

CMP: ₹ 680

Target: ₹ 895 (32%)

Target Period: 12 months

May 13, 2022

BUY



## Growth trajectory maintained; capex execution to be key...

**About the stock:** Caplin derives entire revenues through exports with 90% of revenues from Emerging Markets (LatAm + RoW) where it has an end-to-end business model through last mile logistical solutions for its exclusive distributors.

- In the US, Caplin has filed 21 ANDAs on its own and through partners, 18 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

**Q4FY22 Results:** Growth driven by core geographies and better offtake in US

- Sales were up 22% YoY to ₹ 339 crore
- EBITDA was at ₹ 100 crore, up 17% YoY with margins at 29.5%
- Consequent PAT was at ₹ 79 crore (up 19% YoY)

**What should investors do?** Caplin's share price has grown by ~2x over the past five years (from ~₹ 335 in May 2018 to ~₹ 680 levels in May 2022).

- Maintain **BUY** due to 1) steady growth from legacy LatAm markets, 2) traction from US injectable, 3) calculated capex decisions to expand capacity, widen portfolio and backward integration

**Target Price and Valuation:** Valued at ₹ 895 i.e. 18x P/E on FY24E EPS of ₹ 49.6

**Key triggers for future price performance:**

- Execution of the ~₹ 400 crore+ capex towards different projects
- Overall development pipeline for US remains robust, with 55+ ANDAs under development with addressable market in US ~ US\$4.9 billion
- Growth momentum to persist mainly due to further expansion in front end, increasing product basket, change in product mix, launching of own brands
- Plans to expand in six major markets of US, Mexico, Brazil, Europe, South Africa and CIS countries with differentiated strategies. Additionally, Caplin is forming domestic market sales team focused on niche hospital injectable

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

- Granules India is a vertically integrated company that manufactures API, intermediates and finished dosages with vision to play on its strength of economies of scale and expansion into more complex products/forms
- BUY with a target price of ₹ 360

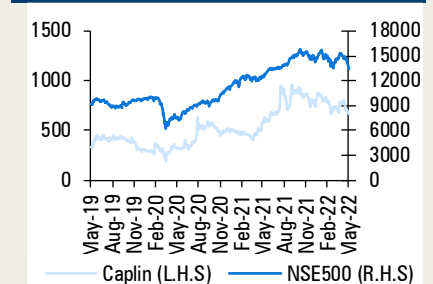
### Particulars

Particular	Amount
Market Capitalisation	₹ 5154 crore
Debt (FY22)	₹ 2 crore
Cash (FY22)	₹ 463 crore
EV	₹ 4693 crore
52 week H/L	1034/561
Equity capital	₹ 15.2 crore
Face value	₹ 2

### Shareholding pattern

(in %)	Jun-21	Sep-21	Dec-21	Mar-22
Promoter	69.0	69.0	68.9	68.9
Others	31.0	31.0	31.1	31.1

### Price Chart



### Recent Event & Key risks

- Amaris Clinical completed USFDA virtual and physical audits
- Key Risk:** (i) Regulatory hurdles (ii) Slower ramp-up in new markets

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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	863.2	1061.3	1269.4	25.9	1492.1	1718.5	16.4
EBITDA	260.1	328.7	394.7	26.0	457.1	526.4	15.5
EBITDA Margins (%)	30.1	31.0	31.1		30.6	30.6	
Net Profit	215.1	242.3	299.8	25.7	331.7	376.3	12.0
EPS (Adjusted)	28.4	32.0	39.6		43.8	49.6	
PE (x)	24.0	21.3	17.2		15.5	13.7	
RoCE (%)	26.5	25.4	25.3		23.7	22.5	
RoE (%)	22.7	20.4	20.2		18.5	17.5	

Source: Company, ICICI Direct Research

## Key takeaways of recent quarter & conference call highlights

### Q4FY22 Results: Revenues grew with momentum in both LatAm, US

- Revenues grew 22% YoY to ₹ 339 crore propelled by Latin America & RoW growing 23% YoY and US also growing 13% YoY. EBITDA margins declined 129 bps YoY to 29.5% while EBITDA grew 17% YoY to ₹ 100 crore. Adjusted PAT grew 19% YoY to ₹ 79 crore
- Caplin's LatAm business model continues to drive topline and bottomline growth while Caplin Steriles' grew 44% YoY to ₹ 122 crore in FY22. It has set an aspirational target of US\$100 million by FY26 in US. Caplin is undergoing on a capex journey to expand existing capacities, widen its product portfolio and backward integrate its products. Caplin plans to enter more regulated markets such as Canada, Australia, China, Russia/CIS as well as enter the bigger LATAM markets of Mexico and Brazil.

### Q4FY22 Earnings Conference Call highlights

- Geographical breakup of sales for FY22: LatAm & RoW – 90%, US – 10%
- **LatAm & RoW:** Caplin won tenders in two LatAm markets for US\$21 million
  - Current break-up of sales: Private market sales to distributors: 65%; Sales to Pharmacies/Retail: 20%; Institutional Sales: 15%
  - Caplin has earmarked Mexico and Chile as the next immediate avenues for growth in LatAm. The company has one product approved in Mexico, with six more approvals expected in the next few quarters. It currently has 66 product registrations in Chile
  - About 63% of Russian market is with western companies and amid geopolitical issues, there is a vacuum and Caplin plans entry into Russia/CIS markets with direct presence model, similar to LatAm
- **US:** Caplin Steriles order book position at ₹ 160 crore
  - Caplin plans to launch its own label through front end by December, 2022
  - ANDAs Launched:15, Approved:18, Another 3 to be launched by H1FY23. The management expects three ANDAs to be approved in two to three quarters. Caplin plan to file 12 ANDAs by FY23 (Ophthalmic:5, complex injectables:2). The management expects to start filing pre-mixed bag products by Q4FY23, a niche segment with limited generic competition
- **Projects Update:**
  - **Oncology Facility:** OSD equipment received and civil construction to be completed in six months while injectable equipment to be received by H2FY23
  - **API Facility:** Caplin is evaluating inorganic opportunities. API Plant will cater to US and LATAM business as well as upcoming Oncology business. The company targets being backward integrated with own APIs for 70% of all filings in US by FY24
  - **CP-1 (RoW facility):** Addition of a new softgel line and expansion of warehouse to be completed by December, 2022
  - **Caplin Steriles – Phase 2:** Pre-Filled Syringes line by Nov,22; Vial filling lines by Feb,23; Lyophilizer by November, 2022. Civil construction to be completed in six months and overall project is expected by Q1FY24 with capacities to expand 3x
- **Guidance:** Management is guiding for 15-20% growth, going ahead, while Caplin expects to maintain current margin levels. US business is close to break-even, only hindered by R&D and filing expenses. The management expects to break-even in FY23. Currently, 75% comes from product sales and 25% is from milestones/profit shares. The management guided for current break-up to sustain, going forward

**Exhibit 1: Variance Analysis**

	Q4FY22	Q4FY21	Q3FY22	YoY (%)	QoQ (%)	Comments
Revenue	339.2	278.7	326.2	21.7	4.0	YoY growth amid Latin America & RoW growing 23% and US growing 13%
Raw Material Expenses	151.9	118.7	143.8	28.0	5.6	
Gross margins (%)	55.2	57.4	55.9	-220 bps	-69 bps	
Employee Expenses	30.2	25.9	29.4	16.9	2.9	
Other Expenditure	57.1	48.5	52.0	17.9	9.8	
Total Operating Expenditure	239.3	193.0	225.2	24.0	6.2	
EBITDA	99.9	85.7	101.0	16.6	-1.0	
EBITDA (%)	29.5	30.7	31.0	-129 bps	-149 bps	YoY decline mainly due to lower gross margins and higher freight cost
Interest	0.1	0.3	0.1	-75.0	-42.9	
Depreciation	11.5	9.9	11.7	16.1	-2.1	
Other income	11.5	9.5	9.5	21.7	20.6	
PBT before EO	99.9	85.0	98.7	17.6	1.3	
Less: Exceptional Items	0.0	0.0	0.0	0.0	0.0	
PBT	99.9	85.0	98.7	17.6	1.3	
Tax	19.1	17.1	19.4	12.0	-1.5	
MI & Share of loss/ (gain) asso.	1.8	1.5	4.3	14.9	NM	
Adjusted Net Profit	79.1	66.4	75.0	19.1	5.5	Delta vis-à-vis EBITDA mainly due to higher other income

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	1,472.4	1,492.1	1.3	1,699.5	1,718.5	1.1	Changed amid likely contribution from new investments
EBITDA	456.7	457.1	0.1	535.3	526.4	-1.7	
EBITDA Margin (%)	31.0	30.6	-39 bps	31.5	30.6	-87 bps	Changed on the back of expected additional opex in FY24
PAT	329.5	331.7	0.6	382.6	376.3	-1.7	In line with operational performance
EPS (₹)	43.5	43.8	0.6	50.5	49.6	-1.7	

Source: ICICI Direct Research

**Exhibit 3: Financial Summary**

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	1061	22.9	32.0	12.6	21.3	14.3	20.4	25.4
FY22	1269	19.6	39.6	23.8	17.2	11.8	20.2	25.3
FY23E	1492	17.5	43.8	10.6	15.5	10.0	18.5	23.7
FY24E	1719	15.2	49.6	13.4	13.7	8.2	17.5	22.5

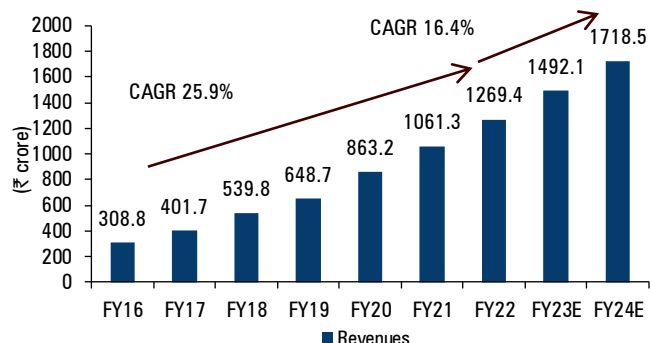
Source: ICICI Direct Research

Exhibit 4: Trends in Quarterly Performance

(₹ crore)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY (%)	QoQ (%)
Total Operating Income	187.3	192.6	227.2	228.2	215.2	240.1	268.1	274.4	278.7	300.4	303.5	326.2	339.2	21.7	4.0
Raw Material Expense	86.2	85.2	109.4	107.1	111.4	108.8	120.4	123.9	118.7	136.0	125.8	143.8	151.9	28.0	5.6
% of Revenue	46.0	44.2	48.2	46.9	51.8	45.3	44.9	45.2	42.6	45.3	41.4	44.1	44.8	220 bps	69 bps
Gross Profit	101.1	107.4	117.8	121.1	103.8	131.3	147.8	150.5	160.0	164.5	177.8	182.4	187.3	17.1	2.7
Gross Profit Margin (%)	54.0	55.8	51.8	53.1	48.2	54.7	55.1	54.8	57.4	54.7	58.6	55.9	55.2	-220 bps	-69 bps
Employee Expenses	12.4	15.6	16.0	17.7	18.5	25.9	25.3	25.5	25.9	26.7	29.0	29.4	30.2	16.9	2.9
% of Revenue	6.6	8.1	7.0	7.7	8.6	10.8	9.4	9.3	9.3	8.9	9.5	9.0	8.9	-37 bps	-9 bps
Other Expenditure	24.0	24.4	30.7	35.6	31.5	33.8	35.1	41.1	48.5	45.2	47.6	52.0	57.1	17.9	9.8
% of Revenue	12.8	12.7	13.5	15.6	14.6	14.1	13.1	15.0	17.4	15.0	15.7	15.9	16.8	-55 bps	90 bps
Total Expenditure	122.6	125.2	156.1	160.4	161.4	168.5	180.7	190.5	193.0	207.8	202.4	225.2	239.3	24.0	6.2
% of Revenue	65.4	65.0	68.7	70.3	75.0	70.2	67.4	69.4	69.3	69.2	66.7	69.0	70.5	129 bps	149 bps
EBITDA	64.8	67.4	71.1	67.8	53.8	71.6	87.4	83.9	85.7	92.6	101.2	101.0	99.9	16.6	-1.0
EBITDA Margin (%)	34.6	35.0	31.3	29.7	25.0	29.8	32.6	30.6	30.7	30.8	33.3	31.0	29.5	-129 bps	-149 bps
Other Income	2.7	4.5	6.9	10.3	19.6	6.5	1.8	5.8	9.5	9.2	8.5	9.5	11.5	21.7	20.6
Interest	0.0	0.0	0.1	0.1	0.2	0.5	0.5	0.3	0.3	0.3	0.2	0.1	0.1	-75.0	-42.9
Depreciation	6.7	7.4	7.4	8.4	8.4	9.0	8.9	9.3	9.9	12.0	11.7	11.7	11.5	16.1	-2.1
PBT	60.7	64.5	70.5	69.6	64.9	68.6	79.8	80.2	85.0	89.5	97.7	98.7	99.9	17.6	1.3
Total Tax	10.8	14.4	13.3	10.7	16.0	14.1	17.0	14.1	17.1	18.0	20.9	19.4	19.1	12.0	-1.5
Tax rate (%)	17.9	22.3	18.8	15.4	24.7	20.5	21.3	17.5	20.1	20.1	21.4	19.6	19.1	-96 bps	-54 bps
PAT	49.8	50.2	57.3	58.6	48.9	54.5	56.9	64.5	66.4	70.9	75.0	75.0	79.1	19.1	5.5
PAT Margin (%)	26.6	26.1	25.2	25.7	22.7	22.7	21.2	23.5	23.8	23.6	24.7	23.0	23.3	-51 bps	33 bps

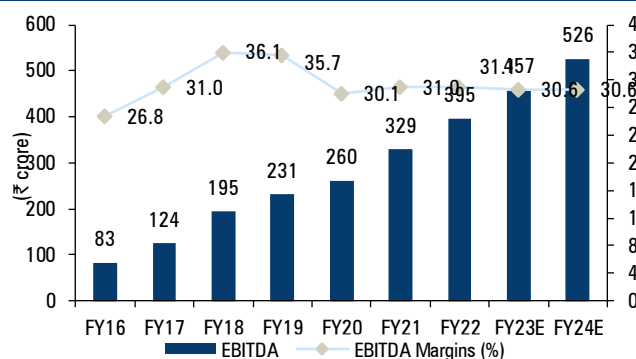
Source: ICICI Direct Research

Exhibit 5: Revenues to grow at ~16% CAGR in FY22-24E



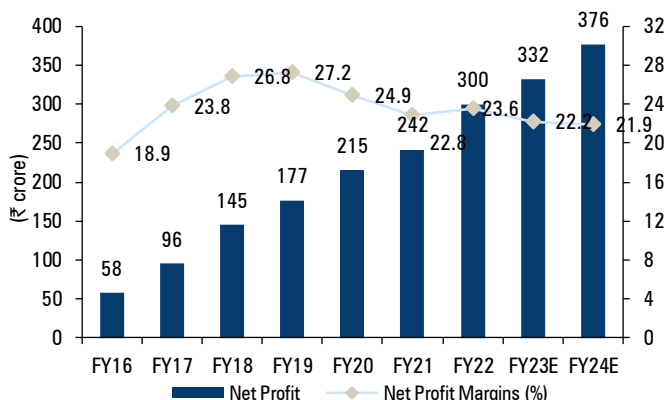
Source: ICICI Direct Research, Company

Exhibit 6: EBITDA & EBITDA margins trend



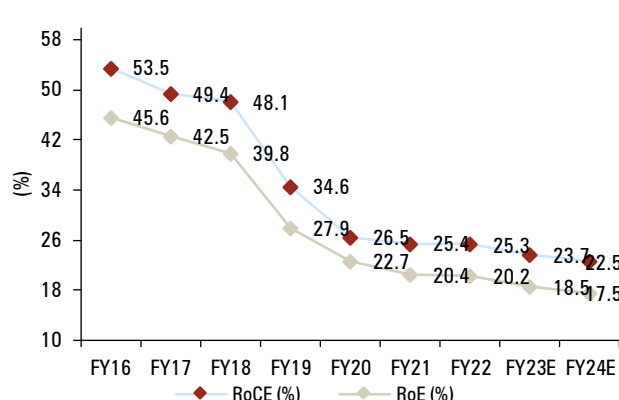
Source: ICICI Direct Research, Company

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 (%)			
						FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E
<b>Hospitals</b>																					
Apollo Hospitals	APOHOS	3609	5,480	Buy	51896	7.9	67.2	81.3	105.5	459.2	53.7	44.4	34.2	6.3	16.4	18.2	20.7	2.5	17.5	18.1	19.9
Narayana Hrudalaya	NARHRU	663	765	Buy	13550	-0.7	17.5	20.1	22.8	NA	37.9	32.9	29.1	1.2	21.2	22.4	21.5	-1.3	24.5	22.3	20.3
Shalby	SHALIM	108	170	Buy	1167	3.9	5.9	5.7	7.2	27.5	18.3	18.8	15.0	6.5	8.9	9.6	10.5	5.1	7.2	6.7	7.9
Aster DM	ASTDM	170	250	Buy	8479	3.0	10.6	17.6	NA	57.4	16.1	9.6	NA	5.4	9.2	12.9	NA	4.4	13.5	18.4	NA
Healthcare Global	HEAGLO	261	240	Hold	3271	-21.7	6.0	3.5	NA	NA	43.5	74.0	NA	-0.9	5.2	7.7	NA	NA	NA	3.4	NA
<b>MNC Pharma</b>																					
Abbott India	ABBIND	16733	19,840	Buy	35556	325.0	370.4	429.0	496.0	51.5	45.2	39.0	33.7	33.8	35.7	34.4	33.4	26.5	28.1	26.8	25.8
P&G Health	MERLIM	4350	4,955	Hold	7221	106.5	121.5	130.5	141.6	40.8	35.8	33.3	30.7	32.2	37.3	34.7	32.8	25.1	29.3	27.0	25.4
Sanofi India	SANOFI	6611	7,740	Hold	15226	207.4	410.1	285.7	276.4	31.9	16.1	23.1	23.9	32.3	33.3	42.3	40.8	24.5	25.9	32.6	31.3
Pfizer	PFIZER	4230	5,350	Buy	19351	108.8	135.2	133.0	148.6	38.9	31.3	31.8	28.5	27.6	27.4	23.6	22.9	20.8	21.7	18.6	18.1
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	1725	1,955	Buy	14730	74.0	83.4	83.3	97.8	23.3	20.7	20.7	17.6	29.0	27.0	22.9	22.9	21.8	21.8	18.4	18.3
Alembic Pharma	ALEMPHA	735	720	Hold	14443	62.8	27.8	29.7	35.9	11.7	26.5	24.7	20.5	25.1	10.6	11.2	13.8	24.1	10.4	10.3	11.3
Aurobindo Pharma	AURPHA	571	765	Hold	33463	55.0	44.3	53.4	61.2	10.4	12.9	10.7	9.3	16.9	12.5	14.3	15.2	14.7	10.7	11.5	11.7
Biocon	BIOCON	332	380	Hold	39908	6.3	5.7	6.1	11.7	53.1	58.4	54.9	28.5	7.7	7.5	5.0	6.9	9.9	8.1	3.2	5.9
Zydus Lifesciences	CADHEA	344	475	Hold	35212	21.5	21.1	22.4	25.4	16.0	16.3	15.4	13.5	12.6	13.5	13.7	14.6	16.9	14.8	14.0	14.1
Cipla	CIPLA	931	1,095	Buy	75102	29.9	32.9	36.2	42.5	31.2	28.3	25.7	21.9	16.3	16.7	16.7	17.7	13.1	12.7	12.6	13.3
Dr Reddy's Labs	DRREDD	3955	5,160	Buy	65812	117.3	156.5	190.9	236.0	33.7	25.3	20.7	16.8	13.1	15.4	18.6	22.7	11.1	13.1	14.0	15.1
Glenmark Pharma	GLEPHA	401	550	Hold	11309	32.9	44.2	44.2	49.1	12.2	9.1	9.1	8.2	13.9	15.5	15.2	15.4	13.1	13.1	11.7	11.6
Ipca Laboratories	IPCLAB	978	1,175	Buy	24811	44.9	36.6	42.4	48.2	21.8	26.7	23.1	20.3	27.1	19.8	19.1	18.5	24.2	16.6	16.1	15.6
Jubilant Pharmova	JUBLIF	411	490	Hold	6545	37.4	28.7	32.5	40.8	11.0	14.3	12.6	10.1	13.7	10.1	10.4	12.2	12.6	8.9	9.2	10.4
Lupin	LUPIN	702	960	Hold	31885	26.9	16.0	29.7	39.4	26.1	44.0	23.6	17.8	9.1	6.0	10.3	12.6	8.8	5.7	9.5	11.3
Natco Pharma	NATPHA	685	955	Hold	12489	24.2	15.1	19.6	23.1	28.3	45.3	35.0	29.7	13.1	7.3	9.7	10.7	10.7	6.4	7.8	8.5
Sun Pharma	SUNPHA	877	1,075	Buy	210482	30.0	33.5	33.8	38.6	29.2	26.2	25.9	22.7	14.2	18.3	17.8	17.8	15.5	16.4	14.4	14.3
Torrent Pharma	TORPHA	2621	3,235	Hold	44360	74.0	67.6	94.7	114.5	35.4	38.8	27.7	22.9	17.7	18.2	21.1	23.5	21.4	17.1	20.3	20.7
Indoco Remedies	INDREM	334	510	Buy	3078	10.1	16.5	23.3	28.3	33.1	20.2	14.4	11.8	11.7	17.9	21.5	26.3	12.1	16.9	19.8	20.0
Caplin Point	CAPPOI	682	895	Buy	5171	81.7	85.3	68.3	70.8	8.3	8.0	10.0	9.6	25.3	23.7	22.5	0.0	20.4	20.2	18.5	17.5
Advanced Enzymes	ADVENZ	277	380	Buy	3091	13.1	11.3	13.6	15.8	21.1	24.6	20.4	17.5	19.4	15.4	16.7	17.2	15.1	11.6	12.4	12.7
Hester Biosciences	HESPHA	2367	2,780	Hold	2014	44.4	47.2	52.0	71.4	53.3	50.2	45.5	33.2	16.2	12.8	14.3	17.3	16.5	15.5	15.1	17.8
<b>API/CRAMS</b>																					
Divi's Lab	DIVLAB	4297	5,335	Buy	114069	74.7	107.8	108.4	126.4	57.5	39.9	39.7	34.0	27.6	30.1	27.7	27.5	21.3	25.4	21.7	21.6
Hikal	HIKCHE	398	500	Buy	4912	10.8	14.6	17.1	22.6	36.9	27.2	23.2	17.6	15.1	15.7	16.0	19.1	14.3	16.7	16.8	18.8
Syngene Int.	SYNINT	551	730	Buy	22078	10.1	9.9	11.4	15.5	54.4	55.8	48.4	35.6	11.5	11.7	12.2	15.7	13.5	12.9	12.3	14.4
Granules India	GRANUL	242	360	Buy	5993	22.2	16.2	19.4	25.8	10.9	14.9	12.5	9.4	24.0	16.2	17.4	20.2	25.3	15.8	16.1	17.8
Laurus Labs	LAULAB	545	690	Buy	29270	18.3	15.4	20.6	26.5	29.8	35.4	26.4	20.5	31.7	21.3	22.6	24.7	37.9	24.7	25.5	25.3
Suven Pharmaceuticals	SUVPH	529	555	Hold	13459	14.2	17.8	17.0	18.5	37.1	29.7	31.1	28.5	31.2	37.5	28.5	26.0	30.7	29.7	23.0	20.8

Source: ICICI Direct Research

## Financial Summary

Exhibit 10: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Total Operating Income	1,061.3	1,269.4	1,492.1	1,718.5
Growth (%)	22.9	19.6	17.5	15.2
Raw Material Expenses	471.7	557.5	661.8	756.2
Gross Profit	589.6	711.9	830.3	962.4
Gross Profit Margins (%)	55.6	56.1	55.6	56.0
Employee Expenses	102.5	115.3	136.3	156.7
Other Expenditure	158.4	201.9	237.0	279.3
Total Operating Expenditure	732.7	874.7	1,035.0	1,192.1
<b>EBITDA</b>	<b>328.7</b>	<b>394.7</b>	<b>457.1</b>	<b>526.4</b>
Growth (%)	26.4	20.1	15.8	15.2
Interest	1.6	0.7	0.2	0.2
Depreciation	37.0	46.9	58.1	74.5
Other Income	23.5	38.8	37.3	43.0
<b>PBT before Exceptional Ite</b>	<b>313.6</b>	<b>385.8</b>	<b>436.1</b>	<b>494.8</b>
Less: Exceptional Items	0.0	0.0	0.0	0.0
PBT after Exceptional Items	313.6	385.8	436.1	494.8
Total Tax	62.2	77.4	95.9	108.8
PAT before MI	251.4	308.5	340.2	385.9
Minority Interest	9.2	8.6	8.5	9.6
<b>PAT</b>	<b>242.3</b>	<b>299.8</b>	<b>331.7</b>	<b>376.3</b>
Growth (%)	12.6	23.8	10.6	13.4
<b>EPS (Adjusted)</b>	<b>32.0</b>	<b>39.6</b>	<b>43.8</b>	<b>49.6</b>

Source: Company, ICICI Direct Research

Exhibit 11: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit/(Loss) after taxation	247.5	304.3	331.7	376.3
Add: Depreciation & Amortization	37.0	46.9	58.1	74.5
Net Increase in Current Assets	-21.5	-96.0	-110.4	-107.9
Net Increase in Current Liabilities	19.5	97.9	32.7	29.9
Others	-13.9	-16.5	0.2	0.2
<b>CF from Operating activities</b>	<b>268.6</b>	<b>336.8</b>	<b>312.2</b>	<b>372.9</b>
(Purchase)/Sale of Fixed Assets	-73.3	-91.2	-200.0	-110.0
Investments	45.2	-76.5	0.0	0.0
Others	19.6	-124.9	-1.1	-1.1
<b>CF from Investing activities</b>	<b>-8.5</b>	<b>-292.6</b>	<b>-201.1</b>	<b>-111.1</b>
Proceeds from Preference shares	0.0	-0.8	0.0	0.0
(inc)/Dec in Loan	-19.4	-16.6	0.0	0.0
Dividend & Dividend tax	-3.0	-22.7	-18.9	-22.7
Other	-1.5	-0.7	-0.2	-0.2
<b>CF from Financing activities</b>	<b>-24.0</b>	<b>-40.7</b>	<b>-19.1</b>	<b>-22.9</b>
<b>Net Cash Flow</b>	<b>236.1</b>	<b>3.4</b>	<b>92.0</b>	<b>238.9</b>
Cash and Cash Equivalent	223.4	459.6	463.0	555.0
<b>Cash</b>	<b>459.6</b>	<b>463.0</b>	<b>555.0</b>	<b>793.9</b>
<b>Free Cash Flow</b>	<b>195.3</b>	<b>245.6</b>	<b>112.2</b>	<b>262.9</b>

Source: Company, ICICI Direct Research

Exhibit 12: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	15.1	15.2	15.2	15.2
Reserve and Surplus	1,170.7	1,468.8	1,781.5	2,135.0
Total Shareholders funds	1,185.8	1,483.9	1,796.7	2,150.2
Total Debt	18.4	2.1	2.1	2.1
Minority Interest	17.5	26.0	26.0	26.0
Deferred Tax Liability	1.2	0.0	0.0	0.0
Other Non Current Liabilities	15.7	17.6	18.5	19.4
<b>Source of Funds</b>	<b>1,238.6</b>	<b>1,529.6</b>	<b>1,843.2</b>	<b>2,197.7</b>
Gross Block - Fixed Assets	422.6	450.6	630.6	755.6
Accumulated Depreciation	117.2	164.1	222.1	296.6
Net Block	305.4	286.6	408.5	459.0
Capital WIP	13.8	17.7	37.7	22.7
Fixed Assets	319.2	304.3	446.2	481.8
Investments	11.2	89.0	89.0	89.0
Other non-Current Assets	7.9	97.2	99.1	101.1
Inventory	179.0	227.3	269.8	308.3
Debtors	279.4	320.1	376.2	433.3
ST Loans and Advances	0.0	0.0	0.0	0.0
Other Current Assets	107.3	235.5	247.3	259.6
Cash	459.6	463.0	555.0	793.9
Total Current Assets	1,025.3	1,245.9	1,448.3	1,795.1
Creditors	88.5	163.2	193.7	221.3
Provisions	0.1	2.6	2.7	2.8
Other Current Liabilities	36.4	41.0	43.0	45.2
Total Current Liabilities	125.0	206.7	239.4	269.3
Net Current Assets	900.3	1,039.1	1,208.9	1,525.8
<b>Application of Funds</b>	<b>1,238.6</b>	<b>1,529.6</b>	<b>1,843.2</b>	<b>2,197.7</b>

Source: Company, ICICI Direct Research

Exhibit 13: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Per share data (₹)</b>				
Reported EPS	32.0	39.6	43.8	49.6
Cash EPS	33.8	43.8	48.9	56.5
BV per share	156.5	195.8	237.1	283.7
Cash per Share	60.6	61.1	73.2	104.8
Dividend per share	3.0	2.0	2.5	3.0
<b>Operating Ratios (%)</b>				
Gross Profit Margins	55.6	56.1	55.6	56.0
EBITDA margins	31.0	31.1	30.6	30.6
PAT Margins	22.8	23.6	22.2	21.9
Cash Conversion Cycle	166.1	134.0	134.0	134.0
Asset Turnover	2.5	2.8	2.4	2.3
EBITDA conversion Rate	81.7	85.3	68.3	70.8
<b>Return Ratios (%)</b>				
RoE	20.4	20.2	18.5	17.5
RoCE	25.4	25.3	23.7	22.5
RoIC	38.6	34.9	33.3	34.0
<b>Valuation Ratios (x)</b>				
P/E	21.3	17.2	15.5	13.7
EV / EBITDA	14.3	11.8	10.0	8.2
EV / Net Sales	4.4	3.7	3.0	2.5
Market Cap / Sales	4.9	4.1	3.5	3.0
Price to Book Value	4.3	3.5	2.9	2.4
<b>Solvency Ratios</b>				
Debt / EBITDA	0.1	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	4.5	3.8	3.7	3.7

Source: Company, ICICI Direct Research

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