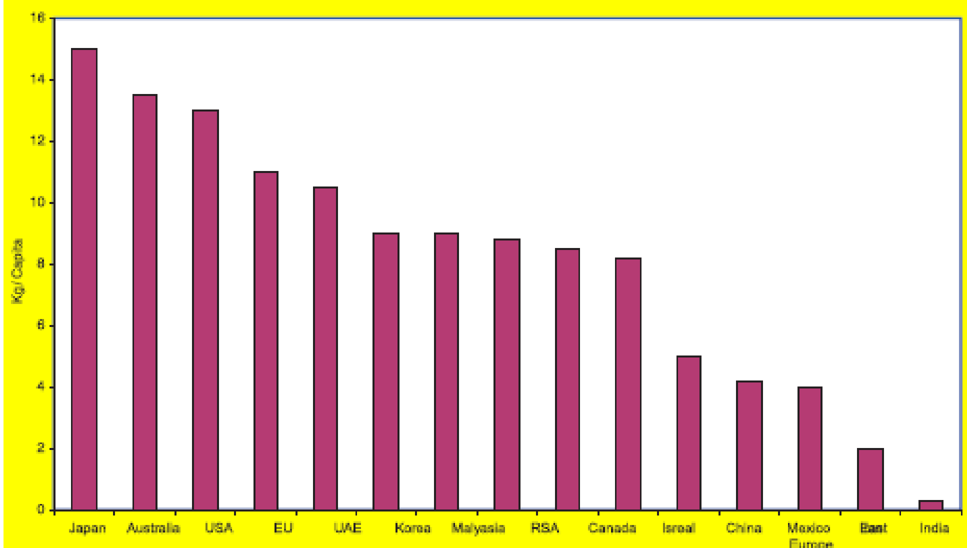
- Any adverse increase in costs of key raw materials like polymer, naptha may affect earnings.
- Adverse movements of foreign exchange will impact our margins estimates as the global exposure of EPL is huge.
- Contract negotiations with big clients take place after 3 years. Any major changes could lead to loss of business and diversion from our estimates.
- Our estimates based on improvement in Europe and Americas. Any further decline in the economy of these countries will erode margins and our estimates.

Indian Packaging Industry

India, one of the top ten economies in the world, has the second largest GDP amongst the emerging economies based on Purchasing Power Parity. The country's sheer size of economy has opened up new business opportunities to the world in all walks of business in general and packaging in particular. Packaging industry in India is one of the fast growing industries which have its influence on all industries directly or indirectly.

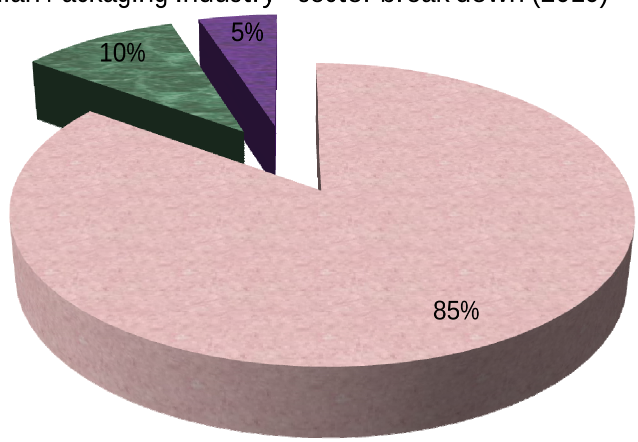
- The Indian packaging industry is currently $18.8 billion with a growth rate of 15% per annum. Growth rate is expected to double within coming two years. (Source: Indian Institute of Packaging)
- The large and fast growing Indian middle class population and the growth of organized retail sector are the catalysts to growth in packaging. The Indian middle class population is above 50 million and is expected to reach 583 million by 2025. (Source: Indian Institute of Packaging)
- The Indian retail market is currently valued at $511 billion and is expected to rise to $1.3 trillion by 2018. (Source: Indian Institute of Packaging)
- India's per capita packaging consumption is less than worldwide average which offers mammoth business opportunity to Indian packaging industry. (Source: Indian Institute of Packaging)

Global Packaging Industry



0.3 Kg/Capita packaging consumption of India in comparison to other countries shows the presence of immense untapped potential in Packaging Sector. (Source:www.npes.in)

Indian Packaging Industry - sector break down (2010)



Food & Beverage (US$97 million) Pharma (US$ 11 million) Others (US $6 million)

Source: Indian Institute of Packaging & Nirmal Bang Research

Initiating Coverage | ESSEL PROPACK LTD

Consolidated Financials

Profitability (Rs. Cr)	FY10 (15 m)	FY11	FY12E	FY13E
Y/E - March				
Revenues - Net	1682.2	1415.5	1586.2	1750.0
% change	*4.2%*	*5.2%*	*12.1%*	*10.3%*
Operating Profit	288.9	241.0	289.5	323.8
% change in OP	*79.9%*	*4.3%*	*20.1%*	*11.8%*
Interest	94.7	58.5	53.0	49.2
Other Income	11.93	3.73	4.77	5.72
EBDT	206.1	186.3	241.3	280.2
Depreciation	132.9	106.2	111.4	117.3
Extraordinary	-30.2	0.7	0.0	0.0
PBT	103.4	80.8	129.8	162.9
Tax	38.6	33.2	48.0	52.1
PAT	64.8	47.5	81.8	110.8
Share of Profit & loss	1.4	1.7	1.9	1.9
Minority Interest	6.3	3.2	3.5	4.0
PAT after MI	59.9	46.1	80.2	108.7
Adj.PAT	41.0	46.1	80.2	108.8
EPS	3.1	2.9	5.1	6.9
Adj EPS*	2.1	2.9	5.1	6.9
Cash EPS	10.1	9.8	12.3	14.6
DPS (Rs.)	0.3	0.5	0.6	0.7

Quarterly (Rs. Cr)	Jun.10	Sep.10	Dec.10	Mar.11
Revenue	331.48	367.45	364.28	348.71
EBITDA	56.29	68.32	60.10	56.28
Interest	14.04	15.49	14.42	14.52
EBDT	42.25	52.83	45.68	41.76
Dep	26.69	26.86	26.66	26.01
Other Inc.	0.97	0.72	0.72	1.32
Forex Gain / Loss	-1.74	-1.69	5.97	-0.50
Exceptional Items	0.00	0.00	0.00	-1.30
PBT	14.79	25.00	25.71	15.27
Tax	5.90	11.63	9.51	6.18
PAT	8.89	13.37	16.20	9.09
Share of profit from associate cos.	0.59	0.45	0.24	0.39
Minority Interest	0.85	0.36	0.84	1.11
PAT after MI	8.63	13.46	15.60	8.37
EPS (Rs.)	0.55	0.86	1.00	0.53

Operational Ratio	FY10 (15 m)	FY11	FY12E	FY13E
EBITDA margin (%)	17.2%	17.0%	18.3%	18.5%
Adj.PAT margin (%)	2.4%	3.3%	5.1%	6.2%
Adj.PAT Growth (%)	NA	40.4%	74.1%	35.7%
Price Earnings (x)	21.6	15.4	8.9	6.5
Book Value (Rs.)	48.6	50.5	55.0	61.3
ROCE (%)	8.1%	8.7%	11.4%	12.9%
RONW (%)	4.5%	6.1%	9.7%	11.9%
Debt Equity Ratio	1.1	1.0	0.9	0.7
Price / Book Value (x)	0.9	0.9	0.8	0.7
EV / Sales	1.0	1.0	0.8	0.7
EV / EBIDTA	6.1	5.8	4.6	3.8

Balance Sheet (Rs. Cr)	FY10 (15 m)	FY11E	FY12E	FY13E
Share Capital	31.3	31.3	31.3	31.3
Equity/Warrant	0.0	0.0	0.0	0.0
Reserves & Surplus	729.5	759.0	830.0	928.3
Net Worth	760.8	790.4	861.3	959.6
Minority Interest	8.3	9.8	11.4	13.4
Total Loans	839.8	809.8	759.8	709.8
Net Deferred Tax Assets	3.7	3.7	3.7	3.7
Total Liabilities	1612.6	1613.6	1636.2	1686.5
Net Fixed Assets	612.4	592.1	565.7	533.4
Investments	47.7	47.7	47.7	47.7
Goodwill	360.7	360.7	360.7	360.7
CWIP	58.0	58.0	58.0	58.0
Forex Diff	8.0	0.0	0.0	0.0
Inventories	164.3	208.1	226.0	244.5
Sundry Debtors	202.1	209.5	230.3	249.3
Cash & Bank	94.4	81.3	98.3	157.3
Loans & Advances	254.5	263.8	287.0	307.1
C A L&A	715.3	762.7	841.7	958.3
CL & P	197.4	213.6	241.6	273.5
Working Capital	517.9	549.1	600.1	684.8
Misc Exp	8.0	6.0	4.0	2.0
Total Assets	1612.6	1613.6	1636.2	1686.5

Cash Flow (Rs. Cr)	FY10 (15 m)	FY11E	FY12E	FY13E
Operating				
Profit Before Tax	73.2	80.0	129.8	162.9
Direct Taxes paid	-53.4	-33.2	-48.0	-52.1
Depreciation	132.9	106.2	111.4	117.3
Change in WC	6.4	-44.3	-33.8	-25.2
Interest Expenses	117.5	58.5	53.0	49.2
Other Non cash items	-42.9	2.0	2.0	2.0
CF from Operation	233.7	169.2	214.4	254.2
Investment				
Capex	-35.6	-86.0	-85.0	-85.0
Other Investment	130.0	0.0	0.0	0.0
Total Investment	94.5	-86.0	-85.0	-85.0
Free Cash Flow	328.2	83.2	129.4	169.2
Financing				
Equity raised/(repaid)	0.0	0.0	0.0	0.0
Inc/Dec in Reserves	0.0	0.0	0.0	0.0
Debt raised/(repaid)	-173.9	-30.0	-50.0	-50.0
Dividend (incl. tax) paid	-10.8	-7.8	-9.4	-11.0
Deferred Revenue Exp.	-5.5	0.0	0.0	0.0
Interest Expenses	-116.8	-58.5	-53.0	-49.2
Cash Flow from Fin Acti	-307.0	-96.3	-112.4	-110.2
Net Cash Flow	21.2	-13.0	17.0	59.0
Beginning Cash Flow	81.7	94.4	81.3	98.3
Less: Sale of subsidiaries	-8.5	0.0	0.0	0.0
Cash as in Bal Sheet	94.4	81.3	98.3	157.3

NOTE

Nirmal Bang Research (Division of Nirmal Bang Securities Pvt. Ltd.)
B-2, 301/302, 3rd Floor, Marathon Innova, Off Ganpatrao Kadam Marg,
Lower parel (W), Mumbai - 400 013.
Tel - 3926 8000 / 8001; (Fax) 3926 8010
Website : www.nirmalbang.com