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Rating Information	
Price (Rs)	3,322
Target Price (Rs)	3,538
Target Date	31st Mar'19
Target Set On	06th Nov'17
Implied yrs of growth (DCF)	15
Fair Value (DCF)	2,447
Fair Value (DDM)	1,245
Ind Benchmark	BSETCD
Model Portfolio Position	NA

Stock Information	
Market Cap (Rs Mn)	43,204
Free Float (%)	45.25 %
52 Wk H/L (Rs)	3429.45/1852.2
Avg Daily Volume (1yr)	8,461
Avg Daily Value (Rs Mn)	23
Equity Cap (Rs Mn)	65
Face Value (Rs)	5
Bloomberg Code	CRS IN

Ownership	Recent	3M	12M
Promoters	54.8 %	0.0 %	0.0 %
DII	14.8 %	1.2 %	4.9 %
FII	7.0 %	-0.3 %	-3.0 %
Public	23.4 %	-0.9 %	-1.9 %

Price %	1M	3M	12M
Absolute	3.0 %	17.7 %	22.2 %
Vs Industry	-3.0 %	9.0 %	-8.6 %
HSIL	11.4 %	18.9 %	27.3 %
Kajaria	-6.3 %	7.3 %	16.2 %

#### Standalone Quarterly EPS forecast

Rs/Share	1Q	2Q	3Q	4Q
EPS (17A)	17.0	20.2	17.3	24.9
EPS (18E)	14.8	21.0	22.8	28.6

# Cera Sanitaryware Ltd.

2QFY18 Result: TP(↑), Estimate(↑), Rating(↔)

Regular Coverage

Demand recovery from 4QFY18 to drive growth; maintain ADD

Cera Sanitaryware's (CRS) 2QFY18 sales were 10% above EE (+18% yoy) while EBITDA was in line (+8% yoy) with EBITDA margins coming in at 15.6%, 145bps lower yoy on higher outsourcing and other expenses. Sanitary-ware/faucet-ware/tiles contributed 56%/22%/20% to 2QFY18 revenues. We believe stable demand recovery in sanitary-ware is still a few quarters away, while tiles and faucet-ware will continue to see better growth off a lower base. We raise our FY18/FY19 sales estimates by 2%/3% as we expect company to benefit from better faucet and tiles growth. We roll over to Mar'19 TP of Rs 3,538 (from a Dec'18 TP of Rs 3,153) at a 31x (30x earlier) TTM EPS of Rs 114/sh. Maintain ADD.

**Post-GST restocking to normalize by 4QFY18:** Sales jumped 18% yoy led by higher sales in the tiles (58% yoy) and faucet (24% yoy) segments, while sanitary-ware grew 8% yoy. Re-stocking at the dealer level, particularly in sanitary-ware, saw some revival during 2QFY18 but was below expectations with WC cycle stretching post GST and demand remaining subdued after RERA implementation. Gradual recovery in real estate demand, government thrust on affordable housing and higher penetration into central and north-eastern markets should help sustain the sales momentum in FY19E/FY20E. Plant utilization for sanitary-ware/faucet-ware/tiles stood at 98%/67%/80% during the quarter.

**Tiles to continue to lead growth:** Tiles (via JV)/faucet-ware segments contributed nearly 20%/22% to 2QFY18 topline. The company's tiles sales have been gaining traction in southern India due to its competitive pricing versus other players in the region. CRS has upgraded the technology at its JV plant in Andhra Pradesh (AP) to manufacture higher-margin GVT, PVT and double-charge tiles (revenue contribution target at 30% over next two years). Capacity utilization at the plant improved to 80% from 60% in 4QFY17, and the JV is earning double-digit EBITDA margins. Going forward, we expect faucets/tiles to post revenue a 16%/37% CAGR over FY17-FY20E.

**Operating performance to remain steady with EBITDA margin stability from 2HFY18:** EBITDA margins were hit by higher contribution from low-margin outsourcing business and GST-related demand disruptions. Fuel costs declined 5% yoy in 1QFY18; RM and fuel costs are set to remain stable, going forward.

**Higher contribution from new products, premium product mix to fuel growth:** We expect sales/EBITDA/PAT CAGR of 17%/18%/21% over FY17-FY20E and forecast margins to improve over time given (a) the on-going capacity expansion in sanitary-ware to cater to the premium segment, and (b) technology upgrades at faucet and tiles JVs to produce better quality and higher-margin products. Slow demand recovery and higher competitive pressures are key risks to our view.

Absolute : ADD

Relative : Benchmark

5% ATR in 17 Months

Building Materials

#### Change in Estimates

Rs. Mn	FY18E	Chg (%)	FY19E	Chg (%)
Sales	11,631	2%	13,870	3%
EBITDA	1,864	0%	2,360	2%
PAT	1,135	1%	1,486	7%

#### Consolidated Financials

Rs. Mn	YE Mar	FY17A	FY18E	FY19E	FY20E
Sales		10,066	11,631	13,870	16,241
EBITDA		1,716	1,864	2,360	2,829
Depreciation		221	204	241	293
Interest Expense		78	34	35	30
Other Income		139	104	132	150
Reported PAT		992	1,135	1,485	1,753
Recurring PAT		992	1,135	1,485	1,753
Total Equity		5,201	6,131	7,348	8,784
Gross Debt		837	640	608	532
Cash		1,437	1,406	1,388	1,712
Rs Per Share		FY17A	FY18E	FY19E	FY20E
Earnings		76.3	87.3	114.1	134.8
Book Value		400	471	565	675
Dividends		12.0	13.1	17.1	20.2
FCFF		-1.2	49.4	26.6	64.0
P/E (x)		43.6	38.1	29.1	24.7
P/B (x)		8.3	7.0	5.9	4.9
EV/EBITDA (x)		25.4	23.2	18.3	15.1
ROE (%)		21 %	20 %	22 %	22 %
Core ROIC (%)		17 %	17 %	19 %	20 %
EBITDA Margin (%)		17 %	16 %	17 %	17 %
Net Margin (%)		10 %	10 %	11 %	11 %



Quarterly performance, standalone

(Rs mn)	2QFY18	2QFY18E	1QFY18	2QFY17	% Change			Comments
					2QFY18E	1QFY18	2QFY17	
Net Sales	2,957	2,654	2,346	2,503	11%	26%	18%	
Raw Material Consumption	1,390	1,247	1,146	1,163	11%	21%	19%	
Power & Fuel	0	80	34	40	-100%	-100%	-100%	
Employee cost	350	305	307	307	15%	14%	14%	
Other Exp	757	584	528	566	30%	43%	34%	
<b>Total Expenditures</b>	<b>2,496</b>	<b>2,216</b>	<b>2,015</b>	<b>2,076</b>	<b>13%</b>	<b>24%</b>	<b>20%</b>	
<b>EBITDA</b>	<b>461</b>	<b>438</b>	<b>331</b>	<b>426</b>	<b>5%</b>	<b>39%</b>	<b>8%</b>	
Depreciation	52	54	51	41	-3%	1%	26%	
<b>EBIT</b>	<b>409</b>	<b>384</b>	<b>280</b>	<b>385</b>	<b>7%</b>	<b>46%</b>	<b>6%</b>	
Interest	11	10	9	9	13%	28%	29%	
Other Income	22	25	15	27	-13%	46%	-20%	
<b>PBT</b>	<b>420</b>	<b>399</b>	<b>296</b>	<b>404</b>	<b>5%</b>	<b>42%</b>	<b>4%</b>	
Tax	147	138	102	141	6%	43%	4%	
<b>Recurring PAT</b>	<b>273</b>	<b>261</b>	<b>193</b>	<b>263</b>	<b>4%</b>	<b>41%</b>	<b>4%</b>	
Extraordinaries	0	0	0	0				
<b>Reported PAT</b>	<b>273</b>	<b>261</b>	<b>193</b>	<b>263</b>	<b>4%</b>	<b>41%</b>	<b>4%</b>	
EPS (Rs)	21.0	20.1	14.8	20.2	4%	41%	4%	
EBITDA Margin	15.6%	16.5%	14.1%	17.0%	-91 bps	148 bps	-145 bps	
EBIT Margin	13.8%	14.5%	11.9%	15.4%	-64 bps	191 bps	-156 bps	
PBT Margin	14.2%	15.0%	12.6%	16.1%	-85 bps	158 bps	-195 bps	
PAT Margin	9.2%	9.9%	8.2%	10.5%	-62 bps	100 bps	-128 bps	
Tax Rate	34.9%	34.5%	34.7%	34.8%	42 bps	26 bps	12 bps	

## Earnings call takeaways

### General information & outlook

- The real estate sector is going through a tough phase post RERA. Demand revival is not occurring to the extent forecasted. Many builders are in ‘watch mode’ currently.
- 2QFY18 has seen little demand revival but dealer-level restocking has not reached to pre-GST levels.
- CRS took a price hike of 2.5-5% across product categories during 2QFY18. It had last hiked prices by 3-7% in 3QFY17, across product categories and geographies.
- The company has a low presence in Madhya Pradesh, Haryana, Chhattisgarh, West Bengal and some north-eastern states; however, it intends to target these markets aggressively, going forward.
- The tiles business has seen faster growth compared to sanitary-ware and faucets due to some market share captured from the unorganized sector.
- CRS has 1,500 distributors (1,000 active distributors) and 15,000 retail touch-points along with 150 display galleries.
- The company has launched a new brand *Jeet* for affordable housing. The brand is aimed at meeting sanitation requirements under all government schemes and will consist of basic sanitary-ware – EWCs, Orissa pans, wash basins in different sizes and urinals. Pricing differential between the *Jeet* vs. *Cera* brand is around 50-60% and even higher than that in some cases.
- In sanitary-ware, the ratio of own manufacturing to outsourcing is 50%:50% while for faucet-ware, this ratio stands at 48%:52%.
- Other expenditure jumped in 2QFY18 as the company has been increasing its A&P expenses and spending on creating more display centres and Cera Galaxy centres.
- Retail to institutional mix currently stands is 60%:40%.
- Replacement market in tiles and faucet-ware is much bigger than sanitary-ware.

### Segment-wise revenue break-up

Segment	1Q17	2Q17	4Q16	3Q17	4Q17	1Q18	2Q18
Sanitary-ware & allied products	64%	61%	60%	61%	58%	58%	56%
Faucet-ware	21%	21%	23%	21%	22%	21%	22%
Tiles	14%	15%	13%	16%	18%	19%	20%
Other	1%	3%	4%	2%	2%	2%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### Guidance: Affordable housing, consumer shift to organized segment to fuel growth

- CRS has maintained revenue growth guidance of 13-15% for FY18 as it believes FY18 would be a year of consolidation. Over the next 2-3 years, CRS is targeting growth at 17-18% CAGR, which would be driven by a shift from the unorganized to organized sector post GST, and government thrust on affordable housing.
- CRS is looking at a rolling capex of Rs 1.8bn-2bn over the next three years. The company plans to invest in assembly lines, display centers, technical upgrades of the faucet plant to make it more economical, and tile JV plant upgrades. For FY18, it is looking at a capex of Rs 900mn, of which it has already incurred Rs 270mn in 1H18.
- Management is hopeful that GST rates in sanitary-ware would be reduced to 18% within the next few quarters as this will aid govt. thrust on ‘Sanitation for All’.
- Over the next 3-4 years, CRS targets to achieve 50% revenue contribution from sanitary-ware (40% pure sanitary-ware, 10% CP fittings), 25% from faucet-ware and 25% from the tiles segment. On achieving this target, CRS should be able to maintain sustainable EBITDA margins of 17-18%, also aided by higher automation and improved efficiency.
- Ad spends would remain at 3.5-4% of sales over the next 3-4 years. CRS targets to operate 250 Cera Galaxy centers over the next three years vs. 150 currently.

### Sanitary-ware: Continues to dominate the topline

- The sanitary-ware segment contributed 56% of 2QFY18 revenues, with sanitary-ware 44% and allied products 12%.
- CRS enjoys a 23-24% share in India’s organized sanitary-ware market vs. 18% five years back, and is the third largest player in the country.
- Capacity utilization for 2QFY18 was at 98%. Utilization is expected to remain at these levels with incremental demand being met by outsourcing.
- CRS has deliberately slowed down capacity expansion of 0.3mn pieces due to current market conditions and till things stabilize. The additional capacity can be operationalized within 30-45 days if demand improves meaningfully. Until then, availability of outsourcing partners should ensure no loss in market share.
- Outsourcing in sanitary-ware contributes 20%/50% to total volume/value. The low-end product range is outsourced from Morbi while the entire premium product range is outsourced from China and Vietnam; rest is manufactured by the company.
- Andhra Pradesh, Kerala, Karnataka, Punjab, Haryana, Gujarat and Delhi contribute ~80% of the company’s sanitary-ware revenues while central and eastern India remain largely untapped markets.

- 58%/42% of the sanitary-ware gas requirement is sourced from GAIL/Sabarmati Gas.

#### Faucet-ware: Revenue share to improve on higher penetration in new markets, favorable GST rates

- Market size of this business is Rs 70bn with the unorganized market being 60-65%. However, post a favorable GST rate of 18% (28% tax earlier), a demand shift towards the organized channel should lead to better growth for organized players.
- CRS currently has a market share of 4% in the organized segment.
- Capacity utilization for 2QFY18 was at 65-70%.
- Value and volume-wise combined share from outsourcing stands at 52%.
- The company is spending on technology upgrades and higher automation at its faucets plant in order to reduce manufacturing costs and improve efficiency.
- It has also set up a plant for manufacturing zinc handles to be used in faucet-ware. CRS is the only company in India to do so and this is expected to improve margins in the segment going forward.

#### Tiles: Continues to gain traction

- The tiles business has grown reasonably well yoy, with contribution to total revenues increasing from 15% in 2QFY17 to 20% in 2QFY18.
- Capacity utilization stood at 80% in 2QFY18 vs. 60% in 4QFY17.
- CRS has a cost-plus arrangement with Anjani Tiles; the latter's EBITDA margins are in double digits.
- Growth has been good yoy versus other segments as CRS has been able to gain market share from unorganized players due to competitive pricing.
- Of the total production, soluble salt tiles contribute 90% while GVT & double charge tiles 10%.
- CRS has already invested Rs 100mn-150mn in 1HFY18 for upgrading its tile plant for manufacturing GVT, PVT and double-charge tiles. It now needs to invest additional Rs 50mn in FY18. CRS aims to take contribution from higher-margin products to 30% over the next few years.

**Company Snapshot**
**How we differ from Consensus**

		Equirus	Consensus	% Diff	Comment
EPS	FY18E	87.3	88.5	-1 %	We expect consensus to streamline estimates in relation to management guidance
	FY19E	114.1	107.9	6 %	
Sales	FY18E	11,631	11,514	1 %	
	FY19E	13,870	13,442	3 %	
PAT	FY18E	1,135	1,152	-1 %	
	FY19E	1,485	1,404	6 %	

**Key investment arguments:**

- Sales growth to be led by secular trend of rising consumption, recovery in real estate sector and increasing brand awareness among consumers
- With increasing penetration into the high-growth, low-competition faucet segment, CRS stands a better chance to meet excess demand and improve its growth trajectory with sufficient capacity.
- Along with brand focus on the premium segment, we believe the company should comfortably achieve 17% revenue CAGR over FY17-FY20E.

**Key estimates:**

Particulars ( in Rs mn)	FY17A	FY18E	FY19E	FY20E
Faucet-ware Revenue	2,114	2,486	3,064	3,260
Tiles Revenue	1,611	2,174	3,044	4,109
Sanitaryware Revenue	4,731	4,968	5,713	6,570
Allied Products Revenue	1,611	1,785	2,049	2,303

**Key triggers**

- Pick up real estate market, volumes and price realizations

Sensitivity to Key Variables	% Change	% Impact on EPS
Sanitaryware sales	1 %	0.7 %
Faucet ware sales	1 %	0.3 %
Tiles sales	1 %	0.2 %

**DCF Valuations & Assumptions**

Rf	Beta	Ke	Term. Growth	Debt/IC in Term. Yr
6.9 %	0.8	11.7 %	2.5 %	5.0 %

	FY18E	FY19E	FY20-22E	FY23-27E	FY28-32E
Sales Growth	16 %	19 %	10 %	10 %	8 %
NOPAT Margin	9 %	10 %	10 %	10 %	10 %
IC Turnover	1.74	1.75	1.92	2.02	2.02
RoIC	17.0 %	19.5 %	20.9 %	22.1 %	21.8 %

	1	2	5	10	15
Years of strong growth					
Valuation as on date (Rs)	1,061	1,253	1,571	1,899	2,096
Valuation as of Mar'19	1,238	1,462	1,834	2,217	2,447

Based on DCF, assuming 15 years of 8% revenue CAGR growth and 22% average ROIC, we derive a current fair value of Rs 2,096 and a Mar'19 fair value of Rs 2,447.

**Company description**

CRS is one of the leading players in India's sanitary-ware industry and currently enjoys a 23% market share in the country. The company is also present in faucet-ware and tiles. It has also tied up with an Italian company ISVEA to gain a foothold in the high-end luxury bathing segment.

Comparable valuation		Mkt Cap Rs. Mn.	Price Target	Target Date	EPS			P/E			BPS		P/B		RoE			Div Yield	
Company	Reco.				CMP	FY17A	FY18E	FY19E	FY17A	FY18E	FY19E	FY16A	FY18E	FY17A	FY18E	FY19E	FY17A	FY18E	FY19E
Cera Sanitaryware	ADD	3,322	43,204	3,538	31st Mar'19	76.3	87.3	114.1	43.6	38.1	29.1	399.7	7.0	21 %	20 %	22 %	0.4 %	0.4 %	
Kajaria Tiles	REDUCE	695	110,494	647	31st Mar'19	15.9	16.1	21.6	43.7	43.2	32.2	73.9	8.6	24 %	21 %	25 %	0.4 %	0.9 %	
HSIL	ADD	436	31,539	374	31st Dec'18	13.9	13.8	18.0	31.4	31.6	24.2	200.2	2.1	7 %	7 %	8 %	0.9 %	1.2 %	



**Standalone Quarterly Earnings Forecast and Key Drivers**

Rs in Mn	1Q17A	2Q17A	3Q17A	4Q17A	1Q18A	2Q18A	3Q18E	4Q18E	1Q19E	2Q19E	3Q19E	4Q19E	FY17A	FY18E	FY19E	FY20E
Revenue	2,138	2,503	2,352	3,112	2,346	2,957	2,739	3,589	2,913	3,329	3,329	4,300	10,105	11,631	13,870	16,241
Increase/Decrease in Stock in trade and WIP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Raw Material Consumption	165	153	132	363	35	178	301	431	262	300	316	408	813	944	1,286	1,602
Purchases	770	1,010	948	1,269	1,111	1,212	986	1,292	1,107	1,265	1,248	1,612	3,998	4,601	5,233	6,009
Power & Fuel	36	40	47	34	34	47	55	72	58	67	75	97	156	208	296	406
Employee cost	289	307	303	295	307	350	315	413	350	399	366	494	1,195	1,385	1,610	1,868
EBITDA	369	426	377	517	331	461	479	592	495	549	574	742	1,670	1,864	2,360	2,829
Depreciation	40	41	42	59	51	52	48	53	56	59	62	65	181	204	241	293
EBIT	330	385	336	459	280	409	431	539	439	490	512	677	1,489	1,659	2,119	2,536
Interest	7	9	9	9	9	11	7	7	9	9	9	8	34	34	35	30
Other Income	17	27	28	40	25	22	26	31	32	33	33	34	112	104	132	150
PBT	339	404	355	490	296	420	450	564	462	514	537	703	1,566	1,729	2,216	2,656
Tax	118	141	130	166	102	147	153	192	152	170	177	232	554	594	731	903
PAT bef. MI & Assoc.	221	263	225	323	193	273	297	372	310	344	360	471	1,012	1,135	1,485	1,753
Minority Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit from Assoc.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recurring PAT	221	263	225	323	193	273	297	372	310	344	360	471	1,012	1,135	1,485	1,753
Extraordinaries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reported PAT	221	263	225	323	193	273	297	372	310	344	360	471	1,012	1,135	1,485	1,753
EPS (Rs)	17.02	20.23	17.29	24.85	14.85	20.98	22.85	28.59	23.79	26.48	27.66	36.19	79.39	87.27	114.12	134.76
<b>Key Drivers</b>																
Faucetware Revenue	403	476	485	583	439	512	483	629	538	645	675	845	2,114	2,486	3,064	3,260
Tiles Revenue	259	306	311	374	319	372	351	458	388	465	487	609	1,611	2,174	3,044	4,109
Sanitaryware Revenue	930	1,099	1,119	1,345	1,003	1,170	1,104	1,439	1,024	1,227	1,284	1,606	4,731	4,968	5,713	6,570
Allied Products Revenue	341	403	411	494	375	438	413	538	390	467	489	612	1,611	1,785	2,049	2,303
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sequential Growth (%)</b>																
Revenue	-22 %	17 %	-6 %	32 %	-25 %	26 %	-7 %	31 %	-19 %	14 %	0 %	29 %	-	-	-	-
Increase/Decrease in Stock in trade and WIP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	-63 %	15 %	-11 %	37 %	-36 %	39 %	4 %	24 %	-16 %	11 %	5 %	29 %	-	-	-	-
EBIT	-65 %	17 %	-13 %	37 %	-39 %	46 %	5 %	25 %	-19 %	12 %	5 %	32 %	-	-	-	-
Recurring PAT	-26 %	19 %	-15 %	44 %	-40 %	41 %	9 %	25 %	-17 %	11 %	4 %	31 %	-	-	-	-
EPS	-26 %	19 %	-15 %	44 %	-40 %	41 %	9 %	25 %	-17 %	11 %	4 %	31 %	-	-	-	-
<b>Yearly Growth (%)</b>																
Revenue	12 %	11 %	2 %	13 %	10 %	18 %	16 %	15 %	24 %	13 %	22 %	20 %	10 %	15 %	19 %	17 %
EBITDA	-48 %	-48 %	-56 %	-48 %	-10 %	8 %	27 %	14 %	50 %	19 %	20 %	25 %	-50 %	12 %	27 %	20 %
EBIT	-51 %	-51 %	-59 %	-52 %	-15 %	6 %	28 %	18 %	57 %	20 %	19 %	26 %	-53 %	11 %	28 %	20 %
Recurring PAT	41 %	47 %	12 %	8 %	-13 %	4 %	32 %	15 %	60 %	26 %	21 %	27 %	-62 %	12 %	31 %	18 %
EPS	41 %	47 %	12 %	8 %	-13 %	4 %	32 %	15 %	60 %	26 %	21 %	27 %	24 %	10 %	31 %	18 %
<b>Margin (%)</b>																
EBITDA	17 %	17 %	16 %	17 %	14 %	16 %	18 %	17 %	17 %	17 %	17 %	17 %	17 %	16 %	17 %	17 %
EBIT	15 %	15 %	14 %	15 %	12 %	14 %	16 %	15 %	15 %	15 %	15 %	16 %	15 %	14 %	15 %	16 %
PBT	16 %	16 %	15 %	16 %	13 %	14 %	16 %	16 %	16 %	15 %	16 %	16 %	16 %	15 %	16 %	16 %
PAT	10 %	11 %	10 %	10 %	8 %	9 %	11 %	10 %	11 %	10 %	11 %	11 %	10 %	10 %	11 %	11 %





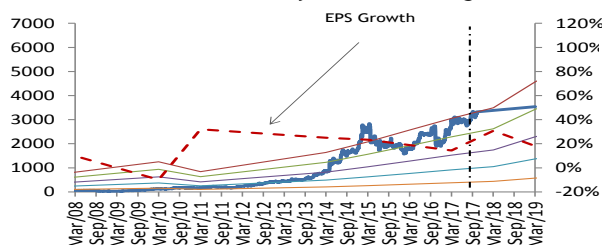
Consolidated Financials

P&L (Rs Mn)	FY17A	FY18E	FY19E	FY20E
Revenue	10,066	11,631	13,870	16,241
Op. Expenditure	8,350	9,767	11,510	13,412
EBITDA	1,716	1,864	2,360	2,829
Depreciation	221	204	241	293
EBIT	1,495	1,659	2,119	2,536
Interest Expense	78	34	35	30
Other Income	139	104	132	150
PBT	1,555	1,729	2,216	2,656
Tax	582	594	731	903
PAT bef. MI & Assoc.	973	1,135	1,485	1,753
Minority Interest	-22	0	0	0
Profit from Assoc.	-3	0	0	0
Recurring PAT	992	1,135	1,485	1,753
Extraordinaires	0	0	0	0
Reported PAT	992	1,135	1,485	1,753
FDEPS (Rs)	76.3	87.3	114.1	134.8
DPS (Rs)	12.0	13.1	17.1	20.2
CEPS (Rs)	93.3	103.0	132.7	157.3
FCFPS (Rs)	-1.2	49.4	26.6	64.0
BVPS (Rs)	399.7	471.3	564.8	675.2
EBITDAM (%)	17 %	16 %	17 %	17 %
PATM (%)	10 %	10 %	11 %	11 %
Tax Rate (%)	37 %	34 %	33 %	34 %
Sales Growth (%)	10 %	16 %	19 %	17 %
FDEPS Growth (%)	19 %	14 %	31 %	18 %

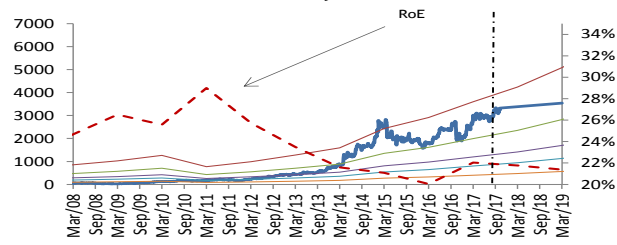
Balance Sheet (Rs Mn)	FY17A	FY18E	FY19E	FY20E
Equity Capital	65	65	65	65
Reserve	5,136	6,066	7,283	8,719
Networth	5,201	6,131	7,348	8,784
Long Term Debt	837	640	608	532
Def Tax Liability	1,059	810	769	673
Minority Interest	222	222	222	222
Account Payables	847	860	1,026	1,157
Other Curr Liabi	1,646	1,938	2,312	2,707
Total Liabilities & Equity	9,812	10,602	12,284	14,075
Net Fixed Assets	3,450	4,245	5,004	5,511
Capital WIP	2	0	0	0
Others	608	-1	-1	-1
Inventory	1,495	1,721	2,090	2,447
Account Receivables	2,207	2,549	3,078	3,604
Other Current Assets	613	682	726	801
Cash	1,437	1,406	1,388	1,712
Total Assets	9,812	10,602	12,284	14,075
Non-cash Working Capital	1,822	2,153	2,556	2,989
Cash Conv Cycle	66.1	67.6	67.3	67.2
WC Turnover	5.5	5.4	5.4	5.4
FA Turnover	2.9	2.7	2.8	2.9
Net D/E	-0.1	-0.1	-0.1	-0.1
Revenue/Capital Employed	1.5	1.5	1.7	1.7
Capital Employed/Equity	1.4	1.3	1.2	1.2

Cash Flow (Rs Mn)	FY17A	FY18E	FY19E	FY20E
PBT	1,555	1,729	2,216	2,656
Depreciation	221	204	241	293
Others	11	0	0	0
Taxes Paid	523	594	731	903
Change in WC	-271	-331	-403	-433
Operating C/F	993	1,009	1,323	1,613
Capex	-720	-389	-1,000	-800
Change in Invest	-381	1	0	0
Others	42	0	0	0
Investing C/F	-1,058	-389	-1,000	-800
Change in Debt	171	-197	-32	-76
Change in Equity	77	0	0	0
Others	-217	-454	-309	-413
Financing C/F	31	-651	-341	-489
Net change in cash	-34	-31	-18	324
RoE (%)	21 %	20 %	22 %	22 %
RoIC (%)	16 %	15 %	18 %	19 %
Core RoIC (%)	17 %	17 %	19 %	20 %
Div Payout (%)	18 %	18 %	18 %	18 %
P/E	43.6	38.1	29.1	24.7
P/B	8.3	7.0	5.9	4.9
P/FCFF	-2,747.3	67.2	124.7	51.9
EV/EBITDA	25.4	23.2	18.3	15.1
EV/Sales	4.3	3.7	3.1	2.6
Dividend Yield (%)	0.4 %	0.4 %	0.5 %	0.6 %

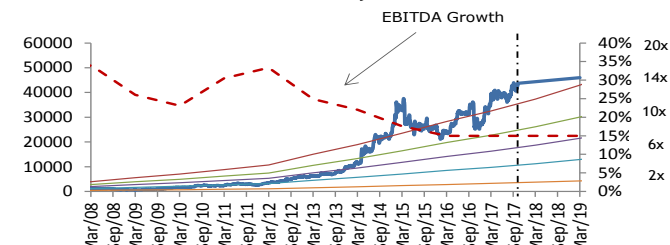
TTM P/E vs. 2 yr forward EPS growth



TTM P/B vs. 2 yr forward RoE



TTM EV/EBITDA vs. 2 yr forward EBITDA





Historical Consolidated Financials

P&L (Rs Mn)	FY14A	FY15A	FY16A	FY17A	Balance Sheet (Rs Mn)	FY14A	FY15A	FY16A	FY17A	Cash Flow (Rs Mn)	FY14A	FY15A	FY16A	FY17A
Revenue	6,637	8,217	9,172	10,066	Equity Capital	63	65	65	65	PBT	824	1,009	1,294	1,555
Op. Expenditure	5,688	7,042	7,760	8,350	Reserve	2,176	3,452	4,145	5,136	Depreciation	122	155	163	221
EBITDA	949	1,175	1,413	1,716	Networth	2,240	3,517	4,210	5,201	Others	0	72	-2	11
Depreciation	122	155	163	221	Long Term Debt	483	593	667	837	Taxes Paid	305	296	300	523
EBIT	827	1,021	1,249	1,495	Def Tax Liability	556	627	845	1,059	Change in WC	-156	-535	-18	-271
Interest Expense	64	77	55	78	Minority Interest	0	0	164	222	Operating C/F	485	405	1,138	993
Other Income	62	66	100	139	Account Payables	377	487	660	847	Capex	-397	-832	-890	-720
PBT	824	1,009	1,294	1,555	Other Curr Liabi	877	1,219	1,490	1,646	Change in Invest	0	-356	17	-381
Tax	305	333	460	582	Total Liabilities & Equity	4,532	6,442	8,036	9,812	Others	0	15	41	42
PAT bef. MI & Assoc.	519	676	834	973	Net Fixed Assets	1,517	2,147	2,298	3,450	Investing C/F	-397	-1,173	-832	-1,058
Minority Interest	0	0	0	-22	Capital WIP	52	77	651	2	Change in Debt	-128	199	-15	171
Profit from Assoc.	0	0	0	-3	Others	0	0	372	608	Change in Equity	-1	706	164	77
Recurring PAT	676	676	676	676	Inventory	1,046	1,259	1,357	1,495	Others	51	-150	-149	-217
Extraordinaires	0	0	0	0	Account Receivables	1,066	1,612	1,884	2,207	Financing C/F	-77	755	-1	31
Reported PAT	676	676	676	676	Other Current Assets	423	575	399	613	Net change in cash	11	-12	305	-34
EPS (Rs)	39.9	52.0	64.1	76.3	Cash	428	773	1,075	1,437	RoE (%)	26 %	24 %	22 %	21 %
DPS (Rs)	5.0	6.1	9.0	12.0	Total Assets	4,532	6,442	8,036	9,812	RoIC (%)	18 %	18 %	16 %	16 %
CEPS (Rs)	50.7	63.9	76.7	93.3	Non-cash Working Capital	1,281	1,740	1,489	1,822	Core RoIC (%)	19 %	19 %	17 %	17 %
FCFPS (Rs)	10.2	-55.0	26.2	-1.2	Cash Conv Cycle	70.4	77.3	59.3	66.1	Div Payout (%)	14 %	14 %	16 %	18 %
BVPS (Rs)	177.0	270.3	323.6	399.7	WC Turnover	5.2	4.7	6.2	5.5	P/E	83.3	63.9	51.8	0.0
EBITDAM (%)	14 %	14 %	15 %	17 %	FA Turnover	4.2	3.7	3.1	2.9	P/B	18.8	12.3	10.3	0.0
PATM (%)	8 %	8 %	9 %	10 %	Net D/E	0.0	-0.1	-0.1	-0.1	P/FCFF	326.3	-60.4	126.8	-2,747.3
Tax Rate (%)	37 %	33 %	36 %	37 %	Revenue/Capital Employed	3.3	3.2	3.0	2.5	EV/EBITDA	46.7	37.7	31.5	0.0
Sales growth (%)	36 %	24 %	12 %	10 %	Capital Employed/Equity	1.6	1.6	1.5	1.4	EV/Sales	6.7	5.4	4.8	0.0
FDEPS growth (%)	12 %	30 %	23 %	19 %						Dividend Yield (%)	0.2 %	0.2 %	0.3 %	0.4 %





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