

Polycab India

Refer to important disclosures at the end of this report

Ends the year with a strong show

- Polycab delivered a 12% beat on revenue in Q4, driven by 38.7% growth in the C&W segment, as demand was relatively unaffected by commodity inflation. FMEG revenue was in line with estimate. C&W volumes grew 10% yoy in FY22, while FMEG's rose 5%.
- EBITDA was up 18% and beat our estimates by 15% amid solid C&W margins on the back of price hikes and operating leverage. Continued momentum in real estate led to Wires outperforming Cables on growth. FMEG margins missed estimates due to cost inflation.
- In FY22, the distribution network expanded with 12%/24% increase in dealers/distributors and retail reach. The company gained about 200bps market share in C&W for the second year in a row. FMEG volume growth is expected to bounce back strongly in FY23.
- We have raised our FY23-24 revenue estimates by 7%, while cutting EBITDAM by 50-104bps on lower gross margins. Maintain Buy with a revised Jun'23E TP of Rs2,840 (implied PE of 31x using a 2-stage DCF model) vs. Rs2,775 earlier.

C&W outperformance leads to a strong beat: Q4 revenue grew by 34.9% yoy, with C&W outperforming due to price hikes and robust wire demand. Demand for wires was strong for peers as well (KEI: +64%; Havells: +44%). FMEG's volume growth (+9.3% yoy) was impacted by internal restructuring to drive sales efficiency, while its profitability was impacted by high input costs. EBITDA margins, at 12%, beat estimates, with price hikes and operating leverage in C&W offsetting input cost inflation. FMEG's EBIT margins declined to 2.8% on higher ad spends, staff costs and input costs. The WC cycle fell to 70 days from 84 days last year. Capex (excl. office purchase of Rs2bn) stood at Rs3.2bn in FY22.

Outlook: Management is confident about delivering industry-leading revenue growth across businesses over the next 2-3 years, through various initiatives taken under Project Leap. Overall demand momentum remains unchanged in both B2B and B2C categories. Continued momentum in real estate, recovery in private capex, and an uptick in public capex should drive volume growth for C&W. Management remains upbeat on strong export prospects as well. Though FMEG's volume growth in FY22 was disappointing, continued investments in brand building, team expansion and distribution network enhancement should lead to the realization of the company's stated target of growing at 2x the industry growth rate, which in turn should result in robust growth from FY23. We expect Polycab to record 19% EPS CAGR in FY22-24E with RoIC improving to 30%+. Despite the re-rating in the last 12 months, valuations can sustain at current levels with the company delivering on its stated goals. **Key risks:** weak government spends on infra, power & other key sectors; delayed private capex recovery; market share loss; moderation in FMEG revenue growth; inability to improve margins; and adverse commodity price movements.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Consumer Durables \(Page 12\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	89,265	122,038	136,538	154,292	174,004
EBITDA	11,670	12,652	15,879	19,282	21,834
EBITDA Margin (%)	13.1	10.4	11.6	12.5	12.5
APAT	8,762	8,478	10,762	13,064	14,943
EPS (Rs)	58.8	56.9	72.2	87.6	100.2
EPS (% chg)	14.3	(3.2)	26.9	21.4	14.4
ROE (%)	20.4	16.5	18.1	19.0	18.8
P/E (x)	41.3	42.7	33.6	27.7	24.2
EV/EBITDA (x)	30.8	28.4	22.6	18.4	15.9
P/BV (x)	7.6	6.6	5.7	4.9	4.2

Source: Company, Emkay Research. am.emkay@whitemarquesolutions.com use and downloaded at 05/12/2022 01:25 PM

CMP	Target Price
Rs 2,428 as of (May 11, 2022)	Rs 2,840 (▲) 12 months
Rating	Upside
BUY (■)	16.9 %

Change in Estimates

EPS Chg FY23E/FY24E (%)	(5.1)/(2.2)
Target Price change (%)	2.3
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY23E	FY24E
Emkay	72.2	87.6
Consensus	72.8	90.8
Mean Consensus TP (12M)	Rs 2,687	

Stock Details

Bloomberg Code	POLYCAB IN
Face Value (Rs)	10
Shares outstanding (mn)	149
52 Week H/L	2,820 / 1,468
M Cap (Rs bn/USD bn)	363 / 4.70
Daily Avg Volume (nos.)	401,045
Daily Avg Turnover (US\$ mn)	12.9

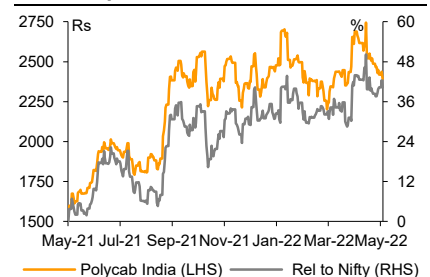
Shareholding Pattern Mar '22

Promoters	68.1%
FIIs	5.8%
DIIIs	9.2%
Public and Others	17.0%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(9)	3	(3)	57
Rel. to Nifty	-	10	7	44

Relative price chart



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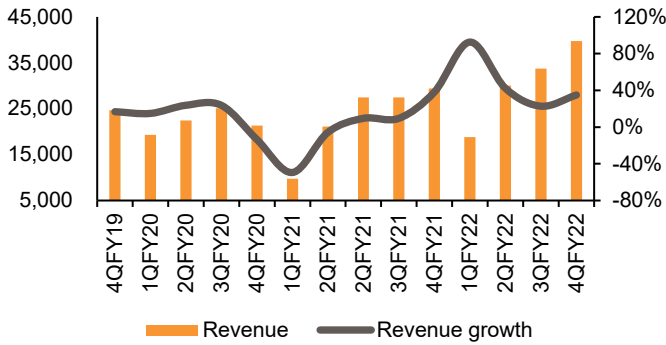
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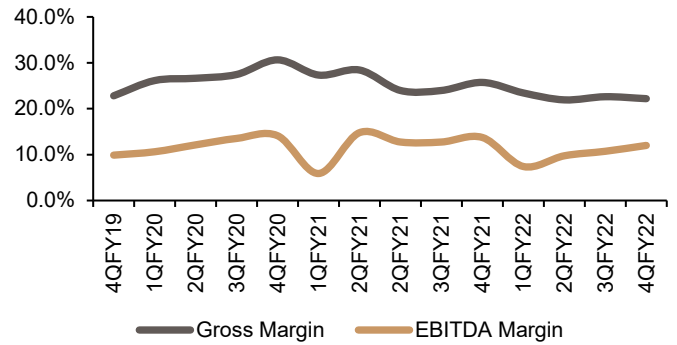
Story in Charts

Exhibit 1: Overall revenues beat estimates led by C&W



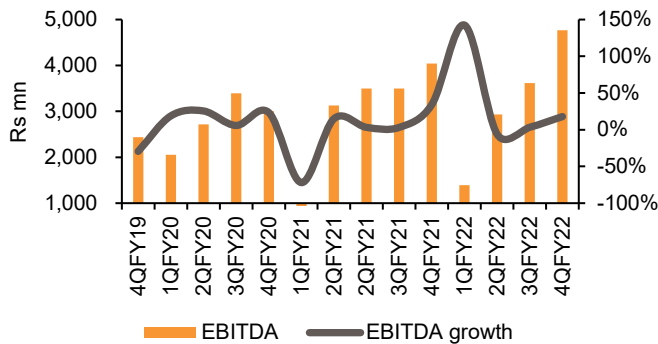
Source: Company, Emkay Research

Exhibit 2: RM inflation & higher other opex led to margin contraction



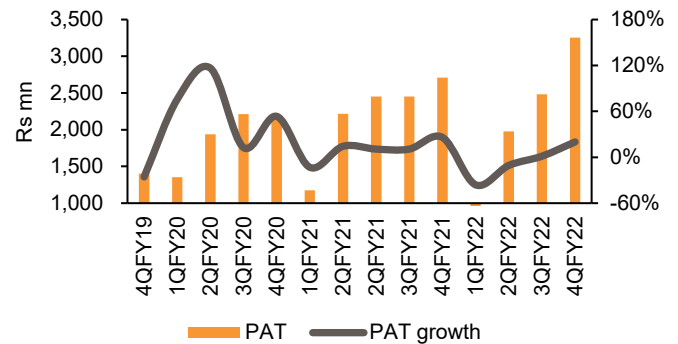
Source: Company, Emkay Research

Exhibit 3: EBITDA grew 18% yoy, 15% above projections



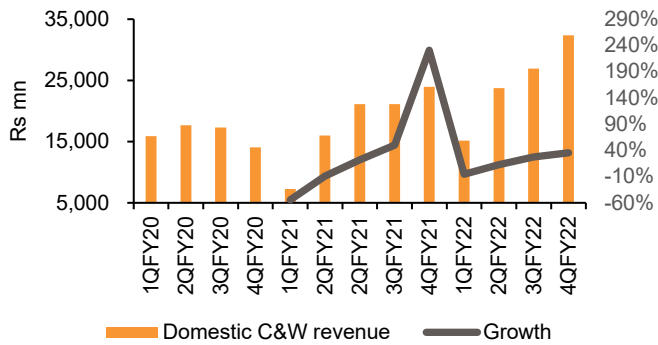
Source: Company, Emkay Research

Exhibit 4: PAT saw 20% yoy growth, higher than estimates



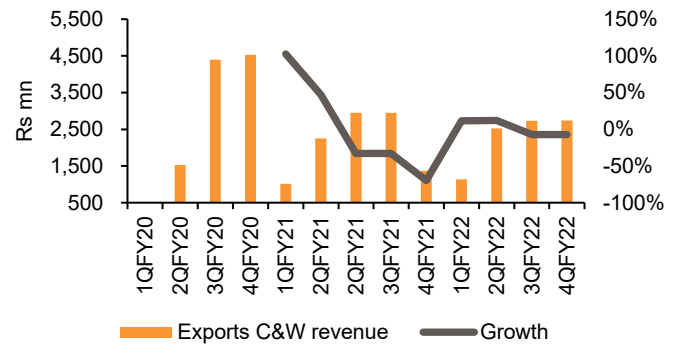
Source: Company, Emkay Research

Exhibit 5: Domestic C&W wire revenue grew 35% yoy



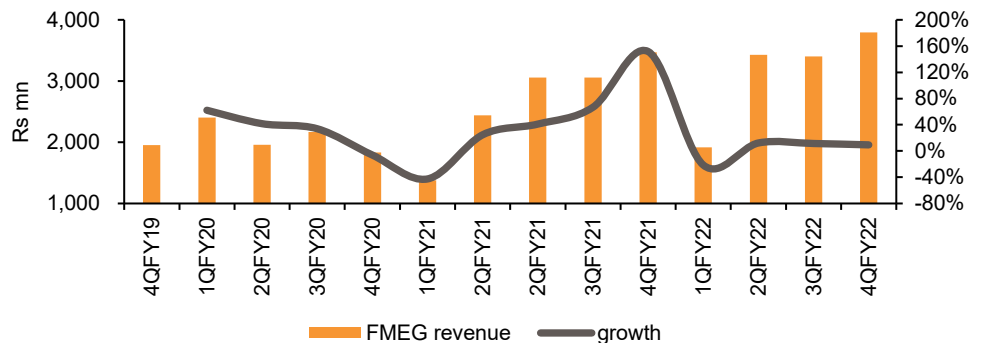
Source: Company, Emkay Research

Exhibit 6: Exports up 2x yoy due to strong demand



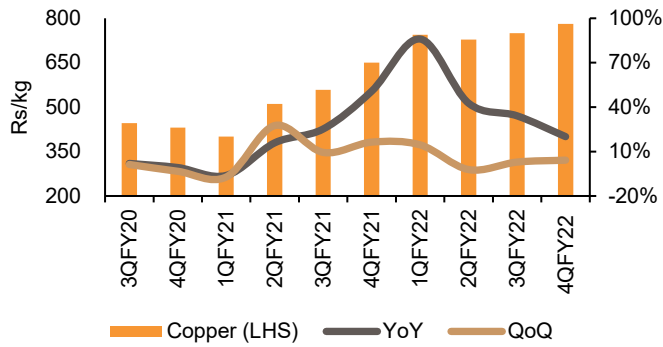
Source: Company, Emkay Research

Exhibit 7: FMEG grows 9.3% yoy, in line with estimate



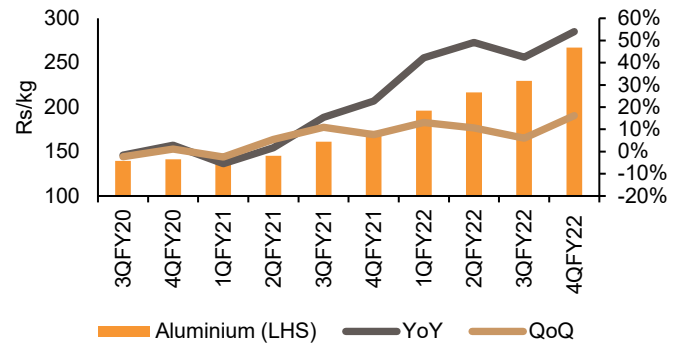
Source: Company, Emkay Research

Exhibit 8: Copper prices rose 4% QoQ and were up 20% yoy



Source: Company, Bloomberg, Emkay Research

Exhibit 9: Aluminum prices were up 16%/54% qoq/yoy



Source: Company, Bloomberg, Emkay Research

Exhibit 10: Net cash increased to Rs4.5bn from Rs2.5bn a year ago

Rs mn	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Gross Debt	2,487	3,279	2,468	905	831
Acceptances	6,538	9,149	7,471	6,936	6,365
Total Debt including acceptances	9,025	12,428	9,939	7,841	7,196
Cash	5,313	3,996	2,421	1,895	4,071
Investments	6,231	5,888	6,619	3,546	7,641
Net Debt	-2,519	2,544	898	2,400	-4,515

Source: Company, Emkay Research

Exhibit 11: Working capital days (TTM) declined to 70 days from 87 last year

Working capital days (TTM)	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Receivable	58	61	65	40	42	44	41
Inventory	96	84	83	98	74	89	66
payable	70	90	60	56	45	45	37
NWC	84	55	87	83	71	87	70

Source: Company, Emkay Research

Exhibit 12: Actual vs. Estimates (Q4FY22)

(Rs mn)	Actual	Estimate (Emkay)	Consensus estimate (Bloomberg)	% variation		Comments
				Emkay	Consensus	
Revenue	39,700	35,513	35,879	12%	11%	Robust C&W growth
EBITDA	4,763	4,149	4,095	15%	16%	
EBITDA Margin	12.0%	11.7%	11.4%	32 bps	59 bps	Timely price hikes and cost management
PAT	3,254	2,758	2,713	18%	20%	

Source: Company, Emkay Research, Bloomberg

Exhibit 13: Quarterly financial summary

Rs mn	Q4FY20	Q4FY21	Q3FY22	Q4FY22	YoY (%)	QoQ (%)	3 yr CAGR	FY22	FY21	YoY (%)
Wires and Cables	18,605	25,318	29,679	35,110	38.7	18.3	18%	107,339	75,911	41.4
FMEG	1,833	3,468	3,404	3,792	9.3	11.4	25%	12,544	10,341	21.3
Copper		0	0	0				667	1,453	
Others	1,592	960	745	827	(13.8)	11.0	-28%	3,240	2,998	8.1
Less: Intersegment	-362	-205	-553	-507	147.6	(8.4)	-5%	-2,136	-2,201	
Total Sales	21,294	29,427	33,720	39,700	34.9	17.7	17%	122,291	87,794	39.3
Raw Material	14,769	21,857	26,095	30,892	41.3	18.4	18%	94,860	64,962	46.0
as % of sales	69.4	74.3	77.4	77.8				77.6	74.0	
Employee Cost	899	976	1,025	1,050	7.6	2.4	18%	4,086	3,567	14.6
as % of sales	4.2	3.3	3.0	2.6				3.3	4.1	
Other operating expenses	2,620	2,554	2,983	2,994	17.2	0.4	21%	10,641	8,026	32.6
as % of sales	12.3	8.7	8.8	7.5				8.7	9.1	
Total Expenditure	18,288	25,387	30,103	34,936	37.6	16.1	18%	109,587	76,554	43.1
EBITDA	3,006	4,040	3,617	4,763	17.9	31.7	13%	12,703	11,239	13.0
Depreciation	422	461	511	503	9.1	(1.7)	14%	2,044	1,809	13.0
EBIT	2,584	3,580	3,106	4,261	19.0	37.2	13%	10,660	9,430	13.0
Other Income	465	231	216	168	(27.3)	(22.3)	-8%	912	1,220	(25.2)
Interest	159	132	78	125	(5.2)	60.1	-22%	376	474	(20.7)
Exceptional		0.0	0.0	0.0				0	97	
PBT	2,889	3,679	3,244	4,304	17.0	32.7	14%	11,196	10,273	9.0
Tax	680	976	763	1,047	7.3	37.2	16%	2,703	1,719	57.2
PAT before MI	2,209	2,704	2,481	3,257	20.5	31.3	13%	8,493	8,554	(0.7)
Minority interest	-58	7	3	-4	(150.1)	(234.5)	-154%	-25	-2	
PAT	2,151	2,711	2,484	3,254	20.0	31.0	13%	8,468	8,552	(1.0)
Margins (%)					(bps)	(bps)				(bps)
Gross margin	30.6	25.7	22.6	22.2	(354)	(43)		22.4	26.0	(358)
EBIDTA	14.1	13.7	10.7	12.0	(173)	127		10.4	12.8	(241)
EBIT	12.1	12.2	9.2	10.7	(143)	152		8.7	10.7	(202)
EBT	13.6	12.5	9.6	10.8	(166)	122		9.2	11.7	(255)
PAT	10.1	9.2	7.4	8.2	(102)	83		6.9	9.7	(282)
Effective Tax rate	23.5	26.5	23.5	24.3	(219)	80		24.1	16.7	741

Source: Company, Emkay Research

Exhibit 14: Segmental breakdown

Rs mn	Q4FY20	Q4FY21	Q3FY22	Q4FY22	YoY (%)	QoQ (%)	3 yr CAGR	FY22	FY21	YoY (%)
Wires and Cables	18,605	25,318	29,679	35,110	38.7	18.3	18%	107,339	75,911	41.4
FMEG	1,833	3,468	3,404	3,792	9.3	11.4	25%	12,544	10,341	21.3
Copper		-	-	-				667	1,453	
Others	1,592	960	745	827	(13.8)	11.0	-28%	3,240	2,998	8.1
Less: Intersegment	-362	-205	-553	-507	147.6	(8.4)	-5%	-2,136	-2,201	
Total Sales	21,668	29,541	33,274	39,222	32.8	17.9	17%	121,653	88,502	37.5
PBIT										
Wires and Cables	2,827	3,306	3,044	4,064	22.9	33.5	25%	10,464	9,107	14.9
FMEG	1	244	63	105	(57.0)	67.1	94%	196	566	(65.3)
Copper		-	-	-				44	121	
Others	165	187	106	122	(34.6)	15.1	-2%	462	456	1.2
Total PBIT	2,993	3,736	3,213	4,291	14.9	33.6	24%	11,166	10,250	8.9
Finance Costs	159	132	78	125	(5.2)	60.1	-22%	376	474	(20.7)
Other Income	91	118	109	138	17.4	26.6	18%	489	512	(4.5)
as % of sales	0.4	0.4	0.3	0.4			1%	0.4	0.6	
Less: Intersegment	-35	-43	-65	-59	37.8	(10.0)		-207	-112	
PBT	2,889	3,679	3,179	4,245	15.4	33.6	28%	11,072	10,176	8.8
PBIT Margins (%)					(bps)	(bps)				(bps)
Wires and Cables	15.2	13.1	10.3	11.6	(148)	132		9.7	12.0	(225)
FMEG	0.1	7.0	1.8	2.8	(426)	92		1.6	5.5	(391)
Copper		#DIV/0!						6.6	8.3	(166)
Others	10.4	19.4	14.2	14.8	(470)	52		14.3	15.2	(97)
Total PBIT	13.8	12.6	9.7	10.9	(171)	128		9.2	11.6	(240)

Source: Company, Emkay Research

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Other highlights

- Revenue was up 34.9% yoy to Rs39.7bn (17% on a 3-yr CAGR basis). **C&W revenue grew 38.7% yoy, while FMEG revenue growth was muted (9.3% yoy).**
- **EBITDA grew 17.9% yoy to Rs4.8bn, exceeding our projections by 15%. Margin contracted 173bps yoy to 12%, but was up 127bps qoq.**
 - Gross margin declined 354bps yoy and 43bps qoq.
 - Employee expenses/other opex rose 7.6%/17.2% yoy, 4%/5% below estimates.
- **RPAT rose 20.0% yoy to Rs3.2bn, 18% above estimates. The lower-than-estimated tax rate offset lower other income.**
 - Other income stood at Rs168mn vs. Rs231mn in Q4FY21, down 27.3% yoy.
 - ETR moderated to 24.3% from 26.5% in Q4FY21 and 23.5% in Q3FY22.
- **Cables and Wires:** Sales grew 38.7% yoy (3-yr CAGR: 18%), while margins were 11.6% (-148bps yoy). **Market share within organised players has improved to 22-24% in FY22 vs 20-22% in FY21.**
 - The domestic distribution-driven business continued to see strong traction. Despite seeing yoy growth, the institutional business was subdued qoq.
 - The exports business nearly doubled from last year, and excluding a large customer, stood 2.2x bigger vs. a year ago. Demand from sectors like Oil & Gas, Renewables and Infrastructure remained strong globally. Overall, exports accounted for 7.6% of FY22 (consol.) revenues.
- **FMEG:** Sales grew 9.3% yoy (3-yr CAGR: 25%). Margins saw a steep drop to 2.8% vs. 7.0% in the base quarter. Profitability was impacted by higher A&P spending, staff costs and input cost pressures.
 - The fans, lights and switchgears business posted healthy growth. Conduit pipes continued to see strong demand momentum.
 - **Switches saw a decline due to supply-related challenges. Although the solar business was muted, it achieved more than 50% yoy growth on a full-year basis.**
- **Others:** Revenue was down 13.8% yoy to Rs827mn, while EBIT margins fell by 470bps yoy to 14.8%.

Balance sheet

- Q4 capex was Rs2.8bn (ex-property purchases) vs. Rs930mn in Q3FY22.
- **The company turned net cash at Rs4.5bn in Q4 vs. net debt of Rs2.4bn Q3. Trade acceptances stood at Rs6.4bn vs. Rs6.9bn at Q3FY22-end.**
- Net working capital days (TTM) stood at 70 days, down from 87 days in Q3.

Exhibit 15: Changes in estimates

Rs mn	FY23E			FY24E			FY25E
	Old	Revised	% change	Old	Revised	% change	Introduced
Wires & Cables	112,410	119,787	6.6%	125,899	134,162	6.6%	150,261
FMEG	15,641	15,680	0.2%	18,769	18,816	0.2%	22,579
Copper	-	-		-	-		-
Others	3,964	3,826	-3.5%	4,559	4,400	-3.5%	4,620
Inter-segmental	-2,473	-2,755	11.4%	-2,770	-3,086	11.4%	-3,456
Revenue	129,542	136,538	5.4%	146,457	154,292	5.3%	174,004
EBITDA	16,417	15,879	-3.3%	19,038	19,282	1.3%	21,834
EBITDA %	12.7	11.6	-104 bps	13.0	12.5	-50 bps	12.5
PAT	11,236	10,667	-5.1%	13,250	12,959	-2.2%	14,827
EPS	75	72	-5.1%	89	87	-2.2%	99

Source: Company, Emkay Research

Exhibit 16: Key assumptions

Revenues (Rs mn)	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E
Cable& Wires	70,643	75,898	76,035	106,953	119,787	134,162	150,261
% growth	12%	7%	0%	41%	12%	12%	12%
FMEG	6,433	8,356	10,341	12,544	15,680	18,816	22,579
% growth	33%	30%	24%	21%	25%	20%	20%
Others (incl. EPC)	4,637	5,965	2,998	2,943	3,826	4,400	4,620
% growth	86%	29%	-50%	-2%	30%	15%	5%
Copper	0	0	5,330		-	-	
% growth							
Less: inter-segmental	-1,348	-1,441	-4,665	-1,744	-2,755	-3,086	-3,456
Net sales	80,365	88,778	90,038	120,696	136,538	154,292	174,004
% growth	18%	10%	1%	34%	13%	13%	13%

Segmental EBIT

Cable& Wires	8,351	9,309	9,187	10,405	13,177	15,697	17,581
FMEG	75	168	566	196	784	1,411	1,919
Others (incl. EPC)	198	903	456	438	459	528	554
Copper	-	-	560	-	-	-	

EBIT Margin

Cable& Wires	11.8%	12.3%	12.1%	9.7%	11.0%	11.7%	11.7%
FMEG	1.2%	2.0%	5.5%	1.6%	5.0%	7.5%	8.5%
Others (incl. EPC)	4.3%	15.1%	15.2%	14.9%	12.0%	12.0%	12.0%
Copper			10.5%				

Source: Company, Emkay Research

Con-call highlights

- **Project Leap: First-year milestones:** 1) setting up the right organizational structure in all business verticals; more than 90% of the hiring for key roles is already done; 2) **customer centricity** - merged heavy and light duty cables to cross-leverage strengths; optimized team structure to roll out faster GTM strategy with leaner overheads; and 3) **GTM** - after the success of the pilot project in selected rural areas, roll-outs have been done in many towns with more than 200k population; presence has been built across e-commerce platforms as well. The product portfolio expansion roadmap has been outlined for the next 3-4 years.
- **In FY23, the focus areas under Project Leap will be improving customer centricity, enhancing the new product roadmap, GTM expansion and the digitalization of distribution, as well as an evaluation of inorganic expansion opportunities.**
- Though there exist inflationary challenges in some product categories, overall demand remains robust. **The company has launched economy brand 'Etira' in the C&W segment. This has further potential for expansion in the FMEG segment.** The brand extension is focused on rural expansion as well.
- **C&W's volume growth was 10% yoy in FY22, while FMEG volumes grew by 5%. Volume growth was broad-based, with a few exceptions. For instance, Wire volume growth was 60% in FY22 in South, while Flexible wires grew 50% in North.**
- **Cable and Wires:** Cables contribute slightly more than 50% to the total revenues. About 60% of total revenue comes from B2B sales, while the remaining 40% comes from B2C, mainly wires. There could be some reduction in channel inventory due to the volatility in commodity prices.
 - Price hikes in Q4 were in mid-single digits.
- **FMEG:** Revenue break-down – Fans: ~33%, Switches and Switchgears: ~15% and Lighting and Lumens: 15%. Channel inventory has normalized. **In FY22, volume growth was impacted by organizational changes and supply-related issues in Switches.** The premium portfolio contributed 16% of FMEG revenues in FY22 vs. 10% FY21.

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- Polycab has been able to pass on the cost inflation to customers in full through price hikes in Q4.
- **Working capital:** The improvement in receivables was driven by higher channel financing on both C&W (70%) and FMEG (50%) businesses, along with inventory reduction and enhanced logistics management. The reduction in payable days was due to higher raw material procurement from India. Indian suppliers are mostly on cash-and-carry, while imported material suppliers have the option of payment through future-dated LCs.
- FY23 capex spending is estimated to be Rs3-3.5bn. About 65% of this will be in the C&W segment for setting up new capacity for exports, maintenance and backward integration. The remaining will be in the FMEG segment, in line with the earlier guidance. The in-house facility for manufacturing Switches is expected to be operational in FY23.

Exhibit 17: Target multiple derived from a 2-stage growth model

Revenue CAGR [FY22E-25E] (%)	13
EPS CAGR [FY22E-25E] (%)	20
Stage-1: FY25E-35E	
EPS in Yr-0 [FY25E] (Rs)	100
EPS in Yr-1 (Rs)	116
EPS CAGR (%)	16.0
Years of growth [n]	10.0
Incremental RoE (%)	25
CoE (%)	11.3
Implied DPR (%)	36

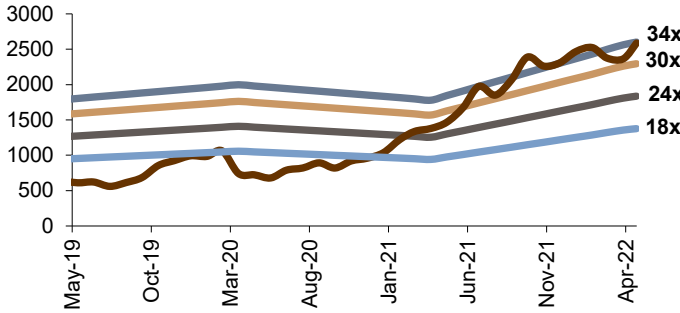
Terminal stage: >FY35E

EPS growth (%)	6.0
Incremental RoE (%)	25.0
Implied DPR (%)	76
Fair value P/E in Mar'25E (x)	24.0
Fair value in Mar'25E (x) (Rs/share)	2,793
Fair value in Jun'23E (Rs/share)	2,318
NPV of dividends in FY22E-25E (Rs/share)	46
Overall fair value in Mar'23E (Rs/share)	2,364
Jun'24E EPS (Rs)	91
Implied fair value P/E in Jun'23E (x)	26.0
Premium applied to FV (%) [a]	20.0
Target P/E in Jun'23E (x)	31.3
Target price in Jun'23E (Rs/share)	2,840
CMP	2,394
Upside	19

Source: Company, Emkay Research. [a] We apply a 20% premium to the derived P/E to factor: likely front-loading of cash flows (10%) and potential new category/segment expansion (10%)

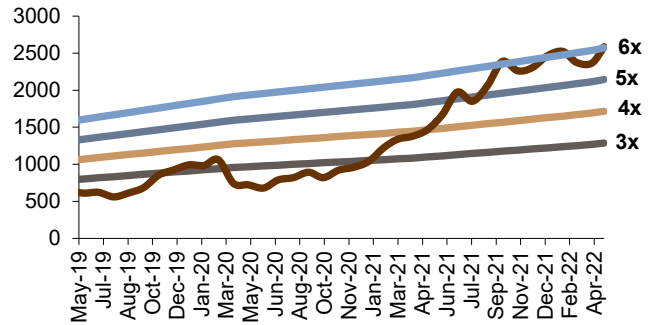
Valuation charts

Exhibit 18: 1-year forward P/E chart



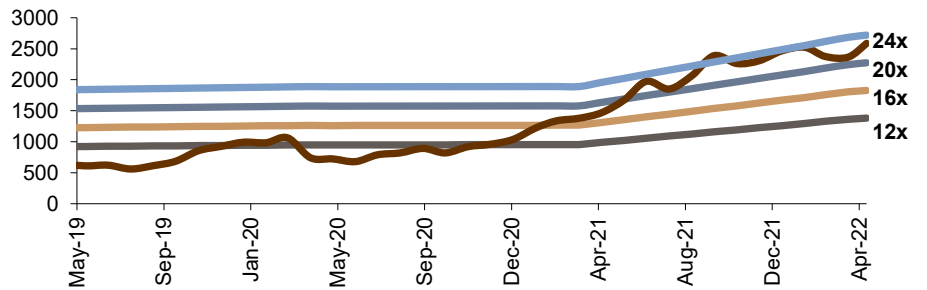
Source: Company, Bloomberg, Emkay Research

Exhibit 19: 1-year forward P/B chart



Source: Company, Bloomberg, Emkay Research

Exhibit 20: 1-year forward EV/EBITDA chart



Source: Company, Bloomberg, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	89,265	122,038	136,538	154,292	174,004
Expenditure	77,595	109,386	120,659	135,010	152,171
EBITDA	11,670	12,652	15,879	19,282	21,834
Depreciation	1,866	2,015	2,218	2,495	2,772
EBIT	9,804	10,637	13,661	16,787	19,062
Other Income	1,282	899	1,053	1,000	1,273
Interest expenses	531	352	332	329	367
PBT	10,555	11,184	14,382	17,459	19,969
Tax	1,791	2,706	3,620	4,394	5,026
Extraordinary Items	97	0	0	0	0
Minority Int./Income from Assoc.	(2)	0	0	0	0
Reported Net Income	8,859	8,478	10,762	13,064	14,943
Adjusted PAT	8,762	8,478	10,762	13,064	14,943

Balance Sheet

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	1,491	1,491	1,491	1,491	1,491
Reserves & surplus	46,048	53,642	62,229	72,337	83,902
Net worth	47,539	55,133	63,720	73,828	85,393
Minority Interest	188	188	188	188	188
Loan Funds	2,487	831	576	647	726
Net deferred tax liability	418	418	418	418	418
Total Liabilities	50,633	56,571	64,902	75,081	86,725
Net block	18,696	16,628	18,130	19,317	20,303
Investment	6,349	7,758	7,758	7,758	7,758
Current Assets	44,111	46,065	59,547	71,265	85,241
Cash & bank balance	5,313	4,061	3,476	8,276	14,670
Other Current Assets	3,155	5,893	6,692	7,613	8,597
Current liabilities & Provision	19,514	17,871	24,523	27,250	30,568
Net current assets	24,597	28,194	35,024	44,015	54,673
Misc. exp	0	0	0	0	0
Total Assets	50,633	56,571	64,902	75,081	86,725

Cash Flow

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
PBT (Ex-Other income) (NI+Dep)	9,273	10,285	13,329	16,458	18,695
Other Non-Cash items	0	0	0	0	0
Chg in working cap	1,120	(4,849)	(7,415)	(4,191)	(4,264)
Operating Cashflow	10,516	3,844	2,550	8,121	9,683
Capital expenditure	(4,920)	(2,947)	(3,720)	(3,682)	(3,757)
Free Cash Flow	5,596	897	(1,169)	4,438	5,925
Investments	(5,695)	(1,409)	0	0	0
Other Investing Cash Flow	(787)	(155)	(20)	(24)	(27)
Investing Cashflow	(10,120)	(3,612)	(2,686)	(2,706)	(2,511)
Equity Capital Raised	2	0	0	0	0
Loans Taken / (Repaid)	916	(1,656)	(255)	71	79
Dividend paid (incl tax)	0	(1,492)	(2,080)	(2,851)	(3,262)
Other Financing Cash Flow	4,530	7,328	6,279	5,970	11,048
Financing Cashflow	4,917	3,829	3,612	2,862	7,498
Net chg in cash	5,313	4,061	3,476	8,276	14,670
Opening cash position	2,813	5,313	4,061	3,476	8,276
Closing cash position	5,313	4,061	3,476	8,276	14,670

Source: Company, Emkay Research

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Key Ratios

Profitability (%)	FY21	FY22	FY23E	FY24E	FY25E
EBITDA Margin	13.1	10.4	11.6	12.5	12.5
EBIT Margin	11.0	8.7	10.0	10.9	11.0
Effective Tax Rate	17.0	24.2	25.2	25.2	25.2
Net Margin	9.8	6.9	7.9	8.5	8.6
ROCE	24.4	21.5	24.2	25.4	25.1
ROE	20.4	16.5	18.1	19.0	18.8
RoIC	27.1	27.0	30.2	32.1	33.0

Per Share Data (Rs)	FY21	FY22	FY23E	FY24E	FY25E
EPS	58.8	56.9	72.2	87.6	100.2
CEPS	71.3	70.4	87.0	104.3	118.8
BVPS	318.8	369.7	427.3	495.1	572.6
DPS	0.0	10.0	13.9	19.1	21.9

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	41.3	42.7	33.6	27.7	24.2
P/CEPS	34.1	34.5	27.9	23.3	20.4
P/BV	7.6	6.6	5.7	4.9	4.2
EV / Sales	4.0	2.9	2.6	2.3	2.0
EV / EBITDA	30.8	28.4	22.6	18.4	15.9
Dividend Yield (%)	0.0	0.4	0.6	0.8	0.9

Gearing Ratio (x)	FY21	FY22	FY23E	FY24E	FY25E
Net Debt/ Equity	(0.1)	(0.1)	0.0	(0.1)	(0.2)
Net Debt/EBIDTA	(0.2)	(0.3)	(0.2)	(0.4)	(0.6)
Working Cap Cycle (days)	78.8	72.2	84.3	84.5	83.9

Growth (%)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	1.1	36.7	11.9	13.0	12.8
EBITDA	2.8	8.4	25.5	21.4	13.2
EBIT	0.7	8.5	28.4	22.9	13.6
PAT	15.7	(4.3)	26.9	21.4	14.4

Quarterly (Rs mn)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Revenue	29,427	18,805	30,066	33,720	39,700
EBITDA	4,040	1,393	2,930	3,861	5,070
EBITDA Margin (%)	13.7	7.4	9.7	11.4	12.8
PAT	2,711	753	1,978	2,727	3,560
EPS (Rs)	18.2	5.1	13.3	18.3	23.9

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Promoters	68.4	68.4	68.4	68.2	68.1
FIs	6.4	6.5	6.9	6.4	5.8
DIs	7.4	8.7	8.8	8.7	9.2
Public and Others	17.8	16.4	16.0	16.8	17.0

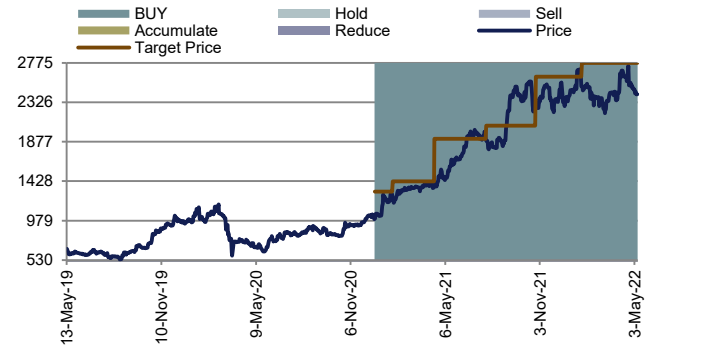
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
22-Jan-22	2,511	2,775	12m	Buy	Naval Seth
26-Oct-21	2,299	2,620	12m	Buy	Naval Seth
23-Aug-21	1,830	2,060	12m	Buy	Naval Seth
29-Jul-21	1,815	2,060	12m	Buy	Naval Seth
23-Jul-21	1,889	2,060	12m	Buy	Naval Seth
15-Apr-21	1,414	1,910	12m	Buy	Naval Seth
25-Jan-21	1,211	1,425	12m	Buy	Naval Seth
22-Dec-20	999	1,310	12m	Buy	Naval Seth

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Consumer Durables



Analyst: Naval Seth

Contact Details

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Sector

Consumer Durables, Media & Entertainment, SMID and Telecom

Analyst bio

Naval holds an MBA in Finance and has more than 13 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 based on Current NAV	Change vs last published EAP (bps)
Consumer Durables	1.06	1.05	0%	0	100.00	
Amber Enterprises	0.00	0.00	NA	0	0.00	0
Blue Star	0.00	0.00	NA	0	0.00	0
Crompton Greaves CE	0.21	0.22	2%	0	20.67	0
Dixon Technologies	0.12	0.12	-3%	0	11.40	0
Havells India	0.32	0.33	1%	0	30.77	0
KEI Industries	0.00	0.00	NA	0	0.00	0
Polycab India	0.11	0.11	0%	0	9.98	0
V-Guard Industries	0.00	0.00	NA	0	0.00	0
Voltas	0.24	0.24	-1%	0	22.31	0
Whirlpool Of India	0.05	0.05	-7%	0	4.61	0
Cash	0.00	0.00	NA	0	0.26	0

Source: Emkay Research

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

Sector portfolio NAV

	Base					Latest
	1-Apr-19	10-May-21	10-Nov-21	10-Feb-22	8-Apr-22	10-May-22
EAP - Consumer Durables	100.0	156.1	198.1	180.0	183.7	160.5
BSE200 Neutral Weighted Portfolio (ETF)	100.0	142.6	183.2	168.5	172.2	150.2

*Performance measurement base date 1st April 2019

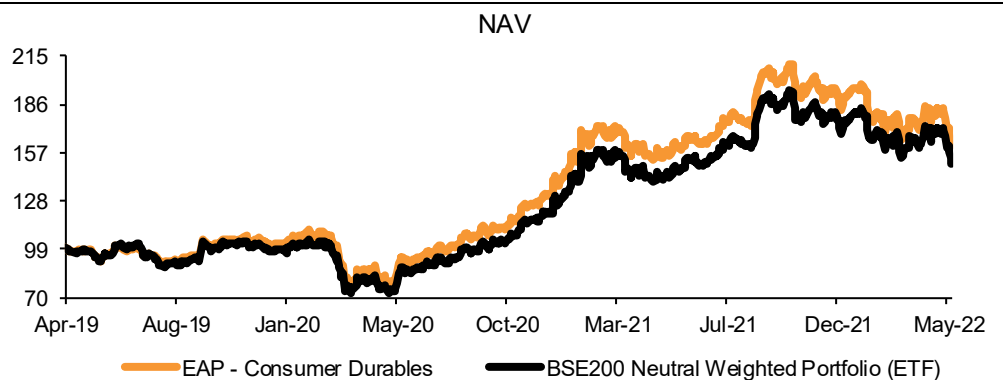
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Consumer Durables	-12.6%	-10.8%	-19.0%	2.9%
BSE200 Neutral Weighted Portfolio (ETF)	-12.7%	-10.8%	-18.0%	5.3%

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: 12 May 2022 00:35:04 (SGT)
Dissemination Date: 12 May 2022 00:36:04 (SGT)

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