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20 YEARS

Initiating Coverage
Laurus Labs Ltd

14-January-2021

RETAIL RESEARCH

Laurus Labs Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Pharmaceuticals	Rs 348.1	Buy on dips in the Rs 316-318 band and add more on dips to Rs 286-288 band	Rs 356	Rs 397	2 quarters

HDFC Scrip Code	LAULABEQNR
BSE Code	540222
NSE Code	LAURUSLABS
Bloomberg Code	LAURUS: IN
CMP Jan 13, 2021	348.1
Equity Capital (Rs cr)	106.9
Face Value (Rs)	2
Equity Share O/S (cr)	53.6
Market Cap (Rs cr)	18655
Book Value (Rs)	33.1
Avg. 52 Wk Volumes	4493287
52 Week High	365.6
52 Week Low	61.9

Share holding Pattern %	(Sep, 2020)
Promoters	32.1
Institutions	27.1
Non Institutions	40.8
Total	100.0

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Our Take

Laurus Labs is one of the world's leading suppliers of Anti-Viral APIs and intermediates. Laurus has leveraged its API skills and forward integrated capabilities to supply finished dosage formulations in regulated and semi-regulated markets. Its strategic and early investments in R&D and manufacturing infrastructure matched with the spurt in demand for HIV drugs in low and middle-income countries (LMIC). Finished dosage formulations (FDF) business led by LMIC tenders delivered significant growth in recent past and expected to provide steady growth opportunities. Moreover, focus on developing and subsequently filing ANDAs in the regulated markets is likely to help in increasing contribution from the FDF business to overall revenue.

In the formulations segment, Laurus targets Lower Middle Income Countries (LMIC), US, Canada and Europe. Company focuses on therapeutic areas such as ARV (Anti-retroviral), Cardiac, CNS and Anti-Diabetic. In ARV, the company has filed four triple combination products namely DLT, TLE 600, TLE 400 and TEE. In May-2020, Laurus received approval from US FDA under PEPFAR (President's Emergency Plan For AIDS Relief) for two ANDAs TLE 400 and TLE 600 tablets. API division is expected to improve gradually with the addition of new molecules not only in the Anti-Viral segment but also in other key therapeutic segments. Increasing supplies from Aspen and expectation of getting new business from other major companies would provide steady growth opportunities in the Synthesis business. We believe its strong focus on its formulations and synthesis business would be key growth driver for the company in the coming years.

Robust growth in the formulations business and emerging opportunities in the API space coupled with strong order book for the synthesis business provides ample growth visibility. Moreover, almost doubling of capacity, primarily to cater to the surge in demand for formulations augurs well and would substantially boost revenues over the next 2-3 years. Higher share of the formulations business has led to improved mix and has aided margin expansion which is clearly visible in H1FY21. Robust performance in H1FY21 points to a very strong growth for FY21, post that we believe the company would continue to deliver growth in mid-teens.

View & Valuation

Formulations segment is the new growth engine for Laurus while synthesis and other API businesses are expected to grow in mid double digits. Company recorded robust growth in net profit for FY20 and H1FY21 led by robust growth in the Formulations (FDF) which recorded

202% yoy surge in revenues. EBITDA margin surged to 30.9% driven by strong operating leverage. Within the pharma space, Laurus is a very unique company having presence across API, CRAMS, formulations (FDF) and Biologics. Its topline is expected to grow at ~29% CAGR over FY20-23E led by robust growth in Formulations and healthy growth from API, synthesis segments. We estimate 66% earnings CAGR over FY20-23E, as formulations segment is expected to generate strong revenue growth of 38% followed by Synthesis which is likely to grow at 17% CAGR in the same period. After the sharp increase in margin in FY21, we believe it should remain in the range of 30-31% over the same period. Improving margins and higher asset utilization will push RoE/RoCE to levels of 30% in FY22E. Strong R&D skills, cost competitive processes, high probability of success in tender business, improvement in business mix led by formulations and strong return ratios are some of the key positives. The ramp-up of formulation business, addition of new clients in the synthesis business, delay in receiving new orders in LMIC, change in pricing scenario in ARV API business and changes in general business momentum will be monitored closely. We feel investors can buy Laurus Labs on dips to Rs 316-318 band (16.0x Sept22E EPS) and add more on dips to Rs 286-288 band (14.5x Sept22E EPS) for base case fair value of Rs 356 (18.0x Sept22E EPS) and bull case fair value of Rs 397 (20.0x Sept22E EPS) over the next two quarters.

Financial Summary

Particulars (Rs cr)	Q2 FY21	Q2 FY20	YoY (%)	Q1 FY21	QoQ (%)	FY19	FY20	FY21E	FY22E	FY23E
Total Revenues	1139	712	60.0	974	16.9	2,292	2,832	4,460	5,129	6,043
EBITDA	374	138	171.0	278	34.5	357	564	1361	1538	1863
Depreciation	51	48	6.7	49	4.1	164	187	213	258	305
Other Income	5	1	257.1	7	-28.6	16	6	17	22	30
Interest Cost	14	26	-46.5	15	-8.7	88	90	63	67	55
Tax	72	9	682.6	50	44.9	26	38	259	284	352
APAT	242	57	326.8	172	40.7	95	255	838	944	1169
EPS (Rs)						1.8	4.8	15.7	17.7	21.9
RoE (%)						6.2	15.3	39.1	32.1	30.2
P/E (x)						197	73	22.4	19.8	15.9
EV/EBITDA (x)						54	34.2	14.2	12.5	10.4

(Source: Company, HDFC sec)

Q2FY21 result update

Laurus Labs posted stellar performance in the quarter with revenues growing 60% yoy, led by sharp sequential ramp-up in formulations division and strong performance across all other segments. Formulations segment was the stand-out performer registering revenue growth of 3-fold to Rs 452cr led by continued scale-up in LMIC markets and higher volumes across US and EU. ARV APIs recorded 20% yoy growth aided by higher supplies of DTG/TDF API. Synthesis and oncology APIs also grew at healthy pace of 35% yoy and 44% yoy respectively. Gross margins expanded 180bps qoq led by better product mix. Despite higher employee and other expenses, operating leverage benefits led to sharp 420bps expansion in margin on a qoq basis while on yoy basis margin surged 1350bps yoy to 32.8%, which was due to expansion of 650bps yoy in gross margins, benefits of operating leverage and a favourable mix. Strong revenues and operational performance led to 332% yoy surge in PAT at Rs 241.7cr.

Growth in the formulations segment was led by higher sales from tender business in LMIC. During the quarter, Laurus launched the TLE400 in LMIC markets, while it has launched TLE 400 and TLE 600 in the US. Further the company received 8 final approvals and 8 tentative approvals.

Around 50% of revenues came from API segment, 40% from Formulations (FDF) and 10% from Synthesis. Going ahead, the company expects the mix to change slightly in favor of the synthesis segment. It expects 40% of revenues to come each from the API and FDF segment while the balance 20% would be constitute by the Synthesis business. This augurs well from margin expansion perspective as Synthesis business commands higher margins.

The company plans to file 8-10 ANDAs each year in the US. Till date, it has filed 26 ANDAs in the US along with 9 in Europe and 12 in Canada. The company has also filed a total of 61 DMFs and 264 patents, of which it has been granted 130 patents. Laurus has also increased its capex guidance to Rs 1200cr over FY21-22 (vs. Rs 600-700cr earlier) and is aiming for market share gains in ARV and non-ARV APIs.

Formulations revenues to grow at 38% CAGR over FY20-23E

Efforts towards building capacity for formulations, develop products and its commercialization are reflected in the segment's strong financials for FY20 and H1FY21. Revenue has largely been driven by ARV products (ANDA) up to FY20. The company continues to add levers within the FDF segment by developing and subsequently filing ANDAs and through decent traction from contract manufacturing customers. It has entered into a partnership with a European generic player for contract manufacturing. With the cumulative filing of 26 ANDAs to date and 16 approvals (8 final and 8 tentative), Laurus intends to file 8-10 ANDAs annually over the next 2-3 years. As per the management, it aims to have 2-3 new launches in the formulation segment in FY22. Company intends to double FDF capacity by Mar-2022. Accordingly, we expect 43% CAGR in formulation revenues over FY20-23E.

In May-2020, Laurus received approval from US FDA under PEPFAR (President's Emergency Plan For AIDS Relief) for two ANDAs TLE 400 and TLE 600 tablets. Company is one of the few players in the ARV segment to receive an approval for TLE 400 tablets. TLE 400 is one of the most preferred regimens in the ARV first line treatment. The Company already received WHO Pre-Qualification for TLE 400 (Tenofovir/ Lamivudine/ Efavirenz - 300/300/400mg). Laurus Labs has launched both the products in several LMIC markets. While the business of TLD is likely to sustain over the next couple of years, the recent approval of TLE400 and TLE600 further enhances its scope to get a better pie in tender driven HIV market.

In Jul-2019, Laurus Labs launched the generic version of Lyrica (Pregabalin) in US market along with its exclusive distribution partner Rising Pharmaceuticals. Pregabalin Capsules are indicated for management of neuropathic pain associated with diabetic peripheral neuropathy. It had US sales of US$ 5.4bn for the 12 months ending March 2019, according to IMS Health. Company said that it has a strong order book in Europe for FY21. Till now, the company's facilities are fully compliant and haven't faced issues from regulators. Company has filed 9 dossiers in EU markets and 12 dossiers in Canada. Laurus Labs said that the maiden US FDA audit for its Unit 4 was successfully completed without any observations and no form 483 issued. The inspection was carried out in July 2019. Company has spent 5-7% of revenue in R&D expenditure over the past five years and as revenues grow we expect 4-5% of revenue as R&D in the next three years.

Company would double formulations capacity by Mar-2022

The tender business from the low and middle income countries (LMIC) is also on a strong footing and the company has a healthy order book. LMIC volume growth has been mainly driven by increase in patient coverage and TLD product market-share gains. It has ~15% market share in firstline ARV treatment (20% in TLD ex-South Africa). Laurus is currently operating at close to optimum utilization levels. With a strong demand environment, management anticipates capacity constraints going ahead. Therefore, it is expanding capacities, primarily through brownfield expansion. The first leg of de-bottlenecking is expected to be over by end of Q4FY21 (would be done in two phases – 1st to go on stream by end of Q3FY21; 2nd one by Q1FY22) while the second leg of expansion would be done in two phases, which would go on stream by September 2021 and December 2021. Cumulatively, the formulations capacity would increase by 80% over the next 2 years. Laurus is eyeing revenue potential of 1.5-2x from the new capacities. Also, traction from the North America and EU is expected to sustain going ahead and would aid topline growth.

Focus on synthesis business would help expand margins

The company undertakes contract development and manufacturing services for global pharmaceutical companies. Laurus has executed several projects in various stages from pre-clinical to commercial scale. It entered into an intermediate toll manufacturing and supply agreement with Aspen Group, a global specialty and branded multinational pharmaceutical company with a presence in both emerging and developed markets, pursuant to which the Company manufactures and supplies certain hormonal intermediates. Laurus invested around Euro 25mn in setting up a dedicated facility (unit-5) for Aspen for the manufacturing of hormonal and steroid intermediates. As per the management the (greenfield) Vizag facility will help the company to meet orders for coming years and is largely targeted towards steroids/hormones, oncology and certain large volume supplies. Laurus has been able to acquire sizeable business from Aspen in this segment and has commenced commercial supply for two more products, which offers better visibility for growth in this segment. The company is also in the process of collaborating with large global innovator pharmaceutical companies, mid and small biotech companies, which would help in supporting its future revenue growth. The company is also leveraging its process chemistry skills to strengthen presence in ingredients business for nutraceutical (food product that not only supplements the diet but also assists in treating or preventing disease) and cosmeceutical sectors as they adopt quality standards at par with pharmaceutical industry, which would further diversify its revenue stream in the Synthesis business. As on Sep-2020, total active projects stood at 49, and the company sees new client wins happening, which would take active projects higher. Currently, the company has commenced commercial supplies for 4 products. Its synthesis revenues have grown by 4x from Rs 100cr to Rs 385cr in the last 5 years. We estimate segment revenues to grow at 17% CAGR over FY20-23E.

Anti-Viral API Business

Laurus Labs is one of the leading players in Anti-Viral API space. Company has large capacity for two first line products namely Lamivudine and Dolutegravir (DTG). It has developed second line products Lopinavir, Ritonavir and Darunavir. The demand for Anti-Viral APIs will see continued growth in the coming years owing to a steady rate of new HIV patients, higher detection and coverage rate, decline in cost of treatment and increase in ARV tenders. Global HIV drug market has seen significant changes over the past decade as various combination drugs and newer classes of drugs gradually replaced older therapies for first-line and second-line treatments. DTG is replacing Efavirenz in most of the Africa region. Laurus is present in most of the preferred regimens for the treatment of HIV. Its ARV portfolio consists of 12-14

APIs out of ~30 molecules in the market to treat HIV patients. With the introduction of DTG, volume growth for other ARV API would fall since the required DTG dosage is relatively small. Moreover, since DTG is significantly cheaper than other APIs, the ARV API market size would also grow at a lower rate as compared to ARV formulations. More than 50% of the Global ARV tenders are granted by 3 funds - Global Fund, PEPFAR and South Africa Govt. Fund. These tenders are majorly given for TLE, TEE and TLD products. Lower cost and patented processes have been the key factors in making Laurus as the preferred API supplier in Anti-Viral segment. We expect 15% revenue CAGR led by new second line products introduction, maintaining growth rate in the existing products and supply to developed markets such as EU and US.

Oncology and Other APIs

Oncology API segment offers high margins and therefore growth in revenues from the segment would expand overall margins. Company derives large part of revenues from Gemcitabine and Imatinib. Gemicitabine is key molecule in the Oncology segment. Oncology API revenues has grown at 22% CAGR over FY17-20. It was led by expanded capacity at unit III and new products introduction. Growth in Oncology API segment would be led by new launches and increase in market share in the existing products. We expect 17% growth in revenues over the next three years.

In the Other APIs segment, revenues grew at 28% CAGR over the past three years, albeit on a lower base. Company derived 19% revenues from these segments cumulatively. Metformin and Pantoprazole continue to be among key molecules and are expected to be the growth drivers in this segment. Therapeutic areas such as cardiac, anti-diabetic and ophthalmic are expected to offer good future prospects. We estimate 25% CAGR in Other API business over the next three years.

Richcore acquisition adds capabilities in biotech

Laurus Labs acquired 72.5% stake in Richcore Lifesciences Pvt. Ltd. for Rs 247cr, valuing the company at Rs 345cr in Nov 2020. The transaction is entirely funded through internal accruals. Laurus will be acquiring existing shareholding of PE funds Eight Road Ventures and VenturEast, while the existing founder and promoter will continue to run the operations. The transaction will be completed in around 3 months. Biologics requires 5-7 years of gestation period, Laurus strategic decision to acquire Richcore is a significant milestone in its journey. It provides capabilities in high growth areas of Recombinant (Rh) Proteins, Enzymes and Biological Contract Development and Manufacturing Organization (CDMO). Gross block for the Bengaluru/Tumkur facility is at Rs 38cr and Rs 50cr. As per the management, the optimal revenue potential from these facilities is ~Rs. 160cr (~2x asset turn ratio).

Richcore has capabilities in vaccine manufacturing and specializes in insulin and animal free recombinant products and fermentation based capabilities. Company derives majority of its revenues from exports. Currently, it has an R&D facility which manufactures launch scale quantities and has capacity of 17,750 litres. Another facility of 180,000 litres is expected to commence operations from Apr-2021. Richcore registered revenues of Rs 29cr, gross margins of 69% and EBITDA margin of 39% in H1 FY21. Management guided for better second half of FY21. As new plant starts commercial operations, the company would register robust performance in FY22. Unit-2 has been booked entirely by an existing customer. The acquisition won't add significantly to its revenues and profitability in FY22, however it would be earnings accretive.

The synergy benefit on account of Laurus' wide customer base, geographical footprint, strong chemistry skill set and Richcore's expertise in biotechnology and fermentation capacity would enable the company to become a dominant player in the CDMO space. It would also enable Laurus to considerably enhance its skillsets as well as capacity for monoclonal antibodies (MABs) and other biosimilars. The real benefits may begin to accrue post FY23. At present, revenue is split equally between Ingredient, Enzyme and CDMO. With the commercialization of the Tumkur facility, CDMO share in revenue would be higher. The management said its customer base at the Bengaluru facility is quite diversified. The majority of its customers are from the US and EU.

Growth momentum to improve

Indian pharmaceutical companies are better placed to harness opportunities and clock healthy growth going ahead. Indian companies are among the most competitive ones globally and hold a sizeable market share in most developed as well as other markets. Export oriented pharmaceutical players usually have a volatile outlook unlike the companies having higher revenues from domestic market. However, other factors such as easing of pricing pressures (especially in US generics market), rise in product approvals and plant resolutions by the US FDA and emerging opportunities in the API space would be the key growth drivers. This would be complemented by the strong capabilities developed by Indian companies (leading to a shift towards complex molecules, biosimilars) and commissioning of expanded capacities by select players over the medium term. Collectively, this indicates strong growth potential going ahead for pharma companies.

Key Risks/Concerns

Competition and pricing discounts in tender driven ARV business

As the focus of country-specific tenders and those funded by international agencies have been to curtail treatment cost, competitive bidding becomes a key method of passing tenders. Our growth forecast is purely based on growth in volume, while pricing remains constant. Any significant change in pricing may impact profitability of the API business vertical.

As Formulation business grows, quality compliance would be critical

As ANDA based formulation business is being ramped up, US FDA's quality compliance issues would be critical for the company. So far, quality checks by various regulatory agencies on its facilities and products have been clean. Regulatory compliance is necessary even in other segments.

Company derives significant part of its revenues from Top-10 customers. There remains a risk if the customer runs into financial mess or switches supplier.

Currently, 16.4% of promoters' holding is pledged, which was ~45% in Mar-2020. Any further rise in pledging would be a concern.

Any delay in capacity expansion of Formulations business may lead to lower than estimated growth and which may put pressure on earnings.

Launch of alternative treatments or therapies to treat diseases and/or price and availability of raw materials also pose concern.

Higher price erosion in the US

Higher than expected erosion in US prices and adverse outcome on drug price fixing lawsuit in US remain concerns.. Delay in approvals/launches may impact the US business. Legal tangles with other pharma companies in the developed countries or regions where it is present throws up a concern area.

Higher client concentration risk in the Synthesis business

Aspen group is the one of the largest clients of Laurus' Synthesis business. This business is highly capital intensive and lumpy in nature and any change in contract or delay in execution could lead to change in earnings outlook.

Company Background

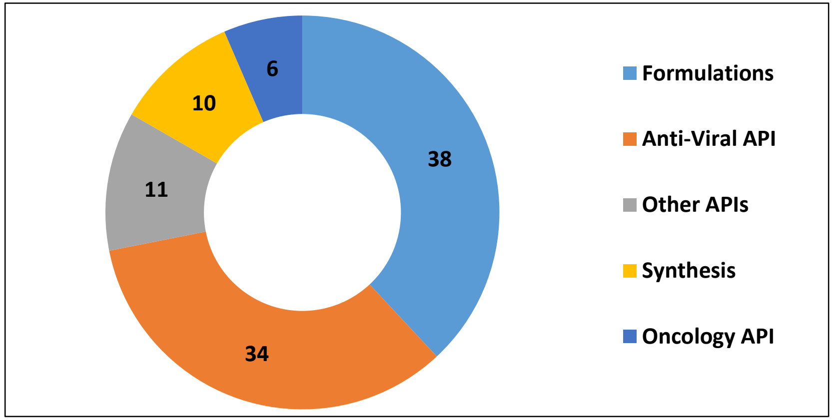
Laurus Labs is a Hyderabad-based leading R&D driven pharmaceutical company in India, with a leadership position in generic active pharmaceutical ingredients (APIs) for select, high-growth therapeutic areas of anti-viral space (ARV). It has transformed itself from a one product company in 2010 to currently having presence across API, Formulations, CDMO and Biologics. The company also has presence in oncology and other APIs. Its strategic and early investments in R&D and manufacturing infrastructure enabled it to be one of the leading suppliers of APIs in the ARV therapeutic area to multinational pharmaceutical formulation companies, which cater to the large and fast-growing 'donor-funded access-to-medicines markets' of Sub-Saharan Africa, South-East Asia and Latin America. Further, it is increasingly focused on growing its integrated generics finished dosage forms (FDFs) business, in which it has made significant investments. Company operates in four business lines: Generics - APIs, Formulations (FDF), Synthesis and Biotechnology (Richcore Lifesciences).

Its Generics-API business comprises the development, manufacture and sale of APIs and advanced intermediates. FDF business comprises the development and manufacture of oral solid formulations, while its Synthesis business includes contract development and manufacturing services for global pharmaceutical companies.

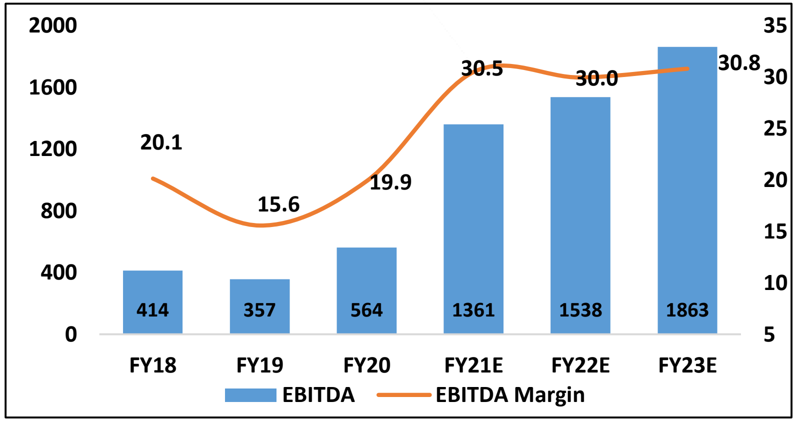
During FY20, revenue contribution from domestic market has declined from 53% in FY19 to 35% in FY20. The decline is due to lower offtake of Efavirenz in South Africa eventually resulting in lesser requirements from domestic players who in turn supply to African markets. Overall contribution from export market has increased from 47% in FY19 to 65% in FY20. Exports to Japan, China and USA have increased in FY20 compared to FY19. Exports to Africa and USA are primarily finished dosages and exports to other parts of the world primarily constitute APIs.

Laurus Labs Ltd.

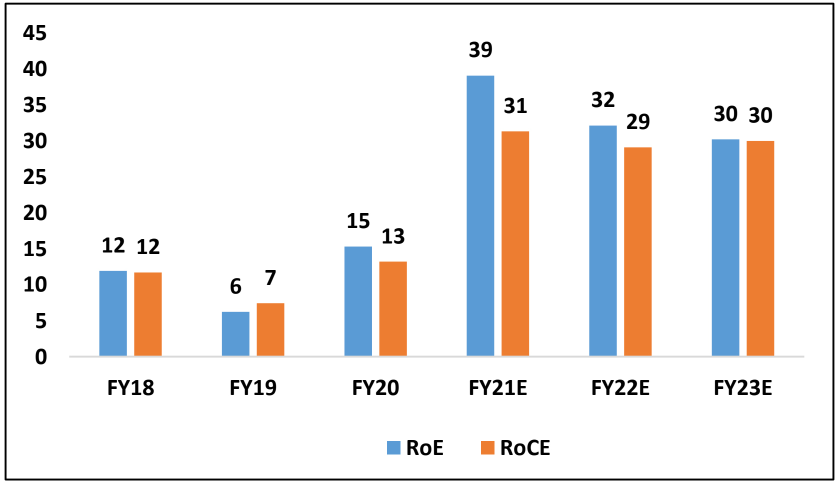
H1 FY21 revenues split (%)



EBITDA and EBITDA Margin Trend



Superior Return Ratios (%)



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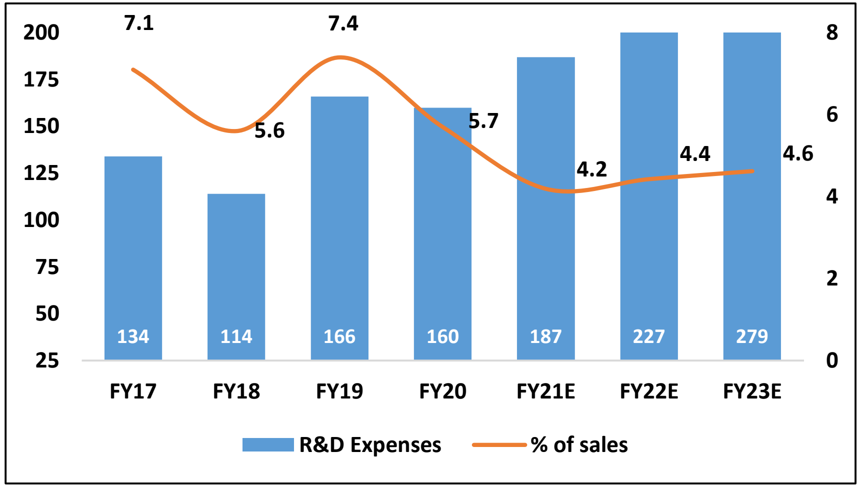
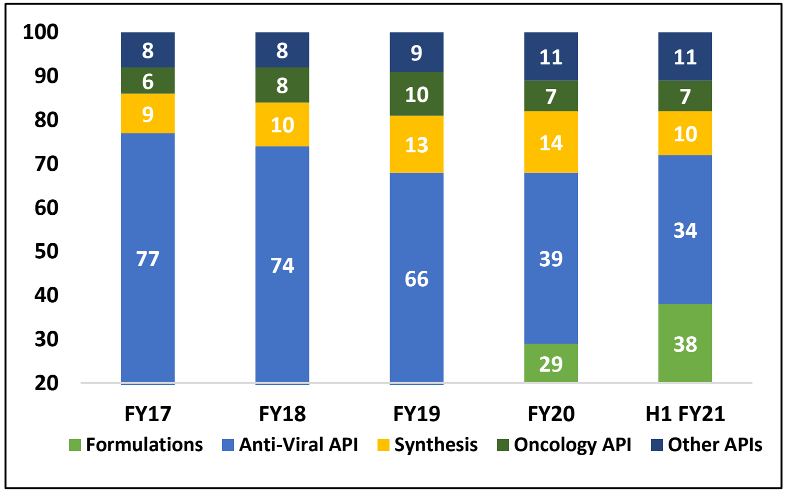
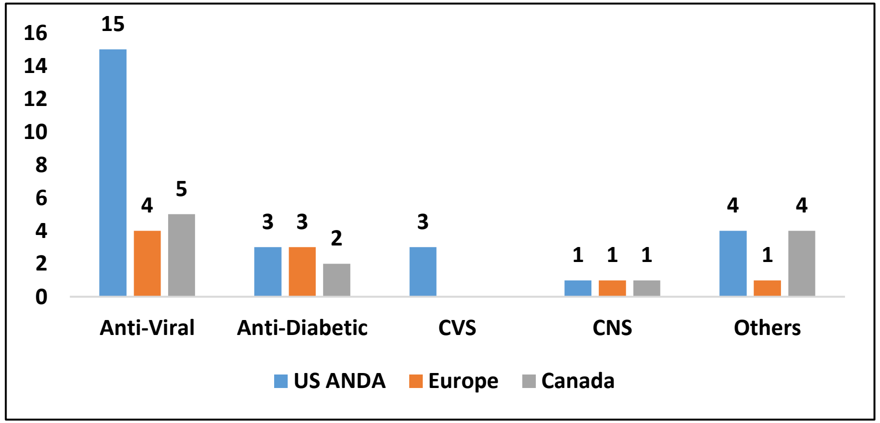
R&D Expenses Trend



Overall business mix (%)



Therapywise Filings (#)



Laurus Labs Ltd.

Financials

Income Statement (Consolidated)

(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Total Income	**2056**	**2292**	**2832**	**4460**	**5129**	**6043**
Growth (%)	8	11.5	23.6	57.5	15	17.8
Operating Expenses	1642	1935	2268	3099	3592	4180
EBITDA	**414**	**357**	**564**	**1361**	**1538**	**1863**
Growth (%)	2	-13.8	58	141.5	13	21
EBITDA Margin (%)	**20.1**	**15.6**	**19.9**	**30.5**	**30**	**30.8**
Depreciation	125	164	187	213	258	305
EBIT	289	193	376	1148	1280	1558
Other Income	28	16	6	17	22	30
Interest expenses	80	88	90	63	67	55
PBT	**238**	**121**	**293**	**1102**	**1236**	**1532**
Tax	70	26	38	259	284	352
RPAT	**168**	**95**	**255**	**838**	**944**	**1169**
Growth (%)	-11.8	-43.5	169	229	12.7	23.8
EPS	3.1	1.8	4.8	15.7	17.7	21.9

Balance Sheet

As at March	FY18	FY19	FY20	FY21E	FY22E	FY23E
SOURCE OF FUNDS						
Share Capital	106	106	106	107	107	107
Reserves	1377	1452	1663	2413	3254	4269
Shareholders' Funds	**1483**	**1558**	**1769**	**2520**	**3361**	**4376**
Long Term Debt	142	259	185	195	175	144
Net Deferred Liabs	-54	-55	-74	-74	-74	-74
Long Term Provisions & Others	86	90	103	119	129	147
Total Source of Funds	**1657**	**1852**	**1984**	**2759**	**3591**	**4592**
APPLICATION OF FUNDS						
Net Block (incl. CWIP)	1627	1717	1774	2161	2603	2749
Intangible Assets	17	22	20	20	20	20
Long Term Loans & Advances	72	76	72	79	88	97
Total Non-Current Assets	**1716**	**1815**	**1866**	**2260**	**2711**	**2865**
Inventories	585	682	905	1210	1377	1619
Trade Receivables	571	710	791	1079	1286	1498
Short term Loans & Advances	0	1	1	2	4	7
Cash & Equivalents	4	3	2	37	69	251
Other Current Assets	89	68	113	125	141	320
Total Current Assets	**1250**	**1461**	**1811**	**2451**	**2874**	**3691**
Short-Term Borrowings	759	684	792	832	732	527
Trade Payables	313	488	616	801	904	1044
Other Current Liab & Provisions	230	245	274	304	338	368
Short-Term Provisions	5	7	11	15	19	25
Total Current Liabilities	**1309**	**1424**	**1693**	**1952**	**1993**	**1964**
Net Current Assets	-60	37	118	499	880	1727
Total Application of Funds	**1657**	**1852**	**1984**	**2759**	**3591**	**4592**

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Laurus Labs Ltd.

Cash Flow Statement

(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Reported PBT	238	121	293	1102	1236	1532
Non-operating & EO items	-28	-16	-6	-17	-22	-30
Interest Expenses	80	88	90	63	67	55
Depreciation	125	164	187	213	258	305
Working Capital Change	78	-99	-81	-347	-350	-665
Tax Paid	-70	-26	-38	-259	-284	-352
OPERATING CASH FLOW (a)	**422**	**232**	**445**	**755**	**904**	**843**
Capex	-393	-250	-264	-600	-700	-450
Free Cash Flow	29	-18	181	155	204	393
Investments	15	-5	-15	-8	-8	-9
Non-operating income	28	16	6	17	22	30
INVESTING CASH FLOW (b)	**-350**	**-239**	**-273**	**-590**	**-686**	**-429**
Debt Issuance / (Repaid)	26	121	-61	25	-9	-14
Interest Expenses	-80	-88	-90	-63	-67	-55
FCFE	-25	15	31	117	128	325
Share Capital Issuance	0	0	0	1	0	0
Dividend	-19	-19	-32	-93	-110	-163
FINANCING CASH FLOW (c)	**-73**	**14**	**-182**	**-130**	**-186**	**-232**
NET CASH FLOW (a+b+c)	0	7	-10	35	32	182

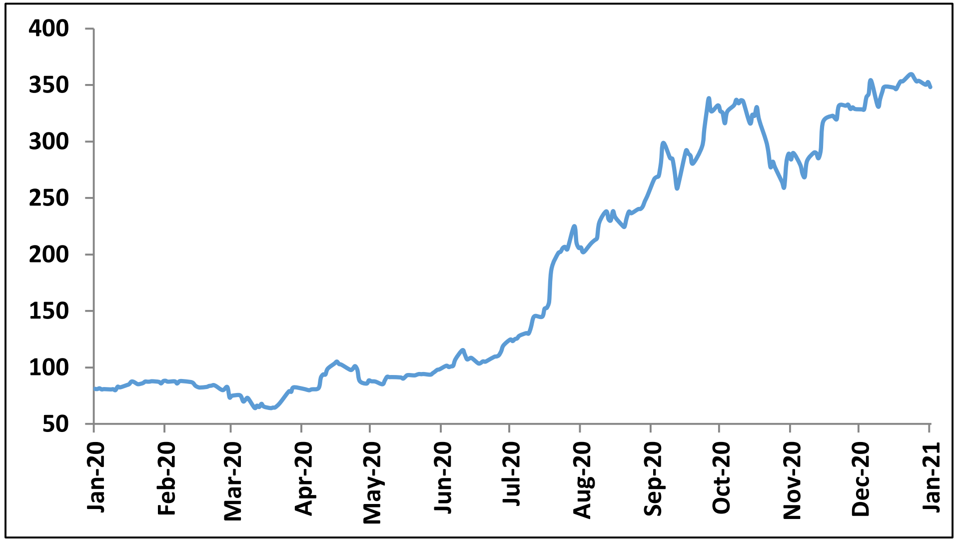
Key Ratios

	FY18	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	20.1	15.6	19.9	30.5	30	30.8
EBIT Margin	14	8.4	13.3	25.7	25	25.8
APAT Margin	8.2	4.1	9	18.9	18.5	19.5
RoE	11.9	6.2	15.3	39.1	32.1	30.2
RoCE	11.7	7.4	13.2	31.3	29.1	30
Solvency Ratio						
Net Debt/EBITDA (x)	2.2	2.6	1.7	0.7	0.5	0.1
D/E	0.6	0.6	0.6	0.4	0.3	0.2
Net D/E	0.6	0.6	0.6	0.4	0.2	0.1
PER SHARE DATA						
EPS	3.1	1.8	4.8	15.7	17.7	21.9
CEPS	27.7	24.3	41.5	19.7	22.5	27.6
BV	27.7	29.2	33.1	47.1	62.9	81.9
Dividend	1.5	1.5	2.5	1.7	2	3
Turnover Ratios (days)						
Debtor days	101	113	102	88	92	91
Inventory days	97	101	102	99	98	98
Creditors days	81	106	105	105	103	103
VALUATION (x)						
P/E	112.5	197	73	22.4	19.8	15.9
P/BV	12.7	12.1	10.7	7.5	5.6	4.3
EV/EBITDA	46.6	54	34.2	14.2	12.5	10.4
EV / Revenues	9.4	8.4	6.8	4.3	3.8	3.2
Dividend Payout (%)	47.8	84.6	52.4	10.8	11.3	13.7

(Source: Company, HDFC sec)

Laurus Labs Ltd.

One Year Price Chart



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