

15 June 2009

## Automobile Sector

## Ratings/ Target Price change

## Leisurely drive continues

- **Sector upgrade; Switch to Maruti Suzuki from Hero Honda:** An expected turnaround in auto sales has prompted us to upgrade the sector to Equal Weight from Underweight. We recommend a Buy on Ashok Leyland. We have downgraded Hero Honda to Reduce, upgraded Bajaj Auto and M&M to Hold and Maruti Suzuki to Accumulate. Our ratings on Ashok Leyland (Buy) and Tata Motors (Sell) remain unchanged.
- **Valuation top-up but earnings unaltered:** Our expectation of a turnaround reflects the gradual momentum in travel and transport activities on the back of positive sentiment in macro factors ahead. We have thus raised the target prices of stocks under our coverage by 30-110%. This is only a top-up of valuations without any change to earnings estimates, which were upgraded post Q4 results.
- **Pick-up post September 2009:** We see a bottoming of automobile industry's sales performance on a 12MMA basis, or seasonally adjusted annual rate (SAAR) that maintained a slide even until May. Signs of improvement in the near future will emerge post September 2009, as Q2 is typically a weak activity quarter for automobile companies.
- **Raising fresh equity capital imminent:** The recent outperformance (since our earlier report, 'Mood in travel and transport sinking' dated 26 March 2009) of fundamentally weaker companies like Tata Motors (up 69.2% relative to Nifty), M&M (+53.4%) and Ashok Leyland (+23.6%) and the slump in stock prices of the stronger ones like Maruti Suzuki (down 5.7%) and Hero Honda (down 8.5%) is intriguing. The belief that these companies would infuse fresh capital through equity prompted the rally.
- **Likely capital infusion to aid recovery in balance sheets of weak companies:** The balance sheets of Tata Motors and M&M are weighed down by huge debts, on the back of ambitious acquisitions. Capital infusion in the current favourable market conditions can bolster the balance sheet health of these companies, leading to a valuation up-tick, provided the dilution is manageable, in our view.

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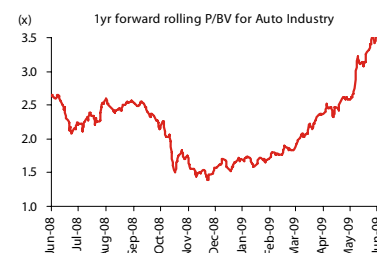
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## Summary rating and valuations

	New Rating	Change in Rating	CMP* (Rs)	New target price (Rs)	FY11E		P/E (x)		P/BV (x)		EV/Net Sales (x)		EV/EBIDTA (x)	
					EBIDTA (%)	ROE (%)	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E
Hero Honda (HH)	Reduce	↓	1,467	1,343	14.0	32.0	21.0	18.3	6.4	5.4	2.0	1.7	14.1	12.2
Bajaj Auto (BAL)	Hold	↑	1,007	1,095	13.7	42.3	15.6	12.9	6.3	4.8	1.5	1.3	10.6	9.2
Maruti Suzuki (MSL)	Accumulate	↑	1,085	1,216	11.1	17.4	21.1	15.9	2.9	2.5	1.2	0.9	11.7	8.3
Tata Motors (TML)	Sell	↔	357	145	6.8	(14.6)	(10.5)	(22.4)	2.9	3.7	0.8	0.6	12.7	9.4
Ashok Leyland (ALL)	Buy	↔	31	37.6	9.0	14.7	14.2	12.1	1.8	1.7	0.7	0.7	7.9	7.3
Mahindra & Mahindra (M&M)	Hold	↑	784	800	10.9	16.3	19.6	17.0	2.9	2.6	1.0	0.8	9.1	7.6

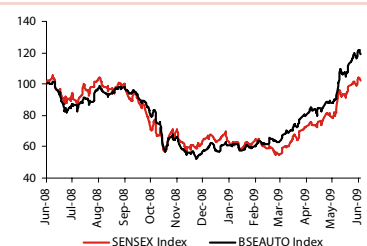
Note: \*Price as on 12 June 2009  
Source: Centrum Research Estimates

## P/BV for Auto Industry



Source: Bloomberg, Centrum Research

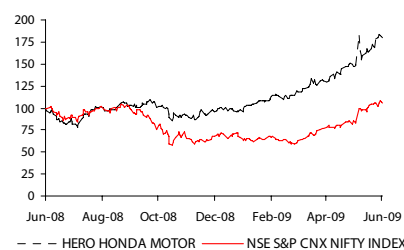
## Auto index outperforms Sensex



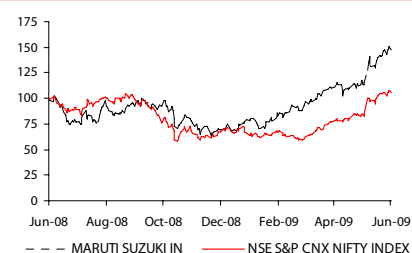
Source: Bloomberg, Centrum Research

## One Year Indexed Stock Performance

## Hero Honda



## Maruti Suzuki



Source: Centrum Research  
As on 12 June 2009

## Valuations top-up but earnings unaltered; sector upgraded to Equal Weight

An anticipated turnaround in automobile sales has prompted us to upgrade the sector to Equal Weight from Underweight. We recommend a Buy on Ashok Leyland and advise switching from Hero Honda to Maruti Suzuki. We have downgraded Hero Honda to Reduce and upgraded Bajaj Auto and M&M to Hold and Maruti Suzuki to Accumulate. Our ratings on Ashok Leyland (Buy) and Tata Motors (Sell) remain unchanged. Our expectation of a turnaround reflects the gradual momentum in travel and transport activities on the back of positive sentiment in macro factors. We have thus raised the target prices of stocks under our coverage by 30-110%. However, this is only a top-up of valuations without any change to earnings estimates, as the same was altered post Q4 results.

Hero Honda tops our valuation, as we expect the stock to trade at 11x FY11E EV/EBIDTA. The next in the valuation pecking order is Bajaj Auto, whose lean balance sheet cannot be ignored by investors. Tata Motors comes at the bottom with an implied EV/E of 7.5x. Unless the company generates sizeable cash flows to resurrect its balance sheet, its net-worth could get eroded.

### Exhibit 1: ALL is our top pick

Company	CMP (Rs)	New target price (Rs)	Upside/downside (%)	New rating	Upgrade/Downgrade
ALL	32.7	37.6	15.2	Buy	No Change
BAL	1,045	1,095	4.7	Hold	Upgrade
HH	1,474	1,343	(8.9)	Reduce	Downgrade
M&M	811	800	(1.4)	Hold	Upgrade
MSL	1,097	1,216	10.8	Accumulate	Upgrade
TML	369	145	(60.7)	Sell	No Change

Source: Centrum Research

### Exhibit 2: Revised valuations a substantial departure from past averages

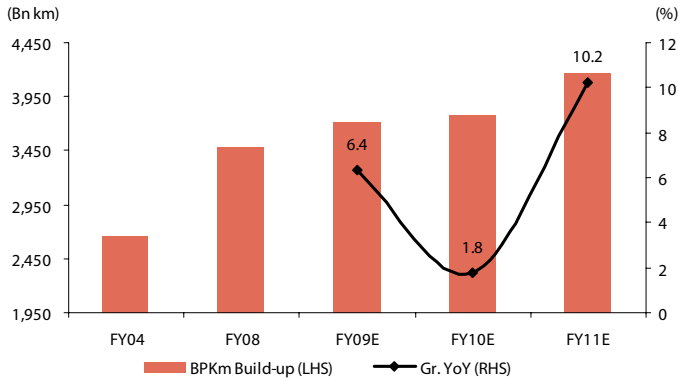
Company	Old price target (Rs)	New price target (Rs)	% change	Implied FY11E EV/EBIDTA (x)	Past 2-years average forward EV/EBIDTA (x)	Rationale of implied EV/EBIDTA
ALL	25.6	37.6	46.9	8.5	9.1	Upturn in CV awaited, though imminent Risk: Loss in market-share to competition
BAL	840	1,095	30.4	10.0	NA	Near same RoCEs as that of Hero Honda. But discount to the leader. Risk: New product acceptance may disappoint
HH	NA	1,343		11.0	7.5	Substantially better outlook than that of past two years. Risk: Brand fatigue
M&M	380	800	110.5	7.7	6.7	Satyam acquisition will enhance margin outlook. Hence the rating upgrade. Risk: Rupee appreciation may dampen earnings
MSL	735	1,216	65.4	9.5	8.5	Wider product portfolio and re-entry in Europe favours upgrade. Risks: New products at weaker margins
TML	145	145	-	7.5	12.3	CV upturn still awaited though imminent. But JLR woes yet unresolved. Risks: Full / Partial stake sale in JLR

Source: Centrum Research Estimates

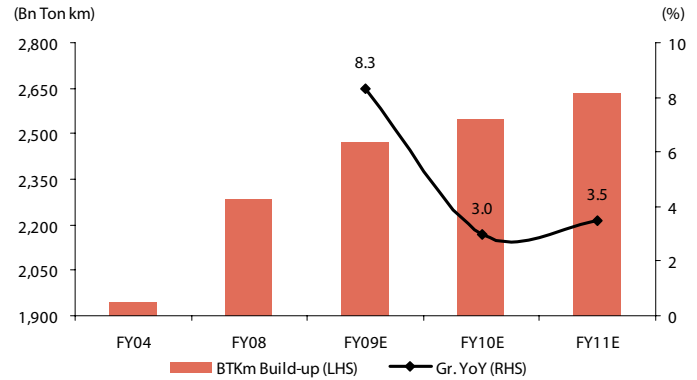
### Still in the slow lane but pick-up post Sep 2009

In our report dated 26 March, we introduced FY11 estimates for auto stocks under our coverage. These estimates were based on a volume outlook that premised upon a gradualism trend in the transport and travel activity. With the economic growth slowing down, we expected a 1.8% YoY growth in people mobility in FY10E, followed by a much stronger 10.2% growth in FY11E. Likewise, the goods mobility was set out to grow merely 3.0% YoY in FY10E with a still struggling growth rate of 3.5% in FY11E.

**Exhibit 3 : Macro estimates on travel and transport activity are modest for FY10E**



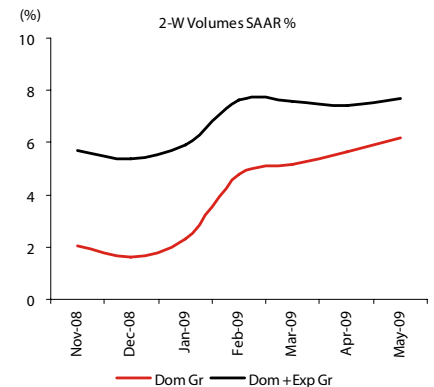
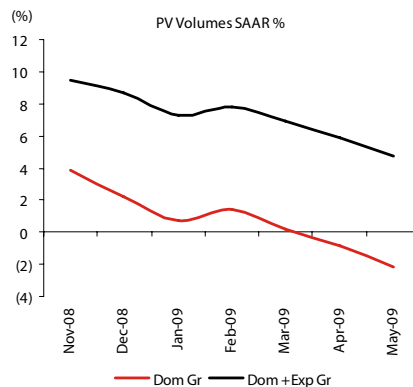
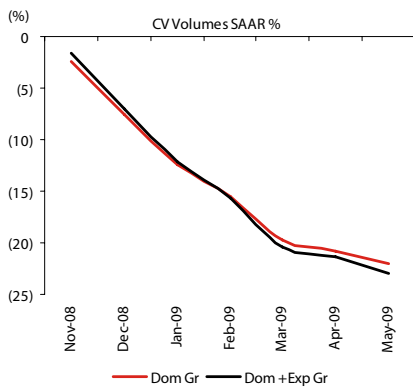
Source: Centrum Research Estimates



Source: IR, Centrum Research Estimates

Although there is no direct update on these numbers, visibility in the automobile industry's sales performance on a 12MMA basis, or what is also known as SAAR (seasonally adjusted annual rate), reinforces our views on gradualism. Even until May, automobile sales (barring 2-wheelers) continued to slide and we believe this could reverse by September 2009.

**Exhibit 4: Except for 2-wheelers, no signs of recovery in automobile sales**



Source:SIAM, Centrum Research

Commercial vehicle (CV) sales continued to decline. The SAAR was -1.6% in Nov 2008 (domestic sales and exports). It continued to plummet with no signs of recovery as yet and as of May stands at an abysmal -23.0%. Growth in passenger vehicle sales moderated from a 9.5% Nov 2008 SAAR to 4.7%. But in this period, the domestic sales actually contracted from April 2009 onwards. Sales of 2-wheelers have been much better. The SAAR rate has shown an improvement from 5.7% to 7.7%.

Signs of improvement in the near future will emerge only post September 2009, as Q2 is typically a weak activity quarter for automobile companies, given the monsoons. The sector's poor performance is primarily on account of fall in consumption pattern in the private sector.

### Switch to Maruti Suzuki from Hero Honda

Hero Honda's valuations having topped-out and earnings visibility diminishing on account of rising competition and its own brand fatigue, makes us wary on its valuations. Maruti on the other hand, is actively pursuing newer and modern brand pitch, which presents stronger visibility on its earnings and hence warrants an upgrade. We therefore recommend a switch from Hero Honda to Maruti Suzuki.

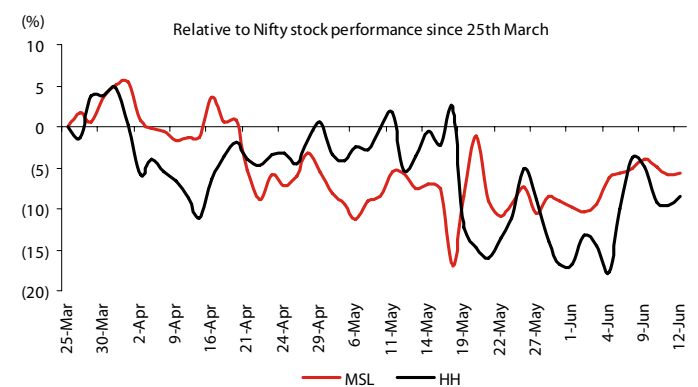
These fundamentally strong companies have witnessed consistent improvement in their sales performances. For instance, Hero Honda's sales grew each month from 9.2% YoY in Jan 2009 to 14.4% in May 2009. Though lower, Maruti's sales have been strong, having improved from -0.5% in Jan 2009 to +3.3% in May 2009, aided by new launches – A-star and Ritz. Nonetheless, both stocks fell by 9.2% and 4.8%, respectively, relative to the market. We expect Hero Honda to underperform even more while the underperformance in Maruti is likely to get erased.

**Exhibit 5: Hero Honda and Maruti Suzuki improved sales performance**

12MMA YoY growth rate in sales (%)	Hero Honda	Maruti
Jan-09	9.2	(0.5)
Feb-09	11.6	1.4
Mar-09	11.5	3.6
Apr-09	13.3	3.2
May-09	14.4	3.3

Source: Companies, Centrum Research

**Exhibit 6: HH's and MSL's underperformance out of sync with sales performance**



Source: Bloomberg, Centrum Research

### Outperformance of fundamentally weaker companies surprising

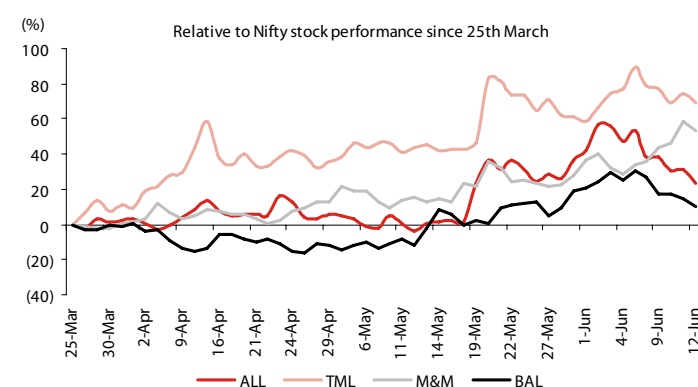
The recent strong rally in stock prices of fundamentally weaker companies was the result of a liquidity rush in under-owned stocks. Tata Motors registered the biggest gain (up 122.8% since 26 March), followed by M&M (up 107.0%), Ashok Leyland (77.1%) and Bajaj Auto (63.5%).

**Exhibit 7: Sales deteriorates**

12MMA YoY growth rate in sales (%)	ALL	TML	M&M	Bajaj Auto
Jan-09	(21.2)	(9.9)	1.5	(9.7)
Feb-09	(25.9)	(11.8)	(1.2)	(10.2)
Mar-09	(34.6)	(14.5)	(1.5)	(10.5)
Apr-09	(39.3)	(14.2)	(1.7)	(13.8)
May-09	(43.5)	(15.8)	(2.7)	(14.7)

Source: Companies, Centrum Research

**Exhibit 8: Tata Motors led the outperformance by auto stocks**



Source: Bloomberg, Centrum Research

The rally was despite the absence of any significant fundamental change, even in a visible parameter such as monthly sales performance, which has actually worsened. Tata Motors' 12-month moving average (12MMA) sales worsened from -9.9% in Jan 2009 to -15.8% in May 2009. Ashok Leyland's 12MMA growth rate plunged from -21.2% to -43.5% during the same period. M&M reversed its 1.5% growth in Jan 2009 to 2.7% decline in May 2009. This deterioration was despite the addition of sales of Swaraj tractors. Bajaj Auto saw sales dip to -14.7% in May 2009 from -9.7% in Jan 2009.

## Fresh equity capital imminent - to aid recovery in balance sheets

The balance sheets of Tata Motors and M&M are weighed down by huge debts. The stresses have cropped-up as these companies have made some ambitious acquisitions. We have been constantly cautioning on the poor balance sheets of these companies. In our earlier report, 'Mood in travel and transport sinking' dated 26 March 2009, we had highlighted the risk of potentially high debt-servicing burden on Tata Motors.

A strong view in the market that Tata Motors and M&M would infuse fresh capital through equity had prompted a rally in these stocks. However, neither have so far made any formal announcement on this. Such capital infusion in the current favourable market conditions can bolster the balance sheet health of these companies, leading to a valuation up-tick, provided the dilution is manageable.

Assuming that Tata Motors wants to lower its debt-equity ratio to 5x, we estimate it would have to raise Rs63.5bn as fresh capital. The accompanying equity dilution can be 20%, which we believe is unmanageable. We estimate valuations would change from 12.8x on EV/EBITDA to 15.4x (in the event of fresh capital infusion and constant stock price). This is undoubtedly an expensive valuation to ascribe to a company that is still coping with introduction of new products like the Nano and World Trucks.

### Exhibit 9: Equity dilution in TML required to manage debt is extremely large

(Rsmn)	TML	M&M	ALL
FY10E Debt	403,424	141,768	19,422
Debt: Equity (x)	5.9	1.8	0.9
PAT	(45,520)	12,075	2,919
Deferred Taxes	3,547	2,061	273
Depreciation	34,452	9,039	2,054
Dividend	(4,373)	(4,089)	(1,561)
Cash retained (sum of all above)	(11,894)	19,085	3,685
Capex requirements	(46,080)	(15,109)	(6,700)
Free Cash	(57,974)	3,976	(3,015)
Debt: Equity aimed (x)	5.0	1.6	0.75
Potential infusion	63,512	12,799	2,418
Likely Issue price (Rs)	492	852	35
Fresh issue likely (mn)	129	15	69
Current O/s. Shares (mn)	514	279	1,330
Possible diluted shares (mn)	643	294	1,399
% dilution likely	20.1	5.1	4.9
EV/EBIDTA (x)	12.8	9.0	8.3
EV/EBIDTA (Post Dilution)	15.4	9.6	9.0
Estimated EBITDA for FY10	42,015	36,120	6,613

Source: Centrum Research Estimates

We believe the equity dilution in M&M could be mere 5% with lowering the debt-equity ratio from 1.8x to 1.6x being the objective. The EV/EBITDA multiple would then rise to 9.6x from 9.0x. Though expensive, the infusion should be manageable.

Given that ALL has a relatively healthier balance sheet, any fresh capital infusion would not hamper its dilution to weaken the valuation argument. We reiterate our Buy rating on the stock.

### Tata Motors – Significantly debt ridden

Tata Motors' debt-equity ratio is estimated at 5.9x for FY10E, while M&M's is forecast at 1.8x. Our revised assessment of Tata Motors' balance sheet shows that the gross level of debt remains virtually unaltered at Rs403bn. The return ratios are evidently poor with FY10E RoCE estimated at 2.1% vs. -0.6% earlier.

#### Exhibit 10: Tata Motor: Balance sheet health snapshot

(Rsmn)	FY09E New Est	FY09E Old Est	FY10E New Est	FY10E Old Est	FY11E New Est	FY11E Old Est
Net Worth	117,875	120,859	67,982	64,448	54,130	48,454
BVPS (Rs)	212	217	122	116	97	87
Gross Debt	349,030	331,054	403,424	381,009	397,033	384,183
Cash & Equiv	21,943	21,943	17,091	17,091	18,972	18,972
Net Debt	327,087	309,111	386,333	363,918	378,061	365,211
Debt: Equity (x)	3.0	2.7	5.9	5.9	7.3	7.9
ROCE (%)	(1.2)	0.1	2.1	(0.6)	4.4	2.9
ROE (%)	(12.5)	(12.2)	(20.5)	(32.8)	(14.6)	(28.5)

Note: New estimates are post Q4FY09 results  
Source: Centrum Research Estimates

### M&M – Satyam acquisition hurts D/E ratio

M&M's acquisition of Satyam via its 49% subsidiary, Tech Mahindra, has resulted in increased debt on a consolidated basis. We had estimated a gross debt of Rs114bn in FY10E and have now raised it to Rs142bn, resulting in its debt-equity ratio deteriorating to 1.8x.

#### Exhibit 11: M&M: Balance sheet health snapshot

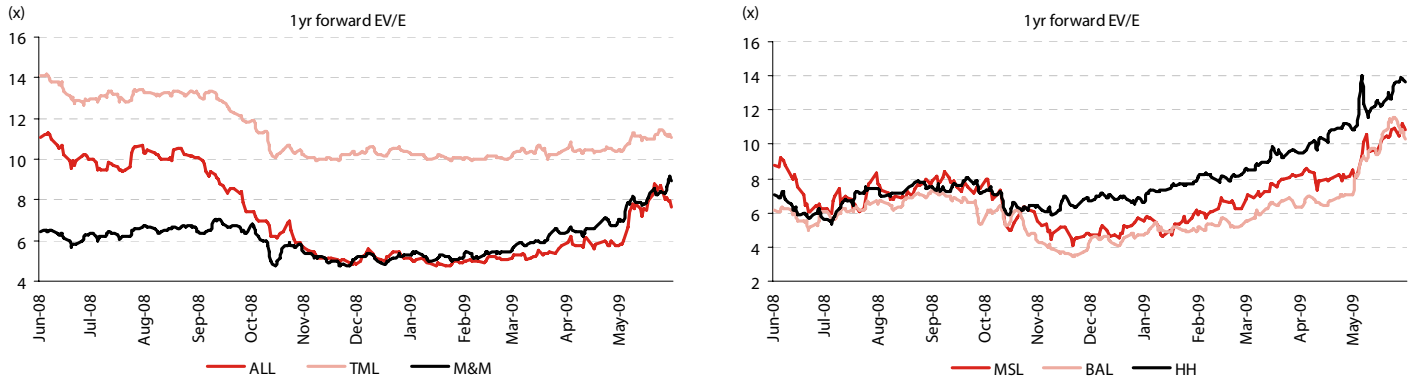
(Rsmn)	FY09E New Est	FY09E Old Est	FY10E New Est	FY10E Old Est	FY11E New Est	FY11E Old Est
Net Worth	70,135	69,593	78,120	77,348	87,493	87,389
BVPS (Rs)	240	238	267	265	299	299
Gross Debt	120,968	110,410	141,768	114,210	145,568	113,510
Cash & Equiv	7,353	7,353	6,312	20,802	25,130	14,471
Net Debt	113,614	103,057	135,455	93,408	120,438	99,039
Debt: Equity (x)	1.7	1.6	1.8	1.5	1.7	1.3
ROCE (%)	11.2	9.3	8.8	9.0	8.7	9.8
ROE (%)	21.4	17.0	16.3	15.7	16.3	16.8

Note: New estimates are post Q4FY09 results  
Source: Centrum Research Estimates

### Valuations – re-rating story visible

The valuation movements of the six auto companies under our coverage reveals that the rally in these stocks led to a re-rating that surpassed the past one year levels substantially, except for CV players (ALL, Tata Motors and M&M). This re-rating was partly a result of the broader equity market rally. The equity rally has been primarily in two parts (of equal measure). Firstly, a liquidity-induced rally in emerging markets and secondly, a return of the Congress-led UPA government with a much larger mandate.

**Exhibit 12 : Current valuations for CV players yet to scale previous levels**

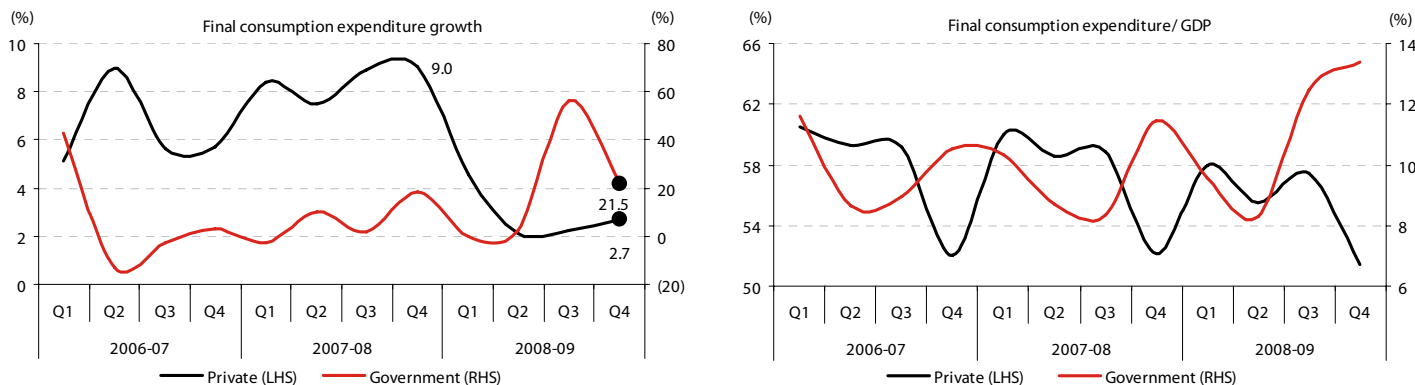


Source: Bloomberg, Centrum Research

### Lacklustre macro picture – a key risk

The growing faith in emerging markets like India has been a rally inducer. This faith though rests on weak bearings, as we believe a full blown optimism built around a substantial GDP revision is still unwarranted, given the poor private consumption pattern. Our economist has forecast FY10 GDP growth at 5.5%, down from 6.7% achieved in FY09. There remains an upside risk to the GDP forecast with the installation of the new stable government at the centre. However, there would be practical limitations (especially of the fiscal kind) to any high-speed reform initiatives. The government will likely focus more on combating the after-effects of a global slowdown (declining EXIM trade, IT sector expecting a moderating global revenue flow and the recovering commodity prices) and such local issues as inflation in food prices. Gradualism being the imperative, we remain guarded in our investment rationale on the auto sector. Our call on the sector therefore remains that of abundant caution.

**Exhibit 13: Fall in private consumption reflects poor consumer confidence**

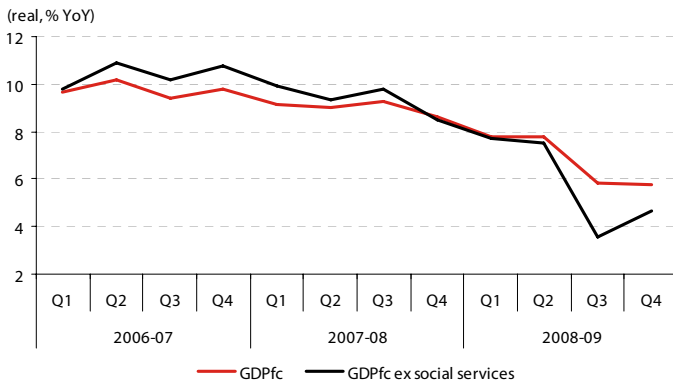


Source: CSO, Centrum Research

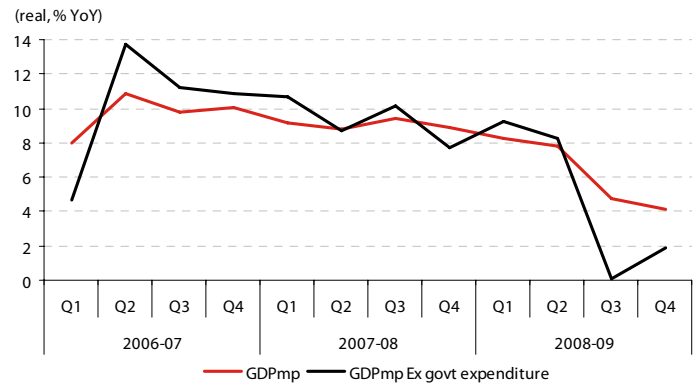
Source: CSO, Centrum Research

Specifically for automobiles, the consumption multiplier in the form of financial loans was missing. This was abundantly visible during the credit crunch period seen during 3QFY09. The economy was slowing and growth was propped up by increased government spending and stimulus packages. We gathered as much and hence observed a gradualism trend in transport and travel activities.

**Exhibit 14: GDP growth was largely supported by government spending**



Source: CSO, Centrum Research



Source: CSO, Centrum Research



## Financials - Ashok Leyland

### Exhibit 15: Income Statement

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>Sales Volume</b>	<b>83,094</b>	<b>83,307</b>	<b>54,444</b>	<b>62,040</b>	<b>72,179</b>
% Growth	34.8	0.3	(34.6)	14.0	16.3
<b>Net Sales</b>	<b>71,682</b>	<b>77,291</b>	<b>59,811</b>	<b>75,258</b>	<b>83,584</b>
% Growth	36.6	7.8	(22.6)	25.8	11.1
Raw Materials	54,633	57,653	44,522	55,513	61,476
% of Net Sales	76.2	74.6	74.4	73.8	73.5
Personnel	4,807	6,162	5,662	6,901	7,564
% of Net Sales	6.7	8.0	9.5	9.2	9.1
Manufact. & Other Exps.	5,215	5,549	4,932	6,231	7,063
% of Net Sales	7.3	7.2	8.2	8.3	8.5
<b>EBITDA</b>	<b>7,027</b>	<b>7,927</b>	<b>4,694</b>	<b>6,613</b>	<b>7,481</b>
EBITDA Margin (%)	9.8	10.3	7.8	8.8	9.0
Depn ,Prd Devp. & Amortn	1,506	1,774	1,784	2,054	2,449
<b>EBIT</b>	<b>5,521</b>	<b>6,154</b>	<b>2,910</b>	<b>4,558</b>	<b>5,032</b>
Interest Expenses	53	497	1,187	1,194	1,010
<b>EBT</b>	<b>5,468</b>	<b>5,656</b>	<b>1,723</b>	<b>3,364</b>	<b>4,022</b>
Other Income	708	740	496	596	598
Extraord. (Income)/Exp.	131	15	135	63	25
<b>PBT</b>	<b>6,045</b>	<b>6,382</b>	<b>2,084</b>	<b>3,896</b>	<b>4,595</b>
Tax-Total	1,632	1,688	185	977	1,173
Tax Rate (%) - Total	27.0	26.5	8.9	25.1	25.5
<b>Reported PAT</b>	<b>4,413</b>	<b>4,693</b>	<b>1,900</b>	<b>2,919</b>	<b>3,422</b>
Extraord. items-Adj.	(228)	(251)	(154)	-	-
<b>Adjusted PAT</b>	<b>4,185</b>	<b>4,442</b>	<b>1,746</b>	<b>2,919</b>	<b>3,422</b>
PAT Margin	5.8	5.7	2.9	3.9	4.1
% Growth	38.0	6.2	(60.7)	67.2	17.2

Source: Company, Centrum Research Estimates

### Exhibit 16: Balance Sheet

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>SOURCES OF FUNDS</b>					
Capital	1,324	1,330	1,330	1,330	1,330
Reserves and Surplus	17,622	20,159	19,984	21,342	22,891
<b>Shareholders' Funds</b>	<b>18,946</b>	<b>21,490</b>	<b>21,315</b>	<b>22,673</b>	<b>24,222</b>
<b>Minority Interest</b>	-	-	-	-	-
Secured Loans	3,602	1,902	7,924	7,800	8,040
Unsecured Loans	2,802	6,973	10,773	11,623	10,323
<b>Total Loan Funds</b>	<b>6,404</b>	<b>8,875</b>	<b>18,696</b>	<b>19,422</b>	<b>18,362</b>
Deferred Tax Liability - Net	1,969	2,538	2,663	2,853	3,033
<b>Total</b>	<b>27,319</b>	<b>32,903</b>	<b>42,674</b>	<b>44,948</b>	<b>45,617</b>
<b>APPLICATION OF FUNDS</b>					
Gross Block	26,202	29,424	38,155	44,855	51,555
Accumulated Dep.	(13,132)	(14,169)	(15,953)	(18,007)	(20,456)
Capital WIP	2,375	5,292	4,592	4,092	3,592
<b>Net Fixed Assets</b>	<b>15,445</b>	<b>20,548</b>	<b>26,795</b>	<b>30,940</b>	<b>34,692</b>
<b>Investments</b>	<b>2,211</b>	<b>6,099</b>	<b>4,540</b>	<b>6,816</b>	<b>3,244</b>
Goodwill	-	-	-	-	-
Inventories	10,703	12,239	11,672	12,062	12,825
Sundry Debtors	5,229	3,758	5,222	5,747	6,373
Other Current Assets	-	-	-	-	-
Cash and Bank Balances	4,349	4,514	2,685	3,378	3,543
Loans and Advances	6,696	8,241	9,709	6,821	7,356
<b>Total Current Assets, Loans</b>	<b>26,977</b>	<b>28,753</b>	<b>29,288</b>	<b>28,008</b>	<b>30,098</b>
Current Liabilities	16,516	19,267	15,324	18,055	19,231
Provisions	1,042	3,452	2,714	2,787	3,186
<b>Total Current Liabi. &amp; Prov.</b>	<b>17,559</b>	<b>22,719</b>	<b>18,038</b>	<b>20,842</b>	<b>22,417</b>
<b>Net Current Assets</b>	<b>9,419</b>	<b>6,033</b>	<b>11,250</b>	<b>7,166</b>	<b>7,681</b>
Miscellaneous Expenditure	244	223	88	25	-
<b>Total assets</b>	<b>27,319</b>	<b>32,903</b>	<b>42,674</b>	<b>44,948</b>	<b>45,617</b>

Source: Company, Centrum Research Estimates

### Exhibit 17: Cash flow

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>Net CF operations</b>	<b>2,120</b>	<b>8,264</b>	<b>(2,840)</b>	<b>10,003</b>	<b>5,415</b>
<b>Net CF investment</b>	<b>(4,633)</b>	<b>(10,764)</b>	<b>(6,472)</b>	<b>(8,476)</b>	<b>(2,628)</b>
<b>Net CF from financing</b>	<b>834</b>	<b>2,665</b>	<b>7,484</b>	<b>(835)</b>	<b>(2,621)</b>
<b>Net cash increase/(dec)</b>	<b>(1,679)</b>	<b>164</b>	<b>(1,828)</b>	<b>693</b>	<b>166</b>

Source: Company, Centrum Research Estimates

### Exhibit 18: Key Ratios

Y/E March	FY07	FY08	FY09E	FY10E	FY11E
O/s Shares	1,324	1,330	1,330	1,330	1,330
Fully Diluted Shares	1,336	1,336	1,336	1,336	1,336
<b>Per share (Rs)</b>					
Basic EPS	3.2	3.3	1.3	2.2	2.6
Fully diluted EPS	3.1	3.3	1.3	2.2	2.6
Book value	14.3	16.2	16.0	17.0	18.2
<b>Valuation</b>					
P/E	9.9	9.3	23.7	14.2	12.1
P/BV	2.2	1.9	1.9	1.8	1.7
EV/EBITDA	6.1	5.3	11.8	7.9	7.3
EV/Sales	0.6	0.5	0.9	0.7	0.7
<b>Margin Ratio (%)</b>					
EBITDA Margin	9.8	10.3	7.8	8.8	9.0
EBIT Margin	7.7	8.0	4.9	6.1	6.0
PAT Margin	6.2	6.1	3.2	3.9	4.1
<b>Return Ratio (%)</b>					
ROCE	25.7	22.2	8.2	13.4	14.7
ROE	18.2	17.3	8.0	9.3	9.9
<b>Other Ratios</b>					
Int. coverage ratio (%)	4.1	9.6	25.7	16.6	12.5
Debt-equity (x)	0.3	0.4	0.9	0.9	0.8
Liquidity ratio (x)	1.5	1.3	1.6	1.3	1.3
Other income contrib. (%)	11.7	11.6	23.8	15.3	13.0
Dividend Payout (%)	44.4	42.6	70.0	45.6	46.7
Asset TO (x)	3.0	2.7	1.6	1.9	2.1
WCI Turnover (days)	45.0	36.5	52.7	44.7	32.4

Source: Company, Centrum Research Estimates

### Exhibit 19: Assumptions

Y/E March	FY07	FY08	FY09E	FY10E	FY11E
<b>Volume (Units)</b>					
M&HCV Industry Volume	275,600	270,994	183,541	206,574	220,931
Growth(%)	32.8	(1.7)	(32.3)	12.5	7.0
<b>ALL Market Share</b>	<b>27.9</b>	<b>27.8</b>	<b>25.7</b>	<b>25.8</b>	<b>28.2</b>
ALL Volume for M&HCV	76,780	75,407	47,118	53,383	62,401
Growth(%)	37.1	(1.8)	(37.5)	13.3	16.9
ALL Volume for LCV	289	615	514	500	630
M&HCV Exports	6,011	7,077	5,979	7,819	8,747
Growth(%)	24.2	17.7	(15.5)	30.8	11.9
LCV Exports	14	208	833	338	401
<b>Total Exports Volume</b>	<b>6,025</b>	<b>7,285</b>	<b>6,812</b>	<b>8,157</b>	<b>9,148</b>
Growth(%)	23.5	20.9	(6.5)	19.7	12.1
Exports CTG	1.9	1.5	(0.6)	2.5	1.6
<b>Total ALL Volume</b>	<b>83,094</b>	<b>83,307</b>	<b>54,444</b>	<b>62,040</b>	<b>72,179</b>
Growth(%)	34.8	0.3	(34.6)	14.0	16.3
<b>Realisations</b>					
Domestic (Rs000's)	924	959	1,029	1,169	1,117
Growth(%)	9.7	3.8	7.3	13.6	(4.5)
Exports (Rs000's)	1,093	1,116	1,269	1,282	1,236
Growth(%)	12.8	2.1	13.7	1.0	(3.5)

Source: Company, Centrum Research Estimates

## Financials - Bajaj Auto

### Exhibit 20: Income Statement

Y/E March (Rsmn)	Demerged				
	FY07	FY08	FY09E	FY10E	FY11E
<b>Sales Volume</b>	<b>2,718,795</b>	<b>2,451,407</b>	<b>2,194,111</b>	<b>2,416,688</b>	<b>2,779,471</b>
% Growth	19.2	(9.8)	(10.5)	10.1	15.0
<b>Net Sales</b>	<b>93,253</b>	<b>90,462</b>	<b>88,104</b>	<b>96,939</b>	<b>113,140</b>
% Growth	24.5	(3.0)	(2.6)	10.0	16.7
Raw Materials	69,010	66,204	64,635	70,810	82,856
% of Net Sales	74.0	73.2	73.4	73.0	73.2
Personnel	3,015	3,416	3,544	3,810	4,514
% of Net Sales	3.2	3.8	4.0	3.9	4.0
Manufact. & Other Exp.	9,009	7,906	7,902	8,531	10,239
% of Net Sales	9.7	8.7	9.0	8.8	9.1
<b>EBITDA</b>	<b>12,218</b>	<b>12,935</b>	<b>12,023</b>	<b>13,789</b>	<b>15,531</b>
EBITDA Margin (%)	13.1	14.3	13.6	14.2	13.7
Depn. & Amortn.	1,903	1,740	1,298	1,590	1,857
<b>EBIT</b>	<b>10,316</b>	<b>11,196</b>	<b>10,725</b>	<b>12,198</b>	<b>13,674</b>
Interest Expenses	53	52	210	278	283
<b>EBT</b>	<b>10,262</b>	<b>11,144</b>	<b>10,515</b>	<b>11,920</b>	<b>13,391</b>
Other Income	7,508	1,227	1,117	1,236	1,439
Extraord. (Inc.)/Exp.	490	1,025	2,071	1,833	-
<b>PBT</b>	<b>17,281</b>	<b>11,346</b>	<b>9,561</b>	<b>11,323</b>	<b>14,830</b>
Tax-Total	4,901	3,788	3,016	3,285	3,502
Tax Rate (%) - Total	28.4	33.4	31.5	29.0	23.6
<b>Reported PAT</b>	<b>12,380</b>	<b>7,558</b>	<b>6,545</b>	<b>8,038</b>	<b>11,328</b>
Extraord. items -Adj.	351	684	1,274	1,301	-
<b>Adjusted PAT</b>	<b>12,730</b>	<b>8,241</b>	<b>7,819</b>	<b>9,340</b>	<b>11,328</b>
PAT Margin	13.7	9.1	8.9	9.6	10.0
% Growth	13.9	(35.3)	(5.1)	19.4	21.3

Source: Company, Centrum Research Estimates

### Exhibit 21: Balance Sheet

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>SOURCES OF FUNDS</b>					
Capital	1,012	1,447	1,447	1,447	1,447
Reserves and Surplus	54,331	14,429	17,250	21,723	28,977
<b>Shareholders' Funds</b>	<b>55,343</b>	<b>15,876</b>	<b>18,696</b>	<b>23,170</b>	<b>30,423</b>
<b>Minority Interest</b>	-	-	-	-	-
Secured Loans	225	70	120	100	80
Unsecured Loans	16,030	13,274	15,374	16,174	15,974
<b>Total Loan Funds</b>	<b>16,254</b>	<b>13,343</b>	<b>15,493</b>	<b>16,273</b>	<b>16,053</b>
Deferred Tax Liabi. - Net	742	110	110	95	75
<b>Total</b>	<b>72,339</b>	<b>29,329</b>	<b>34,300</b>	<b>39,538</b>	<b>46,552</b>
<b>APPLICATION OF FUNDS</b>					
Gross Block	31,960	29,947	33,855	37,855	43,855
Accumulated Dep.	(19,224)	(17,261)	(18,559)	(20,149)	(22,006)
Capital WIP	269	347	269	269	269
<b>Net Fixed Assets</b>	<b>13,005</b>	<b>13,034</b>	<b>15,565</b>	<b>17,975</b>	<b>22,118</b>
<b>Investments</b>	<b>64,475</b>	<b>18,571</b>	<b>18,385</b>	<b>23,077</b>	<b>26,279</b>
Goodwill	-	-	-	-	-
Inventories	3,097	3,496	3,403	3,873	4,110
Sundry Debtors	5,298	2,753	3,795	4,137	4,829
Other Current Assets	362	800	934	867	901
Cash and Bank Balances	835	561	382	704	563
Loans and Advances	28,594	8,888	9,630	8,333	9,880
<b>Total Current Assets</b>	<b>38,186</b>	<b>16,497</b>	<b>18,145</b>	<b>17,914</b>	<b>20,283</b>
Current Liabilities	14,990	10,433	9,103	10,731	12,776
Provisions	28,338	8,340	8,693	8,697	9,352
<b>Total Current Liab. &amp; Prov.</b>	<b>43,328</b>	<b>18,773</b>	<b>17,796</b>	<b>19,428</b>	<b>22,128</b>
<b>Net Current Assets</b>	<b>(5,141)</b>	<b>(2,276)</b>	<b>349</b>	<b>(1,514)</b>	<b>(1,845)</b>
Miscellaneous Expenditure	-	-	-	-	-
<b>Total assets</b>	<b>72,339</b>	<b>29,329</b>	<b>34,300</b>	<b>39,538</b>	<b>46,552</b>

Source: Company, Centrum Research Estimates

### Exhibit 22: Cash flow

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>Net cash from operations</b>	<b>12,287</b>	<b>5,575</b>	<b>4,700</b>	<b>11,957</b>	<b>12,846</b>
<b>Net cash from investment</b>	<b>(9,242)</b>	<b>(6,008)</b>	<b>(3,644)</b>	<b>(8,692)</b>	<b>(9,202)</b>
<b>Net CF from financing</b>	<b>(3,032)</b>	<b>424</b>	<b>(1,235)</b>	<b>(2,943)</b>	<b>(3,785)</b>
<b>Net cash increase/(dec)</b>	<b>14</b>	<b>(8)</b>	<b>(179)</b>	<b>322</b>	<b>(141)</b>

Source: Company, Centrum Research Estimates

### Exhibit 23: Key Ratios

Y/E March	FY07	FY08	FY09E	FY10E	FY11E
O/s Shares	101	145	145	145	145
Fully Diluted Shares	145	145	145	145	145
<b>Per share (Rs)</b>					
Basic EPS	125.8	57.0	54.0	64.6	78.3
Fully diluted EPS	88.0	57.0	54.0	64.6	78.3
Book value	547.0	109.7	129.2	160.1	210.3
<b>Valuation</b>					
P/E	11.4	17.7	18.6	15.6	12.9
P/BV	1.8	9.2	7.8	6.3	4.8
EV/EBITDA	6.3	11.3	12.5	10.6	9.2
EV/Sales	0.8	1.6	1.7	1.5	1.3
<b>Margin Ratio (%)</b>					
EBITDA Margin	13.1	14.3	13.6	14.2	13.7
EBIT Margin	11.1	12.4	12.2	12.6	12.1
PAT Margin	13.3	8.4	7.4	8.3	10.0
<b>Return Ratio (%)</b>					
ROCE	24.8	59.1	45.2	44.6	42.3
ROE	19.1	30.2	25.1	25.9	26.9
<b>Other Ratios</b>					
Int. coverage ratio (%)	0.3	0.4	1.6	1.9	1.7
Debt-equity (x)	0.3	0.8	0.8	0.7	0.5
Liquidity ratio (x)	0.9	0.9	1.0	0.9	0.9
Other inc. contrib. (%)	43.4	10.8	11.7	10.9	9.7
Dividend Payout (%)	32.7	38.3	48.6	37.8	30.7
Asset TO (x)	1.5	3.4	2.7	2.7	2.6
WC Turnover (days)	(23.5)	(8.8)	(4.0)	(2.2)	(5.4)

Source: Company, Centrum Research Estimates

### Exhibit 24: Assumptions

	FY07	FY08	FY09E	FY10E	FY11E
<b>Volume (Units)</b>					
<b>Two Wheeler</b>					
Industry (2-W) volumes	7,857,548	7,248,600	7,437,670	7,876,495	8,613,725
Growth(%)	11.4	(7.7)	2.6	5.9	9.4
Bajaj Market Share	26.7	23.2	17.3	18.2	18.8
Bajaj Volume (2-W)	2,098,230	1,679,069	1,286,122	1,430,246	1,615,797
Growth(%)	13.2	(20.0)	(23.4)	11.2	13.0
<b>Three Wheeler</b>					
Industry (3-W) volumes	403,909	364,703	349,719	400,388	413,717
Growth(%)	12.2	(9.7)	(4.1)	14.5	3.3
Bajaj Market Share	44.8	42.2	34.5	39.4	39.5
Bajaj Volume (3-W)	181,133	153,997	135,470	157,662	163,337
Growth(%)	2.5	(15.0)	(12.0)	16.4	3.6
<b>Exports Volume</b>	<b>439,432</b>	<b>618,341</b>	<b>772,519</b>	<b>828,780</b>	<b>1,000,337</b>
Growth(%)	75.7	40.7	24.9	11.0	20.7
Exports CTG	8.3	6.6	6.3	2.6	7.1
<b>Total Bajaj Volume</b>	<b>2,718,795</b>	<b>2,451,407</b>	<b>2,194,111</b>	<b>2,416,688</b>	<b>2,779,471</b>
Growth(%)	19.2	(9.8)	(10.5)	10.1	15.0
<b>Realisations (Rs)</b>					
Domestic realisations (Rs)	36,887	38,542	45,269	41,296	41,826
Growth(%)	3.2	4.5	17.5	(8.8)	1.3
Exports realisations (Rs)	38,424	33,110	37,249	39,111	40,089
Growth(%)	6.9	(13.8)	12.5	5.0	2.5

Source: Company, Centrum Research Estimates

## Financials - Hero Honda

### Exhibit 25: Income Statement

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>Sales Volume</b>	<b>3,347,019</b>	<b>3,337,142</b>	<b>3,722,000</b>	<b>3,931,267</b>	<b>4,244,356</b>
% Growth	11.5	(0.3)	11.5	5.6	8.0
<b>Net Sales</b>	<b>99,000</b>	<b>103,645</b>	<b>123,569</b>	<b>128,603</b>	<b>142,080</b>
% Growth	13.6	4.7	19.2	4.1	10.5
Raw Materials	71,733	74,025	87,420	90,812	100,045
Personnel	3,538	3,835	4,487	4,887	5,527
Manufact. & Other Exp.	11,999	11,964	14,167	14,918	16,552
<b>EBITDA</b>	<b>11,730</b>	<b>13,821</b>	<b>17,495</b>	<b>17,986</b>	<b>19,956</b>
EBITDA Margin (%)	11.8	13.3	14.2	14.0	14.0
Depn. & Amortn	1,398	1,603	1,807	2,123	2,259
<b>EBIT</b>	<b>10,332</b>	<b>12,218</b>	<b>15,688</b>	<b>15,863</b>	<b>17,697</b>
Interest Expenses	(230)	(358)	(317)	(173)	(203)
<b>EBT</b>	<b>10,562</b>	<b>12,576</b>	<b>16,005</b>	<b>16,036</b>	<b>17,900</b>
Other Income	1,899	1,527	1,809	2,186	2,756
Extraord. (Income)/Exp.	-	-	-	-	-
<b>PBT</b>	<b>12,461</b>	<b>14,103</b>	<b>17,814</b>	<b>18,222</b>	<b>20,656</b>
Tax-Total	3,882	4,424	4,997	4,253	4,657
Tax Rate (%) - Total	31.2	31.4	28.1	23.3	22.5
<b>Reported PAT</b>	<b>8,579</b>	<b>9,679</b>	<b>12,817</b>	<b>13,969</b>	<b>15,998</b>
Extraord. items -Adj.	-	-	-	-	-
<b>Adjusted PAT</b>	<b>8,579</b>	<b>9,679</b>	<b>12,817</b>	<b>13,969</b>	<b>15,998</b>
PAT Margin	8.7	9.3	10.4	10.9	11.3
% Growth	(11.7)	12.8	32.4	9.0	14.5

Source: Company, Centrum Research Estimates

### Exhibit 26: Balance Sheet

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>SOURCES OF FUNDS</b>					
Capital	399	399	399	399	399
Reserves & Surplus	24,301	29,463	37,632	45,094	54,119
<b>Shareholders' Funds</b>	<b>24,701</b>	<b>29,862</b>	<b>38,032</b>	<b>45,493</b>	<b>54,519</b>
<b>Minority Interest</b>	-	-	-	-	-
Secured Loans	-	-	-	-	-
Unsecured Loans	1,652	1,320	1,287	1,254	1,221
<b>Total Loan Funds</b>	<b>1,652</b>	<b>1,320</b>	<b>1,287</b>	<b>1,254</b>	<b>1,221</b>
Deferred Tax Liabi. - Net	1,282	1,254	1,269	1,281	1,301
<b>Total</b>	<b>27,634</b>	<b>32,436</b>	<b>40,587</b>	<b>48,028</b>	<b>57,041</b>
<b>APPLICATION OF FUNDS</b>					
Gross Block	18,006	19,388	23,469	25,769	28,069
Accumulated Dep.	(6,351)	(7,825)	(9,632)	(11,755)	(14,014)
Capital WIP	1,899	4,085	200	350	350
<b>Net Fixed Assets</b>	<b>13,554</b>	<b>15,647</b>	<b>14,037</b>	<b>14,363</b>	<b>14,404</b>
<b>Investments</b>	<b>19,739</b>	<b>25,668</b>	<b>30,470</b>	<b>41,242</b>	<b>47,724</b>
Goodwill	-	-	-	-	-
Inventories	2,756	3,171	3,931	3,609	3,986
Sundry Debtors	3,353	2,974	3,844	3,939	4,351
Other Current Assets	36	57	36	36	36
Cash & Bank Balances	358	1,311	2,731	2,050	4,357
Loans and Advances	2,631	1,855	3,838	4,133	4,511
<b>Total Current Assets, Loans</b>	<b>9,133</b>	<b>9,368</b>	<b>14,379</b>	<b>13,766</b>	<b>17,240</b>
Current Liabilities	10,419	13,250	13,009	14,165	14,623
Provisions	4,372	4,998	5,289	7,179	7,705
<b>Total Current Liab. &amp; Prov.</b>	<b>14,792</b>	<b>18,247</b>	<b>18,299</b>	<b>21,344</b>	<b>22,328</b>
<b>Net Current Assets</b>	<b>(5,659)</b>	<b>(8,880)</b>	<b>(3,920)</b>	<b>(7,578)</b>	<b>(5,088)</b>
Miscellaneous Expend.	-	-	-	-	-
<b>Total assets</b>	<b>27,634</b>	<b>32,436</b>	<b>40,587</b>	<b>48,028</b>	<b>57,041</b>

Source: Company, Centrum Research Estimates

### Exhibit 27: Cash flow

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>Net cash from operations</b>	<b>7,667</b>	<b>14,894</b>	<b>10,890</b>	<b>17,222</b>	<b>17,630</b>
<b>Net cash from investment</b>	<b>(4,137)</b>	<b>(9,637)</b>	<b>(4,998)</b>	<b>(13,222)</b>	<b>(8,782)</b>
<b>Net CF from financing</b>	<b>(4,760)</b>	<b>(4,303)</b>	<b>(4,472)</b>	<b>(4,681)</b>	<b>(6,540)</b>
<b>Net cash increase/(dec)</b>	<b>(1,229)</b>	<b>953</b>	<b>1,420</b>	<b>(681)</b>	<b>2,307</b>

Source: Company, Centrum Research Estimates

### Exhibit 28: Key Ratios

Y/E March	FY07	FY08	FY09E	FY10E	FY11E
O/s Shares	200	200	200	200	200
Fully Diluted Shares	200	200	200	200	200
<b>Per share (Rs)</b>					
Basic EPS	43.0	48.5	64.2	70.0	80.1
Fully diluted EPS	43.0	48.5	64.2	70.0	80.1
Book value	123.7	149.5	190.5	227.8	273.0
<b>Valuation</b>					
P/E	34.2	30.3	22.9	21.0	18.3
P/BV	11.9	9.8	7.7	6.4	5.4
EV/EBITDA	23.5	19.5	15.0	14.1	12.2
EV/Sales	2.8	2.6	2.1	2.0	1.7
<b>Margin Ratio (%)</b>					
EBITDA Margin	11.8	13.3	14.2	14.0	14.0
EBIT Margin	10.4	11.8	12.7	12.3	12.5
PAT Margin	8.7	9.3	10.4	10.9	11.3
<b>Return Ratio (%)</b>					
ROCE	38.3	35.5	37.8	33.4	32.0
ROE	34.9	32.8	35.5	32.2	30.9
<b>Other Ratios</b>					
Interest coverage ratio (%)	0.1	0.1	0.1	0.1	0.1
Debt-equity (x)	0.1	0.0	0.0	0.0	0.0
Liquidity ratio (x)	0.6	0.5	0.8	0.6	0.8
Other income contrib. (%)	15.2	10.8	10.2	12.0	13.3
Dividend Payout (%)	39.6	39.2	31.2	40.0	37.4
Asset TO (x)	4.2	3.7	3.5	3.1	2.8
WC Turnover (days)	(24.1)	(25.6)	(18.9)	(16.3)	(16.3)

Source: Company, Centrum Research Estimates

### Exhibit 29: Assumptions

Y/E March	FY07	FY08	FY09	FY10E	FY11E
<b>Volume (Units)</b>					
Industry (2-W Volumes)	7,857,548	7,248,600	7,437,670	7,876,495	8,613,725
% Growth	11.4	(7.7)	2.6	5.9	9.4
Hero Honda Mkt Share	41.4	44.8	48.9	48.7	48.0
Hero Honda Volumes	3,249,374	3,249,891	3,640,807	3,835,147	4,133,816
% Growth	11.7	0.0	12.0	5.3	7.8
Export Volumes	97,645	87,251	81,193	96,120	110,540
% Growth	5.4	(10.6)	(6.9)	8.0	15.0
Exports CTG	0.2	(0.3)	(0.2)	0.4	0.4
<b>Total Hero Honda Vol.</b>	<b>3,347,019</b>	<b>3,337,142</b>	<b>3,722,000</b>	<b>3,931,267</b>	<b>4,244,356</b>
% Growth	11.5	(0.3)	11.5	5.6	8.0
<b>Realisations (Rs)</b>					
Domestic Realisat.(Rs)	33,039	34,218	35,071	35,923	36,747
% Growth	2.8	3.6	2.5	2.4	2.3
Exports Realisat. (Rs)	28,463	27,827	28,940	30,097	31,301
% Growth	4.0	(2.2)	4.0	4.0	4.0

Source: Company, Centrum Research Estimates

## Financials - M & M

### Exhibit 30: Income Statement

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>Sales Volume</b>	<b>272,107</b>	<b>293,757</b>	<b>326,396</b>	<b>375,675</b>	<b>399,611</b>
% Growth	19.5	8.0	11.1	15.1	6.4
<b>Net Sales</b>	<b>175,893</b>	<b>237,748</b>	<b>267,564</b>	<b>334,772</b>	<b>370,271</b>
% Growth	42.6	35.2	12.5	25.1	10.6
Raw Materials	89,612	116,292	130,638	132,169	149,574
% of Net Sales	50.9	48.9	48.8	39.5	40.4
Personnel	23,884	36,137	42,749	97,084	103,676
% of Net Sales	13.6	15.2	16.0	29.0	28.0
Manufact. & Other Exp.	35,205	52,242	57,512	69,398	76,757
% of Net Sales	20.0	22.0	21.5	20.7	20.7
<b>EBITDA</b>	<b>27,191</b>	<b>33,078</b>	<b>36,665</b>	<b>36,120</b>	<b>40,264</b>
EBITDA Margin (%)	15.5	13.9	13.7	10.8	10.9
Deprn. & Amortisation	3,799	5,822	7,493	9,039	10,071
EBIT	23,393	27,255	29,172	27,081	30,193
Interest Expenses	2,992	5,895	7,502	8,139	8,546
<b>EBT</b>	<b>20,401</b>	<b>21,360</b>	<b>21,671</b>	<b>18,942</b>	<b>21,646</b>
Other Income	2,796	6,705	1,635	1,667	1,834
Extraord (Inc.)/Exp.-Reported	1,173	3,025	764	-	-
PBT	22,024	25,040	22,541	20,609	23,480
Tax-Total	5,957	6,572	5,422	5,274	6,193
Tax Rate (%)	27.0	26.2	24.1	25.6	26.4
Profit after tax	16,067	18,468	17,120	15,335	17,288
Sh. of Profit in Invest.in Associ.	(152)	22	64	-	-
Share of Minority in Profit	(164)	(100)	(113)	(130)	(149)
Miscellaneous exp.in Subsid.	1,411	2,835	3,115	3,390	3,974
<b>Reported PAT</b>	<b>14,971</b>	<b>15,711</b>	<b>14,054</b>	<b>12,075</b>	<b>13,462</b>
Extraord.(Inc)/Exp.-Adj.	(1810)	(2184)	(2877)	(400)	0
<b>Adjusted PAT</b>	<b>13,161</b>	<b>13,527</b>	<b>11,177</b>	<b>11,675</b>	<b>13,462</b>
PAT Margin	7.5	5.7	4.2	3.5	3.6
% Growth	18.6	2.8	(17.4)	4.5	15.3

Source: Company, Centrum Research Estimates

### Exhibit 31: Balance Sheet

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>SOURCES OF FUNDS</b>					
Capital	2,412	2,431	2,788	2,788	2,788
Reserves and Surplus	46,135	59,217	67,347	75,332	84,705
<b>Shareholders' Funds</b>	<b>48,547</b>	<b>61,648</b>	<b>70,135</b>	<b>78,120</b>	<b>87,493</b>
<b>Minority Interest</b>	<b>16,595</b>	<b>27,345</b>	<b>30,460</b>	<b>33,850</b>	<b>37,824</b>
Secured Loans	56,193	69,819	70,919	67,719	65,519
Unsecured Loans	22,097	28,991	50,049	74,049	80,049
<b>Total Loan Funds</b>	<b>78,290</b>	<b>98,810</b>	<b>120,968</b>	<b>141,768</b>	<b>145,568</b>
Deferred Inc.-club mahindra	3,195	4,780	6,634	8,572	10,956
Deferred Tax Liability - Net	(147)	(176)	1,236	1,296	1,371
<b>Total</b>	<b>146,481</b>	<b>192,407</b>	<b>229,433</b>	<b>263,606</b>	<b>283,211</b>
<b>APPLICATION OF FUNDS</b>					
Gross Block	78,187	106,904	117,966	133,075	145,892
Accumulated Deprn.	(35,913)	(42,190)	(49,684)	(58,722)	(68,794)
Capital WIP	5,593	11,542	15,042	16,042	17,042
<b>Net Fixed Assets</b>	<b>47,867</b>	<b>76,255</b>	<b>83,324</b>	<b>90,395</b>	<b>94,140</b>
<b>Investments</b>	<b>10,033</b>	<b>13,547</b>	<b>11,259</b>	<b>10,218</b>	<b>29,035</b>
Goodwill	-	-	3,000	3,000	3,000
Inventories	24,286	32,754	32,832	37,358	40,203
Sundry Debtors	27,027	37,678	38,389	47,960	50,812
Other Current Assets	30	157	93	125	109
Cash and Bank Balances	20,451	17,280	20,989	25,848	33,056
Loans and Advances	68,603	81,416	122,782	149,834	144,990
<b>Total Current Assets</b>	<b>140,397</b>	<b>169,285</b>	<b>215,085</b>	<b>261,125</b>	<b>269,170</b>
Current Liabilities	42,701	52,912	68,577	84,787	95,197
Provisions	9,306	13,910	14,740	16,366	16,936
<b>Total Current Liab. &amp; Prov.</b>	<b>52,007</b>	<b>66,823</b>	<b>83,317</b>	<b>101,153</b>	<b>112,133</b>
<b>Net Current Assets</b>	<b>88,390</b>	<b>102,463</b>	<b>131,768</b>	<b>159,971</b>	<b>157,036</b>
Miscellaneous Expend.	190	142	82	22	-
<b>Total assets</b>	<b>146,480</b>	<b>192,407</b>	<b>229,433</b>	<b>263,606</b>	<b>283,211</b>

Source: Company, Centrum Research Estimates

### Exhibit 32: Cash flow

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>Net cash from op.</b>	<b>24,826</b>	<b>17,355</b>	<b>(3,321)</b>	<b>2,399</b>	<b>40,131</b>
<b>Net cash from invest.</b>	<b>(36,607)</b>	<b>(40,183)</b>	<b>(12,274)</b>	<b>(15,068)</b>	<b>(32,634)</b>
<b>Net CF from financing</b>	<b>20,359</b>	<b>19,656</b>	<b>19,304</b>	<b>17,528</b>	<b>(289)</b>
<b>Net cash increase/(dec)</b>	<b>8,579</b>	<b>(3,172)</b>	<b>3,709</b>	<b>4,859</b>	<b>7,208</b>

Source: Company, Centrum Research Estimates

### Exhibit 33: Key Ratios

Y/E March	FY07	FY08	FY09E	FY10E	FY11E
O/s Shares	245	246	279	279	279
Fully Diluted Shares	292	292	292	292	292
<b>Per share (Rs)</b>					
Basic EPS	61.0	63.9	50.4	43.3	48.3
Fully diluted EPS	45.0	46.3	38.2	39.9	46.0
Book value	166.1	210.9	239.9	267.2	299.3
<b>Valuation</b>					
P/E	17.4	16.9	20.5	19.6	17.0
P/BV	4.7	3.7	3.3	2.9	2.6
EV/EBITDA	9.0	8.0	8.5	9.1	7.6
EV/Sales	1.4	1.1	1.2	1.0	0.8
<b>Margin Ratio (%)</b>					
EBITDA Margin	15.5	13.9	13.7	10.8	10.9
EBIT Margin	13.3	11.5	10.9	8.1	8.2
PAT Margin	9.1	7.8	6.4	4.6	4.7
<b>Return Ratio (%)</b>					
ROCE	35.0	28.6	21.4	16.3	16.3
ROE	15.8	14.0	11.2	8.8	8.7
<b>Other Ratios</b>					
Interest coverage ratio (%)	10.0	14.8	19.6	21.5	20.3
Debt-equity (x)	1.6	1.6	1.7	1.8	1.7
Liquidity ratio (x)	2.7	2.5	2.6	2.6	2.4
Other income contrib. (%)	12.7	26.8	7.3	8.1	7.8
Dividend Payout (%)	18.9	18.0	19.8	28.9	25.9
Asset TO (x)	1.3	1.3	1.3	1.4	1.4
WC Turnover (days)	157.8	146.5	159.8	159.0	156.2

Source: Company, Centrum Research Estimates

### Exhibit 34: Assumptions

Y/E March	FY07	FY08	FY09E	FY10E	FY11E
<b>Volume (Units)</b>					
<b>UV</b>					
Industry Volume	220,306	243,589	241,061	261,346	305,200
Growth(%)	13.3	10.6	(1.0)	8.4	16.8
M&M Market Share	40.7	42.7	45.3	49.5	47.4
M&M Volume	89,734	104,020	109,129	129,282	144,740
Growth(%)	6.8	15.9	4.9	18.5	12.0
<b>LCV</b>					
M&M Volume (excl. Subs.)	38,122	44,741	44,526	42,034	49,598
Growth(%)	24.3	17.4	(0.5)	(5.6)	18.0
<b>3-W</b>					
M&M Volume	33,700	33,927	44,533	50,538	51,790
Growth(%)	50.3	0.7	31.3	13.5	2.5
<b>Tractors</b>					
M&M Volume	95,005	90,037	112,695	135,694	132,824
Growth(%)	21.7	(5.2)	25.2	20.4	(2.1)
<b>Exports Volume</b>					
UV+LCV	8,021	12,359	8,500	11,159	13,168
Growth(%)	44.9	54.1	(31.2)	8.0	18.0
Tractors	7,525	8,673	7,013	6,968	7,491
Growth(%)	7.8	15.3	(19.1)	(2.5)	7.5
Total Exports	15,546	21,032	15,513	18,127	20,659
Growth(%)	24.2	35.3	(26.2)	16.9	14.0
Exports CTG	1.3	2.0	(1.9)	0.8	0.7
<b>Total M&amp;M Volume</b>	<b>272,107</b>	<b>293,757</b>	<b>326,396</b>	<b>375,675</b>	<b>399,611</b>
Growth(%)	19.5	8.0	11.1	15.1	6.4

Source: Company, Centrum Research Estimates

## Financials - Maruti Suzuki

### Exhibit 35: Income Statement

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>Sales Volume</b>	<b>674,924</b>	<b>764,842</b>	<b>792,167</b>	<b>814,776</b>	<b>968,732</b>
% Growth	20.1	13.3	3.6	2.9	18.9
<b>Net Sales</b>	<b>146,539</b>	<b>183,759</b>	<b>208,525</b>	<b>223,753</b>	<b>276,347</b>
% Growth	21.6	25.4	13.5	7.3	23.5
Raw Materials	110,637	136,468	162,427	170,664	209,982
% of Net Sales	75.5	74.3	77.9	76.3	76.0
Personnel	2,884	3,562	4,711	5,191	5,914
% of Net Sales	2.0	1.9	2.3	2.3	2.1
Manufact. & Other Exps.	13,114	16,395	23,067	25,228	29,845
% of Net Sales	8.9	8.9	11.1	11.3	10.8
<b>EBITDA</b>	<b>19,904</b>	<b>27,334</b>	<b>18,321</b>	<b>22,670</b>	<b>30,605</b>
EBITDA Margin (%)	13.6	14.9	8.8	10.1	11.1
Depn. & Amortn	2,714	3,559	7,065	9,366	10,014
<b>EBIT</b>	<b>17,190</b>	<b>23,776</b>	<b>11,255</b>	<b>13,304</b>	<b>20,592</b>
Interest Expenses	376	596	510	652	590
<b>EBT</b>	<b>16,814</b>	<b>23,179</b>	<b>10,745</b>	<b>12,652</b>	<b>20,002</b>
Other Income	5,984	3,974	6,013	7,576	7,458
Extraord. (Income)/Exp.	-	2,123	-	-	-
<b>PBT</b>	<b>22,798</b>	<b>25,031</b>	<b>16,759</b>	<b>20,228</b>	<b>27,461</b>
Tax-Total	7,178	7,722	4,571	5,373	7,742
Tax Rate (%) - Total	31.5	30.9	27.3	26.6	28.2
<b>Reported PAT</b>	<b>15,620</b>	<b>17,309</b>	<b>12,187</b>	<b>14,856</b>	<b>19,719</b>
Extraord. items-Adj.	-	1,817	-	-	-
<b>Adjusted PAT</b>	<b>15,620</b>	<b>19,126</b>	<b>12,187</b>	<b>14,856</b>	<b>19,719</b>
PAT Margin	10.7	10.4	5.8	6.6	7.1
% Growth	31.4	22.4	(36.3)	21.9	32.7

Source: Company, Centrum Research Estimates

### Exhibit 36: Balance Sheet

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>SOURCES OF FUNDS</b>					
Capital	1,445	1,445	1,445	1,445	1,445
Reserves & Surplus	67,094	82,710	93,711	107,126	124,811
<b>Shareholders' Funds</b>	<b>68,539</b>	<b>84,155</b>	<b>95,156</b>	<b>108,570</b>	<b>126,255</b>
Secured Loans	635	1	212	172	47
Unsecured Loans	5,673	9,001	8,751	8,251	7,251
<b>Total Loan Funds</b>	<b>6,308</b>	<b>9,002</b>	<b>8,963</b>	<b>8,423</b>	<b>7,298</b>
Deferred Tax Liab.-Net	1,675	1,701	1,841	1,951	2,026
<b>Total</b>	<b>76,522</b>	<b>94,858</b>	<b>105,960</b>	<b>118,944</b>	<b>135,579</b>
<b>APPLICATION OF FUNDS</b>					
Gross Block	61,468	72,853	92,853	112,853	121,753
Accumulated Dep.	(34,871)	(39,888)	(46,953)	(56,319)	(66,332)
Capital WIP	2,507	7,363	3,363	1,363	363
<b>Net Fixed Assets</b>	<b>29,104</b>	<b>40,328</b>	<b>49,263</b>	<b>57,897</b>	<b>55,784</b>
<b>Investments</b>	<b>34,092</b>	<b>51,807</b>	<b>45,889</b>	<b>47,835</b>	<b>58,274</b>
Inventories	7,014	10,380	12,937	12,044	13,937
Sundry Debtors	7,474	6,555	10,999	7,388	14,979
Other Current Assets	384	331	358	358	349
Cash and Bank Balances	14,228	3,240	4,729	12,439	12,979
Loans and Advances	9,241	10,403	11,866	10,790	17,000
<b>Total Current Assets</b>	<b>38,341</b>	<b>30,909</b>	<b>40,889</b>	<b>43,019</b>	<b>59,245</b>
Current Liabilities	20,110	24,492	26,412	26,081	33,187
Provisions	4,905	3,695	3,669	3,726	4,536
<b>Total Current Liabi. &amp; Prov.</b>	<b>25,015</b>	<b>28,187</b>	<b>30,081</b>	<b>29,807</b>	<b>37,723</b>
<b>Net Current Assets</b>	<b>13,326</b>	<b>2,722</b>	<b>10,808</b>	<b>13,212</b>	<b>21,522</b>
<b>Total assets</b>	<b>76,522</b>	<b>94,857</b>	<b>105,960</b>	<b>118,944</b>	<b>135,579</b>

Source: Company, Centrum Research Estimates

### Exhibit 37: Cash flow

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>Net cash from operations</b>	<b>23,301</b>	<b>22,458</b>	<b>13,301</b>	<b>29,382</b>	<b>21,444</b>
<b>Net cash from investment</b>	<b>(27,526)</b>	<b>(34,621)</b>	<b>(10,082)</b>	<b>(19,946)</b>	<b>(18,339)</b>
<b>Net CF from financing</b>	<b>4,438</b>	<b>1,175</b>	<b>(1,730)</b>	<b>(1,726)</b>	<b>(2,566)</b>
<b>Net cash increase/(dec)</b>	<b>212</b>	<b>(10,987)</b>	<b>1,489</b>	<b>7,710</b>	<b>540</b>

Source: Company, Centrum Research Estimates

### Exhibit 38: Key Ratios

Y/E March	FY07	FY08	FY09E	FY10E	FY11E
O/s Shares	289	289	289	289	289
Fully Diluted Shares	289	289	289	289	289
<b>Per share (Rs)</b>					
Basic EPS	54.1	66.2	42.2	51.4	68.3
Fully diluted EPS	54.1	66.2	42.2	51.4	68.3
Book value	237.2	291.3	329.4	375.8	437.0
<b>Valuation</b>					
P/E	20.1	16.4	25.7	21.1	15.9
P/BV	4.6	3.7	3.3	2.9	2.5
EV/EBITDA	13.7	9.9	15.0	11.7	8.3
EV/Sales	1.9	1.5	1.3	1.2	0.9
<b>Margin Ratio (%)</b>					
EBITDA Margin	13.6	14.9	8.8	10.1	11.1
EBIT Margin	11.7	12.9	5.4	5.9	7.5
PAT Margin	10.7	9.4	5.8	6.6	7.1
<b>Return Ratio (%)</b>					
ROCE	27.3	26.5	14.3	15.2	17.4
ROE	24.4	23.3	12.7	13.9	16.1
<b>Other Ratios</b>					
Int. coverage ratio (%)	1.5	1.9	2.1	2.2	1.5
Debt-equity (x)	0.1	0.1	0.1	0.1	0.1
Liquidity ratio (x)	1.5	1.1	1.4	1.4	1.6
Other income contrib.(%)	26.2	15.9	35.9	37.5	27.2
Dividend Payout (%)	8.3	8.3	8.3	8.3	8.8
Asset TO (x)	2.2	2.3	2.2	2.1	2.2
WC Turnover (days)	38.6	15.9	11.8	19.6	22.9

Source: Company, Centrum Research Estimates

### Exhibit 39: Assumptions

Y/E March	FY07	FY08	FY09E	FY10E	FY11E
<b>Volume (Units)</b>					
Industry (Pass Veh) Vol.	1,379,698	1,547,985	1,551,880	1,630,080	1,921,949
Growth(%)	20.7	12.2	0.3	5.0	17.9
MSL Market Share	46.1	46.0	46.5	44.9	44.0
MSL Volume	635,629	711,818	722,144	731,298	844,767
Growth(%)	20.6	12.0	1.5	1.3	15.5
Exports Volume	39,295	53,024	70,023	83,478	123,965
Growth(%)	13.0	34.9	32.1	19.2	48.5
Exports CTG	0.8	2.0	2.2	1.7	5.0
<b>Total MSL Volume</b>	<b>674,924</b>	<b>764,842</b>	<b>792,167</b>	<b>814,776</b>	<b>968,732</b>
Growth(%)	20.1	13.3	3.6	2.9	18.9
<b>Realisations (Rs)</b>					
Domestic realisa.(Rs)	244,775	267,733	280,435	275,237	282,986
Growth(%)	(2.9)	9.4	4.7	(1.9)	2.8
Exports realisations (Rs)	147,118	139,805	224,535	246,642	289,949
Growth(%)	(12.4)	(5.0)	60.6	9.8	17.6

Source: Company, Centrum Research Estimates

## Financials - Tata Motors

### Exhibit 40: Income Statement

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>Sales Volume (incl. JLR)</b>	<b>579,297</b>	<b>582,401</b>	<b>676,851</b>	<b>693,735</b>	<b>792,092</b>
% Growth	27.6	0.5	16.2	2.5	14.2
<b>Net Sales</b>	<b>323,612</b>	<b>356,515</b>	<b>764,120</b>	<b>704,998</b>	<b>820,988</b>
% Growth	36.1	10.2	114.3	(7.7)	16.5
Raw Materials	220,388	243,624	579,944	523,042	601,968
% of Net Sales	68.1	68.3	75.9	74.2	73.3
Personnel	24,158	27,452	55,399	50,407	58,701
% of Net Sales	7.5	7.7	7.3	7.2	7.2
Manufact. & Other Exps.	37,922	42,707	93,223	89,535	104,265
% of Net Sales	11.7	12.0	12.2	12.7	12.7
<b>EBITDA</b>	<b>41,144</b>	<b>42,732</b>	<b>35,554</b>	<b>42,015</b>	<b>56,054</b>
EBITDA Margin (%)	12.7	12.0	4.7	6.0	6.8
Depn & Amortn.	7,731	8,480	27,342	34,452	37,547
EBIT	33,413	34,252	8,212	7,563	18,507
Interest Exps.	4,058	7,431	19,737	31,114	31,847
<b>EBT</b>	<b>29,355</b>	<b>26,822</b>	<b>(11,525)</b>	<b>(23,551)</b>	<b>(13,340)</b>
Other Income	1,532	2,675	7,328	4,292	4,436
Extraord. (Inc.)/Exps.	-	(1,376)	653	28,820	20
<b>PBT</b>	<b>30,887</b>	<b>30,873</b>	<b>(4,849)</b>	<b>(48,079)</b>	<b>(8,925)</b>
Tax-Total	8,832	8,515	(2,682)	(3,244)	(754)
Tax Rate (%) - Total	28.6	27.6	55.3	6.7	8.5
<b>Profit after tax</b>	<b>22,055</b>	<b>22,357</b>	<b>(2,167)</b>	<b>(44,835)</b>	<b>(8,170)</b>
Profit sh. Invest.in Assoc.	394	652	626	651	693
Sh. of Minority in Profit	742	1323	1428	1314	1367
Mis. exp.in Subsidiaries	7	10	14	22	32
<b>Reported PAT</b>	<b>21,700</b>	<b>21,677</b>	<b>(2,984)</b>	<b>(45,520)</b>	<b>(8,876)</b>
Extraord. items -Adj.	-	(2,680)	(9,749)	26,492	-
<b>Adjusted PAT</b>	<b>21,700</b>	<b>18,997</b>	<b>(12,733)</b>	<b>(19,028)</b>	<b>(8,876)</b>
PAT Margin	6.7	5.3	(1.7)	(2.7)	(1.1)
% Growth	37.3	(12.5)	(167.0)	49.4	(53.4)

Source: Company, Centrum Research Estimates

### Exhibit 41: Balance Sheet

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>SOURCES OF FUNDS</b>					
Capital	3,854	3,855	5,141	5,141	5,141
Reserves and Surplus	73,363	83,120	112,734	62,841	48,989
<b>Shareholders' Funds</b>	<b>77,217</b>	<b>86,975</b>	<b>117,875</b>	<b>67,982</b>	<b>54,130</b>
<b>Minority Interest</b>	<b>2,500</b>	<b>4,683</b>	<b>6,111</b>	<b>7,425</b>	<b>8,792</b>
Secured Loans	44,627	60,119	247,661	301,861	331,861
Unsecured Loans	28,393	55,730	101,370	101,563	65,173
<b>Total Loan Funds</b>	<b>73,019</b>	<b>115,849</b>	<b>349,030</b>	<b>403,424</b>	<b>397,033</b>
Deferred Tax Liab. - Net	8,173	9,745	14,145	15,495	16,945
<b>Total Liabilities</b>	<b>160,908</b>	<b>217,252</b>	<b>487,162</b>	<b>494,326</b>	<b>476,900</b>
<b>APPLICATION OF FUNDS</b>					
Gross Block	103,592	129,757	352,164	398,744	413,350
Accumulated Depn.	(54,266)	(60,605)	(87,188)	(120,768)	(157,312)
Capital WIP	25,817	59,483	51,483	51,483	51,483
<b>Net Fixed Assets</b>	<b>75,142</b>	<b>128,635</b>	<b>316,459</b>	<b>329,459</b>	<b>307,521</b>
<b>Investments</b>	<b>11,746</b>	<b>26,658</b>	<b>37,434</b>	<b>32,581</b>	<b>34,462</b>
Goodwill	4,430	5,662	45,162	44,662	44,162
Inventories	31,669	32,946	70,187	63,495	73,682
Sundry Debtors	17,022	20,605	50,825	55,698	64,861
Other Current Assets	63	12	37	25	31
Cash and Bank Balances	11,543	38,332	22,544	35,381	32,074
Loans and Advances	102,483	100,778	195,363	182,688	197,178
<b>Total Current Assets</b>	<b>162,779</b>	<b>192,674</b>	<b>338,957</b>	<b>337,287</b>	<b>367,827</b>
Current Liabilities	77,004	113,192	213,475	184,575	206,777
Provisions	16,304	23,254	37,430	65,121	70,296
<b>Total Current Liab.</b>	<b>93,308</b>	<b>136,446</b>	<b>250,905</b>	<b>249,696</b>	<b>277,073</b>
<b>Net Current Assets</b>	<b>69,471</b>	<b>56,228</b>	<b>88,053</b>	<b>87,591</b>	<b>90,754</b>
Misc. Expenditure	119	69	55	33	1
<b>Total assets</b>	<b>160,908</b>	<b>217,252</b>	<b>487,162</b>	<b>494,326</b>	<b>476,900</b>

Source: Company, Centrum Research Estimates

### Exhibit 42: Cash flow

Y/E March (Rsmn)	FY07	FY08	FY09E	FY10E	FY11E
<b>Net cash from operations</b>	<b>(10,852)</b>	<b>70,089</b>	<b>(20,487)</b>	<b>2,127</b>	<b>22,077</b>
<b>Net cash from investment</b>	<b>(26,795)</b>	<b>(77,457)</b>	<b>(264,683)</b>	<b>(41,228)</b>	<b>(15,987)</b>
<b>Net CF from financing</b>	<b>35,325</b>	<b>34,158</b>	<b>269,382</b>	<b>51,938</b>	<b>(9,397)</b>
<b>Net cash increase/(dec)</b>	<b>(2,322)</b>	<b>26,789</b>	<b>(15,788)</b>	<b>12,837</b>	<b>(3,307)</b>

Source: Company, Centrum Research Estimates

### Exhibit 43: Key Ratios

Y/E March	FY07	FY08	FY09E	FY10E	FY11E
O/s Shares	385	386	514	514	514
Fully Diluted Shares	409	544	557	557	557
<b>Per share (Rs)</b>					
Basic EPS	42.2	37.0	(24.8)	(37.0)	(17.3)
Fully diluted EPS	39.0	34.1	(22.9)	(34.2)	(15.9)
Book value	188.8	159.9	211.7	122.1	97.2
<b>Valuation</b>					
P/E	9.2	10.5	(15.6)	(10.5)	(22.4)
P/BV	1.9	2.2	1.7	2.9	3.7
EV/EBITDA	5.9	5.9	13.7	12.7	9.4
EV/Sales	0.8	0.7	0.6	0.8	0.6
<b>Margin Ratio (%)</b>					
EBITDA Margin	12.7	12.0	4.7	6.0	6.8
EBIT Margin	10.3	9.6	1.1	1.1	2.3
PAT Margin	6.8	6.3	(0.3)	(6.4)	(1.0)
<b>Return Ratio (%)</b>					
ROCE	31.4	23.2	(12.5)	(20.5)	(14.6)
ROE	20.1	13.8	(1.2)	2.1	4.4
<b>Other Ratios</b>					
Int. coverage ratio (%)	9.5	16.4	46.0	67.2	52.6
Debt-equity (x)	0.9	1.3	3.0	5.9	7.3
Liquidity ratio (x)	1.7	1.4	1.4	1.4	1.3
Other income contrib. (%)	5.0	8.7	(151.1)	(8.9)	(49.7)
Dividend Payout (%)	26.6	30.4	(25.2)	(19.6)	(47.8)
Asset TO (x)	2.3	1.9	1.8	1.6	2.0
WC Turnover (days)	57.4	64.3	34.5	45.5	39.6

Source: Company, Centrum Research Estimates

### Exhibit 44: Assumptions

Y/E March	FY07	FY08	FY09E	FY10E	FY11E
<b>Volume (Units)</b>					
<b>CV</b>					
Industry Volume	467,882	486,817	387,060	387,180	415,809
Growth(%)	33.3	4.0	(20.5)	0.0	7.4
TML Market Share	63.9	64.4	61.5	60.7	59.9
TML Volume	299,173	313,371	265,012	262,657	282,762
Growth(%)	39.2	4.7	(15.4)	(0.9)	7.7
<b>PV</b>					
Industry Volume	1,379,698	1,547,985	1,561,917	1,630,080	1,921,949
Growth(%)	20.7	12.2	0.9	4.4	17.9
TML Market Share	16.4	13.9	14.5	16.1	16.9
TML Volume	226,893	214,758	199,725	235,185	291,928
Growth(%)	20.1	(5.3)	(7.0)	17.8	24.1
<b>Exports Volume</b>					
Total Exports	53,231	54,272	33,410	45,782	49,278
Growth(%)	6.2	2.0	(38.4)	37.0	7.6
Exports CTG	0.7	0.2	(3.6)	2.5	0.6
<b>TML Standalone Volume</b>	<b>579,297</b>	<b>582,401</b>	<b>498,147</b>	<b>543,624</b>	<b>623,968</b>
Growth(%)	27.6	0.5	(14.5)	9.1	14.8
<b>JLR Volume</b>			<b>178,704</b>	<b>150,111</b>	<b>168,124</b>
Growth(%)			0.0	(16.0)	12.0

Source: Company, Centrum Research Estimates

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