Aurobindo Pharma (AURPHA)

ICICI direct Research

CMP: ₹ 998 | Target: ₹ 1165 (17%) | Target Period: 12 months | **BUY**

June 1, 2021

Below par numbers; progress on new ventures key…

Revenues de-grew 2.5% YoY to ₹ 6002 crore tracking 4.5% YoY decline in US to ₹ 2856 crore and a 6.0% YoY decline in Europe formulations to ₹ 1553 crore. RoW markets also declined, posting 18.8% YoY de-growth to ₹ 306 crore. On the other hand, ARV segment grew 28.7% YoY to ₹ 491 crore. API segment grew 5.1% YoY to ₹ 794 crore. EBITDA margins remained flat, down 13 bps YoY at 21.2% (I-direct estimate: 20.7%). EBITDA de-grew 3.2% YoY to ₹ 1275 crore against I-direct estimates of ₹ 1354 crore. Adjusted PAT de-grew 4.4% YoY to ₹ 801 crore (I-direct estimate: ₹ 820 crore) in line with operational performance, higher other income and tax rate.

Global injectables, US key growth drivers…

After filing its first ANDA in the US in 2003, the company has come a long way with current filings at 639. US revenues have grown from ~US$100 million in 2009 crossing $1.67 billion sales in FY21. In rupee terms, US sales have grown at 15% CAGR to ₹ 12325 crore in FY16-21. Despite calling off Sandoz' US dermatology and oral solid portfolio acquisition and sale of Natrol business, we expect US revenue size to reach ₹ 14286 crore at 7.7% CAGR in FY21-23E amid a strong pipeline and incremental injectable traction. On the global injectable front, the current ~US$395 million annual bandwidth is expected to reach US$650-700 million over the next three years on the back of new launches and significant capacity addition.

Transformation, capacity optimisation to improve financials

The API: formulations ratio has improved from 43:57 in FY13 to 12:88 in FY21. Another USP of the company is its vertically integrated model with huge capacity, unmatched by most peers. The company owns 28 manufacturing facilities, including eight key formulations facilities in India and abroad. These can be optimised by 1) continuous US filings and launches, 2) incremental launches and filings in the RoW markets and 3) site transfers and supplies for products covered under the European deals.

Valuation & Outlook

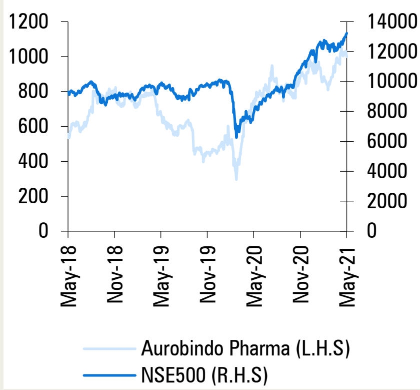
Q4 operational performance was below I-direct estimates amid decline across US, Europe and RoW markets. Quarterly gyrations notwithstanding, Aurobindo has one of the most enduring generics ecosystems among peers (vertically integrated model, lower product concentration) to withstand volatility in the US and other generics space. It has also significantly improved its net debt position from foregoing the Sandoz deal and the recent sale of the Natrol business. This also bodes well as the company plans to venture into complex areas like biosimilars, vaccines and complex injectables where capital requirements are higher and precise. Additionally, participation in the PLI scheme will enhance its backward integration in antibiotics and open up new revenue streams to support its growth prospects in the future. We maintain our **BUY** recommendation with an unchanged target price of ₹ 1165 at 16x FY23E EPS of ₹ 72.8.

AUROBINDO

Particulars

Particular	Amount
Market Capitalisation	₹ 58462 crore
Debt (FY21)	₹ 5377 crore
Cash (FY21)	₹ 5474 crore
EV	₹ 58365 crore
52 week H/L (₹)	1064/710
Equity capital	₹ 58.6 crore
Face value	₹ 1

Price performance



Key risks to our call

- Delay in USFDA inspections, other regulatory challenges
- Slower than expected traction in injectable portfolio

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Key Financial Summary

(Year End March)	FY20	FY21	FY22E	FY23E	CAGR (FY21-23E) %
Revenues (₹ crore)	23098.5	24774.6	27312.4	29544.5	9.2
EBITDA (₹ crore)	4815.7	5333.4	6093.7	6707.4	12.1
EBITDA margins (%)	20.8	21.5	22.3	22.7	
Net Profit (₹ crore)	2857.1	3223.9	3785.7	4264.1	15.0
EPS (₹)	48.8	55.0	64.6	72.8	
PE (x)	20.7	11.0	15.4	13.7	
EV/EBITDA (%)	12.6	10.8	9.7	8.7	
ROE (%)	17.0	14.7	14.9	14.5	
ROCE (%)	17.2	16.8	17.0	17.1	

Source: ICICI Direct Research; Company

Exhibit 1: Variance Analysis

₹ crore	Q4FY21	Q4FY21E	Q4FY20	Q3FY21	YoY (%)	QoQ (%)	Comments
Revenue	6,001.5	6,537.2	6,158.4	6,364.9	-2.5	-5.7	YoY decline mainly due to decline across key geographies and divestment of Natrol
Raw Material Expenses	2,407.1	2,614.9	2,503.4	2,572.3	-3.8	-6.4	
Employee Expenses	854.4	931.5	864.3	880.7	-1.1	-3.0	
Other Expenditure	1,465.3	1,636.7	1,474.5	1,543.3	-0.6	-5.1	
EBITDA	1,274.7	1,354.1	1,316.2	1,368.6	-3.2	-6.9	
EBITDA (%)	21.2	20.7	21.4	21.5	-13 bps	-26 bps	
Interest	18.2	19.5	31.8	19.5	-42.8	-6.5	
Depreciation	266.0	276.5	232.4	276.5	14.5	-3.8	
Other Income	78.1	54.3	32.6	133.4	139.6	-41.5	Includes forex gain of ₹ 14.2 crore against loss of ₹ 26.2 crore in Q4FY20
PBT before EO & Forex	1,068.6	1,112.3	1,084.6	1,206.0	-1.5	-11.4	
EO	-0.7	0.0	-12.3	-2,813.9	NA	NA	
PBT	1,069.2	1,112.3	1,096.8	4,019.9	-2.5	-73.4	
Tax	259.7	278.1	228.5	1,059.1	13.6	-75.5	
Tax Rate (%)	24.3	25.0	20.8	26.3	345 bps	-206 bps	
PAT before MI	809.6	834.2	868.3	2,960.8	-6.8	-72.7	
MI	-0.4	0.0	-0.8	-0.1	-52.4	185.7	
Net Profit	801.6	819.8	849.8	2,946.5	-5.7	-72.8	
Adj. Net Profit	801.1	819.8	837.6	836.5	-4.4	-4.2	YoY decline in sync with operational performance
Key Metrics							
US	2,856.0	3,026.8	2,990.3	3,171.6	-4.5	-10.0	Revenue ex-Natrol increased 5.3% YoY in constant currency terms
Europe	1,552.6	1,763.6	1,652.5	1,671.2	-6.0	-7.1	YoY decline due to destock-up at the start of pandemic in Q4FY20
RoW	305.7	395.4	376.6	396.2	-18.8	-22.8	The decline was due to low patient flow to hospitals and pharmacies in certain markets owing to the Covid situation
ARV	491.2	458.2	381.8	443.4	28.7	10.8	YoY growth mainly due to benefit of shifting market from EFV to DTG
API	794.3	793.4	755.6	682.5	5.1	16.4	

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

	FY22E			FY23E		
(₹ Crore)	Old	New	% Change	Old	New	% Change
Revenue	27,976.2	27,312.4	-2.4	30,270.9	29,544.5	-2.4
EBITDA	6,072.4	6,093.7	0.4	6,783.3	6,707.4	-1.1
EBITDA Margin (%)	21.7	22.3	61 bps	22.4	22.7	29 bps
Adj. PAT	3,746.9	3,785.7	1.0	4,264.0	4,264.1	0.0
EPS (₹)	63.9	64.6	1.0	72.8	72.8	0.0

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

	Current				Earlier	
(₹ crore)	FY20	FY21	FY22E	FY23E	FY22E	FY23E
US	11,483.5	12,324.5	13,222.1	14,285.9	13,142.5	14,206.9
Europe	5,921.7	6,060.8	7,035.9	7,598.8	7,399.3	7,991.3
ARV	1,251.6	1,862.8	1,977.2	2,076.1	1,942.5	2,039.6
RoW	1,355.1	1,438.0	1,633.9	1,797.3	1,671.4	1,838.6
API	3,083.4	3,086.0	3,394.6	3,734.1	3,393.6	3,732.9

Source: ICICI Direct Research

Conference Call Highlights

- R&D spend at ₹ 457 crore, 7.6% of revenues
- US – ~US$393 million in sales (up 5% YoY) ex-Natrol; US$-₹: 73.11
  - Nine ANDA approval in Q4FY21 (including three injectables)
  - Filed nine ANDAs with USFDA in Q4FY21
  - On cumulative basis, the company filed 639 ANDAs with USFDA and received approval for 468 ANDAs including 29 tentative approvals
    - 91 injectables approved; 54 pending approvals
  - Launched 19 products during the quarter including 10 injectables
  - Mid-single digit price erosion
  - Auromedics Q4FY21 sales of US$67 million, up 13% YoY
  - Acrotech (branded oncology) sales at US$103 million in FY21
  - Filed one DMF with USFDA during the quarter
  - Listed OTC products on Amazon Pharmacy, other commerce websites
    - US$10-15 million can be done in 3-4 years
    - Also looking to list nutraceutical business
- Injectable sales – US$111 million (US$395 million in FY21)
  - to reach US$650-700 million over next three years
- Forex gain of ₹ 14.2 crore vs loss of ₹ 26.2 crore in Q4FY20
- ARV - Increased conversion from TLE to TLD across geographies has led to the growth
  - To moderate, going ahead, as the management is looking to maintain current business
- Net organic capex for the quarter ~US$88 million
- Net cash at the end of March 2020 is at US$113 million
  - Cash is at ₹ 5798 crore
  - Finance cost: 1.4%
- Covid-19 vaccine update
  - Viral facility installation to be completed in end June-July, then validation, post that commercialisation
  - Vaccine (UB612) Covid-19 vaccine can be manufactured from anti-bacterial facility
    - Taiwan EUA likely in July based on ongoing trials
    - May begin manufacturing of 25 million doses soon
  - UB612 vaccine Phase-III trial to begin soon in India
- Injectable facility for Europe/ ROW (Vizag) to be ready in 12-14 months
- Europe – Q4 decline due to stocking in Q4FY20
  - Patient flow in hospital and pharmacy to improve going ahead as vaccination increases
  - 36% growth in volume of products exported from India
  - Exporting 225 products to Europe; more than 50% sourced from India for Europe
- RoW – Decline in Q4 amid lower patient flow in hospital and pharmacy; growth outlook positive
- API – capacity expansion and PLI scheme to be growth drivers
- Biosimilars – To file oncology biosimilars: two for Europe in H2FY22 and two for global markets (US, Europe) in FY23
  - First launch in H2CY22

Exhibit 4: Quarterly Financials

(₹ Crore)	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY (%)	QoQ(%)
Total Operating Incom	4049.1	4250.3	4751.4	5269.7	5292.2	5444.6	5600.5	5895.0	6158.4	5924.8	6483.4	6364.9	6001.5	-2.5	-5.7
Raw Material Expens	1669.5	1907.3	2042.9	2389.9	2372.6	2298.5	2368.3	2565.0	2503.4	2407.4	2515.7	2572.3	2407.1	-3.8	-6.4
% of revenue	41.2	44.9	43.0	45.4	44.8	42.2	42.3	43.5	40.6	40.6	38.8	40.4	40.1	-54 bps	-31 bps
Gross Profit	2379.6	2343.0	2708.5	2879.8	2919.6	3146.1	3232.2	3330.0	3655.1	3517.4	3967.7	3792.6	3594.4	-1.7	-5.2
GPM (%)	58.8	55.1	57.0	54.6	55.2	57.8	57.7	56.5	59.4	59.4	61.2	59.6	59.9	54 bps	31 bps
Employee Expenses	581.3	596.1	625.5	649.8	713.5	779.9	777.2	797.8	864.3	888.0	911.9	880.7	854.4	-1.1	-3.0
% of revenue	14.4	14.0	13.2	12.3	13.5	14.3	13.9	13.5	14.0	15.0	14.1	13.8	14.2	20 bps	40 bps
Other Manufacturing E	1010.2	1035.8	1096.8	1141.0	1149.2	1215.1	1314.7	1324.2	1474.5	1372.0	1623.0	1543.3	1465.3	-0.6	-5.1
% revenues	24.9	24.4	23.1	21.7	21.7	22.3	23.5	22.5	23.9	23.2	25.0	24.2	24.4	47 bps	17 bps
Total Expenditure	3261.0	3539.2	3765.1	4180.7	4235.3	4293.5	4460.2	4687.0	4842.2	4667.4	5050.6	4996.3	4726.8	-2.4	-5.4
% of revenue	80.5	83.3	79.2	79.3	80.0	78.9	79.6	79.5	78.6	78.8	77.9	78.5	78.8	13 bps	26 bps
EBITDA	788.1	711.1	986.2	1089.0	1057.0	1151.1	1140.3	1208.0	1316.2	1257.4	1432.8	1368.6	1274.7	-3.2	-6.9
EBITDA Margins (%)	19.5	16.7	20.8	20.7	20.0	21.1	20.4	20.5	21.4	21.2	22.1	21.5	21.2	-13 bps	-26 bps
Depreciation	156.6	154.5	163.7	163.1	186.6	240.9	243.3	250.1	232.4	255.5	257.3	276.5	266.0	14.5	-3.8
Interest	24.7	29.5	35.4	47.7	50.1	49.9	40.9	37.1	31.8	21.1	15.7	19.5	18.2	-42.8	-6.5
Other Income	43.8	43.7	26.3	63.9	32.3	15.8	20.6	30.9	32.6	115.6	53.8	133.4	78.1	139.6	-41.5
Less: Forex & Excepti	0.0	0.0	26.8	25.0	36.2	12.7	12.8	12.9	-12.3	0.0	0.0	-2813.9	-0.7		
PBT	650.6	570.7	786.6	917.0	816.3	863.4	863.9	938.8	1096.8	1096.4	1213.5	4019.9	1069.2	-2.5	-73.4
Total Tax	122.4	115.5	175.4	204.8	231.1	227.8	224.4	232.9	228.5	303.7	387.3	1059.1	259.7	13.6	-75.5
Tax rate (%)	18.8	20.2	22.3	22.3	28.3	26.4	26.0	24.8	20.8	27.7	31.9	26.3	24.3	345 bps	-206 bps
PAT before MI	528.2	455.2	611.2	712.2	585.2	635.7	639.5	706.0	868.3	792.7	826.2	2960.8	809.6	-6.8	-72.7
Minority Interest	0.3	-0.1	-0.1	0.0	-0.2	-0.2	-0.3	-0.1	-0.8	0.1	-0.6	-0.1	-0.4	-52.4	185.7
Adjusted PAT	528.5	455.7	638.3	737.3	621.6	648.5	652.6	718.4	837.6	780.6	806.2	836.5	801.1	-4.4	-4.2
EPS (₹)	9.0	7.8	10.9	12.6	10.6	11.1	11.1	12.3	14.3	13.3	13.8	14.3	13.7		

Source: ICICI Direct Research, Company

Company Background

Aurobindo Pharma was set up by first generation entrepreneurs PV Ramprasad Reddy and K Nithyananda Reddy in 1986. Based in Hyderabad, the company is an integrated pharmaceutical company, which started as an API manufacturer. In 2001, it moved up the value chain by foraying into formulations while from 2007 onwards it started scaling up the formulation business. APL's manufacturing facilities have been approved by several leading regulatory agencies like USFDA, UKMHRA, WHO, Health Canada, MCC South Africa, ANVISA Brazil. The company owns 28 manufacturing facilities, including eight key formulations facilities in India and abroad. The company owns three R&D centres. The current employee strength is more than 8000, which includes more than 750 scientists.

In FY21, the API: formulations ratio was at 12:88. US formulations constitute 50% of revenues followed by Europe (24%), APIs (12%), RoW (6%) and ARV formulations (8%).

The company faced a USFDA embargo in 2011 for two of its units for non-compliance with cGMP. It also went through political turmoil due to the Telangana issue and alleged favours received by promoters through political connections. Aurobindo acquired commercial operations in seven Western European countries from Actavis. The company has acquired personnel, commercial infrastructure, products, marketing authorisation and dossier license rights in these seven countries. The acquisition brought in a pipeline of ~1200 products from different segments and an additional pipeline of over 200 products under its foray. Net sales for the acquired businesses were ~€320 million. GPMs were ~30%. They were fetching losses of ~€23 million at the EBITDA level.

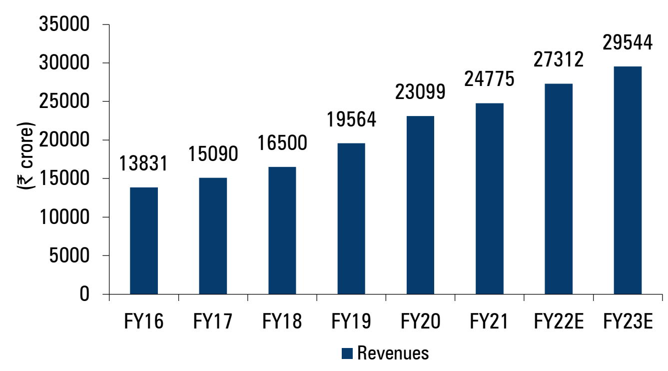
Aurobindo Pharma also acquired the Generis group in Portugal in Q4FY17, through its step down subsidiary Agile Pharma (Netherlands) for a consideration of ~€135 million (~₹ 985 crore). Generis' CY16 revenues were €64.8 million and EBITDA was €12.7 million.

Recently, the company also acquired Canada based Apotex' businesses in five European countries (Poland, Czech Republic, the Netherlands, Spain, and Belgium) for ~€74 million. This acquisition will add 200 generics and more than 80 OTC products that had total sales of €133 million in FY18.

In the US, the company had acquired the assets of nutritional supplement maker Natrol Inc. for a consideration of ~US$132.5 million. With this acquisition, the company had forayed into the nutritional OTC business in the US and other international markets. More recently, the company signed a definitive agreement on October 25, 2020 with New Mountain Capital and its affiliate Jarrow Formulas to sell its 'Natrol' business (wholly owned step-down subsidiary) as a going concern with related assets, liabilities, products, brands and employees for a cash consideration of US$550 million (₹ 4048 crore). This transaction is expected to be closed by January 2021.

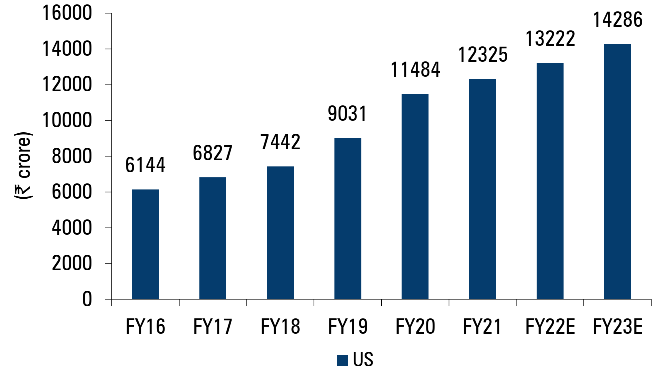
Aurobindo Pharma has received government approval for setting up plants for production of Penicillin-G, 7-ACA (through Lyfius Pharma) and Erythromycin Thiocyanate (TIOC) through Qule Pharma, with committed production capacity of 15,000 MT, 2,000 MT and 1,600 MT, respectively under the PLI scheme. The committed investment for Penicillin-G, 7-ACA and TIOC is ₹ 1,392 crore, ₹ 813 crore and ₹ 834 crore respectively. The commercial production is projected to commence from FY24.

Exhibit 5: Revenues to grow at ~9% CAGR in FY21-23E



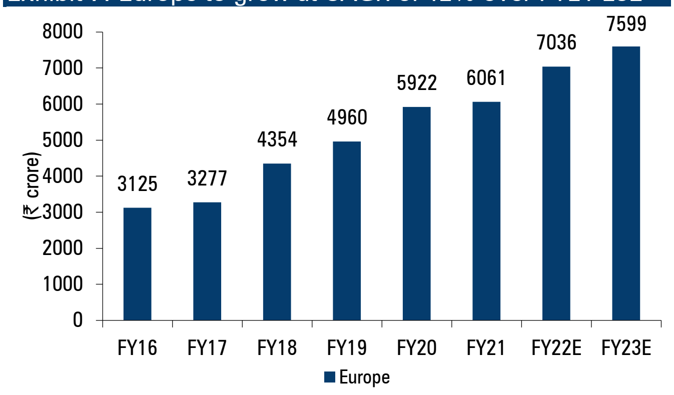
Source: ICICI Direct Research, Company

Exhibit 6: US to grow at CAGR of~8% over FY21-23E



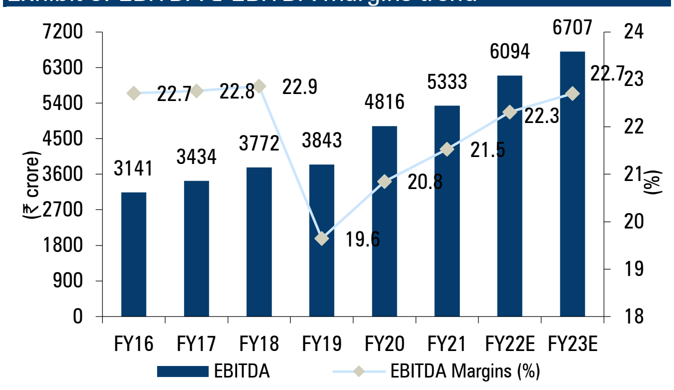
Source: ICICI Direct Research, Company

Exhibit 7: Europe to grow at CAGR of 12% over FY21-23E



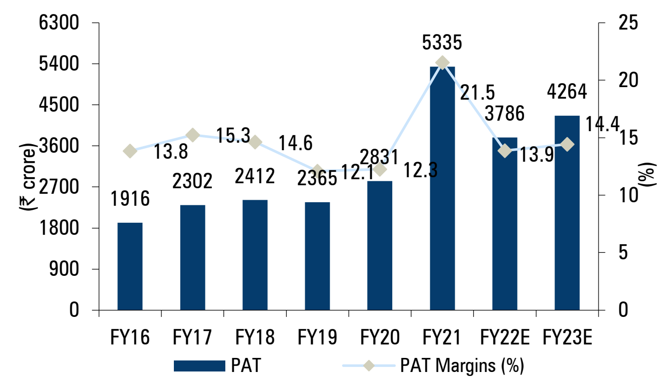
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



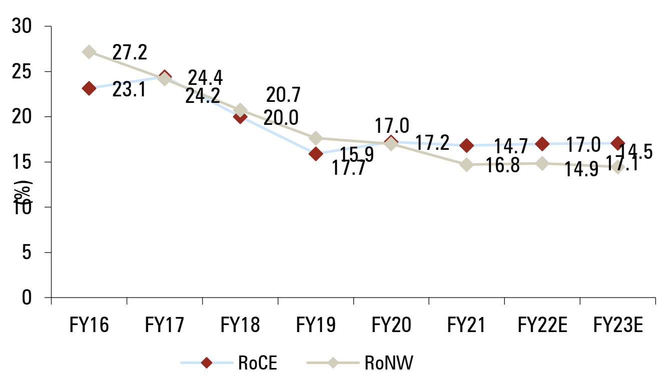
Source: ICICI Direct Research, Company

Exhibit 9: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 10: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 11: Valuation

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY20	23099	18.1	48.3	16.5	20.7	12.6	17.0	17.2
FY21	24775	7.3	91.0	12.8	11.0	10.8	14.7	16.8
FY22E	27312	10.2	64.6	17.4	15.4	9.7	14.9	17.0
FY23E	29544	8.2	72.8	12.6	13.7	8.7	14.5	17.1

Source: ICICI Direct Research

Exhibit 12: Shareholding Pattern

(in %)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Promoter	52.0	52.0	52.0	51.9	51.9
Others	48.0	48.0	48.0	48.1	48.1

Source: ICICI Direct Research, Company

Financial Summary

Exhibit 13: Profit & Loss (₹ crore)

(Year-end March)	FY20	FY21	FY22E	FY23E
Revenues	**23,098.5**	**24,774.6**	**27,312.4**	**29,544.5**
Growth (%)	18.1	7.3	10.2	8.2
Raw Material Expenses	9,735.2	9,902.5	11,061.5	11,906.4
Employee Expenses	3,219.2	3,535.0	3,823.7	4,136.2
Other Manufacturing Expenses	5,328.4	6,003.7	6,333.5	6,794.4
Total Operating Expenditure	18,282.8	19,441.2	21,218.7	22,837.1
EBITDA	**4,815.7**	**5,333.4**	**6,093.7**	**6,707.4**
Growth (%)	25.3	10.8	14.3	10.1
Interest	159.8	74.5	131.7	118.2
Depreciation	966.7	1,055.4	1,211.6	1,331.6
Other Income	99.9	380.8	354.5	486.7
PBT before Exceptional Items	3,789.1	4,584.4	5,104.9	5,744.3
Less: Forex & Exceptional Item	26.1	-2,814.6	0.0	0.0
PBT	3,763.0	7,399.0	5,104.9	5,744.3
Total Tax	913.5	2,009.8	1,286.4	1,447.6
PAT before MI	2,849.5	5,389.2	3,818.5	4,296.7
Minorities and Associates	-18.5	-54.3	-32.8	-32.7
PAT	**2,831.0**	**5,334.9**	**3,785.7**	**4,264.1**
Adjusted PAT	2,857.1	3,223.9	3,785.7	4,264.1
Growth (%)	16.5	12.8	17.4	12.6
EPS (Diluted)	**48.3**	**91.0**	**64.6**	**72.8**
EPS (Adjusted)	48.8	55.0	64.6	72.8

Source: ICICI Direct Research

Exhibit 14: Cash Flow Statement (₹ crore)

(Year-end March)	FY20	FY21	FY22E	FY23E
Profit/(Loss) after taxation	3,013.2	6,058.4	3,785.7	4,264.1
Add: Depreciation & Amortization	966.7	1,055.4	1,211.6	1,331.6
Net Increase in Current Assets	-43.9	-872.1	-2,655.4	-456.5
Net Increase in Current Liabilities	320.8	-194.7	448.9	498.9
CF from operating activities	**4,381.3**	**3,328.9**	**2,922.5**	**5,756.2**
(Purchase)/Sale of Fixed Assets	-1,401.7	1,074.1	-2,000.0	-2,500.0
(Inc)/dec in Investments	-179.1	-494.5	-2,000.0	-2,000.0
Others	31.7	88.5	-12.2	-11.5
CF from investing activities	**-1,549.2**	**668.0**	**-4,012.2**	**-4,511.5**
Issue of Equity Shares	0.2	0.0	0.0	0.0
Inc / (Dec) in Debt	-1,632.4	-1,082.4	-500.0	-500.0
Dividend & Dividend Tax	-188.4	-234.3	-237.3	-267.3
others	-126.6	-48.1	-131.7	-118.2
CF from financing activities	**-1,947.2**	**-1,364.8**	**-869.0**	**-885.5**
Net Cash flow	885.0	2,632.1	-1,958.8	359.2
Opening Cash	1,957.2	2,842.2	5,474.3	3,515.5
Closing Cash	**2,842.2**	**5,474.3**	**3,515.5**	**3,874.7**
Free Cash Flow	**2,979.6**	**4,403.0**	**922.5**	**3,256.2**

Source: ICICI Direct Research

Exhibit 15: Balance Sheet (₹ crore)

(Year-end March)	FY20	FY21	FY22E	FY23E
Equity Capital	58.6	58.6	58.6	58.6
Reserve and Surplus	16,751.8	21,871.3	25,419.6	29,416.4
Total Shareholders funds	16,810.4	21,929.9	25,478.2	29,475.0
Total Debt	5,826.4	5,377.0	4,877.0	4,377.0
Deferred Tax Liability	302.5	574.6	632.0	695.2
Minority Interest	0.1	-0.9	-1.0	-1.1
Long term Provisions	74.7	157.1	176.0	197.1
Other Non Current Liabilities	87.49	93.6	98.3	103.2
Source of Funds	**23,101.6**	**28,131.2**	**31,260.5**	**34,846.3**
Gross Block - Fixed Assets	11,525.3	13,044.9	15,144.9	16,644.9
Accumulated Depreciation	3,044.8	4,100.2	5,311.8	6,643.3
Net Block	8,480.5	8,944.7	9,833.1	10,001.5
Capital WIP	1,985.9	3,061.5	2,961.5	3,961.5
Net Fixed Assets	10,466.5	12,006.2	12,794.6	13,963.0
Goodwill on Consolidation	915.9	428.9	428.9	428.9
Investments	554.7	591.0	2,591.0	4,591.0
Inventory	7,699.9	9,026.6	9,951.2	9,848.6
Cash	2,842.2	5,474.3	3,515.5	3,874.7
Debtors	4,315.2	3,503.3	5,102.4	5,519.4
Loans & Advances & Other CA	1,555.3	1,659.6	1,791.2	1,933.4
Total Current Assets	16,412.5	19,663.7	20,360.3	21,176.0
Creditors	2,545.0	2,794.7	3,009.3	3,255.2
Provisions & Other CL	3,279.8	2,928.1	3,162.3	3,415.3
Total Current Liabilities	5,824.8	5,722.8	6,171.6	6,670.5
Net Current Assets	10,587.7	13,940.9	14,188.6	14,505.5
LT L& A, Other Assets	413.6	711.5	768.4	829.9
Deferred Tax Assets	163.2	452.7	488.9	528.0
Application of Funds	**23,101.6**	**28,131.2**	**31,260.5**	**34,846.3**

Source: ICICI Direct Research

Exhibit 16: Key Ratios

(Year-end March)	FY20	FY21	FY22E	FY23E
Per share data (₹)				
Adjusted EPS (Diluted)	48.8	55.0	64.6	72.8
BV per share	286.9	374.2	434.8	503.0
Dividend per share	3.5	3.0	4.1	4.6
Cash Per Share	48.5	93.4	60.0	66.1
Operating Ratios (%)				
Gross Profit Margins	57.9	60.0	59.5	59.7
EBITDA margins	20.8	21.5	22.3	22.7
Net Profit margins	12.4	13.0	13.9	14.4
Inventory days	121.7	133.0	133.0	121.7
Debtor days	68.2	51.6	68.2	68.2
Creditor days	40.2	41.2	40.2	40.2
Asset Turnover	2.2	2.1	2.0	2.0
EBITDA Conversion Rate	91.0	62.4	48.0	85.8
Return Ratios (%)				
RoE	17.0	14.7	14.9	14.5
RoCE	17.2	16.8	17.0	17.1
RoIC	21.5	22.6	20.3	20.5
Valuation Ratios (x)				
P/E	20.7	11.0	15.4	13.7
EV / EBITDA	12.6	10.8	9.7	8.7
EV / Net Sales	2.6	2.3	2.2	2.0
Market Cap / Sales	2.5	2.3	2.1	2.0
Price to Book Value	3.5	2.7	2.3	2.0
Solvency Ratios				
Debt / Equity	0.3	0.2	0.2	0.1
Debt / EBITDA	1.2	1.0	0.8	0.7
Current Ratio	2.3	2.5	2.7	2.6

Source: ICICI Direct Research

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