

India

**REDUCE** (no change)

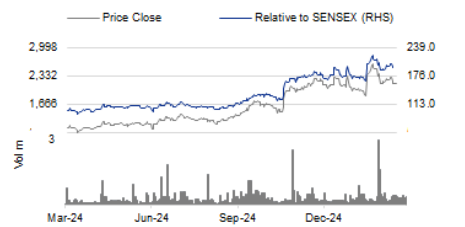
Consensus ratings\*: Buy 5 Hold 1 Sell 1

Current price: Rs2,312  
 Target price: ▲ Rs1,500  
 Previous target: Rs714  
 Up/downside: -35.1%  
 InCred Research / Consensus: -39.7%

Reuters:  
 Bloomberg: AMIORG IN  
 Market cap: US\$1,084m  
 Rs94,628m  
 Average daily turnover: US\$8.2m  
 Rs712.7m

Current shares o/s: 41.0m  
 Free float: 64.0%

\*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(0.2)	4.3	113.0
Relative (%)	2.8	14.7	111.2

Major shareholders	% held
Promoters	36.0
SBI MF	4.5
Max Life Insurance	3.7

# Ami Organics Ltd

## EPS growth to taper down; retain REDUCE

- Ami Organics' FY25F EPS growth is primarily driven by 100% growth in Nubeqa sales, which, in Bayer's own admission, will taper to 15-20% in CY25F.
- While there is optimism about Nubeqa's sales, high treatment costs and limited growth potential in developing markets are areas of concern.
- With the stock trading at 50x FY27F EPS, the risk-reward profile appears unfavourable, warranting us to retain our REDUCE rating on it.

### Stupendous FY25F EPS growth won't come again

FY25F numbers of Ami Organics are being driven by increased exports to Fermion. However, this is more of a stocking-driven sales boost. Investors seem to be extremely bullish on Nubeqa. However, given the high cost of treatment, its usage in the developing world is unlikely to pick up. The cost of surgery to treat prostate cancer is much lower than the cost of Nubeqa, which can be around Rs100,000 per month. Even Bayer has given guidance (implied) of 15% growth in Nubeqa sales in CY25F. While Nubeqa sales doubled in CY24, this is typically seen with new, successful chemicals as the supply chain fills the demand (please note that our calculation indicates actual Nubeqa sales in the US, EU, and Japan were around US\$1.2bn). Therefore, Ami Organics' exports of the intermediate, methyl-5-acetal-1h-pyrazole-3-carboxylate, to Fermion (the CDMO contractor for Nubeqa) will taper off in coming years.

### 50x FY27F EPS builds in another Nubeqa, which is a long shot

Street appears to be very bullish on Nubeqa intermediate's (methyl-5-acetal-1h-pyrazole-3-carboxylate) sales. We have shown that even at US\$3bn darolutamide sales, methyl-5-acetal-1h-pyrazole-3-carboxylate sales will be, at best, US\$56m. While we admit that as global sales of Nubeqa doubled in CY24, our earlier EPS estimates went for a toss. However, in its own admission, Bayer says that growth will taper down in the coming years. The additional risk to Fermion sales emerges from the tariff that US President Donald Trump is likely to impose on the EU (remember Nubeqa is being manufactured in Finland and the biggest market is the US). Also, while methyl-5-acetal-1h-pyrazole-3-carboxylate has been in Ami Organics' portfolio for more than half a decade, only now it has materialized. So, the inherent expectation built at 50x P/E is irrational, in our view.

### EPS at 17% CAGR (FY25F-27F); risk-reward unfavourable; REDUCE

Given the high valuation of Ami Organics, with its stock trading at 50x forward EPS, the market's expectations may be overinflated, particularly with a projected FY27F EPS of Rs 50.4. Although the stock price has doubled in the last 12 months, its high valuation reflects speculative optimism based on short-term growth, and risks such as stagnating sales and changing global conditions may challenge the company's future earnings potential. We maintain our REDUCE rating on the stock with a target price of Rs1,500 (30x FY25 EPS, Rs714 earlier) as the higher multiple does not account for potential risks that could affect the company's long-term growth.

### Research Analyst(s)



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Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	6,167	7,175	9,784	11,252	12,377
Operating EBITDA (Rsm)	1,226	1,285	2,274	2,774	3,116
Net Profit (Rsm)	833	487	1,502	1,834	2,066
Core EPS (Rs)	20.3	16.5	36.6	44.7	50.4
Core EPS Growth	15.8%	(18.6%)	121.6%	22.1%	12.7%
FD Core P/E (x)	113.80	194.58	63.09	51.69	45.87
DPS (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%
EV/EBITDA (x)	76.85	75.10	40.69	33.01	28.96
P/FCFE (x)	253.72	4,117.81	(37.67)	78.82	60.15
Net Gearing	(9.3%)	23.9%	(18.6%)	(23.3%)	(28.9%)
P/BV (x)	15.96	14.06	7.53	6.69	5.93
ROE	15.0%	10.7%	15.6%	13.7%	13.7%
% Change In Core EPS Estimates			0.60%	0.86%	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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## EPS growth to taper down; retain REDUCE

The 3QFY25 and overall FY25F numbers are being driven by increased exports to Orion Corporation. However, this is more of a stocking-driven sales boost, and growth is expected to moderate going ahead. Investors seem to be extremely bullish on Nubeqa (androgen deprivation therapy or ADT for prostate cancer). Remember, methyl-5-acetal-1h-pyrazole-3-carboxylate is the intermediate product for Nubeqa. However, given the high cost of treatment, its usage in the developing world is unlikely to pick up. The cost of prostate removal is much lower than the cost of ADT, which can be around Rs100,000 per month. Even Bayer has given guidance of just 15% growth in Nubeqa sales in CY25F. While Nubeqa sales doubled in CY24, this is typically seen with new, successful chemicals as the supply chain fills the demand (please note that our calculation indicates actual Nubeqa sales in the US, EU, and Japan were around US\$1.2bn). Therefore, Ami Organics' export of the intermediate, methyl-5-acetal-1h-pyrazole-3-carboxylate, to Fermion (the CDMO contractor for Nubeqa) will taper down. EPS growth is unlikely to exceed a 17% CAGR over FY25F-27F, and the stock trades at 50x FY27F EPS. The risk-reward ratio is unfavourable. We maintain our REDUCE rating on the stock.

### Investors are giving multiple to darolutamide

While it is evident that Ami Organics is facing a slowdown in exports of anti-psychotic and anti-depressant drug intermediates, street appears to be very bullish on darolutamide intermediate's (methyl-5-acetal-1h-pyrazole-3-carboxylate) sales. We have shown that even at US\$3bn darolutamide sales, methyl-5-acetal-1h-pyrazole-3-carboxylate sales will, at best, be US\$56m.

### Prostate cancer drug intermediate is not new for Ami Organics - it has been there since the last four-to-five years ►

The intermediate for prostate cancer drug darolutamide is not a new product for Ami Organics. It has been there for the last four years (well before the initial public offer or IPO of Ami Organics). The name of the intermediate is methyl-5-acetal-1h-pyrazole-3-carboxylate. The company has been exporting this molecule to Finland for quite some time.

### Bayer is the main manufacturer of darolutamide ►

**Bayer:** This company markets the drug under the brand name Nubeqa. It handles the distribution and marketing of the finished product globally. While Bayer markets Nubeqa globally, it does not directly manufacture the API. Fermion is the primary manufacturer of the API under a contract with Bayer. Orion Corporation is involved in the manufacturing process and may become a future API supplier. Other listed companies like Shandong Loncom, Egis Pharmaceuticals and MSN Laboratories may be potential suppliers, but this requires further confirmation.

#### Active Pharmaceutical Ingredient (API) manufacturers:

1. **Fermion:** The company is a subsidiary of Orion Corporation. Fermion is a contract development and manufacturing organization (CDMO) that develops, manufactures, and markets APIs. The company is headquartered in Espoo, Finland.
2. **Orion Corporation:** It is a Finnish pharmaceutical company that is involved in the manufacturing of Nubeqa.

#### Additional API manufacturers:

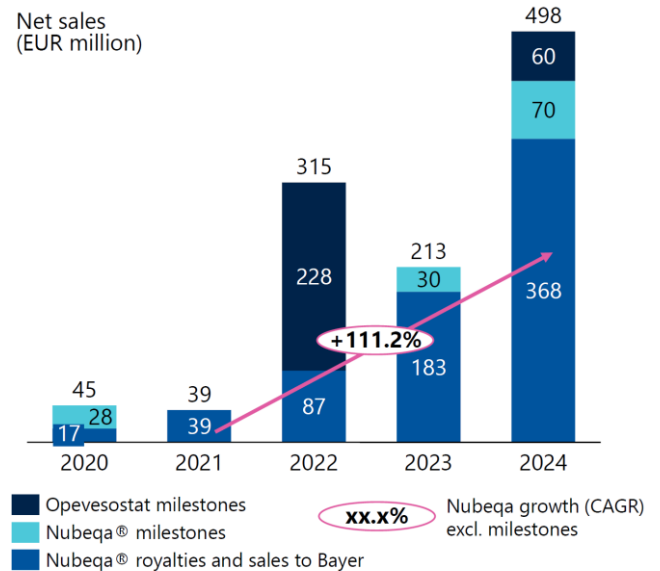
1. **Shandong Loncom Pharmaceutical:** It is a Chinese company listed as a manufacturer of darolutamide API on PharmaCompass.com.
2. **Egis Pharmaceuticals PLC:** It is a Hungarian pharmaceutical company that is also listed on PharmaCompass.com.

3. **MSN Laboratories:** It is an Indian company listed on the same website as a potential darolutamide API supplier.

**Figure 1: Bayer reported that Nubeqa and Kerendia contributed US\$2.1bn to sales in CY24**



**Figure 2: Orion Corporation reported Euro 368m in Nubeqa sales**



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Investor Presentation © Orion Corporation

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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**Ami Organics is supplying to Orion Corporation and its CDMO company Fermion, whose combined revenue from Nubeqa is one-fifth that of Bayer ➤**

Orion Corporation and Bayer do not jointly market Nubeqa. While Orion Corporation originally developed the drug, the company partnered with Bayer for its commercialization in 2014. As a part of the agreement, Bayer is responsible for all global development, manufacturing, and commercialization activities for Nubeqa. Orion Corporation, however, receives royalties on sales and is eligible for potential milestone payments based on Nubeqa's performance. Given below is the breakdown of their responsibilities:

**Orion Corporation:**

- Developed Nubeqa (darolutamide).
- Receives royalty payment on sales.
- Eligible for milestone payments based on Nubeqa's performance.

**Bayer:**

- Responsible for all global development, manufacturing, and commercialization activities for Nubeqa.
- Owns the marketing rights for Nubeqa.

While they do not jointly market the drug, Orion Corporation and Bayer maintain a close collaboration to ensure the successful development and commercialization of Nubeqa. They also regularly communicate and share information about the drug's performance.

Figure 3: Orion Corporation supplies Nubeqa to Bayer, who markets it globally

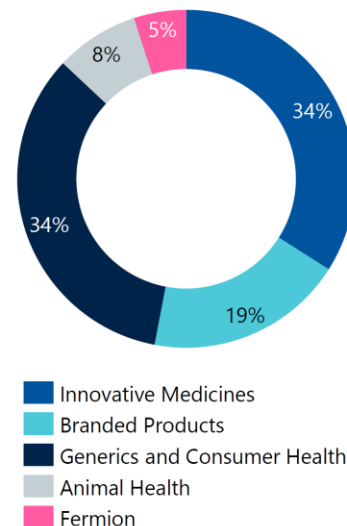
## TOP 10 products and total sales split by division

	Product or product portfolio	EUR million	vs. 1-12/2023
1.	Nubeqa®	368.3	> 100%
2.	Easyhaler® product portfolio	166.4	+15.4%
3.	Entacapone products <sup>1</sup>	84.1	-4.8%
4.	Dexdomitor®, Domitor®, Domosedan®, Antisedan®	31.9	+40.4%
5.	Burana®	24.6	-2.0%
6.	Divina® series	24.2	+15.1%
7.	Simdax®	19.2	-25.4%
8.	Dexmedetomidine products for human use <sup>2</sup>	16.4	-23.4%
9.	Fareston®	16.0	+18.1%
10.	Trexan®	15.0	-21.2%

Innovative Medicines	Branded Products	Animal Health
Generics and Consumer Health		

<sup>1</sup> Stalevo®, Comtess®, Comtan® and other entacapone products

<sup>2</sup> Dexdor®, Precedex® and other dexmedetomidine products



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Investor Presentation © Orion Corporation

SOURCE: INCRED RESEARCH, COMPANY REPORTS

So the primary revenue source for Orion Corporation is the royalty payment received on sales as well as the CDMO business of the subsidiary, Fermion.

While we don't know the royalty rate which Orion Corporation receives from Bayer, as per Orion Corporation's press release, the total annual royalty rate is approximately 20%, including product sales to Bayer (<https://www.orion.fi/en/newsroom/all-news/releases/stock-releases/2022/orions-collaboration-partner-bayer-upgrades-estimate-on-nubeqas-peak-sales-potential/>).

### Going by Bayer's guidance for CY25F, we expect Orion Corporation's Nubeqa sales to increase by 12-15% ➤

Orion Corporation generates nearly 20% of its sales from Nubeqa, a drug by Bayer. By back-calculating from Orion Corporation's reported revenue from Nubeqa, Bayer's sales are estimated to be around €1.85–1.9bn, nearly doubling in the past 12 months. However, as is typical after a phase of exponential growth, sales will likely taper to a more moderate trajectory. Consequently, Orion Corporation and Fermion's revenue from this product is expected to grow at a CAGR of 8–10% over the next few years. CY25F will serve as a reset year for Nubeqa sales, marking the transition to a slower growth phase.

### Therefore, while darolutamide revenue may touch US\$3.2bn by 2028F, the maximum revenue for Orion Corporation will be US\$ 600m ➤

Bayer has estimated that Nubeqa's (darolutamide) annual global peak sales could exceed US\$3.2bn. This is an increase from its previous estimate of US\$1 bn. Nubeqa is a prostate cancer drug. It's an oral androgen receptor inhibitor (ARI) that's approved for treating metastatic hormone-sensitive prostate cancer (mHSPC). The drug is used in combination with androgen deprivation therapy (ADT) and docetaxel.

Bayer's Nubeqa sales/targets are as follows:

- 2021: €219m (US\$239m).
- 2022: Doubled sales from 2021.

- 2023: Doubled sales again.
- 2030F: Sets US\$3bn sales target.

**Even if sales touch US\$3.2bn, the maximum revenue to Orion Corporation can be US\$640m and to subsidiary Fermion is ~ US\$450m ➤**

While we don't know the exact royalty payment done by Bayer to Orion Corporation, we believe that it may be around 4-5% of sales and the remaining coming from contract manufacturing of darolutamide. Assuming that 75% of the revenue comes to Fermion and, hence, to Orion Corporation for the CDMO business, the maximum revenue at peak sales of darolutamide cannot be more than US\$450m.

**Please note there are multiple intermediate suppliers to Fermion for darolutamide and some of them are listed below ➤**

- Ding Ming Pharma (capacity of 2.4 tpa or tonne per annum).
- ChengDu TongChuangYuan Pharmaceutical Co. Ltd.
- Suzhou Sino Rare Chemical Co. Ltd.
- Hunan HuaTeng Pharmaceutical Co. Ltd.
- Shanghai Tube Pharmaceutical Co. Ltd.
- Jinan Carbotang Biotech Co. Ltd.
- Chongqing Chemdad Co. Ltd.
- Changzhou Xuanye Technology Co. Ltd.
- Hongde Biotech
- Shijiazhuang Kangxi Biotechnology Ltd.
- Suzhou HBSS Biotech Co. Ltd.
- Shaanxi Xinhua Chemical Industry Co. Ltd.
- Shanghai Fuli Biotechnology Co. Ltd.

**The maximum revenue that all API intermediate (methyl-5-acetal-1h-pyrazole-3-carboxylate) suppliers can garner is around US\$56m ➤**

- From 10gm of methyl-5-acetal-1h-pyrazole-3-carboxylate, we can produce 2.1gm of darolutamide.
- As of now, 120 tablets of 300mg cost around US\$13,558.
- Assuming the price remains the same, at US\$3bn sales, the overall sales of darolutamide will be ~8t (tonne).
- Hence, methyl-5-acetal-1h-pyrazole-3-carboxylate requirement will be  $\sim 8 \times 10 / 2.1 = 40t$ .
- The price of 1kg of methyl-5-acetal-1h-pyrazole-3-carboxylate is ~US\$1,390.
- Hence, the overall market for methyl-5-acetal-1h-pyrazole-3-carboxylate at the peak price will be ~US\$55.6m.

**As of now, there is an alternate method to produce darolutamide which doesn't use methyl-5-acetal-1h-pyrazole-3-carboxylate and is cheaper ➤**

A Chinese company has solved the problem of the starting material for making darolutamide. The link is here: ([https://www.linkedin.com/posts/rafael-antunes-886b56\\_darolutamide-prostatecancerawareness-genericdrugs-activity-7069289195592122368-MQrR/](https://www.linkedin.com/posts/rafael-antunes-886b56_darolutamide-prostatecancerawareness-genericdrugs-activity-7069289195592122368-MQrR/)). The said paper is in Chinese. Attached is the translation of the relevant portion. "The technical problem solved by the invention is to overcome the existing 5-acetyl-1H-pyrazole-3-carboxylic acid preparation method, which involves flammable, explosive and toxic reagents, low yields of intermediates and products, and impurities. There are many shortcomings such

as being difficult to purify and difficult to produce industrially. The key starting material in our process is 2,3-butanedione.”

**It is possible, however, that following the Covid-induced supply chain crisis, Orion Corporation may reduce its reliance on Chinese suppliers ➤**

While it is possible to replace methyl-5-acetal-1H-pyrazole-3-carboxylate with a cheaper alternative from China, we believe this is unlikely, especially after the recent post-Covid supply chain crisis.

**The intermediate for Nubeqa was the main driver of growth so far in FY25, but its sales growth is expected to stagnate in the coming period ➤**

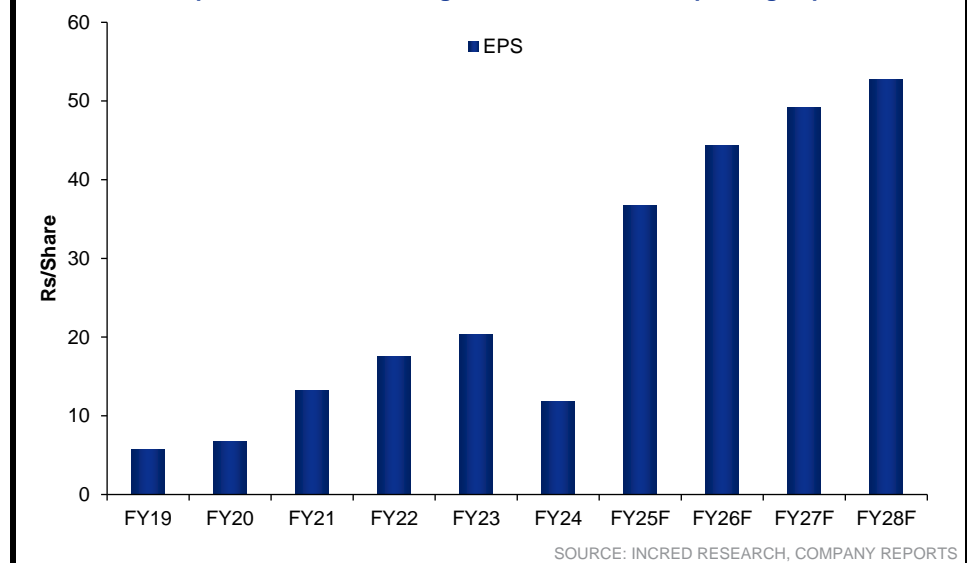
While Nubeqa’s global sales are likely to increase by, at the most, 15% in FY26F, Ami Organics’ sales to Fermion in Indian rupee or INR terms is unlikely to exceed Rs4.5–4.6 bn. Given that the base business remains stagnant, the company’s overall revenue growth for FY26F is expected to be around 15%, at best.

**Earnings growth will taper down; valuation too high; retain REDUCE rating**

While it is evident that Ami Organics is facing a slowdown in exports of anti-psychotic and anti-depressant drug intermediates, street appears to be very bullish on darolutamide intermediate’s (methyl-5-acetal-1h-pyrazole-3-carboxylate) sales. We have shown that even at US\$3bn darolutamide sales, methyl-5-acetal-1h-pyrazole-3-carboxylate sales will be, at best, US\$56m. While we admit that as global sales of Nubeqa doubled in CY24, our EPS estimates went for a toss. However, in its own admission, Bayer says that growth will taper down in the coming years. The additional risk to Fermion sales emerges from the tariff that US President Donald Trump is likely to impose on the EU (remember Nubeqa is being manufactured in Finland and the biggest market is in the US). How it is going to impact the supply chain is anybody’s guess. The important point is when one is paying 50x FY27F EPS, then no risk is off the table.

**FY27F EPS is likely to be Rs50.4 ➤**

Figure 4: The stock price has doubled in the last 12 months because the market, as usual, has extrapolated the 250% EPS growth in FY25F over a prolonged period



**Ami Organics has a limited trading history, but its valuation still reflects the exuberance of a raging bull market in chemicals ➤**

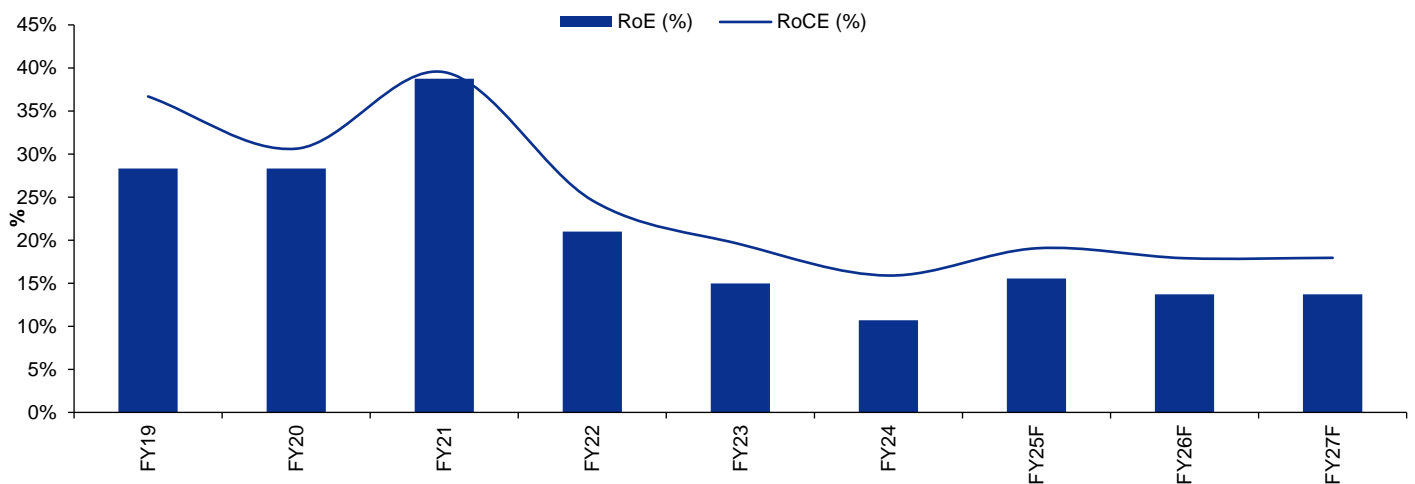
**Figure 5: On an average, the stock has traded at 51.6x one-year forward EPS**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**RoE and RoCE are likely to fall in the coming years ➤**

**Figure 6: Ami Organics' RoE and RoCE are likely to fall in low teens**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Essentially, investors are betting on the emergence of a new Nubeqa, which may or may not materialize ➤**

Normally, when a stock trades at such a high P/E, the expectation is that the company is likely to witness a huge cash inflow in the medium term which can fund new capex and the cycle will continue. The last four years was an era of extreme bullish outlook by almost all chemical companies; however, barring FY22/23, this has never materialized. We agree with management commentary at the 3QFY25 conference call that it can do a CDMO revenue of Rs10bn by FY28F, which can result in an EPS of ~Rs60. However, there are multiple moving parts in the basic assumptions of the company that outsourcing will continue despite the uncertain US environment vis-à-vis tariffs. However, please note that multiple pharmaceutical companies have announced big capex plans in the recent past, which might lead to more onshoring.

- Eli Lilly & Co.-** The company unveiled plans to invest US\$27bn in constructing four new US manufacturing facilities. Three facilities will produce active pharmaceutical ingredients, while the fourth will focus on sterile injectable medicines, including treatments for Type-2 diabetes and weight loss. This expansion is expected to create over 3,000 skilled jobs and nearly 10,000 construction jobs.

2. **AstraZeneca-** The company announced a UD\$3.5bn investment in the US to be executed by the end of 2026F. The plan includes developing a research and development centre in Cambridge, Massachusetts, a biologics manufacturing facility in Maryland, and cell therapy manufacturing capabilities on both US coasts. This expansion aims to create over a thousand new jobs.
3. **Novo Nordisk-** In Jun 2024, Novo Nordisk revealed its plan to build a new production plant in Clayton, North Carolina, at a cost of US\$4.1bn. This facility will be the company's fourth in the state and will focus on producing semaglutide products, including Ozempic and Wegovy, to meet the massive demand for these medications.
4. **Merck & Co.-** The company completed several acquisitions in 2024 to bolster its capabilities. In Apr 2024, Merck acquired Abceutics for US\$208m. In Jul 2024, the company purchased EyeBio for US\$3bn, and in Oct 2024, it acquired Modifi Biosciences for US\$1.3bn.

**While given the litigation burden, Bayer may not incur significant capex to save itself from the tariff burden in the near term ➤**

Bayer, a German multinational pharmaceutical and life sciences company, maintains a significant presence in the US, encompassing various sectors such as pharmaceuticals, consumer health, and crop science. However, recent developments indicate that the company is currently focusing on financial strategies to address ongoing legal challenges rather than announcing new capital expenditures in the US. As of Mar 2025, Bayer is seeking shareholders' approval to potentially increase its capital by up to 35% over the next three years. This measure aims to prepare for potential costs arising from US litigation, particularly related to claims involving glyphosate, an ingredient in its Roundup weedkiller, which has been alleged to cause cancer. The proposal will be discussed at the annual shareholders' meeting on 25 Apr 2025.

This strategic move underscores Bayer's proactive approach to managing financial risks associated with ongoing legal disputes. The company has already allocated approximately €6bn for litigation costs and is addressing net financial debt totalling €32.6bn. Given these circumstances, Bayer's current focus appears to be on stabilizing its financial position rather than initiating new capital projects in the US. No recent announcements have been made regarding new capital expenditure or expansion of its existing facilities in the US.

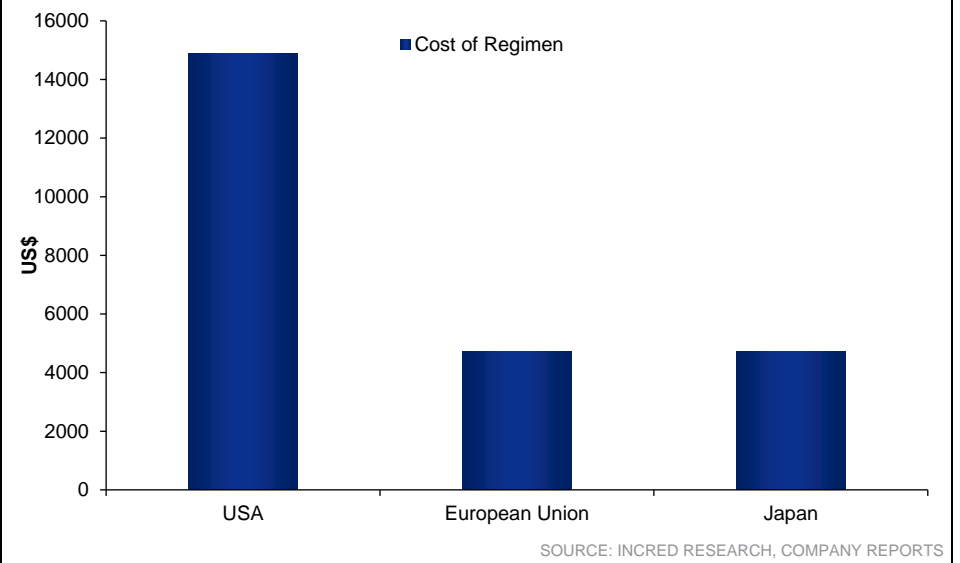
**However, at 50x FY27F EPS, no risk is off the table; we also cannot assume that Nubeqa can become a US\$10bn medicine, as it is so costly that widespread usage in the developing world is out of question ➤**

Ami Organics enjoys extreme goodwill of the investors it has always shown promise and, barring FY25F, has rarely delivered. However, FY25F delivery is good enough for the investors to keep having high faith in its management. However, there are multiple risks on the horizon.

1. Remember, Nubeqa is a very costly medicine.



**Figure 7: The cost of the regimen is US\$15,000 in the US and ~US\$5,000 in the EU and Japan**



2. So while it has touched US\$2bn in sales, it appears that at least 40% of the second-year sales would have gone in the supply chain/distribution inventory.

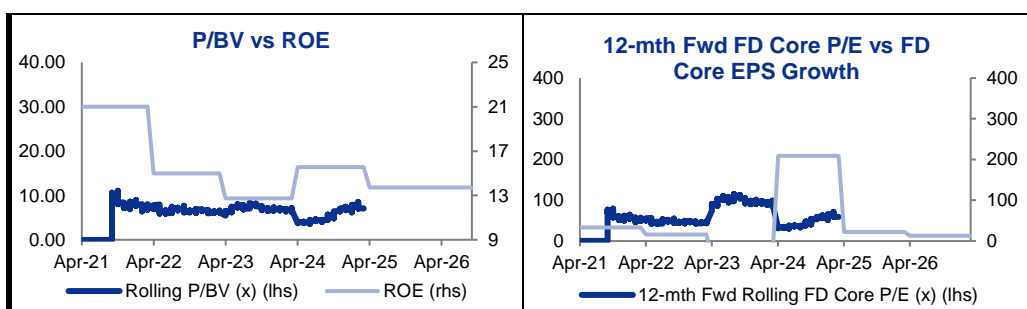
**Figure 8: The actual drug usage in CY24 would have been in the range of US\$1.2bn and it, being a new medicine, the rest would have gone into supply chain filling**

	Male Population (m)	Incidence rate of prostate cancer	Males suffering from prostate cancer	% population – nmCRPC	% population – mHSPC	Cost of regimen	Revenue – US\$m
US	167	112 per 100,000 males	186,704	23,338	14,003	14,890	556.00
European Union	363	150.5 per 100,000 males	546,315	68,289	40,974	4,717	515.37
Japan	60.8		91,800	13,770	6,885	4,717	97.43

SOURCE: INCRED RESEARCH, COMPANY REPORTS

3. The developing world, like India, cannot afford this costly medicine. Typically, after cancer detection, people opt for surgery or chemotherapy. Nubeqa, being an androgen deprivation therapy (ADT), costs at least Rs100,000 per month, which is unaffordable for 99.9% of Indians.

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	6,167	7,175	9,784	11,252	12,377
<b>Gross Profit</b>	2,858	3,058	4,501	5,176	5,693
<b>Operating EBITDA</b>	1,226	1,285	2,274	2,774	3,116
Depreciation And Amortisation	(123)	(161)	(279)	(336)	(368)
<b>Operating EBIT</b>	1,103	1,124	1,995	2,438	2,749
Financial Income/(Expense)	(24)	(59)			
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	43	75	14	14	14
<b>Profit Before Tax (pre-EI)</b>	1,122	1,140	2,008	2,451	2,762
Exceptional Items		(321)			
<b>Pre-tax Profit</b>	1,122	819	2,008	2,451	2,762
Taxation	(289)	(332)	(506)	(618)	(696)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	833	487	1,502	1,834	2,066
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	833	487	1,502	1,834	2,066
Recurring Net Profit	833	678	1,502	1,834	2,066
<b>Fully Diluted Recurring Net Profit</b>	833	678	1,502	1,834	2,066

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>EBITDA</b>	1,226	1,285	2,274	2,774	3,116
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(443)	(217)	(831)	(467)	(358)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	43	(246)	14	14	14
Net Interest (Paid)/Received	(24)	(59)			
Tax Paid	(245)	(332)	(506)	(618)	(696)
<b>Cashflow From Operations</b>	557	430	950	1,702	2,076
Capex	(657)	(2,538)	(1,300)	(500)	(500)
Disposals Of FAs/subsidiaries	(181)				
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	632				
<b>Cash Flow From Investing</b>	(205)	(2,538)	(1,300)	(500)	(500)
Debt Raised/(repaid)	21	2,130	(2,166)		
Proceeds From Issue Of Shares			4,597		
Shares Repurchased					
Dividends Paid	(109)	(200)	(250)	(250)	(250)
Preferred Dividends					
Other Financing Cashflow	(56)				
<b>Cash Flow From Financing</b>	(144)	1,930	2,181	(250)	(250)
Total Cash Generated	208	(177)	1,831	952	1,326
<b>Free Cashflow To Equity</b>	374	23	(2,516)	1,202	1,576
<b>Free Cashflow To Firm</b>	377	(2,048)	(350)	1,202	1,576

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Total Cash And Equivalents	587	533	2,364	3,317	4,642
Total Debtors	2,303	2,064	2,814	3,236	3,560
Inventories	1,192	1,567	2,137	2,458	2,704
Total Other Current Assets	490	794	794	794	794
<b>Total Current Assets</b>	<b>4,571</b>	<b>4,958</b>	<b>8,110</b>	<b>9,805</b>	<b>11,700</b>
Fixed Assets	2,099	4,483	5,504	5,668	5,800
Total Investments	17	2	2	2	2
Intangible Assets					
Total Other Non-Current Assets	983	1,516	1,516	1,516	1,516
<b>Total Non-current Assets</b>	<b>3,098</b>	<b>6,001</b>	<b>7,022</b>	<b>7,186</b>	<b>7,318</b>
Short-term Debt	30	1,030			
Current Portion of Long-Term Debt					
Total Creditors	1,420	1,346	1,836	2,111	2,322
Other Current Liabilities	178	476	476	476	476
<b>Total Current Liabilities</b>	<b>1,628</b>	<b>2,852</b>	<b>2,311</b>	<b>2,587</b>	<b>2,798</b>
Total Long-term Debt	6	1,136			
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
<b>Total Non-current Liabilities</b>	<b>6</b>	<b>1,136</b>			
Total Provisions	95	143	143	143	143
<b>Total Liabilities</b>	<b>1,730</b>	<b>4,131</b>	<b>2,455</b>	<b>2,730</b>	<b>2,941</b>
Shareholders Equity	5,940	6,740	12,580	14,163	15,980
Minority Interests		88	97	97	97
<b>Total Equity</b>	<b>5,940</b>	<b>6,828</b>	<b>12,677</b>	<b>14,261</b>	<b>16,077</b>

<b>Key Ratios</b>					
	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Revenue Growth	18.6%	16.3%	36.4%	15.0%	10.0%
Operating EBITDA Growth	16.6%	4.8%	77.0%	22.0%	12.4%
Operating EBITDA Margin	19.9%	17.9%	23.2%	24.7%	25.2%
Net Cash Per Share (Rs)	13.43	(39.84)	57.66	80.89	113.22
BVPS (Rs)	144.87	164.39	306.82	345.45	389.75
Gross Interest Cover	45.71	18.93			
Effective Tax Rate	25.7%	40.5%	25.2%	25.2%	25.2%
Net Dividend Payout Ratio					
Accounts Receivables Days	116.58	111.06	90.98	98.13	100.21
Inventory Days	127.59	122.31	127.97	138.03	140.95
Accounts Payables Days	143.65	122.64	109.90	118.54	121.05
ROIC (%)	19.3%	12.2%	17.3%	17.4%	18.5%
ROCE (%)	19.5%	14.8%	18.2%	17.9%	18.0%
Return On Average Assets	12.0%	9.1%	11.5%	11.4%	11.5%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Definition:

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- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

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Definition:

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- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
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