Pricol Ltd.

November 20, 2006

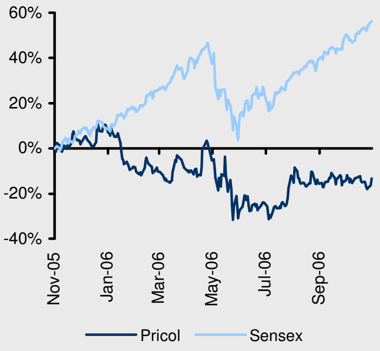
Growth tachometer reads high RPM

Sector Name: Auto Components

Recommendation	Buy
Current Price (Rs)	37
Target Price (Rs)	48

Market Data	
Bloomberg Code	PRIC IN
Share Outstanding (mn)	90
52 week High / Low	59 / 30
Market Capn (Rs bn)	3.3

Share price Vs Sensex



Shareholding Pattern (%)	
Promoters	35.7
FI / Mutual Fund	12.2
FII	0.1
Public & Others	52.0

Investment Summary

- Pricol Limited, headquartered in Coimbatore, is the largest manufacturer of automotive dashboard instruments and oil pumps in India and supplies to all the major OEMs in the country. Even as the dashboard instruments form approximately 70%-75% of company revenues, Pricol has diversified its product portfolio by offering more than 60 products with over 2,000 variants.
- Pricol is increasing its focus on the overseas markets. While its net revenues grew by over 21% in H1FY07 YoY, exports grew by more than 70%. As a result, the contribution of exports to total sales has improved from 12.5%-13% in H1FY06 to 18% in H1FY07.
- The company has a very strong client portfolio which includes top automobile manufacturers like Bajaj Auto, Maruti Udyog, Hero Honda, TVS Motors, Tata Motors, Toyota Kirloskar, Mahindra & Mahindra, etc. The top five customers together contribute more than 70% of the domestic OEM revenues of the company.
- The company is geared up with the digital revolution and is selling digital dashboard instruments to Maruti Udyog and Tata Motors for their export models.
- Pricol is setting up two plants in Uttaranchal. The first plant is expected to start operations by early FY08 while the other would be commissioned 6-8 months later.
- The company is also setting up an assembly plant in Indonesia, to be operational by early 2007. This would later be converted into a full-fledged manufacturing facility. Two-wheeler biggies like Bajaj Auto, TVS, Kawasaki, etc. are entering the Indonesian market where this upcoming plant would essentially meet their requirements for the overseas market. Pricol also has on its customers' list Japanese vehicle manufacturers such as Suzuki and Yamaha. It is expected that the Indonesian plant would become a sourcing point for these foreign manufacturers as well.
- Mahindra & Mahindra is setting up production facilities to roll out Renault cars in India. We believe the entire order for the same would flow to Pricol.
- The shares of the company are valued at 9.5X FY07 earnings and 8.7X FY08 earnings. The shares are traded at 5.4X FY07 cash earnings and 5.3X FY08 cash earnings. Looking at the attractive valuations and considering the company's technological competence, readiness with digital challenge, new orders from expansion of production facilities, focus on export destinations and foray into Indonesian market, we assign a 'Buy' rating to the stock with a price target of Rs48, to be achieved over 12-18 month period.

Financials:

Pricol (Rs mn)	FY05	FY06	FY07E	FY08E
Net Sales	4,490	4,817	5,569	6,181
Operating Profit	890	778	895	976
Net Profit	427	333	349	381
Operating Margin (%)	19.8	16.2	16.1	15.8
EPS (Rs) (before extra-ordinary)	4.6	3.4	3.9	4.2
PER (x)	8.1	11.0	9.5	8.7
EV/EBIDTA (x)	5.4	6.6	6.1	5.5
ROIC (%)	24.0	15.3	21.0	22.9
ROE (%)	34.1	22.4	21.2	18.8

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Company

- Pricol Limited, headquartered in Coimbatore, is the largest manufacturer of automotive dashboard instruments and oil pumps in India and supplies to all the major OEMs in the country. Even as the dashboard instruments form approximately 70%-75% of company revenues, Pricol has diversified its product portfolio by offering more than 60 products with over 2,000 variants. It caters to segments like two-wheelers, three-wheelers, four-wheelers, commercial vehicles, tractors, earth-moving equipment and industrial applications.
- The company derives strong technical support from its association with equity partner (12.5%) Denso Corporation, Japan. The company has five plants - three in Coimbatore and one each in Mulshi near Pune and Gurgaon near New Delhi.

Key investment arguments

- Pricol is increasing its focus on the overseas markets. While its net revenues grew over 21% in H1FY07 YoY, exports grew by more than 70%. As a result, the contribution of exports to total sales has improved from 12.5%-13% in H1FY06 to 18% in H1FY07.
- The company has a very strong client portfolio which includes top automobile manufacturers like Bajaj Auto, Maruti Udyog, Hero Honda, TVS Motors, Tata Motors, Toyota Kirloskar, Mahindra & Mahindra, etc. The top five customers together contribute more than 70% of the domestic OEM revenues of the company.
- The company is geared up with the digital revolution and is selling digital dashboard instruments to Maruti Udyog and Tata Motors for their export models.
- Pricol is setting up two plants in Uttaranchal. The first plant is expected to start operations by early FY08 while the other would be commissioned 6-8 months later.
- The company is also setting up an assembly plant in Indonesia, to be operational by early 2007. This would later be converted into a full-fledged manufacturing facility. Two-wheeler biggies like Bajaj Auto, TVS, Kawasaki, etc. are foraying into the Indonesian market where this upcoming plant would essentially meet their requirements for the overseas market. Pricol also has on its customers' list Japanese vehicle manufacturers such as Suzuki and Yamaha. It is expected that the Indonesian plant would become a sourcing point for these foreign manufacturers as well.
- Mahindra & Mahindra is setting up production facilities to roll out Renault cars in India. We believe the entire order for the same would flow to Pricol.

Key investment risks

- Loss of market share to competitors due to fierce competition, pricing pressure from OEMs, spiralling prices of raw materials, higher employee costs to arrest the employee turnover and a possible downturn in cyclical automotive industry are the key areas of concern.

Sector view

- The total output of the Indian auto component industry was valued at $10 billion in FY05, representing a 15% growth over $8.7 billion worth of components produced in FY04.
- According to an estimate released by ACMA, total output of the auto component industry is expected to grow to $18.7 billion in 2009 and $40 billion in 2014. This would imply a 16%-17% CAGR for the next eight years.
- Due to availability of cost competitive labour, skilled manpower and product engineering capabilities, the global original equipment manufacturers (OEMs) consider India as a destination of choice for sourcing auto components. Auto component exports from India in FY05 grew by 28% to $1.8 billion as against $1.4 billion worth of components shipped in FY04.
- The auto components exports grew at 26% CAGR during 1997-2000 and 25% CAGR during 2000-2005. As per the ACMA estimate, the auto component exports are set to grow at 34% CAGR during 2005-2014 to reach $25 billion.
- The automotive instruments form 10% of the total auto components business in India. Currently, most vehicles plying on Indian roads are fitted with analogue instruments. We believe that the analogue instruments would gradually be replaced by digital ones. Pricol is well geared up to embrace the digital revolution.

Valuation

- The shares of the company are valued at 9.5X FY07 earnings and 8.7X FY08 earnings. The shares are traded at 5.4X FY07 cash earnings and 5.3X FY08 cash earnings. Looking at the attractive valuations, and considering the company's technological competence, readiness with digital challenge, new orders from expansion of production facilities, focus on export destinations and foray into Indonesian market, we assign a 'Buy' rating to the stock with a price target of Rs48 to be achieved over 12-18 month period.

Company

Pricol Limited, headquartered in Coimbatore, is the largest manufacturer of automotive dashboard instruments and oil pumps in India and supplies to all the major OEMs based in the country. Even as the dashboard instruments form approximately 70%-75% of company revenues, Pricol has diversified its product portfolio offering more than 60 product offerings with over 2,000 variants. It caters to segments like two-wheelers, three-wheelers, four-wheelers, commercial vehicles, tractors, earth-moving equipment and industrial applications.

The company derives strong technical support from its association with equity partner (12.5%) Denso Corporation, Japan. Pricol has five plants - three in Coimbatore and one each in Mulshi near Pune and Gurgaon near New Delhi.

Production facilities

Plant	Place	Sprawls over (sqmt)	Product manufactured
I	Periyanaickenpalayam, near Coimbatore	68,080	Automotive Instruments & Accessories, Marine Instruments and Electronic Products.
II	Chinnamathampalayam	90,278	Oil Pumps for two-wheelers & stationary engines, Speedo Drive Components, Auto Fuel Cocks, Valves, Gears, Chain Tensioners, Auto Decompression Units and Disc Brakes for two wheelers
III	Karamadai	13,975	All types of oil pumps, valves for two wheelers and precision components
IV	Mulshi, near Pune	23,326	For serving OEM customers in Pune
V	Gurgaon, near New Delhi	3,500	Automotive Instruments and Accessories primarily for serving OEM customers around New Delhi

Source: Company

Management

Pricol Limited is headed by Mr. Vijay Mohan (59 years), an engineering graduate, with over 33 years of experience in the auto component industry. He was the main promoter of the company and has been associated with it since 1973. Along with him, the board of directors has 11 other members, all of whom are experienced professionals or industrialists. With an operating history of more than 30 years, the company manages its affairs in a descent manner and observes standard corporate governance practices.

Investment positives

Growing Indian auto components industry

- The total output of the Indian auto component industry was valued at $10 billion in FY05, representing a 15% growth over $8.7 billion worth of components produced in FY04.
- As estimated by ACMA, the total output of the auto component industry is expected to grow to $18.7 billion in 2009 and $40 billion in 2014. This would imply a 16%-17% CAGR for the next eight years.

Indian auto components industry

Auto components	% share of revenues
Engine parts	31
Drive Transmission & Steering parts	19
Suspension & Braking parts	12
Body Chassis	12
Equipment	**10**
Electrical parts	9
Others	7
Total	**100**

Source: ACMA

Booming auto component exports

Due to the availability of cost competitive labour, skilled manpower and product engineering capabilities, the global original equipment manufacturers (OEMs) consider India as a destination of choice for sourcing auto components. Auto component exports from India in FY05 grew by 28% to $1.8 billion as against $1.4 billion worth of components shipped in FY04 (Source: ACMA).

The auto components exports grew at 26% CAGR during 1997-2000 and at 25% during 2000-2005. As per the ACMA estimate, the auto component exports are set to grow at 34% CAGR during 2005-2014 to reach $25 billion.

Outsourcing requirements

Automobile manufacturers in the U.S. and Europe are facing pricing pressure and weak demand. To improve competitiveness, manufacturers are looking for outsourcing components to countries like India that produce comparable quality components at lower prices. As the global markets continue to face sluggish growth, discounts and attractive finance options are used to attract customers, further eroding the net margins of automobile manufacturers. The only way to achieve sustained cost reduction is to source the products from countries like India, which have inherent cost advantages. Hence, this trend is expected to help Indian manufacturers in garnering more outsourcing contracts from global automakers. A McKinsey analysis suggests that outsourcing requirements in this sector could rise to $375 billion by 2015, up from $65 billion in 2002.

A number of major suppliers to the auto industry, caught between declining product prices and rising input costs, had to declare bankruptcy. The largest among such closed entities was Delphi Corp., which supplied brake systems along with numerous other products.

Focus on exports

Pricol exports its products to countries like Australia, Brazil, Canada, Germany, Greece, Italy, Iran, Malaysia, Mexico, Middle East, New Zealand, Philippines, Singapore, South Africa, Spain, Sweden, Thailand, Turnkey, UK and USA.

Exports contributed over 13.3% of net revenues in FY05, but came down to 12.4% in FY06. While the net revenues grew over 7.3%, the exports (in absolute terms) remained stagnant, amounting Rs598million in FY05 and Rs599 million in FY06.

To improve its export performance, the company is increasing its focus on the overseas markets. This led to a high export growth during the current year. While the net revenues grew over 21% in H1FY07 YoY, exports grew by more than 70%. As a result, the contribution of exports to total sales has improved from 12.5%-13% levels in H1FY06 to 18% levels in H1FY07.

Going ahead, we believe the company would stay focused in the overseas market. This is evident from its move to set up an assembly plant in Indonesia and convert this facility into a fully operational manufacturing plant later on. Two-wheeler biggies like Bajaj Auto, TVS, Kawasaki, etc. are foraying into the Indonesian market where Pricol's plant would essentially meet their requirements for the overseas market.

Technological competence

Pricol had successfully forged alliances with Denso Corporation, Nippon Seiki, Toyoda Gosei, Kojima Press, Deok Chang, Directed Electronics and NHK Spring to acquire technical expertise and deliver product efficiency.

While the technology imported from these companies has been fully absorbed and the technological collaborations withdrawn, Denso Corporation continues to be an equity partner holding 12.5% stake in the company.

Meanwhile, the company has established presence in vehicle security systems through its brand 'Xenox'. Currently, there is no OEM market for this product. Within two years of its launch, the company has as garnered a market share of 35% and positioned itself next only to the market leader Automobile Corporation of India. The company generated over Rs109 million in FY06 from this product.

Geared up for the digital challenge

In an analog or mechanical speedometer, a rotating cable is attached to a set of gears in the automobile's transmission system. This cable is directly attached to a permanent magnet in the speedometer assembly, which spins at a rate proportional to the speed of the vehicle. As the magnet rotates, it manipulates an aluminum ring, pulling it in the same direction as the revolving magnetic field; the ring's movement, however, is counteracted by a spiral spring. Attached to the aluminum ring is the pointer, which indicates the speed of the vehicle by marking the balance between these two forces. As the vehicle slows, the magnetic force on the aluminum ring lessens, and the spring pulls the speedometer's pointer back to zero.

Unlike the analog speedometer, the digital speedometer is operated by a vehicle speed sensor. It emits electrical pulses to be processed by the computer. The computer converts these pulses into digital display of numbers that measures the speed of the car.

Digital or electronic speedometers are almost universally present in late-model cars. The digital meters are not yet popular in India. Hardly 1%-2% of the vehicles, mostly the high end ones, manufactured in India are fitted with digital dashboard instruments.

With the onset of a digital revolution, we expect all the future cars, high end motorcycles and all commercial vehicles to be fitted with digital dashboard instruments.

The company is geared up to embrace the digital revolution and is selling digital dashboard instruments to Maruti Udyog and Tata Motors for their export models. We believe that price of the digital instruments would be higher in value terms than the analog instruments. This digital revolution would boost the revenues of the company.

Strong client portfolio

The company derives 76%-77% of its revenues from domestic OEMs, about 18% from exports (in H1FY07 as compared to 13% in H106) and balance from aftermarket sales.

The segment wise distribution of the company's sales volume of dashboard instruments shows 26% contribution from cars & utility vehicles, 57% from two-wheelers and the rest from commercial vehicles and tractors.

The company has a very strong client portfolio which includes Bajaj Auto, Maruti Udyog, Hero Honda, TVS Motors, Tata Motors, Toyota Kirloskar, Mahindra & Mahindra, etc. The top five customers together contribute 70% of the domestic OEM revenues of the company.

Pricol is in the process of setting up an assembly plant in Indonesia which is expected to be operational by early 2007. This would later be converted into a fully operational manufacturing plant. As two-wheeler biggies like Bajaj Auto, TVS, Kawasaki, etc. are foraying into the Indonesian market, this plant would come handy to essentially meet the requirements of these manufacturers for the overseas market. Pricol also has on its customers' list Japanese vehicle manufacturers such as Suzuki and Yamaha. It is expected that its Indonesian plant could become a sourcing point for the foreign manufacturers as well.

Besides, with Mahindra and Mahindra setting up production facilities to manufacture Renault cars in India, we believe the entire order for the same would flow to Pricol.

Addition of newer capacities

Pricol is setting up two plants in Uttaranchal in stages. These units will produce various automobile components for Bajaj Auto in the two-wheeler category, and Tata Motors and Mahindra and Mahindra in the cars and multi-utility vehicle category. The first stage would involve an investment of approximately Rs160-Rs170 million while an amount of Rs90-100 million would be earmarked for the second stage. One of these plants is expected to be operational by early FY08 while the other would be commissioned 6-8 months later.

The company is in the process of setting up an assembly plant in Indonesia which is expected to be operational by early 2007. This is expected to involve an investment of Rs180-Rs200 million.

According to a leading business news daily, the Uttaranchal unit located at Panthnagar will produce 1,000,000 sets of speedometers, oil pumps, fail sensors and gear systems for Bajaj Auto in the two-wheeler category. About 100,000 sets of instruments and field sensors will also be made for Tata Motors and Mahindra & Mahindra in the cars & multi-utility vehicle segment. The Indonesian unit is expected to manufacture approximately 850,000 sets, of which about 250,000 sets will be dedicated for TVS Motors and Bajaj Auto. These capacities are, however, the estimates for the first year, and would be raised later on depending on demand.

Acquisition of English Tools Limited

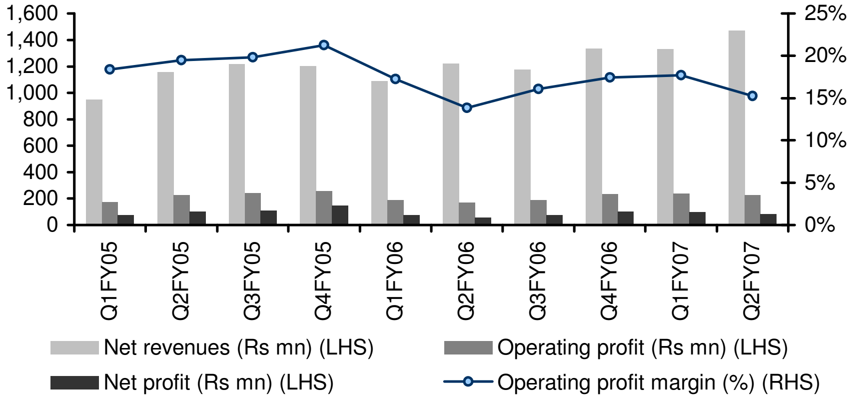
During FY06, Pricol acquired 70% stake in English Tools and Castings Limited (ETCL). ETCL, a Rs150 million company, has facilities for aluminium die casting, plastic mouldings and machining.

The auto industry is switching over to aluminium castings from grey iron to reduce the weight and improve the fuel efficiency of the vehicle. The company, which needs to source some of the aluminium parts from outsiders, decided to go for backward integration so that it could source these items from ETCL. This would help company to overcome the margins pressure to some extent.

On a conservative note, we have ignored the contributions of this subsidiary to the company’s financials.

Financial performance

Quarterly performance



Source: Dawnay Day AV Research

Half yearly performance

Particulars	H106	H107	% Change
Net Sales	2,306.8	2,798.3	21.3
Interest	51.3	77.2	50.4
Depreciation	122.6	147.7	20.5
Other Income	8.1	12.5	53.9
Tax	61.1	70.4	15.2
PAT	129.8	177.3	36.6
EPS (Rs)	1.44	1.97	36.6
OPM (%)	15.46	16.44	

Source: Dawnay Day AV Research

During the half year ended September 30, 2006 (H1FY07), the company posted revenue growth of 21% to Rs2,798 million as against Rs2,307 million posted in corresponding period previous year. The operating profit during the period grew by 29% to Rs460 million, mainly on improvement in operating margins. The company's operating margin improved to 16.44% in H1FY07 as against 15.46% in H1FY06.

The margins have improved on year-on-year basis, but have come down from historical level of 19%-20%. We believe the pricing pressure from OEMs to cut prices would not allow the margins to improve in near term.

The employee cost of the company has risen as it paid additional retention increments over and above the normal pay hike. This is because a Bosch Group company is setting up their research and development centre in Coimbatore. Still we believe it would be difficult for the company to arrest the employee turnover fully.

On the raw materials front, there were some signs of relief as the oil prices cooled down from the level of $70 per barrel to $60 per barrel, because the raw materials used by the company are mostly oil based.

Besides the higher manpower cost, another reason for the fall in operating margins was the discount or price cuts offered by the company to the OEMs to remain competitive and retain its business.

Over the years the company has lost some of its business to its competitors. Its market share has fallen from 52% in FY04 to 42% in FY06. However, there are some indications from the major OEMs that requirements for their new capacities would be sourced from Pricol, which gives us some comfort.

The net profit after tax of the company has grown by 37% to Rs177 million in H1FY07 as against Rs130 million reported in H1FY06.

Key assumptions

We have assumed that the company sales would grow at 13.35 CAGR over FY06-FY08. We expect the company to post 15.6% sales growth in FY07 and 11% sales growth in FY08.

Pricol is setting up two plants in Uttaranchal in stages. One of these plants is expected to be operational by early FY08 while the other plant would be commissioned 6-8 months later.

The company is also setting up an assembly plant in Indonesia which we expect to start operations by early 2007.

The operating margin of the company is not expected to improve in FY07 and FY08, as the pricing pressure form OEMs remain intact. We expect the margins to hover in the range of 15%-16%. Raw material form approximately 60% of the net sales revenues of the company. We have assumed the raw material prices to remain steady at their current levels. If there is any significant spurt in raw material prices, the operating margin of the company would take a hit.

The employee cost of the company would rise as the company starts operating new production and assembly facilities. We have assumed the employee cost as a percentage of net revenues to be 15.7% in FY07 and FY08.

The scalability of operations shall improve the operating leverage (overheads), which we have not factored in our projections.

The average tax rate that the company faced in FY06 was approximately 29%, and we have assumed a similar rate for FY07. We have increased the rate to 33% for our FY08 projections.

Valuation

The shares of the company are valued at 9.5X FY07 earnings and 8.7X FY08 earnings. The shares are traded at 5.4X FY07 cash earnings and 5.3X FY08 cash earnings. Looking at the attractive valuations, and considering the technological competence, readiness with digital challenge, new orders from expansion of production facilities, focus on exports destinations and foray into the Indonesian market, we assign a ‘Buy’ rating to the stock with a price target of Rs48 to be achieved in a 12-18 months period.

Investment concerns

Losing market share

Over the years, the company has lost some of its business to its competitors. Its market share has fallen from 52% levels in FY04 to 42% levels in FY06. The company was forced to offer discount or price cuts to the OEMs to remain competitive and retain its business. There have been some indications from the major OEMs that their requirements for new capacities would be sourced from Pricol, which gives us some comfort.

Pricing pressure from OEMs

Original equipment manufacturers (OEMs) across the world negotiate annually with their tier I suppliers to reduce the prices of the components supplied. On an average, the APRs (annual price reductions) range between 2.5% and 3%. Moreover, there is no sign of any let up. Many OEMs are now engaging in price discussions not just annually but two or three times a year, often seeking reductions as high as 5% to 10%. As a result, suppliers are under intense and constant cost pressure, which has severely eroded their profits, and forced a number of them to go for consolidation or led them to the brink of bankruptcy.

At Pricol, about 90%-95% of the revenues are generated from sale of components to OEMs. Price pressure as mentioned above could squeeze the margins of the company in future.

Rising price of raw materials

We have assumed the raw material prices to stabilize at the current levels. Any sharp increase in raw material prices would squeeze the margins, especially in case of OEM business. This could significantly impact the profitability of the company.

Rising employee turnover

There has been high employee turnover in the technical team of Pricol. This is because a Bosch Group company is setting up its research and development centre in Coimbatore. The company has paid additional retention increments over and above the normal pay hike. Still we believe it would be difficult for the company to arrest the employee turnover fully. But, as the business of the company grows, the employee cost as a percentage of net revenues shall not impact operating margins much.

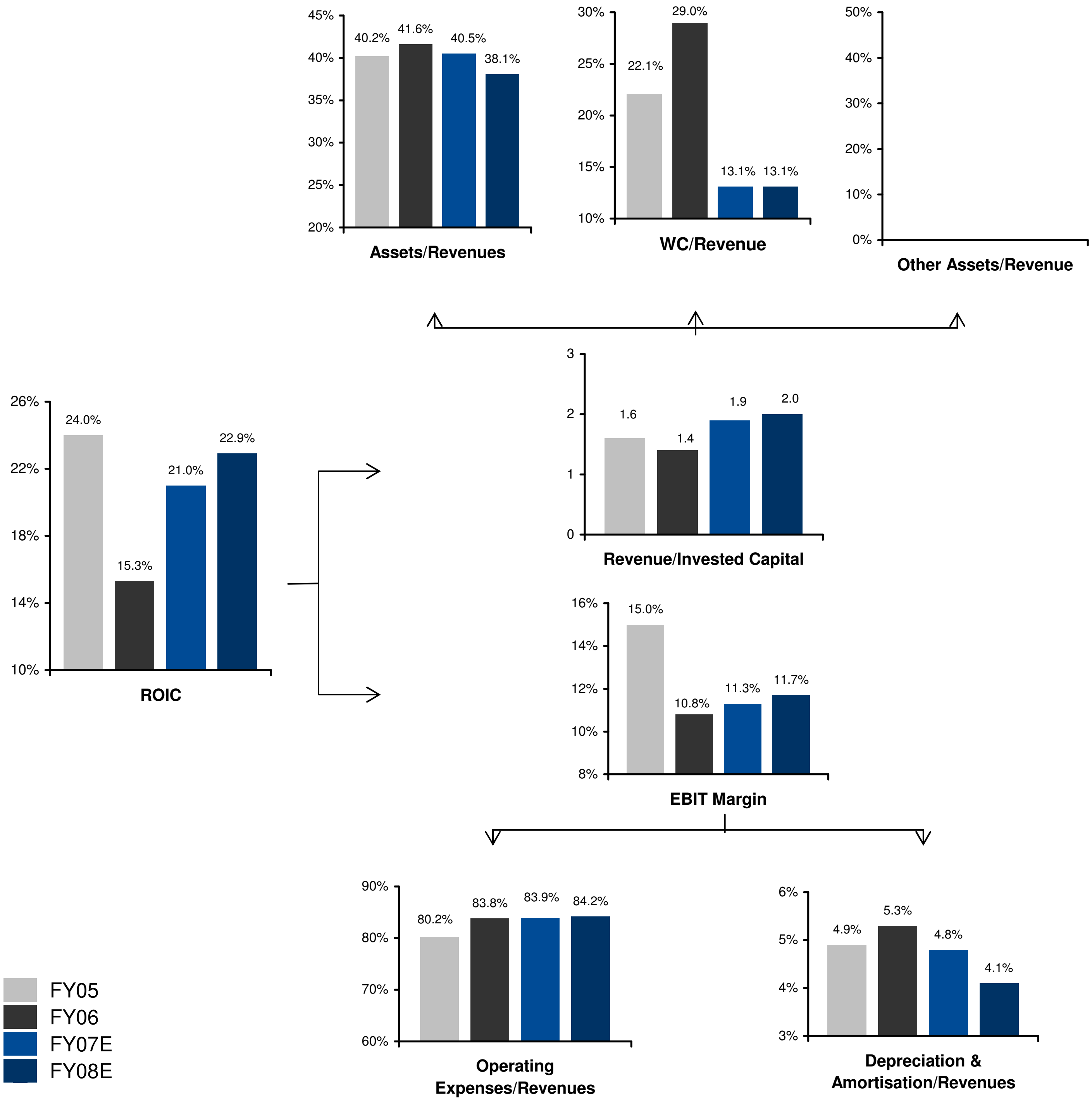
Economic downturn

The performance of automotive industry is linked to the overall economic growth of a country. Any slowdown in the economy from the current expectation of 8%-9% growth could impact the industry, which in turn might impact the revenues of the company as well.

Income Statement (Rs mn)	FY05	FY06	FY07E	FY08E
Net Revenues	**4,490**	**4,817**	**5,569**	**6,181**
Operating Profit	890	778	895	976
Depreciation and amortisation	219	257	267	251
Interest and Finance Charges / (Income)	68	122	163	188
Other Income	19	29	25	33
Tax	210	126	141	188
Net Profit	**412**	**303**	**349**	**381**
Extraordinary Items	15	30	-	-
Reported Net Profit	427	333	349	381
Share Data (Rs)				
EPS (Rs)	4.7	3.7	3.9	4.2
EPS (Rs) (before extra-ordinary)	4.6	3.4	3.9	4.2
CEPS (Rs)	7.2	6.5	6.8	7.0
Book Value per share (BV)	13.9	16.5	18.3	22.6
No of shares (mn)	90.0	90.0	90.0	90.0
Valuation Ratios				
Market Price (Rs)	37.0	37.0	37.0	37.0
P/E (x)	8.1	11.0	9.5	8.7
P/CEPS (x)	5.2	5.6	5.4	5.3
P/BV (x)	2.7	2.2	2.0	1.6
Mcap/Sales (x)	0.7	0.7	0.6	0.5
EV/Sales (x)	1.1	1.1	1.0	0.9
EV/EBITDA (x)	5.4	6.6	6.1	5.5
Growth (%)				
Net Income	-	7.3	15.6	11.0
Operating Profit	-	(12.6)	15.0	9.0
Gross Profit	-	(22.3)	20.5	15.3
PBT	-	(31.1)	14.2	16.2
Net Profit	-	(22.1)	4.9	9.2
EPS	-	(22.1)	4.9	9.2
Margins (%)				
Operating Margin	19.8	16.2	16.1	15.8
Net Profit Margin	9.5	6.9	6.3	6.2
ROIC %	24.0	15.3	21.0	22.9
RONW %	34.1	22.4	21.2	18.8
Balance Sheet Ratios				
Current Ratio	1.9	2.1	2.1	2.1
Average Collection Period	58.9	89.8	89.8	89.8
Average Payment Period (Days)	118.6	129.4	129.3	128.8

Balance Sheet (Rs mn)	FY05	FY06	FY07E	FY08E
Sources of funds				
Equity Share Capital	90	90	90	90
Reserves and surplus	1,164	1,394	1,560	1,941
Net worth	**1,254**	**1,484**	**1,650**	**2,031**
Total Debt	**1,559**	**2,334**	**2,688**	**2,688**
Deferred Tax Liability	93	87	87	87
Total Liabilities	**2,906**	**3,905**	**4,426**	**4,807**
Application of funds				
Gross Block	2,744	3,457	3,979	4,327
Less: Accumulated Depreciation	1,327	1,503	1,770	2,020
Net Fixed assets	1,418	1,955	2,210	2,307
Capital Work in Progress	386	48	48	48
Net Fixed assets including CWIP	**1,804**	**2,003**	**2,258**	**2,355**
Investments	50	278	289	366
Current Assets	**2,222**	**3,057**	**3,534**	**3,923**
Cash & Bank	61	226	261	290
Accounts Receivable	725	1,185	1,370	1,521
Inventory	764	780	901	1,000
Loans and Advances	672	866	1,001	1,112
Current liabilities and provisions	**1,170**	**1,432**	**1,655**	**1,837**
Current liabilities				
-Sundry creditors	636	745	861	956
-Others	23	23	27	30
Provisions	510	664	767	852
Net Current Assets	**1,052**	**1,625**	**1,879**	**2,085**
Capital Employed	**2,906**	**3,905**	**4,426**	**4,807**

Four years Du Pont Analysis (2 actual and 2 projected)



Source: Dawnay Day AV Research; Company