

CMP: ₹ 319

Target: ₹ 380 (19%)

Target Period: 12 months

BUY

February 9, 2022

Logistical issues, RM inflation continue to weigh...

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 and 3) industrial processing business
- It has seven manufacturing and 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

Q3FY22 Results: Margin pressure due to logistics challenge and high raw material cost continues to weigh on numbers.

- Revenues were up 3% YoY to ₹ 133.6 crore
- EBITDA was at ₹ 49.1 crore, down 26.1% YoY with margins at 36.7%
- Adjusted PAT was at ₹ 27.5 crore (down 36.2% YoY)

What should investors do? AET's share price has de-grown by ~0.9x over the past five years (from ~₹ 358 in February 2017 to ~₹ 319 levels in February 2022).

- Below-par performance notwithstanding, we retain BUY as we expect normalcy to return by H2FY23. The momentum in core Enzymes businesses of Probiotics, bio-catalysis, animal nutrition, baking, etc, is likely to persist under normal circumstances

Target Price and Valuation: We value AET at ₹ 380 i.e. 24x FY24E EPS of ₹ 15.8

Key triggers for future price performance:

- Easing of input cost inflation as well as logistical challenges
- AET remains a marginal player in the global enzymes landscape that is estimated at ~US\$10 billion and poised to grow as more applications across usage industries incorporate enzymatic technologies
- It has got proven capabilities and stable financials, thanks to a mix of organic and inorganic growth strategy employed by management
- Going ahead, AET plans to augment its R&D capability that bodes well in the 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 is evolving as a strong vertically integrated player with strong order book visibility and incremental traction from custom synthesis
- BUY with a target price of ₹ 625



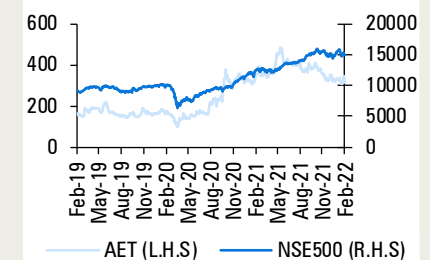
Particulars

Particular	Amount
Market Capitalisation	₹ 3565 crore
Debt (FY21)	₹ 10 crore
Cash (FY21)	₹ 309 crore
EV	₹ 3266 crore
52 week H/L	503/298
Equity capital	₹ 22 crore
Face value	₹ 2 crore

Shareholding pattern

(in %)	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Promoter	55.4	55.4	52.3	52.6	52.7
Others	44.6	44.6	44.7	47.5	47.3

Price Chart



Recent Event & Key risks

- Exclusive distribution agreement with Azelis Singapore for the distribution of food enzymes and probiotics
- Key Risk:** (i) Higher reliance on large customers (ii) New competition in key growth areas

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Key Financial Summary

Key Financials (₹ Crore)	FY20	FY21	5 year CAGR (FY16-21)	FY22E	FY23E	FY24E	3 year CAGR (FY21-24E)
Net Sales	444.0	501.8	11.3	537.6	602.6	674.8	10.4
EBITDA	202.3	231.5	11.0	213.5	248.0	284.3	7.1
EBITDA Margins (%)	45.6	46.1		39.7	41.2	42.1	
Adj. Profit	129.3	146.2	14.0	125.8	151.9	176.4	6.5
Adj. EPS (₹)	11.6	13.1		11.3	13.6	15.8	
PE (x)	27.6	24.4		28.3	23.5	20.2	
RoE (%)	15.4	15.1		11.6	12.4	12.7	
RoCE (%)	19.6	19.4		15.4	16.7	17.2	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q3FY22 Results: Margin pressure continues amid challenging environment

- Revenues declined 3% YoY to ₹ 133.6 crore on the back of 15.7% YoY de-growth in human nutrition segment to ₹ 91.8 crore being partially offset by growth of 25.7% YoY in animal nutrition to ₹ 13.2 crore. Bio processing segment de-grew 12.6% YoY to ₹ 16 crore while specialised manufacturing sales was at ₹ 12.5 crore this quarter. EBITDA margins contracted 1147 bps YoY to 36.7% mainly due to higher raw material, employee and other expenditure. Subsequently, EBITDA de-grew 26.1% YoY to ₹ 49.1 crore while net profit declined by 36.2% YoY to ₹ 27.5 crore. Delta vis-à-vis EBITDA was mainly due to higher depreciation and lower other income being partially offset by lower tax
- Advanced Enzyme reported below par performance this quarter and were below I-direct estimates. However quarterly gyrations notwithstanding, 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 and launch more products in target market of probiotics

Q3FY22 Earnings Conference Call highlights

- The company witnessed continued challenges on higher logistics and input cost. The management indicated solvents are at all-time high prices and AET is maintaining high inventory levels to maintain uninterrupted supply
- Logistics Impact: Increase of ₹ 0.4 crore QoQ and ₹ 0.6 crore YoY in Q3FY22 while an increase of ₹ 1.1 crore YoY in 9MFY22
- Raw material Impact: Increase of ₹ 1.1 crore QoQ and ₹ 1.5 crore YoY in Q3FY22 while an increase of ₹ 1.9 crore YoY in 9MFY22
- Revenues from Evoxx this quarter was at ₹ 4.7 crore, EBITDA was at ₹ 1.2 crore, Profit of 0.1 crore. Revenues from JC Biotech was ₹ 9.2 crore while EBITDA was at ₹ 3.2 crore and PAT at ₹ 1.6 crore
- AET's largest selling product, anti-inflammatory enzyme sales in Q3FY22 was at ₹ 27.9 crore v/s ₹ 36.5 crore in Q3FY21
- Top 10 customers of AET contributed 30% of Q3FY22 revenues v/s contribution of 47% in Q3FY21
- B2C segment has contributed US\$1.55 million in Q3FY22 v/s a contribution of US\$1.54 million in Q3FY21
- Revenue break-up Q3FY22: Human Nutrition:69%, Animal Nutrition:10%, Industrial Bio-Processing:12% (Food:9% and Non Food:3%), Specialized Manufacturing:9%
- Geographical Break-up Q3FY22: India:43%, Americas:42%, Europe:6%, Asia:7%, RoW:2%

Exhibit 1: Variance Analysis

	Q3FY22	Q3FY21	Q2FY22	YoY (%)	QoQ (%)	Comments
Revenue	133.6	137.7	127.1	-3.0	5.1	YoY decline amid de-growth in human HC and industrial processing being partially offset by growth in Animal HC and SSPL
Raw Material Expenses	31.0	29.0	24.6	6.9	25.9	YoY increase in GPM on account of rise in input cost
Employee Expenses	25.4	21.4	25.7	18.9	-1.1	
Other Expenditure	28.1	21.0	27.5	33.9	2.2	Higher YoY growth attributable to SSPL integration
EBITDA	49.1	66.4	49.3	-26.1	-0.5	
EBITDA (%)	36.7	48.2	38.8	-1147 bps	-206 bps	YoY decline mainly due to higher input and freight cost along with higher employee and other expenditure
Interest	0.3	0.3	0.3	-2.8	-7.1	
Depreciation	8.8	6.5	8.6	35.7	2.6	YoY increase in depreciation due to inclusion of SSPL in FY22
Other Income	1.2	1.3	0.9	-10.5	34.1	
PBT before EO & Forex	41.1	60.9	41.2	-32.5	-0.3	
Forex & EO	0.0	0.0	0.0			
PBT	41.1	60.9	41.2	-32.5	-0.3	
Tax	12.6	16.6	11.0	-24.3	14.5	
PAT before MI	28.6	44.3	30.3	-35.5	-5.7	
MI	1.1	1.2	0.6	-11.9	87.2	
Net Profit	27.5	43.1	29.7	-36.2	-7.5	YoY delta vis-a-vis EBITDA due to higher depreciation and lower other income
Key Metrics						
Human HC	91.8	108.9	92.0	-15.7	-0.2	Muted quarter due to both supply side and logistics issues
Animal HC	13.2	10.5	13.6	25.7	-2.9	
Industrial Processing	16.0	18.3	11.8	-12.6	35.6	YoY decline in both food and non food categories
Specialised Manu. (SSPL)	12.5	-	9.7		28.9	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY22E			FY23E			FY24E	Comments
	Old	New	% Change	Old	New	% Change	Introduced	
Revenue	579.5	537.6	-7.2	666.4	602.6	-9.6	674.8	Declined mainly due to management guidance for continued challenging environment and lower-than-expected sales in Q3
EBITDA	234.1	213.5	-8.8	278.6	248.0	-11.0	284.3	Changed mainly due to rise in input cost
EBITDA Margin	40.4	39.7	-69 bps	41.8	41.2	-65 bps	42.1	Guidance for margins to return to 40+ levels
PAT	145.7	125.8	-13.7	179.7	151.9	-15.5	176.4	Changed mainly in sync with EBITDA
EPS (₹)	13.0	11.3	-13.7	16.1	13.6	-15.5	15.8	

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ crore)	Current			Earlier			Comments	
	FY20	FY21	FY22E	FY23E	FY24E	FY22E		FY23E
Human HC	322.5	376.7	365.5	394.8	434.3	404.0	455.2	Declined mainly due to management guidance for challenging environment and lower-than-expected sales in Q3
Animal HC	53.6	47.4	54.6	62.0	69.6	56.4	64.9	
Industrial Processin	64.2	69.8	66.9	81.0	93.1	75.9	94.4	

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	502	13.0	13.1	13.1	24.4	14.1	15.1	19.4
FY22E	538	7.1	11.3	-14.0	28.3	14.8	11.6	15.4
FY23E	603	12.1	13.6	20.7	23.5	12.2	12.4	16.7
FY24E	675	12.0	15.8	16.2	20.2	10.1	12.7	17.2

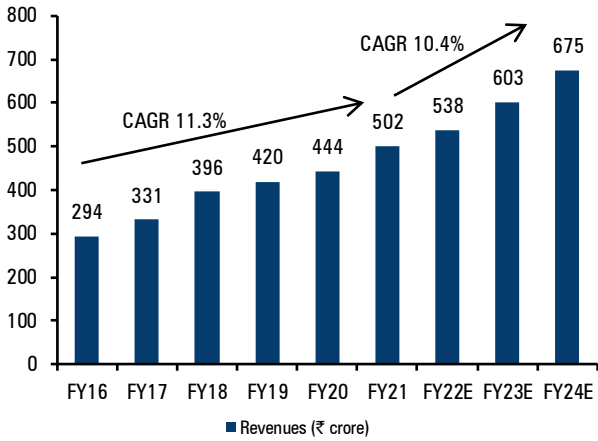
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

₹ Crore	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	YoY (%)	QoQ (%)
Revenues	101.7	110.4	110.3	111.4	111.9	110.3	110.5	120.4	137.7	133.2	137.0	127.1	133.6	-3.0	5.1
Raw Material Expens	17.7	21.9	18.7	24.2	20.0	18.0	21.1	18.6	29.0	30.4	22.4	24.6	31.0	6.9	25.9
% of Revenues	17.4	19.8	17.0	21.7	17.8	16.3	19.1	15.4	21.1	22.8	16.4	19.4	23.2	216 bps	384 bps
Gross Profit	84.1	88.5	91.6	87.2	92.0	92.3	89.4	101.8	108.7	102.8	114.6	102.4	102.5	-5.7	0.1
Gross Profit Margin (%)	82.6	80.2	83.0	78.3	82.2	83.7	80.9	84.6	78.9	77.2	83.6	80.6	76.8	-216 bps	-384 bps
Employee Expenses	22.0	18.5	20.4	20.5	19.1	20.1	21.1	21.4	21.4	23.2	26.9	25.7	25.4	18.9	-1.1
% of Revenues	21.6	16.8	18.5	18.4	17.1	18.3	19.1	17.8	15.5	17.4	19.7	20.2	19.0	350 bps	-119 bps
Other Expenses	20.4	20.3	17.7	19.5	20.0	23.4	16.6	21.9	21.0	24.7	24.9	27.5	28.1	33.9	2.2
% of Revenues	20.1	18.4	16.0	17.5	17.9	21.3	15.0	18.2	15.2	18.6	18.2	21.6	21.0	580 bps	-59 bps
Total Expenditure	60.0	60.7	56.8	64.2	59.1	61.6	58.8	61.9	71.4	78.3	74.3	77.8	84.5	18.4	8.6
% of Revenues	59.0	55.0	51.5	57.6	52.8	55.8	53.2	51.4	51.8	58.8	54.2	61.2	63.3	1147 bps	206 bps
EBITDA	41.7	49.7	53.5	47.3	52.9	48.7	51.7	58.5	66.4	54.9	62.8	49.3	49.1	-26.1	-0.5
EBITDA Margins(%)	41.0	45.0	48.5	42.4	47.2	44.2	46.8	48.6	48.2	41.2	45.8	38.8	36.7	-1147 bps	-206 bps
Depreciation	5.4	5.3	6.3	6.5	6.4	6.7	6.7	6.8	6.5	8.4	8.3	8.6	8.8	35.7	2.6
Interest	-0.3	0.6	0.8	0.7	0.8	0.7	0.5	0.4	0.3	0.4	0.5	0.3	0.3	-2.8	-7.1
Other income	0.0	2.6	1.1	1.5	1.2	1.8	5.2	0.6	1.3	1.7	0.9	0.9	1.2	-10.5	34.1
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	36.7	46.5	47.5	41.6	46.9	43.2	49.8	51.9	60.9	47.8	54.9	41.2	41.1	-32.5	-0.3
Total Tax	11.3	13.0	13.5	9.8	12.3	10.5	15.0	13.4	16.6	14.0	15.1	11.0	12.6	-24.3	14.5
Tax rate (%)	30.9	28.0	28.4	23.5	26.3	24.3	30.1	25.7	27.3	29.3	27.4	26.6	30.6		
PAT before MI	25.3	33.5	34.0	31.8	34.6	32.7	34.8	38.6	44.3	33.8	39.9	30.3	28.6	-35.5	-5.7
PAT Margin (%)	24.9	30.3	30.8	28.6	30.9	29.6	31.5	32.0	32.2	25.4	29.1	23.8	21.4	-1078 bps	-244 bps
Minority Interest	0.9	1.2	0.6	0.9	1.0	1.3	0.6	1.4	1.2	2.1	1.8	0.6	1.1		
PAT after MI	24.4	32.2	33.4	31.0	33.6	31.3	34.2	37.2	43.1	31.7	38.0	29.7	27.5	-36.2	-7.5
Adj PAT	24.4	32.2	33.4	31.0	33.6	31.3	34.2	37.2	43.1	31.7	38.0	29.7	27.5	-36.2	-7.5

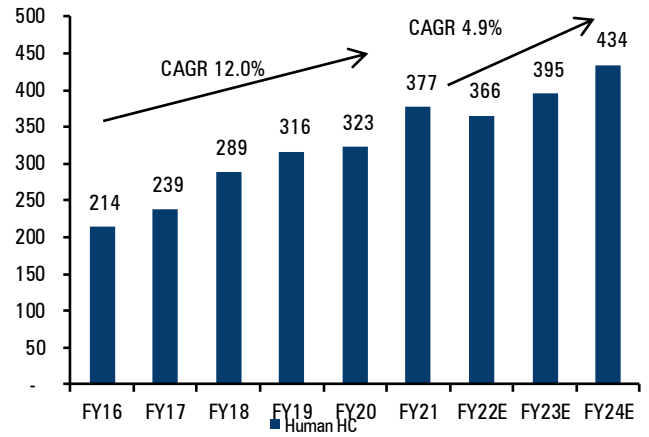
Source: ICICI Direct Research

Exhibit 6: Revenues grow at CAGR of ~10% over FY21-24E



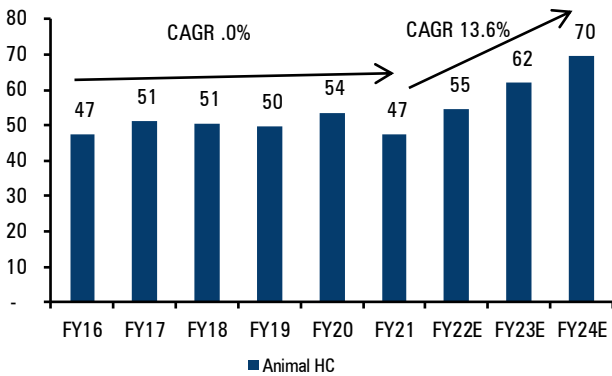
Source: ICICI Direct Research, Company

Exhibit 7: Human HC to grow at 5% CAGR over FY21-24E



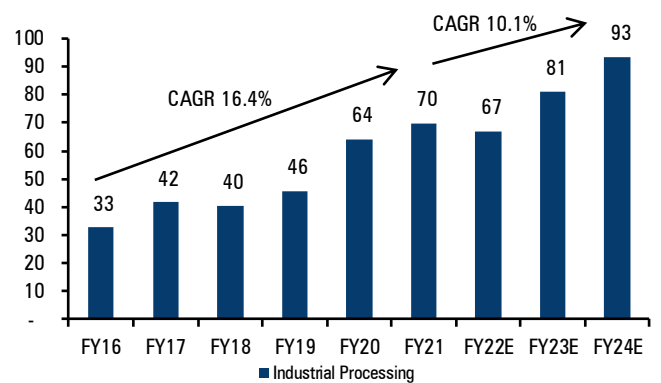
Source: ICICI Direct Research, Company

Exhibit 8: Animal HC to grow at 14% CAGR over FY21-24E



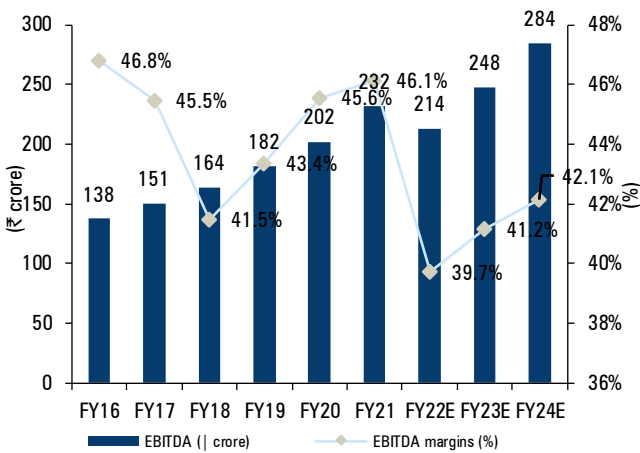
Source: ICICI Direct Research, Company

Exhibit 9: Industrial processing to grow ~10% in FY21-24E



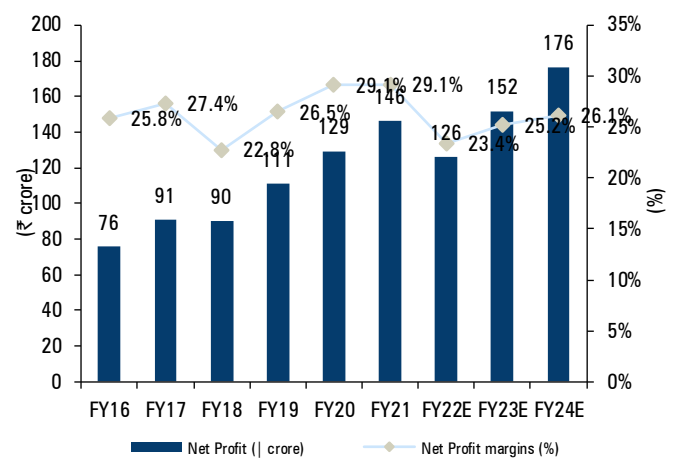
Source: ICICI Direct Research, Company

Exhibit 10: EBITDA & EBITDA margins trend



Source: ICICI Direct Research, Company

Exhibit 11: PAT & PAT margins 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
Hospitals																					
Apollo Hospitals	APOHOS	4400	5,930	Buy	63258	22.6	7.9	72.9	99.4	194.8	559.7	60.3	44.3	10.2	6.3	18.1	21.7	9.7	2.5	18.6	20.9
Narayana Hrudalaya	NARHRU	657	765	Buy	13425	6.4	-0.7	17.4	19.9	103.4	NA	37.7	32.9	11.0	1.2	21.0	22.3	11.4	-1.3	24.4	22.1
Shalby	SHALIM	140	170	Buy	1511	2.6	3.9	5.9	5.8	54.8	35.6	23.6	24.1	7.2	6.5	8.9	9.6	3.5	5.1	7.2	6.7
Aster DM	ASTDM	188	250	Buy	9391	5.7	3.0	10.6	17.2	33.0	63.6	17.8	11.0	7.2	5.4	8.7	12.1	8.7	4.4	13.5	18.0
Healthcare Global	HEAGLO	246	240	Hold	3084	-12.0	-21.7	15.6	8.4	NA	NA	15.8	29.1	1.0	-0.9	7.6	10.4	NA	NA	NA	7.2
MNC Pharma																					
Abbott India	ABBIND	15563	20,360	Buy	33069	279.0	325.0	362.3	471.9	55.8	47.9	43.0	33.0	30.7	33.8	35.3	37.2	24.4	26.5	27.6	28.9
P&G Health	MERLIM	5024	6,555	Buy	8340	102.0	106.5	135.7	145.7	49.3	47.2	37.0	34.5	24.0	32.2	41.0	37.7	18.7	25.1	31.6	28.8
Sanofi India	SANOFI	7327	9,800	Buy	16874	179.8	207.4	431.8	280.0	40.7	35.3	17.0	26.2	26.0	32.3	34.2	41.9	19.4	24.5	22.2	33.5
Pfizer	PFIZER	4535	5,350	Buy	20747	111.3	108.8	135.2	133.0	40.7	41.7	33.5	34.1	18.5	27.6	27.4	23.6	15.0	20.8	21.7	18.6
Pharma																					
Ajanta Pharma	AJAPHA	2115	2,500	Buy	18298	53.4	74.0	79.3	89.3	39.6	28.6	26.7	23.7	24.7	29.0	25.2	23.8	18.1	21.8	19.9	19.2
Alembic Pharma	ALEMPHA	733	790	Hold	14415	44.4	59.9	33.3	39.6	16.5	12.2	22.0	18.5	21.0	24.2	11.9	13.9	27.1	23.0	11.7	12.6
Aurobindo Pharma	AURPHA	649	795	Hold	38048	48.8	55.0	50.3	61.2	13.3	11.8	12.9	10.6	17.2	16.9	13.8	15.2	17.0	14.7	11.9	12.8
Biocon	BIOCON	405	380	Hold	48552	5.8	6.1	5.4	9.3	69.5	66.5	75.2	43.6	10.2	7.6	7.8	10.0	10.4	9.6	7.9	12.2
Cadila Healthcare	CADHEA	401	477	Hold	41027	14.0	21.5	20.9	21.8	28.7	18.7	19.2	18.4	10.7	12.6	13.4	13.4	13.8	16.9	14.7	13.7
Cipla	CIPLA	948	1,085	Buy	76457	19.2	29.9	34.6	41.8	49.4	31.7	27.4	22.7	12.0	16.3	17.8	18.4	9.8	13.1	13.7	14.6
Dr Reddy's Labs	DRREDD	4322	5,170	Hold	71900	121.8	117.3	181.2	204.2	35.5	36.8	23.9	21.2	9.6	13.1	16.3	17.3	13.0	11.1	14.9	14.7
Glenmark Pharma	GLEPHA	485	580	Hold	13684	26.4	32.9	37.7	43.7	18.4	14.8	12.9	11.1	12.7	13.9	15.3	15.9	12.2	13.1	12.5	12.7
Ipca Laboratories	IPCLAB	1001	2,490	Buy	12702	47.6	89.9	78.0	95.8	21.1	11.1	12.8	10.4	17.6	27.1	20.5	20.9	16.6	24.2	17.5	17.7
Jubilant Pharmova	JUBLIF	471	490	Hold	7497	44.6	37.4	28.7	32.5	10.5	12.6	16.4	14.5	11.7	13.7	10.1	10.4	12.7	12.6	8.9	9.2
Lupin	LUPIN	788	960	Hold	35749	-12.7	26.9	16.2	30.2	NA	29.3	48.6	26.1	9.7	9.1	6.1	10.5	-4.6	8.8	5.8	9.6
Natco Pharma	NATPHA	913	925	Hold	16642	25.3	24.2	17.1	20.1	36.1	37.7	53.4	45.3	14.0	13.1	8.4	9.9	12.2	10.7	7.2	8.0
Sun Pharma	SUNPHA	895	965	Buy	214740	16.8	30.0	30.6	32.2	53.3	29.8	29.2	27.8	10.0	14.2	16.7	16.3	8.9	15.5	14.2	13.2
Torrent Pharma	TORPHA	2600	3,110	Hold	44003	60.6	74.0	78.3	103.7	42.9	35.1	33.2	25.1	15.4	17.7	21.0	22.6	21.2	21.4	19.4	21.5
Indoco Remedies	INDREM	367	575	Buy	3390	2.6	10.1	17.3	23.9	140.3	36.3	21.2	15.4	4.6	11.7	19.8	21.5	3.5	12.1	17.6	20.2
Caplin Point	CAPPOI	790	1,010	Buy	5976	17.2	81.7	76.7	55.5	46.0	9.7	10.3	14.2	25.4	25.6	24.1	23.5	22.7	20.4	20.5	18.8
Advanced Enzymes	ADVENZ	319	380	Buy	3566	11.6	13.1	11.3	13.6	27.6	24.4	28.3	23.5	19.6	19.4	15.4	16.7	15.4	15.1	11.6	12.4
Hester Biosciences	HESPHA	2409	2,780	Hold	2049	34.3	44.4	47.2	52.0	70.2	54.3	51.1	46.3	14.0	16.2	12.8	14.3	14.5	16.5	15.5	15.1
API/CRAMS																					
Divi's Lab	DIVLAB	4278	5,815	Buy	113556	51.9	74.7	90.6	107.5	82.5	57.2	47.2	39.8	23.9	27.6	27.7	27.7	18.8	21.3	21.8	21.8
Hikal	HIKCHE	416	640	Buy	5123	8.1	10.8	17.2	21.4	51.3	38.5	24.2	19.4	12.8	15.1	17.7	18.5	12.2	14.3	18.7	19.1
Syngene Int.	SYNINT	573	710	Buy	22908	10.3	10.1	9.8	13.9	55.6	56.6	58.6	41.1	14.5	11.5	12.6	15.5	16.8	13.5	13.2	14.9
Granules India	GRANUL	308	350	Hold	7635	12.4	22.2	15.0	23.3	24.8	13.9	20.5	13.2	15.2	24.0	16.1	21.7	16.7	25.3	14.8	18.9
Laurus Labs	LAULAB	524	670	Buy	28118	4.8	18.3	17.6	23.9	110.1	28.6	29.8	21.9	13.0	31.7	25.1	28.0	14.4	37.9	27.4	27.9
Suven Pharmaceuticals	SUVPH	570	600	Buy	14503	12.5	14.2	15.0	18.7	45.7	40.0	37.9	30.4	35.6	31.2	25.7	24.7	37.5	30.7	24.9	23.9

Source: ICICI Direct Research

Financial Summary

Exhibit 13: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22E	FY23E	FY24E
Revenues	501.8	537.6	602.6	674.8
Growth (%)	13.0	7.1	12.1	12.0
Raw Material Expenses	99.0	109.6	121.9	131.6
Employee Expenses	87.1	104.7	113.0	124.8
Other Manufacturing Expenses	84.2	109.9	119.7	134.1
Total Operating Expenditure	270.3	324.1	354.6	390.5
EBITDA	231.5	213.5	248.0	284.3
Growth (%)	14.4	-7.8	16.2	14.6
Interest	1.6	1.4	1.4	1.4
Depreciation	28.4	33.3	31.7	32.9
Other Income	8.8	4.3	6.0	6.7
PBT before Exceptional Items	210.4	183.0	221.0	256.7
Less: Forex & Exceptional Items	0.0	0.0	0.0	0.0
PBT	210.4	183.0	221.0	256.7
Total Tax	58.9	52.6	63.5	73.8
PAT before MI	151.5	130.5	157.5	183.0
Minority Interest	5.3	4.7	5.6	6.5
PAT	146.2	125.8	151.9	176.4
Adjusted PAT	146.2	125.8	151.9	176.4
Growth (%)	13.1	-14.0	20.7	16.2
EPS	13.1	11.3	13.6	15.8
EPS (Adjusted)	13.1	11.3	13.6	15.8

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22E	FY23E	FY24E
Profit/(Loss) after taxation	153.7	125.8	151.9	176.4
Add: Depreciation & Amortization	28.4	33.3	31.7	32.9
Net Increase in Current Assets	-13.9	-29.8	-26.2	-29.0
Net Increase in Current Liabilities	-1.2	4.1	4.5	4.9
Others	-4.2	1.4	1.4	1.4
CF from operating activities	162.9	134.8	163.3	186.6
(Inc)/dec in Fixed Assets	-19.4	-10.0	-20.0	-20.0
(Inc)/dec in Investments	-7.5	0.0	0.0	0.0
Others	5.1	-3.9	-3.5	-3.2
CF from investing activities	-21.8	-13.9	-23.5	-23.2
Inc / (Dec) in Equity Capital	0.3	0.0	0.0	0.0
Inc / (Dec) in Debt	-17.1	-8.1	0.0	0.0
Dividend & Dividend Tax	-8.0	-8.7	-10.5	-12.1
Others	-1.5	-1.4	-1.4	-1.4
CF from financing activities	-26.3	-18.2	-11.9	-13.6
Net Cash flow	114.8	102.8	127.9	149.9
Opening Cash	83.0	197.8	300.5	428.5
Closing Cash	197.8	300.5	428.5	578.4
Free Cash Flow	143.5	124.8	143.3	166.6

Source: Company, ICICI Direct Research

Exhibit 15: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22E	FY23E	FY24E
Equity Capital	22.3	22.3	22.3	22.3
Reserve and Surplus	948.3	1,065.5	1,206.9	1,371.2
Total Shareholders funds	970.7	1,087.8	1,229.2	1,393.5
Total Debt	18.1	10.0	10.0	10.0
Deferred Tax Liability	39.6	35.6	32.0	28.8
Minority Interest	60.1	61.3	62.5	63.8
Long term Provisions	1.4	1.4	1.5	1.6
Other Non Current Liabilities	0.0	0.0	0.0	0.0
Source of Funds	1,089.8	1,196.2	1,335.3	1,497.7
Gross Block - Fixed Assets	497.8	507.8	527.8	547.8
Accumulated Depreciation	187.1	220.4	252.1	285.0
Net Block	310.7	287.3	275.7	262.8
Capital WIP	10.4	10.4	10.4	10.4
Net Fixed Assets	321.1	297.8	286.1	273.2
Goodwill on Consolidation	290.1	290.1	290.1	290.1
Investments	121.4	121.4	121.4	121.4
Inventory	93.9	113.4	127.1	142.4
Cash	197.8	300.5	428.5	578.4
Debtors	86.3	95.7	107.3	120.2
Loans & Advances & Other CA	16.8	17.7	18.6	19.5
Total Current Assets	394.8	527.4	681.5	860.3
Creditors	15.2	16.9	19.0	21.3
Provisions & Other CL	62.9	67.0	71.5	76.4
Total Current Liabilities	62.9	67.0	71.5	76.4
Net Current Assets	331.9	460.4	610.0	783.9
LT L& A, Other Assets	18.5	19.3	20.2	21.2
Deferred Tax Assets	6.9	7.2	7.6	7.9
Application of Funds	1,089.8	1,196.1	1,335.3	1,497.7

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY21	FY22E	FY23E	FY24E
Per share data (₹)				
EPS	13.1	11.3	13.6	15.8
Cash EPS	14.7	13.5	15.5	17.6
BV	86.8	97.3	110.0	124.7
DPS	0.9	0.8	0.9	1.1
Cash Per Share	17.7	26.9	38.3	51.7
Operating Ratios (%)				
Gross Profit Margins	80.3	79.6	79.8	80.5
EBITDA margins	46.1	39.7	41.2	42.1
PAT Margins	29.1	23.4	25.2	26.1
Inventory days	68.3	77.0	77.0	77.0
Debtor days	62.7	65.0	65.0	65.0
Creditor days	11.1	11.5	11.5	11.5
Asset Turnover (x)	1.0	1.1	1.1	1.2
Return Ratios (%)				
RoE	15.1	11.6	12.4	12.7
RoCE	19.4	15.4	16.7	17.2
RolC	26.7	23.6	27.9	31.9
Valuation Ratios (x)				
P/E	24.4	28.3	23.5	20.2
EV / EBITDA	14.1	14.8	12.2	10.1
EV / Revenues	6.5	5.9	5.0	4.3
Market Cap / Revenues	7.1	6.6	5.9	5.3
Price to Book Value	3.7	3.3	2.9	2.6
Solvency Ratios				
Debt / Equity	0.0	0.0	0.0	0.0
Debt/EBITDA	0.1	0.0	0.0	0.0
Current Ratio	3.1	3.4	3.5	3.7

Source: Company, ICICI Direct Research

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