

# KEI Industries

Refer to important disclosures at the end of this report

## Expanding retail reach

- KEI posted healthy performance in Q4 with 17% yoy EBITDA growth, beating our estimate by 7%. EBIT margins across segments were impacted by the reclassification of un-allocable expenses and a related expense of Rs260mn pertaining to previous quarters.
- EBITDA margins in both the retail and institutional segments saw an improvement, and this is expected to sustain. Cable demand is holding up in Q1FY22, and management is confident about recovering the lost wire sales after current restrictions are eased.
- Working capital intensity rose to 120 days from 79 days in FY20. It should normalize after receiving Rs1.5bn of retention money in the EPC business. Going forward, the company will continue to purchase raw material supplies in cash to restrict rise in acceptances.
- In FY22, the management is targeting 25% growth in domestic institutional sale and 35%+ retail growth. We have raised FY22-23 EPS by 9-11% as we bake in 28-37bps higher EBITDA margins. Maintain Buy with a revised TP of Rs710 (14x Sep'23E EPS) vs. Rs554.

**All-round beat; PAT growth supported by lower finance charges:** Standalone revenues declined slightly yoy but came in 4% ahead of estimates, driven by better-than-estimated performance of stainless steel wires and turnkey projects business. The yoy dip was due to lower EPC revenues and the execution of a large order in FY20. EBITDA grew 17% yoy, aided by lower employee costs (down 27% yoy) and other opex (down 15% yoy), while EBITDA margin expanded 178bps yoy. Gross margin contracted 137bps yoy, in line with estimates. PAT saw a 47% increase yoy, boosted by a 55% reduction in finance cost. EBIT and EBIT margins in all the three segments were impacted by the change in GST policy regarding un-allocable expenses. HT cable, HW/WW and SS wire segments registered strong growth, while others saw a decline.

**Outlook:** When compared with peers, KEI's performance was weak in FY21 due to higher skewness toward the institutional business and a deliberate reduction of the EPC business. C&W is relatively less impacted as infra and other projects are getting executed and real-estate activities are progressing despite ongoing lockdowns. Management reiterated its strategy of increasing retail sales, and aims to achieve 35% growth, driven by retail network expansion. It has already hired 100 new employees to aggressively push retail segment sales and to achieve 20% growth in dealer network in FY22. The company also aims to grow revenues by 25% in the domestic institutional business. Although working capital was impacted by the delay in receiving retention money, we believe that the focus on retail segment and reduction in EPC business should help it stabilize. The efforts to further reduce net debt and acceptances are also positive. **Key risks:** weak government spends on Infra, Power and other key sectors; delayed private capex recovery; market share loss; and continued commodity price inflation.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Consumer Durables \(page 11\)](#)

### Financial Snapshot (Consolidated)

(Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	48,878	41,815	50,694	60,551	71,352
EBITDA	4,971	4,605	5,589	6,714	7,970
EBITDA Margin (%)	10.2	11.0	11.0	11.1	11.2
APAT	2,563	2,734	3,394	4,106	4,919
EPS (Rs)	28.6	30.4	37.9	45.9	55.0
EPS (% chg)	25.0	6.3	24.6	21.0	19.8
ROE (%)	22.4	16.6	17.6	18.0	18.1
P/E (x)	21.5	20.2	16.2	13.4	11.2
EV/EBITDA (x)	11.4	12.2	9.9	8.2	6.9
P/BV (x)	3.7	3.1	2.6	2.2	1.9

Source: Company, Emkay Research

<b>CMP</b>	<b>Target Price</b>
<b>Rs 616</b> as of (May 31, 2021)	<b>Rs 710 (▲)</b> 12 months
<b>Rating</b>	<b>Upside</b>
<b>BUY (■)</b>	<b>15.3 %</b>

### Change in Estimates

EPS Chg FY22E/FY23E (%)	8.6/11
Target Price change (%)	28.1
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

EPS Estimates		
	FY22E	FY23E
Emkay	37.9	45.9
Consensus	35.6	43.1
Mean Consensus TP (12M)	Rs 652	

### Stock Details

Bloomberg Code	KEI IN
Face Value (Rs)	2
Shares outstanding (mn)	90
52 Week H/L	646 / 284
M Cap (Rs bn/USD bn)	55 / 0.76
Daily Avg Volume (nos.)	4,42,199
Daily Avg Turnover (US\$ mn)	3.4

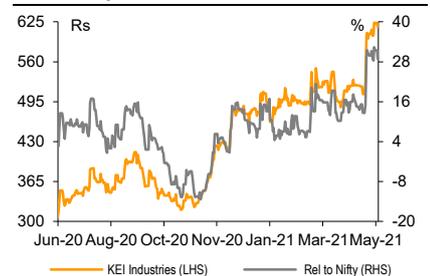
### Shareholding Pattern Mar '21

Promoters	40.3%
FIIIs	18.5%
DIIIs	24.1%
Public and Others	17.0%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	18	23	45	121
<b>Rel. to Nifty</b>	11	15	21	36

### 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 (Q4FY21)**

(Rs mn)	Actual	Estimate		% Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Revenue	12,463	11,985	13,506	4%	-8%	Due to stainless steel wire and turnkey projects
EBITDA	1,416	1,318	1,470	7%	-4%	On account of lower employee expenses
EBITDA, margin	11.4%	11.0%	10.9%	37 bps	48 bps	
PAT	893	838	902	7%	-1%	

Source: Company, Bloomberg, Emkay Research

**Exhibit 2: Summary of standalone quarterly financials**

Rs mn	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY (%)	QoQ (%)	FY21	FY20	YoY (%)
<b>Net Sales</b>	<b>12,585</b>	<b>7,453</b>	<b>10,369</b>	<b>11,529</b>	<b>12,463</b>	<b>(1.0)</b>	<b>8.1</b>	<b>41,815</b>	<b>48,843</b>	<b>(14.4)</b>
Raw Material	9134	5441	7409	8523	9217	0.9	8.1	30590	35392	(13.6)
as % of sales	72.6	73.0	71.5	73.9	74.0			73.2	72.5	
Employee Cost	602	447	496	470	437	(27.3)	(6.9)	1849	2276	(18.7)
as % of sales	4.8	6.0	4.8	4.1	3.5			4.4	4.7	
Other operating expenses	1643	842	1281	1254	1393	(15.2)	11.1	4770	6214	(23.2)
as % of sales	13.1	11.3	12.3	10.9	11.2			11.4	12.7	
<b>Total Expenditure</b>	<b>11,379</b>	<b>6,730</b>	<b>9,186</b>	<b>10,247</b>	<b>11,047</b>	<b>(2.9)</b>	<b>7.8</b>	<b>37,210</b>	<b>43,882</b>	<b>(15.2)</b>
<b>EBITDA</b>	<b>1,206</b>	<b>723</b>	<b>1,184</b>	<b>1,282</b>	<b>1,416</b>	<b>17.4</b>	<b>10.4</b>	<b>4,605</b>	<b>4,960</b>	<b>(7.2)</b>
Depreciation	137	146	142	145	145	5.7	(0.2)	578	567	2.0
<b>EBIT</b>	<b>1,069</b>	<b>577</b>	<b>1,042</b>	<b>1,137</b>	<b>1,271</b>	<b>18.9</b>	<b>11.8</b>	<b>4,027</b>	<b>4,393</b>	<b>(8.3)</b>
Other Income	24	86	36	53	25	5.1	(53.3)	201	165	21.8
Interest	277	168	150	130	125	(54.7)	(4.0)	573	1292	(55.6)
<b>PBT</b>	<b>816</b>	<b>495</b>	<b>928</b>	<b>1,060</b>	<b>1,171</b>	<b>43.5</b>	<b>10.5</b>	<b>3,654</b>	<b>3,267</b>	<b>11.9</b>
Tax	207	133	246	264	278	34.1	5.4	921	716	28.7
<b>PAT</b>	<b>608</b>	<b>362</b>	<b>682</b>	<b>796</b>	<b>893</b>	<b>46.7</b>	<b>12.1</b>	<b>2,733</b>	<b>2,551</b>	<b>7.1</b>

<b>Margins (%)</b>						<b>(bps)</b>	<b>(bps)</b>				<b>(bps)</b>
Gross Margin	27.4	27.0	28.5	26.1	26.0	(137)	(3)	26.8	27.5	(69)	
EBIDTA	9.6	9.7	11.4	11.1	11.4	178	24	11.0	10.2	86	
EBIT	8.5	7.7	10.0	9.9	10.2	171	34	9.6	9.0	63	
EBT	6.5	6.6	9.0	9.2	9.4	291	20	8.7	6.7	205	
PAT	4.8	4.9	6.6	6.9	7.2	233	26	6.5	5.2	131	
Effective Tax rate	25.4	26.8	26.5	24.9	23.8	(166)	(114)	25.2	21.9	330	

Source: Company, Emkay Research

**Exhibit 3: Segment-wise quarterly summary (standalone)**

Rs mn	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY (%)	QoQ (%)	FY21	FY20	YoY (%)
Cables	10,332	6,463	8,707	9,899	10,675	3.3	7.8	35,743	39,824	(10.2)
Stainless steel wires	393	208	335	412	462	17.5	12.0	1,417	1,375	3.0
Turnkey projects	3,701	1,764	2,477	2,929	2,597	(29.8)	(11.3)	9,767	13,967	(30.1)
Less: Intersegment	1,841	980	1,150	1,710	1,271	(31.0)	(25.7)	5,111	6,323	(19.2)
<b>Net Sales</b>	<b>12,585</b>	<b>7,454</b>	<b>10,369</b>	<b>11,529</b>	<b>12,463</b>	<b>-1.0</b>	<b>8.1</b>	<b>41,816</b>	<b>48,843</b>	<b>(14.4)</b>
<b>PBIT</b>										
Cables	1,149	753	1,117	1,252	1,042	(9.3)	-16.8	4,164	4,403	(5.4)
Stainless steel wires	42	1	22	32	9	(78.1)	(71.3)	65	88	(25.7)
Turnkey projects	409	178	213	314	202	(50.5)	(35.5)	907	1,637	(44.6)
<b>Total PBIT</b>	<b>1,600</b>	<b>932</b>	<b>1,352</b>	<b>1,599</b>	<b>1,254</b>	<b>(21.6)</b>	<b>(21.6)</b>	<b>5,137</b>	<b>6,128</b>	<b>(16.2)</b>
<b>Finance Costs</b>										
Finance Costs	277	168	150	130	125	(54.7)	(4.0)	573	1,292	(55.6)
Un-allocable expense	507	269	274	408	-42	(108.3)	(110.3)	909	1570	(42.1)
as % of sales	4.0	3.6	2.6	3.5	-0.3			2.2	3.2	
Exceptional Items	0	0	0	0	0			0	0	
<b>PBT</b>	<b>816</b>	<b>495</b>	<b>928</b>	<b>1,060</b>	<b>1,171</b>	<b>43.5</b>	<b>10.5</b>	<b>3,654</b>	<b>3,267</b>	<b>11.9</b>
<b>PBIT Margins (%)</b>										
						<b>(bps)</b>	<b>(bps)</b>			<b>(bps)</b>
Cables	11.1	11.6	12.8	12.6	9.8	(136)	(289)	11.7	11.1	59
Stainless steel wires	10.8	0.5	6.7	7.9	2.0	(876)	(585)	4.6	6.4	(178)
Turnkey projects	11.0	10.1	8.6	10.7	7.8	(325)	(293)	9.3	11.7	(243)
Total PBIT	12.7	12.5	13.0	13.9	10.1	(265)	(380)	12.3	12.5	(26)

Source: Company, Emkay Research

## Other highlights

- Revenue of Rs12.5bn was down 1% yoy but came in 4% ahead of our estimate, driven by performance of stainless steel wires and turnkey projects segments.
  - The slight yoy dip in revenues was due to lower EPC revenues and the execution of one large order in FY20.
- EBITDA grew 17.4% yoy to Rs1.4bn, supported in part by lower-than-expected employee costs (down 27% yoy). EBITDA margin expanded 178bps yoy to 11.4%.
  - Gross margins contracted 137bps yoy to 26%. Other operating expense declined 15.2% yoy.
- PAT grew 47% yoy to Rs893mn, supported by a 55% fall in interest expense.
  - ETR stood at 23.8% vs. 25.4% in Q4FY20.

## Segment-wise performance

- Cables:** Performance was below our expectations, with revenue and EBIT coming in 5% and 30% below estimates. Though revenue rose 3.3%, margins contracted 136bps yoy.
- Stainless steel wires:** Revenue grew 17.5% yoy to Rs462mn, with EBIT of Rs9mn. EBIT margin stood at 2% vs. 10.8% in Q4FY20.
- Turnkey projects:** Revenue stood at Rs2.6bn - a 30% yoy decline. However, it was meaningfully above our estimate. EBIT margins disappointed and narrowed 325bps yoy.

## Balance sheet and working capital

- Gross debt (incl. acceptances) stood at Rs6.3bn, while net debt position was Rs4.1bn vs. Rs9.2bn at FY20-end.
- KEI generated Rs1.3bn in FCF in FY21 vs. -Rs936mn in FY20.
- Net working capital days increased to 120 days from 79 days in FY20 due to a fall in payable days to 65 days from 87 days.
- The pending order book stands at Rs25.6bn currently.

**Exhibit 4: Net debt position has improved due to healthy cash generation**

Rs mn	Q4FY19	Q2FY20	Q4FY20	Q2FY21	Q3FY21	Q4FY21
Gross Debt (excl. acceptances)	4,583	6,651	3,670	2,713	3,050	3,050
Cash	1,953	2,042	2,143	1,377	854	2,212
<b>Net Debt</b>	<b>2,629</b>	<b>4,609</b>	<b>1,527</b>	<b>1,337</b>	<b>2,196</b>	<b>838</b>

Source: Company, Emkay Research

**Exhibit 5: Working capital days trend**

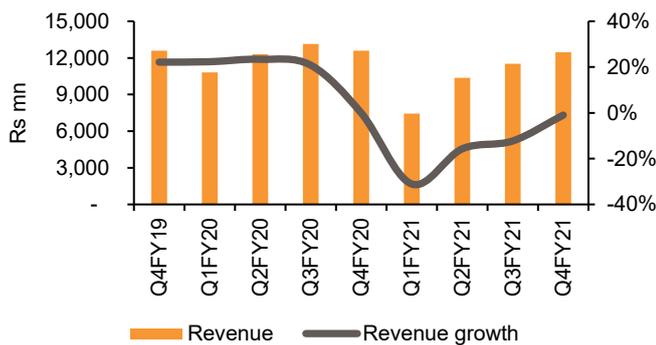
Working capital days (TTM)	Q4FY19	Q2FY20	Q4FY20	Q2FY21	Q3FY21	Q4FY21
Receivable	95	89	102	109	126	118
Inventory	60	76	65	59	58	67
payable	88	84	87	62	60	65
<b>NWC</b>	<b>66</b>	<b>80</b>	<b>79</b>	<b>105</b>	<b>125</b>	<b>120</b>

Source: Company, Emkay Research

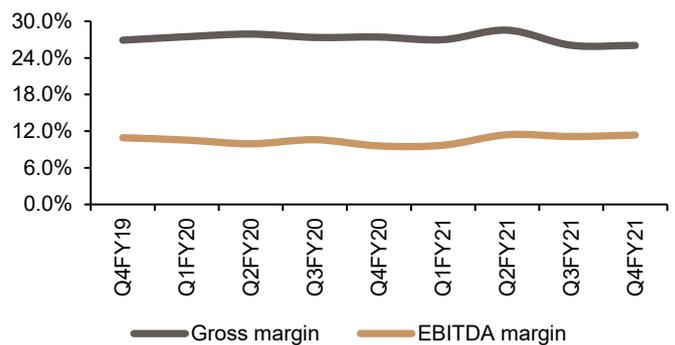
**Exhibit 6: EPC order book depleted by conscious scale down**

Rs mn	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
EPC	22,100	20,330	18,280	12,330	7,050	6,210	6,470	8,060
EHV	5,320	6,280	6,760	7,310	6,270	5,620	4,600	5,060
Cable	10,290	11,880	12,300	11,160	11,120	10,260	10,500	11,980
Export	6,430	5,210	4,390	1,640	5,070	4,540	4,430	510
<b>Total</b>	<b>44,140</b>	<b>43,700</b>	<b>41,730</b>	<b>32,440</b>	<b>29,510</b>	<b>26,630</b>	<b>26,110</b>	<b>25,610</b>

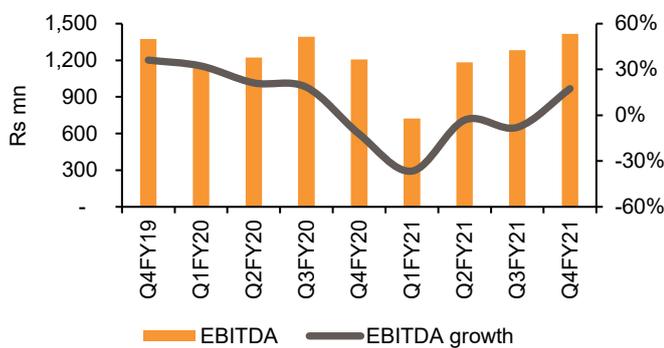
Source: Company, Emkay Research

**Exhibit 7: Revenue growth was relatively stable yoy**

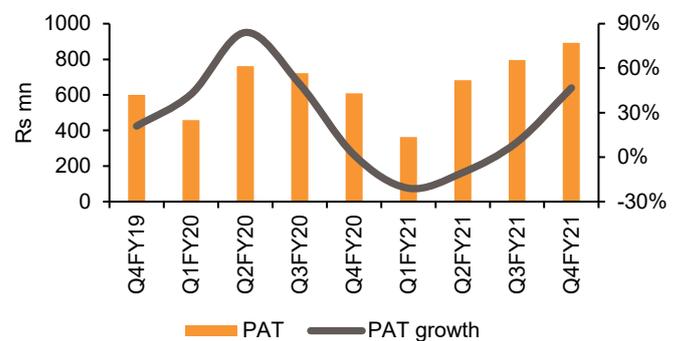
Source: Company, Emkay Research

**Exhibit 8: Gross margins contracted 137bps yoy**

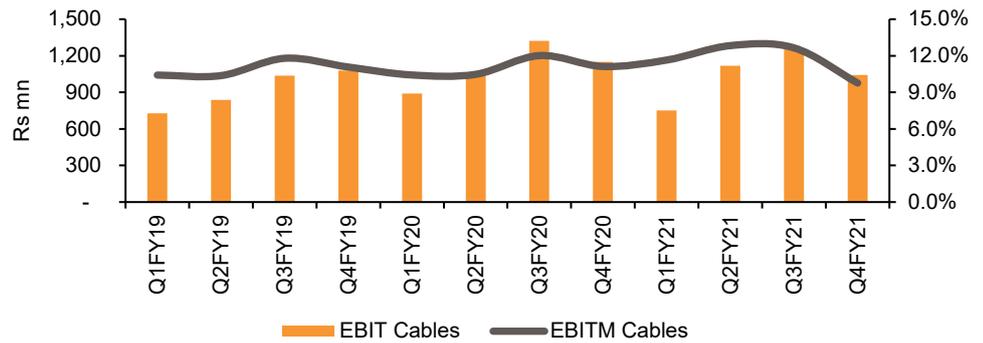
Source: Company, Emkay Research

**Exhibit 9: EBITDA was 7% ahead of expectations**

Source: Company, Emkay Research

**Exhibit 10: PAT growth was supported by lower finance charges**

Source: Company, Emkay Research

**Exhibit 11: Cable segment margins narrowed 136bps yoy due to reclassification of un-allocable expenses**

Source: Company, Emkay Research

**Exhibit 12: Changes in estimates**

Particulars (Rs mn)	FY22E			FY23E			FY24E
	Old	Revised	% Change	Old	Revised	% Change	Introduced
Revenue	50,614	50,694	0.2%	59,049	60,551	2.5%	71,352
EBITDA	5,439	5,589	2.8%	6,330	6,714	6.1%	7,970
EBITDA Margin %	10.7	11.0	28 bps	10.7	11.1	37 bps	11.2
PAT	3,126	3394	8.6%	3,701	4106	11.0%	4,919
EPS	34.9	37.9	8.6%	41.4	45.9	11.0%	55.0

Source: Company, Emkay Research

**Exhibit 13: Key revenue and margin assumptions**

Particulars	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Revenues (Rs mn)</b>							
Cables	27,332	33,636	39,859	35,743	44,945	55,825	67,746
% growth	34%	23%	19%	-10%	26%	24%	21%
Stainless steel wires	1,183	1,380	1,375	1,417	1,568	1,725	1,897
% growth	4%	17%	0%	3%	11%	10%	10%
Turnkey projects	9,561	10,333	13,967	9,767	10,252	10,252	10,252
% growth	42%	8%	35%	-30%	5%	0%	0%
Less: inter-segmental	-3,045	-3,039	-6,323	-5,111	-6,071	-7,251	-8,545
<b>Net sales</b>	<b>35,031</b>	<b>42,310</b>	<b>48,878</b>	<b>41,815</b>	<b>50,694</b>	<b>60,551</b>	<b>71,352</b>
<b>% growth</b>	<b>24%</b>	<b>21%</b>	<b>16%</b>	<b>-14%</b>	<b>21%</b>	<b>19%</b>	<b>18%</b>

**Segmental EBIT (Rs mn)**

Cables	2,964	3,664	4,414	4,164	5,124	6,364	7,723
Stainless steel wires	71	91	88	65	72	79	87
Turnkey projects	1,038	1,422	1,637	907	1,128	1,128	1,128

**EBIT (%)**

Cables	10.8%	10.9%	11.1%	11.6%	11.4%	11.4%	11.4%
Stainless steel wires	6.0%	6.6%	6.4%	4.6%	4.6%	4.6%	4.6%
Turnkey projects	10.9%	13.8%	11.7%	9.3%	11.0%	11.0%	11.0%

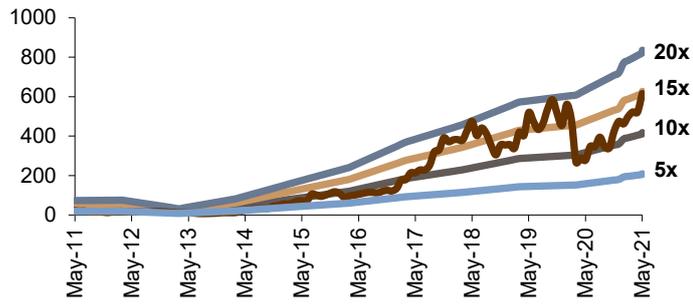
Source: Company, Emkay Research

## Con-call highlights

- **Outlook:** Management expects 25% growth in domestic institutional sales and 35%+ growth in retail sales, with 25% volume growth (it will be higher if copper price inflation continues in FY22). Management is targeting further reduction in net debt in FY22.
  - In Q1FY22, cable sales are intact despite ongoing lockdowns, while wire demand has been impacted. Management is confident of recovering the lost sales in wires after lockdowns are lifted.
  - The company has hired 100 new employee to strengthen its front-end marketing and sales force. It was in a transformation mode in FY21 and is now targeting to expand its retail network. From current dealer network strength of 1,655, the company is looking for 20% growth in FY22. Once the channel expansion is done, it will implement product extension by launching 2-3 new products. This was delayed by Covid-19-led disruption.
  - The company will effect another 8-10% price hike in Q1FY22 due to copper price inflation.
- **EHV cables:** Management is not seeing any threats from Finolex Cables as it does not have requisite approvals to participate in tenders.
- **Exports:** Although the order book fell to Rs510mn in Q4, management is confident of achieving revenues of ~Rs5.5-6bn in FY22 (similar to that of FY21).
- Cable sales to the power sector account for ~30% of total sales. In the solar cable category, key competitors are Apar Industries and Polycab. Cable demand for solar capacity expansion is higher as compared to thermal.
- Finance cost reduction was driven by higher cash purchases. This has also led to a reduction in acceptances. However, it impacted WC and return ratios.
- **EBITDA margins:** The margin profile of retail has improved to 12% from 11%, while institutional sales have seen an improvement to 10.3% from 9.5%. Employee cost reduction is sustainable as the EPC business, which accounted for a significant number of employees, has been intentionally scaled down.
- **Working capital:** Rs1.5bn of working capital, held as retention money with respective authorities for the EPC business, will be released in FY22.
  - The retention money in the EPC division was due in Q4 but will be received in Q1FY22.
  - **Receivables:** The company is targeting 2.5 months of total receivables in FY22 and beyond, backed by increased share of retail sales and a reduction in EPC revenues.
- Un-allocable expenses have reduced due to cross-charges issued under GST rules. They have been reallocated to respective revenue streams. A one-time impact of Rs260mn relating to the C&W segment was present in Q4FY21, leading to lower margins.
- **Capex:** Due to the ongoing second wave of Covid-19, land parcel finalization for the new plant has been delayed. Greenfield capex will now start from Q2FY22. The company has sufficient capacity available to meet its FY22 revenue targets.

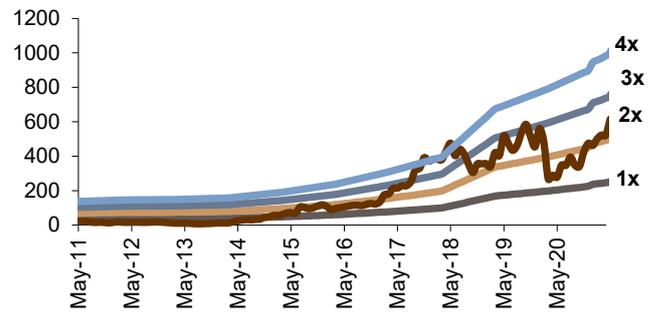
## Valuation charts

**Exhibit 14: 1-year forward P/E valuation band**



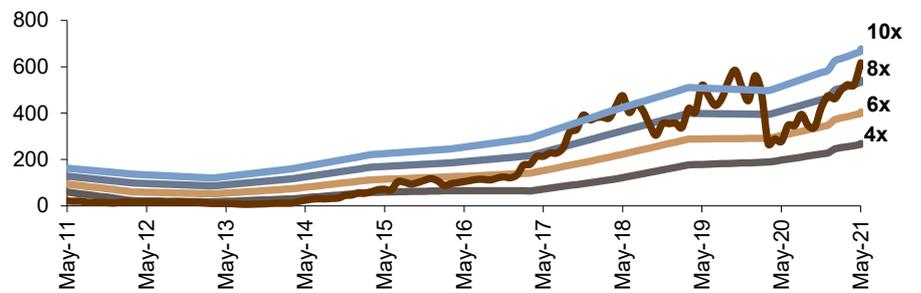
Source: Company, Bloomberg, Emkay Research

**Exhibit 15: 1-year forward P/B valuation band**



Source: Company, Bloomberg, Emkay Research

**Exhibit 16: 1-year forward EV/EBITDA valuation band**



Source: Company, Bloomberg, Emkay Research

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

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>48,878</b>	<b>41,815</b>	<b>50,694</b>	<b>60,551</b>	<b>71,352</b>
<b>Expenditure</b>	<b>43,907</b>	<b>37,210</b>	<b>45,105</b>	<b>53,837</b>	<b>63,382</b>
<b>EBITDA</b>	<b>4,971</b>	<b>4,605</b>	<b>5,589</b>	<b>6,714</b>	<b>7,970</b>
Depreciation	567	578	753	914	1,076
<b>EBIT</b>	<b>4,404</b>	<b>4,027</b>	<b>4,836</b>	<b>5,799</b>	<b>6,894</b>
Other Income	167	201	207	228	250
Interest expenses	1,292	573	508	540	570
<b>PBT</b>	<b>3,279</b>	<b>3,654</b>	<b>4,536</b>	<b>5,488</b>	<b>6,573</b>
Tax	716	921	1,142	1,381	1,654
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	1	0	0	0
<b>Reported Net Income</b>	<b>2,563</b>	<b>2,734</b>	<b>3,394</b>	<b>4,106</b>	<b>4,919</b>
<b>Adjusted PAT</b>	<b>2,563</b>	<b>2,734</b>	<b>3,394</b>	<b>4,106</b>	<b>4,919</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity share capital	179	180	179	179	179
Reserves & surplus	14,893	17,601	20,700	24,591	29,252
<b>Net worth</b>	<b>15,072</b>	<b>17,781</b>	<b>20,879</b>	<b>24,770</b>	<b>29,431</b>
<b>Minority Interest</b>	<b>(1)</b>	<b>0</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>
<b>Loan Funds</b>	<b>3,666</b>	<b>2,850</b>	<b>2,538</b>	<b>2,698</b>	<b>2,852</b>
Net deferred tax liability	308	295	295	295	295
<b>Total Liabilities</b>	<b>19,046</b>	<b>20,925</b>	<b>23,711</b>	<b>27,762</b>	<b>32,576</b>
<b>Net block</b>	<b>5,536</b>	<b>5,371</b>	<b>6,650</b>	<b>7,765</b>	<b>8,718</b>
<b>Investment</b>	<b>8</b>	<b>12</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Current Assets</b>	<b>27,033</b>	<b>24,686</b>	<b>27,439</b>	<b>32,197</b>	<b>38,046</b>
Cash & bank balance	2,144	2,212	2,438	2,669	3,253
Other Current Assets	2,422	1,075	2,334	2,785	3,281
<b>Current liabilities &amp; Provision</b>	<b>13,643</b>	<b>9,215</b>	<b>10,457</b>	<b>12,279</b>	<b>14,267</b>
<b>Net current assets</b>	<b>13,390</b>	<b>15,470</b>	<b>16,982</b>	<b>19,919</b>	<b>23,780</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>19,046</b>	<b>20,925</b>	<b>23,711</b>	<b>27,762</b>	<b>32,576</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>3,112</b>	<b>3,454</b>	<b>4,329</b>	<b>5,260</b>	<b>6,323</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(4,338)	(2,025)	(1,286)	(2,706)	(3,277)
<b>Operating Cashflow</b>	<b>(130)</b>	<b>1,658</b>	<b>3,162</b>	<b>2,627</b>	<b>3,038</b>
Capital expenditure	(1,013)	(372)	(2,032)	(2,029)	(2,029)
<b>Free Cash Flow</b>	<b>(1,143)</b>	<b>1,286</b>	<b>1,130</b>	<b>598</b>	<b>1,009</b>
Investments	10	(4)	4	0	0
Other Investing Cash Flow	946	0	(13)	0	0
<b>Investing Cashflow</b>	<b>110</b>	<b>(176)</b>	<b>(1,834)</b>	<b>(1,801)</b>	<b>(1,779)</b>
Equity Capital Raised	21	1	(1)	0	0
Loans Taken / (Repaid)	(2,328)	(817)	(312)	160	153
Dividend paid (incl tax)	(276)	(143)	(178)	(215)	(258)
Other Financing Cash Flow	4,085	119	(104)	0	0
<b>Financing Cashflow</b>	<b>210</b>	<b>(1,414)</b>	<b>(1,102)</b>	<b>(594)</b>	<b>(675)</b>
<b>Net chg in cash</b>	<b>190</b>	<b>69</b>	<b>226</b>	<b>231</b>	<b>584</b>
Opening cash position	1,953	2,144	2,212	2,438	2,669
<b>Closing cash position</b>	<b>2,144</b>	<b>2,212</b>	<b>2,438</b>	<b>2,669</b>	<b>3,253</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
EBITDA Margin	10.2	11.0	11.0	11.1	11.2
EBIT Margin	9.0	9.6	9.5	9.6	9.7
Effective Tax Rate	21.8	25.2	25.2	25.2	25.2
Net Margin	5.2	6.5	6.7	6.8	6.9
ROCE	27.5	21.2	22.6	23.4	23.7
ROE	22.4	16.6	17.6	18.0	18.1
RoIC	30.7	22.7	24.3	25.1	25.4

<b>Per Share Data (Rs)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
EPS	28.6	30.4	37.9	45.9	55.0
CEPS	35.0	36.9	46.3	56.1	67.0
BVPS	168.4	197.9	233.3	276.7	328.8
DPS	2.6	1.6	2.0	2.4	2.9

<b>Valuations (x)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
PER	21.5	20.2	16.2	13.4	11.2
P/CEPS	17.6	16.7	13.3	11.0	9.2
P/BV	3.7	3.1	2.6	2.2	1.9
EV / Sales	1.2	1.3	1.1	0.9	0.8
EV / EBITDA	11.4	12.2	9.9	8.2	6.9
Dividend Yield (%)	0.4	0.3	0.3	0.4	0.5

<b>Gearing Ratio (x)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Net Debt/ Equity	0.1	0.0	0.0	0.0	0.0
Net Debt/EBIDTA	0.3	0.1	0.0	0.0	(0.1)
Working Cap Cycle (days)	84.0	115.7	104.7	104.0	105.0

<b>Growth (%)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Revenue	15.5	(14.4)	21.2	19.4	17.8
EBITDA	12.8	(7.4)	21.4	20.1	18.7
EBIT	8.3	(8.6)	20.1	19.9	18.9
PAT	41.8	6.7	24.1	21.0	19.8

<b>Quarterly (Rs mn)</b>	<b>Q4FY20</b>	<b>Q1FY21</b>	<b>Q2FY21</b>	<b>Q3FY21</b>	<b>Q4FY21</b>
Revenue	12,585	7,453	10,369	11,529	12,463
EBITDA	1,206	723	1,184	1,282	1,416
<b>EBITDA Margin (%)</b>	<b>9.6</b>	<b>9.7</b>	<b>11.4</b>	<b>11.1</b>	<b>11.4</b>
PAT	608	362	682	796	893
<b>EPS (Rs)</b>	<b>6.8</b>	<b>4.0</b>	<b>7.6</b>	<b>8.9</b>	<b>10.0</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Mar-20</b>	<b>Jun-20</b>	<b>Sep-20</b>	<b>Dec-20</b>	<b>Mar-21</b>
Promoters	40.5	40.5	40.3	40.3	40.3
FIs	15.3	15.3	14.0	16.3	18.5
DIs	24.7	23.4	24.1	23.5	24.1
Public and Others	19.5	20.8	21.6	19.9	17.0

Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
30-Jan-21	462	554	12m	Buy	Naval Seth
22-Dec-20	477	554	12m	Buy	Naval Seth

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## 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>0.87</b>	<b>0.86</b>	<b>-1%</b>	<b>-1</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	0.21	0.22	5%	1	25.08
Dixon Technologies	0.00	0.01	NA	1	1.10
Havells India	0.29	0.28	-2%	-1	32.67
KEI Industries	0.00	0.00	NA	0	0.00
Polycab India	0.03	0.04	6%	0	4.14
V-Guard Industries	0.00	0.00	NA	0	0.00
Voltas	0.26	0.26	0%	0	29.79
Whirlpool Of India	0.08	0.06	-29%	-2	6.37
<b>Cash</b>	<b>0.00</b>	<b>0.01</b>	<b>NA</b>	<b>1</b>	<b>0.86</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	28-May-20	27-Nov-20	26-Feb-21	28-Apr-21	28-May-21
EAP - Consumer Durables	100.0	84.1	127.9	165.6	159.4	157.7
BSE200 Neutral Weighted Portfolio (ETF)	100.0	78.8	117.4	151.5	145.4	146.9

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

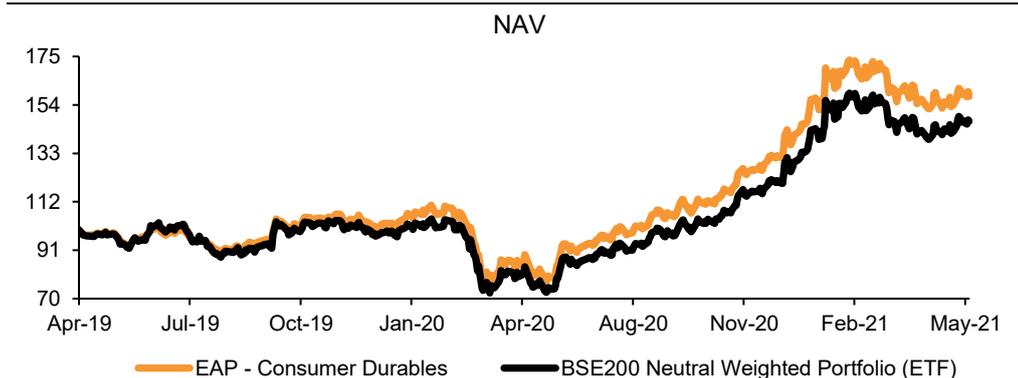
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Consumer Durables	-1.1%	-4.8%	23.3%	87.4%
BSE200 Neutral Weighted Portfolio (ETF)	1.0%	-3.0%	25.1%	86.4%

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: 01 Jun 2021 03:19:30 (SGT)

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