

# Laurus Labs

**BUY**

## Small hiccup, story is intact

We maintain a BUY on Laurus despite poor operational performance in 1QFY20. After adjusting for lack of scale up in ARV APIs and buoyancy in formulation segment, we have cut our FY20/21E numbers by 5-8% to arrive at a TP of Rs 470/sh (18x FY21E EPS).

### HIGHLIGHTS OF THE QUARTER

- Sequential decline in revenues (13%) and EBITDA (26%) was driven by postponement of Rs 350-400mn ARV API orders and higher overhead cost of inventory unsold.
- On a positive side, formulation revenues were 3x higher than our estimates, aided by pick up in TLD orders for Global Fund. For the full year, the management is confident of achieving more than Rs 4.2bn formulations revenues v/s our earlier estimates of Rs 2.8bn. gLyrica launch in the US, TLD ramp up in tender markets and commitment from EU partners enthuse us to upgrade our formulation estimates to Rs 3.9bn for FY20. It will remain the key driver for both growth and profitability.
- API revenues declined 20/25% YoY/QoQ to Rs 3.7bn, affected by lower offtake in ARVs, Hep-C, and oncology. Although we are confident of Laurus to recoup revenues in ARV and oncology in coming

### Financial Summary (Consolidated)

Year Ending March (Rs mn)	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)	FY18	FY19	FY20E	FY21E
Net Sales	5,506	5,390	2.1	6,352	(13.3)	20,690	22,919	25,691	29,239
EBITDA	833	806	3.4	1,120	(25.7)	4,133	3,560	4,701	6,389
APAT	151	166	(8.8)	432	(65.0)	1,676	1,138	1,596	2,767
Diluted EPS (Rs)	1.4	1.6	(8.8)	4.1	(65.0)	15.8	10.7	15.0	26.0
P/E (x)						20.1	29.7	21.1	12.2
EV/EBITDA (x)						10.5	12.4	9.4	6.6
RoE (%)						11.9	6.2	9.6	15.1

Source: Company, HDFC sec Inst Research

quarters, the Hep-C ramp up remains elusive. Model 6% API revenue decline for FY20.

- Synthesis segment is generally 2H heavy due to execution timelines; it reported 9% YoY jump in 1Q.
- EBITDA at Rs 833mn, down 26% QoQ and up 3% YoY, slumped on account of higher overhead cost with delayed orders (postponed to 2QFY20). Margin stood at 15.1%, down 251bps QoQ, and up 18bps YoY. Benefitted from lowered tax rate, PAT came in at Rs 151mn, down 9% YoY/65% QoQ.
- Near term outlook:** Additional launches in the US, TLE approval, and TEE filings are the key triggers.

### STANCE

Laurus is sitting on ~40% underutilized gross block (~Rs 0.9bn) spread across formulations, CRAMS and API segments. With a sharp jump witnessed in formulations and higher visibility of CRAMS orders for FY20, we are confident that the operating/ financial leverage story will unfold from FY20. Assuming formulations revenues/ EBITDA at US\$ 85/ 25mn in FY21E, earnings are likely to grow 2.5x over FY19-21E. With all four ARV formulation approvals (TLD, TLE 400, TLE 600, TEE) in place by 1HFY21, addressing >US\$ 1.2bn opportunity, the estimates could be breached easily. Maintain BUY.

INDUSTRY	PHARMA
<b>CMP (as on 05 Aug 2019)</b>	<b>Rs 320</b>
<b>Target Price</b>	<b>Rs 470</b>
Nifty	10,863
Sensex	36,700

### KEY STOCK DATA

Bloomberg	LAURUS IN
No. of Shares (mn)	106
MCap (Rs bn) / (\$ mn)	34/483
6m avg traded value (Rs mn)	64

### STOCK PERFORMANCE (%)

52 Week high / low	Rs 469/316		
	3M	6M	12M
Absolute (%)	(19.9)	(8.7)	(31.9)
Relative (%)	(14.1)	(8.9)	(29.7)

### SHAREHOLDING PATTERN (%)

	Mar-19	Jun-19
Promoters	32.77	32.82
FIs & Local MFs	31.86	32.21
FPIs	12.77	12.35
Public & Others	22.60	22.62
Pledged Shares*	9.90	10.33

Source : BSE; \*% of total

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*All key segments reported significant de-growth in revenue QoQ, except for the formulations business*

*Gross margin expanded 489/396bps YoY/QoQ to 50.1% aided by the ramp up in formulations and easing of RM of prices for APIs*

*R&D spend for the quarter was at Rs 418mn for the quarter (7.6% of sales)*

*Capex will be at Rs 1.5-2.0bn over the next two years*

### Quarterly Financial Snapshot (Consolidated)

Particulars (Rs mn)	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)
<b>Net Sales</b>	<b>5,506</b>	<b>5,390</b>	<b>2.1</b>	<b>6,352</b>	<b>(13.3)</b>
Material Expenses	2,746	2,951	(7.0)	3,419	(19.7)
Employee Expenses	803	728	10.3	740	8.5
Other Expenses	1,124	905	24.2	1,072	4.8
<b>EBITDA</b>	<b>833</b>	<b>806</b>	<b>3.4</b>	<b>1,120</b>	<b>(25.7)</b>
Depreciation	458	382		435	
<b>EBIT</b>	<b>374</b>	<b>424</b>	<b>(11.7)</b>	<b>685</b>	<b>(45.4)</b>
Other Income	45	26		16	
Interest Cost	225	223		176	
EO Items	-	-		-	
<b>PBT</b>	<b>194</b>	<b>226</b>	<b>(14.3)</b>	<b>526</b>	<b>(63.1)</b>
Tax	43	61		94	
<b>APAT</b>	<b>151</b>	<b>166</b>	<b>(8.8)</b>	<b>432</b>	<b>(65.0)</b>

Source: Company, HDFC sec Inst Research

### Margin Analysis

	1QFY20	1QFY19	YoY (bps)	4QFY19	QoQ (bps)
Material Expenses % Net Sales	49.9	54.8	(489)	53.8	(396)
Employee Expenses % Net Sales	14.6	13.5	108	11.7	294
Other Expenses % Net Sales	20.4	16.8	363	16.9	353
<b>EBITDA Margin (%)</b>	<b>15.1</b>	<b>14.9</b>	<b>18</b>	<b>17.6</b>	<b>(251)</b>
Tax Rate (%)	22.1	26.8	(467)	17.9	428
<b>APAT Margin (%)</b>	<b>2.7</b>	<b>3.1</b>	<b>(33)</b>	<b>6.8</b>	<b>(406)</b>

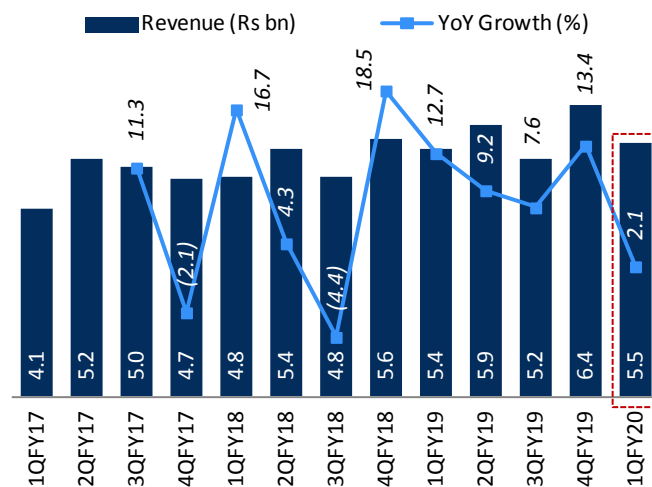
Source: Company, HDFC sec Inst Research

**ARV API revenue declined due to postponement of orders of Rs 0.7-1.0bn, to be reported in 2QFY20**

**Formulations saw a significant ramp up in revenue, with ~75% (Rs 0.8bn) coming in from ARV formulation sales in LMICs (Africa)**

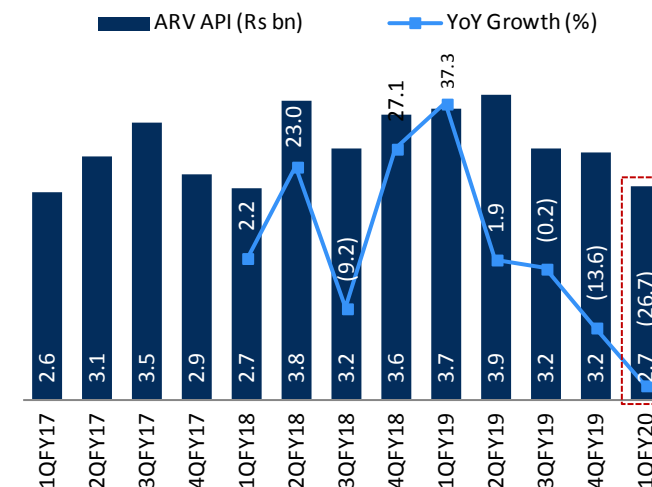
**The business mix has improved significantly, with the high-margin segments of formulations, synthesis, Onco API and Hep C API contributing ~40% to total sales in 1QFY20**

**Revenue: Muted Growth Due To Fall In API Sales**



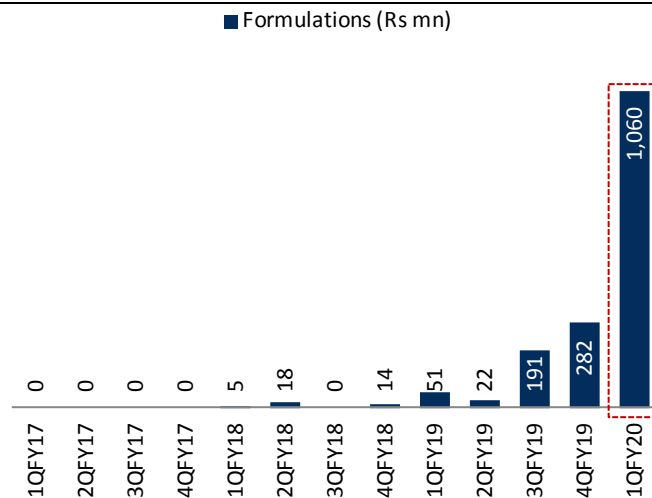
Source: Company, HDFC sec Inst Research

**ARV API: Impacted By Postponement Of Orders**



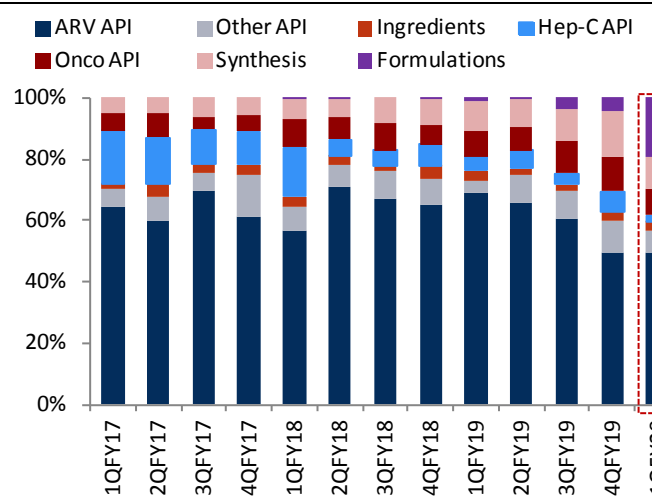
Source: Company, HDFC sec Inst Research

**Formulations: LMIC Tenders Boosted Revenues**



Source: Company, HDFC sec Inst Research

**Business Mix: High-Margin Segments At 40% Of Rev**



Source: Company, HDFC sec Inst Research

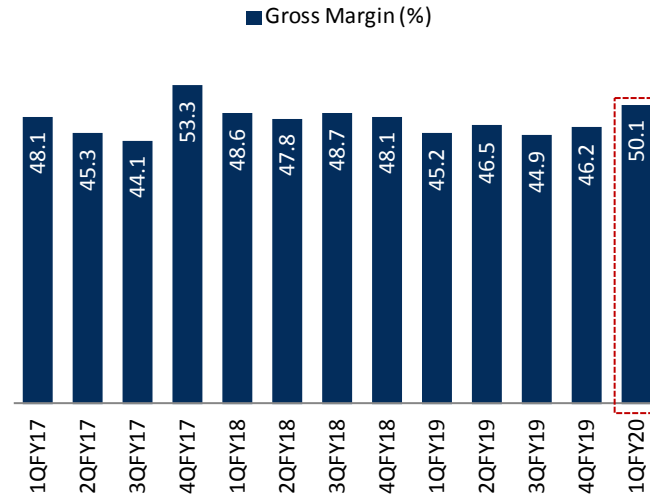
**Gross margin expansion was aided by improved mix (higher formulations sales) and backward integration completed for all ARV API intermediates**

**EBITDA margin will recover in 2Q owing to higher orders in ARV API (which were postponed from 1QFY20)**

**Laurus filed 1 ANDA and 3 DMFs with the USFDA during the quarter**

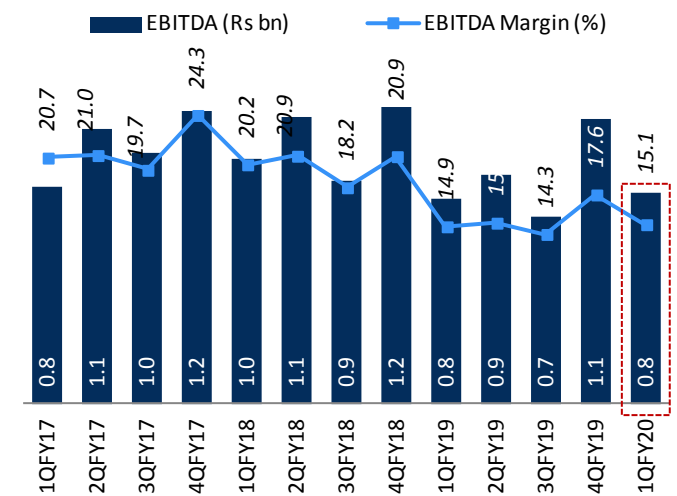
**PAT was down 65% QoQ owing to poor operating performance**

**Gross Margin: Recovery Led By Improved Mix**



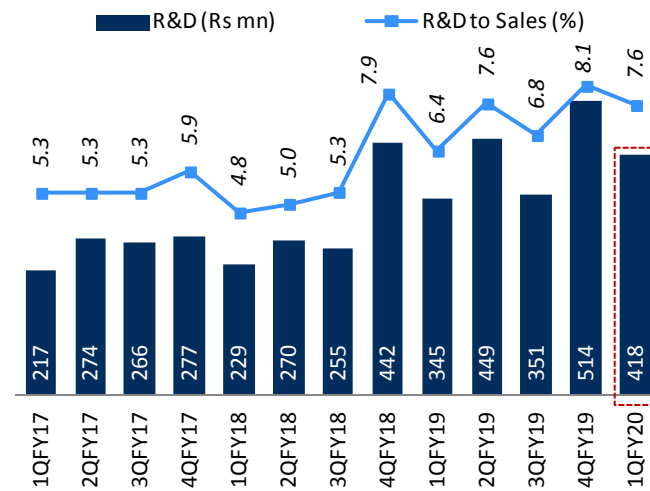
Source: Company, HDFC sec Inst Research

**EBITDA Margin: Dragged Due To Delay In Orders**



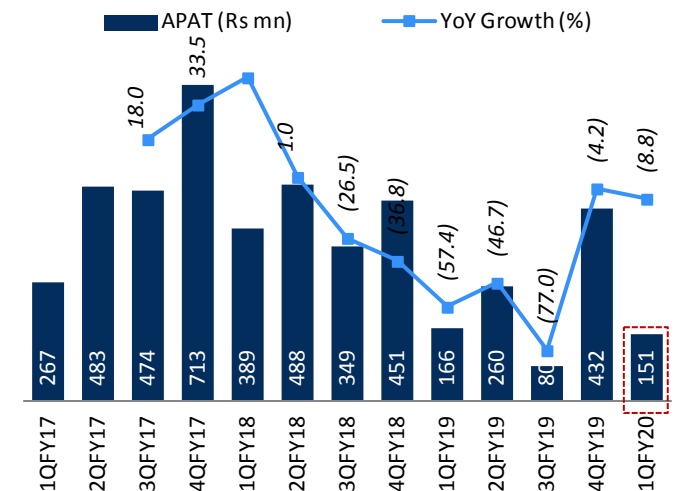
Source: Company, HDFC sec Inst Research

**R&D: Steady Spend On The Back Of Product Filings**



Source: Company, HDFC sec Inst Research

**PAT: Impacted By Higher Overheads**



Source: Company, HDFC sec Inst Research

*The mgmt is confident in achieving Rs 4bn+ formulations sales in FY20E owing to steady LMIC tender orders for ARV formulations, and a ramp up in US and EU*

*Contrary to mgmt's guidance, we expect a further decline in ARV API sales over FY20 owing to captive consumption and price erosion*

*The revival in Hep-C sales has no visibility as of now*

*Laurus faced a temporary issue in 1QFY20 with sourcing of an intermediate for Onco API Gemcitabine. This has been overcome by backward integration*

*Other API is driven by CMO orders, has a strong orderbook*

*Synthesis is 2H-heavy due to customer order timelines*

*Laurus is adding customers and products for the Ingredients biz*

### Segmental Quarterly Performance

(Rs mn)	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)
ARV API	2,718	3,710	(26.7)	3,153	(13.8)
Hep-C API	112	241	(53.5)	415	(73.0)
Oncology API	450	440	2.3	708	(36.4)
Other API	417	217	92.2	651	(35.9)
<b>Total API</b>	<b>3,697</b>	<b>4,608</b>	<b>(19.8)</b>	<b>4,927</b>	<b>(25.0)</b>
Formulations	1,060	51	1,978.4	142	646.5
Synthesis	590	541	9.1	940	(37.2)
Ingredients	159	190	(16.3)	203	(21.7)
<b>Total</b>	<b>5,506</b>	<b>5,390</b>	<b>2.2</b>	<b>6,212</b>	<b>(11.4)</b>

Source: HDFC sec Inst Research

### Assumptions

Key segments (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
ARV API	12,212	13,358	13,947	12,673	12,637
Growth (%)	(3.2)	9.4	4.4	(9.1)	(0.3)
Hep-C API	2,509	1,669	1,197	778	739
Growth (%)	27.3	(33.5)	(28.3)	(35.0)	(5.0)
Oncology API	1,073	1,623	2,182	2,487	2,836
Growth (%)	(24.1)	51.3	34.4	14.0	14.0
Other API	1,498	1,724	1,890	2,174	2,500
Growth (%)	191.8	15.1	9.6	15.0	15.0
Total API	17,292	18,374	19,216	18,112	18,711
Growth (%)	4.7	6.3	4.6	(5.7)	3.3
Formulations	-	18	545	3,850	6,120
Growth (%)			2,927.8	606.4	59.0
Synthesis	1,015	1,535	2,552	3,062	3,675
Growth (%)	21.5	51.2	66.3	20.0	20.0
Ingredients	612	607	606	667	733
Growth (%)	31.6	(0.8)	(0.2)	10.0	10.0
<b>Total</b>	<b>18,919</b>	<b>20,534</b>	<b>22,919</b>	<b>25,691</b>	<b>29,239</b>
<b>Growth (%)</b>	<b>6.2</b>	<b>8.5</b>	<b>11.6</b>	<b>12.1</b>	<b>13.8</b>

Source: HDFC sec Inst Research

**Peer Set Comparison**

	Mcap (Rs bn)	CMP (Rs/sh)	Reco	TP/FV	Adj EPS (Rs/sh)				P/E (x)				RoE (%)			
					FY18	FY19	FY20E	FY21E	FY18	FY19	FY20E	FY21E	FY18	FY19	FY20E	FY21E
Sun Pharma	1,000	417	BUY	540	12.7	14.9	18.1	24.7	32.8	28.0	23.0	16.9	8.2	9.0	10.1	12.5
Divi's Labs	419	1,577	SELL	1,445	32.4	48.8	56.7	65.6	48.7	32.3	27.8	24.0	15.2	20.1	20.4	20.8
Cipla	418	519	BUY	625	18.5	19.0	20.7	28.4	28.0	27.3	25.0	18.3	11.2	10.5	10.6	12.9
Dr Reddy's Labs	417	2,513	BUY	3,360	59.2	104.9	128.4	148.8	42.5	24.0	19.6	16.9	7.8	13.1	14.3	14.5
Lupin	343	757	BUY	910	38.1	16.4	41.2	41.3	19.8	46.1	18.4	18.3	12.8	5.4	12.8	11.7
Aurobindo Pharma	322	549	BUY	790	41.7	42.9	48.8	52.8	13.2	12.8	11.2	10.4	23.2	19.7	18.8	17.1
Torrent Pharma	281	1,659	NEU	1,615	37.0	40.1	52.5	67.3	44.8	41.4	31.6	24.7	14.0	14.5	17.6	19.5
Cadila Healthcare	229	224	BUY	280	13.0	11.6	11.7	15.4	17.2	19.3	19.1	14.5	17.0	12.4	10.9	13.0
Alkem Laboratories	200	1,670	BUY	2,225	57.0	63.6	77.4	99.0	29.3	26.3	21.6	16.9	14.6	14.8	16.0	18.0
Abbott India	178	8,375	NR	8,990	188.8	211.9	248.6	299.6	44.4	39.5	33.7	28.0	26.1	24.3	24.1	24.5
Glenmark	116	412	BUY	565	17.5	27.4	29.6	35.4	23.6	15.1	13.9	11.6	9.4	13.3	13.1	13.9
Alembic Pharma	99	524	NEU	570	21.9	25.8	25.1	31.6	23.9	20.3	20.8	16.6	20.0	19.7	16.4	18.1
Jubilant Life Sciences	66	417	BUY	845	45.5	53.8	54.1	67.2	9.2	7.7	7.7	6.2	19.3	19.3	16.6	17.7
Strides Pharma	36	400	BUY	650	13.2	6.9	30.4	41.5	30.4	58.2	13.2	9.6	2.9	2.3	9.9	12.3
<b>Laurus Labs</b>	<b>34</b>	<b>320</b>	<b>BUY</b>	<b>470</b>	<b>15.8</b>	<b>10.7</b>	<b>15.0</b>	<b>26.0</b>	<b>20.1</b>	<b>29.7</b>	<b>21.1</b>	<b>12.2</b>	<b>11.9</b>	<b>6.2</b>	<b>9.6</b>	<b>15.1</b>
Dishman Carbogen Amcis	31	195	BUY	375	13.2	16.7	19.6	24.9	14.7	11.7	10.0	7.8	14.6	15.4	15.1	16.4
J B Chemicals & Pharmaceuticals	29	365	NR	485	16.6	24.1	28.8	34.6	22.0	15.1	12.7	10.5	9.9	13.3	14.7	15.6
Suven Life Sciences	29	224	NR	455	9.7	6.8	9.1	10.7	23.1	32.8	24.7	20.9	17.2	10.9	13.2	13.9
Granules India	23	90	BUY	170	5.2	9.3	11.4	13.9	17.3	9.7	7.9	6.5	12.0	16.7	17.5	18.5
Solara Active Pharma Science	7	284	NR	650	2.4	26.0	26.9	43.1	117.4	10.9	10.6	6.6	2.9	13.4	10.9	12.6
Neuland Labs	6	466	BUY	920	10.8	12.8	32.1	65.8	43.1	36.4	14.5	7.1	2.2	2.6	5.7	10.9

Source: HDFC sec Inst Research

**Change In Estimates (Consolidated)**

Rs mn	Previous			New			% Chg		
	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
Net Sales	22,919	26,277	29,580	22,919	25,691	29,239	0.0	(2.2)	(1.2)
EBITDA	3,560	4,953	6,759	3,560	4,701	6,389	0.0	(5.1)	(5.5)
APAT	1,138	1,703	3,041	1,138	1,596	2,767	0.0	(6.3)	(9.0)

Source: HDFC sec Inst Research

**Income Statement (Consolidated)**

Year ending March (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
<b>Net Revenues</b>	<b>19,315</b>	<b>20,690</b>	<b>22,919</b>	<b>25,691</b>	<b>29,239</b>
<b>Growth (%)</b>	<b>6.7</b>	<b>7.1</b>	<b>10.8</b>	<b>12.1</b>	<b>13.8</b>
Material Expenses	9,968	10,637	12,356	13,359	14,912
Employee Expenses	2,462	2,580	2,892	3,288	3,655
Selling and Administration Expenses	695	1,084	1,444	1,541	1,447
Other Operating Expenses	2,114	2,255	2,667	2,800	2,836
<b>EBITDA</b>	<b>4,076</b>	<b>4,133</b>	<b>3,560</b>	<b>4,701</b>	<b>6,389</b>
<b>EBITDA Margin (%)</b>	<b>21.1</b>	<b>20.0</b>	<b>15.5</b>	<b>18.3</b>	<b>21.9</b>
<b>EBITDA Growth (%)</b>	<b>12.5</b>	<b>1.4</b>	<b>-13.9</b>	<b>32.1</b>	<b>35.9</b>
Depreciation	1,060	1,255	1,642	1,883	2,046
<b>EBIT</b>	<b>3,017</b>	<b>2,879</b>	<b>1,918</b>	<b>2,818</b>	<b>4,343</b>
Other Income (Including EO Items)	334	292	162	205	250
Interest	999	796	882	932	854
<b>PBT</b>	<b>2,352</b>	<b>2,374</b>	<b>1,198</b>	<b>2,091</b>	<b>3,739</b>
Tax (Incl Deferred)	439	698	260	495	972
<b>RPAT</b>	<b>1,913</b>	<b>1,676</b>	<b>938</b>	<b>1,596</b>	<b>2,767</b>
Share of profit / (loss) from associate	(11)	-	-	-	-
<b>RPAT after share of profit/(loss) from associate</b>	<b>1,903</b>	<b>1,676</b>	<b>938</b>	<b>1,596</b>	<b>2,767</b>
EO (Loss) / Profit (Net Of Tax)			200		
<b>APAT</b>	<b>1,913</b>	<b>1,676</b>	<b>1,138</b>	<b>1,596</b>	<b>2,767</b>
<b>APAT Growth (%)</b>	<b>42.6</b>	<b>-12.4</b>	<b>-32.1</b>	<b>40.3</b>	<b>73.4</b>
<b>Adjusted EPS (Rs)</b>	<b>18.1</b>	<b>15.8</b>	<b>10.7</b>	<b>15.0</b>	<b>26.0</b>

Source: Company, HDFC sec Inst Research

**Balance Sheet (Consolidated)**

As at March (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
<b>SOURCES OF FUNDS</b>					
Share Capital - Equity	1,058	1,060	1,064	1,064	1,064
Reserves	12,247	13,766	14,520	15,992	18,593
<b>Total Shareholders Funds</b>	<b>13,304</b>	<b>14,826</b>	<b>15,584</b>	<b>17,056</b>	<b>19,657</b>
Long Term Debt	1,246	1,417	2,587	2,587	1,837
Short Term Debt	7,848	8,382	7,772	7,772	6,772
<b>Total Debt</b>	<b>9,094</b>	<b>9,799</b>	<b>10,359</b>	<b>10,359</b>	<b>8,609</b>
Net Deferred Taxes	(699)	(529)	(534)	(534)	(534)
Long Term Provisions & Others	722	855	902	1,022	1,159
<b>TOTAL SOURCES OF FUNDS</b>	<b>22,422</b>	<b>24,952</b>	<b>26,311</b>	<b>27,904</b>	<b>28,891</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	12,202	14,711	16,193	16,710	16,664
CWIP	1,433	1,764	1,167	680	680
Goodwill	97	97	97	97	97
Investments	34	34	34	34	34
Other Non-current Assets	671	556	656	1,925	1,925
<b>Total Non-current Assets</b>	<b>14,437</b>	<b>17,162</b>	<b>18,148</b>	<b>19,446</b>	<b>19,400</b>
Inventories	5,090	5,848	6,819	7,137	7,599
Debtors	5,676	5,706	7,099	7,039	7,851
Other Current Assets	591	892	681	1,001	1,111
Cash & Equivalents	41	31	30	129	136
<b>Total Current Assets</b>	<b>11,398</b>	<b>12,476</b>	<b>14,630</b>	<b>15,305</b>	<b>16,696</b>
Creditors	2,631	3,123	4,883	4,758	4,903
Other Current Liabilities & Provns	782	1,563	1,584	2,090	2,303
<b>Total Current Liabilities</b>	<b>3,413</b>	<b>4,686</b>	<b>6,467</b>	<b>6,848</b>	<b>7,205</b>
<b>Net Current Assets</b>	<b>7,985</b>	<b>7,790</b>	<b>8,163</b>	<b>8,457</b>	<b>9,491</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>22,422</b>	<b>24,952</b>	<b>26,311</b>	<b>27,904</b>	<b>28,891</b>

Source: Company, HDFC sec Inst Research

## Cash Flow (Consolidated)

Year ending March (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
Reported PBT	2,352	2,374	1,198	2,061	3,739
Non-operating & EO items	(334)	(292)	(162)	(175)	(250)
Interest expenses	999	796	882	932	854
Depreciation	1,060	1,255	1,642	1,883	2,046
Working Capital Change	(487)	433	(427)	(1,345)	(890)
Tax Paid	(589)	(528)	(265)	(495)	(972)
<b>OPERATING CASH FLOW ( a )</b>	<b>3,000</b>	<b>4,038</b>	<b>2,868</b>	<b>2,862</b>	<b>4,527</b>
Capex	(3,762)	(4,083)	(2,520)	(1,913)	(2,000)
Free cash flow (FCF)	(761)	(45)	348	950	2,527
Investments	36	-	-	-	-
Non-operating Income	334	292	162	175	250
<b>INVESTING CASH FLOW ( b )</b>	<b>(3,391)</b>	<b>(3,791)</b>	<b>(2,359)</b>	<b>(1,738)</b>	<b>(1,750)</b>
Debt Issuance/(Repaid)	(1,557)	705	560		(1,750)
Interest Expenses	(999)	(796)	(882)	(932)	(854)
FCFE	(3,317)	(137)	26	17	(77)
Share Capital Issuance	234	3	4	0	(0)
Dividend	(38)	(192)	(192)	(94)	(166)
<b>FINANCING CASH FLOW ( c )</b>	<b>(2,360)</b>	<b>(280)</b>	<b>(509)</b>	<b>(1,026)</b>	<b>(2,770)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>(2,751)</b>	<b>(34)</b>	<b>(0)</b>	<b>98</b>	<b>7</b>
<b>Closing Cash &amp; Equivalents</b>	<b>41</b>	<b>31</b>	<b>30</b>	<b>129</b>	<b>136</b>

Source: Company, HDFC sec Inst Research

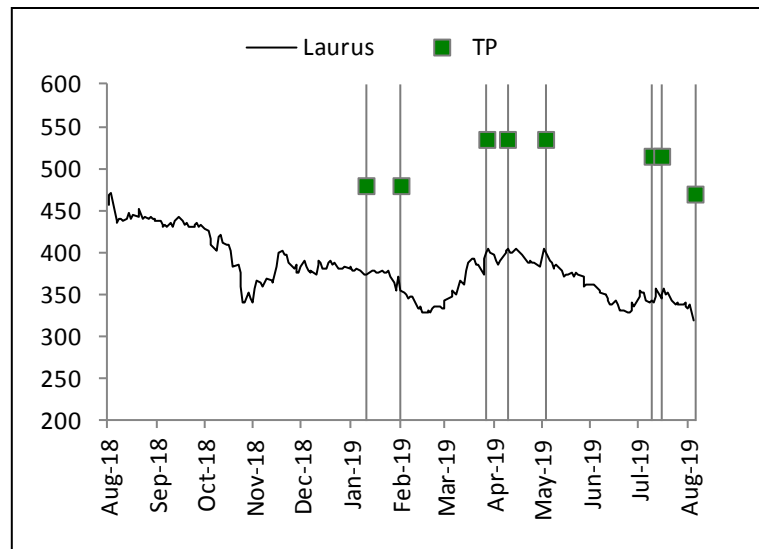
## Key Ratios

	FY17	FY18	FY19	FY20E	FY21E
<b>PROFITABILITY (%)</b>					
GPM	48.4	48.6	46.1	48.0	49.0
EBITDA Margin	21.1	20.0	15.5	18.3	21.9
APAT Margin	9.9	8.1	4.1	6.1	9.5
RoE	17.5	11.9	6.2	9.6	15.1
RoIC (or Core RoCE)	11.7	8.5	5.8	8.1	11.9
RoCE	12.8	9.2	6.2	8.2	11.7
<b>EFFICIENCY</b>					
Tax Rate (%)	18.7	29.4	21.7	24.0	26.0
Fixed Asset Turnover (x)	1.4	1.2	1.1	1.1	1.2
Inventory (days)	96.2	103.2	108.6	101.4	94.9
Debtors (days)	107.3	100.7	113.1	100.0	98.0
Other Current Assets (days)	9.3	15.6	10.8	10.6	10.2
Payables (days)	49.7	55.1	77.8	67.6	61.2
Other Current Liab & Provns (days)	12.9	26.8	24.2	26.0	25.5
Cash Conversion Cycle (days)	150.2	137.5	130.5	118.4	116.4
Debt/EBITDA (x)	2.2	2.4	2.9	2.2	1.3
Net D/E (x)	0.7	0.7	0.7	0.6	0.4
Interest Coverage (x)	3.0	3.6	2.2	3.0	5.1
<b>PER SHARE DATA (Rs)</b>					
EPS	18.1	15.8	10.7	15.0	26.0
Dividend	1.5	1.5	1.5	0.7	1.3
Book Value	125.8	139.8	146.4	160.2	184.7
<b>VALUATION</b>					
P/E (x)	17.5	20.1	29.7	21.1	12.2
P/BV (x)	2.5	2.3	2.2	2.0	1.7
EV/EBITDA (x)	10.4	10.5	12.4	9.4	6.6
EV/Revenues (x)	2.2	2.1	1.9	1.7	1.4
OCF/EV (%)	7.0	9.3	6.5	6.5	10.7
FCF/EV (%)	(1.8)	(0.1)	0.8	2.2	6.0
FCFE/Mkt Cap (%)	(9.9)	(0.4)	0.1	0.1	(0.2)
Dividend Yield (%)	0.5	0.5	0.5	0.2	0.4

Source: Company, HDFC sec Inst Research



**RECOMMENDATION HISTORY**



Date	CMP	Reco	Target
10-Jan-19	372	BUY	480
3-Feb-19	354	BUY	480
28-Mar-19	401	BUY	535
9-Apr-19	401	BUY	535
6-May-19	397	BUY	535
9-Jul-19	345	BUY	515
15-Jul-19	344	BUY	515
5-Aug-19	320	BUY	470

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- BUY : Where the stock is expected to deliver more than 10% returns over the next 12 month period
- NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period
- SELL : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

**INSTITUTIONAL RESEARCH**
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