

Crompton Greaves CE

Refer to important disclosures at the end of this report

Mixed performance; category expansion to strengthen portfolio

- Q1FY23 standalone revenues came in 6% below our estimates, with ECD/Lighting missing by 5%/12%. Despite commodity headwinds, standalone GM expanded by 100bps qoq to 30.7%. (Note that consolidated numbers include first full quarter of Butterfly consolidation.)
- Volume growth (ex-pumps) was 5% on a 3-yr CAGR basis, partially impacted by the inflationary scenario. Higher employee costs, including non-recurring items, suppressed EBITDA. Butterfly had surprised positively on revenue growth and operational fronts.
- The company has entered into the built-in kitchen appliances category to further strengthen its presence in the kitchen products space after the acquisition of Butterfly. It aims to achieve No. 3 position in Chimney+Hobs within three years.
- We have raised FY23-25 revenue/EBITDA estimates by 1-2% as we incorporate category expansion. However, higher depreciation charge has led to 1-6% EPS cut over the same period. Retain Buy with an unchanged TP of Rs435 (Jun'23E).

Sharp rise in employee expenses affects EBITDA: Standalone revenue, at Rs16.1bn, was up 53% yoy (3-yr CAGR: 6%). The ECD and Lighting segments recorded 3-yr revenue CAGRs of 8% and -1%, respectively. Butterfly's revenues grew by 85% yoy, driven by cookers, stoves and mixers. Standalone EBITDA was up 58% yoy to Rs1.9bn on a low base, while EBITDA margin stood at 12.0% (-247bps qoq). Gross margins saw a 100bps qoq expansion but a contraction of 150bps yoy. Employee expenses rose meaningfully by 34% yoy and 42% qoq, 38% higher than estimates. Higher employee costs were mainly due to some non-recurring items, which included: 1) higher-than-provisioned incentive payouts; 2) annual increments; and 3) higher employee engagement activities. Standalone PAT was Rs1.3bn vs. our estimate of Rs1.7bn.

Outlook: With the launch of built-in kitchen appliances, Crompton announced the much-awaited category expansion. The company is targeting to become the No. 3 player (~10% market share) in Chimneys and Hob within three years, backed by differentiated product offerings and EBO-led distribution expansion to start with. ECD revenue growth remained impacted by sub-par performance from pumps and an inflationary environment that suppressed volume growth. If commodity prices stay at current levels, we believe that the key players will pass on the benefits to consumers to push volumes. However, management anticipates a lag in reflecting the volume increase from benign commodity prices. It remains confident about margin delivery despite increased investments in brand, R&D and distribution. The delay in Lighting's revenue recovery continued. **Key risks:** demand moderation, market share losses, slow execution of new product launches, supply-chain disruptions, longer-than-expected integration time and profit delivery in BGAL, and sustained commodity inflation.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Consumer Durables \(Page 13\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	48,035	53,941	73,964	82,696	91,995
EBITDA	7,205	7,695	9,860	11,866	13,286
EBITDA Margin (%)	15.0	14.3	13.3	14.3	14.4
APAT	6,167	5,914	5,995	7,947	8,994
EPS (Rs)	9.8	9.3	9.5	12.5	14.2
EPS (% chg)	24.1	(5.0)	1.4	32.6	13.2
ROE (%)	36.3	27.0	22.5	25.1	23.5
P/E (x)	38.2	40.2	39.6	29.9	26.4
EV/EBITDA (x)	31.4	31.0	24.3	19.6	16.9
P/BV (x)	12.2	9.7	8.3	6.8	5.7

Source: Company, Emkay Research

CMP

Rs 375
as of (July 25, 2022)

Rating

BUY (■)

Target Price

Rs 435 (■)
12 months

Upside

16.0 %

Change in Estimates

EPS Chg FY23E/FY24E (%)	(5.9)/
Target Price change (%)	-
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

EPS Estimates		
	FY23E	FY24E
Emkay	9.5	12.5
Consensus	10.3	12.5
Mean Consensus TP (12M)	Rs 463	

Stock Details

Bloomberg Code	CROMPTON IN
Face Value (Rs)	2
Shares outstanding (mn)	634
52 Week H/L	513 / 312
M Cap (Rs bn/USD bn)	238 / 2.98
Daily Avg Volume (nos.)	1,751,210
Daily Avg Turnover (US\$ mn)	7.9

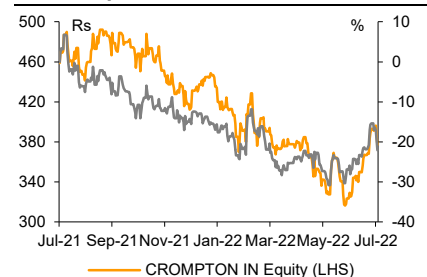
Shareholding Pattern Jun '22

Promoters	5.9%
FIIIs	37.3%
DIIIs	45.0%
Public and Others	11.8%

Price Performance

(%)	1M	3M	6M	12M
Absolute	9	1	(11)	(18)
Rel. to Nifty	3	3	(7)	(22)

Relative price chart



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

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Story in Charts

Exhibit 1: Actual vs. Estimates (Q1FY23)

(Rs mn)	Actual	Estimate		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Revenue	16,081	17,208	16,593	-7%	-3%	Marginal miss in ECD revenues but big miss in Lighting
EBITDA	1,937	2,530	2,347	-23%	-17%	Sharp increase in employee costs led to the miss
EBITDA Margin	12.0%	14.7%	14.1%	-266 bps	-210 bps	
PAT	1,275	1,716	1,525	-26%	-16%	Down due to weak operating performance

Source: Company, Emkay Research

Exhibit 2: Summary of standalone quarterly financials

Rs mn	Q1FY20	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ (%)	3-year CAGR
Electrical consumer durables	10,729	8,844	10,964	10,993	12,309	13,472	52.3	9.4	8%
Lighting products	2,739	1,617	2,884	3,109	3,012	2,609	61.3	(13.4)	-2%
Net Sales	13,468	10,462	13,848	14,102	15,321	16,081	53.7	5.0	6%
Raw Material	9073	7087	9415	9635	10764	11137	57.1	3.5	7%
as % of sales	67.4	67.7	68.0	68.3	70.3	69.3			
Employee Cost	820	885	962	941	835	1187	34.1	42.2	13%
as % of sales	6.1	8.5	6.9	6.7	5.5	7.4			
Other operating expenses	1655	1261	1330	1510	1499	1819	44.3	21.4	3%
as % of sales	12.3	12.1	9.6	10.7	9.8	11.3			
Total Expenditure	11548	9234	11707	12086	13097	14144	53.2	8.0	7%
EBITDA	1921	1228	2141	2016	2223	1937	57.8	(12.9)	0%
Depreciation	57.8	75.7	100.6	101.7	144.9	123.0	62.5	(15.1)	29%
EBIT	1863	1152	2041	1915	2078	1814	57.4	(12.7)	-1%
Other Income	173	197	284	138	180	105	(46.5)	(41.5)	-15%
Interest	149.9	101	80	67	106	207	105.1	95.7	11%
PBT	1886	1248	2245	1986	2153	1713	37.2	(20.5)	-3%
Tax	660	317	540	504	335	437	38.0	30.5	-13%
PAT	1226	931	1705	1481	1818	1275	36.9	(29.8)	1%
Margins (%)							(bps)	(bps)	
Gross Margin	32.6	32.3	32.0	31.7	29.7	30.7	(151)	100	
EBIDTA	14.3	11.7	15.5	14.3	14.5	12.0	31	(247)	
EBIT	13.8	11.0	14.7	13.6	13.6	11.3	27	(229)	
EBT	14.0	11.9	16.2	14.1	14.1	10.7	(128)	(340)	
PAT	9.1	8.9	12.3	10.5	11.9	7.9	(97)	(393)	
Effective Tax rate	35.0	25.4	24.1	25.4	15.6	25.5	14	997	

Source: Company, Emkay Research

Exhibit 3: Summary of consolidated quarterly financials

Rs mn	Q1FY20	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ (%)	3-year CAGR
Electrical consumer durables	10,729	8,844	10,964	10,993	12,309	13,472	52.3	9.4	8%
Lighting products	2,739	1,661	2,887	3,113	3,170	2,623	57.9	(17.3)	-1%
BGAL						2,535			
Net Sales	13,468	10,505	13,851	14,106	15,479	18,629	77.3	20.4	11%
Raw Material	9073	7,107	9,416	9,638	10,857	12,780	79.8	17.7	12%
as % of sales	67.4	67.7	68.0	68.3	70.1	68.6			
Employee Cost	819.8	885	962	941	835	1,434	62.0	71.8	21%
as % of sales	6.1	8.4	6.9	6.7	5.4	7.7			
Other operating expenses	1655	1,263	1,332	1,511	1,499	2,216	75.5	47.8	10%
as % of sales	12.3	12.0	9.6	10.7	9.7	11.9			
Total Expenditure	11548	9,254	11,710	12,091	13,192	16,430	77.5	24.6	12%
EBITDA	1921	1,250	2,141	2,015	2,288	2,199	75.9	(3.9)	5%
Depreciation	57.8	75.7	100.6	101.7	144.8	275.6	264.1	90.3	68%
Exceptional item					130	64			
EBIT	1863	1,175	2,041	1,914	2,013	1,860	58.3	(7.6)	0%
Other Income	173	196	169	140	222	104	(46.9)	(53.0)	-16%
Interest	149.9	101	80	67	106	225	123.5	113.4	15%
PBT	1886	1,270	2,129	1,987	2,129	1,739	36.9	(18.3)	-3%
Minority interest						49			
PAT	1226	948	1,588	1,483	1,766	1,210	27.7	(31.5)	0%
Margins (%)							(bps)	(bps)	
Gross Margin	32.6	32.3	32.0	31.7	29.9	31.4	(95)	154	
EBIDTA	14.3	11.9	15.5	14.3	14.8	11.8	(10)	(297)	
EBIT	13.8	11.2	14.7	13.6	13.0	10.0	(120)	(302)	
EBT	14.0	12.1	15.4	14.1	13.8	9.3	(276)	(442)	
PAT	9.1	9.0	11.5	10.5	11.4	6.5	(252)	(491)	
Effective Tax rate	35.0	25.4	25.4	25.4	17.1	27.6	217	1,048	

Source: Emkay Research, Company

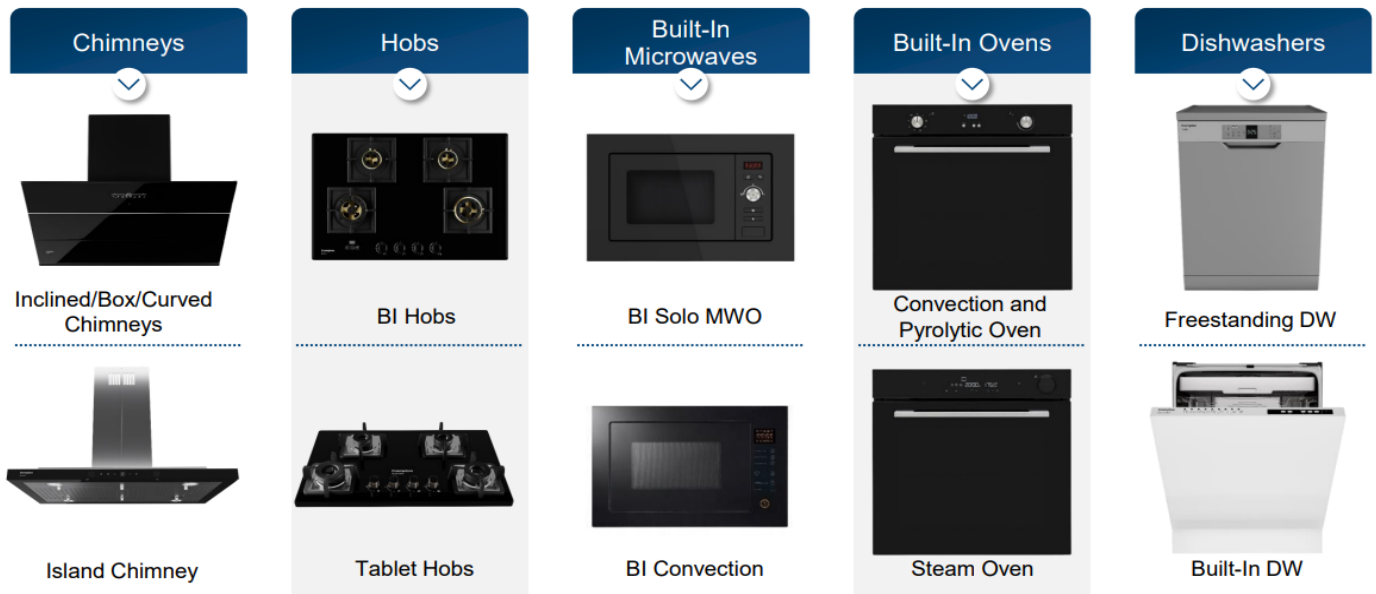
Exhibit 4: Segment-wise consolidated quarterly financials

Rs mn	Q1FY20	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ (%)	3-year CAGR
Electrical consumer durables	10,729	8,844	10,964	10,993	12,309	13,472	52.3	9.4	8%
Lighting products	2,739	1,661	2,887	3,113	3,170	2,623	57.9	(17.3)	-1%
BGAL						2535			
Total Sales	13,468	10,505	13,851	14,106	15,479	18,629	77.3	20.4	11%
PBIT									
Electrical consumer durables	2173	1,558	2,300	2,130	2,279	2,285	46.7	0.3	2%
Lighting products	141	177	329	324	448	232	30.9	(48.1)	18%
BGAL						219			
Total PBIT	2,314	1,735	2,629	2,454	2,727	2,736	57.7	0.3	
Finance Costs									
Finance Costs	150	101	80	67	106	225	123.5	113.4	
Un-allocable expense	278	364	420	400	363	708	94.4	95.4	
as % of sales	2.1	3.5	3.0	2.8	2.3	3.8	9.6	62.3	
PBT	1886	1270	2129	1987	2259	1803	41.9	(20.2)	
PBIT Margins (%)									
							(bps)	(bps)	
Electrical consumer durables	20.3	17.6	21.0	19.4	18.5	17.0	(65)	92	
Lighting products	5.1	10.7	11.4	10.4	14.1	8.8	(183)	63	
BGAL						8.6			
Total PBIT	17.2	16.5	19.0	17.4	17.6	14.7	(183)	83	

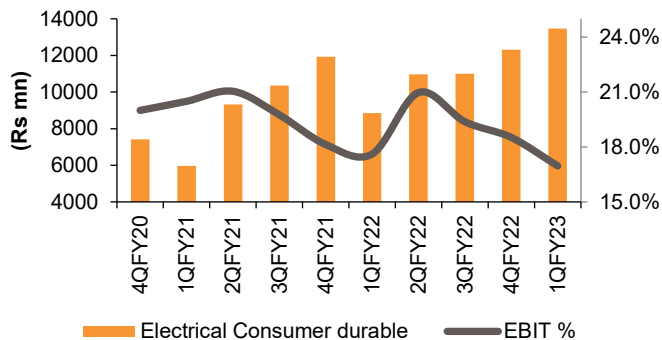
Source: Company, Emkay Research

Other highlights

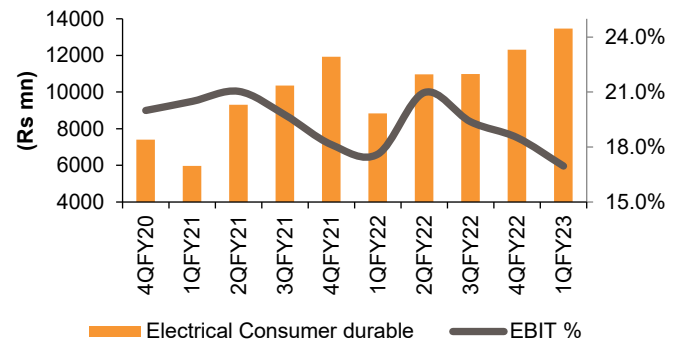
- **Electrical Consumer Durables:** Revenue grew by 8% (3-yr CAGR) to Rs13.5bn, with an EBIT margin of 17% (-60bps yoy, +150bps qoq).
 - Fans grew by 55% yoy, driven by strong growth in premium fans (66% yoy) and TPW fans (59% yoy).
 - Appliances grew by 88% with growth momentum across categories, with air cooler and iron categories continuing to see strong growth (combined growth of ~214%).
- **Lighting:** Revenue stood at Rs2.6bn, down 1% on a 3-yr CAGR basis. EBIT margin stood at 8.9% (-250bps yoy and -110bps qoq). Lighting revenue grew by 61% yoy, with the B2C LED business growing by 82%.
 - Growth momentum continued in the B2C LED business, driven by battens & panels. Both B2B trade and B2G business picked up in Q1.
- **Butterfly:** Revenue grew by 85%, recording all-time high sales, driven by strong robust growth in cookers (~140%+), stoves (~75%+) mixers (~65%+).
 - All key categories exhibited robust growth (+65%). Strong growth momentum was visible in non-South markets (~84%) and alternate channels.
 - About 5% of revenue growth came from the appointment of new retailers, direct dealers and distributors. The retail channel achieved 2x growth in monthly billed outlets.
- The company has entered the built-in kitchen appliances category with the launch of 'Crompton Signature Studios'. The product range includes 38 models across chimneys, gas hobs, built-in ovens & microwaves, and dishwashers.

Exhibit 5: Built-in kitchen appliances product range**38 SKUs addressing the mass premium to super premium segment with breakthrough differentiating features**

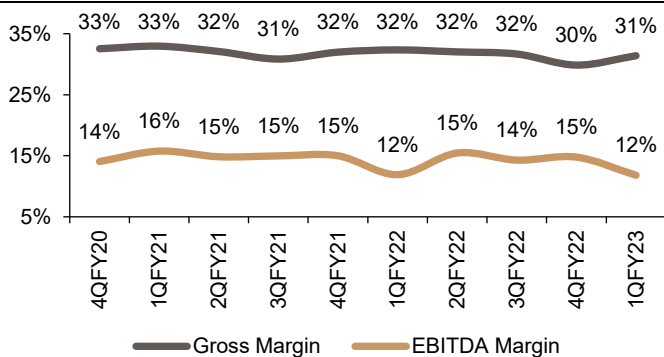
Source: Company, Emkay Research

Exhibit 6: ECD margins were down 60bps yoy

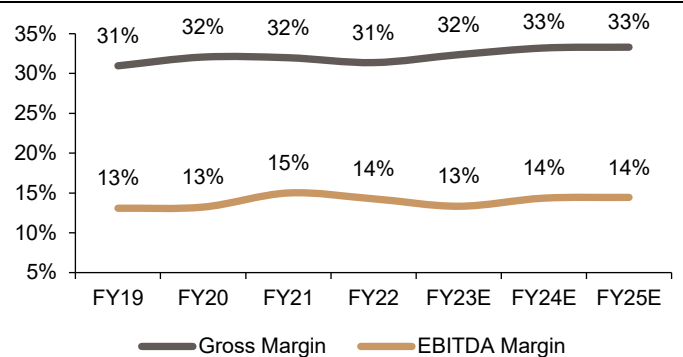
Source: Company, Emkay Research

Exhibit 7: Lighting segment's margins contracted 260bps yoy

Source: Company, Emkay Research

Exhibit 8: GM expanded despite cost headwinds

Source: Company, Emkay Research

Exhibit 9: FY23 expansion is attributable to BGAL consolidation and some improvement in underlying business

Source: Company, Emkay Research

We have revised ECD revenue estimates upwards as we include benefit of category expansion. Depreciation is higher as it include some consolidation related costs and the same is expected to continue, which is leading to EPS cut.

Exhibit 10: Changes in estimates

(Rs mn)	FY23E			FY24E			FY25E		
	Old	Revised	% Change	Old	Revised	% Change	Old	Revised	% Change
Electrical consumer durables	49,058	50,300	2.5%	54,322	55,907	2.9%	59,942	62,022	3.5%
Lighting	12,415	12,203	-1.7%	13,951	13,953	0.0%	15,813	15,598	-1.4%
BGAL	11,460	11,460	0.0%	12,836	12,836	0.0%	14,376	14,376	0.0%
Total Revenue	72,933	73,964	1.4%	81,108	82,696	2.0%	90,131	91,995	2.1%
EBITDA	9,806	9,860	0.6%	11,581	11,866	2.5%	13,002	13,286	2.2%
<i>EBITDA Margin %</i>	<i>13.4</i>	<i>13.3</i>	<i>-11 bps</i>	<i>14.3</i>	<i>14.3</i>	<i>7 bps</i>	<i>14.4</i>	<i>14.4</i>	<i>2 bps</i>
PAT	6,427	6,059	-5.7%	8,045	7,947	-1.2%	9,111	8,994	-1.3%
EPS	10.1	9.6	-5.7%	12.7	12.5	-1.2%	14.4	14.2	-1.3%

Source: Company, Emkay Research

Exhibit 11: Key assumptions

Revenue (Rs mn)	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Electrical consumer durables	32,136	33,890	37,571	43,110	50,300	55,907	62,022
% yoy growth	14%	5%	11%	15%	17%	11%	11%
Lighting Products	12,653	11,312	10,464	10,831	12,203	13,953	15,598
% yoy growth	-1%	-11%	-8%	4%	13%	14%	12%
BGAL					11,460	12,836	14,376
% yoy growth					14%	12%	12%
Total Revenue	44789	45203	48035	53941	73964	82696	91995
% yoy growth	10%	1%	6%	12%	37%	12%	11%

PBIT (Rs mn)							
Electrical consumer durables	6,162	6,731	7,392	8,267	9,431	11,014	12,218
% margin	19%	20%	19.7%	19%	19%	20%	20%
Lighting Products	1,069	706	1,317	1,278	1,242	1,518	1,677
% margin	8%	6.2%	13%	12%	10%	11%	11%
BGAL					1,109	1,428	1,599
% margin					10%	11%	11%
Total PBIT	7,230	7,437	8,710	9,545	11,782	13,959	15,494
% margin	16%	16%	18%	18%	16%	17%	17%

Source: Company, Emkay Research

Con-call highlights

- **All products, except for pumps, have seen ~5% volume growth on a 3-yr CAGR basis.** Alternate channels now contribute 12% of revenues vs. 9% last year. The yoy demand moderation in June was due to the high base from last year, along with the inflationary environment that impacted volumes in the last 3-4 quarters. **It will take some time for benign commodity prices to result in demand improvement.**
- **Built-in Kitchen Appliances:** The company has conducted extensive consumer research to decide the product range/features, which is one of the key differentiators for scaling it up. **It has already launched 17 EBOs with a target of 40-50 in the next three months (a large part of these will be in top cities). All the EBOs are on a franchisee model, with limited or no support from the company, and will be self-sustaining. CG aspires to be No. 3 player in the next three years, implying a market share of ~10% in Chimney and Hobs.**
 - Total addressable market size for hobs and chimneys stands at Rs22bn, which is seeing a 10% CAGR.
 - The company has outlined a clear distribution plan across channels (MBOs, E-Comm, EBOs and Kitchen retailers). In the next few months, the major 10 cities (60% of the market) will be covered. Of these 10 cities, the company has already launched products in 7. Within a year, Top 300 cities (90% of the target audience) will be covered.
 - The product pricing is on par with competitors' with better features.
 - **Gross margins in this category should be similar to existing products. EBITDA margins should improve with revenue scale-up as brand and distribution investments will remain elevated in the initial period of expansion.**
- **ECD:**
 - **Fans:** CG's market share has increased by 200bps to 28% (on a 12-month rolling basis). The distribution reach has improved by 2% in the last year.
 - The execution plan for **air coolers** has been fully implemented, and was reflected in volume and value growth of 209% and 218%, respectively, in Q1 - implying a 45% 3-yr CAGR.
 - **Pumps:** The weakness has persisted longer than expected as price increases (20-25% rise in the last 12-15 months) have aggravated the problem of slow demand. The recent increase in GST rate to 18% from 12% should also lead to a further increase in prices.
 - **Lighting:** Overall distribution reach has improved 2% last year. The trade business (non-government) has picked up and was back to pre-Covid levels in Q1. While revenue growth is expected from B2C in the ensuing quarters, B2B and B2G will take time to recover. EBIT margins in Q1 were impacted by higher A&P spending and some ECL provisions.
 - **Butterfly:** In last 18 months, the majority of revenues came from E-Comm. After the acquisition, the company added 1,000 new retailers and 100 channel partners. It has identified lots of areas for cost reduction and has started a program to achieve it. The product overlap with Crompton is only limited to mixer grinders.
 - **Margin and costs:** Despite increased investments, Q1 exit margins were at normal levels. Ad spends stood at Rs450mn vs. Rs170mn in Q4FY22 and Rs250mn in Q1FY23.
 - Employee costs included non-recurring items such as 1) higher-than-provisioned variable pay-out and 2) normalized increments cycle. The normal run-rate for standalone employee cost is Rs1-1.05bn vs. Rs1.19bn reported for Q1FY23.
 - If commodity costs remain benign, the cost benefits will be passed on to the consumers gradually.

Exhibit 12: Target multiple derived from a two-stage growth model

Revenue CAGR [FY22E-25E] (%)	19
EPS CAGR [FY22E-25E] (%)	20
Stage-1: FY25E-35E	
EPS in Yr-0 [FY25E] (Rs)	15
EPS in Yr-1 (Rs)	16
EPS CAGR (%)	11.0
Years of growth [n]	10.0
Incremental RoE (%)	80.0
CoE (%)	10.50
Implied DPR (%)	86

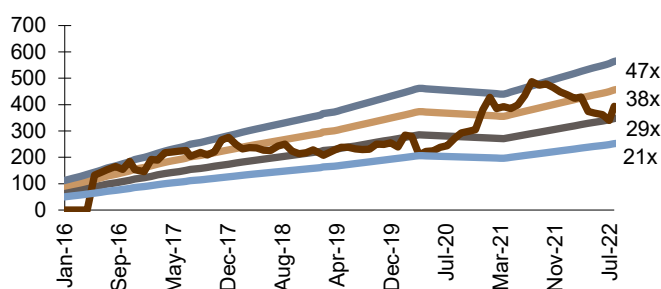
Terminal stage: >FY35E

EPS growth (%)	6.5
Incremental RoE (%)	80.0
Implied DPR (%)	92
Fair value P/E in Mar'25E (x)	31.3
Fair value in Mar'25E (Rs/share)	505
Fair value in Jun'23E (Rs/share)	424
NPV of dividends in FY22E-25E (Rs/share)	11
Overall fair value in Mar'23E (Rs/share)	435
Jun'24E EPS (Rs)	13
Implied fair value P/E in Jun'23E (x)	32.7
Premium applied to FV (%) [a]	0.0
Target P/E in Jun'23E (x)	32.7
Target price in Jun'23E (Rs/share)	435
CMP	375
Upside	16

Source: Company, Emkay Research

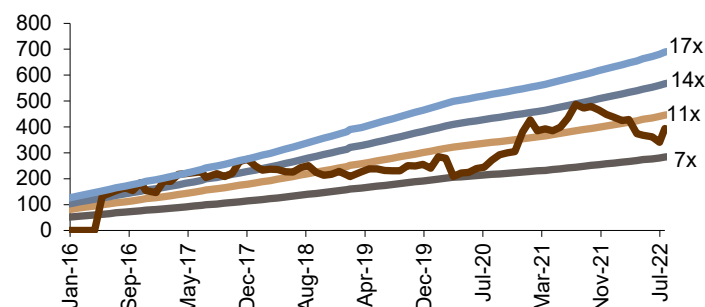
Valuation charts

Exhibit 13: One-year forward P/E band



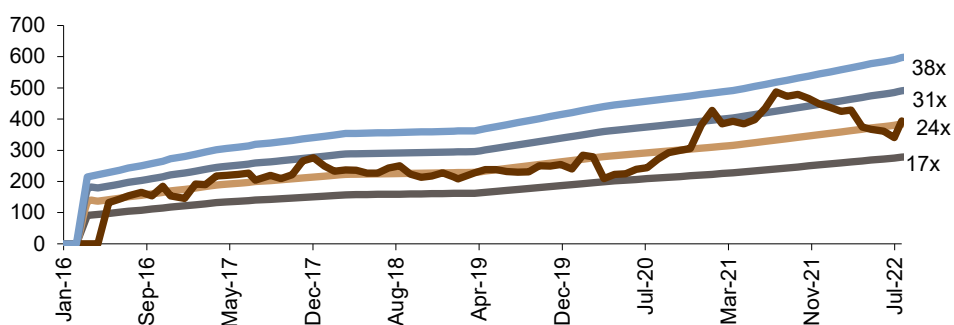
Source: Company, Bloomberg, Emkay Research

Exhibit 14: One-year forward P/B band



Source: Company, Bloomberg, Emkay Research

Exhibit 15: One-year forward EV/EBITDA band



Source: Company, Bloomberg, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	48,035	53,941	73,964	82,696	91,995
Expenditure	40,830	46,247	64,103	70,830	78,709
EBITDA	7,205	7,695	9,860	11,866	13,286
Depreciation	297	423	1,072	1,157	1,242
EBIT	6,908	7,272	8,789	10,710	12,044
Other Income	758	727	462	603	506
Interest expenses	429	353	1,012	427	232
PBT	7,236	7,645	8,238	10,886	12,318
Tax	1,070	1,732	2,090	2,740	3,100
Extraordinary Items	0	130	64	0	0
Minority Int./Income from Assoc.	0	0	153	199	223
Reported Net Income	6,167	6,043	6,059	7,947	8,994
Adjusted PAT	6,167	5,914	5,995	7,947	8,994

Balance Sheet

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	1,255	1,267	1,267	1,267	1,267
Reserves & surplus	18,059	23,263	27,422	33,469	40,563
Net worth	19,314	24,530	28,689	34,736	41,830
Minority Interest	0	7,825	1,312	1,510	1,734
Loan Funds	4,788	16,075	15,575	6,575	3,575
Net deferred tax liability	(586)	0	0	0	0
Total Liabilities	23,517	48,430	45,576	42,821	47,138
Net block	9,150	32,735	32,163	31,506	30,764
Investment	7,697	6,242	6,242	6,242	6,242
Current Assets	18,433	25,380	28,385	28,678	36,272
Cash & bank balance	6,040	9,152	7,169	5,002	9,975
Other Current Assets	0	0	0	0	0
Current liabilities & Provision	11,872	16,057	21,344	23,735	26,270
Net current assets	6,561	9,323	7,041	4,943	10,002
Misc. exp	0	0	0	0	0
Total Assets	23,517	48,430	45,576	42,821	47,138

Cash Flow

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
PBT (Ex-Other income) (NI+Dep)	6,479	6,919	7,776	10,282	11,812
Other Non-Cash items	0	0	0	0	0
Chg in working cap	1,896	936	299	(69)	(85)
Operating Cashflow	8,303	7,234	7,980	8,858	9,877
Capital expenditure	(267)	(24,029)	(500)	(500)	(500)
Free Cash Flow	8,036	(16,796)	7,480	8,358	9,377
Investments	(2,289)	1,456	0	0	0
Other Investing Cash Flow	(3,159)	4,618	3,000	2,000	0
Investing Cashflow	(4,957)	(17,229)	2,962	2,103	6
Equity Capital Raised	1	11	0	0	0
Loans Taken / (Repaid)	1,291	11,287	(500)	(9,000)	(3,000)
Dividend paid (incl tax)	(3,452)	(1,570)	(1,900)	(1,900)	(1,900)
Other Financing Cash Flow	5,284	9,771	(361)	5,367	5,225
Financing Cashflow	2,694	19,147	(3,774)	(5,960)	93
Net chg in cash	6,040	9,152	7,169	5,002	9,975
Opening cash position	481	6,040	9,152	7,169	5,002
Closing cash position	6,040	9,152	7,169	5,002	9,975

Source: Company, Emkay Research

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Key Ratios

Profitability (%)	FY21	FY22	FY23E	FY24E	FY25E
EBITDA Margin	15.0	14.3	13.3	14.3	14.4
EBIT Margin	14.4	13.5	11.9	13.0	13.1
Effective Tax Rate	14.8	22.6	25.4	25.2	25.2
Net Margin	12.8	11.0	8.3	9.9	10.0
ROCE	37.2	22.2	19.7	25.6	27.9
ROE	36.3	27.0	22.5	25.1	23.5
RoIC	65.0	34.2	27.1	33.7	38.7

Per Share Data (Rs)	FY21	FY22	FY23E	FY24E	FY25E
EPS	9.8	9.3	9.5	12.5	14.2
CEPS	10.3	10.0	11.2	14.4	16.2
BVPS	30.8	38.7	45.3	54.8	66.0
DPS	5.5	2.5	3.0	3.0	3.0

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	38.2	40.2	39.6	29.9	26.4
P/CEPS	36.4	37.5	33.6	26.1	23.2
P/BV	12.2	9.7	8.3	6.8	5.7
EV / Sales	4.7	4.4	3.2	2.8	2.4
EV / EBITDA	31.4	31.0	24.3	19.6	16.9
Dividend Yield (%)	1.5	0.7	0.8	0.8	0.8

Gearing Ratio (x)	FY21	FY22	FY23E	FY24E	FY25E
Net Debt/ Equity	(0.5)	0.0	0.1	(0.1)	(0.3)
Net Debt/EBIDTA	(1.2)	0.1	0.2	(0.4)	(1.0)
Working Cap Cycle (days)	4.0	1.2	(0.6)	(0.3)	0.1

Growth (%)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	6.3	12.3	37.1	11.8	11.2
EBITDA	20.3	6.8	28.1	20.3	12.0
EBIT	20.7	5.3	20.9	21.9	12.5
PAT	24.2	(2.0)	0.3	31.2	13.2

Quarterly (Rs mn)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Revenue	10,505	13,851	14,106	15,479	18,629
EBITDA	1,250	2,141	2,015	2,288	2,199
EBITDA Margin (%)	11.9	15.5	14.3	14.8	11.8
PAT	948	1,588	1,483	1,766	1,260
EPS (Rs)	1.5	2.5	2.3	2.8	2.0

Source: Company, Emkay Research

Shareholding Pattern (%)	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
Promoters	6.0	6.0	6.0	5.9	5.9
FII	40.2	41.5	40.2	38.0	37.3
DII	43.7	42.3	43.2	44.4	45.0
Public and Others	10.2	10.2	10.7	11.7	11.8

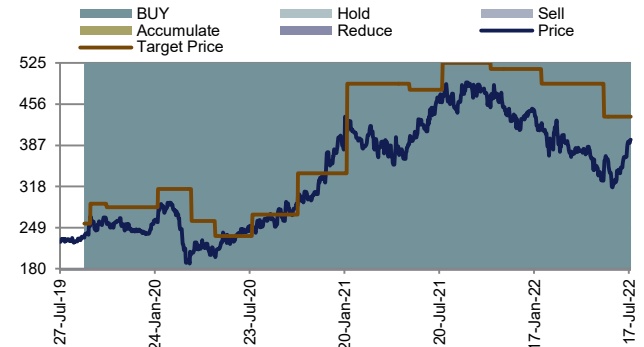
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
30-May-22	352	435	12m	Buy	Naval Seth
24-Feb-22	406	490	12m	Buy	Naval Seth
31-Jan-22	424	490	12m	Buy	Naval Seth
26-Oct-21	464	515	12m	Buy	Naval Seth
23-Aug-21	441	525	12m	Buy	Naval Seth
29-Jul-21	471	525	12m	Buy	Naval Seth
26-Jul-21	468	525	12m	Buy	Naval Seth
24-May-21	398	480	12m	Buy	Naval Seth
25-Jan-21	412	490	12m	Buy	Naval Seth
23-Oct-20	305	340	12m	Buy	Naval Seth
28-Jul-20	252	271	12m	Buy	Naval Seth
18-May-20	200	235	12m	Buy	Naval Seth
7-Apr-20	210	260	12m	Buy	Naval Seth
3-Apr-20	207	260	12m	Buy	Naval Seth
16-Mar-20	230	314	12m	Buy	Naval Seth
30-Jan-20	267	314	12m	Buy	Naval Seth
19-Nov-19	265	283	12m	Buy	Naval Seth
24-Oct-19	255	283	12m	Buy	Naval Seth
23-Sep-19	268	289	12m	Buy	Naval Seth
11-Sep-19	232	256	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 14 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	1.05	1.04	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	0.23	0.23	1%	0	22.04	0
Dixon Technologies	0.13	0.12	-3%	0	11.63	0
Havells India	0.31	0.31	1%	0	30.09	0
KEI Industries	0.00	0.00	NA	0	0.00	0
Polycab India	0.09	0.09	0%	0	8.97	0
V-Guard Industries	0.00	0.00	NA	0	0.00	0
Voltas	0.23	0.23	-1%	0	22.01	0
Whirlpool Of India	0.06	0.05	-7%	0	5.00	0
Cash	0.00	0.00	NA	0	0.27	0

Source: Emkay Research

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

Sector portfolio NAV

	Base					Latest
	1-Apr-19	20-Jul-21	21-Jan-22	22-Apr-22	22-Jun-22	22-Jul-22
EAP - Consumer Durables	100.0	172.4	184.4	181.6	148.5	164.8
BSE200 Neutral Weighted Portfolio (ETF)	100.0	159.1	170.3	170.0	139.0	154.4

*Performance measurement base date 1st April 2019

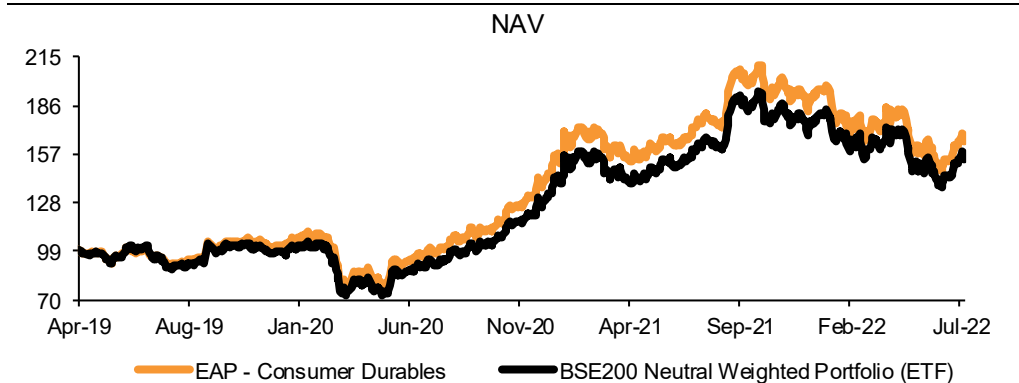
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Consumer Durables	11.0%	-9.2%	-10.6%	-4.4%
BSE200 Neutral Weighted Portfolio (ETF)	11.1%	-9.2%	-9.3%	-3.0%

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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HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 25 Jul 2022 21:36:53 (SGT)

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