

Strong growth across segments...

Q4 revenues grew a robust 40.5% YoY to ₹ 533 crore tracking strong growth across both segments. Pharma posted 31.5% YoY growth to ₹ 298 crore whereas crop protection grew 53.8% YoY to ₹ 235 crore. EBITDA margins expanded 188 bps YoY, 81 bps QoQ to 20.5% amid lower staff expenses stemming from better operational leverage. Subsequently, EBITDA grew 54.7% YoY to ₹ 109 crore. PAT more than doubled to ₹ 51 crore.

Expertise in APIs to drive pharma growth

Hikal ventured into the pharma API business by virtue of acquisition of Novartis' Panoli plant in the year 2000. In a short span of time, banking on its chemistry skills, the company has been able to tap incremental customers via the CDMO route. Hikal also operates as a dedicated API supplier as it expands its portfolio. We expect the pharma segment to grow at 15% CAGR in FY21-23E to ₹ 1407 crore on the back of new offerings and repeat business from CDMO customers.

Crop protection growth to piggyback on client relationship

Hikal started operations as a crop protection company in 1991 after acquiring Merck's facility in Mahad. Since then, it has come a long way with a predominantly CDMO focused business model catering mainly to global innovators. Over the years, the company has increased its product offerings with a foray into niche products and specialty chemicals. We expect crop protection segment to grow at 15% CAGR in FY21-23E to ₹ 872 crore due to sustained product offerings and optimum capacity utilisation.

Valuation & Outlook

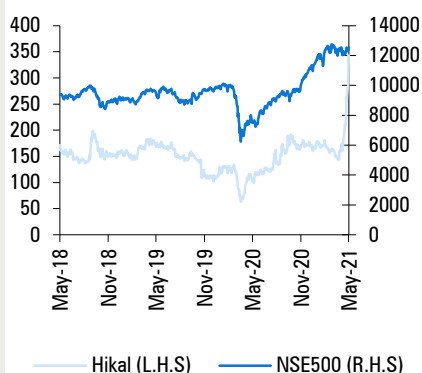
The Q4 performance was above I-direct estimates across all fronts. Q4 margin performance was the highest in the past five years, showcasing Hikal's focus on high margin products and backward integration besides cost control measures. Going ahead, the management expects a margin improvement of 50-100 bps from this year onwards on the back of several cost rationalisation and efficiency improvement measures undertaken during the pandemic. Going by the capex guidance, (₹ 200 crore over the next 18 months) things are looking promising for FY22 onwards. Despite the recent stock run-up, Hikal remains a fair value proposition as it continues to expand in both pharma, crop protection segments with separate focus and a calibrated approach. This bodes well in the current scenario when Chinese supply disturbances, government incentives are likely to create opportunities for Indian players both in APIs, crop protection CDMO. We maintain **BUY** and arrive at a valuation of ₹ 380 (earlier TP: ₹ 230) based on 20x FY23E EPS of ₹ 19.0.



Particulars

| Particular | Amount |
|-----------------|--------------|
| Market Cap | ₹ 4018 crore |
| Debt (FY21) | ₹ 610 crore |
| Cash (FY21) | ₹ 37 crore |
| EV | ₹ 4591 crore |
| 52 week H/L (₹) | 345/97 |
| Equity capital | ₹ 24.7 crore |
| Face value | ₹ 2 |

Price performance



Key risks to our call

- Margin performance consistency
- Lumpiness in crop protection segment

Research Analyst

Siddhant Khandekar
siddhant.khandekar@icicisecurities.com

Mitesh Shah
mitesh.shah@icicisecurities.com

Sudarshan Agarwal
sudarshan.agarwal@icicisecurities.com

Key Financial Summary

| (₹ Crore) | FY20 | FY21 | FY22E | FY23E | CAGR (FY21-23E) % |
|--------------------|--------|--------|--------|--------|-------------------|
| Revenues | 1507.3 | 1720.4 | 1985.5 | 2283.3 | 15.2 |
| EBITDA | 273.2 | 322.9 | 381.7 | 456.0 | 18.8 |
| EBITDA Margins (%) | 18.1 | 18.8 | 19.2 | 20.0 | |
| Adjusted PAT | 99.8 | 133.2 | 185.6 | 234.9 | 32.8 |
| EPS (₹) | 8.1 | 10.8 | 15.1 | 19.0 | |
| PE (x) | 40.2 | 30.2 | 21.6 | 17.1 | |
| EV to EBITDA (x) | 16.8 | 14.2 | 11.7 | 9.6 | |
| Price to book (x) | 4.9 | 4.3 | 3.6 | 3.0 | |
| RoE (%) | 12.2 | 14.3 | 16.8 | 17.7 | |
| RoCE (%) | 12.8 | 15.1 | 16.7 | 18.9 | |

Exhibit 1: Variance Analysis

| ₹ crore | Q4FY21 | Q4FY20 | Q3FY21 | YoY (%) | QoQ (%) | Comments |
|---------------------------|--------|--------|--------|----------|---------|--|
| Revenue | 532.5 | 379.0 | 463.3 | 40.5 | 14.9 | YoY improvement amid better sales volumes of key existing products and strong performance in newly commercialized CDMO as well as own generic products |
| Raw Material Expenses | 279.7 | 194.2 | 246.8 | 44.0 | 13.4 | |
| Gross Margins (%) | 47.5 | 48.8 | 46.7 | -129 bps | 72 bps | |
| Employee Expenses | 42.3 | 40.0 | 41.1 | 5.7 | 2.9 | |
| Other Expenditure | 101.2 | 74.2 | 84.1 | 36.5 | 20.3 | |
| Operating Profit (EBITDA) | 109.3 | 70.6 | 91.3 | 54.7 | 19.6 | Adjusting for Covid-19 related additional cost of ₹ 1.1 crore, EBITDA grew 21.4% YoY to ₹ 58.4 crore |
| EBITDA (%) | 20.5 | 18.6 | 19.7 | 188 bps | 81 bps | YoY improvement mainly due to lower staff cost |
| Interest | 10.0 | 13.7 | 8.1 | -27.2 | 23.9 | |
| Depreciation | 21.6 | 20.9 | 21.8 | 2.9 | -1.2 | |
| Other Income | 2.9 | 1.7 | 0.5 | 65.9 | 451.9 | |
| PBT | 80.6 | 37.7 | 62.0 | 113.7 | 30.1 | |
| Exceptional Items | 0.0 | 0.0 | 0.0 | NA | NA | |
| Tax | 29.7 | 13.3 | 21.7 | 124.1 | 36.8 | |
| Tax Rate (%) | 36.8 | 35.1 | 35.0 | 4.9 | 5.2 | |
| Reported PAT | 50.9 | 24.5 | 40.3 | 108.1 | 26.4 | |
| Adjusted PAT | 50.9 | 24.5 | 40.3 | 108.1 | 26.4 | YoY improvement amid strong operational performance and lower interest cost |
| EPS (₹) | 4.1 | 2.0 | 3.3 | 108.1 | 26.4 | |
| Key Metrics | | | | | | |
| Pharma | 297.7 | 226.4 | 269.0 | 31.5 | 10.7 | YoY growth amid strong growth in volumes of own and CDMO products |
| Crop Protection | 234.8 | 152.6 | 194.3 | 53.8 | 20.8 | YoY growth on the back of execution of deferred orders from H1 due to pandemic |

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

| (₹ Crore) | FY22E | | | FY23E | | | Comments |
|-------------------|---------|---------|----------|---------|---------|----------|---|
| | Old | New | % Change | Old | New | % Change | |
| Revenue | 1,882.4 | 1,985.5 | 5.5 | 2,108.2 | 2,283.3 | 8.3 | Changed amid management guidance and better-than-expected growth in H2FY21 |
| EBITDA | 357.7 | 381.7 | 6.7 | 411.1 | 456.0 | 10.9 | |
| EBITDA Margin (%) | 19.0 | 19.2 | 22 bps | 19.5 | 20.0 | 47 bps | Changed amid management guidance and better-than-expected improvement in H2FY21 |
| PAT | 150.9 | 185.6 | 23.0 | 204.4 | 234.9 | 14.9 | Changed mainly in sync with operational performance |
| EPS (₹) | 12.2 | 15.1 | 23.0 | 16.6 | 19.0 | 14.9 | |

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

| (₹ crore) | Current | | | Earlier | | | |
|-----------------|---------|---------|---------|---------|---------|---------|--|
| | FY20 | FY21 | FY22E | FY23E | FY22E | FY23E | |
| Pharma | 886.9 | 1,059.6 | 1,223.6 | 1,407.2 | 1,176.5 | 1,318.0 | Changed amid management guidance and better-than-expected growth in H2FY21 |
| Crop Protection | 620.4 | 660.8 | 758.5 | 872.3 | 683.6 | 766.0 | Changed amid management guidance and better-than-expected growth in H2FY21 |

Source: ICICI Direct Research

Conference Call Highlights

- FY21: Higher volumes of key products aided by strong performance in newly commercialised CDMO as well as own products and penetration in new market
- Strong Q4FY21 margin performance amid favourable product mix, better sales realisation and better absorption of fixed costs due to business excellence
- The management is confident of maintaining growth trajectory over the next two to three years
 - Strong order book outlook for FY22 in both segments
 - On the back of opportunities arising out of Atmanirbhar scheme and China + 1 strategy
- WC days: 112; Net D:E – 0.61x; Net Debt: EBITDA – 1.8x
- Gross debt - ₹ 610 crore in FY21 vs. ₹ 646 crore in FY20
- Tax rate in FY22: 25-26%
- Gross margin (GM) to go above 50%, three to four years from now
- Margin guidance of 50-100 bps improvement per annum maintained
- Capex updates:
 - Recently completed construction of an additional plant to the new development and launch facility at Bangalore
 - Capacity addition under capex programme has been completed and commissioning of these units will be done in phases over the next two quarters
 - Next 18 months: Capex outlay to be ~₹ 200 crore + ₹ 50 crore maintenance in FY22

Pharma

- Strong growth in volumes of own API's and CDMO products
 - CDMO growth to be accelerated with GMs to be above 50%
- Q4FY21: Filed two DMFs- Favipiravir and Sitagliptin Phosphate Anhydrous (four in FY21)
 - Ready to supply commercial Favipiravir quantities to domestic and global market
 - Capacity utilisation at 95% currently
 - Meaningful capacity to come in H2FY22
- Diabetes and CNS CEPs filed to be a good opportunity
 - Diabetes APIs to come on-stream in two to four years
- Capacity improvement led to meeting increased market demand
- Products commercialised: 14-15 proprietary, 10-11 CRAMS
- Products pipeline: Three to four proprietary, seven to eight CRAMS
- Animal health expected to ramp up to ₹ 400-500 crore over the next five to six years
- In Animal Health: Signed a 10-year contract with a leading global pharma company to develop and supply a portfolio of niche APIs over 10 years. The development will start in FY22 and plant

commercialisation to be undertaken from FY24 onwards. This deal marks entry into a niche area of chemistry and products thereby bolstering the animal health division. Hikal and its customer will together invest at its Panoli site to setup a multipurpose API manufacturing plant.

- To have a similar gross margin to company ~50%
- Also, similar asset turnover of 1.5x
- Minimum volume purchase agreement and large part of capex by partner

Crop Protection

- Strong volume growth of existing products and commercialisation of a new product from new facility at Panoli
- Q4 growth - Orders deferred in H1 due to pandemic were executed in H2
- FY22 growth momentum to be maintained based on a healthy pipeline at various stages
- Products commercialised: Nine to 10 proprietary, 10-11 CRAMS
- Products pipeline: Two proprietary, three to four CRAMS
- New capacities have come on stream through the capex incurred over last 12 months
- Commercialised a new fungicide for a Japanese customer for the CDMO business
 - Significant scale-up of this product is expected in FY22
- Global registration processes for two new fungicides are in progress
- A new long-term contract for supply of a fungicide is in final stages of discussion with a leading US-based crop protection company
- Crop protection product/plant gets commercialised much faster than pharma

Exhibit 4: Trends in quarterly performance

| (₹ Crore) | Q4FY18 | Q1FY19 | Q2FY19 | Q3FY19 | Q4FY19 | Q1FY20 | Q2FY20 | Q3FY20 | Q4FY20 | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 | YoY (%) | QoQ (%) |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------|---------|
| Total Operating Income | 390.5 | 325.6 | 394.8 | 406.0 | 457.5 | 403.2 | 321.1 | 404.1 | 379.0 | 352.8 | 371.9 | 463.3 | 532.5 | 40.5 | 14.9 |
| Raw Material Expense | 217.8 | 164.7 | 205.8 | 223.0 | 260.3 | 228.3 | 145.0 | 208.9 | 194.2 | 193.3 | 188.6 | 246.8 | 279.7 | 44.0 | 13.4 |
| % of revenue | 55.8 | 50.6 | 52.1 | 54.9 | 56.9 | 56.6 | 45.2 | 51.7 | 51.2 | 54.8 | 50.7 | 53.3 | 52.5 | | |
| Gross Profit | 172.7 | 160.9 | 189.0 | 183.0 | 197.3 | 174.9 | 176.1 | 195.2 | 184.8 | 159.4 | 183.4 | 216.5 | 252.7 | 36.8 | 16.7 |
| Gross Profit Margin (%) | 44.2 | 49.4 | 47.9 | 45.1 | 43.1 | 43.4 | 54.8 | 48.3 | 48.8 | 45.2 | 49.3 | 46.7 | 47.5 | -129 bps | 72 bps |
| Employee Expenses | 32.1 | 36.2 | 38.6 | 39.3 | 36.2 | 42.2 | 43.8 | 41.9 | 40.0 | 42.0 | 39.0 | 41.1 | 42.3 | 5.7 | 2.9 |
| % of revenue | 8.2 | 11.1 | 9.8 | 9.7 | 7.9 | 10.5 | 13.6 | 10.4 | 10.6 | 11.9 | 10.5 | 8.9 | 7.9 | | |
| Other Expenses | 69.1 | 64.0 | 75.2 | 71.0 | 77.0 | 64.2 | 74.0 | 77.7 | 74.2 | 64.9 | 74.6 | 84.1 | 101.2 | 36.5 | 20.3 |
| % of revenue | 17.7 | 19.7 | 19.1 | 17.5 | 16.8 | 15.9 | 23.0 | 19.2 | 19.6 | 18.4 | 20.1 | 18.2 | 19.0 | | |
| Total Expenditure | 319.0 | 265.0 | 319.6 | 333.4 | 373.5 | 334.7 | 262.7 | 328.4 | 308.4 | 300.2 | 302.2 | 372.0 | 423.2 | 37.2 | 13.8 |
| % of revenue | 81.7 | 81.4 | 81.0 | 82.1 | 81.6 | 83.0 | 81.8 | 81.3 | 81.4 | 85.1 | 81.2 | 80.3 | 79.5 | | |
| EBITDA | 71.5 | 60.6 | 75.2 | 72.6 | 84.0 | 68.5 | 58.4 | 75.7 | 70.6 | 52.5 | 69.8 | 91.3 | 109.3 | 54.7 | 19.6 |
| EBITDA Margins (%) | 18.3 | 18.6 | 19.0 | 17.9 | 18.4 | 17.0 | 18.2 | 18.7 | 18.6 | 14.9 | 18.8 | 19.7 | 20.5 | 188 bps | 81 bps |
| Depreciation | 21.4 | 22.6 | 23.6 | 23.5 | 23.2 | 20.3 | 20.5 | 20.7 | 20.9 | 20.7 | 21.2 | 21.8 | 21.6 | 2.9 | -1.2 |
| Interest | 12.5 | 16.0 | 16.4 | 13.4 | 12.6 | 12.1 | 13.6 | 13.1 | 13.7 | 9.7 | 8.5 | 8.1 | 10.0 | -27.2 | 23.9 |
| Other Income | 1.6 | 1.4 | 0.3 | 0.5 | 0.1 | 0.7 | 0.8 | 0.5 | 1.7 | 0.6 | 1.0 | 0.5 | 2.9 | 65.9 | 451.9 |
| Forex & EO | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -15.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| PBT | 39.2 | 23.4 | 35.5 | 36.3 | 48.2 | 36.8 | 9.7 | 42.3 | 37.7 | 22.8 | 41.1 | 62.0 | 80.6 | 113.7 | 30.1 |
| Total Tax | 13.9 | 7.5 | 11.1 | 12.6 | 14.8 | 11.6 | 3.3 | 14.0 | 13.3 | 7.8 | 14.1 | 21.7 | 29.7 | 124.1 | 36.8 |
| Tax rate (%) | 35.3 | 32.0 | 31.3 | 34.7 | 30.8 | 31.5 | 34.3 | 33.0 | 35.1 | 34.2 | 34.3 | 35.0 | 36.8 | 170.4 | 182.0 |
| Adjusted PAT | 25.3 | 15.9 | 24.4 | 23.7 | 33.3 | 25.2 | 21.8 | 28.4 | 24.5 | 15.0 | 27.0 | 40.3 | 50.9 | 108.1 | 26.4 |
| EPS (₹) | 2.1 | 1.3 | 2.0 | 1.9 | 2.7 | 2.0 | 1.8 | 2.3 | 2.0 | 1.2 | 2.2 | 3.3 | 4.1 | 108.1 | 26.4 |

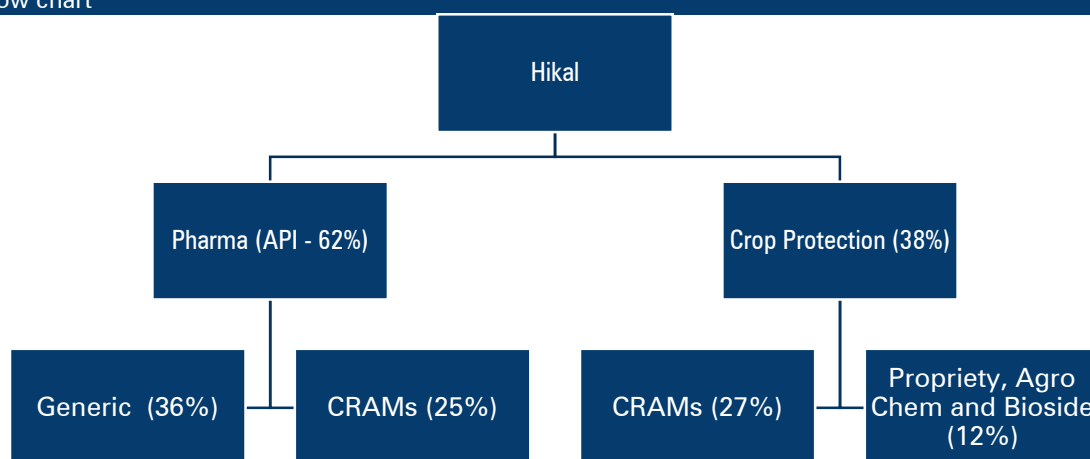
Source: ICICI Direct Research

Company background

Established in 1988, Hikal is predominantly a B2B player that provides intermediates and active ingredients to global pharmaceutical, animal health, crop protection and specialty chemical companies. For FY21, pharma and crop protection accounted for 62% and 38%, respectively, of operating revenues. The pharma business is currently divided in 59:41 ratio of generic active pharma ingredients (APIs) and contract development and manufacturing organisation (CDMO) businesses. Animal health business accounts for 20-25% of CDMO business. In crop protection, 69% of revenues are derived from CDMO with the remaining from proprietary products, specialty chemicals and specialty biocides. Hikal owns five manufacturing facilities: Taloja, Mahad (Maharashtra), Panoli (Gujarat) Jigani (Karnataka) and an R&D centre at Pune.

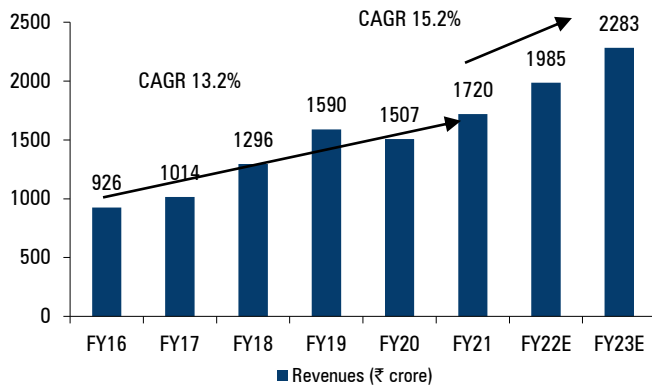
Hikal is predominantly a B2B player that provides intermediates and active ingredients to global pharmaceuticals, animal health, crop protection and specialty chemicals companies

Exhibit 5: Flow chart



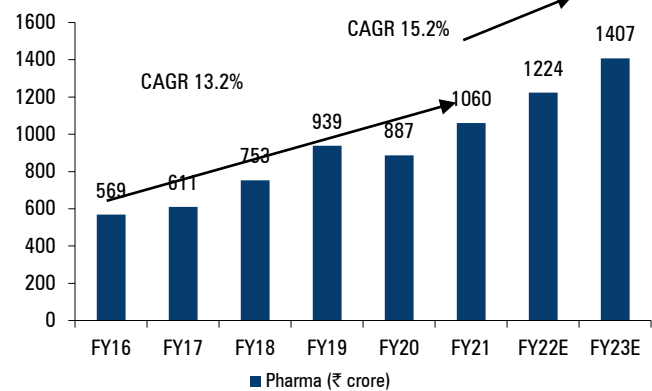
Source: ICICI Direct Research, Company

Exhibit 6: Revenues to grow at 15% CAGR over FY21-23E



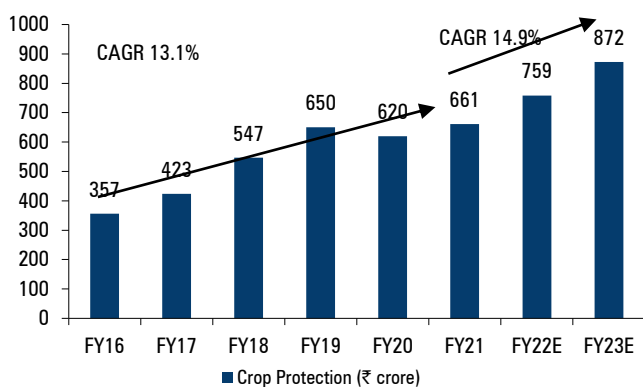
Source: ICICI Direct Research, Company

Exhibit 7: Pharma to grow at 15% CAGR over FY21-23E



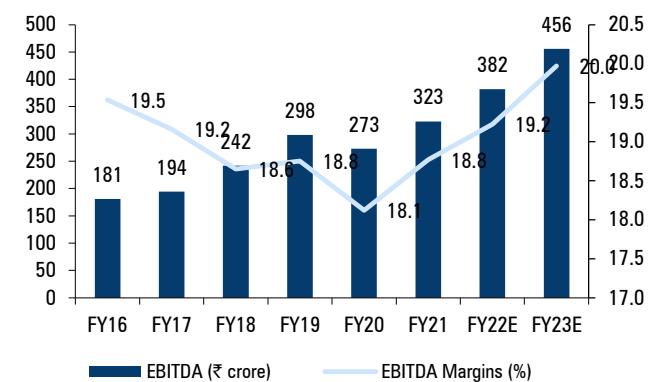
Source: ICICI Direct Research, Company

Exhibit 8: Crop to grow at 15% CAGR over FY21-23E



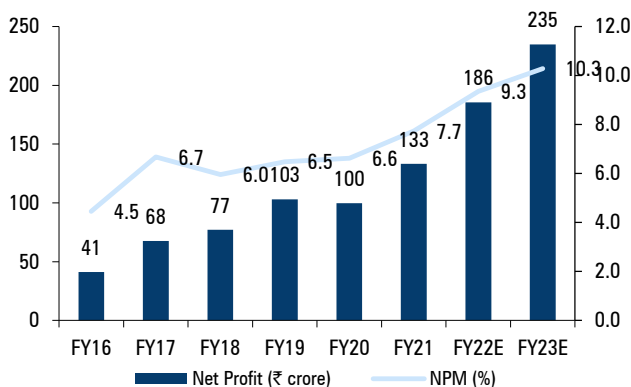
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



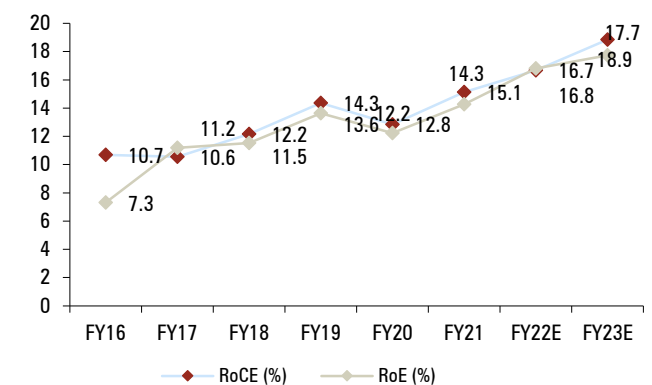
Source: ICICI Direct Research, Company

Exhibit 10: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 11: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 12: Valuation

| | Revenues | Growth | Adj. EPS | Growth | P/E | EV/EBITDA | RoE | RoCE |
|-------|-----------|--------|----------|--------|------|-----------|------|------|
| | (₹ crore) | (%) | (₹) | (%) | (x) | (x) | (%) | (%) |
| FY20 | 1507 | -5 | 8.1 | -3 | 40.2 | 16.8 | 12.2 | 12.8 |
| FY21 | 1720 | 14.1 | 10.8 | 33.4 | 30.2 | 14.2 | 14.3 | 15.1 |
| FY22E | 1985 | 15.4 | 15.1 | 39.4 | 21.6 | 11.7 | 16.8 | 16.7 |
| FY23E | 2283 | 15.0 | 19.0 | 26.6 | 17.1 | 9.6 | 17.7 | 18.9 |

Source: ICICI Direct Research, Company

Exhibit 13: Shareholding Pattern

| (in %) | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 |
|----------|--------|--------|--------|--------|--------|
| Promoter | 68.8 | 68.8 | 68.8 | 68.8 | 68.8 |
| Others | 31.2 | 31.2 | 31.2 | 31.2 | 31.2 |

Source: ICICI Direct Research, Company

Financial Summary

Exhibit 14: Profit & Loss (₹ crore)

| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
|-------------------------------------|----------------|----------------|----------------|----------------|
| Revenues | 1,507.3 | 1,720.4 | 1,985.5 | 2,283.3 |
| Growth (%) | -5.2 | 14.1 | 15.4 | 15.0 |
| Raw Material Expenses | 776.3 | 908.4 | 1,040.6 | 1,191.0 |
| Employee Expenses | 167.8 | 164.3 | 189.2 | 211.9 |
| Other Manufacturing Expenses | 290.0 | 324.9 | 374.0 | 424.3 |
| Total Operating Expenditure | 1,234.1 | 1,397.6 | 1,603.8 | 1,827.2 |
| EBITDA | 273.2 | 322.9 | 381.7 | 456.0 |
| Growth (%) | -8.4 | 18.2 | 18.2 | 19.5 |
| Interest | 52.4 | 36.2 | 30.6 | 24.6 |
| Depreciation | 82.5 | 85.2 | 107.9 | 123.0 |
| Other Income | 3.7 | 5.0 | 6.0 | 6.8 |
| PBT before Exceptional Items | 142.0 | 206.4 | 249.1 | 315.2 |
| Less: Forex & Exceptional Items | 15.4 | 0.0 | 0.0 | 0.0 |
| PBT | 126.6 | 206.4 | 249.1 | 315.2 |
| Total Tax | 42.1 | 73.3 | 63.5 | 80.4 |
| PAT before MI | 84.4 | 133.2 | 185.6 | 234.9 |
| Minority Interest | 0.0 | 0.0 | 0.0 | 0.0 |
| PAT | 84.4 | 133.2 | 185.6 | 234.9 |
| Adjusted PAT | 99.8 | 133.2 | 185.6 | 234.9 |
| Growth (%) | -3.2 | 33.4 | 39.4 | 26.6 |
| EPS | 6.8 | 10.8 | 15.1 | 19.0 |
| EPS (Adjusted) | 8.1 | 10.8 | 15.1 | 19.0 |

Source: ICICI Direct Research

Exhibit 15: Cash Flow Statement (₹ crore)

| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
|-------------------------------------|---------------|---------------|---------------|---------------|
| Profit/(Loss) after taxation | 117.7 | 159.9 | 185.6 | 234.9 |
| Add: Depreciation & Amortization | 82.5 | 85.2 | 107.9 | 123.0 |
| Add: Interest Cost | 52.4 | 36.2 | 30.6 | 24.6 |
| Net Increase in Current Assets | 34.6 | -98.9 | -54.1 | -129.5 |
| Net Increase in Current Liabilities | -3.5 | 41.0 | 43.3 | 48.5 |
| Others | 1.3 | 5.54 | 0 | 0 |
| CF from operating activities | 284.9 | 229.0 | 313.4 | 301.6 |
| (Inc)/dec in Fixed Assets | -158.0 | -157.6 | -150.0 | -150.0 |
| (Inc)/dec in Investments | 0.0 | 0.1 | 0.0 | 0.0 |
| Others | 89.6 | -1.4 | 0.8 | 1.1 |
| CF from investing activities | -68.4 | -158.9 | -149.2 | -148.9 |
| Inc / (Dec) in Equity Capital | 0.0 | 0.0 | 0.0 | 0.0 |
| Inc / (Dec) in sec. Loan | -25.0 | -33.3 | -100.0 | -100.0 |
| Dividend & Dividend Tax | -23.8 | -14.8 | -14.8 | -14.8 |
| Others | -52.1 | -48.8 | -30.6 | -24.6 |
| CF from financing activities | -100.9 | -96.9 | -145.4 | -139.4 |
| Net Cash flow | 115.7 | -26.8 | 18.8 | 13.2 |
| Opening Cash | -52.1 | 63.6 | 36.8 | 55.6 |
| Closing Cash | 63.6 | 36.8 | 55.6 | 68.8 |
| Free Cash Flow | 126.9 | 71.4 | 163.4 | 151.6 |

Source: ICICI Direct Research

Exhibit 16: Balance Sheet (₹ crore)

| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
|-----------------------------|----------------|----------------|----------------|----------------|
| Equity Capital | 24.7 | 24.7 | 24.7 | 24.7 |
| Reserve and Surplus | 791.8 | 908.7 | 1,079.5 | 1,299.6 |
| Total Shareholders fund | 816.5 | 933.4 | 1,104.2 | 1,324.2 |
| Total Debt | 645.9 | 610.0 | 510.0 | 410.0 |
| Others Liabilities | 50.9 | 59.6 | 63.8 | 68.4 |
| Source of Funds | 1,513.2 | 1,602.9 | 1,677.9 | 1,802.6 |
| Gross Block - Fixed Assets | 1,064.9 | 1,127.5 | 1,427.5 | 1,627.5 |
| Accumulated Depreciation | 329.7 | 414.9 | 522.9 | 645.9 |
| Net Block | 735.2 | 712.6 | 904.6 | 981.6 |
| Capital WIP | 160.8 | 254.2 | 104.2 | 54.2 |
| Net Fixed Assets | 896.0 | 966.8 | 1,008.9 | 1,035.8 |
| Investments | 0.7 | 0.6 | 0.6 | 0.6 |
| Inventory | 312.5 | 266.7 | 307.8 | 354.0 |
| Cash | 63.6 | 36.8 | 55.6 | 68.8 |
| Debtors | 340.4 | 485.5 | 489.6 | 563.0 |
| Loans & Advances & Other CA | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Current Assets | 774.8 | 878.6 | 951.5 | 1,094.2 |
| Creditors | 201.2 | 229.6 | 265.0 | 304.7 |
| Provisions & Other CL | 53.6 | 80.7 | 88.6 | 97.4 |
| Total Current Liabilities | 254.8 | 310.3 | 353.6 | 402.1 |
| Net Current Assets | 520.0 | 568.3 | 597.9 | 692.0 |
| LT L& A, Other Assets | 96.5 | 67.2 | 70.6 | 74.1 |
| Application of Funds | 1,513.2 | 1,602.9 | 1,677.9 | 1,802.6 |

Source: ICICI Direct Research

Exhibit 17: Key Ratios (₹ crore)

| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
|-----------------------------|------|-------|-------|-------|
| Per share data (₹) | | | | |
| EPS | 8.1 | 10.8 | 15.1 | 19.0 |
| Cash EPS | 13.6 | 15.7 | 22.6 | 27.8 |
| BV | 66.2 | 75.7 | 89.6 | 107.4 |
| DPS | 1.2 | 2.0 | 1.2 | 1.2 |
| Cash Per Share | 26.7 | 33.7 | 42.4 | 52.4 |
| Operating Ratios (%) | | | | |
| Gross Margins | 48.5 | 47.2 | 47.6 | 47.8 |
| EBITDA margins | 18.1 | 18.8 | 19.2 | 20.0 |
| Net Profit margins | 6.6 | 7.7 | 9.3 | 10.3 |
| Inventory days | 75.7 | 56.6 | 56.6 | 56.6 |
| Debtor days | 82.4 | 103.0 | 90.0 | 90.0 |
| Creditor days | 48.7 | 48.7 | 48.7 | 48.7 |
| Asset Turnover | 1.4 | 1.5 | 1.4 | 1.4 |
| Return Ratios (%) | | | | |
| RoE | 12.2 | 14.3 | 16.8 | 17.7 |
| RoCE | 12.8 | 15.1 | 16.7 | 18.9 |
| RoIC | 14.8 | 18.1 | 18.0 | 19.8 |
| Valuation Ratios (x) | | | | |
| P/E | 40.2 | 30.2 | 21.6 | 17.1 |
| EV / EBITDA | 16.8 | 14.2 | 11.7 | 9.6 |
| EV / Revenues | 3.1 | 2.7 | 2.3 | 1.9 |
| Market Cap / Revenues | 2.7 | 2.3 | 2.0 | 1.8 |
| Price to Book Value | 4.9 | 4.3 | 3.6 | 3.0 |
| Solvency Ratios | | | | |
| Debt / Equity | 0.8 | 0.7 | 0.5 | 0.3 |
| Debt/EBITDA | 2.4 | 1.9 | 1.3 | 0.9 |
| Current Ratio | 2.8 | 2.7 | 2.5 | 2.5 |

Source: ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -5% to -15%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

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

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