



India

**HOLD** (previously ADD)

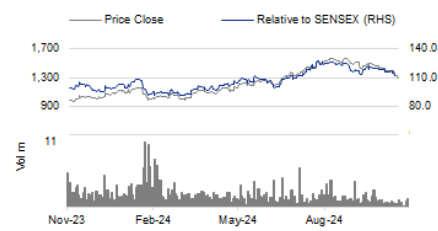
Consensus ratings\*: Buy 21 Hold 4 Sell 4

Current price: Rs1,289  
 Target price: ▼ Rs1,368  
 Previous target: Rs1,610  
 Up/downside: 6.1%  
 InCred Research / Consensus: -14.0%

Reuters:  
 Bloomberg: ARBP IN  
 Market cap: US\$10,310m  
 Rs748,682m  
 Average daily turnover: US\$26.6m  
 Rs1929.4m  
 Current shares o/s: 585.9m  
 Free float: 4,817.0%  
 \*Source: Bloomberg

**Key changes in this note**

- Reduce FY25F/26F EPS by 7%/9%.
- Cut the target price to Rs1,368 from Rs1,610.
- Downgrade the stock's rating to HOLD.



Source: Bloomberg

| Price performance | 1M     | 3M     | 12M  |
|-------------------|--------|--------|------|
| Absolute (%)      | (13.8) | (11.1) | 31.6 |
| Relative (%)      | (11.8) | (10.8) | 7.4  |

| Major shareholders | % held |
|--------------------|--------|
| Promoters          | 51.8   |
| LIC                | 5.4    |
| HDFC MF            | 3.7    |

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# Aurobindo Pharma

## Positives priced in; downgrade to HOLD

- Weak 2Q results. Margin impacted by higher R&D spending & weak US biz.
- Pen-G and Vizag plant should start contributing from FY26F.
- FY25F/26F EPS estimates revised downwards by 7%/9%. We downgrade the stock's rating to HOLD (ADD earlier) with a lower target price of Rs1,368.

**Weak 2QFY25 performance**

Aurobindo Pharma (ARBP) reported 2QFY25 revenue in line with our estimate but missed on the profitability front (EBITDA/PAT miss by 3%/11%, respectively). Margin at 20.1% missed our/Bloomberg consensus estimates by 80bp/150bp, respectively, due to the rise in R&D spending by Rs700m (trend to continue for the next three-to-four quarters) and Rs300m impact of carriage outward due to the Red Sea crisis (trend to slow down in 3Q and 4QFY25F). Further, a cost of Rs800m (Pen-G plant-related) also hit the P&L, with no commensurate revenue. The US market revenue at US\$421m (our estimate: US\$430m) was impacted by QoQ lower gRevlimid sales and QoQ decline in injectables business (by US\$21m) arising from supply chain problems (to recover in 2HFY25F) and seasonality. On the other hand, the oral solids business posted a healthy growth of 9% YoY/4.5% QoQ. The EU market growth was strong at 17% YoY/4% QoQ and is on course to achieve EUR900m guidance in FY25F and US\$1bn+ sales in FY26F.

**Sustains margin guidance of 21-22%**

Aurobindo Pharma retained its FY25F margin guidance of 21-22% as 2HFY25F to be better than 1HFY25. Margin should benefit from higher gRevlimid sales, lower input costs, a stable US pricing environment and PLI benefits, partly offset by higher R&D spending. Post OAI at the Eugia-III plant, management expects a relatively moderate growth (double-digit growth but unlike the super-normal growth in FY24), although FY26F is likely to be better with the commercialization of oncology products and some settled product launches. The Pen-G plant started with commercial batches (35 batches in 2Q) and ramped up to 35-40 batches per month in 3Q. With capacity ramp-up and increased efficiency, the plant is expected to break even in 4QFY25F and deliver positively in FY26F.

**Other highlights**

a) Tax rate guidance for FY25F revised to 30% from 27-28% earlier. b) Vizag plant – Approval received from EMA and the US for terminally sterilized lines. Decent revenue to start from FY26F and full-fledged from FY27F. c) Biosimilar in Phase-3 clinical trials: Denosumab – trial to be completed by May-Jun 2025F and commercialization in India by 2025F and in Europe by CY26F; Omalizumab – by Feb-Mar 2025F, patient recruitment for clinical trials would be done; by the end of CY25F, filing to be done for EMA and the US market, and India launch likely in 2025F.

**Downgrade our rating to HOLD with a lower target price of Rs1,368**

We feel the tailwinds from US pricing dynamics are priced in, and the stock is priced to perfection. We downgrade our rating on it to HOLD (from ADD). The faster-than-expected ramp-up in Eugia is an upside risk and vice-versa.

| Financial Summary                 | Mar-22A | Mar-23A | Mar-24A | Mar-25F | Mar-26F |
|-----------------------------------|---------|---------|---------|---------|---------|
| Revenue (Rsm)                     | 234,555 | 248,554 | 290,019 | 312,611 | 342,244 |
| Operating EBITDA (Rsm)            | 43,867  | 37,582  | 58,430  | 67,074  | 75,409  |
| Net Profit (Rsm)                  | 26,481  | 19,275  | 31,716  | 37,102  | 44,525  |
| Core EPS (Rs)                     | 47.4    | 32.9    | 57.4    | 63.3    | 76.0    |
| Core EPS Growth                   | (14.2%) | (30.6%) | 74.5%   | 10.3%   | 20.0%   |
| FD Core P/E (x)                   | 27.21   | 39.19   | 22.46   | 20.36   | 16.96   |
| DPS (Rs)                          | 9.0     | 7.5     | 6.0     | 7.0     | 8.0     |
| Dividend Yield                    | 0.70%   | 0.58%   | 0.47%   | 0.54%   | 0.62%   |
| EV/EBITDA (x)                     | 16.68   | 19.63   | 12.87   | 10.91   | 9.37    |
| P/FCFE (x)                        | 16.74   | 16.27   | 20.92   | 40.79   | 11.09   |
| Net Gearing                       | (7.0%)  | (5.2%)  | (0.1%)  | (6.1%)  | (12.3%) |
| P/BV (x)                          | 3.07    | 2.81    | 2.53    | 2.28    | 2.03    |
| ROE                               | 11.9%   | 7.5%    | 11.9%   | 11.8%   | 12.6%   |
| % Change In Core EPS Estimates    |         |         |         | (7.35%) | (9.43%) |
| InCred Research/Consensus EPS (x) |         |         |         |         |         |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Financial summary

| (Rs m)                              | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | Y-o-Y (%) | Q-o-Q (%) |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| Revenue                             | 57,394 | 64,071 | 64,730 | 68,505 | 72,194 | 73,518 | 75,802 | 75,670 | 77,961 | 8%        | 3%        |
| Consumption of raw materials        | 25,680 | 29,076 | 29,310 | 31,547 | 32,367 | 31,506 | 30,609 | 30,727 | 32,103 | -1%       | 4%        |
| as % of sales                       | 44.7%  | 45.4%  | 45.3%  | 46.1%  | 44.8%  | 42.9%  | 40.4%  | 40.6%  | 41.2%  |           |           |
| Employee costs                      | 8,685  | 9,217  | 8,519  | 9,520  | 9,550  | 9,897  | 10,263 | 10,720 | 11,095 | 16%       | 4%        |
| as % of sales                       | 15.1%  | 14.4%  | 13.2%  | 13.9%  | 13.2%  | 13.5%  | 13.5%  | 14.2%  | 14.2%  |           |           |
| R&D costs                           | 2,760  | 4,152  | 4,107  | 3,876  | 3,000  | 3,980  | 3,920  | 3,390  | 4,100  | 37%       | 21%       |
| as % of sales                       | 4.8%   | 6.5%   | 6.3%   | 5.7%   | 4.2%   | 5.4%   | 5.2%   | 4.5%   | 5.3%   |           |           |
| Other expenditure                   | 11900  | 12082  | 12772  | 12049  | 13245  | 12122  | 14139  | 14638  | 15002  | 13%       | 2%        |
| as % of sales                       | 20.7%  | 18.9%  | 19.7%  | 17.6%  | 18.3%  | 16.5%  | 18.7%  | 19.3%  | 19.2%  |           |           |
| EBITDA                              | 8,369  | 9,544  | 10,022 | 11,514 | 14,032 | 16,013 | 16,871 | 16,196 | 15,661 | 12%       | -3%       |
| Margin (%)                          | 14.6%  | 14.9%  | 15.5%  | 16.8%  | 19.4%  | 21.8%  | 22.3%  | 21.4%  | 20.1%  |           |           |
| Depreciation                        | 2,981  | 3,214  | 3,456  | 3,266  | 4,175  | 4,233  | 3,543  | 4,042  | 3,823  | -8%       | -5%       |
| Other income                        | 111    | 927    | 1,349  | 1,163  | 1,572  | 1,625  | 1,213  | 2,209  | 1,360  | -13%      | -38%      |
| Interest                            | 253    | 450    | 556    | 566    | 682    | 756    | 894    | 1,110  | 1,127  |           |           |
| PBT                                 | 5,246  | 6,807  | 7,359  | 8,846  | 10,747 | 12,650 | 13,647 | 13,253 | 12,072 | 12%       | -9%       |
| Total tax                           | 1,130  | 1,891  | 2,242  | 2,423  | 3,237  | 3,225  | 3,226  | 4,057  | 3,905  |           |           |
| Tax rate (%)                        | 21.5%  | 27.8%  | 30.5%  | 27.4%  | 30.1%  | 25.5%  | 23.6%  | 30.6%  | 32.3%  |           |           |
| PAT before MI                       | 4,116  | 4,916  | 5,118  | 6,423  | 7,510  | 9,426  | 10,421 | 9,196  | 8,166  | 9%        | -11%      |
| Minority interest (MI)              | -22    | -3     | -55    | -18    | 61     | -63    | -127   | -14    | 3      |           |           |
| Adj. PAT before extraordinary items | 4,095  | 4,913  | 5,063  | 6,405  | 7,572  | 9,363  | 10,295 | 9,182  | 8,169  | 8%        | -11%      |
| Extraordinary expenses              | 0      | 0      | 0      | -698   | 0      | 0      | -1,221 | 0      | 0      |           |           |
| Reported PAT                        | 4,095  | 4,913  | 5,063  | 5,707  | 7,572  | 9,363  | 9,074  | 9,182  | 8,169  | 8%        | -11%      |
| No. of shares                       | 585.9  | 585.9  | 585.9  | 585.9  | 585.9  | 585.9  | 585.9  | 585.9  | 585.9  |           |           |
| EPS                                 | 7.0    | 8.4    | 8.6    | 10.9   | 12.9   | 16.0   | 17.6   | 15.7   | 13.9   |           |           |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Margin profile

| (%)                | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | Y-o-Y (bp) | Q-o-Q (bp) |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|------------|
| Gross              | 55%    | 55%    | 55%    | 54%    | 55%    | 57%    | 60%    | 59.4%  | 58.8%  | 366        | -57        |
| EBITDA             | 15%    | 15%    | 15%    | 17%    | 19%    | 22%    | 22%    | 21%    | 20%    | 65         | -131       |
| Adj. PAT           | 7%     | 8%     | 8%     | 9%     | 10%    | 13%    | 14%    | 12%    | 10%    | -1         | -166       |
| Effective tax rate | 22%    | 28%    | 30%    | 27%    | 30%    | 25%    | 24%    | 31%    | 32%    | 223        | 174        |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Revenue break-up

| (Rs m)            | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | Y-o-Y (%) | Q-o-Q (%) |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| North America INR | 26,376 | 30,012 | 30,450 | 33,040 | 33,850 | 37,560 | 35,880 | 35,550 | 35,300 | 4%        | -1%       |
| % total revenue   | 46.0%  | 46.8%  | 47.0%  | 48.2%  | 46.9%  | 51.4%  | 47.3%  | 47.0%  | 45.3%  |           |           |
| ARV               | 1,643  | 2,512  | 1,590  | 1,900  | 2,500  | 1,790  | 2,380  | 2,290  | 1,930  | -23%      | -16%      |
| % total revenue   | 2.9%   | 3.9%   | 2.5%   | 2.8%   | 3.5%   | 2.4%   | 3.1%   | 3.0%   | 2.5%   |           |           |
| Europe            | 15,162 | 17,012 | 16,600 | 18,370 | 17,690 | 17,280 | 18,320 | 19,820 | 21,050 | 19%       | 6%        |
| % total revenue   | 26.4%  | 26.6%  | 25.6%  | 26.8%  | 24.5%  | 23.6%  | 24.2%  | 26.2%  | 27.0%  |           |           |
| RoW               | 4,519  | 4,989  | 5,920  | 4,860  | 6,490  | 6,270  | 8,520  | 7,090  | 8,120  | 25%       | 15%       |
| % total revenue   | 7.9%   | 7.8%   | 9.1%   | 7.1%   | 9.0%   | 8.6%   | 11.2%  | 9.4%   | 10.4%  |           |           |
| API               | 9,694  | 9,546  | 10,170 | 10,330 | 11,660 | 10,220 | 10,190 | 10,920 | 11,560 | -1%       | 6%        |
| % total revenue   | 16.9%  | 14.9%  | 15.7%  | 15.1%  | 16.2%  | 14.0%  | 13.4%  | 14.4%  | 14.8%  |           |           |
| Total revenue     | 57,394 | 64,071 | 64,730 | 68,505 | 72,194 | 73,130 | 75,800 | 75,670 | 77,961 | 8%        | 3%        |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Actuals versus estimates

|               | Actual | Incred Est. | Variance (%) | Bloomberg Est. | Variance (%) |
|---------------|--------|-------------|--------------|----------------|--------------|
| Revenue (Rsm) | 77,961 | 77,204      | 1.0          | 77,562         | 0.5          |
| EBITDA (Rsm)  | 15,661 | 16,151      | -3.0         | 16,769         | -6.6         |
| Margin (%)    | 20.1   | 20.9        |              | 21.6           |              |
| PAT (Rsm)     | 8,169  | 9,223       | -11.4        | 9,719          | -15.9        |

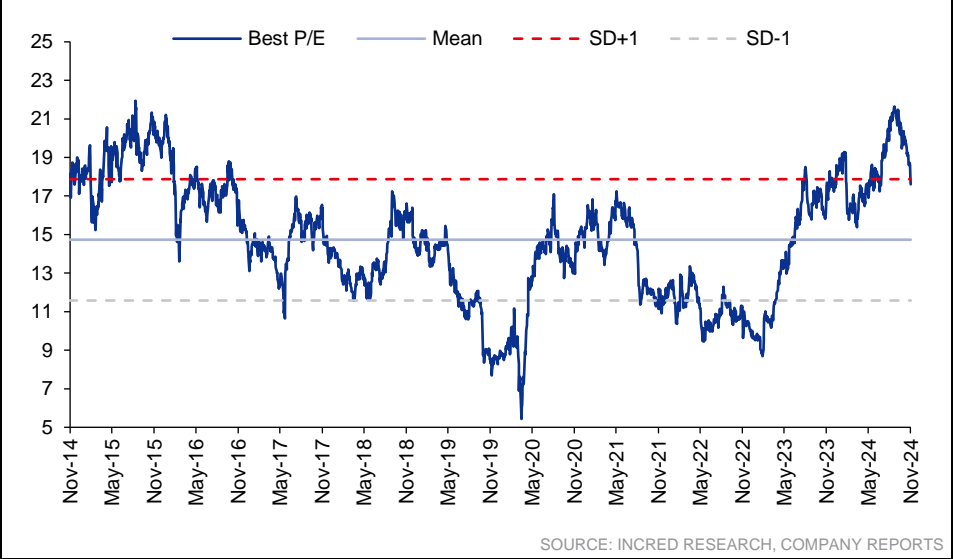
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Our revised earnings estimates

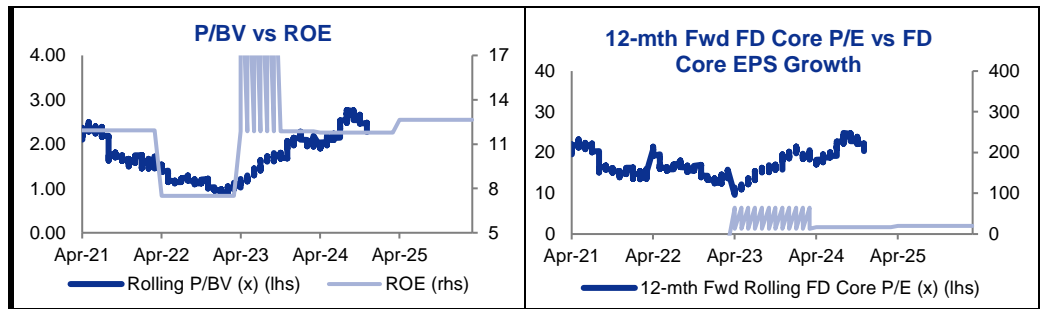
|               | FY25F    |          |              | FY26F    |          |              |
|---------------|----------|----------|--------------|----------|----------|--------------|
|               | Old      | New      | Variance (%) | Old      | New      | Variance (%) |
| Revenue (Rsm) | 3,16,594 | 3,12,611 | -1%          | 3,46,361 | 3,42,244 | -1%          |
| EBITDA (Rsm)  | 68,977   | 67,074   | -3%          | 80,636   | 75,409   | -6%          |
| Margin (%)    | 22       | 21.5     |              | 23       | 22.0     |              |
| PAT (Rsm)     | 40,044   | 37,102   | -7%          | 49,158   | 44,525   | -9%          |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Despite the recent correction, Aurobindo Pharma trades at SD+1



BY THE NUMBERS



Profit & Loss

| (Rs mn)                                   | Mar-22A        | Mar-23A        | Mar-24A        | Mar-25F        | Mar-26F        |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Total Net Revenues</b>                 | <b>234,555</b> | <b>248,554</b> | <b>290,019</b> | <b>312,611</b> | <b>342,244</b> |
| <b>Gross Profit</b>                       | <b>133,152</b> | <b>135,621</b> | <b>163,990</b> | <b>185,301</b> | <b>201,912</b> |
| <b>Operating EBITDA</b>                   | <b>43,867</b>  | <b>37,582</b>  | <b>58,430</b>  | <b>67,074</b>  | <b>75,409</b>  |
| Depreciation And Amortisation             | (11,265)       | (12,446)       | (15,217)       | (16,500)       | (17,500)       |
| <b>Operating EBIT</b>                     | <b>32,602</b>  | <b>25,136</b>  | <b>43,213</b>  | <b>50,574</b>  | <b>57,909</b>  |
| Financial Income/(Expense)                | (486)          | (1,405)        | (2,897)        | (4,000)        | (3,500)        |
| Pretax Income/(Loss) from Assoc.          |                |                |                |                |                |
| Non-Operating Income/(Expense)            | 3,204          | 2,510          | 5,574          | 6,500          | 7,500          |
| <b>Profit Before Tax (pre-EI)</b>         | <b>35,319</b>  | <b>26,242</b>  | <b>45,890</b>  | <b>53,074</b>  | <b>61,909</b>  |
| Exceptional Items                         |                |                |                |                |                |
| <b>Pre-tax Profit</b>                     | <b>35,319</b>  | <b>26,242</b>  | <b>45,890</b>  | <b>53,074</b>  | <b>61,909</b>  |
| Taxation                                  | (7,256)        | (6,849)        | (12,110)       | (15,922)       | (17,335)       |
| Exceptional Income - post-tax             | (1,280)        | (1,919)        | (1,919)        |                |                |
| <b>Profit After Tax</b>                   | <b>26,783</b>  | <b>19,393</b>  | <b>31,861</b>  | <b>37,152</b>  | <b>44,575</b>  |
| Minority Interests                        | (302)          | (118)          | (146)          | (50)           | (50)           |
| Preferred Dividends                       |                |                |                |                |                |
| FX Gain/(Loss) - post tax                 |                |                |                |                |                |
| Other Adjustments - post-tax              |                |                |                |                |                |
| <b>Net Profit</b>                         | <b>26,481</b>  | <b>19,275</b>  | <b>31,716</b>  | <b>37,102</b>  | <b>44,525</b>  |
| Recurring Net Profit                      | 27,761         | 19,275         | 33,634         | 37,102         | 44,525         |
| <b>Fully Diluted Recurring Net Profit</b> | <b>27,761</b>  | <b>19,275</b>  | <b>33,634</b>  | <b>37,102</b>  | <b>44,525</b>  |

Cash Flow

| (Rs mn)                          | Mar-22A         | Mar-23A        | Mar-24A        | Mar-25F         | Mar-26F       |
|----------------------------------|-----------------|----------------|----------------|-----------------|---------------|
| <b>EBITDA</b>                    | <b>43,867</b>   | <b>37,582</b>  | <b>58,430</b>  | <b>67,074</b>   | <b>75,409</b> |
| Cash Flow from Invt. & Assoc.    |                 |                |                |                 |               |
| Change In Working Capital        | 15,578          | (10,950)       | (16,751)       | (15,221)        | (17,053)      |
| (Incr)/Decr in Total Provisions  |                 |                |                |                 |               |
| Other Non-Cash (Income)/Expense  |                 |                |                |                 |               |
| Other Operating Cashflow         | 1,612           | 16,561         | 4,035          | 9,413           | (1,181)       |
| Net Interest (Paid)/Received     | (486)           | (1,405)        | (2,897)        | (4,000)         | (3,500)       |
| Tax Paid                         | (10,406)        | (17,921)       | (18,472)       | (21,385)        | (12,704)      |
| <b>Cashflow From Operations</b>  | <b>50,165</b>   | <b>23,868</b>  | <b>24,345</b>  | <b>35,881</b>   | <b>40,971</b> |
| Capex                            | (23,237)        | (23,927)       | (27,201)       | (15,000)        | (15,000)      |
| Disposals Of FAs/subsidiaries    |                 |                |                |                 |               |
| Acq. Of Subsidiaries/investments | (6,248)         | (1,970)        |                |                 |               |
| Other Investing Cashflow         |                 |                |                |                 |               |
| <b>Cash Flow From Investing</b>  | <b>20,680</b>   | <b>(2,029)</b> | <b>(2,855)</b> | <b>20,881</b>   | <b>25,971</b> |
| Debt Raised/(repaid)             | (25,724)        | 24,576         | 14,613         | (38,245)        | 1,169         |
| Proceeds From Issue Of Shares    |                 |                |                |                 |               |
| Shares Repurchased               |                 |                |                |                 |               |
| Dividends Paid                   | (2,637)         | (4,395)        | (2,636)        | (3,516)         | (4,102)       |
| Preferred Dividends              |                 |                |                |                 |               |
| Other Financing Cashflow         | (1,246)         | (1,491)        | (8,180)        | 2,500           | 4,000         |
| <b>Cash Flow From Financing</b>  | <b>(29,607)</b> | <b>18,690</b>  | <b>3,796</b>   | <b>(39,261)</b> | <b>1,068</b>  |
| Total Cash Generated             | (8,927)         | 16,661         | 941            | (18,379)        | 27,039        |
| <b>Free Cashflow To Equity</b>   | <b>45,121</b>   | <b>46,415</b>  | <b>36,103</b>  | <b>18,517</b>   | <b>68,111</b> |
| <b>Free Cashflow To Firm</b>     | <b>71,332</b>   | <b>23,244</b>  | <b>24,387</b>  | <b>60,763</b>   | <b>70,442</b> |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

| <b>Balance Sheet</b>                 |                |                |                |                |                |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>(Rs mn)</b>                       | <b>Mar-22A</b> | <b>Mar-23A</b> | <b>Mar-24A</b> | <b>Mar-25F</b> | <b>Mar-26F</b> |
| Total Cash And Equivalents           | 45,816         | 62,476         | 63,417         | 45,037         | 72,076         |
| Total Debtors                        | 40,123         | 44,664         | 48,167         | 53,144         | 58,181         |
| Inventories                          | 75,539         | 85,112         | 98,082         | 112,540        | 123,208        |
| Total Other Current Assets           | 19,750         | 23,204         | 32,389         | 31,261         | 34,224         |
| <b>Total Current Assets</b>          | <b>181,227</b> | <b>215,457</b> | <b>242,056</b> | <b>241,982</b> | <b>287,690</b> |
| Fixed Assets                         | 106,660        | 124,918        | 142,849        | 141,349        | 138,849        |
| Total Investments                    | 6,183          | 3,917          | 3,217          | 3,217          | 3,217          |
| Intangible Assets                    | 36,133         | 39,219         | 40,766         | 40,766         | 40,766         |
| Total Other Non-Current Assets       | 9,014          | 15,389         | 21,827         | 21,827         | 21,827         |
| <b>Total Non-current Assets</b>      | <b>157,990</b> | <b>183,443</b> | <b>208,659</b> | <b>207,159</b> | <b>204,659</b> |
| Short-term Debt                      | 22,835         | 42,426         | 41,803         | 41,803         | 41,803         |
| Current Portion of Long-Term Debt    |                |                |                |                |                |
| Total Creditors                      | 27,031         | 38,713         | 44,542         | 46,263         | 46,486         |
| Other Current Liabilities            | 31,695         | 33,799         | 35,647         | 37,010         | 38,402         |
| <b>Total Current Liabilities</b>     | <b>81,560</b>  | <b>114,938</b> | <b>121,991</b> | <b>125,076</b> | <b>126,691</b> |
| Total Long-term Debt                 | 5,678          | 6,190          | 21,349         | (16,896)       | (15,727)       |
| Hybrid Debt - Debt Component         |                |                |                |                |                |
| Total Other Non-Current Liabilities  | 6,239          | 9,254          | 8,867          | 8,867          | 8,867          |
| <b>Total Non-current Liabilities</b> | <b>11,917</b>  | <b>15,444</b>  | <b>30,216</b>  | <b>(8,029)</b> | <b>(6,860)</b> |
| Total Provisions                     |                |                |                |                |                |
| <b>Total Liabilities</b>             | <b>93,477</b>  | <b>130,381</b> | <b>152,207</b> | <b>117,047</b> | <b>119,831</b> |
| Shareholders Equity                  | 245,760        | 268,399        | 298,428        | 331,964        | 372,337        |
| Minority Interests                   | (19)           | 120            | 80             | 130            | 180            |
| <b>Total Equity</b>                  | <b>245,741</b> | <b>268,519</b> | <b>298,508</b> | <b>332,094</b> | <b>372,517</b> |

| <b>Key Ratios</b>         |                |                |                |                |                |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
|                           | <b>Mar-22A</b> | <b>Mar-23A</b> | <b>Mar-24A</b> | <b>Mar-25F</b> | <b>Mar-26F</b> |
| Revenue Growth            | (5.3%)         | 6.0%           | 16.7%          | 7.8%           | 9.5%           |
| Operating EBITDA Growth   | (17.8%)        | (14.3%)        | 55.5%          | 14.8%          | 12.4%          |
| Operating EBITDA Margin   | 18.7%          | 15.1%          | 20.1%          | 21.5%          | 22.0%          |
| Net Cash Per Share (Rs)   | 29.53          | 23.66          | 0.45           | 34.36          | 78.51          |
| BVPS (Rs)                 | 419.43         | 458.07         | 509.32         | 566.55         | 635.45         |
| Gross Interest Cover      | 67.03          | 17.89          | 14.92          | 12.64          | 16.55          |
| Effective Tax Rate        | 20.5%          | 26.1%          | 26.4%          | 30.0%          | 28.0%          |
| Net Dividend Payout Ratio |                |                |                |                |                |
| Accounts Receivables Days | 58.48          | 62.25          | 58.42          | 59.14          | 59.36          |
| Inventory Days            | 298.41         | 259.61         | 265.28         | 301.93         | 306.59         |
| Accounts Payables Days    | 98.94          | 106.24         | 120.56         | 130.17         | 120.62         |
| ROIC (%)                  | 10.7%          | 7.2%           | 10.6%          | 11.9%          | 13.0%          |
| ROCE (%)                  | 12.0%          | 8.5%           | 12.7%          | 14.1%          | 15.3%          |
| Return On Average Assets  | 8.4%           | 5.5%           | 8.5%           | 8.9%           | 10.0%          |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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- Add** The stock's total return is expected to exceed 10% over the next 12 months.  
**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.*

##### Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.  
**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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Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.  
**Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.  
**Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.