

CMP: ₹ 830

Target: ₹ 1080 (30%)

Target Period: 12 months

November 3, 2021

BUY

## Stable Q2 with strong margins...

**About the stock:** Caplin derives entire revenues through exports with 92% of revenues from Emerging Markets (LatAm + Africa) where it has an end-to-end business model through last mile logistical solutions for its exclusive distributors.

- In the US, Caplin has filed 20 ANDAs on its own and with partners with 15 approvals from the USFDA (five with partners)
- For LatAm markets, it outsources ~40% of products from China, ~20% from Indian vendors and in-house manufacturing of the remaining ~40%
- Caplin Steriles caters to the rapidly growing demand for injectable products in US and other regulated markets

**Q2FY22 Results:** Caplin reported decent Q2FY22 results.

- Sales were up 13.2% YoY to ₹ 303.5 crore
- EBITDA was at ₹ 101.2 crore, up 15.7% YoY with margins at 33.3%
- Consequent adjusted PAT was at ₹ 75 crore (up 31.8% YoY)

**What should investors do?** Caplin's share price has grown by ~3.6x over the past five years (from ~₹ 231 in July 2016 to ~₹ 830 levels in October 2021).

- We maintain our BUY rating on the stock due to steady growth from legacy LatAm markets, strong US traction and significant visibility capex

**Target Price and Valuation:** We value Caplin at ₹ 1080 i.e. 24x P/E on FY23E EPS

**Key triggers for future price performance:**

- By thriving in lesser known CA markets and cracking the US generic pharma code of injectable, the company has created its own identity with long drawn plans on the back of significant capex
- Overall development pipeline for US remains robust, with 45+ ANDAs under development with addressable market in US ~ US\$3.5 billion
- Growth momentum to persist mainly due to further expansion in front end, increasing product basket, change in product mix, launching of own brands
- The company is putting together a domestic market sales team focused on niche hospital injectable, given the company's expertise in this area

**Alternate Stock Idea:** Apart from Caplin, in our coverage we like Indoco Remedies.

- 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.
- BUY with a target price of ₹ 575



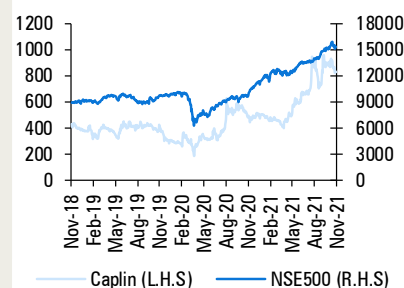
### Particulars

Particular	Amount
Market Capitalisation	₹ 6278 crore
Debt (FY21)	₹ 18 crore
Cash (FY21)	₹ 460 crore
EV	₹ 5836 crore
52 week H/L	1034/402
Equity capital	₹ 15.1 crore
Face value	₹ 2

### Shareholding pattern

(in %)	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Promoter	69.0	69.0	69.0	69.0	69.0
Others	31.0	31.0	31.0	31.0	31.0

### Price Chart



### Recent Event & Key risks

- Amaris Clinical completes USFDA virtual and physical audits
- Key Risk:** (i) Regulatory hurdles (ii) Slower expansion into LatAm markets

### Research Analyst

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### Key Financial Summary

Key Financials (₹ Crore)	FY19	FY20	FY21	5 year CAGR (FY16-21)	FY22E	FY23E	2 year CAGR (FY21-23E)
Revenues	648.7	863.2	1061.3	28.0	1218.1	1455.9	17.1
EBITDA	231.3	260.1	328.7	31.8	388.6	470.5	19.7
EBITDA Margins (%)	35.7	30.1	31.0		31.9	32.3	
Net Profit	176.6	215.0	242.3	32.9	290.1	340.6	18.6
EPS (Adjusted)	23.3	28.4	32.0		38.3	45.0	
PE (x)	35.6	29.2	25.9		21.6	18.4	
RoCE (%)	34.6	26.5	25.4		25.1	24.8	
RoE (%)	27.9	22.7	20.4		20.1	19.4	

## Key takeaways of recent quarter & conference call highlights

### Q2FY22 Results: Robust performance continues

- Q2FY22 revenues grew 13.2% YoY to ₹ 303.5 crore as the company's unique end to end business model in Latin America continues to drive robust growth. EBITDA margins improved 72 bps YoY to 33.3% mainly due to better gross margins. Subsequently, EBITDA grew 15.7% YoY to ₹ 101.2 crore. Net profit grew 31.8% YoY to ₹ 75 crore. Delta vis-a-vis EBITDA was on account of higher other income
- Caplin posted strong Q2FY22 results and is now venturing on a capex journey of ₹ 300-350 crore to expand existing capacities, widen its product portfolio and backward integrate majority of the products. Caplin is extending its US sterile products into other emerging markets. We continue to remain positive about the company's unique business model

### Q2FY22 Earnings Conference Call highlights

- Geographical breakup of sales: LatAm & RoW - 90%, US - 10%

#### Emerging Markets

- Current breakup of sales: Private market sales to distributors – 60%; sales to pharmacies/retail – 20%; institutional sales – 20%.
- Increasing focus to larger Latin American countries such as Chile, Colombia and expansion in Mexico and Brazil
- The company is putting together a domestic market sales team focused on niche hospital injectables, given the company's expertise in this area.

#### US & Regulated Markets

- Caplin has launched 15 out of 17 approved ANDAs in the US, with the next two products to be launched by Q4
- The company has three ANDAs under review with FDA and plan to file 10 more by end of 2022. Of these 10 products, five are ophthalmic products
- Three ANDS filed in Canada, with two more planned for filing by Q4. Also, on track to file two products in Australia by Q4
- First orders shipped to Mexico and UAE from Caplin Steriles. Expecting more approvals and orders from these regions in coming quarters
- The company is working on a new distribution partnership in the US, prior to full front-end entry in 2023.
- Looking to expand into pre-mix bags, lyophilised vials and pre-filled syringes
- Caplin Steriles has filed 20 ANDAs on its own and through partners with the USFDA, with 17 approvals till date.
- The company's CRO wing Amaris Clinical completes back to back USFDA virtual and physical audits, with NIL observations

#### Projects Update:

- Oncology Facility – Process equipment ordering and design drawing completed. Product development at R&D proceeding at good speed
- API Facility – Design drawing and detail engineering completed. Process equipment orders to commence shortly
- Capacity expansion at CP-1 (RoW facility) – Installation of necessary equipment to handle complex injectable such as Liposomal Amphotericin completed, with commercial manufacturing to commence shortly, both for domestic and international markets

**Exhibit 1: Variance Analysis**

	Q2FY22	Q2FY21	Q1FY22	YoY (%)	QoQ (%)	Comments
Revenue	303.5	268.1	300.4	13.2	1.0	YoY growth amid 9% growth in LatAm and ~74% growth in the US albeit on lower base
Raw Material Expenses	125.8	120.4	136.0	4.5	-7.5	
Gross margins (%)	58.6	55.1	54.7	345 bps	381 bps	YoY improvement mainly due to better product mix
Employee Expenses	29.0	25.3	26.7	14.6	8.5	
Other Expenditure	47.6	35.1	45.2	35.8	5.4	
Total Operating Expenditure	202.4	180.7	207.8	12.0	-2.6	
EBITDA	101.2	87.4	92.6	15.7	9.2	
EBITDA (%)	33.3	32.6	30.8	72 bps	251 bps	YoY improvement mainly due to better gross margins being offset by higher other expenditure
Interest	0.2	0.5	0.3	-56.3	-22.2	
Depreciation	11.7	8.9	12.0	32.0	-2.6	
Other income	8.5	1.8	9.2	382.4	-7.8	
PBT before EO	97.7	79.8	89.5	22.4	9.2	
Less: Exceptional Items	0.0	0.0	0.0	0.0	0.0	
PBT	97.7	79.8	89.5	22.4	9.2	
Tax	20.9	17.0	18.0	23.0	16.2	
MI & Share of loss/ (gain) asso.	1.8	5.9	0.7	-69.0	NM	
Adjusted Net Profit	75.0	56.9	70.9	31.8	5.8	Delta vis-à-vis EBITDA mainly due to higher other income

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	1,296.3	1,218.1	-6.0	1,529.1	1,455.9	-4.8	Changed mainly due to logistic challenges and border restrictions in LatAm
EBITDA	404.6	388.6	-3.9	490.5	470.5	-4.1	
EBITDA Margin (%)	31.2	31.9	69 bps	32.1	32.3	24 bps	Changed mainly due to better product mix and performance in Q2FY22
PAT	309.0	290.1	-6.1	358.3	340.6	-4.9	In line with operational performance
EPS (₹)	40.8	38.3	-6.1	47.4	45.0	-4.9	

Source: ICICI Direct Research

**Exhibit 3: Financial Summary**

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY20	863	33.1	28.4	21.8	29.2	23.2	22.7	26.5
FY21	1061	22.9	32.0	12.7	25.9	17.7	20.4	25.4
FY22E	1218	14.8	38.3	19.7	21.6	14.9	20.1	25.1
FY23E	1456	19.5	45.0	17.4	18.4	12.0	19.4	24.8

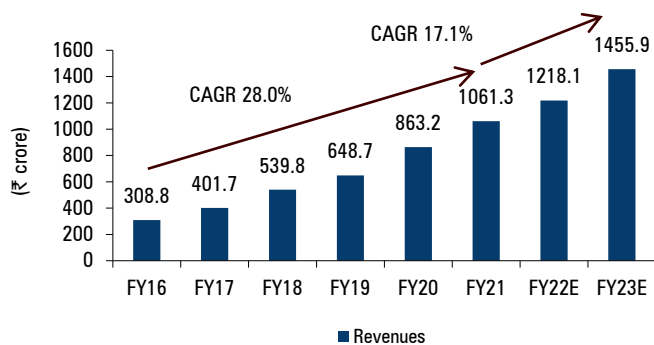
Source: ICICI Direct Research

Exhibit 4: Trends in Quarterly Performance

(₹ crore)	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	YoY (%)	QoQ (%)
Total Operating Income	155.9	159.0	187.3	192.6	227.2	228.2	215.2	240.1	268.1	274.4	278.7	300.4	303.5	13.2	1.0
Raw Material Expense	70.3	68.2	86.2	85.2	109.4	107.1	111.4	108.8	120.4	123.9	118.7	136.0	125.8	4.5	-7.5
% of Revenue	45.1	42.9	46.0	44.2	48.2	46.9	51.8	45.3	44.9	45.2	42.6	45.3	41.4	-345 bps	-381 bps
Gross Profit	85.6	90.8	101.1	107.4	117.8	121.1	103.8	131.3	147.8	150.5	160.0	164.5	177.8	20.3	8.1
Gross Profit Margin (%)	54.9	57.1	54.0	55.8	51.8	53.1	48.2	54.7	55.1	54.8	57.4	54.7	58.6	345 bps	381 bps
Employee Expenses	11.5	11.7	12.4	15.6	16.0	17.7	18.5	25.9	25.3	25.5	25.9	26.7	29.0	14.6	8.5
% of Revenue	7.4	7.4	6.6	8.1	7.0	7.7	8.6	10.8	9.4	9.3	9.3	8.9	9.5	12 bps	65 bps
Other Expenditure	18.3	21.3	24.0	24.4	30.7	35.6	31.5	33.8	35.1	41.1	48.5	45.2	47.6	35.8	5.4
% of Revenue	11.8	13.4	12.8	12.7	13.5	15.6	14.6	14.1	13.1	15.0	17.4	15.0	15.7	261 bps	65 bps
Total Expenditure	100.1	101.3	122.6	125.2	156.1	160.4	161.4	168.5	180.7	190.5	193.0	207.8	202.4	12.0	-2.6
% of Revenue	64.2	63.7	65.4	65.0	68.7	70.3	75.0	70.2	67.4	69.4	69.3	69.2	66.7	-72 bps	-251 bps
EBITDA	55.8	57.8	64.8	67.4	71.1	67.8	53.8	71.6	87.4	83.9	85.7	92.6	101.2	15.7	9.2
EBITDA Margin (%)	35.8	36.3	34.6	35.0	31.3	29.7	25.0	29.8	32.6	30.6	30.7	30.8	33.3	72 bps	251 bps
Other Income	7.0	7.7	2.7	4.5	6.9	10.3	19.6	6.5	1.8	5.8	9.5	9.2	8.5	382.4	-7.8
Interest	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.5	0.5	0.3	0.3	0.3	0.2	-56.3	-22.2
Depreciation	5.6	5.7	6.7	7.4	7.4	8.4	8.4	9.0	8.9	9.3	9.9	12.0	11.7	32.0	-2.6
PBT	57.2	59.8	60.7	64.5	70.5	69.6	64.9	68.6	79.8	80.2	85.0	89.5	97.7	22.4	9.2
Total Tax	13.7	14.0	10.8	14.4	13.3	10.7	16.0	14.1	17.0	14.1	17.1	18.0	20.9	23.0	16.2
Tax rate (%)	24.0	23.4	17.9	22.3	18.8	15.4	24.7	20.5	21.3	17.5	20.1	20.1	21.4	10 bps	130 bps
PAT	43.5	45.8	49.8	50.2	57.3	58.6	48.9	54.5	56.9	64.5	66.4	70.9	75.0	31.8	5.8
PAT Margin (%)	27.9	28.8	26.6	26.1	25.2	25.7	22.7	22.7	21.2	23.5	23.8	23.6	24.7	348 bps	112 bps

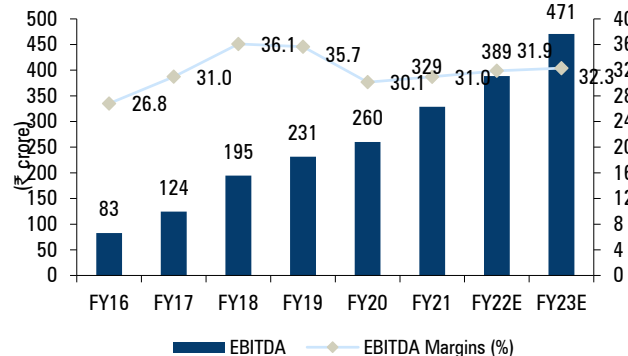
Source: ICICI Direct Research

Exhibit 5: Revenues to grow at ~17% CAGR in FY21-23E



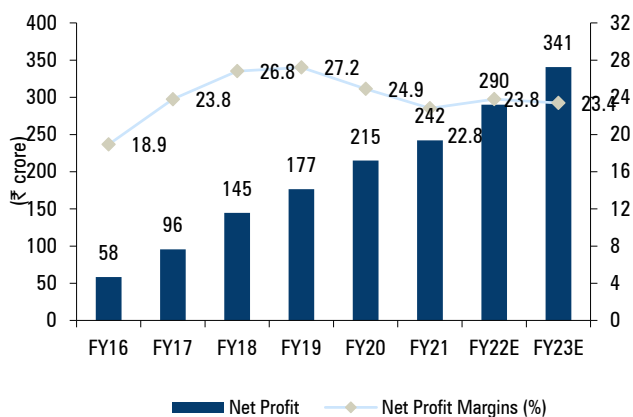
Source: ICICI Direct Research, Company

Exhibit 6: EBITDA & EBITDA margins trend



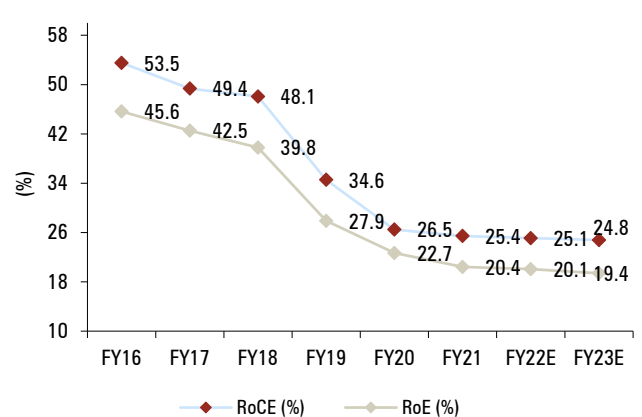
Source: ICICI Direct Research, Company

Exhibit 7: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 8: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 9: 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	
Ajanta Pharma	AJAPHA	2184	2,500	Buy	18901	53.4	74.0	79.3	89.3	40.9	29.5	27.5	24.5	24.7	29.0	25.2	23.8	18.1	21.8	19.9	19.2
Alembic Pharma	ALEMPHA	780	885	Hold	15322	44.4	59.9	35.1	44.2	17.6	13.0	22.2	17.6	21.0	24.2	12.7	14.8	27.1	23.0	12.3	13.8
Apollo Hospitals	APOHOS	4374	4,510	Hold	62893	22.6	7.9	61.2	76.8	193.7	556.5	71.5	56.9	10.2	6.3	15.6	18.2	9.7	2.5	16.0	17.2
Aurobindo Pharma	AURPHA	692	865	Hold	40521	48.8	55.0	54.4	64.6	14.2	12.6	12.7	10.7	17.2	16.9	14.5	15.8	17.0	14.7	12.8	13.3
Biocon	BIOCON	349	380	Hold	41904	5.8	6.1	5.4	9.3	60.0	57.4	64.9	37.6	10.2	7.6	7.8	10.0	10.4	9.6	7.9	12.2
Cadila Healthcare	CADHEA	495	563	Hold	50634	14.0	21.5	21.9	22.8	35.4	23.0	22.5	21.7	10.7	12.6	13.7	14.0	13.8	16.9	15.3	14.1
Cipla	CIPLA	911	1,085	Buy	73497	19.2	29.9	34.6	41.8	47.4	30.5	26.3	21.8	12.0	16.3	17.8	18.4	9.8	13.1	13.7	14.6
Divi's Lab	DIVLAB	5100	5,815	Buy	135378	51.9	74.7	94.7	116.3	98.3	68.2	53.9	43.9	23.9	27.6	28.8	29.2	18.8	21.3	22.5	23.0
Dr Reddy's Labs	DRREDD	4759	5,170	Hold	79177	121.8	117.3	181.2	204.2	39.1	40.6	26.3	23.3	9.6	13.1	16.3	17.3	13.0	11.1	14.9	14.7
Glenmark Pharma	GLEPHA	517	680	Buy	14577	26.4	32.9	35.8	48.1	19.6	15.7	14.4	10.7	12.7	13.9	15.9	17.1	12.2	13.1	11.9	13.9
Hikal	HIKCHE	538	640	Buy	6634	8.1	10.8	17.2	21.4	66.4	49.8	31.3	25.2	12.8	15.1	17.7	18.5	12.2	14.3	18.7	19.1
Ipca Laboratories	IPCLAB	2130	2,560	Buy	27020	47.6	89.9	89.6	102.4	44.8	23.7	23.8	20.8	17.6	27.1	22.5	21.4	16.6	24.2	19.6	18.3
Jubilant Pharmova	JUBLIF	609	625	Hold	9704	44.6	37.4	44.0	62.6	13.7	16.3	13.8	9.7	11.7	13.7	14.9	18.1	12.7	12.6	13.0	15.7
Lupin	LUPIN	935	1,015	Hold	42435	-12.7	26.9	43.8	36.9	NA	34.8	21.3	25.3	9.7	9.1	8.0	12.6	-4.6	8.8	15.8	11.6
Narayana Hrudalay	NARHRU	545	620	Buy	11138	6.4	-0.7	12.3	15.6	85.8	NA	44.2	35.0	11.0	1.2	14.5	16.8	11.4	-1.3	18.6	19.3
Natco Pharma	NATPHA	861	1,040	Hold	15703	25.3	24.2	19.4	22.6	34.1	35.6	44.4	38.1	14.0	13.1	9.7	10.9	12.2	10.7	8.1	8.8
Sun Pharma	SUNPHA	815	965	Buy	195546	16.8	30.0	30.6	32.2	48.6	27.1	26.6	25.3	10.0	14.2	16.7	16.3	8.9	15.5	14.2	13.2
Syngene Int.	SYNINT	540	710	Buy	21606	10.3	10.1	9.8	13.9	52.4	53.4	55.2	38.7	14.5	11.5	12.6	15.5	16.8	13.5	13.2	14.9
Torrent Pharma	TORPHA	2795	3,110	Hold	47296	60.6	74.0	78.3	103.7	46.1	37.8	35.7	26.9	15.4	17.7	21.0	22.6	21.2	21.4	19.4	21.5
Shalby	SHALIM	154	170	Hold	1888	2.6	3.9	4.3	5.7	60.5	39.3	35.5	27.2	7.2	6.5	8.9	8.8	3.5	5.1	5.4	6.7
Aster DM	ASTDM	188	200	Buy	10572	5.7	3.0	11.1	15.4	33.0	63.7	17.0	12.2	7.2	5.4	9.3	11.2	8.7	4.4	14.1	16.4
Indoco Remedies	INDREM	457	575	Buy	4299	2.6	10.1	17.3	23.9	174.7	45.3	26.4	19.1	4.6	11.7	19.8	21.5	3.5	12.1	17.6	20.2
<b>Caplin Point</b>	<b>CAPPOI</b>	<b>830</b>	<b>1,080</b>	<b>Buy</b>	<b>6936</b>	<b>28.4</b>	<b>32.0</b>	<b>38.3</b>	<b>45.0</b>	<b>29.2</b>	<b>25.9</b>	<b>21.6</b>	<b>18.4</b>	<b>26.5</b>	<b>25.4</b>	<b>25.1</b>	<b>24.8</b>	<b>22.7</b>	<b>20.4</b>	<b>20.1</b>	<b>19.4</b>
Granules India	GRANUL	321	430	Buy	8249	12.4	22.2	23.6	28.7	25.8	14.4	13.6	11.2	15.2	24.0	23.4	24.2	16.7	25.3	21.5	21.0
Laurus Labs	LAULAB	491	670	Buy	34053	4.8	18.3	17.6	23.9	103.2	26.8	27.9	20.5	13.0	31.7	25.1	28.0	14.4	37.9	27.4	27.9

Source: ICICI Direct Research

## Financial Summary

Exhibit 10: Profit and loss statement		₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E	
Total Operating Income	863.2	1,061.3	1,218.1	1,455.9	
Growth (%)	33.1	22.9	14.8	19.5	
Raw Material Expenses	413.2	471.7	529.0	629.8	
Gross Profit	450.0	589.6	689.1	826.1	
Gross Profit Margins (%)	52.1	55.6	56.6	56.7	
Employee Expenses	67.8	102.5	112.7	134.7	
Other Expenditure	122.2	158.4	187.8	220.8	
Total Operating Expenditure	603.1	732.7	829.5	985.4	
<b>EBITDA</b>	<b>260.1</b>	<b>328.7</b>	<b>388.6</b>	<b>470.5</b>	
Growth (%)	12.4	26.4	18.3	21.1	
Interest	0.3	1.6	0.9	0.9	
Depreciation	31.6	37.0	47.2	63.4	
Other Income	41.3	23.5	34.9	41.7	
<b>PBT before Exceptional Items</b>	<b>269.5</b>	<b>313.6</b>	<b>375.4</b>	<b>447.9</b>	
Less: Exceptional Items	0.0	0.0	0.0	0.0	
PBT after Exceptional Items	269.5	313.6	375.4	447.9	
Total Tax	54.4	62.2	79.2	98.5	
PAT before MI	215.1	251.4	296.3	349.3	
Minority Interest	0.1	9.2	6.2	8.7	
<b>PAT</b>	<b>215.0</b>	<b>242.3</b>	<b>290.1</b>	<b>340.6</b>	
Growth (%)	21.8	12.7	19.7	17.4	
<b>EPS (Adjusted)</b>	<b>28.4</b>	<b>32.0</b>	<b>38.3</b>	<b>45.0</b>	

Source: Company, ICICI Direct Research

Exhibit 11: Cash flow statement		₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E	
Profit/(Loss) after taxation	214.7	247.5	290.1	340.6	
Add: Depreciation & Amortization	31.6	37.0	47.2	63.4	
Net Increase in Current Assets	-223.7	-21.5	-73.1	-108.3	
Net Increase in Current Liabilities	46.6	19.5	14.9	21.7	
Others	-24.5	-13.9	0.9	0.9	
<b>CF from Operating activities</b>	<b>44.7</b>	<b>268.6</b>	<b>280.0</b>	<b>318.4</b>	
(Purchase)/Sale of Fixed Assets	-67.6	-73.3	-230.0	-150.0	
Investments	9.7	45.2	-200.0	-200.0	
Others	4.0	19.6	0.4	0.5	
<b>CF from Investing activities</b>	<b>-54.0</b>	<b>-8.5</b>	<b>-429.6</b>	<b>-349.5</b>	
Proceeds from Preference shares	113.0	0.0	0.0	0.0	
(inc)/Dec in Loan	0.0	-19.4	0.0	0.0	
Dividend & Dividend tax	-32.5	-3.0	-30.3	-30.3	
Other	-0.7	-1.5	-0.9	-0.9	
<b>CF from Financing activities</b>	<b>79.8</b>	<b>-24.0</b>	<b>-31.2</b>	<b>-31.2</b>	
<b>Net Cash Flow</b>	<b>70.4</b>	<b>236.1</b>	<b>-180.8</b>	<b>-62.3</b>	
Cash and Cash Equivalent	153.0	223.4	459.6	278.8	
<b>Cash</b>	<b>223.4</b>	<b>459.6</b>	<b>278.8</b>	<b>216.5</b>	
<b>Free Cash Flow</b>	<b>-23.0</b>	<b>195.3</b>	<b>50.0</b>	<b>168.4</b>	

Source: Company, ICICI Direct Research

Exhibit 12: Balance Sheet		₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E	
Equity Capital	15.1	15.1	15.1	15.1	
Reserve and Surplus	932.8	1,170.7	1,430.5	1,740.9	
Total Shareholders funds	947.9	1,185.8	1,445.6	1,756.0	
Total Debt	38.6	18.4	18.4	18.4	
Minority Interest	0.0	17.5	17.5	17.5	
Deferred Tax Liability	10.1	1.2	1.2	1.3	
Other Non Current Liabilities	22.1	15.7	16.5	17.3	
<b>Source of Funds</b>	<b>1,018.7</b>	<b>1,238.6</b>	<b>1,499.3</b>	<b>1,810.5</b>	
Gross Block - Fixed Assets	354.8	422.6	652.6	802.6	
Accumulated Depreciation	82.3	117.2	164.4	227.8	
Net Block	272.5	305.4	488.2	574.8	
Capital WIP	20.1	13.8	13.8	13.8	
Fixed Assets	292.6	319.2	502.0	588.6	
Investments	60.8	11.2	211.2	411.2	
LT Loans and Advances	10.0	7.9	8.3	8.7	
Inventory	238.2	179.0	205.4	245.6	
Debtors	229.0	279.4	320.6	383.2	
ST Loans and Advances	68.3	98.9	103.8	109.0	
Other Current Assets	3.4	8.4	8.9	9.3	
Cash	223.4	459.6	278.8	216.5	
Total Current Assets	762.3	1,025.3	917.6	963.6	
Creditors	64.1	88.5	101.6	121.4	
Provisions	0.9	0.1	0.1	0.1	
Other Current Liabilities	42.0	36.4	38.2	40.1	
Total Current Liabilities	107.0	125.0	139.9	161.6	
Net Current Assets	655.3	900.3	777.7	802.0	
<b>Application of Funds</b>	<b>1,018.7</b>	<b>1,238.6</b>	<b>1,499.3</b>	<b>1,810.5</b>	

Source: Company, ICICI Direct Research

Exhibit 13: Key ratios					
(Year-end March)	FY20	FY21	FY22E	FY23E	
<b>Per share data (₹)</b>					
Reported EPS	28.4	32.0	38.3	45.0	
Cash EPS	29.7	33.9	40.6	49.4	
BV per share	125.3	156.8	191.1	232.1	
Cash per Share	29.5	60.8	36.9	28.6	
Dividend per share	2.9	3.0	4.0	4.0	
<b>Operating Ratios (%)</b>					
Gross Profit Margins	52.1	55.6	56.6	56.7	
EBITDA margins	30.1	31.0	31.9	32.3	
PAT Margins	24.9	22.8	23.8	23.4	
Cash Conversion Cycle	170.4	127.2	127.2	127.2	
Asset Turnover	2.4	2.5	1.9	1.8	
EBITDA conversion Rate	17.2	81.7	72.0	67.7	
<b>Return Ratios (%)</b>					
RoE	22.7	20.4	20.1	19.4	
RoCE	26.5	25.4	25.1	24.8	
RoIC	32.0	38.6	34.3	34.8	
<b>Valuation Ratios (x)</b>					
P/E	29.2	25.9	21.6	18.4	
EV / EBITDA	23.2	17.7	14.9	12.0	
EV / Net Sales	7.0	5.5	4.8	3.9	
Market Cap / Sales	7.3	5.9	5.2	4.3	
Price to Book Value	6.6	5.3	4.3	3.6	
<b>Solvency Ratios</b>					
Debt / EBITDA	0.1	0.1	0.0	0.0	
Debt / Equity	0.0	0.0	0.0	0.0	
Current Ratio	5.0	4.5	4.6	4.6	

Source: Company, ICICI Direct Research

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