

US challenges offset domestic performance...

About the stock: Alembic Pharma operates in international generics (US:27% & Ex-US:15% in H1FY22), domestic branded (37% in H1FY22) and API (20% in H1FY22).

- Domestic business has 1.5% of market share of IPM with three brands in the top 100. Going ahead, emphasis is on specialty segment with 94% of new launches being specialty products
- The company has invested ~ ₹ 1800 crore in recent years in facilities geared mainly towards US formulations. As of Q2FY22, it has filed 214 ANDA and has 150 approvals with 98 launches in the US

Q2FY22 Results: Alembic reported mixed Q2FY22 results.

- Sales declined 11.3% YoY to ₹ 1292.3 crore
- EBITDA was at ₹ 257.2 crore, down 42% YoY with margins at 19.9%
- Consequent PAT was at ₹ 169.3 crore (down 49.2% YoY)

What should investors do? Alembic's share price has grown by ~1.4x over the past five years (from ~₹ 573 in June 2016 to ~₹ 793 levels in November 2021).

- We maintain our HOLD rating on the stock due to challenging business environment in the US business as well as impending USFDA clearances.

Target Price and Valuation: We value Alembic at ₹ 790 i.e. 20x P/E on FY23E EPS

Key triggers for future price performance:

- Commercialisation of international formulation plants F2 (oncology OSD & injectable), F3 (general injectable & ophthalmic) & F4 (new oral solids)
- Maintains aggressive guidance for capex (₹ 1000 crore for FY22, FY23) and R&D 12.5-13% of revenues for FY22
- Easing of pricing pressure in US and resolving USFDA issues for timely new launches
- Consistency of performances in Indian branded formulations and diverse portfolio with steady pipeline of speciality medicines

Alternate Stock Idea: Apart from Alembic, we like Ajanta Pharma

- Ajanta Pharma is a focused player in branded, which constitutes ~70% of overall sales, which are spread across geographies including India. Focus is on launching maximum number of first time launches with new drug delivery system (NDDS)
- BUY with a target price of ₹ 2500



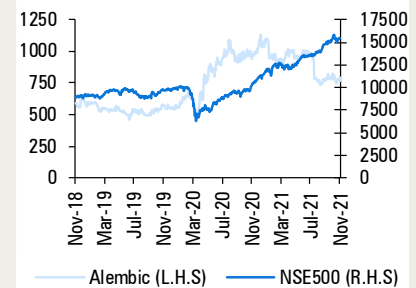
Particulars

Particular	Amount
Market Capitalisation	₹ 15591 crore
Debt (FY21)	₹ 500 crore
Cash & cash equivalents (FY21)	₹ 106 crore
EV	₹ 15985 crore
52 week H/L	1150/721
Equity capital	₹ 39 crore
Face value	₹ 2

Shareholding pattern

(in %)	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Promoter	69.8	69.8	69.5	69.5	69.5
Others	30.2	30.2	30.5	30.5	30.5

Price Chart



Recent Event & Key risks

- USFDA issued a Form 483 with 10 observations for Alembic's Injectable Facility (F-3)
- Key Risk:** (i) Regulatory delays (ii) Better traction for new launches

Research Analyst

Siddhant Khandekar
siddhant.khandekar@icicisecurities.com

Key Financial Summary

Key Financials (₹ crore)	FY19	FY20	FY21	5 year CAGR (FY16-21)	FY22E	FY23E	2 year CAGR (FY21-23E)
Revenues	3934.7	4605.7	5393.1	11.2	5180.0	5631.3	2.2
EBITDA	873.6	1223.0	1557.6	9.1	977.3	1170.2	-13.3
EBITDA margins (%)	22.2	26.6	28.9		18.9	20.8	
Net Profit	592.7	872.8	1178.1	10.4	654.3	778.5	-18.7
EPS (₹)	30.2	44.4	59.9		33.3	39.6	
PE (x)	26.3	18.8	13.2		23.8	20.0	
EV to EBITDA (x)	18.2	13.6	9.7		15.6	12.8	
RoCE (%)	19.6	21.0	24.2		11.9	13.9	
RoNW (%)	21.8	27.1	23.0		11.7	12.6	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q2FY22 Results: Mixed set of Q2 numbers

- Revenues declined 11.3% YoY to ₹ 1292.3 crore (I-direct estimate: ₹ 1363 crore). Domestic formulations grew 22.7% YoY to ₹ 509 crore, better than I-direct estimates of ₹ 481.4 crore due to faster recovery in acute and specialty segment. US generics de-grew 40.2% YoY at ₹ 348 crore, below I-direct estimates of ₹ 405.2 crore mainly due to price erosion and intense competition in some large products. International formulations sales remained flat YoY at ₹ 197 crore (I-direct estimate: ₹ 226.6 crore) while APIs de-grew 9.1% YoY to ₹ 239 crore (I-direct estimate: ₹ 249.9 crore) mainly due to high base of Azithromycin. EBITDA margins declined 1053 bps YoY to 19.9% (I-direct estimate: 17.9%) mainly due to lower gross margins (down 435 bps YoY to 74.2%). EBITDA declined 42% YoY to ₹ 257.2 crore against I-direct estimate of ₹ 244 crore. Net profit de-grew 49.2% YoY to ₹ 169.3 crore (I-direct estimate: ₹ 169.4 crore). Delta vis-à-vis EBITDA was due to higher depreciation and lower other income being partially offset by lower tax expense
- Alembic reported a mixed set of Q2 numbers with lower-than-expected sales but better-than-expected margins. Segment wise, the domestic business posted better-than-expected sales while sales from US generics came in below estimates. New launches and commercialisation of new facilities earmarked for the US market and consistency of performances in the Indian branded formulations are key levers for the company. However, USFDA observations for Alembic's injectable facility (F-3) on re-inspection is a development to be watched, going ahead

Q2FY22 earnings conference call highlights

US:

- Revenue contribution Q2FY22 – 27%
- Increase in competitive intensity during H1FY22, which has led to price erosion in some large products
- USFDA has issued a Form 483 with 10 observations for Alembic's Injectable Facility (F-3) in Karkhadi. According to the management none of the observations are related to data integrity and the management believes they are addressable
- Four products launched in Q2FY22 and six in H1FY22. Cumulatively, 98 products launched in the US market
- Cumulative ANDAs – Filings: 214, Approvals: 150, Launched: 98;
- Q2FY22 ANDAs – Filings: 3, Final Approvals: 4;
- Oral solids: 117, ophthalmic: 14, derma: 17, injectable: 2

Ex-US:

- Revenue contribution Q2FY22 – 15%
- The ex-US business continues to do well in spite of a high base last year
- New launches on track to drive growth in the future

India:

- Revenue contribution Q2FY22 – 39%; Specialty- 10%, Acute- 14%, Vet-5%
- 19% Product portfolio in NLEM
- Three brands in top 300; market share is 1.5% of Indian pharma space
- Emphasis on specialty segment. 94% new launches in specialty
- 5000 + marketing team, 18 marketing divisions (including Generic)
- Specialty segments grew 20% for the quarter led by ophthalmology (43%), dermatology (36%), orthopaedic (34%) segments
- Acute segments grew 27% for the quarter largely driven by rebound in cold & cough followed by anti-infective

API:

- Revenue contribution Q2FY22 – 19%
- API business continues to do well. H1FY21 had a high base of Azithromycin
- Rest of the portfolio continues to do well
- Four USDMFs filed in FY22. 121 Cumulative DMF filings with the USFDA

Exhibit 1: Variance Analysis

	Q2FY22	Q2FY22E	Q2FY21	YoY (%)	Q1FY22	QoQ (%)	Comments
Revenue	1,292.3	1,363.0	1,457.1	-11.3	1,326.0	-2.5	YoY decline amid strong growth in domestic formulation being offset by sharp decline in the US
Raw Material Expenses	332.9	395.8	312.0	6.7	385.1	-13.6	
Gross Margin (%)	74.2	71.0	78.6	-435 bps	71.0	328 bps	Change in product mix and increasing price erosion in US led to YoY contraction in margins
Employee Expenses	293.2	298.0	276.1	6.2	289.9	1.1	
R&D Expenditure	167.8	170.4	185.0	-9.3	167.2	0.4	
Other Expenditure	241.2	254.8	240.6	0.2	247.9	-2.7	
EBITDA	257.2	244.0	443.4	-42.0	235.9	9.0	
EBITDA (%)	19.9	17.9	30.4	-1053 bps	17.8	211 bps	YoY decline mainly due to lower gross margins being partially offset by lower R&D expenditure
Interest	4.6	2.1	4.5	2.2	2.1	117.1	
Depreciation	54.6	53.2	43.8	24.7	53.2	2.7	
Other Income	2.2	4.1	3.2	-31.7	1.9	17.0	
PBT before EO & Forex	200.3	192.8	398.4	-49.7	182.6	9.7	
Forex & EO	0.0	0.0	0.0	NA	0.0	NA	
PBT	200.3	192.8	398.4	-49.7	182.6	9.7	
Tax	39.5	40.5	73.0	-45.9	34.2	15.5	
PAT before MI	160.7	152.3	325.4	-50.6	148.4	8.4	
Adjusted Net Profit	169.3	169.4	333.4	-49.2	164.5	2.9	YoY decline mainly in sync with operational performance and lower other income and higher depreciation
Key Metrics							
Domestic Formulation	509.0	481.4	415.0	22.7	481.0	5.8	YoY growth and beat vis-à-vis I-direct estimates mainly due to faster recovery in acute and specialty segment
US	348.0	405.2	582.0	-40.2	369.0	-5.7	Sharp decline and miss vis-à-vis I-direct estimates mainly due to higher-than-expected competition and price erosion
RoW	197.0	226.6	197.0	0.0	197.0	0.0	
APIs	239.0	249.9	263.0	-9.1	279.0	-14.3	YoY decline mainly due to high base of Azithromycin

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	5,314.8	5,180.0	-2.5	5,918.2	5,631.3	-4.8	Changed mainly due to lower-than-expected Q2FY22
EBITDA	990.3	977.3	-1.3	1,242.8	1,170.2	-5.8	
EBITDA Margin (%)	18.6	18.9	27 bps	21.0	20.8	-22 bps	Changed mainly due to price erosion in US portfolio
PAT	691.0	654.3	-5.3	870.7	778.5	-10.6	
EPS (₹)	35.2	33.3	-5.4	44.3	39.6	-10.6	

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ crore)	Current			Earlier			Comments
	FY20	FY21	FY22E	FY23E	FY22E	FY23E	
Domestic Formulation	1,425.0	1,497.0	1,900.3	2,042.2	1,791.1	1,946.2	Changed mainly due to better-than-expected sales in Q2FY22
US	1,976.0	2,165.0	1,438.0	1,580.0	1,649.4	1,910.4	Changed mainly due to higher-than-expected erosion in US portfolio
RoW	496.0	776.0	832.2	915.4	853.2	938.5	Changed mainly due to muted Q2FY22
APIs	708.0	955.0	1,010.2	1,093.6	1,021.1	1,123.2	Changed due to lower than expected Q2FY22

Source: ICICI Direct Research

Exhibit 4: Revenue Breakup

Revenue Breakup	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	CAGR FY16-21	CAGR FY21-23E
Total Formulation	2636.6	2491.6	2481.0	3165.0	3897.0	4438.0	4170.5	4537.7	11.0	1.1
Domestic Formulation (₹ crore)	1186.4	1255.1	1274.0	1383.0	1425.0	1497.0	1900.3	2042.2	4.8	16.8
US Sales (₹ crore)	1248.1	917.0	909.5	1266.0	1976.0	2165.0	1438.0	1580.0	11.6	-14.6
RoW	210.2	319.5	297.5	516.0	496.0	776.0	832.2	915.4	29.9	8.6
API (₹ crore)	522.2	640.2	650.0	770.0	708.0	955.0	1010.2	1093.6	12.8	7.0
Total Sales	3191.5	3159.0	3148.9	3935.0	4605.0	5393.0	5180.7	5631.3	11.1	2.2

Source: ICICI Direct Research

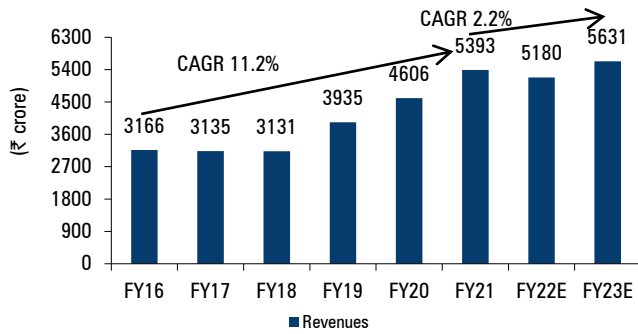
Exhibit 5: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY20	4606	17.1	44.4	47.3	18.8	13.6	27.1	21.0
FY21	5393	17.1	59.9	35.0	13.2	9.7	23.0	24.2
FY22E	5180	-4.0	33.3	-44.5	23.8	15.6	11.7	11.9
FY23E	5631	8.7	39.6	19.0	20.0	12.8	12.6	13.9

Source: ICICI Direct Research

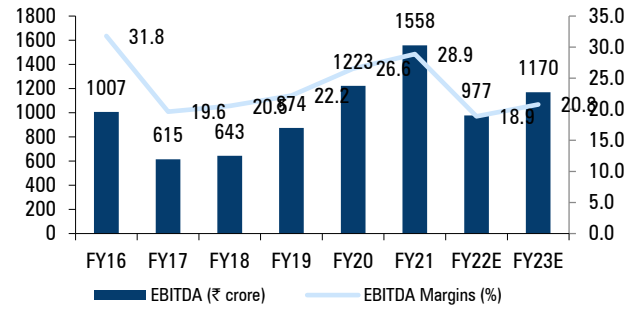
Key Metrics

Exhibit 6: Revenues to grow at CAGR of 2.2% over FY21-23E



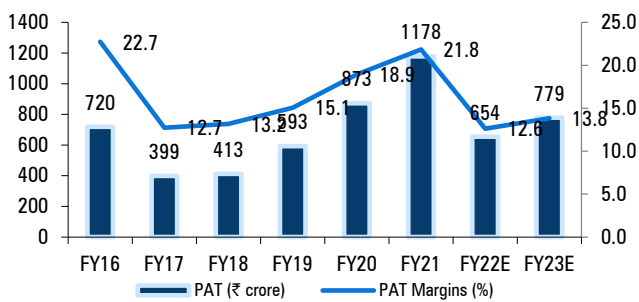
Source: ICICI Direct Research, Company

Exhibit 7: EBITDA and EBITDA margins trend



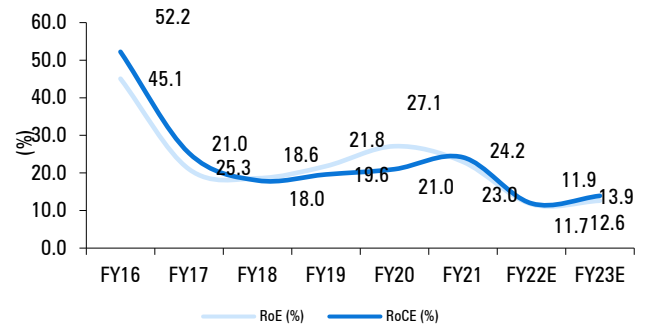
Source: ICICI Direct Research, Company

Exhibit 8: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 9: Return ratios



Source: ICICI Direct Research, Company

Exhibit 10: Trends in Quarterly Performance

(₹ Crore)	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	YoY (%)	QoQ(%)
Revenues	1127.1	1018.2	927.0	948.9	1240.9	1209.1	1206.8	1341.3	1457.1	1314.3	1280.4	1326.0	1292.3	-11.3	-2.5
Raw Material Cost	272.1	248.5	216.7	204.4	272.6	298.5	263.9	337.8	312.0	293.0	314.6	385.1	332.9	6.7	-13.6
% to revenues	24.1	24.4	23.4	21.5	22.0	24.7	21.9	25.2	21.4	22.3	24.6	29.0	25.8		
Gross Profit	855.0	769.7	710.2	744.5	968.3	910.6	942.9	1003.6	1145.1	1021.4	965.8	941.0	959.4	-16.2	2.0
Gross Profit Margin (%)	75.9	75.6	76.6	78.5	78.0	75.3	78.1	74.8	78.6	77.7	75.4	71.0	74.2	-435 bps	328 bps
Employee cost	182.6	198.4	200.7	214.9	217.8	226.9	246.9	275.4	276.1	262.5	237.2	289.9	293.2	6.2	1.1
% to revenues	16.2	19.5	21.7	22.6	17.5	18.8	20.5	20.5	18.9	20.0	18.5	21.9	22.7	374 bps	82 bps
R & D	144.7	112.2	119.7	140.3	173.8	145.7	185.0	142.6	185.0	148.0	194.9	167.2	167.8		
% to revenues	12.8	11.0	12.9	14.8	14.0	12.1	15.3	10.6	12.7	11.3	15.2	12.6	13.0	29 bps	38 bps
Other Expenditure	225.3	216.9	211.7	164.4	231.2	213.0	183.5	178.2	240.6	245.9	192.0	247.9	241.2	0.2	-2.7
% to revenues	20.0	21.3	22.8	17.3	18.6	17.6	15.2	13.3	16.5	18.7	15.0	18.7	18.7	215 bps	-3 bps
Total Expenditure	824.7	775.9	748.9	724.0	895.4	884.1	879.3	934.0	1013.7	949.3	938.7	1090.1	1035.1	2.1	-5.0
% to revenues	73.2	76.2	80.8	76.3	72.2	73.1	72.9	69.6	69.6	72.2	73.3	82.2	80.1		
EBIDTA	302.3	242.2	178.0	224.9	345.5	325.1	327.5	407.4	443.4	365.1	341.7	235.9	257.2	-42.0	9.0
EBITDA Margin (%)	26.8	23.8	19.2	23.7	27.8	26.9	27.1	30.4	30.4	27.8	26.7	17.8	19.9	1053 bps	211 bps
Depreciation	28.6	29.1	30.0	35.4	36.0	41.8	44.1	41.5	43.8	47.0	51.2	53.2	54.6	24.7	2.7
Interest	5.8	6.0	5.1	5.0	7.1	7.4	7.8	6.7	4.5	2.3	2.6	2.1	4.6	2.2	117.1
OI	2.4	3.5	3.4	3.3	0.4	0.4	0.9	0.3	3.2	2.5	4.0	1.9	2.2		
PBT	270.3	210.8	146.4	187.8	302.9	276.3	276.5	359.5	398.4	318.3	291.9	182.6	200.3	-49.7	9.7
Tax	70.3	40.0	14.9	36.0	52.5	48.6	62.1	66.8	73.0	59.1	54.5	34.2	39.5	-45.9	15.5
Tax Rate (%)	26.0	19.0	10.2	19.1	17.3	17.6	22.5	18.6	18.3	18.6	18.7	18.7	19.7		
PAT	200.0	170.8	131.5	151.9	250.4	227.7	214.4	292.7	325.4	259.2	237.4	148.4	160.7	-50.6	8.4
PAT Margin (%)	17.7	16.8	14.2	16.0	20.2	18.8	17.8	21.8	22.3	19.7	18.5	11.2	12.4		
Exceptional Items (EI)	0.0	0.0	0.0	32.8	0.0	0.0	10.9	0.0	0.0	0.0	0.0	0.0	0.0		
Net Profit before MI	200.0	170.8	131.5	119.1	250.4	227.7	203.5	292.7	325.4	259.2	237.4	148.4	160.7	-50.6	8.4
Add/(less) MI	0.0	-0.8	-0.8	4.2	4.2	-6.9	-21.2	-8.3	-8.1	-7.0	-8.3	-6.3	-5.3		
Profit from Associates	0.1	-1.7	0.1	0.4	0.1	-0.4	-0.1	0.5	-0.2	26.4	5.1	9.9	3.3		
Net Profit	200.1	169.8	132.3	115.2	246.3	234.2	224.6	301.5	333.4	292.6	250.7	164.5	169.3	-49.2	2.9
Net Profit (excl.EI)	200.1	169.8	132.3	148.0	246.3	234.2	235.5	301.5	333.4	292.6	250.7	164.5	169.3	-49.2	2.9

Source: ICICI Direct Research

Exhibit 11: ICICI Direct Universe Coverage (Healthcare)

Company	I-Direct Code	CMP (₹)	TP Rating	M Cap (₹ cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)				
					FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	
Ajanta Pharma	AJAPHA	2144	2,500	Buy	18552	53.4	74.0	79.3	89.3	40.2	29.0	27.0	24.0	24.7	29.0	25.2	23.8	18.1	21.8	19.9	19.2
Alembic Pharma	ALEMPHA	793	790	Hold	15587	44.4	59.9	33.3	39.6	17.9	13.2	23.8	20.0	21.0	24.2	11.9	13.9	27.1	23.0	11.7	12.6
Apollo Hospitals	APOHOS	4617	4,510	Hold	66385	22.6	7.9	61.2	76.8	204.5	587.4	75.4	60.1	10.2	6.3	15.6	18.2	9.7	2.5	16.0	17.2
Aurobindo Pharma	AURPHA	692	795	Hold	40553	48.8	55.0	50.3	61.2	14.2	12.6	13.8	11.3	17.2	16.9	13.8	15.2	17.0	14.7	11.9	12.8
Biocon	BIOCON	344	380	Hold	41328	5.8	6.1	5.4	9.3	59.2	56.6	64.0	37.1	10.2	7.6	7.8	10.0	10.4	9.6	7.9	12.2
Cadila Healthcare	CADHEA	497	563	Hold	50890	14.0	21.5	21.9	22.8	35.6	23.1	22.7	21.8	10.7	12.6	13.7	14.0	13.8	16.9	15.3	14.1
Cipla	CIPLA	902	1,085	Buy	72747	19.2	29.9	34.6	41.8	47.0	30.2	26.0	21.6	12.0	16.3	17.8	18.4	9.8	13.1	13.7	14.6
Divi's Lab	DIVLAB	4839	5,815	Buy	128451	51.9	74.7	94.7	116.3	93.3	64.7	51.1	41.6	23.9	27.6	28.8	29.2	18.8	21.3	22.5	23.0
Dr Reddy's Labs	DRREDD	4808	5,170	Hold	79992	121.8	117.3	181.2	204.2	39.5	41.0	26.5	23.5	9.6	13.1	16.3	17.3	13.0	11.1	14.9	14.7
Glenmark Pharma	GLEPHA	521	680	Buy	14690	26.4	32.9	35.8	48.1	19.7	15.8	14.6	10.8	12.7	13.9	15.9	17.1	12.2	13.1	11.9	13.9
Hikal	HIKCHE	520	640	Buy	6414	8.1	10.8	17.2	21.4	64.3	48.2	30.3	24.4	12.8	15.1	17.7	18.5	12.2	14.3	18.7	19.1
Ipca Laboratories	IPCLAB	2200	2,560	Buy	27907	47.6	89.9	89.6	102.4	46.3	24.5	24.5	21.5	17.6	27.1	22.5	21.4	16.6	24.2	19.6	18.3
Jubilant Pharmova	JUBLIF	618	625	Hold	9836	44.6	37.4	44.0	62.6	13.8	16.5	14.0	9.9	11.7	13.7	14.9	18.1	12.7	12.6	13.0	15.7
Lupin	LUPIN	932	1,015	Hold	42308	-12.7	26.9	43.8	36.9	NA	34.7	21.3	25.3	9.7	9.1	8.0	12.6	-4.6	8.8	15.8	11.6
Narayana Hrudalaya	NARHRU	604	620	Buy	12343	6.4	-0.7	12.3	15.6	95.1	NA	49.0	38.8	11.0	1.2	14.5	16.8	11.4	-1.3	18.6	19.3
Natco Pharma	NATPHA	847	1,040	Hold	15437	25.3	24.2	19.4	22.6	33.5	35.0	43.7	37.5	14.0	13.1	9.7	10.9	12.2	10.7	8.1	8.8
Sun Pharma	SUNPHA	801	965	Buy	192163	16.8	30.0	30.6	32.2	47.7	26.7	26.2	24.8	10.0	14.2	16.7	16.3	8.9	15.5	14.2	13.2
Syngene Int.	SYNINT	544	710	Buy	21776	10.3	10.1	9.8	13.9	52.9	53.8	55.7	39.1	14.5	11.5	12.6	15.5	16.8	13.5	13.2	14.9
Torrent Pharma	TORPHA	2830	3,110	Hold	47890	60.6	74.0	78.3	103.7	46.7	38.3	36.1	27.3	15.4	17.7	21.0	22.6	21.2	21.4	19.4	21.5
Shalby	SHALIM	151	170	Hold	1615	2.6	3.9	4.3	5.7	59.2	38.5	34.8	26.6	7.2	6.5	8.9	8.8	3.5	5.1	5.4	6.7
Aster DM	ASTDM	210	200	Buy	9191	5.7	3.0	11.1	15.4	36.9	71.1	19.0	13.7	7.2	5.4	9.3	11.2	8.7	4.4	14.1	16.4
Indoco Remedies	INDREM	432	575	Buy	4226	2.6	10.1	17.3	23.9	165.2	42.8	25.0	18.1	4.6	11.7	19.8	21.5	3.5	12.1	17.6	20.2
Caplin Point	CAPPOI	858	1,080	Buy	6278	28.4	32.0	38.3	45.0	30.2	26.8	22.4	19.1	26.5	25.4	25.1	24.8	22.7	20.4	20.1	19.4
Granules India	GRANUL	319	430	Buy	7850	12.4	22.2	23.6	28.7	25.7	14.4	13.6	11.1	15.2	24.0	23.4	24.2	16.7	25.3	21.5	21.0
Laurus Labs	LAULAB	480	670	Buy	26570	4.8	18.3	17.6	23.9	100.9	26.2	27.3	20.1	13.0	31.7	25.1	28.0	14.4	37.9	27.4	27.9

Source: ICICI Direct Research

Financial Summary

Exhibit 12: Profit and loss statement				
₹ crore				
(Year-end March) ₹ crore	FY20	FY21	FY22E	FY23E
Revenues	4,605.7	5,393.1	5,180.0	5,631.3
Growth (%)	17.1	17.1	-4.0	8.7
Raw Material Expenses	1,039.4	1,257.3	1,403.3	1,449.8
Employee Expenses	906.4	1,051.2	1,164.2	1,265.6
R&D Expenditure	644.8	670.4	668.1	732.1
Other Manufacturing Expenses	792.1	856.6	967.2	1,013.6
Total Operating Expenditure	3,382.7	3,835.6	4,202.8	4,461.1
EBITDA	1,223.0	1,557.6	977.3	1,170.2
Growth (%)	40.0	27.4	-37.3	19.7
Interest	27.2	16.0	15.9	12.2
Depreciation	157.3	183.5	217.0	250.6
Other Income	4.9	10.0	8.4	28.2
PBT	999.8	1,368.1	752.9	935.6
Total Tax	199.2	253.3	146.7	196.5
Tax Rate (%)	19.9	18.5	19.5	21.0
Adjusted PAT	872.8	1,178.1	654.3	778.5
Growth (%)	47.3	35.0	-44.5	19.0
EPS (Adjusted)	44.4	59.9	33.3	39.6

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
₹ crore				
(Year-end March) ₹ crore	FY20	FY21	FY22E	FY23E
Profit/(Loss) after taxation	763.7	1,122.6	654.3	778.5
Depreciation	157.3	183.5	217.0	250.6
Net Increase in Current Assets	-597.5	66.1	-552.3	-253.2
Net Increase in Current Liabilities	4.6	173.4	287.1	114.8
CF from operating activities	449.2	1,463.4	606.1	890.6
(Inc)/dec in Investments	0.0	-181.1	0.0	0.0
(Inc)/dec in Fixed Assets	-734.3	-659.2	-500.0	-500.0
Other investing activities	2.1	7.3	2.5	1.0
CF from investing activities	-728.9	-840.8	-488.9	-489.0
Inc / (Dec) in Equity Capital	0.0	734.1	0.0	0.0
Inc / (Dec) in Loan	591.9	-1,258.5	250.0	-250.0
Dividend & Dividend Tax	-326.0	0.0	-196.6	-196.6
Other financing activities	-111.1	-73.0	0.0	0.0
CF from financing activities	154.9	-597.4	53.4	-446.6
Net Cash flow	-124.9	25.1	170.6	-45.0
Opening Cash	205.6	80.8	105.8	276.5
Closing Cash	80.8	105.8	276.5	231.5
Free Cash flow	-285.2	804.1	106.1	390.6

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet				
₹ crore				
(Year-end March) ₹ crore	FY20	FY21	FY22E	FY23E
Equity Capital	37.7	39.3	39.3	39.3
Reserve and Surplus	3,181.7	5,088.3	5,546.0	6,128.0
Total Shareholders funds	3,219.4	5,127.6	5,585.3	6,167.3
Minority Interest	-29.0	-60.6	-54.6	-49.1
Total Debt	1,747.5	499.8	749.8	499.8
Deferred Tax Liability	12.2	4.2	4.6	5.1
Other Non Current Liabilities	73.3	71.5	78.7	86.6
Long Term Provisions	74.5	85.5	94.1	103.5
Source of Funds	5,097.9	5,728.0	6,458.0	6,813.1
Gross Block - Fixed Assets	2,126.0	2,546.3	4,196.3	4,846.3
Accumulated Depreciation	574.5	757.0	973.9	1,224.5
Net Block	1,551.5	1,789.3	3,222.4	3,621.8
Capital WIP	1,846.2	2,181.7	1,031.7	881.7
Total Fixed Assets	3,397.7	3,971.0	4,254.0	4,503.5
Goodwill on Consolidation	0.0	0.0	0.0	0.0
Investments	17.9	236.3	236.3	236.3
Inventory	1,187.5	1,486.2	1,419.4	1,542.8
Cash	80.8	105.8	276.5	231.5
Debtors	864.8	348.6	922.6	1,002.8
Loans & Advances & Other CA	0.0	0.0	0.0	0.0
Total Current Assets	2,462.7	2,390.9	3,113.8	3,322.1
Creditors	625.9	668.8	924.7	1,005.1
Provisions & Other CL	265.2	312.2	343.4	377.7
Total Current Liabilities	891.1	980.9	1,268.0	1,382.8
Net Current Assets	1,571.6	1,410.0	1,845.8	1,939.3
LT L& A, Other Assets	110.7	110.8	121.9	134.1
Deferred Tax Assets	0.0	0.0	0.0	0.0
Application of Funds	5,097.9	5,728.1	6,458.0	6,813.1

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
Per share data (₹)				
Adjusted EPS	44.4	59.9	33.3	39.6
BV per share	163.8	260.9	284.2	313.8
Dividend per share	12.0	14.0	10.0	10.0
Operating Ratios (%)				
Gross margins	77.4	76.7	72.9	74.3
EBITDA Margins	26.6	28.9	18.9	20.8
PAT Margins	18.9	21.8	12.6	13.8
Inventory days	94.1	100.6	100.0	100.0
Debtor days	68.5	23.6	65.0	65.0
Creditor days	49.6	45.3	65.2	65.1
Asset Turnover	2.2	2.1	1.2	1.2
EBITDA conversion Rate	36.7	94.0	62.0	76.1
Return Ratios (%)				
RoE	27.1	23.0	11.7	12.6
RoCE	21.0	24.2	11.9	13.9
RoIC	33.6	42.2	15.3	16.7
Valuation Ratios (x)				
P/E	18.8	13.2	23.8	20.0
EV / EBITDA	13.6	9.7	15.6	12.8
EV / Net Sales	3.6	2.8	2.9	2.7
Market Cap / Sales	3.2	2.8	2.9	2.7
Price to Book Value	4.8	3.0	2.8	2.5
Solvency Ratios				
Debt / Equity	0.5	0.1	0.1	0.1
Debt / EBITDA	1.4	0.3	0.8	0.4
Current Ratio	2.3	1.9	1.8	1.8

Source: Company, ICICI Direct Research

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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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