

CMP: ₹ 348

Target: ₹ 465 (34%)

Target Period: 12 months

BUY

November 13, 2022

Covid base effect impacts India business; exports upbeat...

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 (acute heavy).

- Domestic formulations accounted for 54% of revenues. Major therapies are: respiratory, anti-infectives, stomatologicals, gastrointestinal and vitamins
- Formulation exports accounted for 41% (regulated markets: 81%) of revenues while APIs contributed 4% with remaining coming from CRAMS

Q2FY23 Results: Domestic formulations were down 2.4% YoY to ₹ 208 crore (up 4.2% QoQ), export formulations were up 28.4% YoY to ₹ 174 crore

- Sales were up 12% YoY to ₹ 433 crore
- EBITDA was at ₹ 88 crore, up 1.7% YoY with margins at 20.3%
- PAT for Q1 was at ₹ 49.7 crore (up 19% YoY)

What should investors do? Indoco's share price has grown by ~2.4x over the past three years (from ~₹ 148 in November 2019 to ~₹ 348 levels in November 2022).

- We maintain **BUY** on the back of 1) steady domestic business visibility, 2) strong exports guidance and 3) expected improvement in margins

Target Price and Valuation: We value Indoco Remedies at ₹ 465 i.e. 16x P/E on FY24E EPS of ₹ 28.9.

Key triggers for future price performance:

- Restructuring exercise for improvement in MR productivity and therapy calibration is likely to yield productive growth in Indian formulations
- Clearance from UK-MHRA and lifting of USFDA warning letters for Goa plant II and III is likely to improve operating leverage for export formulations
- Indoco will benefit with market share gains in covered markets domestically while export formulations are likely to grow with a strong pipeline, visible launch schedule and robust order book
- Niche ANDA filings in ophthalmic, injectable and controlled release OSDs in the US to scale 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 ₹ 1505



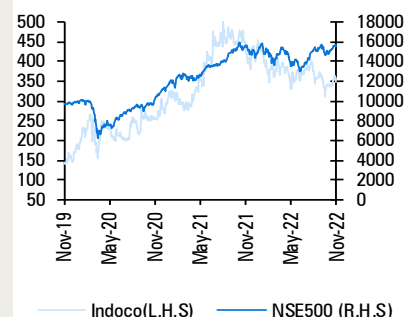
Particulars

Particular	Amount
Market Capitalisation	₹ 3207 crore
Debt (FY22)	₹ 244 crore
Cash (FY22)	₹ 20 crore
EV	₹ 3431 crore
52 week H/L (₹)	560/308
Equity capital	₹ 18.4 crore
Face value	₹ 2

Shareholding pattern

(in %)	Dec-21	Mar-22	Jun-22	Sep-22
Promoter	58.7	58.7	58.7	58.7
Others	41.3	41.3	41.3	41.3

Price Chart



Recent Event & Key risks

- Conclusion of USFDA inspection at AnaCipher
- Key Risk:** (i) CGMP regulatory concerns (ii) Competition in domestic power brands

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Key Financial Summary

Key Financials (₹ Crore)	FY20	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Revenues	1106.6	1241.5	1540.8	7.0	1777.9	2043.0	15.2
EBITDA	123.2	224.3	327.3	15.9	356.6	435.2	15.3
EBITDA margins (%)	11.1%	18.1%	21.2%		20.1%	21.3%	
Adjusted PAT	24.1	93.1	154.8	15.0	203.6	266.7	31.3
EPS (Adjusted)	2.6	10.1	16.8		22.1	28.9	
PE (x)	133.0	34.5	20.7		15.8	12.0	
EV to EBITDA (x)	27.9	15.4	10.5		9.5	7.6	
RoNW (%)	3.5	12.1	17.1		18.9	20.4	
RoCE (%)	4.6	11.7	17.5		18.4	23.0	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q2FY23 Results: Mixed bag with sales miss, beat on margins

- Sales were up 12% YoY to ₹ 433 crore. Domestic formulations were down 2.4% YoY to ₹ 208 crore while export formulations were up 28.4% YoY to ₹ 174 crore. EBITDA increased 1.7% YoY to ₹ 87.9 crore while, EBITDA margins declined 205 bps to 20.3 %, YoY decline mainly due to increase in other expenditure amid inflationary environment. Net profit increased 19.2% YoY to ₹ 50 crore
- Q2 revenues were a miss on our estimates on the sales front while GPM and EBITDA margins were better than expected. Domestic formulation was muted, mainly due to Covid impact in base of Q2FY22. The company's domestic business continues to focus on brand building, thrust on chronic and sub-chronic segment as well as penetration in the north and east regions. On international formulations front, EU-GMP certificate for Goa Plant-I and Baddi (Plant-III) will boost the EU business, with availability of larger manufacturing capacity. Indoco is also consolidating its position in Emerging Markets through active promotion of its brands in select markets

Q2FY23 Earnings Conference Call highlights

- The management expects H2 to be better for India formulations and has guided for 5% overall growth in domestic formulations
- Expects better traction from new launches (2-3% growth contributor) and pick-up in therapies such as anti-infective and respiratory, together which account for ~40% of Indoco's domestic portfolio
- US revenues (₹ 69.3 crore) includes profit share of ₹ 7 crore
- Brimzolamide launch was part of US revenues in this quarter but profit share is expected in Q3 or subsequent quarter
- US sales guidance for FY23 - ₹ 300 crore
- Most of the US future filings in injectables and ophthalmic
- Better Europe traction despite Euro/GBP depreciation due to better hedging policy and strong order book (₹ 150 crore+)
- Received approval in Europe for two products – Neurotic pain and epilepsy
- Europe EBITDA margins at 10% at the current level. Likely to improve to 14-15% in three to four quarters
- Euro is hedged at ~90 / rupee and pound is hedged at ~100 per rupee till FY24 (rolling hedge)
- EBITDA margin guidance maintained at ~20% with an aspiration to reach to 25% within three years

Exhibit 1: Variance Analysis

	Q2FY23	Q2FY23E	Q2FY22	Q1FY23	YoY (%)	QoQ (%)	Comments
Revenue	433.1	463.7	386.9	408.2	11.9	6.1	Revenues increased 12% YoY to ₹ 433 crore, growth driven by exports formulations amid de-growth in domestic business
Raw Material Expenses	127.4	146.1	106.3	132.1	19.8	-3.6	
Gross margins (%)	70.6	68.5	72.5	67.6	-193 bps	295 bps	
Employee Expenses	80.4	82.3	74.2	82.7	8.4	-2.7	
Other Expenditure	118.6	125.2	98.6	103.8	20.3	14.3	
R&D	18.8	22.5	21.3	18.3	-12.0	2.9	
EBITDA	87.9	87.7	86.4	71.5	1.7	23.0	
EBITDA (%)	20.3	18.9	22.3	17.5	-205 bps	279 bps	EBITDA increased 1.7% YoY to ₹ 87.9 crore while EBITDA margins declined 205 bps to 20.3 %, YoY decline mainly due to increase in other expenditure amid inflationary environment.
Interest	5.3	4.1	3.1	4.1	72.1	27.1	
Depreciation	15.7	21.8	19.5	20.1	-19.5	-22.1	
Other Income	0.3	0.9	1.0	1.1	-75.2	-77.9	
PBT before EO & Forex	67.3	62.7	65.0	48.4	3.5	39.1	
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	67.3	62.7	65.0	48.4	3.5	39.1	
Tax	17.6	16.0	23.3	9.8	-24.5	79.7	
Net Profit	49.7	46.7	41.7	38.6	19.2	28.8	Net profit increased 19.2% YoY to ₹ 50 crore
Key Metrics							
Domestic Formulations	208.5	245.7	213.6	200.1	-2.4	4.2	YoY growth was muted due to the Covid impact and de-growth reflected in respiratory and anti-infectives (ATM & Karvol Plus)
Export formulations	174.1	182.5	135.6	177.3	28.4	-1.8	Regulated markets grew 15% YoY and semi-regulated markets grew 23% YoY
APIs	18.3	22.7	19.7	13.3	-7.1	38.1	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	1,859.8	1,777.9	-4.4	2,165.9	2,043.0	-5.7	Changed due to lower than expected domestic ramp-up due to the uncertainty in Acute portfolio
EBITDA	362.0	356.6	-1.5	459.8	435.2	-5.3	
EBITDA Margin (%)	19.5	20.1	59 bps	21.2	21.3	7 bps	Changed on the back of management's cost cutting initiatives.
PAT	199.2	203.6	2.2	268.7	266.7	-0.7	
EPS (₹)	21.6	22.1	2.2	29.2	28.9	-0.7	

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ crore)	Current				Earlier		Comments
	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
Domestic Formulations	618.2	803.1	830.0	929.6	899.3	1007.2	Domestic likely to continue to grow at ~10-12%
US Formulations	148.3	212.8	300.1	364.4	294.4	368.0	Positive outlook due to launches in ophthalmic and injectables
Export Formulations(Ex US)	491.9	620.7	782.2	934.6	777.7	926.1	Management guidance for visible order book
APIs	93.8	63.4	87.0	100.0	94.1	103.5	

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	34.5	15.4	12.1	11.7
FY22	1541	24.1	16.8	66.4	20.7	10.5	17.1	17.5
FY23E	1778	15.4	22.1	31.5	15.8	9.5	18.9	18.4
FY24E	2043	14.9	28.9	31.0	12.0	7.6	20.4	23.0

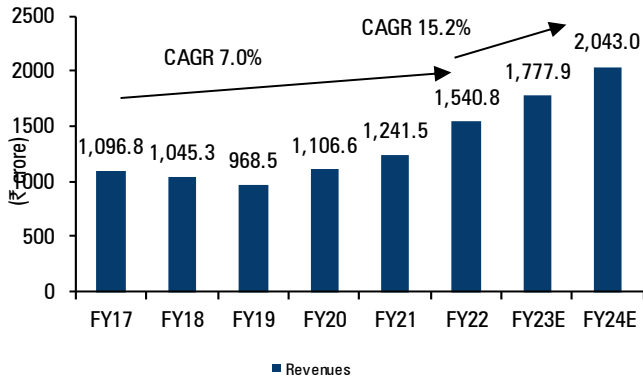
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ Crore)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	YoY (%)	QoQ (%)
Net Sales	286.2	283.5	263.1	266.8	323.1	333.7	295.1	381.4	372.9	348.9	400.5	395.2	405.0	8.6	2.5
Other Operating Income	6.4	5.9	8.9	9.1	5.2	-1.4	10.0	5.3	14.0	9.1	8.6	13.0	28.1	101.4	115.9
Revenues	292.6	289.4	272.0	275.9	328.2	332.3	305.1	386.8	386.9	358.0	409.1	408.2	433.1	11.9	6.1
Raw Material Expenses	89.6	82.8	72.4	81.6	90.2	94.4	87.9	110.3	106.3	108.7	131.5	132.1	127.4	19.8	-3.6
% of Revenues	30.6	28.6	26.6	29.6	27.5	28.4	28.8	28.5	27.5	30.4	32.1	32.4	29.4	193 bps	-295 bps
Gross Profit	203.0	206.5	199.6	194.2	238.0	237.9	217.2	276.4	280.6	249.3	277.7	276.1	305.7	9.0	10.7
Gross Profit Margin (%)	69.4	71.4	73.4	70.4	72.5	71.6	71.2	71.5	72.5	69.6	67.9	67.6	70.6	-193 bps	295 bps
Employee Expenses	64.1	68.2	63.2	65.8	75.2	72.9	60.2	75.0	74.2	71.3	73.2	82.7	80.4	8.4	-2.7
% of Revenues	21.9	23.6	23.2	23.9	22.9	21.9	19.7	19.4	19.2	19.9	17.9	20.3	18.6	-61 bps	-168 bps
Research & Development	11.6	12.9	14.0	10.3	15.7	17.4	16.4	16.5	21.3	17.1	19.7	18.3	18.8	-12.0	2.9
% of Revenues	4.0	4.5	5.2	3.7	4.8	5.2	5.4	4.3	5.5	4.8	4.8	4.5	4.3	-118 bps	-13 bps
Other Manufacturing Exp	94.6	90.5	89.0	69.5	86.5	87.5	85.9	98.0	98.6	87.5	104.2	103.8	118.6	20.3	14.3
% of Revenues	32.3	31.3	32.7	25.2	26.4	26.3	28.2	25.3	25.5	24.4	25.5	25.4	27.4	190 bps	197 bps
Total Expenditure	259.9	254.5	238.7	227.2	267.5	272.1	250.4	299.9	300.4	284.6	328.6	336.8	345.2	14.9	2.5
% of Revenues	88.8	87.9	87.8	82.4	81.5	81.9	82.1	77.5	77.7	79.5	80.3	82.5	79.7	205 bps	-279 bps
EBITDA	32.6	34.9	33.3	48.7	60.7	60.2	54.7	86.9	86.4	73.5	80.5	71.5	87.9	1.7	23.0
EBITDA Margin (%)	11.2	12.1	12.2	17.6	18.5	18.1	17.9	22.5	22.3	20.5	19.7	17.5	20.3	-205 bps	279 bps
Depreciation	18.0	17.6	18.2	19.1	18.6	16.9	18.6	22.2	19.5	19.2	18.1	20.1	15.7	-19.5	-22.1
Interest	5.4	6.9	7.8	5.8	5.9	6.0	4.6	4.2	3.1	3.8	3.0	4.1	5.3	72.1	27.1
Other Income	0.6	0.7	0.5	0.3	0.5	0.4	2.0	0.9	1.0	0.2	0.3	1.1	0.3	-75.2	-77.9
PBT	9.8	11.1	7.8	24.0	36.8	37.6	33.6	61.3	65.0	50.6	59.8	48.4	67.3	3.5	39.1
Total Tax	2.0	2.0	2.4	7.0	11.1	12.3	8.6	21.6	23.3	17.6	19.3	9.8	17.6	-24.5	79.7
Tax Rate (%)	20.3	17.8	30.9	29.1	30.3	32.6	25.5	35.3	35.8	34.8	32.3	20.2	26.1	-969 bps	590 bps
Net Profit	7.8	9.1	5.4	17.0	25.7	25.4	25.0	39.7	41.7	33.0	40.5	38.6	49.7	19.2	28.8
PAT Margin (%)	2.7	3.1	2.0	6.2	7.8	7.6	8.2	10.3	10.8	9.2	9.9	9.4	11.5	69 bps	202 bps

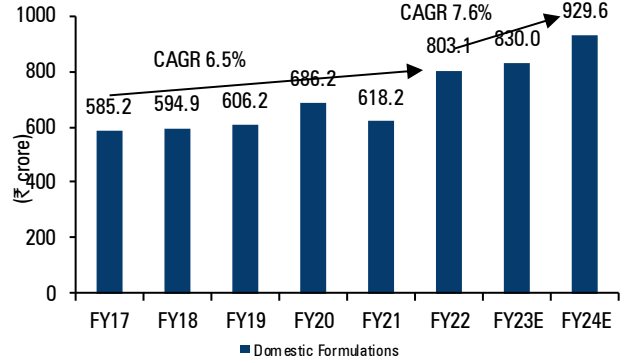
Source: ICICI Direct Research

Exhibit 6: Revenue to grow at CAGR of 15.2% over FY22-24E



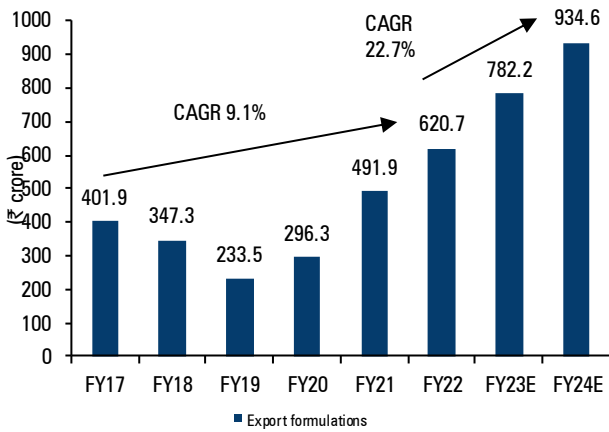
Source: ICICI Direct Research, Company

Exhibit 7: Domestic formulation to grow 7.6% in FY22-24E



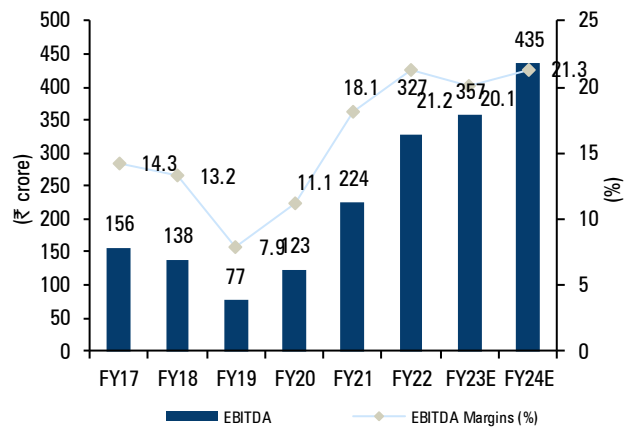
Source: ICICI Direct Research, Company

Exhibit 8: Export formulations to grow 22.7% in FY22-24E



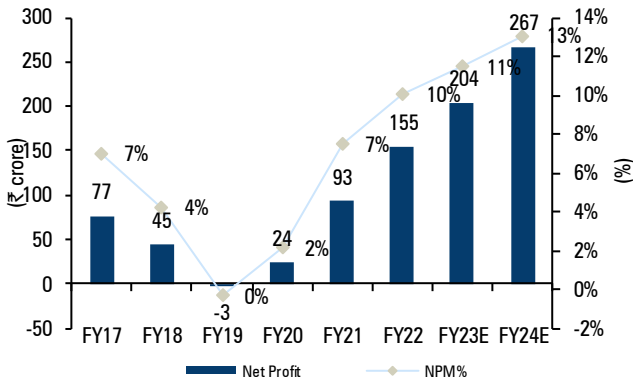
Source: ICICI Direct Research, Company

Exhibit 9: EBTDA & EBITDA margins trend



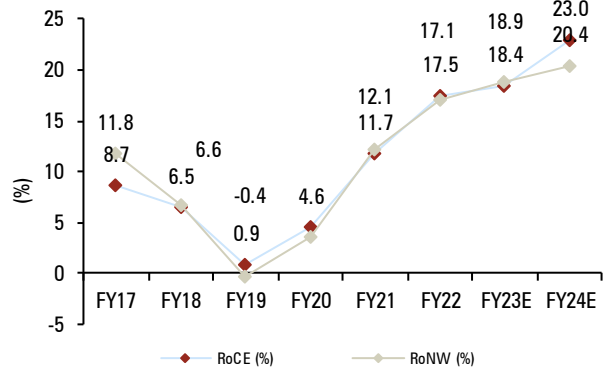
Source: ICICI Direct Research, Company

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 (%)			
						FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Hospitals																					
Apollo Hospitals	APOHOS	4285	5,230	Buy	61710	7.9	59.1	79.0	101.0	545.2	72.5	54.3	42.4	6.3	15.1	15.3	18.8	2.5	15.1	17.4	18.9
Narayana Hrudalaya	NARHRU	767	855	Buy	15655	-0.7	16.7	20.6	22.7	NA	45.9	37.3	33.8	1.2	20.5	19.6	19.7	-1.3	23.0	22.3	19.9
Shalby	SHALIM	146	150	Buy	1575	3.9	5.4	7.5	9.9	37.1	26.9	19.5	14.8	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	265	250	Buy	13250	3.0	10.5	10.8	16.7	89.6	25.2	24.6	15.9	5.4	9.0	9.4	12.5	4.4	13.3	12.0	15.6
Healthcare Global	HEAGLO	296	380	Buy	4114	-13.9	3.9	4.5	8.8	-13.9	76.6	65.1	33.5	-0.9	5.0	9.4	12.1	-0.9	5.0	6.8	11.6
MNC Pharma																					
Abbott India	ABBIND	19175	21,140	Hold	40268	325.0	375.9	427.7	528.6	59.0	51.0	44.8	36.3	33.8	36.6	37.1	37.3	26.5	28.3	28.9	28.8
P&G Health	MERLIM	4230	4,500	Hold	7191	106.5	116.0	124.8	140.6	39.7	36.5	33.9	30.1	32.2	39.8	36.0	33.8	25.1	31.2	28.1	26.2
Sanofi India	SANOFI	5623	6,385	Hold	12932	207.4	410.1	270.5	264.8	27.1	13.7	20.8	21.2	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4339	4,480	Hold	19960	108.8	133.9	140.4	149.3	39.9	32.4	30.9	29.1	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
Pharma																					
Ajanta Pharma	AJAPHA	1254	1,495	Buy	16046	51.0	55.6	60.1	71.1	24.6	22.5	20.9	17.6	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	619	590	Reduce	12193	62.8	27.8	15.3	26.9	9.9	22.3	40.5	23.0	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	478	615	Hold	27999	55.0	47.4	41.1	51.3	8.7	10.1	11.6	9.3	16.9	12.9	11.5	13.3	14.7	11.3	9.0	10.1
Biocon	BIOCON	277	320	Hold	33268	6.3	5.7	5.5	11.3	44.2	48.6	50.8	24.4	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	434	405	Hold	45043	23.3	21.0	21.0	23.8	18.6	20.7	20.7	18.2	13.8	12.0	11.8	11.7	18.4	12.6	11.4	11.6
Cipla	CIPLA	1125	1,350	Buy	90747	29.9	32.9	38.6	45.8	37.6	34.2	29.2	24.5	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4549	4,750	Buy	75521	117.3	126.9	203.4	191.0	38.8	35.8	22.4	23.8	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	414	440	Hold	11675	32.9	42.7	39.5	44.9	12.6	9.7	10.5	9.2	13.9	14.8	14.7	14.4	13.1	13.2	11.0	11.2
Ipca Laboratories	IPCLAB	888	985	Hold	22564	44.9	34.8	27.5	35.1	19.8	25.5	32.4	25.3	27.1	17.4	14.3	16.3	24.2	16.1	11.4	13.0
Jubilant Pharmova	JUBLIF	388	340	Hold	6161	37.4	26.0	15.9	26.1	10.4	14.9	24.4	14.8	13.7	9.0	6.1	8.6	12.6	7.8	4.6	7.0
Lupin	LUPIN	719	680	Reduce	32730	26.9	11.9	11.8	27.7	26.8	60.6	61.1	26.0	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	585	735	Hold	10704	24.2	9.3	41.6	42.3	24.2	62.8	14.1	13.8	13.1	4.6	18.1	16.9	10.7	4.0	15.5	13.9
Sun Pharma	SUNPHA	1011	1,225	Buy	242455	30.0	32.0	34.8	40.1	33.6	31.6	29.0	25.2	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1665	1,730	Hold	56292	37.0	32.0	40.0	46.7	45.0	52.0	41.6	35.7	17.6	19.7	19.1	21.4	21.4	18.2	19.8	19.7
Indoco Remedies	INDREM	359	465	Buy	3303	10.1	16.8	21.6	29.2	35.6	21.4	16.6	12.3	11.7	17.5	17.6	23.9	12.1	17.1	18.6	20.6
Caplin Point	CAPPOI	734	955	Buy	5578	81.7	85.3	70.4	73.0	9.0	8.6	10.4	10.1	25.3	23.7	22.6	0.0	20.4	20.2	18.7	17.5
Advanced Enzymes	ADVENZ	292	265	Reduce	3270	13.1	10.7	8.5	12.1	22.3	27.3	34.5	24.2	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	2000	2,070	HOLD	1741	44.4	45.7	35.9	51.8	43.6	42.3	53.9	37.4	16.2	10.9	9.3	11.8	16.5	15.0	10.8	14.0
API/CRAMS																					
Divi's Lab	DIVLAB	3287	3,685	HOLD	87099	74.7	111.5	93.0	113.5	44.0	29.5	35.3	29.0	27.6	30.2	22.8	24.4	21.3	25.2	18.4	19.2
Hikal	HIKCHE	343	330	Reduce	4223	10.8	13.0	3.8	14.4	31.8	26.4	89.6	23.8	15.1	13.6	5.6	13.8	14.3	15.0	4.3	14.2
Syngene Int.	SYNINT	606	710	Buy	24311	10.1	9.9	11.5	14.6	59.9	61.5	52.6	41.6	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	359	375	Buy	8906	22.2	16.6	21.9	26.8	16.2	21.6	16.4	13.4	24.0	15.6	18.6	20.5	25.3	16.0	17.6	17.9
Laurus Labs	LAULAB	451	675	Buy	24208	18.3	15.4	20.7	27.0	24.6	29.3	21.7	16.7	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceutical	SUVPH	438	530	BUY	11158	14.2	17.8	17.0	17.6	30.7	24.5	25.8	24.8	31.2	37.5	28.7	25.0	30.7	29.7	23.0	20.0

Source: ICICI Direct Research

Financial Summary

Exhibit 13: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Revenues	1,241.5	1,540.8	1,777.9	2,043.0
Growth (%)	12.2	24.1	15.4	14.9
Raw Material Expenses	354.1	456.8	552.2	629.4
Employee Expenses	274.0	293.7	323.3	352.0
Other Manufacturing Expenses	329.4	388.3	468.2	528.8
Total Operating Expenditure	1,017.3	1,213.4	1,421.3	1,607.9
EBITDA	224.3	327.3	356.6	435.2
Growth (%)	82.0	46.0	8.9	22.0
Interest	22.3	14.1	19.9	11.7
Depreciation	73.1	79.0	67.1	69.6
Other Income	3.1	2.3	2.0	4.1
PBT	132.0	236.6	271.7	357.9
Total Tax	39.0	81.8	68.1	91.3
PAT	93.1	154.8	203.6	266.7
Adjusted PAT	93.1	154.8	203.6	266.7
Growth (%)	NA	66.4	31.5	31.0
EPS	10.1	16.8	22.1	28.9
EPS (Adjusted)	10.1	16.8	22.1	28.9

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit/(Loss) after taxati	112.3	195.5	203.6	266.7
Add: Depreciation & Amortizati	73.1	79.0	67.1	69.6
Net Increase in Current Assets	-99.1	-142.4	-125.2	-119.7
Net Increase in Current Liabiliti	-40.8	33.6	34.9	30.0
Other	36.6	8.2	19.9	11.7
CF from operating activit	82.2	173.8	200.2	258.3
(Inc)/dec in Fixed Assets	-76.7	-124.4	-120.0	-100.0
(Inc)/dec in Investments	0.0	0.0	0.0	0.0
Others	0.7	0.4	0.1	-0.1
CF from investing activit	-75.9	-124.0	-119.9	-100.1
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Proceeds/(Repayment) Loan	-3.9	-15.6	0.0	-100.0
Others	-26.0	-28.8	-49.8	-50.9
CF from financing activit	-29.9	-44.4	-49.8	-150.9
Net Cash flow	-23.6	5.4	30.4	7.3
Opening Cash	37.9	14.3	19.8	50.2
Closing Cash	14.3	19.8	50.2	57.5
Free Cash flow	5.6	49.5	80.2	158.3

Source: Company, ICICI Direct Research

Exhibit 15: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	18.4	18.4	18.4	18.4
Reserve and Surplus	750.6	886.2	1,059.8	1,287.3
Total Shareholders fund	769.0	904.6	1,078.3	1,305.8
Total Debt	258.2	244.2	244.2	144.2
Deferred Tax Liability	0.0	10.6	11.7	12.8
Other Non Current Liabilities	14.4	19.9	20.9	21.9
Long term Provisions	27.8	31.7	33.3	35.0
Source of Funds	1,069.4	1,211.1	1,388.3	1,519.7
Gross Block - Fixed Assets	1,177.7	1,241.7	1,341.7	1,491.7
Accumulated Depreciation	607.8	686.7	753.8	823.4
Net Block	569.9	555.0	588.0	668.4
Capital WIP	68.1	121.5	141.5	91.5
Net Fixed Assets	638.0	676.5	729.5	759.9
Goodwill on Consolidation	0.1	0.1	0.1	0.1
Investments	0.0	0.0	0.0	0.0
Inventory	237.9	310.5	375.4	427.9
Cash	14.3	19.8	50.2	57.5
Debtors	233.8	297.2	343.0	394.1
Loans & Advances & Other CA	136.5	146.1	160.7	176.8
Total Current Assets	622.5	773.6	929.3	1,056.3
Creditors	113.2	133.3	161.1	183.7
Provisions & Other CL	132.4	141.8	148.8	156.3
Total Current Liabilities	245.7	275.0	310.0	339.9
Net Current Assets	376.9	498.6	619.3	716.3
LT L&A, Other Assets	35.0	35.8	39.4	43.3
Deferred Tax Assets	19.4	0.0	0.0	0.0
Application of Funds	1,069.4	1,211.1	1,388.3	1,519.7

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
EPS	10.1	16.8	22.1	28.9
BV per share	83.4	98.2	117.0	141.7
Dividend per share	1.5	2.3	3.3	4.3
Operating Ratios (%)				
Gross margins	71.5	70.4	68.9	69.2
EBITDA margins	18.1	21.2	20.1	21.3
Net Profit margins	7.5	10.0	11.4	13.1
Inventory days	245	248	248	248
Debtor days	69	70	70	70
Creditor days	117	107	107	107
Asset Turnover	0.9	1.1	1.1	1.3
EBITDA conversion rate	36.7	53.1	56.1	59.3
Return Ratios (%)				
RoE	12.1	17.1	18.9	20.4
RoCE	11.7	17.5	18.4	23.0
RoIC	12.3	19.2	20.8	25.1
Valuation Ratios (x)				
P/E	34.5	20.7	15.8	12.0
EV / EBITDA	15.4	10.5	9.5	7.6
EV / Net Sales	2.8	2.2	1.9	1.6
Market Cap / Sales	2.6	2.1	1.8	1.6
Price to Book Value	4.2	3.5	3.0	2.5
Solvency Ratios				
Debt / Equity	0.3	0.3	0.2	0.1
Debt / EBITDA	1.2	0.7	0.7	0.3
Current Ratio	2.5	2.7	2.8	2.9
Working Capital Cycle	197.2	212.0	212.0	212.0

Source: Company, ICICI Direct Research

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