

Laurus Labs

Estimate change



TP change



Rating change



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| | |
|-----------------------|-------------|
| Bloomberg | LAURUS IN |
| Equity Shares (m) | 106 |
| M.Cap.(INRb)/(USD\$b) | 100.1 / 1.1 |
| 52-Week Range (INR) | 944 / 298 |
| 1, 6, 12 Rel. Per (%) | 72/125/177 |
| 12M Avg Val (INR M) | 352 |

Financials & valuations (INR b)

| Y/E MARCH | FY20 | FY21E | FY22E |
|----------------------|-------|-------|-------|
| Sales | 28.3 | 41.4 | 47.1 |
| EBITDA | 5.6 | 11.5 | 12.7 |
| Adj. PAT | 2.6 | 6.9 | 7.5 |
| EBIT Margin (%) | 13.3 | 22.7 | 21.8 |
| Cons. Adj. EPS (INR) | 24.1 | 65.4 | 70.9 |
| EPS Gr. (%) | 132.6 | 170.9 | 8.5 |
| BV/Sh. (INR) | 172.5 | 231.3 | 295.1 |

Ratios

| | | | |
|------------|------|------|------|
| Net D:E | 0.6 | 0.4 | 0.1 |
| RoE (%) | 15.1 | 32.4 | 27.0 |
| RoCE (%) | 12.3 | 23.7 | 21.7 |
| Payout (%) | 10.0 | 10.0 | 10.0 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 39.0 | 14.4 | 13.3 |
| EV/EBITDA (x) | 19.4 | 9.4 | 8.2 |
| Div. Yield (%) | 0.2 | 0.6 | 0.6 |
| FCF Yield (%) | 0.8 | 2.7 | 5.8 |
| EV/Sales (x) | 3.9 | 2.6 | 2.2 |

Shareholding pattern (%)

| As On | Jun-20 | Mar-20 | Jun-19 |
|----------|--------|--------|--------|
| Promoter | 32.1 | 32.0 | 32.8 |
| DII | 8.8 | 31.6 | 32.2 |
| FII | 16.1 | 11.3 | 12.4 |
| Others | 43.0 | 25.1 | 22.6 |

FII includes depository receipts

CMP: INR934
TP: INR1215 (+30%)
Buy

Metamorphosis underway

Sharp ramp-up in earnings led by FDF/API and higher operating leverage

- Laurus Labs (LAURUS) delivered all-time high quarterly PAT at INR1.7b. It is more than average of annual PAT over FY17-20. The company expects this to be sustainable on the back of diversified portfolio, increased customer base, addition of capacity for API/formulation and supported with better operating leverage.
- After a long wait, the efforts towards product development/building manufacturing base are reflected in the phenomenal financial performance. In fact, 1QFY21 redefines the earnings assessment over near to medium term. Aligning with the new guidance, we raise our estimates to 2x our previous estimates for FY21/FY22. Our target PE remains unchanged and target price of INR1,215 at 17x 12M forward earnings factors just the earnings upgrade. Sustainability of growth momentum in FY22 can drive further re-rating. Reiterate Buy.

Strong beat on estimates

- LAURUS' 1QFY21 revenues grew at a robust rate of 77% YoY to INR9.7b (est.: INR7.2b), led by Formulations (FDF; 36% of sales) revenue of INR3.5b v/s INR1.1b YoY, Other API (14% of sales) revenue of INR1.3b v/s INR440m YoY, 37% YoY growth in CDMO (10% of sales), and 19% YoY growth in Anti-Viral API (35% of sales).
- FDF sales growth was led by the execution of orders from Global Fund and PEPFAR, and country-specific tenders in the ARV segment; increased volumes of commercialized ANDAs; and (partly) the launch of HCQS in US.
- CDMO sales growth was led by the commencement of the commercial supply of four products, in addition to better traction in existing products.
- The gross margin (GM) was up 410bp YoY to 54.2% on a superior product mix.
- The EBITDA margin expanded at a higher rate of 1,400bp YoY to 28.6% (est.: 20%) on better GMs and controlled opex (as % of sales; employee cost / other expenses down 310bp/620bp YoY).
- EBITDA came in at INR2.8b (est.: INR1.7b), 3.5x YoY.
- PAT grew almost 14x YoY to INR1.7b on strong sales growth, superior margins, reduced interest outgo, and lower tax rate.

Highlights from management commentary

- Based on growth visibility in Formulations as well as the API segment, LAURUS is confident of sustaining the momentum in earnings.
- HCQS sales reflected in Formulations/API are less than 5% of sales and GM at the consolidated level.
- Overall growth for the quarter was led largely by higher volume off-take.
- Laurus has guided to clock revenues of INR13.5b in the ARV-API segment for FY21, led by better off-take in Tenofovir, Lamivudine, and DTG and slower decline in Efavirenz sales.
- LAURUS would incur capex of INR3.5b for FY21 (spent INR910m in 1QFY21) toward debottlenecking and brownfield expansions.

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Valuation and view

- LAURUS has shown strong improvement in performance, with PAT doubling to INR2.5b in FY20 and coming in at INR1.7b in 1QFY21.
- We expect 2.7x FY20 earnings for FY21, primarily led by a doubling of formulation sales, 30% YoY growth in each API and CDMO segment supported with ~780bp margin expansion. We double our earnings estimate to INR65/INR71 for FY20/FY21 and value LAURUS at 17x 12M forward earnings to arrive at TP of INR1,215.
- We remain positive on Laurus on the back of superior execution across revenue segments, resulting in expansion of ROE to 27% (from 15% in FY20) and sufficient levers to sustain the earnings momentum over the medium term. Reiterate **Buy**.

Consolidated – Quarterly Earnings Model

(INR m)

| Y/E March | FY20 | | | | FY21E | | | | FY20 | FY21E | FY21 | vs Est |
|------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | 1QE | (%) | |
| Net Sales | 5,506 | 7,124 | 7,296 | 8,391 | 9,743 | 10,312 | 10,513 | 10,845 | 28,317 | 41,414 | 8,386 | 16.2 |
| YoY Change (%) | 2.1 | 21.1 | 37.8 | 32.1 | 77.0 | 44.7 | 44.1 | 29.2 | 23.6 | 46.2 | 52.3 | |
| Total Expenditure | 4,705 | 5,762 | 5,863 | 6,505 | 6,960 | 7,535 | 7,633 | 7,813 | 22,672 | 29,942 | 6,710 | 3.7 |
| EBITDA | 801 | 1,362 | 1,433 | 1,886 | 2,783 | 2,777 | 2,880 | 3,032 | 5,645 | 11,472 | 1,676 | 66.0 |
| YoY Change (%) | -6.4 | 49.4 | 63.3 | 68.4 | 247.4 | 103.9 | 101.0 | 60.7 | 50.0 | 103.2 | 109 | |
| Margins (%) | 14.6 | 19.1 | 19.6 | 22.5 | 28.6 | 26.9 | 27.4 | 28.0 | 19.9 | 27.7 | 20.0 | |
| Depreciation | 458 | 478 | 476 | 461 | 488 | 495 | 510 | 569 | 1,873 | 2,062 | 465 | |
| EBIT | 343 | 884 | 957 | 1,426 | 2,295 | 2,282 | 2,370 | 2,463 | 3,773 | 9,410 | 1,211 | 89 |
| YoY Change (%) | -27.6 | 72.2 | 112.7 | 108.1 | 569.6 | 158.2 | 147.6 | 72.8 | 77.8 | 149.4 | 253 | |
| Margins (%) | 6.2 | 12.4 | 13.1 | 17.0 | 23.6 | 22.1 | 22.5 | 22.7 | 13.3 | 22.7 | 14.4 | 63.1 |
| Interest | 225 | 256 | 208 | 207 | 151 | 170 | 180 | 208 | 896 | 709 | 200 | |
| Other Income | 45 | 14 | 19 | 17 | 71 | 35 | 25 | 35 | 59 | 166 | 20 | |
| PBT before EO expense | 162 | 642 | 768 | 1,236 | 2,215 | 2,147 | 2,215 | 2,290 | 2,936 | 8,866 | 1,031 | 114.7 |
| Extra-Ord expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| PBT | 162 | 642 | 768 | 1,236 | 2,215 | 2,147 | 2,215 | 2,290 | 2,936 | 8,866 | 1,031 | 114.7 |
| Tax | 43 | 92 | 82 | 166 | 497 | 462 | 481 | 512 | 383 | 1,951 | 227 | 119.0 |
| Rate (%) | 26.4 | 14.4 | 10.7 | 13.4 | 22.4 | 21.5 | 21.7 | 22.3 | 13.1 | 22.0 | 22.0 | |
| Reported PAT | 119 | 549 | 686 | 1,070 | 1,718 | 1,685 | 1,734 | 1,779 | 2,553 | 6,916 | 805 | 113.5 |
| Adj PAT | 119 | 549 | 686 | 1,070 | 1,718 | 1,685 | 1,734 | 1,779 | 2,553 | 6,916 | 805 | 113.5 |
| YoY Change (%) | -40.8 | 98.6 | 284.9 | 147.8 | 1,337.7 | 206.7 | 152.9 | 66.2 | 132.6 | 170.9 | 573 | |
| Margins (%) | 2.2 | 7.7 | 9.4 | 12.8 | 17.6 | 16.3 | 16.5 | 16.4 | 9.0 | 16.7 | 10 | |

Key performance Indicators (Consolidated)

| Y/E March | FY20 | | | | FY21E | | | | FY20 | FY21E | FY21 |
|--------------------------|--------|--------|--------|--------|-------|-------|-------|-------|--------|--------|-------|
| INRm | 1Q | 2Q | 3Q | 4Q | 1QE | 2QE | 3QE | 4QE | | 1QE | |
| API | 3,720 | 4,666 | 3,584 | 4,239 | 5,220 | 5,491 | 5,395 | 5,100 | 16,094 | 21,318 | 3,494 |
| YoY Change (%) | (19.3) | (10.7) | (19.6) | (14.0) | 40.3 | 17.7 | 50.5 | 20.3 | (14.5) | 32.5 | (5.5) |
| Custom Synthesis | 730 | 850 | 780 | 1,480 | 1,000 | 1,144 | 1,174 | 1,509 | 3,970 | 4,827 | 738 |
| YoY Change (%) | 9.1 | 13.8 | 44.5 | 38.5 | 40.3 | 60.0 | 25.0 | (1.9) | 5.7 | 30.0 | 25.0 |
| Formulation | 1,060 | 1,599 | 2,921 | 2,673 | 3,520 | 3,678 | 3,943 | 4,127 | 8,253 | 15,268 | 2,756 |
| YoY Change (%) | 1978.4 | 7168.2 | 1429.3 | 847.9 | 232.1 | 130.0 | 35.0 | 54.4 | 1411.5 | 85.0 | 160.0 |
| Cost Break-up | | | | | | | | | | | |
| RM Cost (% of Sales) | 49.9 | 50.5 | 49.4 | 49.8 | 45.8 | 46.2 | 46.2 | 47.0 | 49.9 | 46.3 | 49.4 |
| Staff Cost (% of Sales) | 14.6 | 12.3 | 12.1 | 10.5 | 11.5 | 12.2 | 12.3 | 11.2 | 12.2 | 11.8 | 12.2 |
| R&D Expenses(% of Sales) | 7.6 | 5.4 | 5.5 | 5.5 | 4.3 | 3.7 | 3.8 | 5.5 | 6.0 | 4.1 | 5.8 |
| Other Cost (% of Sales) | 20.4 | 17.8 | 18.2 | 16.8 | 14.2 | 14.5 | 14.0 | 14.1 | 18.0 | 14.2 | 19.0 |
| Gross Margins(%) | 50.1 | 49.5 | 50.6 | 50.2 | 54.2 | 53.8 | 53.8 | 53.0 | 50.1 | 53.7 | 50.6 |
| EBITDA Margins(%) | 14.6 | 19.1 | 19.6 | 22.5 | 28.6 | 26.9 | 27.4 | 28.0 | 19.9 | 27.7 | 19.1 |
| EBIT Margins(%) | 6.2 | 12.4 | 13.1 | 17.0 | 23.6 | 22.1 | 22.5 | 22.7 | 13.3 | 22.7 | 12.7 |

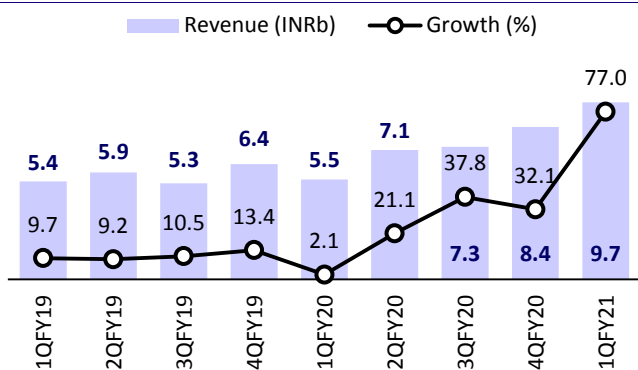


Other highlights from the call

- Based on the USFDA approval for TLE 400 / TLE 600, it is in the process of getting its products approved in ROW markets; thus, commercialization is expected in the coming quarters.
- Supported by a long-term partnership with a leading Generics player in the EU, LAURUS has better visibility in the Formulations business from the EU market over FY21 and beyond.
- Laurus has maintained its market share in Pregabalin for the US market.
- While cash flow expected to increase owing to such a strong performance, the company intends to plow back cash for growth rather than debt reduction.
- It plans to increase overall API manufacturing capacity by 20% over 12 months and Formulations capacity by 80% over 15–18 months on the expectation of an increase in demand.

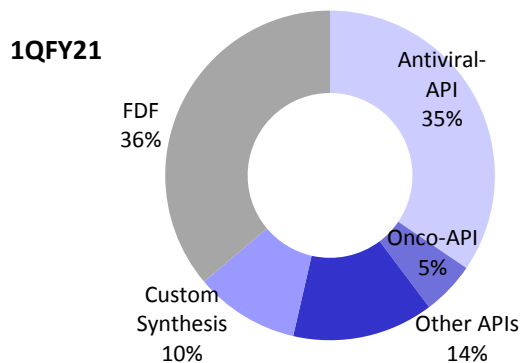
Key exhibits

Exhibit 1: Revenue up 77% YoY, driven by Formulations



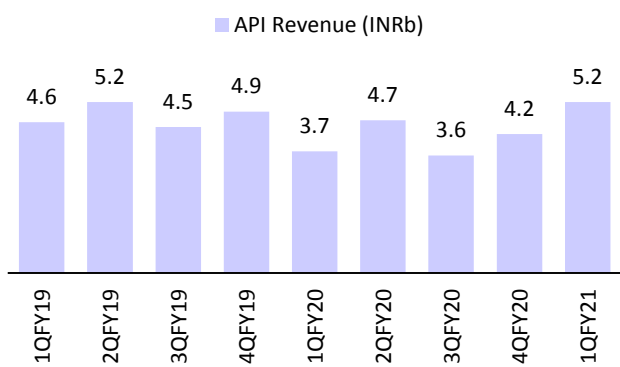
Source: MOFSL, Company

Exhibit 2: FDF sales share increases to 36% (19% in 1QFY20)



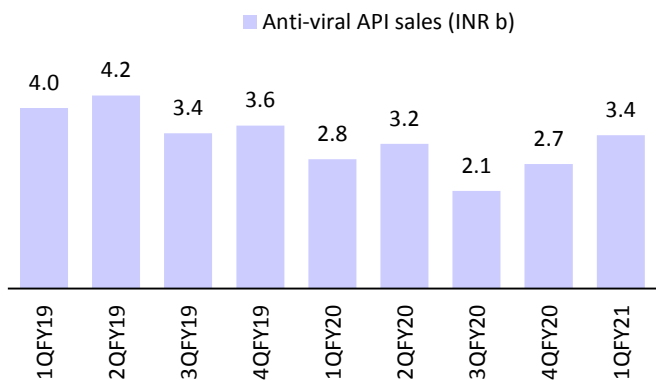
Source: MOFSL, Company

Exhibit 3: API sales grow 40% YoY

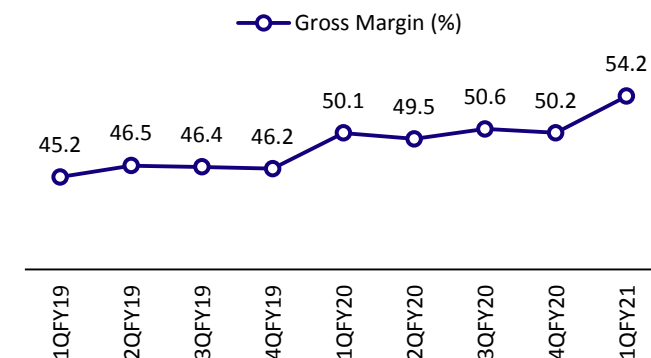


Source: MOFSL, Company

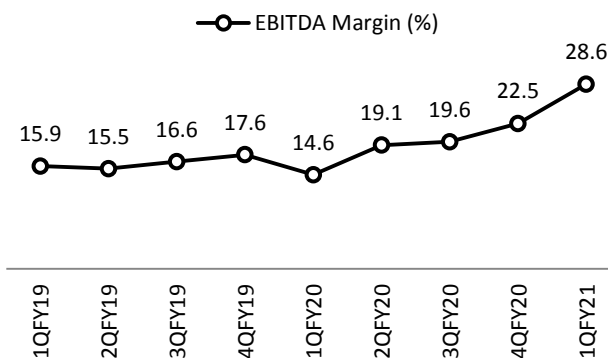
Exhibit 4: ARV-API sales grew 19% YoY



Source: MOFSL, Company

Exhibit 5: Superior product mix, favorable currency drive GM...

Source: MOSL, Company

Exhibit 6: ...controlled cost also drives EBITDA margin

Source: MOSL, Company

Valuation and view

Strengthening momentum in FDF

Supported by strong product development capabilities, order procurement from institutional agencies, and capacity building to support manufacturing in FDF, LAURUS has aggressively ramped-up revenue in the FDF segment to INR3.5b for 1QFY21 from INR140m in 4QFY18. Revenue has been driven across segments (ARV / Generic Formulations to the US and EU).

The company continues to add levers within the FDF segment.

- In addition to DTG, LAURUS has received approval for TLE 400 / TLE 600 from the USFDA and is in the process of obtaining regulatory approval in ROW markets.
- It has filed 26 ANDAs with the USFDA and received approval for 8 ANDAs (final approval) and 5 ANDAs (tentative approval).
- It has secured contract manufacturing opportunities with a leading Generics player in the EU on a long-term basis, adding further growth visibility in the FDF segment.
- Accordingly, we expect a 44% CAGR in LAURUS' FDF sales over FY20–22.

Customer additions, increased product offerings to drive growth in Synthesis segment

Based on its strong chemistry-related capabilities, the company generated INR1b (+37% YoY) in revenue in the Synthesis segment for 1QFY21 through contract research and manufacturing services. It has integrated projects from the pre-clinical to commercial stages from large global innovators. In addition to acquiring sizeable business from Aspen in this segment, LAURUS has commenced the commercial supply of two more products, offering better visibility for growth. We expect the company to post a sales CAGR of 31% in the segment over FY20–22.

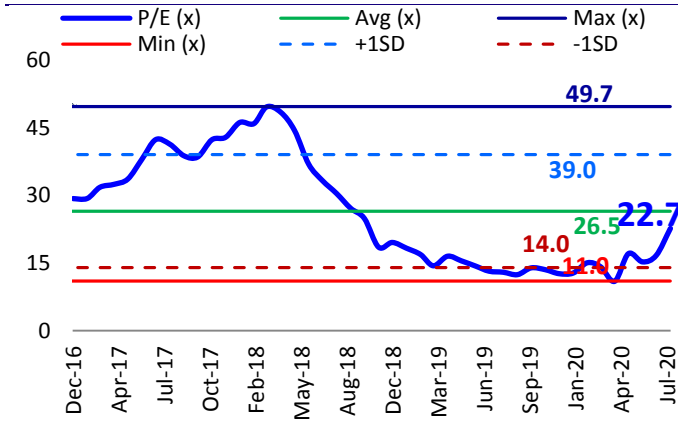
Positive API outlook

The API business posted a strong quarter with growth of 40% YoY. The ARV-API business witnessed traction on account of Tenofovir, Lamivudine, and Dolutegravir. The management alluded to stability in Efavirenz sales owing to market share gains. The addition of new molecules is expected to drive a robust 46% CAGR in the Other API segment. Accordingly, we expect the API business to have a 20% CAGR in the API segment over FY20–22.

Return ratios on the path to strong recovery

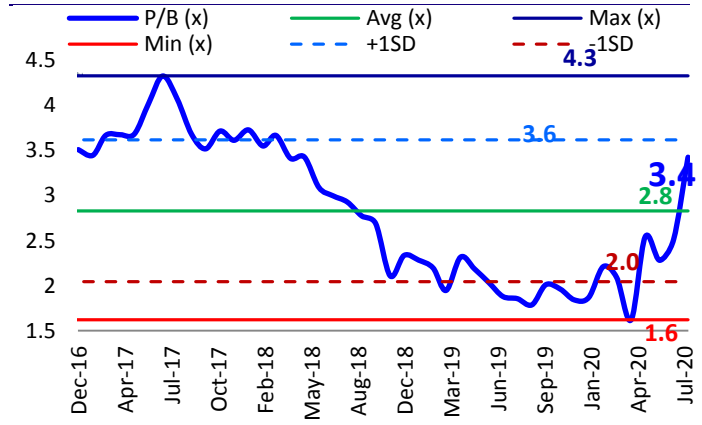
- We expect 2.7x FY20 earnings for FY21, primarily led by a doubling of formulation sales, 30% YoY growth in each API and CDMO segment supported with ~780bp margin expansion.
- Accordingly, we expect RoE to improve to 32% in FY21 v/s 15.1% in FY20.
- We double our earnings estimate to INR65/INR71 for FY20/FY21 and value LAURUS at 17x 12M forward earnings to arrive at TP of INR1,215. Reiterate **Buy**.

Exhibit 7: P/E chart



Source: MOFSL, Company, Bloomberg

Exhibit 8: P/B chart



Source: MOFSL, Company, Bloomberg

Financials and valuations

| Consolidated - Income Statement | | | | | | | | (INR m) |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
| Total Income from Operations | 13,266 | 17,776 | 19,046 | 20,690 | 22,919 | 28,317 | 41,414 | 47,144 |
| Change (%) | 14.4 | 34.0 | 7.1 | 8.6 | 10.8 | 23.6 | 46.2 | 13.8 |
| Total Expenditure | 11,264 | 14,154 | 14,970 | 16,557 | 19,155 | 22,672 | 29,942 | 34,415 |
| % of Sales | 84.9 | 79.6 | 78.6 | 80.0 | 83.6 | 80.1 | 72.3 | 73.0 |
| EBITDA | 2,002 | 3,622 | 4,076 | 4,133 | 3,764 | 5,645 | 11,472 | 12,729 |
| Margin (%) | 15.1 | 20.4 | 21.4 | 20.0 | 16.4 | 19.9 | 27.7 | 27.0 |
| Depreciation | 615 | 864 | 1,060 | 1,255 | 1,642 | 1,873 | 2,062 | 2,458 |
| EBIT | 1,387 | 2,758 | 3,016 | 2,879 | 2,122 | 3,773 | 9,410 | 10,271 |
| Int. and Finance Charges | 1,062 | 1,111 | 999 | 796 | 882 | 896 | 709 | 829 |
| Other Income | 341 | 44 | 334 | 292 | 162 | 59 | 166 | 189 |
| PBT bef. EO Exp. | 666 | 1,690 | 2,352 | 2,374 | 1,402 | 2,936 | 8,866 | 9,630 |
| EO Items | 0 | 0 | 0 | 0 | -204 | 0 | 0 | 0 |
| PBT after EO Exp. | 666 | 1,690 | 2,352 | 2,374 | 1,198 | 2,936 | 8,866 | 9,630 |
| Total Tax | -15 | 349 | 439 | 698 | 260 | 383 | 1,951 | 2,128 |
| Tax Rate (%) | -2.3 | 20.6 | 18.7 | 29.4 | 21.7 | 13.1 | 22.0 | 22.1 |
| Minority Interest | -2 | 4 | 11 | 0 | 0 | 0 | 0 | 0 |
| Reported PAT | 683 | 1,337 | 1,903 | 1,676 | 938 | 2,553 | 6,916 | 7,502 |
| Adjusted PAT | 683 | 1,337 | 1,903 | 1,676 | 1,097 | 2,553 | 6,916 | 7,502 |
| Change (%) | -29.7 | 95.7 | 42.3 | -11.9 | -34.5 | 132.6 | 170.9 | 8.5 |
| Margin (%) | 5.2 | 7.5 | 10.0 | 8.1 | 4.8 | 9.0 | 16.7 | 15.9 |

| Consolidated - Balance Sheet | | | | | | | | (INR m) |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
| Equity Share Capital | 155 | 158 | 1,058 | 1,060 | 1,064 | 1,609 | 1,609 | 1,609 |
| Preference Capital | 666 | 666 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Reserves | 6,419 | 7,744 | 12,247 | 13,766 | 14,520 | 16,629 | 22,850 | 29,599 |
| Net Worth | 7,241 | 8,568 | 13,304 | 14,826 | 15,584 | 18,238 | 24,459 | 31,208 |
| Total Loans | 8,211 | 10,277 | 8,417 | 9,649 | 10,030 | 10,123 | 10,143 | 9,143 |
| Deferred Tax Liabilities | 113 | -549 | -699 | -529 | -534 | -739 | -739 | -739 |
| Capital Employed | 15,565 | 18,296 | 21,023 | 23,946 | 25,081 | 27,621 | 33,863 | 39,611 |
| Gross Block | 9,865 | 11,063 | 14,088 | 17,851 | 20,976 | 23,821 | 25,859 | 28,766 |
| Less: Accum. Deprn. | 1,855 | 853 | 1,886 | 3,141 | 4,783 | 6,655 | 8,717 | 11,175 |
| Net Fixed Assets | 8,010 | 10,210 | 12,202 | 14,711 | 16,193 | 17,166 | 17,142 | 17,591 |
| Goodwill on Consolidation | 0 | 0 | 97 | 97 | 97 | 97 | 97 | 97 |
| Capital WIP | 1,097 | 696 | 1,433 | 1,632 | 1,096 | 672 | 1,634 | 1,927 |
| Total Investments | 74 | 70 | 34 | 34 | 34 | 34 | 34 | 34 |
| Curr. Assets, Loans&Adv. | 9,757 | 10,710 | 12,069 | 13,165 | 15,357 | 19,129 | 27,942 | 34,836 |
| Inventory | 4,755 | 4,871 | 5,090 | 5,848 | 6,819 | 9,052 | 12,201 | 14,307 |
| Account Receivables | 2,851 | 4,449 | 5,676 | 5,706 | 7,099 | 7,914 | 11,121 | 12,014 |
| Cash and Bank Balance | 589 | 288 | 41 | 31 | 30 | 17 | 1,484 | 4,944 |
| Loans and Advances | 1,562 | 1,103 | 1,262 | 1,580 | 1,408 | 2,145 | 3,137 | 3,571 |
| Curr. Liability & Prov. | 3,373 | 3,390 | 4,812 | 5,692 | 7,697 | 9,477 | 12,987 | 14,874 |
| Account Payables | 2,308 | 2,476 | 2,631 | 3,123 | 4,883 | 6,156 | 8,130 | 9,345 |
| Other Current Liabilities | 922 | 770 | 1,988 | 2,316 | 2,449 | 2,753 | 4,026 | 4,583 |
| Provisions | 143 | 144 | 193 | 253 | 365 | 568 | 831 | 945 |
| Net Current Assets | 6,383 | 7,320 | 7,257 | 7,473 | 7,660 | 9,652 | 14,955 | 19,962 |
| Appl. of Funds | 15,565 | 18,296 | 21,023 | 23,946 | 25,081 | 27,621 | 33,863 | 39,611 |

Financials and valuations

Ratios

| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
|-------------------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| EPS | 6.5 | 12.4 | 17.8 | 15.8 | 10.4 | 24.1 | 65.4 | 70.9 |
| Cash EPS | 12.3 | 20.6 | 27.8 | 27.7 | 25.9 | 41.8 | 84.9 | 94.2 |
| BV/Share | 68.5 | 81.0 | 125.8 | 140.2 | 147.4 | 172.5 | 231.3 | 295.1 |
| DPS | 0.0 | 0.5 | 1.5 | 0.0 | 0.0 | 2.0 | 5.5 | 5.9 |
| Payout (%) | 0.0 | 4.4 | 10.0 | 0.0 | 0.0 | 10.0 | 10.0 | 10.0 |
| Valuation (x) | | | | | | | | |
| P/E | 145.8 | 75.7 | 53.0 | 59.4 | 90.8 | 39.0 | 14.4 | 13.3 |
| Cash P/E | 76.7 | 45.7 | 33.9 | 34.0 | 36.4 | 22.5 | 11.1 | 10.0 |
| P/BV | 13.8 | 11.6 | 7.5 | 6.7 | 6.4 | 5.5 | 4.1 | 3.2 |
| EV/Sales | 8.1 | 6.2 | 5.7 | 5.3 | 4.8 | 3.9 | 2.6 | 2.2 |
| EV/EBITDA | 53.6 | 30.3 | 26.5 | 26.4 | 29.1 | 19.4 | 9.4 | 8.2 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 | 0.2 | 0.6 | 0.6 |
| FCF per share | -42.3 | -13.6 | 5.2 | -7.1 | 4.9 | 7.9 | 25.4 | 55.4 |
| Return Ratios (%) | | | | | | | | |
| RoE | 12.6 | 16.9 | 17.4 | 11.9 | 7.2 | 15.1 | 32.4 | 27.0 |
| RoCE | 14.4 | 13.0 | 13.4 | 9.7 | 7.1 | 12.3 | 23.7 | 21.7 |
| RoIC | 14.0 | 14.6 | 13.5 | 9.7 | 7.2 | 12.9 | 25.5 | 25.2 |
| Working Capital Ratios | | | | | | | | |
| Inventory (Days) | 131 | 100 | 98 | 103 | 109 | 117 | 108 | 111 |
| Debtor (Days) | 78 | 91 | 109 | 101 | 113 | 102 | 98 | 93 |
| Creditor (Days) | 64 | 51 | 50 | 55 | 78 | 79 | 72 | 72 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 2.9 | 3.2 | 2.5 | 2.3 | 2.0 | 2.0 | 2.2 | 2.3 |
| Interest Cover Ratio | 1.3 | 2.5 | 3.0 | 3.6 | 2.4 | 4.2 | 13.3 | 12.4 |
| Net Debt/Equity | 1.0 | 1.2 | 0.6 | 0.6 | 0.6 | 0.6 | 0.4 | 0.1 |

Consolidated - Cash Flow Statement

| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| OP/(Loss) before Tax | 666 | 1,690 | 2,352 | 2,374 | 1,198 | 2,936 | 8,866 | 9,630 |
| Depreciation | 615 | 864 | 1,060 | 1,255 | 1,642 | 1,873 | 2,062 | 2,458 |
| Interest & Finance Charges | 862 | 1,038 | 931 | 505 | 720 | 837 | 544 | 641 |
| Direct Taxes Paid | -168 | -333 | -501 | -698 | -260 | -383 | -1,951 | -2,128 |
| (Inc)/Dec in WC | -2,507 | -1,544 | -525 | -226 | -187 | -2,005 | -3,837 | -1,546 |
| CF from Operations | -531 | 1,716 | 3,317 | 3,209 | 3,113 | 3,257 | 5,684 | 9,055 |
| Others | -116 | 103 | 3 | 0 | 0 | 0 | 0 | 0 |
| CF from Operating incl EO | -647 | 1,820 | 3,320 | 3,209 | 3,113 | 3,257 | 5,684 | 9,055 |
| (Inc)/Dec in FA | -3,821 | -3,262 | -2,774 | -3,962 | -2,589 | -2,421 | -3,000 | -3,200 |
| Free Cash Flow | -4,468 | -1,443 | 546 | -753 | 523 | 836 | 2,684 | 5,855 |
| (Pur)/Sale of Investments | -148 | 140 | -113 | 0 | 0 | 0 | 0 | 0 |
| Others | 112 | -34 | -143 | 292 | 162 | 59 | 166 | 189 |
| CF from Investments | -3,858 | -3,156 | -3,030 | -3,670 | -2,428 | -2,362 | -2,834 | -3,011 |
| Issue of Shares | 2,944 | 3 | 2,860 | 3 | 4 | 545 | 0 | 0 |
| Inc/(Dec) in Debt | 2,745 | 2,063 | -2,387 | 1,278 | 429 | 139 | 20 | -1,000 |
| Interest Paid | -828 | -1,033 | -950 | -796 | -882 | -896 | -709 | -829 |
| Dividend Paid | 0 | 0 | -59 | 0 | 0 | -256 | -694 | -753 |
| Others | 0 | 2 | -1 | -34 | -236 | -440 | 0 | 0 |
| CF from Fin. Activity | 4,861 | 1,035 | -537 | 451 | -685 | -908 | -1,384 | -2,582 |
| Inc/Dec of Cash | 356 | -301 | -247 | -10 | 0 | -12 | 1,466 | 3,461 |
| Opening Balance | 232 | 588 | 287 | 40 | 30 | 30 | 18 | 1,484 |
| Closing Balance | 588 | 287 | 40 | 30 | 29 | 18 | 1,484 | 4,944 |

NOTES

| Explanation of Investment Rating | |
|----------------------------------|--|
| Investment Rating | Expected return (over 12-month) |
| BUY | >=15% |
| 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 |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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