

Crompton Consumer

BUY

Another dull show

Crompton's 2Q performance was weak. Dull show in lighting overshadows ECD performance. Crompton remains committed to improve their lighting biz via investments in B-B (inspired by Havells). We believe Crompton's 2HFY20 performance will be similar to 1H and hence don't expect a sharp recovery (unlike peers). We cut EPS by 3-5% over FY19-22E. We value the co at 35x on Sep-21 EPS, arriving at a TP of Rs 339. Maintain BUY.

HIGHLIGHTS OF THE QUARTER

- Net revenues grew by 4% (8% in 2QFY19, 12% in 1QFY20) vs. exp of 11%. Revenue miss was attributed to weak show in lighting (-12% vs. 6% exp). ECD (73% revenue mix) continued its steady growth of 11% (15% in 2QFY19 and 16% in 1QFY20) vs. exp of 13%.
- ECD growth was driven by market share gains in fans (+70-80bps) and robust growth in appliances (~30% growth in last 3 quarters). In the last one year, Crompton has re-launched its appliances portfolio (geysers, pumps and air coolers) and invested in marketing to accelerate growth. Co's focus now shifts to mixer grinders. We expect 13% growth in ECD over FY20-FY21E.
- Lighting performance ex-EESL was tad better at -3%. In LED bulbs, price erosion continues to be steep at 15% despite manufacturing costs stabilizing. Crompton's focus is on driving volume growth and maintaining gross margins in lighting. Co is now re-investing in building their

infrastructure to grow their B-B business. As a result, we don't expect double digit EBIT margins in lighting in the near-term.

- GM expanded by 330bps (exp. 125bps) to 31.9% (-174bps 2QFY19) led by favorable base, benign commodity inflation and price hikes (2% in fans). Employee/other expenses were up by 20/26%. EBITDAM expanded by 10bps to 12% (exp 12.9%).
- ECD EBIT margins expanded by 31bps to 19.2% (exp 19%) led by premiumisation and opev. Lighting EBIT margins declined by 110bps YoY to 5.2% (exp 8%). Lighting margins were under pressure owing to price erosion, higher A&P and investments in B-B business.

STANCE

Crompton's performance has been luke-warm over the last 4 qtrs resulting in stock underperformance (de-rating). We believe 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 medium term drivers. We expect 11/16/13% EBITDA growth in 2HFY20/FY21E/FY22E. Reasonable valuations along with structural long-term initiatives of company drives our BUY rating.

Financial Summary (Standalone)

YE March (Rs mn)	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)	FY18	FY19	FY20E	FY21E	FY22E
Net Revenues	10,758	10,378	3.7	13,468	(20.1)	40,797	44,789	49,311	55,440	62,220
EBITDA	1,295	1,240	4.5	1,919	(32.5)	5,310	5,858	6,550	7,561	8,534
APAT	1,113	769	44.6	1,224	(9.1)	3,238	3,727	4,866	5,797	6,682
Diluted EPS (Rs)	1.77	1.23	44.6	1.95	(9.1)	5.2	5.9	7.6	9.0	10.4
P/E (x)						49.4	42.9	33.8	28.3	24.6
EV / EBITDA (x)						30.3	27.3	24.5	20.7	17.8
Core RoCE (%)						38.7	39.4	45.2	51.8	57.5

Source: Company, HDFC sec Inst Research

INDUSTRY	FMCG
CMP (as on 24 Oct 2019)	Rs 255
Target Price	Rs 339
Nifty	11,583
Sensex	30,020

KEY STOCK DATA

Bloomberg	CROMPTON IN
No. of Shares (mn)	627
MCap (Rs bn) / (\$ mn)	160/2,252
6m avg traded value (Rs mn)	176

STOCK PERFORMANCE (%)

52 Week high / low	Rs 276/190
	3M 6M 12M
Absolute (%)	10.9 8.9 25.4
Relative (%)	7.8 9.0 10.8

SHAREHOLDING PATTERN (%)

	Jun-19	Sep-19
Promoters	34.36	34.36
FIs & Local MFs	21.27	22.0
FPIs	28.32	28.07
Public & Others	16.05	15.57
Pledged Shares (% of total shares)	16.8	16.8

Source : BSE

Naveen Trivedi

naveen.trivedi@hdfcsec.com
+91-22-6171-7324

Siddhant Chhabria

siddhant.chhabria@hdfcsec.com
+91-22-6171-7336

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 revenue growth of 4% was below our estimates of 11%.

Revenue miss was attributed to weak show in lighting (-12% vs. 6% exp)

ECD (73% revenue mix) continued its steady growth of 11% (15% in 2QFY19) vs. exp of 13%.

GM expanded by 330bps (exp 125bps) to 31.9% (-174bps 2QFY19) led by premiumisation, benign commodity inflation and price hikes

APAT grew by 45% to Rs 1,113mn vs. expectation of Rs 1,259mn

Quarterly Financials

Particulars	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)	FY19	FY18	YoY (%)
Net Revenue	10,758	10,378	3.7	13,468	(20.1)	44,789	40,797	11.3
Material Expenses	7,327	7,411	(1.1)	9,073	(19.3)	30,918	27,996	10.4
Employee Expenses	810	675	20.0	820	(1.2)	2,919	2,827	3.3
Other Operating Expenses	1,326	1,053	26.0	1,656	(19.9)	5,094	4,664	9.2
EBITDA	1,295	1,240	4.5	1,919	(32.5)	5,858	5,310	10.3
Depreciation	64	32	97.8	58	10.6	129	126	2.2
EBIT	1,231	1,207	2.0	1,861	(33.9)	5,729	5,184	10.5
Other Income	122	98	24.5	173	na	483	308	56.9
Interest Cost	87	150	(42.1)	150	(41.9)	596	637	(6.5)
PBT	1,267	1,155	9.6	1,885	(32.8)	5,616	4,854	15.7
Tax	154	386	(60.1)	660	(76.7)	1,590	1,617	(1.6)
RPAT	1,113	769	44.6	1,224	(9.1)	4,025	3,238	24.3
Adjustment	-	-	na	-	na	(299)	-	na
APAT	1,113	769	44.6	1,224	(9.1)	3,727	3,238	15.1
EPS (Adjusted)	1.77	1.23	44.6	1.95	(9.1)	5.95	5.17	15.1

Source: Company, HDFC sec Inst Research

Margin Analysis

	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)	FY19	FY18	YoY (%)
Material Expenses	68.1	71.4	(330)	67.4	74	69.0	68.6	41
Employee Expenses	7.5	6.5	103	6.1	144	6.5	6.9	(41)
Other Operating Expenses	12.3	10.1	218	12.3	3	11.4	11.4	(6)
EBITDA Margin	12.0	11.9	10	14.2	(221)	13.1	13.0	6
Tax Rate	12.1	33.4	(2,125)	35.0	(2,288)	28.3	33.3	(498)
PAT Margin	10.3	7.4	293	9.1	125	8.3	7.9	38

Source: Company, HDFC sec Inst Research

ECD growth was driven by market share gains in fans and 39% growth in geysers

Lighting performance ex-EESL was tad better at -3%. LED bulbs continue to witness price erosion (at 15%) despite manufacturing costs stabilizing.

Segmental Quarterly (Reported)

(Rs mn)	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)	FY19	FY18	YoY (%)
Segmental Revenues								
Lighting Products	2,877	3,250	(11.5)	2,739	5.0	12,653	12,770	(0.9)
ECD	7,881	7,128	10.6	10,729	(26.5)	32,136	28,281	15.9
Total	10,758	10,378	3.7	13,468	(20.1)	44,789	41,051	11.3
Segmental EBIT								
Lighting Products	151	206	(26.9)	141	7.0	1,069	1,473	(27.4)
ECD	1,514	1,348	12.4	2,173	(30.3)	6,162	5,347	15.2
Total	1,665	1,554	7.2	2,314	(28.0)	7,230	6,820	6.0
Less:								
(a) Interest Cost & Bank Charges	87	150	(42.1)	150	(41.9)	596	637	(6.5)
(b) Other Un-allocable Expenses	314	249	26.1	280	12.1	1,019	1,328	(23.3)
PBT	1,264	1,155	9.5	1,885	(32.9)	5,616	4,854	15.7
Capital Employed								
Lighting Products	1,163	852	36.6	1,038	12.1	1,125	230	389.4
ECD	1,831	1,685	8.6	1,619	13.1	1,528	1,249	22.4
Total	2,994	2,537	18.0	2,656	12.7	2,654	1,478	79.5
Unallocable Capital Employed	8,958	6,008	49.1	9,609	(6.8)	8,331	6,417	29.8
Total Capital Employed	11,952	8,545	39.9	12,265	(2.6)	10,985	7,895	39.1

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

Segmental EBIT Margin (Reported)

(%)	2QFY20	2QFY19	YoY (bps)	1QFY20	QoQ (bps)	FY19	FY18	YoY (bps)
Lighting Products	5.2	6.3	(110.3)	5.1	9.5	8.4	11.5	(308.7)
Electric Consumer Division (ECD)	19.2	18.9	30.9	20.3	(104.0)	19.2	18.9	26.8
Total	15.5	15.0	50.6	17.2	(170.4)	16.1	16.6	(46.9)

Source: Company, HDFC sec Inst Research

Lighting EBIT remained weak over the last 6 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 80bps market share in fans

Segmental Analysis (like-to-like growth)

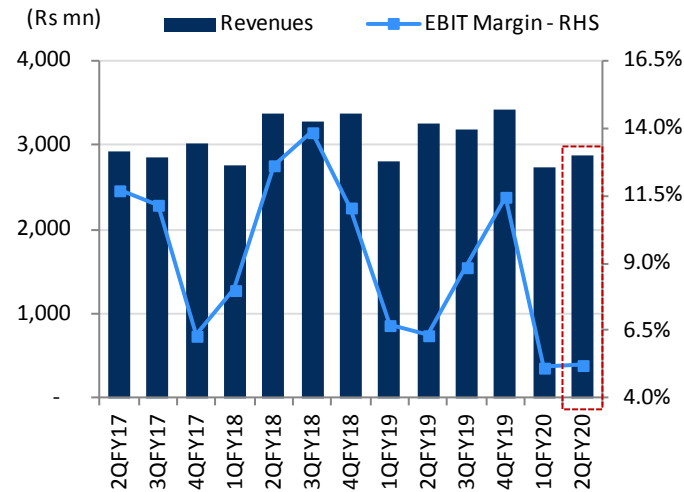
Particulars (YoY %)	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	FY17	FY18	FY19
Revenue Growth (%)												
Lighting Products	25%	23%	21%	10%	-4%	-2%	1%	-2%	-11%	11%	20%	13%
ECD	11%	7%	10%	23%	15%	16%	10%	16%	11%	11%	5%	16%
Total	16%	12%	13%	20%	8%	8%	8%	8%	8%	12%	8%	11%
Revenue Mix (%)												
Lighting Products	35%	35%	30%	23%	31%	31%	28%	20%	27%	28%	31%	31%
ECD	65%	65%	70%	77%	69%	69%	72%	80%	73%	72%	69%	69%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
EBIT Growth (%)												
Lighting Products	25%	42%	96%	-15%	-52%	-38%	5%	-25%	-27%	na	47%	47%
ECD	27%	14%	16%	27%	21%	19%	-2%	21%	12%	na	9%	9%
Total	26%	21%	25%	22%	1%	3%	0%	16%	7%	na	15%	15%
EBIT Mix (%)												
Lighting Products	28%	29%	18%	9%	13%	18%	19%	6%	9%	17%	22%	22%
ECD	72%	71%	82%	91%	87%	82%	81%	94%	91%	83%	82%	82%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company, HDFC sec Inst Research

Crompton has a favorable base of EBITDA in 2HFY20 (5% growth in base)

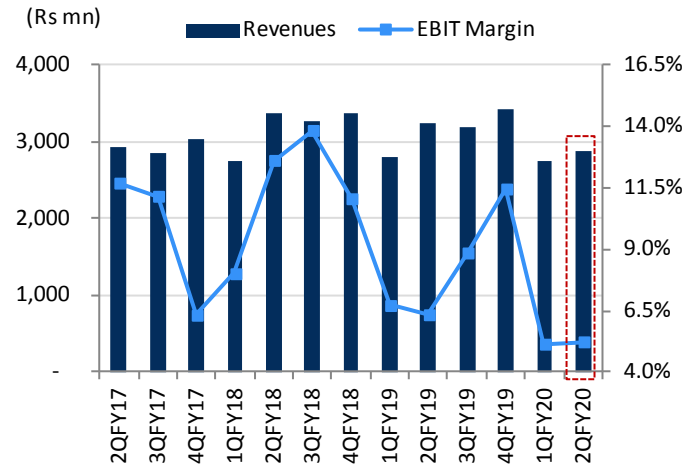
ECD performance remained steady

Net Revenue



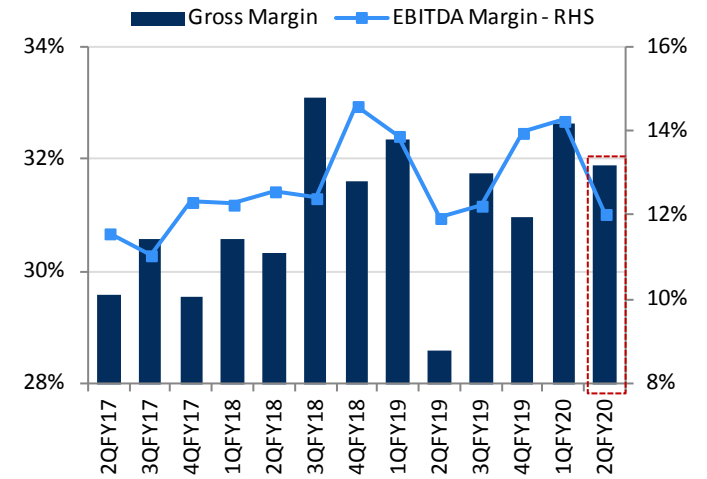
Source: Company, HDFC sec Inst Research

Lighting Performance



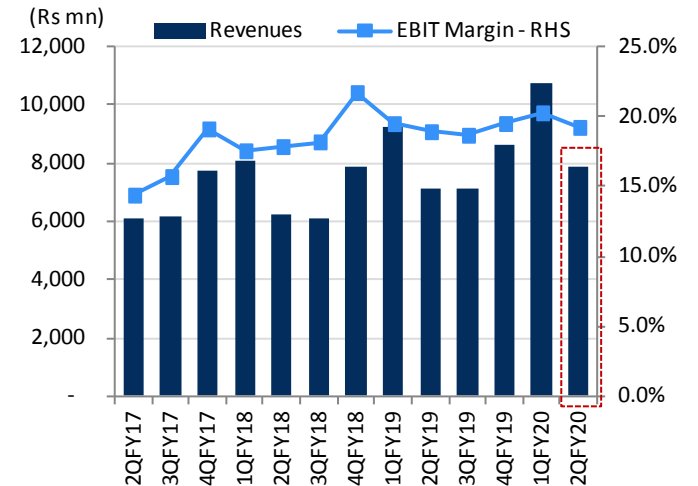
Source: Company, HDFC sec Inst Research

Gross Margin vs. EBITDA Margin



Source: Company, HDFC sec Inst Research

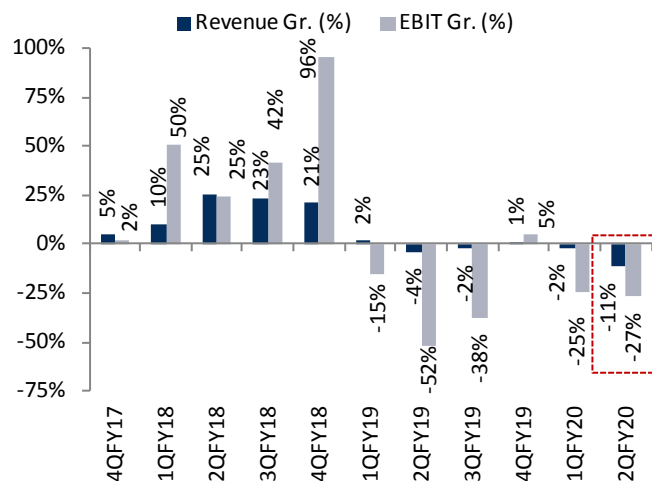
ECD Performance



Source: Company, HDFC sec Inst Research

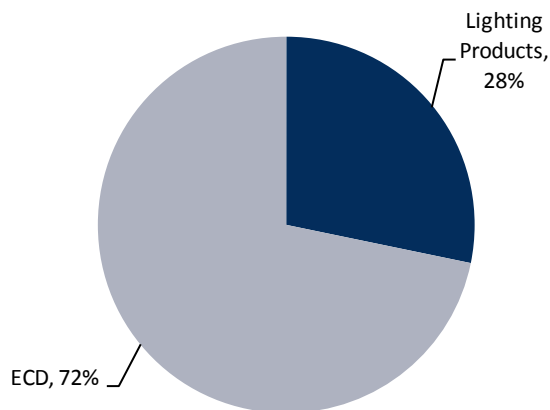
Lighting has been disappointing; management is addressing the issue with various initiatives. Success of B-B will be key.

Crompton's Lighting Performance



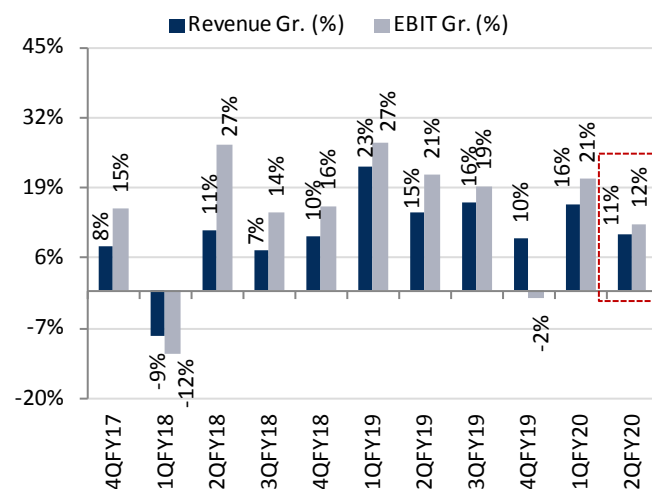
Source: Company, HDFC sec Inst Research

Revenue Mix (FY19)



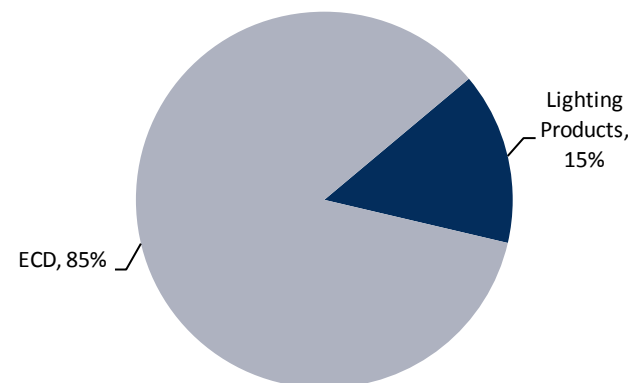
Source: Company, HDFC sec Inst Research

Crompton's Electric Consumer Performance



Source: Company, HDFC sec Inst Research

EBIT Mix (FY19)



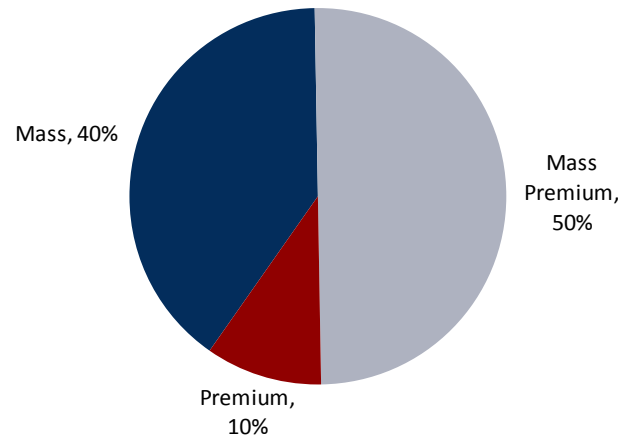
Source: Company, HDFC sec Inst Research

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



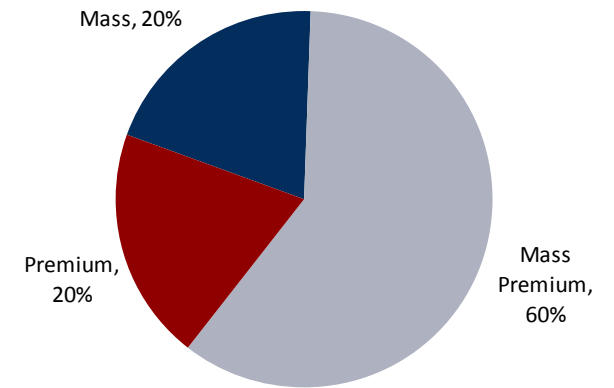
Source: Company, HDFC sec Inst Research

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	22,467	25,051	27,932	12.1%	11.8%	11.5%	11.5%	44.9%	45.6%	45.2%	44.9%
Lighting	12,653	12,780	14,058	15,464	-0.8%	1.0%	10.0%	10.0%	28.3%	25.9%	25.4%	24.9%
Pumps	9,340	10,554	11,768	13,121	17.5%	13.0%	11.5%	11.5%	20.9%	21.4%	21.2%	21.1%
Appliances	2,700	3,510	4,563	5,704	25.0%	30.0%	30.0%	25.0%	6.0%	7.1%	8.2%	9.2%
Total	44,789	49,311	55,440	62,220	11.3%	10.1%	12.4%	12.2%	100.0%	100.0%	100.0%	100.0%

P&L Breakup - % of revenue	FY17	FY18	FY19	FY20E	FY21E	FY22E
Raw Material	71.4	70.1	70.5	69.1	68.7	68.2
Employee expenses	6.0	6.9	6.5	6.7	6.7	6.8
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	3.9	3.8	4.2
EBITDA Margin	12.4	13.0	13.1	13.3	13.6	13.7
Depreciation and amortization	0.3	0.3	0.3	0.5	0.5	0.4
Interest	1.7	1.6	1.3	0.8	0.4	0.2
Other income	0.5	0.8	1.1	1.2	1.2	1.2
PBT	11.0	11.9	12.5	13.2	14.0	14.4
Tax	3.7	4.0	3.6	3.3	3.5	3.6
NPM	7.3	7.9	9.0	9.9	10.5	10.7

Source: HDFC sec Inst Research

We cut EPS by 3-4% over FY20-21E to factor weaker lighting performance

Crompton's performance has witnessed volatility 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			FY22E		
	OLD	NEW	Chg (%)	OLD	NEW	Chg (%)	OLD	NEW	Chg (%)
Sales	50,201	49,311	(1.8)	56,691	55,440	(2.2)	63,902	62,220	(2.6)
EBITDA	6,909	6,550	(4.3)	7,861	7,561	(3.8)	8,865	8,534	(3.7)
APAT	5,083	4,866	(4.3)	5,954	5,797	(2.6)	6,900	6,682	(3.1)
EPS	7.9	7.6	(4.3)	9.2	9.0	(2.6)	10.7	10.4	(3.1)

Peer comparison

Company	MCap (Rs bn)	CMP (Rs)	Rec o.	TP (Rs)	EPS (Rs)			P/E (x)			EV/EBITDA (x)			Core RoCE (%)		
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
Havells	418	668	BUY	738	13.9	18.4	22.6	48.2	36.3	29.6	32.8	25.1	20.7	25.0	31.7	38.2
Voltas	234	708	BUY	746	20.3	24.3	28.0	34.9	29.1	25.2	26.1	22.0	19.2	31.4	31.8	31.6
Crompton	160	255	BUY	339	7.6	9.0	10.4	33.8	28.3	24.6	24.5	20.7	17.8	45.2	51.8	57.5
V-Guard	103	241	BUY	255	5.3	6.6	8.0	45.7	36.5	30.3	35.0	28.0	23.4	26.1	29.9	32.1
Symphony	85	1,218	BUY	1,810	29.7	36.5	43.9	41.0	33.3	27.7	31.7	25.7	21.2	50.5	56.8	62.8

Source: HDFC sec Inst Research

Income Statement

Year End March (Rsmn)	FY18	FY19P	FY20E	FY21E	FY22E
Net Revenues	40,797	44,789	49,311	55,440	62,220
Growth (%)	8.0	11.3	10.1	12.4	12.2
Material Expenses	28,600	31,590	34,089	38,074	42,449
Employee Expense	2,827	2,919	3,305	3,740	4,236
ASP Expense	1,056	1,100	1,504	1,774	1,991
Freight and forwarding	999	1,075	1,183	1,331	1,493
Other expenses	2,005	2,247	2,679	2,959	3,518
EBITDA	5,310	5,858	6,550	7,561	8,534
EBITDA Growth (%)	9.6	10.3	11.8	15.4	12.9
EBITDA Margin (%)	13.0	13.1	13.3	13.6	13.7
Depreciation	126	129	250	258	266
EBIT	5,184	5,729	6,300	7,304	8,268
Other Income (Inc. EO Items)	308	483	584	642	759
Interest	637	596	382	200	97
PBT	4,854	5,616	6,503	7,747	8,930
Tax	1,617	1,590	1,637	1,950	2,248
RPAT	3,238	4,025	4,866	5,797	6,682
Adjustment	-	(299)	-	-	-
APAT	3,238	3,727	4,866	5,797	6,682
APAT Growth (%)	13.7	15.1	30.6	19.1	15.3
Adjusted EPS (Rs)	5.2	5.9	7.6	9.0	10.4
EPS Growth (%)	13.7	15.1	27.1	19.1	15.3

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	12,775	16,912	21,751
Total Shareholders Funds	7,895	10,599	14,063	18,200	23,039
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	196	222	251
TOTAL SOURCES OF FUNDS	14,077	16,668	17,155	19,618	22,786
APPLICATION OF FUNDS					
Tangible Assets	822	837	858	901	935
CWIP	6	10	10	10	10
Goodwill	7,794	7,794	7,794	7,794	7,794
Other Non-Current Assets	274	290	313	352	393
Total Non-current Assets	8,896	8,932	8,975	9,057	9,132
Inventories	3,032	3,524	3,748	4,103	4,604
Debtors	5,536	5,660	6,213	6,985	7,840
Other Current Assets	855	939	1,034	1,157	1,293
Cash & Equivalents	5,452	6,661	7,124	9,448	12,372
Total Current Assets	14,876	16,784	18,118	21,693	26,109
Creditors	7,682	6,642	7,312	8,221	9,227
Other Current Liabilities	2,012	2,406	2,626	2,910	3,229
Total Current Liabilities	9,695	9,048	9,938	11,131	12,455
Net Current Assets	5,181	7,736	8,180	10,561	13,654
TOTAL APPLICATION OF FUNDS	14,077	16,668	17,155	19,618	22,786

Source: Company, HDFC sec Inst Research

Cash Flow Statement

Year ending March (Rsmn)	FY18	FY19P	FY20E	FY21E	FY22E
Reported PBT	4,854	5,616	6,503	7,747	8,930
Interest Expenses	637	596	382	200	97
Depreciation	126	129	250	258	266
Working Capital Change	(933)	(1,346)	19	(57)	(169)
Tax Paid	(1,812)	(1,590)	(1,637)	(1,950)	(2,248)
OPERATING CASH FLOW (a)	3,154	3,106	5,516	6,197	6,876
Capex	(135)	(115)	(300)	(300)	(300)
<i>Free Cash Flow (FCF)</i>	<i>3,020</i>	<i>2,991</i>	<i>5,216</i>	<i>5,897</i>	<i>6,576</i>
Investments	(482)	(1,622)	(500)	(500)	(500)
Non-operating Income	286	(134)	(22)	(39)	(41)
INVESTING CASH FLOW (b)	(331)	(1,871)	(822)	(839)	(841)
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>1,312</i>	<i>3,458</i>	<i>4,238</i>
Share Capital Issuance	7	413	258	184	184
Dividend	(1,129)	(1,436)	(1,659)	(1,844)	(2,028)
Others	-	(2)	23	26	29
FINANCING CASH FLOW (c)	(1,755)	(1,614)	(4,761)	(3,533)	(3,611)
NET CASH FLOW (a+b+c)	1,069	(379)	(67)	1,824	2,424
EO Items, Others	8	(33)	-	-	-
Closing Cash & Equivalents	1,774	1,361	1,324	3,148	5,572

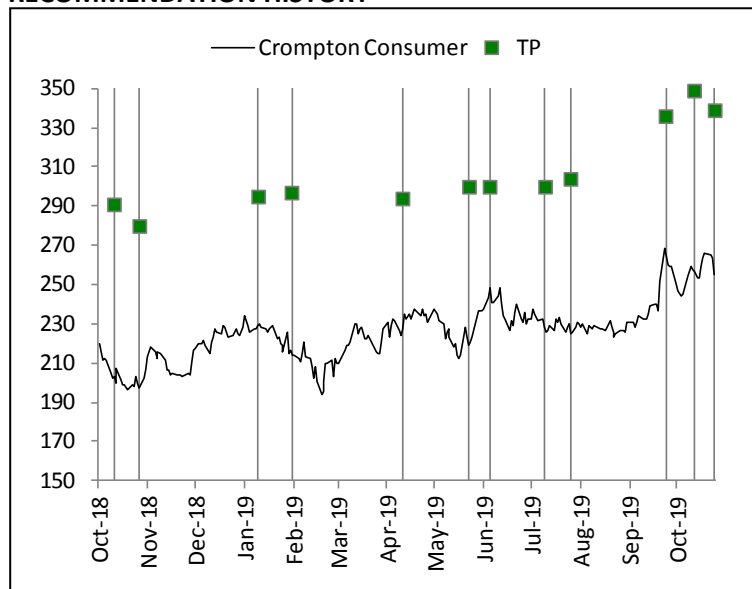
Source: Company, HDFC sec Inst Research

Key Ratios

	FY18	FY19P	FY20E	FY21E	FY22E
PROFITABILITY (%)					
GPM	29.9	29.5	30.9	31.3	31.8
EBITDA Margin	13.0	13.1	13.3	13.6	13.7
EBIT Margin	12.7	12.8	12.8	13.2	13.3
APAT Margin	7.9	8.3	9.9	10.5	10.7
RoE	41.0	35.2	34.6	31.8	29.0
RoIC (or Core RoCE)	38.7	39.4	45.2	51.8	57.5
RoCE	25.5	24.3	29.3	29.7	29.2
EFFICIENCY					
Tax Rate (%)	33.3	28.3	25.2	25.2	25.2
Fixed Asset Turnover (x)	4.6	5.0	5.3	5.8	6.3
<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>7.7</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>19.4</i>	<i>19.2</i>	<i>18.9</i>
Cash Conversion Cycle (days)	(2.4)	8.8	7.8	7.3	7.5
Net D/E (x)	0.1	(0.0)	(0.3)	(0.4)	(0.5)
Interest Coverage (x)	8.1	9.6	16.5	36.6	85.6
PER SHARE DATA (Rs)					
EPS	5.2	5.9	7.6	9.0	10.4
CEPS	5.4	6.1	7.9	9.4	10.8
Dividend	1.8	2.0	2.3	2.5	2.8
Book Value	12.6	16.9	21.8	28.3	35.8
VALUATION					
P/E (x)	49.4	42.9	33.8	28.3	24.6
P/BV (x)	20.2	15.1	11.7	9.0	7.1
EV/EBITDA (x)	30.3	27.3	24.5	20.7	17.8
EV/Revenues (x)	3.9	3.6	3.3	2.8	2.4
OCF/EV (%)	2.0	1.9	3.4	4.0	4.5
FCF/EV (%)	1.9	1.9	3.2	3.8	4.3
FCFE/Mkt Cap (%)	1.4	0.4	0.8	2.1	2.6
Dividend Yield (%)	0.7	0.8	0.9	1.0	1.1

Source: Company, HDFC sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
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
22-Sep-19	251	BUY	336
11-Oct-19	257	BUY	349
24-Oct-19	255	BUY	339

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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HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Binkle R. Oza Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

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