

## Bajaj Electricals (BAJELE)

₹ 328

### GST rollout weakens profitability...

- Bajaj Electricals' (BEL) revenues at ~₹ 1029 crore were up ~7% YoY led by strong revenue growth in the E&P division by 36% YoY owing to strong project execution. However, performance of consumer durable CD sales (includes revenue from lighting segment) fell ~14% YoY owing to de-stocking of inventory at the dealer level before the implementation of GST. 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, going forward
- EBITDA margin was marred by lower profitability of CD segment due to lower operating leverage and one-time compensation (of ~₹ 10 crore) to its dealers/distributors for losses incurred on account of introduction of GST. Despite lower interest outgo (down ~34% YoY) during Q1, PAT declined 10% YoY due to lower EBITDA margin. We model revenue CAGR of ~10% FY17-19E while a slight recovery in margin, lower interest cost would help drive PAT at CAGR of 34%

### Long haul of consumer segment puts pressure on overall performance

BEL's core business CD and lighting, recorded a subdued performance in FY15, FY16 as the company's RREP implementation continued to hurt consumer durable sales growth. This coupled with one-time impact in sales owing to demonetisation and GST rollout, resulted in muted offtake of kitchen appliances & fans and loss in market share. However, we believe completion of RREP coupled with implementation of GST (to favour organised players) would help drive sales of consumer durables, going forward, given lower penetration and rising income of the Indian middle class and rural household (owing to good monsoon). On a conservative basis, we model slow recovery in sales of CD products with revenue CAGR of 8% in FY17-19 vs. industry growth of ~12% in the same period.

### Execution of higher margin projects to drive overall margin FY16 onwards

The E&P segment was a laggard for BEL despite sales CAGR of ~11% in FY13-15, due to sharp cost overruns on legacy projects. However, the company witnessed a revival in performance post FY16-17 on account of execution of newer high margins orders. The current order book of ~₹ 3380 crore consists of high margin orders of FY16-17. In the absence of any lossmaking order, we expect BEL to achieve an operating profit of ₹ 130 crore from the segment with margins of 5% in FY19E led by new orders flowing in the P&L from FY16-17 onwards. Continuous order inflow has improved the visibility of revenue booking from the E&P segment. We believe BEL will benefit from the government's thrust to improve power infrastructure in India. We expect the E&P segment to record ~13% sales CAGR in FY17-19E with positive EBIT margin of ~5% in FY18E-19E.

### Recovery in CD performance to drive valuation

Despite being a strong brand in the CD segment, BEL faced stiff competition from leading consumer durable players amid implementation of ToC. Though E&P division turned positive, CD segment continuously underperformed with lower volume growth & suppressed EBIT margin. However, the management has guided at a slow recovery in sales of CD products with RREP nearing the end in FY18. This coupled with execution of higher margin order would drive the profitability of the company. For the valuation, we use SOTP method and value CD segment at 16x FY19E EV/EBITDA and 7x FY19E EV/EBITDA for E&P segment, respectively. We reiterate our **BUY** rating on the stock with target price of ₹ 380.

Rating matrix	
Rating	Buy
Target	₹380
Target Period	12 Months
Potential Upside	16%

What's Changed?	
Target	Unchanged
EPS FY18E	Changed from ₹ 15.2 to ₹ 13.7
EPS FY19E	Changed from ₹ 19.3 to ₹ 19.0
Rating	Unchanged

Quarterly Performance					
	Q1FY18	Q1FY17	YoY (%)	Q4FY17	QoQ (%)
Revenue	1,029.4	959.4	7.3	1,278.1	-19.5
EBITDA	45.2	56.4	-19.8	73.9	-38.8
EBITDA (%)	4.4	5.9	-149bps	5.8	-139bps
PAT	20.5	22.9	-10.4	38.4	-46.6

Key Financials				
₹ Crore	FY16	FY17E	FY18E	FY19E
Net Sales	4,627	4,298	4,697	5,233
EBITDA	264.2	242.8	265.7	331.1
Net Profit	110.3	107.7	136.6	189.5
EPS (₹)	11.1	10.8	13.7	19.0

Valuation summary				
	FY16	FY17E	FY18E	FY19E
P/E	29.7	30.4	23.9	17.3
EV / EBITDA	15.0	15.2	13.6	10.4
P/BV	4.3	3.8	3.5	3.0
RoNW (%)	14.6	12.4	14.6	17.4
RoCE (%)	17.2	16.7	18.7	22.4
Mcap/sales	0.7	0.8	0.7	0.6

Stock data	
Particular	Amount
Market Capitalization (₹ Crore)	3,272.0
Total Debt (FY17) (₹ Crore)	545.5
Cash and Investments (FY17) (₹ Crore)	25.1
EV (₹ Crore)	3,792.4
52 week H/L	387 / 202
Equity capital (₹ Crore)	20.2
Face value (₹)	2.0

Price performance (%)				
	1M	3M	6M	12M
Bajaj Electricals	(0.4)	(7.0)	33.8	23.3
Havells India	4.8	1.8	15.5	22.0
Symphony	(0.9)	(6.3)	4.4	18.1
V-Guard	3.9	(5.0)	21.9	46.4

### Research Analyst

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### Variance analysis

	Q1FY18	Q1FY18E	Q1FY17	YoY (%)	Q4FY17	QoQ (%)	Comments
Revenue	1,029.4	952.7	959.4	7.3	1,278.1	-19.5	Sales growth largely led by 36% YoY growth in E&P segment revenue (contributed 54% in sales) whereas de-stocking of inventory at dealer's level hurt the performance of consumer durable segment
Other Income	10.5	9.3	9.8	7.2	11.4	-7.9	
Raw Material Exp	46.2	50.7	51.0	-9.5	69.1	-33.1	
Employee Exp	76.4	90.5	78.6	-2.8	90.3	-15.4	
Admin & Other exp	148.3	142.9	140.4	5.7	198.8	-25.4	
Erection & Subcont Exp	91.8	57.6	56.1	63.7	136.8	-32.9	
Purchase of Traded goods	621.5	563.1	576.9	7.7	709.2	-12.4	
EBITDA	45.2	48.0	56.4	-19.8	73.9	-38.8	
EBITDA Margin (%)	4.4	5.0	5.9	-148.5	5.8	-24.0	One-time compensation of ~ ₹ 10 crore to the dealers/distributors for losses incurred on account of GST coupled with no price hike (to offset higher raw material prices) hurt the profitability of consumer durable segment
Depreciation	8.0	7.2	6.7	19.6	8.4	-4.5	
Interest	15.0	18.7	22.8	-34.3	16.6	-9.9	Lower interest cost mainly due to redemption of NCDs
PBT	32.8	31.4	36.7	-10.8	60.3	-45.7	
Total Tax	12.3	10.4	13.9	-11.6	21.9	-44.1	
PAT	20.5	21.1	22.9	-10.4	38.4	-46.6	Despite lower interest outgo, PAT declined 10% YoY due to lower EBITDA margin
<b>Key Metrics</b>							
Consumer Durable	469.5	529.9	547.8	-14.3	610.8	-23.1	CD sales largely impacted primarily on account of drop in sales ahead of GST rollout. The dealers refrained from building inventory owing to some confusion related to input tax credit
Engineering & Project	559.8	422.8	411.4	36.1	667.2	-16.1	Growth in E&P revenue was mainly due to strong project execution

Source: Company, ICICIdirect.com Research

### Change in estimates

₹ Crore)	FY18E			FY19E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	4,632.7	4,696.8	1.4	5,159.3	5,233.2	1.4	We have slightly tweaked our estimate for FY18E and FY19E considering a sharp growth in E&P segment revenue. However, we believe consumer durable segment will record a slow pick-up in sales due to various initiatives taken by the company to focus much on profitability. We have modelled revenue CAGR of 10% FY17-19E led by E&P segment revenue CAGR of ~13%. Consumer durable segment is likely to record revenue CAGR of ~8.3% in FY17-19E after a complete rollout of RERP programme and shift in demand from unorganised to organised category due to rollout of GST
EBITDA	292.5	265.7	(9.2)	341.3	331.1	(3.0)	
EBITDA Margin %	6.3	5.7	-64bps	6.6	6.3	-27bps	We marginally tweak our EBITDA margin estimate on account of improvement in profitability EPC segment. However, we believe EBITDA margin will remain at historical level considering higher employee cost and lower operating leverage due to lower sales of consumer durable segment
PAT	152.0	136.6	(10.1)	192.2	189.5	(1.4)	
EPS (₹)	15.2	13.7	(10.1)	19.3	19.0	(1.4)	

Source: Company, ICICIdirect.com Research

### Assumptions

	FY16		Current		Earlier		Comments
	FY16	FY17E	FY18E	FY19E	FY18E	FY19E	
Consumer Durable (%)	28.4	(10.9)	5.9	10.8	8.8	10.8	Slow pick-up in sales of consumer products due to various initiatives taken to rationalise inventory at dealers level would keep revenue growth in check. However, GST rollout would translate into shift in demand toward organised players in the long run, which would benefit a strong brand like Bajaj
Engineering & Project (%)	51.9	-2.2	13.3	12.0	6.6	12.0	Under the E&P segment, the company's strategy is to focus more on quality orders and timely execution of orders

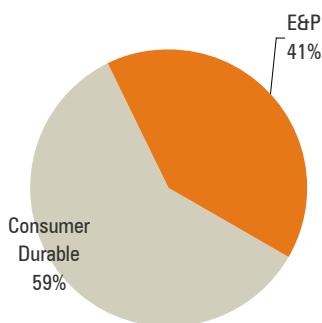
Source: Company, ICICIdirect.com Research

## Company Analysis

### Long haul of consumer segment puts pressure on overall performance

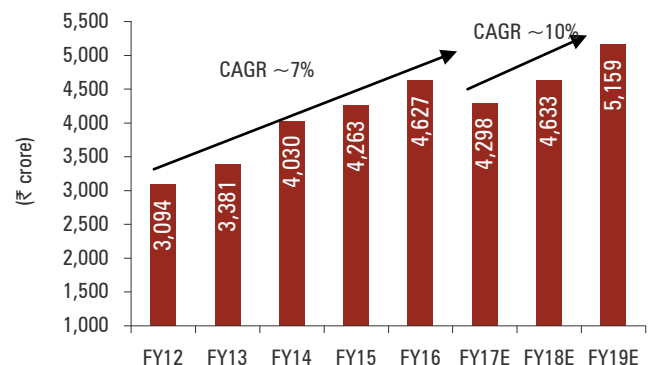
BEL is a well established national brand in the kitchen & domestic appliances (KDA) and lighting segments. These two segments contribute 60% to the topline with sales CAGR of ~10% in FY11-16. BEL has successfully leveraged its brand to create a huge retail network of 45,000 for appliances, 86,000 for fans and over 400,000 for lighting across India. BEL has also introduced its premium products range Morphy by signing a JVs agreement with UK's leading CD brand Morphy Richards. BEL outsources its lighting products domestically while luminaries are sourced from domestic and international vendors. The core business of BEL (CD & lighting) recorded a subdued performance in FY15 and FY16 as ToC implementation continued to hurt consumer durable sales growth. This, in turn, resulted in muted offtake of kitchen appliances & fans and loss in market share. The EBIT margin of the CD segment remained under pressure due to lower operating leverage (dropped from pick of 10.5% to 4.3% in FY17). Further, poor performance of the lighting segment is largely due to a shift in demand from traditional lighting product to LED. We believe CD sales will improve slowly (the management guided that improvement in sales would be visible from H2FY18) as the company's RREP programme is nearing an end. We have modelled CD revenue CAGR of 10% in FY17-19E.

**Exhibit 1: Segment wise contribution (%)**



Source: Company, ICICIdirect.com Research

**Exhibit 2: Revenues to witness sluggish growth in FY17-19E**



Source: Company, ICICIdirect.com Research

### Economic reforms, better monsoon may bring some relief for BEL

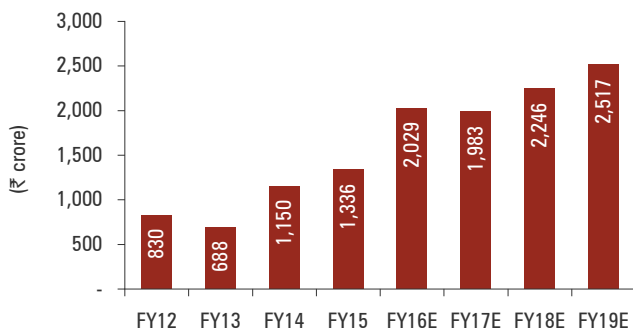
BEL has a strong presence in the domestic fans, water heater, mixer grinder, irons and air cooler categories. With the strong sales network in rural and tier-II & tier-III cities in India, we believe BEL is likely to get some relief from the central government's various economic reforms and better monsoons. However, we are unclear about the future strategy of the company to improve sales/margin in the lighting and CD segment. 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 the 1.4 crore government employees, reduction in tax arbitrage for the unorganised segment (due to GST) will provide additional benefit to organised players in the long run (shift in demand of branded product category).

### Recovery in engineering & project to aid margin

BEL entered the lighting project services in 1960 with the aim of providing lighting packages for power plants and other industrial facilities. The division got its present name in 1994-95 with the emphasis shifting to design and execution of electrical projects. In 2001-02, BEL commenced its high mast and transmission line tower (TLT) manufacturing unit at Ranjangaon near Pune. The idea behind launching this business was to diversify the business from a lighting and consumer durable player to a strong contender in the engineering and project segments to leverage the strong Bajaj brand. The business unit is divided into three segments, viz. high masts, TLT and special projects. The E&P segment revenue increased four-fold from ₹ 382 crore in FY08 to ₹ 1983 crore in FY17 while the segment contributes ~40% to the FY17 topline.

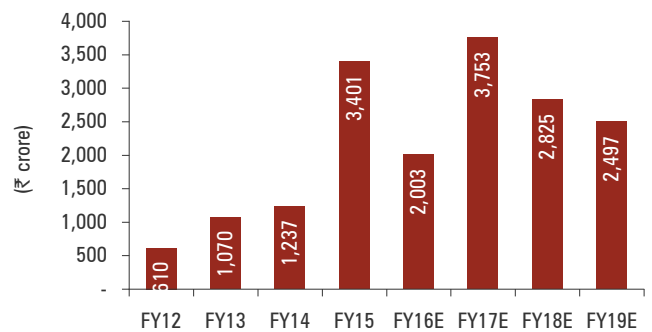
The segment recorded revenue CAGR of ~13% in FY09-16. A slowdown in the industrial business and stretched working capital cycle resulted in a decline in EBIT margin from 12.6% in FY09 to -6.5% in FY15 and 7% in FY17. However, continuous quality order inflow has improved the visibility of revenue booking from the E&P segment. The current order book is at ~₹ 3380 crore, which includes TLT: ₹ 587 crore, special projects: ₹ 2619 crore and high mast: ₹ 174 crore.

**Exhibit 3: Engineering & project revenues (₹ crore)**



Source: Company, ICICIdirect.com Research

**Exhibit 4: Engineering & project order book (₹ crore)**



Source: Company, ICICIdirect.com Research

### Pan-India presence through strong dealer network

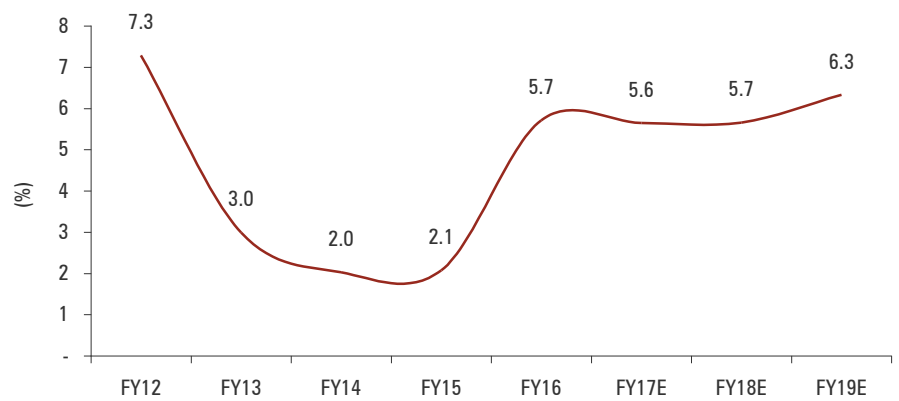
BEL, one of the oldest consumer durable companies in the country, has a pan-India presence through a strong dealer and retail network. The company has 2200+ distributors and 5000+ dealers across India. Further, Bajaj's lighting solutions are available in over 350,000 retail stores while fans and appliances are available at over 88,000 and 45,000 retail stores across India. In order to leverage its strong brand, BEL has taken the initiative to reach directly to consumers through opening retail chain 'Bajaj World' (pure franchise model) for appliances and lighting products. Currently, the company has 75 exclusive Bajaj World stores. BEL also plans to expand its presence globally through franchise agreements. The company has opened stores in Nepal and plans to open stores in Ghana, Nigeria, Sri Lanka and South Africa.

**Margin pressure continues on lacklustre performance of core business**

BEL's EBITDA margin remained under pressure for FY13-15 due to losses in the E&P segment (owing to execution of low margin orders). Though E&P business turned into the green owing to execution of higher margin order in FY16-17, the EBITDA margin was hit by a sharp decline in profitability of CD segment due to lower volume on account of implementation of RREP. Also, lower margin of government orders under lighting segment (led by EESL orders) suppressed lighting margin.

We believe the EBITDA margin will improve in FY17-19E supported by 1) change in product mix of CD segments 2) focus in execution of higher margin order under E&P segment. However, we also believe the company's employee expenses and advertisement & promotion expenses would restrict any sharp movement in the EBITDA margin owing to slow pick up in volume growth due to intense competition.

**Exhibit 5: EBITDA margins to improve (%)**

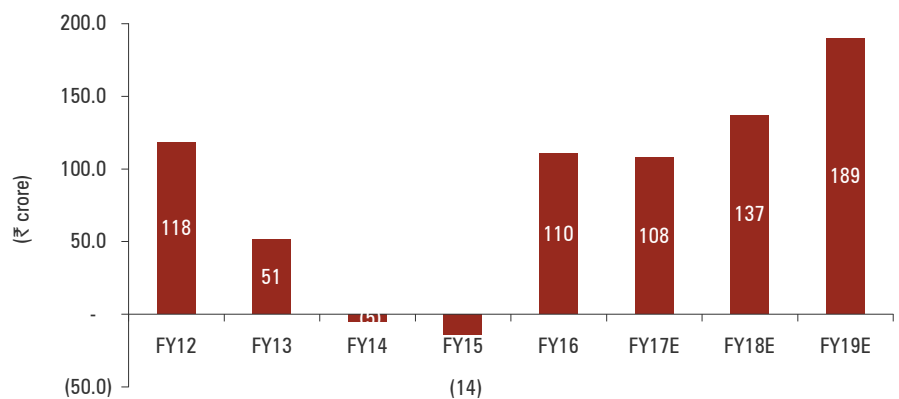


Source: Company, ICICIdirect.com Research

**Recovery in margin, lower interest cost to help profit growth**

Historically, due to a sharp dip in the margin coupled with higher interest incidence, the company recorded significant losses in FY13-15. However, the recovery in the E&P segment led by execution of quality orders helped in the turnaround of the bottomline. Still, a decline in profitability of consumer durable segment restricted any sharp recovery in the bottomline. We believe lower interest cost coupled with recovery in the profitability of E&P and CD segment would help drive BEL's growth at a CAGR of ~33% in FY17-19E.

**Exhibit 6: Net profit to recover due to reduction in E&P losses**



Source: Company, ICICIdirect.com Research

## Outlook and valuation

Despite being a dominant play in the lighting and consumer durable segment (contributes ~70% 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% in FY17), the CD segment underperformed due to lower volume growth and loss of market share to its competitors. However, the management has guided a slow recovery in sales of CD products with RREP nearing the end in FY18. A slight recovery in sales would help drive profitability of the segment. With the conservative estimates of FY17-19E for CD sales, we expect the profitability of this segment to improve gradually with change in product mix and good demand from rural area (owing to expectation of better monsoon). This coupled with execution of higher margin order would drive the profitability of the company. For the valuation, we use SOTP method and value CD segment at 16x FY19E EV/EBITDA and 7x FY19E EV/EBITDA for E&P segment, respectively. We reiterate our **BUY** rating on the stock with a target price of ₹ 380.

**Exhibit 7: Valuation**

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	4626.7		11.1		29.7	15.0	14.6	17.2
FY17E	4298.3	-7.1	10.8	-2.4	30.4	15.2	12.4	16.7
FY18E	4696.8	9.3	13.7	26.9	23.9	13.6	14.6	18.7
FY19E	5233.2	11.4	19.0	38.7	17.3	10.4	17.4	22.4

### Recommendation history vs. consensus



Source: Bloomberg, Company, ICICIdirect.com 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 Gooee to manufacture innovative lighting products and solutions on IoT platform

Source: Company, ICICIdirect.com Research

### Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position	Change
1	Bajaj Group of Industries	31-Mar-17	37%	37.4	0.0
2	Bajaj (Shekhar P)	31-Mar-17	4.6%	4.7	0.0
3	Bajaj (Anant)	31-Mar-17	4.5%	4.5	0.0
4	Bajaj (Kiran)	31-Mar-17	3.0%	3.1	0.0
5	HDFC Asset Management Co., Ltd.	30-Jun-17	2.8%	2.8	0.0
6	Bajaj Trading Company	31-Mar-17	2.5%	2.5	0.0
7	Bajaj (Madhur)	31-Mar-17	2.1%	2.1	0.0
8	Reliance Nippon Life Asset Management Limited	30-Jun-17	1.9%	2.0	0.0
9	Bajaj (Niraj)	31-Mar-17	1.7%	1.7	0.0
10	Caisse de Depot et Placement du Quebec	31-Mar-17	1.5%	1.5	1.0

Source: Reuters, ICICIdirect.com Research

### Shareholding Pattern

(in %)	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Promoter	63.6	63.5	63.4	63.4	63.3
FII	6.7	7.9	7.6	7.6	9.3
DII	6.9	7.7	7.7	6.7	5.2
Others	22.8	20.9	21.3	22.3	22.2

### Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Caisse de Depot et Placement du Quebec	4.6	1.0	Baroda Pioneer Asset Management Company Limited	-0.6	-0.1
UTI Asset Management Co. Ltd.	0.9	0.2	Reliance Nippon Life Asset Management Limited	-0.2	0.0
LIC Mutual Fund Asset Management Company Ltd.	0.5	0.1	Purandare (Anant Martand)	-0.1	0.0
Mirae Asset Global Investments (India) Pvt. Ltd.	0.1	0.0	Kanodia (Siddhartha)	-0.1	0.0
Patil (Pradeep D.)	0.0	0.0	Gharge (Pratap Shankar)	-0.1	0.0

Source: Reuters, ICICIdirect.com Research

## Financial summary

Profit and loss statement		₹ Crore			
(Year-end March)	FY16	FY17E	FY18E	FY19E	
Net Sales	4626.7	4298.3	4696.8	5233.2	
Growth (%)	8.5	-7.1	9.3	11.4	
Raw Material Expenses	178.6	195.5	174.1	224.4	
(Increase)/Decrease in stocks	-31.8	-15.1	0.0	0.0	
Purchase of traded goods	2941.5	2576.9	2796.9	3044.9	
Employee Expenses	285.1	328.9	347.3	391.4	
Erection & subcontracting exp	295.5	293.8	385.5	523.9	
Other expenses	693.7	675.5	727.4	717.5	
Total Operating Expenditure	4362.5	4055.5	4431.1	4902.1	
<b>EBITDA</b>	<b>264.2</b>	<b>242.8</b>	<b>265.7</b>	<b>331.1</b>	
Growth (%)	199.1	-8.1	9.4	24.6	
Other Income	48.1	35.6	37.3	40.2	
Interest	108.1	80.4	66.9	53.6	
PBDT	204.2	197.9	236.1	317.6	
Depreciation	27.4	29.9	30.5	32.4	
PBT before Exceptional Items	176.9	168.0	205.6	285.2	
Less: Exceptional Items	0.0	0.0	0.0	0.0	
PBT	176.9	168.0	205.6	285.2	
Total Tax	66.5	60.4	69.0	95.7	
<b>PAT</b>	<b>110.3</b>	<b>107.7</b>	<b>136.6</b>	<b>189.5</b>	
Growth (%)	NA	-2.4	26.9	38.7	
EPS (₹)	11.1	10.8	13.7	19.0	

Source: Company, ICICIdirect.com Research

Balance sheet		₹ Crore			
(Year-end March)	FY16	FY17E	FY18E	FY19E	
Equity Capital	20.2	20.3	20.3	20.3	
Reserve and Surplus	736.2	851.2	917.1	1071.0	
Total Shareholders funds	756.3	871.5	937.4	1091.2	
Total Debt	821.0	545.5	445.5	345.5	
Liability	1656.1	1491.8	1457.8	1511.7	
<b>Asset</b>					
Total Gross Block	455.5	519.0	569.0	619.0	
Less Total Accumulated Dep	179.1	209.0	239.5	271.9	
Net Block	276.5	310.1	329.5	347.1	
Total CWIP	20.7	7.9	7.9	7.9	
Total Fixed Assets	297.1	317.9	337.4	354.9	
Other Investments	17.5	17.5	37.5	67.5	
Inventory	506.7	571.2	624.2	645.2	
Debtors	1671.1	1653.8	1608.5	1691.8	
Loans and Advances	3.3	3.0	3.2	3.6	
Other Current Assets	107.8	146.4	160.0	178.2	
Cash	46.6	25.1	8.9	61.3	
Total Current Assets	2335.5	2399.4	2404.8	2580.2	
Creditors	571.4	630.4	643.4	716.9	
Provisions	81.2	78.9	80.6	89.7	
Total Current Liabilities	1303.6	1588.7	1684.9	1877.3	
Net Current Assets	1032.0	810.8	719.9	702.9	
Deferred Tax Assets	49.3	56.0	56.0	56.0	
Long term loans and advances	0.0	0.0	0.0	0.0	
Other non current assets	189.2	186.7	204.1	227.4	
<b>Assets</b>	<b>1656.2</b>	<b>1491.9</b>	<b>1457.8</b>	<b>1511.7</b>	

Source: Company, ICICIdirect.com Research

Cash flow statement		₹ Crore			
(Year-end March)	FY16	FY17E	FY18E	FY19E	
Profit after Tax	110.3	107.7	136.6	189.5	
Depreciation	27.4	29.9	30.5	32.4	
CF bef working capital changes	245.8	218.0	234.0	275.5	
Net Increase in Current Assets	-357.5	-85.5	-21.5	-123.0	
Net Increase in Current Liabilities	-441.2	285.1	96.2	192.4	
<b>Net CF from operating act</b>	<b>-552.8</b>	<b>417.6</b>	<b>308.7</b>	<b>344.9</b>	
(Purchase)/Sale of Fixed Assets	-43.7	-50.7	-50.0	-50.0	
Long term loans and advances	200.1	2.4	-17.3	-23.3	
Other non current assets	41.9	0.0	-20.0	-30.0	
Other Investments	41.9	0.0	-20.0	-30.0	
Deferred Tax Assets	-0.4	-6.7	0.0	0.0	
<b>Net CF from Investing act</b>	<b>276.7</b>	<b>-90.7</b>	<b>-87.3</b>	<b>-103.3</b>	
Inc / (Dec) in Equity Capital	0.0	0.1	0.0	0.0	
Inc / (Dec) in Loan Funds	434.2	-275.5	-100.0	-100.0	
Total Outflow on account of div	-35.6	-33.2	-35.6	-35.6	
<b>Net CF from financing act</b>	<b>285.0</b>	<b>-348.5</b>	<b>-237.6</b>	<b>-189.2</b>	
Net Cash flow	8.8	-21.6	-16.2	52.4	
Cash & Cash Equi at the beg.	37.8	46.6	25.1	8.9	
<b>Cash</b>	<b>46.6</b>	<b>25.1</b>	<b>8.9</b>	<b>61.3</b>	

Source: Company, ICICIdirect.com Research

Key ratios					
(Year-end March)	FY16	FY17E	FY18E	FY19E	
<b>Per Share Data</b>					
EPS	11.1	10.8	13.7	19.0	
Cash EPS	13.8	13.8	16.8	22.2	
BV	75.8	87.4	94.0	109.4	
DPS	3.6	3.3	3.6	3.6	
<b>Operating Ratios</b>					
EBITDA Margin	5.7	5.6	5.7	6.3	
PAT Margin	2.4	2.5	2.9	3.6	
<b>Return Ratios</b>					
RoE	14.6	12.4	14.6	17.4	
RoCE	17.2	16.7	18.7	22.4	
RoIC	12.3	10.7	11.5	14.0	
<b>Valuation Ratios</b>					
EV / EBITDA	15.0	15.2	13.6	10.4	
P/E	29.7	30.4	23.9	17.3	
EV / Net Sales	0.9	0.9	0.8	0.7	
Market Cap / Sales	0.7	0.8	0.7	0.6	
Price to Book Value	4.3	3.8	3.5	3.0	
<b>Turnover Ratios</b>					
Asset turnover	2.8	2.9	3.2	3.5	
Debtor Days	131.8	140.4	125.0	118.0	
Creditor Days	45.1	53.5	50.0	50.0	
<b>Solvency Ratios</b>					
Debt / Equity	1.1	0.6	0.5	0.3	
Current Ratio	3.5	3.3	3.3	3.1	
Quick Ratio	2.7	2.5	2.4	2.3	

Source: Company, ICICIdirect.com Research



## ICICIdirect.com coverage universe (Consumer Discretionary)

Sector / Company	CMP		Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)			FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E
Asian Paints (ASIPA)	1,148	1,181	Hold	110,116	21.4	22.4	26.8	53.6	51.2	42.8	36.1	34.9	28.6	32.9	29.5	30.8	26.9	24.9	25.8
Astral Polytechnik (ASTPOL)	621	685	Buy	7,436	12.1	14.4	19.8	51.4	43.2	31.3	28.7	23.0	17.8	21.3	21.6	23.9	17.2	15.9	18.2
Bajaj Electricals (BAJELE)	328	380	Buy	3,272	10.8	13.7	19.0	30.4	23.9	17.3	15.2	13.6	10.4	16.7	18.7	22.4	12.4	14.6	17.4
Havells India (HAVIND)	486	540	Buy	30,322	8.6	11.5	15.0	56.3	42.1	32.4	34.7	28.2	21.4	23.0	26.2	28.7	17.4	20.4	21.9
Kansai Nerolac (KANNER)	456	495	Buy	24,575	9.4	10.8	12.3	48.6	42.2	37.1	33.6	29.3	25.4	26.2	28.1	28.1	18.0	19.6	19.5
Pidilite Industries (PIDIND)	806	890	Buy	41,319	16.8	17.4	20.8	47.9	46.4	38.8	31.7	30.8	25.5	33.0	31.4	32.8	24.9	23.7	24.8
Essel Propack (ESSPRO)	240	270	Hold	3,770	12.5	14.1	16.8	19.3	17.0	14.3	10.3	8.8	7.6	17.6	17.7	19.2	17.4	15.3	16.0
Supreme Indus (SUPIND)	1,100	1,285	Buy	13,973	33.7	32.5	44.6	32.6	33.8	24.7	18.5	18.1	14.2	30.0	30.5	36.5	25.3	24.3	28.8
Symphony (SYMLIM)	1,372	1,623	Buy	9,598	23.7	33.4	42.1	58.0	41.1	32.6	47.5	32.2	25.2	48.4	50.6	56.2	36.1	38.3	42.3
V-Guard Ind (VGUARD)	178	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)	538	525	Buy	17,793	15.5	18.6	21.9	34.8	28.9	24.6	30.1	24.1	20.4	21.5	26.2	26.5	15.5	19.0	19.2

Source: Company, ICICIdirect.com Research

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