Mankind Pharma

Bharat Serum acquisition to be EPS accretive from FY28

Mankind Pharma (Mankind) has entered into a definitive agreement to acquire a 100% stake in Bharat Serum and Vaccines (BSV) from Advent International for an EV of ~INR 136.3 bn, which implies deal valuation of 7.9x EV/ sales and 27.8x EV/EBITDA. We see the acquisition as a fair valuation and it will position Mankind as a market leader in the Indian women's health and fertility drug market (Mankind ranked 2nd – post-M&A it will move to rank 1st) as well as provide access to other high-entry barriers products in critical care with established complex R&D tech platforms. BSV acquisition could be EBITDA margin accretive (BSV adjusted margin at 28.4% vs Mankind at ~24.5%) and BSV can sustain a 15-18% growth trajectory. BSV's geographical mix (46% of sales) shifts Mankind's strategy towards a domestic focus. Post-acquisition, Mankind's sales mix will change to 87% domestic on a proforma basis, compared to 92% in FY24. BSV will bring synergies in the gynaecology category with a complementary portfolio, access to new categories such as critical care and the complex infertility market (an underpenetrated area), and cross-selling opportunities in the domestic market. Additionally, BSV offers a niche branded portfolio in select international markets and valuable R&D assets, including two biosimilars, anti-infective immunoglobulin, anti-thymocyte, and regional anti-snake venom products. However, the debt-funded acquisition (expects net debt/ EBITDA <2x by FY26) will dilute the EPS. We see M&A to be EPS accretive only in FY28 – on a proforma basis, we see an EPS impact of -16/-9/-1% for FY25/26/27E. We will factor BSV post-deal closure. We maintain ADD with a TP of INR 2,430 (36x Q1FY27E).

- **Key deal highlights:** Mankind has entered into a definitive agreement to acquire a 100% stake in BSV from Advent for an enterprise value of ~INR 136.3 bn, subject to closing-related adjustments. BSV reported sales at INR 17.2 bn (~18% CAGR over FY22-24) and EBITDA of INR 4.8 bn (~28.4% adjusted margin) in FY24 – these imply a deal valuation of 7.9x EV/sales and 27.8x EV/EBITDA. The transaction is expected to close within 3-4 months post all regulatory approvals. Mankind to fund the transaction through internal accruals and a mix of debt and equity.
- **Key highlights from the con call:** Mankind focuses on the limited competition space of women's healthcare specialties, including Anti-D and HUCOG, as well as fertility treatments such as HUMOG and Foligraf. Mankind to target the under-penetrated fertility market with a key focus on the IVF segment in EMs and India (both have ~1% and <1% penetration) with an existing portfolio of 12 products and 3 products under development. Looking to leverage BSV's intuitional reach. BSV's Anti-D (Patent in NBE from India till 2028) has seen a strong scale-up and is now exploring the global market (filing in process for 20+ countries). Its India business adjusted for TTK integration and Covid it was at a CAGR of 16% (9% volume, 6% price, and 1% new launches) and international business saw a CAGR of 25% over the same period. Mankind expects BSV to sustain double-digit sales (expects 4-5% price growth) and EBITDA growth and expand margin by 100-150 bps over FY25-26 through INR 0.5 -1 bn synergy benefits.

Financial Summary

YE March (INR bn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
India sales (INR bn)	60	76	85	95	107	121	136
Net Sales	62	78	87	103	116	131	147
EBITDA	17	20	19	25	29	34	40
APAT	13	14	14	19	22	26	30
Diluted EPS (INR)	31.9	35.8	34.2	47.8	55.4	65.0	75.1
P/E (x)	64.4	57.4	60.0	43.0	37.1	31.6	27.3
EV / EBITDA (x)	48.4	41.3	42.7	31.3	26.7	22.3	18.7
RoCE (%)	38	33	22	27	26	25	24

Source: Company, HSIE Research

ADD

CMP *(as on 26 Jul 2024)*	INR 2,055
Target Price	INR 2,430
NIFTY	24,835

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2430	INR 2430
EPS %	FY25E	FY26E
	(0.0)	0.0

KEY STOCK DATA	
Bloomberg code	MANKIND IN
No. of Shares (mn)	401
MCap (INR bn) / ($ mn)	824/9,837
6m avg traded value (INR mn)	1,735
52 Week high / low	INR 2,490/1,681

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(13.2)	1.3	12.5
Relative (%)	(23.5)	(13.8)	(9.5)

SHAREHOLDING PATTERN (%)

	Mar-24	Jun-24
Promoters	74.88	74.87
FIs & Local MFs	11.14	9.95
FPIs	9.87	11.58
Public & Others	4.11	3.6
Pledged Shares	-	-

Source : BSE

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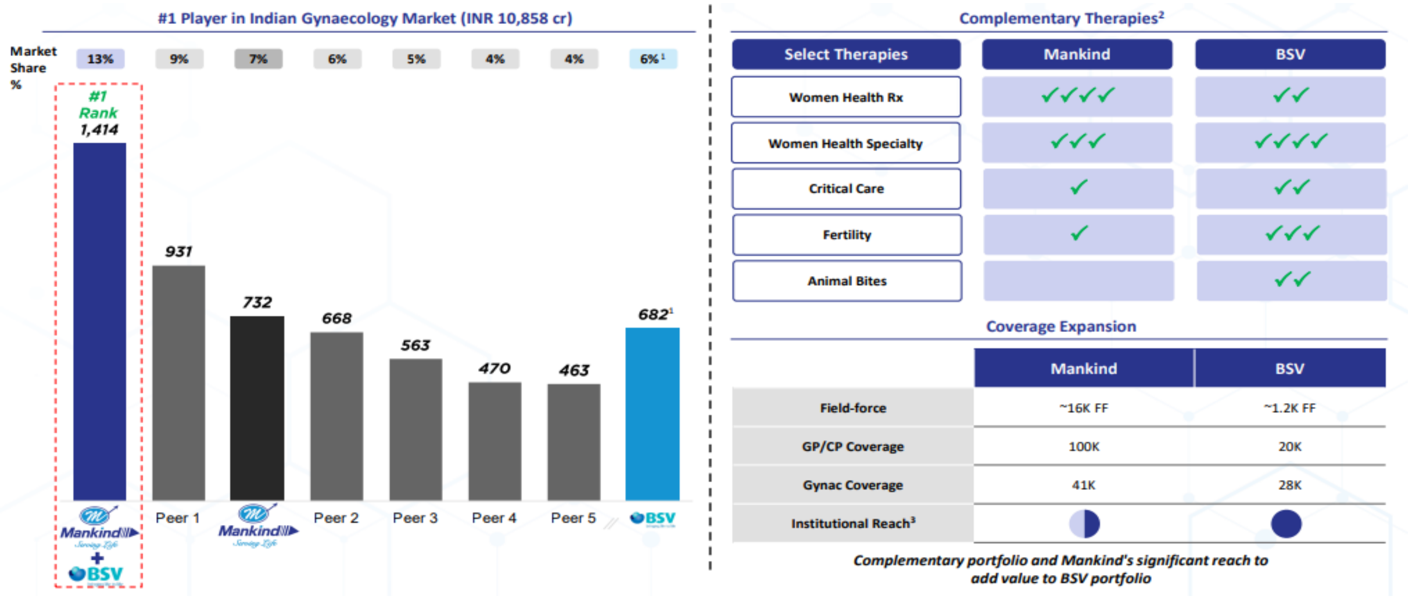
Other highlights from the con call

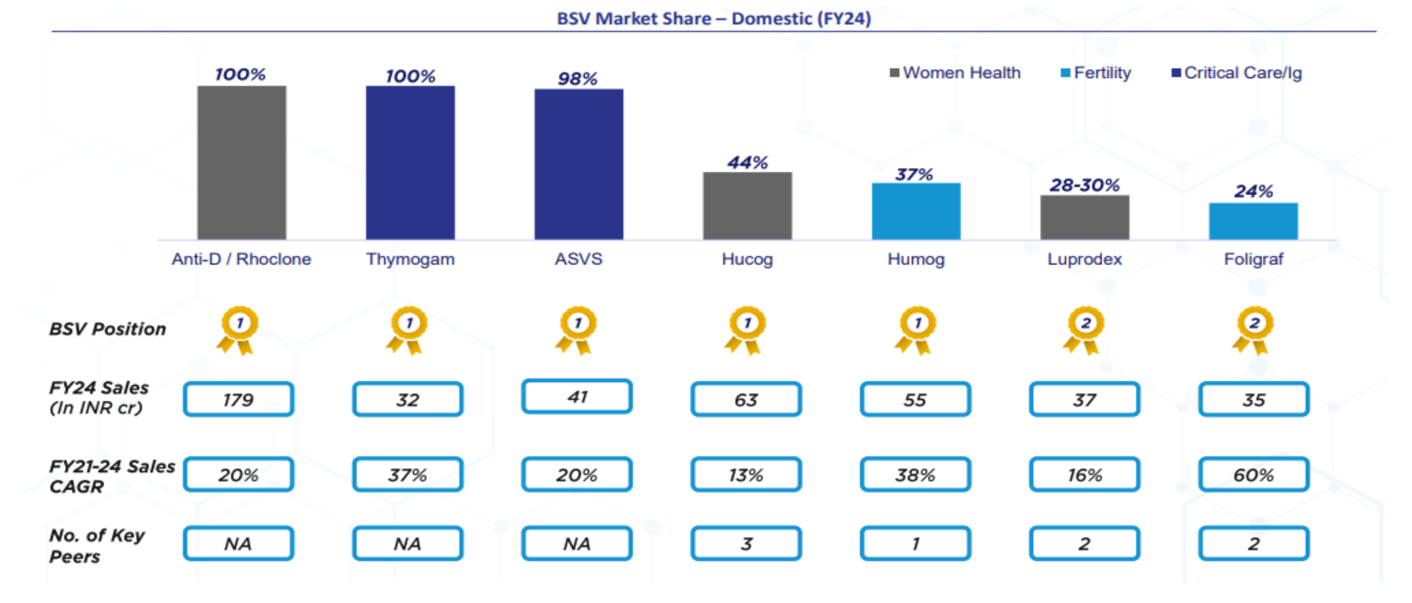
- BSV India business mix – Women health at 45%, fertility at 45%, and critical care at 10% for FY24.
- Reported EBITDA margin was at ~23% (~INR 3.96 bn) impacted due to one-time expenses of ~INR 930 mn related to TTK acquisition, PE exit related cost, ESAR and other expenses in FY24 (adjusted margin was at 28.4%).
- BSV's RoCE is in the range of 16-18% which is expected to rise to 23-25% in the next 3-4 years – Mankind RoCE is at 27-28% range.
- In-house manufacturing at ~73%.
- BSV's working capital was at 90-100 days.
- The company expects MR productivity to improve with scale-up in key brands.

Exhibit 1: Leadership in Women healthcare category led by complementary portfolio and coverage expansion



Source: Company, HSIE Research

Exhibit 2: BSV has fast growing and limited competition portfolio



Source: Company, HSIE Research.

Exhibit 3: BSV's specialty branded portfolio in international markets

Revenues	**$77m** International Business Revenue[1] (FY21-24 Revenue CAGR - **25% in cc terms**)	
Geographic Spread	**2 Home Markets** Established – Philippines and Malaysia	• ASEAN • MENA • LATAM • RCIS
Brands and TA Focus	Focused presence across **7 brand families**	**Increasing focus** on **fertility**
S&M and Market Access	**260+ FF strength** on-ground across **15 countries**	**20 member medico-marketing team** (Complex portfolio with demand in Hospital and Institutions trade channel)
Regulatory Excellence	**Regulatory capabilities** to enter attractive EMs with higher regulatory barriers	
In-Licensing	**Expanded portfolio via in-licensing (25+ deals till date)**	

Source: Company, HSIE Research

Exhibit 4: BSV has established and difficult to replicate R&D tech platform

Highly Sophisticated Tech Platforms...	Recombinant Tech and Niche Biologics	Complex Delivery Systems	Immunoglobulins
	Unique products in WH & fertility through **recombinant platform** & chromatographic separation of urinary hormonal products	**"Selective therapy specific"** NDDS products	Immunoglobulins through animal platform for **critical care products**
...Leading to Numerous First Launches in India and Globally	Recombinant Anti-D ***1st in the World***	Liposomal Amphotericin B; Ampho B emulsion ***1st in the World***	Anti-thymocyte globulin; Equine Rabies Ig ***1st in India***
	Recombinant FSH[1]; Recombinant HCG[2] ***1st branded biosimilar in India***	Leuprolide ***Microsphere Tech for Depot products***	
Product Pipeline	**WH:** Biosimilar 1 **WH:** Biosimilar 2		**CC:** Anti-Infective Immunoglobulin (Innovator molecule) **CC:** Anti-Thymocyte **CC:** Regional anti- snake venom

Source: Company, HSIE Research

Exhibit 5: BSV manufacturing infrastructure

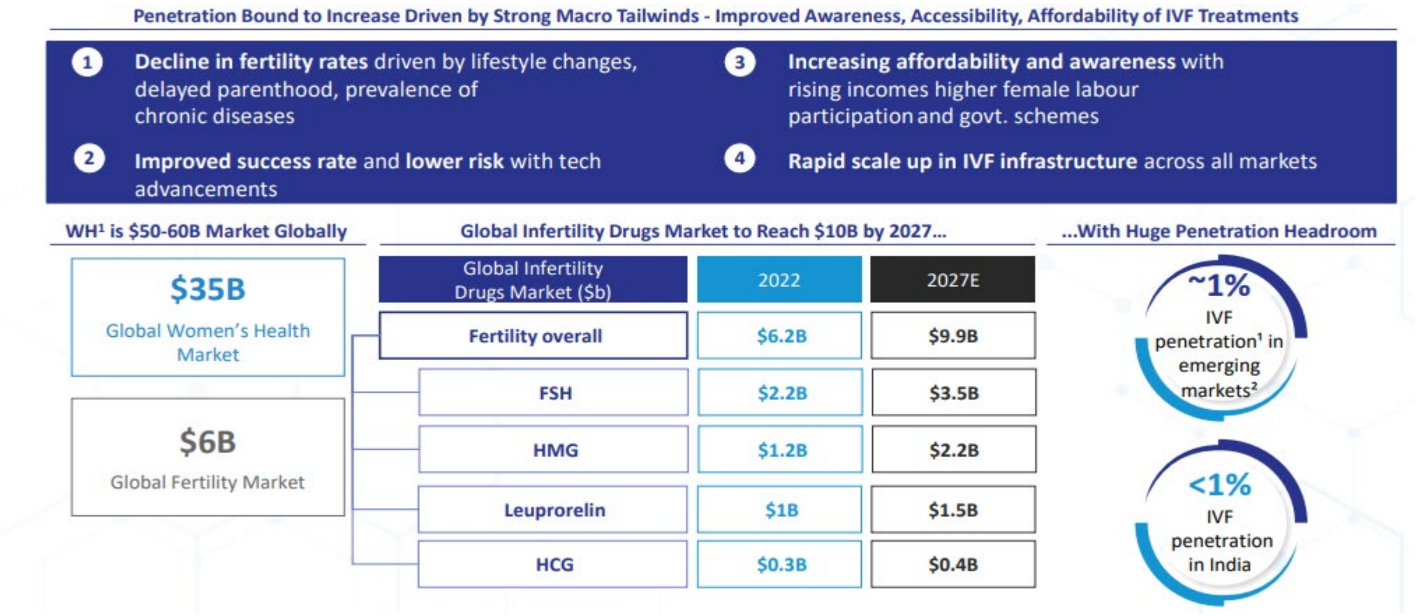
Source: Company, HSIE Research

Exhibit 6: Synergies post acquisition

Revenue synergies	Cost Synergies
- Leverage Mankind's extensive geographical and doctor coverage. - Potential OTX shift.	- Improve BSV's MR productivity by leveraging Mankind's operational excellence.
- BSV's comprehensive Fertility portfolio to ensure long runway of growth given structural tailwinds.	- Potential shift of outsourced manufacturing for Rx portfolio to Mankind in-house.
- Cross-sell potential in specialty channels (Fertility clinics/Institutions).	- Leveraging resources across the companies.

Source: Company, HSIE Research

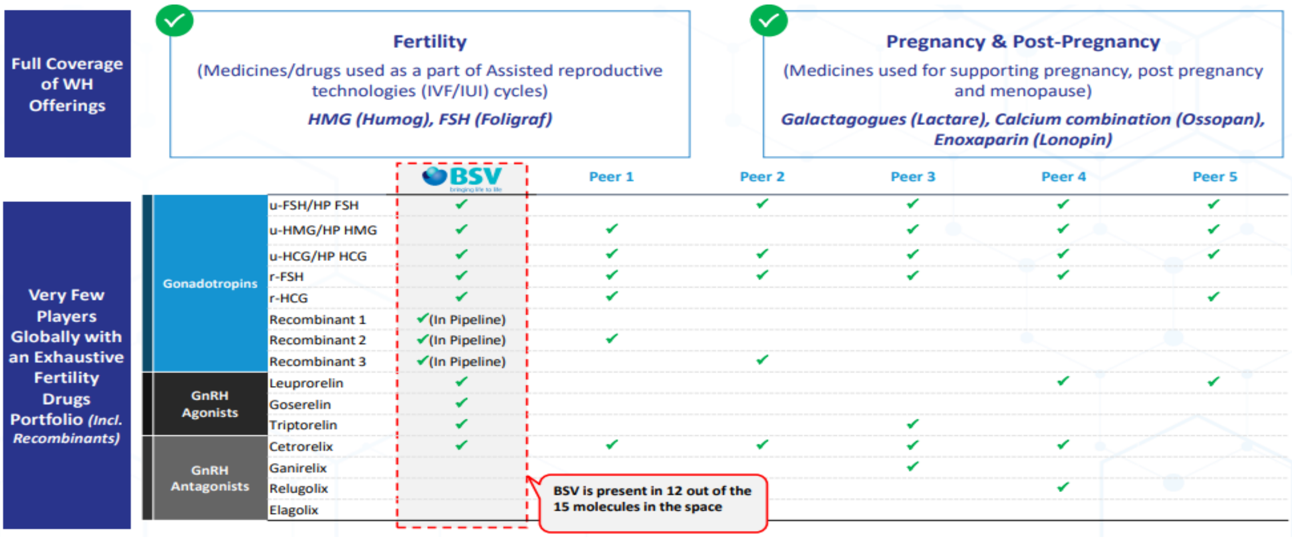
Exhibit 7: Fertility segment provide huge growth opportunities



Global Infertility Drugs Market ($b)	2022	2027E
Fertility overall	$6.2B	$9.9B
FSH	$2.2B	$3.5B
HMG	$1.2B	$2.2B
Leuprorelin	$1B	$1.5B
HCG	$0.3B	$0.4B

Source: Company, HSIE Research

Exhibit 8: Developing full range of products in fertility segment



		BSV	Peer 1	Peer 2	Peer 3	Peer 4	Peer 5
Gonadotropins	u-FSH/HP FSH	✓		✓	✓	✓	✓
	u-HMG/HP HMG	✓	✓		✓	✓	✓
	u-HCG/HP HCG	✓	✓	✓	✓	✓	✓
	r-FSH	✓	✓	✓	✓	✓	
	r-HCG	✓	✓				✓
	Recombinant 1	✓(In Pipeline)					
	Recombinant 2	✓(In Pipeline)	✓				
	Recombinant 3	✓(In Pipeline)		✓			
GnRH Agonists	Leuprorelin	✓				✓	✓
	Goserelin	✓					
	Triptorelin	✓			✓		
GnRH Antagonists	Cetrorelix	✓	✓	✓	✓	✓	
	Ganirelix				✓		
	Relugolix					✓	
	Elagolix						

Source: Company, HSIE Research

Mankind Pharma India formulation highlights

Exhibit 9: Mankind snapshot

Key Therapeutic Segments	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Value Growth YoY in IPM (%)	7.3	19.3	24.2	9.8	11.3	12.6	12.5	11.1	17.7	10.6	8.5
Market Share by Value in IPM (%)	3.3	3.5	3.8	3.8	3.9	4.0	4.1	4.3	4.3	4.4	4.4
Market Ranking by Value in IPM (x)	7	5	4	4	4	4	4	4	4	4	4
Covered Market Share in total IPM (%)	64.6	64.1	64.8	63.5	60.2	61.6	62.4	62.2	65.4	68.1	68.8
Market Share in Covered Market (%)	5.1	5.5	5.8	5.9	6.6	6.5	6.5	6.9	6.6	6.5	6.4
Covered Market Rank (x)	3	2	2	2	2	2	2	2	2	2	2
Volume Share in IPM (%)	3.9	4.3	4.7	4.4	4.8	5.1	5.2	5.7	5.5	5.7	5.8
Market Ranking by Volume in IPM (x)	6	6	5	5	5	3	3	3	3	3	3
Chronic Share in total portfolio (%)	19.6	20.4	25.3	26.7	27.9	31.9	32.2	34.1	32.9	33.9	35.5
Chronic Growth YoY (%)	14.6	23.8	53.9	16.0	16.4	28.6	13.5	17.6	13.6	14.1	13.5
Metro & Class 1 Share (%)	NA	51.6	50.3	50.7	49.9	49.2	48.1	51.8	52.9	53.2	53.0

Source: Company, HSIE Research, as per IQVIA MAT Mar'24 data.

Exhibit 10: Strong growth in CVS and anti-diabetic; steady in anti-infective

Mankind therapy YoY %	% of FY24 sales	FY20	FY21	FY22	FY23	FY24
Anti-Infectives	15%	13%	-8%	31%	13%	10%
Cardiac	14%	20%	22%	13%	17%	18%
Gastro Intestinal	10%	12%	8%	13%	10%	7%
Respiratory	9%	11%	28%	12%	9%	14%
Vitamins/Minerals/Nutrients	9%	22%	-9%	59%	8%	-2%
Anti-Diabetic	8%	8%	23%	9%	-1%	5%
Gynaec.	8%	15%	45%	21%	27%	7%
Derma	6%	6%	13%	2%	-9%	2%
Urology	6%	22%	6%	12%	35%	9%
Pain / Analgesics	5%	9%	-2%	16%	3%	2%
Mankind total	**100%**	**13%**	**11%**	**18%**	**11%**	**8%**

Source: IQVIA, HSIE Research

Exhibit 11: Steady growth in the leading brands

MKND brands YoY	Therapy	% of FY24 sales	FY24 sales (INR bn)	FY20	FY21	FY22	FY23	FY24
Manforce	Urology	5%	4.9	23%	4%	14%	49%	14%
Moxikind-Cv	Anti-Infectives	4%	3.8	12%	-10%	25%	28%	10%
Unwanted-Kit	Gynaec.	3%	2.5	11%	26%	9%	24%	13%
Amlokind-At	Cardiac	3%	2.4	27%	17%	6%	11%	24%
Prega News	Others	2%	2.2	22%	29%	13%	38%	9%
Dydroboon	Gynaec.	2%	2.1	NA	580%	73%	42%	0%
Gudcef	Anti-Infectives	2%	2.0	23%	-9%	44%	19%	10%
Candiforce	Derma	2%	2.0	18%	13%	-13%	9%	9%
Glimestar-M	Anti Diabetic	2%	1.9	16%	26%	5%	11%	14%
Nurokind-Gold	Vitamins/Minerals/Nutrients	2%	1.6	14%	22%	14%	10%	13%
Top 10 brands		**26%**	**25.4**	**20%**	**18%**	**15%**	**26%**	**12%**
11-25 brands		**18%**	**17.6**	**18%**	**7%**	**20%**	**15%**	**11%**
26-50 brands		**14%**	**13.8**	**14%**	**10%**	**21%**	**11%**	**1%**
Above 50 brands		**41%**	**39.0**	**7%**	**10%**	**17%**	**1%**	**8%**
Mankind total		**100%**	**95.7**	**13%**	**11%**	**18%**	**11%**	**8%**

Source: IQVIA, HSIE Research

BSV India formulation highlights

Exhibit 12: Strong growth in Gynaec and Vaccine categories

Therapy YoY growth	MAT Mar'24 sales (INR bn)	% of FY24 sales	FY22	FY23	FY24
Gynaec.	4.0	46%	22%	14%	16%
Vaccines	1.6	18%	11%	7%	13%
Cardiac	0.7	8%	92%	-23%	-4%
Vitamins/Minerals/Nutrients	0.6	7%	25%	-29%	-10%
Antineoplast/Immunomodulator	0.3	4%	14%	12%	5%
Gastro Intestinal	0.3	3%	12%	-17%	-14%
Urology	0.3	3%	17%	-27%	-11%
Blood Related	0.2	2%	3%	-48%	145%
Anti-Infectives	0.2	2%	163%	-57%	7%
Others	0.2	2%	10%	-29%	-5%
Total Bharat Serum	**8.6**	100%	27%	-7%	8%

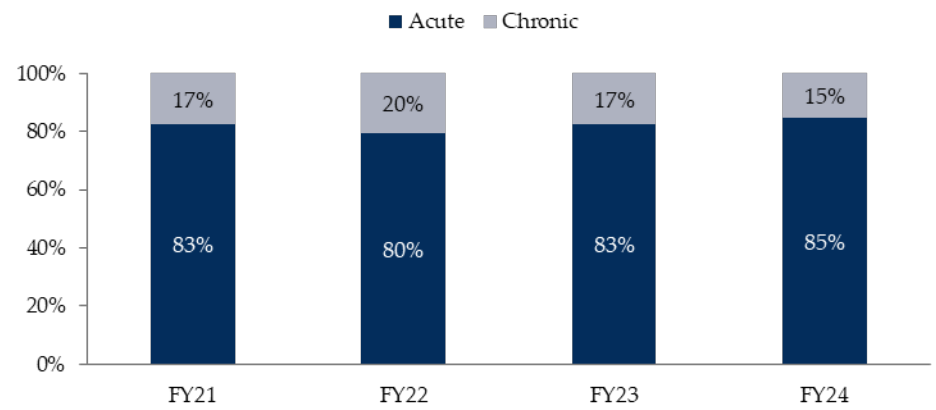
Source: IQVIA, HSIE Research

Exhibit 13: Steady growth in the leading brands

Brands YoY growth	Therapy	Molecule	MAT Mar'24 sales (INR mn)	% of FY24 sales	FY22	FY23	FY24
Anti-D	Vaccines	Immunoglobulin Anti-D	763	9%	70114%	62%	17%
Lonopin	Cardiac	Enoxaparin	673	8%	63%	-13%	7%
Hucog-Hp	Gynaec.	Human Chorionic Gonadotrop.	578	7%	-9%	14%	5%
Humog-Hp	Gynaec.	Human Menopausal Gonadotrop.	515	6%	105%	79%	26%
Foligraf	Gynaec.	Follitropin A/B Recomb.	466	5%	89%	67%	34%
Lactare	Gynaec.	Galactagogue	429	5%	20%	-6%	9%
Humog	Gynaec.	Human Menopausal Gonadotrop.	409	5%	31%	81%	49%
Bharglob	Vaccines	Human Normal Immunoglobul	248	3%	1%	-24%	53%
Luprodex	Antineoplast/Immunomodulator	Leuprorelin	195	2%	4%	-6%	3%
Ossopan-D	Vitamins/Minerals/Nutrients	Calcium + Colecalci. Liqu.	194	2%	18%	-17%	1%
Top 10 Brands			4,470	52%	44%	17%	18%
Top 11-25 Brands			1,848	22%	29%	-8%	18%
Top 26-50 Brands			1,300	15%	-4%	-21%	-4%
Total Bharat Serum			**8,569**	**100%**	**27%**	**-7%**	**8%**

Source: IQVIA, HSIE Research

Exhibit 14: Business mix



Source: IQVIA, HSIE Research

Exhibit 15: Market share trend in leading brands

Brands/ Market share %	Therapy	FY22	FY23	FY24	Increase/ (decrease) bps
Anti-D	Vaccines	60.4%	87.7%	95.1%	3,466
Lonopin	Cardiac	7.1%	9.1%	8.5%	140
Hucog-Hp	Gynaec.	17.1%	17.1%	17.2%	17
Humog-Hp	Gynaec.	8.5%	11.8%	11.5%	299
Foligraf	Gynaec.	11.9%	13.9%	17.3%	547
Lactare	Gynaec.	32.0%	27.4%	28.5%	-351
Humog	Gynaec.	5.7%	7.9%	9.1%	344
Bharglob	Vaccines	8.3%	6.6%	9.5%	128
Luprodex	Antineoplast/Immunomodulator	17.6%	14.7%	14.2%	-342
Ossopan-D	Vitamins/Minerals/Nutrients	10.2%	8.4%	8.6%	-160
Humog-Hd	Gynaec.	0.9%	2.5%	4.3%	345
Epidosin	Gastro Intestinal	95.0%	94.0%	93.4%	-163
Ccq	Gynaec.	31.4%	24.2%	25.8%	-564
Snake V. Antiserum	Vaccines	20.7%	18.7%	25.2%	449
Hucog	Gynaec.	3.3%	3.7%	3.8%	53
Diva Hmg	Gynaec.	3.5%	3.0%	2.7%	-73
Miprogen	Gynaec.	1.9%	1.6%	1.3%	-68
Asporelix	Hormones	8.5%	10.2%	10.0%	154
Tidilan	Others	21.4%	15.7%	16.7%	-473
Mifiact	Gynaec.	15.1%	12.5%	12.5%	-262

Source: IQVIA, HSIE Research

Exhibit 16: Proforma – Mankind and BSV

FY24 (INR mn)	Mankind Pharma	BSV	Proforma
Revenues	1,03,350	17,230	1,20,580
YoY growth	18%	20%	
Revenues mix %			
Domestic	92%	54%	87%
International	8%	46%	13%
Brands (> INR 500 mn)	40	10	50
EBITDA	25500	4890	30390
EBITDA margin %	24.7%	28.4%	25.2%

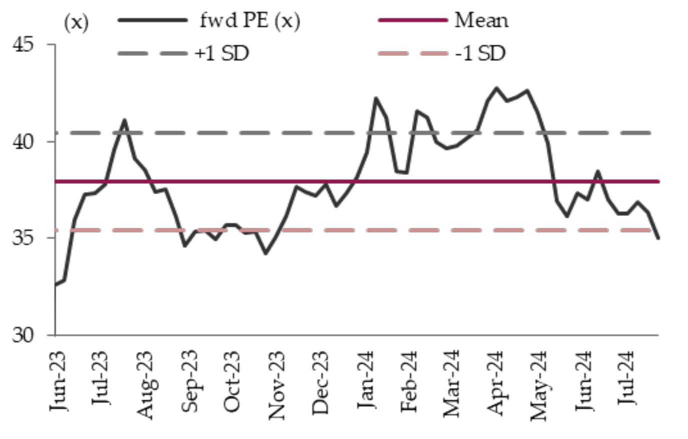
Source: IQVIA, HSIE Research

Exhibit 17: Our assumption indicates EPS impact of 17/8/1% for FY25/26/27E

Proforma (INR mn)	FY25E	FY26E	FY27E
Sales			
Mankind	1,15,915	1,30,705	1,47,391
BSV	20,337	23,998	28,317
Total sales	**1,36,252**	**1,54,703**	**1,75,709**
Impact %	18%	18%	19%
EBITDA			
Mankind	29,210	34,114	39,501
BSV	5,847	7,055	8,382
Total EBITDA	35,057	41,169	47,883
Impact %	20%	21%	21%
EBITDA margin			
Mankind	25.2%	26.1%	26.8%
BSV	28.8%	29.4%	29.6%
Total EBITDA margin	25.7%	26.6%	27.3%
Impact	53	51	45
PBT			
Mankind	28,107	32,889	37,997
Post acquisition PBT	23,804	30,055	37,684
Impact %	-15%	-9%	-1%
PAT			
Mankind	22,196	26,020	30,103
Post acquisition PAT	18,753	23,752	29,853
Impact %	-16%	-9%	-1%

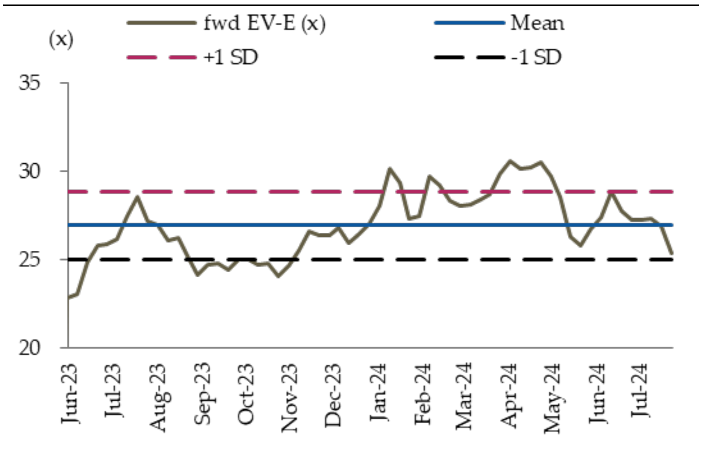
Source: IQVIA, HSIE Research

Exhibit 18: PE chart



Source: Bloomberg, HSIE Research

Exhibit 19: EV/ EBITDA chart



Source: Bloomberg, HSIE Research

Financials (Consolidated)

Profit & loss (INR mn)

March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net sales	**62,144**	**77,816**	**87,494**	**1,03,348**	**1,15,915**	**1,30,705**	**1,47,391**
Other operating income	0	0	0	0	0	0	0
Total operating income	**62,144**	**77,816**	**87,494**	**1,03,348**	**1,15,915**	**1,30,705**	**1,47,391**
Cost of goods sold	-17,806	-24,217	-29,136	-32,097	-35,702	-40,127	-45,102
Gross profit	44,338	53,598	58,358	71,251	80,213	90,579	1,02,290
Gross margin (%)	71	69	67	69	69	69	69
Total operating expenses	-27,680	-33,705	-39,352	-45,900	-51,002	-56,465	-62,789
EBITDA	**16,658**	**19,894**	**19,006**	**25,351**	**29,210**	**34,114**	**39,501**
EBITDA margin (%)	27	26	22	25	25	26	27
Depreciation	-1,190	-1,666	-3,259	-3,983	-4,511	-4,801	-5,096
EBIT	**15,468**	**18,227**	**15,747**	**21,368**	**24,700**	**29,313**	**34,405**
Net interest	-201	-586	-445	-335	-323	-294	-281
Other income	1,709	1,960	1,286	2,809	3,548	3,651	3,621
Profit before tax	**16,799**	**19,602**	**16,588**	**23,841**	**27,925**	**32,670**	**37,745**
Total taxation	-3,986	-5,216	-3,616	-4,576	-5,621	-6,578	-7,599
Tax rate (%)	24	27	22	19	20	20	20
Profit after tax	12,814	14,385	12,973	19,266	22,303	26,092	30,146
Minorities	-276	-195	-278	-289	-290	-292	-295
Profit/ Loss associate co(s)	117	144	124	152	183	219	252
Adjusted net profit	**12,790**	**14,335**	**13,720**	**19,129**	**22,196**	**26,020**	**30,103**
Adj. PAT margin (%)	21	18	16	19	19	20	20
Net non-recurring items	-135	0	-901	0	0	0	0
Reported net profit	**12,654**	**14,335**	**12,819**	**19,129**	**22,196**	**26,020**	**30,103**

Balance sheet (INR mn)

March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Paid-up capital	401	401	401	401	401	401	401
Reserves & surplus	46,819	61,152	73,952	93,230	1,13,206	1,36,624	1,63,717
Net worth	48,629	63,163	76,233	95,758	1,16,024	1,39,734	1,67,121
Borrowing	2,407	8,731	1,704	2,072	1,873	1,674	1,475
Other non-current liabilities	330	909	1,491	1,584	1,600	1,616	1,632
Total liabilities	**63,726**	**91,477**	**97,154**	**1,19,633**	**1,40,655**	**1,65,629**	**1,94,475**
Gross fixed assets	21,362	42,198	51,989	58,709	63,447	68,233	73,076
Less: Depreciation	-4,977	-6,575	-9,736	-13,510	-18,020	-22,822	-27,917
Net fixed assets	16,385	35,623	42,253	45,199	45,427	45,411	45,159
Add: Capital WIP	3,720	7,015	5,501	2,818	2,500	2,500	2,500
Total fixed assets	20,105	42,638	47,754	48,017	47,927	47,911	47,659
Total Investment	15,175	11,149	13,518	25,732	26,861	28,047	29,292
Inventory	11,835	17,602	14,985	15,535	18,053	20,112	22,465
Debtors	3,306	3,882	5,764	8,483	10,480	11,817	13,326
Cash & bank	7,007	4,059	4,532	11,980	23,198	41,786	63,720
Loans & advances	512	381	1,678	455	1,588	1,790	2,019
Current liabilities	12,361	18,675	17,727	20,219	21,158	22,605	24,247
Total current assets	27,196	36,295	34,359	44,059	63,799	87,323	1,14,855
Net current assets	14,836	17,620	16,632	23,840	42,641	64,718	90,608
Other non-current assets	1,251	1,396	1,523	1,824	2,068	2,348	2,670
Total assets	**63,726**	**91,477**	**97,154**	**1,19,633**	**1,40,655**	**1,65,629**	**1,94,475**

Source: Company, HSIE Research

Cash flow (INR mn)

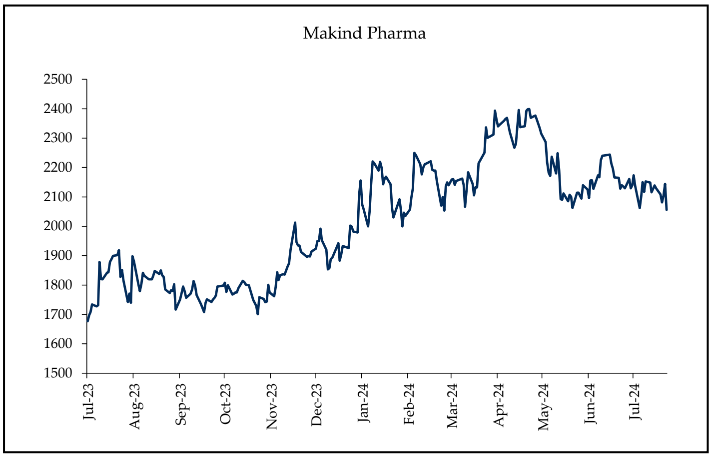
March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profit before tax	16,799	19,602	16,588	23,841	27,925	32,670	37,745
Depreciation & Amortisation	-1,190	-1,666	-3,259	-3,983	-4,511	-4,801	-5,096
Chg in working capital	-946	-5,861	1,667	204	-7,580	-3,486	-3,955
CF from operations	**11,372**	**9,198**	**18,133**	**21,524**	**19,557**	**27,701**	**31,568**
Capital expenditure	-3,123	-23,455	-8,321	-3,892	-4,500	-4,500	-4,500
CF from investing	**-12,222**	**-13,691**	**-10,541**	**-20,817**	**-4,500**	**-4,500**	**-4,500**
Equity raised/ (repaid)	0	0	0	0	0	0	0
Debt raised/ (repaid)	1,090	6,219	-6,982	307	-200	-200	-200
Dividend paid	0	0	0	0	0	0	0
CF from financing	**-78**	**6,046**	**-7,397**	**53**	**-523**	**-494**	**-481**
Net chg in cash	-928	1,553	194	760	14,533	22,707	26,587

Key ratios

March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OPERATIONAL							
FDEPS (INR)	31.9	35.8	34.2	47.8	55.4	65.0	75.1
CEPS (INR)	34.6	39.9	40.1	57.7	66.7	76.9	87.9
DPS (INR)	0.0	0.0	0.0	0.0	5.5	6.5	7.5
Dividend payout ratio (%)	0.0	0.0	0.0	0.0	10.0	10.0	10.0
GROWTH							
Net sales (%)	6.0	25.2	12.4	18.1	12.2	12.8	12.8
EBITDA (%)	9.1	19.4	(4.5)	33.4	15.2	16.8	15.8
Adj net profit (%)	16.6	12.1	(4.3)	39.4	16.0	17.2	15.7
FDEPS (%)	16.6	12.1	(4.3)	39.4	16.0	17.2	15.7
PERFORMANCE							
RoE (%)	31.2	26.4	20.2	22.8	21.4	20.8	20.0
RoCE (%)	38.0	32.5	22.4	27.0	25.8	25.1	24.3
EFFICIENCY							
Asset turnover (x)	3.0	2.4	1.9	1.9	1.9	2.0	2.1
Sales/ total assets (x)	1.1	1.0	0.9	1.0	0.9	0.9	0.8
Working capital/ sales (x)	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Receivable days	19	18	24	30	33	33	33
Inventory days	95	111	80	73	76	76	76
Payable days	54	68	54	52	50	50	50
FINANCIAL STABILITY							
Total debt/ equity (x)	0.1	0.2	0.0	0.0	0.0	0.0	0.0
Net debt/ equity (x)	(0.4)	(0.1)	(0.2)	(0.4)	(0.4)	(0.5)	(0.6)
Current ratio (x)	2.2	1.9	1.9	2.2	3.0	3.9	4.7
Interest cover (x)	76.8	31.1	35.4	63.7	76.4	99.9	122.5
VALUATION							
PE (x)	64.4	57.4	60.0	43.0	37.1	31.6	27.3
EV/ EBITDA (x)	48.4	41.3	42.7	31.3	26.7	22.3	18.7
EV/ Net sales (x)	13.0	10.5	9.3	7.7	6.7	5.8	5.0
PB (x)	17.4	13.4	11.1	8.8	7.2	6.0	5.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.3	0.3	0.4
Free cash flow yield (%)	1.0	(1.7)	1.2	2.1	1.8	2.8	3.3

Source: Company, HSIE Research

1 Yr Price Movement



Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

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