

## Margin overhang; global specialty to ramp-up...

**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

**Q1FY23 Results:** Revenues were in line with I-direct estimates but margins missed.

- Revenues were up 9% YoY to ₹ 6236 crore
- EBITDA was at ₹ 936 crore, down 23% YoY with margins at 15%
- Adjusted PAT was at ₹ 520 crore, down 32% YoY

**What should investors do?** Aurobindo's share price has de-grown over the past five years (from ~₹ 714 in August 2017 to ~₹ 592 levels in August 2022).

- Maintain **HOLD** due to lack of ex-Injectable growth momentum till FY24. We also keep tab on margins in the backdrop of increased R&D

**Target Price & Valuation:** Valued at ₹ 615 at 12x P/E on FY24E EPS of ₹ 51.3

**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 covers 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 & launches, incremental launches and filings in the RoW markets along with site transfers and supplies for products covered under European deals

**Alternate Stock Idea:** Apart from Aurobindo, we like Dr Reddy in healthcare space.

- Dr Reddy's is poised to grow on back of key launches across geographies with better margin profile due to cost rationalisation measures
- BUY with a target price of ₹ 4750



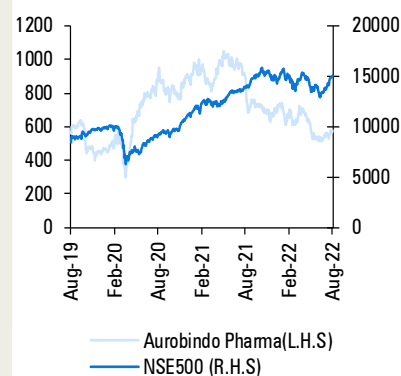
### Particulars

Particular	Amount
Market Capitalisation	₹ 34711 crore
Debt (FY22)	₹ 2851 crore
Cash (FY22)	₹ 4190 crore
EV	₹ 33372 crore
52 week H/L (₹)	888/503
Equity capital	₹ 58.6 crore
Face value	₹ 1

### Shareholding pattern

(in %)	Sep-21	Dec-22	Mar-22	Jun-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

- Acquisition of GLS pharma
- **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	25669.9	27612.0	8.5
EBITDA (₹ crore)	4815.7	5333.4	4386.8	5.0	4291.7	5203.5	8.9
EBITDA margins (%)	20.8	21.5	18.7		16.7	18.8	
Net Profit (₹ crore)	2857.1	3223.9	2776.1	2.8	2407.6	3004.2	4.0
EPS (₹)	48.8	55.0	47.4		41.1	51.3	
PE (x)	12.3	6.5	13.1		14.4	11.6	
EV/EBITDA (%)	7.7	6.4	7.5		7.6	5.9	
ROE (%)	17.0	14.7	11.3		9.0	10.1	
ROCE (%)	17.2	16.9	12.9		11.5	13.3	

## Key takeaways of recent quarter & conference call highlights

### Q1FY23 Results: Revenues growth amid margin pressure

- Revenues grew 9% YoY to ₹ 6236 crore amid 11% YoY growth in US business to ₹ 2971 crore and 28% YoY growth in ARV to ₹ 380 crore. RoW markets grew 31% YoY to ₹ 431 crore while API segment posted growth of 12% YoY to ₹ 906 crore. Europe revenues declined 2% YoY to ₹ 1548 crore. EBITDA margins were down 619 bps YoY to 15% mainly due to lower gross margins and higher other expenditure. EBITDA de-grew 22% YoY to ₹ 936 crore against I-direct estimates of ₹ 1033 crore. Adjusted PAT de-grew 32% YoY to ₹ 520 crore
- Aurobindo Pharmaceuticals' Q1FY23 revenues were above I-direct estimates on the back of better offtake in RoW and ARV business while margins came in lower than expectations. Having significant exposure to US generics OSD space (68% in Q1FY23), the company continues to face challenges. However, in current quarter US Injectable and ex-Injectable business have grown 16% YoY and 4% YoY, respectively. Injectable business, which looks promising, still accounts for just 26% of US business. Thus, higher OSD exposure along with ongoing cGMP issues are some medium term overhangs for the company besides dwindling margins

### Q1FY23 Earnings Conference Call highlights

- In the US, Aurobindo has been able to grow volumes YoY. Price erosion seems tapering down in US (~3% QoQ). In the US, second and third quarter demand is likely to increase due to seasonality. On injectable side, the management is confident of double-digit growth in FY23. It has also reiterated guidance of US\$650-700 million by FY24. Aurobindo has filed 13 ANDAs including four injectables with USFDA in Q1FY23 and received final approval for 10 ANDAs including four injectable. The company launched seven products including five injectables during the quarter
- On the margins front, the management is expecting improvement largely from Q3FY22 on the back of lower input cost and waning US price erosion. Freight cost are high while there was an additional expense of ₹ 60 crore in Q1FY23 due to air-lifting of a batch, which likely would not be there from Q2FY23
- European market is growing at 0-3% while the management expects the company to grow at 5-7%, going forward, on back of robust approval pipeline in oncology, injectable and biosimilars. The company is targeting US\$34 billion market with its pipeline. The management expects 5-10% market share in that space to fetch ~ US\$300 million in two to three years. Margins in Europe are around early double-digits
- In ARVs, the management has guided for US\$35 million quarterly run rate
- Penicillin-G PLI project is expected to be completed by Q4FY24 while a plant in China is complete. The company is looking to do filings from October onwards. The management expects contribution from China facility from FY25. On the other capital work in progress, overall seven plants are under work with US: three, India: three and China: one. Timelines of completion stretch from the next year to three to four years

Variance Analysis

₹ crore	Q1FY23	Q1FY23E	Q1FY22	Q4FY22	YoY (%)	QoQ (%)	Comments
Revenue	6,235.9	5,994.3	5,702.0	5,809.4	9.4	7.3	YoY growth amid better offtake in US, RoW and ARV business
Raw Material Expenses	2,886.7	2,604.6	2,366.2	2,524.2	22.0	14.4	
Employee Expenses	880.2	880.4	869.9	853.2	1.2	3.2	
Other Expenditure	1,532.6	1,476.7	1,256.4	1,457.5	22.0	5.1	
EBITDA	936.5	1,032.6	1,209.4	974.4	-22.6	-3.9	YoY decline amid high input cost and price erosion in US
EBITDA (%)	15.0	17.2	21.2	16.8	-619 bps	-176 bps	
Interest	14.6	5.8	12.9	9.2	13.6	58.8	
Depreciation	279.5	314.6	279.7	253.6	-0.1	10.2	
Other Income	40.6	50.4	109.9	48.9	-63.0	-16.9	
PBT before EO & Forex	683.0	762.7	1,026.7	760.5	-33.5	-10.2	
EO	0.0	0.0	0.0	162.8	NA	NA	
PBT	683.0	762.7	1,026.7	597.7	-33.5	14.3	
Tax	158.6	190.7	247.7	17.5	-36.0	806.9	
Tax Rate (%)	23.2	25.0	24.1	2.9	-91 bps	2030 bps	
PAT before MI	524.4	572.0	779.0	580.3	-32.7	-9.6	
MI	-0.2	-0.2	0.0	-0.3	NA	NA	
Net Profit	520.5	568.2	770.0	576.5	-32.4	-9.7	
Adj. Net Profit	520.5	568.2	770.0	734.5	-32.4	-29.1	Delta vis-à-vis EBITDA on count of lower other income and higher interest expenses

Key Metrics							
US	2,971.1	2,834.3	2,681.2	2,728.0	10.8	8.9	US price erosion has tempered down a bit. US Injectable and ex-Injectable business have grown by 16% YoY and 4% YoY
Europe	1,548.1	1,579.4	1,582.9	1,540.7	-2.2	0.5	
RoW	430.6	395.2	329.3	391.3	30.8	10.0	
ARV	379.6	237.1	296.4	235.9	28.1	60.9	YoY growth amid better offtake in ARV space in Q1FY23
API	906.5	933.7	812.0	913.0	11.6	-0.7	

Source: Company, ICICI Direct Research

Exhibit 1: Change in estimates

₹ Crore)	FY23E			FY24E			
	Old	New	% Change	Old	New	% Change	
Revenue	24,940.8	25,669.9	2.9	26,997.3	27,612.0	2.3	Changed mainly due to better US base business in Q1FY23
EBITDA	4,652.5	4,291.7	-7.8	5,213.2	5,203.5	-0.2	
EBITDA Margin (%)	18.7	16.7	-194 bps	19.3	18.8	-47 bps	Change mainly due to slowing price erosion and softening of input cost
Adj. PAT	2,673.0	2,407.6	-9.9	2,990.3	3,004.2	0.5	
EPS (₹)	45.6	41.1	-9.9	51.0	51.3	0.5	

Source: ICICI Direct Research

Exhibit 2: Assumptions

₹ crore)	Current				Earlier		
	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
US	12,324.5	11,122.0	12,409.0	13,371.0	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	6,571.5	7,036.6	6,782.1	7,324.7	Changed mainly due to slower ramp up in Q1FY23
ARV	1,862.8	833.3	1,150.2	1,093.9	1,000.8	1,151.4	Guidance for US\$35 million quarterly run rate
RoW	1,438.0	1,503.9	1,730.4	1,903.4	1,647.7	1,812.5	
API	3,086.0	3,515.6	3,761.4	4,140.1	3,788.6	4,168.7	

Source: ICICI Direct Research

Exhibit 3: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	24775	7.3	91.0	12.8	6.5	6.4	14.7	16.9
FY22	23455	-5.3	45.2	-13.9	13.1	7.5	11.3	12.9
FY23E	25670	9.4	41.1	-13.3	14.4	7.6	9.0	11.5
FY24E	27612	7.6	51.3	24.8	11.6	5.9	10.1	13.3

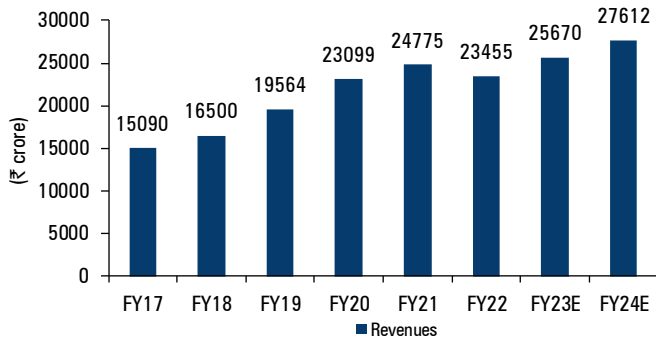
Source: ICICI Direct Research

Exhibit 4: Trends in Quarterly Performance

(₹ Crore)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ(%)
Total Operating Income	5444.6	5600.5	5895.0	6158.4	5924.8	6483.4	6364.9	6001.5	5702.0	5941.9	6002.2	5809.4	6235.9	9.4	7.3
Raw Material Expenses	2298.5	2368.3	2565.0	2503.4	2407.4	2515.7	2572.3	2407.1	2366.2	2505.6	2744.2	2524.2	2886.7	22.0	14.4
% of revenue	42.2	42.3	43.5	40.6	40.6	38.8	40.4	40.1	41.5	42.2	45.7	43.5	46.3	479 bps	284 bps
Gross Profit	3146.1	3232.2	3330.0	3655.1	3517.4	3967.7	3792.6	3594.4	3335.8	3436.3	3258.0	3285.2	3349.2	0.4	1.9
GPM (%)	57.8	57.7	56.5	59.4	59.4	61.2	59.6	59.9	58.5	57.8	54.3	56.5	53.7	-479 bps	-284 bps
Employee Expenses	779.9	777.2	797.8	864.3	888.0	911.9	880.7	854.4	869.9	858.9	868.9	853.2	880.2	1.2	3.2
% of revenue	14.3	13.9	13.5	14.0	15.0	14.1	13.8	14.2	15.3	14.5	14.5	14.7	14.1	-114 bps	-57 bps
Other Manufacturing Expenditures	1215.1	1314.7	1324.2	1474.5	1372.0	1623.0	1543.3	1465.3	1256.4	1390.7	1372.8	1457.5	1532.6	22.0	5.1
% revenues	22.3	23.5	22.5	23.9	23.2	25.0	24.2	24.4	22.0	23.4	22.9	25.1	24.6	254 bps	-51 bps
Total Expenditure	4293.5	4460.2	4687.0	4842.2	4667.4	5050.6	4996.3	4726.8	4492.6	4755.2	4986.0	4835.0	5299.4	18.0	9.6
% of revenue	78.9	79.6	79.5	78.6	78.8	77.9	78.5	78.8	78.8	80.0	83.1	83.2	85.0	619 bps	176 bps
EBITDA	1151.1	1140.3	1208.0	1316.2	1257.4	1432.8	1368.6	1274.7	1209.4	1186.7	1016.3	974.4	936.5	-22.6	-3.9
EBITDA Margins (%)	21.1	20.4	20.5	21.4	21.2	22.1	21.5	21.2	21.2	20.0	16.9	16.8	15.0	-619 bps	-176 bps
Depreciation	240.9	243.3	250.1	232.4	255.5	257.3	276.5	266.0	279.7	294.2	299.1	253.6	279.5	-0.1	10.2
Interest	49.9	40.9	37.1	31.8	21.1	15.7	19.5	18.2	12.9	10.4	16.1	9.2	14.6	13.6	58.8
Other Income	15.8	20.6	30.9	32.6	115.6	53.8	133.4	78.1	109.9	96.6	65.0	48.9	40.6	-63.0	-16.9
Less: Forex & Exception	12.7	12.8	12.9	-12.3	0.0	0.0	-2813.9	-0.7	0.0	0.0	-34.8	162.8	0.0		
PBT	863.4	863.9	938.8	1096.8	1096.4	1213.5	4019.9	1069.2	1026.7	978.7	800.9	597.7	683.0	-33.5	14.3
Total Tax	227.8	224.4	232.9	228.5	303.7	387.3	1059.1	259.7	247.7	270.9	189.5	17.5	158.6	-36.0	806.9
Tax rate (%)	26.4	26.0	24.8	20.8	27.7	31.9	26.3	24.3	24.1	27.7	23.7	2.9	23.2	-91 bps	2030 bps
PAT before MI	635.7	639.5	706.0	868.3	792.7	826.2	2960.8	809.6	779.0	707.8	611.4	580.3	524.4	-32.7	-9.6
Minority Interest	-0.2	-0.3	-0.1	-0.8	0.1	-0.6	-0.1	-0.4	0.0	-0.3	-0.4	-0.3	-0.2		-50.0
Adjusted PAT	648.5	652.6	718.4	837.6	780.6	806.2	836.5	801.1	770.0	697.0	569.9	734.5	520.5	-32.4	-29.1
EPS (₹)	11.1	11.1	12.3	14.3	13.3	13.8	14.3	13.7	13.1	11.9	9.7	12.5	8.9		

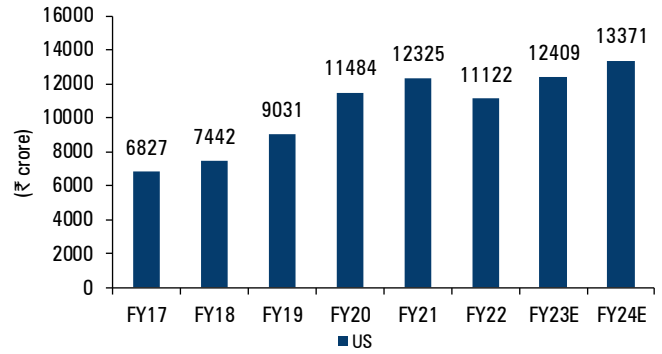
Source: ICICI Direct Research

Exhibit 5: Revenues to grow at ~8.5% CAGR in FY22-24E



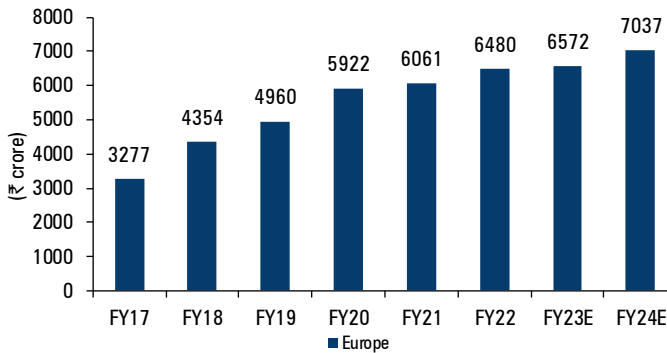
Source: ICICI Direct Research, Company

Exhibit 6: US to grow at CAGR of ~9.6% over FY22-24E



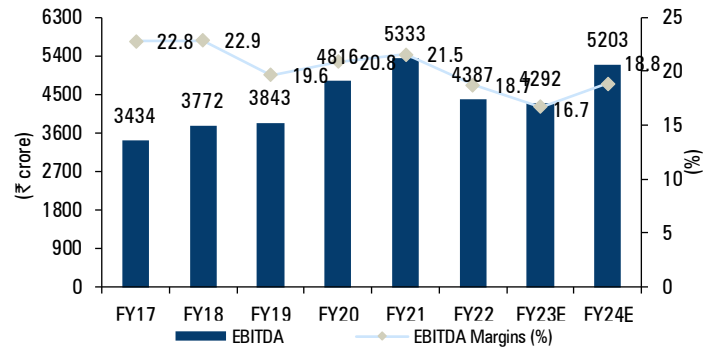
Source: ICICI Direct Research, Company

Exhibit 7: Europe to grow at CAGR of 4.2% over FY22-24E



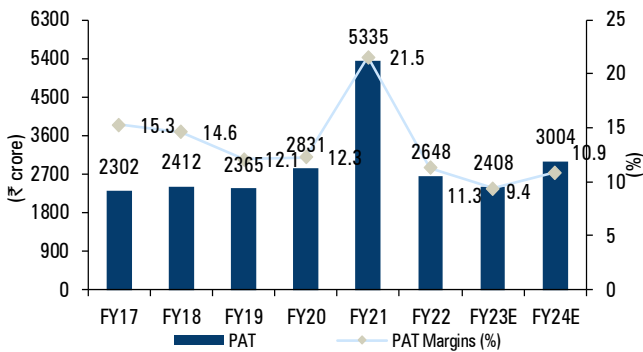
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



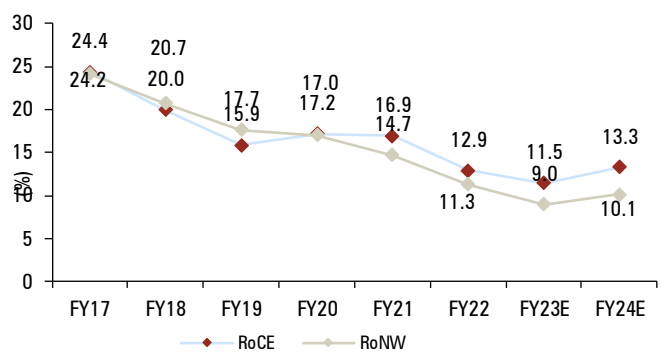
Source: ICICI Direct Research, Company

Exhibit 9: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 10: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 11: 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
<b>Hospitals</b>																					
Apollo Hospitals	APOHOS	4310	4,500	Buy	61969	7.9	59.1	80.9	107.4	548.3	72.9	53.3	40.1	6.3	15.1	16.7	19.3	2.5	15.1	17.7	19.9
Narayana Hrudalaya	NARHRU	680	800	Buy	13890	-0.7	16.7	20.6	22.7	NA	40.6	33.0	30.0	1.2	20.5	19.6	19.7	-1.3	23.0	22.3	19.9
Shalby	SHALIM	118	150	Buy	1273	3.9	5.4	7.5	9.9	30.0	21.7	15.8	11.9	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	216	250	Buy	10789	3.0	10.5	10.8	16.7	73.0	20.5	20.0	13.0	5.4	9.0	9.4	12.5	4.4	13.3	12.0	15.6
Healthcare Global	HEAGLO	288	345	Buy	4004	-13.9	3.9	4.5	8.8	-13.9	74.5	63.3	32.6	-0.9	5.0	9.4	12.1	-0.9	5.0	6.8	11.6
<b>MNC Pharma</b>																					
Abbott India	ABBIND	18762	20,560	Buy	39868	325.0	375.9	439.8	514.0	57.7	49.9	42.7	36.5	33.8	36.6	37.9	36.3	26.5	28.3	29.5	28.1
P&G Health	MERLIM	4376	4,955	Hold	7264	106.5	121.5	130.5	141.6	41.1	36.0	33.5	30.9	32.2	37.3	34.7	32.8	25.1	29.3	27.0	25.4
Sanofi India	SANOFI	6372	6,885	Hold	14675	207.4	410.1	270.5	264.8	30.7	15.5	23.6	24.1	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4250	4,480	Hold	19443	108.8	133.9	140.4	149.3	39.1	31.7	30.3	28.5	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	1276	1,495	Buy	16353	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	653	590	Reduce	12827	62.8	27.8	15.3	26.9	10.4	23.5	42.7	24.2	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	592	615	Hold	34711	55.0	47.4	41.1	51.3	10.8	12.5	14.4	11.6	16.9	12.9	11.5	13.3	14.7	11.3	9.0	10.1
Biocon	BIOCON	311	320	Hold	37375	6.3	5.7	5.5	11.3	49.7	54.7	57.1	27.5	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	387	475	Hold	39609	23.3	21.0	20.2	24.0	16.6	18.4	19.2	16.1	13.8	12.0	11.2	12.4	18.4	12.6	11.0	11.7
Cipla	CIPLA	1027	1,135	Buy	82898	29.9	32.9	38.6	45.8	34.4	31.2	26.6	22.4	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4258	4,750	Buy	70871	117.3	126.9	203.4	191.0	36.3	33.6	20.9	22.3	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	389	460	Hold	10976	32.9	42.7	41.0	48.3	11.8	9.1	9.5	8.1	13.9	14.8	14.5	15.4	13.1	13.2	11.4	11.9
Ipca Laboratories	IPCLAB	928	1,000	Hold	23544	44.9	34.8	32.7	39.9	20.7	26.6	28.4	23.2	27.1	17.4	16.2	17.4	24.2	16.1	13.4	14.4
Jubilant Pharmova	JUBLIF	354	340	Reduce	5640	37.4	26.0	15.9	26.1	9.5	13.6	22.3	13.6	13.7	9.0	6.1	8.6	12.6	7.8	4.6	7.0
Lupin	LUPIN	682	610	Reduce	31017	26.9	11.9	11.8	27.7	25.4	57.5	58.0	24.6	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	646	820	Hold	11795	24.2	9.3	28.3	33.2	26.8	69.4	22.9	19.5	13.1	4.6	13.3	14.1	10.7	4.0	11.0	11.6
Sun Pharma	SUNPHA	913	1,125	Buy	219155	30.0	32.0	34.8	40.1	30.4	28.6	26.2	22.8	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1534	1,800	Buy	51918	37.0	32.0	43.7	54.6	41.5	47.9	35.1	28.1	17.6	19.7	24.7	29.4	21.4	18.2	20.9	21.8
Indoco Remedies	INDREM	375	525	Buy	3457	10.1	16.8	21.6	29.2	37.1	22.3	17.3	12.9	11.7	17.5	17.6	23.9	12.1	17.1	18.6	20.6
Caplin Point	CAPPOI	799	1,000	Buy	6055	81.7	85.3	70.4	73.0	9.8	9.4	11.4	10.9	25.3	23.7	22.6	0.0	20.4	20.2	18.7	17.5
Advanced Enzymes	ADVENZ	265	265	Reduce	2959	13.1	10.7	8.5	12.1	20.2	24.7	31.3	22.0	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	2230	2,445	Hold	1897	44.4	45.7	41.3	63.2	50.2	48.8	54.0	35.3	16.2	10.9	9.9	13.4	16.5	15.0	12.2	16.3
<b>API/CRAMS</b>																					
Divi's Lab	DIVLAB	3728	4,315	Buy	98972	74.7	111.5	93.0	113.5	49.9	33.4	40.1	32.8	27.6	30.2	22.8	24.4	21.3	25.2	18.4	19.2
Hikal	HIKCHE	271	340	Buy	3341	10.8	13.0	11.1	19.0	25.1	20.8	24.5	14.3	15.1	13.6	10.9	16.3	14.3	15.0	11.5	16.8
Syngene Int.	SYNINT	591	710	Buy	23729	10.1	9.9	11.5	14.6	58.4	60.0	51.3	40.6	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	310	375	Buy	7699	22.2	16.6	21.9	26.8	14.0	18.7	14.2	11.6	24.0	15.6	18.6	20.5	25.3	16.0	17.6	17.9
Laurus Labs	LAULAB	566	675	Buy	30398	18.3	15.4	20.7	27.0	30.9	36.7	27.3	21.0	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceuticals	SUVPH	455	530	Hold	11583	14.2	17.8	17.0	17.6	32.0	25.5	26.8	25.8	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
<b>Revenues</b>	<b>24,774.6</b>	<b>23,455.5</b>	<b>25,669.9</b>	<b>27,612.0</b>
Growth (%)	7.3	-5.3	9.4	7.6
Raw Material Expense	9,902.5	10,140.3	11,614.8	11,698.2
Employee Expenses	3,535.0	3,450.9	3,698.1	4,003.7
Other Manufacturing I	6,003.7	5,477.5	6,065.3	6,706.6
Total Operating Expen	19,441.2	19,068.7	21,378.2	22,408.5
<b>EBITDA</b>	<b>5,333.4</b>	<b>4,386.8</b>	<b>4,291.7</b>	<b>5,203.5</b>
Growth (%)	10.8	-17.7	-2.2	21.2
Interest	74.5	48.6	58.5	15.2
Depreciation	1,055.4	1,126.5	1,223.2	1,395.1
Other Income	380.8	320.4	204.1	232.3
PBT before Exception	4,584.4	3,532.0	3,214.1	4,025.5
Less: Forex & Excepti	-2,814.6	128.0	0.0	0.0
PBT	7,399.0	3,404.0	3,214.1	4,025.5
Total Tax	2,009.8	725.6	791.4	1,006.4
PAT before MI	5,389.2	2,678.4	2,422.7	3,019.1
Minorities and Associ	-54.3	-30.2	-15.1	-15.0
<b>PAT</b>	<b>5,334.9</b>	<b>2,648.2</b>	<b>2,407.6</b>	<b>3,004.2</b>
Adjusted PAT	3,223.9	2,776.1	2,407.6	3,004.2
Growth (%)	12.8	-13.9	-13.3	24.8
<b>EPS (Diluted)</b>	<b>91.0</b>	<b>45.2</b>	<b>41.1</b>	<b>51.3</b>
EPS (Adjusted)	55.0	47.4	41.1	51.3

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	2,407.6	3,004.2
Add: Depreciation & Amortization	1,055.4	1,126.5	1,223.2	1,395.1
Net Increase in Current Assets	-872.1	1,099.8	-1,635.2	-565.0
Net Increase in Current Liabilities	-194.7	458.0	646.6	296.1
<b>CF from operating activities</b>	<b>3,328.9</b>	<b>5,016.5</b>	<b>2,700.7</b>	<b>4,145.6</b>
(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
<b>CF from investing activities</b>	<b>668.0</b>	<b>-3,331.5</b>	<b>-2,008.6</b>	<b>-2,007.7</b>
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	-155.1	-193.5
others	-48.1	-18.5	-58.5	-15.2
<b>CF from financing activities</b>	<b>-1,364.8</b>	<b>-2,969.3</b>	<b>-1,713.6</b>	<b>-1,208.7</b>
Net Cash flow	2,632.1	-1,284.3	-1,021.5	929.2
Opening Cash	2,842.2	5,474.3	4,190.0	3,168.5
<b>Closing Cash</b>	<b>5,474.3</b>	<b>4,190.0</b>	<b>3,168.5</b>	<b>4,097.7</b>
<b>Free Cash Flow</b>	<b>4,403.0</b>	<b>2,692.8</b>	<b>700.7</b>	<b>2,145.6</b>
<b>Free Cash Flow (US\$)</b>	<b>621.9</b>	<b>357.1</b>	<b>99.0</b>	<b>289.9</b>

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	26,769.9	29,580.6
Total Shareholders fun	21,929.9	24,576.0	26,828.5	29,639.2
Total Debt	5,237.3	2,851.3	1,351.3	351.3
Deferred Tax Liability	574.6	411.0	452.1	497.3
Minority Interest	-0.9	-1.9	-2.2	-2.4
Long term Provisions	157.1	171.8	192.4	215.5
Other Non Current Lia	93.6	41.1	43.2	45.3
<b>Source of Funds</b>	<b>27,992</b>	<b>28,049</b>	<b>28,865</b>	<b>30,746</b>
Gross Block - Fixed A	12,885.8	14,969.6	16,719.6	19,069.6
Accumulated Depreci	3,941.1	4,912.8	6,136.0	7,531.1
Net Block	8,944.7	10,056.7	10,583.6	11,538.5
Capital WIP	3,061.5	3,747.2	3,997.2	3,647.2
Net Fixed Assets	12,006.2	13,803.9	14,580.8	15,185.7
Goodwill on Consolida	428.9	475.4	475.4	475.4
Investments	591.0	997.2	997.2	997.2
Inventory	9,026.6	7,553.9	8,652.3	8,714.4
Cash	5,474.3	4,190.0	3,168.5	4,097.7
Debtors	3,503.3	4,012.3	4,391.1	4,723.3
Loans & Advances & (	1,659.6	1,987.7	2,145.7	2,316.4
Total Current Assets	19,663.7	17,743.8	18,357.6	19,851.7
Creditors	2,794.7	2,703.1	3,096.1	3,118.3
Provisions & Other CL	3,067.8	3,169.5	3,423.0	3,696.9
Total Current Liabilitie	5,862.4	5,872.5	6,519.1	6,815.2
Net Current Assets	13,801.3	11,871.3	11,838.4	13,036.5
LT L& A, Other Assets	711.5	612.9	661.9	714.8
Deferred Tax Assets	452.7	288.6	311.7	336.6
<b>Application of Fund</b>	<b>27,992</b>	<b>28,049</b>	<b>28,865</b>	<b>30,746</b>

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Per share data (₹)</b>				
Adjusted EPS (Diluted)	55.0	47.4	41.1	51.3
BV per share	374.2	419.4	457.8	505.8
Dividend per share	3.0	9.0	2.6	3.3
Cash Per Share	93.4	71.5	54.1	69.9
<b>Operating Ratios (%)</b>				
Gross Profit Margins	60.0	56.8	54.8	57.6
EBITDA margins	21.5	18.7	16.7	18.8
Net Profit margins	13.0	11.8	9.4	10.9
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	1.8	1.6
EBITDA Conversion Rate	62.4	114.4	62.9	79.7
<b>Return Ratios (%)</b>				
RoE	14.7	11.3	9.0	10.1
RoCE	16.9	12.9	11.5	13.3
RoC	22.8	16.7	14.5	17.0
<b>Valuation Ratios (x)</b>				
P/E	6.5	13.1	14.4	11.6
EV / EBITDA	6.4	7.5	7.6	5.9
EV / Net Sales	1.4	1.4	1.3	1.1
Market Cap / Sales	1.4	1.5	1.3	1.2
Price to Book Value	1.6	1.4	1.3	1.2
<b>Solvency Ratios</b>				
Debt / Equity	0.2	0.1	0.1	0.0
Debt / EBITDA	1.0	0.6	0.3	0.1
Current Ratio	2.4	2.3	2.3	2.3

Source: Company, ICICI Direct Research

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