Jagran Prakashan

Printing Success

We conducted a concall with Jagran Prakashan's (JPL) management (CFO–R K Agarwal). Key takeaways are as below:

FY2011 guidance of 18% ad growth intact, circulation to be muted: Management reiterated its guidance of ~18% growth in ad revenues in FY2011 contributed by higher number of colour ads and absorption of the ad-rate hike (~8-9%). JPL registered ad revenue growth of 18% in July and 27% till date in August 2010 and expects 2Q can deliver positive surprise. However, circulation revenues are expected to remain muted due to rising competition (cover price cuts).

Non-publishing divisions to record strong growth in FY2011: OOH broke even in 1QFY2011 and is expected to clock revenues of ~Rs60cr (Rs48cr). The event management business is estimated to grow by 40% yoy in FY2011E to Rs32cr (Rs23cr). Digital media is expected to grow multi-fold and garner top-line of Rs8-10cr in FY2011E.

Aggressive growth plans for *i-Next* and *City Plus*: The three-year old brands, *i-Next* and *City Plus,* have been performing satisfactorily. Management has guided for 20% and 100% yoy growth in *i-Next* and *City Plus* from current revenues of ~Rs40cr and ~Rs4cr, respectively.

Entry of DB Corp into Jharkhand not a major threat: *Dainik Jagran's* cover price has been slashed from Rs4 to Rs2 post the entry of DB Corp in Ranchi. Consequent to the cover price cut, Jharkhand's circulation has spiked to ~50% yoy to 2.3lakh copies (1.45lakh copies). However, management maintains that it does not see DB Corp as a major threat owing to relatively smaller size of the Jharkhand market (~5% contribution to JPL's revenues).

Outlook and Valuations: With Blackstone's investment of Rs225cr (awaiting FIPB approval, likely by 3QFY2011) and wider portfolio (including Mid-Day publications), we believe Jagran is well poised to benefit from steady growth in the print media. While we have not factored in the Mid-Day deal (likely to be integrated with JPL by 3QFY2011), we believe that the deal is likely to be earnings accretive by ~2-3% in FY2011E. **We reiterate a Buy on the stock, with a Target Price of Rs154 based on P/E multiple of 20x FY2012E earnings.**

Key Financials

Y/E March (Rs cr)	FY2009	FY2010	FY2011E	FY2012E
Net Sales	**823**	**942**	**1,075**	**1,239**
% chg	*9.8*	*14.4*	*14.1*	*15.3*
Net Profit	**92**	**176**	**194**	**233**
% chg	*(6.6)*	*92.0*	*10.5*	*19.8*
EBITDA (%)	19.0	30.0	29.6	30.3
EPS (Rs)	**3.0**	**5.8**	**6.5**	**7.7**
P/E (x)	41.5	21.6	19.6	16.3
P/BV (x)	6.8	6.2	5.8	5.3
RoE (%)	16.7	30.0	30.6	33.9
RoCE (%)	16.6	30.0	32.8	37.8
EV/Sales (x)	4.7	4.1	3.6	3.1
EV/EBITDA (x)	24.6	13.6	12.1	10.3

Source: Company, Angel Research

BUY

CMP	Rs126
Target Price	Rs154
Investment Period	12 Months

Stock Info	
Sector	Media
Market Cap (Rs cr)	3,804
Beta	0.7
52 Week High / Low	144/95
Avg. Daily Volume	197,167
Face Value (Rs)	2.0
BSE Sensex	18,032
Nifty	5,415
Reuters Code	JAGP.BO
Bloomberg Code	JAGP@IN

Shareholding Pattern (%)	
Promoters	55.3
MF /Banks /Indian FIs	18.7
FII /NRIs /OCBs	8.6
Indian Public /Others	17.4

Abs. (%)	**3m**	**1yr**	**3yr**
Sensex	6.9	15.1	19.2
JPL	17.9	19.4	11.8

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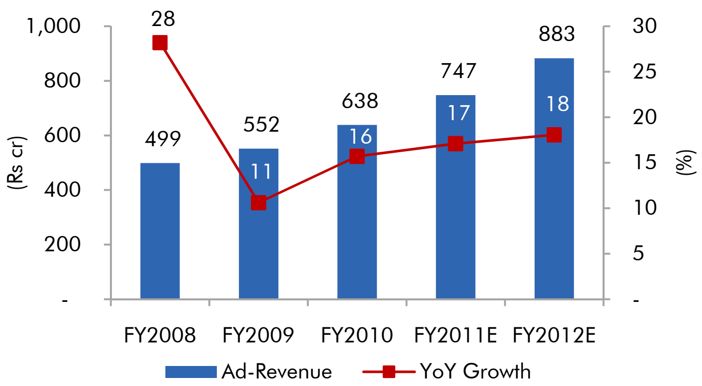
FY2011 guidance of 18% ad growth intact, circulation sluggish

Management reiterated its guidance of ~18% ad revenue growth in FY2011 contributed by higher colour advertisements and absorption of the ad-rate hike. Management has indicated diminishing focus on circulation revenue and expects it to remain flat (due to rising competition) during FY2011.

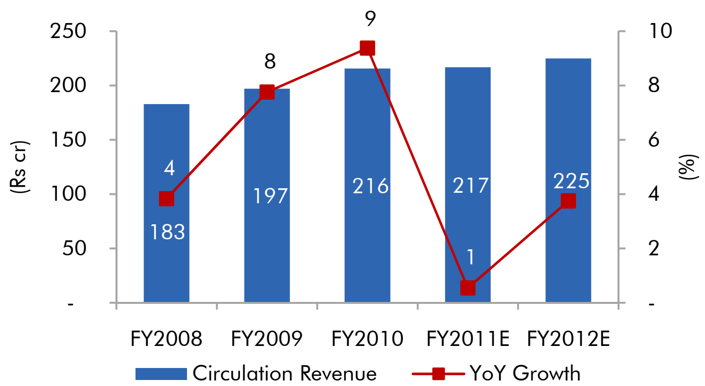
- **Strong growth in 2Q till date:** Earlier, management had guided for a relatively weaker 2Q vis-à-vis the strong 1Q in FY2011 as last year 2Q captured the entire festive season while this year the festive season is in 3Q. However, in the ongoing 2QFY2011 quarter, JPL registered ad revenue growth of 18% in July and 27% till date (August) aided by increase in national advertisement and higher contribution from advertisements from the education/FMCG sectors. Hence, if similar trend continues, ad revenue guidance could be revised upwards to ~20% yoy in FY2011.
- **Ad rate hike absorption at ~8-9%:** JPL announced a blended ad-rate hike of 10-15% in March-April 2010 with 14-15% hike taken for Bihar and ~10% hike taken for its UP editions, and recorded ad rate hike absorption of 8-9% in 1QFY2011 (a trend which it expects to replicate in the remaining three quarters).
- **Colour ad inventory on the rise, target 50% for FY2011:** Increase in colour space inventory to 47.5% in 1QFY2011 (46% in FY2010), which commands a differential premium of 10-15% over black and white (B&W) ads renders an optimistic yet realistic colour space inventory target of 50% for FY2011. Management also indicated that 1QFY2011's entire growth in ad volumes of 8-9% was on account of higher colour inventory as B&W ads dropped.

Exhibit 1: Peg17.6% ad-revenue CAGR over FY10-12E



Source: Company, Angel Research

Exhibit 2: Circulation to grow at muted 2% CAGR



Source: Company, Angel Research

Non-publishing business to record strong growth

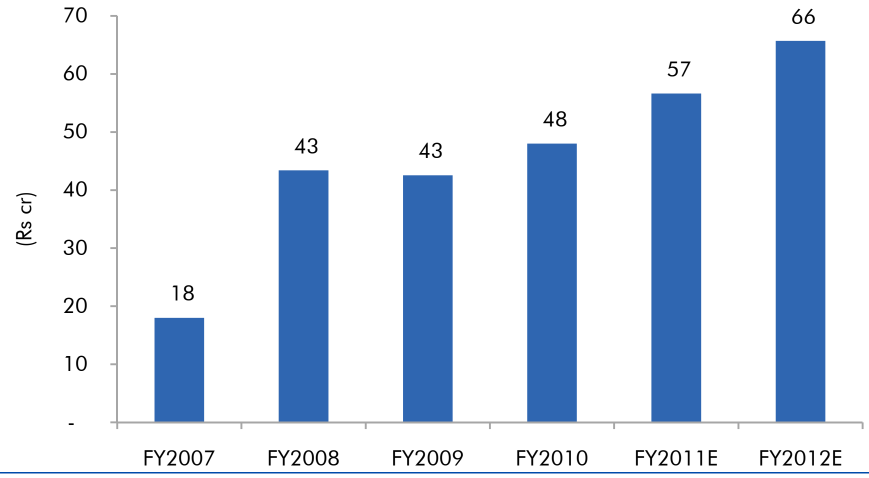
OOH business to achieve Rs57cr revenues and ~Rs3-4cr profit in FY2011

Jagran Engage offers comprehensive Out-Of-Home (OOH) solutions to prospects and customers through its bouquet of offerings and covers over 900 towns, 370 districts in 27 states.

- OOH revenues grew 12.8% yoy to ~Rs48cr in FY2010 despite de-growth in overall industry, which has become possible due to the focus on smaller towns, cost cutting, addition of new properties and gradual shift from the leasing to ownership model.
- The business segment broke even in 1QFY2011 and is expected to clock revenues of ~Rs60cr and close FY2011 with a profit of ~Rs3-4cr.

- Going forward, JPL will continue to focus on tier-II and III towns without losing opportunity in the bigger towns. For expansion of business, it is aggressively scouting for joint ventures with operators or even acquisitions in the unorganised sector.

Exhibit 3: Peg OOH rev of Rs57cr in FY11, in line with mgmt guidance



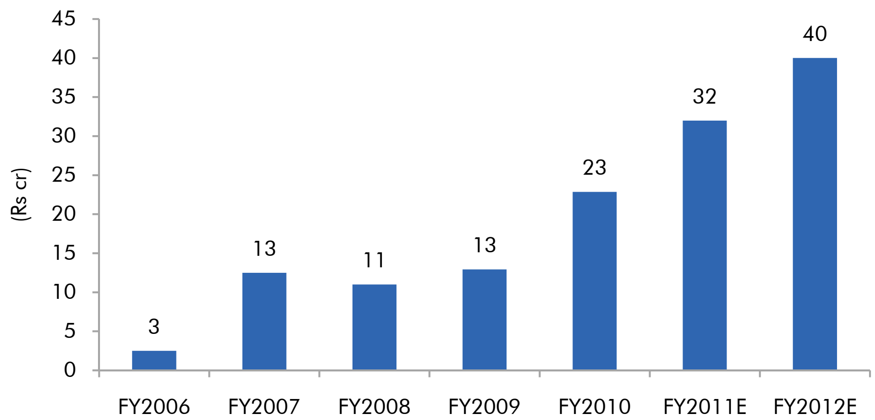
Source: Company, Angel Research

Event Management to clock Rs32cr revenues, Rs4-5cr profit in FY2011

Jagran Solution handles below-the-line marketing activities such as events, promotions, road shows and product launches.

- In FY2010, the event management business recorded revenue growth of ~77% yoy to Rs23cr (Rs13cr). During the year, the segment diversified its customer base.
- In FY2011E, the segment is expected to register 40% yoy growth in revenues to Rs32cr and Rs4-5cr bottom-line.
- While FY2010 was a year of low profitability for business, in the longer run, management expects the current infrastructure to help it achieve a turnover of Rs50cr and bottom-line of Rs10cr.

Exhibit 4: Jagran Solution top-line to grow 40% yoy in FY2011E



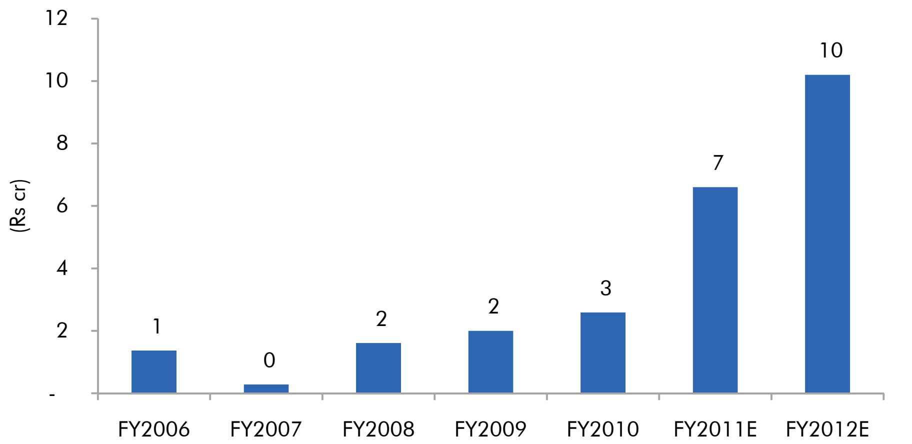
Source: Company, Angel Research

Digital media to grow multi-fold led by strong traction in new portals

The company's digital media business (J9) continues to be in investment mode.

- The company is investing in internet properties and has commercialised its classified portal *khojle.in* and an online reverse auction portal *jeetle.in*. Both the new portals have started generating revenues. Management has indicated that while *khojle.in* is clocking a run-rate of Rs10lakh/per month, *jeetle.in* has already gained significant traction and is recoding a run-rate of Rs25lakh/per month.
- Co-branded news portal *www.jagran.yahoo.com* has been progressing impressively and has nearly 70mn page views per month with over 1.5mn unique users, which makes it the largest web portal across the Indian language portals. Although currently the revenues of this arm are insignificant compared to the company's total revenues, it is currently clocking a run-rate of Rs12lakh/per month.
- Overall, management expects the digital media to garner top-line of Rs8-10cr in FY2011E and ~Rs2cr in bottom-line.
- We are however, a little conservative with respect to management's guidance and expect the business to post a CAGR of 98% over FY2010-12E to Rs10cr.

Exhibit 5: Conservative on J9, peg Rs7cr top-line in FY2011E



Source: Company, Angel Research

Expanding footprints for i-Next and City Plus

The company's three-year old brands *i-Next* and *City Plus* have been performing satisfactorily well on the revenue front. While *i-Next* (12 editions) is already profitable, the losses for *City Plus* (24 editions) are capped at ~Rs2cr per annum.

i-Next holds potential to touch ~Rs150cr in three years

- *i-Next,* the youth focused 24 page bi-lingual compact daily, is sold at ~Rs1-1.5. Currently, the circulation stands at 320,000 copies.
- For FY2010, *i-Next*, recorded ad revenues of ~Rs35cr and circulation revenues of ~Rs5-6cr on overall growth of ~45-50%.
- With improving billing of *i-Next* month-on-month (standalone billing of advertisement stands at Rs1cr; including the combo offer, stands at Rs3.5cr), the JPL management is optimistic about its growth prospects and has guided for 20% yoy revenue growth in FY2011E.

- JPL plans to aggressively expand the daily to 20 editions in 3 years in its bid to garner ~Rs150cr in top-line.
- In March 2010, three new editions of *i-Next* were launched in the states of Jharkhand and UP taking the total edition to 12. *IRS* 1Q and 2Q covered only 8 editions of the 12.
- On ror basis, *i-Next* has shown encouraging improvement in readership in the states of Bihar and Uttaranchal, which indicates that the daily has expanded its market. However, competitor *Amar Ujala Compact* has also recorded increased traction of 38.1% ror in UP, the bastion of *i-Next,* garnering readership of ~0.5mn *(IRS 2Q 2010)*.

Exhibit 6: *Amar Ujala Compact* gaining traction in UP

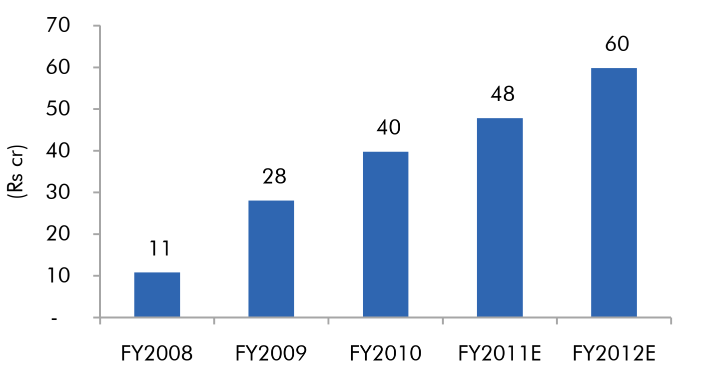
	i-Next			*Amar Ujala Compact*		
AIR ('000s)	1Q2010	2Q2010	*chg (%)*	1Q2010	2Q2010	*chg (%)*
UP	618	613	*(0.8)*	349	482	*38.1*
Bihar	101	109	*7.9*	-	-	-
Uttaranchal	18	20	*11.1*	-	-	-

Source: IRS, Angel Research; Note: AIR = Average Issue Readership

City Plus to touch ~Rs50cr in three years

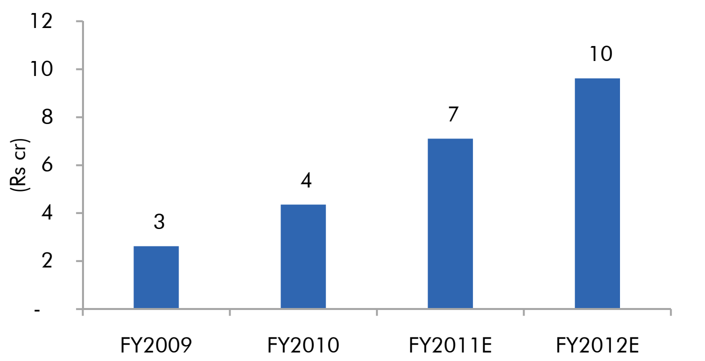
- *City Plus,* a compact weekly, in FY2010 registered growth 66% yoy in revenues to Rs4cr and is expected to record CAGR of 49% over FY2010-12E to Rs7cr in FY2011E (in line with management guidance) and Rs10cr in FY2012E.
- As at March 2010, 8 new editions of *City Plus* (2 in Bangalore, 4 in Pune, 1 in Mumbai and 1 in Hyderabad) were launched taking the total number of editions to 22. Currently, *City Plus* has 24 editions.
- In-line with its strategy, management plans to expand *City Plus* further beyond the footprint area of Dainik Jagran in FY2011E (there are currently 18 editions outside JPL's area of operation).
- JPL plans to aggressively expand the weekly to 50 editions in 3 years and garner ~Rs50cr in top-line.

Exhibit 7: 23% CAGR for *i-Next*



Source: Company, Angel Research

Exhibit 8: *City Plus* to grow at strong 49% CAGR



Source: Company, Angel Research

DB Corp's entry into Jharkhand market not a major threat

DB Corp launches Ranchi edition at Rs2, claims 1.35lakh circulation

In March 2010, DB Corp announced its intention of launching the Jharkhand/Bihar edition of *Dainik Bhaskar* and finally debuted in the Jharkhand market with the launch of its Ranchi edition on August 22, 2010. This is a subscription led edition and on the first day itself, the group claims that it managed to achieve 1.35lakh pre-booked, fully paid subscription copies. The group soon plans to further expand with the launch of the Jamshedpur and Dhandbad editions in Jharkhand as well as in Bihar towards early 2011.

Exhibit 9: *Hindustan* is the most widely read daily in Jharkhand

AIR ('000s)	2008R1	2008R2	2009R1	2009R2	2010Q1	2010Q2
Hindustan	1,164	1,217	1,252	1,196	1,353	1,469
Prabhat Khabar	966	923	982	1,003	981	1,001
Dainik Jagran	851	869	795	776	854	800

Source: IRS, Angel Research; Note: AIR = Average Issue Readership

JPL reacts by slashing cover price from Rs4 to Rs2, circulation spikes 50%

Prior to DB Corp's entry, all the other dailies in the state slashed their cover prices by half. In-line with the other players, JPL also reduced the cover price of its flagship daily, *Dainik Jagran,* from Rs4 to Rs2. Consequent to the cover price cut, JPL's circulation spiked to the tune of ~50% yoy, while circulation currently stands at 2.3lakh copies (1.45lakh copies). However, the three editions of Jharkhand (Ranchi, Jamshedpur and Dhanbad) have slipped into losses due to cover price cuts.

Management reiterates why Jharkhand entry is no major threat

Management has reiterated multiple reasons why they perceive DB Corp's entry into Jharkhand is not a major threat at least in the near term:

1) Jharkhand is estimated to be ~Rs100cr ad market and contributes less than 5% in terms of both circulation and ad revenues for JPL. Hence, according to management, the entry of DB Corp in Ranchi does not pose a serious threat to the company's revenue prospects on account of the relatively smaller market size of Jharkhand market.
2) Advertisers generally club Jharkhand/Bihar as one single market while booking ads. Hence, till such time DB Corp is able to gain stronghold in both these markets, JPL sees no major threat to its ad revenues.
3) Lastly, ~60% of the ad market in Bihar/Jharkhand is via government ads, which takes at least 18 months to flow through.

Clearance of Blackstone investment likely in 3QFY2011

According to certain media report (*Business Line, June 10, 2010*), the Foreign Investment Promotion Board (FIPB) has deferred the proposal of FDI in Jagran Media. Management did express its dissatisfaction and expects the approval by 3QFY2011. The Jagran group had filed for the FIPB approval for Blackstone's investment into the group company in April, 2010.

It may be recalled that the Blackstone group had announced investing Rs225cr in Jagran Media Network Private Ltd (unlisted Promoter holding company), which will hold majority share (promoter holding at 63% will get consolidated and transferred to this entity) of JPL.

Mid-Day acquisition EPS accretive, integration by 3QFY2011

JPL in its board meeting held on May 5, 2010, had approved acquisition of the print media business of Mid-day Multimedia (MML) via a share swap of 7:2 (for each 7 shares of MML, its shareholders will get 2 shares of Jagran), which resulted in de-merger of MML's print business and subject to the necessary approvals will get transferred to a wholly-owned subsidiary of Jagran with effect from April 1, 2010.

- Management expects High court approvals to be received by 3QFY2011, post which MML numbers will be consolidated for the full year in JPL. Hence, we are not factoring in any numbers of MML in our estimates as of now.
- For FY2010, Mid-day's print business registered top-line of Rs96cr and PAT of Rs10cr; JPL expects to achieve Rs105cr top-line and Rs13-14cr PAT in FY2011.
- We believe that the MML deal is likely to be earnings accretive by ~2% in FY2011E.

Key benefits/synergies from Mid-day deal

- The company is committed to strengthen *Mid Day's* market position in Mumbai as an afternoon newspaper, *Gujrati Mid Day* as a morning newspaper and expand *The Inquilab*.
- It will aid JPL in expanding its market share in the existing markets through *The Inquilab* and overall market share through all the four brands - *Mid-Day, Mid-Day Gujarati* and *The Inquillab* - apart from making it richer in the on-line domain.
- *Mid-Day* with its presence in markets like Mumbai, Delhi, Bangalore and Pune (recently launched) is likely to fill the gap in JPL's portfolio v/s peers HT Media (*HT* and *Hindustan*) and DB Corp (*Dainik Bhaskar* and *DNA*), which offer both English and Hindi publications to its advertisers.
- JPL has definite plans for each of its brands and business to improve profit, and proposes to implement them at the right time in consultation with the existing management. For instance, it has already integrated purchasing of newsprint and ink plates for MML thereby lowering costs. Moreover, the standalone ad-space for MML (sans the bundling) is already being sold by JPL. It has also infused Rs20cr into MML to retire the high-interest bearing debt - MML had debt to the tune of Rs35cr in FY2010.

Investment Rationale

- **Strong ad-revenue growth despite high base, aiding top-line CAGR of 15%:** For 1QFY2011, JPL recorded strong ad-revenue growth on a high base (as in 1QFY2010 national elections were held and higher advertisement spend) primarily aided by higher volumes and colour ad-inventory (management has indicated colour ad inventory of 50% and absorption of ad-rate hike of 8-9%). For FY2010-12E, we expect JPL's ad-revenue to post a CAGR of 18% (on higher proportion of colour ads, rate hikes and pickup in ad spend) aiding top-line CAGR of ~15% over the period.

- **Margins to remain stable on significant cost efficiencies:** For FY2011E, we expect operating margins to marginally dip on the back of the 8-10% rise in newsprint costs (JPL already has substantial inventory booked for imported newsprint) and increasing competitive intensity with the entry of DB Corp in Jharkhand (cover prices cut in Jharkhand from Rs4 to Rs2). However, strong ad-revenue growth, cost curtailment measures and improving profitability in the nascent businesses of *i-Next/City Plus* and OOH/event management are likely to protect any sharp decline in margins. Hence, we estimate the company's operating margins to remain stable at 30% levels in FY2012E.

- **Underperformance a good entry point, JPL attractive at 16x FY2012E EPS:** JPL acquired the print business from MML whose presence in markets like Mumbai, Delhi, Bangalore and Pune (recently launched) is likely to fill the gap in the company's portfolio v/s peers HT Media (*HT* and *Hindustan*) and DB Corp (*Dainik Bhaskar* and *DNA*), which offer both English and Hindi publications to its advertisers. Hence, we believe that JPL's combined offerings are likely to boost its advertising revenues due to the bundling effect. While we have not factored in the deal in JPL's numbers, we believe the deal is likely to be earnings accretive by ~2–3% in FY2011E. Moreover, with Blackstone's recent investment of Rs225cr and a wider portfolio (including Mid-Day publications), we believe that JPL is well poised to benefit from the steady growth in print media. Meanwhile, the underperformance of the stock and attractive valuations (at current levels, the stock trades at 16x FY2012E EPS) provides good entry point for investors.

Outlook and Valuation

We expect JPL to post modest 15% CAGR in top-line over FY2010-12E driven by the 18% CAGR in advertising revenues and 2% CAGR in circulation revenues. The other businesses (OOH, event management and SMS services) are estimated to record CAGR of 26% during the mentioned period on better traction. In terms of earnings, we expect JPL to report modest CAGR of 15% over FY2010-12E driven largely by top-line growth and sustained margins. However, adjusting for the Rs8cr foreign exchange gains in FY2010, we expect JPL to report a CAGR of 18% in its earnings over FY2010-12E.

We believe the stock underperformance provides a good entry point and maintain a Buy, with a Target Price of Rs154, based on a P/E multiple of 20x FY2012E (in line with historical valuations).

Exhibit 10: Key Assumptions-Revenue

(Rs cr)	FY2009	FY2010	FY2011E	FY2012E	CAGR#
Advt Revenues	552	638	747	883	*17.6*
Dainik Jagran	526	600	699	820	*16.9*
i-Next	23	34	42	53	*24.7*
City plus	3	4	7	10	*48.6*
Circ. Revenue	197	216	217	225	*2.1*
Dainik Jagran	190	208	209	216	*1.9*
i-Next	5	6	6	7	*10.0*
Others	2	2	2	2	*4.7*
Revenue from others	75	88	110	132	22.3
OOH/Evnt Mang/ Digital	58	73	95	116	*25.6*
Sale of waste papers/Job charges	16	14	15	16	*4.2*
Total	823	942	1,075	1,239	*14.7*

#Note: CAGR is for FY2010-12E

YoY growth (%)				
Advt Revenues	*10.6*	*15.7*	*17.1*	*18.1*
Dainik Jagran	*7.8*	*14.0*	*16.5*	*17.3*
I-Next	*148.5*	*49.5*	*22.0*	*27.4*
City plus	*90.6*	*65.9*	*63.1*	*35.4*
Circ. Revenue	7.8	9.4	0.5	3.8
Dainik Jagran	*6.0*	*9.4*	*0.3*	*3.6*
I-Next	*219.0*	*8.0*	*10.0*	*10.0*
Others	*(6.1)*	*5.7*	*4.6*	*4.7*
Revenue from others	*9.8*	*18.0*	*25.4*	*19.4*
OOH/Evnt Mang/ Digital	*4.4*	*25.6*	*29.7*	*21.7*
Sale of waste papers/Job charges	*35.3*	*(9.9)*	*3.6*	*4.8*

% of Total				
Advt Revenues	*67.0*	*67.8*	*69.6*	*71.2*
Circ. Revenue	*23.9*	*22.9*	*20.2*	*18.2*
Revenue from others	*9.1*	*9.3*	*10.3*	*10.6*

Source: Company, Angel Research

Exhibit 11: Peer Valuation

Company	Reco	Mcap	CMP	TP	*Upside*	P/E (x)		EV/Sales (x)		*RoE (%)*		CAGR #	
		(Rs cr)	(Rs)	(Rs)	*(%)*	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	Sales	PAT
HT Media	Accumulate	3,912	166	186	*11.7*	21.9	17.9	2.3	1.9	*16.9*	*17.6*	*19.4*	*23.5*
Jagran	Buy	3,804	126	154	*22.2*	19.6	16.3	3.6	3.1	*30.6*	*33.9*	*14.7*	*17.8*
DCHL	Buy	3,084	127	193	*51.6*	10.8	9.5	2.8	2.4	*20.2*	*20.3*	*11.7*	*11.6*

Source: Company, Angel Research, Note: #denotes CAGR for FY2010-12E

Exhibit 12: Angel v/s Consensus estimates

Top-line (Rs cr)	FY2011E	FY2012E	EPS (Rs)	FY2011E	FY2012E
Angel estimates	1,075	1,239	Angel estimates	6.5	7.7
Consensus	1,079	1,231	Consensus	6.6	7.8
Diff (%)	*(0.4)*	*0.6*	*Diff (%)*	*(1.5)*	*(1.3)*

Source: Company, Angel Research

Profit & Loss Statement

Y/E March (Rs cr)	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
Gross sales	598	750	823	942	1,075	1,239
Less: Excise duty	-	-	-	-	-	-
Net Sales	598	750	823	942	1,075	1,239
Total operating income	598	750	823	942	1,075	1,239
% chg	*25.1*	*25.3*	*9.8*	*14.4*	*14.1*	*15.3*
Total Expenditure	478	586	667	660	756	864
Cost of Materials	253	295	341	296	345	395
SG&A	77	92	93	99	111	126
Personnel	70	91	107	121	142	162
Others	78	107	126	144	159	182
EBITDA	120	164	157	282	318	375
% chg	*64.3*	*36.7*	*(4.3)*	*80.1*	*12.8*	*17.7*
(% of Net Sales)	*20.0*	*21.9*	*19.0*	*30.0*	*29.6*	*30.3*
Depreciation& Amortisation	24	34	38	51	55	59
EBIT	96	130	118	232	264	316
% chg	*81.9*	*35.5*	*(9.1)*	*95.6*	*13.9*	*19.8*
(% of Net Sales)	*16.1*	*17.4*	*14.4*	*24.6*	*24.6*	*25.5*
Interest & other Charges	9	6	6	7	6	4
Other Income	28	22	23	34	28	31
(% of PBT)	*23.9*	*14.8*	*16.8*	*13.2*	*9.7*	*9.0*
Share in profit of Associates	-	-	-	-	-	-
Recurring PBT	115	146	135	259	286	342
% chg	*136.1*	*26.6*	*(7.2)*	*91.7*	*10.3*	*19.8*
Extraordinary Expense/(Inc.)	-	-	-	-	-	-
PBT (reported)	115	146	135	259	286	342
Tax	39	48	44	83	91	110
(% of PBT)	*33.8*	*32.7*	*32.2*	*32.1*	*32.0*	*32.0*
PAT (reported)	76	98	92	176	194	233
Add: Share of associates	-	-	-	-	-	-
Less: Minority interest (MI)	-	-	-	-	-	-
PAT after MI (reported)	76	98	92	176	194	233
ADJ. PAT	76	98	92	176	194	233
% chg	*119.6*	*28.7*	*(6.6)*	*92.0*	*10.5*	*19.8*
(% of Net Sales)	*12.7*	*13.1*	*11.1*	*18.7*	*18.1*	*18.8*
Basic EPS (Rs)	2.5	3.3	3.0	5.8	6.5	7.7
Fully Diluted EPS (Rs)	2.5	3.3	3.0	5.8	6.5	7.7
% chg	*119.6*	*28.7*	*(6.6)*	*92.0*	*10.5*	*19.8*

Balance Sheet

Y/E March (Rs cr)	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
SOURCES OF FUNDS						
Equity Share Capital	60	60	60	60	60	60
Preference Capital	-	-	-	-	-	-
Reserves& Surplus	451	479	500	552	599	655
Shareholders Funds	511	539	560	612	659	716
Minority Interest	-	-	-	-	-	-
Total Loans	107	79	141	121	101	81
Deferred Tax Liability	38	53	52	58	58	58
Total Liabilities	656	671	753	792	818	855
APPLICATION OF FUNDS						
Gross Block	321	392	480	564	642	708
Less: Acc. Depreciation	107	135	151	194	249	308
Net Block	214	257	328	369	392	400
Capital Work-in-Progress	51	48	71	25	32	35
Goodwill	-	-	-	-	-	-
Investments	145	183	157	167	167	167
Current Assets	353	307	360	417	443	506
Cash	101	37	83	85	61	63
Loans & Advances	105	77	87	98	113	131
Other	147	193	190	235	270	312
Current liabilities	106	124	162	186	216	253
Net Current Assets	247	183	198	231	227	253
Misc Exp	0	0	-	-	-	-
Total Assets	656	671	753	792	818	855

Cash Flow Statement

Y/E March (Rs cr)	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
Profit before tax	115	146	135	259	286	342
Depreciation	24	34	38	51	55	59
Change in Working Capital	(14)	(33)	(7)	(12)	(25)	(32)
Interest / Dividend (Net)	(12)	(6)	(2)	(9)	(4)	(6)
Direct taxes paid	39	48	44	83	91	110
Others	(7)	6	16	(21)	(3)	0
Cash Flow from Operations	66	98	136	185	217	254
(Inc.)/ Dec. in Fixed Assets	(122)	(68)	(111)	(38)	(85)	(70)
(Inc.)/ Dec. in Investments	32	(39)	27	(10)	-	-
Cash Flow from Investing	(90)	(106)	(84)	(48)	(85)	(70)
Issue of Equity	-	-	-	-	-	-
Inc./(Dec.) in loans	(10)	(28)	62	(20)	(20)	(20)
Dividend Paid (Incl. Tax)	52	35	70	123	148	176
Interest / Dividend (Net)	(12)	(6)	(2)	(9)	(11)	(14)
Cash Flow from Financing	(49)	(56)	(6)	(135)	(157)	(182)
Inc./(Dec.) in Cash	(73)	(65)	46	2	(25)	2
Opening Cash balances	175	101	37	83	85	61
Closing Cash balances	101	37	83	85	61	63

Key Ratios

Y/E March	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
Valuation Ratio (x)						
P/E (on FDEPS)	49.9	38.8	41.5	21.6	19.6	16.3
P/CEPS	38.1	28.9	29.3	16.8	15.3	13.0
P/BV	7.4	7.1	6.8	6.2	5.8	5.3
Dividend yield (%)	1.2	1.6	1.6	2.8	3.3	4.0
EV/Sales	6.4	5.1	4.7	4.1	3.6	3.1
EV/EBITDA	31.8	23.5	24.6	13.6	12.1	10.3
EV / Total Assets	5.8	5.7	5.1	4.8	4.7	4.5
Per Share Data (Rs)						
EPS (Basic)	2.5	3.3	3.0	5.8	6.5	7.7
EPS (fully diluted)	2.5	3.3	3.0	5.8	6.5	7.7
Cash EPS	3.3	4.4	4.3	7.5	8.3	9.7
DPS	1.5	2.0	2.0	3.5	4.2	5.0
Book Value	17.0	17.9	18.6	20.3	21.9	23.8
Dupont analysis						
EBIT margin	16.1	17.4	14.4	24.6	24.6	25.5
Tax retention ratio	0.7	0.7	0.7	0.7	0.7	0.7
Asset turnover (x)	1.7	1.7	1.7	1.8	1.9	2.0
ROIC (Post-tax)	18.2	20.4	16.6	29.8	31.7	35.3
Cost of Debt (Post-tax)	0.1	0.0	0.0	0.0	0.0	0.0
Leverage (x)	(0.4)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)
Operating ROE	11.4	14.9	13.0	24.0	25.3	28.3
Returns (%)						
RoCE	14.8	19.6	16.6	30.0	32.8	37.8
Angel RoIC (Pre-tax)	27.5	30.2	24.5	43.9	46.6	51.9
RoE	15.3	18.7	16.7	30.0	30.6	33.9
Turnover ratios (x)						
Asset Turnover	1.9	1.9	1.7	1.7	1.7	1.8
Inventory / Sales (days)	20	17	14	21	23	24
Receivables (days)	70	77	70	70	70	68
Payables (days)	35	41	39	50	50	50
Net Working capital (days)	89	71	51	57	57	56
Solvency ratios (x)						
Net Debt to equity	(0.3)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)
Net Debt to EBITDA	(1.2)	(0.9)	(0.6)	(0.5)	(0.4)	(0.4)
Interest Coverage	11.3	21.7	20.1	35.3	47.3	70.6

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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%)	

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