

Crompton Greaves

BSE SENSEX	S&P CNX
24,021	7,298
Bloomberg	CRG IN
Equity Shares (m)	626.7
M.Cap.(INRb)/(USDb)	80.6 / 1.2
52-Week Range (INR)	204 / 120
1, 6, 12 Rel. Per (%)	-30/-17/-6
Avg Val, INRm/ Vol m	500
Free float (%)	65.6

Financials & Valuations (INR b)

Y/E Mar	2016E	2017E	2018E
Net Sales	88.6	99.8	105.2
EBITDA	1.0	3.4	4.5
Adj PAT	-2.1	1.1	1.7
EPS(INR)	-3.3	1.7	2.7
EPS Gr. (%)	-211.5	-153.4	55.6
BV/Sh. (INR)	60.3	61.6	63.5
RoE (%)	-5.2	2.9	4.4
RoCE (%)	0.0	3.0	4.1
P/E (x)	-39.1	73.2	47.0
P/BV (x)	2.1	2.1	2.0

Estimate change



TP change



Rating change


CMP: INR129 TP: INR165(+28%)
Neutral

CG Consumer Electricals(CGCEL) results in line with expectations; management focused on profitably growing the CG brand

- **3QFY16 results operationally in line.** 3QFY16 operational results were broadly in line with our estimates. Sales at INR8.1b (+12% YoY) vs. our estimate of INR8.2b. All key categories (fans, Lighting, pumps and appliances) registered double digit revenue growth YoY. EBIT at INR0.83b declined 2.8% YoY, however adjusting for the corporate expenses of ~INR160m, EBIT stood at 992m (+16% YoY) as against INR852m in 3QFY15. Adj PAT at INR0.45b (-23% YoY) vs. our estimate of INR0.46b in line with our estimate.
- **Management focused on profitably growing the CG brand.** CGCEL's targets to grow higher than the industry growth and key focus areas for the new management are: (a) Invest in building the Crompton brand, (b) Consumer centric focus (c) Widening the "Go to market" channels as currently using only the electrical equipment channel, (d) Leveraging systems and best in class processes to drive efficiencies (e) Building organizational capability.
- **Likely listing of CGCEL in April, 2016.** The company is in the process of applying to the stock exchanges for listing. Post the record date (likely by the end of the month), shares in CGCEL would be issued and thereafter based on fulfillment of the listing conditions, the exchanges would list the shares.
- **Retain Neutral with a revised price target of INR165** – To factor in a) higher advertising and promotion expenses by the new CGCEL management we cut our FY17/FY18E to INR4.4/5.5 share, and b) continued losses at the overseas subsidiaries and uncertainty over the sale of the business, we lower the B2B business value to INR25(10x FY18e EPS). Our SOTP price values the consumer business at INR140 (25x FY18E EPS) and the B2B business at INR25/share. Key triggers for the stock are a sale of the overseas power subsidiaries and listing of the consumer business.

Quarterly performance

(INR M)	1QFY15	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16E	MoSL 3QFY16 est	Variance YoY
Revenues	8,611	7,431	7,232	9,053	9,708	8,044	8,101	10,353	8,172	-0.9
EBIT	1,087	889	852	1,186	1,387	778	828	1,135	817	1.3
EBIT Margin	12.6	12.0	11.8	13.1	14.3	9.7	10.2	11.0	10.0	
Growth YoY			12.2	30.8	27.6	(12.4)	(2.8)	(4.3)	(7)	
Interest costs (INR M)	9.7	(4.1)	(7.8)	44.5	181.0	137	158	154	137	
PBT	1,077	893	860	1,142	1,206	641	671	981	680	
PBT Margin	12.5	12.0	11.9	12.6	12.4	8.0	8.3	9.5	8.3	
Growth YoY			14.6	27.2	11.9	(28.2)	(21.9)	(14.1)	(20.9)	
Tax	(345)	(285)	(274)	(372)	(400)	(213)	(218)	(323)	(224)	
Rate(%)	32%	32%	32%	33%	33%	33%	32%	33%	33.0%	
Adjusted PAT (INR M)	732	608	586	769	805	428	454	657	456	-0.5
ADJ PAT Margin (%)	8.5	8.2	8.1	8.5	8.3	5.3	5.6	6.4	5.6	
Growth YoY			9.7	20.6	10.0	(29.6)	(22.5)	(26.0)	(26.2)	

Ankur Sharma (ankur.vsharma@motilaloswal.com); +91 22 3982 5449

Amit Shah (amit.shah@motilaloswal.com); +91 22 3029 5126

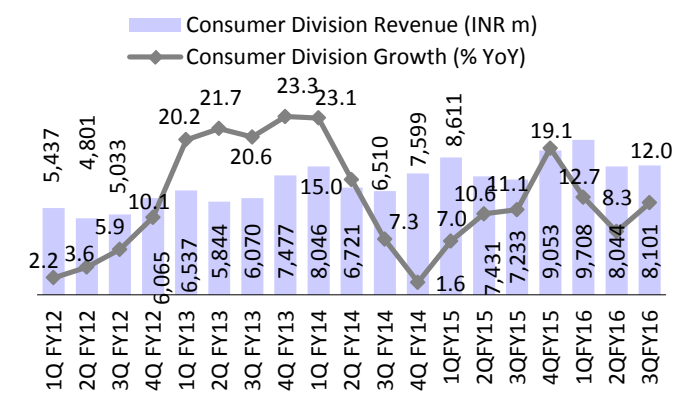
Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

3QFY16 operational results in line with expectation; PAT marginally below estimates on higher interest costs

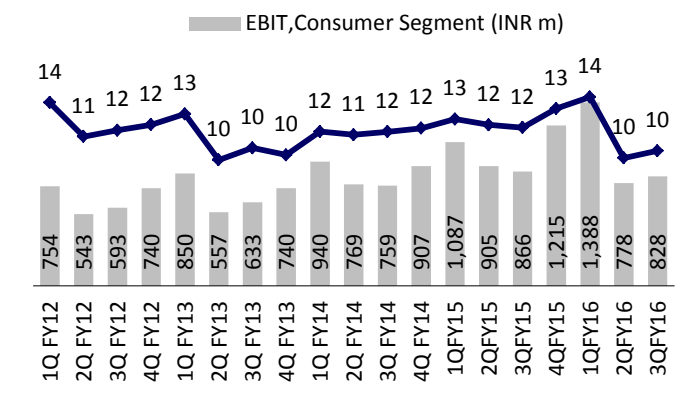
- 3QFY16 operational results were broadly in line with our estimates. Sales at INR8.1b (+12% YoY) vs. our estimate of INR8.2b. All key categories (Fans, Lighting, pumps and appliances) registered double digit revenue growth YoY.
- EBIT at INR0.83b declined 2.8% YoY, however adjusting for the corporate expenses of ~INR160m. EBIT stood at 992m (+16.4% YoY) as against INR852m in 3QFY15. Adjusted EBIT margins improved by 47bps YoY to 12.2%.
- Interest cost stood at INR158m vs. estimate of INR137m.
- Adjusted PAT at INR454m down 23% YoY was in line with our estimate of INR456m

Exhibit 1: Revenue growth led by double digit growth across key categories of fans, pumps, lighting, and appliances



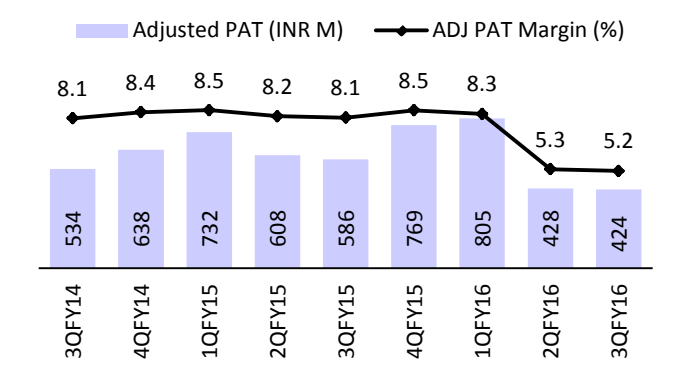
Source: MOSL, Company

Exhibit 2: EBIT margins impacted by corporate expenses & exceptional cost of INR200m



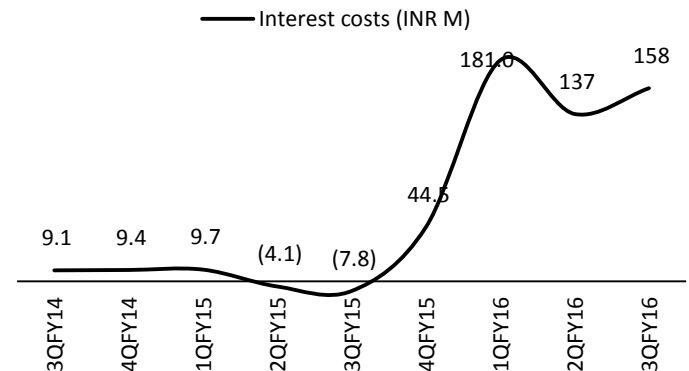
Source: MOSL, Company

Exhibit 3: PAT Margin decline led by higher interest cost and corporate expenses



Source: Company, MOSL

Exhibit 4: Increase in interest cost on account of acquisition debt of INR7b taken by CGCEL



Source: Company, MOSL

Key highlights from the conference call of Crompton Consumer Electricals Limited (CGCEL)

- The consumer business got the HC approval for the demerger on 20th November, 15 where after papers were filed with the ROC and appointed date as of 1st Oct15. Post record date being decided by Crompton Greaves Ltd. (likely end Feb), issue shares of CGCEL and then listing of shares.
- Management highlighted that CGCEL's focus would be to drive business through (a) Investing in building the Crompton brand, (b) Consumer centric focus with the consumer at the center of innovation, (c) Widening the "Go to market" channels as currently using only the electrical equipment channel. With the entry into appliances, LED's would also like to get into other channels such as multi brand retail, ecommerce (d)Leveraging systems and best in class processes to drive efficiencies (e) Building organizational capability.
- CGCEL currently has 1500 employees being transferred from the Crompton greaves consumer division
- CGCEL currently manufactures 50% of the sales requirement and balance is outsourced by the company. The sourcing decision would be driven by maximization of value and customer delight.

Exhibit 5: CG Consumer Electrical business Proforma P/L

Description	FY11	FY12	FY13	FY14	FY15	FY16E	FY17E	FY18E
Domestic Consumer sales	20,212	21,336	25,927	28,470	32,327	35,882	41,265	47,454
YoY Growth (%)		6%	22%	10%	14%	11%	15%	15%
EBITDA	3120	2700	2870	3490	4140	4,220	4,646	5,391
Margin (%)	15.4%	12.7%	11.1%	12.3%	12.8%	11.8%	11.3%	11.4%
Depreciation	(192)	(71)	(89)	(115)	(127)	(129)	(130)	(135)
EBIT	2,928	2,629	2,781	3,375	4,014	4,091	4,776	5,526
Margin(%)	14.5%	12.3%	10.7%	11.9%	12.4%	11.4%	11.6%	11.6%
Interest cost on Rs700cr debt transferred to Consumer@10%				(46)	(42)	(630)	(700)	(500)
PBT	2,928	2,629	2,781	3,329	3,971	3,461	4,076	5,026
Tax	(878)	(789)	(834)	(998.70)	(1,277)	(1,142)	(1,304)	(1,608)
Tax Rate	30	30	30	30	32	33	32	32
PAT	2,050	1,840	1,946	2,330	2,694	2,319	2,772	3,417
EPS	3.3	2.9	3.1	3.7	4.3	3.7	4.4	5.5

Source: Company. Motilal Oswal estimates

Key takeaways from meeting with the management of Crompton Greaves Limited

We met the management of Crompton Greaves Limited to get an update of the sale of the overseas power subsidiaries and the outlook the India B2B business. Key takeaways are:

- The deal currently being negotiated is for the sale of the Power Products businesses (US, Belgium, Hungary, Indonesia) along with the Systems business in Belgium. The buyer has already put in a binding agreement – the Board has not agreed to the proposal and it is currently under negotiation. A final decision should be expected in the next few weeks
- In case of a deal not going through, management focus would be to reduce losses in the subsidiaries. Majority of the losses are in the Power Systems business (\$20-25m of the total \$60m loss) – the systems business is purely for engineering and construction work and can be shut down by offering a severance package to the employees. The Systems business in Brazil has been closed and a decision to continue with the US/UK system businesses will be made in the next one year.
- The Power Product business is profitable except for Hungary. The Indonesian business continues to do well; Belgium has a good order book and should be EBIT positive while US business is stable. Hungary remains the problem (\$15mn of losses) and management is looking to restructure operations at this facility and will come out with a detailed plan by March, '16.
- Net debt has been brought down to INR9b from the earlier INR22b; proceeds from asset sale in Kanjurmarg(INR5b), transfer of consumer debt(INR7b) and sale of stake in Lucy Switchgear(~INR0.4b) used to bring down the debt
- Management targets another INR4-5b of asset sales to bring down net debt further to INR5-6b
- Decline in Domestic power sales during Q316(-11% YoY) is on account of the schedule of deliveries which is only a timing issue. Expect sales to grow by 10% in FY17 and margins to normalize at 8-9%. The 4.4% margin in Q316 is primarily due to negative operating leverage.
- Looking to set up a new transformer facility near Mumbai since Kanjurmarg will not be sufficient
- Seeing strong growth in low traction motors but high traction motor sales remains sluggish. Margins could head toward 18-20% if industrial capex revives – they are currently at 50% utilization and margins could see a jump with a revival in volumes

Valuation and view

- In less than three years, CRG is again in the midst of a major business restructuring process. Successful hive-off of the overseas power business would have addressed a key overhang on the stock, given that the performance of the overseas operations has remained volatile. A successful hive-off will be a key stock price driver – however, given the dead lock on the deal with the buyer, it is uncertain when the overseas power business sale would go through.
- With continued losses in the overseas business, it becomes imperative for Crompton to either turn around this business or find a buyer at the earliest. This

is more since with the demerger of the Consumer business, CG would find it difficult to fund losses at its overseas operations.

- We continue to value Crompton on a SOTP basis. We value the Consumer business at INR140 (25x FY18e EPS) to which we add the value of the B2B businesses (INR25/share) to get our target price of INR165.

Key Triggers

- Successful hive-off of the global power division would address a key overhang on the stock and will be key stock price driver in future, given that the performance of the overseas operations has remained volatile.
- Demerger of the consumer business will also unlock shareholder value.
- Debt reduction—given the sale of unproductive assets, including land at Kanjurmarg.

Key Risks

- The reported financials in the interim period, particularly for overseas subsidiaries, could be volatile—given the perceived discontinuity in the interim period.
- CRG standalone has outstanding equity investments/advances of INR16b to the overseas operations, with INR4.6b being invested in FY15. We understand that over the last eight years, CRG has spent ~INR22b toward various acquisitions (including automation business); these acquisitions have been largely funded through acquisition debt (outstanding debt in CG Global was INR18b in FY15). The management's had earlier stated that turning around of the international business is more difficult; thus it becomes imperative to execute the hive-off of overseas business.

Operating matrix – Crompton Greaves Limited

	FY11	FY12	FY13	FY14	FY15	FY16E	FY17E	FY18E
Revenue (INR m)								
Power Systems - Standalone	25,542	27,474	27,247	28,235	27,341	24,617	26,975	29,004
Power Systems - Overseas	39,486	44,474	46,112	56,540	58,399	45,210	52,136	52,522
Consumer Products	20,212	21,336	25,927	28,470	32,327	0	0	0
Industrial Systems	14,971	18,202	18,346	18,164	18,409	19,144	21,058	24,041
Others	317	1,456	3,896	3,942	4,187	125	125	125
Less: Inter Segmental	(477)	(456)	(584)	(547)	(531)	(531)	(531)	(531)
Total sales	100,051	112,486	120,944	134,805	140,131	88,564	99,763	105,161
Growth %	9.5	12.4	7.5	12.0	3.1	0.4	8.9	0.0
EBIT Margins (%)								
Power Systems - Standalone	18.0	11.6	8.5	9.2	8.1	4.0	8.0	8.5
Power Systems - Overseas	8.8	-1.6	-9.3	-1.5	-2.6	-6.5	-5.0	-4.0
Consumer Products	14.5	12.3	10.7	11.9	12.4	0.0	0.0	0.0
Industrial Systems	17.6	11.6	11.6	7.1	7.6	9.2	10.4	10.5
Others	-79.1	-3.7	3.0	0.6	-9.0	-24.0	-24.0	-24.0
Adjusted EBITDA %								
Standalone	15.7%	11.1%	8.3%	7.6%	8.3%	5.2%	9.2%	9.7%
Subsidiaries	10.1%	1.7%	-4.3%	1.8%	-0.2%	-2.2%	-1.3%	-0.5%
Consolidated	13.4%	7.1%	3.2%	5.1%	4.6%	1.2%	3.4%	4.3%
EPS (NR/Share)								
Standalone	10.8	7.9	7.1	6.8	8.3	2.5	4.3	5.0
Subsidiaries	3.6	-2.0	-5.6	-2.9	-5.3	-5.8	-2.6	-2.3
Consolidated	14.4	5.8	1.4	3.9	2.9	-3.3	1.7	2.7
Net (Debt) / Cash								
Standalone	1,375	3,188	2,751	4,123	(3,534)	892	2,002	3,431
Subsidiaries	(3,094)	(8,059)	(15,430)	(17,901)	(14,150)	(18,214)	(16,898)	(15,303)
Consolidated	(1,719)	(5,465)	(12,681)	(13,781)	(20,545)	(4,859)	(5,177)	(3,847)
Net Working Capital (Days)								
Standalone	33	39	51	67	115	119	121	122
Consolidated	29	33	25	30	55	69	66	69
Standalone EPS (INR/Sh)								
Consumer	3.2	2.9	3.0	3.8	4.3	3.7	4.4	5.5
Non-Consumer	7.6	5.0	4.0	3.1	4.0	-1.2	-0.1	-0.5
Total	10.8	7.9	7.1	6.8	8.3	2.5	4.3	5.0

Financials and Valuations

Income statement

(INR Million)

Y/E March	2011	2012	2013	2014	2015	2016E	2017E	2018E
Net Sales	100,051	112,486	120,944	136,315	140,131	88,564	99,763	105,161
Change (%)	9.5	12.4	7.5	12.7	2.8	-36.8	12.6	5.4
Raw Materials	64,980	76,850	83,461	91,353	95,305	58,016	63,109	65,630
Staff Cost	11,811	14,662	17,405	19,521	19,936	16,650	18,755	19,770
Other Mfg. Expenses	9,822	12,937	16,247	19,322	18,466	12,865	14,492	15,276
EBITDA	13,438	8,036	3,832	6,120	6,424	1,032	3,406	4,485
% of Net Sales	13.4	7.1	3.2	4.5	4.6	1.2	3.4	4.3
Depreciation	1,936	2,600	2,029	2,621	2,620	2,531	2,586	2,653
Interest	352	567	955	1,366	1,443	1,070	821	765
Other Income	1,142	628	1,000	1,890	1,670	1,483	1,813	1,760
EO Items (as rep.)	-381	0	-1,207	924	252	1,571	0	0
PBT	11,910	5,497	640	4,947	4,283	485	1,811	2,827
Tax	3,100	1,821	1,009	2,361	2,220	997	745	1,151
Rate (%)	26.0	33.1	157.6	47.7	51.8	205.9	41.1	40.7
Reported PAT	8,810	3,676	-369	2,586	2,064	-513	1,067	1,676
Extra-ordinary Inc.(net)	-381	0	-2,287	924	252	1,571	0	0
Adjusted PAT	9,191	3,676	1,918	1,662	1,811	-2,084	1,067	1,676
Minority Int	76.5	59.9	7.3	-143.4	29.9	29.9	29.9	29.9
Consolidated PAT	9,268	3,736	1,926	1,519	1,841	-2,054	1,097	1,706
Change (%)	12.4	-59.7	-48.4	-21.2	21.2	-211.5	-153.4	55.6

Balance Sheet

(INR Million)

Y/E March	2011	2012	2013	2014	2015	2016E	2017E	2018E
Share Capital	1,283	1,283	1,283	1,254	1,254	1,254	1,254	1,254
Reserves	31,464	34,826	34,332	35,192	36,906	36,559	37,347	38,573
Net Worth	32,747	36,109	35,615	36,446	38,159	37,812	38,600	39,826
Loans	3,955	9,849	18,515	21,930	27,438	15,038	13,038	13,138
Deferred Tax Liability	160	-122	-1,681	-1,532	-1,110	-1,110	-1,110	-1,110
Minority Interest	157	157	95	118	203	217	232	246
Capital Employed	37,019	45,992	52,544	56,962	64,690	51,957	50,760	52,100
Gross Fixed Assets	37,805	44,087	53,424	59,233	55,786	57,286	58,786	60,286
Less: Depreciation	19,490	23,005	24,726	26,825	26,622	29,153	31,739	34,392
Net Fixed Assets	18,315	21,083	28,699	32,408	29,164	28,133	27,047	25,894
Capital WIP	1,102	1,493	1,965	2,184	737	737	737	737
Investments	6,747	7,864	7,907	2,989	4,414	4,414	4,414	4,414
Curr. Assets	45,646	55,343	59,807	69,171	72,485	51,633	54,558	58,515
Inventory	11,893	12,233	16,367	16,714	14,552	9,197	10,360	10,920
Debtors	25,427	31,432	31,605	35,913	37,318	23,585	26,567	28,005
Cash & Bank Balance	2,984	4,976	5,834	8,150	6,893	10,179	7,861	9,292
Loans & Advances	5,342	6,702	6,002	8,395	13,722	8,672	9,769	10,298
Current Liab. & Prov.	34,790	39,790	45,834	49,790	42,109	28,131	31,167	32,630
Creditors	18,585	21,076	24,618	27,737	25,281	15,978	17,998	18,972
Other Liabilities	12,148	14,923	16,994	17,988	12,704	8,029	9,044	9,534
Provisions	4,058	3,791	4,222	4,064	4,124	4,124	4,124	4,124
Net Current Assets	10,856	15,553	13,973	19,381	30,375	23,502	23,391	25,884
Application of Funds	37,020	45,993	52,543	56,961	64,691	56,787	55,589	56,930

E: MOSL Estimates; Consolidated Financials

Financials and Valuations

Ratios

Y/E March	2011	2012	2013	2014	2015	2016E	2017E	2018E
Standalone EPS	10.8	7.9	6.9	6.8	8.3	2.5	4.3	5.0
Consolidated EPS	14.4	5.8	3.0	2.4	2.9	-3.3	1.7	2.7
Growth (%)	12.4	-59.7	-48.4	-19.3	21.2	-211.5	-153.4	55.6
Cash EPS	17.8	10.0	6.3	6.8	7.1	0.7	5.8	6.9
Book Value	51.0	56.3	55.5	58.2	60.9	60.3	61.6	63.5
DPS	2.2	1.2	1.2	1.1	0.8	-0.2	0.4	0.7
Payout (incl. Div. Tax.)	23.7	20.7	20.1	11.3	24.0	24.0	24.0	24.0

Valuation (x)

P/E (standalone)				27.6	15.5	50.3	29.5	25.7
P/E (consolidated)				78.0	43.6	-39.1	73.2	47.0
Cash P/E				22.9	18.0	168.2	21.8	18.4
EV/EBITDA				21.6	15.7	82.4	25.1	18.7
EV/Sales				1.0	0.7	1.0	0.9	0.8
Price/Book Value				3.2	2.1	2.1	2.1	2.0
Dividend Yield (%)				0.5	0.6	-0.1	0.3	0.5

Profitability Ratios (%)

RoE	30.5	10.7	-1.0	7.2	4.9	-5.2	2.9	4.4
RoCE	28.1	9.8	2.8	4.3	4.0	0.0	3.0	4.1

Turnover Ratios

Debtors (Days)	93	102	95	96	97	97	97	97
Inventory (Days)	43	40	49	45	38	38	38	38
Creditors. (Days)	68	68	74	74	66	66	66	66
Asset Turnover (x)	2.7	2.4	2.3	2.4	2.2	1.7	2.0	2.0

Leverage Ratio

Debt/Equity (x)	0.1	0.2	0.4	0.4	0.5	0.1	0.1	0.1
-----------------	-----	-----	-----	-----	-----	-----	-----	-----

Cash Flow Statement

(INR Million)

Y/E March	2011	2012	2013	2014	2015	2016E	2017E	2018E
PBT before EO Items	12,291	5,497	1,848	4,023	4,031	-1,086	1,811	2,827
Add : Depreciation	1,936	2,600	2,029	2,621	2,620	2,531	2,586	2,653
Interest	352	567	955	1,366	1,443	946	778	461
Less : Direct Taxes Paid	3,100	2,495	2,177	2,211	2,220	997	745	1,151
(Inc)/Dec in WC	-3,715	-2,310	2,046	-3,093	-12,250	10,159	-2,206	-1,064
CF from Operations	7,765	3,859	4,701	2,707	-8,070	5,405	1,447	3,266
EO Income	-381	0	-1,207	924	252	5,201	0	0
CF from Oper. incl. EO Items	7,384	3,859	3,494	3,631	-7,818	10,606	1,447	3,266
(Inc)/Dec in FA	-7,593	-5,758	-10,117	-6,550	2,743	-1,500	-1,500	-1,500
Free Cash Flow	-209	-1,898	-6,623	-2,919	-5,075	9,106	-53	1,766
(Pur)/Sale of Investments	-1,211	-1,117	-43	4,919	-1,425	6,400	0	0
CF from Investments	-8,805	-6,875	-10,160	-1,631	1,348	4,930	-1,470	-1,470
(Inc)/Dec in Net Worth	767	725	709	-1,146	209	0	0	0
(Inc)/Dec in Debt	-1,055	5,894	8,666	3,415	5,508	-12,400	-2,000	100
Less : Interest Paid	352	567	955	1,366	1,443	946	778	461
Dividend Paid	1,644	1,044	897	587	589	-136	309	480
CF from Fin. Activity	-2,284	5,008	7,524	316	5,214	-12,250	-2,294	-366
Inc/Dec of Cash	-3,705	1,992	857	2,316	-1,257	3,286	-2,317	1,430
Add: Beginning Balance	6,688	2,984	4,976	5,834	8,149	6,893	10,179	7,861
Closing Balance	2,988	4,981	5,833	8,150	6,893	10,179	7,861	9,292

E: MOSL Estimates

Corporate profile

Company description

Crompton Greaves is part of the USD4b Avantha Group, and is a global leader in the management and application of electrical energy. It has 15,000 employees and operations across 85 countries globally. The company is organized into three business groups - Power Systems, Industrial Systems and Consumer Products.

Exhibit 1: Sensex rebased

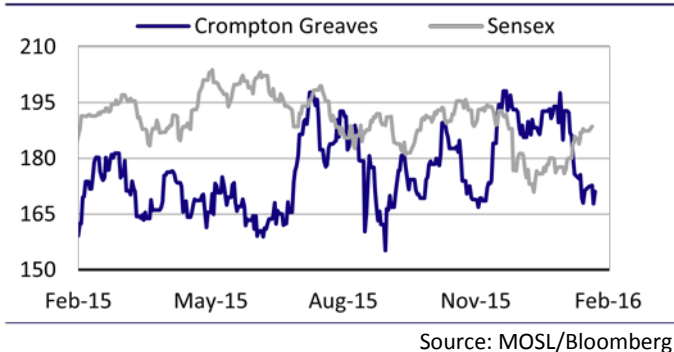


Exhibit 2: Shareholding pattern (%)

	Sep-15	Jun-15	Sep-14
Promoter	34.4	34.4	42.7
DII	31.6	31.2	24.7
FII	16.9	15.9	16.1
Others	17.2	18.6	16.5

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
HDFC Trustee Company Limited - HDFC Equity Fund	9.2
LIC of India	5.6
Reliance Capital Trustee Co Ltd A/c Reliance Equity	5.4
Birla Sun Life Trustee Company Pvt Ltd	3.2
HDFC Standard Life Insurance Company Ltd	2.2

Source: Capitaline

Exhibit 4: Top management

Name	Designation
Gautam Thapar	Chairman
Laurent Demortier	Managing Director & CEO
Manoj Koul	Company Secretary

Source: Capitaline

Exhibit 5: Directors

Name	Name
B Hariharan	Colette Lewiner
Meher Pudumjee	Omkar Goswami
Sanjay Labroo	Shirish Apte
Valentin Von Massow	

*Independent

Exhibit 6: Auditors

Name	Type
Ashwin Solanki & Associates	Cost Auditor
Sharp & Tannan	Statutory

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY16	2.5	2.6	-5.6
FY17	4.3	5.8	-25.3
FY18	5.0	9.1	-45.1

Source: Bloomberg

Disclosures

This document has been prepared by Motilal Oswal Securities Limited (hereinafter referred to as Most) to provide information about the company(ies) and/or sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies). This report is for personal information of the selected recipient/s and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and Motilal Oswal Securities Limited (hereinafter referred as MOSI) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

MOST and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We and our affiliates have investment banking and other business relationships with a some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that MOST and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business. The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on the profitability of MOST which may include earnings from investment banking and other business.

MOST generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, MOST generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. MOST and its affiliated company(ies), their directors and employees and their relatives may: (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of MOST even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition MOST has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc. and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt MOST or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOST or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOST or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent MOST's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, MOST and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent MOST and/or its affiliates from doing so. MOST or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOST or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This report is intended for distribution to institutional investors. Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

Most and its associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Most and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.

Subject Company may have been a client of Most or its associates during twelve months preceding the date of distribution of the research report

MOST and/or its affiliates and/or employees may have interests/positions, financial or otherwise of over 1 % at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, MOST has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Motilal Oswal Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014. SEBI Reg. No. INH000000412

There are no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of MOST research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

Disclosure of Interest Statement

- Analyst ownership of the stock
- Served as an officer, director or employee

CROMPTON GREAVES

No
No

A graph of daily closing prices of securities is available at www.nseindia.com and <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOST & its group companies to registration or licensing requirements within such jurisdictions.

For U.S.

Motilal Oswal Securities Limited (MOSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOSL, including the products and services described herein are not available to or intended for U.S. persons.

This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors."

Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For Singapore

Motilal Oswal Capital Markets Singapore Pte Limited is acting as an exempt financial advisor under section 23(1)(f) of the Financial Advisers Act (FAA) read with regulation 17(1)(d) of the Financial Advisers Regulations and is a subsidiary of Motilal Oswal Securities Limited in India. This research is distributed in Singapore by Motilal Oswal Capital Markets Singapore Pte Limited and it is only directed in Singapore to accredited investors, as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time.

In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

Kadambari Balachandran

Email : kadambari.balachandran@motilaloswal.com

Contact : (+65) 68189233 / 65249115

Office Address : 21 (Suite 31), 16 Collyer Quay, Singapore 04931



Motilal Oswal Securities Ltd

Motilal Oswal Tower, Level 9, Sayani Road, Prabhadevi, Mumbai 400 025

Phone: +91 22 3982 5500 E-mail: reports@motilaloswal.com