

CMP: ₹ 1265

Target: ₹ 1505 (19%)

Target Period: 12 months

November 4, 2022

BUY



Margins weak but branded generics outlook strong...

About the stock: Ajanta Pharma is a focused player in branded, which constitutes ~72% of overall sales, spread across geographies including India.

- As of Q2FY23, overall exports: domestic formulations ratio was at 66:34
- Among exports, Asia accounts for ~41% of export formulations, Africa 29% and US 30%. The company also participates in anti-malarial tenders in Africa (included in Africa)

Q2FY23 Results: Numbers were in line with our estimates on the revenue and GPM front but missed on the EBITDA front mainly due to 1) elevated freight costs, 2) adverse currency movements (weak Euro) and 3) preponing of certain expenses.

- Revenue grew 6% YoY to ₹ 938.1 crore driven by growth in domestic and Asian branded markets
- EBITDA de-grew 25.3% YoY to ₹ 196.3 crore due to high other expenditure. Margins declined 877 bps YoY to 20.9%
- Adjusted PAT declined 20.1% YoY to ₹ 156.6 crore

What should investors do? Ajanta's share price has grown by ~1.88x over the past three years (from ~₹ 670 in November 2019 to ~₹ 1265 in November 2022).

- We maintain **BUY** as it remains a compelling play on branded generics (~72% exposure) with strong execution track record and financials

Target Price and Valuation: Valued at ₹ 1505 i.e. 22x P/E on FY24E EPS of ₹ 68.3

Key triggers for future price performance:

- Focus on maximum number of first time launches with focus on new drug delivery system (NDDS) in the domestic branded formulations space
- In emerging markets, front-end marketing for direct interaction with doctors
- Calculated focus, healthy margins, return profile and lighter balance sheet are some key differentiators for Ajanta
- Margins are likely to improve amid operational leverage, expected softening of raw material cost and incremental focus on branded business

Alternate Stock Idea: Apart from Ajanta, we like Indoco Remedies.

- Indoco manufactures and markets branded formulations and APIs for the domestic and export markets
- BUY with a target price of ₹ 510

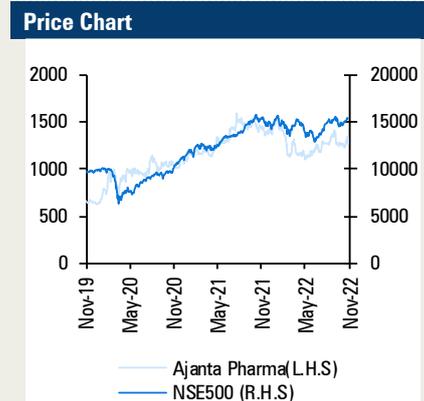
Key Financial Summary

Key Financials (₹ Crore)	FY20	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Revenues	2587.9	2889.7	3341.0	10.8	3846.9	4269.9	13.0
EBITDA	683.3	998.6	929.3	6.2	900.9	1101.0	8.8
EBITDA margins (%)	26.4	34.6	27.8		23.4	25.8	
Net Profit	467.7	653.9	712.7	7.1	716.6	875.2	10.8
EPS (₹)	36.8	51.0	55.6		55.9	68.3	
PE (x)	34.7	24.8	22.7		22.6	18.5	
EV to EBITDA (x)	23.4	15.8	17.1		17.4	13.7	
RoCE (%)	24.7	29.0	27.0		23.5	24.4	
ROE (%)	18.1	21.8	21.8		18.8	19.5	

Source: Company, ICICI Direct Research

Particulars	Amount
Market Capitalisation	₹ 16208 crore
Debt (FY22)	₹ 2 crore
Cash (FY22)	₹ 212 crore
EV	₹ 15998 crore
52 week H/L	1614/1063
Equity capital	₹ 25.7 crore
Face value	₹ 2

Shareholding pattern				
(in %)	Dec-21	Mar-22	Jun-22	Sep-22
Promoter	70.3	70.5	70.5	70.5
Others	29.7	29.5	29.5	29.5



- ### Recent Event & Key risks
- Seven launches in domestic formulations in Q2FY23
 - Key Risks:** (i) Lower than expected growth in branded space (ii) failure to maintain margin trajectory

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Key takeaways of recent quarter & conference call highlights

Q2FY23 Results: Mixed set of numbers; sales, GPM in line but EBITDA margins below par

- Ajanta Pharma's Q2FY23 revenues grew 6% YoY to ₹ 938.1 crore, driven by growth in domestic and Asian markets. EBITDA de-grew 25.3% YoY to ₹196.3 crore due to high other expenditure. Margins declined 877 bps YoY to 20.9%. The sharp margin decline was also due to 1) high freight costs, 2) forex loss, 3) preponing of certain expenses. Adjusted PAT declined 20.1% YoY to ₹ 156.6 crore
- Ajanta Pharma's numbers were in line with our estimates on the revenue and GPM front but missed on the EBITDA front mainly due to elevated freight costs and adverse currency movements. The domestic business was driven by growth of 10% in cardiology, 14% in ophthalmology, 20% in dermatology and 19% in pain management. Africa-branded business was impacted by appreciation of the rupee against the Euro but in constant currency terms it was a flat quarter QoQ. Asia business witnessed strong growth driven by new launches and better price hikes. EBITDA margins suffered due to elevated freight costs but are likely to improve in H2QY23

Q2FY23 Earnings Conference Call highlights

- **India:** Q2FY23 Therapy wise growth– cardio: 10%, ophthal: 20%, derma: 20%, pain: 19%. Trade generics contributed ₹ 38 crore in Q2FY23. The management is guiding for high-teen growth
- **Exports:** Q2FY23 sales break-up – Asia branded: 41%, US: 30%, Africa branded: 24%, Africa institutional: 5%. Ajanta's branded presence has strengthened as the management is guiding for 20%+ growth for Asia. For Africa branded, the management has guided for high single digit growth while Africa tender business remains unpredictable
- **US:** US base business price erosion was in high teens. The management is guiding for 10-11 filings and one to two launches in FY23. Launches can be higher subject to EIR from the USFDA for the Dahej facility. The US is likely to grow in high single digits as per the management
- The management said freight cost for refrigerated containers has not cooled down, which is impacting margins. Freight cost was at 9% of total export revenues. Preponing of some expenses (~₹ 10 crore) has also impacted margins
- Forex losses pertaining to strengthening of the rupee vis-à-vis Euro (Africa billing is in Euro) have been included in other expenses
- R&D expenses were ₹ 59 crore (6% of sales) in Q2FY23

Exhibit 1: Variance Analysis

	Q2FY23	12FY23E	Q2FY22	Q1FY23	YoY (%)	QoQ (%)	Comments
Revenue	938.1	920.2	884.8	950.9	6.0	-1.3	YoY growth driven by all business verticals
Raw Material Expenses	259.8	253.0	232.2	280.4	11.9	-7.4	
gross margins (%)	72.3	72.5	73.8	70.5	-144 bps	180 bps	Material cost was higher due to elevated API prices and price erosion in US
Employee Expenses	186.1	179.4	160.1	182.9	16.3	1.7	
Other Expenditure	295.9	257.6	229.7	265.8	28.8	11.3	
Total Operating Expenditure	741.8	690.1	622.0	729.2	19.3	1.7	
EBITDA	196.3	230.0	262.8	221.8	-25.3	-11.5	
EBITDA (%)	20.9	25.0	29.7	23.3	-877 bps	-239 bps	YoY sharp margin decline was also due to, 1) write-off of inventory (contributing ~2% decline), 2) US price erosion (contributing ~1% decline), raw material price inflation (contributing ~1% decline)
Interest	1.0	0.0	0.4	0.9	147.5	12.5	
Depreciation	32.7	34.8	31.5	31.8	3.7	2.9	
Other income	40.4	31.7	29.5	32.8	36.6	23.2	Forex gain of ₹ 28 crore in Q1FY23
PBT before EO	203.0	227.0	260.4	221.9	-22.0	-8.5	
Less: Exceptional Items	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	203.0	227.0	260.4	221.9	-22.0	-8.5	
Tax	46.4	48.3	64.5	47.2	-28.0	-1.8	
MI & Share of loss/ (gain)	0.0	0.0	0.0	0.0	0.0	0.0	
Adj. Net Profit	156.6	178.6	195.9	174.6	-20.1	-10.3	

Key Metrics

India	314.0	276.6	248.0	279.0	26.6	12.5	YoY growth of 10% in cardiology, 14% in ophthalmology, 20% in dermatology and 19% in pain management
Total Export	615.0	636.8	611.0	665.0	0.7	-7.5	
Emerging Branded Markets	397.0	396.2	351.0	409.0	13.1	-2.9	
Africa - Branded	146.0	167.0	159.0	168.0	-8.2	-13.1	YoY growth backed by new launches and higher field force
Africa - Tender	33.0	52.8	66.0	77.0	-50.0	-57.1	
Asia	251.0	229.2	191.0	240.0	31.4	4.6	YoY growth on low base of Q1FY22
US	185.0	187.9	194.0	179.0	-4.6	3.4	Ajanta's US price erosion increase has stopped QoQ in Q1FY23

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	3,768.0	3,785.9	0.5	4,168.2	4,181.0	0.3	Changed in accordance with guidance of mid-teen growth in branded
EBITDA	973.2	933.1	-4.1	1,162.0	1,151.3	-0.9	
EBITDA Margin (%)	25.8	24.6	-118 bps	27.9	27.5	-34 bps	Change in accordance with continued high input and freight
PAT	760.3	739.4	-2.8	908.9	910.1	0.1	
EPS (₹)	59.3	57.7	-2.8	70.9	71.0	0.1	

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ crore)	Current					Earlier		Comments
	FY20	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
Domestic	769.0	813.0	982.0	1,166.7	1,305.9	1,089.6	1,221.7	Guidance for mid-teen growth
Africa	594.0	673.0	793.0	856.8	933.3	862.9	947.8	Guidance for mid-teen growth in branded business
Asia	674.0	713.0	813.0	957.1	1,071.9	908.6	1,017.6	Guidance for mid-teen growth
US	515.0	637.0	696.0	760.3	830.3	754.2	829.6	FY23 likely to witness 4-5% growth amid diminishing price erosion

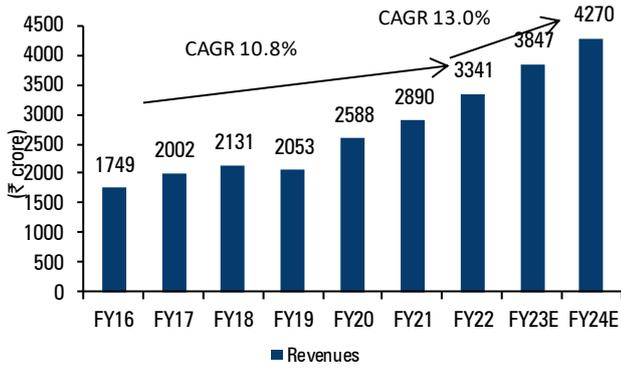
Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	2890	11.7	51.0	39.8	24.8	15.8	21.8	29.0
FY22	3341	15.6	55.6	9.0	22.7	17.1	21.8	27.0
FY23E	3847	15.1	55.9	0.6	22.6	17.4	18.8	23.5
FY24E	4270	11.0	68.3	22.1	18.5	13.7	19.5	24.4

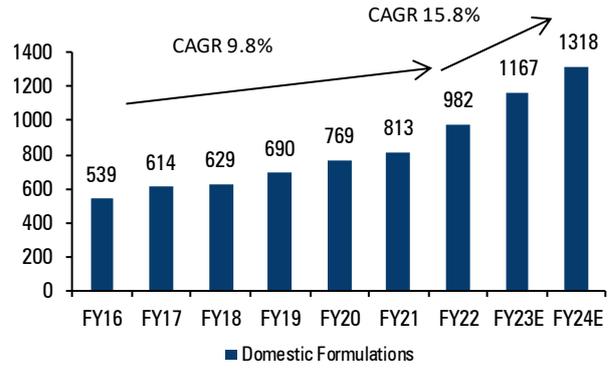
Source: ICICI Direct Research

Exhibit 5: Revenue to grow at 13% CAGR over FY22-24E



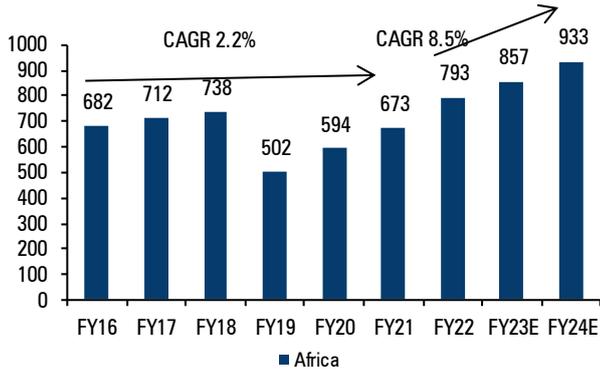
Source: ICICI Direct Research, Company

Exhibit 6: Domestic formulations (₹ crore)



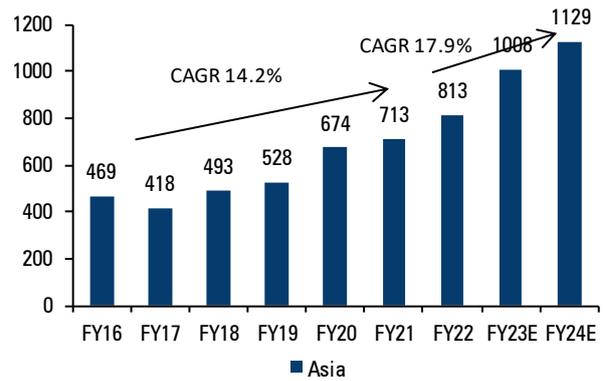
Source: ICICI Direct Research, Company

Exhibit 7: Africa formulations (₹ crore)



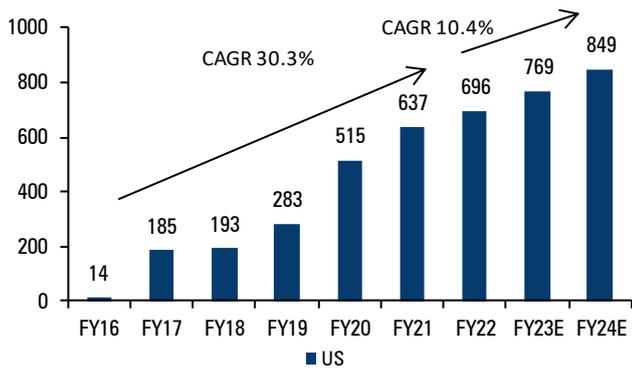
Source: ICICI Direct Research, Company

Exhibit 8: Asia formulations (₹ crore)



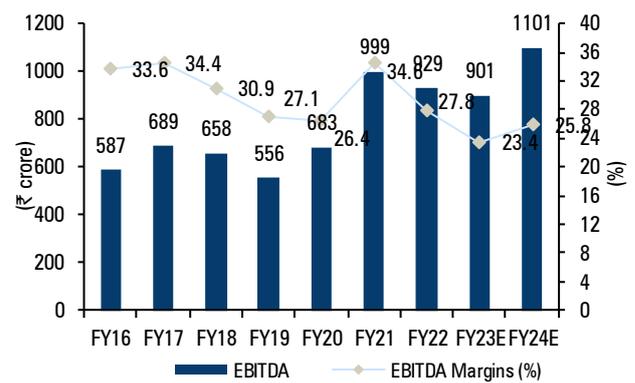
Source: ICICI Direct Research, Company

Exhibit 9: US revenues (₹ crore)



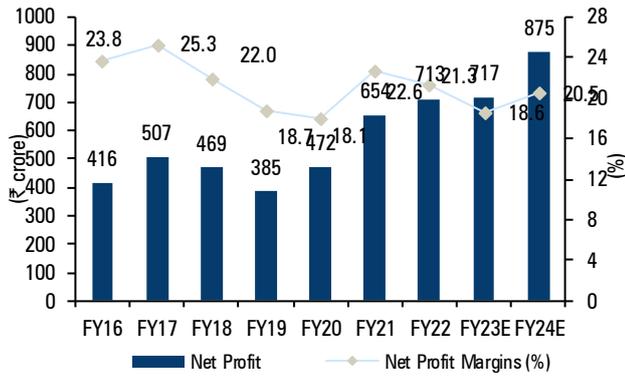
Source: ICICI Direct Research, Company

Exhibit 10: EBITDA & EBITDA margins trend



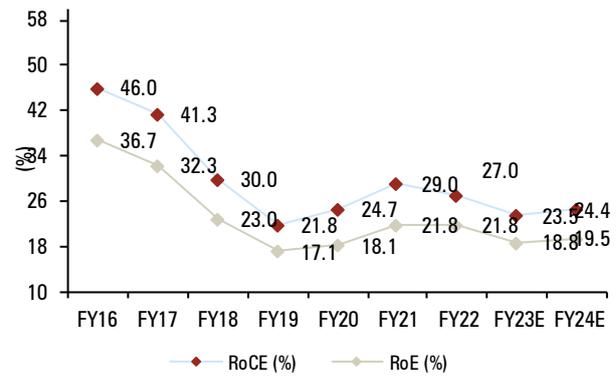
Source: ICICI Direct Research, Company

Exhibit 11: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 12: Return ratios



Source: ICICI Direct Research, Company

Exhibit 13: Trends in quarterly performance

(₹ crore)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	YoY (%)	QoQ (%)
Total Operating Income	642.8	651.2	682.0	668.2	715.9	748.7	756.8	748.0	884.8	837.9	870.3	950.9	938.1	6.0	-1.3
Raw Material Expenses	166.5	169.1	177.6	153.1	155.4	168.7	167.9	171.7	232.2	189.1	239.3	280.4	259.8	11.9	-7.4
% of Revenue	25.9	26.0	26.0	22.9	21.7	22.5	22.2	22.9	26.2	22.6	27.5	29.5	27.7	144 bps	-180 bps
Gross Profit	476.3	482.1	504.4	515.1	560.6	580.1	588.9	576.3	652.6	648.9	631.0	670.5	678.4	4.0	1.2
GPM (%)	74.1	74.0	74.0	77.1	78.3	77.5	77.8	77.1	73.8	77.4	72.5	70.5	72.3	-144 bps	180 bps
Employee Expenses	117.4	120.4	129.5	135.8	130.5	136.2	145.8	158.0	160.1	162.2	165.5	182.9	186.1	16.3	1.7
% of Revenue	18.3	18.5	19.0	20.3	18.2	18.2	19.3	21.1	18.1	19.4	19.0	19.2	19.8	175 bps	60 bps
Other Expenditure	181.2	175.8	223.5	156.1	155.8	202.2	183.8	198.1	229.7	247.1	258.8	265.8	295.9	28.8	11.3
% of Revenue	28.2	27.0	32.8	23.4	21.8	27.0	24.3	26.5	26.0	29.5	29.7	28.0	31.5	558 bps	359 bps
Total Expenditure	465.1	465.2	530.6	445.0	441.7	507.1	497.4	527.8	622.0	598.3	663.6	729.2	741.8	19.3	1.7
% of Revenue	72.4	71.4	77.8	66.6	61.7	67.7	65.7	70.6	70.3	71.4	76.3	76.7	79.1	877 bps	239 bps
EBITDA	177.6	186.0	151.3	223.2	274.3	241.7	259.4	220.2	262.8	239.6	206.7	221.8	196.3	-25.3	-11.5
EBITDA Margin (%)	27.6	28.6	22.2	33.4	38.3	32.3	34.3	29.4	29.7	28.6	23.7	23.3	20.9	-877 bps	-239 bps
Other Income	13.2	14.6	56.7	13.1	4.9	5.5	2.5	32.6	29.5	24.0	29.5	32.8	40.4	36.6	23.2
Interest	4.9	1.6	3.6	1.6	1.5	2.6	2.6	1.5	0.4	1.0	7.3	0.9	1.0	147.5	12.5
Depreciation	23.3	23.6	26.0	28.0	28.3	29.1	30.6	30.9	31.5	31.7	31.2	31.8	32.7	3.7	2.9
PBT	162.6	175.4	178.4	206.7	249.2	215.5	228.8	220.5	260.4	230.9	197.7	221.9	203.0	-22.0	-8.5
Total Tax	45.2	67.6	46.7	58.9	79.0	38.8	69.5	46.7	64.5	39.2	46.5	47.2	46.4	-28.0	-1.8
Tax rate (%)	27.8	38.5	26.2	28.5	31.7	18.0	30.4	21.2	24.8	17.0	23.5	21.3	22.9	-190 bps	156 bps
PAT	116.4	107.6	129.2	147.8	170.2	176.6	159.3	173.8	195.9	191.8	151.2	174.6	156.6	-20.1	-10.3
PAT Margin (%)	18.1	16.5	18.9	22.1	23.8	23.6	21.0	23.2	22.1	22.9	17.4	18.4	16.7	-545 bps	-167 bps

Source: ICICI Direct Research

Exhibit 14: 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	4355	5,080	Buy	62711	7.9	59.1	79.0	101.0	554.0	73.6	55.2	43.1	6.3	15.1	15.3	18.8	2.5	15.1	17.4	18.9
Narayana Hrudalaya	NARHRU	740	800	Buy	15097	-0.7	16.7	20.6	22.7	NA	44.2	36.0	32.6	1.2	20.5	19.6	19.7	-1.3	23.0	22.3	19.9
Shalby	SHALIM	143	150	Buy	1548	3.9	5.4	7.5	9.9	36.5	26.4	19.2	14.5	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	271	250	Buy	13573	3.0	10.5	10.8	16.7	91.8	25.8	25.2	16.3	5.4	9.0	9.4	12.5	4.4	13.3	12.0	15.6
Healthcare Global	HEAGLO	300	345	Buy	4169	-13.9	3.9	4.5	8.8	-13.9	77.6	65.9	34.0	-0.9	5.0	9.4	12.1	-0.9	5.0	6.8	11.6
MNC Pharma																					
Abbott India	ABBIND	19600	21,140	Hold	41160	325.0	375.9	427.7	528.6	60.3	52.1	45.8	37.1	33.8	36.6	37.1	37.3	26.5	28.3	28.9	28.8
P&G Health	MERLIM	4245	4,500	Hold	7216	106.5	116.0	124.8	140.6	39.9	36.6	34.0	30.2	32.2	39.8	36.0	33.8	25.1	31.2	28.1	26.2
Sanofi India	SANOFI	5595	6,885	Hold	12869	207.4	410.1	270.5	264.8	27.0	13.6	20.7	21.1	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4473	4,480	Hold	20575	108.8	133.9	140.4	149.3	41.1	33.4	31.8	30.0	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
Pharma																					
Ajanta Pharma	AJAPHA	1258	1,495	Buy	16096	51.0	55.6	60.1	71.1	24.6	22.6	20.9	17.7	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	654	590	Reduce	12891	62.8	27.8	15.3	26.9	10.4	23.6	42.8	24.3	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	552	615	Hold	32356	55.0	47.4	41.1	51.3	10.0	11.7	13.4	10.8	16.9	12.9	11.5	13.3	14.7	11.3	9.0	10.1
Biocon	BIOCON	276	320	Hold	33142	6.3	5.7	5.5	11.3	44.1	48.5	50.6	24.3	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	439	405	Hold	###	23.3	21.0	21.0	23.8	18.8	20.9	20.9	18.4	13.8	12.0	11.8	11.7	18.4	12.6	11.4	11.6
Cipla	CIPLA	1158	1,135	Buy	93422	29.9	32.9	38.6	45.8	38.8	35.2	30.0	25.3	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4526	4,750	Buy	75125	117.3	126.9	203.4	191.0	38.6	35.7	22.2	23.7	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	420	440	Hold	11847	32.9	42.7	39.5	44.9	12.8	9.8	10.6	9.4	13.9	14.8	14.7	14.4	13.1	13.2	11.0	11.2
Ipsca Laboratories	IPCLAB	909	985	Hold	23077	44.9	34.8	27.5	35.1	20.2	26.1	33.1	25.9	27.1	17.4	14.3	16.3	24.2	16.1	11.4	13.0
Jubilant Pharmova	JUBLIF	379	340	Hold	6026	37.4	26.0	15.9	26.1	10.1	14.6	23.9	14.5	13.7	9.0	6.1	8.6	12.6	7.8	4.6	7.0
Lupin	LUPIN	709	610	Reduce	32241	26.9	11.9	11.8	27.7	26.4	59.7	60.2	25.6	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	619	735	Hold	11328	24.2	9.3	41.6	42.3	25.6	66.5	14.9	14.6	13.1	4.6	18.1	16.9	10.7	4.0	15.5	13.9
Sun Pharma	SUNPHA	1034	1,125	Buy	248045	30.0	32.0	34.8	40.1	34.4	32.4	29.7	25.8	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1682	1,730	Buy	56860	37.0	32.0	40.0	46.7	45.5	52.5	42.0	36.0	17.6	19.7	19.1	21.4	21.4	18.2	19.8	19.7
Indoco Remedies	INDREM	360	525	Buy	3314	10.1	16.8	21.6	29.2	35.7	21.4	16.7	12.4	11.7	17.5	17.6	23.9	12.1	17.1	18.6	20.6
Caplin Point	CAPPOI	737	1,000	Buy	5600	81.7	85.3	70.4	73.0	9.0	8.6	10.5	10.1	25.3	23.7	22.6	0.0	20.4	20.2	18.7	17.5
Advanced Enzymes	ADVENZ	281	265	Reduce	3144	13.1	10.7	8.5	12.1	21.5	26.2	33.2	23.3	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	2018	2,015	Reduce	1816	44.4	45.7	35.9	51.8	45.5	44.1	56.3	39.0	16.2	10.9	9.3	11.8	16.5	15.0	10.8	14.0
API/CRAMS																					
Divi's Lab	DIVLAB	3738	4,315	Buy	99066	74.7	111.5	93.0	113.5	50.0	33.5	40.2	32.9	27.6	30.2	22.8	24.4	21.3	25.2	18.4	19.2
Hikal	HIKCHE	345	290	Hold	4245	10.8	13.0	3.8	14.4	32.0	26.5	90.1	23.9	15.1	13.6	5.6	13.8	14.3	15.0	4.3	14.2
Syngene Int.	SYNINT	628	710	Buy	25189	10.1	9.9	11.5	14.6	62.1	63.7	54.5	43.1	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	375	375	Buy	9310	22.2	16.6	21.9	26.8	16.9	22.6	17.1	14.0	24.0	15.6	18.6	20.5	25.3	16.0	17.6	17.9
Laurus Labs	LAULAB	464	675	Buy	24895	18.3	15.4	20.7	27.0	25.3	30.1	22.4	17.2	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceutical	SUVPH	425	530	Hold	10825	14.2	17.8	17.0	17.6	29.8	23.8	25.0	24.1	31.2	37.5	28.7	25.0	30.7	29.7	23.0	20.0

Source: ICICI Direct Research

Financial Summary

Exhibit 15: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Total Operating Income	2,889.7	3,341.0	3,846.9	4,269.9
Growth (%)	11.7	15.6	15.1	11.0
Raw Material Expenses	645.1	832.3	1,068.8	1,110.2
Gross Profit	2,244.6	2,508.7	2,778.1	3,159.7
Gross Profit Margins (%)	77.7	75.1	72.2	74.0
Employee Expenses	548.3	645.8	757.6	847.2
Other Expenditure	697.8	933.6	1,119.7	1,211.5
Total Operating Expenditure	1,891.1	2,411.7	2,946.0	3,168.9
EBITDA	998.6	929.3	900.9	1,101.0
Growth (%)	46.1	-6.9	-3.1	22.2
Interest	8.3	10.2	3.9	4.0
Depreciation	116.1	125.3	129.9	142.6
Other Income	26.0	115.7	157.3	174.6
PBT before Exceptional Ite	900.2	909.5	924.4	1,129.0
Less: Exceptional Items	0.0	0.0	0.0	0.0
PBT after Exceptional Items	900.2	909.5	924.4	1,129.0
Total Tax	246.3	196.8	207.8	253.8
PAT before MI	653.9	712.7	716.6	875.2
PAT	653.9	712.7	716.6	875.2
Growth (%)	39.8	9.0	0.6	22.1
EPS (Adjusted)	51.0	55.6	55.9	68.3

Source: Company, ICICI Direct Research

Exhibit 16: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit/(Loss) after taxation	669.8	670.4	716.6	875.2
Add: Depreciation & Amortization	116.1	125.3	129.9	142.6
Net Increase in Current Assets	-268.5	-245.0	-381.6	-170.9
Net Increase in Current Liabilities	59.7	44.6	99.4	22.8
Others	-0.8	-33.2	3.9	4.0
CF from Operating activities	576.3	562.1	568.1	873.7
(Purchase)/Sale of Fixed Assets	-158.9	-130.5	-150.0	-150.0
Investments	-123.5	56.4	0.0	0.0
Others	28.7	-25.7	0.8	0.8
CF from Investing activities	-253.7	-99.8	-149.2	-149.2
(inc)/Dec in Loan	-44.0	0.2	0.0	0.0
Dividend & Dividend tax	-82.9	-82.2	-173.0	-198.6
Other	-191.4	-378.1	-3.8	-4.0
CF from Financing activities	-318.3	-460.0	-176.8	-202.6
Net Cash Flow	4.4	2.2	242.1	522.0
Cash and Cash Equivalent	205.3	209.6	211.8	453.9
Cash	209.6	211.8	453.9	975.9
Free Cash Flow	417.4	431.6	418.1	723.7

Source: Company, ICICI Direct Research

Exhibit 17: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	17.4	17.2	25.7	25.7
Reserve and Surplus	2,978.2	3,247.2	3,782.3	4,458.9
Total Shareholders funds	2,995.6	3,264.4	3,808.0	4,484.6
Total Debt	1.7	1.9	1.9	1.9
Deferred Tax Liability	92.2	101.9	103.9	106.0
Long-Term Provisions	17.9	19.3	19.7	20.1
Other Non Current Liabilities	22.8	21.0	21.4	21.9
Source of Funds	3,130.2	3,408.5	3,955.0	4,634.5
Gross Block - Fixed Assets	2,140.8	2,217.8	2,367.8	2,517.8
Accumulated Depreciation	599.7	705.8	835.7	978.3
Net Block	1,541.1	1,512.0	1,532.1	1,539.5
Capital WIP	108.2	152.9	152.9	152.9
Fixed Assets	1,649.3	1,664.9	1,685.0	1,692.3
Investments	175.7	147.0	147.0	147.0
Other non-Current Assets	101.8	101.2	103.2	105.3
Inventory	766.5	791.1	1,015.9	1,055.2
Debtors	738.4	1,019.8	1,174.2	1,303.3
Other Current Assets	137.4	119.9	122.3	124.8
Cash	209.6	211.8	453.9	975.9
Total Current Assets	1,851.9	2,142.6	2,766.3	3,459.2
Creditors	373.9	327.2	420.1	436.4
Provisions	11.7	10.8	11.0	11.2
Other Current Liabilities	263.0	309.1	315.3	321.6
Total Current Liabilities	648.5	647.1	746.5	769.3
Net Current Assets	1,203.4	1,495.5	2,019.8	2,689.9
Application of Funds	3,130.2	3,408.5	3,955.0	4,634.5

Source: Company, ICICI Direct Research

Exhibit 18: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
Reported EPS	51.0	55.6	55.9	68.3
Cash EPS	47.4	55.9	52.6	63.9
BV per share	233.8	254.8	297.2	350.0
Cash per Share	16.4	16.5	35.4	76.2
Dividend per share	12.7	9.5	13.5	15.5
Operating Ratios (%)				
Gross Profit Margins	77.7	75.1	72.2	74.0
EBITDA margins	34.6	27.8	23.4	25.8
PAT Margins	22.6	21.3	18.6	20.5
Cash Conversion Cycle	315.4	314.9	314.9	314.9
Asset Turnover	1.3	1.5	1.6	1.7
EBITDA conversion Rate	57.7	60.5	63.1	79.4
Return Ratios (%)				
RoE	21.8	21.8	18.8	19.5
RoCE	29.0	27.0	23.5	24.4
RoIC	33.5	27.5	23.9	28.3
Valuation Ratios (x)				
P/E	24.8	22.7	22.6	18.5
EV / EBITDA	15.8	17.1	17.4	13.7
EV / Net Sales	5.5	4.8	4.1	3.5
Market Cap / Sales	5.6	4.9	4.2	3.8
Price to Book Value	5.4	5.0	4.3	3.6
Solvency Ratios				
Debt / EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	2.5	3.0	3.1	3.2
Quick Ratio	1.4	1.8	1.7	1.9

Source: Company, ICICI Direct Research

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