

INDUSTRY	APPLIANCES		
CMP (as on 01 Feb 2019)	Rs 199		
Target Price	Rs 238		
Nifty	10,894		
Sensex	36,469		
KEY STOCK DATA			
Bloomberg	VGRD IN		
No. of Shares (mn)	427		
MCap (Rs bn)/(US\$ mn)	85/1,193		
6m avg traded value (Rs mn)	201		
STOCK PERFORMANCE (%)			
52 Week high / low	Rs 255 / 159		
	3M	6M	12M
Absolute (%)	4.3	(5.5)	(13.1)
Relative (%)	(1.6)	(2.7)	(14.7)
SHAREHOLDING PATTERN (%)			
Promoters	64.20		
FIs & Local MFs	11.51		
FPIs	11.78		
Public & Others	12.51		
Source : BSE			

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Poised for a comeback

V-Guard reported a mixed bag with in-line revenue growth and miss on EBITDAM. In the backdrop of volatile commodity prices, the co. was unable to pass on input costs given the weakness in Kerala (~25% revenue mix). South market clocked 9% revenue growth (a 7 quarter high) despite weakness in Kerala (impacted by floods). Non-South market (37% revenue mix) continued to outperform with 18% revenue growth. EBITDA/APAT grew by -9/-6% (exp. 6/10%).

- Key disappointment in 3Q was led by gross margin decline of 205bps despite richer mix as co held back price hikes owing to (1) Demand in cables was subdued as construction activities were muted in Kerala (key market) and (2) Above normal monsoons In South impacted demand for pumps. While, non-South gross margin expanded by 50bps (1.5% lower vs. South, 3% 2 years ago).
- V-Guard's 9MFY19 performance has been modest (12.5/1.5% revenue/adj. EBITDA growth) owing to headwinds like erratic summer, floods and volatile commodity inflation. Despite these challenges, the co. has focused on its long-term strategy of entering in consumer appliances categories like kitchen appliances, switchgear, switches and air coolers (Rs 1,247mn 9MFY19 vs. Rs 355mn 9MFY18). These categories are gross margin accretive but have a higher initial spend on brand investments, EBITDAM expansion will follow.

Financial Summary

Year Ending March (Rs mn)	3Q FY19	3Q FY18	YoY (%)	2Q FY19	QoQ (%)	FY17	FY18	FY19E	FY20E	FY21E
Net Sales	5,943	5,297	12.2	5,976	(0.6)	20,856	23,117	25,837	30,149	34,896
EBITDA	450	494	(9.0)	499	(9.8)	2,087	1,870	2,330	3,197	3,854
APAT	337	358	(5.7)	382	(11.7)	1,447	1,601	1,810	2,457	3,034
Diluted EPS (Rs)	0.79	0.84	(6.1)	0.90	(11.7)	3.41	3.76	4.25	5.77	7.13
P/E (x)						58.4	52.9	46.8	34.5	27.9
EV / EBITDA (x)						40.0	44.8	35.8	25.7	21.0
Core RoCE (%)						26.8	20.5	22.4	28.7	32.0

Source: Company, HDFC sec Inst Research

- The co. has taken 2-5% price hike in exit of 3Q and plans for another round of price increase (2-4%) to fully pass on commodity inflation. With pricing actions, favourable base for Stabilisers and recovery in Kerala, we believe the co's performance will improve significantly hereon.
- Our long term thesis on V-Guard is intact i.e. (1) Scalable product portfolio, (2) Beefed up senior level management, (3) Focus on new product launches and 4) Scope of margin expansion through fixed cost absorption in non-south (~700bps lower EBITDAM vs. South region). We cut our estimates by 4-5% in FY20-21E to factor slower expansion in EBITDAM. We value V-Guard at 35x P/E on Dec-20EPS, with TP of Rs 238 (Rs 249 earlier). We maintain BUY.

Highlights of the quarter

- More hits than misses:** Stabiliser/UPS/Water Heater/Fans/Kitchen Appliances were the outliers with 17/18/17/23/45% growth, while Cables/Pumps grew by flat/2%.
- EBITDA declined by 9%:** Gross margin declined by 205bps to 30%. ASP grew by 8% while employee/other expenses grew by 14/10%. EBITDAM declined by 176bps to 7.6% (exp 9.9%). APAT was down by 6% to Rs 337mn (exp. Rs 434mn).
- Near-term view:** A strong summer in 2019 can result in positive earnings surprise driven by high margin stabilizer supported with a favorable base.

Revenue grew by 12% (exp 13%) despite weakness in Kerala

Non-South market (37% revenue mix) continued to outperform with 18% revenue growth

All categories except cables and wires grew >15%

Gross margin declined by 205bps due to delay in price hikes

Management guides for 9% EBITDAM in FY19

Quarterly Financials

Particulars (Rs mn)	3Q FY19	3Q FY18	YoY (%)	2Q FY19	QoQ (%)	9MFY19	9MFY18	YoY (%)
Net Revenue	5,943	5,297	12.2	5,976	(0.6)	18,267	16,531	12.5*
Material Expenses	4,159	3,598	15.6	4,206	(1.1)	12,784	11,493	11.2
Employee Expenses	492	431	13.9	506	(2.8)	1,495	1,282	16.6
ASP Expense	317	302	5.0	275	15.3	998	886	12.6
Other Operating Expenses	526	471	11.6	491	7.1	1,578	1,379	14.4
EBITDA	450	494	(9.0)	499	(9.8)	1,413	1,491	(5.2)
EBITDA (Adjusted)#	450	494	(9.0)	499	(9.8)	1,513	1,491	1.5
Depreciation	56	48	16.6	55	2.3	163	140	16.3
EBIT	394	446	(11.7)	444	(11.3)	1,250	1,351	(7.5)
Other Income	44	26	69.6	39	11.1	115	78	47.7
Interest Cost	5	5	11.6	3	99.2	10	13	(22.4)
PBT	432	467	(7.5)	481	(10.1)	1,355	1,415	(4.3)
Tax	95	109	(13.3)	99	(3.7)	292	360	(19.0)
PAT	337	358	(5.7)	382	(11.7)	1,063	1,055	0.7
APAT	337	358	(5.7)	382	(11.7)	1,140	1,055	8.0
EPS (adjusted)	0.8	0.8	(6.1)	0.9	(11.7)	38.2	35.4	8.0

Source: Company, HDFC sec Inst Research * like-to-like growth #*EBITDA is adjusted by Rs 100mn in 1QFY19 for one-time ad expense

Margin Analysis

MARGIN ANALYSIS	3Q FY19	3Q FY18	YoY (bps)	2Q FY19	QoQ (bps)	9MFY19	9MFY18	YoY (bps)
Material Expenses % Net Sales	70.0	67.9	205	70.4	(39)	70.0	69.5	46
Employee Expenses % Net Sales	8.3	8.1	13	8.5	(19)	8.2	7.8	43
ASP Expenses % Net Sales	5.3	5.7	(37)	4.6	73	5.5	5.4	10
Other Operating Expenses % Net Sales	8.8	8.9	(5)	8.2	63	8.6	8.3	29
EBITDA Margin (%)	7.6	9.3	(176)	8.3	(78)	7.7	9.0	(128)
EBITDA Margin (%) – Adjusted*	7.6	9.3	(176)	8.3	(78)	8.3	9.0	(74)
Tax Rate (%)	22.0	23.4	(147)	20.5	145	21.5	25.4	(390)
APAT Margin (%)	5.7	6.8	(108)	6.4	(72)	5.8	6.4	(57)

Source: Company, HDFC sec Inst Research | *EBITDA is adjusted by Rs 100mn in 1QFY19 for one-time ad expense

Electrical revenue growth and margins was weak due to flat growth in cables and pumps

Electronics performance was driven by 17% growth in stabiliser

Consumer durables growth was driven by Fans, Kitchen Appliances and Switchgears

Segmental Quarterly Performance

(Rs mn)	3Q FY19	3Q FY18	YoY (%)	2Q FY19	QoQ (%)	9MFY19	9MFY18	YoY (%)
Segmental Revenues								
Electronics	1,525	1,293	17.9	1,614	(5.5)	5,544	5,209	6.4
Electrical	2,579	2,454	5.1	2,541	1.5	7,734	7,180	7.7
Consumer Durables	1,838	1,488	23.5	1,821	1.0	4,989	4,175	19.5
Total	5,943	5,235	13.5	5,976	(0.6)	18,267	16,564	10.3
Segmental EBIT								
Electronics	222	143	54.9	203	9.5	649	653	(0.7)
Electrical	154	260	(40.6)	154	(0.0)	492	521	(5.7)
Consumer Durables	48	65	(26.3)	115	(58.7)	201	238	(15.6)
Total	424	468	(9.3)	472	(10.2)	1,341	1,412	(5.0)
Less:								
(a) Interest Cost & Bank Charges	5	5	12.1	3	100.0	10	13	(22.2)
(b) Other Un-allocable Expenses	(13)	(4)	na	(11)	na	(24)	(16)	49.9
PBT	432	467	(7.5)	480	(10.1)	1,355	1,415	(4.2)
Capital Employed								
Electronics	1,546	1,394	10.9	1,617	(4.4)	848	848	-
Electrical	2,356	2,492	(5.4)	2,323	1.4	3,046	3,046	-
Consumer Durables	1,604	1,620	(1.0)	1,713	(6.3)	316	316	-
Total	5,506	5,506	(0.0)	5,653	(2.6)	4,210	4,210	-
Unallocable Capital Employed	2,868	1,657	73.1	2,344	22.4	(1,266)	(1,266)	-
Total Capital Employed	8,374	7,163	16.9	7,997	4.7	2,944	2,944	-

Source: Company, HDFC sec Inst Research

Segmental PBIT Margin

(Rs mn)	3Q FY19	3Q FY18	YoY (bps)	2Q FY19	QoQ (bps)	9MFY19	9MFY18	YoY (bps)
Electronics	14.6	11.1	348	12.6	200	11.7	12.5	(83)
Electrical	6.0	10.6	(460)	6.1	(9)	6.4	7.3	(90)
Consumer Durable	2.6	4.3	(175)	6.3	(373)	4.0	5.7	(168)
Total	7.1	8.9	(180)	7.9	(77)	7.3	8.5	(118)

Source: Company, HDFC sec Inst Research

UPS, Water Heater, Fans & New products performance was outlier

We expect fans, inverter, switchgear, kitchen appliances to grow faster than the rest of the business

Product-wise Quarterly Performance

Products	2Q FY17	3Q FY17	4Q FY17	1Q FY18	2Q FY18	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19
Revenue (Rs mn)										
Stabilizers	813	821	1,221	1,413	987	828	1,205	1,413	862	971
UPS (Digital + Standalone)	546	356	707	842	661	471	872	993	751	554
Pumps	486	585	887	690	561	631	872	689	539	641
Cables & Wires (PVC + LT)	1,555	1,362	1,944	1,578	1,669	1,740	1,898	1,740	1,808	1,739
Water Heaters (Electric + Solar)	855	893	429	446	996	979	437	496	1,109	1,143
Fans	327	290	805	551	386	399	948	675	405	491
New Products Total	276	166	210	170	378	250	353	344	501	402
Total	4,858	4,473	6,203	5,690	5,638	5,298	6,585	6,350	5,975	5,941
Revenue Gr YoY (%)										
Stabilizers	13.5	7.6	22.0	(1.5)	21.4	0.9	1.5	3.0	(12.7)	17.3
UPS (Digital + Standalone)	12.8	6.0	30.0	15.8	21.1	32.3	33.0	24.0	13.6	17.6
Pumps	17.4	35.4	19.7	4.7	15.4	7.9	7.0	5.0	(3.9)	1.6
Cables & Wires (PVC + LT)	4.3	4.4	25.7	3.3	7.3	27.8	12.0	21.0	8.3	(0.1)
Water Heaters (Electric + Solar)	16.2	(1.5)	6.2	(10.6)	16.5	9.6	8.0	22.0	11.3	16.8
Fans	14.7	11.1	11.8	(6.0)	18.0	37.6	29.0	34.0	4.9	23.1
New Products Total	31.4	4.4	19.3	(4.5)	37.0	50.6	68.1	102.4	32.5	60.8
Total	12.0	7.4	20.9	1.4	16.1	18.4	13.0	19.0	6.0	12.1
Revenue Mix (%)										
Stabilizers	16.7	18.4	19.7	24.8	17.5	15.6	18.3	22.3	14.4	16.3
UPS (Digital + Standalone)	11.2	8.0	11.4	14.8	11.7	8.9	13.2	15.6	12.6	9.3
Pumps	10.0	13.1	14.3	12.1	10.0	11.9	13.2	10.9	9.0	10.8
Cables & Wires (PVC + LT)	32.0	30.4	31.3	27.7	29.6	32.8	28.8	27.4	30.3	29.3
Water Heaters (Electric + Solar)	17.6	20.0	6.9	7.8	17.7	18.5	6.6	7.8	18.6	19.2
Fans	6.7	6.5	13.0	9.7	6.8	7.5	14.4	10.6	6.8	8.3
New Products Total	5.7	3.7	3.4	3.0	6.7	4.7	5.4	5.4	8.4	6.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Company, HDFC sec Inst Research

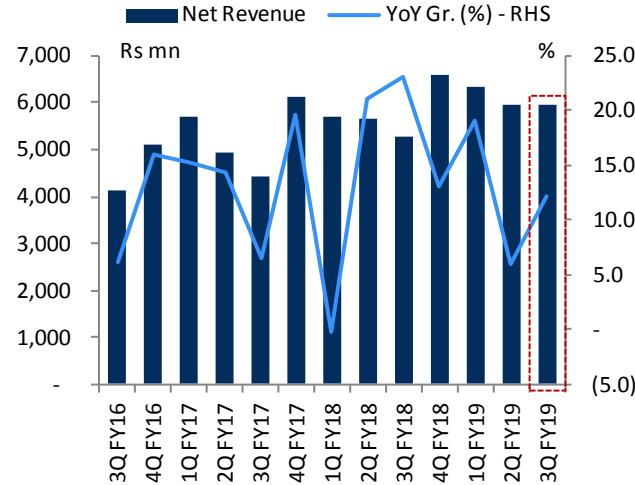
Mgt. plans to launch products in Kitchen appliances space with ~Rs 1bn revenue target in FY19

South FY18 gross margin was at 26.7% vs. 25% FY17, while non-South reported 24.7/24.8% in FY18/FY17 respectively

ASP spend (% of sales) to maintain at ~4-5% going ahead

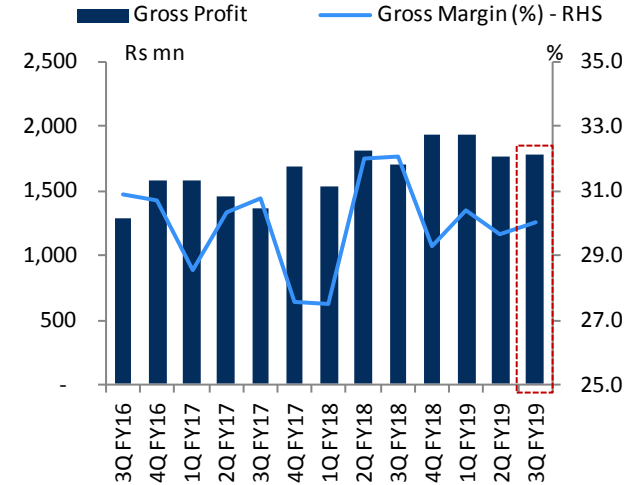
Mgt expects recovery in EBITDA margin in 4QFY19

Net Revenue



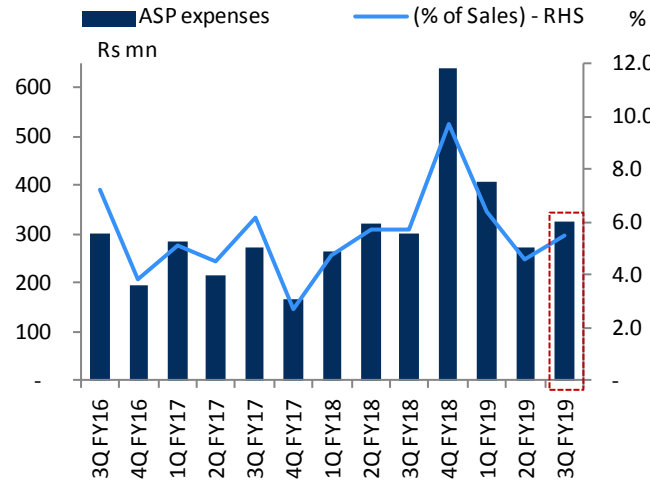
Source: Company, HDFC sec Inst Research

Gross Margin



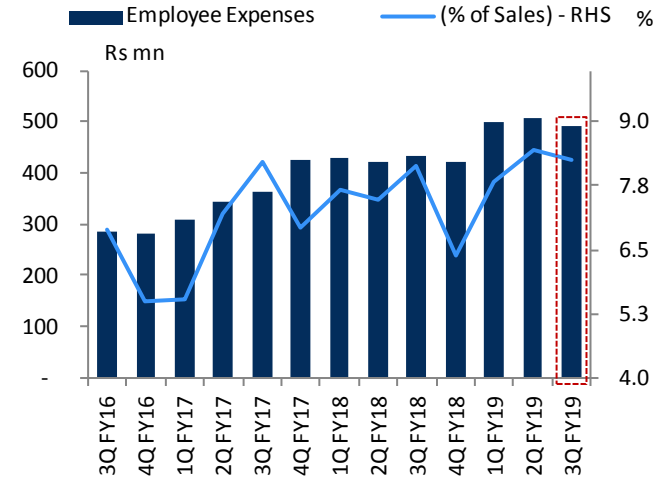
Source: Company, HDFC sec Inst Research

ASP Expense



Source: Company, HDFC sec Inst Research

Employee Expense



Source: Company, HDFC sec Inst Research

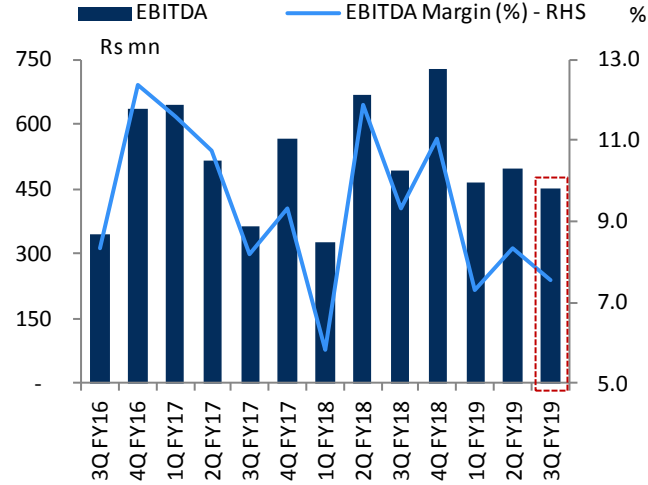
V-Guard spent Rs 360mn and Rs 100mn during 4QFY18 and 1QFY19 on rebranding exercise (one-time in nature). The benefits should be visible in the coming quarters

Non-south GM expanded by 50bps in 3QFY19

South EBITDA margin in FY18 was 14% vs. 14.5% in FY17

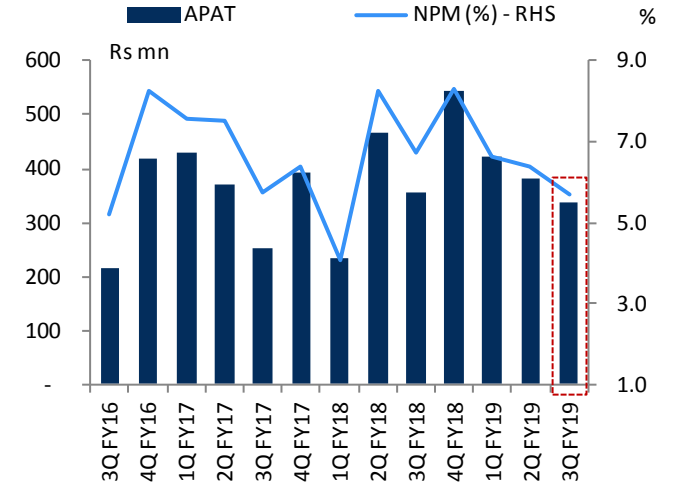
Non-South EBITDA margin was 7.6% in FY18 vs. 8% in FY17 owing to higher investment in branding

EBITDA



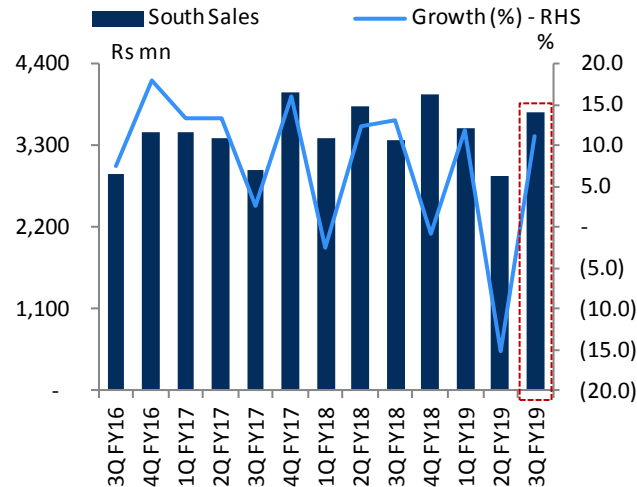
Source: Company, HDFC sec Inst Research

APAT



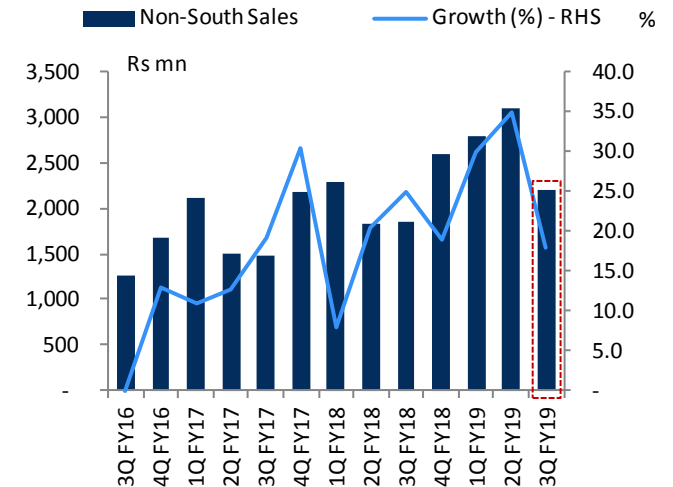
Source: Company, HDFC sec Inst Research

South Sales Performance



Source: Company, HDFC sec Inst Research

Non-South Sales Performance

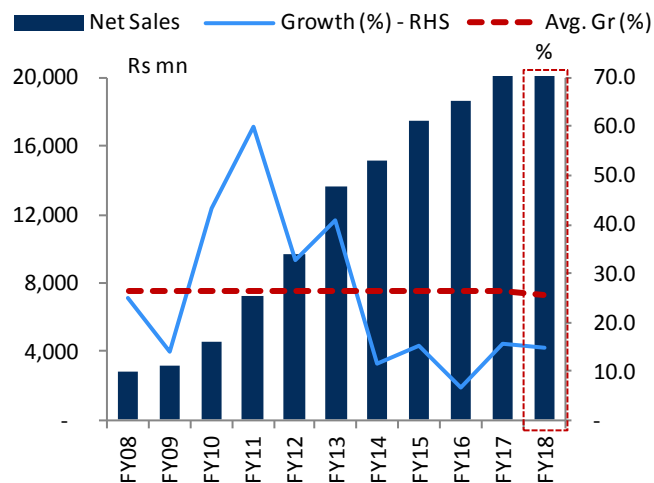


Source: Company, HDFC sec Inst Research

Despite FY18 being a challenging year, V-Guard posted healthy 15% like-like revenue growth.

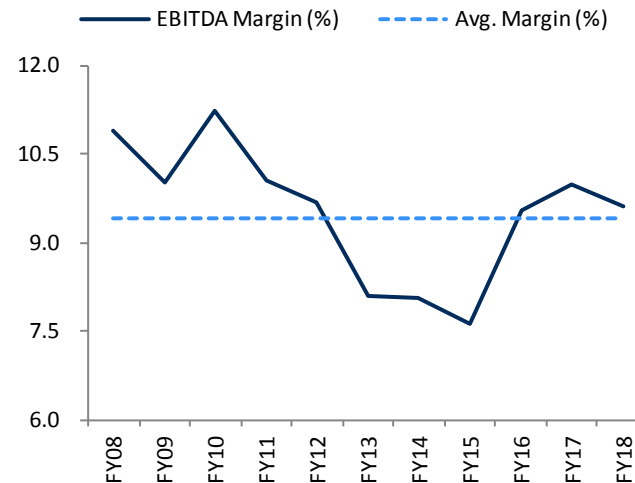
No significant change in outsourcing and manufacturing strategy

Sales Performance



Source: Company, HDFC sec Inst Research

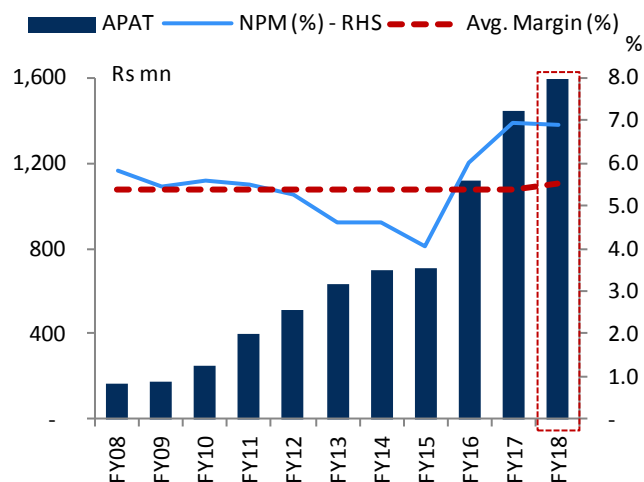
EBITDA Margin



Source: Company, HDFC sec Inst Research

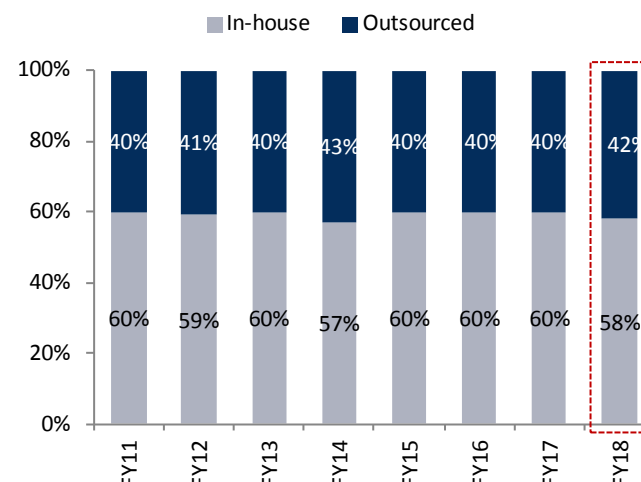
Note – FY18 EBITDA is adjusted for one-time ad expense of Rs 350mn

APAT Performance



Source: Company, HDFC sec Inst Research FY18 APAT is adjusted for one-time ad expense of Rs 350mn

In-house Manufacturing Vs. Outsourcing

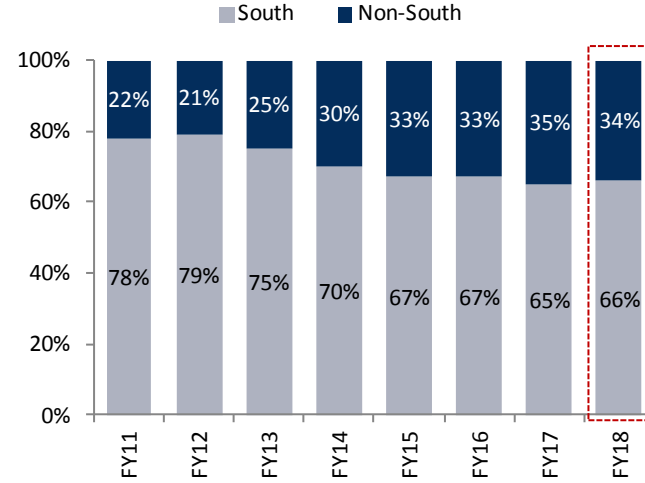


Source: Company, HDFC sec Inst Research

Management is guiding for 50% mix from non-south region in the next 4-5 years

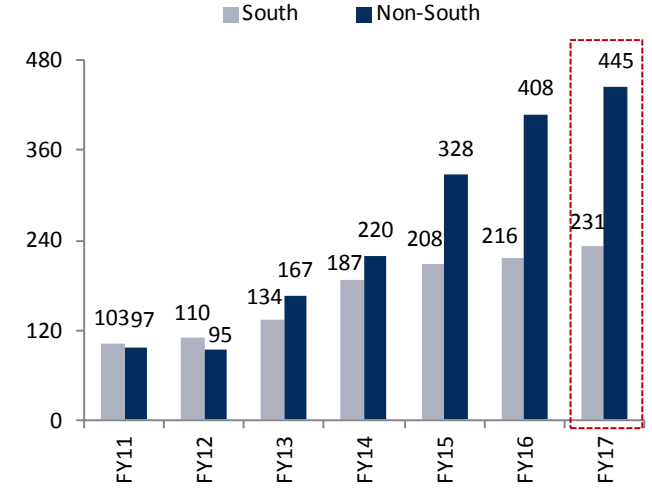
Dealer expansion in non-South has been >4x during FY11-17 vs. 2.5x in South. This reflects management's great efforts to become a national brand

South & Non-South Sales Mix



Source: Company, HDFC sec Inst Research

Dealer Network



Source: Company, HDFC sec Inst Research

Adjusted EBITDA margin incorporates one-time ad-spend expense of Rs 350mn and 100mn in 4QFY18 and 1QFY19 respectively

Assumptions

Particulars	FY17	FY18	FY19E	FY20E	FY21E
Consolidated Revenue Growth (%)	15.5	15.0	11.8	16.7	15.7
Stabilizers	16.6	5.0	4.8	15.7	10.0
UPS (Digital + Standalone)	19.1	21.8	15.4	15.3	17.1
Pumps	24.6	14.0	2.1	13.6	13.0
Cables & Wires (PVC + LT)	8.5	21.0	7.7	15.2	15.0
Water Heaters (Electric + Solar)	5.2	12.0	14.2	14.5	14.3
Fans	13.6	21.0	16.5	18.0	16.0
New Products Total	20.5	38.7	52.8	35.0	35.0
Gross Margin (%)	28.3	29.3	31.0	32.2	32.2
Employee (% of sales)	7.9	8.5	7.9	7.8	7.7
ASP (% of sales)	2.5	4.3	5.0	5.0	5.0
Distribution (% of sales)	1.2	1.2	1.2	1.2	1.2
Other Expenses (% of sales)	6.7	7.2	7.9	7.6	7.3
EBITDA Margin (%)	10.0	8.1	9.0	10.6	11.0
Adjusted EBITDA Margin (%)	10.0	9.6	9.4	10.6	11.0
Tax rate (%)	29.0	24.9	23.8	23.5	23.5

Source: Company, HDFC sec Inst Research

Change in estimates

	FY19E			FY20E			FY21E		
	OLD	NEW	Chg (%)	OLD	NEW	Chg (%)	OLD	NEW	Chg (%)
Sales	25,963	25,837	(0.5)	30,345	30,149	(0.6)	35,250	34,896	(1.0)
EBITDA	2,533	2,330	(8.0)	3,362	3,197	(4.9)	4,026	3,854	(4.3)
APAT	1,981	1,810	(8.7)	2,595	2,457	(5.3)	3,178	3,034	(4.5)
EPS	4.7	4.3	(8.7)	6.1	5.8	(5.3)	7.5	7.1	(4.5)

Source: HDFC sec Inst Research

Peer Set Comparison

Company	MCap (Rs bn)	CMP (Rs)	Reco.	TP (Rs)	EPS (Rs)			P/E (x)			EV/EBITDA (x)			Core RoCE (%)		
					FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
Havells	461	737	NEU	738	14.1	17.8	21.4	52.4	41.4	34.4	34.2	27.0	22.5	32.8	39.0	46.6
Voltas	183	554	BUY	644	18.4	20.7	24.8	30.1	26.8	22.3	26.5	24.0	20.2	42.3	41.8	44.7
Crompton	134	214	BUY	297	6.0	7.5	8.9	35.6	28.7	24.0	22.5	18.4	15.3	43.3	52.1	61.6
TTK Prestige	91	7,760	NR	8,526	170.1	199.1	232.8	45.6	39.0	33.3	28.9	24.5	20.7	23.4	25.3	26.6
V-Guard	85	199	BUY	238	4.3	5.8	7.1	46.9	34.5	28.0	35.8	25.8	21.0	22.4	28.7	32.0
Symphony	84	1,205	BUY	1,712	22.5	33.3	40.0	53.5	36.2	30.1	41.1	26.9	22.2	45.2	48.7	53.9

Income Statement

Year End March (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
Net Revenues	20,856	23,117	25,837	30,149	34,896
Growth (%)	15.5	15.0	11.8	16.7	15.7
Material Expenses	14,949	16,348	17,816	20,447	23,657
Employee Expense	1,640	1,973	2,046	2,341	2,678
ASP Expense	529	991	1,292	1,507	1,745
Distribution Expense	247	279	311	363	420
Other Expenses	1,293	1,521	1,892	2,117	2,338
EBITDA	2,087	1,870	2,330	3,197	3,854
EBITDA Growth (%)	17.2	(10.4)	24.6	37.2	20.6
EBITDA Margin (%)	10.0	8.1	9.0	10.6	11.0
Adj. EBITDA Margin (%)	10.0	9.6*	9.4*	10.6	11.0
Depreciation	162	191	209	229	248
EBIT	1,924	1,679	2,121	2,968	3,606
Other Income (Including EO Items)	135	111	165	248	365
Interest	21	17	12	5	5
PBT	2,038	1,774	2,274	3,212	3,966
Tax	591	442	541	755	932
RPAT	1,447	1,332	1,733	2,457	3,034
APAT	1,447	1,601	1,810	2,457	3,034
APAT Growth (%)	29.5	10.7	13.1	35.7	23.5
Adjusted EPS (Rs)	3.41	3.76	4.25	5.77	7.13
EPS Growth (%)	28.5	10.4	13.1	35.7	23.5

Source: Company, HDFC sec Inst Research | EBITDA is adjusted by Rs 350/100mn in 4QFY18/1QFY19 for one-time ad expense

Balance Sheet

Year End March (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
Share Capital - Equity	425	426	426	426	426
Reserves	5,919	7,090	8,278	9,987	12,150
Total Shareholders Funds	6,344	7,516	8,703	10,413	12,575
Long Term Debt	24	0	0	0	0
Short Term Debt	1	-	-	-	-
Total Debt	25	0	0	0	0
Net Deferred Taxes	40	29	29	29	29
Long Term Provisions & Others	67	118	128	144	161
TOTAL SOURCES OF FUNDS	6,475	7,664	8,861	10,586	12,766
APPLICATION OF FUNDS					
Net Block	1,684	2,006	2,162	2,284	2,386
CWIP	238	149	109	109	109
Non Current Investments	3	91	91	91	91
LT Loans & Advances	201	221	315	251	266
Other Non Current Assets	-	-	-	-	-
Total Non-current Assets	2,125	2,468	2,677	2,735	2,852
Inventories	2,743	3,105	3,400	3,884	4,400
Debtors	3,121	4,445	4,897	5,632	6,423
Other Current Assets	316	727	727	727	727
Cash & Equivalents	1,038	802	1,298	2,324	3,779
Total Current Assets	7,218	9,078	10,322	12,567	15,329
Creditors	2,186	3,286	3,581	4,110	4,755
Other Current Liabilities & Provns	682	597	557	606	660
Total Current Liabilities	2,868	3,883	4,138	4,716	5,415
Net Current Assets	4,350	5,196	6,184	7,851	9,914
TOTAL APPLICATION OF FUNDS	6,475	7,664	8,861	10,586	12,766

Source: Company, HDFC sec Inst Research

Cash Flow Statement

Year End March (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
Reported PBT	2,037	1,773	2,274	3,212	3,966
Non-operating & EO Items	176	173	77	-	-
Interest Expenses	(4)	(4)	12	5	5
Depreciation	162	191	209	229	248
Working Capital Change	(418)	(1,183)	(492)	(642)	(608)
Tax Paid	(656)	(408)	(541)	(755)	(932)
OPERATING CASH FLOW (a)	1,298	542	1,539	2,049	2,680
Capex	(422)	(413)	(325)	(350)	(350)
Free Cash Flow (FCF)	876	129	1,215	1,699	2,330
Investments	(3)	(62)	(243)	(87)	(165)
Non-operating Income	(631)	203	-	-	-
INVESTING CASH FLOW (b)	(1,055)	(271)	(568)	(437)	(515)
Debt Issuance/(Repaid)	(153)	(32)	-	-	-
Interest Expenses	(10)	(7)	(12)	(5)	(5)
FCFE	714	90	1,203	1,694	2,325
Share Capital Issuance	92	27	-	-	-
Dividend	(91)	(358)	(623)	(747)	(872)
Others	-	-	10	16	17
FINANCING CASH FLOW (c)	(161)	(369)	(625)	(737)	(859)
NET CASH FLOW (a+b+c)	82	(99)	346	876	1,305
EO Items, Others	-	-	-	-	-
Closing Cash & Equivalents	150	50	397	1,272	2,578

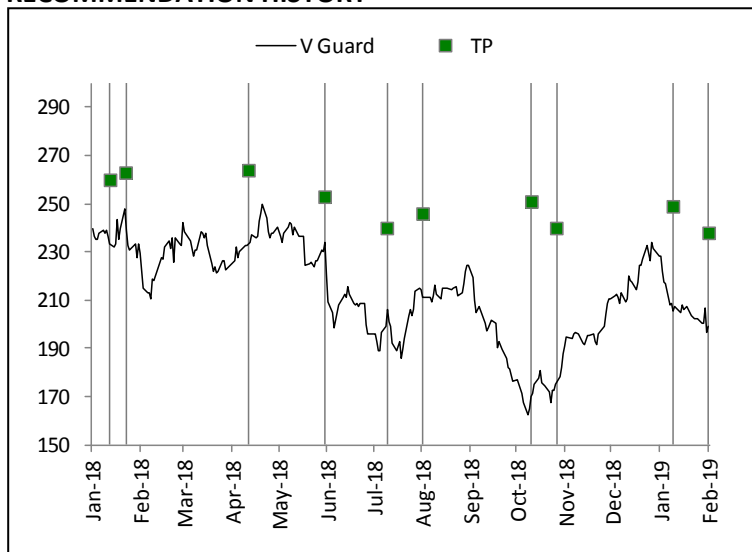
Source: Company, HDFC sec Inst Research

Key Ratios

	FY17	FY18	FY19E	FY20E	FY21E
PROFITABILITY (%)					
GPM	28.3	29.3	31.0	32.2	32.2
EBITDA Margin	10.0	8.1	9.0	10.6	11.0
EBIT Margin	9.2	7.3	8.2	9.8	10.3
APAT Margin	6.9	6.9	7.0	8.1	8.7
RoE	26.2	23.1	22.3	25.7	26.4
RoIC (or Core RoCE)	26.8	20.5	22.4	28.7	32.0
RoCE	25.4	22.8	22.0	25.3	26.0
EFFICIENCY					
Tax Rate (%)	29.0	24.9	23.8	23.5	23.5
Fixed Asset Turnover (x)	7.5	6.9	7.2	7.6	8.1
<i>Inventory (days)</i>	<i>48.0</i>	<i>49.0</i>	<i>48.0</i>	<i>47.0</i>	<i>46.0</i>
<i>Debtors (days)</i>	<i>54.6</i>	<i>70.2</i>	<i>69.2</i>	<i>68.2</i>	<i>67.2</i>
<i>Other Current Assets (days)</i>	<i>5.5</i>	<i>11.5</i>	<i>10.3</i>	<i>8.8</i>	<i>7.6</i>
<i>Payables (days)</i>	<i>38.3</i>	<i>51.9</i>	<i>50.6</i>	<i>49.8</i>	<i>49.7</i>
<i>Other Current Liab & Provns (days)</i>	<i>11.9</i>	<i>9.4</i>	<i>7.9</i>	<i>7.3</i>	<i>6.9</i>
Cash Conversion Cycle (days)	58.0	69.4	69.0	66.9	64.2
Net D/E (x)	(0.2)	(0.1)	(0.1)	(0.2)	(0.3)
Interest Coverage (x)	91.7	101.2	na	na	na
PER SHARE DATA (Rs)					
EPS	3.4	3.8	4.3	5.8	7.1
CEPS	3.8	4.2	4.7	6.3	7.7
Dividend	0.7	0.7	1.3	1.5	1.8
Book Value	14.9	17.7	20.4	24.5	29.5
VALUATION					
P/E (x)	58.5	53.0	46.9	34.5	28.0
P/BV (x)	13.3	11.3	9.7	8.1	6.7
EV/EBITDA (x)	40.1	44.9	35.8	25.8	21.0
EV/Revenues (x)	4.0	3.6	3.2	2.7	2.3
OCF/EV (%)	1.6	0.6	1.8	2.5	3.3
FCF/EV (%)	1.0	0.2	1.5	2.1	2.9
FCFE/Mkt Cap (%)	0.8	0.1	1.4	2.0	2.7
Dividend Yield (%)	0.4	0.4	0.6	0.8	0.9

Source: Company, HDFC sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
12-Jan-18	236	BUY	260
24-Jan-18	239	BUY	263
11-Apr-18	233	BUY	264
31-May-18	221	BUY	253
9-Jul-18	195	BUY	240
1-Aug-18	211	BUY	246
10-Oct-18	164	BUY	251
27-Oct-18	175	BUY	240
9-Jan-19	208	BUY	249
2-Feb-19	199	BUY	238

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

INSTITUTIONAL RESEARCH

Disclosure:

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