

Advanced Enzyme Technologies (ADVENZ)

CMP: ₹ 382

Target: ₹ 480 (26%)

Target Period: 12 months

August 12, 2021

Strong Q1 numbers with addition of SSPL...

About the stock: Advanced Enzyme Technologies (AET) is a focused, research driven Indian enzymes company with a product basket of 400+ proprietary products developed from 68 indigenous enzymes and probiotics.

- The business is divided into three segments - 1) human healthcare, 2) animal healthcare & 3) industrial processing business
- It has seven manufacturing & six R&D facilities, which consist of three integrated fermentations, recovery & formulation facilities, one extraction and recovery facility and one satellite blending, mixing & formulation facility

Q1FY22 Results: AET reported robust Q1FY22 results.

- Sales were up 24% YoY to ₹ 137 crore
- EBITDA in Q1FY22 was at ₹ 62.8 crore, up 21% YoY with margins at 45.8%
- Consequent adjusted PAT was at ₹ 38 crore (up 11.1% YoY)

What should investors do? AET's share price has grown by ~1.4x over the past five years (from ~₹ 275 in July 2016 to ~₹ 399 levels in July 2021).

- We retain our BUY rating on the stock

Target Price and Valuation: We value AET at ₹ 480 i.e. 26x P/E on FY23E EPS.

Key triggers for future price performance:

- AET remains a marginal player in the global enzymes landscape that is estimated at ~US\$10 billion and poised to grow at 6-7% CAGR as more applications across usage industries incorporate enzymatic technologies
- It has got proven capabilities and stable financials, thanks to a mix of organic & inorganic growth strategy employed by management
- Going ahead, AET plans to augment its R&D capability, which bodes well in long run in its quest to improve scalability & foraying into complex enzymes

Alternate Stock Idea: Apart from AET, in our healthcare coverage we like Laurus.

- Laurus Labs operates in the segment of Generic APIs & FDFs (formulations), custom synthesis and biotechnology
- BUY with a target price of ₹ 785

Key Financial Summary

Key Financials (₹ Crore)	FY19	FY20	FY21	5 year CAGR (FY16-21)	FY22E	FY23E	2 year CAGR (FY21-23E)
Net Sales	419.6	444.0	501.8	11.3	608.9	688.0	17.1
EBITDA	181.9	202.3	231.5	11.0	265.3	294.4	12.8
EBITDA Margins (%)	43.4	45.6	46.1		43.6	42.8	
Adj. Profit	111.1	129.3	146.2	14.0	163.1	205.6	18.6
Adj. EPS (₹)	9.9	11.6	13.1		14.6	18.4	
PE (x)	38.5	33.0	29.2		26.2	20.8	
RoE (%)	16.4	15.4	15.1		14.5	15.6	
RoCE (%)	21.6	19.6	19.4		19.2	20.9	

BUY



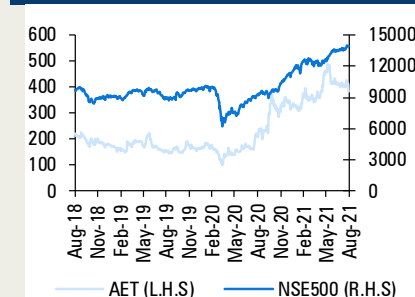
Particulars

Particular	Amount
Market Capitalisation	₹ 4272 crore
Debt (FY21)	₹ 18 crore
Cash (FY21)	₹ 198 crore
EV	₹ 4092 crore
52 week H/L	503/196
Equity capital	₹ 22 crore
Face value	₹ 2 crore

Shareholding pattern

(in %)	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Promoter	58.1	55.5	55.4	55.4	55.3
Others	41.9	44.6	44.6	44.6	44.7

Price Chart



Recent Event & Key risks

- Acquisition of 51% stake in SciTech Specialties for ₹ 31.6 crore
- Key Risk:** (i) Higher reliance on large customers (ii) New competition in key growth areas

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Key takeaways of recent quarter & conference call highlights

Q1FY22 Results: Robust performance continues

- Q1FY22 revenues grew 24% YoY to ₹ 137 crore on the back of 55.7% YoY growth in industrial processing segment to ₹ 20.4 crore. Animal HC witnessed growth of 32.1% YoY to ₹ 14 crore whereas human HC segment grew by a mere 2.8% YoY to ₹ 89.2 crore. EBITDA margins contracted 101 bps YoY to 45.8% mainly due to higher other expenditure. Subsequently, EBITDA grew 21.3% YoY to ₹ 62.8 crore while PAT grew 11.1% YoY to ₹ 38 crore. Delta vis-à-vis EBITDA was mainly due to lower other income
- AET reported a strong Q1 performance. Results were in line with I-direct estimates. Strong margins and healthy return ratios reflect the pricing power and balance sheet strength of the company. Going ahead, the management intends to augment its R&D capability for better facilitation and strengthening of in-house R&D capability, which bodes well in the long run in its quest to improve scalability and a possible foray into more complex enzymes

Q1FY22 Earnings Conference Call highlights

- Top 10 customers accounted for 34% of sales (~45% in Q1FY21)
- Current capacity utilisation ~60%
- Evoxx sales during the quarter- ₹ 6.2 crore; JC Biotech- ₹ 12.3 crore
- Sales growth ex-SSPL was at 12% YoY
- Key focus areas outlined by the management- Food, Biocatalyst, Probiotics
- R&D spend was ₹ 3.4 crore during the quarter
- Domestic: exports breakup during the quarter- 42:58
- The company is in advanced stages to launch its own B2C nutraceutical online platform in India, similar to one in the US

From Q1FY22 Press Release / Presentation-

- The company is in the process of introducing more probiotics products in human nutrition for the immunity development, active health food, gut health and various nutraceutical applications
- It has made significant progress on developing bio catalases for API manufacturers, providing enzymatic based solutions that are target specific, helping them to save cost of energy, time and use of chemicals. Couple of products are in advanced stages of trials at plant level by the API manufacturers
- The company has several enzymes for the food processing segment. They have filed 12 dossiers with European Food Safety Authority (EFSA) and got positive news for four of the product dossiers

Exhibit 1: Variance Analysis

	Q1FY22	Q1FY21	Q4FY21	YoY (%)	QoQ (%)	Comments
Revenue	137.0	110.5	133.2	24.0	2.9	YoY increase mainly due to strong growth in animal HC, industrial processing and the newly added specialised manufacturing (SSPL)
Raw Material Expenses	22.4	21.1	30.4	6.3	-26.1	Better product mix resulted in strong GPM
Employee Expenses	26.9	21.1	23.2	27.7	16.0	
Other Expenditure	24.9	16.6	24.7	50.1	0.6	Higher YoY growth attributable to SSPL integration
EBITDA	62.8	51.7	54.9	21.3	14.3	
EBITDA (%)	45.8	46.8	41.2	-101 bps	459 bps	YoY improvement mainly due to lower other expenditure
Interest	0.5	0.5	0.4	-0.2	6.8	
Depreciation	8.3	6.7	8.4	23.5	-1.1	
Other Income	0.9	5.2	1.7	-82.2	-44.6	
PBT before EO & Forex	54.9	49.8	47.8	10.3	15.0	
Forex & EO	0.0	0.0	0.0			
PBT	54.9	49.8	47.8	10.3	15.0	
Tax	15.1	15.0	14.0	0.6	7.9	
PAT before MI	39.9	34.8	33.8	14.5	17.9	
MI	1.8	0.6	2.1	227.5	-14.1	
Net Profit	38.0	34.2	31.7	11.1	20.1	YoY improvement mainly in sync with EBITDA
Key Metrics						
Human HC	89.2	86.8	92.5	2.8	-3.6	Sharp increase amid preponement of order
Animal HC	14.0	10.6	13.1	32.1	6.9	Decline mainly due to Covid and bird flu
Industrial Processing	20.4	13.1	19.7	55.7	3.6	YoY growth driven by 101% growth in food segment
Specialised Manu. (SSPL)	13.4	-	-			

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY22E			FY23E			
(₹ Crore)	Old	New	% Change	Old	New	% Change	
Revenue	573.6	608.9	6.1	634.0	688.0	8.5	Increased mainly due to better-than-expected sales in Q3 and acquisition of SciTech Specialties
EBITDA	266.9	265.3	-0.6	295.9	294.4	-0.5	Changed mainly in sync with EBITDA
EBITDA Margin (%)	46.5	43.6	-296 bps	46.7	42.8	-389 bps	
PAT	190.4	163.1	-14.3	214.4	205.6	-4.1	Changed mainly in sync with EBITDA and change tax estimates
EPS (₹)	17.0	14.6	-14.4	19.2	18.4	-4.1	

Source: ICICI Direct Research

Exhibit 3: Assumptions

	Current			Earlier			Comments
(₹ crore)	FY20	FY21	FY22E	FY23E	FY22E	FY23E	
Human HC	322.5	376.7	412.3	464.4	435.7	479.2	Increased mainly due to better-than-expected sales in Q3 and acquisition of SciTech Specialties
Animal HC	53.6	47.4	57.4	65.0	55.4	59.9	
Industrial Processing	64.2	69.8	85.6	98.4	82.5	94.9	

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY20	444	5.8	11.6	16.4	33.0	20.2	15.4	19.6
FY21	502	13.0	13.1	13.1	29.2	17.1	15.1	19.4
FY22E	609	21.3	14.6	11.6	26.2	14.5	14.5	19.2
FY23E	688	13.0	18.4	26.1	20.8	12.5	15.6	20.9

Source: ICICI Direct Research

Exhibit 5: Manufacturing facilities

Manufacturing Units	Key Products Manufactured	Capacity
Unit-I, Nashik	Serratopeptidase, Cellulase, Xylanase, Lipase, Fungal Amylase, Pectinase, Protease, Lipase, Beta Glucanase, Lactase	120 cubic meters
Unit-II, Nashik	Papain, Bile salts	36 metric tons per annum
Unit-III, Pithampur	Serratopeptidase, Cellulase, Xylanase, Lipase, Fungal Amylase, Pectinase, Protease, Lipase, Beta Glucanase, Lactase	240 cubic meters
Unit-IV, Thane	Biograin Series, Aciplex Series	2000 metric tons per annum
JC Biotech Pvt Ltd at AP	Serratopeptidase, Algal DHA, an Omega 3 Fatty Acid	150 cubic meters
Unit I, II at SEB, California, US	Custom Enzyme Blends, Lactase, Peptizyme, Xylanase	6500 metric tons per annum

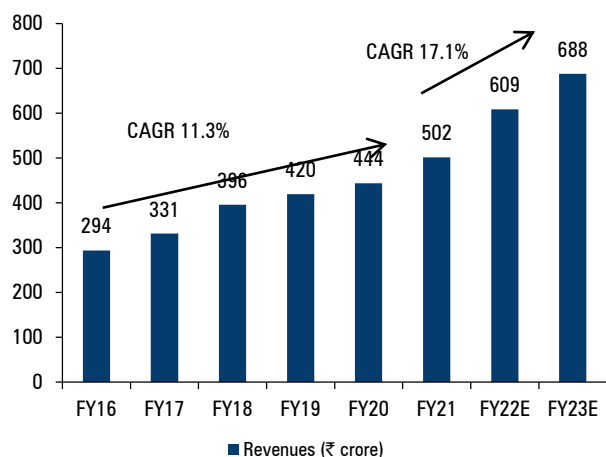
Source: ICICI Direct Research, Company

Exhibit 6: Trends in Quarterly Performance

₹ Crore	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	YoY (%)	QoQ (%)
Revenues	104.3	103.2	101.7	110.4	110.3	111.4	111.9	110.3	110.5	120.4	137.7	133.2	137.0	24.0	2.9
Raw Material Expens	17.1	20.6	17.7	21.9	18.7	24.2	20.0	18.0	21.1	18.6	29.0	30.4	22.4	6.3	-26.1
% of Revenues	16.4	20.0	17.4	19.8	17.0	21.7	17.8	16.3	19.1	15.4	21.1	22.8	16.4	-272 bps	-642 bps
Gross Profit	87.2	82.6	84.1	88.5	91.6	87.2	92.0	92.3	89.4	101.8	108.7	102.8	114.6	28.2	11.4
Gross Profit Margin (%)	83.6	80.0	82.6	80.2	83.0	78.3	82.2	83.7	80.9	84.6	78.9	77.2	83.6	272 bps	642 bps
Employee Expenses	20.1	19.6	22.0	18.5	20.4	20.5	19.1	20.1	21.1	21.4	21.4	23.2	26.9	27.7	16.0
% of Revenues	19.3	19.0	21.6	16.8	18.5	18.4	17.1	18.3	19.1	17.8	15.5	17.4	19.7	57 bps	223 bps
Other Expenses	18.7	20.8	20.4	20.3	17.7	19.5	20.0	23.4	16.6	21.9	21.0	24.7	24.9	50.1	0.6
% of Revenues	17.9	20.2	20.1	18.4	16.0	17.5	17.9	21.3	15.0	18.2	15.2	18.6	18.2	316 bps	-40 bps
Total Expenditure	55.9	61.0	60.0	60.7	56.8	64.2	59.1	61.6	58.8	61.9	71.4	78.3	74.3	26.3	-5.2
% of Revenues	53.6	59.2	59.0	55.0	51.5	57.6	52.8	55.8	53.2	51.4	51.8	58.8	54.2	101 bps	-459 bps
EBITDA	48.4	42.1	41.7	49.7	53.5	47.3	52.9	48.7	51.7	58.5	66.4	54.9	62.8	21.3	14.3
EBITDA Margins(%)	46.4	40.8	41.0	45.0	48.5	42.4	47.2	44.2	46.8	48.6	48.2	41.2	45.8	-101 bps	459 bps
Depreciation	5.2	5.3	5.4	5.3	6.3	6.5	6.4	6.7	6.7	6.8	6.5	8.4	8.3	23.5	-1.1
Interest	1.4	2.3	-0.3	0.6	0.8	0.7	0.8	0.7	0.5	0.4	0.3	0.4	0.5	-0.2	6.8
Other income	0.4	2.0	0.0	2.6	1.1	1.5	1.2	1.8	5.2	0.6	1.3	1.7	0.9	-82.2	-44.6
Less: Exceptional Ite	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		
PBT	42.2	36.6	36.7	46.5	47.5	41.6	46.9	43.2	49.8	51.9	60.9	47.8	54.9	10.3	15.0
Total Tax	11.0	10.8	11.3	13.0	13.5	9.8	12.3	10.5	15.0	13.4	16.6	14.0	15.1	0.6	7.9
Tax rate (%)	26.0	29.4	30.9	28.0	28.4	23.5	26.3	24.3	30.1	25.7	27.3	29.3	27.4		
PAT before MI	31.2	25.9	25.3	33.5	34.0	31.8	34.6	32.7	34.8	38.6	44.3	33.8	39.9	14.5	17.9
PAT Margin (%)	29.9	25.1	24.9	30.3	30.8	28.6	30.9	29.6	31.5	32.0	32.2	25.4	29.1	-240 bps	372 bps
Minority Interest	1.6	1.1	0.9	1.2	0.6	0.9	1.0	1.3	0.6	1.4	1.2	2.1	1.8		
PAT after MI	29.7	24.7	24.4	32.2	33.4	31.0	33.6	31.3	34.2	37.2	43.1	31.7	38.0	11.1	20.1
Adj PAT	29.7	24.7	24.4	32.2	33.4	31.0	33.6	31.3	34.2	37.2	43.1	31.7	38.0	11.1	20.1
EPS (₹)	2.7	2.2	2.2	2.9	3.0	2.8	3.0	2.8	3.1	3.3	3.9	2.8	3.4		

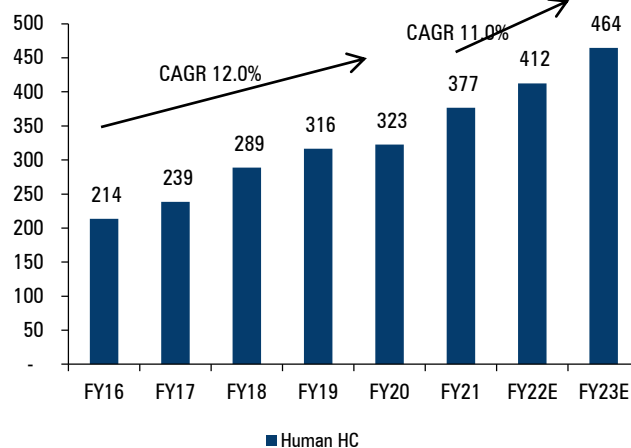
Source: ICICI Direct Research

Exhibit 7: Revenues grow at CAGR of ~17% over FY21-23E



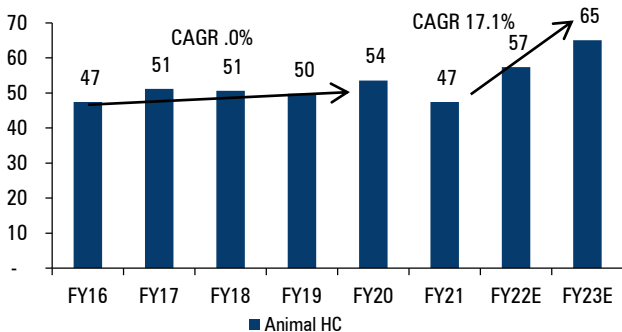
Source: ICICI Direct Research, Company

Exhibit 8: Human HC to grow at 11% CAGR over FY21-23E



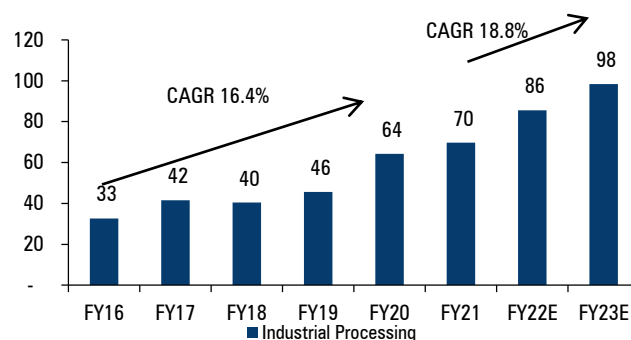
Source: ICICI Direct Research, Company

Exhibit 9: Animal HC to grow at 17% CAGR over FY21-23E



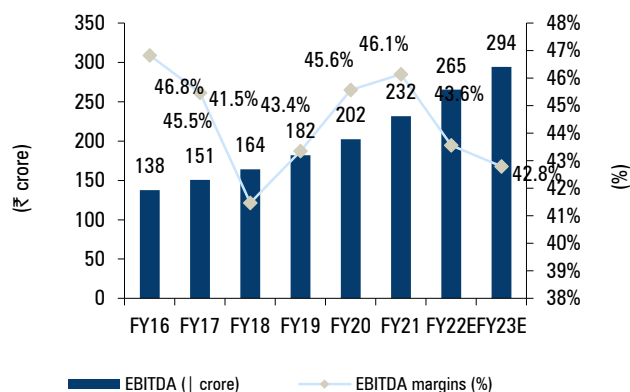
Source: ICICI Direct Research, Company

Exhibit 10: Industrial processing to grow ~19% in FY21-23E



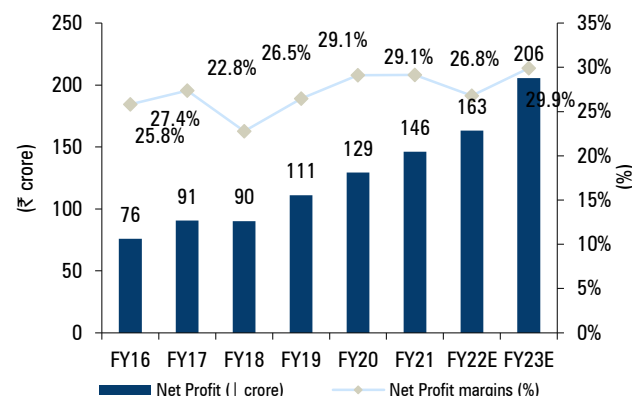
Source: ICICI Direct Research, Company

Exhibit 11: EBITDA & EBITDA margins trend



Source: ICICI Direct Research, Company

Exhibit 12: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 13: 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	2254	2,695	Buy	19504	53.4	74.0	80.8	89.8	42.2	30.5	27.9	25.1	24.7	29.0	24.9	24.0	18.1	21.8	20.2	19.2
Alembic Pharma	ALEMPHA	762	885	Hold	14982	44.4	59.9	35.2	44.3	17.2	12.7	21.7	17.2	21.0	24.2	12.7	14.8	27.1	23.0	12.3	13.8
Apollo Hospitals	APOHOS	4025	3,870	Buy	57873	22.6	7.9	55.2	81.4	178.2	512.1	72.9	49.5	10.2	6.3	13.7	18.0	9.7	2.5	15.1	18.8
Aurobindo Pharma	AURPHA	857	1,165	Buy	50186	48.8	55.0	61.4	69.3	17.6	15.6	14.0	12.4	17.2	16.8	16.3	16.5	17.0	14.7	14.2	13.9
Biocon	BIOCON	373	400	Hold	44718	5.8	6.1	6.1	12.5	64.0	61.2	60.9	29.7	10.2	7.6	8.7	12.5	10.4	9.6	8.9	15.6
Cadila Healthcare	CADHEA	563	583	Hold	57637	14.0	21.5	20.8	22.0	40.3	26.2	27.0	25.6	10.7	12.6	13.1	12.9	13.8	16.9	12.6	12.1
Cipla	CIPLA	909	1,205	Buy	73267	19.2	29.9	35.5	41.6	47.3	30.4	25.6	21.8	12.0	16.3	17.9	18.4	9.8	13.1	14.0	14.5
Divi's Lab	DIVLAB	4911	5,815	Buy	130378	51.9	74.7	94.7	116.3	94.7	65.7	51.9	42.2	23.9	27.6	28.8	29.2	18.8	21.3	22.5	23.0
Dr Reddy's Labs	DRREDD	4750	5,250	Hold	79014	121.8	117.3	126.8	197.3	39.0	40.5	37.5	24.1	9.6	13.1	12.9	16.5	13.0	11.1	10.8	14.7
Glenmark Pharma	GLEPHA	578	750	Buy	16321	26.4	32.9	42.1	50.1	21.9	17.6	13.7	11.5	12.7	13.7	15.5	16.5	12.2	13.1	14.5	14.8
Hikal	HIKCHE	647	590	Hold	7981	8.1	10.8	16.5	19.6	79.9	59.9	39.3	33.0	12.8	15.1	17.2	18.4	12.2	14.3	18.1	17.9
Ipca Laboratories	IPCLAB	2400	2,560	Buy	30444	47.6	89.9	88.2	102.4	50.5	26.7	27.2	23.4	17.6	27.1	22.2	21.5	16.6	24.2	19.3	18.4
Jubilant Pharmova	JUBLIF	672	850	Buy	10703	44.6	37.4	59.9	84.9	15.1	18.0	11.2	7.9	11.7	13.7	18.2	22.4	12.7	12.6	16.9	19.5
Lupin	LUPIN	1050	1,160	Hold	47660	-12.7	26.9	40.0	44.6	NA	39.1	26.2	23.6	9.7	9.0	12.6	13.2	-4.6	8.8	11.8	11.9
Narayana Hrudalaya	NARHRU	511	620	Buy	10434	6.4	-0.7	12.3	15.6	80.4	NA	41.4	32.8	11.0	1.2	14.5	16.8	11.4	-1.3	18.6	19.3
Natco Pharma	NATPHA	1009	1,010	Hold	18398	25.3	24.2	19.5	23.3	39.9	41.7	51.7	43.3	14.0	13.1	10.1	11.2	12.2	10.7	8.1	9.1
Sun Pharma	SUNPHA	779	800	Hold	186968	16.8	30.0	25.1	28.6	46.4	25.9	31.0	27.3	10.0	14.4	15.1	15.3	8.9	15.5	12.0	12.2
Syngene Int.	SYNINT	629	780	Buy	25140	10.3	10.1	11.0	15.6	61.0	62.1	57.0	40.4	14.5	11.5	13.1	16.6	16.8	13.5	13.6	16.1
Torrent Pharma	TORPHA	2899	3,250	Buy	49056	60.6	74.0	78.5	101.5	47.9	39.2	36.9	28.5	15.4	17.7	20.8	22.2	21.2	21.4	19.4	21.1
Shalby	SHALIM	186	130	Hold	2229	2.6	3.9	4.9	5.5	72.6	47.3	37.8	33.5	7.2	6.5	9.0	8.5	3.5	5.1	6.0	6.5
Aster DM	ASTDM	160	210	Buy	8217	5.7	3.0	10.5	13.7	28.0	54.0	15.3	11.6	7.2	5.4	9.1	10.6	8.7	4.4	13.4	15.0
Indoco Remedies	INDREM	450	575	Buy	3945	2.6	10.1	16.7	23.9	172.0	44.6	26.9	18.8	4.6	11.8	19.4	21.8	3.5	12.1	17.1	20.2
Caplin Point	CAPPOI	840	1,135	Buy	6756	28.4	32.0	40.8	47.4	29.6	26.2	20.6	17.7	26.5	25.4	26.1	25.6	22.7	20.4	21.1	20.0
Granules India	GRANUL	368	430	Buy	9741	12.4	22.2	23.6	28.7	29.6	16.6	15.6	12.8	15.2	24.0	23.4	24.2	16.7	25.3	21.5	21.0
Laurus Labs	LAULAB	703	785	Buy	34493	4.8	18.3	22.6	28.0	147.8	38.4	31.1	25.1	13.0	31.7	30.6	30.6	14.4	37.9	32.9	29.8
Advanced Enzymes	ADVENZ	382	480	Buy	4272	11.6	13.1	14.6	18.4	33.0	29.2	26.2	20.8	19.6	19.4	19.2	20.9	15.4	15.1	14.5	15.6

Source: ICICI Direct Research

Financial Summary

Exhibit 14: Profit and loss statement ₹ crore				
(Year-end March)	FY20	FY21	FY22E	FY23E
Revenues	444.0	501.8	608.9	688.0
Growth (%)	5.8	13.0	21.3	13.0
Raw Material Expenses	80.9	99.0	123.3	144.5
Employee Expenses	80.2	87.1	110.0	124.4
Other Manufacturing Expenses	80.6	84.2	110.4	124.7
Total Operating Expenditure	241.7	270.3	343.6	393.6
EBITDA	202.3	231.5	265.3	294.4
Growth (%)	11.2	14.4	14.6	11.0
Interest	3.0	1.6	1.8	1.8
Depreciation	25.8	28.4	32.0	33.5
Other Income	5.6	8.8	4.1	37.8
PBT before Exceptional Items	179.2	210.4	235.5	297.0
Less: Forex & Exceptional Items	0.0	0.0	0.0	0.0
PBT	179.2	210.4	235.5	297.0
Total Tax	46.1	58.9	64.6	81.5
PAT before MI	133.0	151.5	170.9	215.5
Minority Interest	3.8	5.3	7.8	9.8
PAT	129.3	146.2	163.1	205.6
Adjusted PAT	129.3	146.2	163.1	205.6
Growth (%)	16.4	13.1	11.6	26.1
EPS	11.6	13.1	14.6	18.4
EPS (Adjusted)	11.6	13.1	14.6	18.4

Source: Company, ICICI Direct Research

Exhibit 15: Cash flow statement ₹ crore				
(Year-end March)	FY20	FY21	FY22E	FY23E
Profit/(Loss) after taxation	128.3	153.7	163.1	205.6
Add: Depreciation & Amortization	25.8	28.4	32.0	33.5
Net Increase in Current Assets	-17.4	-13.9	-32.9	-28.4
Net Increase in Current Liabilities	1.8	-1.2	0.4	4.2
Others	2.5	-4.2	1.8	1.8
CF from operating activities	140.9	162.9	164.5	216.7
(Inc)/dec in Fixed Assets	-50.4	-19.4	-30.0	-30.0
(Inc)/dec in Investments	-1.0	-7.5	-100.0	-100.0
Others	8.7	5.1	-3.9	-3.5
CF from investing activities	-42.7	-21.8	-133.9	-133.5
Inc / (Dec) in Equity Capital	0.2	0.3	0.0	0.0
Inc / (Dec) in Debt	-25.7	-17.1	0.0	0.0
Dividend & Dividend Tax	-10.5	-8.0	-11.2	-14.2
Others	-2.5	-1.5	-1.8	-1.8
CF from financing activities	-38.6	-26.3	-13.0	-16.0
Net Cash flow	59.6	114.8	17.6	67.2
Opening Cash	23.4	83.0	197.8	215.3
Closing Cash	83.0	197.8	215.3	282.6
Free Cash Flow	90.5	143.5	134.5	186.7

Source: Company, ICICI Direct Research

Exhibit 16: Balance Sheet ₹ crore				
(Year-end March)	FY20	FY21	FY22E	FY23E
Equity Capital	22.3	22.3	22.3	22.3
Reserve and Surplus	817.3	948.3	1,100.2	1,291.7
Total Shareholders funds	839.7	970.7	1,122.5	1,314.0
Total Debt	24.7	18.1	18.1	18.1
Deferred Tax Liability	32.9	39.6	35.6	32.0
Minority Interest	27.8	60.1	61.3	62.5
Long term Provisions	1.3	1.4	1.4	1.5
Other Non Current Liabilities	5.5	0.0	0.0	0.0
Source of Funds	931.8	1,089.8	1,239.0	1,428.2
Gross Block - Fixed Assets	427.4	497.8	527.8	557.8
Accumulated Depreciation	158.7	187.1	219.2	252.6
Net Block	268.7	310.7	308.6	305.2
Capital WIP	10.1	10.4	10.4	10.4
Net Fixed Assets	278.9	321.1	319.1	315.6
Goodwill on Consolidation	294.1	290.1	290.1	290.1
Investments	123.6	121.4	221.4	321.4
Inventory	80.0	93.9	109.8	124.0
Cash	83.0	197.8	215.3	282.6
Debtors	74.7	86.3	102.4	115.7
Loans & Advances & Other CA	14.3	16.8	17.7	18.6
Total Current Assets	252.0	394.8	445.2	540.9
Creditors	9.6	15.2	13.2	14.9
Provisions & Other CL	46.8	62.9	63.3	67.5
Total Current Liabilities	46.8	62.9	63.3	67.5
Net Current Assets	205.2	331.9	381.9	473.4
LT L& A, Other Assets	22.5	18.5	19.3	20.2
Deferred Tax Assets	7.4	6.9	7.2	7.6
Application of Funds	931.8	1,089.8	1,239.0	1,428.2

Source: Company, ICICI Direct Research

Exhibit 17: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
Per share data (₹)				
EPS	11.6	13.1	14.6	18.4
Cash EPS	13.2	14.7	16.5	20.1
BV	75.1	86.8	100.4	117.6
DPS	0.7	0.9	1.0	1.3
Cash Per Share	7.4	17.7	19.3	25.3
Operating Ratios (%)				
Gross Profit Margins	81.8	80.3	79.8	79.0
EBITDA margins	45.6	46.1	43.6	42.8
PAT Margins	29.1	29.1	26.8	29.9
Inventory days	65.8	68.3	65.8	65.8
Debtor days	61.4	62.7	61.4	61.4
Creditor days	7.9	11.1	7.9	7.9
Asset Turnover (x)	1.0	1.0	1.2	1.2
Return Ratios (%)				
RoE	15.4	15.1	14.5	15.6
RoCE	19.6	19.4	19.2	20.9
RoIC	24.7	26.7	29.4	32.1
Valuation Ratios (x)				
P/E	33.0	29.2	26.2	20.8
EV / EBITDA	20.2	17.1	14.5	12.5
EV / Revenues	9.2	7.9	6.3	5.4
Market Cap / Revenues	9.6	8.5	7.0	6.2
Price to Book Value	5.1	4.4	3.8	3.3
Solvency Ratios				
Debt / Equity	0.0	0.0	0.0	0.0
Debt/EBITDA	0.1	0.1	0.1	0.1
Current Ratio	3.6	3.1	3.6	3.8

Source: Company, ICICI Direct Research

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