

# RPG Life Sciences

Industry	CMP	Recommendation	Buying Range	Targets	Time Horizon
Pharmaceuticals	Rs. 469	<b>BUY at CMP and add on Declines</b>	Rs. 435 - 408	Rs. 545 - 658	3-4 Quarters

HDFC Scrip Code	RPGLIF
BSE Code	532983
NSE Code	RPGLIFE
Bloomberg	RPGL
CMP as on 16 Dec 16	469
Equity Capital (Rs Cr)	13.2
Face Value (Rs)	8
Equity O/S (Cr)	1.7
Market Cap (Rs cr)	774
Book Value (Rs)	81
Avg. 52 Week Volumes	60299
52 Week High	535
52 Week Low	196

Shareholding Pattern (%)	
Promoters	66.8
Institutions	0.4
Non Institutions	32.8

PCG Rating*	<b>Yellow</b>
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\* Refer Rating explanation

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## Company Background

RPG Life Sciences part of the ~Rs. 25,000 crore RPG Enterprises, is an integrated pharmaceutical company operating in the domestic and international markets in the branded formulations, global generics, synthetic and fermentation APIs space. The company is a research based pharmaceutical company, producing a wide range of trusted and tested product. Company derived 61% of its FY16 revenues from Domestic Formulations business while 13% from API, exports formulations and Biotech business contributed 9% each. Its brands are highly trusted by healthcare professionals and patients. RPG Life Sciences has demonstrated sustained above industry growth in the last four quarters. The company intends to focus on product innovation and development through continuous investment in R&D efforts. RPG has manufacturing facilities located in Ankleshwar, Gujarat and Navi Mumbai, Maharashtra. These facilities have been approved by various regulatory bodies.

## Investment Rationale

RPG Life Sciences is engaged in manufacturing of Formulations both Domestic and International and has small exposure in API segment. RPG Life has several brands which are well known and prescribed by doctors. RPG's major brands include Min Min (Vitamins and Iron Supplements), Tricaine (Antacid), Lomotil (Anti-Diarrhoeal), Serenace (CNS), Azoran (Organ Transplant) and Aldactone (Diuretic). In Oncology space, company has products likes Frastim and Pegfrastim, Azaplast and Arpimune-O; It has launched several more products such as EV active Gel, EV active wash (personal care). In Jul-Aug 2016, company launched new division as "Glodiance", under which company has established tie up with Labo Italy to market for two of their cosmetology products, thus making entry in the cosmetic Dermatology segment. RPG Life Sciences has announced its foray into the cosmetics business with the tie up with Italy-Swiss based Labo Cosprophar. The products include CRESCINA (Hair re-growth) and FILLERINA (Anti-ageing). Management has indicated the company aims to grab 15 percent market share in the ~Rs 250-300cr cosmetic dermatology segment.

RPG Life had acquired 7 brands in therapy areas like cardiovascular diseases, Respiratory and Urological disorders from Sun Pharmaceuticals. The company paid Rs41 cr for the same. After posting lacklustre performance over the last three years, company seems to be on track as during H1 FY17, RPG has posted strong performance across the board. RPG Life aims to generate Rs 1000cr turnover in the next 4-5 years. We expect 25% revenue cagr led by strong growth from domestic formulations business and robust growth momentum from exports formulations business.

We forecast 650bps margin surge over H1 FY17 – FY19E led by rapid growth through focus on existing Legacy products, launch of Niche products (owned + licensed) in the domestic market, addition of new products and clients in EU market and entry into US markets. We believe company to post Rs 43 EPS for FY19E; given the robust growth prospects, healthy balance sheet and strong return ratios (RoE/RoCE), We recommend BUY on declines to the band of Rs 435-408 with Sequential price targets of Rs 545 (12.8x FY19E PE) and Rs 658 (15.3x FY19E PE).

## Various business segments and its details

### Domestic Formulations

During FY16, Formulations business achieved revenue of Rs 169Cr, with a growth of 17% over the previous year. The segment contributed 61% of revenues for FY16. As export formulations gain traction we believe segment contribution for FY19E would be ~58%. The productivity of sales force has improved by 25% yoy basis. As per Pharmatrac, a market researcher, the Company has improved its rank from 73rd to 66th positions in sales value terms over the previous year. The Company's Nephrocare Division continues to feature among the top 5 Indian Companies operating in the renal therapy segment. RPG Life Sciences is ranked as 1st in Immunosuppressant by ORG IMS FY16.

The company's strategy of focusing on brand building has shown promising outcomes with Tricaine and Minmin tonic brands performing well. The Acute care business grew by 23%, Nephrocare at 14% growth and Oncology registered 28% growth. The super specialty Oncology business showed impressive growth. The Company's major brands such as Lomotil, Aldactone, Naprosyn, Serenace and Azoran registered healthy growth in the year. Azoran posted revenues of Rs 28cr and continues to be leader with 92% market share. Serenace recorded revenue growth of 18% yoy to Rs 9cr.

Company's focus will be to leverage the strength of the legacy brands so as to build successful new products along with continued emphasis on Focus brands. Company is putting efforts to build upon chronic therapies like Cardiology, Anti-Diabetic, Oncology and Nephrology to accelerate growth in the chronic therapy segment. With focus on Transplant and Dialysis therapy the company will consolidate its value in Nephrology therapy. Gastrointestinal, Pain Management and Nutritionals will drive growth in the Acute therapies segment. Existing brands like Aldactone, Naprosyn, Azoran and Tricaine will continue to receive the necessary thrust as also other focus brands like Azopen. New launches such as Azistart-O & MinMin Tonic are also showing promise.

Company is also focusing on Dialysis and Transplant therapies and that will strive to consolidate its position in the Nephrocare space both in domestic as well as export markets. Brand extensions and new product launches in therapies where the Company's core competencies exist likely to remain growth drivers. In addition, entry into new therapies like Dermatology (cosmetology) will provide avenues for further growth.

### International Formulations

The segment contributed 9% of revenues for FY16. As export formulations gain traction we believe segment contribution for FY19E would surge to ~30%. The Global Generics business is likely to accelerate given the fact that company has signed new contract for Azathioprine for Central and Eastern Europe and product has already been commercialized in few of these markets by the licensing partner. It is notable that pricing pressure has been witnessed in US and EU that would certainly restrict exponential growth for the sector and for the company. The company has also signed a new contract for a new product – Nicorandil for UK with one of the largest MNCs and this product shall be filed in the near future and is expected to be commercialized in Q4 FY18. RPG life has filed for new registrations as well in EU and Latin America region.

The Company's presence in the German tender market will become stronger as market penetration improves with multiple partners. Addition of new customers and new products in EU as well as other geographies will be the key growth drivers in the generics business.

The company intends to enter the US market through strategic alliances and partnerships and is already working on the products for this market. As per our assumptions, US business should start in late FY18 which would further bolster growth momentum for the exports formulations.

### API segment

API (Active Pharmaceutical Ingredients) business recorded sales of Rs 36Cr. The business showed de-growth of 2% over last year as prime markets viz. Mexico & the Middle East which are major contributors to sales revenue, suffered due to weak local currencies and low Government funding. Quinamide is one of the company's key API products continued to perform well.

API business has a strategic importance in the overall integration for Di-phenoxyate and Azathioprine (products of the formulation business. The segment helps company to build a strong and sustainable products portfolio. With the emergence of BRIC markets, apart from domestic markets, Brazil & China would be increasingly important markets for some niche APIs that the company manufactures. RPG Life plans to introduce new APIs every year in various key therapeutic segments.

### RPG has tied up with Labo Italy for Cosmetology products

RPG Life has established tie up with Labo Italy to market for two of their cosmetology products, thus making entry in the cosmetic dermatology segment. The opportunity remains big and attractive. The hair growth segment is also sizable. So, company has entered this market to tap the demand for premium products from Labo, which is CRESCINA. Similarly, for wrinkle-free and anti-ageing skin care there is a product called FILLERNIA. It is used for anti-aging treatment and is Swiss patent while CRESCINA is a research-based worldwide product designed for hair re-growth with nine patents globally.

It is a blend of specialized actives which work to activate hair follicle stem cells that results in development of new hair and essential peptides and hydrolyzed ingredients provide strength to hair. The two products have been licensed for a long-term exclusive marketing for Indian market. RPG launched these two products under Glodiance division about four months ago. Management aims to grab 15 percent market share in the Rs 250-300cr cosmetic dermatology segment. We believe this segment would drive robust growth momentum for the company over the next 2-3 years.



Source: Company, HDFC sec Research



Source: Company, HDFC sec Research

### New launches in Domestic Market

RPG has lined up several new launches in domestic market across therapeutic areas such as L-Aspinase (Hematology), Abitate tablets (Solid Tumor), Fospritant (Supportive Therapy), Rituximab (Monoclonal Anti Bodies). These products should drive revenue growth from FY18E onwards. RPG Life Sciences has announced its foray into the cosmetics business with the tie up with Italy-Swiss based Labo Cosprophar. Management aims to grab 15 percent market share in the Rs 250-300cr cosmetic dermatology segment.

The company also aims to increase its revenues to Rs 1,000cr through new product launches, licensing pacts and geographic expansion. The company is now focusing more on Europe and emerging markets. As per our assumptions, US business should start in late FY18 which would further bolster growth momentum for the exports formulations.

### **Sale of Biotech Business to Intas for Rs 25cr**

The Biotech business posted sales of Rs 23cr for FY16, registered growth of 3%. Growth was driven by strengthening existing client relationships and addition of new clients in Russia, Mexico and Indonesia. Sales to Russia & Indonesia have shown impressive growth. The Company continued to make several improvements and upgrades in its Biotech facility, to meet the requirements of various markets in emerging geographies, in line with its strategy to take products to regulated markets.

In May 2016, company decided to sell its Biotech Unit to Intas Pharmaceuticals on a slump sale basis for Rs 25cr. The segment contributed 8% of FY16 revenues. The proceeds from sale will be used to strengthen and expand formulations business domestic and exports as well. With the sale of the unit, company earned post tax net gain of Rs 6.5cr, which was reflected in H1 FY17 results. RPG Life Sciences remains focused on growing its domestic and international formulations business. International formulations business grew 1.3x in the first half of FY17 on the back of new customers and new approvals.

### **Top Management changes to Augur well for the company**

Mr. Harsh Vardhan Goenka is the chairman of RPG group and RPG Life and he is Non – Executive Director of RPG Life Sciences. Company has indulged in industry veterans into the top management in 2015. RPG Life has roped in C T Renganathan as its new chief. Renganathan has been working in the pharmaceutical industry for the last 30 years in different capacities of sales, marketing and general management, both in India as well as international markets such as Malaysia, Singapore and Brunei.

His previous companies include GSK India, Boston Scientific and Eli Lilly. In the last assignment he was one of the three executive vice presidents of GlaxoSmithKline Pharmaceuticals. Mr. Sachin Nandgaonkar serves as Non-Executive director, he joined in 2015 as well. Prior to that he was with Boston Consulting Group for 15 years where he served as senior partner and director. Company has also indulged in Ms. Zahabiya Khorakiwala as additional director, who heads Wockhardt Hospital. So the bet also remains on the top management of the company. Promoters holding as on Sep 2016 stood at 66.8% with zero pledge.

### **Domestic Pharmaceuticals Industry Outlook**

Healthcare in India has evolved rapidly from being a product centric industry to a service driven sector, with delivery and medical insurance segments gaining prominence. India's pharmaceutical Industry has been ranked 3rd in terms of volume and 10th in terms of value, globally. It is estimated that Indian Pharmaceutical sector will touch US\$ 55bn in sales by 2020. India is now among the top five emerging pharmaceutical markets and is expected to grow at Compounded Annual Growth Rate (CAGR) of 15%.

A significant increase in domestic consumption due to the higher incidence of lifestyle diseases, increasing health awareness, growing population, greater penetration in rural markets, and a nascent, yet fast growing health insurance industry, are some factors influencing the growth of the pharmaceutical market. Moreover, the country's low-cost production base and the patent cliff in the global arena significantly support the export market which plays an important role in the growth of the industry. The percentage contribution of the generic pharmaceutical market to the world is expected to increase from 28.5% in FY13 to 36% in FY 2017. India currently ranks fourth in the world among the highest generic pharmaceuticals producers and contributes 20% of global generic drug exports. Lifestyle segments such as cardiovascular, diabetes, CNS, oncology will continue to be fast growing owing to increased urbanisation and change in lifestyle patterns.

Driven by increasing sales of generic medicines, continued growth in chronic therapies and greater penetration in rural markets, the domestic formulation market in India is expected to register a growth of about 11% in FY17 and 14% for FY18. In FY16, it had achieved growth rate of 12.9%.

In FY16, Total of 344 Cardiovascular & Anti-Diabetic Formulations that were brought under Price Control in addition to 108 formulations brought earlier in the year. New Drug Approval Committee's (NDAC) stringent control on combination drugs, delays in clinical trial approvals, uncertainties over the Foreign Direct Investment (FDI) policy, the new pharmaceutical pricing policy, and uniform code for sales and marketing practices and compulsory licensing for the domestic pharmaceutical market are some of the challenges which face the Indian Formulation business.

### **Stock trades at ~11x FY19E earnings; Recommend BUY**

RPG Life has posted lacklustre performance over the past three years. In FY16, company posted reasonably good performance and post FY16, there are key developments such as several Brands Acquisition from Sun Pharma, Tie up with Labo-Italy for Cosmetology products and has posted strong performance across the board in H1 FY17. RPG Life aims to generate Rs 1000cr turnover in the next 4-5 years. We expect 25% revenue cagr led by strong growth from domestic formulations business and robust growth momentum from exports formulations business. We forecast 650bps margin surge over H1 FY17 – FY19E led by rapid turnaround through focus on existing Legacy products, launch of Niche products (owned + licensed) in the domestic market, adding new products and clients in EU market and entry into US markets. We believe company to post Rs 43 EPS for FY19E; given the robust growth prospects, strong balance sheet and strong return ratios (RoE/RoCE), We recommend BUY on RPG Life on declines to the band of Rs 435-408 with Sequential price targets of Rs 545 (12.8x FY19E PE) and Rs 658 (15.3x FY19E PE).

## Risks

- Company generates big chunk of revenues from domestic formulations so, domestic drug pricing policy may hurt the company, if its brands come under the pricing regime
- Any adverse actions by regulatory Authorities (domestic/international) may remain concern
- Lower than expected revenues and earnings growth

## Major Products in Domestic Market

Product Name	Therapeutic Segment	Rev Cont ( FY16 )
Azoran	Transplant	Rs 28cr
Aldactone	Diuretic	Rs 19cr
Lomotil	Anti Diarrhoeal	Rs 18cr
Tricaine	Antacid	Rs 12cr
Min Min Tonic	Vitamins	Rs 8cr

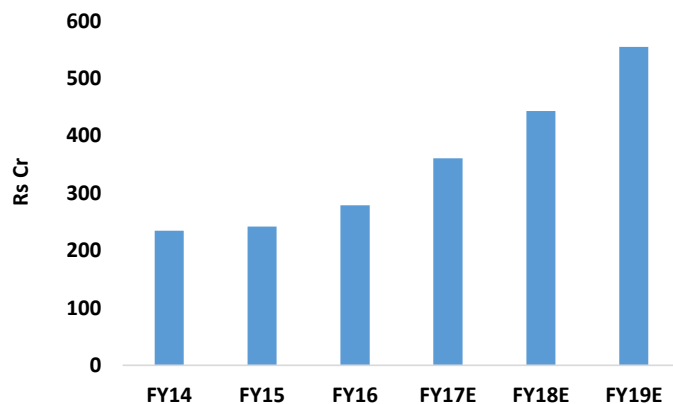
Source: Company, HDFC sec Research

## Financial Summary (Rs cr)

(Rs Cr)	FY14 <sup>^</sup>	FY15	FY16	FY17E	FY18E	FY19E
Sales	235	242	279	361	443	555
<b>EBITDA</b>	<b>11</b>	<b>13</b>	<b>23</b>	<b>49</b>	<b>73</b>	<b>101</b>
Net Profit	53	1	12	39	50	71
<b>EPS (Rs)</b>	<b>31.8</b>	<b>0.6</b>	<b>7.0</b>	<b>23.7</b>	<b>30.0</b>	<b>42.8</b>
P/E	14.7	775.6	66.9	19.8	15.6	11.0
<b>EV/EBITDA</b>	<b>73.8</b>	<b>59.9</b>	<b>34.2</b>	<b>16.3</b>	<b>11.0</b>	<b>7.9</b>
<b>RoE</b>	<b>52.1</b>	<b>0.8</b>	<b>9.0</b>	<b>25.1</b>	<b>24.6</b>	<b>27.2</b>

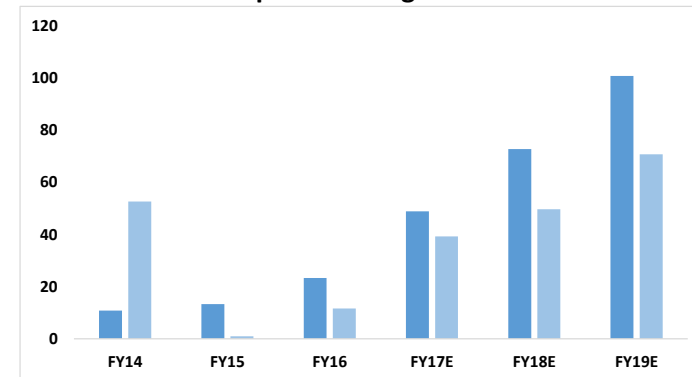
Source: Company, HDFC sec Research, <sup>^</sup> includes exceptional gain of ~Rs 50cr

Revenues to witness 25.5% cagr over FY16-19E



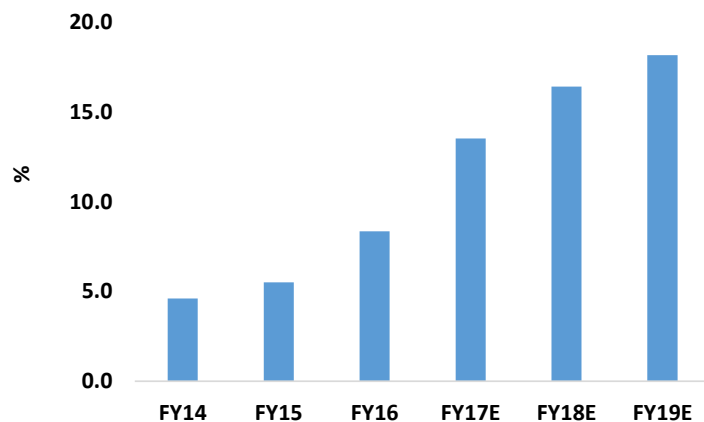
Source: Company, HDFC sec Research

EBITDA and PAT to post robust growth momentum



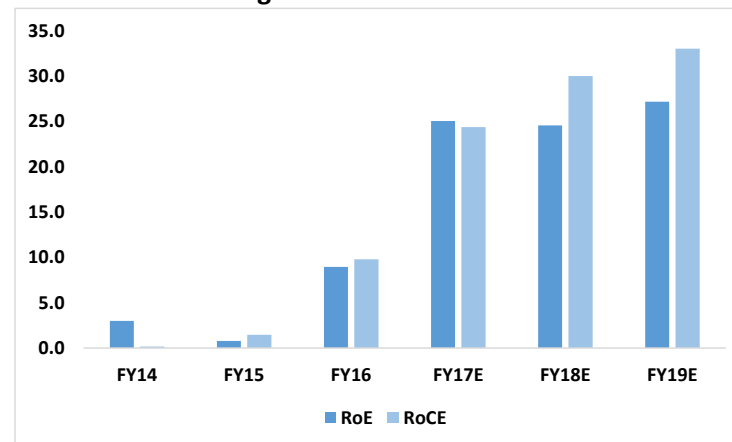
Source: Company, HDFC sec Research

EBITDA Margin to witness continuous improvement



Source: Company, HDFC sec Research

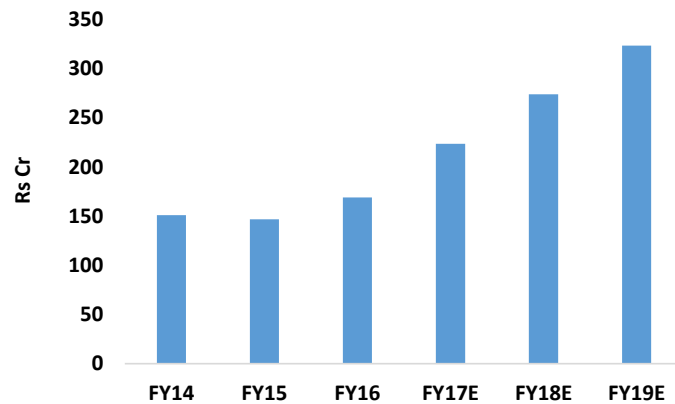
Return Ratios to surge over FY16-19E



Source: Company, HDFC sec Research

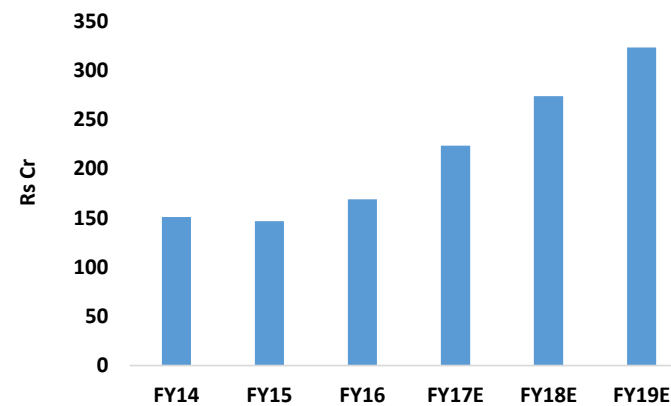


**Domestic Formulations Revenue Trend**



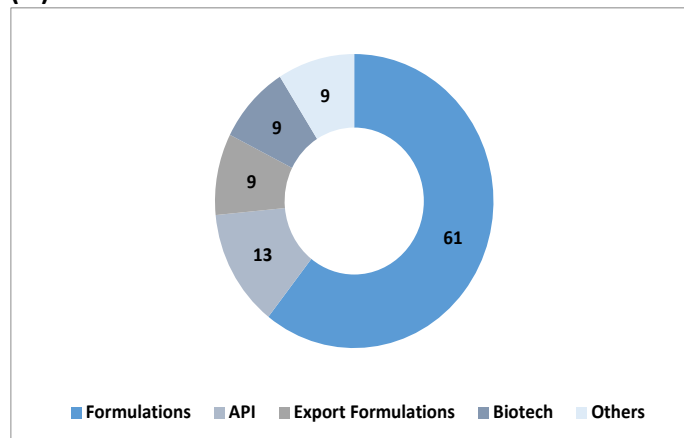
Source: Company, HDFC sec Research

**Export Formulations Sales**



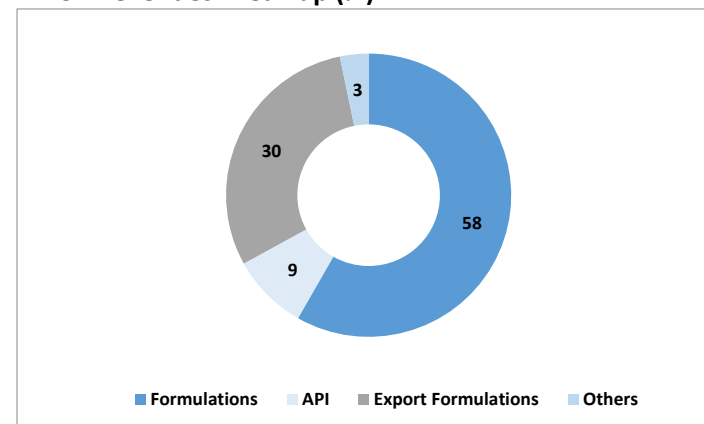
Source: Company, HDFC sec Research

**FY16 Revenues Split (%)**



Source: Company, HDFC sec Research

**FY19E Revenues Break up (%)**



Source: Company, HDFC sec Research

**Income Statement (Consolidated)**

(Rs Cr)	FY14 <sup>^</sup>	FY15	FY16	FY17E	FY18E	FY19E
<b>Net Revenue</b>	<b>235</b>	<b>242</b>	<b>279</b>	<b>361</b>	<b>443</b>	<b>555</b>
<b>Growth (%)</b>	<b>6.0</b>	<b>3.0</b>	<b>15.4</b>	<b>29.4</b>	<b>22.8</b>	<b>25.2</b>
Operating Expenses	224	228	256	312	370	454
<b>EBITDA</b>	<b>11</b>	<b>13</b>	<b>23</b>	<b>49</b>	<b>73</b>	<b>101</b>
<b>Growth (%)</b>	<b>-29.9</b>	<b>23.1</b>	<b>75.2</b>	<b>109.5</b>	<b>48.9</b>	<b>38.6</b>
<b>EBITDA Margin (%)</b>	<b>4.6</b>	<b>5.5</b>	<b>8.4</b>	<b>13.5</b>	<b>16.4</b>	<b>18.2</b>
Depreciation	11	11	10	10	12	15
<b>EBIT</b>	<b>0</b>	<b>2</b>	<b>13</b>	<b>38</b>	<b>60</b>	<b>86</b>
Other Income	3	2	1	1	3	4
<b>Interest</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>1</b>
<b>PBT</b>	<b>64</b>	<b>1</b>	<b>12</b>	<b>45</b>	<b>62</b>	<b>89</b>
<b>Tax</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>14</b>	<b>20</b>
<b>RPAT</b>	<b>53</b>	<b>1</b>	<b>12</b>	<b>39</b>	<b>50</b>	<b>71</b>
<b>Growth (%)</b>	<b>-</b>	<b>-98.1</b>	<b>-</b>	<b>238.2</b>	<b>26.6</b>	<b>42.4</b>
<b>EPS</b>	<b>31.8</b>	<b>0.6</b>	<b>7.0</b>	<b>23.7</b>	<b>30.0</b>	<b>42.8</b>

Source: Company, HDFC sec Research, <sup>^</sup> includes exceptional gain of ~Rs 50cr

**Balance Sheet (Consolidated)**

(Rs Cr)	FY14	FY15	FY16	FY17E	FY18E	FY19E
<b>SOURCE OF FUNDS</b>						
<b>Share Capital</b>	<b>13.2</b>	<b>13.2</b>	<b>13.2</b>	<b>13.2</b>	<b>13.2</b>	<b>13.2</b>
Reserves	113	112	120	158	208	276
<b>Shareholders' Funds</b>	<b>126</b>	<b>125</b>	<b>134</b>	<b>172</b>	<b>221</b>	<b>289</b>
Long term Debt	0	0	0	0	0	0
<b>Net Deferred Taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long Term Provisions & Others	1	2	2	2	3	3
<b>Total Source of Funds</b>	<b>133</b>	<b>131</b>	<b>136</b>	<b>189</b>	<b>245</b>	<b>330</b>
<b>APPLICATION OF FUNDS</b>						
<b>Net Block</b>	<b>88</b>	<b>87</b>	<b>94</b>	<b>104</b>	<b>114</b>	<b>143</b>
Intangibles	19	17	16	13	13	13
<b>Long Term Loans &amp; Advances</b>	<b>5</b>	<b>8</b>	<b>6</b>	<b>9</b>	<b>11</b>	<b>16</b>
Total Non Current Assets	112	113	116	127	139	173
<b>Inventories</b>	<b>38</b>	<b>34</b>	<b>39</b>	<b>48</b>	<b>62</b>	<b>76</b>
Trade Receivables	36	41	37	48	58	73
<b>Cash &amp; Equivalents</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>25</b>	<b>36</b>	<b>45</b>
Other Current Assets (incl Curr Invests)	9	10	10	13	24	39
<b>Total Current Assets</b>	<b>85</b>	<b>86</b>	<b>87</b>	<b>136</b>	<b>181</b>	<b>234</b>
Trade Payables	37	25	34	48	63	74
<b>Other Current Liab &amp; Provisions</b>	<b>27</b>	<b>42</b>	<b>33</b>	<b>32</b>	<b>24</b>	<b>24</b>
<b>Total Current Liabilities</b>	<b>64</b>	<b>67</b>	<b>67</b>	<b>80</b>	<b>87</b>	<b>98</b>
<b>Net Current Assets</b>	<b>21</b>	<b>19</b>	<b>20</b>	<b>55</b>	<b>94</b>	<b>136</b>
<b>Total Application of Funds</b>	<b>133</b>	<b>131</b>	<b>136</b>	<b>189</b>	<b>245</b>	<b>330</b>

Source: Company, HDFC sec Research

**Cash Flow Statement (Consolidated)**

(Rs Cr)	FY14	FY15	FY16	FY17E	FY18E	FY19E
<b>Reported PBT</b>	<b>64</b>	<b>1</b>	<b>12</b>	<b>45</b>	<b>62</b>	<b>89</b>
Non-operating & EO items	-3	-2	-1	-1	-3	-4
<b>Interest Expenses</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>1</b>
Depreciation	11	11	10	10	12	15
<b>Working Capital Change</b>	<b>-32</b>	<b>2</b>	<b>-1</b>	<b>-11</b>	<b>-28</b>	<b>-33</b>
Tax Paid	-12	0	0	-7	-14	-20
<b>OPERATING CASH FLOW ( a )</b>	<b>31</b>	<b>15</b>	<b>23</b>	<b>39</b>	<b>31</b>	<b>48</b>
Capex	-13	-8	-14	-8	-22	-35
<b>Free Cash Flow</b>	<b>19</b>	<b>8</b>	<b>9</b>	<b>31</b>	<b>9</b>	<b>13</b>
Non-operating income	3	2	1	1	3	4
<b>INVESTING CASH FLOW ( b )</b>	<b>-10</b>	<b>-6</b>	<b>-13</b>	<b>-7</b>	<b>-19</b>	<b>-31</b>
Debt Issuance / (Repaid)	-10	0	0	0	0	0
Interest Expenses	-3	-3	-3	-2	-2	-1
<b>FCFE</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>29</b>	<b>8</b>	<b>12</b>
Dividend	-4	-2	-3	-5	-8	-12
<b>FINANCING CASH FLOW ( c )</b>	<b>-17</b>	<b>-5</b>	<b>-6</b>	<b>-7</b>	<b>-9</b>	<b>-13</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>25</b>	<b>2</b>	<b>4</b>

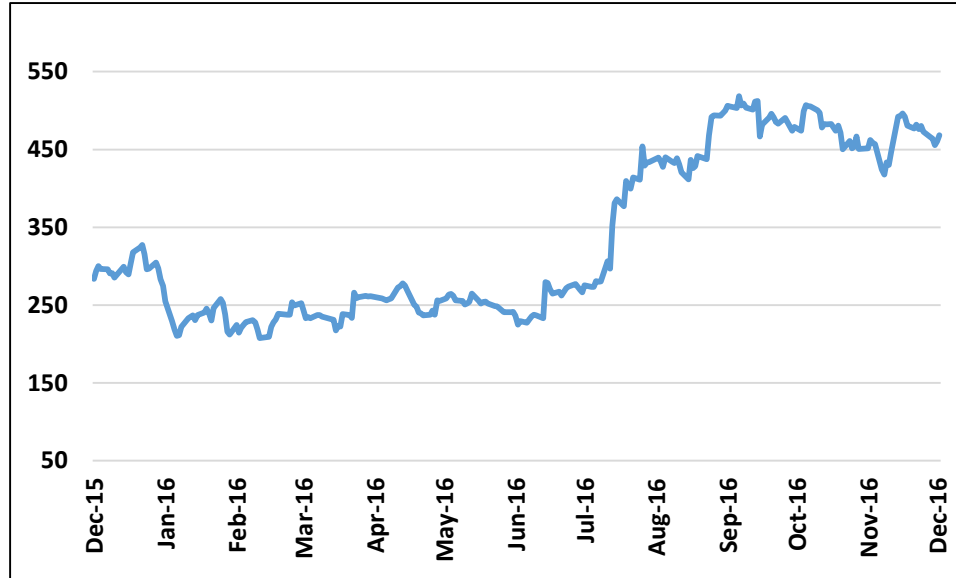
Source: Company, HDFC sec Research

**Key Ratio (Consolidated)**

Key Ratios (%)	FY14	FY15	FY16	FY17E	FY18E	FY19E
<b>EBITDA Margin</b>	<b>4.6</b>	<b>5.5</b>	<b>8.4</b>	<b>13.5</b>	<b>16.4</b>	<b>18.2</b>
EBIT Margin	0.1	0.8	4.7	10.6	13.6	15.5
<b>APAT Margin</b>	<b>22.4</b>	<b>0.4</b>	<b>4.2</b>	<b>10.9</b>	<b>11.2</b>	<b>12.7</b>
RoE	52.1	0.8	9.0	25.1	24.6	27.2
<b>RoCE</b>	<b>0.2</b>	<b>1.5</b>	<b>9.8</b>	<b>24.4</b>	<b>30.0</b>	<b>33.0</b>
<b>Solvency Ratio</b>						
<b>Net Debt/EBITDA (x)</b>	<b>1.2</b>	<b>2.4</b>	<b>0.9</b>	<b>-0.1</b>	<b>-0.5</b>	<b>-0.5</b>
Net D/E	0.1	0.3	0.2	0.0	-	-
<b>Interest Coverage</b>	<b>4.1</b>	<b>4.9</b>	<b>9.3</b>	<b>22.2</b>	<b>48.5</b>	<b>100.8</b>
<b>PER SHARE DATA</b>						
<b>EPS</b>	<b>31.8</b>	<b>0.6</b>	<b>7.0</b>	<b>23.7</b>	<b>30.0</b>	<b>42.8</b>
CEPS	38.3	7.5	13.2	30.0	37.5	51.7
<b>BV</b>	<b>76.0</b>	<b>75.7</b>	<b>80.8</b>	<b>103.8</b>	<b>133.5</b>	<b>174.8</b>
Dividend	2.0	0.8	1.6	2.8	4.2	6.4
<b>VALUATION</b>						
P/E	14.7	-	66.9	19.8	15.6	11.0
<b>P/BV</b>	<b>6.2</b>	<b>6.2</b>	<b>5.8</b>	<b>4.5</b>	<b>3.5</b>	<b>2.7</b>
EV/EBITDA	73.8	59.9	34.2	16.3	11.0	7.9
<b>EV / Revenues</b>	<b>3.4</b>	<b>3.3</b>	<b>2.9</b>	<b>2.2</b>	<b>1.8</b>	<b>1.4</b>
Dividend Yield (%)	0.4	0.2	0.3	0.6	0.9	1.4
<b>Div Payout</b>	<b>6.3</b>	<b>132.3</b>	<b>22.8</b>	<b>11.8</b>	<b>14.1</b>	<b>15.0</b>

Source: Company, HDFC sec Research

Price Movement Chart



**Rating Definition:**

Buy: Stock is expected to gain by 10% or more in the next 1 Year.

Sell: Stock is expected to decline by 10% or more in the next 1 Year.

**Rating Chart**

R E T U R N	HIGH			
	MEDIUM			
	LOW			
		LOW	MEDIUM	HIGH
		RISK		

**Ratings Explanation:**

RATING	Risk - Return	BEAR CASE	BASE CASE	BULL CASE
BLUE	LOW RISK - LOW RETURN STOCKS	IF RISKS MANIFEST PRICE CAN FALL 20% OR MORE	IF RISKS MANIFEST PRICE CAN FALL 15% & IF INVESTMENT RATIONALE FRUCTFIES PRICE CAN RISE BY 15%	IF INVESTMENT RATIONALE FRUCTFIES PRICE CAN RISE BY 20% OR MORE
YELLOW	MEDIUM RISK - HIGH RETURN STOCKS	IF RISKS MANIFEST PRICE CAN FALL 35% OR MORE	IF RISKS MANIFEST PRICE CAN FALL 20% & IF INVESTMENT RATIONALE FRUCTFIES PRICE CAN RISE BY 30%	IF INVESTMENT RATIONALE FRUCTFIES PRICE CAN RISE BY 35% OR MORE
RED	HIGH RISK - HIGH RETURN STOCKS	IF RISKS MANIFEST PRICE CAN FALL 50% OR MORE	IF RISKS MANIFEST PRICE CAN FALL 30% & IF INVESTMENT RATIONALE FRUCTFIES PRICE CAN RISE BY 30%	IF INVESTMENT RATIONALE FRUCTFIES PRICE CAN RISE BY 50% OR MORE

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