

Domestic business stable but exports volatile...

About the stock: Ipca is a fully integrated pharma company manufacturing over 350 formulations and 80 APIs with exports contributing 50% of revenues in FY21.

- Major therapeutic segments include pain management, cardiovascular and anti-diabetics, anti-infectives, anti-malarials, which together account for 75% of revenues
- Revenue break-up FY22 – Formulations:69% (domestic:43%, export:26% - export generic: 13%, export institutional:5%, export branded: 7%), API: 23% (export API: 17%, domestic API: 6%), subsidiaries: 7%

Q2FY23 Results: Numbers below estimates except domestic growth and GPM.

- Revenues increased 3.6% YoY to ₹ 1600 crore
- EBITDA de-grew 28.9% YoY to ₹ 260 crore while EBITDA margins declined 744 bps to 16.2%
- Consequent PAT was at ₹ 143 crore (down 53% YoY)

What should investors do? Ipca's share price has grown by ~1.9x over the past three years (from ~₹ 470 in August 2019 to ~₹ 928 levels in August 2022).

- We maintain **HOLD** rating due to challenges in exports generics and delay in traction from API exports besides impending margin pressure in the medium term and valuation constraints

Target Price and Valuation: Valued at ₹ 925 i.e. 26x P/E on FY24E EPS of ₹ 35.6.

Key triggers for future price performance:

- Incremental growth in other therapies (excluding malaria), especially non-communicable diseases like pain management, cardio-diabetology, etc. The overall portfolio is poised for steady growth due to launch of new divisions and additional MRs (1200) in FY23
- Sustained traction from branded and generics exports sales with a revival in the EU likely to mitigate the US void. Better offtake and market gains in export of Sartan APIs remains key, going forward
- Commissioning of Devas plant and additional capacities from Ratlam
- US traction will take longer due to USFDA import alerts for the Ratlam facility, which is the only API source for Silvassa and Pithampur formulations

Alternate Stock Idea: Apart from Ipca, in our healthcare coverage we like Ajanta.

- Ajanta Pharma is a focused player in branded, launching maximum number of first time launches with new drug delivery system (NDDS)
- BUY with target price of ₹ 1505

Key Financial Summary

Key Financials (₹ crore)	FY20	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Revenues	4648.7	5419.9	5829.8	12.7	6261.3	6957.0	9.2
EBITDA	903.7	1544.3	1309.2	24.1	1084.2	1449.2	5.2
EBITDA Margins (%)	19.4	28.5	22.5		17.3	20.8	
Net Profit	603.4	1139.9	884.1	35.4	634.9	924.4	2.3
EPS (₹)	23.8	44.9	34.8		25.0	36.4	
PE (x)	39.0	20.7	26.6		37.1	25.5	
EV to EBITDA (x)	26.1	14.9	17.6		20.8	15.1	
RoNW (%)	16.6	24.2	16.1		10.5	13.6	
RoCE (%)	17.6	27.1	17.4		13.5	16.8	

Source: Company, ICICI Direct Research



Particulars

Particular	Amount
Market Capitalisation	₹ 22072 crore
Debt (FY22)	₹ 807 crore
Cash (FY22)	₹ 641 crore
EV	₹ 22239 crore
52 week H/L (₹)	1384/831
Equity capital	₹ 25.4 crore
Face value	₹ 1

Shareholding pattern

(in %)	Dec-21	Mar-22	Jun-22	Sep-22
Promoter	46.3	46.3	46.3	46.3
Others	53.7	53.7	53.7	53.7

Price Chart



Recent Event & Key risks

- Acquisition of stake in Lyka Labs
- Key Risk:** (i) Slower margins recovery (ii) Better than expected traction in branded/generic exports

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Key takeaways of recent quarter & conference call highlights

Q2FY23 Results: Muted revenues, margins trending low

- Revenues grew 3.6% YoY to ₹ 1600 crore, mainly on the back of strong YoY growth of 9.7% in domestic formulations to ₹ 766 crore. Export formulations grew 15.2% YoY to ₹ 404 crore. In exports, branded business grew 33% YoY ₹ 127 crore, Generics business grew 4% YoY to ₹ 200 crore and institutional business grew 22% YoY to ₹ 77 crore. API sales declined 14.6% YoY to ₹ 307 crore. EBITDA de-grew 28.9% YoY to ₹ 260 crore while EBITDA margins declined 744 bps to 16.2%, mainly due to increase in other expenditure and employee expenses. PAT declined 42.8% YoY to ₹ 143 crore
- Ipca's numbers were a miss on our estimates as there was significant lumpiness in segments. GPM was in line as domestic formulations increased 9.7% YoY to ₹ 766 crore. API sales de-grew 14.6% YoY to ₹ 307 crore. Ipca remains a decent player with a judicious mix of strong domestic franchise and a spread out exports model with healthy balance sheet. Going ahead, with firm growth tempo in domestic formulations, good prospects both for API exports, formulation exports, we expect further improvement in financial parameters

Q2FY23 Earnings Conference Call highlights

- Domestic antimalarial de-growth was 19%; ex-antimalarial, growth was ~13%
- De-growth in API exports due to lower demand and decline in volumes in Latin America and Asia. The management has guided for 2% negative growth for FY23
- EBITDA margins below par due to 1) Higher energy and solvent costs and 2) higher marketing costs and field activities (added 1200 MRs)
- GPM down due to presence high cost inventory (follows FIFO)
- India formulation GPM trajectory, 67-68%
- The management expects to see full benefit of 1200 MR addition in two years
- Growth guidance for domestic formulations (12-13%) maintained for FY23
- UK market to see good growth in H2
- CIS region expected to do better, 15% growth expected
- Devas API facility validation in one year- 10 product launches planned

Exhibit 1: Variance Analysis

	Q2FY23	2FY23E	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	Comments
Revenue	1,600.1	1,682.0	1,544.4	3.6	1,585.7	0.9	Revenues increased 3.6% YoY to ₹ 1600 crore
Raw Material Expenses	574.8	605.5	544.4	5.6	578.7	-0.7	
Gross margins (%)	64.1	64.0	64.8	-67 bps	63.5	58 bps	
Employee Expenses	319.2	336.4	296.4	7.7	322.7	-1.1	
Other Expense	446.4	428.9	338.1	32.0	415.1	7.5	
Operating Profit (EBITDA)	259.8	311.2	365.6	-28.9	269.2	-3.5	
EBITDA (%)	16.2	18.5	23.7	-744 bps	17.0	-74 bps	EBITDA de-grew 28.9% YoY to ₹ 260 crore while EBITDA margins declined 744 bps to 16.2%, mainly due to increase in other expenditure and employee expenses
Interest	9.3	7.6	1.1	778.3	6.9	34.1	
Depreciation	63.7	61.7	57.0	11.9	61.7	3.3	
Other Income	36.2	19.2	18.1	100.4	22.1	63.9	
PBT	223.0	261.1	325.6	-31.5	222.7	0.1	
Tax	77.0	67.9	67.9	13.4	74.3	3.7	
Tax Rate (%)	34.5	26.0	20.9	1368 bps	33.3	119 bps	
Reported PAT	143.1	187.8	250.2	-42.8	143.1	0.0	PAT declined 42.8% YoY to ₹ 143 crore
EPS (₹)	5.6	7.4	9.9	-42.8	5.6	0.0	
Key Metrics							
Domestic formulations	765.7	782.0	698.2	9.7	684.8	11.8	YoY growth on high base of anti-materials in Q1FY22
Export - Generic	200.0	202.1	192.5	3.9	211.9	-5.6	Slow pick-up amid distribution challenges in UK
Export - Institutional	77.0	63.0	63.0	22.3	97.0	-20.6	
Export - Branded	127.3	109.8	95.5	33.3	92.9	37.1	Slow pick-up in Russia and Sri Lanka amid challenging environment
API	307.2	374.3	359.7	-14.6	375.1	-18.1	YoY decline mainly due to Sartans impurity issue
Export Formulations	404.4	374.9	351.0	15.2	401.8	0.6	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY23E			FY24E			Comments
	Old	New	Change	Old	New	Change	
Revenue	6,361.9	6,261.3	-1.6	7,079.4	6,957.0	-1.7	Changed mainly due to lower-than-expected exports in Q1FY23
EBITDA	1,168.1	1,084.2	-7.2	1,473.1	1,449.2	-1.6	
EBITDA Margin (%)	18.4	17.3	-105 bps	20.8	20.8	2 bps	Changed mainly due to margin pressure in short to medium term and guidance for ~ 21% margins
PAT	679.5	634.9	-6.6	899.6	924.4	2.8	Changed tax rate as per guidance
EPS (₹)	26.8	25.0	-6.6	35.5	36.4	2.8	

Source: ICICI Direct Research

Exhibit 3: Assumptions

	Current				Earlier			Comments
	FY20	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
Domestic formulatio	1,912.6	1,981.7	2,508.3	2,754.4	3,084.9	2,804.1	3,140.6	
Export formulations	1,221.6	1,597.2	1,486.7	1,561.8	1,690.4	1,578.6	1,724.0	Changed due to lower guidance by management
API	1,173.1	1,506.3	1,341.4	1,362.7	1,506.0	1,476.1	1,623.7	Changed due to lower guidance by management

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	5420	16.6	44.9	88.9	19.4	14.0	24.2	27.1
FY22	5830	7.6	34.8	-22.4	25.0	16.4	16.1	17.4
FY23E	6180	6.0	24.1	-30.8	36.1	20.0	10.2	13.1
FY24E	6825	10.4	35.6	47.4	24.5	14.4	13.3	16.5

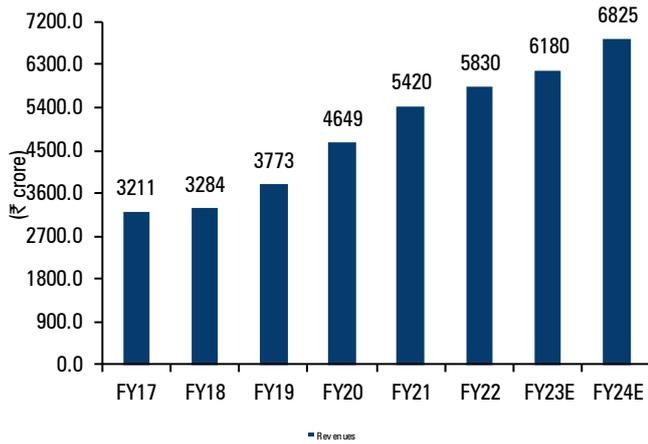
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

₹ Crore	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	YoY (%)	QoQ (%)
Net Sales	1283.9	1212.9	1073.8	1534.4	1361.1	1409.8	1114.6	1565.8	1544.4	1430.5	1289.1	1585.7	1636.3	1.3	23.0
Revenues	1283.9	1212.9	1073.8	1534.4	1361.1	1409.8	1114.6	1565.8	1544.4	1430.5	1289.1	1585.7	1636.3	1.3	23.0
Raw Material Expenses	449.7	423.8	364.6	431.6	442.7	515.4	338.6	545.7	544.4	498.6	426.2	578.7	574.8	6.1	35.8
% of Revenue	35.0	34.9	34.0	28.1	32.5	36.6	30.4	34.9	35.2	34.9	33.1	36.5	35.1	164bps	343bps
Gross Profit	834.2	789.1	709.2	1102.8	918.4	894.4	776.0	1020.1	1000.0	931.9	862.9	1007.0	1061.6	-1.3	16.7
GPM (%)	65.0	65.1	66.0	71.9	67.5	63.4	69.6	65.1	64.8	65.1	66.9	63.5	64.9	-164bps	-343bps
Employee Expenses	232.0	231.3	242.2	256.3	254.5	245.1	257.6	299.6	296.4	283.7	297.7	322.7	319.2	7.7	8.4
% of Revenue	18.1	19.1	22.6	16.7	18.7	17.4	23.1	19.1	19.2	19.8	23.1	20.4	19.5	122bps	-275bps
Other expense	337.6	284.1	298.5	258.1	303.7	282.4	289.5	304.0	338.1	340.4	345.8	415.1	446.4	36.6	20.0
% of Revenue	26.3	23.4	27.8	16.8	22.3	20.0	26.0	19.4	21.9	23.8	26.8	26.2	27.3	676bps	-65bps
Total Expenditure	1019.4	939.2	905.3	946.1	1000.9	1042.9	885.8	1149.3	1178.9	1122.7	1069.8	1316.5	1340.3	14.6	23.1
% of Revenue	79.4	77.4	84.3	61.7	73.5	74.0	79.5	73.4	76.3	78.5	83.0	83.0	81.9	962bps	3bps
EBIDTA	264.5	273.7	168.5	588.3	360.2	366.9	228.8	416.5	365.6	307.8	219.3	269.2	296.0	-35.4	22.8
EBIDTA Margin (%)	20.6	22.6	15.7	38.3	26.5	26.0	20.5	26.6	23.7	21.5	17.0	17.0	18.1	-962bps	-3bps
Depreciation	49.6	50.8	63.9	51.0	52.1	53.5	52.5	55.9	57.0	58.7	60.9	61.7	63.7	10.5	1.3
Interest	4.2	4.0	3.7	2.7	2.3	2.3	1.7	1.8	1.1	1.4	3.4	6.9	9.3	281.3	105.3
Other Income	14.8	18.1	13.7	12.1	15.5	15.4	19.9	21.0	18.1	12.9	14.5	22.1	36.2	5.2	52.1
PBT	225.4	237.0	114.6	546.6	321.2	326.5	194.5	379.9	325.6	260.7	169.5	222.7	259.2	-41.4	31.4
Tax	31.9	36.9	29.2	99.9	52.6	56.7	30.9	70.8	67.9	57.3	28.8	74.3	77.0	4.9	158.2
Tax Rate (%)	14.1	15.6	25.5	18.3	16.4	17.4	15.9	18.6	20.9	22.0	17.0	33.3	29.7	1472bps	1638bps
PAT	193.1	197.6	86.0	446.2	267.1	265.5	161.2	306.7	250.2	197.0	130.2	143.1	143.1	-53.3	9.9
PAT Margin (%)	15.0	16.3	8.0	29.1	19.6	18.8	14.5	19.6	16.2	13.8	10.1	9.0	8.7	-1056bps	-108bps
EPS (₹)	7.6	7.8	3.4	17.6	10.5	10.5	6.4	12.1	9.9	7.8	5.1	5.6	5.6	-53.3	9.9

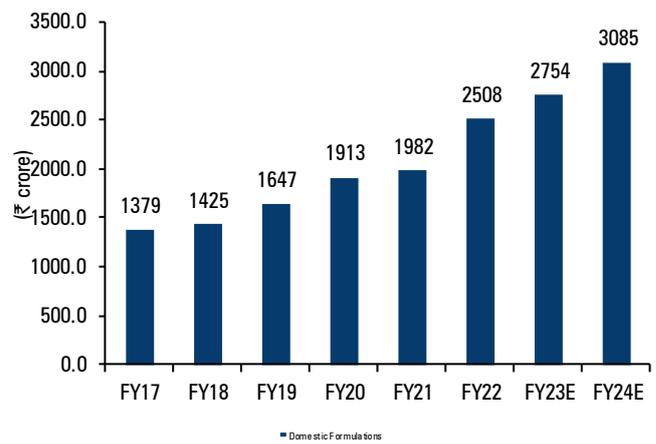
Source: ICICI Direct Research

Exhibit 6: Revenues to grow at 8.2% CAGR in FY22-24E



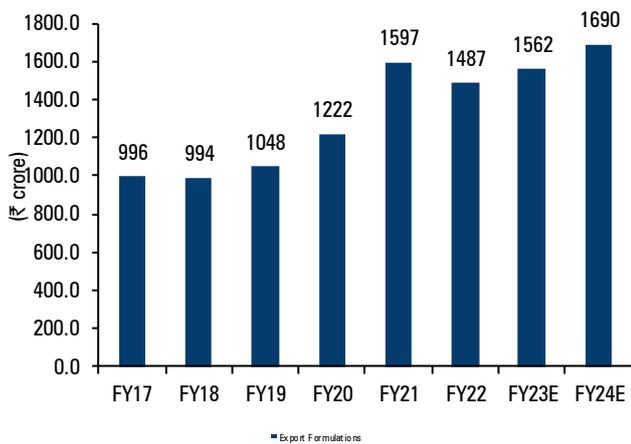
Source: ICICI Direct Research, Company

Exhibit 7: India to grow at 10.9% CAGR over FY22-24E



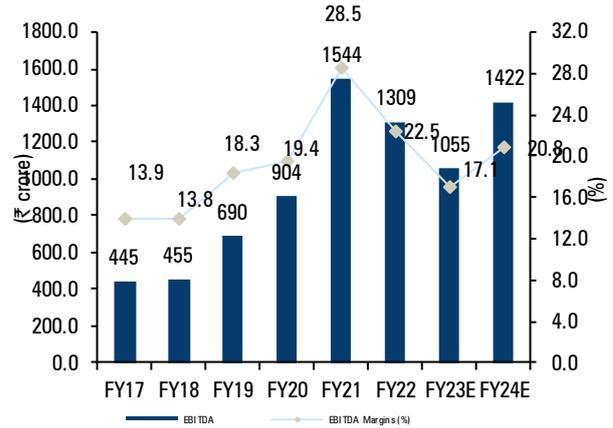
Source: ICICI Direct Research, Company

Exhibit 8: Export to grow at 6.6% CAGR over FY22-24E



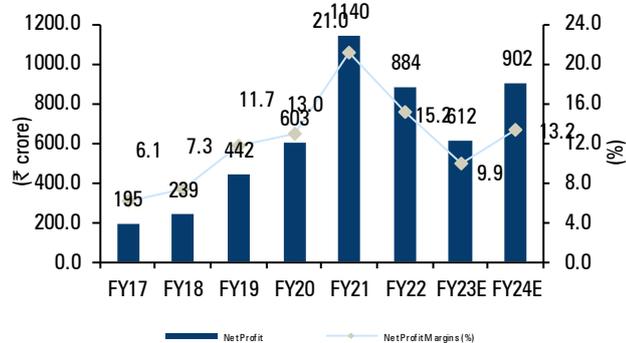
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



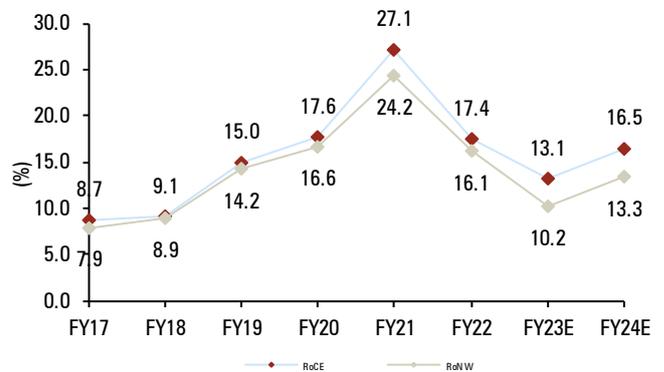
Source: ICICI Direct Research, Company

Exhibit 10: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 11: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 12: ICICI Direct Healthcare coverage Universe

Company	I-Direct	CMP	TP	Rating	M Cap	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
	Code	(₹)	(₹)		(₹ cr)	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Hospitals																					
Apollo Hospitals	APOHOS	4557	5,230	Buy	65616	7.9	59.1	79.0	101.0	579.7	77.0	57.7	45.1	6.3	15.1	15.3	18.8	2.5	15.1	17.4	18.9
Narayana Hrudalaya	NARHRU	761	855	Buy	15530	-0.7	16.7	20.6	22.7	NA	45.5	37.0	33.6	1.2	20.5	19.6	19.7	-1.3	23.0	22.3	19.9
Shalby	SHALIM	145	150	Buy	1566	3.9	5.4	7.5	9.9	36.9	26.7	19.4	14.7	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	233	250	Buy	11673	3.0	10.5	10.8	16.7	78.9	22.2	21.7	14.0	5.4	9.0	9.4	12.5	4.4	13.3	12.0	15.6
Healthcare Global	HEAGLO	295	380	Buy	4103	-13.9	3.9	4.5	8.8	-13.9	76.4	64.9	33.4	-0.9	5.0	9.4	12.1	-0.9	5.0	6.8	11.6
MNC Pharma																					
Abbott India	ABBIND	19939	21,140	Hold	41873	325.0	375.9	427.7	528.6	61.3	53.0	46.6	37.7	33.8	36.6	37.1	37.3	26.5	28.3	28.9	28.8
P&G Health	MERLIM	4358	4,500	Hold	7409	106.5	116.0	124.8	140.6	40.9	37.6	34.9	31.0	32.2	39.8	36.0	33.8	25.1	31.2	28.1	26.2
Sanofi India	SANOFI	5570	6,385	Hold	12811	207.4	410.1	270.5	264.8	26.9	13.6	20.6	21.0	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4482	4,480	Hold	20616	108.8	133.9	140.4	149.3	41.2	33.5	31.9	30.0	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
Pharma																					
Ajanta Pharma	AJAPHA	1256	1,505	Buy	16077	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	640	625	Reduce	12608	62.8	27.8	15.3	26.9	10.2	23.1	41.9	23.8	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	487	540	Hold	28565	55.0	47.4	41.1	51.3	8.9	10.3	11.9	9.5	16.9	12.9	11.5	13.3	14.7	11.3	9.0	10.1
Biocon	BIOCON	286	320	Hold	34349	6.3	5.7	5.5	11.3	45.7	50.2	52.5	25.2	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	424	405	Hold	45043	23.3	21.0	21.0	23.8	18.2	20.2	20.2	17.8	13.8	12.0	11.8	11.7	18.4	12.6	11.4	11.6
Cipla	CIPLA	1127	1,350	Buy	90921	29.9	32.9	38.6	45.8	37.7	34.2	29.2	24.6	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4364	4,750	Buy	72437	117.3	126.9	203.4	191.0	37.2	34.4	21.4	22.8	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	430	440	Hold	12118	32.9	42.7	39.5	44.9	13.1	10.1	10.9	9.6	13.9	14.8	14.7	14.4	13.1	13.2	11.0	11.2
Ipca Laboratories	IPCLAB	869	925	Hold	22078	44.9	34.8	27.5	35.1	19.3	24.9	31.7	24.7	27.1	17.4	14.3	16.3	24.2	16.1	11.4	13.0
Jubilant Pharmova	JUBLIF	386	340	Hold	6137	37.4	26.0	15.9	26.1	10.3	14.9	24.3	14.8	13.7	9.0	6.1	8.6	12.6	7.8	4.6	7.0
Lupin	LUPIN	760	680	Reduce	34557	26.9	11.9	11.8	27.7	28.3	64.0	64.6	27.4	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	573	735	Hold	10493	24.2	9.3	41.6	42.3	23.7	61.6	13.8	13.6	13.1	4.6	18.1	16.9	10.7	4.0	15.5	13.9
Sun Pharma	SUNPHA	1018	1,225	Buy	244206	30.0	32.0	34.8	40.1	33.9	31.9	29.2	25.4	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1650	1,730	Hold	55770	37.0	32.0	40.0	46.7	44.6	51.5	41.2	35.3	17.6	19.7	19.1	21.4	21.4	18.2	19.8	19.7
Indoco Remedies	INDREM	351	465	Buy	3229	10.1	16.8	21.6	29.2	34.8	20.9	16.2	12.0	11.7	17.5	17.6	23.9	12.1	17.1	18.6	20.6
Caplin Point	CAPPOI	775	955	Buy	5892	81.7	85.3	70.4	73.0	9.5	9.1	11.0	10.6	25.3	23.7	22.6	0.0	20.4	20.2	18.7	17.5
Advanced Enzymes	ADVENZ	280	265	Reduce	3133	13.1	10.7	8.5	12.1	21.4	26.2	33.0	23.2	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	2000	2,070	HOLD	1766	44.4	45.7	35.9	51.8	44.2	42.9	54.7	37.9	16.2	10.9	9.3	11.8	16.5	15.0	10.8	14.0
API/CRAMS																					
Divi's Lab	DIVLAB	3273	3,685	HOLD	86735	74.7	111.5	93.0	113.5	43.8	29.3	35.2	28.8	27.6	30.2	22.8	24.4	21.3	25.2	18.4	19.2
Hikal	HIKCHE	328	330	Reduce	4028	10.8	13.0	3.8	14.4	30.3	25.2	85.5	22.7	15.1	13.6	5.6	13.8	14.3	15.0	4.3	14.2
Syngene Int.	SYNINT	622	710	Buy	24938	10.1	9.9	11.5	14.6	61.4	63.1	53.9	42.7	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	369	375	Buy	9143	22.2	16.6	21.9	26.8	16.6	22.2	16.8	13.8	24.0	15.6	18.6	20.5	25.3	16.0	17.6	17.9
Laurus Labs	LAULAB	468	675	Buy	25153	18.3	15.4	20.7	27.0	25.6	30.4	22.6	17.4	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceutical	SUVPH	431	530	BUY	10992	14.2	17.8	17.0	17.6	30.3	24.2	25.4	24.4	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	5,419.9	5,829.8	6,180.5	6,824.5
Growth (%)	16.6	7.6	6.0	10.4
Raw Material Expenses	1,728.3	2,014.9	2,209.3	2,320.3
Employee Expenses	1,013.6	1,177.4	1,262.0	1,393.5
Other Expense	1,133.8	1,328.3	1,654.4	1,689.1
Total Operating Expenditure	3,875.6	4,520.6	5,125.6	5,402.9
EBITDA	1,544.3	1,309.2	1,054.9	1,421.6
Growth (%)	70.9	-15.2	-19.4	34.8
Interest	9.0	7.7	34.9	34.9
Depreciation	209.2	232.4	252.9	265.8
Other Income	62.8	66.6	126.1	139.3
PBT after EO/Forex	1,388.9	1,135.7	893.2	1,260.2
Total Tax	240.1	224.8	267.6	346.6
MI & Profit from associates	-6.6	-15.5	1.7	4.0
PAT	1,139.9	884.1	611.9	902.2
Growth (%)	88.9	-22.4	-30.8	47.4
Adjusted PAT	1,139.9	884.1	611.9	902.2
EPS	44.9	34.8	24.1	35.6
EPS (Adjusted)	44.9	34.8	24.1	35.6

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit after Tax	1,135.7	933.7	611.9	902.2
Add: Depreciation	209.2	232.4	252.9	265.8
(Inc)/dec in Current Assets	-198.9	-328.0	-257.0	-227.7
Inc/(dec) in CL and Provisions	-37.5	55.2	89.3	68.8
Others	-18.4	-37.3	34.9	34.9
CF from operating activities	1,090.1	856.0	732.0	1,044.1
(Inc)/dec in Fixed Assets	-359.0	-476.1	-200.0	-200.0
(Inc)/dec in Investments	-81.1	-235.8	0.0	0.0
Others	-160.1	-295.4	8.4	9.2
CF from investing activities	-600.2	-1,007.3	-191.6	-190.8
Issue/(Buy back) of Equity	35.8	0.0	0.0	0.0
Inc/(dec) in loan funds	-231.7	533.2	-50.0	0.0
Dividend paid & dividend tax	-101.5	-101.5	-91.8	-135.3
Other	223.3	-538.1	15.1	-34.9
CF from financing activities	-305.8	426.8	-176.7	-170.2
Net Cash flow	184.2	275.6	363.8	683.1
Opening Cash	180.9	365.1	640.7	1,004.4
Closing Cash	365.1	640.7	1,004.4	1,687.5
Free Cash Flow	731.2	379.9	532.0	844.1

Source: Company, ICICI Direct Research

Exhibit 15: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	25.4	25.4	25.4	25.4
Reserve and Surplus	4,676.3	5,466.6	5,986.7	6,753.6
Total Shareholders funds	4,701.7	5,492.0	6,012.1	6,779.0
Total Debt	265.4	807.2	757.2	757.2
Deferred Tax Liability	133.6	152.6	163.3	174.7
Minority Interest	14.53	76.9	84.6	93.1
LTP & Other LTL	40.7	44.8	48.0	51.3
Total Liabilities	5,155.8	6,573.5	7,065.2	7,855.3
Gross Block - Fixed Assets	3,149.7	3,719.6	3,919.6	4,119.6
Accumulated Depreciation	1,123.9	1,356.3	1,609.2	1,875.0
Net Block	2,025.8	2,363.4	2,310.4	2,244.6
Capital WIP	234.8	306.4	306.4	306.4
Total Fixed Assets	2,260.7	2,669.8	2,616.9	2,551.0
Goodwill on Consolidation	46.6	54.2	54.2	54.2
Investments	505.3	989.2	989.2	989.2
LT L&A, Non Current Assets	212.7	187.9	201.0	215.0
Inventory	1,594.8	1,858.0	2,037.2	2,139.6
Debtors	811.8	910.8	965.6	1,066.2
Loans and Advances	2.5	10.3	11.1	11.8
Other Current Assets	269.0	318.1	340.4	364.2
Cash	365.1	640.7	1,004.4	1,687.5
Total Current Assets	3,043.1	3,737.9	4,358.6	5,269.4
Creditors	666.2	557.7	611.5	642.2
Provisions	103.1	101.5	108.6	116.2
Other current liabilities	143.2	406.1	434.5	465.0
Total Current Liabilities	912.5	1,065.3	1,154.7	1,223.4
Net Current Assets	2,130.6	2,672.5	3,204.0	4,045.9
Application of Funds	5,155.8	6,573.5	7,065.2	7,855.3

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
Adjusted EPS	44.9	34.8	24.1	35.6
BV per share	185.3	216.5	237.0	267.2
Dividend per share	5.0	5.4	5.8	6.5
Operating Ratios (%)				
Gross Profit Margins	68.1	65.4	64.3	66.0
EBITDA Margins	28.5	22.5	17.1	20.8
PAT Margins	21.0	15.2	9.9	13.2
Inventory days	336.8	336.6	336.6	336.6
Debtor days	54.7	57.0	57.0	57.0
Creditor days	140.7	101.0	101.0	101.0
Asset Turnover	1.7	1.6	1.6	1.7
EBITDA conversion Rate	70.6	65.4	69.4	73.4
Return Ratios (%)				
RoE	24.2	16.1	10.2	13.3
RoCE	27.1	17.4	13.1	16.5
RoIC	34.2	23.1	16.8	23.7
Valuation Ratios (x)				
P/E	19.4	25.0	36.1	24.5
EV / EBITDA	14.0	16.4	20.0	14.4
EV / Net Sales	4.0	3.7	3.4	3.0
Market Cap / Sales	4.1	3.8	3.6	3.2
Price to Book Value	4.7	4.0	3.7	3.3
Solvency Ratios				
Debt / EBITDA	0.2	0.6	0.7	0.5
Debt / Equity	0.1	0.1	0.1	0.1
Current Ratio	2.9	2.9	2.9	2.9

Source: Company, ICICI Direct Research

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