

## Crompton Greaves

### Performance Highlights

(` cr)	2QFY12	2QFY11	% chg (yoy)	1QFY12	% chg (qoq)
<b>Revenue</b>	<b>3,028</b>	<b>2,397</b>	<b>26.3</b>	<b>2,706</b>	<b>11.9</b>
EBITDA	182.7	340.2	(46.3)	226.0	(19.2)
EBITDA margin (%)	6.0	14.2	(816)	8.4	(232.0)
<b>Adj. PAT</b>	<b>77.2</b>	<b>232.8</b>	<b>(66.8)</b>	<b>116.7</b>	<b>(33.8)</b>

Source: Company, Angel Research

Crompton Greaves (CG) reported a weak performance for 3QFY2012, which was significantly below our estimates and street expectations. Although CG has posted decent numbers on the top-line front, the company's margin has dragged its earnings. We believe CG is still facing headwinds on the business front and the outlook remains bleak for near to medium term. **We revise our FY2012 and FY2013 estimates to factor in slower than anticipated margin recovery and thereby downgrade the stock to Accumulate from Buy.**

**Weakness continues:** For 3QFY2012, CG's top line grew by 26.3% yoy to `3,028cr (`2,397cr), which was 14.3% higher than our estimate of `2,649cr. EBITDA margin witnessed a steep contraction of ~820bp yoy to 6.0%, significantly below our/street estimates, primarily driven by high raw-material costs. Led by margin dip, the reported PAT plunged by 66.8% yoy to `77.2cr (`232.8cr), 42.0% below our (below street) expectations of `133.6cr.

**Outlook and valuation:** Given the latent potential in the company (strong global T&D player with diversified product offerings), our build in conservative assumptions (9.6% EBITDAM for FY2013 much below the historical average of 12.0-13.0%) and current undemanding valuations (stock at 30% discount to its five year trading PE multiple), we maintain our positive stance on the company. The pessimism surrounding the company's growth and profitability has clearly been factored in the stock price, given the PE multiple derating and underperformance of the stock. Thus, we believe from a long-term perspective, investors can start accumulating the stock. We have assigned a multiple of 14.0 to arrive at a target price of `152, implying an upside of 5.6% from current levels.

#### Key Financials (Consolidated)

Y/E March (` cr)	FY2010	FY2011	FY2012E	FY2013E
<b>Operating Income</b>	<b>9,141</b>	<b>10,005</b>	<b>11,341</b>	<b>12,936</b>
% chg	4.6	9.5	13.4	14.1
<b>Adj. PAT</b>	<b>825</b>	<b>927</b>	<b>423</b>	<b>696</b>
% chg	47.3	12.4	(54.3)	64.5
EBITDA (%)	14.0	13.4	7.4	9.6
<b>EPS (`)</b>	<b>12.9</b>	<b>14.4</b>	<b>6.6</b>	<b>10.9</b>
P/E (x)	11.2	10.0	21.8	13.3
P/BV (x)	3.7	2.8	2.6	2.3
RoE (%)	44.4	33.8	12.5	18.4
RoCE (%)	43.7	34.3	13.7	19.5
EV/Sales (x)	1.0	0.9	0.9	0.8
EV/EBITDA (x)	6.9	6.7	11.8	7.9

Source: Company, Angel Research

## ACCUMULATE

CMP	` 144
Target Price	` 152

Investment Period	12 months
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#### Stock Info

Sector	Capital Goods
Market Cap (` cr)	9,234
Beta	0.7
52 Week High / Low	297/107
Avg. Daily Volume	2,487,060
Face Value (`)	2.0
BSE Sensex	17,301
Nifty	5,236
Reuters Code	CROM.BO
Bloomberg Code	CRG@IN

#### Shareholding Pattern (%)

Promoters	41.7
MF / Banks / Indian FIs	30.7
FII / NRIs / OCBs	18.5
Indian Public / Others	9.1

Abs. (%)	3m	1yr	3yr
Sensex	(1.0)	(4.0)	(5.2)
Crom. Greav.	3.7	(47.4)	(21.1)

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

(` cr)	3QFY12	3QFY11	% chg (yoy)	2QFY12	% chg (qoq)	9MFY12	9MFY11	% chg (yoy)
<b>Net Sales</b>	<b>3,028</b>	<b>2,397</b>	<b>26.3</b>	<b>2,706</b>	<b>11.9</b>	<b>8,171</b>	<b>7,097</b>	<b>15.1</b>
Other operating income	0	0		0		0	0	
<b>Total income</b>	<b>3,028</b>	<b>2,397</b>	<b>26.3</b>	<b>2,706</b>	<b>11.9</b>	<b>8,171</b>	<b>7,097</b>	<b>15.1</b>
Stock adjustments	406.3	42.3		(184.7)		(50.4)	(110.4)	
Raw Material	1,723	1,447	19.1	2,005	(14.0)	5,628	4,482	25.6
(% of total income)	70.3	62.1	8.2	67.3		68.3	61.6	
Employee Cost	392.9	300.5	30.8	357.4	9.9	1,072.4	909.2	17.9
(% of total income)	13.0	12.5		13.2		13.1	12.8	
Other Expenses	322.7	266.7	21.0	302.1	6.8	930.6	845.5	10.1
(% of total income)	10.7	11.1		11.2		16.5	18.9	
<b>Total Expenditure</b>	<b>2,845</b>	<b>2,057</b>	<b>38.3</b>	<b>2,480</b>	<b>14.8</b>	<b>7,581</b>	<b>6,126</b>	<b>23.7</b>
<b>EBITDA</b>	<b>182.7</b>	<b>340.2</b>	<b>(46.3)</b>	<b>2,260</b>	<b>(91.9)</b>	<b>590.5</b>	<b>970.7</b>	<b>(39.2)</b>
(EBITDA %)	6.0	14.2	(8.2)	8.4		7.2	13.7	
Interest	11.2	3.9	191.7	10.2	9.9	32.4	13.7	136.3
Depreciation	62.7	46.7	34.3	72.6	(13.7)	196.1	134.0	46.4
Other Income	15.5	12.0	28.5	21.5	(28.1)	52.1	53.1	(1.9)
<b>PBT</b>	<b>124</b>	<b>302</b>	<b>(58.8)</b>	<b>165</b>	<b>(24.5)</b>	<b>414.1</b>	<b>876.1</b>	<b>(52.7)</b>
PBT (%)	4.1	12.6		6.1		5.1	12.3	
Total Tax	49	70	(30.8)	46	5.1	142.5	241.7	(41.0)
(% of PBT)	39.2	23.3		28.1		34.4	27.6	
<b>Reported PAT (Afer MI)</b>	<b>77.2</b>	<b>233</b>	<b>(66.8)</b>	<b>116.7</b>	<b>(33.8)</b>	<b>273</b>	<b>637</b>	<b>(57.1)</b>
PAT Margins(%)	2.5	9.7		4.3		3.3	9.0	
Extra ordinary exp/(inc)	0	0		0		-	-	
<b>Adj PAT</b>	<b>77.2</b>	<b>232.8</b>	<b>(66.8)</b>	<b>117</b>	<b>(33.8)</b>	<b>273.3</b>	<b>637.2</b>	<b>(57.1)</b>
<b>EPS (`)</b>	<b>1.2</b>	<b>3.6</b>	<b>(66.8)</b>	<b>1.8</b>	<b>(33.8)</b>	<b>4.3</b>	<b>9.9</b>	<b>(57.1)</b>

Source: Company, Angel Research

**Exhibit 2: Actual vs Estimates**

(` cr)	Actual	Estimates	Var (%)
<b>Revenue</b>	<b>3,028</b>	<b>2,649</b>	<b>14.3</b>
EBITDA	182.7	251.6	(27.4)
Interest	11.2	10.5	7.0
Tax	48.7	52.0	(6.3)
<b>PAT</b>	<b>77.2</b>	<b>133.6</b>	<b>(42.2)</b>

Source: Company, Angel Research

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

Y/E March (₹ cr)	3QFY12	3QFY11	% chg (yoy)	2QFY12	% chg (qoq)	9MHFY12	9MFY11	% chg (yoy)
<b>Revenue</b>								
Power Systems	754.2	580.7	29.9	598.8	26.0	1,922	1,735	10.8
Consumer Products	503.3	475.1	5.9	480.1	4.8	1,527	1,470	3.9
Industrial Systems	388.6	349.7	11.1	376.6	3.2	1,127	1,005	12.1
Others	1.9	3.0	(35.9)	3.0	(36.1)	8	14	(46.1)
<b>Total</b>	<b>1,648</b>	<b>1,409</b>	<b>17.0</b>	<b>1,459</b>	<b>(26.9)</b>	<b>4,583</b>	<b>4,225</b>	<b>8.5</b>
<b>EBIT</b>								
Power Systems	81.1	114.9	(29.5)	67.2	20.7	219.9	312.3	(29.6)
Consumer Products	59.3	66.6	(11.0)	54.3	9.2	188.9	214.0	(11.7)
Industrial Systems	56.7	63.7	(11.0)	59.1	(4.0)	173.3	198.4	(12.6)
Others	0.2	0.6	(67.2)	0.3	(31.0)	0.8	2.2	(62.3)
<b>Total</b>	<b>197.2</b>	<b>245.8</b>	<b>(19.8)</b>	<b>180.8</b>	<b>(91.2)</b>	<b>583.0</b>	<b>726.8</b>	<b>(19.8)</b>
<b>Revenue mix (%)</b>								
Power Systems	45.8	41.2		26.6		41.9	41.1	
Consumer Products	30.5	33.7		21.3		33.3	34.8	
Industrial Systems	23.6	24.8		16.7		24.6	23.8	
Others	0.1	0.2		0.1		0.2	0.3	
<b>EBIT Margin (%)</b>								
Power Systems	10.7	19.8		11.2		11.4	18.0	
Consumer Products	11.8	14.0		11.3		12.4	14.6	
Industrial Systems	14.6	18.2		15.7		15.4	19.7	
Others	10.4	20.3		9.6		10.8	15.5	
<b>Total</b>	<b>12.0</b>	<b>17.5</b>		<b>12.4</b>		<b>12.7</b>	<b>17.2</b>	

Source: Company, Angel Research

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

Y/E March (₹ cr)	3QFY12	3QFY12	% chg (yoy)	2QFY12	% chg (qoq)	9MFY12	9MFY11	% chg (yoy)
<b>Revenue</b>								
Power Systems	2,069	1,545	33.9	1,761	17.5	5,347	4,579	2,069
Consumer Products	503.3	475.1	5.9	480	4.8	1,527	1,470	503.3
Industrial Systems	475.9	380.9	24.9	466	2.2	1,320	1,063	475.9
Others	4.5	5.7	(20.7)	6	(22.3)	16	23	4.5
<b>Total</b>	<b>3,053</b>	<b>2,407</b>	<b>26.8</b>	<b>2,713</b>	<b>12.5</b>	<b>8,210</b>	<b>7,135</b>	<b>3,053</b>
<b>EBIT</b>								
Power Systems	51.8	200.8	(74.2)	93.4	(44.6)	185.3	549.8	51.8
Consumer Products	59.3	66.6	(11.0)	54.3	9.2	188.9	214.0	59.3
Industrial Systems	49.4	69.4	(28.7)	55.8	(11.4)	156.1	199.3	49.4
Others	0.8	(14.4)	(105.2)	0.7	15.4	2.5	(11.8)	0.8
<b>Total</b>	<b>161.2</b>	<b>322.3</b>	<b>(50.0)</b>	<b>204.1</b>	<b>(21.0)</b>	<b>532.8</b>	<b>951.2</b>	<b>161.2</b>
<b>Revenue mix (%)</b>								
Power Systems	67.8	64.2		64.9		65.1	64.2	
Consumer Products	16.5	19.7		17.7		18.6	20.6	
Industrial Systems	15.6	15.8		17.2		16.1	14.9	
Others	0.1	0.2		0.2		0.2	0.3	
<b>EBIT Margin (%)</b>								
Power Systems	2.5	13.0		5.3		3.5	12.0	
Consumer Products	11.8	14.0		11.3		12.4	14.6	
Industrial Systems	10.4	18.2		12.0		11.8	18.8	
Others	16.6	(253.2)		11.2		15.8	(51.1)	
<b>Total</b>	<b>5.3</b>	<b>13.4</b>		<b>7.5</b>		<b>6.5</b>	<b>13.3</b>	

Source: Company, Angel Research

### Power Systems – Pressure witnessed in domestic and international business margins

CG witnessed weakness in the power system segment in 3QFY2012, as was the case during the first half. On a consolidated basis, Power segment posted 33.9% yoy growth to ₹2,069cr (₹1,545cr) – while international power systems revenues grew by a strong 36.3% yoy (aided by the currency movement of 10-12%). The domestic power systems business posted strong growth of 30.0% yoy.

On the EBIT margin front, the company is facing issues due to increased material cost and few large low margin orders completed during the quarter, which led to a dip in profitability. The segment's EBIT margin declined by 1,050bp on a yoy basis and by 280bp on qoq basis. EBIT margin on international business continued to reel under pressure, as it posted losses on EBIT level with negative EBIT margins of 2.2%.

### Consumer products (domestic business) – Profitability marred by slowdown in economy and high interest rates

For the Consumer segment the revenue was flat for the quarter at ₹503.3cr (₹475.1cr). Margin continues to decline as expected. EBIT margin for the quarter came in at 11.8% against 14.0% last time around, a yoy fall of 220bp and a sequential 50bp incline .

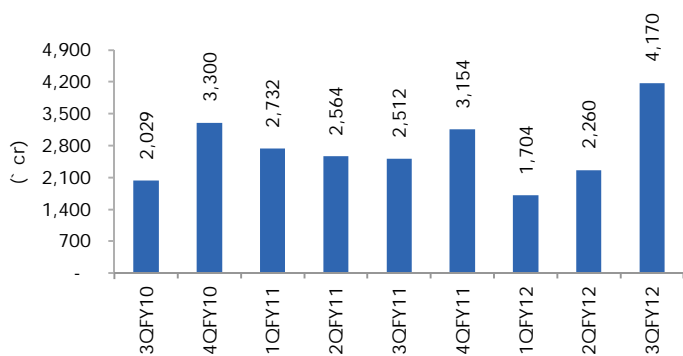
Management indicated that company has gained market share in fan business from ~21.2% to ~22.6% and has retained its leadership position. Further, it also bagged a huge order of 3,00,000 fans from Tamil Nadu.

### Industrial Systems – growth from acquisition

In the industrial system segment, overall consolidated growth stood at of 24.9% to ₹475.9cr (₹380.9cr). **Domestic revenue** increased by 11.1% to ₹388.6cr (₹349.7cr). On the EBIT margin front, the company is facing issues due to heightened competition, pricing pressure and slowdown in industrial capex – leading to a dip in profitability. EBIT margin declined by 839bp on a yoy basis and 110bp on qoq basis.

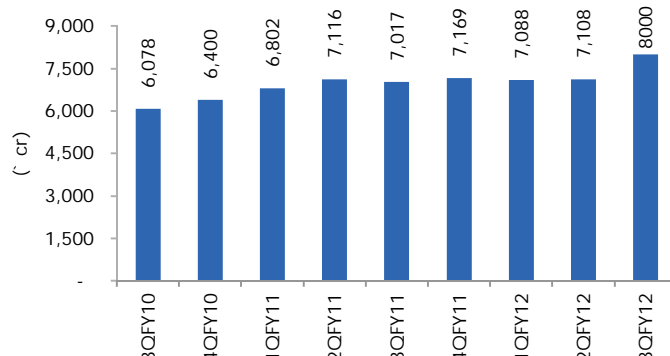
**Order book – the silver lining:** Consolidated order intake for 3QFY2012 was ₹4,170cr, a yoy jump of 66%, majorly contributed by power system segment. OB at the end of 3QFY2012 stood at ~ ₹8,000cr. Going ahead, management expects better inflows in both domestic and International markets.

Exhibit 5: Decent show on Order inflow front



Source: Company, Angel Research

Exhibit 6: Order backlog provides decent visibility



Source: Company, Angel Research

## Key takeaways from the Analyst meet

- Management has maintained its top-line guidance of 10–12% growth (we have penciled in 13.4%) and 8-10% EBITDA margins for FY2012 (we have penciled in 7.4%).
- Management has cited that Power System segment has witnessed some traction (especially from new products) and things are stabilizing in the T&D segment. Also Middle East region has seen some good order inflows, which were stalled earlier. Further, the recent cooling off seen in the key raw materials (read Copper) will benefit the company up to some extent but with lag effect (read 2HFY2013).
- Management commentary was optimistic on the Western Europe market for renewable energy projects namely, wind offshore and solar energy.
- Management guided strong prospects for Industrial segment and expects to gain strong footing in the industrial automation space through Emotron's acquisition. The acquisition will enable to make inroads in European markets, as the company has strong presence Germany and Sweden. This acquisition would also complement the company's Industrial product offerings and strengthen its presence across the Drive Solutions markets.
- CG's revenue stream is currently skewed largely to power sector with the consumer product and all other industries put together account for about 35% of the topline. Going ahead, the company aims to achieve a balance between power and industrial segments in equal proportion to diversify the business model. This diversification is targeted to be achieved by exploring opportunities in newer segments.
- On a long term basis, management plans to roll out a comprehensive cost reduction strategy. This would mainly include increased sourcing from low cost countries. Currently, 47% of the costs originates from low cost regions (countries) compared to 53% from high cost regions. Additional initiatives would include better supply chain management and cost restructuring at factories.
- Depreciation in standalone PnL has come down during the quarter due to sale of aircraft (at Book value). Further, the goodwill amortization during the quarter came in at €1.2mn for Emotron and US\$350,000 for OEI.
- Further, the company also witnessed some respite on working capital front during the quarter as it liquidated inventory worth ₹250cr and booked some losses as well on this front.

## Investment concerns

**Business under stress:** We believe CG's power and industrial segment are facing several headwinds on the international and domestic business fronts, as reflected in the pressure witnessed in its recent quarterly numbers, mainly due to increasing competitive pressures (taking a toll on profitability) and general slowdown faced by economies (impeding the revenue visibility). To put things in perspective, CG has a sizeable exposure in the currently troubled geographies of Europe (17% of FY2011 revenue) and North America (11.5% of FY2011 revenue). Likewise, CG's consumer segment, which had expanded admirably in the past is currently facing the brunt of inflationary pressures. Therefore, we believe CG's near-to-medium term performance would be under pressure.

## Outlook and valuation

Given the latent potential in the company (strong global T&D player with diversified product offerings), our build in conservative assumptions (9.6% EBITDAM for FY2013 much below the historical average of 12.0-13.0%) and current undemanding valuations (stock at 30% discount to its five year trading PE multiple), we maintain our positive stance on the company. The pessimism surrounding the company's growth and profitability has clearly been factored in the stock price, given the PE multiple derating and underperformance of the stock. Thus, we believe from a long-term perspective, investors can start accumulating the stock. We have assigned a multiple of 14.0 to arrive at a target price of ₹152, implying an upside of 5.6% from current levels.

## Change in estimates

We have revised our financial estimates based on the current results, overall sector outlook as well as management's guidance. We have marginally tweaked our top-line estimates upwards to factor in good performance on the quarterly front and decent order inflow. On margin front we remain conservative and expect them to remain under pressure. We have also estimated higher working requirements on the back of high debtor levels on consolidated basis, though there has been improvement in 3QFY2012.

### Exhibit 7: Revised estimates

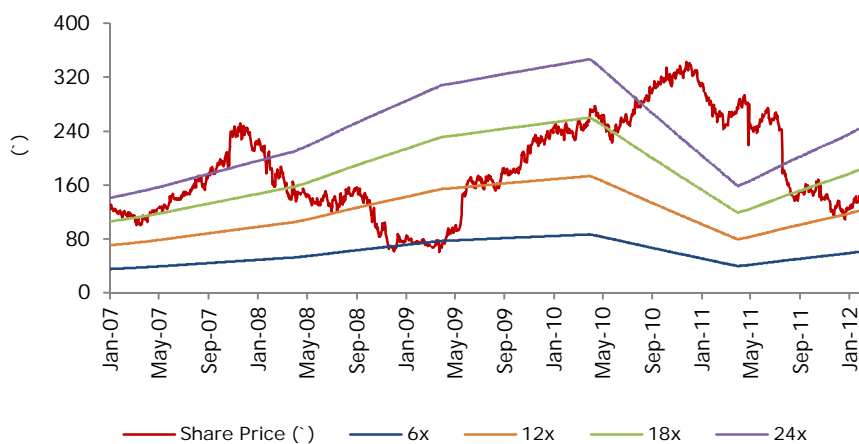
(₹ cr)	FY2012E			FY2013E		
	Earlier estimates	Revised estimates	Var. (%)	Earlier estimates	Revised estimates	Var. (%)
<b>Revenue</b>	<b>10,962</b>	<b>11,341</b>	<b>3.5</b>	<b>12,406</b>	<b>12,936</b>	<b>4.3</b>
EBITDA	984	845	(14.1)	1,500	1,238	(17.5)
EBITDA (%)	9.0	7.4	(153)	12.1	9.6	(252)
<b>PAT</b>	<b>519</b>	<b>423</b>	<b>(18.5)</b>	<b>980</b>	<b>696</b>	<b>(29.0)</b>
EPS (₹)	8.1	6.6	(18.6)	12.2	10.9	(11.0)
Order Inflows	8,000	9,530	19.1	9000	10,706	19.0

Source: Company, Angel Research

**Exhibit 8: Angel EPS forecast**

	Angel forecast	Bloomberg consensus	Var. (%)
FY2012E	6.6	8.8	(25.0)
FY2013E	10.9	11.3	(12.0)

Source: Company, Angel Research

**Exhibit 9: One-year forward P/E band**


Source: Company, Angel Research

**Exhibit 10: Peer comparison**

Company	Reco.	CMP (₹)	Tgt. price (₹)	Upside/ (Downside) (%)	P/BV(x)		P/E(x)		FY2011-13E EPS CAGR	RoCE (%)		RoE (%)	
					FY12E	FY13E	FY12E	FY13E		FY12E	FY13E	FY12E	FY13E
ABB*	Sell	819	427	(47.9)	6.8	6.0	92.2	46.0	144.2	11.4	20.2	7.6	13.9
BHEL	Neutral	255	-	-	2.5	2.1	9.0	10.8	(2.4)	39.5	26.5	30.6	21.1
BGR Energy	Neutral	238	168	(29.3)	1.5	1.3	6.6	7.1	(13.4)	14.2	10.6	25.0	23.4
<b>Crompt. Greaves</b>	<b>Accum.</b>	<b>144</b>	<b>152</b>	<b>5.6</b>	<b>2.6</b>	<b>2.3</b>	<b>21.8</b>	<b>13.3</b>	<b>(13.3)</b>	<b>13.7</b>	<b>19.5</b>	<b>12.5</b>	<b>20.1</b>
Jyoti Structures	Buy	48	54	12.9	0.6	0.5	4.0	4.4	(5.3)	21.7	18.2	15.8	12.7
KEC International	Neutral	55	-	4.0	1.3	1.1	9.3	5.8	9.4	17.0	19.0	21.5	27.2
Thermax	Neutral	488	-	-	3.6	3.0	14.1	15.0	0.9	32.8	26.0	28.0	21.9

Source: Company, Angel Research Note\*: December year end.

**Profit & Loss statement (consolidated)**

Y/E March ( ` cr)	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
<b>Operating income</b>	<b>6,832</b>	<b>8,737</b>	<b>9,141</b>	<b>10,005</b>	<b>11,341</b>	<b>12,936</b>
% chg	21.2	27.9	4.6	9.5	13.4	14.1
<b>Total Expenditure</b>	<b>6,086</b>	<b>7,742</b>	<b>7,864</b>	<b>8,661</b>	<b>10,496</b>	<b>11,699</b>
Raw Materials	3,371	4,153	4,203	4,270	5,257	6,123
Mfg costs	1,194	1,541	1,593	2,227	2,745	2,755
Personnel Costs	797	1,065	1,113	1,181	1,361	1,552
Other Costs	725	983	954	983	1,134	1,268
<b>EBITDA</b>	<b>746</b>	<b>996</b>	<b>1,277</b>	<b>1,344</b>	<b>845</b>	<b>1,238</b>
% chg	54.5	33.5	28.3	5.2	(37.1)	46.5
(% of Net Sales)	10.9	11.4	14.0	13.4	7.4	9.6
Depreciation & Amortisation	126	122	155	194	263	296
EBIT	620	874	1,122	1,150	582	942
% chg	60.0	41.0	28.4	2.5	(49.4)	61.8
(% of Net Sales)	9.1	10.0	12.3	11.5	5.1	7.3
Interest & other Charges	78	81	43	35	45	48
Other Income	74	74	110	114	88	73
(% of PBT)	12.0	8.5	9.2	9.3	14.0	7.6
Recurring PBT	615	867	1,189	1,229	625	967
% chg	41.1	40.9	37.1	3.4	(49.1)	54.7
Extraordinary Inc/(exp)	-	-	35	(38)	0	0
<b>PBT</b>	<b>615</b>	<b>867</b>	<b>1,224</b>	<b>1,191</b>	<b>625</b>	<b>967</b>
Tax	205	305	365	310	202	271
(% of PBT)	33.4	35.1	30.7	25.2	32.3	28.0
PAT (reported)	410	563	824	919	423	696
Add: Share of earnings of asso.	2	(1)	3	8	-	-
Less: Minority interest (MI)	5	2	3	0.4	-	-
Prior period items	-	-	-	-	-	-
<b>Reported PAT (After MI)</b>	<b>407</b>	<b>560</b>	<b>860</b>	<b>889</b>	<b>423</b>	<b>696</b>
<b>Adjusted PAT</b>	<b>407</b>	<b>560</b>	<b>825</b>	<b>927</b>	<b>423</b>	<b>696</b>
% chg	44.3	37.7	47.3	12.4	(54.3)	64.5
(% of Net Sales)	6.0	6.4	9.0	9.3	3.7	5.4
<b>Basic EPS ( ` )</b>	<b>11.1</b>	<b>15.3</b>	<b>12.9</b>	<b>14.4</b>	<b>6.6</b>	<b>10.9</b>
<b>Fully Diluted EPS ( ` )</b>	<b>11.1</b>	<b>15.3</b>	<b>12.9</b>	<b>14.4</b>	<b>6.6</b>	<b>10.9</b>
% chg	44.3	37.7	(15.8)	12.4	(54.3)	64.5

**Balance Sheet (consolidated)**

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
<b>SOURCES OF FUNDS</b>						
Equity Share Capital	73	73	128	128	128	128
Preference Capital	-	-	-	-	-	-
<b>Reserves &amp; Surplus</b>	<b>1,228</b>	<b>1,758</b>	<b>2,376</b>	<b>3,146</b>	<b>3,404</b>	<b>3,936</b>
Shareholders Funds	1,302	1,831	2,504	3,275	3,533	4,064
Minority Interest	12	14	4	16	16	16
Total Loans	842	718	501	470	967	867
Deferred Tax Liability	-	85	95	124	124	124
<b>Total Liabilities</b>	<b>2,156</b>	<b>2,648</b>	<b>3,104</b>	<b>3,885</b>	<b>4,640</b>	<b>5,071</b>
<b>APPLICATION OF FUNDS</b>						
Gross Block	2,685	3,029	2,986	3,780	4,530	4,930
Less: Acc. Depreciation	1,489	1,704	1,723	1,949	2,212	2,508
<b>Net Block</b>	<b>1,197</b>	<b>1,325</b>	<b>1,262</b>	<b>1,831</b>	<b>2,319</b>	<b>2,423</b>
Capital Work-in-Progress	48	54	114	110	110	110
Goodwill	-	-	-	-	-	-
Investments	93	167	554	675	400	500
Deferred Tax Asset	59	133	90	108	108	108
<b>Current Assets</b>	<b>3,402</b>	<b>3,945</b>	<b>4,102</b>	<b>4,550</b>	<b>5,614</b>	<b>6,179</b>
Cash	244	566	669	298	138	144
Loans & Advances	370	229	246	468	574	633
Inventories	1,066	1,095	1,041	1,241	1,795	2,035
Debtors	1,720	2,056	2,146	2,543	3,107	3,367
Others	-	-	-	-	-	-
Current liabilities	2,642	2,976	3,017	3,389	3,911	4,249
<b>Net Current Assets</b>	<b>759</b>	<b>969</b>	<b>1,085</b>	<b>1,160</b>	<b>1,703</b>	<b>1,930</b>
Mis. Exp. not written off	-	-	-	-	-	-
<b>Total Assets</b>	<b>2,156</b>	<b>2,648</b>	<b>3,104</b>	<b>3,885</b>	<b>4,640</b>	<b>5,071</b>

**Exhibit 11: Cash Flow Statement (consolidated)**

Y/E March ( ` cr)	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
<b>Profit before tax</b>	<b>615</b>	<b>867</b>	<b>1,189</b>	<b>1,229</b>	<b>625</b>	<b>967</b>
Depreciation	132	127	155	194	263	296
(Inc)/Dec in Working Capital	(48)	111	(13)	(446)	(703)	(221)
Less: Other income	(74)	(74)	(110)	(114)	(88)	(73)
Direct taxes paid	(205)	(305)	(365)	(310)	(202)	(271)
<b>Cash Flow from Operations</b>	<b>420</b>	<b>727</b>	<b>857</b>	<b>553</b>	<b>(104)</b>	<b>698</b>
(Inc.)/Dec.in Fixed Assets	(429)	(363)	(168)	(845)	(750)	(400)
(Inc.)/Dec. in Investments	(29)	(74)	(386)	(121)	275	(100)
Other income	74	74	110	114	88	73
<b>Cash Flow from Investing</b>	<b>(384)</b>	<b>(362)</b>	<b>(444)</b>	<b>(852)</b>	<b>(387)</b>	<b>(427)</b>
Issue of Equity	-	-	55.0	-	-	-
Inc./Dec.) in loans	(63)	(124)	(217)	(31)	497	(100)
Dividend Paid (Incl. Tax)	69	86	95	165	165	165
Others	99	166	(52)	124	-	-
<b>Cash Flow from Financing</b>	<b>(131)</b>	<b>(210)</b>	<b>(257)</b>	<b>(195)</b>	<b>332</b>	<b>(265)</b>
Inc./Dec.) in Cash	3	321	103	(370)	(160)	6
<b>Opening Cash balances</b>	<b>241</b>	<b>244</b>	<b>566</b>	<b>669</b>	<b>298</b>	<b>138</b>
<b>Closing Cash balances</b>	<b>244</b>	<b>566</b>	<b>669</b>	<b>298</b>	<b>138</b>	<b>144</b>

Source: Company, Angel Research

### Key Ratios

Y/E March	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	13.0	9.4	11.2	10.0	21.8	13.3
P/CEPS	9.9	7.7	9.4	8.2	13.5	9.3
P/BV	4.1	2.9	3.7	2.8	2.6	2.3
Dividend yield (%)	1.1	1.4	1.5	1.5	1.5	1.5
EV/Sales	1.4	1.1	1.0	0.9	0.9	0.8
EV/EBITDA	13.2	9.3	6.9	6.7	11.8	7.9
EV / Total Assets	5.3	4.0	3.1	2.3	2.2	1.9
OB/Sales	0.8	0.8	0.7	0.7	0.7	0.5
<b>Per Share Data (₹)</b>						
EPS (Basic)	11.1	15.3	12.9	14.4	6.6	10.9
EPS (fully diluted)	11.1	15.3	12.9	14.4	6.6	10.9
Cash EPS	14.5	18.6	15.3	17.5	10.7	15.5
DPS	1.6	2.0	2.2	2.2	2.2	2.2
Book Value	35.1	49.5	38.8	50.8	54.8	63.1
<b>DuPont Analysis(%)</b>						
EBIT margin	9.1	10.0	12.3	11.5	5.1	7.3
Tax retention ratio (%)	66.6	64.9	69.3	74.8	67.7	72.0
Asset turnover (x)	4.7	5.6	5.7	4.4	3.2	3.0
RoIC (Pre-tax)	42.6	55.9	70.0	50.7	16.6	22.1
RoIC (Post-tax)	28.4	36.3	48.5	37.9	11.2	15.9
Cost of Debt (Post Tax)	6.0	6.7	4.9	5.4	4.2	3.7
Leverage (x)	0.7	0.2	(0.1)	(0.1)	0.1	0.2
Operating ROE	44.3	43.6	43.6	33.8	11.8	17.9
<b>Returns (%)</b>						
RoCE (Pre-tax)	35.2	41.9	43.7	34.3	13.7	19.5
Angel RoIC (Pre-tax)	43.9	55.5	66.9	47.6	15.8	21.1
RoE	46.9	44.8	44.4	33.8	12.5	18.4
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block) (X)	3.1	3.4	3.4	3.1	2.7	2.7
Inventory / Sales (days)	53	45	43	42	49	54
Receivables (days)	84	79	84	86	91	91
Payables (days)	124	111	122	118	113	115
WC cycle (ex-cash) (days)	26	19	16	23	39	47
<b>Solvency ratios (x)</b>						
Net debt to Equity	0.6	0.0	(0.2)	(0.1)	0.2	0.1
Net debt to EBITDA	0.8	0.0	(0.4)	(0.2)	0.9	0.4
Interest Coverage	7.9	10.8	26.2	32.7	13.1	19.7

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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

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<b>Ratings (Returns):</b>	Buy (> 15%) Reduce (-5% to 15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
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