

Significant revenue miss due to US, ARVs...

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

- FY21, API: formulations ratio was at 12:88. US formulations constitute 50% of revenues followed by Europe (24%), APIs (12%), RoW (6%) & ARV (8%)
- It has received government approval for setting up plants for production of Penicillin-G, 7-ACA & Erythromycin Thiocyanate, with capacity of 15,000 MT, 2,000 MT & 1,600 MT, respectively, under the PLI scheme

Q1FY22 Results: Aurobindo reported underwhelming Q1FY22 results.

- Sales were down 3.8% YoY to ₹ 5702 crore
- EBITDA in Q1FY22 was at ₹ 1209 crore, down 3% YoY with margins at 21%
- Consequent adjusted PAT was at ₹ 770 crore down 1.4% YoY

What should investors do? Aurobindo's share price has grown by ~1.1x over the past five years (from ~₹ 791 in July 2016 to ~₹ 916 levels in July 2021).

- We change our rating from BUY to HOLD due to the challenging business environment in the near to medium term, especially in the US

Target Price & Valuation: We value Aurobindo at ₹ 865 at 14x P/E on FY23E EPS.

Key triggers for future price performance:

- Aurobindo has one of the most enduring generics ecosystems among peers (vertically integrated model, lower product concentration)
- 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 & launches, incremental launches and filings in the RoW markets along with site transfers and supplies for products covered under the European deals

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

- Cipla is a global pharma company with over 1,500+ products in 65 therapeutic categories, with over 50 dosage forms
- BUY with a target price of ₹ 1205



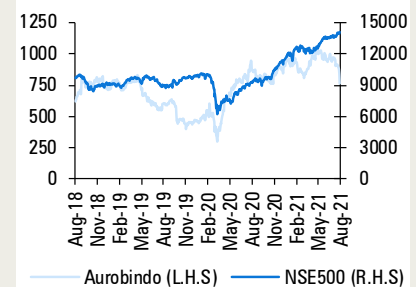
Particulars

Particular	Amount
Market Capitalisation	₹ 45117 crore
Debt (FY21)	₹ 5377 crore
Cash (FY21)	₹ 5474 crore
EV	₹ 45020 crore
52 week H/L (₹)	1064/738
Equity capital	₹ 58.6 crore
Face value	₹ 1

Shareholding pattern

(in %)	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Promoter	52.0	52.0	51.9	51.9	51.8
Others	48.0	48.0	48.1	48.1	48.2

Price Chart



Recent Event & Key risks

- Acquired Cronus Pharma for ₹ 420 crore
- Key Risk: (i) Delay in resolving of USFDA observations (ii) Better traction from injectables

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Key Financial Summary

Key Financials (₹ crore)	FY19	FY20	FY21	5 year CAGR (FY16-21)	FY22E	FY23E	2 year CAGR (FY21-23E)
Revenues (₹ crore)	19563.5	23098.5	24774.6	12.4	24893.9	27247.8	4.9
EBITDA (₹ crore)	3843.2	4815.7	5333.4	11.2	5200.8	5945.0	5.6
EBITDA margins (%)	19.6	20.8	21.5		20.9	21.8	
Net Profit (₹ crore)	2452.8	2857.1	3223.9	22.7	3173.6	3620.1	6.0
EPS (₹)	41.9	48.8	55.0		54.2	61.8	
PE (x)	19.1	15.9	8.5		14.2	12.5	
EV/EBITDA (%)	12.9	9.9	8.3		8.8	7.7	
ROE (%)	17.7	17.0	14.7		12.7	12.8	
ROCE (%)	15.9	17.2	16.8		14.4	15.1	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q1FY22 Results: Weak performance

- Aurobindo Pharmaceuticals' Q1FY22 operational performance was below I-direct estimates amid a decline across US market & ARVs whereas PAT was in line with estimates amid higher-than-expected other income and a lower tax rate. Revenues de-grew 3.8% YoY to ₹ 5702 crore tracking a 13.7% YoY decline in US business to ₹ 2681 crore, partially offset by 19.7% YoY growth in Europe formulations to ₹ 1582 crore & growth of 13.7% YoY in RoW markets to ₹ 329 crore. On the other hand, ARV segment de-grew 30.3% YoY to ₹ 296 crore while API segment grew 4.1% YoY to ₹ 811 crore. EBITDA margins remained flat, down 1 bps YoY at 21.2%. EBITDA de-grew 3.8% YoY to ₹ 1209 crore while adjusted PAT de-grew 1.4% YoY to ₹ 770 crore in line with operational performance and higher other income
- Quarterly fluctuations notwithstanding, Aurobindo possesses one of the best enduring generics ecosystem among peers (vertically integrated model, lower product concentration) to withstand the volatility in the US generics space. The company has also significantly improved its net debt position from foregoing the Sandoz deal and from the sale of its Natrol business. On the regulatory front, while a few other plants still remain under the USFDA scrutiny, the erstwhile clearance of a critical plant (Unit IV) indicates that the company continues to work towards stricter adherence. That said, the US generics scenario is anything but encouraging at the current juncture due to persistent base business price erosion and slower injectables ramp-up

Q1FY22 Earnings Conference Call highlights

- Research & Development (R&D) spend at ₹ 358 crore, 6.3% of revenues
- Net organic capex for the quarter ~US\$64 million. Net cash including investments at the end of June 2021 was at US\$1.5 million
- Constant currency US sales ~ US\$364 million. Gross margin was lower due to change in the product mix
- The company purchased nine OTC products and six ANDAs as the opportunities were cost beneficial and for portfolio expansion
- The management is expecting US\$30-35 million in the first month from OTC brands, with revenue contribution not present in Q1. They expect US\$30 million per annum from ANDAs
- Aurobindo acquired Cronus Pharma, focused on veterinary pharma products for ₹ 420 crore
- Cronus has pipeline of 67 products (61 organically developed) out of which 40 are injectables and 27 are non-injectable. By April, 2023, the management expects the entire product line to be operationalised
- Cronus generating sales of US\$13 million from six outsourced products and the management expects to grow this to US\$20 million
- Cronus has an existing debt of ₹ 165 crore
- Q1 global injectable sales: US\$102 million, FY22 target: US\$600-700 million
- Filed eight ANDAs including two injectables with USFDA in Q1FY22. It received final approval for four ANDAs including three injectable in Q1FY22. The company filed one DMF with the USFDA during the quarter
- The company launched five products in US during the quarter. Aurobindo plans to do 30+ launches in FY22
- Filings: two products before March, 2022 in US; one product next month in the UK & Europe
- Some clarifications pending regarding inclusion of few KSM in PLI scheme and financial outlay can start this financial year if clarifications resolved

Exhibit 1: Variance Analysis

₹ crore	Q1FY22	Q1FY22E	Q1FY21	Q4FY21	YoY (%)	QoQ (%)	Comments
Revenue	5,702.0	6,233.7	5,924.8	6,001.5	-3.8	-5.0	YoY decline and miss vis-à-vis I-direct estimates amid decline in the US and ARVs, being partially offset by strong growth in Europe and RoW
Raw Material Expenses	2,366.2	2,524.7	2,407.4	2,407.1	-1.7	-1.7	Decline due to change in mix
Employee Expenses	869.9	872.7	888.0	854.4	-2.0	1.8	
Other Expenditure	1,256.4	1,544.2	1,372.0	1,465.3	-8.4	-14.3	
EBITDA	1,209.4	1,292.1	1,257.4	1,274.7	-3.8	-5.1	Decline mainly in sync with revenues
EBITDA (%)	21.2	20.7	21.2	21.2	-1 bps	-3 bps	
Interest	12.9	32.9	21.1	18.2	-38.9	-29.3	
Depreciation	279.7	302.9	255.5	266.0	9.5	5.1	
Other Income	109.9	80.9	115.6	78.1	-4.9	40.7	
PBT before EO & Forex	1,026.7	1,037.2	1,096.4	1,068.6	-6.4	-3.9	
EO	0.0	0.0	0.0	-0.7	NA	NA	
PBT	1,026.7	1,037.2	1,096.4	1,069.2	-6.4	-4.0	
Tax	247.7	261.4	303.7	259.7	-18.4	-4.6	
Tax Rate (%)	24.1	25.2	27.7	24.3	-357 bps	-16 bps	
PAT before MI	779.0	775.8	792.7	809.6	-1.7	-3.8	
MI	0.0	-0.1	0.1	-0.4	-100.0	-100.0	
Net Profit	770.0	767.6	780.6	801.6	-1.4	-3.9	
Adj. Net Profit	770.0	767.6	780.6	801.1	-1.4	-3.9	Delta vis-à-vis EBITDA was due to lower tax rate
Key Metrics							
US	2,681.2	2,965.0	3,107.1	2,856.0	-13.7	-6.1	YoY decline and miss vis-à-vis I-direct estimates mainly due to price erosion in base business
Europe	1,582.9	1,624.9	1,322.2	1,552.6	19.7	2.0	
RoW	329.3	347.5	289.6	305.7	13.7	7.7	
ARV	296.4	489.3	425.5	491.2	-30.3	-39.7	
API	811.9	795.8	780.2	794.3	4.1	2.2	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY22E			FY23E			
	Old	New	% Change	Old	New	% Change	
Revenue	27,312.4	24,893.9	-8.9	29,544.5	27,247.8	-7.8	Changed mainly due to lower than expected growth in Q1FY22 amid increase competition in base business and slower than expected ramp up in injectable
EBITDA	6,093.7	5,200.8	-14.7	6,707.4	5,945.0	-11.4	
EBITDA Margin (%)	22.3	20.9	-141 bps	22.7	21.8	-88 bps	Change mainly due to change in mix
Adj. PAT	3,785.7	3,173.6	-16.2	4,264.1	3,620.1	-15.1	Change mainly in sync with operational performance
EPS (₹)	64.6	54.2	-16.2	72.8	61.8	-15.1	

Source: ICICI Direct Research

Exhibit 3: Assumptions

(₹ crore)	Current				Earlier		
	FY20	FY21	FY22E	FY23E	FY22E	FY23E	
US	11,483.5	12,324.5	11,672.8	12,819.5	13,222.1	14,285.9	Changed mainly due to lower than expected growth in Q1FY22 amid increase competition in base business and slower than expected ramp up in injectable
Europe	5,921.7	6,060.8	6,658.8	7,191.5	7,035.9	7,598.8	Changed mainly due to lower than expected growth in Q1FY22
ARV	1,251.6	1,862.8	1,561.9	1,669.6	1,977.2	2,076.1	Changed mainly due to lower than expected growth in Q1FY22
RoW	1,355.1	1,438.0	1,586.7	1,745.4	1,633.9	1,797.3	
API	3,083.4	3,086.0	3,265.4	3,591.9	3,394.6	3,734.1	

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY20	23099	18.1	48.3	16.5	15.9	9.9	17.0	17.2
FY21	24775	7.3	91.0	12.8	8.5	8.3	14.7	16.8
FY22E	24894	0.5	54.2	-1.6	14.2	8.8	12.7	14.4
FY23E	27248	9.5	61.8	14.1	12.5	7.7	12.8	15.1

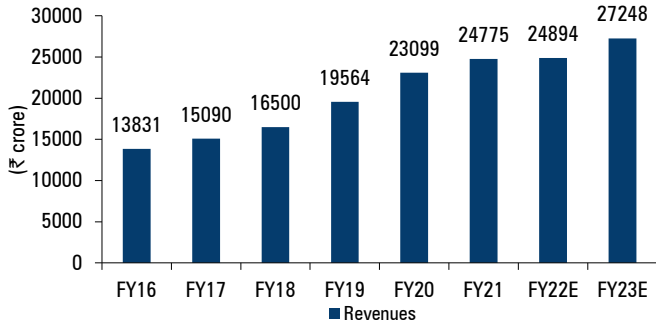
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ Crore)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	YoY (%)	QoQ(%)
Total Operating Income	4250.3	4751.4	5269.7	5292.2	5444.6	5600.5	5895.0	6158.4	5924.8	6483.4	6364.9	6001.5	5702.0	-3.8	-5.0
Raw Material Expenses	1907.3	2042.9	2389.9	2372.6	2298.5	2368.3	2565.0	2503.4	2407.4	2515.7	2572.3	2407.1	2366.2	-1.7	-1.7
% of revenue	44.9	43.0	45.4	44.8	42.2	42.3	43.5	40.6	40.6	38.8	40.4	40.1	41.5	87 bps	139 bps
Gross Profit	2343.0	2708.5	2879.8	2919.6	3146.1	3232.2	3330.0	3655.1	3517.4	3967.7	3792.6	3594.4	3335.8	-5.2	-7.2
GPM (%)	55.1	57.0	54.6	55.2	57.8	57.7	56.5	59.4	59.4	61.2	59.6	59.9	58.5	-87 bps	-139 bps
Employee Expenses	596.1	625.5	649.8	713.5	779.9	777.2	797.8	864.3	888.0	911.9	880.7	854.4	869.9	-2.0	1.8
% of revenue	14.0	13.2	12.3	13.5	14.3	13.9	13.5	14.0	15.0	14.1	13.8	14.2	15.3	27 bps	102 bps
Other Manufacturing Ex	1035.8	1096.8	1141.0	1149.2	1215.1	1314.7	1324.2	1474.5	1372.0	1623.0	1543.3	1465.3	1256.4	-8.4	-14.3
% revenues	24.4	23.1	21.7	21.7	22.3	23.5	22.5	23.9	23.2	25.0	24.2	24.4	22.0	-112 bps	-238 bps
Total Expenditure	3539.2	3765.1	4180.7	4235.3	4293.5	4460.2	4687.0	4842.2	4667.4	5050.6	4996.3	4726.8	4492.6	-3.7	-5.0
% of revenue	83.3	79.2	79.3	80.0	78.9	79.6	79.5	78.6	78.8	77.9	78.5	78.8	78.8	1 bps	3 bps
EBITDA	711.1	986.2	1089.0	1057.0	1151.1	1140.3	1208.0	1316.2	1257.4	1432.8	1368.6	1274.7	1209.4	-3.8	-5.1
EBITDA Margins (%)	16.7	20.8	20.7	20.0	21.1	20.4	20.5	21.4	21.2	22.1	21.5	21.2	21.2	-1 bps	-3 bps
Depreciation	154.5	163.7	163.1	186.6	240.9	243.3	250.1	232.4	255.5	257.3	276.5	266.0	279.7	9.5	5.1
Interest	29.5	35.4	47.7	50.1	49.9	40.9	37.1	31.8	21.1	15.7	19.5	18.2	12.9	-38.9	-29.3
Other Income	43.7	26.3	63.9	32.3	15.8	20.6	30.9	32.6	115.6	53.8	133.4	78.1	109.9	-4.9	40.7
Less: Forex & Exception	0.0	26.8	25.0	36.2	12.7	12.8	12.9	-12.3	0.0	0.0	-2813.9	-0.7	0.0		
PBT	570.7	786.6	917.0	816.3	863.4	863.9	938.8	1096.8	1096.4	1213.5	4019.9	1069.2	1026.7	-6.4	-4.0
Total Tax	115.5	175.4	204.8	231.1	227.8	224.4	232.9	228.5	303.7	387.3	1059.1	259.7	247.7	-18.4	-4.6
Tax rate (%)	20.2	22.3	22.3	28.3	26.4	26.0	24.8	20.8	27.7	31.9	26.3	24.3	24.1	-357 bps	-16 bps
PAT before MI	455.2	611.2	712.2	585.2	635.7	639.5	706.0	868.3	792.7	826.2	2960.8	809.6	779.0	-1.7	-3.8
Minority Interest	-0.1	-0.1	0.0	-0.2	-0.2	-0.3	-0.1	-0.8	0.1	-0.6	-0.1	-0.4	0.0	-100.0	-100.0
Adjusted PAT	455.7	638.3	737.3	621.6	648.5	652.6	718.4	837.6	780.6	806.2	836.5	801.1	770.0	-1.4	-3.9
EPS (₹)	7.8	10.9	12.6	10.6	11.1	11.1	12.3	14.3	13.3	13.8	14.3	13.7	13.1		

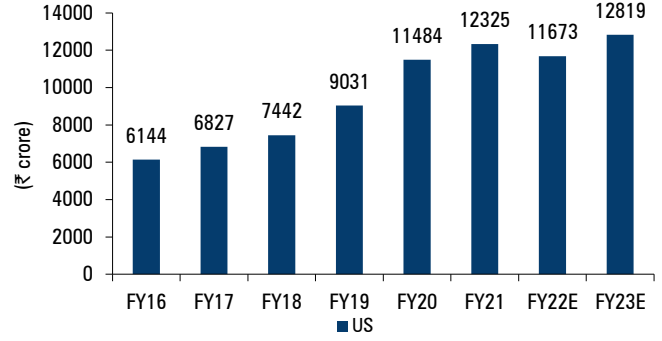
Source: ICICI Direct Research

Exhibit 6: Revenues to grow at ~4.9% CAGR in FY21-23E



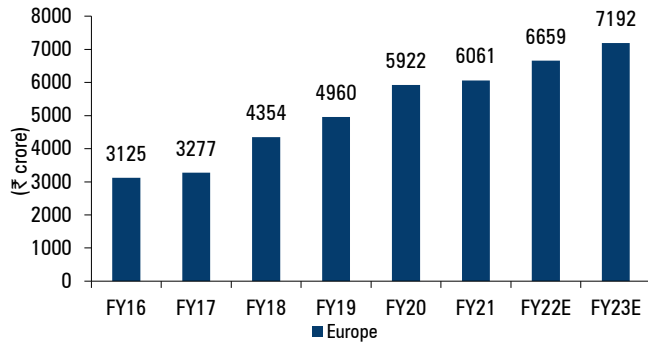
Source: ICICI Direct Research, Company

Exhibit 7: US to grow at CAGR of ~2% over FY21-23E



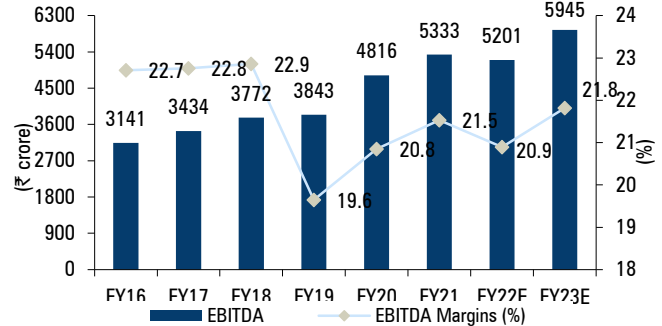
Source: ICICI Direct Research, Company

Exhibit 8: Europe to grow at CAGR of 9% over FY21-23E



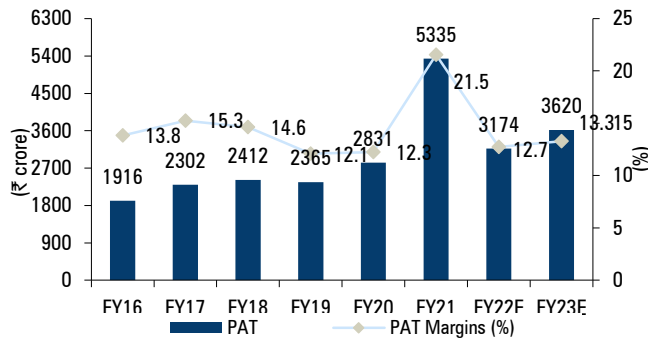
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



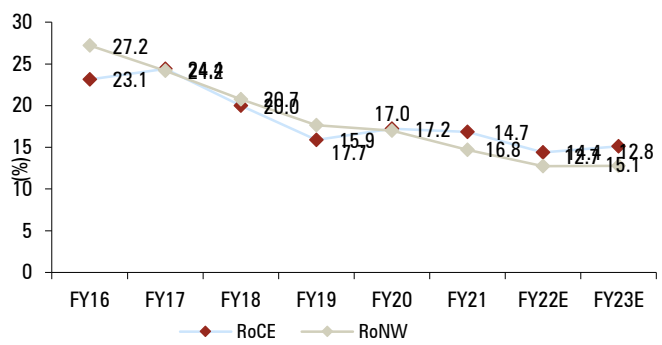
Source: ICICI Direct Research, Company

Exhibit 10: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 11: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 12: ICICI Direct Coverage Universe (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	2278	2,695	Buy	19708	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	761	885	Hold	14962	44.4	59.9	35.2	44.3	17.1	12.7	21.7	17.2	21.0	24.2	12.7	14.8	27.1	23.0	12.3	13.8
Apollo Hospitals	APOHOS	4125	3,870	Buy	59311	22.6	7.9	55.2	81.4	182.7	524.8	74.7	50.7	10.2	6.3	13.7	18.0	9.7	2.5	15.1	18.8
Aurobindo Pharm	AURPHA	770	865	Hold	45117	48.8	55.0	54.2	61.8	15.8	14.0	14.2	12.5	17.2	16.8	14.4	15.1	17.0	14.7	12.7	12.8
Biocon	BIOCON	375	400	Hold	44982	5.8	6.1	6.1	12.5	64.4	61.6	61.2	29.9	10.2	7.6	8.7	12.5	10.4	9.6	8.9	15.6
Cadila Healthcare	CADHEA	562	583	Hold	57534	14.0	21.5	20.8	22.0	40.2	26.2	27.0	25.6	10.7	12.6	13.1	12.9	13.8	16.9	12.6	12.1
Cipla	CIPLA	900	1,205	Buy	72578	19.2	29.9	35.5	41.6	46.9	30.1	25.4	21.6	12.0	16.3	17.9	18.4	9.8	13.1	14.0	14.5
Divi's Lab	DIVLAB	4944	5,815	Buy	131252	51.9	74.7	94.7	116.3	95.3	66.1	52.2	42.5	23.9	27.6	28.8	29.2	18.8	21.3	22.5	23.0
Dr Reddy's Labs	DRREDD	4701	5,250	Hold	78206	121.8	117.3	126.8	197.3	38.6	40.1	37.1	23.8	9.6	13.1	12.9	16.5	13.0	11.1	10.8	14.7
Glenmark Pharma	GLEPHA	573	750	Buy	16161	26.4	32.9	42.1	50.1	21.7	17.4	13.6	11.4	12.7	13.7	15.5	16.5	12.2	13.1	14.5	14.8
Hikal	HIKCHE	689	590	Hold	8495	8.1	10.8	16.5	19.6	85.1	63.8	41.8	35.1	12.8	15.1	17.2	18.4	12.2	14.3	18.1	17.9
Ipca Laboratories	IPCLAB	2400	2,560	Buy	30444	47.6	89.9	88.2	102.4	50.5	26.7	27.2	23.4	17.6	27.1	22.2	21.5	16.6	24.2	19.3	18.4
Jubilant Pharmova	JUBLIF	654	850	Buy	10414	44.6	37.4	59.9	84.9	14.7	17.5	10.9	7.7	11.7	13.7	18.2	22.4	12.7	12.6	16.9	19.5
Lupin	LUPIN	982	1,025	Hold	44589	-12.7	26.9	40.0	44.6	NA	36.6	24.5	22.0	9.7	9.0	12.6	13.2	-4.6	8.8	11.8	11.9
Narayana Hrudalaya	NARHRU	501	620	Buy	10239	6.4	-0.7	12.3	15.6	78.9	NA	40.6	32.2	11.0	1.2	14.5	16.8	11.4	-1.3	18.6	19.3
Natco Pharma	NATPHA	1021	1,040	Hold	18617	25.3	24.2	19.4	22.6	40.4	42.2	52.7	45.2	14.0	13.1	9.7	10.9	12.2	10.7	8.1	8.8
Sun Pharma	SUNPHA	785	800	Hold	188336	16.8	30.0	25.1	28.6	46.8	26.1	31.2	27.5	10.0	14.4	15.1	15.3	8.9	15.5	12.0	12.2
Syngene Int.	SYNINT	623	780	Buy	24928	10.3	10.1	11.0	15.6	60.5	61.6	56.5	40.0	14.5	11.5	13.1	16.6	16.8	13.5	13.6	16.1
Torrent Pharma	TORPHA	2929	3,250	Buy	49559	60.6	74.0	78.5	101.5	48.4	39.6	37.3	28.8	15.4	17.7	20.8	22.2	21.2	21.4	19.4	21.1
Shalby	SHALIM	196	210	Hold	2229	2.6	3.9	4.8	5.3	76.7	49.9	40.5	36.6	7.2	6.5	8.3	8.2	3.5	5.1	6.0	6.3
Aster DM	ASTDM	164	200	Buy	8217	5.7	3.0	10.8	15.0	28.8	55.5	15.2	10.9	7.2	5.4	9.2	11.1	8.7	4.4	13.8	16.1
Indoco Remedies	INDREM	493	575	Buy	3945	2.6	10.1	16.7	23.9	188.6	48.9	29.5	20.6	4.6	11.8	19.4	21.8	3.5	12.1	17.1	20.2
Caplin Point	CAPPOI	857	1,135	Buy	6756	28.4	32.0	40.8	47.4	30.2	26.8	21.0	18.1	26.5	25.4	26.1	25.6	22.7	20.4	21.1	20.0
Granules India	GRANUL	370	430	Buy	9741	12.4	22.2	23.6	28.7	29.7	16.7	15.7	12.9	15.2	24.0	23.4	24.2	16.7	25.3	21.5	21.0
Laurus Labs	LAULAB	711	785	Buy	34493	4.8	18.3	22.6	28.0	149.5	38.8	31.5	25.4	13.0	31.7	30.6	30.6	14.4	37.9	32.9	29.8

Source: ICICI Direct Research

Financial Summary

Exhibit 13: Profit and loss statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Revenues	23,098.5	24,774.6	24,893.9	27,247.8
Growth (%)	18.1	7.3	0.5	9.5
Raw Material Expenses	9,735.2	9,902.5	10,063.8	10,980.9
Employee Expenses	3,219.2	3,535.0	3,608.4	3,814.7
Other Manufacturing Expenses	5,328.4	6,003.7	6,021.0	6,507.3
Total Operating Expenditure	18,282.8	19,441.2	19,693.1	21,302.8
EBITDA	4,815.7	5,333.4	5,200.8	5,945.0
Growth (%)	25.3	10.8	-2.5	14.3
Interest	159.8	74.5	51.5	118.2
Depreciation	966.7	1,055.4	1,200.4	1,347.6
Other Income	99.9	380.8	339.8	408.0
PBT before Exceptional Items	3,789.1	4,584.4	4,288.7	4,887.2
Less: Forex & Exceptional Items	26.1	-2,814.6	0.0	0.0
PBT	3,763.0	7,399.0	4,288.7	4,887.2
Total Tax	913.5	2,009.8	1,079.5	1,231.6
PAT before MI	2,849.5	5,389.2	3,209.1	3,655.6
Minorities and Associates	-18.5	-54.3	-35.5	-35.5
PAT	2,831.0	5,334.9	3,173.6	3,620.1
Adjusted PAT	2,857.1	3,223.9	3,173.6	3,620.1
Growth (%)	16.5	12.8	-1.6	14.1
EPS (Diluted)	48.3	91.0	54.2	61.8
EPS (Adjusted)	48.8	55.0	54.2	61.8

Source: Company, 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	3,173.6	3,620.1
Add: Depreciation & Amortization	966.7	1,055.4	1,200.4	1,347.6
Net Increase in Current Assets	-43.9	-872.1	-1,322.4	-594.9
Net Increase in Current Liabilities	320.8	-194.7	182.4	512.3
CF from operating activities	4,381.3	3,328.9	3,285.5	5,003.4
(Purchase)/Sale of Fixed Assets	-1,401.7	1,074.1	-2,200.0	-2,500.0
(Inc)/dec in Investments	-179.1	-494.5	-2,000.0	-2,000.0
Others	31.7	88.5	-212.2	-11.5
CF from investing activities	-1,549.2	668.0	-4,412.2	-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	-199.0	-227.0
others	-126.6	-48.1	-51.5	-118.2
CF from financing activities	-1,947.2	-1,364.8	-750.5	-845.1
Net Cash flow	885.0	2,632.1	-1,877.2	-353.3
Opening Cash	1,957.2	2,842.2	5,474.3	3,597.0
Closing Cash	2,842.2	5,474.3	3,597.0	3,243.8
Free Cash Flow	2,979.6	4,403.0	1,085.5	2,503.4
Free Cash Flow (US\$)	420.8	583.8	153.3	338.0

Source: Company, 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	24,845.9	28,239.1
Total Shareholders funds	16,810.4	21,929.9	24,904.5	28,297.7
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	30,686.7	33,669.0
Gross Block - Fixed Assets	11,525.3	13,044.9	15,344.9	16,844.9
Accumulated Depreciation	3,044.8	4,100.2	5,300.6	6,648.1
Net Block	8,480.5	8,944.7	10,044.3	10,196.7
Capital WIP	1,985.9	3,061.5	2,961.5	3,961.5
Net Fixed Assets	10,466.5	12,006.2	13,005.8	14,158.2
Goodwill on Consolidation	915.9	428.9	628.9	628.9
Investments	554.7	591.0	2,591.0	4,591.0
Inventory	7,699.9	9,026.6	9,070.0	9,083.0
Cash	2,842.2	5,474.3	3,597.0	3,243.8
Debtors	4,315.2	3,503.3	4,650.6	5,090.3
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	19,108.8	19,350.5
Creditors	2,545.0	2,794.7	2,742.8	3,002.2
Provisions & Other CL	3,279.8	2,928.1	3,162.3	3,415.3
Total Current Liabilities	5,824.8	5,722.8	5,905.1	6,417.5
Net Current Assets	10,587.7	13,940.9	13,203.7	12,933.0
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	30,686.7	33,669.0

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
Per share data (₹)				
Adjusted EPS (Diluted)	48.8	55.0	54.2	61.8
BV per share	286.9	374.2	425.0	482.9
Dividend per share	3.5	3.0	3.4	3.9
Cash Per Share	48.5	93.4	61.4	55.4
Operating Ratios (%)				
Gross Profit Margins	57.9	60.0	59.6	59.7
EBITDA margins	20.8	21.5	20.9	21.8
Net Profit margins	12.4	13.0	12.7	13.3
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	1.8	1.9
EBITDA Conversion Rate	91.0	62.4	63.2	84.2
Return Ratios (%)				
RoE	17.0	14.7	12.7	12.8
RoCE	17.2	16.8	14.4	15.1
RoC	21.5	22.6	17.1	17.9
Valuation Ratios (x)				
P/E	15.9	8.5	14.2	12.5
EV / EBITDA	9.9	8.3	8.8	7.7
EV / Net Sales	2.1	1.8	1.8	1.7
Market Cap / Sales	1.9	1.8	1.8	1.6
Price to Book Value	2.7	2.1	1.8	1.6
Solvency Ratios				
Debt / Equity	0.3	0.2	0.2	0.2
Debt / EBITDA	1.2	1.0	0.9	0.7
Current Ratio	2.3	2.5	2.6	2.5

Source: Company, ICICI Direct Research

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