

Divi's Laboratories

Estimate change



TP change



Rating change



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| | |
|-----------------------|-------------|
| Bloomberg | DIVI IN |
| Equity Shares (m) | 265 |
| M.Cap.(INRb)/(USDb) | 739.1 / 9.7 |
| 52-Week Range (INR) | 2815 / 1467 |
| 1, 6, 12 Rel. Per (%) | 24/41/67 |
| 12M Avg Val (INR M) | 1626 |

Financials & Valuations (INR b)

| Y/E MARCH | 2020 | 2021E | 2022E |
|----------------------|-------|-------|-------|
| Sales | 53.9 | 67.5 | 80.7 |
| EBITDA | 18.4 | 26.7 | 32.3 |
| Adj. PAT | 13.0 | 18.5 | 22.9 |
| EBIT Margin (%) | 30.7 | 35.3 | 35.8 |
| Cons. Adj. EPS (INR) | 48.9 | 69.7 | 86.3 |
| EPS Gr. (%) | -2.3 | 42.4 | 23.8 |
| BV/Sh. (INR) | 275.4 | 350.9 | 419.5 |

Ratios

| | | | |
|------------|------|------|------|
| Net D:E | 0.0 | -0.1 | -0.2 |
| RoE (%) | 18.2 | 22.2 | 22.4 |
| RoCE (%) | 18.5 | 22.3 | 22.3 |
| Payout (%) | 36.1 | 20.5 | 20.5 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 57.2 | 40.2 | 32.5 |
| EV/EBITDA (x) | 40.3 | 27.5 | 22.4 |
| Div. Yield (%) | 0.6 | 0.4 | 0.3 |
| FCF Yield (%) | 0.1 | 1.2 | 2.0 |
| EV/Sales (x) | 13.8 | 10.8 | 8.9 |

Shareholding pattern (%)

| As On | Jun-20 | Mar-20 | Jun-19 |
|----------|--------|--------|--------|
| Promoter | 52.0 | 52.0 | 52.0 |
| DII | 16.8 | 15.6 | 14.9 |
| FII | 18.2 | 19.1 | 21.0 |
| Others | 13.1 | 13.4 | 12.2 |

FII Includes depository receipts

CMP: INR2,784
TP: INR3,350 (+20%)
Upgrade to Buy

Record performance led by robust demand, strong execution

Best play in CRAMS segment

- Divi's Lab (DIVI) delivered all-time high sales/EBITDA/PAT for the quarter. Overall performance was led by volumes and did not include any business opportunity related to COVID-19 treatment. The major capex program would be completed in FY21, and the commercial benefit would start accruing in FY22. This would further enhance the earnings trajectory going forward.
- We raise our earnings estimate for FY21/FY22 by 16%/13% to factor robust demand for DIVI's products, improving profitability owing to backward integration, and incremental business from new capex. We value DIVI at 35x (a 25% premium to its three-year average) considering: (a) renewed growth prospects for generic APIs, (b) its strong relationship with innovators, which is improving the scope of business in CRAMS (Contract Research And Manufacturing Services), and (c) capex support to meet the future requirements of customers. Accordingly, we arrive at TP of INR3,350 on a 12M forward earnings basis.
- We upgrade to Buy**, as we believe DIVI to be well-placed to benefit from renewed API as well as opportunity in CRAMS, supported by strong chemistry skill sets, manufacturing capacity/capabilities, and minimal compliance risk.

Strong beat on revenue/EBITDA/PAT

- DIVI's sales grew 49% YoY to INR17.3b (our est: INR13b) for 1QFY21, led by Custom Synthesis as well as Generics.
- The gross margin expanded 190bp YoY to 63% on a superior product mix and lower raw material cost.
- The EBITDA margin expanded at a higher rate of 670bp YoY to 40.5%, led by lower other expenses / employee cost (-320bps/-150bp YoY as a % of sales).
- EBITDA was up by 78% YoY to INR7b (our est.: INR4.3b) for the quarter.
- Adjusted for INR48m forex gains, adj. PAT was up 74% YoY to INR4.8b (our est.: INR3.1b).

Highlights from management commentary

- The overall outlook for API manufacturers has improved on account of lower supplies from Chinese companies. This could be attributed to manufacturing issues within Chinese companies or resistance in purchasing from them.
- The YoY growth in revenue was led by 39% YoY growth in volumes for the quarter.
- The Generics and Custom Synthesis mix in sales was 59:41 for the quarter.
- DIVI has validated COVID-19-related products such as HCQS, Favipiravir, and Remdesivir. However, these products have not contributed to 1QFY21 revenues.
- The DC-SEZ and DCV-SEZ units, which were partially commercialized in Feb'20/Mar'20, have not contributed to revenue for the quarter.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- We raise our EPS estimate by 16%/13% for FY21/FY22E to factor favorable demand for DIVI's APIs, margin enhancement owing to an increase in the in-house manufacturing of intermediates, and additional revenue from new capex.
- We expect a 33% earnings CAGR over FY20–22E, led by increased business prospects from Custom Synthesis and Generics as well as ~600bp margin expansion on better operating leverage.
- We value DIVI at 35x 12M forward earnings to arrive at TP of INR3,350. We **upgrade to BUY**, on account of promising demand prospects and multiple levers in place for DIVI (chemistry skill sets, efficient manufacturing capability, and considerable scale of operations to gain market share in focus products).

Quarterly Performance

(INR Million)

| Y/E March | FY20 | | | | FY21E | | | | FY20 | FY21E | FY21 | Var. |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | 1QE | (%) |
| Net Op Revenue | 11,628 | 14,456 | 13,963 | 13,897 | 17,305 | 16,985 | 16,755 | 16,492 | 53,944 | 67,538 | 13,023 | 32.9 |
| YoY Change (%) | 16.8 | 9.2 | 2.7 | 9.7 | 48.8 | 17.5 | 20.0 | 18.7 | 9.1 | 25.2 | 12.0 | |
| EBITDA | 3,932 | 5,106 | 4,939 | 4,445 | 7,001 | 6,703 | 6,553 | 6,421 | 18,422 | 26,677 | 4,287 | 63.3 |
| YoY Change (%) | 11.5 | -2.1 | -7.3 | -4.4 | 78.0 | 31.3 | 32.7 | 44.5 | -1.6 | 44.8 | 9 | |
| Margins (%) | 33.8 | 35.3 | 35.4 | 32.0 | 40.5 | 39.5 | 39.1 | 38.9 | 34.1 | 39.5 | 32.9 | |
| Depreciation | 438 | 459 | 467 | 498 | 562 | 650 | 750 | 860 | 1,862 | 2,822 | 490 | |
| EBIT | 3,494 | 4,646 | 4,472 | 3,947 | 6,439 | 6,053 | 5,803 | 5,560 | 16,559 | 23,855 | 3,797 | 69.6 |
| YoY Change (%) | 12.4 | -3.0 | -8.8 | -6.6 | 84.3 | 30.3 | 29.8 | 40.9 | -2.8 | 44.1 | 9 | |
| Margins (%) | 30.0 | 32.1 | 32.0 | 28.4 | 37.2 | 35.6 | 34.6 | 33.7 | 30.7 | 35.3 | 29 | 27.6 |
| Interest | 3 | 38 | 16 | 4 | 2 | 5 | 7 | 12 | 61 | 26 | 14 | |
| Other Income | 303 | 338 | 237 | 196 | 125 | 140 | 170 | 155 | 1,075 | 590 | 230 | |
| PBT before EO Income | 3,794 | 4,947 | 4,694 | 4,139 | 6,562 | 6,188 | 5,966 | 5,704 | 17,574 | 24,420 | 4,013 | |
| Forex gain /(Loss) | -61 | -68 | 180 | 571 | 48 | 0 | 0 | 0 | 621 | 48 | 0 | |
| PBT | 3,733 | 4,879 | 4,873 | 4,710 | 6,610 | 6,188 | 5,966 | 5,704 | 18,195 | 24,468 | 4,013 | 64.7 |
| Tax | 1,009 | 1,311 | 1,282 | 827 | 1,689 | 1,485 | 1,402 | 1,296 | 4,429 | 5,872 | 883 | |
| Rate (%) | 27.0 | 26.9 | 26.3 | 17.6 | 25.6 | 24.0 | 23.5 | 22.7 | 23.5 | 24.0 | 22.0 | |
| PAT | 2,724 | 3,568 | 3,591 | 3,884 | 4,921 | 4,703 | 4,564 | 4,407 | 13,765 | 18,595 | 3,130 | 57.2 |
| Adj. PAT | 2,768 | 3,618 | 3,459 | 3,145 | 4,818 | 4,703 | 4,564 | 4,407 | 12,990 | 18,492 | 3,130 | 53.9 |
| YoY Change (%) | 11.6 | -1.1 | -11.2 | -3.6 | 74.0 | 30.0 | 32.0 | 40.1 | -2.3 | 42.4 | 13.1 | |
| Margins (%) | 23.4 | 24.7 | 25.7 | 28.0 | 28.4 | 27.7 | 27.2 | 26.7 | 25.5 | 27.4 | 24.0 | |

Key perf. Indicators (Consol.)

| Y/E March | FY20 | | | | FY21E | | | | FY20 | FY21E |
|----------------------------|------|------|------|------|-------|------|------|------|------|-------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | |
| Cost Break-up | | | | | | | | | | |
| RM Cost (% of Sales) | 38.9 | 41.1 | 39.2 | 37.1 | 37.0 | 37.0 | 36.3 | 35.7 | 39.1 | 36.5 |
| Staff Cost (% of Sales) | 12.1 | 10.4 | 11.2 | 12.5 | 10.6 | 11.0 | 11.6 | 11.6 | 11.5 | 11.2 |
| Other Expenses(% of Sales) | 15.2 | 13.2 | 14.2 | 18.5 | 11.9 | 12.5 | 13.0 | 13.8 | 15.3 | 12.8 |
| Tax rate (%) | 27.0 | 26.9 | 26.3 | 17.6 | 25.6 | 24.0 | 23.5 | 22.7 | 24.3 | 24.0 |
| Gross Margins(%) | 61.1 | 58.9 | 60.8 | 62.9 | 63.0 | 63.0 | 63.7 | 64.3 | 60.9 | 63.5 |
| EBITDA Margins(%) | 33.8 | 35.3 | 35.4 | 32.0 | 40.5 | 39.5 | 39.1 | 38.9 | 34.1 | 39.5 |
| EBIT Margins(%) | 30.0 | 32.1 | 32.0 | 28.4 | 37.2 | 35.6 | 34.6 | 33.7 | 30.7 | 35.3 |



Conference call highlights

- Nutraceutical sales were up 30% YoY to INR1.3b for the quarter. The near-term growth outlook may be subdued on account of COVID-19; however, long-term growth remains steady.
- Geography-wise, Europe / North America accounted for 74% of revenue for 1QFY21.

- DIVI indicated the ability to handle differentiated technologies is one of the key drivers of its CS business.
- DIVI has INR8b in capital work-in-progress (CWIP). It would be completing the majority of capex at Units 1 and 2, including validation and exhibit batches, by FY21. Thereafter, DIVI would seek regulatory clearance before starting commercial supply.
- Considering 5–6% annual demand growth for Naproxen, it would imply a mean additional requirement of 700–800t on an annual basis.
- DIVI awaits legal resolution at the Kakinada site before it would incur capital expenditure on the site.
- It had cash of INR15.4b at the end of 1QFY21.
- DIVI added a gross block of INR2.2b in 1QFY21.

Valuation and view

Favorable demand to drive growth in generic APIs

- DIVI is a global leader in large-volume APIs. It has a very selective, high-volume, 30 API portfolio, which it sells to companies in over 95 countries. Additionally, it has 10 products in development at various stages. Large volumes in select products, coupled with an established presence across the value chain of manufacturing APIs, give DIVI a cost advantage, operating leverage, and better terms with its suppliers.
- Favorable demand for API from sources other than China has improved growth prospects for Indian manufacturers, and DIVI is in a strong position to grow its segment. It has not only enhanced capacity through debottlenecking but also worked on backward integration to aid revenue growth and profitability.
- The government's PLI scheme could also provide incentives, expected to play out in three to five years. Accordingly, much of the growth in DIVI is expected to be led by volumes rather than price hikes.

Long-standing relationship and chemistry skill to drive growth in Custom Synthesis segment

- DIVI is attracting interest from pharma innovators for its Custom Synthesis (CRAMS) business. It has a long-standing relationship with 6 of the top 10 pharma innovators, which ensures continued revenues.
- Global spending on medicine reached USD1.3t in CY19, and is expected to increase at a 4–5% CAGR to USD1.5t over CY19–23E. Within this, the outsourcing of research and manufacturing would continue to increase on account of the growing cost associated with developing new drugs and sharp price erosion once the generic version is launched. Accordingly, companies with strong chemistry skill sets and the ability to manufacture with consistent compliance would continue to see robust business opportunities. DIVI's strong technical capabilities, large team of 350 R&D scientists, scale of commercial manufacturing, and level of regulatory compliance bode well for business growth.

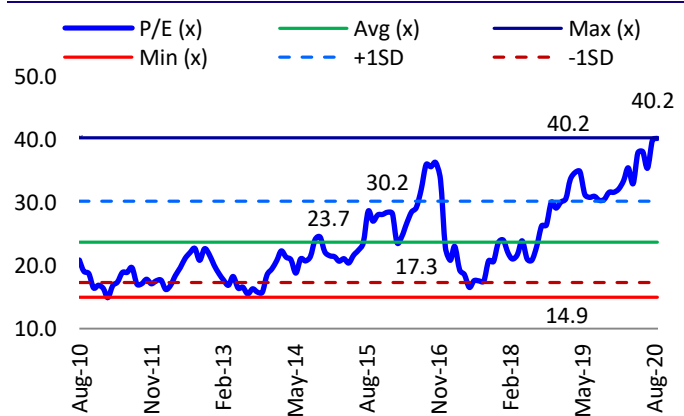
Major capex to be completed in FY21

- To support commercial manufacturing, DIVI incurred capex of INR13b for FY20 and is in the last phase of major capital expenditure (INR8b CWIP). The DC-SEZ and DCV-SEZ units, which were partially commercialized in Feb'20/Mar'20, would help increase the capacity to drive volumes and better backward integration, in turn growing margins. Increased capacity would also help the company capitalize on the current increase in demand and lock-in customers for their long-term requirements. The outlook remains intact in terms of opportunities post the commercialization of manufacturing facilities.

Valuation and view

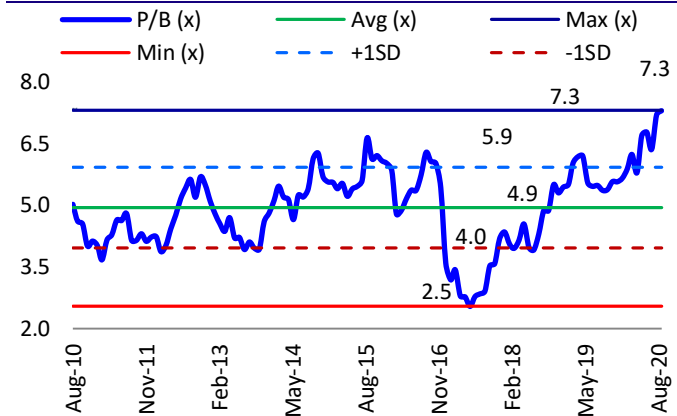
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- We expect a 33% earnings CAGR over FY20–22E, led by increased business prospects from Custom Synthesis and Generics as well as ~600bp margin expansion on better operating leverage.
- We value DIVI at 35x 12M forward earnings to arrive at TP of INR3,350. We upgrade to BUY, supported by promising demand prospects and multiple levers in place for DIVI (chemistry skill sets, efficient manufacturing capabilities, and considerable scale of operations to gain market share in focus products).

Exhibit 1: P/E chart



Source: MOFSL, Company, Bloomberg

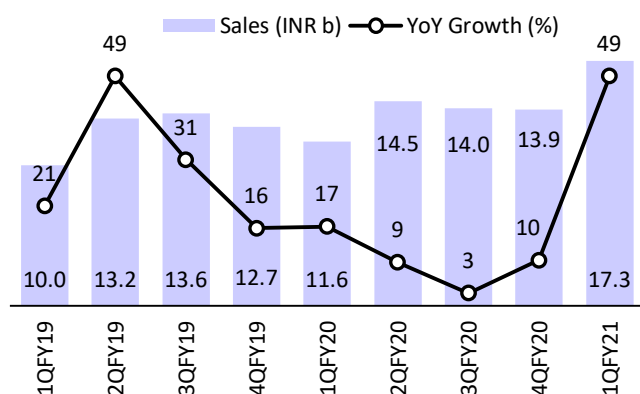
Exhibit 2: P/B chart



Source: MOFSL, Company, Bloomberg

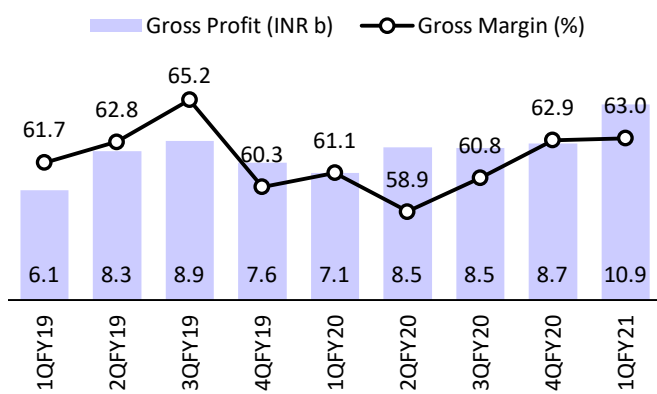
Story in charts

Exhibit 3: Revenue grew 49% YoY



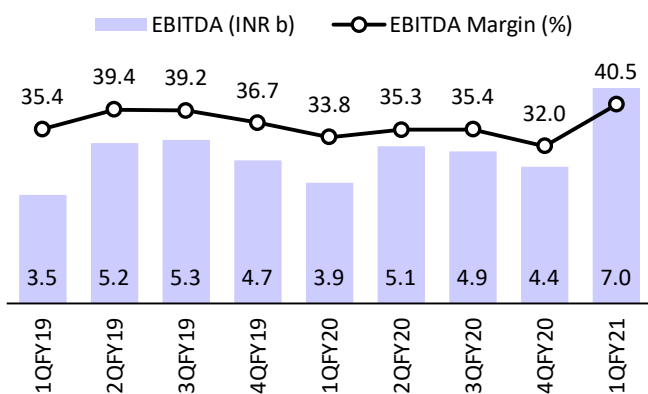
Source: Company, MOFSL

Exhibit 4: Gross margins expanded 190bp YoY



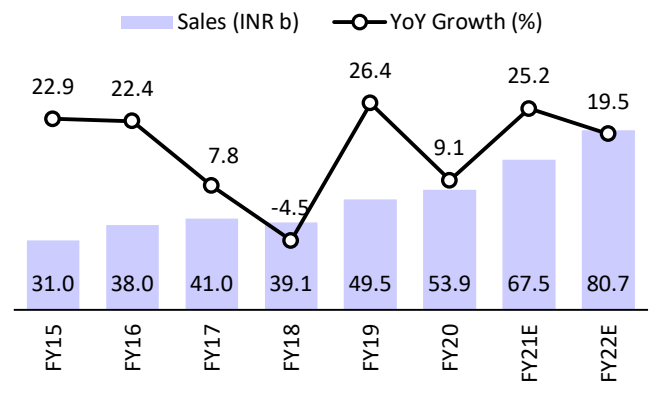
Source: Company, MOFSL

Exhibit 5: EBITDA margin improved 670bp YoY in 1QFY21



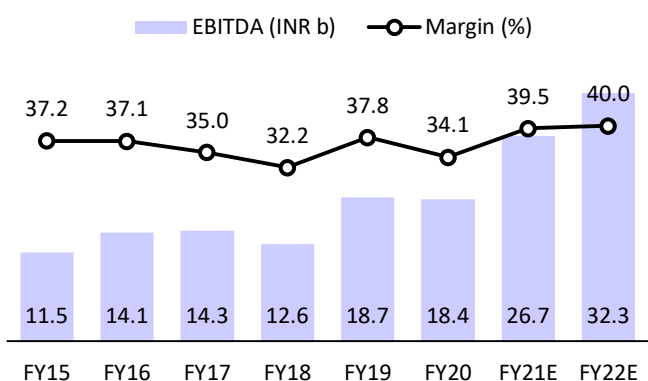
Source: Company, MOFSL

Exhibit 6: Expect revenue CAGR of ~22% over FY20–22E



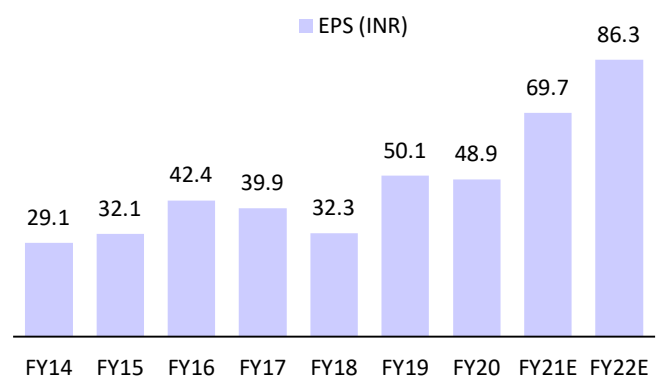
Source: Company, MOFSL

Exhibit 7: EBITDA margin to improve by 600bp over FY20–22



Source: Company, MOFSL

Exhibit 8: EPS to exhibit ~33% CAGR over FY20–22E



Source: Company, MOFSL

Financials and valuations

| Income Statement | | | | | | | (INR M) | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
| Net Sales | 31,032 | 37,975 | 40,952 | 39,128 | 49,463 | 53,944 | 67,538 | 80,714 |
| Change (%) | 22.9 | 22.4 | 7.8 | -4.5 | 26.4 | 9.1 | 25.2 | 19.5 |
| EBITDA | 11,535 | 14,100 | 14,350 | 12,617 | 18,718 | 18,422 | 26,677 | 32,286 |
| Growth (%) | 14.5 | 22.2 | 1.8 | -12.1 | 48.4 | -1.6 | 44.8 | 21.0 |
| Margin (%) | 37.2 | 37.1 | 35.0 | 32.2 | 37.8 | 34.1 | 39.5 | 40.0 |
| Depreciation | 1,360 | 1,182 | 1,233 | 1,425 | 1,689 | 1,862 | 2,822 | 3,380 |
| EBIT | 10,175 | 12,918 | 13,117 | 11,192 | 17,029 | 16,559 | 23,855 | 28,905 |
| Int. and Finance Charges | 19 | 38 | 23 | 13 | 35 | 61 | 26 | 29 |
| Other Income - Rec. | 564 | 1,048 | 859 | 855 | 1,248 | 1,075 | 590 | 674 |
| PBT | 10,721 | 13,928 | 13,953 | 12,313 | 18,551 | 18,195 | 24,468 | 29,550 |
| Current Tax | 2,206 | 2,842 | 2,852 | 2,898 | 4,755 | 3,928 | 6,117 | 6,649 |
| Tax Rate (%) | 20.6 | 19.2 | 24.0 | 28.8 | 27.1 | 24.3 | 24.0 | 22.5 |
| Reported PAT | 8,515 | 11,258 | 10,604 | 8,770 | 13,527 | 13,765 | 18,595 | 22,901 |
| Adj. PAT | 8,515 | 11,258 | 10,604 | 8,571 | 13,292 | 12,990 | 18,492 | 22,901 |
| Change (%) | 10.1 | 32.2 | -5.8 | -19.2 | 55.1 | -2.3 | 42.4 | 23.8 |
| Margin (%) | 27.4 | 29.6 | 25.9 | 21.9 | 26.9 | 24.1 | 27.4 | 28.4 |

| Balance Sheet | | | | | | | (INR M) | |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
| Equity Share Capital | 531 | 531 | 531 | 531 | 531 | 531 | 531 | 531 |
| Total Reserves | 34,423 | 42,402 | 53,043 | 58,717 | 69,041 | 72,568 | 92,619 | 110,826 |
| Net Worth | 34,954 | 42,933 | 53,574 | 59,248 | 69,572 | 73,099 | 93,150 | 111,357 |
| Deferred liabilities | 1262 | 731 | 1228 | 1917 | 2188 | 2696 | 2451 | 2451 |
| Total Loans | 261 | 419 | 357 | 631 | 1,056 | 336 | 336 | 336 |
| Capital Employed | 36,477 | 44,083 | 55,160 | 61,796 | 72,816 | 76,131 | 95,938 | 114,144 |
| Gross Block | 19,634 | 21,938 | 24,339 | 30,134 | 32,739 | 41,542 | 53,934 | 56,934 |
| Less: Accum. Deprn. | 6,545 | 7,551 | 8,747 | 10,172 | 11,861 | 13,723 | 16,545 | 19,926 |
| Net Fixed Assets | 13,089 | 14,388 | 15,592 | 19,962 | 20,878 | 27,819 | 37,388 | 37,008 |
| Capital WIP | 2,182 | 2,639 | 4,436 | 1,198 | 4,919 | 9,197 | 2,000 | 2,000 |
| Investments | 7,330 | 8,025 | 16,307 | 18,894 | 19,456 | 9,714 | 9,714 | 9,714 |
| Curr. Assets | 21,451 | 23,924 | 25,215 | 27,769 | 35,106 | 38,584 | 56,521 | 77,759 |
| Inventory | 11,626 | 12,078 | 13,199 | 13,507 | 17,723 | 18,639 | 24,989 | 30,671 |
| Account Receivables | 7,416 | 8,809 | 8,984 | 10,144 | 11,634 | 14,134 | 16,884 | 20,986 |
| Cash and Bank Balance | 652 | 734 | 787 | 1,125 | 1,153 | 1,226 | 11,270 | 21,260 |
| Loans & Advances | 1,756 | 2,303 | 2,244 | 2,994 | 4,597 | 4,586 | 3,377 | 4,843 |
| Curr. Liability & Prov. | 7,575 | 4,896 | 6,390 | 6,026 | 7,543 | 9,182 | 9,685 | 12,337 |
| Account Payables | 4,303 | 4,759 | 6,224 | 5,867 | 7,400 | 8,952 | 9,455 | 12,107 |
| Provisions | 3,271 | 137 | 166 | 159 | 143 | 230 | 230 | 230 |
| Net Current Assets | 13,876 | 19,028 | 18,825 | 21,743 | 27,563 | 29,402 | 46,836 | 65,423 |
| Appl. of Funds | 36,477 | 44,083 | 55,160 | 61,796 | 72,816 | 76,131 | 95,938 | 114,144 |

Financials and valuations

Ratios

| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | | | |
| EPS | 32.1 | 42.4 | 39.9 | 32.3 | 50.1 | 48.9 | 69.7 | 86.3 |
| Cash EPS | 37.2 | 46.9 | 44.6 | 37.7 | 56.4 | 56.0 | 80.3 | 99.0 |
| BV/Share | 131.7 | 161.7 | 201.8 | 223.2 | 262.0 | 275.4 | 350.9 | 419.5 |
| DPS | 10.0 | 10.0 | 10.0 | 10.0 | 16.0 | 16.0 | 12.3 | 8.2 |
| Payout (%) | 37.5 | 28.4 | 30.1 | 35.4 | 36.7 | 36.1 | 20.5 | 20.5 |

Valuation (x)

| | | | | | | | | |
|--------------------|------|------|------|------|------|------|------|------|
| P/E | 87.3 | 66.0 | 70.1 | 86.7 | 55.9 | 57.2 | 40.2 | 32.5 |
| Cash P/E | 75.3 | 59.8 | 62.8 | 74.4 | 49.6 | 50.0 | 34.9 | 28.3 |
| P/BV | 21.3 | 17.3 | 13.9 | 12.5 | 10.7 | 10.2 | 8.0 | 6.7 |
| EV/Sales | 23.9 | 19.6 | 18.1 | 19.0 | 15.0 | 13.8 | 10.8 | 8.9 |
| EV/EBITDA | 64.4 | 52.7 | 51.8 | 58.9 | 39.7 | 40.3 | 27.5 | 22.4 |
| Dividend Yield (%) | 0.4 | 0.4 | 0.4 | 0.4 | 0.6 | 0.6 | 0.4 | 0.3 |

Return Ratios (%)

| | | | | | | | | |
|------|------|------|------|------|------|------|------|------|
| RoE | 26.3 | 28.9 | 22.0 | 15.2 | 20.6 | 18.2 | 22.2 | 22.4 |
| RoCE | 26.1 | 28.7 | 21.8 | 15.1 | 20.4 | 18.5 | 22.3 | 22.3 |
| RoIC | 32.1 | 35.4 | 30.1 | 21.5 | 28.3 | 24.3 | 28.1 | 29.1 |

Working Capital Ratios

| | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Fixed Asset Turnover (x) | 1.7 | 1.8 | 1.8 | 1.4 | 1.6 | 1.5 | 1.4 | 1.5 |
| Debtor (Days) | 86 | 83 | 78 | 91 | 82 | 91 | 86 | 89 |
| Inventory (Days) | 137 | 116 | 118 | 126 | 131 | 126 | 135 | 139 |
| Working Capital Turnover (Days) | 156 | 176 | 161 | 192 | 195 | 191 | 192 | 200 |

Leverage Ratio (x)

| | | | | | | | | |
|-----------------|-------|-------|-------|-------|------|-------|------|------|
| Current Ratio | 2.8 | 4.9 | 3.9 | 4.6 | 4.7 | 4.2 | 5.8 | 6.3 |
| Net Debt/Equity | -0.01 | -0.01 | -0.01 | -0.01 | 0.00 | -0.01 | -0.1 | -0.2 |

Cash Flow Statement

(INR M)

| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
|------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|---------------|---------------|
| Op.Profit/(Loss) bef. Tax | 11,535 | 14,100 | 14,350 | 12,617 | 18,718 | 18,422 | 26,677 | 32,286 |
| Interest/Dividends Recd. | 564 | 1,048 | 859 | 855 | 1,248 | 1,075 | 590 | 674 |
| Direct Taxes Paid | -2,206 | -2,842 | -2,852 | -2,898 | -4,755 | -3,928 | -6,117 | -6,649 |
| (Inc)/Dec in WC | -1,349 | -5,070 | 256 | -2,581 | -5,792 | -1,766 | -7,389 | -8,598 |
| CF from Operations | 8,545 | 7,236 | 12,613 | 7,993 | 9,419 | 13,804 | 13,762 | 17,713 |
| (inc)/dec in FA | -2,967 | -2,762 | -4,197 | -2,557 | -6,326 | -13,081 | -5,195 | -3,000 |
| Free Cash Flow | 5,578 | 4,474 | 8,416 | 5,436 | 3,093 | 722 | 8,566 | 14,713 |
| (Pur)/Sale of Investments | -2,199 | -695 | -8,282 | -2,586 | -562 | 9,742 | 0 | 0 |
| CF from Investments | -5,167 | -3,457 | -12,479 | -5,143 | -6,889 | -3,339 | -5,195 | -3,000 |
| Change in network | | | | | | | | |
| Inc/(Dec) in Debt | 82 | 158 | -61 | 274 | 425 | -720 | 0 | 0 |
| Interest Paid | -19 | -38 | -23 | -13 | -35 | -61 | -26 | -29 |
| Dividend Paid | -3,195 | -3,195 | -3,195 | -3,106 | -4,970 | -4,970 | -3,812 | -4,697 |
| Others | -265 | -622 | 3,198 | 54 | 1,770 | -5,262 | 5,268 | 2 |
| CF from Fin. Activity | -3,397 | -3,697 | -81 | -2,791 | -2,810 | -11,013 | 1,430 | -4,724 |
| Inc/Dec of Cash | -18 | 82 | 53 | 338 | 29 | 73 | 10,044 | 9,989 |
| Add: Beginning Balance | 671 | 652 | 734 | 787 | 1,125 | 1,153 | 1,226 | 11,270 |
| Closing Balance | 652 | 734 | 787 | 1,125 | 1,153 | 1,226 | 11,270 | 21,260 |

NOTES

| 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 |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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