

CMP: ₹ 293

Target: ₹ 265 (-10%)

Target Period: 12 months

August 8, 2022

Headwinds continue to hamper growth, margins...

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 nine manufacturing and seven R&D facilities, which consist of three integrated fermentations, recovery & formulation facilities, one extraction and recovery facility and one satellite blending, mixing & formulation facility

Q1FY23 Results: Margin pressure and elongated recovery at the clients' end continue to weigh.

- Revenues were down 12% YoY to ₹ 121 crore
- EBITDA was at ₹ 31 crore, down 51% YoY with margins at 25.5%
- PAT was at ₹ 18 crore (down 53% YoY)

What should investors do? AET's share price has grown by ~1.9x over the past three years (from ~₹ 151 in August 2019 to ~₹ 293 levels in August 2022).

- Downgrade from HOLD to **REDUCE** as we wait for 1) normalcy to return in core businesses of human nutrition and 2) improvement in margin profile

Target Price and Valuation: We value AET at ₹ 265 i.e. 22x FY24E EPS of ₹ 12.1.

Key triggers for future price performance:

- Easing of input cost inflation, logistical challenges and demand for enzymes and probiotics in key geographies
- Introducing more products in domestic and international markets along with expansion of sales and marketing team in US, MENA and Asian market
- 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
- 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 ₹ 675

REDUCE



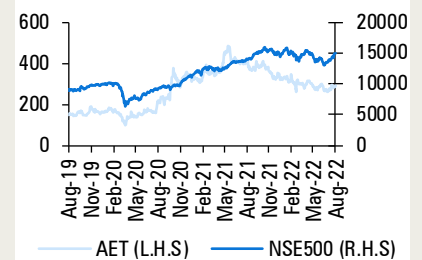
Particulars

Particular	Amount
Market Capitalisation	₹ 3278 crore
Debt (FY22)	₹ 29 crore
Cash (FY22)	₹ 274 crore
EV	₹ 3033 crore
52 week H/L	430/257
Equity capital	₹ 22 crore
Face value	₹ 2 crore

Shareholding pattern

(in %)	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	52.6	52.7	52.7	52.7
Others	47.5	47.3	47.3	47.3

Price Chart



Recent Event & Key risks

- Exclusive distribution agreement with Azelis Singapore for distribution of food enzymes and probiotics
- Key Risk:** (i) Higher reliance on large customers (ii) Better than expected improvement in demand

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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)
Net Sales	444.0	501.8	529.4	9.8	520.8	579.9	4.7
EBITDA	202.3	231.5	201.4	6.0	162.1	216.6	3.7
EBITDA margins (%)	45.6	46.1	38.0		31.1	37.4	
Adj. Profit	129.3	146.2	119.6	5.7	94.7	134.7	6.2
Adj. EPS (₹)	11.6	13.1	10.7		8.5	12.1	
PE (x)	25.4	22.4	27.4		34.6	24.3	
RoE (%)	15.4	15.1	11.0		8.1	10.4	
RoCE (%)	19.6	19.4	14.3		10.2	13.2	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q1FY23 Results: Revenues, margins weak

- Revenues declined 12% YoY to ₹ 121 crore on the back of 9% YoY de-growth in human nutrition segment to ₹ 81 crore being partially offset by growth of 11% YoY in animal nutrition to ₹ 16 crore. Bio processing segment de-grew 10% YoY to ₹ 18 crore while specialised manufacturing sales was at ₹ 6 crore this quarter. EBITDA margins contracted 2026 bps YoY to 25.5%, mainly due to higher input cost and other expenditure. Subsequently, EBITDA de-grew 51% YoY to ₹ 31 crore while net profit fell 53% YoY to ₹ 18 crore
- Advanced Enzyme reported a below par performance this quarter with margins significantly below I-direct estimates. AET has witnessed logistics crunch, soaring input costs and supply chain concerns across geographies in the last few quarters affecting overall business in the enzymes and probiotics space. However, historically, strong margins and healthy return ratios is testament to the pricing power and balance sheet strength of the company. Going ahead, the business environment is likely to improve from H2FY23. The management intends to augment its R&D capability for better facilitation and strengthening of in-house R&D capability, in its quest to improve scalability and a possible foray into more complex enzymes and launch more products in target market of probiotics

Q1FY23 Earnings Conference Call highlights

- The company witnessed continued challenges on logistics and input cost
- Raw material inflation along with higher logistic cost is likely to ease from Q3FY23. EBITDA margins declined due to higher raw material cost and higher other expenses comprising higher consulting/legal charges, promotional activities, fuel cost and expense due to annual increments
- Revenues from Evoxx this quarter was at ₹ 6.9 crore, EBITDA was at ₹ 1.8 crore, profit of ₹ 0.8 crore. Revenues from JC Biotech were ₹ 14.6 crore while EBITDA was at ₹ 1.9 crore and PAT at ₹ 0.7 crore. Revenues from Scitech was ₹ 6.6 crore and loss of ₹ 1.4 crore
- AET's largest selling product, anti-inflammatory enzyme sales in Q1FY23 was at ₹ 27.9 crore
- Top 10 customers of AET contributed 28% in Q1FY23
- B2C segment contributed US\$1 million in Q1FY23
- R&D expense at ₹ 7 crore (5.1% of topline) in Q1FY23. R&D will be ramped up gradually and be around 5-7% of sales
- The management has indicated that promotional expenses will continue to go up as market opens up in quarters ahead. The management has indicated at reaching FY22 margins by Q4FY23

Exhibit 1: Variance Analysis

	Q1FY23	1FY23E	Q1FY22	Q4FY22	YoY (%)	QoQ (%)	Comments
Revenue	121.1	132.0	137.0	131.7	-11.6	-8.1	YoY decline amid de-growth in human HC, industrial processing and SSPL being partially offset by growth in animal HC
Raw Material Expenses	27.2	31.7	22.4	31.6	21.1	-14.1	
Employee Expenses	28.1	25.7	26.9	25.9	4.3	8.4	
Other Expenditure	34.9	33.0	24.9	33.8	40.3	3.2	
EBITDA	30.9	41.5	62.8	40.3	-50.7	-23.3	
EBITDA (%)	25.5	31.5	45.8	30.6	-2026 bps	-508 bps	YoY decline mainly due to higher input and freight cost along with higher employee and other expenditure
Interest	0.6	0.5	0.5	0.7	28.1	-14.6	
Depreciation	8.6	9.4	8.5	9.1	1.9	-4.8	
Other Income	2.0	1.3	0.9	3.4	113.7	-41.0	
PBT before EO & Forex	23.7	33.0	54.7	33.9	-56.7	-30.2	
Forex & EO	0.0	0.0	0.0	0.0			
PBT	23.7	33.0	54.7	33.9	-56.7	-30.2	
Tax	6.1	9.1	15.0	8.7	-59.3	-29.6	
PAT before MI	17.6	23.9	39.7	25.3	-55.7	-30.4	
MI	-0.3	0.8	1.8	0.8	-116.7	-135.4	
Net Profit	17.9	23.0	38.0	24.4	-52.9	-26.8	
Key Metrics							
Human HC	80.7	86.5	89.2	86.5	-9.5	-6.7	YoY decline due to Probiotics and bio-catalysis division
Animal HC	15.6	14.7	14.1	15.2	10.6	2.6	
Industrial Processing	18.3	19.0	20.3	18.8	-9.9	-2.7	Food business de-grew 14% YoY to ₹ 14.7 crore, non food categories grew 13% YoY to ₹ 3.7 crore
Specialised Manu. (SSPL)	6.5	11.8	13.4	11.3	-51.5	-42.5	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	567.8	520.8	-8.3	637.5	579.9	-9.0	Declined mainly due to management guidance for continued challenging environment and lower-than-expected sales in Q1
EBITDA	197.3	162.1	-17.8	244.3	216.6	-11.4	Changed mainly due to rise in input cost and operational expenditure
EBITDA Margin (%)	34.8	31.1	-362 bps	38.3	37.4	-97 bps	
PAT	114.2	94.7	-17.1	147.1	134.7	-8.4	Changed mainly in sync with EBITDA
EPS (₹)	10.2	8.5	-17.1	13.2	12.1	-8.4	

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ crore)	Current				Earlier				Comments
	FY20	FY21	FY22	FY23E	FY24E	FY23E	FY24E		
Human HC	322.5	376.7	359.5	339.7	373.7	371.6	416.2	Declined mainly due to management guidance for challenging environment and lower-than-expected sales in Q1	
Animal HC	53.6	47.6	56.1	63.0	70.6	64.5	72.2		
Industrial Processi	64.2	69.8	66.9	75.5	84.6	79.1	88.6		
Specialised Manu. (SSPL)			46.9	42.6	51.0	52.5	60.4		

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	22.4	12.9	15.1	19.4
FY22	529	5.5	10.7	-18.2	27.4	14.6	11.0	14.3
FY23E	521	-1.6	8.5	-20.8	34.6	17.5	8.1	10.2
FY24E	580	11.3	12.1	42.3	24.3	12.5	10.4	13.2

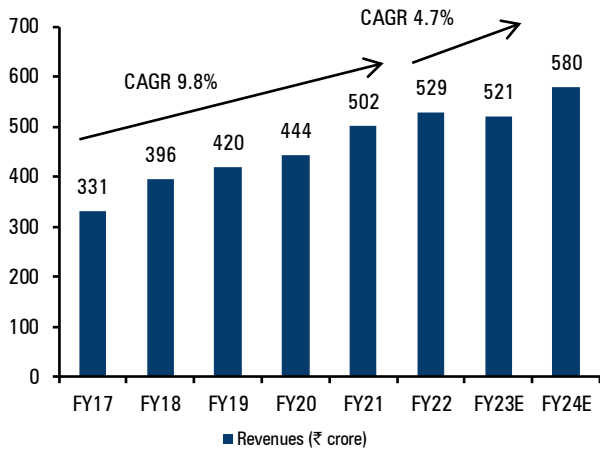
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

₹ Crore	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ (%)
Revenues	110.3	111.4	111.9	110.3	110.5	120.4	137.7	133.2	137.0	127.1	133.6	131.7	121.1	-11.6	-8.1
Raw Material Expens	18.7	24.2	20.0	18.0	21.1	18.6	29.0	30.4	22.4	24.6	31.0	31.6	27.2	21.1	-14.1
% of Revenues	17.0	21.7	17.8	16.3	19.1	15.4	21.1	22.8	16.4	19.4	23.2	24.0	22.4	606 bps	-159 bps
Gross Profit	91.6	87.2	92.0	92.3	89.4	101.8	108.7	102.8	114.6	102.4	102.5	100.1	93.9	-18.0	-6.1
Gross Profit Margin (%)	83.0	78.3	82.2	83.7	80.9	84.6	78.9	77.2	83.6	80.6	76.8	76.0	77.6	-606 bps	159 bps
Employee Expenses	20.4	20.5	19.1	20.1	21.1	21.4	21.4	23.2	26.9	25.7	25.4	25.9	28.1	4.3	8.4
% of Revenues	18.5	18.4	17.1	18.3	19.1	17.8	15.5	17.4	19.7	20.2	19.0	19.7	23.2	355 bps	353 bps
Other Expenses	17.7	19.5	20.0	23.4	16.6	21.9	21.0	24.7	24.9	27.5	28.1	33.8	34.9	40.3	3.2
% of Revenues	16.0	17.5	17.9	21.3	15.0	18.2	15.2	18.6	18.2	21.6	21.0	25.7	28.8	1066 bps	314 bps
Total Expenditure	56.8	64.2	59.1	61.6	58.8	61.9	71.4	78.3	74.3	77.8	84.5	91.4	90.2	21.4	-1.3
% of Revenues	51.5	57.6	52.8	55.8	53.2	51.4	51.8	58.8	54.2	61.2	63.3	69.4	74.5	2026 bps	508 bps
EBITDA	53.5	47.3	52.9	48.7	51.7	58.5	66.4	54.9	62.8	49.3	49.1	40.3	30.9	-50.7	-23.3
EBITDA Margins(%)	48.5	42.4	47.2	44.2	46.8	48.6	48.2	41.2	45.8	38.8	36.7	30.6	25.5	-2026 bps	-508 bps
Depreciation	6.3	6.5	6.4	6.7	6.7	6.8	6.5	8.4	8.5	8.6	8.8	9.1	8.6	1.9	-4.8
Interest	0.8	0.7	0.8	0.7	0.5	0.4	0.3	0.4	0.5	0.3	0.3	0.7	0.6	28.1	-14.6
Other income	1.1	1.5	1.2	1.8	5.2	0.6	1.3	1.7	0.9	0.9	1.2	3.4	2.0	113.7	-41.0
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	47.5	41.6	46.9	43.2	49.8	51.9	60.9	47.8	54.7	41.2	41.1	33.9	23.7	-56.7	-30.2
Total Tax	13.5	9.8	12.3	10.5	15.0	13.4	16.6	14.0	15.0	11.0	12.6	8.7	6.1	-59.3	-29.6
Tax rate (%)	28.4	23.5	26.3	24.3	30.1	25.7	27.3	29.3	27.4	26.6	30.6	25.6	25.8		
PAT before MI	34.0	31.8	34.6	32.7	34.8	38.6	44.3	33.8	39.7	30.3	28.6	25.3	17.6	-55.7	-30.4
PAT Margin (%)	30.8	28.6	30.9	29.6	31.5	32.0	32.2	25.4	29.0	23.8	21.4	19.2	14.5	-1447 bps	-466 bps
Minority Interest	0.6	0.9	1.0	1.3	0.6	1.4	1.2	2.1	1.8	0.6	1.1	0.8	-0.3		
PAT after MI	33.4	31.0	33.6	31.3	34.2	37.2	43.1	31.7	38.0	29.7	27.5	24.4	17.9	-52.9	-26.8
Adj PAT	33.4	31.0	33.6	31.3	34.2	37.2	43.1	31.7	38.0	29.7	27.5	24.4	17.9	-52.9	-26.8

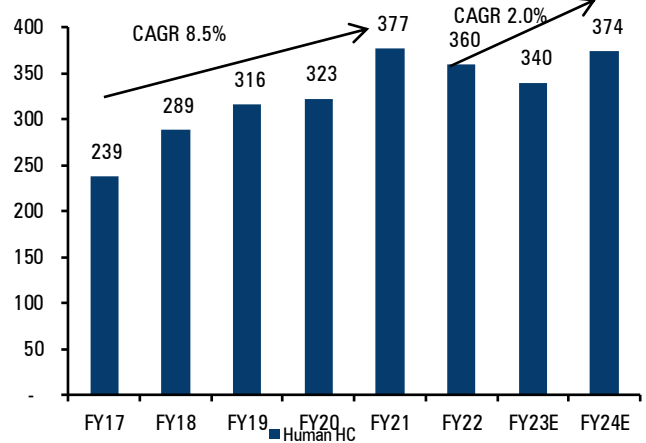
Source: ICICI Direct Research

Exhibit 6: Revenues grow at CAGR of ~5% over FY22-24E



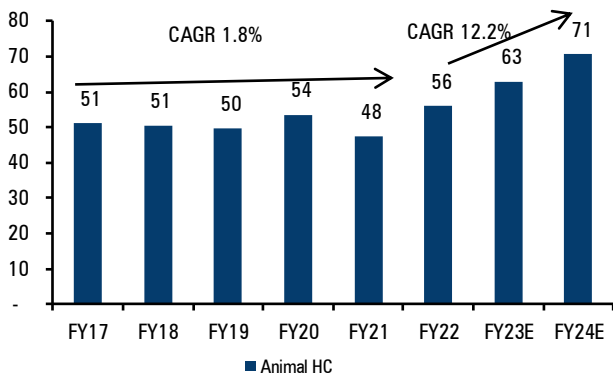
Source: ICICI Direct Research, Company

Exhibit 7: Human HC to grow at 2% CAGR over FY22-24E



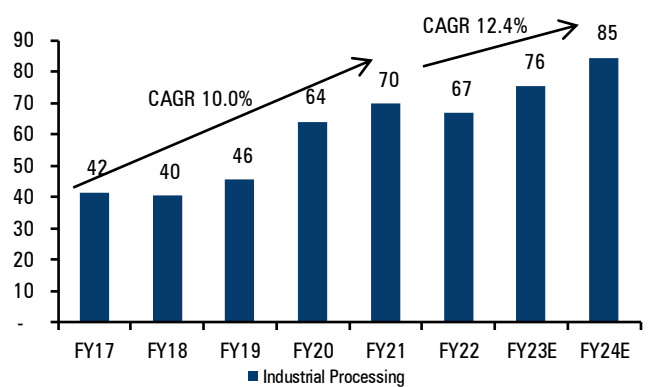
Source: ICICI Direct Research, Company

Exhibit 8: Animal HC to grow at 12% CAGR over FY22-24E



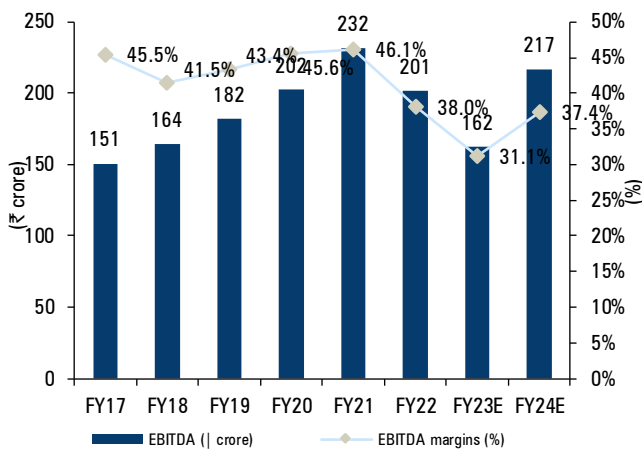
Source: ICICI Direct Research, Company

Exhibit 9: Industrial processing to grow ~12% in FY22-24E



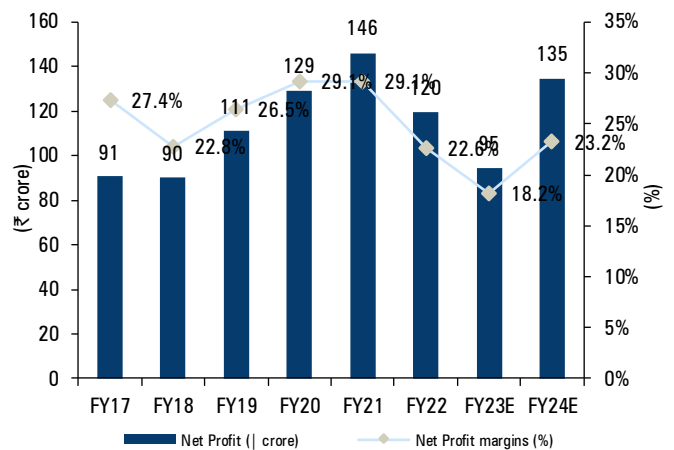
Source: ICICI Direct Research, Company

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 (%)			
						FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Hospitals																					
Apollo Hospitals	APOHOS	4374	4,500	Buy	62893	7.9	59.1	80.9	107.4	556.5	74.0	54.1	40.7	6.3	15.1	16.7	19.3	2.5	15.1	17.7	19.9
Narayana Hrudalaya	NARHRU	634	750	Buy	12961	-0.7	16.7	18.9	21.6	NA	37.9	33.5	29.4	1.2	20.5	18.8	19.5	-1.3	23.0	20.8	19.4
Shalby	SHALIM	121	150	Buy	1303	3.9	5.4	7.5	9.9	30.7	22.3	16.1	12.2	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	272	340	Buy	3785	-13.9	3.9	3.6	8.0	-13.9	70.4	75.2	33.9	-0.9	5.0	7.6	10.2	-0.9	5.0	5.5	10.8
MNC Pharma																					
Abbott India	ABBIND	20460	20,560	Buy	43476	325.0	375.9	439.8	514.0	62.9	54.4	46.5	39.8	33.8	36.6	37.9	36.3	26.5	28.3	29.5	28.1
P&G Health	MERLIM	4411	4,955	Hold	7322	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	6543	6,885	Hold	15068	207.4	410.1	270.5	264.8	31.5	16.0	24.2	24.7	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4230	4,480	Hold	19351	108.8	133.9	140.4	149.3	38.9	31.6	30.1	28.3	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
Pharma																					
Ajanta Pharma	AJAPHA	1279	1,495	Buy	16387	51.0	55.6	60.1	71.1	25.1	23.0	21.3	18.0	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	673	590	Reduce	13222	62.8	27.8	15.3	26.9	10.7	24.2	44.0	25.0	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	569	610	Hold	33319	55.0	47.4	45.6	51.0	10.3	12.0	12.5	11.1	16.9	12.9	12.5	13.1	14.7	11.3	9.9	10.0
Biocon	BIOCON	313	320	Hold	37615	6.3	5.7	5.5	11.3	50.0	55.0	57.5	27.6	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	358	475	Hold	36609	23.3	21.0	20.2	24.0	15.3	17.0	17.7	14.9	13.8	12.0	11.2	12.4	18.4	12.6	11.0	11.7
Cipla	CIPLA	1034	1,135	Buy	83450	29.9	32.9	38.6	45.8	34.6	31.4	26.8	22.6	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4158	4,750	Buy	69206	117.3	126.9	203.4	191.0	35.5	32.8	20.4	21.8	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	378	460	Hold	10673	32.9	42.7	41.0	48.3	11.5	8.9	9.2	7.8	13.9	14.8	14.5	15.4	13.1	13.2	11.4	11.9
Ipca Laboratories	IPCLAB	1012	1,000	Hold	25675	44.9	34.8	32.7	39.9	22.5	29.0	31.0	25.3	27.1	17.4	16.2	17.4	24.2	16.1	13.4	14.4
Jubilant Pharmova	JUBLIF	348	340	Reduce	5542	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	668	610	Reduce	30373	26.9	11.9	11.8	27.7	24.9	56.3	56.8	24.1	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	749	820	Hold	13671	24.2	9.3	28.3	33.2	31.0	80.4	26.5	22.6	13.1	4.6	13.3	14.1	10.7	4.0	11.0	11.6
Sun Pharma	SUNPHA	916	1,125	Buy	219767	30.0	32.0	34.8	40.1	30.5	28.7	26.3	22.8	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1557	1,800	Buy	52681	37.0	32.0	43.7	54.6	42.1	48.6	35.7	28.5	17.6	19.7	24.7	29.4	21.4	18.2	20.9	21.8
Indoco Remedies	INDREM	393	510	Buy	3622	10.1	16.8	21.8	28.4	38.9	23.4	18.0	13.8	11.7	17.5	18.8	24.9	12.1	17.1	18.7	20.2
Caplin Point	CAPPOI	820	1,000	Buy	6216	81.7	85.3	70.4	73.0	10.0	9.6	11.7	11.2	25.3	23.7	22.6	0.0	20.4	20.2	18.7	17.5
Advanced Enzymes	ADVENZ	291	265	Reduce	3250	13.1	10.7	8.5	12.1	22.2	27.2	34.3	24.1	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	2403	2,445	Hold	2044	44.4	45.7	41.3	63.2	54.2	52.6	58.2	38.0	16.2	10.9	9.9	13.4	16.5	15.0	12.2	16.3
API/CRAMS																					
Divi's Lab	DIVLAB	3912	4,655	Buy	103857	74.7	111.5	105.7	122.5	52.3	35.1	37.0	31.9	27.6	30.2	25.8	25.5	21.3	25.2	20.3	20.0
Hikal	HIKCHE	268	340	Buy	3303	10.8	13.0	11.1	19.0	24.8	20.6	24.2	14.1	15.1	13.6	10.9	16.3	14.3	15.0	11.5	16.8
Syngene Int.	SYNINT	562	710	Buy	22541	10.1	9.9	11.5	14.6	55.5	56.9	48.7	38.5	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	311	345	Buy	7712	22.2	16.6	19.6	24.6	14.0	18.7	15.8	12.6	24.0	15.6	16.8	18.6	25.3	16.0	16.0	16.9
Laurus Labs	LAULAB	545	675	Buy	29291	18.3	15.4	20.7	27.0	29.8	35.4	26.3	20.2	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceuticals	SUVPH	467	555	Hold	11886	14.2	17.8	17.0	18.5	32.8	26.2	27.4	25.2	31.2	37.5	28.5	26.0	30.7	29.7	23.0	20.8

Source: ICICI Direct Research

Financial Summary

Exhibit 13: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Revenues	501.8	529.4	520.8	579.9
Growth (%)	13.0	5.5	-1.6	11.3
Raw Material Expenses	99.0	109.7	115.4	118.8
Employee Expenses	87.1	104.0	107.9	114.3
Other Manufacturing Expenses	84.2	114.3	135.3	130.2
Total Operating Expenditure	270.3	328.0	358.7	363.3
EBITDA	231.5	201.4	162.1	216.6
Growth (%)	14.4	-13.0	-19.5	33.6
Interest	1.6	1.8	2.3	2.3
Depreciation	28.4	35.0	36.9	37.5
Other Income	8.8	6.4	6.8	7.6
PBT before Exceptional Items	210.4	171.1	129.8	184.3
Less: Forex & Exceptional Items	0.0	0.0	0.0	0.0
PBT	210.4	171.1	129.8	184.3
Total Tax	58.9	47.3	32.6	46.1
PAT before MI	151.5	123.8	97.1	138.3
Minority Interest	5.3	4.2	2.5	3.5
PAT	146.2	119.6	94.7	134.7
Adjusted PAT	146.2	119.6	94.7	134.7
Growth (%)	13.1	-18.2	-20.8	42.3
EPS	13.1	10.7	8.5	12.1
EPS (Adjusted)	13.1	10.7	8.5	12.1

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit/(Loss) after taxation	153.7	116.5	94.7	134.7
Add: Depreciation & Amortization	28.4	35.0	36.9	37.5
Net Increase in Current Assets	-13.9	-26.8	-5.9	-14.5
Net Increase in Current Liabilities	-1.2	-0.6	2.9	2.6
Others	-4.2	-1.8	2.3	2.3
CF from operating activities	162.9	122.3	131.0	162.7
(Inc)/dec in Fixed Assets	-19.4	-26.9	-15.0	-12.0
(Inc)/dec in Investments	-7.5	0.7	0.0	0.0
Others	5.1	7.1	-4.3	-3.9
CF from investing activities	-21.8	-19.1	-19.3	-15.9
Inc / (Dec) in Equity Capital	0.3	0.4	0.0	0.0
Inc / (Dec) in Debt	-17.1	-14.2	0.0	0.0
Dividend & Dividend Tax	-8.0	-11.9	-11.2	-14.0
Others	-1.5	-1.8	-2.3	-2.3
CF from financing activities	-26.3	-27.4	-13.5	-16.3
Net Cash flow	114.8	75.9	98.2	130.5
Opening Cash	83.0	197.8	273.6	371.8
Closing Cash	197.8	273.6	371.8	502.2
Free Cash Flow	143.5	95.4	116.0	150.7

Source: Company, ICICI Direct Research

Exhibit 15: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	22.3	22.4	22.4	22.4
Reserve and Surplus	948.3	1,066.2	1,149.7	1,270.5
Total Shareholders funds	970.7	1,088.6	1,172.1	1,292.9
Total Debt	18.1	29.3	29.3	29.3
Deferred Tax Liability	39.6	39.3	35.3	31.8
Minority Interest	60.1	51.8	52.8	53.9
Long term Provisions	1.4	1.1	1.1	1.2
Other Non Current Liabilities	0.0	0.0	0.0	0.0
Source of Funds	1,089.8	1,210.0	1,290.7	1,409.0
Gross Block - Fixed Assets	497.8	545.1	565.1	575.1
Accumulated Depreciation	187.1	222.1	259.0	296.5
Net Block	310.7	323.0	306.2	278.6
Capital WIP	10.4	15.1	10.1	12.1
Net Fixed Assets	321.1	338.1	316.2	290.7
Goodwill on Consolidation	290.1	296.1	296.1	296.1
Investments	121.4	102.0	102.0	102.0
Inventory	93.9	120.9	127.2	130.9
Cash	197.8	273.6	371.8	502.2
Debtors	86.3	88.2	86.8	96.6
Loans & Advances & Other CA	16.8	19.7	20.7	21.8
Total Current Assets	394.8	502.5	606.5	751.5
Creditors	15.2	17.9	18.8	19.4
Provisions & Other CL	62.9	57.6	60.5	63.2
Total Current Liabilities	62.9	57.6	60.5	63.2
Net Current Assets	331.9	444.9	546.0	688.3
LT L& A, Other Assets	18.5	21.5	22.6	23.7
Deferred Tax Assets	6.9	7.4	7.8	8.2
Application of Funds	1,089.8	1,210.0	1,290.7	1,409.0

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
EPS	13.1	10.7	8.5	12.1
Cash EPS	14.7	12.8	10.8	14.2
BV	86.8	97.4	104.8	115.6
DPS	0.9	1.0	1.0	1.3
Cash Per Share	17.7	24.5	33.3	44.9
Operating Ratios (%)				
Gross Profit Margins	80.3	79.3	77.8	79.5
EBITDA margins	46.1	38.0	31.1	37.4
PAT Margins	29.1	22.6	18.2	23.2
Inventory days	346.0	402.3	402.3	402.3
Debtor days	62.7	60.8	60.8	60.8
Creditor days	56.1	59.5	59.5	59.5
Asset Turnover (x)	1.0	1.0	0.9	1.0
Return Ratios (%)				
RoE	15.1	11.0	8.1	10.4
RoCE	19.4	14.3	10.2	13.2
RolC	26.7	20.3	15.5	22.6
Valuation Ratios (x)				
P/E	22.4	27.4	34.6	24.3
EV / EBITDA	12.9	14.6	17.5	12.5
EV / Revenues	5.9	5.5	5.4	4.7
Market Cap / Revenues	6.5	6.2	6.3	5.7
Price to Book Value	3.4	3.0	2.8	2.5
Solvency Ratios				
Debt / Equity	0.0	0.0	0.0	0.0
Debt/EBITDA	0.1	0.1	0.2	0.1
Current Ratio	3.1	4.0	3.9	3.9

Source: Company, ICICI Direct Research

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