

BSE SENSEX 27,977
 S&P CNX 8,591

CMP: INR2,465 TP: INR1,909(-23%)

Sell

Motilal Oswal values your support in the Asiamoney Brokers Poll 2016 for India Research, Sales and Trading team. We request your ballot.



Bloomberg	SYML IN
Equity Shares (m)	35.0
M.Cap.(INR b)/(USD b)	86.3 / 1.3
52-Week Range (INR)	2632 / 1642
1, 6, 12 Rel. Per (%)	1/-/2/31
12M Avg Val (INR M)	65
Free float (%)	25.0

Financials & Valuations (INR b)

Y/E June	2016	2017E	2018E
Net Sales	4.5	7.8	9.6
EBITDA	1.4	2.4	3.1
PAT	1.1	1.9	2.4
EPS (INR)	31.3	53.3	68.2
Gr. (%)	-5.6	70.5	27.8
BV/Sh (INR)	91.1	98.7	121.2
RoE (%)	33.8	56.2	62.0
RoCE (%)	33.9	56.3	62.1
P/E (x)	78.8	46.2	36.2
P/BV (x)	27.1	25.0	20.3

Estimate change	↔
TP change	↔
Rating change	↔

Top line up robustly, PAT below estimates

Strong sales growth due to extended summer: Revenues (standalone) grew 38% YoY to INR1,526m in 1QFY17 (v/s estimate of INR1,608m), mainly driven by volume growth, with management also clarifying that there was no major price increase. Growth was also supported by new models launched over the past year. EBITDA margin expanded 740bp YoY to 25.6% on account of better operating efficiency and economies of scale. EBITDA grew 93% YoY to INR390m in the quarter. PAT posted 39% YoY growth to INR311m. Management highlighted that Symphony air coolers continues to be the market leader with a share of 50%.

Performed well across categories: Management highlighted that the performance was impressive across regions, with south and east particularly outperforming other regions. Additionally, the company continued to maintain its market share, despite increasing competitive intensity. The centralized air cooling segment also registered robust growth, catering to a wide range of customers. Management is hopeful that the 6th pay commission award to 10m central government employees will further drive its growth.

IMPSCO and MKE performance in line with internal expectations: According to management, the company launched certain models from its MKE portfolio in India, which saw good demand. Some models from its Indian portfolio were also launched in China.

Valuation and view: The introduction of GST will aid faster conversion from unorganized to organized sector as the price gap will reduce. We expect sales/PAT CAGR of 47%/48%, given FY16 was a nine-month period. Given rich valuations (36x FY18E EPS) and fact that Symphony is a single-product company, we maintain our **Sell** recommendation with a target price of INR1,909, 28x FY18E EPS.

Quarterly Performance

Y/E June (Standalone)	(INR Million)													
	FY15				FY16				FY17				FY17E	FY17
	4Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE	(%)			
Net Sales	1,108	1,145	1,625	1,379	1,526	1,420	2,015	1,710	7,764	1,608	-5			
YoY Change (%)	-26.5	11.5	7.3	0.3	37.8	24.0	24.0	24.0	57.0	45.2				
Total Expenditure	906	805	1,021	800	1,136	1,002	1,308	1,011	5,319	1,111				
EBITDA	202	340	604	579	390	418	707	699	2,446	497	-22			
Margins (%)	18.2	29.7	37.2	42.0	25.6	29.4	35.1	40.9	31.5	30.9				
Depreciation	7	7	7	7	8	10	12	13	44	8				
Interest	0	0	1	0	0	2	2	2	6	2				
Other Income	95	72	70	53	49	64	70	75	269	60				
PBT before EO expense	289	405	666	625	432	470	763	759	2,665	548	-21			
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0				
PBT	289	405	666	625	432	470	763	759	2,665	548	-21			
Tax	66	117	188	160	120	141	229	228	800	164				
Rate (%)	23.0	28.9	28.3	25.5	27.9	30.0	30.0	30.0	30.0	30.0				
Minority Interest & Profit/l	0	0	0	0	0	0	0	0	0	0				
Reported PAT	223	288	477	465	311	329	534	531	1,866	383	-19			
Adj PAT	223	288	477	465	311	329	534	531	1,866	383	-19			
YoY Change (%)	-32.0	32.9	32.5	27.4	39.9	14.5	12.0	14.2	70.5					
Margins (%)	20.1	25.1	29.4	33.7	20.4	23.2	26.5	31.1	24.0	23.8				

E: MOSL Estimates

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PAT below estimates

- Revenue (standalone) grew 38% YoY to INR1,526m (est. INR1,608m) mainly driven by volume growth as the management clarified that there was no major price increase.
- Growth was also contributed by new models launched in last one year. EBITDA margins expanded 740bp YoY to 25.6% on account of lower better operational efficiency and economies of scale.
- EBITDA grew 93% YoY to INR390m in 1QFY17. PAT posted a 39% YoY growth to INR311m. The management highlighted that Symphony air coolers continues to be the market leader with a share of 50%

Exhibit 1: Revenue growth trend

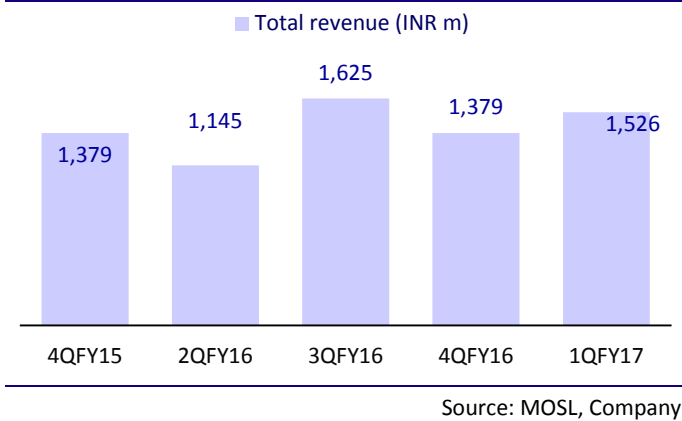


Exhibit 2: Domestic and export mix

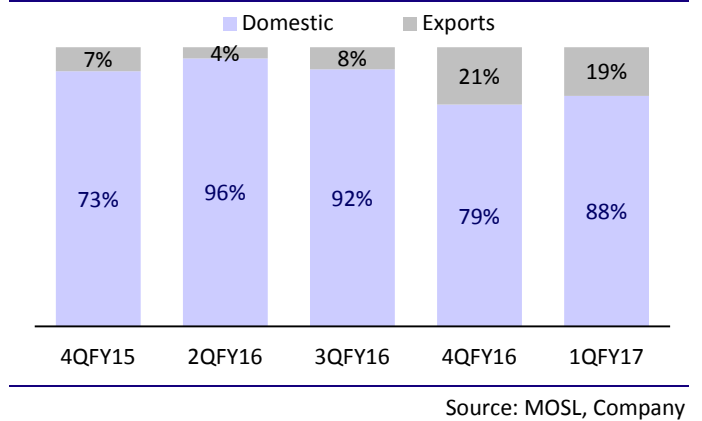


Exhibit 3: Domestic revenue trend

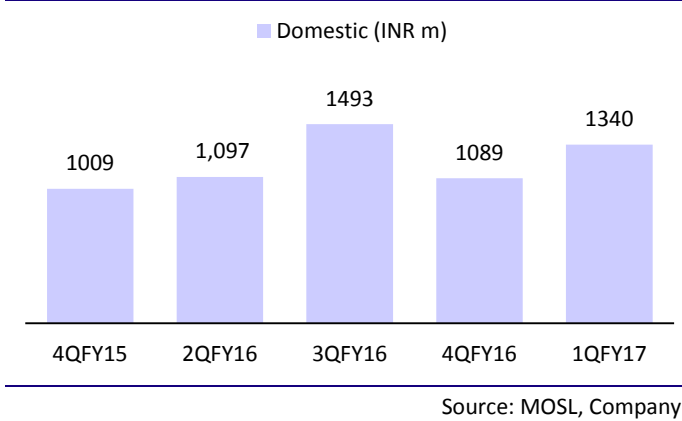


Exhibit 4: Export revenue trend

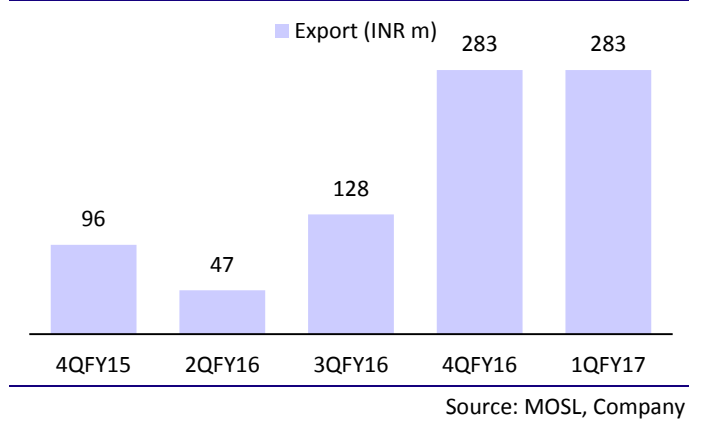
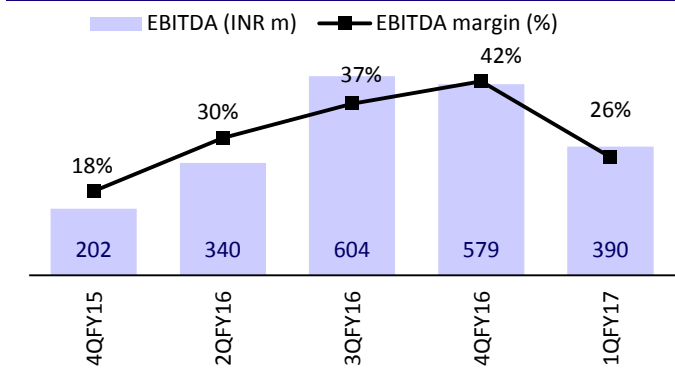
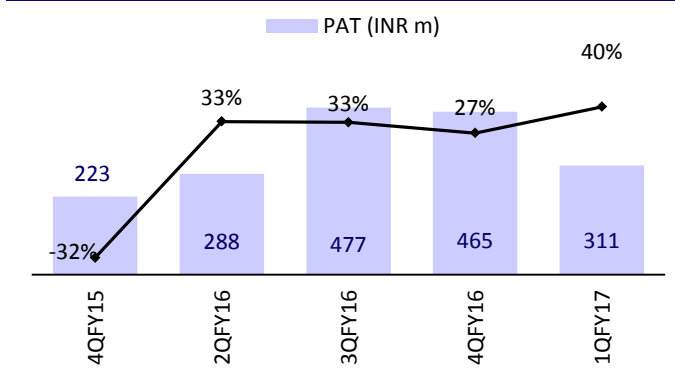


Exhibit 5: EBITDA and margins trend



Source: MOSL, Company

Exhibit 6: PAT and PAT growth



Source: MOSL, Company

Performed well across categories

- The management highlighted that the performance was good across all the regions with South and East particularly performing better compared to other regions.
- Additionally, the company continued to maintain its market share despite increasing competitive intensity. The Centralized air cooling segment also registered robust growth catering to wide range of customers.
- The management is quite hopeful that 6th pay commission award to 10m employees will further drive growth going ahead.

Other key highlights

- Management highlighted that there were certain models launched from MKE portfolio into India which has been received well while certain models were also launched from Indian portfolio into China.
- Introduction of GST to expedite conversion of unorganized to organized market.

Valuation and View

We value SYML at 28x FY18E EPS, which we believe is justified considering:

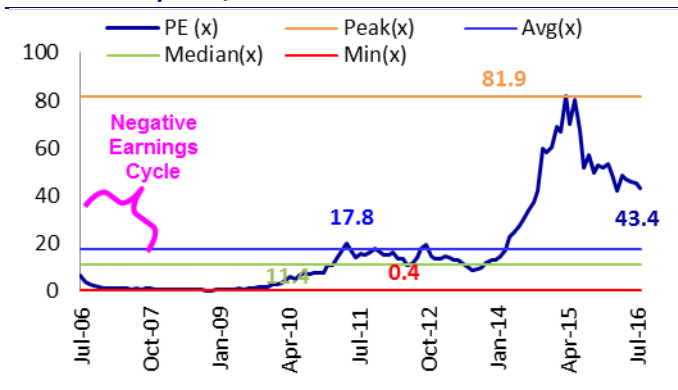
- **Huge untapped opportunity:** High and rising temperature levels are leading to greater demand for cooling solutions. While 54% (143m households) of Indian households live in hot and dry climatic conditions and 4% live in moderate climatic conditions, only about 8% own Air Coolers thereby providing huge opportunity for growth. Considering lower cost of ownership vs Air Conditioners (70% lower capital costs / 90% lower running costs), Air Coolers are the mass market option for Indian consumers.
- **Market to shift from unorganized to organized sector:** Consumer up-trading is shifting demand towards organized players in a number of Consumer categories led by key reasons like: (1) rising income and aspiration levels, (2) greater quality/brand awareness, and (3) reducing taxation differences. Large part of the cooler industry is unorganized at 80% (4m units) which makes the market potential for organized players (1m units) even larger.
- **SYML enjoys leadership with 50% market share:** SYML is the pioneer in the industry and commands a 50% market share followed by Kenstar (35%), Bajaj Electricals (15%), and Usha. It commands 10-12% pricing premium over competitors, due to consistent product innovation and strong brand equity.

- Strong return ratios:** SYML reports strong return on capital with core standalone RoCE standing at ~53%. High margins (~23%) coupled with 100% outsourcing and 100% advance from distributors on domestic sales helps SYML to earn high returns on its capital employed. SYML has chosen to focus on its key strengths - innovation, marketing and brand building. We expect SYML to continue reporting strong RoCE on the back of its strong business model.

Maintain Sell

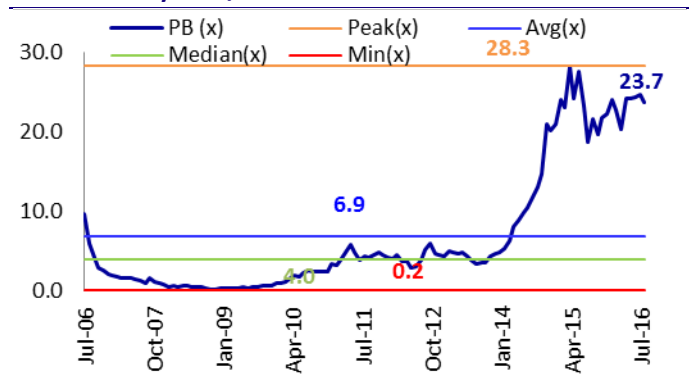
- Given the substantial run-up in stock price we believe valuations are rich at 36x FY18E EPS. We value the stock at 28x FY18E earnings and arrive at a target price of INR1,909. **Maintain Sell.**

Exhibit 7: 10-year P/E band



Source: MOSL, Company

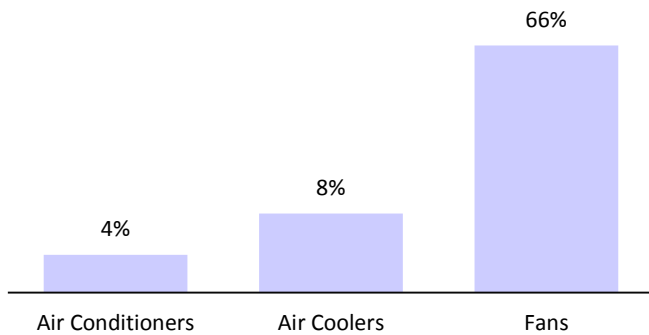
Exhibit 8: 10-year P/B band



Source: MOSL, Company

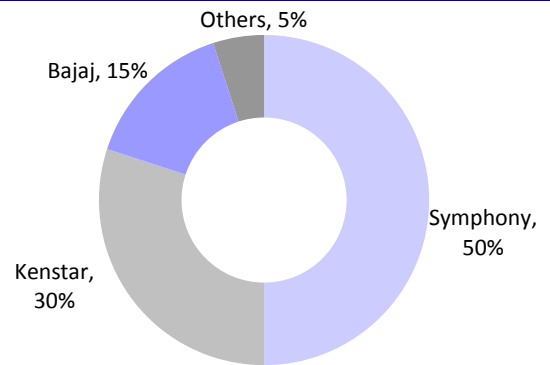
Story in charts

Exhibit 9: Market penetration



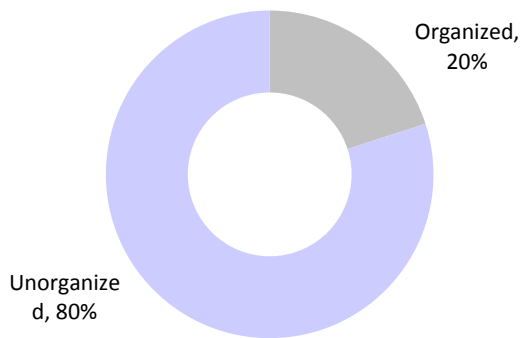
Source: MOSL, Company

Exhibit 10: Market share



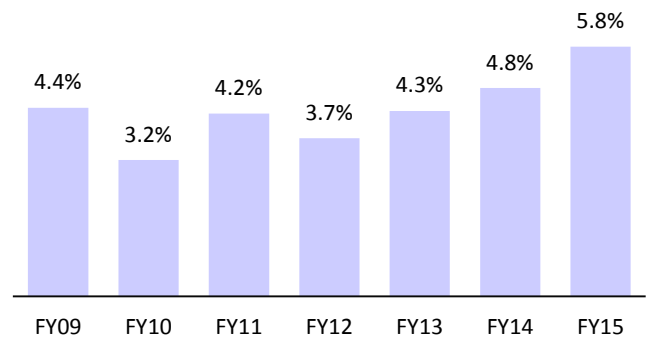
Source: MOSL, Company

Exhibit 11: Market distribution



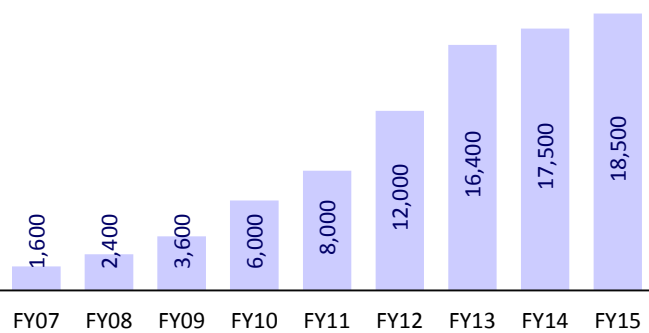
Source: MOSL, Company

Exhibit 12: Ad spends as % of sales



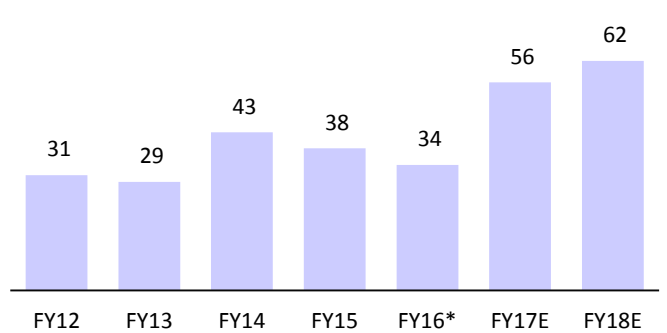
Source: MOSL, Company

Exhibit 13: Dealer network



Source: MOSL, Company

Exhibit 14: RoE (%)



*FY16 was 9M period Source: MOSL, Company

Key assumptions

Exhibit 15: Key assumptions

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16*	FY17E	FY18E
Quantity sold (Standalone)											
Domestic coolers	124,455	178,678	306,979	358,778	358,305	437,060	587,078	751,460	596,889	955,022	1,146,026
Exports coolers	24,168	74,398	101,061	127,159	114,360	79,713	119,966	139,161	120,910	193,456	232,147
Geysers / Others	6,208	8,310	14,291	15,095	10,675	409	0	0	0	0	0
Total units sold	154,831	261,386	422,331	501,032	483,340	517,182	707,044	890,620	717,799	1,148,478	1,378,174
Volume growth (Standalone)											
Domestic coolers		44%	72%	17%	0%	22%	34%	13%	-10%	60%	20%
Exports coolers		208%	36%	26%	-10%	-30%	50%	19%	-15%	60%	20%
Blended volume growth		69%	62%	19%	-4%	7%	37%	14%	-11%	60%	20%
Realization (INR per unit)	4,830	4,752	4,510	4,603	5,150	5,966	6,382	6,370	6,447	5,738	6,025
Sales (In m)											
Domestic cooler sales	626	947	1,530	1,883	2,025	2,690	3,947	4,616	4,170	5,938	7,482
Exports coolers sales	92	256	310	354	430	346	566	537	458	652	822
Impco / Others	15	51	62	668	679	740	814	632	307	1,174	1,289
Total	733	1,254	1,902	2,904	3,134	3,776	5,327	5,785	4,935	7,764	9,592
Sales Mix (%)											
Domestic cooler sales	85%	76%	80%	65%	65%	71%	74%	80%	84%	76%	78%
Exports coolers sales	13%	20%	16%	12%	14%	9%	11%	9%	9%	8%	9%
Impco / Others	2%	4%	3%	23%	22%	20%	15%	11%	6%	15%	14%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

*9 months ended March 2016, Realisation for FY17 and 18 has been adjusted net of VAT and CST

Source: Company, MOSL

Financials and Valuations

Consolidated - Income Statement							(INR Million)	
Y/E June	FY11	FY12	FY13	FY14	FY15	FY16*	FY17E	FY18E
Gross Revenues	2,906	3,136	3,780	5,327	5,789	4,456	7,764	9,592
Less: Excise Duty	0	2	0	0	0	0	0	0
Net Sales	2,906	3,135	3,780	5,327	5,789	4,456	7,764	9,592
Change (%)	52.7	7.9	20.6	40.9	8.7	-23.0	74.3	23.5
Total Expenditure	2,214	2,409	2,992	4,066	4,459	3,096	5,319	6,484
% of Sales	76.2	76.8	79.1	76.3	77.0	69.5	68.5	67.6
EBITDA	692	726	788	1,261	1,330	1,360	2,446	3,108
Margin (%)	23.8	23.2	20.9	23.7	23.0	30.5	31.5	32.4
Depreciation	53	49	39	38	41	43	44	45
EBIT	639	677	749	1,223	1,289	1,317	2,402	3,063
Int. and Finance Charges	4	8	3	1	6	2	6	6
Other Income - Rec.	122	63	167	138	320	209	269	350
PBT bef. EO Exp.	756	733	913	1,360	1,603	1,524	2,665	3,407
EO Expense/(Income)	0	0	0	7	0	-125	0	0
PBT after EO Exp.	756	733	912	1,353	1,603	1,649	2,665	3,407
Current Tax	213	196	296	295	448	465	800	1,022
Deferred Tax	31	6	15	1	-4	0	0	0
Tax Rate (%)	32.3	27.5	34.1	21.9	27.7	28.2	30.0	30.0
Reported PAT	512	531	602	1,057	1,159	1,184	1,866	2,385
PAT Adj for EO items	512	531	602	1,063	1,159	1,094	1,866	2,385
Change (%)	38.4	3.8	13.3	76.6	9.0	-5.6	70.5	27.8
Margin (%)	17.6	16.9	15.9	20.0	20.0	24.6	24.0	24.9
Less: Mionrity Interest	0	0	0	0	0	0	0	0
Net Profit	512	531	602	1,063	1,159	1,094	1,866	2,385
No of fully diluted shares (Mn - FV: Rs10)	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0
Adj EPS	14.6	15.2	17.2	30.4	33.1	31.3	53.3	68.2

*9 months ended March 2016

Consolidated - Balance Sheet

Y/E June	FY11	FY12	FY13	FY14	FY15	FY16*	FY17E	FY18E
Equity Share Capital	70	70	70	70	70	70	70	70
Reserves	1,455	1,821	2,152	2,688	3,214	3,116	3,383	4,170
Net Worth	1,525	1,891	2,222	2,758	3,284	3,186	3,453	4,240
Deferred Liabilities	45	55	75	5	3	25	25	25
Total Loans	2	74	0	0	0	0	0	0
Capital Employed	1,572	2,021	2,298	2,763	3,286	3,211	3,478	4,265
Gross Block	1,553	1,650	1,736	1,753	1,822	1,804	1,854	1,904
Less: Accum. Deprn.	849	949	1,041	1,057	917	960	1,004	1,049
Net Fixed Assets	704	701	696	696	905	844	850	855
Capital WIP	0	1	36	82	0	0	0	0
Total Investments	117	620	988	1,986	2,423	1,623	1,623	1,623
Curr. Assets, Loans&Adv.	1,311	1,455	1,443	1,168	1,105	1,796	2,239	3,217
Inventory	698	429	430	385	457	551	584	717
Account Receivables	386	422	377	416	327	469	532	657
Cash and Bank Balance	47	226	447	57	76	465	762	1,422
Loans and Advances	180	377	189	311	245	312	361	420
Curr. Liability & Prov.	560	757	866	1,170	1,146	1,013	1,194	1,391
Account Payables	478	523	537	639	586	491	500	615
Provisions	82	234	329	530	561	522	694	776
Net Current Assets	750	698	578	-1	-42	783	1,044	1,825
Appl. of Funds	1,572	2,021	2,297	2,763	3,286	3,211	3,478	4,264

*9 months ended March 2016; E: MOSL

Financials and Valuations

Ratios								
Y/E June	FY11	FY12	FY13	FY14	FY15	FY16*	FY17E	FY18E
Basic (INR)								
EPS	14.6	15.2	17.2	30.4	33.1	31.3	53.3	68.2
Cash EPS	16.2	16.6	18.3	31.5	34.3	32.5	54.6	69.5
BV/Share	43.6	54.0	63.5	78.8	93.9	91.1	98.7	121.2
DPS	2.0	5.5	6.5	13.0	14.0	28.0	38.0	38.0
Payout (%)	15.9	42.1	44.2	50.3	50.8	99.5	85.7	67.0
Valuation (x)								
P/E			143.4	81.1	74.4	78.8	46.2	36.2
Cash P/E			134.6	78.3	71.9	75.8	45.2	35.5
P/BV			38.8	31.3	26.3	27.1	25.0	20.3
EV/Sales			22.7	16.2	14.9	19.3	11.0	8.8
EV/EBITDA			108.9	68.4	64.8	63.1	35.0	27.3
Dividend Yield (%)			0.3	0.5	0.6	1.1	1.5	1.5
Return Ratios (%)								
RoE	42.8	31.1	29.3	42.7	38.4	33.8	56.2	62.0
RoCE	43.1	30.7	28.8	42.7	38.5	33.9	56.3	62.1
RoIC	50.4	38.1	49.4	130.5	130.7	99.0	151.7	185.4
Working Capital Ratios								
Asset Turnover (x)	1.8	1.6	1.6	1.9	1.8	1.4	2.2	2.2
Inventory (Days)	87.6	50.0	41.5	26.4	28.8	45.1	27.4	27.3
Debtor (Days)	48	49	36	28	21	38	25	25
Creditor (Days)	60	61	52	44	37	40	24	23
Working Capital Turnover (Days)	88	55	13	-4	-7	26	13	15
Growth (%)								
Sales	52.7	7.9	20.6	40.9	8.7	-23.0	74.3	23.5
EBITDA	29.5	4.9	8.6	60.0	5.5	2.3	79.8	27.1
PAT	38.4	3.8	13.3	76.6	9.0	-5.6	70.5	27.8
Leverage Ratio (x)								
Current Ratio	2.3	1.9	1.7	1.0	1.0	1.8	1.9	2.3
Debt/Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

*9 months ended March 2016

Consolidated - Cash Flow Statement

Y/E June	FY11	FY12	FY13	FY14	FY15	FY16*	FY17E	FY18E
NP / (Loss) Before Tax and EO Items	756	733	913	1,353	1,596	1,524	2,665	3,407
Depreciation	53	49	39	38	41	43	44	45
Interest & Finance Charges	-3	-20	-61	-59	6	-207	-263	-344
Direct Taxes Paid	257	187	241	374	491	465	800	1,022
(Inc)/Dec in WC	-540	284	60	1	176	-431	36	-121
CF from Operations	9	858	709	959	1,327	464	1,682	1,965
CF from Operating incl EO	-6	843	668	904	1,183	464	1,682	1,965
(inc)/dec in FA	-223	-38	-67	-94	-140	96	-50	-50
Free Cash Flow	-229	805	601	810	1,043	560	1,632	1,915
Others	17	-357	284	128	78	209	269	350
CF from Investments	182	-898	-151	-965	-508	1,105	219	300
(Inc)/Dec in Debt	1	73	-74	0	0	0	0	0
Interest Paid	-4	-8	-3	-1	-6	-2	-6	-6
Dividend Paid	-18	-68	-219	-342	-610	-1,178	-1,598	-1,598
CF from Fin. Activity	-157	234	-296	-330	-656	-1,180	-1,604	-1,604
Inc/Dec of Cash	19	179	221	-391	19	389	297	660
Add: Beginning Balance	28	47	226	447	57	76	465	762
Closing Balance	47	226	447	57	76	465	762	1,422

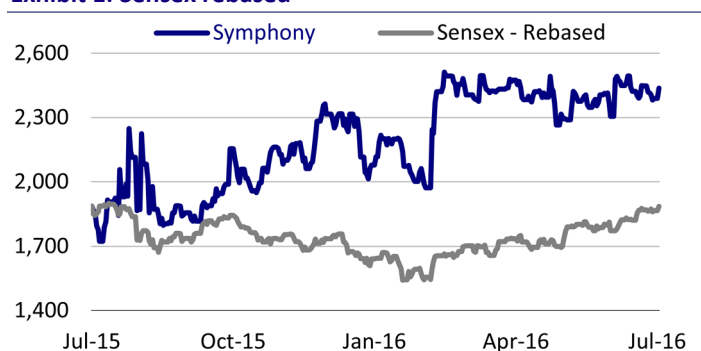
*9 months ended March 2016; E: MOSL

Corporate profile

Company description

SYML is the largest Air Cooler company in India, with 50% share (40% volume market share) in the domestic organized market, followed by Kenstar (35%), Bajaj Electricals (15%), and Usha, among others. It commands 10-12% pricing premium over competitors, demonstrating its strong brand equity. SYML has a wide range of Air Coolers like Diet (three models), Desert (three models), Room (four models) and Personal (three models). Its pan India network consists of 800+ distributors who in turn have 16,400+ retail dealers. Its international network is spread across 60 countries including USA, Mexico, Middle East, Europe, Africa, and South East Asia.

Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

	Jun-16	Mar-16	Jun-15
Promoter	75.0	75.0	75.0
DII	3.9	8.2	3.8
FII	8.3	3.8	5.6
Others	12.9	13.0	15.6

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
MATTHEWS INDIA FUND	3.3
ROWENTA NETWORKS PRIVATE LIMITED	2.9
AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS LONG TERM EQUITY FUND	2.1

Source: Capitaline

Exhibit 4: Top management

Name	Designation
Achal Bakeri	Chairman & Managing Director
Nrupesh Shah	Executive Director
Manan Bhavsar	Company Secretary

Source: Capitaline

Exhibit 5: Directors

Name	Name
Darshan Patel	Dipak Palkar
Jonaki Bakeri	Naishadh Parikh
Satyen Kothari	

*Independent

Exhibit 6: Auditors

Name	Type
Ashwin Shah	Secretarial Audit
Deloitte Haskins & Sells	Statutory
Shah & Dalal	Statutory

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY17	53.3	54.6	-2.4
FY18	68.2	65.5	4.1

Source: Bloomberg

SYMPHONY GALLERY

MOTILAL OSWAL
17 May 2018
SQP18 Results Update | Sector: Others

Symphony

CMP: INR2,440 TP: INR1,720(+28%) Sell

Results below est. Management cut FY18 growth guidance from 15% to 12%. Short summer, lower power cuts and declining copper prices impact revenue growth. V-Guard Industries (VGI) reported revenue of INR2,320 crore (vs. INR2,300 crore in QOP18) as against INR4,310 in QOP15, marking a 0.5% YoY growth. Electronic segment down 1.2% YoY from INR2.20 to INR2.20 in QOP18. Electronic segment revenue grew 2% YoY to INR2.20. Non-cash markets rose 4.7% YoY while stock markets grew 3%. Shortened summer season led to lower AC sales (which constitutes to 50% of stabilizer sales), impacting the performance of stabilizers (up 5% to INR2.00 in QOP18). With no major power cuts in south India, UPS segment down 9.8% to INR880k. Thus, stabilizers and UPS—which are completely summer dependent and constitute 20% of total revenue—dragged the overall growth. Similarly, with 10% YoY decline in stabilizers due to lower copper prices, cables and wires (which constitutes 34% of revenue) down 4.0% to INR65.50.

EBITDA margin flat YoY. PAT up 20% YoY. Gross margin improved 50p YoY to 28.7% while EBITDA grew 2.3% YoY to INR205 in QOP18 (vs. INR200). EBITDA margin expanded 50p YoY to 8.4% in QOP18 (vs. 8.0%). Interest costs declined 17% YoY to INR22m due to INR920m top debt reduction, this was also helped by lower 18 discounting and factoring and strong cash generation, which improved inventory days by 24 days to 64 days. Other income grew 62% YoY to INR11m in QOP18. Consequently, PAT grew 20% YoY to INR230 in QOP18.

Non-cash markets to show 2% growth. The management highlighted that environment has been sluggish and real estate is slowing. It expects growth to revive in 2019, led by non-cash markets, increased penetration in Tier 1 and III cities, and revival in demand led by better credit access with lower interest rates.

Valuation and view: The management cut its FY18 revenue growth guidance from 15% to 12% while maintaining its EBITDA margin guidance in the 8-9.5% range. The value INR2 at 25x P/E18 EPS, higher than its historical five-year average multiple of 18.3x and at a 12% discount to EBITDA multiple of 25x P/E17, and arrive at a price target of INR2,440. Mainline Neutral with an upside of 4%.

Estimate change: **TP change:** **Rating change:**

Quarterly Performance:

Qtr	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue (Cr)	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020
EBITDA (Cr)	80	80	80	80	80	80	80	80
Profit (Cr)	20	20	20	20	20	20	20	20

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MOTILAL OSWAL
28 January 2018
SQP18 Results Update | Sector: Others

Symphony

CMP: INR2,217 TP: INR1,830(+21%) Sell

Results in line, driven by domestic market growth

Volume-driven sales growth: Revenue grew 20.2% YoY to INR1,820 (vs. of INR1,500), led by volume growth of 14.6% YoY and realizations growth of 2% YoY. Domestic revenue grew 20.5% while exports grew 13%. EBITDA margin expanded 150p YoY to 13.2% on account of lower raw material prices, better operational efficiency and value engineering. Consequently, PAT was up 18% YoY to INR277m. Sales during the quarter were robust across all geographies and were equally through the traditional channel.

To launch new products from Munters stabilizer: The management highlighted that the newly launched Window 702M model was well received by the market and it will also launch new models from the Munters collection in domestic (under the Symphony brand) as well as international markets. The company has successfully completed Munters Kaniva acquisition and it has become a 100% subsidiary. For the year ended December 2015, Munters registered volume of INR500m with YoY of INR100m—management targets to start its operations in medium to long term by advancing sales of INR120m to another plant.

Singpo transition on track: The company has initiated measures to convert imports to local light business model by outsourcing its manufacturing process in line with the Indian business model; the transition will be completed in the next 12-18 months. Encashment of real estate has led to liquidity of INR320m, which will be utilized to provide advance to Munters through Singapore holding company.

Valuation and view: Intense competition in the domestic stabilizer market, with the entry of large and credible players Voltas and Havells, poses a risk to long term growth and profitability prospects. Given the rich valuation (20x P/E18 EPS) and it being a single product company, we maintain our Sell recommendation on the stock with a target price of INR2,217—25x P/E18 EPS (based on FY18).

Estimate change: **TP change:** **Rating change:**

Quarterly Performance:

Qtr	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue (Cr)	450	450	450	450	450	450	450	450
EBITDA (Cr)	200	200	200	200	200	200	200	200
Profit (Cr)	100	100	100	100	100	100	100	100

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MOTILAL OSWAL
13 February 2018
Sector: Consumer Goods

Symphony

Initiating Coverage | 13 February 2018

Cool tunes

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OTHER COMPANIES

MOTILAL OSWAL
18 October 2015
SQP18 Results Update | Sector: Diverse

V-Guard Industries

CMP: INR930 TP: INR565 (+41%) Neutral

Results below est. Management cut FY18 growth guidance from 15% to 12%. Short summer, lower power cuts and declining copper prices impact revenue growth. V-Guard Industries (VGI) reported revenue of INR2,320 crore (vs. INR2,300 crore in QOP18) as against INR4,310 in QOP15, marking a 0.5% YoY growth. Electronic segment down 1.2% YoY from INR2.20 to INR2.20 in QOP18. Electronic segment revenue grew 2% YoY to INR2.20. Non-cash markets rose 4.7% YoY while stock markets grew 3%. Shortened summer season led to lower AC sales (which constitutes to 50% of stabilizer sales), impacting the performance of stabilizers (up 5% to INR2.00 in QOP18). With no major power cuts in south India, UPS segment down 9.8% to INR880k. Thus, stabilizers and UPS—which are completely summer dependent and constitute 20% of total revenue—dragged the overall growth. Similarly, with 10% YoY decline in stabilizers due to lower copper prices, cables and wires (which constitutes 34% of revenue) down 4.0% to INR65.50.

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Non-cash markets to show 2% growth. The management highlighted that environment has been sluggish and real estate is slowing. It expects growth to revive in 2019, led by non-cash markets, increased penetration in Tier 1 and III cities, and revival in demand led by better credit access with lower interest rates.

Valuation and view: The management cut its FY18 revenue growth guidance from 15% to 12% while maintaining its EBITDA margin guidance in the 8-9.5% range. The value INR2 at 25x P/E18 EPS, higher than its historical five-year average multiple of 18.3x and at a 12% discount to EBITDA multiple of 25x P/E17, and arrive at a price target of INR2,440. Mainline Neutral with an upside of 4%.

Estimate change: **TP change:** **Rating change:**

Quarterly Performance:

Qtr	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
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EBITDA (Cr)	80	80	80	80	80	80	80	80
Profit (Cr)	20	20	20	20	20	20	20	20

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MOTILAL OSWAL
10 September 2015
Sector: Diversified

SRF

Initiating Coverage | 10 September 2015

Growth Renewed

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MOTILAL OSWAL
18 March 2015
Sector: Consumer

TKK Prestige

Initiating Coverage | 18 March 2015

Rules India's kitchen

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OTHER COMPANIES

MOTILAL OSWAL
27 April 2015
Sector: Technology

Tata Elxsi

Initiating Coverage | 27 April 2015

Driving into an exciting future

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MOTILAL OSWAL
10 October 2015
Sector: Agri

PI Industries

Initiating Coverage | 10 October 2015

Built on impeccable R&D track record and trust

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MOTILAL OSWAL
18 September 2015
Sector: Technology

Just Dial

Initiating Coverage | 18 September 2015

Search Plus launched; revamped look and feel the biggest highlight

Search Plus launched—more authentic; a consumer goods integration key move: Just Dial (JDS) launched its Search Plus (SP) update to the app and Android platform. The JDS is expected to give live priority. Just like its previous avatar, Search Plus offers a plethora of services including booking of movies, events, travel deals, bus and flights, restaurants (ordering and table booking), online shopping and paying utility bills. However, we believe the latest update is more incremental with a larger focus on look and feel (more images) than the product functionalities. Amongst the new features, we believe the integration of product queries from leading e-commerce websites like Flipkart, Snapdeal and Amazon is the most crucial addition as consumers can easily compare online and offline prices.

A mix of transactions and B2B: In transaction user experience: Search Plus has a mix of transaction and listings across its various categories. In case of restaurants, movie bookings, electronics shopping, travel, etc., consumers can transact online. However, other categories like on-demand services, courier services, auto care and apparel only have listings and contact details of the respective vendors. As a consumer, we found inconsistency in what to expect from categories—transactions or listings.

ID Wallet missing in the app: management highlights a change in stance: Contrary to management's earlier guidance, we found ID Wallet missing in the updated app. Our discussion with the management revealed that the launch of ID Wallet has been kept on hold currently due to some RB complications. As against the earlier stance of launching an independent wallet, JDS is now looking to launch a co-branded wallet with Axis Bank.

ID Guarantee—adequately cushions single vendor fulfillment risk: The management highlighted that ID Guarantee is provided based on multiple vendors who can fulfil the order in a given time. In case any vendor faces a stock out situation, backup is available in the form of another vendor to deliver the goods. We believe ID Guarantee adequately cushions single vendor fulfillment risk and, hence, is a core value addition for the Search Plus platform.

Base business—expect growth to moderate: Our interaction with some of the vendors suggests growth is likely to moderate in the base business and, hence, we expect a moderate growth of 10-15% YoY in FY18 as against 20.3% in FY15. We expect realisation growth to remain flat YoY on account of growing contribution from Tier 1 and Tier II cities in terms of paid listings.

GMV driven to be successful shortly: Our interaction with the management suggests that it has put in place GMV channel software for vendors, which will enable vendors to manage their inventory on a real-time basis even when they're not in office. This channel is expected to give live shortly.

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Symphony

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- Served as an officer, director or employee - No

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