

## US sequential growth key positive; one-offs impact profitability

Adjusting for one-offs, 3QFY18 was a broadly in-line quarter for Lupin. While revenues of INR 39,756mn were broadly in-line with our estimates, EBITDA/PAT of INR 6,883mn/2,217mn were 10%/37% below our est. mainly due to the impact of FX losses (INR 821mn) and re-measurement of deferred tax assets/liabilities on account of changes in US tax regime (INR 361mn impact). US surprised positively, reporting first quarter of sequential growth after 3 consecutive quarters of decline, with revenues increasing USD 9mn QoQ to USD 213mn driven by strong performance of branded business (+25%) as well as ramp up of recent launches (such as Hydrocodone/APAP) and stabilisation of erosion in the metformin franchise. FY19 is expected to remain a subdued year for Lupin as earnings growth will remain constrained by the regulatory issues at two of its facilities (resolution expected in CY19) as well as the costs associated with the launch of Solosec (mid-CY18). We expect the ramp up of Somerset operations and contribution from limited competition launches such as Levothyroxine, gAxiiron and possibly gRanexa to largely offset the price erosion in base business and the impact of the entry of competition for Methergine and metformin franchise in FY19. We make some housekeeping changes to our estimates and arrive at a Mar'19 TP of INR 910.

### ■ Key operating details:

- **US grows sequentially:** Lupin's US sales increased by USD 9mn QoQ to USD 213mn, mainly aided by the strong 25% growth in brands business (led by Methergine) as well as the contribution of recent launches (such as Hydrocodone/APAP, Doxycycline Hyclate) which offset the erosion in base business and the impact of the loss of gMinastrin FE exclusivity. US ANDA filing/approval rate dropped during the quarter (5/6 in 3Q18 vs. 10/9 in 2Q18). Lupin launched 3 products in 2QFY18 and expects 10+ launches in 4QFY18, including limited competition products such as gTamiflu and gAxiiron.
- **Good growth across key markets:** Domestic formulations sales grew 8% YoY (c.11% YoY on a like-to-like basis net of excise). APAC business grew 20% YoY driven by the consolidation of Shionogi brands in Japan (+34% YoY / +12% QoQ in JPY terms) and 14% YoY increase (in PHP terms) in sales in Philippines. Lupin continues to witness strong growth momentum in LatAm, growing 26% YoY (+6% QoQ), driven by strong growth in Brazil and Mexico (+26% YoY and +10% YoY, respectively, in cc terms). EMEA reported a decent 6.5% YoY growth with South Africa (+12% YoY in ZAR terms) and Germany (+21% YoY in EUR terms) posting strong growth.

- **Still early to call US trough; Warning Letter remains a key growth hurdle:** While the sequential growth in US is a positive, it is still early to expect US revenues to have troughed, given the likely entry of competition in key US products such as gFortamet (Nostrum), gGlumetza (Sun Pharma) and Methergine (one known filer). However, the management believes that it could sustain the c. USD 850mn annualised run rate in FY19

Financial Summary					(INR mn)
Y/E March	FY16A	FY17A	FY18E	FY19E	FY20E
Net Sales	137,579	171,198	156,076	166,063	184,385
Sales Growth (%)	9.2	24.4	-8.8	6.4	11.0
EBITDA	36,854	44,931	31,085	34,114	40,356
EBITDA Margin (%)	25.9	25.7	19.5	20.2	21.5
Adjusted Net Profit	22,607	25,575	14,106	16,535	20,544
Diluted EPS (INR)	49.9	56.5	31.1	36.5	45.4
Diluted EPS Growth (%)	-6.9	13.1	-44.8	17.2	24.2
ROIC (%)	17.6	14.3	7.7	9.0	10.8
ROE (%)	22.6	20.7	10.1	10.9	12.4
P/E (x)	16.1	14.2	25.8	22.0	17.7
P/B (x)	3.2	2.7	2.5	2.3	2.1
EV/EBITDA (x)	11.6	9.2	13.0	11.5	9.5
Dividend Yield (%)	0.9	0.9	0.9	0.9	0.9

Source: Company data, JM Financial. Note: Valuations as of 06/Feb/2018

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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	910
Upside/(Downside)	13.5%
Previous Price Target	1,140
Change	-20.2%

### Key Data – LPC IN

Current Market Price	INR802
Market cap (bn)	INR362.4/US\$5.6
Free Float	46%
Shares in issue (mn)	451.9
Diluted share (mn)	453.0
3-mon avg daily val (mn)	INR2,313.6/US\$36.0
52-week range	1,574/789
Sensex/Nifty	34,196/10,498
INR/US\$	64.2

### Price Performance

%	1M	6M	12M
Absolute	-10.9	-19.3	-46.4
Relative*	-11.1	-23.7	-55.4

\* To the BSE Sensex

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters  
S&P Capital IQ and FactSet

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as new launches offset the high single-digit price erosion in base business. The management indicated that price erosion is levelling out, which is further supported by the commentary of larger generic players such as Teva and Sandoz that are considering exit from low-margin products and taking price hikes wherever possible. While launches such as gAxiron, gTamiflu and gTobi are expected to offset price erosion in the coming quarters, launch of Levothyroxine (mid-FY19), gRanexa (possibly), gMinocycline ER and Solosec (mid-CY18) are critical to support US revenue base in FY19. The USFDA clearance of the Goa and Pithampur facilities is most likely to be a CY19 event with the management expecting to complete remediation work (sent 2 updates to the USFDA so far) in Apr-May'18 and targeting resolution within CY18. Although gRanexa (FTF opportunity; final approval received) has been filed from one of the affected plants, the management believes it will be able to launch it next year as it will be sharing its full assessment of the product with the USFDA. On the inhalation and biosimilars front, the company has been making progress on the development front, although key assets such as Albuterol MDI and Etanercept are likely to start contributing meaningfully starting FY20. Lupin expects to maintain R&D spend at c.12% of sales although this could slightly come down as the company optimises the pipeline and increasingly focuses only on limited competition products (upto 5 players).

- **Key financials:** In 3QFY18, revenues declined 11% YoY (up 1% QoQ) to INR 39,756mn (3% above JMFe) mainly due to the stronger than expected performance in the US (-12% YoY; +5% QoQ). Gross margin declined 600bps YoY (-248bps QoQ) to 65.0% (JMFe 67.1%) mainly due to adverse revenue mix. Furthermore, higher other expenses (10% above JMFe), partly on account of FX loss of INR 821mn (INR 276mn gain in 3Q17 and INR 570mn in 2Q18) resulted in EBITDA margin declining c.981bps YoY (427bps QoQ) to 17.3% (JMFe: 19.8%). Consequently, EBITDA declined 43% YoY (-19% QoQ) to INR 6,883mn (10% below est.). Adjusting for the net FX impact, EBITDA (incl. other income) stood at INR 7,989mn (in-line with est.). R&D expenses of INR 4,757mn were in-line with est. at 12.2% of sales. Higher than expected effective tax rate (42% vs. JMFe 26%), as a result of re-measurement of Deferred Tax Assets/Liabilities due to changes in US federal tax rates, coupled with higher than expected depreciation and finance costs during the quarter resulted in PAT declining 65% YoY (-51% QoQ) to INR 2,217mn (37% below our est.). The working capital number of days increased to 134 days at end-2QFY18 (vs. 128 days at end-2QFY18 and 105 days at end-FY17). Net debt/equity remained stable at 0.4x during the quarter. The management expects capex of INR 8bn-10bn in FY19.

## Exhibit 1. Lupin's 3QFY18 earnings snapshot

Lupin	Q3FY17A	Q3FY18A	% YoY	Q3FY18E	% Delta vs. JMFe	Q3FY18E (cons)	% Delta vs. cons	Q2FY18A	% QoQ	9MFY17	9MFY18	% YoY
<i>(in INR mn)</i>												
Net sales	44,049	39,004	-11%	37,774	3%			38,742	1%	1,29,579	1,15,814	-11%
Other op. income	779	753	-3%	818	-8%			778	-3%	2,831	2,158	-24%
<b>Total Income</b>	<b>44,829</b>	<b>39,756</b>	<b>-11%</b>	<b>38,592</b>	<b>3%</b>	<b>39,655</b>	<b>0%</b>	<b>39,520</b>	<b>1%</b>	<b>1,32,410</b>	<b>1,17,972</b>	<b>-11%</b>
Raw material	13,016	13,927	7%	12,692	10%			12,865	8%	38,164	39,118	3%
Staff cost	7,312	6,931	-5%	7,277	-5%			7,250	-4%	21,467	21,360	0%
Other expense	12,343	12,015	-3%	10,970	10%			10,874	10%	37,233	34,396	-8%
<b>EBITDA</b>	<b>12,158</b>	<b>6,883</b>	<b>-43%</b>	<b>7,654</b>	<b>-10%</b>	<b>8,422</b>	<b>-18%</b>	<b>8,531</b>	<b>-19%</b>	<b>35,547</b>	<b>23,098</b>	<b>-35%</b>
<b>% EBITDA Margin</b>	<b>27.1%</b>	<b>17.3%</b>	<b>-981 bps</b>	<b>19.8%</b>	<b>-252 bps</b>			<b>21.6%</b>	<b>-427 bps</b>	<b>26.8%</b>	<b>19.6%</b>	<b>-727 bps</b>
<b>% EBITDA Margin (excl. OOI)</b>	<b>25.8%</b>	<b>15.7%</b>	<b>-1011 bps</b>	<b>18.1%</b>	<b>-238 bps</b>			<b>20.0%</b>	<b>-429 bps</b>	<b>25.2%</b>	<b>18.1%</b>	<b>-717 bps</b>
Other income	1,036	284		360	-21%			740	-62%	2,133	1,344	
<b>Reported EBITDA</b>	<b>13,194</b>	<b>7,168</b>	<b>-46%</b>	<b>8,014</b>	<b>-11%</b>			<b>9,271</b>	<b>-23%</b>	<b>37,680</b>	<b>24,442</b>	<b>-35%</b>
<b>% Reported Margin</b>	<b>30.0%</b>	<b>18.4%</b>	<b>-1158 bps</b>	<b>21.2%</b>	<b>-284 bps</b>			<b>23.9%</b>	<b>-555 bps</b>	<b>29.1%</b>	<b>21.1%</b>	<b>-797 bps</b>
Interest expense	459	540		500	8%			479		1,070	1,458	
Depreciation	2,309	2,804	21%	2,745	2%			2,722	3%	6,448	8,130	26%
Extraordinary income (expense)	0	0		0				0		0	0	
Profit Before Tax (PBT)	10,426	3,824	-63%	4,769	-20%			6,070	-37%	30,162	14,853	-51%
Tax	4,095	1,608	-61%	1,240	30%			1,541	4%	8,418	4,516	-46%
% Tax rate	39%	42%		26%				25%		28%	30%	
JV share	24	6		24				39		66	23	
Minority interest*	24	5		10				19		38	12	
<b>Reported PAT</b>	<b>6,331</b>	<b>2,217</b>	<b>-65%</b>	<b>3,543</b>	<b>-37%</b>	<b>4,244</b>	<b>-48%</b>	<b>4,550</b>	<b>-51%</b>	<b>21,773</b>	<b>10,348</b>	<b>-52%</b>
Reported EPS	14.0	4.9	-65%	7.8	-37%	9.1	-46%	10.1	-51%	48.3	22.9	-53%

(\* positive number represents minority's share of company's profits or company's share of associate profit)

% Cost Ratios	Q3FY17A	Q3FY18A	% YoY	Q3FY18E	% Delta vs JMFe	Q2FY18A	% QoQ	9MFY17	9MFY18	% YoY
Raw Materials	29.0	35.0	600 bps	32.9	214 bps	32.6	248 bps	28.8	33.2	434 bps
Staff cost	16.3	17.4	112 bps	18.9	-142 bps	18.3	-91 bps	16.2	18.1	189 bps
Mfg & Other expense	27.5	30.2	269 bps	28.4	180 bps	27.5	271 bps	28.1	29.2	104 bps
Sales Break-up	Q3FY17A	Q3FY18A	% YoY	Q3FY18E	% Delta vs JMFe	Q2FY18A	% QoQ	9MFY17	9MFY18	% YoY
<b>Formulations</b>	<b>41,365</b>	<b>36,324</b>	<b>-12%</b>	<b>34,821</b>	<b>4%</b>	<b>36,092</b>	<b>1%</b>	<b>1,21,010</b>	<b>1,07,691</b>	<b>-11%</b>
India	9,912	10,688	8%	10,903	-2%	11,593	-8%	29,369	31,605	8%
US	21,755	14,321	-34%	12,341	16%	13,611	5%	63,619	43,950	-31%
Japan	4,492	5,535	23%	5,203	6%	5,037	10%	13,118	15,724	20%
Others	5,206	5,780	11%	6,375	-9%	5,851	-1%	14,904	16,412	10%
<b>API</b>	<b>2,684</b>	<b>2,680</b>	<b>0%</b>	<b>2,952</b>	<b>-9%</b>	<b>2,650</b>	<b>1%</b>	<b>8,569</b>	<b>8,123</b>	<b>-5%</b>
<b>Net sales</b>	<b>44,049</b>	<b>39,004</b>	<b>-11%</b>	<b>37,774</b>	<b>3%</b>	<b>38,742</b>	<b>1%</b>	<b>1,29,579</b>	<b>1,15,814</b>	<b>-11%</b>

Source: Company, JM Financial

\*Note: Operating margins are not exactly comparable with previous periods since 2QFY18 and 3QFY18 revenues are net of GST whereas excise duty was part of expenses in previous periods.

## Exhibit 2. Lupin's estimate changes

Figures in mn	FY18E				FY19E				FY20E				Drivers for change
	Old	New	growth	change %	Old	New	growth	change %	Old	New	growth	change %	
<b>US - INR</b> % total revenue	<b>56,340</b> 36%	<b>58,270</b> 37%	<b>-29%</b>	<b>3%</b>	<b>68,874</b> 38%	<b>56,896</b> 34%	<b>-2%</b>	<b>-17%</b>	<b>80,500</b> 39%	<b>63,908</b> 34%	<b>12%</b>	<b>-21%</b>	We cut our US generics to account for the delay in key launches on account of Warning Letter on 2 plants.
Japan - JPY	35,930	36,514	27%	2%	38,805	40,165	10%	4%	41,521	43,378	8%	4%	We expect high single-digit growth going forward
<b>Japan - INR</b> % total revenue	<b>21,011</b> 13%	<b>21,253</b> 13%	<b>17%</b>	<b>1%</b>	<b>22,701</b> 12%	<b>23,396</b> 14%	<b>10%</b>	<b>3%</b>	<b>24,290</b> 12%	<b>25,268</b> 13%	<b>8%</b>	<b>4%</b>	
South Africa - INR % total revenue	5,216 3%	5,124 3%	6%	-2%	5,737 3%	5,637 3%	10%	-2%	6,254 3%	6,144 3%	9%	-2%	We expect South Africa to grow at 10%, slightly ahead of the overall market growth.
Others - INR % total revenue	13,331 8%	12,888 8%	11%	-3%	15,197 8%	14,693 9%	14%	-3%	17,020 8%	16,456 9%	12%	-3%	We expect low double-digit growth going forward
<b>India - INR</b> % total revenue	<b>42,323</b> 27%	<b>41,711</b> 26%	<b>9%</b>	<b>-1%</b>	<b>47,825</b> 26%	<b>47,551</b> 28%	<b>14%</b>	<b>-1%</b>	<b>54,042</b> 26%	<b>53,732</b> 29%	<b>13%</b>	<b>-1%</b>	We broadly maintain our domestic growth assumptions at low-teens.
Total API % total revenue	11,492 7%	11,220 7%	-1%	-2%	12,066 7%	11,780 7%	5%	-2%	12,670 6%	12,369 7%	5%	-2%	
<b>Total operating revenue</b>	<b>1,58,598</b>	<b>1,59,121</b>	<b>-9%</b>	<b>0%</b>	<b>1,81,776</b>	<b>1,69,108</b>	<b>6%</b>	<b>-7%</b>	<b>2,04,554</b>	<b>1,87,430</b>	<b>11%</b>	<b>-8%</b>	
Gross profit - margin	1,07,537 67.8%	1,06,156 66.7%			1,25,619 69.1%	1,13,425 67.1%			1,41,779 69.3%	1,26,401 67.4%			We cut our gross margin expectations to account for the reduced contribution from US following the Warning Letter.
<b>EBITDA</b> - margin	<b>33,298</b> 21.0%	<b>31,085</b> 19.5%	<b>-31%</b>	<b>-7%</b>	<b>41,616</b> 22.9%	<b>34,114</b> 20.2%	<b>10%</b>	<b>-18%</b>	<b>49,647</b> 24.3%	<b>40,356</b> 21.5%	<b>18%</b>	<b>-19%</b>	We add costs related to Solosec ramp up as well as negative operating leverage on account of WL at 2 plants.
PAT (Reported)	16,410	14,106		<b>-14%</b>	22,046	16,535		<b>-25%</b>	27,107	20,544		<b>-24%</b>	We make some housekeeping changes to our D&A and tax assumptions.
<b>EPS (INR)</b>	<b>36.3</b>	<b>31.2</b>	<b>-45%</b>	<b>-14%</b>	<b>48.8</b>	<b>36.6</b>	<b>17%</b>	<b>-25%</b>	<b>60.0</b>	<b>45.5</b>	<b>24%</b>	<b>-24%</b>	

Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement					
	(INR mn)				
Y/E March	FY16A	FY17A	FY18E	FY19E	FY20E
Net Sales	137,579	171,198	156,076	166,063	184,385
Sales Growth	9.2%	24.4%	-8.8%	6.4%	11.0%
Other Operating Income	4,977	3,745	3,045	3,045	3,045
<b>Total Revenue</b>	<b>142,556</b>	<b>174,943</b>	<b>159,121</b>	<b>169,108</b>	<b>187,430</b>
Cost of Goods Sold/Op. Exp	43,326	50,014	52,965	55,683	61,029
Personnel Cost	21,416	28,495	29,027	31,712	33,876
Other Expenses	40,960	51,502	46,044	47,599	52,169
<b>EBITDA</b>	<b>36,854</b>	<b>44,931</b>	<b>31,085</b>	<b>34,114</b>	<b>40,356</b>
EBITDA Margin	25.9%	25.7%	19.5%	20.2%	21.5%
EBITDA Growth	1.8%	21.9%	-30.8%	9.7%	18.3%
Depn. & Amort.	4,871	9,122	10,982	11,533	12,523
EBIT	31,983	35,809	20,103	22,581	27,833
Other Income	1,901	1,148	1,787	1,847	2,052
Finance Cost	595	1,525	1,995	2,039	2,066
PBT before Excep. & Forex	33,289	35,431	19,894	22,389	27,819
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	33,289	35,431	19,894	22,389	27,819
Taxes	10,593	9,785	5,766	5,809	7,220
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	88	72	21	45	56
Reported Net Profit	22,608	25,575	14,107	16,535	20,544
<b>Adjusted Net Profit</b>	<b>22,607</b>	<b>25,575</b>	<b>14,106</b>	<b>16,535</b>	<b>20,544</b>
Net Margin	15.9%	14.6%	8.9%	9.8%	11.0%
Diluted Share Cap. (mn)	452.8	453.0	453.0	453.0	453.0
<b>Diluted EPS (INR)</b>	<b>49.9</b>	<b>56.5</b>	<b>31.1</b>	<b>36.5</b>	<b>45.4</b>
Diluted EPS Growth	-6.9%	13.1%	-44.8%	17.2%	24.2%
Total Dividend + Tax	4,048	4,066	4,077	4,080	4,080
Dividend Per Share (INR)	7.5	7.5	7.5	7.5	7.5

Source: Company, JM Financial

Balance Sheet					
	(INR mn)				
Y/E March	FY16A	FY17A	FY18E	FY19E	FY20E
Shareholders' Fund	111,634	134,976	144,962	157,371	173,783
Share Capital	901	903	903	903	903
Reserves & Surplus	110,733	134,073	144,059	156,467	172,879
Preference Share Capital	0	0	0	0	0
Minority Interest	321	345	367	411	467
Total Loans	71,193	79,521	80,007	81,353	80,227
Def. Tax Liab. / Assets (-)	-92	-1,128	-1,128	-1,128	-1,128
<b>Total - Equity &amp; Liab.</b>	<b>183,056</b>	<b>213,714</b>	<b>224,208</b>	<b>238,007</b>	<b>253,349</b>
Net Fixed Assets	114,194	131,660	133,807	131,975	132,972
Gross Fixed Assets	37,606	55,265	67,994	77,295	90,415
Intangible Assets	71,727	82,869	83,269	83,669	84,069
Less: Depn. & Amort.	4,951	13,624	24,606	36,140	48,662
Capital WIP	9,812	7,150	7,150	7,150	7,150
Investments	164	21,361	15,220	16,720	18,370
Current Assets	108,533	107,975	124,436	140,385	156,656
Inventories	32,737	36,423	33,129	35,208	39,023
Sundry Debtors	45,488	43,073	45,227	48,066	53,273
Cash & Bank Balances	7,927	6,818	24,388	35,416	42,660
Loans & Advances	185	159	190	194	198
Other Current Assets	22,197	21,502	21,502	21,502	21,502
Current Liab. & Prov.	39,834	47,282	49,256	51,073	54,649
Current Liabilities	26,565	35,009	36,536	37,943	40,710
Provisions & Others	13,269	12,274	12,720	13,130	13,938
Net Current Assets	68,699	60,693	75,181	89,312	102,007
<b>Total - Assets</b>	<b>183,056</b>	<b>213,714</b>	<b>224,208</b>	<b>238,007</b>	<b>253,349</b>

Source: Company, JM Financial

Cash Flow Statement					
	(INR mn)				
Y/E March	FY16A	FY17A	FY18E	FY19E	FY20E
Profit before Tax	33,289	35,431	19,894	22,389	27,819
Depn. & Amort.	4,871	9,122	10,982	11,533	12,523
Net Interest Exp. / Inc. (-)	595	1,525	1,995	2,039	2,066
Inc (-) / Dec in WCap.	-6,354	-7,586	-9,053	-10,798	-12,876
Others	-25,631	12,440	12,092	7,647	7,374
Taxes Paid	-10,593	-9,785	-5,766	-5,809	-7,220
<b>Operating Cash Flow</b>	<b>-3,824</b>	<b>41,148</b>	<b>30,145</b>	<b>27,001</b>	<b>29,686</b>
Capex	-58,217	-26,368	-13,130	-9,701	-13,520
Free Cash Flow	-62,041	14,780	17,016	17,300	16,166
Inc (-) / Dec in Investments	0	0	0	0	0
Others	-11,400	1,081	6,141	-1,500	-1,650
<b>Investing Cash Flow</b>	<b>-69,617</b>	<b>-25,287</b>	<b>-6,988</b>	<b>-11,201</b>	<b>-15,170</b>
Inc / Dec (-) in Capital	536	427	0	0	0
Dividend + Tax thereon	-4,055	-4,066	-4,077	-4,080	-4,080
Inc / Dec (-) in Loans	62,081	9,479	486	1,346	-1,126
Others	-199	-1,507	-1,995	-2,039	-2,066
<b>Financing Cash Flow</b>	<b>58,364</b>	<b>4,332</b>	<b>-5,587</b>	<b>-4,773</b>	<b>-7,272</b>
<b>Inc / Dec (-) in Cash</b>	<b>-15,077</b>	<b>20,193</b>	<b>17,570</b>	<b>11,027</b>	<b>7,244</b>
Opening Cash Balance	20,951	7,802	27,995	45,565	56,592
Closing Cash Balance	5,873	27,995	45,565	56,592	63,836

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY16A	FY17A	FY18E	FY19E	FY20E
Net Margin	15.9%	14.6%	8.9%	9.8%	11.0%
Asset Turnover (x)	1.0	0.8	0.7	0.7	0.7
Leverage Factor (x)	1.5	1.7	1.7	1.6	1.6
RoE	22.6%	20.7%	10.1%	10.9%	12.4%

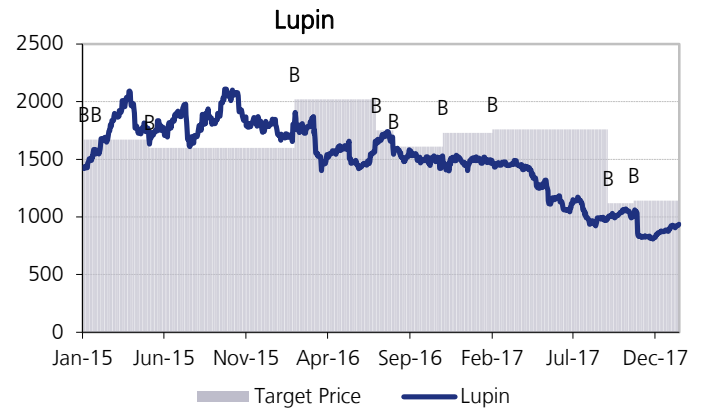
Key Ratios					
Y/E March	FY16A	FY17A	FY18E	FY19E	FY20E
BV/Share (INR)	248.0	299.2	320.8	348.2	384.6
ROIC	17.6%	14.3%	7.7%	9.0%	10.8%
ROE	22.6%	20.7%	10.1%	10.9%	12.4%
Net Debt/Equity (x)	0.6	0.4	0.3	0.2	0.1
P/E (x)	16.1	14.2	25.8	22.0	17.7
P/B (x)	3.2	2.7	2.5	2.3	2.1
EV/EBITDA (x)	11.6	9.2	13.0	11.5	9.5
EV/Sales (x)	3.0	2.4	2.5	2.3	2.0
Debtor days	116	90	104	104	104
Inventory days	84	76	76	76	76
Creditor days	69	73	78	78	78

Source: Company, JM Financial

## History of Earnings Estimate and Target Price

Date	FY18E EPS (INR)	% Chg.	FY19E EPS (INR)	% Chg.	Target Price	% Chg.
29-Oct-14					1530	
12-Jan-15					1670	9.2
4-Feb-15					1670	0.0
14-May-15					1600	-4.2
8-Feb-16	91.6				2020	26.3
9-Jul-16	79.1	-13.6	97.4		1750	-13.4
10-Aug-16	73.2	-7.5	93.4	-4.1	1610	-8.0
10-Nov-16	70.0	-4.4	87.3	-6.5	1730	7.5
10-Feb-17	68.1	-2.7	79.9	-8.5	1760	1.7
13-Sep-17	38.0	-44.2	50.6	-36.7	1120	-36.4
31-Oct-17	36.2	-4.8	48.7	-3.8	1140	1.8

## Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U65192MH1995PLC092522

Member of BSE Ltd. and National Stock Exchange of India Ltd. and Metropolitan Stock Exchange of India Ltd.

SEBI Registration Nos.: BSE - INZ010012532, NSE - INZ230012536 and MSEI - INZ260012539, Research Analyst – INH000000610

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 15%. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 15% upside from the current market price.
Sell	Price expected to move downwards by more than 10%

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