

## Crompton Greaves

### Performance highlights

(₹ cr)	3QFY11	3QFY10	% chg (yoy)	2QFY11	% chg (qoq)
Revenues	2,397	2,246	6.7	2,398	(0.0)
EBITDA	340	320	6.3	333	2.1
EBITDA margin (%)	14.2	14.2	(5.2bp)	13.9	29.4bp
Reported PAT	233	200	16.6	214	9.0

Source: Company, Angel Research

Crompton Greaves (CG) reported broadly in-line numbers for 3QFY2011. On a consolidated basis, the company posted revenue growth of 6.7% yoy to ₹2,397cr (₹2,246cr), while PAT increased 16.6% yoy to ₹233cr (₹200cr). We have marginally revised downwards our earnings estimates. **We maintain a Buy.**

**Muted growth in power segment:** The power systems segment reported marginal de-growth of 0.9% during the current quarter. The segment has been reporting negative growth in five out of the last six quarters, with 2QFY2011 being the only quarter where it reported 6.8% yoy growth. In the overseas division, CG had reported ~13% yoy growth in local currency, while the same in rupee terms was (2.6)% after adjusting for the depreciation in Euro. Revenue growth was mainly led by the consumer products segment, which reported strong 30% yoy growth, while the industrial segment registered 23% yoy growth.

**Outlook and Valuation:** Order inflows from PGCIL have been relatively lower during the first nine months of the current fiscal. However, industry commentary indicates that the ordering activity from PGCIL is likely to gather pace from the early part of FY2012. The consumer and industrial segments, which have been witnessing robust growth of 28% and 20% respectively, could see slowdown post hardening of the interest rates. In its revised guidance, management expects muted growth for the current fiscal, while maintaining 16-18% growth guidance for FY2012. We have revised our revenue and earnings estimates marginally downwards factoring in lower order inflows and margin pressures arising from increased competition and higher commodity prices, going forward. At the current price, the stock is quoting at 19.8x and 17.4x FY2011E and FY2012E EPS, respectively. We maintain a Buy on the stock, with a revised Target Price of ₹330 (₹375).

### Key Financials (Consolidated)

Y/E March (₹ cr)	FY2009	FY2010	FY2011E	FY2012E
Net Sales	8,737	9,141	9,868	11,063
% chg	27.9	4.6	8.0	12.1
Net Profit	560	825	880	1,003
% chg	37.7	47.3	6.7	14.0
EBITDA (%)	11.4	14.0	13.8	14.0
EPS (₹)	15.3	12.9	13.7	15.6
P/E (x)	17.8	21.1	19.8	17.4
P/BV (x)	5.5	7.0	5.4	4.3
RoE (%)	44.8	44.4	32.4	27.8
RoCE (%)	41.9	43.7	35.9	32.9
EV/Sales (x)	2.0	1.9	1.7	1.5
EV/EBITDA (x)	17.5	13.3	12.3	10.6

Source: Company, Angel Research

## BUY

CMP	₹271
Target Price	₹330

Investment Period	12 Months
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### Stock Info

Sector	Capital Goods
Market Cap (₹ cr)	17,410
Beta	0.7
52 Week High / Low	349/219
Avg. Daily Volume	1,273,680
Face Value (₹)	2.0
BSE Sensex	18,091
Nifty	5,432
Reuters Code	CROM.BO
Bloomberg Code	CRG@IN

### Shareholding Pattern (%)

Promoters	40.9
MF / Banks / Indian Fls	27.3
FII / NRIs / OCBs	24.2
Indian Public / Others	7.6

Abs. (%)	3m	1yr	3yr
Sensex	(11.1)	11.9	(0.8)
Crompton Greaves	(17.9)	10.2	48.8

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**Exhibit 1: Quarterly performance (consolidated)**

(₹ cr)	3QFY11	3QFY10	% chg (yoy)	2QFY11	% chg (qoq)	9MFY11	9MFY10	% chg (yoy)
<b>Net Sales</b>	<b>2,397</b>	<b>2,246</b>	<b>6.7</b>	<b>2,398</b>	<b>(0.0)</b>	<b>7,097</b>	<b>6,633</b>	<b>7.0</b>
Other operating income	0	0	-	0	-	0.00	0.00	-
<b>Total income</b>	<b>2,397</b>	<b>2,246</b>	<b>6.7</b>	<b>2,398</b>	<b>(0.0)</b>	<b>7,097</b>	<b>6,633</b>	<b>7.0</b>
Stock adjustments	42	3		(64)		(110)	(80)	
Raw Material	1,198	1,109	8.1	1,284	(6.7)	3,679	3,425	7.4
(% of net sales)	50.0	49.4		53.5		51.8	51.6	
Employee Cost	301	282	6.7	309	(2.8)	909	851	6.8
(% of Net Sales)	12.5	12.5		12.9		12.8	12.8	
Other Expenses	267	326	(18.3)	292	(8.6)	846	893	(5.4)
(% of Net Sales)	11.1	14.5		12.2		11.9	13.5	
<b>Total Expenditure</b>	<b>2,057</b>	<b>1,926</b>	<b>6.8</b>	<b>2,065</b>	<b>(0.4)</b>	<b>6,126</b>	<b>5,759</b>	<b>6.4</b>
<b>EBITDA</b>	<b>340</b>	<b>320</b>	<b>6.3</b>	<b>333</b>	<b>2.1</b>	<b>971</b>	<b>874</b>	<b>11.0</b>
EBITDA margin (%)	14.2	14.2		13.9		13.7	13.2	
Interest	4	5	(21.7)	5	(20.6)	14	15	(6.0)
Depreciation	47	39	18.2	46	1.9	134	115	16.1
Other Income	12	22	(44.1)	23	(47.2)	53	61	(12.6)
PBT	302	297	1.5	305	(1.2)	876	805	8.8
(% of Net Sales)	12.6	13.2		12.7		12.3	12.1	
Total Tax	70	97	(27.4)	92	(23.5)	242	251	(3.8)
(% of PBT)	23.3	32.6		30.1		27.6	31.2	
<b>PAT (After Minority Int. and Assoc.)</b>	<b>233</b>	<b>200</b>	<b>16.6</b>	<b>214</b>	<b>9.0</b>	<b>637</b>	<b>553</b>	<b>15.2</b>
(% of Net Sales)	8.9	8.9		8.9		9.0	8.3	

Source: Company, Angel Research

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

(₹ cr)	Actual	Estimates	Var (%)
<b>Revenue</b>	<b>2,397</b>	<b>2,415</b>	<b>(0.7)</b>
EBITDA	340	326	4.3
PAT	233	207	12.4
<b>EPS (₹)</b>	<b>3.6</b>	<b>3.2</b>	<b>11.6</b>

Source: Company, Angel Research

**Exhibit 3: Segment-wise performance (consolidated)**

Y/E March (₹ cr)	3QFY11	3QFY10	% chg (yoy)	9MFY11	9MFY10	% chg (yoy)
<b>Revenues</b>						
Power Systems	1,545	1,560	(0.9)	4,579	4,521	1.3
Consumer Products	475	365	30.3	1,470	1,152	27.7
Industrial Systems	381	310	22.9	1,063	908	17.1
Others	6	19	(69.7)	23	78	(70.2)
<b>Total</b>	<b>2,407</b>	<b>2,253</b>	<b>6.8</b>	<b>7,135</b>	<b>6,658</b>	<b>7.2</b>
<b>EBIT</b>						
Power Systems	201	201	(0.2)	550	520	5.8
Consumer Products	67	52	27.2	214	163	31.5
Industrial Systems	69	64	8.3	199	183	9.0
Others	(14)	5	(390.0)	(12)	17	(168.0)
<b>Total</b>	<b>322</b>	<b>323</b>	<b>(0.1)</b>	<b>951</b>	<b>883</b>	<b>7.7</b>
<b>Revenue mix (%)</b>						
Power Systems	64.2	69.2		64.2	67.9	
Consumer Products	19.7	16.2		20.6	17.3	
Industrial Systems	15.8	13.8		14.9	13.6	
Others	0.2	0.8		0.3	1.2	
<b>EBIT Margin (%)</b>						
Power Systems	13.0	12.9		12.0	11.5	
Consumer Products	14.0	14.4		14.6	14.1	
Industrial Systems	18.2	20.7		18.8	20.1	
Others	(253.9)	(26.5)		(51.3)	22.4	
<b>Total</b>	<b>13.4</b>	<b>14.3</b>		<b>13.3</b>	<b>13.3</b>	

Source: Company, Angel Research

**Exhibit 4: Segment-wise performance (overseas)**

Y/E March (Rs cr)	3QFY11	3QFY10	% chg (yoy)	9MFY11	9MFY10	% chg (yoy)
<b>Revenues</b>						
Power Systems	964	991	(2.6)	2,845	2,839	0.2
Consumer Products	-	-	-	-	-	-
Industrial Systems	31	19	65.1	57	70	(17.8)
Others	3	13	(79.5)	9	58	(85.0)
<b>Total</b>	<b>998</b>	<b>1,023</b>	<b>(2.4)</b>	<b>2,911</b>	<b>2,967</b>	<b>(1.9)</b>
<b>EBIT</b>						
Power Systems	86	93	(8.0)	238	219	8.5
Consumer Products	-	-	-	-	-	-
Industrial Systems	5.7	(4)	(247.1)	1	1	12.0
Others	(15)	5	(375.7)	(14)	17	(184.1)
<b>Total</b>	<b>76</b>	<b>95</b>	<b>(19.5)</b>	<b>224</b>	<b>236</b>	<b>(5.1)</b>
<b>Revenue mix (%)</b>						
Power Systems	96.6	96.9		97.7	95.7	
Consumer Products	0.0	0.0		0.0	0.0	
Industrial Systems	3.1	1.9		2.0	2.4	
Others	0.3	1.3		0.3	2.0	
<b>EBIT Margin (%)</b>						
Power Systems	8.9	9.4		8.4	7.7	
Consumer Products	-	-		-	-	
Industrial Systems	18.1	(20.3)		1.6	1.2	
Others	(560.6)	41.6		(160.9)	28.7	
<b>Total</b>	<b>7.7</b>	<b>9.3</b>		<b>7.7</b>	<b>8.0</b>	

Source: Company, Angel Research

**Renewal Energy spurs European growth:** Despite the pricing pressures in the European markets, CG reported decent 13% growth in Euro terms, while the same in rupee terms stood at (2.6)% after adjusting for the depreciation in Euro. Growth in the overseas power segment was largely attributable to the increased dispatches of distribution transformers for the renewable energy segment, especially solar and wind. Margins of the overseas segment have been continuously contracting on account of increased competition and rising commodity prices. Despite the improving demand scenario, the industry has not been able to pass on the increased commodity prices on account of overcapacities in the global T&D markets. However, management has upped its FY2012 guidance for the overseas segment from 7% to 13% in Euro terms, while remaining cautious on profitability.

**Exhibit 5: Segment-wise performance (domestic)**

Y/E March (₹ cr)	3QFY11	3QFY10	% chg (yoy)	9MFY11	9MFY10	% chg (yoy)
<b>Revenues</b>						
Power Systems	581	569	2.1	1,735	1,682	3.2
Consumer Products	475	365	30.3	1,470	1,152	27.7
Industrial Systems	350	291	20.1	1,005	838	20.0
Others	3	6	(47.0)	14	19	(26.0)
<b>Total</b>	<b>1,409</b>	<b>1,231</b>	<b>14.5</b>	<b>4,225</b>	<b>3,690</b>	<b>14.5</b>
<b>EBIT</b>						
Power Systems	115	108	6.4	312	301	3.7
Consumer Products	67	52	27.2	214	163	31.5
Industrial Systems	64	68	(6.2)	198	182	9.0
Others	1	0	(227.1)	2	1	218.6
<b>Total</b>	<b>246</b>	<b>228</b>	<b>7.9</b>	<b>727</b>	<b>646</b>	<b>12.4</b>
<b>Revenue mix (%)</b>						
Power Systems	41.2	46.2		41.1	45.6	
Consumer Products	33.7	29.6		34.8	31.2	
Industrial Systems	24.8	23.7		23.8	22.7	
Others	0.2	0.5		0.3	0.5	
<b>EBIT Margin (%)</b>						
Power Systems	19.8	19.0		18.0	17.9	
Consumer Products	14.0	14.4		14.6	14.1	
Industrial Systems	18.2	23.3		19.7	21.7	
Others	20.3	(8.5)		15.5	3.6	
<b>Total</b>	<b>17.5</b>	<b>18.5</b>		<b>17.2</b>	<b>17.5</b>	

Source: Company, Angel Research

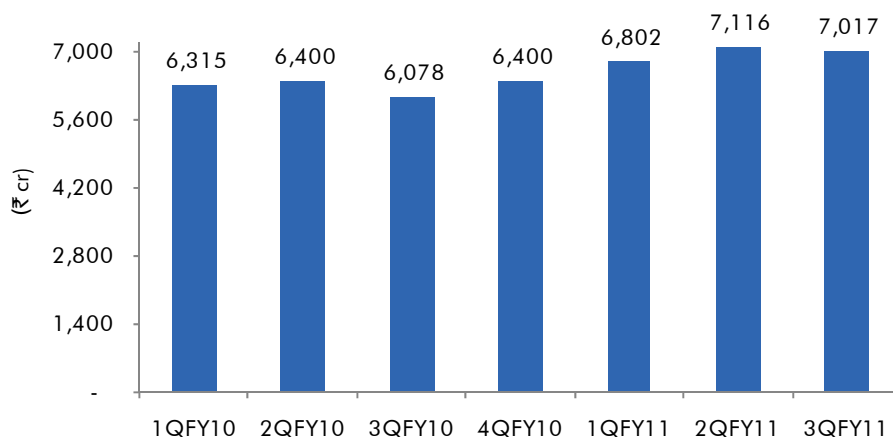
**Consumer products and industrial segments drive domestic business:** Growth in the domestic business was led by the consumer products and industrial segments, which reported a strong 30% and 23% yoy growth, respectively. Performance of the power segment was relatively muted at 2.1% on the back of sluggish off-take from utilities and the slowdown in exports from the domestic facilities. Despite heightened competition and rising commodity prices, CG has been able to maintain and marginally improve margins on the back of higher operational efficiencies resulting in lower raw material consumption and optimum absorption of overheads. This has been made possible on account of the integration of the design and production technologies acquired from the overseas facilities.

Going forward, sharp increases in the commodity prices may impact profitability as further room for cost rationalisation seems to be narrowing. In power systems, deliveries are expected to normalise in the near term and management has guided growth of 10-11% during FY2012. Management expects the consumer product segment to grow at 25% during FY2012 as well. Revenues of the industrial segment are expected to register 20% growth with incremental order inflow from the cement, steel, fertiliser segments and railway traction.

### Healthy order book

The company's unexecuted order backlog at the end of 3QFY2011 stood at ₹7,017cr. Order backlog of the overseas business stood at ₹3,315cr, while the same for the domestic business was ₹3,702cr. The company currently has L1 orders worth ₹250cr from PGCIL for the supply of 17 transformers and 11 reactors in the 765kv class. Even though the order inflow from PGCIL and other state utilities were lower during the nine months of the current fiscal, management expects ordering to gather pace from 1HFY2012 onwards.

#### Exhibit 6: Order book (consolidated)



Source: Company, Angel Research

**Mulls cut in capex budget:** The company had planned capex of ~₹600cr for FY2011 of which ~₹400cr has been expended till date. As indicated in the previous conference call, an equivalent amount i.e. ~ ₹600cr would be incurred in FY2012 to expand domestic capacities in the power systems and industrial segments. Management now intends to defer the FY2012 capex till further clarity emerges on the order inflow from the central transmission utility and other state utilities. Management informed that the existing capacities are sufficient to cater to the expected execution in FY2012.

## Investment Argument

**Power segment to drive growth:** At present, the domestic power systems segment accounts for 48% of the company's standalone revenues. The massive capacity expansion planned in the country has made inroads for investment opportunities in power generation, thereby outlining huge investments in the T&D space. Renowned for its sound expertise in manufacturing power transformers, extra high voltage (EHV) and medium voltage (MV) circuit breakers, CG is well poised to harness the opportunities in the government's proposed upgrade of its 765vK ultra high voltage segment.

## Outlook and Valuation

Order inflows from PGCIL have been relatively lower during the first nine months of the current fiscal. However, industry commentary indicates that the ordering activity from PGCIL is likely to gather pace from the early part of FY2012. The consumer and industrial segments, which have been witnessing robust growth of 28% and 20% respectively, could see slowdown post hardening of the interest rates. In its revised guidance, management expects muted growth for the current fiscal, while maintaining 16-18% growth guidance for FY2012. We have revised our revenue and earnings estimates marginally downwards factoring in lower order inflows and margin pressures arising from increased competition and higher commodity prices, going forward. At the current price, the stock is quoting at 19.8x and 17.4x FY2011E and FY2012E EPS, respectively. **We maintain a Buy on the stock, with a revised Target Price of ₹330 (₹375).**

**Exhibit 7: Change in estimates**

	FY2011			FY2012		
	Earlier estimates	Revised estimates	Var (%)	Earlier estimates	Revised estimates	Var (%)
Revenues	10,184	9,868	(3.1)	11,406	11,063	(3.0)
EBITDA	1,385	1,363	(1.6)	1,597	1,549	(3.0)
PAT	896	880	(1.8)	1,036	1,003	(3.2)

Source: Company, Angel Research

**Exhibit 8: Key assumptions**

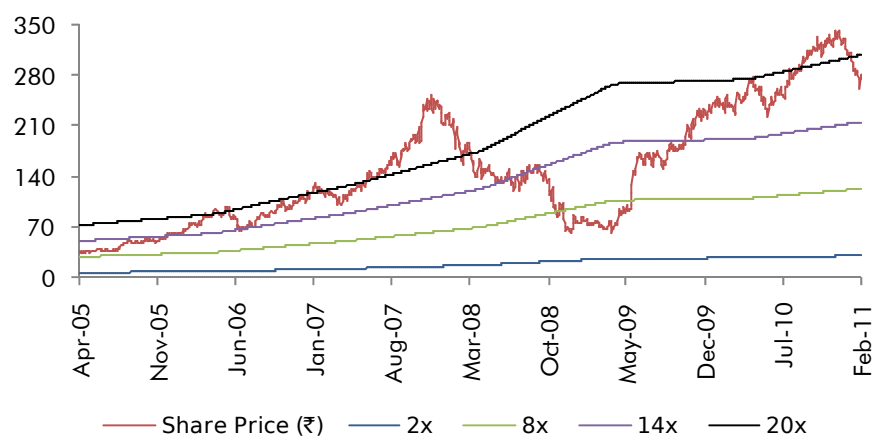
Segment growth rates (%)	FY2011E	FY2012E
Power Systems Segment (Domestic)	2.5	12
Power Systems Segment (International)	1.5	10
Consumer Products	25	15
Industrial Systems	18	10

Source: Company, Angel Research

**Exhibit 9: Angel EPS Forecast**

	Angel forecast	Bloomberg consensus	Var (%)
FY2011E	13.7	14.2	(3.3)
FY2012E	15.6	16.4	(5.1)

Source: Company, Angel Research

**Exhibit 10: One yr forward P/E**


Source: Company, Angel Research



**Exhibit 11: Comparative valuation**

Company	Reco.	CMP	Tgt. Price	Upside	P/BV(x)		P/E(x)		FY2010-12E	RoCE (%)		RoE (%)	
		(₹)	(₹)	(%)	FY11E	FY12E	FY11E	FY12E	EPS CAGR	FY11E	FY12E	FY11E	FY12E
ABB*	Neutral	703	-	-	5.7	4.8	30.4	23.0	31.1	20.3	22.3	18.6	20.8
Areva T&D*	Sell	308	260	-	7.6	6.3	42.1	29.3	14.6	13.9	18.0	18.6	22.7
BHEL	Neutral	2,138	-	-	5.3	4.2	18.6	15.1	26.8	33.1	32.1	31.3	30.4
BGR Energy	Buy	552	720	30.4	4.4	3.4	14.3	11.5	31.1	18.2	17.7	34.7	33.6
<b>Crompton Greaves</b>	<b>Buy</b>	<b>271</b>	<b>330</b>	<b>21.6</b>	<b>5.4</b>	<b>4.3</b>	<b>19.8</b>	<b>17.4</b>	<b>7.9</b>	<b>35.9</b>	<b>32.9</b>	<b>32.4</b>	<b>27.8</b>
Jyoti Structures	Buy	101	215	113.6	1.4	1.1	7.3	5.8	29.6	18.8	19.3	20.2	20.6
KEC International	Buy	90	130	44.1	2.5	1.9	9.9	7.8	22.2	18.5	18.9	27.6	26.2
Thermax	Neutral	670	-	-	5.9	4.8	22.0	18.4	29.4	31.5	30.2	29.9	28.8

Source: Company, Angel Research

**Profit and Loss Statement (Consolidated)**

Y/E March (₹ cr)	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
<b>Operating income</b>	<b>5,640</b>	<b>6,832</b>	<b>8,737</b>	<b>9,141</b>	<b>9,868</b>	<b>11,063</b>
% chg	36.7	21.2	27.9	4.6	8.0	12.1
<b>Total Expenditure</b>	<b>5,157</b>	<b>6,086</b>	<b>7,742</b>	<b>7,864</b>	<b>8,505</b>	<b>9,514</b>
Raw Materials	3,058	3,371	4,153	4,328	4,612	5,150
Mfg costs	804	1,194	1,541	1,469	1,697	1,903
Personnel Costs	717	797	1,065	1,113	1,209	1,355
Other Costs	578	725	983	954	987	1,106
<b>EBITDA</b>	<b>483</b>	<b>746</b>	<b>996</b>	<b>1,277</b>	<b>1,363</b>	<b>1,549</b>
% chg	48.9	54.5	33.5	28.3	6.7	13.7
(% of Net Sales)	8.6	10.9	11.4	14.0	13.8	14.0
Depreciation & Amortisation	95	126	122	155	188	220
<b>EBIT</b>	<b>387</b>	<b>620</b>	<b>874</b>	<b>1,122</b>	<b>1,175</b>	<b>1,329</b>
% chg	56.2	60.0	41.0	28.4	4.7	13.2
(% of Net Sales)	6.9	9.1	10.0	12.3	11.9	12.0
Interest & other Charges	57	78	81	43	32	23
Other Income	105	74	74	110	114	126
(% of PBT)	24.1	12.0	8.5	9.2	9.1	8.8
<b>Recurring PBT</b>	<b>436</b>	<b>615</b>	<b>867</b>	<b>1,189</b>	<b>1,257</b>	<b>1,432</b>
% chg	57.2	41.1	40.9	37.1	5.7	14.0
Extraordinary Expense/(Inc.)	0	0	0	35	0	0
<b>PBT (reported)</b>	<b>436</b>	<b>615</b>	<b>867</b>	<b>1,154</b>	<b>1,257</b>	<b>1,432</b>
Tax	149	205	305	365	377	430
(% of PBT)	34.3	33.4	35.1	30.7	30.0	30.0
<b>PAT (reported)</b>	<b>287</b>	<b>410</b>	<b>563</b>	<b>789</b>	<b>880</b>	<b>1,003</b>
Add: Share of earnings of associate	0	2	(1)	3	0	0
Less: Minority interest (MI)	5	5	2	3	0	0
Prior period items	0	0	0	0	0	0
<b>PAT after MI (reported)</b>	<b>282</b>	<b>407</b>	<b>560</b>	<b>789</b>	<b>880</b>	<b>1,003</b>
<b>ADJ. PAT</b>	<b>282</b>	<b>407</b>	<b>560</b>	<b>825</b>	<b>880</b>	<b>1,003</b>
% chg	23.1	44.3	37.7	47.3	6.7	14.0
(% of Net Sales)	5.0	6.0	6.4	9.0	8.9	9.1
<b>Basic EPS (₹)</b>	<b>7.7</b>	<b>11.1</b>	<b>15.3</b>	<b>12.9</b>	<b>13.7</b>	<b>15.6</b>
<b>Fully Diluted EPS (₹)</b>	<b>7.7</b>	<b>11.1</b>	<b>15.3</b>	<b>12.9</b>	<b>13.7</b>	<b>15.6</b>
% chg	(12.1)	44.3	37.7	(15.8)	6.7	14.0

**Balance Sheet (Consolidated)**

Y/E March (₹ cr)	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
<b>SOURCES OF FUNDS</b>						
Equity Share Capital	73	73	73	128	128	128
Preference Capital	0	0	0	0	0	0
Reserves & Surplus	896	1,228	1,758	2,376	3,091	3,906
<b>Shareholders Funds</b>	<b>969</b>	<b>1,302</b>	<b>1,831</b>	<b>2,504</b>	<b>3,219</b>	<b>4,034</b>
Minority Interest	28	12	14	4	4	4
Total Loans	904	842	718	501	401	251
Deferred Tax Liability	0	0	85	95	95	95
<b>Total Liabilities</b>	<b>1,902</b>	<b>2,156</b>	<b>2,648</b>	<b>3,104</b>	<b>3,719</b>	<b>4,384</b>
<b>APPLICATION OF FUNDS</b>						
Gross Block	2,233	2,685	3,029	2,986	3,586	4,186
Less: Acc. Depreciation	1,248	1,489	1,704	1,723	1,912	2,131
Net Block	985	1,197	1,325	1,262	1,674	2,054
Capital Work-in-Progress	102	48	54	114	125	125
Goodwill	0	0	0	0	0	0
Investments	64	93	167	554	750	950
Deferred Tax Asset	42	59	133	90	90	90
Current Assets	2,943	3,402	3,945	4,102	4,575	5,074
Cash	241	244	566	669	542	610
Loans & Advances	365	370	229	246	530	570
Inventories	916	1,066	1,095	1,041	1,070	1,166
Debtors	1,421	1,720	2,056	2,146	2,433	2,728
Others	0	0	0	0	0	0
Current liabilities	2,235	2,642	2,976	3,017	3,495	3,909
Net Current Assets	708	759	969	1,085	1,080	1,165
Mis. Exp. not written off	0	0	0	0	0	0
<b>Total Assets</b>	<b>1,902</b>	<b>2,156</b>	<b>2,648</b>	<b>3,104</b>	<b>3,719</b>	<b>4,384</b>

Source: Company, Angel Research

**Cash Flow Statement (Consolidated)**

Y/E March (₹ cr)	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
PAT	282	407	560	860	880	1,003
Adjustments	291	446	598	433	597	672
Opr. Profit Before W/Cap Changes	572	853	1,158	1,293	1,477	1,675
Changes in Working Capital	(75)	(84)	6	54	(339)	(52)
Taxes Paid during the year	(114)	(187)	(217)	(292)	(325)	(417)
<b>Cash Flow from Operations</b>	<b>379</b>	<b>579</b>	<b>944</b>	<b>1,056</b>	<b>812</b>	<b>1,206</b>
(Inc.)/Dec in Fixed Assets	(636)	(253)	(198)	(207)	(611)	(600)
(Inc.)/Dec in Investments	(106)	(102)	(140)	(436)	(196)	(200)
(Inc.)/Dec in Loans/advances	0	0	0	0	0	0
Other Income	18	8	16	68	0	0
<b>Cash Flow from Investing</b>	<b>(725)</b>	<b>(347)</b>	<b>(322)</b>	<b>(575)</b>	<b>(808)</b>	<b>(800)</b>
Issue of Equity	0	0	0	0	0	0
Inc/(Dec) in Loans	486	(91)	(137)	(217)	(100)	(150)
Dividend Paid (incl.Tax)	(50)	(70)	(81)	(116)	0	(165)
Others	(56)	(68)	(83)	(45)	(32)	(23)
<b>Cash Flow from Financing</b>	<b>380</b>	<b>(229)</b>	<b>(302)</b>	<b>(378)</b>	<b>(132)</b>	<b>(338)</b>
Cash generated/(utilised)	34	3	321	103	(127)	68
Cash at start of the year	207	241	244	566	669	542
<b>Cash at end of the year</b>	<b>241</b>	<b>244</b>	<b>566</b>	<b>669</b>	<b>542</b>	<b>610</b>

### Key Ratios

Y/E March	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	35.3	24.5	17.8	21.1	19.8	17.4
P/CEPS	26.4	18.7	14.6	17.8	16.3	14.2
P/BV	10.4	7.7	5.5	7.0	5.4	4.3
Dividend yield (%)	0.5	0.6	0.7	0.8	0.8	0.9
EV/Sales	3.2	2.6	2.0	1.9	1.7	1.5
EV/EBITDA	37.5	24.1	17.5	13.3	12.3	10.6
EV / Total Assets	10.9	9.6	7.6	6.0	4.5	3.8
<b>Per Share Data (₹)</b>						
EPS (Basic)	7.7	11.1	15.3	12.9	13.7	15.6
EPS (fully diluted)	7.7	11.1	15.3	12.9	13.7	15.6
Cash EPS	10.3	14.5	18.6	15.3	16.7	19.1
DPS	1.4	1.6	2.0	2.2	2.2	2.5
Book Value	26.0	35.1	49.5	38.8	50.0	62.7
<b>DuPont Analysis (%)</b>						
EBIT margin	6.9	9.1	10.0	12.3	11.9	12.0
Tax retention ratio (%)	65.7	66.6	64.9	69.3	70.0	70.0
Asset turnover (x)	4.4	4.7	5.6	5.7	4.9	4.2
RoIC (Post-tax)	19.9	28.4	36.3	48.5	40.6	35.4
Cost of Debt (Post Tax)	5.6	6.0	6.7	4.9	4.9	4.9
Leverage (x)	0.7	0.7	0.2	(0.1)	(0.2)	(0.2)
Operating ROE	29.2	44.3	43.6	43.6	33.7	28.7
<b>Returns (%)</b>						
RoCE (Pre-tax)	25.1	35.2	41.9	43.7	35.9	32.9
Angel RoIC (Pre-tax)	35.2	44.9	57.8	73.8	61.7	53.2
RoE	32.7	46.9	44.8	44.4	32.4	27.8
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block) (X)	3.1	3.1	3.4	3.4	3.1	2.8
Inventory / Sales (days)	49	53	45	43	39	37
Receivables (days)	81	84	79	84	85	85
Payables (days)	67	110	98	105	104	103
WC cycle (ex-cash) (days)	30	26	19	16	18	18
<b>Solvency ratios (x)</b>						
Net debt to Equity	0.9	0.6	0.0	(0.2)	(0.2)	(0.3)
Net debt to EBITDA	1.4	0.8	0.0	(0.4)	(0.4)	(0.7)
Interest Coverage	6.8	7.9	10.8	26.2	37.2	58.3

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### Disclosure of Interest Statement

### Crompton Greaves

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%)