

Valuation & Recommendation

At CMP of Rs 135, the stock is currently available at 6x its estimated FY11 earnings of Rs 22.4. Though the valuations look attractive as compared to its peers, the company's performance (which continues to remain under pressure) fails to suggest any re-rating to the stock at this point in time. We thus recommend a REDUCE on the stock and recommend a SWITCH to Welspun Corp which has performed exceedingly well as compared to its peers.

Result Update



Kyon ki bhaiya, sabse bada rupaiya.

(Rs. In Cr.)

PSL Ltd.	Q4FY10	Q4FY09	% Chg.	Q4FY10	Q3FY10	% Chg.	FY201003	FY200903	% Chg.
Net Sales	833.3	1216.6	-31.5	833.3	711.8	17.1	2761.5	3488.0	-20.8
Other operational Income	17.0	14.5	17.3	17.0	9.1	86.4	49.1	62.0	-20.7
Total Oper. Income(TOI)	850.3	1231.0	-30.9	850.3	720.9	18.0	2810.7	3550.0	-20.8
Raw Materials Cons.-	570.9	786.5	-27.4	570.9	499.0	14.4	2107.6	2863.5	-26.4
% to TOI	67.1%	63.9%	-	67.1%	69.2%	-	75.0%	80.7%	-
Stock adj. (-)Inc / (+)Dec-	85.1	143.3	-40.6	85.1	64.7	31.7	-29.1	-320.7	-90.9
% to TOI	10.0%	11.6%	-	10.0%	9.0%	-	-1.0%	-9.0%	-
Net Raw Mat adj. for stock	656.0	929.8	-29.5	656.0	563.6	16.4	2078.4	2542.9	-18.3
% to TOI	77.2%	75.5%	-	77.2%	78.2%	-	74.0%	71.6%	-
Other expenses	108.8	224.2	-51.5	108.8	64.7	68.0	384.2	663.2	-42.1
% to TOI	12.8%	18.2%	-	12.8%	9.0%	-	13.7%	18.7%	-
Contribution Net_Sales	85.5	77.0	11.1	85.5	92.5	-7.6	348.0	343.9	1.2
Personnel	15.6	14.6	6.9	15.6	12.6	23.1	55.4	59.4	-6.7
% to TOI	1.8%	1.2%	-	1.8%	1.8%	-	2.0%	1.7%	-
Total expenditure	780.3	1168.6	-33.2	780.3	641.0	21.7	2518.0	3265.4	-22.9
Operating Profit	70.0	62.4	12.1	70.0	79.9	-12.4	292.6	284.5	2.9
<i>% to TOI</i>	<i>8.2%</i>	<i>5.1%</i>	<i>-</i>	<i>8.2%</i>	<i>11.1%</i>	<i>-</i>	<i>10.4%</i>	<i>8.0%</i>	<i>-</i>
Non-Operating Income	0.0	0.0	0.0	0.0		-	0.0	0.0	0.0
Interest	35.6	29.7	20.0	35.6	31.8	11.9	109.0	100.7	8.2
Exceptional Items	0.0	0.0	0.0	0.0		-	0.0	0.0	0.0
Gross Profit	34.4	32.8	4.9	34.4	48.1	-28.5	183.7	183.8	-0.1
Depreciation	12.2	13.9	-12.4	12.2	18.1	-32.8	66.4	57.1	16.3
PBT before Extra-ord	22.2	18.9	17.6	22.2	30.0	-25.9	117.3	126.7	-7.4
% to TOI	2.6%	1.5%	-	2.6%	4.2%	-	4.2%	3.6%	-
Extraordinary Items	0.0	0.0	0.0	0.0		-	0.0	0.0	0.0
PBT	22.2	18.9	17.6	22.2	30.0	-25.9	117.3	126.7	-7.4
Tax Rate	-7.1%	28.0%	-	-7.1%	32.1%	-	24.7%	32.2%	-
Prov. for Tax	-1.6	5.3	PL	-1.6	9.6	PL	29.0	40.8	-28.9
% to TOI	-0.2%	0.4%	-	-0.2%	1.3%	-	1.0%	1.2%	-
Profit after Tax	23.8	13.6	75.0	23.8	20.4	16.8	88.3	85.9	2.8
<i>% to TOI</i>	<i>2.8%</i>	<i>1.1%</i>	<i>-</i>	<i>2.8%</i>	<i>2.8%</i>	<i>-</i>	<i>3.1%</i>	<i>2.4%</i>	<i>-</i>
Face Value	10.0	10.0	0.0	10.0	10.0		10.0	10.0	0.0
Equity Share capital	53.3	42.6	25.3	53.3	52.4	1.8	53.3	42.6	25.3
EPS (Rs.)	4.5	3.2	39.7	4.5	3.9	14.7	16.6	20.2	-18.0
CEPS (Rs.)	6.7	6.5	4.5	6.7	7.3	-8.2	29.0	33.6	-13.7

Source: ACE Equity

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Ventura Securities Limited

Corporate Office: Corporate Office: C-112/116, Bldg No. 1, Kailash Industrial Complex, Park Site, Vikhroli (W), Mumbai – 400079

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