

# Torrent Pharmaceuticals (TORPHA)

CMP: ₹ 1529

Target: ₹ 1800 (18%)

Target Period: 12 months

July 30, 2022

## Branded franchisee robust; Margins to trend up...

**About the stock:** Incorporated in 1959, Torrent remains a key play on branded generics (~60% of sales) with strong India franchise and growing exports traction

- Revenues – India including CRAMs (57%), Brazil (9%), US (13%) and Germany (11%).
- Torrent is the eighth largest domestic player and is ranked in top 10 for CVS, CNS, V&M, GI and anti-diabetes therapies in India

**Q1FY23 Results:** Growth in revenues boosted by branded portfolio.

- Sales were up 10% YoY to ₹ 2347 crore
- EBITDA was at ₹ 712 crore, up 5% YoY with margins at 30.3%
- PAT was at ₹354 crore (up 7% YoY)

**What should investors do?** Torrent's share price has grown by ~1.9x over the past three years (from ~₹ 815 in July 2019 to ~₹ 1529 levels in July 2022).

- Upgraded from HOLD to **BUY** due to 1) Good traction in branded business in India on back of field expansion and robust launch schedule, 2) Focused approach in CVS, CNS and Diabetic branded generics in Brazil and 3) Margin expansion on back of cost savings measures and pricing power in the branded space besides expected normalcy in Germany from H2FY23 and the US (subject to the USFDA plant clearances)

**Target Price and Valuation:** Valued at ₹ 1800 i.e. 33x P/E on FY24E EPS of ₹ 54.6

### Key triggers for future price performance:

- In India, Torrent has expanded field strength by ~300 MRs. Also, it forayed into fast growing trade generic segment for acute therapies
- Torrent has good presence in Brazil and expects traction for new launches in branded space while Germany tender business to recover in H2FY23
- Awaiting clearance for Dahej and Indrad facility from the USFDA. New launches are key to offsetting persisting price erosion in business.

**Alternate Stock Idea:** Apart from Torrent, in healthcare coverage we like Cipla

- Cipla has long-drawn strategy of targeting four verticals viz. One-India, South Africa & EMs, US generics & specialty and lung leadership
- BUY with a target price of ₹ 1135

BUY



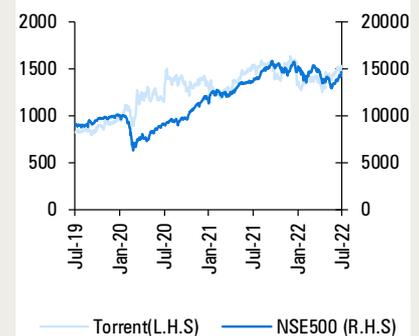
### Particulars

Particular	Amount
Market Capitalisation	₹ 51742 crore
Debt (FY22)	₹ 4018 crore
Cash (FY22)	₹ 403 crore
EV	₹ 55357 crore
52 week H/L (₹)	1652/1243
Equity capital	₹ 169.2 crore
Face value	₹ 5

### Shareholding pattern

(in %)	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	71.3	71.3	71.3	71.3
Others	28.8	28.8	28.8	28.8

### Price Chart



### Recent Event & Key risks

- Bonus issue of 1:1 equity shares
- Key Risk:** (i) Regulatory Delays (ii) Lower than expected take-off in tender market in Germany

### Research Analyst

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### Key Financial Summary

Key Financials (₹ crore)	FY20	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Revenues	7939.0	8005.0	8508.0	7.8	9434.4	10502.3	11.1
EBITDA	2170.0	2480.0	2431.0	12.0	2861.9	3255.9	15.7
EBITDA margins (%)	27.3	31.0	28.6		30.3	31.0	
Net Profit	1025.0	1252.0	1084.4	-3.6	1477.3	1846.4	30.5
EPS (₹)	30.3	37.0	32.0		43.7	54.6	
PE (x)	50.5	41.3	66.6		35.0	28.0	
RoNW (%)	21.2	21.4	18.2		20.9	21.8	
RoCE (%)	15.4	17.6	19.7		24.7	29.4	

Source: Company, ICICI Direct Research

## Key takeaways of recent quarter & conference call highlights

### Q1FY23 Results: Steady Quarterly Performance

- Revenues grew 10% YoY to ₹ 2347 crore. Domestic formulations grew by 14% YoY to ₹ 1245 crore driven by outperformance of top brands together with new launches and market share gains across focus therapies, while 20% YoY growth to ₹ 184 crore in Brazil was witnessed due to strong growth in generic segment, performance of top brands and new launches. US business grew 12% YoY to ₹ 299 crore mainly due to One time of settlement income of ₹ 38 crore in this quarter. Growth was partially offset by 18% YoY decline in Germany to ₹ 214 crore amid increase in competition and loss of tenders in previous quarters. EBITDA margins declined 139 bps YoY to 30.3%, above I-direct estimate of 28%. EBITDA grew 5% YoY to ₹ 712 crore. Subsequently, adjusted profit improved 7% YoY to ₹ 354 crore.
- Torrent Pharma's Q1FY23 revenues was in-line with I-direct estimates while margin profile was better than our expectations. Torrent's branded businesses growth momentum was led by India performance. Management's cost optimisation measures have helped to get back on track with respect to margins in this quarter while India and Brazil business continues to be on a strong footing. Torrent has initiated measures to improve price competitiveness in Germany. Torrent continues to impress thanks to thoughtful capital allocation and robust margin profile, which can be attributed to a global portfolio of branded generics. The company's portfolio is finely balanced between India, Brazil, Germany and the US with India being the leader.

### Q1FY23 Earnings Conference Call highlights

- **India** – Secondary market data growth (17%) Breakup: New launches – 3%, Price – 8%, Volume – 5% in Q1FY23. Company added 300 MRs with total count now at 4200. Torrent is looking to launch 7-8 products per quarter with few cardiac launches and product extension scheduled for Q3 and Q4 Trade generics contribute ~ 2.5% to India business.
- **US sales** – One time of settlement income of ₹ 38 crore in this quarter positively impacted this quarter. US base business has come down due to price erosion partly offset by Dapsone launch. Company has no update from USFDA regarding inspections. Management is guiding for near to double-digits filings in FY23.
- **Brazil** – Adjusted for the discontinued tender business in the previous year, constant currency growth is 10%. About 88% of business is in branded generics, which has grown at 13% in Q1FY23 according to industry data. Management is guiding for high single to double digit growth going forward. Torrent has launched 5 products in 2022, with 2 being large in size but with intense competition. Management is looking to increase market size in these from single digit to double digit.
- **Germany** – Torrent had 4 launches in Q1 and another 4 is likely to come in Q2FY23. New Tenders to start from Q3FY23. Due to intense competition, tenders are likely to fetch lower margins. Torrent has undertaken cost optimization measures to be more competitive.
- Torrent's manufacturing facility are at 54% utilization levels.

**Exhibit 1: Variance Analysis**

	Q1FY23	Q1FY23E	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	Comments
Revenue	2,347.0	2,367.8	2,134.0	10.0	2,131.0	10.1	YoY growth driven by India and Brazil performance
Raw Material Expenses	660.0	686.7	588.0	12.2	622.0	6.1	
Gross margins (%)	71.9	71.0	72.4	-57 bps	70.8	107 bps	
Employee Expenses	420.0	426.2	385.0	9.1	364.0	15.4	
Other Expenditure	555.0	592.0	484.0	14.7	584.0	-5.0	
EBITDA	712.0	663.0	677.0	5.2	561.0	26.9	
EBITDA (%)	30.3	28.0	31.7	-139 bps	26.3	401 bps	YoY decline due to higher employee cost and other expenditure on a low base of Q1FY22
Interest	55.0	40.9	68.0	-19.1	57.0	-3.5	
Depreciation	155.0	173.4	165.0	-6.1	162.0	-4.3	
Other Income	30.0	46.9	40.0	-25.0	56.0	-46.4	
PBT before EO & Forex	532.0	495.6	484.0	9.9	398.0	33.7	
EO	0.0	0.0	0.0	0.0	485.0	0.0	
PBT	532.0	495.6	484.0	9.9	-87.0	LP	
Tax	178.0	158.6	154.0	15.6	31.0	474.2	
PAT before MI	354.0	337.0	330.0	7.3	-118.0	LP	
MI	0.0	0.0	0.0	0.0	0.0	0.0	
Adjusted PAT	354.0	337.0	330.0	7.3	539.8	-34.4	Profit is adjusted for one-time loss for impairment provision for discontinuation of liquids business in US for ₹ 485 crore
<b>Key Metrics</b>							
India	1,245.0	1,246.0	1,093.0	13.9	1,034.0	20.4	Secondary market data growth (17%) Breakup: New launches – 3%, Price – 8%, Volume – 5%
Brazil	184.0	206.6	153.0	20.3	251.0	-26.7	Constant currency revenue was up by 8% YoY. Adjusted for the discontinued tender business in the previous year, the growth is 10%.
US	299.0	283.9	266.0	12.4	282.0	6.0	One time of settlement income of ₹ 38 crore
Germany	214.0	221.0	260.0	-17.7	218.0	-1.8	Growth impacted by challenges in tender segment

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	9,428.2	9,434.4	0.1	10,448.5	10,502.3	0.5	
EBITDA	2,817.1	2,861.9	1.6	3,239.2	3,255.9	0.5	
EBITDA Margin (%)	29.9	30.3	46 bps	31.0	31.0	0 bps	Guidance for ~ 30%+ EBITDA margins
PAT	1,468.3	1,477.3	0.6	1,824.3	1,846.4	1.2	
EPS (₹)	86.8	43.7	-49.7	107.8	54.6	-49.4	

Source: ICICI Direct Research

**Exhibit 3: Assumptions**

₹ crore)	Current				Earlier		Comments
	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
India	3,740.0	4,286.0	4,844.6	5,425.9	4,801.9	5,378.1	
Brazil	631.0	742.0	833.8	933.9	813.1	894.4	New launches are expected to drive growth by ~10-12%
US	1,261.0	1,067.0	1,146.0	1,189.6	1,152.4	1,267.6	Changed mainly due to delay in USFDA clearance and price erosion
Germany	1,039.0	966.0	934.0	1,046.1	966.1	1,043.4	

Source: ICICI Direct Research

**Exhibit 4: Revenue Breakup**

₹ crore	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	CAGR FY17-22 (%)	CAGR FY22-24E (%)
India	1829	1976	2351	3235	3517	3740	4286	4845	5426	16.7	12.5
CRAMs (Incl Others)	600	545	408	467	472	517	570	620	682	0.9	9.4
US	2672	1347	1100	1590	1522	1261	1067	1146	1190	-4.6	5.6
Others	425	488	522	684	765	820	881	982	1081	12.6	10.8
Germany	648	811	912	1008	947	1039	966	934	1046	3.6	4.1
Brazil	506	699	709	689	715	631	742	834	934	1.2	12.2

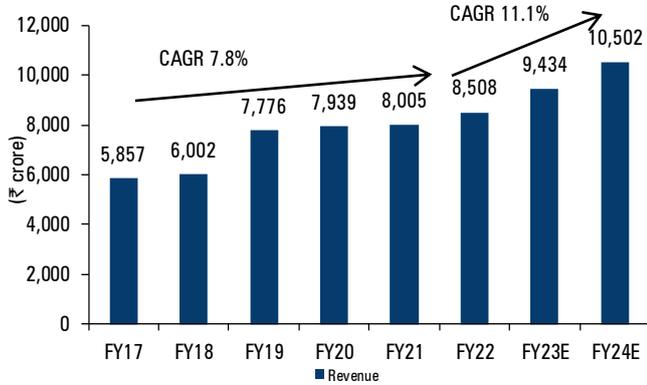
Source: ICICI Direct Research

Exhibit 5: Financial Summary

	Revenues (₹ crore)	Growth (%)	Adj. EPS (₹)	Growth (%)	P/E (x)	EV/EBITDA (X)	RoE (%)	RoCE (%)
FY21	8005	0.8	37.0	22.1	41.3	22.5	21.4	17.6
FY22	8508	6.3	32.0	-13.4	66.6	22.7	18.2	19.7
FY23E	9434	10.9	43.7	36.2	35.0	18.8	20.9	24.7
FY24E	10502	11.3	54.6	25.0	28.0	16.0	21.8	29.4

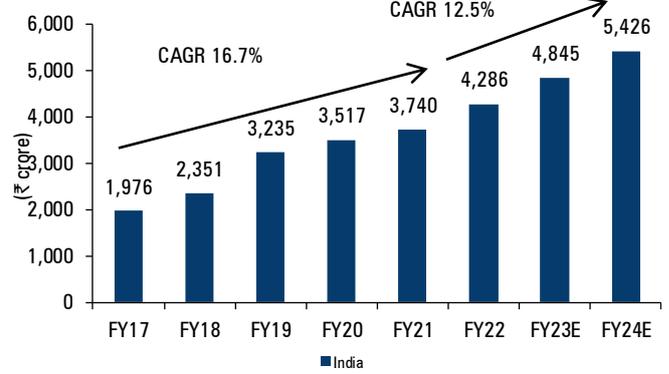
Source: ICICI Direct Research

Exhibit 6: Revenues to grow at 11% CAGR over FY22-24E



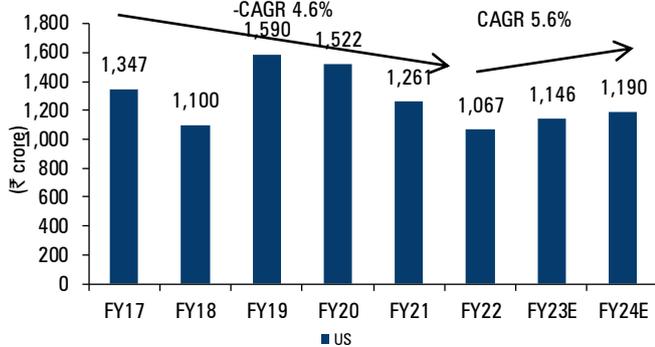
Source: ICICI Direct Research, Company

Exhibit 7: India to grow at CAGR of 12% over FY22-24E



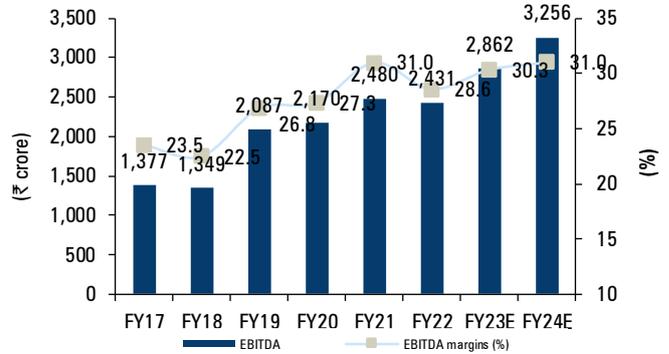
Source: ICICI Direct Research, Company

Exhibit 8: US to grow at CAGR of 6% over FY22-24E



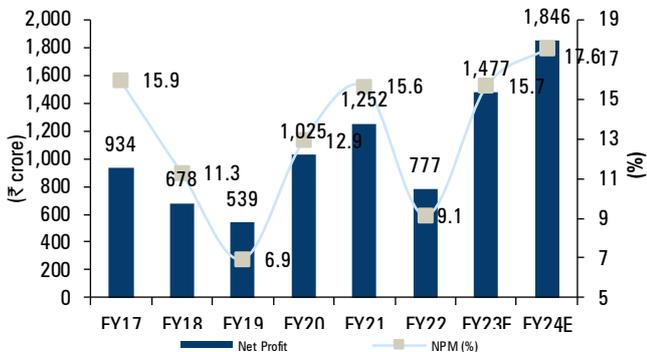
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



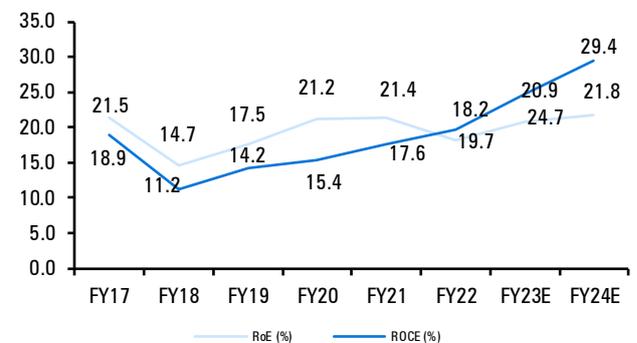
Source: ICICI Direct Research, Company

Exhibit 10: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 11: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 12: Trends in Quarterly Performance

₹ Crore	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ (%)
Revenues	2022.0	2005.0	1966.0	1946.0	2056.0	2017.0	1995.0	1937.0	2134.0	2137.0	2106.0	2131.0	2347.0	10.0	10.1
Total RM cost	559.0	538.0	542.0	528.0	535.0	554.0	562.0	496.0	588.0	595.0	638.0	622.0	660.0	12.2	6.1
% sales	27.6	26.8	27.6	27.1	26.0	27.5	28.2	25.6	27.6	27.8	30.3	29.2	28.1	57 bps	-107 bps
Gross Profit	1463.0	1467.0	1424.0	1418.0	1521.0	1463.0	1433.0	1441.0	1546.0	1542.0	1468.0	1509.0	1687.0	9.1	11.8
GPM (%)	72.4	73.2	72.4	72.9	74.0	72.5	71.8	74.4	72.4	72.2	69.7	70.8	71.9	-57 bps	107 bps
Employee cost	381.0	358.0	354.0	336.0	373.0	363.0	363.0	341.0	385.0	389.0	388.0	364.0	420.0	9.1	15.4
% sales	18.8	17.9	18.0	17.3	18.1	18.0	18.2	17.6	18.0	18.2	18.4	17.1	17.9	-15 bps	81 bps
Other expenditure	541.0	568.0	530.0	534.0	487.0	465.0	463.0	518.0	484.0	493.0	544.0	584.0	555.0	14.7	-5.0
% of sales	26.8	28.3	27.0	27.4	23.7	23.1	23.2	26.7	22.7	23.1	25.8	27.4	23.6	97 bps	-376 bps
Total Expenditure	1481.0	1464.0	1426.0	1398.0	1395.0	1382.0	1388.0	1355.0	1457.0	1477.0	1570.0	1570.0	1635.0	12.2	4.1
% of Revenues	73.2	73.0	72.5	71.8	67.9	68.5	69.6	70.0	68.3	69.1	74.5	73.7	69.7	139 bps	-401 bps
EBITDA	541.0	541.0	540.0	548.0	661.0	635.0	607.0	582.0	677.0	660.0	536.0	561.0	712.0	5.2	26.9
EBITDA Margins (%)	26.8	27.0	27.5	28.2	32.1	31.5	30.4	30.0	31.7	30.9	25.5	26.3	30.3	-139 bps	401 bps
Depreciation	160.0	163.0	163.0	168.0	161.0	165.0	167.0	165.0	165.0	168.0	167.0	162.0	155.0	-6.1	-4.3
Interest cost	122.0	116.0	111.0	102.0	102.0	92.0	91.0	73.0	68.0	71.0	62.0	57.0	55.0	-19.1	-3.5
Other Income	20.0	34.0	53.0	15.0	4.0	6.0	8.0	39.0	40.0	51.0	50.0	56.0	30.0	-25.0	-46.4
PBT before forex & EI	279.0	296.0	319.0	293.0	402.0	384.0	357.0	383.0	484.0	472.0	357.0	398.0	532.0	9.9	33.7
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-485.0	0.0		
PBT	279.0	296.0	319.0	293.0	402.0	384.0	357.0	383.0	484.0	472.0	357.0	-87.0	532.0	9.9	-711.5
Tax	63.0	52.0	68.0	-21.0	81.0	74.0	60.0	59.0	154.0	156.0	108.0	31.0	178.0	15.6	474.2
Tax rate (%)	22.6	17.6	21.3	-7.2	20.1	19.3	16.8	15.4	31.8	33.1	30.3	-35.6	33.5		
PAT	216.0	244.0	251.0	314.0	321.0	310.0	297.0	324.0	330.0	316.0	249.0	-118.0	354.0	7.3	-400.0
PAT after MI	216.0	244.0	251.0	314.0	321.0	310.0	297.0	324.0	330.0	316.0	249.0	-118.0	354.0	7.3	-400.0
EPS (₹)	12.8	14.4	14.8	18.6	19.0	18.3	17.5	19.1	19.5	18.7	14.7	-7.0	20.9		

Source: ICICI Direct Research

Exhibit 13: ICICIdirect Healthcare Coverage Universe

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
						FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
<b>Hospitals</b>																					
Apollo Hospitals	APOHOS	4212	4,500	Buy	60566	7.9	59.1	80.9	107.4	535.9	71.2	52.1	39.2	6.3	15.1	16.7	19.3	2.5	15.1	17.7	19.9
Narayana Hrudalaya	NARHRU	654	750	Buy	13367	-0.7	16.7	18.9	21.6	NA	39.1	34.6	30.3	1.2	20.5	18.8	19.5	-1.3	23.0	20.8	19.4
Shalby	SHALIM	115	150	Buy	1240	3.9	5.4	7.5	9.9	29.3	21.2	15.4	11.6	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	229	270	Buy	11421	3.0	10.5	14.4	18.4	77.3	21.7	15.9	12.4	5.4	9.0	11.4	12.9	4.4	13.3	15.4	16.4
Healthcare Global	HEAGLO	270	340	Buy	3753	-13.9	3.9	3.6	8.0	-13.9	69.9	74.6	33.6	-0.9	5.0	7.6	10.2	-0.9	5.0	5.5	10.8
<b>MNC Pharma</b>																					
Abbott India	ABBIND	20015	20,560	Buy	42531	325.0	375.9	439.8	514.0	61.6	53.2	45.5	38.9	33.8	36.6	37.9	36.3	26.5	28.3	29.5	28.1
P&G Health	MERLIM	4422	4,955	Hold	7340	106.5	121.5	130.5	141.6	41.5	36.4	33.9	31.2	32.2	37.3	34.7	32.8	25.1	29.3	27.0	25.4
Sanofi India	SANOFI	6335	6,885	Hold	14590	207.4	410.1	270.5	264.8	30.5	15.4	23.4	23.9	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4184	4,810	Hold	19139	108.8	133.9	140.4	160.3	38.5	31.2	29.8	26.1	27.6	26.1	23.5	23.0	20.8	21.4	19.2	18.7
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	1275	1,495	Buy	16336	51.0	55.6	60.1	71.1	25.0	22.9	21.2	17.9	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	702	720	Hold	13805	62.8	27.8	29.7	35.9	11.2	25.3	23.6	19.6	25.1	10.6	11.2	13.8	24.1	10.4	10.3	11.3
Aurobindo Pharma	AURPHA	547	610	Hold	32051	55.0	47.4	45.6	51.0	9.9	11.5	12.0	10.7	16.9	12.9	12.5	13.1	14.7	11.3	9.9	10.0
Biocon	BIOCON	307	320	Hold	36882	6.3	5.7	5.5	11.3	49.1	53.9	56.4	27.1	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	347	475	Hold	35503	23.3	21.0	20.2	24.0	14.9	16.5	17.2	14.5	13.8	12.0	11.2	12.4	18.4	12.6	11.0	11.7
Cipla	CIPLA	977	1,135	Buy	78867	29.9	32.9	38.6	45.8	32.7	29.7	25.3	21.3	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4090	4,750	Buy	68080	117.3	126.9	203.4	191.0	34.9	32.2	20.1	21.4	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	380	460	Hold	10722	32.9	42.7	41.0	48.3	11.6	8.9	9.3	7.9	13.9	14.8	14.5	15.4	13.1	13.2	11.4	11.9
Ipca Laboratories	IPCLAB	1000	1,000	Hold	25377	44.9	34.8	32.7	39.9	22.3	28.7	30.6	25.1	27.1	17.4	16.2	17.4	24.2	16.1	13.4	14.4
Jubilant Pharmova	JUBLIF	361	410	Hold	5745	37.4	26.0	24.2	31.4	9.7	13.9	14.9	11.5	13.7	9.0	7.7	9.4	12.6	7.8	6.8	8.2
Lupin	LUPIN	644	610	Hold	29273	26.9	11.9	18.7	30.5	24.0	54.2	34.4	21.1	9.6	3.4	7.6	11.2	8.8	4.4	6.6	9.8
Natco Pharma	NATPHA	682	820	Hold	12451	24.2	9.3	28.3	33.2	28.2	73.2	24.1	20.6	13.1	4.6	13.3	14.1	10.7	4.0	11.0	11.6
Sun Pharma	SUNPHA	943	1,125	Buy	226305	30.0	32.0	34.8	40.1	31.4	29.5	27.1	23.5	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1529	1,800	Buy	51742	37.0	32.0	43.7	54.6	41.3	47.7	35.0	28.0	17.6	19.7	24.7	29.4	21.4	18.2	20.9	21.8
Indoco Remedies	INDREM	386	510	Buy	3557	10.1	16.8	21.8	28.4	38.2	23.0	17.7	13.6	11.7	17.5	18.8	24.9	12.1	17.1	18.7	20.2
Caplin Point	CAPPOI	778	895	Buy	5897	81.7	85.3	68.3	70.8	9.5	9.1	11.4	11.0	25.3	23.7	22.5	0.0	20.4	20.2	18.5	17.5
Advanced Enzymes	ADVENZ	287	290	Hold	3209	13.1	10.7	10.2	13.2	22.0	26.8	28.1	21.8	19.4	14.3	12.6	14.7	15.1	11.0	9.6	11.1
Hester Biosciences	HESPHA	2215	2,445	Hold	1884	44.4	45.7	41.3	63.2	49.9	48.4	53.6	35.0	16.2	10.9	9.9	13.4	16.5	15.0	12.2	16.3
<b>API/CRAMS</b>																					
Divi's Lab	DIVLAB	3832	4,655	Buy	101718	74.7	111.5	105.7	122.5	51.3	34.4	36.3	31.3	27.6	30.2	25.8	25.5	21.3	25.2	20.3	20.0
Hikal	HIKCHE	252	340	Buy	3106	10.8	13.0	11.1	19.0	23.3	19.4	22.8	13.3	15.1	13.6	10.9	16.3	14.3	15.0	11.5	16.8
Syngene Int.	SYNINT	568	710	Buy	22799	10.1	9.9	11.5	14.6	56.1	57.6	49.2	39.0	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	297	345	Buy	7366	22.2	16.6	19.6	24.6	13.4	17.8	15.1	12.1	24.0	15.6	16.8	18.6	25.3	16.0	16.0	16.9
Laurus Labs	LAULAB	521	675	Buy	27999	18.3	15.4	20.7	27.0	28.5	33.8	25.1	19.3	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceuticals	SUVPH	485	555	Hold	12346	14.2	17.8	17.0	18.5	34.1	27.2	28.5	26.2	31.2	37.5	28.5	26.0	30.7	29.7	23.0	20.8

Source: Company, ICICI Direct Research

## Financial Summary

Exhibit 14: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Revenues</b>	<b>8,005.0</b>	<b>8,508.0</b>	<b>9,434.4</b>	<b>10,502.3</b>
Growth (%)	0.8	6.3	10.9	11.3
Raw Material Expenses	2147.0	2443.0	2644.5	2888.0
Employee Expenses	1440.0	1526.0	1695.7	1890.4
Other Expenses	1938.0	2108.0	2232.3	2468.1
Total Operating Expenditure	5525.0	6077.0	6572.5	7246.5
<b>EBITDA</b>	<b>2,480.0</b>	<b>2,431.0</b>	<b>2,861.9</b>	<b>3,255.9</b>
Growth (%)	14.3	-2.0	17.7	13.8
Depreciation	658.0	662.0	661.0	676.5
Interest	353.0	255.0	187.2	71.3
Other Income	57.0	197.0	170.3	207.2
PBT	1526.0	1711.0	2183.9	2715.3
Total Tax	274.0	449.0	706.6	868.9
PAT before MI	1252.0	777.0	1477.3	1846.4
<b>Adjusted PAT</b>	<b>1,252.0</b>	<b>1,084.4</b>	<b>1,477.3</b>	<b>1,846.4</b>
Growth (%)	22.1	-13.4	36.2	25.0
<b>EPS (Adjusted)</b>	<b>37.0</b>	<b>32.0</b>	<b>43.7</b>	<b>54.6</b>

Source: Company, ICICI Direct Research

Exhibit 15: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit/(Loss) after taxation	1350.0	805.0	1477.3	1846.4
Depreciation	658.0	662.0	661.0	676.5
Add: Interest Paid	358.0	255.0	187.2	71.3
Other operational Activities	-355.0	81.0	-93.3	-206.4
<b>CF from operation</b>	<b>2,011.0</b>	<b>1,803.0</b>	<b>2,232.2</b>	<b>2,387.7</b>
Purchase/sales of Fixed Assets	-334.0	-197.0	-250.0	-250.0
(Inc)/Dec in Investments	-120.0	-8.0	0.0	0.0
Long Term Provision	0.0	0.0	36.9	40.6
Other Investing Activities	37.0	-18.0	-47.1	-51.8
<b>CF from Investing Activities</b>	<b>-417.0</b>	<b>-223.0</b>	<b>-260.2</b>	<b>-261.2</b>
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Inc / (Dec) in Loan Funds	-957.0	-846.0	-1500.0	-1500.0
Dividend and dividend tax	-338.0	-677.0	-364.7	-455.8
Other Financing Activities	-361.0	-258.0	-187.2	-71.3
<b>CF from Financing Activities</b>	<b>-1,656.0</b>	<b>-1,781.0</b>	<b>-2,051.9</b>	<b>-2,027.0</b>
Cash generation during the year	-62.0	-201.0	-79.8	99.5
Op bal Cash & Cash equivalents	666.0	604.0	403.0	323.2
Adjustments	0.0	0.0	0.0	0.0
<b>Closing Cash/ Cash Equivalent</b>	<b>604.0</b>	<b>403.0</b>	<b>323.2</b>	<b>422.6</b>
<b>Free Cash Flow</b>	<b>1,677</b>	<b>1,606.0</b>	<b>1,982.2</b>	<b>2,137.7</b>

Source: Company, ICICI Direct Research

Exhibit 16: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	85.0	85.0	169.2	169.2
Reserve and Surplus	5,753.0	5,868.0	6,896.4	8,287.1
Total Shareholders funds	5,838.0	5,953.0	7,065.7	8,456.3
Total Debt	4,825.0	4,018.0	2,518.0	1,018.0
Deferred Tax Liability	0.0	194.0	213.4	234.7
Other LT Liabilities & LT Provision	405.0	415.0	456.5	502.2
<b>Total Liabilities</b>	<b>11,068.0</b>	<b>10,580.0</b>	<b>10,253.6</b>	<b>10,211.2</b>
Gross Block - Fixed Assets	10,170.9	10,469.0	10,669.0	10,919.0
Accumulated Depreciation	3,446.9	4,306.0	4,967.0	5,643.5
Net Block	6,724.0	6,164.0	5,703.0	5,276.5
Capital WIP	889.0	629.0	679.0	679.0
Total Fixed Assets	7,613.0	6,793.0	6,382.0	5,955.5
Goodwill on Consolidation	341.0	259.0	259.0	259.0
Investments	181.0	226.0	226.0	226.0
Deferred tax assets	421.0	494.0	543.4	597.7
Other non-current assets	134.0	217.0	238.7	262.6
Cash	604.0	403.0	323.2	422.6
Debtors	1,523.0	1,633.0	1,723.2	1,918.2
Loans and Advances	3.0	3.0	4.1	5.2
Inventory	2,681.0	2,462.0	2,665.0	2,910.5
Other current assets	574.0	610.0	611.1	612.2
Total Current Assets	5,385.0	5,111.0	5,326.5	5,868.7
Creditors	2,067.0	1,674.0	1,812.0	1,978.9
Provisions & other current liabilit	940.0	846.0	910.1	979.5
Total Current Liabilities	3,007.0	2,520.0	2,722.1	2,958.4
Net Current Assets	2,378.0	2,591.0	2,604.4	2,910.3
<b>Application of Funds</b>	<b>11,068.0</b>	<b>10,580.0</b>	<b>10,253.6</b>	<b>10,211.2</b>

Source: Company, ICICI Direct Research

Exhibit 17: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Per share data (₹)</b>				
Reported EPS	37.0	23.0	43.7	54.6
BV per share	172.5	175.9	208.8	249.9
Dividend per share	35	48	11	13
Cash Per Share	17.8	11.9	9.5	12.5
<b>Operating Ratios (%)</b>				
Gross Profit Margins	73.2	71.3	72.0	72.5
EBITDA Margins	31.0	28.6	30.3	31.0
PAT Margins	15.6	12.7	15.7	17.6
Inventory days	455.8	367.8	367.8	367.8
Debtor days	69.4	70.1	66.7	66.7
Creditor days	351.4	250.1	250.1	250.1
Asset Turnover	0.8	0.8	0.9	1.0
EBITDA conversion Rate	81.1	74.2	78.0	73.3
<b>Return Ratios (%)</b>				
RoE	21.4	18.2	20.9	21.8
RoCE	17.6	19.7	24.7	29.4
RoIC	20.2	20.2	26.2	31.5
<b>Valuation Ratios (x)</b>				
P/E	41.3	66.6	35.0	28.0
EV / EBITDA	22.5	22.7	18.8	16.0
EV / Net Sales	7.0	6.5	5.7	5.0
Market Cap / Sales	6.5	6.1	5.5	4.9
Price to Book Value	8.9	8.7	7.3	6.1
<b>Solvency Ratios</b>				
Debt / EBITDA	1.9	1.7	0.9	0.3
Debt / Equity	0.8	0.7	0.4	0.1
Current Ratio	1.6	1.9	1.8	1.8

Source: Company, ICICI Direct Research

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