

## Polycab India Ltd.

No. of shares (m)	149.66
Mkt cap (Rs/\$m)	40207/4934.6
Current price (Rs/\$)	2687/33.0
Price target (Rs/\$)	3084/37.8
52 W H/L (Rs.)	2863/2044
Book Value (Rs/\$)	389/4.8
Beta	0.9
Daily NSE volume (avg. monthly)	367070
P/BV (FY23e/24e)	6.5/5.5
EV/EBITDA(FY23e/24e)	21.8/18.7
P/E (FY23e/24e)	35.5/30.5
EPS growth (FY22/23e/24e)	-3.6/33.8/16.6
OPM (FY22/23e/24e)	10.4/12.1/12.2
ROE (FY22/23e/24e)	17.0/19.6/19.5
ROCE (FY22/23e/24e)	17.4/20.0/20.0
D/E ratio (FY22/23e/24e)	0.0/0.0/0.0
BSE Code	542652
NSE Code	POLYCAB
Bloomberg	POLYCAB IN
Reuters	POLC.NS

## Shareholding pattern%

Promoters	68.0
MFs / Banks / FIs	10.4
Foreign Portfolio Investors	6.4
Govt. Holding	-
Total Public & Others	15.2
<b>Total</b>	<b>100.0</b>

As on September 30, 2022

## Recommendation

**ACCUMULATE**

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## Quarterly Highlights

- Led by the wires & cables business which contributes over 88% to the overall top-line, Polycab's reported a highest-ever Q2 top-line of Rs. 3332.36 crs, a growth of 10.8% year-over-year. Despite declining raw material prices, inflationary pressures and a high base, the wires & cables segment raked in revenues of Rs. 2951.72 crs in Q2FY23 as against Rs. 2628.08 crs in the corresponding quarter of the prior year on the back of volume led growth as its distribution-led domestic business exhibited higher momentum.
- Exports business, accounting for around 13% of Q2 revenues, reported a healthy growth of some 75% year-over-year led by USA, Europe and Asia. Driven by this strong growth in exports, better operating leverage and judicious price revisions, operating profits for the quarter outpaced the top-line with a growth of 46.0% to Rs. 427.64 crs (year-over-year). Simultaneously, OPMs stood at 12.8%, a growth of over 300 bps year-over-year and over 140 bps sequentially. Also, with the fall in raw material prices – the benefit of the same has not been completely passed on to its customers – gross margins expanded in Q2.
- The FMEG business remained suppressed amidst weaker consumer sentiment and realignment of distribution network under 'Project LEAP' to improve long-term business prospects. Fans business was affected primarily on account of seasonality and transition to the new BEE regulations. The segment clocked in revenues of Rs. 305.36 crs with EBIT loss of Rs. 2.68 crs compared to Rs. 342.93 crs in Q2FY22 with an EBIT margin of 5.0%.
- The stock currently trades at 35.5x FY23e EPS of Rs 75.59 and 30.5x FY24e EPS of Rs 88.11. With fall in raw material prices, sales growth could see some moderation while margins could inch forward with growing volumes, though lower than FY20's and FY21's. Earnings are estimated to leapfrog by some 34% this fiscal and then grow by 16.6% in FY24 backed by higher capacity utilization in W&C and improved profitability in FMEG space. Despite global trend of supply chain diversification, business scaling over the next few years would much depend upon market share gains in B2B wires and cables business, penetration into the B2C retail market, turnaround of FMEG business and buoyancy in exports. Balancing odds, we maintain our 'accumulate' rating on the stock with revised target of Rs. 3084 (previous target: Rs. 2698) based on 35x FY24e earnings over a period of 9- 12 months.

Consolidated (Rs crs)	FY20	FY21	FY22	FY23e	FY24e
Income from operations	8829.96	8926.54	12203.76	13902.64	16048.64
Other Income	92.79	137.92	171.65*	83.11	103.00
EBITDA (other income included)	1227.82	1304.92	1436.84	1767.81	2056.24
PAT after EO	760.05	873.91	844.15	1131.31	1318.71
EPS(Rs)	51.05	58.61	56.49	75.59	88.11
EPS growth (%)	44.7	14.8	-3.6	33.8	16.6

\*includes exceptional income of Rs. 81.72 crs on account of sale of Ryker Base

## Outlook and Recommendation

### Industry Analysis

By some industry reports, the global wires and cables market would touch a value of \$ 415.2 billion by 2030 from \$ 198.9 billion in 2021, thus exhibiting a CAGR of 8.3% during 2022-2030. Market growth will attain momentum in coming years not least due to flourishing telecom and internet industry, adoption of smart grid network and growing infrastructure investments. The report pegs the Asia Pacific wire and cable market to register a growth of around 9% through 2030 on account of rising electricity demand owing to increasing population and rapid industrialization. Rising investments toward developing the manufacturing and services sector along with availability of low-cost work force will complement the market revenue growth.



Source: Global Market Insights

Gradual uptick in infrastructure and construction related activities post moderation in severity of second-wave of covid-19 and inflation-led higher realizations aided the Indian wires & cables industry to have grown by an estimated 20-25% in FY22. Industry report suggests that the Indian wires & cables market, estimated at about Rs. 60,000-65,000 crs, makes up approximately 40-45% of the domestic electrical industry. Moving ahead, revival in the real estate sector, good demand visibility across various end user industries and government's focus on infrastructure augurs well for the sector. The pandemic had a minor impact on revenues of organized players and they continued with their growth trajectory due to pandemic-led disruptions faced by smaller players. However, currently the industry is confronting with sharp inflation and volatility in key raw materials that could pose major tailwinds for the sector this year.

Though supply-side bottlenecks persist with rising international crude oil prices, yet global trends of diversification and de-risking of supply chains coupled with geopolitical tensions and evolving tariffs are also opening up new business opportunities for the Indian market. The manufacturing sector which is one of the key demand centers for wires and cables is witnessing healthy traction on the back of rising capacity utilization, the PLI schemes as well as the push for indigenous production. Another key demand center, the housing sector is upbeat with lower financing rates and improving affordability. In fact, ongoing structural shift in the real estate market, where consumers are seeking amenities such as gyms, gardens, smart home automation, etc., is meaningfully increasing the potential market opportunity for wires and cables. Furthermore, sunrise sectors such as EVs, renewable energy, data centres, digital connectivity, and defense could also provide new levers for growth in the years to come.

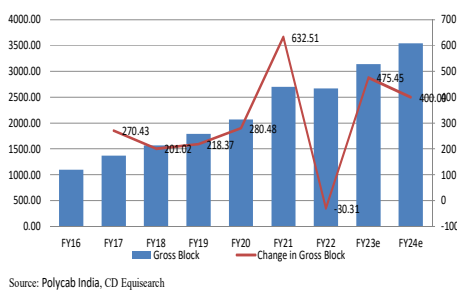
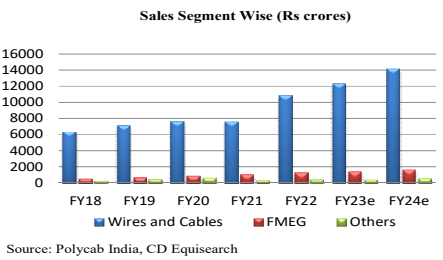
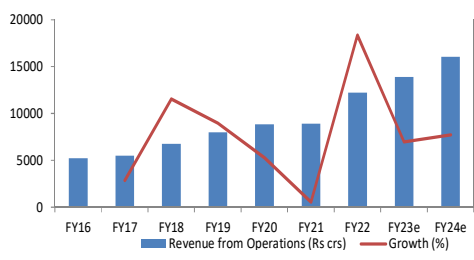
Industry report suggests that the Indian FMEG industry is likely to grow in high single digits over the medium term led by large organized players who continue to outpace smaller players on account of branding and better positioning to tackle disruptions. Much of this growth would be driven by rising disposable incomes, evolving consumer preferences, technology progression and premiumization trends. Revival in residential real estate, government's thrust on housing through schemes such as Housing for All, along with the other favorable macro trends, is likely to provide significant headroom for growth over the long-term.



# CD Equiresearch Pvt Ltd

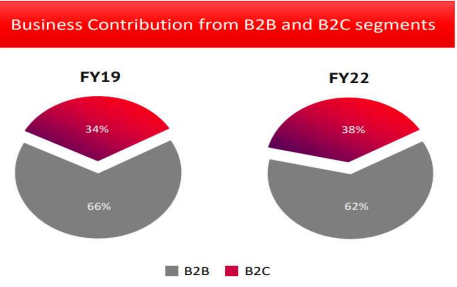
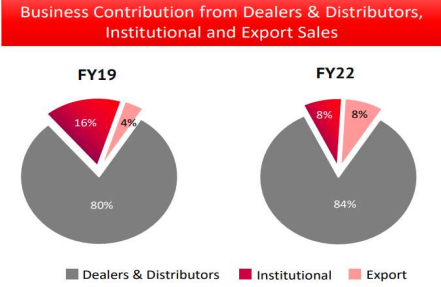
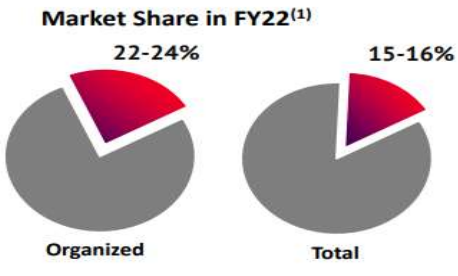
## Financials & Valuation

Huge government funding in public infrastructure, thrust on railway electrification, higher capital allocation towards affordable housing has been encouraging attractive private capex. Polycab, too, has been proactive in ramping up investments to tap market potential. Given that the company has no significant debt obligations, it provides Polycab with sufficient room to incur capex and do acquisitions. The company plans to incur capex in the Rs. 300 – 400 crs range over the next few years under 'Project LEAP' aimed at strengthening organizational capabilities by leveraging market data and bettering relationships with trade partners to unlock growth potential. The capex would be directed towards maintenance as well as green and brownfield projects coupled with developing new products. The company plans to incur some Rs. 350-400 crs of capex this fiscal of which two-thirds would be spent on wires and cables business to build capabilities in products where utilization is high, as maintenance capex and to augment exports. The rest would be attributed towards the FMEG business for enhancing product portfolio and expanding market reach.



Notwithstanding the availability of Union budgetary resources of GOI to ramp up capital spending, demand tailwinds for Polycab remains galore not least due to stiff competition among the domestic players to grab market share. The market share of the company in organized wires and cables industry in India has increased to some 22-24% in FY22 from 18% in FY19, but the market share stands at 15-16% of the whole industry (including unorganized players). With the economy reopening now, the unorganized players would barely be subject to as much fragility as at the time of pandemic. Moreover, the peer group is also gaining momentum which is heating up the competition. Finolex Cables had raked in operating profit of Rs. 217.78 crs in H1FY23, a growth of 14.7% year-over-year, on a topline of Rs. 2106.48 crs, whereas, KEI Industries' operating profit for the first-half grew by over 23% to Rs. 320.19 crs on a topline of Rs. 3173.49 crs.

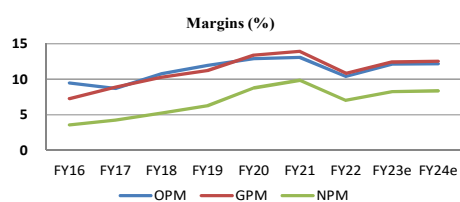
The company has been making attempts to grow its overseas presence as evident from export share which has leaped from 4% of overall top-line in FY19 to 8% in FY22 and to over 10% in H1FY23. Growth in exports is broad based across most geography with the Americas, Asia and the CIS region seeing strong traction and much of the demand coming from oil & gas and renewable, though exports could see some moderation as crude oil prices have started to decline.



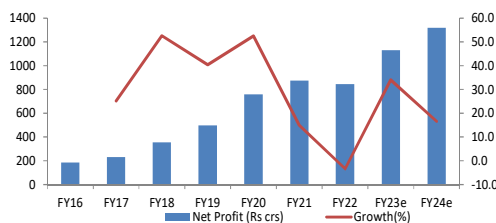


# CD Euisearch Pvt Ltd

The company has substantial clout amongst B2B customers of wires and cables but achieving its long-term targets of 20,000 crs of top-line by FY26 would depend upon how aggressively the company is able to penetrate the retail consumer segment. Polycab's business contribution from B2C segment has only seen a minor leap from 34% in FY19 to 38% in FY22 as the company hasn't been able to profitably grow its FMEG business. FMEG sales despite growing over 21% in FY22 to Rs. 1254.38 crs has witnessed its EBIT deteriorate by over 65% to some Rs. 20 crs and raked in some Rs. 4 crs of EBIT in H1FY23. In order to ensure competitiveness in the economy range and facilitate greater geographic penetration to Indian homes, the company has launched a new wires brand Etria for the economy segment, though the company has priced its product under Etria brand mid-single digit higher than the unorganized players.

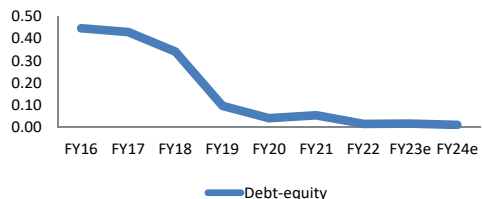


Source: Polycab India, CD Euisearch

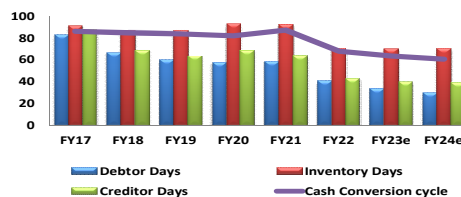


Source: Polycab India, CD Euisearch

The company has been able to considerably reduce its working capital requirements in Q2 by increasing penetration of channel financing and optimizing its receivable days which has fallen below 30 days. Currently, channel financing has been achieved at 75% in wires and cables and at 60-70% in FMEG depending upon the product categories. Given that the management exhibits continued diligence in navigating the volatile demand environment and focus on improving its existing capacity utilization levels, Polycab could improve its asset utilization levels with fixed asset turnover climbing to 7.7 this fiscal and 8.0 in FY24 from 6.9 in FY22.

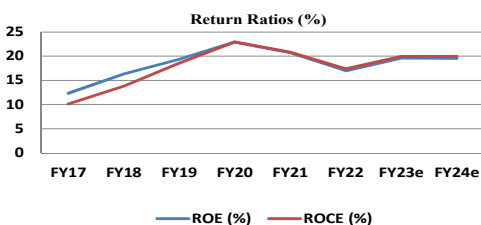


Source: Polycab India, CD Euisearch

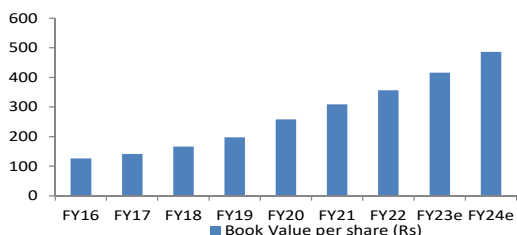


Source: Polycab India, CD Euisearch

The stock currently trades at 35.5x FY23e EPS of Rs 75.59 and 30.5x FY24e EPS of Rs 88.11. Polycab derives much of its competitive advantage from its wide range of product offerings and presence across market segments and price segments through its huge network of its dealers and distributors. Yet, sharp fluctuations in raw-material prices poses no small risk and not passing the benefit of raw material price decline to end consumers could hinder scaling. Absence of strong momentum in industrial capex would fail to wax Polycab's B2B business. A favorable environment could uplift overall revenues by some 13.9% this fiscal and by 15.4% in FY24. Weighing odds, we maintain our 'accumulate' rating on the stock with revised target of Rs. 3084 (previous target: Rs. 2698) based on 35x FY24e earnings over a period of 9- 12 months. For more information, refer to our February report.



Source: Polycab India, CD Euisearch



Source: Polycab India, CD Euisearch

## Cross Sectional Analysis

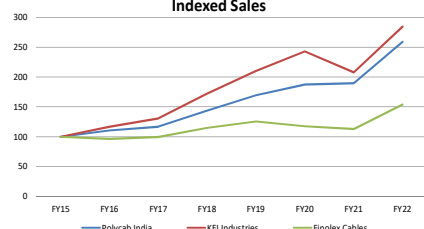
Company	Equity*	CMP	MCAP*	Sales*	Profit*	OPM (%)	NPM (%)	Int Cov	ROE (%)	Mcap/Sales	P/BV	P/E
Polycab India	150	2687	40207	13411	1059	11.8	8.0	34.1	19.8	3.0	6.9	38.0
KEI Industries	18	1594	14374	6529	428	9.9	6.6	17.0	20.0	2.2	6.1	33.6
Finolex Cables	31	535	8181	4266	543	10.7	8.0	335.1	14.3	1.9	2.0	15.1

\*figures in crores; standalone/consolidated data as applicable; calculations on ttm basis.

Finolex Cables reported an overall top-line of Rs. 1090.83 crs in Q2FY23 as against Rs. 932.98 crs in the corresponding period in FY22, representing a 16.9% growth overall. Much of this growth came from copper rods segment which raked in Rs. 261.60 crs in Q2 contributing additional Rs. 103 crs to the topline on y-o-y basis. Electrical cables, contributing over 65% to top-line, grew by 12.1% to Rs. 878.40 crs year-over-year. Inflationary pressures as well as subdued consumer sentiment somewhat impacted volume growth in the quarter, yet electrical cables grew by 10% in volume terms. Within communication cables segment, volume of metal-based products improved by 14% during the quarter while, optic fiber cable volumes increased by over 100%. Overall, operating profits declined by 17.5% to Rs. 98.65 crs due to change in product mix as well as liquidation of high-cost inventory, yielding margins of 9.0%.

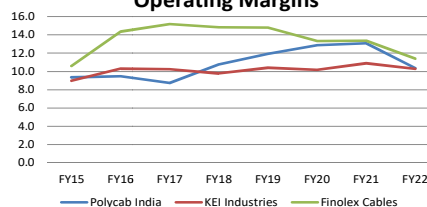
Revenues for the quarter ended 30<sup>th</sup> September 2022 were Rs. 1608.07 crs, exhibiting a growth of 18.8% year-over-year, largely driven by domestic institutional wire and cable business that grew by 38.0% raking in Rs. 563 crs. However, domestic institutional EHV cable sales declined by over 70% to Rs. 46 crs due to non-clearance of certain orders by utilities, while institutional exports also witnesses a marginal decline. Retail sales through dealer network contributing around 47% to overall sales increased by over 31% to Rs. 760 crs. So far, the company has incurred a capex of Rs 35-40 crore in H1FY23 for brownfield expansion at its Silvassa plant, which would help the company bolster its revenues in the future. Currently, the overall capacity utilization of the Silvassa plant is 75-78%.

### Indexed Sales



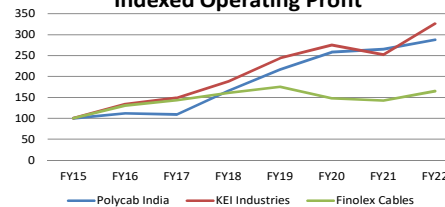
Source: Companies, CD Euisearch

### Operating Margins



Source: Companies, CD Euisearch

### Indexed Operating Profit



Source: Companies, CD Euisearch

Note: Graphs on standalone/consolidated data as applicable.



## Financials

### Consolidated Quarterly Results

Figures in Rs crs

	Q2FY23	Q2FY22	% chg	H1FY23	H1FY22	% chg
<b>Income From Operations (net of tax)</b>	<b>3332.36</b>	<b>3006.56</b>	<b>10.8</b>	<b>6068.92</b>	<b>4861.78</b>	<b>24.8</b>
Other Income	-2.22	27.48	-108.1	42.13	51.45	-18.1
<b>Total Income</b>	<b>3330.14</b>	<b>3034.04</b>	<b>9.8</b>	<b>6111.05</b>	<b>4913.23</b>	<b>24.4</b>
Total Expenditure	2904.71	2713.59	7.0	5330.18	4434.62	20.2
<b>EBITDA (other income included)</b>	<b>425.43</b>	<b>320.44</b>	<b>32.8</b>	<b>780.87</b>	<b>478.61</b>	<b>63.2</b>
Interest	13.90	5.09	173.0	22.34	14.86	50.3
Depreciation	52.27	50.87	2.7	103.25	100.15	3.1
<b>PBT</b>	<b>359.26</b>	<b>264.48</b>	<b>35.8</b>	<b>655.28</b>	<b>363.60</b>	<b>80.2</b>
Tax	88.00	66.37	32.6	160.19	89.63	78.7
<b>PAT</b>	<b>271.26</b>	<b>198.11</b>	<b>36.9</b>	<b>495.09</b>	<b>273.97</b>	<b>80.7</b>
PAT from Discontinued Operations	0.00	2.72	-100.0	0.00	4.27	-100.0
<b>Total PAT</b>	<b>271.26</b>	<b>200.83</b>	<b>35.1</b>	<b>495.09</b>	<b>278.24</b>	<b>77.9</b>
Minority Interest	2.66	2.60	2.3	5.45	3.88	40.5
Share of Associate	-0.81	-0.31	163.4	-2.09	-2.45	-14.8
<b>PAT after MI and Associate</b>	<b>267.80</b>	<b>197.93</b>	<b>35.3</b>	<b>487.55</b>	<b>271.91</b>	<b>79.3</b>
Extraordinary Item	0.01	-0.29	-101.8	0.06	-0.27	-122.3
<b>Adjusted Net Profit</b>	<b>267.79</b>	<b>198.22</b>	<b>35.1</b>	<b>487.49</b>	<b>272.19</b>	<b>79.1</b>
EPS(Rs)	17.89	13.28	34.7	32.58	18.24	78.6

### Segment Results

Figures in Rs crs

	Q2FY23	Q2FY22	% chg	H1FY23	H1FY22	% chg
<b>Segment Revenue</b>						
Wires and Cables	2951.72	2628.08	12.3	5357.42	4255.03	25.9
FMEG	305.36	342.93	-11.0	613.51	534.81	14.7
Others	105.06	95.03	10.5	204.92	166.79	22.9
Inter segmental elimination	50.45	43.58	15.8	95.42	68.33	39.6
<b>Total Income*</b>	<b>3311.68</b>	<b>3022.46</b>	<b>9.6</b>	<b>6080.43</b>	<b>4888.30</b>	<b>24.4</b>
<b>Segment EBIT</b>						
Wires and Cables	346.25	228.28	51.7	623.53	334.99	86.1
FMEG	-2.68	17.20	-115.6	3.76	2.87	30.9
Others	15.86	15.74	0.7	28.34	23.37	21.3
Inter segmental elimination	4.73	3.23	46.3	8.63	7.71	11.9
<b>Total</b>	<b>354.70</b>	<b>257.99</b>	<b>37.5</b>	<b>647.00</b>	<b>353.53</b>	<b>83.0</b>
Finance Income	18.46	11.58	59.5	30.61	24.93	22.8
Finance Cost	13.90	5.09	173.0	22.34	14.86	50.3
<b>PBT</b>	<b>359.26</b>	<b>264.48</b>	<b>35.8</b>	<b>655.28</b>	<b>363.60</b>	<b>80.2</b>

\*excludes finance income;

## Consolidated Income Statement

Figures in Rs crs

	FY20	FY21	FY22	FY23e	FY24e
<b>Income From Operations</b>	<b>8829.96</b>	<b>8926.54</b>	<b>12203.76</b>	<b>13902.64</b>	<b>16048.64</b>
Growth (%)	10.6	1.1	36.7	13.9	15.4
Other Income	92.79	137.92	171.65 <sup>a</sup>	83.11	103.00
<b>Total Income</b>	<b>8922.75</b>	<b>9064.46</b>	<b>12375.41</b>	<b>13985.75</b>	<b>16151.64</b>
Total Expenditure	7694.93	7759.54	10938.56	12217.94	14095.40
<b>EBITDA (other income included)</b>	<b>1227.82</b>	<b>1304.92</b>	<b>1436.84</b>	<b>1767.81</b>	<b>2056.24</b>
Interest	49.54	53.15	35.19	40.10	45.20
Depreciation	160.89	186.57	201.52	217.76	248.67
<b>PBT</b>	<b>1017.40</b>	<b>1065.20</b>	<b>1200.14</b>	<b>1509.95</b>	<b>1762.38</b>
Tax	244.37	179.05	270.63	362.39	422.97
<b>PAT</b>	<b>773.03</b>	<b>886.14</b>	<b>929.51</b>	<b>1147.56</b>	<b>1339.41</b>
PAT from Discontinued Operations	0.00	0.00	-9.67	0.00	0.00
<b>Total PAT</b>	<b>773.03</b>	<b>886.14</b>	<b>919.84</b>	<b>1147.56</b>	<b>1339.41</b>
Minority Interest	6.56	3.82	8.71	12.25	14.70
Share of Associate	-7.41	-0.23	-2.56	-4.00	-6.00
<b>PAT after MI and Associates</b>	<b>759.06</b>	<b>882.09</b>	<b>908.58</b>	<b>1131.31</b>	<b>1318.71</b>
Extraordinary Item	-0.99	8.18	64.43	0.00	0.00
<b>Net Profit</b>	<b>760.05</b>	<b>873.91</b>	<b>844.15</b>	<b>1131.31</b>	<b>1318.71</b>
EPS (Rs)	51.05	58.61	56.49	75.59	88.11

<sup>a</sup> includes gain of Rs 81.72 crs on disposal of Ryker

## Segment Results

Figures in Rs crs

	FY20	FY21	FY22	FY23e	FY24e
<b>Segment Revenue</b>					
Wires and Cables	7589.84	7603.49	10793.81	12288.52	14157.00
FMEG	835.58	1034.11	1254.38	1416.16	1644.40
Others	596.49	299.76	370.18	450.92	541.11
Other Adjustments <sup>b</sup>	-144.07	66.48	-174.38	-229.97	-270.87
<b>Total Income*</b>	<b>8877.84</b>	<b>9003.84</b>	<b>12243.99</b>	<b>13925.64</b>	<b>16071.64</b>
<b>Segment EBIT</b>					
Wires and Cables	930.89	918.73	1054.48	1420.60	1628.06
FMEG	16.83	56.60	19.62	23.83	41.11
Others	90.31	45.63	49.90	65.24	81.17
Other Adjustments	-15.99	36.77	-20.09	-19.73	-22.75
<b>Total</b>	<b>1022.03</b>	<b>1057.73</b>	<b>1103.91<sup>#</sup></b>	<b>1489.94</b>	<b>1727.58</b>
Finance Income	44.91	50.90	49.69	60.11	80.00
Finance Cost	49.54	53.15	35.19	40.10	45.20
Gain on sale of discontinued operations	0.00	9.72	81.72	0.00	0.00
<b>PBT<sup>c</sup></b>	<b>1017.40</b>	<b>1065.20</b>	<b>1200.14</b>	<b>1509.95</b>	<b>1762.38</b>

\*excludes finance income; # includes Ryker Base profits from 01.04.2022 to 17.11.2022

<sup>b</sup> includes copper segment adjusted for intersegmental eliminations; <sup>c</sup> PBT from continuing operations

## Balance Sheet

Figures in crs

	FY20	FY21	FY22	FY23e	FY24e
<b>Sources of Funds</b>					
Share Capital	148.88	149.12	149.44	149.66	149.66
Reserves	3687.54	4604.82	5394.30	6316.39	7395.64
<b>Total Shareholders' Funds</b>	<b>3836.42</b>	<b>4753.94</b>	<b>5543.74</b>	<b>6466.05</b>	<b>7545.30</b>
Minority Interest	15.00	18.83	25.07	37.32	52.02
Long Term Debt	10.66	103.68	2.97	2.50	2.00
<b>Total Liabilities</b>	<b>3862.07</b>	<b>4876.45</b>	<b>5571.79</b>	<b>6505.87</b>	<b>7599.32</b>
<b>Application of Funds</b>					
Gross Block	2066.38	2698.88	2668.57	3144.02	3544.02
Less: Accumulated Depreciation	644.36	829.28	993.45	1211.21	1459.87
<b>Net Block</b>	<b>1422.01</b>	<b>1869.60</b>	<b>1675.12</b>	<b>1932.82</b>	<b>2084.15</b>
Capital Work in Progress	241.18	99.05	375.45	250.00	200.00
Investments	65.48	634.95	773.31	1418.00	1842.40
<b>Current Assets, Loans &amp; Advances</b>					
Inventory	1924.95	1987.91	2199.65	2502.47	2888.76
Trade Receivables	1433.64	1435.77	1296.39	1223.43	1364.13
Cash and Bank	281.31	531.32	407.12	374.90	429.38
Short term loans	24.44	12.27	15.90	17.49	19.24
Other Assets	345.58	182.26	458.03	628.75	691.63
<b>Total CA &amp; LA</b>	<b>4009.92</b>	<b>4149.52</b>	<b>4377.09</b>	<b>4747.05</b>	<b>5393.14</b>
Current Liabilities	1985.31	1991.05	1715.95	1939.46	2029.87
Provisions-Short term	23.78	23.53	25.38	27.97	29.56
<b>Total Current Liabilities</b>	<b>2009.09</b>	<b>2014.58</b>	<b>1741.33</b>	<b>1967.43</b>	<b>2059.44</b>
Net Current Assets	2000.83	2134.94	2635.76	2779.62	3333.71
Net Deferred Tax	-16.48	-41.80	-27.18	-25.11	-24.77
Net long term assets	149.06	179.72	139.32	150.54	163.83
<b>Total Assets</b>	<b>3862.07</b>	<b>4876.45</b>	<b>5571.79</b>	<b>6505.87</b>	<b>7599.32</b>



## Financial Ratios

	FY20	FY21	FY22	FY23e	FY24e
<b>Growth Ratios (%)</b>					
Revenue	10.6	1.1	36.7	13.9	15.4
EBITDA	21.2	5.4	4.7	30.3	16.3
Net Profit	52.5	15.0	-3.4	34.0	16.6
EPS	44.7	14.8	-3.6	33.8	16.6
<b>Margins (%)</b>					
Operating Profit Margin	12.9	13.1	10.4	12.1	12.2
Gross profit Margin	13.4	13.9	10.8	12.4	12.5
Net Profit Margin	8.8	9.8	7.0	8.3	8.3
<b>Return (%)</b>					
ROCE	22.9	20.8	17.4	20.0	20.0
ROE	22.9	20.7	17.0	19.6	19.5
<b>Valuations</b>					
Market Cap/ Sales	1.3	2.3	2.9	2.9	2.5
EV/EBITDA	8.9	15.2	25.2	21.8	18.7
P/E	14.5	23.5	41.9	35.5	30.5
P/BV	2.9	4.5	6.6	6.5	5.5
<b>Other Ratios</b>					
Interest Coverage	21.6	20.9	32.8	38.7	40.0
Debt Equity	0.0	0.1	0.0	0.0	0.0
Current Ratio	1.9	2.2	2.6	2.8	3.1
<b>Turnover Ratios</b>					
Fixed Asset Turnover	6.5	5.4	6.9	7.7	8.0
Total Asset Turnover	2.6	2.1	2.4	2.4	2.4
Debtors Turnover	6.4	6.2	8.9	11.0	12.4
Inventory Turnover	3.9	4.0	5.2	5.2	5.2
Creditor Turnover	5.4	5.7	8.5	9.1	9.4
<b>WC Ratios</b>					
Debtor Days	57.2	58.7	40.9	33.1	29.4
Inventory Days	93.0	92.0	69.9	70.2	69.8
Creditor Days	68.2	63.5	42.8	40.0	38.6
Cash Conversion Cycle	82.0	87.1	67.9	63.3	60.6

## Cumulative Financial Data

Figures in Rs crs	FY19-21	FY22-24e
Income from operations	25742	42155
Operating profit	3256	4904
EBIT	3050	4512
PBT	2830	4392
PAT after MI & AP	2132	3294
OPM (%)	12.6	11.6
NPM (%)	8.4	7.9
Interest coverage	13.9	37.5
Debt-equity*	0.1	0.0
ROE (%)	20.5	18.5
ROCE (%)	19.2	18.7
Fixed asset turnover	5.6	7.1
Debtors turnover	6.3	10.0
Creditors turnover	6.6	8.6
Inventory turnover	4.5	5.1
Debtor days	58.0	36.4
Inventory days	81.7	71.7
Creditor days	55.3	42.2
Cash Conversion	84.4	65.8

FY 19-21 implies three year period ending fiscal 21; \*as on terminal year;

Presumably driven by improved offtake in the wire and cables segment, cumulative income from operations would grow to over 63% for the three-year period ending FY24 to Rs. 42155 crs, thereby accentuating the rise in operating profits by 50.6%, though inflationary pressures would also have a role to play in galvanizing revenues. Input cost volatility is likely to persist longer but price hikes taken by the company would provide some respite to the operating margins, which could decline by some 100 bps. Backed by no unspectacular surge in revenues and steady OPMs, post-tax earnings would advance by 54.5% during FY22- 24e period, though with lower NPMs - 7.9% Vs 8.4%. Gradual ramp up in international supply contracts for wires and cables business would lend much need buoyancy to volumes, but barely robust profitability in FMEG segment could impact return on capital during FY22-24 period - ROE estimated to fall to 18.5% from 20.5% in FY19-21 period (see table). Successive lower debtor and inventory days would outpace much of the fall in creditor days leading to improvement in cash conversion cycle (see table).

## Financial Summary- US dollar denominated

million \$	FY20	FY21	FY22	FY23e	FY24e
Equity capital	19.7	20.3	19.7	18.4	18.4
Shareholders' funds	508.9	626.2	703.1	763.6	892.4
Total debt	20.8	33.8	11.0	12.6	10.1
Net fixed assets (inc CWIP)	220.6	267.5	269.9	267.3	279.8
Investments	8.7	86.4	102.0	174.0	226.1
Net current assets	265.4	270.2	320.1	311.8	376.1
Total assets	512.3	642.8	706.8	768.5	899.0
Revenues	1245.8	1203.0	1637.8	1706.3	1969.6
EBITDA	173.4	174.5	182.0	217.0	252.4
PBDT	166.4	167.4	177.3	212.0	246.8
PBT	143.7	142.2	150.3	185.3	216.3
Profit after MI & EO	107.2	117.8	113.3	138.8	161.8
EPS (\$)	0.72	0.79	0.76	0.93	1.08
Book Value (\$)	3.42	4.20	4.70	5.10	5.96

Income statement figures translated at average rates; balance sheet at year end rates; projections at current rates (Rs. 81.48/\$). All dollar denominated figures are adjusted for extraordinary items.



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Exchange Rates Used- Indicative

Rs/\$	FY19	FY20	FY21	FY22
Average	69.89	70.88	74.20	74.51
Year end	69.17	75.39	73.50	75.81

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.