

Strong Q1 led by core therapies, Covid portfolio...

About the stock: Cipla is a global pharma company with over 1,500+ products in 65 therapeutic categories, with over 50 dosage forms. Cipla supplies branded and generic medicines to over 170 countries globally.

- Indian branded formulations business accounts for ~40% of revenues and enjoys leadership in therapies like respiratory, anti-infective, cardiac, gynaecology & gastro-intestinal
- Cipla derives 21% of its export revenues from the US followed by 12% from South Africa, 5% from Europe and 16% from RoW markets.

Q1FY22 Results: Cipla reported robust Q1FY22 results.

- Sales were up 26.6% YoY to ₹ 5504 crore
- EBITDA in Q1FY22 was at ₹ 1345.9 crore, up 28% YoY with margins at 24%
- Consequent adjusted PAT was at ₹ 803.8 crore (up 39.1% YoY)

What should investors do? Cipla's share price has grown by ~1.7x over the past five years (from ~₹ 527 in July 2016 to ~₹ 920 levels in July 2021).

- We maintain BUY as we continue to focus on its core strength of following a calibrated approach of focusing more on branded products and core therapies across the world

Target Price and Valuation: We value Cipla at ₹ 1205 i.e. 28x P/E on FY23E EPS + ₹ 41 NPV for gRevlimid.

Key triggers for future price performance:

- The company is focusing at front-end model, especially for the US, along with a gradual shift from loss making HIV and other tenders to more lucrative respiratory and other opportunities in the US and EU
- Management's long-drawn strategy of targeting four verticals viz. One-India, South Africa & EMs, US generics & specialty and lung leadership
- Across the board transformation from tenderised model to private model in exports market and more focus towards consumerisation of important TGx, Rx products in Indian branded formulations

Alternate Stock Idea: Apart from Cipla, in healthcare coverage we like Sun Pharma.

- Higher contribution from specialty and strong domestic franchise is likely to change the product mix towards more remunerative businesses by FY23

Key Financial Summary

Key Financials (₹ crore)	FY19	FY20	FY21	5 year CAGR (FY16-21)	FY22E	FY23E	2 year CAGR (FY21-23E)
Revenues	16362.4	17132.0	19159.6	7.0	21324.1	23046.8	9.7
EBITDA	3097.3	3206.0	4252.4	11.4	4851.9	5315.2	11.8
EBITDA margins (%)	18.9	18.7	22.2		22.8	23.1	
Adjusted PAT	1496.1	1546.5	2404.9	10.1	2856.9	3351.9	18.1
Adj. EPS (₹)	18.6	19.2	29.9		35.5	41.6	
PE (x)	49.6	48.0	30.8		26.8	22.1	
EV to EBITDA (x)	24.4	23.3	16.9		14.8	13.0	
RoNW (%)	10.0	9.8	13.1		14.0	14.5	
RoCE (%)	10.9	12.0	16.3		17.9	18.4	

Source: Company, ICICI Direct Research

Cipla

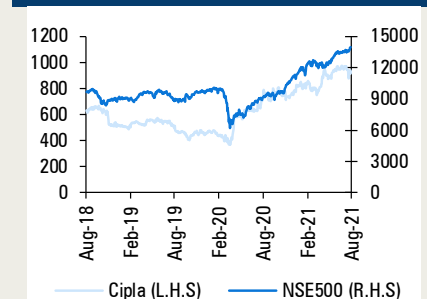
Particulars

Particular	Amount
Market Capitalisation	₹ 74287 crore
Debt (FY21)	₹ 1756 crore
Cash (FY21)	₹ 1401 crore
EV	₹ 74642 crore
52 week H/L (₹)	997/702
Equity capital	₹ 161.3 crore
Face value	₹ 2

Shareholding pattern

(in %)	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Promoter	36.7	36.7	36.7	36.7	36.7
Others	63.3	63.3	63.3	63.3	63.3

Price Chart



Recent Event & Key risks

- Received final USFDA approval for generic version of Brovana
- Key Risk:** (i) Regulatory hurdles (ii) Increased competition

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Key takeaways of recent quarter & conference call highlights

Q1FY22 Results: Robust performance continues

- Q1 revenues grew 26.6% YoY to ₹ 5504 crore led by 68% growth domestic formulations to ₹ 2710 crore led by strong volume traction in core therapy portfolio and Covid opportunities in the second wave. Ex-Covid opportunities, domestic business grew 47%. Despite high base, US grew 1.7% YoY to ₹ 1038 crore owing to continued Albuterol ramp-up. EBITDA margins remained healthy at ~24.5% (up 32 bps YoY) while EBITDA grew 28.3% YoY to ₹ 1345.9 crore. Subsequently, PAT was up 39% YoY to ₹ 803.8 crore. Delta vis-a-vis EBITDA was due to lower interest cost and depreciation
- We continue to focus on the management's long-drawn strategy of targeting four verticals viz. One-India, South Africa & EMs, US generics & specialty and lung leadership. FY21 launch of Albuterol sulphate (Proventil HFA) amid a rise in demand for Albuterol products in the ongoing Covid-19 pandemic is a vindication of its lung leadership quest. While US focus will be on specialty including hospitals, value accretive generics, India focus will be on branded (Rx), trade generics (TGx). On the Africa front, Cipla continues to rebase its business model towards private business in the backdrop of shrinking tender opportunities

Q1FY22 Earnings Conference Call highlights

- India business
 - Overall business grew 68% YoY with strong volume traction in core therapies and Covid-19 portfolio
 - Strong traction across branded prescription, trade generics and consumer wellness
 - Acute and respiratory nebulization recovered well
 - Overall chronic therapy grew at 16% vs. market growth of 12%
- US
 - US grew 5% YoY due to market share expansion in Albuterol market
 - TRx market share 89.3% of the Proventil market, 17.6% of the generic market and 14.1% for the overall market (IQVIA, July 9, 2021)
 - New approval for Arformoterol Tartrate Inhalation Solution 15 mcg per 2 mL
 - Entered into the top 10 generic companies in the US by prescriptions in FY21 driven by unlocking of respiratory franchise as well as strong limited competition launches
 - Approved ANDAs/NDAs: 171, tentative approval: 18, pending approval: 74
- SAGA – South Africa, Sub-Saharan Africa & Global Access
 - Grew 13% YoY with strong demand seen in markets impacted by Covid-19 last year in SSA
 - High growth of 8.5% in SA OTC private market with three chronic and two OTC brands launches in Q1FY22
 - Double digit growth and market share gain in Antiretroviral and oncology private market in South Africa
- Emerging markets business impacted by timing deferral pertaining to in-country currency allocation for Middle Eastern supplies

- API revenue increased 69% YoY, which included one-time profit share on the commercial supply of an API to a partner
- Revenue break up: India – 49%, US – 19%, SAGA – 15%, International Markets – 11%, API – 5%, Others – 1%
- Capex to remain between ₹ 700 crore and ₹ 900 crore
- R&D Investment - ₹ 264 crore. The management expects to keep R&D spend to 7% of sales
- Total debt - ₹ 1931 crore, cash balance - ₹ 4895 crore

Exhibit 1: Variance Analysis

	Q1FY22	Q1FY22E	Q1FY21	YoY (%)	Q4FY21	QoQ (%)	Comments
Revenue	5,504.4	4,822.4	4,346.2	26.6	4,606.5	19.5	YoY growth led by strong growth in India and South African markets moderated by decline in RoW and API segments
Raw Material Expenses	2,068.8	1,784.3	1,589.5	30.2	1,822.4	13.5	
Gross Profit	3,435.5	3,038.1	2,756.7	24.6	2,784.0	23.4	
Gross Margin (%)	62.4	63.0	63.4	-101 bps	60.4	198 bps	Low margins Covid products and lower contribution by international markets offset by one-time profit sharing from API Increment and COVID related spend
Employee Expenses	887.3	868.0	771.9	15.0	814.7	8.9	
Other Expenditure	1,202.3	1,181.5	936.1	28.4	1,173.1	2.5	
Total Operating Expenditure	4,158.5	3,833.8	3,297.4	26.1	3,810.2	9.1	YoY improved mainly due to higher GPM and better operating leverage. Beat vis-à-vis I-direct estimates amid better-than-expected operating leverage
EBITDA	1,345.9	988.6	1,048.7	28.3	796.2	69.0	
EBITDA (%)	24.5	20.5	24.1	32 bps	17.3	717 bps	
Interest	29.6	28.5	46.0	-35.7	27.5	7.7	
Depreciation	261.1	287.1	269.0	-2.9	285.2	-8.4	
Other income	64.9	62.7	65.5	-0.8	60.1	8.0	
PBT before EO	1,120.1	735.7	799.2	40.2	543.7	106.0	
Less: Exceptional Items	124.6	0.0	0.0	0.0	0.0	0.0	
PBT	995.5	735.7	799.2	24.6	543.7	83.1	
Tax	283.7	198.6	227.8	24.6	128.2	121.3	
Tax Rate (%)	28.5	27.0	28.5	0 bps	23.6	492 bps	
MI & Share of loss/ (gain)	-4.8	-2.7	-11.9	NA	-1.9	NA	
Adjusted PAT	803.8	534.3	577.9	39.1	413.4	94.5	YoY PAT growth on the back of strong operational performance. Beat vis-à-vis I-direct estimates amid better EBITDA performance

Key Metrics

Domestic	2710.0	1929.6	1608.0	68.5	1807.0	50.0	YoY growth driven by strong volume traction in core therapy portfolio and Covid opportunities in second wave. Ex-Covid opportunities, domestic business grew 47%
US	1038.0	1034.2	1021.0	1.7	1002.0	3.6	
South Africa	634.0	630.2	548.0	15.7	606.0	4.6	YoY 7% growth in ZAR term
RoW	784.0	739.2	912.0	-14.0	923.0	-15.1	Business impacted by timing deferral pertaining to in-country currency allocation for middle eastern supplies
API	302.0	193.2	184.0	64.1	224.0	34.8	Includes one-time profit share on the commercial supply of an API to a partner

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY22E			FY23E			Comments
(₹ Crore)	Old	New	% Change	Old	New	% Change	
Revenues	21,158.5	21,324.1	0.8	22,835.0	23,046.8	0.9	
EBITDA	4,645.7	4,851.9	4.4	5,128.2	5,315.2	3.6	
EBITDA Margin (%)	22.0	22.8	75 bps	22.5	23.1	56 bps	Changed as per management guidance
PAT	2,709.2	2,766.5	2.1	3,220.3	3,351.9	4.1	Changed mainly in sync with operational performance
EPS (₹)	33.7	34.4	2.0	40.0	41.6	4.1	

Source: ICICI Direct Research

Exhibit 3: Assumptions

	Current				Earlier		
(₹ crore)	FY20	FY21	FY22E	FY23E	FY22E	FY23E	
Domestic	6,640.0	7,736.0	9,486.9	10,300.2	8,626.1	9,624.3	Changed mainly due to better than expected growth in Q1
Export Formulations	9,243.0	10,396.0	10,746.1	11,684.1	11,518.5	12,154.9	Changed mainly due to lower than expected growth in Q1
API	751.0	798.0	946.7	918.5	837.9	879.8	FY22 includes one time profit sharing

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY20	17132	4.7	19.2	3.4	49.2	23.9	9.8	12.0
FY21	19160	11.8	29.9	55.5	31.6	17.4	13.1	16.3
FY22E	21324	11.3	35.5	18.8	27.5	15.2	14.0	17.9
FY23E	23047	8.1	41.6	17.3	22.7	13.4	14.5	18.4

Source: ICICI Direct Research

Exhibit 5: Revenue Breakup

(₹ crore)	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	CAGR FY21-23E %
Domestic	5036.0	5523.0	5867.0	6273.0	6640.0	7736.0	9486.9	10300.2	15.4
Export Formulations	7798.0	8145.2	8321.8	9005.0	9243.0	10396.0	10746.1	11684.1	6.0
US	2037.9	2625.0	2589.5	3420.0	3874.0	4109.0	4591.0	4846.4	8.6
EU	543.4	545.0	623.0	700.0	813.0	988.0	1112.2	1223.4	11.3
South Africa (Cipla Medpro)	1562.4	1828.8	2061.8	2148.0	2204.0	2302.0	2528.3	2730.6	8.9
RoW	3396.5	3146.4	3670.5	3437.0	3165.0	3985.0	3626.8	4107.1	1.5
APIs	752.0	523.0	626.0	699.0	751.0	798.0	946.7	918.5	7.3

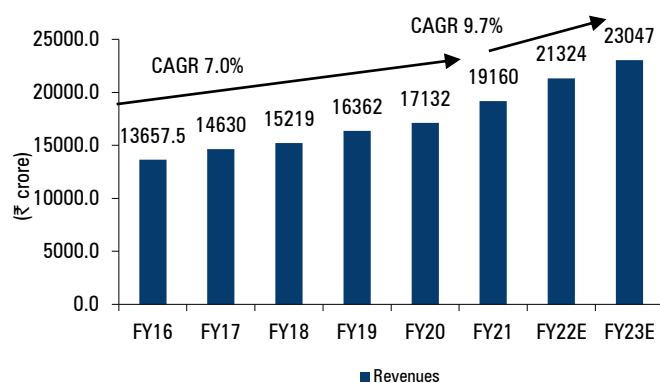
Source: ICICI Direct Research

Exhibit 6: Trends in Quarterly Performance

(₹ crore)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	YoY (%)	QoQ. (%)
Net Sales	3845.8	3947.9	3906.2	4271.0	3894.5	4264.2	4234.6	4301.6	4276.9	4972.6	5154.2	4584.9	5470.7	27.9	19.3
Other Operating Income	93.2	64.0	101.3	133.0	94.6	131.5	136.5	74.6	69.3	65.7	14.5	21.6	33.6	-51.5	55.9
Total Operating Income	3939.0	4011.9	4007.5	4404.0	3989.0	4395.8	4371.0	4376.2	4346.2	5038.3	5168.7	4606.5	5504.4	26.6	19.5
Raw Material Expenses	1423.9	1412.1	1462.7	1485.8	1196.3	1461.2	1645.0	1688.9	1589.5	1946.5	1993.5	1822.4	2068.8	30.2	13.5
Gross Profit	2515.1	2599.8	2544.9	2918.2	2792.7	2934.6	2726.0	2687.3	2756.7	3091.8	3175.2	2784.0	3435.5	24.6	23.4
Gross Profit Margins	63.9	64.8	63.5	66.3	70.0	66.8	62.4	61.4	63.4	61.4	61.4	60.4	62.4	-101.4	197.7
Employee Expenses	714.0	712.2	717.9	712.5	756.1	761.6	745.5	763.7	771.9	820.9	844.4	814.7	887.3	15.0	8.9
% of revenues	18.1	17.8	17.9	16.2	19.0	17.3	17.1	17.5	17.8	16.3	16.3	17.7	16.1	-164.0	-156.7
Other Expenditure	1074.7	1185.3	1119.3	1244.7	1131.9	1263.4	1222.2	1290.0	936.1	1094.3	1100.0	1173.1	1202.3	28.4	2.5
% of revenues	27.3	29.5	27.9	28.3	28.4	28.7	28.0	29.5	21.5	21.7	21.3	25.5	21.8	30.5	-362.3
Total Expenditure	3212.6	3309.7	3299.9	3442.9	3084.4	3486.3	3612.7	3742.7	3297.4	3861.7	3937.8	3810.2	4158.5	26.1	9.1
EBITDA	726.4	702.2	707.7	961.0	904.6	909.5	758.3	633.5	1048.7	1176.6	1230.9	796.2	1345.9	28.3	69.0
EBITDA (%)	18.4	17.5	17.7	21.8	22.7	20.7	17.3	14.5	24.1	23.4	23.8	17.3	24.5	32.1	716.6
Interest	35.1	44.4	44.2	44.8	52.1	46.1	46.2	53.0	46.0	39.3	47.9	27.5	29.6	-35.7	7.7
Depreciation	241.0	281.9	293.1	510.3	268.0	283.0	277.9	345.8	269.0	265.1	248.4	285.2	261.1	-2.9	-8.4
Other Income	170.1	132.6	78.5	95.4	78.4	100.5	72.1	93.2	65.5	53.5	86.9	60.1	64.9	-0.8	8.0
PBT	620.4	508.5	448.9	501.3	662.9	681.0	506.4	327.9	799.2	925.7	1021.5	543.7	1120.1	40.2	106.0
Total Tax	173.7	142.4	125.7	127.8	192.2	200.6	152.8	85.6	227.8	263.8	269.0	128.2	283.7	24.6	121.3
PAT before MI	446.7	366.1	323.2	373.6	470.7	480.4	353.6	242.3	571.4	661.9	752.5	415.5	711.8	24.6	71.3
Minority Interest	5.7	10.1	-10.0	-9.5	-31.0	9.7	-11.7	-7.5	-11.9	-6.1	3.5	-1.9	-4.8	-59.6	156.7
PAT	439.9	356.8	332.2	367.2	476.2	464.8	351.0	246.0	577.9	665.4	748.2	413.4	714.7	23.7	72.9
EPS (₹)	5.5	4.4	4.1	4.6	5.9	5.8	4.4	3.1	7.2	8.3	9.3	5.1	8.9		

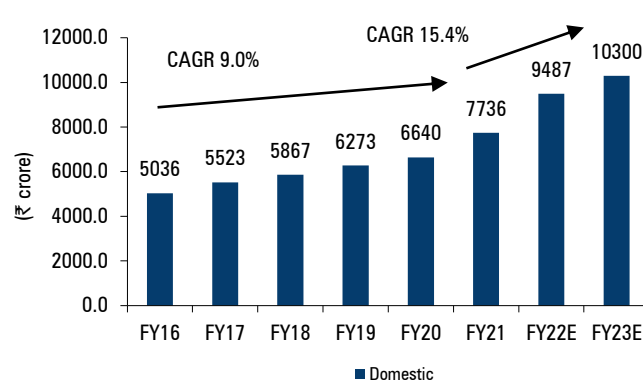
Source: ICICI Direct Research

Exhibit 7: Revenues to grow at 9.7% CAGR over FY21-23E



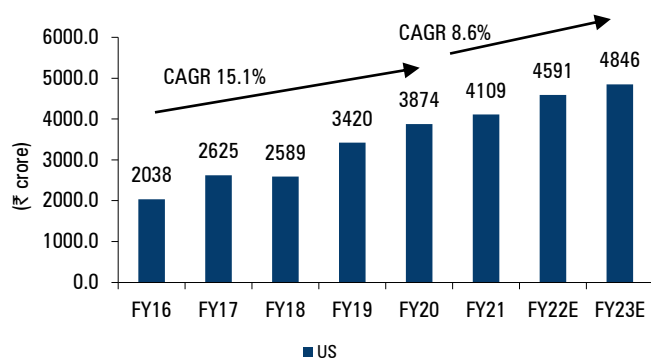
Source: ICICI Direct Research, Company

Exhibit 8: Domestic to grow at 15.4% CAGR over FY21-23E



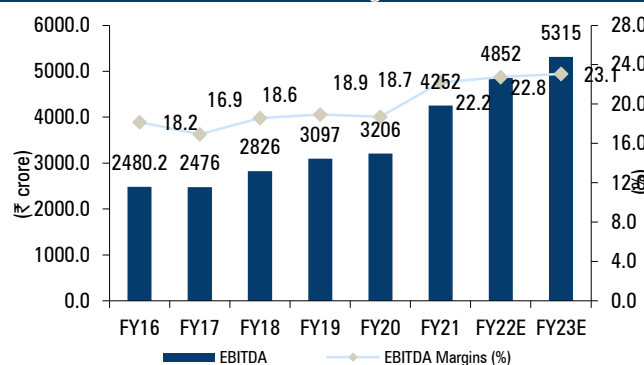
Source: ICICI Direct Research, Company

Exhibit 9: US to grow at CAGR of 8.6% over FY21-23E



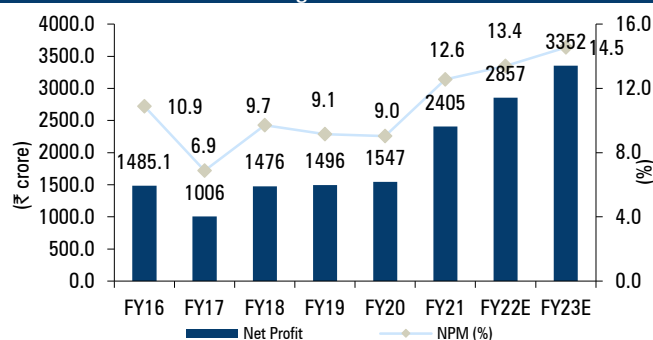
Source: ICICI Direct Research, Company

Exhibit 10: EBITDA & EBITDA margins trend



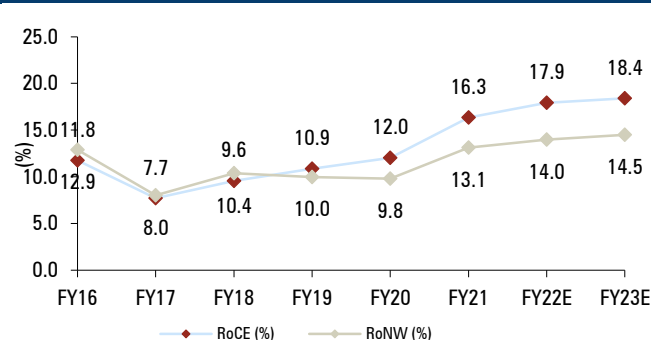
Source: ICICI Direct Research, Company

Exhibit 11: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 12: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 13: ICICIdirect Healthcare coverage Universe

Company	I-Direct	CMP	TP	Rating	M Cap	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
	Code	(₹)	(₹)		(₹ cr)	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E
Ajanta Pharma	AJAPHA	2277	2,695	Buy	19703	53.4	74.0	80.8	89.8	42.7	30.8	28.2	25.4	24.7	29.0	24.9	24.0	18.1	21.8	20.2	19.2
Alembic Pharma	ALEMPHA	786	885	Hold	15450	44.4	59.9	35.2	44.3	17.7	13.1	22.4	17.7	21.0	24.2	12.7	14.8	27.1	23.0	12.3	13.8
Apollo Hospitals	APOHOS	4164	3,870	Buy	59872	22.6	7.9	55.2	81.4	184.4	529.8	75.4	51.2	10.2	6.3	13.7	18.0	9.7	2.5	15.1	18.8
Aurobindo Pharma	AURPHA	905	1,165	Buy	52998	48.8	55.0	61.4	69.3	18.6	16.4	14.7	13.1	17.2	16.8	16.3	16.5	17.0	14.7	14.2	13.9
Biocon	BIOCON	385	400	Hold	46212	5.8	6.1	6.1	12.5	66.2	63.3	62.9	30.7	10.2	7.6	8.7	12.5	10.4	9.6	8.9	15.6
Cadila Healthcare	CADHEA	585	640	Hold	59838	14.0	22.7	20.6	23.7	41.8	25.7	28.4	24.7	10.7	13.2	12.9	12.8	13.8	17.9	12.5	13.0
Cipla	CIPLA	921	1,205	Buy	74275	19.2	29.9	35.5	41.6	47.9	30.8	26.0	22.1	12.0	16.3	17.9	18.4	9.8	13.1	14.0	14.5
Divi's Lab	DIVLAB	4932	4,825	Buy	130920	51.9	74.7	89.4	111.5	95.1	66.0	55.2	44.2	23.9	27.6	27.7	29.0	18.8	21.3	21.6	22.5
Dr Reddy's Labs	DRREDD	4773	5,250	Hold	79406	121.8	117.3	126.8	197.3	39.2	40.7	37.6	24.2	9.6	13.1	12.9	16.5	13.0	11.1	10.8	14.7
Glenmark Pharma	GLEPHA	596	750	Buy	16829	26.4	32.9	42.1	50.1	22.6	18.1	14.2	11.9	12.7	13.7	15.5	16.5	12.2	13.1	14.5	14.8
Hikal	HIKCHE	609	380	Buy	7510	8.1	10.8	20.6	20.8	75.2	56.4	29.6	29.2	12.8	15.1	21.5	19.6	12.2	14.3	21.6	18.2
Ipca Laboratories	IPCLAB	2140	2,290	Buy	27148	47.6	89.9	101.2	106.9	45.0	23.8	21.2	20.0	17.6	27.1	25.1	23.9	16.6	24.2	21.6	18.6
Jubilant Pharmova	JUBLIF	660	850	Buy	10513	44.6	37.4	59.9	84.9	14.8	17.7	11.0	7.8	11.7	13.7	18.2	22.4	12.7	12.6	16.9	19.5
Lupin	LUPIN	1150	1,205	Hold	52173	-12.7	26.9	40.5	47.9	NA	42.8	28.4	24.0	9.7	9.0	12.7	14.2	-4.6	8.8	12.0	12.6
Narayana Hrudalaya	NARHRU	515	585	Buy	10518	6.4	-0.7	14.8	17.8	81.0	NA	34.8	28.9	11.0	1.2	13.9	14.3	11.4	-1.3	21.5	20.8
Natco Pharma	NATPHA	1003	1,010	Hold	18280	25.3	24.2	19.5	23.3	39.7	41.5	51.4	43.0	14.0	13.1	10.1	11.2	12.2	10.7	8.1	9.1
Sun Pharma	SUNPHA	791	800	Hold	189835	16.8	30.0	25.1	28.6	47.2	26.3	31.5	27.7	10.0	14.4	15.1	15.3	8.9	15.5	12.0	12.2
Syngene Int.	SYNINT	621	780	Buy	24852	10.3	10.1	11.0	15.6	60.3	61.4	56.4	39.9	14.5	11.5	13.1	16.6	16.8	13.5	13.6	16.1
Torrent Pharma	TORPHA	3038	3,250	Buy	51412	60.6	74.0	78.5	101.5	50.2	41.1	38.7	29.9	15.4	17.7	20.8	22.2	21.2	21.4	19.4	21.1

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 14: Profit and loss statement ₹ crore				
(Year-end March)	FY20	FY21	FY22E	FY23E
Revenues	17,132.0	19,159.6	21,324.1	23,046.8
Growth (%)	4.7	11.8	11.3	8.1
Raw Material Expenses	5,991.4	7,351.9	8,014.8	8,527.3
Gross Profit	11,140.6	11,807.7	13,309.3	14,519.5
Employee Expenses	3,027.0	3,251.8	3,539.1	3,935.2
Other Expenditure	4,907.6	4,303.4	4,918.3	5,269.1
Total Operating Expenditure	13,926.0	14,907.2	16,472.2	17,731.6
EBITDA	3,206.0	4,252.4	4,851.9	5,315.2
Growth (%)	3.5	32.6	14.1	9.5
Depreciation	1,174.7	1,067.7	1,063.8	1,155.2
Interest	197.4	160.7	118.3	32.2
Other Income	344.2	266.0	252.7	391.8
PBT	2,178.2	3,290.1	3,797.9	4,519.5
Total Tax	631.2	888.8	1,040.7	1,175.1
PAT before MI	1,547.0	2,401.3	2,757.1	3,344.4
Minority Interest	-47.0	-16.4	-18.6	-16.7
Adjusted PAT	1,546.5	2,404.9	2,856.9	3,351.9
Growth (%)	3.4	55.5	18.8	17.3
EPS (Adjusted)	19.2	29.9	35.5	41.6

Source: Company, ICICI Direct Research

Exhibit 15: Cash flow statement ₹ crore				
(Year-end March)	FY20	FY21	FY22E	FY23E
Profit/(Loss) after taxation	1,329.9	2,252.6	2,766.5	3,351.9
Add: Depreciation	1,174.7	1,067.7	1,063.8	1,155.2
(inc)/Dec in Current Assets	-114.3	168.6	-2,709.9	-959.7
inc/(Dec) in Current Liabilities	487.3	203.1	613.5	316.5
Others	190.9	63.2	118.3	32.2
CF from Operating activities	3,068.5	3,755.2	1,852.1	3,896.1
(Purchase)/Sale of Fixed Assets	-985.7	-791.4	-700.0	-700.0
Change In Investment	1,178.0	-1,256.0	-1,000.0	-1,000.0
Others	73.2	19.4	-33.1	-32.0
CF from Investing activities	265.5	-2,028.0	-1,733.1	-1,732.0
Change in Equity	0.1	0.1	0.0	0.0
Change in Loan	-1,760.0	-1,167.9	-718.1	-500.0
Dividend & Dividend tax	-664.2	0.0	-644.1	-691.6
Others	-524.7	-162.1	-118.3	-32.2
CF from Financing activities	-2,948.8	-1,329.9	-1,480.4	-1,223.9
Net Cash Flow	385.1	397.3	-1,361.4	940.3
Cash and Cash equ. at beginning	618.8	1,003.9	1,401.2	39.8
Cash	1,003.9	1,401.2	39.8	980.1
Free Cash Flow	2,082.8	2,963.8	1,152.1	3,196.1

Source: Company, ICICI Direct Research

Exhibit 16: Balance Sheet ₹ crore				
(Year-end March)	FY20	FY21	FY22E	FY23E
Equity Capital	161.3	161.3	161.3	161.3
Reserve and Surplus	15,601.8	18,165.2	20,287.6	22,947.9
Total Shareholders funds	15,763.0	18,326.5	20,448.9	23,109.2
Total Debt	2,816.4	1,755.6	1,037.5	537.5
Deferred Tax Liability	365.2	296.6	311.4	327.0
Long Term Provision	133.3	116.2	122.0	128.1
MI & Other Liabilities	638.7	618.7	618.1	620.2
Source of Funds	19,716.6	21,113.6	22,537.9	24,722.0
Gross Block - Fixed Assets	11,979.6	12,639.8	13,539.8	14,439.8
Accumulated Depreciation	5,355.0	6,253.3	7,317.1	8,472.3
Net Block	6,624.6	6,386.5	6,222.7	5,967.5
Capital WIP	824.5	968.9	768.9	568.9
Fixed Assets	7,449.1	7,355.4	6,991.6	6,536.4
Investments	1,595.3	2,831.8	3,831.8	4,831.8
Goodwill on Consolidation	2,934.0	3,007.3	3,007.3	3,007.3
Long term Loans & Advances	52.4	53.0	55.6	58.4
Other Non current assets	944.4	1,009.8	1,060.3	1,113.3
Inventory	4,377.6	4,669.2	5,254.8	5,688.2
Debtors	3,891.3	3,445.7	5,501.1	5,954.9
Loans and Advances	5.6	2.6	2.7	2.8
Other Current Assets	1,408.9	1,376.0	1,444.8	1,517.0
Cash	1,003.9	1,401.2	39.8	980.1
Total Current Assets	10,687.3	10,894.7	12,243.2	14,143.1
Creditors	2,281.8	2,066.8	2,581.8	2,794.7
Provisions	948.2	1,078.3	1,132.2	1,188.8
Other current liabilities	716.0	893.2	937.8	984.7
Total Current Liabilities	3,946.0	4,038.3	4,651.8	4,968.3
Net Current Assets	6,741.3	6,856.3	7,591.3	9,174.8
Application of Funds	19,716.6	21,113.6	22,537.9	24,722.0

Source: Company, ICICI Direct Research

Exhibit 17: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
Per share data (₹)				
Adjusted EPS	19.2	29.9	35.5	41.6
BV per share	195.8	227.6	254.0	287.0
Cash per Share	12.5	17.4	0.5	12.2
Dividend per share	4.8	8.0	8.6	10.4
Operating Ratios (%)				
Gross Margins	65.0	61.6	62.4	63.0
EBITDA margins	18.7	22.2	22.8	23.1
PAT Margins	9.0	12.6	13.4	14.5
Inventory days	93.3	89.0	89.9	90.1
Debtor days	82.9	65.6	94.2	94.3
Creditor days	48.6	39.4	44.2	44.3
Asset Turnover	0.9	0.9	0.9	0.9
EBITDA convsion rate	95.7	88.3	38.2	73.3
Return Ratios (%)				
RoE	9.8	13.1	14.0	14.5
RoCE	12.0	16.3	17.9	18.4
RoIC	12.0	19.4	20.5	22.0
Valuation Ratios (x)				
P/E	48.0	30.8	26.8	22.1
EV / EBITDA	23.3	16.9	14.8	13.0
EV / Net Sales	4.4	3.8	3.4	3.0
Market Cap / Sales	4.3	3.9	3.5	3.2
Price to Book Value	4.7	4.0	3.6	3.2
Solvency Ratios				
Debt / EBITDA	0.9	0.4	0.2	0.1
Debt / Equity	0.2	0.1	0.1	0.0
Current Ratio	2.5	2.4	2.6	2.6

Source: Company, ICICI Direct Research

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