

SELL

TP: Rs 488 | ▼ 19%

LAURUS LABS

| Pharmaceuticals

| 27 January 2025

Margin guidance shifted from 20% to closer to 20% for FY25E

- Revenue/EBITDA/PAT exceeded our estimates by 10.5%/46.6%/227%. EBITDA margin surpassed our estimate by 500bps
- Management guided for 25% H2FY25 margin but reported 20% in Q3FY25. 9MFY25 EBITDA margin stood at 16.6%
- Current valuation of LAURUS is hefty for current margin. We maintain SELL and ascribe a P/E of 50x on Dec'26 roll forward basis

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Result above our estimates; oncology API sales falls by 50%: Earnings surpassed our and Bloomberg consensus estimates on all fronts. Sales grew by 18.4% YoY to Rs 14.14bn (our estimate: Rs 12.7bn) primarily driven by CDMO sales which grew by 88.7% YoY. This growth was offset by 7.5% decline in the Generics API segment driven by 50% decline in Oncology API.

High chances of 20% EBITDA margin not achievable in FY25: Management guided for 25% EBITDA margin for H2FY25, of which it reported 20% in 3QFY25. We believe LAURUS's guidance of 20% EBITDA margin for FY25E would not be achievable as only 16.6% margin has been achieved in 9MFY25. We expect the company to report 19% EBITDA margin in FY25E led by CDMO sales.

CDMO sales growth unable to increase margin as per industry levels: During the quarter, the CDMO segment reported sales growth of 88.7% YoY to Rs 4bn. This growth is derived from both Human and Animal CDMO sales. Management is shifting to high-value small and complex APIs from earlier intermediates. However, the company does not expect to diversify into new chemical entity (NCE) molecules and intends to retain into small complex molecules which can optimally increase EBITDA margin closer to 25% (vs industry standard of 35-40%).

API segment expected to remain flattish in the near term: Generics API which currently contributes 38% of sales reported a 7.5% YoY decline in sales during the quarter. The decline was due to a 10.5% fall in the ARV API, 50.7% fall in the Oncology API which offset 27.2% YoY growth in Others API. Going forward, we expect the segment to remain flattish in the near term, hence we expect this segment to grow at a CAGR of 8.5% from FY25-27E.

Hefty valuations; retain SELL: Although earnings were above our estimates and the outlook for CDMO remains healthy, we do not believe high contributions from non-CDMO segments will let margins be closer to the industry level of CDMOs. Hence, we maintain SELL on the stock. We ascribe a P/E of 50x (earlier P/E of 45x) on Dec'26 roll over basis to achieve a TP of Rs 488 (from Rs 305).

Key changes

| Target | Rating |
|--------|--------|
| ▲ | ◀ ▶ |

| | |
|------------------|------------------|
| Ticker/Price | LAURUS IN/Rs 603 |
| Market cap | US\$ 3.8bn |
| Free float | 74% |
| 3M ADV | US\$ 16.7mn |
| 52wk high/low | Rs 619/Rs 361 |
| Promoter/FPI/DII | 27%/23%/5% |

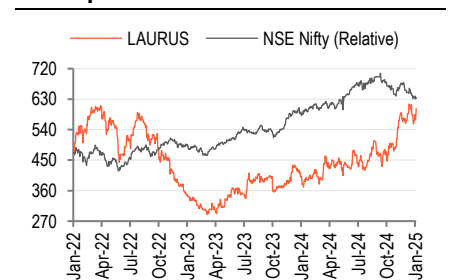
Source: NSE | Price as of 24 Jan 2025

Key financials

| Y/E 31 Mar | FY24A | FY25E | FY26E |
|-------------------------|--------|--------|--------|
| Total revenue (Rs mn) | 50,410 | 55,730 | 63,242 |
| EBITDA (Rs mn) | 7,777 | 10,589 | 12,965 |
| Adj. net profit (Rs mn) | 1,607 | 3,072 | 4,264 |
| Adj. EPS (Rs) | 3.0 | 5.7 | 7.9 |
| Consensus EPS (Rs) | 3.8 | 8.6 | 13.2 |
| Adj. ROAE (%) | 3.9 | 7.3 | 9.5 |
| Adj. P/E (x) | 201.2 | 105.3 | 75.8 |
| EV/EBITDA (x) | 44.4 | 32.9 | 26.8 |
| Adj. EPS growth (%) | (79.7) | 91.2 | 38.8 |

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Concall highlights

| | Q2FY25 | Q3FY25 |
|-----------------------|---|--|
| CDMO business | | |
| Growth factor | Soft growth is along expected lines, driven by a significant resource allocation towards delivering multiple high-value complex programmes in various clinical phases. | Highest in 8 quarters, growth driven by Human and Animal CDMOs. In Human CDMO, the ramp up of new assets, shift towards high-value, complex, small monetary and small molecules continue to work towards expanding CMO offerings in the small molecule APIs. Supplied one commercial launch quantity and multiple registration quantities. |
| Outlook | The outlook within the small molecule service industry is positive. | The prospects in the CDMO division look very bright and the company expects growth momentum to continue. Expect FY25 to be a good year, and FY26 to be better. |
| Total projects | 90 active projects in total; over 70 in Human Health and 20 in Animal Health and Crop Science | 90 active projects in total; over 70 in Human Health and 20 in Animal Health and Crop Science. |
| Laurus Bio | | Plant will go live from the end of CY26. |
| Generic API | Revenues from this division during Q2 declined 11%, and we achieved Rs 5.57bn sales. | Revenue decline of 7% to Rs 5.31bn was mainly driven by lower volume uptake in ARV APIs. |
| Growth factor/outlook | Growth lower due to lower demand in Oncology portfolio and temporary impact from a planned facility shutdown for modifications. | Does not expect significant growth to come from this segment in the near term, expects growth to come from medium term |
| ARV API | APIs reported revenues of Rs 3.68bn. | |
| Growth factor | This was lower than last quarter due to certain modifications in the manufacturing facilities, which created capacity shortages for a few products, affecting dispatches in Q2. | The soft ARV performance was essentially due to prioritized capacity allocations towards high yielding long-term business opportunities. |
| Oncology API | Sales have declined, and reported Q2 sales of Rs 0.51bn | Sales have declined to 0.42 bn in Q3FY25 |
| Outlook | Do not see any challenges in achieving some growth over last year. | NA |
| Formulations | Formulations division reported overall revenues of Rs 3.28bn for Q2. | Formulations division reported overall revenues of Rs 4.36bn for Q3. |
| Growth factor | Performance was subdued due to lower volume offtake in ARV business, offsetting good growth in the developed market portfolio. | Growth driven by CDMO and developed markets. |
| Outlook | FDF will come from its own sales in North America and contract manufacturing in Europe. | Expects FDF segment to do well in future. |
| Laurus Bio | | To have 400KL capacity through its own product. |
| Outlook | | Does not expect FY26 to see significant growth in Bio. |
| KRKA capacity | | Started validation of products which will go into existing increased capacity. New capacity will come from Nov and Dec'26 onwards, in a phased manner. |
| ARV FDF | Revenue was low in Q2 as one of the blocks was closed for maintenance and modifications, EHS modifications. More deliveries planned for Q3 and Q4. | |
| Capacities | Not adding capacities to expand ARV formulations. | |
| Sales | ARV sales was Rs 3.69bn and non ARV sales Rs 2.33bn. | ARV sales was Rs 3.04bn. |
| DMF Filing | In H1, the company filed 4 DMFs, 3 of which are in non ARV. | In 9M, the company filed 4 DMFs, of which 3 are in non ARV. |
| Total DMFs filed | 87 | 87 |
| ANDA filed | Total of 42 ANDAs filed to date; of these there have been a total of 21 final approvals and 14 tentative approvals so far. | Total of 43 ANDAs filed to date; of these there have been a total of 21 final approvals and 14 tentative approvals so far |
| R&D front | H1FY25 was 5.4%. | 5% of sales for 9 months. |
| Reason | The higher R&D spend is in line to enhance our pipeline, which includes additional spend on fermentation, biocatalysis and gene therapy programmes. | |

| | Q2FY25 | Q3FY25 |
|--------------------------------|---|--|
| Total pipeline products | 62 either under review or under development, having a significant addressable market size. | |
| EBITDA margin guidance | FY25 guidance of 20%; expect to achieve 25% EBITDA margin in H2FY25. | Expect FY25 to end margin closer to 20%; management did not give guidance for FY26. |
| Guidance | ARV sales will pick up. | API sales to be lower in the near term. |
| Net Debt | Debt stands at Rs 27bn and will continue to stand below Rs 30bn. | Net debt stood at Rs 27.6bn. |
| Capex | Rs 20bn. | Invested Rs 1.86bn in Q3; Rs 4.48bn in 9MFY24. |
| Capex bifurcation | Bio - Rs 2.25bn, CDMO will be major, FDF - Rs 2bn, rest CDMO and API will be lower. | |
| Animal Health | To commercialize in H2FY25. Next year sales will be higher. In FY27, Animal Health will clock optimum sales. | Expect next year to be a good year for Animal Health business and expect significant growth to come. |
| CROP Science | Does not expect significant Crop Science sales currently. It has one contract and is negotiating other products and contracts. FY27 will clock meaningful sales. | To commercialise Crop Science facility next year and expects sales to come from that unit too. |
| Fermentation capacity in Vizag | Joined forces with 8 Roads as its partner. This collaboration will enable LAURUS to expand and accelerate high quality CDMO services capability to global partners. The proposed investment will be more than double the fermentation capacity and expects to be ready by the end of calendar 2026. | |

Source: Company, BOBCAPS Research | ARV: Anti-retroviral, API: Active Pharmaceutical Ingredients, FDF: Finished Dosage Forms

Fig 2 – Financial Highlights

| Rs mn | Q3FY25 | Q3FY24 | YoY (%) | Q2FY25 | QoQ (%) | 9MFY25 | 9MFY24 | YoY (%) | FY24 | FY25E | FY26E |
|-------------------------|--------|--------|---------|--------|---------|--------|--------|---------|--------|--------|--------|
| Net Sales | 14,151 | 11,949 | 18.4 | 12,237 | 15.6 | 38,337 | 36,012 | 6.5 | 50,410 | 55,730 | 63,242 |
| Total Expenses | 11,299 | 10,135 | | 10,454 | | 31,990 | 30,652 | | 42,633 | 45,141 | 50,277 |
| (%) of net sales | 80 | 85 | | 85 | | 83 | 85 | | 85 | 81 | 80 |
| Raw material consumed | 6,102 | 5,454 | 11.9 | 5,483 | 11.3 | 16,953 | 17,104 | (0.9) | 24,324 | 25,078 | 27,826 |
| (%) of net sales | 43 | 46 | | 45 | | 44 | 47 | | 48 | 45 | 44 |
| Staff cost | 1,891 | 1,550 | 22.0 | 1,787 | 5.8 | 5,418 | 4,788 | 13.2 | 6,399 | 6,688 | 7,273 |
| (%) of net sales | 13 | 13 | | 15 | | 14 | 13 | | 13 | 12 | 12 |
| SG&A | 3,306 | 3,131 | 5.6 | 3,184 | 3.9 | 9,619 | 8,759 | 9.8 | 9,500 | 10,589 | 12,648 |
| (%) of net sales | 23.4 | 26.2 | | 26.0 | | 25.1 | 24 | | 19 | 19 | 20 |
| EBITDA | 2,852 | 1,814 | 57.2 | 1,783 | 59.9 | 6,347 | 5,360 | 18.4 | 7,777 | 10,589 | 12,965 |
| Depreciation | 1,061 | 984 | 7.8 | 1,075 | (1.3) | 3,197 | 2,823 | 13.2 | 3,846 | 4,396 | 4,996 |
| EBIT | 1,791 | 830 | 115.7 | 708 | 152.8 | 3,150 | 2,537 | 24.2 | 3,931 | 6,193 | 7,969 |
| Interest | 578 | 508 | 13.7 | 526 | 9.9 | 1,596 | 1,324 | 20.5 | 1,829 | 2,037 | 2,173 |
| Other Income | 94 | 24 | 287.7 | 46 | 104.8 | 165 | 78 | 111.7 | 263 | 111 | 126 |
| PBT | 1,307 | 346 | 277.5 | 228 | 472.9 | 1,720 | 1,291 | 33.2 | 2,365 | 4,267 | 5,922 |
| Less: Taxation | 401 | 95 | 324.0 | 51 | 687.2 | 514 | 362 | 42.0 | 682 | 1,195 | 1,658 |
| Less: Minority Interest | | 20 | (100.0) | (21) | (100.0) | (24) | 80 | (130.2) | 77 | 0 | 0 |
| Recurring PAT | 906 | 252 | 260.0 | 177 | 411.3 | 1,205 | 929 | 29.8 | 1,684 | 3,072 | 4,264 |
| Key Ratios (%) | | | | | | | | | | | |
| Gross Margin | 56.9 | 54.4 | 253 | 55.2 | 169 | 55.8 | 52.5 | 327.5 | 51.7 | 55.0 | 56.0 |
| EBITDA Margin | 20.2 | 15.2 | 497 | 14.6 | 558 | 16.6 | 14.9 | 167.1 | 15.4 | 19.0 | 20.5 |
| Tax / PBT | 30.7 | 27.3 | 337 | 22.3 | 835 | 29.9 | 28.0 | | 28.8 | 28.0 | 28.0 |
| NPM | 6.4 | 2.1 | 430 | 1.4 | 496 | 3.1 | 2.6 | 56.5 | 3.3 | 5.5 | 6.7 |
| EPS (Rs) | 1.7 | 0.5 | 260.0 | 0.3 | 411.3 | 2.2 | 1.7 | 29.5 | 3.1 | 5.7 | 7.9 |

Source: Company, BOBCAPS Research

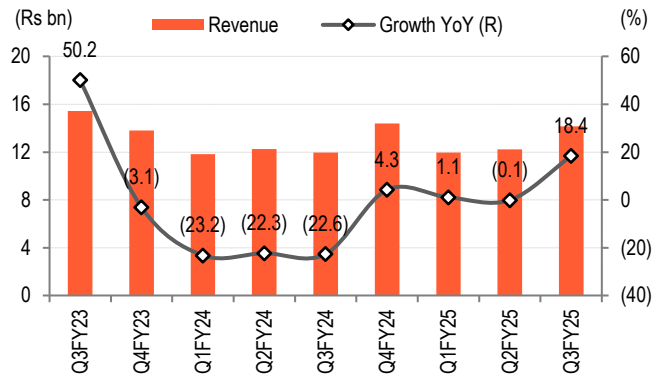
Fig 3 – Revenue mix

| Rs mn | Q3FY25 | Q3FY24 | YoY (%) | Q2FY25 | QoQ (%) | 9MFY25 | 9MFY24 | YoY (%) | FY24 | FY25E | FY26E |
|----------------|--------|--------|---------|--------|---------|--------|--------|---------|--------|--------|--------|
| Generics – API | 5,310 | 5,740 | (7.5) | 5,570 | (4.7) | 17,520 | 18,000 | (2.7) | 25,450 | 25,010 | 26,899 |
| ARVs | 3,133 | 3,501 | (10.5) | 3,676 | (14.8) | 10,793 | 11,272 | (4.2) | 15,370 | 15,831 | 17,414 |
| Oncology | 425 | 861 | (50.7) | 501 | (15.3) | 2,121 | 2,593 | (18.2) | 4,083 | 3,063 | 2,756 |
| Other API | 1,752 | 1,378 | 27.2 | 1,393 | 25.8 | 4,606 | 4,135 | 11.4 | 5,997 | 6,117 | 6,729 |
| CDMO | 4,000 | 2,120 | 88.7 | 2,990 | 33.8 | 9,130 | 6,860 | 33.1 | 9,220 | 13,830 | 17,979 |
| Formulations | 4,360 | 3,670 | 18.8 | 3,280 | 32.9 | 10,380 | 9,840 | 5.5 | 14,140 | 15,130 | 16,340 |
| Bio | 480 | 420 | 14.3 | 400 | 20.0 | 1,310 | 1,310 | - | 1,600 | 1,760 | 2,024 |
| Net Sales | 14,149 | 11,955 | 18.4 | 12,239 | 15.6 | 38,340 | 36,010 | 6.5 | 50,410 | 55,730 | 63,242 |

Source: Company, BOBCAPS Research

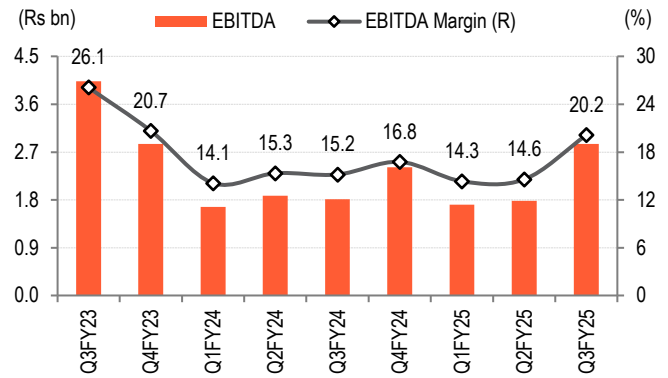
Financial Charts

Fig 4 – Sales growth driven by higher CDMO sales



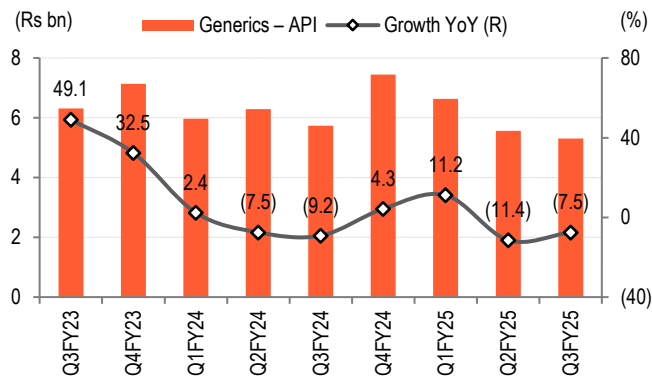
Source: Company, BOBCAPS Research

Fig 5 – EBITDA Margin climbed back to 20% due to higher CDMO sales



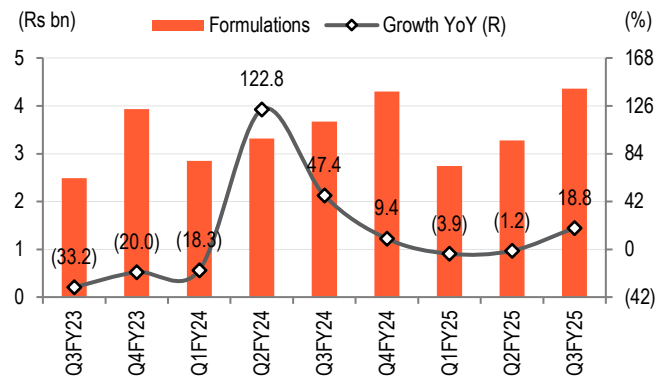
Source: Company, BOBCAPS Research

Fig 6 – API sales declined due to lower ARV and Oncology sales



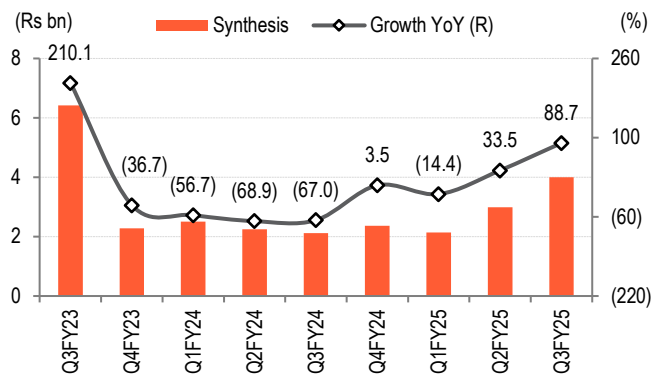
Source: Company, BOBCAPS Research

Fig 7 – FDF sales lower due to higher base



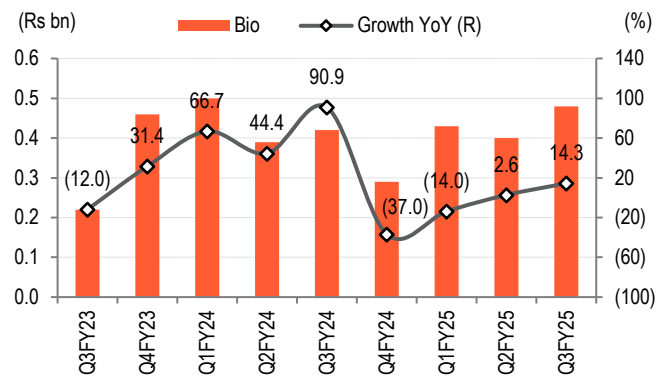
Source: Company, BOBCAPS Research

Fig 8 – CDMO sales picked up led by human and animal CDMO sales



Source: Company, BOBCAPS Research

Fig 9 – Bio sales picking up due to lower base



Source: Company, BOBCAPS Research

Valuation methodology

LAURUS' numbers exceeded our estimates on all fronts primarily due to growth picking up in the CDMO segment. This resulted in the company reporting 56% gross margin and 20% EBITDA margin. CDMO growth was driven by both Human and Animal CDMO sales. Also, the company is shifting its focus from supplying key starting materials (KSM) and intermediates to small complex high value molecules. During the quarter, one molecule was commercialised.

Going forward, we expect growth in the CDMO segment to sustain, led by higher sales from Animal Health and commercialisation of crop protection sales. The company has 70 molecules in the development stage and expects commercialisation of products to increase. We believe that though CDMO sales will increase, EBITDA margin will be lower than the industry level of the CDMO companies as (1) the company is into small complex APIs and not NCE molecules, and (2) CDMO contribution is lower at 25% as of 9MFY25. We expect growth from non-CDMO segments like API (~45% of sales) to stay flatish, Laurus Bio (3% of the sales) does not expect higher traction and Formulation (27% of the sales) is expected to grow in the normalised range. The higher contribution of non-CDMO sales (low margin businesses) would not allow LAURUS margin climb to industry standard of 35-40% levels.

However, we believe increasing CDMO sales and the positive outlook on the CDMO segment due to (1) increasing commercialisation, (2) higher Animal Health sales, (3) commercialisation of crop protection segment, and (4) diversifying into high-value small complex molecules can increase EBITDA margin from 20-25% gradually. We have increased our CDMO sales estimates, resulting in our EPS estimates rising by 30% for FY25, 37% for FY26 and 48% for FY27. However, we believe 20% EBITDA margin is lower than the industry standard for domestic CDMOs, hence, we maintain SELL on the stock. The stock currently trades at higher valuations and due to the strong CDMO outlook we increase our ascribed P/E to 50x (earlier 45x) which is lower than an industry leader like DIVI (which has ~30% EBITDA margin) to arrive at a TP of Rs 488 (previously Rs 305).

Fig 10 – Change in Estimates

| (Rs mn) | Actual | | | | Revised | | | Old | | | Change (%) | | |
|-------------------|--------|--------|--------|--------|---------|--------|--------|--------|--------|--------|------------|-------|-------|
| | FY24 | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E |
| Sales | 50,410 | 55,730 | 63,242 | 71,164 | 53,473 | 59,195 | 65,536 | 4.2 | 6.8 | 8.6 | | | |
| EBITDA | 7,777 | 10,589 | 12,965 | 15,656 | 9,625 | 11,247 | 13,107 | 10.0 | 15.3 | 19.4 | | | |
| EBITDA margin (%) | 15.4 | 19.0 | 20.5 | 22.0 | 18.0 | 19.0 | 20.0 | 100bps | 150bps | 200bps | | | |
| EPS (Rs) | 3.0 | 5.7 | 7.9 | 11.1 | 4.4 | 5.8 | 7.5 | 30.1 | 37.0 | 48.5 | | | |

Source: Company, BOBCAPS Research

Fig 11 – Key assumptions

| Rs mn | FY24 | FY25E | FY26E | FY27E |
|--------------|--------|--------|--------|--------|
| Generics API | 25,450 | 25,010 | 26,899 | 29,451 |
| Generic FDF | 14,140 | 15,130 | 16,340 | 17,811 |
| Synthesis | 9,220 | 13,830 | 17,979 | 21,575 |
| Bio | 1,600 | 1,760 | 2,024 | 2,328 |
| Total sales | 50,410 | 55,730 | 63,242 | 71,164 |
| EBITDA | 7,777 | 10,589 | 12,965 | 15,656 |
| EBITDAM | 15.4 | 19.0 | 20.5 | 22.0 |
| PAT | 1,607 | 3,072 | 4,264 | 5,977 |
| EPS (Rs) | 3.0 | 5.7 | 7.9 | 11.1 |

Source: Company, BOBCAPS Research

Key risks

Key upside risk is:

- higher capacity utilisation, thereby improving operating performance,
- faster execution of capex, and
- revival of API business growth with improved pricing.

Financials

Income Statement

| Y/E 31 Mar (Rs mn) | FY23A | FY24A | FY25E | FY26E | FY27E |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| Total revenue | 60,410 | 50,410 | 55,730 | 63,242 | 71,164 |
| EBITDA | 15,926 | 7,777 | 10,589 | 12,965 | 15,656 |
| Depreciation | 3,241 | 3,846 | 4,396 | 4,996 | 5,596 |
| EBIT | 12,686 | 3,931 | 6,193 | 7,969 | 10,060 |
| Net interest inc./(exp.) | (1,652) | (1,829) | (2,037) | (2,173) | (1,901) |
| Other inc./(exp.) | 60 | 263 | 111 | 126 | 142 |
| Exceptional items | 0 | 0 | 0 | 0 | 0 |
| EBT | 11,094 | 2,365 | 4,267 | 5,922 | 8,301 |
| Income taxes | 3,123 | 682 | 1,195 | 1,658 | 2,324 |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Min. int./Inc. from assoc. | 65 | 77 | 0 | 0 | 0 |
| Reported net profit | 7,906 | 1,607 | 3,072 | 4,264 | 5,977 |
| Adjustments | 0 | 0 | 0 | 0 | 0 |
| Adjusted net profit | 7,906 | 1,607 | 3,072 | 4,264 | 5,977 |

Balance Sheet

| Y/E 31 Mar (Rs mn) | FY23A | FY24A | FY25E | FY26E | FY27E |
|---------------------------------|---------------|---------------|---------------|---------------|----------------|
| Accounts payables | 7,107 | 10,512 | 9,925 | 11,262 | 12,673 |
| Other current liabilities | 5,921 | 3,858 | 5,573 | 6,324 | 7,116 |
| Provisions | 1,016 | 1,183 | 1,308 | 1,484 | 1,670 |
| Debt funds | 22,074 | 27,162 | 27,162 | 27,162 | 27,162 |
| Other liabilities | 0 | 0 | 0 | 0 | 0 |
| Equity capital | 1,077 | 1,078 | 1,078 | 1,078 | 1,078 |
| Reserves & surplus | 39,409 | 40,078 | 42,223 | 45,477 | 50,443 |
| Shareholders' fund | 40,487 | 41,156 | 43,301 | 46,555 | 51,521 |
| Total liab. and equities | 76,604 | 83,870 | 87,268 | 92,787 | 100,142 |
| Cash and cash eq. | 485 | 1,417 | 5,972 | 3,995 | 4,209 |
| Accounts receivables | 15,804 | 16,629 | 15,268 | 17,327 | 19,497 |
| Inventories | 16,848 | 18,454 | 15,268 | 17,327 | 19,497 |
| Other current assets | 3,374 | 3,002 | 2,786 | 3,162 | 3,558 |
| Investments | 499 | 1,240 | 1,240 | 1,240 | 1,240 |
| Net fixed assets | 31,494 | 36,247 | 39,851 | 42,855 | 45,259 |
| CWIP | 5,508 | 4,228 | 4,228 | 4,228 | 4,228 |
| Intangible assets | 2,592 | 2,653 | 2,653 | 2,653 | 2,653 |
| Deferred tax assets, net | 0 | 0 | 0 | 0 | 0 |
| Other assets | 0 | 0 | 0 | 0 | 0 |
| Total assets | 76,604 | 83,870 | 87,268 | 92,787 | 100,142 |

Cash Flows

| Y/E 31 Mar (Rs mn) | FY23A | FY24A | FY25E | FY26E | FY27E |
|------------------------------------|-----------------|----------------|----------------|----------------|----------------|
| Cash flow from operations | 7,798 | 4,902 | 13,482 | 7,033 | 9,225 |
| Capital expenditures | (10,492) | (8,000) | (8,000) | (8,000) | (8,000) |
| Change in investments | (191) | (741) | 0 | 0 | 0 |
| Other investing cash flows | 0 | 0 | 0 | 0 | 0 |
| Cash flow from investing | (10,683) | (8,741) | (8,000) | (8,000) | (8,000) |
| Equities issued/Others | 3 | 1 | 0 | 0 | 0 |
| Debt raised/repaid | 1,301 | 5,087 | 0 | 0 | 0 |
| Interest expenses | 5 | 2 | 0 | 0 | 0 |
| Dividends paid | (1,010) | (1,011) | (1,011) | (1,011) | (1,011) |
| Other financing cash flows | 2,312 | 692 | 84 | 0 | 0 |
| Cash flow from financing | 2,610 | 4,771 | (927) | (1,011) | (1,011) |
| Chg in cash & cash eq. | (275) | 932 | 4,556 | (1,977) | 214 |
| Closing cash & cash eq. | 485 | 1,417 | 5,972 | 3,995 | 4,209 |

Per Share

| Y/E 31 Mar (Rs) | FY23A | FY24A | FY25E | FY26E | FY27E |
|----------------------|-------|-------|-------|-------|-------|
| Reported EPS | 14.7 | 3.0 | 5.7 | 7.9 | 11.1 |
| Adjusted EPS | 14.7 | 3.0 | 5.7 | 7.9 | 11.1 |
| Dividend per share | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Book value per share | 75.2 | 76.6 | 80.5 | 86.5 | 95.8 |

Valuations Ratios

| Y/E 31 Mar (x) | FY23A | FY24A | FY25E | FY26E | FY27E |
|----------------|-------|-------|-------|-------|-------|
| EV/Sales | 5.7 | 6.9 | 6.2 | 5.5 | 4.9 |
| EV/EBITDA | 21.5 | 44.4 | 32.9 | 26.8 | 22.2 |
| Adjusted P/E | 40.9 | 201.2 | 105.3 | 75.8 | 54.1 |
| P/BV | 8.0 | 7.9 | 7.5 | 7.0 | 6.3 |

DuPont Analysis

| Y/E 31 Mar (%) | FY23A | FY24A | FY25E | FY26E | FY27E |
|------------------------------|-------------|------------|------------|------------|-------------|
| Tax burden (Net profit/PBT) | 71.3 | 67.9 | 72.0 | 72.0 | 72.0 |
| Interest burden (PBT/EBIT) | 87.5 | 60.2 | 68.9 | 74.3 | 82.5 |
| EBIT margin (EBIT/Revenue) | 21.0 | 7.8 | 11.1 | 12.6 | 14.1 |
| Asset turnover (Rev./Avg TA) | 25.8 | 19.3 | 20.1 | 21.9 | 23.3 |
| Leverage (Avg TA/Avg Equity) | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 |
| Adjusted ROAE | 21.4 | 3.9 | 7.3 | 9.5 | 12.2 |

Ratio Analysis

| Y/E 31 Mar | FY23A | FY24A | FY25E | FY26E | FY27E |
|--|------------|------------|------------|------------|------------|
| YoY growth (%) | | | | | |
| Revenue | 22.4 | (16.6) | 10.6 | 13.5 | 12.5 |
| EBITDA | 11.9 | (51.2) | 36.2 | 22.4 | 20.8 |
| Adjusted EPS | (4.6) | (79.7) | 91.2 | 38.8 | 40.2 |
| Profitability & Return ratios (%) | | | | | |
| EBITDA margin | 26.4 | 15.4 | 19.0 | 20.5 | 22.0 |
| EBIT margin | 21.0 | 7.8 | 11.1 | 12.6 | 14.1 |
| Adjusted profit margin | 13.1 | 3.2 | 5.5 | 6.7 | 8.4 |
| Adjusted ROAE | 21.4 | 3.9 | 7.3 | 9.5 | 12.2 |
| ROCE | 21.8 | 6.4 | 9.1 | 11.2 | 13.4 |
| Working capital days (days) | | | | | |
| Receivables | 95 | 120 | 100 | 100 | 100 |
| Inventory | 102 | 134 | 100 | 100 | 100 |
| Payables | 43 | 76 | 65 | 65 | 65 |
| Ratios (x) | | | | | |
| Gross asset turnover | 1.3 | 0.9 | 0.9 | 0.9 | 0.9 |
| Current ratio | 2.6 | 2.5 | 2.3 | 2.2 | 2.2 |
| Net interest coverage ratio | 7.7 | 2.1 | 3.0 | 3.7 | 5.3 |
| Adjusted debt/equity | 0.5 | 0.6 | 0.5 | 0.5 | 0.4 |

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

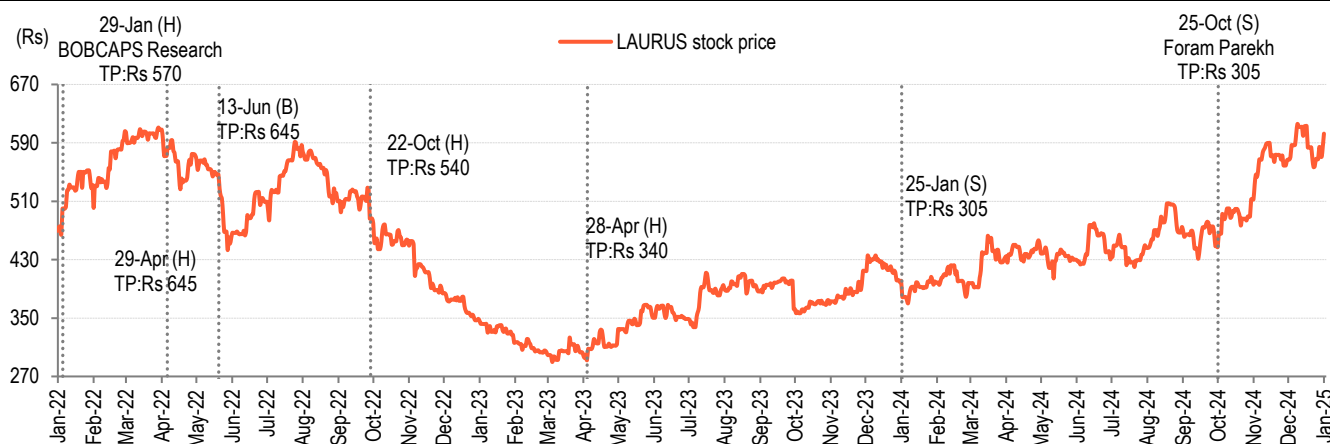
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): LAURUS LABS (LAURUS IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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