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Consumer

Update

Change in Estimates ☑ Target ☑ Reco ☑

11 January 2012

Jyothy Laboratories

Strong synergies, nationalization strategy; upgrade to Buy

Rating: **Buy**

Target Price: ₹210

Share Price: ₹162

Jyothy Laboratories' acquisition of Henkel India has resulted in various synergies that are expected to play out in FY13. The company has strong nationalization and sub-segmentalization strategies to unlock brand potential in its detergents business. It also plans to reduce its debt burden with the sale of land assets. Further, the recent 42% stock price correction has created an attractive entry point. We upgrade the stock to a Buy, but lower the target price to ₹210 (from ₹300 earlier), due to the cost of the merger and higher raw material prices.

- **Strong strategy in place to unlock brand potential.** Jyothy is leveraging its key Ujala brand with a strong sub-segmentation strategy. Further, the company plans to launch regional brands such as Maxo, Exo & Margo on a national scale, by leveraging its new pan-India distribution network. It also plans lower freebies, price hikes and re-launches.

- **Synergies to play out in FY13.** The acquisition of Henkel India in 1QFY12 has given Jyothy a range of fabric-care brands across price points and geographies (urban and rural, north and south India). The merger of distribution networks (with a mere 10% overlap), synergies in raw material and media sourcing, consolidated brand-building, and the creation of new brands are expected to drive revenue and margins in the next 3-4 quarters.

- **Sale of assets to reduce debt burden.** High balance sheet debt is a major concern for Jyothy. The company plans to sell land at Ambatur and Karaikal (Tamil Nadu) in 1HFY13 for ~₹2bn, to substantially reduce its interest cost burden. It also has the option of selling its Kolkata property.

- **Change in estimates.** We reduce FY13 earning estimates by 22% but expect higher profit margins due to less competition from HUL & P&G as the price war tapers off. We estimate 14% revenue growth in FY14.

- **Valuation.** Using the DCF-based valuation method, we value the stock at a price target of ₹210 (earlier ₹300). At our target price, it would trade at a target PE of 20x FY13e earnings. **Risk:** Delay in integrating Henkel.

Key financials (YE: Mar)	FY10	FY11	FY12e*	FY13e*	FY14e*
Sales (₹m)	5,963	6,195	10,384	11,817	13,473
Net profit (₹m)	696	688	258	841	1,156
EPS (₹)	9.6	8.5	3.2	10.4	14.3
Growth (%)	81.4	(11.1)	(62.5)	226.6	37.5
PE (x)	16.9	19.0	50.7	15.5	11.3
PBV (x)	2.9	2.0	2.1	1.5	1.4
RoE (%)	19.6	13.1	4.0	11.2	12.9
RoCE (%)	20.6	10.4	8.8	12.4	14.3
Dividend yield (%)	2.5	3.1	3.1	3.1	3.7
Net gearing (%)	(27.2)	(41.7)	78.8	28.6	22.2

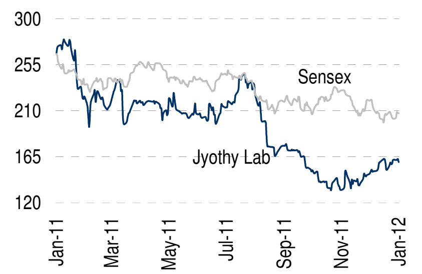
Source: Company, Anand Rathi Research   **Consolidated*

Key data	JYL IN / JYL.BO
52-week high / low	₹284 / ₹125
Sensex / Nifty	16171 / 4850
3-m average volume	US$0.2m
Market cap	₹13bn / US$246m
Shares outstanding	81m

Shareholding pattern (%)	Sep '11	Jun '11	Mar '11
Promoters	64.8	63.8	63.2
- of which, pledged	0.0	0.0	0.0
Free float	35.2	36.2	36.8
- Foreign institutions	13.0	15.4	15.6
- Domestic institutions	14.2	13.4	15.1
- Public	8.0	7.4	6.1

Estimates revision (%)	FY12e	FY13e	FY14e
Sales	23.1	18.0	-
EBITDA	(11)	25.0	-
EPS	(72.4)	(21.5)	-
Target multiple (x)	65.8	20.1	14.6

Relative price performance



Source: Bloomberg

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Quick Glance – Financials and Valuations

Fig 1 – Income statement (₹m)

Year-end: Mar	FY10	FY11	FY12e*	FY13e*	FY14e*
Net revenues	5,963	6,195	10,384	11,817	13,473
Revenue growth (%)	64.8	3.9	67.6	13.8	14.0
- Op. expenses	5,045	5,471	9,378	10,151	11,549
EBIDTA	**918**	**724**	**1,006**	**1,667**	**1,924**
EBITDA margin (%)	15.4	11.7	9.7	14.1	14.3
- Interest expenses	17	20	540	405	247
- Depreciation	124	130	181	237	267
+ Other income	130	238	36	26	35
- Tax	215	154	64	210	289
Effective tax rate (%)	24	19	20	20	20
Reported PAT	696	688	258	841	1,156
+/- Extraordinary items	47	-	-	2,000	-
+/- Minority interest	(3)	(30)	-	-	-
Adjusted PAT	743	688	258	2,841	1,156
Adj. FDEPS (₹/share)	9.6	8.5	3.2	10.4	14.3
Adj. FDEPS growth (%)	81.4	(11.1)	(62.5)	226.6	37.5

Source: Company, Anand Rathi Research **Consolidated*

Fig 2 – Balance sheet (₹m)

Year-end: Mar	FY10	FY11	FY12e	FY13e	FY14e
Share capital	73	81	81	81	81
Reserves & surplus	3,805	6,230	6,020	8,394	8,989
Net worth	3,878	6,311	6,101	8,474	9,069
Minority interest	5	5	444	444	444
Total debt	130	691	4,796	2,396	1,996
Def. tax liab. (net)	133	216	216	216	216
Capital employed	**4,146**	**7,222**	**11,556**	**11,530**	**11,725**
Net fixed assets	2,377	2,607	10,242	10,330	10,413
Investments	0	607	8	8	8
- of which, Liquid	0	607	8	8	8
Net working capital	541	1,199	1,052	846	937
Cash and bank balance	1,227	2,809	255	347	367
Capital deployed	**4,146**	**7,222**	**11,556**	**11,530**	**11,725**
Net debt	(964)	(2,510)	4,749	2,257	1,837
WC days	9.1	19.3	10.1	7.2	7.0
Book value (₹/sh)	55	81	78	108	115

Source: Company, Anand Rathi Research

Fig 3 – Cash-flow statement (₹m)

Year-end: Mar	FY10	FY11	FY12e	FY13e	FY14e
PAT	743	688	258	2,841	1,156
+ Non-cash items	124	130	181	237	267
Cash profit	866	596	438	3,078	1,423
- Incr./(Decr.) in WC	(292)	(583)	(67)	206	(92)
Operating cash-flow	574	13	371	3,284	1,331
- Capex	(330)	(348)	(300)	(325)	(350)
Free cash-flow	244	(335)	71	2,959	981
- Dividend	(170)	(338)	(468)	(468)	(561)
+ Equity raised	-	2,805	-	-	-
+ Debt raised	127	-	-	(2,400)	(400)
- Investments	(123)	(2,172)	600	-	-
- Misc. items	-	-	-	-	-
Net cash-flow	79	(40)	204	92	20
+ Op. cash & bank bal.	224	303	51	255	347
Cl. cash & bank bal.	303	262	255	347	367

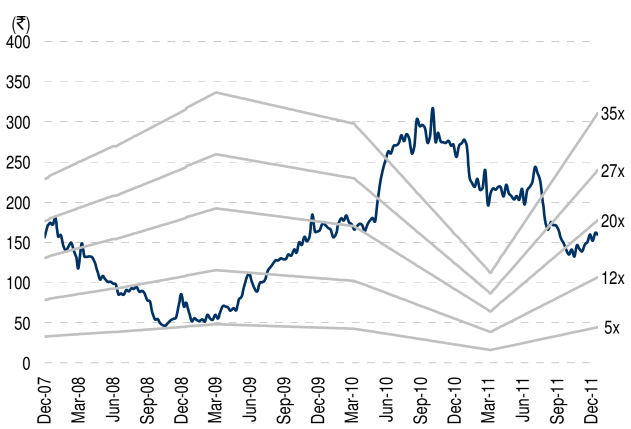
Source: Company, Anand Rathi Research

Fig 4 – Ratio analysis @ ₹162

Year-end: Mar	FY10	FY11	FY12e	FY13e	FY14e
P/E (x)	16.9	19.0	50.7	15.5	11.3
P/B (x)	2.9	2.0	2.1	1.5	1.4
EV/sales (x)	1.6	1.7	1.0	0.9	0.8
EV/EBITDA (x)	10.1	14.3	10.3	6.2	5.4
RoAE (%)	19.6	13.1	4.0	11.2	12.9
RoACE (%)	20.6	10.4	8.8	12.4	14.3
Dividend yield (%)	2.5	3.1	3.1	3.1	3.7
Dividend payout (%)	41.7	58.6	156.6	47.9	41.8
RM to sales (%)	53.2	51.7	50.5	49.5	49.3
Ad-spend to sales (%)	6.4	9.0	10.0	9.0	9.0
EBITDA growth (%)	88.3	(21.1)	39.0	65.7	15.4
EPS growth (%)	81.4	(11.1)	(62.5)	226.6	37.5
PAT margin (%)	11.6	10.6	2.5	7.1	8.6
Volume growth (%)	-	-	-	-	-
Realization growth (%)	-	-	-	-	-

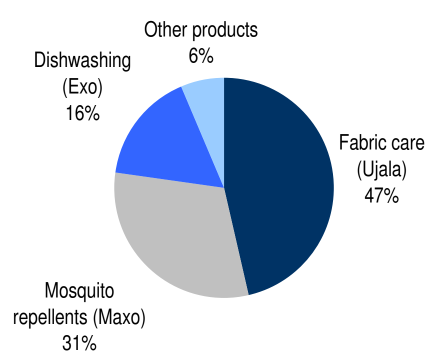
Source: Company, Anand Rathi Research

Fig 5 – PE band



Source: Bloomberg, Anand Rathi Research

Fig 6 – Revenue breakdown (FY11, standalone)



Source: Company

Change in estimates and valuation

Factoring in the cost of the Henkel acquisition and raw material prices, we reduce Jyothy Laboratories' FY12 and FY13 earnings estimates by, respectively, 72% and 22%. We value the stock at a price target of ₹210 (earlier ₹300) based on DCF methodology. At our target price, the stock would trade at a target PE of 20x FY13e earnings. Key risk: delay in integrating Henkel.

Raise in revenue estimates

We factor in Jyothy's acquisition of Henkel and higher raw material costs, to raise FY12 and FY13 revenue estimates by 23% and 18%, respectively. We, however, reduce FY12 and FY13 earnings estimates by 72% and 22%, respectively. We estimate revenue growth of 14% in FY14. Though we expect just 20bps improvement in EBITDA margin, lower interest cost is likely to result in PAT growth of 37% in FY14.

Fig 7 – Change in estimates

	Earlier		Revised		Change (%)	
₹m	Revenues	PAT	Revenues	PAT	Revenues	PAT
FY12e	8,434	932	10,384	258	23.1	(72.4)
FY13e	10,017	1,072	11,817	841	18.0	(21.5)

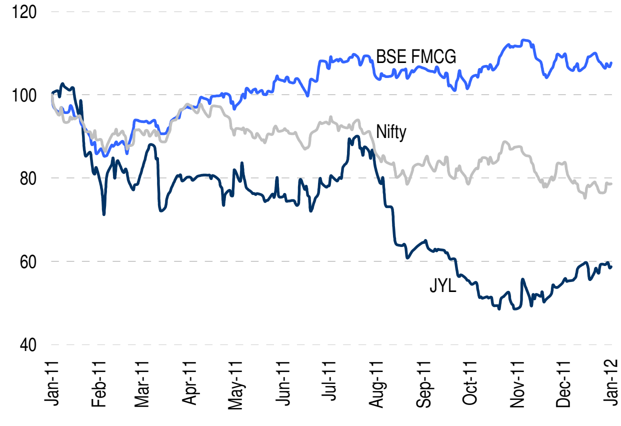
Source: Anand Rathi Research

A 42% correction in the stock price creates an attractive entry point, though the challenge involved in integrating Henkel is a key issue.

Correction offers attractive entry point

We are positive on Jyothy's prospects in dealing with the challenge of integrating Henkel and leveraging the associated synergies. Further, an attractive entry point has resulted from the recent fall in the stock's price and its underperformance to the Nifty and the BSE FMCG index. Measures such as the merger of distribution networks, price hikes, cut in freebies and sale of properties are potential triggers for stock-price performance.

Fig 8 – Jyothy has significantly undershot the Nifty

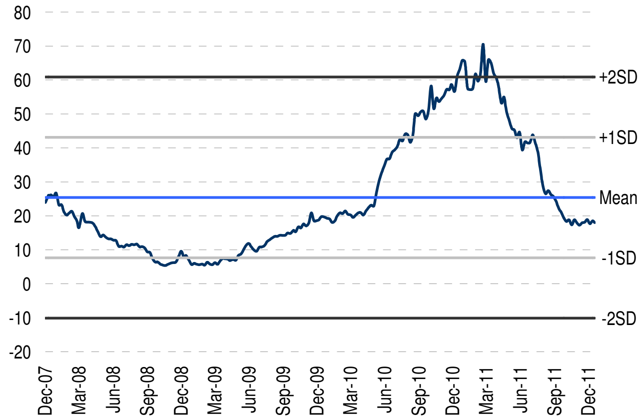


Source: Bloomberg

Valuation

We value Jyothy Labs on a discounted-cash-flow basis. Though business is likely to be volatile in the initial years following the merger, we expect earnings growth to pick up post FY14. Our assumptions are: cost of capital at 14% and terminal growth rate of 2%. We upgrade the stock to a Buy, but lower the target price to ₹210 (from ₹300 earlier), due to the cost of the merger and higher raw material prices. At our target price of ₹210 and our FY13 EPS estimate, the stock trades at a target PE of 20x.

Fig 9 – Mean PE and standard deviation



Source: Bloomberg

Relative valuation

Fig 10 – Valuation

			RoE	RoCE	CAGR FY11-13(%)		PE
Company	Rating	Price (₹)	FY13e (%)	FY13e (%)	Revenues	EPS	FY13e(x)
Jyothy	Buy	162	11.2	12.4	38.1	10.6	15.5
ITC	Buy	205	34.2	44.6	16.1	21.9	21.0
HUL	Sell	394	78.8	82.9	11.5	15.0	30.2
Nestle	Buy	4,102	88.8	116.8	19.9	28.3	28.9
Asian Paints	Sell	2,647	37.6	47.9	20.1	19.9	20.9
Dabur	Hold	98	40.9	31.2	18.5	19.6	21.0
Colgate	Buy	985	109.2	118.5	18.2	24.3	21.5
Marico	Hold	150	29.9	23.2	22.0	26.2	23.6
GSKCH	Buy	2,530	39.8	42.9	19.0	29.3	21.2
Britannia	Sell	448	48.6	34.8	21.2	29.3	23.6
Emami	Buy	334	30.5	27.0	19.6	18.4	16.6
Pidilite	Buy	144	28.2	30.9	17.2	17.2	17.1
Agro Tech	Buy	402	19.8	24.6	16.6	48.5	22.9
Bajaj Corp	Buy	98	26.4	28.1	17.9	16.3	10.8
Lovable Lingerie	Buy	322	17.1	17.8	31.9	46.9	17.7
VST Inds	Sell	1,101	42.0	49.9	14.0	15.7	13.4
Zydus Wellness	Buy	417	42.1	52.0	19.3	23.2	18.1

Source: Anand Rathi Research

Key risks

- Delay in integrating Henkel.
- Increase in competitive pressure from HUL and P&G.

Detergents to turn profitable

On acquiring Henkel India, Jyothy Labs obtained a complete range of fabric-care brands across geographical areas and price points. The sub-segmentation strategy (involving key brand Ujala) and measures such as lower freebies, price hikes and re-launches are likely to unlock brand potential. We expect profit margins to expand as a result of lower competitive pressure from HUL and P&G following the end of the detergent war, as higher raw material prices have resulted in reduced media spend and price hikes.

A complete portfolio in detergents

Following the Henkel India acquisition and the restructuring of its portfolio, Jyothy now has a complete range of detergents across price points and geographical areas. This includes the premium Henko Stain Champion and Ujala Technobright, the mid-market Chek and Ujala, and low-end Ujala detergents and Mr White. The company leads the market in the liquid blue (fabric whitener) segment with its major brand Ujala. In addition, it has developed a range of other fabric whiteners around Ujala.

With the acquisition of Henkel, Jyothy has a complete range of fabric-care brands that is expected to attract consumers across income levels

The company's (consolidated) distribution network covers the nation. Ujala is a strong brand in south India; Henko and Chek are stronger in the northern and eastern parts. Mr. White has good brand recall in Kerala. We believe this complete range should help the company compete at various price steps.

Fig 11 – Complete range of detergents

Segment	Brand	Competing brand
Detergents		
Premium	Ujala Technobright, Henko	Surf, Ariel
Mid-market	Chek	Rin, Tide
Low-price segment	Mr White, Ujala	Wheel, Ghadi, Nirma
Fabric conditioners		
Liquid blue	Ujala	Robin Blue, Ranipal
Fabric conditioners – colored clothes	Ujala Stiff & Shine	Revive

Source: Company, Anand Rathi Research

Improved utilization of media spend to create strong brands

Jyothy Labs has been insistently investing in Ujala Technobright detergents (via adspend and inducting celebrities as Sachin Tendulkar) to create the new brand. Henkel India too had been investing and building its three detergent brands: Henko, Mr. White and Chek. We believe that, as both the companies had smaller distribution networks and lower penetration, such media spend was not optimized. However, with a wider rollout of products through the combined distribution networks, we expect better utilization of media spend and improved pricing power for Jyothy's brands.

Unlocking brand strength to drive revenues and earnings

Jyothy plans to unlock brand strength by reducing freebies and discounts, and increasing prices where possible. It has reduced the offers on detergents initiated by Henkel. Henko detergent powder is still under-priced by 20%-25%, as compared to other premium detergent powders. We believe Jyothy has the potential to bridge this gap by raising prices over the next two years. This is likely to drive revenue and earnings.

Fig 12 – Key drivers to unlock value from detergent brands

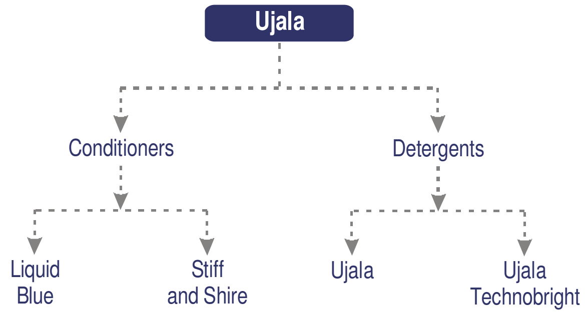
Brand	Strategy
Ujala Liquid Blue	Hike prices 7%.
Ujala detergents	Hike prices 7%.
Henko detergents	Reduce freebies on 1kg and 2kg packs
	Hike prices 20% in the next 1.5 years
Mr White & Ujala	Reduce competition in Kerala
Trade schemes	Reduce trade schemes – from 20% to 12% of net sales
	Rationalize distributor margins

Source: Company, Anand Rathi Research

Developing an array of products around Ujala

The company's flagship brand is still Ujala, the market leader in liquid blue. Apart from this, the company has introduced detergents, fabric whiteners and fabric conditioners. It plans to introduce more products and variants under Ujala, in order to leverage its strong brand equity to successfully launch other products. This sub-segmentation strategy under the Ujala brand should also help reduce dependence on a single Ujala product and would make price hikes easier to implement.

Fig 13 – Ujala sub-segmentation strategy



Source: Company, Anand Rathi Research

Detergent price war less fierce now

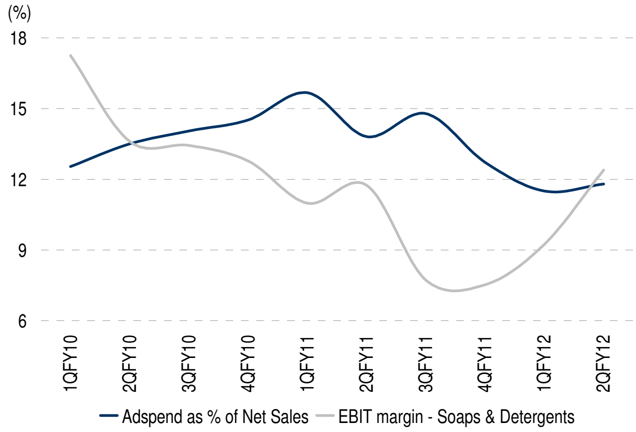
We believe the detergents wars have mellowed in the past 2-3 quarters. P&G reported losses of ₹3.3bn, equal to profits accumulated in the six years prior to FY11. Lower profitability for all detergent manufacturers has resulted in reducing media spend and hiking prices. Higher raw material costs have pushed detergent players to reduce media spend and hike prices in order to cover costs. We believe the lower media spend and price hikes by competition should allow smaller players such as Jyothy Labs to enjoy better profitability.

Fig 14 – Price hikes in the past six months by detergent manufacturers

Company	Brand	Pricing actions
HUL	Surf	Price hikes of almost 7-15%.
	Rin	Price hike of 5-8%.
		Withdrawal of advt competing against Tide
P & G	Tide	Price hike of 7-8%
		Withdrawal of advt competing against Rin

Source: Company, Anand Rathi Research

Fig 15 – Lower ad-spend and improving EBIT margin in soaps & detergents (HUL)

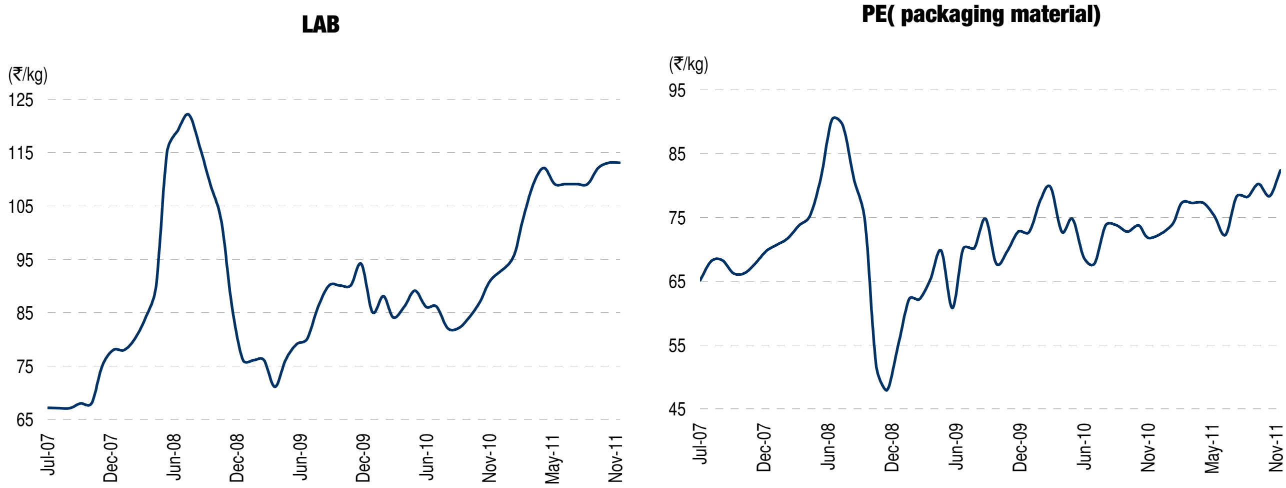


Source: HUL, Anand Rathi Research

Higher raw material prices may spoil the party

Major raw material prices of Linear Alkyl Benzene (LAB) – a crude oil derivative used as the key raw material for detergents – and packaging material continue to trend higher. The ~20% rupee depreciation is likely to result in raw material prices moving further northward. We expect the impact of higher raw material prices to affect 2HFY12 results.

Fig 16 – Major raw material prices on an upswing



Source: Bloomberg, RIL

Synergies in distribution and sourcing

With the settlement of employee compensation following the closure of Henkel's Karaikal factory, we expect the merger of distribution networks, synergies in raw material and media sourcing, consolidated brand-building activities and creation of new brands to drive Jyothy Lab's revenue and margins in the next 3-4 quarters.

Merger of distribution networks to drive revenue

Being a south-India-focused company, Jyothy has a robust distribution network in the south. Its brands enjoy strong recall in Kerala and in rural India. In contrast, Henkel's brands have stronger recall in urban India and witness vigorous off-take through modern trade outlets. Henkel has a strong distribution network in the southern and eastern parts of India.

Together, the companies reach 4m retail outlets. The overlap of distribution networks is just around 10%. We believe the merger of distribution networks will give substantial power to Jyothy, making it easier to launch products and increasing the company's bargaining power with distributors. We also expect the rationalization of distribution margins to result in higher profitability margins.

The merger of distribution networks should help Jyothy increase its reach to the masses and widen its geographical presence

Fig 17 – Merger of distribution networks

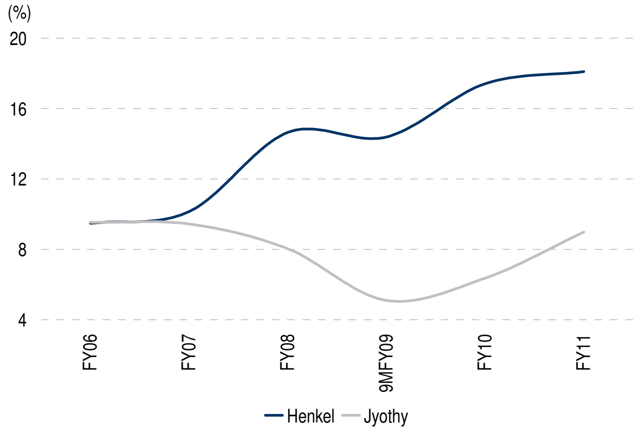
Particulars	Jyothy	Henkel
Distributors	3,500	750
Coverage - outlets	2.9m	1.1mn
Strong areas	South India	East India
Focus	Rural	Urban & modern trade

Source: Company, Anand Rathi Research

Utilization of media spend to improve

Jyothy and Henkel had been competing in detergents and dishwashing segments, increasing adspend to gain market share. Jyothy aggressively pushed Ujala detergents in Kerala against Henkel's Mr. White detergent. Going forward, the (consolidated) media spend would be optimized to gain market share from other detergent manufacturers rather than from each other.

Fig 18 – Adspend by Jyothy and Henkel



Source: Company, Anand Rathi Research

Creation of national brands could unlock value

From its current portfolio of strong regional brands, Jyothy plans to create several national brands. The brands to be rolled out nationally include Maxo coils, Neem oral care products and Exo dishwash. These brands enjoy strong recall in their present areas of operations. The company plans to launch these products through a broader distribution network, which would support the creation of national brands.

The company intends to unlock the value of some of the brands at an attractive price after the national launch. The national rollout of its brands is expected to result in higher valuations.

Fig 19 – Strategy to create national brands

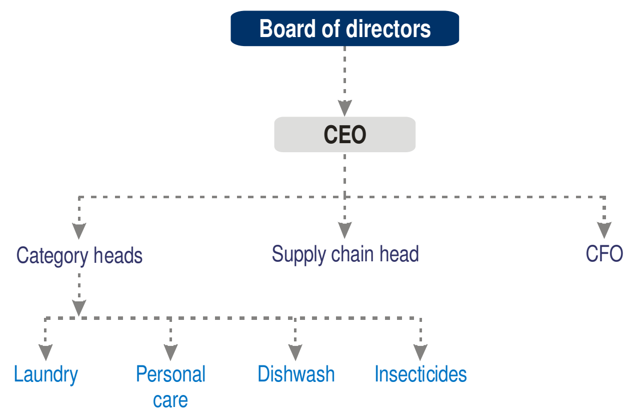
Brand	Current area	Strategy
Maxo	Rural areas	National rollout, modern trade rollout
	Coils	Launch of liquids and aggressive rollout of creams and gels
Neem	Only in toothpastes	Aggressive distribution rollout
Exo	South India	National rollout, modern trade rollout
		Launch of new SKUs
Margo	Western India	National rollout
		Launch of variants and SKUs
All major brands		Re-launch in FY13

Source: Company, Anand Rathi Research

New management to handle merged business

Jyothy Labs, a family-run business, plans to induct a professional management team to handle the newly merged business. The new management is to consist of a new CEO and three 'category' managers for fabric-care, laundry-care and personal-care. The company also plans to induct a new head for the supply chain, while the dish-wash segment is to be managed by the chairman, M.P. Ramchandran. The role of the new management would be crucial post the acquisition of Henkel, as most consumer companies now have separate heads for each product category, in order to focus on consumer preferences.

Fig 20 – New management structure



Source: Company, Anand Rathi Research

Centralized office to reduce costs

The company has shifted employees from the Bangalore and Chennai offices to its Mumbai office. The closure of the Bangalore and Chennai offices will reduce rental expenses and will also allow for quicker operations. The new centralized office will also help faster and smoother integration of Henkel. Relocation of employees from the Bangalore and Chennai offices is not expected to result in additional expenditure on real estate, as the company is utilizing its excess office space at Mumbai.

Sale of assets to create value

The company is in the process of selling the excess land on Henkel's balance sheet. It hopes to sell two acres at Ambatur (for ₹500m) and 17 acres at Karaikal (for ₹1.5bn) in 1HFY13. It also has saleable land at Kolkata that is valued at ~₹250m. The shift of production from Karaikal to Uttaranchal is expected to result in fiscal benefits (excise duty) and lower production costs.

We expect the consolidated entity to enjoy tax breaks due to Henkel's accumulated losses. We expect effective tax rates for the consolidated entity to be around the minimum alternate tax (MAT) level over the next 4-5 years. Jyothy as a standalone entity will continue to remain at the MAT level in FY12 and FY13.

Fig 21 – Key saleable assets post Henkel acquisition

Assets	Approx. value (₹m)	Time frame for sale
At Ambatur (2 acres)	500	1HFY13
At Karaikal (17 acres)	2,000	2HFY13
At Kolkata	250	Not yet decided

Other considerations

Particulars	Approx value	Benefit
Accumulated losses of Henkel	₹3.4bn	Company to pay only MAT for next 4-5 yrs
Shift of production to Karaikal		Savings of excise @10% per annum and lower staff costs

Source: Company, Anand Rathi Research

Financials

Fig 22 – Income statement

Year-end: Mar (₹m)	FY10	FY11	FY12e*	FY13e	FY14e
Gross sales	6,499	6,851	11,484	13,070	14,901
Less: excise duty	120	479	803	914	1,042
Less: sales tax	417	177	297	338	386
Net sales	5,963	6,195	10,384	11,817	13,473
Growth (%)	64.8	3.9	67.6	13.8	14.0
Expenditure					
Cost of goods sold	3,172	3,203	5,245	5,849	6,645
Staff cost	754	813	1,454	1,536	1,751
Power and fuel	160	170	291	319	364
Advertisement & sales promotion	380	556	1,038	1,064	1,213
Carriage outwards	149	160	312	319	364
Other expenses	431	569	1,038	1,064	1,213
EBITDA	918	724	1,006	1,667	1,924
Margin (%)	15.4	11.7	9.7	14.1	14.3
Depreciation	124	130	181	237	267
EBIT	794	594	826	1,429	1,657
Interest expense	17	20	540	405	247
Other income	130	238	36	26	35
Profit before tax	908	812	322	1,051	1,445
Income taxes	215	154	64	210	289
Income tax rate (%)	23.7	19.0	20.0	20.0	20.0
Profit after tax	693	657	258	841	1,156
Share of profit from associates	-	-	-	-	-
Pref. dividends/minority interest	(3)	(30)	-	-	-
Profit before X/O	696	688	258	841	1,156
Growth (%)	81.4	(1.2)	(62.5)	226.6	37.5
Extraordinary items	47	-	-	2,000	-
Profit for shareholders	743	688	258	2,841	1,156
Number of shares (m)	72.6	80.6	80.6	80.6	80.6
Earnings per share before X/O (₹)	9.6	8.5	3.2	10.4	14.3
Earnings per share after X/O (₹)	10.2	8.5	3.2	35.2	14.3

Source: Company, Anand Rathi Research **FY12e onwards financials are consolidated for Jyothy and Henkel*

Fig 23 – Balance sheet

Year-end: Mar (₹m)	FY10	FY11	FY12e	FY13e	FY14e
Sources of funds					
Share capital	73	81	81	81	81
Reserves and surplus	3,805	6,230	6,020	8,394	8,989
Deferred tax liability/misc.exps	133	216	216	216	216
Net worth	4,010	6,527	6,317	8,690	9,285
Net worth net of rev. reserve	4,010	6,527	6,317	8,690	9,285
Pref.capital/minority interest	5	5	444	444	444
Secured loans	129	691	4,796	2,396	1,996
Unsecured loans	2	-	-	-	-
Total loans	130	691	4,796	2,396	1,996
Total	**4,146**	**7,222**	**11,556**	**11,530**	**11,725**
Application of funds					
Fixed assets					
Gross block	2,930	3,332	6,168	6,493	6,843
Less: depreciation	594	725	905	1,142	1,409
Net block	2,336	2,607	5,263	5,351	5,434
Capital WIP	41	-	-	-	-
Gross block-brand value	2,930	3,332	6,168	6,493	6,843
Goodwill	-	-	4,979	4,979	4,979
Liquid investments	0	607	8	8	8
Other investments	-	-	-	-	-
Current assets	3,016	5,104	3,604	3,806	4,284
Inventories	730	694	1,263	1,568	1,937
Sundry debtors	707	1,053	1,493	1,699	1,788
Cash & bank balances	1,227	2,809	255	347	367
Loans & advances	351	548	592	192	192
Current liabilities	1,248	1,097	2,297	2,614	2,980
Liabilities	786	538	1,148	1,307	1,490
Provisions	462	559	1,148	1,307	1,490
Net current assets	1,768	4,007	1,307	1,192	1,304
Total	**4,146**	**7,222**	**11,556**	**11,530**	**11,725**

Source: Company, Anand Rathi Research

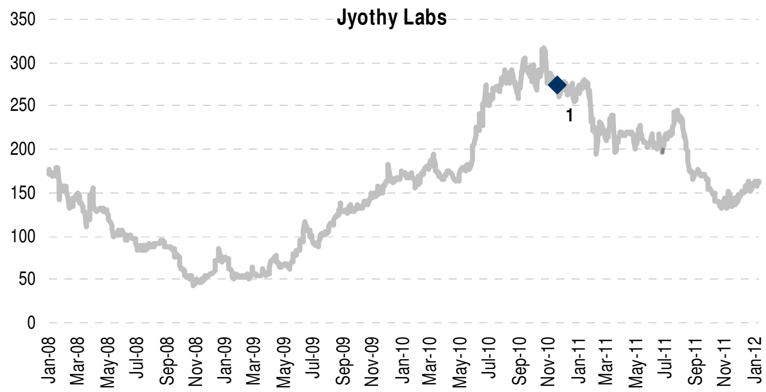
Appendix 1

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report.

Important Disclosures on subject companies

Rating and Target Price History (as of 10 January 2012)



	Date	Rating	TP (₹)	Share Price (₹)
1	22-Nov-10	**Hold**	300	272

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Large Caps (>US$1bn)	>20%	5-20%	<5%
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