

## Force Motors

### Riding on a growth trajectory

Y/E March (₹ cr)	2QFY13	1QFY13	% chg (qoq)	2QFY13	% chg (yoy)
<b>Total operating income</b>	<b>504</b>	<b>505</b>	<b>(0.2)</b>	<b>529</b>	<b>(4.7)</b>
Operating profit	31	17	79.7	28	12
OPM (%)	6.1	3.4	273bp	5.2	89bp
<b>Adj. PAT</b>	<b>19</b>	<b>10</b>	<b>85.5</b>	<b>4</b>	<b>351</b>

Source: Company, Angel Research

Force Motors Ltd (FML) reported a healthy set of numbers with robust performance on the operating front for 2QFY2013. The company's top-line de-grew by 4.7% yoy and came in at ₹504cr, lower than our estimate of ₹534cr. On the operating front, the EBITDA grew by 11.6% yoy and came in at ₹31cr while margins too expanded substantially by 89bp yoy and 273bp qoq and came in at 6.1%. The adjusted PAT came in at ₹19cr, 351% higher yoy, compared to our estimates of ₹11cr; owing to strong operating performance aided by a substantial other income of ₹13cr.

**Launch of Traveller 26 with branding, marketing efforts to drive growth:** FML has recently launched 'Traveller 26' in October12 with three variants- standard, school bus and deluxe. The company expects to sell 4,500 units in the first year of its launch and thereby aiming to acquire a 20% market share in this segment. FML has restructured its marketing and branding team with the appointment of Mr Naresh Ratan (ex Marketing Head at HMSI) as Chief Operating Officer (COO) for the tractor business and as President of Corporate Sales and Marketing. Also, FML has a substantial cash surplus in hand and is expected to invest a considerable amount of it on branding and marketing of the products. Thus, the new launch, complimented by branding efforts, assures robust revenue visibility for FML.

**Outlook and valuation:** We believe FML's recent entry into the SUV segment coupled with the launch of *Traveller 26*, will enable it to post a top-line CAGR of 13.8% over FY2012-14E to ₹2,700cr. The net profit is to soar by 46.8% CAGR from ₹41cr in FY2012 to ₹88cr in FY2014E on the back of reduced interest cost and stable other income. FML is trading at PE of 6.7x for FY2014E earnings. **We maintain our Buy rating on the stock with a target price of ₹537, based on target PE of 8x and implied EV/Sales of 0.2x for FY2014E.**

#### Key financials (Standalone)

Y/E March (₹ cr)	FY2010	FY2011	FY2012	FY2013E	FY2014E
<b>Net sales</b>	<b>988</b>	<b>1525</b>	<b>2085</b>	<b>2318</b>	<b>2700</b>
% chg	27.6	54.3	36.8	11.1	16.5
<b>Adj. net profit</b>	<b>60</b>	<b>59</b>	<b>41</b>	<b>59</b>	<b>88</b>
% chg	(51.5)	(3.0)	(30.0)	44.6	49.1
<b>OPM (%)</b>	<b>3.9</b>	<b>6.7</b>	<b>5.8</b>	<b>5.0</b>	<b>5.7</b>
EPS (₹)	45.9	44.5	31.1	45.0	67.1
P/E (x)	9.8	10.1	14.4	10.0	6.7
P/BV (x)	2.1	1.8	0.5	0.5	0.5
RoE (%)	21.3	17.5	3.6	5.0	7.0
RoCE (%)	(1.4)	10.2	7.7	4.7	6.9
EV/Sales (x)	0.7	0.5	0.1	0.1	0.1
EV/EBITDA (x)	17.4	7.4	1.5	2.9	2.5

Source: Company, Angel Research

## BUY

CMP	₹449
Target Price	₹537

Investment Period	12 Months
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#### Stock Info

Sector	Automobile
Market Cap (₹ cr)	553
Net Debt (₹ cr)	(402)
Beta	0.7
52 Week High / Low	605 / 388
Avg. Daily Volume	3,442
Face Value (₹)	10
BSE Sensex	18,682
Nifty	5,684
Reuters Code	FORC.BO
Bloomberg Code	FML.IN

#### Shareholding Pattern (%)

Promoters	51.8
Corporate Holding	25.1
FII / NRIs / OCBs	5.9
Indian Public / Others	17.2

Abs.(%)	3m	1yr	3yr
Sensex	8.9	10.3	8.5
FML	(11.4)	(25.8)	130.7

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**Exhibit 1: 2QFY2013 performance (Standalone)**

Y/E March (₹ cr)	2QFY13	1QFY13	% chg (qoq)	2QFY12	% chg (yoy)	1HFY13	1HFY12	% chg
<b>Total operating income</b>	<b>504.1</b>	<b>505.1</b>	<b>(0.2)</b>	<b>528.7</b>	<b>(4.7)</b>	<b>1009.1</b>	<b>960.1</b>	<b>5.1</b>
Net raw material	359.6	364.9	(1.5)	382.4	(6.0)	724.4	690.7	4.9
(% of Sales)	71.3	72.2		72.3		71.8	71.9	
Employee cost	59.2	60.2	(1.6)	79.3	(25.3)	119.4	132.1	(9.6)
(% of Sales)	11.8	11.9		15.0		11.8	13.8	
Other Expenses	54.4	62.8	(13.4)	39.4	38.1	117.2	66.8	75.5
(% of Sales)	10.8	12.4		7.4		11.6	7.0	
<b>Total expenditure</b>	<b>473.2</b>	<b>487.9</b>	<b>(3.0)</b>	<b>501.0</b>	<b>(5.5)</b>	<b>961.0</b>	<b>889.5</b>	<b>8.0</b>
<b>Operating profit</b>	<b>30.9</b>	<b>17.2</b>	<b>79.7</b>	<b>27.7</b>	<b>11.6</b>	<b>48.1</b>	<b>70.6</b>	<b>(31.9)</b>
OPM (%)	6.1	3.4	273bp	5.2	89bp	4.8	7.3	(259)bp
Interest	2.0	2.0	0.2	7.9	(98.0)	4.0	13.9	(70.9)
Depreciation	17.3	16.3	6.1	15.0	15.2	33.6	29.1	15.4
Other income	12.7	12.0	5.8	0.0	31731.5	24.8	0.1	17587.2
<b>PBT</b>	<b>24.3</b>	<b>10.9</b>	<b>122.8</b>	<b>4.8</b>	<b>401.3</b>	<b>35.2</b>	<b>27.7</b>	<b>27.0</b>
(% of Sales)	4.8	2.2		0.9		3.5	2.9	
Tax	5.2	0.6	784.0	0.6	758.5	5.7	4.2	36.8
(% of PBT)	21.2	5.3		12.4		16.3	15.1	
<b>Reported PAT</b>	<b>19.2</b>	<b>10.3</b>	<b>85.5</b>	<b>4.2</b>	<b>350.9</b>	<b>29.5</b>	<b>23.6</b>	<b>25.2</b>
PATM (%)	3.8	2.0		0.8		2.9	2.5	

Source: Company, Angel Research

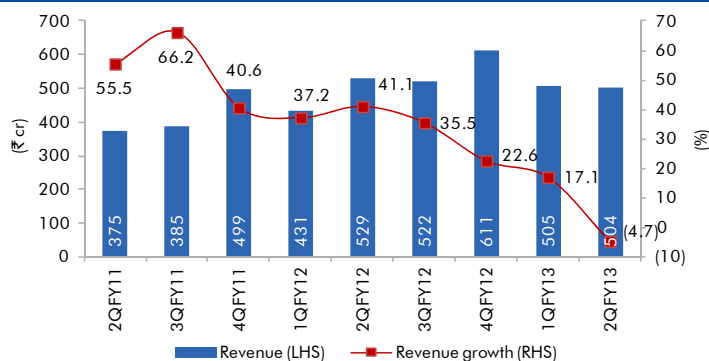
**Exhibit 2: Actual v/s Angel's Estimates**

Particulars (₹cr)	Actual	Estimates	% variation
<b>Total Income</b>	<b>504</b>	<b>534</b>	<b>(5.6)</b>
EBITDA	31	19	64.8
EBITDA Margin (%)	6.1	3.5	262bp
<b>Adjusted PAT</b>	<b>19</b>	<b>11</b>	<b>75.1</b>

Source: Company, Angel Research

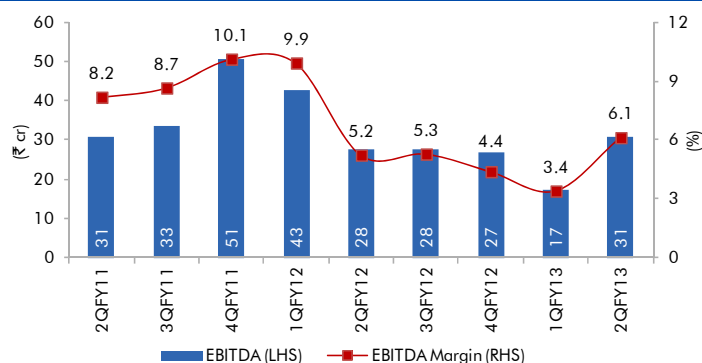
FML reported a healthy set of numbers with robust performance on the operating front for 2QFY2013. The company's top line de-grew by 4.7% yoy and came in at ₹504cr, lower than our estimate of ₹534cr. On the operating front, the EBITDA grew by 11.6% yoy and came in at ₹31cr which was higher by whopping 79.7% on a qoq basis. The operating margin too expanded substantially by 89bp yoy and 273bp qoq and came in at 6.1%. The margin improvement (yoy) is mainly attributable to reduction in employee cost (11.8% vis-à-vis 15%) as well as raw material cost (71.3% vis-à-vis 72.3%) as a percentage of sales. The adjusted PAT came in at ₹19cr, 351% higher yoy, compared to our estimates of ₹11cr; owing to a strong operating performance coupled with substantial addition made by other income of ₹13cr.

**Exhibit 3: Revenue growth trend**



Source: Company, Angel Research

**Exhibit 4: Margins revive owing to low employee cost**



Source: Company, Angel Research

## Investment arguments

### MFTL divestment leads to huge cash surplus and debt repayment

FML sold off its entire stake in MAN Force Trucks Pvt Ltd (MFTL), a 50:50 JV between MAN and FML, in March 2012. This has provided the company with cash inflow of EUR150mn (~₹1,014cr), which is almost equal to FML's enterprise value. The company has reduced its debt from ₹329cr (in September 2011) to ₹64cr in 2QFY2013 and has cash reserves of ₹470cr (MCAP ~₹591cr). These cash reserves are expected to trigger a potential buy-back or high dividend payout by the company.

### Continuous focus on R&D assists new developments

FML has consistently focused on its research and development unit, thereby enabling it to introduce new models across its vehicle range and revamping variants (tractors) of the existing models. The R&D expenditure in FY2011 was ~2.3% of the total revenue (and ~2% in FY2012); the benefits of which are visible with introduction of new models (*Force One*, *Traveller 26*, a *MUV*) and variants rolled out by the company.

### Force One variant and premium MUV to roll out soon

FML has entered the SUV segment with the launch of *Force One* in October 2011. Due to lack of positive response for *Force One* it is planning to come up with its variant which is likely to hit the market soon. The model is currently under homologation, ie roadworthy certification, as per the management. Mercedes Benz powered engine along with brand ambassador Mr Amitabh Bachchan are likely to raise the brand position of the product and drive sales in the near future.

FML is planning to roll out its premium MUV by the end of FY2013. MUV (*Gurkha* variant) will be made under license from Daimler AG, for which the company has earmarked a capex of ₹500cr.

### **Marketing and branding workforce restructured**

FML has currently restructured its marketing and branding team. The company has recently appointed Mr Naresh Ratan (ex Marketing Head at Honda Motorcycles and Scooters India) as its COO for the tractor business and as President of Corporate Sales and Marketing. Moreover, with substantial cash surplus in hand, FML is expected to invest considerable amount on the branding and marketing of its products.

### **Traveller 26 to assist extend market share and boost top-line**

FML launched its latest offering, world's only 26-seater monocoque panel van, 'Traveller 26' in October 12. *Traveller 26* is a unique combination of outstanding performance, excellent fuel economy, unmatched strength, total safety and maximum comfort, making it an ideal choice for corporates, fleet owners, tour and travel operators, hospitality industry and school bus operators. The market size of this segment is ~25,000 units and FML plans to sell 1,300 units in FY2013 and 4,500 units FY2014 thereby aiming for 20% market share. FML already has a market share of about 50% in the 6 to 20-seater segment.

The standard version of *Traveller 26* is priced ex-showroom at ₹10.87 lakh, the school bus version at ₹11.16 lakh and the Deluxe version at ₹13.87 lakh. The product is available through 27 dealers in Maharashtra and Goa and FML looks forward to export it post six months mainly to Sri Lanka, Bangladesh and Africa. The product is rolled out from FML's Pithampur unit which is expected to produce up to 10,000 units in the first phase while the second phase is to commission after a year.

### **Nationwide distribution network and strong foothold in south**

South-west states account for 60% of FML's total revenues. Considering sale of 2,000 vehicles in FY2012 in Kerala, FML expects to sell 2,300 vehicles in FY2013E. Kerala's hotels and restaurants sector provides strong market opportunity to FML with sale of ~500 delivery vans in the state annually, which are used by the catering and hotel industry. User industry for the buses and vans of FML constitute tourism, education and corporate companies. FML has a nationwide network of 173 dealerships (13 dealers in Kerala; would open additional dealerships in Kasaragod) and plans to extend its reach by opening 50 more dealers during the current fiscal year.

## Financials

### Exhibit 5: Key assumptions

Particulars (%)	FY2011	FY2012	FY2013E	FY2014E
Capacity utilisation	48.6	63.1	67	74
<b>Finished goods volume growth</b>				
On-road automobiles	30.3	30.0	6.0	10.0
Tractors – Agricultural	65.1	67.7	76.5	10.0
Other items value growth	78.5	41.0	8.7	16.8
<b>Raw Material Value Growth</b>				
Components	59.9	43.0	20.0	6.9
Castings & Forgings	44.2	43.0	32.0	14.9
Steel & Other Metals	30.3	40.9	32.0	14.9

Source: Company, Angel Research

### Exhibit 6: Change in Estimates

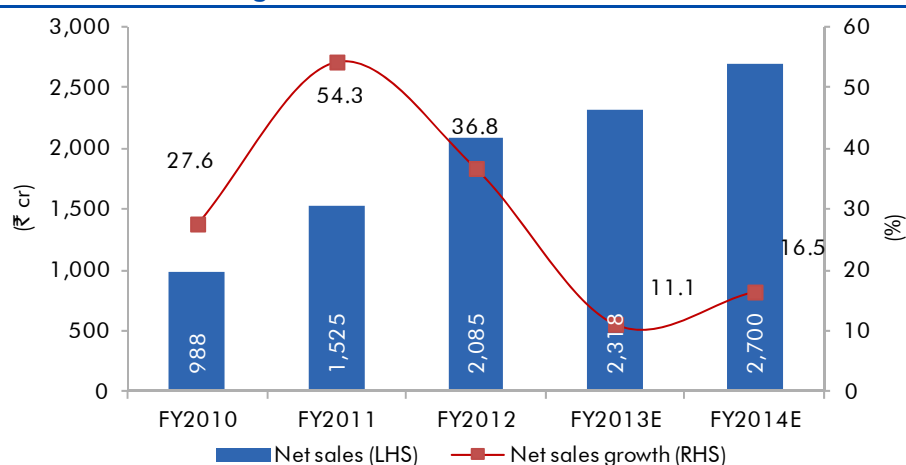
	Earlier estimates		Revised estimates		% change	
	FY2013E	FY2014E	FY2013E	FY2014E	FY2013E	FY2014E
<b>Net Sales (₹cr)</b>	<b>2214</b>	<b>2765</b>	<b>2318</b>	<b>2700</b>	<b>4.7</b>	<b>(2.4)</b>
<b>EBITDA Margin (%)</b>	<b>4.5</b>	<b>5.4</b>	<b>5.0</b>	<b>5.7</b>	<b>46.7bp</b>	<b>24.2bp</b>
<b>EPS (₹)</b>	<b>39</b>	<b>74</b>	<b>45</b>	<b>67</b>	<b>14.1</b>	<b>(9.2)</b>

Source: Company, Angel Research

### Net sales expected to post a 13.8% CAGR over FY2012-14E

With an entry into the new segment (SUV) coupled with the launch of *Traveller 26*, we expect FML's sales to post a 13.8% CAGR over FY2012-14E to ₹2,700cr in FY2014E. Moreover, the company's restructured marketing force along with strong distribution network is to aid the growth plans. Tractors sales (~2% of turnover) are expected to almost double from 1,700 units in FY2012 to 3,000 units in FY2013E as per the management. We expect the volumes to grow at 8% and 10% in FY2013E and FY2014E respectively with value growth of 3% and 6% subsequently over two years.

### Exhibit 7: Net sales growth to normalise

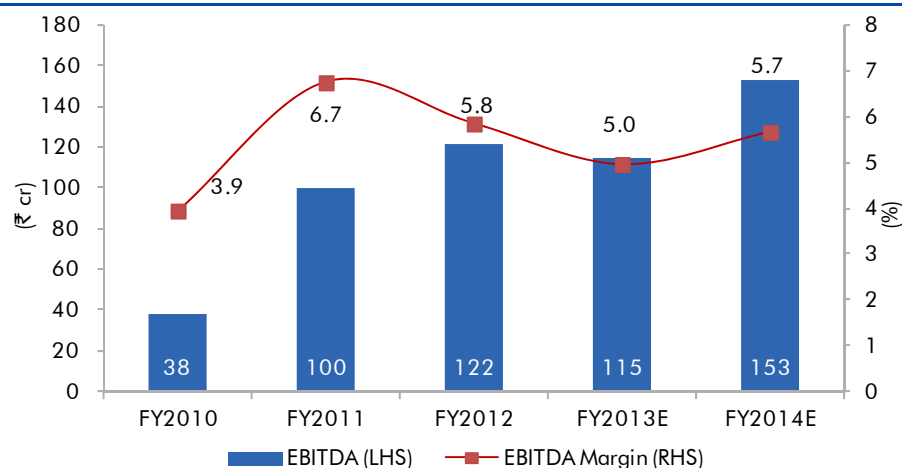


Source: Company, Angel Research

### EBITDA to post a 12% CAGR over FY2012-14E

The company's EBITDA is expected to rise from ₹122cr in FY2012 to ₹153cr in FY2014E. However, the operating margin is expected to dip from 5.8% in FY2012 to 5% in FY2013E, mainly due to higher raw-material costs. We expect the margin to rebound to 5.7% in FY2014E, on account of improvement in capacity utilisation to 75% in FY2014E coupled with reduction in raw material cost as a percent of net sales.

#### Exhibit 8: EBITDA margins to rebound

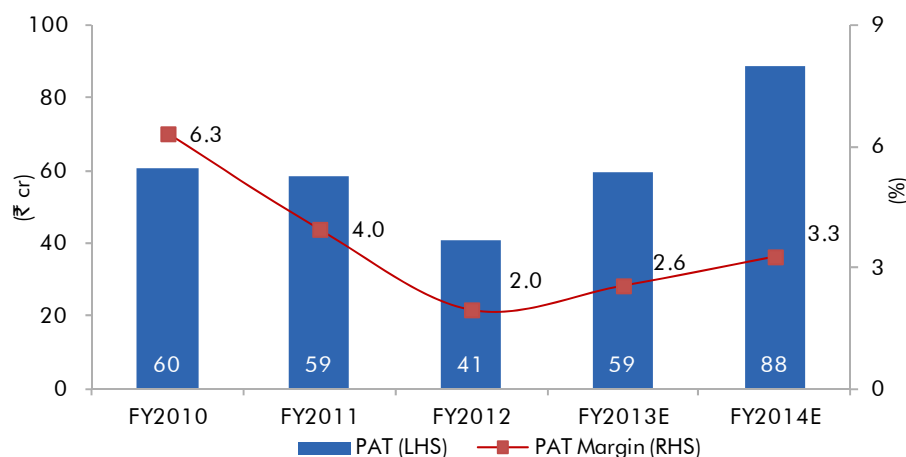


Source: Company, Angel Research

### Reduced interest cost & higher other income to add to bottom-line

FML has reduced its debt from ₹329cr (in September 2011) to ₹64cr in 2QFY2013, on account of which, we expect the interest cost to decline from ₹35cr in FY2012 to ₹7cr in FY2014E. Moreover, FML's divestment of MFTL joint venture has provided with cash of ~₹1014cr, of which as on 2QFY2013 the company has cash surplus of ₹470cr. This surplus is expected to earn FML substantial other income. Driven by these two factors we expect the PAT to grow at 46.8% CAGR over FY2012-14E and soar to ₹88cr.

#### Exhibit 9: PAT and PAT margin on an upward trend



Source: Company, Angel Research

## Risk Factors

- Increasing competition in the auto industry.
- Cyclical nature of the industry.
- Rising raw-material prices.

## Competition

On the valuation front, FML seems to be fairly valued at 6.7x on PE basis, but the stock looks attractive on the P/BV and EV/EBITDA front at 0.5x and 2.5x, compared to peers' average of 1.6x and 4.5x, respectively.

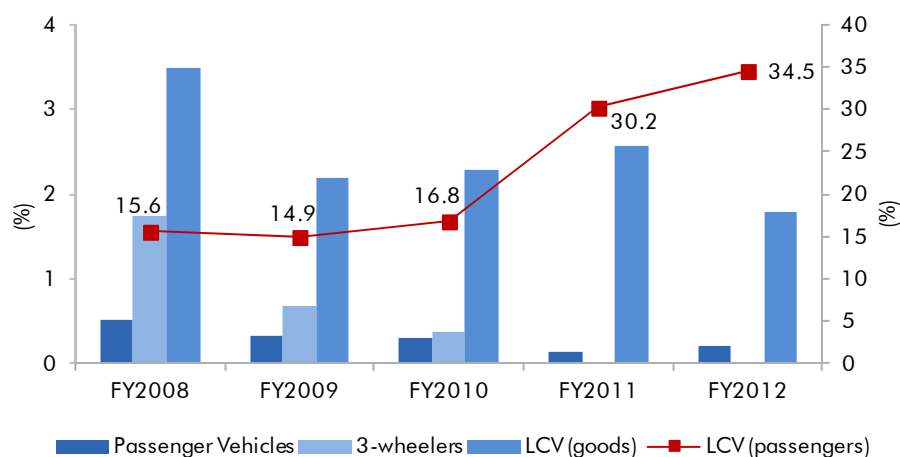
### Exhibit 10: Peer comparison

FY2014E	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)
Force Motors	2,700	5.7	88	67.1	7.0	6.7	0.5	2.5
Eicher Motors	2,13,183	13.5	13,823	42.5	27.7	5.9	1.3	3.3
Ashok Leyland	16,172	9.6	715	2.6	16.8	7.7	1.2	5.0
Tata Motors	9,961	10.9	583	198.0	25.2	11.5	2.3	5.2

Source: Angel Research, Bloomberg

FML has been consistently raising its market share in the LCV segment for passenger carriers. The company has almost doubled its market share from 15.6% in FY2008 to ~34.5% in FY2012. While in other segments like commercial vehicles, utility vehicles and three-wheelers, the company has been losing market share over the years.

### Exhibit 11: FML's market share

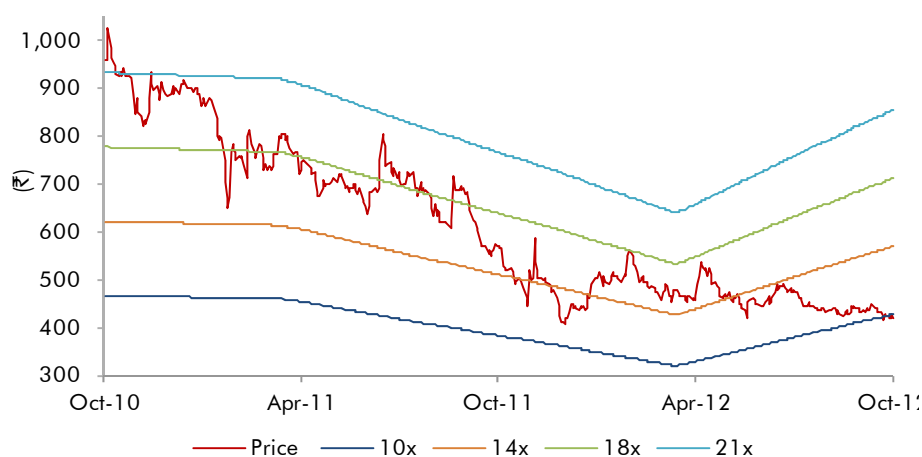


Source: SIAM

## Outlook and valuation

We believe FML's recent entry into the SUV segment coupled with the launch of *Traveller 26*, will enable it to post a top-line CAGR of 13.8% over FY2012-14E to ₹2,700cr. The EBITDA is expected to grow at 12% CAGR to ₹153cr in FY2014E while the margins are to dip initially from 5.8% in FY2012 to 5% in FY2013E but to revive to 5.7% in FY2014E. The net profit is to soar by 46.8% CAGR from ₹41cr in FY2012 to ₹88cr in FY2014E on the back of reduced interest cost and stable other income. FML is trading at an attractive PE of 6.7x for FY2014E earnings. **We remain positive on FML and maintain our Buy recommendation with a target price of ₹537, based on target PE of 8x and implied EV/Sales of 0.2x on FY2014E earnings.**

### Exhibit 12: One year forward PE



Source: Company, Angel Research

## The company

FML is an integrated automobile company manufacturing light commercial vehicles and tractors in India. The company has recently entered the SUV segment with the launch of *Force One*. FML's five business segments are as follows:

### Exhibit 13: Segments and products

Segments	Brands/ Products
SCV	Trump 15/ 40
LCV	Passenger Carrier: Traveller Smooth, Traveller Luxury, Traveller 3050WB/ 3350WB/ 3700WB, Traveller 26.
	Goods Carrier: Tarveller Delivery Van, Traveller Shaktiman
	Special Purpose Vehicles: Traveller Ambulance, Traveller Scholar
MUV	Trax GAMA, Trax Cruiser, Trax Kargo King, Trax Gurkha
Tractors	Balwan, Orchard
SUV	Force One

Source: Company

### FML operates two plants, as follows:

- Akurdi, Pune, Maharashtra: Produces three-wheelers like tractors.
- Pithampur, District Dhar, Madhya Pradesh: Produces four-wheeler LCVs like *Traveller* and *Trax*.



**Profit and Loss (Standalone)**

Y/E March (₹ cr)	FY2010	FY2011	FY2012	FY2013E	FY2014E
Gross sales	1,076	1,693	2,383	2,649	3,086
Less: Excise duty	120	211	298	332	387
Net Sales	956	1,481	2,085	2,318	2,700
Other operating income	32	43	-	-	-
<b>Total operating income</b>	<b>988</b>	<b>1,525</b>	<b>2,085</b>	<b>2,318</b>	<b>2,700</b>
% chg	27.6	54.3	36.8	11.1	16.5
Net Raw Materials	678	1,017	1,456	1,660	1,915
% chg	13.3	50.1	43.2	14.0	15.3
Other Mfg costs	83	131	-	-	-
% chg	18.6	59.0	(100.0)	-	-
Personnel	125	197	259	274	319
% chg	4.1	57.1	31.6	5.7	16.5
Other	72	101	249	269	313
% chg	4.1	39.9	146.6	8.2	16.5
Total Expenditure	951	1,425	1,963	2,203	2,547
<b>EBITDA</b>	<b>38</b>	<b>100</b>	<b>122</b>	<b>115</b>	<b>153</b>
% chg	(149.9)	164.8	22.0	(5.6)	32.9
(% of Net Sales)	3.9	6.7	5.8	5.0	5.7
Depreciation & Amortisation	42	45	60	68	75
<b>EBIT</b>	<b>(4)</b>	<b>55</b>	<b>62</b>	<b>47</b>	<b>78</b>
% chg	(96.4)	(1,390.4)	11.7	(23.9)	65.9
(% of Net Sales)	(0.4)	3.7	3.0	2.0	2.9
Interest & other Charges	17	23	35	8	7
Other Income	64	50	985	46	56
(% of Net Sales)	6	3	47	2	2
<b>Recurring PBT</b>	<b>(21)</b>	<b>32</b>	<b>26</b>	<b>38</b>	<b>71</b>
% chg	(86.2)	(250.2)	(17.0)	46	83.9
<b>PBT (reported)</b>	<b>43</b>	<b>82</b>	<b>1,011</b>	<b>85</b>	<b>126</b>
Tax	(18)	23	187	25	38
(% of PBT)	(41.4)	28.5	18.5	30.0	30.0
<b>PAT (reported)</b>	<b>61</b>	<b>59</b>	<b>824</b>	<b>59</b>	<b>88</b>
Extraordinary Expense/(Inc.)	1	0	(789)	-	-
<b>ADJ. PAT</b>	<b>60</b>	<b>59</b>	<b>41</b>	<b>59</b>	<b>88</b>
% chg	(51.5)	(3.0)	(30.0)	44.6	49.1
(% of Net Sales)	6.3	4.0	2.0	2.6	3.3
<b>Basic EPS (₹)</b>	<b>46</b>	<b>44</b>	<b>31</b>	<b>45</b>	<b>67</b>
<b>Fully Diluted EPS (₹)</b>	<b>46</b>	<b>44</b>	<b>31</b>	<b>45</b>	<b>67</b>
% chg	(51.5)	(3.0)	(30.0)	44.6	49.1

**Balance Sheet (Standalone)**

Y/E March (₹ cr)	FY2010	FY2011	FY2012	FY2013E	FY2014E
<b>SOURCES OF FUNDS</b>					
Equity Share Capital	13	13	13	13	13
Preference Capital	-	-	-	-	-
Reserves & Surplus	270	321	1,130	1,180	1,259
<b>Shareholders' Funds</b>	<b>283</b>	<b>334</b>	<b>1,143</b>	<b>1,193</b>	<b>1,273</b>
Minority Interest	-	-	-	-	-
Total Loans	148	224	60	70	70
Other long term liability		4	4	4	4
Long term Provisions		31	34	34	34
Net Deferred Tax Liability	9	16	19	19	19
<b>Total Liabilities</b>	<b>440</b>	<b>610</b>	<b>1,260</b>	<b>1,320</b>	<b>1,399</b>
<b>APPLICATION OF FUNDS</b>					
Gross Block	938	1,089	1,301	1,451	1,601
Less: Acc. Depreciation	653	697	757	825	901
<b>Net Block</b>	<b>284</b>	<b>407</b>	<b>544</b>	<b>626</b>	<b>701</b>
Capital Work-in-Progress	12	-	-	-	-
Goodwill	47	-	-	-	-
Investments	57	57	1	1	1
Long Term Loans and advances		56	69	110	128
<b>Current Assets</b>	<b>434</b>	<b>528</b>	<b>1,050</b>	<b>1,090</b>	<b>1,155</b>
Cash	26	15	462	330	272
Loans & Advances	65	40	69	139	162
Other Current Assets	344	473	519	621	721
Current liabilities	348	438	405	507	586
<b>Net Current Assets</b>	<b>87</b>	<b>90</b>	<b>646</b>	<b>583</b>	<b>569</b>
Mis. Exp. not written off	-	-	-	-	-
<b>Total Assets</b>	<b>440</b>	<b>610</b>	<b>1,260</b>	<b>1,320</b>	<b>1,399</b>

### Cash Flow

Y/E March (₹ cr)	FY2010	FY2011	FY2012	FY2013E	FY2014E
Profit Before Tax	43	82	1,011	85	126
Depreciation	42	45	60	68	75
Change in WC	(22)	(14)	(108)	(70)	(44)
Other income	(64)	(50)	(985)	(46)	(56)
Direct taxes paid	18	(23)	(187)	(25)	(38)
<b>Cash Flow from Operations</b>	<b>17</b>	<b>39</b>	<b>(209)</b>	<b>11</b>	<b>64</b>
(Incr)/ Decr in Fixed Assets	(29)	(139)	(212)	(150)	(150)
(Incr)/Decr In Investments	0	(56)	43	(41)	(18)
Income from Investments	64	50	985	46	56
<b>Cash Flow from Investing</b>	<b>36</b>	<b>(145)</b>	<b>816</b>	<b>(145)</b>	<b>(112)</b>
Issue of Equity/Preference	-	-	-	-	-
Incr/(Decr) in Debt	(13)	76	(159)	10	-
Dividend Paid (Incl. Tax)	(4)	(7)	(7)	(9)	(9)
Others	(26)	25	6	-	-
<b>Cash Flow from Financing</b>	<b>(43)</b>	<b>95</b>	<b>(160)</b>	<b>1</b>	<b>(9)</b>
Incr/(Decr) In Balance Sheet Cash	9	(11)	447	(132)	(58)
<b>Opening Cash balance</b>	<b>17</b>	<b>26</b>	<b>15</b>	<b>462</b>	<b>330</b>
<b>Closing cash balance</b>	<b>26</b>	<b>15</b>	<b>462</b>	<b>330</b>	<b>272</b>

**Key Ratios (Standalone)**

Y/E March	FY2010	FY2011	FY2012	FY2013E	FY2014E
<b>Valuation Ratio (x)</b>					
P/E (on FDEPS)	9.8	10.1	14.4	10.0	6.7
P/CEPS	5.8	5.7	5.8	4.6	3.6
P/BV	2.1	1.8	0.5	0.5	0.5
Dividend yield (%)	0.7	1.1	1.1	1.6	1.6
EV/Net sales	0.7	0.5	0.1	0.1	0.1
EV/EBITDA	17.4	7.4	1.5	2.9	2.5
EV / Total Assets	1.5	1.2	0.1	0.3	0.3
<b>Per Share Data (₹)</b>					
EPS (Basic)	45.9	44.5	31.1	45.0	67.1
EPS (fully diluted)	45.9	44.5	31.1	45.0	67.1
Cash EPS	77.7	78.5	76.9	96.8	124.2
DPS	3.0	5.0	10.0	6.0	6.0
Book Value	215.0	253.7	867.7	905.7	965.8
<b>DuPont Analysis</b>					
EBIT margin	(0.4)	3.7	3.0	2.0	2.9
Tax retention ratio	1.4	0.7	0.8	0.7	0.7
Asset turnover (x)	3.2	2.8	2.6	2.3	2.4
ROIC (Post-tax)	(2.0)	7.3	6.3	3.3	4.8
Cost of Debt (Post Tax)	16.2	7.4	48.0	8.4	7.0
Leverage (x)	0.2	0.5	(0.4)	(0.2)	(0.2)
Operating ROE	(6.2)	7.3	21.0	4.4	5.2
<b>Returns (%)</b>					
ROCE (Pre-tax)	(1.0)	9.0	4.9	3.5	5.5
Angel ROIC (Pre-tax)	(1.4)	10.2	7.7	4.7	6.9
ROE	21.3	17.5	3.6	5.0	7.0
<b>Turnover ratios (x)</b>					
Asset TO (Gross Block)	1.0	1.4	1.6	1.6	1.7
Inventory / Net sales (days)	74	77	63	64	64
Receivables (days)	57	40	27	34	34
Payables (days)	134	112	75	84	84
WC cycle (ex-cash) (days)	23	19	32	40	40
<b>Solvency ratios (x)</b>					
Net debt to equity	0.2	0.5	(0.4)	(0.2)	(0.2)
Net debt to EBITDA	1.7	1.5	(3.3)	(2.3)	(1.3)
Int. Coverage (EBIT/ Int.)	(0.3)	2.4	1.8	5.6	11.1

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### Disclosure of Interest Statement

### Force Motors

1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors.

### Ratings (Returns):

Buy (&gt; 15%)

Reduce (-5% to 15%)

Accumulate (5% to 15%)

Sell (&lt; -15%)

Neutral (-5 to 5%)