

29th June 2006		<p>LMW reported better than expected performance for Q4FY06; EBITDA margins for Q4FY06 were higher than expected at 18.6% as against expected 16%. Improved product mix and full effect of price increase taken in Q2FY06, kept margins at the same level as witnessed in Q3FY06. Adjusted revenues and PAT were up by 23.2% and 283.3% to Rs 3,935 mn and Rs 854 mn, respectively. Though the revenue growth was in line with expectations, higher than margin growth and write-back of current tax and deferred tax provisions of Rs 255 mn pushed PAT higher than expectations. Write-back of tax provision during Q4FY06 was on account of absorption of unabsorbed depreciation and losses of recently acquired Jeetstex. Adjusted EPS for the quarter was Rs 690 for Q4FY06 as against Rs 180 in Q4FY05.</p>										
ACCUMULATE												
Price: Rs 19,500												
Stock Details												
Sensex			10,162									
Sector			Textile machinery									
Bloomberg			LMW@IN									
Equity Capital			Rs 123.7 mn									
Face Value			Rs 100									
52 Week H/L			Rs 24700/ 600									
Market Cap			Rs 24.1 bn									
Daily Volume			606									
Daily Average Turnover			0.25mn(\$)									
Shareholding Pattern (%) (31st Mar.'06)												
Promoters			30.6									
FII/NRI			19.1									
Institutions			21.0									
Private Corp.			6.0									
Public			23.3									
Source: Capitaline												
Price Performance												
(%)	1M	3M	6M	12M								
Absolute	-15	-6	7	106								
Rel. to Sensex	-8	3	-3	62								
Source: Capitaline												
		Key financials (Rs mn)										
	Adj Net	EBITDA		Adj	ROE	EV/		Div Yld	Adj EPS			
	Sales	Rs	(%)	PAT	(%)	EBITDA	P/BV	(%)	(Rs)	P/E		
FY05	10,031	1,447	14.4	660	18.6	16.0	7.2	0.8	534	36.5		
FY06	13,187	2,214	16.8	1401	35.8	9.3	5.5	1.5	1133	17.2		
FY07E	18,013	3,143	17.5	1995	39.1	7.0	4.1	2.1	1613	12.1		
FY08E	20,535	3,676	17.9	2315	35.0	5.6	3.2	2.6	1872	10.4		
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Quarterly performance

Rs mn	Q4FY06	Q4FY05	% Chg.	FY2006	FY2005	% Chg.
Adjusted Net Revenues	3,935	3,193	23.2%	13,187	10,031	31.5%
Cost of RM Consumed	2,318	2,027	14.4%	7,473	5,894	26.8%
(Inc)/Dec in SIT	(6)	-		0	(16)	
RM Cost	2,312	2,027	14.1%	7,473	5,878	27.1%
% of net sales	58.8%	63.5%		56.7%	58.6%	
Other expenses	589	512	15.1%	2,415	1,856	30.1%
% of net sales	15.0%	16.0%		18.3%	18.5%	
Personnel	303	269	12.9%	1,085	851	27.6%
% of net sales	7.7%	8.4%		8.2%	8.5%	
Total expenditure	3,205	2,807	14.2%	10,974	8,585	27.8%
EBITDA	730	386	89.1%	2,214	1,447	53.0%
EBITDA (%)	18.6%	12.1%		16.8%	14.4%	
Non-Operating Income	44	25	75.6%	159	(4)	-3816%
Interest	6	9	-27.4%	34	81	-57.5%
Gross Profit	767	402	90.8%	2,338	1,361	71.7%
Depreciation	172	93	85.5%	559	363	53.8%
Extraordinary Income/(Exp)	(20)	111		100	111	
PBT	576	420	36.9%	1,879	1,109	69.5%
Prov. for Tax- Cur	(10)	65	-115.2%	312	250	24.8%
Prov. for Tax- Def	(240)	53	-553.7%	86	125	-31.1%
Tax/PBT (%)	-43.3%	28.0%		21.2%	33.9%	
Reported PAT	825	303	172.7%	1,481	733	101.9%
% of net sales	21.0%	9.5%		11.2%	7.3%	
Adjusted PAT	854	223	283.2%	1,402	660	112.4%
Reported EPS	667.0	244.6	172.7%	1197.1	592.9	101.9%
Adjusted EPS	690.3	180.1	283.3%	1132.8	533.6	112.3%

Source: Company, Emkay research

Segmental Performance

Rs mn	Q4FY06	Q4FY05	% Chg.	FY2006	FY2005	% Chg.
Segment Revenue						
Textile Machinery	3701.9	3059.7	21.0%	12666.4	9685.4	30.8%
Machinery Tool & Foundry	598.6	468.0	27.9%	1933.3	1635.5	18.2%
PBIT						
Textile Machinery	455.0	252.4	80.3%	1568.4	871.6	80.0%
Machinery Tool & Foundry	33.6	27.0	24.3%	86.5	113.7	-23.9%
Segment margins						
Textile Machinery	12.3	8.2		12.4	9.0	
Machinery Tool & Foundry	5.6	5.8		4.5	7.0	

Source: Company, Emkay research