

# Alembic Pharma

Estimate change

TP change

Rating change



Bloomberg	ALPM IN
Equity Shares (m)	189
M.Cap.(INRb)/(USD\$)	202.4 / 2.9
52-Week Range (INR)	1150 / 436
1, 6, 12 Rel. Per (%)	-12/-28/53
12M Avg Val (INR M)	381

## Financials & Valuations (INR b)

Y/E MARCH	2021E	2022E	2023E
Sales	55.0	60.8	67.5
EBITDA	15.9	14.7	16.3
Adj. PAT	11.7	10.3	11.3
EBIT Margin (%)	25.6	20.8	20.4
Cons. Adj. EPS (INR)	59.4	52.4	57.3
EPS Gr. (%)	35.1	-11.8	9.4
BV/Sh. (INR)	248.6	288.9	334.2

## Ratios

Net D:E	0.1	0.1	0.0
RoE (%)	29.4	20.1	19.0
RoCE (%)	21.5	16.7	16.4
Payout (%)	20.3	23.0	21.0

## Valuations

P/E (x)	17.4	19.7	18.0
EV/EBITDA (x)	12.4	13.3	11.9
Div. Yield (%)	1.0	1.0	1.0
FCF Yield (%)	2.8	1.7	2.4
EV/Sales (x)	3.6	3.2	2.9

## Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	69.8	69.8	73.0
DII	10.1	9.4	6.7
FII	7.0	7.0	9.2
Others	13.1	13.8	11.1

FII Includes depository receipts

CMP: INR1,030

TP: INR1,070 (+4%)

Neutral

## DF/Non-US/API drive earnings

### US sales moderate on increased competition in some products

- Alembic Pharma (ALPM) missed 3QFY21 earnings, weighed by lower-than-expected sales in the US. The adverse impact of lower price of Sartans in the US was offset, to some extent, by a) healthy sales growth in the Domestic Formulation (DF) / Non-US / API segment and b) stable other operating expenses.
- Physical inspections by the USFDA across sites for the industry in India are delayed due to restrictions on international travel. However, ALPM may face the inspection earlier (over the next 3–6M) as it has filed for products on the shortage list.
- We lower our PAT estimate by 3%/4% for FY22/FY23, factoring in higher competition for Sartans and delay in approvals for injectable products. We continue to value ALPM at 19x (in line with its five-year average) 12M forward earnings to arrive at TP of INR1,070. Maintain Neutral.

### Better product mix benefit offset by higher opex

- ALPM's 3QFY21 sales were up 8.7% YoY to INR13.1b (est. INR14.8b), driven by DF, Non-US, and API sales. DF sales were up 14% YoY to INR4.2b (32% of sales), Non-US sales were up 15% YoY to INR1.7b (13% of sales), and API sales were up 21% YoY to INR2.1b (16% of sales). US sales were flat YoY at INR5.1b (39% of sales).
- Gross margin expanded 240bps YoY to 77.7% owing to a better product mix.
- However, the EBITDA margin expanded just 90bp YoY to 27.8% (our est.: 28.9%), dragged down by higher employee costs / other expenses (+120bp/+110bp as a percentage of sales). This was partially offset by lower R&D cost (-80bp as a percentage of sales).
- EBITDA was up 12.3% YoY to INR3.7b (est. INR4.3b).
- Adj. PAT grew at a higher rate of 24.9% YoY to INR2.9b (est. INR3b), led by profit share from associates/JV (INR264m for 3QFY21 v/s loss of INR3.7m for 3QFY20).
- Sales/EBITDA/PAT for 9MFY21 was up 21%/36%/47% YoY to INR41b/INR12b/INR9b.

### Highlights from management commentary

- ALPM remains confident of tracking USD400–500m US sales by FY24 on the back of new launches in the Injectables, Oral Solids, Derma, and Ophthalmology segments.
- ALPM plans to launch 5+ products in the US market in 4QFY21. Sales from the recent niche launches would be reflected fully in the coming quarter.
- Operating cost related to the DF business has now normalized at pre-COVID levels.
- R&D expense would be INR6.3–6.5b for FY21 v/s earlier guidance of INR7b.
- ALPM remains confident of outperforming the market in focus therapies in DF – on the back of new launches and better traction from existing products.

Tushar Manudhane - Research Analyst (Tushar.Manudhane@MotilalOswal.com)

Bharat Hegde, CFA - Research Analyst (Bharat.Hegde@MotilalOswal.com)

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

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

**Valuation and view**

- On the high base of FY20, we expect a PAT CAGR of 9% over FY20–23, led by a 21%/18%/12%/10% sales CAGR in the Non-US/API/US/DF segment.
- We lower our EPS estimate by 3%/4% for FY22/FY23, factoring in price erosion in Sartans on account of peers' re-entry and the delayed commercialization at the injectables facility. We value ALPM at 19x 12M forward earnings and arrive at TP of INR1,070. Maintain Neutral.

**Quarterly perf. (Consol.)****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E	FY21E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	vs Est
<b>Net Sales</b>	<b>9,489</b>	<b>12,409</b>	<b>12,091</b>	<b>12,068</b>	<b>13,413</b>	<b>14,571</b>	<b>13,143</b>	<b>13,891</b>	<b>46,060</b>	<b>55,019</b>	<b>14,827</b>	<b>-11.4%</b>
YoY Change (%)	10.0	10.1	18.8	30.2	41.4	17.4	8.7	15.1	17.0	19.4	22.6	
Total Expenditure	7,240	8,954	8,841	8,793	9,340	10,137	9,493	10,140	33,827	39,108	10,542	
<b>EBITDA</b>	<b>2,249</b>	<b>3,455</b>	<b>3,251</b>	<b>3,275</b>	<b>4,074</b>	<b>4,434</b>	<b>3,651</b>	<b>3,752</b>	<b>12,233</b>	<b>15,910</b>	<b>4,285</b>	<b>-14.8%</b>
YoY Change (%)	49.0	14.3	34.2	84.0	81.1	28.3	12.3	14.5	39.9	30.1	32	
Margins (%)	23.7	27.8	26.9	27.1	30.4	30.4	27.8	27.0	26.6	28.9	28.9	
Depreciation	354	360	418	441	415	438	470	494	1,573	1,817	450	
<b>EBIT</b>	<b>2,603</b>	<b>3,815</b>	<b>3,669</b>	<b>3,717</b>	<b>4,489</b>	<b>4,872</b>	<b>4,121</b>	<b>4,246</b>	<b>13,806</b>	<b>17,727</b>	<b>4,735</b>	
YoY Change (%)	28.3	25.6	44.0	47.4	72.4	27.7	12.3	14.2	39.5	28.4	29	
Interest	50	71	74	78	67	45	23	24	272	158	30	
Other Income	33	4	4	9	3	32	25	22	49	83	12	
<b>PBT before EO expense</b>	<b>1,878</b>	<b>3,029</b>	<b>2,763</b>	<b>2,765</b>	<b>3,595</b>	<b>3,984</b>	<b>3,183</b>	<b>3,255</b>	<b>10,437</b>	<b>14,017</b>	<b>3,817</b>	<b>-16.6%</b>
Extra-Ord expense	328	0	0	109	0	0	0	0	436	0	0	
<b>PBT</b>	<b>1,550</b>	<b>3,029</b>	<b>2,763</b>	<b>2,660</b>	<b>3,595</b>	<b>3,984</b>	<b>3,183</b>	<b>3,255</b>	<b>10,001</b>	<b>14,017</b>	<b>3,817</b>	<b>-16.6%</b>
Tax	360	525	486	621	668	730	591	604	1,992	2,593	840	
Rate (%)	23.2	17.3	17.6	23.4	18.6	18.3	18.6	18.6	19.9	18.5	22.0	
MI & P/L of Asso. Cos.	-47	41	-65	-214	-87	-80	-334	251	-285	-250	-45	
<b>Reported PAT</b>	<b>1,237</b>	<b>2,463</b>	<b>2,342</b>	<b>2,252</b>	<b>3,015</b>	<b>3,334</b>	<b>2,926</b>	<b>2,400</b>	<b>8,294</b>	<b>11,674</b>	<b>3,022</b>	<b>-3.2%</b>
<b>Adj PAT</b>	<b>1,504</b>	<b>2,463</b>	<b>2,342</b>	<b>2,334</b>	<b>3,015</b>	<b>3,334</b>	<b>2,926</b>	<b>2,400</b>	<b>8,643</b>	<b>11,674</b>	<b>3,022</b>	<b>-3.2%</b>
YoY Change (%)	66.2	23.1	37.9	88.2	100.4	35.4	24.9	2.8	47.7	35.1	29.0	
Margins (%)	15.9	19.8	19.4	19.3	22.5	22.9	22.3	17.3	18.8	21.2	20.4	

**Key performance Indicators (Consolidated)**

Y/E March	FY20				FY21E				FY20	FY21E	FY21E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	vs Est
<b>India</b>	<b>3240</b>	<b>3910</b>	<b>3680</b>	<b>3420</b>	<b>3060</b>	<b>4150</b>	<b>4180</b>	<b>4031</b>	<b>14250</b>	<b>15421</b>	<b>4269</b>	<b>-2%</b>
YoY Change (%)	(2.1)	1.6	0.8	13.2	(5.6)	6.1	13.6	17.9	3.0	8.2	16.0	
<b>Exports</b>	<b>4,530</b>	<b>6,460</b>	<b>6,640</b>	<b>7,100</b>	<b>7,710</b>	<b>7,790</b>	<b>6,830</b>	<b>7,366</b>	<b>24,730</b>	<b>29,696</b>	<b>7,903</b>	<b>-14%</b>
YoY Change (%)	28.7	10.1	48.2	79.7	70.2	20.6	2.9	3.7	38.7	20.1	19.0	
<b>APIs</b>	<b>1,720</b>	<b>2,040</b>	<b>1,770</b>	<b>1,550</b>	<b>2,640</b>	<b>2,630</b>	<b>2,140</b>	<b>2,492</b>	<b>7,080</b>	<b>9,902</b>	<b>2,655</b>	<b>-19%</b>
YoY Change (%)	(4.4)	31.6	(13.7)	(32.6)	53.5	28.9	20.9	60.8	(8.1)	39.9	50.0	
<b>Cost Break-up</b>												
RM Cost (% of Sales)	21.5	22.0	24.7	21.9	25.2	21.4	22.3	24.0	22.6	23.2	21.5	
Staff Cost (% of Sales)	22.6	17.5	18.8	20.5	20.5	18.9	20.0	19.4	19.7	19.7	19.0	
R&D Expenses (% of Sales)	14.8	14.0	12.1	15.3	10.6	12.7	11.3	11.7	14.0	11.6	13.0	
Other Cost (% of Sales)	17.3	18.6	17.6	15.2	13.3	16.5	18.7	17.9	17.2	16.6	17.6	
Gross Margins(%)	78.5	78.0	75.3	78.1	74.8	78.6	77.7	76.0	77.4	76.8	78.5	
EBITDA Margins(%)	23.7	27.8	26.9	27.1	30.4	30.4	27.8	27.0	26.6	28.9	28.9	
EBIT Margins(%)	27.4	30.7	30.3	30.8	33.5	33.4	31.4	30.6	30.0	32.2	31.9	

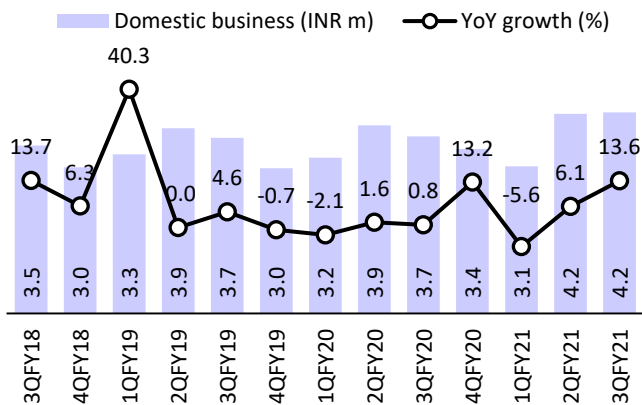


## Conference call highlights

- INR600m/INR1.3b was offered as financial assistance to Aleor (JV) for 3QFY21/9MFY21.
- ALPM received six final ANDA approvals in 3QFY21.
- ALPM launched Dapagliflozin and Rivoroxaban in the DF market.
- Azithromycin offtake in the DF segment is gradually normalizing on account of the COVID situation easing.
- ALPM received milestone payments (included in profit share from JV/associates) from Rhizen pharma in the quarter. Going forward, income from Rhizen would include only royalty on sales and manufacturing income once the product is launched.
- Capex stood at INR2b/INR5b in 3M/9MFY21.
- **Capex plan:** ALPM plans to add two more injectable lines at F3. It is also stepping up its investments in the API segment for better backward integration. Accordingly, ALPM would spend INR4–5b on new capex investments over the next 1.5–2 years. Additionally, ALPM would have annual maintenance capex of INR2.5b.

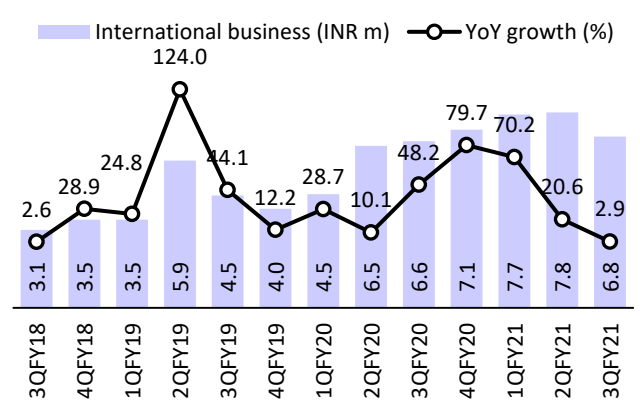
## Key exhibits

Exhibit 1: YoY sales growth in DF on uptrend



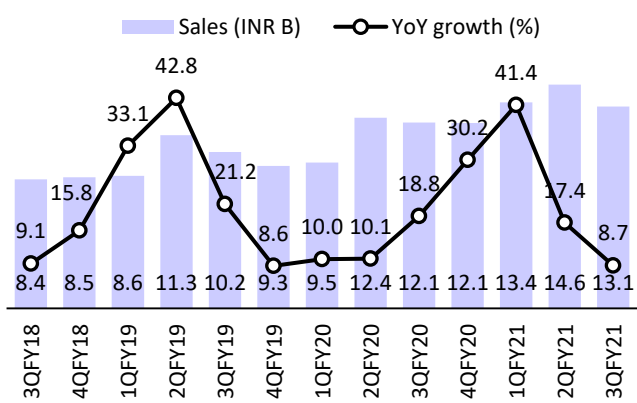
Source: MOFSL, Company

Exhibit 2: Flat US sales drag down international business growth rate



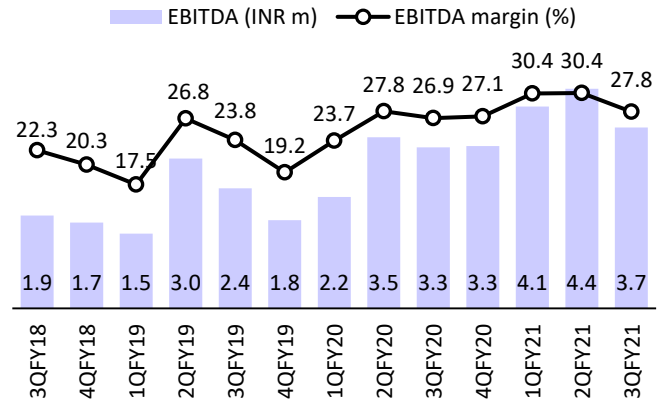
Source: MOFSL, Company

Exhibit 3: DF/API/Non-US sales lead growth in overall sales



Source: MOFSL, Company

Exhibit 4: EBITDA margins expand ~90bp YoY



Source: MOFSL, Company

## Valuation and view

### US sales on gradual growth path

ALPM's US sales grew 14% YoY to USD227m in 9MFY21. It continues to build the ANDA pipeline for the US market (62 ANDAs pending approval) – comprising oral solids, injectables, ophthalmic, and dermatology products. In fact, ALPM has a rich pipeline of over 200 products in various dosage forms at different stages of R&D, which would help it keep up the filings momentum. However, the meaningful benefit from the commercialization of these products is expected to be delayed considering a) the time needed for site compliance, b) slow product approvals (due to COVID), and c) marginal delay in filings/launches (COVID-related restrictions on international travel for inspectors). Accordingly, we expect a 12% CAGR in US sales to USD388m over FY20–23 v/s a 40% sales CAGR over FY18–20.

### Partnerships, new launches, successful compliance to drive Non-US sales

Non-US sales saw a muted 7% CAGR over FY16–20. ALPM has revived its performance in this segment with 49% YoY growth in Non-US sales over 9MFY21, partly aided by COVID. With the focus on key markets (such as Europe, Canada, Australia, Brazil, and South Africa), new launches, and successful regulatory compliance, we expect a 21% sales CAGR to INR8.8b over FY20–23.

### Focus on Specialty segment to drive DF growth over next 2–3 years

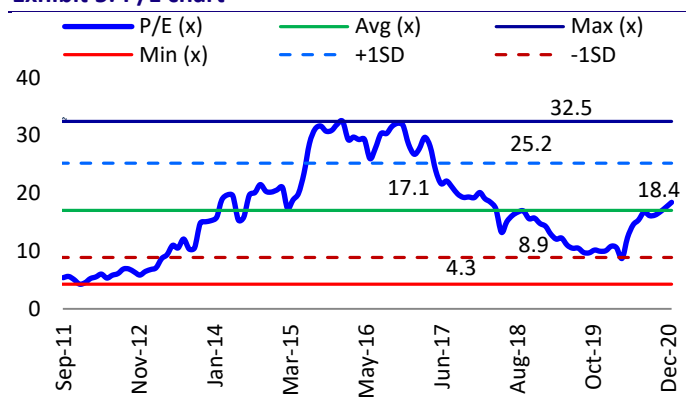
ALPM recorded the second successive quarter of growth in the DF segment in 3QFY21 – sales grew 14% YoY, indicating healthy signs of recovery in DF sales. YoY growth was led by the Anti-Diabetic, Anti-Infective, Cardiology, Gastroenterology, and Nephrology therapies. The Cough and Cold therapy continued to underperform in 3QFY21. Reorganization and new trade practices, along with portfolio rationalization, helped drive growth. These efforts are part of ALPM's new growth strategy for the DF market, initiated in 4QFY20. With an improved outlook and enhanced marketing efforts, we expect a 10% sales CAGR over FY20–23, v/s a 5% sales CAGR over FY16–20.

### Remain Neutral on limited upside from current levels

On a high base of FY20, we expect a PAT CAGR of 9% over FY20–23, led by a 21%/18%/12%/10% sales CAGR in the Non-US/API/US/DF segment.

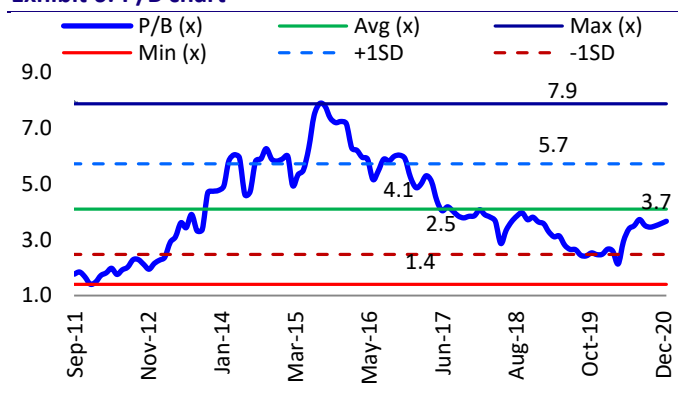
We lower our EPS estimate by 3%/4% for FY22/FY23, factoring in price erosion in Sartans on account of peers' re-entry and delayed commercialization at the injectables facility. We value ALPM at 19x 12M forward earnings and arrive at TP of INR1,070. Maintain Neutral.

Exhibit 5: P/E chart



Source: MOFSL, Company, Bloomberg

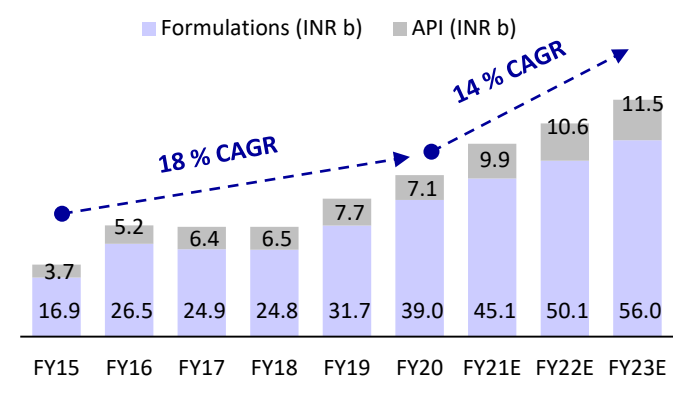
Exhibit 6: P/B chart



Source: MOFSL, Company, Bloomberg

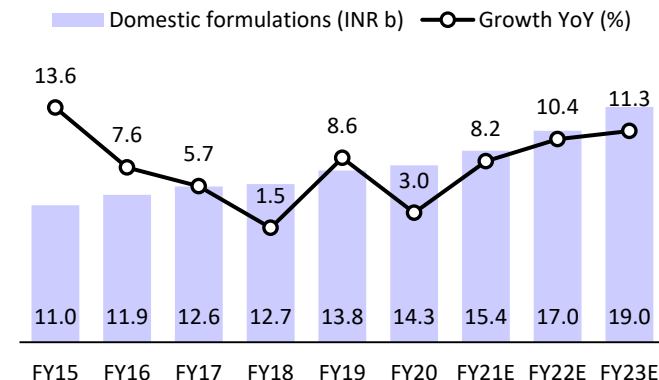
## Story in charts

**Exhibit 7: Expect 14% Formulations sales CAGR over FY20–23**



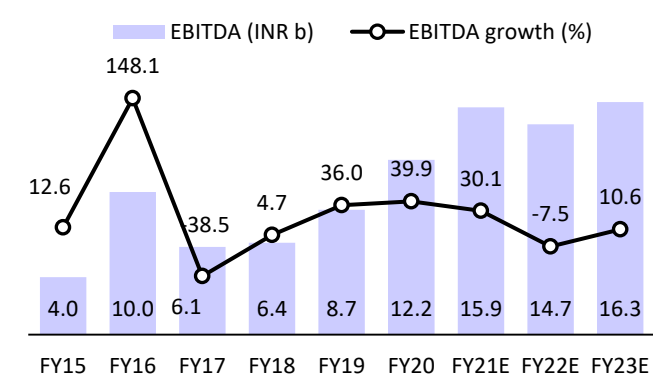
Source: MOFSL, Company

**Exhibit 8: DF biz on recovery track over FY20–23E**



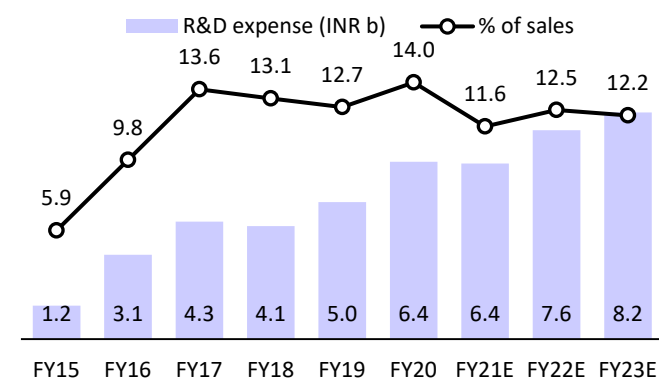
Source: MOFSL, Company

**Exhibit 9: Expect EBITDA CAGR of 10% over FY20–23**



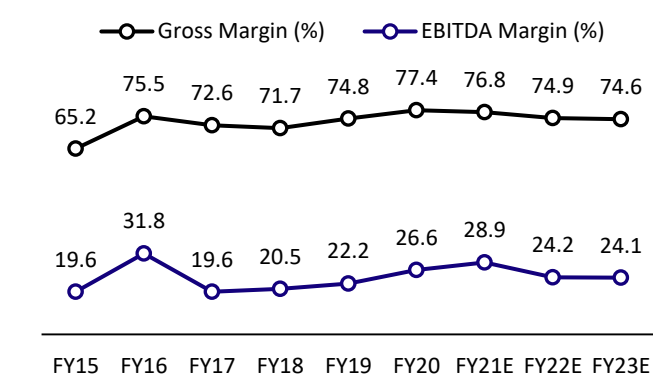
Source: MOFSL, Company

**Exhibit 10: R&D spend to be steady over FY21–23**



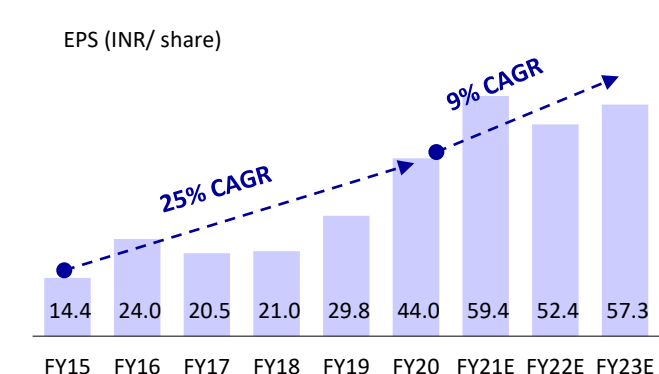
Source: MOFSL, Company

**Exhibit 11: Margins to reduce on high base of FY20**



Source: MOFSL, Company

**Exhibit 12: EPS CAGR of 9.2% expected over FY20–23**



Source: MOFSL, Company

## Financials and valuations

### Consolidated – Income Statement

(INR m)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Net Sales</b>	<b>18,632</b>	<b>20,527</b>	<b>31,416</b>	<b>31,345</b>	<b>31,310</b>	<b>39,357</b>	<b>46,060</b>	<b>55,019</b>	<b>60,780</b>	<b>67,539</b>
Change (%)	22.6	10.2	53.0	-0.2	-0.1	25.7	17.0	19.4	10.5	11.1
Total Expenditure	15,055	16,501	21,427	25,199	24,877	30,611	33,827	39,108	46,060	51,262
% of Sales	80.8	80.4	68.2	80.4	79.5	77.8	73.4	71.1	75.8	75.9
<b>EBITDA</b>	<b>3,577</b>	<b>4,026</b>	<b>9,988</b>	<b>6,146</b>	<b>6,433</b>	<b>8,746</b>	<b>12,233</b>	<b>15,910</b>	<b>14,720</b>	<b>16,277</b>
Change (%)	42.0	12.6	148.1	-38.5	4.7	36.0	39.9	30.1	-7.5	10.6
Margin (%)	19.2	19.6	31.8	19.6	20.5	22.2	26.6	28.9	24.2	24.1
Depreciation	405	444	722	830	1,055	1,152	1,573	1,817	2,101	2,530
<b>EBIT</b>	<b>3,172</b>	<b>3,582</b>	<b>9,266</b>	<b>5,316</b>	<b>5,378</b>	<b>7,594</b>	<b>10,660</b>	<b>14,093</b>	<b>12,619</b>	<b>13,747</b>
Int. and Finance Charges	104	18	37	51	34	184	272	158	43	31
Other Income - Rec.	38	26	91	25	70	94	49	83	73	81
<b>PBT bef. EO Exp.</b>	<b>3,106</b>	<b>3,591</b>	<b>9,320</b>	<b>5,290</b>	<b>5,415</b>	<b>7,503</b>	<b>10,437</b>	<b>14,017</b>	<b>12,649</b>	<b>13,797</b>
EO Expense/(Income)	0	0	0	0	0	0	436	0	0	0
<b>PBT after EO Exp.</b>	<b>3,106</b>	<b>3,591</b>	<b>9,320</b>	<b>5,290</b>	<b>5,415</b>	<b>7,503</b>	<b>10,001</b>	<b>14,017</b>	<b>12,649</b>	<b>13,797</b>
Current Tax	685	764	1,986	1,224	1,236	1,781	2,046	3,224	2,909	3,173
Deferred Tax	66	0	174	-2	-33	-214	-54	-631	-253	-276
Tax Rate (%)	24.2	21.3	23.2	23.1	22.2	20.9	19.9	18.5	21.0	21.0
MI & P/L of Asso. Cos.	0.0	-2.0	6.0	39.2	82.8	82.0	-284.7	-250.0	-300.0	-360.0
<b>Reported PAT</b>	<b>2,355</b>	<b>2,829</b>	<b>7,154</b>	<b>4,029</b>	<b>4,128</b>	<b>5,854</b>	<b>8,294</b>	<b>11,674</b>	<b>10,292</b>	<b>11,260</b>
<b>PAT Adj for EO items</b>	<b>2,355</b>	<b>2,829</b>	<b>4,720</b>	<b>4,029</b>	<b>4,128</b>	<b>5,854</b>	<b>8,643</b>	<b>11,674</b>	<b>10,292</b>	<b>11,260</b>
Change (%)	42.5	20.1	66.8	-14.6	2.5	41.8	47.7	35.1	-11.8	9.4
Margin (%)	12.6	13.8	15.0	12.9	13.2	14.9	18.8	21.2	16.9	16.7

### Consolidated – Balance Sheet

(INR m)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Equity Share Capital	377	377	377	377	377	377	377	393	393	393
Total Reserves	6,379	8,469	15,628	18,634	21,824	26,811	31,820	48,469	56,396	65,290
<b>Net Worth</b>	<b>6,756</b>	<b>8,846</b>	<b>16,005</b>	<b>19,011</b>	<b>22,201</b>	<b>27,188</b>	<b>32,197</b>	<b>48,862</b>	<b>56,790</b>	<b>65,684</b>
Minority Interest	0	0	0	1	3	-8	-290	-290	-290	-290
Deferred Liabilities	227	314	501	369	354	188	122	-509	-762	-1,038
Total Loans	1,238	2,385	1,325	802	7,078	9,284	18,208	8,208	6,208	4,208
<b>Capital Employed</b>	<b>8,221</b>	<b>11,546</b>	<b>17,832</b>	<b>20,184</b>	<b>29,637</b>	<b>36,652</b>	<b>50,237</b>	<b>56,271</b>	<b>61,946</b>	<b>68,564</b>
Gross Block	6,541	8,756	11,190	12,548	11,726	15,156	20,700	37,909	49,622	55,784
Less: Accum. Deprn.	2,688	3,132	3,878	4,554	2,456	3,608	5,181	6,998	9,099	11,628
<b>Net Fixed Assets</b>	<b>3,854</b>	<b>5,978</b>	<b>7,748</b>	<b>8,264</b>	<b>10,928</b>	<b>11,585</b>	<b>15,518</b>	<b>30,911</b>	<b>40,524</b>	<b>44,156</b>
Capital WIP	323	323	925	3,693	9,108	15,512	18,462	8,253	3,039	3,377
<b>Total Investments</b>	<b>34</b>	<b>23</b>	<b>21</b>	<b>502</b>	<b>416</b>	<b>488</b>	<b>179</b>	<b>179</b>	<b>179</b>	<b>179</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>7,968</b>	<b>10,089</b>	<b>15,900</b>	<b>14,408</b>	<b>18,959</b>	<b>20,193</b>	<b>25,734</b>	<b>29,943</b>	<b>33,044</b>	<b>37,231</b>
Inventory	3,108	3,828	5,776	6,328	7,339	9,673	11,875	13,628	16,289	18,330
Account Receivables	2,734	3,612	3,505	3,375	5,263	4,889	8,648	10,250	11,323	12,583
Cash and Bank Balance	240	268	4,508	1,596	899	2,056	808	1,386	575	1,254
Loans and Advances	1,887	2,381	2,111	3,110	5,457	3,576	4,404	4,679	4,857	5,064
<b>Curr. Liability &amp; Prov.</b>	<b>3,957</b>	<b>4,866</b>	<b>6,762</b>	<b>6,683</b>	<b>9,774</b>	<b>11,125</b>	<b>9,656</b>	<b>13,014</b>	<b>14,839</b>	<b>16,379</b>
Account Payables	2,884	3,109	5,664	5,232	7,593	6,443	6,259	7,688	9,189	10,340
Other Current Liabilities	339	715	656	755	1,429	3,838	2,270	2,711	2,995	3,328
Provisions	734	1,042	443	696	752	844	1,127	2,615	2,656	2,710
<b>Net Current Assets</b>	<b>4,011</b>	<b>5,223</b>	<b>9,138</b>	<b>7,725</b>	<b>9,185</b>	<b>9,068</b>	<b>16,078</b>	<b>16,929</b>	<b>18,205</b>	<b>20,852</b>
<b>Appl. of Funds</b>	<b>8,221</b>	<b>11,546</b>	<b>17,832</b>	<b>20,184</b>	<b>29,637</b>	<b>36,652</b>	<b>50,238</b>	<b>56,271</b>	<b>61,946</b>	<b>68,564</b>



## Financials and valuations

### Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Basic (INR)</b>										
<b>EPS</b>	<b>12.0</b>	<b>14.4</b>	<b>24.0</b>	<b>20.5</b>	<b>21.0</b>	<b>29.8</b>	<b>44.0</b>	<b>59.4</b>	<b>52.4</b>	<b>57.3</b>
Cash EPS	14.6	17.4	28.9	25.8	27.5	37.2	54.2	68.6	63.1	70.2
BV/Share	35.8	46.9	84.9	100.8	117.8	144.2	170.8	248.6	288.9	334.2
DPS	3.0	3.5	4.0	4.0	4.0	5.5	10.0	10.4	10.4	10.4
Payout (%)	28.1	28.1	12.7	22.5	22.0	21.3	27.4	20.3	23.0	21.0

### Valuation (x)

P/E	86.3	71.8	43.1	50.4	49.2	34.7	23.5	17.4	19.7	18.0
Cash P/E	70.6	59.5	35.8	40.1	37.6	27.8	19.1	15.1	16.4	14.7
P/BV	28.9	22.0	12.2	10.3	8.8	7.2	6.1	4.2	3.6	3.1
EV/Sales	10.3	9.4	6.0	6.0	6.3	5.0	4.5	3.6	3.2	2.9
EV/EBITDA	53.5	47.8	18.7	30.8	30.6	22.6	17.0	12.4	13.3	11.9
Dividend Yield (%)	0.3	0.3	0.4	0.4	0.4	0.5	1.0	1.0	1.0	1.0

### Return Ratios (%)

RoE	40.0	36.3	37.9	22.8	19.6	23.4	30.1	29.4	20.1	19.0
RoCE	32.7	29.6	50.3	22.1	17.3	18.5	19.7	21.5	16.7	16.4
RoIC	34.0	30.4	61.1	30.5	24.9	31.8	34.6	29.7	19.1	17.8

### Working Capital Ratios

Asset Turnover (x)	2.3	1.8	1.8	1.6	1.1	1.1	0.9	1.0	1.0	1.0
Inventory (Days)	61	68	67	74	86	90	94	90	98	99
Debtor (Days)	53	64	40	39	61	45	69	68	68	68
Creditor (Days)	57	55	66	61	89	60	50	51	55	56

### Leverage Ratio (x)

Net Debt/Equity	0.1	0.2	-0.2	0.0	0.3	0.3	0.5	0.1	0.1	0.0
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### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Net Profit / (Loss) Before Tax	3,106	3,591	9,360	5,291	5,413	7,493	9,998	14,017	12,649	13,797
Depreciation	405	444	722	830	1,055	1,152	1,573	1,817	2,101	2,530
Interest & Finance Charges	66	-9	54	52	34	184	272	76	-30	-50
Direct Taxes Paid	663	676	1,970	1,180	1,351	1,665	2,361	3,224	2,909	3,173
(Inc)/Dec in WC	-694	-1,184	1,389	-1,656	-1,809	1,116	-5,844	-273	-2,086	-1,969
<b>CF from Operations</b>	<b>2,221</b>	<b>2,166</b>	<b>9,555</b>	<b>3,337</b>	<b>3,342</b>	<b>8,281</b>	<b>3,638</b>	<b>12,413</b>	<b>9,724</b>	<b>11,135</b>
<b>CF from Operating incl EO</b>	<b>2,400</b>	<b>1,718</b>	<b>9,477</b>	<b>3,286</b>	<b>3,124</b>	<b>8,119</b>	<b>4,491</b>	<b>12,413</b>	<b>9,724</b>	<b>11,135</b>
(inc)/dec in FA	-816	-2,215	-3,011	-5,101	-7,494	-6,539	-6,726	-7,000	-6,500	-6,500
<b>Free Cash Flow</b>	<b>1,584</b>	<b>-497</b>	<b>6,466</b>	<b>-1,816</b>	<b>-4,369</b>	<b>1,580</b>	<b>-2,235</b>	<b>5,413</b>	<b>3,224</b>	<b>4,635</b>
(Pur)/Sale of Investments	0	0	-64	48	14	39	23	0	0	0
Others	6	-341	24	287	-1,364	-1,055	-613	83	73	81
<b>CF from Investments</b>	<b>-811</b>	<b>-2,556</b>	<b>-3,051</b>	<b>-4,766</b>	<b>-8,844</b>	<b>-7,556</b>	<b>-7,316</b>	<b>-6,917</b>	<b>-6,427</b>	<b>-6,419</b>
(Inc)/Dec in Debt	-633	1,149	-1,404	-336	6,194	2,203	5,949	-9,750	-1,700	-1,640
Interest Paid	-104	-18	-52	-52	-260	-703	-1,111	7,198	-42	-31
Dividend Paid	-662	-794	-787	-901	-908	-909	-3,260	-2,366	-2,366	-2,366
Others	-113	530	-17	-93	0	0	0	-61	-61	-61
<b>CF from Fin. Activity</b>	<b>-1,511</b>	<b>867</b>	<b>-2,260</b>	<b>-1,382</b>	<b>5,026</b>	<b>590</b>	<b>1,579</b>	<b>-4,979</b>	<b>-4,169</b>	<b>-4,098</b>
<b>Inc/Dec of Cash</b>	<b>79</b>	<b>29</b>	<b>4,166</b>	<b>-2,862</b>	<b>-694</b>	<b>1,154</b>	<b>-1,246</b>	<b>517</b>	<b>-872</b>	<b>618</b>
Add: Beginning Balance	120	199	228	4,393	1,531	837	1,991	808	1,385	575
<b>Closing Balance</b>	<b>199</b>	<b>228</b>	<b>4,393</b>	<b>1,531</b>	<b>837</b>	<b>1,991</b>	<b>744</b>	<b>1,324</b>	<b>513</b>	<b>1,192</b>
Bank balances/overdraft	41	40	115	65	62	65	63	63	63	63
<b>Total Cash and Cash Eq</b>	<b>240</b>	<b>268</b>	<b>4,508</b>	<b>1,596</b>	<b>899</b>	<b>2,056</b>	<b>808</b>	<b>1,386</b>	<b>575</b>	<b>1,254</b>

NOTES



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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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