

CMP: ₹ 365

Target: ₹ 510 (40%)

Target Period: 12 months

May 18, 2022

BUY

## Robust quarter; outlook for sustainable growth...

**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 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

**Q4FY22 Results:** Indoco reported robust revenue growth in both domestic (up 39% YoY to ₹ 193 crore) and export formulations (up 44% YoY to ₹ 190 crore)

- Sales were up 34% YoY to ₹ 409 crore
- EBITDA was at ₹ 81 crore, up 47% YoY with margins at 19.7%
- PAT for Q4 was at ₹ 40 crore (up 62% YoY)

**What should investors do?** Indoco's share price has grown by ~1.9x over the past three years (from ~₹ 185 in May 2019 to ~₹ 363 levels in May 2022).

- We retain **BUY** rating on the 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 ₹ 28.4.

### 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 oral solid dosages 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 ₹ 1955



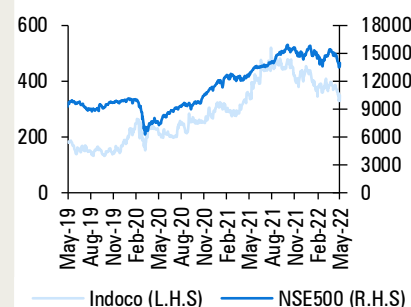
### Particulars

Particular	Amount
Market Capitalisation	₹ 3363 crore
Debt (FY22)	₹ 244 crore
Cash (FY22)	₹ 20 crore
EV	₹ 3588 crore
52 week H/L (₹)	530/321
Equity capital	₹ 18.4 crore
Face value	₹ 2

### Shareholding pattern

(in %)	Jun-21	Sep-21	Dec-21	Mar-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

- USFDA approval for its ANDA of Lacosamide Injection
- Key Risk:** (i) CGMP regulatory concerns (ii) Competition in domestic power brands

### Research Analyst

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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	1819.1	2085.6	16.3
EBITDA	123.2	224.3	327.3	15.9	365.4	446.4	16.8
EBITDA margins (%)	11.1%	18.1%	21.2%		20.1%	21.4%	
Adjusted PAT	24.1	93.1	154.8	15.0	201.3	261.7	30.0
EPS (Adjusted)	2.6	10.1	16.8		21.8	28.4	
PE (x)	139.5	36.1	21.7		16.7	12.9	
EV to EBITDA (x)	29.1	16.1	11.0		9.6	7.5	
RoNW (%)	3.5	12.1	17.1		18.7	20.2	
RoCE (%)	4.6	11.7	17.5		18.8	24.9	

Source: Company, ICICI Direct Research

## Key takeaways of recent quarter & conference call highlights

### Q4FY22 Results: Strong numbers in both domestic, exports

- Revenues grew 34% YoY to ₹ 409 crore driven by 39% YoY growth in domestic formulations to ₹ 193 crore due to strong performance in anti-infective, cardiac and respiratory therapeutic areas. Export formulations expanded 44% YoY to ₹ 190 crore. EBITDA margins improved 175 bps YoY to 19.7%, mainly due to better operating leverage. EBITDA grew 47% YoY to ₹ 81 crore. PAT for the quarter came in at ₹ 40 crore, up 62% YoY. The board has declared a dividend of ₹ 2.25 per equity share for FY22
- Q4 numbers were in line with our estimates while domestic formulations fared better than expected. 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. Indoco's US business comprises niche products with 15 out of 20 being injectable/opthal. Growth is likely to persist on the back of commercialisation of several ANDAs. The company has a healthy order book in EU and robust pipeline in ophthalmics and injectables, will enable Indoco to have an edge in the international business

### Q4FY22 Earnings Conference Call highlights

- **Domestic Business:** Major therapeutic segments like anti-infective, cardiac and respiratory performed well in Q4FY22 compared to Q4FY21. Launched two products: Subitral and Subitral DS (Itraconazole – Derma) in Q4 with total six launches in FY22. Covid related revenues in FY22 were ~ ₹ 30 crore, majorly contributed by Karvol Plus, ATM and Oxipod. The management has guided for 4-5% price hike in non-NLEM portfolio while NLEM portfolio (~11% of domestic sales) will get standard price hike. For Q4FY22, price led growth was 6%, new launches were 2% while rest was volume growth. PCPM for Indoco is ~ ₹ 3.3 lakh and the company aims to increase PCPM to ₹ 4 lakh in two years. The management guided for 12-15% growth in FY23
- **US:** In Q4, profit sharing income was ₹ 4 crore while dossier income was at ₹ 18 crore. Due to 15 out of 20 products being injectable/opthal, rest being OSDs, Indoco is not experiencing pricing pressure in the US portfolio. Three ANDAs were launched in the US including Lacosamide tablet and Lacosamide injection. The company guided for five to six ophthalmic launches in 18-24 months. In the US, Indoco's Brinzolamide market share is at ~5-7% and the company is looking to ramp this up to 20% by July, 2022. Indoco is looking to be second generic entry (July, 2022) for Combigan in US (ophthalmic product with market size of ~ US\$490 million). The management believes the US could grow 40% in FY23
- **API:** Total 54% of API production used for captive consumption in FY23. Indoco guided for ₹ 120 crore of external sales and captive consumption
- **Capex:** In FY22, Indoco added new injectable line earmarked for US, built block for high potency products (large contracts from EU for OSDs) and within that another block for sustained release capsules (EU focussed) were added. All contribution is expected from July, 2022. Capex for FY23 is likely to be ₹ 110-120 crore, mainly for fresh line in ophthalmic plant and maintenance capex
- **Others:**
  - Indoco keeps 1 month of packaging inventory and two months of raw material inventory
  - In semi-regulated markets, French West Africa contributed ₹ 50 crore and Kenya contributed ₹ 28 crore in FY22

**Exhibit 1: Variance Analysis**

	Q4FY22	Q4FY21	Q3FY22	YoY (%)	QoQ (%)	Comments
Revenue	409.1	305.1	358.0	34.1	14.3	YoY growth driven by strong growth in domestic and exports formulations
Raw Material Expenses	131.5	87.9	108.7	49.5	21.0	
Gross margins (%)	67.9	71.2	69.6	-332 bps	-178 bps	
Employee Expenses	73.2	60.2	71.3	21.7	2.7	
Other Expenditure	104.2	85.9	87.5	21.3	19.2	
R&D	19.7	16.4	17.1	19.8	15.0	
EBITDA	80.5	54.7	73.5	47.2	9.7	
EBITDA (%)	19.7	17.9	20.5	175 bps	-83 bps	YoY improvement mainly due to cost control measures and better operation leverage
Interest	3.0	4.6	3.8	-33.8	-20.2	
Depreciation	18.1	18.6	19.2	-2.7	-6.1	
Other Income	0.3	2.0	0.2	-84.8	87.5	
PBT before EO & Forex	59.8	33.6	50.6	78.0	18.1	
Forex & EO	0.0	0.0	0.0	0.0	0.0	
PBT	59.8	33.6	50.6	78.0	18.1	
Tax	19.3	8.6	17.6	125.5	9.7	
Net Profit	40.5	25.0	33.0	61.8	22.6	YoY growth mainly due to strong operational performance and lower interest cost

Key Metrics						
Domestic Formulations	192.9	139.2	181.6	38.5	6.2	YoY growth due to strong growth in anti-infective, cardiac and respiratory therapies
Export formulations	189.6	131.8	143.1	43.8	32.5	Regulated markets grew 39% YoY and semi-regulated markets grew 25% YoY
APIs	13.1	19.9	19.7	-34.2	-33.5	Captive consumption at 53%

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

₹ Crore	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	1,754.4	1,819.1	3.7	1,997.7	2,085.6	4.4	Changed due to better-than-expected order book in exports
EBITDA	376.0	365.4	-2.8	434.6	446.4	2.7	
EBITDA Margin (%)	21.4	20.1	-134 bps	21.8	21.4	-35 bps	Changed on the back of persisting inflationary environment
PAT	214.5	201.3	-6.1	261.0	261.7	0.2	
EPS (₹)	23.3	21.8	-6.1	28.3	28.4	0.2	

Source: ICICI Direct Research

**Exhibit 3: Assumptions**

₹ crore	Current				Earlier		Comments
	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
Domestic Formulations	618.2	803.1	899.3	1007.2	876.7	981.9	Domestic likely to continue to grow at ~ 12-15%
US Formulations	148.3	212.8	294.4	368.0	270.1	324.1	Positive outlook due to launches in ophthalmic and injectables
Export Formulations(Ex US)	491.9	620.7	777.7	926.1	758.0	887.3	Management guidance for visible order book
APIs	93.8	63.4	94.1	103.5	80.7	88.8	

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	36.1	16.1	12.1	11.7
FY22	1541	24.1	16.8	66.4	21.7	11.0	17.1	17.5
FY23E	1819	18.1	21.8	30.1	16.7	9.6	18.7	18.8
FY24E	2086	14.7	28.4	30.0	12.9	7.5	20.2	24.9

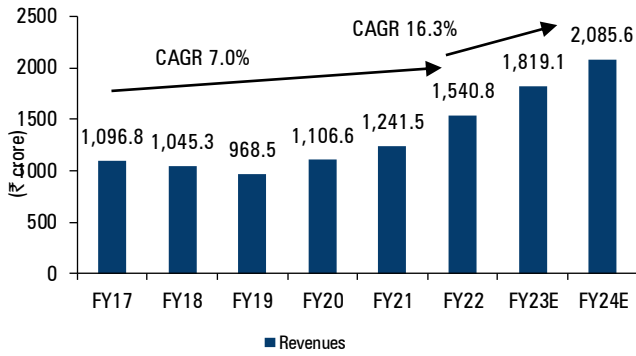
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ Crore)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY (%)	QoQ (%)
Net Sales	245.0	247.2	286.2	283.5	263.1	266.8	323.1	333.7	295.1	381.4	372.9	348.9	400.5	35.7	14.8
Other Operating Income	7.1	5.5	6.4	5.9	8.9	9.1	5.2	-1.4	10.0	5.3	14.0	9.1	8.6	-14.2	-5.7
Revenues	252.1	252.7	292.6	289.4	272.0	275.9	328.2	332.3	305.1	386.8	386.9	358.0	409.1	34.1	14.3
Raw Material Expenses	81.1	85.6	89.6	82.8	72.4	81.6	90.2	94.4	87.9	110.3	106.3	108.7	131.5	49.5	21.0
% of Revenues	32.2	33.9	30.6	28.6	26.6	29.6	27.5	28.4	28.8	28.5	27.5	30.4	32.1	332 bps	178 bps
Gross Profit	170.9	167.1	203.0	206.5	199.6	194.2	238.0	237.9	217.2	276.4	280.6	249.3	277.7	27.8	11.4
Gross Profit Margin (%)	67.8	66.1	69.4	71.4	73.4	70.4	72.5	71.6	71.2	71.5	72.5	69.6	67.9	-332 bps	-178 bps
Employee Expenses	58.1	60.9	64.1	68.2	63.2	65.8	75.2	72.9	60.2	75.0	74.2	71.3	73.2	21.7	2.7
% of Revenues	23.0	24.1	21.9	23.6	23.2	23.9	22.9	21.9	19.7	19.4	19.2	19.9	17.9	-182 bps	-202 bps
Research & Development	13.1	11.1	11.6	12.9	14.0	10.3	15.7	17.4	16.4	16.5	21.3	17.1	19.7	19.8	15.0
% of Revenues	5.2	4.4	4.0	4.5	5.2	3.7	4.8	5.2	5.4	4.3	5.5	4.8	4.8	-57 bps	3 bps
Other Manufacturing Expen	71.3	72.6	94.6	90.5	89.0	69.5	86.5	87.5	85.9	98.0	98.6	87.5	104.2	21.3	19.2
% of Revenues	28.3	28.7	32.3	31.3	32.7	25.2	26.4	26.3	28.2	25.3	25.5	24.4	25.5	-268 bps	104 bps
Total Expenditure	223.7	230.3	259.9	254.5	238.7	227.2	267.5	272.1	250.4	299.9	300.4	284.6	328.6	31.2	15.5
% of Revenues	88.7	91.1	88.8	87.9	87.8	82.4	81.5	81.9	82.1	77.5	77.7	79.5	80.3	-175 bps	83 bps
EBITDA	28.4	22.4	32.6	34.9	33.3	48.7	60.7	60.2	54.7	86.9	86.4	73.5	80.5	47.2	9.7
EBITDA Margin (%)	11.3	8.9	11.2	12.1	12.2	17.6	18.5	18.1	17.9	22.5	22.3	20.5	19.7	175 bps	-83 bps
Depreciation	19.5	17.0	18.0	17.6	18.2	19.1	18.6	16.9	18.6	22.2	19.5	19.2	18.1	-2.7	-6.1
Interest	4.6	6.1	5.4	6.9	7.8	5.8	5.9	6.0	4.6	4.2	3.1	3.8	3.0	-33.8	-20.2
Other Income	5.0	0.6	0.6	0.7	0.5	0.3	0.5	0.4	2.0	0.9	1.0	0.2	0.3	-84.8	87.5
PBT	9.3	-0.1	9.8	11.1	7.8	24.0	36.8	37.6	33.6	61.3	65.0	50.6	59.8	78.0	18.1
Total Tax	-2.2	-1.9	2.0	2.0	2.4	7.0	11.1	12.3	8.6	21.6	23.3	17.6	19.3	125.5	9.7
Tax Rate (%)	-24.2	NA	20.3	17.8	30.9	29.1	30.3	32.6	25.5	35.3	35.8	34.8	32.3	679 bps	-248 bps
Net Profit	11.5	1.8	7.8	9.1	5.4	17.0	25.7	25.4	25.0	39.7	41.7	33.0	40.5	61.8	22.6
PAT Margin (%)	4.6	0.7	2.7	3.1	2.0	6.2	7.8	7.6	8.2	10.3	10.8	9.2	9.9	169 bps	67 bps

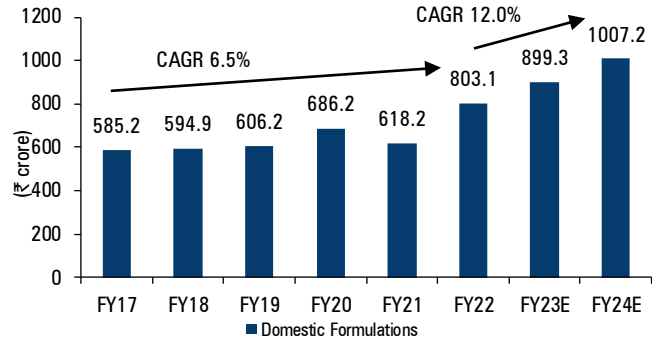
Source: ICICI Direct Research

Exhibit 6: Revenue to grow at CAGR of 16.3% over FY22-24E



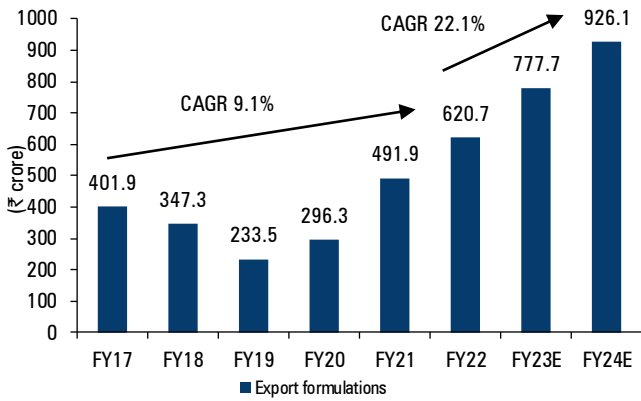
Source: ICICI Direct Research, Company

Exhibit 7: Domestic formulation to grow 12% in FY22-24E



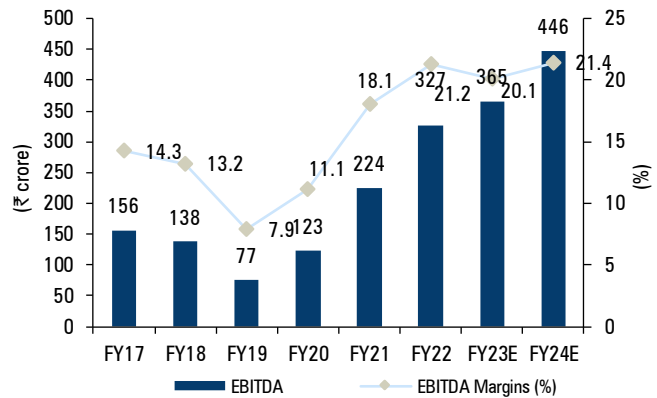
Source: ICICI Direct Research, Company

Exhibit 8: Export formulations to grow 22.1% in FY22-24E



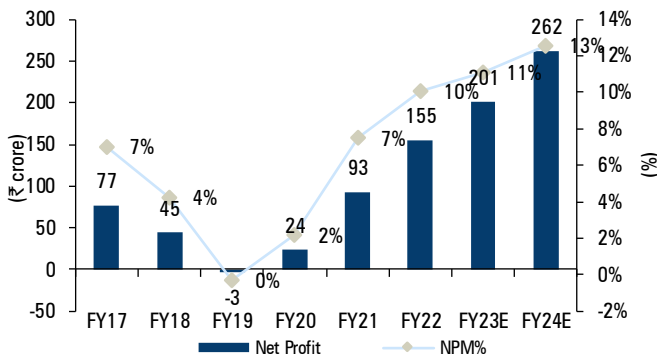
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



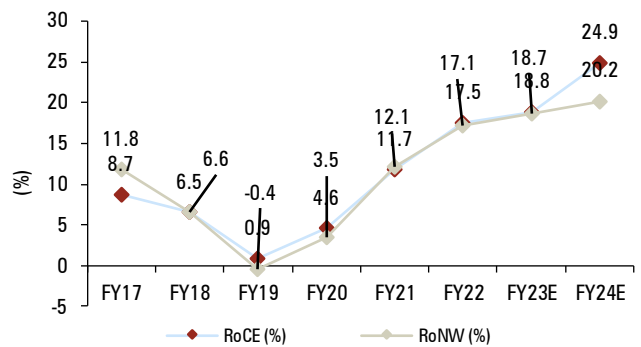
Source: ICICI Direct Research, Company

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 (%)			
						FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E
<b>Hospitals</b>																					
Apollo Hospitals	APOHOS	3813	5,480	Buy	54827	7.9	67.2	81.3	105.5	485.1	56.7	46.9	36.2	6.3	16.4	18.2	20.7	2.5	17.5	18.1	19.9
Narayana Hrudalaya	NARHRU	677	765	Buy	13827	-0.7	17.5	20.1	22.8	NA	38.7	33.6	29.7	1.2	21.2	22.4	21.5	-1.3	24.5	22.3	20.3
Shalby	SHALIM	110	170	Buy	1188	3.9	5.9	5.7	7.2	28.0	18.7	19.1	15.3	6.5	8.9	9.6	10.5	5.1	7.2	6.7	7.9
Aster DM	ASTDM	173	250	Buy	8649	3.0	10.6	17.6	NA	58.5	16.4	9.8	NA	5.4	9.2	12.9	NA	4.4	13.5	18.4	NA
Healthcare Global	HEAGLO	263	240	Hold	3301	-21.7	6.0	3.5	NA	NA	43.9	74.7	NA	-0.9	5.2	7.7	NA	NA	NA	3.4	NA
<b>MNC Pharma</b>																					
Abbott India	ABBIND	17544	20,560	Buy	37280	325.0	375.9	439.8	514.0	54.0	46.7	39.9	34.1	33.8	36.6	37.9	39.4	26.5	28.3	29.5	30.6
P&G Health	MERLIM	4494	4,955	Hold	7460	106.5	121.5	130.5	141.6	42.2	37.0	34.4	31.7	32.2	37.3	34.7	32.8	25.1	29.3	27.0	25.4
Sanofi India	SANOFI	6599	7,740	Hold	15198	207.4	410.1	285.7	276.4	31.8	16.1	23.1	23.9	32.3	33.3	42.3	40.8	24.5	25.9	32.6	31.3
Pfizer	PFIZER	4243	5,350	Buy	19411	108.8	135.2	133.0	148.6	39.0	31.4	31.9	28.6	27.6	27.4	23.6	22.9	20.8	21.7	18.6	18.1
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	1701	1,955	Buy	14531	74.0	83.4	83.3	97.8	23.0	20.4	20.4	17.4	29.0	27.0	22.9	22.9	21.8	21.8	18.4	18.3
Alembic Pharma	ALEMPHA	748	720	Hold	14703	62.8	27.8	29.7	35.9	11.9	26.9	25.2	20.8	25.1	10.6	11.2	13.8	24.1	10.4	10.3	11.3
Aurobindo Pharma	AURPHA	536	765	Hold	31386	55.0	44.3	53.4	61.2	9.7	12.1	10.0	8.8	16.9	12.5	14.3	15.2	14.7	10.7	11.5	11.7
Biocon	BIOCON	332	380	Hold	39848	6.3	5.7	6.1	11.7	53.0	58.3	54.8	28.4	7.7	7.5	5.0	6.9	9.9	8.1	3.2	5.9
Zydus Lifesciences	CADHEA	349	475	Hold	35734	21.5	21.1	22.4	25.4	16.2	16.5	15.6	13.7	12.6	13.5	13.7	14.6	16.9	14.8	14.0	14.1
Cipla	CIPLA	940	1,095	Buy	75841	29.9	32.9	36.2	42.5	31.5	28.6	26.0	22.1	16.3	16.7	16.7	17.7	13.1	12.7	12.6	13.3
Dr Reddy's Labs	DRREDD	3904	5,160	Buy	64972	117.3	156.5	190.9	236.0	33.3	24.9	20.4	16.5	13.1	15.4	18.6	22.7	11.1	13.1	14.0	15.1
Glenmark Pharma	GLEPHA	402	550	Hold	11354	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	989	1,175	Buy	25091	44.9	36.6	42.4	48.2	22.0	27.0	23.3	20.5	27.1	19.8	19.1	18.5	24.2	16.6	16.1	15.6
Jubilant Pharmova	JUBLIF	412	490	Hold	6558	37.4	28.7	32.5	40.8	11.0	14.4	12.7	10.1	13.7	10.1	10.4	12.2	12.6	8.9	9.2	10.4
Lupin	LUPIN	689	960	Hold	31271	26.9	16.0	29.7	39.4	25.6	43.1	23.2	17.5	9.1	6.0	10.3	12.6	8.8	5.7	9.5	11.3
Natco Pharma	NATPHA	720	955	Hold	13130	24.2	15.1	19.6	23.1	29.8	47.6	36.8	31.2	13.1	7.3	9.7	10.7	10.7	6.4	7.8	8.5
Sun Pharma	SUNPHA	892	1,075	Buy	213961	30.0	33.5	33.8	38.6	29.7	26.6	26.4	23.1	14.2	18.3	17.8	17.8	15.5	16.4	14.4	14.3
Torrent Pharma	TORPHA	2618	3,235	Hold	44304	74.0	67.6	94.7	114.5	35.4	38.7	27.6	22.9	17.7	18.2	21.1	23.5	21.4	17.1	20.3	20.7
Indoco Remedies	INDREM	350	510	Buy	3229	10.1	16.8	21.8	28.4	34.7	20.9	16.0	12.3	11.7	17.5	18.8	24.9	12.1	17.1	18.7	20.2
Caplin Point	CAPPOI	720	895	Buy	5454	81.7	85.3	68.3	70.8	8.8	8.4	10.5	10.2	25.3	23.7	22.5	0.0	20.4	20.2	18.5	17.5
Advanced Enzymes	ADVENZ	283	380	Buy	3164	13.1	11.3	13.6	15.8	21.6	25.2	20.8	17.9	19.4	15.4	16.7	17.2	15.1	11.6	12.4	12.7
Hester Biosciences	HESPHA	2386	2,780	Hold	2029	44.4	47.2	52.0	71.4	53.8	50.6	45.9	33.4	16.2	12.8	14.3	17.3	16.5	15.5	15.1	17.8
<b>API/CRAMS</b>																					
Divi's Lab	DIVLAB	4303	5,335	Buy	114240	74.7	107.8	108.4	126.4	57.6	39.9	39.7	34.0	27.6	30.1	27.7	27.5	21.3	25.4	21.7	21.6
Hikal	HIKCHE	395	500	Buy	4865	10.8	14.6	17.1	22.6	36.5	27.0	23.0	17.4	15.1	15.7	16.0	19.1	14.3	16.7	16.8	18.8
Syngene Int.	SYNINT	559	730	Buy	22403	10.1	9.9	11.4	15.5	55.2	56.6	49.2	36.1	11.5	11.7	12.2	15.7	13.5	12.9	12.3	14.4
Granules India	GRANUL	251	360	Buy	6219	22.2	16.2	19.4	25.8	11.3	15.5	12.9	9.7	24.0	16.2	17.4	20.2	25.3	15.8	16.1	17.8
Laurus Labs	LAULAB	559	690	Buy	30049	18.3	15.4	20.6	26.5	30.6	36.3	27.1	21.1	31.7	21.3	22.6	24.7	37.9	24.7	25.5	25.3
Suven Pharmaceuticals	SUVPH	516	555	Hold	13132	14.2	17.8	17.0	18.5	36.2	28.9	30.3	27.8	31.2	37.5	28.5	26.0	30.7	29.7	23.0	20.8

Source: ICICI Direct Research

## Financial Summary

Exhibit 13: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Revenues</b>	<b>1,241.5</b>	<b>1,540.8</b>	<b>1,819.1</b>	<b>2,085.6</b>
Growth (%)	12.2	24.1	18.1	14.7
Raw Material Expenses	354.1	456.8	549.3	604.8
Employee Expenses	274.0	293.7	354.7	406.7
Other Manufacturing Expenses	329.4	388.3	461.5	526.6
Total Operating Expenditure	1,017.3	1,213.4	1,453.6	1,639.2
<b>EBITDA</b>	<b>224.3</b>	<b>327.3</b>	<b>365.4</b>	<b>446.4</b>
Growth (%)	82.0	46.0	11.6	22.2
Interest	22.3	14.1	11.7	5.7
Depreciation	73.1	79.0	87.2	93.7
Other Income	3.1	2.3	3.6	4.2
PBT	132.0	236.6	270.2	351.2
Total Tax	39.0	81.8	68.9	89.6
<b>PAT</b>	<b>93.1</b>	<b>154.8</b>	<b>201.3</b>	<b>261.7</b>
Adjusted PAT	93.1	154.8	201.3	261.7
Growth (%)	NA	66.4	30.1	30.0
EPS	10.1	16.8	21.8	28.4
<b>EPS (Adjusted)</b>	<b>10.1</b>	<b>16.8</b>	<b>21.8</b>	<b>28.4</b>

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Profit/(Loss) after taxation</b>	<b>112.3</b>	<b>195.5</b>	<b>201.3</b>	<b>261.7</b>
Add: Depreciation & Amortization	73.1	79.0	87.2	93.7
Net Increase in Current Assets	-99.1	-142.4	-111.0	-102.8
Net Increase in Current Liabilities	-40.8	33.6	36.9	23.9
Other	36.6	8.2	11.7	5.7
<b>CF from operating activities</b>	<b>82.2</b>	<b>173.8</b>	<b>226.1</b>	<b>282.2</b>
(Inc)/dec in Fixed Assets	-76.7	-124.4	-120.0	-50.0
(Inc)/dec in Investments	0.0	0.0	0.0	0.0
Others	0.7	0.4	0.1	-0.1
<b>CF from investing activities</b>	<b>-75.9</b>	<b>-124.0</b>	<b>-119.9</b>	<b>-50.1</b>
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Proceeds/(Repayment) Loan	-3.9	-15.6	-50.0	-100.0
Others	-26.0	-28.8	-41.6	-44.8
<b>CF from financing activities</b>	<b>-29.9</b>	<b>-44.4</b>	<b>-91.6</b>	<b>-144.8</b>
Net Cash flow	-23.6	5.4	14.6	87.3
Opening Cash	37.9	14.3	19.8	34.4
Closing Cash	14.3	19.8	34.4	121.6
<b>Free Cash flow</b>	<b>5.6</b>	<b>49.5</b>	<b>106.1</b>	<b>232.2</b>

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	1,057.6	1,280.1
Total Shareholders fund	769.0	904.6	1,076.0	1,298.5
Total Debt	258.2	244.2	194.2	94.2
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
<b>Source of Funds</b>	<b>1,069.4</b>	<b>1,211.1</b>	<b>1,336.1</b>	<b>1,462.4</b>
Gross Block - Fixed Assets	1,177.7	1,241.7	1,341.7	1,441.7
Accumulated Depreciation	607.8	686.7	774.0	867.7
Net Block	569.9	555.0	567.8	574.1
Capital WIP	68.1	121.5	141.5	91.5
Net Fixed Assets	638.0	676.5	709.3	665.6
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	361.6	398.1
Cash	14.3	19.8	34.4	121.6
Debtors	233.8	297.2	342.6	392.8
Loans & Advances & Other CA	136.5	146.1	160.7	176.8
Total Current Assets	622.5	773.6	899.2	1,089.3
Creditors	113.2	133.3	163.1	179.6
Provisions & Other CL	132.4	141.8	148.8	156.3
Total Current Liabilities	245.7	275.0	312.0	335.9
Net Current Assets	376.9	498.6	587.2	753.4
LT L&A, Other Assets	35.0	35.8	39.4	43.3
Deferred Tax Assets	19.4	0.0	0.0	0.0
<b>Application of Funds</b>	<b>1,069.4</b>	<b>1,211.1</b>	<b>1,336.1</b>	<b>1,462.4</b>

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Per share data (₹)</b>				
EPS	10.1	16.8	21.8	28.4
BV per share	83.4	98.2	116.8	140.9
Dividend per share	1.5	2.3	3.3	4.3
<b>Operating Ratios (%)</b>				
Gross margins	71.5	70.4	69.8	71.0
EBITDA margins	18.1	21.2	20.1	21.4
Net Profit margins	7.5	10.0	11.1	12.5
Inventory days	245	248	240	240
Debtor days	69	70	69	69
Creditor days	117	107	108	108
Asset Turnover	0.9	1.1	1.2	1.5
EBITDA conversion rate	36.7	53.1	61.9	63.2
<b>Return Ratios (%)</b>				
RoE	12.1	17.1	18.7	20.2
RoCE	11.7	17.5	18.8	24.9
RoIC	12.3	19.2	21.1	28.9
<b>Valuation Ratios (x)</b>				
P/E	36.1	21.7	16.7	12.9
EV / EBITDA	16.1	11.0	9.6	7.5
EV / Net Sales	2.9	2.3	1.9	1.6
Market Cap / Sales	2.7	2.2	1.8	1.6
Price to Book Value	4.4	3.7	3.1	2.6
<b>Solvency Ratios</b>				
Debt / Equity	0.3	0.3	0.2	0.1
Debt / EBITDA	1.2	0.7	0.5	0.2
Current Ratio	2.5	2.7	2.8	2.9

Source: Company, ICICI Direct Research

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Sell: <-15%



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