

## SMFL

### Stretched Valuations

Samvardhana Motherson Finance Ltd. (SMFL) is the principal holding company of the Samvardhana Motherson group with 18 subsidiaries, 19 Joint Ventures and 86 other consolidated entities catering to the domestic and global automotive industry. The principal investments of SMFL constitute a 36.1% stake in Motherson Sumi Systems (MSSL), 49% stake in Samvardhana Motherson Reflectec Group Holdings Ltd. (SMR, erstwhile Visiocorp) and 49% stake in Samvardhana Motherson Polymers Ltd. (SMPL). Together the three companies accounted for ~94% of the consolidated revenues in 9MFY2012.

**MSSL:** MSSL is the flagship company of the group and is the market leader in the domestic wiring harness segment with a market share of ~65%.

**SMR:** SMR, acquired in March 2009, is the world's second largest exterior rear view mirror manufacturer with ~22% global market share.

**SMPL:** SMPL is engaged in the business of high quality plastic components and assemblies for exterior and interior trims for passenger vehicles through Peguform companies acquired in November 2011.

SMFL's major customers include the Volkswagen group, BMW, Daimler, Renault Nissan, Ford India Private Limited, Volvo Car Corporation, Maruti Suzuki, Tata Motors, Honda Sael Cars India Limited, Toyota Kirloskar Motor Private Limited and Fiat India Automobiles Limited.

**Outlook and valuation:** We value SMFL's 36.1% stake in MSSL based on our target price for the company (₹216 based on 15x FY2014E consolidated earnings). We value SMFL's stake in SMR and SMPL on an EV/Sales basis instead of earnings based multiples as current earnings of these companies' do not reflect their true potential. Currently the profitability at SMR and SMPL has been impacted due to significant start up costs in relation to new manufacturing facilities and due to one-time costs related to the acquisition and refinancing of Peguform Group.

Based on our SOTP methodology we arrive at a value of ₹97/share against the IPO price band of ₹113-₹118. Management expects to turnaround the financial performances of SMR and SMPL over the medium term. However, we believe that it is early to factor in the anticipated turnaround in these two subsidiaries and valuations in our view are not providing sufficient margin of safety to investors considering the execution risks involved in the turnaround process. **Hence we recommend Avoid on the issue.**

### Key financials (Consolidated)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	9MFY2012
<b>Net Sales</b>	<b>843</b>	<b>4,914</b>	<b>5,635</b>	<b>5,957</b>
% chg	67.3	483.0	14.7	5.7
<b>Net Profit</b>	<b>57</b>	<b>70</b>	<b>140</b>	<b>(91)</b>
% chg	76.3	23.6	100.1	-
EBITDA Margin (%)	5.3	4.7	7.5	3.3
<b>EPS (₹)</b>	<b>1.6</b>	<b>1.3</b>	<b>3.0</b>	<b>(1.9)</b>
P/E (x) Lower End	69.3	87.2	37.8	-
P/E (x) Upper End	72.3	91.0	39.5	-
RoE (%)	7.0	6.0	10.1	(6.3)

Source: Company, Angel Research

## AVOID

Issue Open: May 02, 2012

Issue Close: May 04, 2012

### Issue Details

Face Value: ₹10

Present Eq. Paid-up Capital: ₹473.6cr

Offer Size\*: 14.7cr shares

Post Eq. Paid-up Capital: ₹592.5cr

Issue size (amount): ₹1,665cr

Price Band: ₹113-118

Post-issue implied market cap\*\*: ₹6,696cr - 6,933cr

Promoters holding Pre-Issue: 90.4%

Promoters holding Post-Issue\*: 67.4%

Note:\* At the lower price band, \*\*At the lower and upper price band, respectively

### Book Building

QIBs	Up to 50%
Non-Institutional	At least 15%
Retail	At least 35%

### Post Issue Shareholding Pattern

Promoters Group	67.4
MF/Banks/Indian Fls/Flls/Public & Others	32.6

**Yaresh Kothari**

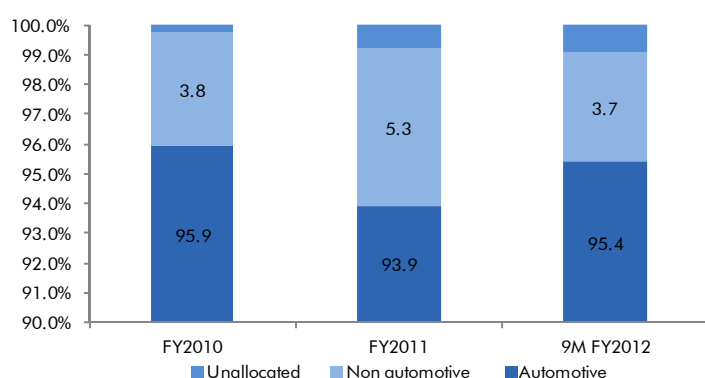
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## Company background

Samvardhana Motherson Finance Ltd. (SMFL), a principal holding company with 18 subsidiaries, 19 Joint Ventures and 86 other consolidated entities is an integrated design and manufacturing company providing full system solutions to diverse industries. The principal focus of the company is the domestic and global automotive industry and is catered through Motherson Sumi Systems Ltd. (MSSL), Samvardhana Motherson Reflectec Group Holdings Ltd. (SMR) and Samvardhana Motherson Polymers Ltd. (SMPL). As of December 31, 2011, SMFL has a 36.1% stake in MSSL - listed on domestic stock exchanges, 49% stake in SMR and 49% stake in SMPL.

**Exhibit 1: Consolidated revenue-mix**



Source: RHP, Angel Research

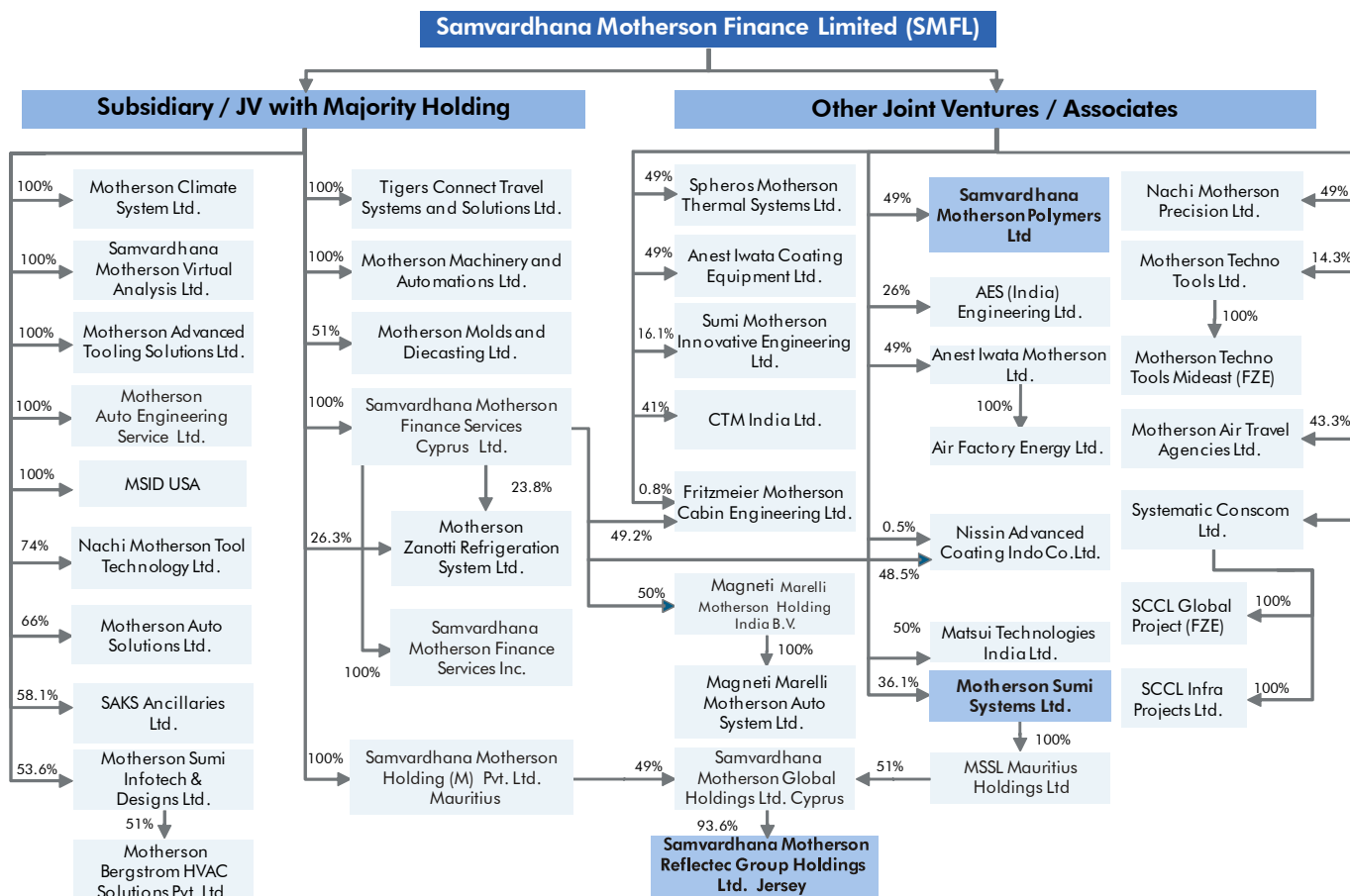
**Exhibit 2: Product portfolio**

MSSL	SMR	Other Subsidiaries and Joint Ventures
Wiring harness	Rear view vision systems	Automotive lighting products
Polymer processing		Bus and other commercial vehicles HVAC system
Elastomer		Cabins for off-highway vehicle
Metal working		Refrigeration system
Car HVAC system		Manufacturing support Information technology and design engineering

Source: RHP, Angel Research

Through a combination of organic growth and acquisitions, SMFL is now a multinational company with 120 manufacturing facilities and presence in 25 countries across the world. The company is in the process of establishing new manufacturing facilities in India, Brazil, Mexico, Spain and Thailand. SMFL's major customers include the Volkswagen group, BMW, Daimler, Renault Nissan, Ford India Private Limited, Volvo Car Corporation, Maruti Suzuki, Tata Motors, Honda Sael Cars India Limited, Toyota Kirloskar Motor Private Limited and Fiat India Automobiles Limited.

### Exhibit 3: SMFL group structure



Source: Company, Angel Research

### Details of the issue

SMFL intends to raise ₹1,665cr through the IPO which comprises a fresh equity issue of ₹1,344cr and an offer for sale of ₹321cr by promoter group entity, Radha Rani Holdings Pte Ltd.

### Exhibit 4: Objects of the issue

Particulars	Amount (₹ cr)
Funding pre-payment and repayment of debt facilities	338.5
Funding strategic investments in SMPL	627.5
Funding investments in rear-view vision systems business	156.0
General corporate purposes	222.0
<b>Total</b>	<b>1,344.0</b>
Offer for sale by Radha Rani Investments	321.0
<b>Total issue size</b>	<b>1,665.0</b>

Source: RHP, Angel Research

## Investment arguments

### Globally diversified business presence across automotive sector

SMFL has a strong presence across the automotive value chain and provides end to end solutions to its customer's right from designing to analysis, prototyping, manufacturing, assembling to supply of integrated modules to the customers. SMFL undertakes wiring harnesses business through MSSL and its subsidiaries, joint ventures and associate companies. The rear view vision systems and the polymer processing business is undertaken through SMR and SMPL (Peguform Group companies), respectively.

**Rear view vision systems business:** SMFL undertakes the rear view vision systems business through SMR which was acquired from Visiocrp Plc. in March 2009 at a consideration of €26.5mn. Though SMR was a loss making entity when acquired, SMFL along with MSSL turned it around and the company turned profitable in 3QFY2011 registering a PAT (before minority interest) of ₹25.4cr as against loss of ₹9.2cr in 3QFY2010. Nearly 80% of SMR's revenue comes from the exterior mirror sales and 15% from the interior mirrors.

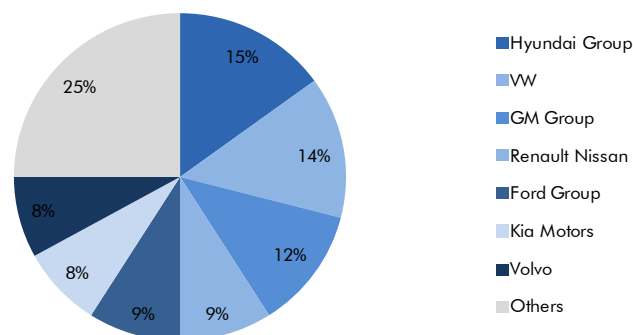
SMR caters to the requirements of the top ten OEMs globally and has manufacturing facilities in India, China, Korea, Japan and Mexico. The company has set up new facilities in Hungary and Brazil which has recently commenced production. While the management expects SMR margins to return back to 6-7% levels once the new plants ramp-up, there could be possible delays on account of delays in launch of new models by customers or demand slowdown.

**Exhibit 5: SMR - Brief financial summary**

(₹ cr)	FY2010	FY2011	9MFY2012
Net sales	4,159	4,547	4,082
EBITDA	236	314	180
Ebitda margin (%)	5.7	6.9	4.4
PAT	6	48	(6)

Source: Company, Angel Research

**Exhibit 6: SMR – Customer wise sales**

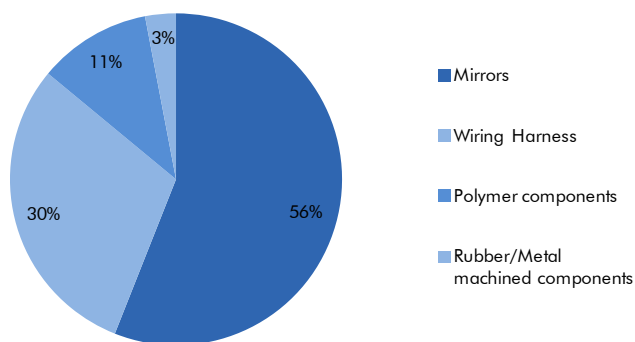


Source: Company, Angel Research

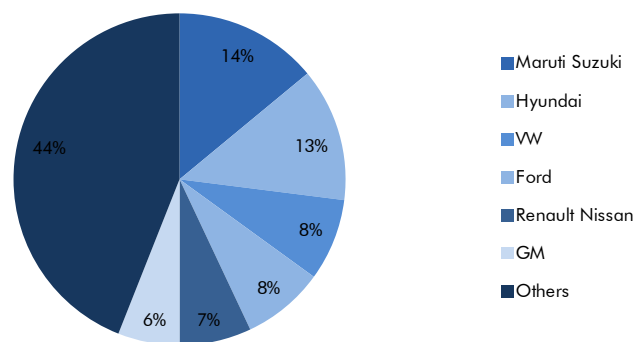
SMR is the world's second-largest exterior rear view mirror manufacturer with a global market share of ~22% in 2010. The company is the leading player in the European exterior rear view vision systems market with a market share of ~34%, and enjoys a leading position in the North America and Asia Pacific regions with a market share of ~25% and ~17%, respectively. SMFL is also the leading player in the domestic exterior rear view vision systems market with a 57% market share.

**Wiring harnesses business:** SMFL operates in the wiring harnesses segment through Motherson Sumi Systems Ltd (MSSL). MSSL with its technological partnership with Sumitomo Wiring Systems, Japan (holds 25% in MSSL) is India's largest supplier of wire harnesses with 65% of the domestic market share. The

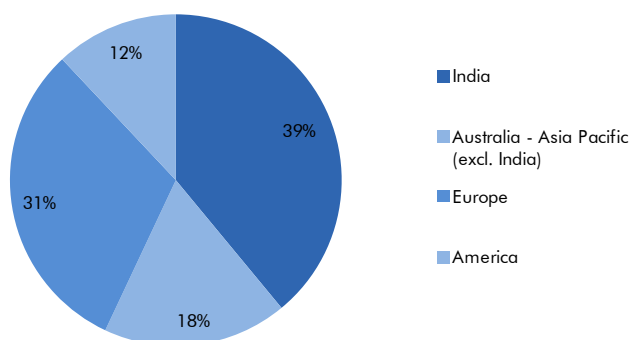
company also has strong global presence in wire harnessing especially in European two-wheeler and material handling equipment markets. The wiring harness division contributed ~30% of company's revenues on a consolidated basis and registered a growth of 38% and 62% on consolidated and standalone basis respectively in FY2011.

**Exhibit 7: MSSL – Segment wise revenue**


Source: Company, Angel Research

**Exhibit 8: MSSL – Customer wise sales**


Source: Company, Angel Research

**Exhibit 9: MSSL – Geography wise sales**


Source: Company, Angel Research

**Exhibit 10: MSSL - Brief financial summary**

Consolidated (₹ cr)	FY2010	FY2011	FY2012E
Net sales	6,924	8,371	9,830
EBITDA	549	888	813
Ebitda margin (%)	7.9	10.6	8.3
PAT	243	391	240

Source: Company, Angel Research

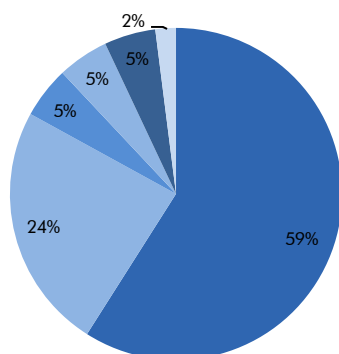
MSSL operates over 25 manufacturing facilities and seven design centers for the wire harness segment. The company has been aggressively expanding its manufacturing capacity to take advantage of the increased demand from automotive manufacturers in India and abroad.

### Polymer processing and tool manufacturing

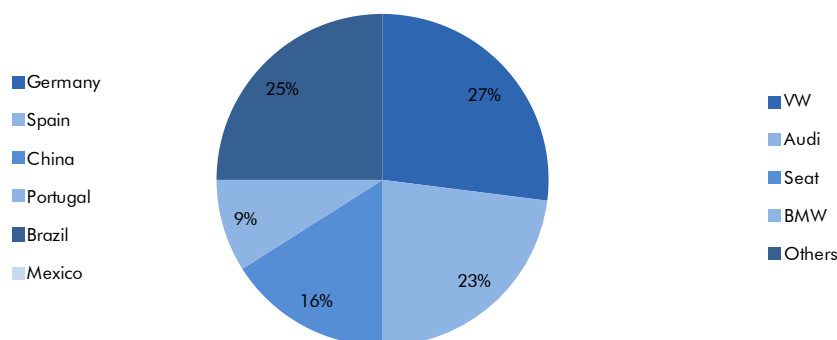
SMFL along with MSSL has acquired 80% stake in a Peguform GmbH and Peguform Iberica, SL and 50% stake in Wethje Entwicklungs GmbH and Wethje Carbon Composite GmbH with from Cross Industries AG to strengthen its presence in high quality plastic components and assemblies for exterior and interior trims for passenger vehicles.

Peguform has a strong presence in Europe catering to major German brands. The company is the second largest supplier of door panels and the third largest supplier of instrument panels in Germany. The company is also one of the market leaders of bumpers in Germany and holds a leading position in cockpit assemblies

in Spain. Peguform has 17 production sites and 5 module centers across Europe, Mexico, Brazil and China. Major customers of the company include the Volkswagen group (which includes brands such as Volkswagen, Audi, Porsche and SEAT), Daimler and BMW.

**Exhibit 11: Peguform – Geographical revenue-mix**


Source: Company, Angel Research

**Exhibit 12: Peguform – Customer-mix**


Source: Company, Angel Research

Although Peguform has revenues of EUR1.4bn (CY2010), the EBITDA margins of the company are lower at ~5% compared to 6.9% for SMR (FY2011) and 7.5% for the SMFL's consolidated business. According to the management, some of Peguform's plants are operating at significantly higher margins which offer high scope for margin improvement going ahead. Further ~50% of Peguform's revenues are from bought out components translating into ~EUR680mn, of which ~50% is being manufactured across different plants within the Samvardhana Motherson group. SMFL intends to seize upon the opportunity on offer by cost effectively sourcing the components from the group companies and improve the overall operational synergies.

**Exhibit 13: Peguform – Brief financial summary**

(₹ cr)	CY2008	CY2009	CY2010	1HCY2011
Net sales	9,749	8,140	8,365	5,119
EBITDA	336	440	400	NA
Ebitda margin (%)	3.4	5.4	4.8	NA
PAT	(477)	(170)	41	(75)

Source: Company, Annual Reports, Angel Research

## Joint Venture specialist

Over the years, SMFL has evolved as a JV specialist, having collaborations with global technology leaders including Sumitomo Wiring Systems Limited, Nachi Fujikoshi Corporation, Magneti Marelli Holding S.P.A., Calsonic Kansei Corporation, the Woco Franz Josef Holding GmbH and Woco Industrietechnik GmbH, Kyungshin Industrial Company Limited, Spheros GmbH, F Holding GmbH, Austria and Zanotti S.P.A. These long standing relationships give them access to world-class technology which has helped the company leverage its competencies in existing areas to create products fulfilling the emerging technical needs of its customers.

SMFL's major customers include the five largest automotive OEM manufacturers in the world, as well as the largest automotive OEM manufacturer in India. Further, SMFL's strong ties with its major OEM customers enable it to communicate and coordinate with them and seek to establish or acquire manufacturing facilities in areas that they propose to target for growth. The trust and confidence of customers as also its JV partners has played a pivotal role in the growth of SMFL.

### **Synergies through horizontal and vertical integration**

SMFL has been able to harness synergies through horizontal and vertical integration across its different product and service segments. For example, wiring harnesses are used in the manufacture of rear view mirrors, enabling SMR to source these wiring harnesses from MSSL, while MSSL's wiring harness manufacturing activities are supported by the group's existing polymer processing and tool manufacturing capabilities. SMFL's wiring harnesses business produces all the major components required in-house, ranging from wires to connectors.

These synergies extend across various businesses of the group, enhancing its ability to become an integrated full-system solutions provider. Further, SMFL is able to coordinate manufacturing activities across its subsidiaries, joint ventures and associate companies through its integrated supply chain and inventory management, engineering, design and information technology functions.

The horizontal and vertical synergies provide SMFL with a significant operational advantage and helps reduce its dependence on third party suppliers providing economies of scale. Additionally, SMFL also intends to achieve operational synergies through the horizontal and vertical integration of the Peguform Group's operations and products, by sourcing raw materials from its subsidiaries, Joint Ventures and other consolidated entities where possible.

## **Key concerns**

### **Lower global GDP growth may impact operating performance**

An external shock in the global economy or recession fears can derail the global GDP growth, leading to reduced automotive demand. The high share of the automotive segment to the total consolidated revenues (~94% in FY2011) makes it highly vulnerable to economic cycles. A slowdown in global economic growth could lead to a significant decline in revenues at SMR and Peguform.

### **Dependent on Joint Ventures**

The company has entered into several joint ventures to gain access to technology. As a result significant portion of the company's revenues are derived from the JV companies. Any compromise in performance of its JV may adversely affect its business prospects and therefore the cash flows.

### **Foreign currency fluctuation risk**

As SMFL's overseas revenue constitutes ~75% of its consolidated revenue there is a significant risk arising out of currency fluctuation for the company.



## Outlook and valuation

SMFL has posted a 123.6% and 63.4% CAGR in revenues and earnings, respectively over FY2008-11 driven largely by the acquisition of SMR. SMFL is the market leader in the domestic wiring harness (65% market share) and rear-view mirror markets (53% market share) and has a 22% share in the global exterior rear view mirrors segment. Further, acquisition of Peguform is expected to enrich its product portfolio and consolidate its in-house design, development and tooling capabilities.

We value SMFL's 36.1% stake in MSSL based on our target price for the company (₹216 based on 15x FY2014E consolidated earnings). We value SMFL's stake in SMR and SMPL on an EV/Sales basis instead of earnings based multiples as current earnings of these companies' do not reflect their true potential. Currently the profitability at SMR and SMPL has been impacted due to significant start up costs in relation to new manufacturing facilities and due to one-time costs related to the acquisition and refinancing of Peguform Group. We have assigned EV/Sales multiple of 0.5x based on our analysis of SMFL's global as well domestic peers.

Based on our SOTP methodology we arrive at a value of ₹97/share against the IPO price band of ₹113-₹118. Management expects to turnaround the financial performances of SMR and SMPL over the medium term. However, we believe that it is early to factor in the anticipated turnaround in these two subsidiaries and valuations in our view are not providing sufficient margin of safety to investors considering the execution risks involved in the turnaround process. **Hence we recommend Avoid on the issue.**

### Exhibit 14: SOTP valuation

	Equity value (₹ cr)	% holding	Value (₹ cr)
MSSL (based on 15x FY2014E EPS)	8,370.0	36.1	3,023
SMR (based on EV/Sales of 0.5x FY2012E)	2,251.5	49.0	1,103
SMPL (based on EV/Sales of 0.5x CY2011E)	2,704.7	49.0	1,325
Value of other investments (Book value)			234
<b>Total Equity value</b>			<b>5,686</b>
Holding company discount (%)	20.0		
			<b>4,549</b>
Net debt post issue (Standalone)			(1,196)
<b>Final value (₹ cr)</b>			<b>5,745</b>
<b>Value (₹/share)</b>			<b>97.0</b>

Source: Company, Angel Research

**Exhibit 15: Peer comparison**

	CMP (₹)	Market-cap (₹ cr)	P/E TTM	FY13E	P/B TTM	FY13E	EV/Sales TTM	FY13E
<b>Domestic</b>								
Motherson Sumi Systems	179.0	6,934	17.7	21.4	4.3	4.0	1.2	0.8
Bharat Forge	321.5	7,453	25.8	17.7	3.8	3.2	2.0	1.5
<b>International</b>								
Magna International*	44.9	10,475	10.4	9.5	1.3	1.2	0.2	0.3
Denso Corp <sup>&amp;</sup>	2,609.0	2,307	23.5	12.5	1.0	1.0	0.6	0.5
Johnson Controls ^	32.3	21,984	12.8	11.9	1.9	1.7	0.7	0.6

Source: Bloomberg, Angel Research; Note: \* Calendar year end, CMP in US\$, Mcap – US\$ mn; <sup>&</sup> CMP in JPY, Mcap in JPY bn; ^ September year end, CMP in US\$, Mcap in US\$ mn

## Industry Overview

### The global automotive components market

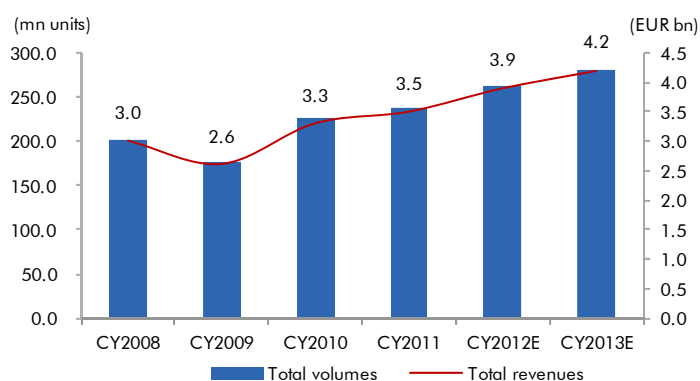
The automotive components market is influenced largely by the trends in the global automotive industry. As with the broader automotive market, the components market is mature and capital intensive and is characterized by high entry barriers. OEMs have extremely close working relationships with automotive component vendors as product development time is in the range of 3-5 years.

The year CY2009 was challenging for all automotive component manufacturers. Most of the prominent automotive component manufacturers witnessed low capacity utilization and made losses. The OE automotive components market is expected to grow at a rate of ~8.2% during the period CY2010 to CY2013E in tandem with the growth in vehicle production. The overall revenues of the top 50 automotive component suppliers are expected to reach ~ €472.4bn in CY2013E, which is likely to account for ~60% of the total automotive components market revenues.

### Global OE rear view mirror market

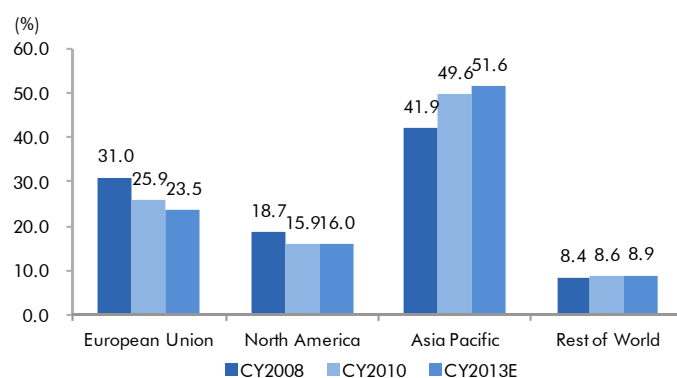
The automotive rear view mirrors industry can be segmented into two main categories – exterior rear view mirrors and interior rear view mirrors. The key participants within the overall rear view mirrors market are Magna Mirrors, SMR, Ficosa, Murakami, Ichikoh and Gentex. While Gentex is strong in the interior mirror market, all other participants are present in both the exterior and interior rear view mirrors markets. Magna Mirrors and SMR have strongest presence in the exterior rear view mirror market while the interior rear view mirror market is dominated by Magna Mirrors, Ficosa and Gentex.

**Exhibit 16: Global OE rear view mirror market**



Source: RHP, Angel Research

**Exhibit 17: OE rear view mirror geographical market trend**



Source: RHP, Angel Research

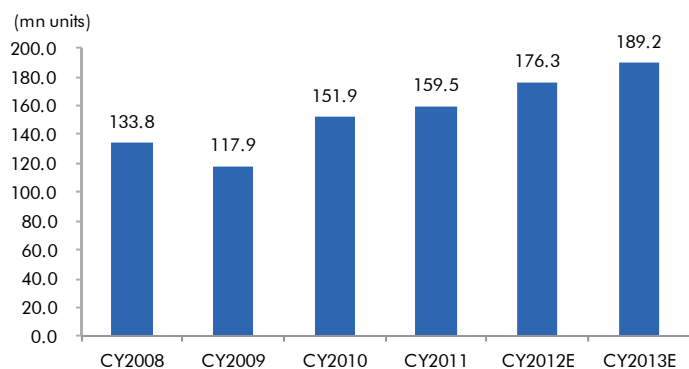
### Exterior OE rear view mirror market

The global sales of OE exterior rear view mirrors for LV increased from ~133.8mn units in 2008 to ~151.9mn units in 2010 at a CAGR of 6.5%, including a small percentage around 2-3% of mirror volumes that are typically required as spares or replacement parts. Global revenues increased from ~€2.2 billion in 2008 to €2.5 billion in 2010, at an average annual rate of 5.2%.

Exterior rear view mirrors are playing an increasingly important role in providing safety, aesthetics and convenience to a LV. These mirrors incorporate various styling

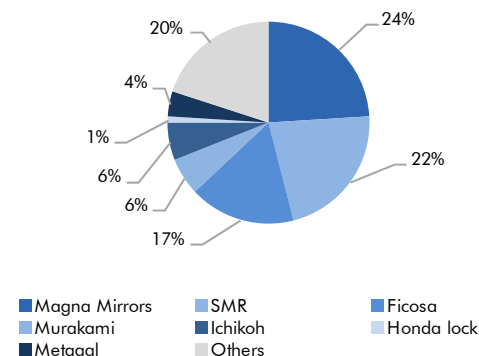
elements such as high gloss surfaces and LED turn signal lamps. Future innovations are likely to include additional safety features such as warning lamps of lane change assist systems.

**Exhibit 18: Global exterior rear view mirror volumes**



Source: RHP, Angel Research

**Exhibit 19: Global market share of exterior rear view mirrors**



Source: RHP, Angel Research

There are three major players active in the exterior rear view mirror market. Magna Mirrors leads the market with a share of ~24.0% (2009: 23%) closely followed by SMR at ~22.0% (2009: 22%) and Ficosa at ~17.0% (2009: 16%) in 2010. The market share of SMR for exterior rear view mirrors is ~25% (2009: 25 %) in 2010 when light commercial vehicle segments are excluded.

### Interior OE rear view mirror market

Global sales of interior rear view mirrors increased from ~67.5mn units in 2008 to ~74.3mn units in 2010, at a CAGR of 4.9% which was in line with the increase in global LV production volumes. Global revenues increased from ~€740.1mn in 2008 to ~€865.1mn in 2010 at a CAGR of 8.1% mainly due to an increase in the average price of interior rear view mirrors. In 2010, APAC had a market share of ~49.6% of the interior rear view mirror market in volume terms. European Union and North American respectively had a share of ~25.9% and ~15.9% while ROW contributed ~8.6%.

According to Frost & Sullivan by 2013, the North American market is expected to remain at ~16.0% of the overall interior rear view mirrors market in volume terms, Europe's contribution is likely to settle at ~23.5%, Asia Pacific's share would increase to ~51.6% and ROW share is expected to be ~8.9%.

There are six major participants in the global interior rear view mirrors market. These are Magna Mirrors, SMR, Ficosa, Tokai Rika, Murakami and Gentex. The basic interior rear view mirror segment is dominated by Magna Mirrors, SMR, and Ficosa. Magna Mirrors is the market leader with ~60.0% (2009: 54.0%) market share, followed by SMR with a share of ~10.0% (2009: 12.0%) and Ficosa at an share of ~3.0% (2009: 5.0%) in 2010. The auto-dimming interior rear view mirror market is dominated by Gentex, which held ~82.0% (2009: 82.0%) share of the global market in 2010. Magna Mirrors with a market share of ~14.0% (2009: 14.0%) is the other leading player in this segment.

## Indian automotive components market

The domestic automotive components industry consists mostly of unorganized players, who are largely small and medium enterprises. However, it is the organized segment that contributes about 72% of the industry's total revenues.

According to CRISIL Research, the domestic automotive components production is estimated to have risen by 25% yoy in FY2011 to ₹1,573bn, led by an improvement in domestic automobile production. Strong volume growth across segments like cars and utility vehicles (28%), commercial vehicles (33%), two-wheelers (27%) and tractors (24%) translated into a 32% yoy growth in sales to OEMs. Further, average realizations of the industry are estimated to have improved by 3.0-3.5% in FY2011 to partially offset an increase in raw material prices. Capacity utilization for most automotive components players are also expected to have improved significantly during the year and some segments also faced capacity constraints during the year.

As per CRISIL Research, domestic automotive component production is set to reach ₹3,100 - ₹3,200bn in FY2016, registering a CAGR of 14-16% over FY2011. This is expected to be led by a healthy demand from OEMs, especially for cars and utility vehicles and commercial vehicles, constituting 75-76% of the total demand from OEMs. Further, an increasing focus on cost-efficiency will lead to international OEMs sourcing automotive components from low-cost countries like India. CRISIL Research also anticipates increased utilization of commercially vehicles, shortening replacement cycles and boosting demand for replacements.

### Exhibit 20: Outlook on size of domestic automotive component industry

Domestic Consumption	FY2011		FY2016	
	Size (₹ bn)	% of total	Size (₹ bn)	% of total
OEM	1,131	69.0	2,245	73.4
Replacement	507	31.0	812	26.6
<b>Total Consumption</b>	<b>1,638</b>		<b>3,058</b>	

Source: RHP, Angel Research

**Profit and Loss Statement (Consolidated)**

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	YTD FY2012
<b>Net sales</b>	<b>492</b>	<b>828</b>	<b>4,841</b>	<b>5,512</b>	<b>5,862</b>
Other operating income	12	15	73	122	96
<b>Total operating income</b>	<b>504</b>	<b>843</b>	<b>4,914</b>	<b>5,635</b>	<b>5,957</b>
% chg	646.7	67.3	483.0	14.7	5.7
<b>Total expenditure</b>	<b>441</b>	<b>798</b>	<b>4,683</b>	<b>5,213</b>	<b>5,761</b>
Net raw material expenses	274	505	3,044	3,500	3,776
Other manufacturing expenses	102	163	685	743	957
Employee expense	66	130	955	970	1,028
<b>EBITDA</b>	<b>62</b>	<b>45</b>	<b>231</b>	<b>422</b>	<b>197</b>
% chg	589.5	(28.1)	414.1	82.5	(53.3)
(% of total operating income)	12.4	5.3	4.7	7.5	3.3
Depreciation & Amortization	24	37	190	170	168
<b>EBIT</b>	<b>38</b>	<b>8</b>	<b>41</b>	<b>251</b>	<b>28</b>
% chg	518.2	(79.1)	405.5	517.8	(88.7)
(% of total operating income)	7.6	1.0	0.8	4.5	0.5
Interest & other charges	6	21	62	62	129
Other income	11	93	147	82	67
(% of PBT)	24.7	116.3	117.3	30.3	(199.9)
<b>Recurring PBT</b>	<b>43</b>	<b>80</b>	<b>125</b>	<b>271</b>	<b>(34)</b>
% chg	560.9	84.4	56.3	116.5	-
<b>PBT (reported)</b>	<b>43</b>	<b>80</b>	<b>125</b>	<b>271</b>	<b>(34)</b>
Tax	13	12	51	103	95
(% of PBT)	31.0	15.1	40.5	38.1	-
<b>PAT (reported)</b>	<b>30</b>	<b>68</b>	<b>74</b>	<b>168</b>	<b>(129)</b>
Add: Share of earnings of associate	1	1	1	1	1
Less: Minority interest (MI)	(1)	12	6	29	(37)
<b>PAT after MI (reported)</b>	<b>32</b>	<b>57</b>	<b>70</b>	<b>140</b>	<b>(91)</b>
<b>ADJ. PAT</b>	<b>32</b>	<b>57</b>	<b>70</b>	<b>140</b>	<b>(91)</b>
% chg	598.0	76.3	23.6	100.1	-
(% of total operating income)	6.4	6.7	1.4	2.5	(1.5)
<b>Adj. Basic EPS (₹)</b>	<b>1.1</b>	<b>1.6</b>	<b>1.3</b>	<b>3.0</b>	<b>(1.9)</b>
<b>Adj. Fully Diluted EPS (₹)</b>	<b>1.1</b>	<b>1.6</b>	<b>1.3</b>	<b>3.0</b>	<b>(1.9)</b>
% chg	(81.3)	52.5	(20.5)	130.6	-

**Balance Sheet (Consolidated)**

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	YTD FY2012
<b>SOURCES OF FUNDS</b>					
Equity share capital	300	347	540	468	474
Reserves & surplus	283	696	754	1,009	965
<b>Total shareholders' funds</b>	<b>583</b>	<b>1,043</b>	<b>1,294</b>	<b>1,477</b>	<b>1,439</b>
Minority interest	18	101	158	174	485
Total loans	168	693	868	1,095	3,918
Deferred tax liability	1	12	(4)	(12)	33
<b>Total Liabilities</b>	<b>769</b>	<b>1,849</b>	<b>2,315</b>	<b>2,735</b>	<b>5,875</b>
<b>APPLICATION OF FUNDS</b>					
Gross block	663	2,646	3,026	3,381	7,748
Less: Acc. depreciation	95	1,146	1,323	1,531	3,662
<b>Net block</b>	<b>568</b>	<b>1,500</b>	<b>1,703</b>	<b>1,849</b>	<b>4,086</b>
Capital work-in-progress	13	77	122	286	430
<b>Investments</b>	<b>13</b>	<b>55</b>	<b>99</b>	<b>48</b>	<b>109</b>
Current assets	292	1,358	1,511	1,889	4,552
Cash	88	255	255	276	596
Loans & advances	46	298	246	276	554
Other	158	804	1,010	1,338	3,401
Current liabilities and provisions	126	1,150	1,120	1,338	3,306
<b>Net current assets</b>	<b>166</b>	<b>208</b>	<b>390</b>	<b>552</b>	<b>1,245</b>
Mis. exp. not written off	9	9	1	0	5
<b>Total Assets</b>	<b>769</b>	<b>1,849</b>	<b>2,315</b>	<b>2,735</b>	<b>5,875</b>

**Cash Flow Statement (Consolidated)**

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	YTDFY2012
Profit before tax	44	70	127	284	(46)
Depreciation	24	37	190	170	168
Change in working capital	(14)	(63)	(138)	(133)	(65)
Direct taxes paid	(13)	(18)	(74)	(89)	(74)
Others	7	(42)	52	25	207
<b>Cash flow from Operations</b>	<b>49</b>	<b>(16)</b>	<b>158</b>	<b>257</b>	<b>191</b>
Inc./ (Dec.) in fixed assets	(65)	(118)	(277)	(462)	(552)
Inc./ (Dec.) in investments	(3)	(2)	(54)	55	(17)
Others	0	(425)	(187)	(14)	(811)
<b>Cash flow from Investing</b>	<b>(68)</b>	<b>(545)</b>	<b>(518)</b>	<b>(421)</b>	<b>(1,379)</b>
Issue of equity	0	334	148	0	26
Inc./ (Dec.) in loans	64	350	260	152	1,256
Dividend paid (incl. tax)	(1)	(2)	(4)	(4)	(9)
Others	9	(29)	(44)	39	70
<b>Cash Flow from Financing</b>	<b>71</b>	<b>653</b>	<b>360</b>	<b>186</b>	<b>1,343</b>
Inc./ (Dec.) in cash	52	92	(0)	22	155
<b>Opening cash balance</b>	<b>36</b>	<b>88</b>	<b>255</b>	<b>255</b>	<b>276</b>
Net adjustments	(0)	75	(0)	(1)	165
<b>Closing cash balance</b>	<b>88</b>	<b>255</b>	<b>255</b>	<b>276</b>	<b>596</b>



### Key Ratios

Y/E March	FY2008	FY2009	FY2010	FY2011	YTD FY2012
<b>Valuation ratio (x)</b>					
P/E (on FDEPS)	105.6	69.3	87.2	37.8	-
P/CEPS	60.4	41.9	23.4	17.1	69.3
P/BV	5.8	3.8	4.7	3.6	3.7
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
EV/Sales	7.0	5.2	1.4	1.1	1.5
EV/EBITDA	55.4	95.8	28.6	14.4	43.5
EV/Total Assets	4.5	2.3	2.9	2.2	1.5
<b>Per share data (₹)</b>					
EPS (Basic)	1.1	1.6	1.3	3.0	(1.9)
EPS (fully diluted)	1.1	1.6	1.3	3.0	(1.9)
Cash EPS	1.9	2.7	4.8	6.6	1.6
DPS	0.0	0.0	0.0	0.0	0.0
Book Value	19.4	30.0	24.0	31.5	30.4
<b>Dupont analysis</b>					
EBIT margin	7.6	1.0	0.8	4.5	0.5
Tax retention ratio (%)	69.0	84.9	59.5	61.9	383.9
Asset turnover (x)	0.8	0.7	2.7	2.5	1.5
RoIC (Post-tax)	4.1	0.6	1.3	6.9	2.8
Cost of Debt (Post Tax)	2.9	4.2	4.7	3.9	19.8
Leverage (x)	0.1	0.4	0.4	0.5	2.2
Operating RoE	4.2	(0.7)	(0.0)	8.4	(35.0)
<b>Returns (%)</b>					
RoCE (Pre-tax)	5.4	0.6	2.0	9.9	0.7
Angel RoIC (Pre-tax)	6.0	0.7	2.4	12.2	0.8
RoE	5.7	7.0	6.0	10.1	(6.3)
<b>Turnover ratios (x)</b>					
Asset Turnover (Gross Block)	0.8	0.5	1.7	1.8	1.1
Inventory (days)	44	100	31	36	72
Receivable (days)	55	109	36	40	73
Payable (days)	57	195	62	65	110
Working capital cycle (ex-cash) (days)	51	7	3	13	28
<b>Solvency ratios (x)</b>					
Net debt to equity	0.1	0.4	0.4	0.5	2.2
Net debt to EBITDA	1.1	8.5	2.2	1.8	16.3
Interest Coverage (EBIT / Interest)	6.7	0.4	0.7	4.0	0.2

Note: Valued at lower price band of ₹113

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