

Havells India (HAVIND)

₹ 513

Product mix, price hike drive margin...

- Havells' record sales growth of 4% YoY (22% YoY growth including Lloyd) in Q2FY18 was led by strong 21% revenue growth in the lighting & fixture segment. However, transition to GST regime that led to a decline in primary offtake starting May 2017, continued its impact on electrical consumer durable (ECD) (mainly due to higher GST rate). However, despite weak season Lloyd's business grew ~11% YoY in Q2. On the other hand, sluggishness in construction activities marred the performance of the switchgear segment
- During the period, a change in product mix, withdrawal of discounts, lower advertisement expenses and price hike (to offset higher raw material prices) helped drive overall EBITDA margin up by ~45 bps YoY. We believe there would be short-term pressure on the margin owing to lower operating leverage and higher advertisement expenses (under ECD category)

To benefit from Seventh Pay Commission, GST

We believe consumer durable companies will be key beneficiaries of the government's key reforms like implementation of GST and pay hike. While the Seventh Pay Commission boosted the disposable income of 1.4 crore government employees, GST will bring down the effective tax rate of the company. Additionally, a reduction of tax arbitrage for the unorganised segment will provide additional benefit to organised players in the long run. Further, the company has created a strong brand in electrical consumer products in India, which was traditionally a low involvement product category. Advertisement expenditure always remained at ~2-3% of net sales to build the brand image and awareness in Tier I, Tier II cities. Appliances have lower penetration in India. Hence, an improvement in power availability, increase in disposable income and shift in focus towards branded category products would help grow the consumer durable (including Lloyd) segment at ~56% CAGR in FY16-19E.

Recovery in demand in industrial segment to drive growth

HIL's switchgear segment recorded revenue CAGR of ~11% in FY11-17 largely due to new product launch, a gradual shift in branded product categories and sustained demand from rural markets. This has helped Havells increase its market share aggressively from 15% in 2006 to 28% in FY17. The switchgear segment is the most profitable business (~39% contribution margin). We believe a recovery in demand of industrial products led by higher government spending to improve power infrastructure spending would lead the switchgear and cable & wire division sales at 9% CAGR each in FY16-19E.

Stock prices in all near term positives; recommend HOLD

We expect Havells to record revenue, EBITDA CAGR of ~24%, 10%, respectively, in FY16-19E supported by a change in product mix, revival in industrial and consumer products (led by acquisition of Lloyd's CD business). Scalability through acquisition coupled with launch of premium products into domestic market would negate the impact of higher commodity prices. Further, strong cash flow from Havells' core business coupled with minimal debt/equity (as large part of acquisition financed through internal accrual) would strongly position the company to negate any short-term hiccups. Despite being on a strong footing, we believe at the current market price the stock discounts all near term positives. Hence, we change our rating from BUY to **HOLD** with a revised target price of ₹ 550/ share (36x EPS of FY19E).

Rating matrix		
Rating	:	Hold
Target	:	₹ 550
Target Period	:	12 months
Potential Upside	:	7%

What's changed?	
Target	Changed from ₹ 540 to ₹ 550
EPS FY18E	Unchanged
EPS FY19E	Changed from ₹ 15.0 to ₹ 15.3
Rating	Change from Buy to Hold

Quarterly performance					
	Q2FY18	Q1FY17	YoY (%)	Q1FY18	QoQ (%)
Revenue	1,777.4	1,452.2	22.4	1,860.5	-4.5
EBITDA	256.9	203.4	26.3	172.4	49.0
EBITDA (%)	14.5	14.0	45bps	9.3	519bps
PAT	171.0	145.8	17.3	121.4	40.9

Key financials				
₹ Crore	FY16	FY17E	FY18E	FY19E
Net Sales	5,378	6,135	8,859	10,210
EBITDA	754.9	824.2	1,075.9	1,439.1
Net Profit	712.0	539.0	715.8	953.6
EPS (₹)	11.4	8.6	11.5	15.3

Valuation summary				
	FY16	FY17E	FY18E	FY19E
P/E	60.9	59.1	47.1	35.3
Target P/E	62.0	60.2	48.0	36.0
EV / EBITDA	42.2	38.8	31.1	23.1
P/BV	12.8	10.3	9.6	7.9
RoNW (%)	21.0	17.4	20.3	22.2
RoCE (%)	26.4	23.0	27.1	29.5

Stock data	
Particular	Amount
Market Capitalization (₹ Crore)	32,006.1
Total Debt (FY17) (₹ Crore)	202.6
Cash and Investments (FY17) (₹ Crore)	1,937.5
EV (₹ Crore)	30,271.2
52 week H/L	554 / 303
Equity capital (₹ Crore)	62.5
Face value (₹)	1.0

Price performance				
	1M	3M	6M	12M
Havells India	5.2	11.9	6.6	26.3
Bajaj Electricals	10.8	17.4	13.8	50.4
Symphony	3.7	(1.1)	(4.0)	17.4
V-Guard	7.4	8.6	4.6	41.8

Research Analyst	
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Variance analysis

	Q2FY18	Q2FY18E	Q2FY17	YoY (%)	Q1FY18	QoQ (%)	Comments
Revenue	1777.4	1896.9	1452.2	22.4	1860.5	-4.5	Topline growth was led by lighting division and consolidation of Lloyd Electrical. However, slow pace of re-stocking of inventories at the dealer's level had hurt the performance of switchgear and ECD (excluding Lloyd)
Other Income	28.7	26.5	32.3	-11.2	34.8	-17.6	Lower interest income during the period dragged down other income
Raw Material Exp	771.3	901.0	686.6	12.3	926.4	-16.7	Change in product mix coupled with price hike in some category helped drive gross margin up by 60 bps YoY
Employee Exp	161.7	151.7	121.6	33.0	161.9	-0.1	Acquisition of Lloyd resulted in higher employee cost
Purchase of Traded goods	253.8	275.0	159.6	59.1	270.2	-6.0	
Other expenses	333.6	332.0	281.2	18.7	329.7	1.2	Weak demand and uncertainty on GST transition event resulted in lower advertisement expenses
EBITDA	256.9	237.1	203.4	26.3	172.4	49.0	
EBITDA Margin (%)	14.5	12.5	14.0	45 bps	9.3	519 bps	Higher gross margin coupled with lower advertisement expenses helped in expanding EBITDA margin by 45 bps YoY
Depreciation	34.9	34.1	30.8	13.4	33.6	3.9	
Interest	6.7	4.4	1.9	253.7	3.4	97.6	
PBT	244.0	225.1	203.0	20.2	170.2	43.3	
Total Tax	73.0	64.6	57.2	27.5	48.9	49.4	
PAT	171.0	160.5	145.8	17.3	121.4	40.9	Higher topline growth and EBITDA margin helped drive PAT in Q2

Key Metrics

Cable	569.3	607.9	559.2	1.8	636.3	-10.5	Segment volume declined ~10% owing to sharp dip in demand of under ground cable. We believe price hike to the extent of ~12% helped drive revenue growth
Switchgear	329.9	380.0	347.4	-5.1	338.9	-2.7	Lack of fresh demand owing to sluggish construction activities hurt switchgear performance
ECD	591.4	661.8	308.5	91.7	625.5	-5.5	Lloyd segment recorded 11% YoY sales growth during Q2FY18 on an LTL basis. Sales of ECD segment grew at a slow pace of 4% YoY due to lower primary sales
Lighting & Fixtures	286.8	220.5	237.1	21.0	259.8	10.4	Company's project segment clubbed under lighting & fixtures segment. The LED segment grew 38% during Q2 while conventional lighting (CFL) segment declined 43% YoY

Source: Company, ICICIdirect.com Research

Change in estimates

(₹ Crore)	FY18E			FY19E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	9088.1	8858.7	(2.5)	10454.9	10210.3	(2.3)	We have modelled ~24% CAGR in FY16-19E led by ECD segment due to addition of Lloyd's AC business. We believe switchgear, lighting & consumer durable segment will benefit from GST in long run (due to a shift from unorganised to organised segments) and improvement in construction activity
EBITDA	1068.3	1075.9	0.7	1394.1	1439.1	3.2	
EBITDA Margin %	11.8	12.1	35bps	13.3	14.1	79bps	We have tweaked EBITDA margin considering the recent price hike on account of higher raw material price. We believe being a strong brand Havells would pass on higher raw material prices to customers to maintain its gross margin
PAT	719.7	715.8	(0.5)	982.3	953.6	(2.9)	
EPS (₹)	11.5	11.5	(0.5)	15.7	15.3	(2.9)	

Source: Company, ICICIdirect.com Research

Assumptions

	Current			Earlier		Comments
	FY17E	FY18E	FY19E	FY18E	FY19E	
Cable Growth (%)	8.8	10.2	12.3	13.4	12.3	Price hike (to offset rising raw material prices) coupled with various government initiatives to improve power infrastructure would help drive sales of the cable & wire segment
Switchgear Growth (%)	10.5	3.8	13.8	12.4	13.8	Sales growth would largely be driven by new range of products (to serve the upcoming demand from low cost housing industry)
ECD Growth (%)	22.4	159.8	18.2	170.2	18.0	Implementation of GST (shift in demand from unorganised to organised category) coupled with introduction of new categories such as air conditioners and air purifier would help drive sales, going forward
Lighting & Fixtures (%)	22.4	23.2	14.7	10.6	14.1	The lighting division performance remained lacklustre due to a sharp fall in sales of traditional lighting products. However, shift in focus towards LED luminaries and fixtures coupled with bid for EESL's would help drive sales of lighting segment, going ahead

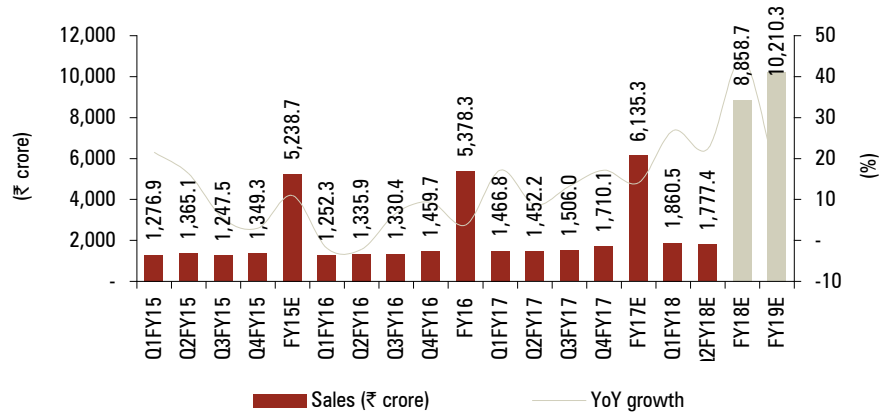
Source: Company, ICICIdirect.com Research

Key takeaways from conference call

1. The transition to the GST regime, which led to a decline in primary offtake starting May 2017, continued its impact on the business during Q2
2. According to the management, though GST would render long term benefits, for the short-term the demand was impacted by a higher GST rate on some of the consumer facing products. The company is experiencing a slowdown in demand due to perceived higher pricing of electrical products and slower primary re-stocking post GST de-stocking in June
3. Q2FY18 was a period of lower demand and GST transition, which led to a cut in advertisement expenditure. Also, there was a tactical shift to higher advertisement under Lloyd business. However, the budget was restored to normal levels
4. The contribution margin of the cable segment increased from 14.2% in Q2FY17 to 19.9% during Q2FY. Increase in margins was due to favourable commodity price on inventory and product mix shift towards domestic cables. Domestic cables constituted 54% in Q2FY18 against 50% in Q2FY17. During the period, realisation of wire segment increased ~10-12% whereas in the cable segment realisation was higher by ~5%
5. During the period, the company clubbed project business revenue (classified under 'others' segment) into lighting & fixtures category. Revenue contribution of EESL revenue in the overall lighting & fixture revenue was at ~₹ 45 crore. Margin of the EESL business was ~19-20%
6. Total ~70% of Lloyd revenue would be contributed by AC segment while 30% revenue would include other segment such as LED. The company is unlikely to take price hike Lloyd's products in the near term but the management has guided that increase in operational efficiency (like consolidation of warehouses, back office cost control) would help drive margins, going forward
7. The company has outlined a capex of ₹ 200 crore for FY18

We have modelled standalone revenue CAGR of 24% in FY16-19E led by the ECD (addition of new business of LEEL) considering implementation of Seventh Pay Commission recommendations, GST and expectation of better monsoon

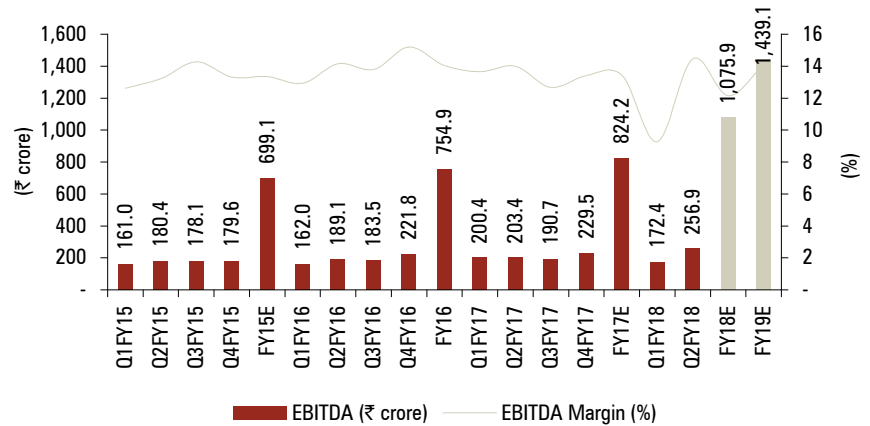
Exhibit 1: Standalone revenue CAGR of 24% in FY16-19E



Source: Company, ICICIdirect.com Research

We believe higher raw material prices and employee cost would be partly offset by price hike, launch of new premium products and higher volume

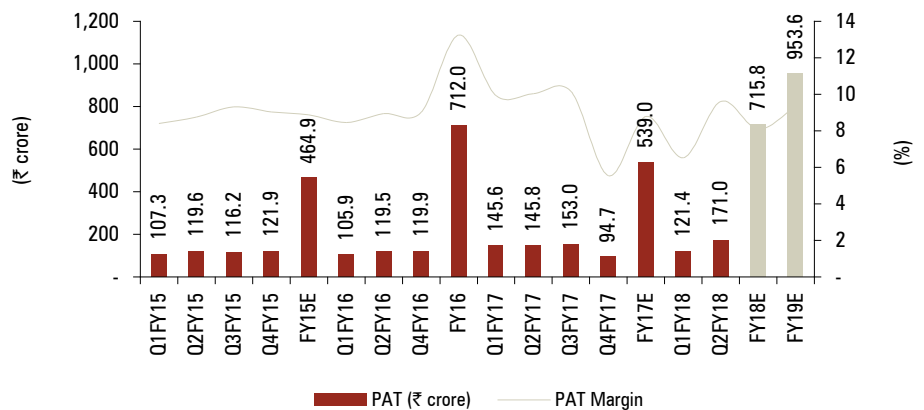
Exhibit 2: EBITDA margin to inch up owing to price hike and lower discounts



Source: Company, ICICIdirect.com Research

We believe PAT would grow at a CAGR of 10% in FY16-19E mainly due to a decline in other income

Exhibit 3: PAT to grow at slow pace owing to muted margin and decline in other income



Source: Company, ICICIdirect.com Research

Annual report key takeaways (FY17)

1. During FY17, Havells acquired Lloyd's consumer durable business with an enterprise value of ₹ 1600 crore and largely financed through internal accrual. The acquisition includes the Lloyd brand, distribution network and manpower of the consumer durable business of Lloyd Electric and Engineering. This acquisition will help Havells participate in a high growth consumer durable segment (white goods) with low penetration levels, increasing urbanisation, aspirational and expanding middle class
2. Apart from Lloyd's acquisition, the company also launched new products under existing portfolio those are: 1) personal grooming, 2) air coolers and 3) solar solutions, ranging from solar street light solutions, rooftop power generating systems for industries and residential areas
3. LED contributes over 75% to total lighting revenues of Havells. Also, the company has bagged projects from EESL and Government of Delhi worth over ₹ 500 crore during FY17
4. Havells commenced production at its first plant outside North India in Guwahati, Assam. The new plant would help strengthen the company's presence into eastern markets
5. In order to enhance focus on domestic markets, Havells completely exited its international operations including transfer of 20% stake in Feilo Malta (erstwhile Havells Malta), divestment of 100% stake in Havells Sylvania (Thailand) to Inesa UK and orderly termination of Jiangsu Havells Sylvania Lighting Company, a joint venture and Havells Sylvania Brasil Iluminacao Ltd's operations. The entire cost, net of gains from sale of 20% stake sale in Feilo Exim Ltd (erstwhile Havells Exim Ltd) during the year, is ₹ 57.8 crore. The company is expected to receive ~₹ 204 crore from the above planned exit
6. The company launched an array of exciting, contemporary and innovative personal grooming products and aims to capture around 25% market share in the next three years
7. Advertisement & sales promotion expenses were at 3.0% of standalone sales (similar compared to FY16)
8. During FY17, the company added ~1700 dealers, taking the total count to ~7575 dealers across India

Outlook and valuation

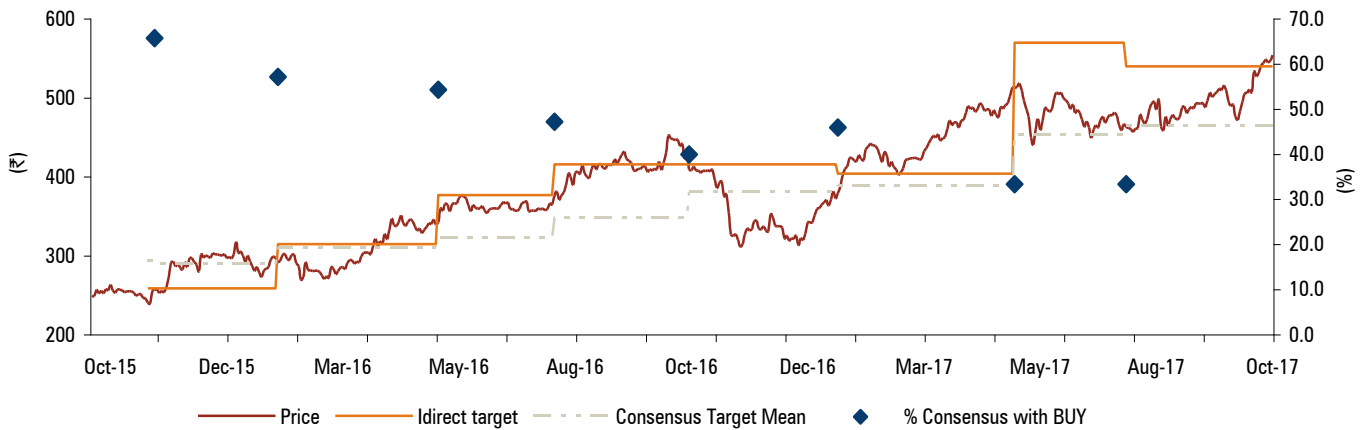
We expect Havells to record revenue, EBITDA CAGR of ~25%, ~10%, respectively, in FY16-19E supported by a revival in industrial and consumer products (led by acquisition of Lloyd's CD business). Scalability through acquisition coupled with launch of premium products into domestic market would negate the impact higher commodity prices. Further, strong cash flow from Havells' core business coupled with minimal debt/equity (as large part of acquisition financed through internal accrual) would strongly position the company to negate any short-term hiccups. Despite being on a strong footing, we believe at the CMP the stock discounts all near term positives. Hence, we revise our recommendation from BUY to **HOLD** with a revised target price of ₹ 550 per share (36x EPS of FY19E).

Exhibit 4: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	5378.3		11.4		45.0	40.0	21.0	26.4
FY17E	6135.3	14.1	8.6	-24.3	59.4	36.7	17.4	23.0
FY18E	8858.7	44.4	11.5	32.8	44.7	29.5	20.3	27.1
FY19E	10210.3	15.3	15.3	33.2	33.6	21.9	22.2	29.5

Source: Company, ICICIdirect.com Research

Recommendation history vs. consensus



Source: Reuters, ICICIdirect.com Research

Key events

Date	Event
Mar-09	Wins export order worth US\$200 million from West European countries to supply CFL over five years
Jun-09	Opens new switchgear plant at Baddi in Himachal Pradesh. This boosts overall volume growth by 67% YoY
Sep-10	Announces bonus issue of 1:1
Oct-10	Enters premium range of new generation electric water heater segment
Nov-10	Sylvania reports maiden profit in Q2FY11, for the first time after three years of its acquisition
Dec-10	Announcement on doubling capacity of cable & wire and CFL plant
Jul-11	Announces entry into home and kitchen appliances business
Dec-11	Enters into 50:50 joint venture agreement with Shanghai Yaming Lighting
May-12	Havells Sylvania Europe successfully refinances existing outstanding term loan liability of €77.5 million
Sep-12	Receives one-time fee of US\$38 million against settlement of jurisdictional ownership of Sylvania brand with Osram Sylvania Inc and Osram AG
Oct-12	Unveils country's first large-scale state-of-the-art lighting fixture plant in Neemrana, Rajasthan (Incurred ₹ 100 crore for expansion)
Jan-13	Company enters revised trademark license agreement with promoters
Feb-13	Warburg Pincus offloads 5.6% stake in Havells India for ₹ 455 crore
May-13	Launches new range of non modular (REO) switches
Apr-15	Acquires 51% stake in Promptec Renewable Energy Solutions for about ₹ 33 crore to enter the solar energy and LED street lighting segment
Dec-15	Decides to divest its 100% holding in Havells Malta and Havells Exim (largely Sylvania business) to China-based Shanghai Feilo Acoustics Company
Feb-17	Acquires consumer durable (CD) business of Lloyd Electric & Engineering (LEEL) with an enterprise value of ~₹ 1600 crore

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	QRG Enterprises, Ltd.	30-Jun-17	41.4	258.6	0.0
2	Gupta (Vinod)	30-Jun-17	6.3	39.5	0.0
3	Nalanda India Equity Fund Ltd.	30-Jun-17	5.3	33.0	0.0
4	Gupta (Surjeet Kumar)	30-Jun-17	5.2	32.7	0.0
5	Gupta (Anil Rai)	30-Jun-17	4.9	30.7	0.0
6	Norges Bank Investment Management (NBIM)	30-Jun-17	2.8	17.7	-0.4
7	Capital World Investors	30-Jun-17	2.8	17.5	-2.2
8	Gupta (Qimat Rai)	30-Jun-17	2.2	13.6	0.0
9	Capital Research Global Investors	30-Sep-17	1.5	9.5	-0.1
10	The Vanguard Group, Inc.	30-Sep-17	1.3	8.0	0.0

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Sep-17	Dec-17	Mar-17	Jun-17	Sep-17
Promoter	61.6	61.6	61.6	61.6	61.6
FII	26.7	26.2	26.5	26.3	25.7
DII	2.7	2.3	2.4	2.9	3.2
Others	9.0	9.9	9.4	9.2	9.6

Recent Activity

Buys			Sells		
Investor name	Value(m)	Shares(m)	Investor name	Value(m)	Shares(m)
Waddell & Reed Investment Management Company	7.4	1.0	Capital World Investors	-15.6	-2.2
Florida State Board of Administration	4.2	0.6	Lyxor Asset Management	-6.7	-0.9
RBC Investment Management (Asia) Ltd.	4.3	0.6	Amundi Asset Management	-3.0	-0.4
Manning & Napier Advisors, LLC	2.8	0.4	Norges Bank Investment Management (NBIM)	-2.6	-0.4
Havells Employees Welfare Trust	2.4	0.3	Nuveen LLC	-1.7	-0.2

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement		₹ Crore			
Year End March	FY16	FY17E	FY18E	FY19E	
Total Operating Income	5378.3	6135.3	8858.7	10210.3	
Growth (%)		14.1	44.4	15.3	
Raw Material Expenses	2875.4	3268.7	4365.7	5031.8	
Employee Expenses	370.8	500.4	647.6	692.6	
Marketing Expenses	178.8	190.6	296.3	391.9	
Other expenses	900.3	971.7	1322.1	1395.0	
Total Operating Expenditure	4623.4	5311.1	7782.8	8771.3	
Operating Profit (EBITDA)	754.9	824.2	1075.9	1439.1	
Growth (%)		9.2	30.5	33.8	
Other Income	69.4	120.5	106.1	87.5	
Interest	12.7	12.2	24.5	25.3	
Depreciation	104.9	119.6	130.2	152.1	
Less: Exceptional Items	-202.4	44.1	0.0	0.0	
PBT	909.0	768.8	1027.3	1349.1	
Total Tax	197.0	229.8	311.5	395.5	
PAT	712.0	539.0	715.8	953.6	
Minority Interest	0.0	0.0	0.0	0.0	
PAT before MI	712.0	539.0	715.8	953.6	
Growth (%)	59.5	-24.3	32.8	33.2	
EPS (₹)	11.4	8.6	11.5	15.3	

Source: Company, ICICIdirect.com Research, FY17E As per Ind AS

Balance sheet		₹ Crore			
(Year-end March)	FY16	FY17E	FY18E	FY19E	
Equity Capital	62.5	62.5	62.5	62.5	
Reserve and Surplus	2578.5	3211.1	3458.7	4226.7	
Total Shareholders funds	2641.0	3273.6	3521.2	4289.2	
Total Debt	4.1	202.6	252.6	253.6	
Deferred Tax Liability	74.9	113.8	113.8	113.8	
Total Liabilities	2720.0	3589.9	3887.6	4656.6	
Assets					
Total Gross Block	1494.2	1832.4	2082.4	2332.4	
Less Total Accumulated Depr	447.0	566.6	696.9	849.0	
Net Block	1047.2	1265.8	1385.5	1483.4	
Capital WIP	22.1	11.9	11.9	11.9	
Total Fixed Assets	1069.4	1277.7	1397.4	1495.3	
Goodwill on cons			1600.0	1600.0	
Investment	460.27	1382.57	100	150	
Inventory	784.4	928.4	1340.6	1678.4	
Debtors	157.6	228.5	485.4	559.5	
Other Current Assets	35.9	96.7	139.6	160.9	
Cash	1353.7	554.9	374.0	619.1	
Total Current Assets	2388.1	1808.5	2339.5	3017.8	
Total Current Liabilities	1271.4	1370.0	2040.6	2147.7	
Net Current Assets	1116.7	438.5	298.9	870.1	
Total Assets	2720.0	3589.9	3887.5	4656.6	

Source: Company, ICICIdirect.com Research, FY17E As per Ind AS

Cash flow statement		₹ Crore			
(Year-end March)	FY16	FY17E	FY18E	FY19E	
Profit after Tax	712.0	539.0	715.8	953.6	
Depreciation	104.9	119.6	130.2	152.1	
CF before working cap changes	829.7	670.8	870.5	1131.1	
Net Increase in Current Assets	-149.2	-219.1	-711.9	-433.2	
Net Increase in Current Liabilities	84.8	98.6	670.6	107.1	
CF from operating activities	765.3	550.3	829.2	805.0	
(Purchase)/Sale of Liquid Investmen	551.5	-922.3	1282.6	-50.0	
Others	-718.4	594.4	-1532.6	-200.0	
(Purchase)/Sale of Fixed Assets	-167.0	-327.9	-250.0	-250.0	
CF from Investing Activities	564.6	-1629.0	-567.4	-350.0	
Proceeds from issues of Equity Sha	0.0	0.0	0.0	0.0	
Inc / (Dec) in Loan Funds	-39.0	198.5	50.0	1.0	
Others	-459.6	81.4	-492.7	-210.9	
CF from Financing Activities	-498.6	279.9	-442.7	-209.9	
Net Cash flow	831.3	-798.7	-180.9	245.1	
Opening Cash	522.4	1353.7	554.9	374.0	
Closing Cash	1353.7	554.9	374.0	619.1	

Source: Company, ICICIdirect.com Research, FY17E As per Ind AS

Key ratios					
(Year-end March)	FY16	FY17E	FY18E	FY19E	
Per Share Data					
Reported EPS	11.4	8.6	11.5	15.3	
Cash EPS	13.1	10.6	13.6	17.7	
BV per share	42.3	52.5	56.4	68.7	
DPS	7.2	4.2	1.8	3.0	
Operating Ratios (%)					
EBITDA Margin (%)	14.0	13.4	12.1	14.1	
PAT Margin (%)	10.3	9.3	8.1	9.3	
Asset Turnover	2.0	1.7	2.3	2.2	
Debtors Turnover	10.7	13.6	20.0	20.0	
Creditor Turnover	29.6	37.5	40.0	40.0	
Return Ratios (%)					
RoE	21.0	17.4	20.3	22.2	
RoCE	26.4	23.0	27.1	29.5	
RoIC	52.0	31.2	35.2	41.6	
Valuation Ratios					
EV / EBITDA	40.0	36.7	29.5	21.9	
P/E	45.0	59.4	44.7	33.6	
EV / Net Sales	5.6	4.9	3.6	3.1	
EV / Net Sales	5.6	4.9	3.6	3.1	
Market Cap / Sales	6.0	5.2	3.6	3.1	
Price to Book Value	12.1	9.8	9.1	7.5	
Solvency Ratios					
Debt / Equity	0.0	0.1	0.1	0.1	
Current Ratio	1.2	1.7	1.7	1.8	
Quick Ratio	0.3	0.4	0.5	0.5	

Source: Company, ICICIdirect.com Research, FY17E As per Ind AS

ICICIdirect.com coverage universe (Consumer Discretionary)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating		FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E
Asian Paints (ASIPAI)	1,184	1,181	Hold	110,116	21.4	22.5	27.5	53.6	51.1	41.7	36.1	34.8	28.0	32.9	29.5	31.4	26.9	24.9	26.3
Astral Polytechnik (ASTPOL)	744	720	Buy	7,832	12.1	15.9	20.6	54.2	41.0	31.7	30.2	23.7	18.9	21.3	21.8	23.3	17.2	17.4	18.5
Bajaj Electricals (BAJELE)	397	380	Buy	3,272	10.8	13.1	19.0	30.4	25.1	17.3	15.2	14.4	10.5	16.7	17.8	22.5	12.4	14.0	17.5
Havells India (HAVIND)	513	550	Hold	32,006	8.6	11.5	15.3	59.4	44.7	33.6	36.7	29.5	21.9	23.0	27.1	29.5	17.4	20.3	22.2
Kansai Nerolac (KANNER)	492	540	Buy	26,030	9.4	10.8	12.7	51.5	44.6	38.1	35.6	30.2	25.6	26.2	28.3	28.9	18.0	19.6	20.0
Pidilite Industries (PIDIND)	796	890	Buy	41,319	16.8	17.4	20.8	47.9	46.4	38.8	31.7	30.8	25.9	33.0	31.4	32.8	24.9	23.7	24.8
Essel Propack (ESSPRO)	272	270	Hold	4,194	12.5	12.6	15.3	21.4	21.2	17.4	11.4	9.8	8.4	17.7	16.3	18.3	17.8	13.9	15.0
Supreme Indus (SUPIND)	1,124	1,285	Buy	13,973	33.7	36.3	40.4	32.6	30.3	27.2	18.5	17.7	15.3	30.0	30.7	33.3	25.3	26.4	26.2
Symphony (SYMLIM)	1,401	1,430	Buy	8,325	23.7	30.5	37.7	50.3	39.1	31.5	41.1	30.9	24.7	48.4	47.7	54.2	36.1	36.1	40.9
V-Guard Ind (VGUARD)	196	165	Hold	7,559	3.6	3.6	4.4	49.8	49.0	40.1	34.7	34.9	28.5	32.3	28.6	29.1	23.8	22.1	22.5
Voltas Ltd (VOLTAS)	537	600	Buy	17,893	15.5	17.2	22.6	35.0	31.5	24.0	30.3	28.7	20.0	21.5	23.3	27.1	15.5	17.8	19.9

Source: Company, ICICIdirect.com Research

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Buy: > 10%/15% for large caps/midcaps, respectively;

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