

# Aurobindo Pharma

BSE SENSEX

79,454

S&amp;P CNX

24,008



## Stock Info

Bloomberg	ARBP IN
Equity Shares (m)	581
M.Cap.(INRb)/(USD)	676.3 / 7.9
52-Week Range (INR)	1593 / 994
1, 6, 12 Rel. Per (%)	3/-12/-5
12M Avg Val (INR M)	1670
Free float (%)	48.2

## Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	315.4	343.3	381.4
EBITDA	67.0	76.2	86.2
Adj. PAT	36.2	42.8	49.6
EBIT Margin (%)	16.1	17.0	17.7
Cons. Adj. EPS (INR)	61.8	73.0	84.7
EPS Gr. (%)	10.2	18.2	15.9
BV/Sh. (INR)	566.8	635.9	716.6

## Ratios

Net D:E	-0.1	-0.1	-0.2
RoE (%)	11.5	12.1	12.5
RoCE (%)	10.6	11.4	12.0
Payout (%)	6.6	5.5	4.7

## Valuations

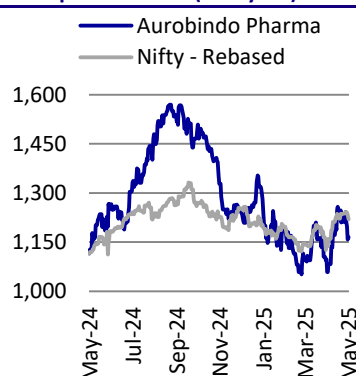
P/E (x)	18.7	15.8	13.7
EV/EBITDA (x)	9.7	8.3	6.8
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	4.7	2.5	6.6
EV/Sales (x)	2.1	1.8	1.5

## Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	51.8	51.8	51.8
DII	26.2	25.2	23.3
FII	15.3	16.3	18.0
Others	6.6	6.7	6.9

FII Includes depository receipts

## Stock performance (one-year)


**CMP: INR1,164 TP: INR1,360 (+17%) Upgrade to Buy**

## Diversification and differentiation backed by capacity

- Aurobindo Pharma (ARBP) is actively investing across multiple high-potential segments to drive sustained growth over the next 3-5 years.
- The company's Penicillin G (PEN-G) project is scaling up meaningfully, effectively curbing operational losses, and is expected to contribute materially to profitability in FY26 and FY27.
- In the US generics market, ARBP continues to strengthen its position by consistently adding limited competition products to its portfolio.
- Beyond generics, the company is expanding into peptides and biosimilars, while simultaneously building the necessary manufacturing capacities to support long-term growth.
- We raise our earnings estimate by 4%/3% to factor in: a) a faster scale-up in PEN-G, b) niche launches, and c) improved operating leverage. We value ARBP at 16x 12M forward earnings to arrive at a TP of INR1,360.
- ARBP stands out for having the most diversified US generics portfolio, demonstrating resilience against pricing pressure despite a robust USD2.1b revenue base. Additionally, its investments in differentiated capabilities and facilities for regulated markets position the company well for continued momentum.
- We project a 17% earnings CAGR over FY25-27. With the stock correcting 12-13% over the past six months, current valuations appear attractive. We upgrade the stock to BUY.

## PEN-G: From operational loss in FY25 to EBITDA contributor going forward

- Following an investment of ~INR30b, ARBP is implementing efforts to improve the yield of the manufacturing process.
- ARBP has worked comprehensively on this project, from raw material sourcing to establishing a manufacturing presence, at both the KSM and bulk drug levels. The company's formulation capacity has strengthened its presence across the entire value chain.
- In addition to building an uninterrupted power supply, ARBP has also addressed the significant water requirement for this project.
- Considering the global demand of 65-70k tons per annum, the company aims to establish a dominant position with a planned capacity of 15k tons per annum. With economies of scale and government support under the PLI scheme, we expect this project to contribute INR1.7b to EBITDA in FY26. Over the past 12M, it has dragged EBITDA by INR2b. Further, as production scales up, ARBP will become eligible for PLI incentive income.

## Generics: Work-in-progress on differentiated offerings

- ARBP is set to have the highest number of ANDA filings in the US generics market (853). Interestingly, it will have a diversified portfolio with minimal price erosion (low single digit).

- While limited competition products (g-Xarelto/g- Sprycel) are expected to drive near-term earnings, ARBP is actively advancing in the fields of biosimilars, peptides, and oligonucleotides to enhance its offerings.
- The company is specifically working on 14 products in the biosimilar segment for the US/EU market.
- Given its biologics manufacturing capabilities, the company has secured a CMO order from Merck to manufacture Drug Substance (DS)/Drug Product (DP). Accordingly, it is also working on doubling the bioreactor capacity to 60KL/annum.

#### Valuation and view: Upgrade to BUY

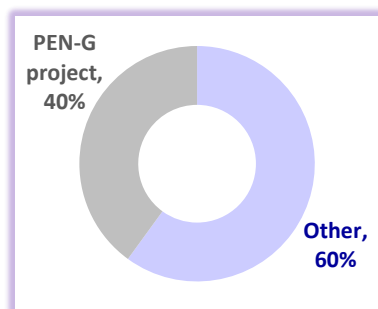
- After a strong FY24, ARBP is expected to post a moderate 10% YoY earnings growth in FY25, partly due to: a) operational losses from the PEN-G product and b) disrupted production at Eugia III caused by regulatory issues.
- With the above issues largely behind, we expect ARBP to witness an uptrend in earnings growth, led by a) better profitability from backward integration in antibiotic products through the PEN-G project, b) the launch of niche products, and c) scale-up in injectable production.
- We estimate 10%/13%/17% revenue/EBITDA/PAT CAGR over FY25-27.
- We value ARBP at 16x 12M forward earnings to arrive at a TP of INR1,360.
- Considering the earnings upside potential and recent correction in the stock price, we upgrade to BUY.
- **Key Risks:** Any adverse policies with respect to US tariffs on imports could impact our estimates. Additionally, delays in key approvals may keep earnings growth under check.

#### Exhibit 1: Valuation snapshot

Company	Reco	MCap (USD B)	EPS (INR)			EPS Growth YoY (%)			P/E (x)			EV/EBITDA (x)			ROE (%)		
			FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Ajanta Pharma	Buy	3.7	74.1	80.9	96.0	18.9	9.3	18.6	33.7	30.9	26.0	24.2	21.5	18.6	25.5	24.3	24.3
Alembic Pharma	Neutral	2.1	29.1	36.5	44.0	-7.4	25.2	20.5	30.8	24.6	20.4	18.6	15.3	12.9	11.5	12.9	13.9
Alkem Lab	Neutral	7.1	186.0	198.7	224.6	16.5	6.8	13.1	27.1	25.3	22.4	24.4	21.6	19.3	19.9	18.3	18.0
Apollo Hospitals	Buy	11.8	99.6	120.3	155.9	59.6	20.8	29.5	70.1	58.0	44.8	33.1	28.8	23.3	18.8	19.0	20.4
<b>Aurobindo Pharma</b>	<b>Buy</b>	<b>7.9</b>	<b>61.8</b>	<b>68.9</b>	<b>79.1</b>	<b>10.2</b>	<b>11.4</b>	<b>14.8</b>	<b>19.4</b>	<b>17.4</b>	<b>15.1</b>	<b>10.0</b>	<b>9.0</b>	<b>7.5</b>	<b>11.5</b>	<b>11.5</b>	<b>11.8</b>
Biocon	Buy	4.9	0.3	3.9	9.0	-80.9	1,044.6	128.5	1,005.3	87.8	38.4	18.2	15.1	12.3	0.2	2.3	5.1
Blue Jet Healthcare	Buy	1.5	17.4	20.6	24.7	76.0	18.5	20.3	42.6	35.9	29.8	34.3	27.0	21.9	30.7	28.0	26.4
Cipla	Neutral	14.4	62.2	61.2	68.2	18.5	-1.6	11.4	24.3	24.7	22.1	15.8	15.4	13.5	16.0	13.8	13.5
Divi's Lab.	Neutral	19.2	76.3	96.0	118.0	27.2	25.8	22.9	80.5	64.0	52.1	55.9	45.4	37.4	14.2	16.1	17.6
Dr Agarwal's Hea	Buy	1.3	2.9	4.0	5.3	9.7	37.2	32.2	123.4	89.9	68.0	23.8	19.7	15.9	5.3	5.8	7.1
Dr Reddy's Labs	Neutral	11.4	63.0	69.1	65.6	-0.6	9.6	-5.0	18.4	16.8	17.7	9.8	9.0	8.7	17.2	16.2	13.4
ERIS Lifescience	Neutral	2.4	26.9	39.6	54.5	-7.9	46.8	37.9	54.4	37.0	26.9	21.4	18.4	15.1	13.6	17.5	20.3
Gland Pharma	Buy	2.7	42.5	55.1	66.4	-10.8	29.7	20.6	33.0	25.5	21.1	17.7	14.6	12.4	7.7	9.2	10.1
Glenmark Pharma.	Buy	4.8	49.7	60.7	71.1	1,902.5	22	17.1	28.9	23.7	20.2	16.9	13.7	11.6	16.5	17.1	16.9
Glaxosmit Pharma	Neutral	5.7	51.3	59.0	69.0	18.4	15.1	16.9	55.5	48.2	41.3	41.6	35.7	30.6	39.8	36.8	34.2
Global Health	Buy	3.8	19.8	24.9	30.9	11.0	26.2	23.9	61.3	48.6	39.2	36.3	29.2	23.8	17.1	18.7	19.7
Granules India	Buy	1.3	19.5	26.5	33.4	12.5	35.7	26.0	23.2	17.1	13.6	12.3	10.4	8.5	13.7	16.2	17.3
Ipca Labs.	Buy	4.1	34.4	45.5	56.1	38.5	32.2	23.3	39.6	30.0	24.3	20.6	16.7	13.8	13.0	15.3	16.4
Laurus Labs	Buy	3.9	5.8	10.5	14.3	92.4	80.6	36.2	105.2	58.2	42.7	33.4	25.1	21.2	7.2	11.7	14.2
Lupin	Neutral	11.1	71.9	79.1	85.6	73.1	10.1	8.1	28.8	26.2	24.2	17.8	16.0	14.2	20.7	18.9	17.2
Mankind Pharma	Buy	11.8	49.0	54.3	71.3	2.6	10.9	31.3	49.6	44.7	34.1	32.0	25.1	21.0	17.4	15.2	17.6
Max Healthcare	Buy	13.2	15.4	22.2	26.1	11.8	44.6	17.3	75.0	51.8	44.2	48.4	35.7	30.7	14.9	18.3	17.9
Piramal Pharma	Buy	3.3	0.7	2.2	4.0	66.5	215	81.7	303.0	96.3	53.0	23.1	17.0	13.9	1.2	3.6	6.2
Sun Pharma	Buy	50.4	49.2	59.5	66.6	18.7	21.0	11.9	36.2	29.9	26.8	28.2	24.1	21.0	17.2	17.9	17.1
Torrent Pharma.	Neutral	13.1	56.9	74.9	93.8	20.8	31.5	25.4	57.8	43.9	35.1	30.3	24.9	21.0	25.8	28.5	29.7
Zydus Lifesciences	Neutral	10.5	44.3	48.7	43.0	17.7	10.0	-11.7	20.0	18.2	20.6	12.8	10.9	11.6	19.7	17.8	13.8

Source: MOFSL, Company

About 40% of capex over FY23-25YTD has been dedicated for the PEN-G project.



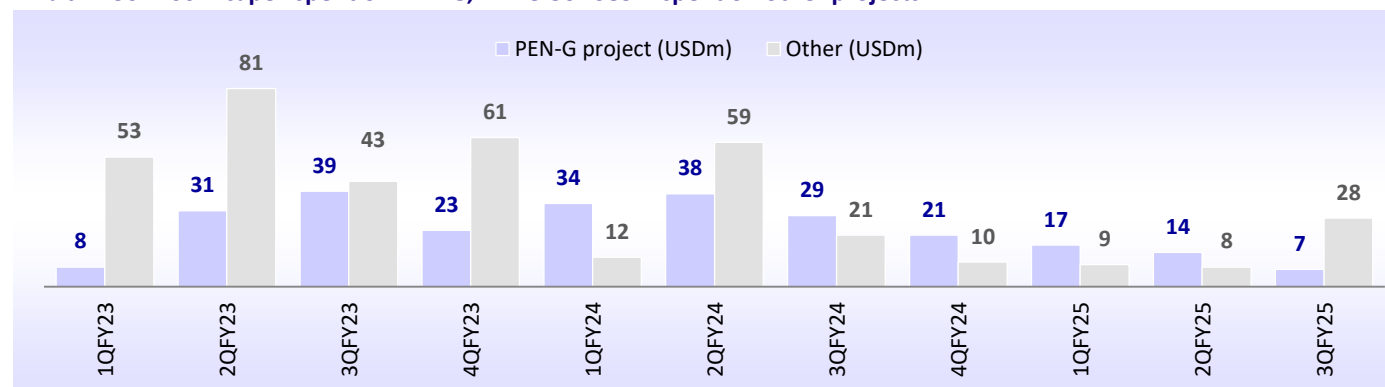
## Diversified growth levers

- Following the announcement of the PLI scheme in CY21, ARBP actively participated in building capacity for the PEN-G production. As a result, it has not only improved its yield in PEN-G extraction but is also expected to achieve break-even on this project.
- While the pace of approvals has moderated in 9MFY25, ARBP has bagged and launched niche products such as g-Xarelto/g- Sprycel.
- Additionally, the production of specialty injectables is expected to revive soon with the implementation of remediation measures at Eugia III.
- ARBP is developing/adding newer growth drivers in the fields of CMO, biosimilars, peptides, and oligonucleotides.

## ARBP in scale-up mode for PEN-G project

- Following an investment of ~INR30b, ARBP is implementing efforts to improve the yield of its manufacturing process. The company has set up PEN-G capacity of 15k tons per annum.
- With this, the company will establish a manufacturing presence across the entire value chain for Amoxicillin and Ampicillin. Notably, ARBP is the largest antibiotic medicine supplier in the US.

**Exhibit 2: USD260m capex spent on PEN-G, while USD385m spent on other projects**



Source: MOFSL, Company

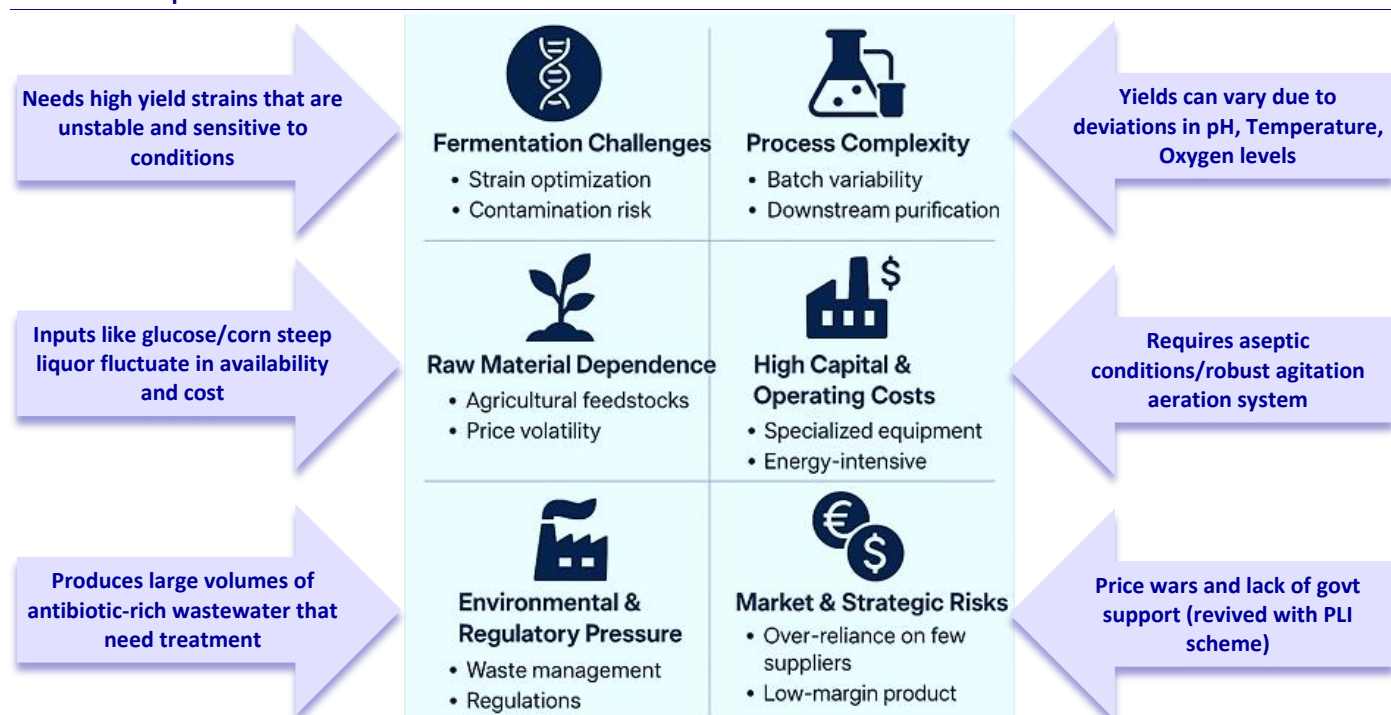
## EBITDA break-even in PEN-G project to add INR2b to ARBP's overall EBITDA for FY26

- Since the plant's inception in 1HFY25, ARBP has incurred an operational loss of INR2b to scale up production and achieve the required yield in the fermentation process for manufacturing PEN-G.
- With optimal yield expected to be achieved soon, EBITDA break-even is anticipated to occur in 1QFY26. Further, the PLI benefit is expected to materialize with the commercialization of the plant.
- Accordingly, we build an additional EBITDA of INR3.5b-4b for FY26 from this project.
- Subsequently, we expect INR8b in FY27, driven by a further scale-up in production, which will also be utilized for external sales.

### Comprehensive manufacturing value chain of ARBP to back strong competitive positioning

- ARBP has worked to establish itself across the manufacturing process to optimize benefits from the PEN-G project.
- Manufacturing PEN-G presents several challenges, such as: a) procuring raw materials in large volumes, b) creating a suitable environment for large-scale fermentation process and achieving optimal yield, c) managing the energy-intensive nature of the fermentation process, d) ensuring availability of large volumes of water, and d) maintaining a presence in downstream processing to optimize the cost of production.

**Exhibit 3: Complexities across the value chain of PEN-G**



Source: MOFSL, Industry

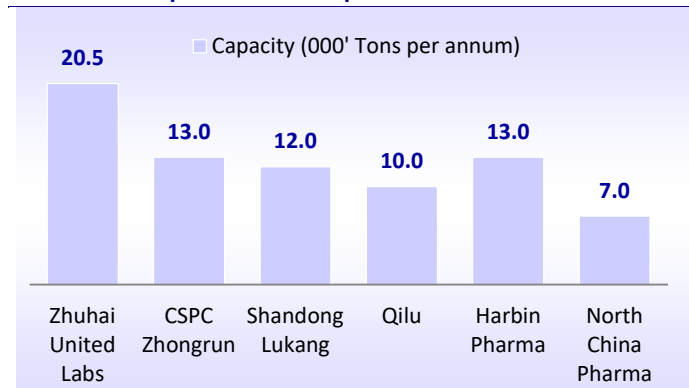
- The key raw materials used for manufacturing PEN-G are glucose and/or corn steep liquor. About 20kg of glucose is required to manufacture 1kg of PEN-G. Alternatively, about 60gm of PEN-G is produced per litre of reactor volume during the fermentation process. ARBP produces glucose in-house, which is then used to manufacture PEN-G.
- ARBP requires about 17m litres of water daily for its manufacturing process. To ensure an adequate supply, the company has strategically built its plant near the sea. Further, since the permissible TDS levels for discharging water into the sea are higher than those for fresh water sources, this setup also helps reduce operational costs.
- ARBP has established an in-house power unit to ensure uninterrupted power supply and further minimize operational costs.
- The company has also invested in downstream processes to manufacture 6-APA, which is used to produce the Amoxicillin bulk drug. Additionally, it has invested in the production of GCLE to further manufacture Ampicillin.

- The company also manufactures formulations, giving it a strong and comprehensive presence across the entire value chain.

### Well-placed to beat competition

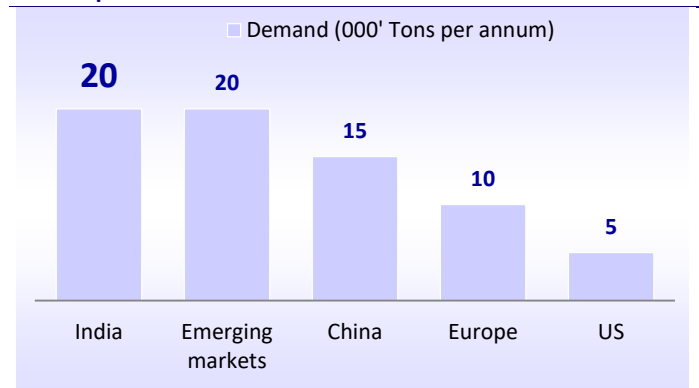
- About 85-90% of the global requirement is met by Chinese suppliers. Notably, United Labs, CSPC Zhongrun, and Shangdong each have a capacity of 15-25k tons per annum. Meanwhile, Qilu, North China Pharma, and Harbi Pharma have capacities closer to 10k tons per annum.

**Exhibit 4: Competitive landscape**



Source: MOFSL, Industry

**Exhibit 5: India emerging markets forms 57% of global PEN-G consumption**



Source: MOFSL, Industry

- On the consumption side, about 20k tons per annum each is required for the Indian market and other emerging markets. China needs about 15k tons per annum, while Europe/US needs 10K/5k tons per annum.
- With support under the PLI scheme from the government of India, ARBP's capacity will be sufficient to cater to the domestic requirement, reducing its reliance on imports.
- There has been considerable discussion regarding the potential impact of additional capacities on pricing and the overall viability of the project for ARBP. However, since the project is implemented under the PLI scheme, we expect appropriate intervention from the Government of India to mitigate the impact of any price reductions by global suppliers.

### Limited competition products to further support growth in US generics

- ARBP has successfully entered the US market with its generic versions of Rivaroxaban 2.5 mg and Dasatinib tablets, expanding its presence in the cardiovascular and oncology segments.
- With these entries, ARBP aims to capture a share of the growing generic market and strengthen its portfolio in these critical treatment categories.

### g-Xarelto – Promising generic opportunity in the near term

- According to IQVIA, the total estimated US market size for all strengths of Rivaroxaban (Xarelto) stood at USD8b for the 12M ending Feb'25.
- The 2.5mg strength was approved and launched by ARBP in Apr'25. With a market size of ~USD450m, it accounts for 5.3% of the total Rivaroxaban market.

- In addition to ARBP, three other companies have received final approval for the product. Given the competition, we expect 50-55% price erosion, with ARBP capturing 20-25% of the market share. Accordingly, we build USD40-50m from this product over the next 12M.
- Notably, ARBP has received tentative approval for other strengths (10mg/15mg/20mg) as well. The commercial launch of these strengths will be subject to USFDA's final approval/litigation outcome.
- ARBP maintains a strong presence in the manufacturing value chain.

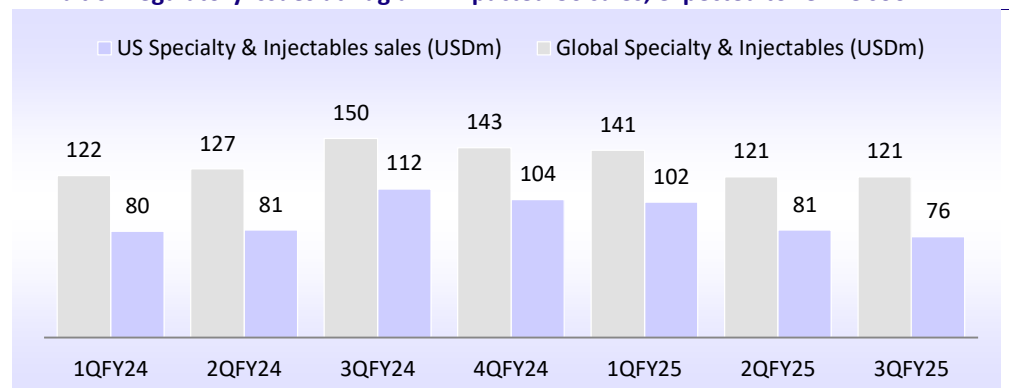
#### g- Sprycel – Another growth driver in US generics

- According to IQVIA, the total estimated US market size of Dasatinib Tablets (Sprycel/Phyrago) stood at USD1.8b for the 12M ending Feb'25.
- In addition to ARBP, four other companies have received final approval.
- Notably, ARBP is the latest entrant in the segment. Considering the competition, we expect 75-80% price erosion, with ARBP expected to capture 10-15% of the market share. Accordingly, we build USD35-40m from this product over the next 12M.

#### Gradual ramp-up expected in specialty injectable sales

- ARBP witnessed a decline in Global Specialty & Injectables revenue from USD150m in 3QFY24 to USD121m in 3QFY25, marking a 19% decline over four quarters.
- Following a USFDA inspection at Eugia III in Feb'24, the company had to implement significant corrective and preventive action plans (CAPA). This also resulted in a partial disruption in production at Eugia III, contributing to a reduction in specialty injectable sales for ARBP.

**Exhibit 6: Regulatory issues at Eugia III impacted US sales; expected to revive soon**



Source: MOFSL, Company

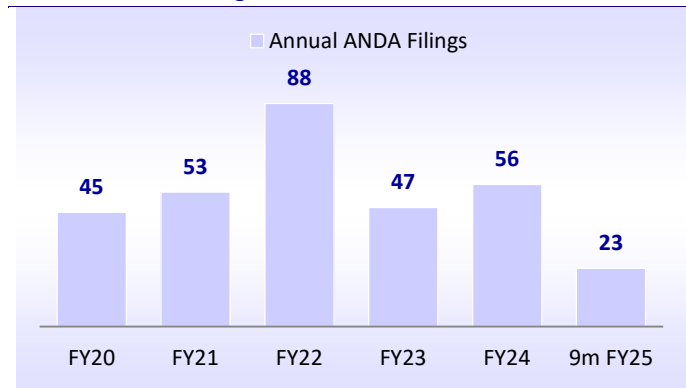
- With the implementation of CAPA, ARBP is expected to witness a revival in production from Eugia III, driving better sales prospects in global specialty and injectable sales going forward.
- Non-US Specialty & Injectables revenue has not mirrored the declining global trend, indicating resilience amid broader market headwinds.



### ANDA approvals on a slower track over the past 12M

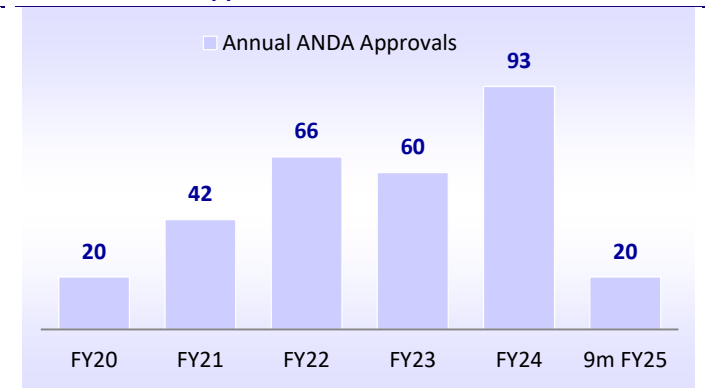
- Over FY20-22, the company demonstrated steady growth in both ANDA product filings and regulatory approvals, reflecting a consistent pipeline execution.
- Product filing activity peaked in FY22 with 88 ANDA submissions, and FY24 witnessed the highest annual approvals (93).
- However, in FY25, there has been a slowdown in the number of ANDA filings as well as approvals.

**Exhibit 7: ANDA filing**



Source: MOFSL, Industry

**Exhibit 8: ANDA approval**



Source: MOFSL, Industry

- Product filings saw a sharp decline from 88 in FY22 to 23 in 9MFY25. In contrast, ANDA approvals surged to 93 in FY24 from 60 in FY23, indicating a possible clearance of backlog submissions. However, approvals have reduced to 20 in 9MFY25.
- The approval-to-filing conversion ratio reached a peak of 166% in FY24 (93 approvals vs. 56 filings), implying that a meaningful portion of approvals stemmed from submissions made in earlier years.

**Exhibit 9: USFDA inspection update**

Inspection Timeline	Inspection Facility	Facility Details	Outcome
Jul-23	Unit III (APL)	Oral Formulations	VAI
Sep-23	Unit VIB	Cephalosporins Oral	VAI
Aug-23	Unit VII	Oral Formulations	VAI
Feb-20	Unit XII	Penicillin Oral & Injectables	VAI
Jul-23	Eugia I	Oral & Injectable Formulation	NAI
May-24	Eugia II	Penem Injectables	OAI
Feb-24	Eugia III	Injectables & Ophthalmics	OAI, WL
Feb-24	Eugia SEZ	Injectables	VAI
Feb-25	Eugia Sterile		Form 483 with 5 observations
Nov-23	APL Healthcare (I)	Oral Formulations	NAI
Nov-23	APL Healthcare (III)	Orals & Topicals	NAI
Sep-23	APL Healthcare (IV)	Oral Formulations	VAI
Aug-21	Apitoria I	API	WL
Sep-24	Apitoria II	API	Form 483 issued with 10 observations
Nov-22	Apitoria III	API	VAI
Aug-22	Apitoria IV	API	VAI
Dec-24	Apitoria V	API	VAI
May-23	Apitoria VI	API	VAI
May-24	Apitoria VII	API	VAI
Feb-24	Auro peptide	API	NAI

Source: MOFSL, Company

### Biologics capability paves way for CMO opportunity

- Following an agreement signed in Jun'24, ARBP is investing INR10b to set up a drug substance and drug product facility for Merck products.
- The products are currently under patent, and the facility is expected to have a total capacity of 60KL. Recently, ARBP revised its plan to double this capacity by adding two more bio-reactor lines of 15KL each.
- ARBP aims to complete construction by CY26 and validation batches by CY27. Accordingly, commercialization is expected to begin in CY28. The facility is projected to have an annual capacity of 25-30m vials. Assuming high single-digit realization per vial, the business is expected to generate USD150-175m at 70% capacity utilization.

### Enhancing growth prospects through niche capabilities

- ARBP has filed 14 DMFs related to **peptides** and possesses capabilities in both solid-phase and liquid-phase synthesis. Notably, the company has three GLP-1 under development within its peptide product category.
- ARBP is also adding a new modality by setting up oligonucleotide synthesis capabilities by end-CY25.
- It is advancing its second wave of oncology and immunology biosimilars with a focus on sustained growth in the **biosimilars** market.
- The biosimilar portfolio of 14 products addresses a substantial market opportunity exceeding USD50b.
- ARBP has secured Marketing Authorization (MA) for its Trastuzumab biosimilar in India, marking an important milestone in its efforts to expand its global biosimilar footprint.
- The company has received MHRA approval for Bevqolva, a biosimilar to Avastin, further strengthening its oncology biosimilars portfolio.
- Zefylt and DyruPeg, both biosimilars, received positive opinions from the European Medicines Agency (EMA), bringing them closer to potential regulatory approval.
- In addition, ARBP currently has four biosimilars in Phase 3 clinical studies, laying the groundwork for future approvals and commercialization.
- Further, ARBP plans to submit two more biosimilars, which will expand its portfolio and advance its pipeline in key markets.

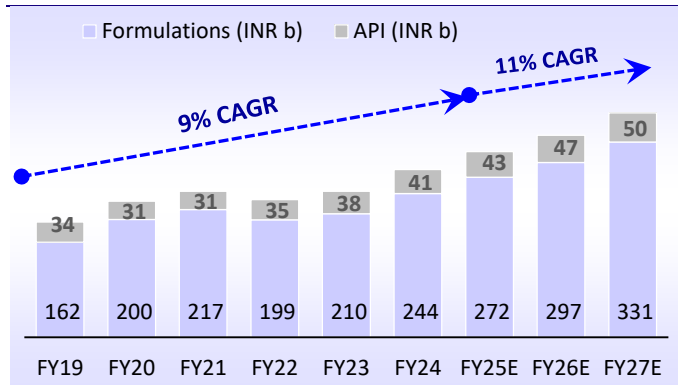
### Valuation and view

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- With the above issues largely behind, we expect ARBP to witness an uptrend in earnings growth, led by: a) improved profitability from backward integration in antibiotic products through the PEN-G project, b) the launch of niche products, and c) scale-up in injectable production.
- We estimate 10%/13%/17% revenue/EBITDA/PAT CAGR over FY25-27.
- We value ARBP at 16x 12M forward earnings to arrive at a TP of INR1,360.
- Considering the earnings upside potential and recent correction in the stock price, we upgrade to BUY



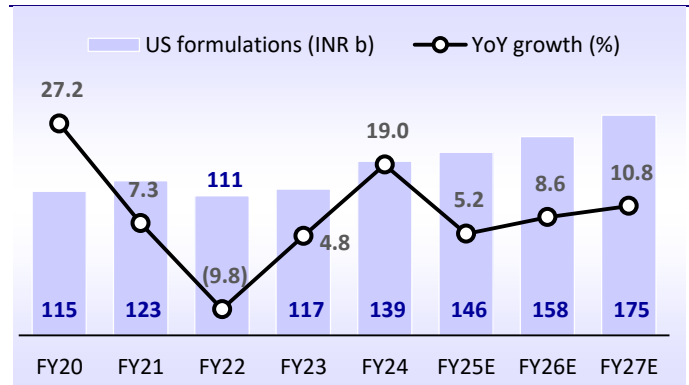
## Story in charts

**Exhibit 10: Expect sales CAGR of 11% over FY25-27**



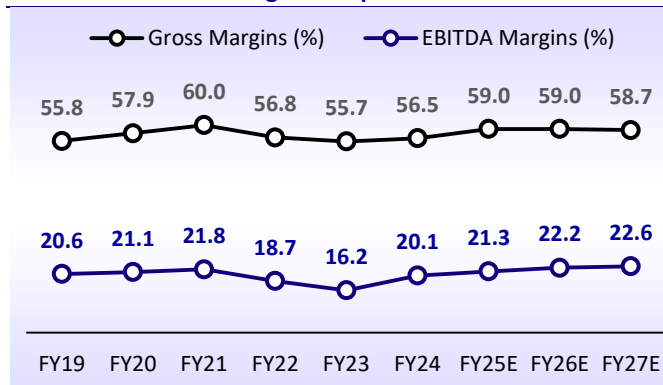
Source: Company, MOFSL

**Exhibit 11: US sales to clock 11% CAGR over FY25-27**



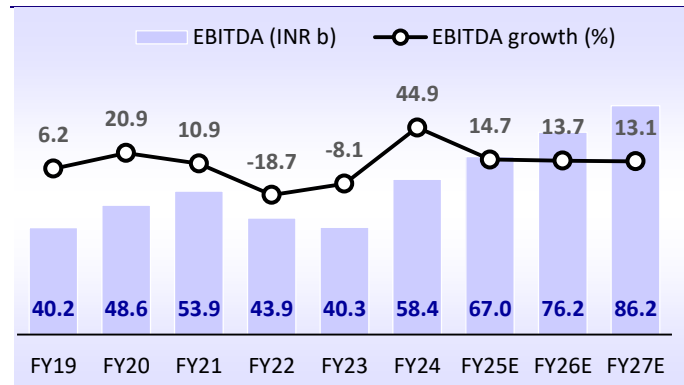
Source: Company, MOFSL

**Exhibit 12: EBITDA margin to expand over FY25-27**



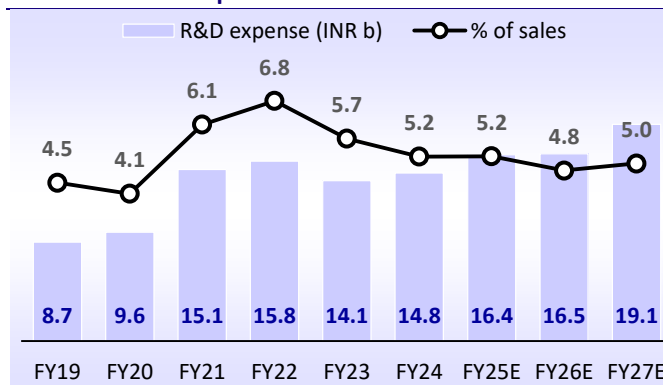
Source: Company, MOFSL

**Exhibit 13: EBITDA to clock 13% CAGR over FY25-27**



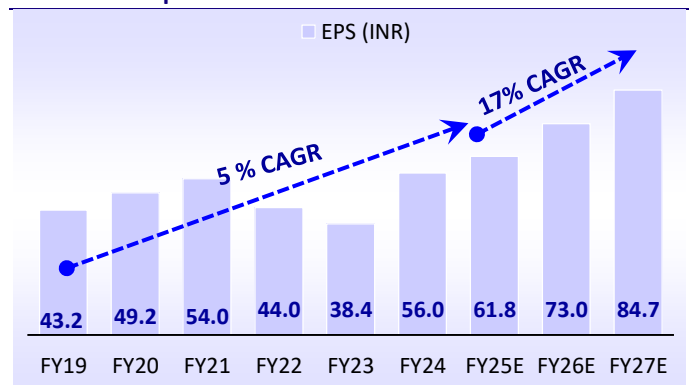
Source: Company, MOFSL

**Exhibit 14: R&D expense to increase over FY25-27**



Source: Company, MOFSL

**Exhibit 15: Expect EPS CAGR of 17% over FY25-27**



Source: Company, MOFSL

## Financials and valuations

### Consolidated - Income Statement

(INRm)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Total Income from Operations</b>	<b>1,95,636</b>	<b>2,30,985</b>	<b>2,47,746</b>	<b>2,34,555</b>	<b>2,48,554</b>	<b>2,90,019</b>	<b>3,15,363</b>	<b>3,43,309</b>	<b>3,81,373</b>
Change (%)	18.6	18.1	7.3	-5.3	6.0	16.7	8.7	8.9	11.1
<b>Total Expenditure</b>	<b>1,55,416</b>	<b>1,82,342</b>	<b>1,93,812</b>	<b>1,90,687</b>	<b>2,08,218</b>	<b>2,31,589</b>	<b>2,48,348</b>	<b>2,67,094</b>	<b>2,95,183</b>
<b>EBITDA</b>	<b>40,219</b>	<b>48,643</b>	<b>53,934</b>	<b>43,868</b>	<b>40,336</b>	<b>58,430</b>	<b>67,015</b>	<b>76,215</b>	<b>86,190</b>
Margin (%)	20.6	21.1	21.8	18.7	16.2	20.1	21.3	22.2	22.6
Depreciation	6,680	9,667	10,554	11,265	12,446	15,217	16,161	17,800	18,736
<b>EBIT</b>	<b>33,540</b>	<b>38,976</b>	<b>43,380</b>	<b>32,603</b>	<b>27,891</b>	<b>43,213</b>	<b>50,854</b>	<b>58,415</b>	<b>67,455</b>
Int. and Finance Charges	1,627	1,598	745	486	1,405	2,897	4,473	3,192	2,780
Other Income	1,157	862	2,373	2,504	2,906	5,186	5,500	4,800	4,400
<b>PBT bef. EO Exp.</b>	<b>33,070</b>	<b>38,240</b>	<b>45,008</b>	<b>34,620</b>	<b>29,392</b>	<b>45,502</b>	<b>51,881</b>	<b>60,023</b>	<b>69,074</b>
EO Items	-2,183	-658	28,982	-580	-996	2,306	-737	0	0
<b>PBT after EO Exp.</b>	<b>30,887</b>	<b>37,582</b>	<b>73,990</b>	<b>34,040</b>	<b>28,396</b>	<b>47,809</b>	<b>51,143</b>	<b>60,023</b>	<b>69,074</b>
Current Tax	7,269	9,135	20,098	7,256	6,848	12,110	15,493	17,107	19,341
Tax Rate (%)	23.5	24.3	27.2	21.3	24.1	25.3	30.3	28.5	28.0
Less: Minority Interest	-29	143	554	313	-132	132	120	120	120
<b>Reported PAT</b>	<b>23,647</b>	<b>28,304</b>	<b>53,338</b>	<b>26,471</b>	<b>21,417</b>	<b>35,567</b>	<b>35,531</b>	<b>42,796</b>	<b>49,614</b>
<b>Adjusted PAT</b>	<b>25,288</b>	<b>28,798</b>	<b>31,650</b>	<b>25,800</b>	<b>22,484</b>	<b>32,838</b>	<b>36,200</b>	<b>42,796</b>	<b>49,614</b>
Change (%)	1.1	13.9	9.9	-18.5	-12.9	46.1	10.2	18.2	15.9
Margin (%)	12.9	12.5	12.8	11.0	9.0	11.3	11.5	12.5	13.0

### Consolidated - Balance Sheet

(INRm)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	586	586	586	586	586	586	586	586	586
Total Reserves	1,38,322	1,67,518	2,18,713	2,45,174	2,67,813	2,97,842	3,31,528	3,71,981	4,19,251
<b>Net Worth</b>	<b>1,38,908</b>	<b>1,68,104</b>	<b>2,19,299</b>	<b>2,45,760</b>	<b>2,68,398</b>	<b>2,98,428</b>	<b>3,32,114</b>	<b>3,72,566</b>	<b>4,19,836</b>
Minority Interest	16	1	-9	-19	120	80	82	83	85
Deferred Liabilities	980	1,393	1,219	1,224	-2,879	-8,561	-8,732	-8,907	-9,085
Total Loans	67,532	54,223	49,711	23,728	48,615	63,152	49,454	38,763	30,410
<b>Capital Employed</b>	<b>2,07,436</b>	<b>2,23,721</b>	<b>2,70,220</b>	<b>2,70,692</b>	<b>3,14,255</b>	<b>3,53,099</b>	<b>3,72,917</b>	<b>4,02,506</b>	<b>4,41,246</b>
Gross Block	97,987	1,16,412	1,34,292	1,58,447	1,75,442	2,27,716	2,40,716	2,53,716	2,66,716
Less: Accum. Deprn.	18,298	27,965	38,519	49,784	62,230	77,447	93,608	1,11,407	1,30,143
<b>Net Fixed Assets</b>	<b>79,689</b>	<b>88,447</b>	<b>95,773</b>	<b>1,08,663</b>	<b>1,13,212</b>	<b>1,50,270</b>	<b>1,47,109</b>	<b>1,42,309</b>	<b>1,36,574</b>
Goodwill on Consolidation	8,325	9,159	4,289	4,754	5,961	5,952	5,952	5,952	5,952
Capital WIP	13,419	16,218	24,289	29,376	44,964	27,394	27,394	27,394	27,394
<b>Total Investments</b>	<b>3,602</b>	<b>5,547</b>	<b>5,910</b>	<b>9,972</b>	<b>5,427</b>	<b>3,722</b>	<b>3,722</b>	<b>3,722</b>	<b>3,722</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>1,57,675</b>	<b>1,68,260</b>	<b>2,03,752</b>	<b>1,83,567</b>	<b>2,22,561</b>	<b>2,51,251</b>	<b>2,57,858</b>	<b>2,93,794</b>	<b>3,44,872</b>
Inventory	72,456	76,999	90,266	75,539	85,112	98,082	93,874	1,16,462	1,18,670
Account Receivables	34,150	43,152	35,033	40,123	44,664	48,167	57,025	64,899	78,364
Cash and Bank Balance	19,572	28,422	54,743	41,900	60,842	62,783	80,143	85,617	1,21,023
Loans and Advances	31,498	19,689	23,711	26,006	31,943	42,219	26,815	26,815	26,815
<b>Curr. Liability &amp; Prov.</b>	<b>55,275</b>	<b>63,911</b>	<b>63,793</b>	<b>65,639</b>	<b>77,870</b>	<b>85,489</b>	<b>69,117</b>	<b>70,665</b>	<b>77,267</b>
Account Payables	25,522	25,450	27,947	27,031	38,713	44,542	38,492	40,040	46,642
Other Current Liabilities	26,104	33,547	32,556	35,185	35,425	36,123	30,000	30,000	30,000
Provisions	3,649	4,914	3,291	3,424	3,733	4,825	625	625	625
<b>Net Current Assets</b>	<b>1,02,400</b>	<b>1,04,350</b>	<b>1,39,958</b>	<b>1,17,928</b>	<b>1,44,691</b>	<b>1,65,762</b>	<b>1,88,741</b>	<b>2,23,129</b>	<b>2,67,605</b>
<b>Appl. of Funds</b>	<b>2,07,436</b>	<b>2,23,721</b>	<b>2,70,220</b>	<b>2,70,692</b>	<b>3,14,255</b>	<b>3,53,099</b>	<b>3,72,917</b>	<b>4,02,506</b>	<b>4,41,246</b>

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>EPS</b>	<b>43.2</b>	<b>49.2</b>	<b>54.0</b>	<b>44.0</b>	<b>38.4</b>	<b>56.0</b>	<b>61.8</b>	<b>73.0</b>	<b>84.7</b>
Cash EPS	54.6	65.7	72.0	63.3	59.7	82.0	89.4	103.4	116.7
BV/Share	237.1	286.9	374.3	419.5	458.4	509.3	566.8	635.9	716.6
DPS	2.5	2.5	2.5	3.5	4.0	4.0	4.0	4.0	4.0
Payout (%)	6.8	5.2	2.7	7.7	10.9	6.6	6.6	5.5	4.7
<b>Valuation (x)</b>									
P/E	26.8	23.5	21.4	26.3	30.1	20.6	18.7	15.8	13.7
Cash P/E	21.2	17.6	16.1	18.3	19.4	14.1	12.9	11.2	9.9
P/BV	4.9	4.0	3.1	2.8	2.5	2.3	2.0	1.8	1.6
EV/Sales	3.7	3.0	2.7	2.8	2.7	2.3	2.1	1.8	1.5
EV/EBITDA	18.0	14.5	12.5	15.0	16.5	11.6	9.7	8.3	6.8
Dividend Yield (%)	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
FCF per share	1.6	50.4	12.5	35.7	-13.5	-8.9	54.9	29.3	76.4
<b>Return Ratios (%)</b>									
RoE	19.8	18.8	16.3	11.1	8.7	11.6	11.5	12.1	12.5
RoCE	14.4	14.1	13.6	10.3	8.0	10.7	10.6	11.4	12.0
RoIC	16.9	17.1	17.6	13.7	10.8	14.0	13.6	15.3	16.9
<b>Working Capital Ratios</b>									
Fixed Asset Turnover (x)	2.0	2.0	1.8	1.5	1.4	1.3	1.3	1.4	1.4
Inventory (Days)	277	280	308	298	266	265	271	273	272
Debtor (Days)	68	61	58	58	62	58	61	65	69
Creditor (Days)	109	96	98	99	109	121	117	102	100
Working Cap. (Days)	235	246	267	258	219	203	215	236	241
<b>Leverage Ratio (x)</b>									
Current Ratio	2.9	2.6	3.2	2.8	2.9	2.9	3.7	4.2	4.5
Interest Cover Ratio	21	24	58	67	20	15	11	18	24
Net Debt/Equity	0.3	0.2	0.0	-0.1	0.0	0.0	-0.1	-0.1	-0.2

### Consolidated - Cash Flow Statement

(InR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	30,914	37,430	45,008	34,620	29,392	45,502	51,881	60,023	69,074
Depreciation	6,680	9,667	10,554	11,265	12,446	15,217	16,161	17,800	18,736
Interest / Dividend received	1,370	1,207	-1,628	-2,018	-1,501	-2,289	-1,027	-1,608	-1,620
Direct Taxes Paid	-7,698	-7,298	-20,098	-7,256	-6,848	-12,110	-15,493	-17,107	-19,341
(Inc)/Dec in WC	-14,845	2,769	-9,287	9,188	-7,821	-19,130	-5,619	-28,914	-9,071
<b>CF from Operations</b>	<b>16,420</b>	<b>43,775</b>	<b>24,549</b>	<b>45,800</b>	<b>25,668</b>	<b>27,190</b>	<b>45,903</b>	<b>30,195</b>	<b>57,779</b>
Others	90	38	8,740	4,364	-996	2,306	-737	0	0
<b>CF from Operating incl EO</b>	<b>16,510</b>	<b>43,813</b>	<b>33,289</b>	<b>50,164</b>	<b>24,672</b>	<b>29,496</b>	<b>45,165</b>	<b>30,195</b>	<b>57,779</b>
(inc)/dec in FA	-15,591	-14,311	-25,951	-29,242	-32,583	-34,704	-13,000	-13,000	-13,000
<b>Free Cash Flow</b>	<b>919</b>	<b>29,502</b>	<b>7,338</b>	<b>20,922</b>	<b>-7,912</b>	<b>-5,208</b>	<b>32,165</b>	<b>17,195</b>	<b>44,779</b>
(Pur)/Sale of Investments	-13,435	-1,366	363	4,061	-4,544	-1,705	0	0	0
Others			31,575	-6,936	-2,650				
<b>CF from Investments</b>	<b>-29,026</b>	<b>-15,677</b>	<b>5,987</b>	<b>-32,116</b>	<b>-39,777</b>	<b>-36,409</b>	<b>-13,000</b>	<b>-13,000</b>	<b>-13,000</b>
Change in network									
Inc/(Dec) in Debt	26,242	-13,130	-4,522	-25,994	25,027	14,497	-13,696	-10,690	-8,351
Interest Paid	-1,515	-1,266	-745	-486	-1,405	-2,897	-4,473	-3,192	-2,780
Dividend Paid	-1,599	-1,884	-1,465	-2,051	-2,342	-2,344	-2,344	-2,344	-2,344
<b>CF from Fin. Activity</b>	<b>19,771</b>	<b>-19,053</b>	<b>-13,648</b>	<b>-29,693</b>	<b>34,047</b>	<b>8,854</b>	<b>-14,804</b>	<b>-11,719</b>	<b>-9,372</b>
<b>Inc/Dec of Cash</b>	<b>7,254</b>	<b>9,083</b>	<b>25,628</b>	<b>-11,645</b>	<b>18,941</b>	<b>1,941</b>	<b>17,361</b>	<b>5,475</b>	<b>35,406</b>
Opening Balance	12,616	19,572	28,422	54,743	41,900	60,842	62,783	80,143	85,617
Others incl. impact of fx	-299	-233	694	-1,198					
<b>Closing Balance</b>	<b>19,572</b>	<b>28,422</b>	<b>54,743</b>	<b>41,900</b>	<b>60,842</b>	<b>62,783</b>	<b>80,143</b>	<b>85,617</b>	<b>1,21,023</b>

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