

Polycab India Ltd

No. of shares (m)	149.10
Mkt cap (Rs crs/\$m)	20220/2797.0
Current price (Rs/\$)	1356/18.8
Price target (Rs/\$)	1574/21.8
52 W H/L (Rs.)	1387/572
Book Value (Rs/\$)	300/4.1
Beta	0.9
Daily NSE volume (avg. monthly)	422320
P/BV (FY21e/22e)	4.4/3.7
EV/EBITDA (FY21e/22e)	15.0/12.0
P/E (FY21e/22e)	26.5/20.7
EPS growth (FY20/FY21e/22e)	44.7/0.4/27.9
OPM (FY20/FY21e/22e)	12.9/12.8/13.3
ROE (FY20/FY21e/22e)	22.9/18.1/19.5
ROCE(FY20/FY21e/22e)	22.9/18.0/19.3
D/E ratio (FY20/FY21e/22e)	0.0/0.1/0.0
BSE Code	542652
NSE Code	POLYCAB
Bloomberg	POLYCAB IN
Reuters	POLC.NS

Shareholding pattern

	%
Promoters	68.4
MFs / Banks / FIs/Others	10.3
Foreign Portfolio Investors	7.0
Govt. Holding	0.0
Public & Others	14.3
Total	100.0

As on Dec 31, 2020.

Recommendation

ACCUMULATE

Phone: + 91 (33) 4488 0055

E- mail: research@cdequi.com

Highlights

- Supported by a robust growth in its FMEG segment (over 40%), Polycab recorded a topline growth of 11.6% in Q3FY21 vs the same period last year. As a result, FMEG's share to the overall revenue leaped from ~8.6% in Q3FY20 to ~10.8% in Q3FY21 (by 222 bps). On the contrary, wires and cables segment, a major contributor to the company's earnings, witnessed a steady rise of 11% in Q3FY21 vs Q3FY20 with its share of overall revenue slightly declining in Q3FY21 in comparison to the same period last fiscal. As the economy starts gearing up with the aid of higher infrastructural allocation done in the recent budget, there is expectation of higher traction in wires and cables demand in India.
- A significantly higher other income majorly arising from exchange rate differences helped push EBIT up by ~21.3% in Q3FY21 vs the same period last fiscal. FMEG' share to the overall EBIT though down on a QoQ basis rose tremendously from ~0.5% in Q3FY20 to ~5% in Q3FY21. A flat out 41% growth in FMEG segment is creditable to the expanding distribution network (Since Q3FY20, 300 dealers and distributors were added exclusively for FMEG; 'experimental electric stores' have now expanded to Trivandrum and Visakhapatnam), better product mix and measured pricing actions. Moderately higher channel financing percentage in the FMEG space and premiumisation of most of its matured products positively influenced the segment's EBIT which rose from just Rs 1.40 crs in Q3FY20 to Rs 18.16 crs in Q3FY21.
- To further improvise its cost structure, it fully acquired the Ryker Plant for the purpose of manufacturing copper cathodes which is a major input to making copper wires. Better negotiating power and economies of scales arising out of this acquisition will provide Polycab the necessary economic moat.
- The stock currently trades at 26.5x FY21e EPS of Rs 51.26 and 20.7x FY22e EPS of Rs 65.57. Recovering from the pandemic's aftermath, earnings are expected to flat line this year before leapfrogging 27.9% next fiscal backed by higher capacity utilization and improved product pricing for FMEG. Weighing odds, we assign accumulate rating on the stock with target price of Rs 1574 (previous target: Rs 1099) based on 24x FY22e EPS of Rs 65.57 over a period of 9-12 months.

Consolidated (Rs crs)	FY18	FY19	FY20	FY21e	FY22e
Income from operations	6770.31	7985.55	8829.96	8710.79	10262.10
Other Income	64.44	63.78	92.79	146.29	200.07
EBITDA (other income included)	793.32	1016.54	1227.82	1264.67	1566.71
Consolidated Net Profit	354.91	498.31	760.05	764.24	977.70
EPS(Rs)	25.13	35.29	51.05	51.26	65.57
EPS growth (%)	52.6	40.4	44.7	0.4	27.9

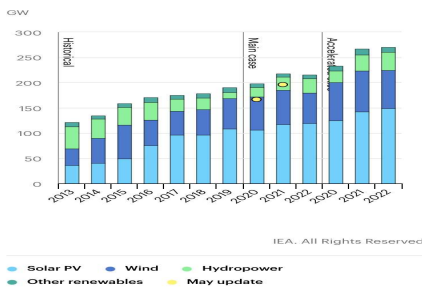
Industry Overview

As stated by Grand View Research, the global wires and cables market size was estimated at USD 183.14 billion in 2020. It is expected to expand at a compound annual growth rate (CAGR) of 4.4% from 2021 to 2028. Increasing infrastructure development, rising implementation of smart grid technology, and an increase in renewable energy generation across the world are some of the key factors driving the growth of the wires and cables market.

The market in Asia Pacific region is anticipated to expand at the highest CAGR of 4.7% over the forecast period (2021-2028). The ever growing demand for light, power, and communication is anticipated to fuel the market over the forecast period. The government initiatives such as “Make in India”, and “Go Green” policy is expected to drive the market in India. According to the “Indian Electrical Equipment Industry Mission Plan 2012-2022”, GOI has planned to make India one of the largest electrical equipment producers and obtain productivity of USD 100 billion, thus driving the demand for cables over the period 2012-2022.

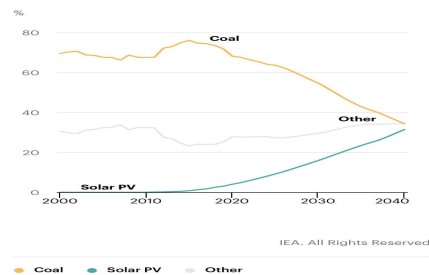
With an aim to foster the growth of power and infrastructure sectors, several measures were taken in Union Budget 2021-22 spanning from 100% electrification of Broad Gauge Routes by 2023, Rs 1300 crs of additional investment in Integrated Power Development Scheme, a ~3x further investment in Metro projects as compared to last fiscal, to a boost in several schemes like Pradhan Mantri Gram Sadak Yojna, Deen Dayal Upadhyaya Gram Jyoti Yojna et al. Besides, Urban Rejuvenation Mission: AMRUT and Smart Cities Mission have also seen higher budgetary allocations which will boost, telecom, power generation, T&D, engineering and automotive sectors leading to an ultimate benefit to electrical industry.

Renewable electricity net capacity additions (globally) by technology, and main accelerated cases, 2013-2022



Source: IEA

Changes in share of power generation in India in the Stated Policies Scenario, 2010-2040



Source: IEA

Power is among the most critical component of infrastructure, crucial for the economic growth and welfare of nations. The existence and development of adequate infrastructure is essential for sustained growth of the Indian economy. India is the third largest producer and second largest consumer of electricity in the world and had an installed power capacity of 373.43 gigawatts (GW) as of October 2020 vs 364.96 GW in the same period last year. The budgetary measures support the ambitious energy transition announced by the Prime Minister, including the renewable energy target of 450 GW by 2030. Furthermore technology transitions such as the rollout of 5G networks and IoT are driving the accelerated adoption of electronics products. Initiatives such as ‘Digital India’ and ‘Smart City’ projects have raised the demand for IoT in the market and will accordingly usher in a new era for electronic products.

Segment Updates

Wires and Cables

Wires and cables business gained traction from second quarter onwards and closed at 11% higher in Q3FY21 as compared to the same period last year. It managed to pull off an EBIT margin of 12.8% (before inter segmental adjustments) in Q3FY21 (11.9% in Q3FY20) even though their main raw material- copper's price climbed sharply in the recent quarter. Distribution side (retail wires & FMEG) of the business has been accelerating fast since the pandemic as a result of aggressive expansion of distribution networks across the country. On a whole, this particular segment is the largest source of revenue (85%) as well as profits to the business. About 65% penetration of channel financing has been reached (until Q2FY21) under the segment with an aim to improve inventory levels and reduce the receivables. While the company acquired Ryker aiming for a better control over its supplies and enjoy benefits of backward integration; rise in copper prices could impede margins.

FMEG

Polycab forayed into this segment 6 years ago and it now has 52% of its total distribution reach under the FMEG segment. Q3FY21's topline witnessed noteworthy 41% growth vs the same period last fiscal and it's also increasing steadily on a QoQ basis. Concerns over its measly EBIT margin of 2% in FY20 can rest for a while as the segment recorded an EBIT margin of 4.7% in 9MFY21. Increasing percentage of channel financing in the segment (from 17-18% in Q2 to 25% in Q3FY21) caused modest levels of reduction in the finished goods as well as receivables, thereby improving working capital. Not failing to be at par with the industry's innovative standards, it launched a new product- Internet of Things under its premium category, hence focusing on 'premiumisation'.

EPC

The 'others segment' largely comprising of EPC business registered a revenue de growth of over 47% in Q3FY21 as compared to the same period last fiscal. Accordingly its EBIT fell down by a rate of ~71% in Q3FY21 from the same period last fiscal. Followed by sluggish institutional growth, its share of total revenue fell from 6% in Q3FY20 to 2.8% in Q3FY21. EBIT margin of the segment fluctuates frequently due to its dependence on the performance of the economy, therefore making it a business marked with varying fortunes.

Copper

This new segment has come into existence after acquiring Ryker Plant which was a joint venture until 5th May, 2020 for a consideration amount of Rs 30.38 crs for the balance 50%. The acquisition was motivated by strong backward integration and to improve the quality of its key input-copper. Currently (in Q3FY21) this plant operates at a 50% utilization rate which will further improve as demand for electrical items improves across the country. The main motive of setting up this segment is to have better control over its supplies, the idea to supply copper to third party is barely the focus, now.

Exports

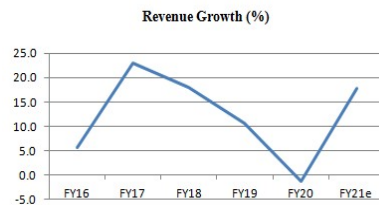
Exports bagged ~8% of the overall topline in 9MFY21 vs ~3% in 9MFY20 on account of stronger growth in demand coming from the distribution side (B2C wires and FMEG), excluding the Dangote sales order. Sales outside India grew ~114% in 9MFY21 vs the same period last year (excluding the effect of Dangote). As regards Dangote, Rs 934 crs out of Rs 950 crs of order has been executed so far (Rs 750 crs done in FY20). Directionally, B2C wires and FMEG are gaining more traction in exports as against domestic market. On an average, exports' share to the topline has remained around 8% in the recent quarters and the company expects to maintain a status quo on this rate mostly vouching for a healthy growth on the distribution side. PIL has two wholly owned subsidiaries in US and Australia, there's another subsidiary in Italy which is in the process of winding up. It has exported to more than 40 countries in the recent past with its globally certified quality products.

Financial Valuations

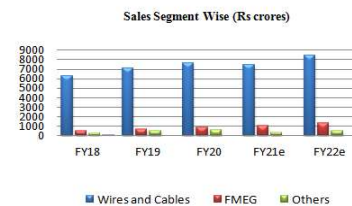
Revenue for 9MFY21 de grew by 12.1% marred by low sales volume in Q1FY21 as a result of the Covid 19 outbreak. The topline started gaining acceleration after the first quarter and in Q3FY21, it outperformed the same period last quarter by 11.6%. All segments' topline except FMEG's were affected for 9MFY21 whose revenue grew by 5.3% compared to the same period last year. PIL captures 12% of the total wires and cables market in India and 18% of the total organized sector, it is quite imperative that it would benefit from the contraction of unorganized sector.



Source: Polycab India, CD Equiresearch

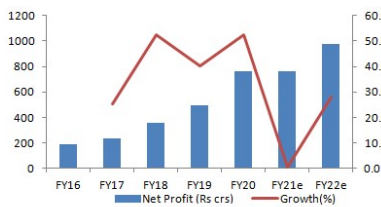


Source: Polycab India, CD Equiresearch

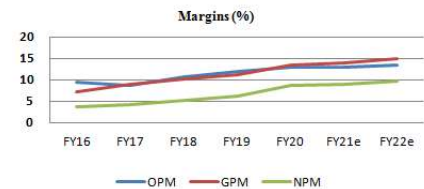


Source: Polycab India, CD Equiresearch

Operating profits slid down by 10.6% in 9MFY21 as compared to the same time period last year leading to a narrow margin uptick of 21 bps, partially contributed by lower other expenses. Wires and cables division's EBIT margin rose by a measly 28 bps almost in line with the same period last year. Profit before tax got badly affected in the first quarter, thereby failing to improve the nine months tally, as it fell by a rate of 7.7% in comparison to the same period, last fiscal. Increased channel financing helped reduced receivables so far this fiscal. Polycab had given a guidance of Rs 200 crs capex for FY21, it has invested almost Rs 130 crs till Dec, FY21. It had planned to invest this amount mainly on debottlenecking of cable and wire business and setting up additional capacities for FMEG business.



Source: Polycab India, CD Equiresearch



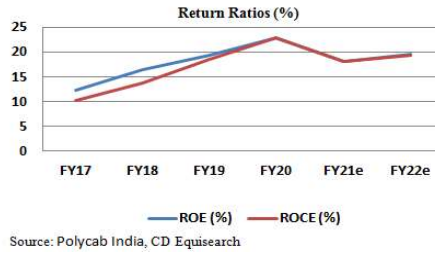
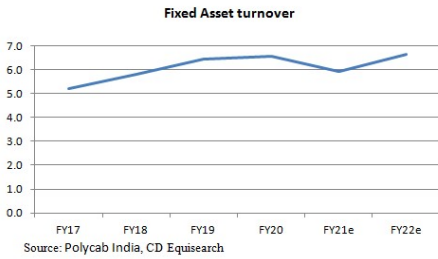
Source: Polycab India, CD Equiresearch



Source: Polycab India, CD Equiresearch

On the back of higher demand and steady pricing, we expect earnings to rise by 28% in FY22e after flatlining in FY21. Buoyant margins in wires and cables segment as well as FMEG segment is expected to drive the growth in EBIT by 27.1% (although on a lower base). The B2C Wires and FMEG (which contributes around 43% to the topline) has according to the company, seen a snap up in demand. The B2B wires and cables (which contributes around 20% to the topline) business has witnessed de growth in the recent quarters owing to economic slowdown. Polycab plans to have a distribution based business structure outside India as well, and to selectively foray into countries that don't have countervailing duties. The various projects PIL has been working on for cost optimization, working capital intervention etc are yet awaited to yield tangible benefits. The stock currently trades at 26.5x FY21e EPS of Rs 51.26 and 20.7x FY22e EPS of Rs 65.57. Weighing odds, we assign 'accumulate' rating on the stock with target price of Rs 1574 (previous target: Rs 1099) based on 24x FY22e EPS of Rs 65.57 over a period of 9-12 months. For more info refer to our June report.

CD Equiresearch Pvt Ltd



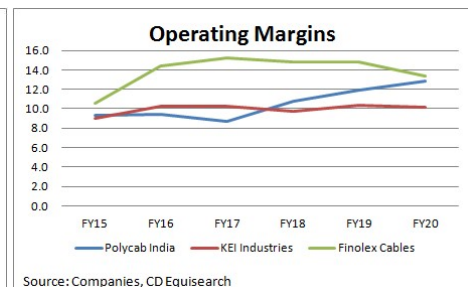
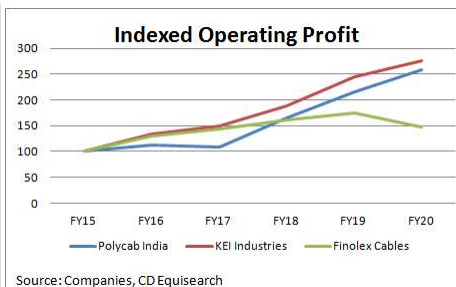
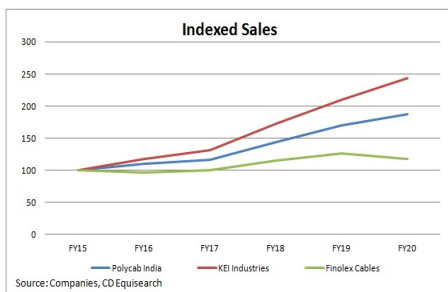
Cross sectional Analysis

Company	Equity*	CMP	MCAP*	Sales*	Profit*	OPM (%)	NPM (%)	Int Cov	ROE (%)	Mcap/Sales	P/BV	P/E
Polycab India	149	1356	20220	8018	718	13.1	9.1	19.4	17.5	2.5	4.5	28.2
KEI Industries	18	505	4539	4194	246	10.5	5.9	5.6	18.4	1.1	2.7	18.4
Finolex Cables	31	408	6234	2498	358	12.6	8.8	285.8	11.5	2.5	1.9	17.4

*figures in crores; calculations on ttm basis

KEI reported a revenue de growth of over 19% in 9MFY21 vis-à-vis the same period last fiscal. Cables business, which contributes over 75% to the topline, fell by over 15% in 9MFY21 vs the same period last year resulting in drop of ~4% in its EBIT. Descending revenues couldn't withstand operating profits as it fell from Rs 375.23 crs in 9MFY20 to Rs 318.89 crs in the same period in the current fiscal. PBT witnessed a tepid rise of 1.3% mainly due to lower finance costs in the nine months ending FY21 (finance cost fell significantly from Rs 101.49 crs in 9MFY20 to Rs 44.78 crs in 9MFY21). PAT for the period declined by 5.3% owing to higher tax expenses.

Finolex Cables reported a revenue contraction of 17% in 9MFY21 as compared to the same period last year. Electrical cables segment- a major sponsor of the company's revenues - fell by 15% in the nine months ending FY21 disrupting the overall segmental EBIT from Rs 304.68 crs in 9MFY20 to Rs 213.97 crs (a fall of approx 30%). Lower sales dented operating profits as it plunged by over 22% in 9MFY21 as compared to the same period last fiscal. Both PBT & PAT for the period 9MFY21 declined at the rate of ~4% and 10% respectively. Finolex recently ventured into the FMEG segment to become a complete electrical products company.



Financials

Consolidated Quarterly Results

Figures in Rs crs

	Q3FY21	Q3FY20	% chg	9MFY21	9MFY20	% chg
Income From Operations (net of tax)	2798.83	2507.31	11.6	5889.10	6700.57	-12.1
Other Income	34.48	0.35	-	110.56	46.34	138.6
Total Income	2833.30	2507.65	13.0	5999.66	6746.91	-11.1
Total Expenditure	2423.03	2168.20	11.8	5143.35	5866.12	-12.3
EBITDA (other income included)	410.27	339.46	20.9	856.31	880.79	-2.8
Interest	8.83	8.58	2.9	36.51	33.61	8.6
Depreciation	47.83	40.68	17.6	137.70	118.71	16.0
PBT	353.62	290.20	21.9	682.10	728.47	-6.4
Tax	90.49	68.57	32.0	78.44	176.38	-55.5
PAT	263.13	221.63	18.7	603.66	552.10	9.3
Minority Interest	1.12	2.62	-57.5	2.07	5.35	-61.3
Share of Associate	0.49	-0.23	-314.8	-0.94	-1.63	-42.3
PAT after MI and Associate	262.50	218.78	20.0	600.65	545.12	10.2
Extraordinary Item	-	-	-	97.63	-	-
Adjusted Net Profit	262.50	218.78	20.0	503.02	545.12	-7.7
EPS(Rs)	17.61	14.72	19.6	33.76	36.78	-8.2

Segment Results

Figures in Rs crs

	Q3FY21	Q3FY20	% chg	9MFY21	9MFY20	% chg
Segment Revenue						
Wires and Cables	2407.25	2169.64	11.0	5059.31	5729.30	-11.7
FMEG	305.51	216.60	41.0	687.27	652.31	5.4
Copper	232.68	-	-	378.00	-	-
Others	79.50	151.01	-47.4	203.81	437.34	-53.4
Inter segmental elimination	201.12	39.78	405.6	377.72	107.88	250.1
Total Income*	2823.82	2497.47	13.1	5950.66	6711.07	-11.3
Segment EBIT						
Wires and Cables	307.40	258.32	19.0	585.92	648.18	-9.6
FMEG	18.16	1.40	1201.1	32.23	16.72	92.8
Copper	25.18	-	-	37.23	-	-
Others	9.78	33.85	-71.1	26.97	73.80	-63.5
Inter segmental elimination	7.56	4.97	52.2	12.74	12.45	2.4
Total	352.97	288.60	22.3	669.61	726.24	-7.8
Finance Income	9.48	10.18	-6.9	39.29	35.84	9.6
Finance Cost	8.83	8.58	2.9	36.51	33.61	8.6
Exceptional items	-	-	-	9.72	-	-
PBT	353.62	290.20	21.9	682.10	728.47	-6.4

* excluding finance income

CD Euisearch Pvt Ltd

Consolidated Income Statement

Figures in Rs crs

	FY18	FY19	FY20	FY21e	FY22e
Income From Operations	6770.31	7985.55	8829.96	8710.79	10262.10
Growth (%)	23.1	17.9	10.6	-1.3	17.8
Other Income	64.44	63.78	92.79	146.29	200.07
Total Income	6834.74	8049.33	8922.75	8857.08	10462.17
Total Expenditure	6041.43	7032.79	7694.93	7592.42	8895.45
EBITDA (other income included)	793.32	1016.54	1227.82	1264.67	1566.71
Interest	93.68	116.71	49.54	42.09	48.21
Depreciation	132.95	141.45	160.89	186.43	209.07
PBT	566.68	758.39	1017.40	1036.15	1309.43
Tax	208.23	255.76	244.37	170.46	329.58
PAT	358.46	502.63	773.03	865.69	979.85
Minority Interest	0.55	0.60	6.56	3.00	3.15
Share of Associate	0.11	-2.33	-7.41	-0.50	1.00
PAT after MI and Associates	358.01	499.70	759.06	862.19	977.70
Extraordinary Item	3.10	1.39	-0.99	97.95	0.00
Net Profit	354.91	498.31	760.05	764.24	977.70
EPS (Rs)	25.13	35.29	51.05	51.26	65.57

Segment Results

Figures in Rs crs

	FY18	FY19	FY20	FY21e	FY22e
Segment Revenue					
Wires and Cables	6316.97	7064.31	7589.84	7455.06	8417.50
FMEG	485.29	643.29	835.58	997.16	1293.06
Copper	-	-	-	611.44	787.50
Others	249.07	463.74	596.49	291.81	460.00
Inter segmental elimination	74.68	134.80	144.07	561.51	638.38
Total Income*	6976.65	8036.54	8877.84	8793.95	10319.69
Segment EBIT					
Wires and Cables	640.72	835.06	930.89	885.39	1031.14
FMEG	8.83	7.45	16.83	50.82	67.89
Copper	-	-	-	60.58	78.75
Others	8.08	19.79	90.31	38.41	64.40
Inter segmental elimination	0.00	0.00	15.99	20.08	27.02
Total	657.62	862.31	1022.03	1015.11	1215.16
Finance Income	2.74	12.79	44.91	53.41	142.48
Finance Cost	93.68	116.71	49.54	42.09	48.21
Exceptional items	-	-	-	9.72	-
PBT	566.68	758.39	1017.40	1036.15	1309.43

*excluding finance income

Consolidated Balance Sheet

Figures in Rs crs

	FY18	FY19	FY20	FY21e	FY22e
Sources of Funds					
Share Capital	141.21	141.21	148.88	149.10	149.10
Reserves	2206.41	2705.75	3687.54	4549.73	5423.06
Total Shareholders' Funds	2347.62	2846.96	3836.42	4698.83	5572.16
Minority Interest	4.05	8.43	15.00	18.00	21.15
Long Term Debt	158.95	88.93	10.66	102.08	45.06
Total Liabilities	2510.62	2944.31	3862.07	4818.91	5638.36
Application of Funds					
Gross Block	1567.53	1785.90	2066.38	2359.81	2609.81
Less: Accumulated Depreciation	370.40	510.32	644.36	830.79	1039.86
Net Block	1197.13	1275.58	1422.01	1529.02	1569.95
Capital Work in Progress	135.99	193.00	241.18	150.00	150.00
Investments	31.55	29.39	65.48	1057.58	1163.14
Current Assets, Loans & Advances					
Inventory	1365.70	1995.79	1924.95	2021.20	2273.85
Trade Receivables	1290.82	1334.32	1433.64	1333.29	1533.28
Cash and Bank	10.64	316.65	281.31	579.11	956.33
Short term loans	19.24	20.74	24.44	21.04	22.28
Other Assets	239.51	256.69	345.58	326.09	286.25
Total CA & LA	2925.91	3924.18	4009.92	4280.72	5071.99
Current Liabilities	1816.78	2598.07	1985.31	2247.19	2354.90
Provisions-Short term	37.63	20.87	23.78	28.75	33.02
Total Current Liabilities	1854.42	2618.94	2009.09	2275.93	2387.92
Net Current Assets	1071.49	1305.24	2000.83	2004.79	2684.06
Net Deferred Tax	-55.34	-23.10	-16.48	-46.15	-51.15
Net long term assets	129.80	164.20	149.06	123.67	122.36
Total Assets	2510.62	2944.31	3862.07	4818.91	5638.36

Key Financial Ratios

	FY18	FY19	FY20	FY21e	FY22e
Growth Ratios (%)					
Revenue	23.1	17.9	10.6	-1.3	17.8
EBITDA	42.0	28.7	21.2	2.1	24.9
Net Profit	52.6	40.4	52.5	0.6	27.9
EPS	52.6	40.4	44.7	0.4	27.9
Margins (%)					
Operating Profit Margin	10.8	11.9	12.9	12.8	13.3
Gross profit Margin	10.3	11.2	13.4	13.9	14.8
Net Profit Margin	5.2	6.3	8.8	8.8	9.5
Return (%)					
ROCE	13.8	18.6	22.9	18.0	19.3
ROE	16.4	19.4	22.9	18.1	19.5
Valuations					
Market Cap/ Sales	-	-	1.3	2.3	2.0
EV/EBITDA	-	-	8.9	15.0	12.0
P/E	-	-	14.5	26.5	20.7
P/BV	-	-	2.9	4.4	3.7
Other Ratios					
Interest Coverage	7.0	7.5	21.6	25.4	28.2
Debt Equity	0.3	0.1	0.0	0.1	0.0
Current Ratio	1.6	1.5	2.0	2.2	2.5
Turnover Ratios					
Fixed Asset Turnover	5.8	6.5	6.5	5.9	6.6
Total Asset Turnover	2.9	3.0	2.6	2.0	2.0
Debtors Turnover	5.5	6.1	6.4	6.3	7.2
Inventory Turnover	4.2	4.2	3.9	3.8	4.1
Creditor Turnover	5.3	5.8	5.4	5.2	5.6
WC Ratios					
Debtor Days	66.4	60.0	57.2	58.0	51.0
Inventory Days	87.2	87.2	93.0	94.9	88.1
Creditor Days	68.8	63.4	68.2	70.0	64.8
Cash Conversion Cycle	84.8	83.8	82.0	82.9	74.3

Cumulative Financial Data

Rs crs	FY17-19	FY20-22e
Income from operations	20256	27803
Operating profit	2162	3621
EBIT	1956	3494
PBT	1680	3354
PAT after MI & AP	1086	2502
OPM (%)	10.7	13.0
NPM (%)	5.4	9.1
Interest coverage	7.1	25.0
Debt-equity*	0.1	0.0
ROE (%)	15.8	20.3
ROCE (%)	15.0	20.1
Fixed asset turnover	6.0	6.5
Debtors turnover	5.1	6.5
Creditors turnover	4.7	5.2
Inventory turnover	4.1	3.8
Debtor days	71.9	56.5
Inventory days	90.1	96.7
Creditor days	78.0	70.7
Cash Conversion	84.0	82.5

FY17-19 implies three year period ending fiscal 19

*as on terminal year

Revenues for the cumulative period FY20-22e is expected to improve by around 37% in FY20-22e on account of consolidation of Ryker and increased buoyancy in its fledging FMEG business. Higher margins in FY22e (13.3%) is expected to support increase in OPM from 10.7% in FY17-19 to 13% in FY20-22e (see table). Combined effect of higher EBIT (from Rs 1956 crs in FY17-19 to Rs 3494 crs in FY20-22e) and lower cumulative interest expense would help boost interest coverage ratio from 7.1 in FY17-19 to 25 in FY20-22e.

Lower taxes coupled with higher margins would propel post tax earnings as it is expected to more than double from Rs 1086 crs in FY17-19 to Rs 2502 crs in FY20-22e. Not least due to large gains obtained in FY20 and FY22e, ROCE is expected to improve from 15% in FY17-19 to 20.1% in FY20-22e. Debtor days (56.5) are anticipated to improve though partially offset by increasing inventory days (96.7) and declining creditor days (70.7) leading to no large improvement in cash conversion cycle.

Financial Summary- US Dollar denominated

million \$	FY18	FY19	FY20	FY21e	FY22e
Equity capital	21.7	20.4	19.7	20.6	20.6
Shareholders' funds	360.9	404.2	508.9	635.2	749.8
Total debt	123.0	39.4	20.8	34.5	28.0
Net fixed assets (inc CWIP)	205.0	212.3	220.6	231.9	237.6
Investments	4.8	4.2	8.7	146.3	160.9
Net current assets	164.7	181.3	265.4	262.9	350.7
Total assets	386.0	418.3	512.3	651.8	759.0
Revenues	1050.5	1142.6	1245.8	1204.9	1419.5
EBITDA	122.3	145.2	173.4	173.5	216.7
PBDT	107.8	128.5	166.4	167.7	210.1
PBT	87.2	108.2	143.7	141.9	181.1
Profit after MI & EO	55.1	71.3	107.2	105.7	135.2
EPS (\$)	0.39	0.50	0.72	0.71	0.91
Book Value (\$)	2.56	2.86	3.42	4.26	5.03

Income statement figures translated at average rates; balance sheet at year end rates; projections at current rates (Rs 72.2923/\$). All dollar denominated figures are adjusted for extraordinary items.

Disclosure & Disclaimer

CD Equisearch Private Limited (hereinafter referred to as 'CD Equi') is a Member registered with National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Metropolitan Stock Exchange of India Limited (Formerly known as MCX Stock Exchange Limited). CD Equi is also registered as Depository Participant with CDSL and AMFI registered Mutual Fund Advisor. The associates of CD Equi are engaged in activities relating to NBFC-ND - Financing and Investment, Commodity Broking, Real Estate, etc.

CD Equi is registered under SEBI (Research Analysts) Regulations, 2014 with SEBI Registration no INH300002274. Further, CD Equi hereby declares that –

- No disciplinary action has been taken against CD Equi by any of the regulatory authorities.
- CD Equi/its associates/research analysts do not have any financial interest/beneficial interest of more than one percent/material conflict of interest in the subject company(s) (*kindly disclose if otherwise*).
- CD Equi/its associates/research analysts have not received any compensation from the subject company(s) during the past twelve months.
- CD Equi/its research analysts has not served as an officer, director or employee of company covered by analysts and has not been engaged in market making activity of the company covered by analysts.

This document is solely for the personal information of the recipient and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved) and should consult their own advisors to determine the merits and risks of such an investment.

Reports based on technical and derivative analysis center on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. CD Equi or any of its affiliates/group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. CD Equi has not independently verified all the information contained within this document. Accordingly, we cannot testify nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document.

While, CD Equi endeavors to update on a reasonable basis the information discussed in this material, there may be regulatory compliance or other reasons that prevent us from doing so.

This document is being supplied to you solely for your information and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly. Neither, CD Equi nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.

CD Equisearch Private Limited (CIN: U67120WB1995PTC071521)

Registered Office: 37, Shakespeare Sarani, 3rd Floor, Kolkata – 700 017; Phone: +91(33) 4488 0000; Fax: +91(33) 2289 2557 Corporate Office: 10, Vasawani Mansion, 5th Floor, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020. Phone: +91(22) 2283 0652/0653; Fax: +91(22) 2283, 2276 Website: www.cdequi.com; Email: research@cdequi.com

buy: >20% accumulate: >10% to ≤20% hold: ≥-10% to ≤10% reduce: ≥-20% to <-10% sell: <-20%

Exchange Rates Used- Indicative

Rs/\$	FY15	FY16	FY17	FY18	FY19	FY20
Average	61.15	65.46	67.09	64.45	69.89	70.88
Year end	62.59	66.33	64.84	65.04	69.17	75.39

All \$ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate. Cumulative dollar figure is the sum of respective yearly dollar value.