

# Strides Pharma

**BUY**

## Stellar operating performance

We maintain BUY on Strides Pharma (STR) following an in-line 1QFY20. The uptick in US continues, while other segments continue to perform well. Our TP is unchanged at Rs 650 (15x FY21E EPS + Rs 30/sh for biopharma).

### HIGHLIGHTS OF THE QUARTER

- Revenue at Rs 6.86bn grew 45/11% YoY/QoQ (in-line) driven by a YoY bump up in US, growth in regulated markets, and a QoQ recovery in the institutional biz.
- Rev. grew ~5% QoQ to US\$ 56mn in the US (+125% YoY). We remain constructive on Strides' US revival and expect ~36% CAGR over FY19-21E led by market share gains, 12-15 yearly launches, and favourable pricing environment. By ramping up US supplies from other facilities, Strides is de-risking the warning letter (WL) on Puducherry (Feb-19) owing to dual filings and commissioning of Singapore facility. During 1QFY20, Strides filed 1 ANDA and launched Cinacalcet in the US.
- Resolution of serialization issues in EU along with traction gained in UK, Canada, and S Africa enabled healthy rev. growth of 25/13% YoY/QoQ in other reg. markets. Supply contracts retained for Arrow (Aus) will reflect in rev. from 2QFY20 onwards and boost further in 2HFY20 post completion of the Apotex acquisition.
- In emerging markets, Africa biz turned profitable (low single digit margins) following portfolio rationalization

### Financial Summary (Consolidated)

YE March (Rs mn)	1QFY20	1QFY19*	YoY (%)	4QFY19*	QoQ (%)	FY18	FY19	FY20E	FY21E
Net Sales	6,858	4,727	45.1	6,162	11.3	28,451	30,117	29,602	33,777
EBITDA	1,236	428	188.8	924	33.8	4,143	4,548	5,565	6,485
APAT	320	101	217.9	436	(26.5)	1,179	615	2,722	3,712
Diluted EPS (Rs)	3.6	1.1	217.9	4.9	(26.5)	13.2	6.9	30.4	41.5
P/E (x)						28.2	54.0	12.2	9.0
RoE (%)						2.9	2.3	9.9	12.3

Source: Company, HDFC sec Inst Research; \*restated to account for Australia divestment

and field force productivity. Insti biz recovered 98% QoQ owing to ramp up in Anti-Malarials.

- Strides has entered into a partnership with a leading Chinese pharma company, Sihuan Pharma. Strides will license 4 products immediately (more over FY20-21E) and receive licensing fees. Capacity utilization at the additional sites (Singapore & Chennai) will improve.
- EBITDA grew 189/34% YoY/QoQ to Rs 1.24bn. Margin at 18% was up 900/300bps YoY/QoQ (in-line). APAT grew 218% YoY. **Net debt at 7bn (Jul-19) reduced 72% over Mar-19 following the Aus divestment.**
- Near-term outlook:** We expect the stock to jump on account of improved performance and debt reduction.

### STANCE

**With the US biz de-risked and traction gained in other segments on the back of additional capacities, we expect ~6% CAGR over FY19-21E in revenue (~20% adjusted for Aus divestment). Ramp up in US and reg. markets will drive profitability, while reduced depreciation and interest cost (Aus divestment) will enable 146% PAT CAGR on a low base. We remain optimistic of an improved operating performance and are relieved to see the reduction in debt and a healthier balance sheet. The valuations remain attractive at 12.2/9.0x FY20/21E P/E.**

INDUSTRY	PHARMA
<b>CMP (as on 30 Jul 2019)</b>	<b>Rs 371</b>
<b>Target Price</b>	<b>Rs 650</b>
Nifty	11,085
Sensex	37,397
<b>KEY STOCK DATA</b>	
Bloomberg	STR IN
No. of Shares (mn)	90
MCap (Rs bn) / (\$ mn)	33/483
6m avg traded value (Rs mn)	669
<b>STOCK PERFORMANCE (%)</b>	
<b>52 Week high / low</b>	<b>Rs 551/338</b>
	3M 6M 12M
Absolute (%)	(22.6) (22.2) (5.2)
Relative (%)	(18.4) (27.2) (4.9)
<b>SHAREHOLDING PATTERN (%)</b>	
	Mar-19 Jun-19
Promoters	31.24 31.24
FIs & Local MFs	24.19 24.26
FPIs	25.23 25.25
Public & Others	19.34 19.25
Pledged Shares	5.10 4.07

Source : BSE

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**The strong revenue growth of 45% YoY was driven by the ramp up in US**

**Gross margin continued to benefit from improved mix and pricing (5<sup>th</sup> consecutive qtr of no price erosion in US)**

**R&D spend for the quarter was Rs 250mn (~4% of sales)**

**EO items for the 1QFY20 & 1QFY19 pertain to forex loss and business recombination expenses. That for 4QFY19 includes gain on sale of assets**

**Opex of Rs 250mn was due to additional facilities at Singapore and Chennai (Vivimed JV). Adjusted for this, EBITDA margin would be higher at 21.7%**

**Accounting for the interim dividend (Rs 12/sh), net debt is at 8.6bn (Jul-19)**

### Quarterly Financials Snapshot (Consolidated)

Particulars (Rs mn)	1QFY20	1QFY19*	YoY (%)	4QFY19*	QoQ (%)
<b>Net Sales</b>	<b>6,858</b>	<b>4,727</b>	<b>45.1</b>	<b>6,162</b>	<b>11.3</b>
Material Expenses	3,159	2,567	23.1	2,885	9.5
Employee Expenses	971	774	25.5	833	16.7
Other Expenses	1,492	959	55.7	1,520	(1.9)
<b>EBITDA</b>	<b>1,236</b>	<b>428</b>	<b>188.8</b>	<b>924</b>	<b>33.8</b>
Depreciation	429	290		297	
<b>EBIT</b>	<b>807</b>	<b>138</b>	<b>485.4</b>	<b>627</b>	<b>28.7</b>
Other Income	76	65		170	
Interest Cost	353	168		234	
Minority Interest & Profit/(Loss) of Associate Company	(178)	(70)		(203)	
<b>PBT</b>	<b>351</b>	<b>(35)</b>	<b>(1,115.3)</b>	<b>360</b>	<b>(2.4)</b>
Exceptional items	(67)	(30)		159	
Tax	31	(135)		(76)	
Profit / (Loss) from Discontinued Operations	(225)	(97)		(148)	
<b>RPAT</b>	<b>29</b>	<b>(26)</b>	<b>(213.7)</b>	<b>447</b>	<b>(93.5)</b>
EO Items & P/L From Discn. Operations (Adj. For Tax)	291	126		(11)	
<b>APAT</b>	<b>320</b>	<b>101</b>	<b>217.9</b>	<b>436</b>	<b>(26.5)</b>

Source: Company, HDFC sec Inst Research; \*restated to account for Australia divestment

### Margin Analysis

	1QFY20	1QFY19	YoY (bps)	4QFY19	QoQ (bps)
Material Expenses % Net Sales	46.1	54.3	(824)	46.8	(77)
Employee Expenses % Net Sales	14.2	16.4	(221)	13.5	65
Other Expenses % Net Sales	21.8	20.3	148	24.7	(292)
<b>EBITDA Margin (%)</b>	<b>18.0</b>	<b>9.1</b>	<b>897</b>	<b>15.0</b>	<b>304</b>
Tax Rate (%)	8.9	391.0	(38,216)	(21.0)	2,985
APAT Margin (%)	4.7	2.1	254	7.1	(240)

Source: Company, HDFC sec Inst Research; \*restated to account for Australia divestment

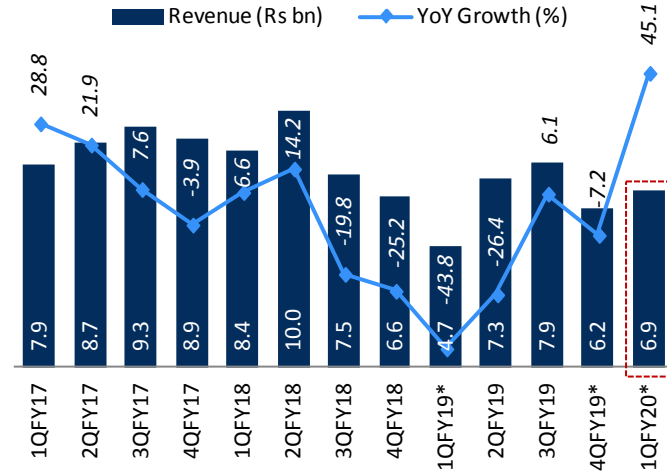
**The US biz grew 125% YoY and 5% QoQ to US\$ 56mn in 1QFY20 aided by ramp up in new launches, market share gains, and a favourable pricing environment**

**Strides filed for 1 ANDA during the quarter in the US and maintains approval guidance at 12-15 for FY20**

**Within other regulated markets, the co saw good traction in UK and EU, coming out of serialization issues. Acquired businesses in Canada and S Africa are gaining traction**

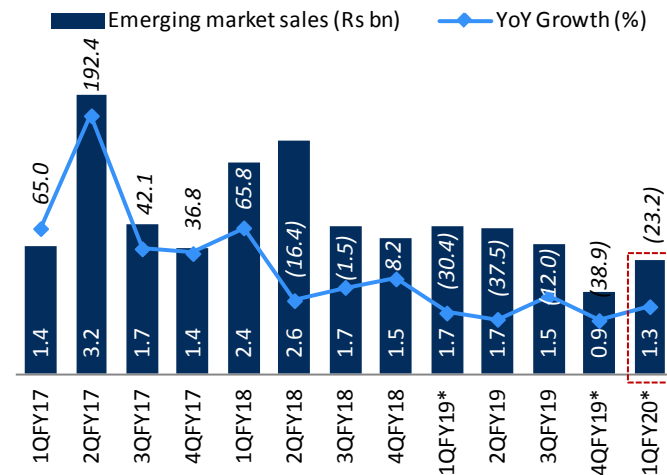
**The institutional business saw a sharp recovery and doubled QoQ led by new contracts for Anti-Malarials. To grow further in FY21E following new approvals by FY20-end**

**Revenue: Strong Ramp Up On The Back Of US**



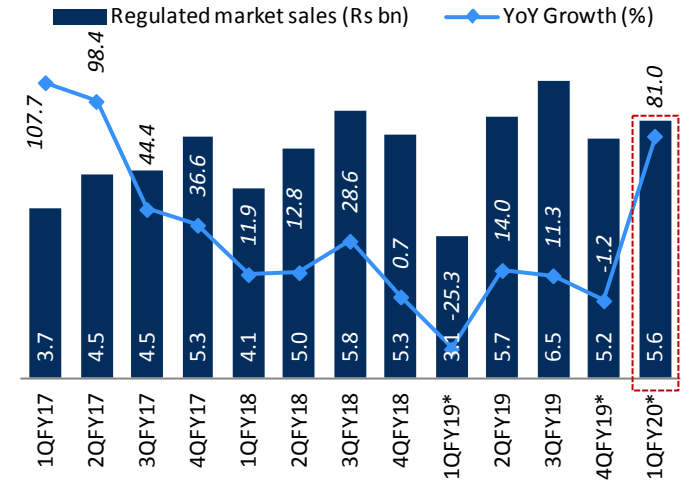
Source: Company, HDFC sec Inst Research; \*restated to account for Australia divestment

**Sharp QoQ Recovery In Institutional Biz**



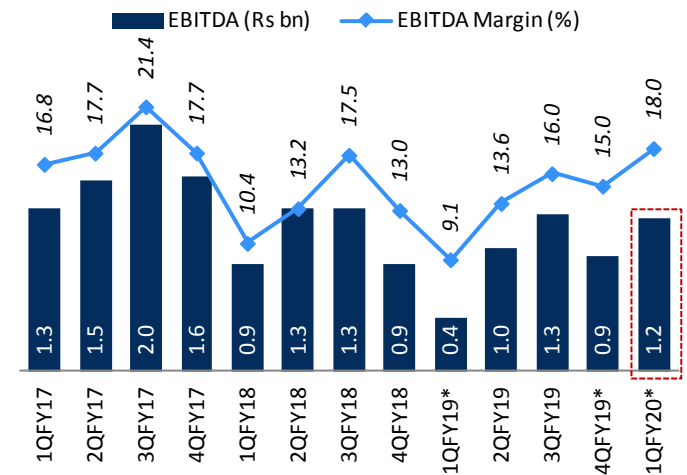
Source: Company, HDFC sec Inst Research; \*restated to account for Australia divestment

**Sequential Growth Driven By Other Reg. Markets**



Source: Company, HDFC sec Inst Research; \*restated to account for Australia divestment

**Margin Expansion Driven By US & Insti Biz Revival**



Source: Company, HDFC sec Inst Research; \*restated to account for Australia divestment

*The co is mitigating the WL at Puducherry by ramping up supplies from other facilities to the US. This is possible as Strides has dual site filings for most of its products*

*Supply contracts retained for the Australia business will reflect in 2QFY20. The additional uptick from Apotex merger will come in by 2HFY20*

*The Africa business reported profits for the first time this quarter. The co expects margins for this segment to reach company-avg by end of FY20*

*Strides announced its foray into China with the Sihuan partnership and will immediately commercialize 4 products. The co will receive licensing fees for these products*

### Segmental Quarterly Performance

(Rs mn)	1QFY20	1QFY19*	YoY (%)	4QFY19*	QoQ (%)
The US	3,902	1,732	125.3	3,732	4.6
Other Reg Mkts (Incl Australia)	1,705	1,366	24.8	1,512	12.8
Africa	402	397	1.3	493	(18.5)
Institutional Business	880	1,273	(30.9)	445	97.8
<b>Total</b>	<b>6,889</b>	<b>4,768</b>	<b>44.5</b>	<b>6,182</b>	<b>11.4</b>

Source: HDFC sec Inst Research; \*restated to account for Australia divestment

### Assumptions

Key Segments (Rs mn)	FY17*	FY18*	FY19*	FY20E	FY21E
Regulated markets	17,762	20,327	24,530	24,572	28,655
<i>Growth (%)</i>	55.9	14.4	20.7	0.2	16.6
Emerging markets	12,007	8,253	5,735	5,030	5,121
<i>Growth (%)</i>	22.6	(31.3)	(30.5)	(12.3)	1.8
API	5,336	-	-	-	-
<i>Growth (%)</i>	(27.0)	N/A	N/A	N/A	N/A
<b>Total</b>	<b>35,105</b>	<b>28,580</b>	<b>30,265</b>	<b>29,602</b>	<b>33,777</b>
<i>Growth (%)</i>	<b>23.2</b>	<b>(18.6)</b>	<b>5.9</b>	<b>(2.2)</b>	<b>14.1</b>

Source: HDFC sec Inst Research

\*FY17/18/19 segmental numbers are not comparable as they include businesses which have been divested

**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	984	410	BUY	540	12.7	14.9	18.0	24.6	32.3	27.6	22.8	16.7	8.2	9.0	10.0	12.4
Divi's Labs	440	1,658	SELL	1,445	32.4	48.8	56.7	65.6	51.2	34.0	29.3	25.3	15.2	20.1	20.4	20.8
Dr Reddy's Labs	425	2,560	BUY	3,360	59.2	104.9	128.4	148.8	43.3	24.4	19.9	17.2	7.8	13.1	14.3	14.5
Cipla	419	520	BUY	625	18.5	19.0	20.7	28.4	28.0	27.3	25.1	18.3	11.2	10.5	10.6	12.9
Lupin	341	753	BUY	910	38.1	16.4	41.2	41.3	19.7	45.8	18.3	18.2	12.8	5.4	12.8	11.7
Aurobindo Pharma	323	552	BUY	790	41.7	42.9	48.8	52.8	13.2	12.9	11.3	10.5	23.2	19.7	18.8	17.1
Torrent Pharma	280	1,653	NEU	1,615	37.0	40.1	52.5	67.3	44.7	41.2	31.5	24.6	14.0	14.5	17.6	19.5
Cadila Healthcare	225	220	BUY	280	12.7	11.1	12.0	15.7	17.4	19.8	18.4	14.0	16.5	11.9	11.2	13.2
Alkem Laboratories	210	1,760	BUY	2,225	57.6	64.7	78.7	101.0	30.6	27.2	22.4	17.4	14.8	15.0	16.3	18.4
Abbott India	180	8,491	NR	8,990	188.8	211.9	248.6	299.6	45.0	40.1	34.2	28.3	26.1	24.3	24.1	24.5
Glenmark	118	418	BUY	565	17.5	27.4	29.6	35.4	23.9	15.3	14.1	11.8	9.4	13.3	13.1	13.9
Alembic Pharma	95	505	NEU	570	21.9	25.8	25.1	31.6	23.0	19.6	20.1	16.0	20.0	19.7	16.4	18.1
Jubilant Life Sciences	71	443	BUY	845	45.5	53.8	54.1	67.2	9.7	8.2	8.2	6.6	19.3	19.3	16.6	17.7
Laurus Labs	36	340	BUY	515	15.8	10.7	16.0	28.6	21.5	31.8	21.3	11.9	11.9	6.2	10.2	16.4
Dishman Carbogen Amcis	34	210	BUY	375	13.2	16.7	19.6	24.9	15.8	12.5	10.7	8.4	14.6	15.4	15.1	16.4
<b>Strides Pharma</b>	<b>33</b>	<b>371</b>	<b>BUY</b>	<b>650</b>	<b>13.2</b>	<b>6.9</b>	<b>30.4</b>	<b>41.5</b>	<b>28.2</b>	<b>54.0</b>	<b>12.2</b>	<b>9.0</b>	<b>2.9</b>	<b>2.3</b>	<b>9.9</b>	<b>12.3</b>
J B Chemicals & Pharmaceuticals	30	371	NR	485	16.6	24.1	28.8	34.6	22.4	15.4	12.9	10.7	9.9	13.3	14.7	15.6
Suven Life Sciences	28	223	NR	455	9.7	6.8	9.1	10.7	22.9	32.6	24.6	20.8	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	8	330	NR	650	2.4	26.0	26.9	43.1	136.3	12.7	12.3	7.6	2.9	13.4	10.9	12.6
<b>Neuland Labs</b>	<b>6</b>	<b>494</b>	<b>BUY</b>	<b>920</b>	<b>10.8</b>	<b>12.8</b>	<b>32.1</b>	<b>65.8</b>	<b>45.7</b>	<b>38.6</b>	<b>15.4</b>	<b>7.5</b>	<b>2.2</b>	<b>2.6</b>	<b>5.7</b>	<b>10.9</b>

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	30,117	29,602	33,777	30,117	29,602	33,777	0.0	0.0	0.0
EBITDA	4,548	5,565	6,485	4,548	5,565	6,485	0.0	0.0	0.0
APAT	615	2,722	3,713	615	2,722	3,713	0.0	0.0	0.0

Source: HDFC sec Inst Research

**Income Statement (Consolidated)**

Year Ending March (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
<b>Net Revenues</b>	<b>34,131</b>	<b>28,451</b>	<b>30,117</b>	<b>29,602</b>	<b>33,777</b>
<b>Growth (%)</b>	<b>21.7</b>	<b>(16.6)</b>	<b>5.9</b>	<b>(1.7)</b>	<b>14.1</b>
Material Expenses	15,362	13,788	14,660	13,913	15,470
Employee Expenses	5,881	4,341	4,426	3,907	4,729
Other Operating Expenses	6,459	6,179	6,483	6,216	7,093
<b>EBITDA</b>	<b>6,428</b>	<b>4,143</b>	<b>4,548</b>	<b>5,565</b>	<b>6,485</b>
<b>EBITDA Margin (%)</b>	<b>18.8</b>	<b>14.6</b>	<b>15.1</b>	<b>18.8</b>	<b>19.2</b>
<b>EBITDA Growth (%)</b>	<b>55.3</b>	<b>(35.5)</b>	<b>9.8</b>	<b>22.4</b>	<b>16.5</b>
Depreciation	1,872	1,540	1,719	1,519	1,609
<b>EBIT</b>	<b>4,556</b>	<b>2,603</b>	<b>2,829</b>	<b>4,046</b>	<b>4,876</b>
Other Income (Including EO Items)	1,686	763	454	742	655
Interest	2,269	1,962	2,053	1,292	987
Exceptional Items	(1,006)	(436)	(26)	-	-
<b>PBT</b>	<b>2,967</b>	<b>967</b>	<b>1,204</b>	<b>3,497</b>	<b>4,544</b>
Tax (Incl Deferred)	470	57	131	524	682
Profit/(loss) from discontinuing operations	1,959	6,101	2,709	-	-
Profit/(loss) of associate company	4	(168)	(483)	(250)	(150)
Minority Interest	(462)	-	-	-	-
<b>RPAT</b>	<b>3,997</b>	<b>6,844</b>	<b>3,299</b>	<b>2,722</b>	<b>3,712</b>
EO (Loss) / Profit (Net Of Tax)	(1,006)	(436)	(26)	-	-
<b>APAT</b>	<b>5,003</b>	<b>7,280</b>	<b>3,325</b>	<b>2,722</b>	<b>3,712</b>
<b>APAT Growth (%)</b>	<b>233.8</b>	<b>45.5</b>	<b>(54.3)</b>	<b>(18.1)</b>	<b>36.4</b>
<b>APAT from continuing operations</b>	<b>3,045</b>	<b>1,179</b>	<b>615</b>	<b>2,722</b>	<b>3,712</b>
<b>Adjusted EPS (Rs) from continuing operations</b>	<b>34.0</b>	<b>13.2</b>	<b>6.9</b>	<b>30.4</b>	<b>41.5</b>
<b>EPS Growth (%)</b>	<b>63.3</b>	<b>(61.3)</b>	<b>(47.8)</b>	<b>342.2</b>	<b>36.4</b>

Source: Company, HDFC sec Inst Research

**Balance Sheet (Consolidated)**

Year Ending March (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
<b>SOURCES OF FUNDS</b>					
Share Capital - Equity	894	895	896	896	896
Reserves	26,210	23,742	25,592	27,824	30,868
<b>Total Shareholders Funds</b>	<b>27,104</b>	<b>24,637</b>	<b>26,487</b>	<b>28,719</b>	<b>31,763</b>
<b>Minority Interest</b>	<b>1,640</b>	<b>1,547</b>	<b>1,530</b>	<b>1,530</b>	<b>1,530</b>
Long Term Debt	16,377	15,513	18,066	7,316	6,491
Short Term Debt	13,940	9,686	14,149	13,674	13,499
<b>Total Debt</b>	<b>30,317</b>	<b>25,200</b>	<b>32,215</b>	<b>20,990</b>	<b>19,990</b>
Net Deferred Taxes	88	974	534	(400)	(440)
Other Non-current Liabilities & Provns	4,855	4,186	4,884	4,087	4,472
<b>TOTAL SOURCES OF FUNDS</b>	<b>64,005</b>	<b>56,542</b>	<b>65,650</b>	<b>54,925</b>	<b>57,314</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	19,462	18,203	21,981	14,770	16,661
CWIP	7,802	6,352	5,252	1,500	1,500
Goodwill	9,670	10,827	13,691	5,000	5,000
Investments	3,157	3,871	4,943	5,349	5,796
Other Non-current Assets	2,212	2,130	2,214	1,850	2,035
<b>Total Non-current Assets</b>	<b>42,302</b>	<b>41,384</b>	<b>48,081</b>	<b>28,469</b>	<b>30,991</b>
<b>Cash &amp; Equivalents</b>	<b>16,090</b>	<b>6,148</b>	<b>8,014</b>	<b>16,202</b>	<b>14,461</b>
Inventories	7,380	5,520	8,707	8,516	9,717
Debtors	9,971	8,822	9,872	9,732	11,105
Other Current Assets	4,734	3,975	3,860	4,301	4,758
<b>Total Current Assets</b>	<b>22,084</b>	<b>18,317</b>	<b>22,439</b>	<b>22,549</b>	<b>25,580</b>
Creditors	7,465	7,121	8,942	7,623	8,477
Other Current Liabilities & Provns	9,006	2,186	3,942	4,671	5,241
<b>Total Current Liabilities</b>	<b>16,471</b>	<b>9,307</b>	<b>12,883</b>	<b>12,295</b>	<b>13,718</b>
<b>Net Current Assets</b>	<b>5,613</b>	<b>9,011</b>	<b>9,555</b>	<b>10,254</b>	<b>11,862</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>64,005</b>	<b>56,542</b>	<b>65,650</b>	<b>54,925</b>	<b>57,314</b>

Source: Company, HDFC sec Inst Research

**Cash Flow (Consolidated)**

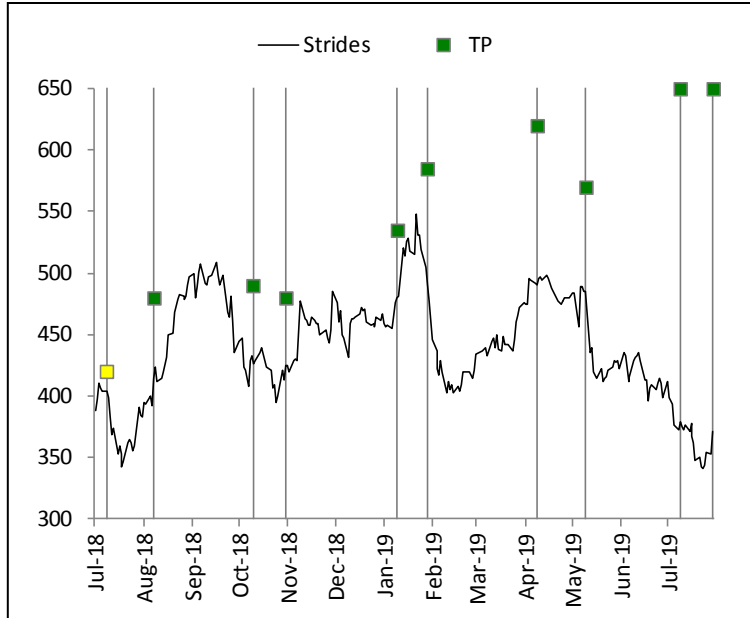
Year Ending March (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
Reported PBT	4,971	7,058	1,230	3,497	4,544
Non-operating & EO items	(1,599)	(6,512)	1,787	(1,184)	(190)
Interest net	1,521	1,827	2,053	1,292	987
Depreciation	1,987	1,939	1,719	1,519	1,609
Working Capital Change	(3,413)	(1,907)	70	(1,133)	(1,407)
Tax Paid	(586)	(536)	(131)	(524)	(682)
<b>OPERATING CASH FLOW ( a )</b>	<b>2,881</b>	<b>1,871</b>	<b>6,727</b>	<b>3,466</b>	<b>4,861</b>
Capex	(6,823)	(4,026)	(4,206)	(9,652)	(3,500)
Free cash flow (FCF)	(3,942)	(2,156)	2,521	(6,187)	1,361
Investments	11	(2,381)	(1,072)	(406)	(446)
Non-operating Income	846	547	-	-	-
Others	(427)	2,579	-	-	-
<b>INVESTING CASH FLOW ( b )</b>	<b>(6,393)</b>	<b>(3,282)</b>	<b>(5,278)</b>	<b>(10,058)</b>	<b>(3,946)</b>
Debt Issuance/(Repaid)	6,037	(7,112)	7,015	(11,225)	(1,000)
Interest Expenses	(2,370)	(2,631)	(2,053)	(1,408)	(987)
FCFE	(274)	(11,899)	7,483	(18,820)	(626)
Share Capital Issuance	165	36	(1,126)	(0)	-
Dividend	(451)	(443)	(322)	(490)	(668)
Others	-	(7)	-	712	-
<b>FINANCING CASH FLOW ( c )</b>	<b>3,382</b>	<b>(10,157)</b>	<b>3,514</b>	<b>(12,411)</b>	<b>(2,656)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>(130)</b>	<b>(11,568)</b>	<b>4,963</b>	<b>(19,003)</b>	<b>(1,741)</b>
EO Items, Others	(5,169)	-	-	-	-
<b>Closing Cash &amp; Equivalents</b>	<b>17,946</b>	<b>6,249</b>	<b>11,111</b>	<b>16,202</b>	<b>14,461</b>

Source: Company, HDFC sec Inst Research

**Key Ratios**

	FY17	FY18	FY19	FY20E	FY21E
<b>PROFITABILITY (%)</b>					
GPM	55.0	51.5	51.3	53.0	54.2
EBITDA Margin	18.8	14.6	15.1	18.8	19.2
APAT Margin	7.3	2.6	2.0	9.2	11.0
RoE	9.3	2.9	2.3	9.9	12.3
RoIC (or Core RoCE)	12.0	6.9	4.8	9.1	12.7
RoCE	7.1	4.3	3.4	6.2	7.9
<b>EFFICIENCY</b>					
Tax Rate (%)	11.8	4.0	24.2	15.0	15.0
Fixed Asset Turnover (x)	1.5	1.3	1.1	1.6	1.6
Inventory (days)	78.9	70.8	105.5	105.0	105.0
Debtors (days)	106.6	113.2	119.6	120.0	120.0
Other Current Assets (days)	36.4	47.3	40.2	45.0	43.4
Payables (days)	79.8	91.4	108.4	94.0	91.6
Other Current Liab & Provns (days)	94.3	20.7	28.1	37.6	36.6
Cash Conversion Cycle (days)	47.8	119.2	128.9	138.4	140.1
Debt/EBITDA (x)	4.7	6.1	7.1	3.8	3.1
Net D/E (x)	1.0	0.9	1.0	0.2	0.2
Interest Coverage (x)	2.8	1.7	1.6	3.7	5.6
<b>PER SHARE DATA (Rs)</b>					
EPS	34.0	13.2	6.9	30.4	41.5
Dividend	4.5	2.0	3.0	4.6	6.2
Book Value	302.7	275.1	295.8	320.7	354.7
<b>VALUATION</b>					
P/E (x)	10.9	28.2	54.0	12.2	9.0
P/BV (x)	1.2	1.3	1.3	1.2	1.0
EV/EBITDA (x)	9.4	13.4	13.3	7.4	6.5
EV/Revenues (x)	1.8	1.9	2.0	1.4	1.2
OCF/EV (%)	4.8	3.4	11.2	8.5	11.6
FCF/EV (%)	(6.5)	(3.9)	4.2	(15.1)	3.2
FCFE/Mkt Cap (%)	(0.8)	(35.8)	22.5	(56.6)	(1.9)
Dividend Yield (%)	1.2	0.5	0.8	1.2	1.7

Source: Company, HDFC sec Inst Research

**RECOMMENDATION HISTORY**


Date	CMP	Reco	Target
10-Jul-18	403	NEU	420
9-Aug-18	414	BUY	480
10-Oct-18	408	BUY	490
1-Nov-18	423	BUY	480
10-Jan-19	480	BUY	535
30-Jan-19	491	BUY	585
9-Apr-19	490	BUY	620
13-May-19	486	BUY	570
9-Jul-19	379	BUY	650
30-Jul-19	371	BUY	650

**Rating Definitions**

- 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



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