

Voltas Ltd (VOLTAS)

UCP segment drags performance...

- Voltas' topline growth of 37% YoY was largely driven by EMPS segment (contributes ~45% of total revenue) wherein segment revenue was up ~62% YoY owing to execution of domestic (led by electrification projects) and international orders. However, the UCP segment (contributes ~50% of total revenue) stayed underperformer with revenue growth of 8% YoY due to bad weather, unseasonal rains and weak Onam sales in Kerala (due to floods)
- Profitability of EMPS segment increased ~300 bps YoY to 8.4% largely led by positive impact of foreign exchange. However, a significant drop in profitability of UCP segment by ~600 bps YoY to 6.3% was mainly due to increase in input cost and rupee depreciation. We believe higher inventory at channel coupled with intense competition would keep the UCP segment performance under check for FY19E. We model revenue CAGR of 15% in FY18-20E led by ~16% revenue CAGR of EMPS segment

AC fundamental remains strong but seasonality can play spoilsport

Voltas being a strong brand in the room air conditioner (RAC) segment has maintained its market leadership position in India despite rising competition and various macro level abruptions such as demonetisation and GST implementation. Voltas' UCP segment contributes ~50% to sales and recorded ~12% CAGR in FY12-18. A strong brand coupled with over 6500 dealers (90% of segment sales through dealers) has helped increase its market share (in ACs) from 14% in FY10 to ~22% in FY18. Given the relatively stable margin and high operating cash flow, the UCP segment has provided strong support to its profitability by maintaining lower working capital requirement in the segment. Additionally, to tap India's growing consumer market and leverage its existing dealer network, Voltas would also enter other white goods category (refrigerator, washing machines, microwave, etc) with the help of Turkey based Arçelik AS in H2CY18. We believe the low penetration of RAC coupled with rising aspirations of middle class families would open up huge opportunities in future for players like Voltas in the cooling product segment.

Focus more on execution of projects to reduce working capital

An order book position of ~₹ 5062 crore (up 17% YoY) at the end of FY18 (~1.8x TTM sales) shows visibility for the next two years. To reduce working capital requirements and improve profitability, Voltas adopted a strategy to remain selective in the choice of new project undertakings with a ticket size in the range of ₹ 300-400 crore. Apart from this, the company is focusing on improving the EBITDA margin from here, by bidding for higher margin (of ~7%) products.

Rising competition, slow entrant into inverter AC to weigh on valuation

We believe lowest penetration of AC in India (among other white goods items) suggests the long-term growth story of Voltas will remain intact. However, in the premium product category Voltas remained a slow entrant unlike LG that is now focusing only on inverter AC (started 100% inverter transition last year) with over 53% market share. We believe a weak summer coupled with rising competition (in the premium product category) would cap UCP segment margin, going forward. We cut our forward earning estimate by ~13%, ~5% for FY19E, FY20E, respectively, with downward revision in EBITDA margin. Under our SOTP based valuation, we value the UCP segment by ascribing PE multiple of 36x FY20E earnings. We ascribe a PE multiple of 15x FY20E and 10x FY20E earning to EMPS and EPS segment respectively. We maintain **HOLD** rating with a revised target price of ₹ 560.

Rating matrix

Rating	:	Hold
Target	:	₹ 560
Target Period	:	12 months
Potential Upside	:	5%

What's Changed?

Target	Changed from ₹ 650 to ₹ 560
EPS FY19E	Changed from ₹ 19.8 to ₹ 17.3
EPS FY20E	Changed from ₹ 22.9 to ₹ 21.8
Rating	Unchanged

Quarterly Performance

	Q2FY19	Q2FY18	YoY (%)	Q1FY19	QoQ (%)
Revenue	1,421.4	1,036.7	37.1	2,148.1	-33.8
EBITDA	108.5	85.7	26.7	243.2	-55.4
EBITDA (%)	7.6	8.3	-63bps	11.3	-368bps
PAT	107.0	95.4	12.2	187.1	-42.8

Key Financials

₹ Crore	FY17	FY18	FY19E	FY20E
Net Sales	6,033	6,404	7,437	8,501
EBITDA	566.9	662.6	713.1	891.9
Net Profit	519.9	577.9	571.1	720.9
EPS (₹)	15.7	17.5	17.3	21.8

Valuation summary

	FY17	FY18	FY19E	FY20E
P/E	34.4	30.9	31.3	24.8
Target P/E	35.6	32.1	32.4	25.7
EV / EBITDA	30.9	26.0	24.5	19.5
P/BV	5.4	4.6	5.0	4.4
RoNW (%)	15.7	14.8	16.0	17.7
RoCE (%)	21.5	19.8	21.9	23.6
Mcap/sales	3.0	2.8	2.4	2.1

Stock data

Particular	Amount
Market Capitalization (₹ Crore)	17,859.6
Total Debt (FY18) (₹ Crore)	142.3
Cash and Investments (FY18) (₹ Crore)	771.5
EV (₹ Crore)	17,230.5
52 week H/L	675 / 471
Equity capital (₹ Crore)	33.1
Face value (₹)	1.0

Price performance (%)

	1M	3M	6M	12M
V-Guard	17.1	(10.9)	(20.0)	(17.1)
Havells India	16.2	(4.4)	18.3	27.1
Bajaj Electricals	0.8	(20.3)	(24.5)	29.7
Symphony	2.9	(13.8)	(47.2)	(40.2)
Voltas Ltd	10.9	(9.4)	(12.6)	(4.5)

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Variance analysis

	Q2FY19	Q2FY19E	Q2FY18	YoY (%)	Q1FY19	QoQ (%)	Comments
Revenue	1,421.4	1,112.1	1,036.7	37.1	2,148.1	-33.8	Sales growth was largely driven by strong performance of EMPS segments but UCP segment remained muted during Q2
Other Income	46.1	34.0	51.2	-10.0	28.2	63.3	
Raw Material Exp	798.8	608.9	559.4	42.8	720.5	10.9	
Employee Exp	172.3	155.0	145.3	18.6	143.1	20.4	
Purchase of Traded goods	231.2	155.0	144.8	59.7	842.1	-72.5	
Other Expenses	110.5	108.5	101.6	8.8	199.2	-44.5	
EBITDA	108.5	84.7	85.7	26.7	243.2	-55.4	
EBITDA Margin (%)	7.6	7.6	8.3	-63 bps	11.3	-368 bps	Sharp increase in the profitability of EMPS segment (up ~300 bps YoY owing to positive impact of foreign exchange) was offset by ~600 bps YoY decline in profitability of UCP segment (due to lower volume and pricing pressure on account of rising competition)
Depreciation	6.0	6.1	6.1	-2.3	5.9	0.2	
Interest	6.4	2.8	2.2	197.2	2.7	134.1	
Exceptional items	0.0	0.0	0.0	NM	0.0	NM	
PBT	142.3	109.8	128.7	10.6	262.7	-45.8	
Total Tax	33.1	29.7	34.3	-3.5	76.2	-56.6	
PAT	107.0	81.8	95.4	12.2	187.1	-42.8	Strong topline growth coupled with lower tax provisions helped in PAT growth during Q2FY19
Key Metrics							
EMPS	901	611	557	61.7	866	4.1	Pick-up in execution of orders in domestic as well as international, helped drive sales growth in Q2FY19
EPS	73	73	67	9.4	77	1.2	Slowdown in the capex of textiles industry (due to subdued yarn prices and high raw material prices) was partially offset by better performance of mining division in Mozambique that helped drive revenue of EPS segments
UCP	441.0	423	408	8.2	1191	-63.0	Performance of UCP division hit by erratic weather conditions weak Onam sales in Kerala (due to floods)

Source: Company, ICICI Direct Research

Change in estimates

₹ Crore)	FY19E			FY20E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	7,087.2	7,436.6	4.9	8,264.9	8,501.2	2.9	We slightly tweak our estimate for FY18-20E owing to a slow pick-up in demand of RACs at the start of FY19E. This was largely due to unseasonal rains in some parts of the country. Besides, rising infra spend by the Government of India will benefit the company's EMPS segment. We model consolidated revenue CAGR of 15% for FY18-20E led by UCP EMPS sales CAGR of ~16%
EBITDA	816.6	713.1	(12.7)	983.6	891.9	(9.3)	
EBITDA Mar(%)	11.5	9.6	-191bps	11.9	10.5	-141bps	We believe a strong recovery in the margin of project business (owing to the company's strategy to bid for quality orders) would be offset by lower profitability of UCP segment. We believe rising competition and slow entry into inverter AC segment would restrict upward movement of EBIT margin of UCP segments
PAT	653.9	571.1	(12.7)	757.9	720.9	(4.9)	
EPS (₹)	19.8	17.3	(12.7)	22.9	21.8	(4.9)	

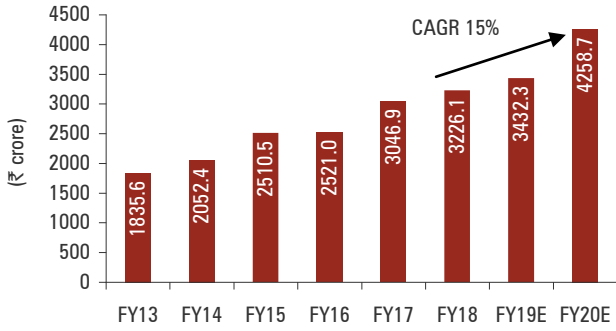
Source: Company, ICICI Direct Research

Assumptions

	FY17	Current			Earlier		Comments
		FY18	FY19E	FY20E	FY19E	FY20E	
EMPS	-6.1	7.2	27.2	5.1	15.5	8.6	We tweak our revenue projection upside from sales CAGR of 12% to 16% in FY18-20E, considering the faster execution of domestic projects. However, a cautious approach towards suitably risk mitigated order booking in overseas may slow down sales growth in the EMPS segment
EPS	-10.5	-6.6	2.7	10.0	2.8	10.0	
UCP	20.9	5.9	6.4	24.1	6.1	24.5	We model UCP segment revenue CAGR of ~15% for FY18-20E led by ~11% volume CAGR in the RAC segment. In addition, other segments like commercial refrigerators and air cooler segment would also help drive sales, going forward

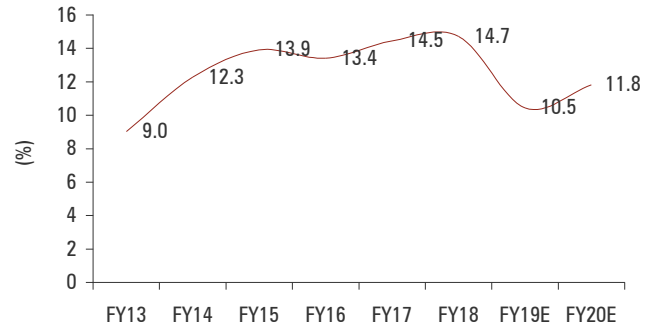
Source: Company, ICICI Direct Research

Exhibit 1: Rising disposable income to supports UCP sales growth



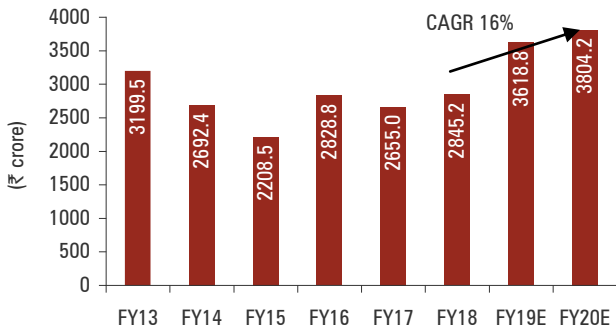
Source: Company, ICICI Direct Research

Exhibit 2: Rising competition in UCP segment to restrict margin, going forward



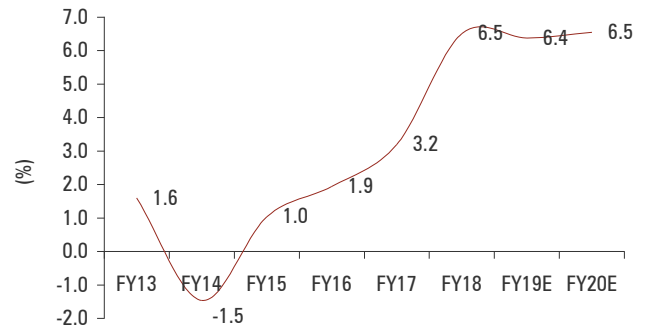
Source: Company, ICICI Direct Research

Exhibit 3: Focus on timely execution of orders to lead drive sales growth



Source: Company, ICICI Direct Research

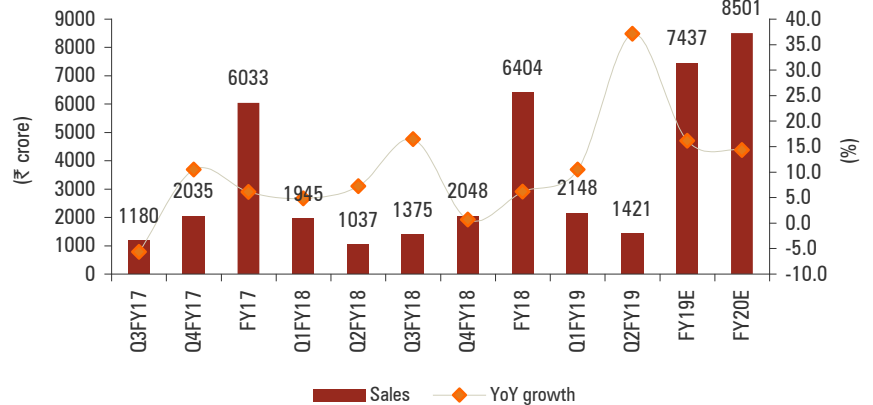
Exhibit 4: Higher margin orders to drive profitability



Source: Company, ICICI Direct Research

Sales CAGR of 15% in FY18-20E would largely be driven by EMPS segment on account of improvement in the execution of quality orders

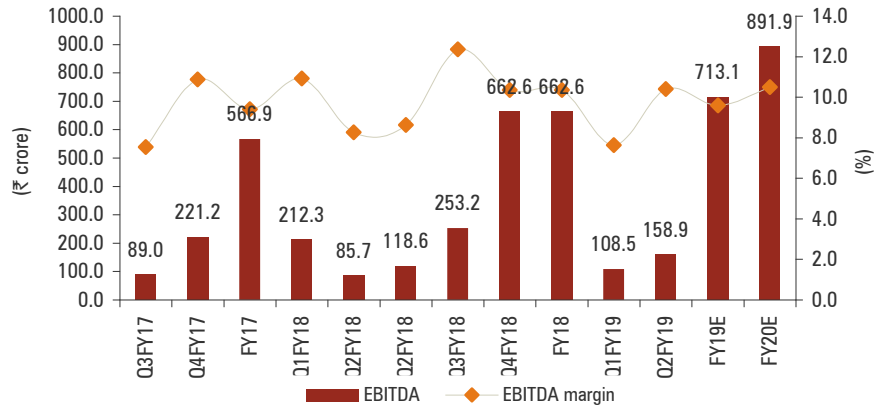
Exhibit 5: Consolidated net sales to grow at ~15% CAGR in FY18-20E, driven by EMPS division



Source: Company, ICICI Direct Research

The management is confident of improving the EBITDA margin from here on as Voltas is now focusing on bidding for international projects with a EBITDA margin of 7-8% and EBITDA margin of domestic project slightly better than international projects. Out of ₹ 4883 crore worth of the total order book, the international order book (largely from GCC countries) was at ₹ 2035 crore while domestic order book was at ₹ 2848 crore. However, rising competition and lower volume offtake would keep the profitability of UCP segment under check

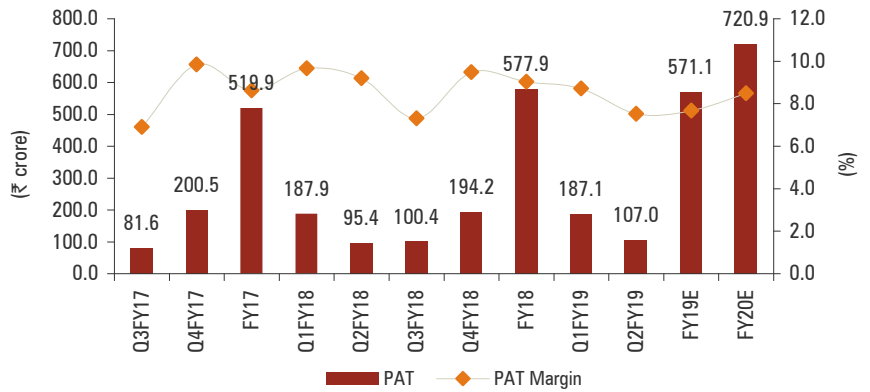
Exhibit 6: EBITDA margins to improve on execution of higher margin project



Source: Company, ICICI Direct Research

We believe the bottomline of the company will record a CAGR of ~12% in FY18-20E

Exhibit 7: Net profit to grow at ~12% CAGR in FY18-20E supported by margin recovery



Source: Company, ICICI Direct Research

Key conference call takeaways

UCP Segment:

- Overall RAC industry de-grew ~6% YoY in H1FY19 owing to bad weather, unseasonal rain and subdued Onam sales in Kerala (due to floods)
- With the drop in sales of RAC during Q1FY19 company has witnessed higher inventory level at dealer's level, which the company is likely to liquidate by Q4FY19
- The company has maintained its No. 1 position in the RAC market. It further improved market share in multi brand retail outlets to 25.6% in Q2FY19
- The product mix of Voltas has improved towards energy efficient inverter RAC segment as inverter AC now contributes ~40% of total split AC sales
- Recently, it introduced voice enable AC in partnership with Amazon's Alexa, which are available exclusively in Amazon
- Increase in commodity price, rupee depreciation and hike in custom duty continued to put pressure on the margin of UCP segment. Also, capital employed in this division has increased significantly (up by ~200% YoY) due to higher inventory
- The company has maintained margin guidance of ~11-12% for UCP division

Voltbek JV:

- Ardutch BV (part of the Koç Group Turkey's largest industrial and services group), has established a joint venture company (JVC) in India with Voltas, to enter the consumer durables market in the country. The new company incorporated in India in the name of Voltbek Home Appliances Pvt Ltd (Voltbek) is an equal partnership joint venture
- The JV has launched range of consumer durable products in the domestic market which includes Refrigerators, washing machines, microwave and dishwashers. The JV is initially importing the product (till it new facility get commissioned at Sanand (Gujarat)) from Thailand, china and Turkey and leveraging dealer network of Voltas to push the products in the domestic market

EPMS segment

- Better execution of order and rupee depreciation led to sharp growth in revenue and profitability of the EMPS segment
- Total order book of international projects as on September 30, 2018 is ~ ₹ 2035 crore with order of ₹ 450 crore booked during Q2FY19
- Domestic order book as on September 30, 2018 was at ~ ₹ 2848 crore
- Domestic project segments hit by bearish market sentiments and tightened monetary policy measures and challenges in the banking sector (including lower liquidity), which affected private capex. The company has booked order of ~₹ 630 crore in Q2FY19. It foresees good opportunity in the recent government announced infrastructure and electrification projects (contributes ~35% of total order book). It has won new electrification project in West Bengal
- Voltas guided EBIT margin of ~7-8% under the EMPS segment

Engineering products & services segment

- Under the textiles business, focusing on post sales services has helped maintain the profitability of the segment. In the mining operation, Mozambique operation continued to drive the performance the division

Outlook and valuation

We believe lowest penetration of AC in India (among other white goods items) suggests the long-term growth story of Voltas will remain intact. However, in the premium product category, Voltas remained a slow entrant unlike LG that is now focusing only on inverter AC (started 100% inverter transition last year) with over 53% market share. We believe a weak summer coupled with rising competition (in the premium product category) would cap UCP segment margin, going forward. We cut our forward earning estimate by ~13%, ~5% for FY19E, FY20E, respectively, with downward revision in EBITDA margin. Under our SOTP based valuation, we value the UCP segment by ascribing PE multiple of 36x FY20E earnings. We ascribe a PE multiple of 15x FY20E and 10x FY20E earning to EMPS and EPS segment respectively. We maintain our **HOLD** rating on the stock with a revised target price of ₹ 560/share.

Exhibit 8: Sum of the parts valuation

Segment	EPS (₹)	PE(x)	Fair value
EMPS	7.1	15	110
EPS	2.7	10	28
UCP	11.6	36	422
Target Price			560
CMP			535
upside/(Downside) (%)			5

Source: Company, ICICI Direct Research

Recommendation history vs. consensus



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
Mar-10	Secures two orders worth ₹ 300 crore for electro-mechanical projects for the most prestigious and noteworthy 'new generation' airports in India, viz. Kolkata's Netaji Subhas Chandra Bose International (NSCBI) airport and Chennai International airport
Oct-10	Completes execution of turnkey engineering solutions for multi-million dollar, Formula One Yas Marina Grand Prix Circuit project, Abu Dhabi
May-10	Signs MoU with Mustafa Sultan Enterprises LLC, Muscat, Sultanate of Oman to form JV for execution of electro-mechanical (MEP) projects in Sultanate of Oman. This would facilitate Voltas' entry in MEP segment in Sultanate of Oman
Dec-10	Clarifies regarding Chennai office premises that it has renewed lease for a further period of 30 years and neither bought nor sold the land
Dec-10	Forms JV agreement with Olayan Financing Company, Riyadh to form a joint venture company in the Kingdom of Saudi Arabia
May-11	Introduced its new, powerful range of AC (0.75 T to 3 tons) and plans to penetrate further with a varied set of 70 air conditioners
Apr-11	Increases its shareholding in Lalbuksh Voltas Engineering Services & Trading LLC from 49% to 60% in Sultanate of Oman
Aug-12	Transfers its entire shareholding (95.57%) in Simto Inv Company Ltd to Tata Investment Corporation Ltd for a consideration of ₹ 29.68 crore
Nov-12	Transfers 34% shareholding in Voltas Material Handling Pvt Ltd for a consideration of ₹ 58 crore in favour of Linde Material Handling Asia Pacific Pte Ltd, Singapore, an affiliate of KION Group
Oct-13	Purchases balance shareholding (16.33%) of Rohini Industrial Electricals Ltd (RIEL) from promoters. Accordingly, RIEL becomes wholly-owned subsidiary of the company
Feb-14	Forms JV with Dow Chemical Pacific (Singapore) Pte. Ltd. to tap the growing water and waste water treatment market in India
Nov-14	Carries out e-auction process for a sale of 7 acre land in Thane (Mumbai) for a consideration of ₹ 236 crore
May-17	Voltas and Ardutch BV, a subsidiary of Arcelik AS - part of the Koc Group, agree to establish a joint venture company in India, to enter the consumer durables market in the country
Jun-18	Voltbek lays ground for construction of its first manufacturing facility in Sanand, Gujarat.

Source: Company, ICICI Direct Research

Top 10 Shareholders

Rank	Name	Last filing date	%O/S	Position (m)	Change (m)
1	Tata Group of Companies	30-Sep-18	30.3	100.3	0.0
2	Franklin Templeton Asset Management (India) Pvt. Ltd.	30-Sep-18	6.9	22.7	-1.4
3	Life Insurance Corporation of India	30-Sep-18	5.7	18.9	-3.8
4	HDFC Asset Management Co., Ltd.	30-Jun-18	5.4	17.9	0.1
5	Franklin Advisers, Inc.	30-Sep-18	3.0	10.0	-0.3
6	Aditya Birla Sun Life AMC Limited	30-Jun-18	2.1	6.8	0.1
7	SBI Funds Management Pvt. Ltd.	30-Sep-18	1.9	6.3	-0.2
8	IDFC Asset Management Company Private Limited	30-Jun-18	1.6	5.2	0.2
9	DSP Investment Managers Pvt. Ltd.	30-Sep-18	1.5	4.9	0.9
10	HDFC Standard Life Insurance Company Limited	30-Sep-18	1.5	4.9	0.1

Shareholding Pattern

(in %)	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Promoter	30.3	30.3	30.3	30.3	30.3
FII	20.1	20.0	19.6	15.5	15.9
DII	28.27	28.73	29.32	32.33	31
Others	21.3	21.0	20.8	21.9	22.8

Source: Reuters, ICICI Direct Research

Recent Activity

Buys			Sells		
Investor name	Value(m)	Shares(m)	Investor name	Value(m)	Shares(m)
DSP Investment Managers Pvt. Ltd.	6.8	0.9	Life Insurance Corporation of India	-28.0	-3.8
Motilal Oswal Asset Management Company Ltd.	5.2	0.7	RBC Investment Management (Asia) Ltd.	-18.7	-2.4
IDFC Asset Management Company Private Limited	1.9	0.2	Franklin Templeton Asset Management (India) Pvt. Ltd.	-10.3	-1.4
Daiwa Asset Management (Singapore) Ltd.	1.6	0.2	Kuwait Investment Authority	-7.7	-1.1
ICICI Prudential Asset Management Co. Ltd.	1.1	0.1	Reliance Nippon Life Asset Management Limited	-5.3	-0.7

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
Net Sales	6,032.8	6,404.4	7,436.6	8,501.2	
Expenses					
Raw Material Expenses	3,374.6	2,820.2	3,642.6	4,677.8	
(inc)/Dec in stocks	(190.3)	105.4	-	-	
Purchase of traded goods	1,051.6	1,641.9	1,692.1	1,294.1	
Employee Expenses	618.4	586.7	697.3	792.9	
Other expenses	611.6	587.5	691.6	844.5	
Total Operating Expenditure	5,465.9	5,741.7	6,723.5	7,609.3	
EBITDA	566.9	662.6	713.1	891.9	
Other Income	212.0	174.1	138.6	149.5	
Interest	16.0	11.9	21.7	22.8	
PBDT	762.9	824.9	830.0	1,018.5	
Depreciation	24.5	24.4	27.5	28.9	
PBT before Exceptional Items	738.4	800.5	802.5	989.6	
Less: Exceptional Items	(1.1)	(0.6)	-	-	
Total Tax	200.4	227.0	224.8	280.8	
PAT before MI	539.1	574.1	577.6	708.8	
Minority Interest	-	-	-	-	
PAT after MI	539.1	574.1	577.6	708.8	
Profit from Associates	(19.3)	3.8	(6.6)	12.2	
PAT	519.9	577.9	571.1	720.9	
EPS	15.7	17.5	17.3	21.8	

Source: Company, ICICI Direct Research

Balance sheet		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
Equity Capital	33.1	33.1	33.1	33.1	
Reserve and Surplus	3,273.5	3,872.2	3,537.0	4,045.2	
Total Shareholders funds	3,306.6	3,905.2	3,570.1	4,078.2	
Total Debt	170.9	142.3	150.3	158.3	
Deferred Tax Liability	10.7	13.2	13.2	13.2	
Other Non Current Liabilities	0.2	1.0	1.0	1.0	
Total Liability	3,517.0	4,093.5	3,766.3	4,282.5	
Net Block	227.6	224.8	237.3	258.4	
Total Fixed Assets	228.1	228.9	241.4	262.5	
Other Investments	2,068.3	2,266.0	2,116.0	2,066.0	
Goodwill on Consolidation	72.2	72.3	72.3	72.3	
Deferred Tax Assets	30.5	17.8	17.8	17.8	
Long term loans and advances	72.4	91.7	106.4	121.7	
Other non current assets	17.6	34.9	40.5	46.4	
Liquid Investments	199.5	487.6	437.6	387.6	
Inventory	907.0	813.0	1,018.7	1,234.4	
Debtors	1,454.1	1,570.3	1,813.3	2,096.2	
Cash	331.5	283.8	97.3	277.4	
Loans and Advances	3.5	4.8	5.6	6.4	
Other Current Assets	1,094.8	1,438.6	1,670.5	1,909.6	
Net Current Assets	828.3	894.3	734.2	1,308.3	
Total Assets	3,517.0	4,093.5	3,766.3	4,282.5	

Source: Company, ICICI Direct Research

Cash flow statement		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
Profit after Tax	519.9	577.9	571.1	720.9	
Depreciation	24.5	24.4	27.5	28.9	
Cash Flow before working capital cha	560.4	614.2	620.3	772.7	
Net Increase in Current Assets	(185.9)	(367.3)	(681.4)	(738.5)	
Net Increase in Current Liabilities	202.4	253.6	655.1	344.5	
Net cash flow from operating Acti	576.9	500.5	594.0	378.7	
Long term loans and advances	23.1	(19.3)	(14.8)	(15.2)	
Other non current assets	14.2	(17.3)	(5.6)	(5.8)	
Liquid Investments	(306.4)	(485.7)	200.0	100.0	
(Purchase)/Sale of Fixed Assets	(17.1)	(25.1)	(40.0)	(50.0)	
Others	12.6	19.1	-	-	
Net Cash flow from Investing Acti	(273.6)	(528.3)	139.6	29.0	
Proceeds/(Repayment) loans	(99.8)	(28.7)	8.0	8.0	
Total Outflow on account of dividend	(135.4)	(154.8)	(193.5)	(212.8)	
Others	102.6	163.6	(734.5)	(22.8)	
Net Cash flow from Financing Acti	(132.6)	(19.8)	(919.9)	(227.6)	
Net Cash flow	170.7	(47.6)	(186.4)	180.0	
Cash and Cash Equivalent at the begin	160.7	331.5	283.8	97.3	
Cash	331.5	283.8	97.3	277.4	

Source: Company, ICICI Direct Research

Key ratios					
(Year-end March)	FY17	FY18	FY19E	FY20E	
Per Share Data					
EPS	15.7	17.5	17.3	21.8	
Cash EPS	16.5	18.2	18.1	22.7	
BV	100.0	118.1	107.9	123.3	
DPS	4.1	4.7	5.9	6.4	
Operating Ratios					
EBITDA margin	9.4	10.3	9.6	10.5	
PAT margin	8.6	9.0	7.7	8.5	
Return Ratios					
RoE	15.7	14.8	16.0	17.7	
RoCE	21.5	19.8	21.9	23.6	
RoIC	15.5	16.5	17.7	19.7	
Valuation Ratios					
EV / EBITDA	30.9	26.0	24.5	19.5	
P/E	34.4	30.9	31.3	24.8	
EV / Net Sales	2.9	2.7	2.3	2.0	
Sales / Equity	1.8	1.6	2.1	2.1	
Market Cap / Sales	3.0	2.8	2.4	2.1	
Price to Book Value	5.4	4.6	5.0	4.4	
Turnover Ratios					
Asset turnover	1.7	1.6	2.0	2.0	
Debtors Days	88.0	89.5	89.0	90.0	
Creditors Days	120.7	124.0	130.0	122.0	
Solvency Ratios					
Debt / Equity	0.1	0.0	0.0	0.0	
Current Ratio	1.5	1.6	1.5	1.6	
Quick Ratio	1.1	1.2	1.2	1.3	

Source: Company, ICICI Direct Research

ICICI Direct Research coverage universe (Consumer Discretionary)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating		FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Asian Paints (ASIPAI)	1,276	1,180	Hold	122,368	21.9	22.8	28.1	58.3	56.0	45.4	33.9	31.4	25.7	31.6	30.0	32.2	24.4	23.5	25.0
Astral Polytechnik (ASTPOL)	961	1,180	Hold	11,508	14.7	20.1	26.6	65.5	47.8	36.2	41.6	30.3	24.1	22.9	25.0	26.6	17.2	18.2	19.6
Bajaj Electricals (BAJELE)	499	545	Hold	5,092	8.2	16.0	20.9	60.9	31.3	23.9	20.1	18.0	13.5	18.1	15.0	17.9	13.7	16.2	18.0
Havells India (HAVIND)	652	650	Buy	40,678	11.4	13.3	17.1	57.1	48.9	38.0	34.7	29.4	22.7	25.2	28.6	30.7	18.8	21.3	22.7
Kansai Nerolac (KANNER)	395	390	Hold	21,287	9.6	10.1	11.1	41.2	39.2	35.6	24.5	22.9	18.7	24.5	24.4	26.1	16.5	16.6	16.3
Pidilite Industries (PIDIND)	1,020	1,096	Buy	52,289	18.8	19.6	24.3	54.1	52.1	41.9	35.9	31.2	25.7	33.6	31.0	33.6	27.0	22.6	24.3
Essel Propack (ESSPRO)	86	94	Hold	2,702	5.5	6.0	7.4	15.5	14.2	11.7	7.0	6.5	5.5	18.0	17.8	19.9	15.2	15.2	16.9
Supreme Indus (SUPIND)	1,000	1,075	Hold	12,703	33.9	38.9	43.0	29.5	25.7	23.3	16.4	15.1	12.9	27.9	28.0	29.0	22.7	22.0	22.5
Symphony (SYMLIM)	961	830	Buy	6,723	27.5	20.5	27.6	34.9	46.8	34.8	27.2	34.7	24.2	41.3	27.3	35.2	31.5	24.2	30.7
V-Guard Ind (VGUARD)	192	168	Hold	8,173	3.1	3.7	4.8	61.3	52.4	40.1	39.6	33.9	26.0	23.7	26.0	28.4	17.7	19.7	21.6
Voltas Ltd (VOLTAS)	535	560	Hold	17,694	17.5	17.3	21.8	30.6	31.0	24.5	25.8	24.3	19.3	19.8	21.9	23.6	14.8	16.0	17.7
Time Techno (TIMTEC)	124	175	Buy	2,804	8.0	10.0	12.5	15.5	12.4	9.9	8.5	7.2	6.1	14.9	16.5	18.0	12.2	13.7	14.7

Source: Company, ICICI Direct Research

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