January 09, 2020 INITIATING COVERAGE

# Orient Electric Ltd (OEL)

**Sensex: 40324** **CMP: INR 194** **Target Price: INR 240**

SPA THE FINANCIAL ADVISORS

**Consumer Electrical**

**We initiate coverage on OEL, a strong #2 player in domestic fans market & largest exporter of fans from India. With focus on premium segment, OEL dominates this segment with ~ 50% market share. Lighting and domestic appliances are other product categories where OEL is present. Relatively younger profile of various product categories (except for fans) that it operates in, compared to peers, enables it to be out performer. Orient Electric is a part of the diversified CK Birla Group & is a distinguished name in the consumer electrical space. The company got demerged from Orient Paper & Industries 2 years back.**

### Focus on Innovation & Premiumisation of Product Portfolio Enables Faster Growth

OEL's focus on innovative and premiumised products across categories enables it to remain ahead of competition in terms of revenue growth. Under fans business, launch of aero dynamically designed 'Aeroseries' Fans have enabled it to outgrow competition and corner as much as 50% market share in premium segment of fans market(INR 1,500-3,999 per unit price category). Similarly, in Lights segment, recently launched LED lights 'EyeLuv', India's First LED lights with flicker control technology are enabling it to outgrow market when the competition is facing price erosion. On the back of success of above launches, OEL's revenue growth across both its SBUs, Electric Consumer Durables (ECDs) & Lighting has been very much ahead of competition in H1FY'20.

### Highest Gross Margin Compared to Competition

OEL's gross margin has remained ahead of its most close competitor Crompton Greaves Consumer Electricals (CG Consumer). Product portfolio of both these players is very much identical except for that the latter is engaged into residential & agricultural pumps business as well. Again, 55% of manufacturing being undertaken in-house by OEL, also aids to higher gross margins compared to peers that have lower proportion of in-house production. During H1FY'20, OEL's gross margin has been 33.4% whereas the same has been 32.3% for CG Consumer. In case of Havells & V-Guard, gross margins are not strictly comparable with OEL as their revenue comprises of other products like Cables & Wires, Switchgears, Electronic Products etc.

### Expanding Geographical footprint by setting up Manufacturing Facility in South India

All its 5 existing manufacturing facilities are located in North & East India. Again, majority of its revenue, nearly 40-45% comes from Northern India and Southern region contributing lowest to its revenue. OEL is contemplating to set up its first manufacturing facility in South India (CAPEX - INR 1,200 mn) buoyed by strong revenue growth from there during H1FY'20.

### Outlook & Valuation

Relatively younger profile of businesses other than fans & focus on innovative and premiumised product categories enables it to outperform peers in terms of topline growth as well as gross margins. We estimate revenue & PAT CAGR of 19%&25% respectively during FY'19-'22 and initiate BUY on the stock with PT of INR 240 (40x September'21E EPS). On Price Earnings to Growth (PEG) basis, for the period FY'19-'22E, OEL is currently quoting at 2.4x compared to 3.0x for Crompton Greaves Consumer Electricals.

| | FY19 | FY22 | CAGR | CMP | PE | PE/G |
|---|---|---|---|---|---|---|
| CG Consumer | 7.6 | 10.3 | 10.6% | 238 | 31.3 | 3.0 |
| Orient Elec | 3.3 | 6.3 | 24.6% | 194 | 59.5 | 2.4 |

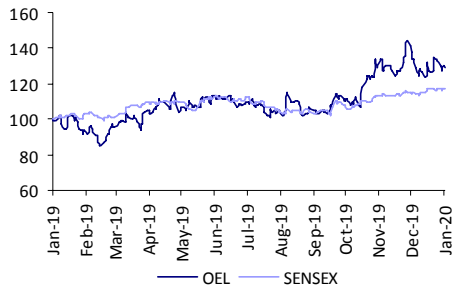
*# For Crompton Greaves Consumer Electricals, valuation is based on Bloomberg consensus*

### Key Risks

- Volatility in Input Costs
- Competitive intensity of various SBUs under its fold

| Shareholding (%) | Dec-19 |
|---|---|
| Promoters | 38.5 |
| FII's | 5.4 |
| DII's | 19.1 |
| Others | 37.0 |

**Relative Price Performance**




| Key Data | |
|---|---|
| NSE Symbol | ORIENTELEC |
| Bloomberg Code | ORIENTEL IN |
| Reuters Code | ONTE.BO |
| Shares Outstanding (mn) | 212.2 |
| Face Value | 1 |
| Mcap (INR bn) | 41.2 |
| 52 Week H/L | 216/124 |
| 2W Avg. Vol, NSE (000's) | 143.1 |
| Beta | 0.85 |

| (INR mn) | FY19 | FY20E | FY21E | FY22E |
|---|---|---|---|---|
| Net Sales | 18644 | 22275 | 25803 | 31111 |
| Growth (%) | 16.5 | 19.5 | 15.8 | 20.6 |
| EBITDAM (%) | 7.6 | 8.5 | 8.5 | 9.0 |
| Adj. PAT | 691.5 | 833.2 | 961.9 | 1346.8 |
| Growth (%) | 8.0 | 20.5 | 15.4 | 40.0 |
| Adj. EPS (INR) | 3.3 | 3.9 | 4.5 | 6.3 |
| P/E(x) | 59.5 | 49.4 | 42.8 | 30.6 |
| EV/EBITDA | 29.8 | 22.7 | 19.5 | 15.2 |
| EV/Sales | 2.3 | 1.9 | 1.7 | 1.4 |
| ROACE (%) | 29.7 | 32.1 | 30.3 | 35.9 |
| ROAE (%) | 24.3 | 25.0 | 24.7 | 29.1 |

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## Investment Rationale

### Outperformer to Electrical Consumer Durable and Lighting Industry Growth

During H1FY'20, on a YoY basis, OEL's ECD business revenue grew 25% whereas V-Guard's ECD business revenue grew 5%, CG Consumer's ECD business revenue grew 14% and Havells' ECD business revenue grew 19%.

During the same period, OEL's Lighting business revenue rose 23% whereas CG Consumer's Lighting business revenue de-grew 7% and Havells' Lighting business revenue grew 3%.

### Strong #2 player in India's Fan and LED bulbs Market

OEL is the 2nd largest player in India's organized fan market with market share guesstimated in the range of 18-20% next to Crompton Greaves Consumer & #1 exporter of fans from India. Again, with focus on premium fans market, its share is further higher in that segment at ~ 50%. In LED lights, OEL is the 2nd largest manufacturer of LED bulbs in the non-OEM segment in India. Majority of its revenue is from ECD division forming ~70% of revenue in FY'19 & Rest 30% from Lighting & Switchgears. Within ECD segment, Fans is the major contributor to revenue ( ~ 85%)with home appliances like Air Coolers, Water Heaters, Food Processors & Electric Irons chipping in rest of the revenue. In case of Lighting & Switchgears SBU, Switchgears is relatively new business with LED lighting forming majority of revenue.

### Focus on Innovation & Premiumisation of Product Portfolio Enables Faster Growth

With focus on premiumization of product portfolio through launch of innovative products, OEL has been able to significantly increase share in premium fans (INR 1,500-3,999 per unit price category)to ~ 50%. Focus on innovative products and distribution network expansion should result into accelerated growth of relatively new product categories like that of home appliances and Lighting & Switchgears. This has resulted into a slew of premium products launches across portfolio ultimately leading to market share gains and higher profitability (at gross margins level) led by improved realization on value added products. During H1FY'20, OEL's gross margin has been 33.4% whereas the same has been 32.3% for CG Consumer.

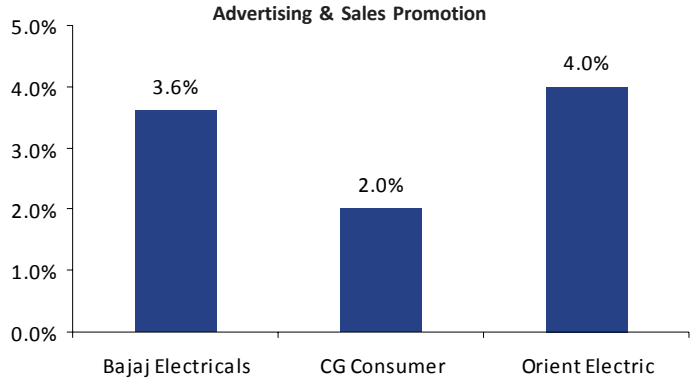
### Working Capital Cycle to witness further improvement

The receivable days have declined from 88 days in FY18 to 77 days in FY19. At the same time, working capital days have declined from 65 days in FY18 to 51 days in FY19. In order to improve its working capital cycle, OEL is gradually moving its trade receivables under channel financing from Banks and that is expected to lead to further improvement in working capital cycle.

### Expanding Geographical footprint by setting up Manufacturing Facility in South India

All its 5 existing manufacturing facilities are located in North & East India. Again, majority of its revenue, nearly 40-45% comes from Northern India and Southern region contributing lowest to its revenue. OEL is contemplating to set up its first manufacturing facility in South India (CAPEX - INR 1,200 mn) buoyed by strong revenue growth from there during H1FY'20.

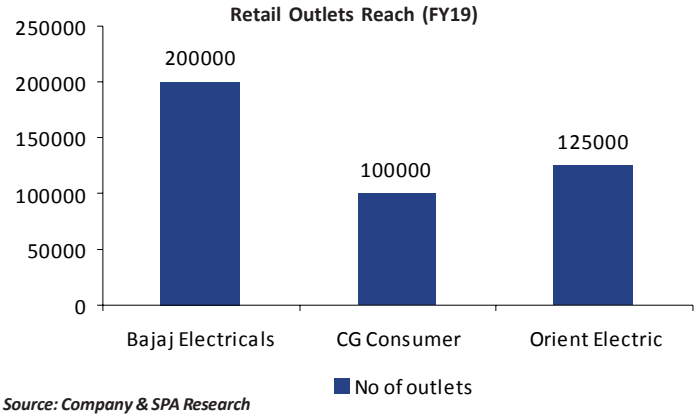
### Advertising & Sales Promotion Spend to Sales Ratio Highest Amongst Peers Providing Good Visibility to its Products Portfolio (FY19)




*Source: Company & SPA Research*

### Strong distribution network with 1,25,000 retail outlets reach

OEL has a strong organised distribution network catering to morethan 125,000 retail outlets. Majority of this retail reach caters to fans business which is the largest, forming ~ 60% of the company's revenue & oldest business (since 1940) under the company's fold where as other businesses are relatively newer businesses with foray into Lighting in 2008, Air Coolers, Water Heaters & Other Domestic Appliances in 2011 and Switchgears in 2015. These newer businesses should be able to gradually leverage this distribution network as the company penetrates into more & more geographies in India.




*Source: Company & SPA Research*

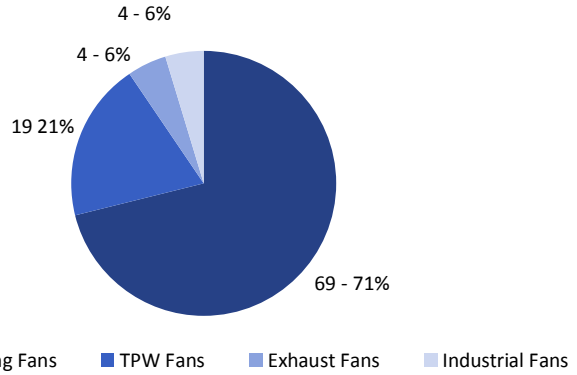
### Marketing Arrangement with De'Longhi of Italy

Orient Electric entered into a partnership with Italy-based De'Longhi group to expand premium brands of De'Longhi, Braun and Kenwood in India. As of today, this partnership has presence in top premium outlets across 15 cities in India. The aim is to gradually expand the reach up to the Tier II cities. De'Longhi group of Italy is one of the most prominent global consumer appliance brands. OEL will market prominent brands (Braun, Kenwood & De'Longhi) belonging to the global major through its established network. The arrangement will make it possible for OEL to monetise the value of its distribution network and strengthen its brand as a one-stop experience-enhancing solution provider.

# Industry Overview

## Fans

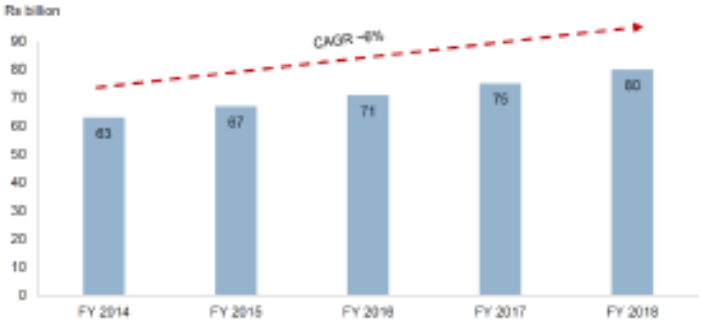
**Segment-wise breakup of fans industry as of fiscal 2018 (%)**




*Source: Indian Fan Manufacturers Association (IFMA), Industry estimates, CRISIL Research*

The size of the electric fans industry at Rs 80 billion as of fiscal 2018, having grown at a CAGR of approximately 6% over the past five years. In relation to ceiling fans, while overall volumes have been impacted as a result of the slowdown in the real estate sector over the past few years, growth has been driven by an increasing preference for premium category products, including decorative fans, energy-efficient fans and custom-made fans.

**Size of domestic fans industry (Rs bn)**




*Source: IFMA, Industry estimates, CRISIL Research*

### Indian electric fans industry to improve by a CAGR of approximately 7% to Rs 111 billion by fiscal 2023.

**Size of domestic fans industry (Rs billion)**

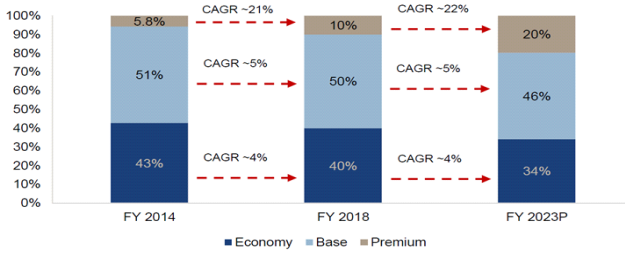

*Note: P: Projected*
*Source: IFMA, Industry estimates, CRISIL Research*

### Ceiling fans are classified based on price range into:

- Economy (priced up to Rs 1,500)
- Standard (priced between Rs 1,500 to Rs 4,000) and
- Premium fans (priced above Rs 4,000)

Within the segment, there has been a noticeable shift from the economy category to the premium category as per industry estimates. Factors such as rising disposable incomes, changing consumer preferences and the increased availability of electricity across the country have provided the demand impetus for players to improve on aspects such as design, efficiency and technology, even in the case of standardised product categories such as electric fans.

**Segment-wise share of ceiling fans (%)**




*P: projected*
*Source: IFMA, Industry Estimates, CRISIL Research*

Share of organised players stands at approximately 75% as of fiscal 2018. Bajaj Electricals, Crompton Greaves Consumer Electricals, Havells India, Orient Electric, and V-Guard Industries are some of the players in the organised sector.

The organised segment to gain further share, albeit marginally, and reach approximately 80% by fiscal 2023 due to implementation of GST.

**Share of organised versus unorganised players (%)**


*Note: P: Projected*
*Source: IFMA, Industry Estimates, CRISIL Research*

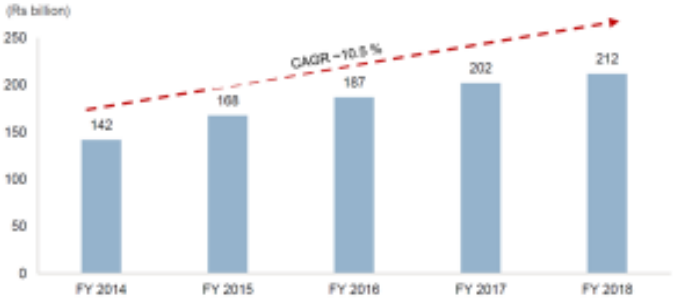
India's total fans export grew at a 12.9% CAGR from fiscals 2012to 2018 and is estimated to grow by CAGR 10.5-11% to reach Rs 5-6 billion by fiscal 2021 from Rs 4.0 billion in fiscal 2018.

## Lighting

Indian Lighting industry, comprising conventional lighting, LED lighting and accessories, is estimated to be at Rs 212 billion as of fiscal 2018. The industry is estimated to have experienced approximately 10.5% CAGR over the past five years, led by the rapid adoption of the LED segment, driven by government initiatives and the consequent decline in sales of conventional lighting sources such as GLS, FTL, and CFLs.

Within the LED segment the institutional category, comprising large organisations and government agencies like Energy Efficiency Services Ltd ("EESL"), have dominated sales thus far, given the significantly higher prices of LEDs, especially in the initial years of its introduction. Typical products under the institutional category include street lights, flood lights etc. However, a rapid decline in LED prices over the past few years, coupled with growing awareness about its energy efficiency and environmentally friendly nature, have resulted in its share of retail sales increasing as well.

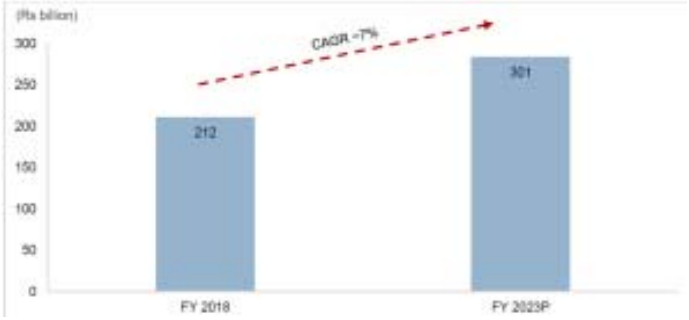
**Size of domestic lighting industry (Rs billion)**




*Source: Electric Lamp and Component Manufacturers Association of India (ELCOMA), CRISIL Research*

### Indian lighting and luminaire industry to reach an estimated market size of Rs 301 billion by fiscal 2023

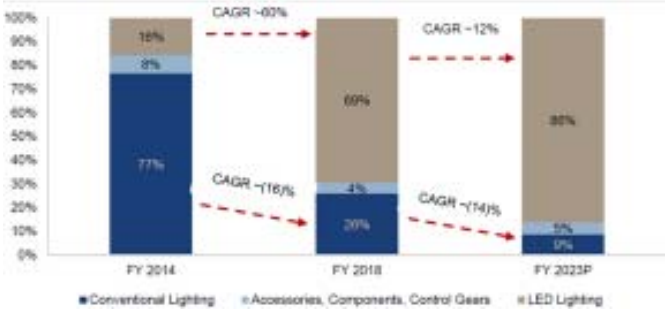
**Estimated Lightings industry size (Rs billion)**




*E: Estimated, P: Projected*
*Source: ELCOMA, Industry Estimates, CRISIL Research*

Demand for the LED segment is expected to stem from the retail segment through the institutional segment in the medium to long term. Softer aspects such as environmentally friendly features, energy efficiency, relatively affordable prices and enhanced aesthetics, as compared with CFLs, are expected to favour the LED lighting segment from the retail perspective. However, such growth is expected to be at a comparatively lower pace, as compared with the growth witnessed in the past five years, as the segment has already reached a fair level of acceptance in the country. Moreover, replacement demand for the LED segment, especially in the short to medium term, is expected to be minimal as LEDs enjoy a longer life expectancy as compared with conventional light sources. With regards to conventional lighting, the segment is expected to decline as its share is expected to be largely taken over by the LED segment.

**Segment-wise share of lighting industry (%)**




*Note: Values in parentheses indicate decline.*
*P: Projected*
*Source: ELCOMA, Industry Estimates, CRISIL Research*

Widespread efforts to promote LED Lighting by Central and State Government have resulted in high awareness in urban area. The shift from conventional lighting to LED lighting has increased in urban areas, where consumers with higher disposable income are adopting LEDs faster. Due to high initial investment in LEDs, the shift towards LEDs is lagging in rural areas, but is expected to pick up.

Consumers are becoming aware of the energy savings with LED bulbs as compared with incandescent bulbs and CFLs. Furthermore, LED bulbs have a longer life, which extends the replacement period. These factors result in a much lower cost of ownership over the life of an LED bulb, despite a higher initial cost of purchase.

| | LED bulbs | CFLs | Incandescent bulbs |
|---|---|---|---|
| Life expectancy (hours) | 25,000 | 8,000 | 1,200 |
| Power required (W) | 8-10 | 14-18 | 60 |
| Hazardous materials | None | Mercury | None |

*Source: Industry estimates, CRISIL Research*

Introduction of LEDs, which required investments in technology and were priced at a far greater premium, as compared with conventional lighting sources, resulted in smaller unorganised players losing market share. Fast-paced demand from the institutional segment, including government initiatives, resulted in organised players gaining market share, which stood at approximately 65%, as of fiscal 2018. Bajaj Electricals, Crompton Greaves Consumer Electricals, Havells India, Orient Electric, Philips Lighting, Syska, and Wipro Consumer Care & Lighting are some of the players in the organised sector. Further, the introduction of the Bureau of Indian Standards (BIS) quality norms

and the Bureau of Energy Efficiency ("BEE") mark requirements assigned to the LED segment have resulted in limited competition from the unorganised segment.

The organised segment is expected to gain further share due to the implementation of GST, and reach approximately 80% by fiscal 2023. GST is expected to bring down the price gap between organised and unorganised players and impact the availability of products at a pan-India level. Moreover, as Indian consumers become more brand and safety conscious, the preference for branded players over unbranded ones is expected to increase in the medium to long term.

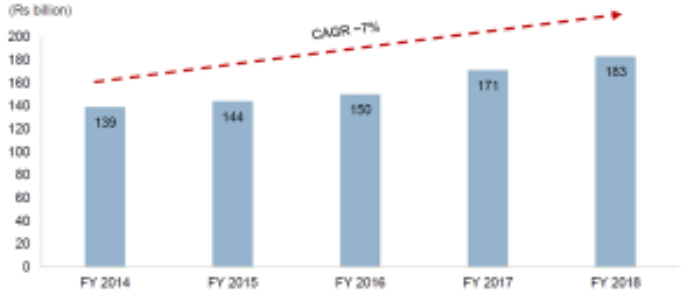
**Share of organised vs. unorganised players (%)**


*P: Projected, Values in parenthesis indicate decline*
*Source: ELCOMA, Industry Estimates, CRISIL Research*

## Switchgears

The LV switchgear industry primarily derives its demand from the residential and industrial sector, with MCBs, DBs, and RCCBs being the most common products. The MV/HV segment is driven by industry and power utilities, with the products being mainly used in power distribution stations and sub-stations having heavy voltage requirements. Switchgear industry is estimated to be at Rs 183 billion in fiscal 2018, having grown approximately 7% between fiscals 2014 and 2018.

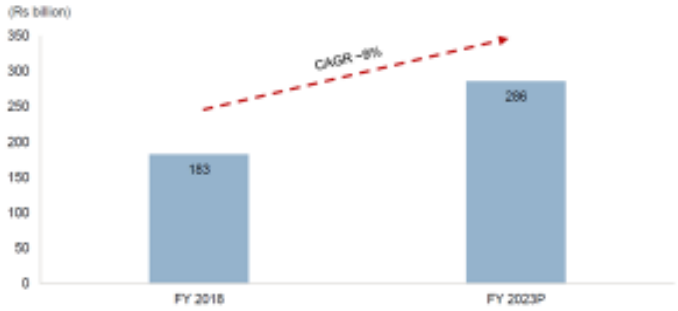
**Size of the domestic switchgear industry (Rs billion)**




*Source: IEEMA, Industry estimates, CRISIL Research*

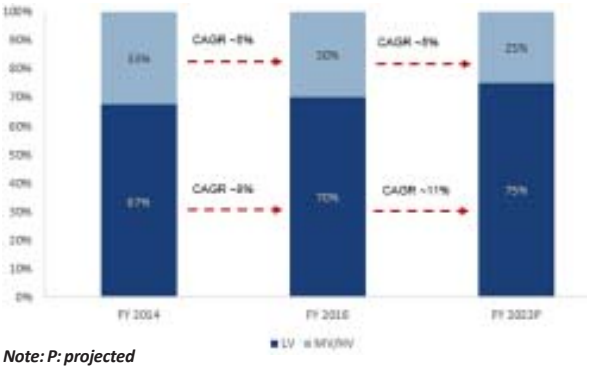
## Indian switchgear industry to reach Rs 286 billion in fiscal 2023 on account of consumption demand and electrification

The LV switchgears segment continues to account for a majority share in the overall domestic switchgears industry with demand driven by residential and commercial real estate as well as industrial capex. By contrast, the share of the Medium-Voltage ("MV")/HV segment has witnessed a marginal decline on account of sluggish growth in the power sector due to financial stress. LV switchgear industry is estimated to accelerate, backed largely by the government's push for infrastructure development. Industrial capex is estimated to improve, led by an anticipated capacity expansion, whereas the residential sector is expected to pick up with the government's push for affordable housing. Widening of the transportation network through railways and metro is expected to further aid demand for LV switchgears segment.




*Note: P: Projected*
*Source: IEEMA, Industry estimates, CRISIL Research*

**Segment-wise share of switchgear industry (%)**




*Note: P: projected*
*Source: IEEMA, Industry estimates, CRISIL Research*

LV and MV/HV switchgear industry is largely organised, with significant technology requirements acting as deterrents to the entry of smaller unorganised players. Organised segment is expected to gain further due to the implementation of GST and reach approximately 92% by fiscal 2023.

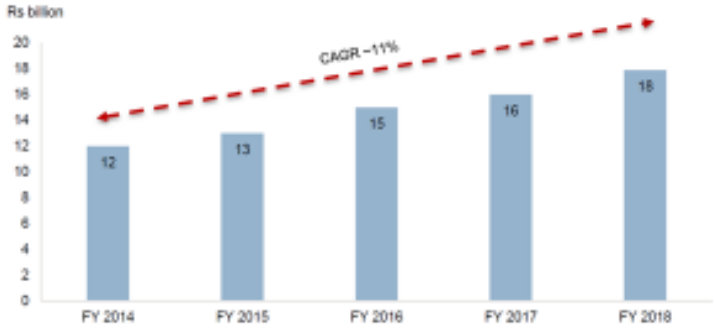
**Share of organised versus unorganised players (%)**


*Note: P: Projected*
*Values in parenthesis indicate decline*
*Source: IEEMA, Industry estimates, CRISIL Research*

## Water Heaters

The demand for water heaters is largely seasonal, because of which the penetration has stayed low. Also, the high energy costs associated with water heaters act as a deterrent for adoption of water heaters, especially in areas where the electricity supply is inconsistent. Electric water heater industry is estimated to be at Rs 18 billion in fiscal 2018, having grown at approximately 11% during fiscals 2014-18.

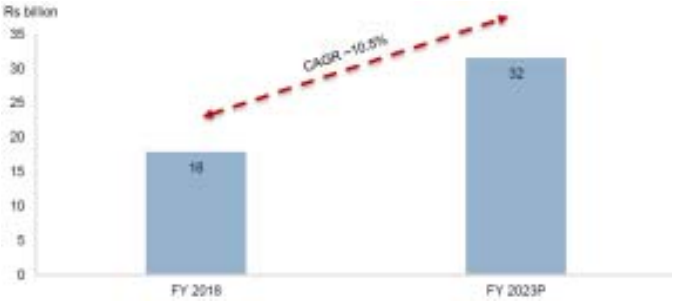
**Size of domestic electric water heater industry (Rs billion)**




*Source: Industry estimates, CRISIL Research*

Electric water heaters industry is expected to reach Rs 32 billion in fiscal 2023

**Size of domestic electric water heater industry (Rs billion)**




*Note: P: Projected*
*Source: Industry estimates, CRISIL Research*

Organised players occupy the major share of the electric water heaters industry in India & their share is estimated at 59-61% as of fiscal 2018. AO Smith, Bajaj Electricals, Crompton Greaves Consumer Electricals, Orient Electric, Havells India, Racold Thermo, Venus, and V-Guard Industries are some of the players in the organised sector.

Post the implementation of GST, organised sector share is estimated to reach 69-71% by fiscal 2023


*Note: P: Projected*
*Values in parenthesis indicate decline*
*Source: Industry estimates, CRISIL Research*

## Air-Coolers

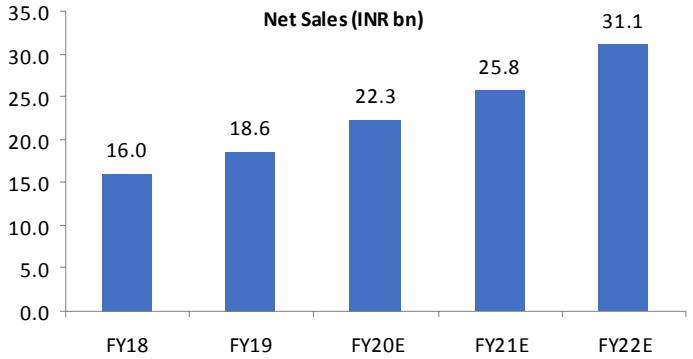
India comprised ~247 million households with ~85% owning fans,but only 6% households owning air-conditioners and ~14%owning air-coolers. Considering the lower cost of ownershipand relatively low power consumption, air coolers are expected to enjoy a growing demand.

The Indian air cooler market reported growth at a CAGR of ~10%from FY'16-'18. Indian air-cooling production is estimated to be~8 million units per annum, with the unorganised sectoraccounting for ~75%. In value terms, the total market size is ~Rs30-35 bn. The residential andindustrial air-cooling market increased significantly over the pastfew years, attributed to a rise in incomes of the middle and low-income groups. Air coolers have been preferred over airconditioners on account of their affordability and energyefficiency.

## Financials

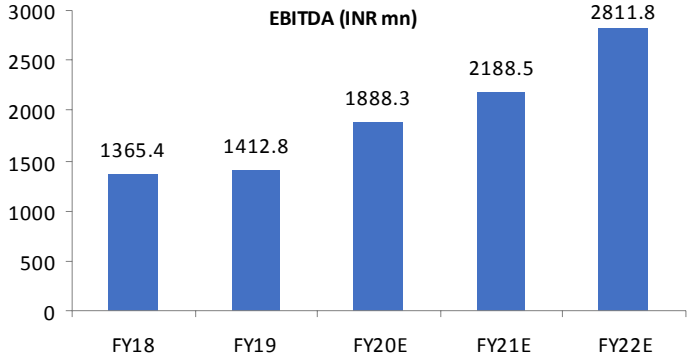
**Consolidated Revenue to compound at 19% annually to INR 31.1 bn by FY'22**

During FY'19-'22, we estimate revenue to compound at 19% annually to INR 31.1 bn with both ECD and Lighting & Switchgear division's revenue compounding annually at equal rate.




**EBITDA to compound at 26% annually to INR 2,812 mn by FY'22**

We estimate EBITDA to grow at a CAGR of 26% over FY'19-'22. Gross Margins are estimated to improve by 60 bps to 35% over FY'19-'22 leading to 140 bps improvement in EBITDA margin to 9%.

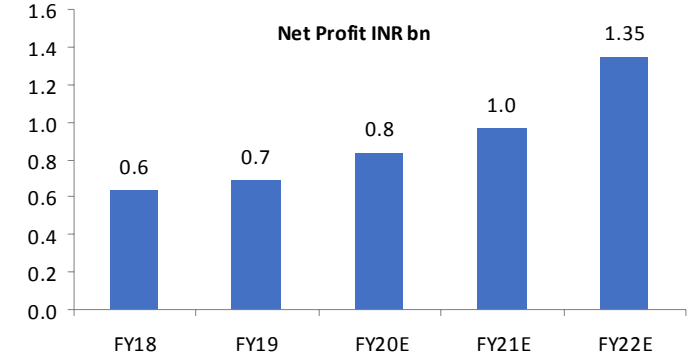



**CAPEX to remain in the range of average INR 850 mn each year during FY'20 to '22 including setting up manufacturing facility in South India**

OEL is contemplating to set up its first manufacturing facility in South India (CAPEX - INR 1,200 mn) over & above its regular maintenance capex.

**Consolidated Net Profit to compound 25% annually to INR1.35 bn by FY'22**

We estimate Net Profit to rise at a CAGR of 25% to INR 1.35 bn during FY'19-'22 driven by higher profitability at both gross as well as EBITDA level.




**Q2FY20 Financial Performance**

- During Q2FY'20, Revenue rose by 17% YoY to INR 4,347 mn with revenue of both SBUs, Electrical Consumer Durables (ECD) & Lighting, growing at 16% and 17% respectively to INR 2,832 mn and 1,515 mn.
- Double-digit revenue growth was driven by distribution reach expansion across product lines, aggressive A&SP spend and increased orders from Lighting tender business. The consumer "scratch card scheme" in Fans pulled out a favourable double-digit growth in the quarter. For H1FY20, 'Orient' was the fastest growing fan brand, well ahead of industry growth. 'Orient' also dominated the premium space in Fans with a ~50% market share. Substantial off-season growth in Cooler business and high growth in Water Heater and Kitchen Appliances led the momentum in ECD business. LED Lamps business continued to be challenged with higher competitive intensity leading to price erosion. Yet, overall Consumer luminaires business outpaced industry growth rate. Professional luminaires business also experienced good traction including street lighting.
- Gross Margins during the quarter expanded by 220 bps to 34.2% led by favourable revenue mix as compared to last year in all businesses, marginally tapered by price erosion in Lighting. Employment expenses for the quarter grew by 20% YoY due to increase in feet-on-street since last year & ESOPs and One-time impact of provision for doubtful debts for INR 46 mn led to Other expenses being higher by 27%. EBITDA margin rose by 46 bps to 5.0% of revenue compared to the corresponding quarter a year ago.
- PBT dropped 14% YoY to INR 77 mn led by provision of doubtful debt (INR 46 mn) during the quarter. PAT fell 28% YoY to INR 48 mn due to tax provision being higher (base effect of higher allowances of expenses last year in Sep'18, coupled with impact of leased assets capitalisation in current year).

**Company Overview : CK Birla Group Company**

Orient Electric is a part of the diversified CK Birla Group &is a strong #2 player in domestic fans market & largest exporter of fans from India. With focus on premium segment, OEL dominates this segment with ~ 50% market share. Lighting and domestic appliances are other product categories where OEL is present. The company got demerged from Orient Paper & Industries 2 years back.

**Top Management Team:**

Mr. Rakesh Khanna - CEO : Joined OEL in Dec 2014 & has over three decades of working experience in the Consumer Durables industry of working with companies of national & international repute in consumer electronics, electrical, lighting & consumer durables. Prior to joining OEL, he was working with Jumbo Electronics as head 'Sony's' business, UAE.

Apart from the CEO, various SBU division's heads & CFO have been recruited from reputed houses having vast work experience.

# Financials

**Income Statement**

| Y/E (INR mn) | FY19 | FY20E | FY21E | FY22E |
|---|---|---|---|---|
| Net Sales | 18644 | 22275 | 25803 | 31111 |
| *Net Sales Growth (%)* | *16.5* | *19.5* | *15.8* | *20.6* |
| Cost of Goods Sold | 12232 | 14568 | 16824 | 20222 |
| Employee Cost | 1727 | 2046 | 2384 | 2777 |
| Other Optg. Exps. | 3273 | 3773 | 4407 | 5300 |
| Total Optg. Exps. | 17231 | 20386 | 23615 | 28300 |
| EBITDA (excl OI) | 1413 | 1888 | 2188 | 2812 |
| *EBITDA Margin (%)* | *7.6* | *8.5* | *8.5* | *9.0* |
| Dep./Amortisation | 231 | 393 | 484 | 520 |
| EBIT | 1182 | 1496 | 1704 | 2292 |
| *EBIT Margin (%)* | *6.3* | *6.7* | *6.6* | *7.4* |
| Interest Expense | 229 | 274 | 294 | 307 |
| Other Income | 94 | 41 | 47 | 55 |
| EBT | 1047 | 1262 | 1457 | 2040 |
| Tax Expenses | 356 | 429 | 495 | 693 |
| PAT | 692 | 833 | 962 | 1347 |
| *PAT Growth (%)* | *8.0* | *20.5* | *15.4* | *40.0* |
| *PAT Margins (%)* | *3.7* | *3.7* | *3.7* | *4.3* |

**Balance Sheet**

| Y/E (INR mn) | FY19 | FY20E | FY21E | FY22E |
|---|---|---|---|---|
| **Source of Funds** | | | | |
| Share Capital | 212 | 212 | 212 | 212 |
| Reserves & Surplus | 2854 | 3379 | 3985 | 4833 |
| Total Networth | 3066 | 3591 | 4197 | 5045 |
| Total Debt | 1250 | 2000 | 2000 | 2000 |
| Other Non current Liab | 129 | 155 | 179 | 216 |
| Deferred tax liab (net) | -197 | -197 | -197 | -197 |
| **Total Liab** | **4249** | **5549** | **6180** | **7065** |
| | | | | |
| **Application of Funds** | | | | |
| Net Block | 1120 | 1977 | 2043 | 2273 |
| CWIP | 43 | 43 | 43 | 43 |
| Goodwill/Intangible Assets | 46 | 46 | 46 | 46 |
| Investments | 192 | 192 | 192 | 192 |
| Other non-current assets | 54 | 54 | 54 | 54 |
| Current Assets | 7237 | 8544 | 9950 | 11870 |
| Current Liabilities | 4442 | 5307 | 6148 | 7413 |
| Net Current Assets | 2794 | 3237 | 3802 | 4457 |
| **Total Assets** | **4249** | **5549** | **6180** | **7065** |

**Key Ratios**

| Y/E | FY19 | FY20E | FY21E | FY22E |
|---|---|---|---|---|
| **Per Share Data (INR)** | | | | |
| Adj.EPS | 3.3 | 3.9 | 4.5 | 6.3 |
| CEPS | 4.3 | 5.8 | 6.8 | 8.8 |
| DPS | 1.2 | 1.5 | 1.7 | 2.3 |
| BVPS | 14.4 | 16.9 | 19.8 | 23.8 |
| **Return Ratios(%)** | | | | |
| RoACE | 29.7 | 32.1 | 30.3 | 35.9 |
| RoANW | 24.3 | 25.0 | 24.7 | 29.1 |
| **Liquidity Ratios** | | | | |
| Net Debt/Equity | 0.3 | 0.5 | 0.4 | 0.3 |
| Interest Coverage Ratio | 5.2 | 5.4 | 5.8 | 7.5 |
| Current Ratio | 1.6 | 1.6 | 1.6 | 1.6 |
| Quick Ratio | 1.0 | 1.0 | 1.0 | 1.0 |
| **Efficiency Ratios** | | | | |
| Asset Turnover Ratio | 4.6 | 4.2 | 4.3 | 4.6 |
| Inventory Days | 79 | 79 | 79 | 80 |
| Debtor Days | 77 | 75 | 75 | 75 |
| Creditor Days | 105 | 105 | 105 | 106 |
| **Valuation Ratios** | | | | |
| P/E(x) | 59.5 | 49.4 | 42.8 | 30.6 |
| P/BV(x) | 13.4 | 11.5 | 9.8 | 8.2 |
| P/CEPS(x) | 44.6 | 33.6 | 28.5 | 22.1 |
| Dividend Yield(%) | 0.6 | 0.7 | 0.9 | 1.2 |
| EV/Net Sales(x) | 2.3 | 1.9 | 1.7 | 1.4 |
| EV/EBIDTA(x) | 29.8 | 22.7 | 19.5 | 15.2 |

**Cash Flow**

| Y/E | FY19 | FY20E | FY21E | FY22E |
|---|---|---|---|---|
| EBT | 1047 | 1262 | 1457 | 2040 |
| Less: Other Income/Exceptionals | 94 | 41 | 47 | 55 |
| Add: Depreciation | 231 | 393 | 484 | 520 |
| Add: Interest Paid | 229 | 274 | 294 | 307 |
| Direct Tax Paid | -356 | -429 | -495 | -693 |
| Change in Working Capital | 58 | -389 | -454 | -684 |
| Others | 44 | 0 | 0 | 0 |
| **Cash Flow from Operations (a)** | **1159** | **1070** | **1239** | **1435** |
| Change in Fixed Assets | -253 | -1250 | -550 | -750 |
| Change in Investments | -98 | 0 | 0 | 0 |
| Other | -83 | 0 | 0 | 0 |
| **Cash Flow from Investing (b)** | **-434** | **-1250** | **-550** | **-750** |
| Change in Equity | -2 | 0 | 0 | 0 |
| Debt Raised/(Repaid) | -321 | 775 | 24 | 37 |
| Dividend Paid | -256 | -308 | -356 | -498 |
| Interest Paid | -229 | -274 | -294 | -307 |
| Others Paid | 94 | 41 | 47 | 55 |
| **Cash Flow from Financing (c)** | **-715** | **233** | **-579** | **-713** |
| **Net Change in Cash (a+b+c)** | **10** | **54** | **110** | **-28** |
| Opening Cash | 305 | 315 | 369 | 479 |
| Closing Cash | 315 | 369 | 479 | 451 |

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