

May 15, 2021

In line numbers; focus on launches, cost to continue...

Q4 revenues grew 7.2% YoY to ₹ 4768 crore. India sales grew 23.5% YoY to ₹ 844 crore due to Wockhardt integration and new launches. Europe revenues grew 14.8% YoY to ₹ 396 crore amid new launches. US revenues de-grew 3.2% YoY to ₹ 1749 crore mainly due to Covid related stocking in Q4FY20. Russia & Other CIS sales grew 4% to ₹ 593 crore. PSAI segment grew 10% YoY to ₹ 792 crore amid new product launches. EBITDA margins were up 75 bps YoY to 22.1% due to better product mix, partly offset by higher freight and Wockhardt integration costs. EBITDA grew 11.0% YoY to ₹ 1053 crore. PAT de-grew 28.7% YoY to ₹ 557 crore. Delta vis-a-vis EBITDA was due to negative tax outgo in base year amid DTA adjustments.

US, key growth driver with promising launches ahead

US remains a key driver, contributing ~37% to revenues as of FY21. DRL has a strong pending pipeline comprising 92 ANDAs (47 Para IV filings, 23 FTFs) and three NDAs under 505 (b) (2) route. We expect US sales to grow at a CAGR of 8% in FY21-23E to ₹ 8252 crore on the back of new launches.

India, Russia CIS to provide more stability

India, Russia CIS markets are more or less identical in nature (branded generics, OTC) with similar growth potential, similar kinds of risks. DRL is well versed with the dynamics of Russia by virtue of being an early mover. Notwithstanding Covid-19 related quarterly gyrations, we expect strong growth in these markets on the back of a stabilising currency, geographical expansion, robust biological portfolio, ramp up in institutional business. For India, growth may be largely from launches in oncology & biosimilar space, UCB/Wockhardt like acquisitions besides MR productivity improvement. We expect Russia & other CIS to grow at ~15% CAGR in FY21-23E to ₹ 3061 crore with India growing at ~13% CAGR in FY21-23E to ₹ 4236 crore.

Valuation & Outlook

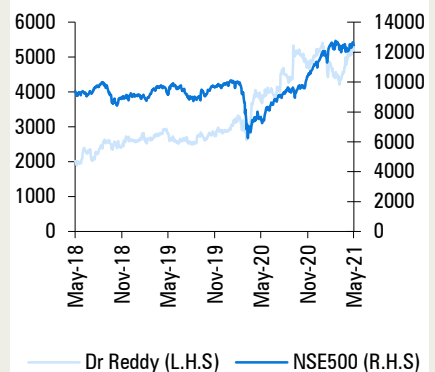
We continue to draw comfort from the management's sustained focus on cost rationalisation, especially on SG&A front and endeavour to focus on simultaneous launches across geographies and segments besides realignment of R&D spend towards - Global Generics, Biosimilars and PSAI segment. This is a welcome change from earlier stance of overemphasis on a particular market (read US). Strong FCF generation, healthy b/s are some legacy strongholds for the company. We believe the efforts taken in the last few quarters are sustainable and should support stable performances, going ahead. Besides, DRL is all set to expand Sputnik V vaccine rollout in India. Although it is still early days to gauge the potential, we have assumed some traction from this as a separate NPV. As the stock is factoring most of the aspects at current level, we change from BUY to **HOLD** and arrive at a TP of ₹ 5570 (earlier ₹ 5525), with a base business value of ~₹ 5217 (25x FY23E EPS of ₹ 208.6) + ₹ 353 for NPV of gRevlimid and Sputnik.



Particulars

Particular	Amount
Market Capitalisation	₹ 86403 crore
Debt (FY21)	₹ 3371 crore
Cash & equivalents (FY21)	₹ 1483 crore
EV	₹ 88291 crore
52 week H/L (₹)	5515/3613
Equity capital	₹ 83.1 crore
Face value	₹ 5

Price performance



Key risks to our call

- Better than expected performance of its Covid portfolio (drugs and vaccine)
- Continued regulatory challenges in launching new products (like gCopaxone and Nuvaring)

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Key Financial Summary

(₹ crore)	FY20	FY21	FY22E	FY23E	CAGR FY21-23E %
Revenues	17517.0	19047.5	20771.8	23195.9	10.4
EBITDA	2466.0	3869.9	4503.0	5587.4	20.2
EBITDA Margins (%)	14.1	20.3	21.7	24.1	
Adjusted PAT	2026.0	1951.6	2642.1	3469.6	33.3
EPS (Adjusted)	121.8	117.4	158.9	208.6	
PE (x)	42.6	44.3	32.7	24.9	
RoE (%)	13.0	11.1	13.3	15.1	
RoCE (%)	9.6	12.7	14.3	16.9	

Source: ICICI Direct Research; Company

Exhibit 1: Variance Analysis

	Q4FY21	Q4FY21E	Q4FY20	Q3FY21	YoY (%)	QoQ (%)	Comments
Revenue	4,768.2	4,669.4	4,448.9	4,941.9	7.2	-3.5	YoY growth was driven by branded markets (India and EMs), Europe partly offset by decline in the US
Raw Material Expenses	1,541.5	1,517.5	1,531.1	1,637.7	0.7	-5.9	
Gross Profit	3,226.7	3,151.8	2,917.8	3,304.2	10.6	-2.3	
Gross margins (%)	67.7	67.5	65.6	66.9	208.6	81.0	YoY growth improvement primarily due to a better product mix and increased leverage from manufacturing overheads, partly offset by price erosion and lower export benefits
Employee expenses	893.0	899.9	855.5	915.7	4.4	-2.5	
Other expenses	1,280.5	1,225.7	1,113.1	1,849.2	15.0	-30.8	YoY increase mainly due to higher freight cost amid Covid, higher filing cost other capex related cost
EBITDA	1,053.2	1,026.2	949.2	539.3	11.0	95.3	
EBITDA (%)	22.1	22.0	21.3	10.9	75.2	1,117.5	YoY higher gross margins amid better product mix being partly offset by higher freight and Wockhardt integration costs
Other Income	82.6	66.8	73.6	70.5	12.2	17.2	
Interest	29.7	18.8	23.0	18.8	29.1	58.0	
Depreciation	308.8	311.2	274.1	311.2	12.7	-0.8	
PBT	797.3	763.0	725.7	279.8	9.9	185.0	
Tax	257.9	198.4	-44.9	267.0	-674.4	-3.4	Effective tax rate is 25-26%
Net Profit	557.3	579.7	781.1	27.9	-28.7	1,897.5	
Adjusted PAT	557.3	579.7	781.1	699.2	-28.7	-20.3	Delta vis-a-vis EBITDA was due to negative tax outgo in base year amid DTA adjustments

Key Metrics

US	1,749.1	1,673.9	1,807.2	1,739.4	-3.2	0.6	YoY growth driven by new products launches, increase in volumes of our base business and a favourable forex rate, which was partially offset by price erosion
Europe	395.6	396.3	344.6	414.3	14.8	-4.5	QoQ decline was on account of lower volumes in base business and price erosion, partly offset by new products launched during the quarter
India	844.5	873.6	683.9	959.1	23.5	-11.9	Strong YoY growth was primarily on account of revenues from the acquired business of Wockhardt and contribution from new products. Ex Wockhardt, growth was 8% YoY. QoQ decline was led by reduction in Covid drugs sales and seasonality
Russia & Other CIS	593.0	598.5	570.0	660.0	4.0	-10.2	
RoW	291.5	269.3	234.2	302.3	24.5	-3.6	Growth primarily on account of new launches and volume traction in key products, partially impacted by price erosion in certain markets
PSAI	791.5	755.5	719.5	700.9	10.0	12.9	YoY growth driven by new products, increase in volumes of key products of API business and favourable forex partially offset by price erosion

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

₹ Crore	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	21,464.4	20,771.8	-3.2	23,556.1	23,195.9	-1.5	
EBITDA	5,143.5	4,503.0	-12.5	5,699.0	5,587.4	-2.0	
EBITDA Margin (%)	24.0	21.7	-228 bps	24.2	24.1	-11 bps	Declined FY22 margins mainly due to delay in key products
Adjusted PAT	3,136.8	2,642.1	-15.8	3,532.9	3,469.6	-1.8	
EPS (₹)	188.6	158.9	-15.8	212.5	208.6	-1.8	

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

₹ crore	Current			Earlier		
	FY20	FY21	FY22E	FY23E	FY22E	FY23E
US	6,465.8	7,049.5	7,379.8	8,252.0	7,812.8	8,329.2
Europe	1,170.7	1,540.4	1,771.5	2,037.2	1,752.4	2,015.3
India	2,894.6	3,341.9	3,851.2	4,236.4	3,886.7	4,275.3
Russia & Other CIS	2,340.0	2,323.0	2,733.4	3,061.4	2,784.2	3,118.3
RoW	941.4	1,185.6	1,363.4	1,568.0	1,337.9	1,538.6
PSAI	2,574.7	3,198.2	3,261.9	3,588.1	3,478.4	3,826.2

Source: ICICI Direct Research

Conference Call Highlights

- R&D spend during the quarter was ₹ 409 crore (8.7% of revenues)
- Covid products-
 - Sputnik V launched on May 14, 2021
 - Right to distribute 25 crore doses, initial supply from Russia, rest from local production ramp-up
 - Imported drug price set at ₹ 948 + 5% GST per dose, locally manufactured version likely to be cheaper
 - Remdesivir, Avigan (favipiravir), 2-deoxy-D-glucose (2-DG)
 - working on Molnupiravir, Baricitinib
- Capex in Q4FY21 was ~₹ 290 crore
- Net cash surplus at end of FY21: ₹ 750 crore; FCF for Q4FY21: ~₹ 790 crore
- **North America:** Q4FY21 YoY de-growth amid higher volumes in base year due to Covid related stocking and price erosion. The QoQ growth was driven by volume traction in base business and new product launches partly offset by price erosion
 - six products launched in Q4 such as Vigabatrin tablets (CGT status), Febuxostat tablets, Capecitabine tablets, Fluphenazine Hydrochloride tablets, Lansoprazole OD tablets and Abiraterone Acetate in Canada
 - As of FY21, the company has 92 ANDAs pending USFDA approval (including 47 para IV, 23 FTF) and three NDA 505 (b)(2) route
 - Total 11 ANDAs, one NDAs, seven DMFs filed in Q4FY21
 - In FY21, the company launched 28 products (including one re-launch) in US, to continue launch momentum in FY22
 - NuvaRing – CRL response submitted in December 2020, likely to get response in October
 - Copaxone – received CRL, preparing a response
- **India:** Two new products launched
 - Ex-Wockhardt, base business grew 8% YoY in Q4FY21, 2% in FY21
 - QoQ fall led by reduction in Covid drugs sales, seasonality
- **Europe:** YoY growth due to new product launches
 - FY21 – 40 launches across Europe
 - QoQ decline due to lower volumes in base business, price erosion which was partly offset by new products launched
 - three launches in Germany, four in UK, one in Italy, two in Spain
- **Emerging market:** QoQ fall in Russia on drop in customer demand
 - In Q4, DRL launched 71 products across Emerging markets
 - CIS and others growth due to volume growth and new launches
 - Rest of World growth due to volume traction and new launches,
- **PSAI:** Driven by new products, rise in volume of key API products
- US\$/INR translated at 73.14 for Q4FY21
- Q4FY21 filings: 60 formulations filed across the globe (including 11 ANDAs, one NDA)
- GPM for Global generics and PSAI segments at 57.9% and 31.7%, respectively
- SG&A – Incremental cost due to Wockhardt integration, higher freight costs
- FY22 capex to be similar, slightly higher to FY21
- EBITDA aspiration of 25% (including other income) on a sustainable basis driven by
 - Portfolio mix
 - Operational effectiveness – digital initiatives, automation
 - Grew branded product market share
- ETR to be 25-26% in normal scenario

Exhibit 4: Trends in quarterly financials

₹ Crore	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY (%)	QoQ (%)
Total Operating Income	3553.9	3736.5	3817.5	3864.6	4029.6	3858.2	4812.8	4397.1	4448.9	4426.5	4910.9	4941.9	4768.2	7.2	-3.5
Raw Material Expense	1006.7	1004.9	1051.7	1175.8	1262.4	1206.9	1401.1	1415.3	1531.1	1319.6	1580.1	1637.7	1541.5	0.7	-5.9
% of Revenues	28.3	26.9	27.5	30.4	31.3	31.3	29.1	32.2	34.4	29.8	32.2	33.1	32.3	-209 bps	-81 bps
Gross Profit	2547.2	2731.6	2765.8	2688.8	2767.2	2651.3	3411.7	2981.8	2917.8	3106.9	3330.8	3304.2	3226.7	10.6	-2.3
Gross Profit Margins (%)	71.7	73.1	72.5	69.6	68.7	68.7	70.9	67.8	65.6	70.2	67.8	66.9	67.7	209 bps	81 bps
Employee expenses	800.5	837.1	872.2	805.4	841.5	861.5	825.5	837.7	855.5	872.4	948.8	915.7	893.0	4.4	-2.5
% of Revenues	22.5	22.4	22.8	20.8	20.9	22.3	17.2	19.1	19.2	19.7	19.3	18.5	18.7	-50 bps	20 bps
Other expenses	1183.1	1125.7	1134.3	1078.8	1106.8	1048.1	1522.4	2432.8	1113.1	1113.2	1225.9	1849.2	1280.5	15.0	-30.8
% of Revenues	33.3	30.1	29.7	27.9	27.5	27.2	31.6	55.3	25.0	25.1	25.0	37.4	26.9	184 bps	-1056 bps
Total Expenditure	2990.3	2967.7	3058.2	3060.0	3210.7	3116.5	3749.0	4685.8	3499.7	3305.2	3754.8	4402.6	3715.0	6.2	-15.6
% of Revenues	84.1	79.4	80.1	79.2	79.7	80.8	77.9	106.6	78.7	74.7	76.5	89.1	77.9	-75 bps	-1118 bps
EBITDA	563.6	768.8	759.3	804.6	818.9	741.7	1063.8	-288.7	949.2	1121.3	1156.1	539.3	1053.2	11.0	95.3
EBITDA Margins (%)	15.9	20.6	19.9	20.8	20.3	19.2	22.1	-6.6	21.3	25.3	23.5	10.9	22.1	75 bps	1118 bps
Total Depreciation	276.3	278.7	278.6	290.3	287.2	289.0	313.1	286.9	274.1	292.3	316.5	311.2	308.8	12.7	-0.8
EBITDA	287.3	490.1	480.7	514.3	531.7	452.7	750.7	-575.6	675.1	829.0	839.6	228.1	744.4	10.3	226.3
Interest	17.8	19.5	20.8	24.1	24.5	29.8	30.3	15.2	23.0	23.3	25.2	18.8	29.7	29.1	58.0
Exceptional Items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
EBT	269.5	470.6	459.9	490.2	507.2	422.9	720.4	-590.8	652.1	805.7	814.4	209.3	714.7	9.6	241.5
Total Tax	49.2	53.2	80.7	101.1	150.8	192.8	-320.7	32.5	-44.9	305.9	101.1	267.0	257.9	-674.4	-3.4
Tax %	18.3	11.3	17.5	20.6	29.7	45.6	-44.5	-5.5	-6.9	38.0	12.4	127.6	36.1		
Adjusted PAT	272.1	476.1	518.3	500.3	455.4	676.5	1106.8	638.9	781.1	594.6	771.8	699.2	557.3	-28.7	-20.3

Source: ICICI Direct Research

Company Background

Established in 1984, Dr Reddy's Laboratories (DRL) is one of India's pedigreed players having a firm footing in the US and other export markets with deep rooted product and market knowledge across therapies. Like Cipla, DRL also recognised the importance of having good manufacturing practices (GMP) accreditation in the eighties and eventually got USFDA approval (first of its kind approval for a formulation facility in India) in 1987. The company owns 22 manufacturing facilities and four developing centres across the globe. The facilities have been approved by various agencies such as the USFDA, WHO-Geneva, UKMHRA, TGA-Australia, MCC-South Africa, DMA Denmark, Brail Anvisa, among others. Over the years, along with generics, the company also established itself in the field of discovery of new chemical entities (NCEs) but with little success.

DRL's business can be classified into three broad segments- 1) Global Generics (GG), 2) Pharmaceutical services and active ingredients (PSAI) and 3) Proprietary Products (PP). Global Generics (~81% of revenues) includes branded and unbranded prescription and over-the-counter (OTC) products business. It also includes the operations of the biologics business. This segment comprises formulation sales to regulated markets of the US, Europe and emerging markets such as Russia/CIS, India and RoW.

Pharmaceutical services and active ingredients (~17% of revenues) consist of the active pharmaceutical ingredients (API) business and custom pharmaceutical services (CPS) business. Proprietary products (PP, ~2% of revenues) consists mainly of differentiated formulations business.

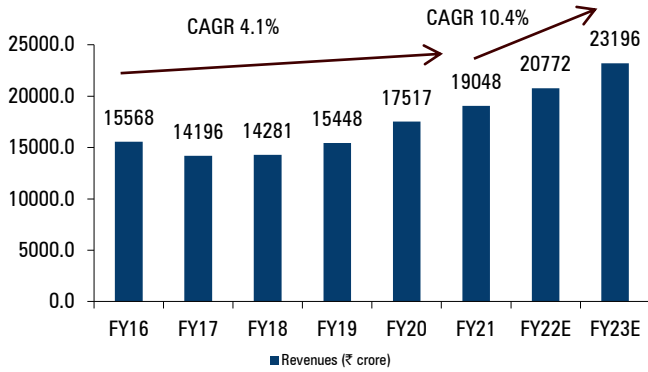
DRL has spent ~9% of the turnover on R&D in FY21. As of FY21, the company has 92 ANDAs pending USFDA approval (including 57 para IVs) and three NDA via 505 (b)(2) route.

It also has Sernivo, a prescription topical steroid spray, used for mild to moderate plaque psoriasis.

DRL has acquired Wockhardt's portion of domestic branded business comprising 62 products including manufacturing facility at Baddi, Himachal Pradesh for a consideration of ₹ 1850 crore. Revenues of the proposed acquired business was ₹ 377 crore in 9MFY20 (₹ 503 crore on annualised basis). The implied valuation comes at ~3.8x annualised revenue. Post this acquisition, completed in June 2020, the domestic business contribution of DRL in total revenues will likely increase to 19-20% from 17% in FY20.

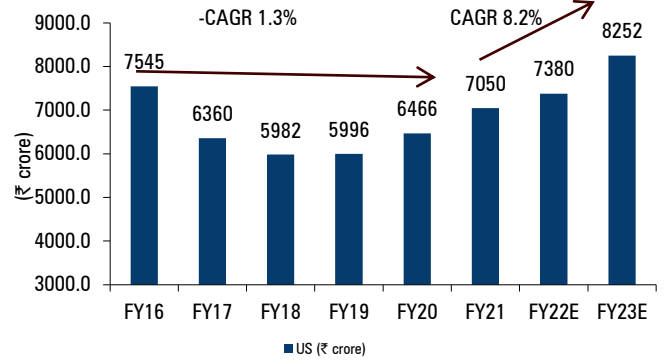
DRL, Russian Direct Investment Fund (RDIF) had recently signed an agreement in September 2020 to cooperate on clinical trials and distribution of Sputnik V Covid vaccine in India. Dr Reddy's will be conducting phase-III trials in India whereas RDIF will, upon regulatory approval, supply 25 crore doses of the vaccine to Dr Reddy's for distribution. The company provided the first Sputnik dose administered in India on 14 May, 2021.

Exhibit 5: Revenues to grow at CAGR of 10% in FY21-23E



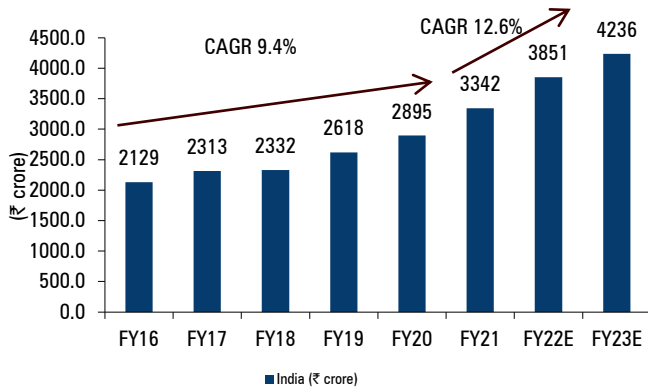
Source: ICICI Direct Research, Company

Exhibit 6: US to grow at CAGR of 8% over FY21-23E



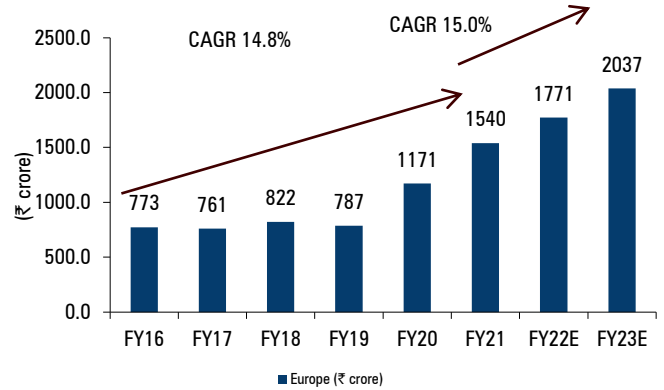
Source: ICICI Direct Research, Company

Exhibit 7: India to grow at CAGR of 13% over FY21-23E



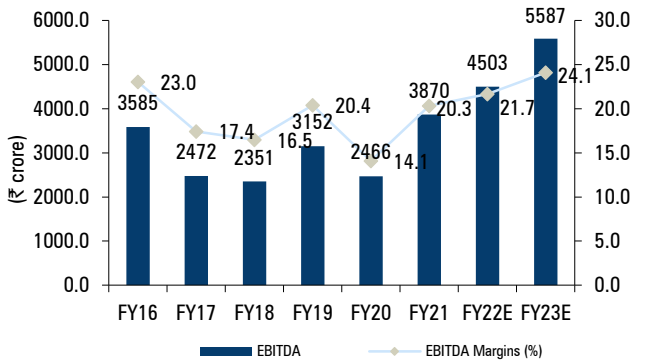
Source: ICICI Direct Research, Company

Exhibit 8: Europe to grow at 15% CAGR over FY21-23E



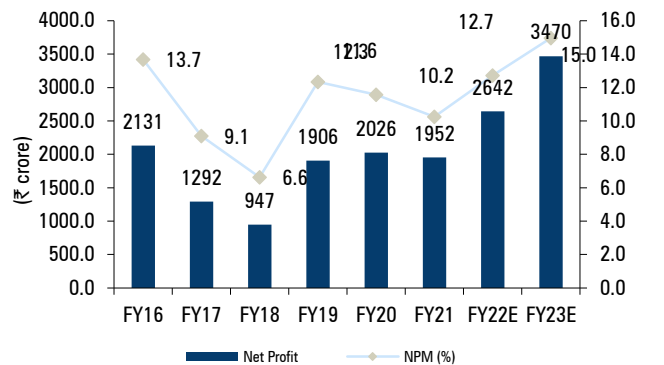
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



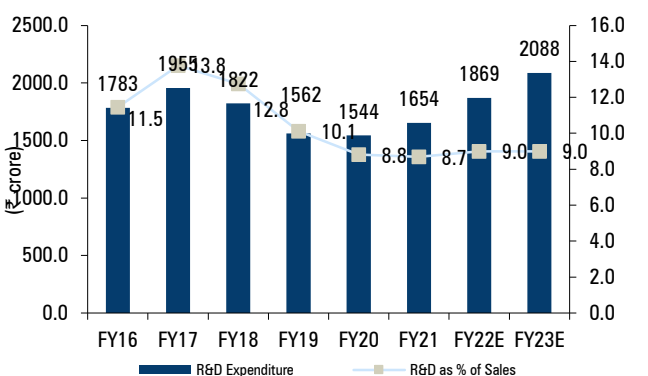
Source: ICICI Direct Research, Company

Exhibit 10: PAT & PAT margins trend



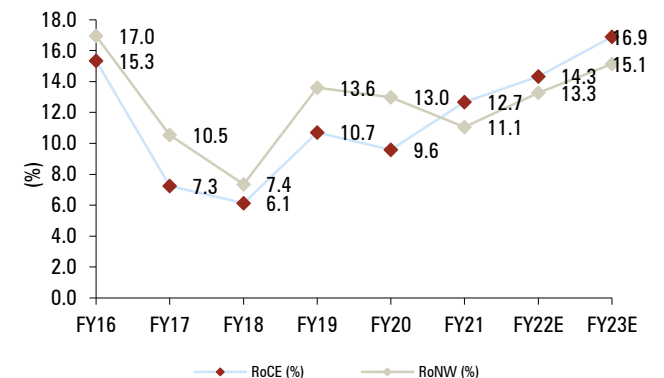
Source: ICICI Direct Research, Company

Exhibit 11: R&D and R&D as percentage of sales



Source: ICICI Direct Research, Company

Exhibit 12: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 13: Revenue break-up

(₹ crore)	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	CAGR FY16-21 %	CAGR FY21-23E %
US	7545	6360	5982	5996	6466	7050	7380	8252	-1.3	8.2
Europe (₹ crore)	773	761	822	787	1171	1540	1771	2037	14.8	15.0
India (₹ crore)	2129	2313	2332	2618	2895	3342	3851	4236	9.4	12.6
Russia & Other CIS (₹ crc)	1419	1520	1650	2050	2340	2323	2733	3061	10.4	14.8
RoW (₹ crore)	940	587	615	839	941	1186	1363	1568	4.7	15.0
PSAI	2238	2128	2199	2414	2575	3198	3262	3588	7.4	5.9

Source: ICICI Direct Research, Company

Exhibit 14: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY20	17517.0	13.4	121.8	6.3	42.6	34.8	13.0	9.6
FY21	19047.5	8.7	117.4	-3.7	44.3	22.2	11.1	12.7
FY22E	20771.8	9.1	158.9	35.4	32.7	18.6	13.3	14.3
FY23E	23195.9	11.7	208.6	31.3	24.9	14.6	15.1	16.9

Source: ICICI Direct Research, Company

Exhibit 15: Shareholding Pattern

(in %)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Promoter	26.8	26.7	26.7	26.7	26.7
Others	73.3	73.3	73.3	73.3	73.3

Source: ICICI Direct Research, Company

Financial Summary

Exhibit 16: Profit & Loss (₹ crore)

(Year-end March)	FY20	FY21	FY22E	FY23E
Revenues	17,517.0	19,047.5	20,771.8	23,195.9
Growth (%)	13.4	8.7	9.1	11.7
Raw Material Expenses	5,554.4	6,078.9	6,541.9	7,248.1
Employee expenses	3,380.2	3,629.9	3,910.7	4,329.5
Other expenses	6,116.4	5,468.8	5,816.1	6,030.9
Total Operating Expenditure	15,051.0	15,177.6	16,268.7	17,608.5
EBITDA	2,466.0	3,869.9	4,503.0	5,587.4
Growth (%)	-21.8	56.9	16.4	24.1
Interest	98.3	97.0	101.1	101.1
Depreciation	1,163.1	1,228.8	1,302.1	1,425.6
PBT before Exceptional Item	1,829.6	2,835.5	3,473.7	4,591.9
Share of profit/ (loss) of equ	0.0	0.0	0.0	0.0
PBT	1,829.6	2,835.5	3,473.7	4,591.9
Total Tax	-140.3	931.9	903.2	1,193.9
PAT	2,026.0	1,951.6	2,642.1	3,469.6
Adjusted PAT	2,026.0	1,951.6	2,642.1	3,469.6
Growth (%)	6.3	-3.7	35.4	31.3
EPS	121.8	117.4	158.9	208.6
EPS (Adjusted)	121.8	117.4	158.9	208.6

Source: ICICI Direct Research

Exhibit 18: Balance Sheet (₹ crore)

(Year-end March)	FY20	FY21	FY22E	FY23E
Equity Capital	83.1	83.2	83.2	83.2
Net Network	15,515.7	17,558.5	19,837.6	22,830.4
Total Shareholders fund	15,598.8	17,641.7	19,920.8	22,913.6
Total Debt	2,210.2	3,371.0	3,371.0	3,371.0
Deferred Tax Liability	2.0	28.9	30.1	31.3
Other Non Current Liabilities	205.5	161.7	168.2	174.9
Long term Provisions	74.5	50.8	52.8	54.9
Source of Funds	18,091.0	21,254.1	23,542.8	26,545.7
Gross Block - Fixed Assets	15,616.9	18,132.5	20,032.5	21,932.5
Accumulated Depreciation	9,257.9	10,486.7	11,788.8	13,214.4
Net Block	6,359.0	7,645.8	8,243.7	8,718.1
Capital WIP	1,535.1	1,565.1	1,065.1	565.1
Net Fixed Assets	7,894.1	9,210.9	9,308.8	9,283.2
Goodwill	491.3	559.9	559.9	559.9
Investments	2,677.8	2,807.7	4,507.7	6,507.7
Inventory	3,506.7	4,541.2	4,158.3	4,643.6
Cash	205.3	1,482.9	1,977.2	2,126.7
Debtors	5,027.8	4,964.1	5,360.8	5,986.5
Loans & Advances & Other l	1,490.6	1,587.7	1,651.2	1,717.3
Total Current Assets	10,230.4	12,575.9	13,147.5	14,473.9
Creditors	1,524.8	1,810.9	1,808.1	2,019.1
Provisions & Other CL	3,609.5	3,551.8	3,693.9	3,841.6
Total Current Liabilities	5,134.3	5,362.7	5,502.0	5,860.8
Net Current Assets	5,096.1	7,213.2	7,645.5	8,613.2
LT L& A, Other Assets	711.8	393.8	409.6	425.9
Deferred Tax Assets	1,219.9	1,068.6	1,111.3	1,155.8
Application of Funds	18,091.0	21,254.1	23,542.8	26,545.7

Source: ICICI Direct Research

Exhibit 17: Cash Flow Statement (₹ crore)

(Year-end March)	FY20	FY21	FY22E	FY23E
Profit/(Loss) after taxation	1,175.2	2,311.9	2,642.1	3,469.6
Add: Depreciation & Amortizatic	1,163.1	1,228.8	1,302.1	1,425.6
Net Increase in Current Assets	-1,393.3	-780.0	-77.3	-1,177.0
Net Increase in Current Liabiliti	639.7	-48.8	139.3	358.8
CF from operating activities	2,984.1	3,570.3	4,107.4	4,178.1
(Inc)/dec in Fixed Assets	-572.5	-2,799.0	-1,400.0	-1,400.0
(Inc)/dec in Investments	-21.4	411.0	-1,700.0	-2,000.0
Others	108.2	125.1	-48.8	-50.8
CF from investing activities	-485.7	-2,262.9	-3,148.8	-3,450.8
Inc / (Dec) in Equity Capital	-47.0	-92.4	0.0	0.0
Inc / (Dec) in Loan	-1,868.3	684.8	0.0	0.0
Dividend & Dividend Tax	-391.6	-414.7	-363.1	-476.8
Others	-209.0	-207.5	-101.1	-101.1
CF from financing activities	-2,515.9	-29.8	-464.2	-577.9
Net Cash flow	-17.5	1,277.6	494.3	149.4
Opening Cash	222.8	205.3	1,482.9	1,977.2
Closing Cash	205.3	1,482.9	1,977.2	2,126.7
Free Cash Flow	2,411.6	771.3	2,707.4	2,778.1

Source: ICICI Direct Research

Exhibit 19: Key Ratios (₹ crore)

(Year-end March)	FY20	FY21	FY22E	FY23E
Per share data (₹)				
EPS	121.8	117.4	158.9	208.6
BV per share	938.0	1,060.9	1,197.9	1,377.9
Operating Ratios (%)				
Gross Profit Margins	68.3	68.1	68.5	68.8
EBITDA margins	14.1	20.3	21.7	24.1
Net Profit margins	11.6	10.2	12.7	15.0
Inventory days	73.1	87.0	73.1	73.1
Debtor days	104.8	95.1	94.2	94.2
Creditor days	31.8	34.7	31.8	31.8
Asset Turnover	1.1	1.1	1.0	1.1
EBITDA conversion Rate	121.0	92.3	91.2	74.8
Return Ratios (%)				
RoE	13.0	11.1	13.3	15.1
RoCE	9.6	12.7	14.3	16.9
RoIC	11.5	19.0	22.2	26.5
Valuation Ratios (x)				
P/E	42.6	44.3	32.7	24.9
EV / EBITDA	34.8	22.2	18.6	14.6
EV / Revenues	4.9	4.5	4.0	3.5
Market Cap / Revenues	4.9	4.5	4.1	3.7
Price to Book Value	5.5	4.9	4.3	3.8
Solvency Ratios				
Debt / Equity	0.1	0.2	0.2	0.1
Debt / EBITDA	0.9	0.9	0.7	0.6
Current Ratio	2.0	2.1	2.0	2.1

Source: ICICI Direct Research

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