

Multiple headwinds continue to stress; FY24 outlook cautious but upbeat...

About the stock: Hikal is predominantly a B2B player that provides intermediates and active ingredients to global pharmaceutical, animal health, crop protection and specialty chemical companies.

- Pharma & crop protection are 58% & 42% of operating revenue, respectively. Pharma business is currently divided into 50:50 ratio of APIs, CDMO. Animal health business accounts for 20-25% of CDMO business
- In crop protection, 69% revenues are derived from CDMO while remaining is from proprietary products, specialty chemicals & specialty biocides
- One of the largest suppliers of Gabapentin API (CNS) and in crop protection, one of the largest suppliers of Thiabendazole (TBZ)

Q1FY23 Results: Muted quarter amid headwinds in pharma and crop protection.

- Revenues declined 17% YoY to ₹ 379 crore
- EBITDA was at ₹ 23 crore, down 76% YoY with margins at 6%
- Loss of ₹ 9 crore in this quarter vs. profit of ₹ 50 crore in Q1FY22

What should investors do? Hikal's share price grew by ~2x over past three years

- Downgraded from BUY to **HOLD** due to the adoption of cautious stance in the backdrop of near to mid-term headwinds as we wait for improvement in macro environment in both demand and supply side to improve before taking a directional call.

Target Price and Valuation: Valued at ₹ 290 i.e. 20x FY24E EPS of ₹ 14.4.

Key triggers for future price performance:

- Capex progress in both pharma and crop protection
- Margin improvement on the back of several cost rationalisation & efficiency improvement measures undertaken during the pandemic
- Continuum in crop protection growth rate
- Received manufacturing license for the production of APIs at Panoli site, to resume post validations over the next quarters
- Raw material challenges expected to continue in the next few months

Alternate Stock Idea: Apart from Hikal, in our healthcare coverage we like Laurus.

- Laurus Labs operates in the segment of generic APIs & FDFs (formulations), custom synthesis and biotechnology
- BUY with target price of ₹ 675

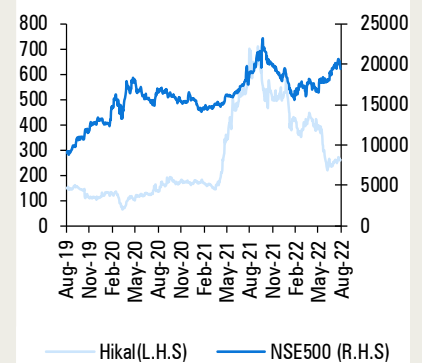
Particulars

Particular	Amount
Market Cap	₹ 3583 crore
Debt (FY22)	₹ 675 crore
Cash (FY22)	₹ 49 crore
EV	₹ 4209 crore
52 week H/L (₹)	742/216
Equity capital	₹ 24.7 crore
Face value	₹ 2

Shareholding pattern

(in %)	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	68.8	68.8	68.8	68.8
Others	31.2	31.2	31.2	31.2

Price Chart



Recent Event & Key risks

- Operationalization for Taloja unit
- Key Risk:** (i) Better than expected demand offtake (ii) Input availability cost challenges persisting for increased duration

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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	1507.3	1720.4	1942.7	13.9	1881.6	2166.4	5.6
EBITDA	273.2	322.9	340.6	11.9	212.2	389.5	6.9
EBITDA Margins (%)	18.1	18.8	17.5		11.3	18.0	
Adjusted PAT	99.8	133.2	160.5	18.8	47.2	177.8	5.3
EPS (₹)	8.1	10.8	13.0		3.8	14.4	
PE (x)	35.9	26.9	22.3		75.9	20.1	
EV to EBITDA (x)	15.2	12.9	12.3		20.2	10.6	
Price to book (x)	4.4	3.8	3.4		3.3	2.9	
RoE (%)	12.2	14.3	15.0		4.3	14.2	
RoCE (%)	12.8	15.1	13.6		5.6	13.8	

Key takeaways of recent quarter & conference call highlights

Q1FY23 Results: Washout quarter amid multiple headwinds

- Revenues de-grew 17% YoY to ₹ 379 crore with crop protection declining 15% YoY to ₹ 154 crore. Pharma de-grew 18%YoY to ₹ 224 crore. EBITDA margins declined 1496 bps YoY to 6% amid 1053 bps YoY decline in gross margins. EBITDA de-grew 76% YoY to ₹ 23 crore. Consequently, Hikal booked loss of ₹ 9 crore in this quarter vs. profit of ₹ 50 crore in Q1FY22. Delta vis-à-vis EBITDA was mainly due to higher interest cost and depreciation on account of assets additions
- Q1 was expected to be a weak period but quarterly revenues and margins were significantly below our estimates. Pharma business witnessed channel inventory correction at customers' end while crop protection was affected due to expected disruption in operations of Taloja plant. Rise in the input costs of raw materials, solvents, utilities and fuel has affected margins while focus now shifts on company's ability to pass through these increases without much lag. We expect a step wise recovery in the upcoming quarters. Hikal continues to expand in both pharma, crop protection segments with separate focus and a calibrated approach but with strong headwinds due to the inflationary pressures and a sharp rise in input costs of raw material, energy and solvents, growth is likely to taper and margins contract in FY23

Q1FY23 Earnings Conference Call highlights

- Hikal continued to see a rise in the input costs of raw materials, solvents, utilities and fuel, which has affected margins. Hikal is focused on passing through these increases in the input costs to CDMO customers with one or two quarters lag while the company is unable to pass on in pharma generics. Prices of some key raw materials is likely to soften in the upcoming months, which will improve overall margins and profitability
- Pharmaceutical business witnessed channel inventory correction at customers' end. Hikal expects the demand for own products business to improve in the coming quarters. The company has continued to receive several new inquiries from global innovator companies for the partnerships in the CDMO business segment and successfully secured few projects from global innovators, Hikal has received orders for validation quantities for two intermediates of a Covid drug from a global innovator company
- Crop protection business saw disruption in operations of Taloja plant as company utilised the time effectively by undertaking annual preventive maintenance. The plant is now fully operational. Hikal is on track for building new multipurpose plant for launching new products, which is expected to come on stream by Q4FY23. On CDMO front, Hikal is receiving new inquiries from both existing and new customers
- In terms of guidance, the company is expecting FY23 revenues to be on similar lines to FY22 while also guiding for high teen growth from FY24. EBITDA margins are likely to improve in subsequent quarters and the management has indicated at 50-100 bps improvement in FY24 margins from FY22 levels

Exhibit 1: Variance Analysis

₹ crore	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	Comments
Revenue	378.8	456.8	-17.1	502.4	-24.6	YoY decline due to decline in both Pharma and Crop protection
Raw Material Expenses	226.4	224.9	0.7	277.6	-18.4	
Gross Margins (%)	40.2	50.8	-1053 bps	44.7	-451 bps	
Employee Expenses	43.2	48.1	-10.1	53.6	-19.4	
Other Expenditure	86.5	88.0	-1.8	110.2	-21.5	
Operating Profit (EBITDA)	22.8	95.8	-76.2	61.0	-62.7	
EBITDA (%)	6.0	21.0	-1496 bps	12.1	-613 bps	YoY decline due to increase in input costs of raw materials, energy and solvents as well as lag in pass through of costs to customers
Interest	11.3	8.0	41.3	8.1	39.7	
Depreciation	26.5	22.6	17.5	24.2	9.4	
Other Income	3.3	3.2	2.8	0.3	1,111.1	
PBT	-11.8	68.4	-117.2	29.0	-140.7	
Exceptional Items	0.0	0.0	NA	0.0	NA	
Tax	-2.9	17.9	-116.3	8.2	-135.3	
Tax Rate (%)	24.7	26.1	-5.3	28.5	-13.1	
Reported PAT	-8.9	50.5	-117.5	20.7	-142.8	
Adjusted PAT	-8.9	50.5	-117.5	20.7	-142.8	
EPS (₹)	-0.7	4.1	-117.5	1.7	-142.8	
Key Metrics						
Pharma	224.3	274.1	-18.2	307.9	-27.2	YoY decline due to channel inventory correction at customers' end
Crop Protection	154.5	182.7	-15.4	194.4	-20.5	YoY decline amid disruption in operations of Taloja plant

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY23E			FY24E			Comments
	Old	New % Change		Old	New % Change		
Revenue	2,133.9	1,881.6	-11.8	2,433.6	2,166.4	-11.0	Changed mainly due to slower offtake in demand
EBITDA	329.5	212.2	-35.6	462.7	389.5	-15.8	
EBITDA Margin (%)	15.4	11.3	-416 bps	19.0	18.0	-103 bps	Changed amid inflation in input cost and logistic cost
PAT	136.5	47.2	-65.4	234.0	177.8	-24.0	
EPS (₹)	11.1	3.8	-65.4	19.0	14.4	-24.0	

Source: ICICI Direct Research

Exhibit 3: Assumptions

(₹ crore)	Current				Earlier			
	FY20	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
Pharma	886.9	1,059.6	1,129.7	995.2	1,114.7	1,220.6	1,391.5	
Crop Protection	620.4	660.8	813.0	873.5	1,033.1	894.9	1,021.1	Ongoing capex at Panoli to be commissioned in Q4FY23

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	1720	14	10.8	33	26.9	12.9	14.3	15.1
FY22	1943	12.9	13.0	20.5	22.3	12.3	15.0	13.6
FY23E	1882	-3.1	3.8	-70.6	75.9	20.2	4.3	5.6
FY24E	2166	15.1	14.4	276.6	20.1	10.6	14.2	13.8

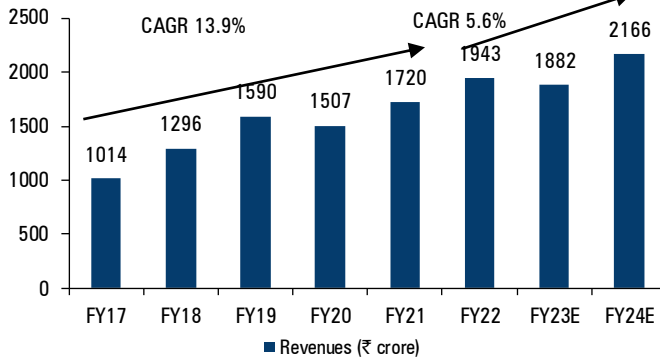
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ Crore)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ (%)
Total Operating Income	403.2	321.1	404.1	379.0	352.8	371.9	463.3	532.5	456.8	469.1	514.5	502.4	378.8	-17.1	-24.6
Raw Material Expenses	228.3	145.0	208.9	194.2	193.3	188.6	246.8	279.7	224.9	232.1	261.8	277.6	226.4	0.7	-18.4
% of revenue	56.6	45.2	51.7	51.2	54.8	50.7	53.3	52.5	49.2	49.5	50.9	55.3	59.8		
Gross Profit	174.9	176.1	195.2	184.8	159.4	183.4	216.5	252.7	231.9	236.9	252.7	224.8	152.4	-34.3	-32.2
Gross Profit Margin (%)	43.4	54.8	48.3	48.8	45.2	49.3	46.7	47.5	50.8	50.5	49.1	44.7	40.2	-1053 bps	-451 bps
Employee Expenses	42.2	43.8	41.9	40.0	42.0	39.0	41.1	42.3	48.1	48.6	53.1	53.6	43.2	-10.1	-19.4
% of revenue	10.5	13.6	10.4	10.6	11.9	10.5	8.9	7.9	10.5	10.4	10.3	10.7	11.4		
Other Expenses	64.2	74.0	77.7	74.2	64.9	74.6	84.1	101.2	88.0	97.5	106.7	110.2	86.5	-1.8	-21.5
% of revenue	15.9	23.0	19.2	19.6	18.4	20.1	18.2	19.0	19.3	20.8	20.7	21.9	22.8		
Total Expenditure	334.7	262.7	328.4	308.4	300.2	302.2	372.0	423.2	361.0	378.2	421.6	441.4	356.0	-1.4	-19.3
% of revenue	83.0	81.8	81.3	81.4	85.1	81.2	80.3	79.5	79.0	80.6	81.9	87.9	94.0		
EBITDA	68.5	58.4	75.7	70.6	52.5	69.8	91.3	109.3	95.8	90.9	92.9	61.0	22.8	-76.2	-62.7
EBITDA Margins (%)	17.0	18.2	18.7	18.6	14.9	18.8	19.7	20.5	21.0	19.4	18.1	12.1	6.0	-1496 bps	-613 bps
Depreciation	20.3	20.5	20.7	20.9	20.7	21.2	21.8	21.6	22.6	24.2	24.7	24.2	26.5	17.5	9.4
Interest	12.1	13.6	13.1	13.7	9.7	8.5	8.1	10.0	8.0	8.0	7.2	8.1	11.3	41.3	39.7
Other Income	0.7	0.8	0.5	1.7	0.6	1.0	0.5	2.9	3.2	0.9	0.6	0.3	3.3	2.8	1111.1
Forex & EO	0.0	-15.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
PBT	36.8	9.7	42.3	37.7	22.8	41.1	62.0	80.6	68.4	59.6	61.6	29.0	-11.8	-117.2	-140.7
Total Tax	11.6	3.3	14.0	13.3	7.8	14.1	21.7	29.7	17.9	15.6	16.4	8.2	-2.9	-116.3	-135.3
Tax rate (%)	31.5	34.3	33.0	35.1	34.2	34.3	35.0	36.8	26.1	26.1	26.6	28.5	24.7	-137.6	-373.9
Adjusted PAT	25.2	21.8	28.4	24.5	15.0	27.0	40.3	50.9	50.5	44.1	45.2	20.7	-8.9	-117.5	-142.8
EPS (₹)	2.0	1.8	2.3	2.0	1.2	2.2	3.3	4.1	4.1	3.6	3.7	1.7	-0.7	-117.5	-142.8

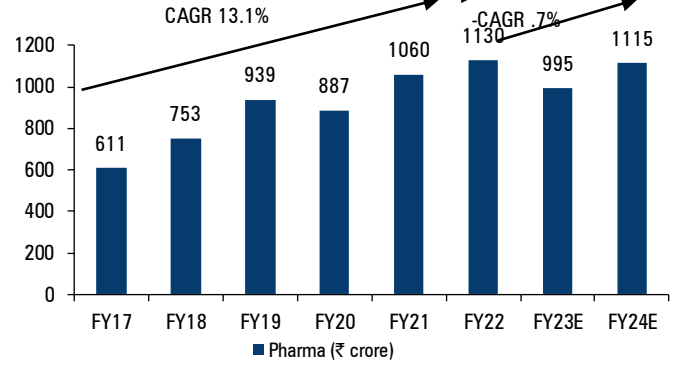
Source: ICICI Direct Research

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



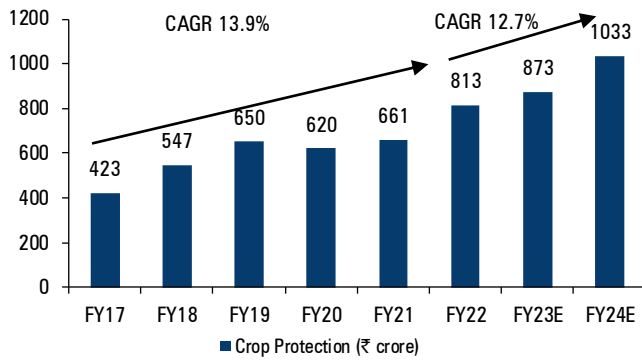
Source: ICICI Direct Research, Company

Exhibit 7: Pharma to grow at 1% CAGR over FY22-24E



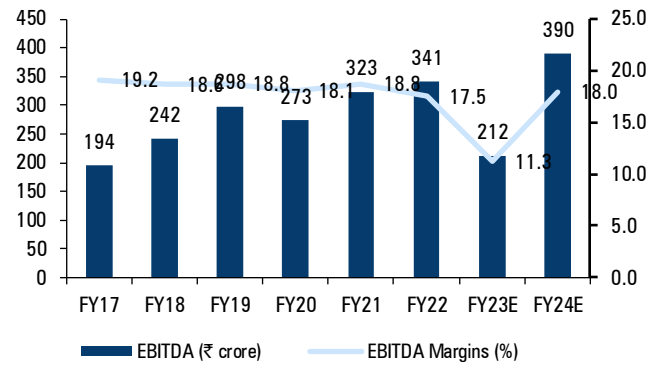
Source: ICICI Direct Research, Company

Exhibit 8: Crop to grow at 13% CAGR over FY22-24E



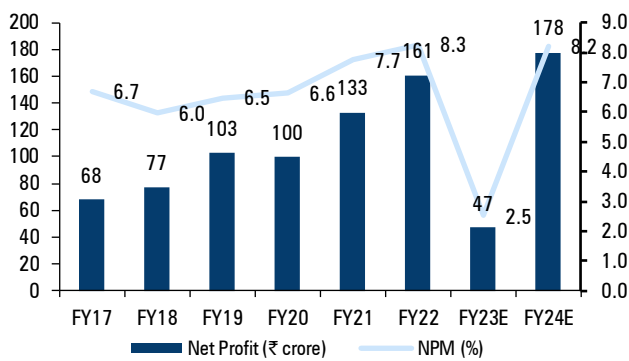
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



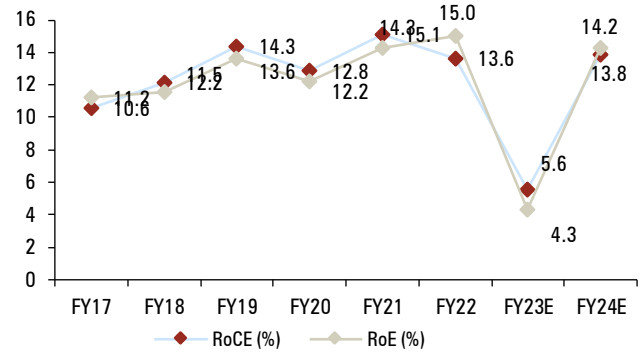
Source: ICICI Direct Research, Company

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 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	4352	5,080	Buy	62577	7.9	59.1	79.0	101.0	553.7	73.6	55.1	43.1	6.3	15.1	15.3	18.8	2.5	15.1	17.4	18.9
Narayana Hrudalaya	NARHRU	697	800	Buy	14240	-0.7	16.7	20.6	22.7	NA	41.6	33.9	30.7	1.2	20.5	19.6	19.7	-1.3	23.0	22.3	19.9
Shalby	SHALIM	120	150	Buy	1292	3.9	5.4	7.5	9.9	30.5	22.1	16.0	12.1	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	206	250	Buy	10300	3.0	10.5	10.8	16.7	69.7	19.6	19.1	12.4	5.4	9.0	9.4	12.5	4.4	13.3	12.0	15.6
Healthcare Global	HEAGLO	284	345	Buy	3947	-13.9	3.9	4.5	8.8	-13.9	73.5	62.4	32.1	-0.9	5.0	9.4	12.1	-0.9	5.0	6.8	11.6
MNC Pharma																					
Abbott India	ABBIND	19152	21,140	Hold	40696	325.0	375.9	427.7	528.6	58.9	51.0	44.8	36.2	33.8	36.6	37.1	37.3	26.5	28.3	28.9	28.8
P&G Health	MERLIM	4403	4,955	Hold	7309	106.5	121.5	130.5	141.6	41.3	36.2	33.7	31.1	32.2	37.3	34.7	32.8	25.1	29.3	27.0	25.4
Sanofi India	SANOFI	6355	6,885	Hold	14637	207.4	410.1	270.5	264.8	30.6	15.5	23.5	24.0	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4257	4,480	Hold	19475	108.8	133.9	140.4	149.3	39.1	31.8	30.3	28.5	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
Pharma																					
Ajanta Pharma	AJAPHA	1272	1,495	Buy	16298	51.0	55.6	60.1	71.1	24.9	22.9	21.2	17.9	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	663	590	Reduce	13030	62.8	27.8	15.3	26.9	10.6	23.9	43.4	24.6	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	588	615	Hold	34430	55.0	47.4	41.1	51.3	10.7	12.4	14.3	11.5	16.9	12.9	11.5	13.3	14.7	11.3	9.0	10.1
Biocon	BIOCON	315	320	Hold	37819	6.3	5.7	5.5	11.3	50.3	55.3	57.8	27.8	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	394	405	Hold	39891	23.3	21.0	21.0	23.8	16.9	18.8	18.8	16.6	13.8	12.0	11.8	11.7	18.4	12.6	11.4	11.6
Cipla	CIPLA	1030	1,135	Buy	83148	29.9	32.9	38.6	45.8	34.5	31.3	26.7	22.5	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4306	4,750	Buy	71668	117.3	126.9	203.4	191.0	36.7	33.9	21.2	22.5	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	387	460	Hold	10911	32.9	42.7	41.0	48.3	11.8	9.1	9.4	8.0	13.9	14.8	14.5	15.4	13.1	13.2	11.4	11.9
Ipca Laboratories	IPCLAB	929	985	Hold	23560	44.9	34.8	27.5	35.1	20.7	26.7	33.8	26.4	27.1	17.4	14.3	16.3	24.2	16.1	11.4	13.0
Jubilant Pharmova	JUBLIF	345	340	Reduce	5495	37.4	26.0	15.9	26.1	9.2	13.3	21.7	13.2	13.7	9.0	6.1	8.6	12.6	7.8	4.6	7.0
Lupin	LUPIN	681	610	Reduce	30980	26.9	11.9	11.8	27.7	25.4	57.4	57.9	24.6	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	656	735	Hold	11969	24.2	9.3	41.6	42.3	27.1	70.4	15.8	15.5	13.1	4.6	18.1	16.9	10.7	4.0	15.5	13.9
Sun Pharma	SUNPHA	918	1,125	Buy	220151	30.0	32.0	34.8	40.1	30.5	28.7	26.4	22.9	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1580	1,800	Buy	53459	37.0	32.0	43.7	54.6	42.7	49.3	36.2	29.0	17.6	19.7	24.7	29.4	21.4	18.2	20.9	21.8
Indoco Remedies	INDREM	372	525	Buy	3429	10.1	16.8	21.6	29.2	36.9	22.2	17.2	12.8	11.7	17.5	17.6	23.9	12.1	17.1	18.6	20.6
Caplin Point	CAPPOI	811	1,000	Buy	6146	81.7	85.3	70.4	73.0	9.9	9.5	11.5	11.1	25.3	23.7	22.6	0.0	20.4	20.2	18.7	17.5
Advanced Enzymes	ADVENZ	270	265	Reduce	3017	13.1	10.7	8.5	12.1	20.6	25.2	31.9	22.4	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	2125	2,015	Reduce	1808	44.4	45.7	35.9	51.8	47.9	46.5	59.2	41.1	16.2	10.9	9.3	11.8	16.5	15.0	10.8	14.0
API/CRAMS																					
Divi's Lab	DIVLAB	3745	4,315	Buy	99406	74.7	111.5	93.0	113.5	50.1	33.6	40.3	33.0	27.6	30.2	22.8	24.4	21.3	25.2	18.4	19.2
Hikal	HIKCHE	293	290	Hold	3618	10.8	13.0	3.8	14.4	27.2	22.5	76.6	20.3	15.1	13.6	5.6	13.8	14.3	15.0	4.3	14.2
Syngene Int.	SYNINT	587	710	Buy	23568	10.1	9.9	11.5	14.6	58.0	59.5	50.9	40.3	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	316	375	Buy	7837	22.2	16.6	21.9	26.8	14.3	19.0	14.4	11.8	24.0	15.6	18.6	20.5	25.3	16.0	17.6	17.9
Laurus Labs	LAULAB	572	675	Buy	30737	18.3	15.4	20.7	27.0	31.3	37.1	27.6	21.2	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceuticals	SUVPH	449	530	Hold	11436	14.2	17.8	17.0	17.6	31.6	25.2	26.4	25.5	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	1,720.4	1,942.7	1,881.6	2,166.4
Growth (%)	14.1	12.9	-3.1	15.1
Raw Material Expenses	908.4	996.4	1,048.8	1,098.0
Employee Expenses	164.3	203.4	218.1	249.1
Other Manufacturing Expenses	324.9	402.4	402.5	429.7
Total Operating Expenditure	1,397.6	1,602.2	1,669.4	1,776.9
EBITDA	322.9	340.6	212.2	389.5
Growth (%)	18.2	5.5	-37.7	83.5
Interest	36.2	31.2	45.2	39.1
Depreciation	85.2	95.7	111.2	119.8
Other Income	5.0	4.9	7.1	6.5
PBT before Exceptional Items	206.4	218.6	63.0	237.1
Less: Forex & Exceptional Items	0.0	0.0	0.0	0.0
PBT	206.4	218.6	63.0	237.1
Total Tax	73.3	58.1	15.8	59.3
PAT before MI	133.2	160.5	47.2	177.8
Minority Interest	0.0	0.0	0.0	0.0
PAT	133.2	160.5	47.2	177.8
Adjusted PAT	133.2	160.5	47.2	177.8
Growth (%)	33.4	20.5	-70.6	276.6
EPS	10.8	13.0	3.8	14.4

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit/(Loss) after taxation	159.9	148.8	47.2	177.8
Add: Depreciation & Amortization	85.2	95.7	111.2	119.8
Add: Interest Cost	36.2	31.2	45.2	39.1
Net Increase in Current Assets	-98.9	-73.0	-17.4	-95.6
Net Increase in Current Liabilities	41.0	91.7	26.2	26.7
Others	5.5	-0.62	0	0
CF from operating activities	229.0	293.7	212.4	267.9
(Inc)/dec in Fixed Assets	-157.6	-273.0	-250.0	-50.0
(Inc)/dec in Investments	0.1	-9.9	0.0	0.0
Others	-1.4	7.1	1.0	1.2
CF from investing activities	-158.9	-275.9	-249.0	-48.8
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Inc / (Dec) in sec. Loan	-33.3	66.5	75.0	-100.0
Dividend & Dividend Tax	-14.8	-27.1	-17.3	-27.7
Others	-48.8	-44.9	-45.2	-39.1
CF from financing activities	-96.9	-5.6	12.6	-166.9
Net Cash flow	-26.8	12.3	-24.0	52.2
Opening Cash	63.6	36.8	49.1	25.1
Closing Cash	36.8	49.1	25.1	77.3
Free Cash Flow	71.4	20.7	-37.6	217.9

Source: Company, ICICI Direct Research

Exhibit 15: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	24.7	24.7	24.7	24.7
Reserve and Surplus	908.7	1,043.3	1,073.3	1,223.4
Total Shareholders fund	933.4	1,068.0	1,097.9	1,248.0
Total Debt	610.3	675.0	750.0	650.0
Others Liabilities	59.6	89.0	93.7	98.8
Source of Funds	1,603	1,832	1,942	1,997
Gross Block - Fixed Assets	1,127.5	1,390.1	1,640.1	1,740.1
Accumulated Depreciation	414.9	510.6	621.8	741.5
Net Block	712.6	879.5	1,018.3	998.6
Capital WIP	254.2	294.8	294.8	244.8
Net Fixed Assets	966.8	1,174.3	1,313.1	1,243.3
Investments	0.6	10.9	10.9	10.9
Inventory	266.7	329.0	346.3	362.5
Cash	36.8	49.1	25.1	77.3
Debtors	485.5	437.7	424.0	488.1
Loans & Advances & Other CA	0.0	0.0	0.0	0.0
Total Current Assets	878.6	954.0	947.4	1,095.2
Creditors	229.6	249.1	262.2	274.5
Provisions & Other CL	80.4	132.0	145.1	159.6
Total Current Liabilities	310.0	381.1	407.3	434.1
Net Current Assets	568.6	572.9	540.1	661.1
LT L& A, Other Assets	67.2	73.9	77.6	81.5
Application of Funds	1,603	1,832	1,942	1,997

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
EPS	10.8	13.0	3.8	14.4
Cash EPS	15.7	19.2	11.4	21.9
BV	75.7	86.6	89.0	101.2
DPS	2.0	1.6	1.4	2.3
Cash Per Share	33.7	41.4	50.4	60.1
Operating Ratios (%)				
Gross Margins	47.2	48.7	44.3	49.3
EBITDA margins	18.8	17.5	11.3	18.0
Net Profit margins	7.7	8.3	2.5	8.2
Inventory days	0.8	0.7	0.6	0.6
Debtor days	103.0	82.2	82.2	82.2
Creditor days	92.3	91.2	91.2	91.2
Asset Turnover	1.5	1.4	1.1	1.2
Return Ratios (%)				
RoE	14.3	15.0	4.3	14.2
RoCE	15.1	13.6	5.6	13.8
RoIC	18.1	16.6	6.3	16.2
Valuation Ratios (x)				
P/E	26.9	22.3	75.9	20.1
EV / EBITDA	12.9	12.3	20.2	10.6
EV / Revenues	2.4	2.2	2.3	1.9
Market Cap / Revenues	2.1	1.8	1.9	1.7
Price to Book Value	3.8	3.4	3.3	2.9
Solvency Ratios				
Debt / Equity	0.7	0.6	0.7	0.5
Debt/EBITDA	1.9	2.0	3.5	1.7
Current Ratio	2.7	2.4	2.3	2.3

Source: Company, ICICI Direct Research

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