

Crompton Consumer

BUY

Brighter (lighting) days ahead

Crompton's 1Q performance was a mixed bag with beat in ECD while miss on lighting. Co's success in ECD with market share gains in fans and higher aggression in appliances was encouraging. Lighting disappoints with legacy issues (conventional lighting) and investments in B2B. We cut EPS by 2-3% over FY20-21E. We value co at 35x on Jun-21 EPS, arriving at a TP of Rs 304.

HIGHLIGHTS OF THE QUARTER

- Net revenues was in-line and clocked 12% growth (20% in 1QFY19, 7% in 4QFY19) which is the fastest in the last 4 qtrs. GTM initiatives are now accelerating ECD's performance. Management has not witnessed a slowdown impact in its categories, rather seeing a pickup in construction activities.
- ECD grew at a robust pace of 16% (23% in 1QFY19, 10% in 4QFY19) owing to harsh summer and new launches. Growth was broad-based with fans/pumps/appliances growing at 15/15/40%. Healthy growth in fans was led by (1) ~100bps market share gains, (2) Premiumisation (premium fans grew by 24%) and (3) New launches like Aura (5 year warranty). We expect mid-teen growth in ECD over FY20-FY21.
- Lighting declined by 2% (vs. exp of +6%) owing to (1) Price erosion of 10% in B2C panels (flat in bulbs) and 5-7% in B2B lighting, (2) 21% decline in conventional lighting (20% mix) and (3) Impact on B2B orders due to elections. Co is driving growth by (1) Distribution expansion for B-C, (2)

Financial Summary (Standalone)

YE March (Rs mn)	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)	FY18	FY19P	FY20E	FY21E	FY22E
Net Revenues	13,468	12,039	11.9	12,069	11.6	40,797	44,789	50,201	56,215	62,677
EBITDA	1,919	1,673	14.7	1,685	13.9	5,310	5,858	6,993	7,949	8,876
APAT	1,224	1,043	17.4	1,118	9.5	3,238	3,727	4,607	5,390	6,185
Diluted EPS (Rs)	1.95	1.66	17.4	1.78	9.5	5.2	5.9	7.2	8.4	9.6
P/E (x)						43.6	37.9	31.5	26.9	23.4
EV / EBITDA (x)						26.8	24.1	20.3	17.4	15.1
Core RoCE (%)						38.7	39.4	43.0	48.5	53.1

Source: Company, HDFC sec Inst Research

New product launches (anti-bacterial lamp, 5-star rated bulbs) and (3) Strengthening core for B-B (investments in technology and sales force). Management acknowledged that they are behind the curve w.r.t. investments in B2B lighting (vs. Havells).

- GM expanded by 27bps (inline) to 32.6% (+180bps 1QFY19, -64bps 4QFY19) led by richer mix. Employee/other expenses were up by 14/10%. EBITDAM expanded by 36bps to 14.2% (exp 14.8%).
- ECD EBIT margin expanded by 77bps to 20.3% (exp 19.6%) led by premiumisation and oplev. Lighting EBIT margin declined by 157/630bps YoY/QoQ to 5.1% (exp 10.5%) despite 100bps GM expansion. Higher A&P spend (+300bps), investment in B2B and provisions for bad debts (250bps) impacted lighting margins.

STANCE

Crompton's performance has witnessed volatility (vs. Havells) over the last 4-6 qtrs resulting in stock underperformance. Both segments (ECD and lighting) need to fire together for the stock to re-rate.

Market share gains in fans, success in appliances, GTM benefits, cost savings program and acceleration in B-B lighting will be the key drivers. We expect sequential recovery in lighting margins hereon (stable GM and moderate increase in marketing spend). We model 20% EBITDA growth over the rest of FY20 (also driven by a favorable base of 4%)

INDUSTRY	APPLIANCES
CMP (as on 25 Jul 2019)	Rs 225
Target Price	Rs 304
Nifty	11,252
Sensex	37,831

KEY STOCK DATA

Bloomberg	CROMPTON IN
No. of Shares (mn)	627
MCap (Rs bn) / (\$ mn)	141/2,047
6m avg traded value (Rs mn)	189

STOCK PERFORMANCE (%)

52 Week high / low	Rs 273/190		
	3M	6M	12M
Absolute (%)	(4.2)	4.6	(4.7)
Relative (%)	(1.8)	(0.4)	(7.4)

SHAREHOLDING PATTERN (%)

	Mar-19	Jun-19
Promoters	34.37	34.36
FIs & Local MFs	18.97	21.27
FPIs	30.47	28.32
Public & Others	16.19	16.05
Pledged Shares (% of total shares)	16.8	16.8

Source : BSE

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Anti-bacteria bulb was launched at a premium of 15-20%

Launched 5 star rated LED called Lyor. The product is 20% more efficient than 3 star LED bulbs and 50% efficient than conventional bulbs

In lighting, Crompton will focus on (1) Premiumisation (5 star rated products), (2) Product differentiation, (3) Advanced technologies (higher investments for B2B) and (4) Cost optimization

Depletion of ground water is driving market growth for pumps

Crompton has launched a range of wide voltage pumps. These pumps will provide the desired water output, despite fluctuating voltage

New Launches in 2018-19

Lighting

B2C



ANTI-BAC LED Bulb



LYOR LED Bulb



Deep Glaze Downlight



Twist Bulb



Radiance RAY Plus

B2B



Kinetic - LED Luminaire with Motion Sensor



Crompton Surround - LED Highbay



Quartz + LED Downlighters



Terrain LED Post Top



Equinox - LED Tunnel Light

Pumps



2HP Monobloc Pump



Wide Voltage OW Pump



4WSS Pump

Source: Company

In fans, co's strategy is to fix product gaps via new launches with improved technology, IoT enabled fans and AI-based products

Aura 2.0 range has a 5 year warranty (first fan to offer 5 years) owing to its Duratech technology

In appliances, co is working on improving their product mix by launching premium products

In FY19, co has re-launched water heaters, expanded portfolio in air coolers and launched more SKUs in small appliances (like irons)

New Launches in 2018-19

Fans



Vsense™ Range of Fans



Air 360 Deco Range of Fans



Trigger Glow – Antique Copper



Trigger Neo – Brushed Steel



AirBuddy Kitchen Fan



Aura 2.0 Designer 3D – Birken Effect Gold



Aura 2.0 Designer 2D – Bakers Brown Rosegold



Aura 2.0 Prime – Rosegold



HS Prime – Roast



Dorado –



Cool Breeze Metallic –



Whirlwind

Appliances



Optimus Cooler



Ozone Classic Cooler



Solarium Neo Water Heater

Source: Company

Net revenues was in-line and clocked 12% growth (20% in 1QFY19, 7% in 4QFY19) which is fastest in the last 4 qtrs

GTM initiatives are now accelerating the performance

GM expanded by 27bps (inline) to 32.6% (+180bps 1QFY19, -64bps 4QFY19) led by richer product mix

APAT of Rs 1,224mn was slightly below our expectation of Rs 1,308mn

Quarterly Financials

Particulars	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)	FY19	FY18	YoY (%)
Net Revenue	13,468	12,039	11.9	12,069	11.6	44,789	40,797	11.3*
Material Expenses	9,073	8,143	11.4	8,332	8.9	30,918	27,996	10.4
Employee Expenses	820	718	14.1	765	7.2	2,919	2,827	3.3
Other Operating Expenses	1,656	1,505	10.0	1,286	28.8	5,094	4,664	9.2
EBITDA	1,919	1,673	14.7	1,685	13.9	5,858	5,310	10.3
Depreciation	58	31	86.5	33	75.2	129	126	2.2
EBIT	1,861	1,642	13.4	1,652	12.6	5,729	5,184	10.5
Other Income	173	88	95.7	172	na	483	308	56.9
Interest Cost	150	152	(1.4)	143	4.7	596	637	(6.5)
PBT	1,885	1,578	19.4	1,681	12.1	5,616	4,854	15.7
Exceptional item	-	-	na	-	na	-	-	na
PBT after exceptional	1,885	1,578	19.4	1,681	12.1	5,616	4,854	15.7
Tax	660	535	23.3	265	149.5	1,590	1,617	(1.6)
RPAT	1,224	1,043	17.4	1,417	(13.6)	4,025	3,238	24.3
Adjustment	-	-	na	299	na	(299)	-	na
APAT	1,224	1,043	17.4	1,118	9.5	3,727	3,238	15.1
EPS (Adjusted)	1.95	1.66	17.4	1.78	9.5	5.95	5.17	15.1

Source: Company, HDFC sec Inst Research *like-like growth

Margin Analysis

	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)	FY19	FY18	YoY (%)
Material Expenses	67.4	67.6	(27)	69.0	(167)	69.0	68.6	41
Employee Expenses	6.1	6.0	12	6.3	(25)	6.5	6.9	(41)
Other Operating Expenses	12.3	12.5	(21)	10.7	164	11.4	11.4	(6)
EBITDA Margin	14.2	13.9	36	14.0	28	13.1	13.0	6
Tax Rate	35.0	33.9	111	15.7	1,929	28.3	33.3	(498)
PAT Margin	9.1	8.7	43	9.3	(17)	8.3	7.9	38

Source: Company, HDFC sec Inst Research

ECD grew at a robust pace of 16% (23% in 1QFY19, 10% in 4QFY19) owing to harsh summer and new launches

Lighting declined by 2% (vs. exp of +6%) owing to (1) Price erosion of 10% in B2C panels (flat in bulbs) and 5-7% in B2B lighting, (2) 21% decline in conventional lighting (20% mix) and (3) Impact on B2B orders due to elections.

Segmental Quarterly (Reported)

(Rs mn)	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)	FY19	FY18	YoY (%)
Segmental Revenues								
Lighting Products	2,739	2,791	(1.8)	3,425	(20.0)	12,653	12,770	(0.9)
ECD	10,729	9,248	16.0	8,644	24.1	32,136	28,281	15.9
Total	13,468	12,039	11.9	12,069	11.6	44,789	41,051	11.3
Segmental EBIT								
Lighting Products	141	188	(24.8)	393	(64.1)	1,069	1,473	(27.4)
ECD	2,173	1,802	20.6	1,685	29.0	6,162	5,347	15.2
Total	2,314	1,989	16.3	2,077	11.4	7,230	6,820	6.0
Less:								
(a) Interest Cost & Bank Charges	150	152	(1.4)	143	4.7	596	637	(6.5)
(b) Other Un-allocable Expenses	280	259	7.9	253	10.7	1,019	1,328	(23.3)
PBT	1,885	1,578	19.4	1,681	12.1	5,616	4,854	15.7
Capital Employed								
Lighting Products	1,038	643	61.3	1,125	(7.8)	1,038	643	61.3
ECD	1,619	1,424	13.6	1,528	5.9	1,619	1,424	13.6
Total	2,656	2,068	28.5	2,654	0.1	2,656	2,068	28.5
Unallocable Capital Employed	9,609	6,953	38.2	8,331	15.3	9,609	6,953	38.2
Total Capital Employed	12,265	9,021	36.0	10,985	11.7	12,265	9,021	36.0

Source: Company, HDFC sec Inst Research *like-like growth

Segmental EBIT Margin (Reported)

(%)	1QFY20	1QFY19	YoY (bps)	4QFY19	QoQ (bps)	FY19	FY18	YoY (bps)
Lighting Products	5.1	6.7	(157.2)	11.5	(631.5)	8.4	11.5	(308.7)
Electric Consumer Division (ECD)	20.3	19.5	77.2	19.5	76.6	19.2	18.9	26.8
Total	17.2	16.5	65.8	17.2	(2.9)	16.1	16.6	(46.9)

Source: Company, HDFC sec Inst Research

Lighting EBIT remained weak over the last 5 quarters. It has been a big dragger for overall performance

Crompton continues to focus on mass premium and premium fans to drive profitable growth in ECD segment

Crompton gained 1% market share in fans

Segmental Analysis (like-to-like growth)

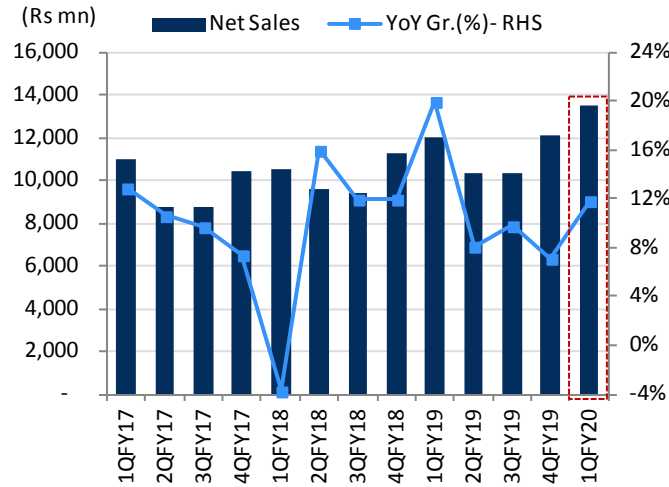
Particulars (YoY %)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	FY17	FY18	FY19
Revenue Growth (%)												
Lighting Products	10%	25%	23%	21%	10%	-4%	-2%	1%	-2%	11%	20%	13%
ECD	-9%	11%	7%	10%	23%	15%	16%	10%	16%	11%	5%	16%
Total	-4%	16%	12%	13%	20%	8%	8%	8%	8%	12%	8%	11%
Revenue Mix (%)												
Lighting Products	25%	35%	35%	30%	23%	31%	31%	28%	20%	28%	31%	31%
ECD	75%	65%	65%	70%	77%	69%	69%	72%	80%	72%	69%	69%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
EBIT Growth (%)												
Lighting Products	50%	25%	42%	96%	-15%	-52%	-38%	5%	-25%	na	47%	47%
ECD	-12%	27%	14%	16%	27%	21%	19%	-2%	21%	na	9%	9%
Total	-7%	26%	21%	25%	22%	1%	3%	0%	16%	na	15%	15%
EBIT Mix (%)												
Lighting Products	13%	28%	29%	18%	9%	13%	18%	19%	6%	17%	22%	22%
ECD	87%	72%	71%	82%	91%	87%	82%	81%	94%	83%	82%	82%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company, HDFC sec Inst Research

Crompton has favorable base of EBITDA in the rest of FY20 (4% growth base)

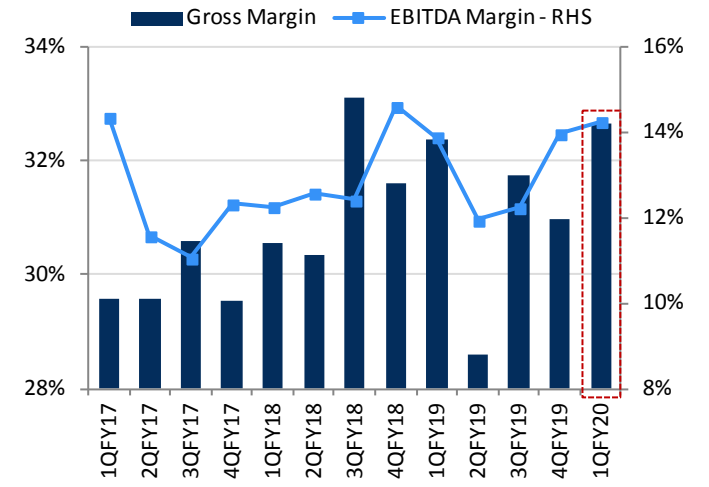
ECD performance remained steady

Net Revenue



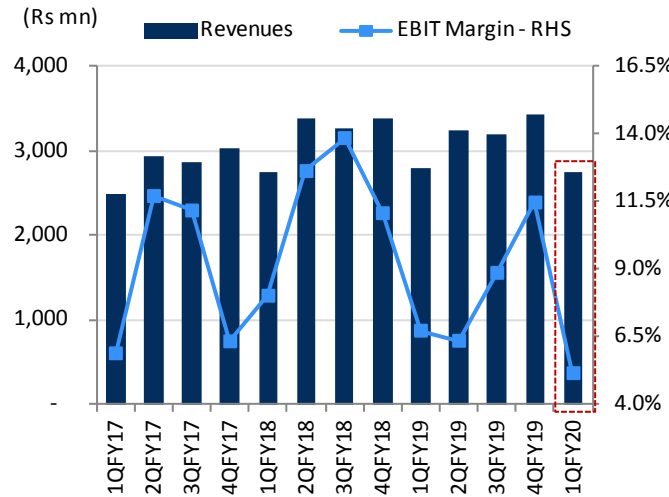
Source: Company, HDFC sec Inst Research

Gross Margin vs. EBITDA Margin



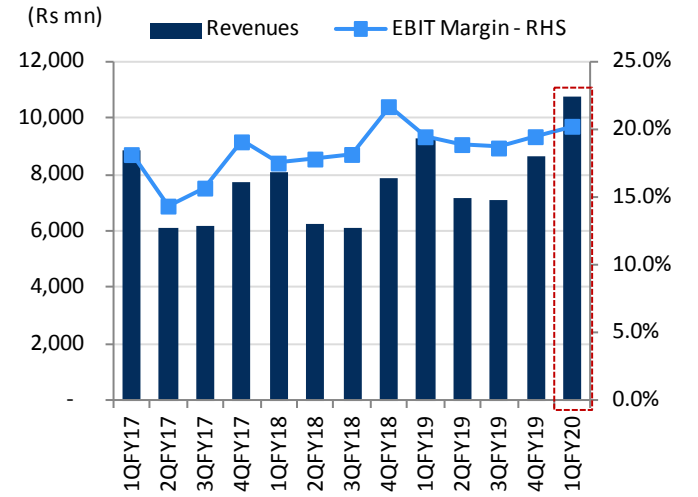
Source: Company, HDFC sec Inst Research

Lighting Performance



Source: Company, HDFC sec Inst Research

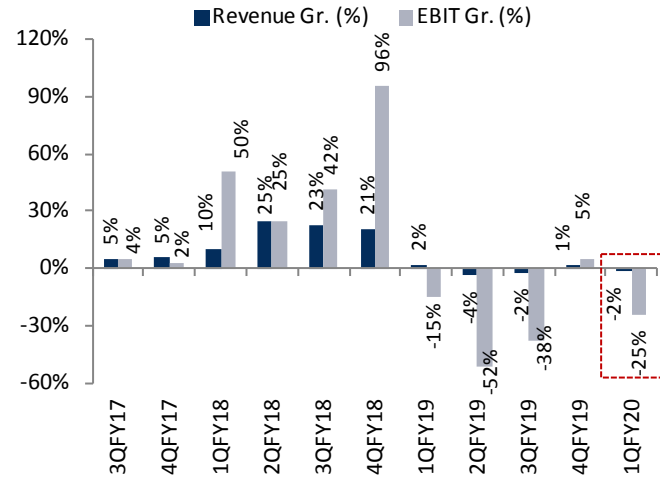
ECD Performance



Source: Company, HDFC sec Inst Research

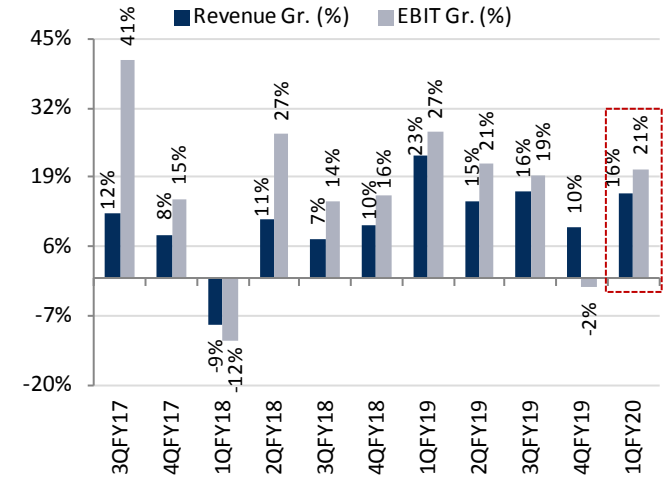
Lighting has been disappointing; management is addressing the issue with various initiatives. With favourable base, co can deliver robust EBIT growth in lighting

Crompton's Lighting Performance



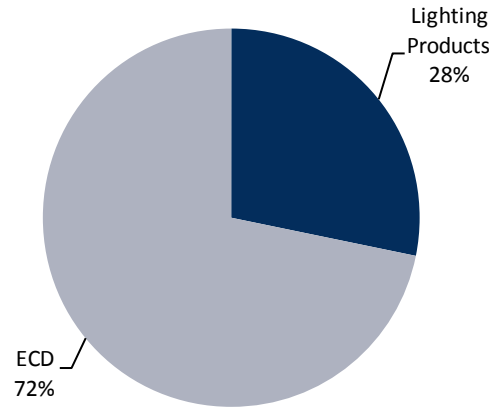
Source: Company, HDFC sec Inst Research

Crompton's Electric Consumer Performance



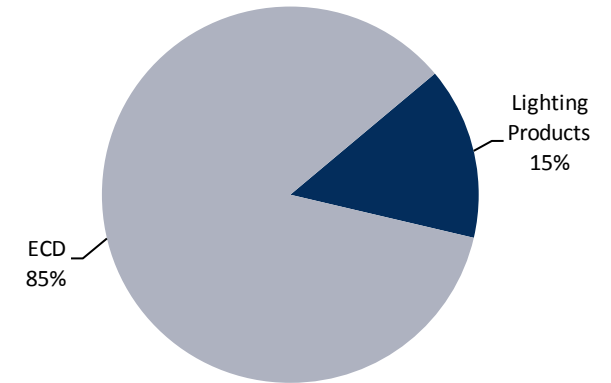
Source: Company, HDFC sec Inst Research

Revenue Mix (FY19)



Source: Company, HDFC sec Inst Research

EBIT Mix (FY19)



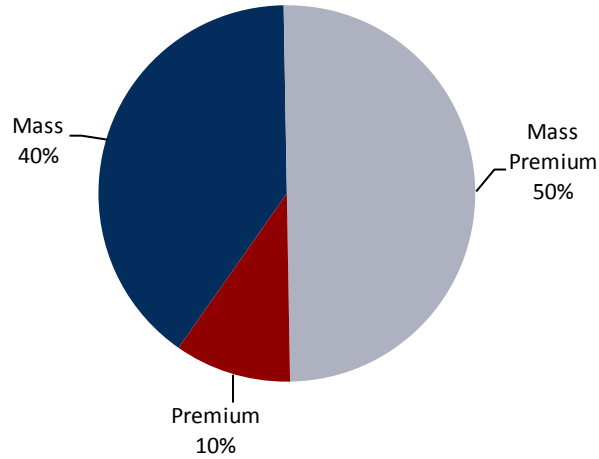
Source: Company, HDFC sec Inst Research

Premiumisation is a key trend in fans as consumers upgrade to decorative fans.

Crompton has a higher share in premium fans vs. the industry

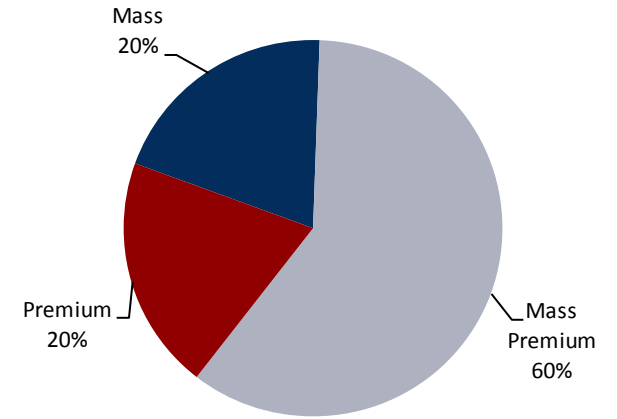
Havells is the leader in premium fans

Industry: Fan Mix



Source: Company, HDFC sec Inst Research
Premium: >Rs 2,200 Price
Mass-Premium: Rs 1,500-Rs 2,200
Mass: <Rs 1,500

Crompton: Fan Mix



Source: Company, HDFC sec Inst Research

Key Assumptions

Segments	Revenue (Rs mn)				Revenue Growth (%)				Revenue Mix (%)			
	FY19P	FY20E	FY21E	FY22E	FY19P	FY20E	FY21E	FY22E	FY19P	FY20E	FY21E	FY22E
Fans	20,096	22,709	25,207	27,979	12.1%	13.0%	11.0%	11.0%	44.9%	45.2%	44.8%	44.6%
Lighting	12,653	13,476	14,958	16,604	-0.8%	6.5%	11.0%	11.0%	28.3%	26.8%	26.6%	26.5%
Pumps	9,340	10,507	11,663	12,829	17.5%	12.5%	11.0%	10.0%	20.9%	20.9%	20.7%	20.5%
Appliances	2,700	3,510	4,387	5,265	25.0%	30.0%	25.0%	20.0%	6.0%	7.0%	7.8%	8.4%
Total	44,789	50,201	56,215	62,677	11.3%	12.1%	12.0%	11.5%	100.0%	100.0%	100.0%	100.0%

P&L Breakup - % of revenue	FY17	FY18	FY19P	FY20E	FY21E	FY22E
Raw Material	71.4	70.1	70.5	69.6	69.2	68.7
Employee expenses	6.0	6.9	6.5	6.4	6.5	6.6
After sales services incl. warranty	1.3	1.5	1.5	1.5	1.5	1.5
Sales promotion	1.2	1.6	1.5	1.8	1.8	1.8
Advertising	1.4	1.0	1.0	1.3	1.4	1.4
Distribution	2.3	2.4	2.4	2.4	2.4	2.4
Others	4.1	3.4	3.5	3.1	3.1	3.5
EBITDA Margin	12.4	13.0	13.1	13.9	14.1	14.2
Depreciation and amortization	0.3	0.3	0.3	0.5	0.4	0.4
Interest	1.7	1.6	1.3	0.8	0.4	0.2
Other income	0.5	0.8	1.1	1.0	0.9	1.1
PBT	11.0	11.9	12.5	13.7	14.3	14.7
Tax	3.7	4.0	3.6	4.5	4.7	4.9
NPM	7.3	7.9	9.0	9.2	9.6	9.9

Source: HDFC sec Inst Research

We cut EPS by 2-3% over FY20-21E to factor weaker lighting performance

Crompton's performance has witnessed volatility (vs. Havells) over the last 4-6 qtrs resulting in stock underperformance. Both segments (ECD and lighting) need to fire together for the stock to re-rate.

Change in estimates

	FY20E			FY21E		
	OLD	NEW	Chg (%)	OLD	NEW	Chg (%)
Sales	50,698	50,201	(1.0)	57,071	56,215	(1.5)
EBITDA	7,109	6,993	(1.6)	8,176	7,949	(2.8)
APAT	4,684	4,607	(1.6)	5,544	5,390	(2.8)
EPS	7.3	7.2	(1.6)	8.6	8.4	(2.8)

Peer 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	432	692	NEU	731	12.7	16.7	20.3	54.7	41.5	34.1	35.3	27.3	22.6	26.7	29.9	34.8
Voltas	192	580	BUY	677	15.6	19.9	24.2	37.1	29.1	24.0	27.5	21.5	17.2	31.4	29.6	32.3
Crompton	141	225	BUY	300	5.9	7.3	8.6	38.3	31.3	26.5	24.4	20.5	17.5	39.4	42.7	48.4
V-Guard	102	239	BUY	261	4.1	5.5	6.9	58.9	43.3	34.7	45.7	33.1	26.6	21.1	27.4	31.1
Symphony	86	1,222	BUY	1,622	15.4	29.3	36.1	79.4	41.7	33.9	62.4	30.2	24.5	31.9	51.4	58.1
TTK Prestige	67	5,834	NR	7,388	138.7	157.9	184.7	42.1	41.7	35.6	22.4	21.9	18.5	21.6	21.9	23.5

Income Statement

Year End March (Rsmn)	FY18	FY19P	FY20E	FY21E	FY22E
Net Revenues	40,797	44,789	50,201	56,215	62,677
Growth (%)	8.0	11.3	12.1	12.0	11.5
Material Expenses	28,600	31,590	34,944	38,876	43,061
Employee Expense	2,827	2,919	3,213	3,635	4,116
ASP Expense	1,056	1,100	1,531	1,799	2,006
Freight and forwarding	999	1,075	1,205	1,349	1,504
Other expenses	2,005	2,247	2,316	2,608	3,115
EBITDA	5,310	5,858	6,993	7,949	8,876
EBITDA Growth (%)	9.6	10.3	19.4	13.7	11.7
EBITDA Margin (%)	13.0	13.1	13.9	14.1	14.2
Depreciation	126	129	231	239	246
EBIT	5,184	5,729	6,761	7,710	8,630
Other Income (Inc. EO Items)	308	483	497	534	699
Interest	637	596	382	200	97
PBT	4,854	5,616	6,876	8,044	9,232
Tax	1,617	1,590	2,269	2,655	3,047
RPAT	3,238	4,025	4,607	5,390	6,185
Adjustment	-	(299)	-	-	-
APAT	3,238	3,727	4,607	5,390	6,185
APAT Growth (%)	13.7	15.1	23.6	17.0	14.8
Adjusted EPS (Rs)	5.2	5.9	7.2	8.4	9.6
EPS Growth (%)	13.7	15.1	20.3	17.0	14.8

Source: Company, HDFC sec Inst Research

Balance Sheet

Year End March (Rsmn)	FY18	FY19P	FY20E	FY21E	FY22E
SOURCES OF FUNDS					
Share Capital - Equity	1,254	1,254	1,288	1,288	1,288
Reserves	6,642	9,345	12,516	16,246	20,588
Total Shareholders Funds	7,895	10,599	13,804	17,534	21,876
Long Term Debt	6,486	6,493	3,493	1,793	93
Short Term Debt	-	-	-	-	-
Total Debt	6,486	6,493	3,493	1,793	93
Net Deferred Taxes	(479)	(597)	(597)	(597)	(597)
Other Non-Current Liabilities	175	173	190	215	244
TOTAL SOURCES OF FUNDS	14,077	16,668	16,890	18,946	21,616
APPLICATION OF FUNDS					
Tangible Assets	822	837	877	938	992
CWIP	6	10	10	10	10
Goodwill	7,794	7,794	7,794	7,794	7,794
Other Non-Current Assets	274	290	349	392	438
Total Non-current Assets	8,896	8,932	9,029	9,134	9,234
Inventories	3,032	3,524	3,815	4,160	4,638
Debtors	5,536	5,660	6,325	7,083	7,897
Other Current Assets	855	939	1,048	1,170	1,301
Cash & Equivalents	5,452	6,661	6,773	8,672	11,084
Total Current Assets	14,876	16,784	17,962	21,085	24,920
Creditors	7,682	6,642	7,444	8,336	9,294
Other Current Liabilities	2,012	2,406	2,656	2,937	3,244
Total Current Liabilities	9,695	9,048	10,100	11,273	12,538
Net Current Assets	5,181	7,736	7,862	9,812	12,382
TOTAL APPLICATION OF FUNDS	14,077	16,668	16,890	18,946	21,616

Source: Company, HDFC sec Inst Research

Cash Flow Statement

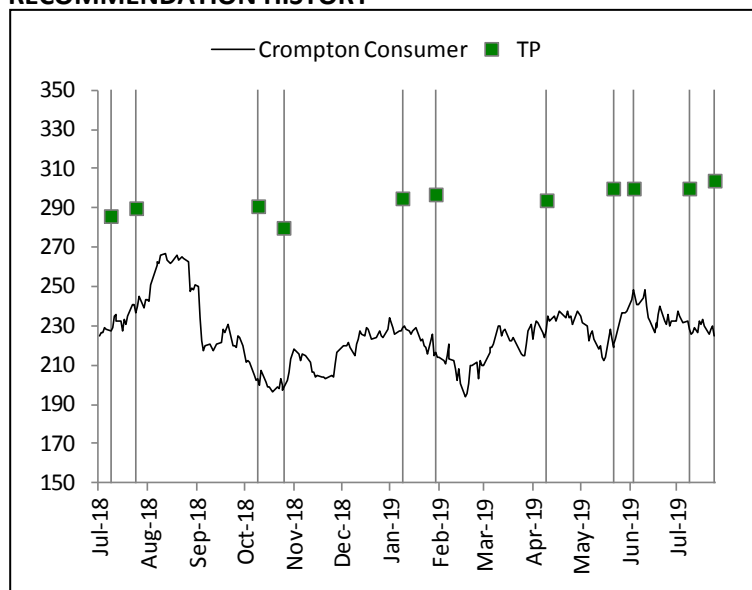
Year ending March (Rsmn)	FY18	FY19P	FY20E	FY21E	FY22E
Reported PBT	4,854	5,616	6,876	8,044	9,232
Interest Expenses	637	596	382	200	97
Depreciation	126	129	231	239	246
Working Capital Change	(933)	(1,346)	(14)	(51)	(158)
Tax Paid	(1,812)	(1,590)	(2,269)	(2,655)	(3,047)
OPERATING CASH FLOW (a)	3,154	3,106	5,206	5,777	6,370
Capex	(135)	(115)	(300)	(300)	(300)
<i>Free Cash Flow (FCF)</i>	<i>3,020</i>	<i>2,991</i>	<i>4,906</i>	<i>5,477</i>	<i>6,070</i>
Investments	(482)	(1,622)	(500)	(500)	(500)
Non-operating Income	286	(134)	(58)	(44)	(46)
INVESTING CASH FLOW (b)	(331)	(1,871)	(858)	(844)	(846)
Debt Issuance/(Repaid)	-	7	(3,000)	(1,700)	(1,700)
Interest Expenses	(634)	(596)	(382)	(200)	(97)
<i>FCFE</i>	<i>2,190</i>	<i>646</i>	<i>966</i>	<i>3,033</i>	<i>3,728</i>
Share Capital Issuance	7	413	258	184	184
Dividend	(1,129)	(1,436)	(1,659)	(1,844)	(2,028)
Others	-	(2)	17	25	28
FINANCING CASH FLOW (c)	(1,755)	(1,614)	(4,766)	(3,534)	(3,612)
NET CASH FLOW (a+b+c)	1,069	(379)	(418)	1,399	1,912
EO Items, Others	8	(33)	-	-	-
Closing Cash & Equivalents	1,774	1,361	973	2,372	4,284

Source: Company, HDFC sec Inst Research

Key Ratios

	FY18	FY19P	FY20E	FY21E	FY22E
PROFITABILITY (%)					
GPM	29.9	29.5	30.4	30.8	31.3
EBITDA Margin	13.0	13.1	13.9	14.1	14.2
EBIT Margin	12.7	12.8	13.5	13.7	13.8
APAT Margin	7.9	8.3	9.2	9.6	9.9
RoE	41.0	35.2	33.4	30.7	28.3
RoIC (or Core RoCE)	38.7	39.4	43.0	48.5	53.1
RoCE	25.5	24.3	28.1	28.6	28.5
EFFICIENCY					
Tax Rate (%)	33.3	28.3	33.0	33.0	33.0
Fixed Asset Turnover (x)	4.6	5.0	5.4	5.9	6.4
<i>Inventory (days)</i>	<i>27.1</i>	<i>28.7</i>	<i>27.7</i>	<i>27.0</i>	<i>27.0</i>
<i>Debtors (days)</i>	<i>49.5</i>	<i>46.1</i>	<i>46.0</i>	<i>46.0</i>	<i>46.0</i>
<i>Other Current Assets (days)</i>	<i>7.6</i>	<i>7.7</i>	<i>7.6</i>	<i>7.6</i>	<i>7.6</i>
<i>Payables (days)</i>	<i>68.7</i>	<i>54.1</i>	<i>54.1</i>	<i>54.1</i>	<i>54.1</i>
<i>Other Current Liab&Provns (days)</i>	<i>18.0</i>	<i>19.6</i>	<i>19.3</i>	<i>19.1</i>	<i>18.9</i>
Cash Conversion Cycle (days)	(2.4)	8.8	7.9	7.4	7.6
Net D/E (x)	0.1	(0.0)	(0.2)	(0.4)	(0.5)
Interest Coverage (x)	8.1	9.6	17.7	38.6	89.4
PER SHARE DATA (Rs)					
EPS	5.2	5.9	7.2	8.4	9.6
CEPS	5.4	6.1	7.5	8.7	10.0
Dividend	1.8	2.0	2.3	2.5	2.8
Book Value	12.6	16.9	21.4	27.2	34.0
VALUATION					
P/E (x)	43.6	37.9	31.5	26.9	23.4
P/BV (x)	17.9	13.3	10.5	8.3	6.6
EV/EBITDA (x)	26.8	24.1	20.3	17.4	15.1
EV/Revenues (x)	3.5	3.1	2.8	2.5	2.1
OCF/EV (%)	2.2	2.2	3.7	4.2	4.8
FCF/EV (%)	2.1	2.1	3.5	4.0	4.5
FCFE/Mkt Cap (%)	1.6	0.5	0.7	2.1	2.6
Dividend Yield (%)	0.8	0.9	1.0	1.1	1.2

Source: Company, HDFC sec Inst Research

RECOMMENDATION HISTORY


Date	CMP	Reco	Target
9-Jul-18	228	BUY	286
27-Jul-18	240	BUY	290
10-Oct-18	202	BUY	291
26-Oct-18	195	BUY	280
9-Jan-19	228	BUY	295
30-Jan-19	216	BUY	297
10-Apr-19	224	BUY	294
23-May-19	219	BUY	300
4-Jun-19	243	BUY	300
9-Jul-19	228	BUY	300
25-Jul-19	225	BUY	304

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

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