

# Zydus LifeSciences

Estimate change



TP change



Rating change



**CMP: INR651**

**TP: INR610 (-6%)**

**Neutral**

## US quarterly revenue at historical high

### Work in progress to enhance product pipeline

- Zydus Life Sciences (ZYDUSLIF) beat our earnings estimates in 1QFY24, aided by strong traction in exports to the US and EU, and healthy YoY growth in the domestic formulation (DF) and API segments.
- We raise our FY24/FY25 earnings estimates by 8%/4% to factor in niche product launches in the US generics segment, seasonal impact on consumer healthcare brands, and DF segment growth in line with market growth. We value ZYDUSLIF at 20x 12M forward earnings to arrive at a TP of INR610.
- The strong pace of approvals for limited-competition products offers promising growth prospects in the US generics business. Discovery-based products, biosimilars and other branded generics are expected to improve the DF segment's outlook. However, we maintain our Neutral rating on the stock as the current valuation adequately captures earnings upside.

### Product mix/operating leverage drive margin YoY/QoQ

- Sales grew 29.6% YoY to INR51.4b (est. INR50.4b). US sales rose 57.4% YoY (+47.5% YoY in CC terms) to INR24.5b (USD298m; 48% of sales). India sales (37% of sales), including DF and consumer businesses, grew 5.7% YoY to INR19.2b. Within India sales, branded formulations grew 9.1% YoY to INR12.3b. Consumer wellness was flat YoY at INR7b. API sales rose 13.5% YoY to INR1.4b (3% of sales). LATAM/EM sales increased by 34.7% YoY to INR4.9b (9% of sales).
- Gross margin expanded 550bp YoY to 67.4%, due to a better product mix.
- EBITDA margin expanded 1150bp YoY to 29.8% (est. 25.9%), led by better GMs and lower employee/other expenses/lower R&D expenses (-300bp/-220bp/-90 YoY as % of sales).
- Consequently, EBITDA almost doubled YoY to INR15.3b (est. INR13.1b).
- ZYDUSLIF had exceptional items related to discontinued operations of Zydus Wellness Products (INR142m) and a forex loss of INR271m in 1QFY24.
- Adjusting for exceptional items, PAT grew 1.5x YoY to INR11.2b (est. INR8.8b).

### Highlights from the management commentary

- ZYDUSLIFE guides for US business growth in the high single digits to low double digits in FY24.
- It expects the DF segment to grow in line with market growth.
- The company guides for EBITDA margin expansion of 150-200bp in FY24.
- It expects the g-Vascepa launch in 3QFY24. REMS products would also be launched in 3QFY24.
- Two transdermal launches in the US are expected at FY24 end.
- R&D would be 8% of sales in FY24.



Bloomberg	ZYDUSLIF IN
Equity Shares (m)	1024
M.Cap.(INRb)/(USDb)	659 / 8
52-Week Range (INR)	669 / 350
1, 6, 12 Rel. Per (%)	11/29/61
12M Avg Val (INR M)	567

### Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Sales	172.4	191.9	208.0
EBITDA	37.4	47.0	47.5
Adj. PAT	22.9	31.4	31.1
EBIT Margin (%)	17.5	20.6	19.0
Cons. Adj. EPS (INR)	22.4	30.7	30.4
EPS Gr. (%)	3.9	36.8	-1.0
BV/Sh. (INR)	171.1	203.5	226.9
<b>Ratios</b>			
Net D:E	0.1	-0.1	-0.1
RoE (%)	13.3	16.4	14.1
RoCE (%)	12.1	15.6	13.5
Payout (%)	26.8	17.6	19.1
<b>Valuations</b>			
P/E (x)	29.1	21.3	21.5
EV/EBITDA (x)	17.7	13.5	13.1
Div. Yield (%)	0.9	0.8	0.9
FCF Yield (%)	3.3	4.3	2.7
EV/Sales (x)	3.8	3.3	3.0

### Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	75.0	75.0	74.9
DII	13.5	13.6	12.0
FII	4.0	3.4	2.9
Others	7.5	8.0	10.2

FII Includes depository receipts

**Tushar Manudhane - Research Analyst** (Tushar.Manudhane@MotilalOswal.com)

**Research Analyst: Sumit Gupta** (Sumit.G@MotilalOswal.com) | **Akash Dobhada** (Akash.Dobhada@MotilalOswal.com)

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

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## Quarterly Performance (Consolidated)

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Chg.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
<b>Net Revenues</b>	<b>39.6</b>	<b>40.1</b>	<b>42.6</b>	<b>50.1</b>	<b>51.4</b>	<b>47.5</b>	<b>44.2</b>	<b>48.8</b>	<b>172.4</b>	<b>191.9</b>	<b>50.4</b>	<b>1.9</b>
YoY Change (%)	-0.9	5.8	17.0	29.7	29.6	18.5	3.8	-2.6	12.9	11.3	27.2	
Total Expenditure	32.4	32.0	33.6	37.0	36.1	35.6	34.9	38.2	135.0	144.9	37.3	
<b>EBITDA</b>	<b>7.2</b>	<b>8.0</b>	<b>9.0</b>	<b>13.1</b>	<b>15.3</b>	<b>11.9</b>	<b>9.3</b>	<b>10.6</b>	<b>37.4</b>	<b>47.0</b>	<b>13.1</b>	<b>17.2</b>
YoY Change (%)	-25.4	-6.8	19.7	52.6	111.5	47.8	3.2	-19.7	6.1	25.7	80.4	
Margins (%)	18.3	20.0	21.1	26.2	29.8	25.0	21.0	21.6	21.7	24.5	25.9	
Depreciation	1.8	1.8	1.8	1.8	1.8	1.9	1.9	2.0	7.2	7.6	1.8	
<b>EBIT</b>	<b>5.4</b>	<b>6.2</b>	<b>7.2</b>	<b>11.4</b>	<b>13.5</b>	<b>10.0</b>	<b>7.4</b>	<b>8.6</b>	<b>30.2</b>	<b>39.4</b>	<b>11.3</b>	
YoY Change (%)	-31.9	-8.2	24.9	68.0	148.6	61.3	2.6	-24.7	7.4	30.7	107.0	
Margins (%)	13.7	15.5	16.9	22.7	26.3	21.1	16.7	17.5	17.5	20.6	22.3	
Interest	0.3	0.4	0.3	0.3	0.2	0.2	0.3	0.4	1.3	1.2	0.3	
Other Income	0.7	0.4	0.4	0.4	0.4	0.4	0.5	0.5	1.9	1.8	0.4	
<b>PBT before EO Income</b>	<b>5.8</b>	<b>6.3</b>	<b>7.2</b>	<b>11.5</b>	<b>13.7</b>	<b>10.2</b>	<b>7.5</b>	<b>8.7</b>	<b>30.7</b>	<b>40.1</b>	<b>11.4</b>	<b>20.6</b>
EO Exp/(Inc)	-1.1	-0.1	-0.6	6.6	0.4	0.0	0.0	0.0	4.8	0.4	0.0	
<b>PBT after EO Income</b>	<b>6.8</b>	<b>6.4</b>	<b>7.8</b>	<b>4.9</b>	<b>13.3</b>	<b>10.2</b>	<b>7.5</b>	<b>8.7</b>	<b>25.9</b>	<b>39.7</b>	<b>11.4</b>	<b>17.0</b>
Tax	1.2	1.4	2.0	1.4	2.2	2.1	1.8	2.2	5.9	8.3	2.5	
Rate (%)	17.4	21.3	25.0	28.2	16.3	21.0	24.0	25.7	22.7	21.0	22.2	
Min. Int/Adj on Consol	-0.4	0.1	0.4	-0.5	-0.3	-0.1	-0.1	0.1	-0.4	-0.3	0.0	
<b>Reported PAT</b>	<b>5.3</b>	<b>5.2</b>	<b>6.2</b>	<b>3.0</b>	<b>10.9</b>	<b>7.9</b>	<b>5.7</b>	<b>6.6</b>	<b>19.6</b>	<b>31.1</b>	<b>8.8</b>	<b>23.3</b>
<b>Adj PAT</b>	<b>4.4</b>	<b>5.1</b>	<b>5.8</b>	<b>7.7</b>	<b>11.2</b>	<b>7.9</b>	<b>5.7</b>	<b>6.6</b>	<b>22.9</b>	<b>31.4</b>	<b>8.8</b>	<b>27.3</b>
YoY Change (%)	-26.4	-13.6	14.4	46.1	155.4	56.6	-2.4	-14.8	3.9	36.8	100.7	
Margins (%)	11.1	12.6	13.6	15.4	21.8	16.7	12.8	13.5	13.3	16.4	17.5	

E: MOFSL Estimates

## Key performance Indicators (Consolidated)

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E
INRb	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
Domestic formulations	11.3	12.6	12.3	12.9	12.3	13.7	12.9	13.7	49.1	52.5	12.5
YoY Change (%)	-17.1	4.2	14.1	10.8	9.1	8.0	5.0	6.1	2.0	7.0	11.0
US sales	15.6	17.1	19.3	22.5	24.5	21.9	19.4	19.7	74.5	85.5	23.5
YoY Change (%)	7.4	14.0	28.0	58.3	57.4	28.0	1.0	-12.7	28.1	14.8	50.7
Consumer healthcare	6.9	4.2	4.1	7.1	6.9	4.8	4.8	8.0	22.3	24.6	7.1
YoY Change (%)	18.0	12.0	7.9	11.8	0.3	14.0	17.0	13.0	12.9	10.0	3.0
EU	0.6	0.5	0.7	0.8	0.6	0.6	0.7	1.0	2.6	3.0	0.6
YoY Change (%)	2.5	-11.3	3.7	18.5	5.0	5.0	5.0	34.8	5.8	13.6	5.0
Emerging markets	3.2	3.3	3.1	3.6	4.2	3.7	3.5	3.2	13.2	14.8	3.6
YoY Change (%)	13.9	-5.2	5.8	32.5	34.7	13.0	15.0	-11.1	7.3	12.0	15.0
API	1.2	1.1	1.9	1.3	1.4	1.5	1.6	1.6	5.5	6.1	1.3
YoY Change (%)	-9.7	-16.6	14.0	-8.2	13.5	30.0	-15.0	29.0	-4.0	10.6	8.0
<b>Cost Break-up</b>											
RM Cost (% of Sales)	38.1	36.9	35.5	33.8	32.6	34.0	35.1	36.7	35.9	34.8	33.6
Staff Cost (% of Sales)	17.2	16.8	16.2	14.4	14.2	15.5	16.8	14.7	16.0	15.2	14.8
R&D Expenses(% of Sales)	7.2	6.3	8.1	7.1	6.3	7.5	7.2	6.4	7.2	6.8	7.5
Other Cost (% of Sales)	19.3	20.0	19.1	18.4	17.1	18.8	20.8	18.6	19.2	18.7	19.2
Gross Margins(%)	61.9	63.1	64.5	66.2	67.4	66.0	64.9	63.3	64.1	65.2	66.4
EBITDA Margins(%)	18.3	20.0	21.1	26.2	29.8	25.0	21.0	21.6	21.7	24.5	25.9
EBIT Margins(%)	13.7	15.5	16.9	22.7	26.3	21.1	16.7	17.5	17.5	20.6	22.3

E: MOFSL Estimates

## Conference call highlights

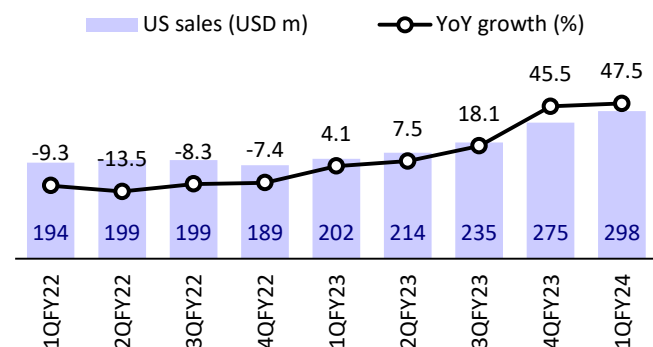


- Strong volume traction in key brands like lipaglut, Bilypsa and Ujvira.
- Unseasonal rain in north India impacted key summer-oriented brand Glucon-D.
- In the domestic market, the company would expand in Biosimilars and some discovery-led products.
- Volume expansion in base portfolio, revlimid traction and new launches led to growth in US business.
- Pricing pressure was stable in US in 1QFY24.
- Tronkindi has started getting competition in US market.

- 95% of material is imported for transdermal products.
- Commissioned the newly constructed Measles and Rubella (MR) drug substance manufacturing facility.
- Capex for the quarter stood at INR2.2b and is expected to be INR10b for FY24.

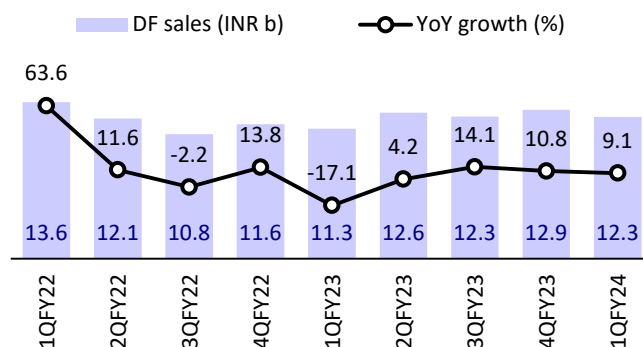
## Key exhibits

**Exhibit 1: In CC terms, US sales grew 48% YoY in 1QFY24**



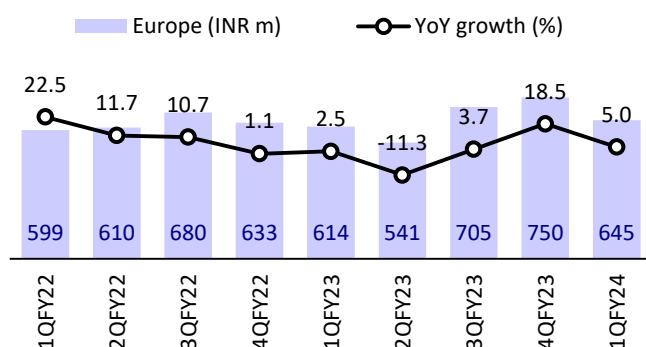
Source: MOFSL, Company

**Exhibit 2: DF business grew 9% YoY in 1QFY24**



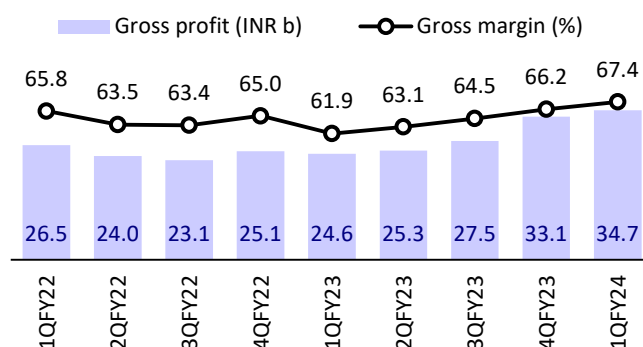
Source: MOFSL, Company

**Exhibit 3: Europe sales increased ~5% YoY in 1QFY24**



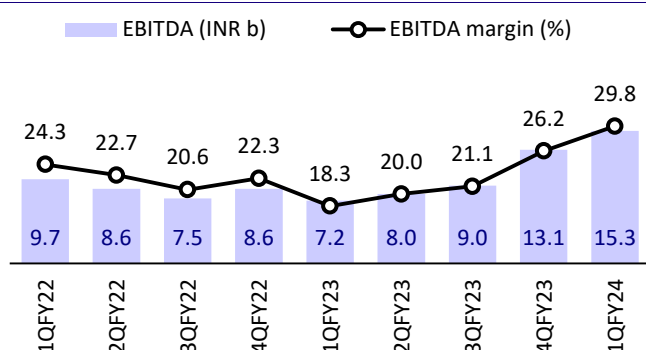
Source: MOFSL, Company

**Exhibit 4: Gross margin expanded 550bp YoY in 1QFY24**



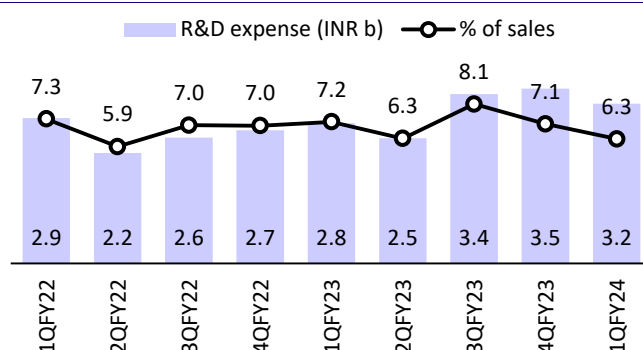
Source: MOFSL, Company

**Exhibit 5: EBITDA margin jumped 1150bp YoY in 1QFY24**



Source: MOFSL, Company

**Exhibit 6: R&D spend was ~6% of sales in 1QFY24**



Source: MOFSL, Company

## New launches/market share gain to drive overall profitability

### US: market share gain/niche launches to fuel growth

- In 1QFY24, US sales grew 57.4% YoY to INR24.5b (+47.5% YoY in CC terms to USD298m) due to strong off-take in base business, good traction in gRevlimid and new launches.
- Additionally, ZYDUSLIF experienced stable price erosion in the US market in 1QFY24.
- Further, ZYDUSLIF plans to launch g-Vascepac and REMS products in 3QFY24. It also plans to launch some transdermal products in US by the end of the year.
- Besides this, it plans to focus on complex injectable, which would drive growth over the near to medium term.
- ZYDUSLIF filed 4 ANDAs and received approval for 20 products and launched 4 products during the quarter.
- We expect the US business to clock a 9% sales CAGR to USD1.1b over FY23-25.

### DF segment to sustain growth momentum driven by new launches

- In 1QFY24, DF revenue grew 9.1% YoY to INR12.3b. ZYDUSLIFE reported superior growth in the respiratory, anti-infective and pain segments. Strong traction in key brands like Lipaglyn, Bilypsa and Ujvira also supported growth in the DF segment.
- We expect ZYDUSLIF to generate an 8% sales CAGR in DF segment to INR57b over FY23-25. This will be driven by ongoing efforts to improve presence in therapeutic areas, continuing leadership in Nephrology and greater ramp-up in cancer, and NLEM-based price rises.
- Consumer Healthcare sales were flat YoY at INR7b in 1QFY24. This is due to unseasonal rains in north India, which impacted offtake of summer oriented brand Glucon-D. Moreover, with easing inflationary pressure in commodity prices, gross margins should improve subsequently.
- We expect Consumer Healthcare business to report a 10% CAGR over FY23-25.

### NCE product development on track

- Saroglitazar Mg is undergoing Phase II(b)/III clinical trials for PBC indication and Phase II(b) clinical trials for NASH indication for the US market. It recruited over 80% of the patients for PBC trials. Patient recruitment is going on as per the plan for NASH trials.
- Additionally, ZYDUSLIF initiated Phase IV clinical trials in India in NAFLD patients with comorbidities. The trials will enroll approximately 1,500 patients. Primary endpoint is to measure the change in liver stiffness from baseline to week 52. The study duration is approximately 56 weeks.

### Valuation and view

- We raise our FY24/FY25 earnings estimates by 8%/4% to factor in a) niche product launches in the US generics segment, b) seasonal impact on consumer healthcare brands, and c) DF segment growth in line with market growth. We value ZYDUSLIF at 20x 12M forward earnings to arrive at a TP of INR610.
- The strong pace of approvals for limited-competition products offers promising growth prospects in the US generics business. Discovery-based products, biosimilars and other branded generics are expected to improve the DF segment's outlook. However, we maintain our Neutral rating as the current valuation adequately captures earnings upside.

Exhibit 7: P/E chart

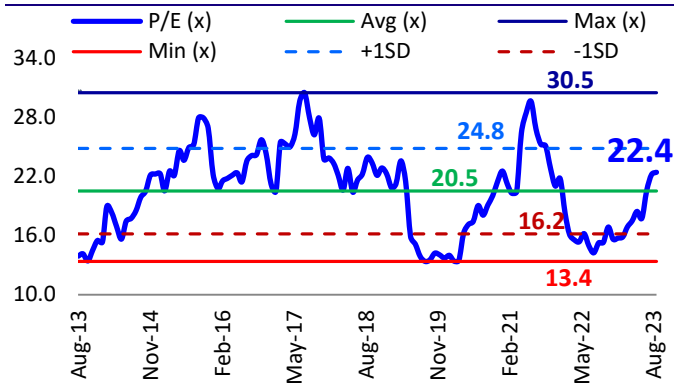
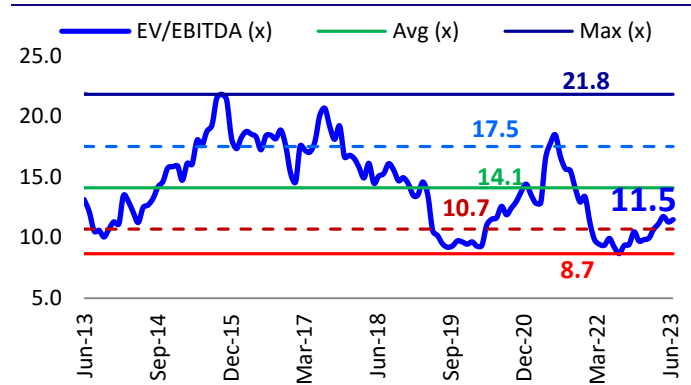


Exhibit 8: EV/EBITDA chart



## Story in charts

Exhibit 9: Revenues to see 10% CAGR over FY23–25

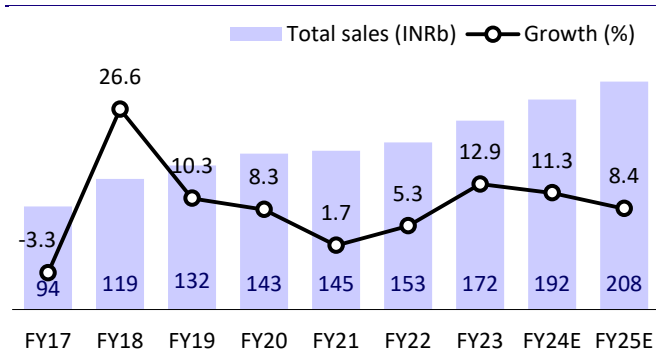


Exhibit 10: DF to clock 8% sales CAGR over FY23–25

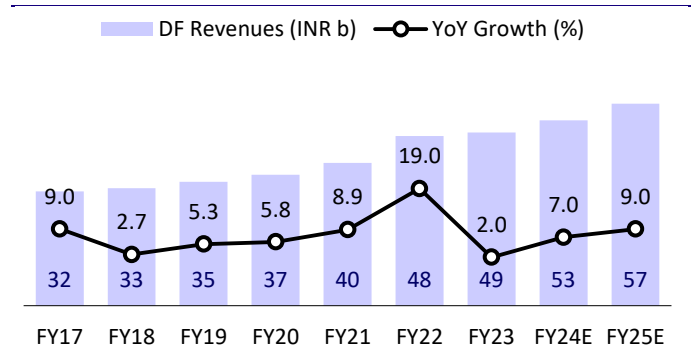


Exhibit 11: US sales to witness 9.4% CAGR from FY23-25

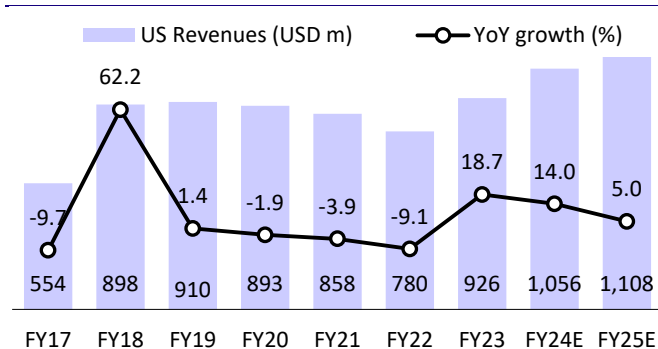


Exhibit 12: EBITDA margin to be stable over FY23-25

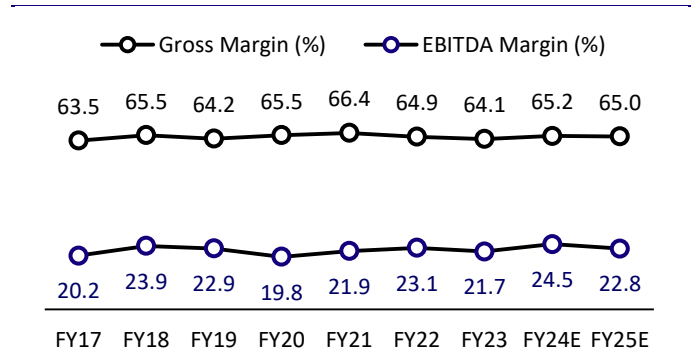


Exhibit 13: Expect 13% CAGR in EBITDA over FY23-25

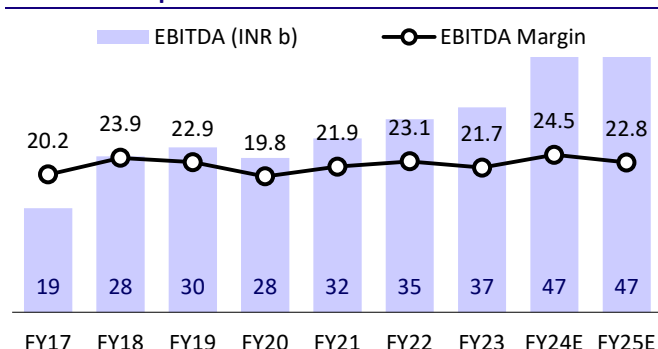
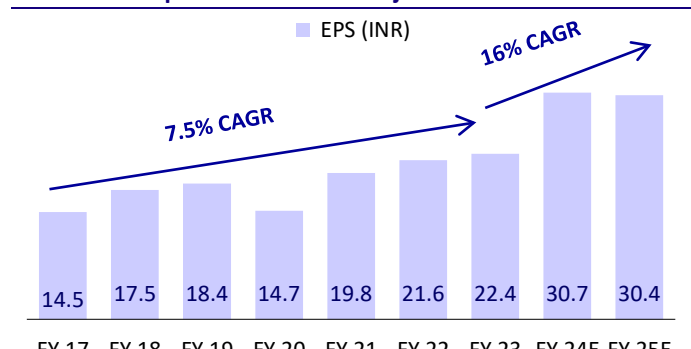


Exhibit 14: Expect 16% CAGR in adj. EPS over FY23-25



## Financials and valuations

Income Statement									(INR b)	
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net Sales</b>	<b>97.5</b>	<b>94.3</b>	<b>119.4</b>	<b>131.7</b>	<b>142.5</b>	<b>145.0</b>	<b>152.7</b>	<b>172.4</b>	<b>191.9</b>	<b>208.0</b>
Change (%)	12.9	-3.3	26.6	10.3	8.3	1.7	5.3	12.9	11.3	8.4
Total Expenditure	74.5	75.3	90.9	101.5	114.4	113.2	117.4	135.0	144.9	160.5
% of Sales	76.5	79.8	76.1	77.1	80.2	78.1	76.9	78.3	75.5	77.2
<b>EBITDA</b>	<b>23.0</b>	<b>19.0</b>	<b>28.5</b>	<b>30.1</b>	<b>28.2</b>	<b>31.8</b>	<b>35.2</b>	<b>37.4</b>	<b>47.0</b>	<b>47.5</b>
Margin (%)	23.5	20.2	23.9	22.9	19.8	21.9	23.1	21.7	24.5	22.8
Depreciation	3.0	3.8	5.4	6.0	7.0	7.1	7.1	7.2	7.6	7.9
<b>EBIT</b>	<b>19.9</b>	<b>15.3</b>	<b>23.1</b>	<b>24.2</b>	<b>21.2</b>	<b>24.7</b>	<b>28.1</b>	<b>30.2</b>	<b>39.4</b>	<b>39.6</b>
Int. and Finance Charges	0.5	0.5	0.9	1.9	3.4	1.6	1.3	1.3	1.2	1.0
Other Income - Rec.	0.9	1.3	1.1	2.0	1.1	0.5	2.2	1.9	1.8	1.9
<b>PBT before EO Expense</b>	<b>20.4</b>	<b>16.1</b>	<b>23.3</b>	<b>24.2</b>	<b>18.9</b>	<b>23.5</b>	<b>29.1</b>	<b>30.7</b>	<b>40.1</b>	<b>40.5</b>
EO Expense/(Income)	0.0	0.0	0.0	0.4	4.0	0.0	0.7	4.8	0.4	0.0
<b>PBT after EO Expense</b>	<b>20.4</b>	<b>16.1</b>	<b>23.3</b>	<b>23.8</b>	<b>15.0</b>	<b>23.5</b>	<b>28.4</b>	<b>25.9</b>	<b>39.7</b>	<b>40.5</b>
Current Tax	4.3	1.3	5.6	5.3	3.2	1.1	5.1	5.9	8.3	9.3
Deferred Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	4.3	1.3	5.6	5.3	3.2	1.1	5.1	5.9	8.3	9.3
Tax Rate (%)	21.1	8.0	24.2	22.3	21.4	4.8	18.0	22.7	21.0	23.0
<b>Reported PAT</b>	<b>16.1</b>	<b>14.8</b>	<b>18.3</b>	<b>18.5</b>	<b>11.8</b>	<b>22.4</b>	<b>23.3</b>	<b>20.0</b>	<b>31.4</b>	<b>31.2</b>
Less: Minority Interest	0.3	0.3	0.3	0.0	0.0	2.1	0.8	0.4	0.3	0.1
PAT from Discontinued operations						1.0	22.5			
<b>Net Profit</b>	<b>15.8</b>	<b>14.5</b>	<b>17.9</b>	<b>18.5</b>	<b>11.8</b>	<b>21.3</b>	<b>44.9</b>	<b>19.6</b>	<b>31.1</b>	<b>31.1</b>
<b>PAT Adj for EO Items</b>	<b>15.8</b>	<b>14.9</b>	<b>17.9</b>	<b>18.8</b>	<b>15.0</b>	<b>20.3</b>	<b>22.1</b>	<b>22.9</b>	<b>31.4</b>	<b>31.1</b>
Change (%)	37.7	-5.8	20.6	4.8	-20.0	34.8	8.9	3.9	36.8	-1.0
Margin (%)	16.2	15.8	15.0	14.3	10.6	14.0	14.5	13.3	16.4	14.9

Balance Sheet									(INR b)	
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total Reserves	56.0	68.6	86.4	102.8	102.7	128.9	169.0	174.1	207.3	231.2
<b>Net Worth</b>	<b>57.0</b>	<b>69.6</b>	<b>87.4</b>	<b>103.9</b>	<b>103.8</b>	<b>129.9</b>	<b>170.0</b>	<b>175.2</b>	<b>208.3</b>	<b>232.3</b>
Minority Interest	1.4	1.6	1.9	12.9	13.3	19.4	20.5	21.7	21.7	21.7
Deferred liabilities	-3.2	-4.0	-6.4	-7.2	-6.4	-9.5	-9.4	-10.7	-10.7	-10.7
Total Loans	22.6	51.7	53.3	74.1	73.2	40.5	45.8	17.0	16.0	16.0
<b>Capital Employed</b>	<b>77.8</b>	<b>118.8</b>	<b>136.3</b>	<b>183.7</b>	<b>183.9</b>	<b>180.2</b>	<b>226.9</b>	<b>203.2</b>	<b>235.4</b>	<b>259.4</b>
Gross Block	52.2	75.2	87.7	150.5	158.2	164.3	172.6	173.2	186.7	194.7
Less: Accum. Deprn.	14.8	17.5	22.9	28.9	35.8	42.9	50.1	57.3	64.7	72.5
<b>Net Fixed Assets</b>	<b>37.4</b>	<b>57.7</b>	<b>64.8</b>	<b>121.6</b>	<b>122.3</b>	<b>121.3</b>	<b>122.5</b>	<b>115.9</b>	<b>121.9</b>	<b>122.2</b>
Capital WIP	9.5	15.4	15.3	8.4	7.4	7.8	6.6	11.3	6.2	3.6
Investments	2.2	3.9	4.7	6.7	7.7	8.3	32.9	15.5	15.5	15.5
<b>Curr. Assets</b>	<b>51.3</b>	<b>70.2</b>	<b>86.6</b>	<b>88.4</b>	<b>91.0</b>	<b>90.6</b>	<b>105.0</b>	<b>104.2</b>	<b>151.0</b>	<b>184.8</b>
Inventory	13.4	18.0	23.9	26.9	27.9	32.4	37.2	34.1	48.1	57.8
Account Receivables	17.5	22.8	32.1	39.5	36.6	31.3	33.4	44.2	48.5	63.0
Cash and Bank Balance	6.4	15.4	13.1	5.5	9.6	8.9	11.1	5.7	34.2	43.8
Loans & Advances	14.0	13.9	17.5	16.5	16.8	18.1	23.3	20.2	20.2	20.2
<b>Curr. Liability &amp; Prov.</b>	<b>22.5</b>	<b>28.3</b>	<b>35.1</b>	<b>41.5</b>	<b>44.4</b>	<b>47.9</b>	<b>40.1</b>	<b>43.6</b>	<b>59.1</b>	<b>66.7</b>
Account Payables	22.0	27.7	34.1	40.1	42.0	44.6	36.4	40.0	55.4	63.1
Provisions	0.5	0.6	1.0	1.4	2.4	3.3	3.7	3.7	3.7	3.7
<b>Net Current Assets</b>	<b>28.8</b>	<b>41.9</b>	<b>51.5</b>	<b>46.9</b>	<b>46.5</b>	<b>42.7</b>	<b>64.9</b>	<b>60.5</b>	<b>91.9</b>	<b>118.1</b>
<b>Appl. of Funds</b>	<b>77.8</b>	<b>118.8</b>	<b>136.3</b>	<b>183.7</b>	<b>183.9</b>	<b>180.2</b>	<b>226.9</b>	<b>203.2</b>	<b>235.4</b>	<b>259.4</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>EPS</b>	<b>15.4</b>	<b>14.5</b>	<b>17.5</b>	<b>18.4</b>	<b>14.7</b>	<b>19.8</b>	<b>21.6</b>	<b>22.4</b>	<b>30.7</b>	<b>30.4</b>
Cash EPS	18.4	17.9	22.8	23.9	18.3	27.8	50.8	26.3	37.7	38.1
BV/Share	55.7	68.0	85.4	101.5	101.4	126.9	166.1	171.1	203.5	226.9
DPS	3.2	3.6	3.6	3.6	3.6	3.6	4.6	6.0	5.4	5.8
Payout (%)	20.7	24.8	20.5	19.6	24.5	18.2	21.3	26.8	17.6	19.1
<b>Valuation (x)</b>										
P/E	42.3	44.9	37.2	35.5	44.4	32.9	30.2	29.1	21.3	21.5
Cash P/E	35.5	36.5	28.6	27.3	35.6	23.5	12.8	24.8	17.3	17.1
P/BV	11.7	9.6	7.6	6.4	6.4	5.1	3.9	3.8	3.2	2.9
EV/Sales	7.0	7.4	5.9	5.5	5.1	4.8	4.4	3.8	3.3	3.0
EV/EBITDA	29.7	36.8	24.7	24.2	25.7	21.7	19.0	17.7	13.5	13.1
Dividend Yield (%)	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.9	0.8	0.9
<b>Return Ratios (%)</b>										
RoE	31.7	23.0	22.9	19.3	11.3	17.4	14.7	13.3	16.4	14.1
RoCE	22.6	15.2	14.0	12.8	9.9	13.8	12.9	12.1	15.6	13.5
RoIC	28.1	19.6	18.7	14.1	10.3	15.0	13.9	13.4	17.8	16.2
<b>Working Capital Ratios</b>										
Asset Turnover (x)	1.3	0.8	0.9	0.7	0.8	0.8	0.7	0.8	0.8	0.8
Fixed Asset Turnover (x)	2.8	2.0	1.9	1.4	1.2	1.2	1.3	1.4	1.6	1.7
Debtor (Days)	63	76	84	99	97	82	77	82	88	98
Inventory (Days)	54	61	64	70	70	76	83	76	78	93
Working Capital T/O (Days)	84	102	117	115	94	85	129	116	110	130
<b>Leverage Ratio (x)</b>										
Net Debt/Equity	0.3	0.5	0.5	0.8	0.7	0.3	0.2	0.1	-0.1	-0.1

E: MOSL Estimates

### Cash Flow Statement

(INR b)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Oper. Profit/(Loss) bef.Tax	23.0	19.0	28.5	30.1	28.2	31.8	35.2	37.4	47.0	47.5
Interest/Dividends Recd.	0.9	1.3	1.1	2.0	1.1	0.5	2.2	1.9	1.8	1.9
Direct Taxes Paid	-4.3	-1.3	-5.6	-5.3	-3.2	-1.1	-5.1	-5.9	-8.3	-9.3
(Inc)/Dec in WC	-3.6	-4.1	-11.8	-3.1	4.6	3.0	-20.0	-1.0	-2.9	-16.6
<b>CF from Operations</b>	<b>16.0</b>	<b>14.9</b>	<b>12.1</b>	<b>23.7</b>	<b>30.7</b>	<b>34.1</b>	<b>12.4</b>	<b>32.4</b>	<b>37.6</b>	<b>23.5</b>
EO Expense / (Income)	0.0	0.0	0.0	0.4	4.0	0.0	0.7	4.8	0.4	0.0
Others	2.9	-1.8	-2.9	-10.5	-1.6	0.0	0.0	0.0	0.0	0.0
<b>CF from Operating incl EO Exp.</b>	<b>18.9</b>	<b>13.1</b>	<b>9.2</b>	<b>12.8</b>	<b>25.1</b>	<b>34.1</b>	<b>11.7</b>	<b>27.6</b>	<b>37.2</b>	<b>23.5</b>
(inc)/dec in FA	-8.4	-29.9	-12.4	-55.9	-6.7	-6.5	-7.1	-5.3	-8.4	-5.6
<b>Free Cash Flow</b>	<b>10.5</b>	<b>-16.8</b>	<b>-3.2</b>	<b>-43.1</b>	<b>18.4</b>	<b>27.6</b>	<b>4.6</b>	<b>22.3</b>	<b>28.8</b>	<b>17.9</b>
(Pur)/Sale of Investments	-0.6	-1.7	-0.9	-2.0	-0.9	-0.7	-24.6	17.4	0.0	0.0
Others	0.4	2.9	3.5	15.5	-2.5	0.0	0.0	0.0	0.0	0.0
<b>CF from Investments</b>	<b>-8.6</b>	<b>-28.7</b>	<b>-9.7</b>	<b>-42.4</b>	<b>-10.1</b>	<b>-7.2</b>	<b>-31.7</b>	<b>12.1</b>	<b>-8.4</b>	<b>-5.6</b>
Inc/(Dec) in Debt	-1.4	29.3	2.0	31.7	-0.4	-26.8	6.5	-27.6	-1.0	0.0
Interest Paid	-0.5	-0.5	-0.9	-1.9	-3.4	-1.6	-1.3	-1.3	-1.2	-1.0
Dividend Paid	-3.9	-4.4	-4.4	-3.7	-4.3	-4.4	-5.7	-7.4	-6.7	-7.2
Others	-3.6	-1.2	3.9	-7.3	-2.8	5.1	22.6	-8.7	8.5	-0.1
<b>CF from Fin. Activity</b>	<b>-9.3</b>	<b>23.2</b>	<b>0.5</b>	<b>18.8</b>	<b>-10.9</b>	<b>-27.7</b>	<b>22.2</b>	<b>-45.0</b>	<b>-0.3</b>	<b>-8.3</b>
<b>Inc/Dec of Cash</b>	<b>1.0</b>	<b>7.6</b>	<b>0.0</b>	<b>-10.7</b>	<b>4.0</b>	<b>-0.8</b>	<b>2.2</b>	<b>-5.3</b>	<b>28.5</b>	<b>9.6</b>
Add: Beginning Balance	7.4	8.4	15.9	15.9	7.8	11.8	11.0	13.2	7.9	36.3
<b>Closing Balance</b>	<b>8.4</b>	<b>15.9</b>	<b>15.9</b>	<b>7.8</b>	<b>11.8</b>	<b>11.0</b>	<b>13.2</b>	<b>7.9</b>	<b>36.3</b>	<b>45.9</b>
Cash and bank balances	2.0	0.5	2.7	2.3	2.1	2.1	2.1	2.1	2.1	2.1
<b>Total Cash &amp; Cash Eq</b>	<b>6.4</b>	<b>15.4</b>	<b>13.1</b>	<b>5.5</b>	<b>9.6</b>	<b>8.9</b>	<b>11.1</b>	<b>5.7</b>	<b>34.2</b>	<b>43.8</b>

E: MOFSL Estimates

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UNDER REVIEW	Rating may undergo a change
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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000.

Details of 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

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