

CMP: ₹ 580

Target: ₹ 610(5%)

Target Period: 12 months

January 25, 2023

HOLD

Syngene

A Biocon company

Growth momentum maintained...

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

- Syngene serves these players, which outsources some or substantial part of its business in the product development life cycle and operates via full time equipment (FTE) and fee for services (FFS) models
- 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

Q3FY23 Results: In line numbers with margin beat.

- Revenues grew 22.5% YoY to ₹ 785.9 crore
- EBITDA came at ₹ 246.6 up 21.2% YoY whereas margins corrected 33 bps YoY to 31.4%
- Net profit was at ₹ 109 crore (up 5.4% YoY) with margins at ~14%

What should investors do? Syngene's share price grew at ~37% CAGR over past three years.

- Downgrade from BUY to **HOLD** as the stock fully reflects strong momentum and growth from all the three segments. Key monitorable would be- 1) Zoetis contract execution and developments on the Mangalore facility front

Target Price & Valuation: We value Syngene at ₹ 610 i.e. 35x FY25E EPS of ₹ 17.4.

Key triggers for future price performance:

- Regulatory approvals from regulated markets for Mangalore facility (FY24) and Librela manufacturing for Zoetis (Q4FY23)
- Multiple year extension of Amgen, BMS, Baxter contracts make it well poised to capitalise on growing opportunities globally
- SynVent, Syngene's Integrated Drug Discovery (IDD) platform's 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

Alternate Stock Idea: Besides Syngene, in our healthcare coverage we like Granules.

- Granules stays a quintessential play on API segment with its product offering, vertically integrated execution process.
- BUY with a target price of ₹ 410.

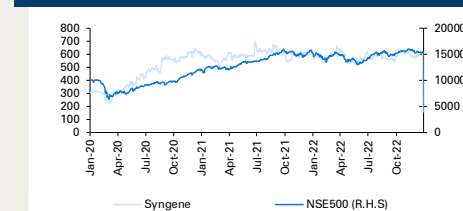
Particulars

Particular	Amount
Market Capitalisation	₹ 23163 crore
Debt (FY22)	₹ 1022 crore
Cash (FY22)	₹ 518 crore
EV	₹ 23667 crore
52 week H/L	682/508
Equity capital	₹ 401.0 crore
Face value	₹ 10

Shareholding pattern

(in %)	Mar-22	Jun-22	Sep-22	Dec-22
Promoter	70.4	70.3	64.9	64.9
Public	28.9	28.9	34.7	34.7

Price Chart



Recent Event & Key risks

- Pre-approval for biologics facility at Bengaluru
- **Key Risk:** (i) Further delay in Mangalore facility approval. (ii) Better-than-expected traction from Zoetis deal

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Key Financial Summary

Key Financials	FY21	FY22	5 year	FY23E	FY24E	FY25E	2 year
Revenues (₹ crore)	2184.3	2604.2	16.7	3224.6	3793.5	4324.5	15.8
EBITDA (₹ crore)	671.8	796.1	14.3	956.9	1100.1	1297.3	16.4
EBITDA margins (%)	30.8	30.6		29.7	29.0	30.0	
Adjusted Net Profit (₹ crore)	382.1	426.5	8.2	485.6	590.8	698.0	19.9
EPS (₹)	9.6	10.6		12.1	14.7	17.4	
P/E (x)	57.3	58.8		47.9	39.4	33.3	
RoE (x)	13.5	12.9		13.0	13.7	14.0	
RoCE (%)	11.5	11.7		13.4	14.4	16.3	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q3FY23 Results:

- Revenues came at ₹ 785.9 crore, up 22.5% YoY. This was mainly driven by strong execution, which led to such a robust performance across all divisions
- On the segmental front, growth in its research division was supported by both Discovery Services and dedicated centres. In development and manufacturing segment, repeat orders from existing customers, with its continuous efforts in increasing the number of collaborations with emerging biopharma companies drove a robust performance
- GPM improved 59 bps YoY to 73.8%. EBITDA came in at ₹ 246.6 up 21.2% YoY whereas margins corrected 33 bps YoY to 31.4%. PAT was at ₹ 109 crore (up 5.4% YoY) with margins at ~14%
- Revenues from commercial manufacturing of Librela are expected from the coming year
- It continues to witness growing demand in its main established markets of US and Europe
- Syngene continues to build capability and capacity in the research business by upgrading technology capabilities across platforms, therapeutic areas along with expansion for Hyderabad centre
- It is well positioned to fulfil its long-term contract with Zoetis. There is a steady progress in its biologics vertical
- Going ahead, Syngene’s revenue mix is expected to showcase visible shift towards development and manufacturing business, with manufacturing starting to play a more prominent role while Syngene remains a compelling play in the CRO space with elite client profile and is well positioned for sustainable growth

Q3FY23 Earnings Conference Call highlights:

- Growth is likely to pick up in the near future and management has guided for high teen performance.
- The company’s focus remains on investing in new infrastructure, technology, capability-building and talent development
- It has successfully finished the development of a cutting-edge, sterile fill-finish plant that will be compliant for GMP production as of the fourth quarter after passing an examination by the Central Drugs Standard Control Organization (CDSCO)
- During the quarter, structural depreciation of the rupee was advantageous due to the fact that all transactions are conducted in US dollars and then repatriated in rupees
- Cost inflation, increase in the hiring of number of scientist and step up in business travel and promotion activities drove up the costs to some extent
- Maintenance expenditure expanded during the quarter for the newly set up plants
- Financial cost burden is expected to move up marginally due to increase in the borrowed loan for new capex
- Some of the company’s units are expected to move out of SEZ region in the near future, which will result in inching up of the effective tax rate. However, tax credit is at ₹ 160 crore with the company, which should offset such tax burden
- The agreement, initially centred on Librela, paves the way for the development and manufacturing of other molecules in the coming years and is expected to be worth up to US\$500 million over 10 years

MSIL - ESG Disclosure Score*

Score	FY20	FY21	FY22
Environmental	6.7	31.3	-
Social	26.2	22,28	-
Governance	76.1	78.6	-
Overall ESG Score	36.4	44.1	-

*Source: Bloomberg, ICICI Direct Research, *Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures*

Exhibit 1: Variance Analysis

	Q3FY23	Q3FY22	YoY (%)	Q2FY23	QoQ (%)	Comments
Revenue	785.9	641.4	22.5	768.1	2.3	Revenues grew 22.5% YoY to ₹785.9 crore driven by continued momentum in Dedicated and Discovery services.
Raw Material Expenses	206.2	172.1	19.8	199.0	3.6	
Gross margins	73.8	73.2	59 bps	74.1	-33 bps	YoY increase of 59 bps.
Employee Expenses	210.8	188.8	11.7	207.2	1.7	YoY increase largely reflects hiring for mangalore facility
Other Expenditure	122.3	77.1	58.6	145.4	-15.9	
EBITDA	246.6	203.4	21.2	216.5	13.9	
EBITDA (%)	31.4	31.7	-33 bps	28.2	319 bps	
Interest	13.7	9.4	45.7	11.7	17.1	
Depreciation	94.6	78.5	20.5	90.2	4.9	
Other Income	17.2	12.9	33.3	15.4	11.7	
PBT	139.9	128.4	9.0	130.0	7.6	
Tax	30.2	24.4	23.8	28.0	7.9	
PAT before MI	109.7	104.0	5.5	102.0	7.5	
Net Profit	109.7	104.0	5.5	102.0	7.5	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY23E			FY24E		
	Old	New	% Change	Old	New	% Change
Revenue	3,124.1	3,224.6	3.2	3,748.8	3,793.5	1.2
EBITDA	927.1	956.9	3.2	1,125.6	1,100.1	-2.3
EBITDA Margin (%)	29.7	29.7	0 bps	30.0	29.0	-103 bps
PAT	463.9	485.6	4.7	586.0	590.8	0.8
EPS (₹)	11.6	12.1	4.8	14.6	14.7	0.9

Source: ICICI Direct Research

Exhibit 3: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	2184.3	8.6	9.6	4.4	57.3	34.3	13.5	11.5
FY22	2604.2	19.2	10.6	11.6	58.8	28.8	12.9	11.7
FY23E	3224.6	23.8	12.1	13.9	47.9	24.1	13.0	13.4
FY24E	3793.5	17.6	14.7	21.7	39.4	20.3	13.7	14.4
FY25E	4324.5	14.0	17.4	18.1	33.3	16.5	14.0	16.3

Source: ICICI Direct Research

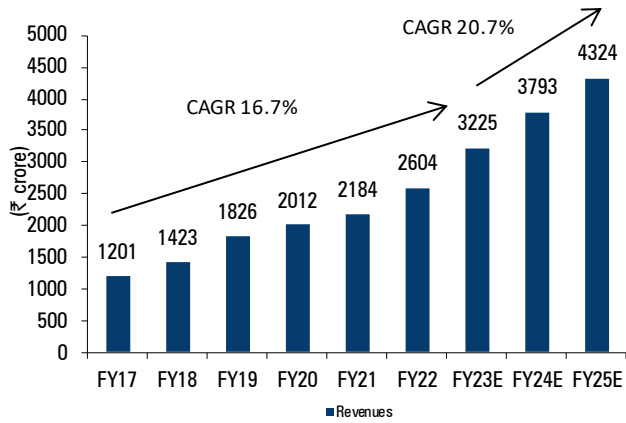
Exhibit 4: Assumptions

US\$ million	FY21	FY22	FY23E	FY24E	FY25E
Discovery Services	103.0	127.3	142.6	159.7	178.9
Dedicated Centres	94.2	105.1	115.6	124.9	134.9
Development Services	68.4	78.6	88.1	98.7	110.5
Manufacturing Services	28.8	38.4	46.1	78.4	116.3
Total	294.4	349.6	392.5	461.7	540.6
Total (₹ crore)	2184.3	2604.2	2923.9	3793.5	4441.2

Source: Company, ICICI Direct Research

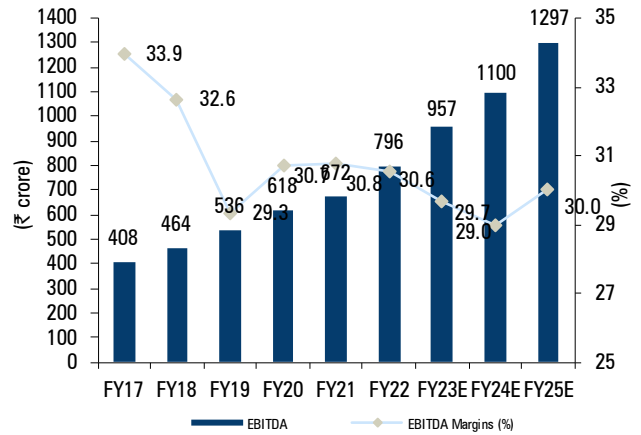
Key Metrics

Exhibit 5: Revenue to grow at CAGR of 21% over FY23-25E



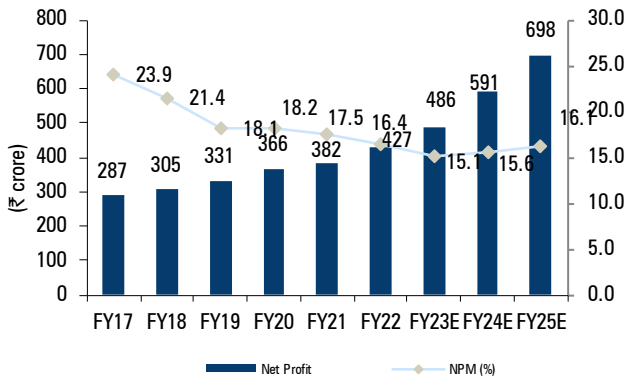
Source: ICICI Direct Research, Company

Exhibit 6: EBITDA and EBITDA margins trend



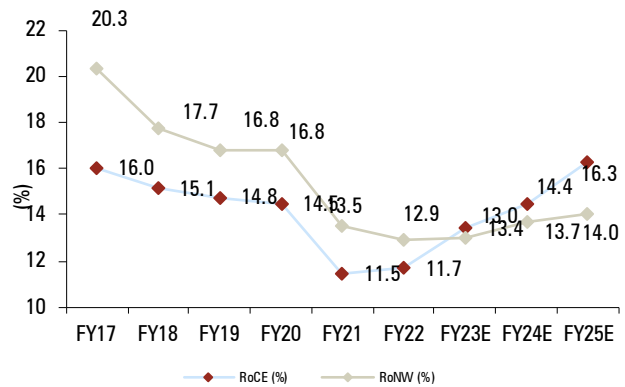
Source: ICICI Direct Research, Company

Exhibit 7: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 8: Return ratios



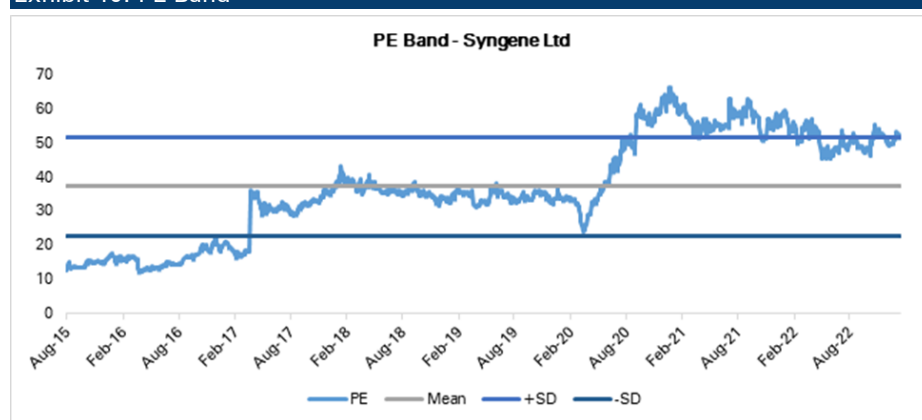
Source: ICICI Direct Research, Company

Exhibit 9: Trends in Quarterly Performance

(₹ Crore)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY (%)	QoQ(%)
Total Operating In	519.1	607.3	421.6	519.6	584.5	658.6	594.5	610.2	641.4	758.1	644.5	768.1	785.9	22.5	2.3
Raw Material Exp	144.6	144.2	89.7	127.6	147.7	161.5	194.6	167.5	172.1	214.8	161.2	199.0	206.2	19.8	3.6
% to revenues	27.9	23.7	21.3	24.6	25.3	24.5	32.7	27.5	26.8	28.3	25.0	25.9	26.2		
Gross Profit	374.5	463.1	331.9	392.0	436.8	497.1	399.9	442.7	469.3	543.3	483.3	569.1	579.7	23.5	1.9
Gross Profit Marg	72.1	76.3	78.7	75.4	74.7	75.5	67.3	72.5	73.2	71.7	75.0	74.1	73.8	59 bps	-33 bps
Employee Expens	152.3	164.1	140.4	161.2	176.0	182.6	171.1	184.6	188.8	173.6	186.1	207.2	210.8	11.7	1.7
% to revenues	29.3	27.0	33.3	31.0	30.1	27.7	28.8	30.3	29.4	22.9	28.9	27.0	26.8	-261 bps	-15 bps
Other Manufactur	68.7	94.9	67.0	75.1	84.6	99.1	63.8	80.7	77.1	119.4	124.4	145.4	122.3	58.6	-15.9
% to revenues	13.2	15.6	15.9	14.5	14.5	15.0	10.7	13.2	12.0	15.7	19.3	18.9	15.6	354 bps	-337 bps
Total Expenditure	365.6	403.2	297.1	363.9	408.3	443.2	429.5	432.8	438.0	507.8	471.7	551.6	539.3	23.1	-2.2
% to revenues	70.4	66.4	70.5	70.0	69.9	67.3	72.2	70.9	68.3	67.0	73.2	71.8	68.6		
EBIDTA	153.5	204.1	124.5	155.7	176.2	215.4	165.0	177.4	203.4	250.3	172.8	216.5	246.6	21.2	13.9
EBITDA Margin (%)	29.6	33.6	29.5	30.0	30.1	32.7	27.8	29.1	31.7	33.0	26.8	28.2	31.4	-33 bps	319 bps
Depreciation	57.0	62.3	66.1	68.7	69.7	70.0	74.7	76.2	78.5	80.3	86.1	90.2	94.6	20.5	4.9
Interest	9.8	9.3	7.4	6.6	7.1	6.6	7.9	1.2	9.4	5.6	9.4	11.7	13.7	45.7	17.1
Other Income	20.0	20.5	15.3	13.8	17.1	18.4	12.3	12.9	12.9	14.7	15.5	15.4	17.2	33.3	11.7
PBT	106.7	153.0	66.3	94.2	116.5	157.2	94.7	112.9	128.4	179.1	92.8	130.0	155.5	21.1	19.6
Total Tax	14.9	32.8	8.3	10.1	14.3	31.6	17.4	15.5	24.4	31.3	18.9	28.0	30.2	23.8	7.9
PAT	91.8	120.2	58.0	84.1	102.2	125.6	77.3	97.4	104.0	147.8	73.9	102.0	125.3	20.5	22.8
PAT Margin (%)	17.7	19.8	13.8	16.2	17.5	19.1	13.0	16.0	16.2	19.5	11.5	13.3	15.9	-27 bps	266 bps

Source: ICICI Direct Research

Exhibit 10: PE Band



Source: ICICI Direct Research, Company

Exhibit 11: ICICI Direct Coverage Universe (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				EV/EBITDA(x)				RoCE (%)			RoE (%)				
						FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Hospitals																					
Apollo Hospitals	APOHOS	4307	5,230	Buy	61929	7.8	59.1	67.8	85.2	57.7	29.8	29.3	24.6	6.3	15.1	14.7	16.7	6.3	15.1	14.7	16.7
Narayana Hrudalaya	NARHRU	727	855	Buy	14860	-0.7	16.7	27.9	25.6	86.0	23.8	18.1	16.4	1.2	20.5	23.6	19.0	-1.3	23.0	28.0	20.6
Shalby	SHALIM	154	180	Buy	1658	3.9	5.4	7.9	11.1	17.6	13.3	9.4	7.2	6.5	8.4	12.9	15.8	5.1	6.7	9.1	11.5
Aster DM	ASTDM	218	300	Buy	10907	3.0	10.5	8.1	18.5	16.0	11.5	10.6	7.2	5.4	9.0	9.1	14.0	4.4	13.3	9.3	17.5
Healthcare Global	HEAGLO	292	370	Buy	4057	-13.9	3.9	4.0	8.4	39.4	20.1	14.9	12.0	-0.9	5.0	9.3	12.3	-0.9	5.0	6.0	11.1
MNC Pharma																					
Abbott India	ABBIND	21628	21,725	Hold	45959	325.0	375.9	452.0	543.1	66.5	57.5	47.8	39.8	33.8	36.6	38.6	37.5	26.5	28.3	30.1	29.0
P&G Health	MERLIM	4063	5,235	Buy	6744	106.5	116.0	150.0	163.6	38.1	35.0	27.1	24.8	32.2	39.8	42.5	38.0	25.1	31.2	32.0	28.5
Sanofi India	SANOFI	5629	6,385	Hold	12965	207.4	410.1	265.9	255.5	27.1	13.7	21.2	22.0	32.3	33.3	40.9	50.2	24.5	25.9	30.8	38.1
Pfizer	PFIZER	4075	4,505	Hold	18643	108.8	133.9	151.4	150.2	37.5	30.4	26.9	27.1	27.6	26.1	25.0	23.7	20.8	21.4	18.8	18.1
Pharma																					
Ajanta Pharma	AJAPHA	1200	1,505	Buy	15379	51.1	55.7	55.9	68.4	23.5	21.6	21.5	17.6	29.0	27.0	23.4	24.4	21.8	21.8	18.8	19.5
Alembic Pharma	ALEMPHA	551	625	Hold	10832	62.6	27.7	14.6	21.0	8.8	19.9	37.6	26.3	25.1	10.6	6.3	8.6	24.1	10.4	5.3	7.3
Aurobindo Pharma	AURPHA	438	540	Hold	25681	55.0	47.4	34.7	44.8	8.0	9.2	12.6	9.8	16.9	12.9	9.6	11.9	14.7	11.3	7.7	9.1
Biocon	BIOCON	245	290	Hold	29421	6.3	5.7	3.0	4.8	39.1	43.0	81.4	50.5	7.7	7.5	3.8	6.1	9.9	8.1	1.5	2.4
Zydus Lifesciences	CADHEA	437	480	Hold	44243	23.3	21.0	21.1	25.3	18.7	20.8	20.7	17.3	13.8	12.0	11.7	12.2	18.4	12.6	11.4	12.2
Cipla	CIPLA	1061	1,350	Buy	85678	29.8	32.9	39.9	49.6	35.6	32.2	26.6	21.4	17.0	16.3	18.6	20.5	13.1	12.7	13.8	15.2
Dr Reddy's Labs	DRREDD	4252	5,215	Buy	70799	117.6	127.2	226.6	205.5	36.2	33.4	18.8	20.7	13.1	13.0	21.9	19.8	11.1	11.0	16.8	13.6
Glenmark Pharma	GLEPHA	413	440	Hold	11655	32.9	42.7	36.4	50.0	12.6	9.7	11.3	8.3	13.9	14.8	16.0	16.0	13.1	13.2	10.2	12.4
Ipca Laboratories	IPCLAB	865	925	Hold	21934	44.9	34.8	24.5	35.7	19.3	24.8	35.3	24.3	27.1	17.4	13.3	16.5	24.2	16.1	10.3	13.3
Jubilant Pharmova	JUBLIF	358	395	Hold	5705	37.4	26.0	22.5	32.8	9.6	13.8	15.9	10.9	13.7	9.0	7.8	9.7	12.6	7.8	6.4	8.6
Lupin	LUPIN	752	680	Hold	34180	26.9	11.9	9.1	26.4	28.0	63.3	82.3	28.5	9.6	3.4	5.9	11.3	8.8	4.4	3.3	8.8
Natco Pharma	NATPHA	532	660	Hold	9707	24.2	9.3	38.6	46.3	22.0	57.1	13.8	11.5	13.1	4.6	16.8	18.5	10.7	4.0	14.6	15.2
Sun Pharma	SUNPHA	1041	1,225	Buy	249765	30.1	32.0	34.3	40.9	34.6	32.6	30.3	25.4	14.2	18.2	17.4	19.0	15.5	16.0	15.0	15.5
Torrent Pharma	TORPHA	1587	1,690	Hold	53707	37.0	32.0	37.6	45.6	42.9	49.5	42.2	34.8	17.6	19.7	18.3	21.1	21.4	18.2	18.8	19.4
Indoco Remedies	INDREM	362	465	Buy	3338	10.1	16.8	22.1	28.9	35.8	21.6	16.4	12.5	11.7	17.5	18.4	23.0	12.1	17.1	18.9	20.4
Caplin Point	CAPPOI	692	955	Buy	5252	81.7	85.3	79.0	74.8	8.5	8.1	8.8	9.3	25.3	24.2	23.4	0.0	20.4	20.2	20.2	18.2
Advanced Enzymes	ADVENZ	275	265	Reduce	3072	13.1	10.7	9.6	13.3	21.0	25.7	28.8	20.7	19.4	14.3	10.9	14.0	15.1	11.0	9.0	11.3
Hester Biosciences	HESPHA	1802	2,280	Hold	1533	44.4	45.7	37.8	58.6	40.6	39.4	47.7	30.8	16.2	10.9	9.5	12.7	16.5	15.0	11.3	15.4
API/CRAMS																					
Divi's Lab	DIVLAB	3355	3,685	Hold	89073	74.7	111.5	87.7	96.9	44.9	30.1	38.3	34.6	27.6	30.2	21.1	21.8	21.3	25.2	17.7	17.2
Hikal	HIKCHE	372	330	Hold	4591	10.8	13.0	6.8	16.6	34.4	28.6	54.8	22.5	15.1	13.6	7.8	14.9	14.3	15.0	7.4	15.6
Syngene Int.	SYNINT	580	610	Hold	23163	10.1	9.9	11.6	14.3	57.3	58.8	50.0	40.4	11.5	11.7	12.9	15.1	13.5	12.9	12.5	13.5
Granules India	GRANUL	308	410	Buy	7459	22.2	16.6	22.7	27.2	13.9	18.5	13.6	11.3	24.0	15.6	20.5	21.7	25.3	16.0	19.7	19.3
Laurus Labs	LAULAB	346	630	Buy	18627	18.3	15.4	17.0	23.3	18.9	22.5	20.3	14.9	31.7	21.3	20.8	24.3	37.9	24.7	21.9	23.6
Suven Pharmaceutical	SUVPH	486	530	Buy	12376	14.2	17.8	14.7	17.7	34.1	27.3	33.0	27.5	31.2	37.5	26.0	25.6	30.7	29.7	20.6	20.5

Source: ICICI Direct Research

Financial Summary

Exhibit 12: Profit and loss statement					
	₹ crore				
(Year-end March)	FY21	FY22	FY23E	FY24E	FY25E
Total Operating Income	2,184.3	2,604.2	3,224.6	3,793.5	4,324.5
Growth (%)	8.6	19.2	23.8	17.6	14.0
Raw Material Expenses	526.5	749.0	894.8	1,043.2	1,189.2
Gross Profit	1,657.8	1,855.2	2,329.8	2,750.3	3,135.3
Gross Profit Margins (%)	75.9	71.2	72.3	72.5	72.5
Employee Expenses	660.2	718.1	889.2	948.4	1,081.1
Other Expenditure	671.8	796.1	956.9	1,100.1	1,297.3
Total Operating Expenditure	1,858.5	2,263.2	2,740.9	3,091.7	3,567.7
Operating Profit (EBITDA)	671.8	796.1	956.9	1,100.1	1,297.3
Growth (%)	8.7	18.5	20.2	15.0	17.9
Interest	27.7	24.1	48.5	45.4	35.9
Depreciation	274.5	309.7	365.5	405.5	425.4
Other Income	64.6	52.8	70.6	83.0	94.6
PBT after Exceptional Item	469.2	484.4	613.5	732.2	930.7
Total Tax	64.3	88.6	127.9	141.4	232.7
PAT before MI	404.9	395.8	485.6	590.8	698.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
PAT	404.9	395.8	485.6	590.8	698.0
Adjusted PAT	382.1	426.5	485.6	590.8	698.0
Growth (%)	4.4	11.6	13.9	21.7	18.1
EPS (Adjusted)	9.6	10.6	12.1	14.7	17.4

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement					
	₹ crore				
(Year-end March)	FY21	FY22	FY23E	FY24E	FY25E
Profit/(Loss) after taxation	321.3	290.0	485.6	590.8	698.0
Add: Depreciation & Amortization	274.5	309.7	365.5	405.5	425.4
Other operating activities	41.0	143.1	0.0	0.0	0.0
Net Increase in Current Assets	41.8	-234.3	-166.6	-153.9	-164.0
Net Increase in Current Liabilities	-5.1	54.6	91.7	109.3	124.3
CF from operating activities	701.2	580.6	824.6	997.0	1,119.7
(Inc)/dec in Fixed Assets	-446.5	-475.5	-821.6	-204.0	-148.0
(Inc)/dec in Investments	-243.6	-162.3	0.0	0.0	0.0
Other Investing Activities	292.0	-36.2	3.1	-1.9	-6.1
CF from investing activities	-398.1	-674.0	-818.5	-205.9	-154.1
Inc / (Dec) in Equity Capital	0.8	0.0	0.0	0.0	0.0
Inc / (Dec) in Loan funds	89.2	-5.8	-150.0	-150.0	-150.0
Dividend & Dividend Tax	0.0	0.0	-40.1	-30.1	-30.1
Others	-32.0	-25.5	-48.5	-45.4	-35.9
CF from financing activities	58.0	-31.3	-238.6	-225.4	-216.0
Net Cash flow	361.1	-124.7	-232.5	565.8	749.5
Opening Cash	281.5	642.6	517.9	285.4	851.2
Closing Cash	642.6	517.9	285.4	851.2	1,600.7
Free Cash Flow	254.7	105.1	3.0	793.1	971.7

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet					
	₹ crore				
(Year-end March)	FY21	FY22	FY23E	FY24E	FY25E
Equity Capital	400.0	400.8	400.8	400.8	400.8
Reserve and Surplus	2,421.4	2,896.8	3,342.3	3,903.0	4,570.9
Total Shareholders funds	2,821.4	3,297.6	3,743.1	4,303.8	4,971.7
Total Debt	892.9	1,021.6	871.6	721.6	571.6
Long Term Provisions	52.0	34.4	37.8	41.6	45.8
Other Non Current Liabilities	259.2	261.2	287.3	316.1	347.7
Source of Funds	4,025.5	4,614.8	4,939.9	5,383.1	5,936.8
Gross Block	3,460.0	3,943.5	4,765.1	5,069.1	5,317.1
Accumulated Depreciation	1,259.0	1,550.7	1,916.2	2,321.7	2,747.1
Net Block	2,201.0	2,392.8	2,848.9	2,747.4	2,570.0
Capital WIP	237.2	346.4	346.4	246.4	146.4
Fixed Assets	2,438.2	2,739.2	3,195.3	2,993.8	2,716.4
Investments	702.0	1,034.1	1,034.1	1,034.1	1,034.1
Other Non current assets	270.5	282.8	302.7	329.9	363.8
Inventory	59.6	179.4	208.4	228.6	260.7
Debtors	339.2	507.7	628.6	739.6	843.1
Loans and Advances	0.0	0.0	0.0	0.0	0.0
Other Current Assets	342.0	237.1	253.8	276.6	305.0
Cash	642.6	517.9	285.4	851.2	1,600.7
Total Current Assets	1,383.4	1,442.1	1,376.2	2,095.9	3,009.5
Creditors	241.6	232.8	278.1	324.2	369.6
Provisions	46.5	58.2	58.2	58.2	58.2
Deferred tax assets	89.1	65.6	72.2	79.4	87.3
Other Current Liabilities	569.6	658.0	704.3	767.5	846.5
Total Current Liabilities	857.7	949.0	1,040.7	1,150.0	1,274.3
Net Current Assets	525.7	493.1	335.6	946.0	1,735.1
Application of Funds	4,025.5	4,614.8	4,939.9	5,383.1	5,936.8

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios					
(Year-end March)	FY21	FY22	FY23E	FY24E	FY25E
Per share data (₹)					
EPS	9.6	10.6	12.1	14.7	17.4
BV	70.5	82.2	93.3	107.3	124.0
DPS	0.3	1.0	0.8	0.8	0.8
Cash Per Share	16.1	12.9	7.1	21.2	39.9
Operating Ratios (%)					
Gross Profit Margins	75.9	71.2	72.3	72.5	72.5
EBITDA margins	30.8	30.6	29.7	29.0	30.0
Net Profit margins	17.5	16.4	15.1	15.6	16.1
Inventory days	41.3	87.4	85.0	80.0	80.0
Debtor days	56.7	71.2	71.2	71.2	71.2
Creditor days	167.5	113.4	113.4	113.4	113.4
EBITDA Conversion Rate	104.4	72.9	86.2	90.6	86.3
Gross Asset Turnover	0.6	0.7	0.7	0.7	0.8
Return Ratios (%)					
RoE	13.5	12.9	13.0	13.7	14.0
RoCE	11.5	11.7	13.4	14.4	16.3
RoIC	16.8	18.4	18.7	22.3	29.3
Valuation Ratios (x)					
P/E	57.3	58.8	47.9	39.4	33.3
EV / EBITDA	34.3	28.8	24.1	20.3	16.5
EV / Revenues	10.5	8.8	7.1	5.9	5.0
Market Cap / Revenues	10.6	8.9	7.2	6.1	5.4
Price to Book Value	8.2	7.1	6.2	5.4	4.7
Solvency Ratios (x)					
Debt / Equity	0.3	0.3	0.2	0.2	0.1
Debt / EBITDA	1.3	1.3	0.9	0.7	0.4

Source: Company, ICICI Direct Research

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