

## In line numbers; focus on margins, brands to sustain

Q4FY21 topline remained subdued with growth in India and Germany offset by decline in US sales. Revenues stayed flattish, down 0.5% YoY to ₹ 1937 crore mainly due to 30.1% YoY decline in US formulations to ₹ 269 crore. Domestic sales grew 9.8% YoY to ₹ 922 crore. Brazil de-grew 3.6% YoY to ₹ 189 crore. Germany business grew a robust 23.6% YoY to ₹ 267 crore. EBITDA margins expanded 189 bps YoY to 30.0% mainly led by better gross margin performance. Subsequently, EBITDA grew 6.2% YoY to ₹ 582 crore. PAT grew 3.2% YoY to ₹ 324 crore. Delta vis-à-vis EBITDA was due to higher other income and lower interest cost being offset by negative tax (one-off) in base year.

## India growth steady; acquisitions to enhance coverage

Domestic branded formulations including CRAMs comprise 53% of sales. Acquisition of Elder Pharma's branded portfolio has added new therapies like nutraceuticals, gynaecology and helped fill up portfolio gaps. The Unichem acquisition has added branded portfolio comprising some power brands besides achievement of long term synergy benefits. Q4 saw continued recovery in chronic, sub-chronic and acute segment. We expect India sales to grow at ~14% CAGR in FY21-23E to ₹ 4869 crore.

## Volatility in export growth

Despite being a late entrant in the US market, Torrent has built a healthy pipeline. Exclusivity (shared) launches like gCymbalta, gAbilify in the past, have proven Torrent's capabilities. To expand its presence in non-oral segments like derma, injectable, oncology, it has acquired Zyg Pharma, Bio-Pharm. The company also entered into a number of collaborations. However, due to cGMP related issues in Indrad, Dahej plants, we expect US business growth to be muted in near term owing to delay in launches. Going ahead, we expect continued ramp up in Germany business as upgradation of its quality management systems is now complete. We expect Germany to grow at ~10% CAGR in FY21-23E. Branded business in Brazil is likely to stay strong. Overall, despite near-term challenging macroeconomic factors, region-specific volatility on larger scale, growth prospects stay intact.

## Valuation & Outlook

Q4 operational performance was in line with I-direct estimates whereas bottomline was better amid higher-than-expected other income and lower interest cost. Overhang pertaining to two US focused plants notwithstanding, Torrent continues to impress thanks to its robust margin profile that can be attributed to global portfolio that comprises ~60% branded generics. We expect a further improvement in this matrix, product rationalisation to further strengthen margins. The company's portfolio is finely balanced between India, Brazil, Germany and the US with India being the leader. With consistent FCF generation, moderation in core capex, we expect the leverage situation to improve substantially. With these key characteristics we believe the premium valuation is justified. We maintain **BUY** with a TP of ₹ 3290 (unchanged) based on 32x FY23E EPS of ₹ 102.8.

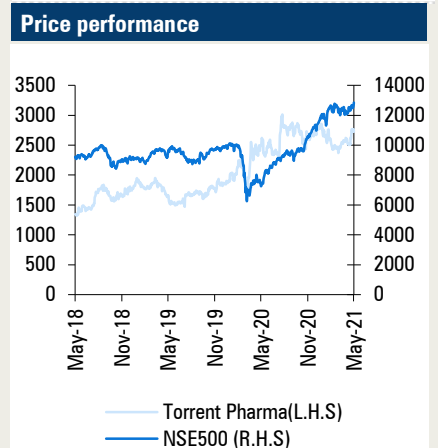
### Key Financial Summary

|                    | FY20   | FY21   | FY22E  | FY23E   | CAGR FY21-23E (%) |
|--------------------|--------|--------|--------|---------|-------------------|
| Revenues           | 7939.0 | 8005.0 | 9067.0 | 10087.5 | 12.3              |
| EBITDA             | 2170.0 | 2485.0 | 2742.9 | 3026.3  | 10.4              |
| EBITDA margins (%) | 27.3   | 31.0   | 30.3   | 30.0    |                   |
| Net Profit         | 1025.0 | 1252.0 | 1461.9 | 1739.2  | 17.9              |
| EPS (₹)            | 60.6   | 74.0   | 86.4   | 102.8   |                   |
| PE (x)             | 45.1   | 36.9   | 31.6   | 26.6    |                   |
| RoNW (%)           | 21.2   | 21.4   | 21.1   | 21.1    |                   |
| RoCE (%)           | 15.4   | 17.2   | 19.8   | 21.8    |                   |

Source: ICICI Direct Research; Company



| Particulars           | Amount        |
|-----------------------|---------------|
| Market Capitalisation | ₹ 46222 crore |
| Debt (FY21)           | ₹ 5090 crore  |
| Cash (FY21)           | ₹ 604 crore   |
| EV                    | ₹ 50709 crore |
| 52 week H/L (₹)       | 3040/2232     |
| Equity capital        | ₹ 84.6 crore  |
| Face value            | ₹ 5           |



### Key risks to our call

- Continued cGMP related issues in Indrad, Dahej plants
- Any adverse impact on US base business portfolio

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Exhibit 1: Variance Analysis

|                       | Q4FY21  | Q4FY21E | Q4FY20  | Q3FY21  | YoY (%) | QoQ (%) | Comments  |
|-----------------------|---------|---------|---------|---------|---------|---------|---|
| Revenue               | 1,937.0 | 1,990.2 | 1,946.0 | 1,995.0 | -0.5    | -2.9    | Growth in India and Germany nullified by decline in US, Brazil and CRAMs business   |
| Raw Material Expenses | 496.0   | 547.3   | 528.0   | 562.0   | -6.1    | -11.7   |   |
| Gross margins (%)     | 74.4    | 72.5    | 72.9    | 71.8    | 153 bps | 256 bps | Improved mainly due to better product mix led by branded portfolio  |
| Employee Expenses     | 341.0   | 358.2   | 336.0   | 363.0   | 1.5     | -6.1    |   |
| Other Expenditure     | 518.0   | 497.5   | 534.0   | 463.0   | -3.0    | 11.9    |   |
| EBITDA                | 582.0   | 587.1   | 548.0   | 607.0   | 6.2     | -4.1    |   |
| EBITDA (%)            | 30.0    | 29.5    | 28.2    | 30.4    | 189 bps | -38 bps | YoY improvement led by better gross margin performance  |
| Interest              | 73.0    | 91.0    | 102.0   | 91.0    | -28.4   | -19.8   |   |
| Depreciation          | 165.0   | 167.0   | 168.0   | 167.0   | -1.8    | -1.2    |   |
| Other Income          | 39.0    | 7.9     | 15.0    | 8.0     | 160.0   | 387.5   |   |
| PBT before EO & Forex | 383.0   | 337.0   | 293.0   | 357.0   | 30.7    | 7.3     |   |
| EO                    | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |   |
| PBT                   | 383.0   | 337.0   | 293.0   | 357.0   | 30.7    | 7.3     |   |
| Tax                   | 59.0    | 64.9    | -21.0   | 60.0    | LP      | -1.7    |   |
| PAT before MI         | 324.0   | 272.0   | 314.0   | 297.0   | 3.2     | 9.1     |   |
| MI                    | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |   |
| Adjusted PAT          | 324.0   | 272.0   | 314.0   | 297.0   | 3.2     | 9.1     | Delta vis-à-vis EBITDA was due to higher other income and lower interest cost being offset by negative tax (one-off) in base year. Adjusted for a one-time tax benefit, net profit grew 24% |

Key Metrics

|         |       |       |       |       |       |      |   |
|---------|-------|-------|-------|-------|-------|------|---|
| India   | 922.0 | 907.2 | 840.0 | 930.0 | 9.8   | -0.9 | YoY growth driven by continued recovery in chronic, sub-chronic and acute therapies, and aided by market share gains in high potential new launches |
| Brazil  | 189.0 | 180.3 | 196.0 | 173.0 | -3.6  | 9.2  | YoY growth in constant currency term was 19% driven by market share gained in key brands  |
| US      | 269.0 | 278.7 | 385.0 | 292.0 | -30.1 | -7.9 | Sales impacted by price erosion on base business & base impact of Sartan portfolio discontinuation  |
| Germany | 267.0 | 259.2 | 216.0 | 265.0 | 23.6  | 0.8  | The company has reported 14% YoY growth in constant currency term   |

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

| (₹ Crore)         | FY22E   |         |          | FY23E    |          |          | Comments   |
|-------------------|---------|---------|----------|----------|----------|----------|--|
|                   | Old     | New     | % Change | Old      | New      | % Change |  |
| Revenue           | 9,120.6 | 9,067.0 | -0.6     | 10,130.3 | 10,087.5 | -0.4     |  |
| EBITDA            | 2,645.0 | 2,742.9 | 3.7      | 3,039.1  | 3,026.3  | -0.4     |  |
| EBITDA Margin (%) | 29.0    | 30.3    | 125 bps  | 30.0     | 30.0     | 0 bps    |  |
| PAT               | 1,381.1 | 1,461.9 | 5.8      | 1,739.1  | 1,739.2  | 0.0      | Changed mainly due to change in margins expectation as per management guidance |
| EPS (₹)           | 81.6    | 86.4    | 5.8      | 102.8    | 102.8    | 0.0      |  |

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

| (₹ crore) | Current |         |         | Earlier |         |         | Comments   |
|-----------|---------|---------|---------|---------|---------|---------|--|
|           | FY20    | FY21    | FY22E   | FY23E   | FY22E   | FY23E   |  |
| India     | 3,517.0 | 3,740.0 | 4,347.3 | 4,868.9 | 4,330.2 | 4,849.9 |  |
| Brazil    | 715.0   | 631.0   | 690.5   | 745.8   | 676.9   | 731.1   |  |
| US        | 1,522.0 | 1,261.0 | 1,246.2 | 1,433.1 | 1,304.6 | 1,435.1 | Decline mainly due to lower than expected growth in FY21 and continuous price erosion in base business |
| Germany   | 947.0   | 1,039.0 | 1,163.7 | 1,256.8 | 1,154.9 | 1,293.5 |  |

Source: ICICI Direct Research

## Conference Call Highlights

- **India** - Growth led by 1) continued recovery in chronic, sub-chronic and acute brands and 2) market share gain in new launches
  - Torrent grew 6% in Q4FY21 as per AIOCD vs. market growth of 5%
  - Normalised IPM growth in H1FY22 to be likely ~15%
  - Other expenses in domestic market going up but not substantially
  - MR restructuring: productivity per month at ₹ 8.5 lakh. MRs down to 3600
    - (a) Goal to reach ₹ 10 lakh PCPM
  - Three products launched in Q4FY21, ranked No. 1 by volume in domestic Vildagliptin sales
  - AIOCD growth bifurcation- Price hike: 6-7% (sustainable, going ahead)
- **US** sales (constant currency US\$37 million) declined due to Sartan discontinuation and base portfolio price erosion
  - As of FY21 - 54 ANDAs pending approval. Eight ANDA filed in Q4FY21. Six tentative approvals were received
  - Sartans to be re-launched in June 2021, to have four to five products by year end
  - Some Derma products to be also introduced
  - US sales likely to stabilise in due course on the back of new products launches (incl. through external partners)
  - One good product (dapsons) in litigation. It may get launched in FY22 based on outcome
  - Levittown sales started from April 2021, commercialisation in June 2021
    - (a) to contribute US\$10-15 million over a period of time
- **Brazil** - Constant currency sales at Brazilian Real 141 million up by 19%
  - Branded generic market grew by 5% YoY, Torrent grew led by higher volumes and new launches
  - 20% population vaccinated
  - Price hike in products are normally at ~4-5%
  - In FY21, market grew 8.8% led by Covid products; Torrent grew 11%
  - FY22 market growth likely ~9-10% with Torrent performing better
  - October 2021 – tender business to be discontinued
  - Generics brands were at 10% of overall Brazil revenues, Branded at 90%
- **Germany** - Constant currency sales were €30 million (up 14% YoY)
  - Market impacted amid lockdown + wholesales facing Covid related challenges

- Torrent to be able to grow in high single digit once Covid situation normalises
- FY21 debt repayment was ~₹ 900 crore; FY22 debt repayment to be similar
- R&D for FY22-23 to be around 6-6.5%
- Gross margins to be ~73%
- Normalised inventory days ~90-100 days
- FY22 capex to be ₹ 250-300 crore (maintenance)
- Tax rate for FY22: 22-25%

Exhibit 4: Quarterly Performance

| ₹ Crore            | Q4FY18 | Q1FY19 | Q2FY19 | Q3FY19 | Q4FY19 | Q1FY20 | Q2FY20 | Q3FY20 | Q4FY20 | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 | YoY (%)  | QoQ (%)  |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------|----------|
| Revenues           | 1722.0 | 1872.0 | 1894.0 | 2051.0 | 1856.0 | 2022.0 | 2005.0 | 1966.0 | 1946.0 | 2056.0 | 2017.0 | 1995.0 | 1937.0 | -0.5     | -2.9     |
| Total RM cost      | 463.0  | 558.0  | 548.0  | 580.0  | 533.0  | 559.0  | 538.0  | 542.0  | 528.0  | 535.0  | 554.0  | 562.0  | 496.0  | -6.1     | -11.7    |
| % sales            | 26.9   | 29.8   | 28.9   | 28.3   | 28.7   | 27.6   | 26.8   | 27.6   | 27.1   | 26.0   | 27.5   | 28.2   | 25.6   | -153 bps | -256 bps |
| Gross Profit       | 1259.0 | 1314.0 | 1346.0 | 1471.0 | 1323.0 | 1463.0 | 1467.0 | 1424.0 | 1418.0 | 1521.0 | 1463.0 | 1433.0 | 1441.0 | 1.6      | 0.6      |
| GPM (%)            | 73.1   | 70.2   | 71.1   | 71.7   | 71.3   | 72.4   | 73.2   | 72.4   | 72.9   | 74.0   | 72.5   | 71.8   | 74.4   | 153 bps  | 256 bps  |
| Employee cost      | 317.0  | 346.0  | 343.0  | 368.0  | 347.0  | 381.0  | 358.0  | 354.0  | 336.0  | 373.0  | 363.0  | 363.0  | 341.0  | 1.5      | -6.1     |
| % sales            | 18.4   | 18.5   | 18.1   | 17.9   | 18.7   | 18.8   | 17.9   | 18.0   | 17.3   | 18.1   | 18.0   | 18.2   | 17.6   | 34 bps   | -59 bps  |
| Other expenditure  | 578.0  | 491.0  | 530.0  | 542.0  | 503.0  | 541.0  | 568.0  | 530.0  | 534.0  | 487.0  | 465.0  | 463.0  | 518.0  | -3.0     | 11.9     |
| % of sales         | 33.6   | 26.2   | 28.0   | 26.4   | 27.1   | 26.8   | 28.3   | 27.0   | 27.4   | 23.7   | 23.1   | 23.2   | 26.7   | -70 bps  | 353 bps  |
| Total Expenditure  | 1358.0 | 1395.0 | 1421.0 | 1490.0 | 1383.0 | 1481.0 | 1464.0 | 1426.0 | 1398.0 | 1395.0 | 1382.0 | 1388.0 | 1355.0 | -3.1     | -2.4     |
| % of Revenues      | 78.9   | 74.5   | 75.0   | 72.6   | 74.5   | 73.2   | 73.0   | 72.5   | 71.8   | 67.9   | 68.5   | 69.6   | 70.0   | -189 bps | 38 bps   |
| EBITDA             | 364.0  | 477.0  | 473.0  | 561.0  | 473.0  | 541.0  | 541.0  | 540.0  | 548.0  | 661.0  | 635.0  | 607.0  | 582.0  | 6.2      | -4.1     |
| EBITDA Margins (%) | 21.1   | 25.5   | 25.0   | 27.4   | 25.5   | 26.8   | 27.0   | 27.5   | 28.2   | 32.1   | 31.5   | 30.4   | 30.0   | 189 bps  | -38 bps  |
| Depreciation       | 151.0  | 150.0  | 152.0  | 156.0  | 160.0  | 160.0  | 163.0  | 163.0  | 168.0  | 161.0  | 165.0  | 167.0  | 165.0  | -1.8     | -1.2     |
| Interest cost      | 121.0  | 122.0  | 126.0  | 133.0  | 123.0  | 122.0  | 116.0  | 111.0  | 102.0  | 102.0  | 92.0   | 91.0   | 73.0   | -28.4    | -19.8    |
| Other Income       | 42.0   | 27.0   | 10.0   | 3.0    | 17.0   | 20.0   | 34.0   | 53.0   | 15.0   | 4.0    | 6.0    | 8.0    | 39.0   | 160.0    | 387.5    |
| PBT before forex & | 134.0  | 232.0  | 205.0  | 275.0  | 207.0  | 279.0  | 296.0  | 319.0  | 293.0  | 402.0  | 384.0  | 357.0  | 383.0  | 30.7     | 7.3      |
| Forex & EO         | 0.0    | 0.0    | 0.0    | 0.0    | -357.0 | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |          |          |
| PBT                | 134.0  | 232.0  | 205.0  | 275.0  | -150.0 | 279.0  | 296.0  | 319.0  | 293.0  | 402.0  | 384.0  | 357.0  | 383.0  | 30.7     | 7.3      |
| Tax                | -94.0  | 69.0   | 26.0   | 29.0   | 2.0    | 63.0   | 52.0   | 68.0   | -21.0  | 81.0   | 74.0   | 60.0   | 59.0   | -381.0   | -1.7     |
| Tax rate (%)       | -70.1  | 29.7   | 12.7   | 10.5   | -1.3   | 22.6   | 17.6   | 21.3   | -7.2   | 20.1   | 19.3   | 16.8   | 15.4   |          |          |
| PAT                | 228.0  | 163.0  | 179.0  | 246.0  | -152.0 | 216.0  | 244.0  | 251.0  | 314.0  | 321.0  | 310.0  | 297.0  | 324.0  | 3.2      | 9.1      |
| PAT after MI       | 228.0  | 163.0  | 179.0  | 246.0  | -152.0 | 216.0  | 244.0  | 251.0  | 314.0  | 321.0  | 310.0  | 297.0  | 324.0  | 3.2      | 9.1      |
| EPS (₹)            | 13.5   | 9.6    | 10.6   | 14.5   | -9.0   | 12.8   | 14.4   | 14.8   | 18.6   | 19.0   | 18.3   | 17.5   | 19.1   |          |          |

Source: ICICI Direct Research, Company

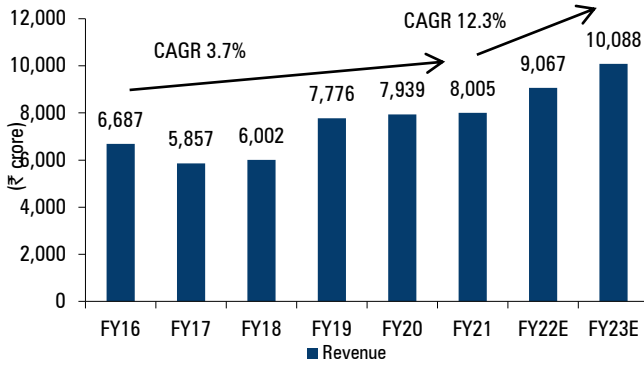
## Company Background

Incorporated in 1959, the company is a mid-sized generic player with a strong presence in domestic and semi-regulated markets and a growing presence in regulated markets. It is also present in the Indian CRAMS space via supply agreement with Danish pharma major Novo Nordisk for the latter's insulin business in India. Also, there are chronic therapies like cardiovascular, neurology and diabetology along with women's healthcare and pain management post acquisition of Elder's selected domestic portfolio. In FY14, the company acquired Elder Pharma's domestic portfolio of 30 brands mainly in the women's healthcare, pain management and nutraceuticals business. Elder's premium calcium supplement brand Shelcal had a market share of ~30%. Torrent acquired two brands from Novartis in Q1FY18, which further strengthens its domestic gynaecology portfolio.

The company acquired Unichem's branded business of India and Nepal on a slump sale basis for a consideration of ₹ 3,600 crore (~4x sales) in CY17. Unichem's India business comprises a portfolio of more than 120 brands in India and Nepal, a manufacturing plant at Sikkim catering to these markets and all the employees engaged in the said business. Unichem's top brands included Losar, Unienzyme, Ampoxin, Telsar and Vizylac.

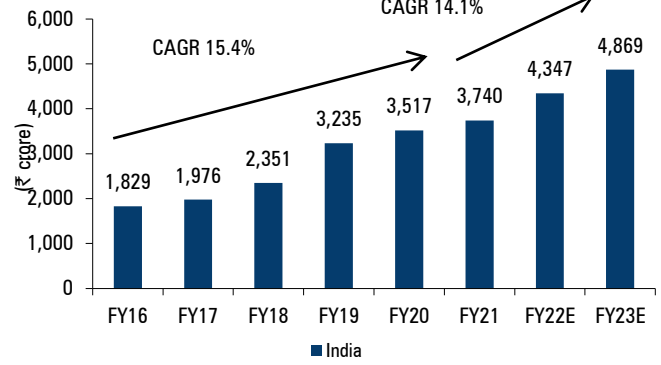
The company has a significant presence in the exports market in countries like Brazil, Germany and lately in the US among others. Despite being a late entrant in the US, the company's US revenue was at ~US\$166 million in FY21, up from just ~US\$23 million in FY11 mainly due to limited competition products such as gAbilify (Aripiprazole, CNS) in FY16 and gCymbalta (duloxetine; anti-depression) in FY14. Post acquisition of Zyg Pharma (from Mumbai based Encore Group), the company has also started filings in niche dermatological segment in the US. Chronic focus, financial discipline, successful M&A/deal making track record, higher return ratios and higher dividend payouts are some of the USPs of Torrent Pharma.

Exhibit 5: Revenues to grow at 12% CAGR over FY21-23E



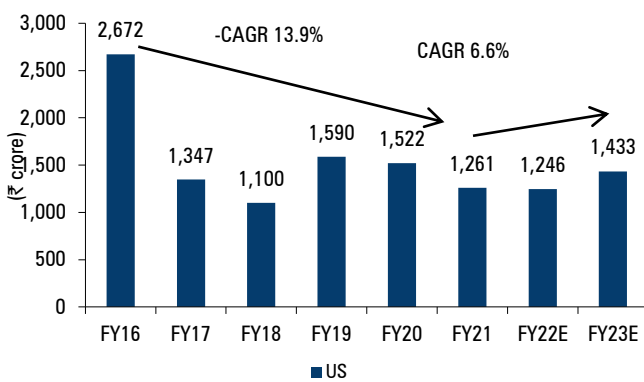
Source: ICICI Direct Research, Company

Exhibit 6: India to grow at CAGR of 14% over FY21-23E



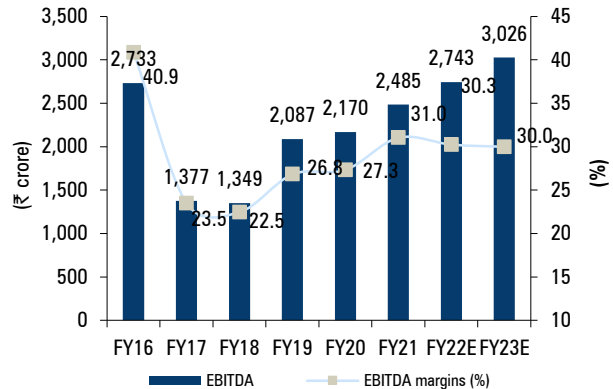
Source: ICICI Direct Research, Company

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



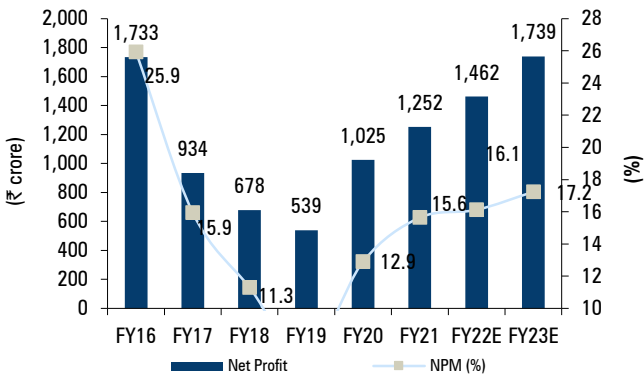
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



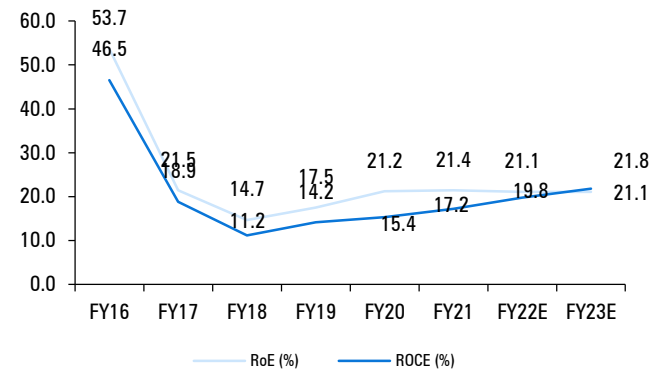
Source: ICICI Direct Research, Company

Exhibit 9: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 10: RoE & ROCE trend



Source: ICICI Direct Research, Company

Exhibit 11: Revenue break-up

| ₹ crore             | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22E | FY23E | CAGR FY16-21 (%) | CAGR FY21-23E (%) |
|---------------------|------|------|------|------|------|------|-------|-------|------------------|-------------------|
| India               | 1829 | 1976 | 2351 | 3235 | 3517 | 3740 | 4347  | 4869  | 15.4             | 14.1              |
| CRAMs (Incl Others) | 600  | 545  | 408  | 467  | 472  | 517  | 583   | 641   | -2.9             | 11.3              |
| US                  | 2672 | 1347 | 1100 | 1590 | 1522 | 1261 | 1246  | 1433  | -13.9            | 6.6               |
| Others              | 425  | 488  | 522  | 684  | 765  | 820  | 902   | 992   | 14.0             | 10.0              |
| Germany             | 648  | 811  | 912  | 1008 | 947  | 1039 | 1164  | 1257  | 9.9              | 10.0              |
| Brazil              | 506  | 699  | 709  | 689  | 715  | 631  | 691   | 746   | 4.5              | 8.7               |

Source: ICICI Direct Research

**Exhibit 12: Financial Summary**

|       | Revenues  | Growth | Adj. EPS | Growth | P/E  | EV/EBITDA | RoE  | RoCE |
|-------|-----------|--------|----------|--------|------|-----------|------|------|
|       | (₹ crore) | (%)    | (₹)      | (%)    | (x)  | (X)       | (%)  | (%)  |
| FY20  | 7939      | 2.1    | 60.6     | 23.7   | 45.1 | 23.7      | 21.2 | 15.4 |
| FY21  | 8005      | 0.8    | 74.0     | 22.1   | 36.9 | 20.4      | 21.4 | 17.2 |
| FY22E | 9067      | 13.3   | 86.4     | 16.8   | 31.6 | 17.6      | 21.1 | 19.8 |
| FY23E | 10088     | 11.3   | 102.8    | 19.0   | 26.6 | 15.5      | 21.1 | 21.8 |

Source: ICICI Direct Research, Company

**Exhibit 13: Shareholding Pattern**

| (in %)   | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 |
|----------|--------|--------|--------|--------|--------|
| Promoter | 71.3   | 71.3   | 71.3   | 71.3   | 71.3   |
| Others   | 28.8   | 28.8   | 28.8   | 28.8   | 28.8   |

Source: ICICI Direct Research, Company

## Financial Summary

Exhibit 14: Profit & Loss (₹ crore)

| (Year-end March)            | FY20           | FY21           | FY22E          | FY23E           |
|-----------------------------|----------------|----------------|----------------|-----------------|
| <b>Revenues</b>             | <b>7,939.0</b> | <b>8,005.0</b> | <b>9,067.0</b> | <b>10,087.5</b> |
| Growth (%)                  | 2.1            | 0.8            | 13.3           | 11.3            |
| Raw Material Expenses       | 2167.0         | 2147.0         | 2448.1         | 2723.6          |
| Employee Expenses           | 1429.0         | 1440.0         | 1541.4         | 1664.4          |
| Other Expenses              | 2173.0         | 1933.0         | 2334.6         | 2673.2          |
| Total Operating Expenditure | 5769.0         | 5520.0         | 6324.0         | 7061.3          |
| <b>EBITDA</b>               | <b>2,170.0</b> | <b>2,485.0</b> | <b>2,742.9</b> | <b>3,026.3</b>  |
| Growth (%)                  | 4.0            | 14.5           | 10.4           | 10.3            |
| Depreciation                | 654.0          | 658.0          | 674.2          | 690.3           |
| Interest                    | 451.0          | 358.0          | 286.3          | 216.3           |
| Other Income                | 122.0          | 57.0           | 116.1          | 139.1           |
| PBT                         | 1187.0         | 1526.0         | 1898.6         | 2258.7          |
| Total Tax                   | 162.0          | 274.0          | 436.7          | 519.5           |
| PAT before MI               | 1025.0         | 1252.0         | 1461.9         | 1739.2          |
| <b>Adjusted PAT</b>         | <b>1,025.0</b> | <b>1,252.0</b> | <b>1,461.9</b> | <b>1,739.2</b>  |
| Growth (%)                  | 23.7           | 22.1           | 16.8           | 19.0            |
| <b>EPS (Adjusted)</b>       | <b>60.6</b>    | <b>74.0</b>    | <b>86.4</b>    | <b>102.8</b>    |

Source: ICICI Direct Research; Company

Exhibit 15: Cash Flow Statement (₹ crore)

| (Year-end March)                     | FY20            | FY21            | FY22E           | FY23E           |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Profit/(Loss) after taxation         | 903.0           | 1350.0          | 1461.9          | 1739.2          |
| Depreciation                         | 654.0           | 658.0           | 674.2           | 690.3           |
| Add: Interest Paid                   | 451.0           | 358.0           | 286.3           | 216.3           |
| Other operational Activities         | -616.0          | -355.0          | 672.1           | -148.1          |
| <b>CF from operation</b>             | <b>1,392.0</b>  | <b>2,011.0</b>  | <b>3,094.5</b>  | <b>2,497.8</b>  |
| Purchase/sales of Fixed Asset:       | -402.0          | -334.0          | -250.0          | -250.0          |
| (Inc)/Dec in Investments             | 30.0            | -120.0          | -361.0          | -500.0          |
| Long Term Provision                  | 0.0             | 0.0             | 37.0            | 40.7            |
| Other Investing Activities           | 379.0           | 37.0            | -52.0           | -57.2           |
| <b>CF from Investing Activities</b>  | <b>7.0</b>      | <b>-417.0</b>   | <b>-626.0</b>   | <b>-766.5</b>   |
| Inc / (Dec) in Equity Capital        | 0.0             | 0.0             | 0.0             | 0.0             |
| Inc / (Dec) in Loan Funds            | -345.0          | -957.0          | -1000.0         | -1000.0         |
| Dividend and dividend tax            | -719.0          | -338.0          | -360.9          | -429.3          |
| Other Financing Activities           | -485.0          | -361.0          | -286.3          | -216.3          |
| <b>CF from Financing Activities</b>  | <b>-1,549.0</b> | <b>-1,656.0</b> | <b>-1,647.2</b> | <b>-1,645.6</b> |
| Cash generation during the year      | -150.0          | -62.0           | 821.3           | 85.6            |
| Op bal Cash & Cash equivalent        | 816.0           | 666.0           | 604.0           | 1425.3          |
| Adjustments                          | 0.0             | 0.0             | 0.0             | 0.0             |
| <b>Closing Cash/ Cash Equivalent</b> | <b>666.0</b>    | <b>604.0</b>    | <b>1,425.3</b>  | <b>1,511.0</b>  |
| <b>Free Cash Flow</b>                | <b>990</b>      | <b>1,677.0</b>  | <b>2,844.5</b>  | <b>2,247.8</b>  |

Source: ICICI Direct Research; Company

Exhibit 16: Balance Sheet (₹ crore)

| (Year-end March)             | FY20            | FY21            | FY22E           | FY23E           |
|------------------------------|-----------------|-----------------|-----------------|-----------------|
| Equity Capital               | 85.0            | 85.0            | 85.0            | 85.0            |
| Reserve and Surplus          | 4,739.0         | 5,753.0         | 6,854.0         | 8,163.9         |
| Total Shareholders funds     | 4,824.0         | 5,838.0         | 6,939.0         | 8,248.9         |
| Total Debt                   | 5,840.3         | 5,090.3         | 4,090.3         | 3,090.3         |
| Other LT Liabilities & LT Pr | 428.0           | 405.0           | 445.5           | 490.1           |
| <b>Total Liabilities</b>     | <b>11,092.3</b> | <b>11,333.3</b> | <b>11,474.9</b> | <b>11,829.3</b> |
| Gross Block - Fixed Assets:  | 9,992.0         | 10,183.0        | 10,433.0        | 10,683.0        |
| Accumulated Depreciation     | 2,801.0         | 3,459.0         | 4,133.2         | 4,823.5         |
| Net Block                    | 7,191.0         | 6,724.0         | 6,299.8         | 5,859.5         |
| Capital WIP                  | 712.0           | 889.0           | 889.0           | 889.0           |
| Total Fixed Assets           | 7,903.0         | 7,613.0         | 7,188.8         | 6,748.5         |
| Goodwill on Consolidation    | 342.0           | 341.0           | 341.0           | 341.0           |
| Investments                  | 2.0             | 181.0           | 542.0           | 1,042.0         |
| Deferred tax assets          | 433.0           | 421.0           | 463.1           | 509.4           |
| Other non-current assets     | 349.0           | 134.0           | 147.4           | 162.1           |
| Cash                         | 666.0           | 604.0           | 1,425.3         | 1,511.0         |
| Debtors                      | 1,649.0         | 1,523.0         | 1,725.0         | 1,919.2         |
| Loans and Advances           | 4.0             | 3.0             | 4.1             | 5.2             |
| Inventory                    | 2,148.0         | 2,681.0         | 2,284.9         | 2,542.1         |
| Other current assets         | 542.0           | 574.0           | 575.1           | 576.2           |
| Total Current Assets         | 5,009.0         | 5,385.0         | 6,014.4         | 6,553.6         |
| Creditors                    | 2,076.0         | 2,067.0         | 2,475.7         | 2,754.3         |
| Provisions & other current   | 869.7           | 674.7           | 746.3           | 773.1           |
| Total Current Liabilities    | 2,945.7         | 2,741.7         | 3,221.9         | 3,527.4         |
| Net Current Assets           | 2,063.3         | 2,643.3         | 2,792.5         | 3,026.2         |
| <b>Application of Funds</b>  | <b>11,092.3</b> | <b>11,333.3</b> | <b>11,474.9</b> | <b>11,829.3</b> |

Source: ICICI Direct Research; Company

Exhibit 17: Key Ratios (₹ crore)

| (Year-end March)            | FY20  | FY21  | FY22E | FY23E |
|-----------------------------|-------|-------|-------|-------|
| <b>Per share data (₹)</b>   |       |       |       |       |
| Reported EPS                | 60.6  | 74.0  | 86.4  | 102.8 |
| BV per share                | 285.0 | 345.0 | 410.0 | 487.4 |
| Dividend per share          | 32    | 35    | 21    | 25    |
| Cash Per Share              | 39.4  | 35.7  | 84.2  | 89.3  |
| <b>Operating Ratios (%)</b> |       |       |       |       |
| Gross Profit Margins        | 72.7  | 73.2  | 73.0  | 73.0  |
| EBITDA Margins              | 27.3  | 31.0  | 30.3  | 30.0  |
| PAT Margins                 | 12.9  | 15.6  | 16.1  | 17.2  |
| Inventory days              | 98.8  | 122.2 | 92.0  | 92.0  |
| Debtor days                 | 75.8  | 69.4  | 69.4  | 69.4  |
| Creditor days               | 95.4  | 94.2  | 99.7  | 99.7  |
| Asset Turnover              | 0.8   | 0.8   | 0.9   | 0.9   |
| EBITDA conversion Rate      | 64.1  | 80.9  | 112.8 | 82.5  |
| <b>Return Ratios (%)</b>    |       |       |       |       |
| RoE                         | 21.2  | 21.4  | 21.1  | 21.1  |
| RoCE                        | 15.4  | 17.2  | 19.8  | 21.8  |
| RoIC                        | 16.3  | 19.7  | 25.2  | 29.4  |
| <b>Valuation Ratios (x)</b> |       |       |       |       |
| P/E                         | 45.1  | 36.9  | 31.6  | 26.6  |
| EV / EBITDA                 | 23.7  | 20.4  | 17.6  | 15.5  |
| EV / Net Sales              | 6.5   | 6.3   | 5.3   | 4.6   |
| Market Cap / Sales          | 5.8   | 5.8   | 5.1   | 4.6   |
| Price to Book Value         | 9.6   | 7.9   | 6.7   | 5.6   |
| <b>Solvency Ratios</b>      |       |       |       |       |
| Debt / EBITDA               | 2.7   | 2.0   | 1.5   | 1.0   |
| Debt / Equity               | 1.2   | 0.9   | 0.6   | 0.4   |
| Current Ratio               | 1.5   | 1.7   | 1.4   | 1.4   |

Source: ICICI Direct Research; Company



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