

Equity	% Chg			
	31-May	1-day	1-mth	3-mth
India				
Sensex	14,544	0.9	4.8	10.5
Nifty	4,296	1.1	5.1	12.7
Global/Regional markets				
Dow Jones	13,628	(0.0)	3.7	11.4
Nasdaq	2,605	0.5	2.9	8.3
FTSE	6,621	0.3	3.1	8.3
Nikkei	17,988	0.6	4.1	3.1
Hang Seng	20,682	0.2	1.8	6.9

Value traded (Rs bn)	BSE	NSE
Cash	45.4	119.4
Derivatives	10.1	529.5
Total	55.5	648.9

Net inflows (Rs bn)	Recent trends (days)			
	30-May	-7d	-15d	-30d
FII	(3.8)	18.5	41.0	74.8
MF	3.5	0.2	14.1	25.1

Forex / Crude	% Chg			
	31-May	1day	1mth	3mth
Rs/US\$	40.6	0.0	1.5	9.1
Euro/US\$	1.3	(0.0)	(1.1)	2.0
Crude(\$/bbl)	64.2	0.3	(0.3)	3.5

Mkt movers (Rs)	Close	Pr. Cl.	% Chg
Top gainers			
SpiceJet	61.0	50.5	20.7
Shasun Chem	116.2	96.8	20.0
SREI Infra	71.8	59.8	20.0
Top losers			
Texmaco	974.7	1,039.3	(6.2)
Rain Calcining	34.9	36.9	(5.4)
Canara Bank	244.2	258.0	(5.3)

In focus

Cinemax India – Company Update

Rolls out Assam's first multiplex

CMP: Rs 155 Target: Rs 189 BUY

Mahindra and Mahindra – Results Update

Strength in diversity

CMP: Rs 758 Target: Rs 888 BUY

Today's top picks

Cummins, Crompton, Reliance Capital, RIL, Petronet LNG

News track

- ❖ Buoyed by spectacular performances by manufacturing and certain services sectors, the economy ended 2006-07 with a growth of 9.4%, exceeding the earlier projection of 9.2%. (Hindu)
- ❖ Telecom Malaysia, which has a 49% stake in Spice Communications, said that it would be open to the possibility of merging its Indian venture with Idea Cellular to get a larger share of the Indian market. (BL)
- ❖ Aditya Birla Nuvo, which acquired Canadian BPO Minacs Worldwide last year for US\$ 125mn, is integrating the operations of the two BPO arms under Aditya Birla Minacs Worldwide; integration will be complete by April 2008. (FE)
- ❖ SREI Infrastructure Finance has entered into a 50:50 joint venture with BNP Paribas Lease Group for equipment finance in India with an initial net worth of Rs 8bn. (BL)
- ❖ Mahindra and Mahindra may allow partners Renault SA and Nissan Motor Co to take advantage of its US\$ 100mn research facility in Chennai, subject to the French company helping the vehicle maker. (Livemint)
- ❖ United Breweries (Holdings), which runs Kingfisher Airlines, plans to buy 26% of Deccan Aviation. The deal, struck at Rs 5.5bn, values Deccan Aviation at about Rs 21bn. (Reuters)
- ❖ After selling a 30% stake in US vitamin water maker Glaceau to Coca Cola for US\$ 1.2bn, Tata Tea is close to buying Everest Mineral Water, which makes the Himalayan natural spring water brand. (TOI)

Source: BL: Business Line, BS: Business Standard, ET: Economic Times, FE: Financial Express

Volume shockers

(No of shares)	31-May	2-mth avg	Chg (x)
SREI Infra	5,471,307	293,606	18.6
MRF	43,722	2,840	15.4
Jubilant Org	221,196	17,950	12.3

Delivery toppers

	Del (%)	Total Vol	Cons Days Up
Videocon Industries	78.0	886,487	4
Venus Remedies	73.3	113,799	3
Shree Cement	67.9	153,833	4

Cinemax India

Company Update

CMP: Rs 155

Target: Rs 189

BUY

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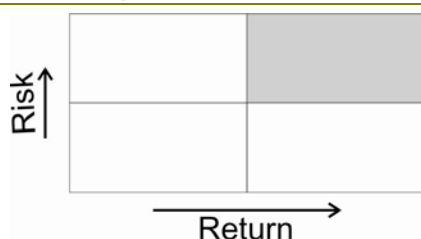
Reema Deshkar

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BSE Code	532807
NSE Code	CINEMAX
Sensex	14,544
Nifty	4,296

Risk-return profile



Company data

Particulars	
Market cap (Rs mn / US\$ mn)	4,060/99.7
Outstanding equity shares (mn)	28
Free float (%)	31.9
52-week high/low (Rs)	204/101
1-month average daily volume	978,432

Stock performance

Returns (%)	1-mth	3-mth	6-mth
Cinemax	20.7	3.1	NA
Sensex	4.8	12.4	6.2

Shareholding pattern

(%)	Mar-07
Promoters	68.1
FIs	1.5
Banks & FIs	0.4
Public	30.0

Source: BSE

Rolls out Assam's first multiplex

New theatre set up in Guwahati after a gap of over two decades

- ❖ Cinemax inaugurated its twelfth multiplex on May 11 in Guwahati, Assam – the first theatre of its kind in the state and the first new theatre in more than two decades in Guwahati
- ❖ Has also tied up with a mall developer for a 3-screen multiplex at Vashi, Navi Mumbai, housing over 900 seats; expected to commence commercial operations by end-CY07
- ❖ Currently the largest owner of theatre properties in India with 8 fully owned properties comprising 21 screens spread over 146,200sq ft. Strong presence in Mumbai and Thane with 9 theatres (owned plus leased), 30 screens and 8,218 seating capacity
- ❖ Above developments have been factored into our financial projections; We expect a 55% revenue CAGR over FY07-FY09 to Rs 2.4bn with a 61% CAGR in net profit. Buy.

Financial snapshot

(Rs mn)	Sales	PAT	FDEPS (Rs)	P/E (x)	EV/EBITDA	RoE (%)
FY07	979.1	155.7	5.6	27.9	21.3	16.6
FY08E	1,505.8	252.6	9.0	17.2	12.9	14.3
FY09E	2,365.4	401.5	14.3	10.8	7.9	19.2

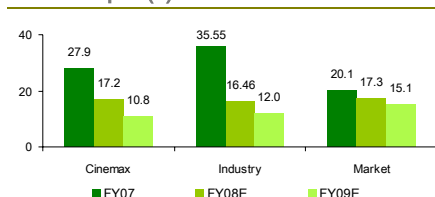
Source: Company, Religare Research

Growth profile

(%)	Sales	EBITDA	PAT	FDEPS
FY07	35.4	51.8	102.7	(56.6)
FY08E	53.8	63.6	62.3	62.3
FY09E	57.1	60.2	59.0	59.0

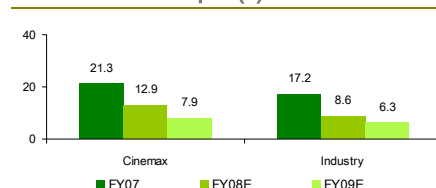
Source: Religare Research

P/E multiple (x)



Source: Religare Research

EV/EBITDA multiple (x)



Source: Religare Research

Business update

Assam multiplex takes number of screens to 38

Cinemax has inaugurated its twelfth multiplex on 11 May 2007 in Guwahati, Assam. This takes the company's total tally of owned plus leased screens to 38 with more than 10,800 seats.

Tie-up with mall developer in Navi Mumbai

Cinemax has also tied up with a mall developer for a 3-screen multiplex in Vashi, Navi Mumbai scheduled to commence operations by the end of CY07. The mall which will house the multiplex has been awarded the 'Best Upcoming Mall in Navi Mumbai'.

Strong presence in Mumbai

Cinemax accounts for 15% of the all-India box-office collections and has a strong presence in the cinema-hub of Mumbai. It currently has 9 theatres in and around Mumbai, strategically located in high-catchment areas such as Sion, Andheri, Versova, Kandivali, Mira Road and Thane.

Existing multiplexes

Multiplex	Screens	Seats	Start Date
Andheri	1	362	August, 1998
Eternity Mall-Thane	4	1,056	May, 2006
Goregaon	2	698	December, 1997
Kandivali(W)	1	287	February, 1998
Mira Road	3	1,018	May, 2004
Nashik	3	1,002	May, 2004
Sion	5	827	October, 2000
Wonder Mall-Thane	4	1,136	December, 2003
Versova	6	1,575	September, 2005
Kandivali (E)	4	1,259	January, 2006
Himmatnagar (Gujarat)	3	1,146	April, 2007
Total	36	10,366	

Source: Company

Plans to extend footprint

The company has aggressive growth plans to establish a pan-India presence. Cinemax plans to nearly triple its current capacity by FY08 to 21 properties with 97 screens and a seating capacity of 24,713. It further plans to be present in 42 locations in 11 states by FY09.

Valuation

DCF valuation yields fair value of Rs 189; Buy

At the current level the stock is quoting at 17.2x and 10.8x on FY08 and FY09 expected earnings respectively. The following table depicts the comparative analysis of various multiplex players. We have used the DCF valuation method in order to capture the growth momentum of the company. Our DCF model estimates a fair value of Rs 189/share for Cinemax, based on a terminal growth rate of 4%, beta of 1.1 and a weighted average cost of capital (WACC) of 15.4%. We recommend a Buy.

Comparative valuation

Company	CMP (Rs)	EPS (Rs)		P/E (x)		EV/EBIDTA (x)		ROCE (%)		RONW (%)		Price/BV (x)	
		FY07E	FY08E	FY07E	FY08E	FY07E	FY08E	FY07E	FY08E	FY07E	FY08E	FY07E	FY08E
Cinemax	155	5.6	9.0	27.9	17.2	21.3	12.9	17.9	18.1	16.6	14.3	2.7	2.3
PVR	210.5	4.6	12.7	45.9	16.6	19.8	8.0	7.9	17.6	5.9	14.7	2.5	2.2
Inox	137	4.0	7.4	34.6	18.6	19.9	11.6	12.0	18.0	9.3	14.0	2.6	2.2
Shringar	62.5	3.1	4.4	20.2	14.2	11.8	6.2	10.7	12.9	17.4	21.5	2.5	2.1

Source: Religare Research

Financials

Profit and Loss statement

(Rs mn)	FY06	FY07E	FY08E	FY09E
Revenues	723.3	979.1	1,505.8	2,365.4
Growth (%)	114.7	35.4	53.8	57.1
EBITDA	151.6	230.1	376.5	603.2
Growth (%)	47.1	51.8	63.6	60.2
Depreciation	29.3	30.8	50.1	60.1
EBIT	122.3	199.3	326.4	543.1
Growth (%)	50.6	63.0	63.8	66.4
Interest	40.6	38.9	37.1	35.3
Other income	22.4	73.0	89.4	94.2
EBT	104.1	233.4	378.7	602.0
Growth (%)	30.4	124.1	62.3	59.0
Tax	27.8	77.7	126.1	200.5
Effective tax rate	26.7	33.3	33.3	33.3
Adj net income	76.8	155.7	252.6	401.5
Growth (%)	23.5	102.7	62.3	59.0
Shares outstanding (mn)	6.0	28.0	28.0	28.0
FDEPS (Rs)	12.8	5.6	9.0	14.3
DPS (Rs)	-	1.0	2.0	3.0
CEPS (Rs)	17.7	6.7	10.8	16.5

Source: Company, Religare Research

Cashflow statement

(Rs mn)	FY06	FY07E	FY08E	FY09E
Net income	76.8	155.7	252.6	401.5
Depreciation	29.3	30.8	50.1	60.1
Other adjustments	-	-	-	-
Changes in WC	(174.1)	80.6	139.6	242.5
Operating cash flow	(68.0)	267.1	442.2	704.1
Capital expenditure	(177.3)	(34.0)	(737.2)	(600.0)
Investments	3.4	(791.5)	-	(200.0)
Other investing inc/(exp)	-	-	-	-
Investing cash flow	(173.9)	(825.5)	(737.2)	(800.0)
Free cash flow	(241.9)	(558.4)	(295.0)	(95.9)
Issue of equity	(42.7)	1,235.0	-	-
Issue/repay debt	158.6	(50.0)	(50.0)	(50.0)
Dividends paid	-	-	-	-
Others	(1.1)	5.7	3.0	5.0
Financing cash flow	114.9	1,190.7	(47.0)	(45.0)
Beg. cash & cash eq	154.9	27.9	660.2	318.1
Chg in cash & cash eq	(127.1)	632.3	(342.0)	(140.9)
Closing cash & cash eq	27.9	660.2	318.1	177.2

Source: Company, Religare Research

Recommendation history

Date	Event	Target (Rs)	Reco
1-June-07	Company Update	189	Buy

Source: Religare Research

Balance sheet

(Rs mn)	FY06	FY07E	FY08E	FY09E
Cash and cash eq	27.9	660.2	318.1	177.2
Accounts receivable	37.9	53.7	86.6	142.6
Inventories	169.7	222.7	330.0	505.5
Others current assets	336.4	345.0	360.0	365.0
Current assets	571.9	1,281.5	1,094.8	1,190.3
LT investments	8.5	800.0	800.0	1,000.0
Net fixed assets	516.3	548.8	1,332.2	1,872.1
CWIP	125.5	96.2	-	-
Total assets	1,222.2	2,726.5	3,227.0	4,062.4
Payables	331.5	450.7	697.2	1,101.7
Others	39.0	77.7	126.1	200.5
Current liabilities	370.5	528.4	823.3	1,302.2
LT debt	601.1	551.1	501.1	451.1
Other liabilities	6.5	12.1	15.1	20.1
Equity capital	60.0	280.0	280.0	280.0
Reserves	184.2	1,354.9	1,607.5	2,009.0
Net Worth	244.2	1,634.9	1,887.5	2,289.0
Total liabilities	1,222.2	2,726.5	3,227.0	4,062.4
BVPS (Rs)	40.7	58.4	67.4	81.8

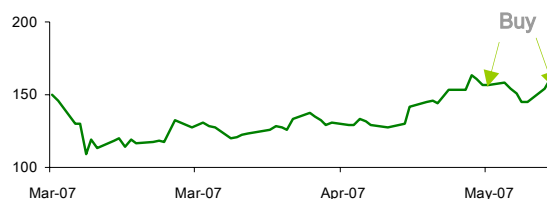
Source: Company, Religare Research

Financial ratios

	FY06	FY07E	FY08E	FY09E
EBITDA margin (%)	21.0	23.5	25.0	25.5
EBIT margin (%)	16.9	20.4	21.7	23.0
Net profit margin (%)	10.6	15.9	16.8	17.0
EPS growth (%)	23.5	(56.6)	62.3	59.0
Receivables (days)	19.1	20.0	21.0	22.0
Inventory (days)	85.7	83.0	80.0	78.0
Payables (days)	167.3	168.0	169.0	170.0
Current ratio (x)	1.5	2.4	1.3	0.9
Interest coverage (x)	3.0	5.1	8.8	15.4
Debt/equity ratio (x)	2.5	0.3	0.3	0.2
ROE (%)	33.8	16.6	14.3	19.2
ROCE (%)	19.1	17.9	18.1	24.7
ROAE (%)	16.2	13.1	14.2	21.0
EV/Sales (x)	2.1	5.0	3.2	2.0
EV/EBITDA (x)	10.1	21.3	12.9	7.9
P/E (x)	12.1	27.9	17.2	10.8
P/BV (x)	3.8	2.7	2.3	1.9
P/CEPS (x)	8.8	23.3	14.3	9.4

Source: Company, Religare Research

Stock performance



Source: Religare Research

Mahindra and Mahindra

Results Update

CMP: Rs 758

Target: Rs 888

BUY

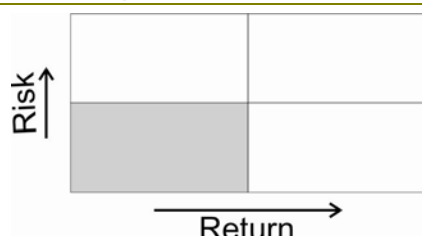
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BSE Code	500520
NSE Code	M&M
Sensex	14,544
Nifty	4,926

Risk-return profile



Company data

Particulars	
Market cap (Rs bn / US\$ bn)	176.9/4.3
Outstanding equity shares (mn)	238.0
Free float (%)	77.1
52-week high/low (Rs)	1,002/488
6-month average daily volume	1,033,490

Stock performance

Returns (%)	1-mth	3-mth	6-mth
M&M	(2.7)	(6.0)	(7.7)
Sensex	4.8	12.4	6.2
BSE Auto	0.3	(1.9)	(5.8)

Shareholding pattern

(%)	Mar-07	Dec-06
Promoters	22.9	23.0
FII's	40.3	41.7
Banks & FIIs	21.1	21.2
Public & Others	15.7	14.1

Source: BSE

Strength in diversity

Results in line with expectations; diversified business to insulate future growth

- ❖ Q4FY07 results in line with expectations, though EBITDA margin contracted more than estimated due to higher input cost. Standalone PAT rose 21% YoY to Rs 2.4bn
- ❖ Expect core earnings growth to slow down going ahead, on account of a projected moderation in tractor sales growth and higher capex planned; Non-automotive business to drive M&M's growth in medium term
- ❖ Consolidated earnings expected to clock 18% CAGR over FY07-FY09, translating into an EPS of Rs 65 in FY08 and Rs 78 in FY09
- ❖ Our SOTP target is Rs 888, with the automotive business valued at Rs 515/share, auto component business at Rs 40/share, and subsidiaries, joint ventures and cash equivalents at Rs 333/share
- ❖ Our target represents an upside of 17% in a year's time; Buy

Financial snapshot (Standalone)

(Rs bn)	Sales	PAT	FDEPS (Rs)	P/E (x)	EV/EBITDA	RoE (%)
FY07	100.5	10.7	44.9	16.9	13.7	32.6
FY08E	115.3	11.7	47.4	16.0	11.1	28.7
FY09E	126.8	12.7	51.6	14.7	9.3	25.6

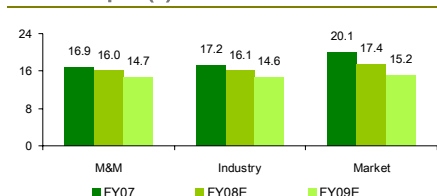
Source: Company, Religare Research

Growth profile (Standalone)

(%)	Sales	EBITDA	PAT	FDEPS
FY07	26.5	87.4	56.6	53.6
FY08E	14.7	18.3	9.5	5.6
FY09E	10.0	10.1	8.8	8.8

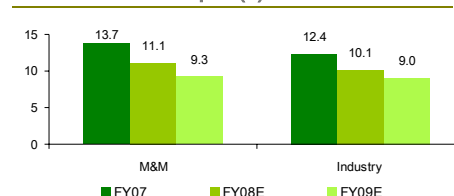
Source: Religare Research

P/E multiple (x)



Source: Religare Research

EV/EBITDA multiple (x)



Source: Religare Research

Result highlights

Q4FY07: Estimated v/s actual performance

(Rs bn)	Actual	Estimated	% Variance
Net sales	27.5	27.5	(0.1)
EBIDTA	3.1	3.3	(5.0)
EBIDTA margin (%)	11.4	12.1	-
PAT	2.4	2.5	(5.6)
PAT margin (%)	8.6	9.1	-
EPS (Rs)	9.9	10.4	(4.7)

Source: Company, Religare Research

Q4FY07 results

(Rs bn)	Q4FY07	Q4FY06	% Chg YoY	Q3FY07	% Chg QoQ
Sales	27.5	22.9	20.0	25.8	6.7
EBITDA	3.1	2.7	16.7	3.1	1.4
EBITDA margin (%)	11.4	11.7	-	12.0	-
PAT	2.4	2.0	20.6	2.4	(2.5)
PAT margin (%)	8.6	8.5	-	9.4	-
EPS (Rs)	9.9	8.4	18.3	10.2	(2.9)
Cash EPS (Rs)	12.5	10.6	18.1	12.4	0.5
Core EPS (Rs)	8.4	0.5	1,503.7	8.5	(0.5)

Source: Company

Sales up 20% YoY

M&M's revenue grew by a robust 20% YoY during Q4FY07. The growth was aided by 15% volume growth, a better product mix (higher proportion of tractor sales) and price hikes undertaken by the company on *Scorpio* and *Bolero* to the tune of 1-1.5%.

Three-wheeler and LCV revenues up 38% and 66% YoY respectively

- ❖ **Three-wheelers and LCVs drive automotive division revenues:** The automotive division recorded a 20% YoY growth in revenues during the quarter on the back of strong 24% volume growth. Three-wheelers and LCVs remain the major performance drivers, growing 38% and 66% YoY respectively. The company also continues to dominate in the UV segment with 19% YoY revenue growth, and a 47% market share.
- ❖ **Sales to moderate in farm equipment division:** During Q4FY07, M&M's tractor sales grew by 11%, much slower than the previous quarters due to a sharp surge in interest rates and a slowdown in bank lending. However, the company continues to consolidate its leadership position in the tractor segment with a current domestic market share of 30%.

Product development costs pull down EBITDA margin

The company's EBITDA margin declined 30bps YoY and 60bps QoQ to 11.4% against our estimated 12.1%, mainly due to higher product development costs. The higher costs are in line with M&M's plans to launch three new models in the medium term.

Adjusted PAT increased by 21% YoY

M&M's reported net profit has declined by 29% YoY to Rs 2.3bn in Q4FY07 due to the higher base effect in Q4FY06, when extraordinary income of Rs 1.5bn was recorded on the sale of shares of M&M Financial Services. Adjusting for this one-off item, the net profit was up 21% YoY in Q4FY07. This translates into an EPS of Rs 9.9 as against our estimated EPS of Rs 10.4.

Business update

Three new automobile platforms being developed at a cost of Rs 18bn

Three new product launches planned

M&M is readying for the launch of three new automobile platforms, with the first new product expected to hit the roads next fiscal. The company estimates an investment of Rs 6bn in each platform. The first is for utility vehicle *Ingenio*, which would be rolled out from the company's Nasik facility. M&M is also working on a new upmarket sports-utility vehicle, besides being midway through developing a mass-market platform for a passenger as well as a cargo carrier. The last two products would be rolled out from M&M's greenfield facilities in Pune and Chennai respectively.

Introduction of popular *Logan* model in India

M&M currently has a 51:49 JV with Renault to produce 50,000 units of the *Logan* car annually. The Logan has been extremely successful in Europe, and has also received a good response in India following its recent launch. The extremely low-cost structure of this vehicle will help M&M price the product aggressively in India. M&M has set up the initial capacity for 50,000 cars at an investment of only Rs 5bn. The tie-up with Renault also gives M&M access to the global auto major's cutting-edge technology and vast experience in the car manufacturing business. The Logan will also be introduced in variants like a multipurpose vehicle and saloon, apart from a sedan.

M&M and Renault to jointly set up a greenfield factory for cars and power trains

M&M and Renault have also entered into an agreement to set up another greenfield factory with a capacity for 500,000 cars and 300,000 power trains in the next three to five years. This will be under a 50:50 partnership model.

Commercial production of heavy trucks to start by December

M&M entered into a JV with International Truck (a subsidiary of Navistar) in 2005, to which it transferred its own LCV business at a total consideration of Rs 484m. This JV will manufacture heavy trucks in India as well as LCVs with a total investment of Rs 4bn. The manufacturing capacity of the JV is likely to be 50,000 units, including 15,000 units of LCV capacity. Commercial production of heavy trucks is likely to start by December 2007. In FY06, the JV had a total turnover of Rs 721mn and incurred a net loss of Rs 3.3m.

Ramp-up in production of tractors via Chinese JV

In December 2004, M&M formed a JV with Jiangling Motor, China for the manufacture of tractors. The JV, in which M&M holds an 80% stake, started operations in June 2005, and sold 2,718 tractors during the year, including 820 units of exports. In FY06, the JV had a total turnover of Rs 297mn and a net loss of Rs 117mn. In the current year, the company is likely to produce 7,200 tractors, a jump of 2.5 times. This sharp ramp-up in production is likely to help improve the JV's earnings performance in the medium term.

Future outlook

Auto component business expected to touch revenues of US\$ 1bn by end-FY09

Auto component revenues of US\$ 1bn likely by end-FY09

M&M is rapidly expanding its auto component business, through both organic as well as inorganic means. In the last few months, M&M has acquired three companies with a cumulative annual turnover of Rs 17bn, thereby taking the overall turnover of the division (named Systech) to Rs 29bn. The company management aims to touch US \$1bn in annual turnover by 2010. With the recent expansion plans, we believe Systech might achieve its target by end-FY09 itself. Systech has three core business lines, comprising auto parts manufacturing, third-party sourcing of auto parts, and design and development.

Non-automotive business to drive future growth as tractor sales growth moderates

Non-automotive business to drive future earnings growth

We expect tractor sales growth to moderate, going ahead, mainly due to the rising interest rate scenario. Further, considering the higher capex announced by the company towards the automotive segment, we believe the non-automotive business will be the principle driver for M&M's future earnings.

Expect consolidated earnings CAGR of 18% over FY07-FY09

We estimate that M&M's standalone and consolidated earnings will grow at a CAGR of 7% and 18% respectively over FY07-FY09.

EPS projections

(Rs)	FY07	FY08E	FY09E	CAGR (%)
Standalone EPS	44.9	47.4	51.6	7.2
P/E (x)	16.9	16.0	14.7	-
Consolidated EPS	56.0	65.0	78.0	18.0
P/E (x)	13.5	11.7	9.7	-

Source: Religare Research

Valuation

SOTP target of Rs 888; Buy

At the current levels, the stock is trading at 14.7x on FY09E EPS on a standalone basis and 9.7x on a consolidated basis. We have arrived at a target price of Rs 888 for the company by adopting a sum-of-the-parts (SOTP) methodology that values the automotive business at Rs 515/share; auto components at Rs 40/share; and subsidiaries, joint ventures and cash equivalents at Rs 333/share. We recommend Buy on the stock with a projected upside of 17% in a year's time.

SOTP valuation

Business	Listed/ Unlisted	Rationale for valuation	M&M's stake (%)	Value of M&M's stake (Rs bn)	Value per Share (Rs)
Core business	-	12.5x FY08E core	-	127.1	514.9
Auto components					
Systech	Unlisted	10x FY10E PAT	65.0	7.4	30.1
Mahindra UGINE	Listed	Market value	16.5	0.6	2.3
Mahindra Forging	Listed	Market value	13.2	2.0	7.9
Total value of auto components					40.3
Other businesses					
Mahindra Renault	Unlisted	10x FY10E PAT	51.0	11.2	45.5
Mahindra International	Unlisted	10x FY10E PAT	51.0	5.9	23.8
Mahindra China	Unlisted	10x FY10E PAT	80.0	1.4	5.6
Mahindra USA	Unlisted	15x FY07E PAT	100.0	0.4	1.7
Mahindra Holiday Resorts	Unlisted	15x FY07E PAT	100.0	3.4	13.6
Mahindra Intertrade	Unlisted	10x FY07E PAT	100.0	2.5	10.1
Mahindra Financial Services	Listed	Market value	58.2	18.3	74.2
Mahindra GESCO	Listed	Market value	17.1	10.1	41.0
Tech Mahindra	Listed	Market value	53.8	16.7	67.6
Total value of other businesses					283.1
Cash & Equivalents				12.2	49.6
Total					887.9

Source: Religare Research

Financials (Standalone)

Profit and Loss statement

(Rs bn)	FY06	FY07	FY08E	FY09E
Revenues	79.5	100.5	115.3	126.8
Growth (%)	22.1	26.5	14.7	10.0
EBITDA	6.7	12.6	14.9	16.4
Growth (%)	9.0	87.4	18.3	10.1
Depreciation	2.0	2.1	2.1	2.2
EBIT	4.7	10.5	12.8	14.3
Growth (%)	9.1	122.3	21.7	11.4
Interest	0.3	(0.7)	(0.7)	(0.8)
Other income	6.5	1.9	2.0	2.1
EBT	11.0	13.2	15.6	17.2
Growth (%)	54.0	19.7	18.6	10.2
Tax	2.4	3.7	3.9	4.5
Effective tax rate	22.0	28.1	25.0	26.0
Adj netincome	6.8	10.7	11.7	12.7
Growth (%)	35.4	56.6	9.5	8.8
Shares outstanding (mn)	233.4	238.0	246.8	246.8
FDEPS (Rs)	29.2	44.9	47.4	51.6
DPS (Rs)	10.0	11.5	12.0	12.0
CEPS (Rs)	37.8	53.7	56.0	60.4

Source: Company, Religare Research

Cashflow statement

(Rs bn)	FY06	FY07	FY08E	FY09E
Net income	8.6	9.5	11.7	12.7
Depreciation	2.0	2.1	2.1	2.2
Other adjustments	(3.2)	-	-	-
Changes in WC	(0.5)	3.0	8.6	5.8
Operating cash flow	6.9	14.6	22.5	20.8
Capital expenditure	(2.5)	(2.3)	(2.7)	(3.0)
Investments	(4.8)	(1.7)	(1.8)	(2.0)
Other investing inc/(exp)	2.3	-	-	-
Investing cash flow	(5.0)	(4.0)	(4.5)	(5.0)
Free cash flow	1.8	10.6	17.9	15.7
Issue of equity	-	0.0	-	-
Issue/repay debt	(1.7)	1.2	1.4	1.5
Dividends paid	(2.6)	(3.1)	(3.3)	(3.3)
Others	3.5	1.2	-	-
Financing cash flow	(0.8)	(0.7)	(2.0)	(1.8)
Beg. cash & cash eq	6.2	7.3	17.3	33.2
Chg in cash & cash eq	1.1	10.0	15.9	13.9
Closing cash & cash eq	7.3	17.3	33.2	47.1

Source: Company, Religare Research

Recommendation history

Date	Event	Target (Rs)	Reco
1-June-07	Results Update	888	Buy

Source: Religare Research

Balance sheet

(Rs bn)	FY06	FY07	FY08E	FY09E
Cash and cash eq	7.3	17.3	33.2	47.1
Accounts receivable	6.4	7.9	7.5	9.1
Inventories	8.8	10.7	10.7	12.6
Others current assets	5.1	7.0	8.1	8.9
Current assets	27.6	43.0	59.4	77.8
LT investments	16.7	18.4	20.2	22.2
Net fixed assets	13.8	13.7	13.8	14.2
CWIP	1.8	2.1	2.5	3.0
Total assets	59.8	77.1	96.0	117.2
Payables	15.8	18.1	19.8	22.1
Others	4.8	11.0	18.4	26.4
Current liabilities	20.6	29.1	38.2	48.5
LT debt	8.8	10.0	11.3	12.8
Other liabilities	1.3	1.3	1.3	1.3
Equity capital	2.3	2.4	2.5	2.5
Reserves	26.8	34.4	42.7	52.1
Net Worth	29.1	36.7	45.2	54.6
Total liabilities	59.8	77.1	96.0	117.2
BVPS (Rs)	124.6	154.3	183.1	221.2

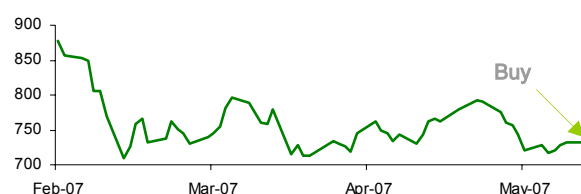
Source: Company, Religare Research

Financial ratios

	FY06	FY07	FY08E	FY09E
EBITDA margin (%)	8.5	12.6	13.0	13.0
EBIT margin (%)	6.0	10.5	11.1	11.3
Net profit margin (%)	8.6	10.6	10.2	10.0
EPS growth (%)	(35.2)	53.6	5.6	8.8
Receivables (days)	26.4	26.0	24.4	23.9
Inventory (days)	52.3	52.0	49.4	48.9
Payables (days)	89.9	90.2	87.3	87.8
Current ratio (x)	1.3	1.5	1.6	1.6
Interest coverage (x)	17.6	(15.6)	(17.3)	(18.3)
Debt/equity ratio (x)	0.3	0.3	0.3	0.2
ROE (%)	28.1	32.6	28.7	25.6
ROCE (%)	14.0	25.0	24.9	23.1
ROAE (%)	14.0	25.0	24.9	23.1
EV/Sales (x)	2.2	1.7	1.4	1.2
EV/EBITDA (x)	26.5	13.7	11.1	9.3
P/E (x)	25.9	16.9	16.0	14.7
P/BV (x)	6.1	4.9	4.2	3.4
P/CEPS (x)	20.1	14.1	13.5	12.6

Source: Company, Religare Research

Stock performance



Source: Religare Research

Recommendation tracker

Date	Company	Report type	Stock price (Rs)	Target (Rs)	Reco
9-Apr-07	Fortis Healthcare	IPO Note	92-110	NA	SUBSCRIBE
16-Apr-07	Infosys Technologies	Results Update	2,088	2,583	BUY
17-Apr-07	Tata Consultancy Services	Results Update	1,290	1,530	BUY
18-Apr-07	Aventis Pharma	Initiating Coverage	1,226	1,670	BUY
20-Apr-07	Biocon	Results Update	509	542	HOLD
23-Apr-07	K S Oils	Company Update	328	405	BUY
23-Apr-07	Wipro	Results Update	571	675	BUY
23-Apr-07	Satyam Computer Services	Results Update	476	598	BUY
25-Apr-07	Garware Offshore Services	Initiating Coverage	213	272	BUY
25-Apr-07	HDFC Bank	Results Update	1,014	1,132	HOLD
27-Apr-07	Lakshmi Energy and Foods	Results Update	172	260	BUY
30-Apr-07	Bank of India	Results Update	195	236	BUY
3-May-07	Cadila Healthcare	Initiating Coverage	322	416	BUY
3-May-07	Maharashtra Seamless	Company Update	566	670	BUY
4-May-07	MIC Electronics	IPO Note	129-150	NA	SUBSCRIBE
7-May-07	Bank of Baroda	Results Update	243	272	HOLD
7-May-07	Great Offshore	Initiating Coverage	771	1,034	BUY
8-May-07	Greenply Industries	Initiating Coverage	125	180	BUY
9-May-07	Cinemax India	Initiating Coverage	145	189	BUY
10-May-07	Binani Cement	IPO Note	75-85	NA	SUBSCRIBE
11-May-07	Tulip IT Services	Initiating Coverage	742	932	BUY
14-May-07	Sujana Metal Products	Initiating Coverage	138	208	BUY
15-May-07	Andhra Bank	Results Update	88	99	HOLD
16-May-07	Indoco Remedies	Initiating Coverage	286	383	BUY
17-May-07	Time Technoplast	IPO Note	290-315	NA	SUBSCRIBE
18-May-07	Peninsula Land	Visit Note	NA	NA	NA
21-May-07	Union Bank of India	Results Update	121	151	BUY
22-May-07	Shringar Cinema	Initiating Coverage	60	75	BUY
22-May-07	Balaji Telefilms	Initiating Coverage	241	317	BUY
22-May-07	Sasken Communication Technologies	Initiating Coverage	507	647	BUY
24-May-07	Sugar	Sector Update	NA	NA	SELL
25-May-07	NCL Industries	Initiating Coverage	40	88	BUY
25-May-07	RPG Cables	Initiating Coverage	48	87	BUY
28-May-07	Punjab National Bank	Results Update	532	610	BUY
28-May-07	Shringar Cinema	Company Update	70	75	HOLD
28-May-07	Tulip IT Services	Company Update	875	932	BUY
29-May-07	Bajaj Auto	Company Update	2,171	2,324	HOLD
29-May-07	Apollo Tyres	Initiating Coverage	356	468	BUY
29-May-07	Divi's Laboratories	Results Update	4,923	4,730	HOLD
30-May-07	Riddhi Siddhi Gluco Biols	Initiating Coverage	247	365	BUY
31-May-07	Banking	Sector Update	NA	NA	NA
1-Jun-07	Cinemax India	Company Update	155	189	BUY
1-Jun-07	Mahindra and Mahindra	Results Update	758	888	BUY

Market trends

BSE sectoral indices

	% Chg				Constituent performance
	31-May	1-day	1-mth	3-mth	
Automobiles	5,012	1.3	0.3	(1.1)	
Banks	7,607	1.4	10.5	15.5	
Capital Goods	11,154	0.7	12.9	24.0	
Comm. & Tech.	3,706	1.1	(0.5)	3.6	
Consumer Durables	4,195	4.5	13.8	17.1	
FMCG	1,907	1.4	5.9	6.8	
Healthcare	3,842	0.4	3.8	9.1	
IT	4,851	0.8	(4.0)	(4.3)	
Metal	10,406	0.6	5.8	22.0	
Oil & Gas	7,796	0.5	9.3	23.0	
Mid-caps	6,222	0.5	7.4	12.7	
Small-caps	7,413	0.9	6.0	10.4	

Number of companies: 

Emerging markets

Country	% Chg				
	31-May	1-day	1-mth	3-mth	6-mth
Brazil	52,269	(0.5)	6.8	20.1	26.5
Shanghai	4,127	0.4	7.4	47.5	96.3
Hong Kong	20,682	0.2	1.8	6.9	10.7
India	14,545	0.9	4.8	10.5	5.1
South Korea	1,730	1.7	12.1	22.0	20.6
Taiwan	8,235	1.1	4.6	7.2	8.2

FII statistics

(US\$ mn)	1-day	WTD	MTD	YTD
India	(89.5)	186.1	1011.2	3872.9
South Korea	12.7	171.4	307.1	3853.6
Taiwan	139.3	235.0	1394.2	2316.2
Thailand	933.4	96.2	737.6	2185.7

Events calendar

Board meetings

June 01		02	03
	TV Today Network Benares Hotels Tata Tea	Tamil Nadu Newsprint And Papers Saksoft Gujarat NRE Coke	Sunday
04		05	06
	National Organic Chemical Industries Greenply Industries Aristocrat Luggage	NIIT Rain Commodities Vajra Granites	BASF India Assam Company (India) Cyber Media (India)
07		08	09
	Sundaram Brake Lining Sanco Trans	Cravatex Ponni Sugars (Erode)	Seshasayee Paper & Boards Silktex Subuthi Finance
10		11	12
	Sunday	James Hotels Hercules Hoists Veejay Lakshmi Engineering Works	Deccan Cements Berger Paints (India)

Trade data

Institutional bulk deals

Scrip	Client	Buy/Sell	Quantity	Avg Price (Rs)
Divi's Laboratories	HDFC Mutual Fund A/C Equity Fund	B	78,844	4,980.6
Dwarikesh Sugar	HSBC Global Investment Funds	S	85,000	64.0
Dwarikesh Sugar	HSBC Global Investment Funds A/C HSBC Global	S	135,971	64.0
GTL	Citigroup Global Markets Mauritius	B	544,000	197.2
Mic Electronics	BSMA	B	195,000	386.2
Mic Electronics	BSMA	B	348,500	383.2
MRF	Fidelity Trustee Co Ac Fidelity Equity Fund	B	30,000	4,159.9
MRF	Sundaram Mutual Fund	S	39,433	4,160.0
Pruden Pharm	Mercury Fund Management Co	S	75,000	14.9
Sandur Man	IDBI	S	25,000	69.7
Shreyas Inte	Sundaram MF Ac Sundaram Select Small Cap	B	114,625	63.3
Srei Infrastructure Finan	Deutsche Securities Mauritius	B	550,000	70.8
SRF	Edelweiss Securities	B	77,000	156.7
SRF	Edelweiss Securities	S	652,708	156.7
Visaka Industries	Morgan Dean Witter Mauritius	S	73,751	88.4
Vyapar Inds	UBS Securities Asia	B	50,000	104.9
Wanbury	The Investment Trust Of India	S	100,000	122.6

Source: BSE, NSE

Insider trading

Scrip	Acquirer/Seller	Buy /Sell	Shares transacted		Post-transaction holding	
			Qty	%	Qty	%
Aia Engineering	Omprakash F Shah	S	569	-	8,712	0.0
Aia Engineering	Omprakash F Shah	B	50	-	8,762	-
Amrit Enterprises	A F Trading Company	B	275,000	5.5	560,714	11.2
Amrit Enterprises	Usha Khaitan	S	25,000	0.5	200,661	4.0
Amrit Enterprises	Aparna Khaitan	S	50,000	1.0	65,237	1.3
Amrit Enterprises	Pooja Gases & Traders	S	75,000	1.5	173,640	3.5
Amrit Enterprises	Pushpak Finvest	S	75,000	1.5	246,019	4.9
Amrit Enterprises	Pavan Khaitan	S	50,000	1.0	160,855	3.2
Aurionpro Solutions	Sandeep Daga	S	19,375	-	166,930	1.4
Everest Kanto Cylinders	Fidelity Mutual Fund	S	50,000	0.3	602,475	3.1
Ganesh Housing Corporation	Citigroup Global Mkts (Mauritius)	B	177,879	0.9	1,177,879	0.9
Gujarat Ambuja Cements	U R Raju	S	3,000	-	67,350	-
Gujarat Ambuja Cements	U R Raju	S	4,500	-	62,850	-
Gujarat Terce Laboratories	Natwar P Prajapati	S	50,000	-	568,440	14.6
Megasoft	Sundaram BNP Paribus Mutual Fund	S	365,546	0.8	1,582,803	3.6
Pennar Industries	Bears Stearns & Co Inc A/C BSMA	B	200,000	0.2	4,715,936	5.1
Power Finance Corporation	Avkash Saxena	S	9,990	-	15,165	-
Power Finance Corporation	Manoj Kumar Rana	S	3,960	-	19,277	-
Sparsh Bpo Services	Kapil Puri	S	700,000	-	1,609,683	10.0
SQL Star International	Industrial Investment Trust	B	445,860	2.0	2,547,677	11.7
Suzlon Energy	Beena K Vagadia J/W Kirti J Vagadia	S	2,000	-	142,250	0.0

Scrip	Acquirer/Seller	Buy /Sell	Shares transacted		Post-transaction holding	
			Qty	%	Qty	%
Titan Industries	Nihal Kaviratne	B	300	-	4,100	-
Uflex	Anshika Consultants	B	44,026	-	26,367,400	-
Webel SI Energy Systems	Vinay Ajitsaria	B	55,000	-	57,250	0.9
Wire And Wireless (India)	Fidelity International	S	2,037,808	0.9	9,903,964	4.6
Zodiac Clothing Co	Merrill Lynch Capital Mkts Espana Sa Sv	B	525,000	6.3	525,000	6.3
Mawana Sugars	Goldman Sachs Invt (Mauritius)	S	988,064	-	1,300,000	3.1
Murudeshwar Ceramics	Sonata Investments	B	174,000	1.0	905,387	5.2
Omax Autos	ICICI Prudential Life Insurance Company	B	15,773	-	1,074,368	5.0
Photoquip India	Jayant Soni	B	25,000	0.5	628,100	13.1
Photoquip India	Jayant Soni	B	25,000	0.5	653,100	13.6
Photoquip India	Tara Soni	B	25,000	-	25,000	0.5
Photoquip India	Tara Soni	B	864	-	25,864	0.5
Photoquip India	Tara Soni	B	42,000	-	67,864	1.4
Piccadily Sugar & Allied	Piccadily Agro Industries	B	16,095	-	951,005	3.9
Power Finance Corporation	K Dhanapal	S	8,900	-	560	-
Power Finance Corporation	Prakash Chander Katyal	S	5,552	-	960	-
Precision Wires India	Reliance Tax Saver (ELSS) Fund	B	1,000,000	8.6	1,000,000	8.6
Sasken Communication Technologies	Merrill Lynch Capital Mkts Espana Sa Sv	B	67,411	-	1,442,137	-
Shopper's Stop	B S Nagesh	S	100,000	-	347,397	1.0
Sumeet Industries	Rajkumar Sitaram Somani	S	10,000	0.1	305,360	1.7
Sumeet Industries	Rajkumar Sitaram Somani	S	46,700	0.3	258,660	1.4
Uflex	Anshika Consultants	B	24,215	-	26,323,374	-

Source: BSE

RELIGARE RESEARCH

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