

CMP: ₹ 630

Target: ₹ 730 (16%)

Target Period: 12 months

April 29, 2022

BUY

## Capex for growth, operating leverage awaited...

**About the stock:** Syngene is a contract research, development and manufacturing organisation catering mainly to global innovator pharmaceutical companies offering integrated scientific services from early discovery to commercial supply.

- Syngene serves these players, which outsource some or substantial part of their business in the product development life cycle and operates via full time equipment (FTE) and fee for services (FFS) models
- Revenue breakup: Discovery services: FTE engagements with high renewability; Dedicated services: Long-term strategic alliances that last usually five years or more, Development and manufacturing: FFS engagements, which increase in volume/scale over time

**Q4FY22 Results:** Syngene reported upbeat numbers led by Development Services.

- Revenues grew 15% YoY to ₹ 758 crore
- EBITDA margins improved 31 bps YoY to 33%
- Net profit was at ₹ 148 crore (up 7% YoY)

**What should investors do?** Syngene's share price has grown by ~2x over the past three years (from ~₹ 307 in April 2019 to ~₹ 630 levels in April 2022).

- Over and above the capex spend of ~ ₹ 2,700 crore in the last five years, the company is still maintaining aggressive capex guidance for FY23 based on the visibility. While this bodes well for future, it will also have implications on the margins and return ratios in the short to medium term. Maintain **BUY**

**Target Price & Valuation:** We value Syngene at ₹ 730 i.e. 25x FY24E EV/EBITDA

### Key triggers for future price performance:

- The client base has grown from 256 to 420 over FY16-22, and multiple year extension of Amgen, BMS, Baxter contracts makes it well poised to capitalise on growing opportunities globally
- SynVent, Syngene's Integrated Drug Discovery (IDD) platform ability to expand business from existing clients and attract new clients
- Expansion of Biopharma manufacturing business by commissioning cGMP microbial facility and expanding the mammalian cell manufacturing facility
- Regulatory approvals from regulated markets for Mangalore facility

**Alternate Stock Idea:** Apart from Syngene, in CRO/CRAMS space we like Divi's.

- Divi's stays a quintessential play on Indian API/CRAMS segment with its product offering, execution prowess
- BUY with a target price of ₹ 5335



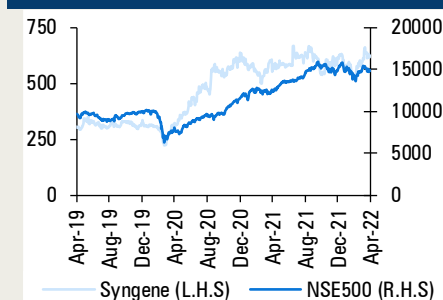
### Particulars

Particular	Amount
Market Capitalisation	₹ 25250 crore
Debt (FY22)	₹ 1022 crore
Cash (FY22)	₹ 518 crore
EV	₹ 25754 crore
52 week H/L	700/508
Equity capital	₹ 400.8 crore
Face value	₹ 10

### Shareholding pattern

(in %)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Promoter	70.6	70.4	70.4	70.4	70.4
Public	28.7	28.7	28.7	28.9	28.9
Others	0.7	0.9	0.9	0.7	-

### Price Chart



### Recent Event & Key risks

- Completion of Phase III expansion of Hyderabad research facility.
- **Key Risk:** (i) Delay in capex execution (ii) Negative regulatory outcome

### Research Analyst

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### Key Financial Summary

Key Financials (₹ crore)	FY20	FY21	FY22	5 year CAGR (FY 17-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Revenues (₹ crore)	2011.8	2184.3	2604.2	16.7	3027.1	3653.2	18.4
EBITDA (₹ crore)	617.8	671.8	796.1	14.3	908.9	1157.2	20.6
EBITDA margins (%)	30.7	30.8	30.6		30.0	31.7	
Adjusted Net Profit (₹ crore)	366.1	382.1	426.5	8.2	455.8	620.5	20.6
EPS (₹)	9.2	9.6	10.6		11.4	15.5	
P/E (x)	61.2	62.2	63.8		55.4	40.7	
RoE (x)	16.8	13.5	12.9		12.3	14.4	
RoCE (%)	14.5	11.5	11.7		12.2	15.7	

Source: Company, ICICI Direct Research

## Key takeaways of recent quarter & conference call highlights

### Q4FY22 Results: Robust performance despite GPM pressure

- Revenue for Q4FY22 grew 15% YoY to ~₹ 758 crore driven by strong quarter for Development Services as it caught up on postponed projects in addition to planned work. EBITDA margins improved 31 bps YoY to 33% due to lower employee expenditure offsetting the lower gross margins (down 381 bps YoY to 72%). EBITDA grew 16% YoY to ₹ 250 crore. Net profit grew 7% YoY to ₹ 148 crore. Delta vis-à-vis EBITDA is mainly due to higher depreciation being partially offset by lower tax and interest expenses and other income.
- Research based divisions, Discovery Services and the Dedicated Centres have delivered sustained growth throughout the year, propelling Syngene's top line to grow 19% YoY in FY22 to ₹ 2604 crore. SynVent, Syngene's Integrated Drug Discovery (IDD) platform made a significant contribution as the number of IDD projects increased by ~40% YoY. Realisation per scientist (~ 5,300) has increased by 6% YoY to ₹ 49 lakhs. Management is guiding for mid-teen growth and ~ 30% EBITDA margins in FY23. Syngene remains a compelling play in the CRO space with elite client profile and is well positioned for sustainable growth

### Q4FY22 Earnings Conference Call highlights

- Growth was driven by solid delivery across all divisions. Development services had a particularly strong quarter as it caught up on projects postponed due to supply chain and other Covid-related disruption, in addition to planned work
- Phase III of the expansion plan at the Hyderabad research facility was completed
- Syngene's Integrated Drug Discovery (IDD) platform, made a positive contribution to Discovery Services during the year as the number of IDD projects increased by 40% compared to the previous year
- Extended and expanded research collaboration with Amgen. Syngene will also build and operate a dedicated laboratory to accelerate the scale-up of small molecule projects
- Development and Manufacturing businesses included expanding the biopharma manufacturing capacity by commissioning a cGMP microbial facility and expanding of the mammalian cell manufacturing facility
- In small molecule development services, the oligonucleotide and highly potent API capabilities were both extended and plans are on track for the Mangalore manufacturing plant to achieve a major regulatory approval thus opening it up to a broader scope of projects

#### Guidance:

- Revenues expected to grow at least in the mid-teens in FY23
- In light of positive demand environment for CRO and CDMO services, Syngene expect to step up investments along with resumption of travel and other business activities post-pandemic is expected to bring EBITDA margin around 30% in FY23
- With the SEZ tax benefit for key operating units reducing in FY22 and in coming years, Company expects the effective tax rate to increase by 200 to 300 basis points in FY23. MAT credit at ₹ 173 crore. ETR to increase to 25%. PAT growth rate for FY23 expected to be in single digits
- Capex – FY23: US\$100 million (50% - Research, 30% - Biologics)

**Exhibit 1: Variance Analysis**

	Q4FY22	Q4FY22E	Q4FY21	YoY (%)	Q3FY22	QoQ (%)	Comments
Revenue	758.1	703.6	658.6	15.1	641.4	18.2	Strong YoY growth led by Development Services as it caught up on postponed projects
Raw Material Expenses	214.8	188.6	161.5	33.0	172.1	24.8	
Gross margins	71.7	73.2	75.5	-381 bps	73.2	-150 bps	YoY increase due to inflationary environment
Employee Expenses	173.6	207.6	182.6	-4.9	188.8	-8.1	YoY decline due to 1) lack of retirement benefits in Q4 and 2) base of Q4FY21 includes one time bonus
Other Expenditure	119.4	88.2	99.1	20.5	77.1	54.9	
EBITDA	250.3	219.1	215.4	16.2	203.4	23.1	
EBITDA (%)	33.0	31.1	32.7	31 bps	31.7	130 bps	YoY improvement due to due to lower employee expenditure offsetting the lower gross margins
Interest	5.6	9.4	6.6	-15.2	9.4	-40.4	
Depreciation	80.3	77.2	70.0	14.7	78.5	2.3	
Other Income	14.7	14.2	18.4	-20.1	12.9	14.0	
PBT	179.1	146.7	192.2	-6.8	128.4	39.5	
Tax	31.3	27.9	31.6	-0.9	24.4	28.3	
PAT before MI	147.8	118.8	160.6	-8.0	104.0	42.1	
Net Profit	147.8	118.8	137.8	7.3	104.0	42.1	Delta vis-à-vis EBITDA is mainly due to higher depreciation being partially offset by lower tax, interest expenses and other income.

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

(₹ Crore)	FY23E			FY24E			
	Old	New	% Change	Old	New	% Change	
Revenue	2,982.4	3,027.1	1.5	3,578.9	3,653.2	2.1	
EBITDA	952.2	908.9	-4.5	1,169.5	1,157.2	-1.1	
EBITDA Margin (%)	31.9	30.0	-190 bps	32.7	31.7	-100 bps	Changed on back of guidance for increase in Opex
PAT	523.8	455.8	-13.0	711.6	620.5	-12.8	Changed mainly due to ETR set to rise from ~18% to ~25%
EPS (₹)	13.1	11.4	-13.2	17.8	15.5	-13.0	

Source: ICICI Direct Research

**Exhibit 3: Financial Summary**

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	2184	8.6	9.6	4.4	62.2	37.3	13.5	11.5
FY22	2604	19.2	10.6	11.6	63.8	31.3	12.9	11.7
FY23E	3027	16.2	11.4	6.9	55.4	27.5	12.3	12.2
FY24E	3653	20.7	15.5	36.1	40.7	20.9	14.4	15.7

Source: ICICI Direct Research

**Exhibit 4: Assumptions**

US\$ million	FY21	FY22	FY23E	FY24E
Discovery Services	103.0	127.8	143.1	160.3
Dedicated Centres	94.2	100.5	108.8	119.7
Development Services	68.4	78.6	88.1	98.7
Manufacturing Services	28.8	38.9	58.4	102.1
Total	294.4	345.8	398.3	480.7
Total (₹ crore)	2104.4	2566.2	2999.3	3653.2

Source: Company, ICICI Direct Research

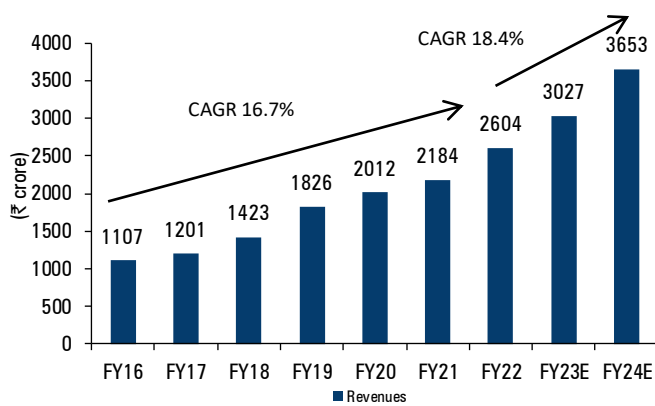
**Exhibit 5: Valuation**

Particulars	FY24E EBITDA (₹ cr)	Multiple (x)	Value (₹ )
<b>Syngene</b>	<b>1157.2</b>	<b>25.0</b>	<b>28,929.5</b>
Net Debt FY24E (₹ cr)			-274.21
Targeted MCap (₹ cr)			29203.67
No of shares (cr)			40
<b>Per Share Value (₹)</b>			<b>730.0</b>

Source: Company, ICICI Direct Research

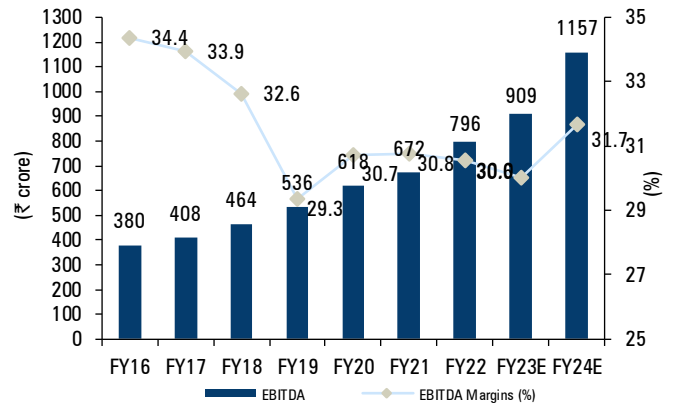
## Key Metrics

Exhibit 6: Revenue to grow at CAGR of 18.4% over FY22-24E



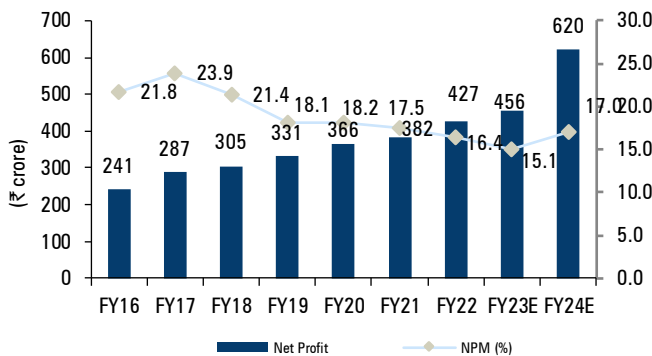
Source: ICICI Direct Research, Company

Exhibit 7: EBITDA and EBITDA margins trend



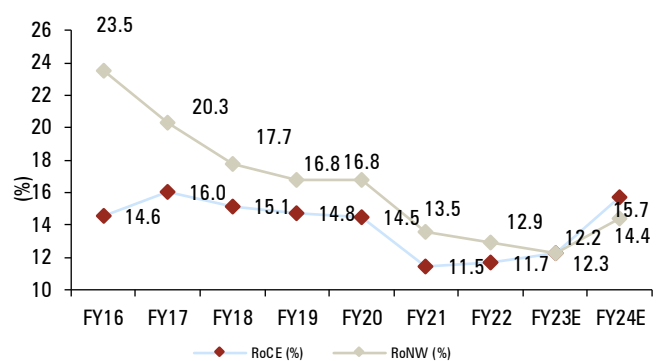
Source: ICICI Direct Research, Company

Exhibit 8: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 9: Return ratios



Source: ICICI Direct Research, Company

Exhibit 10: Trends in Quarterly Performance

(₹ Crore)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY (%)	QoQ(%)
Total Operating Inci	533.9	420.9	464.5	519.1	607.3	421.6	519.6	584.5	658.6	594.5	610.2	641.4	758.1	15.1	18.2
Raw Material Expei	149.6	105.5	125.1	144.6	144.2	89.7	127.6	147.7	161.5	194.6	167.5	172.1	214.8	33.0	24.8
% to revenues	28.0	25.1	26.9	27.9	23.7	21.3	24.6	25.3	24.5	32.7	27.5	26.8	28.3		
Gross Profit	384.3	315.4	339.4	374.5	463.1	331.9	392.0	436.8	497.1	399.9	442.7	469.3	543.3	9.3	15.8
Gross Profit Margir	72.0	74.9	73.1	72.1	76.3	78.7	75.4	74.7	75.5	67.3	72.5	73.2	71.7	-381 bps	-150 bps
Employee Expenses	130.2	132.2	131.8	152.3	164.1	140.4	161.2	176.0	182.6	171.1	184.6	188.8	173.6	-4.9	-8.1
% to revenues	24.4	31.4	28.4	29.3	27.0	33.3	31.0	30.1	27.7	28.8	30.3	29.4	22.9	-483 bps	-654 bps
Other Manufacturin	94.5	62.1	68.5	68.7	94.9	67.0	75.1	84.6	99.1	63.8	80.7	77.1	119.4	20.5	54.9
% to revenues	17.7	14.8	14.7	13.2	15.6	15.9	14.5	14.5	15.0	10.7	13.2	12.0	15.7	70 bps	373 bps
Total Expenditure	374.3	299.8	325.4	365.6	403.2	297.1	363.9	408.3	443.2	429.5	432.8	438.0	507.8	14.6	15.9
% to revenues	70.1	71.2	70.1	70.4	66.4	70.5	70.0	69.9	67.3	72.2	70.9	68.3	67.0		
EBIDTA	159.6	121.1	139.1	153.5	204.1	124.5	155.7	176.2	215.4	165.0	177.4	203.4	250.3	16.2	23.1
EBITDA Margin (%)	29.9	28.8	29.9	29.6	33.6	29.5	30.0	30.1	32.7	27.8	29.1	31.7	33.0	31 bps	130 bps
Depreciation	44.1	47.4	52.6	57.0	62.3	66.1	68.7	69.7	70.0	74.7	76.2	78.5	80.3	14.7	2.3
Interest	8.0	7.1	8.4	9.8	9.3	7.4	6.6	7.1	6.6	7.9	1.2	9.4	5.6	-15.2	-40.4
Other Income	20.8	20.5	20.6	20.0	20.5	15.3	13.8	17.1	18.4	12.3	12.9	12.9	14.7	-20.1	14.0
PBT	128.3	87.1	98.7	106.7	153.0	66.3	94.2	116.5	157.2	94.7	112.9	128.4	179.1	13.9	39.5
Total Tax	28.5	15.1	42.0	14.9	32.8	8.3	10.1	14.3	31.6	17.4	15.5	24.4	31.3	-0.9	28.3
PAT	99.8	72.0	56.7	91.8	120.2	58.0	84.1	102.2	125.6	77.3	97.4	104.0	147.8	17.7	42.1
PAT Margin (%)	18.7	17.1	12.2	17.7	19.8	13.8	16.2	17.5	19.1	13.0	16.0	16.2	19.5	43 bps	328 bps

Source: ICICI Direct Research

Exhibit 11: 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
<b>Hospitals</b>																					
Apollo Hospitals	APOHOS	4437	5,480	Buy	63790	7.9	67.2	81.3	105.5	564.4	66.0	54.5	42.1	6.3	16.4	18.2	20.7	2.5	17.5	18.1	19.9
Narayana Hrudalaya	NARHRU	696	765	Buy	14231	-0.7	-0.7	20.1	22.8	NA	NA	34.6	30.6	1.2	1.2	22.4	21.5	-1.3	-1.3	22.3	20.3
Shalby	SHALIM	126	170	Buy	1356	3.9	3.9	5.7	7.2	32.0	32.0	21.8	17.5	6.5	6.5	9.6	10.5	5.1	5.1	6.7	7.9
Aster DM	ASTDM	194	250	Buy	9676	3.0	3.0	17.6	NA	65.5	65.5	11.0	NA	5.4	9.2	12.9	NA	4.4	13.5	18.4	NA
Healthcare Global	HEAGLO	282	240	Hold	3529	-21.7	6.0	3.5	NA	NA	47.0	79.8	NA	-0.9	5.2	7.7	NA	NA	NA	3.4	NA
<b>MNC Pharma</b>																					
Abbott India	ABBIND	17020	19,840	Buy	36166	325.0	370.4	429.0	496.0	52.4	45.9	39.7	34.3	33.8	35.7	34.4	33.4	26.5	28.1	26.8	25.8
P&G Health	MERLIM	4490	5,365	Hold	7453	106.5	110.9	119.1	134.1	42.2	40.5	37.7	33.5	32.2	35.5	33.3	32.6	25.1	27.4	25.5	24.9
Sanofi India	SANOFI	6970	7,740	Hold	16053	207.4	410.1	285.7	276.4	33.6	17.0	24.4	25.2	32.3	33.3	42.3	40.8	24.5	25.9	32.6	31.3
Pfizer	PFIZER	4375	5,350	Buy	20015	108.8	135.2	133.0	148.6	40.2	32.4	32.9	29.4	27.6	27.4	23.6	22.9	20.8	21.7	18.6	18.1
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	1724	2,605	Buy	14914	74.0	85.4	87.0	100.4	23.3	20.2	19.8	17.2	29.0	27.0	23.8	23.6	21.8	22.4	19.5	19.2
Alembic Pharma	ALEMPHA	783	770	Hold	15393	59.9	34.0	34.8	38.5	13.1	23.0	22.5	20.3	24.2	12.1	12.3	12.6	23.0	11.9	11.2	11.4
Aurobindo Pharma	AURPHA	628	765	Hold	36794	55.0	55.0	53.4	61.2	11.4	11.4	11.7	10.3	16.9	16.9	14.3	15.2	14.7	14.7	11.5	11.7
Biocon	BIOCON	370	390	Hold	44386	6.1	6.1	8.7	13.8	60.8	60.8	42.7	26.9	7.6	7.6	5.3	7.1	9.6	9.6	4.6	6.8
Zydus Lifesciences	CADHEA	351	475	Hold	35938	21.5	21.5	22.4	25.4	16.3	16.3	15.7	13.8	12.6	12.6	13.7	14.6	16.9	16.9	14.0	14.1
Cipla	CIPLA	981	1,100	Buy	79138	29.9	29.9	39.3	43.5	32.8	32.8	24.9	22.5	16.3	16.3	18.0	18.0	13.1	13.1	13.8	13.6
Dr Reddy's Labs	DRREDD	4138	5,160	Buy	68872	117.3	117.3	190.9	236.0	35.3	35.3	21.7	17.5	13.1	13.1	18.6	22.7	11.1	11.1	14.0	15.1
Glenmark Pharma	GLEPHA	439	550	Hold	12384	32.9	44.2	44.2	49.1	13.4	9.9	9.9	8.9	13.9	15.5	15.2	15.4	13.1	13.1	11.7	11.6
Ipca Laboratories	IPCLAB	1012	1,175	Buy	25676	44.9	44.9	42.4	48.2	22.5	22.5	23.9	21.0	27.1	27.1	19.1	18.5	24.2	24.2	16.1	15.6
Jubilant Pharmova	JUBLIF	473	490	Hold	7530	37.4	28.7	32.5	40.8	12.6	16.5	14.5	11.6	13.7	10.1	10.4	12.2	12.6	8.9	9.2	10.4
Lupin	LUPIN	743	960	Hold	33765	26.9	26.9	29.7	39.4	27.7	27.7	25.0	18.9	9.1	9.1	10.3	12.6	8.8	8.8	9.5	11.3
Natco Pharma	NATPHA	787	955	Hold	14345	24.2	24.2	19.6	23.1	32.5	32.5	40.2	34.1	13.1	13.1	9.7	10.7	10.7	10.7	7.8	8.5
Sun Pharma	SUNPHA	930	1,075	Buy	223102	30.0	30.0	33.8	38.6	30.9	30.9	27.5	24.1	14.2	14.2	17.8	17.8	15.5	15.5	14.4	14.3
Torrent Pharma	TORPHA	2819	3,235	Hold	47701	74.0	74.0	94.7	114.5	38.1	38.1	29.8	24.6	17.7	17.7	21.1	23.5	21.4	21.4	20.3	20.7
Indoco Remedies	INDREM	382	510	Buy	3522	10.1	10.1	23.3	28.3	37.9	37.9	16.4	13.5	11.7	11.7	21.5	26.3	12.1	12.1	19.8	20.0
Caplin Point	CAPPOI	707	1,010	Buy	5358	81.7	76.7	55.5	60.4	8.7	9.2	12.8	11.7	25.6	24.1	23.5	0.0	20.4	20.5	18.8	18.3
Advanced Enzymes	ADVENZ	301	380	Buy	3365	13.1	11.3	13.6	15.8	23.0	26.7	22.2	19.1	19.4	15.4	16.7	17.2	15.1	11.6	12.4	12.7
Hester Biosciences	HESPHA	2605	2,780	Hold	2216	44.4	47.2	52.0	71.4	58.7	55.2	50.1	36.5	16.2	12.8	14.3	17.3	16.5	15.5	15.1	17.8
<b>API/CRAMS</b>																					
Divi's Lab	DIVLAB	4505	5,335	Buy	119584	74.7	74.7	108.4	126.4	60.3	60.3	41.6	35.6	27.6	27.6	27.7	27.5	21.3	21.3	21.7	21.6
Hikal	HIKCHE	397	500	Buy	4891	10.8	10.8	17.1	22.6	36.7	36.7	23.1	17.5	15.1	15.1	16.0	19.1	14.3	14.3	16.8	18.8
Syngene Int.	SYNINT	629	730	Buy	25196	10.1	10.1	11.4	15.5	62.1	62.1	55.3	40.6	11.5	11.5	12.2	15.7	13.5	13.5	12.3	14.4
Granules India	GRANUL	282	360	Buy	7000	22.2	16.2	19.4	25.8	12.7	17.4	14.5	11.0	24.0	16.2	17.4	20.2	25.3	15.8	16.1	17.8
Laurus Labs	LAULAB	585	625	Buy	31436	18.3	14.9	20.9	26.4	32.0	39.3	28.0	22.2	31.7	21.1	24.5	26.4	37.9	24.1	26.0	25.3
Suven Pharmaceuticals	SUVPH	601	555	Hold	15297	14.2	18.3	17.7	19.8	42.2	32.9	34.0	30.4	31.2	35.0	28.7	26.6	30.7	29.6	23.2	21.3

Source: ICICI Direct Research

## Financial Summary

Exhibit 12: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Total Operating Income	2,184.3	2,604.2	3,027.1	3,653.2
Growth (%)	8.6	19.2	16.2	20.7
Raw Material Expenses	526.5	749.0	847.6	986.4
Gross Profit	1,657.8	1,855.2	2,179.5	2,666.9
Gross Profit Margins (%)	75.9	71.2	72.0	73.0
Employee Expenses	660.2	718.1	834.7	1,007.4
Other Expenditure	671.8	796.1	908.9	1,157.2
Total Operating Expenditure	1,858.5	2,263.2	2,591.2	3,150.9
<b>Operating Profit (EBITDA)</b>	<b>671.8</b>	<b>796.1</b>	<b>908.9</b>	<b>1,157.2</b>
Growth (%)	8.7	18.5	14.2	27.3
Interest	27.7	24.1	20.6	17.0
Depreciation	274.5	309.7	369.1	386.9
Other Income	64.6	52.8	61.4	74.1
<b>PBT after Exceptional Items</b>	<b>469.2</b>	<b>484.4</b>	<b>580.6</b>	<b>827.3</b>
Total Tax	64.3	88.6	124.8	206.8
PAT before MI	404.9	395.8	455.8	620.5
Minority Interest	0.0	0.0	0.0	0.0
<b>PAT</b>	<b>404.9</b>	<b>395.8</b>	<b>455.8</b>	<b>620.5</b>
Adjusted PAT	382.1	426.5	455.8	620.5
Growth (%)	4.4	11.6	6.9	36.1
<b>EPS (Adjusted)</b>	<b>9.6</b>	<b>10.6</b>	<b>11.4</b>	<b>15.5</b>

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit/(Loss) after taxation	321.3	290.0	455.8	620.5
Add: Depreciation & Amortization	274.5	309.7	369.1	386.9
Other operating activities	41.0	143.1	0.0	0.0
Net Increase in Current Assets	41.8	-234.3	-115.6	-165.2
Net Increase in Current Liabilities	-5.1	54.6	72.7	110.6
<b>CF from operating activities</b>	<b>701.2</b>	<b>580.6</b>	<b>802.6</b>	<b>969.8</b>
(Inc)/dec in Fixed Assets	-446.5	-475.5	-760.0	-128.0
(Inc)/dec in Investments	-243.6	-162.3	0.0	0.0
Other Investing Activities	292.0	-36.2	4.9	-3.7
<b>CF from investing activities</b>	<b>-398.1</b>	<b>-674.0</b>	<b>-755.1</b>	<b>-131.7</b>
Inc / (Dec) in Equity Capital	0.8	0.0	0.0	0.0
Inc / (Dec) in Loan funds	89.2	-5.8	-150.0	-150.0
Dividend & Dividend Tax	0.0	0.0	-40.1	-30.1
Others	-32.0	-25.5	-20.6	-17.0
<b>CF from financing activities</b>	<b>58.0</b>	<b>-31.3</b>	<b>-210.6</b>	<b>-197.1</b>
<b>Net Cash flow</b>	<b>361.1</b>	<b>-124.7</b>	<b>-163.1</b>	<b>641.1</b>
Opening Cash	281.5	642.6	517.9	354.8
<b>Closing Cash</b>	<b>642.6</b>	<b>517.9</b>	<b>354.8</b>	<b>995.8</b>
<b>Free Cash Flow</b>	<b>254.7</b>	<b>105.1</b>	<b>42.6</b>	<b>841.8</b>

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	400.0	400.8	400.8	400.8
Reserve and Surplus	2,421.4	2,896.8	3,312.5	3,902.9
Total Shareholders funds	2,821.4	3,297.6	3,713.3	4,303.7
Total Debt	892.9	1,021.6	871.6	721.6
Long Term Provisions	52.0	34.4	37.8	41.6
Other Non Current Liabilities	259.2	261.2	287.3	316.1
<b>Source of Funds</b>	<b>4,025.5</b>	<b>4,614.8</b>	<b>4,910.1</b>	<b>5,383.0</b>
Gross Block	3,460.0	3,961.5	4,721.5	4,949.5
Accumulated Depreciation	1,259.0	1,568.7	1,937.8	2,324.8
Net Block	2,201.0	2,392.8	2,783.7	2,624.7
Capital WIP	237.2	346.4	346.4	246.4
Fixed Assets	2,438.2	2,739.2	3,130.1	2,871.1
Investments	702.0	1,034.1	1,034.1	1,034.1
Other Non current assets	270.5	282.8	300.9	329.9
Inventory	59.6	179.4	197.4	216.2
Debtors	339.2	507.7	590.2	712.2
Loans and Advances	0.0	0.0	0.0	0.0
Other Current Assets	342.0	237.1	252.3	276.6
Cash	642.6	517.9	354.8	995.8
Total Current Assets	1,383.4	1,442.1	1,394.6	2,200.8
Creditors	241.6	232.8	263.4	306.6
Provisions	46.5	58.2	58.2	58.2
Deferred tax assets	89.1	65.6	72.2	79.4
Other Current Liabilities	569.6	658.0	700.1	767.5
Total Current Liabilities	857.7	949.0	1,021.7	1,132.3
Net Current Assets	525.7	493.1	372.8	1,068.5
<b>Application of Funds</b>	<b>4,025.5</b>	<b>4,614.8</b>	<b>4,910.1</b>	<b>5,383.0</b>

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Per share data (₹)</b>				
EPS	9.6	10.6	11.4	15.5
BV	70.5	82.3	92.6	107.4
DPS	0.3	1.0	0.8	1.0
Cash Per Share	16.1	12.9	8.9	24.8
<b>Operating Ratios (%)</b>				
Gross Profit Margins	75.9	71.2	72.0	73.0
EBITDA margins	30.8	30.6	30.0	31.7
Net Profit margins	17.5	16.4	15.1	17.0
Inventory days	41.3	87.4	85.0	80.0
Debtor days	56.7	71.2	71.2	71.2
Creditor days	167.5	113.4	113.4	113.4
EBITDA Conversion Rate	104.4	72.9	88.3	83.8
Gross Asset Turnover	0.6	0.7	0.6	0.7
<b>Return Ratios (%)</b>				
RoE	13.5	12.9	12.3	14.4
RoCE	11.5	11.7	12.2	15.7
RoC	16.8	18.4	17.6	26.0
<b>Valuation Ratios (x)</b>				
P/E	62.2	63.8	55.4	40.7
EV / EBITDA	37.3	31.3	27.5	20.9
EV / Revenues	11.5	9.6	8.2	6.6
Market Cap / Revenues	11.5	9.7	8.3	6.9
Price to Book Value	8.9	7.7	6.8	5.9
<b>Solvency Ratios (x)</b>				
Debt / Equity	0.3	0.3	0.2	0.2
Debt / EBITDA	1.3	1.3	1.0	0.6
Current Ratio	0.9	1.0	1.0	1.1

Source: Company, ICICI Direct Research

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