

# ALKEM Laboratories

Estimate change



TP change



Rating change



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Bloomberg	ALKEM IN
Equity Shares (m)	120
M.Cap.(INRb)/(USDb)	356.3 / 4.6
52-Week Range (INR)	3090 / 1682
1, 6, 12 Rel. Per (%)	24/26/71
12M Avg Val (INR M)	287

## Financials & Valuations (INR b)

Y/E MARCH	2020	2021E	2022E
Sales	83.4	89.1	100.8
EBITDA	15.0	21.0	23.3
Adj. PAT	11.4	15.7	17.5
EBIT Margin (%)	15.1	20.5	20.2
Cons. Adj. EPS (INR)	95.4	131.5	146.1
EPS Gr. (%)	49.5	37.8	11.1
BV/Sh. (INR)	515.3	618.7	731.9

## Ratios

Net D:E	0.1	-0.1	-0.1
RoE (%)	19.7	23.2	21.6
RoCE (%)	17.6	19.8	19.0
Payout (%)	22.5	22.5	22.5

## Valuations

P/E (x)	31.4	22.8	20.5
EV/EBITDA (x)	24.4	16.8	14.9
Div. Yield (%)	0.6	0.8	0.9
FCF Yield (%)	0.6	3.8	2.9
EV/Sales (x)	4.4	4.0	3.4

## Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	62.4	65.9	66.0
DII	12.3	11.8	6.3
FII	3.5	3.6	2.4
Others	21.8	18.7	25.3

FII Includes depository receipts

**CMP: INR2,980**
**TP: INR3,665 (+23%)**
**Buy**

## Big beat; Profits 100% ahead of expectations

### Raise earnings by 30%/15% for FY21/22E

- ALKEM exhibited strong traction in US generics and significant savings on opex in 1QFY21, which more than offset the YoY decline in domestic formulation (DF) sales, resulting in record high quarterly earnings. The pandemic has showcased strong brand recall for ALKEM's products in the DF segment and superior execution in US generics.
- We have raised our EPS estimates by 30%/15% for FY21/FY22E to factor in cost rationalization initiatives and improving profitability in the US generics segment. We value ALKEM at 23x (10% discount to its 3-year average) to arrive at price target of INR3,665 on 12M forward earnings basis. We remain positive on the outperformance of Chronic therapy in DF, trade generics segment and healthy ANDA pipeline for the US market. Re-iterate **Buy**.

### Lower operating cost leads record high quarterly PAT

- 1QFY21 revenues grew ~7% YoY to INR19.8b (v/s est. INR18.2b).
- International business reported sales growth of ~33% YoY to INR7.9b, led by revenue growth of (a) 38% YoY in the US to INR6.7b (33% of sales), and (b) ~9% YoY in other International markets to INR1.2b (6% of sales). DF sales declined ~5.5% YoY to INR11.6b (58% of sales), due to COVID related decline in patients visiting clinics.
- Gross margin expanded by ~140bp YoY to 63.4% due to better product mix.
- EBITDA margin improved further by ~1,140bp YoY to 25.6% (v/s est. 15.7%), due to lower other costs (-920bp as % of sales) and improved GMs.
- R&D expense stood at INR1.2b, 5.9% of sales for the quarter.
- EBITDA was up 92% YoY to INR5.1b (v/s est. INR2.9b).
- ALKEM received research linked milestone income of USD3.5m. Adjusting for the same, PAT grew at a higher rate of 114% YoY to INR4b (v/s est. INR2b) due to higher other income.

### Highlights from management commentary

- Branded generics and trade generics composition was 72:28 in the domestic business for 1QFY21. Trade generics grew in healthy mid-teens.
- 1QFY21 saw the DF segment seeing spillover of some business from 4QFY20. Spillover of some business from 1QFY21 to 2QFY21 is expected as well.
- There was considerable reduction in marketing and promotion expenses for the quarter, which is expected to increase in the coming quarters, starting 2QFY21. At the same time, revenue growth prospects are also improving.
- Accordingly, 2QFY21 is expected to be better than 1QFY21 for DF.
- The company intends to launch 10-12 ANDAs in the US in FY21.

### Valuation and view

- We expect 24% earnings CAGR over FY20-22E, led by 16%/8% sales CAGR in the US/DF generics on new launches and better traction in existing products. The reduced promotional expense in DF and improving profitability in the US should drive 520bp margin expansion over FY20-22E.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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- We have raised our EPS estimates by 30%/15% for FY21/FY22E to factor in cost saving on enhanced use of digital promotions/reduced travelling expenses, and robust traction in US generics (driving revenue growth as well as profitability).
- Accordingly, we have revised our price target to INR3,665 on 23x 12-month forward earnings. Re-iterate **Buy**.

## Quarterly Perf. (Consolidated)

Y/E March	FY20				FY21E				FY20	FY21E	(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4Q			1QE	Vaq %
<b>Net Revenues</b>	<b>18,495</b>	<b>22,640</b>	<b>21,818</b>	<b>20,490</b>	<b>19,775</b>	<b>24,258</b>	<b>24,010</b>	<b>21,068</b>	<b>83,444</b>	<b>89,112</b>	<b>18,199</b>	<b>8.7</b>
YoY Change (%)	10.8	18.0	13.3	10.6	6.9	7.1	10.0	2.8	29.7	21.1	-1.6	
<b>EBITDA</b>	<b>2,645</b>	<b>4,752</b>	<b>4,533</b>	<b>3,030</b>	<b>5,072</b>	<b>5,989</b>	<b>5,788</b>	<b>4,182</b>	<b>14,960</b>	<b>21,030</b>	<b>2,853</b>	<b>77.8</b>
YoY Change (%)	23.5	30.7	44.8	28.4	91.8	26.0	27.7	38.0	41.6	88.3	8	
Margins (%)	14.3	21.0	20.8	14.8	25.6	24.7	24.1	19.8	17.9	23.6	15.7	
Depreciation	558	564	595	631	668	680	710	720	2,348	2,778	550	
<b>EBIT</b>	<b>2,087</b>	<b>4,188</b>	<b>3,938</b>	<b>2,400</b>	<b>4,404</b>	<b>5,309</b>	<b>5,078</b>	<b>3,462</b>	<b>12,612</b>	<b>18,252</b>	<b>2,303</b>	
YoY Change (%)	21.5	31.7	48.4	34.2	111.0	26.8	28.9	44.3	38.0	97.6	10	
Margins (%)	11.3	18.5	18.0	11.7	22.3	21.9	21.1	16.4	15.1	20.5	12.7	
Interest	161	178	170	142	171	160	190	310	651	831	155	
Other Income	175	314	279	275	435	220	240	256	1,042	1,151	140	
<b>PBT before EO Exp</b>	<b>2,100</b>	<b>4,325</b>	<b>4,046</b>	<b>2,533</b>	<b>4,668</b>	<b>5,369</b>	<b>5,128</b>	<b>3,407</b>	<b>13,004</b>	<b>18,572</b>	<b>2,288</b>	<b>104.0</b>
EO Exp/(Inc)		226		180	-260	0			406	-260		
<b>PBT</b>	<b>2,100</b>	<b>4,098</b>	<b>4,046</b>	<b>2,353</b>	<b>4,928</b>	<b>5,369</b>	<b>5,128</b>	<b>3,407</b>	<b>12,598</b>	<b>18,832</b>	<b>2,288</b>	
Tax	227	293	147	438	696	752	692	497	1,105	2,636	275	
Rate (%)	10.8	6.8	3.6	17.3	14.9	14.0	13.5	14.6	8.5	14.2	12.0	
<b>PAT (pre Minority Interest)</b>	<b>1,873</b>	<b>3,805</b>	<b>3,900</b>	<b>1,915</b>	<b>4,232</b>	<b>4,618</b>	<b>4,435</b>	<b>2,910</b>	<b>11,493</b>	<b>16,195</b>	<b>2,013</b>	
Minority Interest	18	97	80	28	11	55	85	100	222	251	0	
<b>Reported PAT</b>	<b>1,855</b>	<b>3,708</b>	<b>3,820</b>	<b>1,888</b>	<b>4,221</b>	<b>4,563</b>	<b>4,350</b>	<b>2,810</b>	<b>11,271</b>	<b>15,944</b>	<b>2,013</b>	<b>109.6</b>
YoY Change (%)												
<b>Adj Net Profit</b>	<b>1,855</b>	<b>3,918</b>	<b>3,481</b>	<b>2,153</b>	<b>3,961</b>	<b>4,563</b>	<b>4,350</b>	<b>2,810</b>	<b>11,407</b>	<b>15,720</b>	<b>2,013</b>	<b>96.7</b>
YoY Change (%)	36.2	54.3	58.9	45.1	113.5	16.4	25.0	30.5	49.5	37.8	8.5	

## Key performance Indicators (Consolidated)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>INRM</b>										
<b>India formulations</b>	12,222	15,503	14,239	12,576	11,550	16,278	15,948	13,218	54,540	56,994
YoY Change (%)	12.1	17.6	14.1	3.3	(5.5)	5.0	12.0	5.1	11.9	4.5
Us generics	4,817	5,276	5,837	6,068	6,664	6,595	6,713	6,967	21,997	26,939
YoY Change (%)	13.7	11.7	12.6	25.8	38.3	25.0	15.0	14.8	16.0	22.5
International (Ex-US)	1,095	1,415	1,416	1,455	1,189	1,585	1,600	1,654	5,382	6,028
YoY Change (%)	(11.9)	30.5	4.9	14.1	8.6	12.0	13.0	13.7	8.7	12.0
<b>Cost Break-up</b>										
RM Cost (% of Sales)	38.5	38.9	38.2	43.7	37.1	37.5	37.5	37.0	39.8	37.3
Staff Cost (% of Sales)	21.1	17.2	18.1	16.1	19.9	17.5	17.0	16.3	18.0	17.7
R&D Expenses(% of Sales)	5.6	5.5	5.5	6.1	6.0	5.5	5.5	6.2	5.7	5.8
Other Cost (% of Sales)	20.5	17.4	18.0	19.3	11.3	14.5	15.5	20.7	18.6	15.6
Gross Margins(%)	61.5	61.1	61.8	56.3	62.9	62.5	62.5	63.0	60.2	62.7
EBITDA Margins(%)	14.3	21.0	20.8	14.8	25.6	24.7	24.1	19.8	17.9	23.6
EBIT Margins(%)	11.3	18.5	18.0	11.7	22.3	21.9	21.1	16.4	15.1	20.5

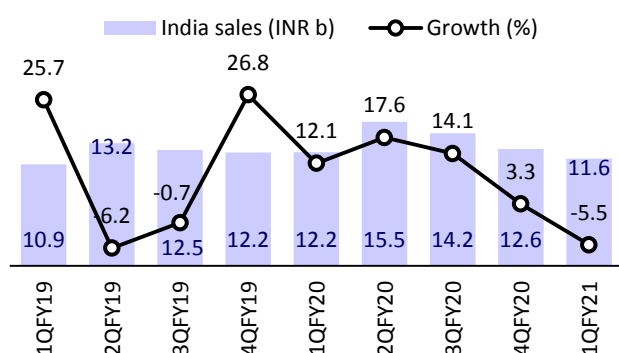


## Management call highlights

- US business grew 28% YoY in CC terms for the quarter, led by new launches and market share gain in existing products.
- ALKEM filed 4 ANDAs and received 2 approvals in 1QFY21. Cumulative ANDAs pending for approval are 58. There are 65-70 products that are currently being marketed. Annual R&D spend would be 6% of revenue.
- Accordingly, US sales trajectory is expected to be on an improving trend.
- Typically ALKEM maintains API inventory of 45-50 days.

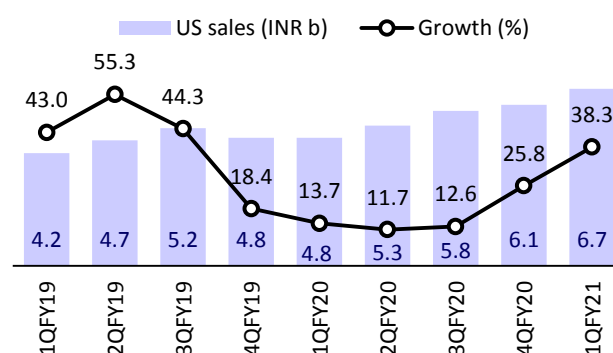
## Key exhibits

**Exhibit 1: Domestic revenue declined 5.5% YoY in 1QFY21**



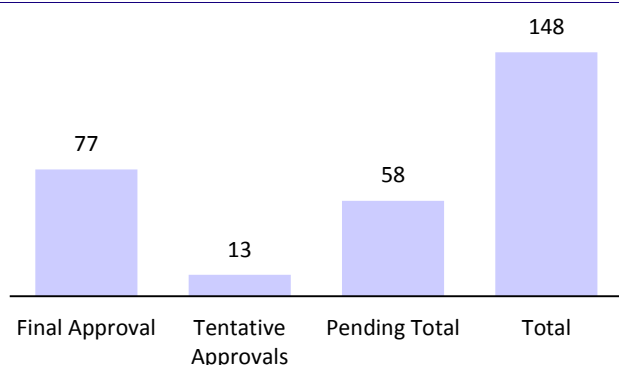
Source: MOFSL, Company

**Exhibit 2: US sales saw healthy growth of 38% YoY**



Source: MOFSL, Company

**Exhibit 3: Cumulative US ANDA filings**



Source: MOSL, Company

**Exhibit 4: Robust ANDA pipeline**

US Filings	# Nos.
Total ANDAs filed	148
ANDAs filed in 1QFY21	4
NDA	2

Source: MOSL, Company

## Valuation view

### DF subdued in 1QFY21; growth in gradual recovery mode

- DF business sales declined 5.5% YoY due to COVID related impact. Due to ALKEM having an Acute heavy portfolio, impact on the company was ~100bp higher (v/s the market). Anti-infectives, gastro and pain portfolios saw decline of 8-25% YoY. However, ALKEM was able to offset some of the decline in its Acute sales from increase in trade generics sales, which increased to ~28% of domestic sales, growing in healthy double-digits for the quarter.
- While the 1QFY21 was weak on YoY basis, the outlook in terms of increased elective procedures at hospitals, increasing patient-doctor connect is expected to aid better growth over the near-to-medium term. Considering a dent in YoY growth for FY21, we expect ALKEM to garner 8% CAGR in DF sales to INR64b.

### US biz to grow on steady stream of filings/launches

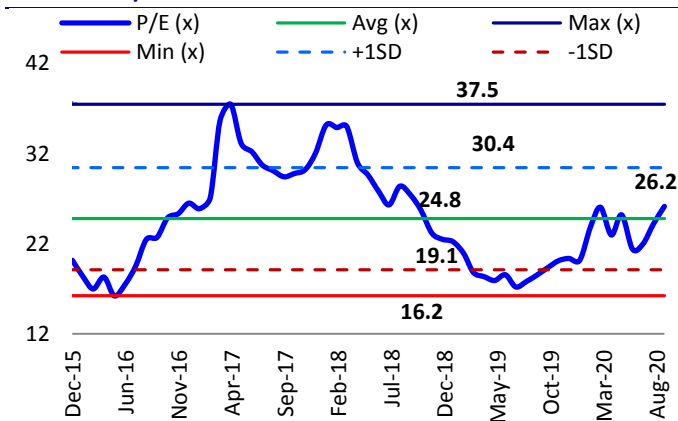
- ALKEM has delivered 24% CAGR in US sales to USD310m over FY15-20. It has 148 ANDAs filed till date with only half of them commercialized in the US. It plans to focus on differentiated products in OSD. It has significant ammunition to grow the business on the back of new product launches and ramp-up in market share in existing products. The company aims to maintain its pace of 10-

12 launches per year over the next 3-4 years. ALKEM now has EIRs for all its 6 facilities supplying to the US, implying minimal regulatory risk over the near term. Based on the product pipeline and minimal regulatory risk in the US, we expect ALKEM's US sales to deliver 16% CAGR at ~USD420m over FY20-22E.

### Valuation and view

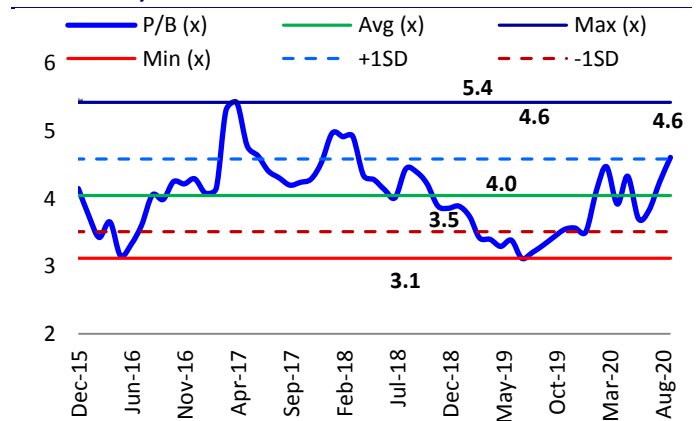
- We expect 24% earnings CAGR over FY20-22E, led by 16%/8% sales CAGR in the US/DF generics on new launches and better traction in existing products. The reduced promotional expense in DF and improving profitability in the US should drive 520bp margin expansion over FY20-22E.
- We have raised our EPS estimates by 30%/15% for FY21/FY22E and have inched up our P/E multiple to 23x (from 22x earlier) to factor in the cost savings on enhanced use of digital way of promotions/reduced travelling expense and robust traction in US generics (driving revenue growth as well as profitability).
- Accordingly, we have revised our price target to INR3,665 on 23x 12-month forward earnings. Re-iterate **Buy**.

Exhibit 5: P/E chart



Source: MOFSL, Company, Bloomberg

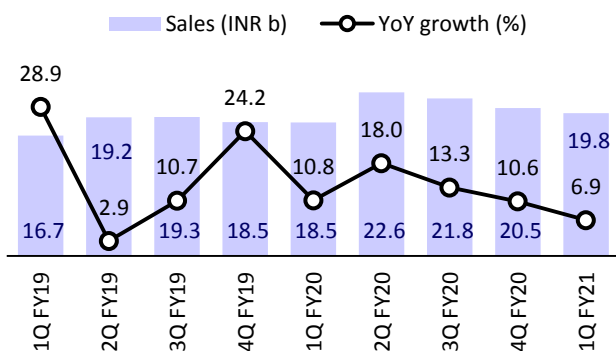
Exhibit 6: P/B chart



Source: MOFSL, Company, Bloomberg

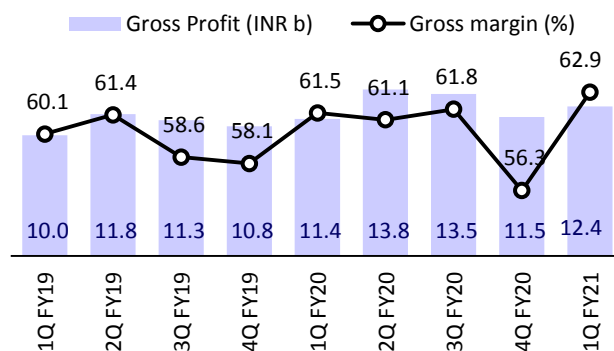
## Story in charts

**Exhibit 7: Growth led by US sales in 1QFY21**



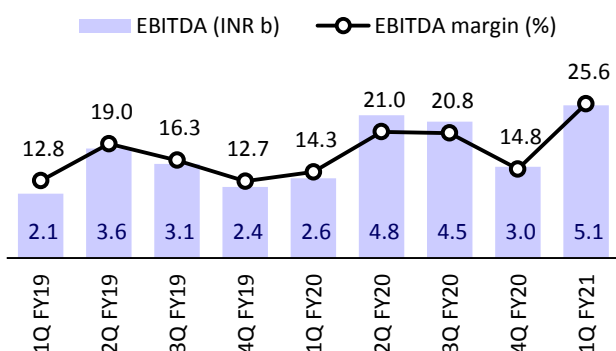
Source: Company, MOFSL

**Exhibit 8: Gross margin improved 140bp YoY**



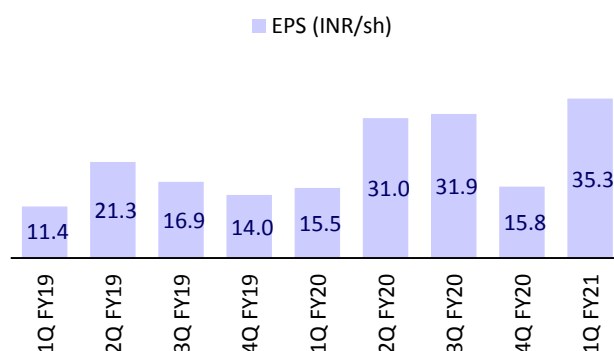
Source: Company, MOFSL

**Exhibit 9: EBITDA margin expanded 1,140bp YoY**



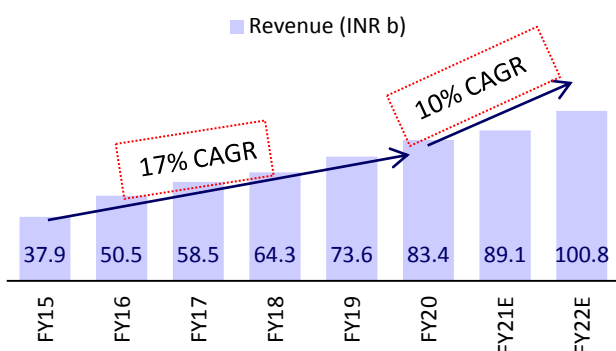
Source: Company, MOFSL

**Exhibit 10: EPS grew 114% YoY to INR35.3 in 1QFY21**



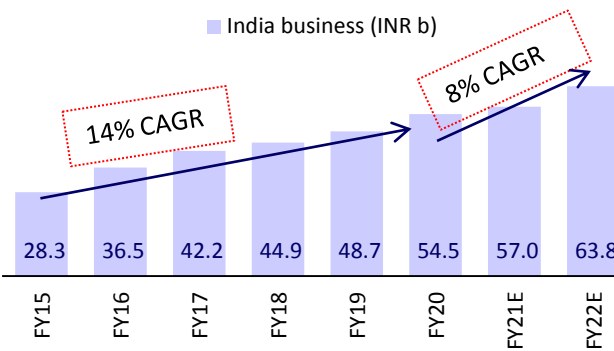
Source: Company, MOFSL

**Exhibit 11: Expect revenue CAGR of 10% over FY20-22E**



Source: Company, MOFSL

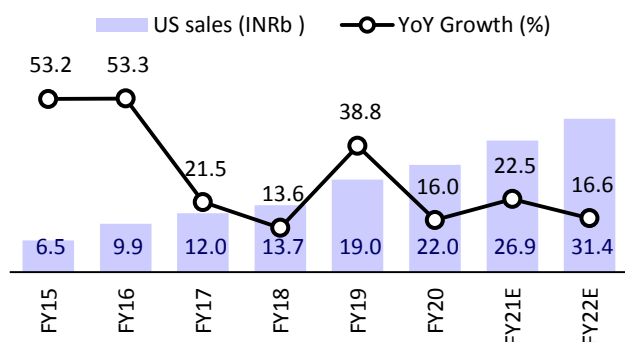
**Exhibit 12: Expect India sales CAGR of 8% over FY20-22E**



Source: Company, MOFSL

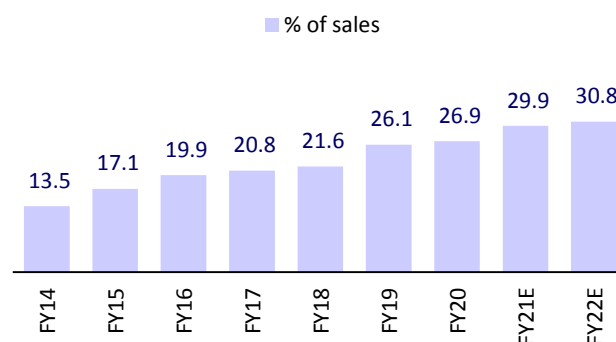
## Story in charts

**Exhibit 13: US sales to be driven by new launches**



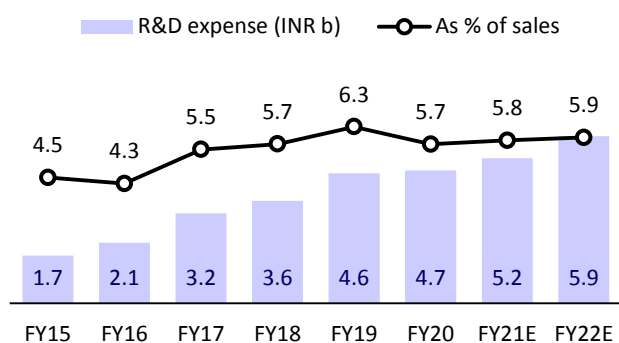
Source: Company, MOFSL

**Exhibit 14: US contribution to sales increasing gradually**



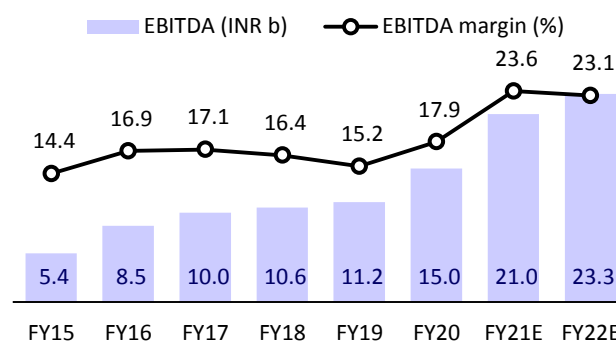
Source: Company, MOFSL

**Exhibit 15: R&D expense to be 5.5-6% of sales over FY20-22E**



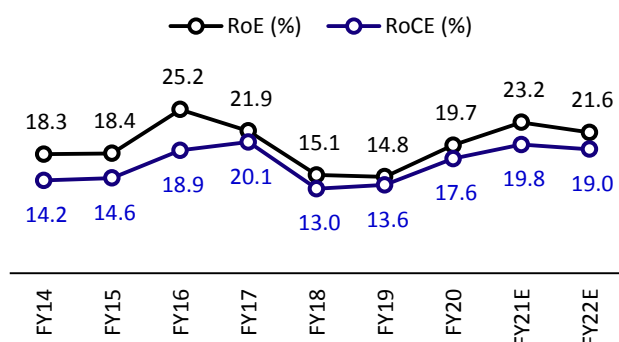
Source: Company, MOFSL

**Exhibit 16: Sales mix/ lower opex to drive profitability**



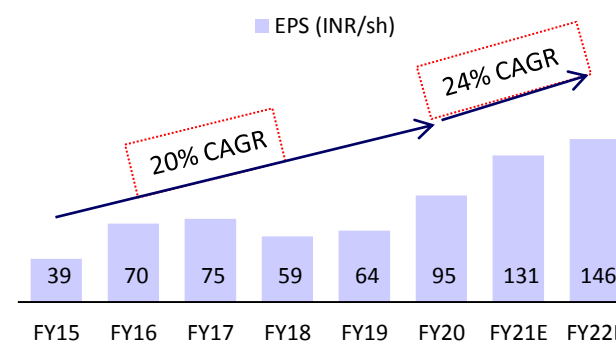
Source: Company, MOFSL

**Exhibit 17: Improving return ratios**



Source: Company, MOFSL

**Exhibit 18: Expect earnings CAGR of 24% over FY20-22E**



Source: Company, MOFSL

## Financials and Valuations

### Consolidated - Income Statement

INR m

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Total Income from Operations</b>	<b>31,260</b>	<b>37,887</b>	<b>50,479</b>	<b>58,525</b>	<b>64,312</b>	<b>73,572</b>	<b>83,444</b>	<b>89,112</b>	<b>100,775</b>
Change (%)	25.3	21.2	33.2	15.9	9.9	14.4	13.4	6.8	13.1
<b>EBITDA</b>	<b>4,100</b>	<b>5,445</b>	<b>8,533</b>	<b>9,990</b>	<b>10,566</b>	<b>11,171</b>	<b>14,960</b>	<b>21,030</b>	<b>23,279</b>
Margin (%)	13.1	14.4	16.9	17.1	16.4	15.2	17.9	23.6	23.1
Depreciation	523	703	933	1,012	1,430	1,932	2,348	2,778	2,886
<b>EBIT</b>	<b>3,578</b>	<b>4,742</b>	<b>7,599</b>	<b>8,978</b>	<b>9,136</b>	<b>9,239</b>	<b>12,612</b>	<b>18,252</b>	<b>20,393</b>
Int. and Finance Charges	931	811	712	452	553	546	651	831	915
Other Income	1,653	1,810	2,397	1,120	960	877	1,042	1,151	1,159
<b>PBT bef. EO Exp.</b>	<b>4,300</b>	<b>5,741</b>	<b>9,284</b>	<b>9,646</b>	<b>9,542</b>	<b>9,570</b>	<b>13,004</b>	<b>18,572</b>	<b>20,638</b>
EO Items	0	-574	0	0	0	-23	-406	260	0
<b>PBT after EO Exp.</b>	<b>4,300</b>	<b>5,167</b>	<b>9,284</b>	<b>9,646</b>	<b>9,542</b>	<b>9,547</b>	<b>12,598</b>	<b>18,832</b>	<b>20,638</b>
Current Tax	25	85	1,762	600	2,876	1,810	1,105	2,636	2,889
Deferred Tax	-79	457	0	0	0	0	0	0	0
Tax Rate (%)	-1.2	10.5	19.0	6.2	30.1	19.0	8.8	14.0	14.0
Less: Mionrity Interest	0	0	114	126	75	131	222	251	284
<b>Reported PAT</b>	<b>4,353</b>	<b>4,625</b>	<b>7,409</b>	<b>8,920</b>	<b>6,309</b>	<b>7,606</b>	<b>11,271</b>	<b>15,944</b>	<b>17,465</b>
<b>Adjusted PAT</b>	<b>4,353</b>	<b>5,139</b>	<b>8,419</b>	<b>8,920</b>	<b>7,040</b>	<b>7,629</b>	<b>11,407</b>	<b>15,720</b>	<b>17,465</b>
Change (%)	13.4	18.1	63.8	6.0	-21.1	8.4	49.5	37.8	11.1
Margin (%)	13.9	13.6	16.7	15.2	10.9	10.4	13.7	17.6	17.3

### Consolidated - Balance Sheet

INR m

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Equity Share Capital	120	239	239	239	239	239	239	239	239
Total Reserves	25,730	29,752	36,681	44,437	48,399	54,154	61,368	73,722	87,254
<b>Net Worth</b>	<b>25,850</b>	<b>29,991</b>	<b>36,920</b>	<b>44,676</b>	<b>48,638</b>	<b>54,393</b>	<b>61,607</b>	<b>73,961</b>	<b>87,493</b>
Minority Interest	0	857	950	1,152	1,216	1,326	1,483	1,483	1,483
Deferred Tax Liabilities	781	1,256	10	5	17	3	0	0	0
Total Loans	11,284	13,059	5,876	6,539	8,920	9,026	16,628	16,628	16,628
<b>Capital Employed</b>	<b>37,915</b>	<b>45,162</b>	<b>43,756</b>	<b>52,373</b>	<b>58,790</b>	<b>64,748</b>	<b>79,717</b>	<b>92,071</b>	<b>105,604</b>
<b>Net Fixed Assets</b>	<b>9,797</b>	<b>11,429</b>	<b>10,310</b>	<b>13,945</b>	<b>18,733</b>	<b>21,056</b>	<b>23,063</b>	<b>24,939</b>	<b>26,034</b>
Goodwill on Consolidation	1,903	3,421	4,185	4,026	4,103	4,248	6,017	6,017	6,017
Capital WIP	0	0	1,724	2,993	3,810	4,930	3,630	2,476	2,495
<b>Total Investments</b>	<b>5,880</b>	<b>4,808</b>	<b>5,086</b>	<b>5,530</b>	<b>4,443</b>	<b>3,236</b>	<b>2,614</b>	<b>2,614</b>	<b>2,614</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>25,414</b>	<b>33,008</b>	<b>28,878</b>	<b>32,225</b>	<b>39,012</b>	<b>41,535</b>	<b>54,784</b>	<b>69,898</b>	<b>85,176</b>
Inventory	6,203	7,842	9,094	12,060	14,422	14,999	18,188	19,025	21,869
Account Receivables	3,669	5,271	5,675	7,136	10,805	12,484	16,494	19,531	24,020
Cash and Bank Balance	2,063	7,908	7,809	3,993	5,768	6,616	10,922	21,538	28,200
Loans and Advances	13,478	11,987	6,300	9,036	8,017	7,437	9,180	9,804	11,087
<b>Curr. Liability &amp; Prov.</b>	<b>5,251</b>	<b>7,796</b>	<b>11,589</b>	<b>13,308</b>	<b>17,866</b>	<b>17,334</b>	<b>19,716</b>	<b>23,199</b>	<b>26,058</b>
Account Payables	3,057	4,619	5,805	7,414	9,607	9,623	9,541	9,484	10,796
Other Current Liabilities	1,267	1,667	3,908	3,628	5,517	4,436	6,108	6,523	7,377
Provisions	926	1,510	1,877	2,266	2,742	3,275	4,067	7,192	7,885
<b>Net Current Assets</b>	<b>20,163</b>	<b>25,212</b>	<b>17,288</b>	<b>18,917</b>	<b>21,145</b>	<b>24,202</b>	<b>35,068</b>	<b>46,699</b>	<b>59,118</b>
Deferred Tax assets	172	292	5,162	6,963	6,556	7,076	9,326	9,326	9,326
<b>Appl. of Funds</b>	<b>37,915</b>	<b>45,162</b>	<b>43,756</b>	<b>52,373</b>	<b>58,790</b>	<b>64,748</b>	<b>79,717</b>	<b>92,071</b>	<b>105,604</b>



## Financials and Valuations

### Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>36.4</b>	<b>38.7</b>	<b>70.4</b>	<b>74.6</b>	<b>58.9</b>	<b>63.8</b>	<b>95.4</b>	<b>131.5</b>	<b>146.1</b>
Cash EPS	40.8	48.9	78.2	83.1	70.9	80.0	115.1	154.7	170.2
BV/Share	216	251	309	374	407	455	515	619	732
DPS	2.0	4.0	12.7	6.0	15.0	15.0	17.9	25.3	27.8
Payout (%)	6.4	12.3	24.7	9.7	34.3	28.5	22.5	22.5	22.5
<b>Valuation (x)</b>									
P/E	82.4	77.6	42.6	40.2	51.0	47.0	31.4	22.8	20.5
Cash P/E	73.6	61.4	38.4	36.1	42.3	37.5	26.1	19.4	17.6
P/BV	13.9	12.0	9.7	8.0	7.4	6.6	5.8	4.8	4.1
EV/Sales	11.8	9.6	7.1	6.2	5.6	4.9	4.4	4.0	3.4
EV/EBITDA	89.7	66.8	41.8	36.2	34.2	32.3	24.4	16.8	14.9
Dividend Yield (%)	0.1	0.1	0.4	0.2	0.5	0.5	0.6	0.8	0.9
FCF per share	15.9	16.1	39.5	-13.7	-34.4	21.1	17.3	118.3	88.9
<b>Return Ratios (%)</b>									
RoE	18.3	18.4	25.2	21.9	15.1	14.8	19.7	23.2	21.6
RoCE	14.2	14.6	18.9	20.1	13.0	13.6	17.6	19.8	19.0
RoIC	13.7	13.6	20.0	24.4	15.1	15.8	20.5	24.5	25.5
<b>Working Capital Ratios</b>									
Asset Turnover (x)	0.8	0.8	1.2	1.1	1.1	1.1	1.0	1.0	1.0
Inventory (Days)	72	76	66	75	82	74	80	78	79
Debtor (Days)	41	49	40	45	61	62	72	78	85
Creditor (Days)	36	45	42	46	55	48	42	39	39
<b>Leverage Ratio (x)</b>									
Debt/Equity	0.4	0.2	-0.1	0.1	0.1	0.0	0.1	-0.1	-0.1

### Consolidated - Cash Flow Statement

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
OP/(Loss) before Tax	4,300	5,142	9,284	9,646	9,260	9,547	13,004	18,572	20,638
Depreciation	523	703	933	1,012	1,430	1,932	2,348	2,778	2,886
Interest & Finance Charges	-555	-1,196	-599	-592	-234	134	-392	-319	-245
Direct Taxes Paid	-1,111	-1,056	-1,982	-2,640	-2,032	-2,511	-1,105	-2,636	-2,889
(Inc)/Dec in WC	-364	-963	101	-2,626	-5,732	-1,403	-6,966	-755	-5,757
<b>CF from Operations</b>	<b>2,793</b>	<b>2,630</b>	<b>7,737</b>	<b>4,801</b>	<b>2,692</b>	<b>7,698</b>	<b>6,889</b>	<b>17,639</b>	<b>14,633</b>
Others	107	652	-478	-90	-32	98	0	0	0
<b>CF from Operating incl EO</b>	<b>2,900</b>	<b>3,281</b>	<b>7,258</b>	<b>4,711</b>	<b>2,660</b>	<b>7,797</b>	<b>6,889</b>	<b>17,639</b>	<b>14,633</b>
(Inc)/Dec in FA	-1,004	-1,354	-2,535	-6,344	-6,770	-5,269	-4,824	-3,500	-4,000
<b>Free Cash Flow</b>	<b>1,897</b>	<b>1,928</b>	<b>4,724</b>	<b>-1,633</b>	<b>-4,110</b>	<b>2,527</b>	<b>2,066</b>	<b>14,139</b>	<b>10,633</b>
(Pur)/Sale of Investments	25	1,028	325	0	868	1,235	622	0	0
Others	-3,814	3,406	4,233	3,484	3,151	2,223	1,042	1,151	1,159
<b>CF from Investments</b>	<b>-4,792</b>	<b>3,081</b>	<b>2,023</b>	<b>-2,859</b>	<b>-2,751</b>	<b>-1,812</b>	<b>-3,159</b>	<b>-2,349</b>	<b>-2,841</b>
Issue of Shares	0	0	0	0	1	0	0	0	0
Inc/(Dec) in Debt	-4,732	871	-6,714	121	3,574	-1,057	7,602	0	0
Interest Paid	-914	-793	-713	-636	-553	-546	-651	-831	-915
Dividend Paid	-319	-567	-1,845	-863	-2,176	-2,186	-2,538	-3,590	-3,932
<b>CF from Fin. Activity</b>	<b>-6,000</b>	<b>-518</b>	<b>-9,273</b>	<b>-1,379</b>	<b>1,944</b>	<b>-3,140</b>	<b>2,577</b>	<b>-7,000</b>	<b>-5,130</b>
<b>Inc/Dec of Cash</b>	<b>-7,892</b>	<b>5,845</b>	<b>8</b>	<b>473</b>	<b>1,853</b>	<b>2,844</b>	<b>6,307</b>	<b>8,289</b>	<b>6,662</b>
Opening Balance	9,955	2,063	1,262	1,193	1,589	1,446	2,289	10,922	19,211
<b>Closing Balance</b>	<b>2,063</b>	<b>7,908</b>	<b>7,809</b>	<b>3,993</b>	<b>5,768</b>	<b>6,616</b>	<b>10,922</b>	<b>21,538</b>	<b>28,200</b>



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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