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Advisory Desk

January 14, 2012

Abbott India

M&A, strategic alliance gives a headstart

Abbott India (AIL), a 50.44% subsidiary of Abbott Capital India Ltd., UK, is involved in the manufacture and marketing of pharmaceutical, diagnostic, nutritional and hospital products. Consolidation of Solvay Pharma India Ltd. (SPIL) with the company is expected to improve operating efficiencies, leading to expansion of EBITDA margin and an extended product portfolio with addition of brands from SPIL. We expect the company to post a 24% CAGR top-line over CY2010-13E on the back of continued focus on advertising, increased employee expenses, new therapeutic segments and its agreement with Zydus Cadila. At the current price of ₹1,434, the stock is trading at 13.9x CY2013E EPS, which we believe is attractive for an MNC. **We Initiate Coverage on AIL with a Buy rating and a target price of ₹1,852.**

Synergies with SPIL to improve the business model: Amalgamation of SPIL with AIL expanded the company's product portfolio, giving access to untapped therapeutic segments, in addition to increasing exposure to its existing therapeutic segments. Besides increased revenue, the synergy between the two companies is expected to improve operating efficiencies, thus leading to margin expansion.

Multiple revenue drivers to facilitate 24% CAGR top-line growth: AIL's expenditure on advertisement and employee as a percent of sales has been continuously increasing since CY2006. Continued focus on these factors is expected to drive revenues going forward. Moreover, AIL's focus on therapeutic areas such as diagnostics and nutrition; and its agreement with Zydus Cadila (India) to market 25 products in emerging markets from CY2013E could further add to revenues.

Debt-free, cash-rich with higher returns: We expect AIL's cash reserves and RoIC to increase to ₹594cr and 114.3%, respectively, by CY2013E, aided by additional cash from SPIL, which was also a cash-rich company. Due to excess cash in the books, we believe it may be a potential delisting candidate.

Key financials

Y/E December (₹ cr)	CY2010	CY2011E	CY2012E	CY2013E
Net sales	**1,037**	**1,516**	**1,734**	**1,979**
% chg	*30.5*	*46.2*	*14.4*	*14.1*
Net profit	**61**	**135**	**180**	**219**
% chg	*(21.4)*	*120.8*	*33.4*	*21.6*
EBITDA (%)	6.7	13.0	13.8	14.3
EPS (₹)	**44.6**	**63.4**	**84.6**	**102.9**
P/E (x)	49.9	22.6	16.9	13.9
P/BV (x)	10.0	5.4	4.3	3.5
RoE (%)	21.2	30.9	28.4	27.7
RoCE (%)	24.0	41.2	34.9	33.4
EV/Sales (x)	2.8	1.8	1.5	1.2
EV/EBITDA (x)	41.2	13.6	10.7	8.5

Source: Company, Angel Research

BUY	
CMP	₹1,434
Target Price	₹1,852
Investment Period	12 Months

Stock Info	
Sector	Pharmaceuticals
Market Cap (₹ cr)	3,046
Beta	0.4
52 Week High / Low	176 / 292
Avg. Daily Volume	1,667
Face Value (₹)	10
BSE Sensex	16,155
Nifty	4,866
Reuters Code	ABOT.BO
Bloomberg Code	BOOT IN

Shareholding Pattern (%)	
Promoters	75.0
MF / Banks / Indian FIs	5.3
FII / NRIs / OCBs	2.3
Indian Public / Others	17.5

Abs. (%)	3m	1yr	3yr
Sensex	(4.3)	(15.8)	78.1
ABBOTINDIA	(1.2)	12.2	247.5

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Investment arguments

Synergies with SPIL to improve the business model

Product portfolio to expand – Giving access to newer segments

Expansion of product portfolio and access to new therapeutic segments to drive future top-line growth

AIL had a gastroenterology portfolio comprising *Digene, Cremaffin and Ganaton. Digene* is the market leader in the antacid segment with 35% market share, while *Cremaffin* is a leader in the laxative segment. With the addition of *Duphalac, Creon and Udiliv* through the merger of SPIL, the company would become a leader in the gastroenterology segment in India.

The company would also gain access to the women's health segment with products such as *Duphaston, Duvadilan, Pro-9, Life and B-crip* post-merger. *Duphaston* contributed 23% to the total revenue of SPIL in CY2010.

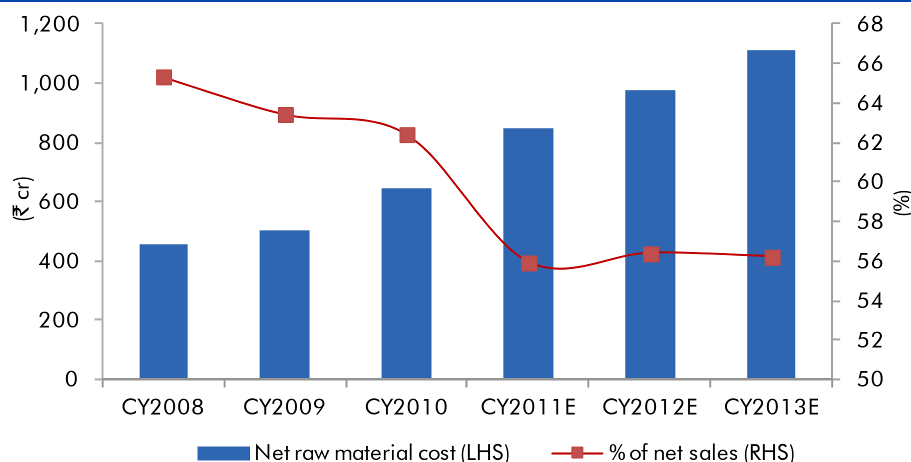
Moreover, AIL's CNS portfolio will strengthen with the addition of SPIL's *Vertin*, a market leader in the vertigo segment in India.

Contribution margin to witness an uptrend

Better product mix facilitates superior margins

The company's net raw-material cost as a percent of sales is expected to decline to ~56% in CY2013E from 62.4% in CY2010 on account of change in business mix for the combined entity. As a result, the contribution margin will witness a northward shift from an average of ~11% for CY2006-10 to 14.3% in CY2013E.

Exhibit 1: Declining raw-material cost (%) to expand EBITDA margin



*Source: Company, Angel Research(*CY2011E-13E are consolidated results for AIL and SPIL)*

Extended therapeutic focus & alliances to facilitate growth

Focus on therapeutic segments like nutrition and diagnostic, along with the marketing agreement with Zydus Cadila to drive top-line growth

AIL is present across different segments such as pain management, gastroenterology, metabolic, urology, thyroid, diabetes, neurology, anesthesiology and neonatology. The company has some of the leading pharmaceutical brands such as *Digene, Cremaffin, Brufen, Thyronorm, Zolfresh and Pediasure,* which are the main revenue drivers. The company has collaborated with the government and schools to increase awareness about child nutrition, thus expanding its focus on the nutritional segment with its product *Pediasure*, which is a market leader in nutrition products. AIL also plans to increase its exposure in the diagnostics segment, which has immense growth prospects. We believe these measures would significantly increase the company's revenue over 2-3 years.

The company recently entered into an agreement with Zydus Cadila to market 25 products in 14 emerging markets from CY2013E, which would add to company's revenue going forward.

Cash-rich company with higher return ratios

Cash rich company - A potential for delisting

AIL is a debt-free company with cash reserves of ₹189cr as of December 2010, and RoE and RoIC of 21.2% and 65.6%, respectively, for CY2010. Post the merger with SPIL, which was also a debt-free entity with cash reserves of ₹51cr for CY2010, we expect the cash to increase to ₹330cr by CY2011 end, while RoE and RoIC would increase to 30.9% and 115.4%, respectively, for CY2011E. Due to high cash reserves in the books, we believe there is a potential that the company may go for delisting.

Financials

Exhibit 2: Key assumptions

	CY2011E	CY2012E	CY2013E
Revenue growth (AIL)	12.5	12.9	12.3
Revenue growth (SPIL)	19.5	19.0	19.8
Operating margin (%)	13.0	13.8	14.3

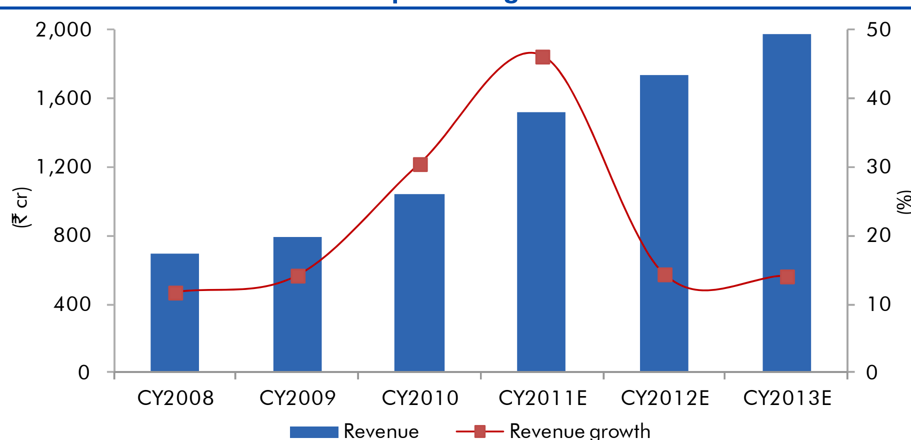
Source: Company, Angel Research

Top line to grow at a 24% CAGR over CY2010-13E

We expect net sales to post a CAGR of 24% over CY2010-13E driven by merger with SPIL, increasing focus on advertisement and raising employee count.

We expect the company's revenue to grow at a CAGR of 24% over CY2010-13E, from ₹1,037cr to ₹1,979cr. The 46% yoy surge in revenue in CY2011E is due to consolidation of results with SPIL.

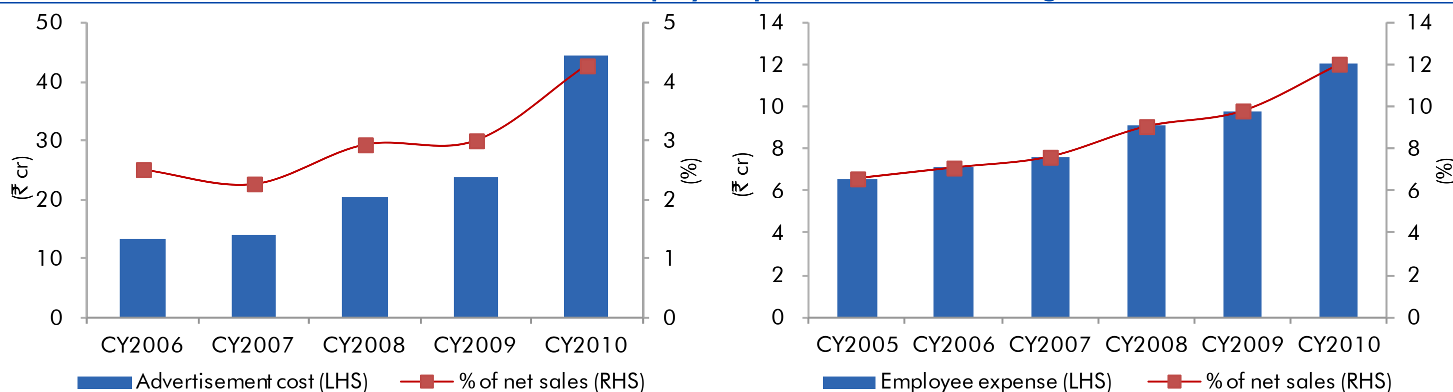
Exhibit 3: Revenue accelerates post merger



*Source: Company, Angel Research (*CY2011E-13E are consolidated results for AIL and SPIL)*

Advertisement spends (percent of sales) increased from 2.5% in CY2006 to 4.3% in CY2010; while employee expenses (percent of net sales) increased from 7.1% in CY2006 to 12% in CY2010, enabling increase in employee count by 34% yoy in CY2010 to 1,747. We expect the company to maintain its focus on these expenses which form a critical part of the pharmaceutical industry thus facilitating medium to long term revenue growth.

Exhibit 4: Continued focus on advertisement and employee spend to drive revenue growth



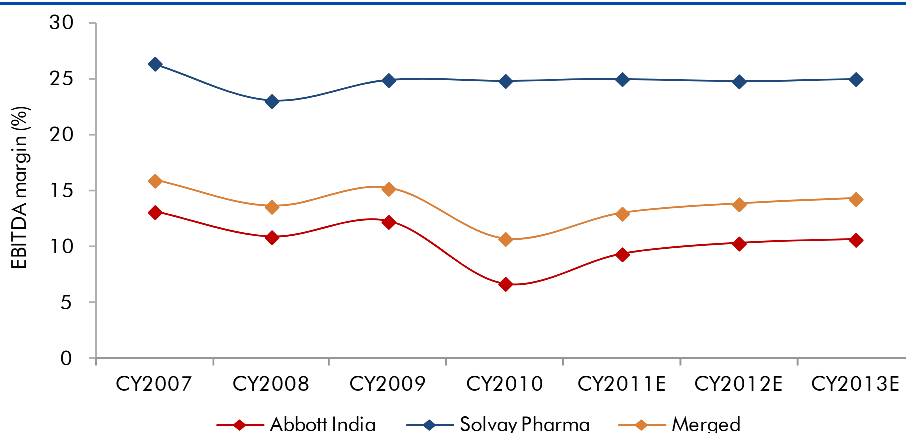
Source: Company, Angel Research

Blended EBITDA margin to witness expansion

Higher EBITDA margins for SPIL and better operating efficiencies facilitate expansion of EBITDA margin for merged entity.

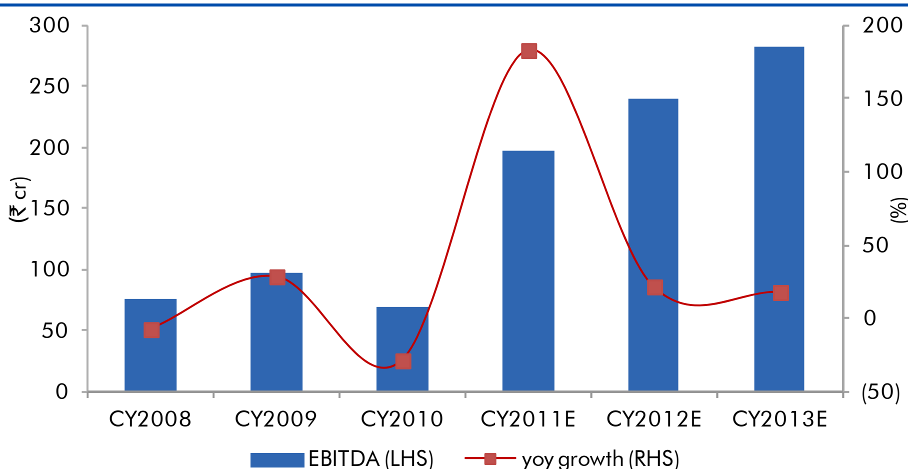
Average EBITDA margin for SPIL was at ~24% for the past five years, while that of AIL has been at ~11% for the same period. Due to operating efficiencies post the merger, we expect EBITDA margins to expand to 14.3% in CY2013E.

Exhibit 5: Higher blended EBITDA margin vs. standalone (AIL) margins



Source: Company, Angel Research

Exhibit 6: EBITDA headed northwards



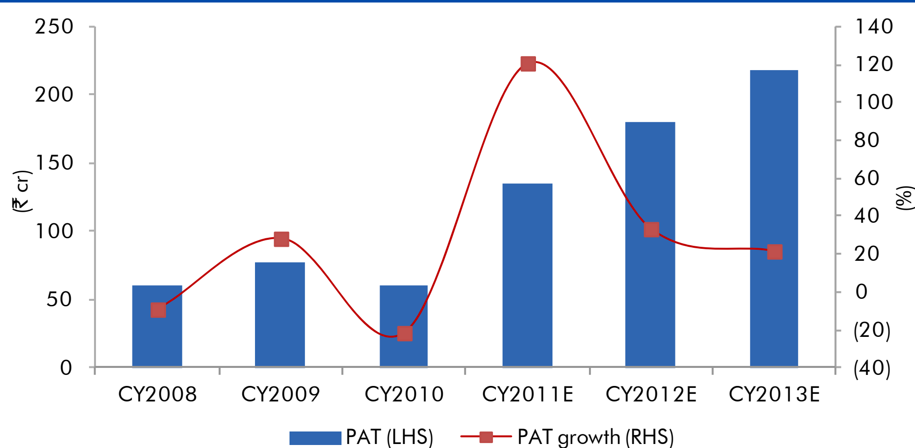
*Source: Company, Angel Research (*CY2011E-13E are consolidated results for AIL and SPIL)*

Improved business model to augment profit growth

Better net profit growth expected on account of enhanced business model

Amalgamation of AIL and SPIL along with other initiatives like focus on new therapeutic areas and Zydus Cadila agreement is expected to improve business model for the merged entity. This would lead to better revenue and expansion of EBITDA margin thus leading to better profitability. Hence, we expect the company's net profit to post a CAGR of 53% over CY2010-13E, from ₹61cr in CY2010 to ₹219cr in CY2013E.

Exhibit 7: PAT to grow at 53% CAGR over CY10-13E



*Source: Company, Angel Research(*CY2011E-13E are consolidated results for AIL and SPIL)*

Relative valuation

AIL ranks second among MNC pharmaceutical companies in terms of revenue after GlaxoSmithKline Pharma. Post the merger with SPIL on January 1, 2011, the company has moved upwards in its ranking (based on revenue) from the 4th position as of December 2010 to the 2nd position as of September 2011, overtaking Pfizer and Aventis Pharma. The company is trading at cheap valuations of 1.9x its EV/Sales as compared to its peers.

Exhibit 8: Peer comparison

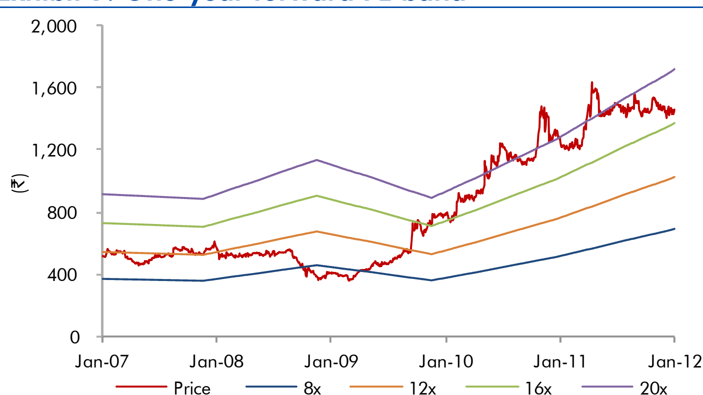
	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	RoE (%)	PE (x)	P/B (x)	EV/Sales (x)	EV/EBITDA (x)
Glaxo	2,397	22.8	645	76.2	31.0	25.7	8.0	6.2	27.0
AIL	**1,455**	**11.1**	**89**	**41.8**	**17.6**	**34.3**	**6.0**	**1.9**	**17.1**
Aventis	1,276	21.1	207	89.8	18.7	25.3	4.7	3.7	17.5
Pfizer	1,083	17.4	176	59.0	14.1	18.6	2.6	2.2	12.7
Novartis	792	20.6	153	47.9	19.5	13.2	2.6	2.5	12.3
Wyeth	555	33.1	111	49.0	24.1	17.3	4.2	2.9	8.6
Astrazeneca	550	17.8	62	24.6	28.3	63.3	17.9	7.0	39.1

Source: Company, Angel Research (all figures are last 3 quarter annualized)

Outlook and valuation

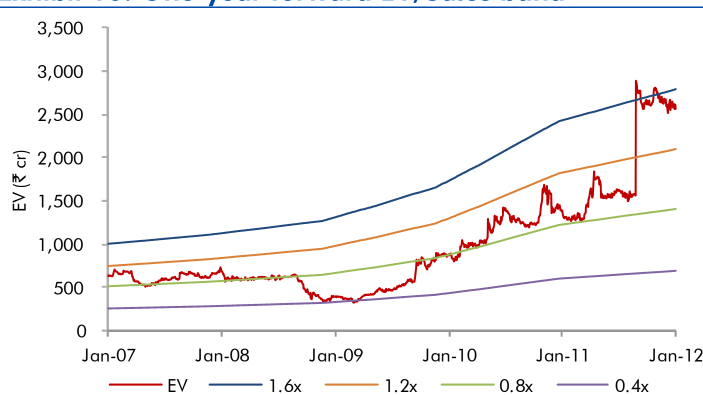
We expect the company's revenue and profit to post a CAGR of 24% and 53%, respectively, over CY2010-13E, along with EBITDA margin expansion from an average of ~11% for AIL for CY2006-10 to 14.3% for CY2013E. The stock is currently trading at a PE of 13.9x and EV/Sales of 1.2x based on CY2013E financials, which is considered cheap for an MNC pharmaceutical company. Hence, we Initiate Coverage on the stock with a Buy recommendation and a target price of ₹1,852, based on target PE of 18x for CY2013E and implied EV/sales of 1.7x for CY2013E.

Exhibit 9: One-year forward PE band



Source: Company, Angel Research

Exhibit 10: One-year forward EV/Sales band



Source: Company, Angel Research

Key concerns

Shift of focus to the unlisted subsidiary

Abbott Laboratories, USA, bought the healthcare solution business from Piramal Healthcare Ltd. (PHL) for a consideration of US$3.8bn, which was transferred to the unlisted subsidiary, Abbott Healthcare Pvt. Ltd (AHPL). The transfer included manufacturing facilities at Baddi, Himachal Pradesh; rights to approximately 350 brands and trademarks; and ~5,000 employees relating to its domestic formulations business. Since the unlisted subsidiary is 100% owned with extended portfolio from Piramal's healthcare business, there is a possibility that the parent company shifts its focus to the unlisted entity. Also, the merger would limit listed AIL's access to untapped therapeutic segments where PHL already exists.

Exhibit 11: Therapeutic segments of different companies

Segment	Abbott U.S	AIL	SPIL	AHPL	PHL
CNS	√	√	√	√	√
Gastroenterology	√	√	√	√	√
Pain Mgmt	√	√	√	√	√
Metabolic	√	√	√	×	×
Anesthesia	√	√	×	×	√
Neonatology	√	√	×	×	×
Women Health	√	×	√	√	×
Vaccine (Influenza)	√	×	√	×	×
Cardiovascular	√	×	×	√	√
Diabetes	√	√	×	√	√
Oncology	√	×	×	×	√
Dermatology	×	×	×	√	√
Orthopedic	×	×	×	×	√
Respiratory	×	×	×	√	√
Hepatitis	√	√	×	×	×
Immunology	√	×	×	×	×
Lipid Mgmt	√	×	×	√	×
Ophthalmology	√	×	×	√	×
Virology	√	×	×	×	×
Hormonal Treatment	√	×	√	√	×
Anti-infective	√	×	×	√	√
Urology	√	√	×	×	×
Stomatolosy	×	×	×	√	×
Nutritional	√	√	√	√	√

Source: Company, Angel Research

(√ indicates presence in the therapeutic segment and × indicates absence in the therapeutic segment)

Impact of the new drug pricing policy

The New Pharmaceutical Pricing Policy (NPPP) draft note released by Department of Pharmaceutical in 2011 is set to replace the Drug Policy of 1994. This new policy is based on the revised National List of Essential Medicines (NLEM) released in 2011, which includes 348 drugs instead of 74 drugs previously.

Following are the three key principles of the policy:

- **Essentiality of drugs:** The policy would include drugs listed in NLEM 2011, prepared on the basis of essentiality of drugs, rather than market share principle implemented earlier
- **Market-based pricing (MBP):** As per the policy, ceiling price would be decided on the basis of Weighted Average Price (WAP) of the top three brands in the segment. Price hikes would be allowed on an annual basis (on April 1) to the limit of change in Wholesale Price Index (WPI) for manufactured goods. In case of a decline in WPI, a corresponding reduction in the ceiling price would be obligatory.
- **Control of formulation prices only:** According to this principle, only the prices of formulation would be under control, rather than the bulk drugs and its formulations in the previous policy.

A higher number of drugs in the ambit of price control could hinder the profitability of the company.

Company background

AIL is a 50.44% subsidiary of Abbott Capital India Ltd., UK, which is a subsidiary of Abbott Laboratories, USA. The company has a strong distribution network with 18 distribution points, which caters to 11,000 stockists and 70,000 retailers. AIL had over 1,747 employees as on December 2010 and a formulation facility at Verna, Goa.

The company caters to five main segments, as follows:

Primary care: This segment mainly caters to pain management and gastroenterology drugs with brands such as *Brufen, Cremaffin, Cremahep, Surbex and Ganaton*.

Specialty care: This segment comprises therapeutic segments such as metabolics, thyroid, diabetes and CNS with brands like *Thyronorm, Zolfresh and Obimet*.

Hospital care: This segment deals in anesthesiology and neonatology drugs, including *Forane, Sevorane, Survanta, Anatol IV* and *Pediasure*.

Consumer healthcare (OTC): The OTC segment consists of *Digene*, a market leader for antacids in India since the past six decades with a market share of 35%. In August 2010, the company launched *Digene Fastmelt*, a line extension of *Digene*.

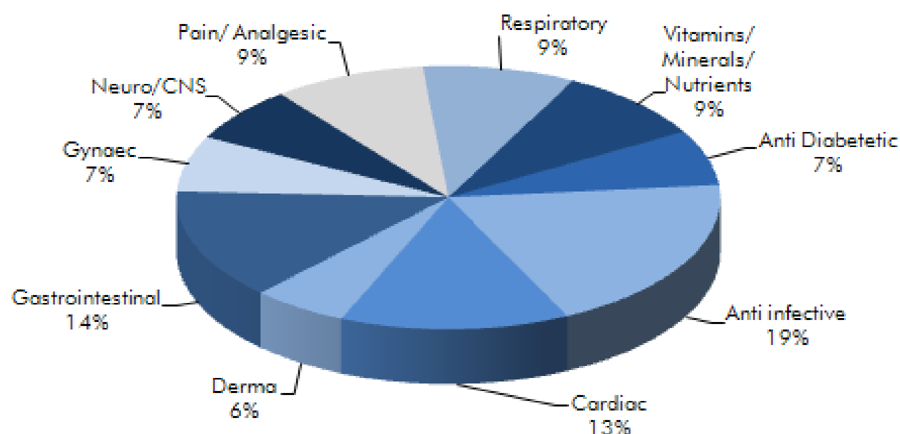
Super speciality care: The company has forayed into the hepatic care sector in 2010 with the launch of the brand *Heptral*, a leading international hepatoprotector. It is the first and only brand of Ademetionine (SD4 salt) approved in India by DCGI.

Synergies with SPIL will take the company to leadership position in the gastroenterology segment with the addition of products such as *Duphalac, Creon* and *Udiliv*. AIL will also gain access to the growing women's health segment through Solvay's branded portfolio comprising *Duphaston* and *Duvadilan*. In addition, the company would strengthen its position in the CNS arena with the addition of *Vertin*, a market leader in the vertigo segment.

Industry

The Indian pharmaceutical Industry (IPI) is globally the third largest producer of medicines by volume, with a production turnover of over ₹1lakh crore in 2009-10, comprising about ₹62,055cr of the domestic market and ₹46,787cr of exports. In terms of value, the IPI stands at the 14th position globally due to low-price Indian medicines.

Exhibit 12: Composition of total domestic sales



Source: AIOCD, CRISIL , Angel Research

The pharmaceutical industry is divided into two major segments – acute therapy segment and chronic therapy segment.

The acute therapy segment includes therapeutic segments such as anti-infectives, gastroenterology, pain management and analgesic, which are commoditized in nature.

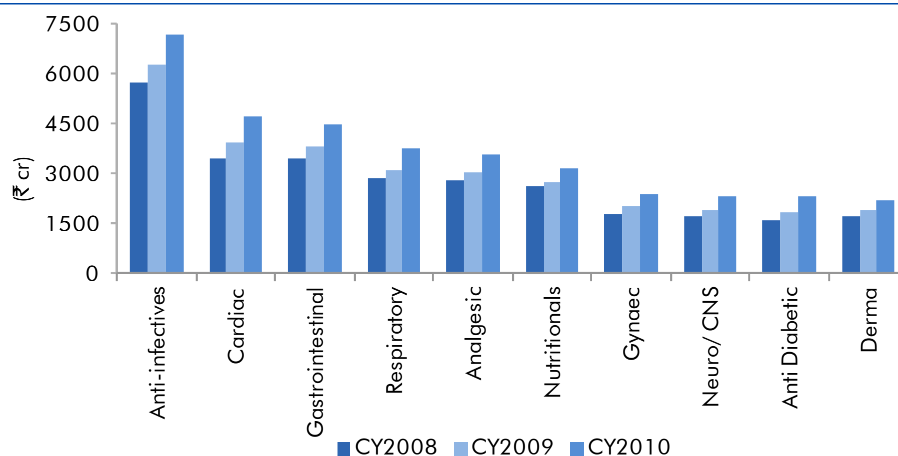
The chronic therapy segment includes specialized segments such as diabetes, cardiovascular, CNS, dermatology and oncology.

The Indian pharmaceutical industry grew at a rate of 16.5% yoy in CY2010 on the back of increasing per capita income, growing health insurance penetration, better health awareness, higher government expenditure, increase in chronic diseases, innovative product launches due to product patents and expanded healthcare access to rural and semi urban markets, aided by the projected annual GDP growth of ~7% in the coming years.

As per PwC, the Indian pharmaceutical market is expected to post a CAGR of 15-20% over CY2010-15E. Rural markets present a huge opportunity for the pharmaceutical market since the current penetration rate stands at 17%.

AIL is a leader in the gastroenterology segment which contributes ~14% to total domestic sales with a 13.4% CAGR over CY2008-10.

Exhibit 13: Domestic formulation sales by therapeutic segments



Source: CRISIL, Angel Research

In CY2010, the chronic segment grew by 19% yoy, whereas the acute segment grew by 15.7% yoy. According to CRISIL estimates, this trend in the domestic formulation segment is expected to continue because of changing lifestyles of the working population, higher stress levels and unhealthy eating habits, which are leading to increasing incidences of lifestyle diseases in India.

Profit and loss Account

Y/E December (₹ cr)	CY2008	CY2009	CY2010	CY2011E	CY2012E	CY2013E
Gross sales	**705**	**800**	**1,043**	**1,534**	**1,753**	**2001**
Less: Excise duty	9	6	6	18	19	22
Net Sales	696	795	1,037	1,516	1,734	1,979
Total operating income	**696**	**795**	**1,037**	**1,516**	**1,734**	**1,979**
% chg	*11.8*	*14.2*	*30.5*	*46.2*	*14.4*	*14.1*
Net Raw Materials	455	504	647	848	978	1,113
Other Mfg costs	5	7	10	14	16	18
Power & Fuel costs	6	5	7	9	10	12
Personnel	46	60	108	179	182	198
Other	109	121	196	270	309	356
Total Expenditure	620	697	967	1,319	1,495	1,696
EBITDA	**76**	**97**	**69**	**197**	**239**	**283**
% chg	*(7.4)*	*28.7*	*(28.7)*	*183.2*	*21.8*	*18.0*
(% of Net Sales)	*10.9*	*12.2*	*6.7*	*13.0*	*13.8*	*14.3*
Depreciation& Amortisation	7	9	11	15	16	18
EBIT	**69**	**88**	**58**	**181**	**223**	**265**
% chg	*(9.7)*	*28.7*	*(34.1)*	*212.0*	*23.0*	*18.7*
(% of Net Sales)	*9.9*	*11.1*	*5.6*	*12.0*	*12.9*	*13.4*
Interest & other charges	-	-	-	-	-	-
Other Income	26	29	36	20	45	61
(% of Net Sales)	*3.7*	*3.7*	*3.5*	*1.3*	*2.6*	*3.1*
PBT	**94**	**117**	**94**	**201**	**268**	**326**
% chg	*(7.4)*	*24.4*	*(19.8)*	*113.7*	*33.4*	*21.6*
Tax	31	40	33	66	89	108
(% of PBT)	*33.3*	*33.9*	*35.2*	*33.0*	*33.0*	*33.0*
PAT (reported)	**63**	**78**	**61**	**135**	**180**	**219**
ADJ. PAT	**63**	**78**	**61**	**135**	**180**	**219**
% chg	*(9.0)*	*28.3*	*(21.4)*	*120.8*	*33.4*	*21.6*
(% of Net Sales)	*9.0*	*9.8*	*5.9*	*8.9*	*10.4*	*11.1*
Basic EPS (₹)	**44.3**	**56.8**	**44.6**	**63.4**	**84.6**	**102.9**
Fully Diluted EPS (₹)	**44.3**	**56.8**	**44.6**	**63.4**	**84.6**	**102.9**
% chg	*(3.7)*	*28.3*	*(21.4)*	*42.1*	*33.4*	*21.6*

Note: CY2008 and 2009 are November ending. CY2011-13E are merged with SPIL

Balance Sheet

Y/E December (₹ cr)	CY2008	CY2009	CY2010	CY2011E	CY2012E	CY2013E
SOURCES OF FUNDS						
Equity Share Capital	14	14	14	21	21	21
Reserves& Surplus	208	258	292	545	680	854
Shareholders' Funds	**221**	**272**	**305**	**566**	**702**	**876**
Total Loans	1	-	-	-	-	-
Deferred Tax Liability (Net)	4	2	-	(2)	(2)	(2)
Total Liabilities	**226**	**274**	**306**	**564**	**699**	**873**
APPLICATION OF FUNDS						
Gross Block	99	107	118	199	219	240
Less: Acc. Depreciation	51	58	69	110	127	144
Net Block	**48**	**49**	**50**	**88**	**92**	**96**
Capital Work-in-Progress	3	-	1	1	1	1
Goodwill	-	-	-	-	-	-
Investments	-	-	-	37	37	37
Current Assets	**300**	**339**	**403**	**661**	**822**	**1026**
Cash	164	176	189	330	444	594
Loans & Advances	12	17	20	48	55	63
Inventory	92	102	129	201	230	263
Debtors	32	44	65	80	92	105
Current liabilities	125	114	148	223	252	286
Net Current Assets	**175**	**225**	**255**	**438**	**570**	**739**
Misc. Exp. not written off	-	-	-	-	-	-
Total Assets	**226**	**274**	**306**	**564**	**699**	**873**

Note: CY2008 & 09 are Nov ending. CY11- 13E are merged with SPIL

Cash Flow Statement

Y/E December (₹ cr)	CY2008	CY2009	CY2010	CY2011	CY2012E	CY2013E
Profit before tax	94	117	94	201	268	326
Depreciation	7	9	11	15	16	18
Change in Working Capital	22	(37)	(18)	(41)	(18)	(19)
Other income	(26)	(26)	(29)	(36)	(20)	(45)
Direct taxes paid	(31)	(40)	(33)	(66)	(89)	(108)
Others	21	17	27	-	-	-
Cash Flow from Operations	**66**	**23**	**25**	**73**	**158**	**172**
(Inc.)/Dec. in Fixed Assets	(20)	(6)	(12)	(18)	(20)	(22)
(Inc.)/Dec. in Investments	150	-	-	(37)	-	-
Other income	26	29	36	20	45	61
Others	(15)	(25)	(40)	-	-	-
Cash Flow from Investing	**140**	**(2)**	**(16)**	**(35)**	**25**	**39**
Issue of Equity	(1)	-	-	-	-	-
Inc./(Dec.) in loans	(0)	(1)	-	-	-	-
Dividend Paid (Incl. Tax)	(22)	(27)	(27)	(42)	(45)	(45)
Others	(58)	5	(0)	79	-	-
Cash Flow from Financing	**(81)**	**(23)**	**(27)**	**37**	**(45)**	**(45)**
Inc./(Dec.) in Cash	146	12	13	*142	113	150
Opening Cash balances	**17**	**164**	**176**	**189**	**330**	**444**
Closing Cash balances	**164**	**176**	**189**	**330**	**444**	**594**

*Note: CY2008 & 09 are Nov ending. CY11- 13E are merged with SPIL; *includes previous years cash of SPIL*

Key Ratio's

Y/E December	CY2008	CY2009	CY2010	CY2011	CY2012E	CY2013E
Valuation Ratio (x)						
P/E (on FDEPS)	50.3	39.2	49.9	22.6	16.9	13.9
P/CEPS	49.4	63.4	52.9	20.3	15.5	12.9
P/BV	13.8	11.2	10.0	5.4	4.3	3.5
Dividend yield (%)	1.0	1.2	1.2	1.2	1.3	1.3
EV/Sales	4.1	3.6	2.8	1.8	1.5	1.2
EV/EBITDA	38.2	29.5	41.2	13.6	10.7	8.5
EV / Total Assets	13.0	10.6	9.4	4.7	3.6	2.7
Per Share Data (₹)						
EPS (Basic)	46.0	56.7	44.6	63.4	84.6	102.9
EPS (fully diluted)	44.3	56.8	44.6	63.4	84.6	102.9
Cash EPS	49.4	63.4	52.9	70.5	92.2	111.2
DPS	14.0	17.0	17.0	17.0	18.0	18.0
Book Value	161.8	198.6	223.3	266.6	330.2	412.1
DuPont Analysis						
EBIT margin	10.9	12.2	6.7	12.0	12.9	13.4
Tax retention ratio	0.7	0.7	0.6	0.7	0.7	0.7
Asset turnover (x)	11.6	10.5	9.8	7.5	7.7	8.0
RoIC (Post-tax)	84.0	84.7	42.5	59.8	66.5	71.4
Cost of Debt (Post Tax)	1.5	34.8	-	-	-	-
Leverage (x)	(0.7)	(0.7)	(0.6)	(0.6)	(0.7)	(0.7)
Operating RoE	169.1	193.5	-	-	-	-
Returns (%)						
RoCE (Pre-tax)	33.3	39.3	24.0	41.2	34.9	33.4
Angel RoIC (Pre-tax)	126.0	128.3	65.6	115.4	106.7	114.3
RoE	26.8	31.5	21.2	30.9	28.4	27.7
Turnover ratios (x)						
Asset TO (Gross Block)	7.8	7.7	9.2	9.6	8.3	8.6
Inventory / Sales (days)	47	45	41	40	45	45
Receivables (days)	16	18	19	19	19	19
Payables (days)	64	63	49	62	62	62
WC (ex-cash) (days)	12	14	20	21	25	25
Solvency ratios (x)						
Net debt to equity	(0.7)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)
Net debt to EBITDA	(2.2)	(1.8)	(2.7)	(1.9)	(2.0)	(2.2)
Interest Cov. (EBIT / Int.)	3777	485	1734	9071	-	-

Note: CY2008 & 09 are Nov ending. CY11- 13E are merged with SPIL

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1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

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Ratings (Returns):	*Buy (> 15%)*	*Accumulate (5% to 15%)*	*Neutral (-5 to 5%)*
	Reduce (-5% to 15%)	Sell (< -15%)	