

Estimate change



TP change



Rating change



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Bloomberg	SUNP IN
Equity Shares (m)	2,399
M.Cap.(INRb)/(USDb)	2263.8 / 28.6
52-Week Range (INR)	967 / 681
1, 6, 12 Rel. Per (%)	4/13/25
12M Avg Val (INR M)	3199

#### Financials & valuations (INR b)

Y/E MARCH	FY22	FY23E	FY24E
Sales	383.1	436.9	492.3
EBITDA	99.0	111.1	130.8
Adj. PAT	75.3	82.7	97.6
EBIT Margin (%)	20.2	19.9	21.4
Cons. Adj. EPS (INR)	31.3	34.4	40.6
EPS Gr. (%)	24.9	9.9	18.0
BV/Sh. (INR)	199.6	232.2	267.1

#### Ratios

Net D:E	-0.09	-0.12	-0.20
RoE (%)	15.9	15.9	16.2
RoCE (%)	11.5	11.5	12.5
Payout (%)	32.8	12.4	13.5

#### Valuations

P/E (x)	30.2	27.5	23.3
EV/EBITDA (x)	22.0	19.4	16.0
Div. Yield (%)	0.4	0.4	0.5
FCF Yield (%)	0.5	1.4	3.3
EV/Sales (x)	5.7	4.9	4.3

#### Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	54.5	54.5	54.5
DII	19.7	20.0	22.0
FII	15.0	14.4	11.5
Others	10.9	11.1	12.1

FII Includes depository receipts

**CMP: INR944**
**TP: INR1,100 (+17%)**
**Buy**

### Superior execution across key segments

#### Yet to see increased R&D spend in the Specialty portfolio

- SUNP delivered a strong beat on 1QFY23 earnings, led by broad based growth across business segments (US/Domestic Formulation (DF)/emerging markets (EMs)/RoW). While lower R&D spends has further enhanced margin in 1QFY23. However, the postponement of clinical trials would delay in obtaining potential approvals/subsequent commercial benefit from new chemical entity (NCE) assets.
- We have raised our FY23/FY24 EPS estimate by 6%/4%, factoring in steady industry outperformance in the Branded Generics segment and lower R&D spends. We continue to value SUNP at 25x 12M forward earnings to arrive at our TP of INR1,100. We remain positive on SUNP on the back of sustained scale-up in the Specialty portfolio, robust franchise building in the Branded Generics portfolio, and healthy ANDA pipeline awaiting approval. We reiterate our Buy rating.

#### Higher employee cost and other expenses lowers EBITDA margin YoY

- Sales rose 10% YoY to INR106b in 1QFY23 (est. INR95.3b).
- EM/US sales grew 12.6%/11% YoY to USD245m/USD420m (18%/30% of sales). In INR terms, US sales grew 16% YoY to INR32b in 1QFY23.
- DF sales grew 2.4% YoY to INR34b (32% of sales). Excluding sales of COVID-related products in 1QFY22, the YoY growth would have been 13% in 1QFY23. Sales from RoW grew 2% YoY to USD190m (14% of sales). API sales grew 16.3% YoY to INR6b (6% of sales) in 1QFY23.
- Gross margin rose marginally by 15bp YoY to 73.9% in 1QFY23.
- However, EBITDA margin contracted by 320bp YoY to 24.6% (est. 22.2%) on higher other expenses/employee cost (up 390bp/130bp), but was partially offset by lower R&D spend (down 180bp) as a percentage of sales.
- EBITDA was stable YoY at INR26b (est. INR21b)
- SUNP clocked a forex gain of INR1.5b in 1QFY23. Adjusted PAT dipped 4% YoY to INR19b (est. INR14b).

#### Highlights from the management commentary

- Global Specialty sales stood at USD191m in 1QFY23. The same stood at USD673m in FY22.
- Illumya, Cequa, and Odomzo were the key growth drivers, while there has been a gradual build-up in the sales of Winlevi.
- Excluding the sale of COVID-related products, total sales grew 14% YoY in 1QFY23.
- SUNP spent 21% on R&D in its Specialty portfolio.
- Specialty sales grew YoY, despite a seasonal impact on Levulan sales.
- Winlevi has been prescribed by 10k doctors in the US and has exhibited 22% QoQ growth in prescriptions.

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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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## Quarterly Performance (Consolidated)

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E	FY23E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Revenues</b>	96.7	94.8	98.1	93.9	106.4	106.0	112.3	112.2	383.5	436.9	95.4	11.6
YoY Change (%)	29.5	12.1	11.8	11.3	10.1	11.7	14.4	19.5	15.7	13.9	-1.4	
Total Expenditure	69.8	69.2	72.5	72.7	80.2	80.6	83.3	81.6	284.1	325.8	74.2	
<b>EBITDA</b>	26.9	25.6	25.7	21.2	26.2	25.3	29.0	30.6	99.4	111.1	21.1	23.9
YoY Change (%)	63.5	15.7	12.7	7.7	-2.6	-1.2	12.8	44.3	22.6	11.7	-21.4	
Margins (%)	27.8	27.0	26.2	22.6	24.6	23.9	25.8	27.2	25.9	25.4	22.2	
Depreciation	5.0	5.3	5.5	5.6	5.9	6.0	6.1	6.3	21.4	24.3	5.4	
<b>EBIT</b>	21.9	20.3	20.1	15.6	20.3	19.4	22.9	24.2	78.0	86.8	15.8	
YoY Change (%)	90.3	18.4	15.3	10.5	-7.1	-4.6	13.6	55.1	29.3	11.3	-27.8	
Interest	0.4	0.4	0.2	0.4	0.1	0.2	0.2	0.3	1.3	0.8	0.4	
Net Other Income	2.0	2.9	3.1	1.7	1.2	2.5	2.8	3.2	9.8	9.7	2.0	
<b>PBT before EO Exp</b>	23.6	22.9	23.1	17.0	21.4	21.7	25.5	27.2	86.5	95.7	17.4	22.6
Less: EO Exp/(Inc)	5.5	1.5	-1.6	37.7	-1.5	0.0	0.0	0.0	43.2	-1.5	0.0	
<b>PBT</b>	18.0	21.4	24.7	-20.8	22.8	21.7	25.5	27.2	43.3	97.1	17.4	
Tax	4.0	2.0	3.4	1.5	1.9	2.4	3.1	3.7	10.8	11.0	2.6	
Rate (%)	16.8	8.6	14.5	8.6	8.8	11.0	12.0	13.5	12.4	11.5	15.0	
<b>PAT (pre Minority Interest)</b>	14.1	19.4	21.3	-22.2	21.0	19.3	22.4	23.5	32.6	86.1	14.8	
Minority Interest	-0.4	0.4	0.7	0.5	0.3	0.7	0.8	0.2	1.3	2.0	0.6	
<b>Reported PAT</b>	14.4	19.0	20.6	-22.8	20.6	18.6	21.6	23.3	31.2	84.1	14.2	44.8
<b>Adj Net Profit*</b>	20.0	20.5	19.0	15.8	19.2	18.6	21.6	23.3	75.3	82.7	14.2	34.6
YoY Change (%)	74.1	24.8	6.7	8.6	-4.0	-9.2	13.6	47.5	24.9	9.9	-28.7	
Margins (%)	14.9	20.0	21.0	-24.3	19.4	17.5	19.2	20.8	8.1	19.3	14.9	

## Key performance Indicators (Consolidated)

Y/E March	FY22				FY23E				FY22	FY23E	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
Domestic formulations (INRb)	33.1	31.9	31.7	31.0	33.9	34.1	34.8	35.6	127.6	138.4	29.8
YoY Change (%)	38.5	25.9	15.1	15.9	2.4	7.0	10.0	15.0	23.4	8.5	-10.0
US sales (INRb)	28.0	26.8	29.7	29.2	32.4	32.4	36.2	38.4	113.7	138.0	30.3
YoY Change (%)	30.9	7.5	7.6	8.4	15.8	20.9	21.8	31.2	12.7	21.3	8.3
ROW (INRb)	29.7	31.9	31.4	28.9	33.6	33.6	35.2	33.6	122.0	136.0	30.5
YoY Change (%)	26.0	10.3	12.0	10.3	13.0	8.0	9.0	16.5	14.2	11.5	7.0
APIs (INRb)	5.1	4.4	4.7	4.1	6.0	5.3	5.6	6.1	18.4	22.9	4.4
YoY Change (%)	-7.0	-14.6	4.6	-5.1	16.3	22.0	18.0	46.9	-5.9	25.0	-15.0
<b>Cost Break-up</b>											
RM Cost (% of Sales)	27.4	26.6	26.9	27.1	27.2	27.0	25.0	25.6	27.0	26.2	27.1
Staff Cost (% of Sales)	18.2	19.0	18.9	20.1	19.5	19.6	18.2	17.2	19.0	18.6	20.0
R&D Expenses(% of Sales)	6.1	5.6	5.5	5.8	4.3	5.5	8.0	10.1	5.8	7.0	6.0
Other Cost (% of Sales)	20.4	21.7	22.5	24.5	24.3	24.0	23.0	19.8	22.3	22.7	24.2
Gross Margins(%)	72.6	73.4	73.1	72.9	72.8	73.0	75.0	74.4	73.0	73.8	72.9
EBITDA Margins(%)	27.8	27.0	26.2	22.6	24.6	23.9	25.8	27.2	25.9	25.4	22.2
EBIT Margins(%)	22.6	21.4	20.5	16.6	19.1	18.3	20.4	21.6	20.3	19.9	16.6



## Key takeaways from the management interaction

- Challenges in Ukraine/Russia had delayed clinical trials related to Illumya.
- SUNP would have to conduct phase 1/phase II trials for Illumya for Japan market. Hence, it would be atleast 1.5-2 years away for commercial benefit from this product.
- SUNP launched 2 products in generics segment (Ex-Taro)
- The EM sales grew 16% YoY in CC terms for the quarter.
- In India, there are 20-25 players who have launched Sitagliptin generic

**Exhibit 1: Taro – financial snapshot**

USD m	1QFY23	1QFY22	% YoY	4QFY22	% QoQ
<b>Sales</b>	<b>156.7</b>	<b>147.1</b>	<b>6.5</b>	<b>143.3</b>	<b>9.4</b>
Growth (%)					
Cost of sales (incl. Dep.)	75.1	69.4	8.2	65.9	13.9
<b>Gross profit</b>	<b>81.6</b>	<b>77.7</b>	<b>5.0</b>	<b>77.3</b>	<b>5.5</b>
GP Margin (%)	52.1	52.8	(73)bp	54.0	(190)bp
<b>Operating expenses:</b>					
R&D	11.5	13.0	-11.1	14.9	-22.7
R&D as a percentage of sales	7.3	8.8		10.4	
SG&A	56.1	84.0	-33.2	41.2	36.3
SG&A as a percentage of sales	35.8	57.1		28.7	
<b>Operating Profit</b>	<b>14.0</b>	<b>-19.2</b>	<b>-172.7</b>	<b>21.3</b>	<b>-34.3</b>
Operating Profit Margin (%)	8.9	-13.1	2,199 bp	14.9	(593)bp
<b>EBITDA</b>	<b>14.0</b>	<b>40.8</b>	<b>-65.7</b>	<b>21.3</b>	<b>-34.3</b>
EBITDA margin (%)	8.9	27.7	(1,879)bp	14.9	(593)bp
Financial expenses	-1.9	-3.0		-0.7	
Extraordinary items incl. forex	0.3	0.3		-2.5	
Other income	0.4	0.4		0.5	
<b>PBT</b>	<b>16.1</b>	<b>-16.1</b>	<b>-199.8</b>	<b>25.0</b>	<b>-35.8</b>
Taxes	2.0	2.7		-2.4	
Effective tax rate (%)	12.3	-16.7		-9.5	
<b>Net income before MI</b>	<b>14.1</b>	<b>-18.8</b>	<b>-175.0</b>	<b>27.4</b>	<b>-48.6</b>
Minority interest	0.0	0.0		0.0	
<b>Net income (Reported)</b>	<b>14.1</b>	<b>-18.8</b>	<b>-175.0</b>	<b>27.4</b>	<b>-48.6</b>
Forex fluctuations	-0.3	-0.3		2.5	
<b>Net income (Adjusted)</b>	<b>12.7</b>	<b>34.7</b>	<b>-63.5</b>	<b>19.8</b>	<b>-35.8</b>

Source: MOFSL, Company

**DF/Specialty to drive revenue growth****Specialty Portfolio on a strong footing**

- The global Specialty business has posted a strong sales growth (USD191m) in 1QFY23, up 29% YoY. Growth was led by a pickup in sales of Ilumya, Cequa and Odomzo in the US, aided by the steady traction in Winlevi in US.
- SUNP has 4 specialty products under clinical trials with Phase-3 trials ongoing for Ilumya for Psoriatic Arthritis, Phase trials on-going for MM-II for treatment of pain in osteoarthritis, GL0034 undergoing Phase-1 trials for Type-2 diabetes and SCD-044 undergoing Phase-2 trials for Atopic dermatitis.
- SUNP's R&D expenses towards specialty portfolio were lower on account of slight delay in trials due to geopolitical tensions. However, SUNP is working towards ramping up the trials which is expected to drive the R&D expenses in later part of the year.

**Launch momentum in US to drive growth**

- In the US Generics segment, excluding Taro, SUNP posted 13% growth in 1QFY23 to ~USD263m. Growth in the US was driven by product launches and better supply chain management, ensuring the availability of its products to its customers.
- In the Generics segment, SUNP has 89 ANDAs and 13 505(b)(2) NDA products pending approval. Considering: a) better traction in the Specialty portfolio led by Ilumya/Cequa/Winlevi, b) consistent launch momentum in Generics, and c) Taro sales steadying, we expect US sales to exhibit ~18% CAGR to USD2.1b over FY22-24.

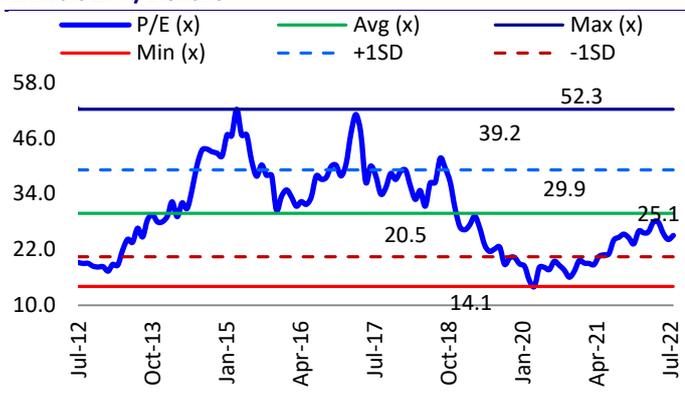
**Branded Formulations business drives growth**

- DF sales grew excluding covid sales grew 13% YoY in 1QFY23, driven by the top three therapies of Cardiac/CNS/Gastro leading to strong outperformance against IPM, according to AIOCD AWACs.
- Sitagliptin going generic represents a risk to SUNP’s INR3b (as per AIOCD-AWACs) brand sales. However, we expect SUNP to exhibit 9% CAGR to INR152b over FY22-24, despite high base of FY22. The growth will be largely driven by the MR addition resulting in geographic expansion along with new launches.
- SUNP’s Branded Formulations business (including DF) now contributes more than 50% to revenue. The business (excluding DF) is exhibiting strong growth on the back of growth in focus markets. The emerging and RoW market is expected to exhibit 12% sales CAGR to INR152b over FY22-24.

**Specialty/branded generics to drive 14% earnings CAGR over FY22-24**

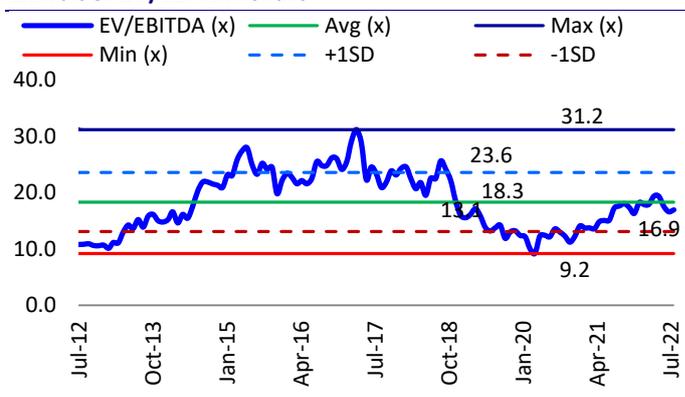
- We have increased EPS estimate by 6%/4% for FY23/FY24 factoring, steady industry outperformance in branded generics segment and lower R&D spend. We continue to value SUNP at 25x 12M forward earnings to arrive at price target of INR1,100.
- We expect 14% earnings CAGR over FY22-24, led by 18% sales CAGR in the US and 12% sales CAGR in emerging/RoW markets, supported by 80bp margin expansion.
- We remain positive on SUNP on the back of sustained scale-up in specialty portfolio and robust franchise building in branded generics portfolio and healthy ANDA pipeline pending for approvals Re-iterate BUY

**Exhibit 2: P/E chart**



Source: MOFSL, Company, Bloomberg

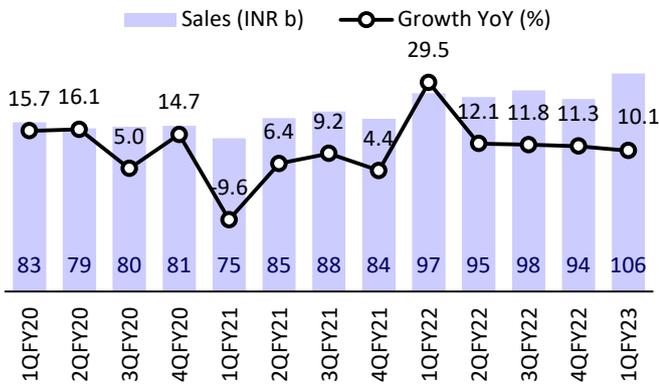
**Exhibit 3: EV/EBITDA chart**



Source: MOFSL, Company, Bloomberg

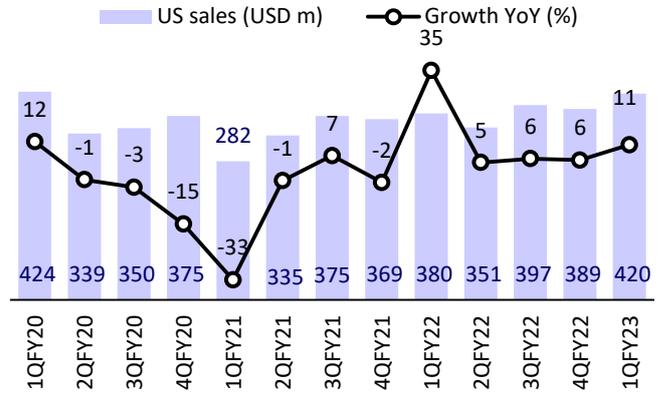
## Story in charts

**Exhibit 4: Revenue rose 10% YoY in 1QFY23**



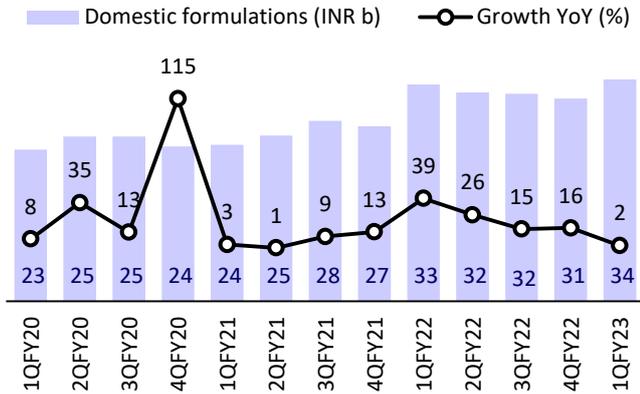
Source: Company, MOFSL

**Exhibit 5: US business sales grew 11% YoY in CC terms**



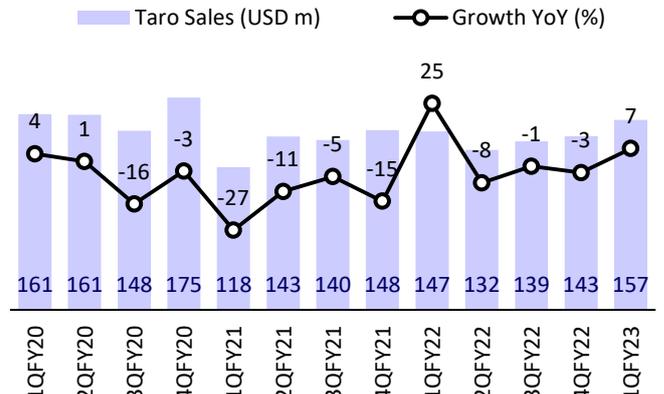
Source: Company, MOFSL

**Exhibit 6: DF sales were stable YoY due to high base**



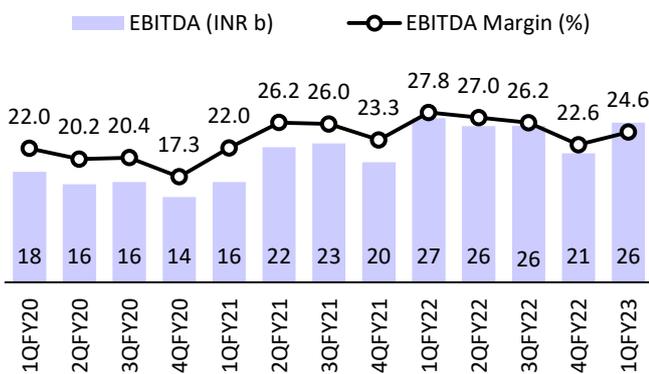
Source: Company, MOFSL

**Exhibit 7: Taro sales grew 7% YoY in 1QFY23**



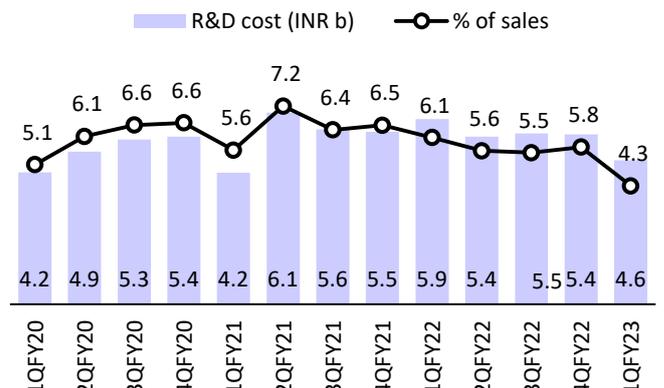
Source: Company, MOFSL

**Exhibit 8: EBITDA margin slightly down YoY**



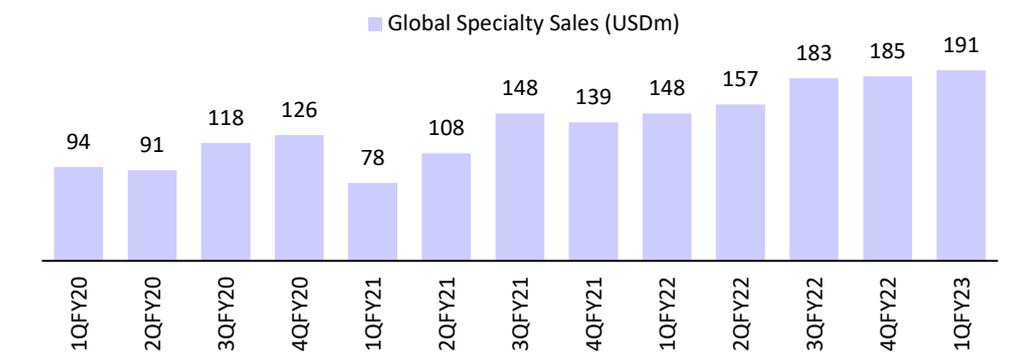
Source: Company, MOFSL

**Exhibit 9: R&D at 4.3% of sales in 1QFY23**



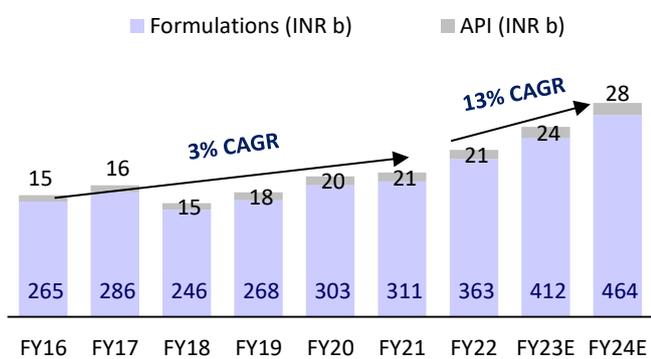
Source: Company, MOFSL

**Exhibit 10: Adjusted global Specialty sales rose 29% YoY to USD191m in 1QFY23**



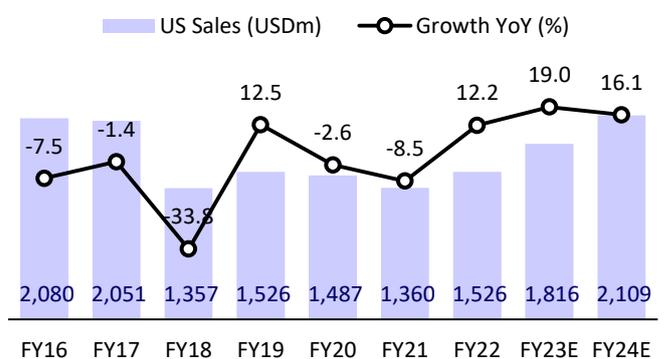
Source: Company, MOFSL

**Exhibit 11: Expect 13% revenue CAGR over FY22-24**



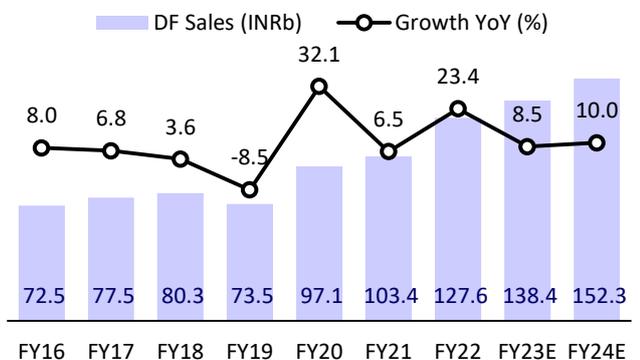
Source: Company, MOFSL

**Exhibit 12: Expect ~18% CAGR in US sales over FY22-24**



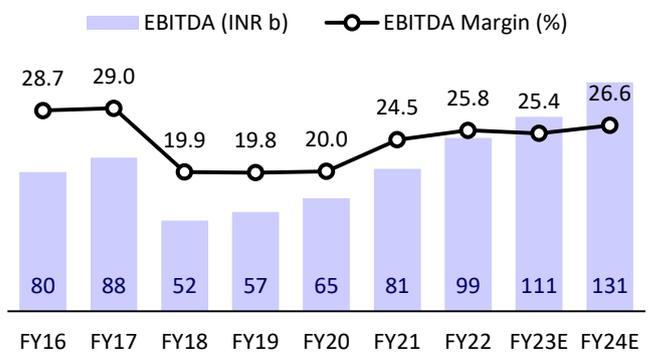
Source: Company, MOFSL

**Exhibit 13: Expect DF sales CAGR of 9% over FY22-24**



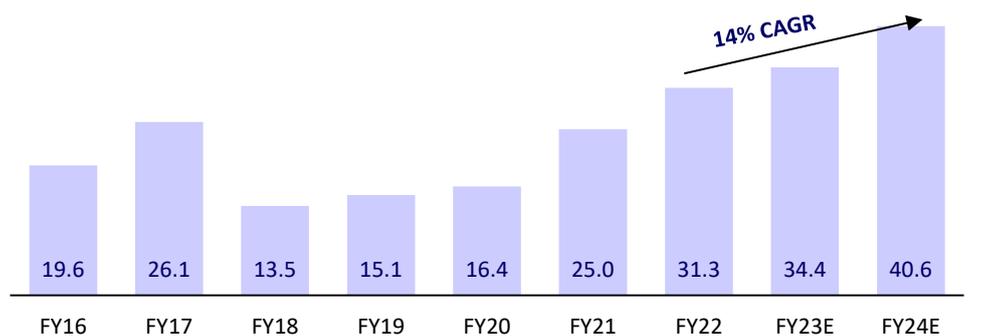
Source: Company, MOFSL

**Exhibit 14: EBITDA margin to improve to 26.6% by FY24**



Source: Company, MOFSL

**Exhibit 15: Expect EPS to exhibit 14% CAGR over FY22-24**



Source: Company, MOFSL

## Financials and valuations

Income Statement								(INR b)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Net Sales</b>	<b>302.6</b>	<b>260.7</b>	<b>286.9</b>	<b>323.3</b>	<b>331.6</b>	<b>383.1</b>	<b>436.9</b>	<b>492.3</b>
Change (%)	9.1	-13.9	10.1	12.7	2.6	15.5	14.0	12.7
Total Expenditure	214.9	208.8	230.1	258.6	250.3	284.1	325.8	361.6
As a percentage of Sales	71.0	80.1	80.2	80.0	75.5	74.2	74.6	73.4
<b>EBITDA</b>	<b>87.8</b>	<b>51.8</b>	<b>56.8</b>	<b>64.6</b>	<b>81.3</b>	<b>99.0</b>	<b>111.1</b>	<b>130.8</b>
Margin (%)	29.0	19.9	19.8	20.0	24.5	25.8	25.4	26.6
Depreciation	12.6	15.0	17.5	20.5	20.8	21.4	24.3	25.5
<b>EBIT</b>	<b>75.1</b>	<b>36.8</b>	<b>39.3</b>	<b>44.1</b>	<b>60.5</b>	<b>77.6</b>	<b>86.8</b>	<b>105.3</b>
Int. and Finance Charges	4.0	5.2	5.6	3.0	1.4	1.3	0.8	0.7
Other Income - Rec.	19.4	12.6	14.1	11.5	11.8	10.2	9.7	10.4
Extra-ordinary Exp.	0.0	9.5	9.7	2.5	42.8	43.2	-1.5	0.0
PBT	90.5	34.8	38.1	50.1	28.0	43.3	97.1	115.0
Tax	12.1	8.5	6.0	8.2	5.1	10.8	11.0	15.0
Tax Rate (%)	13.4	24.3	15.8	16.4	18.4	24.8	11.3	13.0
<b>Profit after Tax</b>	<b>78.4</b>	<b>26.3</b>	<b>32.1</b>	<b>41.9</b>	<b>22.8</b>	<b>32.6</b>	<b>86.1</b>	<b>100.1</b>
Change (%)	34.4	-66.4	21.9	30.5	-45.4	42.5	164.6	16.2
Margin (%)	24.3	9.6	10.7	12.5	6.7	8.3	19.3	19.9
Less: Minority Interest	8.7	4.7	5.4	4.2	-6.2	1.3	2.0	2.5
<b>Reported PAT</b>	<b>69.6</b>	<b>21.6</b>	<b>26.7</b>	<b>37.6</b>	<b>29.0</b>	<b>31.2</b>	<b>84.1</b>	<b>97.6</b>
<b>Adjusted PAT (excl. Ex. Items)</b>	<b>62.9</b>	<b>32.4</b>	<b>36.3</b>	<b>39.5</b>	<b>60.2</b>	<b>76.7</b>	<b>82.7</b>	<b>97.6</b>

Balance Sheet								(INR b)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Total Reserves	364.0	378.6	411.7	450.2	462.2	477.7	556.3	640.4
<b>Net Worth</b>	<b>366.4</b>	<b>381.0</b>	<b>414.1</b>	<b>452.6</b>	<b>464.6</b>	<b>480.1</b>	<b>558.7</b>	<b>642.8</b>
Minority Interest	37.9	38.8	33.1	38.6	30.2	30.5	30.5	30.5
Deferred Liabilities	-21.8	-19.7	-24.5	-31.2	-35.1	-28.6	-28.6	-28.6
Total Loans	80.9	97.5	98.9	75.8	33.4	11.8	8.8	6.5
<b>Capital Employed</b>	<b>463.4</b>	<b>497.6</b>	<b>521.7</b>	<b>535.9</b>	<b>493.1</b>	<b>493.8</b>	<b>569.3</b>	<b>651.2</b>
Gross Block	134.0	155.6	181.8	207.8	225.2	248.1	284.6	314.6
Less: Accum. Deprn.	49.0	64.0	81.6	102.1	122.9	144.3	168.6	194.1
<b>Net Fixed Assets</b>	<b>85.0</b>	<b>91.6</b>	<b>100.3</b>	<b>105.7</b>	<b>102.3</b>	<b>103.7</b>	<b>116.0</b>	<b>120.6</b>
Capital WIP	15.6	14.3	9.1	6.6	9.4	8.0	11.3	12.5
Goodwill	104.2	107.2	123.1	128.4	119.5	128.1	128.1	128.1
Investments	9.6	30.5	39.5	52.5	64.8	49.8	49.8	49.8
<b>Curr. Assets</b>	<b>374.8</b>	<b>377.4</b>	<b>349.4</b>	<b>357.6</b>	<b>345.1</b>	<b>379.4</b>	<b>465.1</b>	<b>566.8</b>
Inventory	68.3	68.8	78.9	78.7	90.0	90.0	113.2	128.7
Account Receivables	72.0	78.2	88.8	94.2	90.6	105.9	137.2	155.9
Cash and Bank Balance	151.4	99.3	72.8	64.9	64.5	50.3	71.2	127.6
L&A and Others	83.0	131.1	108.9	119.8	100.0	133.2	143.4	154.7
<b>Curr. Liability and Prov.</b>	<b>125.7</b>	<b>123.5</b>	<b>99.7</b>	<b>114.9</b>	<b>148.0</b>	<b>175.2</b>	<b>201.0</b>	<b>226.6</b>
Account Payables	73.5	68.3	66.1	70.1	98.9	80.0	91.6	100.7
Provisions	52.3	55.1	33.6	44.8	49.1	95.2	109.4	125.9
<b>Net Current Assets</b>	<b>249.1</b>	<b>253.9</b>	<b>249.7</b>	<b>242.7</b>	<b>197.1</b>	<b>204.2</b>	<b>264.0</b>	<b>340.2</b>
<b>Appl. of Funds</b>	<b>463.4</b>	<b>497.6</b>	<b>521.7</b>	<b>535.9</b>	<b>493.1</b>	<b>493.8</b>	<b>569.3</b>	<b>651.2</b>

## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Adjusted EPS</b>	<b>26.1</b>	<b>13.5</b>	<b>15.1</b>	<b>16.4</b>	<b>25.0</b>	<b>31.3</b>	<b>34.4</b>	<b>40.6</b>
Cash EPS	34.2	15.2	18.4	24.2	20.7	21.9	45.1	51.1
BV/Share	152.3	158.4	172.1	188.1	193.1	199.6	232.2	267.1
DPS	1.0	3.3	2.0	3.5	3.5	3.8	3.8	4.8
Payout (%)	3.7	36.5	18.0	23.5	43.0	32.8	12.4	13.5
<b>Valuation (x)</b>								
P/E	36.1	70.1	62.5	57.5	37.7	30.2	27.5	23.3
P/BV	6.2	6.0	5.5	5.0	4.9	4.7	4.1	3.5
EV/Sales	7.2	8.6	7.8	6.9	6.5	5.7	4.9	4.3
EV/EBITDA	24.9	43.0	39.6	34.4	26.7	22.0	19.4	16.0
Dividend Yield (%)	0.1	0.4	0.2	0.4	0.4	0.4	0.4	0.5
<b>Return Ratios (%)</b>								
RoE	18.1	8.7	9.1	9.1	13.1	15.9	15.9	16.2
RoCE	19.0	8.1	9.1	8.9	9.9	11.5	11.5	12.5
RoIC	23.4	8.7	8.8	9.1	12.9	15.8	18.7	20.4
<b>Working Capital Ratios</b>								
Asset Turnover (x)	0.7	0.5	0.5	0.6	0.7	0.8	0.8	0.8
Fixed Asset Turnover (x)	3.8	3.0	3.0	3.1	3.2	3.7	4.0	4.2
Debtor (Days)	87	109	113	106	100	101	115	116
Creditor (Days)	330	336	307	277	415	282	292	288
Inventory (Days)	82	96	100	89	99	86	95	95
<b>Leverage Ratio</b>								
Debt/Equity ratio (x)	0.2	0.3	0.3	0.0	-0.1	-0.1	-0.1	-0.2

### Cash Flow Statement

(INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
OP/(Loss) bef. Tax	87.8	42.3	47.1	62.2	38.5	55.8	112.5	130.8
Int./Dividends Recd.	19.4	12.6	14.1	11.5	11.8	10.2	9.7	10.4
Direct Taxes Paid	-3.4	-6.4	-10.8	-14.9	-9.1	-4.3	-11.0	-15.0
(Inc.)/Dec. in WC	2.3	-57.0	-22.3	-1.0	45.2	-21.3	-39.0	-19.8
<b>CF from Operations</b>	<b>106.0</b>	<b>-8.4</b>	<b>28.1</b>	<b>57.8</b>	<b>86.3</b>	<b>40.5</b>	<b>72.3</b>	<b>106.4</b>
(inc.)/dec. in FA	-36.9	-23.4	-36.8	-28.7	-11.3	-30.0	-39.9	-31.1
<b>Free Cash Flow</b>	<b>69.0</b>	<b>-31.8</b>	<b>-8.7</b>	<b>29.1</b>	<b>75.0</b>	<b>10.5</b>	<b>32.3</b>	<b>75.3</b>
(Pur)/Sale of Invest.	1.6	-20.9	-9.0	-12.9	-12.4	15.0	0.0	0.0
<b>CF from investments</b>	<b>-35.4</b>	<b>-44.3</b>	<b>-45.8</b>	<b>-41.7</b>	<b>-23.7</b>	<b>-15.0</b>	<b>-39.9</b>	<b>-31.1</b>
Change in net worth	-41.8	-1.2	1.1	12.0	-9.5	-6.0	3.1	-2.5
(Inc.)/Dec. in Debt	-2.3	16.6	1.4	-23.2	-42.4	-21.6	-3.1	-2.2
Interest Paid	-4.0	-5.2	-5.6	-3.0	-1.4	-1.3	-0.8	-0.7
Dividend Paid	-2.9	-9.6	-5.8	-9.8	-9.8	-10.7	-10.7	-13.5
<b>CF from Fin. Activity</b>	<b>-51.0</b>	<b>0.6</b>	<b>-8.9</b>	<b>-24.0</b>	<b>-63.1</b>	<b>-39.6</b>	<b>-11.5</b>	<b>-18.9</b>
<b>Inc./Dec. in Cash</b>	<b>19.6</b>	<b>-52.1</b>	<b>-26.5</b>	<b>-7.9</b>	<b>-0.4</b>	<b>-14.1</b>	<b>20.9</b>	<b>56.4</b>
Add: Beginning Balance	131.8	151.4	99.3	72.8	64.9	64.5	50.3	71.2
<b>Closing Balance</b>	<b>151.4</b>	<b>99.3</b>	<b>72.8</b>	<b>64.9</b>	<b>64.5</b>	<b>50.3</b>	<b>71.2</b>	<b>127.6</b>

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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