

gRevlimid bumps exports; traction in near term...

About the stock: Natco has, over the years, developed a knack for manufacturing complex generic products with few competitors, especially for the US market.

- India formulations mainly comprise oncology products (38 brands). For the US, it follows partnership products for risky launches and acquired Dash Pharma for front-end presence. It has six FDF, two API manufacturing facilities and two crop health sciences units
- Maiden entry into crop protection was via launch of pheromone product, Natmate PBW for controlling pink bollworm in cotton
- FY22 revenue break-up - domestic business: 25%, international business: 62% (mainly from the US), APIs: 13%

Q4FY22 Results: Revenues were buoyed by gains from gRevlimid, in the export formulation segment while Natco booked inventory write-off for Covid products of ₹ 232 crore and provisioning towards estimated credit loss of ₹ 46 crore.

- Sales were up 80% YoY to ₹ 597 crore
- Adjusted EBITDA for one-offs was at ₹ 259 crore, with margins at 43%
- Booked loss of ₹ 50 crore vs. profit of ₹ 53 crore in Q4FY21

What should investors do? Natco's share price de-grew 0.8x over past five years

- We maintain **HOLD** rating on the stock due to 1) headwinds continuum in base business (both exports and domestic), 2) high risk-reward play (like Covid drugs) in crop protection and 3) traction from gRevlimid till additional competition sets in seems to be priced-in

Target Price and Valuation: Valued at ₹ 820 (base business at ₹ 730 with 22x P/E on FY24E EPS of ₹ 33.2 + ₹ 90 NPV for gRevlimid).

Key triggers for future price performance:

- US:** Momentum likely amid contribution from gRevlimid, key being market formation post new competition. Focus on Para IV and FTF opportunities
- India:** Natco is a leading player in oncology segment with 38 products & new launches in cardio/diabetology, expanding portfolio remains key for growth
- Plans to expand in other geographies & agrochemicals with India, Brazil, Canada, China, agrochemical segment, together likely to contribute 70-80% of revenues in the medium to long term
- Inorganic opportunities in both domestic and export formulations

Alternate Stock Idea: Apart from Natco, in our healthcare coverage we like Ajanta.

- Ajanta Pharma is a focused player in the branded space with strategy to launch maximum first time launches with new drug delivery system
- BUY with a target price of ₹ 1955



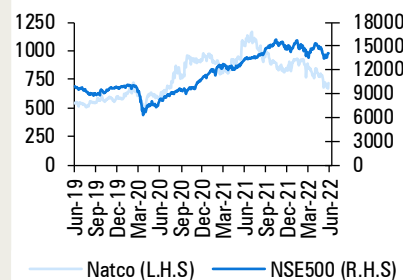
Particulars

Particular	Amount
Market Capitalisation	₹ 13233 crore
Debt (FY22)	₹ 412 crore
Cash (FY22)	₹ 206 crore
EV	₹ 13439 crore
52 week H/L (₹)	1188/608
Equity capital	₹ 36.5 crore
Face value	₹ 2

Shareholding pattern

(in %)	Jun-21	Sep-21	Dec-21	Mar-22
Promoter	48.9	48.9	48.9	48.8
Others	51.1	51.1	51.1	51.2

Price Chart



Recent Event & Key risks

- US launch of gRevlimid
- Key Risk:** (i) Competition in US key products (ii) Better market share gain for new launches

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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	1915.0	2052.1	1944.8	-1.2	2051.9	2237.7	7.3
EBITDA	582.6	606.2	263.5	-17.4	745.9	860.9	80.7
EBITDA Margins (%)	30.4	29.5	13.5		36.4	38.5	
Net Profit	460.8	440.9	170.0	-18.9	515.7	605.6	88.7
EPS (₹)	25.2	24.2	9.3		28.3	33.2	
PE (x)	28.7	30.0	77.8		25.7	21.9	
EV to EBITDA (x)	23.1	21.6	50.2		16.9	14.1	
RoNW (%)	12.2	10.7	4.0		11.0	11.6	
RoCE (%)	14.0	13.1	4.6		13.3	14.1	

Key takeaways of recent quarter & conference call highlights

Q4FY22 Results: gRevlimid drives Q4, one-offs hit profitability

- Revenues grew 80% YoY to ₹ 597 crore driven by 193% YoY growth in the export formulation business to ₹ 465 crore mainly on back of gRevlimid sales. This was partly offset by de-growth of 8% YoY in the domestic formulation business to ₹ 77 crore and 31% YoY decline in APIs to ₹ 49 crore. EBITDA margins, adjusted for inventory write-off of ₹ 232 crore and provisioning of ₹ 46 crore, was at 43%. Adjusted EBITDA was at ₹ 259 crore. Natco booked a loss of ₹ 50.5 crore for the quarter vs. profit of ₹ 53 crore in Q4FY21
- Natco's revenue grew on account of a sharp uptick in exports. The company remains focused on the export business of gRevlimid to drive growth in FY23. Natco was carrying significant inventory of Covid products and write-off is mainly due to diminishing Covid opportunities. Going forward, launch momentum in the US post gRevlimid and traction for domestic business remain key aspects to watch

Q4FY22 Earnings Conference Call highlights

- Natco received profit share (30%) for gRevlimid supplies to Teva, post launch in March, 2022. About 70% of supplied product will be sold in FY23. The management expects Q1FY23 to be on similar lines to Q4FY22 and then contribution should taper off in Q2 and Q3. The gRevlimid gains are likely to shoot up again in Q4FY23 as per the terms of launch. gRevlimid is also doing well in Canada, with Natco having 40-50% of market share
- In the base US business, the management indicated Copaxone is steady while Afinitor is doing well (~30% of base business in exports). Natco is the sole generic for Afinitor in Brazil and also expects to launch in Canada. The management indicated at ex-Revlimid, exports base business to be less than ₹ 300 crore. Natco also filed three FTF although all were small opportunities
- In the domestic market, inability to grow the base business remains a challenge with very little spread of portfolio. The management indicated at domestic formulations base business of ₹ 400 crore and is aiming at 10-12% growth in FY23. Natco has started a division to target general physicians. PCPM is at ₹ 8-10 lakh
- Natco is carrying agrochemical inventory of ₹ 85 crore. Amid legal challenges related to patent infringement for CTPR, it remains a risk
- The management guided for incremental spend on R&D and also remains on the lookout for inorganic opportunities in both domestic and export markets

Exhibit 1: Variance Analysis

	Q4FY22	Q4FY21	Q3FY22	YoY (%)	QoQ (%)	Comments
Revenue	596.8	331.3	560.5	80.1	6.5	YoY increase due to uptick in exports amid contribution from gRevlimid
Raw Material Expenses	296.3	54.5	93.0	443.7	218.6	
Employee Expenses	109.3	94.6	118.2	15.5	-7.5	
Other Expenditure	209.8	106.0	247.5	97.9	-15.2	
Total Operating Expenditure	615.4	255.1	458.7	141.2	34.2	
EBITDA	-18.6	76.2	101.8	PL	PL	Adjusted EBITDA at ₹ 259 crore, adjusting for inventory write-off of ₹ 232 crore and provisioning of ₹ 46 crore
EBITDA (%)	-3.1	23.0	18.2	-2612 bps	-2128 bps	EBITDA margins adjusted for inventory write-off of ₹ 232 crore and provisioning of ₹ 46 crore at 43%
Interest	6.7	3.5	5.0	91.4	34.0	
Depreciation	38.1	30.4	36.0	25.3	5.8	
Other Income	13.8	28.4	30.2	-51.4	-54.3	
EO	0.0	0.0	0.0	0.0	0.0	
PBT	-49.6	70.7	91.0	PL	PL	
Tax	0.9	17.7	10.6	-94.9	-91.5	
PAT before MI	-50.5	53.0	80.4	PL	PL	
MI	0.0	0.0	0.0	0.0	0.0	
Adj.Net Profit	-50.5	53.0	80.4	PL	PL	
Key Metrics						
Domestic formulations	76.9	83.1	100.6	-7.5	-23.6	YoY decline amid inability to grow base business (ex-Covid)
Export Formulations	465.1	158.8	383.1	192.9	21.4	YoY increase due to gains from gRevlimid in Q4FY22

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	1,894.0	2,051.9	8.3	2,139.2	2,237.7	4.6	Changed due to inclusion of contribution of gRevlimid in revenues estimates from NPV as done before
EBITDA	539.0	745.9	38.4	621.1	860.9	38.6	
EBITDA Margin (%)	28.5	36.4	790 bps	29.0	38.5	944 bps	Changed due to inclusion of contribution of gRevlimid in estimates from NPV as done before
PAT	356.7	515.7	44.6	420.9	605.6	43.9	
EPS (₹)	19.6	28.3	44.6	23.1	33.2	43.9	

Source: ICICI Direct Research

Exhibit 3: Assumptions

	Curren				Earlier				Comments
	FY20	FY21	FY22	FY23E	FY24E	FY23E	FY24E		
APIs	355.2	512.2	248.2	261.6	293.0	336.7	377.1	Declined mainly due to lower-than-expected sales in Q4FY22	
Domestic formulations	540.8	414.4	486.8	396.5	435.4	517.7	637.7		
Exports formulations	932.6	1,077.1	1,184.1	1,361.5	1,474.1	1,005.0	1,085.3	Increased mainly due to gRevlimid inclusion in estimates	

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	2052	7.2	24.2	-4.3	30.0	21.6	10.7	13.1
FY22	1945	-5.2	9.3	-61.4	77.8	50.2	4.0	4.6
FY23E	2052	5.5	28.3	203.3	25.7	16.9	11.0	13.3
FY24E	2238	9.1	33.2	17.4	21.9	14.1	11.6	14.1

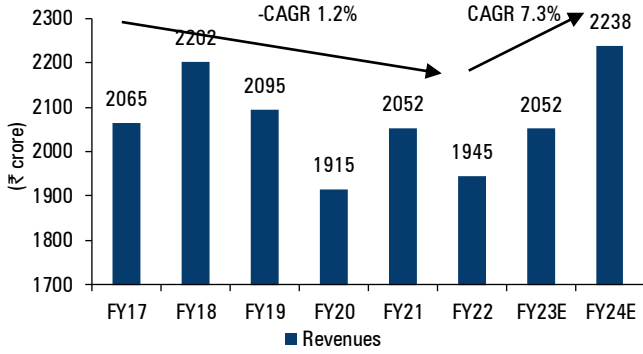
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

₹ Crore	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY (%)	QoQ (%)
Revenues	455.7	492.3	485.7	482.2	454.8	563.4	802.2	361.1	331.3	410.3	377.2	560.5	596.8	80.1	6.5
Raw Material Expens	67.0	76.0	119.2	91.5	94.9	178.9	194.9	83.1	54.5	79.1	92.5	93.0	296.3	443.7	218.6
% of Revenues	14.7	15.4	24.5	19.0	20.9	31.8	24.3	23.0	16.5	19.3	24.5	16.6	49.6	3320 bps	3306 bps
Gross Profit	388.7	416.3	366.5	390.7	359.9	384.5	607.3	278.0	276.8	331.2	284.7	467.5	300.5	8.6	-35.7
Gross Profit Margin (%)	85.3	84.6	75.5	81.0	79.1	68.2	75.7	77.0	83.5	80.7	75.5	83.4	50.4	-3320 bps	-3306 bps
Employee Expenses	81.3	93.2	102.4	97.8	81.6	95.2	123.7	101.4	94.6	108.1	109.2	118.2	109.3	15.5	-7.5
% of Revenues	17.8	18.9	21.1	20.3	17.9	16.9	15.4	28.1	28.6	26.3	29.0	21.1	18.3	-1024 bps	-277 bps
Other Expenses	159.1	131.8	129.8	164.2	150.0	118.2	207.2	88.2	106.0	113.3	105.0	247.5	209.8	97.9	-15.2
% of Revenues	34.9	26.8	26.7	34.1	33.0	21.0	25.8	24.4	32.0	27.6	27.8	44.2	35.2	316 bps	-900 bps
Total Expenditure	307.4	301.0	351.4	353.5	326.5	392.3	525.8	272.7	255.1	300.5	306.7	458.7	615.4	141.2	34.2
% of Revenues	67.5	61.1	72.3	73.3	71.8	69.6	65.5	75.5	77.0	73.2	81.3	81.8	103.1	2612 bps	2128 bps
EBITDA	148.3	191.3	134.3	128.7	128.3	171.1	276.4	88.4	76.2	109.8	70.5	101.8	-18.6	-124.4	-118.3
EBITDA Margins(%)	32.5	38.9	27.7	26.7	28.2	30.4	34.5	24.5	23.0	26.8	18.7	18.2	-3.1	-2612 bps	-2128 bps
Depreciation	21.7	22.0	21.9	25.4	30.5	28.0	28.7	29.8	30.4	33.8	34.7	36.0	38.1	25.3	5.8
Interest	5.2	6.5	6.2	5.3	3.5	3.7	2.7	3.4	3.5	2.0	4.0	5.0	6.7	91.4	34.0
Other income	31.0	21.0	33.2	30.8	22.4	18.7	25.7	30.8	28.4	17.0	38.0	30.2	13.8	-51.4	-54.3
Less: Exceptional Ite	0.0	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	152.4	183.8	139.4	128.8	116.7	158.1	270.7	86.0	70.7	91.0	69.8	91.0	-49.6	-170.2	-154.5
Total Tax	32.0	41.0	21.7	24.4	23.5	36.0	66.8	16.7	17.7	16.0	4.7	10.6	0.9	-94.9	-91.5
Tax rate (%)	21.0	22.3	15.6	18.9	20.1	22.8	24.7	19.4	25.0	17.6	6.7	11.6	-1.8		
PAT	120.4	142.8	117.7	104.4	93.2	122.1	203.9	69.3	53.0	75.0	65.1	80.4	-50.5	-195.3	-162.8
PAT Margin (%)	26.4	29.0	24.2	21.7	20.5	21.7	25.4	19.2	16.0	18.3	17.3	14.3	-8.5	-2446 bps	-2281 bps
Minority Interest	-0.4	-0.4	-1.3	-0.1	-0.9	-0.7	1.5	0.7	0.0	0.0	0.0	0.0	0.0		
PAT after MI	120.8	143.2	119.0	104.5	94.1	122.8	202.4	68.6	53.0	75.0	65.1	80.4	-50.5	-195.3	-162.8
EPS (₹)	6.6	7.8	6.5	5.7	5.2	6.7	11.1	3.8	2.9	4.1	3.6	4.4	-2.8		

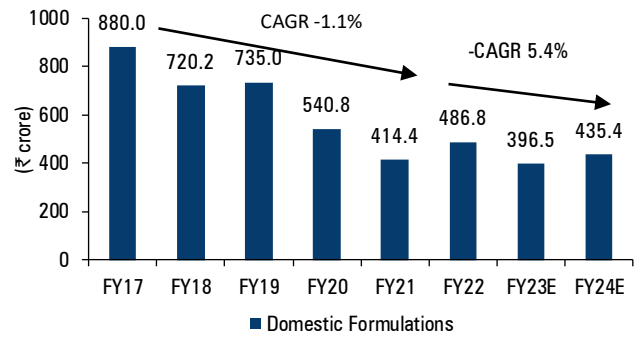
Source: ICICI Direct Research

Exhibit 6: Revenues grow at CAGR of ~7.3% over FY22-24E



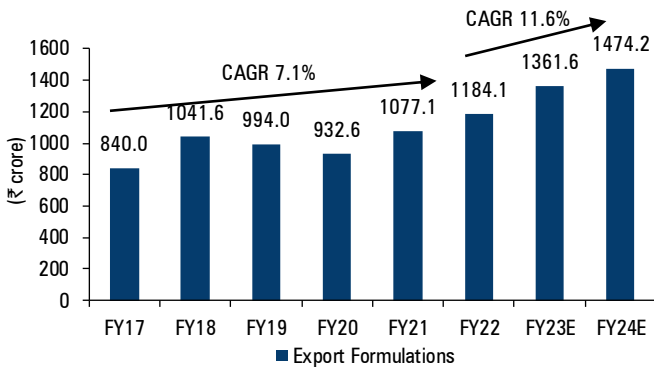
Source: ICICI Direct Research, Company

Exhibit 7: Domestic to decline at CAGR of 5% over FY22-24E



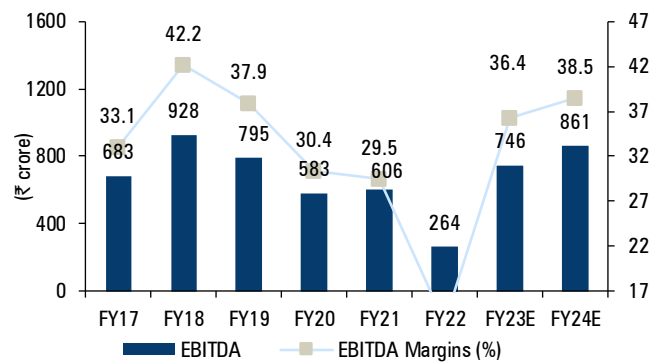
Source: ICICI Direct Research, Company

Exhibit 8: Exports to grow at CAGR of 12% over FY22-24E



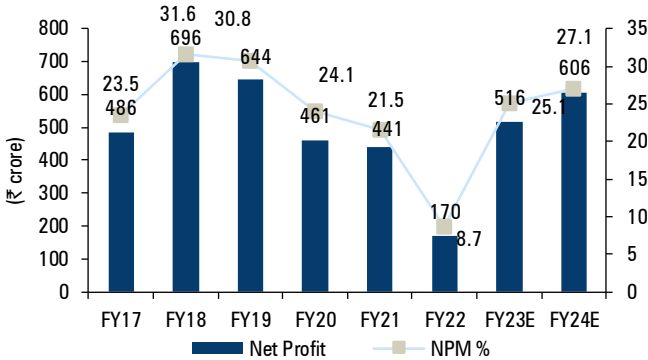
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



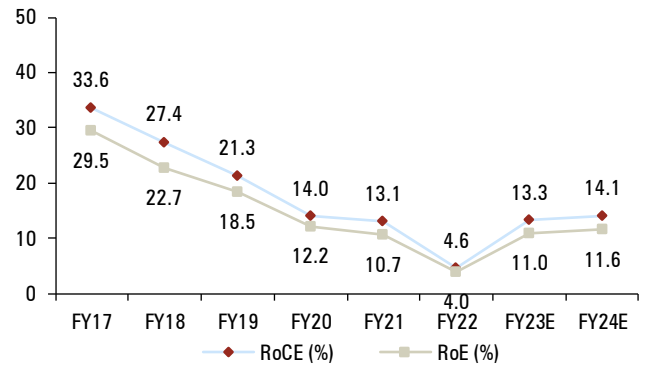
Source: ICICI Direct Research, Company

Exhibit 10: Net profit & net profit 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	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E
Hospitals																					
Apollo Hospitals	APOHOS	3893	4,500	Buy	55977	7.9	59.1	80.9	107.4	495.3	65.8	48.1	36.2	6.3	15.1	16.7	19.3	2.5	15.1	17.7	19.9
Narayana Hrudalaya	NARHRU	651	750	Buy	13312	-0.7	16.7	18.9	21.6	NA	38.9	34.5	30.2	1.2	20.5	18.8	19.5	-1.3	23.0	20.8	19.4
Shalby	SHALIM	111	170	Buy	1199	3.9	5.9	5.7	7.2	28.3	18.8	19.3	15.5	6.5	8.9	9.6	10.5	5.1	7.2	6.7	7.9
Aster DM	ASTDM	196	270	Buy	9773	3.0	10.5	14.4	18.4	66.1	18.6	13.6	10.6	5.4	9.0	11.4	12.9	4.4	13.3	15.4	16.4
Healthcare Global	HEAGLO	279	340	Buy	3879	-13.9	3.9	3.6	8.0	-13.9	72.2	77.1	34.7	-0.9	5.0	7.6	10.2	-0.9	5.0	5.5	10.8
MNC Pharma																					
Abbott India	ABBIND	17816	20,560	Buy	37858	325.0	375.9	439.8	514.0	54.8	47.4	40.5	34.7	33.8	36.6	37.9	36.3	26.5	28.3	29.5	28.1
P&G Health	MERLIM	4281	4,955	Hold	7107	106.5	121.5	130.5	141.6	40.2	35.2	32.8	30.2	32.2	37.3	34.7	32.8	25.1	29.3	27.0	25.4
Sanofi India	SANOFI	6944	7,740	Hold	15992	207.4	410.1	285.7	276.4	33.5	16.9	24.3	25.1	32.3	33.3	42.3	40.8	24.5	25.9	32.6	31.3
Pfizer	PFIZER	4309	4,810	Hold	19712	108.8	133.9	140.4	160.3	39.6	32.2	30.7	26.9	27.6	26.1	23.5	23.0	20.8	21.4	19.2	18.7
Pharma																					
Ajanta Pharma	AJAPHA	1773	1,955	Buy	15146	74.0	83.4	83.3	97.8	24.0	21.3	21.3	18.1	29.0	27.0	22.9	22.9	21.8	21.8	18.4	18.3
Alembic Pharma	ALEMPHA	733	720	Hold	14407	62.8	27.8	29.7	35.9	11.7	26.4	24.7	20.4	25.1	10.6	11.2	13.8	24.1	10.4	10.3	11.3
Aurobindo Pharma	AURPHA	541	610	Hold	31708	55.0	47.4	45.6	51.0	9.8	11.4	11.9	10.6	16.9	12.9	12.5	13.1	14.7	11.3	9.9	10.0
Biocon	BIOCON	330	380	Hold	39632	6.3	5.7	6.1	11.7	52.7	58.0	54.5	28.3	7.7	7.5	5.0	6.9	9.9	8.1	3.2	5.9
Zydus Lifesciences	CADHEA	374	475	Hold	38288	23.3	21.0	20.2	24.0	16.0	17.8	18.5	15.6	13.8	12.0	11.2	12.4	18.4	12.6	11.0	11.7
Cipla	CIPLA	989	1,095	Buy	79774	29.9	32.9	36.2	42.5	33.1	30.0	27.3	23.3	16.3	16.7	16.7	17.7	13.1	12.7	12.6	13.3
Dr Reddy's Labs	DRREDD	4332	4,800	Buy	72089	117.3	127.9	192.4	224.6	36.9	33.9	22.5	19.3	13.1	13.0	18.3	21.3	11.1	11.1	14.7	15.0
Glenmark Pharma	GLEPHA	393	460	Hold	11079	32.9	42.7	41.0	48.3	11.9	9.2	9.6	8.1	13.9	14.8	14.5	15.4	13.1	13.2	11.4	11.9
Ipca Laboratories	IPCLAB	890	1,000	Hold	22580	44.9	34.8	32.7	39.9	19.8	25.5	27.2	22.3	27.1	17.4	16.2	17.4	24.2	16.1	13.4	14.4
Jubilant Pharmova	JUBLIF	398	410	Hold	6346	37.4	26.0	24.2	31.4	10.7	15.3	16.5	12.7	13.7	9.0	7.7	9.4	12.6	7.8	6.8	8.2
Lupin	LUPIN	614	610	Hold	27916	26.9	11.9	18.7	30.5	22.9	51.7	32.8	20.2	9.6	3.4	7.6	11.2	8.8	4.4	6.6	9.8
Natco Pharma	NATPHA	714	820	Hold	13028	24.2	9.3	28.3	33.2	29.5	76.6	25.3	21.5	13.1	4.6	13.3	14.1	10.7	4.0	11.0	11.6
Sun Pharma	SUNPHA	850	1,070	Buy	203991	30.0	32.0	32.6	38.3	28.3	26.6	26.1	22.2	14.2	18.2	17.7	18.2	15.5	16.0	14.3	14.7
Torrent Pharma	TORPHA	2837	3,235	Buy	48009	74.0	64.1	86.8	107.8	38.3	44.3	32.7	26.3	17.6	19.7	24.3	29.1	21.4	18.2	20.8	21.6
Indoco Remedies	INDREM	354	510	Buy	3264	10.1	16.8	21.8	28.4	35.1	21.1	16.2	12.5	11.7	17.5	18.8	24.9	12.1	17.1	18.7	20.2
Caplin Point	CAPPOI	743	895	Buy	5628	81.7	85.3	68.3	70.8	9.1	8.7	10.9	10.5	25.3	23.7	22.5	0.0	20.4	20.2	18.5	17.5
Advanced Enzymes	ADVENZ	290	290	Hold	3238	13.1	10.7	10.2	13.2	22.1	27.1	28.3	22.0	19.4	14.3	12.6	14.7	15.1	11.0	9.6	11.1
Hester Biosciences	HESPHA	2271	2,445	Hold	1932	44.4	45.7	41.3	63.2	51.2	49.7	55.0	35.9	16.2	10.9	9.9	13.4	16.5	15.0	12.2	16.3
API/CRAMS																					
Divi's Lab	DIVLAB	3602	4,655	Buy	95619	74.7	111.5	105.7	122.5	48.2	32.3	34.1	29.4	27.6	30.2	25.8	25.5	21.3	25.2	20.3	20.0
Hikal	HIKCHE	319	500	Buy	3939	10.8	14.6	17.1	22.6	29.6	21.8	18.6	14.1	15.1	15.7	16.0	19.1	14.3	16.7	16.8	18.8
Syngene Int.	SYNINT	565	730	Buy	22663	10.1	9.9	11.4	15.5	55.9	57.3	49.7	36.5	11.5	11.7	12.2	15.7	13.5	12.9	12.3	14.4
Granules India	GRANUL	269	345	Buy	6661	22.2	16.6	19.6	24.6	12.1	16.1	13.7	10.9	24.0	15.6	16.8	18.6	25.3	16.0	16.0	16.9
Laurus Labs	LAULAB	569	690	Buy	30576	18.3	15.4	20.6	26.5	31.1	36.9	27.6	21.4	31.7	21.3	22.6	24.7	37.9	24.7	25.5	25.3
Suven Pharmaceuticals	SUVPH	508	555	Hold	12919	14.2	17.8	17.0	18.5	35.7	28.5	29.8	27.4	31.2	37.5	28.5	26.0	30.7	29.7	23.0	20.8

Source: ICICI Direct Research

Financial Summary

Exhibit 13: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Revenues	2,052.1	1,944.8	2,052.0	2,237.7
Growth (%)	7.2	-5.2	5.5	9.1
Raw Material Expenses	511.4	560.9	410.4	447.5
Employee Expenses	414.9	444.8	399.9	411.9
Other expenses	519.6	675.6	495.7	517.4
Total Operating Expenditure	1,445.9	1,681.3	1,306.0	1,376.8
EBITDA	606.2	263.5	746.0	860.9
Growth(%)	4.1	-56.5	183.1	15.4
Depreciation	116.9	142.6	150.7	156.5
Interest	13.3	17.7	17.7	17.7
Other Income	103.6	99.0	101.0	110.1
PBT	579.6	202.2	678.6	796.8
Total Tax	137.2	32.2	162.9	191.2
PAT before MI	442.4	170.0	515.7	605.6
Minority Interest	1.5	0.0	0.0	0.0
Adjusted PAT	440.9	170.0	515.7	605.6
Growth(%)	-4.3	-61.4	203.4	17.4
EPS (Adjusted)	24.2	9.3	28.3	33.2

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit/(Loss) after taxation	449.6	154.0	515.7	605.6
Add: Depreciation	116.9	142.6	150.7	156.5
(Inc)/dec in Current Assets	-122.5	-223.1	170.3	-109.8
Inc/(dec) in CL and Provisions	-90.4	-8.3	-31.8	23.2
Others	-54.8	-18.7	17.7	17.7
CF from operating activities	298.8	46.5	822.5	693.2
(Purchase)/Sale of Fixed Assets	-207.2	-188.8	-125.0	-125.0
(Increase)/Decrease in Investments	-177.3	203.9	0.0	0.0
Others	488.9	-173.8	2.5	2.7
CF from investing activities	104.4	-158.7	-122.5	-122.3
Inc / (Dec) in Equity Capital	0.1	0.0	0.0	0.0
Inc / (Dec) in Loan	0.0	0.0	0.0	0.0
Dividend & Dividend tax	-113.9	-82.2	-73.0	-82.1
Others	-71.9	117.0	-17.7	-17.7
CF from financing activities	-185.7	34.8	-90.7	-99.8
Net Cash flow	217.5	-77.4	609.3	471.1
Opening Cash	66.0	283.5	206.1	815.4
Closing Cash	283.5	206.1	815.4	1,286.5
Free Cash Flow	91.6	-142.3	697.5	568.2

Source: Company, ICICI Direct Research

Exhibit 15: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	36.5	36.5	36.5	36.5
Reserve and Surplus	4,085.1	4,227.1	4,669.8	5,193.3
Total Shareholders funds	4,121.6	4,263.6	4,706.3	5,229.8
Total Debt	267.6	412.0	412.0	412.0
Deferred Tax Liability	41.3	30.1	32.5	35.1
Minority Interest / Others	2.9	1.3	1.4	1.5
Long Term Provisions	99.6	95.7	95.7	95.7
Total Liabilities	4,533.0	4,802.7	5,247.9	5,774.1
Gross Block - Fixed Assets	2,702.1	3,082.6	3,257.6	3,382.6
Accumulated Depreciation	678.9	821.5	972.2	1,128.7
Net Block	2,023.2	2,261.1	2,285.4	2,253.9
Capital WIP	223.4	129.5	79.5	79.5
Total Fixed Assets	2,246.6	2,390.6	2,364.9	2,333.4
Goodwill on Consolidation	0.0	50.7	50.7	50.7
Investments	303.7	308.1	308.1	308.1
Inventory	798.2	762.0	557.5	608.0
Debtors	412.9	620.6	654.8	714.1
Cash	283.5	206.1	815.4	1,286.5
Other Current Assets	698.4	704.8	704.8	704.8
Total Current Assets	2,193.0	2,293.5	2,732.6	3,313.4
Creditors	146.2	161.8	118.4	129.1
Provisions	12.8	17.0	18.4	19.8
Other Current Liabilities	99.9	127.6	137.8	148.8
Total Current Liabilities	258.9	306.4	274.6	297.8
Net Current Assets	1,934.1	1,987.1	2,458.0	3,015.7
LT L & A & Other Non CA	48.6	66.2	66.2	66.2
Application of Funds	4,533.0	4,802.7	5,247.9	5,774.1

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
Adjusted EPS	24.2	9.3	28.3	33.2
BV per share	225.8	233.6	257.8	286.5
Dividend per share	5.3	4.5	4.0	4.5
Cash Per Share	15.5	11.3	44.7	70.5
Operating Ratios (%)				
Gross Profit Margins	75.1	71.2	80.0	80.0
EBITDA Margins	29.5	13.5	36.4	38.5
PAT Margins	21.5	8.7	25.1	27.1
Inventory days	569.7	495.9	495.9	495.9
Debtor days	73.4	116.5	116.5	116.5
Creditor days	104.3	105.3	105.3	105.3
Asset Turnover	0.8	0.6	0.6	0.7
EBITDA Conversion Rate	49.3	17.6	110.3	80.5
Return Ratios (%)				
RoE	10.7	4.0	11.0	11.6
RoCE	13.1	4.6	13.3	14.1
RoIC	12.6	2.8	14.3	16.8
Valuation Ratios (x)				
P/E	30.0	77.8	25.7	21.9
EV / EBITDA	21.6	50.2	16.9	14.1
EV / Net Sales	6.4	6.8	6.2	5.4
Market Cap / Sales	6.4	6.8	6.4	5.9
Price to Book Value	3.2	3.1	2.8	2.5
Solvency Ratios				
Debt / EBITDA	0.4	1.6	0.6	0.5
Debt / Equity	0.1	0.1	0.1	0.1
Current Ratio	7.4	6.8	7.0	6.8

Source: Company, ICICI Direct Research

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