Piramal Pharma Ltd (PIRPHA)

CMP: ₹ 148 | Target: ₹ 210 (42%) | Target Period: 12 months | BUY

July 22, 2024

CDMO momentum key to pass an inflection point...

About stock: Piramal Pharma Limited (PPL) is a carved-out Pharma entity from Piramal Enterprises limited and is a part of Piramal group of companies. The company operates in 3 major segments.

(1) Contract development and manufacturing organisations (CDMO) for both innovators and generics clients
(2) Complex hospital generics (critical care)
(3) India consumer healthcare (OTC).

PPL owns 17 manufacturing facilities across India, US and UK with capabilities in sterile, API, formulations and drug discovery & manufacturing of nutrition products.

The company holds 49% stake in AbbVie Therapeutics (JV with Allergan), and ~33% in Yapan Bio which operates in the biologics / bio-therapeutics and vaccine segments.

Investment Rationale

- **CDMO growth emanating from high-value services:** The company over the years have been focusing on high value services- 1) more focus towards catering to innovators, 2) incremental offering of differentiated services such as high potency APIs, antibody drug conjugates (ADC), peptides among others and 3) offering of integrated services platform leveraging on global manufacturing network. We believe these high value services are margin accretive and stickier in nature. Improved performance in FY24 was attributable to CDMO business which in turn was driven by improvement across these three parameters.
- **Complex Hospital generics- a niche and steady business**: This business, although generics in nature is a high entry-barrier business characterised by complexities in most of the products. The company has gained significant bandwidth via acquisitions and building up of knowledge over the years. PPL has a reach of over 6,000 hospitals and surgical centres across 100 countries. The company's developmental pipeline remains strong with an addressable market of US$ 2 billion.
- **Margin improvement, wanning balance sheet stress to the fore:** streamlining of operating leverage by optimally utilising its foreign assets and improving product mix by focusing on innovative CDMO among would be the topmost priorities for the company which in a way is likely to improve margins as well as lighten the balance sheet stress to a larger extent.

Rating and Target Price

- We believe the company is at critical inflection point and expect overall improvement as the CDMO momentum continues. We assign **BUY** rating with a **target price of ₹ 210** based on SoTP basis.

Piramal Pharma Limited

Conviction Pick

ICICI Securities – Retail Equity Research

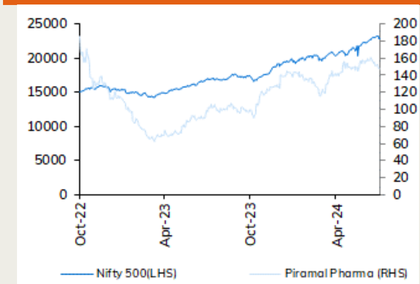
Particulars remove

Particular	Amount
Market Capitalisation	₹ 19580 crore
Debt (FY24)	₹ 4710 crore
Cash (FY24)	₹ 357 crore
EV	₹ 23933 crore
52 week H/L	166/87
Equity capital	₹ 1323 crore
Face value	₹ 10

Shareholding pattern

Particular	Sep-23	Dec-23	Mar-24	Jun-24
Promoters	35.0	35.0	35.0	35.0
FIIs	32.4	32.5	30.6	31.4
DIIs	8.0	9.7	12.1	13.0
Others	24.6	22.8	22.3	20.7

Price Chart



Key risks

- Higher sensitivity of CDMO business towards overall performance
- Price Erosion and supply issues in CHG

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Key Financial Summary

(₹ Crore)	FY22	FY23	FY24	CAGR FY22-24 (%)	FY25E	FY26E	CAGR FY24-26 (%)
Revenues	6559.1	7081.6	8171.2	11.6	9258.5	10479.4	13.2
EBITDA	949.7	628.2	1196.3	12.2	1362.8	1869.9	25.0
EBITDA Margins (%)	14.5	8.9	14.6		14.7	17.8	
Net Profit	376.0	-186.5	17.8	-78.2	179.7	524.5	442.5
Adjusted EPS (₹)	3.0	-1.4	0.6		1.4	4.0	
PE (x)	52.0	-104.8	1096.3		108.7	37.2	
EV/EBITDA (x)	24.6	39.1	19.8		17.2	12.2	
RoCE (%)	5.9	1.4	5.0		5.0	8.7	
RoE (%)	5.8	-2.7	1.0		2.2	6.1	

Source: Company, ICICI Direct Research

Company Background

Incorporated in March 2020, PPL was originally a part of Piramal Enterprises (PEL), a Piramal group company. PEL (now a BFSI company) entered the pharma space through the acquisition of Nicholas Laboratories in 1988. As the pharma business grew, a scheme of arrangement was entered into in October 2021 to simplify the group structure and consolidate all pharma business under PPL.

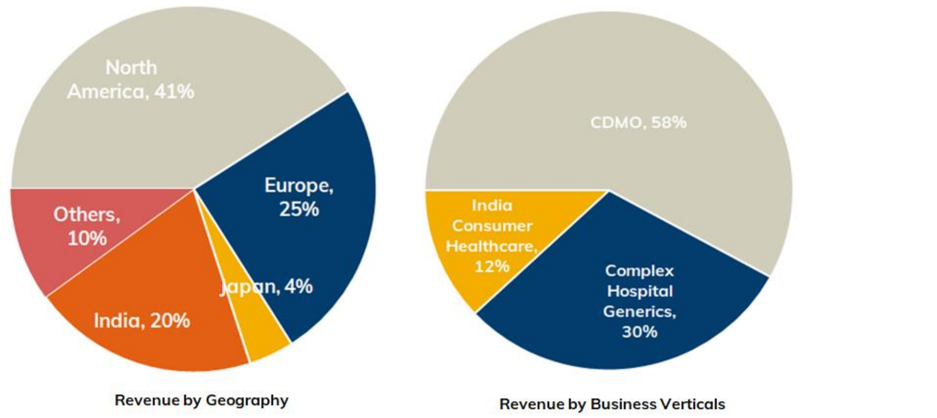
Key acquisitions/JV done by PPL

- Hemmo Pharmaceuticals
- Yapan Bio
- AbbVie (Allergan) Therapeutics

At present the company operate under three business verticals-

- Piramal Pharma Solutions ("PPS"), an integrated contract development and manufacturing organization ("CDMO")
- Piramal Critical Care ("PCC"), a complex hospital generics ("CHG") business; and
- India consumer healthcare ("ICH") business, selling over-the-counter ("OTC") products.

Exhibit 1: Revenue bifurcation across geography and business verticals



Source: Company, ICICI Direct Research

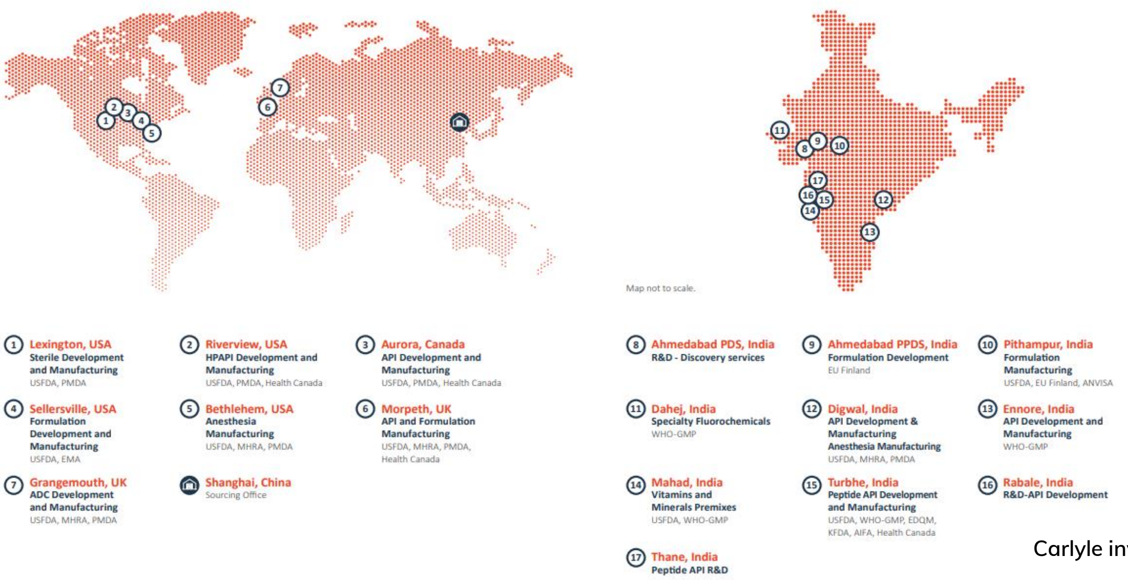
Rights Issue

The management raised ₹1050 crore in August 2023 through rights issue of 12.96 crore shares with face value of INR 10 each at a price of INR 81 per share and utilized the proceeds to repay the debt of ₹950 core.

PPL owns 17 development and manufacturing facilities having end-to-end capabilities and a worldwide distribution network in over 100 countries.

Out of these 17 facilities, 11 are located in India, 5 are in the US, 2 are in UK and one in Canada. Plants in Lexington, Riverview, Aurora, Sellersville, Bethlehem, Morpeth, Grangemouth, Pithampur, Turbhe, Mahad, Digwal are USFDA approved.

Exhibit 2: Manufacturing and R&D facilities



Source: Company Annual report, ICICI Direct Research

Piramal Pharma also holds 49% stake in JV with Abbvie (Allergan India) through which it markets ophthalmology products in India and minority investment of 33.33% in Yapan Bio that operates in biologics/ bio-therapeutics and vaccine segments.

Carlyle investment

The company received ₹ 3448 crore from CA Alchemy Investments, an affiliate of the Carlyle Group in October, 2020 representing 20% stake (now 18%).

CDMO Business - Piramal Pharma Solutions (PPS)

PPS is an integrated CDMO, offering end-to-end services throughout the drug discovery, development and commercialisation process. Its integrated network of facilities for the CDMO operations are located across India, UK and North America

PPS caters to both drug substances – Active Pharmaceutical Ingredients (APIs) and formulations). Around 70% of the CDMO revenues are derived from regulated markets such as the US, Europe and Japan**.** PPS have a diverse customer base of over 500 customers comprising of global innovator pharma companies, emerging biopharma companies and generic pharma companies.

The range of discovery services PPS offers encompasses medicinal chemistry, in-vitro ADME services, discovery analytical support services and non-GMP Kilo Lab in the discovery phase.

In clinical development, the services include pre-clinical trials and testing from phase I to phase III for various dosage forms.

The company also undertakes commercial manufacturing of a wide range of APIs and FDFs across therapeutic areas and dosage forms.

In its quest to become an integrated services player encompassing end to end value chain coverage during the lifecycle of molecule (e.g., discovery, development, commercial manufacturing), the company has resorted to some key acquisitions and strategic investments over the last few years. Two such investments were Hemmo Pharma and Yapan Bio.

In 2021, the company acquired 100% stake in Hemmo Pharmaceuticals (Hemmo) which is into peptide API development and manufacturing. Hemmo is one of the few pure play peptide API manufacturers globally and one of India's large manufacturers of synthetic peptides. As per management, the idea was to get a footprint in peptide drugs which have seen increased use in oncology, treatment of diabetes and obesity over the last few years.

Also in 2021, the company acquired a strategic minority stake in Yapan Bio which is into process development, scale-up, and cGMP compliant manufacturing of vaccines and biologics/bio-therapeutics, including recombinant vaccines, RNA/DNA vaccines, gene therapies, monoclonal antibodies (Mab), therapeutic proteins, and other complex biologics. This investment was planned to facilitate broadening of service offerings in the large molecules i.e. biologics CDMO space.

Complex Hospital Generics Business

By virtue of acquisition of ICI India in 2002, PPL entered into Complex Hospitals Generic (CHG) business.

PPL is vertically integrated in inhalation anaesthesia with Dahej facility manufacturing the key starting materials whereas Digwal (Telangana) facility and Bethlehem (US) facility manufacturing APIs and formulations, respectively.

Currently PPL's CHG portfolio comprises over 35 hospital-focused products in the areas of inhalation anaesthesia, injectable anaesthesia, pain management, intrathecal therapy and other generic and specialty products. These products are sold in over 100 countries, reaching more than 6,000 hospitals, surgical centres and veterinary clinics among others.

PPL has direct sales presence in the US, the UK, Germany, France, and Italy, and other geographies through distribution partners, 72% of the revenue is contributed from regulated markets.

Currently it is the fourth largest inhalation anaesthesia company globally (value wise) for a combined market of Sevoflurane, Desflurane, and Isoflurane.

Exhibit 3: Key Products – Complex Hospital Generics

Inhalation Anesthesia(67%)	Intrathecal Therapy(15%)	Injectable Anesthesia and Pain Management(10%)	Other Generic and Specialty Products(8%)
Sevoflurane Isoflurane Desflurane Halothane	Mitigo Gablofen	Fentanyl Sufentanil Alfentanil Piritramide Etomidate	Ampicillin Miglustat Linezolid Glycopyrolate Rocuronium Bromide Ceftriaxone
			

Source: Company, ICICI Direct Research

India Consumer Healthcare (ICH) Business- driven by power brands

PPL owns a diverse portfolio of over 30 consumer healthcare brands across categories of skincare, kids' wellness, women's health, analgesics, VMS, digestives among others. The company owns well-known power brands such as Little's, Lacto Calamine, i-range, Polycrol, and Tetmosol.

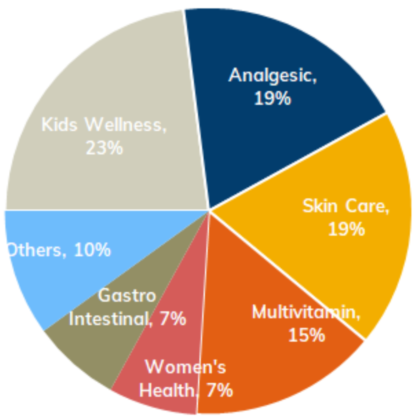
From a portfolio of six brands portfolio in 2011, the consumer business has expanded to a 30+ brand portfolio now, led by acquisitions and new product launches.

PPL also have a manufacturing and distribution agreement with Bayer Pharmaceuticals Private Limited for their brands such as Saridon, Supradyn, Becozym and Benadon among others.

At present ~ 40% of the revenues come from distribution of Bayer products while rest are from self/third party-manufactured brands.

Products are also sold via more than 20 e-commerce platforms (Contributes 20% ICH revenue), including PPL's direct-to-consumer (D2C) platform, Wellify.in. Offline trade channel comprises of over 8,000 modern trade outlets and around 1,80,000 general outlets. ICH business operates on an asset-light model with products such as baby diapers, baby wipes, medicated soap, lacto lotions, antacid liquids and other products manufactured by third parties.

Exhibit 4: ICH Revenue by Segments (FY24)



Source: Company Annual report, ICICI Direct Research

Investment Rationale

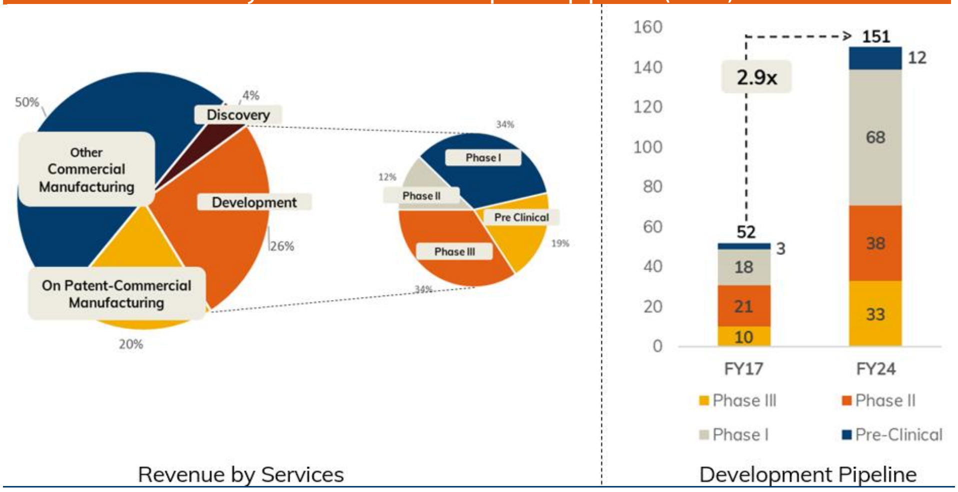
CDMO growth emanating from high-value services

The company over the years have been focusing on high value services- 1) more focus towards catering to innovators, 2) incremental offering of differentiated services such as high potency APIs, antibody drug conjugates (ADC), peptides among others and 3) offering of integrated services platform leveraging on global manufacturing network. We believe these high value services are margin accretive and stickier in nature. Improved performance in FY24 was attributable to CDMO business which in turn was driven by improvement across these three parameters.

CDMO business had a strong FY24 with a YoY growth of 19% to ₹ 4749 core, mainly attributable to traction from commercial manufacturing of on-patent molecules which more than doubled to US$ 116 million as compared to US$ 52 million in FY23. Similarly, the share of innovation-related work increased to 50% of the overall CDMO business as compared to ~45% in FY23 (and from ~35% in FY19.)

The remaining 50% comes from generics which is categorised as other commercial manufacturing and covers a generic API division that offers over 30 off-patented APIs for global markets besides manufacturing and supplying of vitamins and minerals ingredients, premixes for human and animal nutrition.

Exhibit 5: Revenues by Services and development pipeline (FY24)



Source: Company Annual Report, ICICI Direct Research

On the innovative side company has development pipeline of over 150 molecules across various clinical phases while 33 being in Phase III.

One of the critical aspects of PPS is its integrated model of service offerings, boosted by its global network of CDMO facilities and end-to-end service capabilities. It has an integrated network of facilities across India, UK and North America. This facilitates reduced throughput time for customers and brings more stickiness. Over 40% of the company's new service order book in FY2024 was for integrated projects that involved more than one site, up from 26% in FY23.

A case in point would be the company's investment in Yapan Bio which, among others also bolsters MAb capability. This investment, coupled with the expanded ADC capabilities of its Grangemouth, UK site and sterile fill/finish capabilities in Lexington, US offers a potential customer an end-to-end service offering in the biologics CDMO space.

PPS provides development and manufacturing capabilities in areas such as high potency APIs, antibody drug conjugates (ADC), peptides, On-patent API development and manufacturing, sterile injectable and hormonal products collectively known as Differentiated Offerings. Over the last two years, company have invested over ₹ 1250 crore towards new capacity addition, debottlenecking and technology upgradation, especially in the areas of Differentiated offerings which resulted in to increase the pie of Differentiated offering in CDMO business from 37% in FY23 to 44% in FY24.

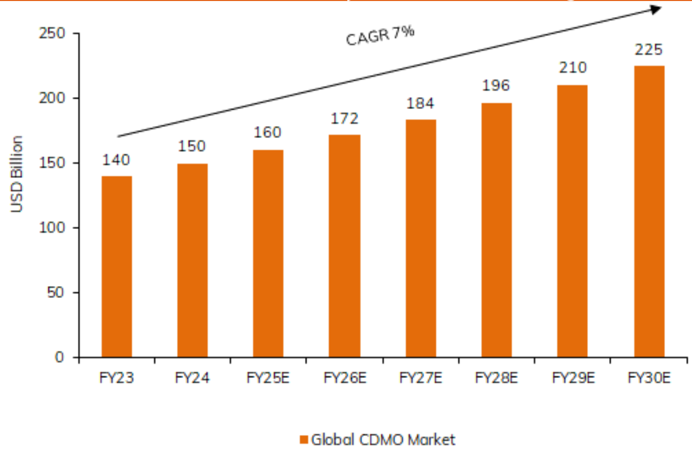
Eminent tailwinds in the global CDMO landscape- Legislations / Funding scenarios / M&As-

US Biosecure Act- In January this year, the US house select committee introduced the Biosecure Act, which intends to prevent Chinese biotech companies and manufacturers from accessing US funding and collaborating with pharma companies. The legislation is designed to effectively prevent the Chinese CDMOs from passing on information about drugs under development by US companies and also from forwarding genetic information about US citizens who have participated in clinical trials. The revised clause in the legislation intends to provide six years of grandfathering clause to move to the new vendor. The legislation also bans companies from entering into new agreements or extending existing contracts. The bill still needs to pass the full US House of Representatives and US Senate, before being signed into law by the US president. There is a high likelihood of the legislation passing due to the bipartisan support the bill has gathered. This is also reflected by pharma companies already taking action, with the legislation not yet even law. The proposed act if becomes law can provide China re-balancing (not necessarily China + 1) opportunities for other global CDMO players including Indian players.

US Biotech funding scenario improving albeit slowly- The biotech funding is crucial for companies with early-stage projects or companies with single product focus. These types are companies account for substantial clientele for CDMO players. During the Covid 19 market boom, biotech companies were at the forefront of investor interest, driven by the urgent need for COVID-19 vaccines, treatments, and diagnostics. However, post Covid 19, most of these biotech players faced a two-year deal drought that exerted significant pressure on them, particularly those in the early stages of drug development or without market-ready products. The downturn was exacerbated by rising interest rates and a shift in investor sentiment, moving away from pandemic-driven optimism towards a more cautious approach to funding biotech ventures. Come 2024 and some green shoots are visible. Anticipation of US rate cuts could be an important trigger for funding besides consolidation in the sector. Biotech companies raised US$ 6 billion in equity capital markets in January 2024 alone, the largest total since February 2021. Improved funding for biotech companies especially the ones pursuing single projects bodes well for CDMO players which derive 15-20% revenues from these players.

Catalent acquisition by Novo- In February this year**,** Danish Pharma giant Novo Nordisk (maker of blockbuster obesity management drug Wegovy and anti-diabetic Ozempic) with its parent company proposed to acquire leading global CDMO player Catalent for US$ 16.5 billion. The deal covers three critical plants and the idea behind the acquisition was to supplement Novo's aspiration to accelerate production of Wegovy and Ozempic to meet growing global demand. The impending contractual restriction on Catalent's vast CDMO capabilities is likely to create a void in the CDMO space and in turn opportunities for other CDMO players.

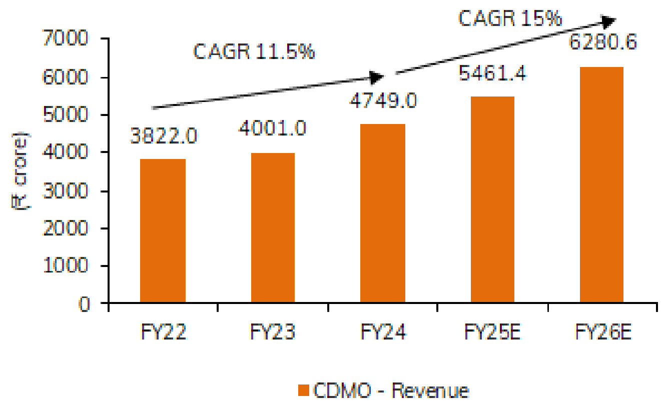
Exhibit 6: Global CDMO Industry- (without factoring the windfall events)



Source: Company, ICICI Direct Research

During FY2022-24 CDMO business has grown at a CAGR of around ~12% mainly on account of strong recovery in FY24. Going ahead, we expect tailwinds emanating from shift towards innovative CDMO, differentiated offerings and incremental execution of integrated projects segment to lead the growth in CDMO segment. We expect a CAGR of around 15% for FY2024-26E.

Exhibit 7: Revenues growth of CDMO



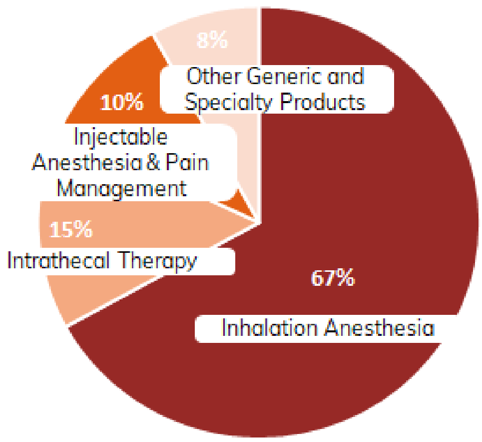
Source: Company, ICICI Direct Research

Complex Hospital generics- a niche and steady business:

This business, although generics in nature is a high entry-barrier business characterised by complexities in most of the products. The company has gained significant bandwidth via acquisitions and building up of knowledge over the years.

CHG products require a deep understanding and development process along with initial investments for supplying and sustaining medical devices. This has been one of the key entry barriers for players entering the CHG space. Competition remains limited as compared to traditional generics.

Exhibit 8: Revenue by Product Segment



Source: Company, ICICI Direct Research

In FY24, HCG grew 7% YoY to ₹ 2449 crore driven by volume growth even as the company witnessed some pricing pressure in Sevoflurane (Inhalation Anaesthesia). Supply constraints at some third part vendors in the intrathecal also had some impact on the overall growth. It, however maintained ~43% market share in the US Sevoflurane market.

Sevoflurane is about 80% of the global Inhalation Anaesthesia market, as besides being potent and rapidly acting, it emits comparatively lesser greenhouse gas. It also has faster emergence and recovery as compared to the other drugs.

In the US intrathecal market also, despite supply constraints, the flagship Gablofen brand continued to dominate the Baclofen pre-filled syringe and vial segment, maintaining the top position with over 70% market share.

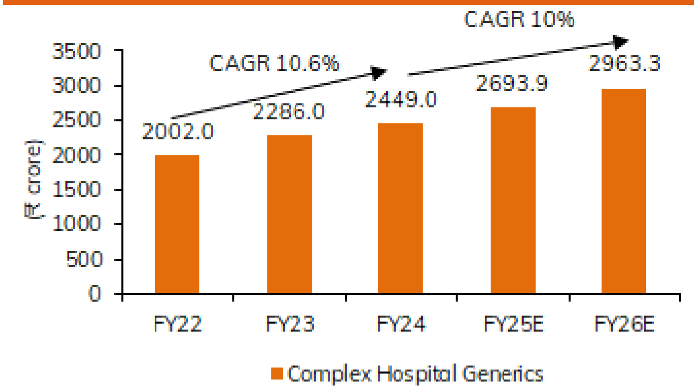
To overcome the legacy issues of HCG, the company is taking several measures by looking for alternatives at supply side and launching new products across geographies. In FY24 the company launched four new injectable products in the US and European markets.

Current pipeline of new products stands at 24 across different stages of development with addressable Market Size of ~US$ 2 billion as per IQVIA Data.

The global complex generics market was valued at US$ 65-70 billion in 2022 and is expected to reach approximately US$ 100-110 billion by 2026, growing at a CAGR of approximately 11% during the period from 2022-2026 primarily driven by the rising introduction of new drugs.

The CHG growth has been steady since FY22 at ~11% CAGR driven by new launches across the globe. We expect similar kind of growth going ahead as the development pipeline remains strong. We have baked in ~10% CAGR during FY24-26E.

Exhibit 9: CHG Revenues Growth



Source: Company, ICICI Direct Research

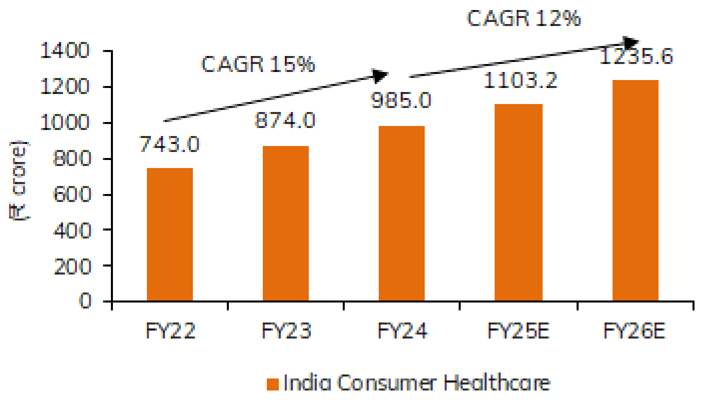
ICH - New launches to drive continuous traction:

Over the past three years the company has introduced more than 150 new products and SKUs in the market. Contribution of newly launched products to the overall ICH portfolio stood at 11% in FY24.

ICH business grew 13% YoY to ₹ 985 crore, driven by 13% growth in Power brands which now account for ~42% of ICH sales. Promotional spending during the year stood at 13% of the ICH revenues compared to 15% in FY2023.

Going forward, we expect power brands traction to continue to provide momentum to the overall ICH busiess and we also expect calobaration of promotional expenses as the company has reached the revenues threshhold of ₹ 1000 crore. We expect ICH business to grow at a CAGR of ~12% over FY24026E.

Exhibit 10: Indian consumer healthcare revenues trend



Source: Company, ICICI Direct Research

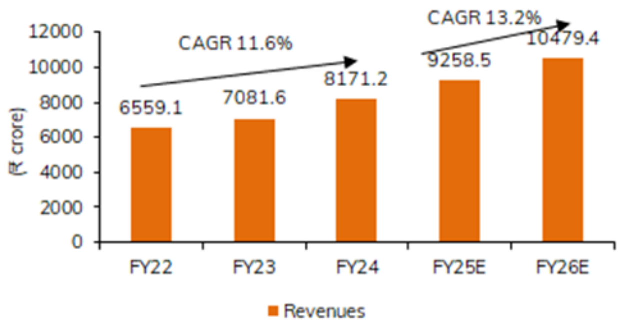
Key Financial Summary

Revenues CAGR of FY24-26E- CDMO to continue to drive growth; other segments steady…

Revenues CAGR of ~12% during FY22-24 looks decent but was back-loaded as FY24 witnessed significant growth in CDMO segment. Going forward, the overall growth is likely to be much linear as the respective segmental growth levers are in place for all the three segments. We expect revenues to grow at a CAGR of ~13% from FY24-26E.

Breaking down the segmental column, we expect the CDMO segment to drive the growth with a CAGR of 15% on the back of optical tilt towards high-value services- more focus towards services catering to innovators, offering of differentiated services and offering of end-to-end platform. In the Complex Hospital Generics, we model a CAGR of 10% with continued momentum of new launches and penetration into ROW markets. In ICH we expect a CAGR of 12% to be driven by power brands traction on the back of marketing efforts and launches and incremental SKUs.

Exhibit 11: Revenues to grow at 13.2% CAGR during FY24-26E



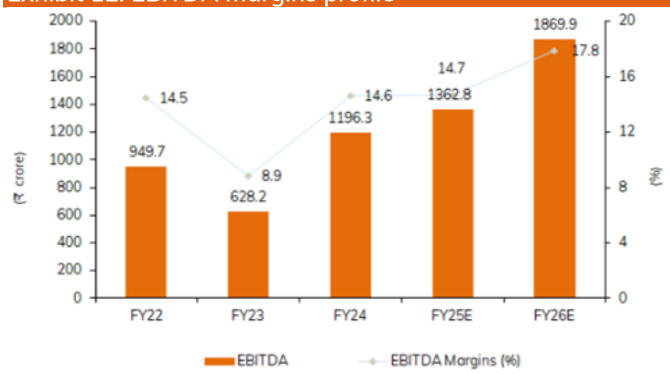
Source: Company, ICICI Direct Research

EBITDA improvement to be driven by better product mix, improving operating leverage…

EBITDA margins faced significant pressure on account of negative operating leverage undone by COVID-19 induced volatilities (which was an industry-specific issue) resulting in high attrition and supply chain issues, followed by Russia-Ukraine war driving higher energy cost and then 2023 covid wave in China. These events collectively impacted the margins profile especially in the CDMO segment.

Going forward we expect CDMO margins profile to get better on the back of focus on margin-accretive services and improvement in operating leverage. For CHG we expect additional spend associated with the expansion in the ROW markets in FY25. We expect major margins expansion from FY26E onwards.

Exhibit 12: EBITDA margins profile

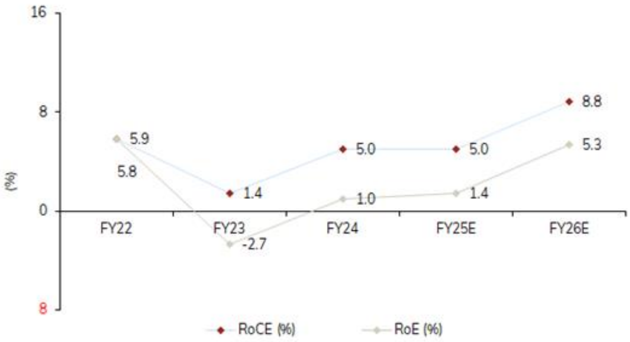


Source: Company, ICICI Direct Research

Return ratios reflect front-loading of capex; to improve gradually

Front-loading of capex over the years and dwindling margins over the last few years have had a negative connotation on the return ratios. In its quest to move towards completely integrated CDMO model, the company has resorted to significant acquisitions and expansions. Some significant acquisitions also happened in CHG segment to focus complex products with high entry barriers. We expect the return ratios to improve with a lag as the new capex materialises gradually.

Exhibit 13: RoCE and RoE profile



Source: Company, ICICI Direct Research

Valuation

- Weak return ratios and margins profile notwithstanding, we believe PPL is at the inflection point with significant capabilities and capacities to offer. As the global CDMO industry is about to turn the corner, cyclically as well as on account of unforeseen windfalls, we focus on companies with pedigree as well as quest for new offerings and PPL is well poised to capitalise on the incremental opportunities. We value PPL on the SoTP basis and assign the Target price of ₹ 210.

Exhibit 14: SoTP Valuation

Particulars	FY26E (₹ cr)	Multiple (x)	EV (₹ cr)
CDMO EBITDA	1067.7	18.0	19,218
CHG EBITDA	740.8	14.0	10,372
Consumer Healthcare Sales	1235.6	1.0	1,236
AbbVie PAT(49%)	72.0	10	720
Net Debt FY26E (₹ cr)			3457.9
Targeted MCap (₹ cr)			28,088
No of shares (cr)			132.3
Per Share Value (₹)			**210**

Source: Company, ICICI Direct Research

Exhibit 15: Peer Comparison

	Divis	Syngene	Hikal	Piramal Pharma
Sales (FY24)	₹ 7845 crore	₹ 3489 crore	₹ 1785 crore	₹ 8171 crore
Sales Growth	1%	9%	-12%	15%
EBITDA (FY24)	₹ 2203 crore	₹ 1014 crore	₹ 267 crore	₹ 1196 crore
EBITDA Growth	-7%	11%	5%	90%
EBITDA Margin	28%	29%	15%	15%
PAT (FY24)	₹ 1600 crore	₹ 509 crore	₹ 70 crore	₹ 18 crore
PAT Growth	-12.30%	20.50%	-11.30%	Loss to Profit
ROCE	15%	13%	7%	5%

Source: Company, ICICI Direct Research

Key Risk and Concerns

Higher sensitivity of CDMO business towards overall performance: PPL's financials hinge on strong momentum and margins recovery of the CDMO business. This was apparent in FY24 as well. In our performance recovery thesis for the company, CDMO remains the main driver. Unforeseen slowdown in the CDMO space could derail the overall recovery.

Price Erosion and supply issues in CHG- Pricing pressure from legacy competitors and supply constraints by third-party suppliers for Intrathecal injectable pain management could slow down the steady growth momentum hitherto maintained.

Regulatory Risk: Although PPL's track record in terms of USFDA inspection is unblemished, any adverse outcome in any of the facilities could lead to cascading negative implications.

Financial Summary

Exhibit 16: Profit and loss statement ₹ crore

(Year-end March)/ (₹ crore)	FY23	FY24	FY25E	FY26E
Total Operating Income	7,081.6	8,171.2	9,258.5	10,479.4
Growth (%)	8.0	15.4	13.3	13.2
Raw Material Expenses	1,682.5	1,976.8	1,451.3	1,642.6
Gross Profit	4,378.3	5,217.2	5,976.6	6,927.6
Gross Profit Margins (%)	61.8	63.8	64.6	66.1
Employee Expenses	1,896.4	2,029.5	2,197.6	2,425.5
Other Expenditure	1,853.7	1,991.4	2,416.2	2,632.3
Total Operating Expenditure	6,453.3	6,974.9	7,895.7	8,609.6
EBITDA	**628.2**	**1,196.3**	**1,362.8**	**1,869.9**
Growth (%)	-33.8	90.4	13.9	37.2
Interest	344.2	448.5	408.4	359.9
Depreciation	676.7	740.6	821.6	864.1
Other Income	225.1	175.4	95.7	108.3
PBT before Exceptional Item	**-167.5**	**182.6**	**228.5**	**754.2**
Less: Exceptional Items	7.0	62.8	0.0	0.0
PBT after Exceptional Items	-174.5	119.8	228.5	754.2
Total Tax	66.3	161.5	114.2	301.7
PAT before MI	-240.8	-41.7	114.2	452.5
PAT	**-186.5**	**17.8**	**179.7**	**524.5**
Growth (%)	-149.6	-109.6	908.3	191.9
EPS (Adjusted)	**-1.4**	**0.6**	**1.4**	**4.0**
Other income as % of (Cash+i	27%	24%	16%	17%

Source: Company, ICICI Direct Research

Exhibit 17: Cash flow statement ₹ crore

(Year-end March)/ (₹ crore)	FY23	FY24	FY25E	FY26E
Profit/(Loss) after taxation	-356.5	-37.0	179.7	524.5
Add: Depreciation & Amortization	641.0	702.6	821.6	864.1
Net Increase in Current Assets	-53.2	-880.4	-404.1	-489.8
Net Increase in Current Liabilities	-241.9	646.1	124.8	232.2
Others	494.6	573.3	408.4	359.9
CF from Operating activities	**483.9**	**1,004.5**	**1,130.4**	**1,490.9**
Investments	-355.4	274.0	0.0	0.0
(Purchase)/Sale of Fixed Assets	-964.8	-712.0	-750.0	-600.0
Others	-18.6	4.0	389.4	3.0
CF from Investing activities	**-1,338.8**	**-434.0**	**-360.6**	**-597.0**
(inc)/Dec in Loan	1,198.4	-971.5	-500.0	-500.0
Dividend & Dividend tax	-67.0	0.0	0.0	0.0
Other	-313.6	549.2	-408.4	-359.9
CF from Financing activities	**817.8**	**-422.4**	**-908.4**	**-859.9**
Net Cash Flow	**-32.0**	**166.0**	**-138.5**	**34.0**
Cash and Cash Equivalent	85.2	53.2	356.8	218.3
Cash	**53.2**	**219.2**	**218.3**	**252.3**
Free Cash Flow	**-480.9**	**292.5**	**380.4**	**890.9**

Source: Company, ICICI Direct Research

Exhibit 18: Balance Sheet ₹ crore

(Year-end March)	FY23	FY24	FY25E	FY26E
Equity Capital	1,193.3	1,323.0	1,323.0	1,323.0
Reserve and Surplus	5,580.2	6,588.4	6,764.8	7,285.8
Total Shareholders funds	6,773.5	7,911.4	8,087.7	8,608.8
Total Debt	5,637.1	4,710.2	4,210.2	3,710.2
Deferred Tax Liability	219.3	229.2	233.8	238.4
Long-Term Provisions	20.7	32.3	33.0	33.6
Other Non Current Liabilities	180.6	167.9	171.3	174.7
Source of Funds	**12,831**	**13,051**	**12,736**	**12,766**
Gross Block - Fixed Assets	8,169.0	9,415.9	9,915.9	10,415.9
Accumulated Depreciation	1,807.9	2,548.5	3,370.1	4,234.2
Net Block	6,361.1	6,867.4	6,545.8	6,181.7
Capital WIP	1,418.6	1,115.8	1,365.8	1,465.8
Fixed Assets	7,779.7	7,983.2	7,911.6	7,647.5
Investments	639.0	385.0	385.0	385.0
Goodwill on Consolidation	1,107.5	1,122.6	1,122.6	1,122.6
Other non-Current Assets	238.7	114.9	117.2	119.5
Deferred Tax Assets	349.3	386.5	0.0	0.0
Inventory	1,681.4	2,175.9	2,282.9	2,440.4
Debtors	1,799.3	2,134.4	2,418.4	2,737.4
Other Current Assets	732.1	652.7	665.7	679.0
Cash	195.6	356.8	218.3	252.3
Total Current Assets	4,408.4	5,319.8	5,585.3	6,109.1
Creditors	1,192.7	1,538.4	1,648.8	1,866.2
Provisions	39.2	43.6	44.4	45.3
Other Current Liabilities	459.5	678.9	692.5	706.4
Total Current Liabilities	1,691.4	2,260.9	2,385.7	2,617.9
Net Current Assets	2,716.9	3,058.9	3,199.6	3,491.2
Application of Funds	**12,831**	**13,051**	**12,736**	**12,766**

Source: Company, ICICI Direct Research

Exhibit 19: Ratio Analysis ₹ crore

(Year-end March)	FY23	FY24	FY25E	FY26E
Per share data (₹)				
Reported EPS	-1.4	0.1	1.4	4.0
Cash EPS	-1.4	0.6	1.4	4.0
BV per share	51.3	59.9	61.3	65.2
Cash per Share	1.5	2.7	1.7	1.9
Dividend per share	0.0	0.0	0.0	0.0
Operating Ratios (%)				
Gross Profit Margins	61.8	63.8	64.6	66.1
EBITDA margins	8.9	14.6	14.7	17.8
PAT Margins	-2.5	1.0	1.9	5.0
Cash Conversion Cycle	118	124	120	115
Asset Turnover	0.9	0.9	0.9	1.0
EBITDA conversion Rate	77.0	84.0	82.9	79.7
Return Ratios (%)				
RoE	-2.7	1.0	2.2	6.1
RoCE	1.4	5.0	5.0	8.7
RoIC	-0.5	4.1	4.9	9.2
Valuation Ratios (x)				
P/E	-104.8	1,096.3	108.7	37.2
EV / EBITDA	39.1	19.8	17.2	12.2
EV / Net Sales	3.5	2.9	2.5	2.2
Market Cap / Sales	2.8	2.4	2.1	1.9
Price to Book Value	2.9	2.5	2.4	2.3
Solvency Ratios				
Debt / EBITDA	9.0	3.9	3.1	2.0
Debt / Equity	0.8	0.6	0.5	0.4
Current Ratio	2.5	2.2	2.2	2.2
Quick Ratio	**1.5**	**1.2**	**1.3**	**1.3**
Inventory days	87	97	90	85
Debtor days	93	95	95	95
Creditor days	61	69	65	65

Source: Company, ICICI Direct Research

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