

**Estimate change**

**TP change**

**Rating change**


Bloomberg	LPC IN
Equity Shares (m)	453
M.Cap.(INRb)/(USD\$b)	457 / 6.5
52-Week Range (INR)	1122 / 505
1, 6, 12 Rel. Per (%)	6/-4/23
12M Avg Val (INR M)	3390

**Financials & Valuations (INR b)**

Y/E MARCH	2021E	2022E	2023E
Sales	153.1	176.6	191.7
EBITDA	25.9	33.9	38.3
Adj. PAT	11.4	17.8	20.6
EBIT Margin (%)	10.9	13.8	14.7
Cons. Adj. EPS (INR)	25.3	39.4	45.6
EPS Gr. (%)	8.3	55.4	15.7
BV/Sh. (INR)	293.5	322.3	356.2

**Ratios**

Net D:E	0.1	0.0	-0.1
RoE (%)	8.9	12.8	13.4
RoCE (%)	7.0	10.3	11.6
Payout (%)	34.1	26.7	25.7

**Valuations**

P/E (x)	39.8	25.6	22.1
EV/EBITDA (x)	18.1	13.5	11.5
Div. Yield (%)	0.7	0.9	1.0
FCF Yield (%)	-0.8	3.3	5.0
EV/Sales (x)	3.1	2.6	2.3

**Shareholding pattern (%)**

As On	Dec-20	Sep-20	Dec-19
Promoter	46.9	46.9	46.9
DII	21.4	20.1	14.6
FII	19.0	20.4	24.7
Others	12.8	12.6	13.8

FII Includes depository receipts

**CMP: INR1,008**
**TP: INR1,180 (+17%)**
**Buy**
**Product mix and lower R&D/tax drive earnings**
**On track for a niche product pipeline**

- LPC's 3QFY21 operational performance was in line with our estimates. PAT came in much higher than expected due to lower tax rate for 3QFY21. g-Albuterol Sulfate sales continue to remain strong and the management is building capacity to further gain market share. The controlled opex is expected to further improve profitability going forward.
- We have tweaked our FY21E/FY22E/FY23E earnings estimate, factoring in: a) increased market share in g-Albuterol Sulfate owing to extended time required by peer to resolve manufacturing constraints, b) lower effective tax rate, and c) reduced offtake in the US on account of a weak flu season. We continue to value LPC at 25x 12 months forward earnings to arrive at our TP of INR1,180. We remain positive owing to: a) ramp-up in market share of g-Proair, b) limited competition, c) better operating leverage, and d) improving sales outlook in Domestic Formulations (DF). Maintain **Buy**.

**Operationally in line with our estimates**

- LPC's 3QFY21 sales were up 4.7% YoY to INR39.5b (in line). DF sales rose 5.4% YoY to INR13.7b (35% of sales). RoW sales increased 28.5% YoY (3% of sales). EMEA (Europe, Middle East and Africa) sales grew 12.3% YoY (8% of sales). API sales were up 8.4% YoY to INR3.4b (9% of sales).
- US sales were almost flat YoY in CC terms to USD188m (37% of sales). Sales from growth markets declined 5.8% YoY to INR3.3b (8% of sales).
- Gross margin expanded 130bp YoY to 65.2% due to changes in the product mix. EBITDA margin expanded at a higher rate of 620bp YoY to 18.6% (v/s our estimate of 17.2%) due to lower R&D spends/employee cost/other expenses (down 250bp/180bp/70bp YoY as a percentage of sales).
- EBITDA was up 57% YoY to INR7.3b (v/s our estimate of INR7b).
- Adjusted PAT rose 2.2x YoY to INR4b (v/s our estimate of INR3.2b), aided by a lower tax rate YoY.
- In 9MFY21, sales/EBITDA/adjusted PAT decreased 1.9%/1.7%/9.2% YoY to INR113b/INR18.2b/INR7.3b.

**Highlights from the management commentary**

- The management guided at R&D spend to be 9% of sales and ETR to be lower than 30% for FY22.
- LPC has over 9% market share in g-Albuterol Sulfate and 17%/14% share in g-Levothyroxine/overall market.
- It maintained its guidance of launching g-Spiriva by mid-CY22.
- The management guided at double digit YoY growth in DF going forward.

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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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**Valuation and view**

- We have tweaked our FY21E/FY22E/FY23E earnings estimate, factoring in: a) increased market share in g-Albuterol Sulfate owing to extended time required by peer to resolve manufacturing constraints, b) lower effective tax rate, and c) reduced offtake of seasonal products in the US.
- We expect 25% earnings CAGR over FY20-23E, led by 8% sales CAGR in DF/US, 16% sales CAGR in EU, 10% sales CAGR in API, and 470bp margin expansion. We expect RoE to rise to 13.6% by FY23E from 8% in FY20.
- We value LPC at 25x 12 months forward earnings to arrive at our target price of INR1,180 per share. Maintain Buy.

**Consolidated quarterly performance**

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E3Q	FY21E	Var. (%)
	1Q	2Q*	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net Sales</b>	<b>38,777</b>	<b>38,822</b>	<b>37,693</b>	<b>38,457</b>	<b>35,279</b>	<b>38,350</b>	<b>39,474</b>	<b>40,024</b>	<b>153,748</b>	<b>153,126</b>	<b>40,873</b>	-3.4
YoY Change (%)	0.6	-1.7	-4.5	-1.1	-9.0	-1.2	4.7	4.1	4.8	-0.4	8.4	
Total Expenditure	31,309	32,416	33,002	33,204	30,194	32,538	32,126	32,390	130,200	127,248	33,843	
<b>EBITDA</b>	<b>7,468</b>	<b>6,406</b>	<b>4,691</b>	<b>5,253</b>	<b>5,085</b>	<b>5,812</b>	<b>7,347</b>	<b>7,634</b>	<b>23,548</b>	<b>25,878</b>	<b>7,030</b>	4.5
YoY Change (%)	5.5	16.5	-31.2	-32.6	-31.9	-9.3	56.6	45.3	-8.0	9.9	49.9	
Margin (%)	19.3	16.5	12.4	13.7	14.4	15.2	18.6	19.1	15.3	16.9	17.2	
Depreciation	2,502	2,526	2,532	2,143	2,146	2,127	2,443	2,453	9,702	9,170	2,200	
<b>EBIT</b>	<b>4,967</b>	<b>3,880</b>	<b>2,159</b>	<b>3,111</b>	<b>2,938</b>	<b>3,684</b>	<b>4,904</b>	<b>5,181</b>	<b>13,846</b>	<b>16,708</b>	<b>4,830</b>	
YoY Change (%)	10.6	36.5	-53.3	-44.5	-40.8	-5.0	127.2	66.6	-6.2	20.7	124	
Margin (%)	12.8	10.0	5.7	8.1	8.3	9.6	12.4	12.9	9.0	10.9	12	
Interest	844	826	886	1,074	443	336	309	310	3,630	1,398	400	
Other Income	666	1,280	936	826	433	250	212	256	3,578	1,150	350	
EO Exp./(Inc.)	0	5,465	3,287	-2,091	204	0	-440	0	6,261	644	0	
<b>PBT</b>	<b>4,789</b>	<b>-1,131</b>	<b>-1,078</b>	<b>4,954</b>	<b>2,725</b>	<b>3,598</b>	<b>5,247</b>	<b>5,127</b>	<b>7,533</b>	<b>15,816</b>	<b>4,780</b>	9.8
Tax	2,155	695	7,670	1,051	1,643	1,467	835	932	11,571	4,877	1,577	
Rate (%)	45.0	-61.5	-711.4	21.2	60.3	40.8	15.9	18.2	153.6	30.8	33.0	
Minority Interest	-13	27	-64	7	-12	-21	-29	-23	-43	-85	-20	
<b>Reported PAT</b>	<b>2,647</b>	<b>-1,853</b>	<b>-8,685</b>	<b>3,896</b>	<b>1,069</b>	<b>2,110</b>	<b>4,383</b>	<b>4,172</b>	<b>-3,995</b>	<b>10,854</b>	<b>3,183</b>	37.7
<b>Adj. PAT</b>	<b>2,807</b>	<b>3,373</b>	<b>1,834</b>	<b>2,559</b>	<b>1,150</b>	<b>2,110</b>	<b>4,013</b>	<b>4,172</b>	<b>10,572</b>	<b>11,445</b>	<b>3,183</b>	26.1
YoY Change (%)	38.4	26.8	-36.2	-0.1	-59.0	-37.4	118.8	63.1	74.3	8.3	73.5	
Margin (%)	7.2	8.7	4.9	6.7	3.3	5.5	10.2	10.4	6.9	7.5	7.8	

**Consolidated key performance indicators**

Y/E March	FY20				FY21				FY20	FY21E	3QFY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
<b>INR m</b>											
Domestic formulations	13,077	13,419	12,969	11,921	12,854	13,323	13,669	13,081	51,385	52,927	14,007
YoY Change (%)	9.7	11.5	9.0	13.3	(1.7)	(0.7)	5.4	9.7	10.8	3.0	8.0
US formulations	15,412	13,244	13,766	15,791	12,160	13,984	14,424	14,576	58,212	55,144	15,170
YoY Change (%)	30.0	6.1	(2.9)	(9.3)	(21.1)	5.6	4.8	(7.7)	4.1	(5.3)	10.2
Europe	1,404	1,722	1,526	1,855	1,481	1,836	1,711	1,981	6,391	7,009	2,220
YoY Change (%)	(0.8)	12.9	14.7	8.8	5.5	6.6	12.1	6.8	3.7	9.7	45.5
RoW	4,773	5,324	5,727	5,058	4,101	4,936	5,932	6,140	21,000	21,109	5,248
YoY Change (%)	20.3	26.2	20.8	(8.4)	(14.1)	(7.3)	3.6	21.4	0.0	0.0	(8.4)
API	3,489	3,052	3,173	3,286	4,090	3,739	3,438	3,871	12,999	15,138	3,649
YoY Change (%)	(2.6)	(8.8)	(12.4)	12.8	17.2	22.5	8.4	17.8	(3.5)	16.5	15.0
<b>Cost Break-up</b>											
RM Cost (% of Sales)	34.1	34.6	36.1	36.5	36.5	36.0	34.8	34.4	35.9	35.8	35.5
Staff Cost (% of Sales)	18.6	19.6	19.7	19.9	22.5	17.9	17.9	18.1	19.7	19.2	17.3
R&D Expenses (% of Sales)	9.8	11.2	11.3	9.0	10.1	10.0	8.8	8.7	10.3	9.5	9.8
Other Cost (% of Sales)	18.2	18.1	20.5	21.0	16.4	20.9	19.8	19.7	20.1	19.5	20.2
Gross Margin (%)	65.9	65.4	63.9	63.5	63.5	64.0	65.2	65.6	64.1	64.2	64.5
EBITDA Margin (%)	19.3	16.5	12.4	13.7	14.4	15.2	18.6	19.1	15.3	16.9	17.2
EBIT Margin (%)	12.8	10.0	5.7	8.1	8.3	9.6	12.4	12.9	9.0	10.9	11.8

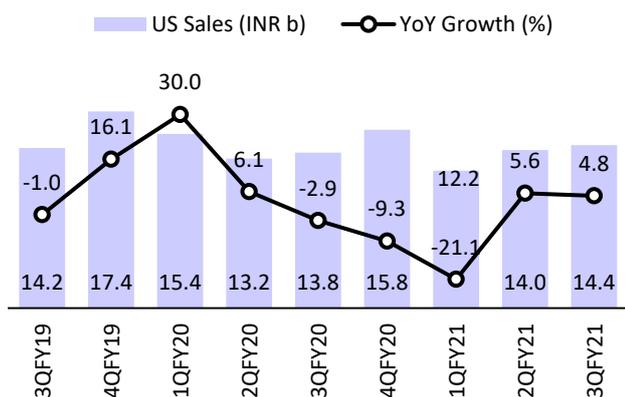


### Highlights from the management call

- The first complex injectables would undergo clinical trials in 4QFY21 and another in the next couple of quarters.
- LPC filed one ANDA and received five approvals during 3QFY21. It launched three products in the quarter, taking total products in the US market to 169.
- The management expects a higher number of ANDA filings in 4QFY21 than in the previous three quarters. It has 152 ANDAs pending approval.
- LPC plans to launch g-Fostair in the UK and subsequently expand to other geographies in Europe. It remains an interesting product for the company.
- Solosec saw US sales of USD2m in 3QFY21. The management expects better traction for Solosec in the US, with expected Trichomoniasis indication approval in Jun'21 and a field force of 40 for promotion. It needs USD40m in sales to achieve break-even in the specialty segment.
- R&D spend was 8.8% of sales in 3QFY21.
- Capex stood at INR1.2b. Net debt at the end of 3QFY21 stood at INR12.9b.

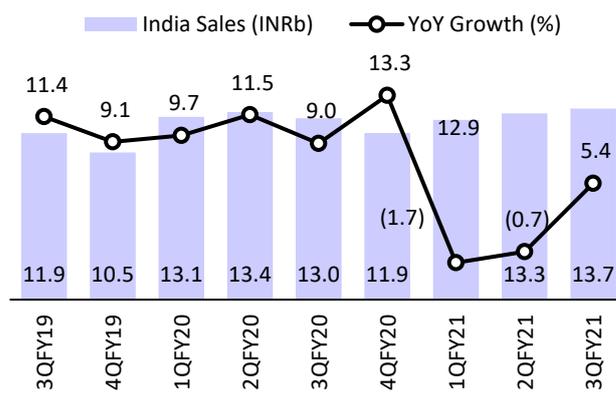
### Key exhibits

Exhibit 1: US sales grew 4.8% YoY (in INR terms) in 3QFY21



Source: MOFSL, Company

Exhibit 2: DF sales grew 5.4% YoY in 3QFY21



Source: MOFSL, Company

### Valuation and view

#### US – Ramp-up in existing products and niche launches to drive growth

- Performance was weak in 9MFY21, with US sales declining 11% YoY to USD525m. This was largely due to the COVID-led disruption, reduced specialty sales, recall of Metformin on impurity issues, and lower offtake of seasonal products. However, ramp-up in the market share of Albuterol Sulfate and increasing sales of Levothyroxine should improve the overall run-rate in US sales ahead. The company has a strong pipeline of 152 ANDAs pending approval.
- The momentum in recent launches would be fortified with new introductions, like g-Fortamet and g-Suprep (market size: USD200m).
- LPC plans to file 30-35 products in the US in FY22, of which ~20 are expected to be OSDs, including FTFs, six complex injectables, and 3-4 inhaler products. It also remains on track to launch g-Spiriva in mid-CY22, which would provide strong upside to US sales, subject to timely approval and favorable litigation outcome.

- We expect 8% sales CAGR in the US to USD976m over FY20-23E on a high base of FY20.

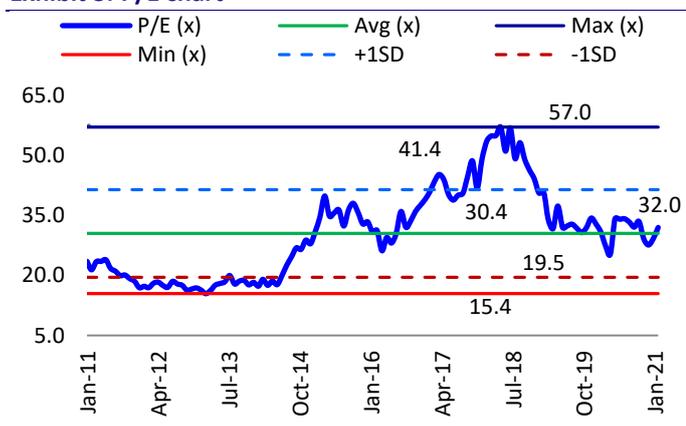
**DF – superior product mix to drive better-than-industry growth**

- LPC reported almost flat sales YoY in the DF segment in 9MFY21, led by underperformance in Acute therapies. With a gradual QoQ recovery from the impact of COVID-19, it reported 5.4% YoY growth in DF sales in 3QFY21.
- The company has a strong presence in Chronic therapies – such as Cardiac, Anti-Diabetic, Respiratory, and Gastrointestinal – and benefits from its large portfolio in Acute therapies. It has a strong in-licensed product portfolio in the DF market. The company has built strong brands in these therapies, with the top 50 brands contributing 50% of sales, implying a diversified portfolio. The management is looking at opportunistic inorganic expansion to increase its presence in other key therapies.
- Given its continued outperformance in Chronic therapies and recovery in Acute therapies, we expect 8% sales CAGR in DF to INR65.2b over FY20-23E.

**Positive outlook driven by improved execution in the US**

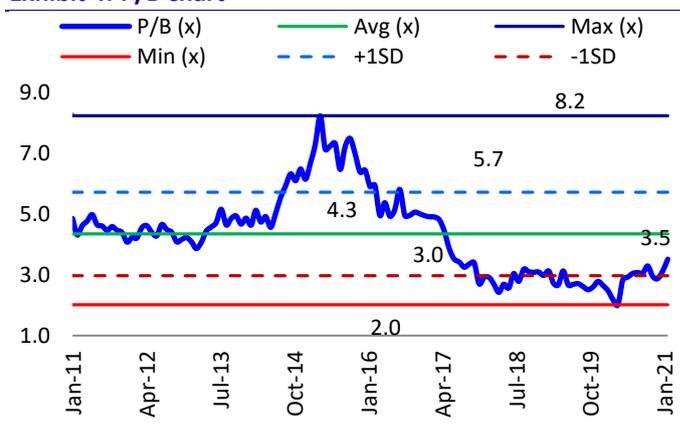
- We have tweaked our FY21E/FY22E/FY23E earnings estimate, factoring increased market share in Albuterol Sulfate, lower effective tax rate, and reduced offtake in the US on account of a weak flu season.
- We expect RoE to improve to 13.6% by FY23E from 8% in FY20, led by 8% sales CAGR in DF/US, 16% sales CAGR in EU, 10% sales CAGR in API, and 470bp margin expansion.
- We value LPC at 25x 12 months forward earnings to arrive at our target price of INR1,180 per share. Maintain Buy.

**Exhibit 3: P/E chart**



Source: MOFSL, Company, Bloomberg

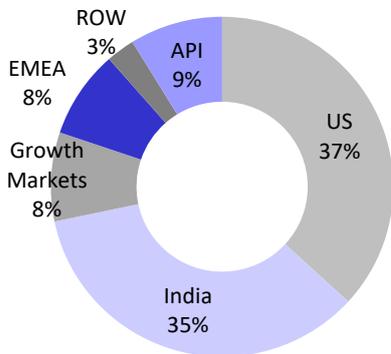
**Exhibit 4: P/B chart**



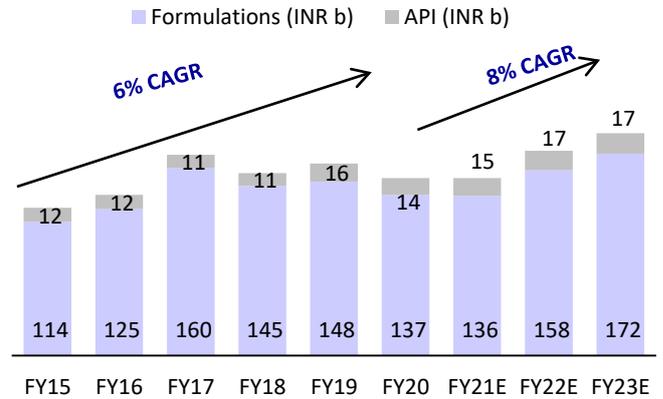
Source: MOFSL, Company, Bloomberg

## Story in charts

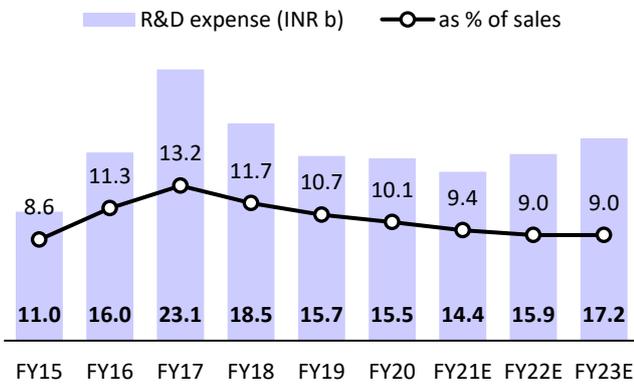
**Exhibit 5: Revenue mix in 3QFY21**



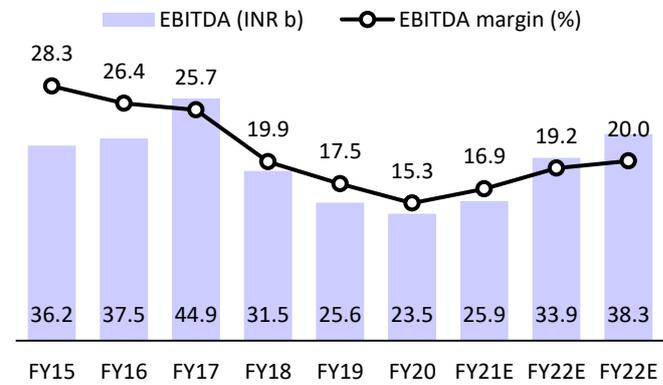
**Exhibit 6: Growth to pick up with niche launches**



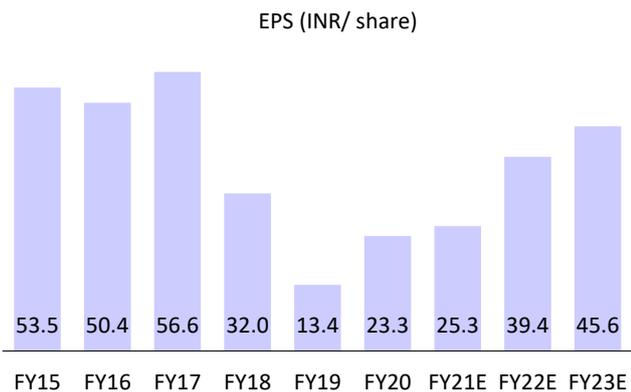
**Exhibit 7: R&D spend falls slowly as a percentage of sales**



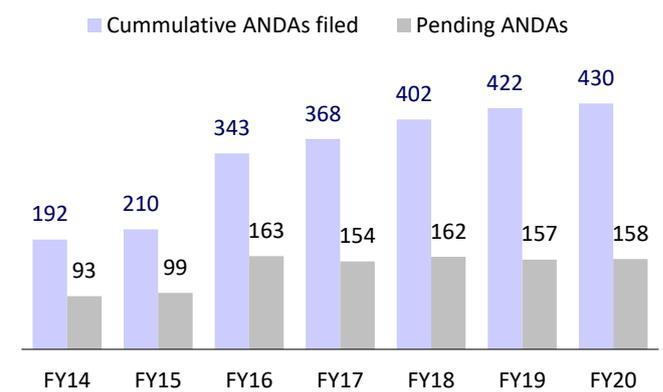
**Exhibit 8: EBITDA margin to gradually pick up**



**Exhibit 9: Expect ~25% EPS CAGR over FY20–23E**



**Exhibit 10: Rich ANDA pipeline**



Source: MOFSL, Company, Bloomberg

## Financials and valuations

Income Statement										(INR m)
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Net Sales</b>	<b>112,866</b>	<b>127,700</b>	<b>142,085</b>	<b>174,943</b>	<b>158,041</b>	<b>146,646</b>	<b>153,748</b>	<b>153,126</b>	<b>176,644</b>	<b>191,653</b>
Change (%)	17.1	13.1	11.3	23.1	-9.7	-7.2	4.8	-0.4	15.4	8.5
<b>EBITDA</b>	<b>30,028</b>	<b>36,196</b>	<b>37,534</b>	<b>44,931</b>	<b>31,475</b>	<b>25,607</b>	<b>23,548</b>	<b>25,878</b>	<b>33,916</b>	<b>38,330</b>
Margin (%)	26.6	28.3	26.4	25.7	19.9	17.5	15.3	16.9	19.2	20.0
Depreciation	2,610	4,347	4,635	9,122	10,859	8,461	9,702	9,170	9,525	10,182
<b>EBIT</b>	<b>27,418</b>	<b>31,849</b>	<b>32,899</b>	<b>35,809</b>	<b>20,616</b>	<b>17,147</b>	<b>13,846</b>	<b>16,708</b>	<b>24,391</b>	<b>28,148</b>
Int. and Finance Charges	267	98	446	1,525	2,044	3,025	3,630	1,398	614	1,364
Other Income - Rec.	165	2,398	1,877	1,065	1,504	3,330	3,578	1,150	1,050	1,150
<b>PBT before EO item</b>	<b>27,317</b>	<b>34,148</b>	<b>34,330</b>	<b>35,349</b>	<b>20,076</b>	<b>17,452</b>	<b>13,794</b>	<b>16,460</b>	<b>24,827</b>	<b>27,933</b>
EO Expense/(Income)	-1,000	0	0	0	14,644	3,400	6,261	644	0	0
<b>PBT after EO item</b>	<b>28,317</b>	<b>34,148</b>	<b>34,330</b>	<b>35,349</b>	<b>5,433</b>	<b>14,052</b>	<b>7,533</b>	<b>15,816</b>	<b>24,827</b>	<b>27,933</b>
Tax	9,622	9,704	11,536	9,785	2,885	8,879	11,571	4,877	6,951	7,263
Tax Rate (%)	34.0	28.4	33.6	27.7	53.1	63.2	153.6	30.8	28.0	26.0
Less: Minority Interest	331	412	88	-11	36	52	-43	-85	85	85
<b>Reported PAT</b>	<b>18,364</b>	<b>24,032</b>	<b>22,707</b>	<b>25,574</b>	<b>2,512</b>	<b>5,121</b>	<b>-3,995</b>	<b>10,854</b>	<b>17,790</b>	<b>20,585</b>
<b>PAT Adj. for EO items</b>	<b>17,364</b>	<b>24,032</b>	<b>22,707</b>	<b>25,574</b>	<b>14,455</b>	<b>6,066</b>	<b>10,572</b>	<b>11,445</b>	<b>17,790</b>	<b>20,585</b>
Change (%)	32.1	38.4	-5.5	12.6	-43.5	-58.0	74.3	8.3	55.4	15.7
Margin (%)	15.4	18.8	16.0	14.6	9.1	4.1	6.9	7.5	10.1	10.7

Consolidated Balance Sheet										(INR m)
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Equity Share Capital	897	899	901	903	904	905	906	903	903	903
Other Reserves	68,419	87,842	108,943	134,072	134,866	136,517	124,461	131,617	144,652	159,955
Total Reserves	68,419	87,842	108,943	134,072	134,866	136,517	124,461	131,617	144,652	159,955
<b>Net Worth</b>	<b>69,316</b>	<b>88,741</b>	<b>109,844</b>	<b>134,975</b>	<b>135,771</b>	<b>137,422</b>	<b>125,367</b>	<b>132,520</b>	<b>145,555</b>	<b>160,858</b>
Minority Interest	669	241	321	345	401	469	445	530	615	700
Deferred liabilities	1,779	1,182	1,239	-1,128	-4,310	-4,457	252	252	252	252
Secured Loan	1,968	1,018	53,739	61,243	67,722	70,546	25,180	18,180	9,179	7,179
Unsecured Loans	4,024	3,692	17,454	23,183	4,518	15,802	24,928	24,928	24,928	24,928
Total Loans	5,992	4,710	71,193	84,426	72,240	86,347	50,108	43,108	34,107	32,107
<b>Capital Employed</b>	<b>77,756</b>	<b>94,874</b>	<b>182,596</b>	<b>218,619</b>	<b>204,101</b>	<b>219,781</b>	<b>176,172</b>	<b>176,410</b>	<b>180,529</b>	<b>193,917</b>
Gross Block	45,638	45,445	55,887	55,265	63,687	72,189	76,431	83,722	90,792	97,752
Less: Accum. Deprn.	19,283	19,174	23,262	8,902	14,613	23,073	32,776	41,946	51,471	61,653
<b>Net Fixed Assets</b>	<b>26,355</b>	<b>26,271</b>	<b>32,625</b>	<b>46,363</b>	<b>49,074</b>	<b>49,115</b>	<b>43,656</b>	<b>41,776</b>	<b>39,321</b>	<b>36,100</b>
Capital WIP	3,041	5,760	9,812	7,150	9,563	10,186	7,582	7,141	6,920	6,810
Investments	1,785	16,584	75	220	267	1,856	361	361	361	361
Goodwill & Intangibles	7,202	17,411	73,586	78,147	70,965	67,963	37,540	37,540	37,540	37,540
<b>Curr. Assets</b>	<b>62,970</b>	<b>64,510</b>	<b>107,473</b>	<b>129,117</b>	<b>126,019</b>	<b>143,033</b>	<b>158,957</b>	<b>146,849</b>	<b>159,769</b>	<b>179,442</b>
Inventory	21,295	25,036	31,787	36,423	36,625	38,368	34,569	39,398	44,936	47,311
Account Receivables	24,641	26,566	45,498	43,073	51,922	51,498	54,459	53,864	60,370	63,583
Cash and Bank Balance	7,975	4,814	8,379	27,994	16,429	30,971	47,926	31,516	32,318	46,321
<b>Curr. Liability and Prov.</b>	<b>23,597</b>	<b>35,662</b>	<b>40,975</b>	<b>42,378</b>	<b>51,788</b>	<b>52,372</b>	<b>71,924</b>	<b>57,257</b>	<b>63,382</b>	<b>66,335</b>
Account Payables	18,818	28,299	32,318	34,576	43,568	41,390	59,884	45,217	51,342	54,295
Provisions	4,779	7,363	8,658	7,801	8,220	10,982	12,040	12,040	12,040	12,040
<b>Net Current Assets</b>	<b>39,374</b>	<b>28,848</b>	<b>66,498</b>	<b>86,739</b>	<b>74,231</b>	<b>90,661</b>	<b>87,034</b>	<b>89,592</b>	<b>96,388</b>	<b>113,107</b>
<b>Appl. of Funds</b>	<b>77,756</b>	<b>94,874</b>	<b>182,596</b>	<b>218,619</b>	<b>204,100</b>	<b>219,782</b>	<b>176,172</b>	<b>176,410</b>	<b>180,529</b>	<b>193,917</b>

## Financials and valuations

### Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>EPS (Fully Diluted)</b>	<b>38.7</b>	<b>53.5</b>	<b>50.4</b>	<b>56.6</b>	<b>32.0</b>	<b>13.4</b>	<b>23.3</b>	<b>25.3</b>	<b>39.4</b>	<b>45.6</b>
Cash EPS (Fully Diluted)	44.5	63.1	60.7	76.8	56.0	32.1	44.8	45.7	60.5	68.1
BV/Share	154.6	197.4	243.8	298.9	300.3	303.7	276.7	293.5	322.3	356.2
DPS	6.0	7.5	7.5	7.5	5.0	5.0	9.0	7.0	9.0	10.0
Payout (%)	16.0	16.9	17.9	15.9	108.5	53.3	-119.0	34.1	26.7	25.7
<b>Valuation (x)</b>										
P/E (Fully Diluted)	26.0	18.9	20.0	17.8	31.5	75.2	43.2	39.8	25.6	22.1
EV/Sales	4.0	3.6	3.7	2.9	3.2	3.5	3.0	3.1	2.6	2.3
EV/EBITDA	15.1	12.6	13.8	11.4	16.3	20.0	19.5	18.1	13.5	11.5
<b>Return Ratios (%)</b>										
RoE	28.6	30.4	22.9	20.9	10.7	4.4	8.0	8.9	12.8	13.4
RoCE	26.5	29.1	16.8	13.3	4.9	3.5	4.8	7.0	10.3	11.6
ROIC	29.7	34.4	18.8	14.9	5.4	3.6	5.1	9.0	12.6	14.8
<b>Working Capital Ratios</b>										
Asset Turnover (x)	1.5	1.3	0.8	0.8	0.8	0.7	0.9	0.9	1.0	1.0
Fixed Asset Turnover (x)	4.5	4.9	4.8	4.4	3.3	3.0	3.3	3.6	4.4	5.1
Debtor (Days)	80	76	117	90	120	128	129	128	125	121
Creditor (Days)	152	172	186	189	178	184	162	183	183	172
Inventory (Days)	69	72	82	76	85	95	82	94	93	90
<b>Leverage Ratio</b>										
Current Ratio	2.7	1.8	2.6	3.0	2.4	2.7	2.2	2.6	2.5	2.7
Interest Coverage Ratio	102.9	324.7	73.7	23.5	10.1	5.7	3.8	12.0	39.7	20.6
Debt/Equity (x)	0.0	0.0	0.6	0.4	0.4	0.4	0.0	0.1	0.0	-0.1

### Cash Flow Statement

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
EBITDA	30,028	36,196	37,534	44,931	31,475	25,607	23,548	25,878	33,916	38,330
Interest/Dividends Recd.	165	2,398	1,877	1,065	1,504	3,330	3,578	1,150	1,050	1,150
Direct Taxes Paid	-9,475	-10,300	-11,479	-12,152	-6,067	-9,026	-6,862	-4,877	-6,951	-7,263
(Inc.)/Dec. in WC	-4,368	7,364	-34,084	-626	942	-1,888	20,583	-18,969	-5,993	-2,718
<b>CF from Operations</b>	<b>16,349</b>	<b>35,657</b>	<b>-6,152</b>	<b>33,219</b>	<b>27,853</b>	<b>18,023</b>	<b>40,847</b>	<b>3,183</b>	<b>22,021</b>	<b>29,499</b>
Others	2,690	-8,327	2,328	7,916	4,302	2,036	-19,897	0	0	0
EO expense	-1,000	0	0	0	14,644	3,400	6,261	644	0	0
<b>CF from Op. incl. EO Exp.</b>	<b>20,039</b>	<b>27,331</b>	<b>-3,824</b>	<b>41,135</b>	<b>17,512</b>	<b>16,660</b>	<b>14,688</b>	<b>2,539</b>	<b>22,021</b>	<b>29,499</b>
(Inc.)/dec. in FA	-6,098	-17,191	-71,217	-24,759	-8,801	-6,123	28,785	-6,850	-6,850	-6,850
<b>Free Cash Flow</b>	<b>10,251</b>	<b>18,466</b>	<b>-77,369</b>	<b>8,460</b>	<b>19,053</b>	<b>11,900</b>	<b>69,631</b>	<b>-3,667</b>	<b>15,171</b>	<b>22,649</b>
(Pur.)/Sale of Investments	-1,764	-14,799	16,509	-145	-47	-1,589	1,496	0	0	0
Others	-723	21,446	-14,909	-371	13,546	-25,113	-19,210	0	0	0
<b>CF from Investments</b>	<b>-8,585</b>	<b>-10,545</b>	<b>-69,617</b>	<b>-25,274</b>	<b>4,699</b>	<b>-32,825</b>	<b>11,070</b>	<b>-6,850</b>	<b>-6,850</b>	<b>-6,850</b>
Change in Net Worth	1,593	-1,389	2,459	3,669	1,028	-724	-3,286	167	0	1
Inc./Dec. in Debt	-4,248	-1,282	66,483	13,233	-12,187	14,108	-36,240	-7,000	-9,001	-2,000
Interest Paid	-267	-98	-446	-1,525	-2,044	-3,025	-3,630	-1,398	-614	-1,364
Dividend Paid	-2,939	-4,058	-4,071	-4,076	-2,725	-2,728	-4,755	-3,788	-4,755	-5,283
Others	-2,710	4,859	-6,061	-6,969	1,006	-189	39,005	-79	0	0
<b>CF from Fin. Activity</b>	<b>-8,571</b>	<b>-1,969</b>	<b>58,364</b>	<b>4,332</b>	<b>-14,921</b>	<b>7,441</b>	<b>-8,906</b>	<b>-12,098</b>	<b>-14,370</b>	<b>-8,647</b>
<b>Inc./Dec. in Cash</b>	<b>2,883</b>	<b>14,817</b>	<b>-15,077</b>	<b>20,193</b>	<b>7,290</b>	<b>-8,724</b>	<b>16,853</b>	<b>-16,409</b>	<b>802</b>	<b>14,002</b>
Add: Beginning Balance	3,109	6,066	21,084	7,802	27,995	14,164	5,441	22,293	5,884	6,686
Cash and Eq. on acquisition	74	202	1,795	0	-21,120	0	0	0	0	0
Cash and Cash Equivalents at end of the year	6,066	21,084	7,802	27,995	14,164	5,441	22,293	5,884	6,686	20,688
Forex/Bank	1,909	-16,271	577	0	2,265	25,530	25,632	25,632	25,632	25,632
<b>Closing Balance</b>	<b>7,975</b>	<b>4,814</b>	<b>8,379</b>	<b>27,994</b>	<b>16,429</b>	<b>30,971</b>	<b>47,926</b>	<b>31,516</b>	<b>32,318</b>	<b>46,321</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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