

Estimate change

TP change

Rating change



**CMP: INR292**

**TP: INR340 (+16%)**

**Buy**

## Lowest margins over past twelve quarters

### Reduced CDMO business drags earnings

Bloomberg	LAURUS IN
Equity Shares (m)	532
M.Cap.(INRb)/(USDb)	157.4 / 1.9
52-Week Range (INR)	606 / 287
1, 6, 12 Rel. Per (%)	-8/-37/-55
12M Avg Val (INR M)	747

### Financials & valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Sales	60.4	62.5	70.2
EBITDA	15.9	14.8	18.2
Adj. PAT	7.9	7.2	9.8
EBIT Margin (%)	21.0	18.3	20.7
Cons. Adj. EPS (INR)	14.7	13.4	18.3
EPS Gr. (%)	-4.7	-9.1	36.4
BV/Sh. (INR)	75.2	86.5	101.9

### Ratios

Net D:E	0.5	0.3	0.2
RoE (%)	21.4	16.6	19.4
RoCE (%)	16.3	13.6	16.2
Payout (%)	15.6	15.6	15.6

### Valuations

P/E (x)	19.8	21.8	16.0
EV/EBITDA (x)	11.2	11.5	9.3
Div. Yield (%)	0.7	0.6	0.8
FCF Yield (%)	0.0	6.5	3.2
EV/Sales (x)	2.9	2.7	2.4

### Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	27.2	27.2	27.3
DII	9.7	9.5	7.9
FII	22.4	21.9	22.5
Others	40.6	41.4	42.4

FII includes depository receipts

- Laurus Lab (LAURUS) delivered a miss on earnings for 4QFY23, led by a sharp decline in the Synthesis (CDMO) business. The ARV business has been stable QoQ, indicating a decrease in the extent of price erosion in the base portfolio.
- We cut our earnings estimate by 22%/15% for FY24/FY25 to factor in a) the decline in CDMO business and a gradual pick-up in new contracts, b) slower scale-up in formulation (FDF) business and front loading of opex related to new FDF facility. We value LAURUS at 20x 12M forward earnings to arrive at price target of INR340.
- While a high base of FY23 would lead to 9% YoY earnings decline in FY24, we believe that the company's financial performance reached its lowest point in 4QFY23, led by low CDMO sales and front loading of opex for expanded FDF facility. Over the past two years, Laurus has invested almost INR19.4b for expanding its manufacturing capacity. The addition of new contracts for both, CDMO as well as FDF is expected to drive sales/profitability prospects 2HFY24 onwards. It has corrected 48%/33% over the past 12M/6M and is available at 22x/16x FY24/FY25 EPS of INR13/INR18. Maintain BUY

### Earnings halves YoY on a lower share of higher margin business/increased opex

- LAURUS 4QFY23 revenues dipped 3% YoY to INR13.8b (our estimated INR15.2b). Synthesis business (17% of sales) was down 36.7% YoY to INR2.3b, due to the absence of purchase order-related supplies. API sales (52% of sales) grew 32.5% YoY (58% QoQ) to INR7.1b, led by better volume. Bio division sales (3% of sales) grew 31% YoY to INR460m.
- The Gross Margin (GM) contracted 230bp YoY to 49.7%, due to change in segmental mix.
- EBITDA margin contracted at higher rate of 720bp YoY to 20.7% (our estimated: 27.1%) due to reduced operating leverage (other expenses/employee cost increased 420bp/60p YoY as % of sales).
- EBITDA declined 28% YoY to INR2.9b (Our estimated INR4b).
- PAT declined at a higher rate of 54.6% YoY to INR1b (our estimated: INR2.1b) on account of higher depreciation and tax rate (27% in 4QFY23 v/s 23% in 4QFY22).
- In FY23, Revenue/EBITDA grew 22%/12% YoY to INR60b/16b, while PAT declined 4% YoY to INR8b.

### Highlights from the management commentary

- LAURUS expects FY24 to be a year of consolidation in terms of sales.
- Despite a high base in FY23, due to purchase order-related supplies, LAURUS intends to drive sales in FY24, led by revenue expansion in base pipeline CDMO projects. The animal health contract is expected to pick up in 2HFY24.
- LAURUS expects sales of INR25b from the ARV segment in FY24.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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## Consolidated - Quarterly Earnings Model

(INRb)

Y/E Mar (INRb)	FY22				FY23				FY22	FY23	FY23 vs Est	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>12.8</b>	<b>12.0</b>	<b>10.3</b>	<b>14.2</b>	<b>15.4</b>	<b>15.8</b>	<b>15.4</b>	<b>13.8</b>	<b>49.4</b>	<b>60.4</b>	<b>15.3</b>	<b>-9.5</b>
YoY Change (%)	31.2	5.7	-20.2	0.9	20.4	30.9	50.2	-3.1	2.5	22.4	7.1	
Total Expenditure	8.8	8.6	7.4	10.3	10.8	11.3	11.4	11.0	35.1	44.5	11.1	
<b>EBITDA</b>	<b>4.0</b>	<b>3.5</b>	<b>2.9</b>	<b>4.0</b>	<b>4.5</b>	<b>4.5</b>	<b>4.0</b>	<b>2.9</b>	<b>14.2</b>	<b>15.9</b>	<b>4.1</b>	<b>-30.9</b>
YoY Change (%)	42.0	-7.7	-33.1	-16.0	14.9	30.1	41.5	-28.0	-8.3	11.9	4.1	
Margins (%)	30.9	28.7	27.7	27.8	29.5	28.5	26.1	20.7	28.8	26.4	27.1	
Depreciation	0.6	0.6	0.6	0.7	0.7	0.8	0.8	0.9	2.5	3.2	0.9	
<b>EBIT</b>	<b>3.4</b>	<b>2.8</b>	<b>2.2</b>	<b>3.3</b>	<b>3.8</b>	<b>3.7</b>	<b>3.2</b>	<b>2.0</b>	<b>11.7</b>	<b>12.7</b>	<b>3.3</b>	<b>-39.4</b>
YoY Change (%)	46.7	-12.7	-40.9	-20.9	13.8	30.2	44.2	-40.0	-13.0	8.3	-1.1	
Margins (%)	26.3	23.4	21.5	23.2	24.9	23.3	20.7	14.4	23.7	21.0	21.5	
Interest	0.3	0.2	0.2	0.3	0.3	0.4	0.4	0.5	1.0	1.7	0.4	
Other Income	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.0	
<b>PBT before EO expense</b>	<b>3.2</b>	<b>2.6</b>	<b>2.0</b>	<b>3.0</b>	<b>3.6</b>	<b>3.3</b>	<b>2.8</b>	<b>1.5</b>	<b>10.8</b>	<b>11.1</b>	<b>2.9</b>	<b>-49.8</b>
Extra-Ord expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>PBT</b>	<b>3.2</b>	<b>2.6</b>	<b>2.0</b>	<b>3.0</b>	<b>3.6</b>	<b>3.3</b>	<b>2.8</b>	<b>1.5</b>	<b>10.8</b>	<b>11.1</b>	<b>2.9</b>	<b>-49.8</b>
Tax	0.7	0.6	0.5	0.7	1.0	0.9	0.7	0.4	2.5	3.1	0.8	
Rate (%)	23.6	22.3	23.8	23.1	29.0	28.7	26.9	27.1	23.2	28.2	27.0	
<b>Reported PAT</b>	<b>2.4</b>	<b>2.0</b>	<b>1.5</b>	<b>2.3</b>	<b>2.5</b>	<b>2.3</b>	<b>2.0</b>	<b>1.1</b>	<b>8.3</b>	<b>8.0</b>	<b>2.1</b>	<b>-50.8</b>
<b>Adj PAT</b>	<b>2.4</b>	<b>2.0</b>	<b>1.5</b>	<b>2.3</b>	<b>2.5</b>	<b>2.3</b>	<b>2.0</b>	<b>1.1</b>	<b>8.3</b>	<b>8.0</b>	<b>2.1</b>	<b>-50.8</b>
YoY Change (%)	40.7	-15.8	-43.2	-22.0	4.5	14.6	31.0	-54.6	-15.4	-4.3	-7.8	
Margins (%)	18.9	16.9	15.1	16.3	16.4	14.8	13.1	7.6	16.9	13.2	14.0	

E: MOFSL Estimates 0

## Key performance Indicators (Consolidated)

Y/E March	FY22				FY23				FY22	FY23	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
<b>API</b>	<b>5.5</b>	<b>5.3</b>	<b>4.2</b>	<b>5.4</b>	<b>5.8</b>	<b>6.8</b>	<b>6.3</b>	<b>7.1</b>	<b>20.4</b>	<b>26.1</b>	<b>6.4</b>
YoY Change (%)	5.2	(7.7)	(42.0)	(33.1)	6.2	29.0	49.1	32.5	(22.2)	28.0	17.9
Custom Synthesis	2.0	1.6	2.1	3.6	5.8	7.2	6.4	2.3	9.2	21.7	6.3
YoY Change (%)	95.0	33.6	63.0	104.5	195.9	364.5	210.1	(36.7)	76.7	136.3	74.6
Formulation	5.2	5.0	3.7	4.9	3.5	1.5	2.5	3.9	18.8	11.4	2.3
YoY Change (%)	48.0	9.5	(13.3)	14.2	(33.0)	(69.9)	(33.2)	(20.0)	13.0	(39.4)	(53.0)
<b>Cost Break-up</b>											
RM Cost (% of Sales)	43.3	44.3	41.2	48.0	42.4	44.9	46.6	50.3	44.4	45.9	46.1
Staff Cost (% of Sales)	10.0	10.2	11.9	9.1	9.9	9.3	9.5	9.7	10.2	9.6	8.9
R&D Expenses(% of Sales)	3.8	3.5	5.5	5.5	3.2	3.1	3.6	3.5	3.4	2.8	3.2
Other Cost (% of Sales)	15.8	16.9	19.2	15.1	18.2	17.3	17.8	19.3	16.6	18.1	18.0
Gross Margins(%)	56.7	55.7	58.8	52.0	57.6	55.1	53.4	49.7	55.6	54.1	53.9
EBITDA Margins(%)	30.9	28.7	27.7	27.8	29.5	28.5	26.1	20.7	28.8	26.4	27.1
EBIT Margins(%)	26.3	23.4	21.5	23.2	24.9	23.3	20.7	14.4	23.7	21.0	21.5

E: MOFSL Estimates



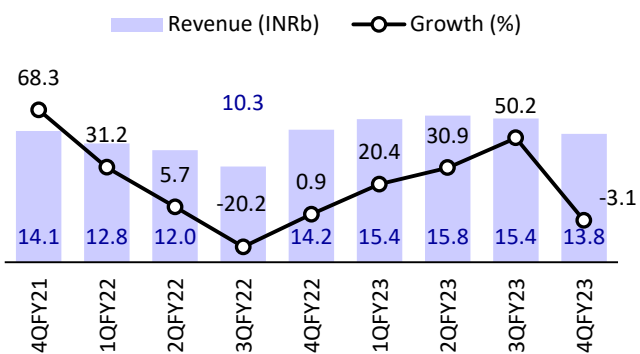
## Other highlights from the management commentary

- New contracts in Non-ARV formulation, ramp-up in existing products/bio segment would also aid revenue growth in FY24.
- There was no purchase order-related material supplies in the CDMO segment for the quarter, resulting in a YoY decline in CDMO revenues in 4QFY23.
- It expects better visibility in ARV business. It received supply order from Global fund for ARV drugs for FY23-25. Although the shipment has already started, it did not contribute to 4QFY23 revenue.
- The share of ARV business in the formulation segment in 4QFY23 stood at 60%.
- The overall capacity utilization for the Formulation facility is 50% and it is expected to move up to 70% in FY24.
- LAURUS filed 6 ANDAs in FY23, taking the cumulative filing to 37. It has 79 DMFs filed in FY23.

- The effective tax rate is expected to be 25% for FY24.
- LAURUS incurred a capex of INR10b in FY23 and is expected to spend INR8b in FY24. Part of this investment will be used to fulfill orders in the synthesis business.

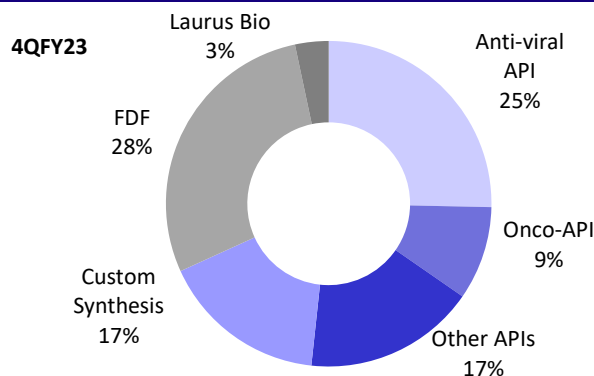
## Key exhibits

**Exhibit 1: Revenue declined 3% YoY in 4QFY23**



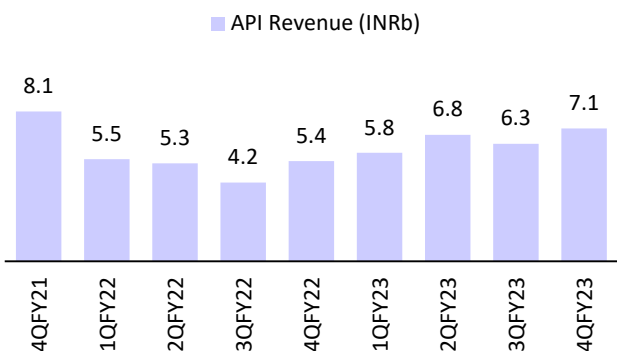
Source: MOFSL, Company

**Exhibit 2: Share of FDF sales stood at 28% in 4QFY23**



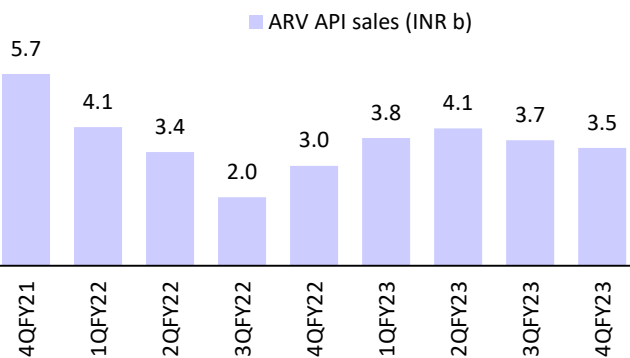
Source: MOFSL, Company

**Exhibit 3: API sales grew 33% YoY in 4QFY23**



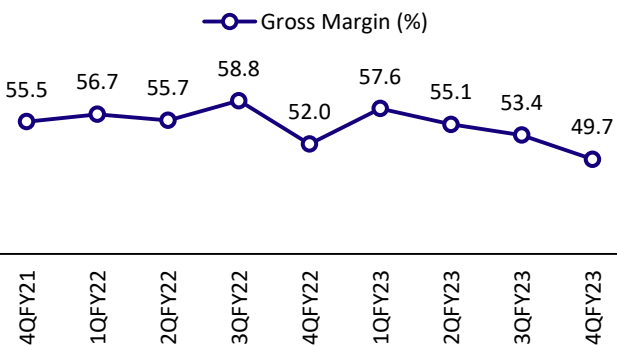
Source: MOFSL, Company

**Exhibit 4: ARV-API sales up 18% YoY in 4QFY23**



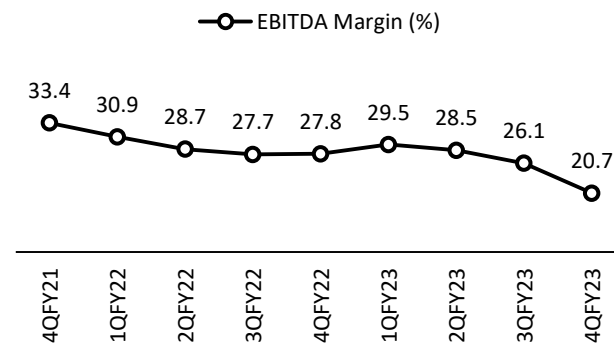
Source: MOFSL, Company

**Exhibit 5: Gross margin contracted ~230bp YoY in 4QFY23**



Source: MOFSL, Company

**Exhibit 6: EBITDA margin contracted ~720bp YoY in 4QFY23**



Source: MOFSL, Company

## A brief pause before further scale-up in business

### CDMO: Work in progress for new orders/capacity build-up

- In FY23, the CDMO sales grew 1.4x YoY to INR22b. In addition to projects in clinical trials and CMO opportunities, a large purchase order led strong growth in this segment for FY23.
- LAURUS is working on 60 active projects at various stages of development with ongoing supplies for 10 commercial API projects.
- New R&D center relating to small molecule and high potent drugs would come online in late FY24 that will support the synthesis business.
- While there could be a moderation in FY24 sales on a YoY basis, there are several promising opportunities in terms of 1) new client additions 2) pipeline expansions, 3) initiation of commercial manufacturing of Animal health contract from 2HFY24 and 4) commercializing the increased capacity.
- On a high base of FY23, we expect a 9% compounded decline to INR17.9b over FY23-25.

### New product addition/tender wins to enhance the outlook for FDF business

- In FY23, the FDF business sales declined 40% YoY to INR11.4b. The growth was affected by a drop in demand and prices in FDF.
- In FY23, the API business sales increased 28% YoY to INR26.1b as the ARV API business had a healthy volume off take, while other API and Onco API also supported the growth with ramp-up of new contracts.
- We expect a sales CAGR of 22%/13% to INR17b/INR33b in FDF/API over FY23–25, due to new tender wins in South Africa and from Global Fund, new product addition (filing of novel Paediatric ODF drug and BETAF drug).

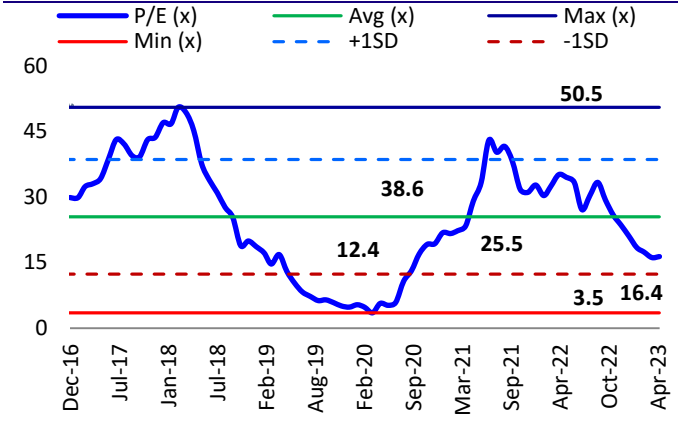
### Long-term growth supported by CAPEX

- Over the past two years, LAURUS has invested INR19b in expanding its capacity across various segments including FDF/API/CDMO.
- LAURUS has doubled its FDF capacity to 10b tablets per annum and would be meaningfully utilized by FY24.
- While the capacity addition and subsequent operational cost would adversely impact near-term earnings, it makes LAURUS ready for gaining contracts from customers and become a reliable supplier in the CDMO/Non-ARV formulation space.

### Reiterate Buy

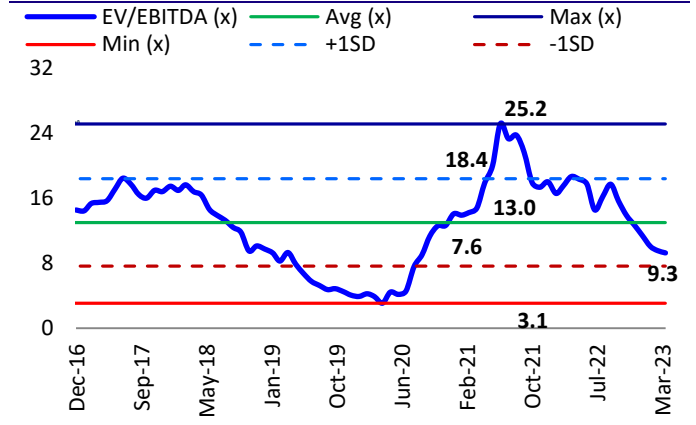
- We cut our earnings estimate by 22%/15% for FY24/FY25 to factor a) in a decline in CDMO business and gradual pick-up in new contracts, b) slower scale-up in formulation (FDF) business, and front loading of opex related to new FDF facility. We value LAURUS at 20x 12M forward earnings to arrive at a price target of INR340.
- While the high base of FY23 would lead to 9% YoY earnings decline in FY24, we believe that the company's financial performance reached its lowest point in 4QFY23 led by low CDMO sales and front loading of opex for expanded FDF facility. LAURUS has invested almost INR19.4b over the past two years in expanding its manufacturing capacity. The addition of new contracts for both, CDMO as well as FDF is expected to drive sales/profitability prospects 2HFY24 onwards. It has corrected 48%/33% over the past 12M/6M and is available at 22x/16x FY24/FY25 EPS of INR13/INR18. We reiterate our BUY rating on the stock.

Exhibit 7: P/E chart



Source: MOFSL, Company, Bloomberg

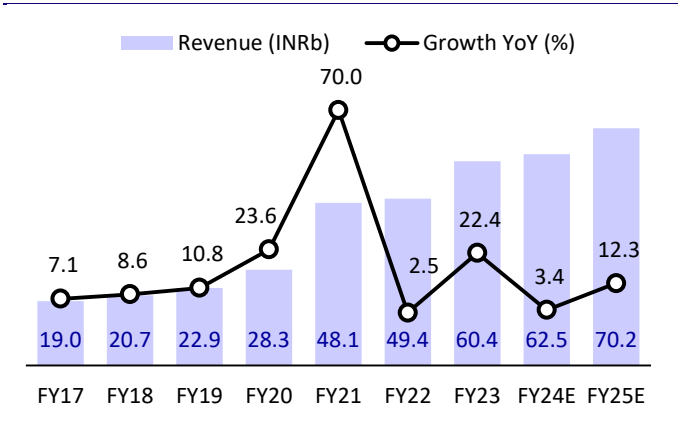
Exhibit 8: EV/EBITDA chart



Source: MOFSL, Company, Bloomberg

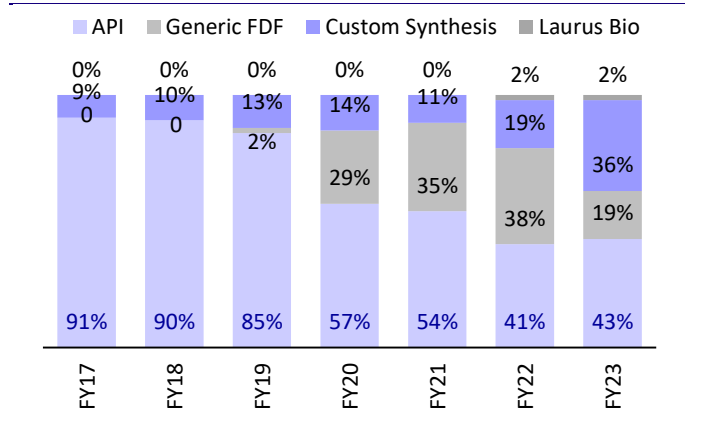
## Story in charts

Exhibit 9: Sales CAGR to be 8% over FY23-25E



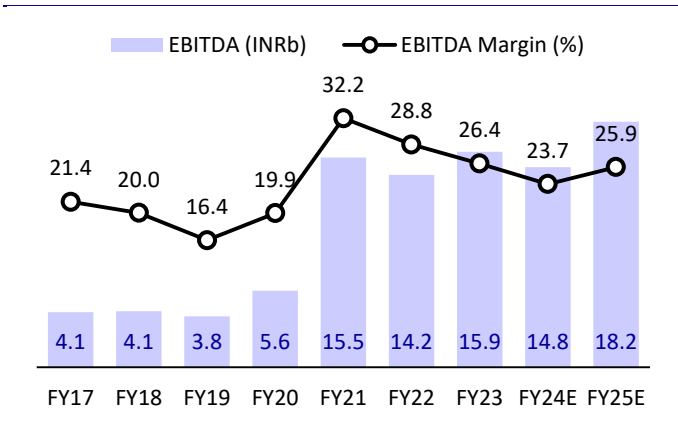
Source: MOFSL, Company

Exhibit 10: Diversified revenue mix



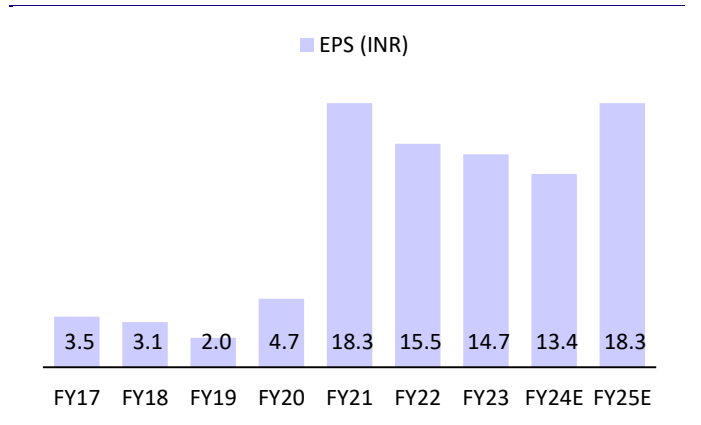
Source: MOFSL, Company

Exhibit 11: EBITDA CAGR to be 7% over FY23-25E



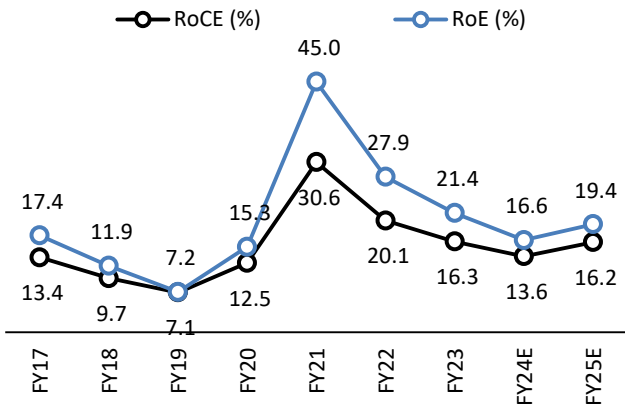
Source: MOFSL, Company

Exhibit 12: EPS CAGR to be 11% over FY23-25E



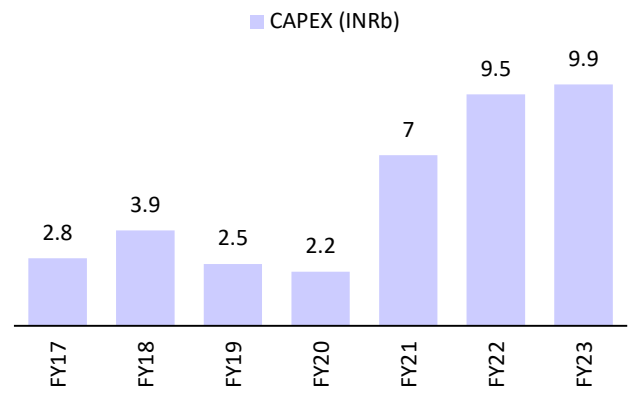
Source: MOFSL, Company

**Exhibit 13: Return ratios to bottom out in FY24**



Source: MOFSL, Company

**Exhibit 14: Significant capex since FY21**



Source: MOFSL, Company

## Financials and valuations

### Consolidated - Income Statement

(INRm)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Total Income from Operations</b>	<b>17,776</b>	<b>19,046</b>	<b>20,690</b>	<b>22,919</b>	<b>28,317</b>	<b>48,135</b>	<b>49,356</b>	<b>60,406</b>	<b>62,467</b>	<b>70,159</b>
Change (%)	34.0	7.1	8.6	10.8	23.6	70.0	2.5	22.4	3.4	12.3
<b>EBITDA</b>	<b>3,622</b>	<b>4,076</b>	<b>4,133</b>	<b>3,764</b>	<b>5,645</b>	<b>15,507</b>	<b>14,224</b>	<b>15,923</b>	<b>14,805</b>	<b>18,171</b>
Margin (%)	20.4	21.4	20.0	16.4	19.9	32.2	28.8	26.4	23.7	25.9
Depreciation	864	1,060	1,255	1,642	1,873	2,051	2,515	3,241	3,353	3,636
<b>EBIT</b>	<b>2,758</b>	<b>3,016</b>	<b>2,879</b>	<b>2,122</b>	<b>3,773</b>	<b>13,456</b>	<b>11,709</b>	<b>12,682</b>	<b>11,452</b>	<b>14,536</b>
Int. and Finance Charges	1,111	999	796	882	896	682	1,024	1,652	1,857	1,408
Other Income	44	334	292	162	59	237	153	60	62	70
<b>PBT bef. EO Exp.</b>	<b>1,690</b>	<b>2,352</b>	<b>2,374</b>	<b>1,402</b>	<b>2,936</b>	<b>13,011</b>	<b>10,839</b>	<b>11,090</b>	<b>9,657</b>	<b>13,198</b>
EO Items	0	0	0	-204	0	0	0	0	0	0
<b>PBT after EO Exp.</b>	<b>1,690</b>	<b>2,352</b>	<b>2,374</b>	<b>1,198</b>	<b>2,936</b>	<b>13,011</b>	<b>10,839</b>	<b>11,090</b>	<b>9,657</b>	<b>13,198</b>
Total Tax	349	439	698	260	383	3,173	2,514	3,123	2,414	3,326
Tax Rate (%)	20.6	18.7	29.4	21.7	13.1	24.4	23.2	28.2	25.0	25.2
Minority Interest	4	11	0	0	0	0	2	32	34	35
<b>Reported PAT</b>	<b>1,337</b>	<b>1,903</b>	<b>1,676</b>	<b>938</b>	<b>2,553</b>	<b>9,838</b>	<b>8,322</b>	<b>7,935</b>	<b>7,209</b>	<b>9,837</b>
<b>Adjusted PAT</b>	<b>1,337</b>	<b>1,903</b>	<b>1,676</b>	<b>1,097</b>	<b>2,553</b>	<b>9,838</b>	<b>8,322</b>	<b>7,935</b>	<b>7,209</b>	<b>9,837</b>
Change (%)	95.7	42.3	-11.9	-34.5	132.6	285.4	-15.4	-4.7	-9.1	36.4
Margin (%)	7.5	10.0	8.1	4.8	9.0	20.4	16.9	13.1	11.5	14.0

### Consolidated - Balance Sheet

(INRm)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	158	1,058	1,060	1,064	1,069	1,073	1,075	1,077	1,077	1,077
Total Reserves	7,744	12,247	13,766	14,520	16,629	24,902	32,437	39,298	45,381	53,682
minority interest						32	79	111	111	111
<b>Net Worth</b>	<b>8,568</b>	<b>13,304</b>	<b>14,826</b>	<b>15,584</b>	<b>17,698</b>	<b>26,007</b>	<b>33,591</b>	<b>40,487</b>	<b>46,570</b>	<b>54,871</b>
Minority Interest	0	0	0	0	0	0	0	0	0	0
Total Loans	10,277	8,417	9,649	10,030	10,123	13,871	17,320	21,006	18,506	15,006
Deferred Tax Liabilities	-549	-699	-529	-534	-739	192	691	825	825	825
<b>Capital Employed</b>	<b>18,296</b>	<b>21,023</b>	<b>23,946</b>	<b>25,081</b>	<b>27,081</b>	<b>40,070</b>	<b>51,602</b>	<b>62,317</b>	<b>65,901</b>	<b>70,701</b>
Gross Block	11,063	14,088	17,851	20,976	23,821	27,949	35,283	46,085	53,991	61,423
Less: Accum. Deprn.	853	1,886	3,141	4,783	6,655	8,706	11,221	14,462	17,814	21,450
<b>Net Fixed Assets</b>	<b>10,210</b>	<b>12,202</b>	<b>14,711</b>	<b>16,193</b>	<b>17,166</b>	<b>19,243</b>	<b>24,062</b>	<b>31,623</b>	<b>36,177</b>	<b>39,973</b>
Goodwill on Consolidation	0	97	97	97	97	2,463	2,463	2,463	2,463	2,463
Capital WIP	696	1,433	1,632	1,096	672	3,622	8,132	5,508	4,602	4,670
<b>Total Investments</b>	<b>70</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>308</b>	<b>993</b>	<b>993</b>	<b>993</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>10,710</b>	<b>12,069</b>	<b>13,165</b>	<b>15,357</b>	<b>18,589</b>	<b>32,145</b>	<b>34,715</b>	<b>36,017</b>	<b>44,239</b>	<b>47,606</b>
Inventory	4,871	5,090	5,848	6,819	9,052	15,755	17,603	16,848	18,444	20,545
Account Receivables	4,449	5,676	5,706	7,099	7,914	13,061	13,542	15,804	17,628	19,991
Cash and Bank Balance	288	41	31	30	17	485	759	485	5,189	3,726
Loans and Advances	1,103	1,262	1,580	1,408	1,605	2,845	2,811	2,880	2,978	3,345
<b>Curr. Liability &amp; Prov.</b>	<b>3,390</b>	<b>4,812</b>	<b>5,692</b>	<b>7,697</b>	<b>9,477</b>	<b>17,437</b>	<b>18,079</b>	<b>14,287</b>	<b>22,573</b>	<b>25,004</b>
Account Payables	2,476	2,631	3,123	4,883	6,156	11,787	8,764	7,107	15,148	16,665
Other Current Liabilities	770	1,988	2,316	2,449	2,753	4,894	7,753	6,165	6,375	7,160
Provisions	144	193	253	365	568	757	1,562	1,016	1,050	1,180
<b>Net Current Assets</b>	<b>7,320</b>	<b>7,257</b>	<b>7,473</b>	<b>7,660</b>	<b>9,112</b>	<b>14,708</b>	<b>16,637</b>	<b>21,730</b>	<b>21,666</b>	<b>22,602</b>
<b>Appl. of Funds</b>	<b>18,296</b>	<b>21,023</b>	<b>23,946</b>	<b>25,081</b>	<b>27,081</b>	<b>40,070</b>	<b>51,602</b>	<b>62,317</b>	<b>65,901</b>	<b>70,701</b>

## Financials and valuations

Ratios										
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>										
EPS	2.4	3.5	3.1	2.0	4.7	18.3	15.5	14.7	13.4	18.3
Cash EPS	4.0	5.5	5.4	5.1	8.2	22.1	20.1	20.7	19.6	25.0
BV/Share	15.9	24.7	27.5	28.9	32.9	48.3	62.4	75.2	86.5	101.9
DPS	0.1	0.3	0.0	0.3	0.6	2.0	2.0	1.9	1.7	2.4
Payout (%)	4.4	10.0	0.0	20.4	15.1	13.1	15.6	15.6	15.6	15.6
<b>Valuation (x)</b>										
P/E	119.5	83.6	93.8	143.3	61.6	16.0	18.9	19.8	21.8	16.0
Cash P/E	72.1	53.5	53.7	57.4	35.5	13.2	14.5	14.1	14.9	11.7
P/BV	18.4	11.8	10.6	10.1	8.9	6.0	4.7	3.9	3.4	2.9
EV/Sales	9.4	8.7	8.1	7.3	5.9	3.5	3.5	2.9	2.7	2.4
EV/EBITDA	46.2	40.6	40.4	44.4	29.7	11.0	12.2	11.2	11.5	9.3
Dividend Yield (%)	0.0	0.1	0.0	0.1	0.2	0.7	0.7	0.7	0.6	0.8
FCF per share	-2.7	1.0	-1.0	0.7	2.0	0.9	0.6	0.1	18.9	9.2
<b>Return Ratios (%)</b>										
RoE	16.9	17.4	11.9	7.2	15.3	45.0	27.9	21.4	16.6	19.4
RoCE	13.0	13.4	9.7	7.1	12.5	30.6	20.1	16.3	13.6	16.2
RoIC	14.6	13.5	9.7	7.2	13.0	32.7	23.0	18.6	15.6	18.7
<b>Working Capital Ratios</b>										
Fixed Asset Turnover (x)	1.6	1.4	1.2	1.1	1.2	1.7	1.4	1.3	1.2	1.1
Asset Turnover (x)	1.0	0.9	0.9	0.9	1.0	1.2	1.0	1.0	0.9	1.0
Inventory (Days)	100	98	103	109	117	119	130	102	108	107
Debtor (Days)	91	109	101	113	102	99	100	95	103	104
Creditor (Days)	51	50	55	78	79	89	65	43	89	87
<b>Leverage Ratio (x)</b>										
Current Ratio	3.2	2.5	2.3	2.0	2.0	1.8	1.9	2.5	2.0	1.9
Interest Cover Ratio	2.5	3.0	3.6	2.4	4.2	19.7	11.4	7.7	6.2	10.3
Net Debt/Equity	1.2	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.3	0.2

Consolidated - Cash Flow Statement										(INRm)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	1,690	2,352	2,374	1,198	2,936	13,011	10,839	11,089	9,657	13,198
Depreciation	864	1,060	1,255	1,642	1,873	2,051	2,515	3,241	3,353	3,636
Interest & Finance Charges	1,038	931	505	720	837	579	862	1,455	1,795	1,338
Direct Taxes Paid	-333	-501	-698	-260	-383	-2,285	-1,823	-2,855	-2,414	-3,326
(Inc)/Dec in WC	-1,544	-525	-226	-187	-1,465	-5,941	-3,416	-3,153	4,768	-2,399
<b>CF from Operations</b>	<b>1,716</b>	<b>3,317</b>	<b>3,209</b>	<b>3,113</b>	<b>3,797</b>	<b>7,415</b>	<b>8,977</b>	<b>9,778</b>	<b>17,159</b>	<b>12,446</b>
Others	103	3	216	-136	-323	-85	135	161	0	0
<b>CF from Operating incl EO</b>	<b>1,820</b>	<b>3,320</b>	<b>3,425</b>	<b>2,977</b>	<b>3,474</b>	<b>7,330</b>	<b>9,111</b>	<b>9,939</b>	<b>17,159</b>	<b>12,446</b>
(Inc)/Dec in FA	-3,262	-2,774	-3,962	-2,589	-2,421	-6,839	-8,767	-9,875	-7,000	-7,500
<b>Free Cash Flow</b>	<b>-1,443</b>	<b>546</b>	<b>-537</b>	<b>387</b>	<b>1,053</b>	<b>491</b>	<b>344</b>	<b>64</b>	<b>10,159</b>	<b>4,946</b>
(Pur)/Sale of Investments	140	-113	0	0	0	-2,584	-393	-223	0	0
Others	0	0	120	60	210	13	17	137	62	70
<b>CF from Investments</b>	<b>-3,122</b>	<b>-2,887</b>	<b>-3,842</b>	<b>-2,529</b>	<b>-2,211</b>	<b>-9,410</b>	<b>-9,143</b>	<b>-9,961</b>	<b>-6,938</b>	<b>-7,430</b>
Issue of Shares	3	2,860	3	4	5	74	43	74	0	0
Inc/(Dec) in Debt	2,063	-2,387	1,278	429	139	3,804	1,968	2,138	-2,500	-3,500
Interest Paid	-1,033	-950	-796	-882	-896	-580	-850	-1,404	-1,857	-1,408
Dividend Paid	0	-59	0	-191	-384	-750	-859	-1,075	-1,126	-1,536
<b>CF from Fin. Activity</b>	<b>1,033</b>	<b>-536</b>	<b>422</b>	<b>-448</b>	<b>-1,277</b>	<b>2,547</b>	<b>307</b>	<b>-253</b>	<b>-5,517</b>	<b>-6,479</b>
<b>Inc/Dec of Cash</b>	<b>-269</b>	<b>-103</b>	<b>6</b>	<b>0</b>	<b>-14</b>	<b>467</b>	<b>275</b>	<b>-275</b>	<b>4,704</b>	<b>-1,463</b>
<b>Opening Balance</b>	<b>394</b>	<b>127</b>	<b>23</b>	<b>29</b>	<b>28</b>	<b>15</b>	<b>483</b>	<b>757</b>	<b>482</b>	<b>5,188</b>
<b>Closing balance</b>	<b>127</b>	<b>23</b>	<b>29</b>	<b>28</b>	<b>15</b>	<b>483</b>	<b>757</b>	<b>482</b>	<b>5,188</b>	<b>3,727</b>
Bank balance	161	18	2	2	2	2	2	2	1	1
<b>Total Cash and Cash equivalent</b>	<b>288</b>	<b>41</b>	<b>31</b>	<b>30</b>	<b>17</b>	<b>485</b>	<b>759</b>	<b>485</b>	<b>5,189</b>	<b>3,726</b>

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Explanation of Investment Rating	
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.