

Ddev Plastiks Industries

BUY

Robust quarterly earnings, promising outlook

Summary

DDev Plastiks Industries Ltd (DDEVPLAS) reported a robust Q1FY26 earnings on key parameters. The company reported 9% YoY increase in NSR at Rs148/Kg, while sales volume increased by ~13% YoY to 51,733MT. The management remains committed to its long-term objective, targeting volume growth of approximately 10-15% and revenue growth of 12-13%. On a conservative basis, the company aims to achieve a revenue of about Rs4,500crs- Rs5,000crs by FY30. We believe DDEVPLAS is well poised to benefit from healthy demand outlook of domestic wires and cables industry. Given promising outlook by the management, we have marginally increased out net sales/PAT estimates by 4%/6% for FY27E. Maintain BUY with a revised TP of Rs410 (earlier Rs387), assigning 15x PER on FY27E EPS of Rs27.3.

Key Highlights and Investment Rationale

- **Impressive performance on key parameters:** The company reported net sales of Rs7,692mn a healthy growth of 23% YoY growth. This growth was primarily driven by sustained strong demand in the wiring cable industry and a 50 basis point increase in the average selling price. EBITDA stood at Rs729mn with a margin of 9%. PAT came in at Rs522mn, delivering a margin of 7% for the quarter. Production volumes saw a healthy growth of 11% year-on-year, reaching to 51,733 tons. The 23% revenue growth for Q1FY26 was contributed by approx. 13% volume growth and ~10% increase in average selling price.
- **Sustainable earnings growth on card, BUY with a TP of Rs410:** Ddev Plasticks enjoys monopoly in specialized polymers in the domestic market. We like the company given the pedigree of the management, focus on being a niche polymer player catering to diversified industries, robust 200+SKU base, long term association with the clients and debt-free balance sheet. BUY with a TP of Rs410.

TP **Rs410**
CMP **Rs316**

Potential upside/downside +30%

Price Performance (%)

	-1m	-3m	-12m
Absolute	18.6	26.6	(21.5)
Rel to Sensex	21.3	25.6	(22.2)

V/s Consensus

EV/EBITDA (x)	FY26E	FY27E
IDBI Capital	21.5	27.3
Consensus	--	--
% difference	--	--

Key Stock Data

Bloomberg / Reuters	DDEVPLAS IN /DEIL.BO
Sector	Specialty Chemicals
Shares o/s (mn)	103
Market cap. (Rs mn)	32,657
3-m daily avg Trd value (Rs mn)	--
52-week high / low	Rs407 / 213
Sensex / Nifty	80,236 / 24,487

Shareholding Pattern (%)

Promoters	75.0
FII	0.4
DII	0.0
Public	24.6

Financial snapshot

(Rs mn)

Year	FY2023	FY2024	FY2025	FY2026E	FY2027E
Revenue	25,037	24,312	26,033	29,789	34,675
Change yoy, %		(3)	7	14	16
EBITDA	1,599	2,583	2,690	3,127	3,954
Change yoy, %		62	4	16	26
EBITDA Margin(%)	6.4	10.6	10.3	10.5	11.4
Adj.PAT	1,041	1,817	1,855	2,224	2,828
EPS (Rs)	11	18	18	21.5	27.3
PE(x)	28.5	17.9	17.6	(21.4)	(24.7)
Dividend Yield (%)	0.3	0.5	0.6	14.7	11.5
EV/EBITDA (x)	18.8	12.6	12.1	0.6	0.7
RoE (%)	23.5	31.5	24.8	10.3	7.9
RoCE (%)	26.3	36.7	30.6	23.8	24.4

Source: IDBI Capital Research

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Concall Highlights

Industry:

- Despite global tensions and market volatility, the Indian economy demonstrated remarkable resilience, supported by macroeconomic stability and positive trends in key indicators like GST collections, rural wage growth, and government capital expenditure.
- Major demand drivers for the domestic and export markets include power generation in renewable fuels (solar, wind energy), substantial new investments in coal-based thermal power projects, and related transmission and power distribution infrastructure by central and state governments. The Indian wire and cable market is projected to grow at a CAGR of 12%.
- This growth is expected to lead leading manufacturers to undertake capital expenditure of approximately Rs132bn, presenting a significant opportunity for polymer compound suppliers like Ddev Plastiks.

Operating Performance:

- For Q1FY26, revenue from operations reached approximately Rs7692mn, representing a 23% YoY growth.
- This growth was primarily driven by sustained strong demand in the wiring cable industry and a 50 basis point increase in the average selling price
- EBITDA stood at Rs729mn with a margin of 9%.
- PAT stood at Rs522mn, delivering a margin of 7% for the quarter.
- Production volumes saw a healthy growth of 11% year-on-year, reaching to 51,733 tons.
- The 23% revenue growth for Q1FY26 was contributed by approx. 13% volume growth and approx. 10% increase in average selling price.
- The average selling price in Q1 FY26 was around Rs148/kg, compared to Rs136/kg in Q1FY25.
- EBITDA per ton has improved, with Q1FY26 at Rs15,304/ton compared to Rs14,000 in Q1FY25.
- The company's finance cost in Q1 was around Rs55mn, which includes processing fees of about Rs20mn. The net interest cost is approximately Rs40mn. The target net run rate for finance costs is around Rs40-45mn.

- The revenue contribution by product category is 73% from polyethylene and 10% from PVC, with the remaining 17% from HFFR, and other plastic compound.
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Capacity Addition and Guidance

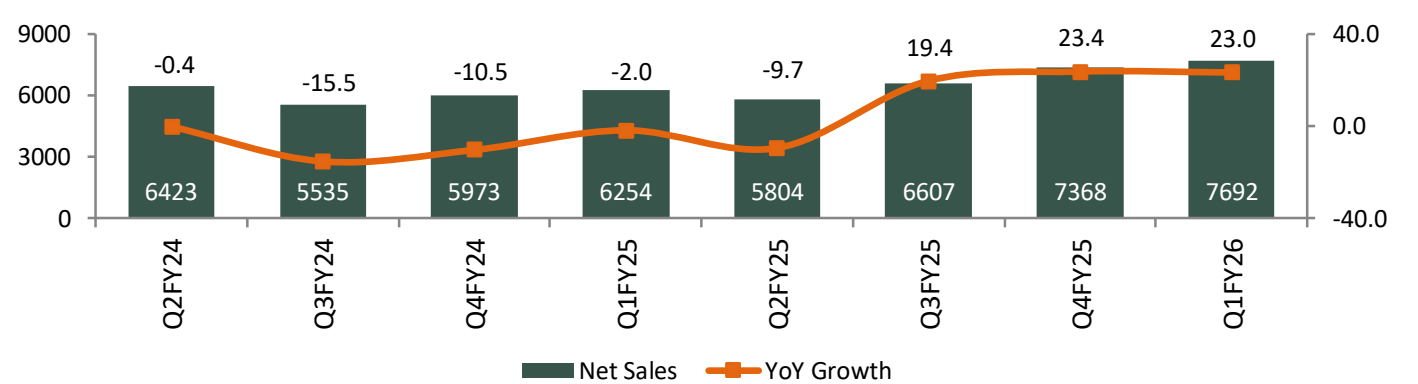
- The planned capacity expansion for XLPE is also planned which will allow Ddev Plastiks to cater to the 220 kV segments, up from the current 72 kV.
- The company is continuing its capital expenditure programs. 5,000 metric tons of Sioplas compounds capacity has already been added in the eastern part of the country, bringing the installed capacity to 2,38,400 metric tons per annum.
- Ddev Plastiks aims to get certification for 132 kV for commercial use by the end of FY26 or early FY27. While the product is ready, trial by a cable customer is pending, and volume ramp-up for 132 kV is expected to be slow, with significant growth seen beyond FY27.
- For the next three years, the company plans to add: 15,000+ tons of HFFR. 25,000 tons of PVC (with a potential additional 5,000-10,000 tons) and 60,000 tons of XLP (with a potential additional 24,000 tons). This amounts to a consolidated addition of close to 1,30,000+ tons of capacity.
- For the financial year FY26, Ddev Plastiks has an expected capital expenditure investment of approximately Rs1100mn.
- Ddev Plastiks remains committed to its long-term objective, targeting volume growth of approximately 10-15% and revenue growth of 12-13%.
- On a conservative basis, the company aims to achieve a revenue of about Rs45,000mn to Rs50,000mn by FY30.
- The company expects to maintain EBITDA margin in the range of 10-12%.

Exhibit 1: Financial snapshot

Particulars (mn)	Q1FY26	Q4FY25	QoQ (%)	Q1FY25	YoY (%)
Total revenues	7,692	7,368	4.4	6,254	22.9893
Total expenditure	6,963	6,603	5.4	5,670	22.8
EBIDTA	729	765	(4.6)	584	24.8
EBIDTA margin (%)	9	10	-90bps	9	14bps
Depreciation	41	44	(5.6)	34	22.0
Interest cost	55	57	(3.4)	45	22.8
Other income	65	28	132.5	63	3.3
PBT	698	692	0.8	568	22.7
Tax	175	154	13.8	143	22.1
Adj. net profit	522	517	0.8	425	22.9
Adj. EPS (RS.)	5	5	0.8	4	22.9

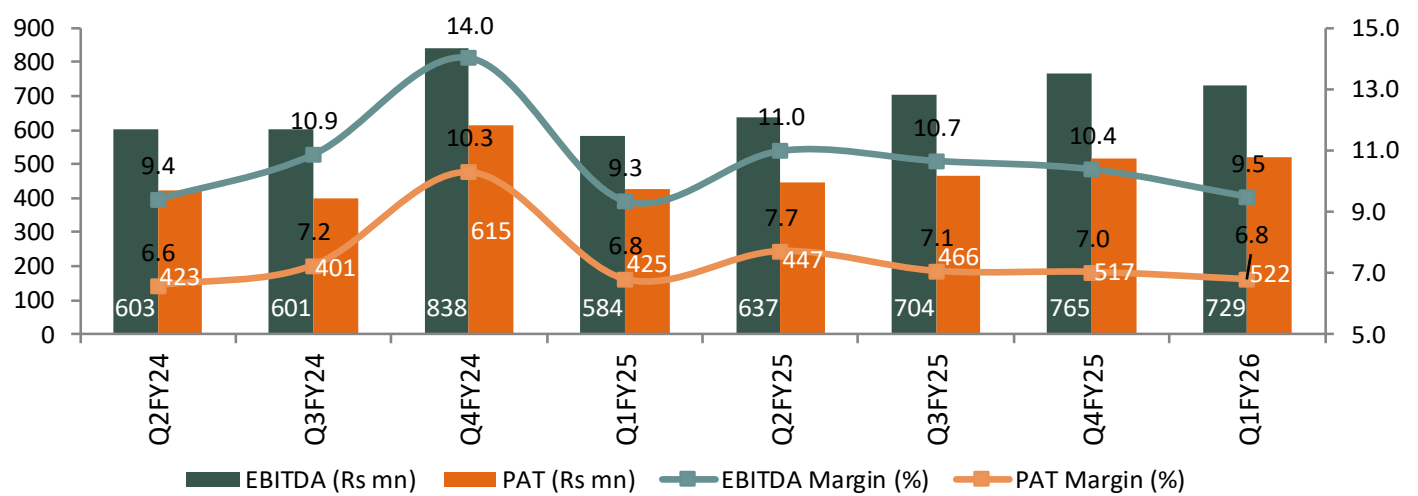
Source: Company; IDBI Capital Research

Exhibit 2: Quarterly Net sales Growth Analysis



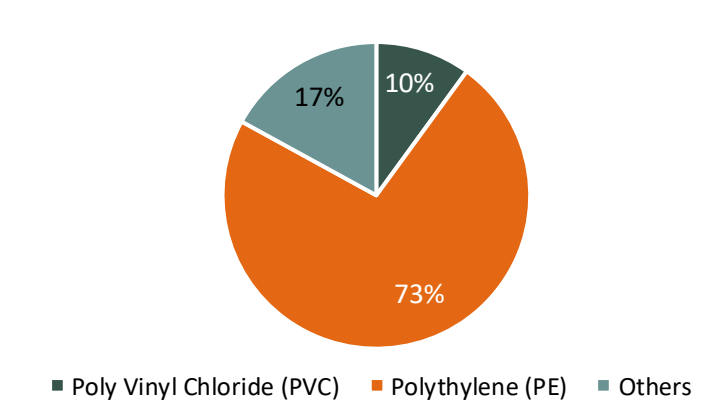
Source: Company; IDBI Capital Research

Exhibit 3: Quarterly Margin Profile Analysis



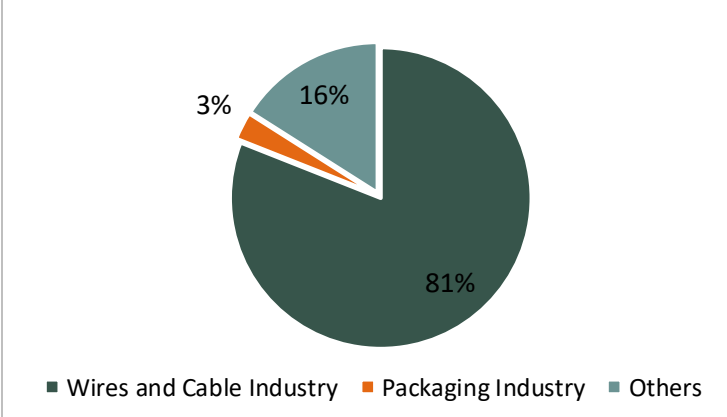
Source: Company; IDBI Capital Research

Exhibit 4: Contribution by Product Category (%)



Source: Company; IDBI Capital Research

Exhibit 5: Top 3 Revenue contributing Sectors (%)



Financial Summary

Profit & Loss Account

(Rs mn)

Year-end: March	FY23	FY24	FY25	FY26E	FY27E
Net sales	25,037	24,312	26,033	29,789	34,675
<i>Change (yoy, %)</i>	12	(3)	7	14	16
Operating expenses	(23,438)	(21,729)	(23,343)	(26,661)	(30,722)
EBITDA	1,599	2,583	2,690	3,127	3,954
<i>Change (yoy, %)</i>	52	62	4	16	26
<i>Margin (%)</i>	6.4	10.6	10.3	10.5	11.4
Depreciation	(121)	(142)	(150)	(192)	(232)
EBIT	1,478	2,441	2,540	2,935	3,721
Interest paid	(332)	(230)	(213)	(143)	(122)
Other income	258	236	180	180	180
Pre-tax profit	1,404	2,447	2,507	2,972	3,780
Tax	(363)	(630)	(651)	(748)	(951)
<i>Effective tax rate (%)</i>	25.8	25.7	26.0	25.2	25.2
Minority Interest	-	-	-	-	-
Net profit	1,041	1,817	1,855	2,224	2,828
Exceptional items	-	-	-	-	-
Adjusted net profit	1,041	1,817	1,855	2,224	2,828
<i>Change (yoy, %)</i>	90	75	2	20	27
EPS	11.1	17.6	17.9	21.5	27.3
Dividend per sh	1.0	1.5	1.8	2.0	2.3
<i>Dividend Payout (%)</i>	11	10	12	11	10

Balance Sheet

(Rs mn)

Year-end: March	FY23	FY24	FY25	FY26E	FY27E
Shareholders' funds	4,943	6,599	8,347	10,323	12,871
Share capital	94	103	103	103	103
Reserves & surplus	4,848	6,495	8,244	10,219	12,768
Total Debt	558	661	420	477	406
Other liabilities	275	263	335	369	410
Curr Liab & prov	3,347	2,428	2,444	2,733	3,056
Current liabilities	3,324	2,390	2,418	2,706	3,027
Provisions	23	38	26	27	28
Total liabilities	4,180	3,352	3,199	3,579	3,872
Total equity & liabilities	9,123	9,951	11,546	13,901	16,744
Net fixed assets	2,252	2,336	2,716	3,479	4,247
Investments	-	-	614	645	677
Other non-curr assets	157	132	222	226	226
Current assets	6,713	7,483	7,994	9,551	11,594
Inventories	2,177	2,053	2,423	2,744	3,188
Sundry Debtors	3,631	3,982	4,664	5,305	6,175
Cash and Bank	70	768	430	1,002	1,711
Loans and advances	835	680	477	500	520
Total assets	9,123	9,951	11,546	13,901	16,744

Cash Flow Statement

(Rs mn)

Year-end: March	FY23	FY24	FY25	FY26E	FY27E
Pre-tax profit	1,404	2,447	2,507	2,972	3,780
Depreciation	117	132	150	192	232
Tax paid	(360)	(644)	(626)	(718)	(913)
Chg in working capital	(43)	(1,158)	(1,026)	(675)	(992)
Other operating activities	-	-	-	-	-
Cash flow from operations (a)	1,118	777	1,005	1,771	2,106
Capital expenditure	(280)	(216)	(530)	(956)	(1,000)
Chg in investments	-	-	(614)	(31)	(32)
Other investing activities	-	-	-	-	-
Cash flow from investing (b)	(280)	(216)	(1,144)	(986)	(1,032)
Equity raised/(repaid)	-	9	-	-	-
Debt raised/(repaid)	(733)	103	(241)	57	(71)
Dividend (incl. tax)	(113)	(186)	(217)	(248)	(279)
Chg in minorities	-	-	-	-	-
Other financing activities	17	210	129	(22)	(15)
Cash flow from financing (c)	(829)	136	(329)	(213)	(365)
Net chg in cash (a+b+c)	9	698	(468)	572	709

Financial Ratios

Year-end: March	FY23	FY24	FY25	FY26E	FY27E
Book Value (Rs)	49	61	81	100	124
Adj EPS (Rs)	11.1	17.6	17.9	21.5	27.3
Adj EPS growth (%)	90	59	2	20	27
EBITDA margin (%)	6.4	10.6	10.3	10.5	11.4
Pre-tax margin (%)	5.6	10.1	9.6	10.0	10.9
Net Debt/Equity (x)	0.1	0.0	0.0	-0.1	-0.1
ROCE (%)	26	37	31	29	30
ROE (%)	23	31	25	24	24
DuPont Analysis					
Asset turnover (x)	2.7	2.5	2.4	2.3	2.3
Leverage factor (x)	2.1	1.7	1.4	1.4	1.3
Net margin (%)	4.2	7.5	7.1	7.5	8.2
Working Capital & Liquidity ratio					
Inventory days	32	31	34	34	34
Receivable days	53	60	65	65	65
Payable days	45	30	32	31	31

Valuations

Year-end: March	FY23	FY24	FY25	FY26E	FY27E
PER (x)	28.5	17.9	17.6	14.7	11.5
Price/Book value (x)	6.4	5.2	3.9	3.2	2.5
EV/Net sales (x)	1.2	1.3	1.3	1.1	0.9
EV/EBITDA (x)	18.8	12.6	12.1	10.3	7.9
Dividend Yield (%)	0.3	0.5	0.6	0.6	0.7

Source: Company; IDBI Capital Research

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Key to Ratings Stocks:

BUY: 15%+; **HOLD:** -5% to 15%; **SELL:** -5% and below.

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