

## DHABRIYA POLYWOOD LTD. (DPL)



Migrated to BSE-Mainboard (in 2017, post SME listing in 2014)

CMP: INR 393.55/- (27-Dec'24)

Target Price: INR 520/-

Potential Upside: 32%

Recommendation: Buy

**ABOUT:** Incorporated in 1992 by Mr. Digvijay Dhabriya (Chairperson & Managing Director), Company has carved its name as reputed and product innovation led player in manufacturing and fabrication of PVC profiles, uPVC windows & doors as well as Modular Furniture products via its manufacturing facilities located in Jaipur and Bangalore serving to strong clientele along with extensive network of 800+ dealers/distributors PAN India.

**INVESTMENT RATIONALE:**

**Durable, sustainable and versatile** products to meet increasing real estate demand from urbanization

- Easy to install products with quicker turnaround time ensures real estate developers compliance with RERA timelines thereby increasing preference towards Company's products
- Capability to produce multiple SKUs (different thickness, colors) in small to big batch sizes provides flexibility to developers to meet changing needs of urban population

**Premium looking products at lower cost** compared to wood / marble provides a suitable alternative

- PVC Marble sheets, laminates under D-Stona brand transforms interiors to luxury look

**Established market position** with diversified customer base & products

- Promoter has been in business for over 25 years with strong understanding of market dynamics and healthy relationships with customers and suppliers
- Order book of ~INR 135 Cr.+ (Sep'24) for uPVC and modular furniture with regular deliveries to marquee clients such as M3M, DLF etc. provides product offtake and revenue receipts visibility
- PAN India presence with ~800+ dealers/distributors further strengthens position in extruded PVC profile
- Brand recognition and retail sales in modular furniture to increase from opening of Studio Arezzo

**Existing capacity has potential to achieve ~1.75x (FY24) revenues** without any major capex

**RATING RATIONALE:**

Basis 1-Yr forward (FY26) PAT of ~INR 24 Cr. and PE multiple of 24x, we have arrived at target price though average EPS growth rate of ~27% Y-o-Y for future years indicates further potential upside.

**Stock Data (As on 27-Dec'24)**

Particulars	27-Dec'24
NIFTY	23,813.40
Ticker	BSE:538715
CMP (INR)	393.55
52 Wk H/L (INR)	520.00/220.00
Face Value (INR)	10/-
M.Cap (INR Cr.)	426
O/s Shares (#)	1,08,24,245

**Relative Stock Performance**

Candle Bar represents daily movement of DPL while line graph indicates NIFTY 50 Index; *Source: Tradingview*

**Shareholding Pattern**

As on	31-Mar'24	30-Sep'24
Promoter	67.75%	67.75%
FII	-	-
DII	-	-
Other	32.25%	32.25%
Total	100.00%	100.00%

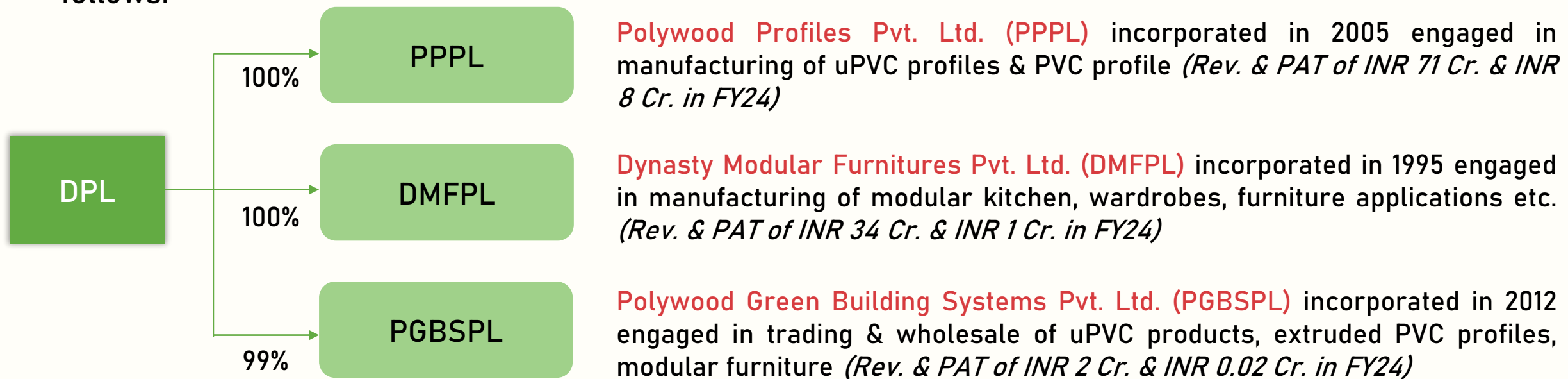
**Key Risks**

- (a) Working capital intensive operations (b) Susceptibility to volatility in raw material prices (c) Cyclical in end use industry (primarily real estate)

## DHABRIYA POLYWOOD LTD. (DPL)

**BUSINESS:**

- Company receives revenue from three business segments (a) PVC profiles (b) uPVC windows & doors and (c) modular furniture with business carried out at standalone entity along with different subsidiaries as follows:



- Segment wise revenue bifurcation along with brief product profile:

INR Cr. [% of operating revenue]	FY22	FY23	FY24	H1-FY25 (A)
PVC Profiles	90 [67%]	111 [65%]	123 [58%]	67 [57%]
uPVC Windows, doors	32 [24%]	39 [23%]	55 [26%]	29 [25%]
Modular Furniture	12 [9%]	21 [12%]	34 [16%]	21 [18%]
Operating Revenue (INR Cr.)	134	171	212	117
EBITDA (INR Cr.)	14	18	31	18
EBITDA %	10.3%	10.8%	14.7%	15.8%

Note: Improvement in EBITDA margins driven by (a) change in product mix (b) operational efficiencies through backward integration (c) drop in raw material prices

- **Key USPs:** (a) Customization: Company offers products in 2000 colors in shapes and sizes as per requirement vs imports which are of standard sizes. Thus Co. ensures there is zero wastage (b) Product Quality: High quality standards with product guarantee ranging from 5 years to 10 years (c) Competitive pricing as compared to imports from China (only 5% to 10% higher depending on weight) (d) Large sales team catering to entire value chain of end customers (i.e. from architects to interior designers to builders and developers). Further opening of Studio Arezzo, Co. plans to increase share of retail sales of modular furniture which is a high growth segment

**ORDER WINS POST Sep'24:** Order book of INR 135 Cr.+ as on Sep'24 is further augmented by INR 17.36 Cr.\* from marquee developers:

Customer Name	Order Type	Order Val (INR Cr.)	Receipt Date	Delivery Timeline
Concient Group (Heritage Max)	Modular Kitchen (S&I)	4.52	23-Dec'24	6 months
Puravankara Group	uPVC windows & doors (S&I)	3.88	23-Dec'24	12 months
DLF Group	Aluminium windows & doors (S&I)	1.36	23-Dec'24	12 months
M3M Group	uPVC windows & doors (S&I)	4.08	29-Oct'24	3 months
Mahindra Group	uPVC windows & doors (S&I)	1.54	29-Oct'24	6 months
Puravankara Group	uPVC windows & doors (S&I)	1.98	29-Oct'24	12 months
Sub-Total		17.36		

Note: \*Inclusive of GST; S&I refers to Supply and Installation

## DHABRIYA POLYWOOD LTD. (DPL)



## HISTORICAL FINANCIAL PERFORMANCE SNAPSHOT:

Particular (INR Cr.)	FY21(A)	FY22(A)	FY23(A)	FY24(A)	H1-FY25
Op. Rev.	106	134	171	212	117
EBITDA	13	14	18	31	18
PAT	4	5	8	14	9
Gross Margin %	43%	37%	37%	45%	47%
EBITDA Margin %	12.7%	10.3%	10.8%	14.7%	15.8%
PAT Margin %	4.2%	3.8%	4.9%	6.6%	7.5%
NWC (INR Cr.)	55	59	63	61	68
Inventory (Days)	124	122	105	86	81
Receivables (Days)	82	61	46	41	45
Payables (Days)	17	21	18	22	20
NWC (Days)	189	162	133	106	106
Debt	43	54	57	53	49
Equity	55	60	69	82	91
D/E	0.78x	0.89x	0.83x	0.64x	0.54x
Cash & Cash Eq.	2	4	5	7	6

- Capacity utilization for PVC profile is ~50-55%, uPVC ~30% and modular furniture is ~70%. Company can achieve ~1.75x of FY24 revenues with no major capex
- Domestic: Exports sales mix is ~98:2
- CRISIL has assigned BBB/Stable credit rating to Company on 30-Jan'24
- Post H1-FY25 financial results, management has guided for 25% Y-o-Y sales growth for next 4 years along with sustaining EBITDA & PAT margins

## KEY MANAGEMENT PERSON:

Name & Age	Designation	Qualification	Experience
Mr. Digvijay Dhabriya (Age: 58 years)	Founder & Managing Director	B.E.(Mechanical), PG-Plastic Engineering	Over 25 years of experience in this industry, first generation entrepreneur who has scaled the business witnessing multiple industry cycles
Mrs. Anita Dhabriya (Age: 53 years)	Whole-time Director	B.Com.	Engaged in administrative and operational affairs of Company with experience of 20 years in manufacturing sector
Mr. Mahendra Karnawat (Age: 54 years)	Whole-time Director	M.Com.	Prior work-ex of 6 years in sales for Raj Spinning & weaving mills, 3 years as marketing manager at TPL Suiting Pvt. Ltd. with overall experience of 25 years. Heads marketing activities for extruded PVC Profile
Mr. Shreyansh Dhabriya (Age: 31 years)	Whole-time Director	B.Tech (Mechanical)	Engaged in establishing relationships with teams and customers across India
Mr. Hitesh Agrawal (Age: 50 years)	Chief Financial Officer	Chartered Accountant	Over 20 years of experience and associated with Company since May'2001
Mr. Sparsh Jain	Company Secretary & Compliance Officer	B.Com, CS	With Company since 2014, provides strategic guidance and assistance in secretarial matters



## DHABRIYA POLYWOOD LTD. (DPL)



## PEER COMPETITION:

- Company competes with several unorganized and organized players in the three business segments. Kaka Industries (Gujarat based player listed on BSE-SME) is comparable competitor.

Particulars	DBL		Kaka Industries Ltd.	
Period	FY24	H1-FY25	FY24	H1-FY25
Op. Revenues (INR Cr.)	212	117	170	95
EBITDA (INR Cr.)	31	18	21	13
EBITDA %	14.7%	15.8%	12.5%	13.3%
PAT (INR Cr.)	14	9	13	7
PAT %	6.6%	7.5%	7.6%	6.8%
Debt (Long + Short Term; INR Cr.)	53	49	45	58
Equity (INR Cr.)	82	91	51	58
Debt / Equity	0.64x	0.54x	0.87x	1.01x
Inventory (INR Cr.)	50	52	23	37
Trade Receivables (INR Cr.)	24	29	18	23
Trade Payables (INR Cr.)	13	13	7	17
Net Working Capital Cycle (INR Cr.)	61	68	34	44
Net Working Capital Cycle (Days)	106	106	73	84
Avg. Net Fixed Assets (INR Cr.)	65	74	37	57
Asset Turnover Ratio (x)	3.25x	1.58x*	4.58x	1.68x*

\*Not annualized

- Company serves its customers wide 800+ dealers/distributors while Kaka Industries has network of ~300+ dealers. With industry uptick, consolidation of market towards organized players and Company's track record and established market position, growth prospects for Company remain healthy.

## KEY RISKS:

- Intensive working capital nature of operations (past NWC days of 160+); though efficient working capital management has reduced the working capital cycle

Particulars [days]	FY21 (A)	FY22 (A)	FY23 (A)	FY24 (A)	H1-FY25
Inventory	124	122	105	86	81
Trade Receivables	82	61	46	41	45
Trade Payables	17	21	18	22	20
NWC	189	162	133	106	106

- Susceptibility to raw material prices (uPVC powder, PVC resin, additives, stabilizers etc.). Further certain raw material such as uPVC door handles & locks, PVC and modular furniture sub-items are imported. Given Company's presence in industry for over 25 years mitigates raw material availability and pricing risk
- Downturn in real estate market (new, repair & renovation) which is primary end use of Company's products can be key risk. However, real estate demand from urbanization and Company's clients being large developers minimizes such risk



## DHABRIYA POLYWOOD LTD. (DPL)



## FINANCIAL PROJECTIONS (1/3)

Profit & Loss (INR Cr.)	FY21(A)	FY22(A)	FY23(A)	FY24(A)	FY25(E)	FY26(P)	FY27(P)	FY28(P)	FY29(P)
Op. Rev.	106	134	171	212	254	317	387	465	558
Less: COGS	(61)	(85)	(107)	(117)	(140)	(175)	(214)	(257)	(308)
Less: Employee Exp.	(18)	(20)	(25)	(33)	(39)	(49)	(60)	(72)	(86)
Less: Other Exp.	(15)	(16)	(21)	(31)	(37)	(46)	(57)	(68)	(82)
EBITDA	13	14	18	31	37	47	57	68	82
Other Income	1	0	0	1	1	1	1	1	1
Less: D&A	(3)	(3)	(4)	(7)	(8)	(8)	(9)	(9)	(10)
Less: Finance Cost	(4)	(4)	(4)	(5)	(6)	(7)	(8)	(8)	(9)
PBT	6	7	11	20	25	32	41	52	64
Less Taxes	(2)	(2)	(2)	(5)	(6)	(8)	(10)	(13)	(16)
PAT	4	5	8	14	19	24	31	39	48
Rev. Growth %		26%	28%	24%	20%	25%	22%	20%	20%
Gross Margin %	43%	37%	37%	45%	45%	45%	45%	45%	45%
EBITDA %	12.7%	10.3%	10.8%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
PAT %	4.2%	3.8%	4.9%	6.6%	7.3%	7.4%	8.0%	8.3%	8.6%
Tax %	28%	25%	22%	28%	25%	25%	25%	25%	25%
EPS	4.13	4.70	7.84	13.01	17.18	21.86	28.62	35.82	44.27
EPS Growth %		14%	67%	66%	32%	27%	31%	25%	24%
PE Ratio					23x	18x	14x	11x	9x
PEG Ratio					0.71x	0.66x	0.44x	0.44x	0.38x
EV/Sales					1.85x	1.48x	1.21x	1.01x	0.84x
EV/EBITDA					12.62x	10.09x	8.27x	6.90x	5.75x

\*Enterprise Value (EV) computed by M.Cap (as on 27-Dec'24) plus debt (as on Sep'24) less cash (as on Sep'24)

Notes:

- Management has guided for 25% Y-o-Y revenue growth rate post H1-FY25 financial results con-call. Our assumptions are on conservative basis considering risks from domestic players as well as imports. For FY25 since there was delayed impact of monsoons in Delhi NCR, FY25 growth has been considered at 20% Y-o-Y
- Management has guided for sustaining margins and despite improvement in H1-FY25, our base case is on conservative side to account for reversal in raw material prices which have seen correction in 2022 post spike in 2021.



## DHABRIYA POLYWOOD LTD. (DPL)



## FINANCIAL PROJECTIONS (2/3)

Balance Sheet (INR Cr.)	FY21(A)	FY22(A)	FY23(A)	FY24(A)	FY25(E)	FY26(P)	FY27(P)	FY28(P)	FY29(P)
Non Current Assets									
PPE (incl. CWIP)	48	52	61	74	79	74	69	72	75
Other Non Current A	2	2	3	3	3	3	3	3	3
Total Non-Current A	50	54	64	78	82	77	72	75	78
Current Assets									
Inventories	36	45	49	50	63	78	95	115	138
Trade Receivables	24	22	22	24	31	39	48	57	69
Cash & Cash Eq.	2	4	5	7	13	41	60	77	99
Current Investments	5	5	5	6	6	6	6	6	6
Total Current Assets	67	76	81	87	113	165	209	256	312
Total Assets	117	130	145	165	195	242	281	330	390
Equity									
Share Capital	11	11	11	11	11	11	11	11	11
Other Equity	44	49	58	72	90	114	145	184	231
Total Equity	55	60	69	82	101	125	156	194	242
Non Current Liabilities									
Long Term Debt	20	21	25	21	18	18	18	18	18
Other Non Current L	3	3	3	4	5	5	5	5	5
Total Non Current L	20	21	25	21	18	18	18	18	18
Current Liabilities									
Short Term Debt	23	32	32	32	40	60	64	70	77
Trade Payables	5	8	9	13	14	17	21	25	30
Other Current Liab.	11	6	8	13	18	18	18	18	18
Total Current Liab.	40	45	48	58	72	95	103	113	125
Total Equity & Liab.	117	130	145	165	195	242	281	330	390

## Notes:

- NWC cycle of 115 days (Inventory:90 days, trade receivables: 45 days, trade payables: 20 days) considered from FY25 onwards
- Cash on balance sheet will be used to fund the working capital apart from short term borrowings availed from banks
- Capex to be funded from internal accruals, no major capex expected



## DHABRIYA POLYWOOD LTD. (DPL)



## FINANCIAL PROJECTIONS (3/3)

Cash Flow Statement (INR Cr.)	FY21(A)	FY22(A)	FY23(A)	FY24(A)	FY25(E)	FY26(P)	FY27(P)	FY28(P)	FY29(P)
<b>Operating Cash Flows</b>									
PBT	6	7	11	20	25	32	41	52	64
Add: D&A	3	3	4	7	8	8	9	9	10
Add: Finance Cost	4	4	4	5	6	7	8	8	9
Operating CF before WC changes	14	14	19	32	38	47	58	69	83
(Inc.)/Dec. in TR	4	1	1	(2)	(7)	(8)	(9)	(10)	(11)
(Inc.)/Dec. in Inv.	(6)	(9)	(5)	(0)	(13)	(16)	(17)	(19)	(23)
(Inc.)/Dec. in Short Term Loans/Adv.	-	-	-	-	-	-	-	-	-
(Inc.)/Dec. in Other Assets	3	0	(1)	(1)	-	-	-	-	-
Inc./(Dec.) in TP	(4)	3	1	4	1	3	4	4	5
Inc./(Dec.) in Other Liabilities	(2)	(6)	2	6	6	-	-	-	-
Operating CF before Taxes	10	4	17	37	25	27	36	45	54
Less: Taxes	(2)	(2)	(2)	(5)	(6)	(8)	(10)	(13)	(16)
Net Operating CF (A)	8	2	14	32	18	19	25	32	38
<b>Investing Cash Flows</b>									
Purchase of PPE	(9)	(7)	(13)	(20)	(12)	(3)	(3)	(12)	(13)
Other (Sale of Investments etc.)	0	-	-	-	-	-	-	-	-
Net Investing CF (B)	(9)	(7)	(13)	(20)	(12)	(3)	(3)	(12)	(13)
<b>Financing Cash Flows</b>									
Inc./(Dec.) in Short Term Debt	(2)	9	(0)	(0)	8	20	4	6	7
Inc./(Dec.) in Long Term Debt	6	2	4	(4)	(3)	-	-	-	-
Dividend Paid	-	-	-	(1)	-	-	-	-	-
Finance Cost	(4)	(4)	(4)	(5)	(6)	(7)	(8)	(8)	(9)
Net Financing CF (C)	0	7	(1)	(10)	(0)	12	(4)	(2)	(2)
Inc./(Dec.) in Cash & Cash Eq. (A+B+C)	(0)	2	1	2	6	28	18	18	22
Opening Cash	3	2	4	5	7	13	41	60	77
Closing Cash	2	4	5	7	13	41	60	77	99

## DHABRIYA POLYWOOD LTD. (DPL)



## KEY RATIOS SUMMARY:

Particular	FY21(A)	FY22(A)	FY23(A)	FY24(A)	FY25(E)	FY26(P)	FY27(P)	FY28(P)	FY29(P)
Sales Growth %		26%	28%	24%	20%	25%	22%	20%	20%
EBITDA Growth %		2%	34%	68%	20%	25%	22%	20%	20%
PAT Growth %		14%	67%	66%	32%	27%	31%	25%	24%
Gross Margin %	43%	37%	37%	45%	45%	45%	45%	45%	45%
EBITDA Margin %	12.7%	10.3%	10.8%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
PAT Margin %	4.2%	3.8%	4.9%	6.6%	7.3%	7.4%	8.0%	8.3%	8.6%
ROCE %		10%	12%	18%	20%	21%	22%	23%	23%
ROE %		9%	13%	19%	20%	21%	22%	22%	22%
Fixed Asset Turnover		3.15x	3.27x	3.25x	3.42x	4.13x	5.41x	6.62x	7.62x
Inventory (Days)	124	122	105	86	90	90	90	90	90
Debtor (Days)	82	61	46	41	45	45	45	45	45
Payables (Days)	17	21	18	22	20	20	20	20	20
Cash Conversion Cycle (Days)	189	162	133	106	115	115	115	115	115
P/E					23x	18x	14x	11x	9x
P/BV					4.22x	3.42x	2.74x	2.19x	1.76x

## CONCLUSION:

Given Company's strong market position, , sustainable and versatile products, experience of promoter for over 25 years, diversified product and customer segments, presence of more than 800 dealers / distributors pan India, backward integration of operations, marquee customer base, significant room for topline improvement, we ascribe a Buy rating to the Company with a target price of INR 520/- indicating potential upside of 32%.



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- Buy: > 15%
- Hold: -5% to 15%
- Reduce: -15% to -5%
- Sell: < -15%