

Lumax Industries Ltd. (LIL)

No. of shares (m)	9.35
Mkt cap (Rs crs/\$m)	1829/257.9
Current price (Rs/\$)	1957/27.6
Price target (Rs/\$)	2382/33.6
52 W H/L (Rs.)	2580/1175
Book Value (Rs/\$)	380/5.4
Beta	1.3
Daily NSE volume (avg. monthly)	3450
P/BV (FY19e/20e)	4.7/4.0
EV/EBITDA (FY19e/20e)	11.7/10.0
P/E (FY19e/20e)	22.1/18.1
EPS growth (FY18/19e/20e)	31.7/16.0/22.4
OPM (FY18/19e/20e)	8.1/8.4/8.4
ROE (FY18/19e/20e)	22.7/22.8/23.8
ROCE(FY18/19e/20e)	15.2/16.3/18.5
D/E ratio (FY18/19e/20e)	0.3/0.3/0.0
BSE Code	517206
NSE Code	LUMAXIND
Bloomberg	LUMX IN
Reuters	LUMA.NS

Shareholding pattern %

Promoters	74.9
MFs / Banks / FIs	0.6
Foreign Portfolio Investors	0.8
Govt. Holding	-
Total Public	23.7
Total	100.0

As on June 30, 2018.

Recommendation

BUY

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Quarterly Highlights

- In comparison to Q1FY18, the Indian automobile industry posted robust sales growth of 18.1% y-o-y Q1FY19, though on a low base owing to anticipation of GST. A significant contributor to the sales has been the passenger vehicle (PV) segment that clocked a growth of 19.9% y-o-y driven primarily by Maruti Suzuki India (key customer of Lumax Industries) which posted sales growth of 24.9% and thereby increased its market share from 51% in Q1FY18 to 52.5% in Q1FY19. The growth in two wheeler (2W) segment remained strong accentuated by the upswing in the rural economy and multiple product launches. Domestic sales of commercial vehicles were up by 51.5%, improving its market share from 40% in Q1FY18 to 45.9% in Q1FY19 (source: SIAM).
- Riding well on the robust performance of the automobile industry, LIL registered record revenue growth of 45.8% y-o-y in Q1FY19, highest growth at least in the last eight quarters. Value addition accounted for two third of its growth in revenue, while the rest is attributable to the expansion of volumes during the quarter. However, revenue from mould sales for the quarter was down to Rs 14 crs from Rs 19 crs in the same period last year.
- One customer account for SL Lumax ushers significant volatility in its performance. The profit from associate plunged for the quarter largely on account of a higher base in the same period last year by virtue of price hike amounting to Rs 15 crs from Hyundai, its key customer.
- Thanks to the robust revenue outperformance of the company and optimization of fixed overheads, the operating profit margin expanded by 97 bps to 8.2% in Q1FY19 in spite of marginal escalation of raw material to sales ratio to 67.1% versus 65.5% in the same period last year.
- The stock currently trades at 22.1x FY19e EPS of Rs 88.47 and 18.1x FY20e EPS of Rs 108.29. The company launched new lamp products for Toyota and Honda in the PV and 2W segment respectively during the quarter. Its pan India presence with close proximity to its key customers as well as in house R&D and design centre helps the company to optimize costs and focus on new product development. Albeit rising input cost and high LED import content signals caution on the operational performance, euphoric outlook of the Indian automobile industry and the rising share of superior margin LED in LIL's revenue (35% in Q1FY19 versus 25% in Q4FY18) warrant average revenue growth in high teens (17.1%) over the next two fiscals. We, therefore, assign 'buy' rating on stock with revised target of Rs 2382 (previous target: Rs 2602) based on 22x FY20e earnings (forward peg: 1) over a period of 9-12 months

Consolidated (Rs crs)	FY16	FY17	FY18	FY19e	FY20e
Income from operations	1255.18	1270.92	1649.92	1943.43	2261.53
Other Income	3.88	6.00	5.46	2.45	2.96
EBITDA (other income included)	92.43	106.31	139.76	165.28	193.24
PAT after associate profit and EO	51.91	54.15	71.30	82.70	101.23
EPS(Rs)	55.53	57.92	76.27	88.47	108.29
EPS growth (%)	-	4.3	31.7	16.0	22.4

Outlook & Recommendation

Industry Overview

Crisil expects Indian auto component production to expand 12-14% in FY19 on the back of product changes (shift towards higher electronic content) and emission and safety regulations. Pick up in rural demand and state pay commission payouts is expected to galvanize demand in two wheeler and PV segment. Demand for CV and tractors is forecast to remain buoyant owing to higher thrust of government on infrastructure and four successive years of good crops. Given the positive global outlook of automobiles, Indian automobile exports are anticipated to grow by 8-10%. Economies of scale triggering cost competitiveness has helped India to become a sourcing hub for automobile components for various Japanese and Indian manufacturers.

Accentuated by pick up in rural economy, rising disposable income and increase in infrastructure activity, ICRA, a credit rating agency, expects the Indian auto component industry to grow at a CAGR of 10%-12% in the long term. The domestic aftermarket is anticipated to pick up in FY19 after muted performance in FY18 owing to the disruption of dealer distributor supply chain on account of GST implementation. Yet, consolidation of a sizable share of replacement market with large organized players is expected to result in a growth of 8%-12% in FY19 in the aftermarket segment.

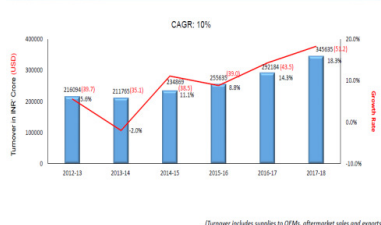
As per the recent report by Research and Markets, a global market research resource, accelerating production of automobile in India is aiding the growth of automotive lighting market in India which is forecast to grow at a CAGR of at least 12% during the period 2018-2023. Additionally, factors like improvement in vehicle safety standards, technological advancements in vehicle lighting systems and government regulations are all expected to assist such growth. The report highlights electric mobility, lack of indigenous technologies for batteries and power electronics as the biggest challenges in the industry.

Summary: Performance of Indian Auto Component Industry for 2017-18

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Turnover	39.7	35.1	38.50	39.00	43.55	51.2
Growth%	-5.9%	-11.5%	9.6%	1.3%	11.7%	18.3%
Exports	9.7	10.2	11.22	10.81	10.90	13.5
Growth%	9.9%	5.4%	10.0%	-3.7%	0.8%	24%
Imports	13.7	12.8	13.58	13.82	13.50	15.9
Growth%	-0.6%	-6.4%	6.1%	1.8%	-2.3%	17.8%
Aftermarket	5.8	5.9	6.5	6.8	8.4	9.2
Growth%	-4.3%	1.1%	10.7%	4.0%	23.5%	9.5%

Source: ACMA

Turnover – Auto Component Industry: 2017-18



Source: ACMA

The automotive component industry contributes 2.3% to India's GDP. The Automotive Component Manufacturers Association of India (ACMA) asserted that the auto component industry grew by 18.3% in FY18 on account of overall growth of the auto sector in India. Exports of auto components witnessed a growth of 23.9% while imports increased by 17.8% in FY18, where Asia accounted for 60% of the imports followed by Europe at 30%.

The auto makers in India are scheduled to spend as much as Rs 580 bn as capital expenditure over the next two years. Crisil's June report suggests it would lead to 30% rise in the capex from the last two comparative fiscal years.

The Government of India is soon anticipated to announce the new National Auto Policy which encompasses emission linked taxation structure for automobiles along with a single nodal regulatory body for the automobile industry. Media report suggests that the policy would define thresholds for length and CO2 emissions with the objective of neutralizing impact on GST revenue and include the national EV policy that will define a long-term road-map for facilitating operation of electric cars on Indian roads. It is expected to address the issue of logistics challenges faced by the industry while also finding ways and means to enhance India's automobile exports.

Given the robust performance and positive sentiment in the Indian automobile industry, ongoing pick up in rural economy, planned capital investments by the industry players and various initiatives to adopt new vehicle technology and promote clean and green fuel, the growth momentum in Indian automobile industry is expected to sustain going forward. The industry is attracting large investments in R&D and product development to comply with impending regulatory changes like BS VI emission norms as well as deeper penetration of electric vehicles (EV) in the Indian markets. These factors would doubtlessly bolster demand for automotive lighting.

CD Equisearch Pvt Ltd

Capex

Lumax incurred a capital expenditure of Rs 162 crs in FY18 towards R&D, modernization of existing facilities and setting up a new plant in Sanand, Gujarat with an initial capacity of 300,000 vehicle sets per year. The state of art Sanand plant is strategically located in close proximity to OEMs in the region so as to cater to their LED lighting requirements. The Sanand plant that commenced its operations in January is already operating at 85% capacity utilization.

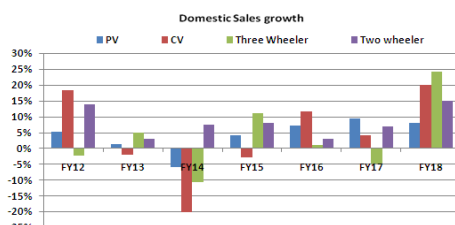
With a robust outlook for LED automotive lighting, the company plans to undertake a brown field expansion project at its Gujarat facility to be well positioned to seize future opportunities. With an addition investment of ~Rs 25 crs, LIL intends to increase its Sanand capacity for passenger vehicles by 100,000 vehicle sets to 400,000 vehicle sets per year and also introduce capacity of 700,000 vehicle sets per year for two wheelers. Overall, capex of about Rs 80 crs is earmarked for FY19 which also includes the expenditure on setting up a SMT for a specific two wheeler model in the Sanand unit during the year.

Financials & Valuations

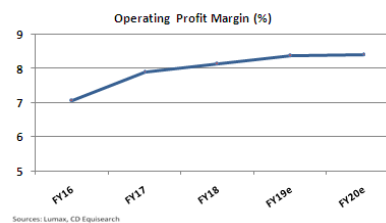
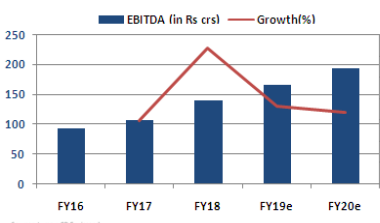
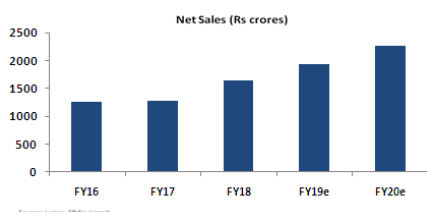
In FY18, India dethroned Germany as the fourth largest global automotive market after China, United States and Japan. According to data released by SIAM, an apex automobile industry body, vehicle sales across all categories registered growth of 14.2% in FY18 posting record high sales of 24.97 mn units versus 21.86 mn units in the previous fiscal. The passenger vehicle segment recorded highest ever sales and production of passenger car (production crossed the 4 mn mark) and utility vehicle in FY18. The surging demand for compact SUVs galvanized the growth in PV segment.

HOW DOMESTIC SALES STACK UP IN APRIL 2017-MARCH 2018			
Category	2016-17	2017-18	% CHANGE
PASSENGER VEHICLES			
Passenger Cars	2,103,847	2,273,090	3.33%
Utility vehicles	761,098	992,760	30.56%
Vans	181,737	192,235	5.78%
Total passenger vehicles	3,046,682	3,458,085	13.50%
COMMERCIAL VEHICLES			
MANCVs			
Passenger carriers	47,330	35,649	-24.69%
Goods carriers	255,257	304,564	19.36%
Total MANCVs	302,587	340,213	12.44%
LCVs			
Passenger carriers	50,750	45,009	-11.32%
Goods carriers	340,905	460,131	35.00%
Total LCVs	411,655	505,140	22.62%
Total commercial vehicles	714,242	845,353	18.34%
THREE WHEELERS			
Passenger carriers	402,389	517,423	28.60%
Goods carriers	109,690	138,275	25.98%
Total three-wheelers	512,079	655,698	28.04%
TOTAL ALL CATEGORIES			
Automobiles/autos	5,604,673	6,239,911	11.33%
Motorcycles/scooters	11,094,547	12,613,241	13.69%
Motorcycles/scooters	995,138	995,320	0.02%
Total two-wheelers	12,089,685	13,608,561	12.56%
Grand total of all categories	17,694,358	19,848,472	12.20%

Source: SIAM



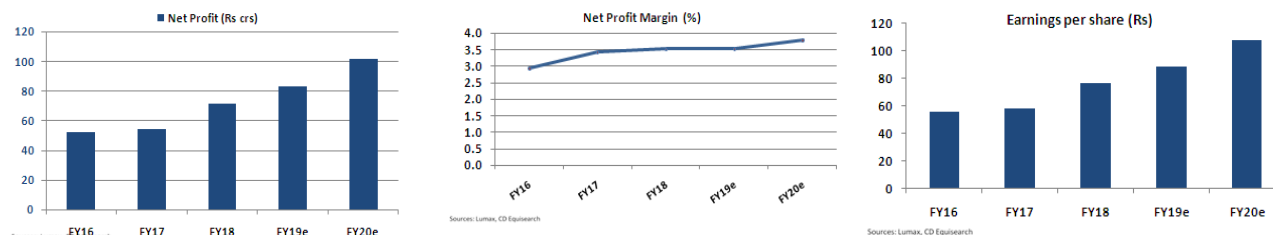
In the 2W segment, growth was driven by both domestic sales and exports. SIAM reported domestic sales of 20.19 mn units of 2W in FY18, posting double digit growth after six years. Overall automobile exports grew by 16.12% in FY18. 2W and 3W segments registered growth of 20.3% and 40.1% respectively in exports, while PV and CV exports degrew by 1.5% and 10.5% respectively y-o-y. The growth momentum continues in the current fiscal where the domestic production of vehicles grew by 16.7% in April-July 2018 versus the same period last year with a total industry production of 10.9 mn vehicles as against 9.3 mn in April-July FY17.



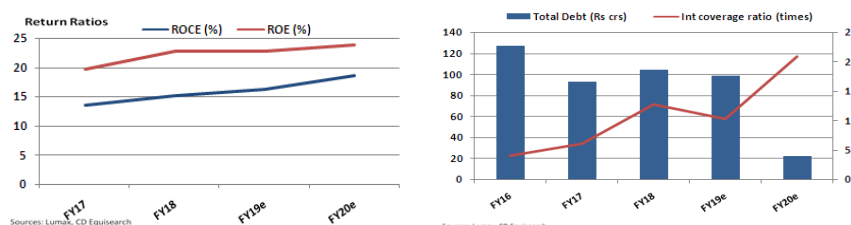
*graphs on standalone data

Incontestably, the stellar performance of the automobile industry in FY18 coupled with new product lines and value addition of modern technology accentuated the revenues of LIL in FY18 which grew by 29.8% y-o-y (highest growth in the last six fiscals). Surge in raw material cost and the consequent price hike given to suppliers of Rs 10 crs in Q4FY18, failed to suppress operating margin that stood at 8.1% in FY18, witnessing an expansion of 25 bps y-o-y. Going forward, however, margins are not expected to dramatically surge not least due to high import content of the LED lighting as well as undulating price of polycarbonate.

LED lighting is anticipated to soon become a norm given its multiple advantages like energy efficiency, ample illumination, design flexibility and product durability. However, dearth of supportive and adequate ecosystem for automotive electronics required for LED lighting in the Indian market continues to suppress margins of the company. With import content as high as 60% for LED lighting by virtue of its electronic components, LIL intends to localize products in the next two years to bring down the LED import content to 30%. However, key challenges like customer approval for quality, attaining feasible order level and electronic skill development may cause delay in the process of localization.



In FY18 the company added two major OEMs – MG Motors India and TVS Motors – to its customer portfolio for their upcoming models with LED, though its financial impact will not be visible before Q4FY19. Additionally, the company launched various new models in Q4FY18 for Toyota, HMSI, Isuzu Motors, Tafe and SML Isuzu. Primarily owing to spur in business from other major customers like HCIL, HMSI, HML and TATA, the share MSIL in LIL's revenue declined from 36% in FY17 to 32% in FY18, even though the absolute revenue contribution from MSIL grew by ~16% y-o-y in FY18.



The stock currently trades at 22.1x FY19e EPS of Rs 88.47 and 18.1x FY20e EPS of Rs 108.29. The Indian automotive industry is on the verge of major shift towards adoption of energy efficient and technologically superior automotive components galvanized by regulatory norms like the new National Auto Policy, Bharat Stage, AHO, electric vehicles. These norms will doubtlessly propel rapid conversion from conventional lamps to LED lighting solutions. The company is well placed to cater to the LED lighting demand as well as keep pace with the ever changing automotive lighting technology, thanks to its financial and technical collaboration with one of the global auto lighting manufacturers, Stanley Electric Co. Ltd. However, high import content in LED lighting, availability of low cost alternatives from China and cyclicality of automobile sector remains to be a concern. Given the massive ramp up in sales accompanied by higher margins owing to favourable product mix towards LEDs, we recommend buying the stock with revised target of Rs 2382 (previous target: Rs 2602) based on 22x FY20e earnings (forward peg: 1) over a period of 9-12 months. For more information, refer to our February report.

Cross Sectional Analysis

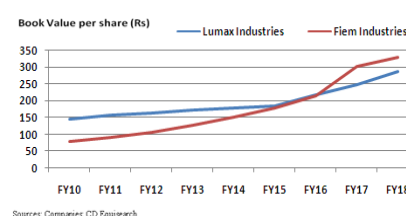
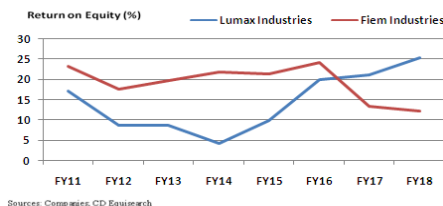
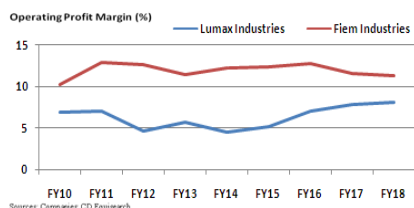
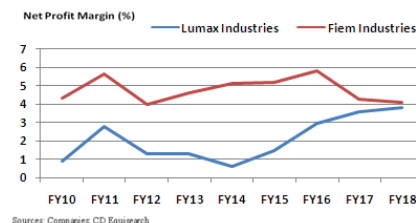
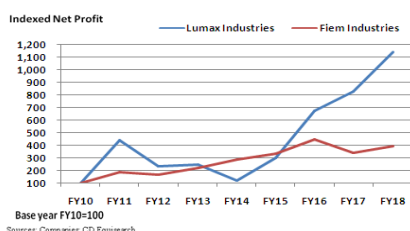
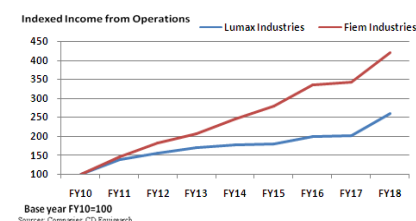
Company	Equity*	CMP	Mcap*	Sales*	Profit*	OPM(%)	NPM(%)	Int cov.	ROE(%)	Mcap/sales	P/BV	P/E
Lumax Ind	9.3	1957	1829	1806	76	8.3	3.7	11.5	23.0	1.0	5.1	24.0
Fiem Ind	13.2	733	964	1308	53	11.2	4.0	4.7	12.3	0.7	2.2	18.3

*figures in crores; calculations on ttm basis, standalone data

Riding well on the growth from two wheelers (14.8% growth in dispaetes in FY18), Fiem Industries posted net revenue growth of 23.9% y-o-y in Q1FY19, accentuated by decent sales growth in the automotive segment. Its automotive segment reported 13.8% growth in EBIT and published 30 bps increase in margins (y-o-y). However, LED luminaries reported sales of Rs 2.22 crs as against negative sales of Rs 2.71 crs – owing to sales return - in Q4FY17. The company continues to face glitches in its LED business that posted loss of Rs 2.37 crs in Q1FY19 versus loss of Rs 2.52 crs in Q1FY18 at the EBIT level which took a toll on margins. Additionally, operating margin during the quarter waned by 55 bps y-o-y primarily owing to the expansion of raw material to sales by 243 bps in Q1FY19. Honda Motorcycle is the largest client of Fiem Industries that contributed 45.6% (45% in FY17) to the automotive segment in FY18 followed by TVS Motors at 27.8% (23.6% in FY17).

Fiem signed a joint venture agreement with Aisan Industry Company Limited, Japan in March 30, 2018 for the manufacture of fuel injection system and IC connector for two wheelers and three wheleers in the Indian market. Under Bharat Stage VI - that is set to come into effect in India from April, 2020 - fuel injection system will become mandatory for two wheelers and three wheelers. In anticipation of the demand prospect for this advanced emission control system product and the expected replacement of carburetor, the company made an investment of Rs 26 crs in Aisan Fiem Automotives India Pvt Ltd, wherein the shareholding of Fiem is 26%.

Fiem Industries also signed a technical assistance agreement with Toyodenso Company Limited and Toyota Tsusho Corporation, Japan, for manufacturing bank angle sensors for motorcycles. BAS is a safety sensor that stops fuel supply to the motorcycle engine in the event of an accident in order to reduce the impact of the accident.



*For graphs, standalone data for Lumax and consolidated data for Fiem Industries

Financials

Consolidated Quarterly Results

Figures in Rs crs

	Q1FY19	Q1FY18	% chg	FY18	FY17	% chg
Revenue From Operations	496.20	340.43	45.8	1649.92	1270.92	29.8
Other Income	0.39	1.75	-78.0	5.46	6.00	-9.1
Total Income	496.58	342.18	45.1	1655.38	1276.93	29.6
Total Expenditure	455.44	315.76	44.2	1515.62	1170.61	29.5
EBITDA (other income incl.)	41.14	26.42	55.8	139.76	106.31	31.5
Interest	3.07	1.27	141.5	7.19	10.66	-32.6
Depreciation	13.54	11.18	21.1	48.45	41.39	17.0
PBT	24.53	13.96	75.7	84.13	54.26	55.0
Tax	7.71	5.87	31.5	26.19	10.42	151.3
PAT	16.81	8.10	107.7	57.94	43.84	32.2
Profit from Associate	3.23	7.06	-54.2	13.42	10.53	27.4
Net Profit after Profit from Associate	20.04	15.16	32.2	71.36	54.37	31.3
Extraordinary Item	0.00	0.00	-	0.07	0.22	-70.5
Adjusted Net Profit	20.04	15.16	32.2	71.30	54.15	31.7
EPS	21.44	16.21	32.2	76.27	57.92	31.7

Consolidated Income Statement

Figures in Rs crs

	FY16	FY17	FY18	FY19e	FY20e
Revenue From Operations	1255.18	1270.92	1649.92	1943.43	2261.53
Other Income	3.88	6.00	5.46	2.45	2.96
Total Income	1259.06	1276.93	1655.38	1945.88	2264.49
Total Expenditure	1166.62	1170.61	1515.62	1780.59	2071.25
EBITDA (other income incl.)	92.43	106.31	139.76	165.28	193.24
Interest	13.44	10.66	7.19	10.62	6.30
Depreciation	37.90	41.39	48.45	55.71	61.90
PBT	41.10	54.26	84.13	98.95	125.04
Tax	4.22	10.42	26.19	30.67	39.39
PAT	36.88	43.84	57.94	68.27	85.65
Profit from Associate	15.15	10.53	13.42	14.42	15.57
Net Profit after Profit from Associate	52.03	54.37	71.36	82.70	101.23
Extraordinary Item	0.12	0.22	0.07	0.00	0.00
Adjusted Net Profit	51.91	54.15	71.30	82.70	101.23
EPS	55.53	57.92	76.27	88.47	108.29
Equity	9.35	9.35	9.35	9.35	9.35

Consolidated Balance Sheet

Figures in Rs crs

	FY16	FY17	FY18	FY19e	FY20e
Sources of Funds					
Share Capital	9.35	9.35	9.35	9.35	9.35
Reserves & Surplus	246.58	299.77	352.65	409.47	482.52
Total Shareholders Funds	255.93	309.12	362.00	418.82	491.87
Long Term Debt	10.57	3.64	2.28	1.68	1.08
Total Liabilities	266.50	312.76	364.28	420.50	492.95
Application of Funds					
Gross Block	397.08	459.87	621.67	757.36	767.36
Less: Accumulated Depreciation	0.00	41.16	89.55	145.27	207.17
Net Block	397.08	418.71	532.12	612.09	560.19
Capital Work in Progress	17.04	20.34	33.83	10.00	50.00
Investments	68.81	78.96	87.87	99.29	111.87
Current Assets, Loans & Advances					
Inventory	104.55	116.05	168.79	202.54	239.00
Trade Receivables	181.19	190.94	318.23	365.96	420.85
Cash and Bank	2.68	0.82	1.71	0.83	16.80
Other Assets	43.56	40.14	73.44	52.50	60.05
Total CA & LA	331.99	347.94	562.16	621.83	736.71
Current Liabilities	523.71	527.71	808.75	866.52	898.99
Provisions-Short term	5.59	7.55	11.27	13.10	15.30
Total Current Liabilities	529.30	535.26	820.02	879.62	914.29
Net Current Assets	-197.32	-187.31	-257.86	-257.78	-177.58
Net Deferred Tax	-7.73	-6.46	-13.81	-17.59	-21.43
Net long term assets	-11.38	-11.49	-17.87	-25.51	-30.09
Total Assets	266.50	312.76	364.28	420.50	492.95

Key Financial Ratios

	FY16	FY17	FY18	FY19e	FY20e
Growth Ratios (%)					
Revenue		1.3	29.8	17.8	16.4
EBITDA		14.9	31.7	18.3	16.9
Net Profit		4.3	31.7	16.0	22.4
EPS		4.3	31.7	16.0	22.4
Margins (%)					
Operating Profit Margin	7.1	7.9	8.1	8.4	8.4
Gross profit Margin	6.3	7.5	8.0	8.0	8.3
Net Profit Margin	2.9	3.4	3.5	3.5	3.8
Return (%)					
ROCE**		13.6	15.2	16.3	18.5
ROE**		19.7	22.7	22.8	23.8
Valuations					
Market Cap/ Sales	0.3	1.0	1.2	0.9	0.8
EV/EBITDA	5.5	13.0	15.4	11.7	10.0
P/E	7.5	23.8	28.7	22.1	18.1
P/BV	1.5	4.4	6.1	4.7	4.0
Other Ratios					
Interest Coverage	4.0	6.1	12.7	10.3	20.9
Debt Equity	0.5	0.3	0.3	0.3	0.0
Current Ratio	0.6	0.6	0.7	0.7	0.8
Turnover Ratios					
Fixed Asset Turnover		3.1	3.5	3.4	3.9
Total Asset Turnover		4.5	5.2	5.3	5.3
Debtors Turnover		6.8	6.5	5.7	5.7
Inventory Turnover		10.6	10.6	9.6	9.4
Creditor Turnover		3.8	3.5	3.0	3.0
WC Ratios					
Debtor Days		53.4	56.3	64.2	63.5
Inventory Days		34.4	34.3	38.1	38.9
Creditor Days		96.9	103.9	120.9	121.9
Cash Conversion Cycle		-9.1	-13.3	-18.6	-19.5

**Adjusted for revaluation reserve, wherever applicable

Cumulative Financial Data

Rs crs	FY09-12	FY13-16	FY17-20e
Income from operations	3009	4585	7126
Operating profit	166	260	588
EBIT	90	138	407
PBT	48	74	372
PAT	41	74	269
OPM (%)	5.5	5.7	8.2
GPM (%)	5.0	4.7	8.1
NPM (%)	1.4	1.6	3.8
Interest coverage	2.1	2.2	11.7
ROE (%)	7.1	10.4	23.8
ROCE (%)	7.0	9.6	20.2
Debt-Equity ratio*	1.2	0.5	0.0
Fixed asset turnover	3.2	3.1	3.7
Total asset turnover	3.3	4.8	6.2
Debtors turnover	7.7	7.4	5.9
Creditors turnover	3.6	3.8	3.2
Inventory turnover	8.8	11.1	9.5
Debtor days	47.5	49.0	61.7
Creditor days	100.1	96.5	115.5
Inventory days	41.3	32.9	38.4
Cash conversion cycle	-11.3	-14.6	-15.5

FY09-12 implies four year period ending fiscal 12; *as on terminal year.

Poor performance of the company during the period FY13-16 is attributable to the prolonged slowdown in the economy and consequent weakness in consumer and business sentiment; though business sentiment marginally improved in FY16. The bottom-line in FY14 was throttled due to higher depreciation and increased operational costs by virtue of the new plants set up in FY13. After posting a decent revenue growth of 9.9% in FY16, the company faced strong headwinds in FY17, when the revenue grew by puny 1.3%, thanks to the setbacks owing to demonetization. However, LIL posted stellar performance in FY18 on the back of sector revival led by strong urban growth and pick up in rural demand.

Going forward, the positive outlook of the automobile industry would little stymie revenues of LIL. As a result, its cumulative revenue is expected amplify by about 55% in FY17-20e. This growth will be enabled by an expanding customer base, widening product portfolio and migration from conventional to LED lights. Margins are anticipated to expand owing to better product mix towards LED lighting, yet may come under pressure (marginally though) due to rising raw material costs and higher import content for LED. Return ratios in the period FY17-20e are also expected to improve on higher profitability from the previous period - ROE is expected to jump from 10.4% to 23.8%, while ROCE will move up from 9.6% to 20.2%.

Financial Summary- US Dollar denominated

million \$	FY16	FY17	FY18	FY19e	FY20e
Equity capital	1.4	1.4	1.4	1.3	1.3
Shareholders funds	38.6	45.2	51.7	55.1	64.9
Total debt	19.2	14.3	16.0	13.9	3.1
Net fixed assets (including CWIP)	62.4	67.7	87.0	87.7	86.0
Investments	10.4	12.2	13.5	14.0	15.8
Net current assets	-29.7	-28.9	-39.6	-36.3	-25.0
Total assets	40.2	45.7	52.0	55.3	65.1
Revenues	191.7	189.4	256.0	274.0	318.9
EBITDA	14.1	15.8	21.7	23.3	27.2
EBDT	12.0	14.2	20.6	21.8	26.4
PBT	6.3	8.0	13.0	14.0	17.6
PAT	7.9	8.1	11.1	11.7	14.3
EPS(\$)	0.85	0.86	1.18	1.25	1.53
Book value (\$)	4.13	4.83	5.53	5.89	6.94

Income statement figures translated at average rates; balance sheet at year end rates; projections at current rates (Rs 70.93/\$).
All dollar denominated figures are adjusted for extraordinary items.

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buy: >20% accumulate: >10% to ≤20% hold: ≥-10% to ≤10% reduce: ≥-20% to <-10% sell: <-20%

Exchange Rates Used- Indicative

Rs/\$	FY14	FY15	FY16	FY17	FY18
Average	60.5	61.15	65.46	67.09	64.45
Year end	60.1	62.59	66.33	64.84	65.04

All \$ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate. Cumulative dollar figure is the sum of respective yearly dollar value.