

KEI Industries

Refer to important disclosures at the end of this report

Revenue guidance unaffected by commodity price correction

- KEI's Q1FY23 revenue beat our estimates by 7%, with LT Cable/House Wires surpassing projections by 8%/11%. All product segments saw a 3-yr revenue CAGR in the range of 10-25%. The company's C&W growth was the highest vs. peers on a 3-yr CAGR basis.
- C&W exports grew by 2.2x yoy on a favorable base and were up 62% qoq as well. B2C sales contributed 41.7% of total sales, up from 40% in Q4FY22. GM was slightly ahead of estimates at 23.5% (-411bps yoy), aided by lower sub-contracting expenses.
- Despite the sharp correction in commodity prices, management maintained FY23 revenue growth guidance of 16-17%. The distribution network is expected to grow by 30-35% in FY23. Net debt, after a significant reduction in Q1, should remain stable going forward.
- Reflecting the commodity price correction and management guidance, we have lowered FY23-25E revenue by 3%. But the cut in FY23 EPS estimate is restricted to 2%. Maintain Buy with a Jun'23E TP of Rs1,350. Our target PE is derived using a two-stage DCF model.

Strong revenue growth across C&W segments: Revenue grew by 53.8% yoy to Rs15.7bn (3-year CAGR: 13%). Growth was seen across all the segments, except for EPC, which declined by 2.3% yoy. Domestic Institutional C&W revenue rose 40% yoy, while exports were up 2.2x yoy. Dealer sales stood at Rs6.5bn (+68% yoy) and contributed 41.7% to total sales, up from 40% in Q4FY22 and 38.1% in Q1FY22. HW/WW saw 78% yoy growth, driven by price increases and a focus on network expansion (to 1,800 dealers from 1,650 a year ago). EBITDA grew by 40% yoy to Rs1.6bn. Margins contracted by 98bps yoy to 10.2%. Gross margins fell to 23.5% from 27.6% in Q1FY22, hit by commodity inflation. Employee expenses were up 11% yoy. Other opex increased 30.5% yoy. PAT was up 55% yoy to Rs1bn. Net debt (incl. acceptance) fell steeply to Rs320mn from Rs2.7bn in Q4.

Outlook: Management believes that distribution network growth (30-35%) and strong order book in other segments will help it achieve its FY23 revenue growth guidance of 16-17% despite the sharp correction in commodity prices. Management has also maintained its medium-term revenue growth guidance of 17-18%. Net debt is expected to remain stable, after falling sharply in 1Q, as working capital and capex needs are expected to be funded via cash generated. With secular tailwinds, such as increased government spending on infrastructure projects and higher private capex in select industries, top-line growth is expected to remain strong. The focus on B/S deleveraging, consistency in working capital delivery, and robust revenue growth with margin improvement should help sustain valuation re-rating. We estimate FY22-25 revenue/EBITDA/PAT CAGRs of 17%/23%/25%. **Key risks:** weak government spends on infra, power and other key sectors; delayed private capex recovery; market share loss; and commodity price volatility and INR depreciation.

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

Financial Snapshot (Consolidated)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	41,815	57,266	66,212	77,701	91,739
EBITDA	4,605	5,888	7,098	9,005	10,987
EBITDA Margin (%)	11.0	10.3	10.7	11.6	12.0
APAT	2,734	3,760	4,715	6,005	7,325
EPS (Rs)	30.4	41.8	52.5	66.8	81.5
EPS (% chg)	6.3	37.5	25.4	27.4	22.0
ROE (%)	16.6	19.2	20.0	21.0	21.0
P/E (x)	39.9	29.0	23.1	18.2	14.9
EV/EBITDA (x)	23.9	18.5	15.2	11.9	9.6
P/BV (x)	6.1	5.1	4.2	3.5	2.8

Source: Company, Emkay Research

CMP	Target Price
Rs 1,214 as of (July 27, 2022)	Rs 1,350 (■) 12 months
Rating	Upside
BUY (■)	11.2 %

Change in Estimates

EPS Chg FY23E/FY24E (%)	(2.4)/
Target Price change (%)	-
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY23E	FY24E
Emkay	52.5	66.8
Consensus	53.0	65.8
Mean Consensus TP (12M)	Rs 1,373	

Stock Details

Bloomberg Code	KEII IN
Face Value (Rs)	2
Shares outstanding (mn)	90
52 Week H/L	1,377 / 690
M Cap (Rs bn/USD bn)	109 / 1.37
Daily Avg Volume (nos.)	253,840
Daily Avg Turnover (US\$ mn)	3.9

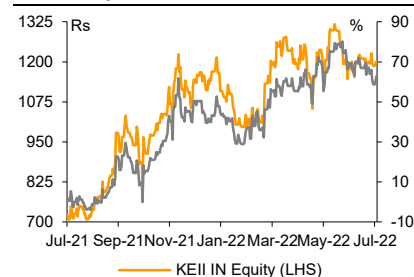
Shareholding Pattern Jun '22

Promoters	38.0%
FII's	26.5%
DII's	19.5%
Public and Others	16.0%

Price Performance

(%)	1M	3M	6M	12M
Absolute	1	2	10	70
Rel. to Nifty	(4)	4	13	61

Relative price chart



Source: Bloomberg

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Exhibit 1: Actual vs. Estimates (Q1FY23)

(Rs mn)	Actual	Estimate (Emkay)	Consensus estimate (Bloomberg)	% variation		Comment
				Emkay	Consensus	
Revenue	15,654	14,607	14,944	7%	5%	Beat led by strong growth in LT cables and House Wires
EBITDA	1,596	1,402	1,398	14%	14%	Better-than-estimated gross margins
<i>EBITDA Margin</i>	<i>10.2%</i>	<i>9.6%</i>	<i>9.4%</i>	<i>60 bps</i>	<i>84 bps</i>	
PAT	1,038	904	952	15%	9%	

Source: Company, Bloomberg, Emkay Research

Exhibit 2: Summary of standalone quarterly financials

Rs mn	Q1FY20	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ (%)	3-year CAGR
Net Sales	10,814	10,176	13,534	15,638	17,917	15,654	53.8	(12.6)	13.1%
Raw Material	7842	7363	10111	12009	13939	11971	62.6	(14.1)	15.1%
as % of sales	72.5	72.4	74.7	76.8	77.8	76.5			
Employee Cost	515	505	491	511	499	560	10.9	12.3	2.8%
as % of sales	4.8	5.0	3.6	3.3	2.8	3.6			
Other operating expenses	1316	1170	1470	1550	1759	1526	30.5	(13.2)	5.1%
as % of sales	12.2	11.5	10.9	9.9	9.8	9.8			
Total Expenditure	9674	9,038	12,072	14,070	16,197	14,058	55.5	(13.2)	13.3%
EBITDA	1139	1,137	1,462	1,568	1,720	1,596	40.4	(7.2)	11.9%
Depreciation	152	139	140	137	139	139	0.2	0.1	-2.9%
EBIT	988	999	1,323	1,431	1,581	1,457	45.9	(7.8)	13.8%
Other Income	52	28	26	17	78	35	27.1	(54.9)	-12.1%
Interest	330	114	99	90	101	92	(19.2)	(8.2)	-34.6%
PBT	710	912	1249	1358	1559	1400	53.5	(10.2)	25.4%
Tax	252	241	329	346	399	363	50.5	(9.1)	12.9%
PAT	458	671	920	1012	1160	1038	54.6	(10.5)	31.3%
Margins (%)							(bps)	(bps)	
Gross Margin	27.5	27.6	25.3	23.2	22.2	23.5	(411)	132	
EBITDA	10.5	11.2	10.8	10.0	9.6	10.2	(98)	60	
EBIT	9.1	9.8	9.8	9.2	8.8	9.3	(50)	48	
EBT	6.6	9.0	9.2	8.7	8.7	8.9	(2)	25	
PAT	4.2	6.6	6.8	6.5	6.5	6.6	3	16	
Effective Tax rate	35.5	26.4	26.4	25.5	25.6	25.9	(52)	31	

Source: Company, Emkay Research

Other highlights

- Revenue grew by 53.8% yoy to Rs15.7bn (3-year CAGR: 13%). Growth was seen in all product categories, except for EPC, which declined 2.3% yoy.
 - Domestic Institutional C&W revenue rose 40% yoy, while exports were up 2.2x yoy.
 - Dealer sales stood at Rs6.5bn (+68% yoy) and formed 41.7% of the total sales (40% in Q4FY22 and 38.1% in Q1FY22).
 - *HW/WW saw 78% growth yoy, driven by price increases and focus on network expansion - to 1,800 dealers in Q1FY23 from 1,650 in Q1FY22.*
- EBITDA grew by 40% yoy to Rs1.6bn. Margins contracted by 98bps yoy to 10.2%.
 - Gross margins fell to 23.5% from 27.6% in Q1FY22 due to commodity price inflation.
 - Employee expenses grew by 11% yoy. Other opex rose 30.5% yoy.
- PAT was up 55% yoy to Rs1bn.

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Segment-wise performance

- **Cables:** Revenues rose 83% yoy to Rs14.2bn (3-yr CAGR: 18%). EBIT margin contracted by 174bps yoy, whereas it rose by 87bps to 9.9% qoq.
- **Stainless steel wires:** Revenue increased by 28% yoy (3-yr CAGR: 24%). EBIT margins contracted by 127bps yoy and 54bps qoq to 5%.
- **Turnkey projects:** Revenue grew by 58% yoy. EBIT margins contracted sharply by 291bps yoy and 531bps qoq to 6.2%.

Exhibit 3: Segment-wise quarterly summary (standalone)

Rs mn	Q1FY20	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ (%)	3-year CAGR
Cables	8,549	8,844	12,112	14,057	16,214	14,206	83.3	(12.4)	18%
Stainless steel wires	318	478	518	652	612	610	28.0	(0.3)	24%
Turnkey projects	3,074	1,379	2,754	2,428	2,174	1,536	57.7	(29.4)	-21%
Less: Intersegment	1,127	525	1,849	1,498	1,083	697	106.2	(35.6)	-15%
Net Sales	10,814	10,176	13,534	15,638	17,917	15,654	76.1	(12.6)	13%
PBIT									
Cables	891.0	947	1,238	1,366	1,312	1,274	38.6	(3.0)	13%
Stainless steel wires	19.2	30	42	31	34	30	13.1	(10.1)	17%
Turnkey projects	443.3	125	213	233	249	95	99.6	(62.0)	-40%
Total PBIT	1,353	1,102	1,494	1,629	1,595	1,399	44.8	(12.3)	1%
Finance Costs									
Finance Costs	329.6	114	99	90	101	92	(12.0)	(8.2)	-35%
Un-allocable expense	314	75	145	181	-64	-94	(185.3)	46.3	-167%
as % of sales	2.9	0.7	1.1	1.2	-0.4	-0.6			-159%
Exceptional Items									
PBT	710	912	1,249	1,358	1,559	1,400	70.9	(10.2)	25%
PBIT Margins (%)									
Cables	10.4	10.7	10.2	9.7	8.1	9.0	(174)	87	
Stainless steel wires	6.0	6.3	8.1	4.7	5.5	5.0	(127)	(54)	
Turnkey projects	14.4	9.0	7.7	9.6	11.4	6.2	(289)	(529)	
Total PBIT	12.5	10.8	11.0	10.4	8.9	8.9	(189)	3	

Source: Company, Emkay Research

Balance sheet, working capital and other highlights

- Working capital days improved to 101 days from 109 in Q4FY22 and 130 in Q1FY22, helped by a reduction in receivable and payable days.
- Total net debt (incl. acceptances) stood at Rs320mn vs. Rs2.7bn in Q4FY22.
- The pending order book stood at Rs27.4bn at Q1-end vs. Rs24.2bn in Q4. The company is also in the L1 stage for a Rs2bn+ order in the EHV segment.
- Active working dealer count increased to 1,800 in Q1FY23 from 1,650 in Q1FY22.

Exhibit 4: WC improvement continues

Working capital days (TTM)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Receivable	109	106	106	89	67
Inventory	67	70	73	69	62
payable	45	37	35	49	28
NWC	130	138	144	109	101

Source: Company, Emkay Research

Exhibit 5: Net debt reduction surprised positively

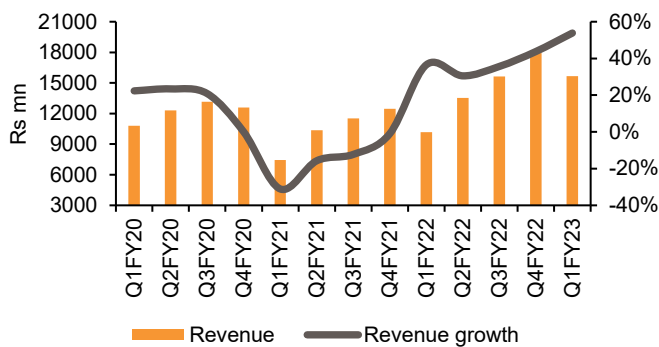
Rs mn	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Gross Debt	2980	3400	4910	3310	1010
Acceptances	1,960	1,280	810	2,990	1,030
Total Debt including acceptances	4940	4680	5720	6300	2040
Cash	1580	640	850	3600	1720
Net Debt	3360	4040	4870	2700	320

Source: Company, Emkay Research

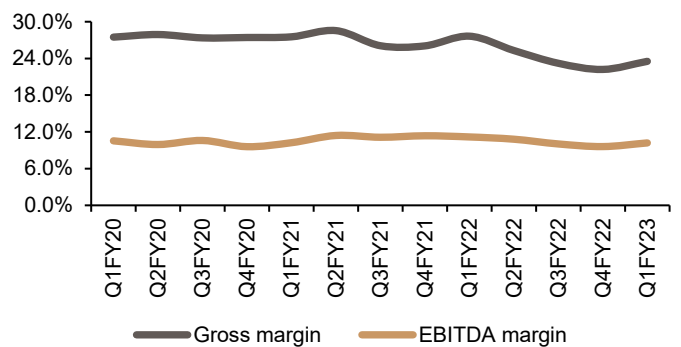
Exhibit 6: Order book breakdown

Rs mn	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
EPC	7,050	6,210	6,470	8,060	11,600	10,770	10,380	9,590	8,780
EHV	6,270	5,620	4,600	5,060	5,020	5,320	4,190	2,240	3,530
Cable	11,120	10,260	10,500	11,980	13,100	15,250	14,290	11,000	14,280
Export	5,070	4,540	4,430	510	500	1,620	1,080	1,370	820
Total	29,510	26,630	26,110	25,610	30,220	32,960	29,940	24,200	27,410

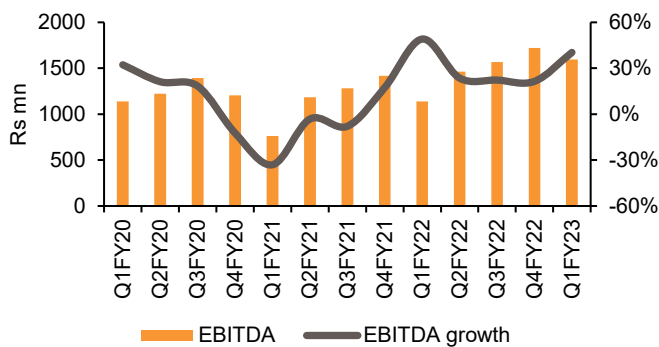
Source: Company, Emkay Research

Exhibit 7: Revenue grew 44% yoy with most segments growing in double-digits

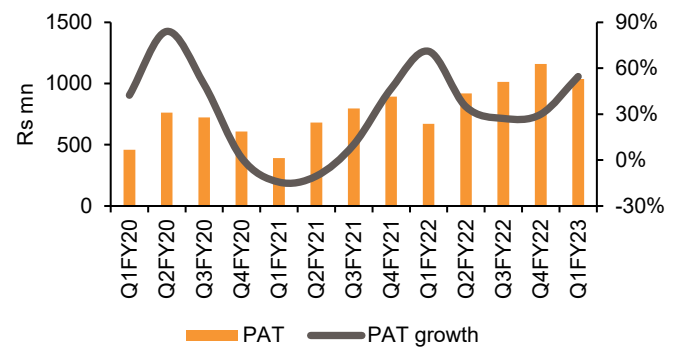
Source: Company, Emkay Research

Exhibit 8: Margins contracted yoy and qoq, impacted by commodity inflation

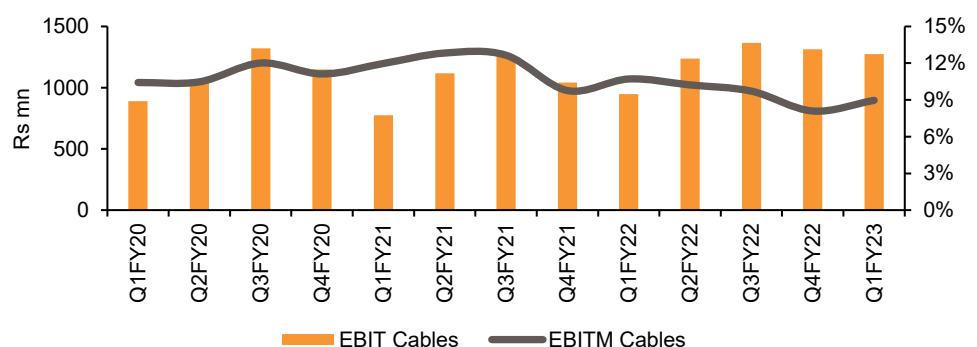
Source: Company, Emkay Research

Exhibit 9: EBITDA grew 21.4% yoy on topline growth

Source: Company, Emkay Research

Exhibit 10: PAT grew yoy and qoq, following the EBITDA trend

Source: Company, Emkay Research

Exhibit 11: Cable segment's margins contracted yoy and qoq

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Exhibit 12: Changes in estimates

Particulars (Rs mn)	FY23E			FY24E			FY25E		
	Old	Revised	% Change	Old	Revised	% Change	Old	Revised	% Change
Revenue	68,254	66,212	-3.0%	80,015	77,701	-2.9%	94,760	91,739	-3.2%
EBITDA	7,506	7,098	-5.4%	9,329	9,005	-3.5%	11,286	10,987	-2.7%
EBITDA Margin %	11.0	10.7	-28 bps	11.7	11.6	-7 bps	11.9	12.0	7 bps
PAT	4,836	4715	-2.5%	6,016	6005	-0.2%	7,314	7,325	0.2%
EPS	53.8	52.5	-2.5%	67.0	66.8	-0.2%	81.4	81.5	0.2%

Source: Company, Emkay Research

Exhibit 13: Key revenue and margin assumptions

Key assumptions	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Revenues (Rs mn)								
Cables	27,332	33,636	39,859	35,743	51,227	59,940	71,042	84,668
% growth	34%	23%	19%	-10%	43%	17%	19%	19%
Stainless steel wires	1,183	1,380	1,375	1,417	2,259	2,441	2,636	2,847
% growth	4%	17%	0%	3%	60%	8%	8%	8%
Turnkey projects	9,561	10,333	13,967	9,767	8,735	8,360	8,778	9,217
% growth	42%	8%	35%	-30%	-11%	-4%	5%	5%
Less: intersegmental	-3,045	-3,039	-6,323	-5,111	-4,985	-4,560	-4,788	-5,027
Net sales	35,031	42,310	48,878	41,815	57,236	66,180	77,668	91,705
% growth	24%	21%	16%	-14%	37%	16%	17%	18%
Segmental EBIT (Rs mn)								
Cables	2,964	3,664	4,414	4,164	4,864	6,144	7,744	9,568
Stainless steel wires	71	91	88	65	136	146	158	171
Turnkey projects	1,038	1,422	1,637	907	820	794	922	968
EBIT (%)								
Cables	10.8%	10.9%	11.1%	11.6%	9.5%	10.3%	10.9%	11.3%
Stainless steel wires	6.0%	6.6%	6.4%	4.6%	6.0%	6.0%	6.0%	6.0%
Turnkey projects	10.9%	13.8%	11.7%	9.3%	9.4%	9.5%	10.5%	10.5%

Source: Company, Emkay Research

Exhibit 14: P/E multiple derived from a two-stage growth model

Revenue CAGR [FY22E-25E] (%)	17
EBITDA CAGR [FY22E-25E] (%)	23
EBIT CAGR [FY22E-25E] (%)	24
EPS CAGR [FY22E-25E] (%)	25
Adj. beta vs Nifty (#)	0.82
Stage-1: FY25E-35E	
EPS in Yr-0 [FY25E] (Rs)	81
EPS in Yr-1 (Rs)	91
EPS CAGR (%)	12.0
Years of growth [n]	10.0
Incremental RoE (%)	20.0
CoE (%)	11.50
Implied DPR (%)	40
Terminal stage: >FY35E	
EPS growth (%)	6.0
Incremental RoE (%)	20.0
Implied DPR (%)	70
Fair value P/E in Mar'25E (x)	16.3
Fair value in Mar'25E (x) (Rs/share)	1,473
Fair value in Jun'23E (Rs/share)	1,217
NPV of dividends in FY22E-25E (Rs/share)	13
Overall fair value in Jun'23E (Rs/share)	1,230
Jun'24E EPS (Rs)	70
Implied fair value P/E in Jun'23E (x)	17.6
Premium applied to FV (%) [a]	10.0
Target P/E in Jun'23E (x)	19.3
Target price in Jun'23E (Rs/share)	1,350

Source: Emkay Research, [a] Premium is driven by likely front-loading of growth during Stage-1 and product extension towards FMEG categories.

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Con-call highlights

Even after the steep correction in commodity prices, management remains confident about achieving the earlier-stated FY23 revenue growth guidance of 16-17%, underpinned by its plan to expand the distribution network by 30-35% during the year.

- Overall volume growth in Q1FY23 was ~27% yoy.
- Some channel de-stocking happened in Q1FY23; however, current channel inventory is very low. Sales of C&W to solar power generation companies are substantial. **The company has lowered the prices of C&W by 10-12% in the last few weeks. Management said the company has been receiving a higher number of enquiries after the sharp correction in commodity prices.**
- Total exports are estimated to be Rs7.5bn in FY23.
- **Price changes:** B2B contracts are based on prevailing prices and the tenure of the contract. Only 10-15% of projects are on fixed prices. In the case of B2C, prices are revised every fortnight.
- **In the next 2-3 years, the distribution expansion will be in the Top-100 cities. After that, the plan is to focus on rural expansion. KEI's current market share in house wires stands at 6-6.5%.**

EHV cables: The market size is Rs30bn with the continuing reduction in imports. Major players in this segment are KEI, Universal Cables and Korea-based LS Cable & System. KEI now has 90% capacity utilization, while with de-bottlenecking, it can grow by 20%.

Margin: FY23 EBITDA margin is expected to be 10.5-11%. A moderation in commodity price volatility augurs well for margins.

Balance sheet: The company will receive Rs1bn as retention money from the government. It will generate enough cash to fund both capex and incremental working capital requirements. Net debt is expected to remain stable at Q1FY23 levels.

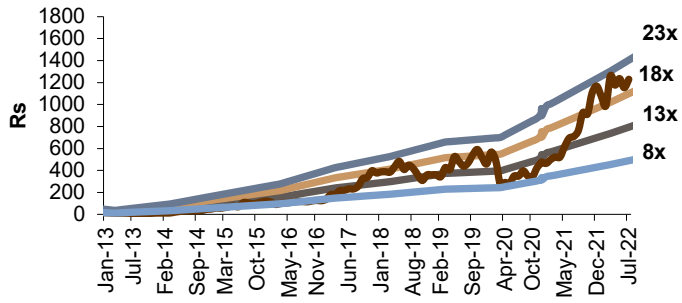
- Domestic raw material purchases are done in cash as the company has enough cash on hand.
- Receivable days are expected to be ~75 in FY23.
- About 60-65% of B2C sales are under channel financing. The recourse on non-channel financing stands at 60%.

Capex: Management has maintained its per-year capex guidance of Rs2-2.5bn for the next three years. This will be used for expanding capacity and achieving the 17-18% medium-term revenue growth target.

- 1-2 more months are required to complete the acquisition of the entire land parcel for the capacity expansion. The land cost would be ~Rs500-600mn, out of the total capex outlay of Rs8bn for the next three years.
- Annual maintenance capex stands at ~Rs250mn.

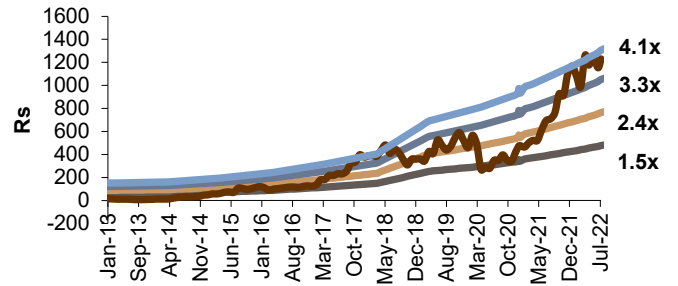
Valuation charts

Exhibit 15: 1-year forward P/E valuation band



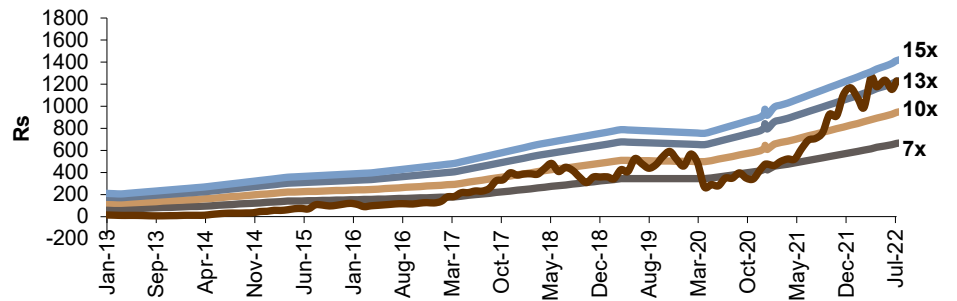
Source: Company, Bloomberg, Emkay Research

Exhibit 16: 1-year forward P/B valuation band



Source: Company, Bloomberg, Emkay Research

Exhibit 17: 1-year forward EV/EBITDA valuation band



Source: Company, Bloomberg, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	41,815	57,266	66,212	77,701	91,739
Expenditure	37,210	51,378	59,114	68,696	80,753
EBITDA	4,605	5,888	7,098	9,005	10,987
Depreciation	578	555	597	779	938
EBIT	4,027	5,333	6,501	8,227	10,049
Other Income	201	146	202	172	181
Interest expenses	573	404	403	374	441
PBT	3,654	5,075	6,301	8,025	9,789
Tax	921	1,315	1,586	2,020	2,464
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	1	0	0	0	0
Reported Net Income	2,734	3,760	4,715	6,005	7,325
Adjusted PAT	2,734	3,760	4,715	6,005	7,325

Balance Sheet

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	180	180	180	180	180
Reserves & surplus	17,601	21,136	25,568	31,213	38,100
Net worth	17,781	21,316	25,748	31,393	38,280
Minority Interest	0	0	0	0	0
Loan Funds	3,054	3,031	1,586	1,076	1,261
Net deferred tax liability	295	295	295	295	295
Total Liabilities	21,129	24,641	27,628	32,764	39,835
Net block	5,371	5,371	6,905	8,757	10,450
Investment	12	12	12	12	12
Current Assets	24,686	29,497	29,992	34,634	41,705
Cash & bank balance	2,212	3,374	2,873	3,022	4,383
Other Current Assets	1,075	1,190	1,375	1,613	1,903
Current liabilities & Provision	9,010	10,310	9,352	10,710	12,403
Net current assets	15,675	19,187	20,640	23,923	29,302
Misc. exp	0	0	0	0	0
Total Assets	21,129	24,641	27,628	32,764	39,835

Cash Flow

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
PBT (Ex-Other income) (NI+Dep)	3,454	4,929	6,099	7,852	9,608
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(2,230)	(2,350)	(1,954)	(3,134)	(4,017)
Operating Cashflow	1,539	2,200	3,558	3,852	4,505
Capital expenditure	(372)	(554)	(2,131)	(2,631)	(2,631)
Free Cash Flow	1,167	1,645	1,427	1,221	1,874
Investments	(4)	0	0	0	0
Other Investing Cash Flow	930	23	0	0	0
Investing Cashflow	754	(385)	(1,929)	(2,459)	(2,450)
Equity Capital Raised	1	0	0	0	0
Loans Taken / (Repaid)	(612)	(24)	(1,445)	(509)	185
Dividend paid (incl tax)	(180)	(225)	(282)	(360)	(439)
Other Financing Cash Flow	(860)	0	0	0	0
Financing Cashflow	(2,224)	(653)	(2,130)	(1,243)	(695)
Net chg in cash	69	1,162	(501)	149	1,361
Opening cash position	2,144	2,212	3,374	2,873	3,022
Closing cash position	2,212	3,374	2,873	3,022	4,383

Source: Company, Emkay Research

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Key Ratios

Profitability (%)	FY21	FY22	FY23E	FY24E	FY25E
EBITDA Margin	11.0	10.3	10.7	11.6	12.0
EBIT Margin	9.6	9.3	9.8	10.6	11.0
Effective Tax Rate	25.2	25.9	25.2	25.2	25.2
Net Margin	6.5	6.6	7.1	7.7	8.0
ROCE	21.0	23.9	25.7	27.8	28.2
ROE	16.6	19.2	20.0	21.0	21.0
RoIC	16.9	19.7	21.2	22.7	23.1

Per Share Data (Rs)	FY21	FY22	FY23E	FY24E	FY25E
EPS	30.4	41.8	52.5	66.8	81.5
CEPS	36.9	48.0	59.1	75.5	92.0
BVPS	197.9	237.2	286.6	349.4	426.0
DPS	2.0	2.5	3.1	4.0	4.9

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	39.9	29.0	23.1	18.2	14.9
P/CEPS	32.9	25.3	20.5	16.1	13.2
P/BV	6.1	5.1	4.2	3.5	2.8
EV / Sales	2.6	1.9	1.6	1.4	1.2
EV / EBITDA	23.9	18.5	15.2	11.9	9.6
Dividend Yield (%)	0.2	0.2	0.3	0.3	0.4

Gearing Ratio (x)	FY21	FY22	FY23E	FY24E	FY25E
Net Debt/ Equity	0.0	0.0	(0.1)	(0.1)	(0.1)
Net Debt/EBIDTA	0.2	(0.1)	(0.2)	(0.2)	(0.3)
Working Cap Cycle (days)	117.5	100.8	97.9	98.2	99.1

Growth (%)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	(14.4)	36.9	15.6	17.4	18.1
EBITDA	(7.4)	27.9	20.6	26.9	22.0
EBIT	(8.6)	32.4	21.9	26.5	22.1
PAT	6.7	37.5	25.4	27.4	22.0

Quarterly (Rs mn)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Revenue	10,176	13,534	15,638	17,917	15,654
EBITDA	1,137	1,462	1,568	1,720	1,596
EBITDA Margin (%)	11.2	10.8	10.0	9.6	10.2
PAT	671	920	1,012	1,160	1,038
EPS (Rs)	7.5	10.3	11.3	13.0	11.6

Source: Company, Emkay Research

Shareholding Pattern (%)	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
Promoters	39.2	38.0	38.0	38.0	38.0
FII	18.1	19.4	21.8	25.3	26.5
DII	25.9	25.8	24.0	21.5	19.5
Public and Others	16.8	16.8	16.2	15.2	16.0

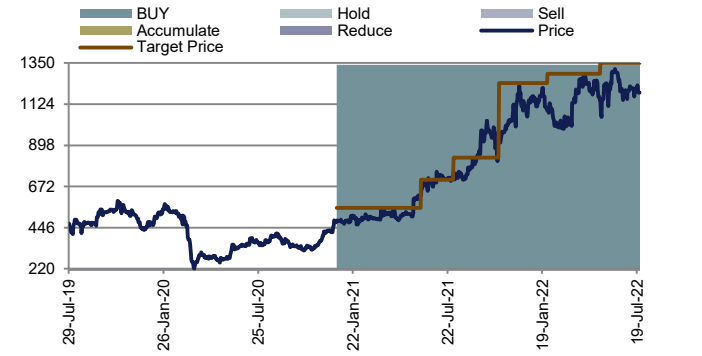
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
10-May-22	1,149	1,350	12m	Buy	Naval Seth
29-Jan-22	1,090	1,290	12m	Buy	Naval Seth
28-Oct-21	921	1,240	12m	Buy	Naval Seth
23-Aug-21	713	830	12m	Buy	Naval Seth
2-Aug-21	749	830	12m	Buy	Naval Seth
1-Jun-21	624	710	12m	Buy	Naval Seth
30-Jan-21	464	554	12m	Buy	Naval Seth
22-Dec-20	479	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 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	1.04	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	22.32	0
Dixon Technologies	0.12	0.12	-3%	0	11.29	0
Havells India	0.31	0.31	1%	0	30.17	0
KEI Industries	0.00	0.00	NA	0	0.00	0
Polycab India	0.09	0.10	0%	0	9.10	0
V-Guard Industries	0.00	0.00	NA	0	0.00	0
Voltas	0.23	0.23	-1%	0	21.81	0
Whirlpool Of India	0.06	0.05	-7%	0	5.05	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	26-Jul-21	25-Jan-22	26-Apr-22	27-Jun-22	26-Jul-22
EAP - Consumer Durables	100.0	176.1	179.7	181.8	154.3	162.2
BSE200 Neutral Weighted Portfolio (ETF)	100.0	162.6	167.4	170.3	144.5	152.0

*Performance measurement base date 1st April 2019

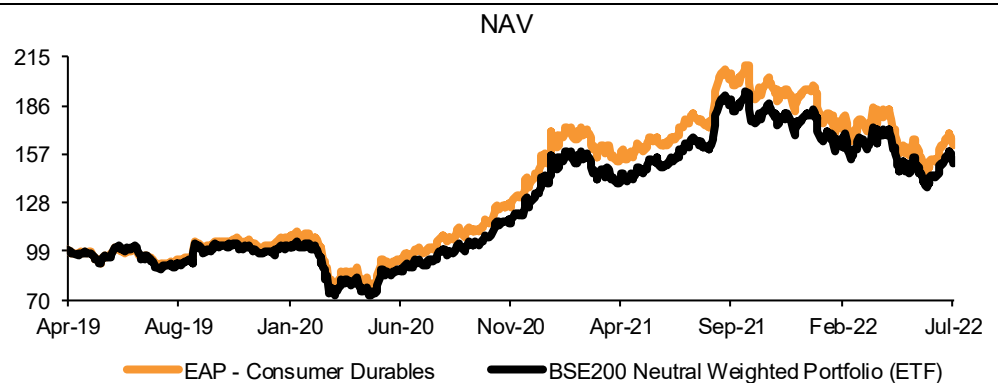
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Consumer Durables	5.1%	-10.7%	-9.7%	-7.9%
BSE200 Neutral Weighted Portfolio (ETF)	5.2%	-10.8%	-9.2%	-6.6%

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”

Emkay Rating Distribution

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

Completed Date: 28 Jul 2022 00:04:42 (SGT)

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