

Animal health drives sales as poultry decline continues

About the stock: Hester is one of India's leading animal healthcare companies & the second largest poultry vaccine manufacturer in the country. It has a strategic presence in 30+ countries with key markets being India, Nepal and Tanzania.

- It operates through four broad verticals: poultry vaccines, poultry health products, animal vaccines and animal health products
- Sales break-up for Q3FY23: Poultry healthcare: 42%, Animal healthcare: 58%

Q3FY23 Results: Animal healthcare boosted revenues, gross margins impacted due to stock write off.

- Sales were up 34.6% YoY to ₹ 75 crore
- EBITDA was at ₹ 19 crore, up 24.9%, with margins at 25%
- Adjusted PAT was at ₹ 12.3 crore (up 45% YoY)

What should investors do? Hester's share price has grown at a CAGR of 4.38% over the past three years.

- We maintain **HOLD** as we monitor the ramp-up in animal healthcare, Africa business, opportunities in pet-care to mitigate slump in legacy poultry vaccines segment

Target Price and Valuation: We value Hester at ₹ 1830 (base business at ₹ 1794 i.e. 30x FY25E EPS of ₹ 59.8 + NPV of ₹ 35 for Covaxin DS opportunity).

Key triggers for future price performance:

- Opportunities in animal vaccines such as classical swine fever, lumpy skin disease (only player), sheep pox (only player) in the domestic space and expected launch of the modified Inactivated Coryza Vaccine, along with additional revenue from PPR national tender
- Increased focus on health products & widening of portfolio with differentiated herbal line of products looks promising for growth prospects
- Traction from manufacturing from Tanzania facility, Hester Africa and strengthened distribution network in Africa, along with increase in bulk antigen capacity and fill finish line for animal vaccines
- Foray into pet care with 10 products and new marketing teams in four zones

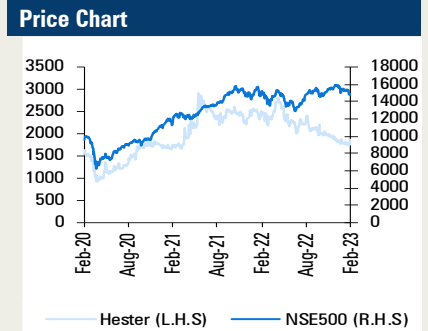
Alternate Stock Idea: Apart from Hester, in our healthcare coverage we like Indoco.

- Indoco manufactures and markets branded formulations and APIs for the domestic and export markets
- BUY with target price of ₹ 440



Particulars	
Particular	Amount
Market Capitalisation	₹ 1523 crore
Debt (FY22)	₹ 223 crore
Cash (FY22)	₹ 25 crore
EV	₹ 1720 crore
52 week H/L (₹)	2950/1670
Equity capital	₹ 8.5 crore
Face value (₹)	₹ 10

Shareholding pattern				
(in %)	Mar-22	Jun-22	Sep-22	Dec-22
Promote	53.7	53.7	53.7	53.7
Others	46.3	46.3	46.3	46.3



Recent Event & Key risks

- Receipt of PPR tender.
- Key Risk:** (i) Continuous uptrend in feedstock prices, (ii) better than expected ramp-up in Animal healthcare

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Key Financial Summary

Key Financials (₹ Crore)	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	FY25E	2 year CAGR (FY23E-25E)
Revenues	214.3	235.0	13.8	268.6	301.9	339.4	12.4
EBITDA	68.7	60.0	8.0	58.3	72.3	84.6	20.5
EBITDA margins(%)	32.0	25.5		21.7	23.9	24.9	
Adjusted Net Profit	37.8	38.9	10.7	30.3	42.3	50.9	29.5
EPS (₹)	44.4	45.7		35.6	49.7	59.8	
PE (x)	44.2	39.1		50.2	36.0	29.9	
EV to EBITDA (x)	23.4	28.7		29.3	23.8	20.3	
RoNW (%)	16.5	15.0		10.7	13.5	14.4	
RoCE (%)	16.2	10.9		9.9	10.9	12.0	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q3FY23 Results: Animal healthcare boosts revenue, gross margins impacted by stock write off

- Hester Bio delivered 34.6% YoY growth at ~₹ 75 crore. Such a performance was driven by robust performance from the Animal healthcare segment, which saw 216.4% YoY growth and was at ~ ₹ 44 crore. Poultry segment showed a down trend of ~25% at ~ ₹ 31.4 crore during the quarter. Gross profit margins came in at ~71% in Q3FY23 down 3% largely due to write-off of ~ ₹ 1.6 crore of expired vaccine stocks in the poultry healthcare division. On the operational front, EBITDA was at ~ ₹ 19 crore, up 24.9% YoY whereas margins took a hit of 195 bps. Net profit for the company was at ₹ 12.3 crore, up 45.4% YoY. Net profit margins got impacted due to unrealised MTM losses of ~ ₹ 2.44 crore on translation of US dollar loan
- The growing need for Goat pox vaccine to stop outbreak of lumpy skin disease (LSD) in cattle drove the animal healthcare segment. Poor collection cycles and much fewer new bird placements are the results of high feed costs and low product realisations which affected the Poultry segment revenues. However, the de-growth of vaccine sales was partly offset by the continued growth of the poultry health products sales. Going ahead, Hester is expected to focus on vaccine tailwinds on the back of LSD outbreak and PPR tender while improving sales productivity and scaling-up health products, which remains key for better operating leverage. As Hester Bio strengthens its hold in the animal healthcare space, order flow and pricing power is likely to improve in the near future

Q3FY23 Earnings Conference Call highlights:

Vaccine:

- Hester Bio got an opportunity to serve as the first supplier of PPR vaccine under the Government of India (GoI) tender in January 2023. The overall order value under the tender agreement is ~₹ 40.6 crore and GoI-approved phased execution is to be completed by Q4FY25
- During the quarter, it could manage to penetrate across India with its goat pox vaccine and holds 95% share as on date

Poultry healthcare

- The management expects drastic changes with a revival in the industry coming in latest by end of Q4FY23
- Hester has agreements in place to purchase both technologies (vaccines for LSD in cattle and Avian Influenza in poultry) developed by Indian Veterinary Research Institute (IVRI).

Pet care division:

- Currently, this business is a part of animal healthcare portfolio where it launched 10 products in the last six months in 15 territories. The company has guided for further launch of three products in Q4FY23 in the category of deworming and NSAID keeping the seasonal requirements in mind
- It aspires to add 25 new sales territories from current 15, to penetrate further and drive its revenue growth

Capex initiatives:

- As opposed to the earlier anticipated completion date of Q4FY23, the Fill-finish (Drug Product) project is expected to be completed in Q1FY24. The delay in equipment delivery impacted its plans. The said expansion is likely to double the vaccine production.

Other highlights:

- It plans to explore biologics and diagnostic areas as well
- Exports to African countries continue to take place from Nepal
- It received few licenses for Hester Africa and registrations are going on in a few other African countries, which should aid growth in future

Exhibit 1: Variance Analysis

	Q3FY23	Q3FY22	Q2FY23	YoY (%)	QoQ (%)	Comments
Revenue	75.0	55.7	72.0	34.6	4.1	YoY improvement driven by growth in Animal Healthcare
Raw Material Expenses	19.8	13.3	21.6	48.9	-8.3	
Gross Margin (%)	73.6	76.1	70.0	-254.6	357.4	Gross profit margins came at 73.6% in Q3FY23 down 3% largely due to write-off of ₹ 1.6 crore of expired vaccine stocks in the Poultry Healthcare Division.
Employee Expenses	14.6	10.7	13.0	37.1	12.0	
Other Expenditure	21.8	16.7	21.6	30.3	0.9	
EBITDA	18.8	15.0	15.8	24.9	18.7	On operational front EBITDA stood at ₹ 19 crore, up 24.9% YoY, whereas the margins took a hit of 195bps
EBITDA (%)	25.0	27.0	21.9	-194.9	309.4	
Interest	3.9	1.0	1.7	304.4	123.2	
Depreciation	5.2	5.2	2.3	1.4	124.2	
Other Income	4.4	2.8	2.2	58.1	101.7	
PBT before EO & Forex	14.0	11.7	13.9	20.2	0.9	
Forex & EO	0.0	0.0	0.0			
PBT	16.0	11.7	13.9	37.1	15.1	
Tax	3.8	3.3	3.5	14.8	8.7	
PAT before MI	12.2	8.3	10.4	46.1	17.3	
MI	-0.2	-0.2	0.0	10.0	-1,041.1	
Adjusted Net Profit	12.3	8.5	10.4	45.4	19.2	Delta vis-à-vis EBITDA
Key Metrics						
Poultry Healthcare	31.4	41.9	35.5	-25.2	-11.5	The poultry industry continues to be under pressure to high feed costs and low product realisations
Animal Healthcare	43.6	13.8	36.6	216.4	19.2	Continued traction in this segment

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY23E			FY24E			Comments
	Old	New	Change	Old	New	Change	
Revenue	261.7	268.6	2.7	292.8	301.9	3.1	Animal healthcare to continue to drive growth
EBITDA	54.9	58.3	6.2	70.0	72.3	3.2	
EBITDA Margin (%)	21.0	21.7	71 bps	23.9	23.9	4 bps	
PAT	32.1	30.3	-5.5	49.8	42.3	-15.1	
EPS (₹)	37.8	35.6	-5.7	58.6	49.7	-15.2	

Source: ICICI Direct Research

Exhibit 3: Assumptions

(₹ crore)	Current				Earlier			Comments
	FY20	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
Poultry Healthcare	120.3	156.5	171.8	140.9	155.0	181.4	215.1	Changed due to adverse demand environment
Animal Healthcare	47.3	50.5	63.2	127.7	146.8	76.1	82.2	Changed due to to increased contribution from vaccines

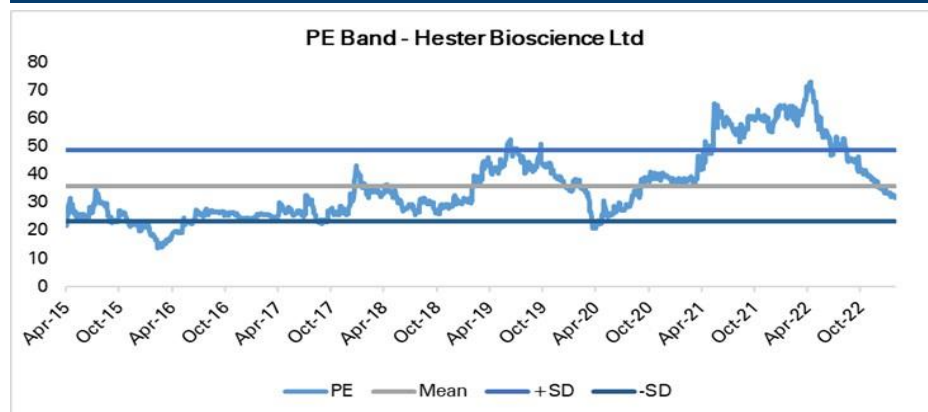
Source: ICICI Direct Research

Exhibit 4: Trends in Quarterly Performance

(₹ crore)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY (%)	QoQ (%)
Total Operating Income	50.7	43.6	39.9	53.4	56.9	64.2	60.2	62.7	55.7	56.5	50.7	72.0	75.0	34.6	4.1
Raw Material Expenses	5.7	2.9	5.0	15.2	13.7	17.7	17.9	16.2	13.3	15.4	14.4	21.6	19.8	48.9	-8.3
% of Revenue	11.2	6.5	12.4	28.5	24.0	27.5	29.7	25.8	23.9	27.3	28.3	30.0	26.4	255 bps	-357 bps
Gross Profit	45.0	40.8	34.9	38.2	43.2	46.5	42.3	46.5	42.4	41.1	36.3	50.4	55.1	30.1	9.4
Gross Profit Margin (%)	88.8	93.5	87.6	71.5	76.0	72.5	70.3	74.2	76.1	72.7	71.7	70.0	73.6	-255 bps	357 bps
Employee Expenses	10.3	12.4	8.6	8.4	10.8	11.1	11.3	11.1	10.7	12.3	11.8	13.0	14.6	37.1	12.0
% of Revenue	20.3	28.5	21.5	15.8	19.0	17.4	18.8	17.7	19.1	21.7	23.4	18.1	19.5	35 bps	139 bps
Other Expenditure	14.0	21.2	14.4	14.0	11.2	15.6	14.0	17.8	16.7	18.5	17.1	21.6	21.8	30.3	0.9
% of Revenue	27.7	48.5	36.2	26.2	19.8	24.3	23.2	28.5	30.0	32.7	33.7	29.9	29.0	-95 bps	-91 bps
Total Expenditure	30.0	36.4	28.0	37.6	35.7	44.4	43.1	45.1	40.7	46.1	43.3	56.2	56.2	38.2	-0.1
% of Revenue	59.2	83.5	70.1	70.4	62.8	69.2	71.6	72.0	73.0	81.7	85.3	78.1	75.0	195 bps	-309 bps
EBITDA	20.7	7.2	11.9	15.8	21.2	19.8	17.1	17.6	15.0	10.3	7.4	15.8	18.8	24.9	18.7
EBITDA Margin (%)	40.8	16.5	29.9	29.6	37.2	30.8	28.4	28.0	27.0	18.3	14.7	21.9	25.0	-195 bps	309 bps
Other Income	0.3	4.8	0.7	0.2	1.3	2.5	2.3	1.4	2.8	7.2	3.1	2.2	4.4	58.1	101.7
Interest	2.6	2.5	1.5	2.1	1.5	1.4	0.9	0.7	1.0	1.5	1.6	1.7	3.9	304.4	123.2
Depreciation	3.4	3.2	3.2	3.2	3.3	3.6	3.2	3.1	5.2	5.1	5.1	2.3	5.2	1.4	124.2
PBT	15.0	6.2	7.9	10.7	17.7	17.2	15.3	15.2	11.7	10.9	3.9	13.9	14.0	20.2	0.9
Total Tax	3.0	1.5	2.8	4.0	4.8	3.8	4.3	4.1	3.3	2.3	1.9	3.5	3.8	14.8	8.7
Tax rate (%)	20.1	23.7	35.9	37.5	27.1	21.9	28.1	26.7	28.7	21.1	48.9	25.4	27.4	-129 bps	196 bps
PAT	11.5	2.7	5.7	6.7	12.3	9.7	12.5	10.6	8.5	7.7	4.0	10.4	12.3	45.4	19.2
PAT Margin (%)	22.7	6.3	14.3	12.5	21.7	15.1	20.8	17.0	15.2	13.7	7.8	14.4	16.5		
EPS (₹)	13.5	3.2	6.7	7.9	14.5	11.4	14.7	12.5	10.0	9.1	4.7	12.2	14.5		

Source: ICICI Direct Research

Exhibit 5: PE Band



Source: ICICI Direct Research

Exhibit 6: ICICI Direct Coverage Universe (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				EV/EBITDA(x)				RoCE (%)			RoE (%)				
						FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Hospitals																					
Apollo Hospitals	APOHOS	4270	5,230	Buy	61396	7.8	59.1	67.8	85.2	57.7	29.8	29.3	24.6	6.3	15.1	14.7	16.7	6.3	15.1	14.7	16.7
Narayana Hrudalaya	NARHRU	717	855	Buy	14655	-0.7	16.7	27.9	25.6	86.0	23.8	18.1	16.4	1.2	20.5	23.6	19.0	-1.3	23.0	28.0	20.6
Shaby	SHALIM	142	180	Buy	1531	3.9	5.4	7.9	11.1	17.6	13.3	9.4	7.2	6.5	8.4	12.9	15.8	5.1	6.7	9.1	11.5
Aster DM	ASTDM	211	300	Buy	10532	3.0	10.5	8.1	18.5	16.0	11.5	10.6	7.2	5.4	9.0	9.1	14.0	4.4	13.3	9.3	17.5
Healthcare Global	HEAGLO	283	370	Buy	3930	-13.9	3.9	4.0	8.4	39.4	20.1	14.9	12.0	-0.9	5.0	9.3	12.3	-0.9	5.0	6.0	11.1
Company																					
MNC Pharma																					
Abbott India	ABBIND	20809	21,725	Hold	44220	325.0	375.9	452.0	543.1	64.0	55.4	46.0	38.3	33.8	36.6	38.6	37.5	26.5	28.3	30.1	29.0
P&G Health	MERLJM	4103	5,235	Buy	6812	106.5	116.0	150.0	163.6	38.5	35.4	27.3	25.1	32.2	39.8	42.5	38.0	25.1	31.2	32.0	28.5
Sanofi India	SANOFI	5450	6,385	Hold	12551	207.4	410.1	265.9	255.5	26.3	13.3	20.5	21.3	32.3	33.3	40.9	50.2	24.5	25.9	30.8	38.1
Pfizer	PFIZER	3822	4,505	Hold	17484	108.8	133.9	151.4	150.2	35.1	28.5	25.3	25.5	27.6	26.1	25.0	23.7	20.8	21.4	18.8	18.1
Pharma																					
Ajanta Pharma	AJAPHA	1180	1,385	Buy	15097	51.1	55.7	55.9	68.4	23.1	21.2	21.1	17.3	29.0	27.0	23.4	24.4	21.8	21.8	18.8	19.5
Alembic Pharma	ALEMPHA	545	550	Hold	10713	62.6	27.7	14.6	21.0	8.7	19.7	37.2	26.0	25.1	10.6	6.3	8.6	24.1	10.4	5.3	7.3
Aurobindo Pharma	AURPHA	413	540	Hold	24173	55.0	47.4	34.7	44.8	7.5	8.7	11.9	9.2	16.9	12.9	9.6	11.9	14.7	11.3	7.7	9.1
Biocon	BIOCON	240	290	Hold	28784	6.3	5.7	3.0	4.8	38.3	42.1	79.7	49.5	7.7	7.5	3.8	6.1	9.9	8.1	1.5	2.4
Zydus Lifesciences	CADHEA	436	480	Hold	44092	23.3	21.0	21.1	25.3	18.7	20.8	20.6	17.3	13.8	12.0	11.7	12.2	18.4	12.6	11.4	12.2
Cipla	CIPLA	1032	1,290	Buy	83301	29.8	32.9	38.3	45.5	34.6	31.4	27.0	22.7	17.0	16.3	18.4	19.1	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4350	5,210	Buy	72446	117.6	127.2	262.2	215.5	37.0	34.2	16.6	20.2	13.1	13.0	24.2	20.8	11.1	11.0	18.9	13.8
Glenmark Pharma	GLEPHA	384	440	Hold	10842	32.9	42.7	36.4	50.0	11.7	9.0	10.5	7.7	13.9	14.8	16.0	16.0	13.1	13.2	10.2	12.4
Ipca Laboratories	IPCLAB	853	925	Hold	21630	44.9	34.8	24.5	35.7	19.0	24.5	34.8	23.9	27.1	17.4	13.3	16.5	24.2	16.1	10.3	13.3
Jubilant Pharmova	JUBLIF	340	395	Hold	5422	37.4	26.0	22.5	32.8	9.1	13.1	15.1	10.4	13.7	9.0	7.8	9.7	12.6	7.8	6.4	8.6
Lupin	LUPIN	738	680	Hold	33567	26.9	11.9	9.1	26.4	27.5	62.1	80.7	28.0	9.6	3.4	5.9	11.3	8.8	4.4	3.3	8.8
Natco Pharma	NATPHA	529	660	Hold	9665	24.2	9.3	38.6	46.3	21.9	56.8	13.7	11.4	13.1	4.6	16.8	18.5	10.7	4.0	14.6	15.2
Sun Pharma	SUNPHA	1017	1,210	Buy	243988	30.1	32.0	34.3	40.9	33.8	31.8	29.6	24.8	14.2	18.2	17.4	19.0	15.5	16.0	15.0	15.5
Torrent Pharma	TORPHA	1538	1,720	Hold	52070	37.0	32.0	37.6	45.6	41.6	48.0	40.9	33.7	17.6	19.7	18.3	21.1	21.4	18.2	18.8	19.4
Indoco Remedies	INDREM	328	440	Buy	3024	10.1	16.8	17.9	26.7	32.5	19.5	18.3	12.3	11.7	17.5	15.6	21.9	12.1	17.1	15.9	19.8
Caplin Point	CAPPOI	692	955	Buy	5249	81.7	85.3	79.0	74.8	8.5	8.1	8.8	9.3	25.3	24.2	23.4	0.0	20.4	20.2	20.2	18.2
Advanced Enzymes	ADVENZ	270	265	Reduce	3019	13.1	10.7	9.6	13.3	20.6	25.2	28.3	20.3	19.4	14.3	10.9	14.0	15.1	11.0	9.0	11.3
Hester Biosciences	HESPHA	1790	1,830	Hold	1529	44.4	45.7	37.8	58.6	40.3	39.1	47.4	30.5	16.2	10.9	9.5	12.7	16.5	15.0	11.3	15.4
API/CRAMS																					
Divi's Lab	DIVLAB	3356	3,685	Hold	89087	74.7	111.5	87.7	96.9	44.9	30.1	38.3	34.6	27.6	30.2	21.1	21.8	21.3	25.2	17.7	17.2
Hikal	HIKCHE	347	330	Hold	4283	10.8	13.0	6.8	16.6	32.1	26.7	51.2	21.0	15.1	13.6	7.8	14.9	14.3	15.0	7.4	15.6
Syngene Int.	SYNINT	564	610	Hold	22628	10.1	9.9	11.6	14.3	55.7	57.1	48.7	39.3	11.5	11.7	12.9	15.1	13.5	12.9	12.5	13.5
Granules India	GRANUL	292	355	Buy	7263	22.2	16.6	22.7	27.2	13.2	17.5	12.8	10.7	24.0	15.6	20.5	21.7	25.3	16.0	19.7	19.3
Laurus Labs	LAULAB	335	400	Buy	18021	18.3	15.4	16.5	19.1	18.3	21.8	20.3	17.5	31.7	21.3	21.8	24.3	37.9	24.7	21.9	23.6
Suven Pharmaceuticals	SUVPH	492	530	Buy	12537	14.2	17.8	14.7	17.7	34.6	27.6	33.4	27.8	31.2	37.5	26.0	25.6	30.7	29.7	20.6	20.5

Source: ICICI Direct Research

Financial Summary

Exhibit 7: Profit and loss statement				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Revenues	235.0	268.6	301.9	339.4
Growth (%)	9.6	14.3	12.4	12.4
Raw Material Expenses	62.7	75.7	84.5	91.6
Employee Expenses	45.3	52.3	58.9	66.2
Other Expenditure	67.0	82.4	86.2	96.9
Total Operating Expenditure	175.0	210.3	229.6	254.7
EBITDA	60.0	58.3	72.3	84.6
Growth (%)	-12.6	-2.8	23.9	17.2
Interest	4.1	11.1	6.7	6.7
Depreciation	16.6	17.9	23.8	26.7
Other Income	13.7	13.8	15.1	17.0
PBT before Exceptional Items	53.1	43.2	56.9	68.3
Less: Forex & Exceptional Items	0.0	0.0	0.0	0.0
PBT	53.1	43.2	56.9	68.3
Total Tax	14.0	12.0	13.6	16.4
PAT	38.9	30.3	42.3	50.9
Adjusted PAT	38.9	30.3	42.3	50.9
Growth (%)	3.0	-22.0	39.4	20.3
EPS	45.7	35.6	49.7	59.8
EPS (Adjusted)	45.7	35.6	49.7	59.8

Source: Company, ICICI Direct Research

Exhibit 8: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Profit/(Loss) after taxation	36.4	30.3	42.3	50.9
Add: Depreciation & Amortization	16.6	17.9	23.8	26.7
Add: Interest	2.6	11.1	6.7	6.7
Net Increase in Current Assets	-29.1	-25.4	-20.5	-19.5
Net Increase in Current Liabilities	-9.5	4.5	3.6	3.2
CF from operating activities	16.9	38.4	55.9	67.9
(Inc)/dec in Fixed Assets	-95.5	-30.0	-50.0	-50.0
(Inc)/dec in Investments	-21.3	21.2	0.0	0.0
Other Investing Activities	-0.1	0.7	0.7	0.8
CF from investing activities	-116.9	-8.1	-49.3	-49.2
Proceeds from issues of Equity Shares	0.4	0.0	0.0	0.0
Proceeds/(Repayment) Loan	116.9	0.0	0.0	0.0
(Payment) of Dividend and Dividend	-8.5	-7.7	-11.5	-11.5
Other Financing Activities	2.9	-11.1	-6.7	-6.7
CF from financing activities	111.6	-18.8	-18.2	-18.2
Net Cash flow	11.6	11.5	-11.6	0.5
Opening Cash	21.7	25.2	36.7	25.2
Closing Cash	33.3	36.7	25.2	25.6
FCF	-78.7	8.4	5.9	17.9

Source: Company, ICICI Direct Research

Exhibit 9: Balance Sheet				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Equity Capital	8.5	8.5	8.5	8.5
Reserve and Surplus	251.5	274.1	304.9	344.3
Total Shareholders funds	260.0	282.7	313.5	352.8
Total Debt	222.6	222.6	222.6	222.6
Deferred Tax Liability	6.5	6.8	7.2	7.5
Minority Interest	7.4	7.8	8.2	8.6
Other Non Current Liabilities	26.8	28.2	29.6	31.0
Source of Funds	523.3	548.0	580.9	622.6
Gross Block - Fixed Assets	348.2	368.2	418.2	468.2
Accumulated Depreciation	111.0	128.9	152.7	179.3
Net Block	237.2	239.3	265.5	288.8
Capital WIP	81.9	91.9	91.9	91.9
Net Fixed Assets	319.1	331.2	357.4	380.7
Total Intangible Assets	0.0	0.0	0.0	0.0
Investments	21.2	0.0	0.0	0.0
Inventory	75.4	90.9	101.6	110.1
Cash	25.2	36.7	25.2	25.6
Debtors	55.3	63.2	71.0	79.8
Loans & Advances & Other CA	38.9	40.8	42.9	45.0
Total Current Assets	194.8	231.7	240.6	260.6
Creditors	18.0	21.7	24.3	26.3
Provisions & Other CL	20.9	21.6	22.7	23.8
Total Current Liabilities	38.9	43.3	47.0	50.1
Net Current Assets	155.9	188.4	193.7	210.5
LT L&A, Other Assets	27.1	28.4	29.9	31.3
Deferred Tax Assets	0.0	0.0	0.0	0.0
Application of Funds	523.3	548.0	580.9	622.6

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios				
(Year-end March)	FY22	FY23E	FY24E	FY25E
Per share data (₹)				
EPS	45.7	35.6	49.7	59.8
Cash EPS	35.7	26.6	36.2	46.3
BV	305.6	332.3	368.5	414.8
DPS	10.0	9.0	13.5	13.5
Cash Per Share	130.5	151.5	179.5	210.8
Operating Ratios (%)				
Gross Profit Margins	73.3	71.8	72.0	73.0
EBITDA margins	25.5	21.7	23.9	24.9
Net Profit margins	16.6	11.3	14.0	15.0
Inventory days	438.7	438.7	438.7	438.7
Debtor days	85.9	85.9	85.9	85.9
Creditor days	104.9	104.9	104.9	104.9
Asset Turnover	0.7	0.7	0.7	0.7
EBITDA conversion rate	28.1	65.8	77.4	80.2
Return Ratios (%)				
RoE	15.0	10.7	13.5	14.4
RoCE	10.9	9.9	10.9	12.0
RoIC	10.4	9.6	10.4	11.5
Valuation Ratios (x)				
P/E	39.1	50.2	36.0	29.9
EV / EBITDA	28.7	29.3	23.8	20.3
EV / Revenues	7.3	6.4	5.7	5.1
Market Cap / Revenues	6.5	5.7	5.0	4.5
Price to Book Value	5.9	5.4	4.9	4.3
Solvency Ratios				
Debt / Equity	0.9	0.8	0.7	0.6
Debt/EBITDA	3.7	3.8	3.1	2.6
Current Ratio	4.4	4.5	4.6	4.7

Source: Company, ICICI Direct Research

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