

October 08, 2012

**MAX INDIA LTD.**

BSE Code: 500271    NSE Code: MAX    Reuters Code: MAXLNS    Bloomberg: MAX:IN

Max India Limited (Max India) is a manufacturer of specialty plastic film products for packaging industry. The Company has invested in various subsidiaries in diversified businesses, such as healthcare, life insurance, health insurance, clinical research, etc. The Company has two segments: Speciality Plastic products and Business Investments. Speciality Plastic Products segment is engaged in the production of packaging films supported with polymers of propylene, leather finishing transfer foils and related products.

### Investor's Rationale

#### Healthy growth in bottom-line on one-time income earned

MAX reported robust growth in net profit to ₹5,365 million YoY against loss of ₹18 million, primarily on the account of one-time income earned of ₹6,924 million, through the sale of investment in Max Life which, completely twisted the performance of the company. Further, higher other income and declined interest by 132.4% and 73.0% YoY at ₹51 million and ₹45 million respectively, assisted in net profit growth. While, tax expense grew heavily to ₹1,552 million against ₹8 million on YoY basis.

#### Net revenue grew by 375.4% YoY assisted by healthy revenue from business investment segment

MAX witnessed a robust growth in net revenue by 375.4% YoY at ₹8,997 million in Q1FY'13, as against ₹1,892 million in Q1FY'12 driven by growth in business investment segment's revenue, which grew by 5,569.6% YoY at ₹7,013 million. Further, revenue from speciality plastic products segment grew by 14.2% YoY at ₹1,984 million. While, other operating income declined by 27.4% at ₹90 million. However, net sales grew by 12.2% YoY at ₹1,984 million.

#### EBITDA margin expanded by 6,732bps

Despite of increase in other expenses and employee cost by 452bps and 173bps to 24.9% and 8.6% respectively as a percentage of sales, MAX reported a growth of 3,530% YoY in EBITDA to ₹6,970 million on robust profit on sale of investment in subsidiary. Moreover raw material cost declined by 18bps to 68.7%.

#### Five-star hotel in Noida

During the Q1FY'13, MAX shelved plans to build a five-star luxury hotel in Noida's premium Delhi One project over concerns that upcoming hotels in the city would lead to a glut of up market rooms.

#### Market Data

CMP (₹)	227.8
Target Price	<b>264.5</b>
Stop Loss	204.1
Duration	Medium-term
52-week High-Low (₹)	247.0/140.1
Rise from 52WL (%)	62.6
Correction from 52WH (%)	7.8
Beta	0.6
1 year Average Volume (mn)	0.5
	3M- 19.5
Stock Return (%)	6M- 35.4
	9M- 57.4
Market Cap (₹mn)	60,580
Enterprise Value (₹mn)	46,056

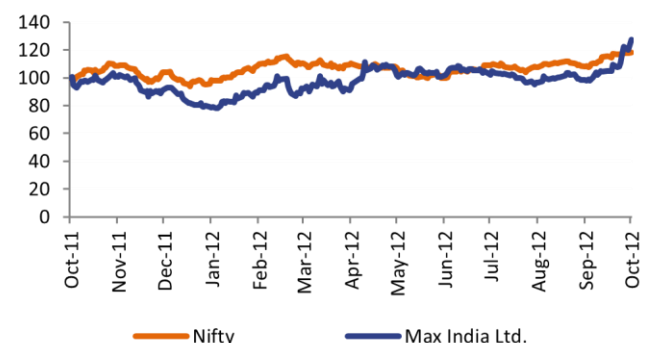
#### Shareholding Pattern

	Jun'12	Mar'12	Chg
Promoters (%)	36.9	37.0	(0.1)
FII (%)	29.0	29.7	(0.7)
DII (%)	22.2	23.1	(0.9)
Public & Others (%)	11.9	10.2	1.7

#### Quarterly Performance(Standalone)

(₹mn)	Q1FY'13	Q1FY'12	Q4FY'12	YoY (%)	QoQ (%)
Revenue	8,997	1,892	1,944	375.4	362.7
Op. exp	2,027	1,700	1,854	19.2	9.4
EBITDA	6,970	192	91	3,530.0	7,592.7
OPM (%)	77.5	10.1	4.7	6,732bps	7,281bps
Net profit	5,365	(18)	(14)	-	-
NPM (%)	59.3	(0.9)	(0.7)	-	-
EPS (₹)	20.2	(0.1)	(0.1)	-	--

#### One Year Price Chart





Indbank Merchant Banking Services Ltd.  
I Floor, Khiviraj Complex I,  
No.480, Anna Salai, Nandanam, Chennai 600035  
Telephone No: 044 – 24313094 - 97  
Fax No: 044 – 24313093  
[www.indbankonline.com](http://www.indbankonline.com)

#### Disclaimer

@ All Rights Reserved

This report and Information contained in this report is solely for information purpose and may not be used as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. The investment as mentioned and opinions expressed in this report may not be suitable for all investors. In rendering this information, we assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available to us. The information has been obtained from the sources that we believe to be reliable as to the accuracy or completeness. While every effort is made to ensure the accuracy and completeness of information contained, Indbank Limited and its affiliates take no guarantee and assume no liability for any errors or omissions of the information. This information is given in good faith and we make no representations or warranties, express or implied as to the accuracy or completeness of the information. No one can use the information as the basis for any claim, demand or cause of action.

Indbank and its affiliates shall not be liable for any direct or indirect losses or damage of any kind arising from the use thereof. Opinion expressed is our current opinion as of the date appearing in this report only and are subject to change without any notice.

Recipients of this report must make their own investment decisions, based on their own investment objectives, financial positions and needs of the specific recipient. The recipient should independently evaluate the investment risks and should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document and should consult their advisors to determine the merits and risks of such investment.

The report and information contained herein is strictly confidential and meant solely for the selected recipient and is not meant for public distribution. This document should not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced, duplicated or sold in any form.