

INDUSTRY	APPLIANCES
CMP (as on 04 Apr 2018)	Rs 1,799
Target Price	Rs 2,150
Nifty	10,128
Sensex	33,019
KEY STOCK DATA	
Bloomberg	SYML IN
No. of Shares (mn)	70
MCap (Rsbn)/(US\$ mn)	126/1,930
6m avg traded value (Rs mn)	92
STOCK PERFORMANCE (%)	
52 Week high / low	Rs 2,213 / 1,152
	3M 6M 12M
Absolute (%)	4.0 34.8 17.5
Relative (%)	6.8 30.5 7.1
SHAREHOLDING PATTERN (%)	
Promoters	75.00
FIs & Local MFs	7.20
FPIs	7.50
Public & Others	10.40
Source : BSE	

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Cooling remains a hot business

Symphony, once an almost bankrupt company, has risen from the ashes and become the global leader in air coolers. After suffering financial stress and restructuring, post 2005 the company focussed on a 'one product, many markets strategy'. This has worked out well and revenues/EBITDA/APAT grew at 35/49/54% CAGR during the last 10 years.

Symphony commands 50% value and 42% volume share in India's organised air cooler market, but its overall volume share is still at ~14%. It will ride the post-GST shift in the market from unorganised to organised players. Its strong track record of product innovation and a unique distribution model will help cement further gains.

Our bullishness on Symphony is based on (1) Rising demand for cooling products driven by growing disposable incomes, cheaper financing options and increasing up-country penetration of electricity, (2) A large unorganised air cooler market, (3) Symphony's consistent product innovation, (4) Growing distribution reach (40,000 dealers targeted vs. 30,000 now) over the next 2 years (dealer reach grew at 24% CAGR over FY10-17) and (5) Untapped opportunities in RoW markets.

We model revenue/EBITDA/APAT CAGR of 22/28/29% over FY18E-FY20E, driven mostly by premiumisation. Symphony's high RoCE >100%, market leadership and multi-year growth visibility warrants high valuations. The stock has consistently

traded at a premium to AC/appliance companies. Our valuation is based on 45x Mar-20 EPS, yielding a TP of Rs 2,150. Initiate coverage with a BUY.

- **Branded air coolers offer a huge opportunity:** The air cooler market in India is ~Rs 35bn with ~9mn units, growing at ~15% CAGR. The industry is mostly unorganised (~65% by value, ~73% by volume). Symphony is the undisputed market leader. India has a tropical climate with value conscious consumers. We believe air cooler penetration (~11%) can rise as households transition up the comfort pyramid beyond fans (66% penetration).
- **Capital light:** Symphony commands the highest core ROCE (>100%) in the consumer durables space. This owes to its strategy of outsourcing manufacturing, channel distribution against advances and high operating margins (>25%) in line with the pricing power that its products command.

Financial Summary

(Rs mn)	FY16 (9m)	FY17	FY18E	FY19E	FY20E
Net Sales	4,455	7,680	8,637	10,582	12,867
EBITDA	1,360	1,976	2,529	3,311	4,173
APAT	969	1,656	2,013	2,637	3,340
Diluted EPS (Rs)	15.6	23.7	28.8	37.7	47.7
P/E (x)	86.3	76.0	62.6	47.8	37.7
EV / EBITDA (x)	68.3	62.2	48.1	36.2	28.3
Core RoCE (%)	146.7	104.4	108.6	123.6	134.0

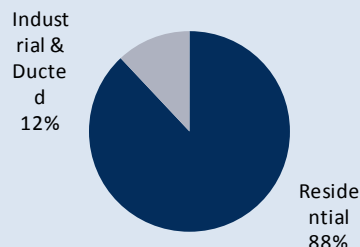
Source: Company, HDFC sec Inst Research

* FY16: Financials are for 9 months, ratios are adjusted

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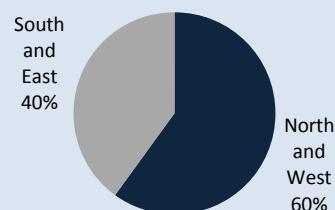
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Symphony Air Cooler Revenue Breakup



Source: Company, HDFC sec Inst Research

Symphony India Revenue Breakup

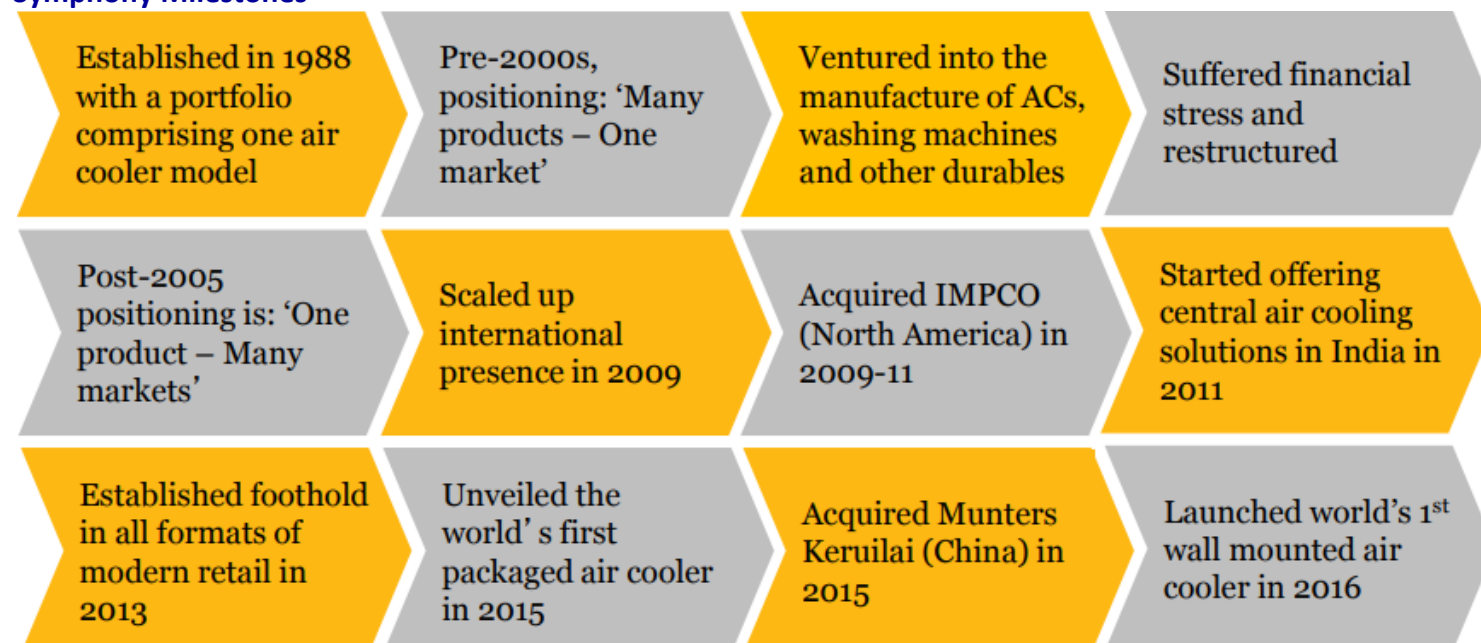


Source: Company, HDFC sec Inst Research

History and background

- When diversification backfired:** Symphony was incorporated in 1988 and was listed in 1993, it is promoted by Achal Anil Bakeri of Bakeri Group, which is one of the oldest reality players in Gujarat. Initially, in order to diversify its business from air coolers the company ventured into various consumer durables products like geysers, washing machines, air conditioners and household wheat flour mills. However, the company was unsuccessful in replicating the same performance in other products like it has done for air coolers. As a result, the company suffered huge losses and filed for bankruptcy in 2002. It took 3 years for Symphony to carry out the restructuring and establish itself as a financially stable company with zero debt.
- Back to the basics:** After suffering financial stress and restructuring, the company post 2005, focused on 'one product, many market strategy'. The strategy has worked out well for the company and revenues grew by ~35% CAGR in the last 10 years. Symphony sells residential air cooler (88% of consolidated revenues) and industrial & ducted air coolers (12% of total revenues). The company diversified business in terms of geographies and not only exports air coolers to other geographies but also acquired IMPCO in North America in 2009. India business still contributes significantly with ~80% of total revenues and >90% of total EBIT. Symphony derives ~60% of its revenues from North and West India and the remaining ~40% from South and East India.

Symphony Milestones



Symphony's innovation track record

1988 Marketed the first branded plastic air cooler in India that resembled an air-conditioner	1994 Introduced an air cooler with remote control	2000 Unveiled e-flow technology for enhanced cooling	2004 Equipped air coolers with four-side cooling for better performance	2007 Launched air coolers with Power Saver Technology (PST)	2009 Marketed Diet coolers with ergonomic design
2012 Unveiled the world's largest portable tower cooler – Storm	2012 Received recognition from the Government of India for the R&D centre	2014 Marketed India's first branded window coolers with all-weather composite plastic body	2015 Introduced the world's first packaged air cooler range	2016 Introduced, the world's 1 st wall mounted cooler – 'Cloud' and air cooler range with air purification – 'i-Pure'	2017 Introduced Touch Range with cutting-edge features like Touchscreen, Voice Assist, Mosquito Repellent, etc.

Portable Air cooler range



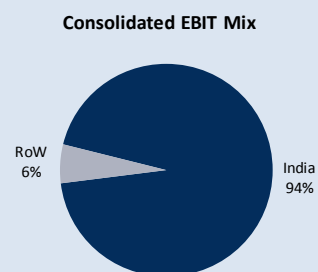
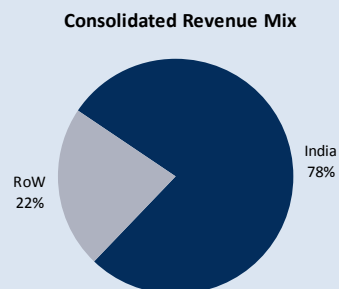
Window air cooler range



Centralized air cooling range



Symphony: At a glance



(Rs mn)	Consolidated		
	FY15	FY16 (9m)*	FY17
Revenue			
India	4,112	3,684	5,969
RoW	1,143	771	1,712
Total	5,255	4,455	7,680
EBIT (Inc. other income)			
India	1,437	1,510	2,200
RoW	181	16	137
Total EBIT	1,618	1,526	2,337
Revenue Gr. (%)			
India	18%	19%	22%
RoW	-17%	-10%	66%
Total	9%	13%	29%
Revenue Mix (%)			
India	78%	83%	78%
RoW	22%	17%	22%
Total	100%	100%	100%
EBIT Margin (%)			
India	35%	41%	37%
RoW	16%	2%	8%
Total	31%	34%	30%
EBIT Gr. (%)			
India	25%	40%	9%
RoW	-21%	-89%	563%
Total	18%	26%	15%
EBIT Mix (%)			
India	89%	99%	94%
RoW	11%	1%	6%
Total	100%	100%	100%

Source: Company, HDFC sec Inst Research

* FY16 financials are of 9M, growth numbers are adjusted for the same

(Rs mn)	Standalone		
	FY15	FY16 (9m)*	FY17
Revenue			
India	4,086	3,679	5,951
Export	537	469	721
Total	4,623	4,149	6,672
EBIT (Inc. other income)			
India	1,428	1,506	2,153
Export	195	190	246
Total EBIT	1,623	1,696	2,399
Revenue Gr. (%)			
India	17%	20%	21%
Export	-5%	17%	15%
Total	14%	20%	21%
Revenue Mix (%)			
India	88%	89%	89%
Export	12%	11%	11%
Total	100%	100%	100%
EBIT Margin (%)			
India	35%	41%	36%
Export	36%	41%	34%
Total	35%	41%	36%
EBIT Gr. (%)			
India	25%	41%	7%
Export	-9%	30%	-3%
Total	20%	39%	6%
EBIT Mix (%)			
India	88%	89%	90%
Export	12%	11%	10%
Total	100%	100%	100%

Consolidated Financials

Particulars	FY15	FY16 (9m)	FY17
Share of Profit (Rs mn)			
Symphony (A)	1,156	1,199	1,739
Subsidiaries (B)			
- Sylvan Holdings Pte. Ltd., Singapore	9	3	(19)
- Symphony Aircoolers Inc, USA	-	-	-
- IMPCO S DE RL DE CV, Mexico	(5)	53	37
- Symphony USA INC., USA	(0)	(2)	3
- Guangdong Symphony Keruilai Air Coolers Co., Ltd, China	-	(69)	(105)
Total B	4	(15)	(83)
(A+B)	1,159	1,184	1,656
Share of Profit (%)			
Symphony (A)	100%	101%	105%
Subsidiaries (B)	0%	0%	0%
- Sylvan Holdings Pte. Ltd., Singapore	1%	0%	-1%
- Symphony Aircoolers Inc, USA	0%	0%	0%
- IMPCO S DE RL DE CV, Mexico	0%	4%	2%
- Symphony USA INC., USA	0%	0%	0%
- Guangdong Symphony Keruilai Air Coolers Co., Ltd, China	0%	-6%	-6%
Total B	0%	-1%	-5%
(A+B)	100%	100%	100%
Net Assets (Rs mn)			
Symphony (A)	2,874	3,019	4,556
Subsidiaries (B)	-	-	-
- Sylvan Holdings Pte. Ltd., Singapore	60	75	21
- Symphony Aircoolers Inc, USA	(0)	-	-
- IMPCO S DE RL DE CV, Mexico	134	172	177
- Symphony USA INC., USA	(6)	(8)	-
- Guangdong Symphony Keruilai Air Coolers Co., Ltd, China	-	(72)	(165)
Total B	188	168	34
(A+B)	3,062	3,186	4,590

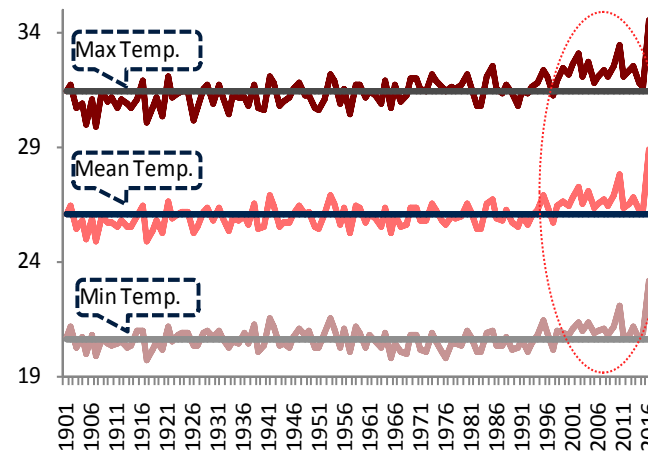
Source: Company, HDFC sec Inst Research

Investment Rationale

Cooling is a hot opportunity

- Not surprisingly, India's summer (Mar-May) is getting hotter with each passing year. India's last 10 year (2007-16) average mean temperature is at 26.9°C vs. 26.1°C between 1901-2016
- The rise in summer mean temperature is driven not only by rise in max temperature but also rise in min temperature. This implies that even nights are getting hotter. Our sense is that consumers use cooling appliances more at night than day, resulting in increased desire for cooling.

Summers are getting hotter in India



Source: IMD, HDFC sec Inst Research

India: high Cooling Degree Days (CDD)

- CDD is a metric derived by multiplying the mean temperature over 65°F (18°Celsius) by 365 days. India has one of the largest CDD.
- India has significant potential for cooling products as it has (1) A very high CDD, (2) 2nd largest population to cool, (3) Very low penetration of cooling products and (4) Growing disposable income.

India has the highest Air conditioning/cooling potential based on Cooling Degree Days (CDD)

Country	Population (In mn)	Annual CDDs	Annual GDP per capita (000's)
Thailand	67	3,567	6
Indonesia	250	3,545	4
Philippines	98	3,508	3
India	1,252	3,120	2
Nigeria	174	3,111	3
Vietnam	90	3,016	2
Bangladesh	157	2,820	1
Pakistan	182	2,810	1
Brazil	200	2,015	11
Mexico	122	1,560	10
China	1,357	1,046	7
United States	316	882	53

Source: Davis and Gertler, PNAS 2015

Note: CDDs = (Avg. temp - 65F)*days

India has four times the population, and also more than three times as many cooling degree days (CDDs) per person compared to the United States. Thus, India's total potential demand for cooling is 12x that of the United States

Air cooler target markets in pecking order:

Climatic Zone	Color code on map	Characteristic during summer	Effective for air cooler
Arid	Red	Exceptionally hot and dry	High
Semi-arid	Yellow	Very hot and dry	High
Tropical Wet and Dry	Light Green	Hot	High
Humid subtropical climate	Light Blue	Hot and humid	Medium
Tropical Wet	Dark Green	Hot and high humidity Mildly hot and low humidity	Low
Montane	Purple		Low

Source: Koppen climate classification (Wikipedia), HDFC sec Inst Research

Expect strong summer in 2018 as per IMD. Seasonal (March-May) average temperatures over many of the subdivisions from northwest and neighbouring central India are likely to be above normal by more than 1°C

Strong potential for air coolers

(1) Where in India do air coolers work best?

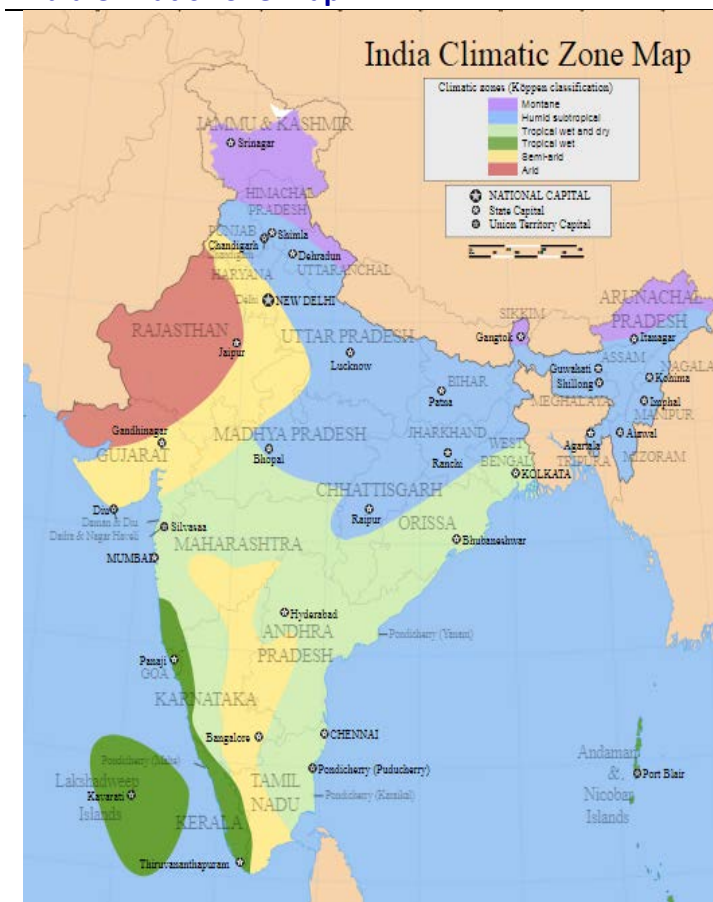
- Air coolers are effective in hot and dry climatic regions as they cool the air with evaporation of water. They are ineffective in regions with high humidity as the water vapor content in the air is already high.
- Based on the below matrix, an air cooler is effective only when humidity is below 45%. With low humidity levels, an air cooler can throw air at a temperature 13-15° Celsius lower than the room temperature and hence is effective in cooling the room.
- As reflected on the map and table, the key states in India, where air coolers can be effective are Rajasthan, NCR, Gujarat, Karnataka, parts of TN and Maharashtra etc.
- As a result, Symphony derives ~60% of its revenues from North and West India and the remaining ~40% from South and East India

Air cooling is effective at low humidity levels

(In °C)	HUMIDITY %																
	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	75%	80%				
	31	32	34	36	37	39	41	42	44	45	46	47	48				
INLET AIR TEMPERATURE	31	18	19	20	21	22	23	23	24	25	26	27	27	28			
	32	19	21	21	22	23	24	25	26	27	27	28	29	29			
	34	21	21	23	23	24	26	27	27	28	29	29	31	31			
	36	22	23	24	26	27	28	29	30	31	32	32	33	34			
	37	23	24	25	26	27	28	29	30	31	32	33	33	34			
	39	24	25	26	27	28	29	31	32	33	33	34	35	36			
	41	25	26	28	29	30	31	32	33	34	35	36	37	38			
	42	26	27	29	30	31	32	33	34	36	37	38	38	39			
	44	27	29	29	32	33	34	36	35	36	38	39	39	41			
	45	28	30	31	33	34	35	37	38	38	39	40	41	42			
Typically: Plains and dry conditions							Typically: Coastal and humid conditions										
OUTLET AIR TEMPERATURE																	

Source: Industry, HDFC sec Inst Research

India Climatic Zone Map



Source: Koppen climate classification (Wikipedia), HDFC sec Inst Research

Expect strong summer in 2018 as per IMD: - During the 2018 Pre-monsoon Season (March to May), warmer than normal temperatures are likely in all meteorological sub-divisions of the country. Seasonal (March- May) average temperatures over many of the subdivisions from northwest and neighbouring central India are likely to be above normal by more than 1°C.

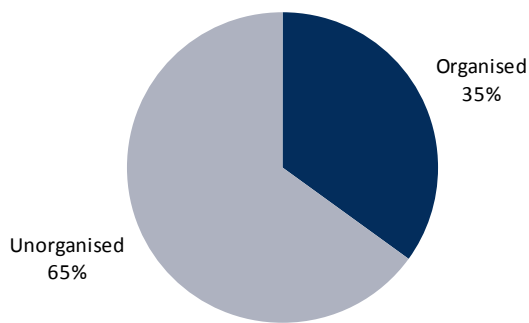
Unbranded air coolers are very low on aesthetics



Why are we optimistic about the branded air cooler market?

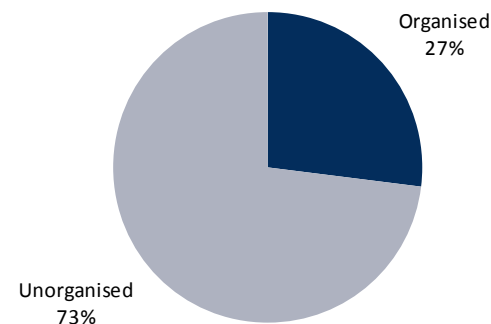
- India is a traditional air cooler market dominated by the unorganized segment with window installed metal body coolers which are viewed as a commoditized product. Residential air cooler value market is ~Rs 35bn in India, organised sector contribute ~35% of the total market. While volume market size is estimated at ~9 mn units, with organized share contributing only 27% (~2.5 mn units).
- In the last few years, branded segment growth has been ahead of the air cooler industry growth, reflecting the shift in the market in favor of branded air coolers. Symphony was the pioneer in developing branded air coolers market. Branded air coolers are able to deliver superior growth owing to (1) Low air cooler penetration of ~11% (~19% for hot and dry households), (2) After fans, air coolers will be the first preference, (3) Shift in consumer's preference towards branded products and (4) Favorable economics of Air Coolers over Air Conditioning. We expect these catalysts to sustain growth for branded air coolers market.

Air Cooler Value Market Break-up (~Rs 35bn)



Source: Company, HDFC sec Inst Research

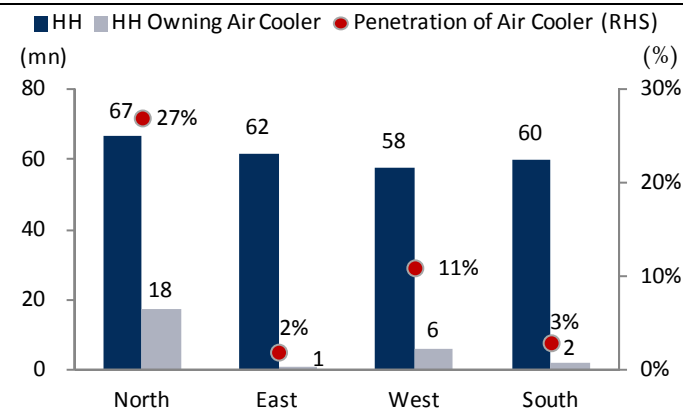
Air Cooler Volume Market Break-up (~ 9mn units)



Source: Company, HDFC sec Inst Research

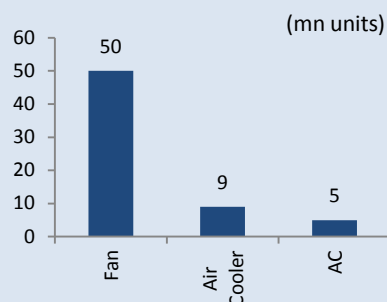
- (1) Low air cooler penetration:** The penetration of air-coolers in India is very low at ~11%. Even if we look at the target market i.e. households residing in hot & dry-climatic regions (~58% of total households), there are about 143mn households (HHs), with air cooler penetration at only ~19%. Hence, there is immense opportunity to expand the air cooler market.

Low Penetration for Air coolers (2016)



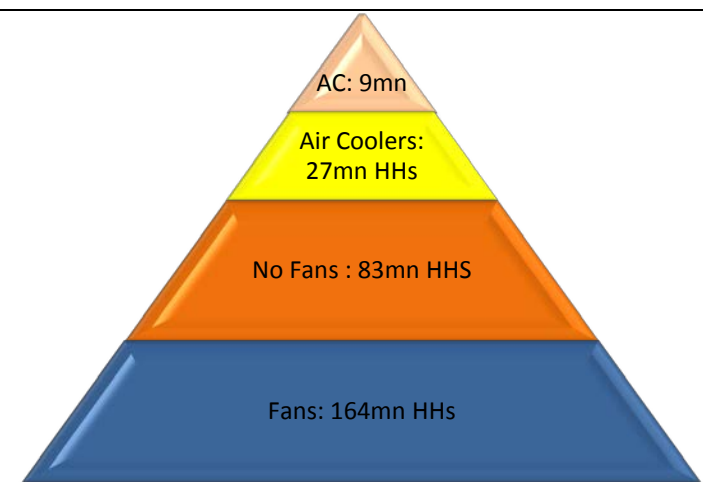
Source: Company, HDFC sec Inst Research

Cooling products sell in India



(2) After fans, air coolers will be the first preference: Currently 164mn HHs own a fan and 83mn are yet to own one. While upgrading their cooling appliance (beyond a fan), an air cooler is considered as the first cooling option. Although some consumers will upgrade directly to an air conditioner, India being a price conscious market will continue to witness a higher air cooler penetration vs. air conditioner.

~143mn HHs (~58% total HHs) reside in hot & dry climatic areas (2014)



Source: Company, HDFC sec Inst Research

(3) Changing brand preference: Unorganized air cooler market forms ~73% but there has been a shift in consumer preference towards the organised/branded air coolers. Branded air cooler market has been growing at ~1.5x of industry growth. Such preference for branded products has been witnessed in other consumer durable categories also. Better aesthetics, portability, low noise, better after sales services & brand consciousness has been supporting branded air cooler products over unbranded. Increased

participation by branded players will aid in growing the overall air cooler market. We expect GST implementation to be one of the key catalysts for branded air coolers.

(4) Favorable economics of Air Coolers over Air Conditioning: An air cooler not only has a lower capital cost but requires 1/10th of the recurring cost vs. an air conditioner. The below table highlights the several advantages of an air cooler over an air conditioner.

Air Cooler Economics vs. Fans and ACs

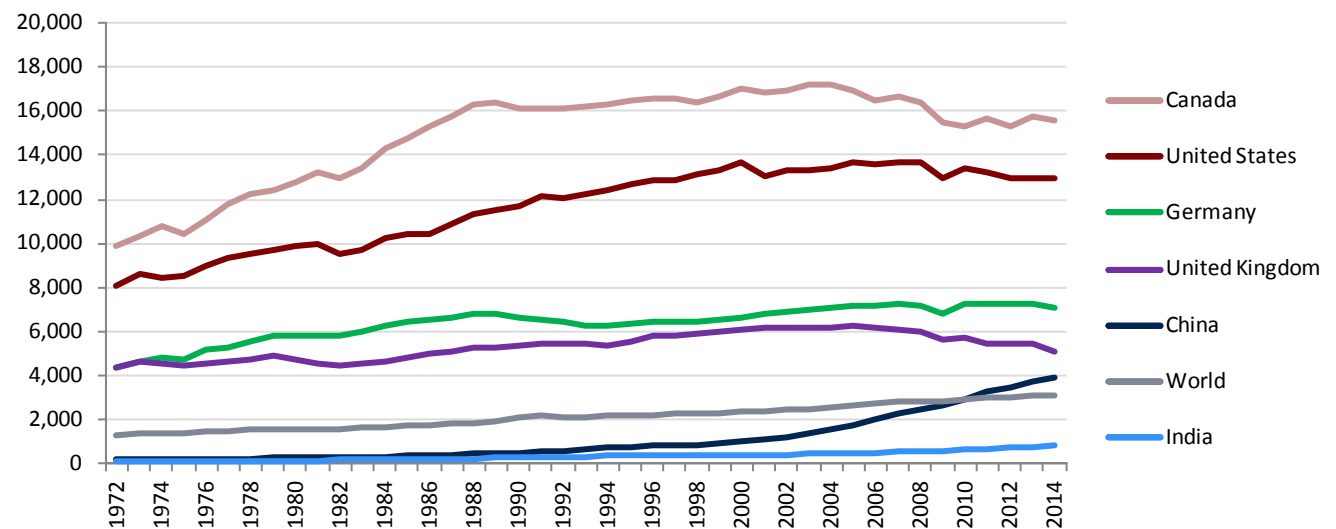
Parameters	Fans	Air cooler	AC
Capital cost	Rs 1,000-3,000	Rs 4,000-20,000	Rs 25,000-50,000
Recurring cost (assuming Rs 5/unit)	~Rs 0.5/hour (100W)	~Rs 1/hour (200W)	~Rs 10/hour (1,500W)
Indoor air quality	Circulates same air	100% fresh filtered cool air	Recirculates stale dry air
Refrigerants	No	Water	Polluting refrigerants
Maintenance	Simple and cost effective	Simple and cost effective	Complex and expensive
Portability	No	Yes	No
Usage	Indoor	Outdoor & indoor	Indoor only
Emission	No	Eco-friendly	Environmentally harmful cfc
Humid climate	Na	Less effective	Highly Effective

Source: Company, HDFC sec Inst Research

Power availability to drive penetration

- India's per capita electricity consumption was at 805 kWH (67 kWH per month) in 2014. India's electricity consumption per household has doubled from CY2000 to CY2014, implying a CAGR of 5% between CY2000-14. However, India's consumption is still significantly lower by 75% than the world average and 80% by China.
- India is 50 years behind vs. the world average consumption. On the brighter side, electricity penetration in India has increased from 55% in 2001 to more than 80% in 2017
- Case study on Delhi:** Delhi consumes the highest amount of electricity (250-270 units per month) per household in India. Its consumption levels are close to global average. The main reason for this is that about 80% households qualify for a 50% tariff subsidy on their electricity consumption. As a result, penetration levels for air-conditioners (12% of total households) and air-coolers (70%) are significantly higher. In a scenario of subsidized tariffs, higher air cooler penetration vs. air conditioners in Delhi signifies that 1) air cooling helps in beating the heat, 2) India is a price conscious market and 3) air cooling is the first preference after fan.
- We believe that air coolers along with the other electrical appliances, will benefit significantly with improving electricity penetration & quality of electricity.

World Electricity Consumption per household (kWH)

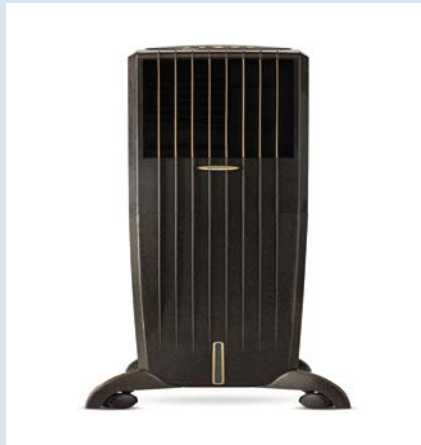


Source: World Bank, HDFC sec Inst Research

Cloud



Sense



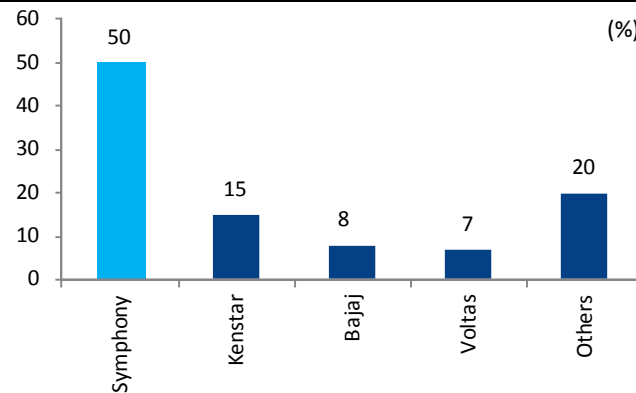
Touch



Symphony leading the market

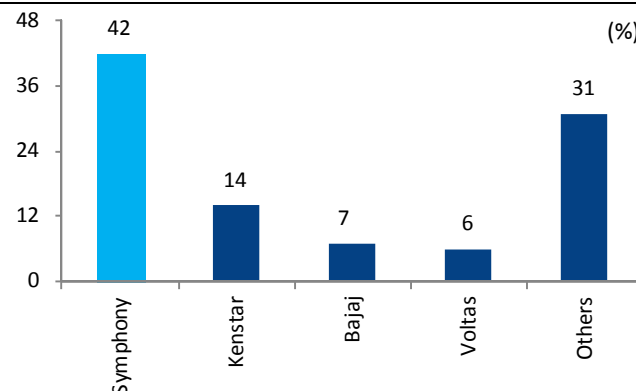
Symphony commands ~50% market share by value in the organized air cooler market and consistently gaining market share. As per Symphony's mgt, Kenstar and Bajaj Electricals both have lost market share over the last few years since competition intensified. Many players have entered in the air coolers market (both organised and unorganised), total ~90 brands now vs. 40 brands five years ago.

Branded Air Cooler Value Market Share (Rs ~35bn)



Source: Company, HDFC sec Inst Research

Branded Air Cooler Vol. Market Share (9mn units)



Source: Company, HDFC sec Inst Research

Why Symphony is the market leader

The key reasons are (1) Constant innovation in products (2) Focus on superior quality & high brand recall and (3) Strong distribution with focus on "One product and many markets strategy"

(1) Constant innovation in products leading to large number of variants compared to its peers

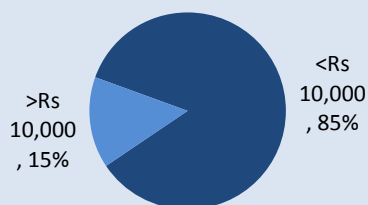
Symphony leads from the front in terms of innovation. It is far simpler to build an air cooler than an air conditioner. Hence, to be the market leader in the air cooler market the company needs to innovate in order to differentiate its products and thereby protect its position. Symphony has done just that with products like Cloud, Sense, Touch etc. The company claims that any SKU is sold only for 2 seasons during its life, post which it is either discontinued or upgraded.

- **Cloud:** The Company recently launched a wall-mounted air cooler 'Cloud' for the aspirational consumer. Key features of the product is that it 1) does not occupy space as it is wall mounted 2) auto water refill 3) remote control 4) designed to look like a split AC. Even after pricing it at a premium (Rs 15,000) the product was sold out at company level during its launch.
- **Sense:** Symphony launched the world's only gesture controlled air control. The company retails 3 products under this range with capacity ranging from 22-50 liters. The product is priced at Rs 11,299-12,799.
- **Touch:** Symphony Touch is loaded with new age features like 1) touch screen panel, 2) voice assist and 3) mosquito repellent that are unheard of in the domain of air cooling. The company retails 5 products under this range with capacity ranging from 20-110 liters. The product is priced at Rs 7,499-19,999.

Symphony has ~1000 authorised service centres in the country

Symphony has developed an app called e-Sampark which helps it replenish stock instantly at retailer level

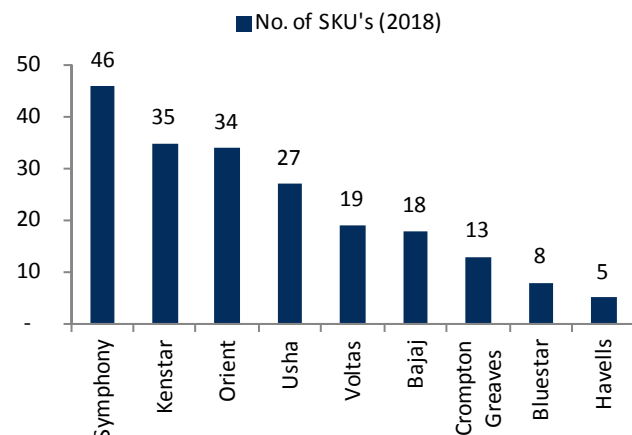
Branded Air Cooler Market Mix



Source: Company, HDFC sec Inst Research

Symphony is the pioneer in developing the premium market (>Rs 10,000). It has the maximum SKU share in the premium segment. We expect premiumisation to continue since it is only ~4% of the total air cooler market

New entrants will help in growing the branded market, big positive for Symphony



Source: Company, HDFC sec Inst Research

Air Cooler Competitive Landscape

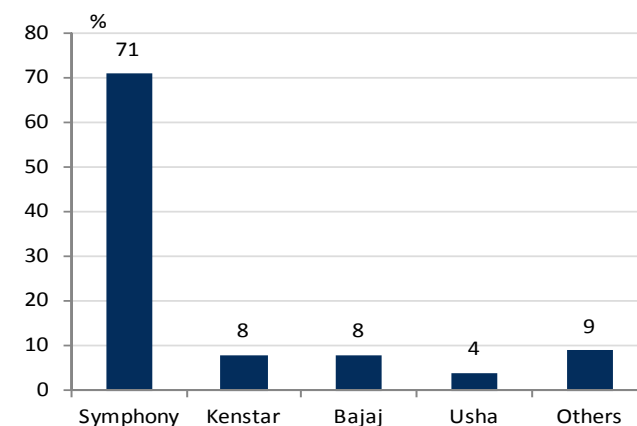
Companies	Mass	Mid	Premium
	< Rs 6000	Rs 6,000-10,000	> Rs 10,000
Bajaj	25%	5%	7%
Blue Star	0%	1%	1%
Cello	0%	15%	4%
Crompton	5%	5%	6%
Havells	0%	3%	3%
Kenstar	10%	8%	2%
Maharaja Whiteline	20%	20%	0%
Mccoy	10%	2%	1%
Orient	0%	6%	7%
Singer	5%	9%	3%
Symphony	25%	15%	41%
Usha	0%	4%	12%
Voltas	0%	8%	11%
Total	100%	100%	100%

Source: Snapdeal.com, HDFC sec Inst Research

(2) Focus on superior quality & high brand recall

Symphony has the highest brand recall, as a result the company is able to sell its products at the lowest dealer margins in the industry.

According to a survey, Symphony has the highest brand recall of ~70%

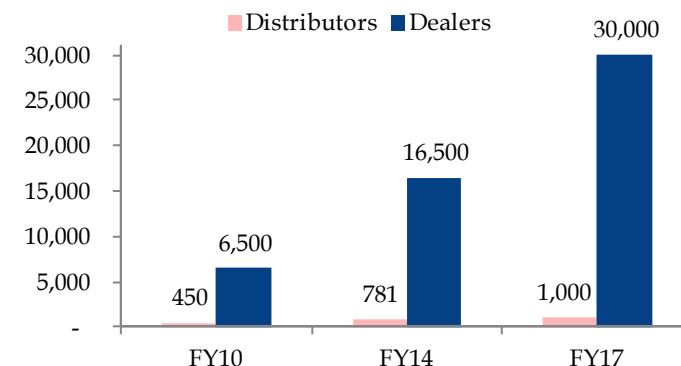


Source: Company, HDFC sec Inst Research

(3) Strong distribution with focus on “One products and many markets strategy”

An air cooler's peak offtake is only about 1 month during the year. As a result, for the market leader to grow faster than the industry it needs to grow its distribution at a rate faster than the industry. Symphony has done just that, it has grown its distributor/dealer reach by 12/24% CAGR over FY10-17 respectively. The company aims to reach 40,000 dealers in the next 2 years.

Symphony's 2 year target is >40,000 dealers



Source: Company, HDFC sec Inst Research

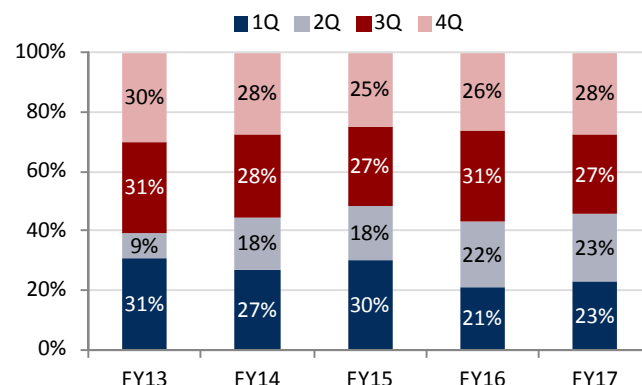
Revenue was earlier skewed towards 4Q and 1Q (seasonal quarter) which was combined contributing >60% revenues and >65% EBIT

With strong brand building over the years, Symphony has been able to minimize seasonality by offering its products to distributors and retailers during non-season at an attractive margin. Now 4Q and 1Q combined contributes <50% of revenue and EBIT

Tackling seasonality, in style!

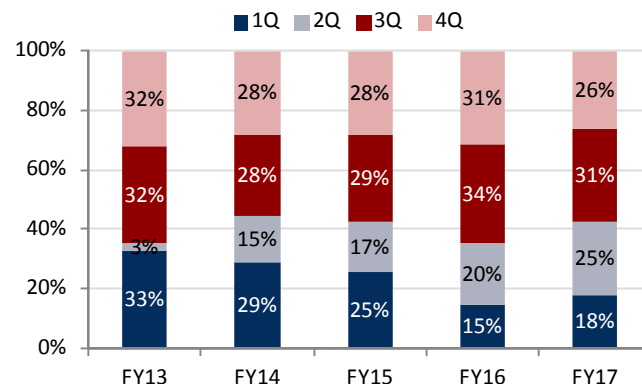
- Symphony works on a demand pull strategy, unlike its peers who work on a trade push strategy. As a result, Symphony has been successful in breaking seasonality at distributor & retailer level.
- Interestingly, Symphony derives its highest revenue and EBIT during winter season (Dec quarter). This signifies the trust distributors and dealers have on the offtake of the product in the upcoming season.

Symphony Revenue Mix: Reduced seasonality



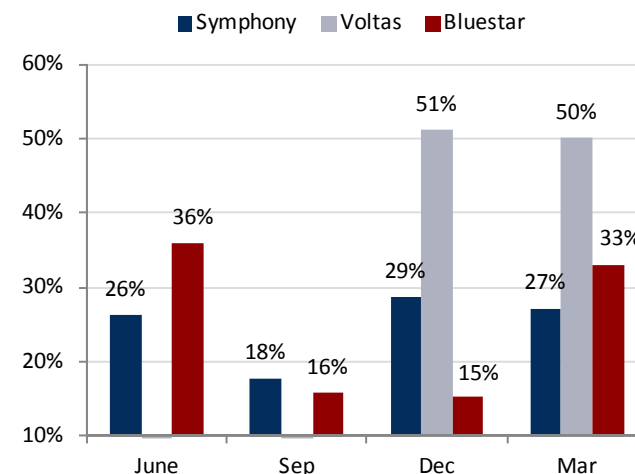
Source: Company, HDFC sec Inst Research

Symphony EBIT Mix: Reduced seasonality



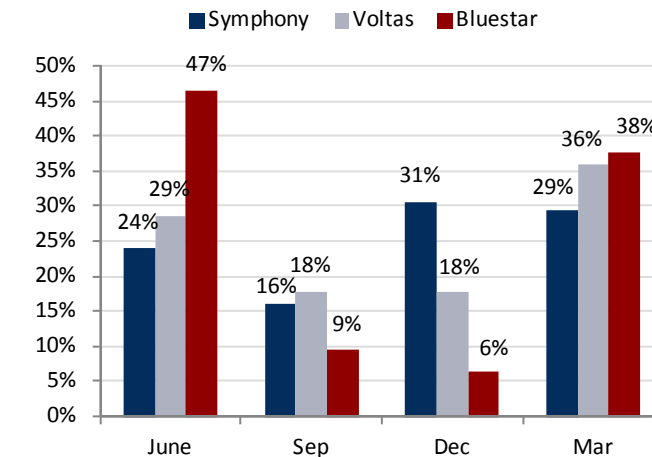
Source: Companies website, HDFC sec Inst Research

Average revenue contribution on quarterly basis during the last 5 years (FY13-17)



Source: Companies, HDFC sec Inst Research

Average EBIT contribution on quarterly basis during the last 5 years (FY13-17)



Source: Companies, HDFC sec Inst Research

IMPCO's relation with large format stores to market residential coolers

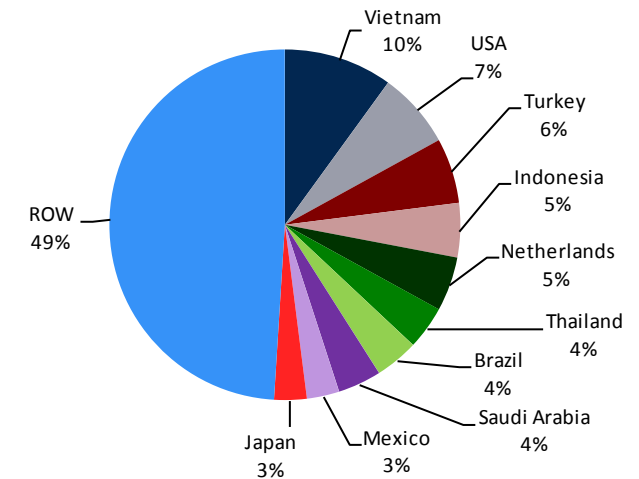


Source: company

Global opportunities

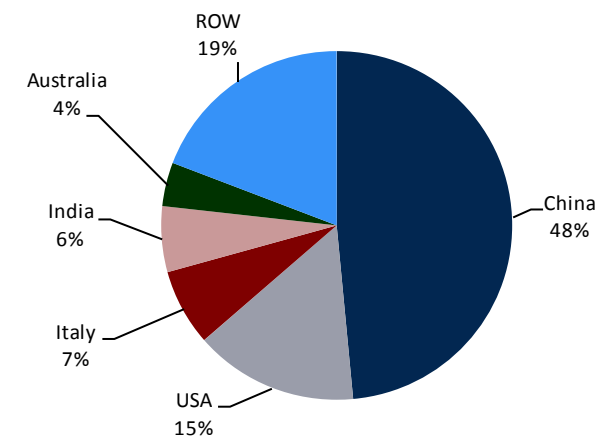
- Apart from diversifying its end-users i.e. residential and industrial, Symphony has also diversified its business through entering into newer geographies. By enhancing its reach to other countries which have different climatic cycles, Symphony would further reduce seasonality impact. Symphony's decision to venture overseas has transformed this business seasonality into a potential opportunity and helped to reduce its dependency on one market.
- Besides organic growth in the International market, Symphony has also acquired Mexico based IMPCO. It has paved Symphony's way to developed markets like America where IMPCO has strong foothold. Overall export business has strengthened through leveraging IMPCO's distribution channel.
- Management is/has taken several initiatives to improve operational efficiency at IMPCO like – (1) Switch to outsourcing model similar to India which will make IMPCO asset light, (2) the company has recently repaid IMPCO's debt by liquidating its assets and (3) improve working capital. These steps will allow IMPCO to focus on the core business.
- RoW business has posted 13% CAGR during FY13-17 while EBIT grew at lower pace of 7%. We expect International business would grow by 8% with better EBIT growth of 39% (focus on declining losses and improving macro economy of most of the geographies) over FY17-20E.

Top 10 importing countries (~Rs 25bn)



Source: 2016 comtrade, HDFC sec Inst Research

Top 5 exporting countries (~Rs 25bn)



Source: 2016 comtrade, HDFC sec Inst Research

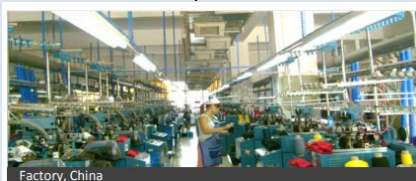
Global installations

Walmart Store



Walmart, USA

Factory in China



Factory, China

Zoo in Dubai



Zoo, Dubai

L&T in Gujarat



L&T, Gujarat

Ramtirth Mandir



Mecca complex in Saudi



Source: company

The industrial cooling opportunity

- Symphony is the only branded player in the Industrial air cooler market. According to the company, centralized air conditioning market in India is ~Rs 40bn whereas centralized air cooling market in India which is undefined, could be >Rs 40bn.
- Centralised air cooling is still at its nascent stage. The company got its first taste of centralized air cooling with the acquisition of IMPCO. IMPCO provided Symphony with its multi-decadal knowledge on industrial cooling. As a result, Symphony accepted industrial projects in India from 2014-15.
- Symphony carried out the world's largest centralized air cooling project at Hajji complex in Saudi and the largest project in India at Patanjali Yog Bhawan, Haridwar.
- According to a survey quoted on *Economist*, industrial air cooling raised productivity by a quarter. On the factory floor it cut absenteeism and stoppages.

Industrial air cooling improves productivity

Effective Temp (C)	24	27	29	32	35	38	41
Loss of work output	3%	8%	18%	29%	45%	62%	79%
Loss of accuracy	0%	5%	40%	300%	700%	> 700%	

(Source: Study for NASA. "Comfort Conditioning the Plant with Evaporative Cooling" Plant Engineering July 8, 1976 Pg 76 Joseph Marg)

Source: Company

Immense scope for centralized air cooling

Central air cooling solutions - long runway

Opportunity and size

Factories	Universities
Warehouses	Lecture halls
Shops and showrooms	Service stations
Religious institutions	Offices
Club houses	Poultry and dairy farms
Residences	Departmental stores
Lounges	Diesel generator rooms
Canteens	Laundry
Guest houses	Kitchens
Banquet halls	Malls

Source: Company, HDFC sec Inst Research

High profile industrial air cooling clients

Working with esteemed brands



Source: Company

Symphony Packaged Air Coolers : Low on power consumption, high on return

Parameters	Unit	Symphony Packaged Air Coolers	Air conditioners
Area to be cooled	Square feet	1,500	1,500
Details of machine	Model	Symphony PAC 10 TC	12.5 ton AC
Power consumption	kilowatts	0.715	15
Cost of machine	H	149,991	250,000
Cost of installation	H	35,000	150,000
Total capital cost	H	184,999	400,000
Savings in capital cost	H	215,001	
Electricity consumption	kilowatt-hour	0.715	15
Electricity cost per hour at H7 per unit	H	5	105
Electricity cost per day (12-hour usage)	H	60	1,260
Electricity cost per month (30-usage)	H	1,800	37,800
Savings in electricity cost (30-day usage)	H	36,000	
Total payback period	months	5	

Source: Company, HDFC sec Inst Research

Symphony Packaged Air Coolers vs. Air Conditioners

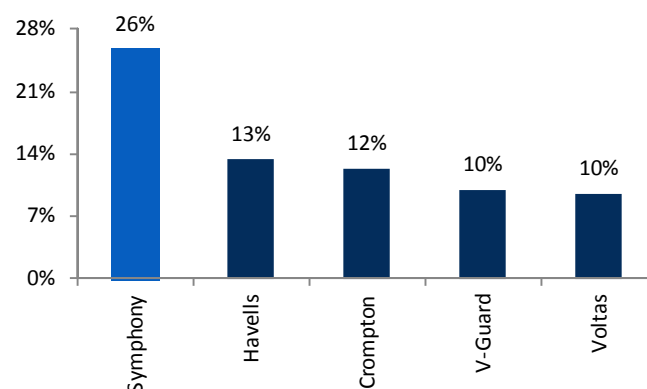
Parameters	Symphony Packaged Air Coolers	Air conditioners
Fresh air ventilation	Very effective	Not effective
Performance in high temperatures	High	Low
Performance in dry conditions	High	Low
Performance in humid conditions	Medium (through wind chill effect)	High
Air blast	High	Low
Capital cost	Low	High
Operating cost	Very low	Very high
Maintenance cost	Very low	High
Life cycle costs (total ownership costs)	Very low	High
Use of greenhouse gases	Nil	Yes
Carbon footprint	Very low	Very high

Source: Company, HDFC sec Inst Research

Best-in-class return ratios

- (5) Symphony commands high core RoCE (>100%) since the product manufacturing is outsourced to 9 OEM players. This allows Symphony to focus on brand building and distribution strength so as to command a premium in the air cooler market. Therefore, Symphony commands the highest EBITDA margins in the consumer durables space.

Highest FY17 EBITDA margin in consumer durables



Source: Companies, HDFC sec Inst Research

Dupont analysis on RoCE

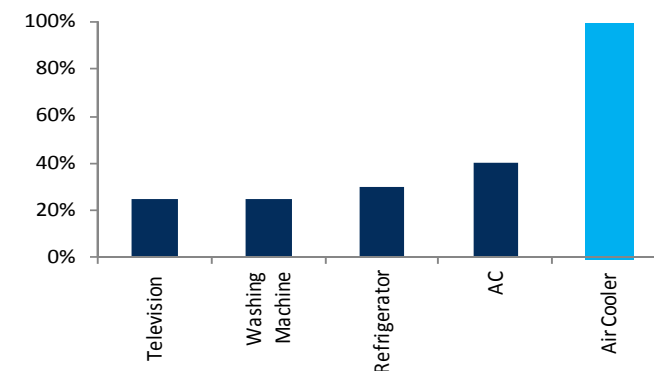
Company	EBIT*(1-t)/ Sales	Sales/Core Capital Employed	Core ROCE
Symphony	18%	5.9	104%
Havells	8%	4.3	35%
Crompton	8%	5.5	44%
V-Guard	7%	4.1	28%
Voltas	7%	6.0	40%

Source: Companies, HDFC sec Inst Research

Low MNC threat

Contrary to other large home appliances categories where MNCs brands LG, Samsung, Sony, Whirlpool, and Philips who dominate the respective market, air cooler is a domestic driven business.

Air coolers : dominated by domestic players



Source: Company, HDFC sec Inst Research

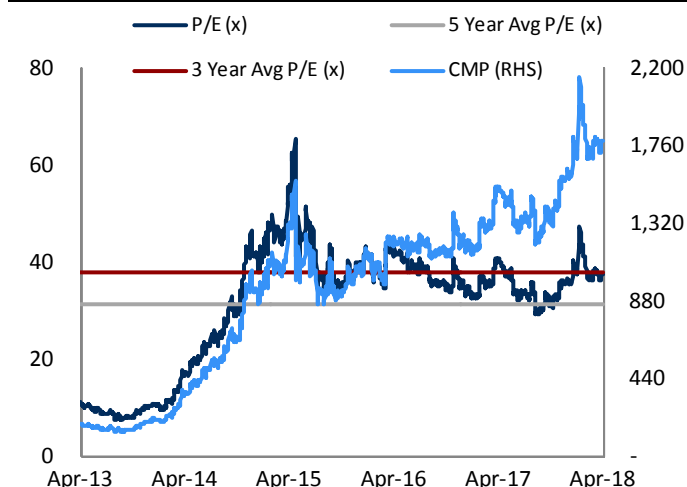
Symphony is currently trading at its average P/E of the last 3 years at 38x

Rich valuation warranted

- Our bullishness on Symphony is based on (1) Rising demand for cooling products driven by growing disposable incomes, cheaper financing options and increasing up-country penetration of electricity, (2) A large unorganised air cooler market, (3) Symphony's consistent product innovation, (4) Growing distribution reach (40,000 dealers targeted vs. 30,000 now) over the next 2 years (dealer reach grew at 24% CAGR over FY10-17) and (5) Untapped opportunities in RoW markets.
- We model revenue/EBITDA/APAT CAGR of 22/28/29% over FY18E-FY20E, driven mostly by premiumisation. Symphony's high RoCE >100%, market leadership and multi-year growth visibility warrants high valuations. The stock has consistently traded at a premium to AC/appliance companies. Our valuation is based on 45x Mar-20 EPS, yielding a TP of Rs 2,150. Initiate coverage with a BUY.
- Risks:** Symphony being in the seasonal business, there is always a risk of missing estimates in years when season is weak. The company has already reduced the seasonality by selling air coolers during

the non-season quarters. However, as air cooler has only 1 month of consumer offtake in a year, there is always a risk of missing estimate owing to weak summer (unseasonal rain). Therefore, we want investors to see Symphony's long term growth potential rather depend on one season.

Symphony's 2 Year Rolling Forward P/E Band



Source: Company, HDFC sec Inst Research

Valuation Comparison

Company	MCap (Rs bn)	CMP (Rs)	Reco.	Target P/E (x)	TP (Rs)	EPS (Rs)			P/E (x)			EV/EBITDA (x)			Core RoCE (%)			EPS CAGR FY18- FY20E (%)
						FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	
Havells	314	502	BUY	36	647	11.6	15.0	18.6	43.4	33.5	27.0	29.4	23.2	19.1	31.4	30.7	37.5	26.7%
Voltas	204	618	BUY	32	687	17.8	20.5	23.9	34.8	30.1	25.9	25.8	22.1	18.7	43.9	44.0	46.3	15.9%
Crompton	148	230	BUY	35	290	5.1	6.7	8.3	44.8	34.5	27.7	27.7	21.8	17.6	46.1	58.6	71.2	27.2%
Symphony	126	1,799	BUY	43	2,150	28.8	37.7	47.7	62.6	47.8	37.7	48.1	36.2	28.3	108.6	123.6	134.0	28.8%
V-Guard	99	232	BUY	35	263	4.1	5.8	7.5	55.7	39.1	30.5	39.5	28.6	22.8	28.7	37.0	42.0	35.1%

Source: HDFC sec Inst Research

Assumptions

Standalone Segmental

Particulars (Rs mn)	FY13	FY14	FY15	FY16 (9m)	FY17	FY18E	FY19E	FY20E
Revenue								
Domestic	2,730	3,946	4,085	3,679	5,951	6,803	8,572	10,698
Export	353	566	537	469	721	690	833	960
Total	3,083	4,512	4,622	4,148	6,672	7,493	9,406	11,658
Revenue Gr. (%)								
Domestic	30.6%	44.5%	3.5%	20.1%	21.3%	14.3%	26.0%	24.8%
Export	-13.8%	60.3%	-5.1%	16.5%	15.2%	-4.3%	20.9%	15.1%
Total	23.3%	46.3%	2.4%	19.7%	20.6%	12.3%	25.5%	23.9%
Revenue Mix (%)								
Domestic	89%	87%	88%	89%	89%	91%	91%	92%
Export	11%	13%	12%	11%	11%	9%	9%	8%
Total	100%	100%	100%	100%	100%	100%	100%	100%
EBIT								
Domestic	807	1,141	1,428	1,506	2,153	2,695	3,443	4,323
Export	119	215	195	190	246	247	329	379
Total	926	1,356	1,623	1,696	2,399	2,943	3,771	4,702
EBIT Margin (%)								
Domestic	30%	29%	35%	41%	36%	40%	40%	40%
Export	34%	38%	36%	41%	34%	36%	39%	39%
Total	30%	30%	35%	41%	36%	39%	40%	40%
EBIT Change (bps)								
Domestic	1,083bps	-67bps	604bps	597bps	-474bps	343bps	54bps	25bps
Export	633bps	448bps	-168bps	418bps	-645bps	181bps	357bps	0bps
Total	990bps	2bps	506bps	577bps	-492bps	332bps	82bps	23bps
EBIT Mix (%)								
Domestic	87%	84%	88%	89%	90%	92%	91%	92%
Export	13%	16%	12%	11%	10%	8%	9%	8%
Total	100%	100%	100%	100%	100%	100%	100%	100%
EBIT Growth (%)								
Domestic	106.0%	41.3%	25.2%	40.6%	7.3%	25.2%	27.7%	25.6%
Export	6.3%	81.7%	-9.3%	29.9%	-3.2%	0.7%	32.9%	15.1%
Total	83.9%	46.5%	19.7%	39.3%	6.1%	22.7%	28.2%	24.7%

Source: Company, HDFC sec Inst Research

Standalone Sales Volume

Particulars	FY13	FY14P	FY15P	FY16P(9m)	FY17P	FY18E	FY19E	FY20E
Sales Volume								
India	437,061	590,416	673,432	612,873	930,993	1,055,661	1,273,617	1,528,340
ROW	79,713	116,628	110,279	95,958	143,866	141,917	167,032	190,417
Total	516,774	707,044	783,711	708,831	1,074,859	1,197,578	1,440,649	1,718,757
Sales Volume Gr (%)								
India	22.2%	35.1%	14.1%	21.3%	13.9%	13.4%	20.6%	20.0%
ROW	-30.3%	46.3%	-5.4%	16.0%	12.4%	-1.4%	17.7%	14.0%
Total	9.5%	36.8%	10.8%	20.6%	13.7%	11.4%	20.3%	19.3%
Aircoolers - Realization								
India	6,246	6,683	6,066	6,003	6,392	6,445	6,731	7,000
ROW	4,432	4,855	4,870	4,892	5,011	4,859	4,989	5,039
Total	5,966	6,382	5,803	5,852	6,207	6,257	6,529	6,783

Source: Company, HDFC sec Inst Research

Consolidated Segmental

Consolidated					Standalone				
Particulars (Rs mn)	FY17	FY18E	FY19E	FY20E	Particulars (Rs mn)	FY17	FY18E	FY19E	FY20E
Revenue					Revenue				
India	5,969	6,803	8,572	10,698	India	5,951	6,803	8,572	10,698
RoW	1,712	1,833	2,009	2,168	Export	721	690	833	960
Total	7,680	8,637	10,582	12,867	Total	6,672	7,493	9,406	11,658
EBIT (Inc. other income)					EBIT (Inc. other income)				
India	2,200	2,695	3,443	4,323	India	2,153	2,695	3,443	4,323
RoW	137	169	288	380	Export	246	247	329	379
Total EBIT	2,337	2,864	3,731	4,703	Total EBIT	2,399	2,943	3,771	4,702
PAT					PAT				
India	1,562	1,922	2,444	3,070	Export	1,554	1,922	2,444	3,070
RoW	94	153	259	339	Export	177	169	233	269
Total	1,656	2,075	2,703	3,409	India	1,732	2,092	2,678	3,338
Revenue Growth (%)					Revenue Growth (%)				
India	22%	14%	26%	25%	India	21%	14%	26%	25%
RoW	66%	7%	10%	8%	Export	15%	-4%	21%	15%
Total	29%	12%	23%	22%	Total	21%	12%	26%	24%
Revenue Mix (%)					Revenue Mix (%)				
India	78%	79%	81%	83%	India	89%	91%	91%	92%
RoW	22%	21%	19%	17%	Export	11%	9%	9%	8%
Total	100%	100%	100%	100%	Total	100%	100%	100%	100%
EBIT Margin (%)					EBIT Margin (%)				
India	37%	40%	40%	40%	India	36%	40%	40%	40%
RoW	8%	9%	14%	18%	Export	34%	36%	39%	39%
Total	30%	33%	35%	37%	Total	36%	39%	40%	40%
EBIT Growth (%)					EBIT Growth (%)				
India	9%	23%	28%	26%	India	7%	25%	28%	26%
RoW	563%	23%	71%	32%	Export	-3%	1%	33%	15%
Total	15%	23%	30%	26%	Total	6%	23%	28%	25%
EBIT Mix (%)					EBIT Mix (%)				
India	94%	94%	92%	92%	India	90%	92%	91%	92%
RoW	6%	6%	8%	8%	Export	10%	8%	9%	8%
Total	100%	100%	100%	100%	Total	100%	100%	100%	100%
PAT Mix (%)					PAT Mix (%)				
India	94%	93%	90%	90%	India	90%	92%	91%	92%
RoW	6%	7%	10%	10%	Export	10%	8%	9%	8%
Total	100%	100%	100%	100%	Total	100%	100%	100%	100%

Source: Company, HDFC sec Inst Research

Key Assumptions

	FY15	FY16 (9m)	FY17	FY18E	FY19E	FY20E
Standalone						
Volume Growth						
India	14.1	21.3	13.9	13.4	20.6	20.0
Export	(5.4)	16.0	12.4	(1.4)	17.7	14.0
Total	10.8	20.6	13.7	11.4	20.3	19.3
Realisaiton Growth						
India	(9.2)	(1.1)	6.5	0.8	4.4	4.0
Export	0.3	0.4	2.4	(3.0)	2.7	1.0
Total	(9.1)	0.8	6.1	0.8	4.4	3.9
Revenue Growth	2.5	19.7	20.6	12.3	25.5	23.9
Gross Margin (%)	52.9	54.9	53.5	54.7	56.0	56.0
Employee (%)	6.6	7.2	7.0	7.2	6.7	6.4
SG&A (%)	7.7	2.0	6.2	4.6	4.5	4.3
Other Expenses (%)	9.5	9.0	9.2	8.6	9.5	9.8
EBITDA Margin	29.1	36.7	31.0	34.4	35.3	35.4
Subsidiaries						
Revenue Growth						
IMPCO	-	(0.6)	24.0	1.0	3.0	3.0
MKE (China)	na	na	na	1.0	3.0	3.0
EBITDA Margin						
IMPCO	7.8	15.2	5.3	7.0	8.0	8.0
MKE (China)	na	na	(18.9)	(15.0)	(8.0)	1.0

Source: Company, HDFC sec Inst Research

Quarterly Financials

Particulars (Rs mn)	Q3FY18	Q3FY17	YoY Gr. (%)	Q2FY18	QoQ Gr. (%)	9MFY18	9MFY17	YoY Gr. (%)
Net Revenue	2,176	1,801	20.9	1,843	18.1	5,316	4,831	10.0
Material Expenses	995	836	19.0	862	15.4	2,490	2,201	13.1
Employee Expenses	140	116	20.3	147	(4.8)	392	338	16.1
ASP Expenses	5	22	(78.4)	20	(76.1)	235	281	(16.2)
Other Operating Expenses	169	154	9.6	172	(1.6)	495	431	14.7
EBITDA	868	672	29.1	642	35.2	1,704	1,580	7.9
Depreciation	12	10	22.9	11	11.3	33	26	27.0
EBIT	856	663	29.2	631	35.6	1,672	1,554	7.6
Other Income	80	95	(15.3)	104	(22.9)	311	241	28.9
PBT	937	758	23.6	736	27.3	1,983	1,796	10.4
Tax	274	208	31.2	222	23.3	566	506	11.9
RPAT	663	549	20.7	514	29.0	1,417	1,290	9.9
EPS	9.5	7.8	20.7	7.2	30.9	20.2	18.4	9.9

MARGIN ANALYSIS	Q3FY18	Q3FY17	YoY Chg (bps)	Q2FY18	QoQ Chg (bps)	9MFY18	9MFY17	YoY Chg (bps)
Material Expenses % Net Sales	45.7	46.4	(71)	46.8	(107)	46.8	45.6	127
Employee Expenses % Net Sales	6.4	6.5	(3)	8.0	(155)	7.4	7.0	38
ASP Expenses % Net Sales	0.2	1.2	(101)	1.1	(87)	4.4	5.8	(139)
Other Operating Expenses % Net Sales	7.8	8.6	(80)	9.3	(155)	9.3	8.9	38
EBITDA Margin (%)	39.9	37.3	255	34.8	504	32.1	32.7	(64)
Tax Rate (%)	29.2	27.5	170	30.1	(95)	28.5	28.2	38
APAT Margin (%)	30.5	30.5	(3)	27.9	258	26.7	26.7	(5)

Source: Company, HDFC sec Inst Research

Quarterly Segmental

Particulars (Rs mn)	Q3FY18	Q3FY17	YoY Chg	Q2FY18	QoQ Chg	9MFY18	9MFY17	YoY Chg
Revenue								
Domestic	2,080	1,638	27.0	1,805	15.2	4,981	4,412	12.9
Export	96	163	(40.8)	38	155.7	335	414	(19.1)
Total	2,176	1,801	20.9	1,843	18.1	5,316	4,827	10.1
Revenue Mix (%)								
Domestic	96	91		98		94	91	
Export	4	9		2		6	9	
Total	100	100		100		100	100	
EBIT								
Domestic	895	708	26.4	743	20.5	1,885	1,646	14.5
Export	42	50	(15.7)	(7)	(714.7)	99	143	(31.3)
Total	937	758	23.6	736	27.3	1,983	1,790	10.8
EBIT Margin (%)								
Domestic	43.0	43.2	(21)	41.1	188	37.8	37.3	53
Export	43.4	30.4	1,291	(18.0)	6,140	29.4	34.6	(522)
Total	43.0	42.1	96	39.9	311	37.3	37.1	23

Source: Company, HDFC sec Inst Research

Income Statement

Year End March (Rs mn)	FY16*	FY17	FY18E	FY19E	FY20E
Net Revenues	4,455	7,680	8,637	10,582	12,867
Growth (%)	13	29	12	23	22
Material Expenses	2,013	3,644	3,995	4,763	5,792
Employee Expense	425	687	793	916	1,057
ASP Expense	238	686	708	868	1,055
Distribution Expense	144	241	259	317	386
Other Expenses	275	445	352	407	403
EBITDA	1,360	1,976	2,529	3,311	4,173
EBITDA Growth (%)	37	9	28	31	26
EBITDA Margin (%)	30.5	25.7	29.3	31.3	32.4
Depreciation	43	71	78	86	93
EBIT	1,317	1,906	2,451	3,225	4,079
Other Income (Including EO Items)	209	432	413	506	624
Interest	2	0	7	-	-
PBT	1,524	2,337	2,857	3,731	4,703
Tax	465	681	844	1,094	1,364
RPAT	1,059	1,656	2,013	2,637	3,340
Adjustment	90	-	-	-	-
APAT	969	1,656	2,013	2,637	3,340
APAT Growth (%)	25.8	13.5	21.5	31.0	26.6
Adjusted EPS (Rs)	15.6	23.7	28.8	37.7	47.7
EPS Growth (%)	25.8	13.5	21.5	31.0	26.6

Source: Company, HDFC sec Inst Research

* FY16: Financials are for 9 months, growth is adjusted for FY16 annualised numbers

Balance Sheet

Year End March (Rs mn)	FY16*	FY17	FY18E	FY19E	FY20E
SOURCES OF FUNDS					
Share Capital - Equity	70	140	140	140	140
Reserves	3,116	4,450	5,923	7,771	10,073
Total Shareholders Funds	3,186	4,590	6,063	7,911	10,213
Long Term Debt	-	-	-	-	-
Short Term Debt	-	193	193	193	193
Total Debt	-	193	193	193	193
Net Deferred Taxes	25	45	45	45	45
Long Term Provisions & Others	67	27	30	33	37
TOTAL SOURCES OF FUNDS	3,278	4,855	6,331	8,182	10,487
APPLICATION OF FUNDS					
Net Block	775	810	932	1,046	1,153
CWIP	30	-	-	-	-
LT Loans & Advances	27	43	43	43	43
Other Non Current Assets	1	1	1	1	1
Total Non-current Assets	833	854	976	1,090	1,196
Inventories	551	773	870	1,065	1,295
Debtors	469	523	588	721	876
Other Current Assets	284	543	602	716	850
Cash & Equivalents	2,087	3,294	4,563	6,108	8,080
Total Current Assets	3,391	5,134	6,623	8,610	11,101
Creditors	496	609	685	840	1,021
Other Current Liabilities & Provns	450	523	582	678	789
Total Current Liabilities	946	1,133	1,267	1,518	1,810
Net Current Assets	2,445	4,001	5,355	7,092	9,291
TOTAL APPLICATION OF FUNDS	3,278	4,855	6,331	8,182	10,487

Source: Company, HDFC sec Inst Research

Cash Flow Statement

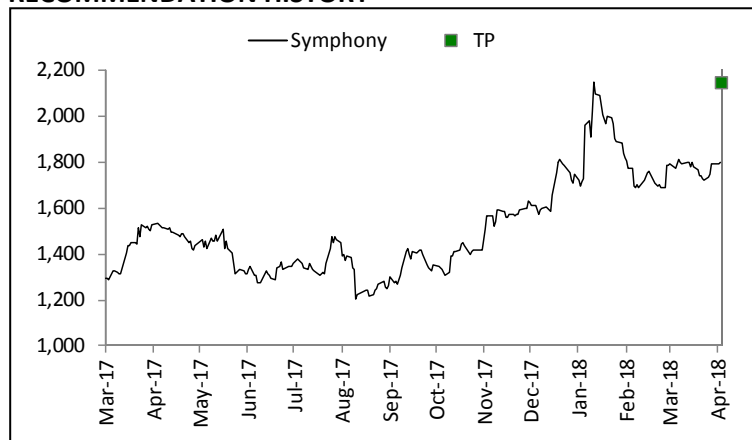
Year ending March (Rs mn)	FY16*	FY17	FY18E	FY19E	FY20E
Reported PBT	1,649	2,337	2,857	3,731	4,703
Non-operating & EO Items	(306)	(387)	-	-	-
Interest Expenses	2	0	7	-	-
Depreciation	43	71	78	86	93
Working Capital Change	(93)	(390)	(85)	(192)	(227)
Tax Paid	(410)	(682)	(844)	(1,094)	(1,364)
OPERATING CASH FLOW (a)	885	949	2,013	2,531	3,206
Capex	170	136	(200)	(200)	(200)
Free Cash Flow (FCF)	1,055	1,085	1,813	2,331	3,006
Investments	529	(788)	(397)	(397)	(397)
Non-operating Income	-	-	-	-	-
INVESTING CASH FLOW (b)	698	(652)	(597)	(597)	(597)
Debt Issuance/(Repaid)	-	193	-	-	-
Interest Expenses	(2)	(0)	(7)	-	-
FCFE	1,053	1,277	1,806	2,331	3,006
Share Capital Issuance	-	-	-	-	-
Dividend	(1,453)	(240)	(540)	(789)	(1,038)
Others	-	-	-	-	-
FINANCING CASH FLOW (c)	(1,455)	(47)	(547)	(789)	(1,038)
NET CASH FLOW (a+b+c)	129	250	868	1,145	1,572
EO Items, Others	260	(248)	0	-	-
Closing Cash & Equivalents	464	466	1,335	2,480	4,051

Key Ratios

	FY16*	FY17	FY18E	FY19E	FY20E
PROFITABILITY (%)					
GPM	54.8	52.5	53.7	55.0	55.0
EBITDA Margin	30.5	25.7	29.3	31.3	32.4
EBIT Margin	29.6	24.8	28.4	30.5	31.7
APAT Margin	21.8	21.6	23.3	24.9	26.0
RoE	41.4	42.6	37.8	37.7	36.9
RoIC (or Core RoCE)	146.7	104.4	108.6	123.6	134.0
RoCE	41.4	41.6	36.6	36.7	36.1
EFFICIENCY					
Tax Rate (%)	30.5	29.1	29.5	29.3	29.0
Fixed Asset Turnover (x)	3.1	3.9	4.0	4.4	5.0
Inventory (days)	33.8	36.8	36.8	36.8	36.8
Debtors (days)	28.8	24.9	24.9	24.9	24.9
Other Current Assets (days)	17.5	25.8	25.4	24.7	24.1
Payables (days)	30.5	29.0	29.0	29.0	29.0
Other Current Liab & Provns (days)	27.6	24.9	24.6	23.4	22.4
Cash Conversion Cycle (days)	22.0	33.6	33.5	34.0	34.4
Net D/E (x)	(0.7)	(0.7)	(0.7)	(0.7)	(0.8)
Interest Coverage (x)	0.0	0.0	0.0	-	-
PER SHARE DATA (Rs)					
EPS	15.6	23.7	28.8	37.7	47.7
CEPS	16.2	24.7	29.9	38.9	49.0
Dividend	12.5	4.5	6.5	9.5	12.5
Book Value	45.5	65.6	86.6	113.0	145.9
VALUATION					
P/E (x)	86.3	76.0	62.6	47.8	37.7
P/BV (x)	39.5	27.4	20.8	15.9	12.3
EV/EBITDA (x)	68.3	62.2	48.1	36.2	28.3
EV/Revenues (x)	20.8	16.0	14.1	11.3	9.2
OCF/EV (%)	0.7	0.8	1.7	2.1	2.7
FCF/EV (%)	0.9	0.7	1.5	1.9	2.5
Dividend Yield (%)	0.7	0.3	0.4	0.5	0.7

* FY16: Financials are for 9 months, ratios are adjusted for FY16 annualised numbers

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
04-Apr-18	1,799	BUY	2,150

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- BUY : Where the stock is expected to deliver more than 10% returns over the next 12 month period
- NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period
- SELL : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

Disclosure:

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