

Mold-Tek Packaging (MTEP)

Packaging | Company Update

BUY
CMP: Rs846 | Target Price (TP): Rs1,100 | Upside: 30%
March 06, 2024

Deep dive into Pharma Packaging opportunity

Key Points

- We reiterate our Buy call on MTEP after rolling forward valuation to FY26E (PE 30x) with a potential upside of 30%.
- In this report, we are discussing Indian Pharma Packaging opportunity, competitive landscape & MTEP's 'right to win'. We believe MTEP could be a one-stop shop for Pharma plastic packaging over the medium term.
- Backward integration, ever increasing TAM and margin-accretive projects on hand differentiate MTEP from others.

One-stop shop could be the biggest 'right to win': In-house production of the entire range of Pharma plastic packaging portfolio (Bottles, Caps, CRC, Effervesant Tubes & Carnisters) should enable MTEP to become a 'one-stop shop for Pharma Packaging. Introduction of IML in the Pharma, ability to offer the entire range with higher efficiency & lead times, presence in close proximity for South-based companies and increasing USFDA registrations in India should lead to relatively faster order conversions, in our view.

Regulated Pharma Packaging market has high entry barriers: While MTEP is planning to cater to regulated pharma (DMF backed packaging) as well as domestic generic players, our channel checks with some of the regional packaging players suggest that entering the DMF market is very difficult for small players because of high gestation period and oligopolistic nature of the business. Also, capturing customers' mind and wallet share is very tricky in the Pharma business. MTEP's backward integration, multiple new offerings apart from the existing products offered by competition and low import dependence should enable it to crack the concentrated market.

Import substitution, better inventory management & lead time: We highlight that currently India imports ~Rs2.25bn worth of stoppers, lids, caps and closures annually. While this has multiple applications apart from Pharma, such as in Cosmetics, Beverages, Textiles etc., we see MTEP's peers also importing from USA and Europe in a big way. Gopaldas buys CRC and other caps from MoldRite. Triveni Polymers imports CRC, Dropper and other closures from its subsidiary Gerresheimer Boleslawiec S.A. (Poland, USA & China). On the other hand, MTEP is planning to manufacture everything in-house and we believe that pricing could be competitive as the project scales up. Without import dependence, working capital management (inventory) & lead time should be better than peers.

Peer comparison: Our research suggests that the Pharma Packaging universe (mainly DMF backed) is concentrated. Gross margin profile of all the companies is superior than MTEP's current margin (Pharma IBM Per/kg margin > 50%, as per management). Working capital cycle is broadly similar. We believe that MTEP can bring in more operational efficiencies than peers.

Please vote for us in the Institutional Investor poll – [Click Here](#)

Est Change	No change
TP Change	Upward
Rating Change	No change

Company Data and Valuation Summary

Reuters:	MOLT.BO
Bloomberg:	MTEP IN Equity
Mkt Cap (Rsbn/US\$mn):	28.1 / 339.0
52 Wk H / L (Rs):	1,100 / 825
ADTV-3M (mn) (Rs/US\$):	59.9 / 0.7
Stock performance (%) 1M/6M/1yr:	(2.7) / (10.9) / (11.4)
Nifty 50 performance (%) 1M/6M/1yr:	2.3 / 6.6 / 25.9

Shareholding	1QFY24	2QFY24	3QFY24
Promoters	33.3	33.1	32.9
DILs	18.6	18.5	19.2
FILs	18.0	17.8	16.0
Others	30.1	30.6	31.9
Pro pledge	0.2	0.2	0.2

Financial and Valuation Summary

Particulars (Rsmn)	FY23	FY24E	FY25E	FY26E
Net Sales	7,299	7,097	8,717	10,238
Growth YoY%	15.6	-2.8	22.8	17.4
Gross margin %	40.3	39.0	40.0	41.0
EBITDA	1,354	1,356	1,766	2,107
EBITDA margin %	18.6	19.1	20.3	20.6
Adj PAT	804	688	973	1,200
Growth YoY%	26.4	-14.5	41.4	23.3
EPS	24.2	20.8	29.5	36.3
RoCE (pre-tax)%	19.0	15.1	19.2	21.5
RoCE%	14.9	11.3	14.4	16.1
RoE%	15.8	11.9	15.5	17.3
P/E	34.7	40.4	28.6	23.2
EV/EBITDA	20.9	20.8	16.0	13.4
P/BV	5.0	4.6	4.2	3.8

Source: Bloomberg, Company, Nirmal Bang Institutional Equities Research

Key Links – [Annual Report Analysis](#)

Please refer to the disclaimer towards the end of the document.

Innovation game at/above par vs global packaging solutions companies

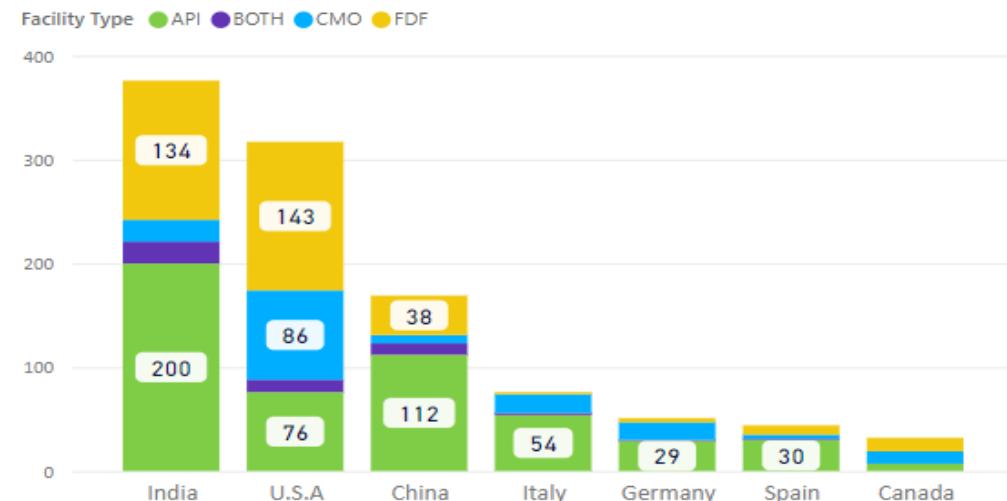
Apart from backward integration, constant thrust on innovation differentiates MTEP from others, in our view. In its Pharma foray, MTEP can leverage on some of its existing innovative methods such as IML adoption, QR coded IML, IBM technology etc apart from industry-specific innovations. The following examples indicate that MTEP is definitely ahead in the game as far as innovation is concerned. Innovation is among the key factors which should enable a relatively faster entry for MTEP in the specialised Pharma Packaging market dominated by select niche players.

- Sanner GmbH (Germany based MNC) is a global market leader for desiccant closures and effervescent tablet packaging. Sanner has manufacturing presence in Germany, France, Hungary and China. We believe that there are no imports into India. MTEP is the first Indian company to launch IML in effervescent tubes with premium photographic label decoration, non scratchable and non peelable, enhancing the overall aesthetic value.
- Gerresheimer AG (now a subsidiary of Triveni Polymers) is a German manufacturer of primary packaging products for medication and drug delivery devices made of special-purpose glass and plastics with headquarters in Düsseldorf for the Pharma and Cosmetics industries. The company has production operations in Europe, the Americas and Asia. It talks about traceability tool in its innovation programme. We highlight that MTEP has already developed QR coded IML containers (currently for Paints and Lubes customers) and the same can be replicated for the Pharma industry as well.
- An upcoming product, Desiccant Canister, finds its application in moisture absorption in powders and tablets. MTEP is working on a canister with laser marking to ensure child resistance and prevention of ink seepage. Double piece canisters available in the market lack child resistance features, as per our checks. Laser marking technology ensures safety, permanence and precision compared to traditional printing stamping.

One-stop shop could be MTEP's biggest 'right to win' in Pharma

MTEP plans to leverage its 38 years of packaging industry experience by setting up a new facility for Pharma Packaging, including ISO certified clean rooms and US DMF certifications. In-house production of the entire range of Pharma Packaging portfolio (Bottles, Caps, CRC, Effervescent Tubes & Carnisters) should enable MTEP to become a one-stop shop in Pharma Packaging. Introduction of IML in the Pharma industry, ability to offer the entire range with higher operational efficiency & lead times, presence in close proximity for South-based companies and increasing USFDA registrations in India should lead to relatively faster order conversions, in our view.

Exhibit 1: Country-wise facility registrations by USFDA - India tops the list in FY24



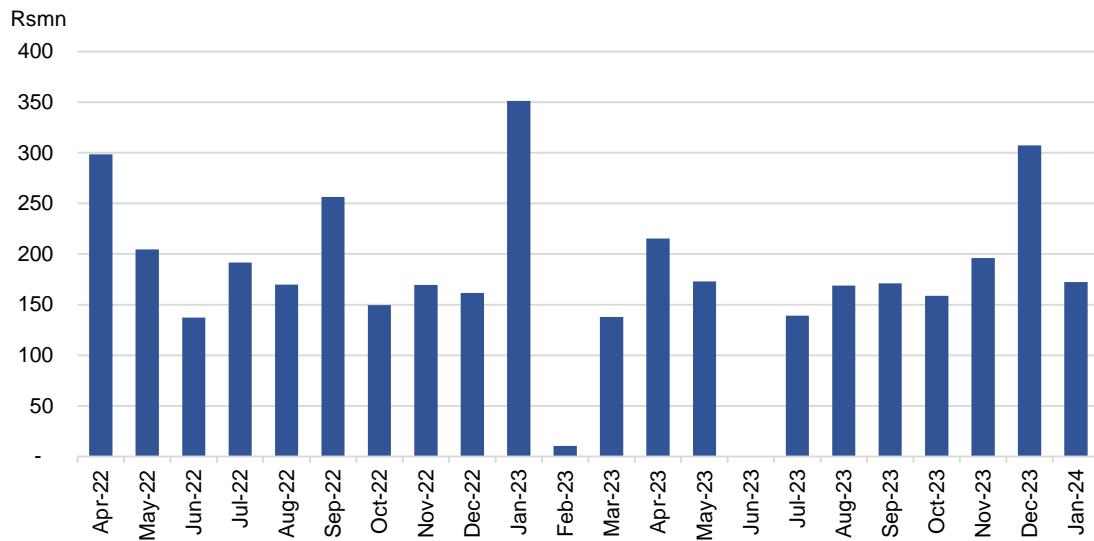
Source: Industry, Nirmal Bang Institutional Equities Research

While MTEP is planning to cater to regulated Pharma (DMF backed packaging) as well as domestic generic players, our channel checks with some of the regional packaging players suggest that entering DMF market is very difficult to crack for small players because of high gestation period and oligopolistic nature of the business. Also, capturing customers' mind and wallet share is very tricky in the Pharma business. MTEP's backward integration, multiple new offerings apart from the existing products offered by competition and low import dependence should enable it to crack the concentrated market.

Import substitution, better inventory management & lead time

We highlight that currently India imports ~Rs2.25bn worth of stoppers, lids, caps and closures annually. While this has multiple applications apart from Pharma, such as in Cosmetics, Beverages, Textiles etc., we see MTEP's peers also importing from USA and Europe in a big way. Gopaldas buys CRC and other caps from MoldRite. Triveni Polymers imports CRC, dropper and other closures from its subsidiary Gerresheimer Boleslawiec S.A. (Poland, USA, China). On the other hand, MTEP is planning to manufacture everything in-house and we believe that pricing could be competitive as the project scales up. Without import dependence, working capital management (inventory) and lead time should be better than peers, in our view.

Exhibit 2: Import of caps and closures in India - monthly trend

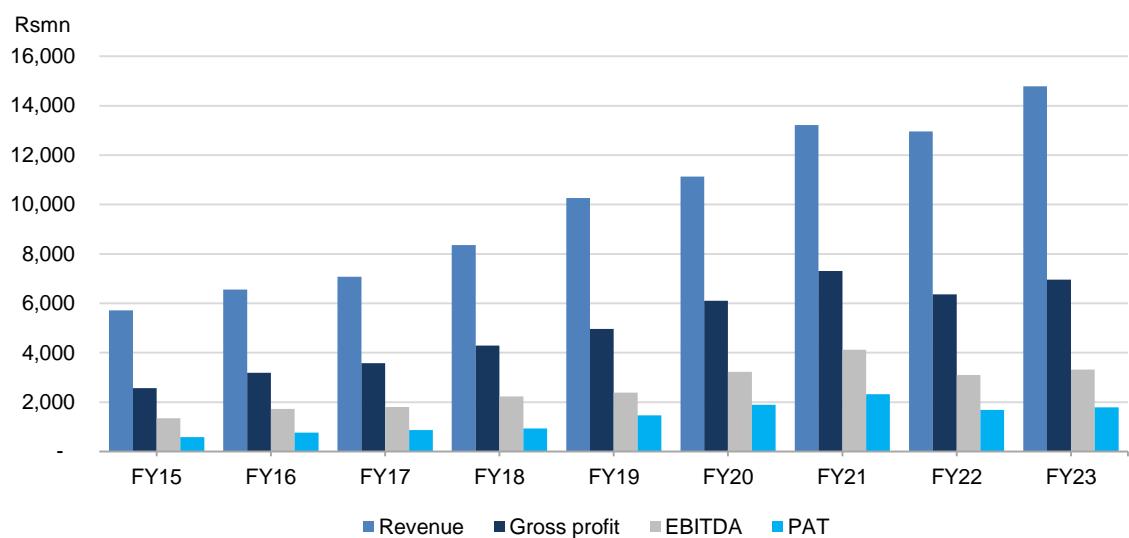


Source: Commerce Ministry Website, Nirmal Bang Institutional Equities Research

Peer comparison

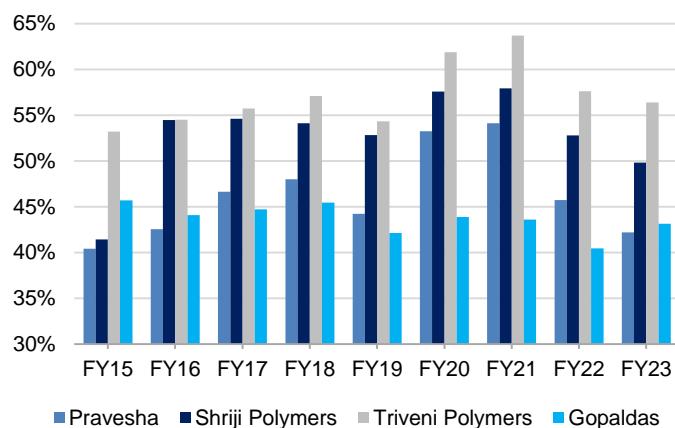
Our research suggests that the Pharma Packaging universe (mainly DMF backed) is concentrated. Gross margin profile of all the companies is superior than MTEP's current margin (Pharma IBM Per/kg margin > 50%, as per management). Working capital cycle is broadly similar. We believe that MTEP can bring in more operational efficiencies than peers. Some of the peers mentioned below are import dependent for select caps and closures, including CRC caps. MTEP will manufacture everything in-house. Also, we expect better cost management in some of the cost lines such as job work charges, repairs etc.

Exhibit 3: Pharma Packaging universe* reported Revenue/Gross Profit/EBITDA/PAT 9-year CAGR 12%/13%/12%/15% over FY15-FY23



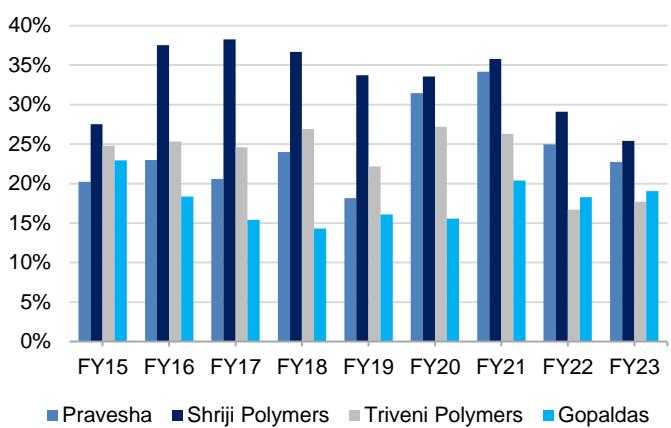
Source: Company, MCA, Nirmal Bang Institutional Equities Research

Exhibit 4: Gross margin of Pharma Packaging peers



Source: Company, MCA, Nirmal Bang Institutional Equities Research

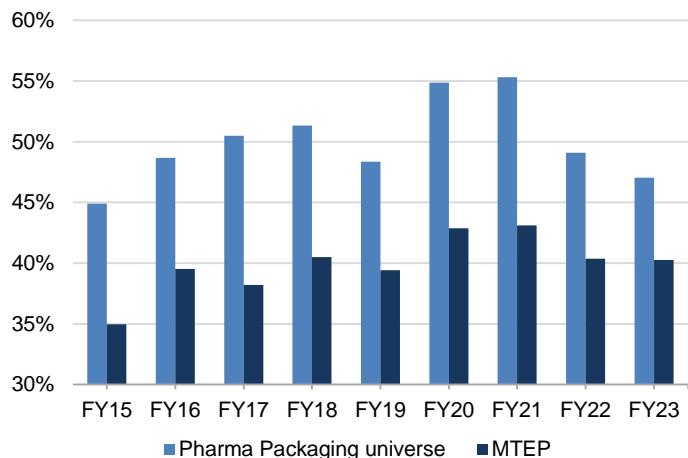
Exhibit 5: EBITDA margin of Pharma Packaging peers



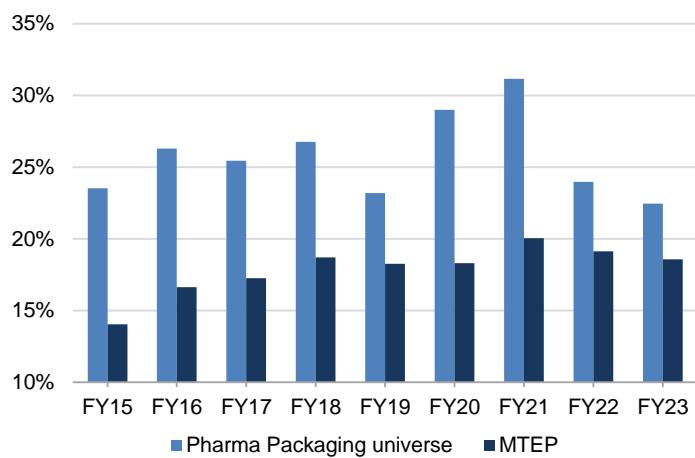
Source: Company, MCA, Nirmal Bang Institutional Equities Research

*Pharma Packaging universe includes Pravesha Packaging, Shriji Polymers, Triveni Polymers and Gopaldas Visram Packaging.

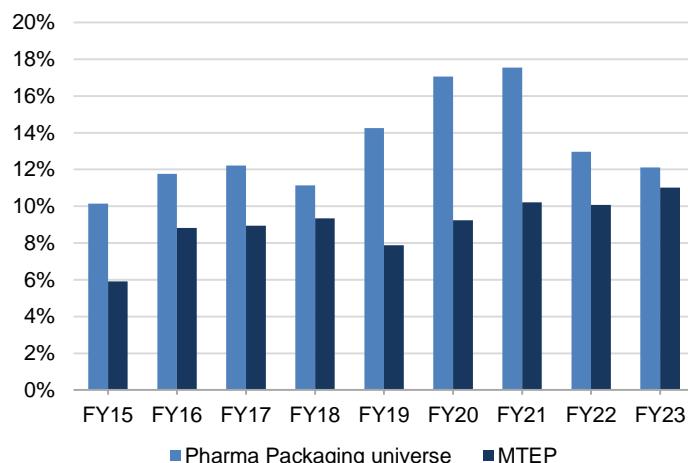
Detailed comparison of Pharma Packaging universe* and MTEP

Exhibit 6: Gross margin


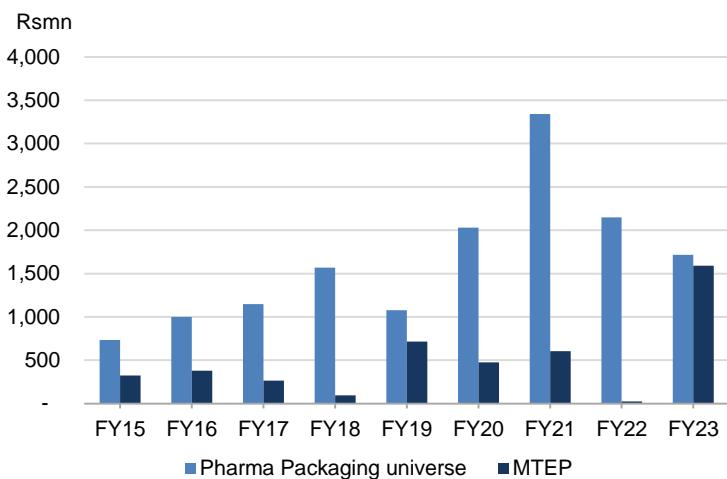
Source: Company, MCA, Nirmal Bang Institutional Equities Research

Exhibit 7: EBITDA margin


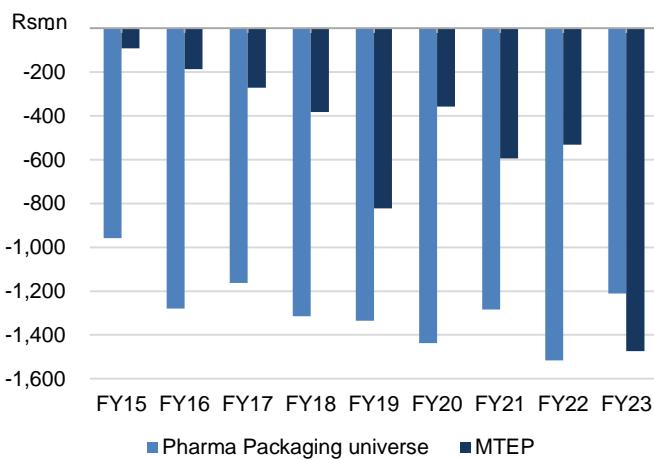
Source: Company, MCA, Nirmal Bang Institutional Equities Research

Exhibit 8: PAT margin


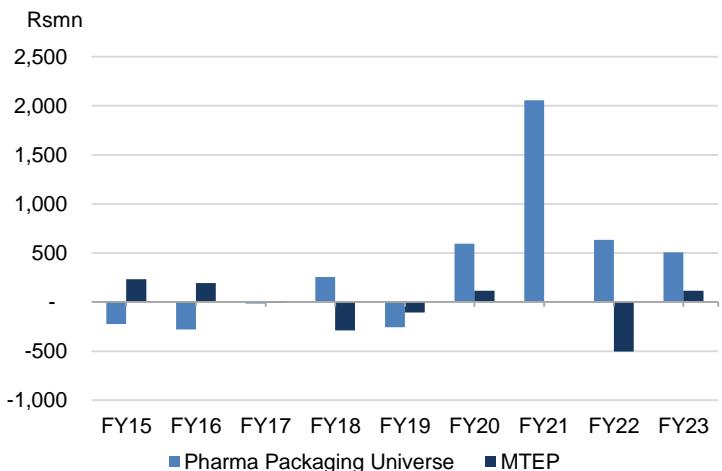
Source: Company, MCA, Nirmal Bang Institutional Equities Research

Exhibit 9: OCF


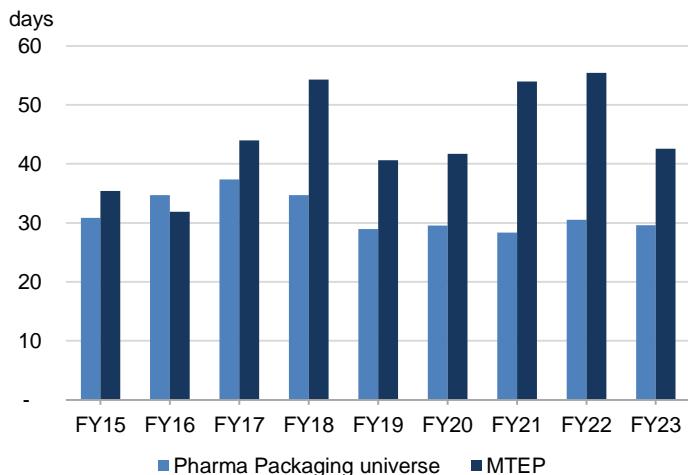
Source: Company, MCA, Nirmal Bang Institutional Equities Research

Exhibit 10: Capex


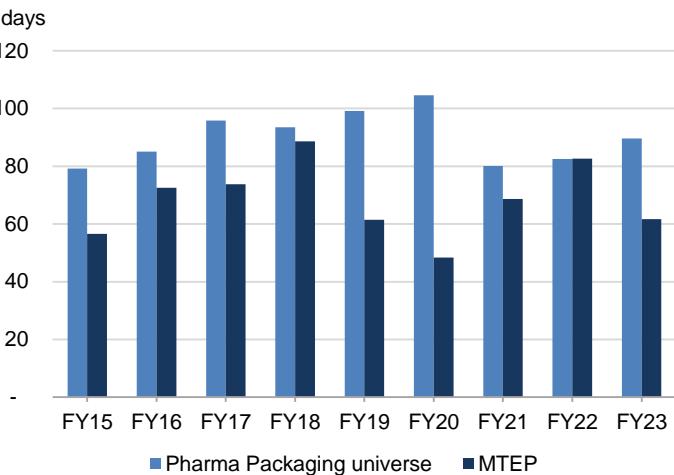
Source: Company, MCA, Nirmal Bang Institutional Equities Research

Exhibit 11: FCF


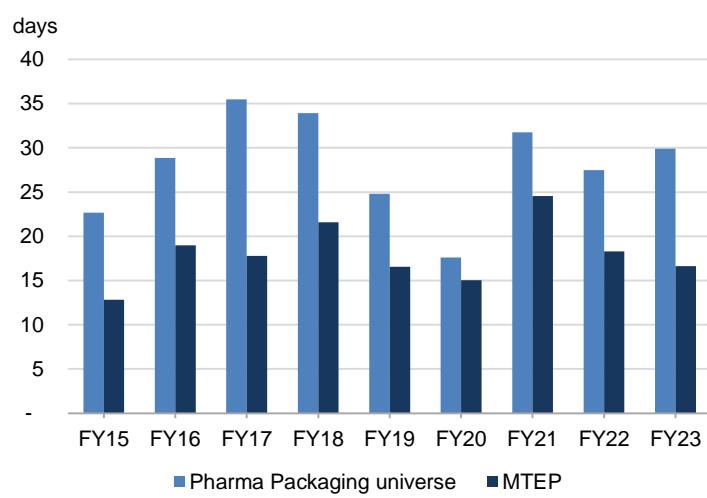
Source: Company, MCA, Nirmal Bang Institutional Equities Research

Exhibit 12: Inventory days


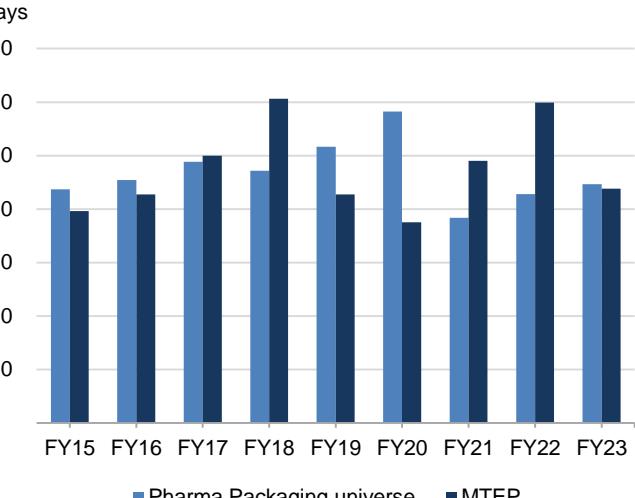
Source: Company, MCA, Nirmal Bang Institutional Equities Research

Exhibit 13: Receivable days


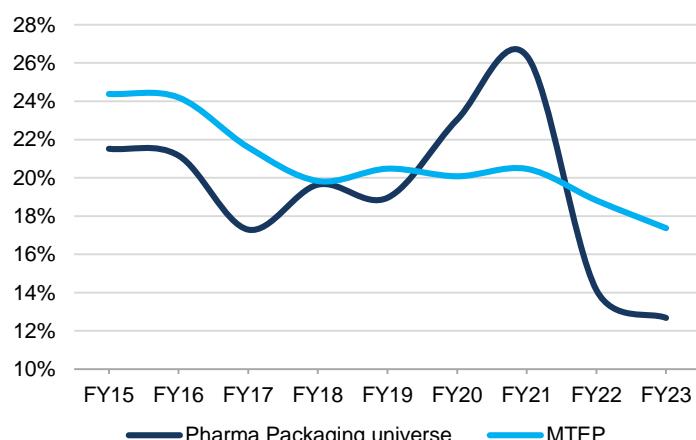
Source: Company, MCA, Nirmal Bang Institutional Equities Research

Exhibit 14: Payable days


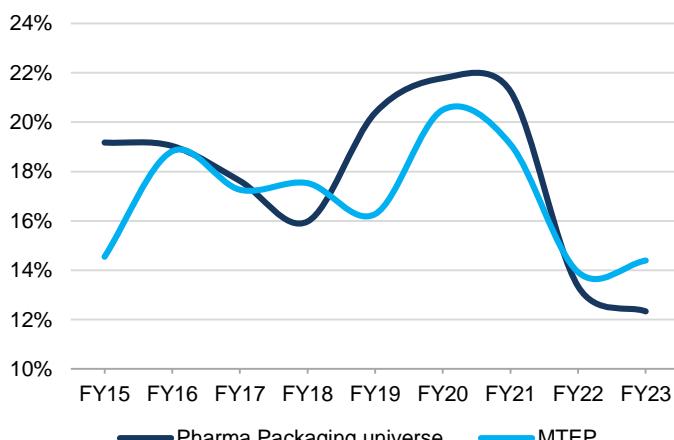
Source: Company, MCA, Nirmal Bang Institutional Equities Research

Exhibit 15: Working capital days


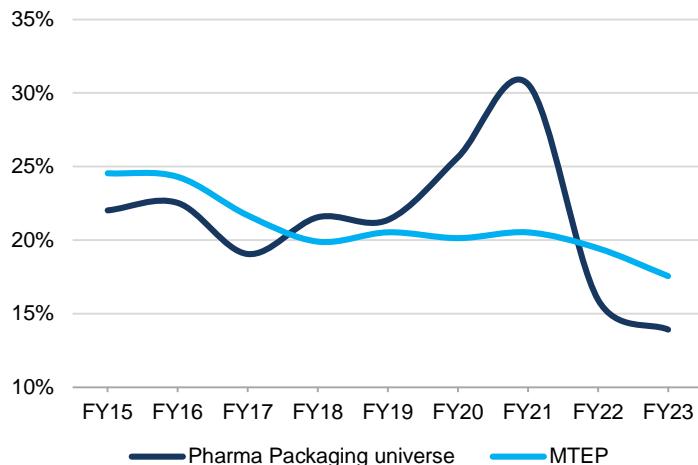
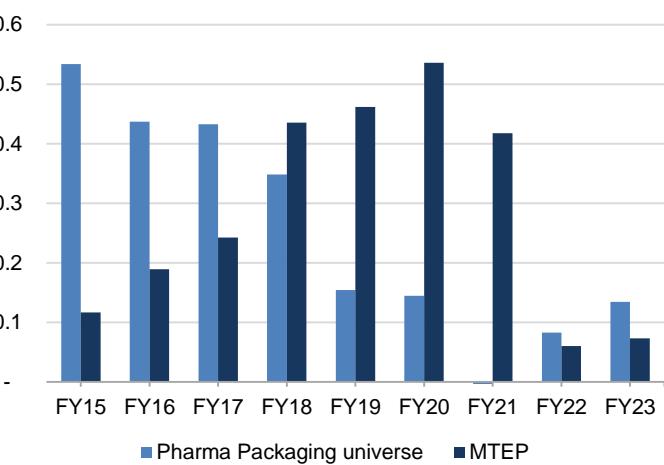
Source: Company, MCA, Nirmal Bang Institutional Equities Research

Exhibit 16: ROCE (pre-tax)


Source: Company, MCA, Nirmal Bang Institutional Equities Research

Exhibit 17: ROE


Source: Company, MCA, Nirmal Bang Institutional Equities Research

Exhibit 18: ROIC (pre-tax)

Exhibit 19: Net debt/Equity ratio


Source: Company, MCA, Nirmal Bang Institutional Equities Research

Source: Company, MCA, Nirmal Bang Institutional Equities Research

*Pharma Packaging universe includes Pravesh Packaging, Shriji Polymers, Triveni Polymers and Gopaldas Visram Packaging.

Exhibit 20: Quarterly segment performance

Particulars	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Revenue/kg IML vs Non-IML									
IML	228	225	245	232	216	214	215	206	205
Non IML	201	190	207	195	181	176	179	168	167
Total Standalone revenue/kg	219	212	230	218	205	200	202	191	192
Revenue/kg segment wise									
Paints	206	197	211	202	189	182	183	176	177
Lubes	203	199	214	204	187	181	185	174	178
F&F	280	272	312	289	264	266	260	241	226
Total Standalone revenue/kg	218	212	230	218	205	200	202	191	192
EBITDA/Kg	43.1	37.9	41.1	40.7	37.6	39.3	38.1	36.6	35.2

Source: Company, Nirmal Bang Institutional EquitiesResearch

Exhibit 21: IML vs Non-IML classification

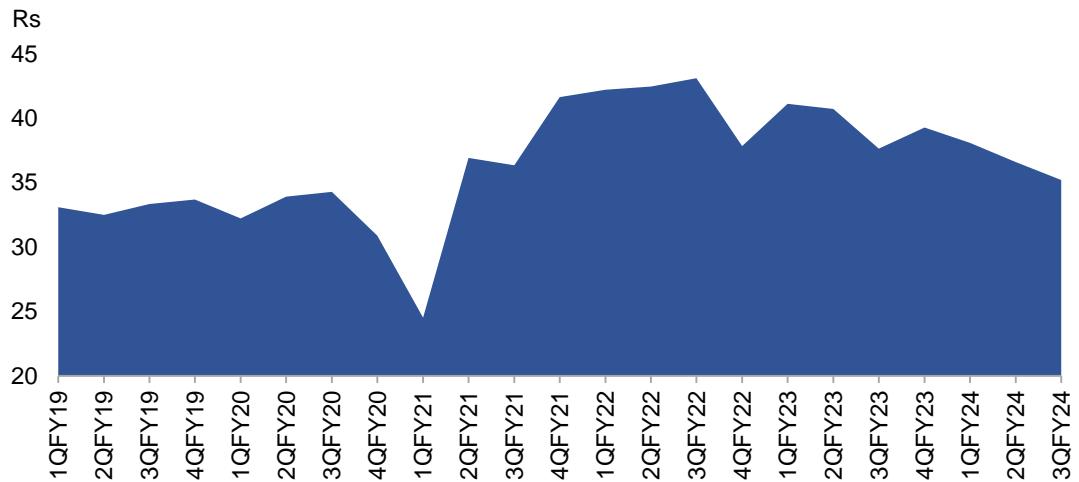
Particulars	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Volume breakup (%)									
IML	65.5	63.2	61.8	62.6	67.4	64.7	64.1	61.9	64.8
Non IML	34.5	36.8	38.2	37.4	32.6	35.3	35.9	38.1	35.2
Revenue breakup (%)									
IML	68.3	67.0	65.7	66.6	71.1	69.0	68.3	66.7	69.4
Non IML	31.7	33.0	34.3	33.4	28.9	31.0	31.7	33.3	30.6
Volume growth (%)									
IML	0.6	9.0	53.4	18.1	5.9	10.6	5.6	4.0	9.7
Non IML	-11.7	-0.8	47.7	0.5	-2.7	3.5	-4.3	6.7	22.9
Revenue growth (%)									
IML	25.3	13.2	61.7	22.1	0.4	5.1	-7.1	-7.8	4.3
Non IML	10.2	5.4	44.9	1.7	-12.2	-4.4	-17.3	-8.2	13.5

Source: Company, Nirmal Bang Institutional EquitiesResearch

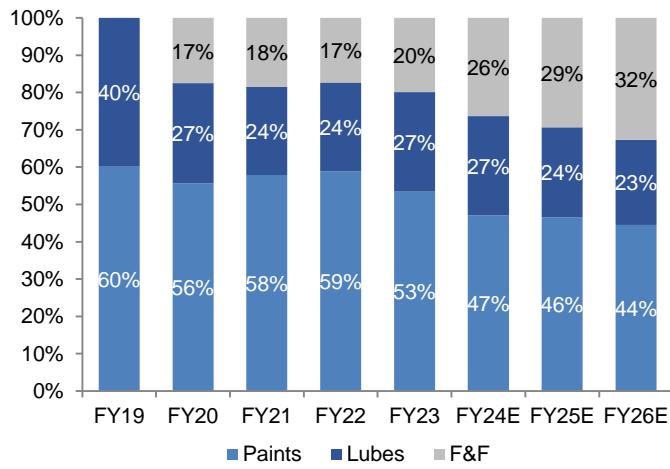
Exhibit 22: Industry-wise classification

Particulars	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Volume breakup (%)									
Paints	57.5	55.7	53.4	58.1	50.3	51.7	47.8	50.8	44.3
Lubes	24.8	25.5	28.6	23.7	28.2	26.4	28.0	24.6	26.3
F&F	17.8	18.8	18.1	18.2	21.5	21.9	24.2	24.6	29.4
Revenue breakup (%)									
Paints	54.2	51.9	48.9	53.8	46.5	47.0	43.3	46.6	40.9
Lubes	23.0	24.0	26.6	22.1	25.8	23.9	25.7	22.4	24.5
F&F	22.7	24.1	24.5	24.1	27.7	29.1	31.1	30.9	34.7
Volume growth (%)									
Paints	-6.3	-4.4	38.4	0.8	-10.0	0.3	-8.8	-8.1	0.4
Lubes	-1.1	16.5	80.1	26.5	17.3	11.9	-0.1	9.0	6.3
F&F	-0.2	25.9	53.9	31.1	24.7	25.9	36.1	41.8	56.1
Revenue growth (%)									
Paints	16.7	3.0	43.3	3.9	-17.2	-7.6	-20.8	-20.3	-6.1
Lubes	22.6	23.8	86.5	31.2	7.9	1.6	-13.6	-6.7	1.5
F&F	25.6	16.1	53.1	28.2	17.4	23.0	13.2	18.2	34

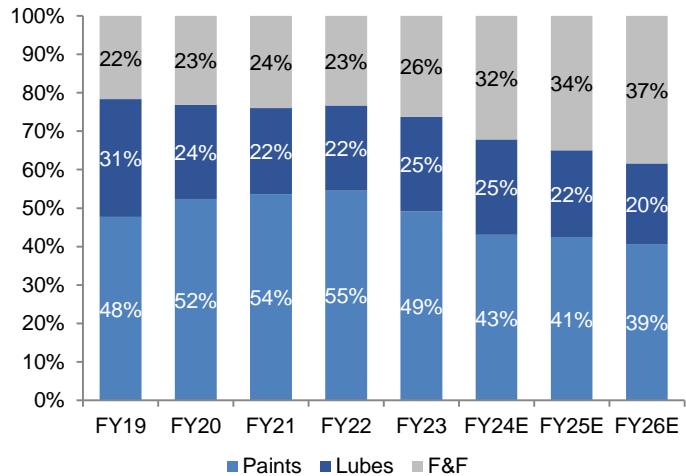
Source: Company, Nirmal Bang Institutional EquitiesResearch

Exhibit 23: EBITDA/kg quarterly trend


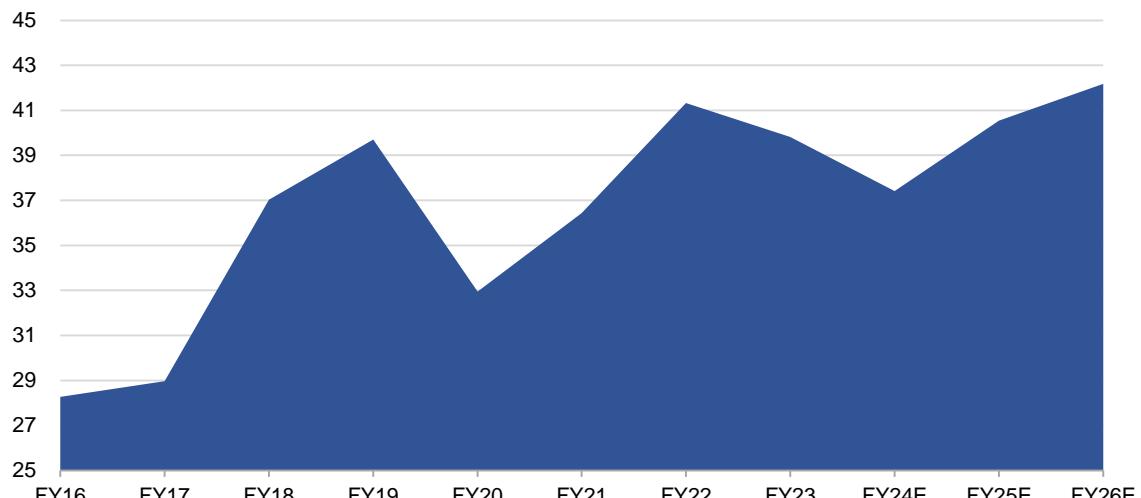
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 24: Segment-wise volume share


Source: Company, MCA, Nirmal Bang Institutional Equities Research

Exhibit 25: Segment-wise revenue share


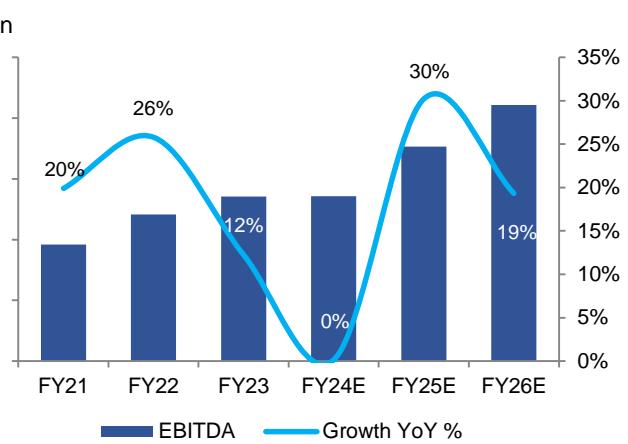
Source: Company, MCA, Nirmal Bang Institutional Equities Research

Exhibit 26: EBITDA/kg annual trend


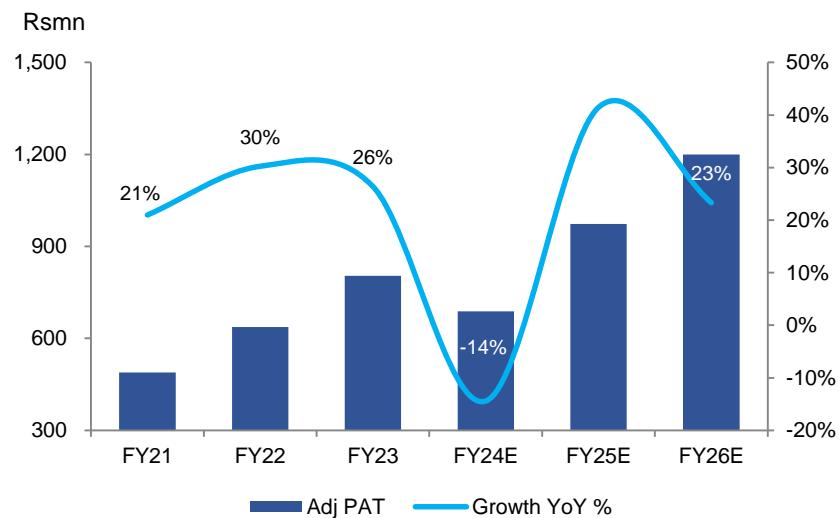
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 27: Revenue CAGR- we are building in 18% CAGR over FY24E-26E


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 28: EBITDA CAGR- we are building in 25% CAGR over FY24E-26E


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 29: Earnings CAGR- we are building in 22% CAGR over FY24E-26E


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 30: Change in earnings estimates

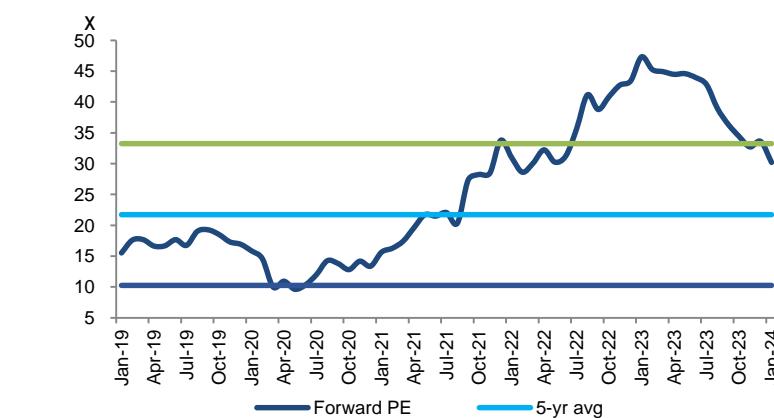
Standalone (Rs mn)	Old Estimates			New estimates			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	7,097	8,717	10,238	7,097	8,717	10,238	-	-	-
EBITDA	1,356	1,766	2,107	1,356	1,766	2,107	-	-	-
EBITDA margin %	19.1%	20.3%	20.6%	19.1%	20.3%	20.6%	-	-	-
APAT	688	973	1,200	688	973	1,200	-	-	-

Source: Nirmal Bang Institutional Equities Research

Exhibit 31: Scenario Analysis

Particulars (Rsmn)	Current assumptions						Bull-case scenario						Bear-case scenario											
	FY24e	FY25e	FY26e	FY27e	FY28e	FY29e	FY30e	FY24e	FY25e	FY26e	FY27e	FY28e	FY29e	FY30e	FY24e	FY25e	FY26e	FY27e	FY28e	FY29e	FY30e			
Volumes (tonnes)	36,257	43,557	49,956	57,133	65,564	75,562	87,522	36,864	44,750	51,409	59,534	69,291	80,416	93,602	36,864	43,073	47,226	51,651	56,640	62,280	68,677			
Paints	17,069	20,094	21,941	23,984	26,249	28,763	31,562	18,885	22,774	24,936	27,356	29,919	32,763	35,699	18,885	22,018	23,520	25,138	26,884	28,771	30,812			
Lubes	9,638	10,409	11,241	12,140	13,112	14,161	15,294	9,638	10,409	11,241	12,140	13,112	14,161	15,294	9,638	10,119	10,625	11,157	11,714	12,300	12,915			
F&F	9,550	12,655	16,134	20,112	25,083	31,294	39,054	8,341	10,967	14,272	18,598	24,100	30,684	38,959	8,341	10,336	12,361	14,493	17,004	19,965	23,457			
Pharma IBM	-	400	640	896	1,120	1,344	1,613	-	600	960	1,440	2,160	2,808	3,650	-	600	720	864	1,037	1,244	1,493			
EBITDA/kg (Rs)	37	41	42	43	45	46	47	38	41	44	46	48	49	51	38	41	43	43	44	45	46			
EBITDA	1,356	1,766	2,107	2,481	2,921	3,449	4,091	1,388	1,842	2,237	2,710	3,306	3,962	4,760	1,388	1,771	2,012	2,239	2,500	2,798	3,140			
Depreciation	385	422	468	528	588	648	708	385	422	468	528	588	648	708	385	422	468	528	588	648	708			
EBIT	972	1,344	1,638	1,952	2,333	2,801	3,383	1,004	1,420	1,768	2,182	2,718	3,314	4,051	1,004	1,349	1,543	1,711	1,911	2,150	2,432			
PBT	917	1,297	1,600	1,912	2,289	2,750	3,323	949	1,374	1,729	2,141	2,673	3,264	3,992	949	1,303	1,504	1,670	1,867	2,099	2,372			
APAT	688	973	1,200	1,434	1,716	2,063	2,492	712	1,030	1,297	1,606	2,005	2,448	2,994	712	977	1,128	1,253	1,400	1,575	1,779			
EPS	20.8	29.5	36.3	43.4	52.0	62.5	75.5	21.6	31.2	39.3	48.6	60.7	74.1	90.6	21.6	29.6	34.2	37.9	42.4	47.7	53.9			
Capital employed	6,787	7,227	8,005	8,945	10,088	11,484	13,200	6,802	7,262	8,063	9,049	10,261	11,715	13,501	6,802	7,230	7,962	8,837	9,898	11,191	12,772			
ROCE (pre-Tax)	14.3%	19.2%	21.5%	23.0%	24.5%	26.0%	27.4%	14.8%	20.2%	23.1%	25.5%	28.1%	30.2%	32.1%	14.8%	18.7%	19.4%	19.4%	19.3%	19.2%	19.0%			

TP @ PE bands	1-yr TP			3-yr TP			5-yr TP			1-yr TP			3-yr TP			5-yr TP			1-yr TP			3-yr TP			5-yr TP		
	22	25	30	22	25	30	22	25	30	22	25	30	22	25	30	22	25	30	22	25	30	22	25	30	22	25	30
800	900	1,100	1,700	900	1,000	1,300	2,000	1,200	1,500	2,300	2,700	800	900	1,200	900	1,100	1,300	1,000	1,300	1,600	800	900	1,200	900	1,100	1,300	
900	1,000	1,300	1,900	1,000	1,200	1,800	2,300	1,200	1,500	2,200	2,700	900	1,000	1,300	900	1,100	1,300	1,000	1,300	1,600	900	1,000	1,300	900	1,100	1,300	
1,100	1,600	2,300	3,000	1,200	1,500	2,200	3,000	1,200	1,500	2,200	2,700	1,200	1,500	2,200	1,200	1,500	2,200	1,200	1,500	2,200	1,200	1,500	2,200	1,200	1,500	2,200	

Exhibit 32: 1-year forward PE trend


Source: Bloomberg, Nirmal Bang Institutional Equities Research

Financials

Exhibit33: Income statement

Y/E March (Rsmn)	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	6,315	7,299	7,097	8,717	10,238
Growth YoY%	31.9	15.6	-2.8	22.8	17.4
COGS	3,766	4,360	4,329	5,230	6,040
Gross margin %	40.4	40.3	39.0	40.0	41.0
Staff costs	387	436	412	523	614
Other expenses	955	1,149	1,000	1,198	1,476
EBITDA	1,207	1,354	1,356	1,766	2,107
Growth YoY%	25.8	12.2	0.1	30.2	19.3
EBITDA margin %	19.1	18.6	19.1	20.3	20.6
Depreciation	264	302	385	422	468
EBIT	943	1,052	972	1,344	1,638
Interest	93	39	69	64	61
Other income	16	14	15	18	22
PBT (bei)	865	1,027	917	1,297	1,600
PBT	865	1,027	917	1,297	1,600
ETR	26.4	21.7	25.0	25.0	25.0
PAT	637	804	688	973	1,200
Adj PAT	637	804	688	973	1,200
Growth YoY%	30.2	26.4	-14.5	41.4	23.3

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 34: Cash flow

Y/E March (Rsmn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	865	1,027	917	1,297	1,600
Depreciation	269	309	385	422	468
Interest	93	39	69	64	61
Other adjustments	-7	-5	-15	-18	-22
Change in Working capital	-996	461	267	-289	-235
Tax paid	-199	-241	-229	-324	-400
Operating cash flow	25	1,590	1,394	1,153	1,472
Capex	-531	-1,474	-1,300	-917	-958
Free cash flow	-506	116	94	236	513
Other investing activities	-17	-10	265	18	-111
Investing cash flow	-548	-1,483	-1,035	-899	-1,069
Issuance of share capital	17	10	-	-	-
Movement of Debt	752	191	315	-144	58
Dividend paid (incl DDT)	-113	-260	-275	-389	-480
Other financing activities	-95	-39	5	33	66
Financing cash flow	561	-99	45	-500	-357
Net change in cash flow	38	8	404	-246	46
Opening C&CE	3	41	49	453	207
Closing C&CE	41	49	453	207	253

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 35: Balance sheet

Y/E March (Rsmn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	156	166	166	166	166
Reserves	4,415	5,421	5,834	6,418	7,138
Net worth	4,571	5,587	6,000	6,584	7,303
Long term debt	186	338	500	500	500
Short term debt	254	135	288	144	201
Total debt	440	473	788	644	701
Other non-current liabilities	188	249	324	421	547
Total Equity & Liabilities	5,200	6,309	7,111	7,648	8,552
Gross block	4,135	5,006	6,306	7,306	8,306
Accumulated depreciation	1,545	1,321	1,706	2,128	2,596
Net Block	2,626	3,760	4,676	5,254	5,785
CWIP	138	167	167	83	42
Intangible and others	-	-	-	-	-
Other non-current assets	98	120	144	144	173
Investments	171	517	258	258	362
Trade receivables	1,430	1,234	1,167	1,433	1,683
Inventories	959	852	778	955	1,122
Cash & Cash equivalents	163	64	453	207	253
Other current assets	155	243	170	204	245
Total current assets	2,707	2,392	2,567	2,799	3,302
Trade payables	317	333	292	358	421
Other current liabilities	225	315	409	532	692
Total current liabilities	542	648	701	890	1,112
Total Assets	5,200	6,309	7,111	7,648	8,552

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 36: Key ratios

Y/E March	FY22	FY23	FY24E	FY25E	FY26E
Per share (Rs)					
Adj EPS	22.5	24.2	20.8	29.5	36.3
Book value	161.9	168.4	181.6	199.3	221.1
DPS	8.0	6.0	8.3	11.8	14.5
Valuation (x)					
P/Sales	3.8	3.8	3.9	3.2	2.7
EV/sales	3.8	3.9	4.0	3.2	2.8
EV/EBITDA	19.9	20.9	20.8	16.0	13.4
P/E	37.4	34.7	40.4	28.6	23.2
P/BV	5.2	5.0	4.6	4.2	3.8
Return ratios (%)					
RoCE	16.0	14.9	11.3	14.4	16.1
RoCE (pre-tax)	21.8	19.0	15.1	19.2	21.5
RoE	17.9	15.8	11.9	15.5	17.3
Profitability ratios (%)					
Gross margin	40.4	40.3	39.0	40.0	41.0
EBITDA margin	19.1	18.6	19.1	20.3	20.6
PAT margin	10.1	11.0	9.7	11.1	11.7
Liquidity ratios (%)					
Current ratio	3.7	2.4	2.1	2.0	2.0
Quick ratio	2.4	1.6	1.5	1.3	1.4
Solvency ratio (%)					
Debt to Equity ratio	0.1	0.1	0.1	0.1	0.1
Net Debt to Equity	0.1	0.1	0.1	0.1	0.1
Turnover ratios					
Fixed asset turnover ratio (x)	1.6	1.6	1.3	1.3	1.3
Debtor days	83	62	60	60	60
Inventory days	55	43	40	40	40
Creditor days	18	17	15	15	15
Net Working capital days	120	88	85	85	85

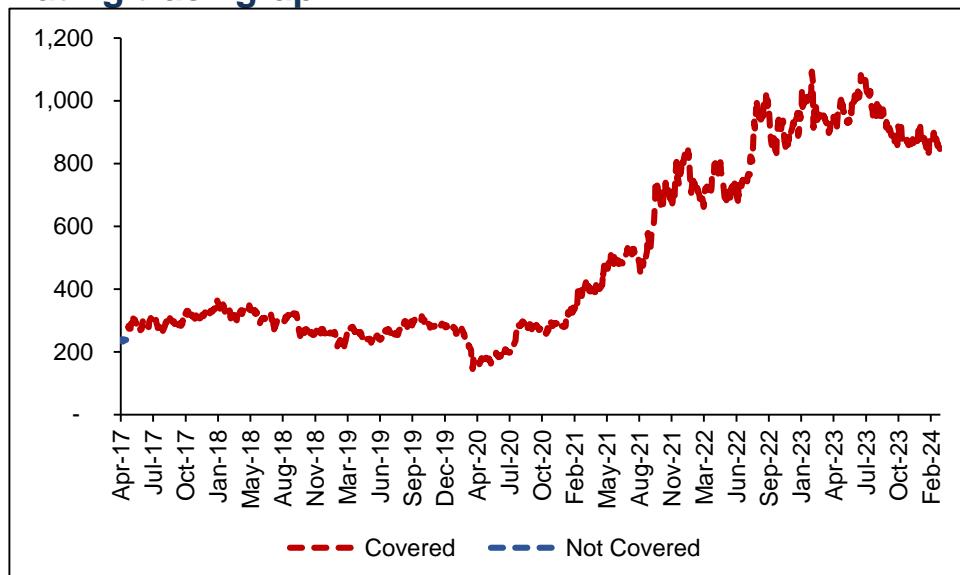
Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
26 April 2017	Buy	259	351
31 May 2017	Buy	287	387
8 September 2017	Buy	302	381
15 November 2017	Buy	315	426
7 February 2018	Buy	325	460
1 June 2018	Buy	321	450
6 August 2018	Buy	307	450
13 November 2018	Buy	266	400
31 January 2019	Buy	219	400
8 June 2020	Buy	195	300
1 August 2020	Buy	229	300
13 November 2020	Buy	295	400
9 December 2020	Buy	288	400
7 January 2021	Buy	319	450
19 January 2021	Buy	323	500
26 May 2021	Buy	488	570
28 July 2021	Buy	504	600
24 September 2021	Buy	540	650
30 September 2021	Buy	585	680
1 November 2021	Buy	668	800
27 January 2022	Buy	705	860
9 May 2022	Buy	704	840
27 July 2022	Buy	760	880
19 September 2022	Accumulate	993	1,000
8 November 2022	Accumulate	939	1,000
6 February 2023	Accumulate	1,063	1,050
22 February 2023	Accumulate	946	1,050
22 March 2023	Buy	930	1,120
03 May 2023	Buy	994	1,150
09 June 2023	Buy	972	1,150
05 August 2023	Buy	1,000	1,150
21 September 2023	Buy	927	1,200
08 November 2023	Buy	878	1,100
09 February 2024	Buy	880	1,040
06 March 2024	Buy	846	1,100

The coverage was transferred to Abhishek Navalgund w.e.f 8th Jun 2020

Rating track graph



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BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

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Team Details:			
Name	Email Id	Direct Line	
Rahul Arora	CEO	rahul.arora@nirmalbang.com	-
Krishnan Sambamoorthy	Head of Research	krishnan.s@nirmalbang.com	+91 22 6273 8210
Dealing			
Ravi Jagtiani	Dealing Desk	ravi.jagtiani@nirmalbang.com	+91 22 6273 8230, +91 22 6636 8833
Michael Pillai	Dealing Desk	michael.pillai@nirmalbang.com	+91 22 6273 8102/8103, +91 22 6636 8830

Nirmal Bang Equities Pvt. Ltd.

Correspondence Address

B-2, 301/302, Marathon Innova,

Nr. Peninsula Corporate Park,

Lower Parel (W), Mumbai-400013.

Board No. : 91 22 6273 8000/1; Fax. : 022 6273 8010