

Granules India



At a strategic inflection point

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Granules India – At a strategic inflection point

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Granules India

BSE Sensex
25,338S&P CNX
7,717**CMP: INR122****TP: INR160 (+32%)****Buy****Stock Info**

Bloomberg	GRAN IN
Equity Shares (m)	216.0
52-Week Range (INR)	164/75
1, 6, 12 Rel. Per (%)	5/-11/54
M.Cap. (INR b)	26.3
M.Cap. (USD b)	0.4
Avg Val, INRm	253
Free float (%)	50.5

Financial Snapshot (INR b)

Y/E Mar	2016E	2017E	2018E
Sales	14.2	17.0	20.3
EBITDA	2.7	3.3	4.2
NP	1.2	1.6	2.2
EPS (Rs)	5.4	6.9	9.8
EPS Gr. (%)	22.4	26.1	42.4
BV/Sh. (INR)	27.9	38.0	46.0
P/E (x)	22.9	18.2	12.8
P/BV (x)	4.5	3.3	2.7
RoE (%)	22.8	21.3	23.3
RoCE (%)	23.1	24.4	27.1

Granules India

At a strategic inflection point[Please click here for Video Link](#)

At a strategic inflection point

Independent entry into OTC market a game changer

- GRAN's independent entry into the US OTC market is likely to begin contributing meaningfully from FY19 and double its revenue by FY20.
- Along with the US OTC business, ramp-up in Rx product sales in the US and Omnichem JV sales would also help drive growth and profitability over FY17-20.
- We model 38%+ earnings CAGR over the next four years, driven by improving business mix and higher operating leverage.
- The stock is ripe for a re-rating. We initiate coverage with a Buy recommendation and a target price of INR160 (16x FY18E EPS; 27-28% discount to sector average).

US OTC and Rx business to transform business model

- On the back of US OTC sales and ramp-up in existing Rx sales (through new product launches), we project 35%+ revenue CAGR in GRAN's formulations business over FY16-20E.
- Currently, GRAN has five products approvals in the US (2 Rx and 3 OTC). It is likely to file 10 more ANDAs over the next one year and 7-8 product filings every year post FY17. These filings would be mostly in OTC products (from existing molecules), some from Auctus molecules and a few complex products from the Virginia facility.
- We believe GRAN's independent entry into the US store brand OTC segment is a big game changer. It opens a huge opportunity for GRAN to scale up in a profitable and sustainable business in the US, currently dominated by only one player - Perrigo (~45% market share). Upon successful tenders from big retailers, GRAN's OTC store brand business could grow at over 50% CAGR beyond FY18.
- At present, only 31% of sales come from the high margin formulations business. We believe this contribution would rise to 48-50% by FY20.

Augmented capacities to support base as well as emerging business

- GRAN intends to expand API capacities of Paracetamol, Metformin and Guaifenesin by 25-30%, 3.5x and 2.7x, respectively, which will support both its base and emerging businesses.
- In FY16, GRAN has also increased its PFI capacity by 38-40% to 18,400MTPA. This debottlenecking is likely to support 16-18% PFI revenue CAGR over the next two years.
- The company is coming up with a greenfield multi-product API capacity at Vizag to support the growing need of internal consumption and new filings.
- GRAN has invested heavily in R&D. With the acquisition of the Virginia facility in the US, it now has two R&D centers - one in Vizag for developing normal ANDAs and one in Virginia for developing complex ANDAs.

Omnichem CRAMs JV - entry into high value APIs

- With Omnichem CRAMs JV, GRAN would be entering into manufacturing of high value APIs for innovators and other big MNCs. We project revenue of INR750m in FY17 and INR1.25b in FY18. At its peak, the facility can generate revenue of INR2.25b for Granules. Revenue is likely to grow rapidly beyond FY17 post site approvals for the customers.
- This could be a big step ahead for GRAN towards transition from a commoditized capacity-driven base business to high quality oncology APIs. Besides de-risking, it will provide a steady revenue stream with healthy margins.

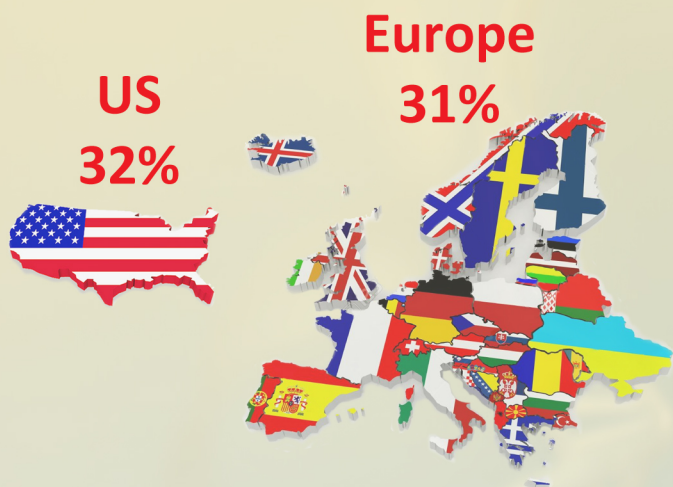
Not only growth, but profitability as well

- With US OTC, Rx products and Omnichem JV, the revenue contribution from high margin businesses is likely to increase to ~75% of sales by FY20 from the current 56%.
- This will also be driven by higher operating leverage in the formulations business, as capacity utilization increases from 50% presently to 100% by FY19, with ramp-up in US business.
- Driven by changing business mix and higher operating leverage, overall EBITDA margin is likely to expand from 18.8% in FY16E to 23% in FY20E; EBITDA would grow at a CAGR of 27% over FY16-20.

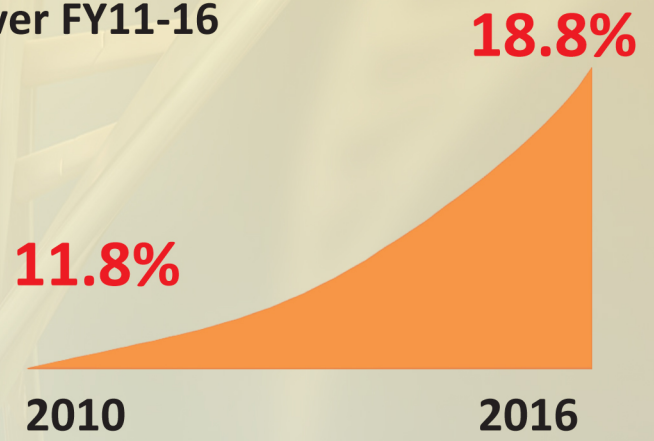
Valuations attractive; re-rating likely on execution

- GRAN trades at 22.9x FY16E, 18.2x FY17E and 12.8x FY18E EPS. Our target price of INR160 is based on 16x FY18E EPS (27-28% discount to sector average). However, we believe, GRAN merits a re-rating upon successful execution of OTC and Rx business in the US.
- Overall, we expect GRAN to report 20% revenue CAGR, 25% EBITDA CAGR and 38% PAT CAGR over FY16-18, supported by growing contribution from finished dosages and improved product offerings from Auctus and Omnichem JV.
- The picture beyond FY18 is rosier, with substantial product approvals expected in the US for the OTC and Rx business and significant ramp-up in Omnichem JV, which will drive both revenue and profitability.
- Key risks to our estimates are (1) higher competition in products like Metformin and Paracetamol, (2) low profitability of the Auctus Pharma business, and (3) regulatory risk to its manufacturing facility.

Revenue mix



Revenues grew 25% CAGR over FY11-16



EBITDA margins increase to 18.8%

OTC store brands, 40%

Key growth drivers

USD31b OTC market

Branded OTC, 60%

US store brands

US prescription products

2nd largest API capacity in Paracetamol

Granules 18,000

Mallinckrodt 25,000
Novocel 6,000

Omnichem JV

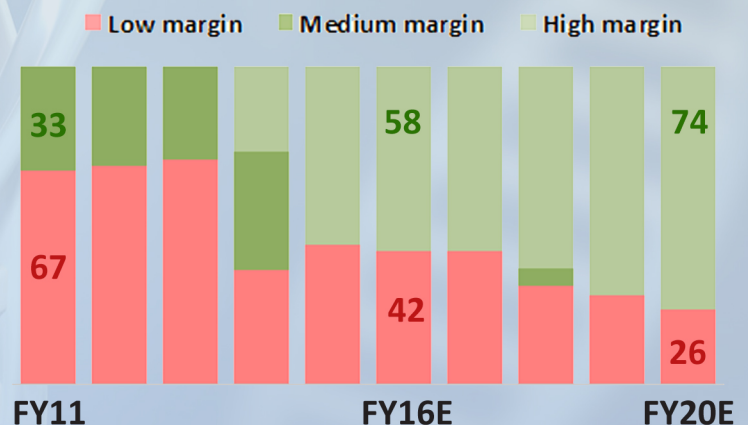


Huge opportunity in US OTC store brands space

Largest capacity in PFI segment 18400MTPA



Improving business-mix to drive margins further



At a strategic inflection point

Independent entry into OTC market a game changer

- From being one of the largest Paracetamol API manufacturers for regulated markets, GRAN has ventured into US OTC/Rx business where it can leverage its competitive advantage of high quality-low cost producer.
- The scale up in US OTC/Rx business would double the top line by FY20E (INR31b) and margins are likely to expand 420bp over FY16-20, driven by improving business mix (~75% high margin sales), and higher operating leverage. We estimate EPS CAGR of 38% over FY16-20E.

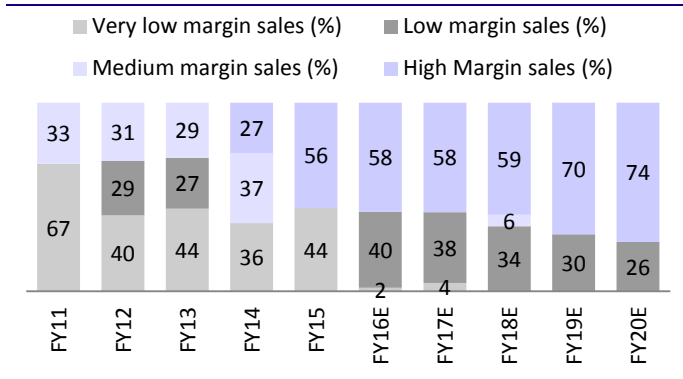
Strong track record

GRAN is among the largest manufacturers of Paracetamol and Ibuprofen APIs for regulated markets. Along with Paracetamol and Ibuprofen, it has also been supplying Metformin, Guaifensin and Methacarbamol APIs. Till FY16, almost 85% of its business has come from these five base molecules. Revenue has grown at a CAGR of 25% over FY11-16. EBITDA margin has expanded from 12% in FY11 to 19% in FY16, driven by better product mix and higher utilization levels.

Scale up in US business to transform the business mix

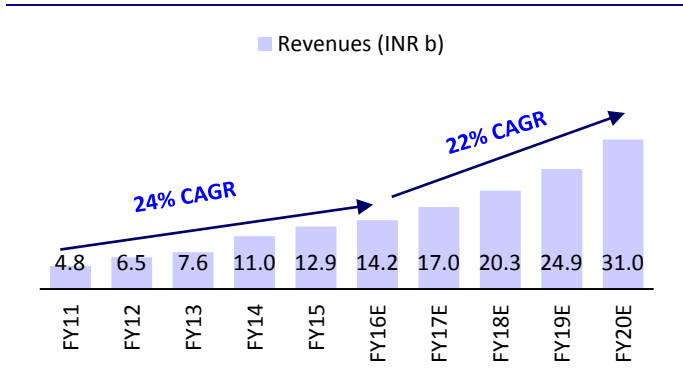
Going ahead, we believe 35% growth in formulations business (US OTC/Rx) and the scale up in Omnicem JV would drive 22% revenue CAGR over FY16-20E. With improving business mix EBITDA is also likely to grow 27% CAGR over FY16-20E. Overall we project ~38% earnings CAGR over FY16-20E, led by increasing financial leverage.

Exhibit 1: Contribution from high margin business rising



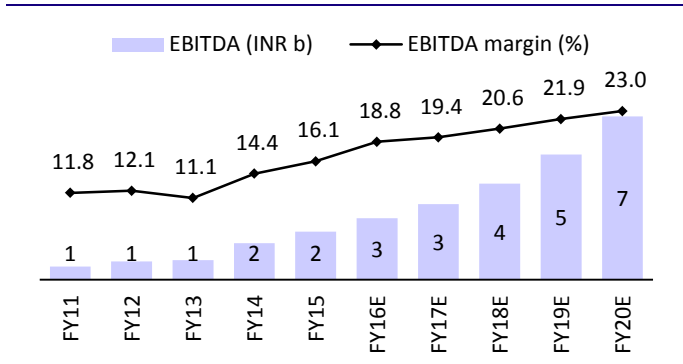
Source: Company, MOSL

Exhibit 2: Revenue to grow at 22% CAGR over FY16-20E



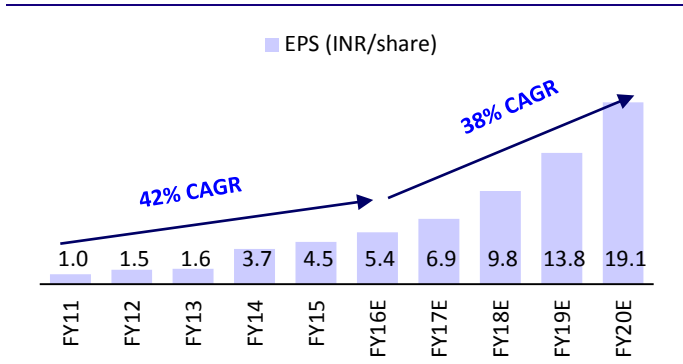
Source: Company, MOSL

Exhibit 3: EBITDA margin to expand 420bp till FY20E



Source: Company, MOSL

Exhibit 4: Earnings to grow at 38% CAGR over FY16-20E

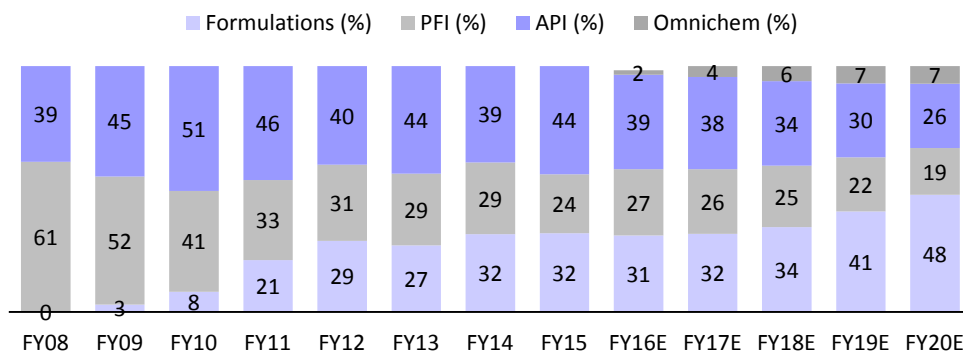


Source: Company, MOSL

Formulation business – Key growth driver

- We believe the formulations segment would be the key growth driver, as GRAN receives OTC/Rx approvals for the US market.
- Over the years, GRAN has substantially changed its business mix from 61% PFI and 39% API to 31% FD, 27% PFI and 41% API in FY16.
- With significant ramp-up in US sales, we could see the contribution of finished dosages rising to ~50% in FY20.

Exhibit 5: Formulations to contribute ~ 50% of FY20E sales

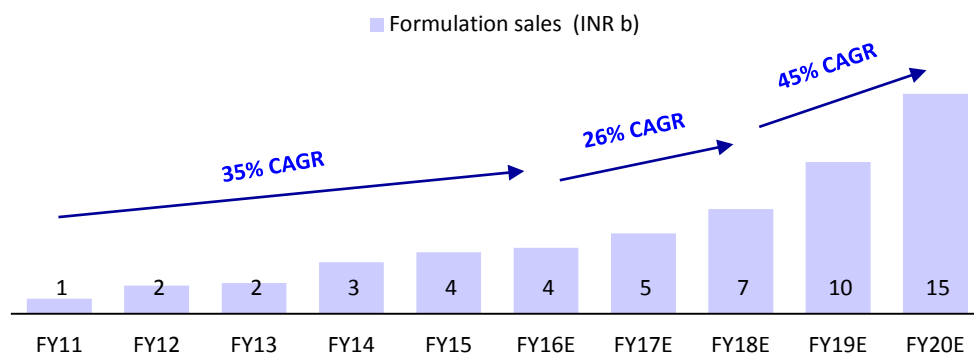


Source: Company, MOSL

OTC/RX products to drive US business (finished dosages)

- Over the last five years, the formulations segment has grown at a CAGR of 62% on the back of CMO contracts and US product launches. In FY15, GRAN reported revenue of INR4.2b from finished products, contributing 32% of total revenue. Almost half of this business was driven by CMO contracts given to global innovators and large generic players. The remaining half of the business came from the sale of own products in regulated markets like the US and the EU. Currently, GRAN has four product approvals for the US market.
- Going ahead, the OTC business is likely to be the biggest growth driver. GRAN has three OTC product approvals and the company would be supplying these OTC products to the retail part of the OTC market (store brands). We expect formulation sales to pick up from FY19, with 6-7 more approvals for OTC/Rx products.

Exhibit 6: Post FY18E, we see 45%YoY growth due to ramp up in OTC/Rx business

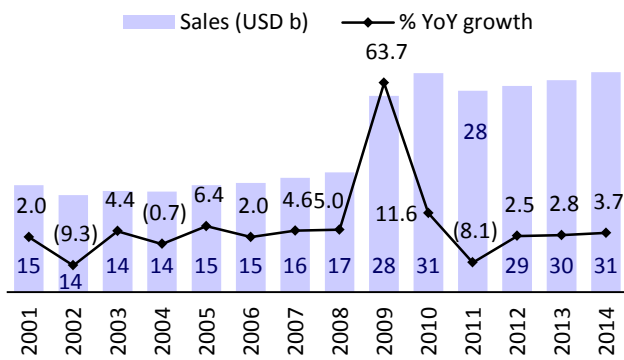


Source: Company, MOSL

OTC market presents large opportunity

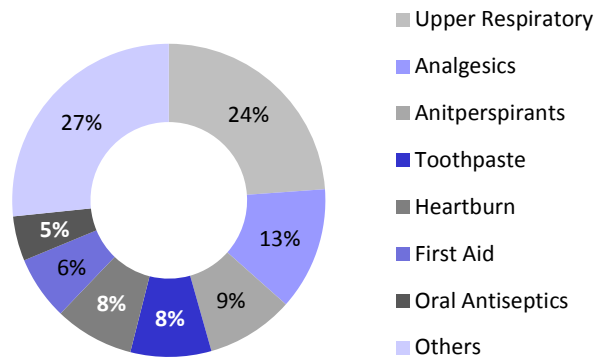
- Over-the-counter (OTC) drugs are medicines sold directly to a consumer without any prescription. In 2014, OTC drugs in the US reached USD31b sales, with ~4% growth. Despite being competitive market, it provides sustainable cash flows and profitable business.
- Going ahead, switch from Rx to OTC products would be a primary growth driver for the OTC market, besides an aging population and need for cheaper drugs. Major OTC players in the US include Novartis, Sanofi, J&J, Bayer, and Perrigo.

Exhibit 7: US OTC market (USD b)



Source: Company, MOSL

Exhibit 8: Therapy-wise break-up (%)

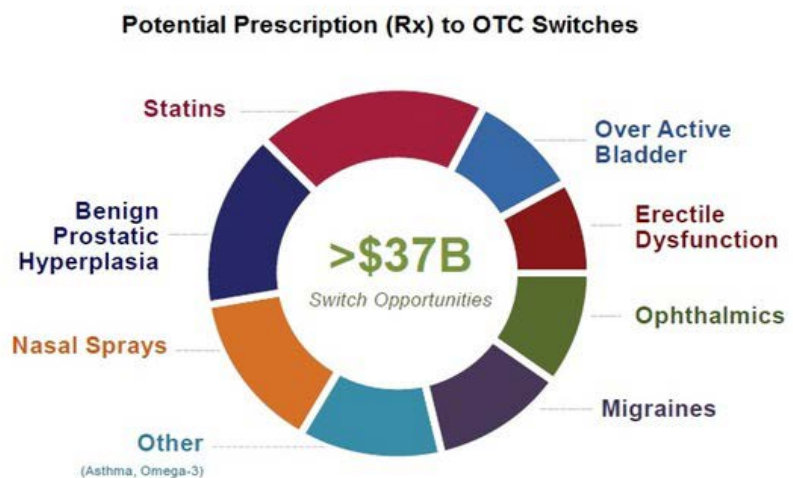


Source: Company, MOSL

Pie of OTC market to become bigger

An Rx-to-OTC switch refers to the transition of approved prescription drugs, or Rx drugs, to nonprescription, OTC status. According to Perrigo, branded prescription drugs with sales potential of USD10b are likely to take on OTC status over the next five years primarily on account of the following reasons: (1) lower cost of OTC drugs delivers greater healthcare efficiency, (2) insurance programs are encouraging the use of OTC drugs, and (3) population in the US is growing and aging.

Exhibit 9: Potential prescription (Rx) to OTC switches



Source: Company, MOSL

OTC store brands: Perrigo dominates the market

Store brands account for nearly 40% of total OTC sales and 60% of total OTC volumes in the US. These are typically sold through multi-brand retailers like Walmart, Walgreens, CVS, Kroger, etc. Currently, Perrigo dominates this market, with 45% market share (second best ‘LNK’ at 15%). Branded OTC drugs help consumers to save 6-7x more than branded prescription drugs. However, store-brand OTC drugs help deliver savings of 8-9x over branded prescription drugs. (On an average, the cost of store brands is ~36% lower than branded OTC drugs).

Exhibit 10: National OTC brand v/s Store brands



Source: Perrigo, MOSL

Granules to enter independently in OTC store brand market

Until FY14, GRAN used to supply three OTC products to Perrigo, which sold these through its retail chain. However, in FY15, the company terminated this supply arrangement with Perrigo (loss of sales of INR1.1b/USD16m in FY16) and entered the store brands market with its own marketing field force.

What is working in favor of Granules India

1. GRAN is a vertically integrated company, with large capacities to produce OTC products like Paracetamol, Ibuprofen, and Guaifenesin. It has the ability to offer large discounts.
2. GRAN has substantial experience in the store brands business; it was present in the supply chain with Perrigo for more than five years.
3. Large retailers like Walmart and Walgreens are aware of GRAN and its manufacturing capabilities due to the Perrigo contract.
4. Till date, GRAN has not faced regulatory issues. In the last eight US FDA inspections, GRAN received minor 483 observations in only three instances.

What Granules India still needs to do

1. To become a strong OTC store brand player, GRAN will need to increase its product offerings in this segment.
2. GRAN will need to develop robust supply chain operations, with own warehouses and field force, and also need to fulfill packaging requirements.
3. Big retailers like Walmart and Walgreens demand product supplies in large quantities and prefer continuity.

Granules India to leverage existing field force by marketing tie-ups

GRAN has three OTC approvals for Paracetamol, Ibuprofen 200mg, and Naproxen 200mg tablets. We believe it also has the capability to launch OTC products in Guaifenesin, Cetrizine, and Doxylamine Succinate molecules. To leverage its existing field force and increased product offerings, GRAN has initiated a tie-up with Par Pharma to launch generic OTC Zegerid in the US OTC market. The marketing partnership has sales potential of USD7m-8m in FY17. We believe, going ahead, there would be more of such tie-ups that will add incremental sales for the company.

Heavy investment in Rx business to bear fruit from FY19

Currently, half of GRAN's finished dosage sales come from the Rx part of the business, largely from the US. Till date, it has launched two products in the Rx market – Metformin and Ibuprofen. To develop its prescription-based business in the US, GRAN has been working on many fronts: (1) filing formulations products from base molecules, (2) product filings from Auctus portfolio, (3) working on new products at Vizag R&D facility, and (4) developing complex generic products at the US R&D facility. It has further invested over INR300m to set up a high profile R&D facility that will focus on large market molecules.

Auctus has strengthened API base to support Rx business

With the Auctus acquisition, GRAN has got access to 14 approved APIs in therapies like CVS, GI, anti-histamine, etc. Auctus will operate at arm's length from the existing base business to nurture the right mindset for the complex Rx business, which is very different from the existing scale-oriented API business. GRAN would be filing few ANDAs from the existing Auctus portfolio over the next few years.

Scale up in new ANDA filings to support growth beyond FY18E

- GRAN would be filing 10 ANDAs over the next one year and 7-8 ANDAs per year post FY17. This would include few products from Auctus, few combination products from base molecules, and 5-6 OTC products.
- To facilitate the OTC/Rx business and commence the government contract business, it has already acquired a small FD facility in Virginia, US. The facility has best-in-class equipment and is capable of manufacturing superior formulations. GRAN has invested further to revamp, regain approvals, and set up R&D facility in Virginia.
- It would be used to file complex ANDAs. GRAN aims to file 12-15 ANDAs from this facility over the next 2-5 years. We believe most of these initial new products to be launched in FY19 upon approvals. These incremental filings, ramp up in existing OTC products through tenders is likely to drive 45%YoY growth over FY18-20E.

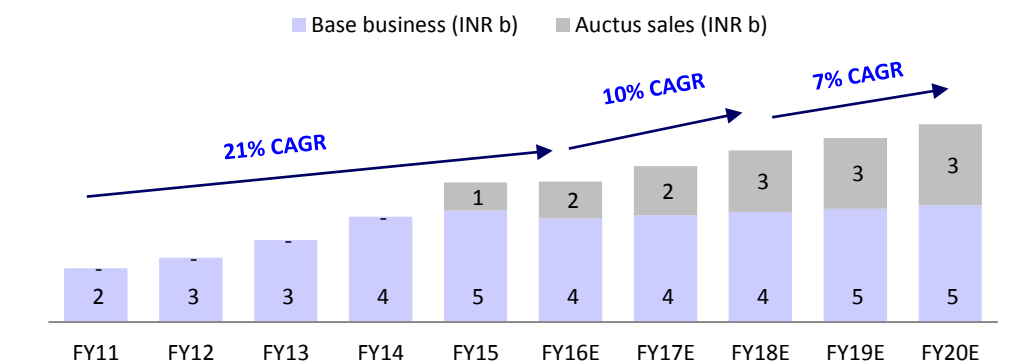
APIs & PFIs : Captive consumptions to cap upside

- API revenue growth is likely to come down from 21% CAGR over FY11-16E to 9% CAGR over FY16-20E due to growing captive needs of the formulation business.
- Similarly, PFI segment is also likely to grow at 11-12% CAGR over FY16-20E, much lower than the earlier growth of 20% over last five years. We believe augmented PFI capacity is only likely to support growth over next 2-3 years.

Auctus acquisition to be key driver over medium term

GRAN is one of the largest producers of APIs in key product categories, with an installed capacity of 25,760 MTPA for APIs, and is a global leader in Ibuprofen, Paracetamol, Metformin, Guaifenesin and Methocarbamol. Post the Auctus acquisition, GRAN has expanded its product offerings to 19 molecules. Despite being in a commoditized business, GRAN grew its API business at a CAGR of 21% over FY11-16E while maintaining profitability and remaining price-competitive due to continuous improvement in manufacturing processes and economies of scale. We believe GRAN would maintain leadership in the top-5 molecules and the key growth driver would be the Auctus portfolio and new filings. We estimate 10% revenue CAGR over FY16.

Exhibit 11: API sales



Source: Company, MOSL

Exhibit 12: Auctus portfolio

Molecules	Therapeutic Category	EU CEP	US	South Korea	Health Canada	IDL China	AIFA (Italy)
Cetirizine Di-HCL	Antihistamine	Filed			Approved	Approved	Filed
Levocetirizine Di-HCL	Antihistamine	.	Filed	Approved	.	Approved	
Losartan Potassium	Antihypertensive	Filed	Filed	Approved	.		
Olmesartan Medoxomil	Antihypertensive	Filed	Filed				
Telmisartan	Antihypertensive	Filed					
Valsartan	Antihypertensive	Filed					
Clopidogrel Bisulphate	CVS	Approved	Approved				
Doxylamine Succinate	Analgesic	.					
Fluconazole	Systemic Antifungal	Filed	Filed	Approved	Approved	Approved	Filed
Pantoprazole Sodium	Anti-ulcerative	Filed					
Pregabalin	CNS	Approved	Approved				
Rifaximin	Anti-infective	Filed	Filed				Filed
Zidovudine ⁺	Antiviral	.	Mylan, USDMF .				

Source: Company, MOSL

Exhibit 13: Global market size of Auctus products (formulations)

	Market size (USD b)	Volume - MT
Valsartan	8.7	1054
Clopidogrel	5.2	572
Pregabalin	4.8	342
Olmesartan	4.5	97
Pantoprazole	3.4	338
Losartan	3.2	662
Telmisartan	3.1	259
Cetirizine	1	58
Fluconazole	1	87
Rifaximin	0.8	85
Levocetirizine	0.6	15
Doxylamine	0.6	40

Augmented PFI capacities to support two-year growth

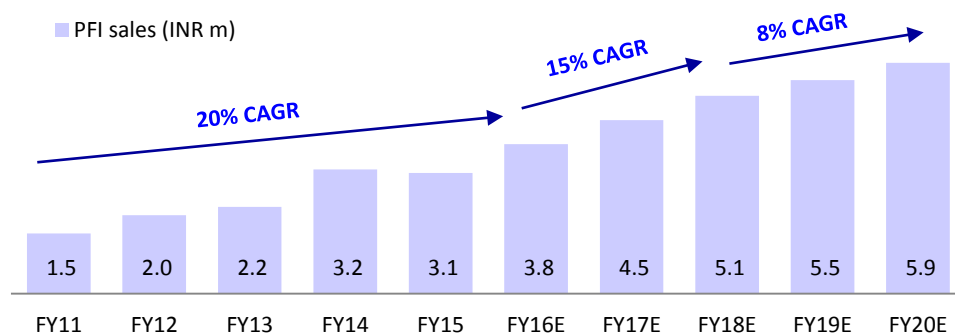
- A PFI is the intermediate product between an API and a finished dosage. GRAN has pioneered the concept of commercializing PFIs, enabling customers to outsource the costliest component (~80% of asset cost) of finished dosage manufacturing. GRAN offers large capacity and batch sizes, giving price-value proposition and effective supply chain management. The use of PFIs also reduces process time leading to substantial reduction in working capital and vendors.
- GRAN grew its PFI business at a CAGR of 20% over FY11-16E. Capacity constraints had led to growth declining to -3% in FY15. Post the introduction of additional capacity of 4,000MTPA in FY16, GRAN has delivered 24% growth in 9MFY16 and is running its plant at 70% utilization levels. We believe the enhanced capacity of 18,400MTPA would only be enough to support 18-20% CAGR over the next two years. Post FY18E, we believe GRAN would need to expand its PFI capacities to support growth ahead.

Exhibit 14: PFI product portfolio

Single molecule	Multiple molecules
Paracetamol/Acetaminophen	Paracetamol and Chlorpheniramine Maleate
Metformin HCl	Paracetamol and Diphenhydramine HCl
Ibuprofen	Ibuprofen and Pseudoephedrine HCl
Guaifenesin	Paracetamol and Caffeine
Methocarbamol	
Ciprofloxacin	

Source: Company, MOSL

Exhibit 15: PFI revenues to grow at 11% CAGR over FY16-20E



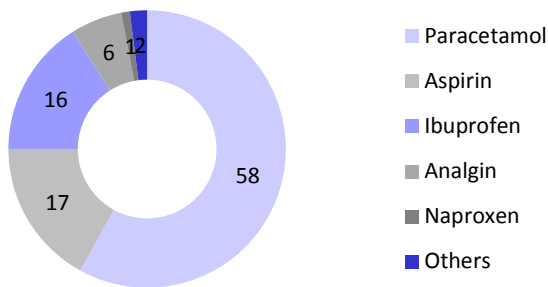
Source: Company, MOSL

Legacy business : Top 5 molecules covers 85% sales

- GRAN had begun its business by manufacturing Paracetamol, Ibuprofen and CPM APIs. From 9,744MTPA capacity in FY08, it expanded its base business to 5 molecules and total capacity of 25,760MTPA in FY16E.
- It plans to expand capacity to 29,760MTPA by FY20 to accommodate the growth in internal consumption of Paracetamol and meet the growing demand for Metformin/Guaifenesin molecules across the globe. At present, top five molecules contribute 85% of its total sales.

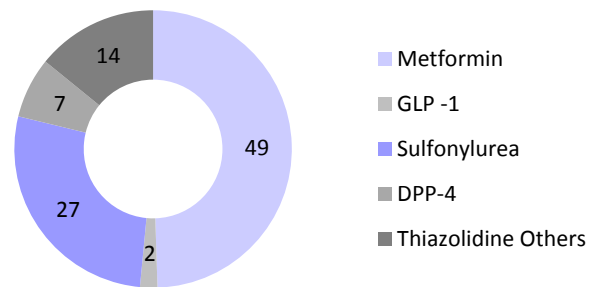
GRAN’s base business covers 75% of the overall analgesics (Paracetamol, Ibuprofen) and 49% of the overall diabetes market (Metformin). Paracetamol, Ibuprofen and Metformin have maintained their status as the first line of defense in their respective segments and have no direct replacements in the pipeline.

Exhibit 16: Analgesics molecule-wise share (%)



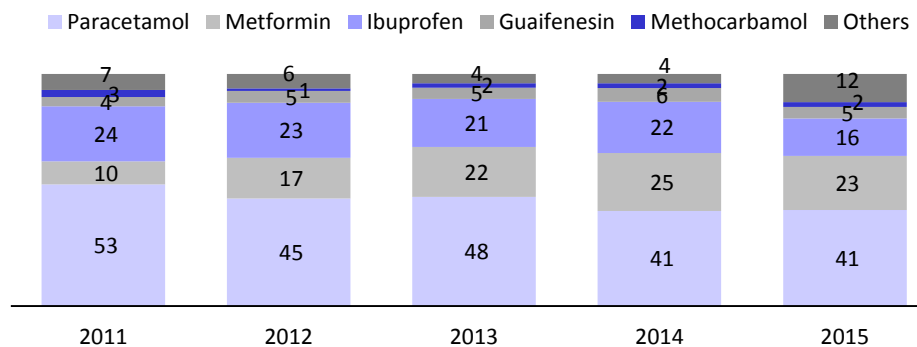
Source: Company, MOSL

Exhibit 17: Anti-diabetic molecules-wise share (%)



Source: Company, MOSL

Exhibit 18: Product mix changing

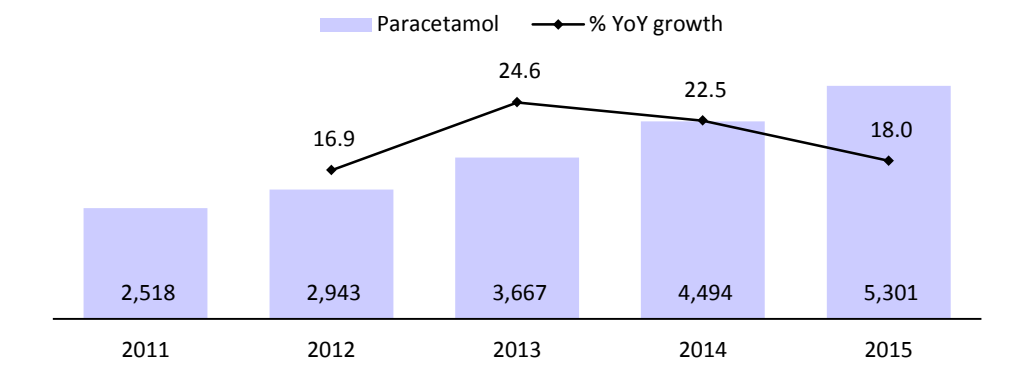


Source: Company, MOSL

Paracetamol

At present, there are very few players with approved Paracetamol API capacities to sell in regulated markets. GRAN is the second-largest player in this category and has expanded capacity to 18,000MTPA in FY16. However, increased Paracetamol API capacities are likely to be used more for captive consumption (formulations) and for other CMOs.

Exhibit 19: Paracetamol product revenues grew at 20% CAGR over FY11-15

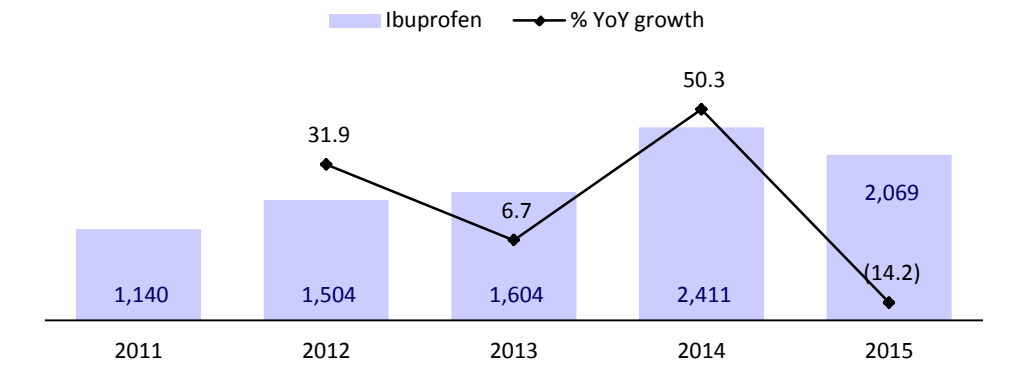


Source: Company, MOSL

Ibuprofen (Anti-analgesic/Pain)

GRAN had entered into a JV with China-based Biocause in 2006. As per this JV, Biocause had transferred its facility for Ibuprofen in Wuhan, China. Currently, it has 4,800MTPA capacity and is among the top five sellers of this product globally.

Exhibit 20: Ibuprofen product revenue grew at 16% CAGR over FY11-15

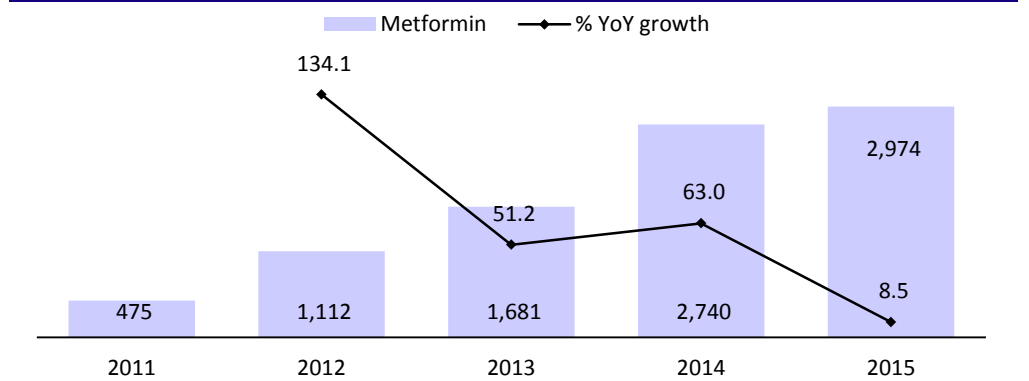


Source: Company, MOSL

Metformin (Anti Diabetes)

The market for Metformin is growing at 8-9% due to increasing demand for diabetes drugs across the globe. This is also a first line therapy for diabetes and is unlikely to see competition over the foreseeable future. GRAN intends to expand its existing Metformin capacities from 2,000MTPA to 9,000MTPA in two phases. Currently, USV is the largest Metformin API producer in the world, with 10,000MTA capacity.

Exhibit 21: Base business growth driven by Metformin sales (58% CAGR over 2011-15)

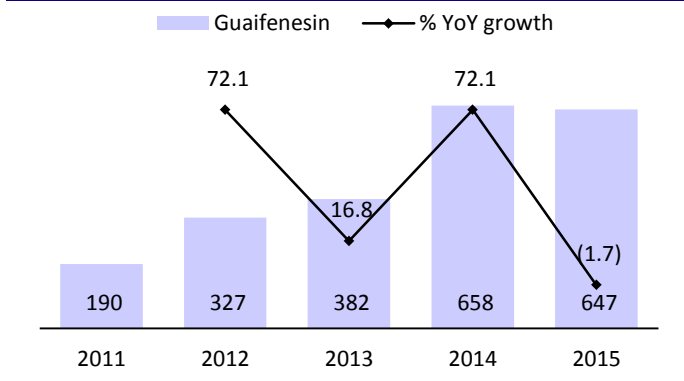


Source: Company, MOSL

Methocarbamol and Guaifenesin (Cold and Cough)

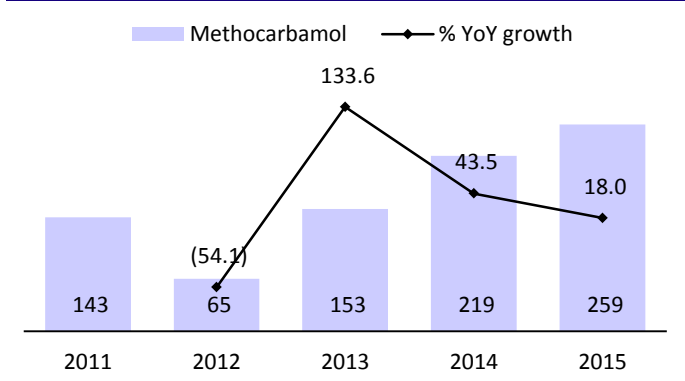
GRAN is one of the few global companies that supply Methocarbamol and Guaifenesin. It increased its Methocarbamol capacities from 96MTPA in FY08 to 360MTPA in FY15. Similarly, it has increased its Guaifenesin capacities from 640MTPA to 1,200MTPA in FY15 and plans to add another 2,000MTPA over the next few years.

Exhibit 22: Guaifenesin revenues (36% CAGR)



Source: Company, MOSL

Exhibit 23: Methocarbamol revenues (16% CAGR)



Source: Company, MOSL

Exhibit 24: API capacities of top five molecules

Paracetamol Regulated Market Suppliers (MTPA)	
Mallinckrodt	25,000
Granules	18,000
Novocel	6,000
Ibuprofen Suppliers (MTPA)	
Shasun	6,000
IOL Chemicals	6,000
Albemarle	5,200
BASF	5,000
Granules Biocause	4,800
Metformin Suppliers (MTPA)	
Granules	2,000
USV Ltd	10,100
Wanbury	9,000
Harman	6,000
Methocarbamol Suppliers (MTPA)	
Granules	200
Synthochem	250
Guaifenesin Suppliers (MTPA)	
Granules	1,200
Synthochem	800

Source: Company, MOSL

Joint ventures (Biocause & Omnicem)

- Till date, GRAN has entered into two joint ventures – 1. With Hubai Biocause for Ibuprofen supplies and 2. With Omnicem for high value API supplies.
- We believe Omnicem JV could be a big step ahead for GRAN towards transition from a commoditized capacity-driven base business to high quality oncology APIs. Besides de-risking, it will provide a steady stream of revenues with healthy margins.

Biocause JV: Established in FY06

Partner profile: Hubei Biocause is a public listed company, involved in Pharmaceuticals, Chemicals and New Energy Fuel businesses. Biocause's Pharmaceuticals business involves Contract Research, Contract Manufacturing and production of APIs, intermediates and formulations including tablets, granules and capsules.

Biocause is one of the leading pharmaceutical product producers and exporters to China, with a strong Production, R&D and Quality system. The company has 8 APIs registered with FDA and 4 APIs with CEP at present.

Joint venture details: The joint venture between Biocause and GRAN had set up a facility in Wuhan, China to manufacture Ibuprofen for regulated markets. Currently, it is operating at 4,800MTPA capacity, putting it among the five largest Ibuprofen suppliers in the world.

Granules-Omnicem JV: Established in FY15

Partner profile: Ajinimoto-Omnicem is a Belgium-based company that specializes in manufacturing pharmaceutical products and fine chemicals. It is a wholly-owned subsidiary of Japan-based Ajinimoto Co Inc (known for amino acids and food products). Omnicem, a division of Ajinimoto-Omnicem, focuses on developing and manufacturing intermediates and active ingredients for the pharmaceutical industry (CRAMs).

Each project is supported by an R&D team of around 80 people that works on integrating the first lab experiments and pilot trials to full industrial production while maintaining the confidentiality.

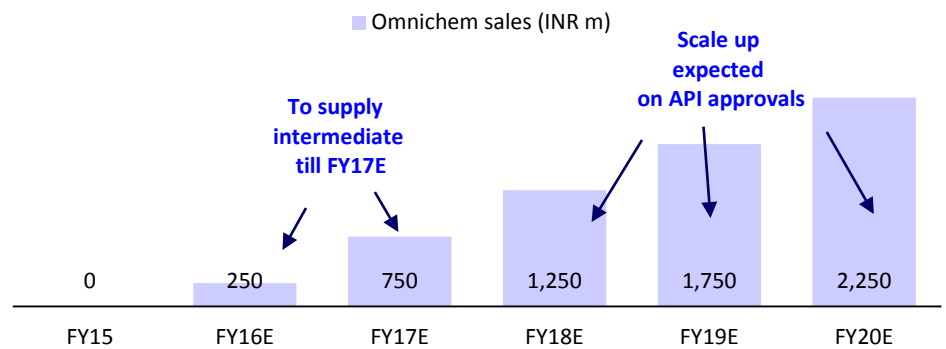
Joint venture details: Granules-Omnicem is a 50:50 JV between GRAN and Ajinimoto-Omnicem, Belgium. Omnicem would be transferring large scale production of intermediates and APIs to Granules-Omnicem. It will also provide full support for quality, engineering, tech transfer, procurement, sales and management-related matters. By FY17, till its facility in Vizag receives FDA approvals from various authorities, the JV will continue to manufacture various intermediates for Omnicem.

Once it receives FDA approvals, the JV would start manufacturing high value APIs for Omnicem’s CRAMs customers. These APIs are likely for innovators and MNCs to compete with generic players.

Omnichem JV sales are expected to reach INR5.5b by FY20E

At present, this business contributes INR250m to overall Granules sales. However, upon required regulatory approvals for products, Omnicem JV sales are expected to reach a peak of INR5.5b by FY20E. These product approvals should kick in from FY18. Until then, the JV would continue supplying intermediates for Omnicem from this facility, with expected sales of INR750m in FY17. It is likely to achieve 25%+ EBITDA margins by selling high value APIs (Oncology, CVS, etc) to innovators.

Exhibit 25: Expect significant ramp up post FY17



Source: Company, MOSL

Strong regulatory history

- At present, the business is operating through 6 API/intermediate facilities, 2 PFI facilities and 2 formulation facilities. There is also one API facility under construction for multiproduct APIs in Vizag.
- Historically, GRAN has demonstrated strong regulatory record, with no warning letter or import alert for any facility. Over the last 8 inspections done by US FDA across its facilities, GRAN has either received no observations or a few minor 483s.

Exhibit 26: List of plants and recent inspection outcome

Locations	Products	Approvals	Last inspection	Result
API facilities				
Jeedimetla	Metformin, Methocarbamol, Guainfenecin	USFDA, KFDA, TGA, EDQM approved	21st December 2015	No observations
Bothapally 1	Paracetamol	USFDA, WHO, GMP, EDQM, Infarmed (EU) approved	16th June 2014	No observations
Bothapally 2	Intermediate (Auctus)			
Wuhan	Ibuprofen	USFDA, EDQM, TPD – Canada, MCC approved	September 2013	Not Available
Vizag 1	Multiproduct (Auctus)	US FDA approved	21st December 2015	Three observations
Vizag 2	Oncology (Omnichem JV)	Yet to approve		
Vizag 3	Multiproduct (Granules Life)	Under Development		
PFI facilities				
Jeedimetla	Multiproduct small scale	USFDA, Australian TGA, German HA approved		
Gagilapur	Multiproduct large scale	USFDA, German HA, Australian TGA approved	16th March 2015	No observations
FD facilities				
Gagilapur	Tablets	Informed (EU), USFDA approved	16th March 2015	No observations
US	Complex product filings		Not applicable	

Source: Company, MOSL

Capacity ramp-up progressing well

Augmented capacities to support base as well as emerging business

- GRAN is going to increase the API capacities of Paracetamol, Metformin and Guaifenesin by 25-30%, 3.5x and 2.7x, respectively, which will support both base and emerging part of the business.
- In FY16, GRAN has also increased its PFI capacity by 38-40% to 18,400MTPA. This debottlenecking is likely to support 16-18% PFI revenue CAGR over the next two years.

API capacities: GRAN's existing API business is primarily driven by higher capacities that augment production yield for five APIs and improve profitability.

Over the years, GRAN has increased Paracetamol capacities from 8,000MTPA to 18,000MTPA, becoming the second largest Paracetamol producer in the world for regulated markets, behind Mallinckrodt. Given the growing demand for internal as well as external consumption of Paracetamol in regulated markets, GRAN expanded its API capacities through de bottlenecking.

Similarly, it intends to expand Metformin capacities in two phases from the existing 2,000MTPA to 5,500MTPA in FY18 and to 9,000MTPA by FY20. Post expansion, GRAN would become one of the top three Metformin API producers in the world. The Metformin API market is currently growing at 8-10% per year, reflecting healthy demand for Metformin molecules due to combination products.

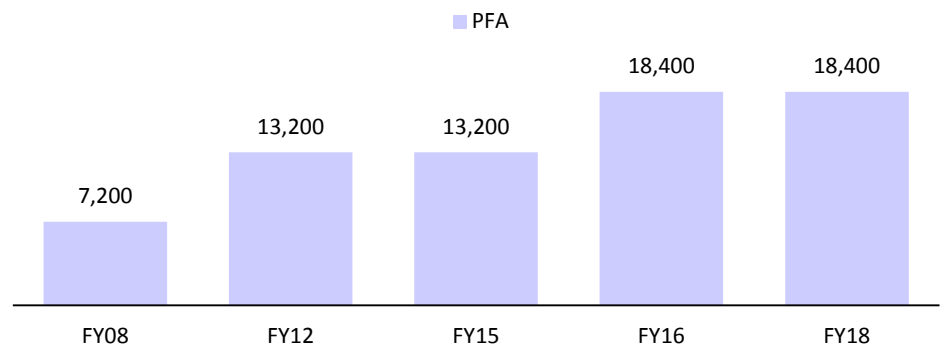
Exhibit 27: Growing API capacities

	FY08	FY12	FY15	FY16	FY18	FY20
Paracetamol	8,000	10,000	14,400	18,000	18,000	18,000
Metformin	960	2,000	2,000	2,000	5,500	9,000
Ibuprofen	3,600	4,800	4,800	4,800	4,800	4,800
Guanfenesin	640	1,200	1,200	1,200	3,200	3,200
Methocarbamol	96	180	360	360	360	360

Source: Company, MOSL

PFI capacities: GRAN has one of the largest PFI capacities in the world at Gagilarpur in Andhra Pradesh, India. It is the only company in the world with capacity to handle 6MT PFI batch size. This gives GRAN significant edge over competitors in terms of scale and profitability. In FY16, GRAN has already expanded its PFI capacity to 18,400MTPA from 13,200MTPA in FY15. These PFI capacities are operating at 70-75% utilization – enough to support 17-18% growth in existing PFI business over the next two years.

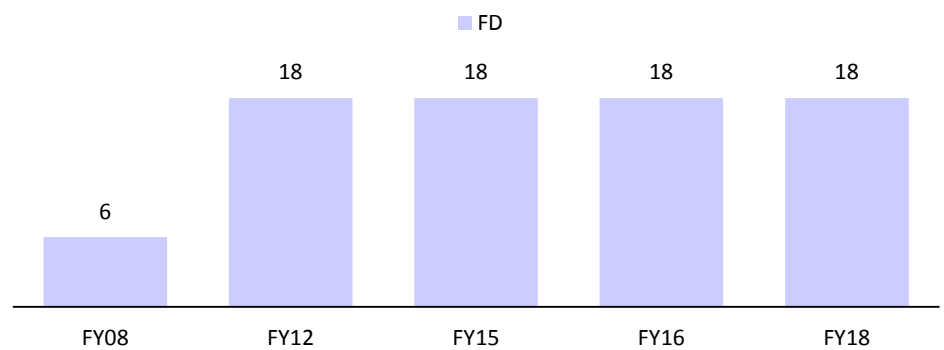
Exhibit 28: PFI capacities at 18,400MTPA



Source: Company, MOSL

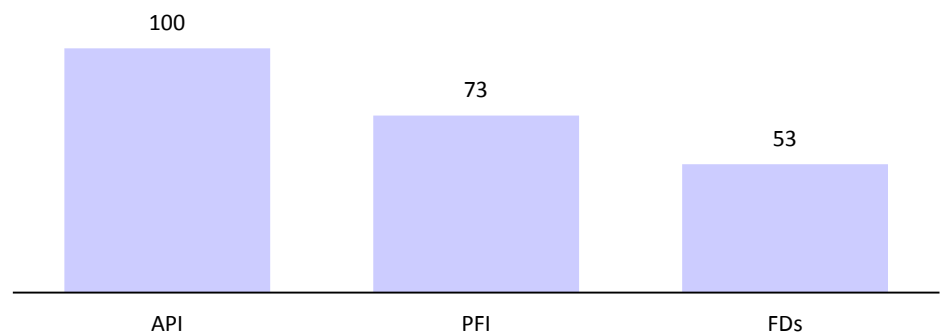
Finished dosages capacity: GRAN had set up its first formulation facility in FY08, with an annual capacity of 6b tablets. In FY12, it tripled this capacity to 18b tablets. It is still operating at 50-55% utilization and can comfortably support 26-30% revenue CAGR in the existing formulations business over the next two years.

Exhibit 29: Finished dosage capacity at 18b tablets



Source: Company, MOSL

Exhibit 30: Utilization levels of base business (%)



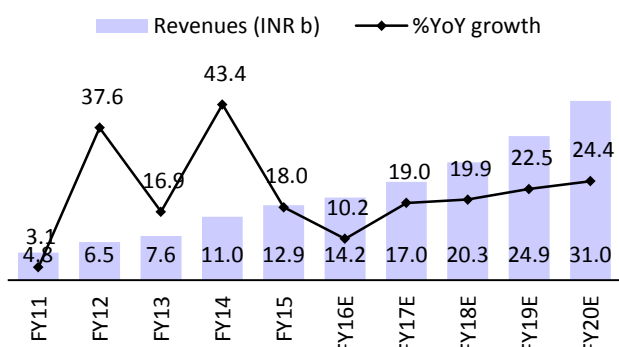
Source: Company, MOSL

Business fundamentals to improve further

Strong track record

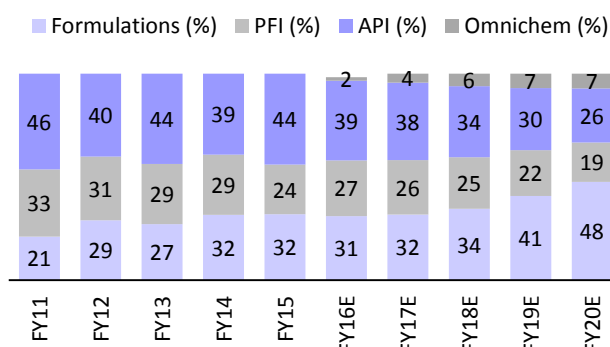
GRAN has recorded 28% revenue CAGR over FY11-15, led by 42% CAGR in finished dosages, 20% CAGR in PFIs and 27% CAGR in APIs. It has demonstrated strong performance across segments over the last five years. Its business mix has also improved substantially, with low margin API contribution declining from 46.4% in FY11 to 39.6% in FY16, which we believe will further reduce to 34.4% in FY18.

Exhibit 31: Revenue grew at 28% CAGR over FY11-15



Source: Company, MOSL

Exhibit 32: High margin business contribution increasing



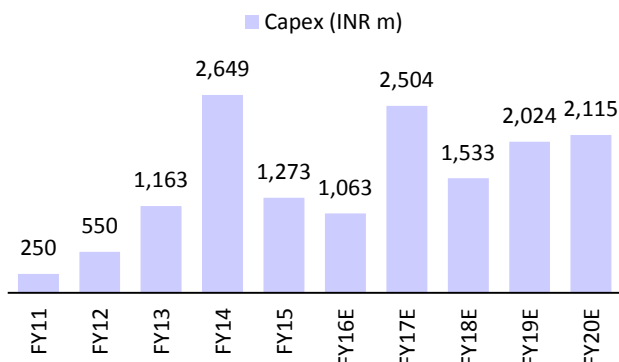
Source: Company, MOSL

Strengthening balance sheet

GRAN has INR958m (USD14m-15m) of cash and INR3.9b (USD57m-58m) of debt on its books. We expect it to repay INR1b debt over FY17-18, resulting in comfortable D/E ratio of 0.3x by FY18 (down from 0.7x in FY16E).

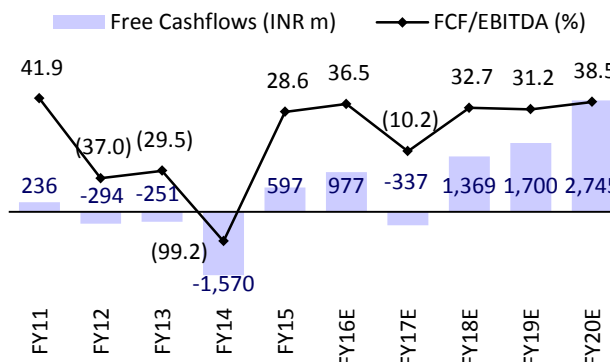
GRAN is likely to incur capex of INR4b-4.5b over the next two years to address existing and future capacity constraints as well as to invest in medium-term R&D and manufacturing projects. The capex would be funded through equity (INR2b) and internal accruals (INR2.5b).

Exhibit 33: Likely to incur capex of INR4b-4.5b over two years



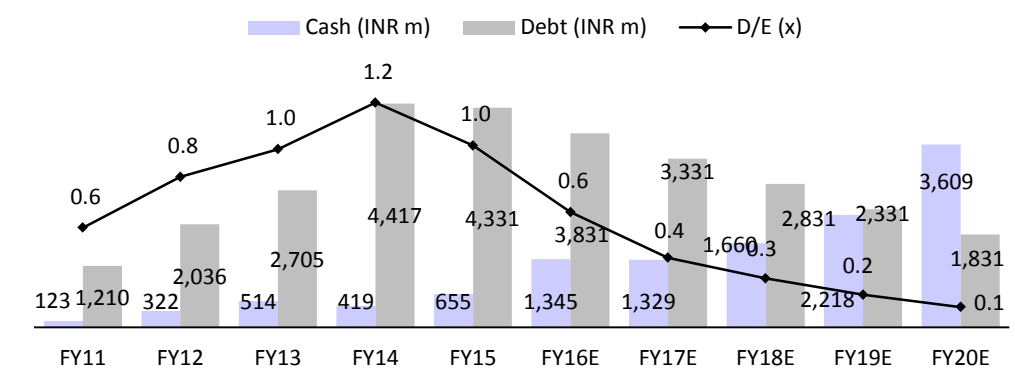
Source: Company, MOSL

Exhibit 34: Free cash flows to improve, going ahead



Source: Company, MOSL

Exhibit 35: D/E ratio to decline to 0.3x by FY18E

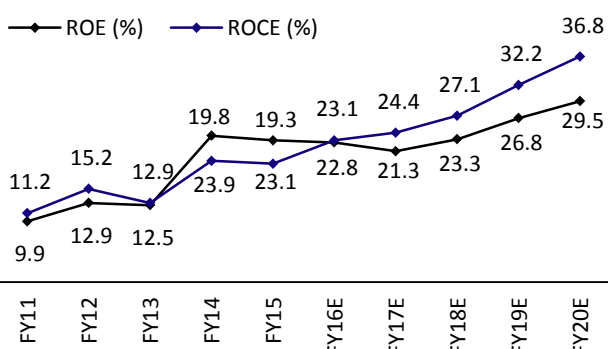


Source: Company, MOSL

RoCE to improve with better margins

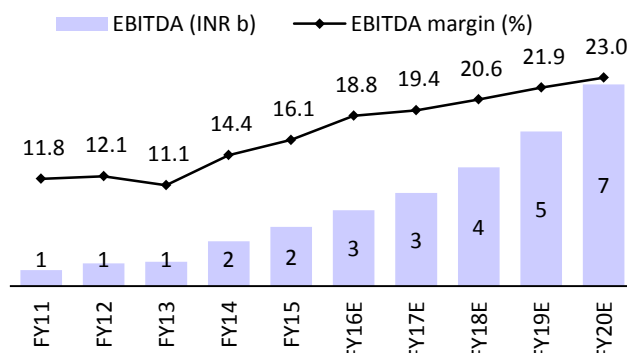
Increasing contribution from high margin businesses, improved productivity, higher operating leverage from better plant utilization, and currency benefits have resulted in significant margin expansion over the last two years. This is likely to continue over the next two years, with entry into the US, increasing contribution from high growth and high margin finished dosages business, and higher operating leverage from Auctus and Omnichem. We see RoE improving from 24% in FY16 to 37% in FY20E.

Exhibit 36: Healthy return ratios



Source: Company, MOSL

Exhibit 37: EBITDA margin to expand to 20.8%

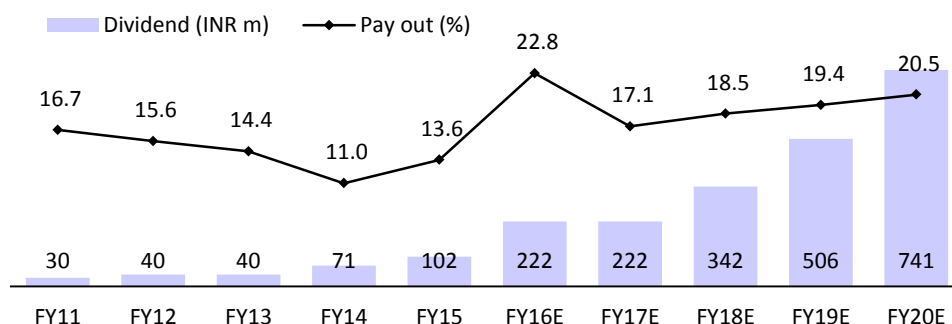


Source: Company, MOSL

Dividend policy

In FY16, GRAN distributed INR216m in dividends – a 21% dividend payout. Despite being in a high growth phase, GRAN has consistently shared profits with investors. We believe it is likely to maintain its payout ratio in the range of 17 to 20% over the next few years.

Exhibit 38: Substantial part of profits are shared with investors



Source: Company, MOSL

Equity infusion – To fund growing capex

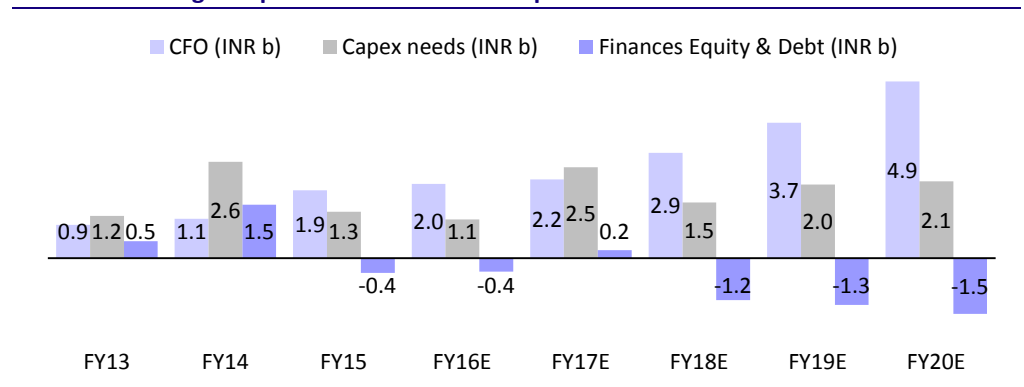
- At the AGM held on 13 August 2015, the Board of Directors and shareholders had approved the issuance of 4.1m warrants to MD & promoter, Mr Krishna Prasad. On 31 October 2015, all the warrants were converted to equivalent number of shares at INR85.9/share, on receipt of the full amount of INR352m.
- At the EGM held on 24 August 2015, the Board of Directors and shareholders had also approved the issuance of 18.656m warrants to promoter group company. GRAN is expected to receive INR1.78b from this conversion at the rate of INR95.3/warrant.
- Overall, GRAN will raise INR2.12b funds through promoters. This will be used to fund capex for the next two years and to reduce existing debt. Rest of the funding for capex is likely to be through internal accruals.
- However, we believe, post FY18, GRAN would need another round of capex to augment formulations capacities and for additional spend on warehouses and packaging facility in the US in case of successful ramp-up of the OTC part of the business.

Exhibit 39: Utilization of funds over next two years

Purpose	Spend (INR m)
Metformin and Guaifenesin capacity addition	700
R&D spend	700
Vizag greenfield API facility	1,500
US facility upgradation	800
Maintenance	800
Total Spend	4,500

Source: Company, MOSL

Exhibit 40: Enough surplus cash flow to fund capex demands



Source: Company, MOSL

Valuation and view

Over the last five years, GRAN reported 45% earnings CAGR on improved profitability, higher operating leverage and superior business mix. It expanded its finished dosages business at a CAGR of 42% over FY11-15, leading to higher profitability and improved utilization of the existing capacity of 18b tablets. Profitability of the PFI business has also improved substantially, with the implementation of 6MT order capacity. As a result, GRAN has expanded its EBITDA margins from 11.8% in FY11 to 18.8% in FY16E.

Going ahead, we expect 39-40% earnings CAGR to continue for next four years, supported by 22% revenue CAGR and 420bp margin expansion. Our target price of INR160 discounts GRAN's FY18E EPS at 16x, which (a) is at 25-30% discount to sector average, and (b) implies a PEG of 0.4x (FY15-18E EPS CAGR of 39%).

GRAN is currently trading at 22.9x FY16E, 18.2x FY17E and 12.8x FY18E EPS – at 55% discount to sector average, which is unjustified, in our view. We argue for a P/E re-rating for GRAN, given (a) strong EPS outlook – 39% CAGR, backed by 22% revenue CAGR and 25% EBITDA CAGR, (b) RoCE improvement from 19.3% to 29.3% by FY18, and (c) deleveraging – we expect net D/E to improve to 0.1x by FY18 (v/s 0.9x now).

Key catalysts to drive stock's performance over the medium term

- Finished dosages product approvals from regulated markets.
- Greater traction in Auctus portfolio.
- Higher than expected realizations from Omnicem JV.

Risks to our investment thesis

- Pricing pressure on existing products.
- Regulatory risks related to already approved manufacturing facilities.

Exhibit 41: Our TP of INR160 is based on 16x FY18E PER (25% discount to sector average)

FY18E EPS	Target multiples	Target Price	% Upside
9.8	16.0	160	32

Source: Company, MOSL

Exhibit 42: Comparison with peers

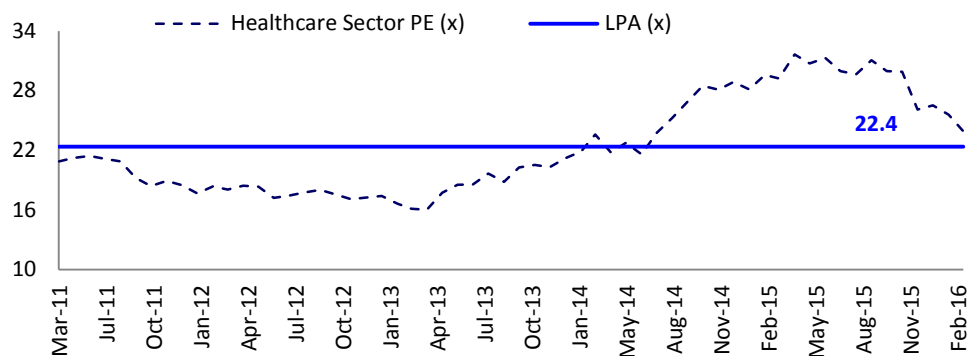
	Mkt		P/E		EV/EBITDA		RoE (%)	
	CMP	CAP	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E
Granules India	122	375	17.5	12.2	8.6	6.6	22.0	23.3
Marksans	49	296	12.0	9.5	7.4	5.7	29.6	29.2
Shilpa Medicare	423	480	24.9	14.8	16.4	10.4	17.4	22.8
Dishman	340	404	13.2	10.5	7.4	6.4	13.9	14.9
Jubilant Life	429	1,005	11.3	8.8	7.0	6.0	19.4	19.9
IPCA	570	1,059	18.9	13.9	11.5	9.0	15.2	17.8

Source: Company, MOSL

Exhibit 43: Valuation metrics

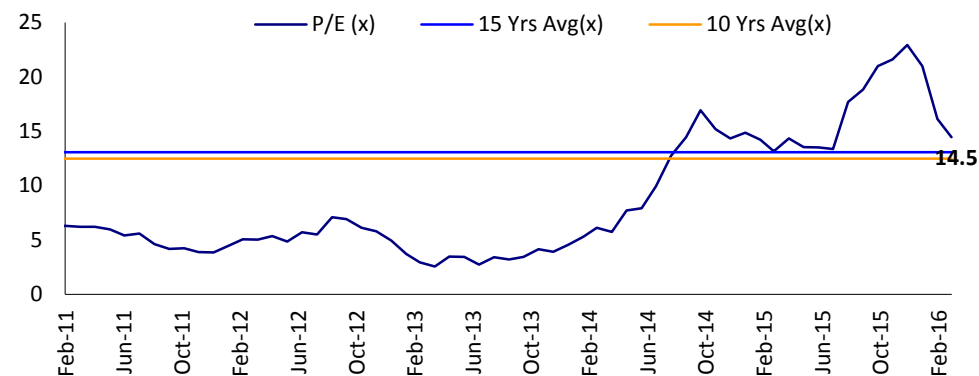
Name of Company	MCap	P/E (x)				EV/EBITDA (x)				RoE (%)				EPS CAGR,%
	INR b	FY15	FY16E	FY17E	FY18E	FY15	FY16E	FY17E	FY18E	FY15	FY16E	FY17E	FY18E	FY15-18E
Sun Pharma	31	43.0	40.7	24.5	20.8	26.4	24.2	17.2	14.3	21.5	17.5	21.7	24.0	26.0
Lupin	12	28.0	30.1	20.5	16.6	24.4	27.8	18.0	14.4	30.4	22.8	27.1	26.4	18.9
Dr. Reddy's Labs	8	23.3	19.9	19.7	16.6	16.5	13.2	12.8	10.4	19.9	19.5	17.0	17.2	12.1
Cipla	6	37.3	22.8	21.2	15.7	19.1	14.1	11.7	9.0	13.7	15.7	15.8	18.5	33.3
Aurobindo	6	27.6	22.3	17.1	13.5	16.2	12.9	10.4	8.2	35.4	32.1	31.0	29.4	26.8
Cadila Healthcare	5	27.4	20.9	22.0	15.2	19.3	15.0	14.2	10.1	30.8	31.3	25.2	29.5	21.7
Divi's Labs	3.8	30.3	24.4	20.5	16.8	21.7	18.3	14.8	11.9	26.3	27.9	28.5	29.7	21.8
Glenmark Pharma	3.0	46.7	27.4	20.5	16.8	19.7	14.5	9.3	8.0	15.8	17.9	18.6	18.0	40.8
Torrent Pharma	3.2	40.8	21.2	19.0	15.1	22.9	8.4	12.9	10.4	25.7	34.1	28.4	29.6	39.1
Alkem	2.3	35.8	22.3	19.6	15.8	29.6	17.8	15.0	11.6	18.4	22.4	21.2	22.1	31.3
Alembic Pharma	1.8	41.3	23.6	21.0	17.4	29.5	10.5	14.6	11.6	36.3	40.0	31.1	29.5	33.3
IPCA Labs	1.1	30.5	55.4	23.3	15.1	14.8	21.2	12.4	8.9	12.0	6.1	13.5	18.1	26.5
Biocon	1.4	23.8	21.8	18.3	15.8	14.2	12.6	10.2	8.4	12.3	11.8	12.8	13.4	14.6
Granules India	0.4	27.0	22.0	17.5	12.3	14.4	10.7	8.6	6.6	23.1	22.8	21.3	23.3	30.0
GSK Pharma	4.0	58.8	79.6	58.5	46.9	41.3	58.4	38.7	30.3	23.1	24.8	37.3	47.2	7.8
Sanofi India	1.4	47.9	39.7	28.5	23.6	25.9	18.8	15.4	13.3	13.3	14.2	18.0	19.5	26.7

Exhibit 44: Healthcare sector P/E at 22x for last five years



Source: Company, MOSL

Exhibit 45: Granules India trades at 15x at CMP



Source: Company, MOSL

Sensitivity analysis indicates favorable risk/reward

Our sensitivity analysis suggests that in the bull case, there could be an upside of over >55% to CMP, and in the bear case, there is limited downside.

Bull case assumption shows >55% upside

- Earlier than expected ANDA approvals in US.
- EBITDA margins at 21.8%, 120bps higher than base case.
- Moderate tax rates at 29%.

Bear case assumption suggests limited downside

- Lower than expected ramp up in the US.
- EBITDA margins at 19.6%, 100bps lower than base case.

Exhibit 46: Sensitivity Analysis

	Bear Case	Base Case	Bull Case
Revenue	18,737	20,333	21,058
EBITDA	3,673	4,189	4,591
EBITDA margin (%)	19.6	20.6	21.8
PBT	2,668	3,194	3,600
Tax rate (%)	30.0	30.0	29.0
PAT	1,867	2,235	2,556
EPS	8.2	9.8	11.2
Multiple	14.0	16.0	17.0
Target Price	115	160	191
% return	-5.8%	31.5%	56.6%

Source: Company, MOSL

About Granules India

Incorporated in 1991, the Hyderabad-based Granules India (GRAN) is a vertically integrated manufacturer of pharmaceutical products. It is among the largest manufacturers of Paracetamol and Ibuprofen in the world. It derives 63% of its business from Europe and the US. GRAN also has a formulations plant, with a capacity to produce 18b tablets per annum. It has its own Abbreviated New Drug Applications (ANDAs) and dossiers. GRAN services more than 300 customers across 60 nations (exports are ~87% of revenues).

Changing business mix

Exhibit 47: Business mix (FY11)

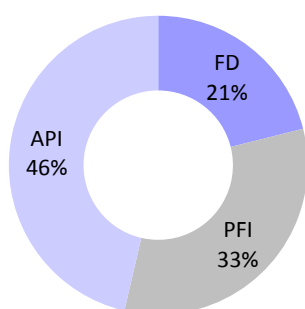


Exhibit 48: Business mix (FY16E)

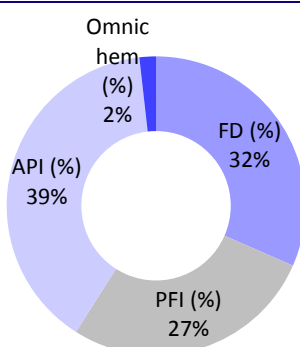
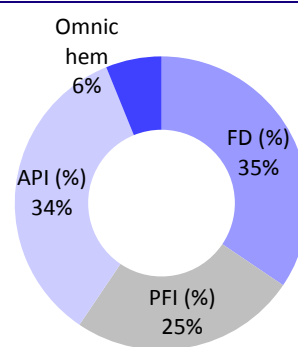


Exhibit 49: Business mix (FY18E)



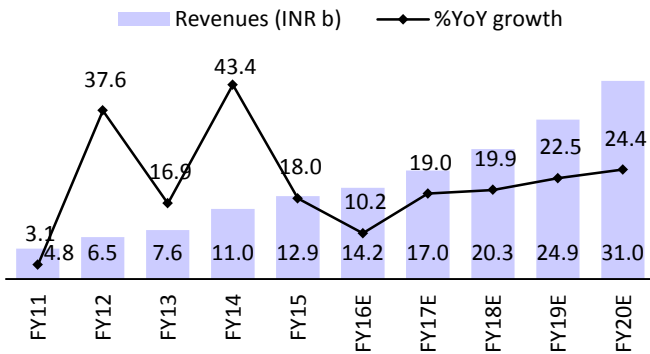
Source: Company, MOSL

Strong management team at the helm

- **Mr Krishna Prasad (MD)** is the Founder of Granules India. He has three decades of experience in the pharmaceuticals industry. In 1984, he set up a Paracetamol manufacturing facility, which has become one of the world's most reputed manufacturers of Paracetamol for regulated markets.
- **Ms Uma Chigurupati (Executive Director)** has rich experience of 29 years in various fields. She had co-founded Triton Laboratories Private Limited with Mr Krishna Prasad in 1984. Triton was later amalgamated with Granules India.
- **Mr Harsha Chigurupati (Executive Director)** has been with Granules India since 2005 and served as CMO from 2006 to 2010. As CMO, Mr Chigurupati was instrumental in commercializing the Finished Dosage Division and shifted the company's focus to marquee customers in regulated markets.
- **Mr VVS Murthy (CFO)** has three decades of experience in Finance across various industries including nearly two decades in pharmaceuticals. Mr Murthy was previously Group Chief Financial Officer at Dishman Pharmaceuticals; his role encompassed Indian operations and nine international operations. Prior to that, Mr Murthy was VP - Finance at Dr Reddy's, where he helped execute several international M&A transactions.

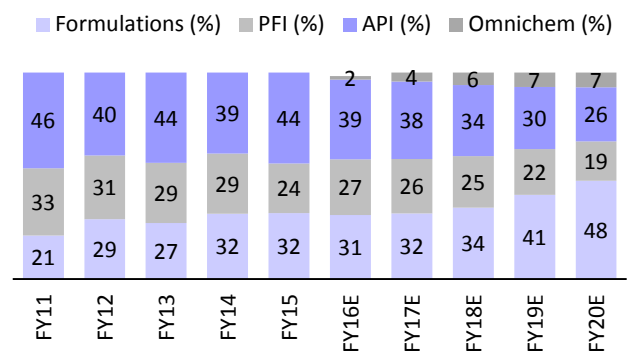
Story in charts

Exhibit 50: Revenues to grow at 22% CAGR (FY16-20E)



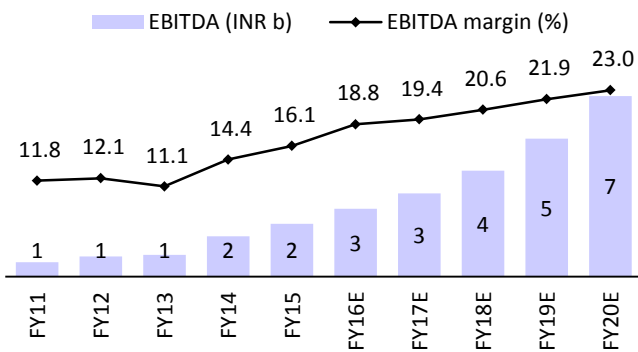
Source: Company, MOSL

Exhibit 51: Formulation contribution to increase



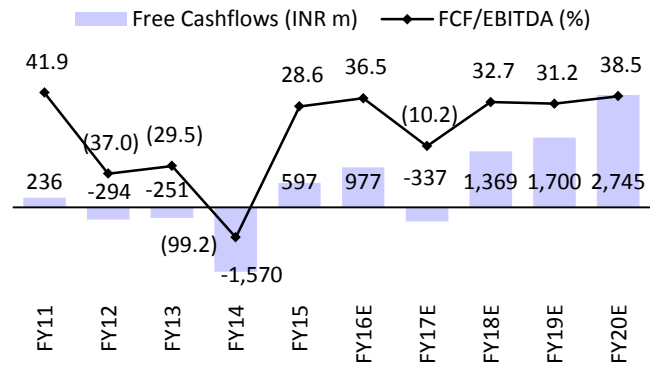
Source: AIOCD, MOSL

Exhibit 52: EBITDA margins to expand to 23% by FY20E



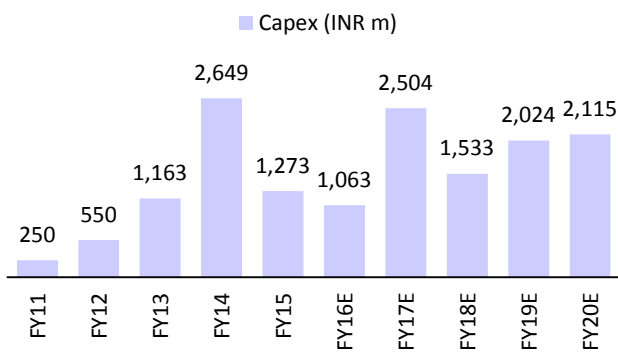
Source: AIOCD, MOSL

Exhibit 53: FCF to scale up from FY18E



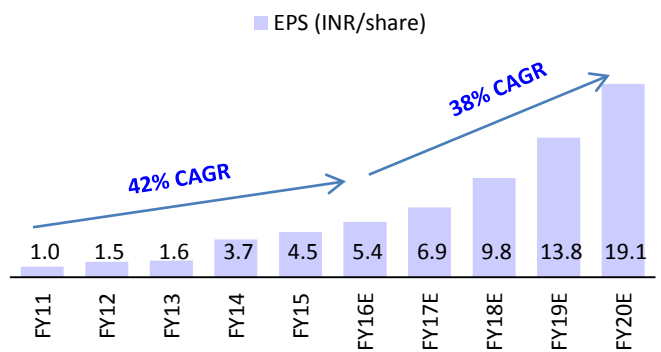
Source: AIOCD, MOSL

Exhibit 54: Capex needs to continue with growth



Source: AIOCD, MOSL

Exhibit 55: Earnings to grow at 38% CAGR



Source: AIOCD, MOSL

Financials and valuations

Consolidated - Income Statement

(INR Million)

Y/E March	FY13	FY14	FY15	FY16E	FY17E	FY18E	FY19E	FY20E
Income from Operations	7,838	11,167	13,279	14,568	17,343	20,791	25,462	31,679
Less: Excise Duty	194	209	350	321	382	457	560	697
Total Income from Operations	7,644	10,959	12,929	14,248	16,962	20,333	24,902	30,983
Change (%)	16.9	43.4	18.0	10.2	19.0	19.9	22.5	24.4
EBITDA	851	1,583	2,086	2,679	3,291	4,189	5,454	7,126
Margin (%)	11.1	14.4	16.1	18.8	19.4	20.6	21.9	23.0
Depreciation	231	298	527	626	731	878	995	1,121
EBIT	620	1,285	1,560	2,053	2,560	3,311	4,459	6,005
Int. and Finance Charges	177	204	323	408	358	247	181	146
Other Income	21	43	43	85	102	122	149	186
PBT bef. EO Exp.	464	1,124	1,280	1,730	2,304	3,187	4,428	6,046
EO Items	0	0	0	0	0	0	0	0
PBT after EO Exp.	464	1,124	1,280	1,730	2,304	3,187	4,428	6,046
Current Tax	124	305	287	554	737	956	1,284	1,693
Deferred Tax	14	66	83	0	0	0	0	0
Tax Rate (%)	29.7	33.0	29.0	32.0	32.0	30.0	29.0	28.0
Reported PAT	326	753	909	1,177	1,566	2,231	3,144	4,353
Adjusted PAT	326	753	909	1,177	1,566	2,231	3,144	4,353
Change (%)	8.8	130.8	20.8	29.4	33.1	42.4	40.9	38.5
Margin (%)	4.3	6.9	7.0	8.3	9.2	11.0	12.6	14.0

Consolidated - Balance Sheet

Y/E March	FY13	FY14	FY15	FY16E	FY17E	FY18E	FY19E	FY20E
Equity Share Capital	201	203	204	216	228.0	228	228	228
Total Reserves	2,547	3,357	4,107	5,808	8,439	10,257	12,790	16,249
Net Worth	2,749	3,560	4,312	6,024	8,667	10,485	13,018	16,477
Deferred Liabilities	258	403	493	493	493	493	493	493
Total Loans	2,705	4,417	4,331	3,831	3,331	2,831	2,331	1,831
Capital Employed	5,712	8,380	9,136	10,348	12,491	13,809	15,842	18,801
Gross Block	3,874	6,539	8,438	9,438	11,438	12,938	14,688	16,438
Less: Accum. Deprn.	1,240	1,714	2,272	2,898	3,628	4,506	5,500	6,621
Net Fixed Assets	2,635	4,825	6,166	6,540	7,809	8,432	9,187	9,817
Capital WIP	1,088	1,246	620	684	1,187	1,220	1,494	1,859
Total Investments	97	2	2	2	2	2	2	2
Curr. Assets, Loans & Adv.	3,007	3,848	5,184	6,257	7,156	8,595	10,645	14,024
Inventory	1,365	1,742	2,245	2,396	2,831	3,343	4,027	4,940
Account Receivables	710	1,109	1,326	1,462	1,740	2,086	2,554	3,178
Cash and Bank Balance	417	418	653	1,343	1,327	1,658	2,216	3,608
Loans and Advances	515	580	959	1,057	1,258	1,508	1,847	2,298
Curr. Liability & Prov.	1,128	1,640	2,836	3,135	3,663	4,439	5,486	6,900
Account Payables	918	1,355	1,887	2,014	2,379	2,810	3,385	4,152
Other Current Liabilities	143	162	774	853	1,015	1,217	1,490	1,854
Provisions	68	123	175	268	268	413	611	894
Net Current Assets	1,879	2,208	2,348	3,122	3,493	4,156	5,159	7,123
Deferred Tax assets	14	100	0	0	0	0	0	0
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	5,712	8,379	9,136	10,348	12,491	13,809	15,842	18,801

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	FY13	FY14	FY15	FY16E	FY17E	FY18E	FY19E	FY20E
Basic (INR)								
EPS	1.6	3.7	4.5	5.4	6.9	9.8	13.8	19.1
Cash EPS	2.8	5.2	7.0	8.3	10.1	13.6	18.1	24.0
BV/Share	13.7	17.6	21.1	27.9	38.0	46.0	57.1	72.3
DPS	0.2	0.4	0.5	1.0	1.0	1.5	2.2	3.3
Payout (%)	14.4	11.0	13.6	22.8	17.1	18.5	19.4	20.5
Valuation (x)								
P/E		33.7	28.1	22.9	18.2	12.8	9.1	6.5
Cash P/E		24.1	17.8	15.0	12.4	9.2	6.9	5.2
P/BV		7.1	5.9	4.5	3.3	2.7	2.2	1.7
EV/Sales		2.8	2.3	2.0	1.7	1.4	1.1	0.8
EV/EBITDA		19.1	14.4	10.7	8.6	6.6	4.8	3.4
Dividend Yield (%)	0.2	0.3	0.4	0.8	0.8	1.2	1.8	2.6
Return Ratios (%)								
RoE	12.5	23.9	23.1	22.8	21.3	23.3	26.8	29.5
RoCE	12.9	19.8	19.3	23.1	24.4	27.1	32.2	36.8
Working Capital Ratios								
Asset Turnover (x)	1.3	1.3	1.4	1.4	1.4	1.5	1.6	1.6
Inventory (Days)	65	58	63	61	61	60	59	58
Debtor (Days)	33	36	36	37	37	37	37	37
Creditor (Days)	72	77	92	96	98	99	100	100
Working Cap. Turnover (Days)	70	60	48	46	47	45	43	41
Leverage Ratio (x)								
Current Ratio	2.7	2.3	1.8	2.0	2.0	1.9	1.9	2.0
Interest Cover Ratio	4	6	5	5	7	13	25	41
Debt/Equity	1.0	1.2	1.0	0.6	0.4	0.3	0.2	0.1

Consolidated - Cash Flow Statement

Y/E March	FY13	FY14	FY15	FY16E	FY17E	FY18E	FY19E	FY20E
OP/(Loss) before Tax	463	1,124	1,280	1,730	2,304	3,187	4,428	6,046
Depreciation	231	298	527	626	731	878	995	1,121
Interest & Finance Charges	165	190	280	323	256	125	31	-40
Direct Taxes Paid	-112	-238	-371	-554	-737	-956	-1,284	-1,693
(Inc)/Dec in WC	146	-310	95	-84	-387	-331	-445	-573
CF from Operations	893	1,064	1,811	2,040	2,167	2,901	3,724	4,860
CF from Operating incl EO	912	1,080	1,870	2,040	2,167	2,901	3,724	4,860
(inc)/dec in FA	-1,163	-2,649	-1,273	-1,063	-2,504	-1,533	-2,024	-2,115
Others	-20	8	43	85	102	122	149	186
CF from Investments	-1,278	-2,546	-1,230	-978	-2,402	-1,411	-1,875	-1,929
Issue of Shares	6	11	1	804	1,345	0	0	0
(Inc)/Dec in Debt	682	1,709	-86	-500	-500	-500	-500	-500
Interest Paid	-178	-205	-323	-408	-358	-247	-181	-146
Dividend Paid	-47	-47	-123	-268	-268	-413	-611	-894
CF from Fin. Activity	463	1,467	-404	-373	219	-1,159	-1,291	-1,540
Inc/Dec of Cash	97	0	236	690	-16	331	558	1,391
Opening Balance	320	417	417	653	1,343	1,327	1,658	2,216
Closing Balance	417	417	653	1,343	1,327	1,658	2,216	3,608

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