

Estimate change

TP change

Rating change



Bloomberg	BIOS IN
Equity Shares (m)	1200
M.Cap.(INRb)/(USD\$)	290.8 / 3.5
52-Week Range (INR)	344 / 192
1, 6, 12 Rel. Per (%)	2/-14/-41
12M Avg Val (INR M)	837

#### Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Sales	110.1	164.1	189.6
EBITDA	24.3	44.6	54.5
Adj. PAT	6.4	15.5	21.2
EBIT Margin (%)	12.0	18.2	20.5
Cons. Adj. EPS (INR)	5.4	12.9	17.7
EPS Gr. (%)	-27.2	141.5	36.5
BV/Sh. (INR)	148.9	158.0	170.5

#### Ratios

Net D:E	0.9	0.9	0.8
RoE (%)	4.9	8.4	10.7
RoCE (%)	3.6	5.5	6.7
Payout (%)	29.3	29.3	29.3

#### Valuations

P/E (x)	45.4	18.8	13.8
EV/EBITDA (x)	25.5	14.5	11.9
Div. Yield (%)	0.4	1.3	1.8
FCF Yield (%)	3.9	3.4	8.6
EV/Sales (x)	5.6	3.9	3.4

#### Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	60.6	60.6	60.6
DII	11.9	8.6	8.4
FII	10.8	15.0	16.3
Others	16.7	15.7	14.8

FII Includes depository receipts

**CMP: INR INR243**

**TP: INR260 (+7%)**

**Neutral**

## 4Q - A miss; efforts underway to build growth levers across segments

### Valuation captures upside potential in earnings

- BIOS delivered lower-than-expected 4QFY23 operational performance, led by lower traction in biologics (ex-licensing income) and generics business. This was offset to some extent by strong execution in Research services (Syngene) business.
- We reduce our earnings estimate by 6%/2% for FY24/FY25 to factor a) in reduction in vaccine business, on account of restructuring of a deal with Serum institute, b) regulatory delays for key approvals (b-aspart/b-bevacizumab), and c) sustained momentum in research services business. We value BIOS on an SoTP basis (17x EV/EBITDA for 70% stake in Biocon Biologics (BBL), 54% stake in Syngene, and 10x EV/EBITDA for generics business) to arrive at a price target of INR260.
- BIOS is enhancing its business prospects across segments – product pipeline/synergy building with viatris in the biosimilar segment, adding capacity/new launches in the generics segment and healthy demand for research services. However, the current valuation factors in the upside potential in earnings. We reiterate our Neutral stance on the stock.

### Product mix benefit offset by higher opex for the quarter

- BIOS had a licensing income of INR1.8b for the quarter. Adj. for the same, BIOS 4QFY23 revenues grew 50% YoY to INR36b (our est. INR39b).
- Biosimilars (53% of sales) grew 2x YoY to INR19.2b. Research services (26% of sales) were up 31% YoY to INR10b. Generics sales were flat YoY to INR7.2b (19% of sales).
- Gross margin expanded 60bp YoY to 62.8%, driven by change in product mix.
- However, EBITDA margin contracted 140bp YoY to 23.2% (est: 23.6%) due to higher R&D/other expenses (up 150bp/360bp YoY as a percentage of sales), offset by lower employee expenses (down 310 bp YoY as a percentage of sales).
- Consequently, EBITDA increased 42% YoY to INR8.4b (est: INR9.2b).
- There has been exceptional item of INR1.1b (related to fund raise by Bicara).
- Adjusting for the same, PAT declined 58% YoY to INR1.1b (est: INR2.5b), due to higher interest and depreciation.
- For FY23, Revenue/EBITDA increased 35%/22% YoY to INR110b/INR24b, while adj. PAT declined 27% YoY to INR6.4b.

### Highlights from the management commentary

- From the current stake of 70% in BBL, BIOS do not intend to dilute more than 10% stake.
- BIOS indicated that the launch of g-Revlimid is not expected to occur in FY24.
- BIOS expects to deliver 35-40% core EBITDA margin in the biologics 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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## Quarterly performance (Consolidated)

(INRb)

Y/E March	FY22				FY23				FY22	FY23	FY23E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	vs Est
<b>Net Sales</b>	<b>17.6</b>	<b>18.4</b>	<b>21.7</b>	<b>24.1</b>	<b>21.4</b>	<b>23.2</b>	<b>29.4</b>	<b>36.1</b>	<b>81.8</b>	<b>110.1</b>	<b>39.0</b>	<b>-7.3%</b>
YoY Change (%)	5.4	5.5	17.5	31.0	21.5	26.1	35.3	50.0	15.2	34.6	61.9	
Total Expenditure	13.7	13.9	16.1	18.2	17.0	18.5	22.5	27.8	61.9	85.8	29.8	
<b>EBITDA</b>	<b>3.9</b>	<b>4.5</b>	<b>5.7</b>	<b>5.9</b>	<b>4.4</b>	<b>4.7</b>	<b>6.9</b>	<b>8.4</b>	<b>19.9</b>	<b>24.3</b>	<b>9.2</b>	<b>-9.0%</b>
YoY Change (%)	-5.7	9.0	42.0	35.8	12.3	5.5	21.9	41.5	20.4	22.2	55.6	
Margins (%)	22.1	24.3	26.0	24.6	20.4	20.3	23.4	23.2	24.3	22.1	23.6	
Depreciation	2.0	2.0	2.1	2.1	2.2	2.3	3.0	3.6	8.2	11.1	4.2	
<b>EBIT</b>	<b>1.9</b>	<b>2.4</b>	<b>3.6</b>	<b>3.8</b>	<b>2.2</b>	<b>2.4</b>	<b>3.9</b>	<b>4.7</b>	<b>11.8</b>	<b>13.2</b>	<b>5.0</b>	
YoY Change (%)	-21.0	5.5	69.5	50.8	13.2	-1.8	8.0	24.6	25.1	12.2	31.0	
Margins (%)	11.0	13.3	16.5	15.8	10.3	10.3	13.2	13.1	14.4	12.0	12.8	
Interest	0.2	0.2	0.2	0.1	0.2	0.3	1.2	2.5	0.7	4.2	1.9	
Other Income	0.5	1.1	0.5	0.7	0.8	0.7	0.8	0.5	2.7	2.7	0.6	
Extraordinary Income	0.0	-0.7	-0.8	-0.4	-0.4	-0.2	-3.2	2.7	-1.9	-2.7	0.0	
Share of Profit/Loss from Associates	-0.6	-0.5	-0.5	-0.5	-0.4	-0.3	-0.6	-0.4	-1.5	0.0	-0.1	
<b>PBT</b>	<b>1.7</b>	<b>2.1</b>	<b>2.7</b>	<b>3.4</b>	<b>2.0</b>	<b>2.3</b>	<b>-0.2</b>	<b>5.0</b>	<b>9.8</b>	<b>9.0</b>	<b>3.5</b>	<b>40.4%</b>
Tax	0.6	0.5	0.5	0.6	0.3	1.5	0.0	0.8	2.1	2.6	0.5	
Rate (%)	34.5	22.9	18.3	17.1	15.3	64.3	16.2	16.5	21.6	28.5	14.9	
Minority Interest	0.2	0.2	0.3	0.5	0.2	0.4	0.2	1.0	1.2	1.8	0.5	
<b>PAT</b>	<b>0.8</b>	<b>1.4</b>	<b>1.9</b>	<b>2.4</b>	<b>1.4</b>	<b>0.5</b>	<b>-0.4</b>	<b>3.1</b>	<b>6.5</b>	<b>4.6</b>	<b>2.5</b>	<b>23.0%</b>
<b>Adj PAT</b>	<b>1.2</b>	<b>2.4</b>	<b>2.5</b>	<b>2.7</b>	<b>1.8</b>	<b>1.7</b>	<b>1.8</b>	<b>1.1</b>	<b>8.8</b>	<b>6.4</b>	<b>2.5</b>	<b>-54.9%</b>
YoY Change (%)	-18.9	33.9	49.4	141.5	49.3	-29.8	-28.1	-57.9	45.2	-27.2	-6.7	
Margins (%)	4.8	7.5	8.6	9.9	6.7	2.0	-1.4	8.7	7.9	4.2	9.4	

Source: MOFSL

## Exhibit 1: Key performance Indicators (Consolidated)

Y/E March	FY22				FY23				FY22	FY23	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
<b>Cost Break-up</b>											
RM Cost (% of Sales)	39.0	34.8	36.7	37.8	37.2	36.6	37.1	37.2	36.8	36.5	36.5
Staff Cost (% of Sales)	22.4	23.7	20.7	17.8	21.6	21.2	17.7	14.6	20.7	17.9	18.6
R&D Expenses(% of Sales)	6.8	7.9	6.3	7.9	9.3	10.4	11.5	9.5	7.2	10.0	9.2
Other Cost (% of Sales)	9.7	9.2	10.3	11.9	11.5	11.4	10.4	15.6	10.3	12.3	12.1
Gross Margins(%)	61.0	65.2	63.3	62.2	62.8	63.4	62.9	62.8	63.2	63.5	63.5
EBITDA Margins(%)	22.1	24.3	26.0	24.6	20.4	20.3	23.4	23.2	25.0	23.2	23.6
EBIT Margins(%)	11.0	13.3	16.5	15.8	10.3	10.3	13.2	13.1	14.4	12.0	12.8

Source: MOFSL



## Conference call highlights

- It expects mid-teens YoY growth in revenue for the generics segment, on the back of higher volume off-take of APIs and newer contracts in formulations
- It expects R&D spent to be 12% of Ex-Syngene sales for FY24 compared to 14% in FY23.
- BIOS has submitted Corrective and preventive action plan (CAPA) for b-Aspart and it will provide CAPA for b-Bevacizumab soon.
- Net debt (excluding debentures from Edelweiss) stood at USD1.25b at the end of FY23.
- The validation of immunosuppressant API facility in Visakhapatnam and the peptide facility in Bengaluru is expected to be completed by 1HFY24.
- USFDA PAI inspection concluded at the Bengaluru API facility with Zero 483.
- Market share of Fulphila and Semglee in the US stood at 14%/12% in 4QFY23.
- Malaysia site inspection by USFDA is expected in 2QFY24.
- Phase 1b study of Itolizumab remains on track for lupus Nephritis and top-line data is expected in 1HFY24.

## Key exhibits

**Exhibit 1: Biosimilars saw a 100bp margin improvement QoQ in 4QFY23**

Segmental PBT margin	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23
Generics	12.5	9.6	12.6	6.0	9.4	11.0	16.1	10.9	8.7	10.0	10.4
Biosimilars	12.0	14.4	10.3	13.3	23.5	20.5	14.7	7.2	7.8	6.8	7.8
Novel Biologics	NA	NA	NA	-536.4	-503.3	-307.5	-412.2	NA	NA	NA	-200.5
Research Services	18.1	19.9	23.9	15.9	18.5	20.0	23.6	14.4	16.9	17.8	23.2
<b>Total</b>	<b>12.8</b>	<b>12.8</b>	<b>19.2</b>	<b>9.4</b>	<b>15.0</b>	<b>12.4</b>	<b>16.1</b>	<b>9.2</b>	<b>10.6</b>	<b>8.4</b>	<b>10.0</b>

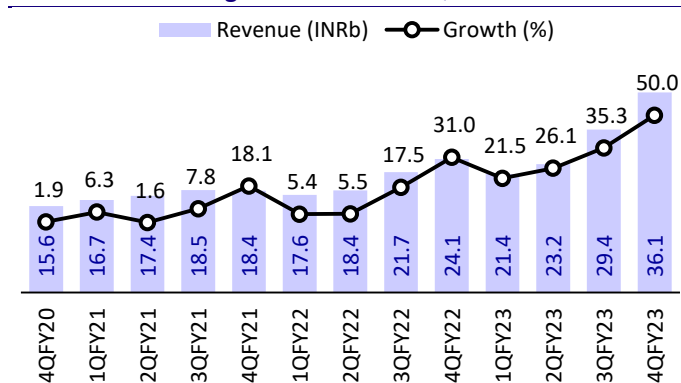
Source: MOFSL, Company

**Exhibit 2: Syngene International financials**

(INR m)	4QFY23	4QFY22	%YoY	3QFY23	%QoQ
<b>Total revenues</b>	<b>9,944</b>	<b>7,581</b>	31.2	<b>7,859</b>	26.5
Material cost	2,938	2,148	36.8	2,062	42.5
<b>Gross profit</b>	<b>7,006</b>	<b>5,433</b>	<b>29.0</b>	<b>5,797</b>	<b>20.9</b>
Gross margin (%)	70.5	71.7	72bp	73.8	`-330bp
Staff cost	2,376	1,736	36.9	2,108	12.7
% of sales	23.9	22.9	100bp	26.8	`-290bp
Other expense	1,489	1,194	24.7	1,379	8.0
% of sales	15.0	15.7	`-80bp	17.5	`-250bp
<b>EBITDA</b>	<b>3,141</b>	<b>2,503</b>	<b>25.5</b>	<b>2,310</b>	<b>36.0</b>
EBITDA margin (%)	31.6	33.0	`-140bp	30.5	110bp
Depreciation	956	803	19.1	946	1.1
EBIT	2,185	1,700	28.5	1,364	60.2
Interest cost	104	56	85.7	137	(24.1)
Other income (net)	228	147	55.1	172	32.6
<b>PBT before EO</b>	<b>2,309</b>	<b>1,791</b>	<b>28.9</b>	<b>1,399</b>	<b>65.0</b>
EO expense	0	0		0	
<b>PBT</b>	<b>2,309</b>	<b>1,791</b>	<b>28.9</b>	<b>1,399</b>	<b>65.0</b>
Income tax	522	313	66.8	302	72.8
Effective tbb rate (%)	22.6	17.5		16.9	
<b>Adjusted PAT</b>	<b>1787</b>	<b>1,478</b>	<b>20.9</b>	<b>1,097</b>	<b>62.9</b>

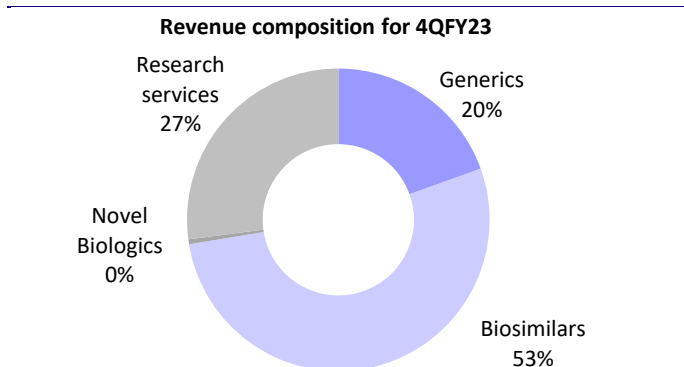
Source: MOFSL, Company

**Exhibit 3: Revenue grew 50% YoY in 4QFY23**

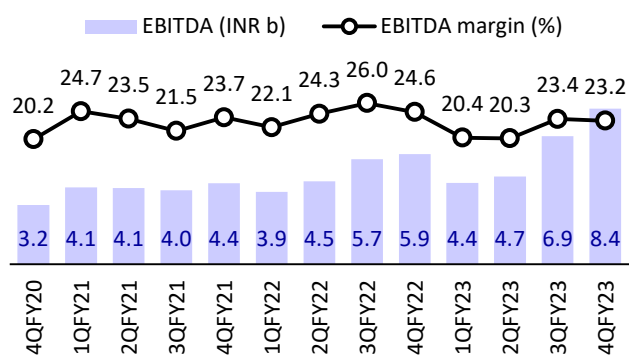


Source: MOFSL, Company

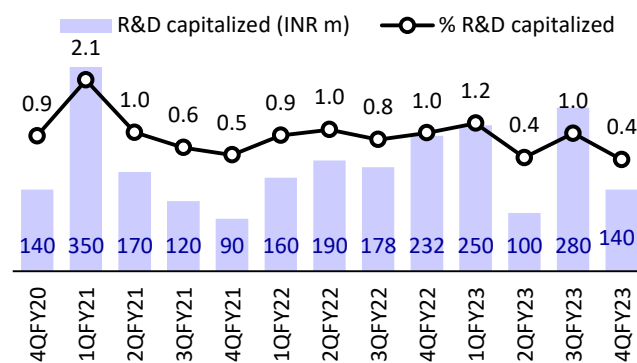
**Exhibit 4: Biosimilars contributed 53% to total revenues**



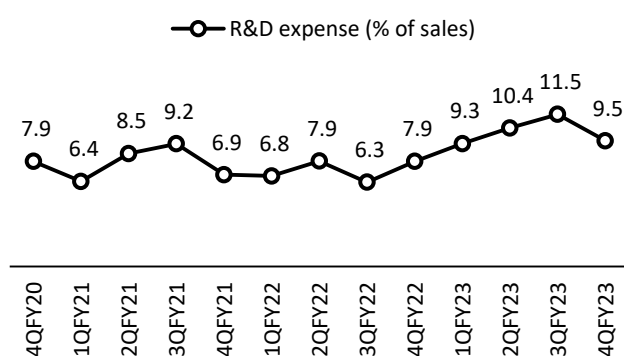
Source: MOFSL, Company

**Exhibit 5: EBITDA margin contracted 140bp YoY in 4QFY23**

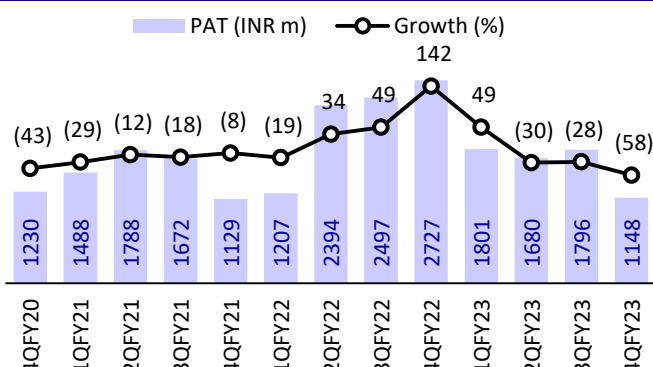
Source: MOFSL, Company

**Exhibit 6: R&D capitalized declined for the quarter**

Source: MOFSL, Company

**Exhibit 7: R&D expense dips as % of sales on QoQ basis**

Source: MOFSL, Company

**Exhibit 8: PAT down 58% YoY in 4QFY23**

Source: MOFSL, Company

## Valuation and view

### Biologics – Growth to be led by product launches/geographical expansion

- In FY23, sales from the Biologics segment grew 57% YoY to INR54b, due to market share gain in base business, expansion of new markets, and consolidation of Viatrix Biosimilar business.
- We expect traction in b-Adalimumab to drive sales over the next 12-15 months in addition to new market entry and increased penetration of existing products.
- We await clarity on the regulatory aspect with respect to b-Aspart and b-Bevacizumab.
- Basis new approvals, Viatrix acquisition, and vaccine sales, we expect 40% sales CAGR to INR106b over FY23-25.

### Generics – To grow on the back of traction in base business and product portfolio expansion

- The generics business' sales grew 13% YoY to INR26.4b in FY23. This was driven by increased traction in immunosuppressant API sales and generic formulations. Sales of statins as well as new launches in advanced/emerging markets supported growth in FY23. It was offset to some extent by ongoing price erosion.
- BIOS has invested for the API facility at Visakhapatnam and the peptide facility at Bengaluru.
- Accordingly, we estimate 17% sales CAGR in this segment to INR36b over FY23-25.

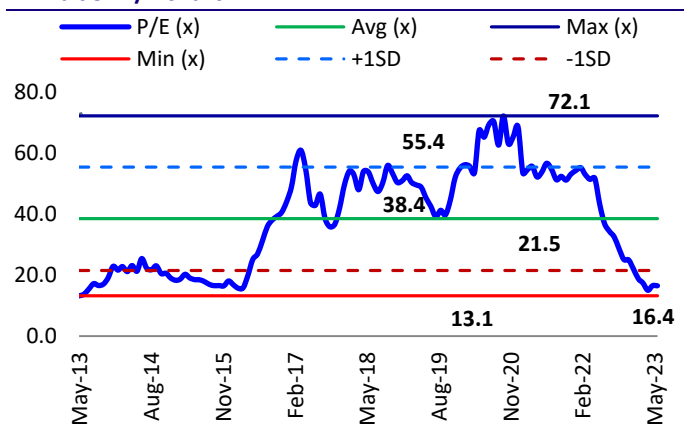
### Research services (Syngene) to sustain momentum on superior execution across segments

- In FY23, Research Services' (Syngene) revenue grew 23% YoY to INR32b, led by growth in base business and addition of new customers. Specifically, the development services segment growth was driven by an increase in order book from existing clients.
- Additionally, over the next 10 years, there is a possibility to add sales of USD500m from the Zoetis deal.
- We expect research services to garner 21% CAGR over FY23-25 to achieve sales of INR47b.

### Reiterate Neutral

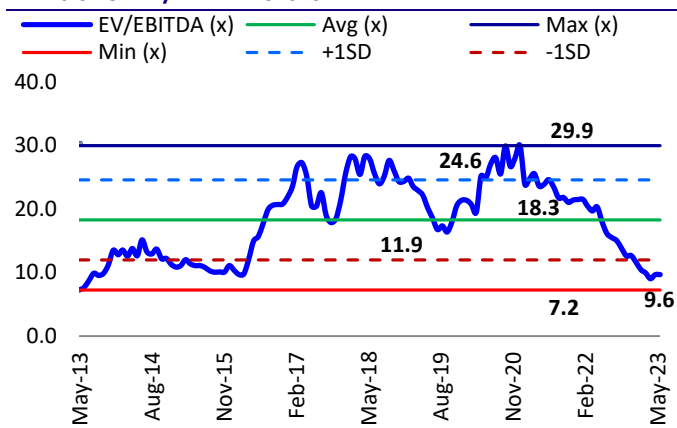
- We reduce our earnings estimate by 6%/2% for FY24/FY25 to factor in a) reduction in vaccine business, on account of restructuring of a deal with Serum institute, b) regulatory delay for key approvals (b-Aspart/b-Bevacizumab), and c) sustained momentum in research services business. We value BIOS on an SoTP basis (17x EV/EBITDA for 70% stake in Biocon Biologics (BBL), 54% stake in Syngene, and 10x EV/EBITDA for generics business) to arrive at a price target of INR260.
- BIOS is enhancing its business prospects across segments – product pipeline/synergy building with Viatris in the biosimilar segment, adding capacity/new launches in the generics segment and healthy demand for research services. However, the current valuation factors the upside potential in earnings. We reiterate our Neutral stance on the stock.

Exhibit 9: P/E chart



Source: MOFSL, Company, Bloomberg

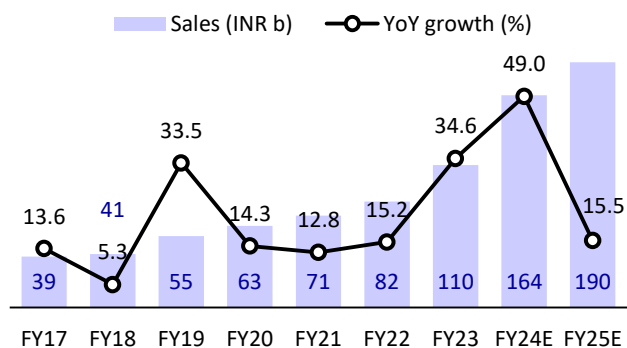
Exhibit 10: EV/EBITDA chart



Source: MOFSL, Company, Bloomberg

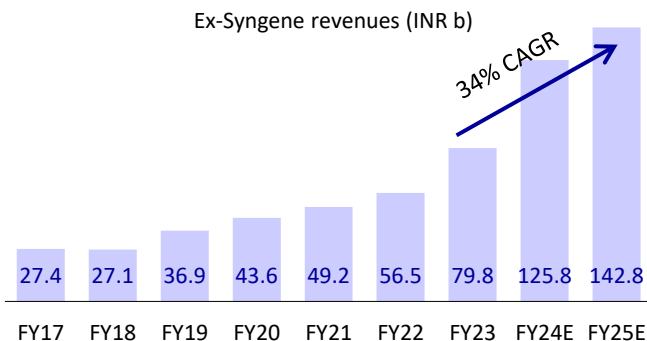
## Story in charts

**Exhibit 11: Expect revenue CAGR of ~31% over FY23–25**



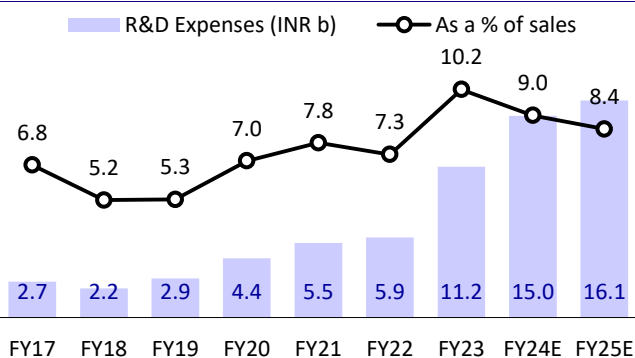
Source: MOFSL, Company

**Exhibit 12: New launches/ramp-up to drive ex-Syngene revenue**



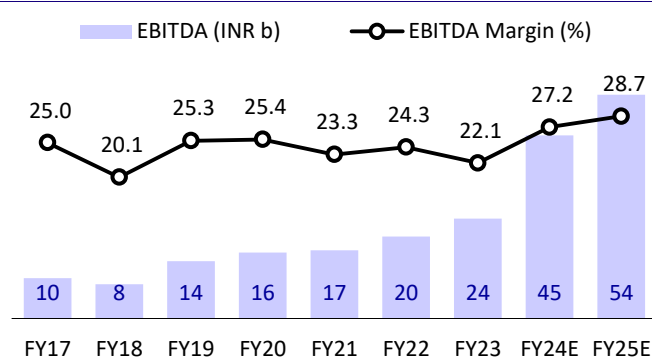
Source: MOFSL, Company

**Exhibit 13: R&D spend to inch up for new products**



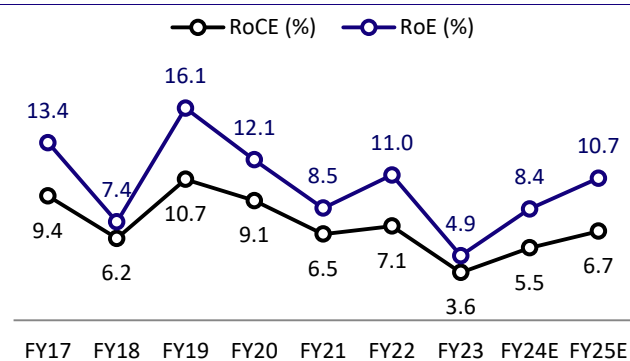
Source: MOFSL, Company

**Exhibit 14: EBITDA margins to revive over FY23-25**



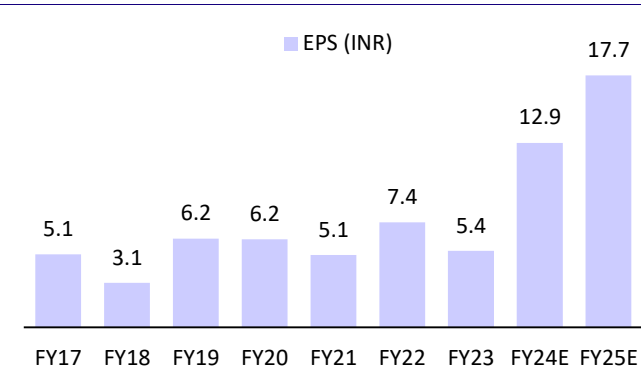
Source: MOFSL, Company

**Exhibit 15: RoE to improve gradually**



Source: MOFSL, Company

**Exhibit 16: Expect EPS CAGR of 81% over FY23–25**



Source: MOFSL, Company

## Financials and valuations

Income Statement (Consolidated)									(INR m)	
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net Income</b>	<b>34,507</b>	<b>39,216</b>	<b>41,297</b>	<b>55,144</b>	<b>63,005</b>	<b>71,058</b>	<b>81,845</b>	<b>110,148</b>	<b>164,095</b>	<b>189,553</b>
Change (%)	12.8	13.6	5.3	33.5	14.3	12.8	15.2	34.6	49.0	15.5
Total Expenditure	26,654	29,421	33,006	41,211	46,974	54,504	61,922	85,810	119,466	135,072
<b>EBITDA</b>	<b>7,853</b>	<b>9,795</b>	<b>8,291</b>	<b>13,933</b>	<b>16,031</b>	<b>16,554</b>	<b>19,923</b>	<b>24,338</b>	<b>44,629</b>	<b>54,481</b>
Change (%)	18.1	24.7	-15.4	68.0	15.1	3.3	20.4	22.2	83.4	22.1
Margin (%)	22.8	25.0	20.1	25.3	25.4	23.3	24.3	22.1	27.2	28.7
Depreciation	2,423	2,772	3,851	4,478	5,522	7,145	8,150	11,131	14,696	15,541
<b>EBIT</b>	<b>5,430</b>	<b>7,023</b>	<b>4,440</b>	<b>9,455</b>	<b>10,509</b>	<b>9,409</b>	<b>11,773</b>	<b>13,207</b>	<b>29,933</b>	<b>38,940</b>
Int. & Finance Charges	102	260	615	709	649	577	686	4,183	9,745	10,742
Other Income - Rec.	1,192	1,571	2,062	1,444	1,614	1,005	2,674	2,674	2,200	2,300
Extraordinary income	5,754	0	0	1,946	675	910	-3,946	-2,708		
<b>PBT</b>	<b>12,274</b>	<b>8,334</b>	<b>5,887</b>	<b>12,136</b>	<b>12,149</b>	<b>10,747</b>	<b>9,815</b>	<b>8,990</b>	<b>22,388</b>	<b>30,498</b>
Tax	2,569	1,616	1,569	2,123	3,151	2,222	2,116	2,560	4,701	6,710
Tax Rate (%)	20.9	19.4	26.7	17.5	25.9	20.7	21.6	28.5	21.0	22.0
Minority Interest	744	760	594	964	1227	1051	1220	1810	2172	2606
<b>Adjusted PAT</b>	<b>4,646</b>	<b>5,958</b>	<b>3,690</b>	<b>7,441</b>	<b>7,410</b>	<b>6,077</b>	<b>8,825</b>	<b>6,425</b>	<b>15,515</b>	<b>21,182</b>
<b>PAT</b>	<b>4,411</b>	<b>5,958</b>	<b>3,724</b>	<b>9,053</b>	<b>7,769</b>	<b>7,438</b>	<b>6,479</b>	<b>4,620</b>	<b>15,515</b>	<b>21,182</b>
Change (%)	15.5	28.3	-38.1	101.7	-0.4	-18.0	45.2	-27.2	141.5	36.5
Margin (%)	12.8	15.2	8.9	16.4	12.3	10.5	7.9	4.2	9.5	11.2

Consolidated Balance Sheet									(INR m)	
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	1,000	3,000	3,000	3,000	6,000	6,000	6,003	6,000	6,000	6,000
Other Reserves	39,329	45,368	48,808	57,980	61,058	70,269	78,322	172,670	183,648	198,636
<b>Net Worth</b>	<b>40,338</b>	<b>48,377</b>	<b>51,808</b>	<b>60,980</b>	<b>67,058</b>	<b>76,269</b>	<b>84,325</b>	<b>178,670</b>	<b>189,648</b>	<b>204,636</b>
Loans	24,673	22,054	19,201	18,028	19,797	36,783	51,466	180,190	178,690	177,190
Minority Interest	2,658	3,761	4,677	6,089	6,773	8,807	10,375	46,220	48,392	50,998
Deferred liabilities	3489	1964	2167	5816	13794	24212	25827	52440	52440	52440
<b>Capital Employed</b>	<b>71,158</b>	<b>76,156</b>	<b>77,853</b>	<b>90,913</b>	<b>107,422</b>	<b>146,071</b>	<b>171,993</b>	<b>457,520</b>	<b>469,170</b>	<b>485,264</b>
Gross Block	33,113	53,269	57,532	68,240	85,167	93,959	103,295	127,440	133,940	140,440
Less: Accum. Deprn.	16,302	17,740	21,235	25,713	31,235	38,386	46,528	54,670	69,366	84,907
<b>Net Fixed Assets</b>	<b>16,811</b>	<b>35,529</b>	<b>36,297</b>	<b>42,527</b>	<b>53,932</b>	<b>55,573</b>	<b>56,767</b>	<b>72,770</b>	<b>64,574</b>	<b>55,533</b>
Capital WIP	20,597	5,327	7,789	12,869	15,765	22,535	34,203	25,880	28,380	28,380
Investments	9,015	12,538	6,752	10,118	9,661	19,519	15,879	20,700	11,996	6,301
Intangibles	2,470	3,787	5,937	8,303	11,974	13,533	15,824	269,200	296,120	325,732
<b>Curr. Assets</b>	<b>34,973</b>	<b>34,786</b>	<b>41,188</b>	<b>44,860</b>	<b>49,426</b>	<b>70,986</b>	<b>78,334</b>	<b>128,880</b>	<b>145,427</b>	<b>148,254</b>
Inventory	5,424	6,353	7,225	10,316	14,359	18,666	22,982	42,440	53,949	49,336
Account Receivables	7,145	8,832	10,639	12,918	12,237	12,176	20,582	35,730	44,958	46,739
Cash and Bank Balance	15,386	10,443	13,228	10,572	9,986	20,154	17,475	24,010	6,744	6,232
Loans & Advances	7,018	9,158	10,096	11,054	12,844	19,990	17,295	26,700	39,777	45,948
<b>Curr. Liability &amp; Prov.</b>	<b>12,708</b>	<b>15,811</b>	<b>20,110</b>	<b>27,764</b>	<b>33,336</b>	<b>36,075</b>	<b>29,014</b>	<b>59,910</b>	<b>77,327</b>	<b>78,937</b>
Account Payables	12,334	15,343	19,645	26,959	32,306	34,981	27,709	58,420	67,436	67,512
Provisions	374	468	465	805	1,030	1,094	1,305	1,490	9,891	11,425
<b>Net Current Assets</b>	<b>22,265</b>	<b>18,975</b>	<b>21,078</b>	<b>17,096</b>	<b>16,090</b>	<b>34,911</b>	<b>49,320</b>	<b>68,970</b>	<b>68,100</b>	<b>69,317</b>
<b>Appl. of Funds</b>	<b>71,158</b>	<b>76,156</b>	<b>77,853</b>	<b>90,913</b>	<b>107,422</b>	<b>146,071</b>	<b>171,993</b>	<b>457,520</b>	<b>469,170</b>	<b>485,264</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>										
<b>EPS</b>	<b>3.9</b>	<b>5.1</b>	<b>3.1</b>	<b>6.2</b>	<b>6.2</b>	<b>5.1</b>	<b>7.4</b>	<b>5.4</b>	<b>12.9</b>	<b>17.7</b>
Cash EPS	5.7	7.3	6.3	11.3	11.1	12.2	12.2	13.1	25.2	30.6
BV/Share	33.6	40.3	43.2	50.8	55.9	63.6	70.3	148.9	158.0	170.5
DPS	0.8	1.0	1.0	0.5	1.6	0.0	1.3	1.0	3.2	4.4
Payout (%)	25.1	11.8	19.0	7.8	29.3	0.0	29.3	29.3	29.3	29.3
<b>Valuation (x)</b>										
P/E	62.8	47.6	78.3	39.2	39.4	48.0	33.0	45.4	18.8	13.8
Cash P/E	42.7	33.4	38.7	21.6	21.9	20.0	19.9	18.5	9.7	7.9
P/BV	7.2	6.0	5.6	4.8	4.3	3.8	3.5	1.6	1.5	1.4
EV/Sales	14.1	12.4	11.7	8.8	7.7	6.8	6.2	5.6	3.9	3.4
EV/EBITDA	61.8	49.5	58.5	34.6	30.3	29.1	25.3	25.5	14.5	11.9
Dividend Yield (%)	0.3	0.4	0.4	0.2	0.7	0.0	0.6	0.4	1.3	1.8
<b>Return Ratios (%)</b>										
RoE	12.1	13.4	7.4	16.1	12.1	8.5	11.0	4.9	8.4	10.7
RoCE	8.6	9.4	6.2	10.7	9.1	6.5	7.1	3.6	5.5	6.7
RoIC	17.1	15.3	6.7	14.5	12.0	9.6	9.8	3.8	5.8	7.0
<b>Working Capital Ratios</b>										
Fixed Asset Turnover (x)	2.1	1.5	1.1	1.4	1.3	1.3	1.5	1.7	2.4	3.2
Debtor (Days)	76	82	94	86	71	63	92	118	100	90
Inventory (Days)	57	59	64	68	83	96	102	141	120	95
Working Capital (Days)	73	79	69	43	35	76	142	149	136	121
<b>Leverage Ratio (x)</b>										
Current ratio	2.8	2.2	2.0	1.6	1.5	2.0	2.7	2.2	1.9	1.9
Net Debt/Equity	0.2	0.2	0.1	0.1	0.1	0.2	0.4	0.9	0.9	0.8

### Consolidated Cash Flow

#### Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Oper. Profit/(Loss) before Tax	6,091	6,881	4,531	10,026	8,709	8,462	7,716	24,338	44,629	54,481
Interest/Dividends Recd.	-619	-1,271	-452	-908	-824	-770	-1,121	2,674	2,200	2,300
Direct Taxes Paid	-2,465	-2,030	-1,971	-2,915	-3,441	-1,938	-2,620	24,053	-4,701	-6,710
(Inc)/Dec in WC	-1,762	-2,111	-1,065	-291	-1,651	-4,238	-7,895	-13,115	-16,396	-1,729
<b>CF from Operations</b>	<b>3,706</b>	<b>6,400</b>	<b>6,621</b>	<b>11,546</b>	<b>12,831</b>	<b>11,597</b>	<b>11,766</b>	<b>37,950</b>	<b>25,731</b>	<b>48,342</b>
(Incr)/Dec in FA	-8,046	-7,623	-9,199	-14,924	-18,436	-17,559	-19,269	-18,811	-9,000	-6,500
<b>Free Cash Flow</b>	<b>-4,340</b>	<b>-1,223</b>	<b>-2,578</b>	<b>-3,378</b>	<b>-5,605</b>	<b>-5,962</b>	<b>-7,503</b>	<b>19,139</b>	<b>16,731</b>	<b>41,842</b>
(Pur)/Sale of Investments	-4,184	1,239	1,689	6,984	1,844	-18,512	2,314	-258,197	-18,216	-23,918
<b>CF from investments</b>	<b>-11,417</b>	<b>-4,985</b>	<b>-6,840</b>	<b>-7,138</b>	<b>-15,589</b>	<b>-36,247</b>	<b>-16,991</b>	<b>-277,008</b>	<b>-27,216</b>	<b>-30,418</b>
Change in Net Worth	-51	43	168	-692	25	314	425	89,270	1	1
(Inc)/Dec in Debt	13,429	-1,232	-1,141	75	186	5,872	3,213	162,759	-1,500	-1,500
Interest Paid	-501	-586	-637	-1,007	-912	-1,160	-1,096	-4,183	-9,745	-10,742
Dividend Paid	-2,201	-	-787	-793	-701	0	0	-1,350	-4,538	-6,195
Others	0	0	0	0	5,278	20,614	-121	-204	-1,000	-900
<b>CF from Fin. Activity</b>	<b>10,676</b>	<b>-1,775</b>	<b>-2,397</b>	<b>-2,417</b>	<b>3,876</b>	<b>25,640</b>	<b>2,421</b>	<b>246,292</b>	<b>-16,782</b>	<b>-19,336</b>
<b>Inc/Dec of Cash</b>	<b>2,965</b>	<b>-360</b>	<b>-2,616</b>	<b>1,991</b>	<b>1,118</b>	<b>990</b>	<b>-2,804</b>	<b>7,234</b>	<b>-18,267</b>	<b>-1,412</b>
Add: Beginning Balance	4,575	7,575	7,102	4,490	6,593	8,247	8,970	6,166	13,400	-4,867
<b>Closing Balance</b>	<b>7,540</b>	<b>7,215</b>	<b>4,486</b>	<b>6,481</b>	<b>7,711</b>	<b>9,237</b>	<b>6,166</b>	<b>13,400</b>	<b>-4,867</b>	<b>-6,279</b>
FX	35	-113	4	112	536	71	33	29	1,030	1,930
Bankc balances/Overdraft	7,811	3,341	8,738	3,979	1,739	10,846	11,276	10,581	10,581	10,581
<b>Total Cash and cash Eq</b>	<b>15,386</b>	<b>10,443</b>	<b>13,228</b>	<b>10,572</b>	<b>9,986</b>	<b>20,154</b>	<b>17,475</b>	<b>24,010</b>	<b>6,744</b>	<b>6,232</b>

E: MOFSL Estimates

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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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