

Nilkamal

HOLD

Improvement in margins encouraging

Summary

Nilkamal Ltd.'s (NILK) Q4FY25 result was in-line with our estimate on net sales, while margins were beat to our forecast. Throughout the year, the Company has strategically rebranded its Retail vertical as "Nilkamal Homes," unifying @home and Nilkamal Furniture Ideas under a single retail identity. This initiative aligns with the Company's vision of expanding its retail footprint across India by strengthening its store network. In addition, the Company has made substantial investments in brand engagement and digital marketing to enhance its presence and customer connection. Net sales was up by 7.2% YoY to Rs8.5bn, while EBITDA was up by 4.6% YoY to Rs852mn. The company reported net profit of Rs342mn, lower by 3.8% YoY. We have broadly maintained our earnings estimates for FY26E/FY27E. Maintain HOLD with a revised TP of Rs1,893 (earlier TP Rs1,917), assigning 20x PER on FY27E.

Key Highlights and Investment Rationale

- Another year of volume driven growth:** The B2B segment of the Company achieved a growth of 5% in volume and value terms during the year. The material handling solution business grew by 4% in value and 7% in volume terms. The mattress business grew by 38% in FY25 through diverse product offerings, brand engagement initiatives and market presence through higher channel partners. The Bubbleguard business grew by 14% in FY25, Intuitional furniture business grew by 10% while furniture trade business grew by 1%.
- Healthy growth of allied businesses to support earnings:** NILK's change in strategy for retail business weighed on operating margin in FY25. We believe over a longer term, the company's efforts on streamlining the business segments, focus on widening retail network and strengthening brand recall paves the way for healthy earnings growth in future. HOLD with a TP of Rs1,893.

TP	Rs1,893
CMP	Rs1,756
Potential upside/downside	8%
Previous Rating	HOLD

Price Performance (%)

	-1m	-3m	-12m
Absolute	5.8	9.2	(7.1)
Rel to Sensex	22.5	23.1	4.5

V/s Consensus

EPS (Rs)	FY25E	FY26E
IDBI Capital	80.9	94.7
Consensus	81.2	115.5
% difference	(0.4)	(18.0)

Key Stock Data

Bloomberg / Reuters	NILK IN / NKML.BO
Sector	Plastic Building Material
Shares o/s (mn)	15
Market cap. (Rs mn)	26,196
3-m daily avg Trd value (Rs mn)	0.8
52-week high / low	Rs2,101 / 1,497
Sensex / Nifty	82,331 / 25,020

Shareholding Pattern (%)

Promoters	64.5
FII	1.0
DII	14.3
Public	20.2

Financial snapshot

(Rs mn)

Year	FY23	FY24	FY25	FY26E	FY27E
Revenue	31,309	31,963	33,127	35,446	36,890
Change (yoy, %)	15	2	4	7	4
EBITDA	3,082	2,904	2,824	3,137	3,515
Change (yoy, %)	39	(6)	(3)	11	12
EBITDA Margin (%)	9.8	9.1	8.5	8.9	9.5
Adj.PAT	1,340	1,224	1,068	1,207	1,413
EPS (Rs)	89.8	82.0	71.6	80.9	94.7
Change (yoy, %)	60.6	(8.6)	(12.8)	13.0	17.1
PE(x)	19.6	21.4	24.5	21.7	18.6
Dividend Yield (%)	1.1	1.1	1.1	1.4	1.4
EV/EBITDA (x)	9.0	9.6	10.1	9.1	7.9
RoE (%)	10.7	9.0	7.4	7.9	8.8
RoCE (%)	13.4	11.0	9.1	9.6	10.7

Source: IDBI Capital Research

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Exhibit 1: Financial snapshot

Particulars (mn)	Q4FY25	Q3FY25	QoQ (%)	Q4FY24	YoY (%)
Total revenues	8,940	8,543	4.7	8,342	7.2
Total expenditure	8,088	7,909	2.3	7,527	7.5
EBIDTA	852	634	34.4	815	4.6
EBIDTA margin (%)	9.5	7.4	211bps	9.8	-24bps
Depreciation	311	303	2.7	286	8.6
Interest cost	113	107	5.7	90	25.7
Other income	22	31	(29.6)	20	8.5
PBT	451	256	76.1	459	(1.9)
Tax	120	64	86.9	124	(3.4)
Minority interest and exceptional items	12	24	(52.5)	20	(43.3)
Adj. net profit	342	216	58.3	356	(3.8)
Adj. EPS (INR)	22.9	14.5	58.3	23.8	(3.8)

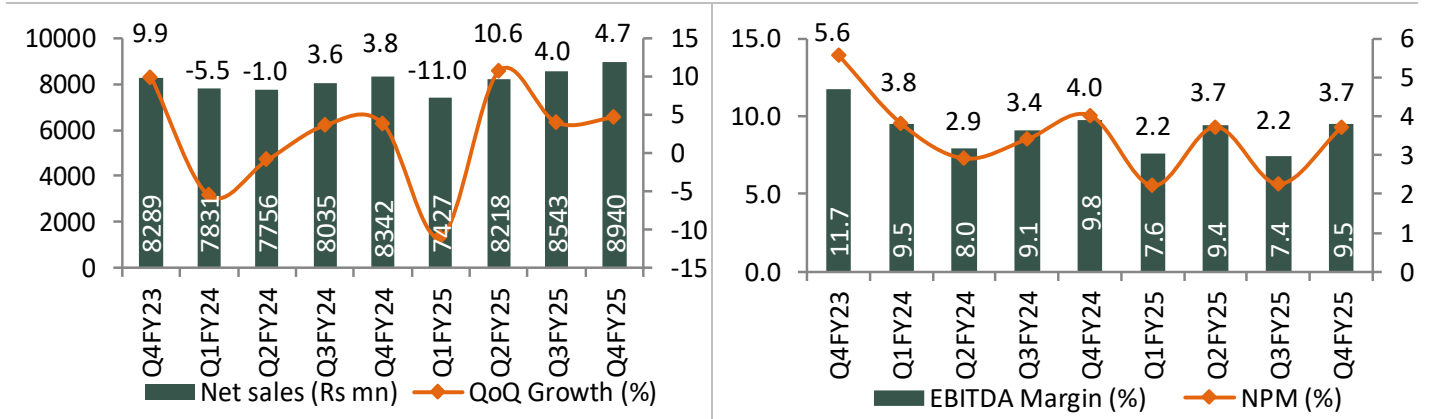
Source: Company; IDBI Capital Research

Exhibit 2: Actual vs. estimates

Particulars (mn)	Q4FY25A	Q4FY25E	Variance (%)
Net Sales	8,940	8,885	0.6
EBITDA	852	693	22.9
EBITDA Margin (%)	9.5	7.8	173bps
Net Profit	342	234	46.3
EPS, Rs	22.9	15.7	46.3

Source: Company; IDBI Capital Research

Exhibit 3: Net Sales and EBITDA Margin Performance



Source: Company; IDBI Capital Research

Source: Company; IDBI Capital Research

Financial Summary

Profit & Loss Account

(Rs mn)

Year-end: March	FY22	FY23	FY24	FY25	FY26E	FY27E
Net sales	27,301	31,309	31,963	33,127	35,446	36,890
<i>Change (yoy, %)</i>	30.5	15	2	4	7	4
Operating expenses	(25,088)	(28,227)	(29,059)	(30,304)	(32,309)	(33,376)
EBITDA	2,213	3,082	2,904	2,824	3,137	3,515
<i>Change (yoy, %)</i>	-12.6	39	(6)	(3)	11	12
<i>Margin (%)</i>	8.1	9.8	9.1	8.5	8.9	9.5
Depreciation	(1,010)	(1,134)	(1,154)	(1,201)	(1,307)	(1,377)
EBIT	1,203	1,948	1,750	1,622	1,830	2,138
Interest paid	(284)	(366)	(369)	(408)	(448)	(493)
Other income	119	110	133	117	129	141
Pre-tax profit	1,038	1,693	1,514	1,331	1,510	1,786
Tax	(261)	(430)	(382)	(340)	(380)	(450)
<i>Effective tax rate (%)</i>	25.1	25.4	25.3	25.5	25.2	25.2
Minority Interest	-	-	-	-	-	-
Net profit	777	1,263	1,131	992	1,130	1,336
Exceptional items	-	-	-	-	-	-
Adjusted net profit	834	1,340	1,224	1,068	1,207	1,413
<i>Change (yoy, %)</i>	(26.3)	61	(9)	(13)	13	17
EPS	55.9	89.8	82.0	71.6	80.9	94.7
Dividend per sh	15.0	20.0	20.0	20.0	24.0	25.0
<i>Dividend Payout %</i>	32.2	26.7	29.3	33.5	35.6	31.7

Balance Sheet

(Rs mn)

Year-end: March	FY22	FY23	FY24	FY25	FY26E	FY27E
Shareholders' funds	12,015	13,142	14,099	14,872	15,572	16,461
Share capital	149	149	149	149	149	149
Reserves & surplus	11,866	12,993	13,950	14,723	15,423	16,312
Total Debt	1,747	1,887	2,474	3,726	3,768	3,811
Other liabilities	122	153	159	147	185	230
Curr Liab & prov	5,642	5,564	5,466	6,687	7,213	7,777
Current liabilities	5,460	5,380	5,263	6,440	6,944	7,485
Provisions	182	184	203	247	269	291
Total liabilities	7,511	7,604	8,100	10,559	11,166	11,818
Total equity & liabilities	19,533	20,754	22,208	25,444	26,752	28,292
Net fixed assets	7,130	7,967	8,055	10,044	9,774	9,437
Investments	354	320	706	467	471	474
Other non-curr assets	713	597	1,099	821	896	979
Current assets	11,336	11,870	12,349	14,113	15,610	17,402
Inventories	6,613	6,560	5,959	6,886	7,575	8,257
Sundry Debtors	3,139	4,334	4,637	4,622	5,177	5,695
Cash and Bank	684	240	845	1,395	1,575	2,101
Loans and advances	900	735	908	1,210	1,284	1,350
Total assets	19,533	20,754	22,208	25,444	26,752	28,292

Cash Flow Statement

(Rs mn)

Year-end: March	FY22	FY23	FY24	FY25	FY26E	FY27E
Pre-tax profit	1,038	1,693	1,514	1,331	1,510	1,786
Depreciation	1,010	1,134	1,154	1,201	1,307	1,377
Tax paid	(266)	(399)	(377)	(352)	(342)	(405)
Chg in working capital	(1,129)	(1,226)	200	304	(720)	(640)
Other operating activities	-	-	-	-	-	-
Cash flow from operations (a)	653	1,202	2,491	2,485	1,755	2,118
Capital expenditure	(1,690)	(1,971)	(1,242)	(3,190)	(1,037)	(1,039)
Chg in investments	(6)	35	(386)	239	(4)	(3)
Other investing activities	-	-	-	-	-	-
Cash flow from investing (b)	(1,696)	(1,937)	(1,627)	(2,951)	(1,042)	(1,043)
Equity raised/(repaid)	0	-	-	(0)	-	-
Debt raised/(repaid)	1,438	140	587	1,251	43	43
Dividend (incl. tax)	(269)	(358)	(358)	(358)	(430)	(448)
Chg in minorities	(3)	0	2	3	-	-
Other financing activities	(345)	509	(490)	(144)	(174)	(178)
Cash flow from financing (c)	821	291	(259)	752	(561)	(582)
Net chg in cash (a+b+c)	(221)	(444)	605	286	152	493

Financial Ratios

Year-end: March	FY22	FY23	FY24	FY25	FY26E	FY27E
Market Book Value (Rs)	805.1	881	945	997	1,044	1,103
Adjusted EPS (Rs)	55.9	89.8	82.0	71.6	80.9	94.7
Adjusted EPS growth (%)	-26.3	61	-9	-13	13	17
EBITDA margin (%)	8.1	9.8	9.1	8.5	8.9	9.5
Pre-tax margin (%)	3.8	5.4	4.7	4.0	4.3	4.8
Net Debt/Equity (x)	0.1	0.1	0.1	0.2	0.1	0.1
ROCE (%)	9.4	13	11	9	10	11
ROE (%)	7.1	11	9	7	8	9

DuPont Analysis

Asset turnover (x)	1.5	1.6	1.5	1.4	1.4	1.3
Leverage factor (x)	1.6	1.6	1.6	1.6	1.7	1.7
Net margin (%)	3.1	4.3	3.8	3.2	3.4	3.8

Working Capital & Liquidity ratio

Inventory days	88	76	68	76	78	82
Receivable days	42	51	53	51	53	56
Payable days	32	29	27	36	36	38

Valuations

Year-end: March	FY22	FY23	FY24	FY25	FY26E	FY27E
PER (x)	31.4	19.6	21.4	24.5	21.7	18.6
Price/Book value (x)	2.2	2.0	1.9	1.8	1.7	1.6
EV/Net sales (x)	1.0	0.9	0.9	0.9	0.8	0.8
EV/EBITDA (x)	12.3	9.0	9.6	10.1	9.1	7.9
Dividend Yield (%)	0.9	1.1	1.1	1.1	1.4	1.4

Source: Company; IDBI Capital Research

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Key to Ratings Stocks:**BUY:** 15%+; **HOLD:** -5% to 15%; **SELL:** -5% and below.**IDBI Capital Markets & Securities Ltd.****Equity Research Desk**

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