

## Order win vindicates capabilities; execution to be the key...

**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 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
- 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

### Q1FY23 Results: Remdesivir base in Q1FY22 reflects in muted YoY numbers

- Revenues grew 8% YoY to ₹ 644 crore [Ex-Remdesivir: up 30% YoY]
- EBITDA margins de-grew 94 bps YoY to 26.8%, EBITDA was at ₹ 173 crore
- Net profit was at ₹ 74 crore (down 4% YoY)

### What should investors do? Syngene's share price grew ~2x over past three years.

- Maintain **BUY** as the recent Zoetis agreement provides vindication in Syngene's capabilities which could be an inflection point to evolve from clinical scale to commercial scale manufacturing for innovators.

### Target Price & Valuation: We value Syngene at ₹ 710 i.e. 25x FY24E EV/EBITDA

#### Key triggers for future price performance:

- Regulatory approvals from regulated markets for Mangalore facility (FY24) and Librela manufacturing for Zoetis (H2FY23)
- 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

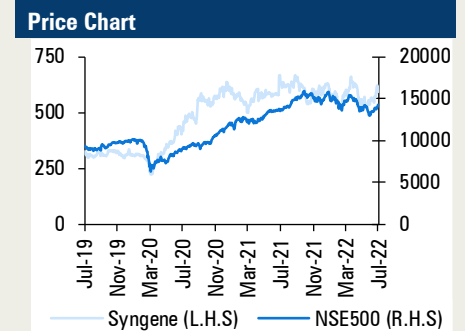
### Alternate Stock Idea: Apart from Syngene, in CRO/CRAMS space we like Divi's.

- Divi's stays a quintessential play on Indian API/CRAMS segment with its product offering, execution prowess
- BUY with a target price of ₹ 4655



Particulars	
Particular	Amount
Market Capitalisation	₹ 24048 crore
Debt (FY22)	₹ 1022 crore
Cash (FY22)	₹ 518 crore
EV	₹ 24552 crore
52 week H/L	686/508
Equity capital	₹ 401.4 crore
Face value	₹ 10

Shareholding pattern				
(in %)	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	70.4	70.4	70.4	70.3
Public	28.7	28.9	28.9	28.9
Others	0.9	0.7	0.7	0.8



- #### Recent Event & Key risks
- 10-year agreement with Zoetis for commercial manufacturing of Librela
  - **Key Risk:** (i) Delay in capex execution (ii) Negative regulatory outcome

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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	3120.2	3744.1	19.9
EBITDA (₹ crore)	617.8	671.8	796.1	14.3	925.9	1124.2	18.8
EBITDA margins (%)	30.7	30.8	30.6		29.7	30.0	
Adjusted Net Profit (₹ crore)	366.1	382.1	426.5	8.2	463.0	585.0	17.1
EPS (₹)	9.2	9.6	10.6		11.5	14.6	
P/E (x)	58.2	59.2	60.8		51.9	41.1	
RoE (x)	16.8	13.5	12.9		12.4	13.7	
RoCE (%)	14.5	11.5	11.7		12.8	15.2	

## Key takeaways of recent quarter & conference call highlights

### Q1FY23 Results: Steady growth on high base

- Revenues grew 8% YoY to ₹ 644 crore driven by continued momentum in Dedicated and Discovery services and incremental contribution from Development and Manufacturing services. EBITDA margins declined 94 bps YoY to 26.8% mainly due to higher other expenditure being partly offset by higher gross margins (up 772 bps YoY to 75%). EBITDA grew 5% YoY to ₹ 173 crore. Net profit declined 4% YoY to ₹ 74 crore. Delta vis-à-vis EBITDA is mainly due to higher depreciation, tax and interest expenses.
- Syngene's Q1FY23 revenues growth was on a high base due to sales of Remdesivir in Q1FY22. Excluding the one-off sales, top-line grew ~ 30% YoY. Management has raised the FY23 revenue guidance from mid-teen to high-teen due to rupee depreciation vis-à-vis US dollar and the recent agreement with Zoetis.
- 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. Operating investments in FY23 will focus on building new scientific capabilities, IT and digitization initiatives along with expanding presence in client locations in US, Europe and other key markets. This will lead to additional cost in the P&L and will put pressure on margins but the operating leverage from improved performance from the development and manufacturing business will provide a balancing factor for EBITDA margins to be around 30%.
- Going ahead, Syngene's revenue mix is expected to showcase visible shift towards development and manufacturing business, with manufacturing starting to make 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.

### Q1FY23 Earnings Conference Call highlights

- Management indicated that Q1FY23 was on expected lines due to high base of remdesivir sales. Q1FY23 witnessed good traction for development and manufacturing services. Growth is likely to pick-up across the year and guidance has been raised to high teens mainly due to currency depreciation.
- Syngene has signed a 10- year agreement with Zoetis. The new agreement initially focuses on the commercial manufacturing of drug substance for Librela, a first-of-its-kind injectable monoclonal antibody used for the alleviation of pain associated with osteoarthritis in dogs. 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. The multi-year agreement marks an inflection point for the Development and Manufacturing Services divisions. This is a major strategic step for biologics business and gives Syngene a pathway towards FDA and EMA regulatory approvals anticipated later in FY23. This agreement is to benefit revenues largely in FY24.
- Supply chain issues which impacted Biologics last year continued in Q1FY23. Syngene has invested US\$50 million in biologics and another US\$30 million capex is earmarked for Biologics in FY23. At full capacity utilization, Biologics business is expected to generate an asset turnover of about 1x. Increased operating leverage for manufacturing services is likely to be witnessed from FY24.
- Syngene has fully hedged receivables in advance and hedge rate for Q1FY23 was at 78 ₹/US\$. In constant currency terms revenue grew 25% YoY ex-Remdesivir. Depreciating currency improved top-line in Q1FY23 while not benefitting EBITDA which was further aggravated by forex loss, thus leading to 50bps YoY decline in EBITDA margins.

- There was high raw material cost in base of Q1FY22 due to remdesivir sales last year which is reflected in gross margins improvement in Q1FY23. Management indicated raw material as % of sales to remain around 26-27%.
- Other Costs: Staff cost increased to 28.2% of sales due to annual increments while power cost increased to 2.6% of sales due to new facilities, inflation and power shutdowns. On YoY terms, other expenses increased as there was restricted activity last year along with 1) new facilities and equipment's, 2) normalized commercial activities and 3) inflationary environment this quarter. Overall management believes this to be in line with expectations and re-iterated guidance for 30% EBITDA margins.
- Mangalore facility is likely to take another 12 months for regulatory approvals. Syngene is expecting to maintain higher inventory levels amid increasing manufacturing services.
- Syngene established a kilo lab for polymer and speciality materials in the Development Services division to shorten the development timelines for clients who look for customizable and flexible systems to expedite formulation and process development services.
- As part of phase III expansion in Hyderabad, a lab was commissioned with over 150 scientists dedicated to PROTACs, a targeted protein degradation technology that offers therapeutic interventions not achievable with existing drug discovery approaches. PROTAC is part of Syngene's novel drug discovery strategy for clients involved in treatment for cancer.

**Exhibit 1: Variance Analysis**

	Q1FY23	Q1FY23E	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	Comments
Revenue	644.5	683.7	594.5	8.4	758.1	-15.0	Excluding Remdesivir sales in Q1FY22, YoY growth at 30%
Raw Material Expenses	161.2	193.7	194.6	-17.2	214.8	-25.0	
Gross margins	75.0	71.7	67.3	772 bps	71.7	332 bps	YoY increase due to higher cost associated with Remdesivir raw material in Q1FY22
Employee Expenses	186.1	188.5	171.1	8.8	173.6	7.2	YoY increase largely reflects annual increments
Other Expenditure	124.4	98.4	63.8	95.0	119.4	4.2	YoY increase amid minimal activity level in Q1FY22 which has normalised this quarter and additional facility & equipment cost in Q1FY23 due to Hyderabad and Bangalore
EBITDA	172.8	203.0	165.0	4.7	250.3	-31.0	
EBITDA (%)	26.8	29.7	27.8	-94 bps	33.0	-621 bps	YoY decline due to higher other expenditure
Interest	9.4	5.1	7.9	19.0	5.6	67.9	
Depreciation	86.1	92.9	74.7	15.3	80.3	7.2	
Other Income	15.5	13.9	12.3	26.0	14.7	5.4	
PBT	92.8	118.8	94.7	-2.0	179.1	-48.2	
Tax	18.9	25.5	17.4	8.6	31.3	-39.6	
PAT before MI	73.9	93.2	77.3	-4.4	147.8	-50.0	
Net Profit	73.9	93.2	77.3	-4.4	147.8	-50.0	Delta vis-à-vis EBITDA is mainly due to higher depreciation, tax and interest expenses

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

(₹ Crore)	FY23E			FY24E			
	Old	New	% Change	Old	New	% Change	
Revenue	3,027.1	3,120.2	3.1	3,653.2	3,744.1	2.5	
EBITDA	908.9	925.9	1.9	1,157.2	1,124.2	-2.9	
EBITDA Margin (%)	30.0	29.7	-35 bps	31.7	30.0	-165 bps	Changed on back of guidance for increase in Opex and EBITDA margins at 30%
PAT	455.8	463.0	1.6	620.5	585.0	-5.7	
EPS (₹)	11.4	11.5	1.4	15.5	14.6	-5.9	

Source: ICICI Direct Research

**Exhibit 3: Financial Summary**

	Revenues (₹ crore)	Growth (%)	Adj. EPS (₹)	Growth (%)	P/E (x)	EV/EBITDA (X)	RoE (%)	RoCE (%)
FY21	2184	8.6	9.6	4.4	59.2	35.4	13.5	11.5
FY22	2604	19.2	10.6	11.6	60.8	29.8	12.9	11.7
FY23E	3120	19.8	11.5	8.6	51.9	25.7	12.4	12.8
FY24E	3744	20.0	14.6	26.3	41.1	20.5	13.7	15.2

Source: ICICI Direct Research

**Exhibit 4: Assumptions**

US\$ million	FY21	FY22	FY23E	FY24E
Discovery Services	103.0	127.3	142.6	159.7
Dedicated Centres	94.2	105.1	115.6	127.2
Development Services	68.4	78.6	88.1	98.7
Manufacturing Services	28.8	38.4	46.1	85.3
Total	294.4	349.6	392.5	471.0
Total (₹ crore)	2184.3	2604.2	2923.9	3744.1

Source: Company, ICICI Direct Research

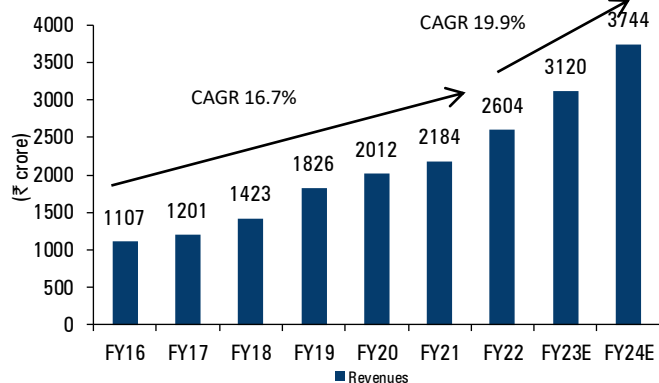
**Exhibit 5: Valuation**

Particulars	FY24E EBITDA (₹ cr)	Multiple (x)	Value (₹ )
<b>Syngene</b>	<b>1124.2</b>	<b>25.0</b>	<b>28,104.1</b>
Net Debt FY24E (₹ cr)			-198.26
Targeted MCap (₹ cr)			28302.37
No of shares (cr)			40
<b>Per Share Value (₹)</b>			<b>710.0</b>

Source: Company, ICICI Direct Research

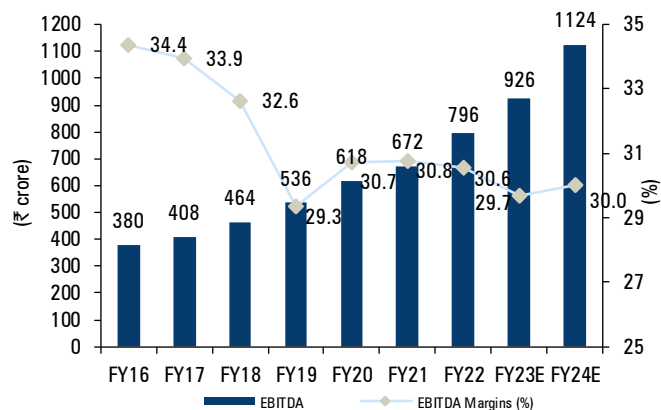
## Key Metrics

Exhibit 6: Revenue to grow at CAGR of 20% over FY22-24E



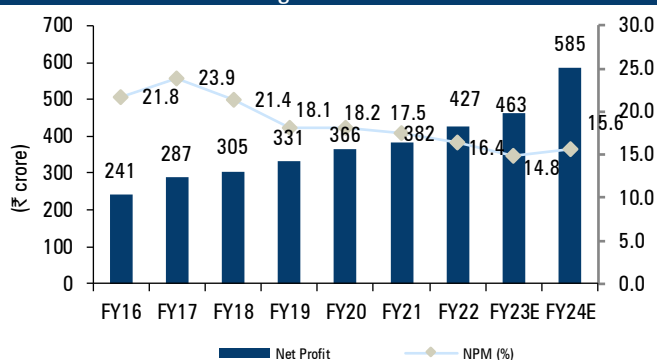
Source: ICICI Direct Research, Company

Exhibit 7: EBITDA and EBITDA margins trend



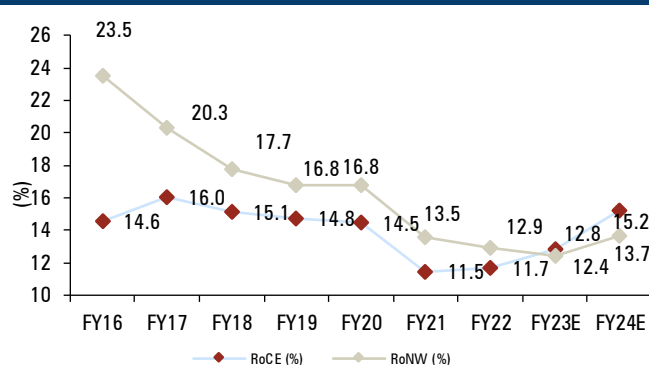
Source: ICICI Direct Research, Company

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)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ (%)
Total Operating Inc	420.9	464.5	519.1	607.3	421.6	519.6	584.5	658.6	594.5	610.2	641.4	758.1	644.5	8.4	-15.0
Raw Material Expe	105.5	125.1	144.6	144.2	89.7	127.6	147.7	161.5	194.6	167.5	172.1	214.8	161.2	-17.2	-25.0
% to revenues	25.1	26.9	27.9	23.7	21.3	24.6	25.3	24.5	32.7	27.5	26.8	28.3	25.0		
Gross Profit	315.4	339.4	374.5	463.1	331.9	392.0	436.8	497.1	399.9	442.7	469.3	543.3	483.3	20.9	-11.0
Gross Profit Margir	74.9	73.1	72.1	76.3	78.7	75.4	74.7	75.5	67.3	72.5	73.2	71.7	75.0	772 bps	332 bps
Employee Expenses	132.2	131.8	152.3	164.1	140.4	161.2	176.0	182.6	171.1	184.6	188.8	173.6	186.1	8.8	7.2
% to revenues	31.4	28.4	29.3	27.0	33.3	31.0	30.1	27.7	28.8	30.3	29.4	22.9	28.9	9 bps	598 bps
Other Manufacturin	62.1	68.5	68.7	94.9	67.0	75.1	84.6	99.1	63.8	80.7	77.1	119.4	124.4	95.0	4.2
% to revenues	14.8	14.7	13.2	15.6	15.9	14.5	14.5	15.0	10.7	13.2	12.0	15.7	19.3	857 bps	355 bps
Total Expenditure	299.8	325.4	365.6	403.2	297.1	363.9	408.3	443.2	429.5	432.8	438.0	507.8	471.7	9.8	-7.1
% to revenues	71.2	70.1	70.4	66.4	70.5	70.0	69.9	67.3	72.2	70.9	68.3	67.0	73.2		
EBIDTA	121.1	139.1	153.5	204.1	124.5	155.7	176.2	215.4	165.0	177.4	203.4	250.3	172.8	4.7	-31.0
EBITDA Margin (%)	28.8	29.9	29.6	33.6	29.5	30.0	30.1	32.7	27.8	29.1	31.7	33.0	26.8	-94 bps	-621 bps
Depreciation	47.4	52.6	57.0	62.3	66.1	68.7	69.7	70.0	74.7	76.2	78.5	80.3	86.1	15.3	7.2
Interest	7.1	8.4	9.8	9.3	7.4	6.6	7.1	6.6	7.9	1.2	9.4	5.6	9.4	19.0	67.9
Other Income	20.5	20.6	20.0	20.5	15.3	13.8	17.1	18.4	12.3	12.9	12.9	14.7	15.5	26.0	5.4
PBT	87.1	98.7	106.7	153.0	66.3	94.2	116.5	157.2	94.7	112.9	128.4	179.1	92.8	-2.0	-48.2
Total Tax	15.1	42.0	14.9	32.8	8.3	10.1	14.3	31.6	17.4	15.5	24.4	31.3	18.9	8.6	-39.6
PAT	72.0	56.7	91.8	120.2	58.0	84.1	102.2	125.6	77.3	97.4	104.0	147.8	73.9	-4.4	-50.0
PAT Margin (%)	17.1	12.2	17.7	19.8	13.8	16.2	17.5	19.1	13.0	16.0	16.2	19.5	11.5	-154 bps	-803 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	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
<b>MNC Pharma</b>																					
Abbott India	ABBIND	20118	20,560	Buy	42749	325.0	375.9	439.8	514.0	61.9	53.5	45.7	39.1	33.8	36.6	37.9	36.3	26.5	28.3	29.5	28.1
PG&G Health	MERLIM	4406	4,955	Hold	7314	106.5	121.5	130.5	141.6	41.4	36.3	33.8	31.1	32.2	37.3	34.7	32.8	25.1	29.3	27.0	25.4
Sanofi India	SANOFI	6715	7,740	Hold	15465	207.4	410.1	285.7	276.4	32.4	16.4	23.5	24.3	32.3	33.3	42.3	40.8	24.5	25.9	32.6	31.3
Pfizer	PFIZER	4225	4,810	Hold	19326	108.8	133.9	140.4	160.3	38.8	31.5	30.1	26.4	27.6	26.1	23.5	23.0	20.8	21.4	19.2	18.7
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	1295	1,305	Hold	16591	51.0	55.6	55.6	65.2	25.4	23.3	23.3	19.9	29.0	27.0	23.3	23.5	21.8	21.8	18.7	18.8
Alembic Pharma	ALEMPHA	715	720	Hold	14050	62.8	27.8	29.7	35.9	11.4	25.7	24.1	19.9	25.1	10.6	11.2	13.8	24.1	10.4	10.3	11.3
Aurobindo Pharma	AURPHA	555	610	Hold	32511	55.0	47.4	45.6	51.0	10.1	11.7	12.2	10.9	16.9	12.9	12.5	13.1	14.7	11.3	9.9	10.0
Biocon	BIOCON	332	380	Hold	39806	6.3	5.7	6.1	11.7	53.0	58.2	54.7	28.4	7.7	7.5	5.0	6.9	9.9	8.1	3.2	5.9
Zydus Lifesciences	CADHEA	355	475	Hold	36307	23.3	21.0	20.2	24.0	15.2	16.9	17.6	14.8	13.8	12.0	11.2	12.4	18.4	12.6	11.0	11.7
Cipla	CIPLA	970	1,095	Buy	78261	29.9	32.9	36.2	42.5	32.5	29.5	26.8	22.8	16.3	16.7	16.7	17.7	13.1	12.7	12.6	13.3
Dr Reddy's Labs	DRREDD	4371	4,960	Buy	72746	117.3	127.9	187.1	218.0	37.3	34.2	23.4	20.1	13.1	13.0	17.8	20.2	11.1	11.1	14.3	14.7
Glenmark Pharma	GLEPHA	382	460	Hold	10766	32.9	42.7	41.0	48.3	11.6	8.9	9.3	7.9	13.9	14.8	14.5	15.4	13.1	13.2	11.4	11.9
Ipca Laboratories	IPCLAB	1009	1,000	Hold	25599	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	368	410	Hold	5868	37.4	26.0	24.2	31.4	9.9	14.2	15.2	11.7	13.7	9.0	7.7	9.4	12.6	7.8	6.8	8.2
Lupin	LUPIN	650	610	Hold	29541	26.9	11.9	18.7	30.5	24.2	54.7	34.7	21.3	9.6	3.4	7.6	11.2	8.8	4.4	6.6	9.8
Natco Pharma	NATPHA	653	820	Hold	11919	24.2	9.3	28.3	33.2	27.0	70.1	23.1	19.7	13.1	4.6	13.3	14.1	10.7	4.0	11.0	11.6
Sun Pharma	SUNPHA	870	1,070	Buy	208658	30.0	32.0	32.6	38.3	28.9	27.2	26.7	22.7	14.2	18.2	17.7	18.2	15.5	16.0	14.3	14.7
Torrent Pharma	TORPHA	1481	1,615	Hold	50124	37.0	32.0	43.4	53.9	40.0	46.2	34.1	27.5	17.6	19.7	24.3	29.1	21.4	18.2	20.8	21.6
Indoco Remedies	INDREM	384	510	Buy	3540	10.1	16.8	21.8	28.4	38.0	22.9	17.6	13.5	11.7	17.5	18.8	24.9	12.1	17.1	18.7	20.2
Caplin Point	CAPPOI	789	895	Buy	5981	81.7	85.3	68.3	70.8	9.7	9.2	11.6	11.1	25.3	23.7	22.5	0.0	20.4	20.2	18.5	17.5
Advanced Enzymes	ADVENZ	297	290	Hold	3325	13.1	10.7	10.2	13.2	22.7	27.8	29.1	22.6	19.4	14.3	12.6	14.7	15.1	11.0	9.6	11.1
Hester Biosciences	HESPHA	2218	2,445	Hold	1887	44.4	45.7	41.3	63.2	50.0	48.5	53.7	35.1	16.2	10.9	9.9	13.4	16.5	15.0	12.2	16.3
<b>API/CRAMS</b>																					
Divi's Lab	DIVLAB	3792	4,655	Buy	100666	74.7	111.5	105.7	122.5	50.7	34.0	35.9	31.0	27.6	30.2	25.8	25.5	21.3	25.2	20.3	20.0
Hikal	HIKCHE	259	340	Buy	3193	10.8	13.0	11.1	19.0	24.0	19.9	23.4	13.6	15.1	13.6	10.9	16.3	14.3	15.0	11.5	16.8
Syngene Int.	SYNINT	600	710	Buy	24082	10.1	9.9	11.5	14.6	59.3	60.8	52.0	41.2	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	309	345	Buy	7658	22.2	16.6	19.6	24.6	13.9	18.6	15.7	12.5	24.0	15.6	16.8	18.6	25.3	16.0	16.0	16.9
Laurus Labs	LAULAB	513	690	Buy	27567	18.3	15.4	20.6	26.5	28.0	33.3	24.9	19.3	31.7	21.3	22.6	24.7	37.9	24.7	25.5	25.3
Suven Pharmaceuticals	SUVPH	461	555	Hold	11744	14.2	17.8	17.0	18.5	32.4	25.9	27.1	24.9	31.2	37.5	28.5	26.0	30.7	29.7	23.0	20.8

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	3,120.2	3,744.1	
Growth (%)	8.6	19.2	19.8	20.0	
Raw Material Expenses	526.5	749.0	865.9	1,029.6	
Gross Profit	1,657.8	1,855.2	2,254.3	2,714.4	
Gross Profit Margins (%)	75.9	71.2	72.3	72.5	
Employee Expenses	660.2	718.1	860.4	1,032.4	
Other Expenditure	671.8	796.1	925.9	1,124.2	
Total Operating Expenditure	1,858.5	2,263.2	2,652.2	3,186.2	
<b>Operating Profit (EBITDA)</b>	<b>671.8</b>	<b>796.1</b>	<b>925.9</b>	<b>1,124.2</b>	
Growth (%)	8.7	18.5	16.3	21.4	
Interest	27.7	24.1	42.1	36.1	
Depreciation	274.5	309.7	370.4	398.2	
Other Income	64.6	52.8	75.0	90.0	
<b>PBT after Exceptional Items</b>	<b>469.2</b>	<b>484.4</b>	<b>588.5</b>	<b>780.0</b>	
Total Tax	64.3	88.6	125.5	195.0	
PAT before MI	404.9	395.8	463.0	585.0	
Minority Interest	0.0	0.0	0.0	0.0	
<b>PAT</b>	<b>404.9</b>	<b>395.8</b>	<b>463.0</b>	<b>585.0</b>	
Adjusted PAT	<b>382.1</b>	<b>426.5</b>	<b>463.0</b>	<b>585.0</b>	
Growth (%)	4.4	11.6	8.6	26.3	
<b>EPS (Adjusted)</b>	<b>9.6</b>	<b>10.6</b>	<b>11.5</b>	<b>14.6</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	463.0	585.0	
Add: Depreciation & Amortization	274.5	309.7	370.4	398.2	
Other operating activities	41.0	143.1	0.0	0.0	
Net Increase in Current Assets	41.8	-234.3	-138.4	-168.1	
Net Increase in Current Liabilities	-5.1	54.6	79.4	113.3	
<b>CF from operating activities</b>	<b>701.2</b>	<b>580.6</b>	<b>816.6</b>	<b>964.3</b>	
(Inc)/dec in Fixed Assets	-446.5	-475.5	-795.0	-138.5	
(Inc)/dec in Investments	-243.6	-162.3	0.0	0.0	
Other Investing Activities	292.0	-36.2	4.5	-1.5	
<b>CF from investing activities</b>	<b>-398.1</b>	<b>-674.0</b>	<b>-790.5</b>	<b>-140.0</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	-42.1	-36.1	
<b>CF from financing activities</b>	<b>58.0</b>	<b>-31.3</b>	<b>-232.2</b>	<b>-216.2</b>	
<b>Net Cash flow</b>	<b>361.1</b>	<b>-124.7</b>	<b>-206.2</b>	<b>608.2</b>	
Opening Cash	281.5	642.6	517.9	311.7	
<b>Closing Cash</b>	<b>642.6</b>	<b>517.9</b>	<b>311.7</b>	<b>919.9</b>	
<b>Free Cash Flow</b>	<b>254.7</b>	<b>105.1</b>	<b>21.6</b>	<b>825.8</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	3,319.7	3,874.5	
Total Shareholders funds	2,821.4	3,297.6	3,720.5	4,275.3	
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>4,917.2</b>	<b>5,354.6</b>	
Gross Block	3,460.0	3,943.5	4,738.5	4,977.0	
Accumulated Depreciation	1,259.0	1,550.7	1,921.1	2,319.3	
Net Block	2,201.0	2,392.8	2,817.4	2,657.7	
Capital WIP	237.2	346.4	346.4	246.4	
Fixed Assets	2,438.2	2,739.2	3,163.8	2,904.1	
Investments	702.0	1,034.1	1,034.1	1,034.1	
Other Non current assets	270.5	282.8	301.3	328.1	
Inventory	59.6	179.4	201.6	225.7	
Debtors	339.2	507.7	608.3	729.9	
Loans and Advances	0.0	0.0	0.0	0.0	
Other Current Assets	342.0	237.1	252.6	275.1	
Cash	642.6	517.9	311.7	919.9	
Total Current Assets	1,383.4	1,442.1	1,374.3	2,150.6	
Creditors	241.6	232.8	269.1	320.0	
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	701.1	763.5	
Total Current Liabilities	857.7	949.0	1,028.4	1,141.7	
Net Current Assets	525.7	493.1	345.8	1,008.9	
<b>Application of Funds</b>	<b>4,025.5</b>	<b>4,614.8</b>	<b>4,917.2</b>	<b>5,354.6</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	11.5	14.6
BV	70.5	82.1	92.7	106.5
DPS	0.3	1.0	0.8	1.0
Cash Per Share	16.1	12.9	7.8	22.9
<b>Operating Ratios (%)</b>				
Gross Profit Margins	75.9	71.2	72.3	72.5
EBITDA margins	30.8	30.6	29.7	30.0
Net Profit margins	17.5	16.4	14.8	15.6
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	88.2	85.8
Gross Asset Turnover	0.6	0.7	0.7	0.8
<b>Return Ratios (%)</b>				
RoE	13.5	12.9	12.4	13.7
RoCE	11.5	11.7	12.8	15.2
RoC	16.8	18.4	17.8	24.1
<b>Valuation Ratios (x)</b>				
P/E	59.2	60.8	51.9	41.1
EV / EBITDA	35.4	29.8	25.7	20.5
EV / Revenues	10.9	9.1	7.6	6.1
Market Cap / Revenues	11.0	9.2	7.7	6.4
Price to Book Value	8.5	7.3	6.5	5.6
<b>Solvency Ratios (x)</b>				
Debt / Equity	0.3	0.3	0.2	0.2
Debt / EBITDA	1.3	1.3	0.9	0.6
Current Ratio	0.9	1.0	1.0	1.1

Source: Company, ICICI Direct Research

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