Finolex Industries (FNXP IN)

Rating: BUY | CMP: Rs165 | TP: Rs224

**Agri-pipe vol. & PVC-EDC drives profitability**

We remain positive on Finolex Industries (FNXP)'s volume growth and healthy margin with PVC-EDC spread for near term, post our recent management meeting. FNXP will continue to focus on maintaining its leadership position in agri. pipe market and Q4/Q1 being seasonally strong quarters for agri-pipes volumes will benefit the company, in our view. Also, higher PVC-EDC spread (in range of USD600-650/MT) will help in maintaining EBITDA margin between 16-17%. We expect Sales/EBITDA/PAT CAGR of 7.7%/31.9%/25.6% over FY23-25E and arrive at SOTP based TP of Rs224 (unchanged; valuing business at 21x FY23 EPS). Maintain 'BUY'.

- **Fluctuation in PVC resin prices impacting volume growth:** Fluctuation in PVC resin prices impacted volume growth for FNXP in FY23. PVC resin prices were stable post severe correction in Nov-2022 to Rs66/kg, which drove volume growth for FNXP at 92% YoY in Q3FY23. However, PVC resin prices again slowly moved upward to Rs91/kg by Feb-2023. Further, slow opening of China market post Chinese new year, impacted PVC resin prices (latest post Rs3/kg correction in PVC resin prices on 15th Mar-23, stable at Rs81/Kg). Thus, with this volatility in raw material prices, there was an impact seen in agri-pipe volume. We observed strong traction in agri-pipe volume at the start of Q4FY23, which eventually moderated in March-2023 with raw material volatility. However, domestic major PVC resin supplier (Reliance Ind.) initiated price protection in PVC resin w.e.f 17th Mar-23 till 1st Apr-23, which we believe would help agri-pipe volume growth in its seasonal strong quarter. Also, Q4/Q1 being seasonally strong quarter for agri-pipe sales, there was deferment in the purchase by farmers in last two seasons (CY21/CY22). Thus we believe that volume growth for the company would be ~32%/14%/12% for FY23/FY24/FY25E.

- **Focus on 50:50 revenue mix from agri and plumbing piping:** FNXP is focusing on increasing contribution from plumbing segment to diversify its revenue mix by increasing product basket, distributors and partnering with plumbers, contractors, MEP consultants & builders. CPVC volume contribution in FNXP reached 33% by 9MFY23, which is expected to increase again slowly moved upward to Rs81/Kg). Thus, with this volatility in raw material prices, there was an impact seen in agri-pipe volume. We observed strong traction in agri-pipe volume at the start of Q4FY23, which eventually moderated in March-2023 with raw material volatility. However, domestic major PVC resin supplier (Reliance Ind.) initiated price protection in PVC resin w.e.f 17th Mar-23 till 1st Apr-23, which we believe would help agri-pipe volume growth in its seasonal strong quarter. Also, Q4/Q1 being seasonally strong quarter for agri-pipe sales, there was deferment in the purchase by farmers in last two seasons (CY21/CY22). Thus we believe that volume growth for the company would be ~32%/14%/12% for FY23/FY24/FY25E.

- **Capacity expansion in existing facilities:** FNXP has total pipe & fitting capacity of 370KMT, which is expected to increase in coming years in existing facilities, but management has not given timeline and quantity of expansion. Lack of capacity expansion plan, was major cause of concern for the company in the past, which expected to be addressed now.

- **Building team to drive plumbing growth:** Key managerial team of FNXP has seen complete overhaul change (of 11 KMPs, 6 are fresh hires). The company has also hired several senior level appointments for various functions (i.e. technical, finance, strategic affairs, marketing etc.).
Other key highlights of our management meeting:

- FNXP is currently focusing on advertisements (~1.5% sales) for their plumbing & sanitation business. Also connecting with architects, plumbers, engineering companies, builders to drive plumbing volume.
- The company is expending on IT for data management and data analytics, which will drive growth in future.
- Management expecting incremental growth from plumbing & sanitation segment in coming years.
- FNXP has fittings capacity of 48KMT at its Pune facility.

**Exhibit 1: FNXP volume vs rainfall – looks less correlated**

![Graph showing FNXP volume vs Rainfall]

**Source: Company, India Meteorological Department, PL**

**Exhibit 2: Key Managerial Personnel (KMPs) hired in last two years**

<table>
<thead>
<tr>
<th>Name</th>
<th>Joining Date</th>
<th>Designation</th>
<th>Education</th>
<th>Years of Experience</th>
<th>Previous Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ajit Venkataraman</td>
<td>Aug-22</td>
<td>CEO</td>
<td>IIT (Madras), MS &amp; MBA - Michigan State University</td>
<td>27 years</td>
<td>Greaves Cotton Ltd - Executive Director Business (2 years), APM Terminals - MD (4 years), Tata Motors - VP- Org Strategy &amp; CEO (Thailand)</td>
</tr>
<tr>
<td>Niraj Kedia</td>
<td>Aug-20</td>
<td>CFO</td>
<td>CA</td>
<td>20+ years</td>
<td>BVG India - CFO (1 yrs 7mon), Jet Airways - DGM (4 yrs 6mon), PWC, E&amp;Y</td>
</tr>
<tr>
<td>Saumya Chakrabarti</td>
<td>Sep-21</td>
<td>Director (Technical)</td>
<td>BSc (Hons)</td>
<td>35+ years</td>
<td>OPAL - COO (4 years 6 months), Reliance Ind, ISRL, Haldia Petrochemicals</td>
</tr>
<tr>
<td>Sarita Tripathi</td>
<td>Mar-23</td>
<td>Chief Human Resources Officer</td>
<td>IIM - Lucknow</td>
<td>12+ years</td>
<td>Capgemini - HR Head (Fin Div.), Vodafone, Tata Motors</td>
</tr>
<tr>
<td>Murali Raj G R</td>
<td>Dec-21</td>
<td>Chief Information Officer</td>
<td>BE (Electrical &amp; Electronics)</td>
<td>28+ years</td>
<td>HIL - CIO (~4 years), Tesco, HP</td>
</tr>
<tr>
<td>Prashant Joshi</td>
<td>Nov-21</td>
<td>President - Operations (Pipe Division)</td>
<td></td>
<td>30+ years</td>
<td>Time Technoplast - COO</td>
</tr>
<tr>
<td>Ashok Jaiswar</td>
<td>Feb-22</td>
<td>VP &amp; Head Marketing &amp; Communication</td>
<td>BE-University Of Mumbai</td>
<td>25+ years</td>
<td>Ampere Electric Vehicles - Head Marketing (3 years), Greaves Cotton - Head Marketing (5 years), FCA, Bajaj Auto, Mahindra &amp; Mahindra and Piaggio Vehicles</td>
</tr>
<tr>
<td>Vishal Mittal</td>
<td>Jul-21</td>
<td>GM - Head direct and indirect procurement</td>
<td>IIT (Kanpur) - Chemical Engineering</td>
<td>15+ years</td>
<td>Kansai Nerolac Paints - Chief Manager purchase (~4 years), Asian Paints - Purchase (8 years)</td>
</tr>
</tbody>
</table>

**Source: Company, PL**
**Exhibit 3: Sales volume contribution – Plumbing target to contribute 50%**

![Graph showing sales volume contribution by Q1FY21 to Q3FY23 for Agri and Non-Agric categories.]

Source: Company, PL

**Exhibit 4: Duty on major raw materials**

<table>
<thead>
<tr>
<th>Material (%)</th>
<th>Ethylene</th>
<th>EDC</th>
<th>VCM (resin/compound)</th>
<th>PVC (resin/compound)</th>
<th>CPVC (resin/compound)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCD (Basic Customs Duty)</td>
<td>2.5</td>
<td>Nil</td>
<td>2.5</td>
<td>7.5</td>
<td>7.5</td>
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<tr>
<td>SWS (Social Welfare Surcharge)</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
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<tr>
<td>IGST (Integrated Goods and Services Tax)</td>
<td>18</td>
<td>18</td>
<td>18</td>
<td>18</td>
<td>18</td>
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<tr>
<td>GST Comp. Cess</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Source: Company, PL

**Exhibit 5: PVC – EDC spreads**

![Graph showing PVC – EDC spreads from Jan-20 to Mar-23 with data points at various dates and values.]

Source: Company, PL
## Financials

### Income Statement (Rs m)

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY23E</th>
<th>FY24E</th>
<th>FY25E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenues</td>
<td>46,473</td>
<td>44,636</td>
<td>47,469</td>
<td>52,695</td>
</tr>
<tr>
<td>YoY gr. (%)</td>
<td>34.2</td>
<td>(4.0)</td>
<td>6.3</td>
<td>11.0</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>28,491</td>
<td>32,620</td>
<td>31,804</td>
<td>35,622</td>
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<td>Gross Profit</td>
<td>17,983</td>
<td>12,016</td>
<td>15,665</td>
<td>17,073</td>
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<tr>
<td>Margin (%)</td>
<td>38.7</td>
<td>26.9</td>
<td>33.0</td>
<td>32.4</td>
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<tr>
<td>Employee Cost</td>
<td>1,908</td>
<td>2,099</td>
<td>2,184</td>
<td>2,340</td>
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<td>Other Expenses</td>
<td>1,974</td>
<td>2,857</td>
<td>1,899</td>
<td>2,108</td>
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<tr>
<td><strong>EBITDA</strong></td>
<td>10,237</td>
<td>3,848</td>
<td>7,642</td>
<td>8,463</td>
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<tr>
<td>YoY gr. (%)</td>
<td>3.5</td>
<td>(62.4)</td>
<td>98.6</td>
<td>10.7</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>22.0</td>
<td>8.6</td>
<td>16.1</td>
<td>16.1</td>
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<tr>
<td>Depreciation and Amortization</td>
<td>834</td>
<td>863</td>
<td>912</td>
<td>962</td>
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<tr>
<td><strong>EBIT</strong></td>
<td>9,403</td>
<td>2,985</td>
<td>6,730</td>
<td>7,501</td>
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<tr>
<td>Margin (%)</td>
<td>20.2</td>
<td>6.7</td>
<td>14.2</td>
<td>14.2</td>
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<td>Net Interest</td>
<td>141</td>
<td>250</td>
<td>202</td>
<td>198</td>
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<td>Other Income</td>
<td>822</td>
<td>1,068</td>
<td>1,100</td>
<td>1,200</td>
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<tr>
<td>Profit Before Tax</td>
<td>13,831</td>
<td>3,802</td>
<td>7,628</td>
<td>8,503</td>
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<tr>
<td>Margin (%)</td>
<td>29.8</td>
<td>8.5</td>
<td>16.1</td>
<td>16.1</td>
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<tr>
<td>Total Tax</td>
<td>3,181</td>
<td>636</td>
<td>1,945</td>
<td>2,165</td>
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<td><strong>Effective tax rate (%)</strong></td>
<td>23.0</td>
<td>16.7</td>
<td>25.5</td>
<td>25.5</td>
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<tr>
<td><strong>Profit after tax</strong></td>
<td>10,650</td>
<td>3,166</td>
<td>5,683</td>
<td>6,337</td>
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<tr>
<td>Minority interest</td>
<td>(15)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share Profit from Associate</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Adjusted PAT</strong></td>
<td>10,864</td>
<td>3,166</td>
<td>5,683</td>
<td>6,337</td>
</tr>
<tr>
<td>YoY gr. (%)</td>
<td>47.8</td>
<td>(70.3)</td>
<td>79.5</td>
<td>11.5</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>22.9</td>
<td>7.1</td>
<td>12.0</td>
<td>12.0</td>
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<tr>
<td>Extra Ord. Income / (Exp)</td>
<td>(3,761)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td><strong>Reported PAT</strong></td>
<td>6,904</td>
<td>3,166</td>
<td>5,683</td>
<td>6,337</td>
</tr>
<tr>
<td>YoY gr. (%)</td>
<td>(4.3)</td>
<td>(54.1)</td>
<td>79.5</td>
<td>11.5</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>14.9</td>
<td>7.1</td>
<td>12.0</td>
<td>12.0</td>
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<tr>
<td>Other Comprehensive Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Comprehensive Income</td>
<td>6,904</td>
<td>3,166</td>
<td>5,683</td>
<td>6,337</td>
</tr>
<tr>
<td><strong>Equity Shares O/s (m)</strong></td>
<td>620</td>
<td>620</td>
<td>620</td>
<td>620</td>
</tr>
<tr>
<td><strong>EPS (Rs)</strong></td>
<td>17.2</td>
<td>5.1</td>
<td>9.2</td>
<td>10.2</td>
</tr>
</tbody>
</table>

*Source: Company Data, PL Research*

### Balance Sheet Abstract (Rs m)

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY23E</th>
<th>FY24E</th>
<th>FY25E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Block</td>
<td>24,650</td>
<td>26,255</td>
<td>27,755</td>
<td>29,255</td>
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<tr>
<td>Tangibles</td>
<td>24,650</td>
<td>26,255</td>
<td>27,755</td>
<td>29,255</td>
</tr>
<tr>
<td>Intangibles</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Acc: Dep / Amortization</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangibles</td>
<td>14,718</td>
<td>15,581</td>
<td>16,493</td>
<td>17,455</td>
</tr>
<tr>
<td>Intangibles</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net fixed assets</strong></td>
<td>9,932</td>
<td>10,674</td>
<td>11,261</td>
<td>11,800</td>
</tr>
<tr>
<td>Tangibles</td>
<td>9,932</td>
<td>10,674</td>
<td>11,261</td>
<td>11,800</td>
</tr>
<tr>
<td>Intangibles</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>16,300</td>
<td>15,300</td>
<td>14,500</td>
<td>13,500</td>
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<tr>
<td>Inventories</td>
<td>10,155</td>
<td>9,782</td>
<td>9,803</td>
<td>10,833</td>
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<td>Trade receivables</td>
<td>3,345</td>
<td>3,212</td>
<td>3,416</td>
<td>3,792</td>
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<tr>
<td>Cash &amp; Bank Balance</td>
<td>881</td>
<td>1,984</td>
<td>4,773</td>
<td>8,106</td>
</tr>
<tr>
<td><strong>Other Current Assets</strong></td>
<td>543</td>
<td>543</td>
<td>543</td>
<td>543</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>54,336</td>
<td>55,240</td>
<td>58,040</td>
<td>62,318</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity Share Capital</td>
<td>1,241</td>
<td>1,241</td>
<td>1,241</td>
<td>1,241</td>
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<tr>
<td><strong>Other Equity</strong></td>
<td>38,037</td>
<td>39,678</td>
<td>42,619</td>
<td>45,899</td>
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<tr>
<td><strong>Total Networth</strong></td>
<td>39,278</td>
<td>40,918</td>
<td>43,860</td>
<td>47,140</td>
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<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Long Term borrowings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Provisions</strong></td>
<td>155</td>
<td>155</td>
<td>155</td>
<td>155</td>
</tr>
<tr>
<td><strong>Other non current liabilities</strong></td>
<td>779</td>
<td>779</td>
<td>779</td>
<td>779</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ST Debt / Current of LT Debt</td>
<td>2,780</td>
<td>2,780</td>
<td>2,280</td>
<td>2,280</td>
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<tr>
<td>Trade payables</td>
<td>4,634</td>
<td>4,448</td>
<td>4,797</td>
<td>4,733</td>
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<td><strong>Other current liabilities</strong></td>
<td>4,569</td>
<td>4,049</td>
<td>4,012</td>
<td>4,987</td>
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<tr>
<td><strong>Total Equity &amp; Liabilities</strong></td>
<td>54,336</td>
<td>55,240</td>
<td>58,040</td>
<td>62,318</td>
</tr>
</tbody>
</table>

*Source: Company Data, PL Research*
### Quarterly Financials (Rs m)

<table>
<thead>
<tr>
<th>Y/e Mar</th>
<th>Q4FY22</th>
<th>Q1FY23</th>
<th>Q2FY23</th>
<th>Q3FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenue</strong></td>
<td>15,946</td>
<td>11,898</td>
<td>9,411</td>
<td>11,248</td>
</tr>
<tr>
<td>YoY gr. (%)</td>
<td>27.6</td>
<td>23.2</td>
<td>(13.1)</td>
<td>11.9</td>
</tr>
<tr>
<td>Raw Material Expenses</td>
<td>11,083</td>
<td>7,999</td>
<td>8,528</td>
<td>7,602</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>4,863</td>
<td>3,900</td>
<td>883</td>
<td>3,646</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>30.5</td>
<td>32.8</td>
<td>9.4</td>
<td>32.4</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>2,647</td>
<td>1,259</td>
<td>(1,427)</td>
<td>919</td>
</tr>
<tr>
<td>YoY gr. (%)</td>
<td>(35.5)</td>
<td>(39.9)</td>
<td>(147.3)</td>
<td>(62.0)</td>
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<tr>
<td>Margin (%)</td>
<td>16.6</td>
<td>10.6</td>
<td>(15.2)</td>
<td>8.2</td>
</tr>
<tr>
<td>Depreciation / Depletion</td>
<td>216</td>
<td>213</td>
<td>216</td>
<td>225</td>
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<tr>
<td><strong>EBIT</strong></td>
<td>2,431</td>
<td>1,046</td>
<td>(1,642)</td>
<td>694</td>
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<tr>
<td>Margin (%)</td>
<td>15.2</td>
<td>8.8</td>
<td>(17.5)</td>
<td>6.2</td>
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<tr>
<td>Net Interest</td>
<td>81</td>
<td>113</td>
<td>43</td>
<td>51</td>
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<tr>
<td>Other Income</td>
<td>248</td>
<td>251</td>
<td>393</td>
<td>278</td>
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<tr>
<td><strong>Profit before Tax</strong></td>
<td>2,974</td>
<td>1,183</td>
<td>(1,293)</td>
<td>921</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>18.7</td>
<td>9.9</td>
<td>(13.7)</td>
<td>8.2</td>
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<tr>
<td>Total Tax</td>
<td>1,421</td>
<td>182</td>
<td>(353)</td>
<td>260</td>
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<td>Effective tax rate (%)</td>
<td>47.8</td>
<td>15.4</td>
<td>27.3</td>
<td>28.3</td>
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<td><strong>Profit after Tax</strong></td>
<td>1,553</td>
<td>1,001</td>
<td>(939)</td>
<td>660</td>
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<td>Minority interest</td>
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<td>-</td>
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</tr>
<tr>
<td>Share Profit from Associates</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adjusted PAT</strong></td>
<td>1,553</td>
<td>1,001</td>
<td>(939)</td>
<td>660</td>
</tr>
<tr>
<td>YoY gr. (%)</td>
<td>(47.8)</td>
<td>(32.0)</td>
<td>(140.0)</td>
<td>(62.9)</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>9.7</td>
<td>8.4</td>
<td>(10.0)</td>
<td>5.9</td>
</tr>
<tr>
<td><strong>Reported PAT</strong></td>
<td>1,553</td>
<td>1,001</td>
<td>(939)</td>
<td>660</td>
</tr>
<tr>
<td>YoY gr. (%)</td>
<td>(47.8)</td>
<td>(32.0)</td>
<td>(140.0)</td>
<td>(62.9)</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>9.7</td>
<td>8.4</td>
<td>(10.0)</td>
<td>5.9</td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Comprehensive Income</strong></td>
<td>1,553</td>
<td>1,001</td>
<td>(939)</td>
<td>660</td>
</tr>
<tr>
<td>Avg. Shares O/s (m)</td>
<td>620</td>
<td>620</td>
<td>620</td>
<td>620</td>
</tr>
<tr>
<td>EPS (Rs)</td>
<td>2.5</td>
<td>1.6</td>
<td>(1.5)</td>
<td>1.1</td>
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</tbody>
</table>

Source: Company Data, PL Research

### Key Financial Metrics

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<thead>
<tr>
<th>Y/e Mar</th>
<th>FY22</th>
<th>FY23E</th>
<th>FY24E</th>
<th>FY25E</th>
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<tbody>
<tr>
<td><strong>Per Share (Rs)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>EPS</td>
<td>17.2</td>
<td>5.1</td>
<td>9.2</td>
<td>10.2</td>
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<tr>
<td>CEPS</td>
<td>18.5</td>
<td>6.5</td>
<td>10.6</td>
<td>11.8</td>
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<tr>
<td>BVPS</td>
<td>63.3</td>
<td>65.9</td>
<td>70.7</td>
<td>76.0</td>
</tr>
<tr>
<td>FCF</td>
<td>8.6</td>
<td>3.2</td>
<td>7.1</td>
<td>7.2</td>
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<tr>
<td>DPS</td>
<td>4.0</td>
<td>3.9</td>
<td>2.2</td>
<td>2.6</td>
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<tr>
<td><strong>Return Ratio (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RoCE</td>
<td>24.9</td>
<td>7.0</td>
<td>15.0</td>
<td>15.7</td>
</tr>
<tr>
<td>ROIC</td>
<td>35.2</td>
<td>9.7</td>
<td>19.5</td>
<td>21.4</td>
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<tr>
<td>RoE</td>
<td>30.2</td>
<td>7.9</td>
<td>13.4</td>
<td>13.9</td>
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<tr>
<td><strong>Balance Sheet</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Debt : Equity</td>
<td>(0.4)</td>
<td>(0.4)</td>
<td>(0.4)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Net Working Capital (Days)</td>
<td>70</td>
<td>70</td>
<td>65</td>
<td>69</td>
</tr>
<tr>
<td><strong>Valuation (x)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PER</td>
<td>9.6</td>
<td>32.4</td>
<td>18.1</td>
<td>16.2</td>
</tr>
<tr>
<td>P/B</td>
<td>2.6</td>
<td>2.5</td>
<td>2.3</td>
<td>2.2</td>
</tr>
<tr>
<td>P/CEPS</td>
<td>8.9</td>
<td>25.5</td>
<td>15.6</td>
<td>14.1</td>
</tr>
<tr>
<td>EV/EBITDA</td>
<td>8.6</td>
<td>22.9</td>
<td>11.2</td>
<td>9.8</td>
</tr>
<tr>
<td>EV/Sales</td>
<td>1.9</td>
<td>2.0</td>
<td>1.8</td>
<td>1.6</td>
</tr>
<tr>
<td>Dividend Yield (%)</td>
<td>2.4</td>
<td>2.3</td>
<td>1.3</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Source: Company Data, PL Research
**Price Chart**

**Recommendation History**

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Rating</th>
<th>TP (Rs.)</th>
<th>Share Price (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>01-Mar-23</td>
<td>BUY</td>
<td>224</td>
<td>169</td>
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**Analyst Coverage Universe**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Company Name</th>
<th>Rating</th>
<th>TP (Rs.)</th>
<th>Share Price (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Astral Ltd.</td>
<td>BUY</td>
<td>2,160</td>
<td>1,889</td>
</tr>
<tr>
<td>2</td>
<td>Bajaj Electricals</td>
<td>Accumulate</td>
<td>1,286</td>
<td>1,154</td>
</tr>
<tr>
<td>3</td>
<td>Cera Sanitaryware</td>
<td>BUY</td>
<td>7,280</td>
<td>6,184</td>
</tr>
<tr>
<td>4</td>
<td>Crompton Greaves Consumer Electricals</td>
<td>BUY</td>
<td>406</td>
<td>305</td>
</tr>
<tr>
<td>5</td>
<td>Finolex Industries</td>
<td>BUY</td>
<td>224</td>
<td>169</td>
</tr>
<tr>
<td>6</td>
<td>Havells India</td>
<td>BUY</td>
<td>1,447</td>
<td>1,205</td>
</tr>
<tr>
<td>7</td>
<td>Kajaria Ceramics</td>
<td>BUY</td>
<td>1,302</td>
<td>1,057</td>
</tr>
<tr>
<td>8</td>
<td>KEI Industries</td>
<td>Hold</td>
<td>1,572</td>
<td>1,508</td>
</tr>
<tr>
<td>9</td>
<td>Polycab India</td>
<td>Hold</td>
<td>2,750</td>
<td>2,761</td>
</tr>
<tr>
<td>10</td>
<td>Prince Pipes and Fittings</td>
<td>BUY</td>
<td>693</td>
<td>552</td>
</tr>
<tr>
<td>11</td>
<td>Supreme Industries</td>
<td>BUY</td>
<td>3,177</td>
<td>2,761</td>
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<tr>
<td>12</td>
<td>Voltas</td>
<td>BUY</td>
<td>980</td>
<td>850</td>
</tr>
</tbody>
</table>

**PL’s Recommendation Nomenclature (Absolute Performance)**

- **Buy**: > 15%
- **Accumulate**: 5% to 15%
- **Hold**: +5% to -5%
- **Reduce**: -5% to -15%
- **Sell**: < -15%
- **Not Rated (NR)**: No specific call on the stock
- **Under Review (UR)**: Rating likely to change shortly
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