



## Ranbaxy Laboratories

STOCK INFO.	BLOOMBERG
BSE SENSEX: 12,709	RBXY IN
	REUTERS CODE
S&P CNX: 3,677	RANB.BO

20 October 2006

Buy

Previous Recommendation: Buy

Rs412

Equity Shares (m)	372.4
52-Week Range (Rs)	530/317
1,6,12 Rel. Perf. (%)	-5/-18/-58
M.Cap. (Rs b)	153.6
M.Cap. (US\$ b)	3.4

YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
END	(RS M)	(RS M)	(RS)	GROWTH (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
12/05A	52,770	2,164	5.8	-70.3	71.0	6.3	8.9	5.1	3.2	55.0
12/06E*	58,253	4,219	10.6	81.7	39.1	5.8	15.8	12.3	2.8	19.6
12/07E*	70,888	6,961	17.4	65.0	23.7	5.1	23.1	16.0	2.3	14.5

\* Excludes upsides from FTF products

Ranbaxy's 3QCY06 performance was lower than expectations due to lower sales growth, forex losses and one-time provisions. Key highlights:

- Net sales grew 18% while PAT at Rs1.4b was lower v/s estimates of Rs2b, mainly due to significant forex loss of Rs400m on export receivables resulting in negative operating other income of Rs184m. Ranbaxy has also booked Rs226m of extra-ordinary expenses (related to generic Lipitor). EBITDA margins at 16.8% were impacted by the forex loss. Excluding this, EBITDA margins were 17.7% (v/s estimate of 18.8%).
- Ranbaxy maintained its guidance of revenue growth of 18%+ and EBITDA margins at 16%+ for CY06E. Management has guided better performance in 4Q over 3Q.

We expect gradual improvement in Ranbaxy's core performance (excluding FTF opportunities) beginning CY06E. Higher number of patent expiry (leading to more new launches) coupled with incremental contribution from statins should result in better performance in the US. About 40 ANDAs are likely to be commercialized between CY07-CY08. We believe that earnings valuations at 23.7x CY07E do not capture the full potential of Ranbaxy's rich product pipeline as it has come out of one of its worst years in the recent past. We believe that the company is reasonably valued at 2.3x EV/Sales for CY07E. Considering the lower than expected 3Q sales performance and forex losses, we have reduced our CY06E earnings estimates by 11% and CY07E estimates by 4%.

### QUARTERLY PERFORMANCE

(Rs Million)

Y/E DECEMBER	CY05				CY06#				CY05	CY06E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Income</b>	<b>11,835</b>	<b>13,619</b>	<b>13,585</b>	<b>14,291</b>	<b>12,981</b>	<b>14,562</b>	<b>16,087</b>	<b>17,071</b>	<b>53,131</b>	<b>60,642</b>
YoY Change (%)	-12.1	4.8	-0.2	-0.3	9.7	6.9	18.4	19.5	-2.1	14.1
<b>EBITDA</b>	<b>1,275</b>	<b>1,699</b>	<b>427</b>	<b>654</b>	<b>1,482</b>	<b>2,648</b>	<b>2,697</b>	<b>3,155</b>	<b>3,426</b>	<b>9,923</b>
Margins (%)	10.8	12.5	3.1	4.6	11.4	18.2	16.8	18.5	6.4	16.4
Depreciation	326	374	355	447	427	457	496	498	1,444	1,878
Interest	138	170	159	195	257	277	299	251	671	1,084
Other Income	31	108	-67	22	55	-355	106	96	300	-39
<b>PBT before EO Expense</b>	<b>842</b>	<b>1,263</b>	<b>-154</b>	<b>34</b>	<b>853</b>	<b>1,559</b>	<b>2,008</b>	<b>2,501</b>	<b>1,611</b>	<b>6,921</b>
Extra-Ord Expense	0	0	0	-285	0	0	226	0	-333	226
<b>PBT after EO Expense</b>	<b>842</b>	<b>1,263</b>	<b>-154</b>	<b>319</b>	<b>853</b>	<b>1,559</b>	<b>1,782</b>	<b>2,501</b>	<b>1,944</b>	<b>6,695</b>
Tax	131	247	-341	-377	135	336	378	490	-698	1,339
Rate (%)	15.6	19.6	221.4	-118.2	15.8	21.6	21.2	19.6	-35.9	20.0
<b>Reported PAT</b>	<b>711</b>	<b>1,016</b>	<b>187</b>	<b>696</b>	<b>718</b>	<b>1,223</b>	<b>1,404</b>	<b>2,011</b>	<b>2,642</b>	<b>5,356</b>
Minority Interest	3	3	3	10	4	12	11	13	25	40
<b>Adj PAT after Minority Int.</b>	<b>708</b>	<b>1,013</b>	<b>184</b>	<b>299</b>	<b>714</b>	<b>1,211</b>	<b>1,571</b>	<b>1,998</b>	<b>2,164</b>	<b>5,497</b>
YoY Change (%)	-62.9	-48.3	-90.8	-80.9	0.8	19.5	753.8	569.0	-70.3	154.0
Margins (%)	6.0	7.4	1.4	2.1	5.5	8.3	9.8	11.7	4.1	9.1

E: MOST Estimates; # includes upsides from FTF products

**Asia Pacific and US businesses drive revenue growth**

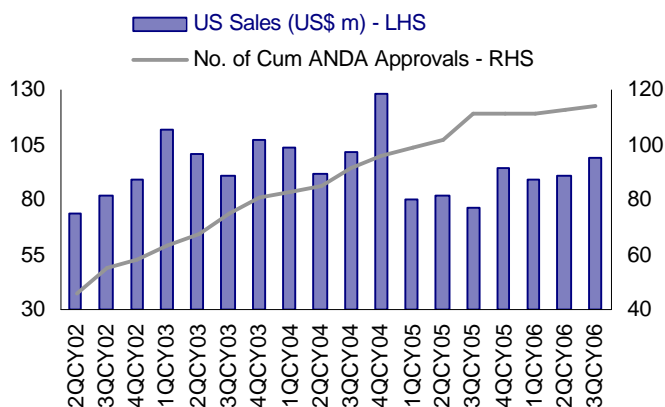
Amongst key markets, US recorded 25% sales growth to US\$96m boosted by supplies of Simvastatin 80mg (quantum not disclosed). Canada contributed about US\$3m in revenues. BRICS geography recorded 38% growth to US\$139m including US\$20m contribution from Terapia (Romania). Europe recorded flat sales at US\$49m mainly due to price erosions in UK, France and Germany (with combined sales of US\$33m down 11% YoY). India operations registered 13% growth to US\$79m, which we believe would have been partly aided by higher sales of anti-infectives due to the sudden prevalence of dengue and chickengunia in the country.

TREND IN MARKET MIX (US\$M)

SALES BREAK UP	3QCY06	3QCY05	% CHG.	2QCY06	% CHG.
<b>Dosage Forms</b>	<b>329</b>	<b>254</b>	<b>29.5</b>	<b>284</b>	<b>15.8</b>
India	79	69	14.5	72	9.7
Europe, CIS and Africa	114	82	39.0	88	29.5
Asia Pacific and Latin America	37	27	37.0	33	12.1
North America	99	76	30.3	91	8.8
APIs	26	33	-21.2	32	-18.8
Allied Businesses	0	10	-100.0	0	-
<b>Net Sales</b>	<b>355</b>	<b>297</b>	<b>19.5</b>	<b>316</b>	<b>12.3</b>

Source: Company/Motilal Oswal Securities

RANBAXY'S US SALES TREND



Source: Company/Motilal Oswal Securities

**Forex losses impact EBITDA margins**

EBITDA margins at 16.8%, were impacted by forex losses. Excluding this, EBITDA margins were 17.7% (v/s estimate of 18.8%). However, Simvastatin 180-day exclusivity

(launched on 23 June 2006) and consolidation of Terapia (EBITDA margins of about 30%) had a positive impact on EBITDA margins. The cost control measures initiated at the start of the year are reflected in the mere 1.8% increase in total expenditure compared to sales growth of 18%, leading to better EBITDA margins.

Ranbaxy is targeting 20+ ANDA filings for CY06E, of which it has filed about only 11 YTD. Hence, we expect a significant number of filings in 4Q implying that R&D costs are likely to move up.

**Pricing pressure to stay - only new launches can drive growth**

We do not expect any let up in the pricing pressure over the next 12 months as the 2<sup>nd</sup> and 3<sup>rd</sup> tier generic players enter the market. We believe that since these companies would be late entrants in the generic markets, they are likely to play the price game to gain market share. We believe that given the severe price erosion in USA, it will be difficult for companies like Ranbaxy to grow their existing portfolio (in fact it will witness a decline). This implies that only those companies which can introduce a large number of new products will be able to show positive growth in this market.

**Expect significant number of new launches in CY07-CY08**

New product launches are a function of a company's R&D capabilities (to develop the product) and obtaining timely US FDA approvals. Ranbaxy currently has about 62 ANDAs pending approval - the second largest pipeline in the industry. We believe that this will start reflecting positively on the company's performance from CY07 onwards. Higher number of patent expiries is also likely to aid launch of new products. About 75% of the 62 ANDAs pending approval are likely to be commercialized in CY07-CY08.

**Ranbaxy has announced 4 acquisitions in the last 12 months**

Ranbaxy has made four acquisitions in CY06 – all targeted towards strengthening its European operations. It has

acquired Terapia (in Romania for US\$324m), Allen S.p.A (GSK's generic unit in Italy) Ethimed (in Belgium) and Mundogen (GSK's generic unit in Spain). We believe the total consideration for these acquisitions to be about US\$350m. These inorganic initiatives are likely to add Rs2.9b and Rs6.9b to Ranbaxy's revenues and Rs1.5 and Rs3.3 to the EPS for CY06E and CY07E respectively.

We expect the Terapia acquisition to add about Rs1.3 and Rs3 per share to Ranbaxy's earnings for CY06E and CY07E respectively. We believe that the Allen, Ethimed and Mundogen acquisitions will be minuscule contributors to the company's bottomline, given their small size. The table below indicates the incremental benefit to Ranbaxy from these acquisitions:

INCREMENTAL BENEFIT FROM THESE ACQUISITION TO RANBAXY (RS M)			
	CY06E	CY07E	CY08E
Ranbaxy Sales	54,706	62,687	75,972
<b>Incremental Sales from Acquisition</b>			
Terapia	2,136	5,554	6,664
Allen (Italy)	260	434	521
Ethimed	334	512	589
Mundogen (Spain)	168	459	574
<b>Total Sales</b>	<b>57,604</b>	<b>69,645</b>	<b>84,319</b>
% Growth	13.0	20.9	21.1
Ranbaxy core EPS (Rs)	9.1	14.1	18.4
<b>Incremental EPS from Acquisition (Rs)</b>			
Terapia	1.3	3.0	3.2
Allen (Italy)	0.1	0.1	0.1
Ethimed	0.1	0.1	0.1
Mundogen (Spain)	0.0	0.1	0.1
<b>Total EPS</b>	<b>10.6</b>	<b>17.4</b>	<b>22.0</b>

Source: Motilal Oswal Securities

### Looking at more acquisitions

Ranbaxy has stated (in past analyst meets) that it is targeting gross revenues of US\$2b by CY07E. Taking the above acquisitions into effect, Ranbaxy's sales for CY07E are expected to be about US\$1.6b. Hence, we believe that the company is likely to target few more acquisitions (or one big acquisition) to reach the US\$2b target. However, the company has also indicated that it is averse to acquiring companies at expensive valuations and has, in fact, walked away from some of the recent M&A deals due to valuation differences.

### CY07E performance to improve

We expect Ranbaxy's CY07E performance to be better led mainly by:

- 1) More new product launches in regulated markets
- 2) Higher growth in Europe, LatAm and India
- 3) Cost control measures adopted by the company
- 4) Contribution from the recent acquisitions

It should be noted that the improvement will be visible despite the higher base effect of CY06 arising out of the Simvastatin 80mg exclusivity (likely to add incremental EPS of Rs3/share to CY06 earnings).

### Maintains guidance for CY06E

The company maintained its guidance of revenue growth of 18%+ and EBITDA margins at 16%+ for CY06E. The company has included upsides from Simvastatin 80mg exclusivity in its guidance.

Ranbaxy is revisiting all the cost heads with specific focus on COGS, R&D, SG&A, Taxation and Supply Chain. It expects significant cost savings in CY06E positively impacting EBITDA margins. The following table gives the expected savings in costs for CY06E:

CONTRIBUTORS TO EBITDA MARGIN	%
R&D (Lower Spend)	1.3
Cost Saving Initiative	0.7
Litigation (Lower Spend)	0.3
USA-Price Erosion	-3.5
USA-New Products	3.6
USA-Branded	1.0
RoW-New Products/Mix	1.5
COGS Improvement	2.9
Incremental Addition to EBITDA Margin (%)	7.8

Source: Company

It should be noted that this margin expansion will be achieved on a very low base (EBITDA margin of 7.5% for CY05) and includes upsides from high-margin FTF opportunities like Simvastatin 80mg exclusivity. Since, we have not included upsides from FTF opportunities, our estimates are lower than that guided by the company.

## Exclusivity based products could result in significant upsides

Ranbaxy has about 11-12 FTF Para-IV filings (excluding Nexium) targeting a total innovator market size of about US\$14.5b. The following table indicates the status of Ranbaxy's patent challenges:

### RANBAXY FTF OPPORTUNITIES

LIKELY LAUNCH YEAR	FTF PRODUCTS	MARKET SIZE (US \$M)
2006 – 07	7	2,287
2008 – 09	6	7,029
2010 – 11	3	3,934
2012 – 14	2	1,255
<b>Total</b>	<b>18</b>	<b>14,505</b>

Source: Company

While, the launch of these FTF products is uncertain and dependent on the favorable outcome of court cases, some of these opportunities are likely to be commercialized. Due to the uncertainty attendant with such patent challenges, we have not included the upsides from them in our estimates. We would also like to point out that these FTF opportunities are likely to be short-term in nature (lasting 180 days) and are unlikely to be sustained in the long term. We view them more as a cash-inflow for the company rather than including such upsides in our core estimates.

## US FDA warning – awaiting clearance

Ranbaxy indicated that it has replied to the US FDA regarding the warning letter issued by the latter related to the company's Paonta Sahib (H.P.) facility. We believe that the approval for Pravastatin 80mg and some other products has been delayed due to these issues. This is likely to reduce the potential upside from Pravastatin despite the fact that Ranbaxy's exclusivity will remain intact. Ranbaxy has indicated that it expects the issue to be settled shortly and approvals from the facility to come through CY07E onwards.

## Revising Estimates

Factoring-in the lower-than-expected performance for 3QCY06, we have revised our estimates for CY06E and CY07E (refer table below):

### REVISED FORECAST (RS M)

	CY06E			CY07E		
	REV	OLD	CHG (%)	REV	OLD	CHG (%)
Net Sales	58,253	60,216	-3.3	70,888	72,278	-1.9
Net Profit	4,219	4,767	-11.5	6,961	7,276	-4.3
EPS (Rs)	10.6	11.9	-11.3	17.4	18.2	-4.3

Source: Motilal Oswal Securities

In line with the reduction in earnings, we have revised our price target (based on CY07E estimates) downward by 4% to Rs540.

## Valuation and outlook

We believe that CY05 was the worst year for Ranbaxy in the past few years. It has witnessed various adverse developments like:

- 1) Loss of Lipitor patent challenge in the lower courts
- 2) Intensifying competition in the US resulting in significant drop in profitability
- 3) Higher R&D spend due to additional studies conducted for anti-AIDS drugs
- 4) Lack of any major new launches

We believe the worst is over for Ranbaxy and expect gradual improvement in performance beginning CY06E. Higher number of patent expiries (leading to more new launches) coupled with incremental contribution from Statins should result in better performance in the US. The recent acquisition of Terapia will contribute partly to the European operations with full benefits of the acquisition visible in CY07E. The company is targeting revenues of about US\$2b in CY07E. Our estimates indicate that Ranbaxy's current operations coupled with the acquisitions should grow to about US\$1.5- US\$1.6b by CY07E. Hence, we expect the company to bridge the gap through another acquisition in the regulated generic markets.

We believe that Ranbaxy's current stock price discounts most of the negatives, but is not factoring-in the potential leverage arising out of a strong product pipeline and the incremental value which it could generate out of relevant acquisitions and potential hive-off of NCE/NDDS research. Although, at 23.7x CY07E valuations appear rich, the company is reasonably valued at 2.3x EV/Sales for CY07E. Maintain **Buy** with revised price target of Rs540.

## Ranbaxy Laboratories: an investment profile

### Company description

Ranbaxy is the largest pharmaceutical company and the ninth largest generic company in the world, with global revenues of over US\$1b. The company has established a direct presence across the world in key markets like US, UK, Germany, France and Brazil. Around 50% of its revenues come from the developed markets of the US and Europe. The company's fully integrated operations give it a cost advantage, which along with its aggressive foray into lucrative markets places it several notches above its peers in India.

### Key investment arguments

- ✍ The 2<sup>nd</sup> largest generic pipeline, coupled with a wide product basket and presence across different geographies, to ensure sustained growth, despite growing competition.
- ✍ Strong distribution presence in key global markets and fully-integrated operations make it well placed to ride the generics wave.
- ✍ Successful scaling up of its branded portfolio and NCE/NDDS efforts will enable it to help sustain growth beyond the spate of patent expiries.

### Key investment risks

- ✍ Loss of the quinapril litigation against Pfizer could lead to heavy penalties
- ✍ The generics scenarios continues to remain intensely competitive

### Recent developments

- ✍ Announced four acquisitions in Europe
- ✍ Launched Simvastatin 80mg in the US with 180-day exclusivity

### Valuation and view

- ✍ At valuations of 23.7x CY07E EPS and 2.3x CY07E EV/Sales, reward-risk equation is favorable. Maintain **Buy** with target price of Rs540.

### Sector view

- ✍ Regulated markets would remain the key sales and profit drivers in the medium term. Europe is expected to emerge as the next growth driver, particularly for companies with a direct marketing presence.
- ✍ We are overweight on companies that are towards the end of the investment phase, with benefits expected to start coming in from the next fiscal.

#### COMPARATIVE VALUATIONS

		RANBAXY	DRL	CIPLA
P/E (x)	FY07E	39.1	33.9	28.2
	FY08E	23.7	21.6	23.7
P/BV (x)	FY07E	5.8	4.5	6.1
	FY08E	5.1	3.9	5.1
EV/Sales (x)	FY07E	2.8	3.4	5.3
	FY08E	2.3	2.7	4.4
EV/EBITDA (x)	FY07E	19.6	21.7	21.4
	FY08E	14.5	16.7	17.4

#### SHAREHOLDING PATTERN (%)

	SEP.06	JUN.06	SEP.05
Promoters	34.9	34.9	35.8
Domestic Institutions	17.7	16.3	14.4
FII's/FDIs	25.9	27.4	31.4
Others	21.5	21.4	18.4

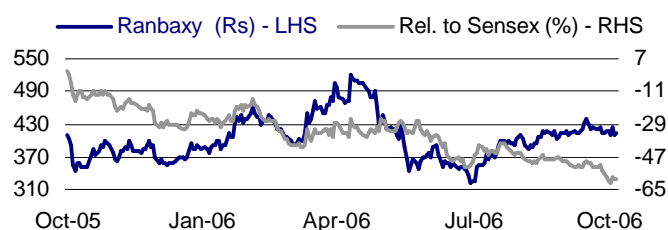
#### EPS: MOST FORECAST VS CONSENSUS (RS)

	MOST FORECAST	CONSENSUS FORECAST	VARIATION (%)
CY06	10.6	15.4	-31.1
CY07	17.4	19.1	-8.9

#### TARGET PRICE AND RECOMMENDATION

CURRENT PRICE (RS)	TARGET PRICE (RS)	UPSIDE (%)	RECO.
412	540	30.9	Buy

#### STOCK PERFORMANCE (1 YEAR)





INCOME STATEMENT					
(Rs Million)					
Y/E DECEMBER	2004	2005	2006E	2007E	2008E
<b>Net Sales</b>	<b>52,351</b>	<b>50,974</b>	<b>57,604</b>	<b>69,645</b>	<b>84,319</b>
Change (%)	17.5	-2.6	13.0	20.9	21.1
Other Operating Income	1,870	1,796	649	1,243	1,445
Total Expenditure	44,407	49,659	49,810	59,482	71,650
<b>EBITDA</b>	<b>9,814</b>	<b>3,111</b>	<b>8,443</b>	<b>11,407</b>	<b>14,113</b>
Margin (%)	18.1	5.9	14.5	16.1	16.5
Depreciation	1,215	1,445	1,878	2,199	2,513
Int. and Forex loss	335	671	1,492	1,000	1,150
Other Income - Rec.	1,000	616	369	354	376
<b>PBT &amp; EO Expense</b>	<b>9,264</b>	<b>1,612</b>	<b>5,442</b>	<b>8,562</b>	<b>10,827</b>
Change (%)	-5.4	-82.6	237.7	57.3	26.4
Extra Ordinary Expense	372	-333	226	0	0
<b>PBT after EO Exp.</b>	<b>8,892</b>	<b>1,945</b>	<b>5,216</b>	<b>8,562</b>	<b>10,827</b>
Tax	1,881	-698	1,134	1,541	1,949
Tax Rate (%)	21.2	-35.9	21.7	18.0	18.0
<b>Reported PAT</b>	<b>7,011</b>	<b>2,642</b>	<b>4,082</b>	<b>7,021</b>	<b>8,878</b>
Minority Interest	26	26	40	60	80
<b>Adj PAT after M inority</b>	<b>7,279</b>	<b>2,164</b>	<b>4,219</b>	<b>6,961</b>	<b>8,798</b>
Change (%)	-0.7	-70.3	95.0	65.0	26.4
Margin (%)	13.9	4.2	7.3	10.0	10.4

BALANCE SHEET					
(Rs Million)					
Y/E DECEMBER	2004	2005	2006E	2007E	2008E
Equity Share Capital	1,859	1,862	1,862	1,862	1,862
Fully Diluted Eq Cap	1,859	1,862	1,998	1,998	1,998
Reserves	23,140	22,503	24,790	28,330	32,809
Revaluation Reserves	107	105	105	105	105
<b>Net Worth</b>	<b>25,106</b>	<b>24,470</b>	<b>26,757</b>	<b>30,298</b>	<b>34,777</b>
Minority Interest	180	166	126	66	-44
Loans	8,527	20,043	29,461	29,461	32,461
Deferred liabilities	1072	-49	-49	-49	-49
<b>Capital Employed</b>	<b>34,885</b>	<b>44,629</b>	<b>56,295</b>	<b>59,776</b>	<b>67,175</b>
Gross Block	23,132	29,920	33,170	34,670	36,170
Less: Accum. Deprn.	7,838	9,329	11,207	13,406	15,919
<b>Net Fixed Assets</b>	<b>15,294</b>	<b>20,591</b>	<b>21,963</b>	<b>21,264</b>	<b>20,251</b>
Capital WIP	2,876	5,595	1,000	750	750
Investments	184	172	172	172	172
<b>Curr. Assets</b>	<b>34,921</b>	<b>33,279</b>	<b>54,023</b>	<b>61,328</b>	<b>72,634</b>
Inventory	14,351	13,624	14,835	17,936	21,715
Account Receivables	11,357	11,404	12,422	15,033	18,668
Cash and Bank Balance	1,339	2,430	17,585	17,258	18,812
Others	7,874	5,821	9,181	11,101	13,439
<b>Curr. Liability &amp; Prov.</b>	<b>18,389</b>	<b>15,008</b>	<b>20,863</b>	<b>23,738</b>	<b>26,633</b>
Account Payables	12,144	10,600	11,363	13,738	16,633
Provisions	6,245	4,408	9,500	10,000	10,000
<b>Net Current Assets</b>	<b>16,532</b>	<b>18,271</b>	<b>33,160</b>	<b>37,590</b>	<b>46,002</b>
<b>Appl. of Funds</b>	<b>34,885</b>	<b>44,629</b>	<b>56,295</b>	<b>59,776</b>	<b>67,175</b>

E: MOST Estimates

RATIOS					
Y/E DECEMBER	2004	2005	2006E	2007E	2008E
<b>Basic (Rs)</b>					
<b>EPS (Fully diluted)*</b>	<b>19.6</b>	<b>5.8</b>	<b>10.6</b>	<b>17.4</b>	<b>22.0</b>
Cash EPS	22.8	9.7	15.3	22.9	28.3
BV/Share	67.2	65.4	71.6	81.1	93.1
DPS	8.5	8.5	5.3	8.2	10.4
Payout (%)	51.4	136.8	55.0	49.6	49.5
<b>Valuation (x)</b>					
P/E (Fully diluted)		71.0	39.1	23.7	18.7
PEG (x)		-1.0	0.4	0.4	0.7
Cash P/E		42.6	27.0	18.0	14.6
P/BV		6.3	5.8	5.1	4.4
EV/Sales		3.2	2.8	2.3	2.0
EV/EBITDA		55.0	19.6	14.5	11.9
Dividend Yield (%)		2.1	1.3	2.0	2.5
<b>Return Ratios (%)</b>					
RoE	29.1	8.9	15.8	23.1	25.4
RoCE	27.5	5.1	12.3	16.0	17.8
<b>Working Capital Ratios</b>					
Asset Turnover (x)	15	1.1	1.0	1.2	1.3
Debtor (Days)	79	82	79	79	81
Inventory (Days)	100	98	94	94	94
Working Capital (Days)	106	113	99	107	118
<b>Leverage Ratio (x)</b>					
Current Ratio	19	2.2	2.6	2.6	2.7
Debt/Equity	0.3	0.8	1.1	1.0	0.9

CASH FLOW STATEMENT					
(Rs Million)					
Y/E DECEMBER	2004	2005	2006E	2007E	2008E
Op. Profit/(Loss) before Tax	9,814	3,111	8,443	11,407	14,113
Interest/Dividends Recd.	1,000	616	369	354	376
Direct Taxes Paid	-1,752	-423	-1,134	-1,541	-1,949
(Inc)/Dec in WC	558	-648	266	-4,757	-6,857
<b>CF from Operations</b>	<b>9,620</b>	<b>2,656</b>	<b>7,944</b>	<b>5,463</b>	<b>5,684</b>
EO Expense	372	-333	226	0	0
<b>CF from Oper. incl EO I</b>	<b>9,248</b>	<b>2,989</b>	<b>7,718</b>	<b>5,463</b>	<b>5,684</b>
(Inc)/Dec in FA	-8,342	-9,462	1,345	-1,250	-1,500
(Pur)/Sale of Investments	-16	12	0	0	0
<b>CF from Investments</b>	<b>-8,358</b>	<b>-9,450</b>	<b>1,345</b>	<b>-1,250</b>	<b>-1,500</b>
Issue of Shares	116	336	452	0	0
(Inc)/Dec in Debt	2,691	11,501	9,379	-60	2,920
Interest Paid	-335	-671	-1,492	-1,000	-1,150
Dividend Paid	-3,603	-3,614	-2,247	-3,480	-4,399
<b>CF from Fin. Activity</b>	<b>-1,130</b>	<b>7,552</b>	<b>6,092</b>	<b>-4,540</b>	<b>-2,629</b>
<b>Inc/Dec of Cash</b>	<b>-240</b>	<b>1,091</b>	<b>15,155</b>	<b>-327</b>	<b>1,555</b>
Add: Beginning Balance	1,580	1,339	2,430	17,585	17,258
<b>Closing Balance</b>	<b>1,339</b>	<b>2,430</b>	<b>17,585</b>	<b>17,258</b>	<b>18,812</b>

**N O T E S**

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1. Analyst ownership of the stock	No
2. Group/Directors ownership of the stock	No
3. Broking relationship with company covered	No
4. Investment Banking relationship with company covered	No



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