

# Granules India

Estimate change

TP change

Rating change


**CMP: INR354**
**TP: INR460 (+30%)**
**Buy**

## Superior product mix drives profitability

### Expect healthy ANDA launches over the next 12-15 months

Bloomberg	GRAN IN
Equity Shares (m)	229
M.Cap.(INRb)/(USD\$b)	87.6 / 1.2
52-Week Range (INR)	438 / 115
1, 6, 12 Rel. Per (%)	-4/-1/118
12M Avg Val (INR M)	851

#### Financials & Valuations (INR b)

Y/E MARCH	2021E	2022E	2023E
Sales	33.0	38.3	41.9
EBITDA	9.0	10.6	12.0
Adj. PAT	5.7	6.7	7.7
EBIT Margin (%)	22.8	23.0	24.1
Cons. Adj. EPS (INR)	22.5	26.3	30.3
EPS Gr. (%)	72.5	17.1	15.1
BV/Sh. (INR)	90.3	112.4	138.5

#### Ratios

Net D:E	0.3	0.2	0.2
RoE (%)	27.7	26.0	24.2
RoCE (%)	20.6	20.8	20.5
Payout (%)	18.9	16.0	13.9

#### Valuations

P/E (x)	15.7	13.4	11.6
EV/EBITDA (x)	9.6	7.9	6.6
Div. Yield (%)	1.0	1.0	1.0
FCF Yield (%)	2.7	4.6	7.4
EV/Sales (x)	2.6	2.2	1.9

#### Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	42.0	42.0	42.9
DII	0.3	0.2	3.2
FII	26.4	26.3	17.7
Others	31.3	31.5	36.1

FII Includes depository receipts

GRAN delivered an in line performance in 3QFY21. It sustained its strong earnings momentum led by Intermediates (PFI) and API segments. The delay in ANDA launches impacted the YoY growth rate for the Formulations segment. The company remains on track for capacity expansion at its Visakhapatnam and US sites to cater to growth in FY23-24.

We have tweaked our FY21E/FY22E/FY23E EPS estimate to factor in: a) delay in ANDA launches, b) higher raw material prices, and c) withdrawal of export incentive benefits. We continue to value GRAN at 16x 12 months forward earnings to arrive at our TP of INR460/share. We remain positive on the back of niche product pipeline and healthy base business. Reiterate **Buy**.

### YoY earnings growth trajectory strengthens further in 3QFY21

Sales grew 20% YoY to INR8.4b (v/s our estimate of INR8.2b), led by: a) 51% YoY growth in Intermediates (INR1.7b; 20% of sales), and b) 19% YoY growth in the API segment (INR2.5b; 30% of sales). The Formulations segment (INR4.2b; 50% of sales) grew at moderate rate (11% YoY).

There was one-time product related loss of INR97.7m in 3QFY21.

Adjusting for the same, gross margin (GM) expanded 410bp YoY to 54.9%, led by a superior product mix.

EBITDA margin expanded at a lower rate (300bp YoY) to 26.2% (v/s our estimate of 27%) due to higher opex (employee cost/other expenses up 60bp/48bp YoY as a percentage of sales). EBITDA grew 35.6% YoY to INR2.2b in 3QFY21.

GRAN's US subsidiary received a one-time stimulus (INR133m) under the CARES Act. Adjusting for the same, PAT grew 65% YoY to INR1.4b (v/s our estimate of INR1.4b) due to better profitability and lower tax rate.

For 9MFY21, revenue/EBITDA/adjusted PAT grew by 22%/57%/60% YoY to INR24.4b/INR6.7b/INR4.2b.

### Highlights from the management commentary

The management indicated FY21 earnings growth of 65-70% YoY and is confident of clocking 25-30% YoY growth in FY22.

It expects steady state GM to be ~52-53% and EBITDA margin of ~27%.

The company plans to launch ~10 ANDAs over the next 12-15 months (three in 4QFY21).

R&D spend is expected to be INR850m in FY21. The same is expected to increase to INR1.5b in FY22.

### Valuation and view

We expect 33% earnings CAGR over FY20-23E, led by a 16%/28%/14% sales CAGR in Formulations/PFIs/APIs and 760bp EBITDA margin expansion (in addition to niche products and better capacity utilization).

The steady off-take of base molecules, coupled with increase in ANDA led business, is expected to improve overall return ratios for GRAN. We continue to value GRAN at 16x 12 months forward earnings to arrive at our TP of INR460/share. Maintain **Buy**.

## Consolidated quarterly performance

Y/E March	(INR m)											
	FY20				FY21				FY20	FY21E	Variance v/s our estimate	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	3QFY21 E			
<b>Net Sales</b>	<b>5,953</b>	<b>6,995</b>	<b>7,040</b>	<b>5,999</b>	<b>7,356</b>	<b>8,581</b>	<b>8,445</b>	<b>8,612</b>	<b>25,986</b>	<b>32,994</b>	<b>8,242</b>	2.5%
YoY Change (%)	31.3	20.4	11.4	-2.2	23.6	22.7	20.0	43.6	14.0	27.0	17.1	
<b>EBITDA</b>	<b>1,186</b>	<b>1,436</b>	<b>1,632</b>	<b>1,219</b>	<b>1,987</b>	<b>2,489</b>	<b>2,213</b>	<b>2,285</b>	<b>5,473</b>	<b>8,974</b>	<b>2,225</b>	-0.5%
YoY Change (%)	63.4	42.9	44.0	15.5	67.5	73.3	35.6	87.4	39.6	64.0	36.4	
Margin (%)	19.9	20.5	23.2	20.3	27.0	29.0	26.2	26.5	21.1	27.2	27.0	
Depreciation	287	303	390	390	341	361	368	384	1,370	1,454	380	
<b>EBIT</b>	<b>900</b>	<b>1,133</b>	<b>1,242</b>	<b>830</b>	<b>1,647</b>	<b>2,128</b>	<b>1,845</b>	<b>1,901</b>	<b>4,104</b>	<b>7,520</b>	<b>1,845</b>	0.0%
YoY Change (%)	87.1	53.1	43.9	6.1	83.1	87.8	48.6	129.0	43.2	83.2	48.6	
Margin (%)	15.1	16.2	17.6	13.8	22.4	24.8	21.8	22.1	15.8	22.8	22.4	-2.5%
Interest	69	69	67	66	60	63	72	68	270	263	60	
Other Income	19	87	35	225	56	32	31	46	366	165	52	
<b>PBT before EO expense</b>	<b>849</b>	<b>1,151</b>	<b>1,210</b>	<b>989</b>	<b>1,643</b>	<b>2,098</b>	<b>1,803</b>	<b>1,878</b>	<b>4,199</b>	<b>7,423</b>	<b>1,837</b>	-1.9%
Extra-Ordinary expense	0	0	320	-378	151	-75	-36	0	-57	40	0	
<b>PBT</b>	<b>849</b>	<b>1,151</b>	<b>889</b>	<b>1,367</b>	<b>1,492</b>	<b>2,173</b>	<b>1,839</b>	<b>1,878</b>	<b>4,257</b>	<b>7,382</b>	<b>1,837</b>	
Tax	272	193	249	444	377	537	371	413	1,157	1,698	474	
Rate (%)	32.0	16.8	28.0	32.5	25.3	24.7	20.2	22.0	27.2	23.0	25.8	
(Profit)/Loss of JV/Asso. Cos.	-255	0	0	0	0	0	0	0	-255	0	0	
<b>Reported PAT</b>	<b>832</b>	<b>958</b>	<b>641</b>	<b>923</b>	<b>1,115</b>	<b>1,637</b>	<b>1,468</b>	<b>1,465</b>	<b>3,354</b>	<b>5,684</b>	<b>1,363</b>	7.7%
<b>Adjusted PAT</b>	<b>832</b>	<b>958</b>	<b>871</b>	<b>651</b>	<b>1,228</b>	<b>1,580</b>	<b>1,439</b>	<b>1,468</b>	<b>3,313</b>	<b>5,715</b>	<b>1,363</b>	5.6%
YoY Change (%)	60.7	59.0	44.4	4.6	47.5	64.9	65.2	125.6	41.3	72.5	56.5	
Margin (%)	14.0	13.7	12.4	10.8	16.7	18.4	17.0	17.0	12.7	17.3	16.5	

## Key performance indicators (consolidated)

Y/E March	FY20				FY21				FY20	FY21E	3Q FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
<b>FD</b>	<b>2,857</b>	<b>3,498</b>	<b>3,794</b>	<b>3,440</b>	<b>3,856</b>	<b>4,300</b>	<b>4,221</b>	<b>4,323</b>	<b>13,602</b>	<b>16,700</b>	<b>4,257</b>
YoY Change (%)	57.6	54.4	22.6	7.8	35.0	22.9	11.3	25.7	26.8	22.8	12.0
<b>PFI</b>	<b>952</b>	<b>1,329</b>	<b>1,155</b>	<b>781</b>	<b>1,379</b>	<b>1,730</b>	<b>1,706</b>	<b>1,717</b>	<b>4,214</b>	<b>6,532</b>	<b>1,408</b>
YoY Change (%)	5.1	43.0	7.5	(18.5)	44.8	30.2	47.7	119.8	8.9	55.0	25.0
<b>API</b>	<b>2,143</b>	<b>2,169</b>	<b>2,091</b>	<b>1,777</b>	<b>2,121</b>	<b>2,550</b>	<b>2,518</b>	<b>2,534</b>	<b>8,171</b>	<b>9,723</b>	<b>2,576</b>
YoY Change (%)	18.2	(17.0)	(2.7)	(10.5)	(1.0)	17.6	20.4	42.6	(0.3)	19.0	22.0
<b>Cost Break-up</b>											
RM Cost (% of Sales)	49.6	51.4	49.3	46.5	39.7	42.1	45.1	45.0	50.7	56.9	43.5
Staff Cost (% of Sales)	9.6	9.1	9.2	12.3	11.4	9.3	9.8	9.7	10.0	10.0	9.5
Other Cost (% of Sales)	20.9	19.0	18.3	20.9	21.9	19.6	18.8	18.8	19.7	19.7	20.0
Gross Margin (%)	50.4	48.6	50.7	53.5	60.3	57.9	54.9	55.0	49.3	43.1	56.5
EBITDA Margin (%)	19.9	20.5	23.2	20.3	27.0	29.0	26.2	26.5	21.1	27.2	27.0
EBIT Margin (%)	15.1	16.2	17.6	13.8	22.4	24.8	21.8	22.1	15.8	22.8	22.4



## Highlights from the conference call

- The share of core molecules stood at 84% of total sales in 3QFY21.
- GRAN is on track to construct a MUPS block and expand API capacity in Visakhapatnam. The same is expected to be completed by 4QFY22.
- Capacity utilization at its Formulation facilities/Visakhapatnam unit stood at 85%/20% at the end of 9MFY21.
- The management is finalizing plans to build a dedicated block at the Visakhapatnam API facility.
- US facility expansion for solid oral tablets and another form of Formulations would be completed in the near term and would be operational by 1QFY22.
- Overall capex guidance was INR3.5-4b, spread over FY22-23.
- Cash flow from operations stood at INR920 on an EBITDA of INR2.2b.
- Free cash flow stood at INR214m at the end of 3QFY21.

## Other highlights

### Multi-unit Pellet System (MUPS) based opportunity taking shape

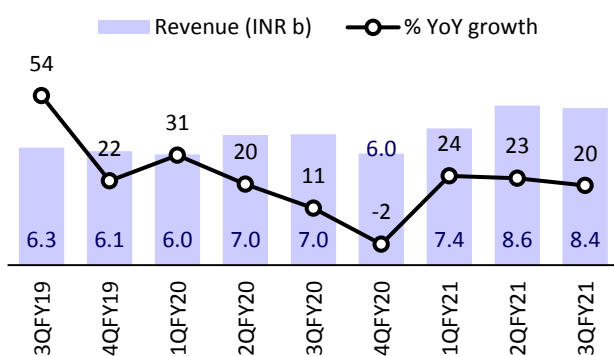
GRAN has received approval for Potassium Chloride ER in 3QFY21, its first from the Hyderabad facility. It expects to launch the product in Apr'21 and is currently building inventory. The company had previously launched products based on MUPS technology from its US facility. It is expecting approval for another product based on this technology in 4QFY21 and would launch the same in FY22. The management plans to invest INR2.4b in this technology over FY21-22, which would be integrated with the multi-API block (Unit 5) in Visakhapatnam, with an annual manufacturing capacity of 2.5–5b Formulations. The company intends to file multiple products using MUPS technology.

### API pipeline in progress from a development/commercial perspective

The management intends to expand the basket of eight APIs from Units 4 and 5 to 28 by FY23, which will expand its total addressable market to USD48b from USD26b at present. This would comprise of Oncology as well as non-Oncology APIs. It hinted at a portfolio of ~13 Oncology APIs and 15 non-Oncology APIs by FY23. Around 42% of APIs would be forward-integrated to create Formulations as well.

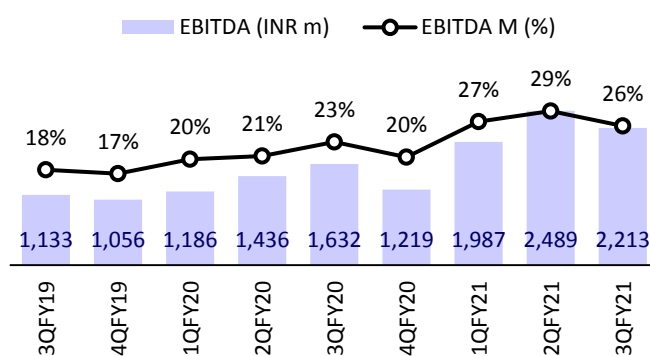
## Key exhibits

Exhibit 1: Revenue up 20% YoY in 3QFY21



Source: MOFSL, Company

Exhibit 2: EBITDA margin expands YoY due to better GM



Source: MOFSL, Company

## Valuation and view

### Niche launches to drive sales growth in Formulations in developed markets

GRAN delivered 24% YoY growth in US sales to INR12.9b in 9MFY21. This was largely led by new launches and healthy traction in existing products. Four new launches in 3QFY21 would contribute meaningfully in coming quarters. It has final approvals for 34 ANDAs to date and has one tentative approval. The management plans to launch 10 products over the next 12-15 months, including three in 4QFY21. It intends to increase R&D spend to INR1.5b in FY22 (from INR850m expected in FY21) to build an ANDA pipeline (of 7-8 launches on an annual basis over the next 3-4 years) to cater to future growth. Based on these factors, we expect 16% sales CAGR in Formulations to INR21b over FY20-23E.

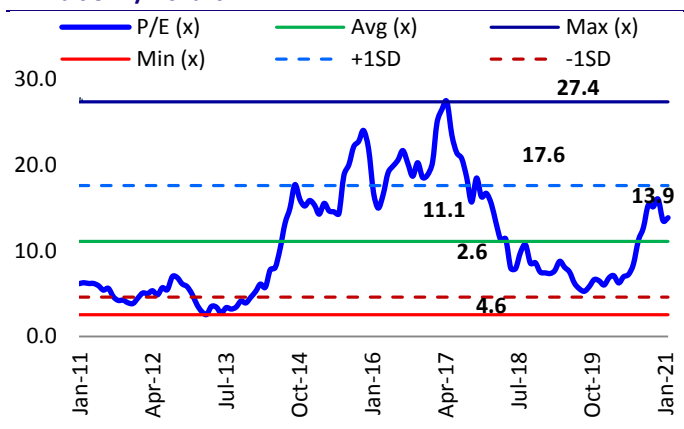
**PFI on a robust growth path, API segment picking up**

After the muted 6% sales CAGR over FY15-20 in the PFI segment, GRAN delivered a strong 40% YoY growth in 9MFY21. We expect this momentum to sustain with an expansion into newer geographies and greater adoption of PFI products by customers. The API segment has seen a moderate 7% CAGR over FY15-20 and 12% YoY growth in 9MFY21 due to higher captive consumption of APIs. With new capacity additions and an enhanced API portfolio for external sales, we expect the API segment to be on a better growth path going forward. We expect PFI/API to garner 28%/14% sales CAGR to INR8.8b/INR12b over FY20-23E.

**Maintain positive stance on the stock**

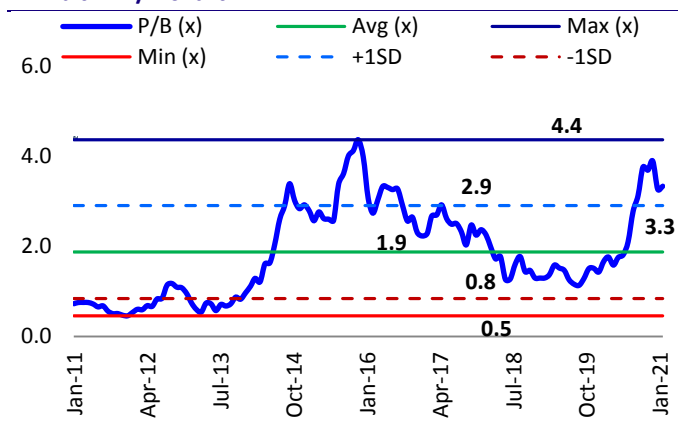
Niche launches in the Formulations segment, with additional products based on MUPS technology, capacity ramp-up in the API segment, and build up in the market share of existing molecules (on superior execution) are likely to drive a 32.5% PAT CAGR to INR7.7b over FY20-23E. We expect RoE to improve 450bp to 24.2% over FY20-23E. We value GRAN at 16x 12 months forward earnings to arrive at our TP of INR460/share. Maintain **Buy**.

**Exhibit 3: P/E chart**



Source: MOFSL, Company, Bloomberg

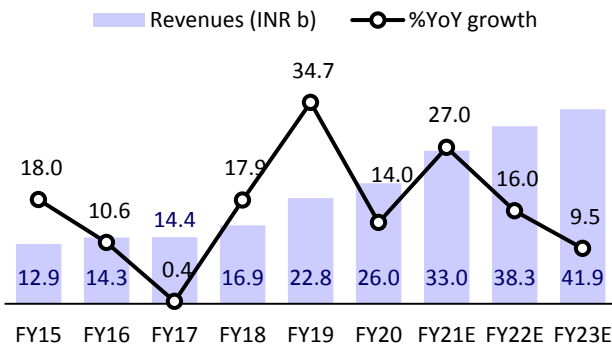
**Exhibit 4: P/B chart**



Source: MOFSL, Company, Bloomberg

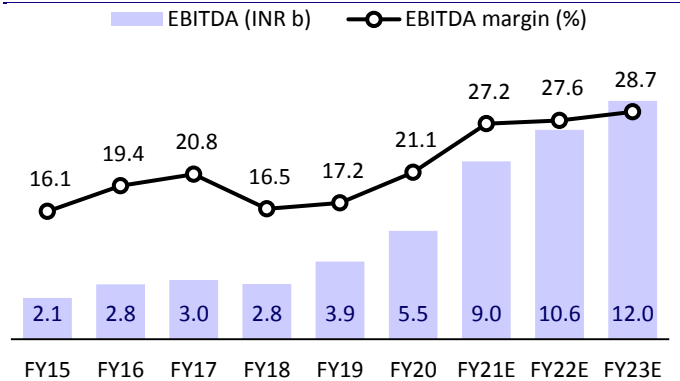
Story in charts

Exhibit 5: Expect 17% revenue CAGR over FY20-23E



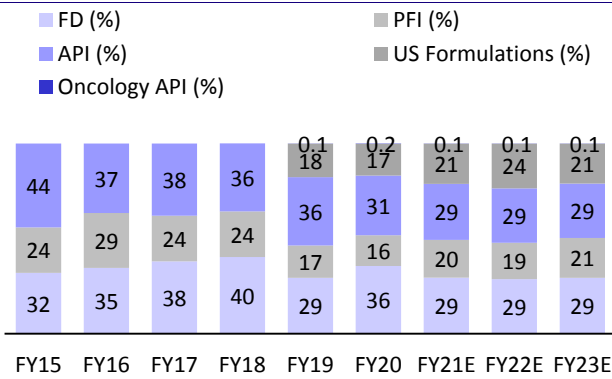
Source: MOFSL, Company

Exhibit 6: EBITDA margin to remain on an uptrend



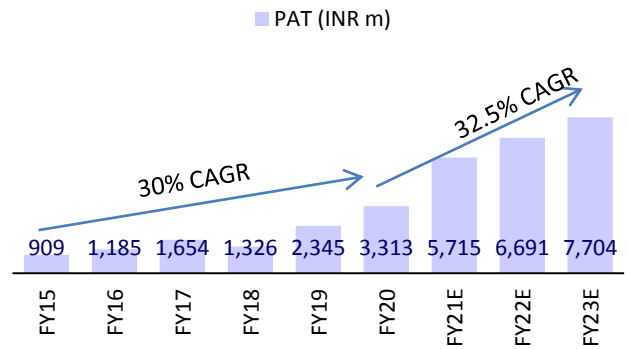
Source: MOFSL, Company

Exhibit 7: Contribution from Formulations stays the highest



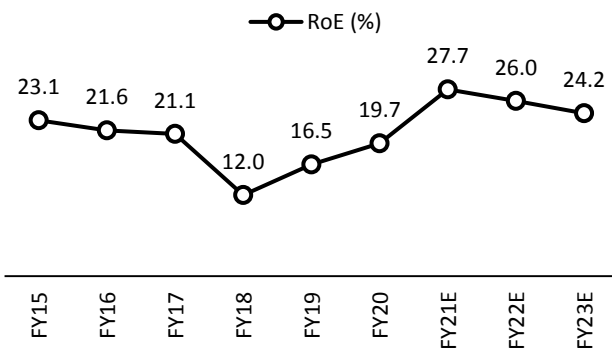
Source: MOFSL, Company

Exhibit 8: Expect PAT CAGR of ~32.5% over FY20-23E



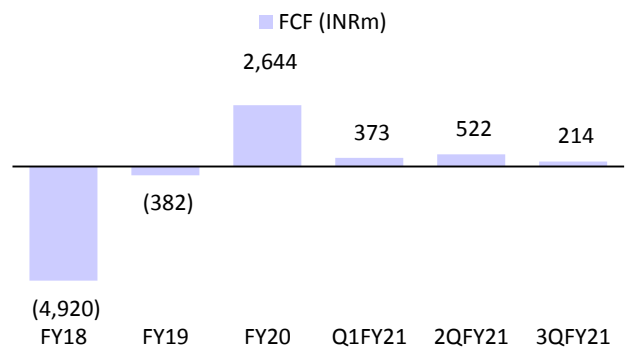
Source: MOFSL, Company

Exhibit 9: Better asset turnover to improve return ratios



Source: MOFSL, Company

Exhibit 10: Positive FCF continues in 3QFY21



Source: MOFSL, Company

## Financials and valuations

### Consolidated Income Statement

(INR m)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Total Income from Operations</b>	<b>10,959</b>	<b>12,929</b>	<b>14,295</b>	<b>14,353</b>	<b>16,918</b>	<b>22,792</b>	<b>25,986</b>	<b>32,994</b>	<b>38,284</b>	<b>41,935</b>
Change (%)	43.4	18.0	10.6	0.4	17.9	34.7	14.0	27.0	16.0	9.5
<b>Total Expenditure</b>	<b>9,376</b>	<b>10,843</b>	<b>11,528</b>	<b>11,364</b>	<b>14,134</b>	<b>18,872</b>	<b>20,513</b>	<b>24,020</b>	<b>27,718</b>	<b>29,900</b>
% of Sales	85.6	83.9	80.6	79.2	83.5	82.8	78.9	72.8	72.4	71.3
<b>EBITDA</b>	<b>1,583</b>	<b>2,086</b>	<b>2,767</b>	<b>2,988</b>	<b>2,784</b>	<b>3,920</b>	<b>5,473</b>	<b>8,974</b>	<b>10,566</b>	<b>12,035</b>
Margin (%)	14.4	16.1	19.4	20.8	16.5	17.2	21.1	27.2	27.6	28.7
Depreciation	298	527	643	715	762	1,055	1,370	1,454	1,774	1,938
<b>EBIT</b>	<b>1,285</b>	<b>1,560</b>	<b>2,124</b>	<b>2,273</b>	<b>2,022</b>	<b>2,866</b>	<b>4,104</b>	<b>7,520</b>	<b>8,792</b>	<b>10,097</b>
Int. and Finance Charges	204	323	399	323	331	285	270	263	237	194
Other Income	43	43	77	99	108	267	366	165	191	168
<b>PBT bef. EO Exp.</b>	<b>1,124</b>	<b>1,280</b>	<b>1,802</b>	<b>2,050</b>	<b>1,800</b>	<b>2,848</b>	<b>4,199</b>	<b>7,423</b>	<b>8,747</b>	<b>10,070</b>
EO Items	0	0	0	0	0	-80	57	-40	0	0
<b>PBT after EO Exp.</b>	<b>1,124</b>	<b>1,280</b>	<b>1,802</b>	<b>2,050</b>	<b>1,800</b>	<b>2,768</b>	<b>4,257</b>	<b>7,382</b>	<b>8,747</b>	<b>10,070</b>
Current Tax	305	287	535	652	659	891	1,257	1,698	2,055	2,367
Deferred Tax	66	83	82	-9	-25	72	-100	0	0	0
Tax Rate (%)	33.0	29.0	34.2	31.4	35.2	34.8	27.2	23.0	23.5	23.5
Add: Associate income	0	0	0	247	160	487	255	0	0	0
<b>Reported PAT</b>	<b>753</b>	<b>909</b>	<b>1,185</b>	<b>1,654</b>	<b>1,326</b>	<b>2,292</b>	<b>3,354</b>	<b>5,684</b>	<b>6,691</b>	<b>7,704</b>
<b>Adjusted PAT</b>	<b>753</b>	<b>909</b>	<b>1,185</b>	<b>1,654</b>	<b>1,326</b>	<b>2,345</b>	<b>3,313</b>	<b>5,715</b>	<b>6,691</b>	<b>7,704</b>
Change (%)	130.8	20.8	30.3	39.6	-19.8	76.8	41.3	72.5	17.1	15.1
Margin (%)	6.9	7.0	8.3	11.5	7.8	10.3	12.7	17.3	17.5	18.4

### Consolidated Balance Sheet

(INR m)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Equity Share Capital	203	204	217	229	254	254	254	254	254	254
Total Reserves	3,357	4,107	6,444	8,807	12,788	15,040	18,097	22,709	28,327	34,957
<b>Net Worth</b>	<b>3,560</b>	<b>4,312</b>	<b>6,660</b>	<b>9,036</b>	<b>13,042</b>	<b>15,295</b>	<b>18,352</b>	<b>22,963</b>	<b>28,581</b>	<b>35,212</b>
Minority Interest	0	0	0	0	0	0	0	0	0	0
Deferred Liabilities	403	549	646	565	543	655	655	655	655	655
Total Loans	4,417	4,872	4,767	5,981	9,582	9,330	8,480	7,680	6,881	6,083
<b>Capital Employed</b>	<b>8,380</b>	<b>9,732</b>	<b>12,074</b>	<b>15,582</b>	<b>23,167</b>	<b>25,279</b>	<b>27,486</b>	<b>31,297</b>	<b>36,117</b>	<b>41,949</b>
Gross Block	6,539	8,438	9,622	10,099	14,430	16,639	18,139	20,639	22,639	24,640
Less: Accum. Deprn.	1,714	2,272	2,941	3,656	4,418	5,473	6,842	8,296	10,071	12,009
<b>Net Fixed Assets</b>	<b>4,825</b>	<b>6,166</b>	<b>6,681</b>	<b>6,443</b>	<b>10,012</b>	<b>11,167</b>	<b>11,297</b>	<b>12,343</b>	<b>12,569</b>	<b>12,631</b>
Goodwill on Consolidation	0	0	0	0	0	0	0	0	0	0
Capital WIP	1,246	620	766	2,605	2,901	3,235	3,118	3,299	3,828	4,194
<b>Total Investments</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1,082</b>	<b>1,566</b>	<b>2,104</b>	<b>2,104</b>	<b>2,104</b>	<b>2,104</b>	<b>2,104</b>
<b>Curr. Assets, Loans and Adv.</b>	<b>3,848</b>	<b>5,184</b>	<b>7,080</b>	<b>8,633</b>	<b>11,891</b>	<b>13,279</b>	<b>15,707</b>	<b>19,854</b>	<b>24,683</b>	<b>30,692</b>
Inventory	1,742	2,245	3,071	2,761	2,799	3,842	4,384	5,199	6,075	6,553
Account Receivables	1,109	1,326	1,526	4,177	6,171	6,735	7,832	10,396	12,167	13,327
Cash and Bank Balance	418	653	1,419	498	1,156	890	1,427	1,749	3,511	7,511
Loans and Advances	580	959	1,065	1,198	1,765	1,811	2,065	2,622	3,043	3,333
<b>Curr. Liability and Prov.</b>	<b>1,640</b>	<b>2,295</b>	<b>2,521</b>	<b>3,183</b>	<b>3,272</b>	<b>4,548</b>	<b>4,784</b>	<b>6,456</b>	<b>7,221</b>	<b>7,825</b>
Account Payables	1,355	1,887	1,791	2,160	2,522	3,235	3,147	3,685	4,177	4,587
Other Current Liabilities	162	233	608	934	646	1,144	1,305	1,657	1,922	2,106
Provisions	123	175	122	89	104	169	332	1,114	1,122	1,132
<b>Net Current Assets</b>	<b>2,208</b>	<b>2,888</b>	<b>4,559</b>	<b>5,451</b>	<b>8,620</b>	<b>8,731</b>	<b>10,924</b>	<b>13,398</b>	<b>17,462</b>	<b>22,867</b>
<b>Appl. of Funds</b>	<b>8,379</b>	<b>9,732</b>	<b>12,074</b>	<b>15,582</b>	<b>23,167</b>	<b>25,279</b>	<b>27,486</b>	<b>31,297</b>	<b>36,117</b>	<b>41,949</b>

## Financials and valuations

### Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>EPS</b>	<b>3.7</b>	<b>4.5</b>	<b>5.5</b>	<b>7.2</b>	<b>5.2</b>	<b>9.2</b>	<b>13.0</b>	<b>22.5</b>	<b>26.3</b>	<b>30.3</b>
Cash EPS	5.2	7.0	8.4	10.4	8.2	13.4	18.4	28.2	33.3	37.9
BV/Share	17.6	21.1	30.7	39.5	51.4	60.2	72.2	90.3	112.4	138.5
DPS	0.4	0.5	0.9	0.8	1.0	1.0	1.0	3.5	3.5	3.5
Payout (%)	11.0	13.6	19.8	13.5	21.9	13.4	8.9	18.9	16.0	13.9
<b>Valuation (x)</b>										
P/E	94.9	79.1	64.4	48.7	67.4	38.2	27.0	15.7	13.4	11.6
Cash P/E	67.9	50.1	41.7	34.0	42.8	26.3	19.1	12.5	10.6	9.3
P/BV	20.1	16.7	11.5	8.9	6.9	5.9	4.9	3.9	3.1	2.5
EV/Sales	7.7	6.6	5.9	6.0	5.3	3.9	3.4	2.6	2.2	1.9
EV/EBITDA	53.4	40.6	30.3	28.8	31.9	22.7	16.0	9.6	7.9	6.6
Dividend Yield (%)	0.1	0.1	0.3	0.2	0.3	0.3	0.3	1.0	1.0	1.0
<b>Return Ratios (%)</b>										
RoE	23.9	23.1	21.6	21.1	12.0	16.5	19.7	27.7	26.0	24.2
RoCE	13.2	13.3	14.0	12.3	7.3	8.6	12.6	20.6	20.8	20.5
ROIC	15.9	14.6	15.2	14.7	9.1	10.2	15.0	25.7	26.4	28.1
<b>Working Capital Ratios</b>										
Asset Turnover (x)	1.3	1.3	1.2	0.9	0.7	0.9	0.9	1.1	1.1	1.0
Inventory (Days)	52	56	68	74	60	53	58	53	54	55
Debtor (Days)	30	33	36	71	111	103	102	101	108	111
Creditor (Days)	44	55	58	63	60	56	57	52	52	53
<b>Leverage Ratio (x)</b>										
Current Ratio	2.3	2.3	2.8	2.7	3.6	2.9	3.3	3.1	3.4	3.9
Interest Coverage Ratio	6	5	5	7	6	10	15	29	37	52
Debt/Equity	1.2	1.1	0.7	0.7	0.7	0.6	0.5	0.3	0.2	0.2

### Consolidated Cash Flow Statement

(INR m)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
OP/(Loss) before Tax	1,124	1,280	1,801	2,050	1,800	2,848	4,199	7,423	8,747	10,070
Depreciation	298	527	643	715	762	1,055	1,370	1,454	1,774	1,938
Interest and Finance Charges	190	309	347	278	222	18	-95	98	45	27
Direct Taxes Paid	-238	-317	-490	-595	-634	-891	-1,157	-1,698	-2,055	-2,367
(Inc.)/Dec. in WC	-310	-363	-915	-524	-2,511	-377	-1,656	-2,264	-2,303	-1,325
<b>CF from Operations</b>	<b>1,064</b>	<b>1,435</b>	<b>1,387</b>	<b>1,925</b>	<b>-360</b>	<b>2,652</b>	<b>2,660</b>	<b>5,013</b>	<b>6,208</b>	<b>8,344</b>
Others	16	18	51	-42	0	0	0	-151	0	0
<b>CF from Operating incl. EO</b>	<b>1,080</b>	<b>1,453</b>	<b>1,438</b>	<b>1,882</b>	<b>-360</b>	<b>2,652</b>	<b>2,660</b>	<b>4,862</b>	<b>6,208</b>	<b>8,344</b>
(Inc.)/Dec. in FA	-2,649	-1,473	-1,335	-3,157	-4,626	-2,544	-1,383	-2,681	-2,529	-2,366
(Pur.)/Sale of Investments	95	0	0	0	-483	-539	0	0	0	0
Others	8	17	53	-205	108	267	366	165	191	168
<b>CF from Investments</b>	<b>-2,546</b>	<b>-1,456</b>	<b>-1,281</b>	<b>-3,362</b>	<b>-5,001</b>	<b>-2,816</b>	<b>-1,018</b>	<b>-2,516</b>	<b>-2,338</b>	<b>-2,198</b>
Issue of Shares	11	11	1,059	829	2,970	195	0	0	0	0
(Inc.)/Dec. in Debt	1,709	628	191	272	3,602	-252	-850	-800	-799	-798
Interest Paid	-205	-319	-406	-319	-331	-285	-270	-263	-237	-194
Dividend Paid	-47	-83	-234	-223	-290	-306	-297	-1,073	-1,073	-1,073
Others	0	0	0	0	68	547	312	112	0	0
<b>CF from Fin. Activity</b>	<b>1,467</b>	<b>238</b>	<b>609</b>	<b>559</b>	<b>6,019</b>	<b>-102</b>	<b>-1,106</b>	<b>-2,136</b>	<b>-2,109</b>	<b>-2,066</b>
<b>Inc./Dec. of Cash</b>	<b>0</b>	<b>236</b>	<b>766</b>	<b>-921</b>	<b>658</b>	<b>-266</b>	<b>537</b>	<b>210</b>	<b>1,762</b>	<b>4,080</b>
Opening Balance	417	417	653	1,419	498	1,156	890	1,427	1,749	3,511
<b>Closing Balance</b>	<b>417</b>	<b>653</b>	<b>1,419</b>	<b>498</b>	<b>1,156</b>	<b>890</b>	<b>1,427</b>	<b>1,749</b>	<b>3,511</b>	<b>7,591</b>

NOTES



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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