

# Dr. Reddy's Laboratories

4 February 2019

Reuters: REDY.BO; Bloomberg: DRRD IN

## US Business To Progressively Strengthen

Dr. Reddy's Laboratories or DRL's revenues in 3QFY19 at Rs 38,500mn were in line with our estimate as well as consensus estimate. However, net earnings at Rs4,878mn were 10%/29% above our estimate/consensus estimate, respectively. Lower tax rate (16% as against 21% guidance), operational efficiency (lower R&D spending at Rs3,630mn – 9.5% of sales as against normalised 11.5%) and one-time gain of Rs423mn from API facility divestment at Jeedimetla contributed to the outperformance. Adjusted for one-time gain, net earnings stood at Rs.4,500mn which is 1% above our estimate. During the quarter, erosion in Toprol XL and Dacogen generics in the US because of enhanced competition led to a decline in gross margin which fell 110bps QoQ. Erosion in Toprol XL generic is expected to continue, but new launches in 3QFY19 will more than offset the same. During 3QFY19, DRL made 10 new launches and a large part of these will translate into >US\$10mn in annual sales opportunity. The key launches during 3QFY19 include Welchol generic (US\$10mn-US\$15mn), Renvela suspension generic (US\$10mn-US\$15mn), Diprivan generic (US\$30mn-US\$50mn), aspirin and extended release dipyrindamole (US\$10mn) and Glivec generic (US\$5mn-US\$10mn). These new launches will cumulatively add US\$75mn to US\$100mn to DRL's US sales over the next one year. In addition, potential approval for Nuvaring, Suboxone and Copaxone generics can incrementally add US\$200mn to US\$300mn to DRL's US sales. On the proprietary portfolio side, recent approval for DFN-02 (intra-nasal migraine spray) is encouraging and DRL maintains its guidance of peak sales being >US\$100mn. DFN-02 is different from the existing nasal spray by virtue of its quick onset of action (15 minutes vs. 45 minutes).

DRL is also working to strengthen its sales in emerging markets, India and in PSAI segment. We see DRL's earnings on an upward trajectory, and the strength of the same depends on the timing of complex approvals.

Considering limited upside potential at current price, we revise our buy rating on DRL to Accumulate and maintain our target price of Rs3,122 which is based on 18x September FY21E EPS.

**Outlook and valuation:** DRL's earnings performance is expected to improve going forward and will be led by a rising revenue base across geographies. Key earnings catalysts in the near term include:

- 1) Resolution of regulatory compliance problems at Duvaada and Srikakulam plants – around 15 ANDA filings are from these facilities.
- 2) Nuvaring generic approval – DRL has been granted a priority review by the US Food and Drug Administration or USFDA and the approval is expected in 1H2019. Nuvaring generic can potentially add US\$120mn to FY20 revenues and Rs35 to EPS.
- 3) Decision on Indivior's appeal for a re-hearing on Suboxone verdict (lifting of preliminary injunction).
- 4) Scale-up of operations in China and Brazil can add a new growth dimension.

## ACCUMULATE

**Sector:** Pharmaceuticals

**CMP:** Rs2,791

**Target Price:** Rs3,122

**Upside:** 12%

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### Key Data

Current Shares O/S (mn)	166.0
Mkt. Cap (Rsbn/US\$bn)	463.4/6.5
52 Wk H / L (Rs)	2,819/1,887
Daily Vol. (3M NSE Avg.)	926,492

### Price Performance (%)

	1 M	6 M	1 Yr
Dr Reddy's Labs.	7.1	28.3	29.3
Nifty Index	(0.2)	(4.0)	(1.1)

Source: Bloomberg

*Y/E March (Rsmn)	3QFY18	2QFY19	3QFY19	YoY (%)	QoQ (%)	9MY18	9MY19	YoY(%)
<b>Revenues</b>	<b>38,060</b>	<b>37,978</b>	<b>38,500</b>	<b>1.2</b>	<b>1.4</b>	<b>1,06,679</b>	<b>1,13,685</b>	<b>6.6</b>
Cost of revenues	16,649	17,081	17,748	6.6	3.9	49,270	51,308	4.1
% of revenues	43.7	45.0	46.1	235bps	112bps	46.2	45.1	(105bps)
SG&A expenses	12,048	12,372	12,036	(0.1)	(2.7)	34,843	36,514	4.8
% of revenues	31.7	32.6	31.3	(39 bps)	(131 bps)	13.0	10.5	(254 bps)
R&D expenses	4,667	4,120	3,668	(21.4)	(11.0)	13,917	11,945	(14.2)
% of revenues	12.3	10.8	9.5	(273 bps)	(132 bps)	13.0	10.5	(254 bps)
Other operating (income)/expenses	(313)	(641)	(681)	117.6	6.2	(621)	(1,625)	161.7
<b>Results from operating activities</b>	<b>5,009</b>	<b>5,046</b>	<b>5,729</b>	<b>14.4</b>	<b>13.5</b>	<b>9,270</b>	<b>15,543</b>	<b>67.7</b>
Net finance expenses	(851)	(625)	(13)	(98.5)	(97.9)	(1,048)	(794)	(24.2)
Share of (profit)/loss of equity accounted investee	(85)	(109)	(89)	4.7	(18.3)	(275)	(281)	2.2
Profit before income-tax	5,945	5,780	5,831	(1.9)	0.9	10,593	16,618	56.9
Income tax expenses	2,601	742	953	(63.4)	28.4	3,809	2,141	(43.8)
<b>Profit for the period</b>	<b>3,344</b>	<b>5,038</b>	<b>4,878</b>	<b>45.9</b>	<b>(3.2)</b>	<b>6,784</b>	<b>14,477</b>	<b>113.4</b>
<b>EBITDA computation</b>								
<b>PBT</b>	<b>5,945</b>	<b>5,780</b>	<b>5,831</b>	<b>(1.9)</b>	<b>0.9</b>	<b>10,593</b>	<b>16,618</b>	<b>56.9</b>
Net interest (income)/expenses	(881)	(132)	(260)	(70.5)	97.0	(1,020)	(438)	(57.1)
Depreciation	2,089	2,033	2,073	(0.8)	2.0	6,175	6,320	2.3
Amortisation & impairment	902	965	1,035	14.7	7.3	2,555	2,896	13.3
<b>EBITDA</b>	<b>8,055</b>	<b>8,646</b>	<b>8,679</b>	<b>7.7</b>	<b>0.4</b>	<b>18,303</b>	<b>25,396</b>	<b>38.8</b>
<b>Margin (%)</b>	<b>21.2</b>	<b>22.8</b>	<b>22.5</b>	<b>138bps</b>	<b>(22bps)</b>	<b>17.2</b>	<b>22.3</b>	<b>518bps</b>

\*Results are in the IFRS format. Source: Company, Nirmal Bang Institutional Equities Research

## Earnings conference-call commentary

**Gross margin:** Global generics – 57.6% and PSAI – 30.7%.

**Tax rate:** During the quarter, the tax rate stood at 16%. The company had given 20% tax rate guidance for FY19, but it clarified that the tax rate for the year will be slightly lower at 15%-17%.

**Free cash flow:** During the quarter, it was US\$216mn. Net debt-equity ratio stood at 0.13. The strong free cash flow was aided by reduction in receivables as the company has gone for receivable factoring.

**Nuvaring and Copaxone generics:** DRL maintained its guidance on approval timelines - 1H2019 for Nuvaring generic and 2H2019 for Copaxone generic.

**Plant status:** DRL has responded to the observations received for its Duvvada plant. As regards Srikakulam API plant, DRL has submitted the investigation data and is expecting a re-inspection by the USFDA.

**Lower product concentration risk in the US:** DRL has reduced its concentration risk by having 10 products contributing 40% to revenues as against 5 products contributing last year.

**R&D spending:** During the quarter, R&D spending stood at 9.5%. The company has given guidance that R&D expenditure may be flat on YoY basis and hence, in the fourth quarter there can be a jump in R&D expenses. Overall, DRL intends to maintain R&D expenses between US\$250mn to US\$300mn.

**PSAI:** The margin at 30.7% stands on the higher side driven by CPS business which has a lower share in the product mix, but has a high margin. The API business is large, but has a lower margin.

**North America business:** Despite facing price pressure, DRL has done well to increase its revenues from the US by 1%. The company has also done record numbers of product launches in the US. Some of these launches are in the limited-competition area.

**DFA02:** It is an anti-bacterial product which was returned to DRL. Phase-3 trials need to be conducted by a partner. DRL is looking for a partner for the same.

**Phase-3 trials on Rituximab:** DRL will initiate Phase-3 trials for filing biosimilar Rituximab in the US.

**E-777 filing:** For E-777, meant for treatment of cutaneous T-cell lymphoma, the filing will be made by early FY21.

**ANDA filing:** During the three months ended 31 December 2018, three new ANDA filings with the USFDA were done. Cumulatively, 103 filings are pending approval with the USFDA, which includes 3 NDA filings under Section 505(b) (2) and 100 ANDA filings. Out of these 100 ANDA filings, 59 are Paragraph-IV filings and DRL has a first-to-file status with respect to 33 of these filings.

### Exhibit 1: Key financials

Y/E March (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
Net sales	140,809	142,028	159,548	183,873	201,747
EBITDA	36,252	25,495	24,081	33,294	47,582
Net profit	12,039	9,806	16,846	26,702	30,864
EPS (Rs)	72.5	59.1	101.5	160.9	186.0
EPS growth (%)	(39.8)	(18.5)	71.8	58.5	15.6
EBITDA margin (%)	25.7	18.0	15.1	18.1	23.6
P/E (x)	34.1	41.9	24.4	15.4	13.3
P/BV (x)	3.3	3.2	3.0	2.6	2.2
EV/EBITDA (x)	17.3	18.3	13.0	8.9	7.7
RoCE (%)	9.9	8.5	12.0	19.1	19.8
RoE (%)	9.5	7.8	12.7	17.8	17.8

Source: Company, Nirmal Bang Institutional Equities Research

## Exhibit 2: Actual performance versus our estimate

(Rsmn)	Actual	Our estimate	Var. (%)	Cons. est.	Var. (%)
Sales	38,500	38,037	1.2	38,941	(1.1)
EBITDA	8,679	8,697	(0.2)	7,526	15.3
EBITDA margin (%)	22.5	22.9	(32bps)	19.3	322bps
Profit after tax	4,878	4,450	9.6	3,792	28.6

Source: Company, Nirmal Bang Institutional Equities Research

## Exhibit 3: Quarterly revenue trend

Revenues (Rsmn)	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
<b>Global generics</b>	<b>28,995</b>	<b>30,638</b>	<b>29,138</b>	<b>27,455</b>	<b>28,618</b>	<b>30,105</b>	<b>27,836</b>	<b>30,636</b>	<b>30,536</b>	<b>31,347</b>
North America	16,134	16,595	15,349	14,946	14,318	16,073	14,487	15,903	14,265	14,832
Europe	1,776	2,148	2,066	2,075	2,424	2,006	1,711	2,016	1,915	2,030
India	6,251	5,947	5,711	4,687	6,370	6,126	6,138	6,074	6,864	6,741
RoW	4,834	5,948	6,012	5,747	5,506	5,900	5,500	6,643	7,492	7,744
<b>PSAI</b>	<b>5,784</b>	<b>5,400</b>	<b>5,391</b>	<b>4,651</b>	<b>5,654</b>	<b>5,436</b>	<b>6,251</b>	<b>5,409</b>	<b>6,029</b>	<b>5,937</b>
<b>Proprietary products</b>	<b>588</b>	<b>603</b>	<b>552</b>	<b>512</b>	<b>748</b>	<b>2,137</b>	<b>848</b>	<b>726</b>	<b>776</b>	<b>735</b>
<b>Others</b>	<b>490</b>	<b>424</b>	<b>451</b>	<b>541</b>	<b>440</b>	<b>382</b>	<b>414</b>	<b>436</b>	<b>637</b>	<b>481</b>
<b>Total revenues</b>	<b>35,857</b>	<b>37,065</b>	<b>35,532</b>	<b>33,159</b>	<b>35,460</b>	<b>38,060</b>	<b>35,349</b>	<b>37,207</b>	<b>37,978</b>	<b>38,500</b>
Revenue mix (%)	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
<b>Global generics</b>	<b>80.9</b>	<b>82.7</b>	<b>82.0</b>	<b>82.8</b>	<b>80.7</b>	<b>79.1</b>	<b>78.7</b>	<b>82.3</b>	<b>80.4</b>	<b>81.4</b>
North America	45.0	44.8	43.2	45.1	40.4	42.2	41.0	42.7	37.6	38.5
Europe	5.0	5.8	5.8	6.3	6.8	5.3	4.8	5.4	5.0	5.3
India	17.4	16.0	16.1	14.1	18.0	16.1	17.4	16.3	18.1	17.5
RoW	13.5	16.0	16.9	17.3	15.5	15.5	15.6	17.9	19.7	20.1
<b>PSAI</b>	<b>16.1</b>	<b>14.6</b>	<b>15.2</b>	<b>14.0</b>	<b>15.9</b>	<b>14.3</b>	<b>17.7</b>	<b>14.5</b>	<b>15.9</b>	<b>15.4</b>
<b>Proprietary products</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.5</b>	<b>2.1</b>	<b>5.6</b>	<b>2.4</b>	<b>2.0</b>	<b>2.0</b>	<b>1.9</b>
<b>Others</b>	<b>1.4</b>	<b>1.1</b>	<b>1.3</b>	<b>1.6</b>	<b>1.2</b>	<b>1.0</b>	<b>1.2</b>	<b>1.2</b>	<b>1.7</b>	<b>1.2</b>
QoQ growth (%)	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
<b>Global generics</b>	<b>8.8</b>	<b>5.7</b>	<b>(4.9)</b>	<b>(5.8)</b>	<b>4.2</b>	<b>5.2</b>	<b>(7.5)</b>	<b>10.1</b>	<b>(0.3)</b>	<b>2.7</b>
North America	3.9	2.9	(7.5)	(2.6)	(4.2)	12.3	(9.9)	9.8	(10.3)	4.0
Europe	10.0	20.9	(3.8)	0.4	16.8	(17.2)	(14.7)	17.8	(5.0)	6.0
India	19.7	(4.9)	(4.0)	(17.9)	35.9	(3.8)	0.2	(1.0)	13.0	(1.8)
RoW	13.0	23.0	1.1	(4.4)	(4.2)	7.2	(6.8)	20.8	12.8	3.4
<b>PSAI</b>	<b>23.3</b>	<b>(6.6)</b>	<b>(0.2)</b>	<b>(13.7)</b>	<b>21.6</b>	<b>(3.9)</b>	<b>15.0</b>	<b>(13.5)</b>	<b>11.5</b>	<b>(1.5)</b>
<b>Proprietary products</b>	<b>(5.2)</b>	<b>2.6</b>	<b>(8.5)</b>	<b>(7.2)</b>	<b>46.1</b>	<b>185.7</b>	<b>(60.3)</b>	<b>(14.4)</b>	<b>6.9</b>	<b>(5.3)</b>
<b>Others</b>	<b>24.1</b>	<b>(13.5)</b>	<b>6.4</b>	<b>20.0</b>	<b>(18.7)</b>	<b>(13.2)</b>	<b>8.4</b>	<b>5.3</b>	<b>46.1</b>	<b>(24.5)</b>
<b>Total</b>	<b>10.9</b>	<b>3.4</b>	<b>(4.1)</b>	<b>(6.7)</b>	<b>6.9</b>	<b>7.3</b>	<b>(7.1)</b>	<b>5.3</b>	<b>2.1</b>	<b>1.4</b>
YoY growth (%)	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
<b>Global generics</b>	<b>(11.5)</b>	<b>(8.7)</b>	<b>(5.3)</b>	<b>3.1</b>	<b>(1.3)</b>	<b>(1.7)</b>	<b>(4.5)</b>	<b>11.6</b>	<b>6.7</b>	<b>4.1</b>
North America	(13.1)	(14.5)	(19.0)	(3.7)	(11.3)	(3.1)	(5.6)	6.4	(0.4)	(7.7)
Europe	(16.2)	10.7	17.5	28.5	36.5	(6.6)	(17.2)	(2.8)	(21.0)	1.2
India	14.5	2.4	8.2	(10.3)	1.9	3.0	7.5	29.6	7.8	10.0
RoW	(27.0)	(7.1)	25.3	34.4	13.9	(0.8)	(8.5)	15.6	36.1	31.3
<b>PSAI</b>	<b>(2.3)</b>	<b>6.3</b>	<b>(6.5)</b>	<b>(0.9)</b>	<b>(2.2)</b>	<b>0.7</b>	<b>16.0</b>	<b>16.3</b>	<b>6.6</b>	<b>9.2</b>
<b>Proprietary products</b>	<b>(11.4)</b>	<b>(7.8)</b>	<b>(14.4)</b>	<b>(17.4)</b>	<b>27.2</b>	<b>254.4</b>	<b>53.6</b>	<b>41.8</b>	<b>3.7</b>	<b>(65.6)</b>
<b>Others</b>	<b>(9.2)</b>	<b>10.1</b>	<b>19.6</b>	<b>37.0</b>	<b>(10.2)</b>	<b>(9.9)</b>	<b>(8.2)</b>	<b>(19.4)</b>	<b>44.8</b>	<b>25.9</b>
<b>Total</b>	<b>(10.1)</b>	<b>(6.6)</b>	<b>(5.4)</b>	<b>2.5</b>	<b>(1.1)</b>	<b>2.7</b>	<b>(0.5)</b>	<b>12.2</b>	<b>7.1</b>	<b>1.2</b>

Source: Company, Nirmal Bang Institutional Equities Research

## Exhibit 4: Quarterly snapshot

Margins (%)	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Gross margin	56.0	59.1	51.2	51.6	53.3	56.3	53.5	55.7	55.0	53.9
EBITDA	17.9	23.7	16.2	10.1	19.4	21.2	16.3	21.7	22.8	22.5
EBIT	10.0	15.8	8.2	1.7	11.1	13.4	7.8	13.3	14.9	14.5
PAT	8.2	12.7	8.8	1.8	8.0	8.8	8.5	12.3	13.3	12.7

Source: Company, Nirmal Bang Institutional Equities Research

## Financial statements

### Exhibit 5: Income statement\*

Y/E March (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
<b>Net sales</b>	<b>1,40,809</b>	<b>1,42,028</b>	<b>1,59,548</b>	<b>1,83,873</b>	<b>2,01,747</b>
% growth	(9.0)	0.9	12.3	15.2	9.7
Cost of sales	62,453	65,724	73,261	78,270	84,048
R&D expenditure	19,551	18,265	18,986	19,307	21,183
SG&A expenditure	46,372	46,910	49,460	55,162	60,524
Other (income)/ expense	(1,065)	(788)	(788)	(788)	(788)
Total expenditure	1,27,311	1,30,111	1,40,919	1,51,951	1,64,968
<b>Operating profit</b>	<b>13,498</b>	<b>11,917</b>	<b>18,630</b>	<b>31,922</b>	<b>36,780</b>
% growth	(54.4)	(11.7)	56.3	71.4	15.2
Operating profit margin (%)	9.6	8.4	11.7	17.4	18.2
Finance (expense) / income	806	2,080	2,288	2,746	3,295
Share of profit in equity investments	349	344	406	467	537
Gross profit	78,356	76,304	86,288	1,05,602	1,17,699
% growth	(15.1)	(2.6)	13.1	22.4	11.5
Profit before tax	14,653	14,341	21,323	35,134	40,611
% growth	(46.0)	(2.1)	48.7	64.8	15.6
Tax	2,614	4,535	4,478	8,432	9,747
Effective tax rate (%)	17.8	31.6	21.0	24.0	24.0
<b>Net profit</b>	<b>12,039</b>	<b>9,806</b>	<b>16,846</b>	<b>26,702</b>	<b>30,864</b>
% growth	(39.8)	(18.5)	71.8	58.5	15.6
EPS (Rs)	73	59	102	161	186
%growth	(39.8)	(18.5)	71.8	58.5	15.6

\*In IFRS format

Source: Company, Nirmal Bang Institutional Equities Research

### Exhibit 7: Balance sheet

Y/E March (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
Equity	829	830	830	830	830
Reserves	1,23,215	1,25,630	1,38,081	1,59,950	1,85,497
Net worth	1,24,044	1,26,460	1,38,911	1,60,780	1,86,327
Net deferred tax liabilities	1,204	730	730	730	730
Short-term loans	43,539	25,466	28,607	32,969	36,174
Long-term loans	5,449	25,089	17,562	12,294	8,606
Other non-current liabilities	4,124	3,633	3,633	3,633	3,633
<b>Liabilities</b>	<b>2,19,821</b>	<b>2,25,604</b>	<b>2,45,972</b>	<b>2,72,951</b>	<b>3,02,118</b>
Intangible assets and goodwill	50,280	50,714	46,672	42,912	39,864
Net block	57,160	57,869	62,350	65,738	69,688
Other non-current assets	12,006	7,376	7,376	7,376	7,376
Inventories	28,529	29,089	32,677	37,659	41,320
Debtors	38,065	40,617	45,627	52,584	57,695
Cash	3,866	2,638	12,261	21,242	37,612
Loans and advances	11,970	14,301	16,065	18,514	20,314
Other current assets	17,945	23,000	22,943	26,925	28,248
Total current assets	1,00,375	1,09,645	1,29,574	1,56,924	1,85,190
Creditors	13,417	16,052	18,032	20,781	22,801
Other current liabilities	71,583	53,640	67,103	74,733	80,021
Total current liabilities	85,000	69,692	85,135	95,514	1,02,822
Net current assets	15,375	39,953	44,438	61,410	82,368
<b>Total assets</b>	<b>2,19,821</b>	<b>2,25,604</b>	<b>2,45,972</b>	<b>2,72,951</b>	<b>3,02,118</b>

Source: Company, Nirmal Bang Institutional Equities Research

### Exhibit 6: Cash flow

Y/E March (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
PAT	12,039	9,806	16,846	26,702	30,864
(Inc.)/dec. in working capital	(5,302)	(8,964)	(5,467)	(10,094)	(6,213)
Cash flow from operations	6,737	842	11,378	16,608	24,652
Other income	(1,305)	(2,614)	(406)	(467)	(537)
Other expenses	10,574	10,852	4,478	8,432	9,747
Depreciation	11,277	11,710	14,258	15,194	15,226
Tax paid	(5,770)	(2,761)	(4,478)	(8,432)	(9,747)
Net cash from operations	21,513	18,029	25,231	31,335	39,340
Capital expenditure	(12,234)	(9,152)	(14,292)	(14,355)	(15,590)
Net cash after capex	9,279	8,877	10,939	16,980	23,750
Other investment activities	(6,237)	(5,731)	-	-	-
Cash from financial activities	(4,097)	(4,374)	(1,316)	(7,999)	(7,381)
Opening cash balance	4,921	3,866	2,638	12,261	21,242
Closing cash balance	3,866	2,638	12,261	21,242	37,612
Change in cash balance	(1,055)	(1,228)	9,623	8,981	16,370

Source: Company, Nirmal Bang Institutional Equities Research

### Exhibit 8: Key ratios

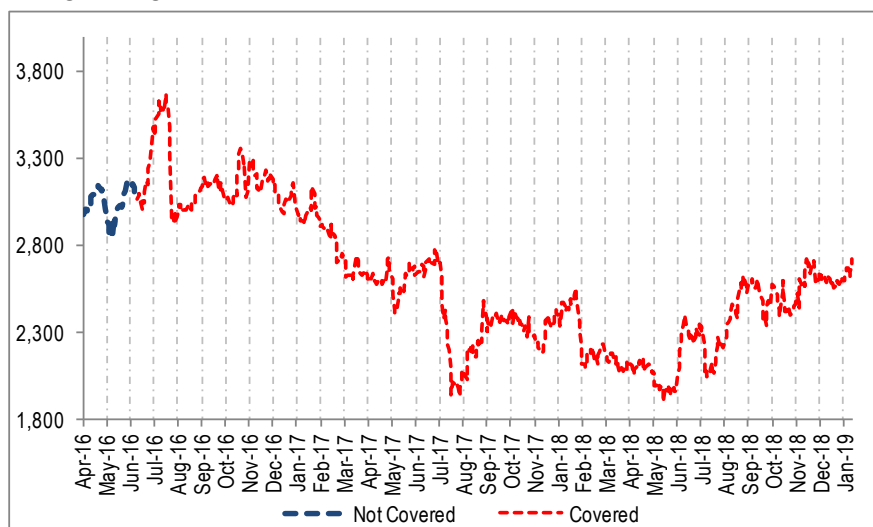
Y/E March	FY17	FY18	FY19E	FY20E	FY21E
<b>Profitability &amp; return ratios</b>					
EBITDA margin (%)	9.6	8.4	11.7	17.4	18.2
EBIT margin (%)	9.8	8.7	11.9	17.6	18.5
Net profit margin (%)	8.5	6.9	10.6	14.5	15.3
RoE (%)	9.5	7.8	12.7	17.8	17.8
RoCE (%)	9.9	8.5	12.0	19.1	19.8
<b>Working capital &amp; liquidity ratios</b>					
Receivables (days)	102.9	101.1	98.7	97.5	99.8
Inventory (days)	158.1	160.0	153.9	164.0	171.5
Payables (days)	75.2	81.8	84.9	90.5	94.6
Current ratio (x)	1.2	1.6	1.5	1.6	1.8
Quick ratio (x)	0.8	1.2	1.1	1.2	1.4
<b>Valuation ratios</b>					
EV/sales (x)	3.1	3.0	2.6	2.2	1.9
EV/EBITDA (x)	16.9	17.8	12.7	8.6	7.5
P/E (x)	33.2	40.7	23.7	14.9	12.9
P/BV (x)	3.2	3.2	2.9	2.5	2.1

Source: Company, Nirmal Bang Institutional Equities Research

## Rating track

Date	Rating	Market price	Target price (Rs)
10 June 2016	Buy	3,160	3,950
27 July 2016	Buy	3,300	3,950
6 February 2017	Buy	3,142	3,950
15 May 2017	Buy	2,584	3,366
28 July 2017	Buy	2,620	3,020
1 November 2017	Buy	2,428	3,216
29 January 2018	Buy	2,508	3,077
23 May 2018	Buy	2,004	2,898
23 July 2018	Buy	2,059	2,898
27 July 2018	Buy	2,110	2,898
29 October 2018	Buy	2,405	3,122
4 February 2019	Acc	2791	3122

## Rating track graph



## DISCLOSURES

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### Stock Ratings Absolute Returns

BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

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