

### Attractively valued at 10.3x TTM earnings

In terms of valuations, the stock is valued at 10.3x its TTM earnings of Rs 39.7. With the company expected to ramp up its production significantly at its Moraiya facility in the coming quarters, coupled with its decent order book position and its likely foray into niche segment of larger class transformers, we remain bullish on the growth prospects of the company and recommend a **HOLD** on the stock.

# Result Update



Kyon ki bhaiya, sabse bada rupaiya.

(Rs. In Cr.)

| Transformers & Rectifiers (India) Ltd | Q1FY11 | Q1FY10 | % Chg. | Q1FY11 | Q4FY10 | % Chg. | FY201003 | FY200903 | % Chg. |
|---------------------------------------|--------|--------|--------|--------|--------|--------|----------|----------|--------|
| Net Sales                             | 85.6   | 85.9   | -0.4   | 85.6   | 216.7  | -60.5  | 522.7    | 431.5    | 21.1   |
| Other operational Income              | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0      | 0.0      | 0.0    |
| Total Oper. Income(TOI)               | 85.6   | 85.9   | -0.4   | 85.6   | 216.7  | -60.5  | 522.7    | 431.5    | 21.1   |
| Raw Materials Cons.-                  | 74.2   | 71.1   | 4.5    | 74.2   | 126.6  | -41.4  | 383.0    | 297.5    | 28.7   |
| % to TOI                              | 86.8%  | 82.7%  | -      | 86.8%  | 58.4%  | -      | 73.3%    | 69.0%    | -      |
| Stock adj. (-)Inc / (+)Dec-           | -15.9  | -14.7  | 7.8    | -15.9  | 42.0   | PL     | 0.3      | 11.3     | -97.0  |
| % to TOI                              | -18.5% | -17.1% | -      | -18.5% | 19.4%  | -      | 0.1%     | 2.6%     | -      |
| Net Raw Mat adj. for stock            | 58.4   | 56.3   | 3.6    | 58.4   | 168.7  | -65.4  | 383.3    | 308.8    | 24.1   |
| % to TOI                              | 68.2%  | 65.6%  | -      | 68.2%  | 77.8%  | -      | 73.3%    | 71.6%    | -      |
| Other expenses                        | 9.7    | 11.9   | -18.9  | 9.7    | 9.7    | -0.1   | 43.9     | 43.4     | 1.1    |
| % to TOI                              | 11.3%  | 13.9%  | -      | 11.3%  | 4.5%   | -      | 8.4%     | 10.1%    | -      |
| Contribution Net_Sales                | 17.5   | 17.7   | -0.9   | 17.5   | 38.4   | -54.3  | 95.4     | 79.2     | 20.4   |
| Personnel                             | 2.8    | 3.2    | -11.4  | 2.8    | 4.1    | -32.1  | 12.9     | 8.7      | 48.2   |
| % to TOI                              | 3.3%   | 3.7%   | -      | 3.3%   | 1.9%   | -      | 2.5%     | 2.0%     | -      |
| Total expenditure                     | 70.8   | 71.4   | -0.8   | 70.8   | 182.5  | -61.2  | 440.1    | 360.9    | 21.9   |
| Operating Profit                      | 14.7   | 14.5   | 1.4    | 14.7   | 34.3   | -57.0  | 82.6     | 70.6     | 17.0   |
| % to TOI                              | 17.2%  | 16.9%  | -      | 17.2%  | 15.8%  | -      | 15.8%    | 16.4%    | -      |
| Non-Operating Income                  |        | 0.5    |        |        | 0.3    | 0.0    | 1.2      | 4.5      | -74.2  |
| Interest                              | 0.7    | 1.1    | -30.2  | 0.7    | 1.9    | -60.4  | 4.7      | 6.9      | -32.1  |
| Exceptional Items                     |        |        | -      |        |        | -      | 0.0      |          | 0.0    |
| Gross Profit                          | 14.0   | 14.0   | 0.1    | 14.0   | 32.7   | -57.2  | 79.0     | 68.2     | 15.9   |
| Depreciation                          | 1.4    | 0.9    | 67.1   | 1.4    | 1.4    | 5.2    | 4.4      | 2.5      | 75.0   |
| PBT before Extra-ord                  | 12.6   | 13.1   | -4.3   | 12.6   | 31.3   | -59.9  | 74.6     | 65.7     | 13.7   |
| % to TOI                              | 14.7%  | 15.3%  | -      | 14.7%  | 14.5%  | -      | 14.3%    | 15.2%    | -      |
| Extraordinary Items                   |        |        | -      |        |        | -      | 0.0      |          | 0.0    |
| PBT                                   | 12.6   | 13.1   | -4.3   | 12.6   | 31.3   | -59.9  | 74.6     | 65.7     | 13.7   |
| Tax Rate                              | 32.4%  | 32.8%  | -      | 32.4%  | 36.3%  | -      | 33.7%    | 32.8%    | -      |
| Prov. for Tax                         | 4.1    | 4.3    | -5.4   | 4.1    | 11.4   | -64.2  | 25.1     | 21.5     | 16.6   |
| % to TOI                              | 4.8%   | 5.0%   | -      | 4.8%   | 5.3%   | -      | 4.8%     | 5.0%     | -      |
| Profit after Tax                      | 8.5    | 8.8    | -3.7   | 8.5    | 20.0   | -57.4  | 49.5     | 44.1     | 12.2   |
| % to TOI                              | 9.9%   | 10.3%  | -      | 9.9%   | 9.2%   | -      | 9.5%     | 10.2%    | -      |
| Face Value                            | 10.0   | 10.0   | 0.0    | 10.0   | 10.0   |        | 10.0     | 10.0     | 0.0    |
| Equity Share capital                  | 12.9   | 12.9   | 0.0    | 12.9   | 12.9   | 0.0    | 12.9     | 12.9     | 0.0    |
| EPS (Rs.)                             | 6.6    | 6.8    | -3.7   | 6.6    | 15.4   | -57.4  | 38.3     | 34.2     | 12.2   |
| CEPS (Rs.)                            | 7.7    | 7.5    | 2.5    | 7.7    | 16.5   | -53.4  | 41.7     | 36.1     | 15.6   |

Source: ACE Equity

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**Ventura Securities Limited**

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