

Subdued RAC demand restricts topline growth...

About the stock: Voltas is a home appliances company specialising in air conditioning and air cooling technology in the B2B and B2C space.

- The company is a market leader with ~23% market share in RAC
- Healthy b/s reflected by strong return ratios (RoE: ~11%, RoCE: ~15%)

Q2FY23 Results: Delay in price hikes and lower discretionary spend hit UCP segment performance

- Revenue increased marginally by ~5% YoY to ~ ₹ 1768.4 crore. Demand for UCP segment was subdued due to extended monsoon, lower discretionary spends and delay in price hikes
- EBITDA margin declined 194 bps YoY to 5.7% dragged by high cost inventory. EBIT margin of UCP dipped 281 bps to 7.3%
- The company reported a loss of ₹ 6 crore dragged by lower margin, one-time loss of ₹ 106.4 crore in EMPS segment as well as losses from JVs/associates

What should investors do? Voltas' share price has grown by ~1.64x over the past five years (from ~₹ 545 in November 2017 to ~₹ 890 levels in November 2022).

- We maintain our **HOLD** rating on stock

Target Price and Valuation: We value Voltas at ₹ 1005 using SOTP i.e. 7x P/E for EMPS, 9x P/E for EPS and 50x P/E for UCP on FY24E EPS for each.

Key triggers for future price performance:

- Structural demand owing to changing consumer lifestyle (work from home) post pandemic is likely to drive near term demand for RAC
- On a long term basis, we believe rising income and aspirations of middle class household in India will be a key demand driver for cooling products. AC's penetration at 7% is lowest among white goods segment
- Higher demand for energy efficient products would help drive premiumisation in the air conditioner industry

Alternate Stock Idea: We like Havells in our coverage.

- Havells has a strong presence in the organised product category across its segments ranging from cables, switchgears, ECD, ACs and lighting. Havells' market share ranges between 6% and 20% across these segments. It has a robust balance sheet with five-year average RoE & RoCE of 19% & 24%, respectively
- BUY with a target price of ₹ 1650

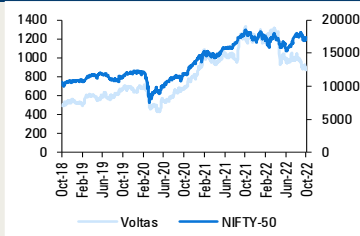
Particulars

Particular	Amount
Market Cap (₹ Crore)	29,435.3
Total Debt (FY22) (₹ Crore)	343.2
Cash & Inv (FY22) (₹ Crore)	1,005.9
EV (₹ Crore)	28,772.6
52 week H/L	1348 / 857
Equity capital (₹ Crore)	33.1
Face value (₹)	1.0

Shareholding pattern

(in %)	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
Promoter	30.3	30.3	30.3	30.3	30.3
FII	22.3	24.4	26.2	24.7	24.4
DII	31.8	29.8	28.1	29.4	29.4
Others	15.6	15.5	15.5	15.6	15.9

Price Chart



Recent event & key risks

- **Key Risk:** (i) Delay in passing on high input prices (ii) Strong demand revival due to supporting weather

Research Analyst

Sanjay Manyal
sanjay.manyal@icicisecurities.com

Hitesh Taunk
hitesh.taunk@icicisecurities.com

Ashwi Bhansali
ashwi.bhansali@icicisecurities.com

Key Financial Summary

(₹ Crore)	FY19	FY20	FY21	FY22	5 Year CAGR (17-22)	FY23E	FY24E	2 Year CAGR (22-24E)
Net Sales	7124.1	7658.1	7555.8	7934.5	5.6	9424.5	10984.1	17.7
EBITDA	611.7	686.7	641.4	681.6	3.8	703.2	983.7	20.1
EBITDA Margin (%)	8.6	9.0	8.5	8.6		7.5	9.0	
Net Profit	513.9	521.0	528.8	506.0	-0.5	534.1	761.6	22.7
EPS (₹)	15.5	15.8	16.0	15.3		16.1	23.0	
P/E(x)	57.3	56.5	55.7	58.2		55.1	38.6	
Price/Book (x)	7.2	6.9	5.9	5.4		6.0	5.4	
RoE (%)	12.7	13.0	10.6	9.2		11.0	14.1	
RoCE(%)	17.3	19.5	15.0	14.0		16.3	20.1	

Key takeaways of recent quarter & conference call highlights

Q2FY23 Results: Muted RAC volume offtake amid weak discretionary spend

- Voltas reported a muted topline growth of ~5% YoY to ₹ 1768.4 crore due to weak demand for RACs and slow project execution in the EMPS segment. Extended monsoon and lower discretionary spend led to muted revenue growth of UCP segment by 4% YoY to ₹ 1048 crore. The YTD volume market share of the company is at 22.8% as of August 2022 and Voltas continues to be the market leader in the RAC segment
- The EMPS segment revenue remained largely flat on a YoY basis as a result of slow execution of international orders
- Engineering products & services (EPS) segment revenue increased 9.5% YoY to ~₹ 137 crore led by robust demand of textile industry
- Gross margin declined 219 bps YoY to 24.4% mainly due to usage of high cost inventories. However, savings in other expenses helped restrict EBITDA margin fall at 194 bps YoY to 5.7%. On the EMPS segment front, the company has made provision for an exceptional item amounting to ₹ 106.4 crore. This pertains to unilateral cancellation of an overseas project by the main contractor. UCP segment EBIT margin declined sharply by 281 bps YoY to 7.3% as a result of higher raw material costs
- As a result of one-time exceptional loss of ₹ 106.4 crore as well as losses from JVs and associates, the company reported a net loss of ₹ 6 crore in Q2FY23

Q2FY23 Earnings Conference Call highlights:

Unitary cooling products

- Voltas continues to remain the market leader in the RAC segment with a YTD market share of 22.8% as of August 2022, 750 bps higher than the No.2 player
- On the revenue front, Q2 is a lean quarter for the UCP segment. The segment reported muted topline growth of ~4% YoY due to prolonged monsoon and lower discretionary spend
- Margins in the UCP segment were impacted as a result of high-cost inventory. The management expects to see some impact of the same in Q3FY23 as well. The management has given margin guidance of higher single digit margin for coming few quarters to maintain a balance between market share and margins
- Voltas will pass on benefits of raw material price deductions with some lag
- On an unfavourable base, commercial refrigeration vertical witnessed softer demand across OEMs and channel partners in Q2FY23
- Air coolers vertical reported a higher double digit growth in Q2FY23 as a result of lower inventory at channel partner end coupled with incentive schemes directed towards primary sales and expansion of channel footprint
- Commercial air conditioning business also witnessed growth in Q2FY23 led by opening of commercial spaces, expansion of medium to small outlets and increased focus on conversion rate for after sale service
- The company is planning to source motors, heat exchangers and some part of compressors from India in the next two to three years

Electro-mechanical projects and services

- On the international business front, revenue was muted due to low carry forward order book and slower project execution
- The domestic projects industry saw increased order booking during the current quarter, including potential orders in the pipeline amounting to ₹ 950 crore as opposed to ₹ 99 crore in Q2FY22

- In one of the international projects, the main contractor unilaterally terminated the contract with Voltas in October and encashed the underlying bank guarantees as a result of termination of the main contractor's contract by their customer. Voltas is seeking legal remedy for the same and has made a provision of ₹ 106.4 crore in the current quarter
- The management expects EBIT margin to be in lower single digits for the coming quarters

Engineering Products and Services

- According to the management, performance of both Mozambique and India operations was satisfactory in Q2FY23
- Increase in export duty fines in the iron ore market impacted demand for capital equipment in this segment
- Improved delivery of textile capital machinery and a tactical approach towards after sales service revenue fared well for the segment during the quarter
- Price hikes and supply-chain disruptions continue to pose challenges for this segment. However, the management believes that in the long run, the PLI benefits announced by the government and an opportunity of expansion in the export market will boost demand in the textile sector

Voltas Beko

- The demand for appliances was muted during the quarter as a result of the overall trade and consumer sentiments
- The limited offtake during the festive season had an impact on trade participation in primary sales, which led to a decrease in volume during the quarter
- The localisation of a few items and value engineering are contributing to the margin expansion in the segment. In over three years, the brand has sold a total of 2.5 million units to date.

Exhibit 1: Peer comparison

Company	Mcap ₹ cr	Revenue				EBITDA margin				PAT				RoCE				RoE				PE			
		FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Havells	76,409	10428	13889	16233	18585	15	13	10	13	1040	1195	1105	1694	25	24	23	34	20	20	19	29	73	64	69	45
Crompton Greaves	22,878	4804	5394	7269	8232	15	14	13	13	617	578	559	697	34	16	17	20	32	24	22	23	37	40	41	33
Bajaj Electrical	13,426	4585	4813	5537	6269	7	5	7	8	189	124	242	364	15	14	20	24	11	8	14	18	71	108	56	37
Polycab	41,993	8792	12204	14054	15759	13	10	12	12	886	917	1141	1298	21	20	25	24	18	16	18	18	47	46	37	32
Symphony	5,855	900	1039	1283	1559	15	15	18	20	107	121	183	243	15	16	24	29	15	14	24	27	55	48	32	24
V guard	11,350	2721	3498	4186	4604	11	10	8	10	202	228	229	306	24	21	23	28	17	16	18	21	56	50	50	37
Voltas	29,435	7556	7934	9424	10984	8	9	7	9	529	506	534	762	15	14	16	20	11	9	11	14	56	58	55	39

Source: BSE, ICICI Direct Research

Voltas’s Q2FY23 performance was hit by lower EBITDA margin and one-time provision of outstanding dues from one of its overseas projects in the EMPS segment. On the UCP front, segment EBIT margin continued to remain under pressure from high cost inventory and increased advertisement expenses. The company also faced demand challenges in RAC segment amid extended monsoon and lower discretionary spends in tier II and III cities. Low RAC demand and increased competition resulted in market share loss for Voltas in Q2. The exit market share declined to 22.8% as of August 2022 compared to ~24% in Q1FY23. The company is confident of regaining lost market share through new launches and higher promotional activities in the coming period. We believe this will partially offset the benefits of easing raw materials cost causing continued pressure on FY23 margins. We believe, margin recovery will start from FY24 onwards led by pick-up in demand and easing raw material costs. On the revenue front, we build in consolidated revenue CAGR of ~18% over FY22-24E supported by 27% CAGR in UCP segment owing to favourable base. On the EMPS business, we build in flattish revenues in FY22-24E due to the company’s conservative approach on bidding for new orders resulting into low carry forward order book. We cut our PAT estimate for FY23E and FY24E by ~14%, ~8% respectively factoring in margin cut and increased losses from JVs/Associates. We cut our target price to ₹ 1005/share and maintain our HOLD rating on the stock. We use SoTP based valuation to value company’s EMPS, EPS and UCP segment at 7x, 9x & 50x P/E of FY24E earnings each respectively. The company is valued at implied P/E of 44x FY24E EPS.

Exhibit 2: SoTP based valuation

Segment	EPS (₹)	PE(x)	Fair value
EMPS	2.9	7	20
EPS	5.0	9	43
UCP	18.4	50	911
Target Price (A)			974
Per share Value of Volt-Bek (B)			30
Total Value (A+B)			1005

Source: ICICI Direct Research

Exhibit 3: Variance Analysis

	Q2FY23	Q2FY23E	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	Comments
Revenue	1,768.4	1,766.0	1,689.1	4.7	2,768.0	-36.1	Muted topline growth is attributable to slow project execution and weak RAC demand in Q2
Other Income	64.4	33.9	48.3	33.4	26.8	140.4	
Raw Material Exp	1,032.5	875.1	823.1	25.4	1,431.7	-27.9	Use of high cost inventories and no price hike dragged overall gross margin for the company
Employee Exp	174.8	150.5	154.0	13.5	150.5	16.1	
Purchase of Traded goods	305.0	437.6	417.4	-26.9	767.6	-60.3	
Other Expenses	155.2	176.7	165.5	-6.2	241.3	-35.7	
EBITDA	100.8	126.0	129.1	-21.9	177.0	-43.0	
EBITDA Margin (%)	5.7	7.1	7.6	-194 bps	6.4	-69 bps	Higher raw material cost was partially offset by savings in other costs thereby restricting EBITDA margin fall
Depreciation	9.7	9.7	9.5	2.1	8.5	14.3	
Interest	6.7	3.8	6.2	8.0	4.0	69.3	
Exceptional items	106.4	0.0	0.0		0.0		Provision towards outstanding dues in one of its overseas projects
Profit/(loss) from Asso & JVs	(28.9)	(18.2)	(18.9)		(31.0)		Loss from JV & associates companies, which includes losses from Voltas-Beko
PBT	13.4	128.1	142.8	-90.6	160.3	-91.6	
Total Tax	19.5	32.2	38.5	-49.4	50.8	-61.7	
PAT	-6.0	95.9	104.3	-105.8	109.5	-105.5	Lower margin and exceptional losses led to decline in Q2 PAT
Key Metrics							
EMPS	554	546	536	3.3	455	21.9	Low carry order book and slow execution of international orders led to muted topline growth
EPS	137	135	125	9.5	124	10.5	Strong demand of textiles industry and improving after sales business helped drive segment revenue growth
UCP	1048	1068	1007	4.1	2162	-51.5	Unfavourable base, extended monsoon and lower discretionary spends led to muted offtake of RACs in Q2

Source: Company, ICICI Direct Research

Exhibit 4: Change in estimates

(₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Chg	Old	New	% Chg	
Revenue	9,815.8	9,424.5	(4.0)	11,402.9	10,984.1	(3.7)	We revise our revenue estimate downward considering slow offtake of RACs amid extended monsoon and unfavourable base of last year
EBITDA	833.7	703.2	(15.6)	1084.6	983.7	(9.3)	
EBITDA Mar(%)	8.5	7.5	-104bps	9.5	9.0	-54bps	We cut our EBITDA margin estimate considering delay in price hikes and higher advertisement expenditure
PAT	623.3	534.1	(14.3)	829.1	761.6	(8.1)	We revise our PAT estimate downside for FY23E-24E mainly due to lower margins and higher than expected losses from JV/associates
EPS (₹)	18.9	16.1	(14.3)	25.1	23.0	(8.1)	

Source: ICICI Direct Research

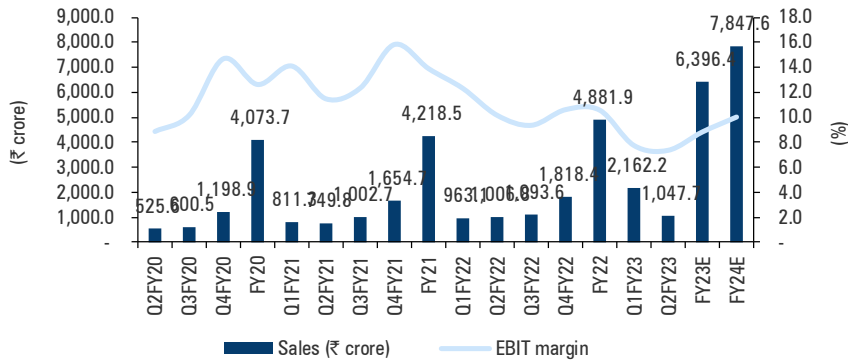
Exhibit 5: Assumptions

Segment growth (%)	Current				Earlier				Comments
	FY20	FY21	FY22	FY23 E	FY24 E	FY23E	FY24 E		
EMPS	-10.3	-11.3	-14.2	-3.5	2.7	-3.5	2.7	We have kept our revenue estimate intact for EMPS division and model flattish revenue CAGR over FY23E-24E considering low carry forward order book	
EPS	6.4	8.4	35.9	8.4	8.0	8.0	8.0	We build in segment revenue CAGR 8% considering strong demand of textile machines	
UCP	29.1	3.6	15.7	31.0	22.7	39.6	21.7	We have cut our UCP segment revenue growth estimate from 30% to 27% for FY22-24E owing to slower than expected RAC volume offtake in FY23	

Source: ICICI Direct Research

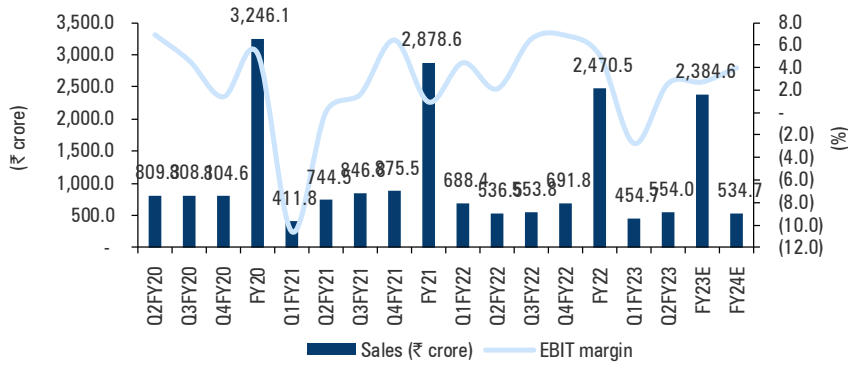
Financial story in charts

Exhibit 6: Lower discretionary spend impacts UCP revenue in Q2FY23



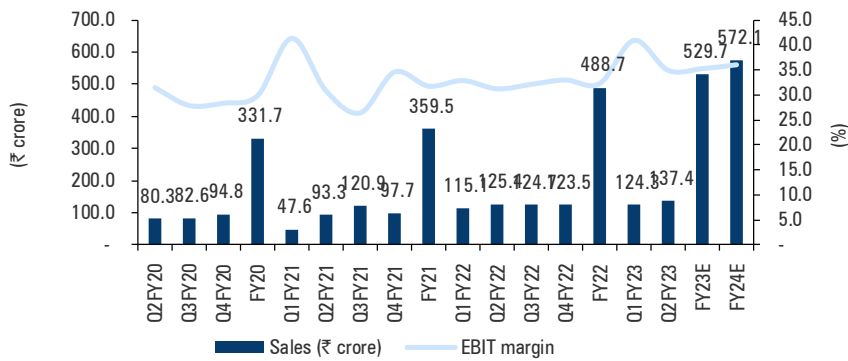
Source: Company, ICICI Direct Research

Exhibit 7: Slow project execution results in dip in EMPS segment revenue



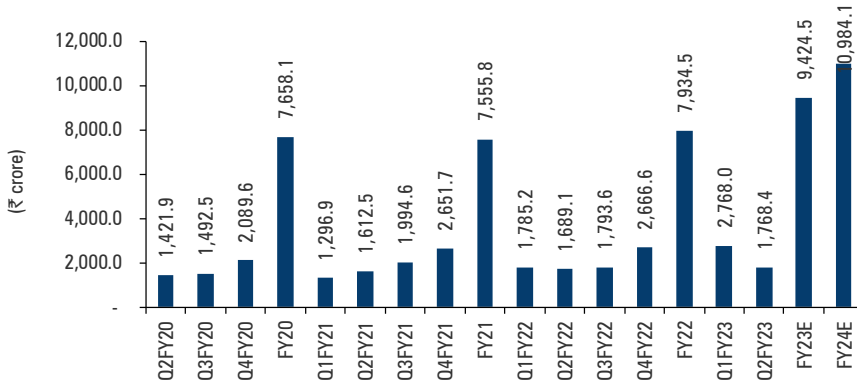
Source: Company, ICICI Direct Research

Exhibit 8: EPS segment sales trend



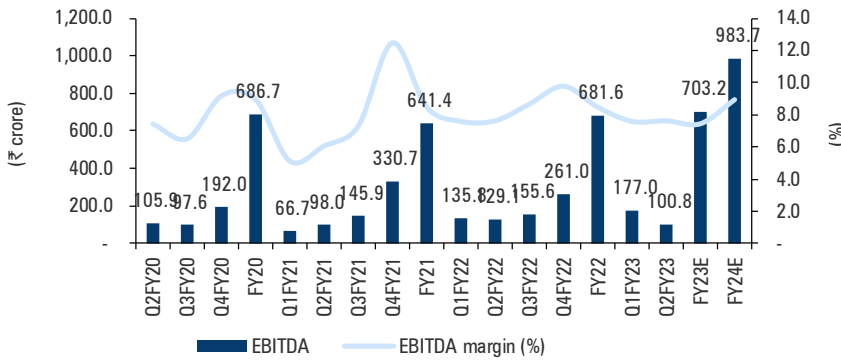
Source: Company, ICICI Direct Research

Exhibit 9: Overall revenue trend



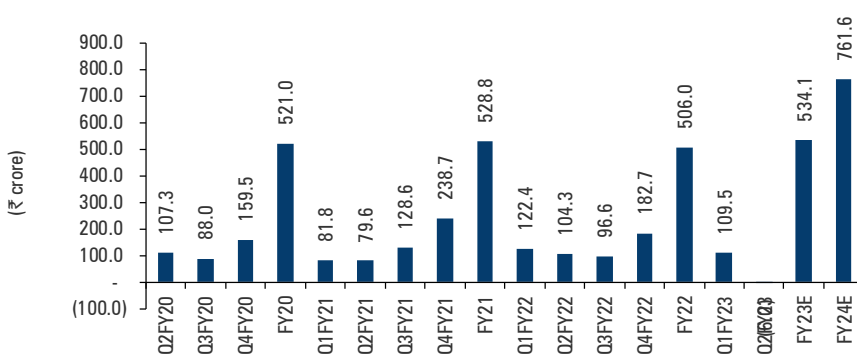
Source: Company, ICICI Direct Research

Exhibit 10: EBITDA margin movement



Source: Company, ICICI Direct Research

Exhibit 11: PAT movement



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 12: Profit and loss statement					₹ crore
(Year-end March)	FY21	FY22	FY23E	FY24E	
Net Sales	7,555.8	7,934.5	9,424.5	10,984.1	
Expenses					
Raw Material Expenses	3,716.2	3,853.9	4,784.3	5,479.4	
(inc)/Dec in stocks	-	-	-	-	
Purchase of traded goods	1,862.3	2,042.8	2,460.0	2,834.2	
Employee Expenses	601.7	617.6	669.2	733.7	
Other expenses	683.7	670.3	686.2	800.2	
Total Operating Expenditure	6,914.4	7,252.9	8,721.2	10,000.4	
EBITDA	641.4	681.6	703.2	983.7	
Other Income	188.9	189.2	186.2	195.6	
Interest	26.2	25.9	17.4	9.7	
PBDT	804.1	844.9	872.0	1,169.7	
Depreciation	33.9	37.3	39.6	43.9	
PBT before Exceptional Items	770.2	807.6	832.4	1,125.8	
Less: Exceptional Items	-	-	-	-	
Total Tax	180.4	191.3	179.0	256.2	
PAT before MI	528.8	506.0	534.1	761.6	
PAT after MI	528.8	506.0	534.1	761.6	
Profit from Associates	(61.0)	(110.3)	(119.3)	(108.0)	
PAT	528.8	506.0	534.1	761.6	

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement					₹ crore
(Year-end March)	FY21	FY22	FY23E	FY24E	
Profit after Tax	528.8	506.0	534.1	761.6	
Depreciation	33.9	37.3	39.6	43.9	
Cash Flow before working capital cha	588.8	569.1	591.1	815.2	
Net Increase in Current Assets	274.8	(392.3)	164.0	(404.5)	
Net Increase in Current Liabilities	(273.7)	471.7	706.1	583.6	
Net cash flow from operating Acti	589.9	648.6	1,461.1	994.4	
Long term loans and advances	57.3	4.6	(21.7)	(22.7)	
Other non current assets	(5.0)	12.7	(15.7)	(16.4)	
Liquid Investments	(703.1)	(569.0)	(50.0)	(50.0)	
(Purchase)/Sale of Fixed Assets	(24.0)	(83.4)	(500.0)	(500.0)	
Others	43.5	32.9	-	-	
Net Cash flow from Investing Acti	(631.3)	(602.2)	(587.4)	(589.1)	
Proceeds/(Repayment) loans	33.6	91.8	(100.0)	(100.0)	
Total Outflow on account of dividend	(165.4)	(212.8)	(232.2)	(232.2)	
Others	323.6	187.2	(942.5)	(9.7)	
Net Cash flow from Financing Acti	191.8	66.1	(1,274.7)	(341.8)	
Net Cash flow	150.4	112.5	(400.9)	63.4	
Cash and Cash Equivalent at the begin	308.5	459.0	571.7	170.9	
Cash	459.0	571.7	170.9	234.4	

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet					₹ crore
(Year-end March)	FY21	FY22	FY23E	FY24E	
Equity Capital	33.1	33.1	33.1	33.1	
Reserve and Surplus	4,960.3	5,466.5	4,843.3	5,372.8	
Total Shareholders funds	4,993.3	5,499.6	4,876.4	5,405.8	
Total Debt	251.4	343.2	243.2	143.2	
Deferred Tax Liability	-	12.4	12.4	12.4	
Other Non Current Liabilities	35.6	42.3	42.3	42.3	
Total Liability	5,316.6	5,935.6	5,212.4	5,641.9	
Net Block	315.7	311.4	771.8	1,227.9	
Total Fixed Assets	324.5	370.7	831.1	1,287.1	
Other Investments	2,797.1	3,181.1	3,281.1	3,381.1	
Goodwill on Consolidation	72.3	72.3	72.3	72.3	
Deferred Tax Assets	55.8	44.0	44.0	44.0	
Long term loans and advances	120.2	115.5	137.2	159.9	
Other non current assets	96.1	83.4	99.0	115.4	
Liquid Investments	249.3	434.3	384.3	334.3	
Inventory	1,279.6	1,661.4	1,497.6	1,600.1	
Debtors	1,800.9	2,109.7	2,065.6	2,407.5	
Cash	459.0	571.7	170.9	234.4	
Loans and Advances	2.3	3.2	7.1	8.3	
Other Current Assets	1,398.6	1,099.5	1,139.4	1,098.4	
Net Current Assets	1,601.4	1,634.6	363.8	248.1	
Total Assets	5,316.6	5,935.6	5,212.5	5,641.9	

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY21	FY22E	FY23E	FY24E
Per Share Data				
EPS	16.0	15.3	16.1	23.0
Cash EPS	17.0	16.4	17.3	24.4
BV	151.0	166.3	147.4	163.4
DPS	5.0	6.4	7.0	7.0
Operating Ratios				
EBITDA margin	8.5	8.6	7.5	9.0
PAT margin	7.0	6.4	5.7	6.9
Return Ratios				
RoE	10.6	9.2	11.0	14.1
RoCE	15.0	14.0	16.3	20.1
RoIC	12.3	12.5	13.4	17.2
Valuation Ratios				
EV / EBITDA	46.2	43.2	42.4	30.2
P/E	56.9	59.5	56.4	39.5
EV / Net Sales	3.9	3.7	3.2	2.7
Sales / Equity	1.5	1.4	1.9	2.0
Market Cap / Sales	4.0	3.8	3.2	2.7
Price to Book Value	6.0	5.5	6.2	5.6
Turnover Ratios				
Asset turnover	1.4	1.3	1.8	1.9
Debtors Days	87.0	97.0	80.0	80.0
Creditors Days	119.1	135.3	135.0	130.0
Solvency Ratios				
Debt / Equity	0.1	0.1	0.0	0.0
Current Ratio	1.7	1.5	1.2	1.2
Quick Ratio	1.2	1.0	0.8	0.8

Source: Company, ICICI Direct Research

Exhibit 16: ICICI Direct universe (Consumer Discretionary)

Sector / Company	Rating	M Cap (₹ Cr)	EPS (₹)				P/E (x)				EV/EBITDA (x)				RoCE (%)			RoE (%)				
			FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Asian Paints (ASIPAI)	Buy	3,00,359	33.4	32.2	40.8	54.2	93.7	97.4	76.7	57.8	60.9	61.9	51.1	39.3	29.6	27.1	32.5	38.7	25.0	23.0	27.3	32.1
Berger Paints (BERPAI)	Hold	57,889	7.4	8.6	9.9	12.3	80.4	69.5	60.2	48.4	48.5	43.7	38.3	31.6	24.9	23.3	27.6	31.0	21.3	21.2	25.2	27.7
Kansai Nerolac (KANNER)	Hold	25,168	9.8	6.9	11.6	13.4	47.4	67.2	40.3	34.8	29.8	38.8	25.1	21.5	17.2	12.1	19.5	21.1	13.2	9.2	14.7	15.6
Pidilite Industries (PIDIND)	Hold	1,33,755	22.2	23.8	27.8	39.9	118.8	110.8	94.7	66.0	79.3	72.3	63.2	45.0	23.8	22.2	23.9	30.0	20.2	18.8	20.2	25.0
Sheela Foam (SHEFOA)	BUY	14,136	48.7	44.5	51.8	65.9	59.5	65.1	56.0	44.0	39.1	45.5	38.9	30.9	24.3	18.0	19.6	22.6	20.1	15.6	16.4	18.8
Bajaj Electricals (BAJELE)	BUY	13,426	16.5	10.8	21.0	31.7	70.9	107.9	55.6	36.9	45.1	53.3	36.7	25.6	15.1	13.5	19.6	24.2	10.7	7.8	14.4	18.3
Crompton Greaves(CROGR)	Hold	22,878	9.8	9.2	8.9	11.1	37.1	39.6	40.9	32.8	30.3	29.8	26.3	21.9	34.4	16.2	16.6	20.5	31.9	24.0	21.7	23.4
Havells India (HAVIND)	Buy	76,409	16.7	19.1	17.6	27.1	73.2	64.0	69.1	45.1	48.0	42.3	46.1	31.4	24.9	23.7	23.0	33.8	20.1	20.0	19.4	28.7
Polycab India (POLI)	Buy	41,993	59.3	61.4	76.3	86.8	47.4	45.8	36.8	32.4	37.0	32.3	23.6	20.9	20.6	20.2	24.7	23.8	17.9	15.6	18.4	18.0
Symphony (SYMLIM)	Hold	5,855	15.3	17.3	26.1	34.8	54.7	48.4	32.0	24.1	40.8	35.3	24.6	18.5	15.2	15.9	24.5	29.0	14.9	14.4	23.6	27.4
V-Guard Ind (VGUARD)	Hold	11,350	4.7	5.3	5.3	7.1	56.2	49.7	49.9	37.3	35.5	33.4	32.2	24.3	23.9	21.2	23.4	27.8	16.7	16.2	17.7	21.2
Voltas Ltd (VOLTAS)	Hold	29,435	16.0	15.3	16.1	23.0	55.7	58.2	55.1	38.6	45.2	42.2	41.4	29.5	15.0	14.0	16.3	20.1	10.6	9.2	11.0	14.1
Amber Enterprises (AMBEN)	Hold	6,793	24.7	33.0	45.7	73.7	81.6	61.0	44.1	27.3	30.6	25.9	20.4	15.1	7.7	6.8	10.2	13.2	5.2	6.4	8.7	12.3
Dixon Technologies (DIXTEC)	Buy	27,111	27.3	32.1	57.9	85.4	167.5	142.4	78.9	53.5	94.6	71.9	44.4	32.4	23.5	17.7	27.8	31.5	21.7	19.1	31.8	34.2
Supreme Indus (SUPIND)	Buy	29,013	77.0	76.2	63.1	80.4	29.7	30.0	36.2	28.4	22.0	22.9	25.0	19.4	33.1	25.9	22.6	27.1	30.9	25.2	20.5	23.6
Astral Ltd (ASTPOL)	Hold	41,583	20.3	24.4	25.8	35.9	101.9	84.8	80.4	57.6	63.9	54.3	47.9	36.4	27.5	26.6	25.5	29.3	21.5	21.0	19.6	23.1
Time Techno (TIMTEC)	BUY	2,284	4.8	8.5	10.1	13.1	21.2	11.9	10.0	7.7	7.4	6.0	5.1	4.4	8.7	11.3	12.8	14.6	5.7	9.3	10.7	12.5

Source: Bloomberg, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, AkruTI Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Sanjay Manyal, MBA (Finance), Hitesh Taunk, MBA (Finance) and Ashwi Bhansali, MBA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.