

## Stellar numbers but upside priced in...

**About the stock:** Hikal is predominantly a B2B player that provides intermediates and active ingredients to global pharmaceutical, animal health, crop protection and specialty chemical companies.

- Pharma and crop protection are 62% and 38% of operating revenues. The pharma business is currently divided in 59:41 ratio of APIs and CDMO. Animal health business accounts for 20-25% of CDMO business
- In crop protection, 69% revenues are derived from CDMO while remaining from proprietary products, specialty chemicals & specialty biocides

**Q1FY22 Results:** Hikal reported robust Q1FY22 results.

- Sales were up 29.5% YoY to ₹ 456.8 crore
- EBITDA in Q1FY22 was at ₹ 95.8 crore, up 82% YoY with margins at 21%
- Consequent adjusted PAT was at ₹ 50.5 crore (up 236% YoY)

**What should investors do?** Hikal's share price has grown by ~4.3x over the past five years (from ~₹ 123 in July 2016 to ~₹ 535 levels in July 2021).

- We change our view from BUY to HOLD on account of the sharp run up. The stock is already factoring in most of the positive aspects

**Target Price and Valuation:** We value Hikal at ₹ 590 i.e. 30x P/E on FY23E EPS

### Key triggers for future price performance:

- Hikal continues to expand in both pharma, crop protection segments with separate focus and a calibrated approach
- Margin improvement on back of several cost rationalisation & efficiency improvement measures undertaken during the pandemic
- The crop protection segment maintaining growth due to sustained product offerings and optimum capacity utilisation

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

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

# HIKAL

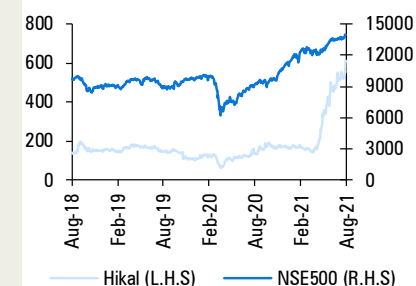
### Particulars

Particular	Amount
Market Cap	₹ 7582 crore
Debt (FY21)	₹ 610 crore
Cash (FY21)	₹ 37 crore
EV	₹ 8155 crore
52 week H/L (₹)	653/132
Equity capital	₹ 24.7 crore
Face value	₹ 2

### Shareholding pattern

(in %)	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Promoter	68.8	68.8	68.8	68.8	68.8
Others	31.2	31.2	31.2	31.2	31.2

### Price Chart



### Recent Event & Key risks

- Commercial launch of Favipiravir
- Key Risk:** (i) Margin performance (ii) Lumpiness in crop protection segment

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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	1589.6	1507.3	1720.4	13.2	2005.7	2309.2	15.9
EBITDA	298.1	273.2	322.9	12.3	408.6	482.8	22.3
EBITDA Margins (%)	18.8	18.1	18.8		20.4	20.9	
Adjusted PAT	103.1	99.8	133.2	26.4	203.3	242.2	34.9
EPS (₹)	8.4	8.1	10.8		16.5	19.6	
PE (x)	73.5	75.9	56.9		37.3	31.3	
EV to EBITDA (x)	27.5	29.9	25.3		20.0	16.7	
Price to book (x)	10.0	9.3	8.1		6.8	5.6	
RoE (%)	13.6	12.2	14.3		18.1	17.9	
RoCE (%)	14.3	12.8	15.1		17.2	18.4	

## Key takeaways of recent quarter & conference call highlights

### Q1FY22 Results: Robust performance continues

- Q1FY22 revenues grew a robust 29.5% YoY to ₹ 456.8 crore on the back of strong growth across both segments. Pharma posted 28.3% YoY growth to ₹ 274 crore whereas crop protection grew 31.3% YoY to ₹ 182.7 crore. EBITDA margins expanded 697 bps YoY, 44 bps QoQ to 21% amid lower staff expenses stemming from better operational leverage. Subsequently, EBITDA grew 82.3% YoY to ₹ 95.8 crore. PAT grew 236% YoY to ₹ 50.5 crore
- Q1 performance was above I-direct estimates across all fronts. Q1 margin performance showcases Hikal's focus on high margin products and backward integration. Despite the recent run-up, Hikal remains a fair value proposition as it continues to expand in both pharma, crop protection segments with separate focus and a calibrated approach. This bodes well at a time when China + 1 strategy and government incentives are likely to create opportunities for Indian players both in APIs, crop protection CDMO.

### Q1FY22 Earnings Conference Call highlights

- Volumes for Q1 grew 28.1% YoY & Value grew by 29.5% YoY
- Revenue traction was mainly due to higher sales of existing products and addition of new products and strong performance in own generics as well as CDMO segment
- EBITDA increased due to favourable product mix and fewer disruptions in operations as compared to Q1 last year
- Pharmaceuticals –
  - Business excellence initiatives have resulted in increased throughput and reduction in costs, enabling the company to meet increased market demand and improve margins
  - Favipiravir was launched during the quarter
  - Received manufacturing license for production of APIs at Panoli site, which starts in Q2 FY22
  - Additional production block to be commissioned at Unit-1, Jigani, Bangalore in Q2 FY22
  - Four launches in FY22, 12 products in pipeline
  - Top 10 customers contribute 70% of business
- Crop Protection –
  - EBIT growth of 89% YoY due to higher operational leverage with increased revenues
  - Scaled-up a new fungicide for a Japanese customer in CDMO business
  - Three launches in FY22, six products in pipeline
  - Top 10 customers contribute 75% of business
- No single customer/product (excluding Gabapentin) contribute more than 10%
- Management guided for gross margins for new launches to be above 50%
- Asset turnover for new capex to be at 1.5x, capacity utilisation: 85% - 90%
- Debt reduced from ₹ 616 crore Q4FY21 to ₹ 595 crore in Q1FY22
- Capex FY22: ₹ 300 crore, ₹ 75 crore done in Q1FY22. Management guided for ₹ 250 crore capex in FY23-FY24

**Exhibit 1: Variance Analysis**

₹ crore	Q1FY22	Q1FY21	YoY (%)	Q4FY21	QoQ (%)	Comments
Revenue	456.8	352.8	29.5	532.5	-14.2	YoY improvement amid lower base, higher sales of existing products and addition of new products. Revenues impacted by ₹ 5 crore due to plant being shut due to Covid
Raw Material Expenses	224.9	193.3	16.3	279.7	-19.6	
Gross Margins (%)	50.8	45.2	557 bps	47.5	330 bps	YoY improvement amid better product mix
Employee Expenses	48.1	42.0	14.6	42.3	13.7	
Other Expenditure	88.0	64.9	35.6	101.2	-13.0	
Operating Profit (EBITDA)	95.8	52.5	82.3	109.3	-12.4	
EBITDA (%)	21.0	14.9	607 bps	20.5	44 bps	YoY improvement owing to better product mix and operational leverage
Interest	8.0	9.7	-17.5	10.0	-19.9	
Depreciation	22.6	20.7	8.9	21.6	4.7	
Other Income	3.2	0.6	396.9	2.9	10.8	
PBT	68.4	22.8	200.1	80.6	-15.2	
Exceptional Items	0.0	0.0	NA	0.0	NA	
Tax	17.9	7.8	129.1	29.7	-39.9	
Tax Rate (%)	26.1	34.2	-23.6	36.8	-29.1	
Reported PAT	50.5	15.0	236.9	50.9	-0.7	
Adjusted PAT	50.5	15.0	236.9	50.9	-0.7	YoY improvement amid strong operational performance coupled with a move to the new corporate tax regime
EPS (₹)	4.1	1.2	236.9	4.1	-0.7	
<b>Key Metrics</b>						
Pharma	274.1	213.7	28.3	297.7	-7.9	Strong growth in both own generics as well as CDMO segment. Total 2% of revenues comes from Favipiravir
Crop Protection	182.7	139.1	31.3	234.8	-22.2	Increased sales volume of existing as well as new products

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

(₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	1,985.5	2,005.7	1.0	2,283.3	2,309.2	1.1	
EBITDA	381.7	408.6	7.1	456.0	482.8	5.9	
EBITDA Margin (%)	19.2	20.4	115 bps	20.0	20.9	94 bps	Changed amid management guidance and better-than-expected improvement in Q1FY22
PAT	185.6	203.3	9.5	234.9	242.2	3.1	Changed mainly in sync with operational performance, partially offset by increase in depreciation led by change in capex guidance
EPS (₹)	15.1	16.5	9.5	19.0	19.6	3.1	

Source: ICICI Direct Research

**Exhibit 3: Assumptions**

(₹ crore)	Current				Earlier	
	FY20	FY21	FY22E	FY23E	FY22E	FY23E
Pharma	886.9	1,059.6	1,230.6	1,415.2	1,223.6	1,407.2
Crop Protection	620.4	660.8	767.3	882.4	758.5	872.3

Source: ICICI Direct Research

**Exhibit 4: Financial Summary**

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY20	1507	-5	8.1	-3	75.9	29.9	12.2	12.8
FY21	1720	14.1	10.8	33.4	56.9	25.3	14.3	15.1
FY22E	2006	16.6	16.5	52.7	37.3	20.0	18.1	17.2
FY23E	2309	15.1	19.6	19.1	31.3	16.7	17.9	18.4

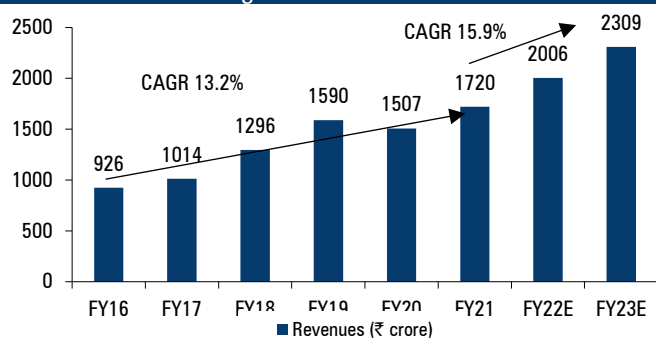
Source: ICICI Direct Research

**Exhibit 5: Trends in Quarterly Performance**

(₹ Crore)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	YoY (%)	QoQ (%)
Total Operating Income	325.6	394.8	406.0	457.5	403.2	321.1	404.1	379.0	352.8	371.9	463.3	532.5	456.8	29.5	-14.2
Raw Material Expenses	164.7	205.8	223.0	260.3	228.3	145.0	208.9	194.2	193.3	188.6	246.8	279.7	224.9	16.3	-19.6
% of revenue	50.6	52.1	54.9	56.9	56.6	45.2	51.7	51.2	54.8	50.7	53.3	52.5	49.2		
Gross Profit	160.9	189.0	183.0	197.3	174.9	176.1	195.2	184.8	159.4	183.4	216.5	252.7	231.9	45.4	-8.3
Gross Profit Margin (%)	49.4	47.9	45.1	43.1	43.4	54.8	48.3	48.8	45.2	49.3	46.7	47.5	50.8	557 bps	330 bps
Employee Expenses	36.2	38.6	39.3	36.2	42.2	43.8	41.9	40.0	42.0	39.0	41.1	42.3	48.1	14.6	13.7
% of revenue	11.1	9.8	9.7	7.9	10.5	13.6	10.4	10.6	11.9	10.5	8.9	7.9	10.5		
Other Expenses	64.0	75.2	71.0	77.0	64.2	74.0	77.7	74.2	64.9	74.6	84.1	101.2	88.0	35.6	-13.0
% of revenue	19.7	19.1	17.5	16.8	15.9	23.0	19.2	19.6	18.4	20.1	18.2	19.0	19.3		
Total Expenditure	265.0	319.6	333.4	373.5	334.7	262.7	328.4	308.4	300.2	302.2	372.0	423.2	361.0	20.2	-14.7
% of revenue	81.4	81.0	82.1	81.6	83.0	81.8	81.3	81.4	85.1	81.2	80.3	79.5	79.0		
EBITDA	60.6	75.2	72.6	84.0	68.5	58.4	75.7	70.6	52.5	69.8	91.3	109.3	95.8	82.3	-12.4
EBITDA Margins (%)	18.6	19.0	17.9	18.4	17.0	18.2	18.7	18.6	14.9	18.8	19.7	20.5	21.0	607 bps	44 bps
Depreciation	22.6	23.6	23.5	23.2	20.3	20.5	20.7	20.9	20.7	21.2	21.8	21.6	22.6	8.9	4.7
Interest	16.0	16.4	13.4	12.6	12.1	13.6	13.1	13.7	9.7	8.5	8.1	10.0	8.0	-17.5	-19.9
Other Income	1.4	0.3	0.5	0.1	0.7	0.8	0.5	1.7	0.6	1.0	0.5	2.9	3.2	396.9	10.8
Forex & EO	0.0	0.0	0.0	0.0	0.0	-15.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
PBT	23.4	35.5	36.3	48.2	36.8	9.7	42.3	37.7	22.8	41.1	62.0	80.6	68.4	200.1	-15.2
Total Tax	7.5	11.1	12.6	14.8	11.6	3.3	14.0	13.3	7.8	14.1	21.7	29.7	17.9	129.1	-39.9
Tax rate (%)	32.0	31.3	34.7	30.8	31.5	34.3	33.0	35.1	34.2	34.3	35.0	36.8	26.1	-808.1	-1073.1
Adjusted PAT	15.9	24.4	23.7	33.3	25.2	21.8	28.4	24.5	15.0	27.0	40.3	50.9	50.5	236.9	-0.7
EPS (₹)	1.3	2.0	1.9	2.7	2.0	1.8	2.3	2.0	1.2	2.2	3.3	4.1	4.1	236.9	-0.7

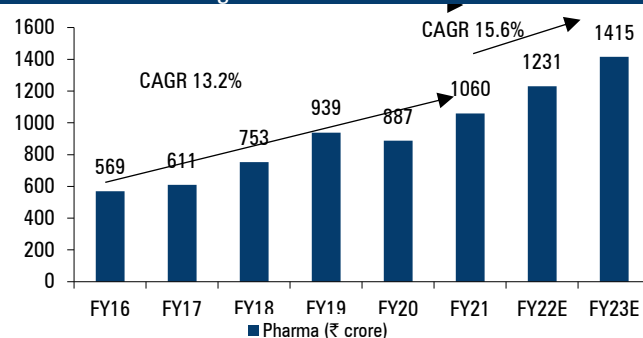
Source: ICICI Direct Research

**Exhibit 6: Revenues to grow at 15.9% CAGR over FY21-23E**



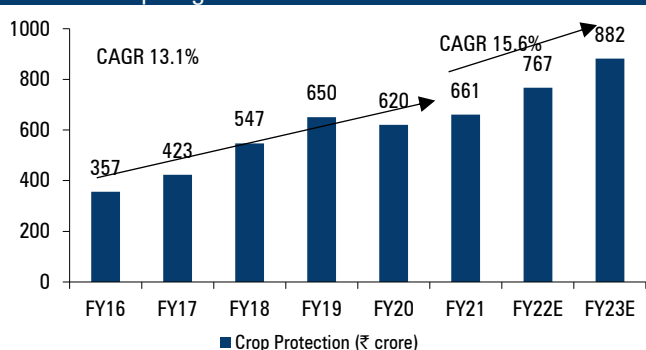
Source: ICICI Direct Research, Company

**Exhibit 7: Pharma to grow at 15.6% CAGR over FY21-23E**



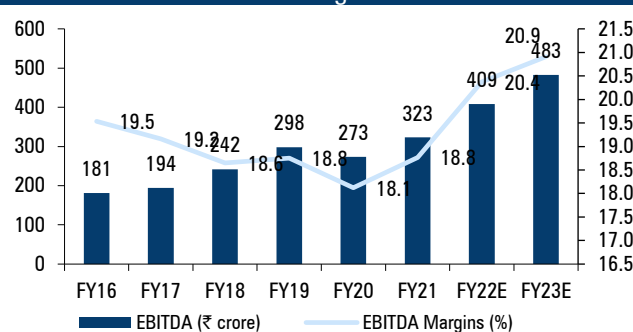
Source: ICICI Direct Research, Company

**Exhibit 8: Crop to grow at 15.6% CAGR over FY21-23E**



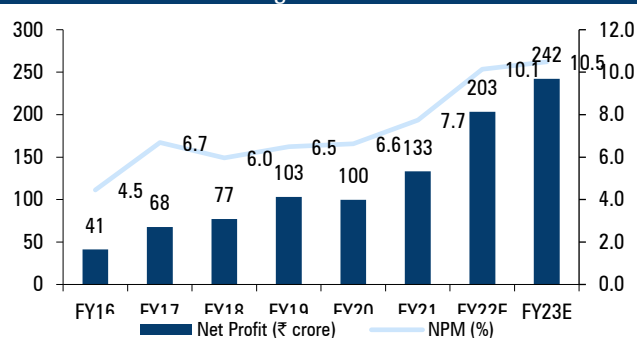
Source: ICICI Direct Research, Company

**Exhibit 9: EBITDA & EBITDA margins trend**



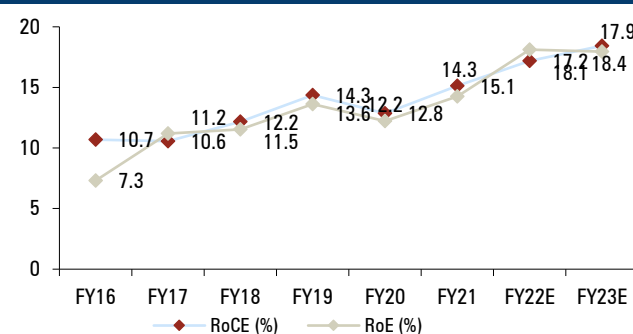
Source: ICICI Direct Research, Company

**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 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	2277	2,695	Buy	19703	53.4	74.0	80.8	89.8	42.7	30.8	28.2	25.4	24.7	29.0	24.9	24.0	18.1	21.8	20.2	19.2
Alembic Pharma	ALEMPHA	786	885	Hold	15450	44.4	59.9	35.2	44.3	17.7	13.1	22.4	17.7	21.0	24.2	12.7	14.8	27.1	23.0	12.3	13.8
Apollo Hospitals	APOHOS	4164	3,870	Buy	59872	22.6	7.9	55.2	81.4	184.4	529.8	75.4	51.2	10.2	6.3	13.7	18.0	9.7	2.5	15.1	18.8
Aurobindo Pharma	AURPHA	905	1,165	Buy	52998	48.8	55.0	61.4	69.3	18.6	16.4	14.7	13.1	17.2	16.8	16.3	16.5	17.0	14.7	14.2	13.9
Biocon	BIOCON	385	400	Hold	46212	5.8	6.1	6.1	12.5	66.2	63.3	62.9	30.7	10.2	7.6	8.7	12.5	10.4	9.6	8.9	15.6
Cadila Healthcare	CADHEA	585	640	Hold	59838	14.0	22.7	20.6	23.7	41.8	25.7	28.4	24.7	10.7	13.2	12.9	12.8	13.8	17.9	12.5	13.0
Cipla	CIPLA	921	1,205	Buy	74275	19.2	29.9	35.5	41.6	47.9	30.8	26.0	22.1	12.0	16.3	17.9	18.4	9.8	13.1	14.0	14.5
Divi's Lab	DIVLAB	4932	4,825	Buy	130920	51.9	74.7	89.4	111.5	95.1	66.0	55.2	44.2	23.9	27.6	27.7	29.0	18.8	21.3	21.6	22.5
Dr Reddy's Labs	DRREDD	4773	5,250	Hold	79406	121.8	117.3	126.8	197.3	39.2	40.7	37.6	24.2	9.6	13.1	12.9	16.5	13.0	11.1	10.8	14.7
Glenmark Pharma	GLEPHA	596	750	Buy	16829	26.4	32.9	42.1	50.1	22.6	18.1	14.2	11.9	12.7	13.7	15.5	16.5	12.2	13.1	14.5	14.8
<b>Hikal</b>	<b>HIKCHE</b>	<b>615</b>	<b>590</b>	<b>Hold</b>	<b>7583</b>	<b>8.1</b>	<b>10.8</b>	<b>16.5</b>	<b>19.6</b>	<b>76.0</b>	<b>57.0</b>	<b>37.3</b>	<b>31.3</b>	<b>12.8</b>	<b>15.1</b>	<b>17.2</b>	<b>18.4</b>	<b>12.2</b>	<b>14.3</b>	<b>18.1</b>	<b>17.9</b>
Ipca Laboratories	IPCLAB	2177	2,560	Buy	27616	47.6	89.9	88.2	102.4	45.8	24.2	24.7	21.3	17.6	27.1	22.2	21.5	16.6	24.2	19.3	18.4
Jubilant Pharmova	JUBLIF	660	850	Buy	10513	44.6	37.4	59.9	84.9	14.8	17.7	11.0	7.8	11.7	13.7	18.2	22.4	12.7	12.6	16.9	19.5
Lupin	LUPIN	1150	1,205	Hold	52173	-12.7	26.9	40.5	47.9	NA	42.8	28.4	24.0	9.7	9.0	12.7	14.2	-4.6	8.8	12.0	12.6
Narayana Hrudalaya	NARHRU	515	585	Buy	10518	6.4	-0.7	14.8	17.8	81.0	NA	34.8	28.9	11.0	1.2	13.9	14.3	11.4	-1.3	21.5	20.8
Natco Pharma	NATPHA	1003	1,010	Hold	18280	25.3	24.2	19.5	23.3	39.7	41.5	51.4	43.0	14.0	13.1	10.1	11.2	12.2	10.7	8.1	9.1
Sun Pharma	SUNPHA	791	800	Hold	189835	16.8	30.0	25.1	28.6	47.2	26.3	31.5	27.7	10.0	14.4	15.1	15.3	8.9	15.5	12.0	12.2
Syngene Int.	SYNINT	621	780	Buy	24852	10.3	10.1	11.0	15.6	60.3	61.4	56.4	39.9	14.5	11.5	13.1	16.6	16.8	13.5	13.6	16.1
Torrent Pharma	TORPHA	3038	3,250	Buy	51412	60.6	74.0	78.5	101.5	50.2	41.1	38.7	29.9	15.4	17.7	20.8	22.2	21.2	21.4	19.4	21.1

Source: ICICI Direct Research

## Financial Summary

Exhibit 13: Profit and loss statement ₹ crore				
(Year-end March)	FY20	FY21	FY22E	FY23E
<b>Revenues</b>	<b>1,507.3</b>	<b>1,720.4</b>	<b>2,005.7</b>	<b>2,309.2</b>
Growth (%)	-5.2	14.1	16.6	15.1
Raw Material Expenses	776.3	908.4	1,010.9	1,160.3
Employee Expenses	167.8	164.3	206.8	234.4
Other Manufacturing Expenses	290.0	324.9	379.4	431.7
<b>Total Operating Expenditure</b>	<b>1,234.1</b>	<b>1,397.6</b>	<b>1,597.1</b>	<b>1,826.4</b>
<b>EBITDA</b>	<b>273.2</b>	<b>322.9</b>	<b>408.6</b>	<b>482.8</b>
Growth (%)	-8.4	18.2	26.5	18.2
Interest	52.4	36.2	35.1	30.3
Depreciation	82.5	85.2	106.3	134.4
Other Income	3.7	5.0	6.3	6.9
<b>PBT before Exceptional Items</b>	<b>142.0</b>	<b>206.4</b>	<b>273.4</b>	<b>325.1</b>
Less: Forex & Exceptional Items	15.4	0.0	0.0	0.0
<b>PBT</b>	<b>126.6</b>	<b>206.4</b>	<b>273.4</b>	<b>325.1</b>
Total Tax	42.1	73.3	70.1	82.9
PAT before MI	84.4	133.2	203.3	242.2
Minority Interest	0.0	0.0	0.0	0.0
<b>PAT</b>	<b>84.4</b>	<b>133.2</b>	<b>203.3</b>	<b>242.2</b>
<b>Adjusted PAT</b>	<b>99.8</b>	<b>133.2</b>	<b>203.3</b>	<b>242.2</b>
Growth (%)	-3.2	33.4	52.7	19.1
EPS	6.8	10.8	16.5	19.6
EPS (Adjusted)	8.1	10.8	16.5	19.6

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement ₹ crore				
(Year-end March)	FY20	FY21	FY22E	FY23E
Profit/(Loss) after taxation	117.7	159.9	203.3	242.2
Add: Depreciation & Amortization	82.5	85.2	106.3	134.4
Add: Interest Cost	52.4	36.2	35.1	30.3
Net Increase in Current Assets	34.6	-98.9	-62.2	-131.7
Net Increase in Current Liabilities	-3.5	41.0	46.0	49.3
Others	1.3	5.54	0	0
<b>CF from operating activities</b>	<b>284.9</b>	<b>229.0</b>	<b>328.6</b>	<b>324.4</b>
(Inc)/dec in Fixed Assets	-158.0	-157.6	-300.0	-150.0
(Inc)/dec in Investments	0.0	0.1	0.0	0.0
Others	5.8	-1.4	0.8	1.1
<b>CF from investing activities</b>	<b>-152.2</b>	<b>-158.9</b>	<b>-299.2</b>	<b>-148.9</b>
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Inc / (Dec) in sec. Loan	-25.0	-33.3	0.0	-100.0
Dividend & Dividend Tax	-23.8	-14.8	-14.8	-14.8
Others	-52.1	-48.8	-35.1	-30.3
<b>CF from financing activities</b>	<b>-100.9</b>	<b>-96.9</b>	<b>-49.9</b>	<b>-145.1</b>
Net Cash flow	31.8	-26.8	-20.5	30.4
Opening Cash	31.7	63.6	36.8	16.3
<b>Closing Cash</b>	<b>63.6</b>	<b>36.8</b>	<b>16.3</b>	<b>46.7</b>
<b>Free Cash Flow</b>	<b>126.9</b>	<b>71.4</b>	<b>28.6</b>	<b>174.4</b>

Source: Company, ICICI Direct Research

Exhibit 15: Balance Sheet ₹ crore				
(Year-end March)	FY20	FY21	FY22E	FY23E
Equity Capital	24.7	24.7	24.7	24.7
Reserve and Surplus	791.8	908.7	1,097.2	1,324.6
Total Shareholders fund	816.5	933.4	1,121.9	1,349.3
Total Debt	645.9	610.0	610.0	510.0
Others Liabilities	50.9	59.6	63.8	68.4
<b>Source of Funds</b>	<b>1,513.2</b>	<b>1,602.9</b>	<b>1,795.6</b>	<b>1,927.6</b>
Gross Block - Fixed Assets	1,064.9	1,127.5	1,477.5	1,777.5
Accumulated Depreciation	329.7	414.9	521.3	655.7
Net Block	735.2	712.6	956.2	1,121.8
Capital WIP	160.8	254.2	204.2	54.2
Net Fixed Assets	896.0	966.8	1,160.5	1,176.1
Investments	0.7	0.6	0.6	0.6
Inventory	312.5	266.7	310.9	358.0
Cash	63.6	36.8	16.3	46.7
Debtors	340.4	485.5	494.6	569.4
Loans & Advances & Other CA	0.0	0.0	0.0	0.0
Total Current Assets	774.8	878.6	920.3	1,082.4
Creditors	201.2	229.6	267.7	308.2
Provisions & Other CL	53.6	80.7	88.6	97.4
Total Current Liabilities	254.8	310.3	356.3	405.6
Net Current Assets	520.0	568.3	564.0	676.8
LT L& A, Other Assets	96.5	67.2	70.6	74.1
<b>Application of Funds</b>	<b>1,513.2</b>	<b>1,602.9</b>	<b>1,795.6</b>	<b>1,927.6</b>

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
<b>Per share data (₹)</b>				
EPS	8.1	10.8	16.5	19.6
Cash EPS	13.6	15.7	23.9	29.3
BV	66.2	75.7	91.0	109.4
DPS	1.2	2.0	1.2	1.2
Cash Per Share	26.7	33.7	42.3	53.2
<b>Operating Ratios (%)</b>				
Gross Margins	48.5	47.2	49.6	49.8
EBITDA margins	18.1	18.8	20.4	20.9
Net Profit margins	6.6	7.7	10.1	10.5
Inventory days	75.7	56.6	56.6	56.6
Debtor days	82.4	103.0	90.0	90.0
Creditor days	48.7	48.7	48.7	48.7
Asset Turnover	1.4	1.5	1.4	1.3
<b>Return Ratios (%)</b>				
RoE	12.2	14.3	18.1	17.9
RoCE	12.8	15.1	17.2	18.4
RoIC	14.8	18.1	19.2	19.1
<b>Valuation Ratios (x)</b>				
P/E	75.9	56.9	37.3	31.3
EV / EBITDA	29.9	25.3	20.0	16.7
EV / Revenues	5.4	4.7	4.1	3.5
Market Cap / Revenues	5.0	4.4	3.8	3.3
Price to Book Value	9.3	8.1	6.8	5.6
<b>Solvency Ratios</b>				
Debt / Equity	0.8	0.7	0.5	0.4
Debt/EBITDA	2.4	1.9	1.5	1.1
Current Ratio	2.8	2.7	2.5	2.6

Source: Company, ICICI Direct Research

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