

Base effect, cost pressure hurt numbers; outlook upbeat...

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

Q1FY23 Results: Domestic formulations down 7% YoY to ₹ 200 crore (14% growth adjusting for Covid sales in base); export formulations up 16% YoY to ₹ 177 crore

- Sales were up 6% YoY to ₹ 408 crore
- EBITDA was at ₹ 71.5 crore, down 18% YoY with margins at 17.5%
- PAT for Q1 was at ₹ 39 crore (down 3% YoY)

What should investors do? Indoco's share price has grown by ~2.6x over the past three years (from ~₹ 150 in August 2019 to ~₹ 396 levels in August 2022).

- We maintain **BUY** on the back of 1) steady domestic business visibility, 2) strong exports guidance and 3) expected improvement in margins

Target Price and Valuation: We value Indoco Remedies at ₹ 525 i.e. 18x P/E on FY24E EPS of ₹ 29.2.

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 ₹ 1495



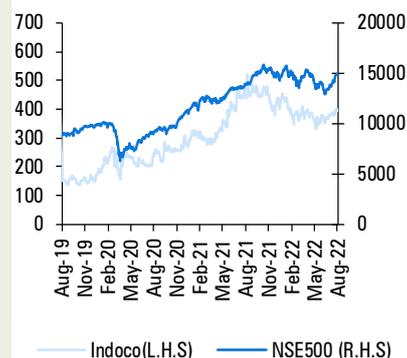
Particulars

Particular	Amount
Market Capitalisation	₹ 3651 crore
Debt (FY22)	₹ 244 crore
Cash (FY22)	₹ 20 crore
EV	₹ 3876 crore
52 week H/L (₹)	530/321
Equity capital	₹ 18.4 crore
Face value	₹ 2

Shareholding pattern

(in %)	Sep-21	Dec-21	Mar-22	Jun-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

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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	1859.8	2165.9	18.6
EBITDA	123.2	224.3	327.3	15.9	362.0	459.8	18.5
EBITDA margins (%)	11.1%	18.1%	21.2%		19.5%	21.2%	
Adjusted PAT	24.1	93.1	154.8	15.0	199.2	268.7	31.7
EPS (Adjusted)	2.6	10.1	16.8		21.6	29.2	
PE (x)	151.4	39.2	23.6		18.3	13.6	
EV to EBITDA (x)	31.5	17.4	11.8		10.7	8.0	
RoNW (%)	3.5	12.1	17.1		18.6	20.6	
RoCE (%)	4.6	11.7	17.5		17.6	23.9	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q1FY23 Results: Steady quarter on high base in domestic formulations

- Revenues grew 6% YoY to ₹ 408 crore. Domestic formulations de-grew 7% YoY to ₹ 200 crore while export formulations expanded 16% YoY to ₹ 177 crore. EBITDA margins declined 497 bps YoY to 17.5% mainly due to lower gross margins (down 384 bps YoY to 67.6%). EBITDA de-grew 18% YoY to ₹ 71.5 crore. PAT for the quarter came in at ₹ 39 crore, down 3% YoY
- Q1 revenues were in line with our estimates while margins were below expected. Domestic formulation was muted, mainly due to Covid impact in base of Q1FY22 (14% growth adjusting for Covid sales in base) and de-growth was reflected in respiratory (down 48% YoY) and anti-infectives (down 48% YoY). 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. On international formulations front, EU-GMP certificate for Goa Plant-I and Baddi (Plant-III) will boost the EU business, with availability of larger manufacturing capacity. Indoco is also consolidating its position in Emerging Markets through active promotion of its brands in select markets

Q1FY23 Earnings Conference Call highlights

- The management indicated that an inflationary environment in terms of raw materials and freight is softening while the company keeping two months of inventory (raw material and packaging) in this volatile environment. Margin improvement is likely from H2FY23 on the back of easing inflation. The management has indicated at 19-20% EBITDA margins in FY23
- Domestic business:** Growth was muted in domestic formulations due to the Covid impact and de-growth reflected in respiratory (down 48% YoY) and anti-infectives (down 48% YoY). Major therapeutic segments, viz., dermatology (up 50% YoY), ophthalmology (up 48% YoY) and gastro-intestinal (up 37% YoY) performed well during the quarter. The management is guiding for mid-teen growth in domestic formulations in FY23. No new launches in Q1 but new launches from last year contributed ₹ 3.6 crore (1.8% of topline) in Q1FY23. Indoco has not taken any price hike on its NLEM portfolio (~11%)
- EU:** Europe was flat in Q1 due to challenges arising out of site transfer being carried out to Baddi plant so as to free up Goa facilities for the US. The management guided for an inspection scheduled in November for a large European supply to be visible from Q3FY23. The management is guiding for 20% growth in sales from Europe in FY23
- US:** Profit share income of ₹ 6.5-7 crore in this quarter vs. ₹ 7 crore in Q1FY22. The company is expecting improvement in profit share income in subsequent quarters from brinzolamide supplies to Teva while the management is also expecting approval for Combigan by mid-October. Indoco launched two products in Q1 and is guiding for about five filings each year. Lacosamide tablets and injection were launched by Indoco and two additional competitors have also got approvals while currently there is no visibility on market share. and the management remains confident of doing ~ ₹ 300 crore sales in FY23 and guided for 35% growth on the back of new complex pipeline
- New injectable line earmarked for the US is likely to come on-stream by December, 2022 while high potency block is undergoing trials and validations will be starting soon

Exhibit 1: Variance Analysis

	Q1FY23	1FY23E	Q1FY22	Q4FY22	YoY (%)	QoQ (%)	Comments
Revenue	408.2	420.9	386.8	409.1	5.6	-0.2	YoY growth driven by exports formulations amid de-growth in domestic business
Raw Material Expenses	132.1	134.7	110.3	131.5	19.8	0.5	
Gross margins (%)	67.6	68.0	71.5	67.9	-384 bps	-22 bps	
Employee Expenses	82.7	82.1	75.0	73.2	10.3	12.9	
Other Expenditure	103.8	107.3	98.0	104.2	5.8	-0.4	
R&D	18.3	20.4	16.5	19.7	10.4	-7.2	
EBITDA	71.5	76.4	86.9	80.5	-17.8	-11.3	
EBITDA (%)	17.5	18.2	22.5	19.7	-497 bps	-218 bps	YoY decline mainly due to lower gross margins and higher employee expenses
Interest	4.1	2.9	4.2	3.0	-2.6	35.9	
Depreciation	20.1	21.8	22.2	18.1	-9.6	11.4	
Other Income	1.1	0.8	0.9	0.3	31.4	276.7	
PBT before EO & Forex	48.4	52.5	61.3	59.8	-21.1	-19.1	
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	48.4	52.5	61.3	59.8	-21.1	-19.1	
Tax	9.8	13.4	21.6	19.3	-54.8	-49.3	
Net Profit	38.6	39.1	39.7	40.5	-2.7	-4.6	Delta vis-à-vis EBITDA due to lower interest, depreciation, tax and higher other income

Key Metrics

Domestic Formulations	200.1	204.3	215.1	192.9	-7.0	3.7	YoY growth was muted due to the Covid impact and de-growth reflected in respiratory and anti-infectives (ATM & Karvol Plus)
Export formulations	177.3	185.9	152.5	189.6	16.3	-6.5	Regulated markets grew 15% YoY and semi-regulated markets grew
APIs	13.3	19.6	10.9	13.1	22.1	1.3	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	1,819.1	1,859.8	2.2	2,085.6	2,165.9	3.9	Changed due to better-than-expected order book in exports
EBITDA	365.4	362.0	-0.9	446.4	459.8	3.0	
EBITDA Margin (%)	20.1	19.5	-63 bps	21.4	21.2	-18 bps	Changed on the back of persisting inflationary environment
PAT	201.3	199.2	-1.0	261.7	268.7	2.7	
EPS (₹)	21.8	21.6	-1.0	28.4	29.2	2.7	

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ crore)	Current		Earlier		Comments		
	FY21	FY22	FY23E	FY24E			
Domestic Formulations	618.2	803.1	922.2	1032.9	899.3	1007.2	Domestic likely to continue to grow at ~ 12-15%
US Formulations	148.3	212.8	296.5	387.9	294.4	368.0	Positive outlook due to launches in ophthalmic and injectables
Export Formulations(Ex US)	491.9	620.7	786.7	968.0	777.7	926.1	Management guidance for visible order book
APIs	93.8	63.4	91.4	105.1	94.1	103.5	

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	39.2	17.4	12.1	11.7
FY22	1541	24.1	16.8	66.4	23.6	11.8	17.1	17.5
FY23E	1860	20.7	21.6	28.7	18.3	10.7	18.6	17.6
FY24E	2166	16.5	29.2	34.9	13.6	8.0	20.6	23.9

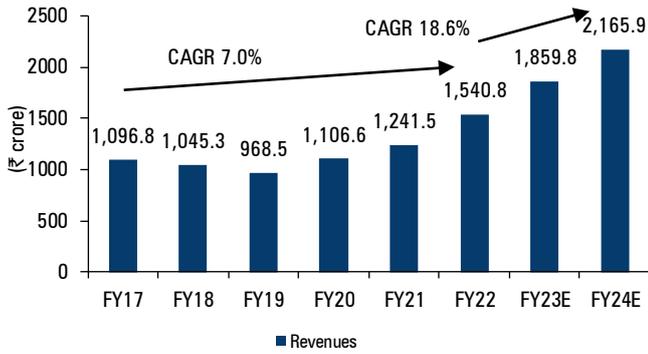
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ Crore)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ (%)
Net Sales	247.2	286.2	283.5	263.1	266.8	323.1	333.7	295.1	381.4	372.9	348.9	400.5	395.2	3.6	-1.3
Other Operating Income	5.5	6.4	5.9	8.9	9.1	5.2	-1.4	10.0	5.3	14.0	9.1	8.6	13.0	144.5	51.1
Revenues	252.7	292.6	289.4	272.0	275.9	328.2	332.3	305.1	386.8	386.9	358.0	409.1	408.2	5.6	-0.2
Raw Material Expenses	85.6	89.6	82.8	72.4	81.6	90.2	94.4	87.9	110.3	106.3	108.7	131.5	132.1	19.8	0.5
% of Revenues	33.9	30.6	28.6	26.6	29.6	27.5	28.4	28.8	28.5	27.5	30.4	32.1	32.4	384 bps	22 bps
Gross Profit	167.1	203.0	206.5	199.6	194.2	238.0	237.9	217.2	276.4	280.6	249.3	277.7	276.1	-0.1	-0.6
Gross Profit Margin (%)	66.1	69.4	71.4	73.4	70.4	72.5	71.6	71.2	71.5	72.5	69.6	67.9	67.6	-384 bps	-22 bps
Employee Expenses	60.9	64.1	68.2	63.2	65.8	75.2	72.9	60.2	75.0	74.2	71.3	73.2	82.7	10.3	12.9
% of Revenues	24.1	21.9	23.6	23.2	23.9	22.9	21.9	19.7	19.4	19.2	19.9	17.9	20.3	86 bps	235 bps
Research & Development	11.1	11.6	12.9	14.0	10.3	15.7	17.4	16.4	16.5	21.3	17.1	19.7	18.3	10.4	-7.2
% of Revenues	4.4	4.0	4.5	5.2	3.7	4.8	5.2	5.4	4.3	5.5	4.8	4.8	4.5	20 bps	-34 bps
Other Manufacturing Expen	72.6	94.6	90.5	89.0	69.5	86.5	87.5	85.9	98.0	98.6	87.5	104.2	103.8	5.8	-0.4
% of Revenues	28.7	32.3	31.3	32.7	25.2	26.4	26.3	28.2	25.3	25.5	24.4	25.5	25.4	7 bps	-5 bps
Total Expenditure	230.3	259.9	254.5	238.7	227.2	267.5	272.1	250.4	299.9	300.4	284.6	328.6	336.8	12.3	2.5
% of Revenues	91.1	88.8	87.9	87.8	82.4	81.5	81.9	82.1	77.5	77.7	79.5	80.3	82.5	497 bps	218 bps
EBITDA	22.4	32.6	34.9	33.3	48.7	60.7	60.2	54.7	86.9	86.4	73.5	80.5	71.5	-17.8	-11.3
EBITDA Margin (%)	8.9	11.2	12.1	12.2	17.6	18.5	18.1	17.9	22.5	22.3	20.5	19.7	17.5	-497 bps	-218 bps
Depreciation	17.0	18.0	17.6	18.2	19.1	18.6	16.9	18.6	22.2	19.5	19.2	18.1	20.1	-9.6	11.4
Interest	6.1	5.4	6.9	7.8	5.8	5.9	6.0	4.6	4.2	3.1	3.8	3.0	4.1	-2.6	35.9
Other Income	0.6	0.6	0.7	0.5	0.3	0.5	0.4	2.0	0.9	1.0	0.2	0.3	1.1	31.4	276.7
PBT	-0.1	9.8	11.1	7.8	24.0	36.8	37.6	33.6	61.3	65.0	50.6	59.8	48.4	-21.1	-19.1
Total Tax	-1.9	2.0	2.0	2.4	7.0	11.1	12.3	8.6	21.6	23.3	17.6	19.3	9.8	-54.8	-49.3
Tax Rate (%)	NA	20.3	17.8	30.9	29.1	30.3	32.6	25.5	35.3	35.8	34.8	32.3	20.2	-1506 bps	-1207 bps
Net Profit	1.8	7.8	9.1	5.4	17.0	25.7	25.4	25.0	39.7	41.7	33.0	40.5	38.6	-2.7	-4.6
PAT Margin (%)	0.7	2.7	3.1	2.0	6.2	7.8	7.6	8.2	10.3	10.8	9.2	9.9	9.4	-81 bps	-44 bps

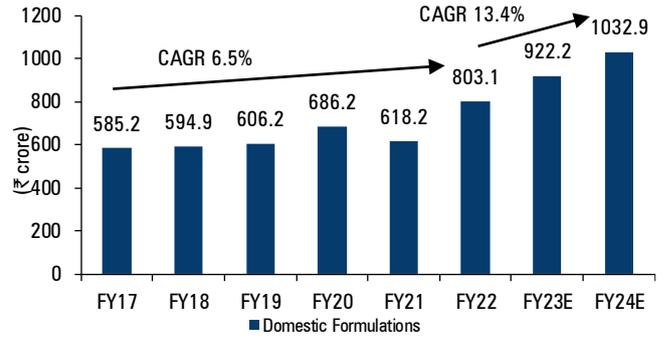
Source: ICICI Direct Research

Exhibit 6: Revenue to grow at CAGR of 18.6% over FY22-24E



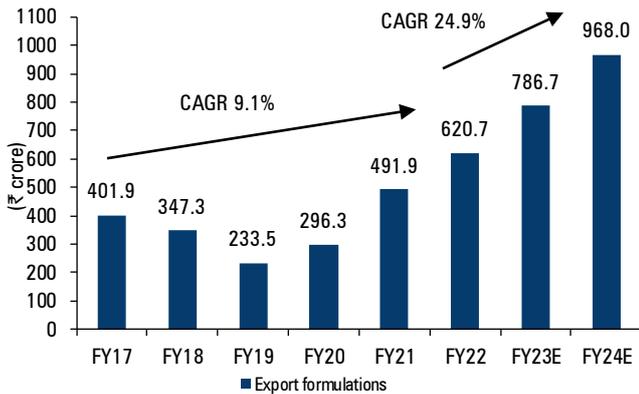
Source: ICICI Direct Research, Company

Exhibit 7: Domestic formulation to grow 13.4% in FY22-24E



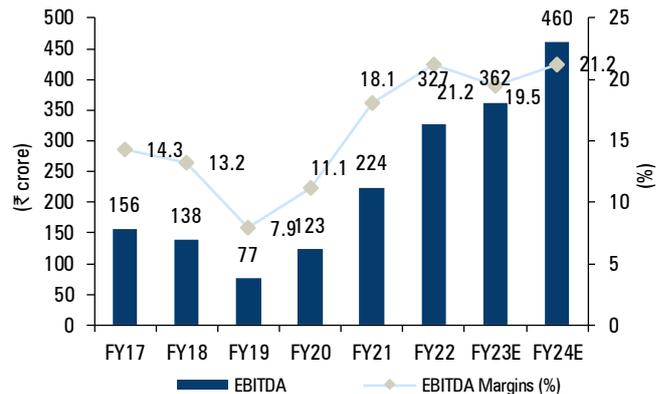
Source: ICICI Direct Research, Company

Exhibit 8: Export formulations to grow 24.9% in FY22-24E



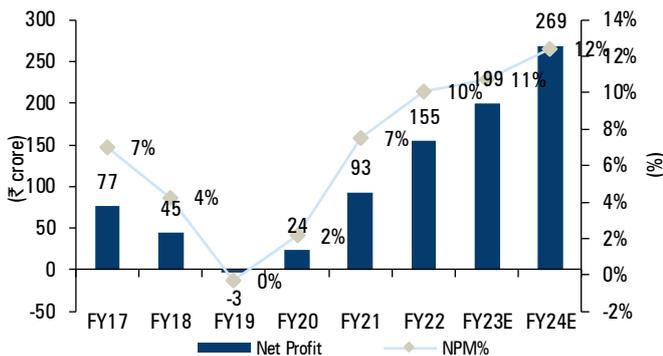
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



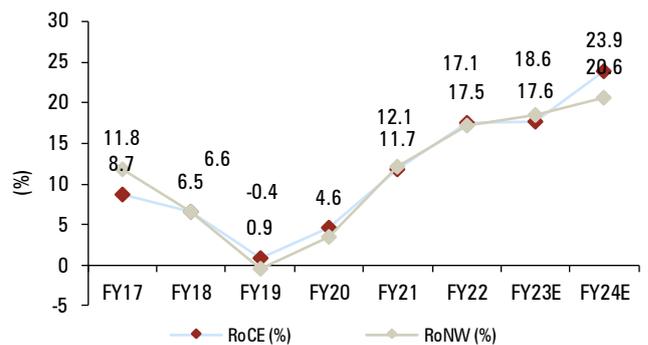
Source: ICICI Direct Research, Company

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	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Hospitals																					
Apollo Hospitals	APOHOS	4433	4,500	Buy	63740	7.9	59.1	80.9	107.4	564.0	75.0	54.8	41.3	6.3	15.1	16.7	19.3	2.5	15.1	17.7	19.9
Narayana Hrudalaya	NARHRU	660	750	Buy	13481	-0.7	16.7	18.9	21.6	NA	39.4	34.9	30.6	1.2	20.5	18.8	19.5	-1.3	23.0	20.8	19.4
Shalby	SHALIM	123	150	Buy	1323	3.9	5.4	7.5	9.9	31.2	22.6	16.4	12.4	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	238	270	Buy	11896	3.0	10.5	14.4	18.4	80.5	22.6	16.6	12.9	5.4	9.0	11.4	12.9	4.4	13.3	15.4	16.4
Healthcare Global	HEAGLO	286	340	Buy	3972	-13.9	3.9	3.6	8.0	-13.9	73.9	78.9	35.6	-0.9	5.0	7.6	10.2	-0.9	5.0	5.5	10.8
MNC Pharma																					
Abbott India	ABBIND	20300	20,560	Buy	43136	325.0	375.9	439.8	514.0	62.5	54.0	46.2	39.5	33.8	36.6	37.9	36.3	26.5	28.3	29.5	28.1
P&G Health	MERLIM	4410	4,955	Hold	7320	106.5	121.5	130.5	141.6	41.4	36.3	33.8	31.2	32.2	37.3	34.7	32.8	25.1	29.3	27.0	25.4
Sanofi India	SANOFI	6518	6,885	Hold	15012	207.4	410.1	270.5	264.8	31.4	15.9	24.1	24.6	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4160	4,480	Hold	19031	108.8	133.9	140.4	149.3	38.2	31.1	29.6	27.9	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
Pharma																					
Ajanta Pharma	AJAPHA	1274	1,495	Buy	16329	51.0	55.6	60.1	71.1	25.0	22.9	21.2	17.9	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	664	590	Reduce	13047	62.8	27.8	15.3	26.9	10.6	23.9	43.4	24.7	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	568	610	Hold	33273	55.0	47.4	45.6	51.0	10.3	12.0	12.4	11.1	16.9	12.9	12.5	13.1	14.7	11.3	9.9	10.0
Biocon	BIOCON	314	320	Hold	37663	6.3	5.7	5.5	11.3	50.1	55.1	57.6	27.7	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	360	475	Hold	36855	23.3	21.0	20.2	24.0	15.4	17.1	17.8	15.0	13.8	12.0	11.2	12.4	18.4	12.6	11.0	11.7
Cipla	CIPLA	1030	1,135	Buy	83075	29.9	32.9	38.6	45.8	34.5	31.3	26.7	22.5	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4223	4,750	Buy	70294	117.3	126.9	203.4	191.0	36.0	33.3	20.8	22.1	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	371	460	Hold	10468	32.9	42.7	41.0	48.3	11.3	8.7	9.1	7.7	13.9	14.8	14.5	15.4	13.1	13.2	11.4	11.9
Ipca Laboratories	IPCLAB	1010	1,000	Hold	25613	44.9	34.8	32.7	39.9	22.5	29.0	30.9	25.3	27.1	17.4	16.2	17.4	24.2	16.1	13.4	14.4
Jubilant Pharmova	JUBLIF	348	340	Reduce	5537	37.4	26.0	15.9	26.1	9.3	13.4	21.9	13.3	13.7	9.0	6.1	8.6	12.6	7.8	4.6	7.0
Lupin	LUPIN	667	610	Reduce	30307	26.9	11.9	11.8	27.7	24.8	56.1	56.7	24.1	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	751	820	Hold	13698	24.2	9.3	28.3	33.2	31.1	80.6	26.6	22.6	13.1	4.6	13.3	14.1	10.7	4.0	11.0	11.6
Sun Pharma	SUNPHA	910	1,125	Buy	218435	30.0	32.0	34.8	40.1	30.3	28.5	26.1	22.7	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1555	1,800	Buy	52632	37.0	32.0	43.7	54.6	42.0	48.5	35.6	28.5	17.6	19.7	24.7	29.4	21.4	18.2	20.9	21.8
Indoco Remedies	INDREM	396	525	Buy	3649	10.1	16.8	21.6	29.2	39.2	23.6	18.3	13.6	11.7	17.5	17.6	23.9	12.1	17.1	18.6	20.6
Caplin Point	CAPPOI	813	1,000	Buy	6163	81.7	85.3	70.4	73.0	9.9	9.5	11.6	11.1	25.3	23.7	22.6	0.0	20.4	20.2	18.7	17.5
Advanced Enzymes	ADVENZ	279	265	Reduce	3117	13.1	10.7	8.5	12.1	21.3	26.1	32.9	23.1	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	2412	2,445	Hold	2052	44.4	45.7	41.3	63.2	54.4	52.8	58.4	38.2	16.2	10.9	9.9	13.4	16.5	15.0	12.2	16.3
API/CRAMS																					
Divi's Lab	DIVLAB	3938	4,655	Buy	104531	74.7	111.5	105.7	122.5	52.7	35.3	37.3	32.1	27.6	30.2	25.8	25.5	21.3	25.2	20.3	20.0
Hikal	HIKCHE	263	340	Buy	3241	10.8	13.0	11.1	19.0	24.3	20.2	23.7	13.9	15.1	13.6	10.9	16.3	14.3	15.0	11.5	16.8
Syngene Int.	SYNINT	576	710	Buy	23127	10.1	9.9	11.5	14.6	56.9	58.4	49.9	39.5	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	314	345	Buy	7790	22.2	16.6	19.6	24.6	14.2	18.9	16.0	12.8	24.0	15.6	16.8	18.6	25.3	16.0	16.0	16.9
Laurus Labs	LAULAB	550	675	Buy	29539	18.3	15.4	20.7	27.0	30.0	35.7	26.5	20.4	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceuticals	SUVPH	481	530	Hold	12232	14.2	17.8	17.0	17.6	33.8	27.0	28.3	27.2	31.2	37.5	28.7	25.0	30.7	29.7	23.0	20.0

Source: ICICI Direct Research

Financial Summary

Exhibit 13: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Revenues	1,241.5	1,540.8	1,859.8	2,165.9
Growth (%)	12.2	24.1	20.7	16.5
Raw Material Expenses	354.1	456.8	586.9	667.2
Employee Expenses	274.0	293.7	334.1	372.7
Other Manufacturing Expenses	329.4	388.3	488.3	560.8
Total Operating Expenditure	1,017.3	1,213.4	1,497.8	1,706.1
EBITDA	224.3	327.3	362.0	459.8
Growth (%)	82.0	46.0	10.6	27.0
Interest	22.3	14.1	16.5	9.8
Depreciation	73.1	79.0	85.5	93.7
Other Income	3.1	2.3	4.0	4.3
PBT	132.0	236.6	264.0	360.6
Total Tax	39.0	81.8	64.8	92.0
PAT	93.1	154.8	199.2	268.7
Adjusted PAT	93.1	154.8	199.2	268.7
Growth (%)	NA	66.4	28.7	34.9
EPS	10.1	16.8	21.6	29.2
EPS (Adjusted)	10.1	16.8	21.6	29.2

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit/(Loss) after taxation	112.3	195.5	199.2	268.7
Add: Depreciation & Amortization	73.1	79.0	85.5	93.7
Net Increase in Current Assets	-99.1	-142.4	-164.6	-129.7
Net Increase in Current Liabilities	-40.8	33.6	45.0	30.9
Other	36.6	8.2	16.5	9.8
CF from operating activities	82.2	173.8	181.7	273.3
(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
CF from investing activities	-75.9	-124.0	-119.9	-50.1
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Proceeds/(Repayment) Loan	-3.9	-15.6	0.0	-100.0
Others	-26.0	-28.8	-46.5	-48.9
CF from financing activities	-29.9	-44.4	-46.5	-148.9
Net Cash flow	-23.6	5.4	15.3	74.3
Opening Cash	37.9	14.3	19.8	35.1
Closing Cash	14.3	19.8	35.1	109.4
Free Cash flow	5.6	49.5	61.7	223.3

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	1,055.5	1,285.0
Total Shareholders fund	769.0	904.6	1,073.9	1,303.4
Total Debt	258.2	244.2	244.2	144.2
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
Source of Funds	1,069.4	1,211.1	1,384.0	1,517.4
Gross Block - Fixed Assets	1,177.7	1,241.7	1,341.7	1,441.7
Accumulated Depreciation	607.8	686.7	772.3	866.0
Net Block	569.9	555.0	569.5	575.8
Capital WIP	68.1	121.5	141.5	91.5
Net Fixed Assets	638.0	676.5	711.0	667.3
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	399.0	453.6
Cash	14.3	19.8	35.1	109.4
Debtors	233.8	297.2	358.8	417.8
Loans & Advances & Other CA	136.5	146.1	160.7	176.8
Total Current Assets	622.5	773.6	953.5	1,157.6
Creditors	113.2	133.3	171.3	194.7
Provisions & Other CL	132.4	141.8	148.8	156.3
Total Current Liabilities	245.7	275.0	320.1	351.0
Net Current Assets	376.9	498.6	633.4	806.6
LT L& A, Other Assets	35.0	35.8	39.4	43.3
Deferred Tax Assets	19.4	0.0	0.0	0.0
Application of Funds	1,069.4	1,211.1	1,384.0	1,517.4

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
EPS	10.1	16.8	21.6	29.2
BV per share	83.4	98.2	116.5	141.4
Dividend per share	1.5	2.3	3.3	4.3
Operating Ratios (%)				
Gross margins	71.5	70.4	68.4	69.2
EBITDA margins	18.1	21.2	19.5	21.2
Net Profit margins	7.5	10.0	10.7	12.4
Inventory days	245	248	248	248
Debtor days	69	70	70	70
Creditor days	117	107	107	107
Asset Turnover	0.9	1.1	1.2	1.4
EBITDA conversion rate	36.7	53.1	50.2	59.4
Return Ratios (%)				
RoE	12.1	17.1	18.6	20.6
RoCE	11.7	17.5	17.6	23.9
RoIC	12.3	19.2	19.5	27.1
Valuation Ratios (x)				
P/E	39.2	23.6	18.3	13.6
EV / EBITDA	17.4	11.8	10.7	8.0
EV / Net Sales	3.1	2.5	2.1	1.7
Market Cap / Sales	2.9	2.4	2.0	1.7
Price to Book Value	4.7	4.0	3.4	2.8
Solvency Ratios				
Debt / Equity	0.3	0.3	0.2	0.1
Debt / EBITDA	1.2	0.7	0.7	0.3
Current Ratio	2.5	2.7	2.9	3.0

Source: Company, ICICI Direct Research

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