Torrent Pharmaceuticals Ltd.

1QFY18 Results: Estimate (↑), TP (↑), Rating (↑) Regular Coverage

Absolute : Reduce
Relative : Underweight
10% Downside in 14months

Quarter aided by margins; continuity the key - REDUCE

Pharmaceuticals

Rating Information	
Price (Rs)	1,318
Target Price (Rs)	1,182
Target Date	30th Sep'18
Target Set On	31stJul'17
Implied yrs of growth (DCF)	20
Fair Value (DCF)	1,072
Fair Value (DDM)	437
Ind Benchmark	BSETHC
Model Portfolio Position	NA

Stock Information	
Market Cap (RsMn)	2,23,036
Free Float (%)	28.8%
52 Wk H/L (Rs)	1769.5/1141.95
Avg Daily Volume (1yr)	2,76,176
Avg Daily Value (RsMn)	379.9
Equity Cap (RsMn)	846
Face Value (Rs)	5
Bloomberg Code	TRP IN

Ownership	Recent	3M	12M
Promoters	71.3 %	0.0 %	0.0 %
DII	8.7 %	0.8 %	122.5 %
FII	9.2 %	-0.5 %	-62.1 %
Public	10.9 %	-0.3 %	-60.4 %

Price %	1M	3M	12M
Absolute	8.0 %	-7.1 %	-9.6 %
Vs Industry	8.0 %	-1.6 %	3.3 %
IPCALAB	-2.8 %	-20.0 %	-6.2 %
CADILAHC	3.5 %	23.5 %	54.1 %

Consolidated Quarterly EPS forecast

Rs/Share	1Q	2Q	3Q	4Q
EPS (17A)	17.3	12.2	13.5	12.2
EPS (18E)	11.1	11.9	14.2	13.9

Torrent Pharmaceutical Limited's (TRP) 1QFY18 earnings were higher than EE despite an 11% miss in revenues. Lower sales were compensated by a 500bps qoq expansion in gross margins and lower-than-expected operating expenditure. Business is expected to strengthen going forward with (1) normalization of domestic revenues, (2) traction in US sales with market share gains and new launches, and (3) continued growth in Brazil. To factor this in, we upgrade our FY18/FY19 earnings estimates by 6% each. Maintain REDUCE with a Sep'18 TP of Rs 1,182 (Jun'18 TP of Rs 1,059 earlier) derived by assigning 22x P/E.

US business – no high-value launches in foreseeable future: The US business remained flat sequentially with revenues at Rs 2.72bn. TRP has 26 ANDAs awaiting approval, of which the company intends to launch 10 new ANDAs in FY18 and 15 in FY19 (incl. derma products). We believe all these are genericized products and won't contribute meaningfully to revenues.

Derma filings begin; meaningful contribution after FY20: TRP has filed three derma products; all three do not require clinical trials and are already genericized. We expect meaningful filings to begin from FY19E, and secure approvals post FY20. TRP has guided to file another 4-5 products in FY18E vs. its earlier guidance of 5-7.

Domestic impacted by GST; Revenues to normalize from 2Q: Domestic business declined 8% yoy on the account of GST implementation, which resulted in channel inventory days declining to 17 from 40 days. TRP expects a recovery in domestic revenues from next quarter onwards. We see domestic revenues normalizing from 3QFY18, with 2Q to see partial improvement.

Brazil posts tepid growth due to channel filling in 4QFY17: Brazil grew by 8% yoy on the account of inventory filling in 4QFY17. TRP mentioned that as the Brazilian government allows price hikes in April, channels usually fill-up inventory. As the Brazilian government has allowed only 3% price hike in pharmaceutical drugs vs. 12.5% last year, we expect 10% growth in Brazil revenues for FY18 over FY17.

Margins surprise but set to lose steam: TRP reported a 500bps gross margin expansion largely due to a one-off product shortage opportunity in the US. However, we don't expect this momentum to sustain going forward due to continued pricing pressure in the US and no new meaningful launches in this market.

Regulatory update: TRP received EIR for its Indrad facility a week back, while its Dahej Form-483 is still open and the company is in process of responding to the USFDA.

Change in estimates

Rs. Mn	FY18E	Chg (%)	FY19E	Chg (%)
Sales	61,180	-7%	69,983	-6%
EBITDA	13,244	-7%	15,182	-5%
EPS (Rs.)	51	6%	59	6%

Consolidated Financials

Rs. Mn YE Mar	FY17A	FY18E	FY19E	FY20E
Sales	58,510	61,180	69,983	79,475
EBITDA	13,770	13,244	15,182	17,590
Depreciation	3,070	3,470	3,780	4,055
Interest Expense	2,060	2,241	2,241	2,241
Other Income	2,230	3,450	3,499	3,179
Reported PAT	9,330	8,680	10,001	11,433
Recurring PAT	9,330	8,680	10,001	11,433
Total Equity	43,510	49,651	56,728	64,817
Gross Debt	22,410	22,410	22,410	22,410
Cash	16,980	11,629	16,705	21,822
Rs Per Share	FY17A	FY18E	FY19E	FY20E
Earnings	54.9	51.1	58.8	67.3
Book Value	256	292	334	381
Dividends	13.9	12.8	14.7	16.8
FCFF	23.7	9.8	57.5	60.2
P/E (x)	24.0	25.8	22.4	19.6
P/B (x)	5.1	4.5	3.9	3.5
EV/EBITDA (x)	16.9	17.7	15.1	12.8
ROE (%)	24 %	19 %	19 %	19 %
Core ROIC (%)	19 %	13 %	14 %	19 %
EBITDA Margin (%)	24 %	22 %	22 %	22 %
Net Margin (%)	16 %	14 %	14 %	14 %

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Exhibit 1: Quarterly sales breakup

Key Segments	1QFY17	1QFY18
Brazil (RsMn)	1,670	1,810
% of sales	*11.0%*	*13.2%*
Growth yoy (%)		*8%*
US (Rs. Mn)	4,340	2,720
% of sales	*28.5%*	*19.8%*
Growth yoy (%)		*-37%*
Europe + ROW	2,680	3,250
% of sales	*17.6%*	*23.7%*
Growth yoy (%)		*21%*
Exports Total	8,690	7,780
Growth yoy (%)		*-10%*
% of sales	*57.0%*	*56.6%*
Branded Business+Elder	5,040	4,640
% of sales	*33.1%*	*33.8%*
Growth yoy (%)		*-8%*
Contract Manufacturing	1,510	1,320
% of sales	*9.9%*	*9.6%*
Growth yoy (%)		*-13%*
Total		
Growth yoy (%)	15,240	13,740

Source: Company, Equirus

Quarterly Result Table (Consolidated)

	Q1FY18	Q1FY18E	Q4FY17	Q1FY17	% Change			Comments
					Q1FY18E	Q4FY17	Q1FY17	
Net Sales	**13,740**	**15,414**	**14,340**	**15,450**	**-11%**	**-4%**	**-11%**	Largely driven by the domestic business
Cost of Goods Sold	4,010	4,988	4,900	4,370	-20%	-18%	-8%	
Employee Cost	2,630	2,822	2,490	2,520	-7%	6%	4%	
Other Expenditure	3,186	3,641	2,800	3,280	-12%	14%	-3%	
Research & Development Expenditure	944	1,058	1,200	910	-11%	-21%	4%	
Total Expenditures	**10770**	**12509**	**11390**	**11080**	**-14%**	**-5%**	**-3%**	
EBITDA	**2970**	**2905**	**2950**	**4370**	**2%**	**1%**	**-32%**	Owing to Improvement in GM and lower opex
Depreciation	800	890	970	680	-10%	-18%	18%	
EBIT	**2,170**	**2,015**	**1,980**	**3,690**	**8%**	**10%**	**-41%**	
Interest	560	504	580	490	11%	-3%	14%	
Other Income	1,050	400	1,040	260	163%	1%	304%	
PBT	**2,660**	**1,911**	**2,440**	**3,460**	**39%**	**9%**	**-23%**	
Tax	780	401	380	540	94%	105%	44%	
PAT before MI & Associates	**1880**	**1510**	**2060**	**2920**	**25%**	**-9%**	**-36%**	
Recurring PAT	**1,880**	**1,510**	**2,060**	**2,920**	**25%**	**-9%**	**-36%**	
Reported PAT	1,880	1,510	2,060	2,920	25%	-9%	-36%	
EPS (Rs)	11.1	8.9	12.2	17.3	25%	-9%	-36%	
EBITDA Margin	22%	19%	21%	28%	277	104	-667	
EBIT Margin	16%	13%	14%	24%	272	199	-809	
PBT Margin	19%	12%	17%	22%	696	234	-304	
PAT Margin	14%	10%	14%	19%	389	-68	-522	
Tax Rate	29%	21%	16%	16%	832	1,375	1,372	

Company Snapshot

How we differ from Consensus

	-	Equirus	Consensus	% Diff	Comment
EPS	FY18E	51	55	-8%	We are not factoring any high value launches in FY18&19E.
	FY19E	59	70	-16%	
Sales	FY18E	61,180	64,042	-4%	
	FY19E	69,983	73,051	-4%	
PAT	FY18E	8,680	9,275	-6%	
	FY19E	10,001	11,566	-14%	

Our Key Investment arguments:

- Dearth of any meaningful opportunities in the near term.
- Pricing pressure in the base portfolio as well as delay in key launches.
- INR appreciation to pressurize margins further.

Exhibit-2: Revenue break-up

Segments	FY16A	FY17A	FY18E	FY19E	FY20E
Domestic (exc Elder)	18,360	19,700	21,528	24,757	28,471
Growth YoY	14.0%	7.3%	9.3%	15.0%	15.0%
%of sales	27.8%	34.0%	35.7%	36.0%	36.4%
Brazil (RsMn)	5,060	6,990	7,662	8,581	9,611
Growth YoY	-16.5%	38.1%	9.6%	12.0%	12.0%
%of sales	7.7%	12.1%	12.7%	12.5%	12.3%
US (Rs. Mn)	26,709	13,470	11,706	13,423	15,165
Growth YoY	222.3%	-49.6%	-13.1%	14.7%	13.0%
%of sales	40.5%	23.3%	19.4%	19.5%	19.4%
EU + ROW	11,830	12,814	13,983	16,080	18,492
Growth YoY	-9.6%	8.3%	9.1%	15.0%	15.0%
%of sales	17.9%	22.1%	23.2%	23.4%	23.6%
Contract + Other Incomes	4,050	4,940	5,401	5,941	6,535
Growth YoY	42.1%	22.0%	9.3%	10.0%	10.0%
%of sales	6.1%	8.5%	9.0%	8.6%	8.3%
Total	66,009	57,914	60,280	68,783	78,275
Growth (%)	42.3%	-12.3%	4.1%	14.1%	13.8%

Risk to Our View

- Improvement in margins owing to any unexpected fall in INR/USD rate.
- Unexpected launch of any high-value products.

Key Triggers

- INR/USD appreciation.
- Time taken in launching existing products which are approved but not launched.

Sensitivity to Key Variables	% Change	% Impact on EPS
EBITDA Margin	-1 %	-6 %
-	-	-

DCF Valuations & Assumptions

Rf	Beta	Ke	Term. Growth	Debt/IC in Term. Yr
6.9 %	0.8	11.7 %	5.0 %	34.4 %

-	FY18E	FY19E	FY20-22E	FY23-27E	FY28-37E
Sales Growth	5 %	14 %	16 %	14 %	10 %
NOPAT Margin	13 %	13 %	14 %	14 %	14 %
IC Turnover	0.97	1.07	1.07	1.07	1.07
RoIC	13.2 %	14.1 %	21.8 %	22.9 %	22.5 %
Years of strong growth	1	2	5	10	20
Valuation as on date (Rs)	318	375	626	786	942
Valuation as of Sep'18	362	427	712	894	971

Based on DCF, assuming 20 years of growth and ~21.6% average ROIC, we derive current the fair value of Rs 942 and a Sep'18 fair value of Rs 1,072.

Company Description:

Torrent Pharmaceuticals Limited (TPL) is a mid-sized Indian Pharmaceutical company with Global operations. It is one of the leading players in domestic formulations business with strong market presence in CVS& CNS segments. It has presence in Brazil, Mexico, US, Europe, Russia, CIS, Thailand and other developed & emerging markets of the world.
TPLhas a strong chronic disease drug portfolio with prime focus on cardiovascular, neuro-psychiatry and anti-diabetes segments. Over the past 5 years, revenues have grown at healthy 20% growth rate. TPL also caters to CRAMS business with ~10% of its revenues coming from insulin manufacturing business for Novo-Nordisc.

Comparable valuation			Mkt Cap	Price	Target	EPS			P/E			BPS	P/B	RoE			Div Yield	
Company	Reco.	CMP	Rs. Mn.	Target	Date	FY17A	FY18E	FY19E	FY17A	FY18E	FY19E	FY17A	FY18E	FY17A	FY18E	FY19E	FY17A	FY18E
Torrent Pharma	Reduce	1,318	2,23,036	1,182	30th Sep'18	54.9	51.1	58.8	24.0	25.8	22.4	255.9	4.5	24 %	19 %	19 %	1.1 %	1.0 %
IPCA	Short	479	60,386	423	30th Jun'18	15.4	18.2	21.6	31.0	26.2	22.2	194.6	2.3	8 %	9 %	10 %	0.8 %	0.8 %
Cadila Healthcare	ADD	544	5,56,558	480	31st Mar'18	13.7	17.7	23.2	39.7	30.7	23.4	68.0	6.6	23 %	24 %	26 %	0.5 %	0.6 %

Consolidated Quarterly Earnings Forecast and Key Drivers

Rs in Mn	1Q17A	2Q17A	3Q17A	4Q17A	1Q18A	2Q18E	3Q18E	4Q18E	1Q19E	2Q19E	3Q19E	4Q19E	FY17A	FY18E	FY19E	FY20E
Revenue	15,450	14,290	14,430	14,340	13,740	15,133	16,133	16,173	16,111	17,124	18,451	18,297	58,510	61,180	69,983	79,475
Cost of Goods Sold	4,370	4,010	4,640	4,900	4,010	4,895	5,383	5,397	5,218	5,552	5,990	5,939	17,920	19,685	22,698	25,831
Employee Cost	2,520	2,590	2,330	2,490	2,630	2,750	2,750	2,750	2,946	3,080	3,080	3,080	9,930	10,880	12,186	13,648
Other Expenditure	3,280	3,290	3,350	2,800	3,120	3,150	3,200	3,400	3,494	3,528	3,584	3,808	12,720	12,870	14,414	16,144
Research & Development Expenditure	910	1,110	950	1,200	1,010	1,112	1,188	1,190	1,265	1,346	1,452	1,440	4,170	4,500	5,503	6,262
EBITDA	4,370	3,290	3,160	2,950	2,970	3,226	3,613	3,436	3,188	3,618	4,345	4,030	13,770	13,244	15,182	17,590
Depreciation	680	690	730	970	800	890	890	890	945	945	945	945	3,070	3,470	3,780	4,055
EBIT	3,690	2,600	2,430	1,980	2,170	2,336	2,723	2,546	2,243	2,673	3,400	3,085	10,700	9,774	11,402	13,535
Interest	490	510	480	580	560	560	560	560	560	560	560	560	2,060	2,241	2,241	2,241
Other Income	260	430	500	1,040	1,050	700	800	900	806	856	923	915	2,230	3,450	3,499	3,179
PBT	3,460	2,520	2,450	2,440	2,660	2,475	2,962	2,885	2,489	2,969	3,762	3,440	10,870	10,983	12,660	14,473
Tax	540	460	160	380	780	453	542	528	523	624	790	722	1,540	2,303	2,659	3,039
PAT bef. MI & Assoc.	2,920	2,060	2,290	2,060	1,880	2,022	2,420	2,357	1,966	2,346	2,972	2,717	9,330	8,680	10,001	11,433
Minority Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit from Assoc.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recurring PAT	2,920	2,060	2,290	2,060	1,880	2,022	2,420	2,357	1,966	2,346	2,972	2,717	9,330	8,680	10,001	11,433
Extraordinaries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reported PAT	2,920	2,060	2,290	2,060	1,880	2,022	2,420	2,357	1,966	2,346	2,972	2,717	9,330	8,680	10,001	11,433
EPS (Rs)	17.25	12.17	13.53	12.17	11.06	11.90	14.24	13.87	11.57	13.80	17.48	15.98	54.88	51.06	58.83	67.26
Key Drivers																
Domestic formulations Revenues	5,040	4,960	5,030	4,670	4,640	5,383	5,960	5,546	5,336	6,190	6,853	6,377	19,700	21,528	24,757	28,471
Brazil Revenues	1,670	1,570	1,590	2,160	1,810	1,727	1,749	2,376	2,027	1,934	1,959	2,661	6,990	7,662	8,581	9,611
US revenues	4,340	3,220	3,100	2,810	2,720	2,939	2,939	3,108	3,258	3,258	3,453	3,453	13,470	11,706	13,423	15,165
CRAMs revenues	1,110	1,100	1,430	1,180	1,320	1,210	1,573	1,298	1,452	1,331	1,730	1,428	4,820	5,401	5,941	6,535
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sequential Growth (%)																
Revenue	3 %	-8 %	1 %	-1 %	-4 %	10 %	7 %	0 %	0 %	6 %	8 %	-1 %	-	-	-	-
Cost of Goods Sold	6 %	-8 %	16 %	6 %	-18 %	22 %	10 %	0 %	-3 %	6 %	8 %	-1 %	-	-	-	-
EBITDA	-10 %	-25 %	-4 %	-7 %	1 %	9 %	12 %	-5 %	-7 %	13 %	20 %	-7 %	-	-	-	-
EBIT	-13 %	-30 %	-7 %	-19 %	10 %	8 %	17 %	-6 %	-12 %	19 %	27 %	-9 %	-	-	-	-
Recurring PAT	3 %	-29 %	11 %	-10 %	-9 %	8 %	20 %	-3 %	-17 %	19 %	27 %	-9 %	-	-	-	-
EPS	3 %	-29 %	11 %	-10 %	-9 %	8 %	20 %	-3 %	-17 %	19 %	27 %	-9 %	-	-	-	-
Yearly Growth (%)																
Revenue	-21 %	-15 %	-6 %	-5 %	-11 %	6 %	12 %	13 %	17 %	13 %	14 %	13 %	-12 %	5 %	14 %	14 %
EBITDA	-52 %	-54 %	-48 %	-39 %	-32 %	-2 %	14 %	16 %	7 %	12 %	20 %	17 %	-49 %	-4 %	15 %	16 %
EBIT	-57 %	-60 %	-56 %	-53 %	-41 %	-10 %	12 %	29 %	3 %	14 %	25 %	21 %	-57 %	-9 %	17 %	19 %
Recurring PAT	-35 %	-64 %	-53 %	-27 %	-36 %	-2 %	6 %	14 %	5 %	16 %	23 %	15 %	-48 %	-7 %	15 %	14 %
EPS	-35 %	-64 %	-53 %	-27 %	-36 %	-2 %	5 %	14 %	5 %	16 %	23 %	15 %	-48 %	-7 %	15 %	14 %
Margin (%)																
EBITDA	28 %	23 %	22 %	21 %	22 %	21 %	22 %	21 %	20 %	21 %	24 %	22 %	24 %	22 %	22 %	22 %
EBIT	24 %	18 %	17 %	14 %	16 %	15 %	17 %	16 %	14 %	16 %	18 %	17 %	18 %	16 %	16 %	17 %
PBT	22 %	18 %	17 %	17 %	19 %	16 %	18 %	18 %	15 %	17 %	20 %	19 %	19 %	18 %	18 %	18 %
PAT	19 %	14 %	16 %	14 %	14 %	13 %	15 %	15 %	12 %	14 %	16 %	15 %	16 %	14 %	14 %	14 %

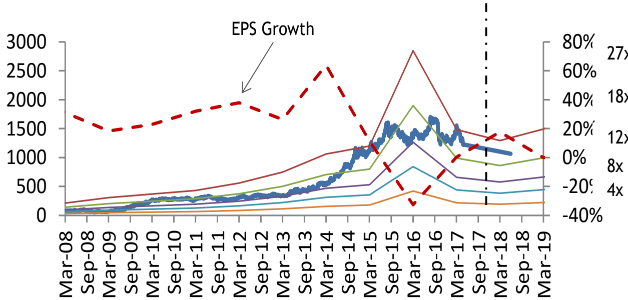
Consolidated Financials

P&L (Rs Mn)	FY17A	FY18E	FY19E	FY20E
Revenue	58,510	61,180	69,983	79,475
Op. Expenditure	44,740	47,936	54,801	61,885
EBITDA	13,770	13,244	15,182	17,590
Depreciation	3,070	3,470	3,780	4,055
EBIT	10,700	9,774	11,402	13,535
Interest Expense	2,060	2,241	2,241	2,241
Other Income	2,230	3,450	3,499	3,179
PBT	10,870	10,983	12,660	14,473
Tax	1,540	2,303	2,659	3,039
PAT bef. MI & Assoc.	9,330	8,680	10,001	11,433
Minority Interest	0	0	0	0
Profit from Assoc.	0	0	0	0
Recurring PAT	9,330	8,680	10,001	11,433
Extraordinaires	0	0	0	0
Reported PAT	9,330	8,680	10,001	11,433
FDEPS (Rs)	54.9	51.1	58.8	67.3
DPS (Rs)	13.9	12.8	14.7	16.8
CEPS (Rs)	72.9	71.5	81.1	91.1
FCFPS (Rs)	23.7	9.8	57.5	60.2
BVPS (Rs)	255.9	292.1	333.7	381.3
EBITDAM (%)	24 %	22 %	22 %	22 %
PATM (%)	16 %	14 %	14 %	14 %
Tax Rate (%)	14 %	21 %	21 %	21 %
Sales Growth (%)	-12 %	5 %	14 %	14 %
FDEPS Growth (%)	-48 %	-7 %	15 %	14 %

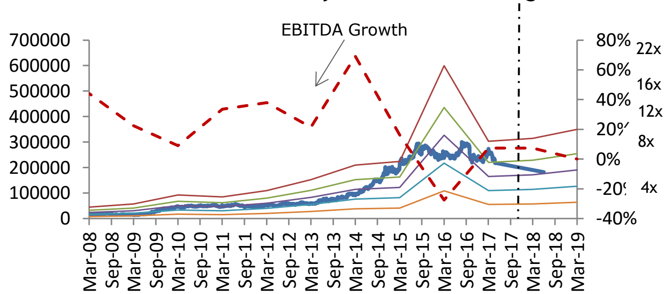
Balance Sheet (Rs Mn)	FY17A	FY18E	FY19E	FY20E
Equity Capital	850	850	850	850
Reserve	42,660	48,801	55,878	63,967
Networth	43,510	49,651	56,728	64,817
Long Term Debt	22,410	22,410	22,410	22,410
Def Tax Liability	3,720	1,020	1,020	1,020
Minority Interest	0	0	0	0
Account Payables	22,980	18,067	20,833	23,708
Other Curr Liabi	8,630	9,868	11,288	12,818
Total Liabilities & Equity	1,01,250	1,01,016	1,12,278	1,24,773
Net Fixed Assets	36,890	48,650	48,869	49,814
Capital WIP	5,190	0	0	0
Others	5,310	-730	-730	-730
Inventory	15,590	16,285	18,628	21,154
Account Receivables	13,440	14,039	16,059	18,237
Other Current Assets	7,850	11,144	12,747	14,476
Cash	16,980	11,629	16,705	21,822
Total Assets	1,01,250	1,01,016	1,12,278	1,24,773
Non-cash Working Capital	5,270	13,532	15,314	17,341
Cash Conv Cycle	32.9	80.7	79.9	79.6
WC Turnover	11.1	4.5	4.6	4.6
FA Turnover	1.4	1.3	1.4	1.6
Net D/E	0.1	0.2	0.1	0.0
Revenue/Capital Employed	0.9	0.9	0.9	0.9
Capital Employed/Equity	1.6	1.5	1.4	1.4

Cash Flow (Rs Mn)	FY17A	FY18E	FY19E	FY20E
PBT	10,870	10,983	12,660	14,473
Depreciation	3,070	3,470	3,780	4,055
Others	863	0	0	0
Taxes Paid	582	2,303	2,659	3,039
Change in WC	-4,094	-8,262	-1,781	-2,028
Operating C/F	10,127	3,888	12,000	13,461
Capex	-6,157	-4,000	-4,000	-5,000
Change in Invest	720	0	0	0
Others	-2,433	0	0	0
Investing C/F	-7,869	-4,000	-4,000	-5,000
Change in Debt	2,020	0	0	0
Change in Equity	0	0	0	0
Others	-4,067	-5,239	-2,925	-3,344
Financing C/F	-2,046	-5,239	-2,925	-3,344
Net change in cash	212	-5,351	5,075	5,117
RoE (%)	24 %	19 %	19 %	19 %
RoIC (%)	17 %	15 %	15 %	16 %
Core RoIC (%)	19 %	13 %	14 %	19 %
Div Payout (%)	30 %	29 %	29 %	29 %
P/E	24.0	25.8	22.4	19.6
P/B	5.1	4.5	3.9	3.5
P/FCFF	55.7	135.1	22.9	21.9
EV/EBITDA	16.9	17.7	15.1	12.8
EV/Sales	4.0	3.8	3.3	2.8
Dividend Yield (%)	1.1 %	1.0 %	1.1 %	1.3 %

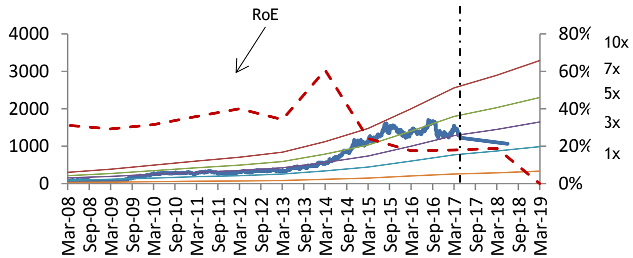
TTM P/E vs. 2 yr forward EPS growth



TTM EV/EBITDA vs. 2 yr forward EBITDA growth



TTM P/B vs. 2 yr forward RoE



Historical Consolidated Financials

P&L (Rs Mn)	FY14A	FY15A	FY16A	FY17A
Revenue	41,847	46,535	66,800	58,510
Op. Expenditure	32,332	36,333	39,570	44,740
EBITDA	9,515	10,202	27,230	13,770
Depreciation	870	1,907	2,440	3,070
EBIT	8,645	8,294	24,790	10,700
Interest Expense	586	1,752	1,860	2,060
Other Income	381	2,856	2,690	2,230
PBT	8,440	9,398	25,620	10,870
Tax	1,801	1,888	7,780	1,540
PAT bef. MI & Assoc.	6,639	7,510	17,840	9,330
Minority Interest	0	0	0	0
Profit from Assoc.	0	0	0	0
Recurring PAT	6,639	7,510	17,840	9,330
Extraordinaires	0	0	0	0
Reported PAT	6,639	7,510	17,840	9,330
EPS (Rs)	39.2	44.4	105.4	54.9
DPS (Rs)	23.0	11.3	0.0	13.9
CEPS (Rs)	44.4	55.6	119.8	72.9
FCFPS (Rs)	17.1	-71.6	120.2	23.7
BVPS (Rs)	112.4	147.1	200.2	255.9
EBITDAM (%)	23 %	22 %	41 %	24 %
PATM (%)	16 %	16 %	27 %	16 %
Tax Rate (%)	21 %	20 %	30 %	14 %
Sales growth (%)	30 %	11 %	44 %	-12 %
FDEPS growth (%)	41 %	13 %	138 %	-48 %

Balance Sheet (Rs Mn)	FY14A	FY15A	FY16A	FY17A
Equity Capital	846	846	846	850
Reserve	18,178	24,059	33,040	42,660
Networth	19,024	24,906	33,886	43,510
Long Term Debt	9,549	25,042	18,670	22,410
Def Tax Liability	2,479	4,038	4,730	3,720
Minority Interest	4	4	0	0
Account Payables	14,291	18,277	22,600	22,980
Other Curr Liabi	5,350	6,842	10,210	8,630
Total Liabilities & Equity	50,698	79,110	90,096	1,01,250
Net Fixed Assets	8,753	28,168	39,190	36,890
Capital WIP	5,341	6,783	0	5,190
Others	1,264	1,503	2,570	5,310
Inventory	10,061	10,672	13,580	15,590
Account Receivables	10,994	15,945	14,450	13,440
Other Current Assets	4,734	7,390	6,270	7,850
Cash	9,551	8,650	14,036	16,980
Total Assets	50,698	79,111	90,096	1,01,250
Non-cash Working Capital	6,148	8,887	1,490	5,270
Cash Conv Cycle	53.6	69.7	8.1	32.9
WC Turnover	6.8	5.2	44.8	11.1
FA Turnover	3.0	1.3	1.7	1.4
Net D/E	0.0	0.7	0.1	0.1
Revenue/Capital Employed	1.6	1.1	1.2	0.9
Capital Employed/Equity	1.5	1.6	1.9	1.9

Cash Flow (Rs Mn)	FY14A	FY15A	FY16A	FY17A
PBT	8,440	9,398	25,620	10,870
Depreciation	870	1,907	2,440	3,070
Others	498	1,472	4,037	863
Taxes Paid	2,617	582	582	582
Change in WC	-1,197	-4,094	-4,094	-4,094
Operating C/F	5,994	8,102	27,421	10,127
Capex	-3,982	-21,964	-7,702	-6,157
Change in Invest	106	160	491	720
Others	318	182	-1,168	-2,433
Investing C/F	-3,558	-21,623	-8,379	-7,869
Change in Debt	4,141	16,062	-3,837	2,020
Change in Equity	0	0	0	0
Others	-3,901	-3,442	-10,831	-4,067
Financing C/F	240	12,620	-14,668	-2,046
Net change in cash	2,676	-901	4,375	212
RoE (%)	40 %	34 %	61 %	24 %
RoIC (%)	27 %	21 %	34 %	17 %
Core RoIC (%)	35 %	19 %	38 %	19 %
Div Payout (%)	12 %	11 %	0 %	30 %
P/E	33.6	29.7	12.5	24.0
P/B	11.7	9.0	6.6	5.1
P/FCFF	77.0	-18.4	11.0	55.7
EV/EBITDA	24.0	24.3	8.7	16.9
EV/Sales	5.4	5.3	3.5	4.0
Dividend Yield (%)	1.7 %	1.7 %	0.0 %	1.1 %

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- LONG : Over the investment horizon, ATR >= Ke for companies with Free Float market cap >Rs 5 billion and ATR >= 20% for rest of the companies
- ADD: ATR >= 5% but less than Ke over investment horizon
- REDUCE: ATR >= negative 10% but <5% over investment horizon
- SHORT: ATR < negative 10% over investment horizon

Relative Rating
- OVERWEIGHT: Likely to outperform the benchmark by at least 5% over investment horizon
- BENCHMARK: likely to perform in line with the benchmark
- UNDERWEIGHT: likely to under-perform the benchmark by at least 5% over investment horizon

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Investment Horizon is set at a minimum 3 months to maximum 18 months with target date falling on last day of a calendar quarter.
Lite vs. Regular Coverage vs. Spot Coverage
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