

BSE SENSEX
73,129

S&P CNX
22,032

CMP: INR1,302 TP: INR1,540 (+18%)

Buy

Cipla

Bloomberg	CIPLA IN
Equity Shares (m)	805
M.Cap.(INRb)/(USDb)	1051.5 / 12.7
52-Week Range (INR)	1341 / 852
1, 6, 12 Rel. Per (%)	5/14/0
12M Avg Val (INR M)	2107

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Sales	227.5	256.7	280.3
EBITDA	51.1	60.1	66.7
Adj. PAT	30.5	38.3	42.9
EBIT Margin (%)	17.3	19.3	19.8
Cons. Adj. EPS (INR)	37.8	47.4	53.1
EPS Gr. (%)	6.8	25.7	12.0
BV/Sh. (INR)	284.2	324.9	372.1

Ratios

Net D:E	0.0	-0.1	-0.2
RoE (%)	13.3	14.6	14.3
RoCE (%)	13.5	15.5	15.0
Payout (%)	10.3	10.2	11.3

Valuations

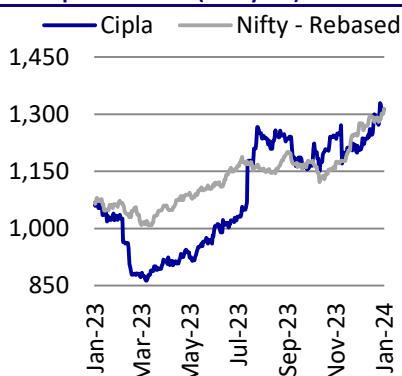
P/E (x)	34.5	27.4	24.5
EV/EBITDA (x)	20.4	16.9	14.8
EV/Sales (x)	4.6	4.0	3.5
Div. Yield (%)	0.2	0.3	0.4
FCF Yield (%)	0.9	3.3	3.4
EV/Sales (x)	4.6	4.0	3.5

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	33.4	33.4	33.4
DII	24.1	24.3	21.6
FII	25.9	25.6	28.1
Others	16.7	16.7	16.9

FII Includes depository receipts

Stock's performance (one-year)



Striving for sustainable growth beyond FY24

A robust ANDA pipeline to overcome price erosion and deliver growth

- After exhibiting a moderate 7% YoY earnings growth in FY23, we expect Cipla to end FY24 on a strong note with a 26% YoY earnings growth. Cipla has executed efforts to improve its growth outlook beyond FY24.
- On the India business front, in particular, Cipla is working to not only enhance its prescription base but also strengthen its trade generics and consumer healthcare businesses.
- Even in the US generics segment, Cipla is developing a pipeline of difficult-to-manufacture products, including respiratory and peptide products, to sustain its growth momentum.
- Hence, we model a 13% earnings CAGR over FY24-26. We value Cipla at 25x 12-month forward earnings and add an NPV of INR30 for g-Revlimid to arrive at our TP of INR1,540.
- Cipla remains our top-pick in the large-cap pharma space, given: a) its three-pronged growth levers in India, b) a robust ANDA pipeline to overcome price erosion and deliver growth, and c) a de-risked regulatory factor through filings from the alternate sites. We maintain our BUY rating on the stock.

One India: Multi-prong drivers of growth

- The One India business posted an 11% CAGR over FY18-23, driven by robust traction due to strong execution across portfolios and distribution synergies.
- The branded Rx segment is outperforming IPM consistently backed by market share gains in the base portfolio and new launches.
- In the Trade generics market, Cipla continues to consolidate its leadership position aided by steady performance across realization, volume, and a lower cost of goods. Cipla intends to retain its leadership position via strong retail connectivity, utilization of phygital media, and customer-centric communication.
- The company is looking to strengthen its consumer health segment by transforming it into an INR10b business over the next few years from INR6b in FY23. In addition, margins are expected to improve to the mid-teens in FY24.
- We expect a 12% sales CAGR in the domestic formulation (DF) business, which would reach INR134b over FY24-26.

US: Enhanced focus on complex products

- The US segment witnessed an 11% sales CAGR over FY18-23 to USD733m. It was driven by robust performance in the base portfolio, complemented by market share gains in niche products, such as g-Revlimid, and lanreotide.
- Cipla has planned differentiated launches, such as g-Advair and g-Abraxane, to drive the growth momentum in the US segment.
- We expect the US sales to report 9% CAGR over FY24-26 to reach USD1b.

SAGA: Reduced tender business drags overall show

- Over FY18-23, the SAGA segment underperformed in the tender business leading to a 5% compounded decline in sales (in USD terms).

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

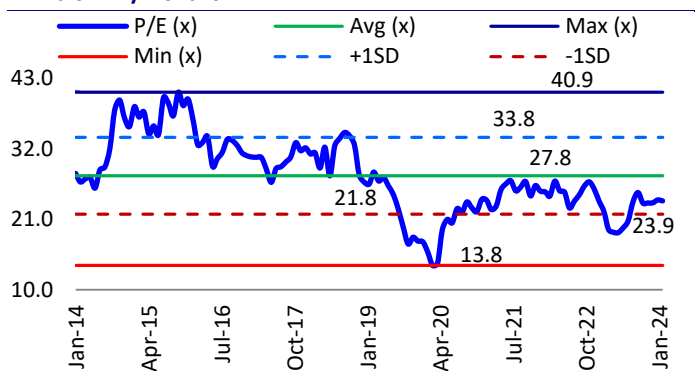
Motilal Oswal research is available on www.motilalosal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- However, Cipla raised the share of the private market segment to 53% in 1H FY24 from 36% in FY18.
- The company is focusing on its M&A strategy to enhance its presence in the SA market. Recently, it has acquired Actor Pharma to boost its OTC portfolio, while divesting its stake from QCIL.
- We project a 6% sales CAGR in SAGA to INR37b over FY24-26.

Valuation and view: Remains our top-pick in the large-cap pharma space

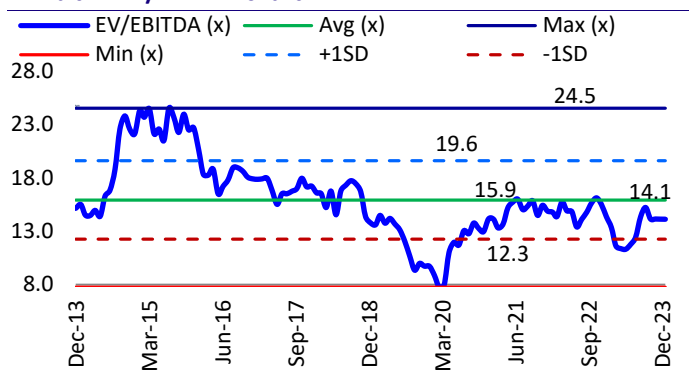
- We expect 13% earnings CAGR for Cipla over FY24-26, factoring in: a) its market-beating growth in the prescription segment, b) its efforts to enhance the NA product pipeline with differentiated products, and c) its improving profitability in the consumer health business.
- We value Cipla at 25x 12-month forward earnings and add an NPV of INR30 for g-Revlimid to arrive at our TP of INR1,540. **Reiterate BUY.**

Exhibit 1: P/E chart



Source: MOFSL, Company, Bloomberg

Exhibit 2: EV/EBITDA chart



Source: MOFSL, Company, Bloomberg

Exhibit 3: Valuation snapshot

Company	Reco	MCAp (USD B)	EPS (INR)			EPS Gr. YoY (%)		PE (x)		EV/EBITDA (x)		ROE (%)		
			FY24E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY24E	FY25E	FY26E
Ajanta Pharma	Buy	3.3	61.1	74.4	89.5	21.7	20.3	28.9	24.1	21.9	16.1	21.1	21.9	22.3
Alembic Pharma	Neutral	1.8	28.6	33.8	38.0	18.2	12.3	23.7	21.1	14.8	15.7	12.1	12.9	13.0
Alkem Lab	Neutral	7.5	149.2	173.0	183.7	15.9	6.2	30.0	28.2	25.8	21.0	18.4	18.5	17.1
Aurobindo Pharma	Neutral	7.9	51.2	58.7	67.5	14.6	15.1	19.1	16.6	10.1	9.9	10.6	11.0	11.4
Biocon	Neutral	4.0	7.2	13.1	16.9	82.5	29.1	21.5	16.7	13.9	12.2	4.7	8.3	10.0
Cipla	Buy	12.3	47.4	53.1	60.5	12.0	13.9	24.7	21.7	14.8	12.7	14.6	14.3	14.2
Divi's Lab.	Neutral	12.6	60.9	81.1	97.4	33.2	20.1	49.1	40.9	35.5	30.3	12.1	14.7	15.9
Dr Reddy's Labs	Neutral	11.5	296.7	308.8	324.9	4.1	5.2	18.6	17.7	10.5	9.9	19.5	17.2	15.5
Eris Lifescience	Neutral	1.5	33.0	33.5	40.7	1.6	21.5	27.3	22.5	14.4	12.4	19.1	17.0	17.6
Gland Pharma	Buy	3.8	54.4	65.7	74.5	21.0	13.3	29.5	26.1	17.9	15.7	10.6	11.5	11.6
Glenmark Pharma	Neutral	3.0	24.1	39.3	48.0	63.2	22.2	22.6	18.5	9.9	8.5	6.8	10.1	11.2
Glaxosmit Pharma	Neutral	4.3	38.1	42.1	46.4	10.5	10.1	49.6	45.0	35.8	31.6	30.8	30.4	29.5
Granules India	Buy	1.1	19.4	27.1	34.9	40.0	28.6	15.1	11.8	8.7	6.6	15.3	18.1	19.4
Ipca Labs.	Neutral	3.3	24.5	36.9	49.0	50.8	32.8	29.9	22.5	16.4	13.0	10.2	13.9	16.2
Laurus Labs	Buy	2.7	9.1	16.9	19.0	84.5	12.7	25.2	22.4	13.8	12.9	11.6	18.7	18.1
Lupin	Sell	7.5	36.0	40.7	48.3	13.0	18.7	34.3	28.9	17.3	15.1	12.3	12.3	13.0
Piramal Pharma	Buy	2.3	1.4	3.0	4.6	112.1	52.7	47.4	30.8	17.4	14.6	2.5	4.9	7.1
Sun Pharma.Inds.	Buy	37.7	39.5	45.6	53.7	15.5	17.7	29.0	24.7	20.6	17.8	15.9	16.0	16.4
Torrent Pharma.	Neutral	9.5	50.1	66.3	79.5	32.4	19.9	35.3	29.4	20.1	17.4	23.3	26.9	32.3
Zyodus LifeScience	Neutral	8.8	32.6	33.7	36.1	3.5	7.1	21.1	19.8	13.3	12.2	17.3	15.4	14.6

Source: MOFSL, Company

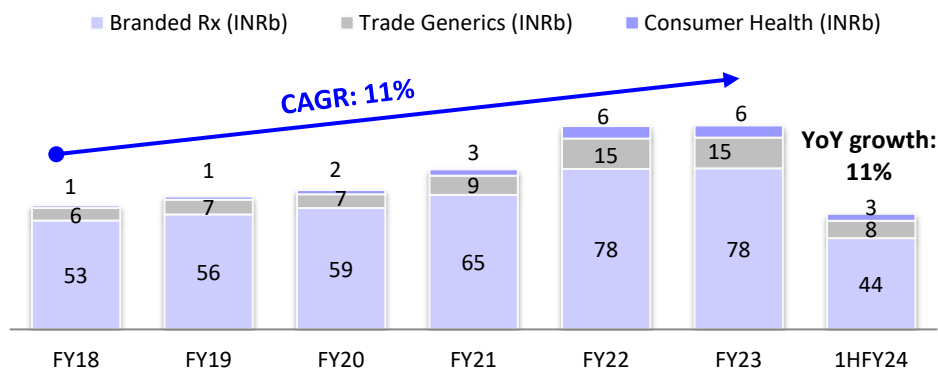
One India: Multi-prong drivers of growth

- Cipla remains on track to deliver market-beating growth and gain rank through focused execution by applying the One-India strategy. This has helped the company report 11% sales CAGR over FY18-23.
- Cipla will continue to focus on: a) outperforming the IPM across therapies, b) increasing the share of chronic therapies, and c) enhancing patient experience with digital analytics and data science.
- The company's domestic segment outperformed the market in 1HFY24 as well. We expect a 12% sales CAGR over FY24-26.

Strong prescription base; trade generics/consumer health on a strong growth trajectory

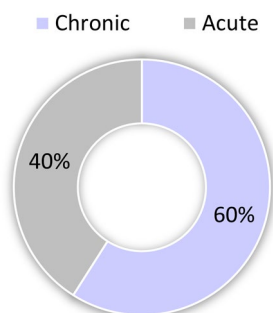
- Cipla's One India business, comprising branded prescription, trade generics, and consumer health posted an 11% CAGR over FY18-FY23. The branded generics business (Rx; ~75% contribution) delivered an 8% CAGR over the same period. Trade generics business registered a healthy 20% CAGR while consumer health business clocked an impressive 38% CAGR during the same period.
- In 1HFY24, the One India business reported 11% YoY growth to reach ~INR56b. On a TTM basis, the One India business revenue stood at INR10.4b in Sep'23, clocking 13% CAGR over the past two years.

Exhibit 4: One India revenue exhibited 11% CAGR over FY18-23



Source: MOFSL, Company

Cipla has an advantage with a chronic-heavy portfolio



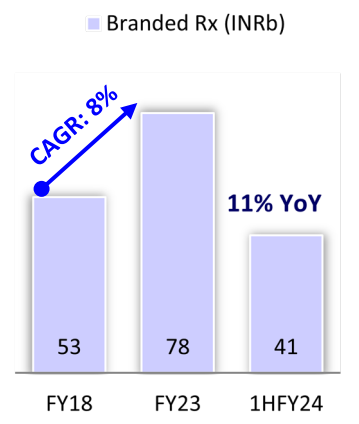
On MAT basis in Nov'23

- The One-India business is witnessing a good traction, led by strong execution across portfolios and distribution synergies. Cipla plans to grow the One India segment by focusing on growth recovery in the Wellness portfolio, while maintaining the market-beating growth in Rx and Gx.

Rx outperforming IPM

- In 1HFY24, Cipla's branded generics business grew 11% YoY, against the IPM growth of 10% YoY as per IQVIA MAT. This growth was much higher than the 7% growth, which the company witnessed over FY18-23. This superlative growth was led by new domestic launches and market share gains in existing products.

Branded Generics exhibited 8% CAGR over FY18-23



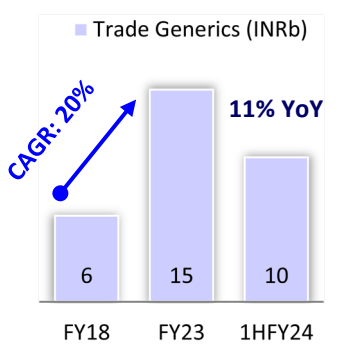
- According to IQVIA, Cipla has 22 brands in the domestic market with a revenue of more than INR1b. Foracort, the inhaler product, is one of the fastest-growing brands among the top 10 IPM brands.
- Moreover, Cipla ranks second in the chronic branded prescription business, with the share of chronic therapies in the portfolio improving 140bp YoY to 60%.
- Cipla holds a prominent position in the top five therapy areas in the domestic market, except for the anti-diabetes and gastrointestinal segments. Hence, Cipla has partnered with global MNCs to gain access to an innovative portfolio focussed on diabetes.

Exhibit 5: Cipla has maintained its top ranks in Respiratory and Urology therapies

Therapy	Therapy contribution	Market rank	Market share	MAT NOV'23 3Y CAGR
Overall		3	5.4%	9.5%
Respiratory	37%	1	33.3%	15.1%
Urology	5%	1	14.2%	7.7%
Anti-infective	14%	3	10.1%	9.7%
Cardiac	11%	5	7.2%	8.2%
Gastro-Intestinal	6%	9	4.8%	11.8%
Anti-diabetics	6%	27	5.6%	-2.5%
Pain	4%	12	4.6%	16.1%

- The company has recently signed an agreement to manufacture and market the diabetes therapy (Galvus) and its combination brands in India from Jan'26E.
- Earlier, in Dec'19, Cipla acquired the brand name and trademark rights for Vysov and Vysov M (Vildagliptin + Metformin) of the anti-diabetic drug Vildagliptin in India. The company had been co-marketing Vildagliptin in agreement with Novartis under the brand names Vysov and Vysov M.
- Additionally, Cipla entered the psoriasis portfolio with the acquisition of Novartis's Innovator brand 'Scapho'.

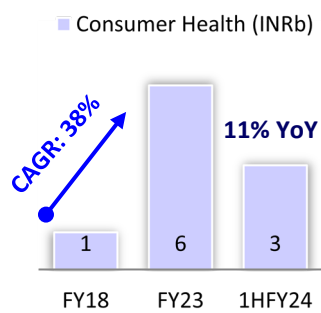
Trade Generics delivered 20% CAGR over FY18-23



Strong brand franchise driving trade generics prospects

- Cipla's trade generic business largely focuses on patients beyond the Tier-2 cities, complemented by an expanding retail taskforce, and integrated web-based interface for stockists & distributor self-service.
- Cipla continues to consolidate its leadership position in the trade generics market, aided by healthy performance across realization, volume, and a lower cost of goods.
- The business continued to showcase a healthy momentum and grew 11% YoY in 1HFY24. It exhibited 20% CAGR over FY18-23. The growth was supported by expanding portfolio breadth (50+ launches) with targeted launches.
- The trade generics segment has seven brands over INR0.5b. Cipla continues to focus on maintaining a leadership position in the generics space that delivers value through strong retail connect, leveraging phygital medium, and customer-centric communication. This is achieved by: 1) building a strong brand across illness and wellness segments, 2) investing in digital initiatives to get closer to customers, and 3) widening the portfolio offerings and segments.

Consumer Health business posted 38% CAGR over FY18-23



Fortifying position in consumer health as well

- Cipla continues to focus on strengthening the consumer health business by making it an INR10b business over the next few years from INR6b in FY23.
- It continues to transform illness into wellness; its theme is led by brand-building initiatives, deepening distribution, and category innovations. The company is building brand salience across digital, TV, and print media communication.
- Cipla is focused on improving its margins to mid-teens for FY24E.

Low double-digit sales CAGR in One-India over FY18-23

- Over FY18-23, Cipla's One India business posted an 11% CAGR. This was nearly in line with the major players that delivered 12% CAGR over the same period.

Exhibit 6: Cipla's One India segment grew in line with the market over FY18-23

(Domestic sales, INR b)	FY18	FY19	FY20	FY21	FY22	FY23	FY18-23 CAGR (%)	9MFY24 * YoY growth (%)
Cipla	59	64	67	77	98	99	11	8
Alkem	45	49	55	57	74	80	12	8
Zydus Life	33	35	37	40	48	49	8	6
Dr. Reddy's Laboratories	23	26	29	33	42	44	14	7
Eris Lifesciences	9	10	11	12	13	17	15	7
Lupin	41	46	51	53	60	61	8	6
Sun Pharmaceuticals	80	73	97	103	128	136	11	9
Torrent Pharmaceuticals	24	32	35	37	43	50	16	8

*9MFY24 data is from IQVIA

- However, in 1HFY24, Cipla's One India business reported 11% YoY growth, which was higher than the average growth of 9% reported by peers.
- Among the major India-focused companies, Eris grew 16% YoY, outperforming the market during FY18-23.
- We expect a 12% sales CAGR in DF to reach INR134b over FY24-26.

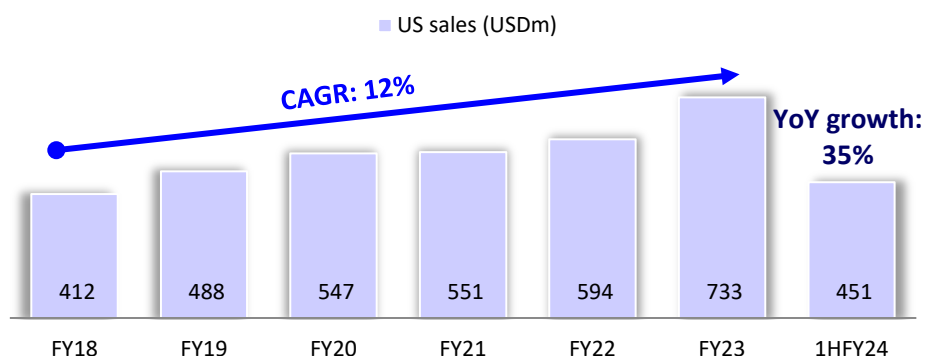
US: Enhanced focus on complex products

- Cipla reported an 11% sales CAGR in the US segment over FY18-23. It was led by a robust performance in the base portfolio, complemented by market share gains in niche products such as g-Revlimid, lanreotide, etc.
- To fuel growth over the next few years, Cipla has planned differentiated launches in the Peptide, Injectables, and Inhalation segments.
- We expect a 9% sales CAGR over FY24-26.

Niche launches aid superior growth in FY23/1HFY24

- Over FY18-23, Cipla's US business delivered a 12% CAGR to USD733m. Notably, there was a robust 23% YoY revenue growth in FY23 driven by market share gains in g-Revlimid, Lanreotide, Albuterol, Arformoterol and a healthy off-take of products in the base portfolio.
- Additionally, Cipla gained market share in Esomeprazole, Gabapentin, Diclofenac Gel, and Budesonide solutions.
- During FY20-22, there was a modest 4% CAGR in the US sales due to heightened price erosion amid a few launches.

Exhibit 7: The US segment witnessed a 12% sales CAGR over FY18-23



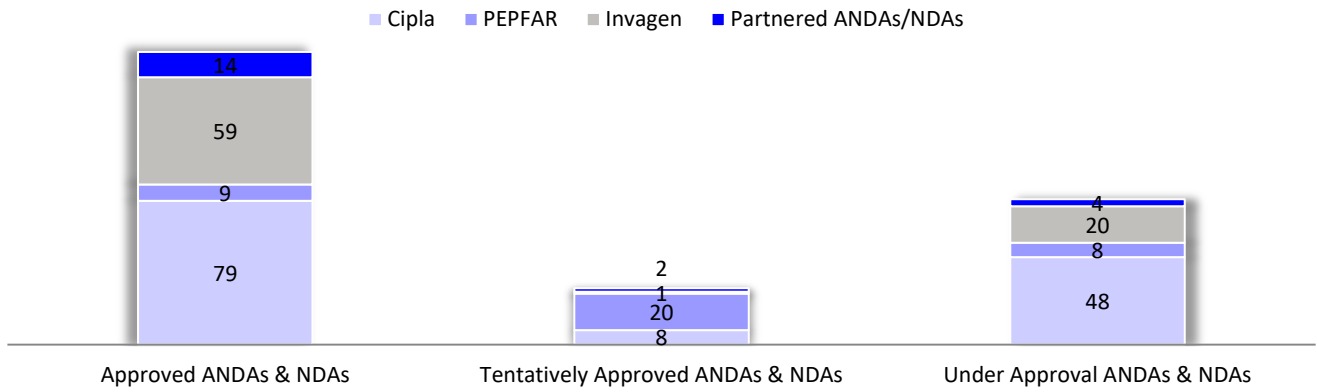
Source: MOFSL, Company

- The respiratory portfolio growth was largely driven by Albuterol, which had 12.9% market share at end-1HFY24. The market share of Lanreotide has improved to 20% according to IQVIA Aug'23.
- In 1HFY24, it witnessed a robust 35% YoY growth to reach USD451m. Respiratory portfolio continues to hold a significant share, and the contribution from gRevlimid and peptide portfolios further supported the growth.

Sturdy pipeline to drive the US growth over the next few years

- Cipla is on track to sustain the growth momentum in the US sales led by differentiated launches in Peptide, Injectables, and the Inhalation segments.
- To offset the price erosion in the base business, the company may need to add new categories of products and still remain on the growth path.
- g-Advair and g-Abraxane remain medium-term opportunities, in addition to market share gains in g-Lanreotide and g-Leuprolide and business opportunities from the settled product (g-Revlimid).

Exhibit 8: ANDA pipeline across different assets – inhalation/peptide (as of end-1HFY24)



Source: MOFSL, Company

- The Goa facility has been classified as an Official Action Indicated (OAI) that restricts new approvals until the outstanding issues are resolved. Management has already implemented the strategy of filing critical products from the alternate site, to reduce the regulatory risk.
- Cipla has a robust pipeline with 31 ANDAs and NDAs having tentative approvals, while 77 ANDAs and NDAs are under approval process.
- Management plans to launch one peptide product in 4QFY24E with a market size of USD300-400m. Moreover, there are 3-4 launches planned in FY25E.
- Based on the above factors, we expect the company to deliver a 9% sales CAGR in the US segment to reach USD1b over FY24-26.

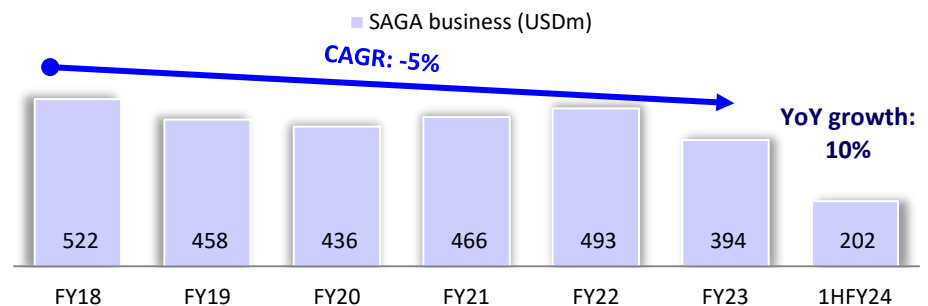
SAGA: Reduced tender business drags overall show

- In USD terms, SAGA reported a 5% compounded sales decline over FY18-23. The decline was due to the underperformance in the tender business.
- The focus on the SA private market has helped Cipla improve the segment share to 53% in 1HFY24 from 36% in FY18.
- To expand its presence in SA, Cipla is focusing on the M&A strategy. It acquired Actor Pharma to enhance its OTC portfolio while divesting its stake in QCIL.

Focus on brand building in private/OTC market to boost revenue

- The SAGA business reported a compounded decline of 5% to USD394m over FY18-23, dragged by the decline in SA tender/SSA & CGA businesses, partly offset by the strong growth in SA private business.
- Interestingly, Cipla's SAGA business grew 10% YoY to USD202m in 1HFY24.

Exhibit 9: SAGA segment witnessed 9% sales CAGR over FY18-23



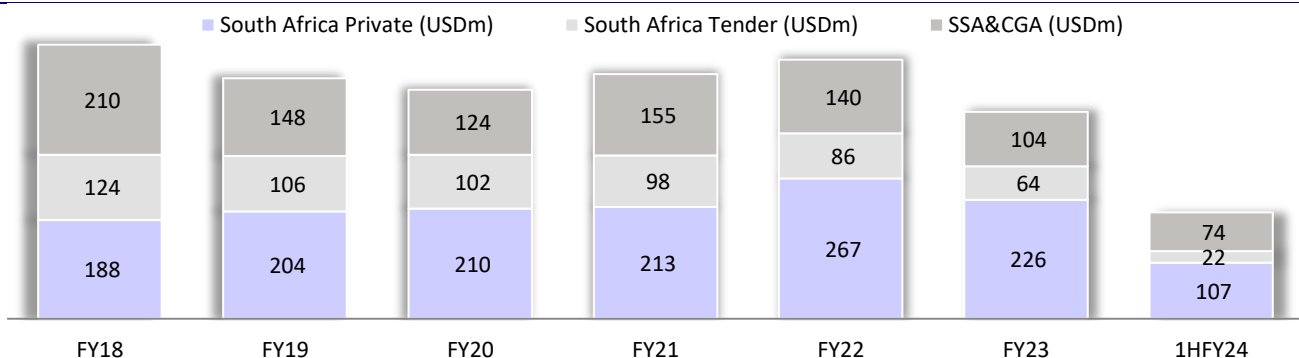
Source: MOFSL, Company

- Aided by a strong R&D focus, Cipla launched 30 new brands in the market across multiple therapies during the year.
- Going forward, we expect a 6% sales CAGR in SAGA to INR37b over FY24-26.

Contribution from the private market on a rise in the SAGA business

- In FY23, Cipla's private market business continued to outperform the market with a strong growth of 4.8% (~1.3x of the total private market growth).
- By 1HFY24, revenue share from the South African private market improved to 53% from 36% in FY18.

Exhibit 10: Private market's revenue contribution increased over FY18-23



Source: MOFSL, Company

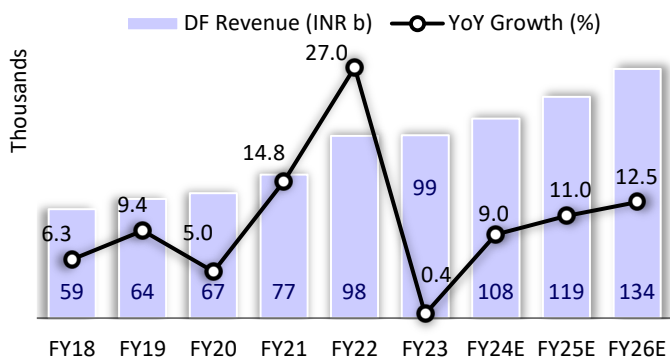
- Private market growth was led by strong traction in focused therapies in the prescription business, new launches, and solid performance in the OTC portfolio. Cipla aims to reach the top position in the prescription business.
- Private market growth was led by strong secondary channel performance in oncology, CNS, and CVS, as well as the hospital segments.
- Management is implementing efforts on the OTC aspect as well as in the SAGA region. The brands, BRONCOL and CORYX, continue to gain market share. BRONCOL's market share was at ~50% as per IQVIA MAT Aug '23.

Focus on M&A to grow the SAGA business

- To enhance its presence in the SA market, Cipla acquired Actor Pharma in South Africa. The OTC market there is poised for growth as Actor has strong OTC brands, which complement the existing offerings and have the potential to grow bigger by leveraging Cipla's existing marketing network.
- On the other hand, Cipla divested its stake in QCIL in Uganda and Saba Investment Limited for the business in new DMF. This has helped in de-risking the asset base. However, Cipla will continue to service these markets via the B2B market.

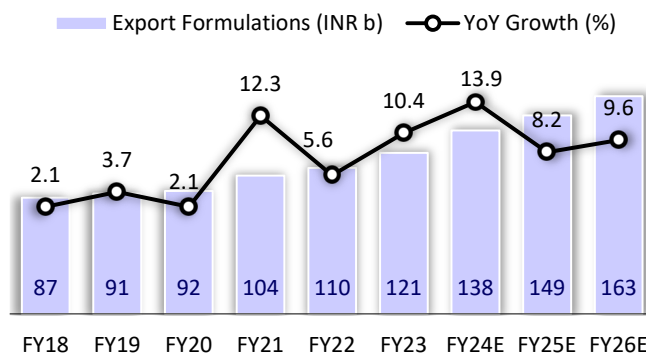
Story in charts

Exhibit 11: Expect 12% DF sales CAGR...



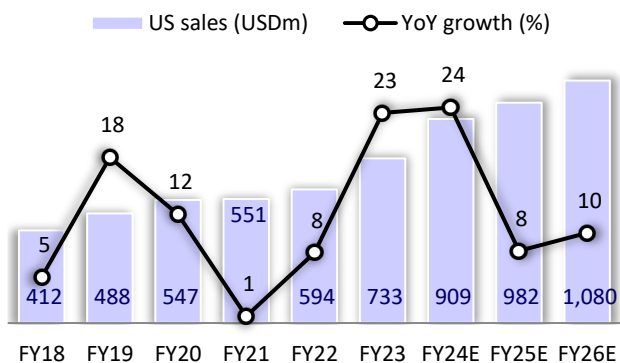
Source: MOFSL, Company

Exhibit 12: ...and 9% export sales CAGR over FY24-26



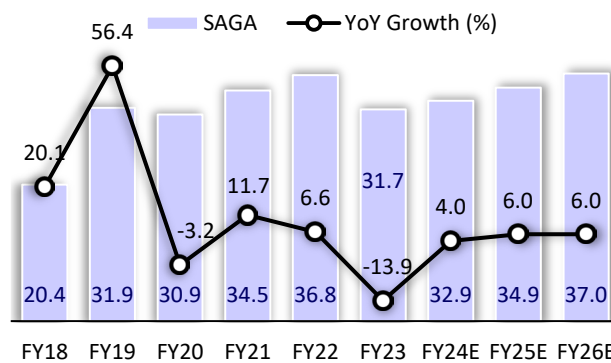
Source: MOFSL, Company

Exhibit 13: Expect the US sales to post 9% CAGR...



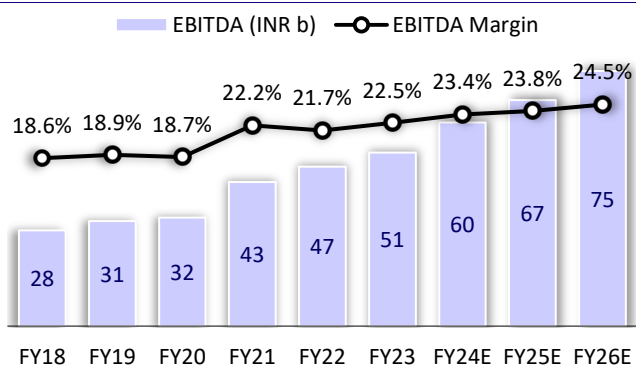
Source: MOFSL, Company

Exhibit 14: ...and SAGA sales to report 6% CAGR over FY24-26



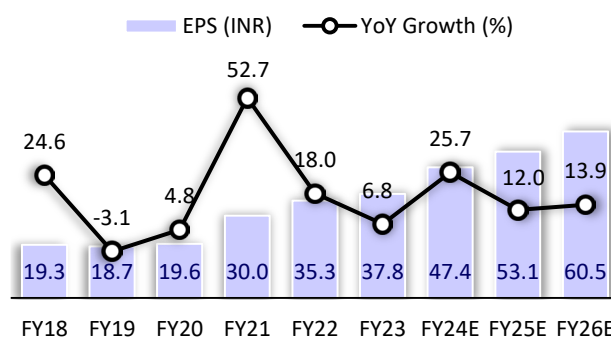
Source: MOFSL, Company

Exhibit 15: EBITDA margin to expand 110bp over FY24-26



Source: MOFSL, Company

Exhibit 16: Expect 13% earnings CAGR over FY24-26



Source: MOFSL, Company

Financials and valuations

Income Statement

(INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Income	146.0	152.2	163.6	171.3	191.6	217.1	227.5	256.7	280.3	307.0
Change (%)	6.7	4.3	7.5	4.7	11.8	13.3	4.8	12.8	9.2	9.6
EBITDA	24.4	28.3	31.0	32.1	42.5	47.0	51.1	60.1	66.7	75.2
Change (%)	-2.3	15.7	9.6	3.5	32.6	10.6	8.8	17.4	11.1	12.8
Margin (%)	16.7	18.6	18.9	18.7	22.2	21.7	22.5	23.4	23.8	24.5
Depreciation	9.2	11.5	11.2	11.4	10.7	10.5	11.7	10.4	11.3	11.5
EBIT	15.2	16.8	19.8	20.6	31.8	36.5	39.4	49.6	55.4	63.7
Int. and Finance Charges	1.6	1.1	1.7	2.0	1.6	1.1	1.1	1.0	0.7	0.7
Other Income - Rec.	2.3	3.6	2.8	3.4	2.7	2.8	4.5	5.3	4.9	4.8
PBT before EO Items	15.9	19.2	20.9	22.1	32.9	38.2	42.8	54.0	59.6	67.9
One-time (Expense)/Income	0.0	-2.5	-0.1	0.3	0.0	3.3	2.5	0.4	0.0	0.0
PBT but after EO Exp.	15.9	16.7	20.8	21.8	32.9	34.9	40.4	53.5	59.6	67.9
Tax	3.1	2.5	5.7	6.3	8.9	9.3	12.0	15.2	17.0	19.3
Tax Rate (%)	19.5	15.0	27.4	29.0	27.0	26.7	29.8	28.4	28.5	28.5
Minority Interest	0.3	0.1	-0.4	-0.5	-0.2	0.3	0.3	0.4	-0.3	-0.3
Income from associates	-0.1	0.0	-0.2	-0.5	-0.1	-0.1	0.0	-0.1	0.0	0.0
Reported PAT	12.4	14.1	15.3	15.5	24.1	25.2	28.0	37.9	42.9	48.8
Adj PAT	12.4	15.5	15.0	15.8	24.1	28.4	30.5	38.3	42.9	48.8
Change (%)	-17.7	24.6	-3.1	4.8	52.7	18.0	7.4	25.7	12.0	13.9
Margin (%)	8.5	10.2	9.2	9.2	12.6	13.1	13.4	14.9	15.3	15.9

Balance Sheet

(INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Reserves	123.6	140.7	152.3	157.6	179.3	201.5	232.5	260.6	298.7	342.7
Net Worth	125.3	142.3	150.1	157.6	183.3	208.4	234.1	262.3	300.3	344.3
Loans	41.1	41.0	43.2	28.2	15.4	9.0	5.9	5.9	5.9	5.9
Deferred Liabilities	5.9	3.2	2.2	1.3	-0.2	-2.0	-2.9	-2.9	-2.9	-2.9
Minority Interest	4.4	3.5	3.3	2.9	2.6	2.8	3.1	3.1	3.1	3.1
Capital Employed	176.7	190.0	198.8	190.0	201.0	218.1	240.1	268.3	306.4	350.4
Gross Block	114.6	120.5	126.4	138.5	147.5	160.1	166.8	172.8	181.0	189.2
Less: Accum. Deprn.	10.2	16.3	27.4	38.9	49.5	60.1	71.8	82.2	93.5	105.0
Net Fixed Assets	104.4	104.2	98.9	99.6	97.9	100.1	95.0	90.6	87.4	84.1
Capital WIP	7.2	5.1	3.3	4.2	5.7	3.8	6.9	5.1	5.1	5.1
Investments	0.1	0.1	3.0	3.6	3.5	4.2	6.3	6.3	6.3	6.3
Curr. Assets	96.2	117.3	132.4	126.8	141.2	158.3	177.1	225.6	274.6	326.2
Inventory	34.9	40.4	39.6	43.8	46.7	53.5	51.6	61.1	66.0	71.9
Account Receivables	25.0	31.0	41.5	38.9	34.5	34.2	40.6	47.2	53.0	56.5
Cash and Bank Balance	6.2	9.7	6.2	10.0	14.0	19.3	15.6	43.7	74.0	107.2
Others	30.1	36.2	45.1	34.1	46.1	51.3	69.3	73.6	81.6	90.6
Curr. Liability & Prov.	31.2	36.8	38.8	44.2	47.3	48.4	49.9	59.3	67.1	71.5
Account Payables	28.0	30.5	31.4	34.8	36.5	36.2	37.1	46.4	54.3	58.6
Provisions	3.2	6.3	7.4	9.5	10.8	12.2	12.9	12.9	12.9	12.9
Net Current Assets	65.0	80.5	93.7	82.6	93.9	109.9	127.2	166.3	207.5	254.8
Appl. of Funds	176.6	190.0	198.8	190.0	201.0	218.1	240.1	268.3	306.4	350.4

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)										
EPS	15.5	19.3	18.7	19.6	30.0	35.3	37.8	47.4	53.1	60.5
Cash EPS	26.9	33.5	32.5	33.7	43.1	48.2	52.3	60.4	67.2	74.7
BV/Share	155.7	176.7	186.3	195.5	227.2	258.1	284.2	324.9	372.1	426.5
DPS	2.0	2.0	3.0	2.5	2.5	3.0	3.0	4.0	5.0	5.0
Payout (%)	15.6	13.4	18.6	15.6	10.0	11.5	10.3	10.2	11.3	9.9
Valuation (x)										
P/E	83.9	67.3	69.5	66.3	43.4	36.8	34.5	27.4	24.5	21.5
Cash P/E	48.3	38.8	40.0	38.6	30.2	27.0	24.9	21.6	19.4	17.4
P/BV	8.4	7.4	7.0	6.7	5.7	5.0	4.6	4.0	3.5	3.1
EV/Sales	7.5	7.1	6.7	6.3	5.5	4.8	4.6	4.0	3.5	3.1
EV/EBITDA	44.6	38.4	35.2	33.4	24.8	22.2	20.4	16.9	14.8	12.7
Dividend Yield (%)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.4
FCF per Share	21.5	6.7	15.9	24.0	33.7	27.9	11.9	42.8	44.2	47.8
Return Ratios (%)										
RoE	10.4	11.6	10.3	10.2	14.1	14.5	13.3	14.6	14.3	14.2
RoCE	7.9	9.4	8.4	8.8	12.9	13.7	13.5	15.5	15.0	14.9
RoIC	7.5	8.4	8.0	8.2	13.3	14.5	13.8	16.7	18.2	20.1
Working Capital Ratios										
Fixed Asset Turnover (x)	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.5	3.1	3.6
Debtor (Days)	62	74	93	83	66	58	65	67	69	67
Inventory (Days)	87	97	88	93	89	90	83	87	86	86
Creditors (Days)			43	49	39	42	39	37	39	39
Working Capital (Days)	162	193	138	128	115	105	108	117	116	114
Leverage Ratio (x)										
Current Ratio	3.1	3.2	3.4	2.9	3.0	3.3	3.5	3.8	4.1	4.6
Debt/Equity	0.3	0.2	0.2	0.1	0.0	0.0	0.0	-0.1	-0.2	-0.3

Cash Flow Statement

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
(INR b)										
EBITDA	24.4	28.3	31.0	32.1	42.5	47.0	51.1	60.1	66.7	75.2
Interest/Dividends Recd.	2.3	3.6	2.8	3.4	2.7	2.8	4.5	5.3	4.9	4.8
Direct Taxes Paid	-6.2	-5.2	-6.6	-7.3	-10.3	-11.2	-12.9	-15.2	-17.0	-19.3
(Inc)/Dec in WC	-3.9	-12.2	-16.6	14.9	-7.4	-10.7	-20.9	-11.1	-10.9	-14.1
CF from Operations	16.6	14.4	10.6	43.1	27.5	27.9	21.8	39.0	43.8	46.6
others	7.2	-2.3	6.2	-10.5	10.1	8.6	0.0	0.0	0.0	0.0
CF from Oper. incl EO Expense	23.8	14.6	16.9	32.3	37.6	33.3	19.3	38.6	43.8	46.6
(inc)/dec in FA	-6.5	-9.2	-4.1	-13.0	-10.5	-10.8	-9.8	-4.2	-8.2	-8.2
Free Cash Flow	17.3	5.4	12.8	19.3	27.1	22.5	9.6	34.4	35.6	38.4
(Pur)/Sale of Investments	1.6	0.0	-2.9	-0.6	0.1	-0.7	-2.2	0.0	0.0	0.0
others	-8.2	0.7	-9.7	14.7	-13.5	-7.3	0.0	0.0	0.0	0.0
CF from Investments	-13.1	-8.5	-16.7	1.0	-23.9	-18.7	-11.9	-4.2	-8.2	-8.2
Inc/(Dec) in Debt	-10.8	-0.1	2.2	-15.0	-12.8	-6.4	-3.0	0.0	0.0	0.0
Interest Paid	-1.6	-1.1	-1.7	-2.0	-1.6	-1.1	-1.1	-1.0	-0.7	-0.7
Dividend Paid	-1.9	-1.9	-2.8	-2.4	-2.4	-2.9	-2.9	-3.9	-4.8	-4.8
Others	1.1	-0.7	-1.1	-11.7	3.5	-0.4	-5.5	-3.0	-1.2	-1.2
CF from Fin. Activity	-13.3	-3.9	-3.5	-31.1	-13.3	-10.7	-12.5	-7.9	-6.7	-6.7
Inc/Dec of Cash	-2.5	2.2	-3.3	2.2	0.4	3.8	-5.1	26.6	28.8	31.8
Add: Beginning Balance	8.7	6.2	9.7	6.2	10.0	14.0	19.3	15.6	43.7	74.0
Bank balances	0.0	1.0	0.0	-1.1	3.6	1.5	1.5	1.5	1.5	1.5
Bank balances and FX impact	0.1	1.2	-0.2	1.6	3.6	1.5	1.5	1.5	1.5	1.5
Closing balance	6.2	9.7	6.2	10.0	14.0	19.3	15.6	43.7	74.0	107.2

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Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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.