

Mixed Q3; pick-up in exports key trigger...

About the stock: Indoco manufactures and markets branded formulations and APIs for the domestic and export markets. In domestic formulations, through its nine marketing divisions, the company serves a range of specialties.

- Domestic formulations accounted for 51% of revenues. Major therapies are: respiratory, anti-infectives, stomatologicals, gastrointestinal and vitamins
- Formulation exports accounted for 40% (regulated markets:81%) of revenues while APIs contributed 8% with remaining coming from CRAMS

Q3FY22 Results: Indoco reported revenue growth due to traction in domestic business but exports were below our expectations.

- Sales were up 7.7% YoY to ₹ 358 crore
- EBITDA was at ₹ 73.5 crore, up 22.1% YoY with margins at 20.5%
- PAT for Q3 was at ₹ 33 crore (up 30.1% YoY)

What should investors do? Indoco's share price has grown by ~1.5x over the past five years (from ~₹ 271 in Feb 2017 to ~₹ 397 levels in Feb 2022).

- We retain BUY rating on this stock due to steadiness in domestic business and outlook for inflows from exports amid better operating leverage

Target Price and Valuation: We value Indoco Remedies at ₹ 510 i.e. 18x P/E on FY24E EPS of ₹ 28.3

Key triggers for future price performance:

- Restructuring exercise for improvement in MR productivity & therapy calibration is likely to yield productive growth in Indian formulations
- Clearance from UK-MHRA & lifting of USFDA warning letters for Goa plant II and III is likely to improve operating leverage for export formulations
- Indoco will benefit as domestic sales normalise while export formulations are likely to grow with a strong pipeline and visible launch schedule
- Niche ANDA filings in ophthalmic, injectable and oral solid dosages in US to scales up the US share from a low base

Alternate Stock Idea: Apart from Indoco, in healthcare coverage we like Ajanta.

- It is mainly into domestic as well as exports formulations with focus on launching maximum number of first time launches
- BUY with a target price of ₹ 2605



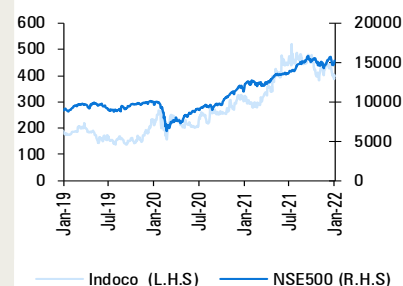
Particulars

Particular	Amount
Market Capitalisation	₹ 3664 crore
Debt (FY21)	₹ 228 crore
Cash (FY21)	₹ 5 crore
EV	₹ 3887 crore
52 week H/L (₹)	530/274
Equity capital	₹ 18.4 crore
Face value	₹ 2

Shareholding pattern

(in %)	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Promoter	58.7	58.7	58.7	58.7	58.7
Others	41.3	41.3	41.3	41.3	41.3

Price Chart



Recent Event & Key risks

- Goa Plant – I USFDA inspection awaited
- **Key Risk:** (i) CGMP regulatory concerns (ii) Competition in domestic power brands

Research Analyst

Siddhant Khandekar
siddhant.khandekar@icicisecurities.com

Raunak Thakur
raunak.thakur@icicisecurities.com

Kush Mehta
kush.mehta@icicisecurities.com

Key Financial Summary

Key Financials (₹ Crore)	FY20	FY21	5 year CAGR (FY16-21)	FY22E	FY23E	FY24E	3 year CAGR (FY21-24E)
Revenues	1106.6	1241.5	4.3	1532.8	1754.4	1997.7	17.2
EBITDA	123.2	224.3	5.0	327.8	376.0	434.6	24.7
EBITDA margins (%)	11.1%	18.1%		21.4%	21.4%	21.8%	
Adjusted PAT	24.1	93.1	1.5	152.3	214.5	261.0	41.0
EPS (Adjusted)	2.6	10.1		16.5	23.3	28.3	
PE (x)	152.0	39.4		24.1	17.1	14.0	
EV to EBITDA (x)	31.6	17.4		11.9	10.0	8.2	
RoNW (%)	3.5	12.1		16.9	19.8	20.0	
RoCE (%)	4.6	11.7		17.9	21.5	26.3	

Key takeaways of recent quarter & conference call highlights

Q3FY22 Results: Domestic offsets decline in exports

- Revenues grew 7.7% YoY to ₹ 358 crore driven by 15.2% YoY growth in domestic formulations to ₹ 181.6 crore due to strong performance in anti-Infective, gastro-intestinal, urological and respiratory therapeutic areas. Export formulations remained steady YoY at ₹ 143.1 crore while APIs declined 32.2% YoY to ₹ 19.7 crore. Gross margins were down 196 bps YoY to 69.6% amid rise in input cost. EBITDA margins improved 241 bps YoY to 20.5% on account of operational efficiency and cost control measures. EBITDA grew 22.1% YoY to ₹ 73.5 crore. PAT for the quarter came in at ₹ 33 crore, up 30.1% YoY
- Q3 topline was below our estimates mainly due to lower-than-expected sales in export formulations and APIs. Cost control measures offsetting the lower gross margins has resulted in better profitability this quarter. The company's domestic business continues to focus on brand building with selective launches to boost growth. Indoco's US business is expected to grow on the back of commercialisation of several ANDAs. After going through rough patches in FY18-20, where Indoco faced headwinds on the domestic front (structural issues, pandemic) and exports front (regulatory setbacks), the situation is returning to normalcy

Q3FY22 Earnings Conference Call highlights

- The management outlook for domestic business was positive with Q4 likely to be better than Q3. Brand-wise management expects only Karvol to be impacted by shrinking Covid opportunity while ATM is not expected to lose much of traction. Covid contribution stands at ~ 17% in 9MFY22
- PCPM has increased from 2 lakh to around 2.5-2.8 lakh right now and the management maintained the guidance for 3 lakh PCPM in two years
- Indoco's NLEM portfolio is ~ 11% of total domestic sales and management guided for ~ 10% price hike in NLEM along with price hike in brands with leadership position
- Guidance for US reduced from ₹ 250 crore to ₹ 225 crore in FY22E. Teva's market share in Brinzolamide is at ~ 22%. Indoco received ~ ₹ 8 crore from profit sharing and ~ ₹ 20 crore from milestones and profit sharing payment
- Indoco Remedies has more 18 products in US and order book for US is healthy for the Q4FY22.
- The management guided for visible ₹ 120 crore order-book from Europe in coming months and focus is on execution capabilities
- COGS has largely gone up on account of increase in price of API purchased from China, which for Q4FY22 is stable but not coming down
- Other expenses reduced due to cost saving measures undertaken and lower sales and marketing expenses in line with sales
- CRO business is profitable at the EBITDA level and ~ 50-60% CRO capacity is used for captive consumption. Around 80 employees are working in the CRO segment

Exhibit 1: Variance Analysis

	Q3FY22	Q3FY21	Q2FY22	YoY (%)	QoQ (%)	Comments
Revenue	358.0	332.3	386.9	7.7	-7.5	YoY growth driven by strong growth in domestic formulations
Raw Material Expense	108.7	94.4	106.3	15.2	2.2	
Gross margins (%)	69.6	71.6	72.5	-196 bps	-288 bps	
Employee Expenses	71.3	72.9	74.2	-2.1	-3.9	
Other Expenditure	87.5	87.5	98.6	-0.1	-11.3	
R&D	17.1	17.4	21.3	-1.4	-19.8	
EBITDA	73.5	60.2	86.4	22.1	-15.0	
EBITDA (%)	20.5	18.1	22.3	241 bps	-183 bps	YoY improvement mainly due to cost control measures and better operation leverage
Interest	3.8	6.0	3.1	-36.8	24.9	
Depreciation	19.2	16.9	19.5	13.9	-1.2	
Other Income	0.2	0.4	1.0	-55.6	-84.2	
PBT before EO & Forex	50.6	37.6	65.0	34.4	-22.1	
Forex & EO	0.0	0.0	0.0	0.0	0.0	
PBT	50.6	37.6	65.0	34.4	-22.1	
Tax	17.6	12.3	23.3	43.4	-24.4	
Net Profit	33.0	25.4	41.7	30.1	-20.9	YoY growth mainly due to strong operational performance and lower interest cost

Key Metrics						
Domestic Formulations	181.6	157.6	213.6	15.2	-15.0	YoY growth mainly due to strong growth in anti-infective, gastro-intestinal, urological and respiratory therapeutic areas
Export formulations	143.1	143.7	135.6	-0.4	5.5	
APIs	19.7	29.0	19.7	-32.2	-0.2	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY22E			FY23E			FY24E	
(₹ Crore)	Old	New	% Change	Old	New	% Change	Introduced	
Revenue	1,612.3	1,532.8	-4.9	1,817.1	1,754.4	-3.4	1,997.7	Changed due to lower traction in exports Q3FY22
EBITDA	338.0	327.8	-3.0	380.0	376.0	-1.1	434.6	
EBITDA Margin (%)	21.0	21.4	43 bps	20.9	21.4	52 bps	21.8	Changed on the back of better-than-expected Q3FY22
PAT	159.6	152.3	-4.6	220.2	214.5	-2.6	261.0	
EPS (₹)	17.3	16.5	-4.6	23.9	23.3	-2.6	28.3	

Source: ICICI Direct Research

Exhibit 3: Assumptions

	Current				Earlier		Comments
(₹ crore)	FY21	FY22E	FY23E	FY24E	FY22E	FY23E	
Domestic Formulations	618.2	784.3	876.7	981.9	784.8	863.9	Domestic likely to continue to grow at ~ 10-15%
US Formulations	148.3	214.7	270.1	324.1	233.2	298.4	Positive outlook due to launches in ophthalmic and injectables
Export Formulations(Ex US)	491.9	627.4	758.0	887.3	674.1	817.3	Management guidance for visible order book
APIs	93.8	71.2	80.7	88.8	89.4	98.3	
US (US\$ m)	20.0	28.8	36.0	43.2	32.6	40.8	

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	1242	12.2	10.1	NA	39.4	17.4	12.1	11.7
FY22E	1533	23.5	16.5	63.6	24.1	11.9	16.9	17.9
FY23E	1754	14.5	23.3	40.8	17.1	10.0	19.8	21.5
FY24E	1998	13.9	28.3	21.7	14.0	8.2	20.0	26.3

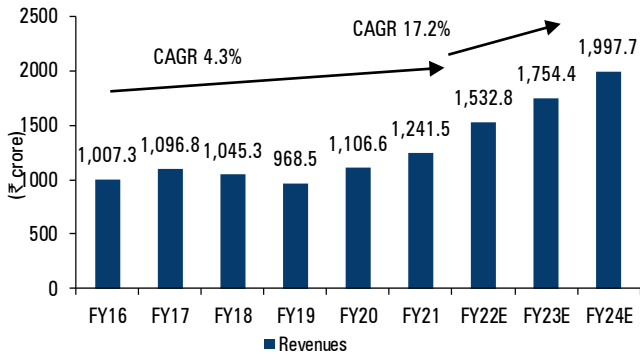
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ Crore)	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	YoY (%)	QoQ (%)
Net Sales	248.0	245.0	247.2	286.2	283.5	263.1	266.8	323.1	333.7	295.1	381.4	372.9	348.9	4.6	-6.4
Other Operating Income	14.6	7.1	5.5	6.4	5.9	8.9	9.1	5.2	-1.4	10.0	5.3	14.0	9.1	-766.4	-34.6
Revenues	262.6	252.1	252.7	292.6	289.4	272.0	275.9	328.2	332.3	305.1	386.8	386.9	358.0	7.7	-7.5
Raw Material Expenses	88.2	81.1	85.6	89.6	82.8	72.4	81.6	90.2	94.4	87.9	110.3	106.3	108.7	15.2	2.2
% of Revenues	33.6	32.2	33.9	30.6	28.6	26.6	29.6	27.5	28.4	28.8	28.5	27.5	30.4	196 bps	288 bps
Gross Profit	174.3	170.9	167.1	203.0	206.5	199.6	194.2	238.0	237.9	217.2	276.4	280.6	249.3	4.8	-11.1
Gross Profit Margin (%)	66.4	67.8	66.1	69.4	71.4	73.4	70.4	72.5	71.6	71.2	71.5	72.5	69.6	-196 bps	-288 bps
Employee Expenses	58.9	58.1	60.9	64.1	68.2	63.2	65.8	75.2	72.9	60.2	75.0	74.2	71.3	-2.1	-3.9
% of Revenues	22.4	23.0	24.1	21.9	23.6	23.2	23.9	22.9	21.9	19.7	19.4	19.2	19.9	-201 bps	75 bps
Research & Development	12.4	13.1	11.1	11.6	12.9	14.0	10.3	15.7	17.4	16.4	16.5	21.3	17.1	-1.4	-19.8
% of Revenues	4.7	5.2	4.4	4.0	4.5	5.2	3.7	4.8	5.2	5.4	4.3	5.5	4.8	-45 bps	-73 bps
Other Manufacturing Expenses	78.2	71.3	72.6	94.6	90.5	89.0	69.5	86.5	87.5	85.9	98.0	98.6	87.5	-0.1	-11.3
% of Revenues	29.8	28.3	28.7	32.3	31.3	32.7	25.2	26.4	26.3	28.2	25.3	25.5	24.4	-191 bps	-106 bps
Total Expenditure	237.8	223.7	230.3	259.9	254.5	238.7	227.2	267.5	272.1	250.4	299.9	300.4	284.6	4.6	-5.3
% of Revenues	90.6	88.7	91.1	88.8	87.9	87.8	82.4	81.5	81.9	82.1	77.5	77.7	79.5	-241 bps	183 bps
EBITDA	24.8	28.4	22.4	32.6	34.9	33.3	48.7	60.7	60.2	54.7	86.9	86.4	73.5	22.1	-15.0
EBITDA Margin (%)	9.4	11.3	8.9	11.2	12.1	12.2	17.6	18.5	18.1	17.9	22.5	22.3	20.5	241 bps	-183 bps
Depreciation	17.7	19.5	17.0	18.0	17.6	18.2	19.1	18.6	16.9	18.6	22.2	19.5	19.2	13.9	-1.2
Interest	3.7	4.6	6.1	5.4	6.9	7.8	5.8	5.9	6.0	4.6	4.2	3.1	3.8	-36.8	24.9
Other Income	0.6	5.0	0.6	0.6	0.7	0.5	0.3	0.5	0.4	2.0	0.9	1.0	0.2	-55.6	-84.2
PBT	3.9	9.3	-0.1	9.8	11.1	7.8	24.0	36.8	37.6	33.6	61.3	65.0	50.6	34.4	-22.1
Total Tax	-1.4	-2.2	-1.9	2.0	2.0	2.4	7.0	11.1	12.3	8.6	21.6	23.3	17.6	43.4	-24.4
Tax Rate (%)	-36.9	-24.2	NA	20.3	17.8	30.9	29.1	30.3	32.6	25.5	35.3	35.8	34.8	217 bps	-104 bps
Net Profit	5.3	11.5	1.8	7.8	9.1	5.4	17.0	25.7	25.4	25.0	39.7	41.7	33.0	30.1	-20.9
PAT Margin (%)	2.0	4.6	0.7	2.7	3.1	2.0	6.2	7.8	7.6	8.2	10.3	10.8	9.2	158 bps	-156 bps

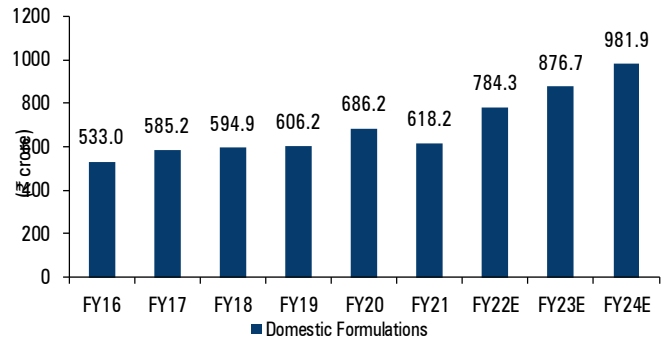
Source: ICICI Direct Research

Exhibit 6: Revenue to grow at CAGR of 17.2% over FY21-24E



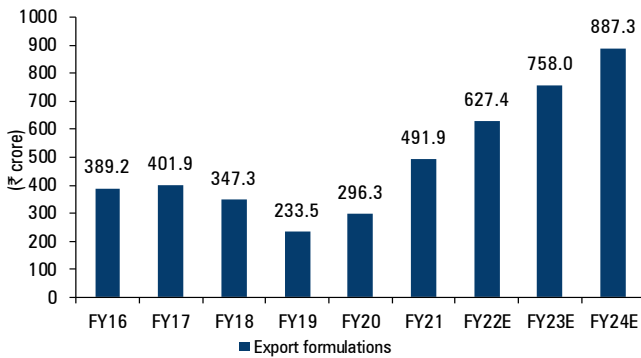
Source: ICICI Direct Research, Company

Exhibit 7: Domestic formulation to grow 16.7% in FY21-24E



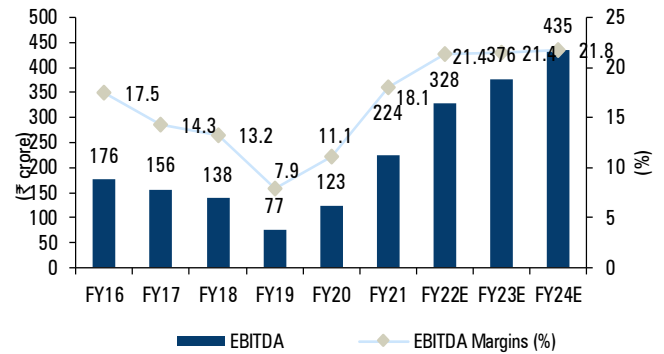
Source: ICICI Direct Research, Company

Exhibit 8: Export formulations to grow 21.7% in FY21-24E



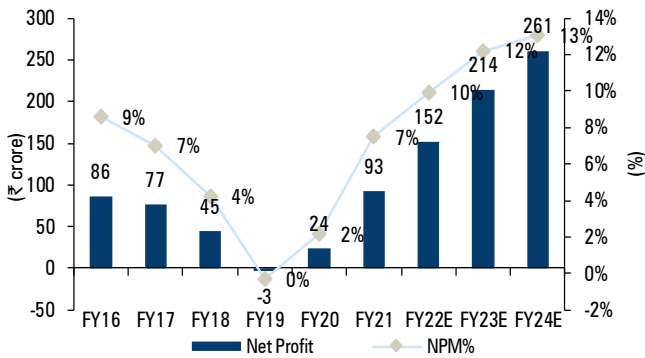
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



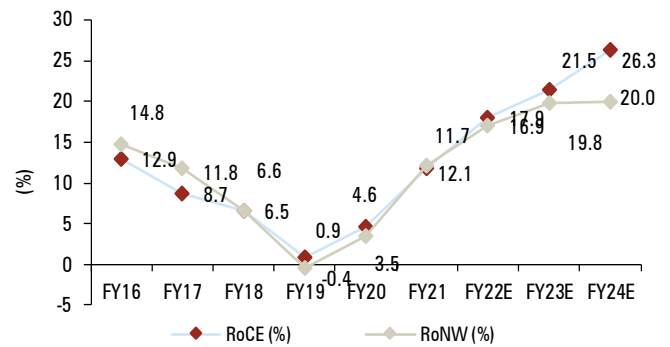
Source: ICICI Direct Research, Company

Exhibit 10: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 11: Return ratios trend



Source: ICICI Direct Research, Company

Exhibit 12: ICICI Direct Coverage Universe (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
						FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E
Hospitals																					
Apollo Hospitals	APOHOS	4664	5,930	Buy	67065	22.6	7.9	72.9	99.4	206.6	593.4	64.0	46.9	10.2	6.3	18.1	21.7	9.7	2.5	18.6	20.9
Narayana Hrudalaya	NARHRU	633	650	Buy	12935	6.4	-0.7	16.4	18.3	99.7	NA	38.7	34.6	11.0	1.2	17.5	18.4	11.4	-1.3	23.3	20.9
Shalby	SHALIM	140	170	Hold	1513	2.6	3.9	4.3	5.7	54.9	35.7	32.2	24.7	7.2	6.5	8.9	8.8	3.5	5.1	5.4	6.7
Aster DM	ASTDM	186	250	Buy	9281	5.7	3.0	10.6	17.2	32.6	62.8	17.6	10.8	7.2	5.4	8.7	12.1	8.7	4.4	13.5	18.0
Healthcare Global	HEAGLO	248	240	Hold	3115	-12.0	-21.7	15.6	8.4	NA	NA	16.0	29.4	1.0	-0.9	7.6	10.4	NA	NA	NA	7.2
MNC Pharma																					
Abbott India	ABBIND	16213	20,360	Buy	34451	279.0	325.0	362.3	471.9	58.1	49.9	44.8	34.4	30.7	33.8	35.3	37.2	24.4	26.5	27.6	28.9
P&G Health	MERLIM	5092	6,555	Buy	8453	102.0	106.5	135.7	145.7	49.9	47.8	37.5	35.0	24.0	32.2	41.0	37.7	18.7	25.1	31.6	28.8
Sanofi India	SANOFI	7528	9,800	Buy	17338	179.8	207.4	431.8	280.0	41.9	36.3	17.4	26.9	26.0	32.3	34.2	41.9	19.4	24.5	22.2	33.5
Pfizer	PFIZER	4626	6,020	Buy	21163	111.3	108.8	139.7	158.4	41.6	42.5	33.1	29.2	18.5	27.6	27.5	26.3	15.0	20.8	22.3	21.2
Pharma																					
Ajanta Pharma	AJAPHA	2159	2,605	Buy	18684	53.4	74.0	86.1	86.7	40.4	29.2	25.1	24.9	24.7	29.0	27.2	23.7	18.1	21.8	22.5	19.4
Alembic Pharma	ALEMPHA	774	790	Hold	15213	44.4	59.9	32.5	39.7	17.4	12.9	23.8	19.5	21.0	24.2	11.6	14.0	27.1	23.0	11.5	12.7
Aurobindo Pharma	AURPHA	674	795	Hold	39504	48.8	55.0	50.5	61.7	13.8	12.3	13.3	10.9	17.2	16.9	13.9	15.3	17.0	14.7	12.0	12.9
Biocon	BIOCON	387	410	Hold	46452	5.8	6.1	5.9	9.5	66.6	63.6	66.0	40.8	10.2	7.6	7.9	10.2	10.4	9.6	8.6	12.3
Cadila Healthcare	CADHEA	415	563	Hold	42434	14.0	21.5	22.1	22.8	29.7	19.3	18.8	18.2	10.7	12.6	13.8	14.0	13.8	16.9	15.4	14.1
Cipla	CIPLA	952	1,100	Buy	76735	19.2	29.9	37.1	40.3	49.5	31.9	25.6	23.6	12.0	16.3	18.8	18.3	9.8	13.1	14.5	14.0
Dr Reddy's Labs	DRREDD	4415	5,160	Buy	73453	121.7	117.3	163.6	192.9	36.3	37.7	27.0	22.9	9.6	13.1	16.1	18.8	13.0	11.1	13.6	14.1
Glenmark Pharma	GLEPHA	503	580	Hold	14190	26.4	32.9	37.7	43.7	19.1	15.3	13.3	11.5	12.7	13.9	15.3	15.9	12.2	13.1	12.5	12.7
Ipca Laboratories	IPCLAB	1055	1,245	Hold	26762	23.8	44.9	39.1	47.9	44.4	23.5	27.0	22.0	17.6	27.1	20.6	20.9	16.6	24.2	17.5	17.7
Jubilant Pharmova	JUBLIF	529	625	Hold	8424	44.6	37.4	44.0	62.6	11.9	14.1	12.0	8.4	11.7	13.7	14.9	18.1	12.7	12.6	13.0	15.7
Lupin	LUPIN	913	1,015	Hold	41464	-12.7	26.9	44.5	37.5	NA	34.0	20.5	24.4	9.7	9.1	8.1	12.8	-4.6	8.8	16.0	11.7
Natco Pharma	NATPHA	916	925	Hold	16709	25.3	24.2	17.1	20.1	36.3	37.9	53.6	45.5	14.0	13.1	8.4	9.9	12.2	10.7	7.2	8.0
Sun Pharma	SUNPHA	889	1,075	Buy	213325	16.8	30.0	32.9	33.6	53.0	29.6	27.0	26.5	10.0	14.2	17.4	16.9	8.9	15.5	15.2	13.6
Torrent Pharma	TORPHA	2736	3,235	Hold	46298	60.6	74.0	70.4	95.6	45.2	37.0	38.9	28.6	15.4	17.7	18.8	21.2	21.2	21.4	17.7	20.3
Indoco Remedies	INDREM	398	510	Buy	3677	2.6	10.1	16.5	23.3	152.1	39.4	24.1	17.1	4.6	11.7	17.9	21.5	3.5	12.1	16.9	19.8
Caplin Point	CAPPOI	826	1,080	Buy	6248	28.4	32.0	38.3	45.0	29.1	25.8	21.5	18.3	26.5	25.4	25.1	24.8	22.7	20.4	20.1	19.4
Advanced Enzymes	ADVENZ	336	420	Buy	3751	11.6	13.1	13.0	16.1	29.0	25.7	25.7	20.9	19.6	19.4	16.8	18.3	15.4	15.1	13.2	14.1
Hester Biosciences	HESPHA	2490	2,780	Hold	2118	34.3	44.4	47.2	52.0	72.6	56.1	52.8	47.9	14.0	16.2	12.8	14.3	14.5	16.5	15.5	15.1
API/CRAMS																					
Divi's Lab	DIVLAB	4214	5,600	Buy	111875	51.9	74.7	91.6	111.0	81.3	56.4	46.0	38.0	23.9	27.6	27.9	28.4	18.8	21.3	22.0	22.3
Hikal	HIKCHE	425	640	Buy	5241	8.1	10.8	17.2	21.4	52.5	39.4	24.7	19.9	12.8	15.1	17.7	18.5	12.2	14.3	18.7	19.1
Syngene Int.	SYNINT	585	710	Buy	23384	10.3	10.1	9.4	13.1	56.8	57.8	62.1	44.6	14.5	11.5	12.4	14.9	16.8	13.5	12.8	14.2
Granules India	GRANUL	321	350	Hold	7957	12.4	22.2	15.0	23.3	25.9	14.5	21.4	13.8	15.2	24.0	16.1	21.7	16.7	25.3	14.8	18.9
Laurus Labs	LAULAB	526	625	Buy	28217	4.8	18.3	15.1	20.7	110.7	28.7	34.9	25.4	13.0	31.7	21.3	24.3	14.4	37.9	24.3	25.7
Suven Pharmaceuticals	SUVPH	551	600	Buy	14033	12.5	14.2	15.0	18.7	44.3	38.7	36.6	29.4	35.6	31.2	25.7	24.7	37.5	30.7	24.9	23.9

Source: ICICI Direct Research

Financial Summary

Exhibit 13: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22E	FY23E	FY24E
Revenues	1,241.5	1,532.8	1,754.4	1,997.7
Growth (%)	12.2	23.5	14.5	13.9
Raw Material Expenses	354.1	447.1	506.4	564.3
Employee Expenses	274.0	300.4	350.9	399.5
Other Manufacturing Expenses	329.4	383.4	436.3	499.4
Total Operating Expenditure	1,017.3	1,205.0	1,378.4	1,563.2
EBITDA	224.3	327.8	376.0	434.6
Growth (%)	82.0	46.2	14.7	15.6
Interest	22.3	14.9	11.6	5.1
Depreciation	73.1	80.1	80.0	83.1
Other Income	3.1	2.2	3.5	4.0
PBT	132.0	235.0	287.9	350.4
Total Tax	39.0	82.7	73.4	89.3
PAT	93.1	152.3	214.5	261.0
Adjusted PAT	93.1	152.3	214.5	261.0
Growth (%)	NA	63.6	40.8	21.7
EPS	10.1	16.5	23.3	28.3
EPS (Adjusted)	10.1	16.5	23.3	28.3

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22E	FY23E	FY24E
Profit/(Loss) after taxation	112.3	152.3	214.5	261.0
Add: Depreciation & Amortization	73.1	80.1	80.0	83.1
Net Increase in Current Assets	-99.1	-103.7	-96.2	-105.7
Net Increase in Current Liabilities	-40.8	-1.7	22.1	24.0
Other	36.6	14.9	11.6	5.1
CF from operating activities	82.2	141.9	232.0	267.5
(Inc)/dec in Fixed Assets	-76.7	-80.0	-50.0	-50.0
(Inc)/dec in Investments	0.0	0.0	0.0	0.0
Others	0.7	-3.3	-3.8	-4.3
CF from investing activities	-75.9	-83.3	-53.8	-54.3
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Proceeds/(Repayment) Loan	-3.9	-30.0	-50.0	-100.0
Others	-26.0	-37.5	-43.4	-43.8
CF from financing activities	-29.9	-67.5	-93.4	-143.8
Net Cash flow	-23.6	-8.9	84.8	69.4
Opening Cash	37.9	14.3	5.4	90.2
Closing Cash	14.3	5.4	90.2	159.6
Free Cash flow	5.6	61.9	182.0	217.5

Source: Company, ICICI Direct Research

Exhibit 15: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22E	FY23E	FY24E
Equity Capital	18.4	18.4	18.4	18.4
Reserve and Surplus	750.6	880.2	1,062.9	1,285.2
Total Shareholders fund	769.0	898.7	1,081.3	1,303.7
Total Debt	258.2	228.2	178.2	78.2
Deferred Tax Liability	0.0	0.0	0.0	0.0
Other Non Current Liabilities	14.4	15.2	15.9	16.7
Long term Provisions	27.8	29.2	30.6	32.2
Source of Funds	1,069.4	1,171.2	1,306.1	1,430.7
Gross Block - Fixed Assets	1,177.7	1,237.7	1,287.7	1,337.7
Accumulated Depreciation	607.8	687.9	767.9	851.0
Net Block	569.9	549.8	519.8	486.7
Capital WIP	68.1	88.1	88.1	88.1
Net Fixed Assets	638.0	637.9	607.9	574.8
Goodwill on Consolidation	0.1	0.1	0.1	0.1
Investments	0.0	0.0	0.0	0.0
Inventory	237.9	273.1	312.6	355.9
Cash	14.3	5.4	90.2	159.6
Debtors	233.8	288.7	330.4	376.2
Loans & Advances & Other CA	136.5	150.2	165.2	181.7
Total Current Assets	622.5	717.3	898.3	1,073.5
Creditors	113.2	104.9	120.1	136.8
Provisions & Other CL	132.4	139.0	146.0	153.3
Total Current Liabilities	245.7	244.0	266.1	290.1
Net Current Assets	376.9	473.4	632.2	783.4
LT L& A, Other Assets	35.0	38.5	42.4	46.6
Deferred Tax Assets	19.4	21.3	23.4	25.8
Application of Funds	1,069.4	1,171.2	1,306.1	1,430.7

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY21	FY22E	FY23E	FY24E
Per share data (₹)				
EPS	10.1	16.5	23.3	28.3
BV per share	83.4	97.5	117.3	141.5
Dividend per share	1.5	2.5	3.5	4.2
Operating Ratios (%)				
Gross margins	71.5	70.8	71.1	71.8
EBITDA margins	18.1	21.4	21.4	21.8
Net Profit margins	7.5	9.9	12.2	13.1
Inventory days	70	65	65	65
Debtor days	69	69	69	69
Creditor days	33	25	25	25
Asset Turnover	0.9	1.1	1.3	1.5
EBITDA conversion rate	36.7	43.3	61.7	61.6
Return Ratios (%)				
RoE	12.1	16.9	19.8	20.0
RoCE	11.7	17.9	21.5	26.3
RoIC	12.3	19.1	24.4	31.9
Valuation Ratios (x)				
P/E	39.4	24.1	17.1	14.0
EV / EBITDA	17.4	11.9	10.0	8.2
EV / Net Sales	3.1	2.5	2.1	1.8
Market Cap / Sales	3.0	2.4	2.1	1.8
Price to Book Value	4.8	4.1	3.4	2.8
Solvency Ratios				
Debt / Equity	0.3	0.3	0.2	0.1
Debt / EBITDA	1.2	0.7	0.5	0.2
Current Ratio	2.5	2.9	3.0	3.2
Working Capital Cycle	105.4	108.8	108.8	108.8

Source: Company, ICICI Direct Research

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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

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

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