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Rating Information	
Price (Rs)	602
Target Price (Rs)	573
Target Date	31st Dec'19
Target Set On	15th Aug'18
Implied yrs of growth (DCF)	20
Fair Value (DCF)	576
Fair Value (DDM)	148
Ind Benchmark	BSETHC
Model Portfolio Position	NA

Stock Information	
Market Cap (Rs Mn)	14,43,878
Free Float (%)	45.62 %
52 Wk H/L (Rs)	608.95/432.7
Avg Daily Volume (1yr)	61,71,698
Avg Daily Value (Rs Mn)	3,278
Equity Cap (Rs Mn)	2,399
Face Value (Rs)	1
Bloomberg Code	SUNP IN

Ownership	Recent	3M	12M
Promoters	54.4%	0.0%	-0.6%
DII	11.6%	-0.6%	2.9%
FII	21.1%	-0.2%	-5.2%
Public	13.0%	0.9%	2.9%

Price %	1M	3M	12M
Absolute	54.4 %	0.0 %	-0.6 %
Vs Industry	16.6 %	0.4 %	4.3 %
LUPIN	16.4 %	0.1 %	-3.3 %
DRREDDY	12.6 %	-0.4 %	-0.4 %

Consolidated Quarterly EPS forecast				
Rs/Share	1Q	2Q	3Q	4Q
EPS (18A)	2.2	3.8	1.5	4.4
EPS (19E)	4.1	3.6	4.3	4.3

Sun Pharmaceuticals

1QFY19 Result: Estimate (↔), TP (↑), Rating (↓)

Regular Coverage

US gains traction but gross margins decline; downgrade to REDUCE on recent rally

Absolute : Reduce
Relative : Underweight
5% downside in 17 months

Pharmaceuticals

SUNP's 1Q results were mixed; while base US business (ex-Taro) grew US\$ 30mn qoq (first time since gGleevec launch), gross margins declined 380bps qoq. R&D spends were lower by Rs 2.5bn qoq (or 100bps-200bps lower than annual guidance), which helped EBITDA. Management retained its guidance of low double-digit growth in FY19 (EE: 13%), but warned of specialty cost built-up and higher R&D spends ahead. We thus remain comfortable with our earnings assumptions and see no material change. While SUNP's gradual transition towards a specialty company is encouraging, valuations at 37x/26x P/E on FY19/20 earnings fully capture the potential (stock up 20% since last quarter). We downgrade our rating to REDUCE (from ADD earlier) and await better entry points into the stock. Our Dec'19 TP of Rs 573 (Sep'19 TP: Rs 509) is set at 27x (25x) P/E.

1Q miss owing to dip in gross margins: Sales stood at Rs 72.2bn, 3% ahead of EE. Importantly, US revenues increased by US\$ 12mn qoq despite a US\$ 20mn sequential drop in Taro revenues. EBITDA at Rs 16.06bn came in 8% below estimates largely owing to gross margin contraction (-380bps qoq and 240bps below EE). Gross margins declined owing to the low-margin *Welchol* AG launch and lower gross margins in Taro. This was partly compensated by lower R&D at 7% of sales (vs. guidance of 8-9% for fiscal). Lower EBITDA was partly offset by higher other income and a lower tax rate of 13% (EE: 18%). Consequently, PAT at Rs 9.8bn was only 4% lower than EE.

Q1 provides some clarity on two key unknowns: Other expenses increased US\$ 20mn qoq likely due to increased marketing spends on the specialty basket. This annualizes to US\$ 80mn for FY19, lower than our estimates of US\$ 100mn. With management guidance of higher SG&A spends in the ensuing quarters, we remain comfortable with our assumptions. Also, 1Q is the first quarter post Halol resolution and, ex-Taro, we have seen a US\$ 30mn pick up in US revenues (partially led by AG launch of *gWelchol*); this is in line with our assumption of additional US\$ 100mn revenues in FY19 from Halol. We thus remain comfortable with our earnings assumptions for SUNP.

Gradually transitioning into specialty products: SUNP's efforts towards transitioning to a specialty portfolio seem to be paying off with the company commercializing *Yonsa*, guiding for a 2Q-end *Ilumya* launch and the *Cequa* launch within this fiscal. SUNP remains positive on *Ilumya* and stated that initial interaction with the medical fraternity and other stakeholders has been very positive; it also mentioned that IL-23 will gradually take over market share from IL-17 because of better efficacy and lower side effects. However, SUNP doesn't expect *Ilumya* to reach *Cosentyx* (US\$ 1.3bn) and *Taltz* (US\$ 486mn) levels in the near future. At peak, *Ilumya* can gain 5% market share in our view.

Change in Estimates:

Rs. Mn	FY18E	Chg (%)	FY19E	Chg (%)
Sales	2,99,346	0%	3,50,879	0%
EBITDA	67,429	-1%	88,526	0%
EPS (Rs.)	16	0%	23	0%

Consolidated Financials

Rs. Mn YE Mar	FY18A	FY19E	FY20E	FY21E
Sales	2,64,895	2,99,346	3,50,879	3,95,502
EBITDA	56,081	67,429	88,526	1,03,633
Depreciation	14,998	15,529	16,510	18,399
Interest Expense	5,176	3,420	2,785	2,933
Other Income	8,387	6,504	7,276	7,482
Reported PAT	21,614	39,272	55,391	65,428
Recurring PAT	28,534	39,272	55,391	65,428
Total Equity	3,81,006	4,11,089	4,53,519	5,03,638
Gross Debt	97,834	93,834	89,834	97,765
Cash	1,78,109	1,78,837	2,13,238	2,63,510
Rs. Mn YE Mar	FY18A	FY19E	FY20E	FY21E
Earnings	11.9	16.4	23.1	27.3
Book Value	159	171	189	210
Dividends	2.1	3.3	4.6	5.5
FCFF	-6.2	22.8	22.4	25.0
P/E (x)	50.6	36.8	26.1	22.1
P/B (x)	3.8	3.5	3.2	2.9
EV/EBITDA (x)	24.4	20.2	14.9	12.4
ROE (%)	8 %	10 %	13 %	14 %
Core ROIC (%)	10 %	12 %	17 %	19 %
EBITDA Margin (%)	21 %	23 %	25 %	26 %
Net Margin (%)	11 %	13 %	16 %	17 %

Other key highlights

Cost-control focus to aid margins: SUNP stated that its near-to-mid term goal would be to focus on cost containment to aid margins. Pricing in the US has been very competitive with launches by 2-3 generic players and situation is not abating till date.

Domestic business grew by a robust 22% yoy off a low GST-hit 1QFY18 base. SUNP launched 16 new products in the domestic market and holds an 8.3% market share of IPM.

Filings and updates: SUNP filed 3 ANDAs and received 6 approvals during the quarter. Till date, 135 ANDAs are awaiting approval, including 15 TA. Moreover, its portfolio includes 39 approved NDAs/BLAs, while three await approval.

Management restated guidance of low double-digit topline growth in FY19. It expects a sharp increase in opex due to upfront costs related to specialty product launches and higher R&D spends (8-9% for FY19 vs Q1 run-rate of 7%).

Commentary on specialty biz margin: In line with expectations, SUNP mentioned that for FY19, cost build-up would be much higher than revenue realization from specialty products. In earlier calls, it had indicated that all products launched would break even by FY20.

Tax rate for the fiscal would be at 20%.

Exhibit 1: Sales breakup

Particulars (RsMn)	1QFY18	1QFY19
FORMULATIONS	58,482	67,222
<i>% of sales</i>	94.8%	94.2%
<i>(Growth yoy)</i>		14.9%
Domestic	17,608	21,520
<i>% of sales</i>	28.6%	30.1%
<i>(Growth yoy)</i>		22.2%
US	22,646	25,437
<i>% of sales</i>	36.7%	35.6%
<i>(Growth yoy)</i>		12.3%
ROW + Emerging markets	18,228	20,265
<i>% of sales</i>	29.6%	28.4%
<i>(Growth yoy)</i>		11.2%
API + Others	3,184	4,167
<i>% of sales</i>	5.2%	5.8%
<i>(Growth yoy)</i>		30.8%
Total Revenues	61,667	71,388
<i>(Growth yoy)</i>		15.8%



Quarterly performance, consolidated

	Q1FY19	Q1FY19E	Q4FY18	Q1FY18	% Change			Comments
					Q1FY19E	Q4FY18	Q1FY18	
Net Sales	72,242	70,169	69,771	62,088	3%	4%	16%	
Cost of Materials/Goods	21,068	18,776	17,701	16,774	12%	19%	26%	
Personnel Cost	14,330	13,400	13,413	13,299	7%	7%	8%	
Other operating exp	15,776	14,500	14,394	15,839	9%	10%	0%	
R&D Expenses	5,000	5,964	7,428	5,220	-16%	-33%	-4%	
Total Expenditures	56175	52640	52936	51131	7%	6%	10%	
EBITDA	16067	17528	16835	10956	-8%	-5%	47%	
Depreciation	4,016	3,837	4,552	3,466	5%	-12%	16%	
EBIT	12,051	13,691	12,283	7,490	-12%	-2%	61%	
Interest	1,309	704	1,554	1,094	86%	-16%	20%	
Other Income	1,998	1,502	3,028	1,520	33%	-34%	31%	
PBT	12,739	14,489	13,756	7,916	-12%	-7%	61%	
Tax	1,639	2,608	819	1,618	-37%	100%	1%	
PAT before MI & Associates	11101	11881	12937	6298	-7%	-14%	76%	
Minority Interest	-1,286	-1,650	-2,200	-1,023	-22%	-42%	26%	
Profit from Assoc.	10	0	-233	-19	-	-	-	
Recurring PAT	9,825	10,232	10,504	5,256	-4%	-6%	87%	
Extraordinaries	0	0	-2,586	9,505	-	-	-	
Reported PAT	9,825	10,232	13,090	-4,249	-4%	-25%	-	
EPS (Rs)	4.1	4.3	4.4	2.2	-4%	-6%	87%	
Gross Margin	71%	73%	75%	73%	-241	-379	-215	
EBITDA Margin	22%	25%	24%	18%	-274	-189	459	
EBIT Margin	17%	20%	18%	12%	-283	-92	462	
PBT Margin	18%	21%	20%	13%	-302	-208	488	
PAT Margin	14%	15%	19%	-7%	-98	-516	2,044	
Tax Rate	13%	18%	6%	20%	-514	691	-757	
Cost items as % of sales								
COGS	29.2%	26.8%	25.4%	27.0%	241	379	215	
Employees Cost	19.8%	19.1%	19.2%	21.4%	74	61	-158	
Other Expenditure	21.8%	20.7%	20.6%	25.5%	117	121	-367	
R&D	6.9%	8.5%	10.6%	8.4%	-158	-373	-149	



Company Snapshot

How we differ from Consensus

		Equirus	Consensus	% Diff	Comment
EPS	FY19E	16.4	18.0	-9 %	Largely in-line
	FY20E	23.1	23.6	-2 %	
Sales	FY19E	2,99,346	2,97,203	1 %	
	FY20E	3,50,879	3,35,145	5 %	
PAT	FY19E	39,272	43,381	-9 %	
	FY20E	55,391	56,940	-3 %	

Key Assumptions:

Break Up	FY18A	FY19E	FY20E	FY21E
Domestic	80294	92982	105999	120839
As % of Sales	30.9%	31.4%	30.5%	30.8%
Growth yoy	3.6%	15.8%	14.0%	14.0%
ROW	78132	86159	97360	110017
As % of Sales	30.1%	29.1%	28.0%	28.0%
Growth yoy	9.8%	10.3%	13.0%	13.0%
US	87466	100466	125661	139945
As % of Sales	33.7%	33.9%	36.1%	35.6%
Growth yoy	-36.4%	14.9%	25.1%	11.4%
API	13993	16482	18954	21797
As % of Sales	5.4%	5.6%	5.4%	5.6%
Growth yoy	-12.4%	17.8%	15.0%	15.0%
Total	259885	296088	347974	392598
Growth yoy	-14.0%	13.9%	17.5%	12.8%

Risk to Our View:

- USD/INR rate below Rs.68
- Delay in approvals even after Halol resolution.

Comparable valuation		Mkt Cap	Price	Target	EPS			P/E			BPS		P/B		RoE			Div Yield	
Company	Reco.	CMP	Rs. Mn.	Target	Date	FY18A	FY19E	FY20E	FY18A	FY19E	FY20E	FY18A	FY19E	FY18A	FY19E	FY20E	FY18A	FY19E	
Sun Pharma	Reduce	602	14,43,878	573	31st Dec'19	11.9	16.4	23.1	50.6	36.8	26.1	158.8	3.5	8 %	10 %	13 %	0.3 %	0.5 %	
Lupin	Short	837	3,78,339	735	30th Sep'19	30.8	27.0	36.8	27.2	31.0	22.7	300.2	2.6	10 %	9 %	11 %	0.6 %	0.5 %	
Dr Reddy	ADD	2,278	3,78,092	2,261	30th Sep'19	59.1	90.4	114.6	38.6	25.2	19.9	761.8	2.7	8 %	11 %	13 %	0.7 %	0.7 %	

- Higher than expected price erosion in the existing portfolio.

Key Triggers

- Launch of Key products of Sun Pharma (Lupron Depot, Xeloda, Toprol XL, Yaz, Dacogenetc)
- Launch of Taro Products (Metrogel 1%, Protopic, DuacGel, Solarazeetc)

Sensitivity to Key Variables	% Change	% Impact on EPS
Revenue	-1 %	-4%

DCF Valuations & Assumptions

Rf	Beta	Ke	Term. Growth	Debt/IC in Term. Yr
7.7 %	0.6	11.3 %	2.5 %	0.0 %

	FY19E	FY20E	FY21-23E	FY24-28E	FY29-38E
Sales Growth	13 %	17 %	9 %	9 %	8 %
NOPAT Margin	14 %	17 %	18 %	19 %	19 %
IC Turnover	0.87	0.99	1.06	1.06	1.06
RoIC	12.2 %	16.9 %	20.7 %	21.3 %	21.0 %
Years of strong growth	1	2	5	10	20
Valuation as on date (Rs)	1	2	5	10	497
Valuation as of Dec'19	217	294	355	419	576

Based on DCF, assuming 20 years of ~10% CAGR growth and ~20% average ROIC, we derive current fair value of Rs 497 and 31st Dec'19 fair value of Rs 576.

Company Description: Sun Pharma is the largest pharma company in India in terms of market value and sales. Sun Pharma has built a strong portfolio of low competition and complex generics. It has a total of 14 formulations facilities with 12 USFDA approved and 4 API facilities. It derives ~55% revenues from US and 26% from India and the rest from API and ROW markets. It is ranked 2nd and holds 5.1% market share in the Indian Pharma market as per June 2013 AIOCD - AWACS report.



Consolidated Quarterly Earnings Forecast and Key Drivers

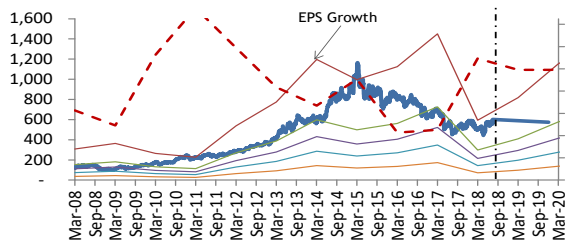
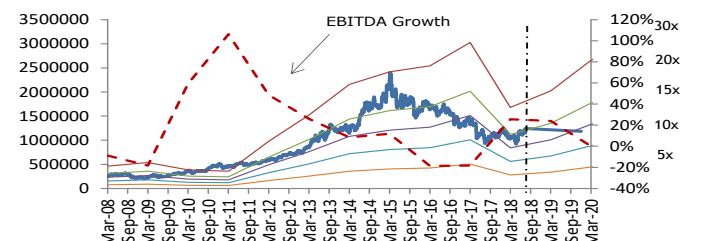
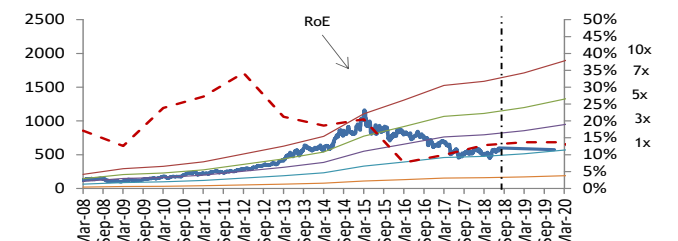
Rs in Mn	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19E	3Q19E	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E	FY18A	FY19E	FY20E	FY21E
Revenue	62,088	66,503	66,532	69,771	72,242	73,490	77,582	76,033	82,484	89,025	90,571	88,799	2,64,895	2,99,346	3,50,879	3,95,502
Cost of Materials/Goods	16,774	18,775	20,997	17,701	21,068	19,637	20,721	20,311	23,156	24,543	24,968	23,914	74,247	81,736	96,581	1,06,609
Personnel Cost	13,299	13,233	13,726	13,413	14,330	14,821	15,373	15,022	15,476	16,007	16,603	16,224	53,671	59,546	64,310	72,670
Other operating exp	15,839	15,629	12,545	14,394	15,776	17,000	17,000	16,554	17,039	18,360	18,360	17,878	58,408	66,330	71,636	80,949
R&D Expenses	5,220	5,110	4,730	7,428	5,000	6,247	6,594	6,463	7,011	7,567	7,699	7,548	22,488	24,304	29,825	31,640
EBITDA	10,956	13,756	14,534	16,835	16,067	15,786	17,893	17,684	19,802	22,548	22,941	23,235	56,081	67,429	88,526	1,03,633
Depreciation	3,466	3,587	3,393	4,552	4,016	3,837	3,837	3,837	4,127	4,127	4,127	4,127	14,998	15,529	16,510	18,399
EBIT	7,490	10,169	11,141	12,283	12,051	11,948	14,055	13,847	15,675	18,421	18,813	19,108	41,083	51,901	72,017	85,234
Interest	1,094	1,574	953	1,554	1,309	704	704	704	674	704	704	704	5,176	3,420	2,785	2,933
Other Income	1,520	2,548	1,291	3,028	1,998	1,502	1,502	1,502	1,819	1,819	1,819	1,819	8,387	6,504	7,276	7,482
PBT	7,916	11,143	11,478	13,756	12,739	12,747	14,854	14,645	16,820	19,536	19,929	20,223	44,294	54,985	76,508	89,784
Tax	1,618	1,114	7,487	819	1,639	2,549	2,971	2,929	3,028	3,516	3,587	3,640	11,038	10,088	13,771	16,161
PAT bef. MI & Assoc.	6,298	10,029	3,991	12,937	11,101	10,197	11,883	11,716	13,793	16,020	16,341	16,583	33,256	44,897	62,737	73,623
Minority Interest	1,023	897	348	2,200	1,286	1,457	1,467	1,425	1,835	1,844	1,855	1,811	4,468	5,635	7,346	8,194
Profit from Assoc.	-19	-12	10	-233	10	0	0	0	0	0	0	0	-254	10	0	0
Recurring PAT	5,256	9,121	3,653	10,504	9,825	8,740	10,416	10,291	11,957	14,175	14,486	14,772	28,534	39,272	55,391	65,428
Extraordinaries	9,505	0	0	-2,586	0	0	0	0	0	0	0	0	6,919	0	0	0
Reported PAT	-4,249	9,121	3,653	13,090	9,825	8,740	10,416	10,291	11,957	14,175	14,486	14,772	21,614	39,272	55,391	65,428
EPS (Rs)	2.19	3.80	1.52	4.38	4.09	3.64	4.34	4.29	4.98	5.91	6.04	6.16	11.89	16.37	23.09	27.27
Key Drivers																
Domestic Formulations	18543	20091	19694	19164	21,520	25,319	23,769	22,374	24,533	28,864	27,097	25,506	72992	92,982	1,05,999	1,20,839
Bulk	4698	3669	3657	3955	3,942	4,465	4,252	3,823	4,533	5,135	4,890	4,396	14025	16,482	18,954	21,797
International Generics (Ex US)	15936	16692	19201	19451	20,265	21,665	21,976	22,254	22,899	24,481	24,833	25,147	57461	86,159	97,360	1,10,017
US	40706	37144	34193	25545	25,437	21,290	26,869	26,869	29,794	29,794	33,036	33,036	135169	1,00,466	1,25,661	1,39,945
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sequential Growth (%)																
Revenue	-13 %	7 %	0 %	5 %	4 %	2 %	6 %	-2 %	8 %	8 %	2 %	-2 %	-	-	-	-
Cost of Materials/Goods	-24 %	12 %	12 %	-16 %	19 %	-7 %	6 %	-2 %	14 %	6 %	2 %	-4 %	-	-	-	-
EBITDA	-29 %	26 %	6 %	16 %	-5 %	-2 %	13 %	-1 %	12 %	14 %	2 %	1 %	-	-	-	-
EBIT	-38 %	36 %	10 %	10 %	-2 %	-1 %	18 %	-1 %	13 %	18 %	2 %	2 %	-	-	-	-
Recurring PAT	-60 %	74 %	-60 %	188 %	-6 %	-11 %	19 %	-1 %	16 %	19 %	2 %	2 %	-	-	-	-
EPS	-57 %	74 %	-60 %	188 %	-6 %	-11 %	19 %	-1 %	16 %	19 %	2 %	2 %	-	-	-	-
Yearly Growth (%)																
Revenue	-25 %	-20 %	-16 %	-2 %	16 %	11 %	17 %	9 %	14 %	21 %	17 %	17 %	-16 %	13 %	17 %	13 %
EBITDA	-62 %	-57 %	-41 %	9 %	47 %	15 %	23 %	5 %	23 %	43 %	28 %	31 %	-44 %	20 %	31 %	17 %
EBIT	-71 %	-64 %	-48 %	2 %	61 %	17 %	26 %	13 %	30 %	54 %	34 %	38 %	-53 %	26 %	39 %	18 %
Recurring PAT	-78 %	-65 %	-80 %	-21 %	87 %	-4 %	185 %	-2 %	22 %	62 %	39 %	44 %	-55 %	38 %	41 %	18 %
EPS	-74 %	-59 %	-75 %	-14 %	87 %	-4 %	185 %	-2 %	22 %	62 %	39 %	44 %	-59 %	38 %	41 %	18 %
Margin (%)																
EBITDA	18 %	21 %	22 %	24 %	22 %	21 %	23 %	23 %	24 %	25 %	25 %	26 %	21 %	23 %	25 %	26 %
EBIT	12 %	15 %	17 %	18 %	17 %	16 %	18 %	18 %	19 %	21 %	21 %	22 %	16 %	17 %	21 %	22 %
PBT	13 %	17 %	17 %	20 %	18 %	17 %	19 %	19 %	20 %	22 %	22 %	23 %	17 %	18 %	22 %	23 %
PAT	8 %	14 %	5 %	15 %	14 %	12 %	13 %	14 %	14 %	16 %	16 %	17 %	11 %	13 %	16 %	17 %

Consolidated Financials

P&L (Rs Mn)	FY18A	FY19E	FY20E	FY21E
Revenue	2,64,895	2,99,346	3,50,879	3,95,502
Op. Expenditure	2,08,814	2,31,917	2,62,352	2,91,869
EBITDA	56,081	67,429	88,526	1,03,633
Depreciation	14,998	15,529	16,510	18,399
EBIT	41,083	51,901	72,017	85,234
Interest Expense	5,176	3,420	2,785	2,933
Other Income	8,387	6,504	7,276	7,482
PBT	44,294	54,985	76,508	89,784
Tax	11,038	10,088	13,771	16,161
PAT bef. MI & Assoc.	33,256	44,897	62,737	73,623
Minority Interest	4,468	5,635	7,346	8,194
Profit from Assoc.	-254	10	0	0
Recurring PAT	28,534	39,272	55,391	65,428
Extraordinaires	6,919	0	0	0
Reported PAT	21,614	39,272	55,391	65,428
FDEPS (Rs)	11.9	16.4	23.1	27.3
DPS (Rs)	2.1	3.3	4.6	5.5
CEPS (Rs)	18.1	22.8	30.0	34.9
FCFPS (Rs)	-6.2	22.8	22.4	25.0
BVPS (Rs)	158.8	171.3	189.0	209.9
EBITDAM (%)	21 %	23 %	25 %	26 %
PATM (%)	11 %	13 %	16 %	17 %
Tax Rate (%)	25 %	18 %	18 %	18 %
Sales Growth (%)	-16 %	13 %	17 %	13 %
FDEPS Growth (%)	-59 %	38 %	41 %	18 %

Balance Sheet (Rs Mn)	FY18A	FY19E	FY20E	FY21E
Equity Capital	2,399	2,399	2,399	2,399
Reserve	3,78,606	4,08,689	4,51,120	5,01,239
Networth	3,81,006	4,11,089	4,53,519	5,03,638
Long Term Debt	97,834	93,834	89,834	97,765
Def Tax Liability	2,190	2,190	2,190	2,190
Minority Interest	38,842	44,477	51,823	60,017
Account Payables	47,662	78,377	63,505	72,527
Other Curr Liabi	75,495	75,495	75,495	75,495
Total Liabilities & Equity	6,43,028	7,05,452	7,36,356	8,11,622
Net Fixed Assets	1,57,111	1,61,582	1,65,073	1,68,674
Capital WIP	0	0	0	0
Others	1,47,133	1,47,133	1,47,133	1,47,133
Inventory	68,807	77,092	90,363	1,01,855
Account Receivables	78,153	88,317	67,174	76,174
Other Current Assets	51,624	52,490	53,374	54,275
Cash	1,40,200	1,78,837	2,13,238	2,63,510
Total Assets	6,43,028	7,05,452	7,36,356	8,11,622
Non-cash Working Capital	75,427	64,027	71,911	84,283
Cash Conv Cycle	103.9	78.1	74.8	77.8
WC Turnover	3.5	4.7	4.9	4.7
FA Turnover	1.7	1.9	2.1	2.3
Net D/E	-0.1	-0.2	-0.3	-0.3
Revenue/Capital Employed	0.9	0.7	0.8	0.8
Capital Employed/Equity	1.3	1.4	1.4	1.3

Cash Flow (Rs Mn)	FY18A	FY19E	FY20E	FY21E
PBT	44,294	54,985	76,508	89,784
Depreciation	14,998	15,529	16,510	18,399
Others	-6,919	0	0	0
Taxes Paid	11,038	10,088	13,771	16,161
Change in WC	-24,648	11,400	-7,884	-12,371
Operating C/F	16,687	71,825	71,362	79,650
Capex	-52,317	-20,000	-20,000	-22,000
Change in Invest	16,942	0	0	0
Others	0	0	0	0
Investing C/F	-35,375	-20,000	-20,000	-22,000
Change in Debt	16,924	-4,000	-4,000	7,931
Change in Equity	-1,247	0	0	0
Others	-10,506	-9,179	-12,960	-15,309
Financing C/F	5,171	-13,179	-16,960	-7,378
Net change in cash	-13,517	38,646	34,402	50,272
RoE (%)	8 %	10 %	13 %	14 %
RoIC (%)	6 %	8 %	10 %	11 %
Core RoIC (%)	10 %	12 %	17 %	19 %
Div Payout (%)	27 %	23 %	23 %	23 %
P/E	50.6	36.8	26.1	22.1
P/B	3.8	3.5	3.2	2.9
P/FCFF	-97.5	26.4	26.9	24.0
EV/EBITDA	24.4	20.2	14.9	12.4
EV/Sales	5.2	4.5	3.8	3.2
Dividend Yield (%)	0.3 %	0.5 %	0.8 %	0.9 %

TTM P/E vs. 2 yr forward EPS growth

TTM EV/EBITDA vs. 2 yr forward EBITDA growth

TTM P/B vs. 2 yr forward RoE




Historical Consolidated Financials

P&L (Rs Mn)	FY15A	FY16A	FY17A	FY18A	Balance Sheet (Rs Mn)	FY15A	FY16A	FY17A	FY18A	Cash Flow (Rs Mn)	FY15A	FY16A	FY17A	FY18A
Revenue	2,74,334	2,83,116	3,15,577	2,64,895	Equity Capital	2,071	2,407	2,399	2,399	PBT	66,419	74,506	90,479	44,294
Op. Expenditure	1,93,698	1,98,387	2,14,685	2,08,814	Reserve	2,62,999	3,11,642	3,63,997	3,78,606	Depreciation	12,948	10,263	12,648	14,998
EBITDA	80,636	84,728	1,00,893	56,081	Networth	2,65,070	3,14,049	3,66,397	3,81,006	Others	-8,355	-6,852	0	-6,919
Depreciation	12,948	10,263	12,648	14,998	Long Term Debt	77,827	83,381	80,910	97,834	Taxes Paid	17,404	9,349	12,116	11,038
EBIT	67,688	74,465	88,245	41,083	Def Tax Liability	985	616	3,148	2,190	Change in WC	-390	-18,679	36,886	-24,648
Interest Expense	5,790	4,769	3,998	5,176	Minority Interest	28,512	40,853	37,909	38,842	Operating C/F	53,219	49,889	1,27,896	16,687
Other Income	4,521	4,810	6,232	8,387	Account Payables	59,198	48,325	1,12,321	47,662	Capex	-23,158	-41,843	-45,049	-52,317
PBT	66,419	74,506	90,479	44,294	Other Curr Liabi	58,687	54,972	13,418	75,495	Change in Invest	-6,010	-355	-47,277	16,942
Tax	9,147	9,349	12,116	11,038	Total Liabilities & Equity	4,90,279	5,42,195	6,14,102	6,43,028	Others	2,458	0	0	0
PAT bef. MI & Assoc.	57,272	65,157	78,363	33,256	Net Fixed Assets	1,10,201	1,33,606	1,49,403	1,57,111	Investing C/F	-26,710	-42,198	-92,326	-35,375
Minority Interest	9,363	11,126	8,819	4,468	Capital WIP	0	0	0	0	Change in Debt	-5,479	5,554	-2,471	16,924
Profit from Assoc.	-126	-19	99	-254	Others	62,053	70,583	1,34,465	1,47,133	Change in Equity	749	10,265	-1,001	-1,247
Recurring PAT	47,784	54,012	69,644	28,534	Inventory	56,680	64,236	68,328	68,807	Others	-5,030	-7,620	-25,427	-10,506
Extraordinaires	2,378	6,852	0	6,919	Account Receivables	53,123	67,959	72,026	78,153	Financing C/F	-9,760	8,200	-28,898	5,171
Reported PAT	45,406	47,160	69,644	21,614	Other Current Assets	77,067	58,766	36,163	51,624	Net change in cash	16,749	15,890	6,672	-13,517
EPS (Rs)	19.9	22.5	29.0	11.9	Cash	1,31,155	1,47,045	1,53,717	1,40,200	RoE (%)	21 %	19 %	20 %	8 %
DPS (Rs)	2.5	3.0	5.8	2.1	Total Assets	4,90,279	5,42,195	6,14,102	6,43,028	RoIC (%)	17 %	14 %	16 %	6 %
CEPS (Rs)	29.3	25.9	53.3	18.1	Non-cash Working Capital	68,985	87,664	50,778	75,427	Core RoIC (%)	31 %	24 %	26 %	10 %
FCFPS (Rs)	15.2	4.8	25.3	-6.2	Cash Conv Cycle	91.8	113.0	58.7	103.9	Div Payout (%)	0 %	18 %	23 %	27 %
BVPS (Rs)	110.5	130.9	152.7	158.8	WC Turnover	4.0	3.2	6.2	3.5	P/E	30.2	26.7	20.7	50.6
EBITDAM (%)	29 %	30 %	32 %	21 %	FA Turnover	2.5	2.1	2.1	1.7	P/B	5.4	4.6	3.9	3.8
PATM (%)	17 %	19 %	22 %	11 %	Net D/E	-0.2	-0.2	-0.2	-0.1	P/FCFF	39.6	126.1	23.8	-97.5
Tax Rate (%)	14 %	13 %	13 %	25 %	Revenue/Capital Employed	2.2	1.8	1.6	0.9	EV/EBITDA	17.3	16.3	13.3	24.4
Sales growth (%)	71 %	3 %	11 %	-16 %	Capital Employed/Equity	1.1	1.1	1.2	1.3	EV/Sales	5.1	4.9	4.2	5.2
FDEPS growth (%)	-17 %	13 %	29 %	-59 %						Dividend Yield (%)	0.4 %	0.5 %	1.0 %	0.3 %



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