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Rating Information	
Price (Rs)	1,316
Target Price (Rs)	1,394
Target Date	30th Sep'18
Target Set On	5 <sup>th</sup> Nov'17
Implied yrs of growth (DCF)	20
Fair Value (DCF)	1,268
Fair Value (DDM)	463
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	9.0 %	0.2 %	122.7 %
FII	9.6 %	0.4 %	-61.7 %
Public	10.2 %	-0.6 %	-61.0 %

Price %	1M	3M	12M
Absolute	5.6 %	4.9 %	-0.1 %
Vs Industry	-1.6 %	1.2 %	8.0 %
IPCALAB	6.9 %	12.7 %	-9.6 %
CADILAH	4.8 %	-9.1 %	25.2 %

Consolidated Quarterly EPS forecast				
Rs/Share	1Q	2Q	3Q	4Q
EPS (17A)	17.3	12.2	13.5	12.2
EPS (18E)	11.1	12.0	15.2	14.8

# Torrent Pharmaceuticals Ltd.

2QFY18 Results: Estimate (↑), TP (↑), Rating (↑)

Regular Coverage

Absolute : ADD

Relative : Benchmark

6% ATR in 14months

Expanding domestic footprint with Unichem acquisition - Upgrade to ADD

Pharmaceuticals

Torrent Pharmaceutical Limited's (TRP) 2QFY18 results were slightly below EE owing to a topline miss due to one-offs in Brazil. However, a strong rebound in the domestic market came as a positive surprise. TRP is looking to further strengthen its domestic business by acquiring Unichem's portfolio for Rs 36bn. We think the acquisition is a good strategic fit in the backdrop of a challenging environment in the US, and believe the pay-back period would more than 8 years. On a pro-forma basis we believe acquisition will be earnings dilutive in the 1<sup>st</sup> year. We upgrade TRP to ADD with a Sep'18 TP of Rs 1,394 derived by assigning 25x P/E (vs. 22x earlier) - higher owing to TRP's increasing focus on the domestic business.

**US biz declines marginally qoq:** The US business declined by Rs 170mn sequentially with revenues at Rs 2.55bn. TRP has approvals in place for five ANDAs, viz. *gLuvox Cr* (two generic players), *gTribenzor* (two generic players), *gTwynsta*, *gLamictan Xr* and *gAgrylin*, and expects to launch all of them over the next two quarters. Since most of these are small products, we expect US\$ 3mn per ANDA from these launches. From a long-term perspective, the company remains optimistic on the US market, and stated its goal of clocking US\$ 250mn in revenues, which would mainly be led by new launches. TRP has guided for four derma ANDA filings by fiscal-end, and reiterated its guidance of 10-15 ANDA filings per annum.

**Domestic biz rebounds sharply with 22% growth:** Domestic business grew 22% on a yoy basis and 27% yoy on a like-to-like basis (at gross level) mainly on account of post- GST restocking. TRP remains confident on its domestic biz; to strengthen its footprint, it has entered into a definite agreement with Unichem for acquiring its domestic portfolio for Rs 36bn. The acquisition would be consummated by Dec'17.

**Unichem acquisition a strategic fit:** TRP is strong in cardiology/gastro/CNS therapies with market shares of 5.6%/3.1%/ 6.4%. With the Unichem portfolio acquisition, TRP's share in these therapies is set to increase to 3.2%/8.6%/3.9%/8.4%. The acquisition would also improve TRP's ranking in the cardio (from 16 to 8) and gastro (from 3 to 2) segments. Along with Unichem's portfolio, TRP would be taking over its field force (3,000) and new stockists (2,000).

**Synergies; low-hanging fruits to be plucked first:** TRP stated that it sees synergies in revenues and costs from the acquisition over the coming period. We believe some of these synergies would be in the form of increase in drug prices, field force rationalization and improvement in sales-force productivity (Unichem's Rs. 0.27mn vs. TRP's Rs 0.72mn - sales force productivity). With this, TRP expects the acquisition to be cash-accretive from the first year and EPS accretive by third year.

## Change in estimates

Rs. Mn	FY18E	Chg (%)	FY19E	Chg (%)
Sales	60,336	-1%	69,850	0%
EBITDA	13,708	4%	15,719	3%
EPS (Rs.)	53	3%	61	4%

## Consolidated Financials

Rs. Mn YE Mar	FY17A	FY18E	FY19E	FY20E
Sales	58,510	60,336	69,850	79,351
EBITDA	13,770	13,708	15,719	18,207
Depreciation	3,070	3,420	3,780	4,055
Interest Expense	2,060	2,191	2,241	2,241
Other Income	2,230	3,530	3,492	3,174
Reported PAT	9,330	9,024	10,420	11,917
Recurring PAT	9,330	9,024	10,420	11,917
Total Equity	43,510	49,895	57,268	65,699
Gross Debt	22,410	22,410	22,410	22,410
Cash	16,980	11,602	17,223	22,680
Rs Per Share	FY17A	FY18E	FY19E	FY20E
Earnings	54.9	53.1	61.3	70.1
Book Value	256	294	337	386
Dividends	13.9	13.3	15.3	17.5
FCFF	23.7	9.8	61.4	63.0
P/E (x)	24.0	24.8	21.5	18.8
P/B (x)	5.1	4.5	3.9	3.4
EV/EBITDA (x)	16.8	17.1	14.6	12.3
ROE (%)	24 %	19 %	19 %	19 %
Core ROIC (%)	19 %	14 %	15 %	22 %
EBITDA Margin (%)	24 %	23 %	23 %	23 %
Net Margin (%)	16 %	15 %	15 %	15 %

### Unichem acquisition - Other highlights

**Deal valuations reasonable:** Unichem's domestic portfolio has been valued at 4.2x sales and ~20x EV/EBITDA - which we think is reasonable considering its existing margins of 20-21% which can be easily expanded, and some legacy brands (*Unienzyme*, *Ampoxin* and *Losar*) which offer significant growth potential, as per the company. Even in comparison to previous acquisitions in the domestic space, we think the deal is reasonably valued. We believe the payback period would be more than 8 years.

**Funding via mix of internal accruals and debt:** TRP stated it would be funding the acquisition through internal accruals and debt. The company is looking to borrow 70-75% (Rs 25bn-27bn) of the acquisition cost and fund the rest through internal accruals.

**Threats:** Biggest threat would be government enforcement of 'one company, one brand and one price' policy mentioned in the draft gazette.

### Earnings call takeaways

- In Brazil, TRP made one-time provisions related to inventory fill-ups at the retail level, in anticipation of future charge-backs. The company also gave additional discounts to distributors during the quarter.
- The acquired brands from Sandoz have started ramping up.
- TRP stated that price erosion in the US market has been as severe as 15%; the company has been able to partly offset this through new launches and volume increases.
- R&D spends would be more focused towards US, India, Brazil and Germany. TRP mentioned its focus is to target complex generics for which it has already identified molecules and hired new scientists.
- TRP indicated it won't be required to hive-off any product because of the Unichem acquisition.

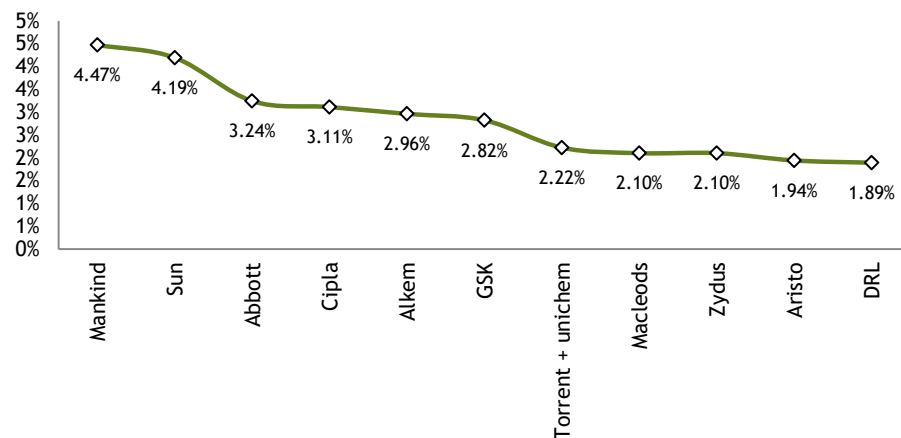
### Exhibit-1: Previous Acquisition in Domestic market

Other domestic acquisitions	EV/Sales	EV/EBITDA
Torrent Pharma - Elder	5.0	14
Piramal - Abbott	8.8	29
<b>Torrent Pharma-Unichem</b>	<b>4.2</b>	<b>20</b>

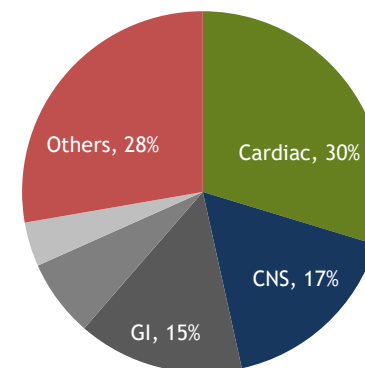
### Exhibit-2: Unichem Top 10 brands and its contribution to Domestic revenues

Brans	MAT sales	Contribution to domestic revenues
Losar Group	2020	20%
Ampoxin Group	870	9%
Unienzyme	600	6%
Telsar Group	580	6%
Vizylac	430	4%
Olsar Group	370	4%
Pregaba Group	330	3%
Trika Group	260	3%
Serta	230	2%
Arkamin Group	220	2%
<b>Total</b>	<b>5910</b>	<b>60%</b>

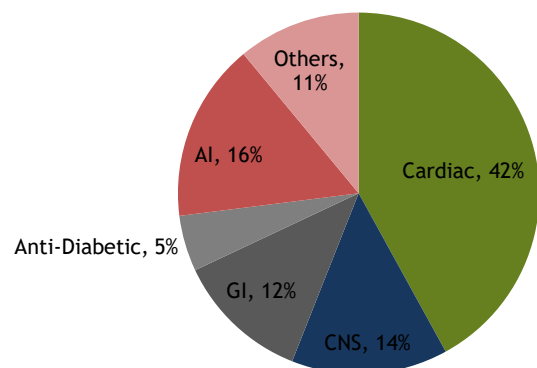
\*Sales as per AIOC

**Exhibit 3: Post-acquisition Torrent will have 7th largest market share from 14 currently**


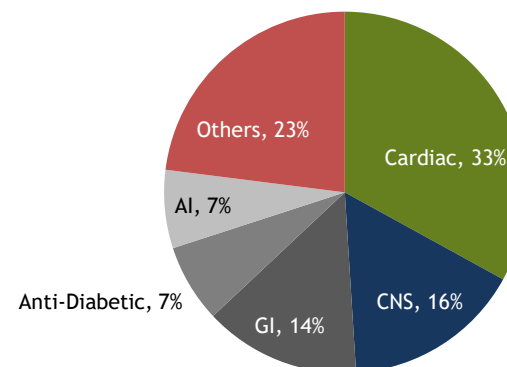
Source: Company, Equirus Securities

**Exhibit 5: TRP: Therapy-wise contribution**


Source: Company, Equirus Securities

**Exhibit 4: Unichem: Therapy-wise contribution**


Source: Company, Equirus Securities

**Exhibit 6: Post acquisition therapy-wise contribution**


Source: Company, Equirus Securities



**Quarterly performance, consolidated**

	Q2FY18	Q2FY18E	Q1FY18	Q2FY17	% Change			Comments
					Q2FY18E	Q1FY18	Q2FY17	
<b>Net Sales</b>	<b>14,290</b>	<b>14,969</b>	<b>13,740</b>	<b>14,290</b>	<b>-5%</b>	<b>4%</b>	<b>0%</b>	
Cost of Goods Sold	4,180	4,841	4,010	4,010	-14%	4%	4%	
Employee Cost	2,830	2,750	2,630	2,590	3%	8%	9%	
Other Expenditure	2,920	3,150	3,120	3,290	-7%	-6%	-11%	
Research & Development Expenditure	1,070	1,100	1,010	1,110	-3%	6%	-4%	
<b>Total Expenditures</b>	<b>11000</b>	<b>11841</b>	<b>10770</b>	<b>11000</b>	<b>-7%</b>	<b>2%</b>	<b>0%</b>	
<b>EBITDA</b>	<b>3290</b>	<b>3128</b>	<b>2970</b>	<b>3290</b>	<b>5%</b>	<b>11%</b>	<b>0%</b>	
Depreciation	840	890	800	690	-6%	5%	22%	
<b>EBIT</b>	<b>2,450</b>	<b>2,238</b>	<b>2,170</b>	<b>2,600</b>	<b>9%</b>	<b>13%</b>	<b>-6%</b>	
Interest	510	560	560	510	-9%	-9%	0%	
Other Income	780	1,000	1,050	430	-22%	-26%	81%	
<b>PBT</b>	<b>2,720</b>	<b>2,678</b>	<b>2,660</b>	<b>2,520</b>	<b>2%</b>	<b>2%</b>	<b>8%</b>	
Tax	680	536	780	460	27%	-13%	48%	
<b>PAT before MI &amp; Associates</b>	<b>2040</b>	<b>2142</b>	<b>1880</b>	<b>2060</b>	<b>-5%</b>	<b>9%</b>	<b>-1%</b>	
<b>Recurring PAT</b>	<b>2,040</b>	<b>2,142</b>	<b>1,880</b>	<b>2,060</b>	<b>-5%</b>	<b>9%</b>	<b>-1%</b>	
Reported PAT	2,040	2,142	1,880	2,060	-5%	9%	-1%	
EPS (Rs)	12.0	12.6	11.1	12.2	-5%	9%	-1%	
EBITDA Margin	23%	21%	22%	23%	213	141	0	
EBIT Margin	17%	15%	16%	18%	219	135	-105	
PBT Margin	19%	18%	19%	18%	115	-33	140	
PAT Margin	14%	14%	14%	14%	-3	59	-14	
Tax Rate	25%	20%	29%	18%	500	-432	675	

## Company Snapshot

### How we differ from Consensus

		Equirus	Consensus	% Diff	Comment
EPS	FY18E	53	54	-1%	We are not factoring any high value launches in FY18&19E.
	FY19E	61	67	-9%	
Sales	FY18E	60,336	62,533	-4%	
	FY19E	69,850	71,555	-2%	
PAT	FY18E	9,024	9,096	-1%	
	FY19E	10,420	11,376	-8%	

### 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-7:Revenue break-up

Segments	FY16A	FY17A	FY18E	FY19E	FY20E
Domestic (exc Elder)	18,360	19,700	22,215	25,404	29,215
Growth YoY	14.0%	7.3%	12.8%	14.4%	15.0%
%of sales	27.8%	34.0%	37.2%	37.0%	37.4%
Brazil (RsMn)	5,060	6,990	7,135	8,147	9,125
Growth YoY	-16.5%	38.1%	2.1%	14.2%	12.0%
%of sales	7.7%	12.1%	11.9%	11.9%	11.7%
US (Rs. Mn)	26,709	13,470	11,317	13,423	15,165
Growth YoY	222.3%	-49.6%	-16.0%	18.6%	13.0%
%of sales	40.5%	23.3%	18.9%	19.6%	19.4%
EU + ROW	11,830	12,814	13,969	16,064	18,473
Growth YoY	-9.6%	8.3%	9.0%	15.0%	15.0%
%of sales	17.9%	22.1%	23.4%	23.4%	23.6%
Contract + Other Incomes	4,050	4,940	5,101	5,611	6,172
Growth YoY	42.1%	22.0%	3.3%	10.0%	10.0%
%of sales	6.1%	8.5%	8.5%	8.2%	7.9%
Total	66,009	57,914	59,736	68,650	78,151
Growth (%)	42.3%	-12.3%	3.1%	14.9%	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 %	-3 %
-	-	-

### 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	3 %	16 %	16 %	14 %	10 %
NOPAT Margin	13 %	14 %	15 %	15 %	15 %
IC Turnover	0.95	1.07	1.50	1.50	1.50
RolC	13.6 %	14.7 %	26.5 %	28.6 %	28.1 %

Years of strong growth	1	2	5	10	20
Valuation as on date (Rs)	347	412	743	947	1,148
Valuation as of Sep'18	384	455	821	1,046	1,268

Based on DCF, assuming 20 years of growth and ~26% average ROIC, we derive current the fair value of Rs 1,148 and a Sep'18 fair value of Rs 1,268.

### 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 Rs. Mn.	Price Target	Target Date	EPS			P/E			BPS	P/B	RoE			Div Yield	
Company	Reco.	CMP				FY17A	FY18E	FY19E	FY17A	FY18E	FY19E	FY17A	FY18E	FY17A	FY18E	FY17A	FY18E	FY19E
Torrent Pharma	ADD	1,316	2,22,689	1,394	30 <sup>th</sup> Sep'18	54.9	53.1	61.3	24.0	24.8	21.5	255.9	4.5	24 %	19 %	19 %	1.1 %	1.0 %
IPCA	Short	527	66,512	444	30th Jun'18	15.4	11.9	22.0	34.2	44.2	23.9	194.6	2.6	8 %	6 %	10 %	0.8 %	0.8 %
Cadila Healthcare	Long	496	5,08,237	530	31st Dec'18	13.7	17.9	25.2	36.2	27.8	19.7	68.0	6.0	23 %	24 %	28 %	0.6 %	0.6 %



## Consolidated Quarterly Earnings Forecast and Key Drivers

Rs in Mn	1Q17A	2Q17A	3Q17A	4Q17A	1Q18A	2Q18A	3Q18E	4Q18E	1Q19E	2Q19E	3Q19E	4Q19E	FY17A	FY18E	FY19E	FY20E
Revenue	15,450	14,290	14,430	14,340	13,740	14,290	16,133	16,173	16,575	16,527	18,451	18,297	58,510	60,336	69,850	79,351
Cost of Goods Sold	4,370	4,010	4,640	4,900	4,010	4,180	5,383	5,397	5,371	5,355	5,990	5,939	17,920	18,970	22,654	25,790
Employee Cost	2,520	2,590	2,330	2,490	2,630	2,830	2,750	2,750	2,946	3,170	3,080	3,080	9,930	10,960	12,275	13,748
Other Expenditure	3,280	3,290	3,350	2,800	3,120	2,920	3,000	3,200	3,494	3,270	3,360	3,584	12,720	12,240	13,709	15,354
Research & Development Expenditure	910	1,110	950	1,200	1,010	1,070	1,188	1,190	1,302	1,298	1,452	1,440	4,170	4,458	5,492	6,252
EBITDA	4,370	3,290	3,160	2,950	2,970	3,290	3,813	3,636	3,462	3,434	4,569	4,254	13,770	13,708	15,719	18,207
Depreciation	680	690	730	970	800	840	890	890	945	945	945	945	3,070	3,420	3,780	4,055
EBIT	3,690	2,600	2,430	1,980	2,170	2,450	2,923	2,746	2,517	2,489	3,624	3,309	10,700	10,288	11,939	14,151
Interest	490	510	480	580	560	510	560	560	560	560	560	560	2,060	2,191	2,241	2,241
Other Income	260	430	500	1,040	1,050	780	800	900	829	826	923	915	2,230	3,530	3,492	3,174
PBT	3,460	2,520	2,450	2,440	2,660	2,720	3,162	3,085	2,786	2,755	3,986	3,664	10,870	11,628	13,190	15,084
Tax	540	460	160	380	780	680	579	565	585	579	837	769	1,540	2,603	2,770	3,168
PAT bef. MI & Assoc.	2,920	2,060	2,290	2,060	1,880	2,040	2,584	2,521	2,201	2,176	3,149	2,894	9,330	9,024	10,420	11,917
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	2,040	2,584	2,521	2,201	2,176	3,149	2,894	9,330	9,024	10,420	11,917
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	2,040	2,584	2,521	2,201	2,176	3,149	2,894	9,330	9,024	10,420	11,917
EPS (Rs)	17.25	12.17	13.53	12.17	11.06	12.00	15.20	14.83	12.95	12.80	18.52	17.03	54.88	53.08	61.30	70.10
<b>Key Drivers</b>																
Domestic formulations Revenues	5,040	4,960	5,030	4,670	4,640	6,070	5,960	5,546	5,800	6,374	6,853	6,377	19,700	22,215	25,404	29,215
Brazil Revenues	1,670	1,570	1,590	2,160	1,810	1,200	1,749	2,376	2,027	1,500	1,959	2,661	6,990	7,135	8,147	9,125
US revenues	4,340	3,220	3,100	2,810	2,720	2,550	2,939	3,108	3,258	3,258	3,453	3,453	13,470	11,317	13,423	15,165
CRAMs revenues	1,110	1,100	1,430	1,180	1,320	910	1,573	1,298	1,452	1,001	1,730	1,428	4,820	5,101	5,611	6,172
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sequential Growth (%)</b>																
Revenue	3 %	-8 %	1 %	-1 %	-4 %	4 %	13 %	0 %	2 %	0 %	12 %	-1 %	-	-	-	-
Cost of Goods Sold	6 %	-8 %	16 %	6 %	-18 %	4 %	29 %	0 %	0 %	0 %	12 %	-1 %	-	-	-	-
EBITDA	-10 %	-25 %	-4 %	-7 %	1 %	11 %	16 %	-5 %	-5 %	-1 %	33 %	-7 %	-	-	-	-
EBIT	-13 %	-30 %	-7 %	-19 %	10 %	13 %	19 %	-6 %	-8 %	-1 %	46 %	-9 %	-	-	-	-
Recurring PAT	3 %	-29 %	11 %	-10 %	-9 %	9 %	27 %	-2 %	-13 %	-1 %	45 %	-8 %	-	-	-	-
EPS	3 %	-29 %	11 %	-10 %	-9 %	9 %	27 %	-2 %	-13 %	-1 %	45 %	-8 %	-	-	-	-
<b>Yearly Growth (%)</b>																
Revenue	-21 %	-15 %	-6 %	-5 %	-11 %	0 %	12 %	13 %	21 %	16 %	14 %	13 %	-12 %	3 %	16 %	14 %
EBITDA	-52 %	-54 %	-48 %	-39 %	-32 %	0 %	21 %	23 %	17 %	4 %	20 %	17 %	-49 %	0 %	15 %	16 %
EBIT	-57 %	-60 %	-56 %	-53 %	-41 %	-6 %	20 %	39 %	16 %	2 %	24 %	21 %	-57 %	-4 %	16 %	19 %
Recurring PAT	-35 %	-64 %	-53 %	-27 %	-36 %	-1 %	13 %	22 %	17 %	7 %	22 %	15 %	-48 %	-3 %	15 %	14 %
EPS	-35 %	-64 %	-53 %	-27 %	-36 %	-1 %	12 %	22 %	17 %	7 %	22 %	15 %	-48 %	-3 %	15 %	14 %
<b>Margin (%)</b>																
EBITDA	28 %	23 %	22 %	21 %	22 %	23 %	24 %	22 %	21 %	21 %	25 %	23 %	24 %	23 %	23 %	23 %
EBIT	24 %	18 %	17 %	14 %	16 %	17 %	18 %	17 %	15 %	15 %	20 %	18 %	18 %	17 %	17 %	18 %
PBT	22 %	18 %	17 %	17 %	19 %	19 %	20 %	19 %	17 %	17 %	22 %	20 %	19 %	19 %	19 %	19 %
PAT	19 %	14 %	16 %	14 %	14 %	14 %	16 %	16 %	13 %	13 %	17 %	16 %	16 %	15 %	15 %	15 %

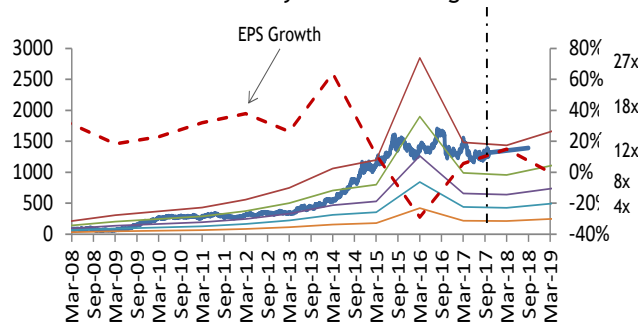
## Consolidated Financials

P&L (Rs Mn)	FY17A	FY18E	FY19E	FY20E
Revenue	58,510	60,336	69,850	79,351
Op. Expenditure	44,740	46,628	54,130	61,144
EBITDA	13,770	13,708	15,719	18,207
Depreciation	3,070	3,420	3,780	4,055
EBIT	10,700	10,288	11,939	14,151
Interest Expense	2,060	2,191	2,241	2,241
Other Income	2,230	3,530	3,492	3,174
PBT	10,870	11,628	13,190	15,084
Tax	1,540	2,603	2,770	3,168
PAT bef. MI & Assoc.	9,330	9,024	10,420	11,917
Minority Interest	0	0	0	0
Profit from Assoc.	0	0	0	0
Recurring PAT	9,330	9,024	10,420	11,917
Extraordinaires	0	0	0	0
Reported PAT	9,330	9,024	10,420	11,917
FDEPS (Rs)	54.9	53.1	61.3	70.1
DPS (Rs)	13.9	13.3	15.3	17.5
CEPS (Rs)	72.9	73.2	83.5	94.0
FCFPS (Rs)	23.7	9.8	61.4	63.0
BVPS (Rs)	255.9	293.5	336.9	386.5
EBITDAM (%)	24 %	23 %	23 %	23 %
PATM (%)	16 %	15 %	15 %	15 %
Tax Rate (%)	14 %	22 %	21 %	21 %
Sales Growth (%)	-12 %	3 %	16 %	14 %
FDEPS Growth (%)	-48 %	-3 %	15 %	14 %

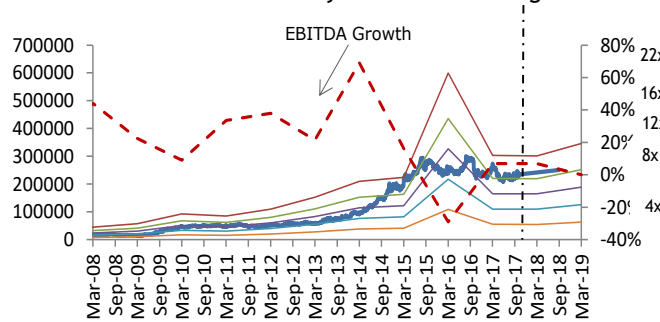
Balance Sheet (Rs Mn)	FY17A	FY18E	FY19E	FY20E
Equity Capital	850	850	850	850
Reserve	42,660	49,045	56,418	64,849
Networth	43,510	49,895	57,268	65,699
Long Term Debt	22,410	22,410	22,410	22,410
Def Tax Liability	3,720	1,020	1,020	1,020
Minority Interest	0	0	0	0
Account Payables	22,980	17,411	20,792	23,670
Other Curr Liabi	8,630	9,732	11,266	12,798
Total Liabilities & Equity	1,01,250	1,00,468	1,12,756	1,25,598
Net Fixed Assets	36,890	48,700	48,920	49,864
Capital WIP	5,190	0	0	0
Others	5,310	-730	-730	-730
Inventory	15,590	16,060	18,592	21,121
Account Receivables	13,440	13,845	16,028	18,208
Other Current Assets	7,850	10,990	12,723	14,453
Cash	16,980	11,602	17,223	22,680
Total Assets	1,01,250	1,00,468	1,12,756	1,25,598
Non-cash Working Capital	5,270	13,753	15,285	17,315
Cash Conv Cycle	32.9	83.2	79.9	79.6
WC Turnover	11.1	4.4	4.6	4.6
FA Turnover	1.4	1.2	1.4	1.6
Net D/E	0.1	0.2	0.1	0.0
Revenue/Capital Employed	0.9	0.8	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	11,628	13,190	15,084
Depreciation	3,070	3,420	3,780	4,055
Others	863	0	0	0
Taxes Paid	582	2,603	2,770	3,168
Change in WC	-4,094	-8,483	-1,532	-2,030
Operating C/F	10,127	3,962	12,669	13,942
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	-5,339	-3,048	-3,485
Financing C/F	-2,046	-5,339	-3,048	-3,485
Net change in cash	212	-5,378	5,621	5,457
RoE (%)	24 %	19 %	19 %	19 %
RoIC (%)	17 %	15 %	16 %	16 %
Core RoIC (%)	19 %	14 %	15 %	22 %
Div Payout (%)	30 %	29 %	29 %	29 %
P/E	24.0	24.8	21.5	18.8
P/B	5.1	4.5	3.9	3.4
P/FCFF	55.6	134.6	21.4	20.9
EV/EBITDA	16.8	17.1	14.6	12.3
EV/Sales	4.0	3.9	3.3	2.8
Dividend Yield (%)	1.1 %	1.0 %	1.2 %	1.3 %

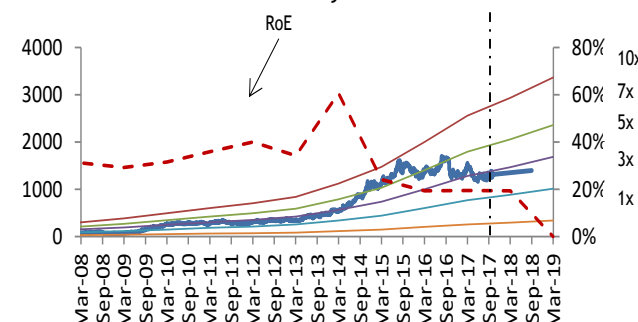
TTM P/E vs. 2 yr forward EPS growth



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	Balance Sheet (Rs Mn)	FY14A	FY15A	FY16A	FY17A	Cash Flow (Rs Mn)	FY14A	FY15A	FY16A	FY17A
Revenue	41,847	46,535	66,800	58,510	Equity Capital	846	846	846	850	PBT	8,440	9,398	25,620	10,870
Op. Expenditure	32,332	36,333	39,570	44,740	Reserve	18,178	24,059	33,040	42,660	Depreciation	870	1,907	2,440	3,070
EBITDA	9,515	10,202	27,230	13,770	Networth	19,024	24,906	33,886	43,510	Others	498	1,472	4,037	863
Depreciation	870	1,907	2,440	3,070	Long Term Debt	9,549	25,042	18,670	22,410	Taxes Paid	2,617	582	582	582
EBIT	8,645	8,294	24,790	10,700	Def Tax Liability	2,479	4,038	4,730	3,720	Change in WC	-1,197	-4,094	-4,094	-4,094
Interest Expense	586	1,752	1,860	2,060	Minority Interest	4	4	0	0	Operating C/F	5,994	8,102	27,421	10,127
Other Income	381	2,856	2,690	2,230	Account Payables	14,291	18,277	22,600	22,980	Capex	-3,982	-21,964	-7,702	-6,157
PBT	8,440	9,398	25,620	10,870	Other Curr Liabi	5,350	6,842	10,210	8,630	Change in Invest	106	160	491	720
Tax	1,801	1,888	7,780	1,540	Total Liabilities & Equity	50,698	79,110	90,096	1,01,250	Others	318	182	-1,168	-2,433
PAT bef. MI & Assoc.	6,639	7,510	17,840	9,330	Net Fixed Assets	8,753	28,168	39,190	36,890	Investing C/F	-3,558	-21,623	-8,379	-7,869
Minority Interest	0	0	0	0	Capital WIP	5,341	6,783	0	5,190	Change in Debt	4,141	16,062	-3,837	2,020
Profit from Assoc.	0	0	0	0	Others	1,264	1,503	2,570	5,310	Change in Equity	0	0	0	0
Recurring PAT	6,639	7,510	17,840	9,330	Inventory	10,061	10,672	13,580	15,590	Others	-3,901	-3,442	-10,831	-4,067
Extraordinaires	0	0	0	0	Account Receivables	10,994	15,945	14,450	13,440	Financing C/F	240	12,620	-14,668	-2,046
Reported PAT	6,639	7,510	17,840	9,330	Other Current Assets	4,734	7,390	6,270	7,850	Net change in cash	2,676	-901	4,375	212
EPS (Rs)	39.2	44.4	105.4	54.9	Cash	9,551	8,650	14,036	16,980	RoE (%)	40 %	34 %	61 %	24 %
DPS (Rs)	23.0	11.3	0.0	13.9	Total Assets	50,698	79,111	90,096	1,01,250	RoIC (%)	27 %	21 %	34 %	17 %
CEPS (Rs)	44.4	55.6	119.8	72.9	Non-cash Working Capital	6,148	8,887	1,490	5,270	Core RoIC (%)	35 %	19 %	38 %	19 %
FCFPS (Rs)	17.1	-71.6	120.2	23.7	Cash Conv Cycle	53.6	69.7	8.1	32.9	Div Payout (%)	12 %	11 %	0 %	30 %
BVPS (Rs)	112.4	147.1	200.2	255.9	WC Turnover	6.8	5.2	44.8	11.1	P/E	33.5	29.7	12.5	24.0
EBITDAM (%)	23 %	22 %	41 %	24 %	FA Turnover	3.0	1.3	1.7	1.4	P/B	11.7	8.9	6.6	5.1
PATM (%)	16 %	16 %	27 %	16 %	Net D/E	0.0	0.7	0.1	0.1	P/FCFF	76.9	-18.4	11.0	55.6
Tax Rate (%)	21 %	20 %	30 %	14 %	Revenue/Capital Employed	1.6	1.1	1.2	0.9	EV/EBITDA	23.9	24.2	8.7	16.8
Sales growth (%)	30 %	11 %	44 %	-12 %	Capital Employed/Equity	1.5	1.6	1.9	1.9	EV/Sales	5.4	5.3	3.5	4.0
FDEPS growth (%)	41 %	13 %	138 %	-48 %						Dividend Yield (%)	1.7 %	1.7 %	0.0 %	1.1 %



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