

Bajaj Electricals (BAJELE)

₹ 543

Strong performance led by EPC...

- Bajaj Electricals' (BEL) revenues at ~₹ 1606 crore, were up ~27% YoY led by the E&P segment revenue growth of ~44% YoY due to a pick-up in execution of projects. On the other hand, GST adjusted revenue growth in the consumer durable (CD) was at ~15% YoY (vs reported growth of ~6% YoY) led by the same quantum of volume growth. As per the management, GST rollout coupled with completion of range and reach expansion plan (RREP) in FY18, would improve the performance of CD sales (by ~15-20%), going forward. EPC segment sales would largely be driven by a strong order book, to be executed in the next 18 months
- Despite a lower gross margin, the company recorded a strong EBITDA margin owing to reversal of provisions in EPC segment coupled with lower employee cost. PAT was marred by one-time write off of investment (~₹ 89 crore) in the CFL business

Recovery in CD sales to drive EBITDA margin, going forward

We believe a revival in BEL's CD segment performance is on the cards, going ahead. This is largely due to a) completion of RREP coupled with implementation of GST (to favour organised players) by Q4FY18 and b) given lower penetration and rising income of the Indian middle class and rural household (due to good monsoon). By end of Q3FY18, the company has already covered ~1,30,000 retail outlets across India barring south and North Eastern states. Coverage would increase to ~1,60,000 retail outlets by end of September 2018. We believe Bajaj being a strong brand in the economic CD products segment would be a direct beneficiary of the government's push to 'double farm income' by FY22. This would help CD revenues grow at 14% CAGR in FY18-20E with an improvement in EBIT margin (owing to higher operating leverage) to ~6%.

High margin orders to drive profitability of project division

Under the E&P segment, BEL has witnessed a revival in performance post FY16-17 on account of execution of newer high margins orders. With the recent order inflows, the current order book of ~₹ 8900 crore consists of high margin orders of FY17-18. In the absence of any loss-making order, we expect BEL to achieve an operating profit of ₹ 301 crore from the segment with margins of ~7% in FY20E. Continuous order inflow has improved the visibility of revenue booking from the E&P segment (~3.5x TTM sales). We believe BEL will benefit from the government's thrust to improve power infrastructure in India. We expect the E&P segment to record ~21% sales CAGR in FY18-20E.

Re-rating on the cards supported by revival in CD segment performance

We believe BEL is a strong candidate for a re-rating owing to the strong performance of the E&P division and a recovery in sales of CD products with RREP nearing the end in FY18. In addition to this, we also believe Bajaj being a strong brand in the consumer product category would gain market share from unorganised players post implementation of GST. On the other hand, a sustained performance of the E&P segment (owing to execution of higher margin orders) would aid the future performance of the company. We believe BEL will record revenue, adjusted earning CAGR of ~21%, ~19%, respectively, in FY18-20E supported by an increase in EBITDA margin. Under our SOTP based valuation, we value BEL's CD segment MCap at 2x FY20E sales (~30% discount to peers) and E&P segment at 7x FY20E EV/EBITDA. We maintain our **BUY** rating with a revised target price of ₹ 650/share.

Rating matrix		
Rating	:	Buy
Target	:	₹ 650
Target Period	:	12 Months
Potential Upside	:	20%

What's Changed?	
Target	Changed from ₹ 720 to ₹ 650
EPS FY19E	Changed from ₹ 16.9 to ₹ 21.2
EPS FY20E	Changed from ₹ 21.5 to ₹ 24.2
Rating	Unchanged

Quarterly Performance					
	Q4FY18	Q4FY17	YoY (%)	Q3FY18	QoQ (%)
Revenue	1,606.3	1,263.9	27.1	1,145.1	40.3
EBITDA	135.0	73.9	82.6	70.3	92.0
EBITDA (%)	8.4	5.8	255bps	6.1	226bps
PAT	7.3	38.4	-81.0	36.8	-80.2

Key Financials				
₹ Crore	FY17	FY18E	FY19E	FY20E
Net Sales	4,262	4,707	6,199	6,935
EBITDA	242.8	293.4	414.2	485.9
Net Profit	107.7	83.6	216.0	247.2
EPS (₹)	10.5	8.2	21.2	24.2

Valuation summary				
	FY17	FY18E	FY19E	FY20E
P/E	51.5	66.3	25.7	22.4
EV / EBITDA	24.5	21.2	16.2	14.0
P/BV	6.4	5.9	5.2	4.4
RoNW (%)	12.4	13.7	20.5	19.5
RoCE (%)	16.7	18.1	17.4	17.5
Mcap/sales	1.3	1.2	0.9	0.8

Stock data	
Particular	Amount
Market Capitalization (₹ Crore)	5,449.5
Total Debt (FY17) (₹ Crore)	717.6
Cash and Investments (FY17) (₹ Crore)	25.8
EV (₹ Crore)	6,049.5
52 week H/L	706 / 294
Equity capital (₹ Crore)	20.3
Face value (₹)	2.0

Price performance (%)				
	1M	3M	6M	12M
Bajaj Electricals	(18.8)	1.0	13.3	55.7
Havells India	(0.2)	7.6	6.9	11.7
Symphony	(16.0)	(14.6)	(6.3)	16.5
V-Guard	(8.2)	(8.0)	(4.0)	24.4

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Variance analysis

	Q4FY18	Q4FY18E	Q4FY17	YoY (%)	Q3FY18	QoQ (%)	Comments
Revenue	1,606.3	1,412.4	1,263.9	27.1	1,145.1	40.3	Revenue growth largely driven by the E&P business while CD revenue growth was ~6% owing to lack of price hike. However, CD segment volume growth was higher at ~15% YoY
Other Income	22.6	8.4	11.4	98.0	9.6	134.9	
Raw Material Exp	128.1	59.3	69.1	85.5	25.5	401.8	
Employee Exp	74.0	96.0	90.3	-18.0	82.7	-10.5	
Admin & Other exp	230.9	218.9	184.7	25.0	161.8	42.7	
Erection & Subcont Exp	119.3	168.8	136.8	-12.8	53.5	123.0	
Purchase of Traded goods	919.1	776.8	709.2	29.6	751.4	22.3	
EBITDA	135.0	92.5	73.9	82.6	70.3	92.0	
EBITDA Margin (%)	8.4	6.5	5.8	255.4	6.1	36.9	Pressure in gross margin (on account of inability to pass on GST impact) along with higher advertisement & promotional cost (up 24% YoY) was mitigated by a reversal of provision associated with EPC segment
Depreciation	8.9	8.8	8.4	6.0	8.3	6.4	
Interest	15.5	14.9	16.6	-7.1	14.4	7.7	
Exceptional items	89.4	0.0	0.0		0.0		One-time provision with respect to investments in associate company, Starlite Lighting, in view of losses incurred by it due to a steep fall in demand for CFL bulbs
PBT	43.8	77.2	60.3	-27.3	57.2	-23.4	
Total Tax	36.5	27.5	21.9	66.8	20.4	79.2	
PAT	7.3	49.7	38.4	-81.0	36.8	-80.2	Due to one-off event, the company recorded a sharp decline in PAT
Key Metrics							
Consumer Durable	644.6	678.5	610.8	5.5	600.2	7.4	Volume growth in the consumer product segments were higher at ~15% YoY while lack of price hike (as the company has not taken any price hikes on consumer durable segments despite higher GST rates) has dented overall value growth
Engineering & Project	961.5	733.9	667.2	44.1	544.9	76.4	Pick-up in execution of projects helped drive segment revenue growth during Q4FY18

Source: Company, ICICI Direct Research, base quarter numbers are not adjusted with indirect taxes

Change in estimates

(₹ Crore)	FY19E			FY20E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	5,388.5	6,198.9	15.0	6,392.1	6,935.1	8.5	The strong order inflow in the EPC business coupled with a recovery in the consumer business (GST adjusted sales growth ~15% YoY in FY18) depicts strong visibility of both EPC and consumer durable business categories, respectively. We model revenue CAGR of ~21% in FY18E-20E led by E&P segment revenue CAGR of ~28% while CD business would grow at a moderate rate of ~15% during the same period
EBITDA	324.7	414.2	27.6	416.4	485.9	16.7	
EBITDA Margin %	6.0	6.7	66bps	6.5	7.0	49bps	We believe EBITDA margins will witness a marginal expansion in FY19E-20E owing to execution of higher margin projects and a recovery in sales of the consumer segment
PAT	171.0	216.0	26.3	218.0	247.2	13.4	
EPS (₹)	16.8	21.2	26.3	21.4	24.2	13.4	

Source: Company, ICICI Direct Research

Assumptions

	Current				Earlier		Comments
	FY17	FY18E	FY19E	FY20E	FY19E	FY20E	
Consumer Durable (%)	(10.9)	(3.7)	13.7	13.5	14.3	13.9	With the completion of the company's RREP programme in September 2018, the company's total retail outlet coverage would be ~1.6 lakh (vs. 1.3 lakh in January 2018). We believe a strong recovery in sales of consumer products supported by an increase in market share (post implementation of GST, the company has planned to attain the same market share prior to RREP implementation) and marginal price hike (led by launching of new products) will drive the future growth of the segment
Engineering & Project (%)	-2.2	25.4	47.3	10.7	24.0	23.0	Under the E&P segment, the company's strategy is to focus more on quality orders and timely execution of orders

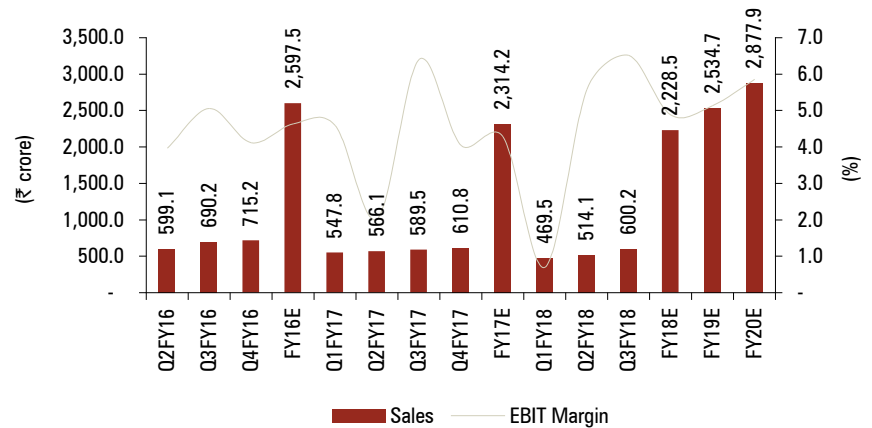
Source: Company, ICICI Direct Research

We believe CD sales will improve slowly (the management guided that improvement in sales would be visible from Q4FY18) as the company's RREP programme is nearing an end (by September 2018). We model CD revenue CAGR of ~14% in FY18E-20E. Further, volume growth coupled with a slight price hike (due to a change in product mix) would help drive profitability of the business

Continuous quality order inflow has improved the visibility of revenue booking from the E&P segment. The company has recently received orders for rural electrification in Uttar Pradesh under Pradhan Mantri Sahaj Bijli Har Ghar Yojana — Saubhagya, aggregating to ₹ 5,962 crore, translating to total order book of ₹ 8934 crore (3.5x TTM project sales), comprising ₹ 1433 crore for transmission line towers; ₹ 7304 crore for power distribution; and ₹ 197 crore for illumination projects

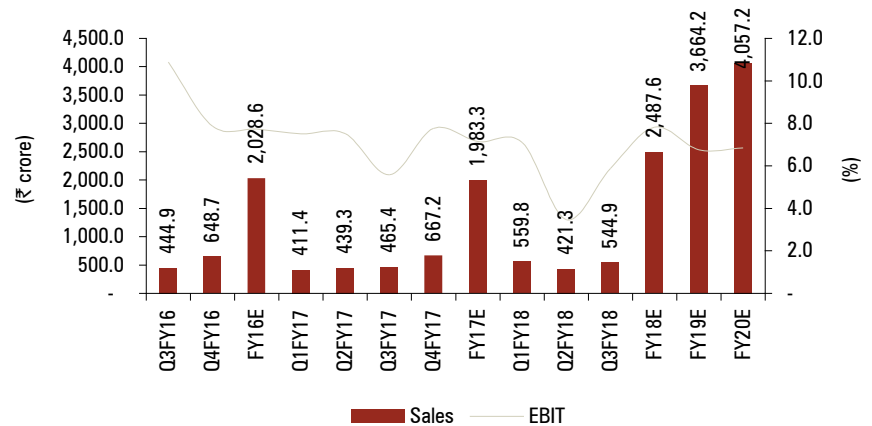
We believe a revival in sales of consumer durable segment would be a key trigger for the company, going forward

Exhibit 1: Completion of RREP programme to benefit in long term



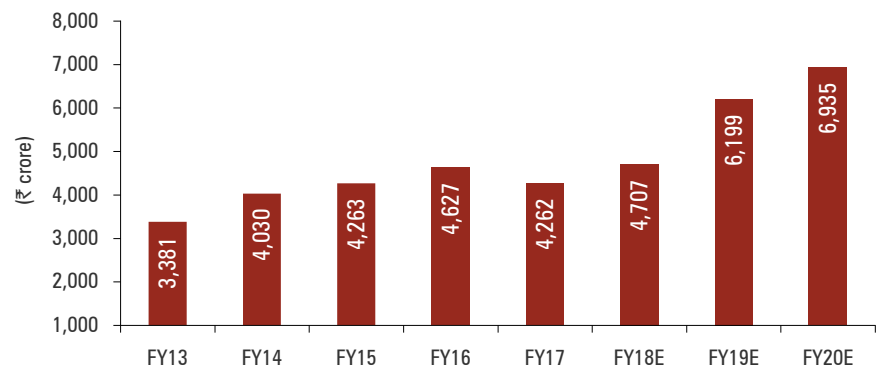
Source: Company, ICICI Direct Research

Exhibit 2: Execution of higher margin order to drive profitability of project business



Source: Company, ICICI Direct Research

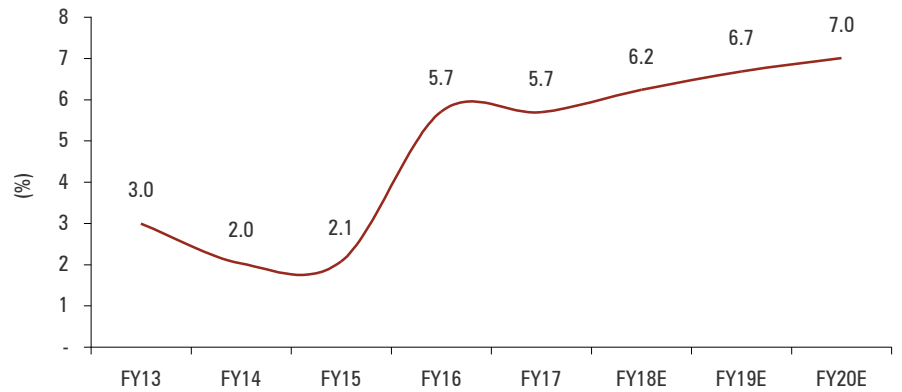
Exhibit 3: Gradual pick in CD sales to drive total sales growth in FY18E-20E



Source: Company, ICICI Direct Research

We believe the EBITDA margin will improve in FY18E-19E supported by 1) change in product mix of CD segments and 2) focus on execution of higher margin order under E&P segment. However, we also believe employee cost and advertisement & promotion expenses would restrict any sharp movement in the EBITDA margin

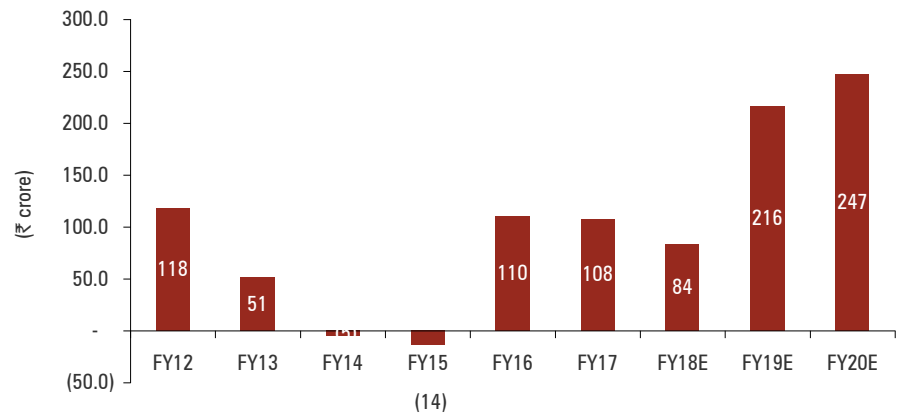
Exhibit 4: EBITDA margins to improve (%)



Source: Company, ICICI Direct Research

We believe lower interest cost coupled with a recovery in the profitability of E&P and CD segment would drive BEL's PAT growth in FY18E-20E

Exhibit 5: Net profit to recover due to reduction in E&P losses



Source: Company, ICICI Direct Research

Key conference call takeaways

Consumer durable (CD) segment

1. Like to like sales growth of 15% YoY the (led by equal amount of volume growth) but absence of any price hike coupled with adjustment in realisation (to keep MRP of product unchanged) hurt value growth
2. Volume growth in the consumer durable category was driven by fan (up ~18% YoY), appliances (~15% YoY), Morphy Richards (~15% YoY) and lighting (~6% YoY).
3. For FY18, out of ₹ 369 crore lighting revenue LED revenue contribution was at 50%. Luminaires segment revenue was ₹ 428 crore during FY18
4. For FY19, the company is aiming to clock revenue of ₹ 2500 crore under CD category with EBIT margin of ~6-7%. BEL has been focusing on regaining its lost market share in appliances category (lost due to elimination of wholesalers in the value chain)
5. During Q4FY18, BEL has made one-time provision of ₹ 89.36 crore with respect to its investments in Starlite Lighting (associate company) due to a steep fall in demand for CFL business
6. Range and reach expansion plan (RREP) rollout in Jammu & Kashmir, Himachal Pradesh and North-East states is in progress and is expected to be completed by end September 2018. RREP would drive the performance in future years and give the Company an edge over competition
7. Advertisement and promotion (A&P) expenses was up 24% YoY to ₹ 31 crore in Q4FY18. During FY18, the company's A&P expenses increased ~35% YoY to ₹ 105 crore

EPC segment:

1. BEL has recently received orders for rural electrification in Uttar Pradesh under Pradhan Mantri Sahaj Bijli Har Ghar Yojana — Saubhagya, aggregating to ₹ 5,962 crore, making the total order book of ₹ 8934 crore, comprising ₹ 1433 crore for transmission line towers; ₹ 7304 crore for power distribution; and ₹ 197 crore for illumination projects. The order size is expected to come down to ~ ₹ 4,000 crore, as many of the low cost houses does not exist according to GSEC. The order be executed in 15 months (but the company is looking to execute all order by March 2020)
2. The company is aiming to record EPC revenue between ~₹ 3500 and ₹ 4000 crore in FY19 with EBIT margin of ~8-9% (against ~11% in Q4FY18). Sharp rise EBIT margin of EPC business was mainly due to a reversal of provisions during Q4FY18
3. Significant rise in debt (~₹ 1200 crore) in FY19 owing to significant order inflow in the EPC segment

Outlook and valuation

Despite being a dominant play in the lighting and consumer durable segment (contributes ~50% of topline) with a strong dealer network, BEL has paid the price for poor execution in the E&P business and lower-than-expected performance of its core business (i.e. lighting and CD segment). Poor EBITDA margins with a rising working capital requirement (due to a delay in execution of E&P projects) resulted in sharp multiple contractions. Though the E&P division turned positive (with strong EBIT margin of 7.8% in FY18), the CD segment underperformed due to lower volume growth and loss of market share to its competitors. However, the management has guided at a slow recovery in sales of CD products with RREP nearing the end in FY18 and coverage of ~1,30,000 outlets across India (to cross ~1,60,000 by the end of September 2018).

We believe BEL is a strong candidate for re-rating owing to the strong performance of the EPC division and recovery in sales of CD products with rising coverage of retailers across India. We believe BEL will record revenue, adjusted earning CAGR of ~21%, ~19%, respectively, in FY18E-20E supported by an increase in EBITDA margin. Under our SOTP based valuation, we value BEL's CD segment MCap at 2x FY20E sales (~30% discount to peers) and E&P segment at 7x FY20E EV/EBITDA. We maintain our **BUY** rating with a revised target price of ₹ 650/share.

Exhibit 6: Valuation summary

(₹ crore)	Sales	Mcap/Sales	Mcap
Consumer Durable	2877.9	2	5756
(₹ crore)	EBITDA	EV/EBITDA	EV
EPC	301.3	7	2169.2
Debt			1368
Cash			76
Value of EPC			878
Mcap			6634
No of shares			10
Target price/share			650
CMP			543
Upside/(Downside) (%)			20

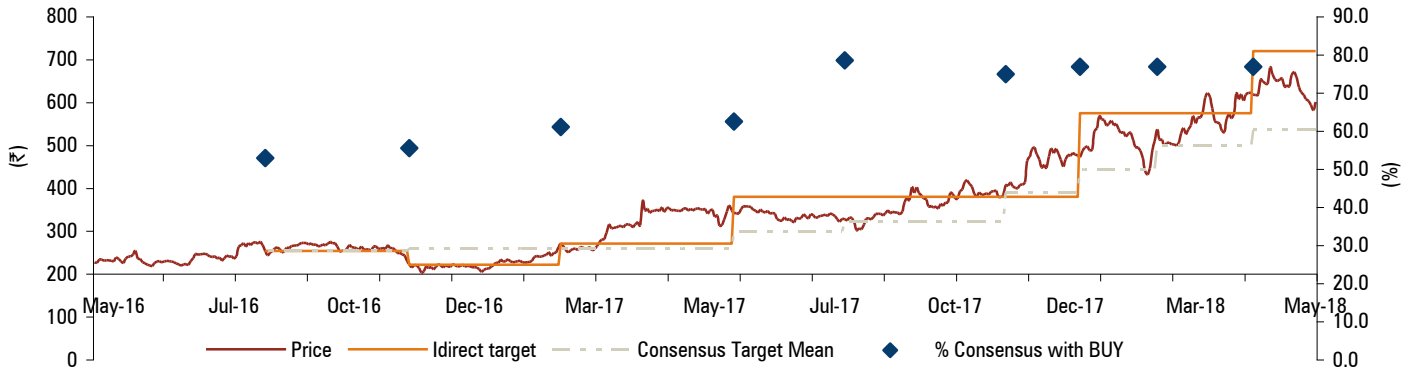
Source: Company, ICICI Direct Research

Exhibit 7: Financials and valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY17	4261.7		10.5		51.5	24.5	12.4	16.7
FY18E	4707.5	10.5	8.2	-22.3	66.3	21.2	13.7	18.1
FY19E	6198.9	31.7	21.2	158.3	25.7	16.2	20.5	17.4
FY20E	6935.1	11.9	24.2	14.5	22.4	14.0	19.5	17.5

Source: Company, ICICI Direct Research

Recommendation history vs. consensus



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
Apr-09	Sharp decline in lighting revenue/EBIT during Q1FY10
Dec-09	QIP issue of ₹ 160 crore
Mar-10	Bajaj Holding & Investment raises its stake in group company Bajaj Electricals to 31.65% from earlier 12.85%
Mar-10	Receives orders worth ₹ 215 crore under the portfolio of transmission and power distribution
Sep-10	Receives orders worth ₹ 408 crore under the portfolio of transmission and power distribution, total order book size crosses ₹ 1150 crore
Oct-10	Records strong sales CAGR of 25% in FY09-11 led by strong performance by consumer durable (~30% CAGR) segment
Jan-11	Company extends its product portfolio by launching pressure cookers, water purifiers and water dispensers
Jul-12	Company launches premium segment of lighting range including LED lights in South India
Sep-12	Company sells its entire 50% stake in Bajaj Venture to Black & Decker India
Mar-13	Margin contraction due to sharp losses in E&P segment
Nov-13	E&P business unit receives power distribution projects worth ₹ 757 crore under Rajiv Gandhi Gramin Vidyutikaran Yojna (RGGVY) scheme
Dec-16	BEL enters into strategic alliance with UK based firm Goovee to manufacture innovative lighting products and solutions on IoT platform

Source: Company, ICICI Direct Research

Top 10 Shareholders

Top 10 Shareholders						Shareholding Pattern				
Rank	Name	Latest Filing Date	% O/S	Position	Change (in %)	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
1	Bajaj Group of Industries	31-Mar-18	37%	37.4	0.0 Promoter	63.4	63.3	63.3	63.0	62.9
2	Bajaj (Kiran)	31-Mar-18	5.1%	5.3	0.3 FII	7.6	9.3	9.8	9.8	9.7
3	Bajaj (Anant)	31-Mar-18	4.9%	5.0	0.5 DII	6.7	5.2	4.8	4.6	5.4
4	Bajaj Trading Company	31-Dec-17	2.5%	2.5	0.0 Others	22.3	22.2	22.2	22.6	22.0
5	Bajaj (Shekhar P)	31-Mar-18	2.5%	2.5	0.0					
6	Bajaj (Niraj)	31-Mar-18	2.1%	2.2	0.5					
7	Reliance Nippon Life Asset Management Limited	31-Mar-18	2.0%	2.1	0.6					
8	Caisse de Depot et Placement du Quebec	31-Mar-18	1.7%	1.8	0.0					
9	MSD India Fund, Ltd.	31-Mar-18	1.5%	1.5	0.0					
10	Bajaj (Rahul)	15-Mar-18	1.4%	1.4	1.4					

Source: Reuters, ICICI Direct Research

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Bajaj (Rahul)	12.1	1.4	Franklin Templeton Investments (Asia) Ltd.	-1.9	-0.2
Bajaj (Rahul Kumar)	11.0	1.3	Prusik Investment Management LLP	-1.1	-0.1
Reliance Nippon Life Asset Management Limited	5.1	0.6	Old Mutual Global Investors (UK) Limited	-0.9	-0.1
Bajaj (Niraj)	4.2	0.5	Taurus Asset Management Co. Ltd.	-0.5	-0.1
Bajaj (Anant)	3.9	0.5	Aditya Birla Sun Life Insurance Company Limited	-0.4	0.0

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement					₹ Crore				
(Year-end March)					FY17	FY18E	FY19E	FY20E	
Net Sales					4261.7	4707.5	6198.9	6935.1	
Growth (%)					-7.9	10.5	31.7	11.9	
Raw Material Expenses					195.5	327.1	449.7	561.9	
(Increase)/Decrease in stocks					-15.1	0.1	0.0	0.0	
Purchase of traded goods					2576.9	2777.2	3197.2	3627.5	
Employee Expenses					328.9	317.9	436.4	410.0	
Erection & subcontracting exp					293.8	310.4	742.5	777.9	
Other expenses					700.6	662.7	880.4	794.5	
Total Operating Expenditure					4019.0	4414.0	5784.7	6449.2	
EBITDA					242.8	293.4	414.2	485.9	
Growth (%)					-8.1	20.9	41.2	17.3	
Other Income					35.6	53.2	30.4	25.3	
Interest					80.4	58.9	86.8	103.4	
PBDT					197.9	287.8	357.8	407.8	
Depreciation					29.9	33.9	36.6	39.5	
PBT before Exceptional Items					168.0	253.8	321.2	368.2	
Less: Exceptional Items					0.0	89.4	0.0	0.0	
PBT					168.0	164.5	321.2	368.2	
Total Tax					60.4	80.9	105.3	121.1	
PAT					107.7	83.6	216.0	247.2	
Growth (%)					-2.4	-22.3	158.3	14.5	
EPS (₹)					10.5	8.2	21.2	24.2	

Source: Company, ICICI Direct Research

Balance sheet					₹ Crore				
(Year-end March)					FY17	FY18E	FY19E	FY20E	
Equity Capital					20.3	20.4	20.4	20.4	
Reserve and Surplus					851.1	924.3	1035.2	1245.9	
Total Shareholders funds					871.4	944.8	1055.6	1266.3	
Total Debt					545.5	717.6	1217.6	1367.6	
Liability					1491.8	1729.8	2340.6	2701.4	
Asset									
Total Gross Block					519.0	561.6	611.6	661.6	
Less Total Accumulated Dep					209.0	242.9	279.5	319.0	
Net Block					310.1	318.7	332.1	342.6	
Total CWIP					7.9	3.5	3.5	3.5	
Total Fixed Assets					317.9	322.2	335.6	346.1	
Other Investments					17.5	6.9	36.9	66.9	
Inventory					571.2	579.2	815.2	912.0	
Debtors					1646.7	2012.1	2649.4	2964.1	
Loans and Advances					0.1	0.1	4.3	4.8	
Other Current Assets					146.4	322.7	425.0	475.4	
Cash					65.2	25.8	44.0	76.1	
Total Current Assets					2429.5	2939.8	3937.9	4432.4	
Creditors					635.9	854.6	1120.9	1254.0	
Provisions					78.9	76.0	99.7	111.5	
Total Current Liabilities					1594.8	1742.9	2212.4	2405.8	
Net Current Assets					834.7	1197.0	1725.5	2026.6	
Deferred Tax Assets					56.0	73.5	73.5	73.5	
Other non current assets					202.9	122.7	161.6	180.8	
Assets					1491.8	1729.9	2340.7	2701.4	

Source: Company, ICICI Direct Research

Cash flow statement					₹ Crore				
(Year-end March)					FY17	FY18E	FY19E	FY20E	
Profit after Tax					107.7	83.6	216.0	247.2	
Depreciation					29.9	33.9	36.6	39.5	
CF bef working capital changes					218.0	176.4	339.3	390.1	
Net Increase in Current Assets					-75.4	-549.7	-979.8	-462.5	
Net Increase in Current Liabilities					291.3	148.1	469.5	193.4	
Net CF from operating act					433.8	-225.3	-170.9	121.1	
(Purchase)/Sale of Fixed Assets					-50.7	-38.2	-50.0	-50.0	
Long term loans and advances					-13.8	80.2	-38.9	-19.2	
Other non current assets					0.0	10.7	-30.0	-30.0	
Other Investments					0.0	10.7	-30.0	-30.0	
Deferred Tax Assets					-6.7	-17.6	0.0	0.0	
Net CF from Investing act					-66.7	82.9	-118.9	-99.2	
Inc / (Dec) in Equity Capital					0.1	0.1	0.0	0.0	
Inc / (Dec) in Loan Funds					-275.5	172.1	500.0	150.0	
Total Outflow on account of div					-34.0	-42.5	-36.4	-36.4	
Net CF from financing act					-347.7	103.0	308.0	10.2	
Net Cash flow					19.4	-39.4	18.2	32.0	
Cash & Cash Equi at the beg.					45.8	65.2	25.8	44.0	
Cash					65.2	25.8	44.0	76.1	

Source: Company, ICICI Direct Research

Key ratios					₹ Crore				
(Year-end March)					FY17	FY18E	FY19E	FY20E	
Per Share Data									
EPS					10.5	8.2	21.2	24.2	
Cash EPS					13.5	11.5	24.7	28.1	
BV					85.4	92.6	103.4	124.1	
DPS					3.3	4.2	3.6	3.6	
Operating Ratios									
EBITDA Margin					5.7	6.2	6.7	7.0	
PAT Margin					2.5	2.7	3.5	3.6	
Return Ratios									
RoE					12.4	13.7	20.5	19.5	
RoCE					16.7	18.1	17.4	17.5	
RoIC					10.8	11.2	12.4	13.1	
Valuation Ratios									
EV / EBITDA					24.5	21.2	16.2	14.0	
P/E					51.5	66.3	25.7	22.4	
EV / Net Sales					1.4	1.3	1.1	1.0	
Market Cap / Sales					1.3	1.2	0.9	0.8	
Price to Book Value					6.4	5.9	5.2	4.4	
Turnover Ratios									
Asset turnover					2.9	2.7	2.6	2.6	
Debtor Days					141.0	156.0	156.0	156.0	
Creditor Days					54.5	66.3	66.0	66.0	
Solvency Ratios									
Debt / Equity					0.6	0.8	1.2	1.1	
Current Ratio					3.3	3.1	3.2	3.2	
Quick Ratio					2.5	2.5	2.5	2.5	

Source: Company, ICICI Direct Research

ICICI Direct Research coverage universe (Consumer Discretionary)

Sector / Company	CMP		Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)			FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Asian Paints (ASIPAI)	1,299	1,350	Hold	122,874	21.9	24.4	29.2	58.6	52.6	43.9	38.2	33.3	28.6	31.6	29.7	29.2	24.9	23.9	24.1
Astral Polytechnik (ASTPOL)	1,036	885	Hold	11,484	14.7	19.0	24.1	65.4	50.4	39.8	36.5	29.4	23.8	22.9	23.6	24.7	17.2	17.5	18.3
Bajaj Electricals (BAJELE)	543	650	Buy	5,541	8.2	21.2	24.2	66.3	25.7	22.4	21.2	16.2	14.0	18.1	17.4	17.5	13.7	20.5	19.5
Havells India (HAVIND)	546	595	Hold	34,065	11.4	13.5	15.7	47.8	40.5	34.9	32.3	25.8	21.4	25.2	28.5	28.2	18.8	21.1	20.5
Kansai Nerolac (KANNNR)	486	550	Hold	27,485	9.6	11.4	13.0	53.2	44.8	39.2	34.7	29.0	25.2	24.5	26.5	26.5	16.5	18.3	18.2
Pidilite Industries (PIDIND)	1,118	1,047	Hold	58,031	18.8	19.4	23.3	60.1	58.5	48.7	42.4	38.5	32.2	33.6	30.4	32.3	27.0	22.4	23.6
Essel Propack (ESSPRO)	253	300	Hold	4,272	11.1	14.2	16.6	24.5	19.2	16.4	10.1	8.4	7.2	17.2	19.6	20.5	14.2	15.6	15.9
Supreme Indus (SUPIND)	1,295	1,540	Buy	16,895	33.9	39.0	47.5	39.2	34.1	28.0	21.7	18.8	15.5	27.9	30.3	31.7	22.7	23.8	24.2
Symphony (SYMLIM)	1,500	1,795	Buy	9,913	27.5	31.9	37.8	51.5	44.4	37.4	44.1	36.9	30.1	41.3	46.6	54.0	31.5	35.8	41.5
V-Guard Ind (VGUARD)	214	235	Hold	9,852	4.4	5.0	5.9	52.7	46.1	39.5	37.5	32.4	27.6	33.3	31.1	30.4	25.8	24.1	23.5
Voltas Ltd (VOLTAS)	539	600	Hold	18,257	17.5	21.3	24.5	31.6	26.0	22.6	26.6	21.9	18.2	19.8	25.0	25.0	14.8	19.0	18.8
Time Techno (TIMETEC)	149	200	Buy	4,514	8.0	10.2	12.3	19.1	15.0	12.5	8.6	7.3	6.2	14.9	16.7	17.5	12.2	13.9	14.4

Source: Company, ICICI Direct Research

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