

Branded business continues to influence numbers...

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

- Revenues – India including CRAMs (59.8%), Brazil (8.3%), US (11.3%) and Germany (10.4%)
- Torrent is the eighth largest domestic player and is ranked in top 10 for CVS, CNS, V&M, GI and anti-diabetes therapies in India

Q2FY23 Results: Growth in revenues boosted by branded portfolio.

- Revenues grew 7.2% YoY to ₹ 2291 crore, mainly driven by double digit growth in India and Brazil, the branded generics market for Torrent
- EBITDA margins witnessed a minimal decline of ~125 bps to 29.6%, due to change in revenue mix, higher revenues from US and Germany (comparatively low margin businesses). EBITDA increased 2.9% YoY to ₹ 679 crore
- PAT declined 1.3 % YoY to ₹ 312 crore, declined 11.9% QoQ

What should investors do? Torrent's share price has grown by ~1.9x over the past three years (from ~₹ 824 in October 2019 to ~₹ 1573 levels in October 2022).

- We downgrade the rating from BUY to **HOLD** as the current price factors in potential upside from the branded business

Target Price and Valuation: Valued at ₹ 1690 i.e. 37x FY24E EPS of ₹45.7

Key triggers for future price performance:

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

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

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



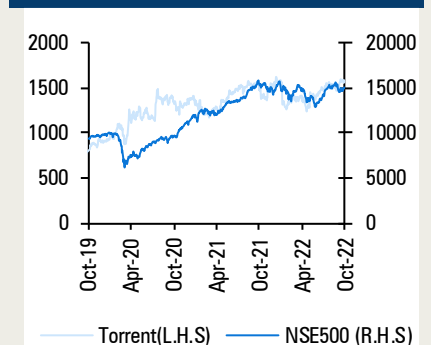
Particulars

Particular	Amount
Market Capitalisation	₹53404 crore
Debt (FY22)	₹ 4018 crore
Cash (FY22)	₹ 403 crore
EV	₹57019 crore
52 week H/L (₹)	1652/1243
Equity capital	₹ 169.2 crore
Face value	₹ 5

Shareholding pattern

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

Price Chart



Recent Event & Key risks

- Acquisition of Curatio Healthcare
- Key Risk:** (i) Regulatory delays (ii) Lower than expected take-off in tender market in Germany

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Key Financial Summary

Key Financials (₹ crore)	FY20	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Revenues	7939.0	8005.0	8508.0	7.8	9538.1	10656.3	11.9
EBITDA	2170.0	2480.0	2431.0	12.0	2848.8	3183.8	14.4
EBITDA margins (%)	27.3	31.0	28.6		29.9	29.9	
Net Profit	1025.0	1252.0	1084.4	-3.6	1276.8	1545.0	19.4
EPS (₹)	30.3	37.0	32.0		37.7	45.7	
PE (x)	52.1	42.7	68.7		46.3	34.6	
RoNW (%)	21.2	21.4	18.2		18.8	19.4	
RoCE (%)	15.4	17.6	19.7		18.4	21.1	
Debt / Equity	1.2	0.8	0.7		0.8	0.5	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q1FY23 Results: Steady quarterly performance

- Revenues grew 7.2% YoY to ₹ 2291 crore, mainly driven by high double digit growth in India and Brazil, the branded generics market for Torrent. EBITDA margins witnessed a minimal decline of ~125 bps to 29.6%, due to change in revenue mix, higher revenues from the US and Germany (comparatively low margin businesses). EBITDA increased 2.9% YoY to ₹ 679 crore. PAT declined 1.3 % YoY to ₹ 312 crore, down 11.9% QoQ
- India business grew 12.6% YoY to ₹ 1224 crore on the back of new launches, performance of top brands and market outperformance across focus therapies
- Brazil business grew 18.6% YoY to ₹ 185 crore; growth was aided by performance of new launches
- US business grew 2.8 % YoY ₹ 292 crore. Growth was mainly due to currency impact and volume growth
- Germany business de-grew 12% YoY to ₹ 220 crore, due to tender losses in previous quarters. Torrent has already initiated measures to improve price competitiveness
- Torrent's numbers were in line with our estimates on the sales front but the margin front was impacted due to change in product mix, branded generics business India and Brazil (High margin business) was lower than expected vs. the US and Germany, which are lower margin business coming higher than our estimates. We remain positive on the company's growth story and expect some headwinds from acquisition of Curatio Healthcare

Q1FY23 Earnings Conference Call highlights

- **India** – Secondary market data growth breakup: New launches – 4%, Price – 9%, Volume – 6% in Q2FY23. The management expects double digit growth of India should sustain
- **US sales** – Torrent saw double digit price erosion in US portfolio. The company is awaiting response from USFDA. Torrent has replied to observations by USFDA. The management is guiding for near to double-digits filings in FY23. The company is not incurring any new capex for the US. They said market is very competitive
- **Brazil** – Constant currency growth is 10% revenue, pegged at R\$ 121 million. About 88% of business is in branded generics, which has grown at 14% in Q2FY23 according to industry data. The management is guiding for high single to double digit growth, going forward. Torrent has launched five products in 2022, with two being large in size, which are seeing intense price competition
- **Germany** – Constant currency revenues were €27 million. The management expects new tender impact to be in the last quarter of FY23. It was impacted due to tender losses in previous quarters. The management expects Germany to grow in high single digits
- Funding of the Curatio acquisition will be through debt, with cost of debt being 7.2%, After paying ₹ 900 crore of debt and adding Curatio funding debt, net debt for Torrent will be at ₹ 1200 crore for this financial year
- The management said they will allocate majority of the capital for the inorganic growth to Indian markets
- The contribution from the PLI scheme is insignificant in FY23. A ramp-up is expected from FY24

Exhibit 1: Variance Analysis

	Q2FY23	Q2FY23E	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	Comments
Revenue	2,291.0	2,356.6	2,137.0	7.2	2,347.0	-2.4	YoY growth driven by India and Brazil performance
Raw Material Expenses	641.0	655.1	595.0	7.7	660.0	-2.9	
Gross margins (%)	72.0	72.2	72.2	-14 bps	71.9	14 bps	
Employee Expenses	394.0	424.2	389.0	1.3	420.0	-6.2	
Other Expenditure	577.0	552.6	493.0	17.0	555.0	4.0	
EBITDA	679.0	724.6	660.0	2.9	712.0	-4.6	
EBITDA (%)	29.6	30.8	30.9	-125 bps	30.3	-70 bps	YoY decline due to change in product mix.
Interest	69.0	58.7	71.0	-2.8	55.0	25.5	
Depreciation	163.0	171.4	168.0	-3.0	155.0	5.2	
Other Income	16.0	46.6	51.0	-68.6	30.0	-46.7	
PBT before EO & Forex	463.0	541.2	472.0	-1.9	532.0	-13.0	
EO	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	463.0	541.2	472.0	-1.9	532.0	-13.0	
Tax	151.0	173.2	156.0	-3.2	178.0	-15.2	
PAT before MI	312.0	368.0	316.0	-1.3	354.0	-11.9	
MI	0.0	0.0	0.0	0.0	0.0	0.0	
Adjusted PAT	312.0	368.0	316.0	-1.3	354.0	-11.9	Impacted due to other expenses.
Key Metrics							
India	1,224.0	1,250.1	1,087.0	12.6	1,245.0	-1.7	Secondary market data growth Breakup: New launches – 4%, Price – 9%, Volume – 6%
Brazil	185.0	195.0	156.0	18.6	184.0	0.5	Two products saw a much larger price erosion than expected, management confident of achieving double digit growth.
US	292.0	278.6	284.0	2.8	299.0	-2.3	Double digit price erosion in matured portfolio, YoY increase driven by volume growth.
Germany	220.0	213.4	251.0	-12.4	214.0	2.8	New tender (two-year period) impact will be in last quarter, cumulative impact of new launches.

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY23E			FY24E			
	Old	New	% Change	Old	New	% Change	
Revenue	9,590.7	9,538.1	-0.5	10,819.2	10,656.3	-1.5	US price erosion and numbers expected from India and Brazil were comparatively lower
EBITDA	2,890.6	2,848.8	-1.4	3,232.3	3,183.8	-1.5	
EBITDA Margin (%)	30.1	29.9	-27 bps	29.9	29.9	0 bps	
PAT	1,251.1	1,152.5	-7.9	1,580.4	1,545.0	-2.2	
EPS (₹)	37.0	34.1	-7.9	46.7	45.7	-2.2	

Source: ICICI Direct Research

Exhibit 3: Assumptions

(₹ crore)	Current				Earlier		Comments
	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
India	3,740.0	4,286.0	4,976.7	5,727.9	4,801.9	5,378.1	Curatio Acquisition
Brazil	631.0	742.0	823.8	922.7	813.1	894.4	
US	1,261.0	1,067.0	1,155.9	1,171.5	1,152.4	1,267.6	
Germany	1,039.0	966.0	940.7	1,025.3	966.1	1,043.4	Tender losses

Source: ICICI Direct Research

Exhibit 4: Revenue Breakup

₹ crore	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	AGR FY17-22 (%)	AGR FY22-24E (%)
India	1829	1976	2351	3235	3517	3740	4286	4977	5728	16.7	15.6
CRAMs (Incl Others)	600	545	408	467	472	517	570	620	682	0.9	9.4
US	2672	1347	1100	1590	1522	1261	1067	1156	1172	-4.6	4.8
Others	425	488	522	684	765	820	881	873	960	12.6	4.4
Germany	648	811	912	1008	947	1039	966	941	1025	3.6	3.0
Brazil	506	699	709	689	715	631	742	824	923	1.2	11.5
R&D As % of Sales	4.0	7.4	8.0	8.0	6.2	6.1	6.1	7.0	7.0		

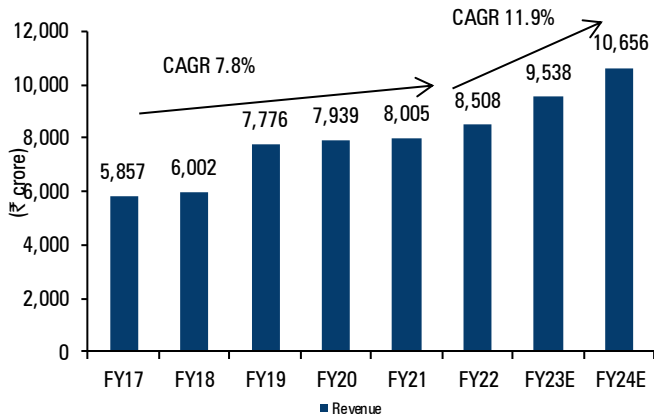
Source: ICICI Direct Research

Exhibit 5: Financial Summary

	Revenues (₹ crore)	Growth (%)	Adj. EPS (₹)	Growth (%)	P/E (x)	EV/EBITDA (X)	RoE (%)	RoCE (%)
FY21	8005	0.8	37.0	22.1	42.7	23.2	21.4	17.6
FY22	8508	6.3	32.0	-13.4	68.7	23.4	18.2	19.7
FY23E	9538	12.1	37.7	17.7	46.3	20.2	18.8	18.4
FY24E	10656	11.7	45.7	21.0	34.6	17.6	19.4	21.1

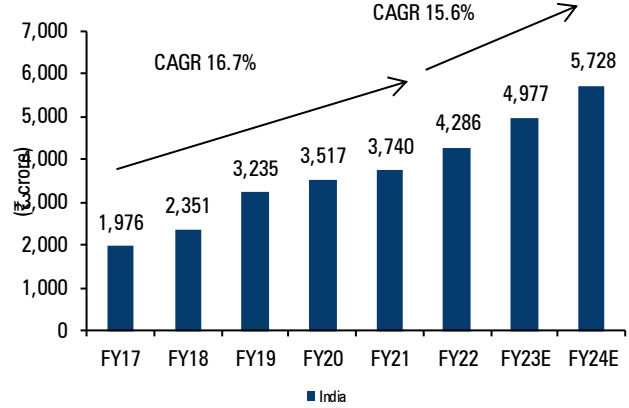
Source: ICICI Direct Research

Exhibit 6: Revenues to grow at 11.9% CAGR over FY22-24E



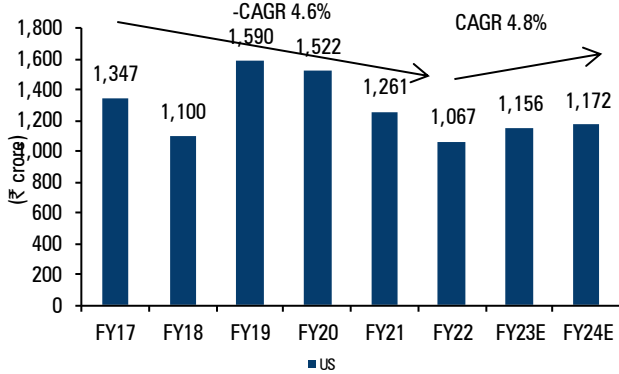
Source: ICICI Direct Research, Company

Exhibit 7: India to grow at CAGR of 15.6% over FY22-24E



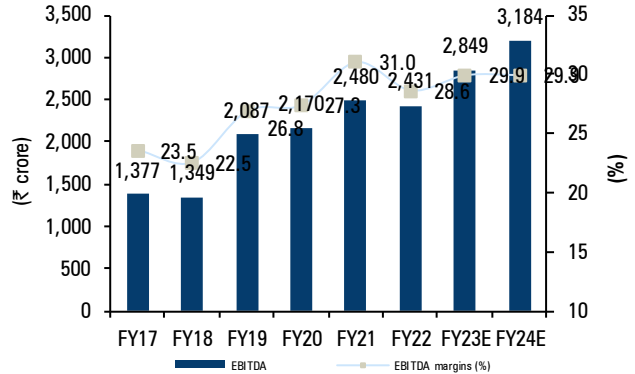
Source: ICICI Direct Research, Company

Exhibit 8: US to grow at CAGR of 4.8% over FY22-24E



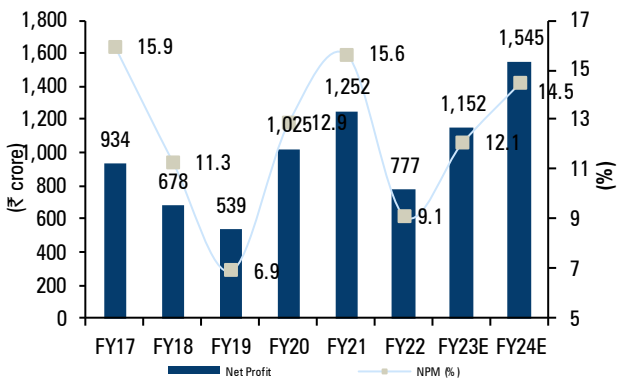
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



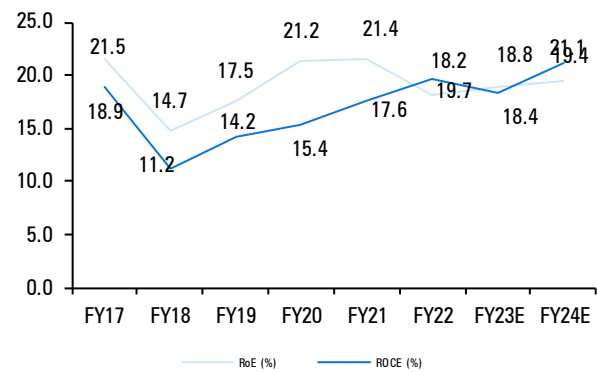
Source: ICICI Direct Research, Company

Exhibit 10: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 11: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 12: Trends in Quarterly Performance

₹ Crore	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	YoY (%)	QoQ (%)
Revenues	2005.0	1966.0	1946.0	2056.0	2017.0	1995.0	1937.0	2134.0	2137.0	2106.0	2131.0	2347.0	2291.0	7.2	-2.4
Total RM cost	538.0	542.0	528.0	535.0	554.0	562.0	496.0	588.0	595.0	638.0	622.0	660.0	641.0	7.7	-2.9
% sales	26.8	27.6	27.1	26.0	27.5	28.2	25.6	27.6	27.8	30.3	29.2	28.1	28.0	14 bps	-14 bps
Gross Profit	1467.0	1424.0	1418.0	1521.0	1463.0	1433.0	1441.0	1546.0	1542.0	1468.0	1509.0	1687.0	1650.0	7.0	-2.2
GPM (%)	73.2	72.4	72.9	74.0	72.5	71.8	74.4	72.4	72.2	69.7	70.8	71.9	72.0	-14 bps	14 bps
Employee cost	358.0	354.0	336.0	373.0	363.0	363.0	341.0	385.0	389.0	388.0	364.0	420.0	394.0	1.3	-6.2
% sales	17.9	18.0	17.3	18.1	18.0	18.2	17.6	18.0	18.2	18.4	17.1	17.9	17.2	-101 bps	-70 bps
Other expenditure	568.0	530.0	534.0	487.0	465.0	463.0	518.0	484.0	493.0	544.0	584.0	555.0	577.0	17.0	4.0
% of sales	28.3	27.0	27.4	23.7	23.1	23.2	26.7	22.7	23.1	25.8	27.4	23.6	25.2	212 bps	154 bps
Total Expenditure	1464.0	1426.0	1398.0	1395.0	1382.0	1388.0	1355.0	1457.0	1477.0	1570.0	1570.0	1635.0	1612.0	9.1	-1.4
% of Revenues	73.0	72.5	71.8	67.9	68.5	69.6	70.0	68.3	69.1	74.5	73.7	69.7	70.4	125 bps	70 bps
EBITDA	541.0	540.0	548.0	661.0	635.0	607.0	582.0	677.0	660.0	536.0	561.0	712.0	679.0	2.9	-4.6
EBITDA Margins (%)	27.0	27.5	28.2	32.1	31.5	30.4	30.0	31.7	30.9	25.5	26.3	30.3	29.6	-125 bps	-70 bps
Depreciation	163.0	163.0	168.0	161.0	165.0	167.0	165.0	165.0	168.0	167.0	162.0	155.0	163.0	-3.0	5.2
Interest cost	116.0	111.0	102.0	102.0	92.0	91.0	73.0	68.0	71.0	62.0	57.0	55.0	69.0	-2.8	25.5
Other Income	34.0	53.0	15.0	4.0	6.0	8.0	39.0	40.0	51.0	50.0	56.0	30.0	16.0	-68.6	-46.7
PBT before forex &	296.0	319.0	293.0	402.0	384.0	357.0	383.0	484.0	472.0	357.0	398.0	532.0	463.0	-1.9	-13.0
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-485.0	0.0	0.0		
PBT	296.0	319.0	293.0	402.0	384.0	357.0	383.0	484.0	472.0	357.0	-87.0	532.0	463.0	-1.9	-13.0
Tax	52.0	68.0	-21.0	81.0	74.0	60.0	59.0	154.0	156.0	108.0	31.0	178.0	151.0	-3.2	-15.2
Tax rate (%)	17.6	21.3	-7.2	20.1	19.3	16.8	15.4	31.8	33.1	30.3	-35.6	33.5	32.6		
PAT	244.0	251.0	314.0	321.0	310.0	297.0	324.0	330.0	316.0	249.0	-118.0	354.0	312.0	-1.3	-11.9
PAT after MI	244.0	251.0	314.0	321.0	310.0	297.0	324.0	330.0	316.0	249.0	-118.0	354.0	312.0	-1.3	-11.9
EPS (₹)	14.4	14.8	18.6	19.0	18.3	17.5	19.1	19.5	18.7	14.7	-7.0	20.9	18.4		

Source: ICICI Direct Research

Exhibit 13: ICICIdirect Healthcare Coverage Universe

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				PE(x)			RoCE (%)				RoE (%)				
						FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Hospitals																					
Apollo Hospitals	APOHOS	4390	5,080	Buy	63216	7.9	59.1	79.0	101.0	558.5	74.2	55.6	43.5	6.3	15.1	15.3	18.8	2.5	15.1	17.4	18.9
Narayana Hrudalaya	NARHRU	724	800	Buy	14769	-0.7	16.7	20.6	22.7	NA	43.3	35.2	31.9	1.2	20.5	19.6	19.7	-1.3	23.0	22.3	19.9
Shalby	SHALIM	144	150	Buy	1555	3.9	5.4	7.5	9.9	36.7	26.6	19.3	14.6	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	246	250	Buy	12300	3.0	10.5	10.8	16.7	83.2	23.4	22.8	14.8	5.4	9.0	9.4	12.5	4.4	13.3	12.0	15.6
Healthcare Global	HEAGLO	288	345	Buy	3999	-13.9	3.9	4.5	8.8	-13.9	74.4	63.2	32.6	-0.9	5.0	9.4	12.1	-0.9	5.0	6.8	11.6
MNC Pharma																					
Abbott India	ABBIND	18520	21,140	Hold	38892	325.0	375.9	427.7	528.6	57.0	49.3	43.3	35.0	33.8	36.6	37.1	37.3	26.5	28.3	28.9	28.8
P&G Health	MERLIM	4000	4,500	Hold	6800	106.5	116.0	124.8	140.6	37.6	34.5	32.0	28.4	32.2	39.8	36.0	33.8	25.1	31.2	28.1	26.2
Sanofi India	SANOFI	5560	6,885	Hold	12788	207.4	410.1	270.5	264.8	26.8	13.6	20.6	21.0	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4370	4,480	Hold	20102	108.8	133.9	140.4	149.3	40.2	32.6	31.1	29.3	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
Pharma																					
Ajanta Pharma	AJAPHA	1235	1,495	Buy	15802	51.0	55.6	60.1	71.1	24.2	22.2	20.5	17.4	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	542	590	Reduce	10681	62.8	27.8	15.3	26.9	8.6	19.5	35.5	20.1	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	524	615	Hold	30677	55.0	47.4	41.1	51.3	9.5	11.1	12.7	10.2	16.9	12.9	11.5	13.3	14.7	11.3	9.0	10.1
Biocon	BIOCON	268	320	Hold	32193	6.3	5.7	5.5	11.3	42.8	47.1	49.2	23.6	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	410	405	Hold	###	23.3	21.0	21.0	23.8	17.6	19.5	19.5	17.2	13.8	12.0	11.8	11.7	18.4	12.6	11.4	11.6
Cipla	CIPLA	1140	1,135	Buy	92014	29.9	32.9	38.6	45.8	38.2	34.6	29.6	24.9	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4331	4,750	Buy	71890	117.3	126.9	203.4	191.0	36.9	34.1	21.3	22.7	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	398	440	Hold	11222	32.9	42.7	39.5	44.9	12.1	9.3	10.1	8.9	13.9	14.8	14.7	14.4	13.1	13.2	11.0	11.2
Ipca Laboratories	IPCLAB	904	985	Hold	22963	44.9	34.8	27.5	35.1	20.1	25.9	32.9	25.7	27.1	17.4	14.3	16.3	24.2	16.1	11.4	13.0
Jubilant Pharmova	JUBLIF	339	340	Reduce	5390	37.4	26.0	15.9	26.1	9.1	13.0	21.3	13.0	13.7	9.0	6.1	8.6	12.6	7.8	4.6	7.0
Lupin	LUPIN	676	610	Reduce	30772	26.9	11.9	11.8	27.7	25.2	57.0	57.5	24.4	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	587	735	Hold	10746	24.2	9.3	41.6	42.3	24.3	63.1	14.1	13.9	13.1	4.6	18.1	16.9	10.7	4.0	15.5	13.9
Sun Pharma	SUNPHA	979	1,125	Buy	234850	30.0	32.0	34.8	40.1	32.6	30.6	28.1	24.4	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1575	1,730	Buy	53235	37.0	32.0	40.0	46.7	42.6	49.2	39.4	33.7	17.6	19.7	19.1	21.4	21.4	18.2	19.8	19.7
Indoco Remedies	INDREM	338	525	Buy	3105	10.1	16.8	21.6	29.2	33.4	20.1	15.6	11.6	11.7	17.5	17.6	23.9	12.1	17.1	18.6	20.6
Caplin Point	CAPPOI	740	1,000	Buy	5624	81.7	85.3	70.4	73.0	9.1	8.7	10.5	10.1	25.3	23.7	22.6	0.0	20.4	20.2	18.7	17.5
Advanced Enzymes	ADVENZ	282	265	Reduce	3158	13.1	10.7	8.5	12.1	21.6	26.4	33.3	23.4	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	1991	2,015	Reduce	1792	44.4	45.7	35.9	51.8	44.9	43.5	55.5	38.5	16.2	10.9	9.3	11.8	16.5	15.0	10.8	14.0
API/CRAMS																					
Divi's Lab	DIVLAB	3563	4,315	Buy	94420	74.7	111.5	93.0	113.5	47.7	32.0	38.3	31.4	27.6	30.2	22.8	24.4	21.3	25.2	18.4	19.2
Hikal	HIKCHE	320	290	Hold	3939	10.8	13.0	3.8	14.4	29.7	24.6	83.6	22.2	15.1	13.6	5.6	13.8	14.3	15.0	4.3	14.2
Syngene Int.	SYNINT	577	710	Buy	23154	10.1	9.9	11.5	14.6	57.0	58.6	50.1	39.6	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	345	375	Buy	8547	22.2	16.6	21.9	26.8	15.6	20.7	15.7	12.9	24.0	15.6	18.6	20.5	25.3	16.0	17.6	17.9
Laurus Labs	LAULAB	477	675	Buy	25615	18.3	15.4	20.7	27.0	26.1	31.0	23.0	17.7	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceutical	SUVPH	410	530	Hold	10447	14.2	17.8	17.0	17.6	28.8	23.0	24.1	23.2	31.2	37.5	28.7	25.0	30.7	29.7	23.0	20.0

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 14: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Revenues	8,005.0	8,508.0	9,538.1	10,656.3
Growth (%)	0.8	6.3	12.1	11.7
Raw Material Expenses	2147.0	2443.0	2685.3	2996.8
Employee Expenses	1440.0	1526.0	1696.0	1918.1
Other Expenses	1938.0	2108.0	2308.0	2557.5
Total Operating Expenditure	5525.0	6077.0	6689.4	7472.5
EBITDA	2,480.0	2,431.0	2,848.8	3,183.8
Growth (%)	14.3	-2.0	17.2	11.8
Depreciation	658.0	662.0	723.0	826.3
Interest	353.0	255.0	306.6	295.3
Other Income	57.0	197.0	80.2	209.8
PBT	1526.0	1711.0	1899.4	2272.1
Total Tax	274.0	449.0	561.9	727.1
PAT before MI	1252.0	777.0	1152.5	1545.0
Adjusted PAT	1,252.0	1,084.4	1,276.8	1,545.0
Growth (%)	22.1	-13.4	17.7	21.0
EPS (Adjusted)	37.0	32.0	37.7	45.7

Source: Company, ICICI Direct Research

Exhibit 15: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit/(Loss) after taxation	1350.0	805.0	1152.5	1545.0
Depreciation	658.0	662.0	723.0	826.3
Add: Interest Paid	358.0	255.0	306.6	295.3
Other operational Activities	-355.0	81.0	-122.0	-237.1
CF from operation	2,011.0	1,803.0	2,060.2	2,429.5
Purchase/sales of Fixed Assets	-334.0	-197.0	-2250.0	-250.0
(Inc)/Dec in Investments	-120.0	-8.0	0.0	0.0
Long Term Provision	0.0	0.0	36.9	40.6
Other Investing Activities	37.0	-18.0	-47.1	-51.8
CF from Investing Activities	-417.0	-223.0	-2,260.2	-261.2
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Inc / (Dec) in Loan Funds	-957.0	-846.0	1200.0	-1000.0
Dividend and dividend tax	-338.0	-677.0	-315.2	-381.4
Other Financing Activities	-361.0	-258.0	-306.6	-295.3
CF from Financing Activities	-1,656.0	-1,781.0	578.2	-1,676.6
Cash generation during the year	-62.0	-201.0	378.1	491.6
Op bal Cash & Cash equivalents	666.0	604.0	403.0	781.1
Adjustments	0.0	0.0	0.0	0.0
Closing Cash/ Cash Equivalent	604.0	403.0	781.1	1,272.7
Free Cash Flow	1,677	1,606.0	-189.8	2,179.5

Source: Company, ICICI Direct Research

Exhibit 16: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	85.0	85.0	169.2	169.2
Reserve and Surplus	5,753.0	5,868.0	6,621.1	7,784.7
Total Shareholders funds	5,838.0	5,953.0	6,790.3	7,953.9
Total Debt	4,825.0	4,018.0	5,218.0	4,218.0
Deferred Tax Liability	0.0	194.0	213.4	234.7
Other LT Liabilities & LT Provis	405.0	415.0	456.5	502.2
Total Liabilities	11,068.0	10,580.0	12,678.2	12,908.8
Gross Block - Fixed Assets	10,170.9	10,470.0	12,462.0	12,712.0
Accumulated Depreciation	3,446.9	4,306.0	5,029.0	5,855.3
Net Block	6,724.0	6,164.0	7,433.0	6,856.7
Capital WIP	889.0	629.0	679.0	679.0
Total Fixed Assets	7,613.0	6,793.0	8,112.0	7,535.7
Goodwill on Consolidation	341.0	259.0	467.0	467.0
Investments	181.0	226.0	226.0	226.0
Deferred tax assets	421.0	494.0	543.4	597.7
Other non-current assets	134.0	217.0	238.7	262.6
Cash	604.0	403.0	781.1	1,272.7
Debtors	1,523.0	1,633.0	1,738.7	1,942.5
Loans and Advances	3.0	3.0	4.1	5.2
Inventory	2,681.0	2,462.0	2,706.2	3,020.2
Other current assets	574.0	610.0	611.1	612.2
Total Current Assets	5,385.0	5,111.0	5,841.2	6,852.8
Creditors	2,067.0	1,674.0	1,840.0	2,053.5
Provisions & other current liab	940.0	846.0	910.1	979.5
Total Current Liabilities	3,007.0	2,520.0	2,750.1	3,033.0
Net Current Assets	2,378.0	2,591.0	3,091.1	3,819.8
Application of Funds	11,068.0	10,580.0	12,678.2	12,908.8

Source: Company, ICICI Direct Research

Exhibit 17: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
Reported EPS	37.0	23.0	34.1	45.7
BV per share	172.5	175.9	200.6	235.0
Dividend per share	35	48	9	11
Cash Per Share	17.8	11.9	23.1	37.6
Operating Ratios (%)				
Gross Profit Margins	73.2	71.3	71.8	71.9
EBITDA Margins	31.0	28.6	29.9	29.9
PAT Margins	15.6	12.7	13.4	14.5
Inventory days	455.8	367.8	367.8	367.8
Debtor days	69.4	70.1	66.5	66.5
Creditor days	351.4	250.1	250.1	250.1
Asset Turnover	0.8	0.8	0.8	0.8
EBITDA conversion Rate	81.1	74.2	72.3	76.3
Return Ratios (%)				
RoE	21.4	18.2	18.8	19.4
RoCE	17.6	19.7	18.4	21.1
RoIC	20.2	20.2	20.5	23.5
Valuation Ratios (x)				
P/E	42.7	68.7	46.3	34.6
EV / EBITDA	23.2	23.4	20.2	17.6
EV / Net Sales	7.2	6.7	6.0	5.3
Market Cap / Sales	6.7	6.3	5.6	5.0
Price to Book Value	9.1	9.0	7.9	6.7
Solvency Ratios				
Debt / EBITDA	1.9	1.7	1.8	1.3
Debt / Equity	0.8	0.7	0.8	0.5
Current Ratio	1.6	1.9	1.8	1.8

Source: Company, ICICI Direct Research

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