

# Eris Lifesciences

Estimate change 

TP change 

Rating change 

| Bloomberg             | ERIS IN     |
|-----------------------|-------------|
| Equity Shares (m)     | 136         |
| M.Cap.(INRb)/(USD\$b) | 196.6 / 2.3 |
| 52-Week Range (INR)   | 1594 / 816  |
| 1, 6, 12 Rel. Per (%) | 0/0/51      |
| 12M Avg Val (INR M)   | 285         |

## Financials & valuations (INR b)

| Y/E MARCH            | 2025  | 2026E | 2027E |
|----------------------|-------|-------|-------|
| Sales                | 28.9  | 33.0  | 38.1  |
| EBITDA               | 10.2  | 11.9  | 13.9  |
| Adj. PAT             | 3.5   | 5.2   | 7.3   |
| EBIT Margin (%)      | 24.3  | 25.8  | 27.4  |
| Cons. Adj. EPS (INR) | 25.6  | 37.8  | 53.1  |
| EPS Gr. (%)          | -12.4 | 47.4  | 40.8  |
| BV/Sh. (INR)         | 207.6 | 239.8 | 287.5 |

## Ratios

|            |      |      |      |
|------------|------|------|------|
| Net D:E    | 0.8  | 0.5  | 0.2  |
| RoE (%)    | 12.9 | 16.9 | 20.2 |
| RoCE (%)   | 10.4 | 12.7 | 15.9 |
| Payout (%) | 21.5 | 14.6 | 10.4 |

## Valuations

|                |      |      |      |
|----------------|------|------|------|
| P/E (x)        | 56.0 | 38.0 | 27.0 |
| EV/EBITDA (x)  | 21.6 | 18.0 | 14.8 |
| Div. Yield (%) | 0.4  | 0.4  | 0.4  |
| FCF Yield (%)  | 4.6  | 4.1  | 5.2  |
| EV/Sales (x)   | 7.6  | 6.5  | 5.4  |

## Shareholding pattern (%)

| As On    | Mar-25 | Dec-24 | Mar-24 |
|----------|--------|--------|--------|
| Promoter | 54.9   | 54.9   | 54.9   |
| DII      | 18.1   | 18.1   | 15.6   |
| FII      | 8.4    | 8.4    | 14.3   |
| Others   | 18.7   | 18.7   | 15.2   |

FII includes depository receipts

**CMP: INR1,444**

**TP: INR1,350 (-6%)**

**Neutral**

**Lower-than-est. 4Q due to supply disruption for select products**

**FY26 targets signal mid-teens to high-teens YoY revenue growth**

- Eris Lifesciences (ERIS) posted lower-than-expected 4QFY25 performance. This has been largely due to a marginal slip in the execution, particularly in the insulin revenue.
- Organic base business grew 10% YoY. The acquired (Biocon-2) business exhibited 11% YoY growth on a like-to-like basis.
- The Swiss parenteral business ended FY25 with a revenue/EBITDA margin of INR3.3b/33.5%.
- We cut our earnings estimates by 5%/3% for FY26/FY27, factoring in 1) recombinant human insulin (RHI)-related supply issues, 2) gradual pick-up in utilization of the Bhopal facility, and 3) gradual move to alternate prescriptions because of certain fixed-dose combinations (FDCs) being banned by regulatory authorities. We value ERIS at 25x 12M forward earnings to arrive at our TP of INR1,350.
- During FY24-25, ERIS progressed to secure building blocks in the Diabetes/Obesity treatment through achieving regulatory milestones, building in-house capacity for manufacturing, and enhancing its marketing reach. Further, it is building capacity and is in the process of getting relevant regulatory approvals for international business in the injectable segment. Considering these factors and the reduction in financial leverage, we estimate a 15%/17%/44% CAGR in sales/EBITDA/PAT over FY25-27. The current valuations (at 38xFY26E/27xFY27E earnings) adequately capture the earnings upside. **Reiterate Neutral.**

**Operating performance hurt to some extent by depreciation/interest costs**

- ERIS' 4QFY25 revenue grew 28% YoY to INR7.1b (vs. our est: INR7.6).
- Gross margin contracted 270bp YoY to 76% due to a change in business mix.
- However, EBITDA margin expanded 500bp YoY to 36% (our est.36%), owing to better operating leverage (employee expenses/other expenses dipped 140bp/630bp as a % of sales).
- EBITDA jumped 49% YoY to INR2.5b (vs. our estimate of INR2.7).
- Adj. PAT increased 15% YoY to INR938m (vs. our estimate of INR1b).
- Revenue/EBITDA grew 44%/46%, while PAT declined 12.5% YoY to INR29b/INR10b/INR3.5b in FY25.

**Highlights from the management commentary**

- ERIS guided for 15% organic YoY growth to reach INR29-INR30b in revenue in FY26. The EBITDA margin in this business is expected to be 37% (+50bp YoY as % of sales).
- ERIS indicated Swiss Parenterals business to the tune of INR3.8-INR3.9b (growth of 15-20% YoY) with an EBITDA margin of 35% for FY26.
- It targeted a net debt of INR18b at the end of FY26 vs. INR22b at the end of FY25.
- The Insulin franchise witnessed 22% YoY growth in revenue to INR3b. This was after facing product shortages throughout the year. The business loss due to product shortage was INR500m for FY25.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**ERIS Lifesciences**

**Consolidated - Quarterly Earnings Model**

| Y/E March                                     | (INR m)      |              |              |              |              |              |              |              |               |               |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|
|   | FY24         |              |              |              | FY25         |              |              |              | FY24          | FY25          | Estimate     | Var %        |
|   | 1Q           | 2Q           | 3Q           | 4Q           | 1Q           | 2Q           | 3Q           | 4Q           |               |               | 4QE          |              |
| <b>Gross Sales</b>                            | <b>4,666</b> | <b>5,053</b> | <b>4,863</b> | <b>5,509</b> | <b>7,197</b> | <b>7,412</b> | <b>7,275</b> | <b>7,053</b> | <b>20,091</b> | <b>28,936</b> | <b>7,613</b> | <b>-7.4</b>  |
| YoY Change (%)                                | 17.1         | 9.7          | 14.9         | 36.8         | 54.2         | 46.7         | 49.6         | 28.0         | 19.2          | 44.0          | 38.2         |              |
| Total Expenditure                             | 2,969        | 3,242        | 3,108        | 3,811        | 4,697        | 4,767        | 4,771        | 4,529        | 13,129        | 18,764        | 4,879        |              |
| <b>EBITDA</b>                                 | <b>1,697</b> | <b>1,811</b> | <b>1,755</b> | <b>1,698</b> | <b>2,500</b> | <b>2,645</b> | <b>2,503</b> | <b>2,524</b> | <b>6,962</b>  | <b>10,172</b> | <b>2,735</b> | <b>-7.7</b>  |
| Margins (%)                                   | 36.4         | 35.8         | 36.1         | 30.8         | 34.7         | 35.7         | 34.4         | 35.8         | 34.7          | 35.2          | 35.9         |              |
| Depreciation                                  | 409          | 421          | 457          | 539          | 759          | 805          | 812          | 773          | 1,830         | 3,149         | 852          |              |
| Interest                                      | 174          | 163          | 181          | 330          | 604          | 595          | 572          | 543          | 848           | 2,313         | 579          |              |
| Other Income                                  | 10           | 35           | 42           | 151          | 16           | 46           | 42           | 80           | 238           | 184           | 191          |              |
| <b>PBT before EO expense</b>                  | <b>1,125</b> | <b>1,262</b> | <b>1,159</b> | <b>980</b>   | <b>1,153</b> | <b>1,291</b> | <b>1,162</b> | <b>1,288</b> | <b>4,522</b>  | <b>4,894</b>  | <b>1,495</b> | <b>-13.9</b> |
| Extra-Ord expense                             | 0            | 0            | 0            | 214          | 0            | 0            | 0            | -1           | 214           | -1            | 0            |              |
| <b>PBT</b>                                    | <b>1,125</b> | <b>1,262</b> | <b>1,159</b> | <b>766</b>   | <b>1,153</b> | <b>1,291</b> | <b>1,162</b> | <b>1,289</b> | <b>4,308</b>  | <b>4,895</b>  | <b>1,495</b> |              |
| Tax   | 188          | 39           | 144          | -30          | 259          | 328          | 292          | 265          | 342           | 1,144         | 371          |              |
| Rate (%)                                      | 16.7         | 3.1          | 12.4         | -3.9         | 22.5         | 25.4         | 25.2         | 20.6         | 7.9           | 23.4          | 24.8         |              |
| Minority Interest & Profit/Loss of Asso. Cos. | 12           | 11           | 13           | -87          | 62           | 48           | 33           | 85           | -51           | 228           | 3.8          |              |
| <b>Reported PAT</b>                           | <b>948</b>   | <b>1,234</b> | <b>1,027</b> | <b>710</b>   | <b>832</b>   | <b>916</b>   | <b>836</b>   | <b>938</b>   | <b>3,916</b>  | <b>3,522</b>  | <b>1,121</b> | <b>-16.3</b> |
| <b>Adj PAT</b>                                | <b>948</b>   | <b>1,234</b> | <b>1,027</b> | <b>815</b>   | <b>832</b>   | <b>916</b>   | <b>836</b>   | <b>938</b>   | <b>4,021</b>  | <b>3,522</b>  | <b>1,121</b> | <b>-16.3</b> |
| YoY Change (%)                                | 0.3          | 2.3          | 1.2          | 24.6         | -12.3        | -25.8        | -18.6        | 15.0         | 5.2           | -12.4         | 37.4         |              |
| Margins (%)                                   | 20.3         | 24.4         | 21.1         | 14.8         | 11.6         | 12.4         | 11.5         | 13.3         | 20.0          | 12.2          | 14.7         |              |

**ERIS: top 10 drugs**

Eris' secondary sales grew 2.9% YoY in Mar'25 vs. a decline of 0.9% YoY in Feb'25. Double-digit decline in Canmab/Zomelis-MET dragged down overall growth in Mar'25. Insugen/Basalog recorded double-digit growth.

| Drug         | Therapy                      | MAT Feb'25    |            |                  | Growth (%) |            |
|--------------|------------------------------|---------------|------------|------------------|------------|------------|
|              |                              | Value (INR m) | Growth (%) | Market share (%) | Last 3M    | Feb'25     |
| <b>Total</b> |                              | <b>30398</b>  | <b>4.5</b> | <b>100.0</b>     | <b>2.3</b> | <b>2.9</b> |
| Renerve Plus | Vitamins/Minerals/Nutrients  | 1425          | 2.2        | 10.4             | 1.9        | 4.4        |
| Glimisave Mv | Anti-Diabetic                | 1409          | 9.8        | 10.6             | 8.1        | 7.4        |
| Basalog      | Anti-Diabetic                | 1041          | 14.5       | 8.8              | 21.4       | 38.9       |
| Insugen      | Anti-Diabetic                | 1029          | 15.1       | 4.1              | 31.2       | 57.2       |
| Glimisave-M  | Anti-Diabetic                | 1002          | -2.4       | 2.9              | -2.7       | -1.5       |
| Eritel Ln    | Cardiac                      | 474           | 7.5        | 7.8              | 3.4        | 7.6        |
| Cyblex Mv    | Anti-Diabetic                | 473           | 25.4       | 52.0             | 23.2       | 22.1       |
| Remylin D    | Vitamins/Minerals/Nutrients  | 469           | 3.3        | 11.3             | 3.6        | -8.6       |
| Zomelis-Met  | Anti-Diabetic                | 447           | -8.8       | 4.9              | -16.0      | -15.0      |
| Canmab       | Antineoplast/Immunomodulator | 384           | -21.2      | 8.2              | -31.3      | -48.5      |

\*Three months: Jan-Mar'25

Source: IQVIA, MOFSL

Except Anti-diabetic/Derma/Cardiac, all other top therapies saw a decline in Feb'25.

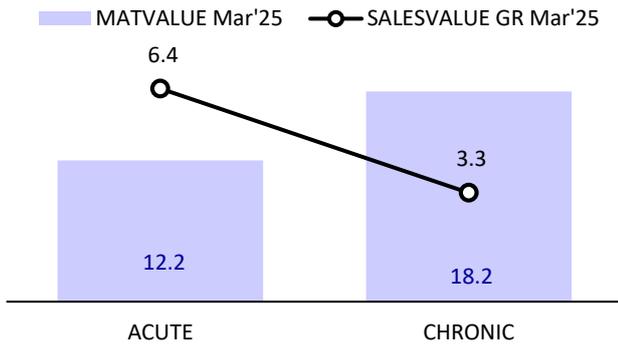
Growth was driven by new launches and price hikes on a MAT basis, which was offset by a dip in volumes.

**Therapy mix (%)**

|                              | Share        | MAT growth (%) | 3M*        | Feb'25     |
|------------------------------|--------------|----------------|------------|------------|
| <b>Total</b>                 | <b>100.0</b> | <b>4.5</b>     | <b>2.3</b> | <b>2.9</b> |
| Anti-Diabetic                | 32.3         | 8.9            | 10.4       | 15.9       |
| Cardiac                      | 15.0         | 2.9            | 0.7        | 2.0        |
| Derma                        | 12.7         | 15.8           | 10.5       | 7.7        |
| Vitamins/Minerals/Nutrients  | 12.5         | 5.7            | -3.2       | -4.2       |
| Antineoplast/Immunomodulator | 6.1          | -12.2          | -21.8      | -25.7      |
| Gynaec.                      | 4.7          | -6.4           | -10.7      | -9.9       |

Source: IQVIA, MOFSL

**Acute vs. Chronic (MAT growth)**



Source: IQVIA, MOFSL

**Growth distribution (%) (MAT Mar'25)**



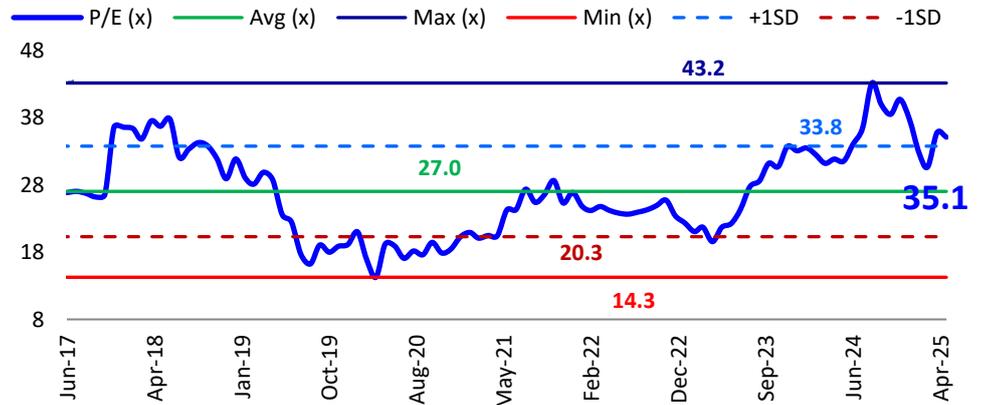
Source: IQVIA, MOFSL



**Highlights from the management interaction**

- Insulin vial operations commenced at Bhopal, and the cartridge production is expected from 3QFY26. The overall revenue addition for Insugen insulin is expected to be INR2b-IN3b per annum starting Oct-25.
- The company is targeting the g-Saxenda launch in India in 1QFY26. The Semaglutide project is on track to be launched in FY27.
- ERIS has an MR team of 1,200 people focusing on the anti-diabetes portfolio.
- From 66% of insourced products at the end of FY25, ERIS intends to increase the insourced manufacturing to >80% of its total requirement by 4QFY26.
- It is expected to initiate GLP validation from the Bhopal site from 4QFY26.
- It intends to achieve a net debt-to-EBITDA ratio of 1.5x by the end of FY26.

**Exhibit 1: P/E CHART**



## Strategic expansion in domestic formulations and parenteral businesses

### Domestic branded formulation – work in progress to expand offerings/ scale-up production

- In FY25, ERIS exhibited 9% YoY growth in the anti-diabetes portfolio with a considerable pick-up in growth for the past three months (up 10.5% YoY).
- Anti-diabetes formed 32% of the domestic formulation segment, as per IMS. In addition to oral anti-diabetes products, ERIS has added injectable anti-diabetes products to its offerings.
- In fact, the exit of Novo Nordisk (competitor) is likely to provide increased scope of business for ERIS, given that Novo Nordisk had INR4.5b sales of RHI in India.
- To support the marketing franchise, ERIS has an MR strength of 1,200 people at the end of FY25.
- The profitability is expected to improve in the domestic formulation segment with higher in-house manufacturing. Specifically, the capacity utilization of Bhopal is expected to drive better profitability going forward.
- It has a pipeline of insulin analogs as well as GLPs to be introduced in the Indian market over the medium term. Specifically, g-Saxenda and one of the insulin analogs are expected to be launched in 1HFY26.
- Overall, we expect a 15% sales CAGR in the domestic branded formulation segment to reach INR34b over FY25-27.

### Swiss Parenterals – building synergy through the integration of portfolio as well as manufacturing initiatives

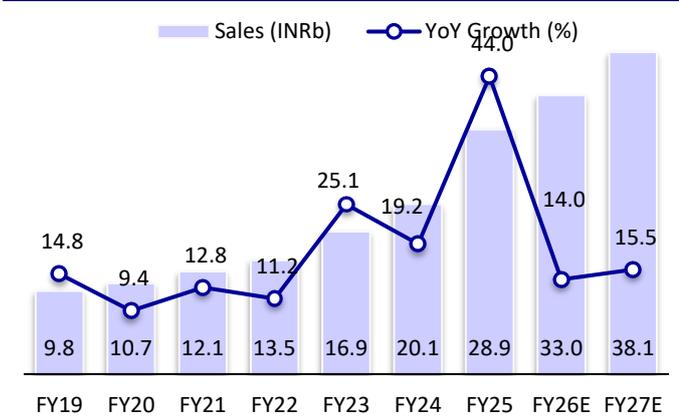
- ERIS achieved sales of INR3.3b with an EBITDA margin of 33.5% for FY25.
- ERIS has utilized a Swiss manufacturing setup to produce the Eris portfolio and subsequently leverage Swiss Parenterals' distribution network. Further, it has set up a manufacturing facility at its Ahmedabad site to funnel oral solid products through the Swiss Parenterals' distribution network.
- It is also building CDMO business by targeting the EU customers and gaining long-term contracts.
- It is expected to further invest INR1.2b in the injectable facility at the Ahmedabad site and to execute GLP1 validation.
- Overall, we expect 15% sales CAGR over FY25-27 to INR4.4b from this business.

### Valuation and view

- We cut our earnings estimates by 5%/3% for FY26/FY27, factoring in 1) recombinant human insulin (RHI)-related supply issues, 2) gradual pick-up in utilization of the Bhopal facility, and 3) gradual move to alternate prescriptions because of certain fixed-dose combinations (FDCs) being banned by regulatory authorities. We value ERIS at 25x 12M forward earnings to arrive at our TP of INR1,350.
- During FY24-25, ERIS progressed to secure building blocks in the Diabetes/ Obesity treatment through achieving regulatory milestones, building in-house capacity for manufacturing, and enhancing its marketing reach. Further, it is building capacity and is in the process of getting relevant regulatory approvals for international business in the injectable segment. Considering these factors and the reduction in financial leverage, we estimate a 15%/17%/44% CAGR in sales/EBITDA/PAT over FY25-27. The current valuations (at 38x FY26E/27x FY27E earnings) adequately capture the earnings upside. **Reiterate Neutral.**

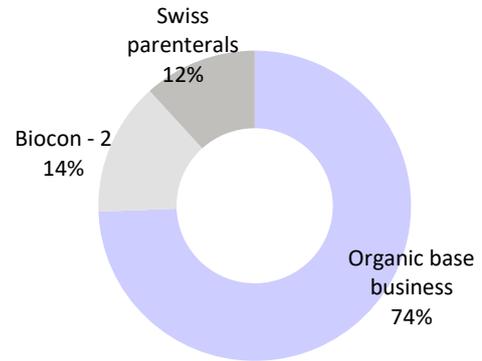
## Story in Charts

**Exhibit 2: Expect 15% revenue CAGR over FY25-27**



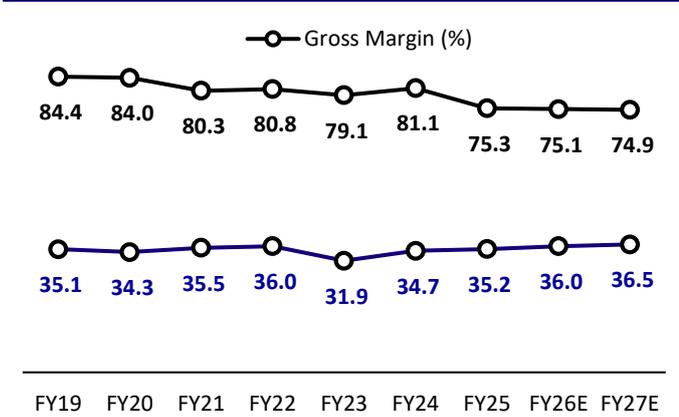
Source: MOFSL, Company

**Exhibit 3: Revenue composition (FY25)**



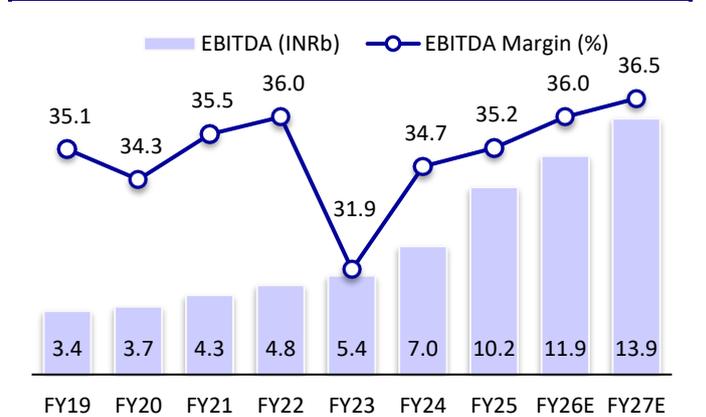
Source: MOFSL, Company

**Exhibit 4: Gross margin to reach 75% by FY27E**



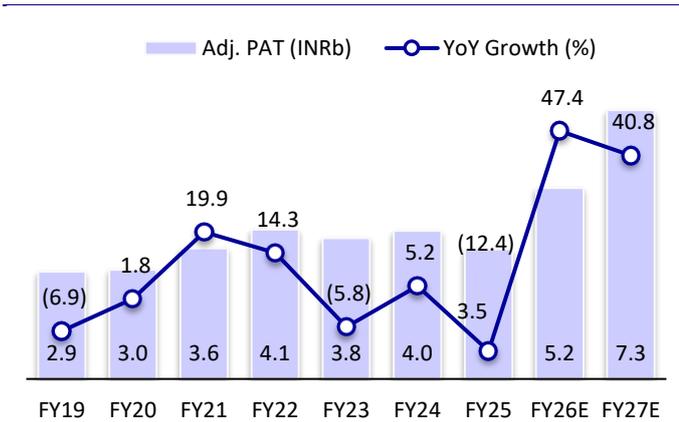
Source: MOFSL, Company

**Exhibit 5: EBITDA margin to expand 130bp over FY25-27E**



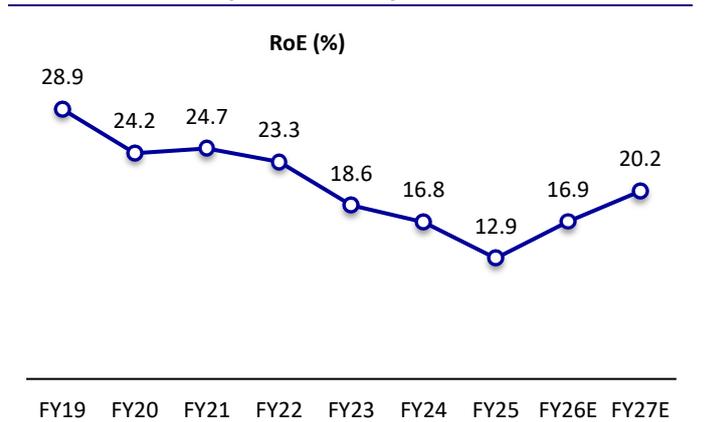
Source: MOFSL, Company

**Exhibit 6: PAT to exhibit 44% CAGR over FY25-27E**



Source: MOFSL, Company

**Exhibit 7: RoE to expand to 20% by FY27E**



Source: MOFSL, Company

## Financial and valuations

### Consolidated - Income Statement

(INRm)

| Y/E March                           | FY21          | FY22          | FY23          | FY24          | FY25          | FY26E         | FY27E         |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total Income from Operations</b> | <b>12,119</b> | <b>13,470</b> | <b>16,851</b> | <b>20,091</b> | <b>28,936</b> | <b>32,985</b> | <b>38,086</b> |
| Change (%)                          | 12.8          | 11.2          | 25.1          | 19.2          | 44.0          | 14.0          | 15.5          |
| <b>Total Expenditure</b>            | <b>7,813</b>  | <b>8,621</b>  | <b>11,484</b> | <b>13,129</b> | <b>18,764</b> | <b>21,110</b> | <b>24,185</b> |
| <b>EBITDA</b>                       | <b>4,306</b>  | <b>4,850</b>  | <b>5,368</b>  | <b>6,962</b>  | <b>10,172</b> | <b>11,875</b> | <b>13,901</b> |
| Margin (%)                          | 35.5          | 36.0          | 31.9          | 34.7          | 35.2          | 36.0          | 36.5          |
| Depreciation                        | 430           | 647           | 1,171         | 1,830         | 3,149         | 3,355         | 3,478         |
| <b>EBIT</b>                         | <b>3,876</b>  | <b>4,203</b>  | <b>4,197</b>  | <b>5,132</b>  | <b>7,023</b>  | <b>8,519</b>  | <b>10,423</b> |
| Int. and Finance Charges            | 18            | 41            | 262           | 848           | 2,313         | 1,676         | 1,097         |
| Other Income                        | 87            | 261           | 112           | 238           | 184           | 209           | 242           |
| <b>PBT bef. EO Exp.</b>             | <b>3,945</b>  | <b>4,422</b>  | <b>4,046</b>  | <b>4,522</b>  | <b>4,894</b>  | <b>7,053</b>  | <b>9,567</b>  |
| EO Items                            | 0             | 0             | 0             | -214          | -1            | 0             | 0             |
| <b>PBT after EO Exp.</b>            | <b>3,945</b>  | <b>4,422</b>  | <b>4,046</b>  | <b>4,308</b>  | <b>4,893</b>  | <b>7,053</b>  | <b>9,567</b>  |
| Total Tax                           | 394           | 364           | 305           | 342           | 1,144         | 1,622         | 2,009         |
| Tax Rate (%)                        | 10.0          | 8.2           | 7.5           | 7.9           | 23.4          | 23.0          | 21.0          |
| Minority Interest                   | 0             | 0             | 80            | -51           | 228           | 240           | 251           |
| <b>Reported PAT</b>                 | <b>3,551</b>  | <b>4,058</b>  | <b>3,822</b>  | <b>3,916</b>  | <b>3,521</b>  | <b>5,191</b>  | <b>7,307</b>  |
| <b>Adjusted PAT</b>                 | <b>3,551</b>  | <b>4,058</b>  | <b>3,822</b>  | <b>4,021</b>  | <b>3,522</b>  | <b>5,191</b>  | <b>7,307</b>  |
| Change (%)                          | 19.9          | 14.3          | -5.8          | 5.2           | -12.4         | 47.4          | 40.8          |
| Margin (%)                          | 29.3          | 30.1          | 22.7          | 20.0          | 12.2          | 15.7          | 19.2          |

### Consolidated - Balance Sheet

(INRm)

| Y/E March                           | FY21          | FY22          | FY23          | FY24          | FY25          | FY26E         | FY27E         |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Equity Share Capital                | 136           | 136           | 136           | 136           | 136           | 136           | 136           |
| Total Reserves                      | 15,628        | 18,947        | 21,824        | 25,725        | 28,407        | 32,842        | 39,393        |
| <b>Net Worth</b>                    | <b>15,764</b> | <b>19,083</b> | <b>21,960</b> | <b>25,861</b> | <b>28,543</b> | <b>32,978</b> | <b>39,529</b> |
| Minority Interest                   | 0             | -1            | 247           | 6,359         | 4,174         | 4,174         | 4,174         |
| Total Loans                         | 0             | 450           | 8,300         | 27,353        | 24,217        | 19,717        | 13,717        |
| Deferred Tax Liabilities            | -1,511        | -1,970        | -163          | 2,359         | 2,294         | 2,294         | 2,294         |
| <b>Capital Employed</b>             | <b>14,253</b> | <b>17,562</b> | <b>30,344</b> | <b>61,931</b> | <b>59,228</b> | <b>59,163</b> | <b>59,713</b> |
| Gross Block                         | 1,757         | 2,506         | 4,634         | 6,726         | 9,454         | 10,480        | 11,696        |
| Less: Accum. Deprn.                 | 978           | 1,294         | 1,594         | 2,164         | 3,054         | 4,150         | 5,370         |
| <b>Net Fixed Assets</b>             | <b>779</b>    | <b>1,212</b>  | <b>3,040</b>  | <b>4,562</b>  | <b>6,401</b>  | <b>6,330</b>  | <b>6,326</b>  |
| Gross intangible asset              | 7,366         | 7,439         | 20,546        | 32,621        | 42,589        | 42,589        | 42,589        |
| Accumulated amortization            | 541           | 873           | 1,744         | 3,004         | 5,262         | 7,521         | 9,780         |
| <b>Net intangible asset</b>         | <b>6,825</b>  | <b>6,566</b>  | <b>18,803</b> | <b>29,617</b> | <b>37,327</b> | <b>35,068</b> | <b>32,810</b> |
| Goodwill on Consolidation           | 935           | 935           | 3,318         | 8,612         | 9,120         | 9,120         | 9,120         |
| Capital WIP                         | 16            | 270           | 217           | 197           | 220           | 894           | 679           |
| <b>Total Investments</b>            | <b>2,940</b>  | <b>5,204</b>  | <b>367</b>    | <b>155</b>    | <b>670</b>    | <b>670</b>    | <b>670</b>    |
| <b>Curr. Assets, Loans&amp;Adv.</b> | <b>4,847</b>  | <b>6,103</b>  | <b>8,189</b>  | <b>24,276</b> | <b>13,703</b> | <b>16,394</b> | <b>20,829</b> |
| Inventory                           | 945           | 1,179         | 1,314         | 1,890         | 3,348         | 3,767         | 4,315         |
| Account Receivables                 | 1,405         | 1,610         | 2,927         | 4,220         | 4,586         | 5,228         | 6,037         |
| Cash and Bank Balance               | 383           | 523           | 560           | 942           | 1,997         | 3,100         | 5,514         |
| Loans and Advances                  | 2,114         | 2,791         | 3,387         | 17,224        | 3,771         | 4,299         | 4,964         |
| <b>Curr. Liability &amp; Prov.</b>  | <b>2,088</b>  | <b>2,728</b>  | <b>3,590</b>  | <b>5,487</b>  | <b>8,214</b>  | <b>9,314</b>  | <b>10,721</b> |
| Account Payables                    | 1,026         | 1,178         | 1,248         | 2,683         | 3,324         | 3,739         | 4,283         |
| Other Current Liabilities           | 474           | 839           | 1,207         | 1,656         | 3,420         | 3,898         | 4,502         |
| Provisions                          | 588           | 712           | 1,136         | 1,148         | 1,471         | 1,677         | 1,936         |
| <b>Net Current Assets</b>           | <b>2,759</b>  | <b>3,375</b>  | <b>4,599</b>  | <b>18,789</b> | <b>5,489</b>  | <b>7,080</b>  | <b>10,108</b> |
| <b>Appl. of Funds</b>               | <b>14,253</b> | <b>17,562</b> | <b>30,344</b> | <b>61,931</b> | <b>59,228</b> | <b>59,163</b> | <b>59,713</b> |

## Financial and valuations

### Ratios

| Y/E March                     | FY21        | FY22        | FY23        | FY24        | FY25        | FY26E       | FY27E       |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>EPS</b>                    | <b>25.8</b> | <b>29.5</b> | <b>27.8</b> | <b>29.2</b> | <b>25.6</b> | <b>37.8</b> | <b>53.1</b> |
| Cash EPS                      | 29.0        | 34.2        | 36.3        | 42.6        | 48.5        | 62.2        | 78.4        |
| BV/Share                      | 114.6       | 138.8       | 159.7       | 188.1       | 207.6       | 239.8       | 287.5       |
| DPS                           | 5.5         | 5.5         | 5.5         | 5.5         | 5.5         | 5.5         | 5.5         |
| Payout (%)                    | 21.3        | 18.6        | 19.8        | 19.3        | 21.5        | 14.6        | 10.4        |
| <b>Valuation (x)</b>          |             |             |             |             |             |             |             |
| P/E                           | 55.5        | 48.6        | 51.6        | 49.0        | 56.0        | 38.0        | 27.0        |
| Cash P/E                      | 49.5        | 41.9        | 39.5        | 33.7        | 29.5        | 23.1        | 18.3        |
| P/BV                          | 12.5        | 10.3        | 9.0         | 7.6         | 6.9         | 6.0         | 5.0         |
| EV/Sales                      | 16.2        | 14.6        | 12.2        | 11.1        | 7.6         | 6.5         | 5.4         |
| EV/EBITDA                     | 45.7        | 40.6        | 38.2        | 32.1        | 21.6        | 18.0        | 14.8        |
| Dividend Yield (%)            | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         |
| FCF per share                 | 25.4        | 18.8        | -40.0       | -15.3       | 66.2        | 58.6        | 74.7        |
| <b>Return Ratios (%)</b>      |             |             |             |             |             |             |             |
| RoE                           | 24.7        | 23.3        | 18.6        | 16.8        | 12.9        | 16.9        | 20.2        |
| RoCE                          | 24.8        | 23.2        | 16.0        | 11.8        | 10.4        | 12.7        | 15.9        |
| RoIC                          | 32.9        | 34.3        | 19.0        | 10.5        | 9.2         | 11.8        | 15.3        |
| <b>Working Capital Ratios</b> |             |             |             |             |             |             |             |
| Inventory (Days)              | 28          | 32          | 28          | 34          | 42          | 42          | 41          |
| Debtor (Days)                 | 42          | 44          | 63          | 77          | 58          | 58          | 58          |
| Creditor (Days)               | 31          | 32          | 27          | 49          | 42          | 41          | 41          |
| <b>Leverage Ratio (x)</b>     |             |             |             |             |             |             |             |
| Net Debt/Equity               | -0.2        | -0.3        | 0.3         | 1.0         | 0.8         | 0.5         | 0.2         |

| Y/E March                        | FY21          | FY22          | FY23          | FY24           | FY25          | FY26E         | FY27E         |
|----------------------------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|
| OP/(Loss) before Tax             | 3,945         | 4,422         | 4,046         | 4,312          | 4,889         | 7,053         | 9,567         |
| Depreciation                     | 430           | 647           | 1,171         | 1,826          | 3,155         | 3,355         | 3,478         |
| Interest & Finance Charges       | -5            | 41            | 262           | 848            | 2,313         | 1,467         | 856           |
| Direct Taxes Paid                | -685          | -833          | -772          | -1,008         | -979          | -1,622        | -2,009        |
| (Inc)/Dec in WC                  | 53            | -299          | -1,755        | -987           | 1,260         | -488          | -615          |
| <b>CF from Operations</b>        | <b>3,738</b>  | <b>3,979</b>  | <b>2,952</b>  | <b>4,992</b>   | <b>10,637</b> | <b>9,764</b>  | <b>11,277</b> |
| Others                           | 16            | -196          | -34           | -131           | 13            | 0             | 0             |
| <b>CF from Operating incl EO</b> | <b>3,754</b>  | <b>3,783</b>  | <b>2,917</b>  | <b>4,860</b>   | <b>10,650</b> | <b>9,764</b>  | <b>11,277</b> |
| (Inc)/Dec in FA                  | -257          | -1,203        | -8,413        | -6,960         | -1,546        | -1,700        | -1,000        |
| <b>Free Cash Flow</b>            | <b>3,497</b>  | <b>2,580</b>  | <b>-5,495</b> | <b>-2,100</b>  | <b>9,104</b>  | <b>8,064</b>  | <b>10,277</b> |
| (Pur)/Sale of Investments        | -2,946        | -1,881        | 4,904         | -11,656        | 12,840        | 0             | 0             |
| Others                           | -30           | -112          | -6,313        | 70             | -12,094       | 209           | 242           |
| <b>CF from Investments</b>       | <b>-3,233</b> | <b>-3,196</b> | <b>-9,821</b> | <b>-18,545</b> | <b>-800</b>   | <b>-1,491</b> | <b>-758</b>   |
| Issue of Shares                  | 0             | 0             | 0             | 45             | 72            | 0             | 0             |
| Inc/(Dec) in Debt                | -59           | 450           | 7,850         | 14,628         | -3,972        | -4,500        | -6,000        |
| Interest Paid                    | -18           | -39           | -234          | -773           | -1,451        | -1,676        | -1,097        |
| Dividend Paid                    | -747          | -816          | -999          | 0              | -10,005       | -756          | -756          |
| Others                           | 0             | -42           | 264           | 167            | 6,541         | -240          | -251          |
| <b>CF from Fin. Activity</b>     | <b>-824</b>   | <b>-447</b>   | <b>6,880</b>  | <b>14,068</b>  | <b>-8,814</b> | <b>-7,172</b> | <b>-8,105</b> |
| <b>Inc/Dec of Cash</b>           | <b>-304</b>   | <b>140</b>    | <b>-23</b>    | <b>383</b>     | <b>1,036</b>  | <b>1,102</b>  | <b>2,413</b>  |
| Opening Balance                  | 673           | 369           | 508           | 560            | 944           | 1,998         | 3,100         |
| Others                           | 13            | 15            | 75            | 0              | 18            |               |               |
| <b>Closing Balance</b>           | <b>383</b>    | <b>523</b>    | <b>560</b>    | <b>943</b>     | <b>1,997</b>  | <b>3,100</b>  | <b>5,514</b>  |

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|----------------------------------|--|
| 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 |

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