

India

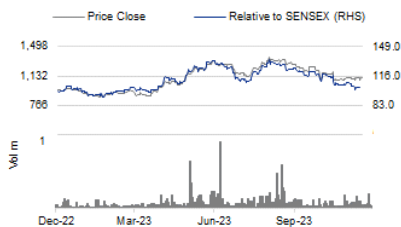
**REDUCE** (no change)

Consensus ratings\*: Buy 7 Hold 0 Sell 1

Current price: Rs1,106  
 Target price:  Rs714  
 Previous target: Rs714  
 Up/downside: -35.4%  
 InCred Research / Consensus: -47.9%

Reuters:  
 Bloomberg: AMIORG IN  
 Market cap: US\$489m  
 Rs40,803m  
 Average daily turnover: US\$1.9m  
 Rs155.8m  
 Current shares o/s: 36.0m  
 Free float: 100.0%

\*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	2.4	(13.8)	16.0
Relative (%)	(4.4)	(16.4)	4.3

Major shareholders	% held
Promoters	38.9
FII	7.2
DII	6.0

# Ami Organics Ltd

## A washout year; we cut EPS estimates

- We disagree with street's bullishness on darolutamide intermediate (methyl-5-acetal-1h-pyrazole-3-carboxylate). Max. market of the molecule is US\$56m.
- A Chinese company has developed an alternate intermediate for darolutamide, which is cheaper and less toxic. Competition to intensify in this space.
- As we have been saying earlier, vinylene carbonate is a hugely oversupplied commodity and as of now its EBITDA margin is very close to zero.

### Darolutamide intermediate won't help due to a cheaper alternative

While it is evident that Ami Organics is facing a slowdown in the exports of anti-psychotic and anti-depressant drug intermediates, street appears to be very bullish on a darolutamide intermediate's (methyl-5-acetal-1h-pyrazole-3-carboxylate) sales. In this report, we have shown that even at US\$3bn darolutamide sales, methyl-5-acetal-1h-pyrazole-3-carboxylate sales will be, at best, US\$56m. Also, there is huge competition in this space from Chinese companies. At the same time, a new intermediate has been developed in China (<https://patents.google.com/patent/CN111138289A/zh>) that is cheaper and less toxic compared to methyl-5-acetal-1h-pyrazole-3-carboxylate. Consensus bullishness on methyl-5-acetal-1h-pyrazole-3-carboxylate, in our view, appears to be totally misplaced.

### Vinylene carbonate usage in LiFSi uncertain, margin close to zero

Vinylene carbonate (VC) is a colourless, liquid organic compound with the formula C<sub>3</sub>H<sub>2</sub>O<sub>3</sub>. VC promotes the formation of an insoluble film between the electrolyte and the negative electrode, which prevents the reduction of the electrolyte at the negative (graphite) electrode and contributes significantly to long-term stability of the battery. However, some studies have shown that the addition of VC to LiFSi electrolytes can lead to increased electrolyte decomposition and capacity fading. This is likely due to the fact that VC is a strong nucleophile and can react with the LiFSi salt. In the case of Tesla 4860 batteries, it is not yet known whether they will use VC. However, it's possible that they will, as VC has been shown to be beneficial in LiFSi batteries in some cases. It's also possible that Tesla will use a different solvent, such as DME (dimethoxyethane), which has also been shown to be compatible with LiFSi and can improve the battery performance. As of now, because of huge VC capacity in China, its EBITDA margin is close to zero.

### We cut our EPS estimates; retain REDUCE rating on the stock

We cut our EPS estimates for FY24F/25F/26F to Rs21.9/Rs22.8/Rs24.1, respectively. We retain our REDUCE rating on Ami Organics with a 12-month target price of Rs714. Upside risk: A sudden recovery in vinylene carbonate prices.

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### Financial Summary

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (Rsm)	5,201	6,167	6,784	7,462	8,209
Operating EBITDA (Rsm)	1,052	1,226	1,178	1,227	1,290
Net Profit (Rsm)	719	833	788	822	867
Core EPS (Rs)	20.0	23.1	21.9	22.8	24.1
Core EPS Growth	33.2%	15.8%	(5.4%)	4.3%	5.5%
FD Core P/E (x)	55.36	47.82	50.57	48.46	45.92
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)	36.93	32.04	32.57	30.91	29.02
P/FCFE (x)	(14.86)	106.62	56.11	57.47	55.36
Net Gearing	(19.1%)	(9.3%)	(23.0%)	(27.4%)	(31.4%)
P/BV (x)	7.69	6.71	6.20	5.69	5.23
ROE	21.0%	15.0%	12.7%	12.2%	11.9%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

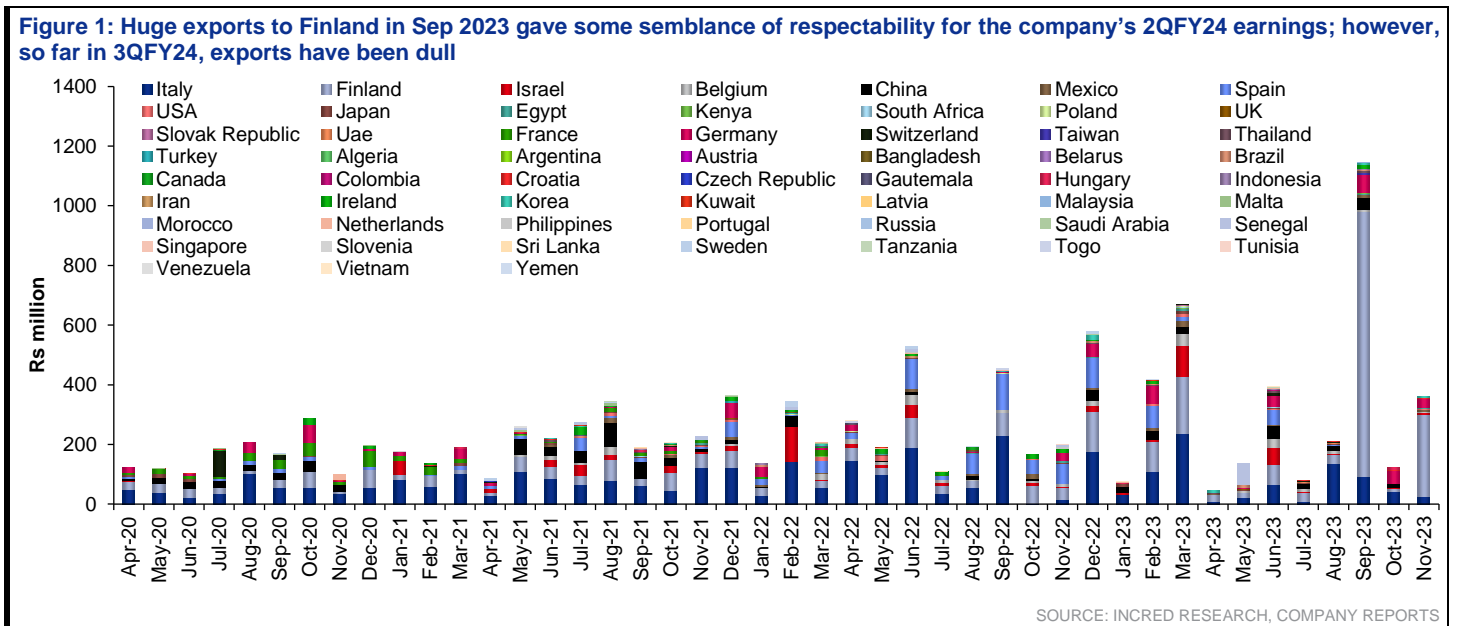
## A washout year; we cut EPS estimates

FY24F is turning out to be a washout year for most chemical companies and Ami Organics is no exception. While it appears that the company has started to ship its vinylene carbonate samples to clients, it will take a long time before the product stabilizes. Moreover, the prices of vinylene carbonate have collapsed which means incremental EBITDA on vinylene carbonate sales will be miniscule.

### Exports of APIs remain subdued - darolutamide will not help

While it is evident that Ami Organics is facing a slowdown in the 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. Also, there is huge competition in this space from Chinese companies. At the same time, a new intermediate has been developed in China (<https://patents.google.com/patent/CN111138289A/zh>) that is cheaper and less toxic compared to methyl-5-acetal-1h-pyrazole-3-carboxylate. Consensus bullishness on methyl-5-acetal-1h-pyrazole-3-carboxylate appears to be totally misplaced.

### Overall API exports remain subdued ➤



### Italian market hasn't recovered for Ami Organics ➤

Ami Organics supplies intermediates for antidepressant drugs to the Italian market. Due to the Covid-19 pandemic, the Italian market did well but as the situation is now normalizing, sales of anti-depressants appear to be falling.

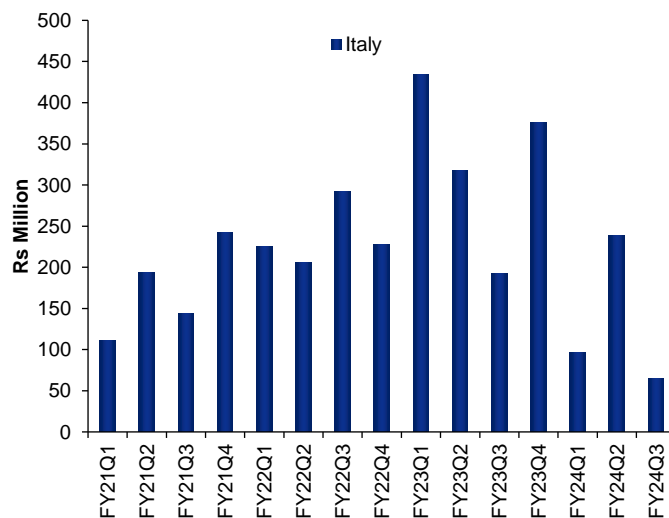
**Figure 2: Ami Organics sells anti-depressant and anti-psychotic drug intermediates to Italian market**

**Exports to Italy by Ami organics**

- 1-(3-Chloro Phenyl)4-(3-Chloro Propyl) Piperazine
- 2H-[1,2,4] Triazolo [4,3-A] Pyridin-3-One
- 1-Boc Piperazine
- 1-Phenylloxindole

SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: Post Covid-19 sales**



SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Prostrate 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 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.

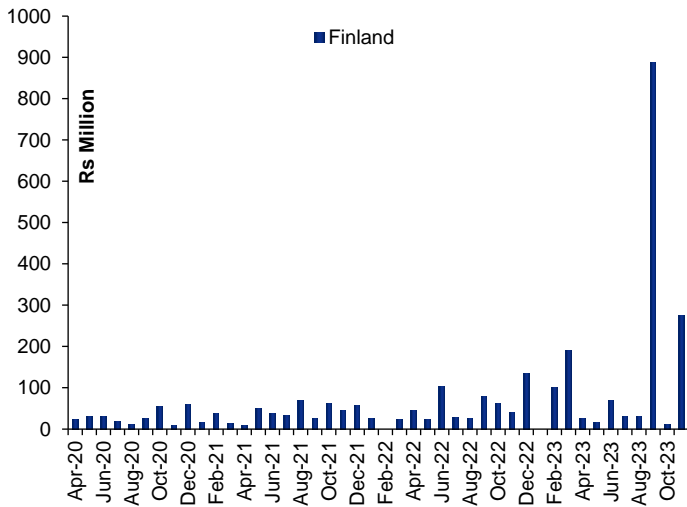
**Active Pharmaceutical Ingredient (API) manufacturers:**

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:**

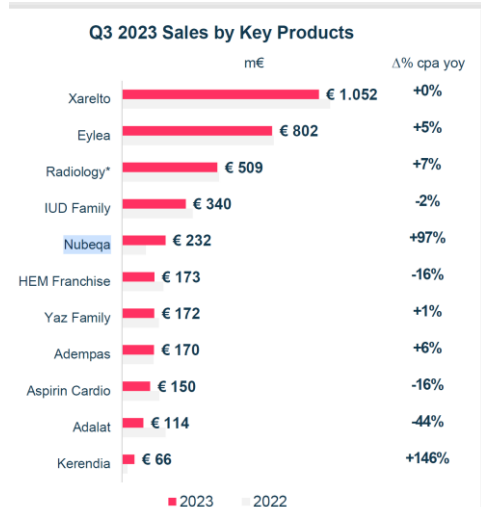
1. **Shandong Loncom Pharmaceutical:** It is a Chinese company listed as a manufacturer of darolutamide API on PharmaCompass.com.
2. **Egis Pharmaceuticals PLC:** It is a Hungarian pharmaceutical company that is also listed on PharmaCompass.com.
3. **MSN Laboratories:** It is an Indian company listed on the same website as a potential darolutamide API supplier.

**Figure 4: There has been a sharp increase in the intermediate's exports to Finland in Sep 2023**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 5: Nubeqa sales have increased by 97% in 3QCY23 for Bayer, but we don't see a huge increase in Ami Organics' sales**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**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.

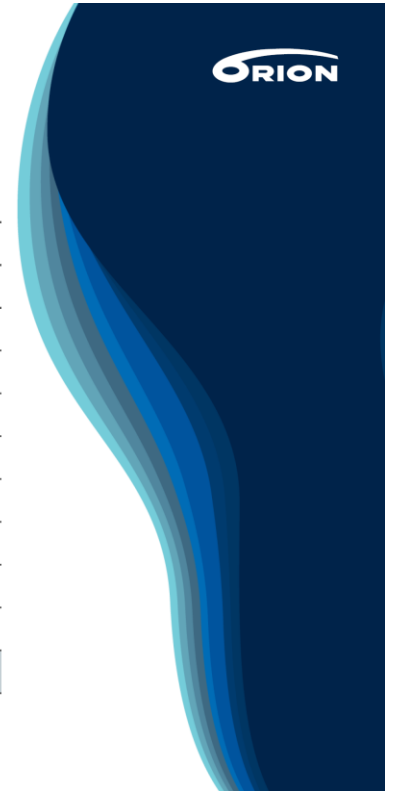
Figure 6: Orion Corporation supplies Nubeqa to Bayer, who markets it globally

## TOP 10 products in YTD9 2023

	Product or product portfolio	EUR million	vs. YTD9 2022
1.	Nubeqa®	120.3	>100%
2.	Easyhaler® product portfolio	101.6	+8.5%
3.	Entacapone products <sup>1</sup>	67.7	-24.6%
4.	Simdax®	20.2	-39.1%
5.	Burana®	18.3	-5.2%
6.	Dexdomitor®, Domitor®, Domosedan®, Antisedan®	18.2	-35.5%
7.	Dexmedetomidine products for human use <sup>2</sup>	16.7	-46.1%
8.	Divina® series	15.6	-23.4%
9.	Trexan®	15.4	+37.1%
10.	Biosimilars	13.4	-9.7%

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

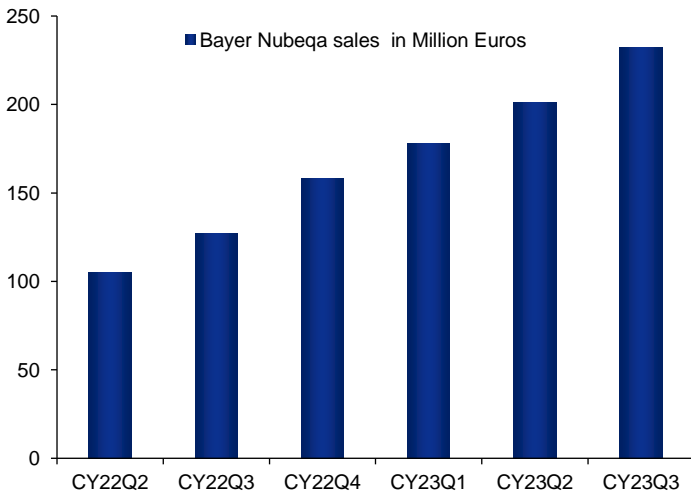


8 26 October 2023 © Orion Corporation

SOURCE: INCRED RESEARCH, COMPANY REPORTS

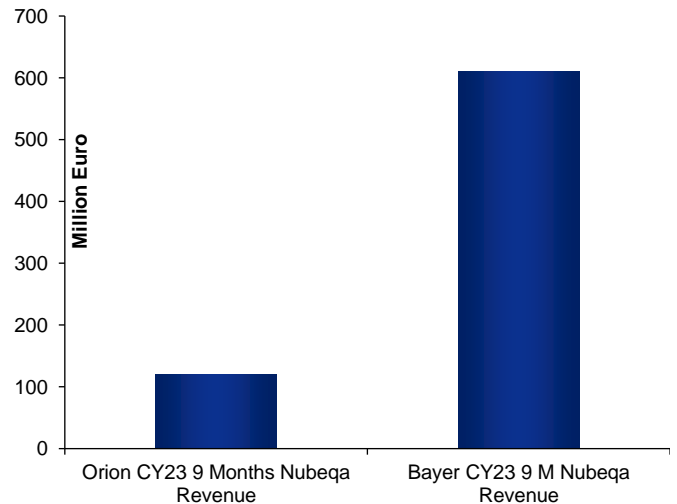
So the primary revenue source for Orion Corporation is the royalty payment received on sales as well as the CDMO business of subsidiary Fermion.

Figure 7: Bayer's nine-month revenue from Nubeqa in CY23 stood at Euro 620m



SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 8: However, Orion Corporation's revenue (royalty as well as Fermion CDMO revenue) is 1/5<sup>th</sup> of Bayer's Nubeqa revenue



SOURCES: INCRED RESEARCH, COMPANY REPORTS

While we don't know the royalty rate which Orion Corporation receives from Bayer, as per the 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/>).

**Therefore, while darolutamide revenue may touch US\$3bn 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\$3bn. 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 used in combination with androgen deprivation therapy (ADT) and docetaxel.

Bayer's sales targets for Nubeqa are:

- 2021: €219m (US\$239m)
- 2022: Doubled its sales from 2021.
- 2023: Aiming to double sales again.
- 2030F: Sets US\$3bn sales target.

**Even if sales touch US\$3bn, the maximum revenue to Orion Corporation can be US\$600m and to subsidiary Fermion ~ 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."

### So why is street ultra-bullish on methyl-5-acetal-1h-pyrazole-3-carboxylate? It doesn't make any sense to us ➤

While Sep 2023 saw a big shipment of methyl-5-acetal-1h-pyrazole-3-carboxylate, it appears to us that it will be a one-in-six-months kind of shipment and won't be repeated soon.

### Vinylene carbonate gross margin close to zero

Vinylene carbonate (VC) is a colourless, liquid organic compound with the formula  $C_3H_2O_3$ . It is the simplest unsaturated cyclic carbonic acid ester. Vinylene carbonate can also be thought of as the cyclic carbonate of the hypothetical (Z)-ethene-1,2-diol. The activated double bond in this five-membered oxygen-containing heterocycle makes the molecule a reactive monomer for homopolymerization and copolymerization and a dienophile in Diels-Alder reactions.

### Vinylene carbonate has a variety of uses ➤

1. **As an electrolyte additive for lithium-ion batteries:** VC promotes the formation of an insoluble film between the electrolyte and the negative electrode, which prevents the reduction of the electrolyte at the negative (graphite) electrode and contributes significantly to long-term stability of the battery.
2. **As a solvent for organic and inorganic compounds:** VC is a highly polar solvent that is miscible with a wide range of solvents, including water, alcohols, ketones, and amines.
3. **As a monomer for the production of polymers:** VC can be polymerized to form a variety of polymers with different properties, including elastomers, plastics, and fibres.
4. **As a chemical intermediate:** VC is used in the production of other chemicals, such as ethylene carbonate, propylene carbonate, and divinyl carbonate.

VC is a safe and non-toxic compound, but it is flammable and can be harmful if inhaled or ingested. It is important to handle VC with care and to use it in a well-ventilated area.

### Vinylene carbonate usage in lithium-ion batteries is because of the following characteristics: ➤

Vinylene carbonate (VC) is used in lithium-ion batteries as an electrolyte additive because it has a number of beneficial properties, including:

1. **It promotes the formation of a solid electrolyte interphase (SEI) on the negative electrode:** The SEI is a thin layer of protective film that forms on the electrode surface during the first few cycles of the battery. It helps to prevent

the electrolyte from reacting with the electrode material and degrading the battery's performance.

2. **It reduces the reactivity of the electrolyte:** The electrolyte in a lithium-ion battery is a flammable liquid that can be easily reduced by the negative electrode. VC helps to stabilize the electrolyte and prevent it from reacting with the electrode.
3. **It improves the conductivity of the electrolyte:** The conductivity of the electrolyte is important for the performance of the battery. VC helps to increase the conductivity of the electrolyte and improve the battery's power output.
4. **It reduces the polarization of the negative electrode:** Polarization is a phenomenon that occurs when the voltage across an electrode is increased. It can lead to a decrease in the battery's capacity and efficiency. VC helps to reduce the polarization of the negative electrode and improve the battery's performance.

### Following are the disadvantages of using VC in an electrolyte ➤

Vinylene carbonate (VC) is a widely used electrolyte additive in lithium-ion batteries, but it also has some disadvantages, including:

**VC is flammable:** VC is a colourless, flammable liquid with a low flash point. This means that it can easily catch fire if exposed to a spark or flame. This can be a safety hazard, especially in high-power applications.

**VC can decompose at high temperatures:** VC decomposes at high temperatures, releasing carbon monoxide and other harmful gases. This can be a safety hazard, especially in batteries that are exposed to high temperatures, such as those used in electric vehicles.

**VC can increase the viscosity of the electrolyte:** VC can increase the viscosity of the electrolyte, which can slow down the charging and discharging of the battery. This can lead to longer charging times and decreased battery performance.

**VC can interact with other electrolyte additives:** VC can interact with other electrolyte additives, such as ethylene carbonate (EC) and dimethyl carbonate (DMC). This can lead to the formation of precipitates, which can clog the battery and reduce its performance.

### VC is an integral part of LiPF<sub>6</sub>-based batteries but they are getting replaced by LiFSi batteries ➤

LiFSi has several advantages over the traditional LiPF<sub>6</sub> electrolyte, including:

1. **Higher ionic conductivity:** LiFSi has a higher ionic conductivity than LiPF<sub>6</sub>, which means that it can transport lithium ions more easily. This can lead to faster charging and discharging speeds, as well as improved performance at high temperatures.
2. **Higher thermal stability:** LiFSi is more thermally stable than LiPF<sub>6</sub>, which means that it can withstand higher temperatures without breaking down. This is important for batteries that are used in high-temperature environments, such as in electric vehicles.
3. **Better cycling stability:** LiFSi batteries have better cycling stability than LiPF<sub>6</sub> batteries, which means they can retain their capacity for more cycles. This is important for batteries that are used in applications where they are cycled frequently, such as in electric vehicles and power tools.
4. **Less corrosive to aluminium:** LiFSi is less corrosive to aluminium than LiPF<sub>6</sub>, which is important for batteries that use aluminium current collectors. This can help to improve the battery's lifespan and safety.

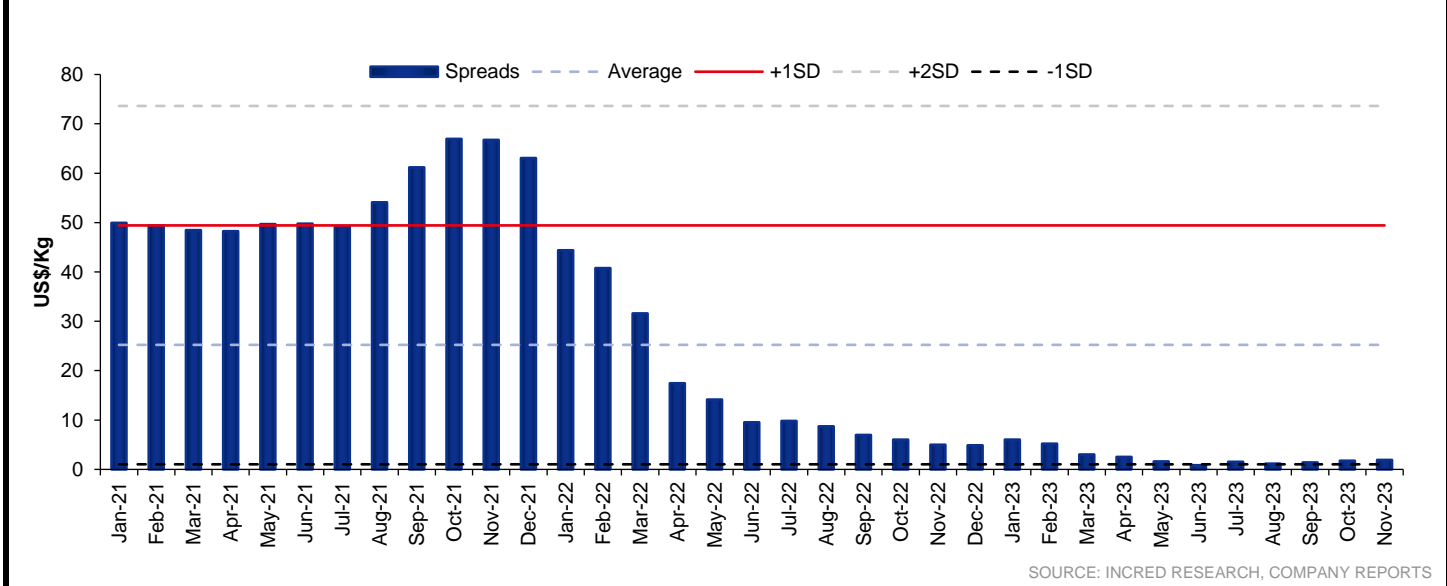


**However, VC is not essential in LiFSi electrolyte-based batteries**

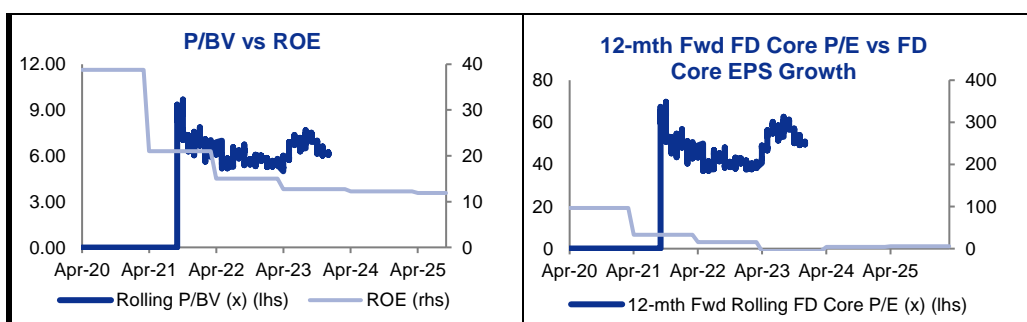
1. VC (vinylene carbonate) is not essential in LiFSi batteries, but it can be beneficial in some cases. VC is a non-flammable, low-viscosity solvent that is compatible with LiFSi. It has high ionic conductivity and can improve the electrochemical performance of LiFSi batteries. VC can also help to form a protective SEI layer on the electrodes, which can further improve the battery's performance.
2. However, some studies have shown that the addition of VC to LiFSi electrolytes can lead to increased electrolyte decomposition and capacity fading. This is likely due to the fact that VC is a strong nucleophile and can react with the LiFSi salt. As a result, the use of VC in LiFSi batteries should be carefully considered and the electrolyte composition should be optimized to minimize the negative effects of VC.
3. *In the case of Tesla 4860 batteries, it is not yet known whether they will use VC. However, it is possible that they will, as VC has been shown to be beneficial in LiFSi batteries in some cases. It is also possible that Tesla will use a different solvent, such as DME (dimethoxyethane), which has also been shown to be compatible with LiFSi and can improve the battery performance.*

**Huge overcapacity in China is eroding the prices of vinyene carbonate**

**Figure 9: The spreads of vinyene carbonate over its raw material are at barely US\$1/kg, which means the EBITDA on this chemical is unlikely to be more than US\$0.4-0.5/kg**



BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
<b>Total Net Revenues</b>	<b>5,201</b>	<b>6,167</b>	<b>6,784</b>	<b>7,462</b>	<b>8,209</b>
<b>Gross Profit</b>	<b>2,473</b>	<b>2,858</b>	<b>2,985</b>	<b>3,209</b>	<b>3,448</b>
<b>Operating EBITDA</b>	<b>1,052</b>	<b>1,226</b>	<b>1,178</b>	<b>1,227</b>	<b>1,290</b>
Depreciation And Amortisation	(101)	(123)	(139)	(142)	(145)
<b>Operating EBIT</b>	<b>951</b>	<b>1,103</b>	<b>1,039</b>	<b>1,085</b>	<b>1,146</b>
Financial Income/(Expense)	(64)	(24)			
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	28	43	14	14	14
<b>Profit Before Tax (pre-EI)</b>	<b>915</b>	<b>1,122</b>	<b>1,053</b>	<b>1,099</b>	<b>1,159</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>915</b>	<b>1,122</b>	<b>1,053</b>	<b>1,099</b>	<b>1,159</b>
Taxation	(195)	(289)	(265)	(277)	(292)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>719</b>	<b>833</b>	<b>788</b>	<b>822</b>	<b>867</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>719</b>	<b>833</b>	<b>788</b>	<b>822</b>	<b>867</b>
Recurring Net Profit	719	833	788	822	867
<b>Fully Diluted Recurring Net Profit</b>	<b>719</b>	<b>833</b>	<b>788</b>	<b>822</b>	<b>867</b>

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
<b>EBITDA</b>	<b>1,052</b>	<b>1,226</b>	<b>1,178</b>	<b>1,227</b>	<b>1,290</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(915)	(443)	(130)	(220)	(242)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(18)				
Other Operating Cashflow	76	43	14	14	14
Net Interest (Paid)/Received	(64)	(24)			
Tax Paid	(228)	(245)	(265)	(277)	(292)
<b>Cashflow From Operations</b>	<b>(97)</b>	<b>557</b>	<b>796</b>	<b>743</b>	<b>770</b>
Capex	(328)	(657)	(50)	(50)	(50)
Disposals Of FAs/subsidiaries		(181)			
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(897)	632			
<b>Cash Flow From Investing</b>	<b>(1,225)</b>	<b>(205)</b>	<b>(50)</b>	<b>(50)</b>	<b>(50)</b>
Debt Raised/(repaid)	(1,358)	21	(36)		
Proceeds From Issue Of Shares	3,000				
Shares Repurchased					
Dividends Paid		(109)	(250)	(250)	(250)
Preferred Dividends					
Other Financing Cashflow	(239)	(56)			
<b>Cash Flow From Financing</b>	<b>1,403</b>	<b>(144)</b>	<b>(286)</b>	<b>(250)</b>	<b>(250)</b>
Total Cash Generated	81	208	460	443	470
<b>Free Cashflow To Equity</b>	<b>(2,680)</b>	<b>374</b>	<b>710</b>	<b>693</b>	<b>720</b>
<b>Free Cashflow To Firm</b>	<b>(1,258)</b>	<b>377</b>	<b>746</b>	<b>693</b>	<b>720</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-24F</b>	<b>Mar-25F</b>	<b>Mar-26F</b>
Total Cash And Equivalents	996	587	1,477	1,920	2,389
Total Debtors	1,637	2,303	2,135	2,349	2,584
Inventories	1,122	1,192	1,463	1,609	1,770
Total Other Current Assets	761	620	620	620	620
<b>Total Current Assets</b>	<b>4,515</b>	<b>4,701</b>	<b>5,694</b>	<b>6,497</b>	<b>7,363</b>
Fixed Assets	1,808	2,473	2,384	2,293	2,198
Total Investments	17	17	17	17	17
Intangible Assets					
Total Other Non-Current Assets	205	479			
<b>Total Non-current Assets</b>	<b>2,031</b>	<b>2,969</b>	<b>2,401</b>	<b>2,309</b>	<b>2,215</b>
Short-term Debt	3	30			
Current Portion of Long-Term Debt					
Total Creditors	1,184	1,420	1,394	1,533	1,687
Other Current Liabilities	106	178	178	178	178
<b>Total Current Liabilities</b>	<b>1,293</b>	<b>1,628</b>	<b>1,572</b>	<b>1,712</b>	<b>1,865</b>
Total Long-term Debt	6	6			
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
<b>Total Non-current Liabilities</b>	<b>6</b>	<b>6</b>			
Total Provisions	67	95	95	95	95
<b>Total Liabilities</b>	<b>1,366</b>	<b>1,730</b>	<b>1,667</b>	<b>1,807</b>	<b>1,960</b>
Shareholders Equity	5,180	5,940	6,428	7,000	7,617
Minority Interests					
<b>Total Equity</b>	<b>5,180</b>	<b>5,940</b>	<b>6,428</b>	<b>7,000</b>	<b>7,617</b>

<b>Key Ratios</b>					
	<b>Mar-22A</b>	<b>Mar-23A</b>	<b>Mar-24F</b>	<b>Mar-25F</b>	<b>Mar-26F</b>
Revenue Growth	52.7%	18.6%	10.0%	10.0%	10.0%
Operating EBITDA Growth	31.2%	16.6%	(3.9%)	4.2%	5.2%
Operating EBITDA Margin	20.2%	19.9%	17.4%	16.4%	15.7%
Net Cash Per Share (Rs)	27.42	15.30	41.02	53.32	66.36
BVPS (Rs)	143.89	164.99	178.55	194.44	211.58
Gross Interest Cover	14.84	45.71			
Effective Tax Rate	21.3%	25.7%	25.2%	25.2%	25.2%
Net Dividend Payout Ratio					
Accounts Receivables Days	99.79	116.58	119.38	109.65	109.65
Inventory Days	115.41	127.59	127.53	131.82	129.55
Accounts Payables Days	135.69	143.65	135.20	125.60	123.43
ROIC (%)	26.0%	19.3%	14.2%	16.1%	16.6%
ROCE (%)	23.4%	19.5%	16.5%	16.0%	15.5%
Return On Average Assets	14.4%	12.0%	10.0%	9.7%	9.4%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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