ICICI direct Research

September 9, 2022

Companies to benefit from cooling raw material prices

We believe the I-direct consumer discretionary companies are likely to benefit from a sharp fall in raw material prices from their recent peak. Key raw materials such as PVC, VAM, TiO2 and copper prices have witnessed a contraction between 5% and 26% from their recent peak. Under our coverage universe, PVC pipes, consumer electricals and paints companies will be major beneficiaries of the recent fall in raw material prices. On the revenue front, we believe cooling off inflationary pressure ahead of the festive season and good monsoons are the key near term demand drivers. Further, higher government capex, real estate upcycle and favourable demographics of India aid long term volume growth for paints, electrical consumer durables and pipes companies. We upgrade our rating on Havells India from HOLD to **BUY** considering margin recovery on the back of easing of raw material prices and improved performance of its Lloyd division. We maintain our **BUY** rating on Bajaj Electricals and Polycab India factoring in EBITDA margin expansion over FY22-24E. Among paint companies, we continue to like Asian Paints for its market leadership position in the decorative paints and high earnings growth supported by recovery in EBITDA margin. On the piping front, Supreme Industries will be one of the major beneficiaries of demand revival in PVC pipes amid sharp fall in PVC prices (by 24%).

Paint & adhesive segment

Asian Paints and Pidilite Industries are the key beneficiaries of the recent fall in titanium dioxide (TiO2) and VAM prices. TiO2 prices have softened by ~10% from their peak in March 2022 while VAM prices saw a sharp dip of ~25% in August 2022 over its average Q1FY23 prices. We believe while Q2FY23 will see the impact of high cost inventories, the EBITDA margin recovery will kick in from Q3FY23 onwards supported by softening of raw material prices. Going forward, we revise our EBITDA margin estimates for Asian Paints and Pidilite Industries upward by 60 bps and 200 bps YoY for FY24E.

Electrical consumer durables (ECD)

Under our ECD universe, Havells India and Bajaj Electricals have witnessed gross margin pressure due to inventory losses and limited price hike. Fall in key raw material prices from their peak (copper and HDPE/LDPE prices down 28% and 26%, respectively) is expected to lead to a margin recovery for both Havells and Bajaj Electricals from Q3FY23 onwards. Factoring this in, we revise our earnings estimate upward for Havells India and Bajaj Electricals by ~10% each supported improvement in EBITDA margin and pick up in rural demand. We continue to like Polycab for its leadership position in the wire & cable space. Polycab has maintained its FY26E revenue guidance of ₹ 20,000 crore (implied revenue CAGR of 13% FY22-24E).

Plastic piping

The plastic piping industry volume offtake and gross margins were impacted amid volatile PVC prices in Q1FY23. Softening of PVC prices (down 24% from average Q1FY23 prices) and strong housing demand is expected to drive volume growth for Supreme Industries and Astral Ltd. Government sponsored schemes such as Nal Se Jal Mission, Swatch Bharat Abhiyan, sanitation and affordable housing are expected to give an additional thrust to volume growth, going forward. We model volume CAGR of ~19% for both Supreme Industries and Astral over FY22-24E. We believe EBITDA margins of both companies will be better than their pre-Covid level margins supported by subsiding raw material prices on the back of easing supply concerns, better operating leverage and improved product mix.

Sector view: Positive

Top Picks in Consumer Discretionary Space

Company	CMP (₹/share)	Target (₹/share)	Upside (%)	Rating
Asian Paints	3450	4045	17%	BUY
Pidilite	2869	3010	5%	HOLD
Supreme Industi	2103	2510	19%	BUY
Astral	2472	2650	7%	HOLD
Havells	1348	1650	22%	BUY
Bajaj Electricals	1209	1470	22%	BUY
Polycab	2500	2950	18%	BUY

Key Highlights

- Cooling off of raw material prices from their peak (down 5-26%) will help margin recovery for consumer discretionary companies in PVC pipes, paints and consumer electricals space
- We believe higher government capex, real estate recovery and favourable demographics of India will help drive volume growth for paints, electrical consumer durables and pipes companies, going forward
- We model coverage universe's topline CAGR of 14% over FY22-24E led by 8% volume growth.

Recent event & key risks

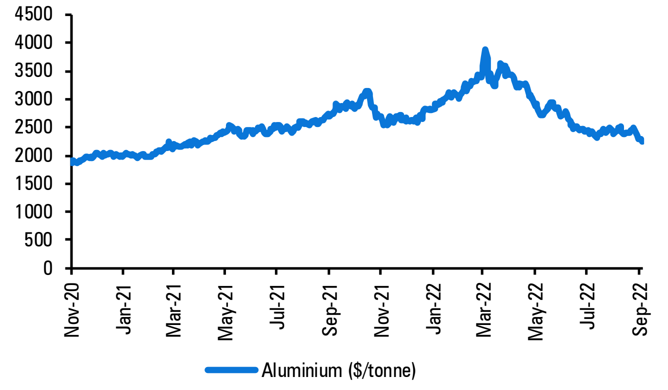
Key Risk: (i) Supply disruption, uptick in crude oil prices, increased competition may delay margin recovery (ii) Lower than expected volume growth can negatively impact the revenue growth

Research Analyst

Sanjay Manyal
sanjay.manyal@icicisecurities.com

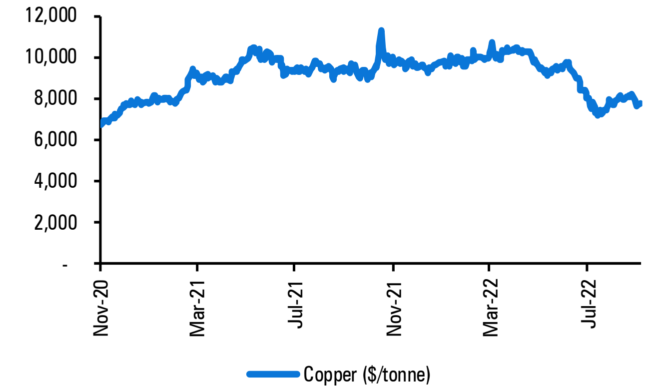
Hitesh Taunk
hitesh.taunk@icicisecurities.com

Exhibit 1: Price movement of aluminium



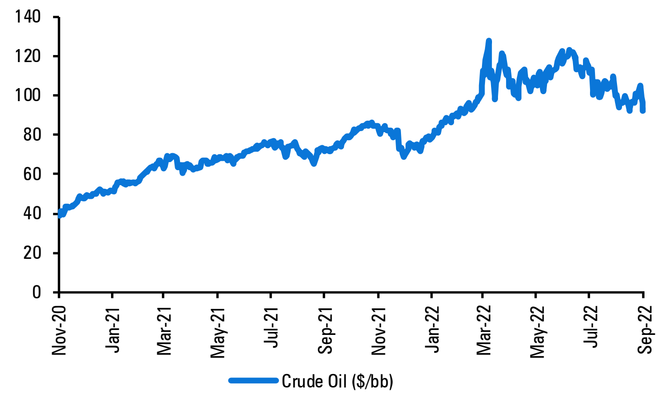
Source: Bloomberg, ICICI Direct Research

Exhibit 2: Price movement of copper



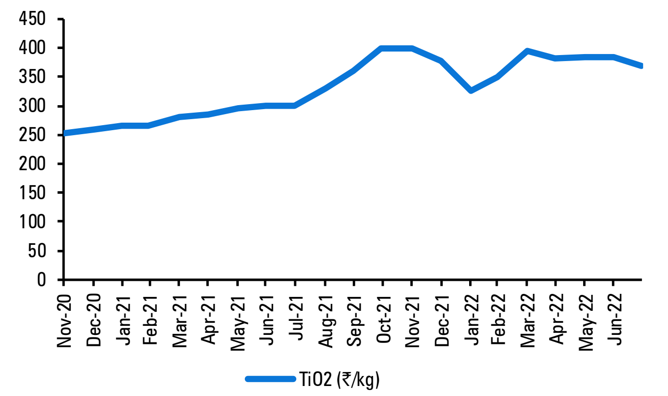
Source: Bloomberg, ICICI Direct Research

Exhibit 3: Price movement of crude oil



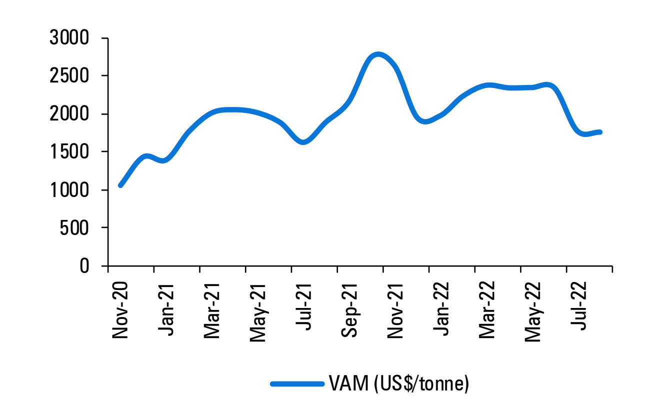
Source: Bloomberg ICICI Direct Research

Exhibit 4: Price movement of TiO2



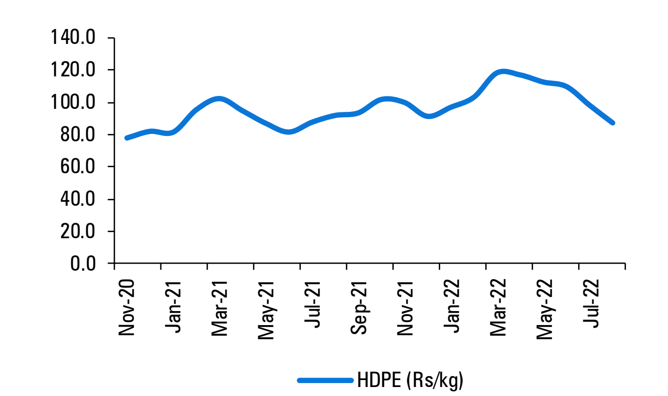
Source: Bloomberg ICICI Direct Research

Exhibit 5: Price movement of VAM



Source: Bloomberg ICICI Direct Research

Exhibit 6: Price movement of HDPE



Source: Bloomberg ICICI Direct Research

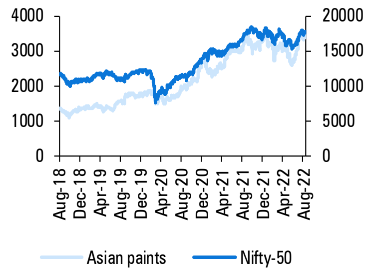
Top bets in Consumer Discretionary Space

Asian Paints (ASIPAI)

Asian Paints' Q1FY23 performance was a compressive beat on our/consensus estimates. The company reported revenue growth of 54% YoY to ₹ 8607 crore led by paint and home segment revenue growth of 53% and 87% YoY to ₹ 8380 crore and ₹ 227 crore, respectively. The paint volume growth came in at 37% YoY even on a higher base of 106% growth last year. On a three-year basis, Asian Paints has outperformed industry growth by reporting strong volume CAGR of 20%. We believe strong volume growth is attributable to market share gains, dealer additions and strong demand traction in tier II and tier III cities. In addition, pent up demand from B2B segment (20% of sales) also helped drive overall volume growth. Going forward, we believe the company's aggressive product launches and continuous expansion of its retail touch points (plans to add 5000 retail touch points every year) will drive the company's decorative paint volume at CAGR of 14% over FY22-24E. On the margin front, the exit EBITDA margin at 18.1% was lower than its pre-Covid level EBITDA margin range of 21-22%, mainly due to higher raw material prices. The company took a price hike of ~2% in Q1FY23 (in addition to ~22% price hike in FY22) but the same was insufficient to offset significant cost pressure in raw material prices. We believe a fall in raw material prices from their recent peak (crude oil and TiO2 price down ~22%, 5%, respectively) and improved product mix will help drive EBITDA margin for Asian Paints in the coming quarters. Hence, we revise our earnings estimate up by ~1% and 4.3% for FY23 and FY24E, respectively.

We believe strong supply chain network and robust balance sheet of Asian Paints provide enough cushion to safeguard its margins, going forward. We maintain our **BUY** rating on the stock factoring in Asian Paints' dominant position in the paint industry and limited damage to its margins from increasing competition. We value the stock at 68x FY24E EPS with a revised target price of ₹ 4045/share.

Price Chart



Particulars

Particular	Amount
Market Capitalization (₹ Crore)	3,30,855.0
Total Debt (FY22) (₹ Crore)	775.7
Cash & Inv (FY22) (₹ Crore)	2,732.1
EV (₹ Crore)	3,28,898.6
52 week H/L (₹)	3590/2521
Equity capital (₹ Crore)	95.9
Face value (₹)	1.0

Exhibit 7: Financial summary for Asian Paints

(₹ Crore)	FY19	FY20	FY21	FY22	5 Yr CAGR (17-22E)	FY23E	FY24E	2 Yr CAGR (22-24E)
Net Sales	19240.1	20211.3	21712.8	29101.3	14.1	35458.9	39110.4	15.9
EBITDA	3765.5	4161.8	4855.6	4803.6	10.0	6772.7	8252.3	31.1
EBITDA Margin (%)	19.6	20.6	22.4	16.5		19.1	21.1	
Net Profit	2213.8	2779.1	3206.8	3084.8	8.9	4559.1	5664.9	35.5
EPS (₹)	23.1	29.0	33.4	32.2		47.54	59.07	
P/E (x)	149.4	119.0	103.2	107.3		72.6	58.4	
Price/Book (x)	34.9	32.7	25.8	24.0		22.1	19.1	
Mcap/Sales (x)	17.2	16.4	15.2	11.4		9.3	8.5	
RoE (%)	23.4	27.4	25.0	23.0		30.4	32.8	
RoCE (%)	28.9	30.5	29.6	27.1		36.6	40.2	

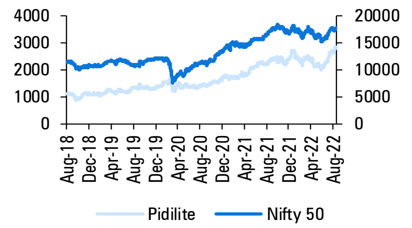
Source: Company, ICICI Direct Research

Pidilite Industries (PIDIND)

Pidilite is the market leader in the domestic adhesive and sealant business. The company's consumer & bazaar (C&B) segment (adhesives & sealants, construction & paint chemical, art & craft materials) contributes 80% to topline while the B2B segment (industrial adhesive, resins and pigments) contributes ~20% to topline. Pidilite's focus on launching new products and dealer expansion in the rural regions have helped it to gain market share from the unorganised segment. The company reported strong consolidated revenue growth of 60% YoY in Q1FY23 (three year CAGR of ~15%). Going forward, the management aims to grow its 'core segment' (adhesive/sealant products-contributes ~46% in topline) and 'growth segment' (water proofing products- contributes ~17% to topline) at 1-2x and 2-4x of GDP growth, respectively, in the long term. Pidilite continues to focus on launching innovative products and increasing dealer reach (reached ~17000 villages with population in the range of 5000-8000 in the last six months). On the margin front, the exit EBITDA margin in Q1FY23 at ~17% is lower by ~500 bps vs. its pre-Covid level margin mainly due to higher raw material prices. Going forward, we model EBITDA margin improvement of 360 bps over FY22-24E supported by a sharp fall in raw material prices from their peak. Current VAM prices (key raw materials) are hovering at ~US$1765/MT (down ~25% QoQ).

We revise our FY24E earnings estimate upward by ~12% YoY and model earnings CAGR of 30% over FY22-24E. However, we believe at current prices the stock discounts all its near term positives. Hence, we maintain our **HOLD** rating on the stock with a revised target price of ₹ 3010/share, ascribing P/E 75x FY24E.

Price Chart



Particulars

Particular	Amount
Market Cap (₹ Crore)	1,45,687.8
Total Debt (FY22) (₹ Crore)	287.3
Cash & Inv (FY22) (₹ Crore)	355.1
EV (₹ Crore)	1,45,446.5
52 week H/L	2765/ 1989
Equity capital (₹ Crore)	50.8
Face value (₹)	1.0

Exhibit 8: Financial summary for Pidilite Industries

₹ Crore	FY19	FY20	FY21	FY22	5 Year CAGR (FY17-22)	FY23E	FY24E	2 Year CAGR (FY22-24E)
Net sales	7078.0	7294.5	7292.7	9921.0	12.1	11859.0	13262.0	15.6
EBITDA	1368.2	1576.0	1680.6	1847.3	8.0	2110.1	2948.2	26.3
EBITDA Margin(%)	19.3	21.6	23.0	18.6		17.8	22.2	
Net Profit	928.4	1122.1	1126.1	1206.8	6.9	1412.7	2026.4	29.6
EPS (₹)	18.3	22.1	22.2	23.8		27.8	39.9	
P/E(x)	156.9	129.8	129.4	120.7		103.1	71.9	
Price /book (x)	35.1	32.7	26.0	22.8		20.8	18.0	
Mcap /sales (x)	20.6	20.0	20.0	14.7		12.3	11.0	
RoE (%)	22.6	26.1	20.2	18.8		20.2	25.0	
RoCE (%)	29.5	31.0	23.8	22.2		23.9	30.0	

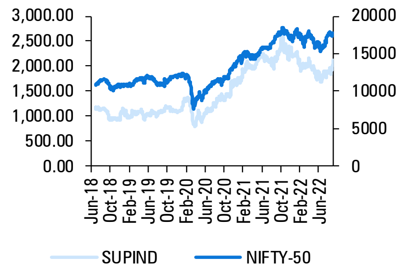
Source: Company, ICICI Direct Research

Supreme Industries (SUPIND)

Supreme Industries (SIL) is the market leader in the PVC piping industry with value market share of ~15%. In Q1FY23, the company's piping division reported strong revenue growth of 76% YoY to ₹ 1463 crore led by 65% volume growth. On a three year CAGR basis, the piping segment revenue grew at a CAGR of 18% led by higher realisation. The lower volume offtake is attributable to slow inventory build-up at dealer level amid volatility in PVC prices and low rural demand. We believe the recent fall in PVC prices (down ~23% over Q1FY23) will help drive rural demand in the coming future. We believe SIL's piping segment will report a volume CAGR of 19% over FY22-24E supported by revival in agri, housing and infrastructure pipe demand. We believe government sponsored schemes such as Nal Se Jal Mission, Swatch Bharat Abhiyan, sanitation, affordable housing can be key catalysts for SIL's volume growth.

On the margin front, the company's exit margin of 12.2% in Q1FY23 is lower than its pre-Covid level margin range of ~14% mainly due to use of high cost inventory. We believe softening raw material prices and improving product mix (value added product revenue grew at CAGR of 19% in the last three year) will lead to EBITDA margin recovery from H2FY23 onwards. We model EBITDA margin of 14.6% and 15.3% over FY23E and FY24E, respectively. We upgrade our earnings estimate by 1.4% and 2.4% for FY23E and FY24E, respectively. We maintain our **BUY** rating on the stock considering the strong growth outlook in the company's core business and robust balance sheet condition. We value the stock at 28x PE of FY24E EPS and revise our target price to ₹ 2510/share.

Price Chart



Particulars

Particular	Amount
Market Capitalization (₹ Crore)	26,713.8
Total Debt (FY22) (₹ Crore)	0.0
Cash & Invest. (FY22) (₹ Crore)	526.4
EV (₹ Crore)	26,187.3
52 week H/L	2689/ 1855
Equity capital (₹ Crore)	25.4
Face value (₹)	2.0

Exhibit 9: Financial summary for Supreme Industries

(₹ Crore)	FY19	FY20	FY21	FY22	5Yr CAGR (FY17-22E)	FY23E	FY24E	2Yr CAGR (FY22-24E)
Net Sales	5612.0	5511.5	6357.1	7772.8	11.7	8721.8	9633.9	11.3
EBITDA	784.6	834.5	1284.3	1242.1	10.3	1272.3	1472.1	8.9
EBITDA Margin (%)	14.0	15.1	20.2	16.0		14.6	15.3	
Net Profit	448.6	467.4	978.1	968.5	17.7	992.7	1130.5	8.0
EPS (₹)	35.3	36.8	77.0	76.2		78.1	89.0	
P/E (x)	59.5	57.2	27.3	27.6		26.9	23.6	
Price/Book (x)	12.4	11.8	8.4	6.9		6.5	5.8	
Mcap/Sales (x)	4.8	4.8	4.2	3.4		3.1	2.8	
RoE (%)	18.7	20.7	30.9	25.2		24.2	24.4	
RoCE (%)	25.0	22.2	33.1	25.9		24.6	25.4	

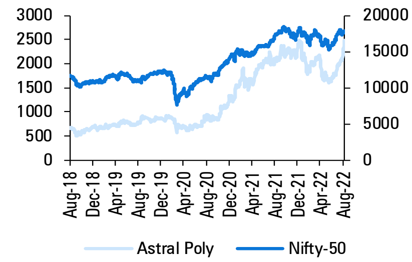
Source: Company, ICICI Direct Research

Astral Ltd (ASTPOL)

Astral is the leader in the CPVC piping segment and expanding into the other building material business such as adhesive, paints and sanitary ware. In Q1FY23, the company reported strong revenue growth of 74% YoY in the piping segment led by volume growth of 49% YoY. On a three year CAGR basis, Astral's piping segment volume CAGR of ~5% is better than its peers mainly due to new product launches and strong demand from the real estate industry. According to the management, inventory build-up is expected to gain momentum from Q3FY23 onwards with stability in PVC prices. On the other hand, launch of new products in the sanitary ware and paints segment from H2FY23 onwards is expected to aid consolidated revenue growth over FY22-24E. We build in consolidated revenue CAGR of 24% over FY22-24E factoring in 19% and 20% revenue CAGR in the piping and adhesive business, respectively.

On the margin front, the exit EBITDA margin at 14% is lower than its pre-Covid EBITDA margin of ~15%. This was mainly due to inventory losses and increased other operating costs owing to ramp up of new business segments. We believe the EBITDA margin will start improving from Q3FY23 onwards supported by softening raw material prices and positive operating leverage from piping and adhesive division. The company has maintained its healthy balance sheet condition (debt/equity at 0.2x and RoCE & RoE of 27% & 21% respectively) through stringent working capital management and expansion through internal accruals. At the CMP, the stock is trading at 95x and 60x FY23E and FY24E, respectively. We believe at current valuations most of the positive developments are priced in. We maintain our **HOLD** rating on the stock with a revised target price of ₹ 2650/share.

Price Chart



Particulars

Particular	Amount
Market Cap (₹ Crore)	49,658.2
Debt (FY22) (₹ Crore)	85.1
Cash&Inv (FY22) (₹ Crore)	641.8
EV (₹ Crore)	49,101.5
52 week H/L	2525/ 1582
Equity capital (₹ Crore)	20.1
Face value (₹)	1.0

Exhibit 10: Financial summary for Astral

₹ crore	FY19	FY20	FY21	FY22	5 Year CAGR (FY17-22)	FY23E	FY24E	2 Year CAGR (FY22-24E)
Net Sales	2507.3	2577.9	3176.3	4394.0	18%	5625.2	6735.6	24%
EBITDA	384.9	442.9	644.5	755.3	23%	867.3	1265.4	29%
EBITDA Margin (%)	15.4	17.2	20.3	17.2		15.4	18.8	
Net Profit	197.3	249.6	408.2	490.4	28%	517.5	813.6	29%
EPS (₹)	13.1	16.6	20.3	24.4		25.8	40.5	
P/E(x)	188.7	149.2	121.7	101.3		96.0	61.0	
Price/book value (x)	29.2	24.8	26.2	21.3		18.8	15.5	
Mcap/sales (x)	19.8	19.3	15.6	11.3		8.8	7.4	
RoE (%)	15.4	16.6	21.5	21.0		19.6	25.3	
RoCE (%)	20.7	20.5	27.5	26.6		25.5	32.1	

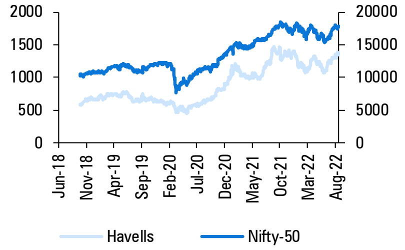
Source: Company, ICICI Direct Research

Havells India (HAVIND)

Havells reported strong revenue growth of 63% YoY to ₹ 4230 crore in Q1FY23 supported by a favourable base and strong sales of cooling products. The company's Lloyd sales increased 119% YoY to ₹ 1084 crore supported by new product launches and market share gains. On a three-year basis, Havells' revenue has grown at a CAGR of 16%, ahead of its peers' revenue CAGR in the range of 7-12%. We believe the company will see a pick-up in demand from the Q2FY23 onward supported by festive demand and cooling of raw material prices. Havells is constantly working on improving its market share across its product segments through new product launches and increasing penetration in tier II and tier III cities. The company plans to spend ₹ 700-800 crore in FY23 to expand manufacturing capacities of air conditioner, washing machines and wire & cables. On the margin front, the exit EBITDA margin in Q1FY23 at 8.5% is lower than its pre-Covid margin levels of ~13% mainly due to use of high cost inventories in the cable and wire segment. However, we model substantial EBITDA margin recovery (FY23E- 11% and FY24E- 13%) in the coming quarters considering softening of raw material prices and improved operating leverage in the Lloyd division.

We revise our FY24E earnings estimate upward by ~9.5% YoY and model earnings CAGR of ~20% over FY22-24E. We upgrade our rating on the stock from HOLD to **BUY** and revise our target price to ₹ 1650/share, ascribing P/E 60x FY24E.

Price Chart



Particulars

Particular	Amount
Market Capitalization (₹ Cr)	84,101.7
Total Debt (FY22) (₹ Cr)	395.5
Cash and Inv (FY22) (₹ Cr)	2,689.3
EV (₹ Cr)	81,808.0
52 week H/L	504 / 1037
Equity capital (₹ Cr)	62.6
Face value (₹)	1.0

Exhibit 11: Financial summary for Havells

₹ Crore	FY19	FY20	FY21	FY22	5Year CAGR (FY17-22)	FY23E	FY24E	2Year CAGR (FY22-24E)
Net Sales	10067.8	9429.2	10427.9	13888.5	17.8	16208.7	18714.0	16.1
EBITDA	1183.9	1027.4	1565.2	1757.6	16.4	1803.9	2445.0	17.9
EBITDA Margin (%)	11.8	10.9	15.0	12.7		11.1	13.1	
PAT	787.4	733.0	1039.6	1194.7	17.2	1232.4	1715.3	19.8
EPS (₹)	12.6	11.7	16.7	19.1		19.8	27.5	
P/E (x)	106.8	114.7	80.9	70.4		68.2	49.0	
Price/Book Value (x)	20.1	19.5	16.3	14.0		14.4	13.9	
Mcap/Sales	8.4	8.9	8.1	6.1		5.2	4.5	
RoE (%)	18.8	17.0	20.1	19.9		21.2	28.3	
RoCE (%)	25.4	19.6	24.9	23.7		24.9	33.5	

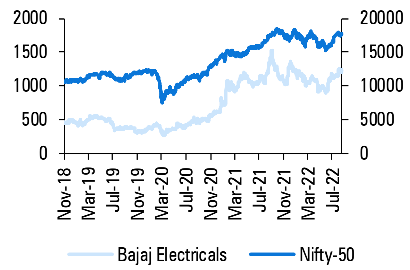
Source: Company, ICICI Direct Research

Bajaj Electricals (BAJELE)

Over the last three years, Bajaj Electricals' focus on launch of new products and penetration into new geographies have helped drive revenues of its consumer product (CP) segments. CP revenues' contribution to its total revenue increased from 62% in FY20 to 78% in FY22. In Q1FY23, Bajaj Electricals reported strong revenue growth of 43% YoY to ₹ 1229 crore led by 58% growth in its CP segment to ₹ 973 crore. Bajaj Electricals launched 10 new products in the fans category, 13 new products in the appliances category and 85 new products in the illumination category in Q1FY23. This has also helped the company to regain its lost market share. We believe cooling of raw material prices ahead of festive season, market share gains and demand recovery in the rural region will help drive demand for its consumer products over FY22-24E. On the margin front, the exit EBITDA margin in Q1FY23 at 6.1% is an improvement of 602 bps YoY. We expect the EBITDA margin to further improve led by reduction in raw material prices.

We revise our FY24E earnings estimate upward by ~9.6% YoY and model earnings CAGR of ~79% over FY22-24E (on a lower base). We maintain our **BUY** rating with a revised SoTP target price of ₹ 1470/share. We ascribe 45xFY24E EPS of CP segment (25% discount to Havells) and 6xFY24E EPS of E&P segment.

Price Chart



Particulars

Particular	Amount
Market Capitalization (₹ Crore)	13,885.4
Total Debt (FY22) (₹ Crore)	44.9
Cash & Inv (FY22) (₹ Crore)	142.6
EV (₹ Crore)	13,787.7
52 week H/L	1589 / 858
Equity capital (₹ Crore)	22.7
Face value (₹)	2.0

Exhibit 12: Financial summary for Bajaj Electricals

(₹ Crore)	FY19	FY20	FY21	FY22	5 Year CAGR (FY17-22)	FY23E	FY24E	2 Year CAGR (FY22-24E)
Net Sales	6679.4	4987.2	4584.6	4813.0	2.5%	5586.6	6537.0	17%
EBITDA	340.1	208.3	303.2	250.2	1%	382.2	563.3	50%
EBITDA Margin (%)	5.1	4.2	6.6	5.2		6.8	8.6	
PAT	153.6	-10.3	189.0	124.4	4%	254.2	399.0	79%
EPS (₹)	15.0	-0.9	16.5	10.8		22.1	34.7	
P/E(x)	80.6	NM	73.3	111.6		54.6	34.8	
Price/Book value (x)	11.7	10.2	8.8	8.0		8.2	6.8	
Mcap/sales (x)	2.1	2.8	3.0	2.9		2.5	2.1	
RoE (%)	14.5	(0.8)	10.7	7.8		15.0	19.6	
RoCE (%)	13.3	7.9	15.1	13.5		20.4	25.9	

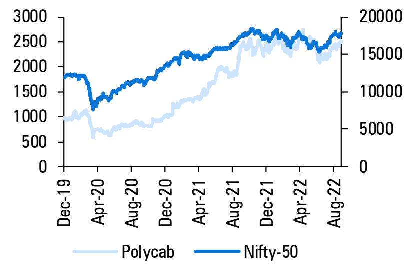
Source: Company, ICICI Direct Research

Polycab India (POLI)

Polycab is the market leader in the wire & cable business with organised market share of 22-24%. In Q1FY23, the company reported strong revenue of 48% YoY (40% growth over its pre-Covid level sales) led by similar growth in the wires and cables business (86% of total revenue). The FMEG revenue increased 61% YoY to ₹ 308 crore on a favourable base. On a three-year basis, the company's revenue grew at a CAGR of 12% led by 14% CAGR of wire & cable segments. Strong revenue growth was supported by higher realisation. However, volume growth remained muted due to lower institutional sales. Going forward, we believe Polycab is a key beneficiary of the government's National Infrastructure Pipeline initiative of having an outlay of ~₹ 111 lakh crore over FY20-25. We believe that strong demand from the housing industry and revival in government capex will drive volume growth for the company, going forward. In addition, rising contribution of its FMEG products (8% in FY19 to 11% by the end of Q1FY23) through dealer expansion and new product launches will also aid overall revenue growth. On the margin front, we believe while the near term margin is likely to remain under pressure (due to high cost of inventory), the company will witness a margin recovery from Q3FY22 onwards supported by softening of copper prices.

We revise our FY24E earnings estimate by 7.1% YoY and model earnings CAGR of ~16.4% over FY22-24E. We maintain our **BUY** rating on the stock with a revised target price of ₹ 2950/share by ascribing PE of 35x FY24E EPS (40% discount to Havells).

Price Chart



Particulars

Particular	Amount
Market Cap (₹ Crore)	37,360.8
Total Debt (FY22) (₹ Crore)	83.1
Cash & Inv (FY22) (₹ Crore)	417.5
EV (₹ Crore)	37,026.4
52 week H/L	2771/ 1146
Equity capital (₹ Crore)	148.9
Face value (₹)	10.0

Exhibit 13: Financial summary for Polycab

₹ Crore	FY19	FY20	FY21	FY22	5Year CAGR (FY17-22)	FY23E	FY24E	2Year CAGR (FY22-24E)
Net sales	7956.0	8830.0	8792.2	12203.8	17%	13685.4	15347.3	12.1%
EBITDA	923.2	1135.0	1111.1	1265.2	21%	1505.4	1821.7	20.0%
EBITDA Margin(%)	11.6	12.9	12.6	10.4		11.0	11.9	
Net Profit	500.5	765.6	885.9	917.3	30%	1015.1	1242.3	16.4%
EPS (₹)	35.4	51.4	59.3	61.4		67.9	83.1	
P/E(x)	70.5	48.6	42.2	40.7		36.8	30.1	
RoE (%)	17.6	20.0	17.9	15.6		16.7	17.7	
RoCE (%)	28.3	26.4	20.6	20.2		22.0	23.3	

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -5% to -15%;

Sell: <-15%

Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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