

US drags down overall performance; outlook cautious

About the stock: Aurobindo is a significant global generics player with 28 manufacturing facilities, including eight key formulations facilities in India and abroad along with three R&D centres. The current employee strength is more than 8000, which includes more than 750 scientists.

- FY22, API: formulations ratio was at 15:85. US formulations constitute 47% of revenues followed by Europe (28%), APIs (15%), RoW (6%) & ARV (4%)
- Aurobindo is setting up a plant for production of Penicillin-G with capacity of 15,000 MT for ₹ 1850 crore, under the PLI scheme

Q2FY23 Results: Aurobindo missed our estimates on every front for this quarter.

- Revenues de-grew 3.4% to ₹ 5739 crore, due to a subdued performance in the US as well as Europe
- EBITDA de-grew 33.4% YoY to ₹ 791 crore while EBITDA margins de-grew 620 bps to 13.8 bps
- Adjusted net profit declined 41.1% YoY to ₹ 410.4 crore

What should investors do? Aurobindo's share price has grown by 1.2x over the past three years (from ~₹ 396 in November 2019 to ~₹ 488 in November 2022).

- We maintain **HOLD** as US base business outlook is far from stable besides elongated margins recovery due to pressure on GPM and higher R&D. The non-business related legacy CG issues are likely to weigh in the near term

Target Price & Valuation: Valued at ₹ 540 at 12x P/E on FY24E EPS of ₹ 44.8.

Key triggers for future price performance:

- As per IQVIA June, 2022, Aurobindo's 741 ANDAs have an addressable US market size of ~US\$137.8 billion while Eugia's ANDAs cover US\$26 billion
- Aurobindo has one of the most enduring generics ecosystems among peers but recent cGMP related issues at some of the plants continue to weigh
- The company plans to venture into complex areas like biosimilars, vaccines & complex injectables. Additionally, participation in the PLI scheme will enhance its backward integration in antibiotics, open new revenue streams
- It engages in continuous US filings and launches, incremental launches and filings in RoW markets along with site transfers and supplies for products covered under European deals

Alternate Stock Idea: Besides Aurobindo, we like Dr Reddy's in healthcare space.

- Dr Reddy's is poised to grow on the back of key launches across geographies with better margin profile due to cost rationalisation measures
- BUY with a target price of ₹ 5215



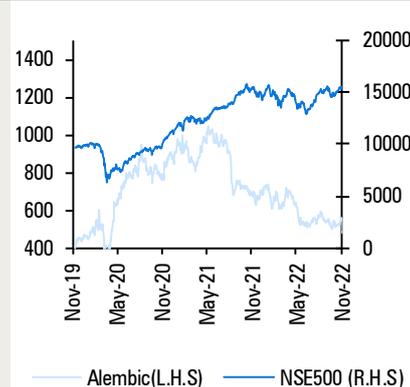
Particulars

Particular	Amount
Market Capitalisation	₹ 28066 crore
Debt (FY22)	₹ 2851 crore
Cash (FY22)	₹ 4190 crore
EV	₹ 26728 crore
52 week H/L (₹)	888/503
Equity capital	₹ 58.6 crore
Face value	₹ 1

Shareholding pattern

(in %)	Dec-22	Mar-22	Jun-22	Sep-22
Promoter	51.8	51.8	51.8	51.8
Others	48.2	48.2	48.2	48.2

Price Chart



Recent Event & Key risks

- EIR for North Carolina Plant
- Key Risk:** (i) Higher-than-expected price erosion (ii) Better traction from injectables

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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 (₹ crore)	23098.5	24774.6	23455.5	9.2	24259.9	26661.2	6.6
EBITDA (₹ crore)	4815.7	5333.4	4386.8	5.0	3694.6	4640.5	2.9
EBITDA margins (%)	20.8	21.5	18.7		15.2	17.4	
Net Profit (₹ crore)	2857.1	3223.9	2776.1	2.8	2036.1	2627.5	-2.7
EPS (₹)	48.8	55.0	47.4		34.7	44.8	
PE (x)	9.9	5.3	10.6		13.8	10.7	
EV/EBITDA (%)	6.4	5.1	6.0		6.9	5.2	
ROE (%)	17.0	14.7	11.3		7.7	9.1	
ROCE (%)	17.2	16.9	12.9		9.6	11.9	

Key takeaways of recent quarter & conference call highlights

Q2FY23 Results: Dismal quarter amid price erosion, volume de-growth in US

- Revenues de-grew 3.4% to ₹ 5739 crore due to the subdued performance in the US as well as Europe. EBITDA de-grew 33.4% YoY to ₹ 791 crore while EBITDA margins de-grew 620 bps to 13.8 bps. Adjusted net profit fell 41.1% YoY to ₹ 410.4 crore. US price erosion continues. US injectable and ex-injectable business have de-grown by 28% YoY and 15% YoY
- A dismal set of numbers undone by the US (acute pricing pressure) and Europe (rupee appreciation). Margins were also below par due to unfavourable products mix and higher other expenditure despite having vertically integrated model. Thus, higher OSD exposure along with ongoing cGMP issues are some medium term overhangs for the company besides dwindling margins

Q2FY23 Earnings Conference Call highlights

- US weak set of numbers- 1) increasing competitive scenario in the US OSDs, 2) significant decline in volumes, 3) Shelf stock adjustment (Vasopressin injection), 4) dip injectables volume
- Net organic capex is ~US\$81 million including investment of ~US\$31 million in Penicillin G PLI I project (US\$63 million cumulative out of US\$235 planned allocation)
- Net cash including investments as of September 30, 2022- ~US\$ 337 million
- US activity during Q2 - 14 ANDAs filed including two injectables; received final approval for nine ANDAs including five injectables; launched six products including two injectables
- The specialty guidance of US\$650–700 million (gRevlimid) has been pushed by one year to FY25
- Vizag injectables plant status- Exhibit batches to commence in H2, filings by Q1FY24 for US, Europe and EMs
- Total ₹ 300 crore capex earmarked for biosimilars
- The management has guided for ~20 product launches in the injectables space for FY23
- The management expects Europe margins to trend at ~15% in coming quarters
- Europe revenues increased 1% YoY in CC terms to €189 million and largely flat QoQ
- Recently, P Sarath Chandra Reddy, whole time Director / Promoter group of the company was arrested. The company has said he was in charge of IT, Engineering and purchases. His duties have been transferred to others and he is no more in an executive roll

Exhibit 1: Variance Analysis

₹ crore	Q2FY23	Q2FY23E	Q2FY22	Q1FY23	YoY (%)	QoQ (%)	Comments
Revenue	5,739.2	6,403.8	5,941.9	6,235.9	-3.4	-8.0	Revenues de-grew 3.4% to ₹ 5739 crore, due to subdued performance in US as well as Europe
Raw Material Expense	2,568.0	2,929.8	2,505.6	2,886.7	2.5	-11.0	
Employee Expenses	868.5	928.6	858.9	880.2	1.1	-1.3	
Other Expenditure	1,512.1	1,495.0	1,390.7	1,532.6	8.7	-1.3	
EBITDA	790.7	1,050.5	1,186.7	936.5	-33.4	-15.6	YoY decline amid high input cost and price erosion in US
EBITDA (%)	13.8	16.4	20.0	15.0	-620 bps	-124 bps	EBITDA de-grew 33.4% YoY to ₹ 791 crore while EBITDA margins de-grew 620 bps to 13.8 bps
Interest	25.3	14.6	10.4	14.6	142.7	72.9	
Depreciation	298.1	314.6	294.2	279.5	1.3	6.7	
Other Income	57.2	53.9	96.6	40.6	-40.8	40.8	
PBT before EO & Fore	524.5	775.2	978.7	683.0	-46.4	-23.2	
EO	0.0	0.0	0.0	0.0	NA	NA	
PBT	524.5	775.2	978.7	683.0	-46.4	-23.2	
Tax	113.0	193.8	270.9	158.6	-58.3	-28.8	
Tax Rate (%)	21.5	25.0	27.7	23.2	-614 bps	-168 bps	
PAT before MI	411.5	581.4	707.8	524.4	-41.9	-21.5	
MI	-0.1	-0.2	-0.3	-0.2	-55.2	NA	
Net Profit	410.4	577.6	697.0	520.5	-41.1	-21.2	
Adj. Net Profit	410.4	577.6	697.0	520.5	-41.1	-21.2	Adjusted net profit declined 41.1% YoY to ₹ 410.4 crore
Key Metrics							
US	2,638.0	3,122.9	2,967.6	2,971.1	-11.1	-11.2	US price erosion has tempered down a bit. US Injectable and ex-Injectable business have de-grown 28% YoY and 15% YoY
Europe	1,516.0	1,642.4	1,662.0	1,548.1	-8.8	-2.1	
RoW	452.0	432.7	386.3	430.6	17.0	5.0	
ARV	164.0	253.8	145.0	379.6	13.1	-56.8	YoY growth amid better offtake in ARV space in Q1FY23
API	969.0	936.7	780.6	906.5	24.1	6.9	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY23E			FY24E			
	Old	New	Change	Old	New	Change	
Revenue	24,940.8	25,081.0	0.6	26,997.3	27,186.1	0.7	Changed mainly due to better US base business in Q1FY23
EBITDA	4,652.5	3,975.5	-14.6	5,213.2	5,010.0	-3.9	
EBITDA Margin (%)	18.7	15.9	-280 bps	19.3	18.4	-88 bps	Change mainly due to slowing price erosion and softening of input cost
Adj. PAT	2,673.0	2,263.1	-15.3	2,990.3	2,908.7	-2.7	
EPS (₹)	45.6	38.6	-15.3	51.0	49.6	-2.7	

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ crore)	Current				Earlier		
	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
US	12,324.5	11,122.0	12,072.7	13,135.4	11,660.8	12,474.2	Changed mainly due to expectation of double digit growth in US injectable
Europe	6,060.8	6,479.6	6,372.2	6,884.7	6,782.1	7,324.7	Changed mainly due to slower ramp up in Q1FY23
ARV	1,862.8	833.3	1,060.5	999.6	1,000.8	1,151.4	Guidance for US\$35 million quarterly run rate
RoW	1,438.0	1,503.9	1,749.7	1,924.7	1,647.7	1,812.5	
API	3,086.0	3,515.6	3,793.7	4,175.6	3,788.6	4,168.7	

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	24775	7.3	91.0	12.8	5.3	5.1	14.7	16.9
FY22	23455	-5.3	45.2	-13.9	10.6	6.0	11.3	12.9
FY23E	24260	3.4	34.7	-26.7	13.8	6.9	7.7	9.6
FY24E	26661	9.9	44.8	29.0	10.7	5.2	9.1	11.9

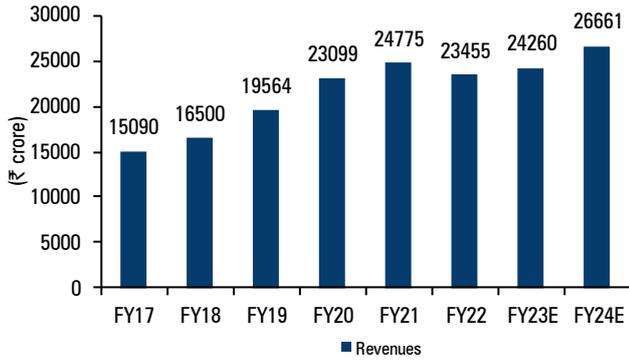
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ Crore)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q4FY22	Q1FY23	Q2FY23	YoY (%)	QoQ(%)
Total Operating Income	5895.0	6158.4	5924.8	6483.4	6364.9	6001.5	5702.0	5941.9	6002.2	5809.4	5809.4	6235.9	5739.2	-4.4	-8.0
Raw Material Expenses	2565.0	2503.4	2407.4	2515.7	2572.3	2407.1	2366.2	2505.6	2744.2	2524.2	2524.2	2886.7	2568.0	-6.4	-11.0
% of revenue	43.5	40.6	40.6	38.8	40.4	40.1	41.5	42.2	45.7	43.5	43.5	46.3	44.7	-98 bps	-155 bps
Gross Profit	3330.0	3655.1	3517.4	3967.7	3792.6	3594.4	3335.8	3436.3	3258.0	3285.2	3285.2	3349.2	3171.2	-2.7	-5.3
GPM (%)	56.5	59.4	59.4	61.2	59.6	59.9	58.5	57.8	54.3	56.5	56.5	53.7	55.3	98 bps	155 bps
Employee Expenses	797.8	864.3	888.0	911.9	880.7	854.4	869.9	858.9	868.9	853.2	853.2	880.2	868.5	-0.1	-1.3
% of revenue	13.5	14.0	15.0	14.1	13.8	14.2	15.3	14.5	14.5	14.7	14.7	14.1	15.1	66 bps	102 bps
Other Manufacturing Expenses	1324.2	1474.5	1372.0	1623.0	1543.3	1465.3	1256.4	1390.7	1372.8	1457.5	1457.5	1532.6	1512.1	10.1	-1.3
% revenues	22.5	23.9	23.2	25.0	24.2	24.4	22.0	23.4	22.9	25.1	25.1	24.6	26.3	348 bps	177 bps
Total Expenditure	4687.0	4842.2	4667.4	5050.6	4996.3	4726.8	4492.6	4755.2	4986.0	4835.0	4835.0	5299.4	4948.5	-0.8	-6.6
% of revenue	79.5	78.6	78.8	77.9	78.5	78.8	78.8	80.0	83.1	83.2	83.2	85.0	86.2	315 bps	124 bps
EBITDA	1208.0	1316.2	1257.4	1432.8	1368.6	1274.7	1209.4	1186.7	1016.3	974.4	974.4	936.5	790.7	-22.2	-15.6
EBITDA Margins (%)	20.5	21.4	21.2	22.1	21.5	21.2	21.2	20.0	16.9	16.8	16.8	15.0	13.8	-315 bps	-124 bps
Depreciation	250.1	232.4	255.5	257.3	276.5	266.0	279.7	294.2	299.1	253.6	253.6	279.5	298.1	-0.3	6.7
Interest	37.1	31.8	21.1	15.7	19.5	18.2	12.9	10.4	16.1	9.2	9.2	14.6	25.3	56.8	72.9
Other Income	30.9	32.6	115.6	53.8	133.4	78.1	109.9	96.6	65.0	48.9	48.9	40.6	57.2	-12.0	40.8
Less: Forex & Exchange	12.9	-12.3	0.0	0.0	-2813.9	-0.7	0.0	0.0	-34.8	162.8	162.8	0.0	0.0		
PBT	938.8	1096.8	1096.4	1213.5	4019.9	1069.2	1026.7	978.7	800.9	597.7	597.7	683.0	524.5	-34.5	-23.2
Total Tax	232.9	228.5	303.7	387.3	1059.1	259.7	247.7	270.9	189.5	17.5	17.5	158.6	113.0	-40.4	-28.8
Tax rate (%)	24.8	20.8	27.7	31.9	26.3	24.3	24.1	27.7	23.7	2.9	2.9	23.2	21.5	-212 bps	-168 bps
PAT before MI	706.0	868.3	792.7	826.2	2960.8	809.6	779.0	707.8	611.4	580.3	580.3	524.4	411.5	-32.7	-21.5
Minority Interest	-0.1	-0.8	0.1	-0.6	-0.1	-0.4	0.0	-0.3	-0.4	-0.3	-0.3	-0.2	-0.1	-71.5	-21.5
Adjusted PAT	718.4	837.6	780.6	806.2	836.5	801.1	770.0	697.0	569.9	734.5	734.5	520.5	410.4	-28.0	-21.2

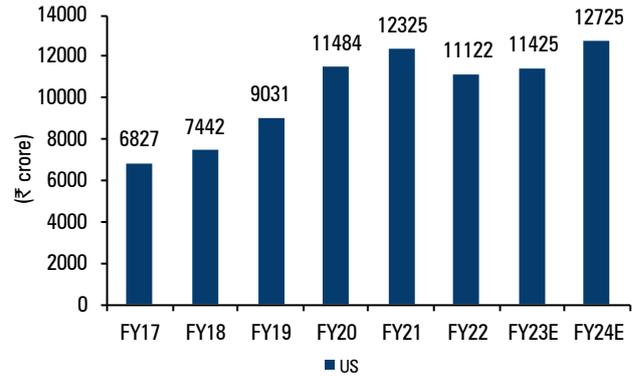
Source: ICICI Direct Research

Exhibit 6: Revenues to grow at ~6.6% CAGR in FY22-24E



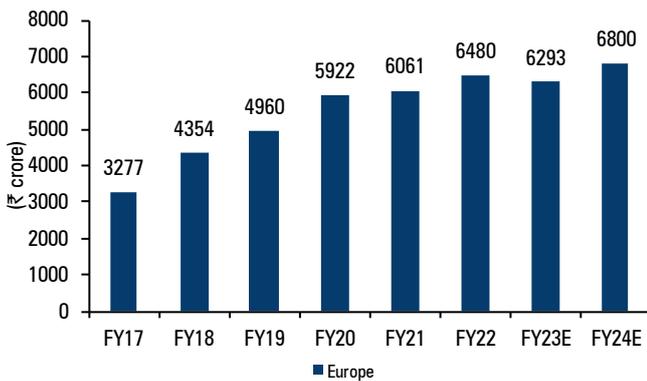
Source: ICICI Direct Research, Company

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



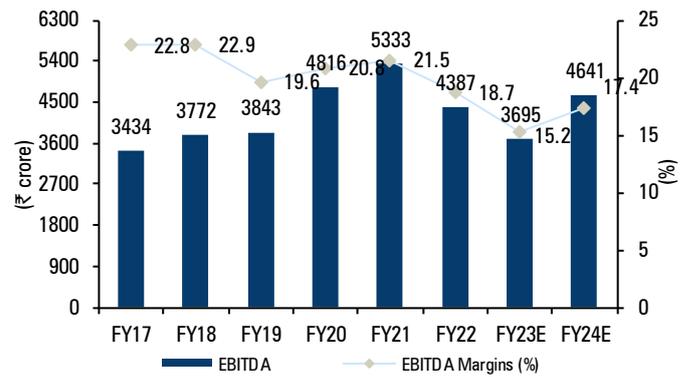
Source: ICICI Direct Research, Company

Exhibit 8: Europe to grow at CAGR of 2.4% over FY22-24E



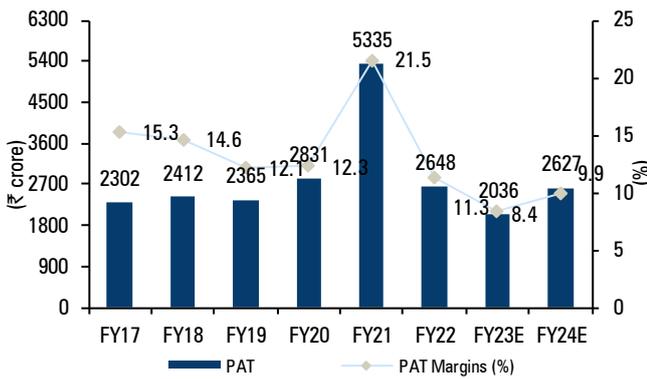
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



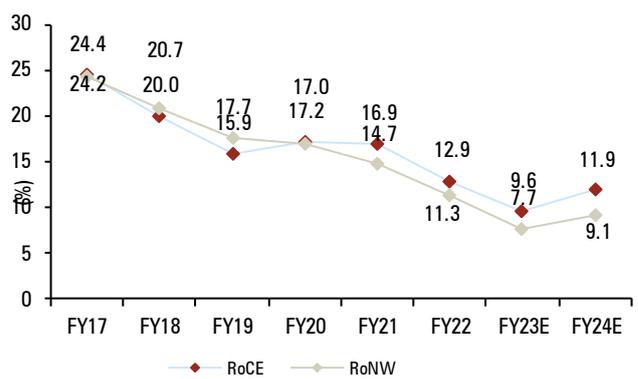
Source: ICICI Direct Research, Company

Exhibit 10: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 11: RoE & RoCE trend



Source: ICICI Direct Research, Company

ICICI Direct Coverage Universe (Healthcare)

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
Hospitals																					
Apollo Hospitals	APOHOS	4542	5,230	Buy	65403	7.9	59.1	79.0	101.0	577.8	76.8	57.5	45.0	6.3	15.1	15.3	18.8	2.5	15.1	17.4	18.9
Narayana Hrudalaya	NARHRU	761	855	Buy	15532	-0.7	16.7	20.6	22.7	NA	45.5	37.0	33.6	1.2	20.5	19.6	19.7	-1.3	23.0	22.3	19.9
Shalby	SHALIM	145	150	Buy	1561	3.9	5.4	7.5	9.9	36.8	26.7	19.3	14.6	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	234	250	Buy	11690	3.0	10.5	10.8	16.7	79.0	22.2	21.7	14.0	5.4	9.0	9.4	12.5	4.4	13.3	12.0	15.6
Healthcare Global	HEAGLO	295	380	Buy	4094	-13.9	3.9	4.5	8.8	-13.9	76.2	64.7	33.3	-0.9	5.0	9.4	12.1	-0.9	5.0	6.8	11.6
MNC Pharma																					
Abbott India	ABBIND	19542	21,140	Hold	41038	325.0	375.9	427.7	528.6	60.1	52.0	45.7	37.0	33.8	36.6	37.1	37.3	26.5	28.3	28.9	28.8
P&G Health	MERLIM	4343	4,500	Hold	7383	106.5	116.0	124.8	140.6	40.8	37.4	34.8	30.9	32.2	39.8	36.0	33.8	25.1	31.2	28.1	26.2
Sanofi India	SANOFI	5574	6,385	Hold	12820	207.4	410.1	270.5	264.8	26.9	13.6	20.6	21.1	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4433	4,480	Hold	20390	108.8	133.9	140.4	149.3	40.8	33.1	31.6	29.7	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
Pharma																					
Ajanta Pharma	AJAPHA	1250	1,505	Buy	16001	51.0	55.6	60.1	71.1	24.5	22.5	20.8	17.6	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	633	625	Reduce	12475	62.8	27.8	15.3	26.9	10.1	22.8	41.4	23.5	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	488	540	Hold	28570	55.0	47.4	41.1	51.3	8.9	10.3	11.9	9.5	16.9	12.9	11.5	13.3	14.7	11.3	9.0	10.1
Biocon	BIOCON	283	320	Hold	33958	6.3	5.7	5.5	11.3	45.2	49.6	51.9	24.9	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	423	405	Hold	45043	23.3	21.0	21.0	23.8	18.1	20.1	20.1	17.8	13.8	12.0	11.8	11.7	18.4	12.6	11.4	11.6
Cipla	CIPLA	1122	1,350	Buy	90558	29.9	32.9	38.6	45.8	37.6	34.1	29.1	24.5	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4366	4,750	Buy	72474	117.3	126.9	203.4	191.0	37.2	34.4	21.5	22.9	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	429	440	Hold	12103	32.9	42.7	39.5	44.9	13.1	10.1	10.9	9.6	13.9	14.8	14.7	14.4	13.1	13.2	11.0	11.2
Ipsa Laboratories	IPCLAB	864	985	Hold	21935	44.9	34.8	27.5	35.1	19.2	24.8	31.5	24.6	27.1	17.4	14.3	16.3	24.2	16.1	11.4	13.0
Jubilant Pharmova	JUBLIF	388	340	Hold	6163	37.4	26.0	15.9	26.1	10.4	14.9	24.4	14.8	13.7	9.0	6.1	8.6	12.6	7.8	4.6	7.0
Lupin	LUPIN	760	680	Reduce	34566	26.9	11.9	11.8	27.7	28.3	64.0	64.6	27.4	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	572	735	Hold	10473	24.2	9.3	41.6	42.3	23.7	61.5	13.8	13.5	13.1	4.6	18.1	16.9	10.7	4.0	15.5	13.9
Sun Pharma	SUNPHA	1014	1,225	Buy	243367	30.0	32.0	34.8	40.1	33.8	31.7	29.1	25.3	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1645	1,730	Hold	55603	37.0	32.0	40.0	46.7	44.5	51.3	41.1	35.2	17.6	19.7	19.1	21.4	21.4	18.2	19.8	19.7
Indoco Remedies	INDREM	352	465	Buy	3238	10.1	16.8	21.6	29.2	34.9	21.0	16.3	12.1	11.7	17.5	17.6	23.9	12.1	17.1	18.6	20.6
Caplin Point	CAPPOI	764	955	Buy	5806	81.7	85.3	70.4	73.0	9.3	9.0	10.9	10.5	25.3	23.7	22.6	0.0	20.4	20.2	18.7	17.5
Advanced Enzymes	ADVENZ	282	265	Reduce	3156	13.1	10.7	8.5	12.1	21.6	26.3	33.3	23.4	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	2000	2,070	HOLD	1764	44.4	45.7	35.9	51.8	44.2	42.9	54.6	37.9	16.2	10.9	9.3	11.8	16.5	15.0	10.8	14.0
API/CRAMS																					
Divi's Lab	DIVLAB	3276	3,685	HOLD	86810	74.7	111.5	93.0	113.5	43.8	29.4	35.2	28.9	27.6	30.2	22.8	24.4	21.3	25.2	18.4	19.2
Hikal	HIKCHE	328	330	Reduce	4033	10.8	13.0	3.8	14.4	30.4	25.2	85.6	22.7	15.1	13.6	5.6	13.8	14.3	15.0	4.3	14.2
Syngene Int.	SYNINT	624	710	Buy	25018	10.1	9.9	11.5	14.6	61.6	63.3	54.1	42.8	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	371	375	Buy	9196	22.2	16.6	21.9	26.8	16.7	22.3	16.9	13.8	24.0	15.6	18.6	20.5	25.3	16.0	17.6	17.9
Laurus Labs	LAULAB	469	675	Buy	25183	18.3	15.4	20.7	27.0	25.6	30.5	22.6	17.4	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceutical	SUVPH	434	530	BUY	11058	14.2	17.8	17.0	17.6	30.5	24.3	25.5	24.6	31.2	37.5	28.7	25.0	30.7	29.7	23.0	20.0

Source: ICICI Direct Research

Financial Summary

Exhibit 12: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Revenues	24,774.6	23,455.5	24,259.9	26,661.2
Growth (%)	7.3	-5.3	3.4	9.9
Raw Material Expenditure	9,902.5	10,140.3	10,920.1	11,471.8
Employee Expenses	3,535.0	3,450.9	3,607.5	3,865.9
Other Manufacturing Expenses	6,003.7	5,477.5	6,037.7	6,683.0
Total Operating Expenses	19,441.2	19,068.7	20,565.3	22,020.7
EBITDA	5,333.4	4,386.8	3,694.6	4,640.5
Growth (%)	10.8	-17.7	-15.8	25.6
Interest	74.5	48.6	90.5	23.5
Depreciation	1,055.4	1,126.5	1,206.7	1,376.3
Other Income	380.8	320.4	221.4	268.1
PBT before Exceptional Items	4,584.4	3,532.0	2,618.7	3,508.8
Less: Forex & Exchange	-2,814.6	128.0	0.0	0.0
PBT	7,399.0	3,404.0	2,618.7	3,508.8
Total Tax	2,009.8	725.6	575.6	877.2
PAT before Minority Interest	5,389.2	2,678.4	2,043.1	2,631.6
Minorities and Associates	-54.3	-30.2	-7.0	-4.1
PAT	5,334.9	2,648.2	2,036.1	2,627.5
Adjusted PAT	3,223.9	2,776.1	2,036.1	2,627.5
Growth (%)	12.8	-13.9	-26.7	29.0
EPS (Diluted)	91.0	45.2	34.7	44.8
EPS (Adjusted)	55.0	47.4	34.7	44.8

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit/(Loss) after taxation	6,058.4	2,114.6	2,036.1	2,627.5
Add: Depreciation & Amortization	1,055.4	1,126.5	1,206.7	1,376.3
Net Increase in Current Assets	-872.1	1,099.8	-876.5	-992.4
Net Increase in Current Liabilities	-194.7	458.0	461.4	420.9
CF from operating activities	3,328.9	5,016.5	2,918.2	3,455.9
(Purchase)/Sale of Fixed Assets	1,074.1	-2,323.7	-2,000.0	-2,000.0
(Inc)/dec in Investments	-494.5	-406.7	0.0	0.0
Others	88.5	-601.1	-8.6	-7.7
CF from investing activities	668.0	-3,331.5	-2,008.6	-2,007.7
Issue of Equity Shares	0.0	0.0	0.0	0.0
Inc / (Dec) in Debt	-1,082.4	-2,687.1	-1,500.0	-1,000.0
Dividend & Dividend Tax	-234.3	-263.7	-131.1	-169.2
Others	-48.1	-18.5	-90.5	-23.5
CF from financing activities	-1,364.8	-2,969.3	-1,721.6	-1,192.8
Net Cash flow	2,632.1	-1,284.3	-812.0	255.4
Opening Cash	2,842.2	5,474.3	4,190.0	3,378.0
Closing Cash	5,474.3	4,190.0	3,378.0	3,633.4
Free Cash Flow	4,403.0	2,692.8	918.2	1,455.9
Free Cash Flow (US\$)	621.9	357.1	129.7	196.7

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	58.6	58.6	58.6	58.6
Reserve and Surplus	21,871.3	24,517.4	26,422.3	28,880.6
Total Shareholders' Funds	21,929.9	24,576.0	26,480.9	28,939.2
Total Debt	5,237.3	2,851.3	1,351.3	351.3
Deferred Tax Liabilities	574.6	411.0	452.1	497.3
Minority Interest	-0.9	-1.9	-2.2	-2.4
Long term Provision	157.1	171.8	192.4	215.5
Other Non Current Liabilities	93.6	41.1	43.2	45.3
Source of Funds	27,992	28,049	28,518	30,046
Gross Block - Fixed	12,885.8	14,969.6	16,719.6	19,069.6
Accumulated Depreciation	3,941.1	4,912.8	6,119.6	7,495.9
Net Block	8,944.7	10,056.7	10,600.0	11,573.7
Capital Work in Progress	3,061.5	3,747.2	3,997.2	3,647.2
Net Fixed Assets	12,006.2	13,803.9	14,597.2	15,220.9
Goodwill on Consolidation	428.9	475.4	475.4	475.4
Investments	591.0	997.2	997.2	997.2
Inventory	9,026.6	7,553.9	8,134.7	8,545.8
Cash	5,474.3	4,190.0	3,378.0	3,633.4
Debtors	3,503.3	4,012.3	4,149.9	4,560.6
Loans & Advances	1,659.6	1,987.7	2,145.7	2,316.4
Total Current Assets	19,663.7	17,743.8	17,808.3	19,056.1
Creditors	2,794.7	2,703.1	2,910.9	3,058.0
Provisions & Other Liabilities	3,067.8	3,169.5	3,423.0	3,696.9
Total Current Liabilities	5,862.4	5,872.5	6,334.0	6,754.9
Net Current Assets	13,801.3	11,871.3	11,474.4	12,301.3
LT Loans & A, Other Assets	711.5	612.9	661.9	714.8
Deferred Tax Assets	452.7	288.6	311.7	336.6
Application of Funds	27,992	28,049	28,518	30,046

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
Adjusted EPS (Diluted)	55.0	47.4	34.7	44.8
BV per share	374.2	419.4	451.9	493.8
Dividend per share	3.0	9.0	2.2	2.9
Cash Per Share	93.4	71.5	57.6	62.0
Operating Ratios (%)				
Gross Profit Margins	60.0	56.8	55.0	57.0
EBITDA margins	21.5	18.7	15.2	17.4
Net Profit margins	13.0	11.8	8.4	9.9
Inventory days	332.7	271.9	271.9	271.9
Debtor days	51.6	62.4	62.4	62.4
Creditor days	103.0	97.3	97.3	97.3
Asset Turnover	2.2	1.8	1.7	1.6
EBITDA Conversion Rate	62.4	114.4	79.0	74.5
Return Ratios (%)				
RoE	14.7	11.3	7.7	9.1
RoCE	16.9	12.9	9.6	11.9
RoIC	22.8	16.7	12.1	14.7
Valuation Ratios (x)				
P/E	5.3	10.6	13.8	10.7
EV / EBITDA	5.1	6.0	6.9	5.2
EV / Net Sales	1.1	1.1	1.1	0.9
Market Cap / Sales	1.1	1.2	1.1	1.0
Price to Book Value	1.3	1.1	1.1	1.0
Solvency Ratios				
Debt / Equity	0.2	0.1	0.1	0.0
Debt / EBITDA	1.0	0.6	0.4	0.1
Current Ratio	2.4	2.3	2.3	2.3

Source: Company, ICICI Direct Research

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