

Winning in its space

Voltas delivered another strong show in its UCP business while EMPS business was weak. Low channel inventory for RAC supported growth in an off-season quarter (expect it to sustain over 2HFY20). Robust growth in order book signals a recovery in project business. We value Voltas on SOTP basis, valuing EMPS/EPS/UCP at 17/20/35x on Sep-21E EPS and Volt-Beko at 1x P/S, translating to a TP of Rs 742. Maintain BUY.

HIGHLIGHTS OF THE QUARTER

- UCP growth of 19% (exp 17%) was driven by low channel inventory and a favorable base. Voltas continues to gain market share (24.4% YTD) despite stiff competitive intensity. Growth in festive season was healthy led by discounting and general pickup in demand. We expect healthy growth to sustain in 2HFY20. We model UCP growth of 29/11/13% in FY20/21/22E.
- UCP EBIT margins expanded by 251bps to 8.8% (exp. 9.5%) despite higher custom duty and no price hikes. Margin expansion was driven by favorable base and op-lev. We expect 12.2% UCP EBIT margins for FY20E (vs. guidance of 11%), driven by oplev and higher local sourcing. Besides, commissioning of Tirupati plant will also support margins from FY21E onwards. We model

Financial Summary

YE March (Rs mn)	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)	FY18	FY19	FY20E	FY21E	FY22E
Net Revenues	14,219	14,214	0.0	26,540	(46.4)	64,044	71,241	82,202	92,249	104,641
EBITDA	1,059	1,085	(2.5)	2,912	(63.6)	6,626	6,117	7,837	9,082	10,414
APAT	1,126	1,035	8.8	1,966	(42.7)	5,719	5,168	6,556	8,034	9,409
Diluted EPS (Rs)	3.4	3.1	8.8	5.9	(42.7)	17.3	15.6	19.8	24.3	28.4
P/E (x)						38.5	42.6	33.6	27.4	23.4
EV / EBITDA (x)						29.1	32.2	25.0	21.3	18.2
Core RoCE (%)						43.6	31.4	29.8	31.1	31.4

Source: Company, HDFC sec Inst Research

- UCP margin of 12.1/12.6/12.8% in FY20/21/22E.
- EMPS Rev/EBIT grew by -10/-26% YoY (exp. 0/-7%) as execution moderated owing to slowdown in government projects. However, order book grew by 34% to Rs 65.6bn (all time-high) driven by pickup in domestic and international orders. This drives our confidence of a recovery in EMPS business in 2HFY20. We model 4/14/14% revenue growth with 8% EBIT margin for FY20/21/22E.
- Volt-Beko's distribution expansion is on-going. The brand is now available in 150 EBOs. JV losses moderated in 2Q to Rs 92mn vs. Rs 214mn in 1QFY20. Commissioning of the Volt-Beko plant (Dec-19) is eagerly awaited as it will expand portfolio with direct cool refrigerators vs. imports currently.

STANCE

Voltas is winning in its product segment strategy as it is able to meet demand across the pyramid i.e. mass (window), mass premium (fixed speed and inverter) and premium (7 star products for EESL). This is in contrast with peers who have migrated towards inverters and 5-star products. Low channel inventory drives visibility for robust growth in 2HFY20. Besides, robust growth in order book is expected to drive recovery in EMPS business.

INDUSTRY	APPLIANCES		
CMP (as on 07 Nov 2019)	Rs 666		
Target Price	Rs 742		
Nifty	12,012		
Sensex	40,654		
KEY STOCK DATA			
Bloomberg	VOLT IN		
No. of Shares (mn)	331		
MCap (Rs bn) / (\$ mn)	221/3,108		
6m avg traded value (Rs mn)	923		
STOCK PERFORMANCE (%)			
52 Week high / low	Rs 725/501		
	3M	6M	12M
Absolute (%)	10.0	10.8	29.7
Relative (%)	(0.8)	4.6	14.4
SHAREHOLDING PATTERN (%)			
	Jun-19	Sep-19	
Promoters	30.30	30.30	
FIs & Local MFs	35.89	39.05	
FPIs	12.99	10.19	
Public & Others	20.41	20.46	
Pledged Shares	0.00	0.00	
Source : BSE			

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Net revenue growth was flat vs. expectation of 5%. Robust 19% growth in UCP beats our estimates of 17%

EBITDA margin decline is owing to revenue and margin dip in EMPS business

JV losses moderated in 2Q to Rs 92mn vs. Rs 214mn in 1QFY20. Volt-Beko JV (Rs 800 mn cumulative loss in 3Q/4Q/1Q/2Q)

Lower taxes drove 9% growth in APAT to Rs 1,126mn vs. exp of Rs 1,144mn

Quarterly Financials Snapshot: Consolidated

(Rs mn)	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)	FY19	FY18	YoY (%)
Net Sales	14,219	14,214	0.0	26,540	(46.4)	71,241	64,044	11.2
Material Expenses	10,181	10,300	(1.2)	19,802	(48.6)	52,622	45,675	15.2
Employee Expenses	1,576	1,723	(8.5)	1,632	(3.4)	6,419	5,867	9.4
Other Operating Expenses	1,404	1,105	27.0	2,194	(36.0)	6,083	5,875	3.5
EBITDA	1,059	1,085	(2.5)	2,912	(63.6)	6,117	6,626	(7.7)
Depreciation	80	60	34.8	77	3.9	240	244	(1.5)
EBIT	979	1,026	(4.6)	2,835	(65.5)	5,877	6,383	(7.9)
Interest Cost	49	64	(22.7)	44	12.8	330	119	176.7
Other Income	726	461	57.6	433	67.8	1,863	1,741	7.0
PBT (before exceptional)	1,655	1,423	16.3	3,224	(48.7)	7,410	8,005	(7.4)
Share of profit / (loss) of jv and associates	(92)	(22)	na	(214)	na	(518)	38	na
PBT	1,564	1,401	11.7	3,010	(48.0)	6,892	8,043	(14.3)
Exceptional item	(61)	-	na	(430)	na	(118)	6	na
PBT (after exceptional)	1,503	1,401	7.3	2,580	(41.8)	6,774	8,049	(15.8)
Tax	430	331	29.9	917	(53.1)	1,635	2,270	(28.0)
PAT before MI	1,073	1,070	0.3	1,663	(35.5)	5,139	5,779	(11.1)
Minority	9	35	(76.0)	11	(25.4)	60	55	8.5
Reported PAT	1,064	1,035	2.9	1,652	(35.6)	5,079	5,724	(11.3)
Adjustment	61	0	na	314	na	89	(5)	na
APAT	1,126	1,035	8.8	1,966	(42.7)	5,168	5,719	(9.6)
EPS (adjusted)	3.4	3.1	8.8	5.9	(42.7)	15.6	17.3	(9.6)

Source: Company, HDFC sec Inst Research

Margin Analysis: Consolidated

Particulars	2QFY20	2QFY19	YoY (bps)	1QFY20	QoQ (bps)	FY19	FY18	YoY (bps)
Material Expenses (%)	71.6	72.5	-87	74.6	-301	73.9	71.3	255
Employee Expenses (%)	11.1	12.1	-104	6.1	493	9.0	9.2	-15
Other operating expenses (%)	9.9	7.8	210	8.3	161	8.5	9.2	-64
EBITDA Margin (%)	7.4	7.6	-19	11.0	-353	8.6	10.3	-176
Tax Rate (%)	27.5	23.6	387	30.5	-298	23.7	28.2	-450
Net Profit Margin (%)	7.9	7.3	64	7.4	51	7.3	8.9	-168

Source: Company, HDFC sec Inst Research

Low channel inventory and favourable base resulted in robust 19% growth in UCP

RAC growth was broad-based market and products (Inverter, Window, Fixed)

Inverter mix for Voltas grew to 50% (in-line with industry) in FY19 vs. 20% in FY18

EMPS revenue was down owing to slowdown in capex cycle

EMPS EBIT margins declined by 149bps to 6.9%. The co. has maintained a healthy margin profile in FY19 (7.7%) and expects long-term margins to be ~7.5%

Segmental Quarterly Performance: Consolidated

(Rs mn)	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)	FY19	FY18	YoY (%)
Segmental Gross Revenues								
UCP	5,256	4,410	19.2	17,488	(69.9)	31,556	32,261	(2.2)
EMPS	8,093	9,015	(10.2)	8,241	(1.8)	36,191	28,452	27.2
EPS	803	729	10.2	740	8.6	3,117	3,099	0.6
Less: Intersegment revenue	2	7		2		17	10	
Total	14,150	14,147	0.0	26,467	(46.5)	70,846	63,803	11.0
EBIT								
UCP	463	278	66.8	2,298	(79.9)	3,254	4,749	(31.5)
EMPS	561	759	(26.1)	656	(14.4)	2,773	1,854	49.6
EPS	253	290	(12.8)	239	5.6	1,051	992	5.9
Total	1,277	1,327	(3.8)	3,193	(60.0)	7,077	7,595	(6.8)
Add- Unall Inc / (Unall Exp)	337	138	143.8	(138)	(343.1)	145	568	(74.5)
Less- Interest Exp	49	64	(22.7)	44	12.8	330	119	176.7
PBT	1,564	1,401	11.7	3,010	(48.0)	6,892	8,043	(14.3)
Revenue Mix (%)								
UCP	37.1	31.2		66.1		44.5	50.6	
EMPS	57.2	63.7		31.1		51.1	44.6	
EPS	5.7	5.2		2.8		4.4	4.9	
Total	100.0	100.0		100.0		100.0	100.0	
EBIT Mix (%)								
UCP	36.2	20.9		72.0		46.0	62.5	
EMPS	43.9	57.2		20.5		39.2	24.4	
EPS	19.8	21.9		7.5		14.8	13.1	
Total	100.0	100.0		100.0		100.0	100.0	
EBIT Margin (%)								
	2QFY20	2QFY19	YoY (bps)	1QFY20	QoQ (bps)	FY19	FY18	YoY (bps)
UCP	8.8	6.3	251	13.1	-433	10.8	14.7	(393)
EMPS	6.9	8.4	(149)	8.0	-102	7.7	6.5	115
EPS	31.5	39.8	(829)	32.4	-87	33.7	32.0	170

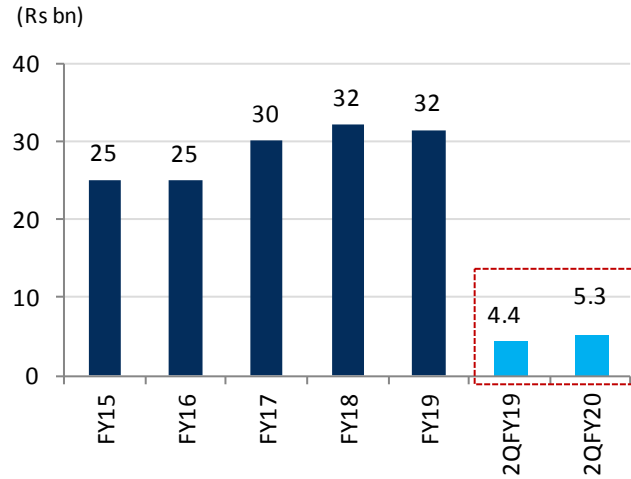
Source: Company, HDFC sec Inst Research

We model UCP growth of 29/11/13% in FY20/21/22E.

We model UCP margin of 12.1/12.6/12.8% in FY20/21/22E

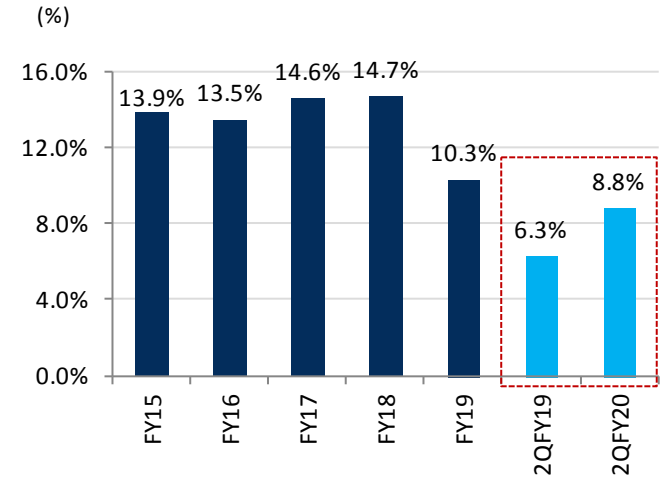
We model 4/14/14% revenue growth in EMPS with 8% EBIT margin for FY20/21/22E

UCP Segment: Revenue



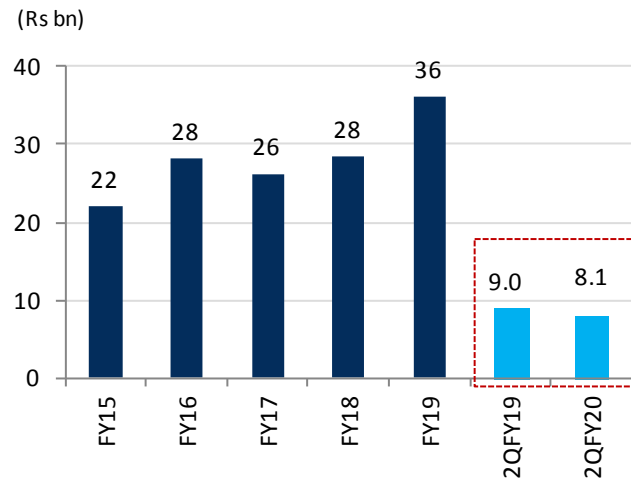
Source: Company, HDFC sec Inst Research

UCP Segment: EBIT Margin



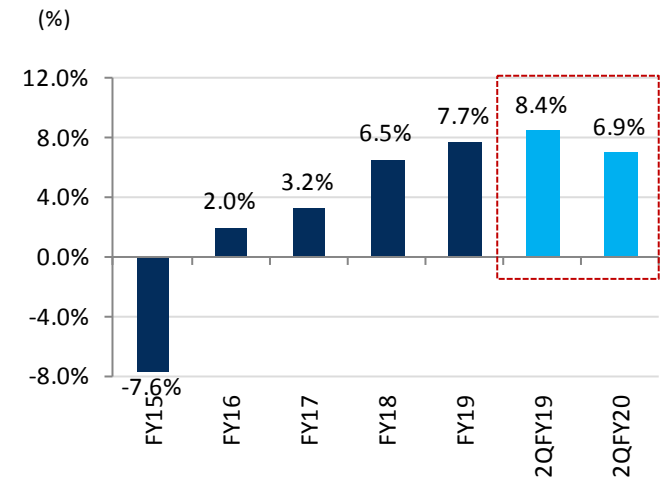
Source: Company, HDFC sec Inst Research

EMPS Segment: Revenue



Source: Company, HDFC sec Inst Research

EMPS Segment: EBIT Margin

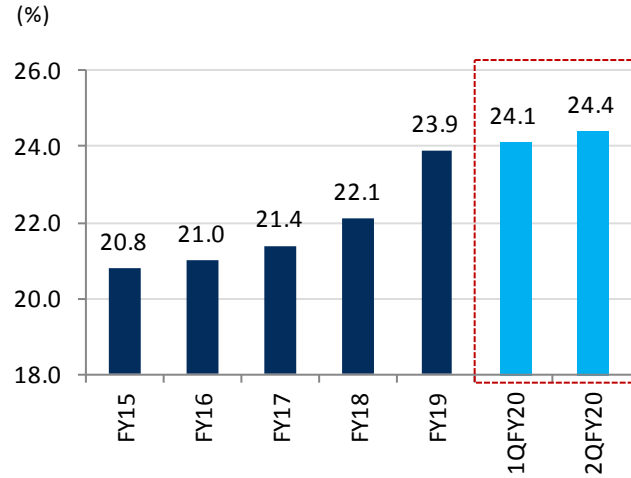


Source: Company, HDFC sec Inst Research

In summer-19, there was a surge in demand for low priced RAC products in North India. Voltas was the key beneficiary as most players migrated to premium products (inverters)

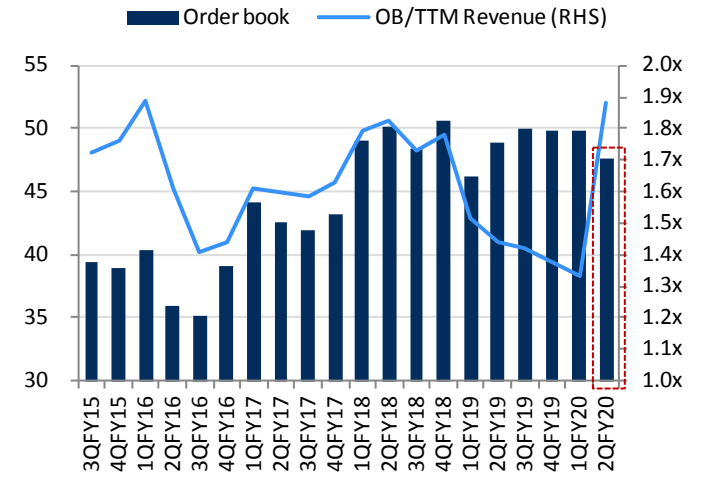
Total order book is healthy at Rs ~66bn (1.9x book/bill). Order book grew by 34%. Domestic order growth was even higher driven by orders in infra, metro, water and rural electrification.

Room AC Market Share



Source: Company, HDFC sec Inst Research

Order Book to bill



Source: Company, HDFC sec Inst Research

We expect UCP margins to expand hereon given favorable operating leverage and increased localization (sourcing and manufacturing)

Key Assumptions: Consolidated

Rs mn	FY17	FY18	FY19	FY20E	FY21E	FY22E
Segment Revenues						
UCP	30,154	32,261	31,556	40,721	45,003	50,971
YoY Growth	20.2%	15.0%	-2.2%	29.0%	10.5%	13.3%
EMPS	26,277	28,452	36,191	37,741	43,125	49,217
YoY Growth	-6.7%	8.3%	27.2%	4.3%	14.3%	14.1%
EPS	3,284	3,099	3,117	3,399	3,748	4,042
YoY Growth	-11.0%	-5.6%	0.6%	9.1%	10.3%	7.8%
Segment Margins						
UCP	14.6%	14.7%	10.8%	12.2%	12.6%	12.8%
EMPS	3.2%	6.5%	7.7%	7.7%	7.9%	8.2%
EPS	29.1%	32.0%	33.7%	31.5%	31.5%	31.4%

Source: Company, HDFC sec Inst Research

Change in Estimates

Particulars (Rs mn)	FY20E			FY21E			FY22E		
	Old	New	Chg (%)	Old	New	Chg (%)	Old	New	Chg (%)
Net Revenues	83,364	82,202	-1.4%	94,587	92,249	-2.5%	107,663	104,641	-2.8%
EBITDA	8,050	7,837	-2.7%	9,399	9,082	-3.4%	10,588	10,414	-1.6%
PAT	6,709	6,556	-2.3%	8,045	8,034	-0.1%	9,276	9,409	1.4%
EPS	20.3	19.8	-2.3%	24.3	24.3	-0.1%	28.0	28.4	1.4%

Source: Company, HDFC sec Inst Research

We expect UCP margins to expand hereon given favorable operating leverage and increased localization (sourcing and manufacturing)

Miss in EMPS performance in 2Q drives cut in our estimates

No change in P/E multiple

Change in Estimates (Segmental)

	FY20E			FY21E		
	Old	New	Chg (%)	Old	New	Chg (%)
Revenue						
UCP	41,002	40,721	-0.7%	46,334	45,003	-2.9%
EMPS	38,663	37,741	-2.4%	44,175	43,125	-2.4%
EPS	3,361	3,399	1.1%	3,706	3,748	1.1%
Total	83,026	81,862	-1.4%	94,215	91,875	-2.5%
EBIT						
UCP	5,030	4,951	-1.6%	5,852	5,665	-3.2%
EMPS	3,037	2,895	-4.7%	3,509	3,416	-2.6%
EPS	1,117	1,072	-4.1%	1,231	1,181	-4.1%
Total	9,184	8,917	-2.9%	10,592	10,262	-3.1%
EBIT Margin						
UCP	12.3%	12.2%	(11)	12.6%	12.6%	(4)
EMPS	7.9%	7.7%	(18)	7.9%	7.9%	(2)
EPS	33.2%	31.5%	(171)	33.2%	31.5%	(170)
Total	11.1%	10.9%	(17)	11.2%	11.2%	(7)

SOTP Valuation

Business	Method	Sep-21E	Multiple (x)	Valuation	VPS
UCP	P/E multiple	5,011	35	177,132	535
EMPS	P/E multiple	2,682	17	45,588	138
EPS	P/E multiple	922	20	18,431	56
Volt-Beko	P/S multiple	4,429	1	4,429	13
SOTP					742

Source: Company, HDFC sec Inst Research

RAC production (-8% in FY19) has lagged RAC industry growth (-3% in FY19), implying the channel inventory has now normalized

FY19 YTD production volumes suggest a clear change in mix (skewed to inverters) resulting in value growth > volume growth for the industry

FY19 3 star rated ACs used to be 5star rated ACs in 2017 owing to change in energy efficiency norms

Air Conditioner: Industry Production Volume

RAC industry production volume

Volume	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Star 1	107,525	260,019	223,016	88,326	39,782	1,505	415,913	78,314
Star 2	1,064,021	1,286,143	1,131,687	927,755	561,870	429,452	538,926	4,29,795
Star 3	894,352	1,017,074	1,342,260	2,486,797	2,785,931	3,629,764	2,846,892	23,03,627
Star 4	147,176	245,353	207,138	130,471	47,836	37,009	99,109	13,853
Star 5	541,648	458,976	578,454	1,006,012	1,240,603	1,641,909	1,038,727	1,43,329
Inverter	-	-	-	-	25,006	702,652	1,964,640	34,17,175
Total	2,754,722	3,267,565	3,482,555	4,639,361	4,701,028	6,442,291	6,904,207	63,86,093

Growth YoY (%)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Star 1		142%	-14%	-60%	-55%	-96%	27535%	-81%
Star 2		21%	-12%	-18%	-39%	-24%	25%	-20%
Star 3		14%	32%	85%	12%	30%	-22%	-19%
Star 4		67%	-16%	-37%	-63%	-23%	168%	-86%
Star 5		-15%	26%	74%	23%	32%	-37%	-86%
Inverter						2710%	180%	74%
Total		19%	7%	33%	1%	37%	7%	-8%

Mix (%)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Star 1	4	8	6	2	1	0	6	1
Star 2	39	39	32	20	12	7	8	7
Star 3	32	31	39	54	59	56	41	36
Star 4	5	8	6	3	1	1	1	0
Star 5	20	14	17	22	26	25	15	2
Inverter	-	-	-	-	1	11	28	54
Total	100	100	100	100	100	100	100	100

Source: BEE, 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 (%)		
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
Havells	443	709	BUY	738	12.7	13.9	18.4	56.0	51.2	38.5	36.2	34.9	26.7	26.7	25.0	31.7
Voltas	221	666	BUY	742	15.6	19.8	24.3	42.6	33.6	27.4	32.2	25.0	21.3	31.4	29.8	31.1
Crompton	160	256	BUY	339	5.9	7.6	9.0	43.1	33.9	28.4	27.4	24.6	20.8	39.4	45.2	51.8
V-Guard	103	241	NEU	242	4.1	5.1	6.3	59.4	47.3	38.2	46.1	33.8	28.5	21.1	26.4	29.0
Symphony	88	1,255	BUY	1,810	15.4	29.7	36.5	81.5	42.3	34.4	64.2	32.7	26.5	31.9	50.5	56.8
TTK Prestige	85	6,160	NR	8,456	138.7	172.8	199.0	44.4	35.6	31.0	28.6	25.1	21.6	21.5	24.1	25.7

Source: HDFC sec Inst Research

Income Statement: Consolidated

(Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
Net Revenues	64,044	71,241	82,202	92,249	104,641
Growth (%)	6.2	11.2	15.4	12.2	13.4
Material Expenses	45,675	52,622	60,479	68,547	77,739
Employee Expenses	5,867	6,419	6,799	7,479	8,227
SG&A Expenses	5,875	6,083	7,086	7,140	8,261
Total Expenses	57,417	65,124	74,365	83,166	94,227
EBIDTA	6,626	6,117	7,837	9,082	10,414
EBIDTA %	10.3	8.6	9.5	9.8	10.0
EBIDTA Growth %	14.4	(7.7)	28.1	15.9	14.7
Depreciation	244	240	296	347	403
EBIT	6,383	5,877	7,541	8,736	10,011
Other Income (Including EO Items)	1,741	1,863	2,369	2,518	2,775
Interest	119	330	248	240	232
Share of profit in associates	38	(518)	(626)	(257)	42
PBT (before exceptional)	8,043	6,892	9,035	10,757	12,596
Exceptional	6	(118)	-	-	-
PBT	8,049	6,774	9,035	10,757	12,596
Tax (Incl Deferred)	2,270	1,635	2,467	2,711	3,174
Minority Interest	55	60	13	13	13
RPAT	5,724	5,079	6,556	8,034	9,409
EO (Loss) / Profit (Net Of Tax)	4	(89)	-	-	-
APAT	5,719	5,168	6,556	8,034	9,409
APAT Growth (%)	12.5	(9.6)	26.8	22.5	17.1
Adjusted EPS (Rs)	17.3	15.6	19.8	24.3	28.4
EPS Growth (%)	12.5	(9.6)	26.8	22.5	17.1

Source: Company, HDFC sec Inst Research

Balance Sheet: Consolidated

(Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
SOURCES OF FUNDS					
Share Capital	331	331	331	331	331
Reserves	38,721	42,206	47,168	53,210	60,228
Total Shareholders Funds	39,052	42,537	47,499	53,541	60,559
Minority Interest	317	377	390	403	416
Long Term Debt	-	-	-	-	-
Short Term Debt	1,423	3,147	3,047	2,947	2,847
Total Debt	1,423	3,147	3,047	2,947	2,847
Net Deferred Taxes	(46)	(993)	(993)	(993)	(993)
Other Non-current Liabilities & Provns	883	847	967	1,081	1,225
TOTAL SOURCES OF FUNDS	41,629	45,914	50,909	56,978	64,053
APPLICATION OF FUNDS					
Net Block	2,248	2,707	3,411	4,315	5,162
CWIP	41	157	157	157	157
Goodwill	723	723	723	723	723
Investments in JVs & Associates	1,558	2,102	3,852	4,352	4,602
Other Non-current Assets	354	744	594	666	756
Total Non-current Assets	4,925	6,433	8,737	10,213	11,399
Cash & equivalents	28,815	26,698	27,429	30,216	34,126
Inventories	8,129	10,907	12,535	14,207	16,112
Debtors	15,703	18,032	20,269	22,494	25,228
Other Current Assets	15,346	10,208	12,043	13,515	15,330
Total Current Assets	39,178	39,146	44,847	50,215	56,671
Creditors	21,764	23,745	27,221	30,442	34,491
Other Current Liabilities & Provns	9,525	2,618	2,883	3,224	3,653
Total Current Liabilities	31,289	26,363	30,104	33,666	38,144
Net Current Assets	7,889	12,783	14,743	16,549	18,527
TOTAL APPLICATION OF FUNDS	41,629	45,914	50,909	56,978	64,053

Source: Company, HDFC sec Inst Research

Cash Flow: Consolidated

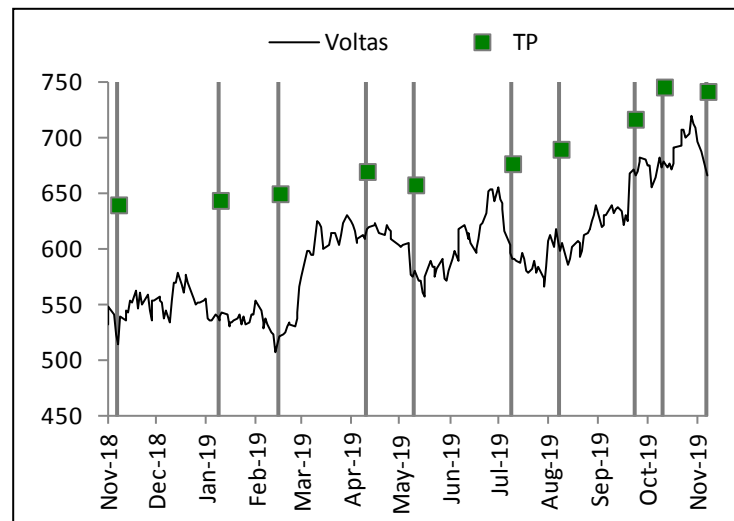
(Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
Reported PBT	8,049	6,774	9,035	10,757	12,596
Non-operating & EO items	(2,194)	(1,863)	(2,369)	(2,518)	(2,775)
Interest Expenses	119	330	248	240	232
Depreciation	244	240	296	347	403
Working capital change	(473)	(5,320)	(1,690)	(1,764)	(1,924)
Tax Paid	(2,492)	(1,635)	(2,467)	(2,711)	(3,174)
OPERATING CASH FLOW (a)	3,253	(1,474)	3,054	4,350	5,358
Capex	(331)	(815)	(1,000)	(1,250)	(1,250)
Free Cash Flow	2,922	(2,289)	2,054	3,100	4,108
Investments	(2,197)	(544)	(1,750)	(500)	(250)
Non-operating Income	536	1,863	2,369	2,518	2,775
INVESTING CASH FLOW (b)	(1,992)	504	(381)	768	1,275
Debt Issuance/(Repaid)	(287)	1,724	(100)	(100)	(100)
Interest	(120)	(330)	(248)	(240)	(232)
FCFE	2,515	(895)	1,706	2,761	3,776
Share Capital Issuance	-	-	-	-	-
Minority Interest					
Dividend	(1,407)	(1,594)	(1,594)	(1,992)	(2,391)
FINANCING CASH FLOW (c)	(1,814)	(200)	(1,942)	(2,332)	(2,723)
NET CASH FLOW (a+b+c)	(553)	(1,170)	731	2,787	3,910
Closing Cash & Equivalents	24,854	27,645	27,429	30,216	34,126

Source: Company, HDFC sec Inst Research

Key Ratios: Consolidated

	FY18	FY19	FY20E	FY21E	FY22E
PROFITABILITY %					
GPM	28.7	26.1	26.4	25.7	25.7
EBITDA margin	10.3	8.6	9.5	9.8	10.0
APAT margin	8.9	7.3	8.0	8.7	9.0
RoE	15.9	12.7	14.6	15.9	16.5
Core RoCE (RoIC)	43.6	31.4	29.8	31.1	31.4
RoCE	15.0	12.4	13.9	15.2	15.8
EFFICIENCY					
Tax Rate (%)	28.2	24.1	27.3	25.2	25.2
Fixed Asset Turnover (x)	28.0	24.9	23.0	20.6	19.7
<i>Inventory (days)</i>	46.3	55.9	55.7	56.2	56.2
<i>Debtors (days)</i>	89.5	92.4	90.0	89.0	88.0
<i>Other Current Assets (days)</i>	87.5	52.3	53.5	53.5	53.5
<i>Payables (days)</i>	124.0	121.7	120.9	120.5	120.3
<i>Other Current Liab & Provns (days)</i>	54.3	13.4	12.8	12.8	12.7
<i>Cash Conversion Cycle (days)</i>	45.0	65.5	65.5	65.5	64.6
Debt/EBITDA (x)	0.2	0.5	0.4	0.3	0.3
Net D/E (x)	(0.7)	(0.6)	(0.5)	(0.5)	(0.5)
Interest Coverage (x)	53.5	17.8	30.4	36.4	43.2
PER SHARE DATA (Rs)					
EPS	17.3	15.6	19.8	24.3	28.4
CEPS	18.0	16.3	20.7	25.3	29.7
Dividend	4.0	4.0	5.0	6.0	7.0
Book Value	118.1	128.6	143.6	161.9	183.1
VALUATION					
P/E (x)	38.5	42.6	33.6	27.4	23.4
P/BV (x)	5.6	5.2	4.6	4.1	3.6
EV/EBITDA (x)	29.1	32.2	25.0	21.3	18.2
EV/Revenues (x)	3.0	2.8	2.4	2.1	1.8
OCF/EV (%)	1.7	(0.7)	1.6	2.3	2.8
FCF/EV (%)	1.5	(1.2)	1.0	1.6	2.2
FCFE/Mkt Cap (%)	1.1	(0.4)	0.8	1.3	1.7
Dividend Yield (%)	0.6	0.6	0.8	0.9	1.1

Source: Company, HDFC sec Inst Research

RECOMMENDATION HISTORY


Date	CMP	Reco	Target
9-Nov-18	515	BUY	640
9-Jan-19	540	BUY	644
18-Feb-19	522	BUY	650
10-Apr-19	609	BUY	670
15-May-19	580	BUY	658
9-Jul-19	596	BUY	677
8-Aug-19	598	BUY	690
22-Sep-19	668	BUY	717
11-Oct-19	668	BUY	746
8-Nov-19	666	BUY	742

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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