

## Sabero Organics Gujarat Ltd.

Buy: Rs 80

Target: Rs 97

*Sabero Organics Gujarat Ltd is one of the leading manufacturers and suppliers of agrochemical products with global market share between 30-50 percent across different products. The company, with modest beginning in production of specialty chemical and intermediates in 1994, has emerged as a highly integrated player in the crop protection industry. Sabero generates nearly 2/3rd of its revenue from exports and has over 240 products registered in more than 50 countries which provides a strong entry barrier for new players. We initiate coverage on the stock with a 'BUY' rating.*

### Investment Rationale:

#### Strong entry barrier, with over 240 product registration in 50 countries:

The company has over 240 products registered in more than 50 countries. These are off-patented products and registrations are provided by EPA/Department of agriculture in respective countries, with average lead time ranging between 6 months to 3 years for various field trials. A company needs to first obtain the registration prior to actual distribution and supply of products. This registration also involves \$0.2-1.0 mn investment which itself creates a huge barrier for unorganized players.

Sabero presently enjoys an upper hand over its competitors in the form of strong entry barriers for new players in the crop protection industry.

#### An integrated player, with diversified product portfolio and geography:

Sabero has emerged as one of highly integrated players with both forward and backward integration, having presence in all forms of crop protection industry viz. Herbicides, Pesticides, Insecticides and Fungicides etc. in more than 50 countries covering all continents of the world. The Company is forward integrated into the manufacture of active ingredients, Acephate and Glyphosate in 1998 and subsequently in formulations. The company is completely backward integrated from yellow phosphorous for its insecticides products to monocrotophos and dichlorovos.

The company is further striving to expand its presence in more geographical locations through inorganic route, with strategic acquisition of companies to market its products. The company presently has 6 subsidiaries with the initial objective of obtaining the product registration and this enables company to build strong distribution network.

#### Expanding the product value chain through formulation business:

Apart from a diversified product base, Sabero has also forayed into the formulation business as a part of its brand and value building exercise. The Company's strategy is focused on building brands of formulations based on its own technical formulation such as Mancozeb (EmthaneM45), Glyphosate (Glyweed), Acephate (Acehero), Monocrotophos (Mophos) and Chloropyriphos (Robust), DDVP (Lava). The domestic formulation business is expected to grow nearly 3 fold to Rs200 crore in the next 2-3 years.

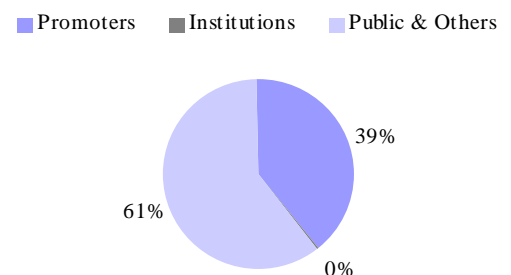
#### Valuations:

At the current price of Rs80, the stock is trading at 6.4x and 5.4x of its FY10E and FY11E earnings respectively. We recommend a buy on the stock with a price target of Rs97 by discounting FY11E EPS of Rs14.9 by 6.5x thus providing an upside potential of 21%.

#### STOCK DATA

BSE Code	524446
NSE Code	SABERORGAN
Bloomberg Code	SOG IN
52 Week High / Low (Rs.)	83 / 10
Face Value (Rs.)	10
Diluted Number of Shares (Crore.)	2.93
Market Cap. (Rs Crore.)	234
Avg. Yearly Volume	219585

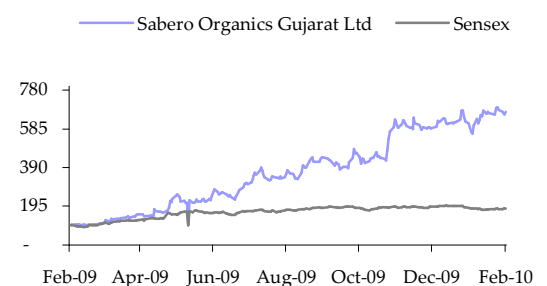
#### SHAREHOLDING PATTERNS (%) 31/12/2009



#### RATIOS

Particulars	2008A	2009A	2010E	2011E
PE (x)	39.5	11.4	6.4	5.4
P/BV (x)	4.5	3.2	2.2	1.6
EV/EBITDA (x)	10.8	5.8	3.7	3.3
EV/Sales (x)	1.4	0.8	0.7	0.6
Mcap/Sales (x)	1.1	0.6	0.5	0.4
ROE (%)	11.3	28.0	34.6	29.9
ROCE (%)	21.2	29.6	38.9	35.0

#### RELATIVE TO SENSEX



#### FINANCIAL SUMMARY

Year	Net Sales (Cr)	EBITDA (Cr)	PBT (Cr)	PAT (Cr)	EPS (Rs)	CEPS (Rs)	DPS (Rs)	BV (Rs)
2008 A	207.3	26.7	8.8	5.9	2.0	3.8	-	17.9
2009 A	377.3	51.0	28.7	20.4	7.0	8.9	-	24.9
2010 E	468.2	85.7	55.6	36.7	12.5	15.9	1.0	36.3
2011 E	573.5	106.1	66.4	43.5	14.9	19.9	1.2	49.8

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## Company background and business model:

Sabero Organics Gujarat Ltd is one of the leading manufacturers and suppliers of agrochemical products with a global market share between 30-50 percent across different products. The company initially started with the manufacturing of Organo Phosphorous Pesticide Intermediates, Phosphorus Trichloride (PCL3), Tri Methyl Phosphite (TMP) & DiEthyl ThioPhosphoryl Chloride (DETC), in 1994 and later emerged as an integrated player in the crop protection industry through forward and backward integration.

The company has presence in all forms of crop protection industry viz. Fungicides, Herbicides, Insecticides and Pesticides. Fungicides are the largest business segment contributing nearly 39 percent of revenue followed by insecticides 34, Herbicides 20 and Pesticides 7 percent. The Company is actively participating in all three segments of the pesticide market, viz. herbicides, fungicides and insecticides.

### Herbicides

The largest herbicide globally is Glyphosate, a broad-spectrum herbicide widely used to kill unwanted plants both in agriculture and non-agricultural landscapes, which is the single largest product consumed globally in the pesticide segment. The demand of this product has grown constantly and significantly as it is consumed for most genetically modified crops and also for crops like Maize which are being used as bio-fuels as per the recently introduced energy policy of the USA. The company recently obtained its registration of glyphosate technical in Europe and has complete backward integration in glyphosate from yellow phosphorous. The company is focusing on higher margin markets for glyphosate in Africa, Europe and Latin America.

### Fungicides

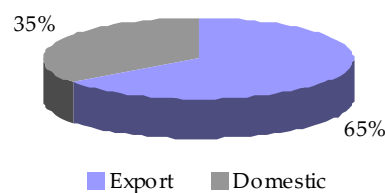
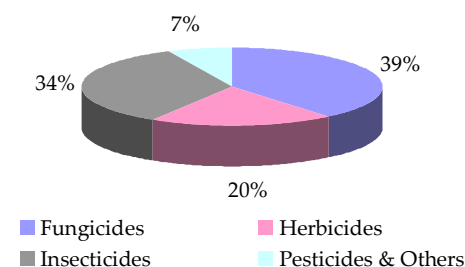
In fungicides, Mancozeb is the largest selling product, contributing over 35 percent of the revenue with global market size of \$500 million. The company has recently expanded its Mancozeb capacity to 30,000 MT which has potential to deliver \$125 million of revenue at full capacity. The company is the one of only two manufacturers of specialized liquid formulation of Mancozeb, namely Oil Suspension, Suspension Concentrate, Suspo Oil Emulsion and has gained a significant market share in the Banana segment in the Philippines, Ecuador, Guatemala, Cameroun, Costa Rica and Colombia. Dow Agro Sciences closed down their largest plant of 25,000 MT in France in October, 2008 due to high costs in Europe, thereby creating an opportunity for Sabero owing to a favorable demand-supply scenario.

### Insecticides

In the insecticide sector, one of the largest molecules globally is Chlorpyrifos. The demand for this product has increased globally, as some older molecules have been discontinued / replaced with Chlorpyrifos. Registration of chlorpyrifos was obtained in Brazil in 2009 and the company has received orders from Brazil in excess of half of its capacity from Brazil alone.

Sabero is also a significant player in acephate, one of the other large selling insecticides in the world and a major product in India, Brazil, USA, Argentina, Paraguay, and Japan. The company is registered as a source with three multinational companies for the USA market. Other important insecticide products for the company include monocrotophos and dichlorvos, where the company has complete backward integration from yellow phosphorous, giving the company a very competitive cost position and control over quality at every stage of manufacture.

### SEGMENT WISE REVENUE CONTRIBUTION



Source: SBICAP Securities Research / Company

### CURRENT CAPACITY (MT)

Finish Products	Capacity	Segment
PCL3	20,000	
TMP / TED	6000 / 5200	
DETC	2000	
Acephate	2600	Insecticides
Glyphosate	5000	Herbicides
Mancozeb	30,000	Fungicides
Monocrotophos	5980	Insecticides
Dichlorvos	1500	Insecticides
Chloropsyphos	2080	Insecticides

Source: SBICAP Securities Research / Company

## BROAD PRODUCTS CLASSIFICATION

Category	Products
Organo Phosphorous Pesticide Intermediates	Phosphorus Trichloride(PCL3) , Tri Methyl Phosphite(TMP) DiEthyl ThioPhosphorylChloride(DETC)
Technical	Mancozeb (Emthane M-45), Glyphosate (Glyweed), Acephate (Acehero), Monocrotophos (Mophos) and Chloropyriphos (Robust), DDVP (Lava).
Formulation	13 different products sold under different brand names

Source: SBICAP Securities Research / Company

Product Name	Segment	Product Description	Mkt. Share	Revenue Share	Competitors
Mancozeb	Fungicide	Globally largest selling Fungicide. Sabero is the second largest producer Market Size: \$500 mn	35%	35%	United Phosphorus Ltd. Indofil Chemicals
Glyphosate	Herbicide	Globally largest selling herbicide used in GM Crops. Completely backward Integrated i.e. Yellow Phosphorus. Market Size: \$ 4 bn	30%	20%	Monsanto Excel Crop Care
Monocrotophos	Insecticide	Amongst India's largest selling insecticides with Rs200 cr mkt. in India and Rs500 cr globally Market Size: \$100 mn	50%	**	United Phosphorus Ltd.
Acephate	Insecticide	Third largest insecticide in India it less toxic and has bright future  Market Size: Rs200 cr	30%	**	United Phosphorus Ltd. Rallis India Meghmani
Chloropyriphos	Insecticide	world's third largest selling Insecticide.  Market Size: \$500 mn	50%	**	Dow Chemicals Meghmani Gharda
Dichlorovos	Insecticide	Used both in agriculture and Domestic. Sabero has complete backward integration	35%	**	United Phosphorus Ltd.

\*\* All the insecticides together contributes nearly 34 percent of total revenue • Source: SBICAP Securities Research

## Risk factors:

- **Registration of products is time consuming process:** The agrochemical products first need to be registered with EPA/Department of Agriculture in respective countries prior to actual sale and supply of products. Such registration usually takes 6 months to 3 years from various field trials. In addition to that it also requires \$0.2-1.0 million as an investment for such registration.
- **Risk of exchange rate fluctuation:** The Company derived nearly 2/3rd of its revenue from exports and currently they do not hedge against exchange fluctuations. Since, the company also imports substantial amount of raw material, they have natural hedges which helps to nullify the risk. We believe, the company might face such risk in case of adverse exchange rate fluctuations.

~ Registration usually takes 6 months to 3 years from various field trials. In addition to that it also requires \$0.2-1.0 million as an investment for such registration.

## Industrial opportunities:

The global Agrochemical market is expected to grow at a CAGR of 10.4% from 2009 to 2014 to \$196 billion including Asia's share of nearly 43 percent.

With all the large agricultural nations like U.S, Brazil, China, India, Canada, Argentina, and Australia acting towards increasing their food yield for internal consumption as well as for export, the governments in these countries are encouraging the extensive usage of these agrochemicals. China and India are the world's largest consumers of agrochemicals, which has made Asia the dominating market; accounting for 43.1% of global agrochemical revenue in 2008.

With a growing global population, the pressure on the limited agricultural land is increasing and to meet this demand, agro-chemicals have proven to be a vital. Agro-chemicals, which includes fertilizers and pesticides, give a boost to the agricultural yield for agricultural land by providing nutrients and protecting the crops against pests and non-essential herbs.

Agriculture is the lynchpin of the Indian economy. Ensuring food security for more than 1 bn Indian population with diminishing cultivable land resource is a herculean task. This necessitates use of high yielding variety of seeds, balance use of fertilizers, judicious use of quality pesticides along with education to farmers and the use of modern farming techniques.

It is estimated that India approximately loses 18% of the crop yield valued at Rs.90,000 crore due to pest attack each year. The Indian pesticide industry with 85,000 MT of production during FY 07 is ranked second in Asia (behind China) and twelfth globally. In value terms, the size of the Indian pesticide industry was estimated at Rs7,400 crore in 2007.

Globally, due to consolidation in the industry, the top five global MNCs control almost 78% of the market. In India, the industry is very fragmented with about 30-40 large manufacturers and about 400 formulators.

The per hectare consumption of pesticide is low in India at 381 grams when compared to the world average of 500 grams. Low consumption can be attributed to fragmented land holdings, low level of irrigation, dependence on monsoons, low awareness among farmers about the benefits of usage of pesticides etc.

Yields per unit area of all crops have grown since 1950, due to the special emphasis placed on agriculture, steady improvements in irrigation, technology, application of modern agricultural practices and provision of agricultural credit and subsidies has created the green revolution in 60's. Still the average yield per hectares is 30-50 percent lower than the global average.

India, being a tropical country, the consumption pattern is also more skewed towards insecticides which accounted for 64% of the total pesticide. India due to its inherent strength of low-cost manufacturing and qualified low-cost manpower is a net exporter of pesticides to countries such as USA and some European & African countries. Exports formed 39% of total industry turnover in FY07 and have grown at a Compounded Annual Growth Rate (CAGR) of 18% from FY 03 to FY 07.

The world population is expected to increase to 9 billion by 2050 from 6 billion in 2000. The increase in the population also expected to put pressure on the arable land for agriculture which is also expected to decline from 2.2 hectares per person in 2000 to nearly 1.5 hectares in 2050. The rising population also requires doubling the agriculture output by 2050 to feed the huge population. The agrochemical industry is expected to play key role to boost the output of agriculture

Sabero is an important player in servicing the needs of the agriculture sector, both in India and abroad, thus foresees an excellent opportunity to participate in the growth of these sectors. The expansion plans completed by the Company have made it the second largest producer of Mancozeb and market leader in other products too.

Currently, India is the largest producer of pesticides in Asia and ranks twelfth in the world for the use of pesticides. A vast majority of the population in India is engaged in agriculture and therefore constitutes a large market for the pesticides used in agriculture. Ironically, Indian average consumption of pesticide is far lower than many other developed economies.

### GLOBAL CROP PROTECTION MARKET

Particulars	2008 \$ (Mn)	2007 \$ (Mn)	Growth (%)
Herbicides	19,625	16,115	21.8
Insecticides	9,235	8,016	15.2
Fungicides	10,355	8,105	27.8
Others	1,260	1,154	9.2
Total	40,475	33,390	21.2

Source: Croplife International Annual Report

### GLOBAL CROP PROTECTION MARKET BY REGION

Particulars	2008 \$ (Mn)	2007 \$ (Mn)	Growth (%)
NAFTA	8,325	7,507	10.9
Latin America	8,405	6,170	36.2
Europe	12,850	10,568	21.6
Asia	9,360	7,815	19.8
Rest	1,535	1,330	15.4
Total	40,475	33,390	21.2

Source: Croplife International Annual Report

### WORLD POPULATION BY 2050.

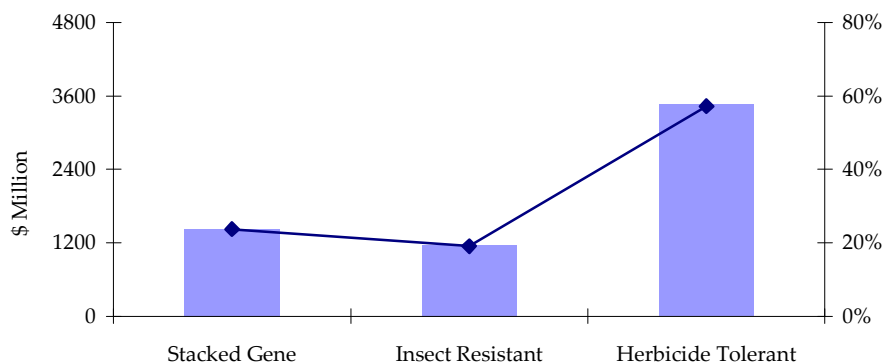
Year	Population in bn.	Arable Land per person (Hectares)
1960	3.0	4.3
1980	4.4	3.0
2000	6.0	2.2
2020	7.5	1.8
2050	9.0	1.5

Sources: Industry

### Outlook:

The agrochemical market is traditionally dominated by big agriculture nations like USA, Brazil, China, Australia etc owing to high labour cost coupled with favorable land holding size which enables the effective use of modern methods of cultivation. In India, the first priority of the farmers is to procure seeds and fertilizers; the use of agro chemicals is very limited to the extent of pesticides. Herbicides are rarely used as most of unwanted plants are remove manually and are use for cattle feeding.

#### GM CROP MARKET BY TRAIT



Source: Croplife International Annual Report

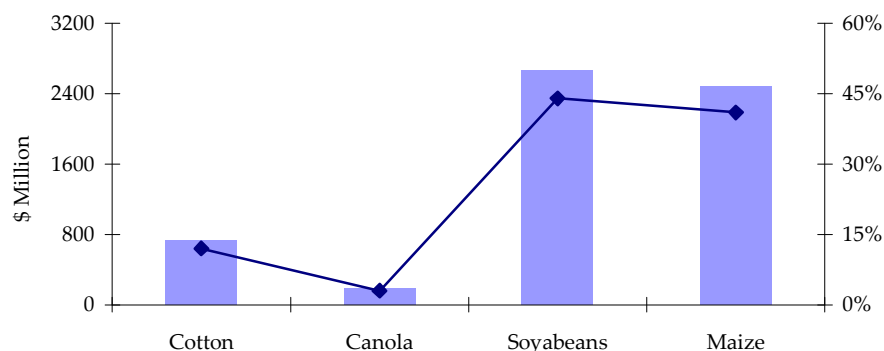
In order to keep pace with growing population and ensure the food security, the world is moving towards genetically modified (GM) crops for almost all the crops to enhance the yield. Since, all these GM is based on either of four agro protection products; we believe there is huge demand unfolding going forward for such products.

Sabero, due to its presence across all the segment of agro protection industry coupled with backward and forward integration, is all set to be a leader given its large product portfolio of over 240 products registered across more than 50 countries.

In addition, the company is further plans Rs50 crore capex to enter into more products in the above categories to expand its portfolio. Also the inorganic strategy to acquire similar companies overseas to create huge marketing network would further boost its geographical presence.

~ Sabero, due to its presence across all the segment of agro protection industry coupled with backward and forward integration, is all set to be a leader.

#### GM CROP MARKET BY CROP



Source: Croplife International Annual Report

### Earnings & Valuations:

We expect the net sales and profit of Sabero to growth at 23 and 46 percent CAGR to Rs574 and Rs44 crore during 2009A and 2011E period respectively. The sales growth is mainly on account of a large product portfolio of over 240 products registered in more than 50 countries which is a strong entry barrier to the new players. In addition, the company is also expanding the existing fleet of products by getting into new products within the agro protection industry through organic and inorganic route.

Sabero, being the second largest Mancozeb producer globally after the rapid capacity expansion, is expected to get more registrations in other countries which may boost the export sale. The margins at operating level is expected to be maintain between 16-20 percent and at net level it may range between 6-8 percent. Sabero mainly has short term contracts (quarterly) for supply of material and finished products; hence the margins of the contracts are insulated to that extent.

Compared to its peers, Sabero is undervalued on most valuation parameters. In addition, its margins are also fairly stable in comparison to its peers. We expect the margins to further improve owing to its overall business integration and rapid capacity expansion resulting into better economies of scale.

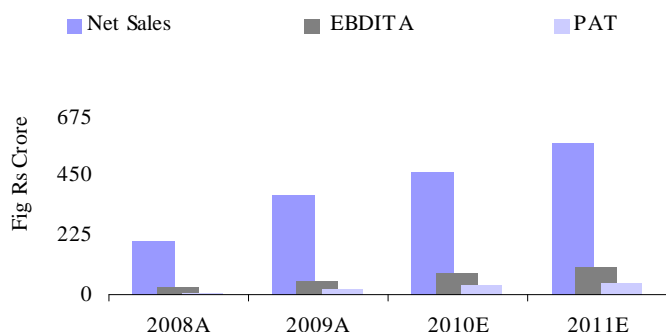
**At the current price of Rs80, the stock is trading at 6.4x and 5.4x of its FY10E and FY11E earnings respectively. We recommend a buy on the stock with a price target of Rs97 by discounting FY11E EPS of Rs14.9 by 6.5x thus providing an upside potential of 21%.**

#### RELATIVE VALUATION

Particulars.	Sabero Organics	Rallis India	United Phosp.
CMP (Rs)	80	1,235	158
TTM Sales (Rs Cr)	433.0	856.5	2,392.5
M.cap (Rs Cr)	234.2	1,600.6	6,944.9
PE (x)	6.9	16.8	39.1
EV / Sales (x)	0.7	2.0	3.7
EV / EBIDTA (x)	3.7	10.8	20.6
M.cap / Sales (x)	0.5	1.9	2.9
P / BV (x)	3.2	4.6	3.8
OPM (%)	18.4	18.1	18.1
NPM (%)	7.8	11.1	7.4

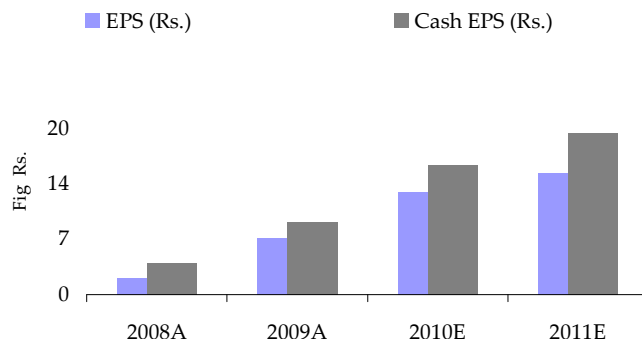
Source: SBICAP Securities Research / Company

#### NET SALES, EBDITA & PAT



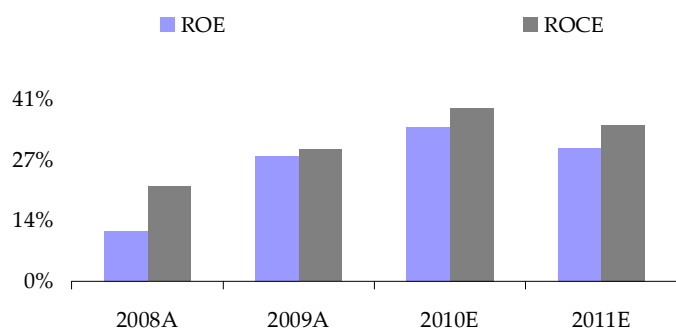
Source: SBICAP Securities Research

#### EPS & CASH EPS



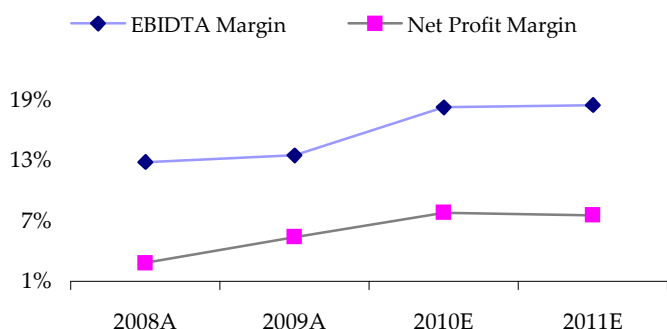
Source: SBICAP Securities Research

#### ROE & ROCE



Source: SBICAP Securities Research

#### EBIDTAM MARGIN & NET PROFIT MARGIN



Source: SBICAP Securities Research

## Financial Statements:

## Income Statement:

Figures in Cr.

Particulars	2008A	2009A	2010E	2011E
Net Sales	207.3	377.3	468.2	573.5
Other Income	2.4	1.9	2.3	2.9
<b>Total Income</b>	<b>209.7</b>	<b>379.2</b>	<b>470.5</b>	<b>576.4</b>
<b>Total Expenditure</b>	<b>180.7</b>	<b>326.4</b>	<b>382.5</b>	<b>467.4</b>
Material Consumed	136.4	256.5	298.2	361.3
As % of Sales	65.8%	68.0%	63.7%	63.0%
Other Operating Cost	44.3	69.9	84.3	106.1
As % of Sales	21.4%	18.5%	18.0%	18.5%
<b>EBDITA ( Excl OI)</b>	<b>26.7</b>	<b>51.0</b>	<b>85.7</b>	<b>106.1</b>
<b>EBDITA ( Incl. OI)</b>	<b>29.1</b>	<b>52.8</b>	<b>88.0</b>	<b>109.0</b>
Interest	15.0	18.5	22.6	27.7
<b>PBDT</b>	<b>14.0</b>	<b>34.4</b>	<b>65.5</b>	<b>81.3</b>
Depreciation	5.3	5.7	9.9	14.9
<b>PBT</b>	<b>8.8</b>	<b>28.7</b>	<b>55.6</b>	<b>66.4</b>
Tax	2.4	8.2	18.9	22.9
<b>Net Profit</b>	<b>6.3</b>	<b>20.4</b>	<b>36.7</b>	<b>43.5</b>
Extra-ordinary Item	0.4	0.0	-	-
<b>Adjusted PAT</b>	<b>5.9</b>	<b>20.4</b>	<b>36.7</b>	<b>43.5</b>
<b>Equity</b>	<b>29.2</b>	<b>29.2</b>	<b>29.3</b>	<b>29.3</b>
EPS	2.0	7.0	12.5	14.9
Cash EPS	4.0	8.9	15.9	19.9
FV	10.0	10.0	10.0	10.0

## Balance Sheet:

Figures in Cr.

Particulars	2008A	2009A	2010E	2011E
<b>Equity Capital</b>	<b>29.2</b>	<b>29.2</b>	<b>29.3</b>	<b>29.3</b>
Reserve and Surplus	23.0	43.6	76.9	116.4
<b>Net Worth</b>	<b>52.2</b>	<b>72.8</b>	<b>106.2</b>	<b>145.6</b>
Secured Loans	51.6	75.8	81.9	108.9
Unsecured Loans	3.7	4.3	5.2	5.7
<b>Loan Funds</b>	<b>55.3</b>	<b>80.1</b>	<b>87.0</b>	<b>114.5</b>
Deferred Tax Liability	4.6	6.3	7.9	8.7
Minority Interst	0.0	0.0	0.0	0.1
<b>Total Capital Employed</b>	<b>112.1</b>	<b>159.2</b>	<b>201.2</b>	<b>269.0</b>
Gross Block	106.2	143.1	160.1	189.4
Less: Accumulated Depreciation	48.0	53.6	63.5	78.3
<b>Net Block</b>	<b>58.2</b>	<b>89.5</b>	<b>96.6</b>	<b>111.1</b>
<b>Capital Work In Progress</b>	<b>1.3</b>	<b>2.4</b>	<b>2.9</b>	<b>30.5</b>
<b>Goodwill</b>	<b>-</b>	<b>2.1</b>	<b>-</b>	<b>-</b>
<b>Investments</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Inventories	39.7	50.8	57.4	67.5
Sundry Debtors	37.0	63.4	110.5	130.6
Cash and Bank Balance	13.3	18.5	9.5	18.8
Loans and Advances	23.8	40.6	51.5	63.1
<b>Total Current Assets</b>	<b>113.7</b>	<b>173.3</b>	<b>228.9</b>	<b>280.1</b>
Creditors	59.6	102.7	114.8	137.6
Provision	1.6	5.5	12.5	15.1
<b>Total Current Liabilities</b>	<b>61.2</b>	<b>108.1</b>	<b>127.2</b>	<b>152.8</b>
<b>Net Current Assets</b>	<b>52.5</b>	<b>65.2</b>	<b>101.7</b>	<b>127.3</b>
<b>Total Assets</b>	<b>112.1</b>	<b>159.2</b>	<b>201.2</b>	<b>269.0</b>

## Cash Flow Statement:

Figures in Cr.

Particulars	2008A	2009A	2010E	2011E
<b>Sources</b>				
PBT	8.8	28.7	55.6	66.4
Depreciation	5.3	5.7	9.9	14.9
Interest	15.0	18.5	22.6	27.7
Direct Taxes Paid	(2.4)	(8.2)	(18.9)	(22.9)
Change in WC	0.8	(7.5)	(45.5)	(16.3)
<b>Cash flow from operating activities</b>	<b>27.5</b>	<b>37.1</b>	<b>23.6</b>	<b>69.8</b>
(Increased ) / Decreased Capex	(4.8)	(38.0)	(17.4)	(57.0)
(Increased ) / Decresed in Investment	0.0	0.0	(0.0)	(0.0)
Other Investing Activies	3.4	(0.2)	3.7	0.8
<b>Cash flow from investing activities</b>	<b>(1.4)</b>	<b>(38.2)</b>	<b>(13.7)</b>	<b>(56.2)</b>
Issue of Shares	-	-	-	-
Change in Debt	(6.8)	24.8	6.9	27.5
Interest	(15.0)	(18.5)	(22.6)	(27.7)
Dividend	-	-	(3.4)	(4.0)
<b>Cash flow from financing activites</b>	<b>(21.9)</b>	<b>6.3</b>	<b>(19.0)</b>	<b>(4.2)</b>
<b>Net Change in cash</b>	<b>4.3</b>	<b>5.2</b>	<b>(9.0)</b>	<b>9.3</b>
<b>Opening Balance</b>	<b>9.0</b>	<b>13.3</b>	<b>18.5</b>	<b>9.5</b>
<b>Closing Balance</b>	<b>13.3</b>	<b>18.5</b>	<b>9.5</b>	<b>18.8</b>

## Important Ratios:

Particulars	2008A	2009A	2010E	2011E
<b>(A) Measures of Performance (%)</b>				
EBIDTAM. excl. O. Inc. (%)	12.9	13.5	18.3	18.5
Gross Profit Margin (%)	6.8	9.1	14.0	14.2
Total Tax/PBT (Total Tax Rate) (%)	27.6	28.7	34.0	34.5
Net Profit Margin (%)	2.9	5.4	7.8	7.6
<b>(B) Measures of Financial Status</b>				
Debt / Equity (x)	1.1	1.1	0.8	0.8
Debtors Period (days)	64.2	60.5	85.0	82.0
Creditors Period (days)	118.7	113.2	108.0	106.0
Inventory Period (days)	79.0	56.1	54.0	52.0
<b>(C) Measures of Investment</b>				
EPS (Rs)	2.0	7.0	12.5	14.9
Book Value (Rs)	17.9	24.9	36.3	49.8
Earning Yield (%)	2.5	8.7	15.7	18.6
Return on Net Worth (%)	11.3	28.0	34.6	29.9
Return on Cap. Employed (%)	21.2	29.6	38.9	35.0
<b>(D) Measures of Valuation</b>				
P/E (x)	39.5	11.4	6.4	5.4
M. Cap to Sales (x)	1.1	0.6	0.5	0.4
EV/Sales (x)	1.4	0.8	0.7	0.6
EV/EBDITA (x)	10.8	5.8	3.7	3.3

Source: SBICAP Securities Research

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## Retail Research Reports - Recent '*Initiating Coverages*'

Date	Scripts	Recom. on INR	Rating	Target Price INR	Time Frame
29-Jan-10	Ankur Drugs & Pharma	195.00	Buy	239.00	12 Months
12-Jan-10	Kirloskar Brothers	248.00	Buy	297.00	12 Months
05-Jan-10	Excel Crop Care	151.00	Buy	184.00	12 Months
29-Dec-09	Om Metals Infraprojects	30.00	Buy	39.00	12 Months
05-June-09	Ess Dee Aluminium	352.00	Buy	432.00	12 Months

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