

Mahindra and Mahindra

Performance Highlights

Y/E March (Rs cr)	1QFY11	1QFY10	% chg (yoy)	Angel Est.	% Diff
Net Sales	5,160	4,243	22	5,152	0.2
Operating Profit	776	609	27	768	0.9
OPM (%)	15.0	14.4	68bp	14.9	12bp
Reported PAT	562	401	40	509	11

Source: Company, Angel Research

Mahindra and Mahindra (M&M) reported good results for 1QFY2011. Top-line and operating performance was in-line, while bottom-line beat our expectations by 11% owing to lower tax rate and higher interest income. We upgrade our estimates for M&M to account for lower tax rate and higher interest income. **We remain positive and overweight on M&M.**

Net sales up 21.6%, volume growth along with improved operating leverage supported outstanding performance: For 1QFY2011, M&M clocked net sales of Rs5,160cr, up 21.6% yoy. This growth was aided by the substantial 24% yoy growth in core volumes, while average realisation per vehicle declined by around 3% due to change in product mix. During 1QFY2011, M&M's EBITDA margin witnessed 68bp yoy increase owing to lower other expenditure, which fell by 294bp yoy. M&M registered net profit of Rs562cr (Rs401cr) during the quarter, which exceeded our expectation mainly due to higher interest income of Rs22.7cr and lower than expected tax rate.

Outlook and Valuation: M&M's utility vehicle (UV) and tractor volumes continued to surprise positively, registering 35% (40%) overall growth in FY2010. Further, M&M performed well above expectations in the farm equipment and CV segments too. We have modeled 10% CAGR in UV volumes over FY2010-12E while maintaining our tractor volume growth assumption at 8% for the period. New product launches like GIO and Maxximo have met with good response. Further, the new product launch in the M&HCV space is expected to position the company in line with the other major domestic CV players, aided by its well-known brand equity and extensive sales network. Thus, M&M is one of the preferred picks in our coverage universe and recommend a Buy on the stock. Our SOTP Target Price for M&M works out to Rs772, wherein its core business fetches Rs533 and the value of its investments works out to Rs239.

Key Financials

Y/E March (Rs cr)	FY2009	FY2010	FY2011E	FY2012E
Net Sales	12,927	18,350	22,074	25,788
% chg	14.6	41.9	20.3	16.8
Net Profit	786	2,029	2,334	2,719
% chg	(37.6)	158.1	15.0	16.5
EBITDA (%)	6.9	14.8	13.2	13.3
EPS (Rs)	13.6	35.1	40.3	47.0
P/E (x)	44.7	18.0	16.0	13.7
P/BV (x)	6.7	4.7	4.0	3.3
RoE (%)	21.3	21.5	25.3	24.4
RoCE (%)	7.4	23.2	20.9	21.5
EV/Sales (x)	2.7	1.9	1.6	1.3
EV/EBITDA (x)	44.5	14.1	13.3	11.2

Source: Company, Angel Research

BUY

CMP	Rs644
Target Price	Rs772

Investment Period	12 Months
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Stock Info

Sector	Automobile
Market Cap (Rs cr)	37,257
Beta	1.3
52 Week High / Low	656/368
Avg. Daily Volume	240180
Face Value (Rs)	5
BSE Sensex	17,992
Nifty	5,409
Reuters Code	MAHM.BO
Bloomberg Code	MM@IN

Shareholding Pattern (%)

Promoters	26.3
MF / Banks / Indian Fls	32.9
FII / NRIs / OCBs	32.1
Indian Public / Others	8.7

Abs. (%)	3m	1yr	3yr
Sensex	2.8	18.6	18.1
M&M	22.9	53.0	66.0

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Exhibit 1: Quarterly performance

Y/E March (Rs cr)	1QFY11	1QFY10	% chg (yoy)	FY10	FY09	% chg (yoy)
Net Sales (includes other operating income)	5,160.1	4,242.6	21.6	18,602.1	13,093.7	42.1
Consumption of RM (% of Sales)	3,322.2 64.4	2,691.7 63.4	23.4	11,671.9 62.7	8,928.1 68.2	30.7
Staff Costs (% of Sales)	313.7 6.1	308.3 7.3	1.8	1,198.5 6.4	1,024.6 7.8	17.0
Purchases of TG (% of Sales)	268.3 5.2	113.9 2.7	135.6	661.1 3.6	346.2 2.6	91.0
Other Expenses (% of Sales)	480.3 9.3	519.8 12.3	(7.6)	2,115.5 11.4	1,702.2 13.0	24.3
Total Expenditure	4,384.5	3,633.6	20.7	15,646.9	12,001.1	30.4
Operating Profit	775.6	609.0	27.4	2,955.2	1,092.6	170.5
OPM	15.0	14.4		15.9	8.3	
Interest	(22.7)	6.0	(481)	27.8	45.3	(38.6)
Depreciation	97.6	88.5	10.3	370.8	291.5	27.2
Other Income	20.5	23.6	(13.1)	199.4	270.3	(26.3)
PBT (excl. Extr. Items)	721.1	538.1	34.0	2,756.0	1,026.2	168.6
Extr. Income/(Expense)	-	-	-	(90.8)	(41.0)	-
PBT (incl. Extr. Items)	721.1	538.1	34.0	2,846.8	1,067.2	166.7
(% of Sales)	14.0	12.7		15.3	8.2	
Provision for Taxation (% of PBT)	158.8 22.0	137.3 25.5	15.7	759.0 26.7	199.7 18.7	280.1
Reported PAT	562.4	400.9	40.3	2,087.8	867.5	140.7
PATM	10.9	9.4		11.2	6.6	
Equity capital (cr)	283.1	273.0		283.0	273.4	
EPS (Rs)	9.9	7.3	35.3	36.9	15.9	132.5

Source: Company, Angel Research

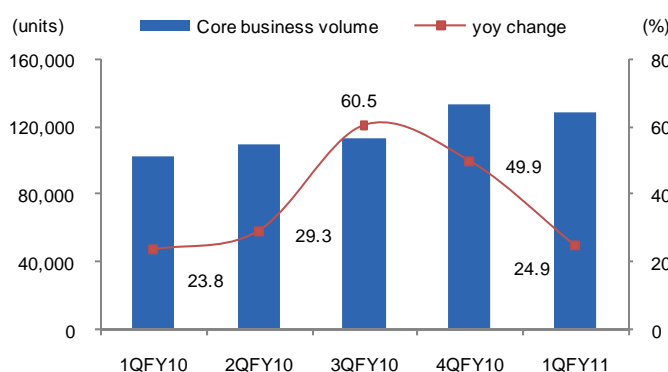
Exhibit 2: Quarterly Volume performance

Y/E March (Rs cr)	1QFY11	1QFY10	% chg	FY10	FY09	% chg
Total Volume	132,093	106,252	24.3	511,128	472,071	8.3
Utility Vehicles	53,948	48,720	10.7	215,948	214,128	0.8
LCV	2,978	2,493	19.5	12,104	9,792	23.6
Logan	1,434	1,478	(3.0)	5,943	5,332	11.5
3- wheelers, GIO, Maxximo)	20,076	9,032	122.3	74,076	57,424	29.0
Exports	3,507	1,145	206.3	12,507	10,815	15.6
Total Automotive Sales	81,943	62,868	30.3	320,578	297,491	7.8
Domestic Tractor Sales	47,718	41,963	13.7	182,718	165,581	10.3
Exports Tractor Sales	2,432	1,421	71.1	7,832	8,999	(13.0)
Total Tractor Sales	50,150	43,384	15.6	190,550	174,580	9.1

Source: Company, Angel Research

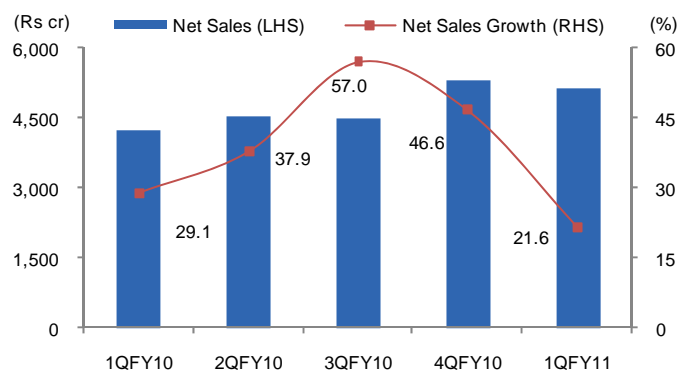
Net sales up 21.6%, volume growth supported outstanding performance: For 1QFY2011, M&M clocked net sales of Rs5,160cr, up 21.6% yoy. This growth was aided by the substantial 25% yoy growth in core volumes, while average realisation per vehicle declined by around 3% due to change in product mix. Strong volumes in the automotive and farm equipment divisions aided top-line growth. The UV volumes posted 10.7% yoy growth on a high base and continued to dominate the UV industry, with a market share of 50.8% on the back of Xylo and Bolero, which continued to see well off-take and aided substantial growth in 1QFY2011 and FY2010. The tractor volumes also registered strong 15.6% yoy growth in 1QFY2011 supplementing overall growth in volumes.

Exhibit 3: Core volumes up 25%



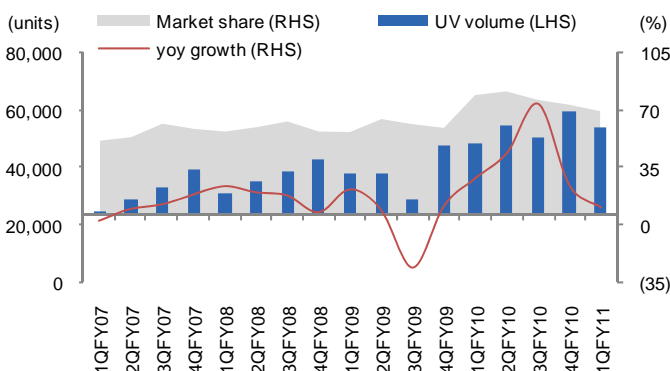
Source: Company, Angel Research

Exhibit 4: Net sales rises by 21.6%



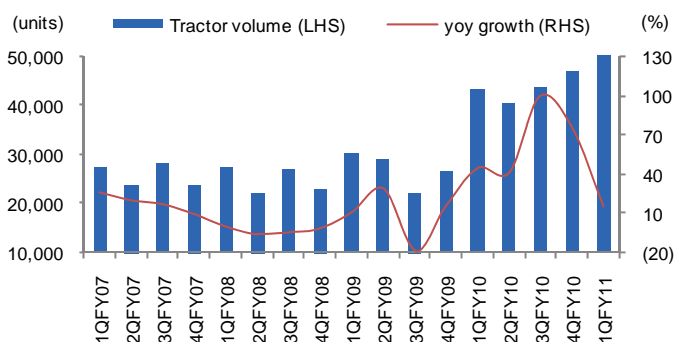
Source: Company, Angel Research

Exhibit 5: M&M – UV volumes and market share trend



Source: Company, Angel Research, SIAM

Exhibit 6: M&M – Tractor volumes and market share trend



Source: Company, Angel Research, SIAM

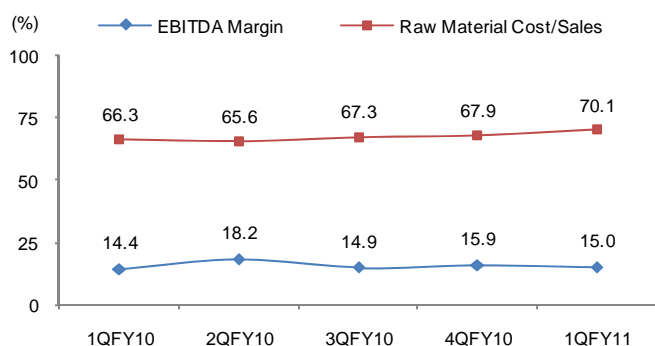
Segment-wise performance: M&M's farm equipment division clocked 15.1% yoy growth in net sales to Rs2,274cr, with increase in tractor volumes on normal monsoon forecast. The auto division also reported robust yoy increase of 27.6% in net sales, aided by strong growth in auto volumes. PBIT margins of the auto division improved by 203bp yoy to 12.2% (10.2%). The farm division reported a 20bp yoy increase in PBIT margin to 17.1% (16.9%) during 1QFY2011.

Exhibit 7: Segment performance

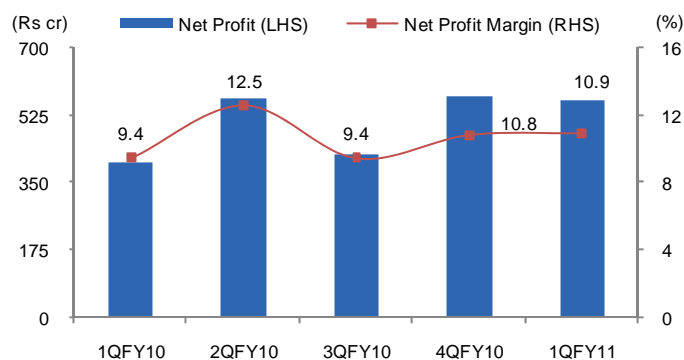
Y/E Mar (Rs cr)	1QFY11	1QFY10	%chg	FY10	FY09	%chg
Total Net Sales	5,167	4,252	21.5	18,634	13,133	41.9
Auto Segment	2,880	2,258	27.6	10,615	7,385	43.7
Farm Segment	2,274	1,975	15.1	7,935	5,667	40.0
Other Segments	14	20	(31.1)	84	81	4.0
Total PBIT	742	567	30.7	2,854	1,085	163.0
Auto Segment	352	230	53.0	1,339	448	199.1
Farm Segment	389	334	16.4	1,501	624	140.5
Other Segments	0	3	(91.6)	14	14	2.1
PBIT/ Sales (%)	14.4	13.3		15.3	1.2	
Auto Segment	12.2	10.2		12.6	6.1	
Farm Segment	17.1	16.9		18.9	11.0	
Other Segments	1.7	13.8		16.6	16.9	

Source: Company, Angel Research

Margins at 15% on improved operating leverage: During 1QFY2011, M&M's EBITDA margins witnessed 68bp yoy increase owing to lower other expenditure, which declined by 294bp yoy and accounted for 9.3% of sales (12.3% in 1QFY2010). Staff cost also fell by 119bp yoy in 1QFY2011. Higher raw material costs however, arrested further margin expansion to a certain extent. Raw material cost increased by 345bp yoy to 69.6% (66.1%) in 1QFY2011, primarily due to the rise in cost of steel and rubber. Overall, the company recorded decent improvement in operating performance owing to its cost rationalisation measures and partially due to cost synergies arising post the PTL merger. Thus, operating profit jumped 27.4% yoy during 1QFY2011.

Exhibit 8: Margins expand on better operating leverage


Source: Company, Angel Research

Exhibit 9: Net profit up 40%


Source: Company, Angel Research

Including Mahindra Vehicle Manufacturers (MVML), OPM would be 15.2% as against 15.0% of standalone M&M. The Chakan plant is operational and all products produced there will come under MVML, M&M's 100% subsidiary. MVML will adopt cost-plus pricing and sell products to M&M standalone. This will enable M&M to manage costs more efficiently at MVML. This implies that to gauge profitability of the products out of Chakan, we would have to add MVML to M&M's standalone numbers.

Net Profit at Rs562cr, up 40.3% , volume and operating leverage drive growth: M&M registered net profit of Rs562cr (Rs401cr) during the quarter, which was above our expectation mainly due to higher net interest income of Rs22.7cr and lower than expected tax rate. Overall, the company reported 145bp rise in NPM for the quarter on account lower tax provisioning. Tax rate during 1QFY2011 was lower due to the benefits arising from tax-free plants and tax credits on account of R&D expenditure.

Consolidated performance: The company's consolidated performance was marginally below our expectations, with top-line growth of 9.4% yoy to Rs8,576cr (Rs7,841cr). However, consolidated group revenues are not exactly comparable with the previous years due to AT&T exercising its stock option and Tech Mahindra ceasing to be a group subsidiary and becoming a joint venture (JV) of the company. Consolidated bottom-line stood at Rs621cr (Rs432cr) for 1QFY2011.

Exhibit 10: Group Results

Sector (Rs cr)	1QFY11		1QFY10		yoy chg (%)		FY10	
	Revenue	Results	Revenue	Results	Revenue	Results	Revenue	Results
Automotive	3,128	328	2,444	218	28	51	11,276	1,261
Farm Equipment	2,540	391	2,312	306	10	28	8,993	1,407
IT Services	530	77	1,176	214	(55)	(64)	4,825	1,026
Financial Services	408	118	330	61	24	94	1,570	524
Trading	166	25	120	17	38	49	590	83
Infrastructure	82	19	52	10	57	95	415	122
Hospitality	97	10	125	45	(22)	(77)	499	158
Systech	766	25	573	(51)	34	-	2,546	(108)
Others	248	(20)	176	(19)	41	-	875	(108)
Total Segment Revenue & Results	7,965	974	7,309	799	9	22	31,590	4,364
Net unallocable (Expenses)/Gains		(58)		(23)		-		(143)
Net unallocable Interest Income/(Expense)		(48)		(99)		-		(441)
Exceptional items Income/(Expense)		(7)		1		-		250
Profit before tax		862		678		27		4,030
Current/Deferred taxes incl. FBT		240		216		11		1,154
Profit After Tax		622		461		35		2,876
Add/(Less): Prior Year Adjustments		-		1		-		(4)
Add / (Less)- Share of Associates		6		4		53		20
Less: Minority Interest		7		34		(80)		413
Consolidated PAT excl. MI		621		432		44		2,479

Source: Company, Angel Research

Conference Call – Key Highlights

- **Supply-side constraints:** Production during the quarter was constrained due to shortage of tyre, casting and fuel injection equipment. The potential revenue loss due to these supply-side constraints was ~7-8% during 1QFY2011. Supply-side pressures are expected to continue during 2QFY2011. However, the company is planning to import the necessary components to mitigate such pressure. Thus, the situation is expected to improve in the second half of the year. Management has indicated that the automobile and tractor industries are expected to grow by 14-15% and 12-13% respectively, during FY2011.
- **Price increases:** M&M raised the prices of tractors by 2.5% (Rs10,000cr) in April 2010 to counter the impact of raw material cost increases
- **Product launches:** *Maxximo*, which was launched in 4QFY2010 in North India was well received and has garnered market share of ~24%. The company recently launched *Maxximo* in Kerala and Karnataka too, and has plans to launch it in the remaining southern states as well. The company has plans to launch ~3 variants each of the *Xylo* and *Maxximo* during the remaining nine months of FY2011. A new SUV is also being developed, which the company expects to launch by 1QFY2012E.

M&M would launch M&HCV (JV with Navistar) vehicle during 2QFY2011E. It has order book for ~500 units of trucks and expects to touch 1,000 units of sales within six weeks of launch.

The company's *Arjun* brand of tractors has met with good response, which has helped M&M increase its market share to ~30% in the 50+HP segment. Recently (last week), M&M also launched the *Yuvraj* tractors in Gujarat.

- **Capex plan:** M&M has planned total investment of around Rs7,000cr over FY2011-13. Management indicated capital expenditure plan of Rs4,500cr over FY2011-13E and an investment plan of Rs2,500cr over the same time period. The company is setting up a new plant at Chakan, with a capacity of 3,50,000 vehicles, which started its Phase-1 in FY2010. The company plans to manufacture UVs and LCVs at this plant. This includes 50,000 units of M&M's international trucks, 1,20,000 units of a new mass market platform, 90,000 units of a new SUV (successor to the *Scorpio*) and 90,000 units of *Ingenio* variants.

As announced earlier, total Rs5,600cr capex to be incurred at the Chakan plant over FY2009-13, of which Rs550-600cr has already being spent. M&M's contribution to this capex is Rs2,000cr, which would be mostly utilised for R&D. MVML will spend Rs2,000cr, MNAL Rs1,000cr and the balance Rs500-Rs600cr by MEPL. Apart from further investments in the Chakan plant, the company is looking at setting up a new tractor plant. M&M's own tractor unit is currently running at 100% utilisation levels, while PTL's plants are running at over 80% utilisation levels currently.

- **Cash and Debt position:** As on 1QFY2011, liquid investments stood at Rs2,500cr, while debt stood at Rs3,000cr (Rs1,400cr in foreign currency).

Investment Arguments

- **Strong growth continues in core business:** M&M's UV and tractor volume growth continues to surprise positively, with 35% (40)% overall growth clocked in FY2010, primarily due to the substantial 8% market share gain in the UV segment (to 55%). The new *Xylo*, and the established *Scorpio* and *Bolero* contributed to the robust UV volume growth. M&M has also performed well above expectations in its farm equipment segment. Thus, we have modeled 10% CAGR in UV volumes over FY2010-12E for M&M with minimum competition in the UV space and continue to maintain our tractor volume CAGR assumption of 8% (including *Swaraj*) over FY2010-12E.
- **New ventures firming up well:** M&M's new ventures in the CV space are firming up well. New product launches like *GIO* and *Maxximo* have received good response from the market. Further, the new product launch in the M&HCV space would position the company well in line with other major domestic CV players like Ashok Leyland and Tata Motors in the next 2-3 years, aided by its well-known brand equity and extensive sales network. This is expected to substantially augment the company's overall volume growth.
- **Systech operations poised to benefit from rebound:** Systech should be a key beneficiary of the growing trend of component sourcing from lower-cost countries, given its existing relationships with global OEMs. Systech management is focused on creating shareholder value and has set a goal of achieving Rs500-600cr in EBITDA, with 75% coming from Europe and the rest from India. Management believes this is achievable even at 30% below peak levels. We believe that these moves will start contributing positively to M&M's consolidated EPS, when the global industry cycle takes a positive turn.
- **Investments constitute 58% of balance sheet:** M&M also has majority stakes in various listed companies in other sectors, including Technology, Property and Finance. The high growth potential of M&M's subsidiaries is expected to unlock the actual value of the stock over the years. The listing of its subsidiaries has been supporting M&M's valuation in the recent past, and may continue to do so in the long term.

Outlook and Valuation

We upgrade our estimates for the company factoring in the lower tax rate during the quarter and higher interest income. We maintain our positive outlook and remain overweight on M&M.

Exhibit 11: Change in estimates

Y/E March	Earlier Estimates		Revised Estimates		% chg	
	FY2011E	FY2012E	FY2011E	FY2012E	FY2011E	FY2012E
Net Sales (Rs cr)	21,646	24,613	22,074	25,788	2.0	4.8
OPM (%)	13.2	13.3	13.2	13.3	-	-
EPS (Rs)	37.3	43.2	40.3	47.0	8.2	8.8

Source: Company, Angel Research

At the CMP of Rs644, M&M is trading at 16x FY2011E and 13.7x FY2012E earnings. Our SOTP Target Price for M&M works out to Rs772, wherein its core business fetches Rs533 and the value of its investments works out to Rs239. **We maintain a Buy on the stock, with M&M being one of our preferred picks among the pack.**

Exhibit 12: SOTP Valuation

Key Subsidiary	No. of Shares (cr)	CMP (Rs)	Value (Rs cr)
Mahindra Financial Services	5.4	533	2,878
Mahindra Lifespace	1.5	465	716
Tech Mahindra	5.4	704	3,786
Mahindra Forgings	4.2	103	427
Mahindra Holidays	7.0	490	3,430
Mahindra UGINE	1.7	69	114
Other Investments (at book value)			4,905
Total value (Rs cr)			16,256
No of share o/s of M&M (cr)			58
Per share value of Investments (15% discount)			239
M&M's Core Business/share value (13x FY12E)			533
M&M' Target Price with investments (Rs)			772

Source: Company, Angel Research

Exhibit 13: Key Assumptions

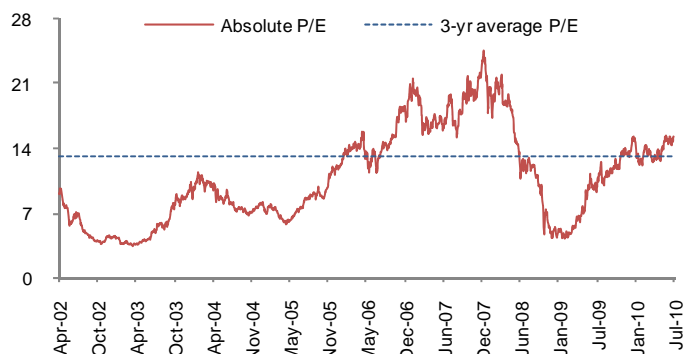
Y/E March (units)	FY07	FY08	FY09	FY10	FY11E	FY12E
Utility Vehicles	127,856	148,761	153,655	214,128	235,541	259,095
LCV	8,652	10,398	8,604	9,792	11,750	13,513
Logan	-	25,891	13,983	5,332	5,599	5,879
Three wheelers	33,672	33,927	44,533	57,424	80,394	104,512
Exports	8,021	25,657	8,500	10,815	13,519	15,141
Total Automotive Sales	178,201	244,634	229,275	297,491	346,802	398,139
Domestic Tractor Sales	95,004	90,037	113,302	165,581	182,139	191,246
Exports Tractor Sales	7,525	8,677	6,406	8,999	9,899	10,394
Total Tractor Sales	102,529	98,714	119,708	174,580	192,038	201,640
Total Volume	280,730	343,348	348,983	472,071	538,840	599,779
yoy change (%)						
Utility Vehicles	11.5	16.4	3.3	39.4	10.0	10.0
LCV	27.7	20.2	(17.3)	13.8	20.0	15.0
Logan	-	-	(46.0)	(61.9)	5.0	5.0
Three wheelers	50.2	0.8	31.3	28.9	40.0	30.0
Exports	44.9	219.9	(66.9)	27.2	25.0	12.0
Total Automotive Sales	19.3	37.3	(6.3)	29.8	16.6	14.8
Domestic Tractor Sales	21.7	(5.2)	25.8	46.1	10.0	5.0
Exports Tractor Sales	7.8	15.3	(26.2)	40.5	10.0	5.0
Total Tractor Sales	20.6	(3.7)	21.3	45.8	10.0	5.0
Total Volume	39.8	22.3	1.6	35.3	14.1	11.3

Source: Company, Angel Research

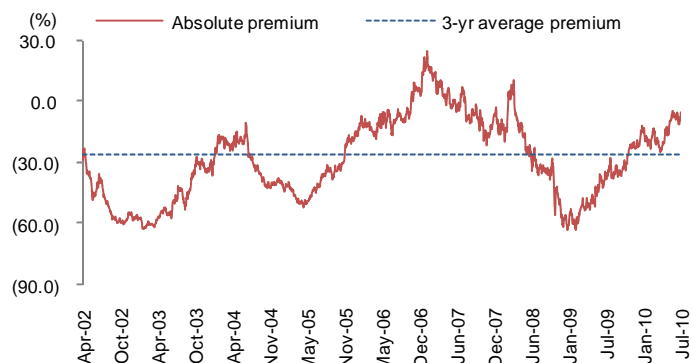
Exhibit 14: Angel v/s consensus forecast

	Angel estimates		Consensus		Variation (%)	
	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
Gross Sales (Rs cr)	24,526	28,975	26,209	30,356	(6.4)	(4.5)
EPS (Rs)	40.3	47.0	42.16	48.8	(4.4)	(3.7)

Source: Company, Angel Research, Bloomberg

Exhibit 15: One-year forward P/E chart


Source: Company, Angel Research, Bloomberg

Exhibit 16: M&M - Premium/Discount to Sensex P/E


Source: Company, Angel Research, Bloomberg

Exhibit 17: Automobile - Recommendation summary

Company	Reco.	CMP (Rs)	Tgt Price (Rs)	Upside (%)	P/E (x)		EV/EBITDA (x)		RoE (%)		FY10-12E EPS
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	CAGR (%)
Ashok Leyland	Neutral	72	-	-	16.6	13.9	11.7	10.1	15.1	16.7	34.1
Bajaj Auto*	Neutral	2,694	-	-	17.3	15.6	11.2	9.7	61.3	47.9	21.1
Hero Honda	Neutral	1,871	-	-	16.5	14.6	12.1	10.4	53.7	50.2	7.2
Maruti Suzuki	Accumulate	1,198	1,338	11.7	15.0	12.9	8.8	7.0	17.9	15.9	3.7
M&M	Buy	644	772	19.9	16.0	13.7	11.1	9.4	25.3	24.4	15.8
Tata Motors	Accumulate	865	907	5.0	14.8	12.0	7.6	6.8	25.0	26.3	26.5
TVS Motor*	Neutral	136	-	-	18.9	13.9	9.7	8.2	18.8	22.9	64.0

Source: Company, Angel Research; Note: * The numbers are not adjusted for bonus

Profit and Loss Statement

Y/E March (Rs cr)	FY07	FY08	FY09	FY10	FY11E	FY12E
Gross sales	11,184	12,866	14,514	20,157	24,526	28,975
Less: Excise duty	1,335	1,585	1,587	1,807	2,453	3,187
Net Sales	9,849	11,282	12,927	18,350	22,074	25,788
Total operating income	9,849	11,282	12,927	18,350	22,074	25,788
% chg	-	14.5	14.6	41.9	20.3	16.8
Total Expenditure	8,791	10,187	12,035	15,634	19,171	22,358
Net Raw Materials	6,828	7,726	9,274	12,333	15,120	17,768
Other Mfg costs	252.1	299.9	311.0	378.5	507.7	593.1
Personnel	660.1	845.8	1,018.4	1,190.4	1,490.0	1,676.2
Other	1,051	1,316	1,431	1,732	2,053	2,321
EBITDA	1,057.8	1,094.5	892	2,716	2,903	3,429.8
% chg	-	3.5	(18.5)	204.5	6.9	18.2
(% of Net Sales)	10.7	9.7	6.9	14.8	13.2	13.3
Depreciation & Amortisation	209.6	238.7	291.5	370.8	441.5	515.8
EBIT	848	856	600	2,345	2,461	2,914
% chg	-	0.9	(29.8)	290.6	5.0	18.4
(% of Net Sales)	8.6	7.6	4.6	12.8	11.2	11.3
Interest & other Charges	19.8	87.6	134.1	156.9	28.8	28.8
Other Income	590	639	601	659	768	837
(% of PBT)	39.0	40.9	61.0	23.6	24.5	22.9
Recurring PBT	1,418	1,407	1,067	2,847	3,201	3,722
% chg	-	(0.8)	(24.1)	166.7	12.4	16.3
Extraordinary Items	93.4	156.0	(81.4)	(58.9)	(66.7)	(72.2)
PBT	1,512	1,563	986	2,788	3,134	3,650
Tax	350	303	200	759	800	931
(% of PBT)	23	19	20	27	26	25
PAT	1,068	1,103	868	2,088	2,400	2,792
Less: Minority interest (MI)	-	-	-	-	-	-
PAT after MI (reported)	1,068	1,103	868	2,088	2,400	2,792
Adj. PAT	1,162	1,259	786	2,029	2,334	2,719
% chg	-	8.4	(37.6)	158.1	15.0	16.5
(% of Net Sales)	11.8	11.2	6.1	11.1	10.6	10.5
Basic EPS (Rs)	20.5	19.8	14.4	35.8	40.3	47.0
Fully Diluted EPS (Rs)	20.1	21.8	13.6	35.1	40.3	47.0
% chg	-	8.4	(37.6)	158.1	15.0	16.5

Balance Sheet

Y/E March (Rs cr)	FY07	FY08	FY09	FY10	FY11E	FY12E
SOURCES OF FUNDS						
Equity Share Capital	238	239	273	283	289	289
Preference Capital	-	-	-	-	-	-
Reserves & Surplus	3,315	4,111	4,989	7,544	9,126	11,045
Shareholders' Funds	3,553	4,350	5,262	7,827	9,415	11,334
Total Loans	1,636	2,587	4,053	2,880	2,880	2,880
Deferred Tax Liability	20	57	(18)	240	272	310
Total Liabilities	5,209	6,994	9,297	10,947	12,567	14,524
APPLICATION OF FUNDS						
Gross Block	3,230	3,656	4,894	5,276	7,358	8,596
Less: Acc. Depreciation	1,639	1,842	2,326	2,538	2,979	3,495
Net Block	1,591	1,814	2,568	2,739	4,379	5,101
Capital Work-in-Progress	281	546	647	964	368	430
Goodwill	-	-	-	-	-	-
Investments	2,237	4,215	5,786	6,398	7,540	8,714
Current Assets	3,748	3,644	5,081	6,042	6,420	7,272
Cash	1,326	861	1,574	1,743	1,566	1,599
Loans & Advances	843	694	1,402	1,852	1,545	1,805
Other	1,579	2,089	2,104	2,447	3,308	3,867
Current liabilities	2,666	3,240	4,798	5,200	6,139	6,993
Net Current Assets	1,083	404	283	842	280	279
Mis. Exp. not written off	18	14	13	4	-	-
Total Assets	5,209	6,994	9,297	10,947	12,567	14,524

Cash Flow Statement

Y/E March (Rs cr)	FY07	FY08	FY09	FY10	FY11E	FY12E
Profit before tax	1,512	1,563	986	2,788	3,134	3,650
Depreciation	210	239	292	371	441	516
Change in Working Capital	(719)	(51)	(1,426)	170	(420)	(446)
Less: Other income	(613)	621	(1,980)	233	(414)	(57)
Direct taxes paid	350	303	200	759	800	931
Cash Flow from Operations	1,266	826	1,631	2,336	2,770	2,847
(Inc.)/Dec. in Fixed Assets	(446)	(692)	(1,338)	(700)	(1,485)	(1,300)
(Inc.)/Dec. in Investments	(568)	(1,978)	(1,571)	(612)	(1,142)	(1,174)
(Inc.)/Dec. in loans and adv.	(174)	(286)	(238)	(9)	(9)	(142)
Other income	590	639	601	659	768	837
Cash Flow from Investing	(598)	(2,317)	(2,546)	(662)	(1,868)	(1,779)
Issue of Equity	(9)	1	1	10	6	-
Inc./(Dec.) in loans	753	951	1,466	(1,173)	-	-
Dividend Paid (Incl. Tax)	278	325	321	312	624	670
Others	1,094	250	160	656	1,709	1,705
Cash Flow from Financing	(72)	1,027	1,628	(1,506)	(1,079)	(1,034)
Inc./(Dec.) in Cash	596	(465)	713	169	(177)	33
Opening Cash balances	730	1,326	861	1,574	1,743	1,566
Closing Cash balances	1,326	861	1,574	1,743	1,566	1,599

Key Ratios

Y/E March	FY07	FY08	FY09	FY10	FY11E	FY12E
Valuation Ratio (x)						
P/E (on FDEPS)	31.5	32.5	44.7	18.0	16.0	13.7
P/CEPS	24.0	22.9	30.3	15.2	13.4	11.5
P/BV	8.7	7.1	6.7	4.7	4.0	3.3
Dividend yield (%)	0.9	0.9	0.8	1.5	1.6	1.7
EV/Sales	3.4	3.0	2.7	1.9	1.6	1.3
EV/EBITDA	35.5	35.6	44.6	14.1	13.3	11.2
EV / Total Assets	7.2	5.6	4.3	3.5	3.1	2.7
Per Share Data (Rs)						
EPS (Basic)	20.5	19.8	14.4	35.8	40.3	47.0
EPS (fully diluted)	20.1	21.8	13.6	35.1	40.3	47.0
Cash EPS	26.8	28.1	21.3	42.4	48.0	55.9
DPS	5.9	5.9	5.1	9.7	10.0	11.3
Book Value	74.4	90.7	96.3	138.1	162.6	195.7
Dupont Analysis						
EBIT margin	8.6	7.6	4.6	12.8	11.2	11.3
Tax retention ratio	0.8	0.8	0.8	0.7	0.7	0.7
Asset turnover (x)	2.8	2.3	1.9	2.2	2.2	2.2
RoIC (Post-tax)	18.5	13.8	6.9	20.2	18.2	18.2
Cost of Debt (Post Tax)	1.2	3.3	3.2	3.3	0.7	0.7
Leverage (x)	-	-	-	-	-	-
Operating RoE	18.5	13.8	6.9	20.2	18.2	18.2
Returns (%)						
RoCE (Pre-tax)	18.5	14.0	7.4	23.2	20.9	21.5
Angel RoIC (Pre-tax)	16.5	11.0	6.3	18.7	16.8	16.9
RoE	25.8	30.6	21.3	21.5	25.3	24.4
Turnover ratios (x)						
Asset Turnover (Gross Block)	3.2	3.3	3.0	3.6	3.5	3.2
Inventory / Sales (days)	33	32	30	22	22	23
Receivables (days)	25	28	29	23	30	30
Payables (days)	64	69	82	69	66	70
WC cycle (ex-cash) (days)	(9)	(11)	(25)	(22)	(18)	(18)
Solvency ratios (x)						
Net debt to equity	(0.5)	(0.6)	(0.6)	(0.7)	(0.7)	(0.7)
Net debt to EBITDA	(1.8)	(2.3)	(3.7)	(1.9)	(2.1)	(2.2)
Interest Coverage (EBIT/Interest)	42.8	9.8	4.5	15.0	85.5	101.2

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	M & M
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

Note: We have not considered any Exposure below Rs 1 lakh for Angel, its Group companies and Directors.

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