

# Polycab India

Refer to important disclosures at the end of this report

## Progressing on the right path of growth

- Q3 performance came in ahead of expectations, with a 6% revenue beat, driven by both C&W and FMEG segments. FMEG growth of 41% yoy was robust, while C&W growth was restricted by a 33% decline in export revenues due to a high comparable base in Q3FY20.
- Despite a steep contraction in gross margins of 319bps yoy and 416bps qoq, EBITDA grew 11% on a 17% yoy reduction in other opex. C&W EBIT margins expanded 90bps yoy, while FMEG momentum sustained with a margin of 5.9% (0.6% in Q3FY20).
- Commodity headwinds continue to persist, while price increases should restrict gross margin contraction in Q4. Focus on distribution expansion, new product launches and premiumization should aid the sustenance of strong FMEG revenue growth.
- Taking 1) strong performance in Q3 and 2) elevated commodity price environment into account, we have aligned our estimates, making us raise FY21-23E EPS by 9-12%. Maintain Buy with a revised TP of Rs1,425 (20x FY23E EPS) vs. Rs1,310 earlier.

### Commodity inflation restricted operating leverage

Q3 revenue growth (+12% yoy) was driven by double-digit growth in C&W revenues (+11% yoy), while FMEG maintained super-normal growth (+41% yoy) on a low base. The Others segment saw a 47% yoy decline. Despite gross margins being down by 319bps yoy to 24.3%, EBITDA margin remained flat at 13.4% (-10bps yoy) on efficient cost management and ECL provision reversal. Employee cost (-2% yoy) and other operating expenses (-17% yoy) saw a reduction. PAT, which came in at Rs2.6bn (+19.1% yoy), was further boosted by a jump in other income to Rs345mn in Q3FY21 from Rs3mn in Q3FY20.

### Outlook

The company has seen healthy revenue growth in the past few years, with market share gains backed by distribution expansion, new product launches and enhanced focus on exports. We expect the company to further gain market share going forward - although at a slower pace. Sustained growth in the FMEG segment through new product launches and sustained distribution expansion is key as the competitive intensity remains very high. We pencil FY21-23E revenue CAGR of 25% for the company. In our view, Polycab will have to expand its distribution network aggressively. Increased focus on B/S improvement with a reduction in working capital should improve the return ratios and the possibility of higher dividend payout as well. After achieving these milestones, Polycab's valuation gap with established ECD peers should narrow. **Key risks:** Weak government spends on Infra, Power and other key sectors; delayed private capex recovery; market share losses; moderation in FMEG revenue growth; and continued commodity price inflation.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Consumer Durables \(Page 10\)](#)

### Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	79,856	88,300	89,351	1,04,104	1,18,410
EBITDA	9,528	11,350	11,482	13,482	15,393
EBITDA Margin (%)	11.9	12.9	12.9	13.0	13.0
APAT	5,026	7,730	9,088	9,152	10,561
EPS (Rs)	35.6	51.9	61.0	61.5	70.9
EPS (% chg)	40.2	45.9	17.6	0.7	15.4
ROE (%)	19.4	23.1	21.6	18.6	18.5
P/E (x)	34.0	23.3	19.8	19.7	17.1
EV/EBITDA (x)	17.9	15.8	15.4	12.9	11.0
P/BV (x)	6.0	4.7	4.0	3.4	2.9

Source: Company, Emkay Research

<b>CMP</b>	<b>Target Price</b>
Rs 1,211 as of (1/25/2021)	Rs 1,425 (▲) 12 months
<b>Rating</b>	<b>Upside</b>
BUY (■)	17.6 %

### Change in Estimates

EPS Chg FY21E/FY22E (%)	11.5/11.3
Target Price change (%)	8.8
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	61.0	61.5
Consensus	49.1	58.1
Mean Consensus TP (12M)	Rs 1,159	

### Stock Details

Bloomberg Code	POLYCAB IN
Face Value (Rs)	10
Shares outstanding (mn)	149
52 Week H/L	1,325 / 570
M Cap (Rs bn/USD bn)	181 / 2.48
Daily Avg Volume (nos.)	6,79,237
Daily Avg Turnover (US\$ mn)	9.8

### Shareholding Pattern Dec '20

Promoters	68.4%
FIIs	7.0%
DIIIs	4.7%
Public and Others	19.9%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	15	37	48	19
<b>Rel. to Nifty</b>	11	15	16	2

### Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

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**Exhibit 1: Actual vs. Estimates (Q3FY21)**

(Rs mn)	3QFY21	Estimate (Emkay)	Consensus estimate (Bloomberg)	Consensus	Comment
Revenue	27,988	26,389	27,041	4%	Revenue beat driven by both C&W segment and strong FMEG growth
EBITDA	3,758	3,625	3,701	2%	
EBITDA Margin	13.4%	12.5%	13.7%	-26 bps	Operating leverage helped sustain margin despite pressure on gross margin
PAT	2,636	2,520	2,526	4%	

Source: Company, Emkay Research

**Exhibit 2: Quarterly summary**

Rs mn	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	YoY (%)	QoQ (%)	9MFY21	9MFY20	YoY (%)
Wires and Cables	21,696	18,605	8,252	18,268	24,073	11.0	31.8	50,593	57,293	(11.7)
FMEG	2,166	1,833	1,378	2,440	3,055	41.0	25.2	6,873	6,523	5.4
Copper			150	1,303	2,327			3,780	0	
Others	1,510	1,592	534	709	795	(47.4)	12.1	2,038	4,373	(53.4)
Less: Intersegment	-398	-362	-424	-1,342	-2,011			-3,777	-1,079	
<b>Total Sales</b>	<b>25,073</b>	<b>21,294</b>	<b>9,766</b>	<b>21,137</b>	<b>27,988</b>	<b>11.6</b>	<b>32.4</b>	<b>58,891</b>	<b>66,822</b>	<b>(11.9)</b>
Raw Material	18190	14769	7097	15128	21196	16.5	40.1	43,422	48,917	(11.2)
as % of sales	72.5	69.4	72.7	71.6	75.7			73.7	73.2	
Employee Cost	915	899	812	897	896	(2.0)	(0.1)	2,606	2,759	(5.5)
as % of sales	3.6	4.2	8.3	4.2	3.2			4.4	4.1	
Other operating expenses	2577	2620	1282	1987	2138	(17.1)	7.6	5,406	6,985	(22.6)
as % of sales	10.3	12.3	13.1	9.4	7.6			9.2	10.5	
Total Expenditure	21682	18288	9191	18012	24230	11.8	34.5	51434	58661	(12.3)
<b>EBITDA</b>	<b>3391</b>	<b>3006</b>	<b>575</b>	<b>3125</b>	<b>3758</b>	<b>10.8</b>	<b>20.3</b>	<b>7,457</b>	<b>8,161</b>	<b>(8.6)</b>
Depreciation	406.8	421.8	442.7	456.0	478.3	17.6	4.9	1,377	1,187	16.0
EBIT	2984	2584	132	2669	3280	9.9	22.9	6,080	6,974	(12.8)
Other Income	3	465	336	327	345	9,863.9	5.3	1,008	647	55.9
Interest	85.8	159.3	163.0	113.8	88.3	2.9	(22.4)	365	336	8.6
Exceptional			97.2	0.0	0.0			97	0	
<b>PBT</b>	<b>2902</b>	<b>2889</b>	<b>403</b>	<b>2882</b>	<b>3536</b>	<b>21.9</b>	<b>22.7</b>	<b>6821</b>	<b>7285</b>	<b>(6.4)</b>
Tax	685.7	680.0	-784.7	664.2	904.9	32.0	36.2	784	1,764	(55.5)
PAT before MI	2216	2209	1187	2218	2631	18.7	18.6	6,037	5,521	9.3
Minority interest	-2.3	-57.8	-11.7	-2.6	4.9			-9	-16	
<b>PAT</b>	<b>2214</b>	<b>2151</b>	<b>1176</b>	<b>2216</b>	<b>2636</b>	<b>19.1</b>	<b>19.0</b>	<b>6027</b>	<b>5505</b>	<b>9.5</b>

Margins (%)						(bps)	(bps)			(bps)
Gross margin	27.5	30.6	27.3	28.4	24.3	(319)	(416)	26.3	26.8	(53)
EBIDTA	13.5	14.1	5.9	14.8	13.4	(10)	(136)	12.7	12.2	45
EBIT	11.9	12.1	1.4	12.6	11.7	(18)	(91)	10.3	10.4	(11)
EBT	11.6	13.6	4.1	13.6	12.6	106	(100)	11.6	10.9	68
PAT	8.8	10.1	12.0	10.5	9.4	59	(106)	10.2	8.2	200
Effective Tax rate	23.6	23.5	(194.9)	23.0	25.6	196	255	11.5	24.2	(1,271)

Source: Company, Emkay Research

**Exhibit 3: Segment-wise quarter summary**

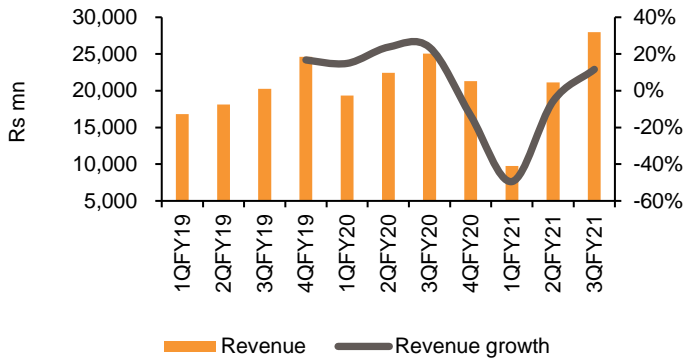
Rs mn	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	YoY (%)	QoQ (%)	9MFY21	9MFY20	YoY (%)
Wires and Cables	16,375	19,222	21,696	18,605	8,252	18,268	24,073	11.0	31.8	50,593	57,293	(11.7)
FMEG	2,401	1,956	2,166	1,833	1,378	2,440	3,055	41.0	25.2	6,873	6,523	5.4
Copper					150	1,303	2,327		78.5	3,780	0	
Others	1,226	1,638	1,510	1,592	534	709	795	(47.4)	12.1	2,038	4,373	(53.4)
Less: Intersegment	-271	-410	-398	-362	-424	-1,342	-2,011	405.6	49.9	-3,777	-1,079	
<b>Total Sales</b>	<b>19,730</b>	<b>22,406</b>	<b>24,975</b>	<b>21,668</b>	<b>9,889</b>	<b>21,379</b>	<b>28,238</b>	<b>13.1</b>	<b>32.1</b>	<b>59,507</b>	<b>67,111</b>	<b>(11.3)</b>
<b>PBIT</b>												
Wires and Cables	1861.9	2020.3	2583.2	2827.1	244.1	2541.2	3074.0	19.0	21.0	5,859	6,465	(9.4)
FMEG	87.7	65.5	14.0	1.1	-55.6	196.3	181.6	1,201.1	(7.4)	322	167	92.8
Copper					-2.5	123.0	251.8		104.6	372	0	
Others	118.9	262.2	338.5	165.1	71.7	100.2	97.8	(71.1)	(2.3)	270	720	(62.5)
<b>Total PBIT</b>	<b>2,068</b>	<b>2,348</b>	<b>2,936</b>	<b>2,993</b>	<b>258</b>	<b>2,961</b>	<b>3,605</b>	<b>22.8</b>	<b>21.8</b>	<b>6,823</b>	<b>7,352</b>	<b>(7.2)</b>
Finance Costs	123.2	127.1	85.8	159.3	163.0	113.8	-88.3	(202.9)	(177.6)	188	336	(43.9)
Other Income	118	138	102	91	213	85	95	(6.9)	11.3	393	358	9.6
as % of sales	0.6	0.6	0.4	0.4	2.2	0.4	0.3			0.7	0.5	
Less: Intersegment	0	-40	-50	-35	-2	-50	-76			-127	-90	
<b>PBT</b>	<b>2064</b>	<b>2319</b>	<b>2902</b>	<b>2889</b>	<b>305</b>	<b>2882</b>	<b>3713</b>	<b>27.9</b>	<b>28.8</b>	<b>6900</b>	<b>7285</b>	<b>(5.3)</b>
<b>PBIT Margins (%)</b>												
								<b>(bps)</b>	<b>(bps)</b>			<b>(bps)</b>
Wires and Cables	11.4	10.5	11.9	15.2	3.0	13.9	12.8	86	(114)	11.6	11.3	30
FMEG	3.7	3.3	0.6	0.1	(4.0)	8.0	5.9	530	(210)	4.7	2.6	213
Copper					(1.7)	9.4	10.8			9.8		
Others	9.7	16.0	22.4	10.4	13.4	14.1	12.3	(1,011)	(182)	13.2	16.5	(322)
<b>Total PBIT</b>	<b>10.5</b>	<b>10.5</b>	<b>11.8</b>	<b>13.8</b>	<b>2.6</b>	<b>13.8</b>	<b>12.8</b>	<b>101</b>	<b>(108)</b>	<b>11.5</b>	<b>11.0</b>	<b>51</b>

Source: Company, Emkay Research

## Other highlights

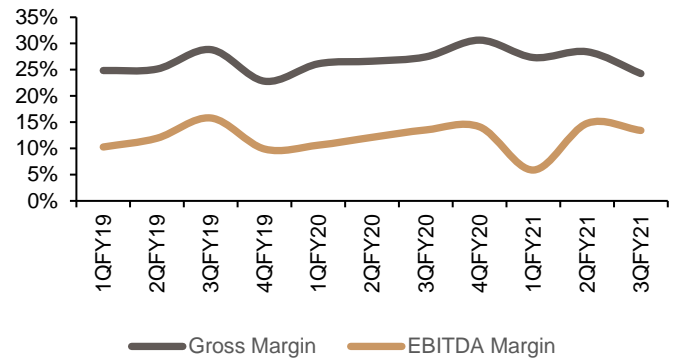
- For Cables & Wires, the distribution channel saw double-digit growth while the institutional business continued to face headwinds. Within domestic distribution channel sales, Wires grew faster than Cables. Housing wires continued its strong momentum, driven by distribution expansion, pick-up in renovation activity and gains from the unorganized segment.
- Q3 saw broad-based growth across categories and regions in FMEG, with Fans gaining leadership position in a few geographical clusters. Overall demand for Lighting products remained upbeat, driven by the festive season. Switches, Switchgears and Pumps also posted healthy growth.
- In Others, the EPC business was impacted by a high base from last year.
- Capex stood at Rs658mn in Q3FY21 vs. Rs566mn in Q3FY20.
- Trade acceptances stood at Rs11.3bn in Q3FY21 vs. Rs6.4mn in Q3FY20 and Rs7.1mn in Q2FY21.
- Net working capital days stood at 54 days vs. 67 days in Q3FY20. The improvement was driven by an increase in payable days. Acceptance for the quarter increased to Rs11.3bn from Rs6.4bn in Q3FY20.

**Exhibit 4: Broad-based revenue recovery continues**



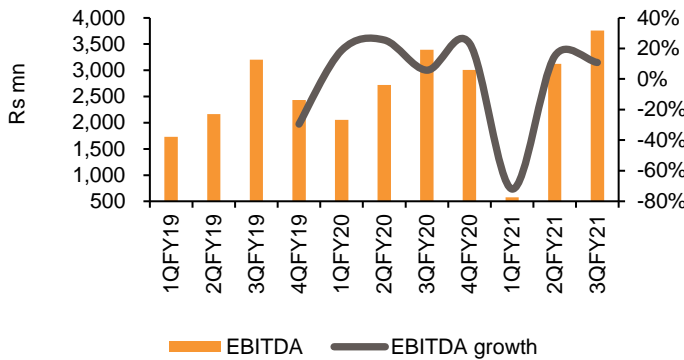
Source: Company, Emkay Research

**Exhibit 5: EBITDA margin maintained at 13.4% despite RM inflation**



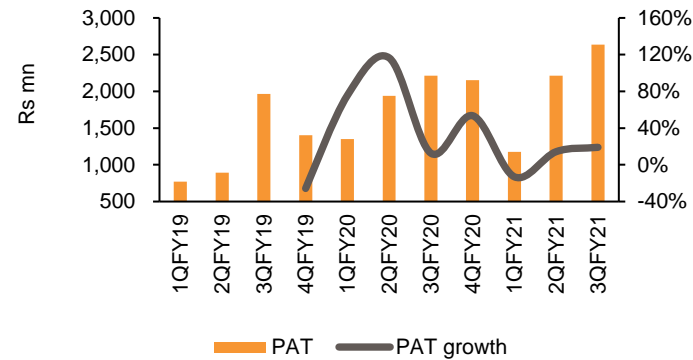
Source: Company, Emkay Research

**Exhibit 6: EBITDA grew in line with revenue**



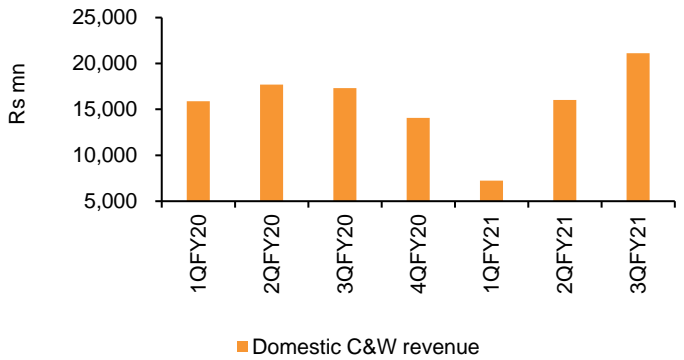
Source: Company, Emkay Research

**Exhibit 7: Other Income propelled PAT growth to 19% yoy**



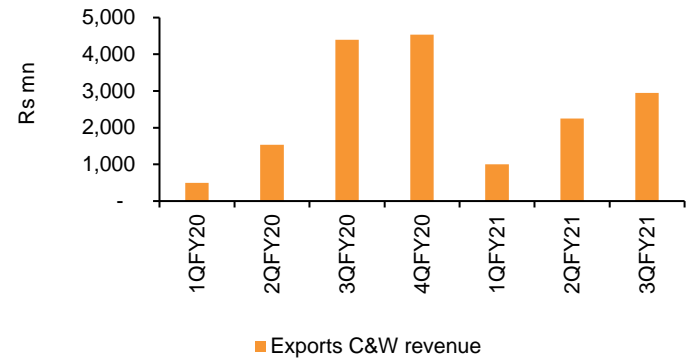
Source: Company, Emkay Research

**Exhibit 8: Domestic C&W wire revenue posted healthy growth**



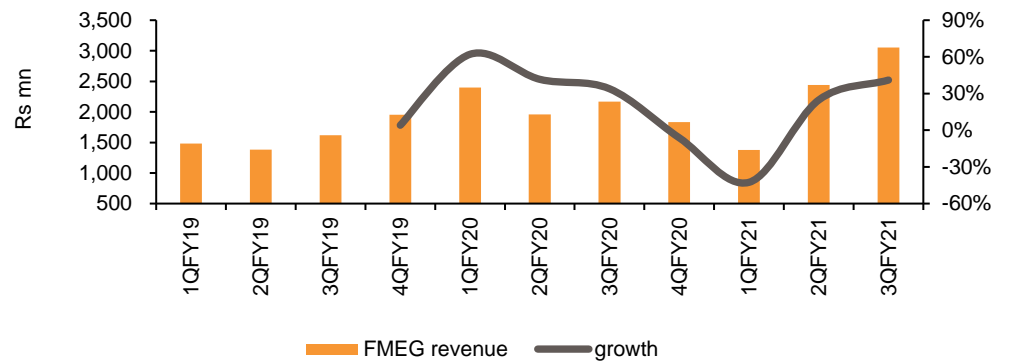
Source: Company, Emkay Research

**Exhibit 9: Exports C&W revenue and growth trend**



Source: Company, Emkay Research

**Exhibit 10: FMEG back to super normal growth after pandemic led slump**



Source: Company, Emkay Research

**Exhibit 11: Healthy cash flow generation leads to further reduction in net debt**

Rs mn	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Gross Debt	932	1221	3727	2134	2020
Acceptances	6367	8136	6970	7094	11314
<b>Total Debt including acceptances</b>	<b>7299</b>	<b>9357</b>	<b>10697</b>	<b>9228</b>	<b>13334</b>
Cash	3631	2813	3288	3387	5473
Investments	4036	400	3093	5611	10456
<b>Net Debt</b>	<b>-368</b>	<b>6144</b>	<b>4316</b>	<b>230</b>	<b>-2595</b>

Source: Company, Emkay Research

**Exhibit 12: Ongoing efforts leads to working capital reduction to 54 days**

Working capital days (TTM)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Receivable	54	66	64	58	60
Inventory	66	80	93	96	83
payable	53	61	64	70	89
<b>NWC</b>	<b>67</b>	<b>85</b>	<b>93</b>	<b>84</b>	<b>54</b>

Source: Company, Emkay Research

## Conference call highlights

- 'Hohm' is the new sub-brand that will be launched for IoT products across key FMEG categories. The company plans to launch it in a phased manner. Initially, it will be available in 10 locations and then within a month will be available on online platforms. The majority of the products will be manufactured in-house.
- **Distribution:** Polycab has been aggressively expanding its distribution reach. The company now has more than 4,000 exclusive dealers/distributors vs. over 3,650 earlier, while the number of retailers has reached above 1,51,000 vs. 1,37,000 earlier.
- The Covid-19 outbreak has accelerated the market share losses of unorganized players and they are finding it difficult to bounce back.
- **FMEG:** The East region has delivered better growth than other geographies. The Fans segment has contributed significantly to FMEG growth, followed by Lighting and Switchgears. **Fans would contribute 40%, followed by Lighting at 30% and the remaining would be Switchgears and other products.**
- **Exports:** The US\$10mn follow-up order from Dangote will be executed in Q4.
- **Costs:** The contraction in gross margin was due to commodity headwinds as cost inflation did not get fully passed on to end-customers. **Product price increases were in low-teens vs. commodity cost increase in high-teens.**
  - Cost increase will always happen in a phased manner and the company will bounce back to normalized contribution margins as there exists a mismatch between commodity inflation and price hikes for end consumer.
  - Other opex was lower due to the Rs246mn ECL provision reversal.
- Channel financing now stands at 60-65% for C&W, while it has improved to 25% for FMEG vs. 16-17% earlier.

Exhibit 13: Changes in estimates

Rs mn	FY21E			FY22E			FY23E		
	Old	New	% change	Old	New	% change	Old	New	% change
Revenue	83106	89351	7.5%	96454	104104	7.9%	111198	118410	6.5%
EBITDA	10430	11482	10.1%	12153	13482	10.9%	14122	15393	9.0%
EBITDA %	12.6	12.85	30 bps	12.6	12.95	35 bps	12.7	13	30 bps
PAT	8142	9081	11.5%	8214	9144	11.3%	9695	10553	8.8%
EPS	54.7	61	11.5%	55.2	61	11.3%	65	71	8.8%

Source: Emkay Research

Exhibit 14: Key assumptions

Rs mn	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Revenues</b>						
Cable& Wires	63,170	70,643	75,898	75,898	87,473	98,844
% growth	12%	12%	7%	0%	15%	13%
FMEG	4,853	6,433	8,356	9,943	12,926	15,512
% growth	43%	33%	30%	19%	30%	20%
Others (incl. EPC)	2,491	4,637	5,965	3,281	3,773	4,339
% growth	45%	86%	29%	-45%	15%	15%
Copper	0	0	0	6300	6930	7623
% growth					10%	10%
Less: inter-segmental	-747	-1,348	-1,441	-6,072	-6,998	-7,908
<b>Net sales</b>	<b>68,320</b>	<b>80,365</b>	<b>88,778</b>	<b>89,351</b>	<b>1,04,104</b>	<b>1,18,410</b>
<b>% growth</b>	<b>23%</b>	<b>18%</b>	<b>10%</b>	<b>1%</b>	<b>17%</b>	<b>14%</b>

**Segmental EBIT**

	FY18	FY19	FY20	FY21E	FY22E	FY23E
Cable& Wires	6,407	8,351	9,309	9,184	10,497	11,861
FMEG	88	75	168	507	646	900
Others (incl. EPC)	81	198	903	426	453	521
Copper	-	-	-	644	693	762

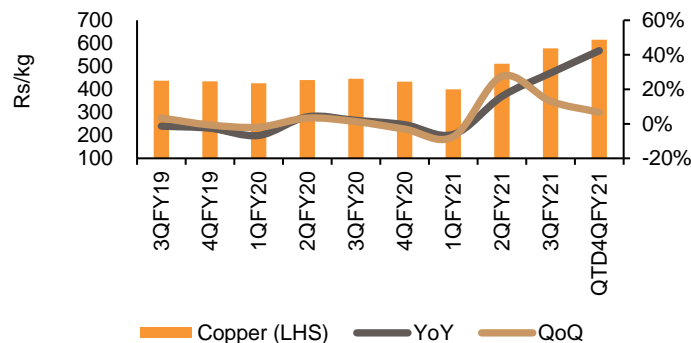
**EBIT Margin**

	FY18	FY19	FY20	FY21E	FY22E	FY23E
Cable& Wires	10.1%	11.8%	12.3%	12.1%	12.0%	12.0%
FMEG	1.8%	1.2%	2.0%	5.1%	5.0%	5.8%
Others (incl. EPC)	3.2%	4.3%	15.1%	13.0%	12.0%	12.0%
Copper				10.2%	10.0%	10.0%

Source: Company, Emkay Research

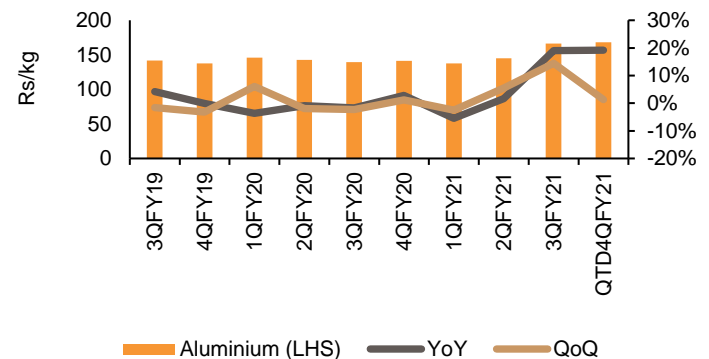
## Commodity Charts

Exhibit 15: Copper prices continues its uptrend in 4Q as well



Source: Company, Emkay Research

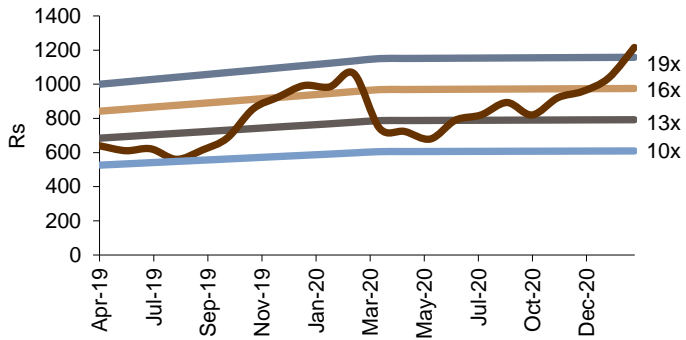
Exhibit 16: Aluminum prices have seen some relief in 4Q till date



Source: Company, Emkay Research

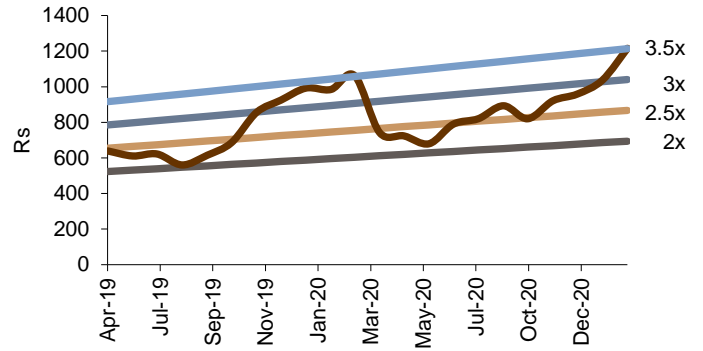
## Valuation charts

**Exhibit 17: 1-year forward PE chart**



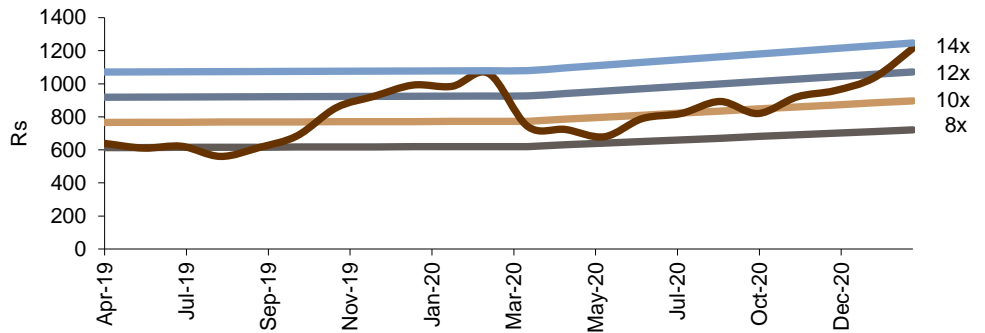
Source: Company, Emkay Research

**Exhibit 18: 1-year forward P/BV chart**



Source: Company, Emkay Research

**Exhibit 19: 1-year forward EV/EBITDA chart**



Source: Company, Emkay Research

**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Revenue</b>	<b>79,856</b>	<b>88,300</b>	<b>89,351</b>	<b>1,04,104</b>	<b>1,18,410</b>
<b>Expenditure</b>	<b>70,328</b>	<b>76,949</b>	<b>77,869</b>	<b>90,623</b>	<b>1,03,017</b>
<b>EBITDA</b>	<b>9,528</b>	<b>11,350</b>	<b>11,482</b>	<b>13,482</b>	<b>15,393</b>
Depreciation	1,414	1,609	1,861	2,077	2,318
<b>EBIT</b>	<b>8,113</b>	<b>9,741</b>	<b>9,621</b>	<b>11,404</b>	<b>13,075</b>
Other Income	638	928	1,303	1,245	1,432
Interest expenses	1,167	495	478	419	393
<b>PBT</b>	<b>7,584</b>	<b>10,174</b>	<b>10,446</b>	<b>12,231</b>	<b>14,114</b>
Tax	2,558	2,444	1,358	3,078	3,552
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>5,026</b>	<b>7,730</b>	<b>9,088</b>	<b>9,152</b>	<b>10,561</b>
<b>Adjusted PAT</b>	<b>5,026</b>	<b>7,730</b>	<b>9,088</b>	<b>9,152</b>	<b>10,561</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	1,412	1,489	1,489	1,489	1,489
Reserves & surplus	27,057	36,875	44,140	51,455	59,897
<b>Net worth</b>	<b>28,470</b>	<b>38,364</b>	<b>45,629</b>	<b>52,944</b>	<b>61,386</b>
<b>Minority Interest</b>	<b>84</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>
<b>Loan Funds</b>	<b>2,724</b>	<b>1,571</b>	<b>1,234</b>	<b>627</b>	<b>580</b>
Net deferred tax liability	231	165	165	165	165
<b>Total Liabilities</b>	<b>31,509</b>	<b>40,250</b>	<b>47,178</b>	<b>53,886</b>	<b>62,281</b>
<b>Net block</b>	<b>12,756</b>	<b>14,220</b>	<b>14,408</b>	<b>15,338</b>	<b>15,985</b>
<b>Investment</b>	<b>294</b>	<b>655</b>	<b>5,655</b>	<b>5,655</b>	<b>5,655</b>
<b>Current Assets</b>	<b>41,303</b>	<b>42,319</b>	<b>45,392</b>	<b>53,464</b>	<b>63,626</b>
Cash & bank balance	3,176	2,813	4,475	6,529	10,886
Other Current Assets	3,297	4,083	4,053	4,839	5,508
<b>Current liabilities &amp; Provision</b>	<b>24,774</b>	<b>19,356</b>	<b>20,689</b>	<b>22,983</b>	<b>25,396</b>
<b>Net current assets</b>	<b>16,529</b>	<b>22,963</b>	<b>24,703</b>	<b>30,481</b>	<b>38,229</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>31,509</b>	<b>40,250</b>	<b>47,178</b>	<b>53,886</b>	<b>62,281</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>6,946</b>	<b>9,246</b>	<b>9,143</b>	<b>10,986</b>	<b>12,682</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	4,642	(6,863)	(79)	(3,723)	(3,392)
<b>Operating Cashflow</b>	<b>12,299</b>	<b>2,446</b>	<b>10,040</b>	<b>6,701</b>	<b>8,469</b>
Capital expenditure	(2,769)	(3,555)	(2,049)	(3,007)	(2,965)
<b>Free Cash Flow</b>	<b>9,530</b>	<b>(1,109)</b>	<b>7,990</b>	<b>3,694</b>	<b>5,504</b>
Investments	24	(361)	(5,000)	0	0
Other Investing Cash Flow	(1,969)	365	(2)	(29)	(29)
<b>Investing Cashflow</b>	<b>(4,077)</b>	<b>(2,622)</b>	<b>(5,748)</b>	<b>(1,792)</b>	<b>(1,562)</b>
Equity Capital Raised	0	77	0	0	0
Loans Taken / (Repaid)	(5,279)	(1,154)	(336)	(607)	(47)
Dividend paid (incl tax)	(422)	(1,290)	(1,816)	(1,829)	(2,111)
Other Financing Cash Flow	1,821	5,852	2,813	4,677	6,633
<b>Financing Cashflow</b>	<b>(5,046)</b>	<b>2,989</b>	<b>183</b>	<b>1,823</b>	<b>4,082</b>
<b>Net chg in cash</b>	<b>3,176</b>	<b>2,813</b>	<b>4,475</b>	<b>6,732</b>	<b>10,989</b>
Opening cash position	106	3,176	2,813	4,475	6,529
<b>Closing cash position</b>	<b>3,176</b>	<b>2,813</b>	<b>4,475</b>	<b>6,732</b>	<b>10,989</b>

Source: Company, Emkay Research



**Key Ratios**

<b>Profitability (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EBITDA Margin	11.9	12.9	12.9	13.0	13.0
EBIT Margin	10.2	11.0	10.8	11.0	11.0
Effective Tax Rate	33.7	24.0	13.0	25.2	25.2
Net Margin	6.3	8.8	10.2	8.8	8.9
ROCE	27.5	29.7	25.0	25.0	25.0
ROE	19.4	23.1	21.6	18.6	18.5
RoIC	28.8	32.2	27.9	30.9	31.7

<b>Per Share Data (Rs)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EPS	35.6	51.9	61.0	61.5	70.9
CEPS	45.6	62.7	73.5	75.4	86.5
BVPS	201.6	257.7	306.5	355.6	412.3
DPS	2.5	7.2	12.2	12.3	14.2

<b>Valuations (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
PER	34.0	23.3	19.8	19.7	17.1
P/CEPS	28.0	20.4	17.4	17.0	14.8
P/BV	6.0	4.7	4.0	3.4	2.9
EV / Sales	2.1	2.0	2.0	1.7	1.4
EV / EBITDA	17.9	15.8	15.4	12.9	11.0
Dividend Yield (%)	0.2	0.6	1.0	1.0	1.2

<b>Gearing Ratio (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Net Debt/ Equity	0.0	0.0	(0.1)	(0.1)	(0.2)
Net Debt/EBIDTA	0.0	(0.1)	(0.3)	(0.4)	(0.7)
Working Cap Cycle (days)	61.0	83.3	82.6	84.0	84.3

<b>Growth (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Revenue	17.9	10.6	1.2	16.5	13.7
EBITDA	30.7	19.1	1.2	17.4	14.2
EBIT	36.1	20.1	(1.2)	18.5	14.7
PAT	40.2	53.8	17.6	0.7	15.4

<b>Quarterly (Rs mn)</b>	<b>Q3FY20</b>	<b>Q4FY20</b>	<b>Q1FY21</b>	<b>Q2FY21</b>	<b>Q3FY21</b>
Revenue	25,073	21,294	9,766	21,137	27,988
EBITDA	3,391	3,006	575	3,125	3,758
<b>EBITDA Margin (%)</b>	<b>13.5</b>	<b>14.1</b>	<b>5.9</b>	<b>14.8</b>	<b>13.4</b>
PAT	2,214	2,151	1,176	2,216	2,636
<b>EPS (Rs)</b>	<b>14.9</b>	<b>14.5</b>	<b>7.9</b>	<b>14.9</b>	<b>17.7</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Dec-19</b>	<b>Mar-20</b>	<b>Jun-20</b>	<b>Sep-20</b>	<b>Dec-20</b>
Promoters	68.6	68.6	68.6	68.5	68.4
FIs	4.6	4.9	4.5	6.1	7.0
DIs	3.9	3.8	3.4	2.7	4.7
Public and Others	22.9	22.8	23.5	22.6	19.9

Source: Capitaline

## Emkay Alpha Portfolio – Consumer Durables



### Analyst: Naval Seth

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#### Sector

Consumer Durables, Media & Entertainment, SMID and Telecom

#### Analyst bio

Naval holds an MBA in Finance and has more than 12 years of experience in equity research. His team currently covers 19 stocks spread across three different sectors.

### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
<b>Consumer Durables</b>	<b>1.00</b>	<b>1.00</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>
Amber Enterprises	0.00	0.00	NA	0	0.00
Blue Star	0.00	0.00	NA	0	0.00
Crompton Greaves CE	0.25	0.27	7%	2	26.49
Dixon Technologies	0.00	0.02	NA	2	1.80
Havells India	0.35	0.33	-5%	-2	33.30
KEI Industries*	0.00	0.00	NA	0	0.00
Polycab India*	0.03	0.03	5%	0	3.01
V-Guard Industries	0.00	0.00	NA	0	0.00
Voltas	0.27	0.25	-5%	-1	25.32
Whirlpool Of India	0.11	0.10	-5%	-1	10.09
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.00</b>

Source: Emkay Research

\* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

### Sector portfolio NAV

	Base					Latest
	1-Apr-19	24-Jan-20	24-Jul-20	23-Oct-20	23-Dec-20	22-Jan-21
EAP - Consumer Durables	100.0	107.6	100.9	117.6	138.9	167.2
BSE200 Neutral Weighted Portfolio (ETF)	100.0	102.8	93.7	108.2	127.4	153.5

\*Performance measurement base date 1<sup>st</sup> April 2019

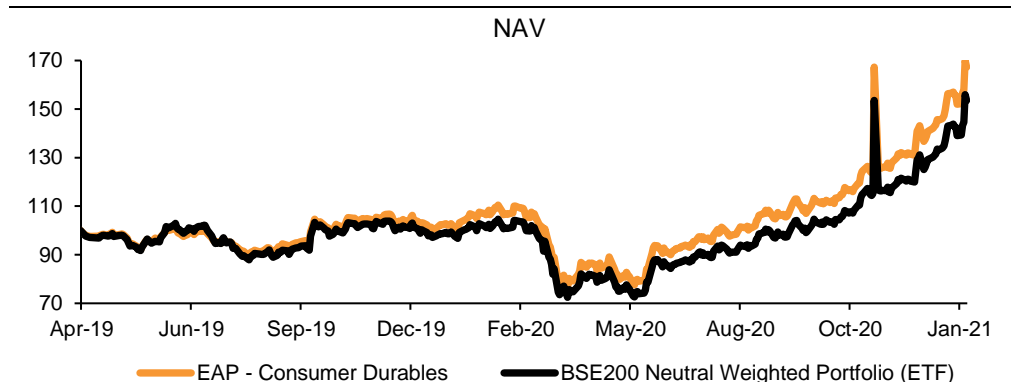
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Consumer Durables	20.4%	42.1%	65.7%	55.4%
BSE200 Neutral Weighted Portfolio (ETF)	20.5%	41.8%	63.9%	49.4%

Source: Emkay Research

### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

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Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 26 Jan 2021 01:58:01 (SGT)

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