

Aurobindo Pharma

BSE SENSEX

85,107

S&P CNX

25,986

CMP: INR1,208
TP: INR1,430 (+18%)
Buy


Motilal Oswal values your support in the EXTEL POLL 2025 for India Research, Sales, Corporate Access and Trading team. We request your ballot.

EXTEL POLL
2025



Stock Info

| | |
|-----------------------|-------------|
| Bloomberg | ARBP IN |
| Equity Shares (m) | 581 |
| M.Cap.(INRb)/(USD\$) | 702.1 / 7.8 |
| 52-Week Range (INR) | 1365 / 994 |
| 1, 6, 12 Rel. Per (%) | 3/0/-11 |
| 12M Avg Val (INR M) | 1443 |
| Free float (%) | 48.2 |

Financials Snapshot (INR b)

| Y/E MARCH | FY26E | FY27E | FY28E |
|----------------------|-------|-------|-------|
| Sales | 328.7 | 368.5 | 410.4 |
| EBITDA | 70.0 | 80.7 | 91.1 |
| Adj. PAT | 36.3 | 45.5 | 53.0 |
| EBIT Margin (%) | 16.0 | 16.7 | 17.3 |
| Cons. Adj. EPS (INR) | 62.4 | 78.3 | 91.2 |
| EPS Gr. (%) | 2.3 | 25.4 | 16.6 |
| BV/Sh. (INR) | 620.7 | 694.9 | 780.2 |

Ratios

| | | | |
|------------|------|------|------|
| Net D:E | -0.1 | -0.2 | -0.2 |
| RoE (%) | 10.6 | 11.9 | 12.4 |
| RoCE (%) | 9.4 | 10.9 | 11.6 |
| Payout (%) | 6.4 | 5.1 | 6.6 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 19.3 | 15.4 | 13.2 |
| EV/EBITDA (x) | 9.3 | 7.6 | 6.4 |
| Div. Yield (%) | 0.3 | 0.3 | 0.5 |
| FCF Yield (%) | 3.5 | 5.5 | 4.6 |
| EV/Sales (x) | 2.0 | 1.7 | 1.4 |

Shareholding pattern (%)

| As On | Sep-25 | Jun-25 | Sep-24 |
|----------|--------|--------|--------|
| Promoter | 51.8 | 51.8 | 51.8 |
| DII | 27.6 | 26.9 | 25.1 |
| FII | 14.2 | 14.4 | 16.6 |
| Others | 6.4 | 6.9 | 6.5 |

FII Includes depository receipts

Broad-based growth momentum building up

- With considerable investment (INR35b) done till date by Aurobindo Pharma (ARBP) in the Pen-G/6-APA project and support from the government under the PLI scheme, ARBP is scaling up the production to enhance self-sufficiency of India in bulk drugs/intermediates to be used for Beta-Lactum antibiotics.
- The minimum import price (MIP), if implemented by the Government of India, would further strengthen the prospects of 'Make in India' and reduce the dependence on Chinese suppliers.
- Biosimilars remain another long-term growth engine, underpinned by a) CuraTeQ's late-stage pipeline, b) EU GMP-certified integrated manufacturing, c) multiple Phase-3 programs with efforts to have waivers from regulators, and d) approved products already commercial in Europe, with a significant monetization inflection expected from FY27-28.
- Diversification across Europe and biologics contract manufacturing add new growth vectors, supported by EU's rising revenue contribution, continued capacity ramp-up at the China OSD facility, targeted acquisitions, and the expanding biologics CMO partnership with Merck Sharp & Dohme (MSD).
- In addition to Pen-G, biosimilars and EU prospects, the injectables pipeline and the integration of Lannett will enable ARBP to deliver a CAGR of 9%/14%/21% in revenue/EBITDA/PAT over FY26-28. We value ARBP at 16x 12M forward earnings to arrive at a TP of INR1,430. Maintain BUY.

Domestic Pen-G/6-APA manufacturing positioned for healthy upside

- India's reliance on China for ~70% of API imports has prompted strong policy actions, including the PLI scheme and the upcoming MIP. This would not only improve pricing but also make domestic production viable.
- Specifically, in case of Pen-G/6-APA, ARBP has scaled up the production, with consistent improvements in yields. In fact, it can comfortably increase the production from 6MT (annualized) to 15MT in the short term, subject to the demand scenario.
- ~60% captive consumption provides a strong cost advantage for backward integration.
- This project reinforces ARBP as India's only operational large-scale Pen-G producer.

Biosimilars, biologics CMO, and EU expansion drive diversification beyond legacy

- Biosimilars are emerging as a major long-term growth pillar, supported by CuraTeQ's EU-GMP integrated manufacturing, four approved products already commercial in Europe, eight additional candidates targeting a USD50b market, and several Phase 3 programs. Phase 3 waivers and a deep late-stage pipeline position FY27-28 as a major commercialization inflection period.

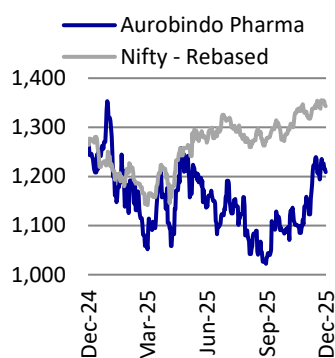
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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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

Stock Performance (1-year)



- European business is strong and expanding, with operations across 10 countries, 550+ commercialized INNs, rising biosimilar approvals, 6,314 filings, and 23% revenue growth over two years. The ramp-up of the China OSD facility and targeted M&A further reinforce scale, and management is confident of achieving EUR1b in EU revenue by FY26.
- The biologics CMO partnership with MSD opens a new high-value vertical, backed by a large-scale 15kL mammalian facility, integrated fill-finish capabilities, and additional bioreactor lines under development. This positions the company to participate in a USD30-40b global CMO market, which is growing at ~9% annually.

Valuation and view

- We estimate ARBP to deliver a CAGR of 9%/14%/21% in sales/EBITDA/PAT over FY26-28 on the back of sales CAGR of 9% in the US and 14% in EU/ROW markets, supported by 90bp margin expansion and a reduction in financial leverage.
- We value ARBP at 16x 12M forward earnings to arrive at a TP of INR1,430.
- ARBP has the highest US generics sales compared to any other listed company in India, with a maximum number of ANDA approvals.
- Product development, as well as backward integration for the manufacturing process, has enabled healthy profitability despite consistent price erosion (albeit at reduced intensity).
- ARBP has strengthened growth levers - (1) accelerated scale-up of the Pen-G/6-APA complex toward full utilization, (2) stable growth in the Europe business driven by a deeper portfolio, capacity scale-up, expanding biosimilar approvals, and targeted acquisitions, (3) meaningful biosimilar commercialization across Europe and the US as CuraTeQ's late-stage pipeline begins to monetize, and d) CMO partnership with MSD. **Reiterate BUY.**

Exhibit 1: Valuation snapshot

| Company | Reco | MCap (USD b) | EPS (INR) | | | EPS Growth YoY (%) | | | P/E (x) | | | EV/EBITDA (x) | | | ROE (%) | | |
|-------------------------|------------|-----------------|-------------|-------------|-------------|--------------------|-------------|-------------|-------------|-------------|-------------|---------------|------------|------------|-------------|-------------|-------------|
| | | | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E |
| Ajanta Pharma | Buy | 3.6 | 83.0 | 98.7 | 111.0 | 11.1 | 18.9 | 12.5 | 30.8 | 25.9 | 23.1 | 22.2 | 18.7 | 17.8 | 24.9 | 24.5 | 23.1 |
| Alembic Pharma | Neutral | 2.0 | 36.2 | 44.9 | 53.7 | 24.2 | 24.1 | 19.7 | 25.1 | 20.2 | 16.9 | 15.5 | 13.0 | 10.8 | 12.8 | 14.2 | 14.9 |
| Alkem Lab | Neutral | 7.5 | 207.4 | 187.6 | 209.3 | 14.5 | -9.5 | 11.6 | 27.0 | 29.9 | 26.8 | 24.4 | 21.4 | 19.6 | 19.3 | 15.5 | 15.6 |
| Aurobindo Pharma | Buy | 7.8 | 62.4 | 78.3 | 91.2 | 2.3 | 25.4 | 16.6 | 19.3 | 15.4 | 13.2 | 9.3 | 7.6 | 6.4 | 10.6 | 11.9 | 12.4 |
| Biocon | Buy | 5.9 | 4.0 | 8.7 | 11.4 | 97.4 | 115.4 | 30.8 | 97.9 | 45.4 | 34.7 | 19.6 | 15.5 | 13.2 | 2.2 | 4.6 | 5.7 |
| Cipla | Neutral | 13.7 | 61.3 | 61.8 | 68.7 | -2.3 | 0.9 | 11.1 | 24.9 | 24.6 | 22.2 | 17.1 | 16.2 | 13.9 | 13.8 | 12.4 | 12.2 |
| Divi's Lab. | Neutral | 19.0 | 92.6 | 114.7 | 137.1 | 14.0 | 23.9 | 19.5 | 69.4 | 56.0 | 46.8 | 48.8 | 40.0 | 33.2 | 15.5 | 17.1 | 18.1 |
| Dr Reddy's Labs | Neutral | 11.7 | 68.9 | 63.1 | 68.5 | 2.4 | -8.4 | 8.6 | 18.3 | 20.0 | 18.4 | 11.7 | 10.9 | 9.4 | 15.8 | 12.7 | 12.3 |
| ERIS Lifescience | Neutral | 2.4 | 35.7 | 50.8 | 61.1 | 39.3 | 42.4 | 20.2 | 44.3 | 31.1 | 25.9 | 20.1 | 16.6 | 14.2 | 16.0 | 19.5 | 19.7 |
| Gland Pharma | Buy | 3.2 | 54.2 | 68.0 | 80.4 | 27.8 | 25.5 | 18.3 | 31.9 | 25.4 | 21.5 | 17.8 | 14.1 | 11.9 | 9.3 | 10.6 | 11.2 |
| Glenmark Pharma. | Buy | 6.1 | 20.9 | 74.5 | 87.1 | -56.2 | 256 | 17.0 | 92.7 | 26.1 | 22.3 | 35.2 | 16.2 | 13.6 | 6.5 | 20.3 | 19.7 |
| Glaxosmit Pharma | Neutral | 4.7 | 59.8 | 69.3 | 78.5 | 10.9 | 15.9 | 13.2 | 41.7 | 36.0 | 31.8 | 31.0 | 26.5 | 22.8 | 40.6 | 36.7 | 32.7 |
| Granules India | Buy | 1.5 | 23.5 | 31.2 | 38.1 | 19.2 | 32.7 | 22.2 | 24.2 | 18.2 | 14.9 | 13.4 | 10.7 | 8.9 | 14.3 | 16.4 | 17.1 |
| Ipca Labs. | Buy | 4.0 | 43.3 | 52.6 | 62.2 | 20.3 | 21.4 | 18.4 | 32.8 | 27.0 | 22.8 | 19.3 | 15.8 | 13.1 | 14.8 | 15.9 | 16.4 |
| Laurus Labs | Buy | 6.2 | 13.4 | 16.8 | 19.6 | 131.5 | 25.0 | 16.8 | 76.6 | 61.3 | 52.4 | 35.4 | 29.8 | 25.9 | 14.7 | 16.2 | 16.5 |
| Lupin | Neutral | 10.6 | 101.3 | 98.9 | 101.4 | 40.8 | -2.4 | 2.5 | 20.6 | 21.1 | 20.6 | 12.8 | 12.6 | 11.7 | 23.1 | 18.1 | 15.8 |
| Mankind Pharma | Buy | 10.3 | 46.0 | 59.5 | 72.3 | -8.0 | 29.4 | 21.5 | 48.5 | 37.5 | 30.8 | 27.2 | 22.2 | 18.7 | 12.6 | 14.7 | 15.8 |
| Piramal Pharma | Buy | 2.7 | -0.3 | 1.4 | 3.5 | PL | LP | 146.9 | NM | 128.9 | 52.2 | 25.8 | 20.7 | 17.1 | -0.5 | 2.3 | 5.5 |
| Rubicon Research | Buy | 1.2 | 13.6 | 18.3 | 24.6 | 66.8 | 35 | 33.9 | 47.1 | 35.0 | 26.1 | 27.9 | 22.2 | 17.2 | 25.6 | 22.5 | 24.4 |
| Sun Pharma | Buy | 48.4 | 49.2 | 57.5 | 64.7 | 4.4 | 16.8 | 12.6 | 36.7 | 31.5 | 27.9 | 25.0 | 21.2 | 18.2 | 15.4 | 16.0 | 15.8 |
| Torrent Pharma. | Neutral | 14.1 | 70.0 | 84.6 | 104.2 | 21.2 | 20.8 | 23.1 | 53.3 | 44.2 | 35.9 | 29.9 | 25.4 | 21.1 | 28.4 | 28.6 | 29.2 |

Source: MOFSL, Company

MIP is expected to be notified for Pen-G and 6-APA within few weeks.

Pen-G – Policy tailwinds, production scale-up to lift volume and profitability

- China supplies ~70% of India's pharmaceutical raw materials, valued at USD10-12b annually, creating a strategic vulnerability for India's healthcare and manufacturing ecosystem.
- To reduce this dependence, the government launched the PLI scheme in 2020 to promote domestic production of key intermediates and APIs.
- The Indian government is expected to finalize MIP for select pharmaceutical raw materials to prevent dumping by Chinese suppliers, ensure fair pricing, protect domestic manufacturers, and make local API production financially viable, especially for products with historically thin margins due to aggressive Chinese undercutting.
- MIP aims to bridge the cost gap between Indian and Chinese producers, encourage stable domestic capacity utilization, and reduce the risk of supply disruptions due to geopolitical or trade issues.
- While ATS-8 and sulphadiazine are already regulated under MIP, the upcoming notification is expected to include critical inputs such as Pen-G, 6-APA, and amoxicillin.

Exhibit 2: India's penicillin imports from China totalled USD853m over FY21-25

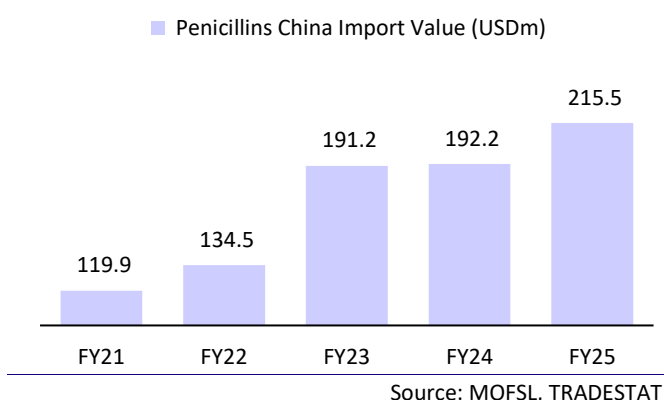
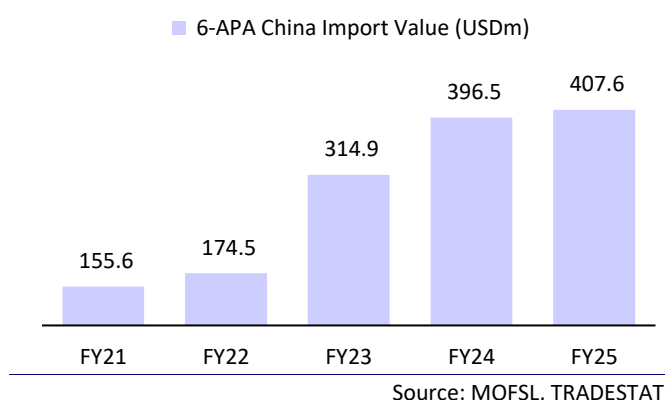


Exhibit 3: India's 6-APA imports from China totalled USD1.5b over FY21-25



MIP implementation to further boost prospects of Pen-G business

- ARBP has invested INR35b in a large-scale penicillin manufacturing complex in Kakinada, with reported allocations of INR27b for Pen-G and INR8b for 6-APA and amoxicillin plants.
- ARBP commenced commercial Pen-G operations in Jul'25 after receiving regulatory approvals; the ramp-up is progressing as planned, with anticipation of meaningful profitability.
- Facility capacities stand at 15,000MT p.a. of Pen-G, 180,000MT of glucose, and 3,600MT of 6-APA. Of the planned 15,000MT of Pen-G output, 3,000MT is earmarked for domestic sales, while 12,000MT will be converted into ~6,000MT of 6-APA used in antibiotics such as amoxicillin, ampicillin, piperacillin, sulbactam, and tazobactam.
- With ~60% of production to be earmarked for captive consumption, it will enhance supply reliability, providing a strong cost advantage for backward integration and shielding ARBP from future import disruptions or pricing coercion by China.

- In 2Q, ARBP produced ~1,050MT at 40-50% utilization, implying an annualized output of ~6,000MT. ARBP has indicated that post-MIP implementation, Pen-G operations are expected to reach ~100% utilization much faster than initially planned, enabling the facility to achieve break-even earlier due to improved pricing, higher throughput, and better absorption of fixed costs.

Exhibit 4: India imported 8,142MT penicillin from China in FY25

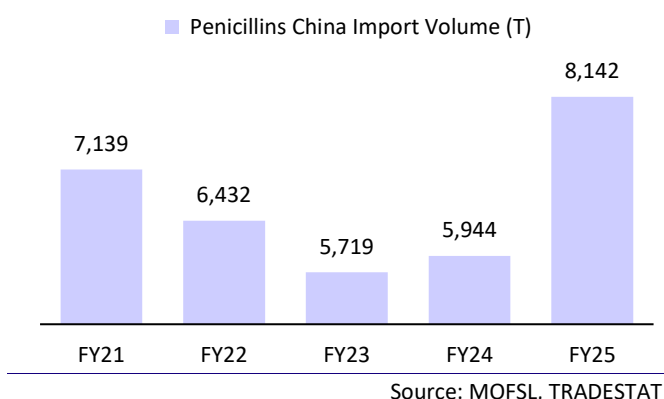
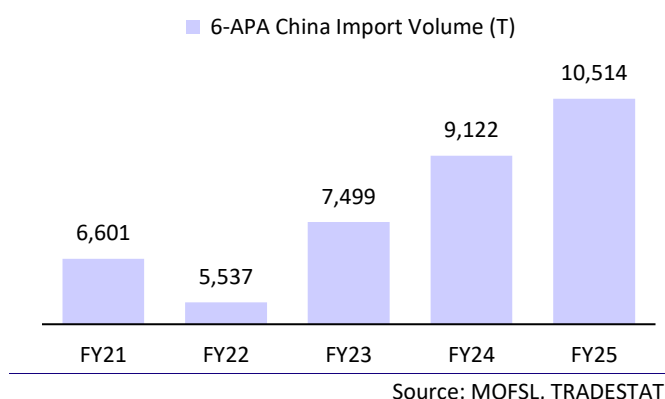


Exhibit 5: India imported 10,515MT 6-APA from China in FY25



- ARBP is currently India's only operational large-scale Pen-G manufacturer. Its multi-year production head-start, combined with MIP protection, creates strong barriers for potential competitors in terms of regulatory approvals, manufacturing capability, and cost efficiency.

Biosimilars – comprehensive work in progress

- ARBP has a presence in biosimilars through its wholly owned subsidiary CuraTeQ, which is focused on developing biosimilars for the treatment of various cancers and autoimmune diseases.
- CuraTeQ's **pipeline** is primarily targeting the immunology and oncology segments, with multiple programs already in late-stage development, including several in Clinical Phase 3, positioning the company for near-term commercialization.
- CuraTeQ operates a 140,000 sq. ft. EU GMP-certified **biosimilars manufacturing** center in Hyderabad, offering fully integrated, end-to-end capabilities across the entire production chain from bulk drug substance to fill-finish and packaged drug products.
- The manufacturing facility includes a microbial drug-substance section equipped with two 250-L stainless-steel bioreactors and a mammalian drug-substance section equipped with four 2,500-L stainless-steel bioreactors, enabling production across multiple modalities.
- CuraTeQ also operates a 33,000 sq. ft. R&D center with a team of 125+ scientists, supporting analytical development, process development, formulation, comparability studies, and regulatory filings.
- ARBP is in the process of obtaining **regulatory approvals** across focus markets.

Four EU-approved biosimilars and a rich pipeline drive long-term visibility

- The company has four approved products in its portfolio and has already begun commercial execution, having invoiced and delivered its first batch in Europe in 2QFY26, marking a key milestone in its biosimilars strategy.

Exhibit 6: ARBP has portfolio of four approved Biosimilars in EU

| | |
|---|--|
| <p>ZEFYLT[®] Filgrastim Biosimilar (EMA & MHRA Approved)</p>  <p>SKU: 300 mcg / 0.5 ml SKU: 480 mcg / 0.5 ml</p> | <p>DYRUPEG[®] Pegfilgrastim Biosimilar (EMA & MHRA Approved)</p>  <p>SKU: 6 mg / 0.6 ml</p> |
| <p>BEVQOLVA[®] Bevacizumab Biosimilar (MHRA Approved)</p>  <p>SKU: 100 mg / 4 ml SKU: 400 mg / 16 ml</p> | <p>DAZUBLYS[®] Trastuzumab Biosimilar (EMA & MHRA Approved)</p>  <p>SKU: 150 mg</p> |

Source: Company

- In addition to the existing pipeline, CuraTeQ has eight future biosimilar candidates under different stages of development, collectively addressing an estimated total addressable market of USD50b by 2030, providing significant medium- to long-term growth potential.
- The company has also secured Phase 3 waivers for some of its biosimilar programs, which typically cost USD50-150m per product. Skipping this requirement results in substantial cost savings and improves the economics and speed-to-market of its pipeline.

Exhibit 7: Major late-stage biosimilar candidates

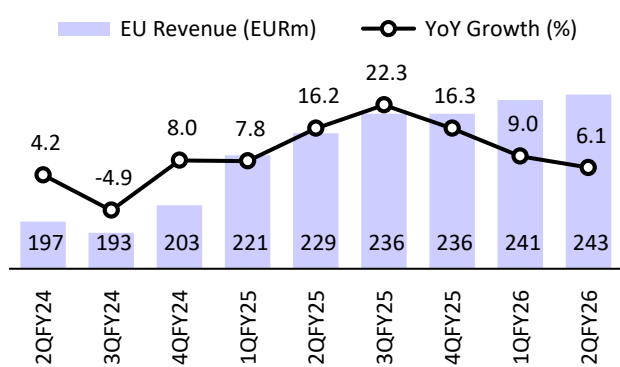
| Biosimilar Molecule | Reference Brand | Market Size (USDb) | Indication | Clinical Status | EU Plan | US Plan | Biosimilar Competitor | Interchangeable Competitor |
|---------------------------|------------------|--------------------|-------------------------------|---------------------------------------|-----------|---------------------------|---|----------------------------|
| Denosumab (BP16) | Xgeva/ Prolia | 5.7 | Post-Menopausal Osteoporosis | Phase 3 - Successful (EMA) | 1Q FY27 | 2Q FY27 | 6 (Biocon, Celltrion, Fresenius Kabi, Hikma Pharma, Samsung Bioepis, Shanghai Henlius Biotech) | 1 (Sandoz) |
| Omalizumab (BP11) | Xolair | 4 | Chronic Spontaneous Urticaria | Phase 3 - Recruitment Completed (EMA) | 1Q/2QFY27 | 3Q FY27 | NA | 1 (Celltrion) |
| Tocilizumab (BP08) | Actemra | 3.5 | Rheumatoid Arthritis | Phase 3 Waiver (EMA) | 1Q/2QFY27 | To Discuss Phase 3 Waiver | 2 (Biogen, Fresenius Kabi) | 1 (Celltrion) |
| Bevacizumab (BP01) | Avastin | 6.2 | Non-small-cell Lung Cancer | UK MHRA Approval Phase 3 Waiver (EMA) | 1Q FY27 | 3Q/4QFY27 | 5 (Amgen, Amneal, Bio-Thera, Celltrion, Pfizer) | NA |

Note: Not exhaustive; Source: MOFSL, Company

Strengthening EU growth through portfolio expansion and acquisitions

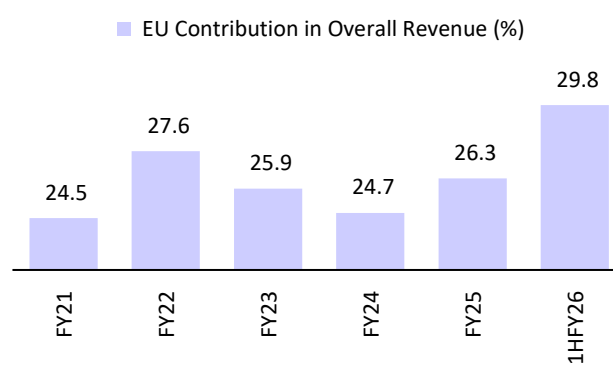
- ARBP has been consistently strengthening its presence in Europe, now operating across 10 countries (France, Germany, the UK, Spain, Portugal, Italy, the Netherlands, Belgium, Poland and Malta) and commercializing more than 550 INNs. It covers over 80% of the European pharmaceutical market and aims to expand this coverage to 85-90%.
- Revenue in constant-currency terms has grown by 23% between 2QFY24 and 2QFY26, reaching EUR243m.

Exhibit 8: Europe revenue (constant currency) up 23.4% during 2QFY24 to 2QFY26



Source: MOFSL, Company

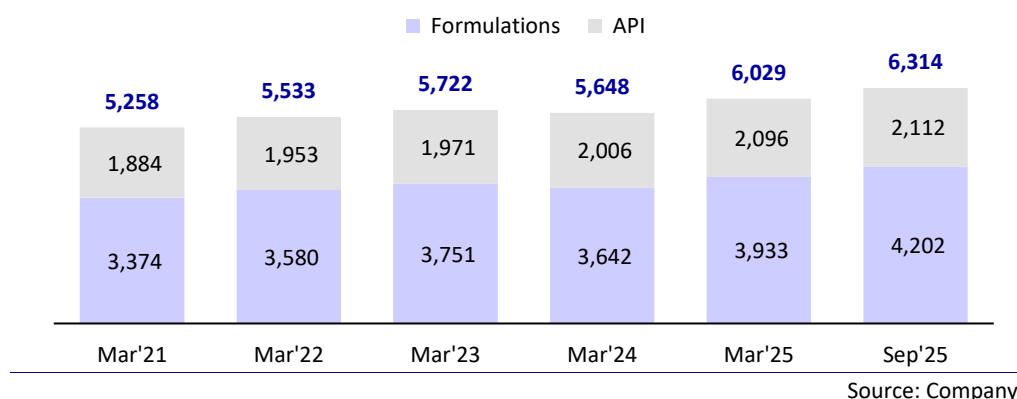
Exhibit 9: EU contribution has increased by 530bp over FY21-1HFY26



Source: MOFSL, Company

- The company continues to diversify its European revenue base through an expanding regulatory pipeline, with 6,314 filings as of Sep'25. It is also advancing its presence in the European biosimilars market, with four approvals already secured and several additional products in development, including some benefiting from Phase-3 waivers.

Exhibit 10: ARBP has 6,314 regulatory filings in EU as of Sep'25



- Europe's share of ARBP's total revenue has increased steadily from 24.5% in FY21 to 29.8% in 1HFY26, and is expected to rise further as biosimilars' commercialization scales up from 2Q onward.
- The OSD facility in China continues to ramp up toward a capacity of 2b units, supported by European approval of 10 products and 3 local product approvals. The site is on track to achieve EBITDA breakeven by 3Q/4QFY26, reinforcing its strategic importance to the global supply network and future European growth.

Inorganic initiatives complement organic expansion in driving EU growth

- In FY25, ARBP acquired UK-based Ace Laboratories, a provider of quality-control testing and analytical development services for chemical and microbiological analysis, for INR180m. Management has indicated that several deals are already in the pipeline, with the aim of expanding the company's product portfolio and strengthening supply capabilities.
- Combined, the regulatory depth, biosimilars entry, and targeted M&A position the company to further increase Europe's revenue share and strengthen long-term commercial and manufacturing capabilities across the region. Management is confident of achieving EUR1b in Europe revenue by FY26.

Foraying in Biologics CMO through partnership with MSD

- ARBP signed a master service agreement (MSA) with MSD in FY25 through its subsidiary TheraNym to develop and manufacture biological products, targeting both domestic and international contract-manufacturing opportunities.
- Under the initial agreement, the company is manufacturing a mammalian cell-culture product for MSD and is building a large-scale mammalian cell-culture drug-substance facility with 15kL bioreactors; the site will include integrated fill-and-finish capabilities to provide end-to-end drug-substance and drug-product services.
- The company had initial plans to invest up to INR10b to establish these end-to-end biologics services and supply the finished mammalian cell-culture product (in vials) to MSD once the facility is fully commissioned.
- In 2QFY25, the company strengthened the collaboration by signing a second product contract with MSD. To support the expanded scope, two additional 15kL mammalian bioreactor lines will be added as Block 2 of the same facility, requiring an incremental capex of approximately INR3.5-4b.

- The contract biologics manufacturing market is expanding at roughly 9% year-on-year and is projected to grow from about USD19b in CY24 to roughly USD30-40b by CY30.

Valuation and view

- We estimate ARBP to deliver a CAGR of 9%/14%/21% in sales/EBITDA/PAT over FY26-28 on the back of a sales CAGR of 9% in the US and 14% in EU/ROW markets, supported by 90bp margin expansion and a reduction in financial leverage.
- We value ARBP at 16x 12M forward earnings to arrive at a TP of INR1,430.
- ARBP has the highest US generics sales compared to any other listed company in India, with a maximum number of ANDA approvals.
- The product development, as well as backward integration for manufacturing process, has enabled healthy profitability despite consistent price erosion (albeit at reduced intensity).
- ARBP has strengthened growth levers - (1) accelerated scale-up of the Pen-G/6-APA complex toward full utilization, (2) sustained growth in the Europe business driven by a deeper portfolio, capacity scale-up, expanding biosimilar approvals, and targeted acquisitions, (3) meaningful biosimilar commercialization across Europe and the US as CuraTeQ's late-stage pipeline begins to monetize, and d) CMO partnership with MSD. **Reiterate BUY.**

Story in charts

Exhibit 11: Expect sales CAGR of 9% over FY25-28

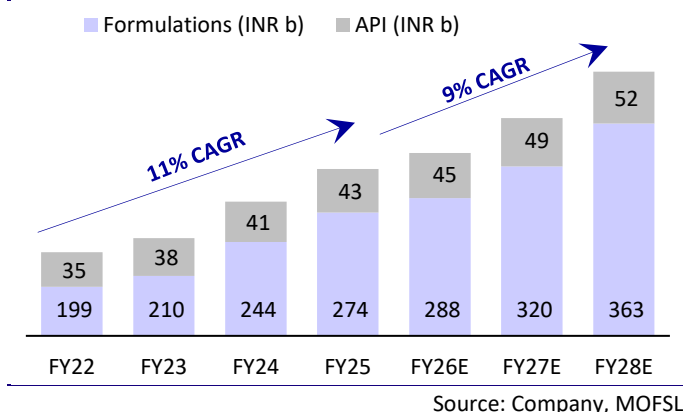


Exhibit 12: US sales to clock 7% CAGR over FY25-28

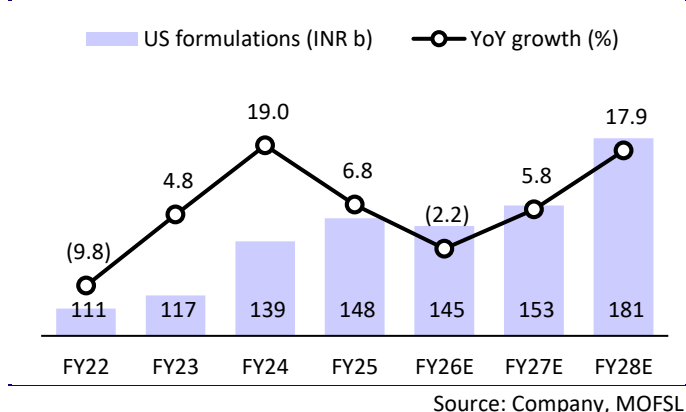


Exhibit 13: EBITDA margin to be in range of 20-22%

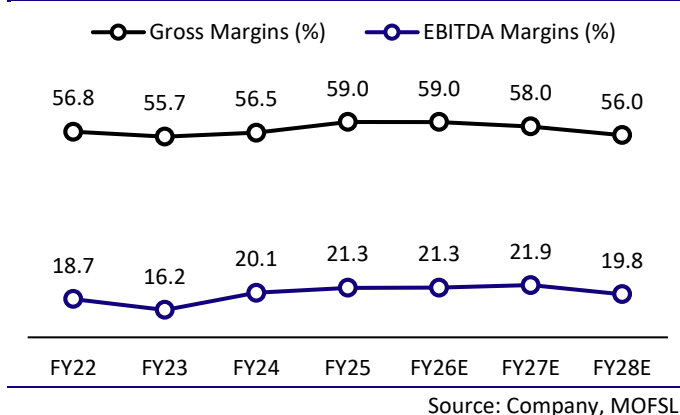


Exhibit 14: EBITDA to clock 7% CAGR over FY25-28

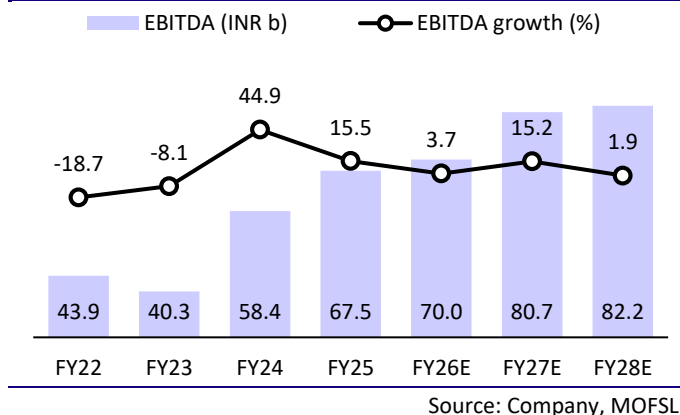


Exhibit 15: R&D expense to increase over FY25-28

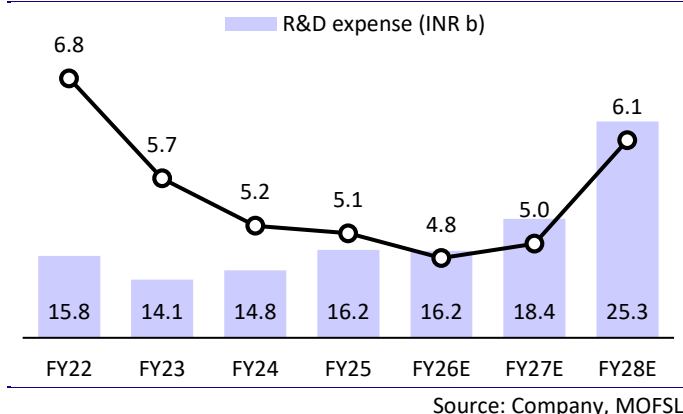
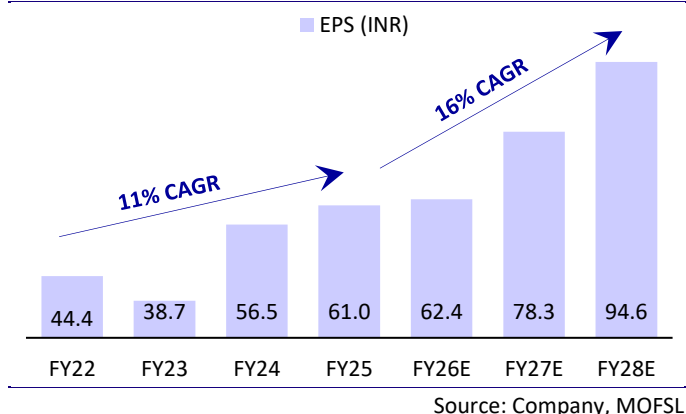


Exhibit 16: Expect EPS CAGR of 16% over FY25-28



Financials and valuations

| Consolidated - Income Statement | | | | | | | (INRm) |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Total Income | 2,34,555 | 2,48,554 | 2,90,019 | 3,17,237 | 3,28,665 | 3,68,468 | 4,10,364 |
| Change (%) | -5.3 | 6.0 | 16.7 | 9.4 | 3.6 | 12.1 | 11.4 |
| EBITDA | 43,868 | 40,336 | 58,430 | 67,505 | 70,022 | 80,694 | 91,101 |
| Margin (%) | 18.7 | 16.2 | 20.1 | 21.3 | 21.3 | 21.9 | 22.2 |
| Depreciation | 11,265 | 12,446 | 15,217 | 16,494 | 17,552 | 19,008 | 19,918 |
| EBIT | 32,603 | 27,891 | 43,213 | 51,011 | 52,470 | 61,686 | 71,183 |
| Interest exp | 486 | 1,405 | 2,897 | 4,572 | 3,778 | 3,052 | 2,414 |
| Other Income | 2,504 | 2,906 | 5,186 | 5,364 | 4,989 | 5,100 | 5,200 |
| PBT bef. EO Exp. | 34,620 | 29,392 | 45,502 | 51,804 | 53,681 | 63,735 | 73,969 |
| EO Items | -580 | -996 | 2,306 | -823 | 46 | 0 | 0 |
| PBT after EO Exp. | 34,040 | 28,396 | 47,809 | 50,981 | 53,727 | 63,735 | 73,969 |
| Current Tax | 7,256 | 6,848 | 12,110 | 18,172 | 17,271 | 18,164 | 20,859 |
| Tax Rate (%) | 21.3 | 24.1 | 25.3 | 35.6 | 32.1 | 28.5 | 28.2 |
| Less: Minority Int | 313 | -132 | 132 | -294 | 172 | 120 | 120 |
| Reported PAT | 26,471 | 21,417 | 35,567 | 32,515 | 36,284 | 45,450 | 52,990 |
| Adjusted PAT | 25,800 | 22,484 | 32,838 | 35,430 | 36,250 | 45,450 | 52,990 |
| Change (%) | -18.5 | -12.9 | 46.1 | 7.9 | 2.3 | 25.4 | 16.6 |
| Margin (%) | 11.0 | 9.0 | 11.3 | 11.2 | 11.0 | 12.3 | 12.9 |

| Consolidated - Balance Sheet | | | | | | | (INRm) |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Equity Share Capital | 586 | 586 | 586 | 581 | 581 | 581 | 581 |
| Total Reserves | 2,45,174 | 2,67,813 | 2,97,842 | 3,25,952 | 3,59,913 | 4,03,040 | 4,52,545 |
| Net Worth | 2,45,760 | 2,68,398 | 2,98,428 | 3,26,533 | 3,60,494 | 4,03,621 | 4,53,126 |
| Minority Interest | -19 | 120 | 80 | -64 | -65 | -66 | -68 |
| Deferred Liabilities | 1,224 | -2,879 | -8,561 | -9,897 | -10,095 | -10,297 | -10,503 |
| Total Loans | 23,728 | 48,615 | 63,152 | 79,417 | 62,753 | 49,616 | 39,254 |
| Capital Employed | 2,70,692 | 3,14,255 | 3,53,099 | 3,95,989 | 4,13,086 | 4,42,874 | 4,81,809 |
| Gross Block | 1,58,447 | 1,75,442 | 2,27,716 | 2,52,042 | 2,65,042 | 2,78,042 | 2,91,042 |
| Less: Accum. Deprn. | 49,784 | 62,230 | 77,447 | 93,941 | 1,11,493 | 1,30,501 | 1,50,419 |
| Net Fixed Assets | 1,08,663 | 1,13,212 | 1,50,270 | 1,58,101 | 1,53,550 | 1,47,542 | 1,40,624 |
| Goodwill on Consolidation | 4,754 | 5,961 | 5,952 | 6,180 | 6,180 | 6,180 | 6,180 |
| Capital WIP | 29,376 | 44,964 | 27,394 | 32,660 | 32,660 | 32,660 | 32,660 |
| Total Investments | 9,972 | 5,427 | 3,722 | 2,517 | 2,517 | 2,517 | 2,517 |
| Curr. Assets, Loans&Adv. | 1,83,567 | 2,22,561 | 2,51,251 | 2,85,462 | 2,86,594 | 3,30,300 | 3,79,764 |
| Inventory | 75,539 | 85,112 | 98,082 | 1,05,437 | 1,09,588 | 1,16,597 | 1,44,302 |
| Account Receivables | 40,123 | 44,664 | 48,167 | 58,543 | 62,131 | 75,713 | 77,576 |
| Cash and Bank Balance | 41,900 | 60,842 | 62,783 | 82,355 | 88,059 | 1,11,175 | 1,31,072 |
| Loans and Advances | 26,006 | 31,943 | 42,219 | 39,127 | 26,815 | 26,815 | 26,815 |
| Curr. Liability & Prov. | 65,639 | 77,870 | 85,489 | 88,931 | 68,415 | 76,325 | 79,936 |
| Account Payables | 27,031 | 38,713 | 44,542 | 41,889 | 37,790 | 45,700 | 49,311 |
| Other Current Liabilities | 35,185 | 35,425 | 36,123 | 41,458 | 30,000 | 30,000 | 30,000 |
| Provisions | 3,424 | 3,733 | 4,825 | 5,585 | 625 | 625 | 625 |
| Net Current Assets | 1,17,928 | 1,44,691 | 1,65,762 | 1,96,531 | 2,18,180 | 2,53,975 | 2,99,828 |
| Appl. of Funds | 2,70,692 | 3,14,255 | 3,53,099 | 3,95,989 | 4,13,086 | 4,42,874 | 4,81,809 |

E: MOSL Estimates

Financials and valuations

Ratios

| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| EPS | 44.4 | 38.7 | 56.5 | 61.0 | 62.4 | 78.3 | 91.2 |
| Cash EPS | 63.3 | 59.7 | 82.0 | 89.4 | 92.6 | 111.0 | 125.5 |
| BV/Share | 419.5 | 458.4 | 509.3 | 562.2 | 620.7 | 694.9 | 780.2 |
| DPS | 3.5 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 6.0 |
| Payout (%) | 7.7 | 10.9 | 6.6 | 7.1 | 6.4 | 5.1 | 6.6 |
| Valuation (x) | | | | | | | |
| P/E | 27.2 | 31.2 | 21.3 | 19.8 | 19.3 | 15.4 | 13.2 |
| Cash P/E | 19.1 | 20.2 | 14.7 | 13.5 | 13.0 | 10.9 | 9.6 |
| P/BV | 2.9 | 2.6 | 2.4 | 2.1 | 1.9 | 1.7 | 1.5 |
| EV/Sales | 2.8 | 2.7 | 2.3 | 2.1 | 2.0 | 1.7 | 1.4 |
| EV/EBITDA | 15.0 | 16.4 | 11.6 | 10.0 | 9.3 | 7.6 | 6.4 |
| Dividend Yield (%) | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.5 |
| FCF per share | 35.7 | -13.5 | -8.9 | 13.3 | 41.1 | 63.4 | 53.9 |
| Return Ratios (%) | | | | | | | |
| RoE | 11.1 | 8.7 | 11.6 | 11.3 | 10.6 | 11.9 | 12.4 |
| RoCE | 10.3 | 8.0 | 10.7 | 9.5 | 9.4 | 10.9 | 11.6 |
| RoIC | 13.7 | 10.8 | 14.0 | 12.2 | 12.5 | 15.0 | 16.7 |
| Working Capital Ratios | | | | | | | |
| Fixed Asset Turnover (x) | 1.5 | 1.4 | 1.3 | 1.3 | 1.2 | 1.3 | 1.4 |
| Inventory (Days) | 298 | 266 | 265 | 286 | 296 | 267 | 273 |
| Debtor (Days) | 58 | 62 | 58 | 61 | 67 | 68 | 68 |
| Creditor (Days) | 99 | 109 | 121 | 121 | 110 | 98 | 99 |
| Working Cap. (Days) | 258 | 219 | 203 | 226 | 254 | 237 | 242 |
| Leverage Ratio (x) | | | | | | | |
| Current Ratio | 2.8 | 2.9 | 2.9 | 3.2 | 4.2 | 4.3 | 4.8 |
| Interest Cover Ratio | 67 | 20 | 15 | 11 | 14 | 20 | 29 |
| Net Debt/Equity | -0.1 | 0.0 | 0.0 | 0.0 | -0.1 | -0.2 | -0.2 |

Consolidated - Cash Flow Statement

| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| OP/(Loss) before Tax | 34,620 | 29,392 | 45,502 | 51,804 | 53,681 | 63,735 | 73,969 |
| Depreciation | 11,265 | 12,446 | 15,217 | 16,494 | 17,552 | 19,008 | 19,918 |
| Interest / Dividend recieved | -2,018 | -1,501 | -2,289 | -792 | -1,211 | -2,048 | -2,786 |
| Direct Taxes Paid | -7,256 | -6,848 | -12,110 | -18,172 | -17,271 | -18,164 | -20,859 |
| (Inc)/Dec in WC | 9,188 | -7,821 | -19,130 | -11,197 | -15,945 | -12,680 | -25,957 |
| CF from Operations | 45,800 | 25,668 | 27,190 | 38,136 | 36,805 | 49,850 | 44,285 |
| Others | 4,364 | -996 | 2,306 | -823 | 46 | | |
| CF from Operating incl EO | 50,164 | 24,672 | 29,496 | 37,313 | 36,851 | 49,850 | 44,285 |
| (inc)/dec in FA | -29,242 | -32,583 | -34,704 | -29,592 | -13,000 | -13,000 | -13,000 |
| Free Cash Flow | 20,922 | -7,912 | -5,208 | 7,721 | 23,851 | 36,850 | 31,285 |
| (Pur)/Sale of Investments | 4,061 | -4,544 | -1,705 | -1,205 | | | |
| Others | -6,936 | -2,650 | | | | | |
| CF from Investments | -32,116 | -39,777 | -36,409 | -30,797 | -13,000 | -13,000 | -13,000 |
| Change in network | | | | | | | |
| Inc/(Dec) in Debt | -25,994 | 25,027 | 14,497 | 16,121 | -16,665 | -13,137 | -10,364 |
| Interest Paid | -486 | -1,405 | -2,897 | -4,572 | -3,778 | -3,052 | -2,414 |
| Dividend Paid | -2,051 | -2,342 | -2,344 | -2,323 | -2,323 | -2,323 | -3,485 |
| Others | -1,162 | 12,767 | -402 | 3,831 | 4,621 | 4,779 | 4,875 |
| CF from Fin. Activity | -29,693 | 34,047 | 8,854 | 13,057 | -18,146 | -13,733 | -11,387 |
| Inc/Dec of Cash | -11,645 | 18,941 | 1,941 | 19,573 | 5,705 | 23,117 | 19,898 |
| Opening Balance | 54,743 | 41,900 | 60,842 | 62,783 | 82,355 | 88,059 | 1,11,175 |
| Others incl. impact of fx | -1,198 | | | | | | |
| Closing Balance | 41,900 | 60,842 | 62,783 | 82,355 | 88,059 | 1,11,175 | 1,31,072 |

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|----------------------------------|--|
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| BUY | $\geq 15\%$ |
| SELL | $< -10\%$ |
| NEUTRAL | $-10\% \text{ to } 15\%$ |
| 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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