

Institutional Equities
 India Research

Pharmaceuticals

MANAGEMENT MEET NOTE

Ahmedabad Visit Note

In our recent trip to Ahmedabad, we visited three pharmaceutical companies under our coverage i.e. Cadila Healthcare (Cadila), Torrent Pharmaceuticals (Torrent Pharma) & Dishman Pharmaceuticals & Chemicals (Dishman Pharma).

Previous vs. Current Recommendation

Earlier we recommended "BUY" on Cadila & Dishman, and "HOLD" on Torrent. However, as we believe that most of the positives are captured amid the price performance of Cadila, we change our rating to a "HOLD" with marginally reduced target price. Meanwhile, we upgrade **Torrent Pharma** to a "BUY" as the stock is quoting at reasonable valuations on FY14E basis, while we maintain our "BUY" recommendation on Dishman Pharma on the back of better revenue visibility.

Recent Observations

Cadila: The triggers in Cadila earlier were traction in domestic formulations and the US FDA resolution on Moraiya plant. The scale-up in the US market was limited due to US FDA restriction on fresh approvals from the Moraiya facility. In the recent visit, we observed that the Company is awaiting clean chit from the US FDA for its Moraiya facility as certain observations have been addressed post US FDA-inspection. We believe that this will trigger new launches in the US market, while the full impact of its acquisitions (Biochem & Neshier) will be reflected in FY13E. We believe multiple revenue streams, contract manufacturing and diversified geographical reach will aid Cadila in sustaining its revenues going forward. We believe that Cadila's margins are likely to remain stable with upward bias in the aftermath of Prism II measures taken by the Company in controlling overhead costs.

Torrent Pharma: It is observed from the recent visit that Torrent Pharma is addressing key concerns on the domestic formulations front, while with better traction in the US & Brazil its revenue is set to grow at 18.9% CAGR with earnings CAGR of 39% in FY12-14E period. We are upgrading margin estimates of the Company owing to better hedging of forex exposure reflecting higher realizations, while its EBIDTA would be accretive to the extent of 150 bps, going forward

Dishman Pharma: Our positive stance on Dishman Pharma has further strengthened with several of its business engines set to gradually fall in place from FY13E onwards. The start of Vitamin D3, Disinfectants and Oncology API unit would also add to the additional revenues streams. Our stance is supported by renewed traction in Dishman India, new CEO in Carbogen Amicis and better traction in Vitamin D3 business. We believe that slowdown in capex would improve the return ratios of the Company from currently 11% to 13-15% over next three years.

We prefer Torrent Pharma in the mid-cap space and Dishman Pharma in the small-cap space.

Cadila Healthcare	HOLD
CMP (Rs)	765
Target Price (Rs)	850
Upside (%)	11
52 Week High/Low (Rs)	985/620
3m ADV (Rs mn /US\$ mn)	57/1.0
Dishman Pharma	BUY
CMP (Rs)	65
Target Price (Rs)	97
Upside (%)	50
52 Week High/Low (Rs)	102/33
3m ADV (Rs mn /US\$ mn)	28/0.5
Torrent Pharma	BUY
CMP (Rs)	587
Target Price (Rs)	700
Upside (%)	19
52 Week High/Low (Rs)	705/505
3m ADV (Rs mn /US\$ mn)	23/0.4

Source; Bloomberg

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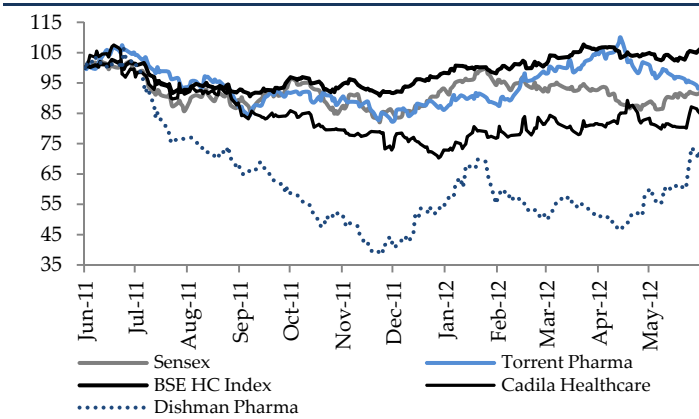
Pharmaceuticals

Exhibit 1: Valuation Summary

	Cadila Healthcare			Torrent Pharma			Dishman Pharma		
	FY12	FY13E	FY14E	FY12	FY13E	FY14E	FY12	FY13E	FY14E
Net Revenues (Rs. mn)	52,119	63,546	73,547	26,479	31,747	37,132	11,241	12,697	14,616
EBITDA Margin (%)	19.8	20.8	22.1	17.1	18.4	18.6	20	21.1	21.9
EPS (Rs.)	29.4	36.7	47.3	27.9	45.4	54.1	4.9	8.8	13.7
P/E (x)	26.1	20.9	16.2	21.0	12.9	10.8	13.2	7.4	4.7
EV/EBITDA(x)	16.7	13.3	10.6	10.3	7.8	6.4	5.8	4.2	2.9
P/S (x)	3.0	2.5	2.1	1.9	1.6	1.3	0.5	0.4	0.4
ROCE (%)	19.9	21.5	23.6	20.6	28	28.2	11.3	12.6	14.4
ROE (%)	25.7	27	28.8	25.6	28.9	28.2	5.5	7.7	9.9

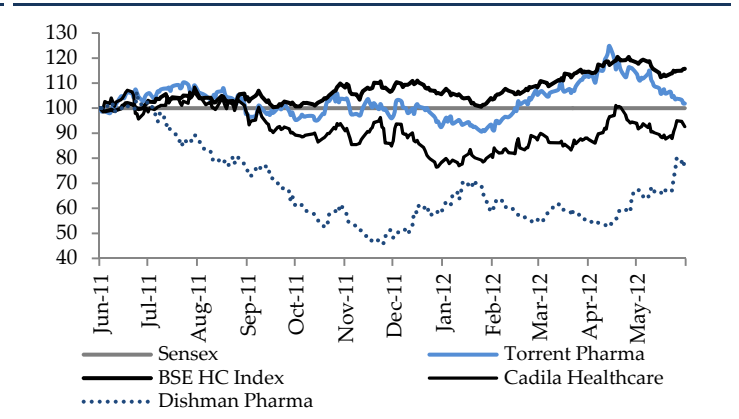
Source: Karvy Institutional Research

Exhibit 2: Absolute Perf. From Jun'2011



Source: Bloomberg, Karvy Institutional Research

Exhibit 3: Relative Perf. From Jun'2011



Source: Bloomberg, Karvy Institutional Research

Exhibit 4: Valuation Matrix

	Rating	CMP	TP	Up/Down	MCap	EPS			P/E			P/S			EV/EBITDA			ROE		
		(Rs)	(Rs)	side%		(Rs bn)	FY12E	FY13E	FY14E	FY12E	FY13E	FY14E	FY12E	FY13E	FY14E	FY12E	FY13E	FY14E	FY12E	FY13E
Alembic Pharma	BUY	48	81	69%	10	6.0	7.5	9.0	8.0	6.4	5.3	0.7	0.6	0.5	6.1	5.1	4.0	25.4	26.6	26.3
Aventis Pharma	HOLD	2,170	2,200	1%	50	82.9	81.5	95.1	26.2	26.6	22.8	3.8	3.2	2.9	19.3	14.8	12.9	19.9	16.3	17.5
Cadila Healthcare	HOLD	765	850	11%	156	29.4	36.7	47.3	26.1	20.9	16.2	3.0	2.5	2.1	16.7	13.3	10.6	25.7	27.0	28.8
Dishman Pharma	BUY	65	97	49%	5	4.9	8.8	13.7	13.2	7.4	4.7	0.5	0.4	0.4	5.8	4.2	2.9	5.5	7.7	9.9
Divis Labs	BUY	990	1135	15%	131	40.2	50.0	64.9	24.6	19.8	15.2	7.0	5.6	4.5	19.1	14.7	11.1	25.7	28.0	29.5
Cipla	BUY	308	375	22%	247	13.4	17.0	19.7	22.9	18.1	15.6	3.6	3.1	2.7	15.7	12.5	10.7	15.8	17.8	18.1
Dr. Reddy's Labs	BUY	1,610	1,950	21%	271	84.1	93.1	102.2	19.1	17.3	15.8	2.8	2.4	2.3	11.7	11.1	9.9	27.6	24.7	22.3
GlaxoSmithKline Pharma	SELL	2,003	2,130	6%	170	72.4	80.1	89.8	27.7	25.0	22.3	7.1	6.3	5.5	19.7	17.8	15.3	31.7	33.6	34.2
Indoco Remedies	HOLD	55	62	13%	1	5.0	6.3	7.7	10.9	8.7	7.1	0.9	0.8	0.7	7.0	6.5	5.4	12.6	14.3	15.4
Ipca Labs.	BUY	348	400	15%	44	21.8	27.0	33.1	15.9	12.9	10.5	1.9	1.6	1.4	9.5	8.1	6.7	24.0	24.4	24.3
Jubilant Life Sci.	BUY	176	255	45%	27.9	0.9	20.7	28.7	191.6	8.5	6.1	0.7	0.6	0.5	7.8	6.6	2.3	0.6	12.9	15.7
Lupin Labs.	HOLD	523	520	-1%	228	18.3	22.2	25.2	28.6	23.6	20.8	3.4	2.6	2.4	16.8	14.4	12.6	20.4	20.6	19.8
Ranbaxy Labs	HOLD	488	530	9%	207	-68.7	25.0	25.3	-7.1	19.5	19.3	2.1	2.1	1.9	13.7	15.2	14.9	-6.9	31.1	24.1
Sun Pharma.	HOLD	623	550	-12%	590	24.0	22.9	24.5	26.0	27.2	25.4	8.0	6.8	6.2	17.1	16.3	15.6	23.2	18.3	17.1
Torrent Pharma	BUY	587	700	19%	50	27.9	45.4	54.1	21.0	12.9	10.8	1.9	1.6	1.3	10.3	7.8	6.4	25.6	28.9	28.2

Source: Company, Karvy Institutional Research

Institutional Equities
 India Research

Cadila Healthcare

MANAGEMENT MEET NOTE

 Bloomberg: CDH IN
 Reuters: CADI.BO

BUY

Momentum to improve

Cadila Healthcare (Cadila) is awaiting clean chit from the US FDA for its Moraiya facility, which will trigger new launches in the US market, while the full impact of its acquisitions (Biochem & Neshier) will be reflected in the current year. We believe multiple revenue streams, contract manufacturing and diversified geographical reach will aid in sustaining its revenues going forward. We downgrade our earnings (on account of lower traction in Neshier) and price target and maintain our "BUY" rating on the stock.

Domestic Formulations – Growth in Excess of 15% (ex-Biochem): Strong growth in its key therapeutic segments i.e. Cardiac, Gastro Intestinal (GI), Respiratory and Pain-management in 2MFY13 signals the positive momentum in this segment. We have factored 28.5% growth in FY13E due to inclusion of Biochem (growth of 13%). Acquisition of Biochem was undertaken in order to consolidate its position in the Anti-infective segment.

US Business – Moraiya Facility Resolution & Likely Launch of Approved Products to Provide Traction: The Moraiya facility overhang has acted as a dampener for the US revenue scale-up. Certain observations by the US FDA post the inspection have been addressed. The clearance of the facility by the US FDA will pave the way for 6-7 new product launches. Launch of 10 approved products and 10 tentative approvals could also aid the US business.

Outlook & Valuation

Cadila Healthcare's performance will be aided with Biochem revenues and integration being reflected in the ensuing quarters. Though the US FDA resolution will act as a positive event for the Company, the upsides have been built into a large extent. We marginally downgrade our EPS at Rs. 37.3 and Rs. 47.3 for FY13E and FY14E, respectively due to lower traction in Neshier. We downgrade our price target by 3.4% to Rs. 850 per share based on 18x FY14E and reiterate our "BUY" recommendation on the stock.

Key Financials

Rs Mn	FY10	FY11	FY12	FY13E	FY14E
Net sales	36,868	45,727	52,119	63,546	73,547
EBITDA	8,086	9,687	10,325	13,189	16,269
Net Profit	5,096	6,541	6,012	7,511	9,685
EPS(Rs)	24.9	31.9	29.4	36.7	47.3
EPS growth (%)	22.4	28.2	(8.1)	24.9	28.9
EBITDA margin (%)	21.9	21.2	19.8	20.8	22.1
PER(x)	30.7	23.9	26.0	20.8	16.2
EV/EBITDA (x)	20.4	17.0	16.6	13.2	10.6

Source: Company, Karvy Institutional Research

Indian GAAP Consolidated

Recommendation

CMP:	Rs765
Target Price:	Rs850
Upside (%)	11%

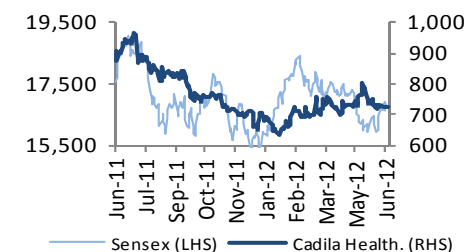
Stock Information

Market Cap. (Rs bn / US\$ mn)	157/2,738
52-week High/Low (Rs)	985/620
3m ADV (Rs mn / US\$ mn)	57/1.0
Beta	0.4
Sensex/ Nifty	16,968/5,142
Share outstanding (mn)	205

Stock Performance (%)

	1M	3M	12M	YTD
Absolute	2.6	4.3	(15.9)	8.5
Rel. to Sensex	(1.9)	6.1	(8.7)	(1.1)

Performance



Source: Bloomberg, Karvy Institutional Research

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Domestic Formulations: Improved Growth on Higher Scale

Cadila Healthcare has been witnessing improved traction in the domestic business with the acquisition of Biochem giving it additional scale in the highly competitive and largest therapeutic segment (anti-infective) in the domestic market. The Company has reported growth of 21.3% in 2MFY13 vis-à-vis domestic market growth at 17.6%.

Key Products Growing in Double Digits: Key products in the domestic space have been growing in double digits except for Falcigo (anti-malarial) – impacted by seasonality), Ocid (Omeprazole), Pantodac (Pantoprazole), and Primolut N (Norethisterone).

Bio-similars Biz: In India, bio-similars are Rs. 500 mn business. Cadila Healthcare is currently marketing five products in bio-similar space, while two additional products are likely from this business segment. The Company should register 12-15% growth in this segment, going forward on the products launched.

Exhibit 1: Product-wise Growth (%)

Brand	2M May'12
Zydus Total	21.3
ATEN	13.1
ATORVA	25.7
DERIPHYLLIN	26.2
PANTODAC	7.7
FALCIGO	(2.2)
MIFEGEST KIT	17.4
OCID	(1.0)
DEXONA	37.3
AMLODAC	15.8
PRIMOLUT N	(8.1)

Source: AIOCD Awacs

Exhibit 2: Cadila Healthcare vs. IPM in 2MFY13

	% of Domestic Business	Cadila Growth for 2MFY13	IPM Growth for 2MFY13
Zydus Cadila	100.0	21.3	17.6
Cardiac	18.8	19.9	18.8
Gastro Intestinal	18.1	11.8	16.5
Gynaecological	13.4	8.0	14.1
Respiratory	10.0	33.3	13.6
Pain / Analgesics	8.5	50.1	15.1

Source: AIOCD, Awacs

Key Therapeutic Areas: Cadila Healthcare's key therapeutic segments – which have been outperforming the market – are: Cardiac, Respiratory & Pain-management. The Company is likely to register 28.5% growth in FY13E due to inclusion of Biochem, which is expected to grow at 13% in FY13E.

Bayer Zydus Venture – Bayer to Launch More Products: The key therapy areas include Gynaecology, Diagnostics, CVS and Anti-Diabetic, having 25-30 products with 400 MRs. The Company contributed Rs. 900 mn revenues to this venture. In its aspiration to register higher-than-the-market growth, the Company is likely to launch certain innovative products from the Bayer platform, going forward.

Overseas Operations

A. Brazilian Market – Lackadaisical Growth due to Quota-based Products

In Brazil, Cadila Healthcare is promoting its products in 5-6 regions. It is currently marketing over 20 branded products and over 15 generic-generic products. Branded sales constitute 65% of the Company's revenues, whereas generic-generic sales constitute 35% of revenues. In FY12, sales remained flat in Real terms. The key therapeutic segments in Brazil are: CVS & CNS. The Company has 2-3 quota-based products, which form more than 10% of the Company's Brazil revenues. In FY 12 Cadila did not get expected sales from the same on account of raw material constraints. We expect 15% growth in Brazil in FY13E and 12% in FY14E, as the Company is likely to get approval for 2-3 products, going ahead.

B. US Business – Moraiya Facility Resolution & Likely Launch of Approved Products to Provide Traction:

The resolution of the Moraiya facility will pave the way for 6-7 products launches which would also include 2 injectibles. Cadila has 10 final and 10 tentative approvals – which are yet to be launched in the US market, as the Company follows a policy of not selling below a certain margin. It is expected that scale up in certain products may happen post initial high competitive intensity in those products. We have factored launch of 12 and 15 product launches in FY13E and FY14E, respectively. The launch of new products given in the following table will aid 14% growth duly factored by us.

Exhibit 3: Products not launched in the US

Sl. No.	Molecules
1.	ALPRAZOLAM
2	AMIODARONE HYDROCHLORIDE
3	ATOMOXETINE HYDROCHLORIDE
4	BENZAEPRIIL HYDROCHLORIDE
5	CLINDAMYCIN HYDROCHLORIDE
6	FINASTERIDE
7	GABAPENTIN
8	GALANTAMINE HYDROBROMIDE
9	GLIPIZIDE AND METFORMIN HYDROCHLORIDE
10	HYDRALAZINE HYDROCHLORIDE
11	INDOMETHACIN
12	LEVETIRACETAM
13	NAPROXEN
14	ZONISAMIDE

Source: Karvy Institutional Research

- Moraiya facility:** The Company has filed for 18 injectables, which are over 12-18 months old. Out of total injectables, 14 are pure contract manufacturing, which are on cost + mark-up.
- Trans-dermal Segment:** In trans-dermal segment, the Company has filed for 2 products and 6 products are in the pipeline. In FY14E, these two products will probably be launched. As the number of competitors is less, the price erosion will also lower in these products.

Cadila Healthcare

- **Inhalable Segment:** In inhalable segment, the Company has 5 filings which are 12-18 months old. Azelastine was one such product for which Sun Pharma has got the US FDA approval, hence the opportunity for Cadila has shrunk. All products are in the nasal spray segment.
- **Cadila Healthcare's** policy for the US market has been to launch products at certain margin, which has resulted in the Company registering negligible market share in recently launched molecules. We expect the Company's US business to contribute US\$275 mn in FY13E including Neshar revenues to the tune of US\$30 mn.

C. Neshar Acquisition – Long-term Story

Cadila Healthcare acquired Neshar for US\$60 mn in Jun'11. Currently only one product potassium chloride is sold from this platform, which contributes US\$22 mn revenues to the Company. The revenues expected at US\$30 mn and US\$45-50 mn for Neshar in FY13E and FY14E, respectively. The Company is expecting two approvals in the latter half of the year. Though Metoprolol – a big product was manufactured here – the Company is not going to launch the same from the Neshar facility.

Neshar will earn company-level margins on sales of US\$60-70 mn that could happen post FY14E. We have lowered our revenues from US\$ 45 mn in FY 13E to US\$30 mn and from US\$ 70 mn in FY 14E to US\$50 mn.

JV Business – Sustainable Stream of Revenues

- **Nycomed:** It would launch 10 APIs, which are all generic in nature, not having very huge potential.
- **Hospira:** Cadila had originally formed a JV with Mayne, which was later acquired by Hospira. Hospira has further added 16-17 products on pure contract manufacturing basis, which are over and above the 6 (Contract manufacturing + profit sharing) products the Company is already selling. Currently, EU and the US contribute equal amount of revenues in Hospira JV for FY12.
- **Abbott:** The margin from Abbott JV may be below Company's margins as it is a pure contract manufacturing arrangement. Abbott JV will pan out in a major way only in FY14E.
- **Zydus Wellness:** Though the Company will able to achieve 15% revenue growth in this business, the margins will remain under pressure due to promotional expenditure on the Actilife range. It should be able to maintain last year's margins in this venture.

Other Markets:

- **Mexico:** The Company will start operations in FY14E, with revenues of sub US\$10 mn.
- **Japanese Market:** The Company has 23-25 products here, while 10% price cuts have been implemented in 50% of these products.

Price Performance vis-à-vis the BSE HC Index & Sensex

Cadila’s stock price performance over the last one year has been impacted due to the warning letter at its Moraiya facility and uncertainty about the margins in relation to the Biochem acquisition. The BSE HC Index has outperformed the Sensex while Cadila has underperformed the sensex and BSE HC Index.

Exhibit 4: Absolute Perf. From Jun'2011

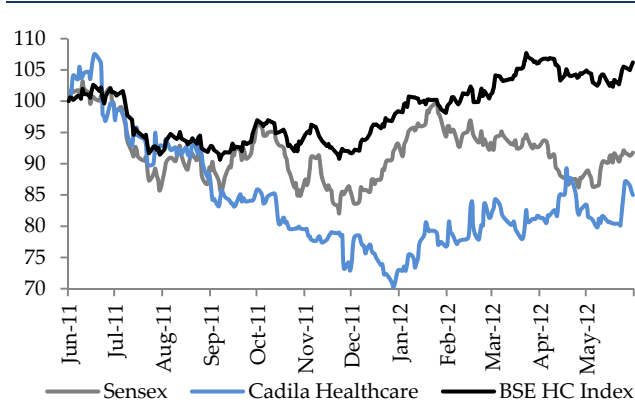
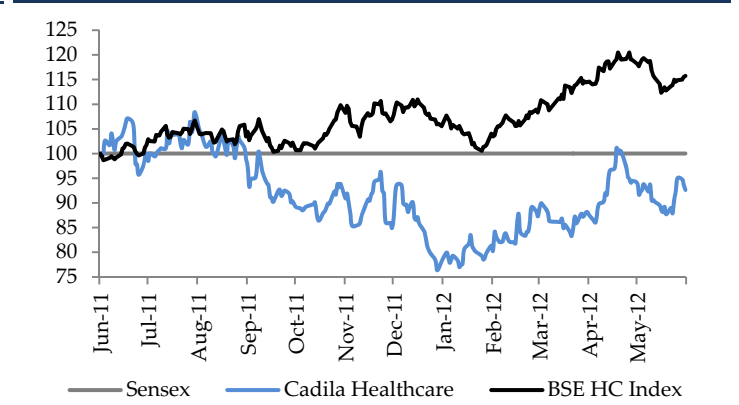


Exhibit 5: Relative Perf. From Jun'2011



Source: Bloomberg, Karvy Institutional Research

Source: Bloomberg, Karvy Institutional Research

We believe with the resolution at its Moraiya facility and synergy benefits in the domestic market post the acquisition of Biochem, the company’s stock will start reflecting positive bias.

Cadila Healthcare
Exhibit 6: Profit & Loss Statement

Rs. mn	FY10	FY11	FY12	FY13E	FY14E
Net Sales	36,868	45,727	52,119	63,546	73,547
% growth	25.9	24.0	14.0	21.9	15.7
Raw Material	11,784	14,754	16,794	20,610	24,164
Staff	3,930	5,493	7,512	9,118	10,212
Others Exps	13,068	15,793	17,489	20,629	22,902
Total Expenditure	28,782	36,040	41,795	50,357	57,278
EBITDA	8,086	9,687	10,325	13,189	16,269
EBITDA margin (%)	21.9	21.2	19.8	20.8	22.1
Other income	158	131	531	391	438
Interest	809	780	1,069	1,505	1,494
Depreciation	1,339	1,269	1,579	2,040	2,312
Profit Before Tax	6,084	7,850	7,428	10,035	12,900
Tax	741	1,064	1,130	2,208	2,838
Effective tax rate (%)	12.2	13.5	15.2	22.0	22.0
Net Profit	5,343	6,792	6,298	7,827	10,062
Minority Interest	-247	-251	-286	-316	-377
Profit After Minority Interest	5,096	6,541	6,012	7,511	9,685
Extraordinaries	-45	569	513	0	0
Reported Net Profit	5,051	7,110	6,525	7,511	9,685

Source: Company, Karvy Institutional Research

Exhibit 7: Balance Sheet Statement

Rs. mn	FY10	FY11	FY12	FY13E	FY14E
Equity	682	1,024	1,024	1,024	1,024
Minority Interest	392	669	904	904	904
Reserves	15,603	20,691	24,712	29,342	36,686
Net worth	16,677	22,384	26,640	31,270	38,614
Short-term Loans	6,593	6,580	9,325	10,454	12,109
Long-term Loans	4,312	4,393	13,626	13,626	13,626
Total Loans	10,905	10,973	22,951	24,080	25,735
Deferred tax Liability	1,141	1,127	1,185	1,185	1,185
Liabilities	28,723	34,484	50,776	56,535	65,534
Gross Block	25,578	28,320	42,326	48,976	54,476
Depreciation	8,734	9,994	11,573	13,613	15,925
Net Block	16,844	18,326	30,753	35,363	38,551
Capital work-in-progress	2,482	4,310	2,565	2,415	1,915
Investments	207	207	212	212	212
Inventories	7,504	8,119	10,905	13,078	14,941
Debtors	4,668	7,652	8,863	9,864	11,498
Cash	2,507	2,952	7,517	5,735	9,080
Other Current assets	3,070	4,106	5,377	6,221	7,207
Total Current assets	17,749	22,829	32,662	34,898	42,726
Creditors	6,146	8,306	5,455	6,695	7,849
Other current liabilities	2,515	2,882	9,961	9,658	10,021
Total current liabilities	8,661	11,188	15,416	16,353	17,870
Net current assets	9,088	11,641	17,246	18,545	24,857
Forex Account	102	0	0	0	0
Total Assets	28,723	34,484	50,776	56,535	65,534

Source: Company, Karvy Institutional Research

Cadila Healthcare
Exhibit 8: Cash Flow Statement

Rs. mn	FY10	FY11	FY12	FY13E	FY14E
EBIT	6,747	8,418	8,746	11,148	13,957
(Inc.)/Dec in working capital	-402	-2,108	-1,040	-3,081	-2,967
Cash flow from operations	6,345	6,310	7,706	8,067	10,989
Other income	158	131	531	391	438
Depreciation	1,339	1,269	1,579	2,040	2,312
Interest paid (-)	-809	-780	-1,069	-1,505	-1,494
Tax paid (-)	-741	-1,064	-1,130	-2,208	-2,838
Dividends paid (-)	-1,237	-1,529	-1,732	-1,977	-2,340
Extraordinaries	-45	569	513	0	0
Minority interest	-247	-251	-286	-316	-377
Forex	-12	81	-780	0	0
Deferred Tax liability	-175	-14	58	0	0
Net cash from operations	4,576	4,721	5,390	4,494	6,689
Capital Expenditure (-)	-3,478	-4,579	-12,261	-6,500	-5,000
Free Cash Flow	1,098	142	-6,872	-2,006	1,689
Inc./(Dec.) in short-term borrowing	-1,219	-13	2,745	1,129	1,655
Inc./(dec.) in long-term borrowing	-550	81	9,233	0	0
Inc./(dec.) in borrowings	-1,769	68	11,978	1,129	1,655
(Inc.)/Dec. in Investments	42	0	-5	0	0
Equity issue/(Buyback)	440	452	333	0	0
Cash from Financial Activities	-1,287	520	12,307	1,129	1,655
Others	179	-217	-870	-904	
Opening cash	2,517	2,507	2,952	7,517	5,735
Closing cash	2,507	2,952	7,517	5,735	9,080
Change in Cash	-10	445	4,565	-1,782	3,344

Source: Company, Karvy Institutional Research

Exhibit 9: Key Ratios

	FY10	FY11	FY12	FY13E	FY14E
EV/EBDITA	20.4	17.0	16.6	13.2	10.6
ROE (%)	35.3	34.8	25.7	27.0	28.8
ROCE (%)	24.9	27.3	19.9	21.5	23.6
PE (x)	30.7	23.9	26.0	20.8	16.2
P/S (x)	4.3	3.5	3.0	2.5	2.1
P/BV (x)	9.4	6.9	5.9	5.0	4.1

Source: Company, Karvy Institutional Research

Institutional Equities
 India Research

Dishman Pharma & Chemicals

MANAGEMENT MEET NOTE

 Bloomberg: DISH IN
 Reuters: DISH.BO

BUY

Treading Cautiously

Dishman Pharmaceuticals & Chemicals (Dishman Pharma) is quite upbeat for FY13E with several of the Company's business engines gradually falling in place. The commencement of Vitamin D3, Disinfectants and Oncology unit would add to the additional revenues streams. Renewed traction in Dishman Pharma would also aid the profitability. We upgrade our EPS estimates and reiterate our "BUY" recommendation on the stock.

Dishman Netherlands: Dishman Netherlands will clock Rs. 2.5 bn revenues in FY13 as against Rs. 1.93 bn in FY12. The new Vitamin D3 plant will contribute to the additional revenues coupled with firming up of cholesterol prices from US\$200/kg to US\$275/kg. 25 % improvement in EBDITA is envisaged on a y-o-y basis.

Carbogen Amicis: The Company has roped in its erstwhile CEO Mark Griffith. The focus is on profitable business and not topline. All low-value products and APIs are transferred to India and Synprotec UK. The Company's revenues should move up from CHF 74 mn in FY 12 to CHF 85 mn in the current year.

Dishman India: Dishman India has 15 projects which are going on-stream and each project should contribute US\$1-3 mn. Dishman India revenues should move up from Rs. 4.6 bn to Rs. 5.5 bn in FY13E. A new generic API division (Oncology APIs - initial focus) with a marketing strength of 15 people has been started to de-risk from the volatile CRAMS revenues.

Outlook & Valuation

Dishman Pharma is confident of finishing the current year with revenues of Rs. 12.5 bn and EBDITA to the tune of Rs. 2.65 bn. The first quarter results may not be very good, as Solvay supplies will commence from 2nd quarter onwards. We upgrade our EPS estimates for FY13E by 20% to Rs. 8.8 for FY13E, mainly on account of lower depreciation and introduce FY14E EPS at Rs. 13.7. We reiterate our "BUY" recommendation on the stock, while revising the target price by 21% to Rs. 97 per share based 11x FY13E.

Key Financials

Rsmn	FY10	FY11	FY12	FY13E	FY14E
Net Sales	9,154	9,908	11,241	12,697	14,616
EBITDA	2,038	1,622	2,245	2,678	3,205
Net Profit	1,027	629	397	709	1,107
EPS (Rs)	12.7	7.8	4.9	8.8	13.7
EPS Growth (%)	-29.7	-38.8	-36.8	78.3	56.3
EBITDA margin (%)	22.3	16.4	20.0	21.1	21.9
PER (x)	5.1	8.3	13.2	7.4	4.7

Source: Company, Karvy Institutional Research

Indian GAAP Consolidated

Recommendation

CMP:	Rs65
Target Price:	Rs97
Upside (%)	50%

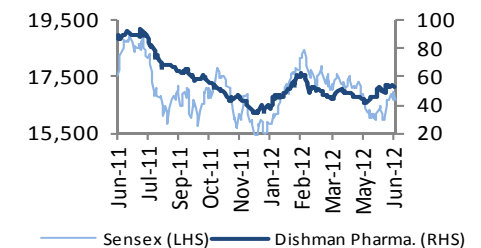
Stock Information

Market Cap. (Rs bn / US\$ mn)	05/91
52-week High/Low (Rs)	102/33
3m ADV (Rs mn /US\$ mn)	28/0.5
Beta	0.9
Sensex/ Nifty	16,968/5,142
Share outstanding (mn)	81

Stock Performance (%)

	1M	3M	12M	YTD
Absolute	26.5	39.7	(27.6)	73.9
Rel. to Sensex	20.9	42.1	(21.5)	58.4

Performance



Source: Bloomberg, Karvy Institutional Research

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Dishman Pharma

On management succession: The Managing Director’s son Arpit is handling the Naroda plant for the around 2 years and now has been given the charge of the Bavla plant from Jun’12 jointly with the CEO. The Company’s Disinfectant business has been handled by the MD’s daughter Mansi. The Company has commenced supplies to an Australian company for institutional business.

Carbogen Amicis: The completion of the restructuring resulted in removal of 80 people from the contract research side of the Company. Prior to the restructuring and separation of employees, revenues were booked just to achieve the topline. Carbogen Amicis’ contract research revenues have gone down from CHF 60 mn to CHF 40 mn in FY12 post the restructuring.

The **Hypo** facility has gone on-stream in India, which is a Class-IV high containment facility. This year the high containment facility should earn US\$5-6 mn revenues and the China low containment should earn US\$5-6 mn revenues. In case the toll production with an MNC generic manufacturer takes place, then the Company’s revenues should breach US\$10 mn. As the Company’s Unit-9 has a lot of MNC customers, it should do well going ahead. One of the CRAMS majors, having a facility in Europe, has booked the Unit 9 for the year.

The Company’s **CVS drug** is in the process of scaling up with approvals pending in various countries. This product should earn around US\$6-7 mn revenues in current year and US\$10-15 mn in FY14E.

Measures to Aid Financial Strength

The Company’s board has gone in for a period of immense restraint and is now planning a capex of Rs. 300 mn each for FY13E & FY14E.

The Company also has plans of debt repayment to the tune of CHF 8 mn in FY13E and CHF 16 mn in FY14E.

The Company is in the process of de-notifying its SEZ, which should enable the Company to prepay the loans to the tune of Rs. 1 bn.

The Company has set its sights to cross the 13-15% ROCE mark in the next two-three years.

Price Performance vis-à-vis BSE HC Index and Sensex

The performance of Dishman has been impacted due to problems at Carbogen Amcis. The company also witnessed execution delays in few of its projects.

Exhibit 1: Absolute Perf. From Jun'2011

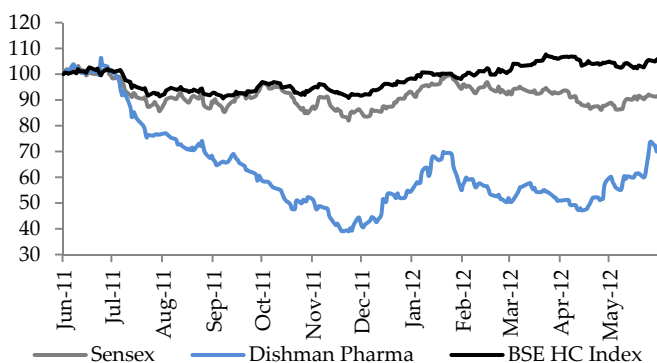
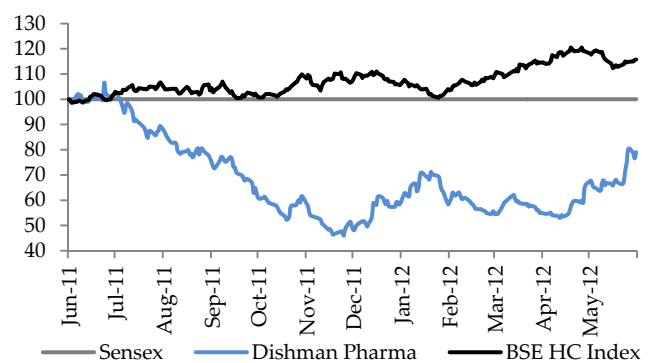


Exhibit 2: Relative Perf. From Jun'2011



Source: Bloomberg, Karvy Institutional Research

Source: Bloomberg, Karvy Institutional Research

Dishman Pharma
Exhibit 3: Change in estimates

Rs. mn	FY13E			FY14E	Comments
	New	Old	Change (%)		
Revenues	12,697	12,617	0.6	14,616	
CRAMS	8,289	8,045	3.0	9,797	Better revenue traction in Carbogen Amcis
CVS	288	336	(14.3)	480	
High Potency	325	260	25.0	780	
MM	4,385	4,521	(3.0)	4,793	Migration from low value QUATS
Vitamin D3	2,470	2,101	17.6	2,720	New plant aiding scale up
Disinfectant	150	150	-	250	
EBITDA	2,678	2,638	1.5	3,205	
EBITDA margin (in %)	21.1	20.9		21.9	
Net Profit	709	592	19.7	1,107	
EPS (in Rs.)	8.8	7.3	19.7	13.7	Lower depreciation aiding profitability

Source: Company, Karvy Institutional Research

Exhibit 4: Profit & Loss

	FY10	FY11	FY12	FY13E	FY14E
Net Revenues	9,154	9,908	11,241	12,697	14,616
% growth in Net Revenues	(14.2)	8.2	13.4	13.0	15.1
Total Material Cost	2,780	3,552	3,842	4,317	4,969
Staff	2,541	2,804	2,942	3,236	3,624
Manufacturing Expenses	794	943	990	1,111	1,279
Administrative and other expenses	827	774	877	974	1,100
Selling & Dist	175	213	345	381	438
Total Expenditure	7,116	8,286	8,996	10,019	11,411
EBITDA	2,038	1,622	2,245	2,678	3,205
EBITDA margin (%)	22.3	16.4	20.0	21.1	21.9
Other Income	269	402	130	3	3
Interest	388	416	729	663	631
Depreciation	594	688	765	842	869
Profit Before Tax	1,325	921	880	1,173	1,705
Tax	150	108	312	293	426
Effective tax rate (%)	11.3	11.7	35.4	25.0	25.0
Profit After Tax	1,176	813	568	880	1,278
Adjustments	3	-14	0	0	0
Net Profit	1,179	800	569	880	1,279
Amortization of Goodwill on acquisition	151	171	171	171	171
Reported Net Profit	1,027	629	397	709	1,107

Source: Company, Karvy Institutional Research

Dishman Pharma
Exhibit 5: Balance Sheet

Rs. mn	FY10	FY11	FY12	FY13E	FY14E
Equity	161	161	161	161	161
Share Application Money	76	16	16	16	16
Reserves	8,801	9,839	10,612	11,879	13,545
Net worth	9,038	10,016	10,789	12,056	13,722
Short-term Loans	1,443	2,863	3,591	3,668	4,027
Long-term Loans	6,296	5,826	6,147	5,547	4,797
Total Loans	7,739	8,689	9,737	9,215	8,824
Deferred Tax Liabilities	316	323	323	323	323
Liabilities	17,220	19,027	20,849	21,593	22,868
Gross Block	10,834	13,322	16,438	17,238	17,538
Depreciation	2,481	3,279	4,044	4,886	5,755
Net Block	8,353	10,044	12,395	12,353	11,783
Capital work-in-progress	3,574	4,116	2,000	1,500	1,500
Good Will on acquisition	1,195	1,224	1,053	882	710
Long-term Investments	14	14	15	15	15
Goodwill on Consolidation	77	77	77	77	77
Inventories	2,423	2,702	2,607	2,951	3,367
Debtors	1,131	1,737	2,028	1,967	2,245
Cash	455	425	2,058	3,327	4,804
Loans and Advances	1,871	1,680	1,792	1,972	2,189
Total Current assets	5,880	6,544	8,485	10,217	12,606
Current Liabilities	1,617	2,703	2,876	3,139	3,500
Provisions	256	289	299	310	322
Total current liabilities & provisions	1,873	2,991	3,175	3,449	3,822
Net current assets	4,007	3,552	5,310	6,768	8,783
Total Assets	17,220	19,027	20,849	21,593	22,868

Source: Company, Karvy Institutional Research

Dishman Pharma
Exhibit 6: Cash Flow Statement

Rs. mn	FY10	FY11	FY12	FY13E	FY14E
EBIT	1,292	763	1,308	1,665	2,164
(Inc.)/Dec in working capital	562	425	-124	-189	-539
Cash Flow from Operations	1,854	1,188	1,184	1,476	1,626
Other Income	269	402	130	3	3
Depreciation & Amortization	746	859	937	1,013	1,041
Interest paid (-)	-388	-416	-729	-663	-631
Deferred Tax Liability	108	6	0	0	0
Tax paid (-)	-150	-108	-312	-293	-426
Extraordinaries/Others	3	-13	0	0	0
Dividends Paid (-)	-113	-113	-113	-113	-113
Net cash from operations	2,330	1,806	966	1,419	1,496
Capital Expenditure (-)	-3,042	-3,121	-1,000	-300	-300
Net cash after capex	-712	-1,316	-34	1,119	1,196
Inc./(Dec.) in short-term borrowing	-39	1,420	728	78	359
Inc./(dec.) in long-term borrowing	542	-471	321	-600	-750
Inc./(dec.) in borrowings	503	949	1,049	-522	-391
(Inc.)/Dec. in Investments	0	0	-1	0	0
(Inc.)/Dec. in Goodwill on consolidation	6	0	0	0	0
Equity issue/(Buyback)	-350	386	-183	0	0
Cash from Financial Activities	158	1,336	865	-522	-391
Others	556	-50	672	669	669
Opening cash	452	455	425	2,058	3,327
Closing cash	455	425	2,058	3,327	4,804
Change in Cash	3	-30	1,633	1,269	1,477

Source: Company

Exhibit 7: Key Ratios

	FY10	FY11	FY12	FY13E	FY14E
PER (x)	5.1	8.3	13.2	7.4	4.7
P/BV (x)	0.6	0.5	0.5	0.4	0.4
Price/sales (x)	0.6	0.5	0.5	0.4	0.4
EV/EBITDA (x)	6.1	8.3	5.8	4.2	2.9
ROCE (%)	12.9	9.0	11.3	12.6	14.4
ROE (%)	14.8	8.4	5.5	7.7	9.9

Source: Company, Karvy Institutional Research

Institutional Equities
 India Research

Torrent Pharma

MANAGEMENT MEET NOTE

 Bloomberg: TRP IN
 Reuters: TRP.BO

BUY

Staging for a Comeback

With the company addressing key concerns on the domestic formulations front and better traction in US and Brazil, the company is all set to achieve 18.9 % CAGR revenue growth for the period FY 12-14E and an earnings CAGR of 39 %, we upgrade our rating on the stock to BUY.

Domestic Formulations – Back on Track: The primary reason for the underperformance can be attributed due to cluttering of brands in the anti-infective and the pain management segment which led to inadequate promotion of brands and hence the Company lost ground in these segments. The company has recruited 200 additional MRs so as to impart more focus. With the measures in place we believe the company would be able to achieve the 12% and 14% growth factored by us for FY13E and FY14E, respectively

Brazil – Growth in line with Branded Generics Market: The Company would launch minimum 3-4 products every year for the next two years across geographies. With addition of 50 MRs for FY 13, better detailing and a 10% INR depreciation vis-à-vis the Brazilian Real, the company is confident of growing by 15 % for FY 13E and FY 14E.

Reasonable Scale in the US Market: Torrent Pharma will continue to launch 5-6 products every year and will continue to follow a policy to sell products which are profitable. The company has been able to secure sizable market share in certain products. With 60-70 % of the products fully backward integrated, the company would be able to scale Rs 3.2 bn revenues in FY 13E and Rs 4.6 bn revenues in FY14E respectively.

Outlook & Valuation

Torrent Pharma is among the few companies to have adopted accrual basis for sales return and has provided additional R & D expenses on account of the new GDUFA provisions for the pending ANDAs in Q4 FY 12. We marginally upgrade our EPS for FY13E by 3.2% to Rs. 45.4, while we maintain our FY14E EPS at Rs. 54.1. On account of price correction, we upgrade the stock to “BUY” with a price target of Rs. 700 per share based on 12.9x FY14E.

Key Financials

Rs Mn	FY10	FY11	FY12	FY13E	FY14E
Net Revenues	18,885	21,849	26,479	31,747	37,132
EBITDA	3,932	3,677	4,527	5,840	6,908
Net Profit	2,717	2,542	2,360	3,838	4,578
EPS(Rs)	32.1	30.0	27.9	45.4	54.1
EBITDA margin(%)	20.8	16.8	17.1	18.4	18.6
PER(x)	18.4	19.7	21.2	13.1	10.9

Source: Company, Karvy Institutional Research

Indian GAAP Consolidated

Recommendation

CMP:	Rs587
Target Price:	Rs700
Upside (%)	19%

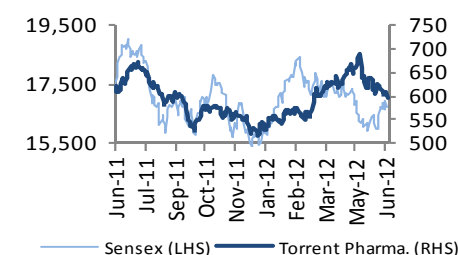
Stock Information

Market Cap. (Rs bn / US\$ mn)	50/868
52-week High/Low (Rs)	705/505
3m ADV (Rs mn /US\$ mn)	23/0.4
Beta	0.5
Sensex/ Nifty	16,968/5,142
Share outstanding (mn)	85

Stock Performance (%)

	1M	3M	12M	YTD
Absolute	(8.1)	(5)	(4.6)	8.6
Rel. to Sensex	(12.2)	(3.3)	3.5	(1.1)

Performance



Source: Bloomberg, Karvy Institutional Research

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Domestic Formulations: Witnessing Improved Traction

Domestic formulations growth

	2MFY13 Growth %
Torrent Total	14.4
ALPRAX	16.7
NIKORAN	30.2
DILZEM	8.7
DOMSTAL	2.2
NEBICARD	20.5
TOPCEF	(30.8)
NEXPRO RD	44.8
AZULIX-MF	14.1
NEXPRO	46.9
DROXYL	(0.1)

Source: AIOCD

Torrent Pharma's growth for 2MFY13 (Apr'12 & May'12) stood at 14.4%, while the IPM growth during the same period was at 17.6%, as per AIOCD data.

Torrent Pharma's all key brands in the Top-10 except for Domstal, Topcef and Droxyyl (Cefadroxil) are witnessing good growth. The de-growth witnessed in Droxyyl can be attributed to overall market degrowth.

Exhibit 1: Domestic Therapeutic breakup

Torrent Pharmaceuticals	% of Domestic	Torrent Growth (%)	IPM growth (%)
Cardiac	33.9	21.3	18.8
Neuro / CNS	21.0	12.3	13.2
Gastro Intestinal	17.7	15.7	16.5
Anti-Infectives	12.1	-12.8	16.6
Anti Diabetic	5.9	10.5	29.5

Source: Company, AIOCD Awacs, Karvy Institutional Research

Segment-wise Performance

- The growth in Cardiac segment has outperformed the domestic market growth
- The growth in the Gastro Intestinal space has been in line with the market
- The growth in anti-diabetic market has been lower, as the Company is only into oral anti-diabetics.
- Anti-infectives therapy has been witnessing degrowth, as the Company did not respond to downward price revisions undertaken by other players in the industry.

Corrective Measures to Revive Growth in Anti-Infective Space

The Company has taken the following measures to revive the growth in the anti-infective space.

- Creation of a new division for the anti-infectives business
- Deploying an additional 200 dedicated MRs for anti-infectives
- Implementing incentive strategy based on growth and targets.

Our View: With more focus on the anti-infectives space, the company will be able to arrest the degrowth. Torrent Pharma will be launching 25-30 products in the domestic market, going ahead. Better focus on the laggard segments will enable the company to grow by 12% and 14% in FY13E and FY14E, respectively.

US Market

Torrent Pharma has not been able to scale up in certain products in the US market, as it is the company's policy not to sell below a certain margin. In certain key products namely Isosorbide Mononitrate & Alfuzosin, the Company has been able to reach a significant market share in very short time span.

Exhibit 2: Key Molecules in US

Molecule Name	Market Share	Launch in US
ZOLPIDEM TARTRATE	19.9%	
CITALOPRAM HYDROBROMIDE	25.0%	
PANTOPRAZOLE SODIUM	16.3%	
DONEPEZIL HCL	16.2%	
LOSARTAN/HYDROCHLOROTHI	18.0%	
RISPERIDONE	4.9%	
ISOSORBIDE MONONITRATE	25.0%	26/08/2011
ALFUZOSIN HCL	39.0%	22/07/2011
TOPIRAMATE	1.9%	
LOSARTAN POTASSIUM	2.4%	
PRAMIPEXOLE DI-HCL	9.6%	
LEVETIRACETAM	2.4%	
LAMOTRIGINE	1.0%	
VENLAFAXINE HCL	1.0%	
CLOPIDOGREL BISULFATE	1.0%	18/05/2012
LEVOFLOXACIN	2.3%	5/8/2011
CARBAMAZEPINE	0.6%	
SERTRALINE HCL	0.0%	
OLANZAPINE	0.1%	28/10/2011
QUETIAPINE FUMARATE	0.0%	27/04/2012
AMLODIPINE BESYLATE	0.0%	13/04/2012

Source: Wolter Kluwerth, Company, Karvy Institutional Research

As Torrent Pharma has been witnessing pricing pressure, the Company is not selling six products. It has 37 approvals (10 tentative) and is currently marketing only 27 products. Around 60-70% of the portfolio is backward-integrated.

Brazil Market

Torrent Pharma is the only company in domestic space having a substantial presence in the Brazilian market. It markets over 30 products in Brazil, which falls in CVS and CNS category. The company plans to launch 3-4 products every year. The approval timelines have now extended to 28-30 months in this market.

The market share of products is in the range of 5-50%. In 4-5 molecules, the market share is more than 50%. Torrent Pharma has 250 MRs in Brazil, while it plans to add 50 more MRs this year. The cost per MR in Brazil is around US\$70,000. Currency depreciation for FY12 is seen at 10%. As Torrent Pharma has no production unit outside India, the goods get transferred at transfer price. The Brazilian generic-generic market is growing at 60-70%, while the branded generic market is growing at 11%. The pricing of generic-generic medicines is just 5-10% lower than branded generic at retail level, while the discount given to trade is 60-70%. Torrent Pharma's Brazilian business is likely to grow at 15% going ahead, as the Company has predominant presence in branded generic space.

Torrent Pharma

Hedging Policy to Boost EBITDA

As 90% of the net exposure has been hedged at 53-54, Torrent Pharma is expected to benefit on the same to the tune of 1.5%.

Conservative Accounting Practices & Higher R&D Provisioning on account of GDUFA Boost Confidence: Torrent Pharma has adopted the practice of shifting from actual write-off of sales return to accrual basis. Hence, the Company has written off Rs. 654 mn for FY12 and FY11 on accrual basis. It has also provided for additional R&D expenses on account of the new GDUFA filing in Q4FY12, which makes Torrent Pharma as the only company to have done so.

Price Performance vis-à-vis BSE HC Index and Sensex

Torrent’s stock price performance during Sep-11 to Feb-12 had remained below the Sensex due to problems it was facing with regards to anti-infectives segment in the domestic formulations market. Torrent has outperformed the BSE HC Index during July, 11-Aug,11 and during April,12.

Exhibit 3: Absolute Perf. From Jun'2011

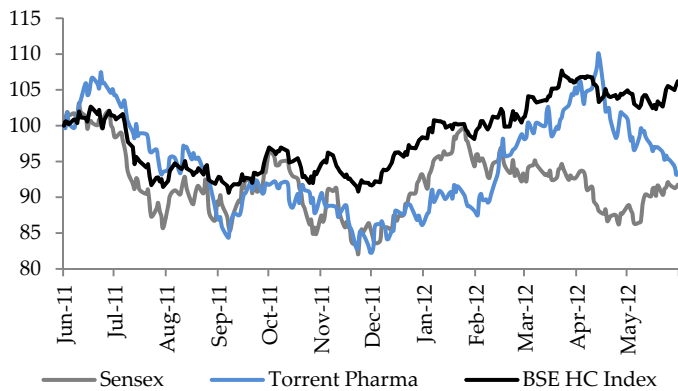
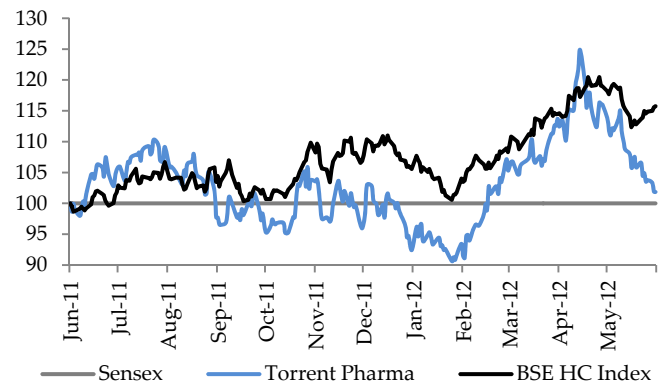


Exhibit 4: Relative Perf. From Jun'2011



Source: Bloomberg, Karvy Institutional Research

Source: Bloomberg, Karvy Institutional Research

The company has addressed the issues and growth in Q4FY12 in the domestic business has shown an improvement which is the reason for the outperformance from Mar-12 to May-12.

Torrent Pharma
Exhibit 5: Profit and Loss Statement

Rs. mn	FY10	FY11	FY12	FY13E	FY14E
Net Sales	18,885	21,849	26,479	31,747	37,132
% growth	15.8	15.7	21.2	19.9	17.0
Raw Material	5,710	6,965	8,631	10,258	12,005
Staff	3,162	3,895	5,337	6,405	7,557
Others Exps	4,879	5,924	6,204	7,210	8,280
R&D expenses	1,202	1,388	1,780	2,035	2,381
Total Expenditure	14,952	18,173	21,953	25,906	30,224
EBITDA	3,932	3,677	4,527	5,840	6,908
EBITDA margin (%)	20.8	16.8	17.1	18.4	18.6
Other income	211	296	445	465	520
Interest	165	121	395	385	379
Depreciation	661	626	817	999	1,179
Provisions	0	0	654	0	0
Profit Before Tax	3,318	3,227	3,106	4,921	5,869
Tax	601	685	723	1,083	1,291
Effective tax rate (%)	18.1	21.2	23.3	22.0	22.0
Minorities interest	0	0	23	0	0
Net Profit	2,717	2,542	2,360	3,838	4,578
Extraordinaries	-405	160	480	0	0
Reported Net Profit	2,312	2,702	2,840	3,838	4,578

Source: Company, Karvy Institutional Research

Exhibit 6: Balance Sheet Statement

Rs. mn	FY10	FY11	FY12	FY13E	FY14E
Equity	423	423	423	423	423
Reserves	7,887	9,801	11,515	14,194	17,388
Networth	8,310	10,224	11,938	14,617	17,811
Short-term Loans	1,255	996	1,381	1,660	1,942
Long-term Loans	3,969	4,725	3,619	3,619	3,619
Total Loans	5,224	5,721	5,000	5,279	5,561
Minority Interest	0	16	35	35	35
Deferred tax Liability	499	480	514	514	514
Total Liabilities	14,033	16,440	17,488	20,445	23,922
Gross Block	8,129	9,643	11,911	14,429	16,661
Depreciation	2,718	3,287	4,105	5,103	6,282
Net Block	5,411	6,355	7,806	9,325	10,379
Capital work-in-progress	746	1,818	1,200	1,082	1,250
Capital Advances	352	368	150	150	150
Investments	1,412	1,460	375	375	375
Inventories	3,236	5,048	5,316	6,278	7,317
Debtors	2,982	3,404	5,228	6,284	7,351
Cash	3,883	4,788	7,326	8,718	10,443
Other Current assets	1,506	2,106	2,333	3,183	3,697
Total Current assets	11,607	15,346	20,203	24,462	28,809
Creditors	3,782	6,994	8,635	10,457	12,325
Other current liabilities	1,714	1,913	3,613	4,492	4,716
Total current liabilities	5,496	8,907	12,247	14,949	17,041
Net current assets	6,111	6,439	7,956	9,512	11,768
Total Assets	14,032	16,440	17,488	20,445	23,922

Source: Company, Karvy Institutional Research

Torrent Pharma
Exhibit 7: Cash Flow Statement

Rs. mn	FY10	FY11	FY12	FY13E	FY14E
EBIT	3,272	3,051	3,709	4,842	5,729
(Inc.)/Dec in working capital	350	576	1,022	-165	-530
Cash flow from operations	3,621	3,627	4,731	4,677	5,199
Other income	211	296	445	465	520
Depreciation	661	626	817	999	1,179
Interest paid (-)	-165	-121	-395	-385	-379
Deferred Tax Liability	-85	-19	34	0	0
Tax paid (-)	-601	-685	-723	-1,083	-1,291
Dividends paid (-)	-676	-787	-836	-1,160	-1,383
Minority interest	0	0	-23	0	0
Extraordinaries	-405	160	-174	0	0
Net cash from operations	2,562	3,098	3,877	3,512	3,844
Capital Expenditure (-)	-1,524	-2,657	-1,800	-2,400	-2,400
Free Cash Flow	1,038	441	2,077	1,112	1,444
Inc./(Dec.) in short-term borrowing	499	-259	386	279	282
Inc./(dec.) in long-term borrowing	-102	756	-1,106	0	0
Inc./(dec.) in borrowings	398	497	-721	279	282
(Inc.)/Dec. in Investments	-17	-48	1,085	0	0
Changes in minority interest	0	16	19	0	0
Cash from Financial Activities	381	464	383	279	282
Others	164	0	78	0	0
Opening cash	2,300	3,883	4,788	7,326	8,718
Closing cash	3,883	4,788	7,326	8,718	10,443
Change in Cash	1,583	905	2,538	1,391	1,726

Source: Company, Karvy Institutional Research

Exhibit 8: Key ratios

	FY10	FY11	FY12	FY2013E	FY14E
Price/Sales	2.7	2.3	1.9	1.6	1.3
Price/ BV	6.0	4.9	4.2	3.4	2.8
EV/ EBDITA	12.7	13.5	10.5	7.9	6.5
ROE	31.2	29.2	25.6	28.9	28.2
ROCE	26.8	22.0	20.6	28.0	28.2

Source: Company, Karvy Institutional Research

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Disclosures Appendix

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