

CMP: ₹ 893

Target: ₹ 1135 (27%)

Target Period: 12 months

August 7, 2021

BUY



Strong Q1 with steady margins...

About the stock: Caplin derives entire revenues through exports with 92% of revenues from Emerging Markets (LatAm + Africa) where it has an end-to-end business model through last mile logistical solutions for its exclusive distributors.

- In the US, Caplin has filed 20 ANDAs on its own and with partners with 15 approvals from the USFDA (five with partners)
- For LatAm markets, it outsources ~40% of products from China, ~20% from Indian vendors and in-house manufacturing of the remaining ~40%

Q1FY22 Results: Caplin reported robust Q1FY22 results.

- Sales were up 25.1% YoY to ₹ 300.4 crore
- EBITDA in Q1FY22 was at ₹ 92.6 crore, up 29.3% YoY with margins at 30%
- Consequent adjusted PAT was at ₹ 70.9 crore (up 29.9% YoY)

What should investors do? Caplin's share price has grown by ~3.8x over the past five years (from ~₹ 231 in July 2016 to ~₹ 884 levels in July 2021).

- We maintain our BUY rating on the stock due to visible growth in the medium to long term

Target Price and Valuation: We value Caplin at ₹ 1135 i.e. 24x P/E on FY23E EPS

Key triggers for future price performance:

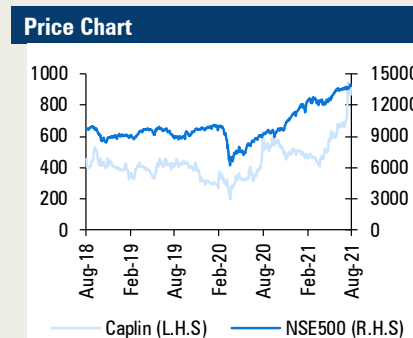
- By thriving in lesser known CA markets and cracking the US generic pharma code of injectable, the company has created its own identity with long drawn plans on the back of significant capex
- Portfolio comprises 20 filed ANDAs, of which 15 have been approved. The company also has 45+ products in the pipeline
- Growth momentum to persist mainly due to further expansion in front end, increasing product basket, change in product mix, launching of own brands

Alternate Stock Idea: Apart from Caplin, in healthcare coverage we like Aurobindo.

- It is a vertically-integrated pharmaceutical formulations manufacturer. It has 14 formulation and 11 API manufacturing facilities with 90% revenue coming from international operations
- BUY with a target price of ₹ 1165

| Particulars | |
|-----------------------|--------------|
| Particular | Amount |
| Market Capitalisation | ₹ 6756 crore |
| Debt (FY21) | ₹ 18 crore |
| Cash (FY21) | ₹ 460 crore |
| EV | ₹ 6314 crore |
| 52 week H/L | 1034/402 |
| Equity capital | ₹ 15.1 crore |
| Face value | ₹ 2 |

| Shareholding pattern | | | | | |
|----------------------|--------|--------|--------|--------|--------|
| (in %) | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 |
| Promoter | 69.0 | 69.0 | 69.0 | 69.0 | 69.0 |
| Others | 31.0 | 31.0 | 31.0 | 31.0 | 31.0 |



- Recent Event & Key risks**
- Started domestic market supply of injectable
 - Key Risk:** (i) Regulatory hurdles (ii) Slower expansion into LatAm markets

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Key Financial Summary

| Key Financials (₹ Crore) | FY19 | FY20 | FY21 | 5 year CAGR (FY16-21) | FY22E | FY23E | 2 year CAGR (FY21-23E) |
|--------------------------|-------|-------|--------|-----------------------|--------|--------|------------------------|
| Revenues | 648.7 | 863.2 | 1061.3 | 28.0 | 1296.3 | 1529.1 | 20.0 |
| EBITDA | 231.3 | 260.1 | 328.7 | 31.8 | 404.6 | 490.5 | 22.2 |
| EBITDA Margins (%) | 35.7 | 30.1 | 31.0 | | 31.2 | 32.1 | |
| Net Profit | 176.6 | 215.0 | 242.3 | 32.9 | 309.0 | 358.4 | 21.6 |
| EPS (Adjusted) | 23.3 | 28.4 | 32.0 | | 40.8 | 47.4 | |
| PE (x) | 38.3 | 31.4 | 27.9 | | 21.9 | 18.9 | |
| RoCE (%) | 34.6 | 26.5 | 25.4 | | 26.1 | 25.6 | |
| RoE (%) | 27.9 | 22.7 | 20.4 | | 21.1 | 20.0 | |

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q1FY22 Results: Robust performance continues

- Q1FY22 revenues grew 25.1% YoY to ₹ 300 crore. EBITDA margins improved 100 bps YoY to 30.8% due to lower employee expenses. Subsequently, EBITDA grew 29.3% YoY to ₹ 92.6 crore. PAT grew 29.9% YoY to ₹ 70.9 crore
- Caplin posted strong Q1FY22 results and is now foraying into the Indian market with hospital focused injectable products along with extending its US sterile products into other emerging markets. We continue to be positive about the business and its visibility in medium to long term

Q1FY22 Earnings Conference Call highlights

- Geographical breakup of sales: LatAm & RoW - 91%, US - 9%
- The company continues to witness strong growth momentum across topline and bottomline in core LatAm
- Prior to entering the organic business in key target markets of Mexico and Brazil, the company started supplying speciality injectable products on an emergency procurement basis
- Current breakup of sales: Private market sales to distributors – 60%; sales to pharmacies/retail – 20%; institutional sales – 20%.
- Caplin has started manufacturing Covid-related products such as Liposomal Amphotericin and Enoxaparin for domestic market supply
- The management guided to double revenues from LatAm in five years
- Capacity expansion –
 - Oncology facility – First batches targeted within next nine months
 - API facility – Process equipment orders to commence shortly.
 - Capacity expansion at CP-1 (RoW facility) – Order placed for additional Lyophilizer in view of increased demand in niche Lyophilized products in current markets
 - Expansion plans under evaluation for Softgel section
- US: Caplin has launched four products in Q1, launch pending for four more ANDAs, which is targeted before December 2021. Market share for already launched products is in the range of 7-12%
- The company aims to file eight ANDAs within the next three quarters, which will have equal mix of Injectable and ophthalmic products
- The company is targeting US front end presence in 2023, by which time 30+ ANDAs are likely to be approved/under review
- Management has maintained US\$100 million revenues from US by FY26
- Capacity utilisation for injectable at 70%
- Capacity expansion in Phase 2:
 - Two vial filling lines from Syntegon (Bosch) ordered, delivery within 12 months
 - Pre-filled syringe line from Steriline ordered, delivery within 10-12 months
 - Lyophilizer from Tofflon ordered, delivery within nine to 12 months. Expecting Phase 2 expansion to be completed within 15 months.
- Overall development pipeline remains robust, with 45+ ANDAs under development with addressable market in US at ~ \$3 billion
- Total capex of ₹ 300-350 crore in FY22: injectable (₹ 150 crore), oncology (₹ 100 crore), APIs (₹ 100 crore)

Exhibit 1: Variance Analysis

| | Q1FY22 | Q1FY21 | Q4FY21 | YoY (%) | QoQ (%) | Comments |
|----------------------------------|--------|--------|--------|---------|----------|--|
| Revenue | 300.4 | 240.1 | 278.7 | 25.1 | 7.8 | YoY growth amid 21% growth in LatAm and ~103% growth in the US albeit on lower base. LatAm sales also supported by higher institutional sales are on account of emergency tenders for Covid related products |
| Raw Material Expenses | 136.0 | 108.8 | 118.7 | 25.0 | 14.6 | |
| Gross margins (%) | 54.7 | 54.7 | 57.4 | 6 bps | -267 bps | |
| Employee Expenses | 26.7 | 25.9 | 25.9 | 3.2 | 3.2 | |
| Other Expenditure | 45.2 | 33.8 | 48.5 | 33.6 | -6.8 | |
| Total Operating Expenditure | 207.8 | 168.5 | 193.0 | 23.4 | 7.7 | |
| EBITDA | 92.6 | 71.6 | 85.7 | 29.3 | 8.1 | |
| EBITDA (%) | 30.8 | 29.8 | 30.7 | 100 bps | 8 bps | YoY improvement mainly due to lower employee cost |
| Interest | 0.3 | 0.5 | 0.3 | -47.1 | -15.6 | |
| Depreciation | 12.0 | 9.0 | 9.9 | 34.3 | 22.0 | |
| Other income | 9.2 | 6.5 | 9.5 | 41.9 | -2.6 | |
| PBT before EO | 89.5 | 68.6 | 85.0 | 30.5 | 5.4 | |
| Less: Exceptional Items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| PBT | 89.5 | 68.6 | 85.0 | 30.5 | 5.4 | |
| Tax | 18.0 | 14.1 | 17.1 | 27.9 | 5.5 | |
| MI & Share of loss/ (gain) asso. | 0.7 | 0.0 | 1.5 | 3,300.0 | NM | |
| Adjusted Net Profit | 70.9 | 54.5 | 66.4 | 29.9 | 6.7 | YoY growth in sync with operational performance |

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

| (₹ Crore) | FY22E | | | FY23E | | | Comments |
|-------------------|---------|---------|----------|---------|---------|----------|---|
| | Old | New | % Change | Old | New | % Change | |
| Revenue | 1,308.4 | 1,296.3 | -0.9 | 1,547.5 | 1,529.1 | -1.2 | |
| EBITDA | 416.9 | 404.6 | -2.9 | 496.9 | 490.5 | -1.3 | |
| EBITDA Margin (%) | 31.9 | 31.2 | -65 bps | 32.1 | 32.1 | -4 bps | |
| PAT | 299.0 | 309.0 | 3.3 | 350.2 | 358.4 | 2.3 | Declined mainly due to decline in other income and increase in depreciation |
| EPS (₹) | 39.5 | 40.8 | 3.3 | 46.3 | 47.4 | 2.3 | |

Source: ICICI Direct Research

Exhibit 3: Financial Summary

| | Revenues | Growth | EPS | Growth | P/E | EV/EBITDA | RoE | RoCE |
|-------|-----------|--------|------|--------|------|-----------|------|------|
| | (₹ crore) | (%) | (₹) | (%) | (x) | (X) | (%) | (%) |
| FY20 | 863 | 33.1 | 28.4 | 21.8 | 31.4 | 25.0 | 22.7 | 26.5 |
| FY21 | 1061 | 22.9 | 32.0 | 12.7 | 27.9 | 19.2 | 20.4 | 25.4 |
| FY22E | 1296 | 22.1 | 40.8 | 27.5 | 21.9 | 15.6 | 21.1 | 26.1 |
| FY23E | 1529 | 18.0 | 47.4 | 16.0 | 18.9 | 12.5 | 20.0 | 25.6 |

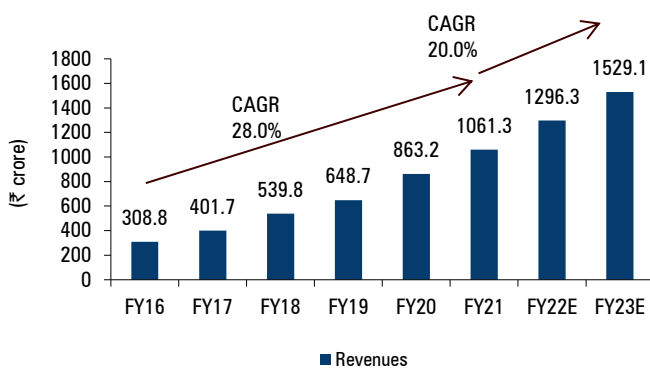
Source: ICICI Direct Research

Exhibit 4: Trends in Quarterly Performance

| (₹ crore) | Q1FY19 | Q2FY19 | Q3FY19 | Q4FY19 | Q1FY20 | Q2FY20 | Q3FY20 | Q4FY20 | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 | Q1FY22 | YoY (%) | QoQ (%) |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------|----------|
| Total Operating Income | 146.5 | 155.9 | 159.0 | 187.3 | 192.6 | 227.2 | 228.2 | 215.2 | 240.1 | 268.1 | 274.4 | 278.7 | 300.4 | 25.1 | 7.8 |
| Raw Material Expense | 64.1 | 70.3 | 68.2 | 86.2 | 85.2 | 109.4 | 107.1 | 111.4 | 108.8 | 120.4 | 123.9 | 118.7 | 136.0 | 25.0 | 14.6 |
| % of Revenue | 43.8 | 45.1 | 42.9 | 46.0 | 44.2 | 48.2 | 46.9 | 51.8 | 45.3 | 44.9 | 45.2 | 42.6 | 45.3 | -6 bps | 267 bps |
| Gross Profit | 82.4 | 85.6 | 90.8 | 101.1 | 107.4 | 117.8 | 121.1 | 103.8 | 131.3 | 147.8 | 150.5 | 160.0 | 164.5 | 25.3 | 2.8 |
| Gross Profit Margin (%) | 56.2 | 54.9 | 57.1 | 54.0 | 55.8 | 51.8 | 53.1 | 48.2 | 54.7 | 55.1 | 54.8 | 57.4 | 54.7 | 6 bps | -267 bps |
| Employee Expenses | 11.5 | 11.5 | 11.7 | 12.4 | 15.6 | 16.0 | 17.7 | 18.5 | 25.9 | 25.3 | 25.5 | 25.9 | 26.7 | 3.2 | 3.2 |
| % of Revenue | 7.9 | 7.4 | 7.4 | 6.6 | 8.1 | 7.0 | 7.7 | 8.6 | 10.8 | 9.4 | 9.3 | 9.3 | 8.9 | -189 bps | -39 bps |
| Other Expenditure | 17.8 | 18.3 | 21.3 | 24.0 | 24.4 | 30.7 | 35.6 | 31.5 | 33.8 | 35.1 | 41.1 | 48.5 | 45.2 | 33.6 | -6.8 |
| % of Revenue | 12.2 | 11.8 | 13.4 | 12.8 | 12.7 | 13.5 | 15.6 | 14.6 | 14.1 | 13.1 | 15.0 | 17.4 | 15.0 | 95 bps | -236 bps |
| Total Expenditure | 93.4 | 100.1 | 101.3 | 122.6 | 125.2 | 156.1 | 160.4 | 161.4 | 168.5 | 180.7 | 190.5 | 193.0 | 207.8 | 23.4 | 7.7 |
| % of Revenue | 63.8 | 64.2 | 63.7 | 65.4 | 65.0 | 68.7 | 70.3 | 75.0 | 70.2 | 67.4 | 69.4 | 69.3 | 69.2 | -100 bps | -8 bps |
| EBITDA | 53.0 | 55.8 | 57.8 | 64.8 | 67.4 | 71.1 | 67.8 | 53.8 | 71.6 | 87.4 | 83.9 | 85.7 | 92.6 | 29.3 | 8.1 |
| EBITDA Margin (%) | 36.2 | 35.8 | 36.3 | 34.6 | 35.0 | 31.3 | 29.7 | 25.0 | 29.8 | 32.6 | 30.6 | 30.7 | 30.8 | 100 bps | 8 bps |
| Other Income | 1.6 | 7.0 | 7.7 | 2.7 | 4.5 | 6.9 | 10.3 | 19.6 | 6.5 | 1.8 | 5.8 | 9.5 | 9.2 | 41.9 | -2.6 |
| Interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.2 | 0.5 | 0.5 | 0.3 | 0.3 | 0.3 | -47.1 | -15.6 |
| Depreciation | 5.5 | 5.6 | 5.7 | 6.7 | 7.4 | 7.4 | 8.4 | 8.4 | 9.0 | 8.9 | 9.3 | 9.9 | 12.0 | 34.3 | 22.0 |
| PBT | 49.2 | 57.2 | 59.8 | 60.7 | 64.5 | 70.5 | 69.6 | 64.9 | 68.6 | 79.8 | 80.2 | 85.0 | 89.5 | 30.5 | 5.4 |
| Total Tax | 11.8 | 13.7 | 14.0 | 10.8 | 14.4 | 13.3 | 10.7 | 16.0 | 14.1 | 17.0 | 14.1 | 17.1 | 18.0 | 27.9 | 5.5 |
| Tax rate (%) | 24.0 | 24.0 | 23.4 | 17.9 | 22.3 | 18.8 | 15.4 | 24.7 | 20.5 | 21.3 | 17.5 | 20.1 | 20.1 | -41 bps | 3 bps |
| PAT | 37.4 | 43.5 | 45.8 | 49.8 | 50.2 | 57.3 | 58.6 | 48.9 | 54.5 | 56.9 | 64.5 | 66.4 | 70.9 | 29.9 | 6.7 |
| PAT Margin (%) | 25.6 | 27.9 | 28.8 | 26.6 | 26.1 | 25.2 | 25.7 | 22.7 | 22.7 | 21.2 | 23.5 | 23.8 | 23.6 | 87 bps | -23 bps |

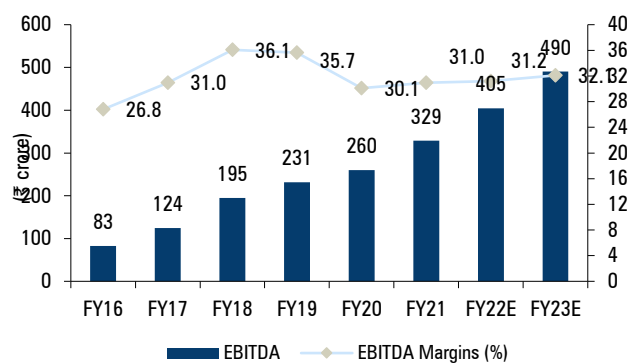
Source: ICICI Direct Research

Exhibit 5: Revenues to grow at ~20% CAGR in FY21-23E



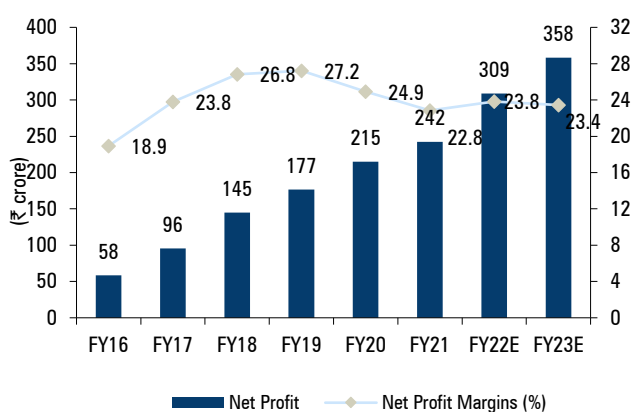
Source: ICICI Direct Research, Company

Exhibit 6: EBITDA & EBITDA margins trend



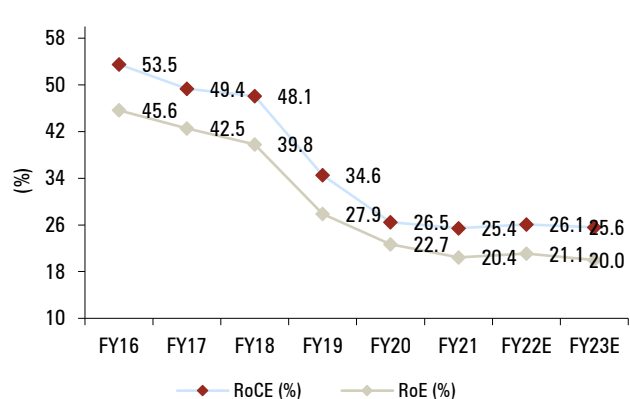
Source: ICICI Direct Research, Company

Exhibit 7: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 8: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 9: ICICI Direct Coverage Universe (Healthcare)

| Company | I-Direct Code | CMP (₹) | TP (₹) | Rating | M Cap (₹ cr) | EPS (₹) | | | | PE(x) | | | | RoCE (%) | | | RoE (%) | | | | |
|---------------------|---------------|------------|--------------|------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | | | | FY20 | FY21 | FY22E | FY23E | FY20 | FY21 | FY22E | FY23E | FY20 | FY21 | FY22E | FY23E | FY20 | FY21 | FY22E | FY23E |
| Ajanta Pharma | AJAPHA | 2277 | 2,695 | Buy | 19703 | 53.4 | 74.0 | 80.8 | 89.8 | 42.7 | 30.8 | 28.2 | 25.4 | 24.7 | 29.0 | 24.9 | 24.0 | 18.1 | 21.8 | 20.2 | 19.2 |
| Alembic Pharma | ALEMPHA | 786 | 885 | Hold | 15450 | 44.4 | 59.9 | 35.2 | 44.3 | 17.7 | 13.1 | 22.4 | 17.7 | 21.0 | 24.2 | 12.7 | 14.8 | 27.1 | 23.0 | 12.3 | 13.8 |
| Apollo Hospitals | APOHOS | 4164 | 3,870 | Buy | 59872 | 22.6 | 7.9 | 55.2 | 81.4 | 184.4 | 529.8 | 75.4 | 51.2 | 10.2 | 6.3 | 13.7 | 18.0 | 9.7 | 2.5 | 15.1 | 18.8 |
| Aurobindo Pharma | AURPHA | 905 | 1,165 | Buy | 52998 | 48.8 | 55.0 | 61.4 | 69.3 | 18.6 | 16.4 | 14.7 | 13.1 | 17.2 | 16.8 | 16.3 | 16.5 | 17.0 | 14.7 | 14.2 | 13.9 |
| Biocon | BIOCON | 385 | 400 | Hold | 46212 | 5.8 | 6.1 | 6.1 | 12.5 | 66.2 | 63.3 | 62.9 | 30.7 | 10.2 | 7.6 | 8.7 | 12.5 | 10.4 | 9.6 | 8.9 | 15.6 |
| Cadila Healthcare | CADHEA | 585 | 640 | Hold | 59838 | 14.0 | 22.7 | 20.6 | 23.7 | 41.8 | 25.7 | 28.4 | 24.7 | 10.7 | 13.2 | 12.9 | 12.8 | 13.8 | 17.9 | 12.5 | 13.0 |
| Cipla | CIPLA | 921 | 1,205 | Buy | 74275 | 19.2 | 29.9 | 35.5 | 41.6 | 47.9 | 30.8 | 26.0 | 22.1 | 12.0 | 16.3 | 17.9 | 18.4 | 9.8 | 13.1 | 14.0 | 14.5 |
| Divi's Lab | DIVLAB | 4932 | 4,825 | Buy | 130920 | 51.9 | 74.7 | 89.4 | 111.5 | 95.1 | 66.0 | 55.2 | 44.2 | 23.9 | 27.6 | 27.7 | 29.0 | 18.8 | 21.3 | 21.6 | 22.5 |
| Dr Reddy's Labs | DRREDD | 4773 | 5,250 | Hold | 79406 | 121.8 | 117.3 | 126.8 | 197.3 | 39.2 | 40.7 | 37.6 | 24.2 | 9.6 | 13.1 | 12.9 | 16.5 | 13.0 | 11.1 | 10.8 | 14.7 |
| Glenmark Pharma | GLEPHA | 596 | 750 | Buy | 16829 | 26.4 | 32.9 | 42.1 | 50.1 | 22.6 | 18.1 | 14.2 | 11.9 | 12.7 | 13.7 | 15.5 | 16.5 | 12.2 | 13.1 | 14.5 | 14.8 |
| Hikal | HIKCHE | 615 | 590 | Hold | 7583 | 8.1 | 10.8 | 16.5 | 19.6 | 76.0 | 57.0 | 37.3 | 31.3 | 12.8 | 15.1 | 17.2 | 18.4 | 12.2 | 14.3 | 18.1 | 17.9 |
| Ipca Laboratories | IPCLAB | 2177 | 2,560 | Buy | 27616 | 47.6 | 89.9 | 88.2 | 102.4 | 45.8 | 24.2 | 24.7 | 21.3 | 17.6 | 27.1 | 22.2 | 21.5 | 16.6 | 24.2 | 19.3 | 18.4 |
| Jubilant Pharmova | JUBLIF | 660 | 850 | Buy | 10513 | 44.6 | 37.4 | 59.9 | 84.9 | 14.8 | 17.7 | 11.0 | 7.8 | 11.7 | 13.7 | 18.2 | 22.4 | 12.7 | 12.6 | 16.9 | 19.5 |
| Lupin | LUPIN | 1150 | 1,205 | Hold | 52173 | -12.7 | 26.9 | 40.5 | 47.9 | NA | 42.8 | 28.4 | 24.0 | 9.7 | 9.0 | 12.7 | 14.2 | -4.6 | 8.8 | 12.0 | 12.6 |
| Narayana Hrudalaya | NARHRU | 515 | 585 | Buy | 10518 | 6.4 | -0.7 | 14.8 | 17.8 | 81.0 | NA | 34.8 | 28.9 | 11.0 | 1.2 | 13.9 | 14.3 | 11.4 | -1.3 | 21.5 | 20.8 |
| Natco Pharma | NATPHA | 1003 | 1,010 | Hold | 18280 | 25.3 | 24.2 | 19.5 | 23.3 | 39.7 | 41.5 | 51.4 | 43.0 | 14.0 | 13.1 | 10.1 | 11.2 | 12.2 | 10.7 | 8.1 | 9.1 |
| Sun Pharma | SUNPHA | 791 | 800 | Hold | 189835 | 16.8 | 30.0 | 25.1 | 28.6 | 47.2 | 26.3 | 31.5 | 27.7 | 10.0 | 14.4 | 15.1 | 15.3 | 8.9 | 15.5 | 12.0 | 12.2 |
| Syngene Int. | SYNINT | 621 | 780 | Buy | 24852 | 10.3 | 10.1 | 11.0 | 15.6 | 60.3 | 61.4 | 56.4 | 39.9 | 14.5 | 11.5 | 13.1 | 16.6 | 16.8 | 13.5 | 13.6 | 16.1 |
| Torrent Pharma | TORPHA | 3038 | 3,250 | Buy | 51412 | 60.6 | 74.0 | 78.5 | 101.5 | 50.2 | 41.1 | 38.7 | 29.9 | 15.4 | 17.7 | 20.8 | 22.2 | 21.2 | 21.4 | 19.4 | 21.1 |
| Shalby | SHALIM | 201 | 130 | Hold | 2197 | 2.6 | 3.9 | 5.2 | 5.5 | 78.7 | 51.2 | 38.7 | 36.3 | 7.2 | 6.5 | 8.3 | 8.4 | 3.5 | 5.1 | 6.4 | 6.5 |
| Aster DM | ASTDM | 163 | 210 | Buy | 8217 | 5.7 | 3.0 | 10.5 | 13.7 | 28.5 | 55.0 | 15.6 | 11.9 | 7.2 | 5.4 | 9.1 | 10.6 | 8.7 | 4.4 | 13.4 | 15.0 |
| Indoco Remedies | INDREM | 463 | 390 | Buy | 4196 | 2.6 | 10.1 | 15.6 | 19.6 | 176.9 | 45.8 | 29.6 | 23.7 | 4.6 | 11.8 | 16.9 | 19.0 | 3.5 | 12.1 | 16.2 | 17.3 |
| Caplin Point | CAPPOI | 875 | 1,135 | Buy | 6756 | 28.4 | 32.0 | 40.8 | 47.4 | 30.8 | 27.3 | 21.4 | 18.5 | 26.5 | 25.4 | 26.1 | 25.6 | 22.7 | 20.4 | 21.1 | 20.0 |
| Granules India | GRANUL | 384 | 430 | Buy | 9741 | 12.4 | 22.2 | 23.6 | 28.7 | 30.9 | 17.3 | 16.3 | 13.4 | 15.2 | 24.0 | 23.4 | 24.2 | 16.7 | 25.3 | 21.5 | 21.0 |
| Laurus Labs | LAULAB | 681 | 785 | Buy | 34493 | 4.8 | 18.3 | 22.6 | 28.0 | 143.1 | 37.1 | 30.1 | 24.3 | 13.0 | 31.7 | 30.6 | 30.6 | 14.4 | 37.9 | 32.9 | 29.8 |

Source: ICICI Direct Research

Financial Summary

| Exhibit 10: Profit and loss statement | | | | |
|---------------------------------------|--------------|--------------|--------------|--------------|
| | ₹ crore | | | |
| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
| Total Operating Income | 863.2 | 1,061.3 | 1,296.3 | 1,529.1 |
| Growth (%) | 33.1 | 22.9 | 22.1 | 18.0 |
| Raw Material Expenses | 413.2 | 471.7 | 576.5 | 670.6 |
| Gross Profit | 450.0 | 589.6 | 719.7 | 858.5 |
| Gross Profit Margins (%) | 52.1 | 55.6 | 55.5 | 56.1 |
| Employee Expenses | 67.8 | 102.5 | 119.7 | 141.2 |
| Other Expenditure | 122.2 | 158.4 | 195.5 | 226.8 |
| Total Operating Expenditure | 603.1 | 732.7 | 891.7 | 1,038.7 |
| EBITDA | 260.1 | 328.7 | 404.6 | 490.5 |
| Growth (%) | 12.4 | 26.4 | 23.1 | 21.2 |
| Interest | 0.3 | 1.6 | 1.1 | 1.1 |
| Depreciation | 31.6 | 37.0 | 48.1 | 65.1 |
| Other Income | 41.3 | 23.5 | 39.7 | 46.9 |
| PBT before Exceptional Item | 269.5 | 313.6 | 395.1 | 471.2 |
| Less: Exceptional Items | 0.0 | 0.0 | 0.0 | 0.0 |
| PBT after Exceptional Items | 269.5 | 313.6 | 395.1 | 471.2 |
| Total Tax | 54.4 | 62.2 | 79.4 | 103.7 |
| PAT before MI | 215.1 | 251.4 | 315.7 | 367.5 |
| Minority Interest | 0.1 | 9.2 | 6.8 | 9.2 |
| PAT | 215.0 | 242.3 | 309.0 | 358.4 |
| Growth (%) | 21.8 | 12.7 | 27.5 | 16.0 |
| EPS (Adjusted) | 28.4 | 32.0 | 40.8 | 47.4 |

Source: Company, ICICI Direct Research

| Exhibit 11: Cash flow statement | | | | |
|-------------------------------------|--------------|--------------|---------------|---------------|
| | ₹ crore | | | |
| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
| Profit/(Loss) after taxation | 214.7 | 247.5 | 309.0 | 358.4 |
| Add: Depreciation & Amortization | 31.6 | 37.0 | 48.1 | 65.1 |
| Net Increase in Current Assets | -223.7 | -21.5 | -106.8 | -106.2 |
| Net Increase in Current Liabilities | 46.6 | 19.5 | 21.4 | 21.3 |
| Others | -24.5 | -13.9 | 1.1 | 1.1 |
| CF from Operating activities | 44.7 | 268.6 | 272.7 | 339.6 |
| (Purchase)/Sale of Fixed Assets | -67.6 | -73.3 | -230.0 | -150.0 |
| Investments | 9.7 | 45.2 | -200.0 | -200.0 |
| Others | 4.0 | 19.6 | 0.4 | 0.5 |
| CF from Investing activities | -54.0 | -8.5 | -429.6 | -349.5 |
| Proceeds from Preference share: | 113.0 | 0.0 | 0.0 | 0.0 |
| (inc)/Dec in Loan | 0.0 | -19.4 | 0.0 | 0.0 |
| Dividend & Dividend tax | -32.5 | -3.0 | -30.3 | -30.3 |
| Other | -0.7 | -1.5 | -1.1 | -1.1 |
| CF from Financing activities | 79.8 | -24.0 | -31.3 | -31.3 |
| Net Cash Flow | 70.4 | 236.1 | -188.2 | -41.2 |
| Cash and Cash Equivalent | 153.0 | 223.4 | 459.6 | 271.4 |
| Cash | 223.4 | 459.6 | 271.4 | 230.2 |
| Free Cash Flow | -23.0 | 195.3 | 42.7 | 189.6 |

Source: Company, ICICI Direct Research

| Exhibit 12: Balance Sheet | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | ₹ crore | | | |
| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
| Equity Capital | 15.1 | 15.1 | 15.1 | 15.1 |
| Reserve and Surplus | 932.8 | 1,170.7 | 1,449.4 | 1,777.5 |
| Total Shareholders funds | 947.9 | 1,185.8 | 1,464.5 | 1,792.6 |
| Total Debt | 38.6 | 18.4 | 18.4 | 18.4 |
| Minority Interest | 0.0 | 17.5 | 17.5 | 17.5 |
| Deferred Tax Liability | 10.1 | 1.2 | 1.2 | 1.3 |
| Other Non Current Liabilities | 22.1 | 15.7 | 16.5 | 17.3 |
| Source of Funds | 1,018.7 | 1,238.6 | 1,518.2 | 1,847.1 |
| Gross Block - Fixed Assets | 354.8 | 424.7 | 654.7 | 804.7 |
| Accumulated Depreciation | 82.3 | 119.3 | 167.4 | 232.4 |
| Net Block | 272.5 | 305.4 | 487.3 | 572.2 |
| Capital WIP | 20.1 | 13.8 | 13.8 | 13.8 |
| Fixed Assets | 292.6 | 319.2 | 501.1 | 586.0 |
| Investments | 60.8 | 11.2 | 211.2 | 411.2 |
| LT Loans and Advances | 10.0 | 7.9 | 8.3 | 8.7 |
| Inventory | 238.2 | 179.0 | 218.6 | 257.9 |
| Debtors | 229.0 | 279.4 | 341.2 | 402.5 |
| ST Loans and Advances | 68.3 | 98.9 | 103.8 | 109.0 |
| Other Current Assets | 3.4 | 8.4 | 8.9 | 9.3 |
| Cash | 223.4 | 459.6 | 271.4 | 230.2 |
| Total Current Assets | 762.3 | 1,025.3 | 943.9 | 1,008.9 |
| Creditors | 64.1 | 88.5 | 108.1 | 127.5 |
| Provisions | 0.9 | 0.1 | 0.1 | 0.1 |
| Other Current Liabilities | 42.0 | 36.4 | 38.2 | 40.1 |
| Total Current Liabilities | 107.0 | 125.0 | 146.4 | 167.7 |
| Net Current Assets | 655.3 | 900.3 | 797.5 | 841.2 |
| Application of Funds | 1,018.7 | 1,238.6 | 1,518.2 | 1,847.1 |

Source: Company, ICICI Direct Research

| Exhibit 13: Key ratios | | | | |
|-----------------------------|-------|-------|-------|-------|
| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
| Per share data (₹) | | | | |
| Reported EPS | 28.4 | 32.0 | 40.8 | 47.4 |
| Cash EPS | 29.7 | 33.9 | 43.2 | 52.0 |
| BV per share | 125.3 | 156.8 | 193.6 | 237.0 |
| Cash per Share | 29.5 | 60.8 | 35.9 | 30.4 |
| Dividend per share | 2.9 | 3.0 | 4.0 | 4.0 |
| Operating Ratios (%) | | | | |
| Gross Profit Margins | 52.1 | 55.6 | 55.5 | 56.1 |
| EBITDA margins | 30.1 | 31.0 | 31.2 | 32.1 |
| PAT Margins | 24.9 | 22.8 | 23.8 | 23.4 |
| Cash Conversion Cycle | 170.4 | 127.2 | 127.2 | 127.2 |
| Asset Turnover | 2.4 | 2.5 | 2.0 | 1.9 |
| EBITDA conversion Rate | 17.2 | 81.7 | 67.4 | 69.2 |
| Return Ratios (%) | | | | |
| RoE | 22.7 | 20.4 | 21.1 | 20.0 |
| RoCE | 26.5 | 25.4 | 26.1 | 25.6 |
| RoIC | 32.0 | 38.6 | 34.9 | 35.7 |
| Valuation Ratios (x) | | | | |
| P/E | 31.4 | 27.9 | 21.9 | 18.9 |
| EV / EBITDA | 25.0 | 19.2 | 15.6 | 12.5 |
| EV / Net Sales | 7.5 | 5.9 | 4.9 | 4.0 |
| Market Cap / Sales | 7.8 | 6.4 | 5.2 | 4.4 |
| Price to Book Value | 7.1 | 5.7 | 4.6 | 3.8 |
| Solvency Ratios | | | | |
| Debt / EBITDA | 0.1 | 0.1 | 0.0 | 0.0 |
| Debt / Equity | 0.0 | 0.0 | 0.0 | 0.0 |
| Current Ratio | 5.0 | 4.5 | 4.6 | 4.6 |

Source: Company, ICICI Direct Research

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