



**NIRMAL BANG**  
a relationship beyond broking

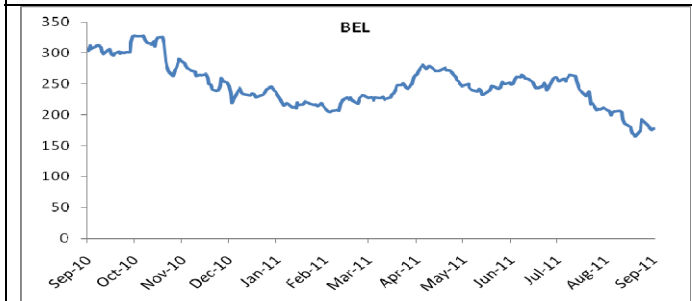
*Bright & Shining*



**Initiating Coverage**
**Bajaj Electricals Ltd. (BEL)**

<b>Recommendation</b>	<b>BUY</b>
<b>CMP (22/09/2011)</b>	<b>Rs. 186</b>
<b>Sector</b>	<b>Household Appliances</b>
<b>Stock Details</b>	
BSE Code	500031
NSE Code	BAJAJELEC
Bloomberg Code	BJE IN
Market Cap (Rs. cr)	1802
Free Float (%)	35.22
52- wk HI/Lo (Rs.)	347/160
Avg. volume BSE (Monthly)	89131
Face Value	Rs.2
Dividend FY11	Rs. 2.8
Shares o/s (Cr)	9.88

Relative Performance	1Mth	3Mth	1Yr
<b>BEL</b>	-14.3%	-28.3%	-41.3%
<b>Sensex</b>	0.4%	-7.7%	-8.5%



<b>Shareholding Pattern</b>	
Promoters Holding	64.78%
Institutional (Incl. FII)	20.96%
Corporate Bodies	2.37%
Public & others	11.89%

**Ruchita Maheshwari, Research Analyst**  
 (022 – 3926 8023)  
 E-mail Id: [ruchita.maheshwari@nirmalbang.com](mailto:ruchita.maheshwari@nirmalbang.com)

**Investment Rationale**

✍ **Q1FY12 was an aberration; FY12E remains positive:** BEL reported a poor performance in Q1FY12 due to the consumer business facing poor market conditions for fan and room cooler (reported a moderate growth of 15.5%) and E&P (Engineering & Projects) business showcased just a meager 2.5% growth coupled with loss on account of increased cost incurred to close down the lingering projects. BEL prices corrected by 14% since Q1FY12 result. We expect BEL performance to improve in Q2FY12E and bounce back to normal level in second half of FY12E on the account of better performance by E&P business and normal growth in consumer durable business.

✍ **Introduction of new products at various price points:** Backed by its R&D efforts and global collaborations, the company has been able to launch newer products across various price points/segments. With aggressive marketing, strong distribution network and strong brand equity, various launches of new categories in last 1 – 2 years will start contributing substantially from current year.

✍ **Well Diversified product portfolio; presence at all price point:** Over the past seven decades, BEL has established strong presence in 'value for money' segment of consumer durable products. To strengthen its product portfolio, BEL strategically entered the premium segment through tie-ups with global premium brands. BEL also launched its own brand "Bajaj Platini" to bridge the gap between the value and premium brands.

✍ **Nationwide distribution network with wide urban and retail penetration:** We believe that consumer durables market is highly fragmented with stiff competition from regional and national players. Thus, to beat the competition BEL has created a strong presence in pan India with network of 19 branch offices besides being supported by a chain of about 1000 distributors, 4000 authorized dealers, over 4,00,000 retail outlets and over 282 Customer Care centers.

**Valuation & Recommendation**

At CMP of Rs. 186, the stock is trading at a PE of 11.3x in FY12E and 9.4x in FY13E whereas on EV/EBITDA it is trading at 5.8x and 4.8x in FY12E and FY13E respectively. **We recommend to "BUY" the stock with a target price of Rs. 238 per share (12x on FY13E EPS), an upside of 28% for a long term view.**

Year	Net Sales	Growth %	EBIDTA	EBIDTA (%)	PAT	PAT (%)	EPS (Rs.)	P/E(x)	ROE(%)
FY10	2228.6	26.3%	242.7	10.9%	117.1	5.3%	12.0	15.5	32.1%
FY11	2740.8	23.0%	258.0	9.4%	143.8	5.2%	14.5	12.8	23.9%
FY12E	3234.5	18.0%	287.3	8.9%	162.4	5.0%	16.4	11.3	24.3%
FY13E	3696.5	14.3%	345.8	9.4%	195.7	5.3%	19.8	9.4	24.0%

### Investment Rationale

#### Q1FY12 was an aberration; FY12E remains positive

BEL reported a poor performance in Q1FY12 due to the consumer business facing poor market conditions (reported a moderate growth of 15.5%) and E&P (Engineering & Projects) business showcased just a meager 2.5% growth against last year. The consumer business was affected badly due to the markets for fan and room coolers were extremely depressed in the quarter because of shorter summer season this time. Whereas in E&P business, BEL reported a negative EBIT margin of 6.7% as the company had to incur additional cost to close down its several old/stuck projects to free up more working capital and bring efficiency in employee costs. To improve the E&P business, the company is in the cleaning process where it's planning to reduce the number of projects from 82 to ~ 50 levels. This cleaning process is expected to continue through Q2FY12 and margins are expected to improve thereafter.

We expect 2HYFY12E result to be an excellent result on the account of better performance by E&P business and the consumer durable business. BEL expects to register a growth of 24% in consumer facing business in FY12E.

The company being a strong leader in most of the segment it operates enjoys a pricing power. The company has taken several price increases to counter the negative effects of the high raw-material prices. These raw-materials (copper, aluminium, zinc, plastic & steel) have softened in the current quarter. We expect BEL to get benefit from the hike in prices and softening of raw-material prices.

#### Management Guidance:

- ✍ BEL intends to bring down the number of projects from 82 to ~ 50 projects in E&P division. This will bring down the cost, check inventory management, improve working capital position and will improve balance sheet going forward.
- ✍ Management has guided for EBIT margin improving in E&P division from negative 6.7% in Q1FY12 to 12.7% by Q4FY12, indicating full year margin at ~8%.
- ✍ BEL expects to clock – in growth of 24% in Consumer durable business in FY12E and expect to maintain margin of FY11.

**Introduction of new products at various price points**

Backed by its R&D efforts and global collaborations, the company has been able to launch newer products across various price points/segments. The company is re-entering the pressure cooker sector after a gap of 25 years. The company has completed successful test marketing in Orissa and West Bengal and is planning to launch it in pan India in 2011. The company is also planning to foray into water purifier segment for rural as well urban markets. Besides, BEL is also planning to launch DG sets after test-marketing in Tamil Nadu and Kerala. The company is also trying to consolidate its position in the water lifting pumps after being in the market for two years. BEL is planning to Introduce Microwave ovens under Morphy Richards brand in the near future.

With aggressive marketing, strong distribution network and strong brand equity, various launches of new categories in last 1 – 2 years will start contributing substantially from current year.

**Well Diversified product portfolio; presence at all price point enjoys leadership position:**

BEL with its comprehensive product portfolio is present across segments and various price points. Over the past seven decades, BEL has established strong presence in 'value for money' segment of consumer durable products. To strengthen its product portfolio, BEL strategically entered the premium segment through tie-ups with global premium brands.

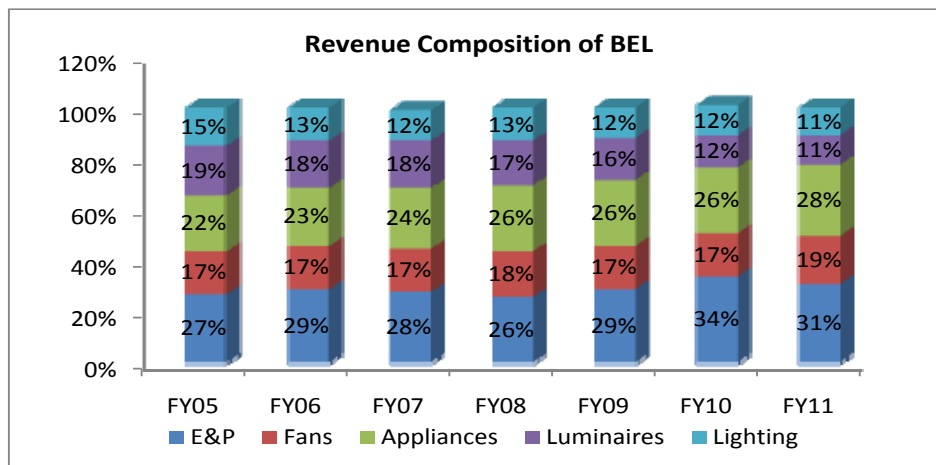
**The Global Tie – Ups:**

Segment	Global Tie-up	Strategy
Fans	Midea (World's largest fan company)	TPW fans (Table, Pedestal & Walls)
Fans	Walt Disney	For Children
Appliances	Morphy Richards, UK	For Premium Appliances
Appliances	Nardi, Italy	For gas Appliances & Cooking range
Luminaires / Lighting	Trilux, Germany	For premium technical lighting
Luminaires / Lighting	RUUD, US	For LED Lighting
Luminaires / Lighting	Disano, Italy	For Street Lighting
Luminaires / Lighting	Securiton, Switzerland	For the Alarm system
Luminaires / Lighting	Delta Controls, Canada	For access controls and building management
Luminaires / Lighting	Abacus, UK	For sports lighting

Source: Company & Nirmal Bang Research

**Initiating Coverage**
**Bajaj Electricals Ltd. (BEL)**

BEL also launched its own premium sub-brand “Bajaj Platini” to further explore the fast growing premium segment apart from being present in premium segment under the brand Morphy Richards.



Source: Company & Nirmal Bang Research

BEL enjoys 15-30% market share in various product categories like Oven Toaster and Griller (30%), Irons (26%), Water Heaters (23%). Apart from appliances, BEL is one of the top 3 players in Fans (16% of organized market), Lighting (8%) and Luminaires (17%).

Segment	Market Share	Market Position	Competitors
Fans	16%	3 <sup>rd</sup>	Crompton Greaves (24%), Usha (17%), Orient, Khaitan, Polar, Havells
Lighting	8%	3 <sup>rd</sup>	Philips (26%), Surya (12%), Crompton, Wipro, Osram, Havells
Luminaires	17%	2 <sup>nd</sup>	Philips (23%), Crompton (13%)
Appliances	15-30% organized	NA	Philips, Usha, Kenstar, Preeti, Prestige, Maharaja, Inalsa, Pigeon, Black & Decker, tefals, Delonghi, Braun, Kenwood, National
High Masts / Tower Projects	NA	NA	Philips, Crompton, BP Projects, Utkal Galvanizers, KEC, Kalpatru, L&T, Jyoti
Lighting, Illumination, Rural Electrification	NA	NA	Philips, GE, Crompton, IVRCL, KBL, Kalpatru

Source: Company & Nirmal Bang Research

**Nationwide distribution network with wide urban and retail penetration**

We believe that consumer durables market is highly fragmented with stiff competition from regional and national players. BEL sells its products, spread over five business verticals, through a network of 1000 distributors and 4000 authorized dealers. Its products, ranging from bulbs and lamps to fans and a wide range of domestic appliances, are sold through over 4,00,000 retail outlets. BEL has created a strong presence in pan India with network of 19 branch offices and over 282 Customer Care centers. With the economy growing and demography changing, the market is expected to get more organized in the coming years. BEL with the diversified product portfolio and presence in all price points will benefit the most.

**E&P business strained: Expected to improve**

**The Engineering & Projects (E&P) segment has three main divisions:**

- ✍ **High-mast & Street Lighting Division:** BEL entered the high-mast and street lighting business in 1983. Currently, it also undertakes civil, structural, and illumination design and development of accessories. The division's portfolio also includes signage, flag mast and night raider mobile light towers.
- ✍ **Special Projects:** The division's competency areas are power plant lighting, stadium and monument lighting, as well as rural electrification work. In rural electrification work, company has selected only Central utilities and work with NTPC & NHPC. Company does not have any project from State Electricity Board (SEB) in this segment.
- ✍ **Transmission Line Towers:** Company has galvanizing plant with capacity of 30000MT. BEL get projects from Power Grid Corporation, Private players like Sterlite and SCB for laying transmission line.

The revenues from E&P business unit has increased to Rs. 831.2 crores in FY11 from Rs. 305 crores in FY07 with a CAGR of 28%. Its EBIT rose to Rs. 73.57 crores in FY11 with CAGR of 19.5% over 4 year period.

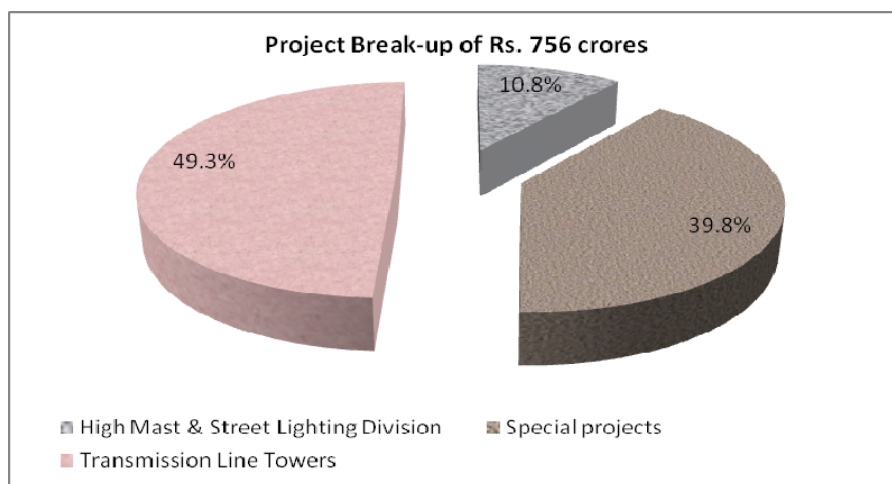
The E&P division has also started exporting high masts, towers and poles to Kenya, Uruguay, the Caribbean, Sri Lanka, Mauritius and the Maldives. BEL has also undertaken few street lighting projects in the Middle East and Ethiopia. All these export – related activities are carried through its group company – Bajaj International.

**Initiating Coverage**

**Bajaj Electricals Ltd. (BEL)**

BEL registered 2.5% revenue growth in the E&P business during Q1FY12 due to slower execution. During the quarter, company has taken special initiative to close down the lingering project pending on account of some last mile activities. On this account company has to incur some additional cost but this will free up the working capital stuck in these projects. This has resulted into the negative margin of 6.7% in Q1FY12. BEL has started the cleaning process by bringing down the number of projects from the current 82 level to ~ 50 projects by the end of the year. This cleansing activity is expected to continue through Q2FY12 and will improve margins thereafter. Management has guided for EBIT margin improving from negative 6.7% in Q1FY12 to 12.7% by Q4FY12, indicating full year margin at ~8% with revenue of around Rs. 1000 crores.

Order book declined 10% to Rs. 756 crores as order inflows are subdued at Rs. 48.6 crores during the quarter (Q1FY12). The company expects to close the year with an order backlog of Rs. 1100-1200 crores given strong order pipeline. The company has bid for projects worth Rs. 2300 crores and is awaiting awards.



Source: Company & Nirmal Bang Research

### Vendor driven outsourcing model

BEL attributed huge benefit through vendor driven outsourcing model. Most of the product manufacturing is outsourced to third party vendors, who manufacture most of the products according to the specification provided by the company. This approach provides flexibility in operation and competitive pricing. BEL has built up a strong base of 200 vendors to outsource its manufacturing jobs. More than 70% of the vendors are dedicated and have associated with the company for several years. BEL has prompted a large number of its dedicated vendors to move production base to backward areas in Himachal Pradesh and other similar locations for cost effective production.

BEL is outsourcing 20% of appliances and fans and 5% of luminaires from China. Apart from enjoying the competitive pricing, the company has also been able to effectively face the competition from the Chinese companies. With such kind of set-up, BEL is an asset light entity. BEL has more time and resources in its core competency of R&D and marketing & distribution.

### Product Information:

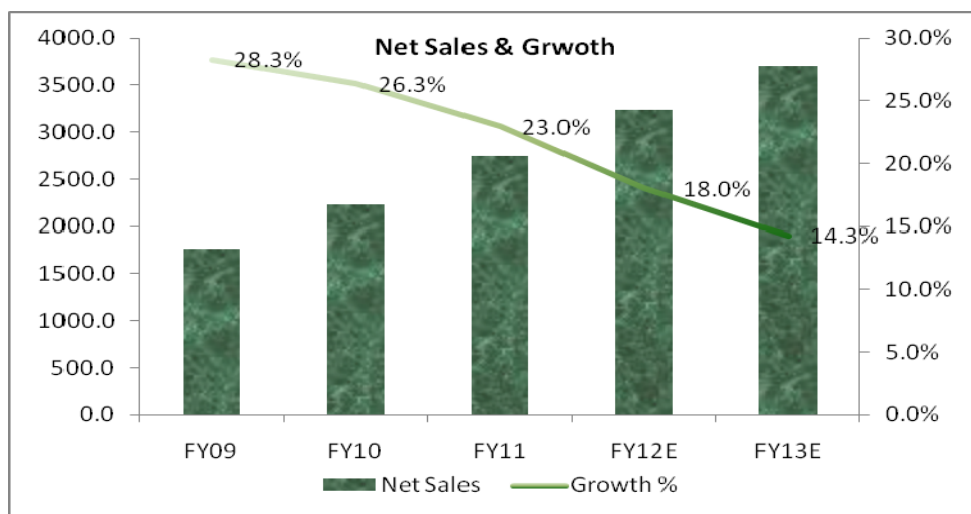
Product	In – house Manufacturing / Outsourced
<b>Appliances</b>	<ul style="list-style-type: none"> <li>✓ Outsourced to dedicated vendors in Noida, Delhi &amp; Himachal Pradesh</li> <li>✓ Imports from China (~20%)</li> </ul>
<b>Fans</b>	<ul style="list-style-type: none"> <li>✓ Own plant at Chakan near Pune</li> <li>✓ Outsourced to dedicated vendors in Hyderabad &amp; Himachal Pradesh</li> <li>✓ Imports from China (~5%)</li> </ul>
<b>Lamps &amp; Tubelights</b>	<ul style="list-style-type: none"> <li>✓ Manufactured by its UP based sister concern Hind Lamps</li> </ul>
<b>CFL Lamps</b>	<ul style="list-style-type: none"> <li>✓ Manufactured by its Nasik based sister concern Starlite Lighting</li> </ul>
<b>Luminaires</b>	<ul style="list-style-type: none"> <li>✓ Outsourced to dedicated vendors in Daman &amp; Himachal Pradesh</li> <li>✓ Imports from China</li> </ul>
<b>High Masts, Poles &amp; Towers</b>	<ul style="list-style-type: none"> <li>✓ Own plant at Ranjangoan &amp; Chakan near Pune</li> </ul>

Source: Company & Nirmal Bang Research

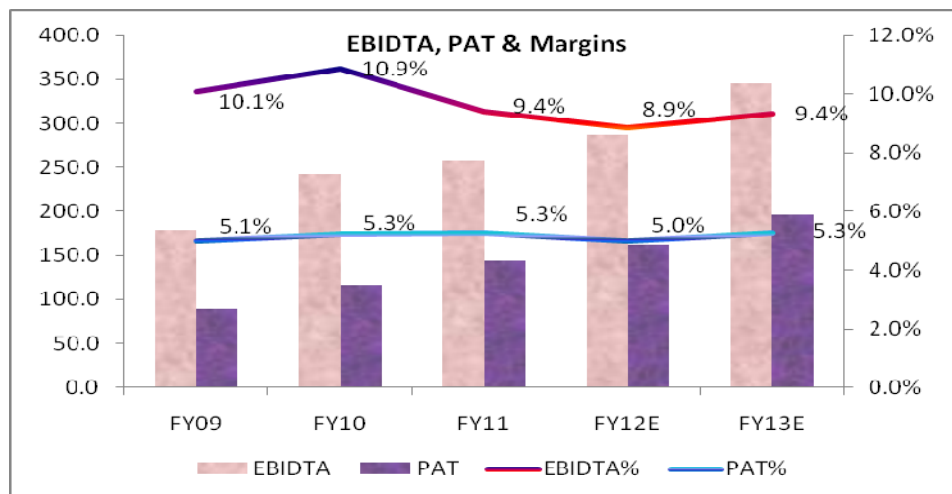
**Financial Analysis**

We expect Net Sales to clog at a CAGR of 16.2% and PAT of 20.6% from FY11 to FY13E on accounting slowdown in E&P segment and steady growth in the consumer durable and lighting & luminaries segment. Further, we have assumed a contraction in margin during FY12E due to the limited scope of pass through of raw-material increase in prices and margin contraction in E&P.

Historically, BEL has been able to pass on the hike in raw-material prices with a lag. We had assumed 50 bps contraction in EBIDTA margin in FY12E as compared to FY11 on account of high volatility in the global commodity price, company's inability to pass on the abnormal increase in raw-material prices to customers immediately and also due to the low margin E&P business segment. However, we can expect some respite in the E&P segment where the company has given guidance in E&P to be selective about orders to protect margins going forward. The company has started reducing the project level from 82 to 50 levels, which in our view will improve the working capital management and will improve margins going forward. We expect margin to again bounce back in FY13E to 9.4% driven by stability in E&P business and consistent margin in consumer durable business.



Source: Company & Nirmal Bang Research



Source: Company & Nirmal Bang Research

### Peer Comparison

We have tried to compare BEL in the consumer space with Havells, V Guard & TTK Prestige given the similarity in the product profile. Similarly, we have tried to compare its EEP business with capital goods companies present in the transmission tower space.

If we compare BEL with its peers in consumer durables space, it's trading around 10.5x PE for FY12E which is lower than Havells and V Guard. BEL has a ROE of 24.9% which is lower than consumer durable peers mainly on account of 30% revenue share from capital intensive E&P business. BEL is expensive if we compare it with peers of E&P space which are trading around 6-7 times FY12 earnings.

BEL is constantly on the roll of new product launches which will enhance their product portfolio and presence in all the segments.

### Consumer Durables FY12E

Company	Net Sales	EBIDTA	EBIDTA (%)	PAT	PAT (%)	EPS	PE (x)	ROE (%)	EV/EBIDTA (x)	P/BV (x)	EV/Sales (x)
Bajaj Electricals*	3285.2	285.2	8.7%	169.4	5.2%	17.1	10.5	24.9	5.4	2.4	0.5
Havells*	6146.0	617.0	10.0%	349.3	5.7%	28.0	12.9	44.5	8.2	4.9	0.9
V Guard	975.0	98.0	10.1%	49.7	5.1%	16.9	13.3	26.23	8.3	3.2	0.8
TTK Prestige	1091.0	175.2	16.1%	118.1	10.8%	104.3	26.6	46.3	8.4	2.6	0.8
<b>Average</b>							<b>15.8</b>	<b>35.5</b>	<b>7.6</b>	<b>3.3</b>	<b>0.7</b>

### Industrials

Company	Net Sales	EBIDTA	EBIDTA (%)	PAT	PAT (%)	EPS	PE (x)	ROE (%)	EV/EBIDTA (x)	P/BV (x)	EV/Sales (x)
Bajaj Electricals*	3285.2	285.2	8.7%	169.4	5.2%	17.1	10.5	24.9	5.4	2.4	0.5
KEC	5489.8	554.7	10.1%	241.1	4.4%	9.3	6.2	22.8	6.0	1.4	0.6
Kalpatru	5263.0	549.7	10.4%	248.8	4.7%	16.2	6.8	13.7	4.3	0.9	0.4
Jyoti Structures	2764.9	307.7	11.1%	119.1	4.3%	13.1	5.3	17.7	4.0	0.8	0.5
<b>Average</b>							<b>7.2</b>	<b>19.8</b>	<b>4.9</b>	<b>1.4</b>	<b>0.5</b>

Source: Bloomberg & Nirmal Bang Research (FY12E)

\*Nirmal Bang Research Estimates

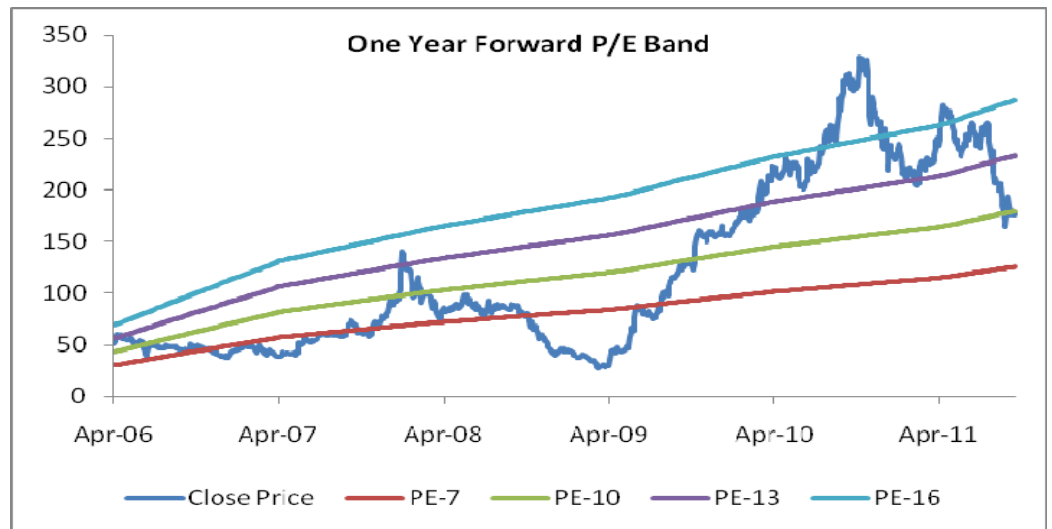
**Valuation & Recommendation**

The stock has corrected sustainably post Q1FY12 results which were disappointing due to loss reported by Engineering and Project (E&P) division, lower sales growth reported in consumer durable business and some margin pressure witnessed in consumer division. The E&P division reported losses because of seasonally weak quarter (Q1) coupled with closure of some old projects by the company resulting into the cost pressure. The company is taking several initiatives to bring back the E&P business on track. Management has guided the completion of the cleaning process by Q2FY12 and the improvement in margins thereafter. We expect E&P division to bounce back and report normal profit in 2HFY12.

The concern of margins in consumer division is also easing off with some price increases taken by the company and decline in the commodity prices. The company expects to register a growth of 24% in consumer facing business unit in FY12E.

We expect Net Sales to clog at a CAGR of 16.2% and PAT of 20.6% from FY11 to FY13E. BEL will report EBIDTA margin of 8.9% in FY12E and 9.4% in FY13E.

At CMP of Rs. 186, the stock is trading at a PE of 11.3x in FY12E and 9.4x in FY13E whereas on EV/EBITDA it is trading at 5.8x and 4.8x in FY12E and FY13E respectively. **We recommend to "BUY" the stock with a target price of Rs. 238 per share (12x on FY13E EPS), an upside of 28% for a long term view.**



Source: Company & Nirmal Bang Research

#### Key Risks & Concerns

- ✍ Sharp increase in raw material like copper, zinc, aluminium, plastic and steel will impact the margins.
- ✍ Inability to take further price hike to mitigate the rise in raw-material prices will impact the margins.
- ✍ Any sharp decline in market share due to rise in competition or increase in advertisement expenses could adversely affect earnings.
- ✍ Any slowdown in economy may cause de-growth in real estate sector. That may impact business growth of BEL.
- ✍ Rising interest rates, environmental clearances for various projects and land acquisition issues can cause in the delay in investments in the T&D space. We believe that severe delays in the execution of these projects and further delay in the closure of projects would negatively impact company's E&P division.

**Initiating Coverage**
**Bajaj Electricals Ltd. (BEL)**
**Financial Analysis**

Profitability (Rs. In Cr)	FY10	FY11	FY12E	FY13E
<b>Y/E - March</b>				
<b>Revenues - Net (including OI)</b>	<b>2228.6</b>	<b>2740.8</b>	<b>3234.5</b>	<b>3696.5</b>
% change	26.3%	23.0%	18.0%	14.3%
<b>EBITDA</b>	<b>242.7</b>	<b>258.0</b>	<b>287.3</b>	<b>345.8</b>
% change in OP	36.2%	6.3%	11.4%	20.4%
Interest	31.5	29.1	39.3	46.9
Other Income	3.6	5.7	7.0	8.0
<b>EBDT</b>	<b>214.8</b>	<b>234.6</b>	<b>255.0</b>	<b>306.9</b>
Depreciation	9.2	10.8	12.5	14.8
Extraordinary/Exceptional	5.0	5.0	0.0	0.0
<b>PBT</b>	<b>200.6</b>	<b>218.9</b>	<b>242.4</b>	<b>292.1</b>
Tax	75.4	74.0	80.0	96.4
<b>PAT</b>	<b>125.3</b>	<b>144.9</b>	<b>162.4</b>	<b>195.7</b>
Shares o/s ( No. in Cr.)*	9.8	9.9	9.9	9.9
<b>EPS</b>	<b>12.0</b>	<b>14.5</b>	<b>16.4</b>	<b>19.8</b>
Cash EPS	13.8	15.7	17.7	21.3
DPS (Rs.)	2.4	2.8	3.0	3.2
Quarterly (Rs. In Cr)	Sep.10	Dec.10	Mar.11	Jun.11
<b>Revenue including OI</b>	<b>587.2</b>	<b>689.2</b>	<b>979.4</b>	<b>544.1</b>
<b>EBITDA</b>	<b>43.8</b>	<b>70.5</b>	<b>96.4</b>	<b>30.0</b>
Interest	7.6	9.3	6.5	10.7
<b>EBDT</b>	<b>36.2</b>	<b>61.2</b>	<b>89.9</b>	<b>19.3</b>
Dep	2.3	2.7	3.4	3.1
Other Inc.	2.1	1.0	2.5	0.9
Extraordinary	0.0	0.0	0.0	0.0
<b>PBT</b>	<b>36.0</b>	<b>59.6</b>	<b>89.0</b>	<b>17.1</b>
Tax	12.8	19.0	31.5	6.0
<b>PAT from ordinary activities</b>	<b>23.2</b>	<b>40.6</b>	<b>57.5</b>	<b>11.1</b>
Exceptional Items	-0.1	0.0	-3.3	0.0
<b>PAT</b>	<b>23.3</b>	<b>40.6</b>	<b>60.8</b>	<b>11.1</b>
EPS (Rs.)	2.4	4.1	5.8	1.1
Adjusted EPS (Rs.)	2.4	4.1	6.1	1.1
Operational Ratio	FY10	FY11	FY12E	FY13E
EBITDA margin (%)	10.9%	9.4%	8.9%	9.4%
PAT margin (%)	5.6%	5.3%	5.0%	5.3%
PAT Growth (%)	31.4%	15.6%	12.1%	20.5%
Price Earnings (x)	15.5	12.8	11.3	9.4
Book Value (Rs.)	49.7	60.9	74.3	90.9
ROCE (%)	43.3%	35.2%	34.1%	33.8%
RONW (%)	32.1%	23.9%	24.3%	24.0%
Debt Equity Ratio	0.3	0.2	0.3	0.2
Price / Book Value (x)	3.7	3.1	2.5	2.0
EV / Sales	0.8	0.7	0.5	0.5
EV / EBITDA	7.7	7.0	5.8	4.8

Financial Health (Rs. In Cr)	FY10	FY11	FY12E	FY13E
Share Capital	19.5	19.8	19.8	19.8
Equity/Warrant	0.2	0.0	0.0	0.0
Reserves & Surplus	465.4	582.2	715.0	879.1
<b>Net Worth</b>	<b>485.0</b>	<b>602.0</b>	<b>734.8</b>	<b>898.9</b>
Total Loans	151.8	116.5	198.2	177.3
Net Deferred Tax Assets	-0.5	-2.0	-2.0	-2.0
<b>Total Liabilities</b>	<b>636.4</b>	<b>716.5</b>	<b>931.0</b>	<b>1074.2</b>
<b>Net Fixed Assets</b>	<b>92.3</b>	<b>144.2</b>	<b>181.6</b>	<b>216.8</b>
<b>Investments</b>	<b>36.6</b>	<b>36.6</b>	<b>36.6</b>	<b>36.6</b>
CWIP	0.1	0.0	0.0	0.0
Inventories	209.4	294.6	387.7	460.3
Sundry Debtors	750.7	1065.4	1280.0	1462.9
Cash & Bank	61.2	48.1	54.2	64.8
Loans & Advances	179.1	166.8	196.9	225.1
Total C A L&A	1200.4	1574.9	1918.9	2213.1
Acceptance	218.8	348.0	408.2	482.7
Other Creditors	410.0	618.1	710.3	816.8
Provision	64.3	73.1	87.7	92.8
Total CL & P	693.0	1039.2	1206.1	1392.3
<b>Working Capital</b>	<b>507.4</b>	<b>535.7</b>	<b>712.7</b>	<b>820.7</b>
<b>Misc Exp</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Assets</b>	<b>636.4</b>	<b>716.5</b>	<b>931.0</b>	<b>1074.2</b>
Cash Flow (Rs. In Cr)	FY10	FY11	FY12E	FY13E
<b>Operating</b>				
Profit Before Tax	200.6	218.9	242.4	292.1
Adjustments	10.3	5.4	0.0	0.0
Direct Taxes paid	-91.2	-80.6	-80.0	-96.4
Depreciation	9.2	10.8	12.5	14.8
Change in WC	-156.4	-82.8	-170.9	-97.4
Interest Expenses	5.6	7.2	39.3	46.9
Other Non cash items	26.4	24.0	0.0	0.0
Prior period Items	-0.5	-0.3	0.0	0.0
<b>CF from Operation</b>	<b>4.0</b>	<b>102.5</b>	<b>43.4</b>	<b>160.1</b>
<b>Investment</b>				
Capex	-33.4	-20.7	-50.0	-50.0
Purchase of Investments	-5.0	0.0	0.0	0.0
<b>Total Investment</b>	<b>-38.4</b>	<b>-20.7</b>	<b>-50.0</b>	<b>-50.0</b>
<b>Free Cash Flow</b>	<b>-34.4</b>	<b>81.8</b>	<b>-6.6</b>	<b>110.1</b>
<b>Financing</b>				
Equity raised/(repaid)	0.0	0.0	0.0	0.0
Inc/Dec in Reserves	0.0	0.0	0.0	0.0
Proceeds from Issue of Shares	163.4	5.5	0.0	0.0
QIP Issue Expenses	-3.5	0.0	0.0	0.0
Debt raised/(repaid)	-62.0	-35.4	81.7	-20.9
Dividend (incl. tax) paid	-20.1	-27.4	-29.7	-31.6
Others	0.9	-1.1	0.0	0.0
Interest Expenses	-36.9	-36.5	-39.3	-46.9
Cash Flow from Financing Activities	41.8	-94.9	12.8	-99.5
<b>Net Cash Flow</b>	<b>7.4</b>	<b>-13.1</b>	<b>6.1</b>	<b>10.6</b>
Beginning Cash Flow	53.8	61.2	48.1	54.2
<b>Cash as reported in Balance Sheet</b>	<b>61.2</b>	<b>48.1</b>	<b>54.2</b>	<b>64.8</b>

**NOTE**

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