

Guidance raised on upbeat numbers, outlook...

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 (35%): FTE engagements with high renewability; Dedicated services (32%): Long-term strategic alliances that last usually five years or more, Development and manufacturing (33%): FFS engagements which increase in volume/scale over time

Q3FY22 Results: Syngene reported upbeat numbers in Q3FY22.

- Revenues grew 9.7% YoY to ₹ 641.4 crore
- EBITDA margins improved 157 bps YoY to 31.7%
- Net profit was at ₹ 104 crore (up 1.8% YoY)

What should investors do? Syngene's share price has grown by ~2.1x over the past five years (from ~₹ 289 in January 2017 to ~₹ 607 levels in January 2022).

- Due to the structural story of outsourcing besides significant visibility capex and client stickiness, we remain positive and retain our BUY rating

Target Price & Valuation: We value Syngene at ₹ 710 i.e. 40x FY24E EPS of ₹17.8

Key triggers for future price performance:

- The client base has grown from 256 to more than 400 over FY16-21, with elite client additions like Amgen, Zoetis, Herbalife, GSK, etc, and multiple year extension of BMS, Baxter contracts. With years of experience in operating in this niche of CRO/CRM the company is well poised to capitalise on growing opportunities globally
- Phase III expansion (~250 scientists) in Hyderabad to be completed in FY22 and a new dedicated laboratory for Amgen to scale-up small molecules
- Completing an injectable fill-finish facility that will add a new capability to the formulation part of development services
- 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 ₹ 5600



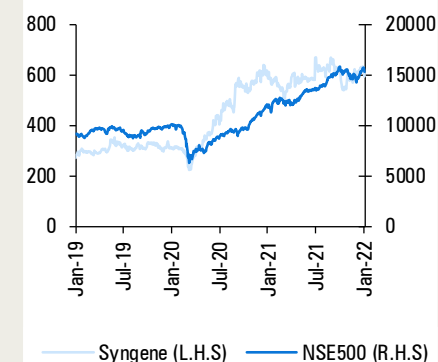
Particulars

Particular	Amount
Market Capitalisation	₹ 24260 crore
Debt (FY21)	₹ 893 crore
Cash (FY21)	₹ 643 crore
EV	₹ 24510 crore
52 week H/L	700/490
Equity capital	₹ 400.0 crore
Face value	₹ 10

Shareholding pattern

(in %)	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Promoter	70.6	70.6	70.4	70.4	70.4
Public	28.7	28.7	28.7	28.7	28.9
Others	0.7	0.7	0.9	0.9	0.7

Price Chart



Recent Event & Key risks

- Contract extension with Amgen.
- **Key Risk:** (i) Delay in capex execution (ii) regulatory concern

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Key Financial Summary

Key Financials (₹ crore)	FY20	FY21	5 year CAGR (FY 16-21)	FY22E	FY23E	FY24E	3 year CAGR (FY21-24E)
Revenues (₹ crore)	2011.8	2184.3	14.6	2549.7	2982.4	3578.9	17.9
EBITDA (₹ crore)	617.8	671.8	12.0	777.4	952.2	1169.5	20.3
EBITDA margins (%)	30.7	30.8		30.5	31.9	32.7	
Adjusted Net Profit (₹ crore)	366.1	382.1	9.7	407.6	523.8	711.6	23.0
EPS (₹)	9.2	9.6		10.2	13.1	17.8	
P/E (x)	58.9	59.9		64.4	46.3	34.1	
RoE (x)	16.8	13.5		12.8	14.2	16.2	
RoCE (%)	14.5	11.5		12.4	14.9	17.9	

Key takeaways of recent quarter & conference call highlights

Q3FY22 Results: Robust performance despite GPM pressure

- Revenue for Q3FY22 grew 9.7% YoY to ~₹ 641.4 crore driven by Discovery Sciences and Dedicated Centres while Development Services and Manufacturing Services also maintained sustained performance. EBITDA margins improved 157 bps YoY to 31.7%, mainly due to lower other expenditure offsetting the rise in raw material expenditure. EBITDA grew 15.4% YoY to ₹ 203.4 crore. Net profit grew 1.8% YoY to ₹ 104 crore. Delta vis-à-vis EBITDA is mainly due to higher depreciation, tax and interest expenses and lower other income
- Syngene's Q3FY22 revenues and margins were better than our expectation. SynVent, Syngene's Integrated Drug Discovery platform, continued to attract new clients as well as expand business from existing client. Syngene also signed the extension of the long-standing, multi-discipline research collaboration with Amgen this quarter and remains a compelling play in the CRO space with elite client profile like Amgen, Zoetis, Herbalife, GSK, etc

Q3FY22 Earnings Conference Call highlights

- Syngene's key clients in markets of US and Europe are nearing normal operations level
- Development Services was muted in Q3, with the management expecting better Q4 while Manufacturing Services are seeing good demand for biologics
- Gross margins declined 156 bps YoY due to–
 - Higher RM expense amid higher cost and deliberate stock-piling to avoid unforeseen logistic issues
 - Higher power cost (2.7% of sales in Q3FY22)
- Employee cost increased mainly due to rise in headcount and salary increments
- PAT growth was impacted by a lower effective tax rate in the third quarter last year (ETR ~ 12%) due to tax reversal, accelerated depreciation for Mangalore facility last year and other factors
- 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.
- Completed Phase II of R&D facility in Hyderabad during Q3FY22 and Phase III expansion in Hyderabad expected to be completed in FY22
- Gross asset: ₹ 3725 crore, capex in 9MFY22: ₹ 350 crore, capex breakup – Discovery Services:50%, Development Services:33%, Dedicated Centres: ~5-10%, Digitization and Others: ~10%
- Guidance:
 - Capex FY22: ₹ 500 – 600 crore, unexecuted capex to be rolled over in FY23
 - The management guided to close FY22 with high teen growth and 30%+ EBITDA margins
 - ETR of 19% to be maintained going forward

Exhibit 1: Variance Analysis

	Q3FY22	Q3FY22E	Q3FY21	YoY (%)	Q2FY22	QoQ (%)	Comments
Revenue	641.4	631.3	584.5	9.7	610.2	5.1	Strong YoY growth led by Discovery Sciences and dedicated centres
Raw Material Expenses	172.1	152.2	147.7	16.5	167.5	2.7	
Gross margins	73.2	75.9	74.7	-156 bps	72.5	62 bps	Higher material cost and power cost mostly due to stocking up of some key raw materials
Employee Expenses	188.8	191.0	176.0	7.3	184.6	2.3	YoY increase due to 1) fresh recruitments and 2) annual increment
Other Expenditure	77.1	95.0	84.6	-8.9	80.7	-4.5	
EBITDA	203.4	193.1	176.2	15.4	177.4	14.7	
EBITDA (%)	31.7	30.6	30.1	157 bps	29.1	264 bps	YoY improvement due to lower other expenditure
Interest	9.4	1.2	7.1	32.4	1.2	683.3	
Depreciation	78.5	76.2	69.7	12.6	76.2	3.0	
Other Income	12.9	13.3	17.1	-24.6	12.9	0.0	
PBT	128.4	129.1	116.5	10.2	82.2	56.2	
Tax	24.4	23.9	14.3	70.6	15.5	57.4	
PAT before MI	104.0	105.2	102.2	1.8	66.7	55.9	
Net Profit	104.0	105.2	102.2	1.8	97.4	6.8	PAT impacted YoY due to lower effective tax rate in Q3FY21 due to tax reversal and other benefits

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY22E			FY23E			FY24E		
	Old	New	% Change	Old	New	% Change	Old	New	% Change
Revenue	2,515.7	2,549.7	1.4	2,935.1	2,982.4	1.6	3,514.8	3,578.9	1.8
EBITDA	769.5	777.4	1.0	937.1	952.2	1.6	1,122.2	1,169.5	4.2
EBITDA Margin (%)	30.6	30.5	-10 bps	31.9	31.9	0 bps	31.9	32.7	75 bps
PAT	391.2	376.9	-3.7	557.6	523.8	-6.1	708.5	711.6	0.4
EPS (₹)	9.8	9.4	-3.7	13.9	13.1	-6.1	17.7	17.8	0.4

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	59.9	35.9	13.5	11.5
FY22E	2550	16.7	10.2	6.7	64.4	31.0	12.8	12.4
FY23E	2982	17.0	13.1	28.5	46.3	24.8	14.2	14.9
FY24E	3579	20.0	17.8	35.9	34.1	19.5	16.2	17.9

Source: ICICI Direct Research

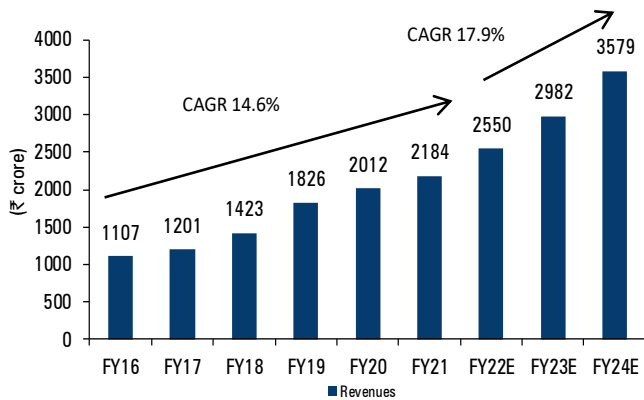
Exhibit 4: Assumptions

US\$ million	FY21	FY22E	FY23E	FY24E
Discovery Services	103.0	118.5	136.3	156.7
Dedicated Centres	94.2	101.7	110.9	120.9
Development Services	68.4	76.6	85.8	96.1
Manufacturing Services	28.8	43.1	64.7	103.5
Total	294.4	340.0	397.6	477.2
Total (₹ crore)	2104.4	2522.5	2982.4	3578.9

Source: Company, ICICI Direct Research

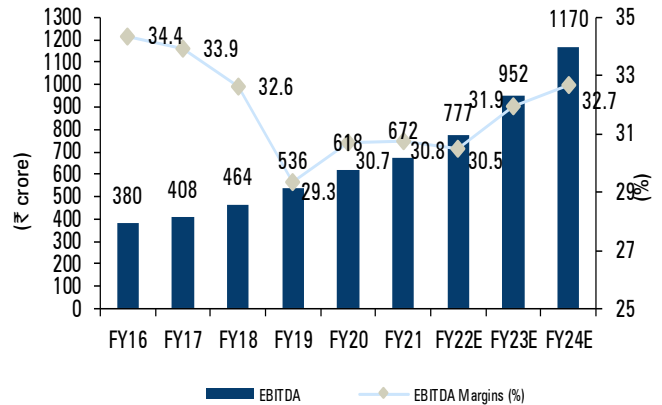
Key Metrics

Exhibit 5: Revenue to grow at CAGR of 17.9% over FY21-24E



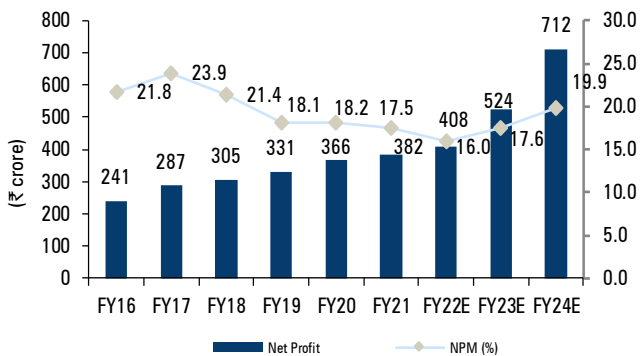
Source: ICICI Direct Research, Company

Exhibit 6: EBITDA and EBITDA margins trend



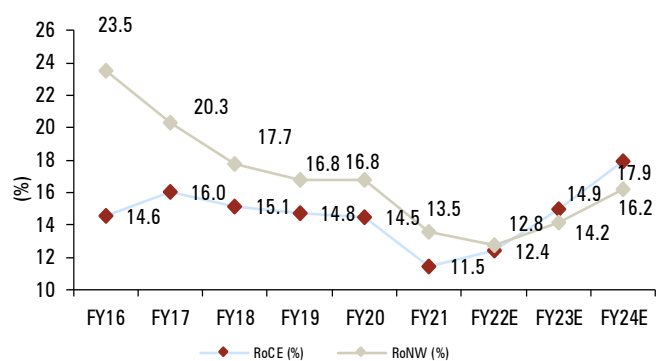
Source: ICICI Direct Research, Company

Exhibit 7: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 8: Return ratios



Source: ICICI Direct Research, Company

Exhibit 9: Trends in Quarterly Performance

(₹ Crore)	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	YoY (%)	QoQ(%)
Total Operating Inc	467.1	533.9	420.9	464.5	519.1	607.3	421.6	519.6	584.5	658.6	594.5	610.2	641.4	9.7	5.1
Raw Material Expe	142.6	149.6	105.5	125.1	144.6	144.2	89.7	127.6	147.7	161.5	194.6	167.5	172.1	16.5	2.7
% to revenues	30.5	28.0	25.1	26.9	27.9	23.7	21.3	24.6	25.3	24.5	32.7	27.5	26.8		
Gross Profit	324.5	384.3	315.4	339.4	374.5	463.1	331.9	392.0	436.8	497.1	399.9	442.7	469.3	7.4	6.0
Gross Profit Margir	69.5	72.0	74.9	73.1	72.1	76.3	78.7	75.4	74.7	75.5	67.3	72.5	73.2	-156 bps	62 bps
Employee Expenses	116.6	130.2	132.2	131.8	152.3	164.1	140.4	161.2	176.0	182.6	171.1	184.6	188.8	7.3	2.3
% to revenues	25.0	24.4	31.4	28.4	29.3	27.0	33.3	31.0	30.1	27.7	28.8	30.3	29.4	-68 bps	-82 bps
Other Manufacturin	67.6	94.5	62.1	68.5	68.7	94.9	67.0	75.1	84.6	99.1	63.8	80.7	77.1	-8.9	-4.5
% to revenues	14.5	17.7	14.8	14.7	13.2	15.6	15.9	14.5	14.5	15.0	10.7	13.2	12.0	-245 bps	-120 bps
Total Expenditure	326.8	374.3	299.8	325.4	365.6	403.2	297.1	363.9	408.3	443.2	429.5	432.8	438.0	7.3	1.2
% to revenues	70.0	70.1	71.2	70.1	70.4	66.4	70.5	70.0	69.9	67.3	72.2	70.9	68.3		
EBIDTA	140.3	159.6	121.1	139.1	153.5	204.1	124.5	155.7	176.2	215.4	165.0	177.4	203.4	15.4	14.7
EBITDA Margin (%)	30.0	29.9	28.8	29.9	29.6	33.6	29.5	30.0	30.1	32.7	27.8	29.1	31.7	157 bps	264 bps
Depreciation	42.9	44.1	47.4	52.6	57.0	62.3	66.1	68.7	69.7	70.0	74.7	76.2	78.5	12.6	3.0
Interest	8.2	8.0	7.1	8.4	9.8	9.3	7.4	6.6	7.1	6.6	7.9	1.2	9.4	32.4	683.3
Other Income	17.3	20.8	20.5	20.6	20.0	20.5	15.3	13.8	17.1	18.4	12.3	12.9	12.9	-24.6	0.0
PBT	106.5	128.3	87.1	98.7	106.7	153.0	66.3	94.2	116.5	157.2	94.7	112.9	128.4	10.2	13.7
Total Tax	19.8	28.5	15.1	42.0	14.9	32.8	8.3	10.1	14.3	31.6	17.4	15.5	24.4	70.6	57.4
PAT	86.7	99.8	72.0	56.7	91.8	120.2	58.0	84.1	102.2	125.6	77.3	97.4	104.0	1.8	6.8
PAT Margin (%)	18.6	18.7	17.1	12.2	17.7	19.8	13.8	16.2	17.5	19.1	13.0	16.0	16.2	-127 bps	25 bps

Source: ICICI Direct Research

Exhibit 10: ICICI Direct Coverage Universe (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
						FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E
Hospitals																					
Apollo Hospitals	APOHOS	4645	5,930	Buy	66785	22.6	7.9	72.9	99.4	205.7	590.9	63.7	46.7	10.2	6.3	18.1	21.7	9.7	2.5	18.6	20.9
Narayana Hrudalaya	NARHRU	642	650	Buy	13110	6.4	-0.7	16.4	18.3	101.0	NA	39.2	35.1	11.0	1.2	17.5	18.4	11.4	-1.3	23.3	20.9
Shalby	SHALIM	147	170	Hold	1583	2.6	3.9	4.3	5.7	57.4	37.3	33.7	25.8	7.2	6.5	8.9	8.8	3.5	5.1	5.4	6.7
Aster DM	ASTDM	198	250	Buy	9913	5.7	3.0	10.6	17.2	34.8	67.1	18.8	11.6	7.2	5.4	8.7	12.1	8.7	4.4	13.5	18.0
Healthcare Global	HEAGLO	251	240	Hold	3152	-12.0	-21.7	15.6	8.4	NA	NA	16.2	29.8	1.0	-0.9	7.6	10.4	NA	NA	NA	7.2
MNC Pharma																					
Abbott India	ABBIND	16820	20,360	Buy	35741	279.0	325.0	362.3	471.9	60.3	51.7	46.4	35.6	30.7	33.8	35.3	37.2	24.4	26.5	27.6	28.9
P&G Health	MERLIM	5052	6,555	Buy	8386	102.0	106.5	135.7	145.7	49.5	47.4	37.2	34.7	24.0	32.2	41.0	37.7	18.7	25.1	31.6	28.8
Sanofi India	SANOFI	7401	9,800	Buy	17045	179.8	207.4	431.8	280.0	41.2	35.7	17.1	26.4	26.0	32.3	34.2	41.9	19.4	24.5	22.2	33.5
Pfizer	PFIZER	4748	6,020	Buy	21719	111.3	108.8	139.7	158.4	42.7	43.6	34.0	30.0	18.5	27.6	27.5	26.3	15.0	20.8	22.3	21.2
Pharma																					
Ajanta Pharma	AJAPHA	2150	2,500	Buy	18604	53.4	74.0	79.2	89.4	40.3	29.1	27.1	24.1	24.7	29.0	25.2	23.8	18.1	21.8	19.9	19.2
Alembic Pharma	ALEMPHA	783	790	Hold	15383	44.4	59.9	32.5	39.7	17.6	13.1	24.1	19.7	21.0	24.2	11.6	14.0	27.1	23.0	11.5	12.7
Aurobindo Pharma	AURPHA	661	795	Hold	38742	48.8	55.0	50.5	61.7	13.6	12.0	13.1	10.7	17.2	16.9	13.9	15.3	17.0	14.7	12.0	12.9
Biocon	BIOCON	364	380	Hold	43704	5.8	6.1	5.6	9.4	62.6	59.8	65.2	38.7	10.2	7.6	8.0	10.0	10.4	9.6	8.2	12.3
Cadila Healthcare	CADHEA	418	563	Hold	42833	14.0	21.5	22.1	22.8	30.0	19.5	19.0	18.4	10.7	12.6	13.8	14.0	13.8	16.9	15.4	14.1
Cipla	CIPLA	882	1,085	Buy	71158	19.2	29.9	33.6	41.4	45.9	29.5	26.3	21.3	12.0	16.3	17.4	18.3	9.8	13.1	13.3	14.5
Dr Reddy's Labs	DRREDD	4592	5,170	Hold	76385	121.8	117.3	183.0	205.8	37.7	39.1	25.1	22.3	9.6	13.1	16.5	17.4	13.0	11.1	15.0	14.7
Glenmark Pharma	GLEPHA	497	580	Hold	14034	26.4	32.9	37.7	43.7	18.8	15.1	13.2	11.4	12.7	13.9	15.3	15.9	12.2	13.1	12.5	12.7
Ipca Laboratories	IPCLAB	1072	1,245	Hold	27197	23.8	44.9	39.1	47.9	45.1	23.9	27.4	22.4	17.6	27.1	20.6	20.9	16.6	24.2	17.5	17.7
Jubilant Pharmova	JUBLIF	564	625	Hold	8983	44.6	37.4	44.0	62.6	12.6	15.1	12.8	9.0	11.7	13.7	14.9	18.1	12.7	12.6	13.0	15.7
Lupin	LUPIN	939	1,015	Hold	42633	-12.7	26.9	44.5	37.5	NA	35.0	21.1	25.1	9.7	9.1	8.1	12.8	-4.6	8.8	16.0	11.7
Natco Pharma	NATPHA	919	925	Hold	16749	25.3	24.2	17.1	20.1	36.3	38.0	53.8	45.6	14.0	13.1	8.4	9.9	12.2	10.7	7.2	8.0
Sun Pharma	SUNPHA	820	965	Buy	196745	16.8	30.0	30.6	32.3	48.9	27.3	26.8	25.4	10.0	14.2	16.7	16.4	8.9	15.5	14.3	13.2
Torrent Pharma	TORPHA	3200	3,110	Hold	54158	60.6	74.0	76.8	102.2	52.8	43.3	41.7	31.3	15.4	17.7	20.7	22.3	21.2	21.4	19.1	21.3
Indoco Remedies	INDREM	423	575	Buy	3904	2.6	10.1	17.3	23.9	161.5	41.9	24.4	17.7	4.6	11.7	19.8	21.5	3.5	12.1	17.6	20.2
Caplin Point	CAPPOI	808	1,080	Buy	6114	28.4	32.0	38.3	45.0	28.4	25.2	21.1	18.0	26.5	25.4	25.1	24.8	22.7	20.4	20.1	19.4
Advanced Enzymes	ADVENZ	327	420	Buy	3654	11.6	13.1	13.0	16.1	28.3	25.0	25.1	20.3	19.6	19.4	16.8	18.3	15.4	15.1	13.2	14.1
Hester Biosciences	HESPHA	2369	2,835	Buy	2015	34.3	44.4	56.1	68.9	69.1	53.4	42.2	34.4	14.0	16.2	14.9	17.6	14.5	16.5	18.0	18.9
API/CRAMS																					
Divi's Lab	DIVLAB	4330	5,600	Buy	114941	51.9	74.7	91.6	111.0	83.5	57.9	47.2	39.0	23.9	27.6	27.9	28.4	18.8	21.3	22.0	22.3
Hikal	HIKCHE	387	640	Buy	4775	8.1	10.8	17.2	21.4	47.8	35.9	22.5	18.1	12.8	15.1	17.7	18.5	12.2	14.3	18.7	19.1
Syngene Int.	SYNINT	607	710	Buy	24280	10.3	10.1	9.4	13.1	58.9	60.0	64.4	46.4	14.5	11.5	12.4	14.9	16.8	13.5	12.8	14.2
Granules India	GRANUL	322	350	Hold	7971	12.4	22.2	15.0	23.3	25.9	14.5	21.4	13.8	15.2	24.0	16.1	21.7	16.7	25.3	14.8	18.9
Laurus Labs	LAULAB	485	670	Buy	26039	4.8	18.3	17.6	23.9	102.0	26.5	27.6	20.3	13.0	31.7	25.1	28.0	14.4	37.9	27.4	27.9
Suven Pharmaceuticals	SUVPH	535.4	600	Buy	13628	12.45	14.23	15.048	18.746	42.99	37.61	35.576	28.558	35.6	31.2	25.7	24.656	37.5	30.7	24.86	23.919

Source: ICICI Direct Research

Financial Summary

Exhibit 11: Profit and loss statement					₹ crore
(Year-end March)	FY21	FY22E	FY23E	FY24E	
Total Operating Income	2,184.3	2,549.7	2,982.4	3,578.9	
Growth (%)	8.6	16.7	17.0	20.0	
Raw Material Expenses	526.5	716.5	782.9	921.6	
Gross Profit	1,657.8	1,833.2	2,199.5	2,657.3	
Gross Profit Margins (%)	75.9	71.9	73.8	74.3	
Employee Expenses	660.2	749.9	852.1	1,022.5	
Other Expenditure	671.8	777.4	952.2	1,169.5	
Total Operating Expenditure	1,858.5	2,243.7	2,587.2	3,113.6	
Operating Profit (EBITDA)	671.8	777.4	952.2	1,169.5	
Growth (%)	8.7	15.7	22.5	22.8	
Interest	27.7	27.9	21.3	5.0	
Depreciation	274.5	306.6	345.3	364.7	
Other Income	64.6	52.3	61.1	73.3	
PBT after Exceptional Items	469.2	464.4	646.7	873.1	
Total Tax	64.3	87.5	122.9	161.5	
PAT before MI	404.9	376.9	523.8	711.6	
Minority Interest	0.0	0.0	0.0	0.0	
PAT	404.9	376.9	523.8	711.6	
Adjusted PAT	382.1	407.6	523.8	711.6	
Growth (%)	4.4	6.7	28.5	35.9	
EPS (Adjusted)	9.6	10.2	13.1	17.8	

Source: Company, ICICI Direct Research

Exhibit 12: Cash flow statement					₹ crore
(Year-end March)	FY21	FY22E	FY23E	FY24E	
Profit/(Loss) after taxation	321.3	376.9	523.8	711.6	
Add: Depreciation & Amortization	274.5	306.6	345.3	364.7	
Other operating activities	41.0	0.0	0.0	0.0	
Net Increase in Current Assets	41.8	-202.2	-46.6	-132.4	
Net Increase in Current Liabilities	-5.1	45.2	87.0	133.4	
CF from operating activities	701.2	554.4	930.9	1,082.4	
(Inc)/dec in Fixed Assets	-446.5	-550.0	-450.0	-200.0	
(Inc)/dec in Investments	-243.6	-100.0	-100.0	-100.0	
Other Investing Activities	292.0	9.0	7.8	-2.3	
CF from investing activities	-398.1	-641.1	-542.1	-302.2	
Inc / (Dec) in Equity Capital	0.8	0.8	0.0	0.0	
Inc / (Dec) in Loan funds	89.2	-200.0	-300.0	-300.0	
Dividend & Dividend Tax	0.0	-12.1	-11.2	-15.6	
Others	-32.0	-27.9	-21.3	-5.0	
CF from financing activities	58.0	-239.2	-332.6	-320.7	
Net Cash flow	361.1	-325.8	56.3	459.5	
Opening Cash	281.5	642.6	316.8	373.0	
Closing Cash	642.6	316.8	373.0	832.5	
Free Cash Flow	254.7	4.4	481.0	882.4	
FCF Yield %	1%	0%	2%	4%	

Source: Company, ICICI Direct Research

Exhibit 13: Balance Sheet					₹ crore
(Year-end March)	FY21	FY22E	FY23E	FY24E	
Equity Capital	400.0	400.8	400.8	400.8	
Reserve and Surplus	2,421.4	2,786.2	3,298.8	3,994.8	
Total Shareholders funds	2,821.4	3,187.0	3,699.6	4,395.6	
Total Debt	892.9	692.9	392.9	92.9	
Long Term Provisions	52.0	57.2	62.9	69.2	
Other Non Current Liabilities	259.2	285.1	313.6	345.0	
Source of Funds	4,025.5	4,222.2	4,469.0	4,902.7	
Gross Block	3,460.0	3,960.0	4,460.0	4,710.0	
Accumulated Depreciation	1,259.0	1,565.6	1,911.0	2,275.6	
Net Block	2,201.0	2,394.4	2,549.0	2,434.3	
Capital WIP	237.2	287.2	237.2	187.2	
Fixed Assets	2,438.2	2,681.6	2,786.2	2,621.5	
Investments	702.0	802.0	902.0	1,002.0	
Other Non current assets	270.5	283.7	300.3	329.4	
Inventory	59.6	174.4	122.2	117.3	
Debtors	339.2	409.9	487.6	588.1	
Loans and Advances	0.0	0.0	0.0	0.0	
Other Current Assets	342.0	358.7	379.7	416.5	
Cash	642.6	316.8	373.0	832.5	
Total Current Assets	1,383.4	1,259.7	1,362.6	1,954.4	
Creditors	241.6	259.0	311.1	383.1	
Provisions	46.5	46.5	46.5	46.5	
Deferred tax assets	89.1	98.01	107.8	118.6	
Other Current Liabilities	569.6	597.4	632.4	693.7	
Total Current Liabilities	857.7	902.9	989.9	1,123.3	
Net Current Assets	525.7	356.8	372.7	831.1	
Application of Funds	4,025.5	4,222.2	4,469.0	4,902.7	

Source: Company, ICICI Direct Research

Exhibit 14: Key ratios				
(Year-end March)	FY21	FY22E	FY23E	FY24E
Per share data (₹)				
EPS	9.6	10.2	13.1	17.8
BV	70.5	79.7	92.5	109.9
DPS	0.3	0.3	0.4	0.5
Cash Per Share	16.1	7.9	9.3	20.8
Operating Ratios (%)				
Gross Profit Margins	75.9	71.9	73.8	74.3
EBITDA margins	30.8	30.5	31.9	32.7
Net Profit margins	17.5	16.0	17.6	19.9
Inventory days	10.0	25.0	15.0	12.0
Debtor days	56.7	58.7	59.7	60.0
Creditor days	40.4	37.1	38.1	39.1
EBITDA Conversion Rate	104.4	71.3	97.8	92.5
Gross Asset Turnover	0.6	0.6	0.7	0.8
Return Ratios (%)				
RoE	13.5	12.8	14.2	16.2
RoCE	11.5	12.4	14.9	17.9
RoIC	16.8	17.3	21.5	29.7
Valuation Ratios (x)				
P/E	59.9	64.4	46.3	34.1
EV / EBITDA	35.9	31.0	24.8	19.5
EV / Revenues	11.0	9.5	7.9	6.4
Market Cap / Revenues	11.1	9.5	8.1	6.8
Price to Book Value	8.6	7.6	6.6	5.5
Solvency Ratios (x)				
Debt / Equity	0.3	0.2	0.1	0.0
Debt / EBITDA	1.3	0.9	0.4	0.1
Current Ratio	0.9	1.0	1.0	1.0

Source: Company, ICICI Direct Research

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