

# APL APOLLO

## Smoking the growth pipe

India Equity Research | Miscellaneous

We recently met the APL Apollo (APL) management to get an update on the company. The company attributed the robust 45.6% revenue CAGR over FY07-11 primarily to the 6 fold increase in capacity via organic and inorganic growth. Its strategically located manufacturing facilities not only help APL penetrate the market more effectively, but also result in freight cost savings and trim working capital requirement. We do not have a recommendation on the stock as it is currently not under our coverage.

### Riding growth wave via 6 fold surge in capacity

APL has aggressively expanded its production capacity by more than 6x from 80000 MT to 4, 80,000 MT over 2007-10 driven by addition of 165,000tpa through inorganic growth and the balance via organic route. During Q2FY11, the company fully commissioned its 200,000tpa state-of-the-art Hosur plant, doubling its installed capacity. The greenfield plant, built at a capital expenditure of INR1bn funded by a mix of GDR and internal accruals, has helped APL cater to the market in South India and expand its market share.

### Strategically located plant helps trim logistics cost

The company has direct marketing presence in over 15 countries with a vast distributor network comprising ~ 300 dealers and more than 10,000 retail network across India. APL's exports to 35 countries are supported by distribution networks in US, UK, France, Germany, Ireland, UAE and Sri Lanka. Prior to commissioning of the plant in Tamil Nadu, the company had limited presence in the South. However, now with its manufacturing facilities strategically located in North and South India and recently in West India via acquisition has helped APL save freight costs and reduce working capital requirement.

### Outlook and valuations: Positive

With evolution of newer applications complemented by strategically located plants and strong developing distribution network, APL is poised for strong growth over the next few years. At CMP the stock is valued at 6.8x FY11 earnings and 5.9x FY11 EV/EBITDA. The stock is currently not under our coverage.

#### Financials

| Year to March          | FY08   | FY09   | FY10    | FY11  |
|------------------------|--------|--------|---------|-------|
| Net revenues (INR mn)  | 2,737  | 5,267  | 6,180   | 9,052 |
| Revenue growth (%)     | 35.8   | 92.5   | 17.3    | 46.5  |
| EBITDA (INR mn)        | 296    | 280    | 572     | 892   |
| Net profit (INR mn)    | 161    | 25     | 298     | 431   |
| Share outstanding (mn) | 11     | 20     | 20      | 20    |
| EPS (INR)              | 15.0   | 1.3    | 14.7    | 21.2  |
| EPS growth (%)         | (28.7) | (91.7) | 1,073.5 | 44.7  |
| P/E (x)                | 9.6    | 116.0  | 9.9     | 6.8   |
| EV/EBITDA (x)          | 7.9    | 13.5   | 7.4     | 5.9   |
| ROAE (%)               | 41.7   | 2.2    | 16.7    | 20.6  |

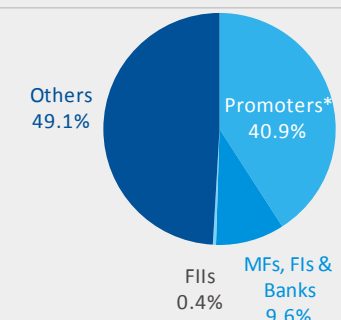
#### EDELWEISS RATING

Absolute Rating Not Rated

#### MARKET DATA (R: APLA. BO, B: APAT IN)

|                                |             |
|--------------------------------|-------------|
| CMP                            | : INR 145   |
| Target Price                   | : Not Rated |
| 52-week range (INR)            | : 167 / 109 |
| Share in issue (mn)            | : 20.2      |
| M cap (INR bn/USD mn)          | : 3 / 56    |
| Avg. Daily Vol. BSE/NSE ('000) | : 76.8      |

#### SHARE HOLDING PATTERN (%)



\* Promoters pledged shares (% of share in issue) : 9.9

#### RELATIVE PERFORMANCE (%)

|           | Sensex | Stock | Stock Over Sensex |
|-----------|--------|-------|-------------------|
| 1 month   | (8.1)  | (6.2) | 1.9               |
| 3 months  | (1.8)  | (1.6) | 0.2               |
| 12 months | (17.9) | 5.6   | 23.5              |

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Capacity expansion by 6x from 80,000MT to 4, 80,000 MT drives growth.

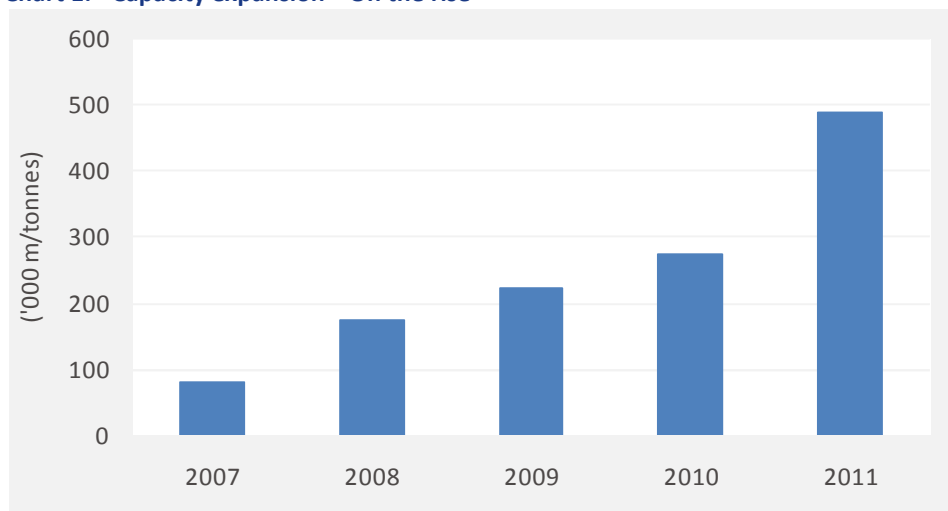
Strong distribution network of more than 300 dealers and 10000 retailers.

### Significant expansion in capacity drives growth

APL has aggressively expanded its production capacity by more than 6x over 2007-10 from 80000 MT to 4, 80,000 MT through organic and inorganic routes. The company has added 165,000 tpa capacity through inorganic expansion and the balance through organic initiatives. During Q2FY11, it fully commissioned its 200,000tpa Hosur plant, doubling its installed capacity. The greenfield plant, built at a capital expenditure of INR1bn funded by a mix of GDR and internal accruals, will enable it to cater to the market in South India and thus improve market share in the region.

The company also acquired API certified 90,000tpa manufacturing facilities of Lloyds Pipes based in Murbad (Maharashtra) for INR400mn in Nov 2010. It is also planning an 110,000mtpa expansion in Maharashtra to cater to the western India market. Further, on the anvil is production of lower diameter high thickness tubes.

**Chart 1: - Capacity expansion—On the rise**



Source: Company, Edelweiss research

### Strong distribution, strategically located plant help reduce logistics cost

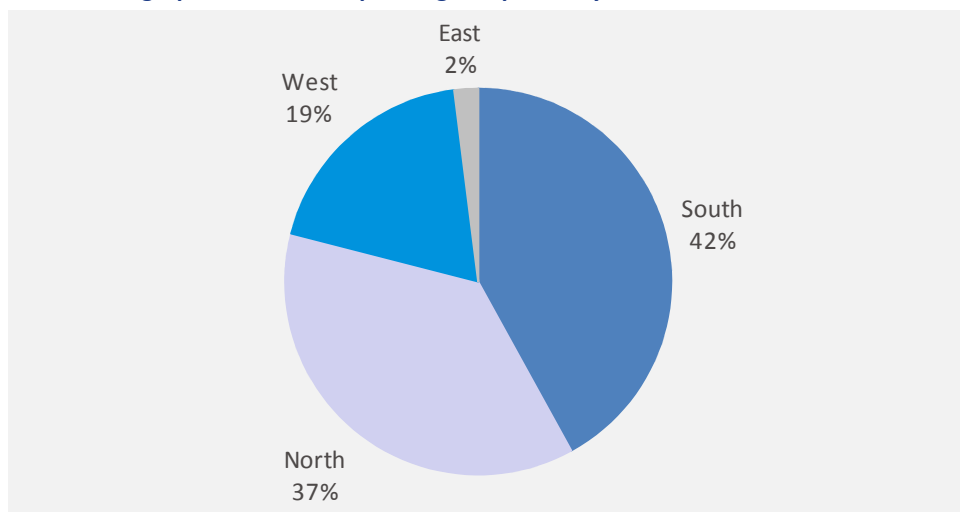
APL's products enjoy high brand equity in the market. The company has direct marketing presence in over 15 countries with a vast distributor network comprising ~ 300 dealers and more than 10,000 retail network across India. Its exports to 35 countries are supported by distribution networks in US, UK, France, Germany, Ireland, UAE and Sri Lanka.

With 25 years of existence, APL has a well established network in North India. In South India, its Hosur plant is the largest steel tubes plant and is located in close proximity to suppliers as well as customers.

With strategically located manufacturing facilities in North and South India and now in Western India as well via the recent acquisition, APL is in a sweet spot to capture the opportunities arising in nearby regions and expand its footprint. Its pan-India presence, well established distribution network and close proximity to suppliers and customers will help save freight costs and reduce working capital requirement.

Pan India presence and newer applications help de risk business model

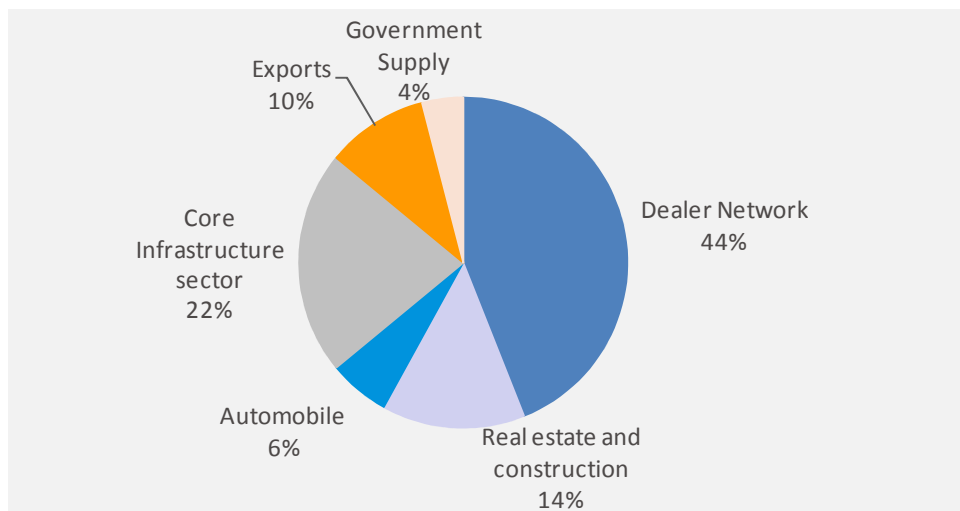
**Chart 2: Geographical reach—Expanding footprint to yield dividends**



Source: Company, Edelweiss research

Traditionally, steel tubes and pipes were used primarily in water infrastructure, construction and management. However, in recent years it has evolved into a full fledged infrastructure material with diverse applications across industries like oil & gas, sewage, windmills, bus bodies, fire fighting, hotels, walkways, greenhouses, metro rail, airports etc. The rise in new applications has helped APL derisk its model for future growth.

**Chart 3: Industry wise revenue break up**



Source: Company, Edelweiss research

### Key Risks

#### **Slowdown in economy may hamper growth prospects**

Any slowdown in GDP growth may affect user industries (construction, auto, real estate), which in turn will impact demand for steel pipes. This may hamper the pace of APL's growth.

#### **Sharp spurt in steel prices**

HR coil is the key raw material for manufacturing pipes. Any sharp surge in its prices may adversely impact APL's margins as the company may not be able to pass on the increase completely.

#### **Shift from galvanised pipes to PVC pipes**

PVC tubes are increasingly being used in agriculture, infrastructure, construction, and sewage sectors as a replacement for galvanised pipes. This could negatively impact the company's growth prospects.

#### **Competitive intensity may reduce pricing power**

APL manufactures products like ERW black, galvanised pipes and hollow section pipes which are highly competitive in nature with significant presence of unorganized players, thereby limiting pricing power. Ergo, APL's margin may be affected in an inflationary scenario.

## Company Description

APL, formerly Bihar Tubes, a manufacturer of steel pipes and tubes, was established in 1986 in Sikandarabad (Uttar Pradesh) and promoted by Mr. Sudesh Kumar Gupta. It initially catered to the steel industry, but has recently expanded its product range to cater to various sectors including infrastructure, agriculture, engineering, oil & gas, automobiles and construction. The company currently has five plants in India—two in Uttar Pradesh and one each in Karnataka, Tamil Nadu and Maharashtra—with aggregate capacity of 4,90,000tpa. It manufactures more than 250 variants of tubes (0.5” to 14” outer diameter) through these plants. APL has over 13 production lines with the ability to produce the largest range of hollow sections in all variants (ERW black, galvanised and pre-galvanised and hollow section pipes). The company has installed high speed mills based on technology from Kusakabe, Japan which ensures faster delivery of a wide range of superior quality tubes and pipes in a cost effective manner following Indian as well as international standards. It has an established customer base both in India and international markets, with exports to over 35 countries like US, Colombia, Nigeria, Ireland and Germany.

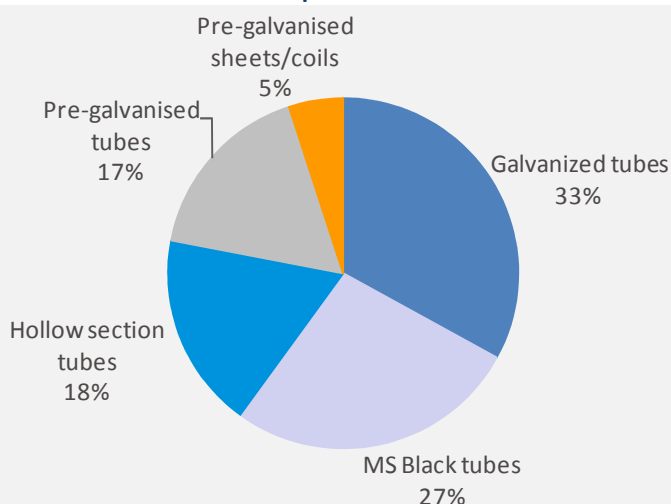
The company has also preferentially allotted close to 1.7mn shares to promoters at INR176/share to shore up their holding in the company.

**Table 1: Product profile**

| Product               | Use                                                                                               | Major Clients                                         |
|-----------------------|---------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| Hot dipped Galvanized | Water,Gas,Oil transportation                                                                      | BSNL,BHEL,UP Jal Nigam,Gujarat Gas,HPCL,IGL,Era Infra |
| Pre Galvanized        | Fencing,Cabling and Ducting,Automobiles & Greenhouses                                             | Tata Marcopolo,Ashok Leyland,Jain Irrigation,ACGL     |
| ERQ Black             | Fire fighting,Conveyor systems,Scaffolding,Transmission Towers,Power Projects and Industrial Uses | DMRC,BMRC,BHEL,HPCL,BPCL,L&T,Gammon,Airtel            |
| Hollow Section        | Infrastructure,Metro,Airports,Stadiums and Industrial Applications                                | Suzlon,Adani,L&T,B.L.Kashyap,Moser Baer,Simplex       |

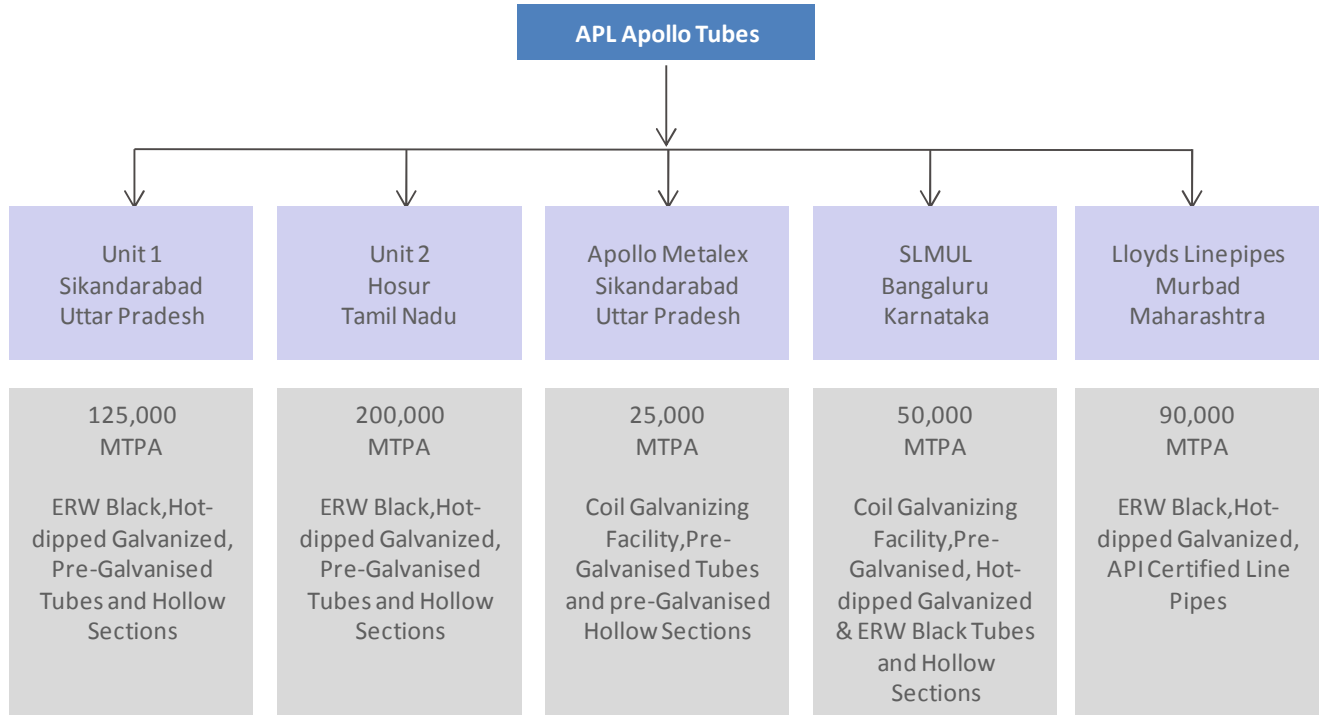
Source: Company, Edelweiss research

**Chart 4: Product wise revenue break up**



Source: Company, Edelweiss research

Fig. 1: Plant locations



Source: Company, Edelweiss research

## Management Description

### **Mr. Sanjay Gupta, Managing Director**

Mr. Sanjay Gupta is the Managing Director of the company. A Commerce graduate, he has more than 15 years experience in various segments of the steel industry.

### **Mr. Vinay Gupta, Non- Independent, Non-Executive Director**

Mr. Vinay Gupta, a Commerce graduate, has more than 12 years experience in export and international markets. He has in depth knowledge of manufacturing and trading of pipes, tubes, sheets and other steel products.

### **Mr. Sameer Gupta, Non- Independent, Non-Executive Director**

Mr. Sameer Gupta, a Commerce graduate, has experience of more than 10 years in various segments of the tube industry and has wide knowledge of manufacturing and trading of pipes, tubes and other steel products.

### **Mr. C. S. Johri, Independent, Non-Executive Director**

Mr. C.S. Johri, a Law graduate and post graduate in Arts, is an independent director associated with the company. He has worked with Bank of India as Asst. General Manager at the Zonal Office and has expert knowledge of banking, finance, management and administration.

### **Mr. S. T. Gerela, Independent, Non-Executive Director**

Mr. S.T. Gerela, M.A., L.L.B and C.A.I.I.B, has been associated with various regulatory authorities like SEBI, RBI, BSE and others. He has rich experience of capital market, banking industry, regulatory affairs, economic analysis and policy, management services, administration and investor relations. He has been a member of various committees, study groups, delegates constituted by government/semi government authorities. Mr. Gerela has authored several articles, research papers and books on capital market and economic affairs.

### **Mr. Aniq Husain, Independent, Non-Executive Director**

Mr. Aniq Husain is B. Tech (Mechanical) from IIT Kharagpur and Master in Industrial Engineering & Management. He has wide experience in industrial projects, engineering and management affairs. Mr. Husain has been associated with various ventures in different capacities and is conversant with the latest industrial techniques.

Strong revenue growth over last 4 years

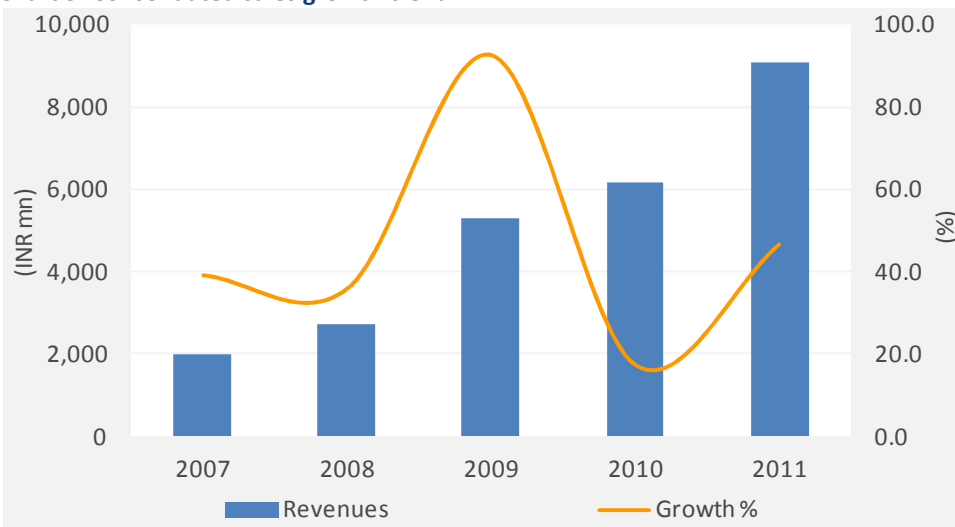
Margins to sustain at current levels

## Financial Outlook

### Volume surge, strong brand, innovations drive revenue growth

APL has posted robust revenue CAGR of 45.6% over FY07-11, primarily driven by more than 6 fold increase in production capacity via organic and inorganic routes.

**Chart 5: Consolidated sales growth trend**

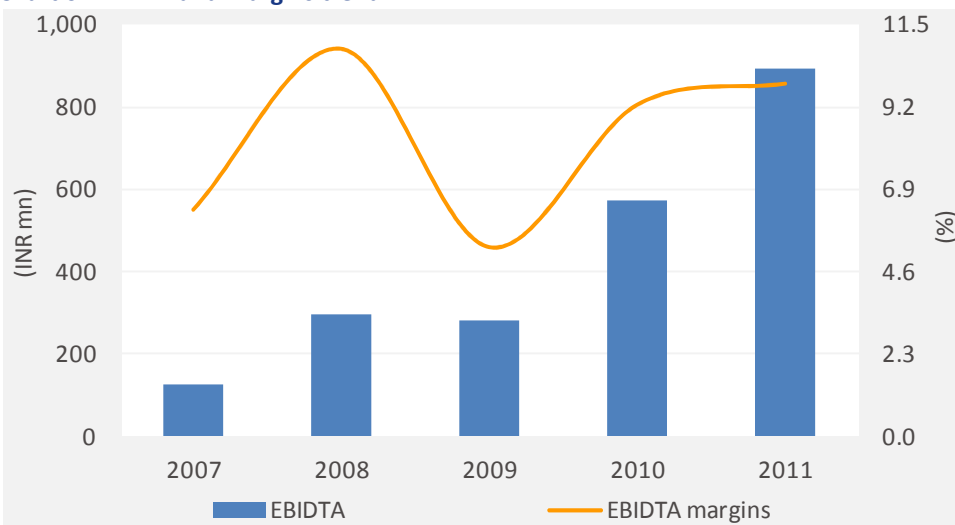


Source:- Edelweiss research

### EBIDTA margin likely to sustain going forward

The company's consolidated EBIDTA margin has improved from 6.3% in FY07 to 9.9% in FY11 primarily due to improved revenue mix, introduction of value-added products and benefit on account of economies of scale.

**Chart 6: EBIDTA and margins trend**



Source:- Edelweiss research

## Financial Statements

| Income statement               |       |       |       |       | (INR mn) |
|--------------------------------|-------|-------|-------|-------|----------|
| Year to March                  | FY07  | FY08  | FY09  | FY10  | FY11     |
| Net revenues                   | 2,016 | 2,737 | 5,267 | 6,180 | 9,052    |
| Raw material costs             | 1,711 | 2,177 | 4,544 | 5,050 | 7,354    |
| Gross profit                   | 305   | 560   | 723   | 1,130 | 1,698    |
| Employee expenses              | 3     | 3     | 10    | 16    | 35       |
| Other expenses                 | 174   | 261   | 433   | 542   | 771      |
| Operating expenses             | 177   | 264   | 443   | 557   | 806      |
| Total expenditure              | 1,888 | 2,440 | 4,987 | 5,608 | 8,160    |
| EBITDA                         | 128   | 296   | 280   | 572   | 892      |
| Depreciation & amortisation    | 7     | 11    | 21    | 36    | 57       |
| EBIT                           | 121   | 285   | 259   | 536   | 835      |
| Interest expense               | 36    | 66    | 186   | 108   | 209      |
| Other income                   | 18    | 29    | 6     | 26    | 1        |
| Profit before tax              | 103   | 248   | 78    | 455   | 626      |
| Provision for tax              | 36    | 88    | 52    | 157   | 195      |
| Core profit                    | 67    | 161   | 25    | 298   | 431      |
| Profit after tax               | 67    | 161   | 25    | 298   | 431      |
| Profit after minority interest | 67    | 161   | 25    | 298   | 431      |
| Equity shares outstanding (mn) | 3     | 11    | 20    | 20    | 20       |
| EPS (INR) basic                | 21.1  | 15.0  | 1.3   | 14.7  | 21.2     |
| Diluted shares (mn)            | 3     | 11    | 20    | 20    | 20       |
| EPS (INR) diluted              | 21.1  | 15.0  | 1.3   | 14.7  | 21.2     |
| CEPS                           | 23.8  | 16.9  | 3.7   | 18.8  | 26.5     |
| DPS                            | 1.0   | -     | -     | 2.0   | 2.0      |
| Dividend payout (%)            | 4.7   | -     | -     | 13.6  | 9.4      |

### Common size metrics (% net revenues)

| Year to March               | FY07 | FY08 | FY09 | FY10 | FY11 |
|-----------------------------|------|------|------|------|------|
| Cost of goods sold          | 84.9 | 79.5 | 86.3 | 81.7 | 81.2 |
| Operating expenses          | 8.8  | 9.6  | 8.4  | 9.0  | 8.9  |
| EBITDA margins              | 6.3  | 10.8 | 5.3  | 9.3  | 9.9  |
| Depreciation & amortisation | 0.3  | 0.4  | 0.4  | 0.6  | 0.6  |
| Interest                    | 1.8  | 2.4  | 3.5  | 1.8  | 2.3  |
| Net profit margin           | 3.3  | 5.9  | 0.5  | 4.8  | 4.8  |

### Growth metrics (%)

| Year to March | FY07 | FY08   | FY09   | FY10    | FY11 |
|---------------|------|--------|--------|---------|------|
| Revenues      | -    | 35.8   | 92.5   | 17.3    | 46.5 |
| EBITDA        | -    | 131.3  | (5.6)  | 104.7   | 55.8 |
| PBT           | -    | 140.7  | (68.6) | 483.8   | 37.7 |
| Net profit    | -    | 138.0  | (84.2) | 1,073.5 | 44.7 |
| EPS           | -    | (28.7) | (91.7) | 1,073.5 | 44.7 |

## Miscellaneous

| <b>Balance sheet</b>             |             |              |              |              | (INR mn)     |
|----------------------------------|-------------|--------------|--------------|--------------|--------------|
| <b>As on 31st March</b>          | <b>FY07</b> | <b>FY08</b>  | <b>FY09</b>  | <b>FY10</b>  | <b>FY11</b>  |
| Total equity capital             | 32          | 107          | 203          | 203          | 203          |
| Total equity share warrants      | -           | 64           | -            | -            | 72           |
| Reserves & surplus               | 123         | 509          | 1,457        | 1,708        | 2,093        |
| Shareholder's equity             | 155         | 680          | 1,660        | 1,911        | 2,368        |
| Secured loans                    | 405         | 662          | 1,789        | 1,573        | 2,402        |
| Unsecured loans                  | 48          | 131          | 0            | -            | 61           |
| Total debt                       | 454         | 792          | 1,789        | 1,573        | 2,463        |
| Deferred tax liability (net)     | 17          | 25           | 57           | 109          | 180          |
| <b>Sources of funds</b>          | <b>626</b>  | <b>1,498</b> | <b>3,506</b> | <b>3,592</b> | <b>5,010</b> |
| Gross fixed assets               | 170         | 317          | 665          | 1,109        | 1,798        |
| Accumulated depreciation         | 30          | 41           | 70           | 102          | 181          |
| Net fixed assets                 | 141         | 276          | 595          | 1,007        | 1,617        |
| Capital work in progress         | 31          | 31           | 115          | 202          | 318          |
| Total fixed assets               | 171         | 307          | 710          | 1,209        | 1,934        |
| Investments                      | -           | 18           | 20           | -            | 23           |
| Inventories                      | 324         | 594          | 444          | 805          | 1,465        |
| Accounts receivable              | 215         | 413          | 727          | 782          | 1,013        |
| Cash and cash equivalents        | 9           | 50           | 939          | 272          | 218          |
| Loans and advances               | 49          | 342          | 756          | 769          | 441          |
| Other current assets             | 36          | 78           | 111          | 106          | 267          |
| Current assets                   | 633         | 1,478        | 2,978        | 2,733        | 3,405        |
| Current liabilities              | 125         | 150          | 163          | 189          | 370          |
| Provisions                       | 54          | 156          | 40           | 169          | 199          |
| Current liabilities & provisions | 178         | 305          | 202          | 358          | 569          |
| Net current assets               | 455         | 1,173        | 2,775        | 2,376        | 2,836        |
| Goodwill                         | -           | -            | -            | -            | 200          |
| Miscellaneous expenditure        | -           | 0            | 0            | 7            | 17           |
| <b>Uses of funds</b>             | <b>626</b>  | <b>1,498</b> | <b>3,506</b> | <b>3,592</b> | <b>5,010</b> |
| Book value per share (INR)       | 49          | 58           | 82           | 94           | 113          |

| <b>Free cash flow</b>            |              |              |              |              | (INR mn)     |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Year to March</b>             | <b>FY07</b>  | <b>FY08</b>  | <b>FY09</b>  | <b>FY10</b>  | <b>FY11</b>  |
| Net profit                       | 67           | 161          | 25           | 298          | 431          |
| Add: Depreciation                | 7            | 11           | 21           | 36           | 57           |
| Add: Others                      | 60           | 76           | 147          | 300          | 278          |
| Gross cash flow                  | 134          | 248          | 193          | 634          | 766          |
| Less: Changes in working capital | (197)        | (574)        | (181)        | (495)        | (432)        |
| Operating cash flow              | (63)         | (327)        | 12           | 139          | 334          |
| Less: Capex                      | (81)         | (294)        | (642)        | (376)        | (859)        |
| <b>Free cash flow</b>            | <b>(144)</b> | <b>(621)</b> | <b>(630)</b> | <b>(238)</b> | <b>(526)</b> |

| <b>Cash flow metrics</b> |             |             |             |             |             |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Year to March</b>     | <b>FY07</b> | <b>FY08</b> | <b>FY09</b> | <b>FY10</b> | <b>FY11</b> |
| Operating cash flow      | (63)        | (327)       | 12          | 139         | 334         |
| Financing cash flow      | 146         | 680         | 1,522       | (441)       | 706         |
| Investing cash flow      | (81)        | (312)       | (645)       | (365)       | (1,093)     |
| Net cash flow            | 2           | 42          | 889         | (667)       | (54)        |
| Capex                    | (81)        | (294)       | (642)       | (376)       | (859)       |
| Dividends paid           | (4)         | -           | -           | (47)        | (47)        |

**Profitability ratios**

| <b>Year to March</b>                  | <b>FY07</b> | <b>FY08</b> | <b>FY09</b> | <b>FY10</b> | <b>FY11</b> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| ROACE (%)                             | 38.7        | 27.1        | 10.4        | 15.2        | 19.5        |
| ROAE (%)                              | #REF!       | 41.7        | 2.2         | 16.7        | 20.6        |
| ROA (%)                               | 21.6        | 15.1        | 1.0         | 8.4         | 10.0        |
| Current ratio                         | 3.5         | 4.8         | 14.7        | 7.6         | 6.0         |
| Quick ratio                           | 1.7         | 2.9         | 12.5        | 5.4         | 3.4         |
| Cash ratio                            | 0.0         | 0.2         | 4.6         | 0.8         | 0.4         |
| Receivable turnover (x)               | 18.7        | 8.7         | 9.2         | 8.2         | 10.1        |
| Inventory turnover (x)                | 10.6        | 4.7         | 8.8         | 8.1         | 6.5         |
| Payables turnover (x)                 | 19.2        | 9.0         | 17.9        | 18.0        | 15.9        |
| Receivables (days)                    | 20          | 42          | 40          | 45          | 36          |
| Inventory (days)                      | 35          | 77          | 42          | 45          | 56          |
| Payables (days)                       | 19          | 41          | 20          | 20          | 23          |
| Cash conversion cycle (days)          | 35          | 78          | 61          | 69          | 70          |
| Debt-equity (x)                       | 2.9         | 1.2         | 1.1         | 0.8         | 1.0         |
| Debt/EBITDA                           | 3.5         | 2.7         | 6.4         | 2.7         | 2.8         |
| Adjusted debt/Equity                  | 2.9         | 1.2         | 1.1         | 0.8         | 1.0         |
| Long term debt / Capital employed (%) | 72.5        | 52.9        | 51.0        | 43.8        | 49.2        |
| Total debt / Capital employed (%)     | 103.7       | 75.0        | 58.4        | 56.8        | 64.1        |
| Interest coverage (x)                 | 3.4         | 4.3         | 1.4         | 5.0         | 4.0         |

**Operating ratios (x)**

| <b>Year to March</b> | <b>FY07</b> | <b>FY08</b> | <b>FY09</b> | <b>FY10</b> | <b>FY11</b> |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Total asset turnover | 6.4         | 2.6         | 2.1         | 1.7         | 2.1         |
| Fixed asset turnover | 28.7        | 13.1        | 12.1        | 7.7         | 6.9         |
| Equity turnover      | -           | 7.1         | 4.6         | 3.5         | 4.3         |

**Du pont analysis**

| <b>Year to March</b>  | <b>FY07</b> | <b>FY08</b> | <b>FY09</b> | <b>FY10</b> | <b>FY11</b> |
|-----------------------|-------------|-------------|-------------|-------------|-------------|
| NP margin (%)         | 3.35        | 5.87        | 0.5         | 4.8         | 4.8         |
| Total assets turnover | 6.44        | 2.58        | 2.1         | 1.7         | 2.1         |
| Leverage multiplier   | -           | 2.76        | 2.2         | 2.0         | 2.1         |
| ROAE (%)              | -           | 41.68       | 2.2         | 16.7        | 20.6        |

**Valuation parameters**

| <b>Year to March</b> | <b>FY07</b> | <b>FY08</b> | <b>FY09</b> | <b>FY10</b> | <b>FY11</b> |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Diluted EPS (INR)    | 21.1        | 15.0        | 1.3         | 14.7        | 21.2        |
| Y-o-Y growth (%)     | -           | (28.7)      | (91.7)      | 1,073.5     | 44.7        |
| CEPS (INR)           | 23.8        | 16.9        | 3.7         | 18.8        | 26.5        |
| Diluted P/E (x)      | 6.9         | 9.6         | 116.0       | 9.9         | 6.8         |
| P/BV (x)             | 3.0         | 2.5         | 1.8         | 1.5         | 1.3         |
| EV/Sales (x)         | 0.5         | 0.9         | 0.7         | 0.7         | 0.6         |
| EV/EBITDA (x)        | 7.1         | 7.9         | 13.5        | 7.4         | 5.9         |
| Dividend yield(%)    | 0.7         | 0.0         | -           | 1.4         | 1.4         |

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## Coverage group(s) of stocks by primary analyst(s): Miscellaneous

Bharat Electronics, EssDee Aluminium, Educomp Solutions, Everonn Systems, EID Parry India, Elecon Engineering Co Ltd, Escorts, Jain Irrigation, KPR Mills, Opto Circuits India Ltd, PI Industries, Shree Renuka Sugars, Supreme Industries, Sintex Industries Ltd, Sterlite Technologies, TIL Ltd, TRF Ltd, Usher Agro, United Phosphorus, VIP Industries

### Recent Research

| Date      | Company            | Title                                                        | Price (INR) | Recos |
|-----------|--------------------|--------------------------------------------------------------|-------------|-------|
| 21-Nov-11 | KPR Mills          | Cotton yarn exports stitch; up margins; <i>Result Update</i> | 96          | Hold  |
| 11-Aug-11 | VIP Industries     | A goody bag quarter <i>Result Update</i>                     | 762         | Hold  |
| 25-Jul-11 | Supreme Industries | Bumper quarter; <i>Result Update</i>                         | 206         | Buy   |

### Distribution of Ratings / Market Cap

#### Edelweiss Research Coverage Universe

|                         | Buy    | Hold                   | Reduce | Total |
|-------------------------|--------|------------------------|--------|-------|
| Rating Distribution*    | 119    | 47                     | 15     | 184   |
| * 3 stocks under review |        |                        |        |       |
|                         | > 50bn | Between 10bn and 50 bn | < 10bn |       |
| Market Cap (INR)        | 111    | 57                     | 16     |       |

### Rating Interpretation

| Rating | Expected to                                     |
|--------|-------------------------------------------------|
| Buy    | appreciate more than 15% over a 12-month period |
| Hold   | appreciate up to 15% over a 12-month period     |
| Reduce | depreciate more than 5% over a 12-month period  |

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