

CMP: ₹ 920

Target: ₹ 1000 (9%)

Target Period: 12 months

HOLD

May 26, 2022

Domestic outperformance but exports challenging...

About the stock: Ipca is a fully integrated pharma company manufacturing over 350 formulations and 80 APIs with exports contributing 50% of revenues in FY21.

- Major therapeutic segments include pain management, cardiovascular and anti-diabetics, anti-infectives, anti-malarials, which together account for 75% of revenues
- Revenue break-up FY22 – Formulations:69% (Domestic:43%, Export:26% - Export Generic:13%, Export Institutional:5%, Export Branded:7%), API:23% (Export API:17%, Domestic API: 6%), Subsidiaries: 7%

Q4FY22 Results: Revenues were in line with estimates but margins were a miss.

- Sales were up 15.7% YoY to ₹ 1289.1 crore
- EBITDA was at ₹ 219.3 crore, down 4.2%YoY with margins at 17%
- Consequent PAT was at ₹ 130.2 crore (down 19.2% YoY)

What should investors do? Ipca's share price has grown by ~3.7x over the past five years (from ~₹ 250 in May 2017 to ~₹ 920 levels in May 2022).

- Downgraded from BUY to **HOLD** due to challenges in exports generics and delay in traction from API exports along with some margin pressure in medium term due to MR addition and Fuel / Logistics expenses

Target Price and Valuation: Valued at ₹ 1000 i.e. 25x P/E on FY24E EPS of ₹ 39.9

Key triggers for future price performance:

- Incremental growth in other therapies (excluding malaria), especially non-communicable diseases like pain management, cardio-diabetology, etc. The overall portfolio is poised for steady growth due to launch of new divisions and additional MRs (1200) in FY23
- Sustained traction from branded and generics exports sales with a revival in the EU likely to mitigate the US void. Better offtake and market gains in export of Sartan APIs
- Commissioning of Devas plant and additional capacities from Ratlam
- US traction will take longer due to USFDA import alerts for the Ratlam facility that is the only API source for Silvassa and Pithampur formulations

Alternate Stock Idea: Apart from Ipca, in our healthcare coverage we like Ajanta.

- Ajanta Pharma is a focused player in branded, launching maximum number of first time launches with new drug delivery system (NDDS)
- BUY with target price of ₹ 1955

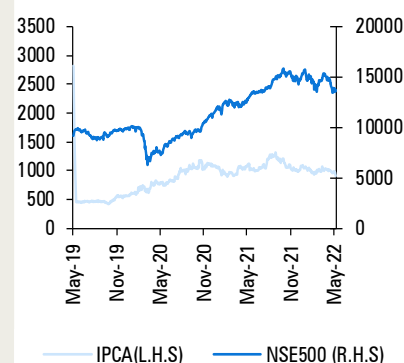
Particulars

Particular	Amount
Market Capitalisation	₹ 23341 crore
Debt (FY22)	₹ 807 crore
Cash (FY22)	₹ 641 crore
EV	₹ 23507 crore
52 week H/L (₹)	1384/909
Equity capital	₹ 25.4 crore
Face value	₹ 1

Shareholding pattern

(in %)	Jun-21	Sep-21	Dec-21	Mar-22
Promoter	46.3	46.3	46.3	46.3
Others	53.7	53.7	53.7	53.7

Price Chart



Recent Event & Key risks

- Acquisition of stake in Lyka Labs
- Key Risk:** (i) Delayed resolution by USFDA (ii) Better traction for domestic segments

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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	4648.7	5419.9	5829.8	12.7	6401.4	7085.7	10.2
EBITDA	903.7	1544.3	1309.2	24.1	1345.1	1594.3	10.4
EBITDA Margins (%)	19.4	28.5	22.5		21.0	22.5	
Net Profit	603.4	1139.9	884.1	35.4	829.5	1012.9	7.0
EPS (₹)	23.8	44.9	34.8		32.7	39.9	
PE (x)	38.7	20.5	26.4		28.1	23.0	
EV to EBITDA (x)	25.9	14.8	17.4		16.5	13.4	
RoNW (%)	16.6	24.2	16.1		13.4	14.4	
RoCE (%)	17.6	27.1	17.4		16.2	17.4	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q4FY22 Results: Strong domestic formulations, margins down

- Revenues grew 16% YoY to ₹ 1289 crore, mainly on the back of strong YoY growth of 27% in domestic formulations to ₹ 552 crore. Export formulations grew a mere 3% YoY to ₹ 347 crore. In exports, branded business grew 2% YoY ₹ 103 crore. APIs sales declined 1% YoY to ₹ 258 crore. EBITDA margins declined 352 bps YoY to 17% amid YoY 269 bps decline in gross margins to 67% and higher other expenditure. Subsequently, EBITDA de-grew 4% YoY to ₹ 219 crore. PAT de-grew 19.2% YoY to ₹ 130 crore. Delta vis-à-vis EBITDA was mainly due to higher tax rate, interest expenses, depreciation and lower other income
- Ipca Laboratories' revenues were in line with I-direct estimates but margins were a significant miss. Ipca remains a decent player with judicious mix of strong domestic franchise and a spread out exports model with healthy balance sheet. Going ahead, with firm growth tempo in domestic formulations, good prospects both for API exports, formulation exports, we expect further improvement in financial parameters

Q4FY22 Earnings Conference Call highlights

- Domestic formulations:** Segment wise FY22 YoY growth: pain-management: 20%, cardio & anti-diabetic: 14%, anti-bacterial: 55%, dermatology: 41%, cough & cold: 72%
- Segment wise percentage of revenue: pain management: 49%, cardio & anti-diabetic: 17%, anti-bacterial: 7%, dermatology: 5%, anti-malarial: 5%, cough & cold: 5%, CNS and urology: 3% each
- In India, Covid contribution is spread across anti-bacterial, anti-malarial and cough and cold. Ex-HCQ, Ipca grew 13% YoY in FY22. The management guided for ~ 500 additional MRs in Q1FY23 as four more divisions are to be launched in FY23. They guided for 12-13% growth in FY23 with Q1 expected to be lower due to poor offtake for anti-bacterial and cough & cold. The company had two months of inventory. Hence, NLEM price hike is likely from June, 2022 and price hike in non-NLEM drugs to be ~8% vs. normal 6% due to inflationary environment
- Exports formulations:** Institutional business to remain flat YoY in FY23. Artemisinin prices has increased from US\$150 to US\$250-260. Generics in UK were impacted as Ipca has started its own distribution with seven registrations being commercialised, six to seven more to be commercialised soon. The management guided for 5% growth in generics. Normalisation is a few quarters away. UK FY22 sales ₹ 84 crore (own: ₹ 23 crore, partner: ₹ 61 crore); FY21: ₹ 151 crore. Branded business was partly affected in CIS region (Ukraine: ₹ 15 crore in FY22). Russia & CIS FY22 sales: ₹ 134 crore vs. ₹ 164 crore in FY21
- API:** API decline is mainly due to Azido impurity in Sartans and some sales return for the same. Ipca has lost some market share in Sartans. The management indicated at 12% growth in FY23. Devas has started one intermediate while another will start in the next few months. Realisations from this facility is likely to flow in from Q2FY24 post all regulatory clearances
- Gross margins to improve post softening of intermediates prices. It is already seeing 5-10% retracement in prices
- Q4FY22 EBITDA impacted due to impairment of ₹ 22.46 crore, higher fuel cost (up 60% up Q4FY22 and up 49% in FY22), higher freight cost, about ₹ 20 crore of sales return related to Sartans, 8% general increment and ₹ 60 crore of incentive provision. Expenses are likely to remain elevated as MRs increase from 4,800 to 6,000 and on launch of four marketing divisions
- Management guided for 12% YoY topline growth with margins at 22-22.5%

Exhibit 1: Variance Analysis

	Q4FY22	4FY22E	Q4FY21	YoY (%)	13FY22	QoQ (%)	Comments
Revenue	1,289.1	1,265.0	1,114.6	15.7	1,430.5	-9.9	Steady YoY due to growth in domestic formulations across therapies being offset by exports and APIs
Raw Material Expenses	426.2	440.9	338.6	25.9	498.6	-14.5	
Gross margins (%)	66.9	65.1	69.6	-269 bps	65.1	179 bps	YoY decline amid inflation in input cost
Employee Expenses	297.7	250.9	257.6	15.6	283.7	5.0	YoY increase amid annual increments and additional MRs
Other Expense	345.8	306.8	289.5	19.4	340.4	1.6	YoY increase mainly due to higher freight, energy cost, impairment of ₹22.46 crore, ₹ 20 crore of sales return related to sartans
Operating Profit (EBITDA)	219.3	266.5	228.8	-4.2	307.8	-28.8	
EBITDA (%)	17.0	21.1	20.5	-352 bps	21.5	-451 bps	YoY decline mainly due to higher employee and other expenditure
Interest	3.4	1.4	1.7	98.8	1.4	136.4	
Depreciation	60.9	58.7	52.5	16.1	58.7	3.9	
Other Income	14.5	11.4	19.9	-27.0	12.9	12.5	
PBT	169.5	217.8	194.5	-12.9	260.7	-35.0	
Tax	28.8	39.2	30.9	-7.0	57.3	-49.8	
Tax Rate (%)	17.0	18.0	15.9	106 bps	22.0	-503 bps	
Reported PAT	130.2	174.2	161.2	-19.2	197.0	-33.9	YoY Delta vis-à-vis EBITDA was mainly due to higher tax rate, interest expenses, depreciation and lower other income.
EPS (₹)	5.1	6.9	6.4	-19.2	7.8	-33.9	
Key Metrics							
Domestic formulations	551.8	503.0	433.6	27.3	645.3	-14.5	Reported strong YoY growth across segments
Export - Generic	163.9	168.8	160.8	1.9	179.1	-8.5	Slow pick-up across geographies and distribution challenges in UK
Export - Institutional	79.9	76.2	76.2	4.9	59.2	35.0	
Export - Branded	102.7	111.1	101.0	1.7	109.2	-6.0	
API	257.8	300.0	259.9	-0.8	309.4	-16.7	YoY decline mainly due to Sartans impurity issue

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	6,416.7	6,401.4	-0.2	7,059.6	7,085.7	0.4	Changed mainly due to lower-than-expected exports in Q4FY22
EBITDA	1,474.9	1,345.1	-8.8	1,659.0	1,594.3	-3.9	
EBITDA Margin (%)	23.0	21.0	-197 bps	23.5	22.5	-100 bps	Changed mainly due to margin pressure in short to medium term and guidance for ~ 22%-22.5% margins
PAT	1,089.5	829.5	-23.9	1,240.4	1,012.9	-18.3	Changed tax rate as per guidance
EPS (₹)	42.9	32.7	-23.9	48.9	39.9	-18.3	

Source: ICICI Direct Research

Exhibit 3: Assumptions

	Current				Earlier				Comments
	FY20	FY21	FY22	FY23E	FY24E	FY23E	FY24E		
Domestic formulations	1,912.6	1,981.7	2,508.3	2,804.1	3,140.6	2,798.3	3,134.1		
Export formulations	1,221.6	1,597.2	1,486.7	1,578.6	1,724.0	1,562.1	1,663.6	Changed mainly due to lower-than-expected Q4FY22 and challenges in UK along with tender business	
API	1,173.1	1,506.3	1,341.4	1,476.1	1,623.7	1,529.8	1,682.8	Changed mainly due to lower-than-expected Q4FY22 and slower sartans offtake	

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	5420	16.6	44.9	88.9	20.5	14.8	24.2	27.1
FY22	5830	7.6	34.8	-22.4	26.4	17.4	16.1	17.4
FY23E	6401	9.8	32.7	-6.2	28.1	16.5	13.4	16.2
FY24E	7086	10.7	39.9	22.1	23.0	13.4	14.4	17.4

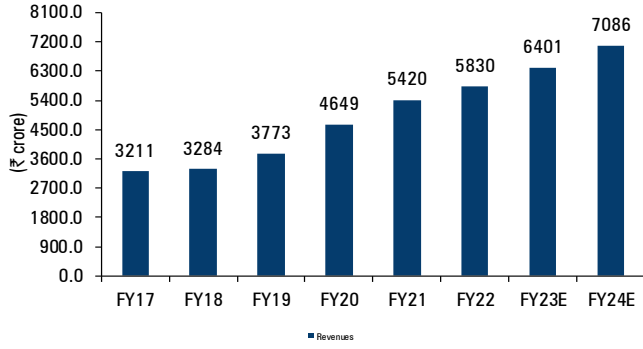
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

₹ Crore	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY (%)	QoQ (%)
Net Sales	879.6	1078.2	1283.9	1212.9	1073.8	1534.4	1361.1	1409.8	1114.6	1565.8	1544.4	1430.5	1289.1	1.5	-7.4
Other Operating Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	#DIV/0!	NA
Revenues	879.6	1078.2	1283.9	1212.9	1073.8	1534.4	1361.1	1409.8	1114.6	1565.8	1544.4	1430.5	1289.1	1.5	-7.4
Raw Material Expenses	306.7	406.0	449.7	423.8	364.6	431.6	442.7	515.4	338.6	545.7	544.4	498.6	426.2	-3.3	-8.4
% of Revenue	34.9	37.7	35.0	34.9	34.0	28.1	32.5	36.6	30.4	34.9	35.2	34.9	33.1	-170bps	-40bps
Gross Profit	572.9	672.2	834.2	789.1	709.2	1102.8	918.4	894.4	776.0	1020.1	1000.0	931.9	862.9	4.2	-6.8
GPM (%)	65.1	62.3	65.0	65.1	66.0	71.9	67.5	63.4	69.6	65.1	64.8	65.1	66.9	170bps	40bps
Employee Expenses	187.1	215.7	232.0	231.3	242.2	256.3	254.5	245.1	257.6	299.6	296.4	283.7	297.7	15.8	-4.3
% of Revenue	21.3	20.0	18.1	19.1	22.6	16.7	18.7	17.4	23.1	19.1	19.2	19.8	23.1	245bps	64bps
Other expense	222.2	259.4	337.6	284.1	298.5	258.1	303.7	282.4	289.5	304.0	338.1	340.4	345.8	20.5	0.7
% of Revenue	25.3	24.1	26.3	23.4	27.8	16.8	22.3	20.0	26.0	19.4	21.9	23.8	26.8	376bps	191bps
Total Expenditure	716.0	881.1	1019.4	939.2	905.3	946.1	1000.9	1042.9	885.8	1149.3	1178.9	1122.7	1069.8	7.6	-4.8
% of Revenue	81.4	81.7	79.4	77.4	84.3	61.7	73.5	74.0	79.5	73.4	76.3	78.5	83.0	451bps	215bps
EBIDTA	163.6	197.1	264.5	273.7	168.5	588.3	360.2	366.9	228.8	416.5	365.6	307.8	219.3	-16.1	-15.8
EBIDTA Margin (%)	18.6	18.3	20.6	22.6	15.7	38.3	26.5	26.0	20.5	26.6	23.7	21.5	17.0	-451bps	-215bps
Depreciation	44.8	46.1	49.6	50.8	63.9	51.0	52.1	53.5	52.5	55.9	57.0	58.7	60.9	9.6	3.0
Interest	6.4	4.6	4.2	4.0	3.7	2.7	2.3	2.3	1.7	1.8	1.1	1.4	3.4	-37.6	34.9
Other Income	15.3	20.3	14.8	18.1	13.7	12.1	15.5	15.4	19.9	21.0	18.1	12.9	14.5	-15.9	-28.5
PBT	127.7	166.8	225.4	237.0	114.6	546.6	321.2	326.5	194.5	379.9	325.6	260.7	169.5	-20.2	-20.0
Tax	31.7	37.4	31.9	36.9	29.2	99.9	52.6	56.7	30.9	70.8	67.9	57.3	28.8	1.1	-15.6
Tax Rate (%)	24.8	22.4	14.1	15.6	25.5	18.3	16.4	17.4	15.9	18.6	20.9	22.0	17.0	462bps	114bps
PAT	98.6	129.6	193.1	197.6	86.0	446.2	267.1	265.5	161.2	306.7	250.2	197.0	130.2	-25.8	-21.3
PAT Margin (%)	11.2	12.0	15.0	16.3	8.0	29.1	19.6	18.8	14.5	19.6	16.2	13.8	10.1	-506bps	-243bps
EPS (₹)	3.9	5.1	7.6	7.8	3.4	17.6	10.5	10.5	6.4	12.1	9.9	7.8	5.1	-25.8	-21.3

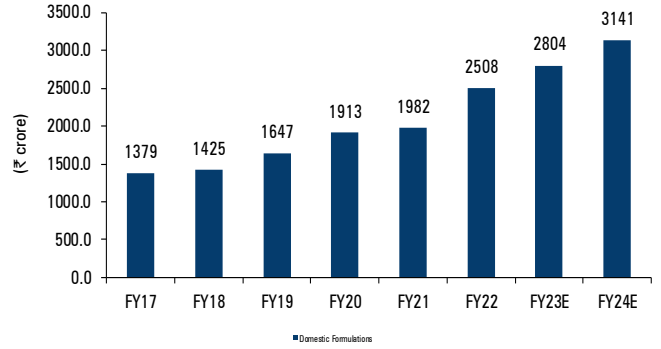
Source: ICICI Direct Research

Exhibit 6: Revenues to grow at 10.2% CAGR in FY22-24E



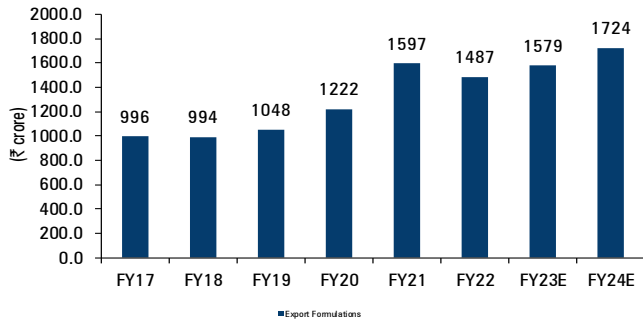
Source: ICICI Direct Research, Company

Exhibit 7: India to grow at 11.9% CAGR over FY22-24E



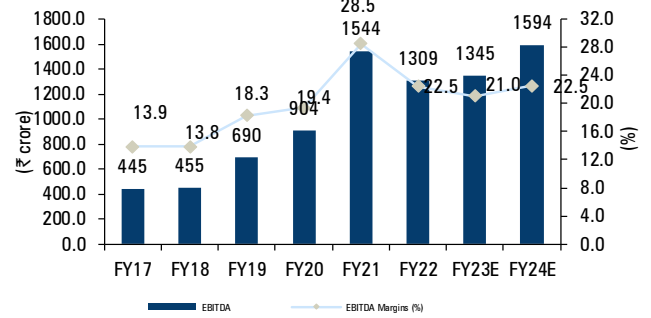
Source: ICICI Direct Research, Company

Exhibit 8: Export to grow at 7.7% CAGR over FY22-24E



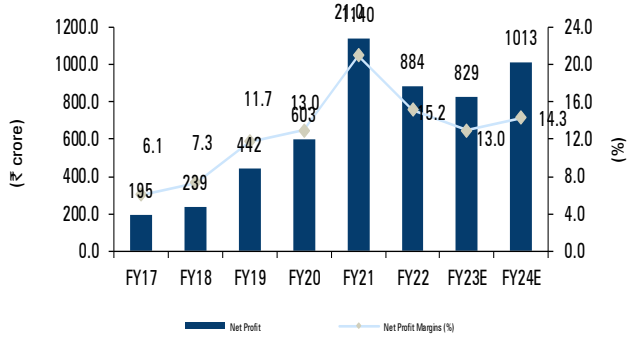
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



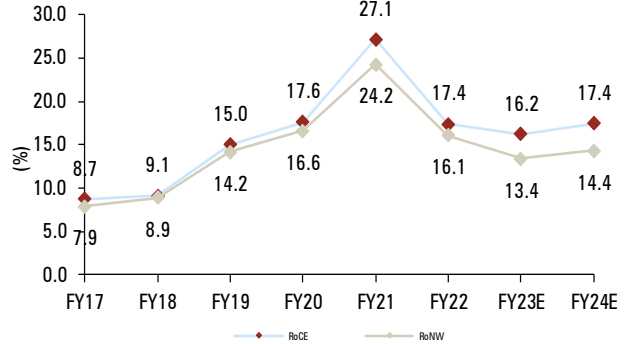
Source: ICICI Direct Research, Company

Exhibit 10: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 11: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 12: ICICI Direct Healthcare coverage Universe

Company	I-Direct	CMP	TP	Rating	M Cap	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
	Code	(₹)	(₹)		(₹ cr)	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E
Hospitals																					
Apollo Hospitals	APOHOS	3682	5,480	Buy	52943	7.9	67.2	81.3	105.5	468.4	54.8	45.3	34.9	6.3	16.4	18.2	20.7	2.5	17.5	18.1	19.9
Narayana Hrudalaya	NARHRU	655	750	Buy	13387	-0.7	16.7	18.9	21.6	NA	39.2	34.7	30.4	1.2	20.5	18.8	19.5	-1.3	23.0	20.8	19.4
Shalby	SHALIM	104	170	Buy	1121	3.9	5.9	5.7	7.2	26.4	17.6	18.1	14.5	6.5	8.9	9.6	10.5	5.1	7.2	6.7	7.9
Aster DM	ASTDM	192	270	Buy	9583	3.0	10.5	14.4	18.4	64.9	18.2	13.3	10.4	5.4	9.0	11.4	12.9	4.4	13.3	15.4	16.4
Healthcare Global	HEAGLO	276	240	Hold	3454	-21.7	6.0	3.5	NA	NA	46.0	78.1	NA	-0.9	5.2	7.7	NA	NA	NA	3.4	NA
MNC Pharma																					
Abbott India	ABBIND	17658	20,560	Buy	37522	325.0	375.9	439.8	514.0	54.3	47.0	40.1	34.4	33.8	36.6	37.9	36.3	26.5	28.3	29.5	28.1
P&G Health	MERLIM	4220	4,955	Hold	7005	106.5	121.5	130.5	141.6	39.6	34.7	32.3	29.8	32.2	37.3	34.7	32.8	25.1	29.3	27.0	25.4
Sanofi India	SANOFI	6569	7,740	Hold	15129	207.4	410.1	285.7	276.4	31.7	16.0	23.0	23.8	32.3	33.3	42.3	40.8	24.5	25.9	32.6	31.3
Pfizer	PFIZER	4357	4,810	Hold	19930	108.8	133.9	140.4	160.3	40.1	32.5	31.0	27.2	27.6	26.1	23.5	23.0	20.8	21.4	19.2	18.7
Pharma																					
Ajanta Pharma	AJAPHA	1727	1,955	Buy	14753	74.0	83.4	83.3	97.8	23.3	20.7	20.7	17.7	29.0	27.0	22.9	22.9	21.8	21.8	18.4	18.3
Alembic Pharma	ALEMPHA	740	720	Hold	14541	62.8	27.8	29.7	35.9	11.8	26.6	24.9	20.6	25.1	10.6	11.2	13.8	24.1	10.4	10.3	11.3
Aurobindo Pharma	AURPHA	535	765	Hold	31336	55.0	44.3	53.4	61.2	9.7	12.1	10.0	8.7	16.9	12.5	14.3	15.2	14.7	10.7	11.5	11.7
Biocon	BIOCON	325	380	Hold	39020	6.3	5.7	6.1	11.7	51.9	57.1	53.6	27.8	7.7	7.5	5.0	6.9	9.9	8.1	3.2	5.9
Zydus Lifesciences	CADHEA	373	475	Hold	38206	21.5	21.1	22.4	25.4	17.4	17.7	16.7	14.7	12.6	13.5	13.7	14.6	16.9	14.8	14.0	14.1
Cipla	CIPLA	963	1,095	Buy	77664	29.9	32.9	36.2	42.5	32.2	29.2	26.6	22.6	16.3	16.7	16.7	17.7	13.1	12.7	12.6	13.3
Dr Reddy's Labs	DRREDD	4299	4,800	Buy	71541	117.3	127.9	192.4	224.6	36.7	33.6	22.3	19.1	13.1	13.0	18.3	21.3	11.1	11.1	14.7	15.0
Glenmark Pharma	GLEPHA	393	550	Hold	11091	32.9	44.2	44.2	49.1	12.0	8.9	8.9	8.0	13.9	15.5	15.2	15.4	13.1	13.1	11.7	11.6
Ipca Laboratories	IPCLAB	912	1,000	Hold	23147	44.9	34.8	32.7	39.9	20.3	26.2	27.9	22.9	27.1	17.4	16.2	17.4	24.2	16.1	13.4	14.4
Jubilant Pharmova	JUBLIF	398	490	Hold	6338	37.4	28.7	32.5	40.8	10.6	13.9	12.2	9.8	13.7	10.1	10.4	12.2	12.6	8.9	9.2	10.4
Lupin	LUPIN	601	610	Hold	27296	26.9	11.9	18.7	30.5	22.4	50.6	32.0	19.7	9.6	3.4	7.6	11.2	8.8	4.4	6.6	9.8
Natco Pharma	NATPHA	673	955	Hold	12268	24.2	15.1	19.6	23.1	27.8	44.5	34.4	29.1	13.1	7.3	9.7	10.7	10.7	6.4	7.8	8.5
Sun Pharma	SUNPHA	900	1,075	Buy	216012	30.0	33.5	33.8	38.6	30.0	26.9	26.6	23.3	14.2	18.3	17.8	17.8	15.5	16.4	14.4	14.3
Torrent Pharma	TORPHA	2902	3,235	Buy	49111	74.0	64.1	86.8	107.8	39.2	45.3	33.5	26.9	17.6	19.7	24.3	29.1	21.4	18.2	20.8	21.6
Indoco Remedies	INDREM	348	510	Buy	3203	10.1	16.8	21.8	28.4	34.4	20.7	15.9	12.2	11.7	17.5	18.8	24.9	12.1	17.1	18.7	20.2
Caplin Point	CAPPOI	738	895	Buy	5594	81.7	85.3	68.3	70.8	9.0	8.7	10.8	10.4	25.3	23.7	22.5	0.0	20.4	20.2	18.5	17.5
Advanced Enzymes	ADVENZ	284	290	Hold	3171	13.1	10.7	10.2	13.2	21.7	26.5	27.8	21.6	19.4	14.3	12.6	14.7	15.1	11.0	9.6	11.1
Hester Biosciences	HESPHA	2187	2,445	Hold	1860	44.4	45.7	41.3	63.2	49.3	47.8	53.0	34.6	16.2	10.9	9.9	13.4	16.5	15.0	12.2	16.3
API/CRAMS																					
Divi's Lab	DIVLAB	3452	4,655	Buy	91640	74.7	111.5	105.7	122.5	46.2	31.0	32.7	28.2	27.6	30.2	25.8	25.5	21.3	25.2	20.3	20.0
Hikal	HIKCHE	377	500	Buy	4652	10.8	14.6	17.1	22.6	34.9	25.8	22.0	16.7	15.1	15.7	16.0	19.1	14.3	16.7	16.8	18.8
Syngene Int.	SYNINT	526	730	Buy	21078	10.1	9.9	11.4	15.5	52.0	53.3	46.2	34.0	11.5	11.7	12.2	15.7	13.5	12.9	12.3	14.4
Granules India	GRANUL	259	345	Buy	6423	22.2	16.6	19.6	24.6	11.7	15.6	13.2	10.5	24.0	15.6	16.8	18.6	25.3	16.0	16.0	16.9
Laurus Labs	LAULAB	559	690	Buy	30012	18.3	15.4	20.6	26.5	30.5	36.3	27.1	21.0	31.7	21.3	22.6	24.7	37.9	24.7	25.5	25.3
Suven Pharmaceuticals	SUVPH	503	555	Hold	12812	14.2	17.8	17.0	18.5	35.4	28.2	29.6	27.1	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
Revenues	5,419.9	5,829.8	6,401.4	7,085.7
Growth (%)	16.6	7.6	9.8	10.7
Raw Material Expens	1,728.3	2,014.9	2,079.2	2,267.4
Employee Expenses	1,013.6	1,177.4	1,383.4	1,505.7
Other Expense	1,133.8	1,328.3	1,593.8	1,718.3
Total Operating Expe	3,875.6	4,520.6	5,056.3	5,491.4
EBITDA	1,544.3	1,309.2	1,345.1	1,594.3
Growth (%)	70.9	-15.2	2.7	18.5
Interest	9.0	7.7	12.7	12.7
Depreciation	209.2	232.4	244.9	257.4
Other Income	62.8	66.6	73.1	80.9
PBT after EO/Forex	1,388.9	1,135.7	1,160.6	1,405.1
Total Tax	240.1	224.8	290.1	351.3
MI & Profit from assc	-6.6	-15.5	-29.5	-29.5
PAT	1,139.9	884.1	829.5	1,012.9
Growth (%)	88.9	-22.4	-6.2	22.1
Adjusted PAT	1,139.9	884.1	829.5	1,012.9
EPS	44.9	34.8	32.7	39.9
EPS (Adjusted)	44.9	34.8	32.7	39.9

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit after Tax	1,135.7	933.7	829.5	1,012.9
Add: Depreciation	209.2	232.4	244.9	257.4
(Inc)/dec in Current Assets	-198.9	-328.0	-171.6	-305.1
Inc/(dec) in CL and Provisions	-37.5	55.2	53.3	90.1
Others	-18.4	-37.3	12.7	12.7
CF from operating activities	1,090.1	856.0	968.8	1,068.0
(Inc)/dec in Fixed Assets	-359.0	-476.1	-200.0	-200.0
(Inc)/dec in Investments	-81.1	-235.8	0.0	0.0
Others	-160.1	-295.4	8.4	9.2
CF from investing activities	-600.2	-1,007.3	-191.6	-190.8
Issue/(Buy back) of Equity	35.8	0.0	0.0	0.0
Inc/(dec) in loan funds	-231.7	533.2	-50.0	0.0
Dividend paid & dividend tax	-101.5	-101.5	-124.4	-151.9
Other	223.3	-538.1	37.3	-12.7
CF from financing activities	-305.8	426.8	-187.1	-164.6
Net Cash flow	184.2	275.6	590.1	712.6
Opening Cash	180.9	365.1	640.7	1,230.8
Closing Cash	365.1	640.7	1,230.8	1,943.4
Free Cash Flow	731.2	379.9	768.8	868.0

Source: Company, ICICI Direct Research

Exhibit 15: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	25.4	25.4	25.4	25.4
Reserve and Surplus	4,676.3	5,466.6	6,171.7	7,032.6
Total Shareholders funds	4,701.7	5,492.0	6,197.0	7,058.0
Total Debt	265.4	807.2	757.2	757.2
Deferred Tax Liability	133.6	152.6	163.3	174.7
Minority Interest	14.53	76.9	84.6	93.1
LTP & Other LTL	40.7	44.8	48.0	51.3
Total Liabilities	5,155.8	6,573.5	7,250.1	8,134.3
Gross Block - Fixed Assets	3,149.7	3,719.6	3,919.6	4,119.6
Accumulated Depreciation	1,123.9	1,356.3	1,601.2	1,858.6
Net Block	2,025.8	2,363.4	2,318.4	2,261.0
Capital WIP	234.8	306.4	306.4	306.4
Total Fixed Assets	2,260.7	2,669.8	2,624.9	2,567.5
Goodwill on Consolidation	46.6	54.2	54.2	54.2
Investments	505.3	989.2	989.2	989.2
LT L&A, Non Current Assets	212.7	187.9	201.0	215.0
Inventory	1,594.8	1,858.0	1,917.3	2,090.9
Debtors	811.8	910.8	1,000.1	1,107.0
Loans and Advances	2.5	10.3	11.1	11.8
Other Current Assets	269.0	318.1	340.4	364.2
Cash	365.1	640.7	1,230.8	1,943.4
Total Current Assets	3,043.1	3,737.9	4,499.6	5,517.3
Creditors	666.2	557.7	575.5	627.6
Provisions	103.1	101.5	108.6	116.2
Other current liabilities	143.2	406.1	434.5	465.0
Total Current Liabilities	912.5	1,065.3	1,118.7	1,208.8
Net Current Assets	2,130.6	2,672.5	3,380.9	4,308.5
Application of Funds	5,155.8	6,573.5	7,250.1	8,134.3

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
Adjusted EPS	44.9	34.8	32.7	39.9
BV per share	185.3	216.5	244.3	278.2
Dividend per share	5.0	5.4	6.0	6.8
Operating Ratios (%)				
Gross Profit Margins	68.1	65.4	67.5	68.0
EBITDA Margins	28.5	22.5	21.0	22.5
PAT Margins	21.0	15.2	13.0	14.3
Inventory days	336.8	336.6	336.6	336.6
Debtor days	54.7	57.0	57.0	57.0
Creditor days	140.7	101.0	101.0	101.0
Asset Turnover	1.7	1.6	1.6	1.7
EBITDA conversion Rate	70.6	65.4	72.0	67.0
Return Ratios (%)				
RoE	24.2	16.1	13.4	14.4
RoCE	27.1	17.4	16.2	17.4
RoIC	34.2	23.1	23.2	27.3
Valuation Ratios (x)				
P/E	20.5	26.4	28.1	23.0
EV / EBITDA	14.8	17.4	16.5	13.4
EV / Net Sales	4.2	3.9	3.5	3.0
Market Cap / Sales	4.3	4.0	3.6	3.3
Price to Book Value	5.0	4.2	3.8	3.3
Solvency Ratios				
Debt / EBITDA	0.2	0.6	0.6	0.5
Debt / Equity	0.1	0.1	0.1	0.1
Current Ratio	2.9	2.9	2.9	3.0

Source: Company, ICICI Direct Research

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