

# Cranes Software International Ltd



Sector: Computers - Software	CMP: Rs.101.2	Book Value: Rs.28.13	Avg. Daily Vol. BSE (6m): 33706
BSE Code: 512093	EPS: Rs.6.8	M Cap: Rs. 11779.7mn	Face Value: Rs. 2
NSE Code: CRANESFT	P/E: 14.9	Free Float: 62.33%	52Wk H/L: Rs. 130/82

## Technical View

One can consider buying at current levels or on declines, with the short and medium target of Rs.115 and Rs.130, respectively.

## Background

- Cranes Software International Ltd. (CSI) incorporated in 1991, has successfully evolved over the years from being a distributor of 3<sup>rd</sup> party products to IP (intellectual property) driven software product based company.
- CSI is one of the leading providers of CAE (Computer Aided Engineering) technologies for scientists and engineers communities, deriving 78.5% of the total revenue from sale of proprietary products.
- CSI's product portfolio includes
  - a) SYSTAT and Sigma Product line - for Scientific purposes.
  - b) NISA suites of products - for engineering and
  - c) XiP/XiD and EZRad - for analytics.
- CSI through its strong networks in 39 countries, addresses the needs of a variety of customer groups ranging from large MNCs to the US armed force for over a decade, having registered users of over 360,000 for its product portfolio.
- Its client list includes names such as NASA, AT&T, British Petroleum, Pfizer and Mercedes Benz etc. and none of its clients contributes more than 1% of its total revenue.
- Recently it has launched new version of NISA for Linux operating system for which market is estimated to be around \$ 1 bn.
- It also offers world-renowned solutions from reputed principals such as The MathWorks,

Mentor Graphics, Texas Instruments, IBM and Lanner through product alliances.

- CSI is one of the fastest growing Indian technology companies having revenues and PAT expanding at a CAGR of 72% and 83% respectively, between FY2001 and FY2006.
- At CMP of Rs.101.2, the stock trades at P/E of 14.9 x of its trailing 12-month EPS of Rs 6.8. Considering CSI's strong position in the niche area of scientific and engineering software and its expanding IP portfolio in this niche space, one can consider investment in the company with long term horizon.

## Financial Details

(Rs. Mn)

Particulars	FY05	FY06	Q1FY07	Q2FY07
Sales (Rs.)	1318.8	1870.2	620.5	696.0
% Growth	33.4	41.8	-4.2	12.2
PBIDT	864.2	1194.2	334.7	368.9
% Growth	76.9	38.2	26.5	10.2
PBIDTM (%)	65.5	63.9	53.9	53.0
PAT (Rs.)	449.2	634.4	190.2	210.5
% Growth	38.2	41.2	-6.9	10.7
PATM (%)	34.1	33.9	30.7	30.2
Equity Capital	101.7	227.3	227.3	229.3
EPS (Rs.) *	4.4	5.8	-	-
RONW (%)	32.9	27.1	-	-

(Source: Capitaline Corporate Database, BSE filings)

\* EPS is calculated on increased capital

## Technical View



The oscillators and indicators are suggesting limited down side and the stock is making bottom for a medium and long term break out. One can consider investment at current levels or on declines with a medium and long term perspective. The short term stop loss and medium term stop loss are placed at Rs 87 and Rs.78, respectively. One can look for the short and medium term target of Rs 115 and Rs.130, respectively.

## Rating Methodology

“**Equity pick**” is an investment idea with the purpose to recommend a fundamentally good company with future growth prospects and a technical outlook advising the entry and exit from the investment.

In order to recommend a fundamentally strong company a ranking system has been carved out based on various financial parameters on a ranking scale of 1.5-9.5 for each metric.

### *Analyst Stock Rating*

After ranking each parameter a final score is arrived at and the rating is done as follows:

- ❑ **Average (\*)**-A stock with final score between 49 and 76 is given an “average” rating denoted by one star.
- ❑ **Good (\*\*)** -A stock with final score between 77 and 104 is given a “good” rating denoted by two stars.
- ❑ **Excellent (\*\*\*)**- A stock with final score of 105 and above is given an “excellent” rating denoted by three stars.

**The rating system would give an assurance as to the strong fundamentals of the company but should not be relied upon as an investment advice. The decision for entry and exit will depend upon the technical outlook.**

## Notes

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### HNI Sales

Bharat Patel

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### Institutional Sales

Sharmila Joshi

Tel.: 91-22-22695078 / 22700119-121



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