

Mahindra and Mahindra

Performance Highlights

Y/E March (₹ cr)	3QFY11	3QFY10	% chg (yoy)	Angel est.	% diff
Net sales	6,121	4,497	36.1	6,047	1.2
EBITDA	924	670	38.0	881	4.8
EBITDA margin (%)	15.1	14.9	20bp	14.8	29bp
Reported PAT	735	414	77.6	611	20.2
Adjusted PAT	617	414	49.2	611	0.9

Source: Company, Angel Research

Mahindra and Mahindra (M&M) reported strong results for 3QFY2011, which were in line with our expectations. The company's performance was led by top-line growth owing to a robust jump in volumes, increased average net realisation and marginal improvement in margins. **We broadly maintain our volume and earnings estimates for the company. Owing to the recent correction in the stock price, we recommend Buy on the stock.**

Healthy volume, better operating performance supported top-line growth: M&M reported strong 36.1% yoy (12.6% qoq) top-line growth to ₹6,121cr, which was in line with our expectation and aided by a robust 32.5% yoy (11.8% qoq) jump in overall volumes and a 2.3% yoy (2.3% qoq) increase in average net realisation. During 3QFY2011, EBITDA margins came in 29bp ahead of our estimate at 15.1%, a jump of 20bp yoy (but down 138bp qoq). Better product mix, higher commercial vehicle (CV) volumes, improved operating leverage and cost-control initiatives helped the company to marginally expand its margins. Consequently, adjusted net profit grew by 49.2% yoy to ₹617cr (₹414cr).

Outlook and valuation: M&M's volume growth continues to surprise positively, supported by new product launches such as Xylo, GIO and Maxximo. Moreover, the planned new product launches in the passenger vehicle (PV) and commercial vehicle (CV) space are expected to help the company in sustaining its volume momentum going ahead. We broadly maintain our volume estimates and model in CAGR of ~11% and ~9% in utility vehicle (UV) and tractor volumes, respectively, over FY2010-12E. At ₹654, M&M is trading at 15.1x FY2011E and 13.8x FY2012E standalone earnings. Owing to the recent correction in the stock price, we recommend Buy on M&M. Our SOTP Target Price for M&M works out to ₹794, wherein its core business fetches ₹592/share and the value of its investments works out to ₹202/share.

Key financials

Y/E March (₹ cr)	FY2009	FY2010	FY2011E	FY2012E
Net sales	12,927	18,350	22,373	26,050
% chg	14.6	41.9	21.9	16.4
Adj. net profit	786	2,029	2,514	2,766
% chg	(37.6)	158.1	23.9	10.0
EBITDA margin (%)	6.9	14.8	14.7	14.0
Adj. EPS (₹)	13.5	34.9	43.2	47.5
P/E (x)	45.4	18.2	15.1	13.8
P/BV (x)	6.8	4.7	4.0	3.3
RoE (%)	21.3	21.5	26.1	25.0
RoCE (%)	7.4	23.2	23.6	22.3
EV/Sales (x)	2.4	1.6	1.3	1.1
EV/EBITDA (x)	39.0	12.1	9.7	8.7

Source: Company, Angel Research

BUY

CMP	₹654
Target Price	₹794

Investment Period	12 Months
-------------------	-----------

Stock Info	
Sector	Automobile
Market Cap (₹ cr)	40,176
Beta	1.1
52 Week High / Low	826/475
Avg. Daily Volume	242,147
Face Value (₹)	5
BSE Sensex	17,463
Nifty	5,226
Reuters Code	MAHM.BO
Bloomberg Code	MM@IN

Shareholding Pattern (%)	
Promoters	22.8
MF / Banks / Indian Fls	33.3
FII / NRIs / OCBs	35.0
Indian Public / Others	8.9

Abs. (%)	3m	1yr	3yr
Sensex	(16.4)	9.7	(0.0)
M&M	(18.7)	36.8	102.6

Yaresh Kothari

022-3935 7800 Ext: 6844

yareshb.kothari@angelbroking.com

Exhibit 1: Quarterly performance

Y/E March (₹ cr)	3QFY11	3QFY10	% chg	9MFY11	9MFY10	% chg
Net sales (includes other operating income)	6,121	4,497	36.1	16,716	13,297	25.7
Consumption of RM	3,810	2,891	31.8	10,432	8,373	24.6
(% of Sales)	62.2	64.3		62.4	63.0	
Staff Costs	348	330	5.3	1,019	932	9.3
(% of Sales)	5.7	7.3		6.1	7.0	
Purchases of TG	426	123	247	1,043	376	178
(% of Sales)	7.0	2.7		6.2	2.8	
Other Expenses	614	484	26.9	1,626	1,507	7.9
(% of Sales)	10.0	10.8		9.7	11.3	
Total expenditure	5,197	3,828	35.8	14,121	11,188	26.2
EBITDA	924	670	38.0	2,594	2,110	23.0
EBITDA margin	15.1	14.9		15.5	15.9	
Interest	(2.7)	8.2	(133)	(34.5)	26.9	(228)
Depreciation	102	98	3.9	297	276	7.5
Other Income	42	24	72.0	262	181	44.6
PBT (excl. extr. items)	866	587	47.5	2,594	1,988	30.5
Extr. Income/(Expense)	117	-	-	117	91	-
PBT (incl. Extr. Items)	984	587	67.5	2,712	2,079	30.4
(% of Sales)	16.1	13.1		16.2	15.6	
Provision for Taxation	249	174	43.4	656	561	16.9
(% of PBT)	25	30		24	27	
Reported PAT	735	414	77.6	2,056	1,517	35.5
Adjusted PAT	617	414	49.2	1,938	1,427	35.8
PATM	12.0	9.2		12.3	11.4	
Equity capital (cr)	293.6	273.6		293.6	273.6	
EPS (₹)	12.5	7.6	65.5	35.0	27.7	26.2

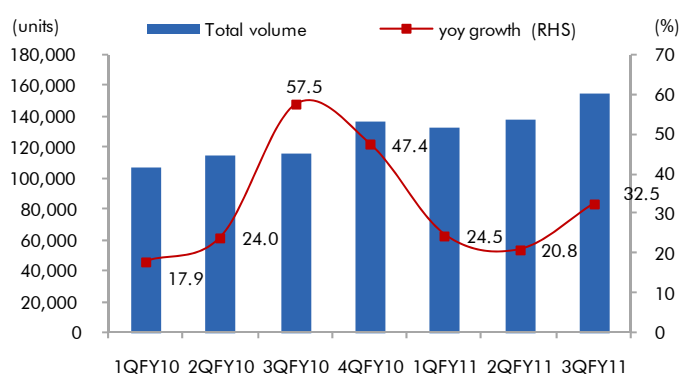
Source: Company, Angel Research

Exhibit 2: Volume performance

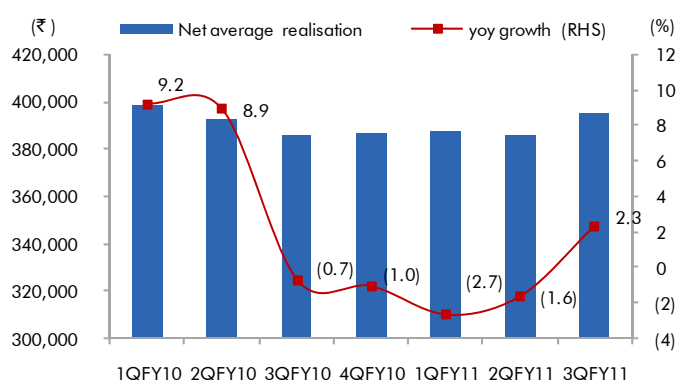
Y/E March (units)	3QFY11	3QFY10	%chg	9MFY11	9MFY10	%chg
Total volume	153,833	116,063	32.5	423,710	336,209	26.0
Auto sales - Domestic	90,205	68,679	31.3	255,965	201,201	27.2
Auto sales - Exports	5,020	3,581	40.2	13,480	7,338	83.7
Total auto sales	95,225	72,260	31.8	269,445	208,539	29.2
Tractor sales - Domestic	55,488	40,917	35.6	145,493	121,528	19.7
Tractor sales - Exports	3,120	2,886	8.1	8,772	6,142	42.8
Total tractor sales	58,608	43,803	33.8	154,265	127,670	20.8

Source: Company, Angel Research

Top-line performance in line, driven by volume growth: For 3QFY2011, M&M reported strong 36.1% yoy (12.6% qoq) top-line growth to ₹6,121cr, which was in line with our expectation and aided by a robust 32.5% yoy (11.8% qoq) jump in overall volumes and a 2.3% yoy (2.3% qoq) increase in average net realisation. In the UV segment, M&M sold 56,211 vehicles and retained its dominant position with a market share of 62.2% on the back of *Xylo* and *Bolero*, which continued to see good offtake. Tractor volumes also registered strong 33.8% yoy growth in 3QFY2011, aided by the festival season and post harvesting period. M&M's total market share in the tractor segment during 3QFY2011 stood at 43.3% (41.1% in 2QFY2011). Further, a substantial increase in other operating income at ₹47cr (₹18cr in 3QFY2010) supported top-line growth.

Exhibit 3: Total volumes up 32.5%


Source: Company, Angel Research

Exhibit 4: Average net realisation up 2.3%


Source: Company, Angel Research

Segment-wise performance: The farm equipment and auto divisions posted a strong performance during the quarter, growing by 36.8% yoy and 35.8% yoy, respectively. PBIT margin of the auto division improved by 107bp yoy to 12.3% (11.2%) and that of the farm equipment division reported a marginal 19bp yoy increase to 18.5% (18.3%) during 3QFY2011. However, on a sequential basis, PBIT margin of the auto division recorded a 333bp decline, while that of the farm equipment division remained healthy and grew by 138bp.

Exhibit 5: Segment performance

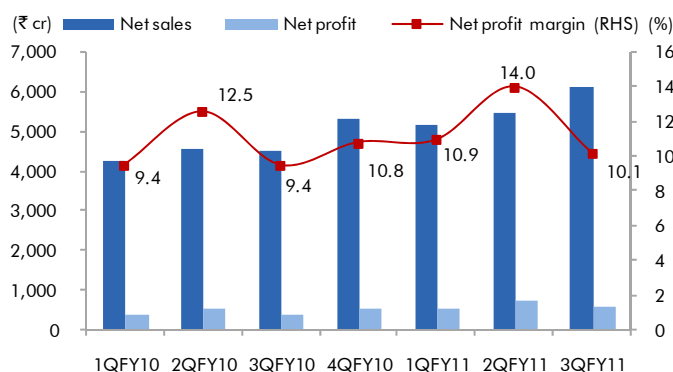
Y/E March (₹ cr)	3QFY11	3QFY10	% chg	9MFY11	9MFY10	% chg
Total net sales	6,131	4,506	36.1	16,742	13,324	25.7
Auto	3,472	2,557	35.8	9,675	7,501	29.0
Farm equipment	2,638	1,928	36.8	6,997	5,759	21.5
Other	21	21	(1.0)	69	64	8.6
Total PBIT	914	640	42.9	2,534	2,006	26.3
Auto	427	287	48.7	1,298	932	39.2
Farm equipment	487	352	38.3	1,233	1,065	15.7
Other	0.6	0.7	(10.4)	3.6	8.6	(58.3)
PBIT/Sales (%)						
Total PBIT	14.9	14.2		15.1	15.1	14.9
Auto	12.3	11.2		13.4	12.4	12.3
Farm equipment	18.5	18.3		17.6	18.5	18.5
Other	2.9	3.2		5.2	13.5	2.9

Source: Company, Angel Research

Operating performance marginally ahead of estimates: M&M's EBITDA margins for 3QFY2011 came in 29bp ahead of our estimates at 15.1%, a jump of 20bp yoy; however, it fell by 138bp qoq. Margin expansion on a yoy basis was supported by lower raw-material cost as a percentage of net sales at 62.7% v/s 64.6% in 3QFY2010. However, raw-material cost for the quarter increased by almost 58bp qoq.

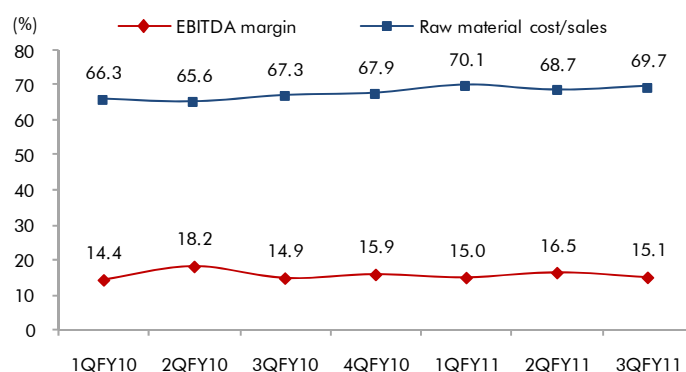
Noticeably, for the quarter, purchase of traded goods as a percentage of sales witnessed a sharp jump of 427bp to 7% v/s 2.7% in 3QFY2010, thus negatively impacting margins. Better product mix, higher CV volumes, improved operating leverage and cost-control initiatives also helped the company to save on staff costs and other expenses. Overall, operating profit registered a 38% yoy increase during 3QFY2011 to ₹924cr (₹670cr).

Exhibit 6: Sales and profitability trend



Source: Company, Angel Research

Exhibit 7: EBITDA margin at 15.1%



Source: Company, Angel Research

Adjusted net profit up 49.2% yoy: M&M registered adjusted net profit of ₹617cr (₹414cr) during the quarter, which was in line with our expectation, aided by improved operating performance and a 72% yoy increase in other income to ₹41.9cr (₹24.4cr in 3QFY2010). During the quarter, the company registered an extraordinary gain of ₹117cr on the exercise of put options on long-term investments in Owen Corning India Ltd.

Consolidated performance: M&M reported a healthy performance on the consolidated front during the quarter, with strong top-line growth of 24.9% yoy to ₹9,547cr (₹7,643cr). However, consolidated group revenue is not exactly comparable with the previous year's revenue due to AT&T exercising its stock option and Tech Mahindra ceasing to be a group subsidiary and becoming a joint venture. Consolidated bottom line for the quarter came in at ₹822cr (₹474cr).

Exhibit 8: Group results

Sector (₹ cr)	3QFY11		3QFY10		yoy chg (%)		9MFY11	
	Revenue	Results	Revenue	Results	Revenue	Results	Revenue	Results
Automotive	3,771	402	2,662	266	41.7	51.0	10,506	1,186
Farm equipment	2,867	476	2,086	331	37.4	43.8	7,713	1,209
IT services	665	129	1,229	246	(45.9)	(47.3)	1,901	313
Financial services	544	214	403	143	34.8	49.7	1,441	517
Trading	183	19	144	20	26.5	(5.4)	505	67
Infrastructure	180	51	120	25	49.5	100.7	389	110
Hospitality	129	29	122	31	5.8	(7.0)	347	66
Systech	878	2	640	(41)	37.2	(103.9)	2,485	74
Others	332	(53)	237	(28)	40.3	89.5	902	(113)
Total segment revenue and results	9,547	1,269	7,643	993	24.9	27.7	26,190	3,429
Net unallocable expenses/(Gains)		52		46		11.3		109
Net unallocable (Interest income)/Expense		77		102		(24.5)		213
Exceptional items income/(Expense)		(54)		11		-		(23)
Profit before tax		1,194		835		43.0		3,130
Current/Deferred taxes incl. FBT		386		278		38.7		990
Profit After Tax		808		556		45.2		2,140
Add/(Less): Prior-year adjustments		-		(4)		-		3
Add / (Less) - Share of associates		29		4		554.1		28
Less: Minority interest		15		83		(82.2)		40
Consolidated PAT excl. MI		822		474		73.5		2,131

Source: Company, Angel Research

Conference call – Key highlights

- Management has guided 15–18% and 10–12% industry growth for the automotive and farm equipment segments, respectively, for the remaining part of FY2011. However, rising interest rates and commodity inflation are the likely headwinds going ahead.
- M&M's total market share during 3QFY2011 in the UV and tractor segments stood at 62.2% and 43.3%, respectively. Management has indicated that the company has regained the market share lost during 1HFY2011.
- *Maxximo*, launched across India in the last two–three months, continues to grow well and the current production level stands at ~4,500units/month. Management has plans to further ramp up production going ahead. GIO volumes have been picking up since the last four–five months and production has now reached about 900–1,000units/month.
- M&M raised prices in the automotive and farm equipment segments by 3% and 5%, respectively, on an average during 9MFY2011.
- M&M continues to perform well on the exports front and recorded overall volume growth of ~65% yoy during 9MFY2011. Performance is driven by strong demand from key markets (US, South Africa, Sri Lanka and Bangladesh).
- The ramp up plan at the Chakan plant remains on track. The plant produced ~11,500 units in 3QFY2011.
- Tractor demand in the country is driven by strong demand in Gujarat, Maharashtra, Orissa and Madhya Pradesh. Moreover, demand for tractors has witnessed a shift in terms of horsepower, with higher demand for greater than 40HP tractors.
- Performance of the Powerol business during the quarter continued to be negatively impacted by the slowdown in the telecom towers market. However, management stated that it was successful in maintaining its market share.
- **Capex plan:** M&M has planned total investment of around ₹7,000cr over FY2011–13. Management indicated capex plan of ₹4,500cr and investment plan of ₹2,500cr over FY2011–13. M&M 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 capex of ₹5,600cr would be incurred at the Chakan plant over FY2009–13E, of which ₹550cr–600cr has already been spent. M&M's contribution to this capex is ₹2,000cr, which would mostly be utilised for R&D. MVML will spend ₹2,000cr, MNAL will be spending ₹1,000cr and the balance ₹500cr–₹600cr would be incurred by MEPL. M&M is also setting up a new tractor plant with annual production capacity of up to 100,000 units in South India by FY2012–13. Currently, M&M's tractor unit is running at 100% utilisation levels, while PTL's plants are running at over 80% utilisation levels.

Investment arguments

- **Strong growth continues in core business:** M&M's UV and tractor volume growth continues to surprise positively, with 39.4% and 45.8% yoy growth reported 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 our expectations in its farm equipment segment. Thus, we have modeled a CAGR of ~11% 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 ~9% (including *Swaraj*).
- **New ventures firming up well:** M&M's new ventures in the CV space are firming up well. New product launches such as *GIO* and *Maxximo* have received good response. Further, the new product launch in the M&HCV space would position the company well in line with other major domestic CV players such as Ashok Leyland and Tata Motors over 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 the 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 EBITDA of ₹500cr–600cr, with 75% coming from Europe and the rest from India. Management believes this is achievable even at 30% below peak levels. We believe these moves will start contributing positively to M&M's consolidated EPS, when the global industry cycle takes a positive turn.
- **Investments constitute 59% of the 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. 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 as well.

Outlook and valuation

M&M's volume growth continues to surprise positively, supported by new product launches such as *Xylo*, *GIO* and *Maxximo*. Moreover, the planned new product launches in the PV and CV space are expected to help the company in sustaining its volume momentum going ahead. We broadly maintain our volume estimates and model in CAGR of ~11% and ~9% in UV and tractor volumes, respectively, over FY2010–12E.

At ₹654, M&M is trading at 15.1x FY2011E and 13.8x FY2012E standalone earnings. **Owing to the recent correction in the stock price, we recommend Buy on the stock.** Our SOTP Target Price for M&M works out to ₹794, wherein its core business fetches ₹592/share and the value of its investments works out to ₹202/share. M&M remains one of the preferred picks in our coverage universe.

Exhibit 9: SOTP valuation

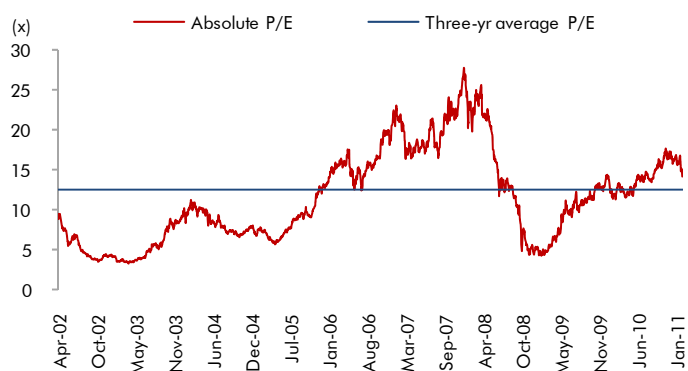
Key subsidiary	No. of shares (cr)	CMP (₹)	Value (₹ cr)
Mahindra Financial Services	5.4	626	3,379
Mahindra Lifespace	1.5	314	484
Tech Mahindra	5.4	585	3,144
Mahindra Forgings	4.2	68	282
Mahindra Holidays	7.0	342	2,394
Mahindra UGINE	1.7	54	89
Other Investments (at book value)			4,905
Total value (₹ cr)			14,677
No of share o/s of M&M (cr)			58
Per share value of Investments (20% discount)			202
M&M's core business/share value (13x FY12E EPS)			592
M&M's target price with investments (₹)			794

Source: Company, Angel Research

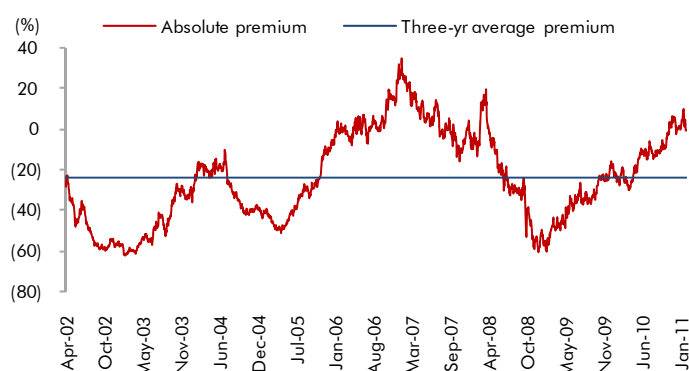
Exhibit 10: Key assumptions

Y/E March (units)	FY07	FY08	FY09	FY10	FY11E	FY12E
UV	127,856	148,761	153,655	214,128	239,823	263,806
LCV	8,652	10,398	8,604	9,792	11,750	13,513
Logan	-	25,891	13,983	5,332	5,865	6,158
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	351,351	403,130
Domestic tractor sales	95,004	90,037	113,302	165,581	187,107	196,462
Exports tractor sales	7,525	8,677	6,406	8,999	10,349	10,866
Total tractor sales	102,529	98,714	119,708	174,580	197,455	207,328
Total volume	280,730	343,348	348,983	472,071	548,807	610,458

Source: Company, Angel Research

Exhibit 11: One-year forward P/E


Source: Company, Bloomberg, Angel Research

Exhibit 12: M&M - Premium/Discount to Sensex P/E


Source: Company, Bloomberg, Angel Research

Exhibit 13: Automobile - Recommendation summary

Company	Reco.	CMP (₹)	Tgt. price (₹)	Upside (%)	P/E (x)		EV/EBITDA (x)		RoE (%)		FY10-12E EPS CAGR (%)	
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
Ashok Leyland	Buy	52	62	19.6	15.4	10.9	9.4	7.9	12.4	16.1	28.6	
Bajaj Auto	Buy	1,213	1,491	22.9	13.8	12.2	8.7	7.6	79.0	70.6	30.0	
Hero Honda	Neutral	1,452	-	-	14.8	13.3	11.4	9.6	52.9	51.6	2.2	
Maruti Suzuki	Buy	1,160	1,515	30.6	15.1	11.5	8.0	5.7	17.4	16.0	9.8	
M&M	Buy	654	794	21.4	15.1	13.8	9.7	8.7	26.1	25.0	16.8	
Tata Motors	Buy	1,103	1,458	32.2	8.4	6.9	6.0	4.6	70.8	53.1	197.7	
TVS Motor	Buy	48	71	49.2	10.6	8.6	6.4	5.0	24.1	28.0	53.9	

Source: Company, Angel Research

Profit & Loss Statement

Y/E March (₹ cr)	FY07	FY08	FY09	FY10	FY11E	FY12E
Gross sales	11,184	12,866	14,514	20,157	24,722	28,944
Less: Excise duty	1,335	1,585	1,587	1,807	2,349	2,894
Net Sales	9,849	11,282	12,927	18,350	22,373	26,050
Total operating income	9,849	11,282	12,927	18,350	22,373	26,050
% chg	-	14.5	14.6	41.9	21.9	16.4
Total Expenditure	8,791	10,187	12,035	15,634	19,096	22,416
Net Raw Materials	6,828	7,726	9,274	12,333	15,102	17,766
Other Mfg costs	252	300	311	379	481	560
Personnel	660	846	1,018	1,190	1,454	1,693
Other	1,051	1,316	1,431	1,732	2,058	2,397
EBITDA	1,058	1,094	892	2,716	3,278	3,634
% chg	-	3.5	(18.5)	204.5	20.7	10.9
(% of Net Sales)	10.7	9.7	6.9	14.8	14.7	14.0
Depreciation & Amortisation	210	239	292	371	485	564
EBIT	848	856	600	2,345	2,793	3,070
% chg	-	0.9	(29.8)	290.6	19.1	9.9
(% of Net Sales)	8.6	7.6	4.6	12.8	12.5	11.8
Interest & other Charges	20	88	134	157	29	29
Other Income	590	639	601	659	723	796
(% of PBT)	39.0	40.9	61.0	23.6	21.1	21.2
Recurring PBT	1,418	1,407	1,067	2,847	3,487	3,837
% chg	-	(0.8)	(24.1)	166.7	22.5	10.0
Extraordinary Expense/(Inc.)	93	156	(81)	(59)	(67)	(74)
PBT	1,512	1,563	986	2,788	3,420	3,763
Tax	350	303	200	759	907	998
(% of PBT)	23.2	19.4	20.3	27.2	26.5	26.5
PAT (reported)	1,068	1,103	868	2,088	2,580	2,839
ADJ. PAT	1,162	1,259	786	2,029	2,514	2,766
% chg	-	8.4	(37.6)	158.1	23.9	10.0
(% of Net Sales)	11.8	11.2	6.1	11.1	11.2	10.6
Basic EPS (₹)	20.5	19.8	14.4	35.8	43.2	47.5
Fully Diluted EPS (₹)	20.0	21.6	13.5	34.9	43.2	47.5
% chg	-	8.4	(37.6)	158.1	23.9	10.0

Balance Sheet

Y/E March (₹ cr)	FY07	FY08	FY09	FY10	FY11E	FY12E
SOURCES OF FUNDS						
Equity Share Capital	238	239	273	283	291	291
Reserves & Surplus	3,315	4,111	4,989	7,544	9,280	11,257
Shareholders' Funds	3,553	4,350	5,262	7,827	9,571	11,548
Total Loans	1,636	2,587	4,053	2,880	2,880	2,880
Deferred Tax Liability	20	57	(18)	240	310	387
Total Liabilities	5,209	6,994	9,297	10,947	12,761	14,815
APPLICATION OF FUNDS						
Gross Block	3,230	3,656	4,894	5,276	7,458	8,683
Less: Acc. Depreciation	1,639	1,842	2,326	2,538	3,023	3,587
Net Block	1,591	1,814	2,568	2,739	4,435	5,096
Capital Work-in-Progress	281	546	647	964	373	434
Goodwill	-	-	-	-	-	-
Investments	2,237	4,215	5,786	6,398	7,657	8,889
Current Assets	3,748	3,644	5,081	6,042	6,433	7,413
Cash	1,326	861	1,574	1,743	1,522	1,689
Loans & Advances	843	694	1,402	1,852	1,566	1,823
Other	1,579	2,089	2,104	2,447	3,345	3,900
Current liabilities	2,666	3,240	4,798	5,200	6,137	7,017
Net Current Assets	1,083	404	283	842	296	395
Mis. Exp. not written off	18	14	13	4	-	-
Total Assets	5,209	6,994	9,297	10,947	12,761	14,815

Cash Flow Statement

Y/E March (₹ cr)	FY07	FY08	FY09	FY10	FY11E	FY12E
Profit before tax	1,512	1,563	986	2,788	3,420	3,763
Depreciation	210	239	292	371	485	564
Change in Working Capital	(719)	(51)	(1,426)	170	(377)	(479)
Less: Other income	(613)	621	(1,980)	233	(367)	(217)
Direct taxes paid	350	303	200	759	907	998
Cash Flow from Operations	1,266	826	1,631	2,336	2,988	3,068
(Inc.)/Dec. in Fixed Assets	(446)	(692)	(1,338)	(700)	(1,590)	(1,287)
(Inc.)/Dec. in Investments	(568)	(1,978)	(1,571)	(612)	(1,259)	(1,232)
(Inc.)/Dec. in loans and adv.	(174)	(286)	(238)	(9)	(9)	(142)
Other income	590	639	601	659	723	796
Cash Flow from Investing	(598)	(2,317)	(2,546)	(662)	(2,135)	(1,865)
Issue of Equity	(9)	1	1	10	8	0
Inc./(Dec.) in loans	753	951	1,466	(1,173)	0	0
Dividend Paid (Incl. Tax)	278	325	321	312	624	674
Others	1,094	250	160	656	1,707	1,710
Cash Flow from Financing	(72)	1,027	1,628	(1,506)	(1,075)	(1,036)
Inc./(Dec.) in Cash	596	(465)	713	169	(222)	168
Opening Cash balances	730	1,326	861	1,574	1,743	1,522
Closing Cash balances	1,326	861	1,574	1,743	1,522	1,689

Key Ratios

Y/E March	FY07	FY08	FY09	FY10	FY11E	FY12E
Valuation Ratio (x)						
P/E (on FDEPS)	31.9	33.0	45.4	18.2	15.1	13.8
P/CEPS	24.4	23.3	30.8	15.4	12.7	11.4
P/BV	8.8	7.2	6.8	4.7	4.0	3.3
Dividend yield (%)	0.9	0.9	0.8	1.5	1.5	1.7
EV/Sales	3.2	2.8	2.4	1.6	1.3	1.1
EV/EBITDA	34.2	32.5	39.0	12.1	9.7	8.7
EV / Total Assets	7.0	5.1	3.7	3.0	2.5	2.1
Per Share Data (₹)						
EPS (Basic)	20.5	19.8	14.4	35.8	43.2	47.5
EPS (fully diluted)	20.0	21.6	13.5	34.9	43.2	47.5
Cash EPS	26.8	28.1	21.3	42.4	51.5	57.2
DPS	5.9	5.9	5.1	9.7	10.0	11.3
Book Value	74.4	90.7	96.3	138.1	164.3	198.2
Dupont Analysis						
EBIT margin	8.6	7.6	4.6	12.8	12.5	11.8
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	2.1
RoC (Post-tax)	18.5	13.8	6.9	20.2	20.1	18.5
Cost of Debt (Post Tax)	1.2	3.3	3.2	3.3	0.7	0.7
Leverage (x)	0.0	0.0	0.0	0.0	0.0	0.0
Operating RoE	18.5	13.8	6.9	20.2	20.1	18.5
Returns (%)						
RoCE (Pre-tax)	18.5	14.0	7.4	23.2	23.6	22.3
Angel RoC (Pre-tax)	16.5	11.0	6.3	18.7	18.4	17.3
RoE	25.8	30.6	21.3	21.5	26.1	25.0
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	22
Receivables (days)	25	28	29	23	30	30
Payables (days)	64	69	82	69	65	69
WC cycle (ex-cash) (days)	(9)	(11)	(25)	(22)	(17)	(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)	(1.9)	(2.1)
Interest Coverage (EBIT/Interest)	42.8	9.8	4.5	15.0	97.0	106.6

Research Team Tel: 022 - 39357800

E-mail: research@angelbroking.com

Website: www.angelbroking.com

DISCLAIMER

This document is solely for the personal information of the recipient, and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment.

Angel Broking Limited, its affiliates, directors, its proprietary trading and investment businesses may, from time to time, make investment decisions that are inconsistent with or contradictory to the recommendations expressed herein. The views contained in this document are those of the analyst, and the company may or may not subscribe to all the views expressed within.

Reports based on technical and derivative analysis center on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true, but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. Angel Broking Limited or any of its affiliates/ group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Angel Broking Limited has not independently verified all the information contained within this document. Accordingly, we cannot testify, nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document. While Angel Broking Limited endeavours to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This document is being supplied to you solely for your information, and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly.

Angel Broking Limited and its affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.

Neither Angel Broking Limited, nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.

Note: Please refer to the important 'Stock Holding Disclosure' report on the Angel website (Research Section). Also, please refer to the latest update on respective stocks for the disclosure status in respect of those stocks. Angel Broking Limited and its affiliates may have investment positions in the stocks recommended in this report.

Disclosure of Interest Statement

	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 ₹1 lakh for Angel, its Group companies and Directors.

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