

Caplin Point Laboratories (CAPPOI)

CMP: ₹ 822

Target: ₹ 1000 (22%)

Target Period: 12 months

August 6, 2022

BUY



In line numbers; growth momentum, capex execution to be key...

About the stock: Caplin derives entire revenues through exports with 90% of revenues from Emerging Markets (LatAm + RoW) where it has an end-to-end business model through last mile logistical solutions for its exclusive distributors.

- In the US, Caplin has filed 21 ANDAs on its own and through partners, 18 approvals from the USFDA (five with partners)
- For LatAm markets, it outsources ~45% of products (China: 30%; Indian vendors: 70%) and in-house manufacturing of the remaining ~55%
- Caplin Steriles caters to the rapidly growing demand for injectable products in US and other regulated markets

Q1FY23 Results: Growth driven by core geographies and US.

- Sales were up 15% YoY to ₹ 346 crore
- EBITDA was at ₹ 102 crore, up 10% YoY with margins at 29.5%
- Consequent PAT was at ₹ 85 crore (up 20% YoY)

What should investors do? Caplin's share price has grown by ~2x over the past three years (from ~₹ 413 in August 2019 to ~₹ 822 levels in August 2022).

- Maintain **BUY** due to 1) steady growth from legacy LatAm markets and increasing footprints in other geographies, 2) traction from visible order book in US, and 3) calculated capex decisions to expand capacity, widen portfolio and backward integration

Target Price and Valuation: Valued at ₹ 1000 i.e. 20x P/E on FY24E EPS of ₹ 49.9.

Key triggers for future price performance:

- Execution of the ~₹ 400 crore+ capex towards Caplin Steriles, RoW facility, oncology (OSD & injectable) project and API backward integration
- Overall development pipeline for US remains robust, with 55+ ANDAs under development with addressable market in US ~ US\$4.9 billion
- Growth momentum to persist mainly due to further expansion in front end, increasing product basket, change in product mix, launching of own brands
- Plans to expand in six major markets of US, Mexico, Brazil, Europe, South Africa and CIS countries with differentiated strategies. Additionally, Caplin is forming domestic market sales team focused on niche hospital injectable

Alternate Stock Idea: Apart from Caplin, in our coverage we like Granules.

- Granules India is a vertically integrated company that manufactures API, intermediates and finished dosages
- BUY with a target price of ₹ 345

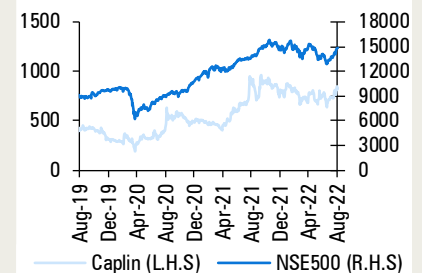
Particulars

Particular	Amount
Market Capitalisation	₹ 6231 crore
Debt (FY22)	₹ 2 crore
Cash (FY22)	₹ 463 crore
EV	₹ 5770 crore
52 week H/L	1007/626
Equity capital	₹ 15.2 crore
Face value	₹ 2

Shareholding pattern

(in %)	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	69.0	68.9	68.9	68.9
Others	31.0	31.1	31.1	31.1

Price Chart



Recent Event & Key risks

- Amaris Clinical completed USFDA virtual and physical audits
- Key Risk:** (i) Regulatory hurdles (ii) Slower ramp-up in new markets

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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	863.2	1061.3	1269.4	25.9	1497.2	1722.6	16.5
EBITDA	260.1	328.7	394.7	26.0	444.6	521.1	14.9
EBITDA Margins (%)	30.1	31.0	31.1		29.7	30.3	
Net Profit	215.1	242.3	299.8	25.7	337.6	378.5	12.3
EPS (Adjusted)	28.4	32.0	39.6		44.5	49.9	
PE (x)	29.0	25.7	20.8		18.5	16.5	
RoCE (%)	26.5	25.4	25.3		23.7	22.6	
RoE (%)	22.7	20.4	20.2		18.7	17.5	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q1FY23 Results: Revenues grow with momentum in both LatAm, US

- Revenues grew 15% YoY to ₹ 346 crore propelled by Latin America & RoW growing 11% YoY and US also growing 61% YoY. EBITDA margins declined 132 bps YoY to 29.5% while EBITDA grew 10% YoY to ₹ 102 crore. Adjusted PAT grew 20% YoY to ₹ 85 crore
- Caplin's LatAm business model continues to drive topline and bottomline growth while Caplin Steriles' grew 61% YoY to ₹ 41 crore in Q1FY23. Outlook for the US remains robust with order book of ₹ 175 crore in FY23. It has set an aspirational target of US\$100 million by FY26 in US. In the RoW, the company is increasing footprint in Chile, Vietnam and Cambodia. Caplin is undergoing on a capex journey to expand existing capacities, widen its product portfolio and backward integrate its products. Caplin plans to enter more regulated markets such as Canada, Australia, China, Russia/CIS as well as enter the bigger LatAm markets of Mexico and Brazil

Q1FY23 Earnings Conference Call highlights

- Geographical breakup of sales for Q1FY23: LatAm & RoW – 88%, US – 12%
- **LatAm & RoW:** Caplin won tenders in two LatAm markets for US\$21 million
 - Current break-up of sales: Private market sales to distributors: 62%; Sales to Pharmacies/Retail: 20%; Institutional Sales: 18%
 - Caplin has finalised plans to start a warehouse in Chile, focus on private market and specialized generics in tenders. The company had won two institutional tenders at El Salvador (US\$6.2 million) and Ecuador (US\$14.5 million) with supply to El Salvador to be completed by Q2 and Ecuador over the next 15-18 months. The company has set up a new marketing team for Vietnam and Cambodia with first order for Cambodia already received
- **US:** Caplin Steriles order book position for FY23 at ₹ 175 crore
 - About 33% of topline came from profit share in this quarter while 66% came from product sales. The management expects product revenues to climb up, going forward, and reach about ~ 80%. US business to reach break-even in FY23 and the management indicated the required annual sales to be around ₹ 190 crore
 - Caplin plans to launch its own label through front end by December, 2022 for three approved products
 - The company has five ANDAs under review with USFDA and plans to file 10-12 more by FY23, of which five are ophthalmic/Otic products, two are complex injectable and three being ready to use bag products. Two complex emulsion injectable (one own and another for partner) will also be filed by January, 2023. Four more complex products are in the pipeline
- **Guidance:** The management is guiding an increase in capex by ₹ 40-50 crore due to split up the expansion at Caplin Steriles into two separate units. Phase 2 of Unit 1 to have a high-speed vial line and expansion of warehouse capacity. Unit 2 will have a high-speed vial line with large lyophilisation capacity and a pre-filled syringe line

Exhibit 1: Variance Analysis

	Q1FY23	Q1FY22	Q4FY22	YoY (%)	QoQ (%)	Comments
Revenue	346.3	300.4	339.2	15.3	2.1	YoY growth amid Latin America & RoW growing 11% and US growing 61%
Raw Material Expenses	157.2	136.0	151.9	15.6	3.5	
Gross margins (%)	54.6	54.7	55.2	-15 bps	-62 bps	
Employee Expenses	32.4	26.7	30.2	21.4	7.2	
Other Expenditure	54.5	45.2	57.1	20.7	-4.6	
Total Operating Expenditure	244.2	207.8	239.3	17.5	2.0	
EBITDA	102.2	92.6	99.9	10.3	2.2	
EBITDA (%)	29.5	30.8	29.5	-132 bps	4 bps	YoY decline mainly due to higher employee and other expenditure
Interest	0.1	0.3	0.1	-77.8	-25.0	
Depreciation	11.0	12.0	11.5	-8.8	-4.2	
Other income	13.9	9.2	11.5	51.4	21.1	
PBT before EO	105.1	89.5	99.9	17.4	5.2	
Less: Exceptional Items	0.0	0.0	0.0	0.0	0.0	
PBT	105.1	89.5	99.9	17.4	5.2	
Tax	18.8	18.0	19.1	4.4	-1.6	
MI & Share of loss/ (gain) asso.	1.3	0.7	1.8	94.1	-25.4	
Adjusted Net Profit	85.0	70.9	79.1	20.0	7.5	Delta vis-à-vis EBITDA due to lower interest, depreciaton and higher other income

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(\$ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	1,492.1	1,497.2	0.3	1,718.5	1,722.6	0.2	Changed amid likely contribution from new investments
EBITDA	457.1	444.6	-2.7	526.4	521.1	-1.0	
EBITDA Margin (%)	30.6	29.7	-94 bps	30.6	30.3	-38 bps	Changed on the back of expected additional opex
PAT	331.7	337.6	1.8	376.3	378.5	0.6	
EPS (\$)	43.8	44.5	1.8	49.6	49.9	0.6	

Source: ICICI Direct Research

Exhibit 3: Financial Summary

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(\$ crore)	(%)	(\$)	(%)	(x)	(X)	(%)	(%)
FY21	1061	22.9	32.0	12.6	25.7	17.6	20.4	25.4
FY22	1269	19.6	39.6	23.8	20.8	14.5	20.2	25.3
FY23E	1497	17.9	44.5	12.6	18.5	12.7	18.7	23.7
FY24E	1723	15.1	49.9	12.1	16.5	10.4	17.5	22.6

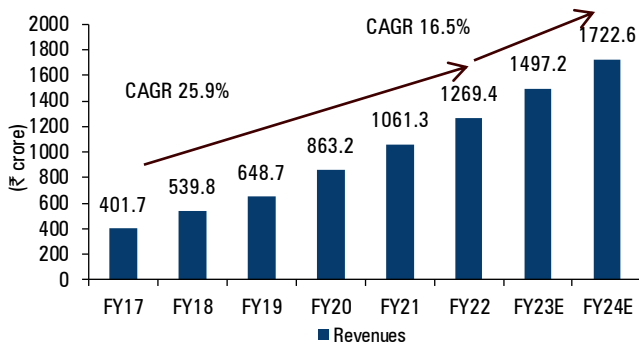
Source: ICICI Direct Research

Exhibit 4: Trends in Quarterly Performance

(₹ crore)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ (%)
Total Operating Income	192.6	227.2	228.2	215.2	240.1	268.1	274.4	278.7	300.4	303.5	326.2	339.2	346.3	15.3	2.1
Raw Material Expense	85.2	109.4	107.1	111.4	108.8	120.4	123.9	118.7	136.0	125.8	143.8	151.9	157.2	15.6	3.5
% of Revenue	44.2	48.2	46.9	51.8	45.3	44.9	45.2	42.6	45.3	41.4	44.1	44.8	45.4	15 bps	62 bps
Gross Profit	107.4	117.8	121.1	103.8	131.3	147.8	150.5	160.0	164.5	177.8	182.4	187.3	189.1	15.0	1.0
Gross Profit Margin (%)	55.8	51.8	53.1	48.2	54.7	55.1	54.8	57.4	54.7	58.6	55.9	55.2	54.6	-15 bps	-62 bps
Employee Expenses	15.6	16.0	17.7	18.5	25.9	25.3	25.5	25.9	26.7	29.0	29.4	30.2	32.4	21.4	7.2
% of Revenue	8.1	7.0	7.7	8.6	10.8	9.4	9.3	9.3	8.9	9.5	9.0	8.9	9.4	47 bps	45 bps
Other Expenditure	24.4	30.7	35.6	31.5	33.8	35.1	41.1	48.5	45.2	47.6	52.0	57.1	54.5	20.7	-4.6
% of Revenue	12.7	13.5	15.6	14.6	14.1	13.1	15.0	17.4	15.0	15.7	15.9	16.8	15.7	70 bps	-111 bps
Total Expenditure	125.2	156.1	160.4	161.4	168.5	180.7	190.5	193.0	207.8	202.4	225.2	239.3	244.2	17.5	2.0
% of Revenue	65.0	68.7	70.3	75.0	70.2	67.4	69.4	69.3	69.2	66.7	69.0	70.5	70.5	132 bps	-4 bps
EBITDA	67.4	71.1	67.8	53.8	71.6	87.4	83.9	85.7	92.6	101.2	101.0	99.9	102.2	10.3	2.2
EBITDA Margin (%)	35.0	31.3	29.7	25.0	29.8	32.6	30.6	30.7	30.8	33.3	31.0	29.5	29.5	-132 bps	4 bps
Other Income	4.5	6.9	10.3	19.6	6.5	1.8	5.8	9.5	9.2	8.5	9.5	11.5	13.9	51.4	21.1
Interest	0.0	0.1	0.1	0.2	0.5	0.5	0.3	0.3	0.3	0.2	0.1	0.1	0.1	-77.8	-25.0
Depreciation	7.4	7.4	8.4	8.4	9.0	8.9	9.3	9.9	12.0	11.7	11.7	11.5	11.0	-8.8	-4.2
PBT	64.5	70.5	69.6	64.9	68.6	79.8	80.2	85.0	89.5	97.7	98.7	99.9	105.1	17.4	5.2
Total Tax	14.4	13.3	10.7	16.0	14.1	17.0	14.1	17.1	18.0	20.9	19.4	19.1	18.8	4.4	-1.6
Tax rate (%)	22.3	18.8	15.4	24.7	20.5	21.3	17.5	20.1	20.1	21.4	19.6	19.1	17.9	-223 bps	-123 bps
PAT	50.2	57.3	58.6	48.9	54.5	56.9	64.5	66.4	70.9	75.0	75.0	79.1	85.0	20.0	7.5
PAT Margin (%)	26.1	25.2	25.7	22.7	22.7	21.2	23.5	23.8	23.6	24.7	23.0	23.3	24.5	96 bps	124 bps

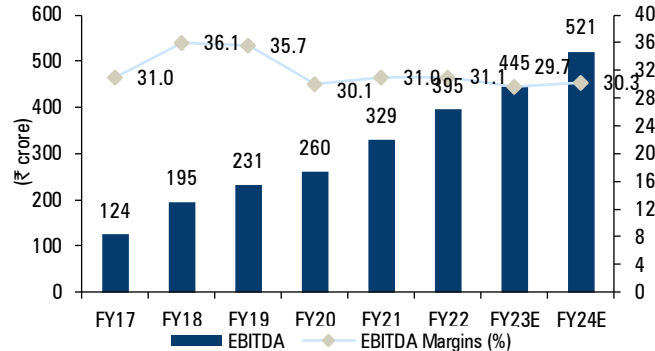
Source: ICICI Direct Research

Exhibit 5: Revenues to grow at ~16% CAGR in FY22-24E



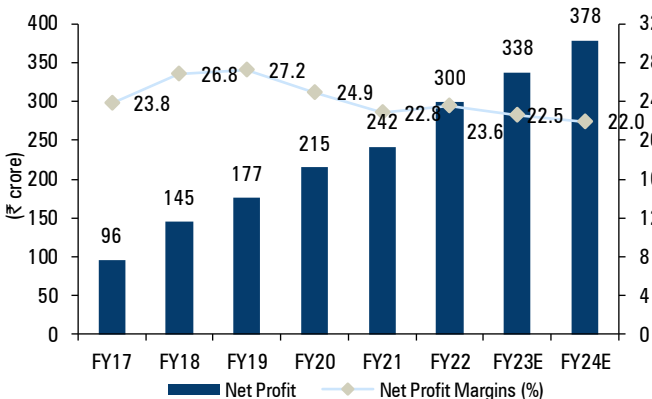
Source: ICICI Direct Research, Company

Exhibit 6: EBITDA & EBITDA margins trend



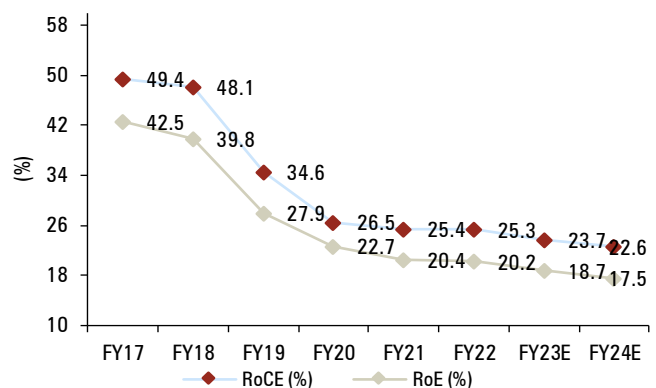
Source: ICICI Direct Research, Company

Exhibit 7: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 8: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 9: 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	290	Hold	3250	13.1	10.7	10.2	13.2	22.2	27.2	28.5	22.1	19.4	14.3	12.6	14.7	15.1	11.0	9.6	11.1
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 10: Profit and loss statement		₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E	
Total Operating Income	1,061.3	1,269.4	1,497.2	1,722.6	
Growth (%)	22.9	19.6	17.9	15.1	
Raw Material Expenses	471.7	557.5	675.1	766.6	
Gross Profit	589.6	711.9	822.1	956.1	
Gross Profit Margins (%)	55.6	56.1	54.9	55.5	
Employee Expenses	102.5	115.3	138.9	159.3	
Other Expenditure	158.4	201.9	238.6	275.6	
Total Operating Expenditure	732.7	874.7	1,052.7	1,201.5	
EBITDA	328.7	394.7	444.6	521.1	
Growth (%)	26.4	20.1	12.6	17.2	
Interest	1.6	0.7	0.2	0.2	
Depreciation	37.0	46.9	55.6	79.0	
Other Income	23.5	38.8	48.5	55.8	
PBT before Exceptional Items	313.6	385.8	437.2	497.6	
Less: Exceptional Items	0.0	0.0	0.0	0.0	
PBT after Exceptional Items	313.6	385.8	437.2	497.6	
Total Tax	62.2	77.4	91.9	109.5	
PAT before MI	251.4	308.5	345.4	388.2	
Minority Interest	9.2	8.6	7.8	9.7	
PAT	242.3	299.8	337.6	378.5	
Growth (%)	12.6	23.8	12.6	12.1	
EPS (Adjusted)	32.0	39.6	44.5	49.9	

Source: Company, ICICI Direct Research

Exhibit 11: Cash flow statement		₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E	
Profit/(Loss) after taxation	247.5	304.3	337.6	378.5	
Add: Depreciation & Amortization	37.0	46.9	55.6	79.0	
Net Increase in Current Assets	-21.5	-96.0	-117.2	-106.5	
Net Increase in Current Liabilities	19.5	97.9	36.6	29.0	
Others	-13.9	-16.5	0.2	0.2	
CF from Operating activities	268.6	336.8	312.8	380.2	
(Purchase)/Sale of Fixed Assets	-73.3	-91.2	-200.0	-160.0	
Investments	45.2	-76.5	0.0	0.0	
Others	19.6	-124.9	-1.1	-1.1	
CF from Investing activities	-8.5	-292.6	-201.1	-161.1	
Proceeds from Preference shares	0.0	-0.8	0.0	0.0	
(inc)/Dec in Loan	-19.4	-16.6	0.0	0.0	
Dividend & Dividend tax	-3.0	-22.7	-19.0	-22.7	
Other	-1.5	-0.7	-0.2	-0.2	
CF from Financing activities	-24.0	-40.7	-19.2	-23.0	
Net Cash Flow	236.1	3.4	92.6	196.2	
Cash and Cash Equivalent	223.4	459.6	463.0	555.6	
Cash	459.6	463.0	555.6	751.8	
Free Cash Flow	195.3	245.6	112.8	220.2	

Source: Company, ICICI Direct Research

Exhibit 12: Balance Sheet		₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E	
Equity Capital	15.1	15.2	15.2	15.2	
Reserve and Surplus	1,170.7	1,468.8	1,787.4	2,143.1	
Total Shareholders funds	1,185.8	1,483.9	1,802.6	2,158.3	
Total Debt	18.4	2.1	2.1	2.1	
Minority Interest	17.5	26.0	26.0	26.0	
Deferred Tax Liability	1.2	0.0	0.0	0.0	
Other Non Current Liabilities	15.7	17.6	18.5	19.4	
Source of Funds	1,238.6	1,529.6	1,849.1	2,205.8	
Gross Block - Fixed Assets	422.6	450.6	630.6	805.6	
Accumulated Depreciation	117.2	164.1	219.6	298.6	
Net Block	305.4	286.6	411.0	507.0	
Capital WIP	13.8	17.7	37.7	22.7	
Fixed Assets	319.2	304.3	448.7	529.7	
Investments	11.2	89.0	89.0	89.0	
Other non-Current Assets	7.9	97.2	99.1	101.1	
Inventory	179.0	227.3	275.3	312.6	
Debtors	279.4	320.1	377.5	434.3	
ST Loans and Advances	0.0	0.0	0.0	0.0	
Other Current Assets	107.3	235.5	247.3	259.6	
Cash	459.6	463.0	555.6	751.8	
Total Current Assets	1,025.3	1,245.9	1,455.6	1,758.3	
Creditors	88.5	163.2	197.6	224.4	
Provisions	0.1	2.6	2.7	2.8	
Other Current Liabilities	36.4	41.0	43.0	45.2	
Total Current Liabilities	125.0	206.7	243.3	272.4	
Net Current Assets	900.3	1,039.1	1,212.3	1,485.9	
Application of Funds	1,238.6	1,529.6	1,849.1	2,205.8	

Source: Company, ICICI Direct Research

Exhibit 13: Key ratios		FY21	FY22	FY23E	FY24E
(Year-end March)					
Per share data (₹)					
Reported EPS		32.0	39.6	44.5	49.9
Cash EPS		33.8	41.7	49.4	57.3
BV per share		156.4	195.8	237.8	284.7
Cash per Share		60.6	61.1	73.3	99.2
Dividend per share		3.0	4.0	2.5	3.0
Operating Ratios (%)					
Gross Profit Margins		55.6	56.1	54.9	55.5
EBITDA margins		31.0	31.1	29.7	30.3
PAT Margins		22.8	23.6	22.5	22.0
Cash Conversion Cycle		166.1	134.0	134.0	134.0
Asset Turnover		2.5	2.8	2.4	2.1
EBITDA conversion Rate		81.7	85.3	70.4	73.0
Return Ratios (%)					
RoE		20.4	20.2	18.7	17.5
RoCE		25.4	25.3	23.7	22.6
RoIC		38.6	34.9	32.3	32.1
Valuation Ratios (x)					
P/E		25.7	20.8	18.5	16.5
EV / EBITDA		17.6	14.5	12.7	10.4
EV / Net Sales		5.4	4.5	3.8	3.2
Market Cap / Sales		5.9	4.9	4.2	3.6
Price to Book Value		5.3	4.2	3.5	2.9
Solvency Ratios					
Debt / EBITDA		0.1	0.0	0.0	0.0
Debt / Equity		0.0	0.0	0.0	0.0
Current Ratio		4.5	3.8	3.7	3.7

Source: Company, ICICI Direct Research

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