



Sequential margin improvement continues...

About the stock: Granules is a large-scale vertically integrated company that manufactures API, intermediates and finished dosages and has seven manufacturing facilities along with B2B & B2C marketing & distribution.

- Revenue mix FY22: Formulations – 52%, API (API+PFI) – 48%
- Top five products (Paracetamol, Ibuprofen, Metformin, Methocarbamol, Guaifenesin) contributed 81% to FY22 revenues

Q1FY23 Results: Granules' revenue growth in this quarter was mainly driven by volume growth in most markets and also on account of new launches in the US.

- Sales were up 20% YoY to ₹ 1019.6 crore
- EBITDA was at ₹ 211.5 crore, up 5% YoY with margins at 20.7%
- Adjusted PAT was at ₹ 127.6 crore (up 6.1% YoY)

What should investors do? Granules' share price has grown by ~2.8x over the past five years (from ~₹ 109 in August 2017 to ~₹ 304 levels in August 2022).

- We maintain **BUY** rating as Granules 1) focus on backward integration, 2) initiatives like passing on price hike to customers, 3) compelling risk-reward matrix based on FY24E earnings

Target Price and Valuation: Valued at ₹ 375 i.e. 14x P/E on FY24E EPS of ₹ 26.8.

Key triggers for future price performance:

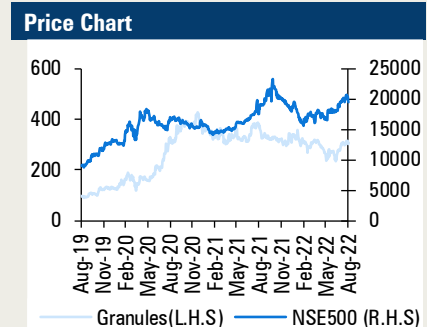
- Ability to pass on input cost inflation and margins improvement through focus on cost management
- Extending its core products via additional strength/different forms in US, launching in other geographies may provide better operating leverage
- In the US, it also focuses on select small but high value launches where competition is less, which bodes well in a crowded generics market
- Timely completion of new block construction in Gagillapur and other expansion activities along with rationalising R&D portfolio

Alternate Stock Idea: Apart from Granules, in healthcare coverage we like Laurus.

- Laurus is evolving as a strong vertically integrated player with strong order book visibility and incremental traction from custom synthesis
- BUY with a target price of ₹ 675

Particulars	
Particular	Amount
Market Capitalisation	₹ 7543 crore
Debt (FY22)	₹ 1106 crore
Cash (FY22)	₹ 409 crore
EV	₹ 8240 crore
52 week H/L	385/227
Equity capital	₹ 24.8 crore
Face value	₹ 1

Shareholding pattern				
(in %)	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	42.0	42.0	42.0	42.0
Others	58.0	58.0	58.0	58.0



- ### Recent Event & Key risks
- Two ANDA approvals in Q4FY22
 - Key Risk:** (i) Lower ramp-up in core molecules (ii) Continued challenges in KSM and logistics

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Key Financial Summary

Key Financials (₹ Crore)	FY20	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Revenues	2598.6	3237.5	3764.9	21.7	4363.5	4954.0	14.7
EBITDA	525.3	853.6	722.2	19.5	908.7	1094.6	23.1
EBITDA Margins (%)	20.2	26.4	19.2		20.8	22.1	
Net Profit	309.9	549.5	412.8	24.2	543.0	664.9	26.9
EPS (Adjusted)	12.4	22.2	16.6		21.9	26.8	
PE (x)	22.5	13.7	18.3		13.9	11.3	
EV to EBITDA (x)	15.5	9.5	11.4		8.8	6.8	
RoCE (%)	15.2	24.0	15.6		18.6	20.5	
RoE (%)	16.7	25.3	16.0		17.6	17.9	

Key takeaways of recent quarter & conference call highlights

Q1FY23 Results: Steady quarter amid margin pressure

- Revenues grew 20% YoY to ₹ 1020 crore, driven by YoY growth of 38% in PFI to ₹ 237 crore and 5% growth in API to ₹ 234 crore. Formulations grew 21% YoY to ₹ 549 crore. EBITDA margins fell 296 bps YoY to 20.7% due to lower gross margins (down 459 bps YoY). EBITDA grew 5% YoY to ₹ 211 crore and PAT grew 6% YoY to ₹ 128 crore. The Board of directors has approved a buyback of 60 lakh equity shares at a price of ₹ 400 per equity share for an aggregate maximum amount of ₹ 250 crore
- Granules' revenue growth in this quarter was in line with our estimate, mainly driven by volume growth in most of the markets and also on account of new launches in the US. EBITDA margins, although better than our estimates, declined due to pricing pressure in US and also increase in cost of KSMs, solvents and increase in logistic cost. Share of non-core molecules increased was at 18% in Q1FY23. Granules has also got approval from the Department of Pharmaceuticals (DOP) under PLI scheme to manufacture Dicyandiamide (DCDA). Granules remains a decent player with clear vision to play on its strength of economies of scale and gradual expansion into more complex products/forms to improve margins

Q1FY23 Earnings Conference Call highlights

- The company continues to face price erosion in the US while inflation in raw material and freight cost are declining but are not at pre-Covid level. Availability is not a problem anymore and prices are likely to come down gradually. PAP raw material situation has improved from June, 2022 as a large manufacturer has resumed operations in China and there are two new manufacturers on stream from India. The management has guided for a sequential improvement in EBITDA margins
- In the US, Granules has filed five ANDAs and two USDMFs while two to three launches are pending. Europe is seeing good traction while growth is expected to be largely driven by new launches and partnerships, going forward. For the next two years, the focus market will be Europe, LatAm and South Africa as the US remains challenging
- Granules has commercialised a couple of products from MUPS facility. Few more products are lined up for approval as the company is waiting for regulatory clearance for launches
- The oncology block in Vizag has started delivering on some contracts with one or two products being commercialised. The management expects ramp up from subsequent quarters
- Granules has got approval from Department of Pharmaceuticals (DOP) under PLI scheme to manufacture Dicyandiamide (DCDA). It has guided for capacity to be for internal requirement and will incur capex of ₹ 100 crore. The project is likely to be completed in two years while the company looks to double the capacity if there is international requirement for external sales
- R&D spend in Q1FY23 was at ₹ 32 crore. Granules has established an R&D setup of 150 scientists at Genome valley for both APIs and formulations, with the vision to get into vertically integrated R&D product. R&D efforts are expected to increase, going forward
- The company has acquired capital assets of a small biotech company to gain a ready platform for biotechnology focused research and manufacturing. Granules will be investing ₹ 75 crore in both laboratory pilot scale and fermentation capability. Existing products and new launches are likely to benefit from bio-transformation in line with Granules 2.0 in terms of cost leadership, ESG and foray into product development in enzymes, etc
- The management is focused on better FCF generation and improving net debt position of the company
- Capacity utilisation levels were above 50%

Exhibit 1: Variance Analysis

	Q1FY23	Q1FY23E	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	Comments
Revenue	1,019.6	1,035.2	849.8	20.0	1,030.0	-1.0	YoY growth on back of volume growth in most markets and also on account of new launches in US
Raw Material Expenses	513.5	528.0	389.1	32.0	526.0	-2.4	
Gross margins (%)	49.6	49.0	54.2	-459 bps	48.9	70 bps	Gross margin was impacted YoY due to inflation in KSMS and solvents along with price erosion in US
Employee Expenses	108.7	111.3	95.4	14.0	108.2	0.5	
Other Expenditure	185.8	204.5	164.0	13.3	203.1	-8.5	
Total Operating Expenditure	808.1	843.7	648.4	24.6	837.3	-3.5	
EBITDA	211.5	191.5	201.4	5.0	192.7	9.8	
EBITDA (%)	20.7	18.5	23.7	-296 bps	18.7	204 bps	EBITDA margin declined YoY due to lower gross margins along with higher logistic cost
Interest	6.9	7.6	6.8	2.1	6.4	9.0	
Depreciation	43.4	48.3	39.4	10.1	40.2	7.9	
Other income	4.7	5.2	7.6	-38.8	4.0	17.8	
PBT before EO	165.9	140.7	162.9	1.8	150.1	10.5	
Less: Exceptional Items	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	165.9	140.7	162.9	1.8	150.1	10.5	
Tax	38.3	36.6	42.7	-10.2	39.1	-2.1	
MI & Share of loss/ (gain) asso.	0.0	0.0	0.0	0.0	0.0	0.0	
Adj. Net Profit	127.6	104.1	120.2	6.1	111.0	14.9	
Key Metrics							
API	234.1	246.1	223.7	4.6	247.8	-5.5	
PFI	236.8	248.8	171.6	38.0	256.8	-7.8	
Formulations	548.7	540.3	454.5	20.7	525.4	4.4	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	4,362.3	4,363.5	0.0	4,953.3	4,954.0	0.0	
EBITDA	863.2	908.7	5.3	1,053.1	1,094.6	3.9	
EBITDA Margin (%)	19.8	20.8	104 bps	21.3	22.1	84 bps	Changed due to softening in KSM prices and logistic cost
PAT	489.3	543.0	11.0	613.2	664.9	8.4	
EPS (₹)	19.7	21.9	11.0	24.7	26.8	8.4	

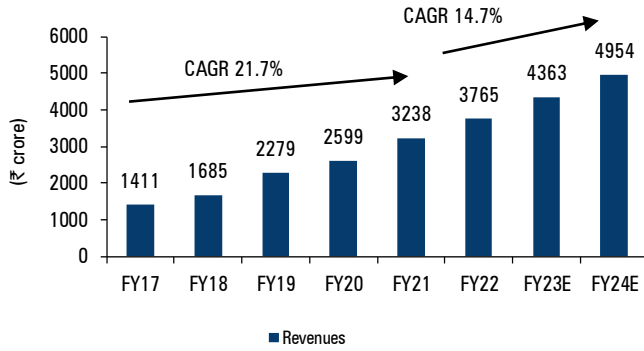
Source: ICICI Direct Research

Exhibit 3: Assumptions

(₹ crore)	Current				Earlier		
	FY20	FY21	FY22	FY23E	FY24E	FY23E	FY24E
API	817.0	912.6	975.0	1,048.4	1,153.3	1,088.4	1,219.0
PFI	421.4	626.6	845.6	1,013.3	1,134.8	1,020.1	1,142.6
Formulations	1,360.1	1,698.8	1,944.5	2,301.8	2,665.9	2,253.7	2,591.7

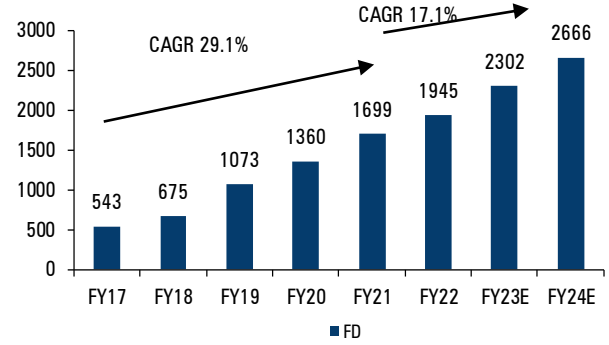
Source: ICICI Direct Research

Exhibit 4: Revenues to grow at CAGR of 14.7% in FY22-24E



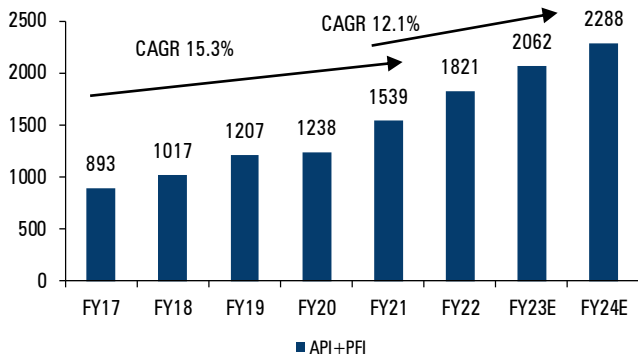
Source: ICICI Direct Research, Company

Exhibit 5: Formulations to grow at 17.1% CAGR in FY22-24E



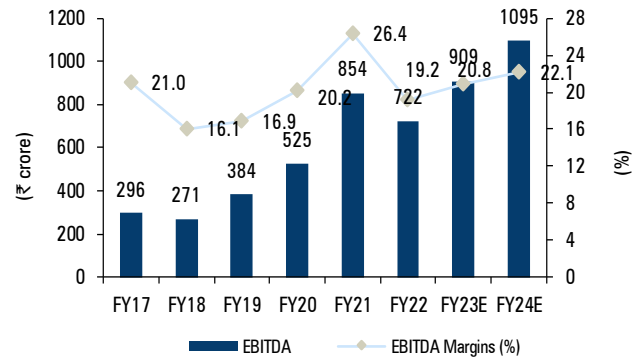
Source: ICICI Direct Research, Company

Exhibit 6: API+PFI to grow at CAGR of 12.1% over FY22-24E



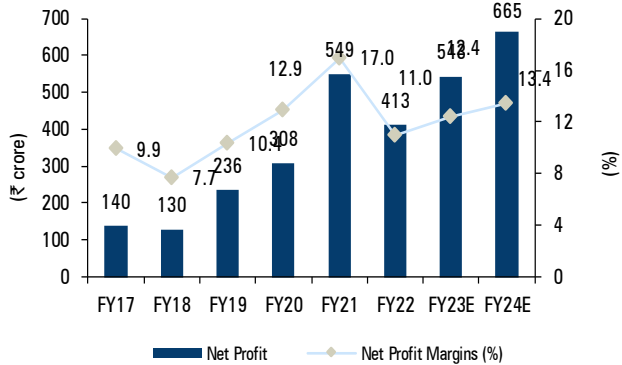
Source: ICICI Direct Research, Company

Exhibit 7: EBITDA & EBITDA margins trend



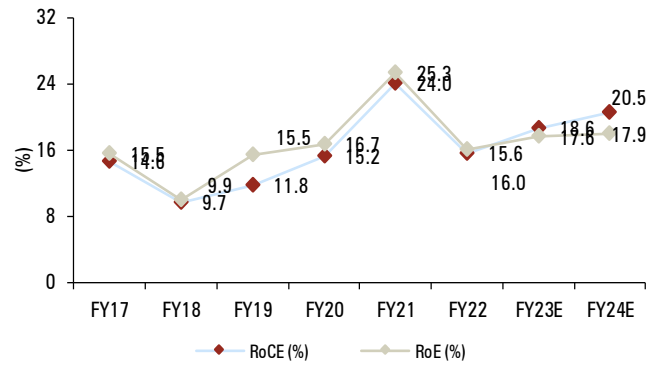
Source: ICICI Direct Research, Company

Exhibit 8: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 9: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 10: Trends in Quarterly Performance

(₹ crore)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ (%)
Net Sales	595.3	699.5	704.0	599.9	735.6	858.1	844.5	799.3	849.8	888.3	996.8	1030.0	1019.6	20.0	-1.0
Raw Material Expense	295.5	359.4	347.1	279.0	297.6	361.1	391.0	341.6	389.1	436.6	531.9	526.0	513.5	32.0	-2.4
% of Revenue	49.6	51.4	49.3	46.5	40.5	42.1	46.3	42.7	45.8	49.1	53.4	51.1	50.4	459 bps	-70 bps
Gross Profit	299.8	340.1	356.9	320.8	438.0	497.0	453.5	457.8	460.8	451.7	464.8	503.9	506.0	9.8	0.4
Gross Profit Margin (%)	50.4	48.6	50.7	53.5	59.5	57.9	53.7	57.3	54.2	50.9	46.6	48.9	49.6	-459 bps	70 bps
Employee Expenses	57.0	63.4	64.8	73.8	83.7	79.7	83.1	99.9	95.4	92.5	105.3	108.2	108.7	14.0	0.5
% of Revenue	9.6	9.1	9.2	12.3	11.4	9.3	9.8	12.5	11.2	10.4	10.6	10.5	10.7	-56 bps	16 bps
Other Expenditure	124.2	133.1	129.0	147.1	170.8	160.9	158.9	155.9	164.0	208.0	185.8	203.1	185.8	13.3	-8.5
% of Revenue	20.9	19.0	18.3	24.5	23.2	18.7	18.8	19.5	19.3	23.4	18.6	19.7	18.2	-107 bps	-149 bps
Total Expenditure	476.7	555.9	540.8	499.9	552.0	601.7	633.0	597.3	648.4	737.2	823.0	837.3	808.1	24.6	-3.5
% of Revenue	80.1	79.5	76.8	83.3	75.0	70.1	74.9	74.7	76.3	83.0	82.6	81.3	79.3	296 bps	-204 bps
EBITDA	118.6	143.6	163.2	99.9	183.6	256.4	211.6	202.0	201.4	151.2	173.7	192.7	211.5	5.0	9.8
EBITDA Margin (%)	19.9	20.5	23.2	16.7	25.0	29.9	25.1	25.3	23.7	17.0	17.4	18.7	20.7	-296 bps	204 bps
Depreciation	28.7	30.3	39.0	39.0	34.1	36.1	36.8	44.5	39.4	39.8	39.2	40.2	43.4	10.1	7.9
Interest	6.9	6.9	6.7	6.6	6.0	6.3	7.2	6.8	6.8	5.5	4.6	6.4	6.9	2.1	9.0
Other Income	27.4	8.7	3.5	82.3	5.6	3.2	16.4	3.3	7.6	4.4	4.9	4.0	4.7	-38.8	17.8
Less: Exceptional Item	0.0	0.0	32.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
PBT	110.4	115.1	88.9	136.7	149.2	217.3	183.9	154.0	162.9	110.2	134.8	150.1	165.9	1.8	10.5
Total Tax	27.2	19.3	24.9	44.4	37.7	53.7	37.1	26.4	42.7	29.6	33.9	39.1	38.3	-10.2	-2.1
Tax rate (%)	24.6	16.8	28.0	32.5	25.3	24.7	20.2	17.2	26.2	26.8	25.2	26.1	23.1	-311 bps	-297 bps
PAT before MI	83.2	95.8	64.0	92.3	111.5	163.6	146.8	127.6	120.2	80.7	100.9	111.0	127.6	6.1	14.9
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Adjusted PAT	83.2	95.8	96.1	92.3	111.5	163.6	146.8	127.6	120.2	80.7	100.9	111.0	127.6	6.1	14.9
PAT Margin (%)	14.0	13.7	13.6	15.4	15.2	19.1	17.4	16.0	14.1	9.1	10.1	10.8	12.5	-163 bps	173 bps
EPS (₹)	3.4	3.9	3.9	3.7	4.5	6.6	5.9	5.1	4.8	3.3	4.1	4.5	5.1		

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	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Hospitals																					
Apollo Hospitals	APOHOS	4439	4,500	Buy	63826	7.9	59.1	80.9	107.4	564.7	75.1	54.9	41.3	6.3	15.1	16.7	19.3	2.5	15.1	17.7	19.9
Narayana Hrudalaya	NARHRU	682	800	Buy	13938	-0.7	16.7	20.6	22.7	NA	40.8	33.2	30.1	1.2	20.5	19.6	19.7	-1.3	23.0	22.3	19.9
Shalby	SHALIM	120	150	Buy	1296	3.9	5.4	7.5	9.9	30.6	22.1	16.0	12.1	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	232	270	Buy	11591	3.0	10.5	14.4	18.4	78.5	22.0	16.1	12.6	5.4	9.0	11.4	12.9	4.4	13.3	15.4	16.4
Healthcare Global	HEAGLO	283	345	Buy	3927	-13.9	3.9	4.5	8.8	-13.9	73.1	62.1	32.0	-0.9	5.0	9.4	12.1	-0.9	5.0	6.8	11.6
MNC Pharma																					
Abbott India	ABBIND	19067	20,560	Buy	40516	325.0	375.9	439.8	514.0	58.7	50.7	43.4	37.1	33.8	36.6	37.9	36.3	26.5	28.3	29.5	28.1
P&G Health	MERLIM	4368	4,955	Hold	7251	106.5	121.5	130.5	141.6	41.0	35.9	33.5	30.9	32.2	37.3	34.7	32.8	25.1	29.3	27.0	25.4
Sanofi India	SANOFI	6420	6,885	Hold	14786	207.4	410.1	270.5	264.8	31.0	15.7	23.7	24.2	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4207	4,480	Hold	19248	108.8	133.9	140.4	149.3	38.7	31.4	30.0	28.2	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
Pharma																					
Ajanta Pharma	AJAPHA	1276	1,495	Buy	16352	51.0	55.6	60.1	71.1	25.0	22.9	21.2	17.9	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	650	590	Reduce	12777	62.8	27.8	15.3	26.9	10.4	23.4	42.5	24.2	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	575	610	Hold	33665	55.0	47.4	45.6	51.0	10.4	12.1	12.6	11.3	16.9	12.9	12.5	13.1	14.7	11.3	9.9	10.0
Biocon	BIOCON	315	320	Hold	37795	6.3	5.7	5.5	11.3	50.3	55.3	57.8	27.8	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	375	475	Hold	38375	23.3	21.0	20.2	24.0	16.1	17.9	18.6	15.6	13.8	12.0	11.2	12.4	18.4	12.6	11.0	11.7
Cipla	CIPLA	1039	1,135	Buy	83850	29.9	32.9	38.6	45.8	34.8	31.6	26.9	22.7	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4258	4,750	Buy	70864	117.3	126.9	203.4	191.0	36.3	33.5	20.9	22.3	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	391	460	Hold	11020	32.9	42.7	41.0	48.3	11.9	9.1	9.5	8.1	13.9	14.8	14.5	15.4	13.1	13.2	11.4	11.9
Ipca Laboratories	IPCLAB	1012	1,000	Hold	25670	44.9	34.8	32.7	39.9	22.5	29.0	30.9	25.3	27.1	17.4	16.2	17.4	24.2	16.1	13.4	14.4
Jubilant Pharmova	JUBLIF	352	340	Reduce	5608	37.4	26.0	15.9	26.1	9.4	13.5	22.2	13.5	13.7	9.0	6.1	8.6	12.6	7.8	4.6	7.0
Lupin	LUPIN	685	610	Reduce	31142	26.9	11.9	11.8	27.7	25.5	57.7	58.2	24.7	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	640	820	Hold	11677	24.2	9.3	28.3	33.2	26.5	68.7	22.6	19.3	13.1	4.6	13.3	14.1	10.7	4.0	11.0	11.6
Sun Pharma	SUNPHA	919	1,125	Buy	220499	30.0	32.0	34.8	40.1	30.6	28.8	26.4	22.9	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1541	1,800	Buy	52149	37.0	32.0	43.7	54.6	41.7	48.1	35.3	28.2	17.6	19.7	24.7	29.4	21.4	18.2	20.9	21.8
Indoco Remedies	INDREM	377	525	Buy	3470	10.1	16.8	21.6	29.2	37.3	22.4	17.4	12.9	11.7	17.5	17.6	23.9	12.1	17.1	18.6	20.6
Caplin Point	CAPPOI	807	1,000	Buy	6116	81.7	85.3	70.4	73.0	9.9	9.5	11.5	11.1	25.3	23.7	22.6	0.0	20.4	20.2	18.7	17.5
Advanced Enzymes	ADVENZ	265	265	Reduce	2966	13.1	10.7	8.5	12.1	20.3	24.8	31.3	22.0	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	2273	2,445	Hold	1934	44.4	45.7	41.3	63.2	51.2	49.7	55.0	36.0	16.2	10.9	9.9	13.4	16.5	15.0	12.2	16.3
API/CRAMS																					
Divi's Lab	DIVLAB	3946	4,655	Buy	104754	74.7	111.5	105.7	122.5	52.8	35.4	37.3	32.2	27.6	30.2	25.8	25.5	21.3	25.2	20.3	20.0
Hikal	HIKCHE	265	340	Buy	3267	10.8	13.0	11.1	19.0	24.5	20.4	23.9	14.0	15.1	13.6	10.9	16.3	14.3	15.0	11.5	16.8
Syngene Int.	SYNINT	583	710	Buy	23412	10.1	9.9	11.5	14.6	57.6	59.2	50.6	40.0	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	304	375	Buy	7547	22.2	16.6	21.9	26.8	13.7	18.3	13.9	11.4	24.0	15.6	18.6	20.5	25.3	16.0	17.6	17.9
Laurus Labs	LAULAB	563	675	Buy	30226	18.3	15.4	20.7	27.0	30.7	36.5	27.1	20.9	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceuticals	SUVPH	451	530	Hold	11469	14.2	17.8	17.0	17.6	31.7	25.3	26.5	25.5	31.2	37.5	28.7	25.0	30.7	29.7	23.0	20.0

Source: ICICI Direct Research

Financial Summary

Exhibit 12: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Total Operating Income	3,237.5	3,764.9	4,363.5	4,954.0
Growth (%)	24.6	16.3	15.9	13.5
Raw Material Expenses	1,391.3	1,883.6	2,168.3	2,389.8
Gross Profit	1,846.3	1,881.3	2,195.1	2,564.2
Gross Profit Margins (%)	57.0	50.0	50.3	51.8
Employee Expenses	346.3	401.4	465.3	528.3
Other Expenditure	646.4	757.7	821.1	941.3
Total Operating Expenditure	2,384.0	3,042.7	3,454.7	3,859.4
EBITDA	853.6	722.2	908.7	1,094.6
Growth (%)	62.5	-15.4	25.8	20.5
Interest	26.3	23.2	27.7	22.0
Depreciation	151.5	158.6	173.5	198.6
Other Income	28.5	17.6	20.0	24.8
PBT before Exceptional Items	704.4	558.0	727.5	898.8
Less: Exceptional Items	0.0	0.0	0.0	0.0
PBT after Exceptional Items	704.4	558.0	727.5	898.8
Total Tax	154.9	145.2	184.5	234.0
PAT before MI	549.5	412.8	543.0	664.9
PAT	549.5	412.8	543.0	664.9
Growth (%)	77.3	-24.9	31.6	22.4
EPS (Adjusted)	22.2	16.6	21.9	26.8

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit/(Loss) after taxation	513.0	412.9	543.0	664.9
Add: Depreciation & Amortization	151.5	158.6	173.5	198.6
Net Increase in Current Assets	-427.8	-331.2	-211.9	-124.3
Net Increase in Current Liabilities	152.8	74.0	99.3	77.9
Others	43.0	17.7	27.7	22.0
CF from Operating activities	432.5	332.1	631.5	839.1
(Purchase)/Sale of Fixed Assets	-161.2	-396.7	-300.0	-300.0
Investments	-131.4	4.5	0.0	0.0
Others	146.5	8.6	-1.0	-1.0
CF from Investing activities	-146.0	-383.6	-301.0	-301.0
(inc)/Dec in Loan	-75.3	247.6	-190.0	-190.0
Dividend & Dividend tax	-24.7	-37.2	-37.2	-37.2
Other	-199.3	-20.5	-27.7	-22.0
CF from Financing activities	-299.3	190.0	-254.9	-249.2
Net Cash Flow	-12.9	138.4	75.6	288.9
Cash and Cash Equivalent	283.9	271.1	409.5	485.1
Cash	271.1	409.5	485.1	774.0
Free Cash Flow	271.3	-64.7	331.5	539.1

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	24.8	24.8	24.8	24.8
Reserve and Surplus	2,148.5	2,561.7	3,067.5	3,695.2
Total Shareholders funds	2,173.3	2,586.5	3,092.3	3,720.0
Minority Interest	0.0	0.6	0.6	0.6
Total Debt	849.2	1,106.3	916.3	726.3
Net Deferred Tax Liability	0.3	12.5	12.8	13.0
Long-Term Provisions	0.0	0.0	0.0	0.0
Other Non Current Liabilities	24.8	28.3	28.9	29.5
Source of Funds	3,047.6	3,734.3	4,050.9	4,489.4
Gross Block - Fixed Assets	2,145.1	2,461.8	2,761.8	3,161.8
Accumulated Depreciation	813.2	920.6	1,094.0	1,292.6
Net Block	1,332.0	1,541.2	1,667.7	1,869.1
Capital WIP	239.1	356.2	356.2	256.2
Fixed Assets	1,571.1	1,897.4	2,023.9	2,125.4
Investments	19.0	19.7	19.7	19.7
Other non-Current Assets	125.6	89.5	91.3	93.1
Inventory	782.2	978.6	1,039.6	1,014.9
Debtors	765.4	925.0	1,072.0	1,217.1
Other Current Assets	178.4	192.0	195.9	199.8
Cash	271.1	409.5	485.1	774.0
Total Current Assets	1,997.0	2,505.0	2,792.5	3,205.7
Creditors	541.1	638.6	735.1	810.2
Provisions	6.8	22.8	23.3	23.8
Other Current Liabilities	117.2	115.8	118.1	120.5
Total Current Liabilities	665.0	777.3	876.6	954.5
Net Current Assets	1,332.0	1,727.7	1,916.0	2,251.3
Application of Funds	3,047.6	3,734.2	4,050.9	4,489.4

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
Reported EPS	22.2	16.6	21.9	26.8
Cash EPS	26.8	21.5	27.4	33.3
BV per share	87.6	104.3	124.7	150.0
Cash per Share	10.9	16.5	19.6	31.2
Dividend per share	1.5	1.5	1.5	1.5
Operating Ratios (%)				
Gross Profit Margins	57.0	50.0	50.3	51.8
EBITDA margins	26.4	19.2	20.8	22.1
PAT Margins	17.0	11.0	12.4	13.4
Cash Conversion Cycle	149.6	155.5	140.9	120.9
Asset Turnover	1.5	1.5	1.6	1.6
EBITDA conversion Rate	50.7	46.0	69.5	76.7
Return Ratios (%)				
RoE	25.3	16.0	17.6	17.9
RoCE	24.0	15.6	18.6	20.5
RoIC	27.7	19.0	22.9	25.9
Valuation Ratios (x)				
P/E	13.7	18.3	13.9	11.3
EV / EBITDA	9.5	11.4	8.8	6.8
EV / Net Sales	2.5	2.2	1.8	1.5
Market Cap / Sales	2.3	2.0	1.7	1.5
Price to Book Value	3.5	2.9	2.4	2.0
Solvency Ratios				
Debt / EBITDA	1.0	1.5	1.0	0.7
Debt / Equity	0.4	0.4	0.3	0.2
Current Ratio	2.6	2.7	2.6	2.5

Source: Company, ICICI Direct Research

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