

CMP: ₹ 731

Target: ₹ 955 (31%)

Target Period: 12 months

BUY

November 13, 2022

## Strong US traction; 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 26 ANDAs on its own and through partners and received 19 approvals (five with partners) till date
- 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

**Q2FY23 Results:** Growth was driven by ~74% growth in the US.

- Sales were up 18.3% YoY to ₹ 359 crore
- EBITDA was at ₹ 106 crore, up 4.4% YoY with margins at 29.4%
- Consequent PAT was at ₹ ~92 crore (up 22.3% YoY)

**What should investors do?** Caplin's share price has grown by ~1.9x over the past three years (from ~₹ 377 in November 2019 to ~₹ 731 levels in November 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 ₹ 955 i.e. 18x P/E on FY24E EPS of ₹ 53.2.

**Key triggers for future price performance:**

- Execution of the ~₹ 450 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\$ 5 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 ₹ 410



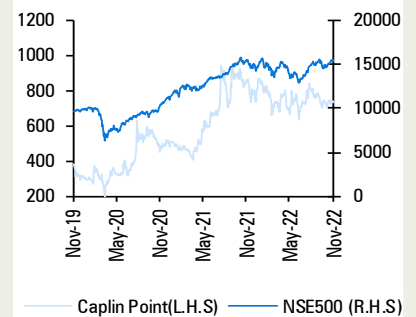
### Particulars

Particular	Amount
Market Capitalisation	₹ 5541 crore
Debt (FY22)	₹ 2 crore
Cash (FY22)	₹ 463 crore
EV	₹ 5080 crore
52 week H/L	1007/626
Equity capital	₹ 15.2 crore
Face value	₹ 2

### Shareholding pattern

(in %)	Dec-21	Mar-22	Jun-22	Sep-22
Promoter	68.9	68.9	68.9	68.9
Others	31.1	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	1471.3	1703.2	15.8
EBITDA	260.1	328.7	394.7	26.0	435.6	515.2	14.3
EBITDA Margins (%)	30.1	31.0	31.1		29.6	30.3	
Net Profit	215.1	242.3	299.8	25.7	371.5	402.9	15.9
EPS (Adjusted)	28.4	32.0	39.6		49.0	53.2	
PE (x)	25.8	22.9	18.5		14.9	13.8	
RoCE (%)	26.5	25.4	25.3		24.2	23.4	
RoE (%)	22.7	20.4	20.2		20.2	18.2	

Source: Company, ICICI Direct Research

## Key takeaways of recent quarter & conference call highlights

### Q2FY23 Results: Revenues grow with momentum in both LatAm, US

- Revenues grew 18.3% YoY to ₹ 359 crore propelled by Latin America & RoW growing 11% YoY and US also growing 73.6% YoY. EBITDA margins declined 393 bps YoY to 29.4% while EBITDA grew 4.4% YoY to ₹ 106 crore. Adjusted PAT grew 22.3% YoY to ₹ 91.7 crore
- Caplin's LatAm business model continues to drive topline and bottomline growth while Caplin Steriles' grew 74% YoY to ₹ 62 crore in Q2FY23. 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

### Q2FY23 Earnings Conference Call highlights

- Geographical breakup of sales for H1FY23: LatAm & RoW – 86%, US – 14%
- Receivable days were stable at 95 days as on September 2022
- Acquisition of an API plant (₹ 25 crore spent) in Vizag, which will be refurbished into a regulated markets compliant plant for general category APIs (additional spend ₹ 35-40 crore planed).
- This is part of backward integration initiative, both for injectable and OSD APIs
- Expansion in newer geographies like Turkmenistan, Uzbekistan, Vietnam and Cambodia
- Caplin Sterile sales was at ₹ 61.7 crore for Q2. The management is guiding for ₹ 200 crore sales in FY23
- Seven ANDAs under review with the USFDA, with plans to file six more by Q4FY23, which includes ophthalmic and injectable
- On target to launch its own label in the US by Q4FY23, for three approved products
- Five products filed in Canada and Mexico, three in Australia, two in South Africa, and one each in EU and China

Exhibit 1: Variance Analysis

	Q2FY23	Q2FY22	Q1FY23	YoY (%)	QoQ (%)	Comments
Revenue	359.1	303.5	346.3	18.3	3.7	YoY growth amid Latin America & RoW growing 11% and US growing 73.6%
Raw Material Expenses	165.5	125.8	157.2	31.6	5.2	
Gross margins (%)	53.9	58.6	54.6	-465 bps	-69 bps	
Employee Expenses	34.0	29.0	32.4	17.4	4.9	
Other Expenditure	54.0	47.6	54.5	13.4	-1.0	
Total Operating Expenditure	253.5	202.4	244.2	25.3	3.8	
EBITDA	105.6	101.2	102.2	4.4	3.3	
EBITDA (%)	29.4	33.3	29.5	-393 bps	-10 bps	YoY decline mainly due to higher employee and other expenditure
Interest	0.1	0.2	0.1	-33.3	133.3	
Depreciation	11.5	11.7	11.0	-2.2	4.5	
Other income	16.5	8.5	13.9	94.1	18.2	
PBT before EO	110.5	97.7	105.1	13.0	5.1	
Less: Exceptional Items	0.0	0.0	0.0	0.0	0.0	
PBT	110.5	97.7	105.1	13.0	5.1	
Tax	18.4	20.9	18.8	-11.9	-1.9	
MI & Share of loss/ (gain) asso.	0.4	1.8	1.3	-80.4	-72.7	
Adjusted Net Profit	91.7	75.0	85.0	22.3	7.9	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	1,497.2	1,471.3	-1.7	1,722.6	1,703.2	-1.1	
EBITDA	444.6	435.6	-2.0	521.1	515.2	-1.1	
EBITDA Margin (%)	29.7	29.6	-9 bps	30.3	30.3	0 bps	
PAT	337.6	371.5	10.0	378.5	402.9	6.5	
EPS (₹)	44.5	49.0	10.0	49.9	53.2	6.5	

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	22.9	15.5	20.4	25.4
FY22	1269	19.6	39.6	23.8	18.5	12.7	20.2	25.3
FY23E	1471	15.9	49.0	23.9	14.9	11.3	20.2	24.2
FY24E	1703	15.8	53.2	8.4	13.8	9.1	18.2	23.4

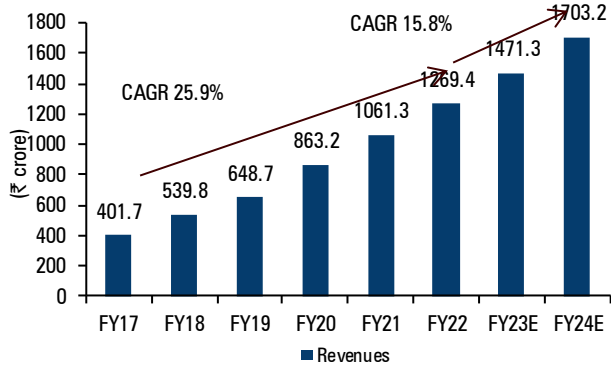
Source: ICICI Direct Research

Exhibit 4: Trends in Quarterly Performance

(₹ crore)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	YoY (%)	QoQ (%)
Total Operating Incom	227.2	228.2	215.2	240.1	268.1	274.4	278.7	300.4	303.5	326.2	339.2	346.3	359.1	18.3	3.7
Raw Material Expen	109.4	107.1	111.4	108.8	120.4	123.9	118.7	136.0	125.8	143.8	151.9	157.2	165.5	31.6	5.2
% of Revenue	48.2	46.9	51.8	45.3	44.9	45.2	42.6	45.3	41.4	44.1	44.8	45.4	46.1	465 bps	69 bps
Gross Profit	117.8	121.1	103.8	131.3	147.8	150.5	160.0	164.5	177.8	182.4	187.3	189.1	193.6	8.9	2.4
Gross Profit Margin	51.8	53.1	48.2	54.7	55.1	54.8	57.4	54.7	58.6	55.9	55.2	54.6	53.9	-465 bps	-69 bps
Employee Expenses	16.0	17.7	18.5	25.9	25.3	25.5	25.9	26.7	29.0	29.4	30.2	32.4	34.0	17.4	4.9
% of Revenue	7.0	7.7	8.6	10.8	9.4	9.3	9.3	8.9	9.5	9.0	8.9	9.4	9.5	-7 bps	11 bps
Other Expenditure	30.7	35.6	31.5	33.8	35.1	41.1	48.5	45.2	47.6	52.0	57.1	54.5	54.0	13.4	-1.0
% of Revenue	13.5	15.6	14.6	14.1	13.1	15.0	17.4	15.0	15.7	15.9	16.8	15.7	15.0	-65 bps	-70 bps
Total Expenditure	156.1	160.4	161.4	168.5	180.7	190.5	193.0	207.8	202.4	225.2	239.3	244.2	253.5	25.3	3.8
% of Revenue	68.7	70.3	75.0	70.2	67.4	69.4	69.3	69.2	66.7	69.0	70.5	70.5	70.6	393 bps	10 bps
EBITDA	71.1	67.8	53.8	71.6	87.4	83.9	85.7	92.6	101.2	101.0	99.9	102.2	105.6	4.4	3.3
EBITDA Margin (%)	31.3	29.7	25.0	29.8	32.6	30.6	30.7	30.8	33.3	31.0	29.5	29.5	29.4	-393 bps	-10 bps
Other Income	6.9	10.3	19.6	6.5	1.8	5.8	9.5	9.2	8.5	9.5	11.5	13.9	16.5	94.1	18.2
Interest	0.1	0.1	0.2	0.5	0.5	0.3	0.3	0.3	0.2	0.1	0.1	0.1	0.1	-33.3	133.3
Depreciation	7.4	8.4	8.4	9.0	8.9	9.3	9.9	12.0	11.7	11.7	11.5	11.0	11.5	-2.2	4.5
PBT	70.5	69.6	64.9	68.6	79.8	80.2	85.0	89.5	97.7	98.7	99.9	105.1	110.5	13.0	5.1
Total Tax	13.3	10.7	16.0	14.1	17.0	14.1	17.1	18.0	20.9	19.4	19.1	18.8	18.4	-11.9	-1.9
Tax rate (%)	18.8	15.4	24.7	20.5	21.3	17.5	20.1	20.1	21.4	19.6	19.1	17.9	16.7	-472 bps	-119 bps
PAT	57.3	58.6	48.9	54.5	56.9	64.5	66.4	70.9	75.0	75.0	79.1	85.0	91.7	22.3	7.9
PAT Margin (%)	25.2	25.7	22.7	22.7	21.2	23.5	23.8	23.6	24.7	23.0	23.3	24.5	25.5	83 bps	99 bps

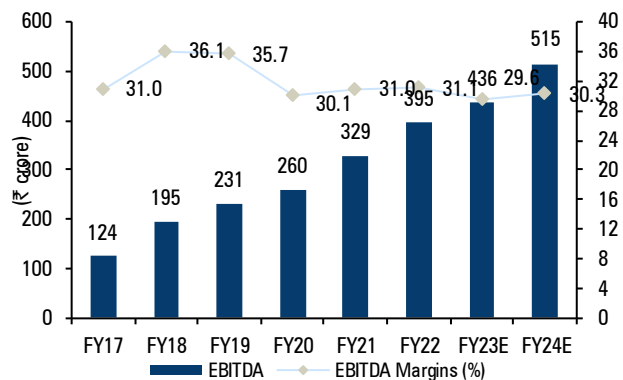
Source: ICICI Direct Research

Exhibit 5: Revenues to grow at ~15.8% CAGR in FY22-24E



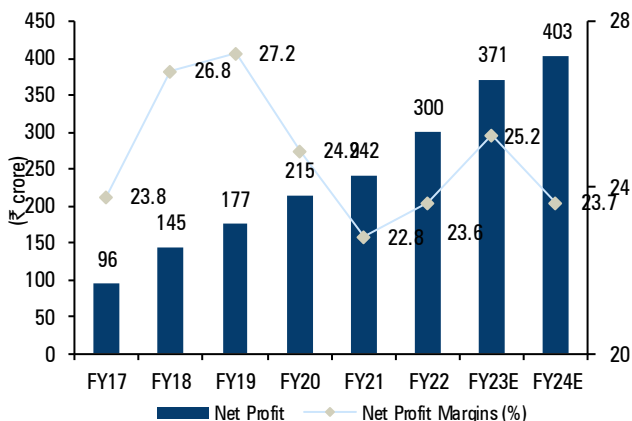
Source: ICICI Direct Research, Company

Exhibit 6: EBITDA & EBITDA margins trend



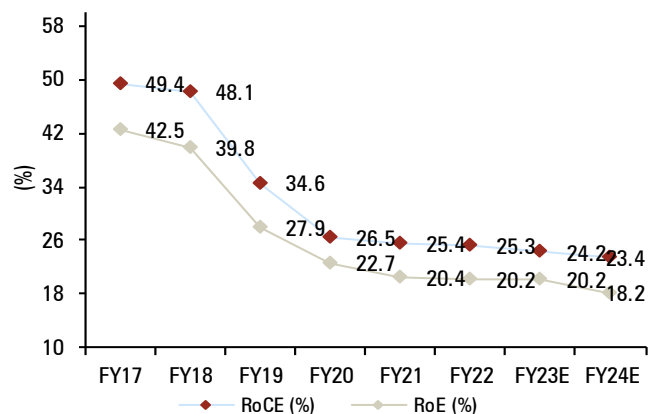
Source: ICICI Direct Research, Company

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
<b>Hospitals</b>																					
Apollo Hospitals	APOHOS	4285	5,230	Buy	61710	7.9	59.1	79.0	101.0	545.2	72.5	54.3	42.4	6.3	15.1	15.3	18.8	2.5	15.1	17.4	18.9
Narayana Hrudalaya	NARHRU	767	855	Buy	15655	-0.7	16.7	20.6	22.7	NA	45.9	37.3	33.8	1.2	20.5	19.6	19.7	-1.3	23.0	22.3	19.9
Shalby	SHALIM	146	150	Buy	1575	3.9	5.4	7.5	9.9	37.1	26.9	19.5	14.8	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	265	250	Buy	13250	3.0	10.5	10.8	16.7	89.6	25.2	24.6	15.9	5.4	9.0	9.4	12.5	4.4	13.3	12.0	15.6
Healthcare Global	HEAGLO	296	380	Buy	4114	-13.9	3.9	4.5	8.8	-13.9	76.6	65.1	33.5	-0.9	5.0	9.4	12.1	-0.9	5.0	6.8	11.6
<b>MNC Pharma</b>																					
Abbott India	ABBIND	19175	21,140	Hold	40268	325.0	375.9	427.7	528.6	59.0	51.0	44.8	36.3	33.8	36.6	37.1	37.3	26.5	28.3	28.9	28.8
P&G Health	MERLIM	4230	4,500	Hold	7191	106.5	116.0	124.8	140.6	39.7	36.5	33.9	30.1	32.2	39.8	36.0	33.8	25.1	31.2	28.1	26.2
Sanofi India	SANOFI	5623	6,385	Hold	12932	207.4	410.1	270.5	264.8	27.1	13.7	20.8	21.2	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4339	4,480	Hold	19960	108.8	133.9	140.4	149.3	39.9	32.4	30.9	29.1	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	1254	1,495	Buy	16046	51.0	55.6	60.1	71.1	24.6	22.5	20.9	17.6	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	619	590	Reduce	12193	62.8	27.8	15.3	26.9	9.9	22.3	40.5	23.0	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	478	615	Hold	27999	55.0	47.4	41.1	51.3	8.7	10.1	11.6	9.3	16.9	12.9	11.5	13.3	14.7	11.3	9.0	10.1
Biocon	BIOCON	277	320	Hold	33268	6.3	5.7	5.5	11.3	44.2	48.6	50.8	24.4	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	434	405	Hold	45043	23.3	21.0	21.0	23.8	18.6	20.7	20.7	18.2	13.8	12.0	11.8	11.7	18.4	12.6	11.4	11.6
Cipla	CIPLA	1125	1,350	Buy	90747	29.9	32.9	38.6	45.8	37.6	34.2	29.2	24.5	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4549	4,750	Buy	75521	117.3	126.9	203.4	191.0	38.8	35.8	22.4	23.8	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	414	440	Hold	11675	32.9	42.7	39.5	44.9	12.6	9.7	10.5	9.2	13.9	14.8	14.7	14.4	13.1	13.2	11.0	11.2
Ipsa Laboratories	IPCLAB	888	985	Hold	22564	44.9	34.8	27.5	35.1	19.8	25.5	32.4	25.3	27.1	17.4	14.3	16.3	24.2	16.1	11.4	13.0
Jubilant Pharmova	JUBLIF	388	340	Hold	6161	37.4	26.0	15.9	26.1	10.4	14.9	24.4	14.8	13.7	9.0	6.1	8.6	12.6	7.8	4.6	7.0
Lupin	LUPIN	719	680	Reduce	32730	26.9	11.9	11.8	27.7	26.8	60.6	61.1	26.0	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	585	735	Hold	10704	24.2	9.3	41.6	42.3	24.2	62.8	14.1	13.8	13.1	4.6	18.1	16.9	10.7	4.0	15.5	13.9
Sun Pharma	SUNPHA	1011	1,225	Buy	242455	30.0	32.0	34.8	40.1	33.6	31.6	29.0	25.2	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1665	1,730	Hold	56292	37.0	32.0	40.0	46.7	45.0	52.0	41.6	35.7	17.6	19.7	19.1	21.4	21.4	18.2	19.8	19.7
Indoco Remedies	INDREM	359	525	Buy	3303	10.1	16.8	21.6	29.2	35.6	21.4	16.6	12.3	11.7	17.5	17.6	23.9	12.1	17.1	18.6	20.6
Caplin Point	CAPPOI	734	955	Buy	5578	81.7	85.3	70.4	73.0	9.0	8.6	10.4	10.1	25.3	23.7	22.6	0.0	20.4	20.2	18.7	17.5
Advanced Enzymes	ADVENZ	292	265	Reduce	3270	13.1	10.7	8.5	12.1	22.3	27.3	34.5	24.2	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	2000	2,070	HOLD	1741	44.4	45.7	35.9	51.8	43.6	42.3	53.9	37.4	16.2	10.9	9.3	11.8	16.5	15.0	10.8	14.0
<b>API/CRAMS</b>																					
Divi's Lab	DIVLAB	3287	3,685	HOLD	87099	74.7	111.5	93.0	113.5	44.0	29.5	35.3	29.0	27.6	30.2	22.8	24.4	21.3	25.2	18.4	19.2
Hikal	HIKCHE	343	330	Reduce	4223	10.8	13.0	3.8	14.4	31.8	26.4	89.6	23.8	15.1	13.6	5.6	13.8	14.3	15.0	4.3	14.2
Syngene Int.	SYNINT	606	710	Buy	24311	10.1	9.9	11.5	14.6	59.9	61.5	52.6	41.6	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	359	375	Buy	8906	22.2	16.6	21.9	26.8	16.2	21.6	16.4	13.4	24.0	15.6	18.6	20.5	25.3	16.0	17.6	17.9
Laurus Labs	LAULAB	451	675	Buy	24208	18.3	15.4	20.7	27.0	24.6	29.3	21.7	16.7	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceutical	SUVPH	438	530	BUY	11158	14.2	17.8	17.0	17.6	30.7	24.5	25.8	24.8	31.2	37.5	28.7	25.0	30.7	29.7	23.0	20.0

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	1,471.3	1,703.2	
Growth (%)	22.9	19.6	15.9	15.8	
Raw Material Expenses	471.7	557.5	667.4	757.9	
Gross Profit	589.6	711.9	803.9	945.3	
Gross Profit Margins (%)	55.6	56.1	54.6	55.5	
Employee Expenses	102.5	115.3	137.3	157.5	
Other Expenditure	158.4	201.9	231.0	272.5	
Total Operating Expenditure	732.7	874.7	1,035.7	1,188.0	
<b>EBITDA</b>	<b>328.7</b>	<b>394.7</b>	<b>435.6</b>	<b>515.2</b>	
Growth (%)	26.4	20.1	10.4	18.3	
Interest	1.6	0.7	0.5	0.5	
Depreciation	37.0	46.9	45.4	60.9	
Other Income	23.5	38.8	65.6	75.9	
<b>PBT before Exceptional Item</b>	<b>313.6</b>	<b>385.8</b>	<b>455.4</b>	<b>529.8</b>	
Less: Exceptional Items	0.0	0.0	0.0	0.0	
PBT after Exceptional Items	313.6	385.8	455.4	529.8	
Total Tax	62.2	77.4	77.2	116.5	
PAT before MI	251.4	308.5	378.2	413.2	
Minority Interest	9.2	8.6	6.7	10.3	
<b>PAT</b>	<b>242.3</b>	<b>299.8</b>	<b>371.5</b>	<b>402.9</b>	
Growth (%)	12.6	23.8	23.9	8.4	
<b>EPS (Adjusted)</b>	<b>32.0</b>	<b>39.6</b>	<b>49.0</b>	<b>53.2</b>	

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	371.5	402.9	
Add: Depreciation & Amortization	37.0	46.9	45.4	60.9	
Net Increase in Current Assets	-21.5	-96.0	-107.5	-107.8	
Net Increase in Current Liabilities	19.5	97.9	34.3	28.8	
Others	-13.9	-16.5	0.5	0.5	
<b>CF from Operating activities:</b>	<b>268.6</b>	<b>336.8</b>	<b>344.2</b>	<b>385.3</b>	
(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	
<b>CF from Investing activities</b>	<b>-8.5</b>	<b>-292.6</b>	<b>-201.1</b>	<b>-161.1</b>	
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	-0.5	-0.5	
<b>CF from Financing activities:</b>	<b>-24.0</b>	<b>-40.7</b>	<b>-19.4</b>	<b>-23.2</b>	
<b>Net Cash Flow</b>	<b>236.1</b>	<b>3.4</b>	<b>123.7</b>	<b>201.0</b>	
Cash and Cash Equivalent	223.4	459.6	463.0	586.7	
<b>Cash</b>	<b>459.6</b>	<b>463.0</b>	<b>586.7</b>	<b>787.7</b>	

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	1,821.3	2,201.5	
Total Shareholders funds	1,185.8	1,483.9	1,836.5	2,216.6	
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	
<b>Source of Funds</b>	<b>1,238.6</b>	<b>1,529.6</b>	<b>1,883.0</b>	<b>2,264.1</b>	
Gross Block - Fixed Assets	422.6	450.6	630.6	805.6	
Accumulated Depreciation	117.2	164.1	209.4	270.3	
Net Block	305.4	286.6	421.2	535.3	
Capital WIP	13.8	17.7	37.7	22.7	
Fixed Assets	319.2	304.3	459.0	558.1	
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	272.1	309.0	
Debtors	279.4	320.1	371.0	429.4	
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	586.7	787.7	
Total Current Assets	1,025.3	1,245.9	1,477.0	1,785.8	
Creditors	88.5	163.2	195.3	221.8	
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	241.1	269.8	
Net Current Assets	900.3	1,039.1	1,236.0	1,515.9	
<b>Application of Funds</b>	<b>1,238.6</b>	<b>1,529.6</b>	<b>1,883.0</b>	<b>2,264.1</b>	

Source: Company, ICICI Direct Research

Exhibit 13: Key ratios					
(Year-end March)	FY21	FY22	FY23E	FY24E	
<b>Per share data (₹)</b>					
Reported EPS	32.0	39.6	49.0	53.2	
Cash EPS	33.8	41.7	52.5	58.2	
BV per share	156.4	195.8	242.3	292.4	
Cash per Share	60.6	61.1	77.4	103.9	
Dividend per share	3.0	4.0	2.5	3.0	
<b>Operating Ratios (%)</b>					
Gross Profit Margins	55.6	56.1	54.6	55.5	
EBITDA margins	31.0	31.1	29.6	30.3	
PAT Margins	22.8	23.6	25.2	23.7	
Cash Conversion Cycle	166.1	134.0	134.0	134.0	
Asset Turnover	2.5	2.8	2.3	2.1	
EBITDA conversion Rate	81.7	85.3	79.0	74.8	
<b>Return Ratios (%)</b>					
RoE	20.4	20.2	20.2	18.2	
RoCE	25.4	25.3	24.2	23.4	
RoIC	38.6	34.9	32.3	32.4	
<b>Valuation Ratios (x)</b>					
P/E	22.9	18.5	14.9	13.8	
EV / EBITDA	15.5	12.7	11.3	9.1	
EV / Net Sales	4.8	4.0	3.3	2.8	
Market Cap / Sales	5.2	4.4	3.8	3.3	
Price to Book Value	4.7	3.7	3.0	2.5	
<b>Solvency Ratios</b>					
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	
<b>Quick Ratio</b>					
Inventory days	138.5	148.8	148.8	148.8	

Source: Company, ICICI Direct Research

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