

April 29, 2021

## Biosimilars performance below expectations...

Q4FY21 revenues grew 16.3% YoY to ₹ 1839 crore. Biosimilars grew 53.2% YoY to ₹ 664 crore due to low base effect. Research services segment grew 8.4% YoY at ₹ 659 crore. Generic sales grew 2.7% YoY to ₹ 578 crore due to pricing pressure and stockpiling by customers in H1FY21. EBITDA margins improved 355 bps YoY to 23.7% mainly due to strong gross margins and lower R&D cost. EBITDA grew 36.8% YoY to ₹ 436 crore vs. I-direct estimate of ₹ 470 crore. Adjusted PAT grew 96.6% YoY to ₹ 243 crore. Delta vis-à-vis EBITDA was due to higher other income, which included ₹ 160 crore gain from fair valuation of Bicara Therapeutics.

## Well placed to capture global biosimilar opportunities

The Biosimilars segment (38% of FY21 revenues) includes biosimilars and insulin. The company is heavily spending in this space. The progress has been encouraging with approvals and launches in the US, EU, Japan, Australia and Emerging Markets. Post Mylan Upjohn (Pfizer) merger, the scope has been extended to China as well. We expect this segment to grow at ~35% CAGR to ₹ 5081 crore in FY21-23E mainly due to a strong US pipeline (Launched - Pegfilgrastim, Trastuzumab, Glargine; Aspart (expected in FY22E) and Bevacizumab (delayed)) besides launches across the globe.

## Research services (Syngene) to maintain growth momentum

Biocon's contract research organisation (CRO) arm Syngene contributes 30% of total revenues. The company caters to 400+ clients including eight out of global top 10 global players. We expect revenues to grow at a CAGR of ~19% to ₹ 3078 crore in FY21-23E.

## Generics growth steady

The generics segment (32% of FY21 total revenue) comprises APIs like statins, immunosuppressants, specialty APIs & also include generic formulations business. The company is exploring fewer opportunities but with higher profitability in this segment. We expect the generics segment to grow at a CAGR 8% CAGR to ₹ 2725 crore in FY21-23E.

## Valuation & Outlook

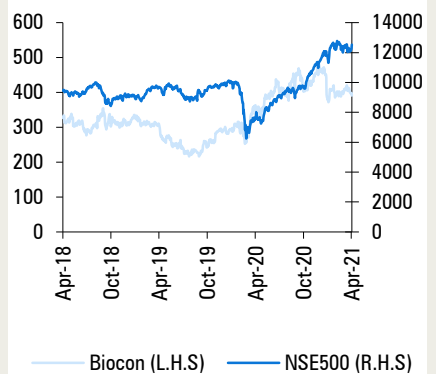
For Q4FY21, while topline was below estimates amid lower than expected Biosimilars ramp-up, EBITDA margins and bottomline were higher due to lower-than-expected R&D expenses and higher other income. Due to operational, regulatory and commercial challenges amid Covid-19, its US\$1 billion target for biosimilars by FY22 has been postponed. The management expects better topline growth in FY22 vs. FY21. Operationally, however, the company remains committed to accelerated spending on capex, R&D that is likely to push related expenses higher in the near term. Timely launches, ramp up of biosimilars in developed as well as EMs and Syngene's performances remain key levers for the company. We maintain **HOLD** and arrive at our revised target price of ₹ 400 (vs. ₹ 450 earlier) on an SoTP basis.



### Particulars

Particular	Amount
Market Capitalisation	₹ 46914 crore
Debt (FY21)	₹ 4500 crore
Cash (FY21)	₹ 2015 crore
EV	₹ 49399 crore
52 week H/L	488/321
Equity capital (₹Crore)	₹ 600 crore
Face value (₹)	₹ 5

### Price performance



### Key risks to our call

- Quick recovery in US patient footfalls leading to faster than expected ramp-up of biosimilars
- Delay in key approvals deterring timely product launches

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### Key Financial Summary

(Year End March)	FY20	FY21	FY22E	FY23E	CAGR (FY21-23E) %
Revenues (₹ crore)	6367.2	7105.8	8668.9	10883.9	23.8
EBITDA (₹ crore)	1603.1	1640.0	2184.0	3114.0	37.8
EBITDA margins (%)	25.2	23.1	25.2	28.6	
Net Profit (₹ crore)	698.2	730.3	704.9	1298.7	33.4
EPS (₹)	5.8	6.1	5.9	10.8	
P/E (x)	62.7	63.4	66.6	36.1	
RoCE (%)	10.2	7.5	9.3	13.0	
RoE (x)	10.4	9.6	8.5	13.8	

Source: Company, ICICI Direct Research

**Exhibit 1: Variance Analysis**

	Q4FY21	Q4FY21E	Q4FY20	Q3FY21	YoY (%)	QoQ (%)	Comments
Revenue	1,838.7	2,089.3	1,581.0	1,851.0	16.3	-0.7	YoY growth on the back of 53% growth in Biosimilars amid lower based. Miss vis-à-vis I-direct estimates amid lower than expected growth in Biosimilar segment
Raw Material cost	575.6	668.6	572.5	559.9	0.5	2.8	
Gross margins	68.7	68.0	63.8	69.8	491 bps	-106 bps	Better product mixed supported gross margins
Employee cost	452.1	480.5	388.4	463.3	16.4	-2.4	
R & D Expenditure	127.0	188.5	125.0	171.0	1.6	-25.7	Gross R&D spend was ₹ 136 crore in Q4FY21
Other Expenditures	248.2	282.1	176.5	257.3	40.6	-3.5	
Total Expenditure	1,402.9	1,619.7	1,262.4	1,451.5	11.1	-3.3	
EBITDA	435.8	469.7	318.6	399.5	36.8	9.1	
EBITDA (%)	23.7	22.5	20.2	21.6	355 bps	212 bps	YoY improvement mainly due to strong gross margins. Beat vis-à-vis I-direct estimates amid lower R&D spend
Interest	33.9	5.4	16.8	4.8	101.8	606.3	
Depreciation	184.3	186.3	152.4	186.3	20.9	-1.1	
Other income	205.4	22.9	63.1	27.9	225.5	636.2	Included gain of ₹ 160 crore arising on the fair valuation of Bicara Therapeutics Inc
EO	-12.6	0.0	0.0	0.0	0.0	0.0	
PBT	435.6	300.8	212.5	236.3	105.0	84.3	
Tax	69.4	69.2	45.0	48.9	54.2	41.9	
MI	43.2	42.4	35.7	18.0	21.0	140.0	
Adj. PAT	242.6	188.4	123.4	168.6	96.6	43.9	Delta vis-à-vis EBITDA was due to one of other income

**Key Metrics**

Generics	577.5	590.3	562.2	560.7	2.7	3.0	Slow growth mainly on account of pricing pressure on both APIs and formulations, particularly in the US, and travel restrictions that delayed regulatory approvals, and consequently new launches
Biosimilars	663.6	805.8	433.2	768.9	53.2	-13.7	Lower base supported YoY growth but sequential decline and miss vis-à-vis I-direct estimates amid Covid-19 impact in certain markets
Contract Research	658.6	693.2	607.3	584.5	8.4	12.7	Excluding export incentives, YoY growth was 13% driven by steady growth from Discovery Services, Manufacturing Services and the Dedicated Centres

Source: ICICI Direct Research

**Exhibit 2: Change in Estimates**

(₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenues	10,151.6	8,668.9	-14.6	13,285.0	10,883.9	-18.1	Decline mainly due to slower than expected ramp-up in biosimilar segment
EBITDA	3,086.2	2,184.0	-29.2	4,264.0	3,114.0	-27.0	
EBITDA Margin (%)	30.4	25.2	-521 bps	32.1	28.6	-349 bps	Lower than expected margins in FY21, adverse product mix and likely negative operational leverage in near term due to aggressive capex
Net Profit	1,667.2	704.9	-57.7	2,454.0	1,298.7	-47.1	
EPS (₹)	13.9	5.9	-57.7	20.4	10.8	-47.1	Changed mainly in sync with operational performance and increase in depreciation

Source: ICICI Direct Research

**Exhibit 3: Change in Estimates**

Growth (%)	Current			Earlier			Comments
	FY20	FY21	FY22E	FY23E	FY22E	FY23E	
Generics	2,207.3	2,335.9	2,522.8	2,724.6	2,575.9	2,781.9	Changed mainly due to lower than expected sales in FY21
Biosimilars	2,315.0	2,800.2	3,629.2	5,080.9	4,898.1	7,367.0	Changed mainly due to slower than expected ramp up in existing launches and new approvals amid COVID-19
Contract Research	2,012.0	2,184.3	2,516.9	3,078.4	2,677.7	3,136.1	Changed in line with management guidance

Source: ICICI Direct Research

## Conference Call Highlights

### Generics

- Received Everolimus (gAfinitor) from USFDA, expected to launch in FY22
- Q4 growth impacted by pricing pressure on both APIs and formulations, particularly in US; delayed approvals and customers stockpiling in H1FY21
- Statin formulations continue to hold mid-high teens market share
- Sales contribution split 80:20 – API: formulations maintained
- Tacrolimus launched in Q3 has started gaining market share
- Filed one ANDA in the US among other dossiers across the globe
- In APIs, 10 DMFs in MoW markets were filed and received four DMF approvals in US, EU and MoW markets
- Greenfield immunosuppressant plant at Visakhapatnam back in construction phase, expected to be commissioned in CY22, but may get delayed due to Covid

### Biocon Biologics

- Sequential decline of ~14% attributable to possible cyclicalities and lower than expected traction
- EBITDA margins were at 25% in Q4
- Malaysian facility continued to be in the red in FY21 (PBT – \$33 million loss, EBITDA – US\$4 million profit)
- bBevacizumab – no scientific questions from USFDA, but no timeline on pre-approval inspection
- Received European Commission approvals for Abevmy (bBevacizumab) and Kixelle (Insulin bAspart)
- Served over 6,500 patients with ALZUMAb-L (Itolizumab) so far in April 2021
- Growth led by: strong growth in Emerging markets (Latin America and APAC) + market share gains for bPegfilgrastim and bTrastuzumab in developed markets + modest uptake of biosimilar Insulin Glargine (Semglee) introduced in US in FY21
- Insulin Glargine: Viartis looking to get into CY22 formulary cycle, which will support ramp-up
- Served 3.1 million patients through Biosimilars portfolio
- Key product approval in pipeline: bPegfilgrastim, bTrastuzumab, bBevacizumab, rh-Insulin, bGlargine and bAspart in several MoW markets

**Novel Biologics** – Equilibrium on track, clinical results for Itolizumab from all studies expected in CY21

### Others

- Forex gain for Q4FY21 was ~₹ 7 crore vs ~₹ 35 crore in Q4FY20
- Core margins (ex-licensing, forex & R&D cost) were at 32% in Q4FY21 and FY21 both
- Gross R&D - ₹ 136 crore (₹ 127 in P&L), 11% of sales (ex-Syngene); spent in biosimilar pipeline, novel and generics spend
- Covid-related initiatives: supplying Remdesivir, Itolizumab and CytoSorb; RT-PCR testing; vaccination of employees and their families

- Total ₹ 160 crore from fair valuation of Bicara Therapeutics (Bicara) due to loss of control from Subsidiary to Associate is reported under Other income in Q4
  - R&D expenses of Bicara not going to be part of Biocon P&L henceforth, which was ~₹ 180 crore in FY21
  - Biocon had invested US\$40 million till date in Bicara
- Indranil Sen has been appointed as the CFO of Biocon in place of Anupam Jindal who resigned as the Chief Financial Officer (CFO) of Biocon Ltd due to personal reasons
- Net cash: ~₹ 1500 crore

**Guidance:** The management expects topline to grow much better in FY22 as compared to FY21

- API – low single digit growth expected
- Formulations – double digit growth expected
- R&D to be higher than FY21 on the back of new clinical trials (for 3 molecules)
  - To be ~11% as percentage of sales ex-Syngene
  - For Biologics to be higher than the ~10% R&D spend in FY21
- Capex guidance for FY22
  - Biosimilars: To be US\$125 million (US\$100 million in FY21)
  - Generics: To spend ₹ 2000 crore over the next three years (₹ 250 crore in FY21)
  - Contract research: US\$100-120 million (US\$65 million in FY21)
- Share of Losses from Bicara in FY22 to be ~ ₹ 200 crore

**Exhibit 4: Trends in quarterly performance**

(₹ Crore)	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY (%)	QoQ(%)
Revenues	1169.5	1123.8	1321.0	1540.8	1528.8	1465.9	1572.2	1748.1	1581.0	1671.3	1744.8	1851.0	1838.7	16.3	-0.7
Raw Material Cost	475.2	433.8	446.7	528.1	487.9	424.5	477.9	577.3	572.5	541.6	531.4	559.9	575.6	0.5	2.8
% to revenues	40.6	38.6	33.8	34.3	31.9	29.0	30.4	33.0	36.2	32.4	30.5	30.2	31.3		
Gross Profit	694.3	690.0	874.3	1012.7	1040.9	1041.4	1094.3	1170.8	1008.5	1129.7	1213.4	1291.1	1263.1	25.2	-2.2
Gross Profit Margin (%)	59.4	61.4	66.2	65.7	68.1	71.0	69.6	67.0	63.8	67.6	69.5	69.8	68.7	491 bps	-106 bps
Employee cost	257.0	261.4	288.9	294.4	320.6	341.0	353.3	376.1	388.4	393.7	431.9	463.3	452.1	16.4	-2.4
% to revenues	22.0	23.3	21.9	19.1	21.0	23.3	22.5	21.5	24.6	23.6	24.8	25.0	24.6	2 bps	-44 bps
R & D	51.0	44.0	77.0	77.0	92.0	79.0	104.0	131.0	125.0	107.0	148.0	171.0	127.0		
% to revenues	4.4	3.9	5.8	5.0	6.0	5.4	6.6	7.5	7.9	6.4	8.5	9.2	6.9	-100 bps	-233 bps
Other Expenditure	153.3	146.7	168.8	260.6	225.3	183.9	234.2	219.5	176.5	215.7	242.1	257.3	248.2	40.6	-3.5
% to revenues	13.1	13.1	12.8	16.9	14.7	12.5	14.9	12.6	11.2	12.9	13.9	13.9	13.5	233 bps	-40 bps
Total Expenditure	936.5	885.9	981.4	1160.1	1125.8	1028.4	1169.4	1303.9	1262.4	1258.0	1353.4	1451.5	1402.9	11.1	-3.3
% to revenues	80.1	78.8	74.3	75.3	73.6	70.2	74.4	74.6	79.8	75.3	77.6	78.4	76.3		
EBITDA	233.0	237.9	339.6	380.7	403.0	437.5	402.8	444.2	318.6	413.3	391.4	399.5	435.8	36.8	9.1
EBITDA Margin (%)	19.9	21.2	25.7	24.7	26.4	29.8	25.6	25.4	20.2	24.7	22.4	21.6	23.7	355 bps	212 bps
Depreciation	95.3	99.1	112.2	116.7	119.8	124.2	131.6	144.0	152.4	166.8	177.7	186.3	184.3	20.9	-1.1
Interest	16.9	17.6	18.8	18.6	15.9	16.6	13.8	17.7	16.8	12.5	6.5	4.8	33.9	101.8	606.3
OI	67.5	68.8	54.4	25.6	28.2	24.1	38.4	35.8	63.1	18.3	15.5	27.9	205.4	225.5	636.2
PBT	188.3	190.0	263.0	271.0	295.5	320.8	295.8	318.3	212.5	252.3	222.7	236.3	423.0	99.1	79.0
Tax	40.7	52.1	73.2	46.1	40.9	85.2	100.1	84.8	45.0	80.9	22.3	48.9	69.4	54.2	41.9
Tax Rate (%)	21.6	27.4	27.8	17.0	13.8	26.6	33.8	26.6	21.2	32.1	10.0	20.7	16.4		
PAT	147.6	137.9	189.8	224.9	254.6	235.6	195.7	233.5	167.5	171.4	200.4	187.4	353.6	111.1	88.7
PAT Margin (%)	12.6	12.3	14.4	14.6	16.7	16.1	12.4	13.4	10.6	10.3	11.5	10.1	19.2		
Exceptional Items (EI)	0.0	0.0	-188.8	-5.8	0.0	0.0	-67.5	0.0	0.0	0.0	0.0	0.0	-12.6		
Net Profit before MI	147.6	137.9	378.6	230.7	254.6	235.6	263.2	233.5	167.5	171.4	200.4	187.4	366.2	118.6	95.4
Add/(less) MI	22.3	18.6	23.0	26.0	29.7	21.4	38.1	27.5	35.7	18.4	26.1	18.0	43.2		
Net Profit after MI	125.3	119.3	355.6	204.7	224.9	214.2	225.1	206.0	131.8	153.0	174.3	169.4	323.0	145.1	90.7
Adjusted Net Profit	130.4	119.8	165.9	212.4	213.7	206.3	189.0	202.8	123.4	149.4	169.3	168.6	242.6	96.6	43.9

Source: ICICI Direct Research

## Company Background

Biocon was established in 1978 by first generation entrepreneur Dr Kiran Mazumdar-Shaw. Unlike most pharma companies that are chemical based, Biocon has carved out its niche in the more complex biotechnology field. Over the decades, Biocon has successfully evolved into an emerging global biopharma enterprise, serving its partners and customers in over 75 countries. As a fully integrated biopharma company, it delivers innovative biopharmaceutical solutions, ranging from discovery to development & commercialisation. In 2004, it came out with its maiden IPO.

The company has initiated filings and launches of biosimilars in the US, EU, Australia, Canada, Japan besides some developing markets. It has entered into a partnership with Mylan for six biosimilar programs (Trastuzumab, Pegfilgrastim, Adalimumab, Bevacizumab, Etanercept and Filgrastim) and three insulin analogue programmes (Glargine, Lispro and Aspart).

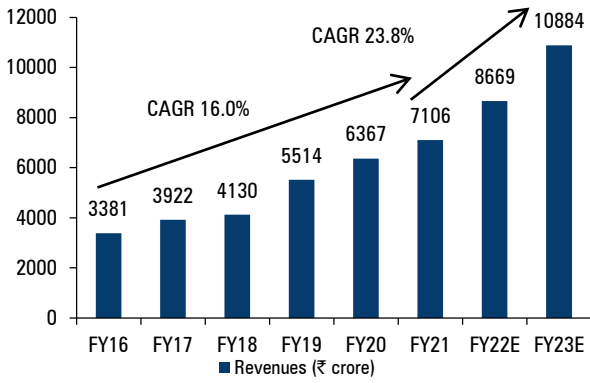
Recently, the company also entered into a partnership with Sandoz, a Novartis division and a global leader in biosimilars, for an exclusive portfolio of next-generation biosimilars in the area of immunology and oncology. This synergistic partnership will leverage the capabilities of both partners for an 'end to end' play encompassing development, manufacturing, regulatory approval and commercialisation globally. This collaboration addresses some of the long term biosimilars opportunities beyond the near term opportunities being addressed by existing partnership with Mylan.

### Exhibit 5: Progress on biosimilars front

Date	Event
Apr-21	Biocon, Viatris have received European Commission approval for Abevmy (biosimilar Bevacizumab)
Feb-21	Biocon, Viatris have received European Commission approval for Kixelle (biosimilar Insulin Aspart)
Aug-20	Mylan and Biocon launched Insulin Glargine (Semglee) in US
Jul-20	Tata Capital acquires 0.85% stake in Biocon Biologics
Jul-20	Partner Mylan has received USFDA approval for Hulio (adalimumab)
Jun-20	Biocon-Mylan has received USFDA approval for Semglee (insulin glargine)
Apr-20	Mylan and Biocon Launched Pegfilgrastim Biosimilar, Fulphila in Australia & Canada
Dec-19	PE fund True North acquires 2.44% stake in Biocon Biologics
Dec-19	Mylan and Biocon Launched Trastuzumab Biosimilar, Ogivri in the US
Oct-19	Biocon Biologics and Just - Evotec Biologics Sign Licensing Deal for a early stage Biosimilar Asset
Oct-19	Biocon and Mylan Launch First Insulin Glargine Biosimilar, Semglee in Australia
Aug-19	Mylan and Biocon Launch First Trastuzumab Biosimilar, Ogivri in Australia
May-19	Biocon-Mylan has received health Canada approval for bTrastuzumab
Nov-18	Biocon-Mylan has launched Insulin Glargine in EU
Nov-18	Biocon-Mylan has received EU approval for bPegfilgrastim and bTrastuzumab
Jul-18	Biocon-Mylan has launched Fulphila (pegfilgrastim-jmdb) in the US
Jun-18	Mylan entered into a commercialisation agreement with Lupin for bEtanercept for certain markets. Biocon has retained its economic interest in this arrangement vis-à-vis Mylan and would benefit from the accelerate commercialisation of this product
Jun-18	Biocon-Mylan has received USFDA approval for Fulphila (pegfilgrastim-jmdb) as the first biosimilar of Neulasta. Mylan has launched Fulphila in the
Apr-18	Biocon-Mylan in-license Humira biosimilar from Fujifilm and expects to launch in Europe in H2CY18
Mar-18	Mylan and Biocon receive approval for Semglee biosimilar Insulin Glargine in EU and Australia
Jan-18	Collaborates with Sandoz for a global partnership to develop, manufacture and commercialize a number of next generation biosimilars
Dec-17	USFDA approval for Ogivri, a biosimilar Trastuzumab co-developed by Biocon and Mylan
Jul-17	Biocon's partner Fujifilm launches insulin Glargine in Japan
Jul-17	USFDA Oncologic Drugs Advisory Committee (ODAC) recommends approval of Biocon-Mylan's proposed biosimilar Trastuzumab in all eligible indications

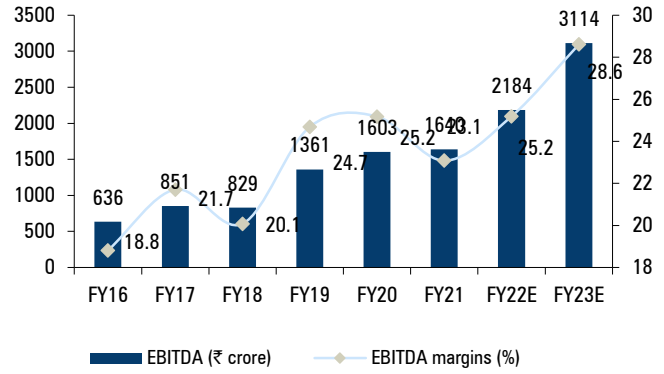
Source: ICICI Direct Research, Company

Exhibit 6: Revenues to grow at 24% CAGR over FY21-23E



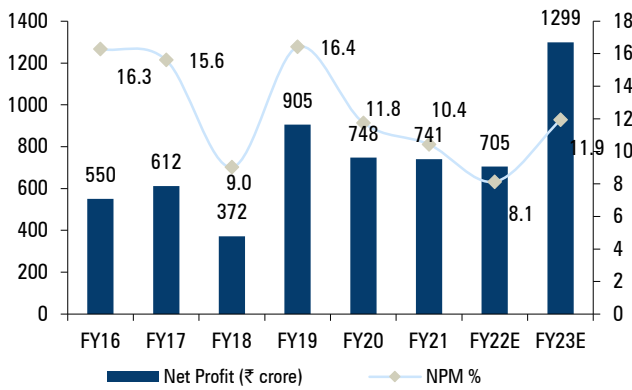
Source: ICICI Direct Research, Company

Exhibit 7: EBITDA & margins trend



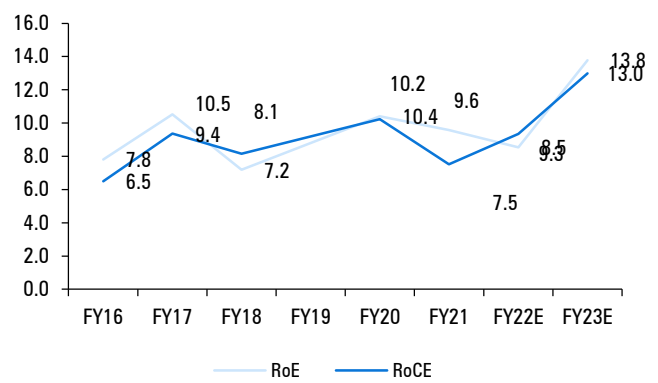
Source: ICICI Direct Research, Company

Exhibit 8: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 9: RoCE & RoE (%) trend



Source: ICICI Direct Research, Company

Exhibit 10: Valuation

Particulars	FY23E EPS (₹ cr)	Multiple (x)	Per share (₹)
Biocon (ex Syngene)	9.5	28.0	267.3
Syngene			
Targeted Market Cap			28000
Biocon's Holding			71.1%
Holding Company Discount			20.0%
Syngene valuation			15917
Per share valuation			133
<b>SOTP valuation</b>			<b>400</b>

Source: ICICI Direct Research

Exhibit 11: Financial Summary

	Revenues (₹ crore)	Growth (%)	EPS (₹)	Growth (%)	P/EV/EBITDA (x)	RoNW (X)	RoCE (%)
FY20	6367	15.5	5.8	-6.3	62.7	29.8	10.4
FY21	7106	11.6	6.1	4.6	63.4	29.4	9.6
FY22E	8669	22.0	5.9	-3.5	66.6	22.5	8.5
FY23E	10884	25.6	10.8	84.2	36.1	15.7	13.8

Source: ICICI Direct Research

Exhibit 12: Shareholding Pattern

(in %)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Promoter	60.7	60.7	60.7	60.7	60.7
Others	39.3	39.3	39.3	39.3	39.3

Source: ICICI Direct Research, Company

## Financial Summary

Exhibit 13: Profit and loss statement				
	₹ crore			
Year-end March	FY20	FY21	FY22E	FY23E
<b>Total Operating Income</b>	<b>6367.2</b>	<b>7105.8</b>	<b>8668.9</b>	<b>10883.9</b>
Growth (%)	15.5	11.6	22.0	25.6
Raw Material Expenses	2052.2	2208.5	2687.4	3210.7
Employee Expenses	1458.8	1741.0	1993.9	2394.4
R&D Expenditure	439.0	553.0	676.7	858.6
Other Expenditures	814.1	963.3	1127.0	1306.1
Total Operating Expenditure	4764.1	5465.8	6484.9	7769.9
<b>Operating Profit (EBITDA)</b>	<b>1603.1</b>	<b>1640.0</b>	<b>2184.0</b>	<b>3114.0</b>
Growth (%)	17.8	2.3	33.2	42.6
Depreciation	552.2	715.1	791.3	949.7
Interest	64.9	57.7	88.0	88.0
Other Income	161.4	267.1	173.4	217.7
PBT before Exceptional Items	1147.4	1134.3	1478.1	2293.9
Less: Exceptional Items	-67.5	-12.6	0.0	0.0
Total Tax	315.1	221.5	340.0	527.6
PAT before MI	899.8	925.4	1138.1	1766.3
Minority Interest	122.7	105.7	154.0	188.4
<b>Adjusted PAT</b>	<b>698.2</b>	<b>730.3</b>	<b>704.9</b>	<b>1298.7</b>
Growth (%)	-6.3	4.6	-3.5	84.2
<b>EPS (Adjusted)</b>	<b>5.8</b>	<b>6.1</b>	<b>5.9</b>	<b>10.8</b>

Source: ICICI Direct Research

Exhibit 14: Cash Flow Statement				
	₹ crore			
Year-end March	FY20	FY21	FY22E	FY23E
Profit/(Loss) after taxation	526.8	652.4	704.9	1298.7
Add: Depreciation & Amortization	552.2	715.1	791.3	949.7
Net Increase in Current Assets	-571.8	-734.0	-901.5	-1352.3
Net Increase in Current Liabilities	133.0	310.2	670.4	851.5
Other Operating Activities	369.2	216.0	88.0	88.0
<b>CF from operating activities</b>	<b>1009.4</b>	<b>1159.7</b>	<b>1353.1</b>	<b>1835.7</b>
(Purchase)/Sale of Fixed Assets	-1829.4	-1297.1	-2259.9	-1640.3
(Increase)/Decrease in Investme	174.4	-567.0	0.0	-500.0
Increase/ (Decrease) in Minority	0.0	0.0	88.1	96.9
Other Investing Activities	-74.3	-842.8	69.6	47.8
<b>CF from investing activities</b>	<b>-1729.3</b>	<b>-2706.9</b>	<b>-2102.2</b>	<b>-1995.6</b>
Proceeds from issues of Equity	538.8	797.7	0.0	0.0
Inc/(dec) in loan funds	292.3	1882.3	-100.0	0.0
(Payment) of Dividend and Divid	-70.1	0.0	-70.5	-129.9
Interest Paid	-91.2	-116.0	-88.0	-88.0
Other Financing Activities	-8.5	0.0	0.0	0.0
<b>CF from financing activities</b>	<b>661.3</b>	<b>2564.0</b>	<b>-258.5</b>	<b>-217.9</b>
Net Cash flow	-58.6	1016.8	-1007.6	-377.8
Opening Cash	1057.2	998.6	2015.4	1007.8
<b>Closing Cash</b>	<b>998.6</b>	<b>2015.4</b>	<b>1007.8</b>	<b>630.0</b>
<b>Free Cash Flow</b>	<b>1183.8</b>	<b>592.7</b>	<b>1353.1</b>	<b>1335.7</b>

Source: ICICI Direct Research

Exhibit 15: Balance Sheet				
	₹ crore			
Year-end March	FY20	FY21	FY22E	FY23E
<b>Liabilities</b>				
Equity Capital	600.0	600.0	600.0	600.0
Reserve and Surplus	6105.8	7026.9	7661.3	8830.2
Total Shareholders funds	6705.8	7626.9	8261.3	9430.2
Total Debt	2715.3	4500.0	4400.0	4400.0
Minority Interest	677.3	880.7	968.8	1065.6
Other NCL & LT Provisions	1747.4	2843.0	3125.7	3436.6
<b>Source of Funds</b>	<b>11845.8</b>	<b>15850.6</b>	<b>16755.7</b>	<b>18332.4</b>
<b>Assets</b>				
Gross Block - Fixed Assets	9121.0	10228.9	13188.8	15829.1
Accumulated Depreciation	3176.3	3891.4	4682.7	5632.5
Net Block	5944.7	6337.5	8506.1	10196.6
Capital WIP	2196.0	2800.2	2100.2	1100.2
Total Fixed Assets	8140.7	9137.7	10606.3	11296.8
Goodwill on Consolidation	26.4	26.4	26.4	26.4
Investments	966.1	1951.9	1951.9	2451.9
Inventory	1435.9	1866.6	1621.7	2036.1
Debtors	1223.7	1217.6	2030.8	2549.6
Cash	998.6	2015.4	1007.8	630.0
Other Current Assets	809.2	1292.1	1625.3	2044.4
Total Current Assets	4467.4	6391.7	6285.6	7260.1
Creditors	1325.1	1513.9	1883.8	2365.1
Provisions	103.0	109.4	139.6	169.7
Other Current Liabilities	1169.9	1048.3	1318.6	1658.7
Total Current Liabilities	2598.0	2671.6	3342.0	4193.5
Net Current Assets	1869.4	3720.1	2943.6	3066.6
Deferred Tax Assets	368.0	307.7	338.5	372.3
Other Non Current assets	475.2	706.8	889.1	1118.3
<b>Application of Funds</b>	<b>11845.8</b>	<b>15850.6</b>	<b>16755.7</b>	<b>18332.4</b>

Source: ICICI Direct Research

Exhibit 16: Ratio Analysis				
	₹ crore			
Year-end March	FY20	FY21	FY22E	FY23E
<b>Per share data (₹)</b>				
Reported EPS	6.2	6.2	5.9	10.8
BV per share	55.9	63.6	68.8	78.6
Dividend per share	0.6	0.0	0.6	1.1
Cash Per Share	8.3	16.8	8.4	5.2
<b>Operating Ratios (%)</b>				
Gross Margin	67.8	68.9	69.0	70.5
EBITDA margin	25.2	23.1	25.2	28.6
EBIT Margin	16.5	13.0	16.1	19.9
PAT Margin	11.0	10.3	8.1	11.9
Inventory days	82.3	95.9	68.3	68.3
Debtor days	70.1	62.5	85.5	85.5
Creditor days	76.0	77.8	79.3	79.3
Asset Turnover	0.5	0.4	0.5	0.6
EBITDA Conversion Ratio	63.0	70.7	62.0	58.9
<b>Return Ratios (%)</b>				
RoE	10.4	9.6	8.5	13.8
RoCE	10.2	7.5	9.3	13.0
RoIC	14.2	9.7	11.5	14.9
<b>Valuation Ratios (x)</b>				
P/E	62.7	63.4	66.6	36.1
EV / EBITDA	29.8	29.4	22.5	15.7
EV / Net Sales	7.5	6.8	5.7	4.5
Market Cap / Sales	7.4	6.6	5.4	4.3
Price to Book Value	7.0	6.2	5.7	5.0
<b>Solvency Ratios</b>				
Debt / EBITDA	1.7	2.7	2.0	1.4
Debt / Equity	0.4	0.6	0.5	0.5
Current Ratio	1.3	1.6	1.6	1.6

Source: ICICI Direct Research



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