

## Recovery in sales but margins still below par...

**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 comprise 52% & 48% of sales, respectively. Pharma business (including animal healthcare) is currently divided into 50:50 ratio of APIs and CDMO
- In crop protection, ~75% of sales are derived from CDMO while remaining is from proprietary products, specialty chemicals & specialty biocides
- One of the largest suppliers of Gabapentin API (CNS). In crop protection, one of the largest suppliers of Thiabendazole (TBZ)

**Q2FY23 Results:** Huge sales beat but margins still below par.

- Revenue increased 19.1% YoY to ₹ 559 crore
- EBITDA margins fell 690 YoY bps to 12.5%, YoY decline due to increase in input cost, high energy and logistic cost
- Adjusted PAT declined 43.6% YoY at ₹ 24.8 crore

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

- Downgraded from HOLD to **REDUCE** as we await recovery in EBITDA margin to reach base level of 18-20% and also consistency in performances

**Target Price and Valuation:** Valued at ₹ 330 i.e. 20x FY24E EPS of ₹ 16.6.

**Key triggers for future price performance:**

- Capex progress in both pharma and crop protection
- Margin improvement on the back of several cost rationalisation and efficiency improvement measures undertaken during the pandemic
- Continuance in crop protection growth rate
- Received manufacturing license for production of APIs at Panoli site. To resume post validation 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 and FDFs (formulations), custom synthesis and biotechnology
- BUY with a target price of ₹ 630

# HIKAL

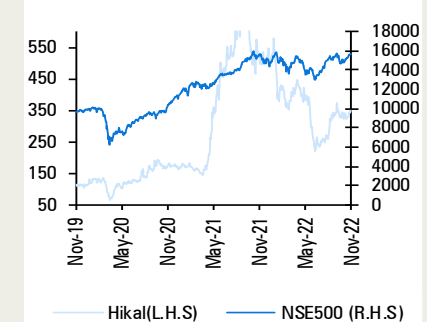
### Particulars

Particular	Amount
Market Cap	₹ 4254 crore
Debt (FY22)	₹ 675 crore
Cash (FY22)	₹ 49 crore
EV	₹ 4880 crore
52 week H/L (₹)	595/212
Equity capital	₹ 24.7 crore
Face value	₹ 2

### Shareholding pattern

(in %)	Dec-21	Mar-22	Jun-22	Sep-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

- Operationalisation 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	2063.0	2375.7	10.6
EBITDA	273.2	322.9	340.6	11.9	255.6	419.6	11.0
EBITDA Margins (%)	18.1	18.8	17.5		12.4	17.7	
Adjusted PAT	99.8	133.2	160.5	18.8	83.6	204.2	12.8
EPS (₹)	8.1	10.8	13.0		6.8	16.6	
PE (x)	42.6	31.9	26.5		50.9	20.8	
EV to EBITDA (x)	17.7	15.0	14.3		19.2	11.4	
Price to book (x)	5.2	4.6	4.0		3.8	3.2	
RoE (%)	12.2	14.3	15.0		7.4	15.6	
RoCE (%)	12.8	15.1	13.6		7.8	14.9	

## Key takeaways of recent quarter & conference call highlights

### Q2FY23 Results: Sales grow as crop protection shines, margins suffer due to high input costs

- Revenue increased 19.1% YoY to ₹ 559 crore. Growth was mainly driven by robust demand in crop protection business, which grew 42% YoY. EBITDA margins declined 690 YoY bps to 12.5%. YoY decline due to increase in input cost, high energy and logistic cost. Adjusted PAT declined 43.6% YoY at ₹ 24.8 crore
- Hikal's numbers were a beat on our estimates due to the outperformance in crop protection business. Margins are still below the historically optimum level (18-20%), due to the significant increase in input costs for the pharma CDMO business although the management has indicated that prices have started to cool off. The impact can be seen in the coming quarters and guided that the company could reach legacy margin levels by Q2FY24

### Q2FY23 Earnings Conference Call highlights

- Hikal continued to see a rise in input costs of raw materials, solvents, utilities and fuel, which has affected margins. Prices of some key raw materials is likely to soften in the coming months, which will improve overall margins and profitability
- Hikal expects demand for own pharma products to improve in the coming quarters. The company has continued to receive several new inquiries from global innovator companies for partnerships in the CDMO business segment and successfully secured few projects from global innovators. The company has a robust pipeline and guided for a better H2FY23 for the pharma CDMO business
- The animal health facility is likely to get commissioned by Q1FY24. Commercialisation is expected from Q1FY25 onwards
- Crop protection business saw normalised operations while plants are running at 90% capacity utilisation level. The Taloja plant is now fully operational. Hikal is on track to building a new multipurpose plant for launching new products, which is expected to come on stream by Q4FY23
- In terms of guidance, the company is expecting FY23 revenues to witness flat to positive growth over FY22 while also guiding for high teen growth from FY24. EBITDA margins are likely to improve in subsequent quarters. The management has indicated that FY22 margins are expected to be reached in H1FY24

Exhibit 1: Variance Analysis

₹ crore	Q2FY23	Q2FY23E	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	Comments
Revenue	558.8	430.1	469.1	19.1	378.8	47.5	Revenue increased 19.1% YoY to ₹ 559 crore. Growth was mainly driven by robust demand in crop protection business, which grew 42% YoY
Raw Material Expenses	317.7	243.1	232.1	36.9	226.4	40.3	
Gross Margins (%)	43.1	43.5	50.5	-737 bps	40.2	291 bps	
Employee Expenses	58.1	50.1	48.6	19.6	43.2	34.5	
Other Expenditure	113.3	93.5	97.5	16.2	86.5	31.0	
Operating Profit (EBITDA)	69.7	43.5	90.9	-23.3	22.8	206.5	
EBITDA (%)	12.5	10.1	19.4	-690 bps	6.0	647 bps	EBITDA margins declined 690 bps to 12.5%, YoY decline due to increase in input cost, high energy and logistic cost
Interest	10.8	11.3	8.0	35.7	11.3	-4.3	
Depreciation	27.4	28.2	24.2	13.3	26.5	3.4	
Other Income	1.3	1.1	0.9	43.7	3.3	-61.8	
PBT	32.8	5.0	59.6	-45.0	-11.8	-378.4	
Exceptional Items	0.0	0.0	0.0	NA	0.0	NA	
Tax	7.9	1.3	15.6	-49.0	-2.9	-372.5	
Tax Rate (%)	24.2	25.0	26.1	-7.2	24.7	-2.1	
Reported PAT	24.8	3.8	44.1	-43.6	-8.9	-380.4	
Adjusted PAT	24.8	3.8	44.1	-43.6	-8.9	-380.4	
EPS (₹)	2.0	0.3	3.6	-43.6	-0.7	-380.4	
<b>Key Metrics</b>							
Pharma	289.9	223.6	279.6	3.7	224.3	29.3	YoY decline due to channel inventory correction at customer's
Crop Protection	268.9	202.8	189.5	41.9	154.5	74.0	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	1,881.6	2,004.3	6.5	2,166.4	2,301.8	6.2	Changed mainly due to slower offtake in demand
EBITDA	212.2	247.4	16.5	389.5	405.8	4.2	
EBITDA Margin (%)	11.3	12.3	106 bps	18.0	17.6	-35 bps	Changed amid inflation in input and logistics cost
PAT	47.2	77.3	63.6	177.8	196.3	10.4	
EPS (₹)	3.8	6.3	63.6	14.4	15.9	10.4	

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	1,061.5	1,188.9	995.2	1,114.7	
Crop Protection	620.4	660.8	813.0	939.6	1,105.8	873.5	1,033.1	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	31.9	15.0	14.3	15.1
FY22	1943	12.9	13.0	20.5	26.5	14.3	15.0	13.6
FY23E	2063	6.2	6.8	-47.9	50.9	19.2	7.4	7.8
FY24E	2376	15.2	16.6	144.2	20.8	11.4	15.6	14.9

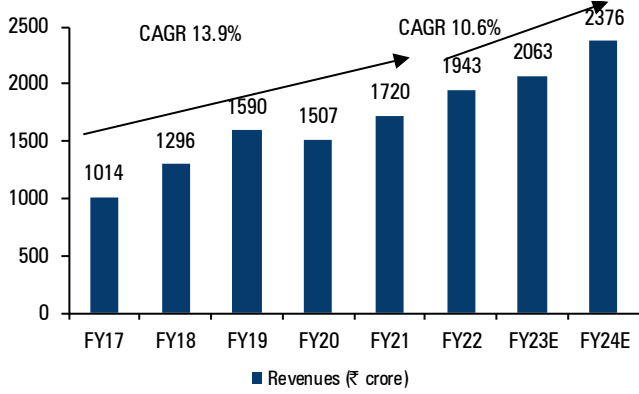
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ Crore)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	YoY (%)	QoQ (%)
Total Operating Income	321.1	404.1	379.0	352.8	371.9	463.3	532.5	456.8	469.1	514.5	502.4	378.8	558.8	19.1	47.5
Raw Material Expense	145.0	208.9	194.2	193.3	188.6	246.8	279.7	224.9	232.1	261.8	277.6	226.4	317.7	36.9	40.3
% of revenue	45.2	51.7	51.2	54.8	50.7	53.3	52.5	49.2	49.5	50.9	55.3	59.8	56.9		
Gross Profit	176.1	195.2	184.8	159.4	183.4	216.5	252.7	231.9	236.9	252.7	224.8	152.4	241.1	1.8	58.2
Gross Profit Margin (%)	54.8	48.3	48.8	45.2	49.3	46.7	47.5	50.8	50.5	49.1	44.7	40.2	43.1	-737 bps	291 bps
Employee Expenses	43.8	41.9	40.0	42.0	39.0	41.1	42.3	48.1	48.6	53.1	53.6	43.2	58.1	19.6	34.5
% of revenue	13.6	10.4	10.6	11.9	10.5	8.9	7.9	10.5	10.4	10.3	10.7	11.4	10.4		
Other Expenses	74.0	77.7	74.2	64.9	74.6	84.1	101.2	88.0	97.5	106.7	110.2	86.5	113.3	16.2	31.0
% of revenue	23.0	19.2	19.6	18.4	20.1	18.2	19.0	19.3	20.8	20.7	21.9	22.8	20.3		
Total Expenditure	262.7	328.4	308.4	300.2	302.2	372.0	423.2	361.0	378.2	421.6	441.4	356.0	489.0	29.3	37.3
% of revenue	81.8	81.3	81.4	85.1	81.2	80.3	79.5	79.0	80.6	81.9	87.9	94.0	87.5		
EBITDA	58.4	75.7	70.6	52.5	69.8	91.3	109.3	95.8	90.9	92.9	61.0	22.8	69.7	-23.3	206.5
EBITDA Margins (%)	18.2	18.7	18.6	14.9	18.8	19.7	20.5	21.0	19.4	18.1	12.1	6.0	12.5	-690 bps	647 bps
Depreciation	20.5	20.7	20.9	20.7	21.2	21.8	21.6	22.6	24.2	24.7	24.2	26.5	27.4	13.3	3.4
Interest	13.6	13.1	13.7	9.7	8.5	8.1	10.0	8.0	8.0	7.2	8.1	11.3	10.8	35.7	-4.3
Other Income	0.8	0.5	1.7	0.6	1.0	0.5	2.9	3.2	0.9	0.6	0.3	3.3	1.3	43.7	-61.8
Forex & EO	-15.4	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	9.7	42.3	37.7	22.8	41.1	62.0	80.6	68.4	59.6	61.6	29.0	-11.8	32.8	-45.0	-378.4
Total Tax	3.3	14.0	13.3	7.8	14.1	21.7	29.7	17.9	15.6	16.4	8.2	-2.9	7.9	-49.0	-372.5
Tax rate (%)	34.3	33.0	35.1	34.2	34.3	35.0	36.8	26.1	26.1	26.6	28.5	24.7	24.2	-188.7	-52.5
Adjusted PAT	21.8	28.4	24.5	15.0	27.0	40.3	50.9	50.5	44.1	45.2	20.7	-8.9	24.8	-43.6	-380.4
EPS (₹)	1.8	2.3	2.0	1.2	2.2	3.3	4.1	4.1	3.6	3.7	1.7	-0.7	2.0	-43.6	-380.4

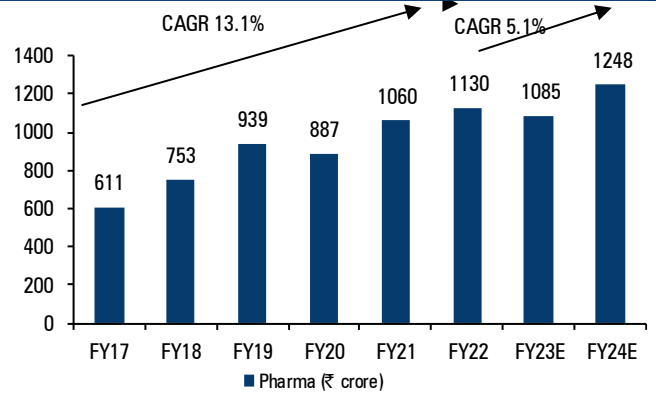
Source: ICICI Direct Research

Exhibit 6: Revenues to grow at 10.6% CAGR over FY22-24E



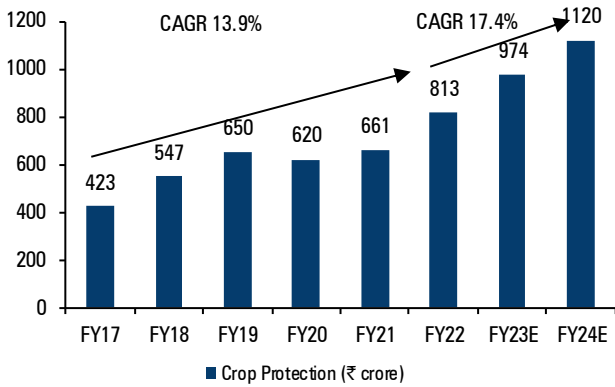
Source: ICICI Direct Research, Company

Exhibit 7: Pharma to grow at 5.1% CAGR over FY22-24E



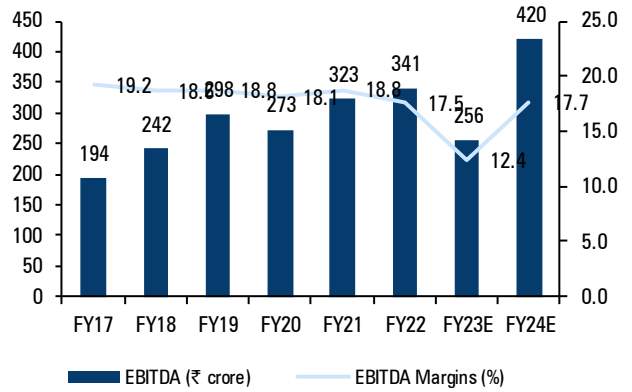
Source: ICICI Direct Research, Company

Exhibit 8: Crop to grow at 17.4% CAGR over FY22-24E



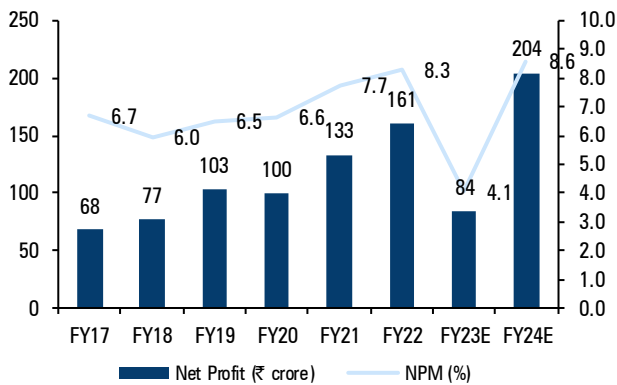
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



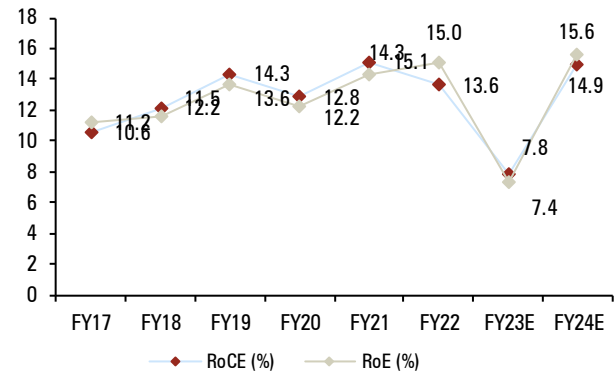
Source: ICICI Direct Research, Company

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
<b>Hospitals</b>																					
Apollo Hospitals	APOHOS	4296	5,080	Buy	61868	7.9	59.1	79.0	101.0	546.6	72.6	54.4	42.5	6.3	15.1	15.3	18.8	2.5	15.1	17.4	18.9
Narayana Hrudalaya	NARHRU	767	800	Buy	15646	-0.7	16.7	20.6	22.7	NA	45.8	37.3	33.8	1.2	20.5	19.6	19.7	-1.3	23.0	22.3	19.9
Shalby	SHALIM	147	150	Buy	1588	3.9	5.4	7.5	9.9	37.5	27.1	19.7	14.9	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	262	250	Buy	13120	3.0	10.5	10.8	16.7	88.7	24.9	24.3	15.8	5.4	9.0	9.4	12.5	4.4	13.3	12.0	15.6
Healthcare Global	HEAGLO	300	345	Buy	4168	-13.9	3.9	4.5	8.8	-13.9	77.6	65.9	33.9	-0.9	5.0	9.4	12.1	-0.9	5.0	6.8	11.6
<b>MNC Pharma</b>																					
Abbott India	ABBIND	19379	21,140	Hold	40696	325.0	375.9	427.7	528.6	59.6	51.6	45.3	36.7	33.8	36.6	37.1	37.3	26.5	28.3	28.9	28.8
P&G Health	MERLIM	4238	4,500	Hold	7204	106.5	116.0	124.8	140.6	39.8	36.5	34.0	30.1	32.2	39.8	36.0	33.8	25.1	31.2	28.1	26.2
Sanofi India	SANOFI	5607	6,385	Hold	12897	207.4	410.1	270.5	264.8	27.0	13.7	20.7	21.2	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4355	4,480	Hold	20033	108.8	133.9	140.4	149.3	40.0	32.5	31.0	29.2	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	1236	1,495	Buy	15822	51.0	55.6	60.1	71.1	24.2	22.2	20.6	17.4	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	610	590	Reduce	12010	62.8	27.8	15.3	26.9	9.7	22.0	39.9	22.7	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	502	615	Hold	29435	55.0	47.4	41.1	51.3	9.1	10.6	12.2	9.8	16.9	12.9	11.5	13.3	14.7	11.3	9.0	10.1
Biocon	BIOCON	278	320	Hold	33400	6.3	5.7	5.5	11.3	44.4	48.8	51.0	24.5	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	447	405	Hold	45372	23.3	21.0	21.0	23.8	19.1	21.3	21.3	18.8	13.8	12.0	11.8	11.7	18.4	12.6	11.4	11.6
Cipla	CIPLA	1129	1,350	Buy	91070	29.9	32.9	38.6	45.8	37.8	34.3	29.3	24.6	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4570	4,750	Buy	75862	117.3	126.9	203.4	191.0	39.0	36.0	22.5	23.9	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	417	440	Hold	11754	32.9	42.7	39.5	44.9	12.7	9.8	10.5	9.3	13.9	14.8	14.7	14.4	13.1	13.2	11.0	11.2
Ipca Laboratories	IPCLAB	883	985	Hold	22426	44.9	34.8	27.5	35.1	19.6	25.3	32.2	25.1	27.1	17.4	14.3	16.3	24.2	16.1	11.4	13.0
Jubilant Pharmova	JUBLIF	387	340	Hold	6160	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	732	610	Reduce	33290	26.9	11.9	11.8	27.7	27.2	61.6	62.2	26.4	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	605	735	Hold	11062	24.2	9.3	41.6	42.3	25.0	64.9	14.5	14.3	13.1	4.6	18.1	16.9	10.7	4.0	15.5	13.9
Sun Pharma	SUNPHA	1011	1,225	Buy	242539	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	1660	1,730	Hold	56111	37.0	32.0	40.0	46.7	44.9	51.8	41.5	35.6	17.6	19.7	19.1	21.4	21.4	18.2	19.8	19.7
Indoco Remedies	INDREM	363	525	Buy	3338	10.1	16.8	21.6	29.2	35.9	21.6	16.8	12.4	11.7	17.5	17.6	23.9	12.1	17.1	18.6	20.6
Caplin Point	CAPPOI	734	1,000	Buy	5575	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	290	265	Reduce	3247	13.1	10.7	8.5	12.1	22.2	27.1	34.2	24.1	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	2000	2,070	HOLD	1743	44.4	45.7	35.9	51.8	43.6	42.4	54.0	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	3310	3,685	HOLD	87712	74.7	111.5	93.0	113.5	44.3	29.7	35.6	29.2	27.6	30.2	22.8	24.4	21.3	25.2	18.4	19.2
Hikal	HIKCHE	346	330	Reduce	4256	10.8	13.0	3.8	14.4	32.0	26.6	90.3	24.0	15.1	13.6	5.6	13.8	14.3	15.0	4.3	14.2
Syngene Int.	SYNINT	608	710	Buy	24387	10.1	9.9	11.5	14.6	60.1	61.7	52.7	41.7	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	362	375	Buy	8971	22.2	16.6	21.9	26.8	16.3	21.7	16.5	13.5	24.0	15.6	18.6	20.5	25.3	16.0	17.6	17.9
Laurus Labs	LAULAB	452	675	Buy	24275	18.3	15.4	20.7	27.0	24.7	29.4	21.8	16.8	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceutical	SUVPH	444	530	BUY	11322	14.2	17.8	17.0	17.6	31.2	24.9	26.1	25.2	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
<b>Revenues</b>	<b>1,720.4</b>	<b>1,942.7</b>	<b>2,063.0</b>	<b>2,375.7</b>
Growth (%)	14.1	12.9	6.2	15.2
Raw Material Expenses	908.4	996.4	1,155.4	1,211.6
Employee Expenses	164.3	203.4	218.7	273.2
Other Manufacturing Expenses	324.9	402.4	433.2	471.3
<b>Total Operating Expenditure</b>	<b>1,397.6</b>	<b>1,602.2</b>	<b>1,807.4</b>	<b>1,956.1</b>
<b>EBITDA</b>	<b>322.9</b>	<b>340.6</b>	<b>255.6</b>	<b>419.6</b>
Growth (%)	18.2	5.5	-24.9	64.1
Interest	36.2	31.2	43.7	37.4
Depreciation	85.2	95.7	108.7	119.8
Other Income	5.0	4.9	7.0	7.1
<b>PBT before Exceptional Items</b>	<b>206.4</b>	<b>218.6</b>	<b>110.3</b>	<b>269.4</b>
Less: Forex & Exceptional Items	0.0	0.0	0.0	0.0
<b>PBT</b>	<b>206.4</b>	<b>218.6</b>	<b>110.3</b>	<b>269.4</b>
Total Tax	73.3	58.1	26.6	65.2
PAT before MI	133.2	160.5	83.6	204.2
Minority Interest	0.0	0.0	0.0	0.0
<b>PAT</b>	<b>133.2</b>	<b>160.5</b>	<b>83.6</b>	<b>204.2</b>
<b>Adjusted PAT</b>	<b>133.2</b>	<b>160.5</b>	<b>83.6</b>	<b>204.2</b>
Growth (%)	33.4	20.5	-47.9	144.2
EPS	10.8	13.0	6.8	16.6

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	83.6	204.2
Add: Depreciation & Amortization	85.2	95.7	108.7	119.8
Add: Interest Cost	36.2	31.2	43.7	37.4
Net Increase in Current Assets	-98.9	-73.0	-93.4	-104.2
Net Increase in Current Liabilities	41.0	91.7	52.9	28.5
Others	5.5	-0.62	0	0
<b>CF from operating activities</b>	<b>229.0</b>	<b>293.7</b>	<b>195.5</b>	<b>285.8</b>
(Inc)/dec in Fixed Assets	-157.6	-273.0	-176.0	-100.0
(Inc)/dec in Investments	0.1	-9.9	0.0	0.0
Others	-1.4	7.1	1.0	1.2
<b>CF from investing activities</b>	<b>-158.9</b>	<b>-275.9</b>	<b>-175.0</b>	<b>-98.8</b>
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	-43.7	-37.4
<b>CF from financing activities</b>	<b>-96.9</b>	<b>-5.6</b>	<b>14.0</b>	<b>-165.2</b>
Net Cash flow	-26.8	12.3	34.6	21.8
Opening Cash	63.6	36.8	49.1	83.6
<b>Closing Cash</b>	<b>36.8</b>	<b>49.1</b>	<b>83.6</b>	<b>105.5</b>
<b>Free Cash Flow</b>	<b>71.4</b>	<b>20.7</b>	<b>19.5</b>	<b>185.8</b>

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	1,109.7	1,286.2
Total Shareholders fund	933.4	1,068.0	1,134.4	1,310.8
Total Debt	610.3	675.0	750.0	650.0
Others Liabilities	59.6	89.0	93.7	98.8
<b>Source of Funds</b>	<b>1,603</b>	<b>1,832</b>	<b>1,978</b>	<b>2,060</b>
Gross Block - Fixed Assets	1,127.5	1,313.2	1,613.2	1,763.2
Accumulated Depreciation	414.9	503.0	611.7	731.6
Net Block	712.6	810.2	1,001.5	1,031.6
Capital WIP	254.2	285.2	161.2	111.2
Net Fixed Assets	966.8	1,095.4	1,162.6	1,142.8
Investments	0.6	10.9	10.9	10.9
Inventory	266.7	329.0	381.5	400.0
Cash	36.8	49.1	83.6	105.5
Debtors	485.5	437.7	464.8	535.3
Loans & Advances & Other CA	0.0	0.0	0.0	0.0
Total Current Assets	878.6	954.0	1,082.0	1,208.0
Creditors	229.6	249.1	288.8	302.8
Provisions & Other CL	80.4	132.0	145.1	159.6
Total Current Liabilities	310.0	381.1	434.0	462.4
Net Current Assets	568.6	572.9	648.0	745.6
LT L& A, Other Assets	67.2	73.9	77.6	81.5
<b>Application of Funds</b>	<b>1,603</b>	<b>1,753</b>	<b>1,899</b>	<b>1,981</b>

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Per share data (₹)</b>				
EPS	10.8	13.0	6.8	16.6
Cash EPS	15.7	19.2	14.2	24.0
BV	75.7	86.6	92.0	106.3
DPS	2.0	1.6	1.4	2.3
Cash Per Share	33.7	40.8	49.6	59.3
<b>Operating Ratios (%)</b>				
Gross Margins	47.2	48.7	44.0	49.0
EBITDA margins	18.8	17.5	12.4	17.7
Net Profit margins	7.7	8.3	4.1	8.6
Inventory days	0.8	0.8	0.7	0.7
Debtor days	103.0	82.2	82.2	82.2
Creditor days	92.3	91.2	91.2	91.2
Asset Turnover	1.5	1.5	1.3	1.3
<b>Return Ratios (%)</b>				
RoE	14.3	15.0	7.4	15.6
RoCE	15.1	13.6	7.8	14.9
RoIC	18.1	16.5	8.5	16.4
<b>Valuation Ratios (x)</b>				
P/E	31.9	26.5	50.9	20.8
EV / EBITDA	15.0	14.3	19.2	11.4
EV / Revenues	2.8	2.5	2.4	2.0
Market Cap / Revenues	2.5	2.2	2.1	1.8
Price to Book Value	4.6	4.0	3.8	3.2
<b>Solvency Ratios</b>				
Debt / Equity	0.7	0.6	0.7	0.5
Debt/EBITDA	1.9	2.0	2.9	1.5
Current Ratio	2.7	2.4	2.3	2.4

Source: Company, ICICI Direct Research

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