

INDUSTRY		APPLIANCES
CMP (as on 22 May 18)		Rs 1,460
Target Price		Rs 1,983
Nifty		10,537
Sensex		34,651
KEY STOCK DATA		
Bloomberg		SYML IN
No. of Shares (mn)		70
MCap (Rsbn)/(US\$ mn)		102/1,501
6m avg traded value (Rs mn)		93
STOCK PERFORMANCE (%)		
52 Week high / low		Rs 2,213 / 1,152
	3M	6M 12M
Absolute (%)	(14.0)	(7.1) 4.1
Relative (%)	(16.5)	(10.3) (9.3)
SHAREHOLDING PATTERN (%)		
Promoters		75.00
FIs & Local MFs		7.51
FPIs		7.15
Public & Others		10.34
Source : BSE		

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Geared for version 3.0

Symphony reported a washout quarter with revenue declining by 14% to Rs 1.55bn on account of erratic summer. GM and EBITDA margins recovered partially from the impact of the launch (promo. offer) of Touch series in the base quarter, leading to 0/-8% growth in EBITDA/APAT. Twin blows (1Q and 4Q) by consecutive weak summer impacted Symphony's consol. revenues (up only 4%) during FY18 (industry was flat to negative).

Erratic summer impacted consumer offtake and primary sales during the quarter. Moreover, offtake did not pick-up during Apr owing to continued weak summer. This led to higher inventory in the trade channels. With rising mercury levels in the last few days, we believe channel inventory will normalize.

As competition continues to intensify, Symphony goes back to the drawing board to re-write their strategy (**developed version 3.0**). They desire to compete with product differentiation (launch tech-rich coolers) and not with price discounting strategy. The company has appointed executives pan-India to drive industrial cooling business and sounds confident on accelerating growth. Symphony's continued focus on expanding their geographical presence is evident with a recent non-

Financial Summary

(Rsmn)	4QFY18	4QFY17	YoY (%)	3QFY18	QoQ (%)	*FY16	FY17	FY18P	FY19E	FY20E
Net Revenue	1,554	1,808	(14.0)	2,176	(28.6)	4,455	7,680	7,983	9,722	11,859
EBITDA	496	496	(0.1)	868	(42.9)	1,360	2,009	2,193	2,884	3,682
APAT	420	457	(8.1)	663	(36.7)	969	1,691	1,926	2,411	3,081
EPS (Rs)	6.0	6.5	(8.1)	9.5	(36.7)	15.6	24.2	27.5	34.4	44.0
P/E (x)						69.6	60.1	52.7	42.1	33.0
EV/EBITDA (x)						54.9	49.0	44.4	33.3	25.6
Core RoCE (%)						146.7	106.9	89.9	93.6	101.2

Source: Company, HDFC sec Inst Research*FY16: Financials are for 9 months, ratios are adjusted

HDFC securities Institutional Research is also available on Bloomberg HSLB <GO> & Thomson Reuters

binding offer to acquire a 'profitable' company outside India.

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) Consistent product innovation, (4) Growing distribution reach (40k dealers targeted vs. 30k now) over the next 2 years and (5) Untapped opportunities in RoW.

We cut our EPS estimates by 8% to factor in weak summer 2018. At 45x Mar-20 EPS, our TP is at Rs 1,983 (earlier 2,150). We maintain BUY.

Highlights for the quarter

- **EBITDA was flat:** GM was up by 396bps to 54% lower than our expectation of 750bps (impacted by Touch in the base qtr). Employee/SG&A/other expenses up by 3/-31/-20%. EBITDA expanded by 446bps to 31.9%. IMPCO turned profitable while GSK losses halved.
- **Near-term outlook:** We advise investors to look at the stock from the long term perspective and be cognizant of seasonal risks for cooling products.

Domestic revenues declined by 18% while exports grew at 7% in 4QFY18

Symphony 's consolidated revenue grew by 4% in FY18 owing to two back to back weak summer

Maintained value market share of 50%

GM was up by 396bps to 54% owing to favorable base (impact from promo-launch of Touch series)

IMPCO turned profitable while GSK (China) losses halved

South India contributes ~20% of domestic business which was impacted by delayed summer

Quarterly Financials (Standalone)

Particulars	4QFY18	4QFY17	YoY (%)	3QFY18	QoQ (%)	FY18	FY17	YoY (%)
Net Revenue	1,554	1,808	(14.0)	2,176	(28.6)	6,870	6,639	3.5
Material Expenses	714	902	(20.9)	995	(28.3)	3,203	3,103	3.2
Employee Expenses	128	124	3.1	140	(8.7)	520	462	12.6
ASP Expenses	69	100	(31.4)	5	1,331.3	304	381	(20.2)
Other Operating Expenses	148	186	(20.3)	169	(12.2)	643	617	4.1
EBITDA	496	496	(0.1)	868	(42.9)	2,200	2,076	6.0
Depreciation	11	10	15.8	12	(6.8)	44	35	23.9
EBIT	485	486	(0.4)	856	(43.4)	2,156	2,040	5.7
Other Income	92	137	(33.2)	80	14.2	403	379	6.4
Interest	-	-	na	-	na	7	0	na
PBT	576	624	(7.6)	937	(38.5)	2,552	2,419	5.5
Tax	157	167	(6.2)	274	(42.7)	723	673	7.4
PAT	420	457	(8.1)	663	(36.7)	1,830	1,746	4.8
EPS	6.0	6.5	(8.1)	9.5	(36.7)	26.1	24.9	4.8

Source: Company, HDFC sec Inst Research

Margin Analysis (Standalone)

% of Net sales	4QFY18	4QFY17	YoY (%)	3QFY18	QoQ (%)	FY18	FY17	YoY (%)
Material Expenses	45.9	49.9	(396)	45.7	22	46.6	46.7	(11)
Employee Expenses	8.2	6.9	136	6.4	179	7.6	7.0	61
ASP Expenses	4.4	5.5	(112)	0.2	420	4.4	5.7	(131)
Other Operating Expenses	9.6	10.3	(74)	7.8	178	9.4	9.3	6
EBITDA Margin (%)	31.9	27.4	446	39.9	(800)	32.0	31.3	76
Tax Rate (%)	27.2	26.8	40	29.2	(199)	28.3	27.8	50
APAT Margin (%)	27.0	25.3	174	30.5	(347)	26.6	26.3	33

Source: Company, HDFC sec Inst Research

Weak summer impacted the domestic revenue and EBIT performance

Symphony added 6 countries to its customer list during FY18

Segmental Quarterly (Standalone)

(Rs mn)	4QFY18	4QFY17	YoY (%)	3QFY18	QoQ (%)	FY18	FY17	YoY Gr. (%)
Revenue								
Domestic	1,232	1,506	(18.2)	2,080	(40.8)	6,213	5,918	5.0
Export	322	302	6.6	96	234.0	657	721	(8.9)
Total	1,554	1,808	(14.0)	2,176	(28.6)	6,870	6,639	3.5
Revenue Mix (%)								
Domestic	79	83		96		90	89	
Export	21	17		4		10	11	
Total	100	100		100		100	100	
EBIT								
Domestic	446	521	(14.5)	895	(50.2)	2,330	2,174	7.2
Export	131	102	27.7	42	212.2	229	246	(6.8)
Total	576	624	(7.6)	937	(38.5)	2,559	2,419	5.8
EBIT Margin (%)								
Domestic	36.2	34.6	155	43.0	(684)	37.5	36.7	78
Export	40.5	33.8	671	43.4	(283)	34.9	34.1	78

Source: Company, HDFC sec Inst Research

Symphony's Renewed Strategy

The three phases of Symphony's evolution

Version 1.0

1988-2006

- Launched coolers
- Diversified into various products
- Diversification affected viability

Version 2.0

2007-2018

- Specialised around coolers
- Turned the business around
- Scaled the business
- Enhanced global respect

Version 3.0

2019-

- Focus on transformation
- Launch technology-rich coolers
- Extend into industrial cooling solutions
- Expand international reach

Symphony at a glance

Particulars (Rs mn)	Consolidated				Particulars (Rs mn)	Standalone			
	FY15	FY16 (9M)*	FY17	FY18		FY15	FY16 (9M)*	FY17	FY18
Revenue					Revenue				
India	4,112	3,684	5,969	6,222	India	4,086	3,679	5,951	6,213
RoW	1,143	771	1,679	1,761	Export	537	469	721	657
Total	5,255	4,455	7,648	7,983	Total	4,623	4,149	6,672	6,870
EBIT (Inc. other income)					EBIT (Inc. other income)				
India	1,437	1,510	2,216	2,334	India	1,428	1,506	2,153	2,330
RoW	181	16	134	332	Export	195	190	246	229
Total EBIT	1,618	1,526	2,350	2,666	Total EBIT	1,623	1,696	2,399	2,559
Revenue Growth (%)					Revenue Growth (%)				
India	18%	19%	22%	4%	India	17%	20%	21%	4%
RoW	-17%	-10%	63%	5%	Export	-5%	17%	15%	-9%
Total	9%	13%	29%	4%	Total	14%	20%	21%	3%
Revenue Mix (%)					Revenue Mix (%)				
India	78%	83%	78%	78%	India	88%	89%	89%	90%
RoW	22%	17%	22%	22%	Export	12%	11%	11%	10%
Total	100%	100%	100%	100%	Total	100%	100%	100%	100%
EBIT Margin (%)					EBIT Margin (%)				
India	35%	41%	37%	38%	India	35%	41%	36%	38%
RoW	16%	2%	8%	19%	Export	36%	41%	34%	35%
Total	31%	34%	31%	33%	Total	35%	41%	36%	37%
EBIT Growth (%)					EBIT Growth (%)				
India	25%	40%	10%	5%	India	25%	41%	7%	8%
RoW	-21%	-89%	546%	148%	Export	-9%	30%	-3%	-7%
Total	18%	26%	16%	13%	Total	20%	39%	6%	7%
EBIT Mix (%)					EBIT Mix (%)				
India	89%	99%	94%	88%	India	88%	89%	90%	91%
RoW	11%	1%	6%	12%	Export	12%	11%	10%	9%
Total	100%	100%	100%	100%	Total	100%	100%	100%	100%

Source: Company, HDFC sec Inst Research

Revenue growth over the years has been driven by constant innovation led product launches, premiumisation and distribution expansion

Symphony's launches

Window range
2014-15

Silver range
2015-16

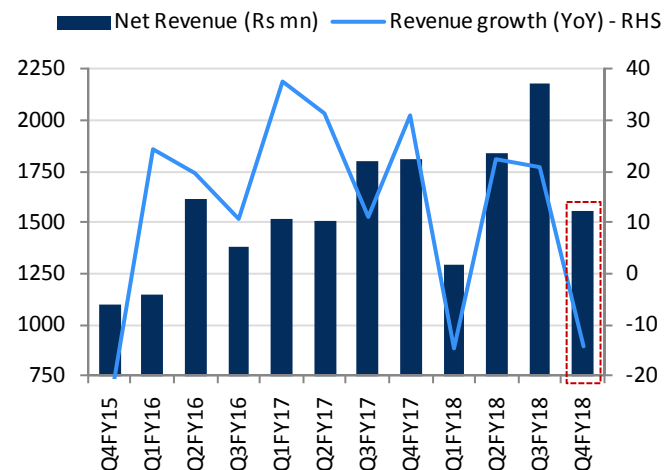
Touch range
Cloud range
2016-17

Sense range
Diamond range
2017-18

Symphony's EBITDA margins are the highest in consumer appliances category

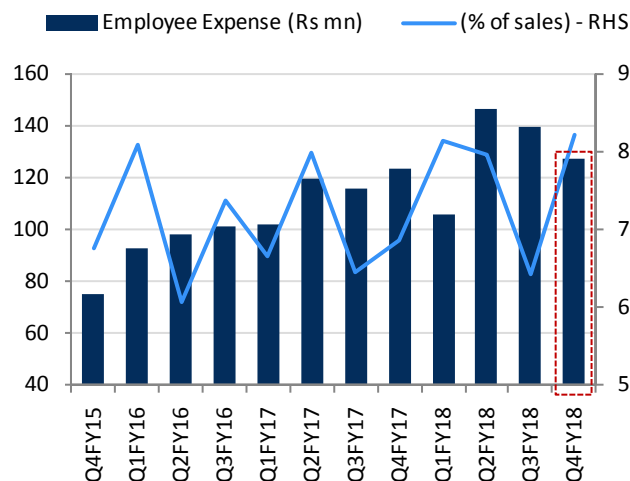
Quarterly Performance

Net Revenue



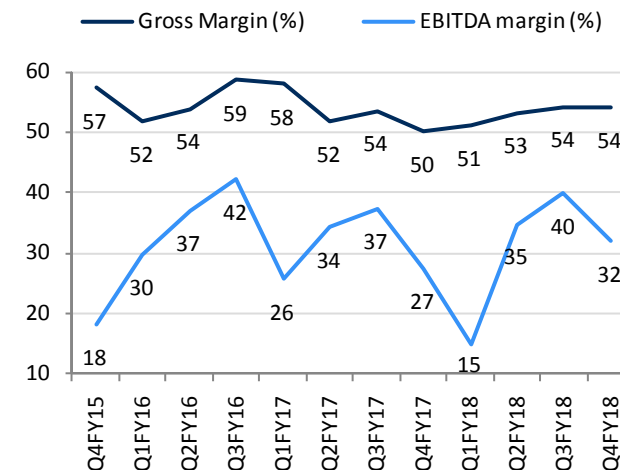
Source: Company, HDFC sec Inst Research

Employee Expense



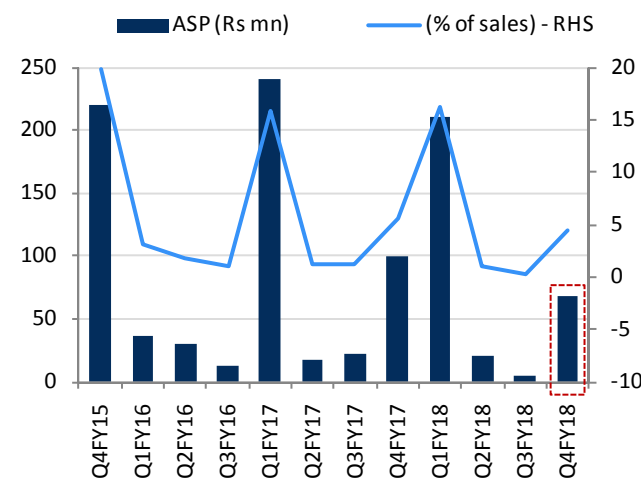
Source: Company, HDFC sec Inst Research

Gross Margin vs. EBITDA Margin



Source: Company, HDFC sec Inst Research

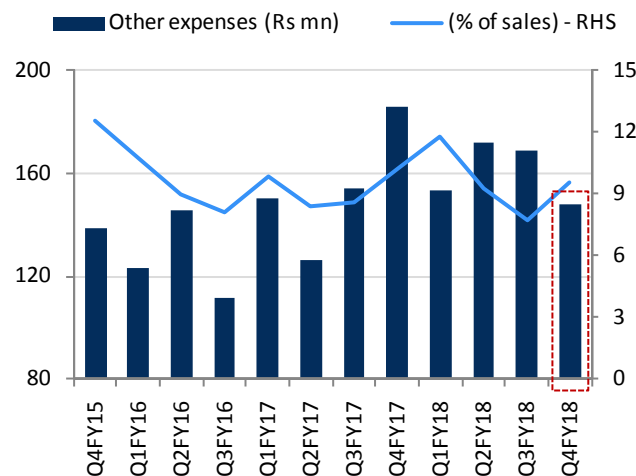
ASP Expense



Source: Company, HDFC sec Inst Research

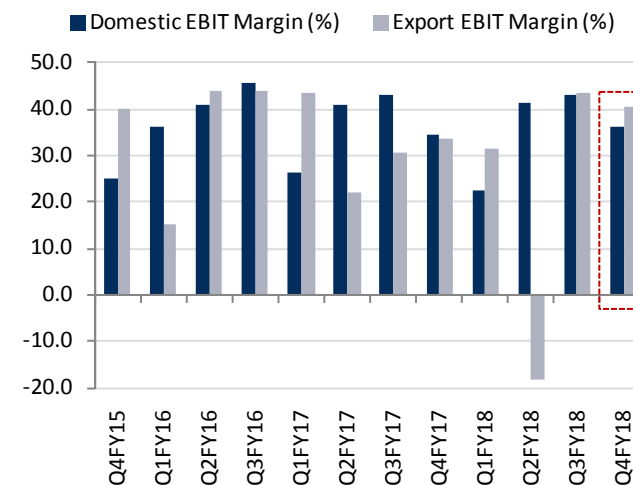
Symphony invested about Rs 60mn in last two years in information technology (SAP) - more than all the aggregate technology investment previously made in the company's existence

Other Expense



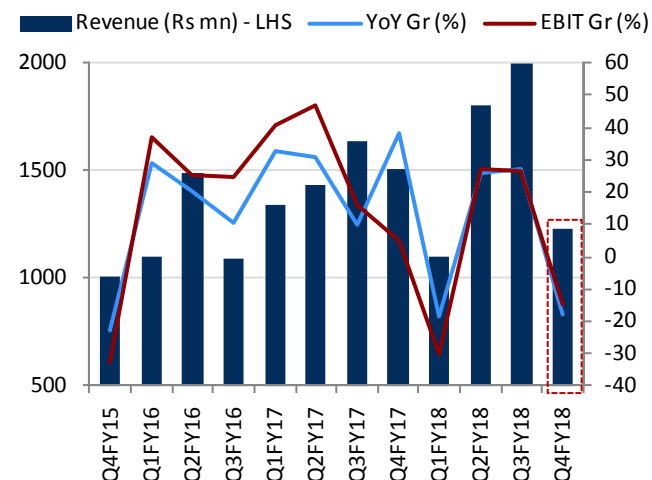
Source: Company, HDFC sec Inst Research

Domestic vs. Export EBIT margin



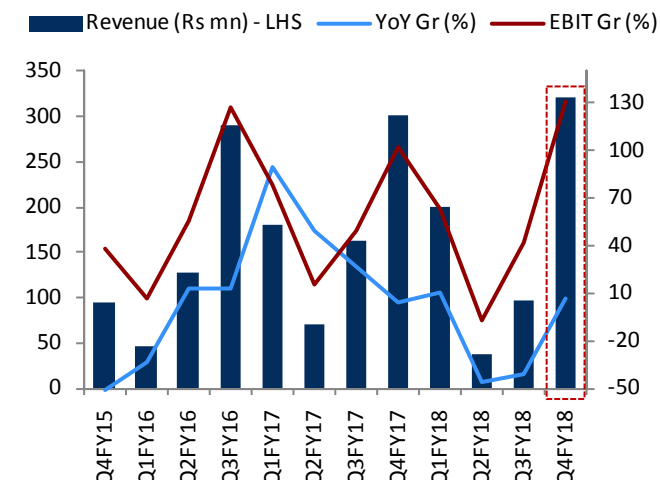
Source: Company, HDFC sec Inst Research

Domestic Revenue and EBIT Growth (YoY)



Source: Company, HDFC sec Inst Research

Export Revenue and EBIT Growth (YoY)



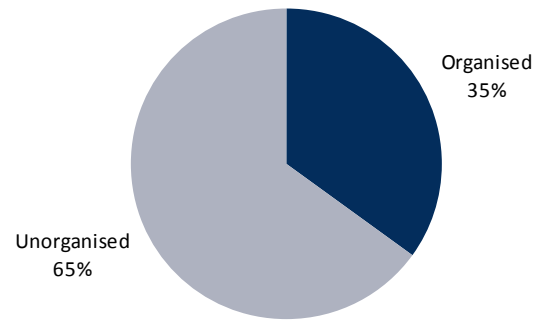
Source: Company, HDFC sec Inst Research

Symphony maintained value market share of 50% in FY18 despite increased competitive intensity from Voltas and Crompton. We believe Kenstar and Bajaj lost market share in FY18

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

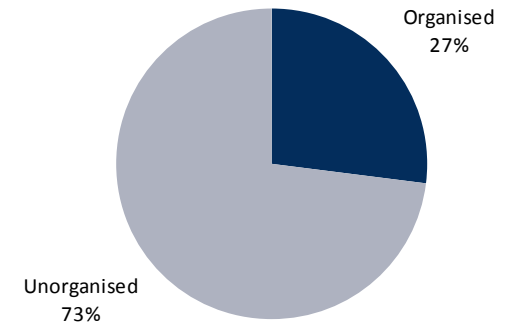
Air Cooler Industry

Air cooler Value Market Break-up (~Rs 35-40bn)



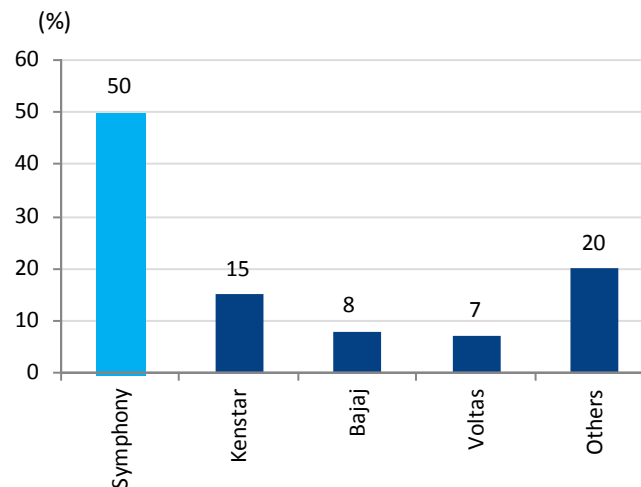
Source: Company, HDFC sec Inst Research

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



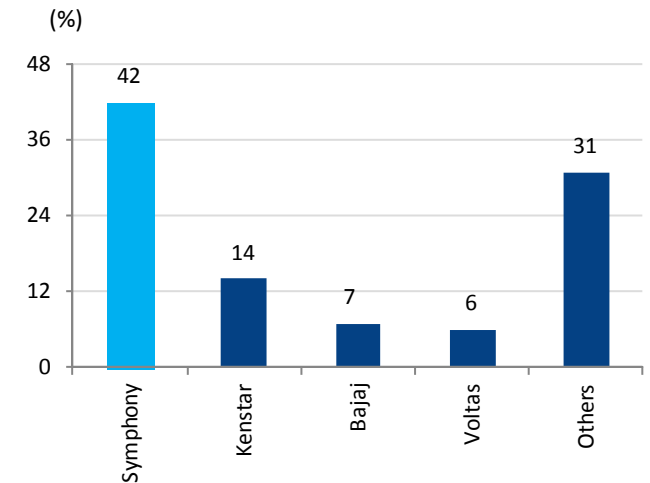
Source: Company, HDFC sec Inst Research

Branded Air Cooler Value Market Share



Source: Company, HDFC sec Inst Research

Branded Air Cooler Vol. Market Share



Source: Company, HDFC sec Inst Research

Assumptions

Standalone Segmental

Particulars (Rs mn)	FY13	FY14	FY15	FY16 (9M)	FY17	FY18P	FY19E	FY20E
Revenue								
Domestic	2,730	3,946	4,085	3,679	5,918	6,213	7,785	9,781
Export	353	566	537	469	721	657	778	888
Total	3,083	4,512	4,622	4,148	6,639	6,870	8,563	10,670
Revenue Gr. (%)								
Domestic	30.6%	44.5%	3.5%	20.1%	20.6%	5.0%	25.3%	25.6%
Export	-13.8%	60.3%	-5.1%	16.5%	15.2%	-8.9%	18.4%	14.2%
Total	23.3%	46.3%	2.4%	19.7%	20.0%	3.5%	24.6%	24.6%
Revenue Mix (%)								
Domestic	89%	87%	88%	89%	89%	90%	91%	92%
Export	11%	13%	12%	11%	11%	10%	9%	8%
Total	100%	100%	100%	100%	100%	100%	100%	100%
EBIT								
Domestic	807	1,141	1,428	1,506	2,174	2,330	3,056	3,880
Export	119	215	195	190	246	229	309	353
Total	926	1,356	1,623	1,696	2,419	2,559	3,364	4,233
EBIT Margin (%)								
Domestic	30%	29%	35%	41%	37%	38%	39%	40%
Export	34%	38%	36%	41%	34%	35%	40%	40%
Total	30%	30%	35%	41%	36%	37%	39%	40%
EBIT Change (bps)								
Domestic	1,083bps	-67bps	604bps	597bps	-420bps	78bps	174bps	41bps
Export	633bps	448bps	-168bps	418bps	-645bps	78bps	482bps	7bps
Total	990bps	2bps	506bps	577bps	-444bps	81bps	203bps	38bps
EBIT Mix (%)								
Domestic	87%	84%	88%	89%	90%	91%	91%	92%
Export	13%	16%	12%	11%	10%	9%	9%	8%
Total	100%	100%	100%	100%	100%	100%	100%	100%
EBIT Growth (%)								
Domestic	106.0%	41.3%	25.2%	40.6%	8.3%	7.2%	31.1%	27.0%
Export	6.3%	81.7%	-9.3%	29.9%	-3.2%	-6.8%	34.8%	14.4%
Total	83.9%	46.5%	19.7%	39.3%	7.0%	5.8%	31.5%	25.8%

Source: HDFC sec Inst Research

Volume growth and realisation growth are projected numbers between FY15-18

Standalone Sales Volume

Particulars	FY13	FY14P	FY15P	FY16P(9m)	FY17P	FY18P	FY19E	FY20E
Sales Volume								
India	437,061	590,416	673,432	612,873	926,219	975,682	1,181,014	1,426,255
ROW	79,713	116,628	110,279	95,958	143,866	135,283	155,545	176,185
Total	516,774	707,044	783,711	708,831	1,070,085	1,110,964	1,336,559	1,602,440
Sales Volume Gr (%)								
India	22.2%	35.1%	14.1%	21.3%	13.3%	5.3%	21.0%	20.8%
Export	-30.3%	46.3%	-5.4%	16.0%	12.4%	-6.0%	15.0%	13.3%
Total	9.5%	36.8%	10.8%	20.6%	13.2%	3.8%	20.3%	19.9%
Aircoolers - Realization								
India	6,246	6,683	6,066	6,003	6,389	6,368	6,592	6,858
Export	4,432	4,855	4,870	4,892	5,011	4,857	5,002	5,042
Total	5,966	6,382	5,803	5,852	6,204	6,184	6,407	6,658

Source: Company, HDFC sec Inst Research

Consolidated Segmental Assumption

Particulars (Rs mn)					Particulars (Rs mn)				
	FY17	Consolidated FY18P	FY19E	FY20E		FY17	Standalone FY18P	FY19E	FY20E
Revenue					Revenue				
India	5,969	6,222	7,785	9,781	India	5,951	6,213	7,785	9,781
RoW	1,679	1,761	1,937	2,077	Export	721	657	778	888
Total	7,648	7,983	9,722	11,859	Total	6,672	6,870	8,563	10,670
EBIT (Inc. other income)					EBIT (Inc. other income)				
India	2,216	2,334	3,056	3,880	India	2,153	2,330	3,056	3,880
RoW	134	332	345	447	Export	246	229	309	353
Total EBIT	2,350	2,666	3,401	4,326	Total EBIT	2,399	2,559	3,364	4,233
PAT					PAT				
India	1,568	1,742	2,173	2,755	Export	1,610	1,672	2,173	2,755
RoW	95	184	263	352	Capital Employed	178	157	220	251
Total	1,663	1,926	2,437	3,107	India	1,732	1,830	2,393	3,005
Revenue Growth (%)					Revenue Growth (%)				
India	22%	4%	25%	26%	India	21%	4%	25%	26%
RoW	63%	5%	10%	7%	Export	15%	-9%	18%	14%
Total	29%	4%	22%	22%	Total	21%	3%	25%	25%
Revenue Mix (%)					Revenue Mix (%)				
India	78%	78%	80%	82%	India	89%	90%	91%	92%
RoW	22%	22%	20%	18%	Export	11%	10%	9%	8%
Total	100%	100%	100%	100%	Total	100%	100%	100%	100%
EBIT Margin (%)					EBIT Margin (%)				
India	37%	38%	39%	40%	India	36%	38%	39%	40%
RoW	8%	19%	18%	22%	Export	34%	35%	40%	40%
Total	31%	33%	35%	36%	Total	36%	37%	39%	40%
EBIT Growth (%)					EBIT Growth (%)				
India	10%	5%	31%	27%	India	7%	8%	31%	27%
RoW	546%	148%	4%	29%	Export	-3%	-7%	35%	14%
Total	16%	13%	28%	27%	Total	6%	7%	31%	26%
EBIT Mix (%)					EBIT Mix (%)				
India	94%	88%	90%	90%	India	90%	91%	91%	92%
RoW	6%	12%	10%	10%	Export	10%	9%	9%	8%
Total	100%	100%	100%	100%	Total	100%	100%	100%	100%
PAT Mix (%)					PAT Mix (%)				
India	94%	90%	89%	89%	India	93%	91%	91%	92%
RoW	6%	10%	11%	11%	Export	10%	9%	9%	8%
Total	100%	100%	100%	100%	Total	103%	100%	100%	100%

Source: Company, HDFC sec Inst Research

Volume growth and realisation growth are projected numbers between FY15-18

We believe China business will break-even in FY20

Key Assumptions

	FY15	FY16 (9m)	FY17	FY18P	FY19E	FY20E
Standalone						
Volume Growth						
India	14.1	21.3	13.3	5.3	21.0	20.8
Export	(5.4)	16.0	12.4	(6.0)	15.0	13.3
Total	10.8	20.6	13.2	3.8	20.3	19.9
Realisation Growth						
India	(9.2)	(1.1)	6.4	(0.3)	3.5	4.0
Export	0.3	0.4	2.4	(3.1)	3.0	0.8
Total	(9.1)	0.8	6.0	(0.3)	3.6	3.9
Revenue Growth	2.5	19.7	20.0	3.5	24.6	24.6
Gross Margin (%)	52.9	54.9	53.3	53.4	55.4	56.1
Employee (%)	6.6	7.2	7.0	7.6	7.2	6.8
SG&A (%)	7.7	2.0	5.7	4.4	4.4	4.2
Other Expenses (%)	9.5	9.0	9.3	9.4	11.0	11.8
EBITDA Margin	29.1	36.7	31.3	32.0	32.9	33.3
Subsidiaries						
Revenue Growth						
IMPCO	-	(0.6)	24.0	11.7	3.0	3.0
MKE (China)	na	na	na	1.0	3.0	3.0
EBITDA Margin						
IMPCO	7.8	15.2	5.3	6.0	7.0	8.0
MKE (China)	na	na	(18.9)	(15.0)	(9.0)	1.0

Source: Company, HDFC sec Inst Research

Estimate Change

Particulars (Rs mn)	FY19E			FY20E		
	Old	New	Chg (%)	Old	New	Chg (%)
Net Sales	10,582	9,722	(8.1)	12,867	11,859	(7.8)
EBITDA	3,311	2,884	(12.9)	4,173	3,682	(11.8)
APAT	2,637	2,411	(8.6)	3,340	3,081	(7.8)
EPS	37.7	34.4	(8.6)	47.7	44.0	(7.7)

Source: HDFC sec Inst Research

Income Statement (Consolidated)

Year End March (Rsmn)	*FY16	FY17	FY18E	FY19E	FY20E
Net Revenues	4,455	7,680	7,983	9,722	11,859
Growth (%)*	13	29	4	22	22
Material Expenses	2,013	3,644	3,853	4,492	5,400
Employee Expense	425	687	727	808	899
ASP Expense	238	653	560	710	866
Freight and forwarding	144	241	231	282	344
Other expenses	275	445	418	546	668
EBITDA	1,360	2,009	2,193	2,884	3,682
EBITDA Growth (%)*	37	11	9	32	28
EBITDA Margin (%)	30.5	26.2	27.5	29.7	31.1
Depreciation	43	69	68	75	82
EBIT	1,317	1,940	2,125	2,809	3,600
Other Income (Including EO Items)	209	432	541	592	726
Interest	2	0	18	18	18
PBT	1,524	2,372	2,648	3,383	4,308
Tax	465	681	723	972	1,227
RPAT	1,059	1,691	1,926	2,411	3,081
Adjustment	90	-	-	-	-
APAT	969	1,691	1,926	2,411	3,081
APAT Growth (%)*	25.8	15.9	13.9	25.2	27.8
Adjusted EPS (Rs)	15.6	24.2	27.5	34.4	44.0
EPS Growth (%)*	25.8	15.9	13.9	25.2	27.8

Source: Company, HDFC sec Inst Research

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

Balance Sheet (Consolidated)

Year End March (Rsmn)	FY16	FY17	FY18E	FY19E	FY20E
SOURCES OF FUNDS					
Share Capital - Equity	70	140	140	140	140
Reserves	3,116	4,450	5,996	7,775	9,970
Total Shareholders Funds	3,186	4,590	6,136	7,915	10,110
Long Term Debt	-	-	-	-	-
Short Term Debt	-	193	256	256	256
Total Debt	-	193	256	256	256
Net Deferred Taxes	25	45	89	89	89
Long Term Provisions & Others	67	27	23	25	28
TOTAL SOURCES OF FUNDS	3,278	4,855	6,504	8,285	10,482
APPLICATION OF FUNDS					
Net Block	775	810	818	846	871
CWIP	30	-	-	-	-
LT Loans & Advances	27	43	59	59	59
Other Non Current Assets	1	1	-	-	-
Total Non-current Assets	833	854	877	905	930
Inventories	551	773	796	969	1,182
Debtors	469	523	615	749	914
Other Current Assets	284	543	855	1,021	1,223
Cash & Equivalents	2,087	3,294	4,443	5,939	7,795
Total Current Assets	3,391	5,134	6,709	8,678	11,114
Creditors	496	609	633	771	940
Other Current Liabilities & Provns	450	523	449	528	622
Total Current Liabilities	946	1,133	1,082	1,298	1,562
Net Current Assets	2,445	4,001	5,627	7,379	9,552
TOTAL APPLICATION OF FUNDS	3,278	4,855	6,504	8,285	10,482

Source: Company, HDFC sec Inst Research

Cash Flow Statement (Consolidated)

Year ending March (Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
Reported PBT	1,649	2,337	2,648	3,383	4,308
Non-operating & EO Items	(306)	(387)	-	-	-
Interest Expenses	2	0	18	18	18
Depreciation	43	71	68	72	75
Working Capital Change	(93)	(390)	(437)	(254)	(314)
Tax Paid	(410)	(682)	(723)	(972)	(1,227)
OPERATING CASH FLOW (a)	885	949	1,574	2,246	2,860
Capex	(40)	(68)	(76)	(100)	(100)
Free Cash Flow (FCF)	845	880	1,499	2,146	2,760
Investments	529	(788)	(1,412)	(1,000)	(1,000)
Non-operating Income	210	204	-	-	-
INVESTING CASH FLOW (b)	698	(652)	(1,487)	(1,100)	(1,100)
Debt Issuance/(Repaid)	-	193	63	-	-
Interest Expenses	(2)	(0)	(18)	(18)	(18)
FCFE	843	1,073	1,543	2,129	2,742
Share Capital Issuance	-	-	-	-	-
Dividend	(1,453)	(240)	(380)	(633)	(886)
Others	-	-	-	-	-
FINANCING CASH FLOW (c)	(1,455)	(47)	(335)	(651)	(904)
NET CASH FLOW (a+b+c)	129	250	(248)	496	856
EO Items, Others	260	(248)	-	-	-
Closing Cash & Equivalents	464	466	219	715	1,571

Source: Company, HDFC sec Inst Research

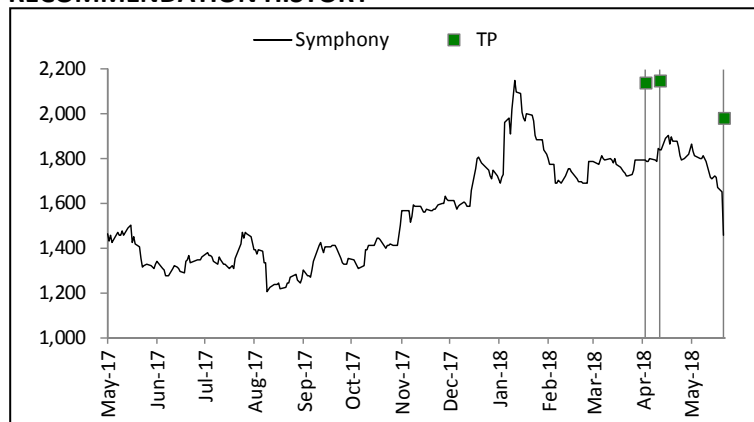
Key Ratios (Consolidated)

	*FY16	FY17	FY18E	FY19E	FY20E
PROFITABILITY (%)					
GPM	54.8	52.5	51.7	53.8	54.5
EBITDA Margin	30.5	26.2	27.5	29.6	31.0
EBIT Margin	29.6	25.3	26.6	28.9	30.4
APAT Margin	21.8	22.0	24.1	24.8	26.0
RoE	41.4	43.5	35.9	34.3	34.2
RoIC (or Core RoCE)	146.7	106.9	89.9	95.8	107.3
RoCE	41.4	42.4	34.7	33.3	33.4
EFFICIENCY					
Tax Rate (%)	30.5	28.7	27.3	28.7	28.5
Fixed Asset Turnover (x)	3.1	3.9	3.7	4.1	4.6
Inventory (days)	33.8	36.8	36.4	36.4	36.4
Debtors (days)	28.8	24.9	28.1	28.1	28.1
Other Current Assets (days)	17.5	25.8	39.1	38.3	37.7
Payables (days)	30.5	29.0	28.9	28.9	28.9
Other Current Liab & Provns (days)	27.6	24.9	20.5	19.8	19.1
Cash Conversion Cycle (days)	22.0	33.6	54.1	54.1	54.1
Net D/E (x)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Interest Coverage (x)	665	5,915	119	157	201
PER SHARE DATA (Rs)					
EPS	15.6	24.2	27.5	34.4	44.0
CEPS	16.2	25.1	28.5	35.5	45.1
Dividend	12.5	4.5	4.5	7.5	10.5
Book Value	45.5	65.6	87.7	113.1	144.4
VALUATION					
P/E (x)	69.6	60.1	52.7	42.1	33.0
P/BV (x)	31.9	22.1	16.6	12.8	10.0
EV/EBITDA (x)	54.9	49.0	44.4	33.3	25.6
EV/Revenues (x)	16.7	12.8	12.2	9.9	7.9
OCF/EV (%)	0.9	1.0	1.6	2.3	3.0
FCF/EV (%)	1.1	0.9	1.5	2.2	2.9
Dividend Yield (%)	0.9	0.3	0.3	0.5	0.7

Source: Company, HDFC sec Inst Research

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

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
4-Apr-18	1,796	BUY	2,141
12-Apr-18	1,789	BUY	2,150
23-May-18	1,460	BUY	1,983

Rating Definitions

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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