

Estimate change



TP change



Rating change



| | |
|-----------------------|-------------|
| Bloomberg | LPC IN |
| Equity Shares (m) | 453 |
| M.Cap.(INRb)/(USD\$b) | 288.5 / 3.7 |
| 52-Week Range (INR) | 1268 / 620 |
| 1, 6, 12 Rel. Per (%) | -11/-18/-53 |
| 12M Avg Val (INR M) | 1508 |

Financials & Valuations (INR b)

| Y/E MARCH | FY22 | FY23E | FY24E |
|----------------------|-------|-------|-------|
| Sales | 160.3 | 170.1 | 188.9 |
| EBITDA | 20.0 | 21.1 | 24.4 |
| Adj. PAT | 8.7 | 8.4 | 10.7 |
| EBIT Margin (%) | 7.3 | 7.4 | 8.2 |
| Cons. Adj. EPS (INR) | 19.1 | 18.5 | 23.6 |
| EPS Gr. (%) | -26.3 | -3.4 | 27.9 |
| BV/Sh. (INR) | 267.4 | 274.2 | 285.0 |

Ratios

| | | | |
|------------|-------|------|------|
| Net D:E | 0.3 | 0.3 | 0.3 |
| RoE (%) | 6.7 | 6.8 | 8.5 |
| RoCE (%) | 8.6 | 5.8 | 7.1 |
| Payout (%) | -31.3 | 63.3 | 54.4 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 33.2 | 34.3 | 26.8 |
| EV/EBITDA (x) | 16.0 | 15.3 | 13.4 |
| Div. Yield (%) | 1.4 | 1.6 | 1.7 |
| FCF Yield (%) | -0.1 | 1.1 | 1.6 |
| EV/Sales (x) | 2.0 | 1.9 | 1.7 |

Shareholding pattern (%)

| As On | Mar-22 | Dec-21 | Mar-21 |
|----------|--------|--------|--------|
| Promoter | 46.8 | 46.8 | 46.9 |
| DII | 27.2 | 25.1 | 22.6 |
| FII | 14.7 | 15.3 | 17.9 |
| Others | 11.4 | 12.8 | 12.7 |

FII Includes depository receipts

CMP: INR635

TP: INR590 (-7%)

Neutral

Growth contingent on niche launches/cost optimization

EBITDA margin at the lowest level on a quarterly basis

- Lupin (LPC) delivered lower-than-expected 4QFY22 performance. Lower US sales coupled with lower operating leverage impacted operating margin adversely during the quarter.
- We cut our EPS estimates by 29%/27% for FY23/FY24 to factor in: a) intensified competition in the US base portfolio, b) loss of exclusivity for certain products in the domestic formulation (DF) segment, c) reduced off-take of API sales, and d) considerable rise in operational costs. We value LPC at 22x 12M forward earnings to arrive at our TP of INR590.
- Considering the subdued growth outlook in focus geographies, cost pressures not abating and unattractive valuation, we maintain our **Neutral** rating on the stock.

Reduced sales, lower operating leverage, and higher tax hurt 4QFY22 performance

- LPC's 4QFY22 sales rose 2.6% YoY to ~INR39b (our est. at INR39b).
- The US sales declined 5.3% YoY to INR14b (down 7% YoY/10% QoQ in CC to USD181m; 37% of sales).
- API sales declined 14% YoY to INR2.2b (5.7% of sales); DF sales grew 5% YoY to INR13.5b (35% of sales); EMEA sales rose 8.6% YoY to INR4b (10.5% of sales) and Growth Market sales increased 26% YoY to INR3.8b (10% of sales).
- Gross margin (GM) contracted 530bp YoY to 58% due to significant price erosion in the US base portfolio.
- EBITDA margin contracted at a higher rate of 1,140bp YoY to 7.3% (our est. at 13.4%), due to reduced operating leverage (other expense/employee cost +510bp/+120bp YoY as a % of sales, respectively).
- EBITDA declined 60% YoY to INR2.8b (our est. at INR5.3b).
- LPC has taken an expense on account of the impairment of Gavis IPs to the tune of INR1.3b. Adjusting for the same, PAT declined 89% YoY to INR521m, on higher tax outgo.
- For FY22, sales grew 6.2% YoY to INR160b while EBITDA/Adj. PAT declined 21.1%/26.2% YoY to INR20b/INR8.7b, respectively.

Highlights from the management commentary

- Overall profitability would improve from 2QFY23 onwards with benefits kicking in from cost optimization efforts and aided by niche launches in 2HFY23E.
- The USFDA inspection is in progress at partner's site for g-Sprivia device.
- LPC remains confident to launch g-Suprep in 3QFY23.
- LPC expects overall cost savings of INR5b from optimization of network, R&D, plant work force and integrating business planning over medium term.
- Management expects India business growth at sub-10% YoY in FY23 due to loss of exclusivity of certain products.

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| Quarterly Performance (Consolidated) | | | | | | | | | | | | (INR m) |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|-----------------|-----------------|---------------|---------|
| Y/E March | FY21 | | | | FY22 | | | | FY21 | FY22 | 4QE | % Var |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | |
| Net Sales | 35,276 | 38,350 | 39,474 | 37,831 | 38,968 | 40,913 | 41,609 | 38,830 | 1,50,930 | 1,60,321 | 39,097 | -0.7 |
| YoY Change (%) | -9.0 | -1.2 | 4.7 | -1.6 | 10.5 | 6.7 | 5.4 | 2.6 | -1.8 | 6.2 | 3.3 | |
| Total Expenditure | 30,194 | 32,538 | 32,126 | 30,756 | 33,426 | 34,950 | 35,970 | 36,007 | 1,25,614 | 1,40,353 | 33,839 | |
| EBITDA | 5,082 | 5,812 | 7,347 | 7,076 | 5,542 | 5,963 | 5,640 | 2,823 | 25,316 | 19,968 | 5,257 | -46.3 |
| YoY Change (%) | -32.0 | -9.3 | 56.6 | 34.7 | 9.0 | 2.6 | -23.2 | -60.1 | 7.5 | -21.1 | -25.7 | |
| Margins (%) | 14.4 | 15.2 | 18.6 | 18.7 | 14.2 | 14.6 | 13.6 | 7.3 | 16.8 | 12.5 | 13.4 | |
| Depreciation | 2,146 | 2,127 | 2,443 | 2,157 | 2,088 | 2,116 | 2,034 | 1,982 | 8,874 | 8,220 | 2,109 | |
| EBIT | 2,935 | 3,684 | 4,904 | 4,918 | 3,454 | 3,847 | 3,606 | 842 | 16,442 | 11,748 | 3,149 | |
| YoY Change (%) | -40.9 | -5.0 | 127.2 | 58.1 | 17.7 | 4.4 | -26.5 | -82.9 | 18.8 | -28.6 | -36.0 | |
| Margins (%) | 8.3 | 9.6 | 12.4 | 13.0 | 8.9 | 9.4 | 8.7 | 2.2 | 10.9 | 7.3 | 8.1 | |
| Interest | 443 | 336 | 309 | 318 | 335 | 344 | 334 | 415 | 1,406 | 1,428 | 409 | |
| Other Income | 436 | 250 | 212 | 486 | 278 | 728 | 341 | 157 | 1,383 | 1,504 | 353 | |
| EO Exp/(Inc) | 204 | 0 | -440 | -96 | -4,106 | 26,279 | 1,942 | 1,435 | -332 | -25,550 | 0 | |
| PBT | 2,725 | 3,598 | 5,247 | 5,182 | 7,503 | -22,048 | 1,671 | -852 | 16,751 | 37,374 | 3,093 | -127.5 |
| Tax | 1,643 | 1,467 | 835 | 540 | 2,023 | -1,099 | -3,820 | 4,267 | 4,485 | 1,372 | 920 | |
| Rate (%) | 60.3 | 40.8 | 15.9 | 10.4 | 27.0 | 5.0 | -228.7 | -501.1 | 26.8 | 3.7 | 29.7 | |
| Minority Interest | -12 | -21 | -29 | -38 | -55 | -32 | -14 | -61 | -101 | -183 | 29 | |
| Reported PAT | 1,069 | 2,110 | 4,383 | 4,604 | 5,425 | -20,980 | 5,477 | -5,179 | 12,165 | -15,280 | 2,203 | -335.0 |
| Adj PAT | 1,150 | 2,110 | 4,013 | 4,518 | 2,426 | 3,057 | 2,695 | 521 | 11,790 | 8,699 | 2,203 | -76.3 |
| YoY Change (%) | -59.0 | -37.4 | 118.8 | 76.6 | 111.0 | 44.9 | -32.8 | -88.5 | 11.5 | -26.2 | -51.2 | |
| Margins (%) | 3.3 | 5.5 | 10.2 | 11.9 | 6.2 | 7.5 | 6.5 | 1.3 | 7.8 | 5.4 | 5.6 | |

| Key performance Indicators (Consolidated) | | | | | | | | | | | | (INR m) |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------|
| Y/E March | FY21 | | | | FY22 | | | | FY21 | FY22 | 4QE | % Var |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | |
| Domestic formulations | 12,854 | 13,323 | 13,669 | 12,866 | 16,362 | 15,435 | 14,733 | 13,511 | 52,712 | 60,042 | 14,616 | |
| YoY Change (%) | (1.7) | (0.7) | 5.4 | 7.9 | 27.3 | 15.9 | 7.8 | 5.0 | 2.6 | 13.9 | 13.6 | |
| US formulations | 12,160 | 13,984 | 14,424 | 14,952 | 13,330 | 14,291 | 15,775 | 14,162 | 55,520 | 57,556 | 14,756 | |
| YoY Change (%) | (21.1) | 5.6 | 4.8 | (5.3) | 9.6 | 2.2 | 9.4 | (5.3) | (4.6) | 3.7 | (1.3) | |
| Europe | 1,481 | 1,836 | 1,711 | 1,501 | 1,241 | 1,705 | 1,862 | 2,512 | 7,219 | 7,474 | 1,978 | |
| YoY Change (%) | 5.5 | 6.6 | 12.1 | (19.1) | (16.2) | (7.1) | 8.8 | 67.3 | 13.0 | 3.5 | 31.8 | |
| ROW | 4,101 | 4,936 | 5,932 | 5,718 | 5,248 | 5,925 | 5,941 | 6,257 | 19,996 | 22,717 | 5,603 | |
| YoY Change (%) | (14.1) | (7.3) | 3.6 | 13.0 | 28.0 | 20.0 | 0.2 | 9.4 | 0.0 | 0.0 | (2.0) | |
| API | 4,090 | 3,739 | 3,438 | 2,556 | 2,459 | 2,678 | 2,564 | 2,203 | 13,823 | 9,904 | 2,741 | |
| YoY Change (%) | 17.2 | 22.5 | 8.4 | (22.2) | (39.9) | (28.4) | (25.4) | (13.8) | 6.3 | (28.4) | 7.2 | |
| Cost Break-up | | | | | | | | | | | | |
| RM Cost (% of Sales) | 37.3 | 36.8 | 36.9 | 36.7 | 39.2 | 39.8 | 40.7 | 42.0 | 35.9 | 40.4 | 40.3 | |
| Staff Cost (% of Sales) | 22.5 | 17.9 | 17.9 | 16.9 | 20.1 | 18.5 | 17.9 | 18.1 | 18.9 | 18.6 | 17.9 | |
| R&D Expenses(% of Sales) | 10.1 | 10.0 | 8.8 | 9.1 | 9.6 | 8.1 | 8.0 | 8.9 | 9.6 | 8.7 | 7.8 | |
| Other Cost (% of Sales) | 15.7 | 20.1 | 17.8 | 18.6 | 16.9 | 19.1 | 19.3 | 25.1 | 19.7 | 20.1 | 20.5 | |
| Gross Margin (%) | 62.7 | 63.2 | 63.1 | 63.3 | 60.8 | 60.2 | 59.3 | 58.0 | 64.1 | 59.6 | 59.7 | |
| EBITDA Margin (%) | 14.4 | 15.2 | 18.6 | 18.7 | 14.2 | 14.6 | 13.6 | 5.9 | 16.8 | 12.1 | 13.4 | |
| EBIT Margin (%) | 8.3 | 9.6 | 12.4 | 13.0 | 8.9 | 9.4 | 8.7 | 0.8 | 10.9 | 7.0 | 9.0 | |



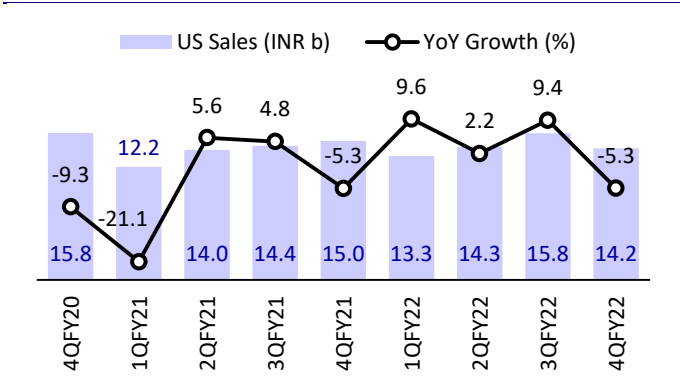
Highlights from the management commentary

- LPC has about 23% market share in g-Albuterol. G-Brovana/g-Albuterol forms about 25% of the US sales.
- LPC is on track to build Inhalation product pipeline with two dry-powder inhalers and four metered-dosed inhalers under development.
- LPC's Pegfilgrastim biosimilar is under review with USFDA. LPC's Ranibizumab biosimilar has phase III trial ongoing. LPC has initiated phase III clinical trials for Afilbercept biosimilar.
- LPC has paid USD4m/USD27m for 4QYF22 and FY22 towards failure to supply.

- LPC’s margins were impacted adversely in 4QFY22 due to losartan recall to some extent.
- LPC launched three divisions in the DF segment for diabetes, CNS and Anti-infective sub-segments.

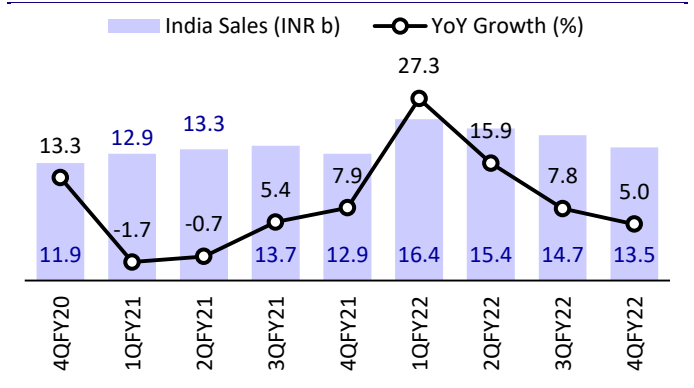
Key exhibits

Exhibit 1: US sales declined 5% YoY in 4QFY22



Source: MOFSL, Company

Exhibit 2: DF sales grew 5% YoY in 4QFY22



Source: MOFSL, Company

Considerable efforts required to turnaround performance

US Generics – Price erosion weighs down growth expectations

- US sales had flattish 2% growth YoY to USD738m in FY22. g-Albuterol with 22.6% market share along with gBrovanna formed 25% of the US sales. However, the increased traction in g-Albuterol/g-Brovanna was offset due to seasonality and steep price erosion in oral solids portfolio.
- LPC has targeted the launches of gSpiriva and gSuprep during FY23. The USFDA is inspected is on-going at partner’s site for g-Spiriva device. On the Complex Injectables front, LPC is developing depot injections, liposomal products in-licensed from ForDoz Pharma, iron colloids, and peptide products.
- Given the steep price erosion in US and gradual pace of niche launches, we expect 5% US sales CAGR to USD821m over FY22-24.

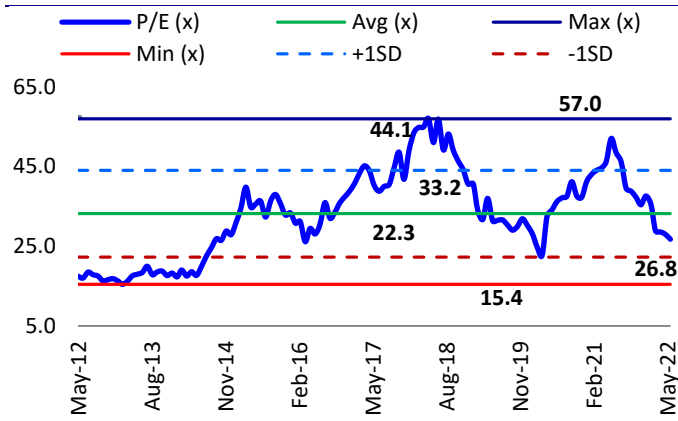
DF – new introductions/non-Covid therapies to drive growth

- DF sales grew 14% YoY to INR60b in FY22 driven by the 37%/20.6%/15% sales growth for Respiratory/Gastro/Anti-Infectives as per AIOCD AWACs. While LPC has maintained decent launch pace it has struggled in Anti-Diabetic/Cardiac underperforming the IPM in these therapies in FY22.
- As COVID pandemic subsides we expect revival in its chronic therapy growth and expect it to maintain strong launch momentum. However, some of this benefit is expected to be offset by loss of exclusivity in certain products. Basis this, we expect 10% CAGR in DF sales to INR73b over FY22-24.

Valuation adequately factors earnings upside; maintain our Neutral rating

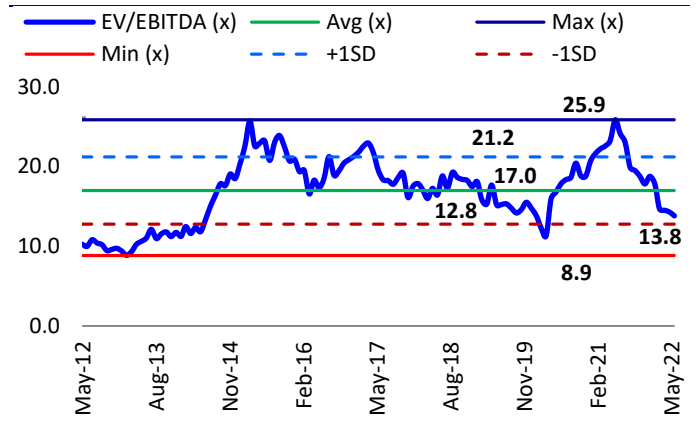
- We have reduced our FY23E/FY24E earnings estimate by 29%/27% to reflect: a) High price erosion in the US Generics segment, b) Continued inflation of raw material prices, c) incremental competition in key products, and d) gradual benefit from cost optimization measures.
- We value LPC at 22x 12M forward earnings to arrive at price target of INR590.
- We expect 15% earnings CAGR over FY22-24, led by 10%/5% sales CAGR in DF/US and 40bp margin expansion on account of cost rationalization measures. We believe current valuation adequately factors upside in the earnings and hence maintain Neutral rating on the stock.

Exhibit 3: P/E chart



Source: MOFSL, Company, Bloomberg

Exhibit 4: EV/EBITDA chart



Source: MOFSL, Company, Bloomberg

Story in charts

Exhibit 5: Revenue mix in 4QFY22

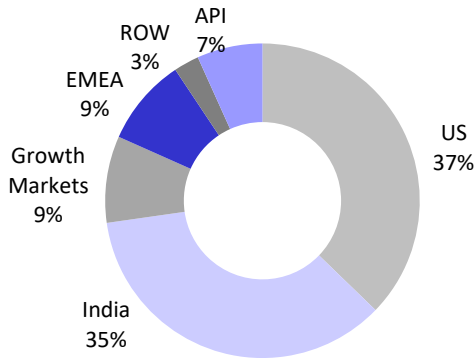


Exhibit 6: Growth to pick up with niche launches

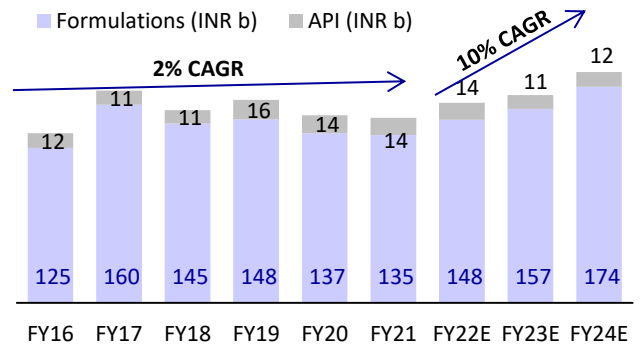


Exhibit 7: R&D spend as a percentage of sales to moderate

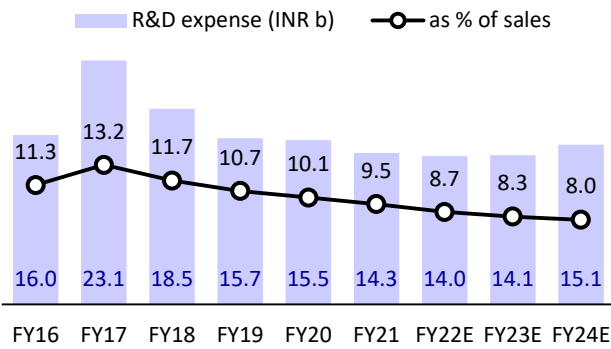


Exhibit 8: Expect EBITDA margin to remain subdued

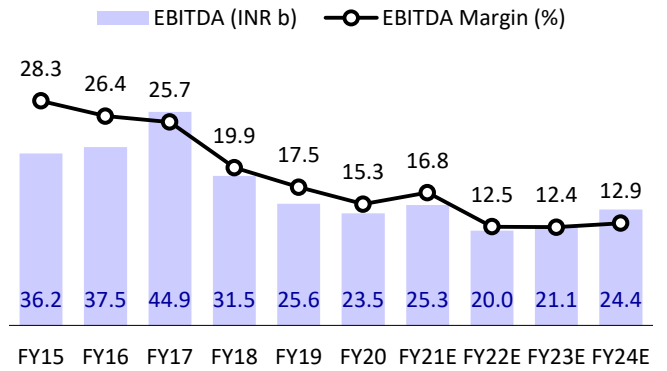


Exhibit 9: Expect EPS CAGR of ~15% over FY22-24

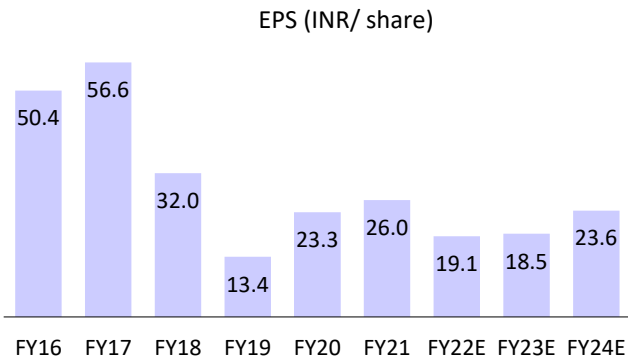
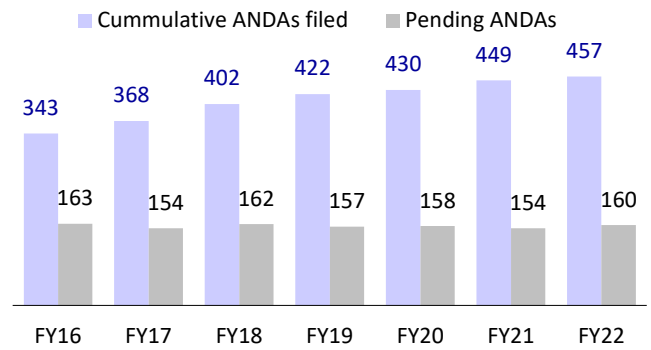


Exhibit 10: Rich ANDA pipeline



Source: MOFSL, Company,

Financials and valuations

Income Statement

(INR M)

| Y/E March | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net Sales | 1,42,085 | 1,74,943 | 1,58,041 | 1,46,646 | 1,53,748 | 1,50,930 | 1,60,321 | 1,70,102 | 1,88,887 |
| Total Expenditure | 1,04,550 | 1,30,012 | 1,26,566 | 1,21,038 | 1,30,200 | 1,25,614 | 1,40,353 | 1,49,010 | 1,64,523 |
| EBITDA | 37,534 | 44,931 | 31,475 | 25,607 | 23,548 | 25,316 | 19,968 | 21,092 | 24,364 |
| Margin (%) | 26.4 | 25.7 | 19.9 | 17.5 | 15.3 | 16.8 | 12.5 | 12.4 | 12.9 |
| Depreciation | 4,635 | 9,122 | 10,859 | 8,461 | 9,702 | 8,874 | 8,220 | 8,438 | 8,839 |
| EBIT | 32,899 | 35,809 | 20,616 | 17,147 | 13,846 | 16,442 | 11,748 | 12,654 | 15,526 |
| Int. and Finance Charges | 446 | 1,525 | 2,044 | 3,025 | 3,630 | 1,406 | 1,428 | 1,602 | 1,406 |
| Other Income - Rec. | 1,877 | 1,065 | 1,504 | 3,330 | 3,578 | 1,479 | 1,504 | 1,000 | 1,150 |
| PBT before EO item | 34,330 | 35,349 | 20,076 | 17,452 | 13,794 | 16,515 | 11,824 | 12,051 | 15,270 |
| EO Expense/(Income) | 0 | 0 | 14,644 | 3,400 | 6,261 | -236 | 25,550 | 0 | 0 |
| PBT after EO item | 34,330 | 35,349 | 5,433 | 14,052 | 7,533 | 16,751 | -13,726 | 12,051 | 15,270 |
| Tax | 11,536 | 9,785 | 2,885 | 8,879 | 11,571 | 4,485 | 1,372 | 3,555 | 4,429 |
| Tax Rate (%) | 33.6 | 27.7 | 53.1 | 63.2 | 153.6 | 26.8 | -10.0 | 29.5 | 29.0 |
| Less: Minority Interest | 88 | -11 | 36 | 52 | -43 | -101 | -183 | -91 | -92 |
| Reported PAT | 22,707 | 25,574 | 2,512 | 5,121 | -3,995 | 12,165 | -15,280 | 8,405 | 10,748 |
| PAT Adj for EO items | 22,707 | 25,574 | 14,455 | 6,066 | 10,572 | 11,790 | 8,699 | 8,405 | 10,748 |
| Change (%) | -5.5 | 12.6 | -43.5 | -58.0 | 74.3 | 11.5 | -26.2 | -3.4 | 27.9 |
| Margin (%) | 16.0 | 14.6 | 9.1 | 4.1 | 6.9 | 7.8 | 5.1 | 4.9 | 5.7 |
| Adj Net Profit | 22,707 | 25,574 | 14,455 | 6,066 | 10,572 | 11,790 | 8,699 | 8,405 | 10,748 |

Consolidated Balance Sheet

(INR M)

| Y/E March | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Equity Share Capital | 901 | 903 | 904 | 905 | 906 | 907 | 909 | 909 | 909 |
| Total Reserves | 1,08,943 | 1,34,072 | 1,34,866 | 1,36,517 | 1,24,461 | 1,37,124 | 1,20,624 | 1,23,712 | 1,28,613 |
| Net Worth | 1,09,844 | 1,34,975 | 1,35,771 | 1,37,422 | 1,25,367 | 1,38,031 | 1,21,533 | 1,24,621 | 1,29,522 |
| Minority Interest | 321 | 345 | 401 | 469 | 445 | 550 | 687 | 782 | 878 |
| Deferred liabilities | 1,239 | -1,128 | -4,310 | -4,457 | 252 | 496 | 711 | 711 | 711 |
| Secured Loan | 53,739 | 61,243 | 67,722 | 70,546 | 25,180 | 6,133 | 6,147 | 4,147 | 2,146 |
| Unsecured Loan | 17,454 | 23,183 | 4,518 | 15,802 | 24,928 | 30,494 | 37,023 | 37,023 | 37,023 |
| Total Loans | 71,193 | 84,426 | 72,240 | 86,347 | 50,108 | 36,627 | 43,170 | 41,170 | 39,169 |
| Capital Employed | 1,82,596 | 2,18,619 | 2,04,101 | 2,19,781 | 1,76,172 | 1,75,704 | 1,66,101 | 1,67,284 | 1,70,280 |
| Gross Block | 55,887 | 55,265 | 63,687 | 72,189 | 76,431 | 85,479 | 95,368 | 1,02,605 | 1,09,399 |
| Less: Accum. Deprn. | 23,262 | 8,902 | 14,613 | 23,073 | 32,776 | 41,650 | 49,870 | 58,307 | 67,146 |
| Net Fixed Assets | 32,625 | 46,363 | 49,074 | 49,115 | 43,656 | 43,829 | 45,498 | 44,298 | 42,253 |
| Capital WIP | 9,812 | 7,150 | 9,563 | 10,186 | 7,582 | 8,515 | 8,475 | 7,587 | 7,144 |
| Investments | 75 | 21,361 | 14,208 | 22,954 | 23,743 | 24,549 | 9,000 | 9,000 | 9,000 |
| Goodwill & Intangibles | 73,586 | 78,147 | 70,965 | 67,963 | 37,540 | 37,126 | 31,306 | 31,306 | 31,306 |
| Curr. Assets | 1,07,473 | 1,07,975 | 1,12,078 | 1,21,935 | 1,35,575 | 1,20,283 | 1,22,236 | 1,32,168 | 1,44,599 |
| Inventory | 31,787 | 36,423 | 36,625 | 38,368 | 34,569 | 40,920 | 46,307 | 49,725 | 56,950 |
| Account Receivables | 45,498 | 43,073 | 51,922 | 51,498 | 54,459 | 44,743 | 42,619 | 54,732 | 64,554 |
| Cash and Bank Balance | 8,379 | 6,853 | 2,488 | 9,872 | 24,543 | 17,425 | 10,981 | 5,342 | 677 |
| Others | 21,808 | 21,626 | 21,043 | 22,197 | 22,004 | 17,195 | 22,328 | 22,369 | 22,419 |
| Curr. Liability & Prov. | 40,975 | 42,378 | 51,788 | 52,372 | 71,924 | 58,598 | 50,414 | 57,074 | 64,020 |
| Account Payables | 32,318 | 34,576 | 43,568 | 41,390 | 59,884 | 47,460 | 42,254 | 48,914 | 55,860 |
| Provisions | 8,658 | 7,801 | 8,220 | 10,982 | 12,040 | 11,139 | 8,160 | 8,160 | 8,160 |
| Net Current Assets | 66,498 | 65,598 | 60,290 | 69,563 | 63,651 | 61,685 | 71,822 | 75,093 | 80,579 |
| Appl. of Funds | 1,82,596 | 2,18,619 | 2,04,100 | 2,19,781 | 1,76,172 | 1,75,704 | 1,66,101 | 1,67,284 | 1,70,280 |

Financials and valuations

Ratios

| Y/E March | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| EPS (Fully Diluted) | 50.4 | 56.6 | 32.0 | 13.4 | 23.3 | 26.0 | 17.9 | 18.5 | 23.6 |
| Cash EPS (Fully Diluted) | 60.7 | 76.8 | 56.0 | 32.1 | 44.8 | 45.5 | 36.0 | 37.1 | 43.1 |
| BV/Share | 243.8 | 298.9 | 300.3 | 303.7 | 276.7 | 304.2 | 267.4 | 274.2 | 285.0 |
| DPS | 7.5 | 7.5 | 5.0 | 5.0 | 9.0 | 7.0 | 9.0 | 10.0 | 11.0 |
| Payout (%) | 17.9 | 15.9 | 108.5 | 53.3 | -119.0 | 30.4 | -31.3 | 63.3 | 54.4 |
| Valuation (x) | | | | | | | | | |
| P/E (Fully Diluted) | 12.6 | 11.2 | 19.9 | 47.4 | 27.2 | 24.4 | 35.4 | 34.3 | 26.8 |
| Cash P/E (Fully Diluted) | 10.5 | 8.3 | 11.3 | 19.8 | 14.2 | 13.9 | 17.6 | 17.1 | 14.7 |
| P/BV | 2.6 | 2.1 | 2.1 | 2.1 | 2.3 | 2.1 | 2.4 | 2.3 | 2.2 |
| EV/Sales | 2.5 | 2.1 | 2.3 | 2.5 | 2.0 | 2.0 | 2.0 | 1.9 | 1.7 |
| EV/EBITDA | 9.3 | 8.1 | 11.3 | 14.2 | 13.3 | 12.1 | 16.0 | 15.3 | 13.4 |
| Return Ratios (%) | | | | | | | | | |
| RoE | 22.9 | 20.9 | 10.7 | 4.4 | 8.0 | 9.0 | 6.3 | 6.8 | 8.5 |
| RoCE | 16.8 | 13.3 | 4.9 | 3.5 | 4.8 | 7.5 | 8.6 | 5.8 | 7.1 |
| RoIC | 18.8 | 14.9 | 5.4 | 3.6 | 5.1 | 9.8 | 9.8 | 6.3 | 7.4 |
| Working Capital Ratios | | | | | | | | | |
| Asset Turnover (x) | 0.8 | 0.8 | 0.8 | 0.7 | 0.9 | 0.9 | 1.0 | 1.0 | 1.1 |
| Fixed Asset Turnover (x) | 4.8 | 4.4 | 3.3 | 3.0 | 3.3 | 3.5 | 3.6 | 3.8 | 4.4 |
| Debtor (Days) | 117 | 90 | 120 | 128 | 129 | 108 | 97 | 117 | 125 |
| Creditor (Days) | 186 | 189 | 178 | 184 | 162 | 137 | 129 | 142 | 146 |
| Inventory (Days) | 82 | 76 | 85 | 95 | 82 | 99 | 105 | 107 | 110 |
| Leverage Ratio | | | | | | | | | |
| Current Ratio | 2.6 | 2.5 | 2.2 | 2.3 | 1.9 | 2.1 | 2.4 | 2.3 | 2.3 |
| Interest Cover Ratio | 73.7 | 23.5 | 10.1 | 5.7 | 3.8 | 11.7 | 8.2 | 7.9 | 11.0 |
| Debt/Equity (x) | 0.6 | 0.6 | 0.5 | 0.6 | 0.2 | 0.1 | 0.3 | 0.3 | 0.3 |

Cash Flow Statement

| Y/E March | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E |
|----------------------------------|----------------|----------------|----------------|----------------|---------------|----------------|----------------|---------------|---------------|
| EBITDA | 37,534 | 44,931 | 31,475 | 25,607 | 23,548 | 25,316 | 19,968 | 21,092 | 24,364 |
| Interest/Dividends Recd. | 1,877 | 1,065 | 1,504 | 3,330 | 3,578 | 1,479 | 1,504 | 1,000 | 1,150 |
| Direct Taxes Paid | -11,479 | -12,152 | -6,067 | -9,026 | -6,862 | -4,242 | -1,156 | -3,555 | -4,429 |
| (Inc)/Dec in WC | -34,084 | -626 | 942 | -1,888 | 20,583 | -5,152 | -16,581 | -8,911 | -10,151 |
| CF from Operations | -6,152 | 33,219 | 27,853 | 18,023 | 40,847 | 17,401 | 3,735 | 9,626 | 10,935 |
| EO expense | 0 | 0 | 14,644 | 3,400 | 6,261 | -236 | 25,550 | 0 | 0 |
| CF from Op. incl EO Exp. | -3,824 | 41,135 | 17,512 | 16,660 | 14,688 | 18,218 | 3,673 | 9,626 | 10,936 |
| (inc)/dec in FA | -71,217 | -24,759 | -8,801 | -6,123 | 28,785 | -9,567 | -4,029 | -6,350 | -6,350 |
| Free Cash Flow | -77,369 | 8,460 | 19,053 | 11,900 | 69,631 | 7,834 | -294 | 3,276 | 4,585 |
| (Pur)/Sale of Investments | 16,509 | -21,286 | 7,153 | -8,746 | -788 | -806 | 15,549 | 0 | 0 |
| Others | -14,909 | 20,771 | 6,346 | -17,956 | -16,926 | -4,166 | 1,402 | 0 | 0 |
| CF from Investments | -69,617 | -25,274 | 4,699 | -32,825 | 11,070 | -14,539 | 12,922 | -6,350 | -6,350 |
| Change in Net Worth | 2,459 | 3,669 | 1,028 | -724 | -3,286 | 4,403 | 3,888 | 96 | 98 |
| Inc/(Dec) in Debt | 66,483 | 13,233 | -12,187 | 14,108 | -36,240 | -13,480 | 6,543 | -2,000 | -2,001 |
| Interest Paid | -446 | -1,525 | -2,044 | -3,025 | -3,630 | -1,406 | -1,428 | -1,602 | -1,406 |
| Dividend Paid | -4,071 | -4,076 | -2,725 | -2,728 | -4,755 | -3,788 | -4,786 | -5,318 | -5,849 |
| CF from Fin. Activity | 58,364 | 4,332 | -14,921 | 7,441 | -8,906 | -18,852 | -15,723 | -8,915 | -9,251 |
| Inc/Dec of Cash | -15,077 | 20,193 | 7,290 | -8,724 | 16,853 | -15,173 | 872 | -5,639 | -4,665 |
| Add: Beginning Balance | 21,084 | 7,802 | 27,995 | 14,164 | 5,441 | 22,293 | 7,119 | 7,991 | 2,352 |
| Cash/Cash Eq. at end of the year | 7,802 | 27,995 | 14,164 | 5,441 | 22,293 | 7,119 | 7,991 | 2,352 | -2,314 |
| Forex/Bank | 577 | -21,142 | -11,677 | 4,431 | 2,250 | 10,305 | 2,990 | 2,990 | 2,990 |
| Closing Balance | 8,379 | 6,853 | 2,488 | 9,872 | 24,543 | 17,425 | 10,981 | 5,342 | 677 |

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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