

# Ajanta Pharma

Estimate change 

TP change 

Rating change 

**CMP: INR1,348**

**TP: INR1,560 (+16%)**

**Buy**

**India and Asia drives, while the US and Africa drag earnings**

**Work-in-progress to improve the pace of ANDA filings**

	AJP IN
Bloomberg	
Equity Shares (m)	129
M.Cap.(INRb)/(USDb)	172.7 / 2.1
52-Week Range (INR)	1569 / 1062
1, 6, 12 Rel. Per (%)	-2/5/-9
12M Avg Val (INR M)	149

## Financials & Valuations (INR b)

Y/E MARCH	FY22	FY23E	FY24E
Sales	33.4	37.6	42.8
EBITDA	9.4	9.2	11.0
Adj. PAT	6.9	6.9	8.3
EBIT Margin (%)	24.5	20.9	22.5
Cons. Adj. EPS (INR)	53.7	53.8	64.1
EPS Gr. (%)	5.8	0.1	19.2
BV/Sh. (INR)	253.5	294.1	342.4

## Ratios

Net D:E	-0.1	-0.2	-0.2
RoE (%)	22.1	19.6	20.1
RoCE (%)	22.3	19.7	20.2
Payout (%)	11.4	24.7	24.7

## Valuations

P/E (x)	25.1	25.1	21.1
EV/EBITDA (x)	18.2	18.3	14.9
Div. Yield (%)	0.5	1.0	1.2
FCF Yield (%)	2.4	2.4	2.9
EV/Sales (x)	5.1	4.5	3.8

## Shareholding pattern (%)

As On	Sep-22	Jun-22	Sep-21
Promoter	70.5	70.5	70.3
DII	13.1	12.9	12.5
FII	8.2	8.3	8.7
Others	8.2	8.3	8.4

FII Includes depository receipts

- AJP delivered a miss on operational performance in 2QFY23, led by higher employee and freight costs. Adverse currency movement in Africa Branded Generics and price erosion in US Generics affected profitability in 2QFY23. Branded Generics in India (Domestic Formulation) and Asia witnessed robust industry outperformance in 2QFY23.

- We have cut our FY23/FY24 estimate by 6%/5% to factor in: a) a lack of launches in US Generics, b) moderation in its growth prospects in the Africa business due to currency headwinds, and c) elevated raw material and logistics cost. We continue to value AJP at 22x 12M forward earnings to arrive at our TP of INR1,560.

- While there are near-term headwinds on the OPEX front, AJP remains well-placed to deliver better-than-industry sales growth in the Branded Generics segment of Domestic Formulation, Asia, and Africa. After the successful compliance at Dahej, ANDA approvals are also expected to gather pace. We maintain our Buy rating.

## EBITDA margin at a record low on a quarterly basis

- Revenue grew by ~6% YoY to INR9.4b in 2QFY23 (est. INR9.2b), led by growth across domestic and the Branded Generics segment of Asia and Africa. Sales from Domestic Formulation (DF)/Asia Branded Generics rose by ~27%/~31% YoY to INR3.1b/INR2.5b (34%/27% of sales). Sales from Africa Branded Generics/US Generics fell by ~8%/~5% YoY to INR1.5b/INR1.8b (16%/20% of sales). Institutional Antimalarial sales fell 50% YoY to INR330m (4% of sales).

- Gross margin (GM) contracted by ~140bp YoY to 72.3% due to increased competition in US Generics and higher raw material cost.

- EBITDA margin contracted by ~770bp YoY to ~22% (est. 25%) largely due to higher employee/other expenses (up ~170bp/450bp YoY as a percentage of sales). EBITDA declined by 22% YoY to INR2.1b (est. INR2.3b). R&D spends stood at INR590m, constituting 6% of total sales for 2QFY23.

- However, PAT declined by ~11% YoY to INR1.6b (est. INR1.7b) due to higher other income.

- Revenue grew 16% YoY in 1HFY23. However, EBITDA/PAT fell 5%/1% YoY.

## Highlights from the management commentary

- The management guided at an EBITDA margin of 26% (+/-1%) in 2HFY23.

- It intends to file 10-12 ANDAs in FY23.

- It expects to launch one-to-two ANDAs in the US market in FY23.

- The management expects the Asia business to grow over 20% and India to grow at high-teens on a YoY basis in FY23.

- Considering the INR appreciation with respect to the EUR, it guided at high single-digit YoY growth in the Africa Branded Generics segment.

- Higher freight cost impacted EBITDA margin by 200bp in 1HFY23.

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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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## Consolidated quarterly performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E	FY23E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Sales</b>	<b>7,479</b>	<b>8,848</b>	<b>8,379</b>	<b>8,703</b>	<b>9,509</b>	<b>9,381</b>	<b>9,390</b>	<b>9,321</b>	<b>33,410</b>	<b>37,601</b>	<b>9,222</b>	<b>1.7</b>
Change (YoY %)	11.9	23.6	11.9	15.0	27.1	6.0	12.1	7.1	15.6	12.5	4.2	
Total Expenditure	5,278	6,220	5,983	6,505	6,992	7,318	7,108	7,009	23,986	28,426	6,916	
<b>EBITDA</b>	<b>2,201</b>	<b>2,628</b>	<b>2,396</b>	<b>2,197</b>	<b>2,518</b>	<b>2,063</b>	<b>2,282</b>	<b>2,312</b>	<b>9,424</b>	<b>9,175</b>	<b>2,305</b>	<b>-10.5</b>
Change (YoY %)	-1.4	-4.2	-0.9	-15.3	14.4	-21.5	-4.8	5.2	-5.6	-2.6	-12.3	
Margin (%)	29.4	29.7	28.6	25.2	26.5	22.0	24.3	24.8	28.2	24.4	25.0	
Depreciation	309	315	317	312	318	327	330	343	1,253	1,318	330	
<b>EBIT</b>	<b>1,892</b>	<b>2,313</b>	<b>2,079</b>	<b>1,886</b>	<b>2,200</b>	<b>1,736</b>	<b>1,952</b>	<b>1,968</b>	<b>8,171</b>	<b>7,856</b>	<b>1,975</b>	<b>-12.1</b>
Change (YoY %)	-3.1	-6.0	-2.2	-17.6	16.2	-24.9	-6.1	4.4	-7.4	-3.9	-14.6	
Interest	15	4	10	73	9	10	13	15	102	47	11	
Other Income	76	145	240	295	48	404	350	327	757	1,128	200	
<b>PBT before EO expense</b>	<b>1,954</b>	<b>2,454</b>	<b>2,309</b>	<b>2,107</b>	<b>2,239</b>	<b>2,130</b>	<b>2,289</b>	<b>2,280</b>	<b>8,826</b>	<b>8,938</b>	<b>2,164</b>	<b>-1.6</b>
Extra-Ord. expense	-250	-150	0	131	20	100	0	0	-269	120	0	
<b>PBT</b>	<b>2,204</b>	<b>2,604</b>	<b>2,309</b>	<b>1,977</b>	<b>2,219</b>	<b>2,030</b>	<b>2,289</b>	<b>2,280</b>	<b>9,095</b>	<b>8,818</b>	<b>2,164</b>	<b>-6.2</b>
Tax	467	645	392	465	472	464	526	544	1,968	1,984	487	
Effective Rate (%)	21.2	24.8	17.0	23.5	21.3	22.9	23.0	23.8	21.6	22.5	22.5	
MI and P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>1,737</b>	<b>1,959</b>	<b>1,918</b>	<b>1,512</b>	<b>1,746</b>	<b>1,566</b>	<b>1,762</b>	<b>1,737</b>	<b>7,127</b>	<b>6,834</b>	<b>1,677</b>	<b>-6.6</b>
<b>Adj. PAT</b>	<b>1,540</b>	<b>1,847</b>	<b>1,918</b>	<b>1,612</b>	<b>1,762</b>	<b>1,643</b>	<b>1,762</b>	<b>1,737</b>	<b>6,918</b>	<b>6,927</b>	<b>1,677</b>	<b>-2.0</b>
Change (YoY %)	4.2	8.5	8.6	1.2	14.4	-11.0	-8.1	7.7	5.8	0.1	-9.2	

E: MOFSL estimates

## Key performance Indicators (Consolidated)

Y/E March	FY22				FY23				FY22	FY23E	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
<b>INR m</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3QE</b>	<b>4QE</b>			<b>2QE</b>
Domestic Formulations	2,290	2,480	2,560	2,450	2,790	3,140	2,958	2,651	9,781	11,539	2,766
Change (YoY %)	31.6	22.8	16.4	12.4	21.8	26.6	15.5	8.2	20.4	18.0	11.5
Asia	1,650	1,910	1,940	2,630	2,400	2,510	2,406	2,440	8,130	9,756	2,330
Change (YoY %)	2.5	6.1	(1.9)	49.4	45.5	31.4	24.0	(7.2)	13.7	20.0	22.0
Africa (Branded + Institutional)	1,790	2,250	2,030	1,860	2,450	1,790	2,037	2,138	7,930	8,414	2,117
Change (YoY %)	16.2	38.0	24.5	5.1	36.9	(20.4)	0.3	14.9	18.4	6.1	(5.9)
US	1,680	1,940	1,660	1,680	1,790	1,850	1,793	1,839	6,960	7,272	1,843
Change (YoY %)	12.8	26.0	3.1	(2.9)	6.5	(4.6)	8.0	9.4	9.3	4.5	(5.0)
<b>Cost break-up as a percentage of sales</b>											
RM Cost	23.0	26.2	22.6	26.0	26.3	27.7	26.2	26.6	24.5	26.7	26.1
Staff Cost	21.1	18.1	19.4	19.0	19.2	19.8	19.5	18.2	19.3	19.2	19.4
R&D Expenses	6.0	5.5	6.1	6.8	5.7	6.0	6.1	6.3	6.1	6.2	6.0
Other Cost	26.5	26.0	29.5	29.7	28.0	30.5	30.0	30.4	27.9	29.7	29.5
Gross Margin (%)	77.0	73.8	77.4	74.0	73.7	72.3	73.8	73.4	75.5	73.3	73.9
EBITDA Margin (%)	29.4	29.7	28.6	25.2	26.5	22.0	24.3	24.8	28.2	24.4	25.0
EBIT Margin (%)	25.3	26.1	24.8	21.7	23.1	18.5	20.8	21.1	24.5	20.9	21.4
PBT Margin (%)	25.9	27.3	26.8	23.4	23.4	21.8	23.5	23.6	25.8	23.1	23.0
PAT Margin (%)	20.4	20.5	22.2	17.9	18.4	16.8	18.1	18.0	20.2	17.9	17.8

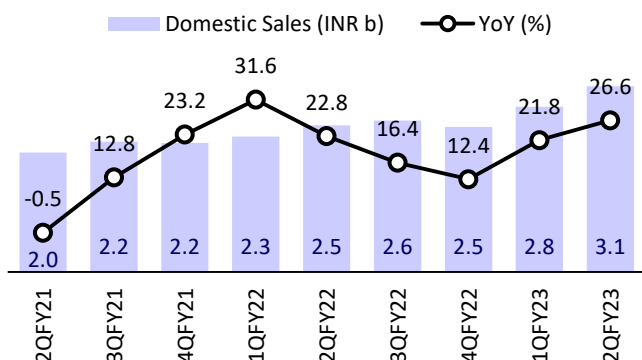


### Other highlights from the management interaction

- Elevated RM and freight cost, price erosion in US Generics, adverse currency movements in Africa, and bringing forward of certain costs affected margin in 2QFY23.
- After the USFDA inspection at Dahej, AJP was issued Form 483 with two observations. Successful compliance at this site will drive the pace of ANDA approvals for AJP.
- The management expects RM costs to be ~27% in FY23.
- Sales in the Trade Generics stood at INR710m in 1HFY23 v/s INR570m YoY.
- It expects R&D expenses to be 6% of sales in FY23.
- Overall capex for FY23 is pegged at INR1.5b (INR630m in 1HFY23).

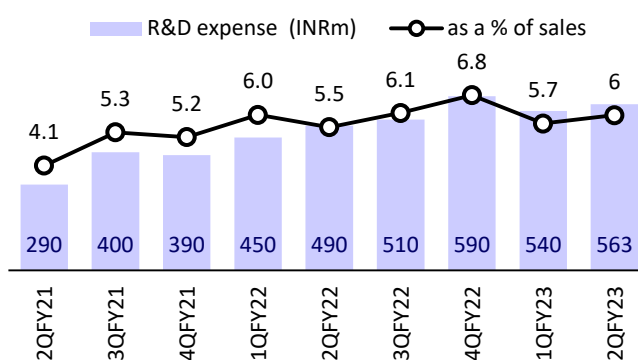
## Key exhibits

**Exhibit 1: DF sales rose by ~27% YoY in 2QFY23**



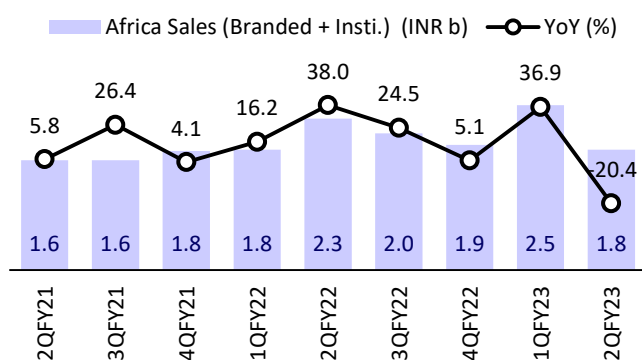
Source: MOFSL, Company

**Exhibit 2: R&D spends at 6% as a percentage of sales in 2QFY23**



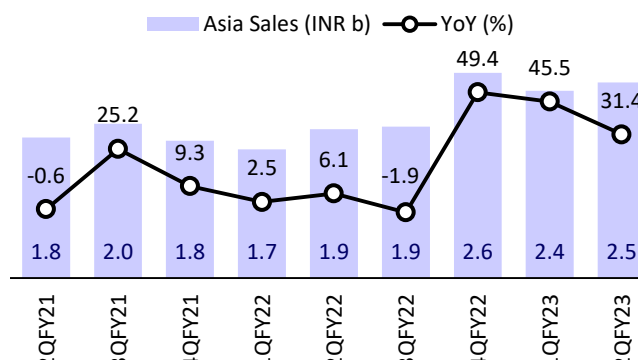
Source: MOFSL, Company

**Exhibit 3: Africa sales (Branded + Institutional) fell by ~20% YoY in 2QFY23**



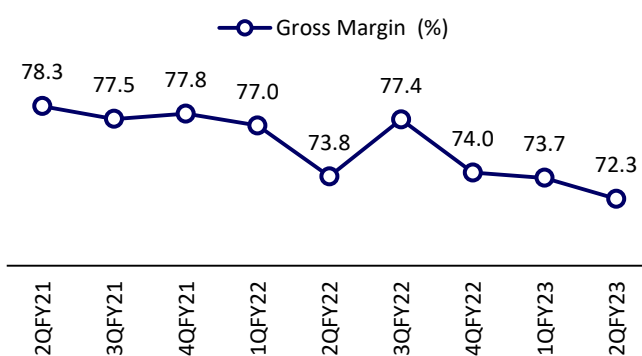
Source: MOFSL, Company

**Exhibit 4: Asia sales increase by ~31% YoY in 2QFY23**



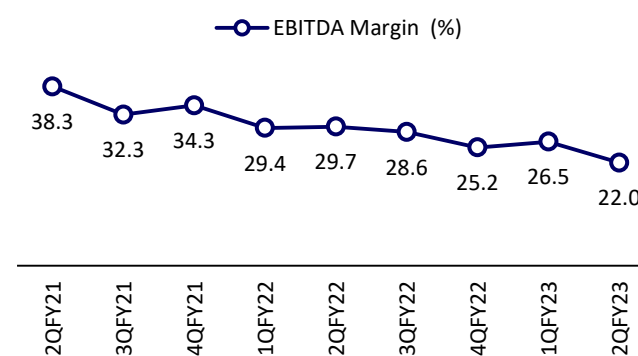
Source: MOFSL, Company

**Exhibit 5: Gross margin in a downtrend**



Source: MOFSL, Company

**Exhibit 6: EBITDA margin contracts by ~770bp YoY due to higher operating expenses in 2QFY23**



Source: MOFSL, Company

## Steady growth across segments to drive earnings

### DF segment to sustain the growth momentum; Africa business to grow despite currency headwinds

- AJP posted a revenue of ₹INR6b, delivering a strong 24% YoY growth in DF in 1HFY23 and outperformed the domestic market by ~700bp on a 12-month basis ending Sep'22, as per AWACS. It demonstrated considerable outperformance against the IPM in its major therapies.
- We expect AJP to deliver 17% sales CAGR in DF over FY22-24, led by: a) price hikes across the portfolio, including NLEM; b) launches; and c) market share gains in existing products.
- Branded Generics in Asia posted a strong (38% YoY) sales growth in 1HFY23. The same in Africa grew moderately at 5% YoY in 1HFY23. We expect 17% CAGR from AJP's Asia business over FY22-24 on account of launches and steady traction in existing products.
- The Africa business is expected to deliver 8% CAGR over FY22-24 due to the adverse effect of currency movements over the near term.
- The Antimalarial business is expected to remain lumpy, subject to the availability of funding to global institutions focused towards lower middle income countries (LMIC).

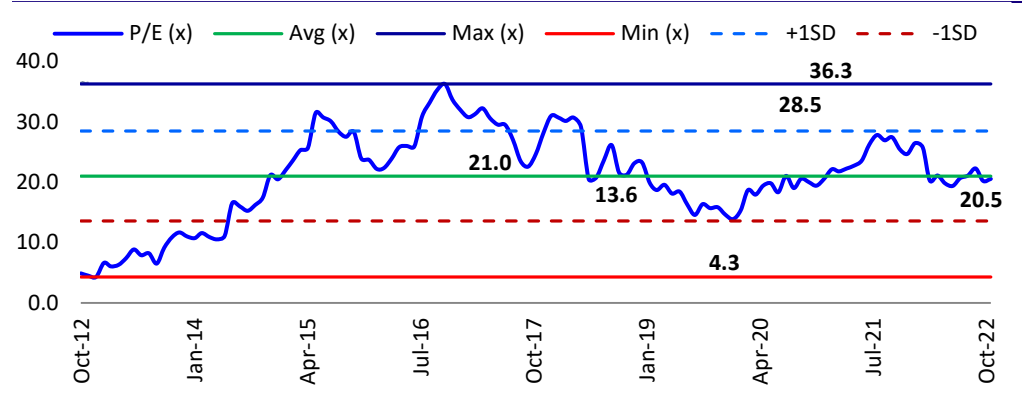
### After Dahej inspection, ANDA approvals expected for niche products for the US market

- US Generic sales were stable YoY in 1HFY23. Despite a price erosion and lack of launches, AJP has been able to maintain its US sales run-rate in 1HFY23.
- In 1HFY23, it received a final approval for one ANDA and one tentative approval. It filed three ANDAs with the USFDA and is awaiting approval on 21 ANDAs.
- AJP has addressed the issues raised by USFDA during its recent inspection at Dahej. Approvals are expected to pick-up, subject to successful compliance classification by the USFDA.
- We expect AJP to garner 10% sales CAGR over FY22-24.

### Expect 9% PAT CAGR over FY22-24

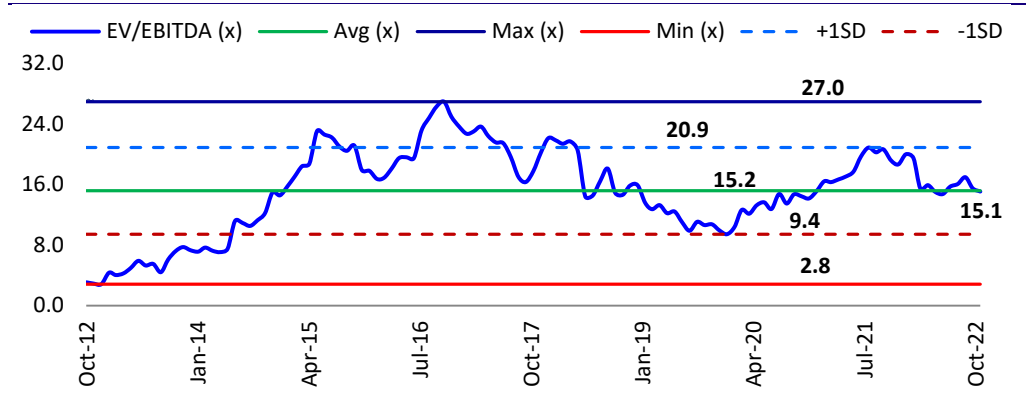
- We have cut our FY23/FY24 estimates by 6%/5%, factoring in: a) a lack of launches in US Generics, b) moderation in the growth prospects of its Africa business due to currency headwinds, and c) elevated raw material and logistics cost.
- We expect 9% earnings CAGR over FY22-24, led by 17%/10%/8%/17% sales CAGR in DF/US/Africa/Asia segments.
- We continue to value AJP at 22x 12M forward earnings to arrive at our TP of ₹INR1,560. We remain positive on AJP on the back of a steady outperformance in DF, Africa, Asia, and certain niche launches in the US market. We maintain our Buy rating.

**Exhibit 7: P/E ratio chart**



Source: MOFSL, Company, Bloomberg

**Exhibit 8: EV/EBITDA ratio chart**



Source: MOFSL, Company, Bloomberg

## Financials and valuations

### Consolidated Income Statement

(INR m)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Total Income from Operations</b>	<b>14,852</b>	<b>17,494</b>	<b>20,016</b>	<b>21,309</b>	<b>20,554</b>	<b>25,879</b>	<b>28,897</b>	<b>33,410</b>	<b>37,601</b>	<b>42,828</b>
Change (%)	22.1	17.8	14.4	6.5	-3.5	25.9	11.7	15.6	12.5	13.9
<b>Total Expenditure</b>	<b>9,800</b>	<b>11,623</b>	<b>13,126</b>	<b>14,725</b>	<b>14,809</b>	<b>18,895</b>	<b>18,911</b>	<b>23,986</b>	<b>28,426</b>	<b>31,821</b>
As a percentage of Sales	66.0	66.4	65.6	69.1	72.1	73.0	65.4	71.8	75.6	74.3
<b>EBITDA</b>	<b>5,052</b>	<b>5,871</b>	<b>6,890</b>	<b>6,584</b>	<b>5,744</b>	<b>6,983</b>	<b>9,986</b>	<b>9,424</b>	<b>9,175</b>	<b>11,007</b>
Margin (%)	34.0	33.6	34.4	30.9	27.9	27.0	34.6	28.2	24.4	25.7
Depreciation	516	444	612	596	721	957	1,161	1,253	1,318	1,377
<b>EBIT</b>	<b>4,536</b>	<b>5,426</b>	<b>6,278</b>	<b>5,988</b>	<b>5,024</b>	<b>6,026</b>	<b>8,825</b>	<b>8,171</b>	<b>7,856</b>	<b>9,630</b>
Int. and Finance Charges	59	49	35	4	12	119	83	102	47	37
Other Income	168	212	239	242	211	522	260	757	1,128	1,199
<b>PBT bef. EO Exp.</b>	<b>4,645</b>	<b>5,589</b>	<b>6,482</b>	<b>6,226</b>	<b>5,223</b>	<b>6,429</b>	<b>9,002</b>	<b>8,826</b>	<b>8,938</b>	<b>10,792</b>
EO Items	-85	0	0	0	80	211	0	269	120	0
<b>PBT after EO Exp.</b>	<b>4,560</b>	<b>5,589</b>	<b>6,482</b>	<b>6,226</b>	<b>5,143</b>	<b>6,640</b>	<b>9,002</b>	<b>9,095</b>	<b>8,818</b>	<b>10,792</b>
Total Tax	1,462	1,433	1,413	1,539	1,273	1,963	2,463	1,968	1,984	2,536
Tax Rate (%)	32.0	25.6	21.8	24.7	24.8	29.6	27.4	21.6	22.5	23.5
<b>Reported PAT</b>	<b>3,099</b>	<b>4,156</b>	<b>5,068</b>	<b>4,686</b>	<b>3,870</b>	<b>4,677</b>	<b>6,539</b>	<b>7,127</b>	<b>6,834</b>	<b>8,256</b>
<b>Adjusted PAT</b>	<b>3,156</b>	<b>4,156</b>	<b>5,068</b>	<b>4,686</b>	<b>3,930</b>	<b>4,522</b>	<b>6,539</b>	<b>6,918</b>	<b>6,927</b>	<b>8,256</b>
Change (%)	34.9	31.7	21.9	-7.5	-16.1	15.1	44.6	5.8	0.1	19.2
Margin (%)	21.3	23.8	25.3	22.0	19.1	17.5	22.6	20.7	18.4	19.3

### Consolidated Balance Sheet

(INR m)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	177	177	177	175	175	175	174	172	258	258
Total Reserves	8,234	11,732	15,500	20,237	22,277	25,813	29,782	32,472	37,618	43,834
<b>Net Worth</b>	<b>8,411</b>	<b>11,909</b>	<b>15,677</b>	<b>20,412</b>	<b>22,452</b>	<b>25,989</b>	<b>29,956</b>	<b>32,644</b>	<b>37,875</b>	<b>44,092</b>
Total Loans	724	814	10	11	7	7	16	19	19	19
Deferred Tax Liabilities	152	107	29	244	271	558	421	463	463	463
<b>Capital Employed</b>	<b>9,286</b>	<b>12,829</b>	<b>15,716</b>	<b>20,667</b>	<b>22,730</b>	<b>26,553</b>	<b>30,393</b>	<b>33,125</b>	<b>38,357</b>	<b>44,573</b>
Gross Block	5,499	7,157	8,949	14,172	16,152	20,045	21,896	22,857	25,080	26,875
Less: Accum. Deprn.	2,618	2,650	3,058	3,646	4,366	5,324	6,485	7,738	9,056	10,433
<b>Net Fixed Assets</b>	<b>2,881</b>	<b>4,507</b>	<b>5,892</b>	<b>10,527</b>	<b>11,786</b>	<b>14,721</b>	<b>15,411</b>	<b>15,120</b>	<b>16,024</b>	<b>16,442</b>
Capital WIP	1,702	2,398	3,393	613	2,613	1,319	1,082	1,529	1,306	1,011
<b>Total Investments</b>	<b>595</b>	<b>860</b>	<b>1,909</b>	<b>2,044</b>	<b>888</b>	<b>476</b>	<b>517</b>	<b>707</b>	<b>707</b>	<b>707</b>
<b>Curr. Assets, Loans, and Adv.</b>	<b>6,286</b>	<b>7,028</b>	<b>7,039</b>	<b>11,077</b>	<b>11,357</b>	<b>16,417</b>	<b>20,276</b>	<b>22,645</b>	<b>29,437</b>	<b>36,437</b>
Inventory	1,590	2,046	2,110	3,506	4,357	4,957	7,665	7,911	9,346	10,026
Account Receivables	2,588	3,724	3,232	4,920	4,595	7,753	7,384	10,198	11,641	13,494
Cash and Bank Balance	1,368	434	713	932	1,005	2,053	2,096	2,118	5,729	9,818
Loans and Advances	740	825	985	1,719	1,400	1,655	3,131	2,418	2,721	3,099
<b>Curr. Liability and Prov.</b>	<b>2,177</b>	<b>1,965</b>	<b>2,516</b>	<b>3,592</b>	<b>3,913</b>	<b>6,379</b>	<b>6,893</b>	<b>6,875</b>	<b>9,117</b>	<b>10,024</b>
Account Payables	1,298	1,650	1,781	2,852	2,251	3,623	3,739	3,272	5,062	5,405
Other Current Liabilities	188	176	562	321	1,278	2,230	2,858	3,302	3,716	4,232
Provisions	691	139	173	419	384	526	296	301	339	386
<b>Net Current Assets</b>	<b>4,108</b>	<b>5,063</b>	<b>4,524</b>	<b>7,485</b>	<b>7,444</b>	<b>10,038</b>	<b>13,383</b>	<b>15,770</b>	<b>20,320</b>	<b>26,413</b>
<b>Appl. of Funds</b>	<b>9,286</b>	<b>12,829</b>	<b>15,716</b>	<b>20,667</b>	<b>22,730</b>	<b>26,553</b>	<b>30,393</b>	<b>33,126</b>	<b>38,357</b>	<b>44,573</b>

## Financials and valuations

### Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Basic (INR)</b>										
<b>EPS</b>	<b>24.5</b>	<b>32.3</b>	<b>39.4</b>	<b>36.4</b>	<b>30.5</b>	<b>35.1</b>	<b>50.8</b>	<b>53.7</b>	<b>53.8</b>	<b>64.1</b>
Cash EPS	28.5	35.7	44.1	41.0	36.1	42.5	59.8	63.5	64.0	74.8
BV/Share	65.3	92.5	121.7	158.5	174.4	201.8	232.6	253.5	294.1	342.4
DPS	4.1	9.6	8.9	0.0	6.2	8.8	6.4	6.3	13.1	15.8
Payout (%)	18.9	29.6	22.6	0.0	20.6	24.8	12.7	11.4	24.7	24.7
<b>Valuation (x)</b>										
P/E ratio	55.1	41.9	34.3	37.1	44.3	38.5	26.6	25.1	25.1	21.1
Cash P/E ratio	47.4	37.8	30.6	32.9	37.4	31.8	22.6	21.3	21.1	18.1
P/BV ratio	20.7	14.6	11.1	8.5	7.7	6.7	5.8	5.3	4.6	3.9
EV/Sales ratio	11.7	10.0	8.7	8.1	8.4	6.6	5.9	5.1	4.5	3.8
EV/EBITDA ratio	34.3	29.7	25.1	26.3	30.1	24.6	17.2	18.2	18.3	14.9
Dividend Yield (%)	0.3	0.7	0.7	0.0	0.5	0.7	0.5	0.5	1.0	1.2
FCF per share	13.7	2.2	24.0	2.9	-1.8	15.3	33.9	32.7	32.1	38.6
<b>Return Ratios (%)</b>										
RoE	44.0	40.9	36.7	26.0	18.3	18.7	23.4	22.1	19.6	20.1
RoCE	39.0	38.4	35.9	26.0	18.4	19.0	23.6	22.3	19.7	20.2
RoIC	56.5	54.7	52.1	33.7	21.4	20.7	25.9	23.1	20.5	23.1
<b>Working Capital Ratios</b>										
Asset Turnover ratio (x)	1.6	1.4	1.3	1.0	0.9	1.0	1.0	1.0	1.0	1.0
Inventory (Days)	39	43	38	60	77	66	97	86	91	85
Debtor (Days)	64	78	59	84	82	109	93	111	113	115
Creditor (Days)	32	34	32	49	40	51	47	36	49	46
<b>Leverage Ratio (x)</b>										
Net Debt/Equity ratio	-0.1	0.0	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2

### Consolidated CF Statement

(INR m)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
OP/(Loss) before Tax	4,560	5,589	6,482	6,226	5,303	6,218	9,002	9,095	8,818	10,792
Depreciation	516	444	612	596	721	957	1,161	1,253	1,318	1,377
Interest and Finance Charges	59	49	35	-238	-199	-403	-177	-655	-1,081	-1,162
Direct Taxes Paid	-1,461	-1,615	-1,428	-1,539	-1,273	-1,963	-2,463	-1,968	-1,984	-2,536
(Inc.)/Dec. in WC	-817	-1,243	285	-2,742	115	-1,548	-1,708	-2,427	-939	-2,005
<b>CF from Operations</b>	<b>2,858</b>	<b>3,224</b>	<b>5,986</b>	<b>2,302</b>	<b>4,667</b>	<b>3,262</b>	<b>5,815</b>	<b>5,298</b>	<b>6,132</b>	<b>6,466</b>
Others	-64	37	106	509	-922	1,306	169	323	0	0
<b>CF from Operations incl. EO</b>	<b>2,794</b>	<b>3,261</b>	<b>6,092</b>	<b>2,811</b>	<b>3,745</b>	<b>4,568</b>	<b>5,983</b>	<b>5,620</b>	<b>6,132</b>	<b>6,466</b>
(Inc.)/Dec. in FA	-1,036	-2,975	-3,002	-2,444	-3,979	-2,599	-1,614	-1,409	-2,000	-1,500
<b>Free Cash Flow</b>	<b>1,759</b>	<b>287</b>	<b>3,090</b>	<b>367</b>	<b>-234</b>	<b>1,969</b>	<b>4,369</b>	<b>4,212</b>	<b>4,132</b>	<b>4,966</b>
(Pur.)/Sale of Investments	-45	-36	-914	-135	1,155	413	-41	-190	0	0
Others	-503	920	85	17	596	-58	-1,169	857	1,128	1,199
<b>CF from Investments</b>	<b>-1,583</b>	<b>-2,091</b>	<b>-3,831</b>	<b>-2,562</b>	<b>-2,228</b>	<b>-2,244</b>	<b>-2,824</b>	<b>-741</b>	<b>-872</b>	<b>-301</b>
Issue of Shares	0	0	0	-2	0	0	-2	-2	86	0
Inc./(Dec.) in Debt	-581	218	-746	1	-5	1	9	3	0	0
Interest Paid	-60	-49	-35	-4	-12	-119	-83	-102	-47	-37
Dividend Paid	-411	-1,342	-1,287	b	-796	-1,159	-829	-816	-1,688	-2,039
Others	0	0	50	4	-664	-405	-1,832	-3,873	0	0
<b>CF from Fin. Activity</b>	<b>-1,052</b>	<b>-1,173</b>	<b>-2,017</b>	<b>-1</b>	<b>-1,476</b>	<b>-1,683</b>	<b>-2,737</b>	<b>-4,790</b>	<b>-1,649</b>	<b>-2,077</b>
<b>Inc./Dec. in Cash</b>	<b>159</b>	<b>-3</b>	<b>244</b>	<b>248</b>	<b>41</b>	<b>640</b>	<b>422</b>	<b>89</b>	<b>3,611</b>	<b>4,089</b>
Opening Balance	258	417	414	658	906	952	1,592	2,014	2,103	5,715
<b>Closing Balance</b>	<b>417</b>	<b>414</b>	<b>658</b>	<b>906</b>	<b>948</b>	<b>1,592</b>	<b>2,014</b>	<b>2,103</b>	<b>5,715</b>	<b>9,803</b>
Unrealized loss/(gain) on forex				0	4	432	82	14	14	14
<b>Total Cash and Cash Eq.</b>	<b>1,368</b>	<b>434</b>	<b>713</b>	<b>932</b>	<b>1,005</b>	<b>2,053</b>	<b>2,096</b>	<b>2,118</b>	<b>5,729</b>	<b>9,818</b>



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

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