Eicher Motors

BSE Sensex	S&P CNX
19,561	5,923
Bloomberg	EIM IN
Equity Shares (m)	27.0
M.Cap. (INR b)/(USD b)	72.0/1.3
52-Week Range	3,240/1,620
1,6,12 Rel. Perf. (%)	-4/17/40

Financials & Valuation (INR b)

Y/E Dec	2013E	2014E	2015E
Net Income	81.3	106.6	132.4
EBITDA	6.6	10.1	13.7
Net Profit	3.2	4.7	6.4
Adj. EPS (INR)	120.0	174.8	236.2
EPS Gr. (%)	(0.1)	45.7	35.1
BV/Sh. (INR)	711.5	831.2	997.4
RoE (%)	17.9	22.7	25.8
RoCE (%)	20.7	26.8	31.0
Payout (%)	0.7	1.0	1.4
Valuations			
P/E (x)	22.2	15.3	11.3
P/BV (x)	3.8	3.2	2.7
EV/EBITDA (x)	14.1	9.0	6.2
Div. Yield (%)	0.7	1.0	1.4

CMP: INR2,669 **TP: INR3,820** **Buy**

- Eicher Motors' (EIM) cons. revenue grew 3% YoY (+9.7% QoQ) to INR16.3b (v/s est INR16.8b). EBITDA margin stood at 7.3% (v/s est 8.7%) as standalone margin declined 340bp QoQ on higher other expenditure and staff cost. PAT (after minority) declined 14.8% YoY (+10.3% QoQ) to INR723m (est INR666m). Higher other income and lower tax rate led to higher-than-estimated PAT.
- Royal Enfield's margins at 11.5% (v/s est 15.4%) were impacted due to higher staff and other cost. While staff cost increased due to higher hiring for new plant, other expenditure rose due to Thunderbird model launch (one-time) and higher power & fuel cost.
- Despite demand slowdown, margins for CV business improved by 50bp QoQ (-340bp YoY) to 6.3% (est 6.6%) aided by better cost management.
- EIM indicated that given the expansion mode, on a quarterly basis there might be few aberrations at margin levels. Royal Enfield's demand remains strong, with 6-8 months waiting, despite sharp increase in production.

Valuation and view

- With several projects commencing in CY13-14 and driving 27% sales CAGR and 34% EBITDA CAGR over CY12-15E, EIM is at an inflection point. Motorcycle business will benefit from capacity expansion, new launches and network expansion. CV subsidiary will benefit from commencement of MDEP and ramp-up in HCVs.
- We marginally lower by 0.7%/0.4%/0.2% CY13E/CY14E/CY15E EPS factoring margin pressure on Royal Enfield's business due to higher power & fuel cost, partially offset by an upgrade in volumes.
- The stock trades at 22.2x/15.3x/11.3x CY13E/CY14E/CY15E EPS of INR120/174.8/236.2 respectively. Maintain **Buy** with a two-year target price of INR3,820 (CY15E SOTP).

Quarterly Performance (INR Million)

Y/E December	CY11 1Q	2Q	3Q	4Q	CY12 1Q	2Q	3Q	4Q	CY11	CY12	Est 4QE	Var (%)
Consolidated												
Net Op Income	13,927	12,984	14,513	15,791	16,950	15,850	14,831	16,268	57,262	63,899	16,775	-3.0
Growth (%)	33.8	25.0	32.1	27.0	21.7	22.1	2.2	3.0	29.5	11.6		
RM Cost (% of net op incom	73.4	73.3	72.5	73.6	72.1	71.4	71.6	71.9	73.3	437.0	71.7	20bp
Staff Cost (% of net op incor	5.3	6.6	6.1	6.2	6.0	7.3	7.8	7.6	6.0	43.6	7.5	10bp
Other Exp (% of net op incor	10	10.4	11.0	10.6	11.3	12.5	13.1	13.2	10.4	76.1	12.1	110bp
EBITDA	1,621	1,262	1,511	1,525	1,802	1,395	1,114	1,179	5,894	5,490	1,459	-19.2
EBITDA Margins (%)	11.6	9.7	10.4	9.7	10.6	8.8	7.5	7.3	10.3	52.3	8.7	-140bp
Change (%)	77.9	47.5	80.1	26.6	11.2	10.6	-26.3	-22.7	54.7	-6.8		
Depreciation	154	154	162	170	177	187	213	245	640	822	226	8.4
Other income	256	412	289	442	543	306	246	271	1,425	1,366	95	186
Interest cost	14	21	34	7	9	9	12	9	77	38	13	-32
PBT after EO item	1,709	1,499	1,604	1,791	2,160	1,506	1,135	1,197	6,602	5,997	1,315	-9.0
Effective tax rate (%)	28.3	22.6	25.0	22.6	24.3	25.3	17.4	12.0	24.7	20.8	28.2	-1,620bp
PAT	1,226	1,160	1,203	1,385	1,634	1,125	937	1,053	4,974	4,749	944	11.5
Minority interest	493	397	465	531	539	366	277	324	1,886	1,506	278	16.5
Recurring PAT	733	763	737	854	1,096	759	660	729	3,088	3,244	666	9.5
Growth (%)	82.2	38.3	90.7	55.7	49.5	-0.6	-10.5	-14.7	63.4	5.0		

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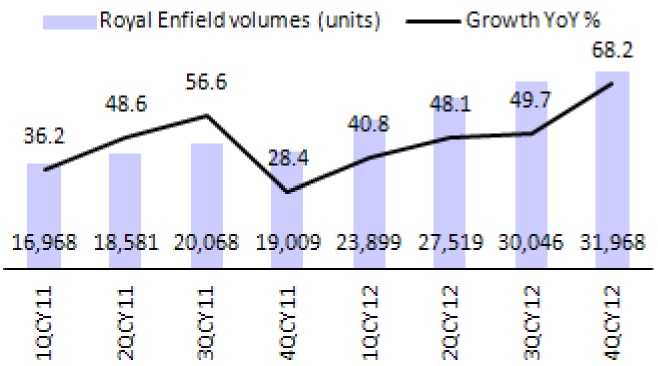
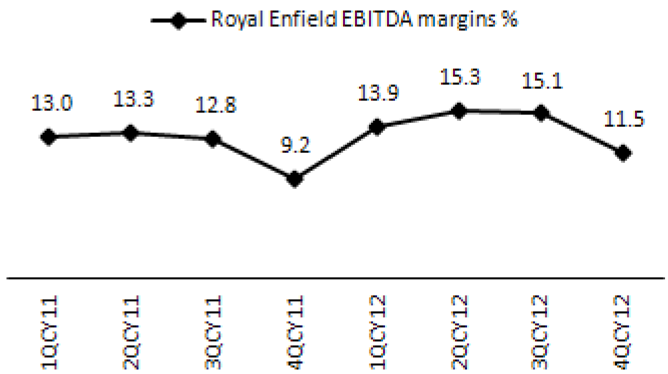
Standalone performance (Royal Enfield): Strong revenue growth but sharp rise in other expenditure impacts operational performance

- Royal Enfield's (S/A) revenues grew 73% YoY (+7.5% QoQ) to INR2.97b led by volume growth of 68% YoY (+6.4% QoQ) and realization increase of 2.8% YoY (+1% QoQ).
- For CY12, Royal Enfield volumes increased by 52%, helped through de-bottlenecking in existing plant. Despite a sharp increase in production, Royal Enfield continues to enjoy an average waiting period of 6-8 months.
- While RM cost was largely stable QoQ, staff cost increased by 80bp (-70bp YoY) to 8%, due to increased hiring for the new plant.
- However, other expenditure increased sharply by 300bp QoQ (160bp YoY) to 16.4%. This impacted Royal Enfield margins at 11.5% (v/s est 15.4%). Other expenditure increased due to Thunderbird model launch (non-recurring) and higher power & fuel cost, driven by power shortage and increase in diesel prices. Management indicated that with the new plant becoming operational, power & fuel cost is likely to come down from 4Q levels.
- Other income stood much lower than our estimate at INR106m (v/s est INR510m) as the company would recognize dividend income from CV subsidiary on receipt basis (as per revised Schedule VI). In line with the earlier practice, other income would have been higher by INR408m; however, this being an inter-company transaction, gets offset at the consolidated level.
- The board recommended a dividend of INR20/share (200%).
- With the new plant becoming operational, management expects to sell over 150,000 units in CY13.
- The new plant has ability to upgrade to higher capacity at much cheaper cost and quickly as it already has land and necessary infrastructure (including paint shop) in place.
- New launches and dealership expansion together with higher production capacity would drive strong volume growth for next few years.
- Given its leadership position, cult brand equity and minimal competition, Royal Enfield is well-positioned to benefit from increasing trend of lifestyle biking. Capacity expansion (new plant to start in 1QCY13), new launches (Thunderbird 500 and Café Racer) and network expansion to drive 25%/29% volume/EBITDA CAGR over CY12-15E.

Royal Enfield volume momentum remains strong



However, higher other expenditure impacts margins



Source: Company, MOSL

Quarterly Performance (INR Million)

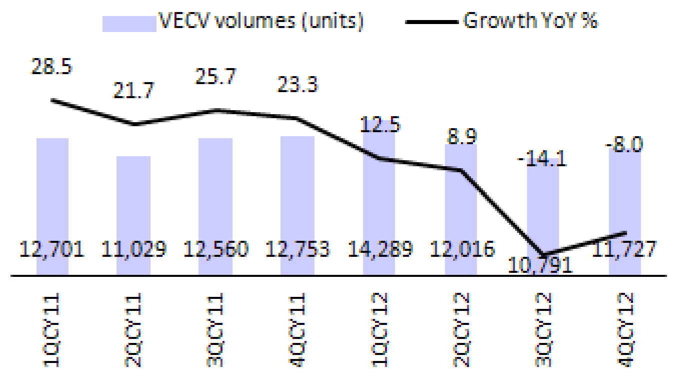
Y/E December	CY11 1Q	CY11 2Q	CY11 3Q	CY11 4Q	CY12 1Q	CY12 2Q	CY12 3Q	CY12 4Q	CY11	CY12	Est 4QE	Var (%)
Standalone (Royal Enfield)												
Royal Enfield (units)	16,968	18,581	20,068	19,009	23,899	27,519	30,046	31,968	74,626	113,432	32,218	-0.8
Growth (%)	36.2	48.6	56.6	28.4	40.8	48.1	49.7	68.2	41.9	52.0		
Net Realizations (INR/unit)	88,160	89,376	89,680	89,863	92,083	92,162	91,476	92,345	89,305	92,015	91,583	0.8
Change - YoY (%)	10.5	4.6	4.3	8.9	4.5	3.1	2.0	2.8	7.1	3.0		
Change - QoQ (%)	6.8	1.4	0.3	0.2	2.5	0.1	-0.7	0.9				
Net Op Income	1,512	1,678	1,812	1,714	2,214	2,551	2,761	2,967	6,715	10,493	2,963	0.1
Growth (%)	50.4	55.4	63.0	39.2	46.4	52.0	52.4	73.1	51.7	56.3		
RM Cost (% of net op inco	66.1	65.7	66.5	67.3	65.5	64.5	63.9	64.0	66.5	64.4	64.2	-20bp
Staff Cost (% of net op inc	7.0	7.4	7.3	8.7	6.8	7.5	7.6	8.0	7.6	7.5	7.4	50bp
Other Exp (% of net op inc	14	13.7	13.4	14.8	13.9	12.7	13.4	16.5	13.9	14.2	13.0	350bp
EBITDA	197	223	231	157	307	389	416	342	801	1,454	457	-25
EBITDA Margins (%)	13.0	13.3	12.8	9.2	13.9	15.3	15.1	11.5	11.9	13.9	15.4	-390bp
EBITDA (INR/unit)	11604	12012	11531	8275	12829	14147	13845	10700	10734	12818		
Depreciation	30	30	34	36	38	40	45	48	130	172	50	-4
Other income	20	158	14	567	264	49	39	106	768	458	510	-79
Interest cost	3	15	2	1	0	0	1	1	20	3	2	-45
PBT after EO item	183	337	210	688	532	398	409	398	1,418	1,738	915	-56
Effective tax rate (%)	21.0	14.1	13.1	8.6	14.8	18.9	19.3	14.4	12.2	16.7	17.6	
Recurring PAT	145	289	182	629	453	323	330	341	1,246	1,447	754	-55
Growth (%)	56.9	31.2	116.1	76.1	213.1	11.7	80.8	-45.8	65.1	16.2		

CV business (VECV): Margins improve sequentially despite higher discounting pressure in CV industry

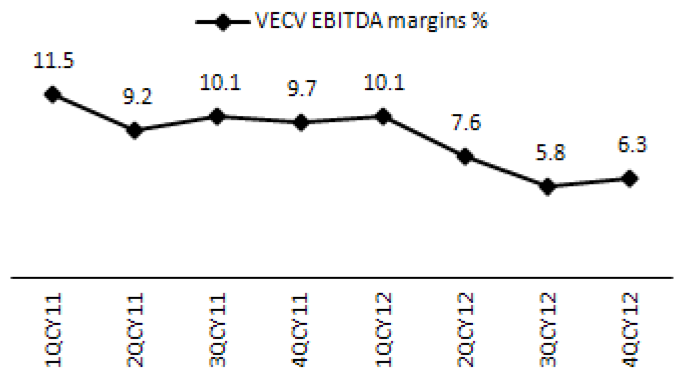
- CV volumes (VECV) declined by 8% YoY (+8.7% QoQ) in line with the weakness in overall CV industry. Realizations improved by 1.8% YoY (+0.6% QoQ) to INR1,115,023/unit.
- Revenues declined by 5.5% YoY (+10.2% QoQ) to INR13.3b (v/s est INR13.3b).
- Despite pressure on demand and consequent higher discounting in the CV industry, margins for the CV business improved by 50bp QoQ (-340bp YoY) to 6.3% (v/s est 6.6%). Better cost management helped in sequential improvement in margins.
- Despite EBITDA being lower than estimate at INR837m (v/s INR871m), higher other income at INR166m (v/s est INR47m) and lower tax rate at 10.9% (v/s 25.4%) led to PAT being higher than estimate at INR711m (INR546m).
- Management indicated that RM cost remained stable over the last few quarters and expects it to remain so over the near term.
- Launch of new range of CVs (developed with Volvo inputs) will commence from CY13-end across the entire range of products. While the new range would be much better in terms of performance, fuel efficiency, reliability etc, it would not be very expensive than the current offerings.
- Medium Duty Engine Project (MDEP) will commence from CY13-end (trial runs started). Given engines would be supplied to existing products, management does not foresee any demand related issues despite a slowdown in Europe.
- Currently, more than 50% of Eicher's 250 dealers are selling the HCV range. Over the next 2-3 years, dealership count would increase by 25-30 annually, with HCV penetration increasing at dealerships as well.
- New paint shop at Pithampur plant is capable of 100,000 vehicles. Company indicated that most of the large capex items pertaining to capacity expansion have already being incurred.

- VECV incurred capex of INR7bn in CY12. This had an impact on consolidated cash levels.
- Higher R&D spend led to lower tax rate. EIM expects tax rate to remain low in CY13 as well.

CV volumes under pressure due to slowdown



Margin improves sequentially despite weak demand



Source: Company, MOSL

Quarterly Performance (INR Million)

	CY11				CY12				CY11	CY12	Est	Var
Y/E December	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
VECV (derived)												
Total CV Volumes	12,701	11,029	12,560	12,753	14,289	12,016	10,791	11,735	49,043	48,821	11,725	0.1
Growth (%)	28.5	21.7	25.7	23.3	12.5	8.9	-14.1	-8.0	24.9	-0.5		
Net Realiz. (INR'000/unit)	972	1,017	1,002	1,096	1,023	1,098	1,108	1,115	1,022	1,084	1,119	-0.4
Change - YoY (%)	-99.9	-99.9	-99.9	-99.9	5.3	8.0	10.6	1.8	1.4	6.0		
Change - QoQ (%)	-99.9	4.7	-1.5	9.4	-6.6	7.3	0.9	0.6				
Net Op Income	12,415	11,306	12,701	14,078	14,737	13,299	12,070	13,301	50,547	53,330	13,225	0.6
Growth (%)	32.0	21.5	28.7	25.6	18.7	17.6	-5.0	-5.5	27.0	5.5		
RM Cost	74.3	74.4	73.4	74.4	73.0	72.7	73.4	73.6	74.2	371.8	73.5	
Staff Cost	5.1	6.5	5.9	5.9	5.9	7.3	7.9	7.5	5.8	36.5	7.9	
Other Exp	9	9.9	10.6	10.1	10.9	12.4	13.0	12.5	9.9	61.2	12.0	
EBITDA	1,425	1,039	1,280	1,368	1,496	1,006	697	837	5,093	4,070	871	-3.9
EBITDA Margins (%)	11.5	9.2	10.1	9.7	10.1	7.6	5.8	6.3	10.1	38.8	6.6	-3.4
Depreciation	124	123	128	134	139	147	168	197	509	629	176	11.8
Other income	236	253	275	-125	279	257	207	166	657	790	47	251.3
Interest cost	11	7	32	7	8	8	11	8	57	38	11	-27.6
PBT after EO item	1,526	1,162	1,394	1,102	1,627	1,108	726	798	5,184	4,192	732	9.1
Effective tax rate (%)	29.1	25.0	26.8	31.4	27.4	27.6	16.3	10.9	28.1	25.2	25.4	
Recurring PAT	1,081	871	1,020	756	1,181	802	607	711	3,729	3,136	546	30.2
Growth (%)	89.8	43.0	83.6	30.4	9.3	-8.0	-40.5	-6.0	61.1	-15.9		

Consolidated performance: Operationally below estimate due to lower standalone margins; higher other income and lower tax rate lead to beat at PAT level

- EIM consolidated revenues grew 3% YoY (+9.7% QoQ) to INR16.3b (v/s est INR16.8b).
- EBITDA margins stood at 7.3% (v/s est 8.7%) as standalone margins reduced 340bp QoQ on higher other expenditure.
- PAT (after minority) declined 14.8% YoY (+10.3% QoQ) to INR723m (v/s INR666m). Higher other income and lower tax rate led to higher-than-estimated PAT.

Valuation and view

- With several projects commencing in CY13-14 and driving 27% sales CAGR and 34% EBITDA CAGR over CY12-15E, EIM is at an inflection point. Motorcycle business will benefit from capacity expansion (new plant to start in 1QCY13), new launches (Thunderbird 500 and Café Racer) and network expansion. CV subsidiary will benefit from commencement of MDEP and ramp-up in HCVs.
- We marginally lower by 0.7%/0.4%/0.2% CY13E/CY14E/CY15E EPS to INR120/174.8/236.2 respectively factoring the margin pressure on Royal Enfield's business due to higher power & fuel cost, partially offset by an upgrade in volumes.
- The stock trades at 22.2x/15.3x/11.3x CY13E/CY14E/CY15E EPS of INR120/174.8/236.2 respectively. Maintain **Buy** with a two-year target price of INR3,820 (CY15E SOTP).

Revised forecast (INR m)

	CY13E			CY14E			CY15E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Standalone (RE)									
Volumes (units)	150,759	149,427	0.89	188,222	186,572	0.88	222,167	220,256	0.87
Net Sales	14,145	13,998	1.05	18,039	17,852	1.05	21,662	21,443	1.03
EBITDA (%)	13.8	14.2	-30bp	15.0	15.3	-30bp	15.5	15.7	-20bp
Core Profit	1,296	1,297	(0.11)	1,836	1,829	0.36	2,295	2,282	0.56
EPS (INR)	77.7	80.8	(3.80)	101.8	104.5	(2.66)	124.3	125.9	(1.23)
VECV									
Volumes (units)	55,423	55,192	0.4	65,432	65,194	0.4	75,185	74,969	0.3
Net Sales	67,152	67,109	0.1	88,598	88,624	(0.0)	110,745	110,905	(0.1)
EBITDA (%)	6.9	7.0	-10bp	8.3	8.5	-10bp	9.4	9.5	-10bp
Core Profit	2,403.9	2,478.8	(3.0)	4,126.0	4,210.0	(2.0)	6,050.6	6,150.1	(1.6)
EPS (INR)	60.7	61.6	(1.3)	94.9	95.9	(1.0)	137.1	138.1	(0.7)
Consolidated									
Net Sales	81,260	81,071	0.2	106,591	106,431	0.2	132,353	132,293	0.0
EBITDA (%)	8.1	8.2	-10bp	9.4	9.6	-10bp	10.3	10.4	-10bp
Net Profit	3,239	3,262	(0.7)	4,718	4,738	(0.4)	6,374	6,389	(0.2)
EPS (INR)	120.0	120.9	(0.7)	174.8	175.6	(0.4)	236.2	236.7	(0.2)

Source: MOSL

SOTP Valuations (INR m)

	Multiple	CY13E	CY14E	CY15E
Royal Enfield				
Core PAT (ex div & fin income)		1,296	1,836	2,295
Core Equity Value	@ 18x PE	23,321	33,049	41,308
Net Debt		-6,790	-8,186	-11,000
Equity Value		30,111	41,235	52,308
VECV (@ 54.4% Economic interest)				
EBITDA		2,527	4,024	5,647
EV	@ 8x EV/EBITDA	20,217	32,195	45,173
Net Debt		-1,953	-3,463	-5,567
Equity Value		22,170	35,658	50,739
Total Equity Value		52,281	76,892	103,047
Target Price (INR)		**1,937**	**2,849**	**3,820**

Source: MOSL

Eicher Motors: an investment profile

Company description

Promoted by the Delhi-based Vikram Lal Group, Eicher Motors (Bloomberg: EIM) is a diversified engineering company. It is engaged in the business of high end motorcycles (350cc & above) under the brand 'Royal Enfield', and commercial vehicles (CVs), automotive gears and components, and engineering solutions through its subsidiary, Volvo Eicher Commercial Vehicles (VECV).

To become a full-fledged CV player, EIM entered into a 50:50 joint venture with AB Volvo, Sweden in July 2008 and formed Volvo Eicher Commercial Vehicles (VECV).

Key investment arguments

- With several of its projects to commence in CY13-14, driving 27% sales CAGR and 34% EBITDA CAGR over CY12-15, Eicher Motors (EIM) is at an inflection point.
- Its motorcycle business will benefit from capacity expansion (new plant to start in 1QCY13), new launches (Thunderbird 500 and Café Racer), and network expansion.
- CV subsidiary, Volvo Eicher Commercial Vehicles (VECV), will benefit from the commencement of the Medium Duty Engine Project (MDEP) and ramp-up in HCVs.

Key investments risks

- Sustained weakness in the CV Industry
- Increasing competition in the CV industry could impact ramp-up of HCV segment.

Recent developments

- Has recently launched Thunderbird motorcycle model. Royal Enfield continues to enjoy 6-8months waiting period despite sharp increase in supplies.

Valuation and view

- The stock trades at 22.2x/15.3x/11.3x CY13E/CY14E/CY15E EPS of INR120/174.8/236.2 respectively.
- Maintain **Buy** with a two-year target price of INR3,820 (CY15E SOTP).

Sector view

- Demand drivers for Royal Enfield are in place, driven by increasing trend of lifestyle biking and minimal competition.
- The Indian CV industry is likely to evolve giving new players opportunity to challenge the incumbents. VECV is better placed among new entrants, given the marriage of Volvo's technological strength with Eicher's local market expertise.

Comparative valuations

		Eicher Motors	Ashok Leyland	Tata Motors
P/E (x)	FY13E	22.2	23.4	27.9
	FY14E	22.2	12.0	16.6
EPS Gr (%)	FY13E	5.0	-53.5	-20.9
	FY14E	-0.1	94.1	29.3
RoE (%)	FY13E	20.3	6.2	23.3
	FY14E	17.9	11.5	24.0
EV/EBITDA (x)	FY13E	18.1	10.3	4.6
	FY14E	14.1	7.5	3.9

Shareholding pattern (%)

	Dec-12	Sep-12	Dec-11
Promoter	55.2	55.2	55.2
Domestic Inst	13.7	15.3	18.4
Foreign	19.1	17.5	14.6
Others	12.0	12.0	11.8

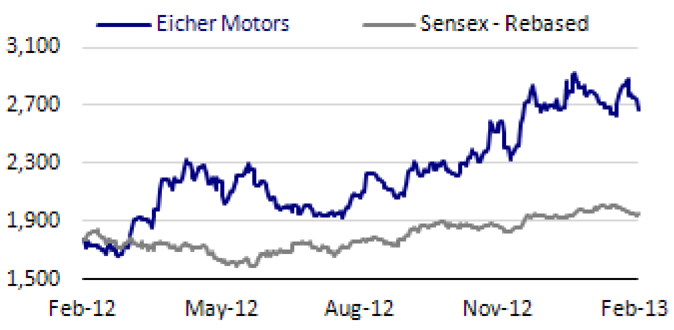
EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY13	120.0	159.1	-24.6
FY14	174.8	190.4	-8.2

Target price and recommendation

Current Price (INR)	Target Price (INR)	Upside (%)	Reco.
2,669	3,820	43.1	Buy

Stock performance (1 year)



Financials and Valuation

Income Statement (Consolidated)				(INR Million)
Y/E December	2012	2013E	2014E	2015E
Gross Sales	69,351	88,735	115,426	142,563
Less: Excise	6,052	8,026	9,774	11,544
Net Sales	63,299	80,709	105,652	131,018
Change (%)	11.5	27.5	30.9	24.0
Operating Other Income	600	551	939	1,335
Total Operating Income	63,899	81,260	106,591	132,353
Total Expenditure	58,530	74,779	96,610	118,744
EBITDA	5,490	6,563	10,053	13,686
EBITDA Margin (%)	8.6	8.1	9.4	10.3
Depreciation	822	1,364	1,782	2,136
EBIT	4,668	5,199	8,271	11,550
Interest cost	38	37	37	37
Other Income	1,366	1,030	1,038	1,290
PBT	5,997	6,192	9,272	12,803
Tax	1,248	1,579	2,407	3,328
Effective Rate (%)	20.8	25.5	26.0	26.0
PAT	4,749	4,613	6,865	9,475
Change (%)	-4.5	-2.9	48.8	38.0
% of Op. Income	7.4	5.7	6.4	7.2
Less: Minority Interest	1,505.9	1,374.3	2,147.1	3,101.1
Adj. PAT	3,244	3,239	4,718	6,374
Change (%)	5.0	-0.1	45.7	35.1

Balance Sheet (Consolidated)				(INR Million)
Y/E December	2012	2013E	2014E	2015E
Share Capital	270	270	270	270
Reserves	16,786	18,933	22,164	26,649
Net Worth	17,056	19,203	22,434	26,919
Minority Interest	9,882	11,257	13,404	16,505
Deferred Tax	789	938	1,165	1,486
Loans	504	504	504	504
Capital Employed	28,231	31,901	37,507	45,414
Application of Funds				
Gross Fixed Assets	20,786	27,036	30,536	35,536
Less: Depreciation	5,665	7,029	8,811	10,948
Net Fixed Assets	15,121	20,007	21,725	24,588
Capital WIP	5,000	2,250	2,750	1,750
- of which Goodwill	223	223	223	223
Investments	5,126	5,126	5,126	5,126
Curr.Assets, L & Adv.	15,708	22,308	31,260	42,972
Inventory	4,888	6,028	7,911	9,828
Sundry Debtors	4,459	4,624	6,095	7,612
Cash & Bank Balances	2,390	5,758	9,929	16,611
Loans & Advances	3,456	5,336	6,584	7,997
Others	515	562	741	925
Current Liab. & Prov.	12,724	17,790	23,354	29,022
Sundry Creditors	9,547	14,749	19,336	23,995
Other Liabilities	1,461	988	1,276	1,556
Provisions	1,717	2,053	2,741	3,470
Net Current Assets	2,984	4,518	7,906	13,950
Application of Funds	28,231	31,901	37,507	45,414

E: MOSL Estimates

Ratios (Consolidated)				
Y/E December	2012	2013E	2014E	2015E
Basic (INR)				
EPS	120.2	120.0	174.8	236.2
EPS Growth (%)	5.0	-0.1	45.7	35.1
Cash EPS	150.6	170.6	240.8	315.3
Book Value per Share	631.9	711.5	831.2	997.4
DPS	18.0	19.0	28.0	38.0
Payout (Incl. Div. Tax) %	17.4	18.4	18.7	18.7
Valuation (x)				
P/E	22.2	22.2	15.3	11.3
Cash P/E	17.7	15.6	11.1	8.5
EV/EBITDA	18.1	14.1	9.0	6.2
EV/Sales	1.7	1.2	0.9	0.7
Price to Book Value	4.2	3.8	3.2	2.7
Dividend Yield (%)	0.7	0.7	1.0	1.4
Profitability Ratios (%)				
RoE	20.3	17.9	22.7	25.8
RoCE	22.9	20.7	26.8	31.0
RoIC				
Turnover Ratios				
Debtors (Days)	25	21	21	21
Inventory (Days)	28	27	27	27
Creditors (Days)	55	66	66	66
Working Capital (Days)	-1	-18	-18	-18
Asset Turnover (x)	2.2	2.5	2.8	2.9
Fixed Asset Turnover				
Leverage Ratio				
Debt/Equity (x)	0.0	0.0	0.0	0.0

Cash Flow Statement (Consolidated)				(INR Million)
Y/E December	2012	2013E	2014E	2015E
Profit before Tax	5,997	6,192	9,272	12,803
Depreciation & Amort.	822	1,364	1,782	2,136
Direct Taxes Paid	-1,104	-1,430	-2,179	-3,007
(Inc)/Dec in Working Ca	-3,325	3,897	1,233	1,226
Interest/Div. Received	1,366	1,030	1,038	1,290
Other Items	-413	-3,057	-1,451	-1,841
CF from Oper. Activity	3,344	7,997	9,694	12,607
(Inc)/Dec in FA+CWIP	-11,770	-3,500	-4,000	-4,000
(Pur)/Sale of Invest.	0	0	0	0
CF from Inv. Activity	-11,770	-3,500	-4,000	-4,000
Issue of Shares	-553	-495	-606	-694
Inc/(Dec) in Debt	0	0	0	0
Interest Paid	-38	-37	-37	-37
Dividends Paid	-566	-597	-880	-1,195
CF from Fin. Activity	-1,157	-1,129	-1,523	-1,926
Inc/(Dec) in Cash	-9,582	3,368	4,171	6,682
Add: Beginning Balance	11,973	2,390	5,758	9,929
Closing Balance	2,390	5,758	9,929	16,611

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