

Aurobindo Pharma

BSE SENSEX 79,454
S&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

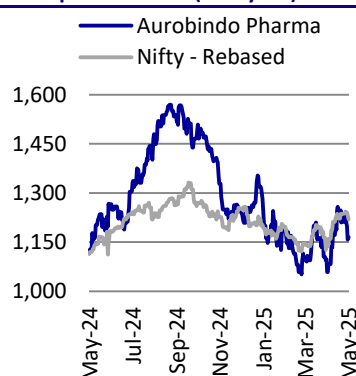
P/E (x)	18.7	15.8	13.7
EV/EBITDA (x)	9.7	8.3	6.8
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	4.7	2.5	6.6
EV/Sales (x)	2.1	1.8	1.5

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

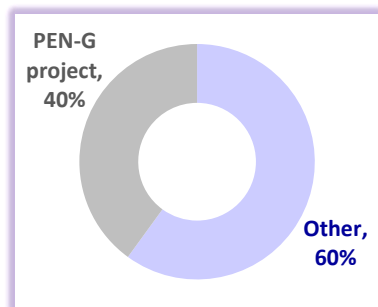
- After a strong FY24, ARBP is expected to post a moderate 10% YoY earnings growth in FY25, partly due to: a) operational losses from the PEN-G product and b) disrupted production at Eugia III caused by regulatory issues.
- With the above issues largely behind, we expect ARBP to witness an uptrend in 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
Aurobindo Pharma	Buy	7.9	61.8	68.9	79.1	10.2	11.4	14.8	19.4	17.4	15.1	10.0	9.0	7.5	11.5	11.5	11.8
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.



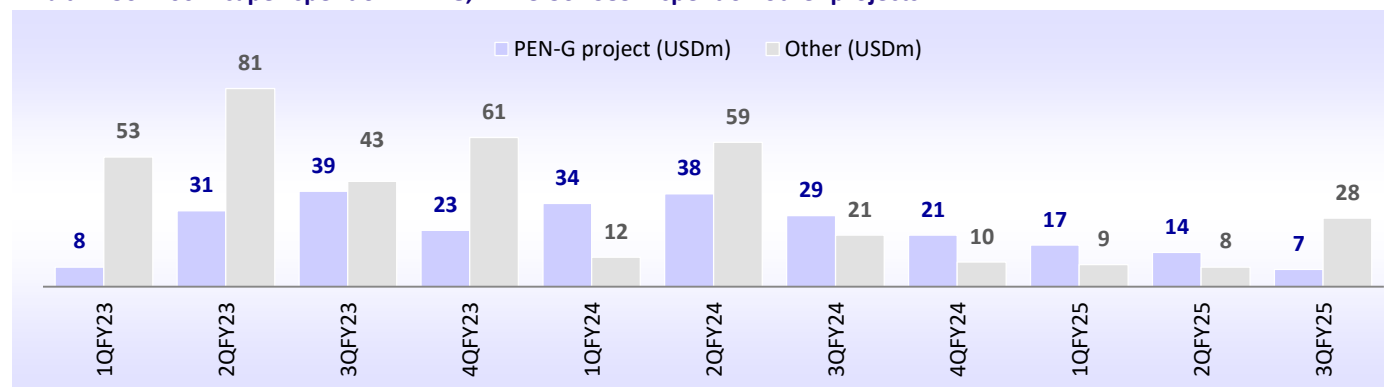
Diversified growth levers

- 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

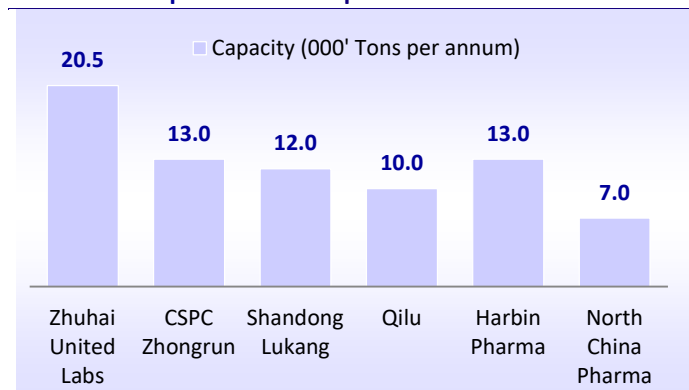
- The key raw materials used for manufacturing PEN-G are glucose and/or corn steep liquor. About 20kg of glucose is required to manufacture 1kg of PEN-G. Alternatively, about 60gm of PEN-G is produced per litre of reactor volume during the fermentation process. ARBP produces glucose in-house, which is 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

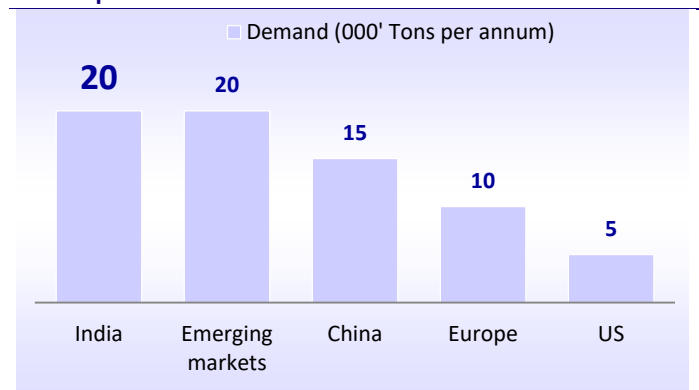
- About 85-90% of the global requirement is met by Chinese suppliers. Notably, United Labs, CSPC Zhongrun, and Shangdong each have a capacity of 15-25k tons per annum. Meanwhile, Qilu, North China Pharma, and Harbi Pharma have capacities closer to 10k tons per annum.

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.

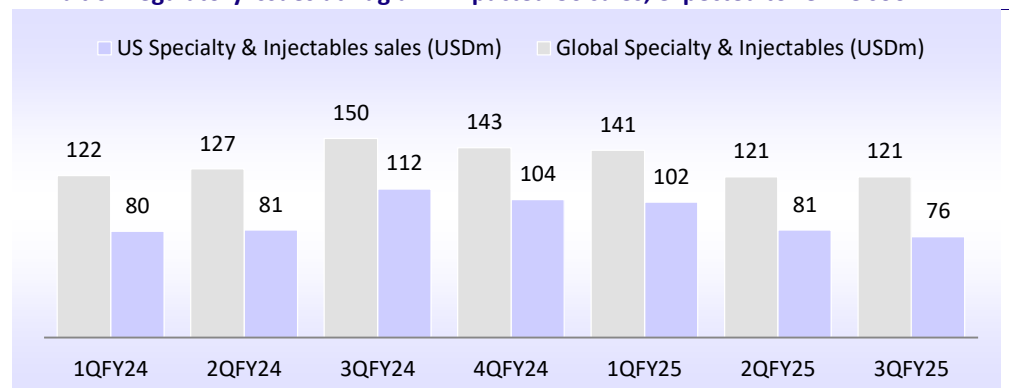
g- Sprycel – Another growth driver in US generics

- 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



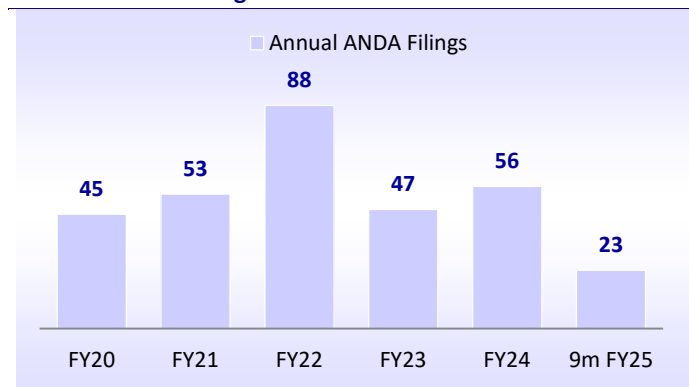
Source: MOFSL, Company

- 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

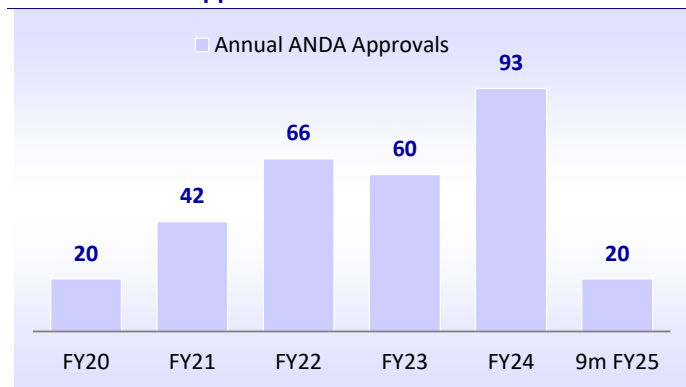
- Over FY20-22, the company demonstrated steady growth in both ANDA product filings and regulatory approvals, reflecting a consistent pipeline execution.
- Product filing activity peaked in FY22 with 88 ANDA submissions, and FY24 witnessed the highest annual approvals (93).
- However, in FY25, there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

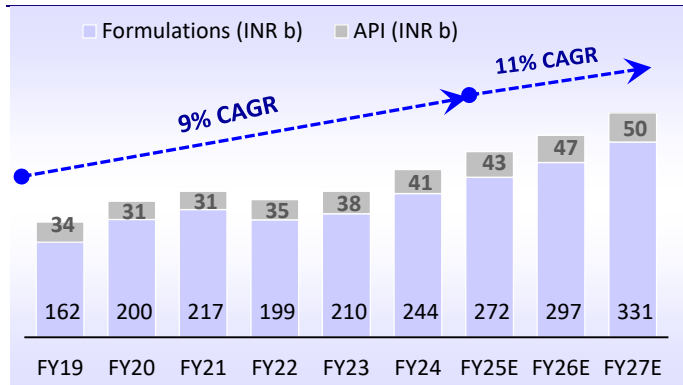
- ARBP has filed 14 DMFs related to **peptides** and possesses capabilities in both solid-phase and liquid-phase synthesis. Notably, the company has three GLP-1 under development within its peptide product category.
- ARBP is also adding a new modality by setting up oligonucleotide synthesis capabilities 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

- 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) production disruptions 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) 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

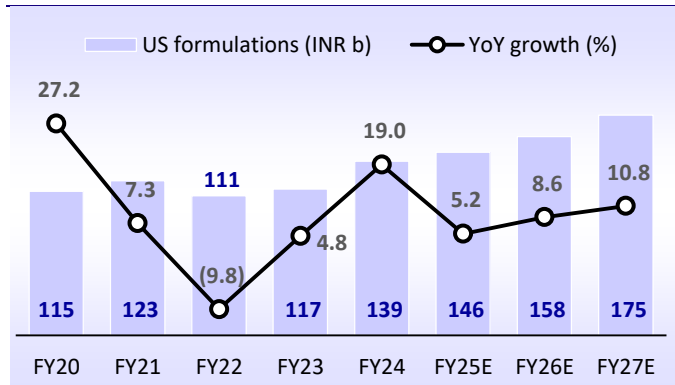
Story in charts

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



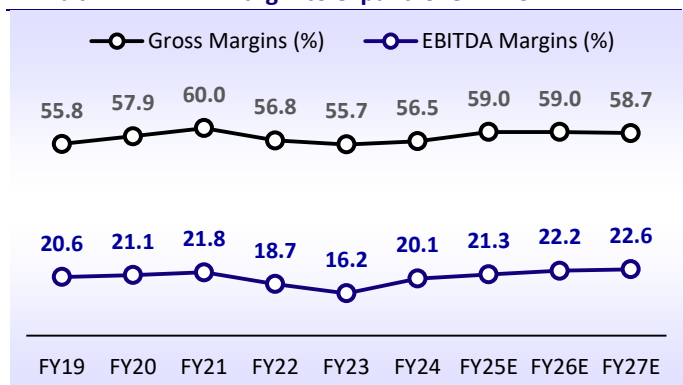
Source: Company, MOFSL

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



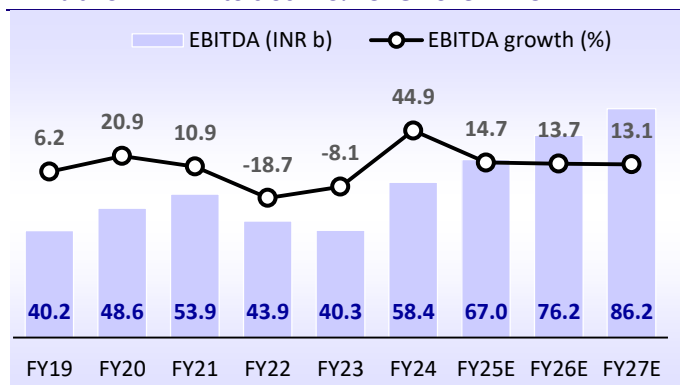
Source: Company, MOFSL

Exhibit 12: EBITDA margin to expand over FY25-27



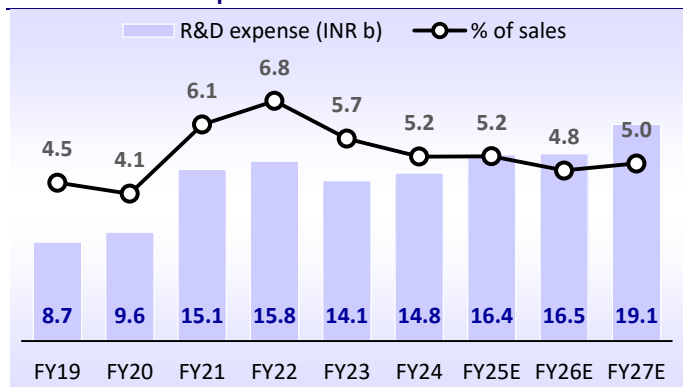
Source: Company, MOFSL

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



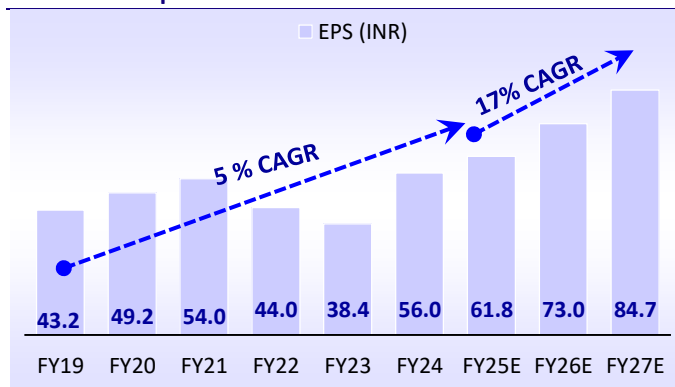
Source: Company, MOFSL

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
Total Income from Operations	1,95,636	2,30,985	2,47,746	2,34,555	2,48,554	2,90,019	3,15,363	3,43,309	3,81,373
Change (%)	18.6	18.1	7.3	-5.3	6.0	16.7	8.7	8.9	11.1
Total Expenditure	1,55,416	1,82,342	1,93,812	1,90,687	2,08,218	2,31,589	2,48,348	2,67,094	2,95,183
EBITDA	40,219	48,643	53,934	43,868	40,336	58,430	67,015	76,215	86,190
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
EBIT	33,540	38,976	43,380	32,603	27,891	43,213	50,854	58,415	67,455
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
PBT bef. EO Exp.	33,070	38,240	45,008	34,620	29,392	45,502	51,881	60,023	69,074
EO Items	-2,183	-658	28,982	-580	-996	2,306	-737	0	0
PBT after EO Exp.	30,887	37,582	73,990	34,040	28,396	47,809	51,143	60,023	69,074
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
Reported PAT	23,647	28,304	53,338	26,471	21,417	35,567	35,531	42,796	49,614
Adjusted PAT	25,288	28,798	31,650	25,800	22,484	32,838	36,200	42,796	49,614
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
Net Worth	1,38,908	1,68,104	2,19,299	2,45,760	2,68,398	2,98,428	3,32,114	3,72,566	4,19,836
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
Capital Employed	2,07,436	2,23,721	2,70,220	2,70,692	3,14,255	3,53,099	3,72,917	4,02,506	4,41,246
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
Net Fixed Assets	79,689	88,447	95,773	1,08,663	1,13,212	1,50,270	1,47,109	1,42,309	1,36,574
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
Total Investments	3,602	5,547	5,910	9,972	5,427	3,722	3,722	3,722	3,722
Curr. Assets, Loans&Adv.	1,57,675	1,68,260	2,03,752	1,83,567	2,22,561	2,51,251	2,57,858	2,93,794	3,44,872
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
Curr. Liability & Prov.	55,275	63,911	63,793	65,639	77,870	85,489	69,117	70,665	77,267
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
Net Current Assets	1,02,400	1,04,350	1,39,958	1,17,928	1,44,691	1,65,762	1,88,741	2,23,129	2,67,605
Appl. of Funds	2,07,436	2,23,721	2,70,220	2,70,692	3,14,255	3,53,099	3,72,917	4,02,506	4,41,246

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
EPS	43.2	49.2	54.0	44.0	38.4	56.0	61.8	73.0	84.7
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
Valuation (x)									
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
Return Ratios (%)									
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
Working Capital Ratios									
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
Leverage Ratio (x)									
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
CF from Operations	16,420	43,775	24,549	45,800	25,668	27,190	45,903	30,195	57,779
Others	90	38	8,740	4,364	-996	2,306	-737	0	0
CF from Operating incl EO	16,510	43,813	33,289	50,164	24,672	29,496	45,165	30,195	57,779
(inc)/dec in FA	-15,591	-14,311	-25,951	-29,242	-32,583	-34,704	-13,000	-13,000	-13,000
Free Cash Flow	919	29,502	7,338	20,922	-7,912	-5,208	32,165	17,195	44,779
(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				
CF from Investments	-29,026	-15,677	5,987	-32,116	-39,777	-36,409	-13,000	-13,000	-13,000
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
CF from Fin. Activity	19,771	-19,053	-13,648	-29,693	34,047	8,854	-14,804	-11,719	-9,372
Inc/Dec of Cash	7,254	9,083	25,628	-11,645	18,941	1,941	17,361	5,475	35,406
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					
Closing Balance	19,572	28,422	54,743	41,900	60,842	62,783	80,143	85,617	1,21,023

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Rajani

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.

7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

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

Registration details of group entities: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.