

## Bosch

### Performance Highlights

Y/E Dec. (Rs cr)	2QCY10	2QCY09	% chg (yoy)	Angel Est.	Diff (%)
<b>Net Sales</b>	<b>1,700</b>	<b>1,248</b>	<b>36</b>	<b>1,663</b>	<b>2.3</b>
Operating Profit	319	219	46	308	3.7
OPM (%)	18.8	17.6	122bp	18.5	26bp
<b>Reported PAT</b>	<b>210</b>	<b>188</b>	<b>11</b>	<b>209</b>	<b>0.2</b>

Source: Company, Angel Research

Bosch reported strong set of numbers for 2QCY2010, in line with our expectations. This was largely aided by a strong recovery in the CV cycle and pre-buying before the change in emission norms that helped to increase product off-take in 2QCY2010. Margins improved on higher operating leverage. Thus, net profit for the quarter broadly came in line with our estimates. **We maintain Accumulate on the stock.**

**Operating performance in line with expectations:** For 2QCY2010, Bosch reported 36% yoy increase in net sales to Rs1,700cr, aided by 37% growth in the automotive business and 24% growth in the others business. Growth can largely be attributed to ~50% growth in the diesel systems business, ~25% growth in the automotive aftermarket business and ~107% growth in the gasoline business albeit on a smaller base. On the operating front, EBITDA margin expanded by 122bp due to a decline in raw-material cost and staff cost. Raw-material cost stood at 52.1% (52.9%) and staff cost stood at 11.7% (12.2%) of sales. Raw-material cost declined due to favorable product mix, high productivity and appreciation in the INR. However, a decline in other income and higher tax rate limited net profit growth to 11% at Rs210cr.

**Outlook and valuation:** We estimate the company to post EPS of Rs258 and Rs316 for CY2010E and CY2011E, respectively, owing to the overall pick-up in auto demand. At the CMP of Rs5,701, the stock is quoting at 18.1x CY2011E earnings. **At our target multiple of 20x (based on its three-year historical average multiple) CY2011E EPS, our fair value for the stock works out to Rs6,316. We maintain an Accumulate view on the stock.**

### Key Financials

Y/E Dec. (Rs cr)	CY2008	CY2009	CY2010E	CY2011E
<b>Net Sales (includes otr. op. inc.)</b>	<b>4,745</b>	<b>4,992</b>	<b>6,739</b>	<b>7,896</b>
% chg	6.1	5.2	35.0	17.2
<b>Net Profit</b>	<b>633.9</b>	<b>590.7</b>	<b>810.4</b>	<b>991.6</b>
% chg	12.5	(6.8)	37.2	22.4
OPM (%)	18.1	16.3	18.0	18.1
<b>EPS (Rs)</b>	<b>176.1</b>	<b>167.7</b>	<b>258.1</b>	<b>315.8</b>
P/E (x)	33.0	34.0	22.1	18.1
P/BV (x)	5.9	5.3	5.0	4.2
RoE (%)	17.9	15.6	22.5	23.0
RoCE (%)	18.9	15.3	24.5	26.4
EV/Sales (x)	3.4	3.4	2.5	2.1
EV/EBITDA (x)	24.5	27.7	18.3	15.2

Source: Company, Angel Research

## ACCUMULATE

CMP	Rs5,701
Target Price	Rs6,316

Investment Period	12 Months
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### Stock Info

Sector	Auto Ancillary
Market Cap (Rs cr)	17,900
Beta	0.2
52 Week High / Low	6,050/3,652
Avg. Daily Volume	3,471
Face Value (Rs)	10
BSE Sensex	18,167
Nifty	5,452
Reuters Code	BOSH.BO
Bloomberg Code	BOS@IN

### Shareholding Pattern (%)

Promoters	71.2
MF / Banks / Indian Fls	16.1
FII / NRIs / OCBs	5.3
Indian Public / Others	7.4

Abs. (%)	3m	1yr	3yr
Sensex	5.2	17.1	21.0
Bosch	14.5	46.9	36.1

### Vaishali Jajoo

022-4040 3800 Ext: 344  
 vaishali.jajoo@angeltrade.com

### Yaresh Kothari

022-4040 3800 Ext: 313  
 yareshb.kothari@angeltrade.com

**Exhibit 1: Quarterly performance**

Y/E Dec. (Rs cr)	2QCY10	2QCY09	% chg	1HCY10	1HCY09	% chg
<b>Net Sales (incl. otr. op. inc.)</b>	<b>1,700</b>	<b>1,248</b>	<b>36</b>	<b>3,296</b>	<b>2,254</b>	<b>46.2</b>
Consumption of RM (% of Sales)	396.1 23.3	420.8 33.7	(5.9)	915.3 27.8	771.5 34.2	18.6
Staff Costs (% of Sales)	199.4 11.7	152.6 12.2	30.7	417.6 12.7	294.0 13.0	42.0
Purchase of traded goods (% of Sales)	489.3 28.8	239.6 19.2	104.2	816.4 19.8	453.9 18.4	79.9
Other Expenses (% of Sales)	296.1 17.4	215.7 17.3	37.3	523 15.9	412.9 18.3	26.6
<b>Total Expenditure</b>	<b>1,381</b>	<b>1,029</b>	<b>34.2</b>	<b>2,672</b>	<b>1,932</b>	<b>38.3</b>
<b>Operating Profit</b>	<b>319.4</b>	<b>219.2</b>	<b>45.7</b>	<b>624.1</b>	<b>321.5</b>	<b>94.1</b>
OPM (%)	18.8	17.6		18.9	14.3	
Interest	(24.2)	(37.9)	(36.1)	(49.0)	(67.7)	(27.7)
Depreciation	48.3	71.6	(32.6)	105.1	140.5	(25.2)
Other Income	16.3	63.5	(74.4)	35.6	70.8	(49.7)
<b>PBT (excl. Extr. Items)</b>	<b>311.6</b>	<b>248.9</b>	<b>25.2</b>	<b>603.5</b>	<b>319.6</b>	<b>88.9</b>
(% of Sales)	18.3	19.9		18.3	14.2	
Provision for Taxation (% of PBT)	101.9 32.7	60.7 24.4	67.9	191.2 31.7	81.9 25.6	133.4
<b>Reported PAT</b>	<b>209.7</b>	<b>188.3</b>	<b>11.4</b>	<b>412.3</b>	<b>237.7</b>	<b>73.5</b>
PATM (%)	12.3	15.1		12.5	10.5	
Equity capital (cr)	31.4	31.5		31.4	31.5	
<b>EPS (Rs)</b>	<b>66.8</b>	<b>59.8</b>	<b>11.6</b>	<b>131.3</b>	<b>75.5</b>	<b>73.8</b>

Source: Company, Angel Research

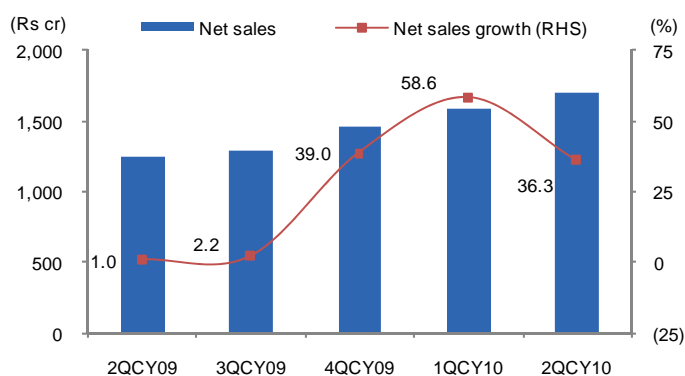
**Exhibit 2: Segmental performance**

Y/E Dec. (Rs cr)	2QCY10	2QCY09	% chg	1HCY10	1HCY09	% chg
<b>Revenue</b>						
Automotive	1,502	1,096	37.0	2,911	1,948	49.4
Others	157.2	126.9	23.9	332.2	268.7	23.6
<b>Total</b>	<b>1,659</b>	<b>1,223</b>	<b>35.6</b>	<b>3,243</b>	<b>2,217</b>	<b>46.3</b>
Less: Inter-Segment Revenue	2.8	1.3		6.9	3.5	
<b>Net Sales</b>	<b>1,656</b>	<b>1,222</b>	<b>35.6</b>	<b>3,237</b>	<b>2,213</b>	<b>46.2</b>
<b>EBIT</b>						
Automotive	285.3	149.3	91.0	534.0	188.1	183.8
Others	8.8	18.1	(51.6)	32.0	34.1	(6.2)
<b>Total</b>	<b>294.1</b>	<b>167.5</b>	<b>75.6</b>	<b>566.0</b>	<b>222.3</b>	<b>154.7</b>
Add: Net Interest Income	24.2	37.9	(36.1)	49.0	67.7	(27.7)
Less: Unallocable Exp.	6.7	(43.6)	(115.4)	11.4	(29.6)	(138.6)
<b>Total PBT</b>	<b>311.6</b>	<b>248.9</b>	<b>25.2</b>	<b>603.5</b>	<b>319.6</b>	<b>88.9</b>
<b>EBIT Margin (%)</b>						
Automotive	19.0	13.6		18.3	9.7	
Others	5.6	14.3		9.6	12.7	
<b>Total</b>	<b>17.7</b>	<b>13.7</b>		<b>17.4</b>	<b>10.0</b>	

Source: Company, Angel Research

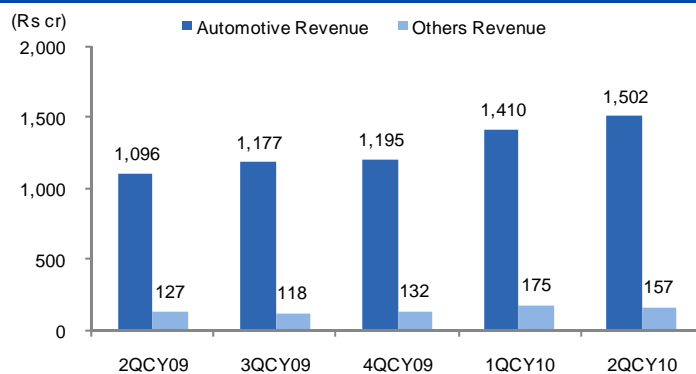
**Top-line growth led by revival in the automotive market:** With the economy having regained momentum and the automotive market registering an all-time high growth rate, Bosch reported strong net sales growth of 36% during 2QCY2010, largely on the back of growth in the automotive business and others business. Bosch continued to maintain the sales growth momentum built up in 4QCY2009, resulting in impressive growth in the overall business. While the automotive business grew by 37%, others business posted growth of 23.9% during 2QCY2010. The company's exports grew by 60% during the quarter and 39% during the first half of CY2010.

**Exhibit 3: Net sales up 36.3%**



Source: Company, Angel Research

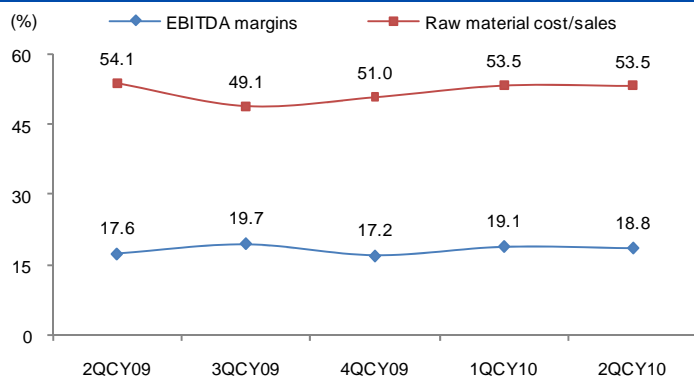
**Exhibit 4: Segment-wise revenue trend**



Source: Company, Angel Research

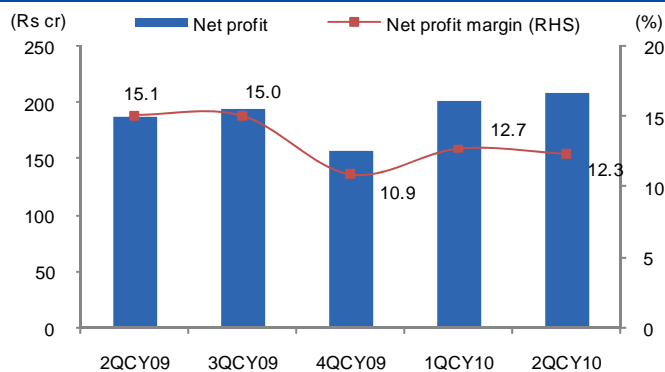
**EBITDA margin increases 122bp, in line with expectations:** For 2QCY2010, Bosch registered an expansion of 122bp in EBITDA margin to 18.8% due to an 85bp decline in raw-material cost and a 50bp decline in staff cost. Operating profit grew 45.7% yoy to Rs319.4cr. Raw material and staff costs were lower yoy for the quarter and stood at 52.1% (52.9%) and 11.7% (12.2%) of sales, respectively. Within the raw-material cost, the purchase of traded goods increased 104.2% yoy due to higher imports of finished goods in the power tools and security equipment space. The company continues to import these products from overseas markets, mainly from Germany. Margins were also boosted by increased productivity and favourable currency movement.

**Exhibit 5: Margins expand on lower raw-material cost**



Source: Company, Angel Research

**Exhibit 6: Net profit up 11.4% yoy**



Source: Company, Angel Research

However, staff cost in absolute terms increased 30.7% during the quarter because of the wage settlement issues that the company has entered with the labour union. Segment wise, EBIT margin of the automotive business recorded substantial expansion of 537bp yoy to 19%, while the EBIT margin of other business posted a steep decline of 870bp to 5.6%.

**Lower other income and higher tax outgo limited net profit growth:** Net profit during the quarter grew 11.4% to Rs209.7cr mainly because of weak non-operating performance. Interest income and other income declined substantially by 36% and 74%, respectively, during the quarter due to lower interest rates and the one-time profit of sale of marketable securities in 2QCY2009. Further, the increase in effective tax rate by 830bp to 32.7% arrested overall growth in the bottom line.

### Conference call – Key highlights

- Strong performance during the quarter was led by ~50% growth in the diesel systems business, ~25% growth in the automotive aftermarket business and ~100% growth in the gasoline business during 2QCY2010. For 1HCY2010, diesel business grew by 65%; automotive aftermarket business grew by 25.8%; and gasoline business grew by 107.6%.
- The company is positively looking at the exports market. Exports business grew by 60% during 2QCY2010 to Rs211cr, while it grew 39% during 1HCY2010 to Rs375cr. The company's major export markets include Europe (~55% of exports), South Korea, Brazil, China and the US.
- Management expects the diesel engine market to grow at a rapid pace once the diesel version of *Tata Nano* is rolled out. This would increase demand for the company's products.
- Management is looking to increase additional capacity of fuel injection pumps and expects to debottleneck productivity constraints. Capital expenditure of Rs300cr has been planned for CY2010, majority of which will be incurred during the second half of the year. During 1HCY2010, Rs40cr was incurred as capex.
- Bosch continues to face bottlenecks on the supply front from vendors and it expects the situation to correct by September 2010.
- The company's multi-brand car service centres have been accepted well by customers. The company had ~450 car service centres as of June 2010. The company has also increased the product range offered at its service centres.
- Royalty payments to the parent company range between 2% and 6% depending on the products.
- Although steel and aluminium prices have cooled down in the recent times, the company has not benefitted much because it uses high-grade steel and aluminium, which have not seen major correction.
- Staff cost during the quarter increased 31% because of wage settlement that the company entered with the labour union. Around 30–35% of the staff cost is due to wage settlement costs.
- The company imports majority of its materials from Germany in dollar terms, which is ~35–38% of raw-material cost.
- According to management, tax rate for the full year is expected to be at the current level of 33%.

## Investment arguments

- **Technology-intensive industry supplemented by high bargaining power:** We estimate the company to post around 26% CAGR in the top line over CY2009–11E and around 30% CAGR in net profit, assuming better outlook and growth of the CV and CRS segments. Bosch enjoys high margins in the auto component segment due to high entry barriers and its dominant position in the market. However, margins have declined in the last three years due to the rise in import content in some of the new products such as CRS and reduced operating leverage. We estimate Bosch to register a 36% CAGR in EBITDA over CY2009–11E, owing to improvement in OPM due to rise in operating leverage. Better utilisation of new capacities and gradual localisation of component supplies would further improve margins post CY2010.
- **CV cycle helps to post robust growth:** Bosch's medium-term prospects are derived largely from the demand arising in the CV and tractor segments, which are estimated post CAGRs of around 14% and 7%, respectively, over the next couple of years. Further, greater visibility on newer growth opportunities is emerging for the company following its investments in new and innovative technologies such as CRS and gasoline systems. We believe the company will continue to enjoy premium valuations, owing to strong parental focus and increasing long-term growth opportunities in the Indian market facilitated by changes in emission norms. Moreover, Bosch has been a consistent performer with strong cash flows in the Indian auto component industry.

## Outlook and valuation

We estimate Bosch to post EPS of Rs258 and Rs316 for CY2010E and CY2011E, respectively, owing to the overall pick-up in auto demand. At the CMP of Rs5,701, the stock is quoting 18.1x CY2011E earnings. At our target multiple of 20x (based on its three-year historical average multiple) CY2011E EPS, our fair value for the stock works out to Rs6,316. **We maintain an Accumulate view on the stock.**

**Exhibit 7: Key assumptions**

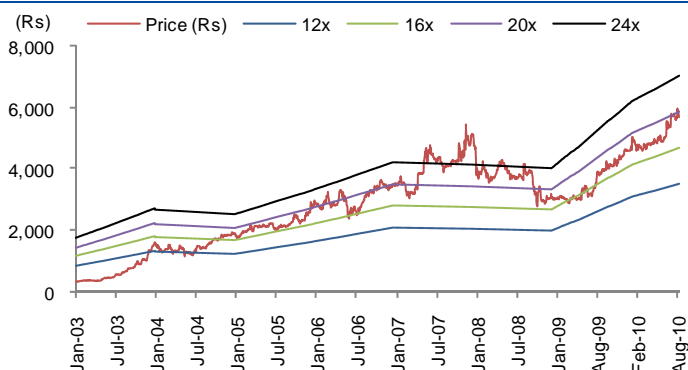
Y/E Dec. (Rs cr)	Auto-Segment				Non-auto segment				Special Purpose Machines	Total
	Diesel Systems	Automotive Aftermarket	Starter & Generators	Gasoline Systems	Car Multimedia	Power Tools	Security technology	Packaging Technology		
<b>CY2009</b>	2,615	1,197	236.8	187.8	48.7	370.8	80.2	45.2	28.1	<b>4,810</b>
<b>CY2010E</b>	3,820	1,376	265.2	375.5	56.1	444.9	92.3	54.2	35.1	<b>6,520</b>
<b>CY2011E</b>	4,404	1,582	297.0	531.8	64.5	533.9	110.7	65.1	43.9	<b>7,633</b>
<b>CAGR (%)</b>	<b>29.8</b>	<b>15.0</b>	<b>12.0</b>	<b>68.3</b>	<b>15.0</b>	<b>20.0</b>	<b>17.5</b>	<b>20.0</b>	<b>25.0</b>	<b>26.0</b>
<b>YoY Growth (%)</b>										
<b>CY2009</b>	(3.2)	17.3	(10.9)	101.5	49.0	19.3	(17.4)	15.9	(18.8)	<b>14.3</b>
<b>CY2010E</b>	46.1	15.0	12.0	100.0	15.0	20.0	15.0	20.0	25.0	<b>6.4</b>
<b>CY2011E</b>	15.3	15.0	12.0	41.6	15.0	20.0	20.0	20.0	25.0	<b>4.5</b>
<b>% of Total</b>										
<b>CY2009</b>	54.4	24.9	4.9	3.9	1.0	7.7	1.7	0.9	0.6	<b>100.0</b>
<b>CY2010E</b>	58.6	21.1	4.1	5.8	0.9	6.8	1.4	0.8	0.5	<b>100.0</b>
<b>CY2011E</b>	57.7	20.7	3.9	7.0	0.8	7.0	1.5	0.9	0.6	<b>100.0</b>

Source: Company, Angel Research

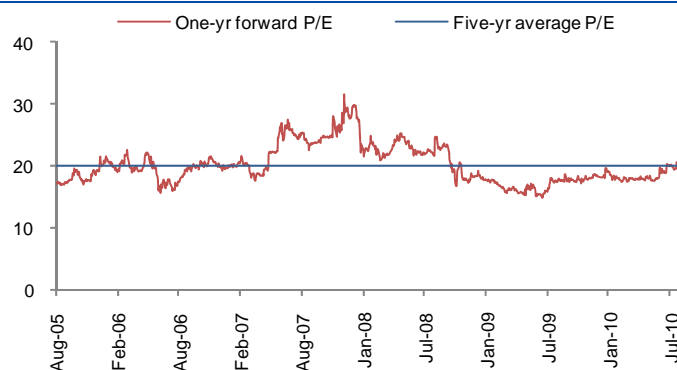
**Exhibit 8: Angel v/s consensus forecast**

	Angel estimates		Consensus		Variation (%)	
	CY10E	CY11E	CY10E	CY11E	CY10E	CY11E
Net Sales (Rs cr)	6,520	7,633	5,996	6,893	8.7	10.7
EPS (Rs)	258.0	315.8	237.4	292.0	8.7	8.2

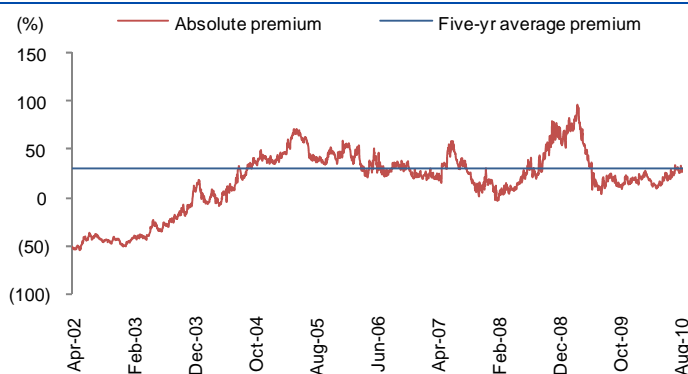
Source: Bloomberg, Angel Research

**Exhibit 9: One-year forward P/E band**


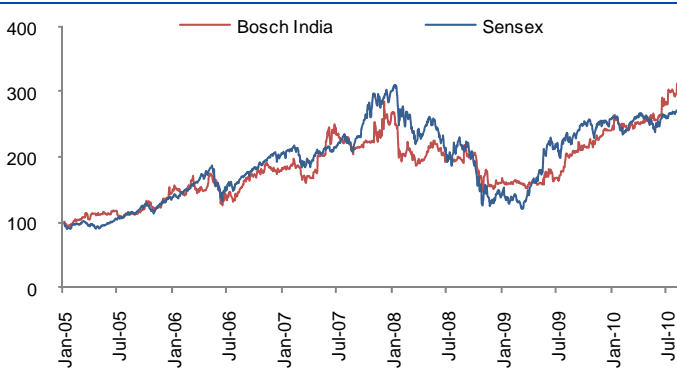
Source: Company, Bloomberg, Angel Research

**Exhibit 10: One-year forward P/E chart**


Source: Company, Bloomberg, Angel Research

**Exhibit 11: Premium/Discount to Sensex**


Source: Company, Bloomberg, Angel Research

**Exhibit 12: Bosch v/s Sensex**


Source: Company, Bloomberg, Angel Research

**Exhibit 13: Auto Ancillary - Recommendation summary**

Company	Reco.	CMP (Rs)	Tgt Price (Rs)	Upside (%)	P/E (x)		EV/EBITDA (x)		RoE (%)		FY10-12E EPS CAGR (%)
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	
Automotive Axle <sup>^</sup>	Buy	480	578	20.4	14.7	12.5	7.2	6.0	25.9	25.9	145.5
Bharat Forge* <sup>&amp;</sup>	Neutral	344	-	-	27.3	18.0	14.2	10.8	17.1	20.6	-
Bosch India <sup>#</sup>	Accumulate	5,701	6,316	10.8	22.1	18.1	18.3	15.2	22.5	23.0	37.2
Exide Industries	Accumulate	143	153	7.2	16.7	14.3	9.9	8.6	28.7	26.5	25.8
FAG Bearings <sup>#</sup>	Buy	756	931	23.2	10.7	9.7	5.4	4.6	22.9	20.6	40.3
Motherson Sumi*	Neutral	180	188	-	20.5	16.1	8.1	6.8	27.3	31.1	33.9
Subros	Buy	50	60	21.0	9.9	8.2	4.4	3.3	13.7	14.8	14.2

Source: Angel Research; Note: \* Consolidated Results; # December year end; ^ September year end; &amp; FY2011E and FY2012E EPS adjusted for FCCB interest after tax

**Profit and Loss Statement**

Y/E Dec (Rs cr)	CY06	CY07	CY08	CY09	CY10E	CY11E
Gross sales	<b>4,190</b>	<b>4,804</b>	<b>5,093</b>	<b>5,085</b>	<b>7,164</b>	<b>8,388</b>
Less: Excise duty	406.7	478.4	491.1	275.6	644.8	754.9
<b>Net Sales</b>	<b>3,784</b>	<b>4,325</b>	<b>4,602</b>	<b>4,810</b>	<b>6,520</b>	<b>7,633</b>
Other Operating Income	132.0	146.9	143.5	182.4	218.9	262.6
<b>Total operating income</b>	<b>3,916</b>	<b>4,472</b>	<b>4,745</b>	<b>4,992</b>	<b>6,739</b>	<b>7,896</b>
% chg	26.0	14.2	6.1	5.2	35.0	17.2
Total Expenditure	3,104	3,550	3,888	4,179	5,529	6,465
Net Raw Materials	1,925	2,202	2,416	2,511	3,423	4,045
Other Mfg costs	317.9	351.1	377.4	360.0	469.4	549.6
Personnel	390.9	470.7	529.8	609.0	815.0	954.1
Other	469.6	526.7	565.8	698.3	821.5	915.9
<b>EBITDA</b>	<b>812.1</b>	<b>922.1</b>	<b>856.8</b>	<b>813.4</b>	<b>1,210</b>	<b>1,430</b>
% chg	25.9	13.5	(7.1)	(5.1)	48.7	18.2
(% of Net Sales)	20.7	20.6	18.1	16.3	18.0	18.1
Depreciation & Amortisation	246.5	253.9	302.5	303.6	337.1	373.2
<b>EBIT</b>	<b>565.6</b>	<b>668.2</b>	<b>554.3</b>	<b>509.8</b>	<b>872.7</b>	<b>1,057</b>
% chg	26.5	18.1	(17.0)	(8.0)	71.2	21.1
(% of Net Sales)	14.9	15.4	12.0	10.6	13.4	13.9
Interest & other Charges	6.4	3.8	8.7	1.2	6.5	7.6
Other Income	239.1	191.6	311.0	284.9	261.4	320.5
(% of PBT)	34.4	23.6	40.1	39.1	23.2	23.4
<b>Recurring PBT</b>	<b>798.3</b>	<b>856.0</b>	<b>856.6</b>	<b>793.4</b>	<b>1,128</b>	<b>1,370</b>
% chg	21.1	7.2	0.1	(7.4)	42.1	21.5
Extraordinary Items	103.4	45.7	81.0	64.0	-	-
<b>PBT</b>	<b>694.9</b>	<b>810.3</b>	<b>775.6</b>	<b>729.4</b>	<b>1,128</b>	<b>1,370</b>
Tax	250.3	246.8	222.7	202.8	317.2	378.6
(% of PBT)	36.0	30.5	28.7	27.8	28.1	27.6
<b>PAT (reported)</b>	<b>548.0</b>	<b>609.2</b>	<b>633.9</b>	<b>590.7</b>	<b>810.4</b>	<b>991.6</b>
<b>Adj. PAT</b>	<b>444.5</b>	<b>563.5</b>	<b>552.9</b>	<b>526.7</b>	<b>810.4</b>	<b>991.6</b>
% chg	31.7	26.8	(1.9)	(4.7)	53.9	22.4
(% of Net Sales)	11.7	13.0	12.0	11.0	12.4	13.0
<b>Basic EPS (Rs)</b>	<b>138.7</b>	<b>175.8</b>	<b>172.7</b>	<b>167.7</b>	<b>258.1</b>	<b>315.8</b>
<b>Fully Diluted EPS (Rs)</b>	<b>141.6</b>	<b>179.5</b>	<b>176.1</b>	<b>167.7</b>	<b>258.1</b>	<b>315.8</b>
% chg	23.3	26.8	(1.9)	(4.7)	53.9	22.4



**Balance Sheet**

Y/E Dec (Rs cr)	CY06	CY07	CY08	CY09	CY10E	CY11E
<b>SOURCES OF FUNDS</b>						
Equity Share Capital	32.1	32.1	32.0	31.4	31.4	31.4
Preference Capital	-	-	-	-	-	-
Reserves & Surplus	2,010	2,531	3,063	3,354	3,573	4,281
<b>Shareholders' Funds</b>	<b>2,042</b>	<b>2,563</b>	<b>3,095</b>	<b>3,385</b>	<b>3,604</b>	<b>4,313</b>
Total Loans	204.8	251.8	264.4	284	284	284
Deferred Tax Liability	(154.8)	(141.5)	(169.7)	(201.4)	(224.0)	(258.2)
<b>Total Liabilities</b>	<b>2,092</b>	<b>2,674</b>	<b>3,190</b>	<b>3,468</b>	<b>3,664</b>	<b>4,339</b>
<b>APPLICATION OF FUNDS</b>						
Gross Block	2,096	2,339	2,722	2,865	3,174	3,386
Less: Acc. Depreciation	1,654	1,859	2,120	2,358	2,695	3,068
<b>Net Block</b>	<b>442.4</b>	<b>481</b>	<b>602</b>	<b>507</b>	<b>479</b>	<b>318</b>
Capital Work-in-Progress	92.7	158.3	167.1	99.7	95.4	101.8
Goodwill	6.5	6.5	6.5	6.5	6.5	6.5
<b>Investments</b>	<b>726.8</b>	<b>1,064</b>	<b>866.5</b>	<b>1,418</b>	<b>1,832</b>	<b>2,169</b>
Current Assets	1,960	2,063	2,741	2,758	2,846	3,580
Cash	624.9	685.8	1,071	1,068	420.9	736.5
Loans & Advances	304.0	306.3	422.3	555.6	782.4	915.9
Other	1,031	1,071	1,248	1,135	1,643	1,928
Current liabilities	1,136	1,098	1,193	1,320	1,595	1,836
<b>Net Current Assets</b>	<b>823.6</b>	<b>964.6</b>	<b>1,548</b>	<b>1,438</b>	<b>1,252</b>	<b>1,744</b>
Mis. Exp. not written off	-	-	-	-	-	-
<b>Total Assets</b>	<b>2,092</b>	<b>2,674</b>	<b>3,190</b>	<b>3,468</b>	<b>3,664</b>	<b>4,339</b>

**Cash Flow Statement**

Y/E Dec (Rs cr)	CY06	CY07	CY08	CY09	CY10E	CY11E
Profit before tax	695	810	776	729	1,128	1,370
Depreciation	246	254	302	304	337	373
Change in Working Capital	155	52	120	(264)	235	46
Less: Other income	535	194	486	55	1,511	587
Direct taxes paid	250	247	223	203	317	379
<b>Cash Flow from Operations</b>	<b>311</b>	<b>675</b>	<b>490</b>	<b>511</b>	<b>(128)</b>	<b>824</b>
(Inc.)/Dec. in Fixed Assets	(278)	(309)	(391)	(75)	(305)	(218)
(Inc.)/Dec. in Investments	(206)	(337)	197	(551)	(415)	(337)
(Inc.)/Dec. in loans and advances	(30)	9	(127)	(133)	(211)	(131)
Other income	239	192	311	285	261	321
<b>Cash Flow from Investing</b>	<b>(275)</b>	<b>(445)</b>	<b>(10)</b>	<b>(475)</b>	<b>(669)</b>	<b>(366)</b>
Issue of Equity	-	-	-	(1)	-	-
Inc./(Dec.) in loans	36	21	50	20	-	-
Dividend Paid (Incl. Tax)	44	36	24	94	110	129
Others	(75)	(226)	(168)	(153)	40	(271)
<b>Cash Flow from Financing</b>	<b>5</b>	<b>(168)</b>	<b>(94)</b>	<b>(40)</b>	<b>150</b>	<b>(143)</b>
Inc./(Dec.) in Cash	42	61	385	(3)	(647)	316
<b>Opening Cash balances</b>	<b>583</b>	<b>625</b>	<b>686</b>	<b>1,071</b>	<b>1,068</b>	<b>421</b>
<b>Closing Cash balances</b>	<b>625</b>	<b>686</b>	<b>1,071</b>	<b>1,068</b>	<b>421</b>	<b>736</b>

**Key Ratios**

Y/E Dec	CY06	CY07	CY08	CY09	CY10E	CY11E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	41.1	32.4	33.0	34.0	22.1	18.1
P/CEPS	26.4	22.4	21.3	21.6	15.6	13.1
P/BV	8.9	7.1	5.9	5.3	5.0	4.2
Dividend yield (%)	0.3	0.4	0.4	0.5	0.6	0.7
EV/Sales	4.3	3.7	3.4	3.4	2.5	2.1
EV/EBITDA	26.2	23.0	24.5	27.7	18.3	15.2
EV / Total Assets	8.5	6.7	5.5	5.0	4.9	4.1
<b>Per Share Data (Rs)</b>						
EPS (Basic)	139	176	173	168	258	316
EPS (fully diluted)	142	179	176	168	258	316
Cash EPS	216	255	267	264	365	435
DPS	16.0	25.0	25.0	30.0	35.0	40.0
Book Value	637	800	967	1,078	1,148	1,374
<b>DuPont Analysis</b>						
EBIT margin	14.9	15.4	12.0	10.6	13.4	13.9
Tax retention ratio	0.6	0.7	0.7	0.7	0.7	0.7
Asset turnover (x)	2.7	2.6	2.3	2.2	2.4	2.3
RoIC (Post-tax)	25.5	27.8	19.8	16.9	23.0	23.1
Cost of Debt (Post Tax)	2.0	1.1	2.4	0.3	1.6	1.9
Leverage (x)	-	-	-	-	-	-
Operating RoE	25.5	27.8	19.8	16.9	23.0	23.1
<b>Returns (%)</b>						
RoCE (Pre-tax)	27.0	28.0	18.9	15.3	24.5	26.4
Angel RoIC (Pre-tax)	29.6	26.2	19.4	13.6	20.2	22.1
RoE	21.8	22.0	17.9	15.6	22.5	23.0
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	1.9	2.0	1.9	1.8	2.2	2.4
Inventory / Sales (days)	42	42	41	42	37	40
Receivables (days)	44	47	51	49	49	49
Payables (days)	71	64	59	61	55	57
WC cycle (ex-cash) (days)	9	19	29	31	33	42
<b>Solvency ratios (x)</b>						
Net debt to equity	(0.6)	(0.6)	(0.5)	(0.7)	(0.5)	(0.6)
Net debt to EBITDA	(1.4)	(1.6)	(2.0)	(2.7)	(1.6)	(1.8)
Interest Coverage	88.2	178.2	63.5	428.4	133.9	138.5

Research Team Tel: 022 - 4040 3800

 E-mail: [research@angeltrade.com](mailto:research@angeltrade.com)

 Website: [www.angeltrade.com](http://www.angeltrade.com)

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### Disclosure of Interest Statement

### Bosch India

1. Analyst ownership of the stock	Yes
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.*

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