

Estimate change



TP change



Rating change



**CMP: INR733**

**TP: INR680 (-7%)**

**Neutral**

## Sharp recovery in margin

### Valuation more than adequately factors in an upside in earnings

- LPC delivered a beat on profitability for 2QFY23, led by certain niche launches, a favorable currency movement, and reduced R&D spends. After three quarters of a downtrend, the company has exhibited a sharp up move in EBITDA margin.
- We have tweaked our FY23/FY24 EPS estimate (down 3%/up 5.5%) to factor in: a) a meaningful shift in g-Spiriva sales in FY24, b) ongoing cost optimization measures, c) and sustained growth momentum in RoW markets. We continue to value LPC at 22x 12M forward earnings to arrive at TP of INR680.
- The earnings revival is currently hinged on a few limited competition products and is not broad based across segments. The current valuation adequately factors in an upside in earnings, with LPC trading at 65x FY23E EPS of INR11 and 31x FY24E EPS of INR23. We maintain our Neutral rating on the stock.

### Overall operational cost remains in an uptrend in 2QFY23

- Revenue was stable YoY at INR41b (est. INR40b) in 2QFY23.
- US sales declined by 7% YoY to INR13b (down 14% in CC terms to USD159m; 33% of sales). US sales rose 31% sequentially to USD159m in 2QFY23. EMEA sales grew 10% YoY to INR4b (9% of sales). Domestic Formulation (DF) sales grew 3% YoY to INR16b (39% of sales). Sales from its growth market grew 28% YoY to INR4.5b (11% of sales). API sales declined by 7% YoY to INR2.5b (6% of sales).
- Gross margin (GM) contracted by 160bp YoY to 58.7%.
- EBITDA margin contracted at a higher rate of 410bp YoY to 10.5% (est. 7.2%), largely due to a reduced operating leverage (other expense grew 240bp YoY as a percentage of sales).
- As a result, EBITDA declined by 27% YoY to INR4.3b (est. INR3b).
- Adjusted for forex gain of INR188m, PAT stood at INR1.2b.

### Highlights from the management commentary

- LPC maintained its margin exit run-rate guidance of 16-18% (including Spiriva) by 4QFY23 and expects to further improve the same from FY24.
- Some of the niche products expected to be launched are g-Spiriva (subject to approval), g-Darunavir, g-Diazepam gel, and g-Nascobal.
- LPC has addressed the queries raised by the USFDA in its recent CRL issued on its g-Spriva application. It has filed for a priority review as well.
- While the acquisition of Brovana and Xopenex are EPS accretive, the management intends to improve profitability over the next couple of years by shifting to manufacturing in-house.
- The flu season in the US is expected to remain strong in CY22, driving better business prospects for g-Tamiflu and other Anti-Infective products of LPC. Even the scope of the API business is expected to improve on account of the same.

Bloomberg	LPC IN
Equity Shares (m)	453
M.Cap.(INRb)/(USDb)	333.2 / 4.1
52-Week Range (INR)	973 / 583
1, 6, 12 Rel. Per (%)	-1/-9/-22
12M Avg Val (INR M)	1046

#### Financials & Valuations (INR b)

Y/E MARCH	FY22	FY23E	FY24E
Sales	160.3	161.9	184.3
EBITDA	20.0	17.2	24.9
Adj. PAT	8.7	5.0	10.6
EBIT Margin (%)	7.3	5.6	9.1
Cons. Adj. EPS (INR)	19.1	11.0	23.4
EPS Gr. (%)	-26.3	-42.3	111.6
BV/Sh. (INR)	267.4	277.0	297.5

#### Ratios

Net D:E	0.3	0.3	0.2
RoE (%)	6.7	4.1	8.1
RoCE (%)	8.6	4.0	6.8
Payout (%)	-31.3	18.3	12.5

#### Valuations

P/E (x)	37.6	65.1	30.8
EV/EBITDA (x)	17.9	20.8	14.4
Div. Yield (%)	1.3	0.3	0.3
FCF Yield (%)	-0.1	0.7	0.9
EV/Sales (x)	2.2	2.2	1.9

#### Shareholding pattern (%)

As On	Sep-22	Jun-22	Sep-21
Promoter	47.1	47.1	46.8
DII	27.6	27.2	24.8
FII	13.8	14.3	15.7
Others	11.5	11.5	12.8

FII Includes depository receipts

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**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.

## Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E	FY23E	% Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Sales</b>	<b>38,968</b>	<b>40,913</b>	<b>41,609</b>	<b>38,830</b>	<b>37,438</b>	<b>41,455</b>	<b>41,201</b>	<b>41,774</b>	<b>160,321</b>	<b>161,868</b>	<b>40,372</b>	2.7
YoY Change (%)	10.5	6.7	5.4	2.6	-3.9	1.3	-1.0	7.6	6.2	1.0	-1.3	
Total Expenditure	33,426	34,950	35,970	36,007	35,799	37,114	35,927	35,871	140,353	144,710	37,465	
<b>EBITDA</b>	<b>5,542</b>	<b>5,963</b>	<b>5,640</b>	<b>2,823</b>	<b>1,639</b>	<b>4,342</b>	<b>5,274</b>	<b>5,903</b>	<b>19,968</b>	<b>17,158</b>	<b>2,907</b>	49.4
YoY Change (%)	9.0	2.6	-23.2	-60.1	-70.4	-27.2	-6.5	109.1	-21.1	-14.1	-51.3	
Margins (%)	14.2	14.6	13.6	7.3	4.4	10.5	12.8	14.1	12.5	10.6	7.2	
Depreciation	2,088	2,116	2,034	1,982	1,928	2,035	2,045	2,061	8,220	8,069	1,950	
<b>EBIT</b>	<b>3,454</b>	<b>3,847</b>	<b>3,606</b>	<b>842</b>	<b>-289</b>	<b>2,307</b>	<b>3,229</b>	<b>3,843</b>	<b>11,748</b>	<b>9,089</b>	<b>957</b>	141.1
YoY Change (%)	17.7	4.4	-26.5	-82.9	-108.4	-40.0	-10.5	356.6	-28.6	-22.6	-75.1	
Margins (%)	8.9	9.4	8.7	2.2	-0.8	5.6	7.8	9.2	7.3	5.6	2.4	
Interest	335	344	334	415	428	549	450	387	1,428	1,813	400	
Other Income	278	728	341	157	56	149	150	120	1,504	475	95	
EO Exp/(Inc)	-4,106	26,279	1,942	1,435	-684	-188	0	0	-25,550	-872	0	
<b>PBT</b>	<b>7,503</b>	<b>-22,048</b>	<b>1,671</b>	<b>-852</b>	<b>23</b>	<b>2,096</b>	<b>2,929</b>	<b>3,576</b>	<b>37,374</b>	<b>8,623</b>	<b>652</b>	221.5
Tax	2,023	-1,099	-3,820	4,267	891	751	565	506	1,372	2,713	124	
Rate (%)	27.0	5.0	-228.7	-501.1	3,907.5	35.8	19.3	14.1	3.7	31.5	19.0	
Minority Interest	-55	-32	-14	-61	-23	-47	-24	3	-183	-91	-15	
<b>Reported PAT</b>	<b>5,425</b>	<b>-20,980</b>	<b>5,477</b>	<b>-5,179</b>	<b>-891</b>	<b>1,297</b>	<b>2,339</b>	<b>3,073</b>	<b>-15,280</b>	<b>5,818</b>	<b>513</b>	152.9
<b>Adj PAT</b>	<b>2,426</b>	<b>3,057</b>	<b>2,695</b>	<b>521</b>	<b>-1,552</b>	<b>1,157</b>	<b>2,339</b>	<b>3,073</b>	<b>8,699</b>	<b>5,017</b>	<b>461</b>	151.0
YoY Change (%)	111.0	44.9	-32.8	-88.5	-164.0	-62.2	-13.2	489.4	-26.2	-42.3	-84.9	
Margins (%)	6.2	7.5	6.5	1.3	-4.1	2.8	5.7	7.4	5.4	3.1	1.1	

E: MOFSL estimates; Quarterly nos will not add up to full year nos due to restatement of past quarters

## Key performance Indicators (Consolidated)

(INR m)

Y/E March	FY22E				FY23E				FY22E	FY22E	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
<b>INRm</b>											
Domestic formulations	16,362	15,435	14,733	13,511	14,920	15,841	15,322	14,259	60,042	60,342	16,207
YoY Change (%)	27.3	15.9	7.8	5.0	(8.8)	2.6	4.0	5.5	13.9	0.5	5.0
US formulations	13,330	14,291	15,775	14,162	10,104	13,295	13,203	14,335	57,556	50,937	12,075
YoY Change (%)	9.6	2.2	9.4	(5.3)	(24.2)	(7.0)	(16.3)	1.2	3.7	(11.5)	(15.5)
Europe	1,241	1,705	1,862	1,970	1,936	2,159	2,234	2,346	7,237	8,675	2,131
YoY Change (%)	(16.2)	(7.1)	8.8	31.2	56.0	26.7	20.0	19.1	0.3	19.9	25.0
ROW	5,248	5,925	5,941	6,799	6,529	7,118	7,099	7,851	23,596	28,596	6,778
YoY Change (%)	28.0	20.0	0.2	18.9	24.4	20.1	19.5	15.5	0.0	0.0	14.4
API	2,459	2,678	2,564	2,203	2,551	2,499	2,692	3,075	9,904	10,818	2,732
YoY Change (%)	(39.9)	(28.4)	(25.4)	(13.8)	3.7	(6.7)	5.0	39.6	(28.4)	9.2	2.0
<b>Cost Break-up</b>											
RM Cost (% of Sales)	39.2	39.8	40.7	42.0	43.0	41.3	39.8	39.3	40.4	41.6	43.1
Staff Cost (% of Sales)	20.1	18.5	17.9	18.1	20.8	18.6	18.2	17.8	18.6	19.2	19.4
R&D Expenses(% of Sales)	9.6	8.1	8.5	8.9	9.3	8.1	7.8	7.7	8.7	8.4	8.8
Other Cost (% of Sales)	16.9	19.1	19.3	23.7	22.5	21.5	21.4	21.1	19.7	22.0	21.5
Gross Margins(%)	60.8	60.2	59.3	58.0	57.0	58.7	60.2	60.7	59.6	58.4	56.9
EBITDA Margins(%)	14.2	14.6	13.6	7.3	4.4	10.5	12.8	14.1	12.5	10.6	7.2
EBIT Margins(%)	8.9	9.4	8.7	2.2	-0.8	5.6	7.8	9.2	7.3	5.6	2.4

E: MOFSL Estimates



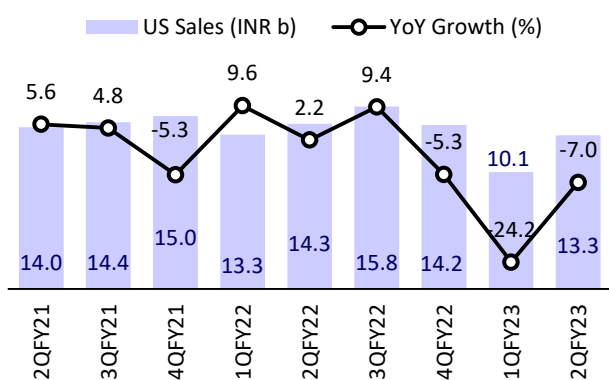
## Highlights from the management commentary

- In 2QFY23, LPC launched 3 ANDA in US generics segments.
- Failure to supply penalty was marginal at USD2m for the quarter.
- While LPC is working on the cost reduction measures, some of the benefit is getting offset by inflationary cost pressures in raw materials/supply chain management.

- The DF segment growth for the quarter has been lower than industry rate due to genericization of gliptins and zero sales of Cidmus brand.
- The respiratory/cardiac therapies exhibited in-line with industry growth for the quarter in DF segment.
- LPC is working on remediation measures related to Tarapur API unit. It do not have any potential product pending for approval from Tarapur site.
- The working capital days has reduced to 140 from 147 QoQ.

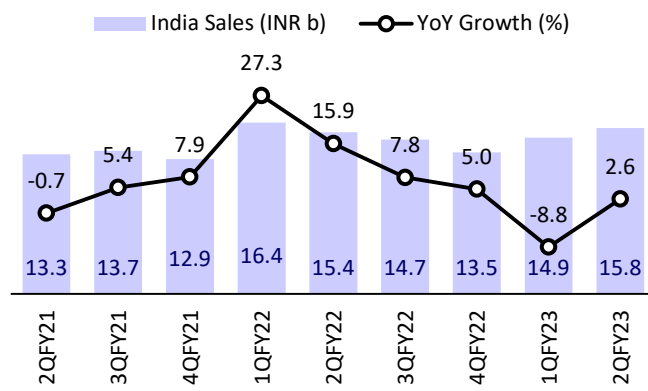
## Key exhibits

Exhibit 1: US sales revives QoQ



Source: MOFSL, Company

Exhibit 2: DF sales increased 3% YoY in 2QFY23



Source: MOFSL, Company

## Earnings growth contingent on niche launches/cost optimization

### US Generics – Portfolio rejigged; new approvals to aid growth

- In 1HFY23, US sales declined 15% YoY (USD280m; down 28% in CC terms) to INR23b due to severe price erosion in the base portfolio and reduced pace of differentiated product launches. It was further worsened by the penalty on failure to supply.
- The business is expected to revive on the basis of 10 launches planned for FY23 including high value complex launches such as gSuprep, gSpiriva, gNascobal and gDulera.
- With the launch of two products, gAlbuterol and gBrovana, LPC is targeting respiratory inhalation filings in addition to oncology injectables.
- LPC has filed 12 ANDAs in 1HFY23. Moreover, it received 8 ANDA approvals and launched 4 products to target niche therapeutic areas.
- However, considering high base, we expect US sales to remain flat at USD740m in FY24 from USD738 in FY22.

### DF – Chronic therapies to drive growth

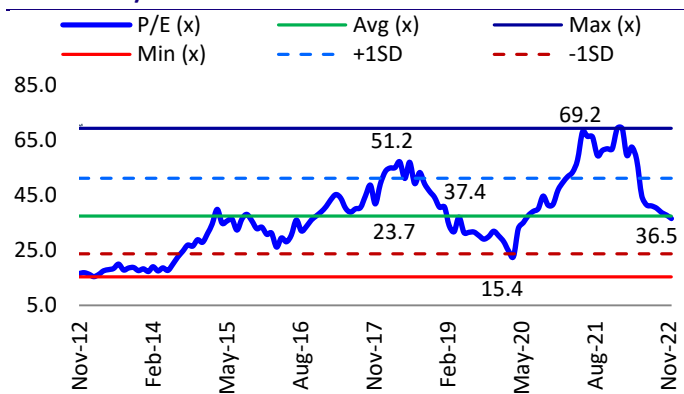
- DF sales declined by 3% YoY to INR31b in 1HFY23 largely due to the acute therapies underperforming the IPM. Especially, Anti-Infectives grew moderately at 2% as compared to IPM which grew at 13% as per AIOCD AWACs data for the quarter ending Sep’22.
- LPC launched 12 brands in 1HFY23. The GI, Pain & Gynae registered a double-digit growth in 1HFY23.

- We expect chronic therapy growth to excel driven by strong launch momentum. Based on this, we expect 6% CAGR in DF sales to INR68b over FY22-24.

**Valuation adequately factors earnings upside; maintain our Neutral rating**

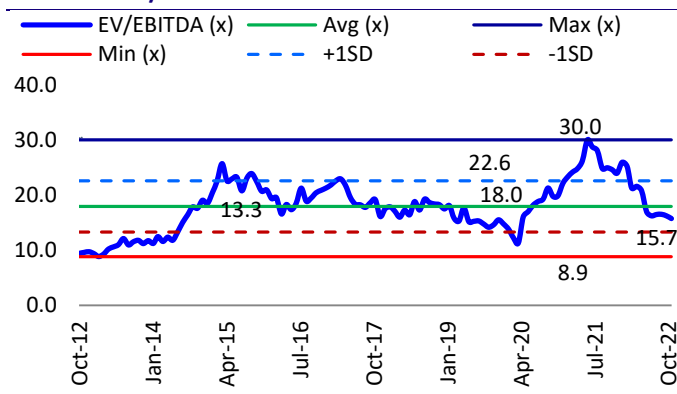
- We have tweaked our EPS estimate (down3%/up 5.5%) for FY23/FY24 to factor a) likely shift of meaningful g-Spiriva sales in FY24, b) ongoing cost optimization measures, c) and sustained growth momentum in ROW markets.
- We expect 10% earnings CAGR over FY22-24, led by 6% sales CAGR in DF markets and 100bp margin expansion on account of cost rationalization measures.
- The earnings revival is currently hinged on few limited competition products and not broad based across segments. More so, the current valuation adequately factors the upside in earnings with LPC trading at 65x FY23E EPS of INR11 and 31x FY24E EPS of INR23. Maintain Neutral on the stock.

**Exhibit 3: P/E chart**



Source: MOFSL, Company, Bloomberg

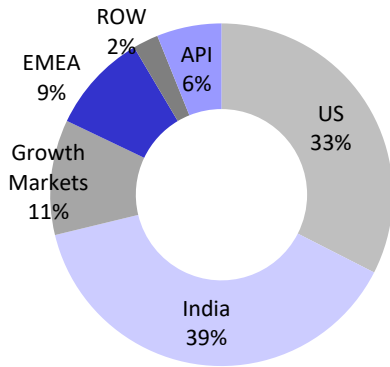
**Exhibit 4: EV/EBITDA chart**



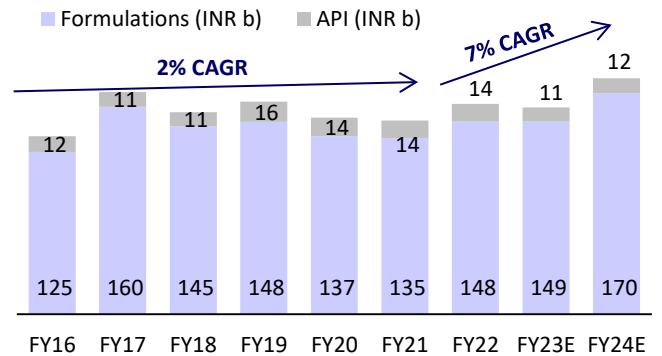
Source: MOFSL, Company, Bloomberg

## Story in charts

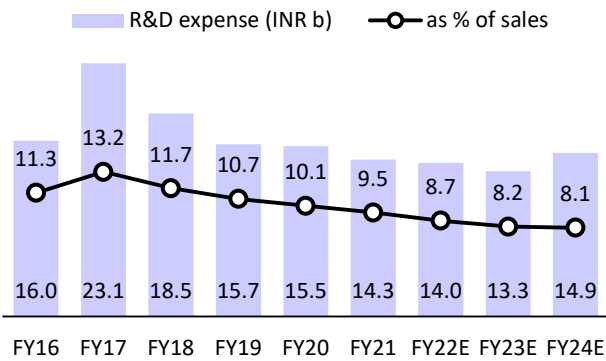
**Exhibit 5: Revenue mix in 2QFY23**



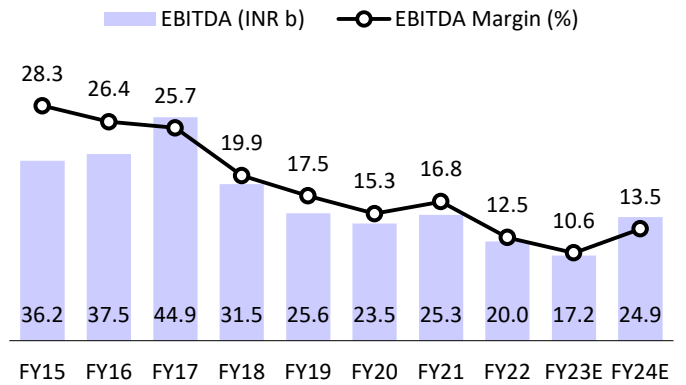
**Exhibit 6: Growth to pick up by FY24**



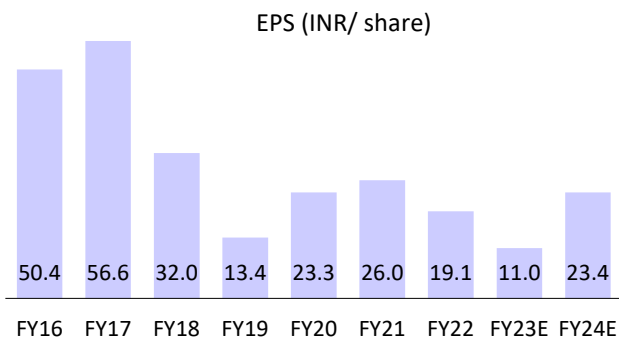
**Exhibit 7: R&D spend as a percentage of sales to moderate**



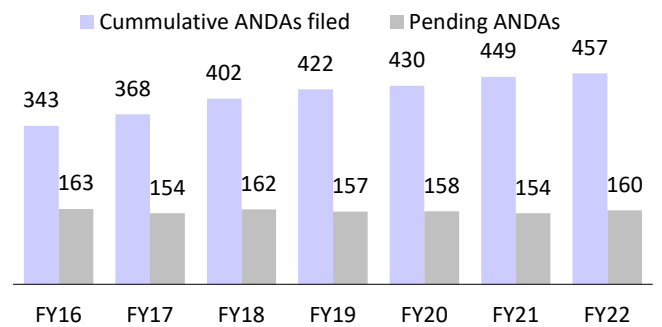
**Exhibit 8: Expect EBITDA margin to inch up in FY24**



**Exhibit 9: Expect EPS CAGR of ~10% 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
<b>Net Sales</b>	<b>142,085</b>	<b>174,943</b>	<b>158,041</b>	<b>146,646</b>	<b>153,748</b>	<b>150,930</b>	<b>160,321</b>	<b>161,868</b>	<b>184,276</b>
Total Expenditure	104,550	130,012	126,566	121,038	130,200	125,614	140,353	144,711	159,400
<b>EBITDA</b>	<b>37,534</b>	<b>44,931</b>	<b>31,475</b>	<b>25,607</b>	<b>23,548</b>	<b>25,316</b>	<b>19,968</b>	<b>17,157</b>	<b>24,875</b>
Margin (%)	26.4	25.7	19.9	17.5	15.3	16.8	12.5	10.6	13.5
Depreciation	4,635	9,122	10,859	8,461	9,702	8,874	8,220	8,069	8,182
<b>EBIT</b>	<b>32,899</b>	<b>35,809</b>	<b>20,616</b>	<b>17,147</b>	<b>13,846</b>	<b>16,442</b>	<b>11,748</b>	<b>9,088</b>	<b>16,693</b>
Int. and Finance Charges	446	1,525	2,044	3,025	3,630	1,406	1,428	1,813	1,446
Other Income - Rec.	1,877	1,065	1,504	3,330	3,578	1,479	1,504	475	500
<b>PBT before EO item</b>	<b>34,330</b>	<b>35,349</b>	<b>20,076</b>	<b>17,452</b>	<b>13,794</b>	<b>16,515</b>	<b>11,824</b>	<b>7,750</b>	<b>15,747</b>
EO Expense/(Income)	0	0	14,644	3,400	6,261	-236	25,550	-872	0
<b>PBT after EO item</b>	<b>34,330</b>	<b>35,349</b>	<b>5,433</b>	<b>14,052</b>	<b>7,533</b>	<b>16,751</b>	<b>-13,726</b>	<b>8,622</b>	<b>15,747</b>
Tax	11,536	9,785	2,885	8,879	11,571	4,485	1,372	2,713	5,040
Tax Rate (%)	33.6	27.7	53.1	63.2	153.6	26.8	-10.0	31.5	32.0
Less: Minority Interest	88	-11	36	52	-43	-101	-183	-91	-92
<b>Reported PAT</b>	<b>22,707</b>	<b>25,574</b>	<b>2,512</b>	<b>5,121</b>	<b>-3,995</b>	<b>12,165</b>	<b>-15,280</b>	<b>5,818</b>	<b>10,615</b>
<b>PAT Adj for EO items</b>	<b>22,707</b>	<b>25,574</b>	<b>14,455</b>	<b>6,066</b>	<b>10,572</b>	<b>11,790</b>	<b>8,699</b>	<b>5,017</b>	<b>10,615</b>
Change (%)	-5.5	12.6	-43.5	-58.0	74.3	11.5	-26.2	-42.3	111.6
Margin (%)	16.0	14.6	9.1	4.1	6.9	7.8	5.4	3.1	5.8
<b>Adj Net Profit</b>	<b>22,707</b>	<b>25,574</b>	<b>14,455</b>	<b>6,066</b>	<b>10,572</b>	<b>11,790</b>	<b>8,699</b>	<b>5,017</b>	<b>10,615</b>

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	108,943	134,072	134,866	136,517	124,461	137,124	120,624	125,003	134,291
<b>Net Worth</b>	<b>109,844</b>	<b>134,975</b>	<b>135,771</b>	<b>137,422</b>	<b>125,367</b>	<b>138,031</b>	<b>121,533</b>	<b>125,912</b>	<b>135,200</b>
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
<b>Capital Employed</b>	<b>182,596</b>	<b>218,619</b>	<b>204,101</b>	<b>219,781</b>	<b>176,172</b>	<b>175,704</b>	<b>166,101</b>	<b>168,576</b>	<b>175,958</b>
Gross Block	55,887	55,265	63,687	72,189	76,431	85,479	95,368	102,605	109,399
Less: Accum. Deprn.	23,262	8,902	14,613	23,073	32,776	41,650	49,870	57,938	66,120
<b>Net Fixed Assets</b>	<b>32,625</b>	<b>46,363</b>	<b>49,074</b>	<b>49,115</b>	<b>43,656</b>	<b>43,829</b>	<b>45,498</b>	<b>44,667</b>	<b>43,279</b>
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
<b>Curr. Assets</b>	<b>107,473</b>	<b>107,975</b>	<b>112,078</b>	<b>121,935</b>	<b>135,575</b>	<b>120,283</b>	<b>122,236</b>	<b>131,349</b>	<b>146,882</b>
Inventory	31,787	36,423	36,625	38,368	34,569	40,920	46,307	47,905	54,476
Account Receivables	45,498	43,073	51,922	51,498	54,459	44,743	42,619	52,083	62,978
Cash and Bank Balance	8,379	6,853	2,488	9,872	24,543	17,425	10,981	8,992	7,010
Others	21,808	21,626	21,043	22,197	22,004	17,195	22,328	22,369	22,419
<b>Curr. Liability &amp; Prov.</b>	<b>40,975</b>	<b>42,378</b>	<b>51,788</b>	<b>52,372</b>	<b>71,924</b>	<b>58,598</b>	<b>50,414</b>	<b>55,333</b>	<b>61,651</b>
Account Payables	32,318	34,576	43,568	41,390	59,884	47,460	42,254	47,173	53,491
Provisions	8,658	7,801	8,220	10,982	12,040	11,139	8,160	8,160	8,160
<b>Net Current Assets</b>	<b>66,498</b>	<b>65,598</b>	<b>60,290</b>	<b>69,563</b>	<b>63,651</b>	<b>61,685</b>	<b>71,822</b>	<b>76,015</b>	<b>85,231</b>
<b>Appl. of Funds</b>	<b>182,596</b>	<b>218,619</b>	<b>204,100</b>	<b>219,781</b>	<b>176,172</b>	<b>175,704</b>	<b>166,101</b>	<b>168,576</b>	<b>175,958</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>EPS (Fully Diluted)</b>	<b>50.4</b>	<b>56.6</b>	<b>32.0</b>	<b>13.4</b>	<b>23.3</b>	<b>26.0</b>	<b>19.1</b>	<b>11.0</b>	<b>23.4</b>
Cash EPS (Fully Diluted)	60.7	76.8	56.0	32.1	44.8	45.5	37.2	28.8	41.4
BV/Share	243.8	298.9	300.3	303.7	276.7	304.2	267.4	277.0	297.5
DPS	7.5	7.5	5.0	5.0	9.0	7.0	9.0	2.0	2.5
Payout (%)	17.9	15.9	108.5	53.3	-119.0	30.4	-31.3	18.3	12.5
<b>Valuation (x)</b>									
P/E (Fully Diluted)	14.3	12.7	22.5	53.6	30.9	27.7	37.6	65.1	30.8
Cash P/E (Fully Diluted)	11.8	9.4	12.8	22.4	16.1	15.8	19.3	25.0	17.4
P/BV	2.9	2.4	2.4	2.4	2.6	2.4	2.7	2.6	2.4
EV/Sales	2.7	2.3	2.5	2.7	2.3	2.3	2.2	2.2	1.9
EV/EBITDA	10.3	9.0	12.6	15.7	14.9	13.6	17.9	20.8	14.4
<b>Return Ratios (%)</b>									
RoE	22.9	20.9	10.7	4.4	8.0	9.0	6.7	4.1	8.1
RoCE	16.8	13.3	4.9	3.5	4.8	7.5	8.6	4.0	6.8
RoIC	18.8	14.9	5.4	3.6	5.1	9.8	9.8	4.4	7.7
<b>Working Capital Ratios</b>									
Asset Turnover (x)	0.8	0.8	0.8	0.7	0.9	0.9	1.0	1.0	1.0
Fixed Asset Turnover (x)	4.8	4.4	3.3	3.0	3.3	3.5	3.6	3.6	4.2
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	108	108
<b>Leverage Ratio</b>									
Current Ratio	2.6	2.5	2.2	2.3	1.9	2.1	2.4	2.4	2.4
Interest Cover Ratio	73.7	23.5	10.1	5.7	3.8	11.7	8.2	5.0	11.5
Debt/Equity (x)	0.6	0.6	0.5	0.6	0.2	0.1	0.3	0.3	0.2

### 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	17,157	24,875
Interest/Dividends Recd.	1,877	1,065	1,504	3,330	3,578	1,479	1,504	475	500
Direct Taxes Paid	-11,479	-12,152	-6,067	-9,026	-6,862	-4,242	-1,156	-2,713	-5,040
(Inc)/Dec in WC	-34,084	-626	942	-1,888	20,583	-5,152	-16,581	-6,183	-11,197
<b>CF from Operations</b>	<b>-6,152</b>	<b>33,219</b>	<b>27,853</b>	<b>18,023</b>	<b>40,847</b>	<b>17,401</b>	<b>3,735</b>	<b>8,737</b>	<b>9,138</b>
EO expense	0	0	14,644	3,400	6,261	-236	25,550	-872	0
<b>CF from Op. incl EO Exp.</b>	<b>-3,824</b>	<b>41,135</b>	<b>17,512</b>	<b>16,660</b>	<b>14,688</b>	<b>18,218</b>	<b>3,673</b>	<b>9,608</b>	<b>9,139</b>
(inc)/dec in FA	-71,217	-24,759	-8,801	-6,123	28,785	-9,567	-4,029	-6,350	-6,350
<b>Free Cash Flow</b>	<b>-77,369</b>	<b>8,460</b>	<b>19,053</b>	<b>11,900</b>	<b>69,631</b>	<b>7,834</b>	<b>-294</b>	<b>2,387</b>	<b>2,788</b>
(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
<b>CF from Investments</b>	<b>-69,617</b>	<b>-25,274</b>	<b>4,699</b>	<b>-32,825</b>	<b>11,070</b>	<b>-14,539</b>	<b>12,922</b>	<b>-6,350</b>	<b>-6,350</b>
Change in Net Worth	2,459	3,669	1,028	-724	-3,286	4,403	3,888	-280	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	-1,813	-1,446
Dividend Paid	-4,071	-4,076	-2,725	-2,728	-4,755	-3,788	-4,786	-1,064	-1,329
Others	-6,061	-6,969	1,006	-189	39,005	-4,581	-19,941	-91	-92
<b>CF from Fin. Activity</b>	<b>58,364</b>	<b>4,332</b>	<b>-14,921</b>	<b>7,441</b>	<b>-8,906</b>	<b>-18,852</b>	<b>-15,723</b>	<b>-5,248</b>	<b>-4,771</b>
<b>Inc/Dec of Cash</b>	<b>-15,077</b>	<b>20,193</b>	<b>7,290</b>	<b>-8,724</b>	<b>16,853</b>	<b>-15,173</b>	<b>872</b>	<b>-1,989</b>	<b>-1,982</b>
Add: Beginning Balance	21,084	7,802	27,995	14,164	5,441	22,293	7,119	7,991	6,002
Cash/Cash Eq. at end of the year	7,802	27,995	14,164	5,441	22,293	7,119	7,991	6,002	4,020
Forex/Bank	577	-21,142	-11,677	4,431	2,250	10,305	2,990	2,990	2,990
<b>Closing Balance</b>	<b>8,379</b>	<b>6,853</b>	<b>2,488</b>	<b>9,872</b>	<b>24,543</b>	<b>17,425</b>	<b>10,981</b>	<b>8,992</b>	<b>7,011</b>

## 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

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