

CMP (Rs): 14,110

Market cap. (Rs bn): 182

Target price (Rs): 20,000

Maintain BUY

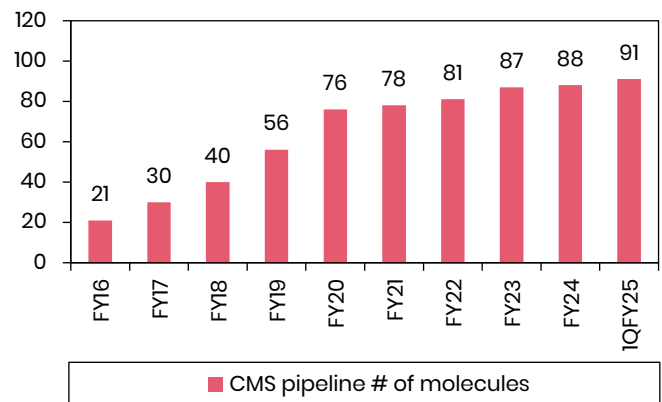
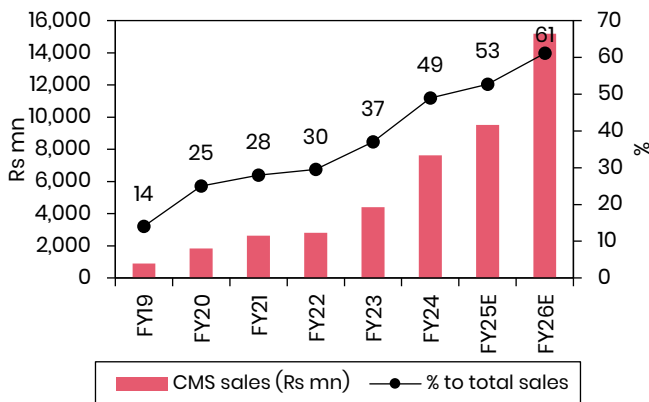
### USFDA approves COBENFY (Xanomeline and Trospium Chloride/KarXT) for Schizophrenia; raise target price to Rs 20,000 per share (42% upside)

USFDA announced approval on 26th September 2024 for a schizophrenia drug COBENFY (xanomeline and trospium chloride) that was earlier known as KarXT. Neuland is the CDMO partner (API supplier) for Karuna therapeutics for Xanomeline supplies. In 2023, Bristol Myers Squibb's (BMS) had acquired Karuna Therapeutics for US\$ 14 bn with Neuland remaining the preferred partner for the Xanomeline API supplies. With Xanomeline API supplies commencing in September 2024 to the tune of US\$ 13 mn, we expect CMS segment to maintain healthy growth ahead. This event is likely to provide a healthy boost to its 2QFY25 earnings, which were otherwise expected to be moderate, as per management guidance (we estimated PAT of Rs 650 mn for 2QFY25, which is now likely to record a new quarterly PAT high).

We see the USFDA approval as a big positive for Neuland, which could experience substantial growth in the CMS segment as the product scales up in the US and globally. Given the long patent protection for the innovator molecule and peak expected sales of > US\$ 2-3 bn, we expect steady high margin earnings stream for Neuland ahead. With Cobenfy also being developed for other indications like Alzheimers, Bipolar disorder, it is estimated that peak sales could surpass US\$ 5-6 bn for Cobenfy. We have built around US\$ 20 mn/US\$ 50 mn/US\$ 75 mn from Xanomeline API supplies for FY25/FY26/FY27E respectively. Other key commercial molecules in CMS include Bempedoic acid for Espirion/Daiichi and Deutetrabenazine for Teva where Neuland has been key supplier for several years.

CMS revenues has grown significantly over the past few years to form 49% of sales in FY24

Neuland has scaled up the CMS pipeline steadily over the past few years



Source: Company, B&K Research

Overall, we remain positive on Neuland as it has created strong sustainable base visible through 1) healthy pipeline in CMS division of 91 molecules – 18 in commercial stage, 14 in development/pre-registration stage, 7 in phase III, 23 in phase 2 that has doubled over the past year, 2) change in sales mix towards more profitable CMS supplies (49% of sales in FY24 versus 37% in FY23) leading to superior EBITDA margins of 30%+ and 3) healthy free cash generation of Rs 1.2 bn (net cash position) aiding in adding capacities at existing units and capabilities (Peptides/GLP-1 drugs).

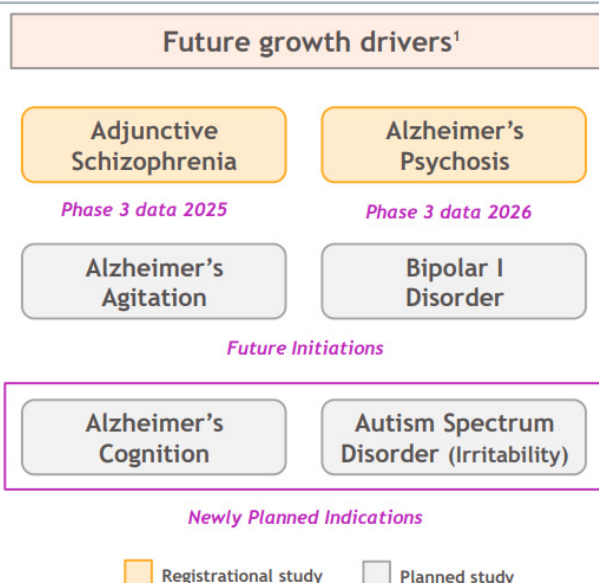
We maintain our Buy rating on the stock and revise our target price higher to Rs 20,000 (from earlier Rs 11,700) i.e. 38x FY27E EPS of Rs 527 per share, which includes the benefit from supplies to BMS for

**COBENFY. Management also guides for 1-2 new CMS commercial opportunity playing out every year from FY26 which can sustain long-term earnings momentum. At the current market price of Rs 14,110 (Mkt cap of US\$ 2.2 bn), Neuland trades at 33x FY26E EPS of Rs 428 per share (~38% discount to Industry peers multiple of ~50-60x for the likes of Divi's and Suven Pharma) and 21x FY26E EV/EBITDA.**

**Event**

- USFDA approves Bristol Myers Squibb's (BMS) COBENFY (Xanomeline and Trospium Chloride), a first-in-class Muscarinic Agonist for the treatment of Schizophrenia in adults.
- Schizophrenia affects nearly 24 mn people worldwide, including 2.8 mn people in the United States, and is one of the top 15 leading causes of disability worldwide.
- Expected to be available in the US in late-October (4QCY24). Ex-US launch timelines for Schizophrenia expected to be behind US launch by ~three years.
- As per Bloomberg reports, BMS plans to price a month's supply of Cobenfy at US\$ 1,850 before discounts, or US\$ 22,500 per year. Cobenfy could achieve peak US sales of roughly US\$ 2-3 bn in 2030, though that figure only accounts for the medicine's Schizophrenia indication. Should Cobenfy pick up additional indications for conditions like Alzheimer's disease, the medicine could see US sales reach a range of roughly US\$ 5 bn to US\$ 6 bn.
- Global Schizophrenia drugs market size was valued at US\$ 7.50 bn in 2022.
- There are two groups of antipsychotics with one being the "first-generation," "typical," or "conventional" antipsychotics medications. Some common ones are Chlorpromazine (Thorazine), Fluphenazine (Prolixin), Haloperidol (Haldol), Perphenazine (Trilafon), Thioridazine (Mellaril), Thiothixene (Navane) and Trifluoperazine (Stelazine).
- The newer ones are called "second-generation" or "atypical" antipsychotics. They are the main drugs used for treating psychosis today. Examples of these medicines include Aripiprazole (Abilify), Aripiprazole lauroxil (Aristada), Asenapine (Saphris), Brexpiprazole (Rexulti), Cariprazine (Vraylar), Clozapine (Clozaril), Iloperidone (Fanapt), Lumateperonee (Caplyta), Lurasidone (Latuda), Olanzapine (Zyprexa), Olanzapine/Samidorphan (Lybalvi), Paliperidone (Invega Sustenna), Paliperidone palmitate (Invega Trinza), Quetiapine (Seroquel) and Risperidone (Risperdal), Ziprasidone (Geodon).

**KarXT: First-in-class M1/M4 with multi-billion-dollar potential**



Source: Company, B&K Research

- Cobenfy is a unique drug for Schizophrenia that works through an innovative mechanism. Unlike traditional anti-psychotic medications, which target dopamine receptors, Cobenfy works by activating muscarinic acetylcholine receptors (M1 and M4) in the brain. These receptors play a critical role in regulating various brain functions, including cognition, mood, and perception, all of which can be severely impaired in people with Schizophrenia.
- **Benefits of Cobenfy**
  - **Novel mechanism of action:** One of the most significant aspects of Cobenfy is its unique approach to targeting muscarinic receptors. This has not only widened the scope of treatment options for Schizophrenia but also holds promise for patients who have not responded well to traditional dopamine-based therapies.
  - **Potential for Fewer Side Effects:** Traditional anti-psychotic drugs often come with serious side effects, such as weight gain, sedation, and metabolic issues. Although Cobenfy is not free from adverse effects, its different mechanism of action offers hope for reducing the risk of some of the more debilitating side effects associated with existing drugs.
  - **Improved control of symptoms:** Clinical trials have demonstrated that Cobenfy effectively controls both positive symptoms (hallucinations, delusions) and negative symptoms (social withdrawal, lack of motivation), which have been particularly difficult to manage with current treatments. While more studies are needed, there is potential for better management of cognitive impairments associated with Schizophrenia.
  - **Broader applications:** Researchers are exploring Cobenfy's potential in treating other psychiatric conditions, including psychosis associated with Alzheimer's disease. This opens up new possibilities for treating psychiatric symptoms in neurodegenerative diseases, which often overlap with the symptoms of Schizophrenia.

### Number of active CMS project – Phase 2 projects doubled from 9 to 23 over the last one year

Molecule segment	Pre-clinical	Phase I	Phase II	Phase III	Pre-Reg/Reg	Commercial	Total
API	8	8	12	3	8	8	47
Intermediates	9	4	11	4	6	10	44
<b>Total</b>	<b>17</b>	<b>12</b>	<b>23</b>	<b>7</b>	<b>14</b>	<b>18</b>	<b>91</b>

Source: Company, B&K Research

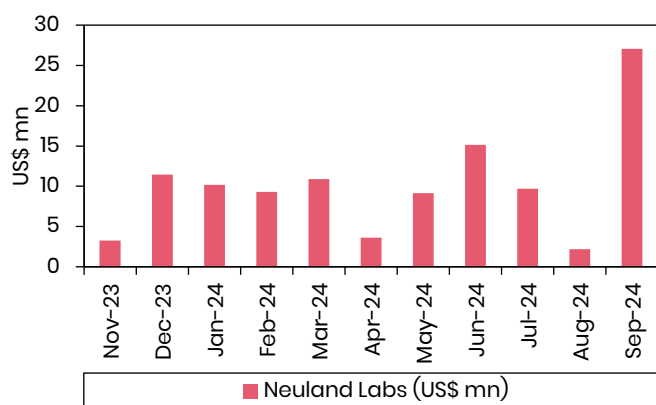
### Complex capabilities and scope for capacity expansion

#### Capex plans

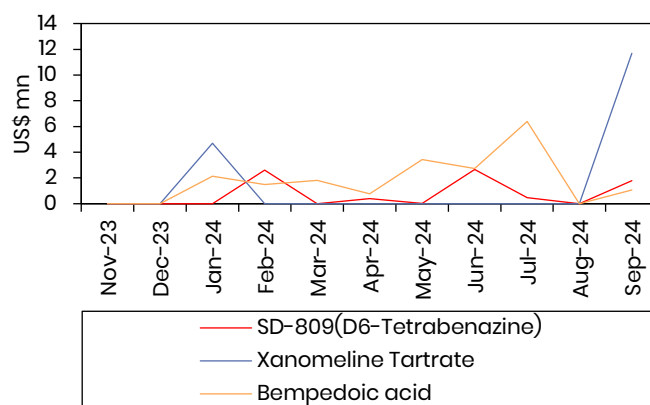
- Neuland announced fresh new capex of Rs 245 mn at Unit 1 which is at 88% capacity utilisation for new 5-acre land that was previously acquired for generics segment. This would be used for Pilot plant/Peptides block/R&D centre with commercialisation activity expected to happen in the next 1-1.5 years, as per the management.
- There are 2 new additional production blocks coming up at Unit 3 for CMS molecules that will get commercialised in FY25-26, for which Neuland will be investing Rs 1.3 bn.
- Neuland expects to have a regular capex of around Rs 1-1.2 bn on an annual basis going forward.
- The current asset turn is around 3.5x (3.1x in FY24) and the company expects it to be in a similar range going ahead.

- Future investment in capacities or capabilities will be made based on certain shared visibility basis that Neuland can get from their clients. There is plan for Unit 4 which will be announced once it is concretely finalised.

### Neuland export trend



### CMS – Key product export trend



Source: Company, B&K Research

### Peptides segment

- GLP-1 CDMO opportunity is limited, as innovators are securing own supply chain by doing API manufacturing in-house, but Generic opportunity is huge especially in the non-regulated market and is expected to grow going forward.
- For high volume peptides, infrastructure needs to be built accordingly. Launch timelines for these set of products remain uncertain due to patent protection. Fragment and building blocks could be CDMO opportunity, as per the management.
- Neuland has 2 molecules in the CMS division which are just one step away from commercialisation, but they are the second supplier on the product and hence cannot provide timelines on the launch of these products.
- On the GDS front, they expect to file one molecule in CY24 for Difelikefalin and 2 more in CY26 (of which 1 is GLP-1 opportunity) and has highlighted that these are high value opportunities.
- On the Peptides front, Neuland over the past many years had started with fragments, then climbed up the value chain to building blocks and supply to peptides API players, then make NCE and generic peptides API.
- But the peptides segment has not yet contributed significantly for Neuland or any other Indian CDMO player as there was no peptide product in the portfolio which became commercial success. Innovator MNC's are still coming to Neuland for peptide APIs although it has not contributed to earnings as expected.

### CMS segment recorded strong 48% jump to Rs 2.4 bn in IQFY25 forming 53% of sales

(Rs mn)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Commercial	380	380	420	490	740	970	1,040	1,310	1,270	1,000	1,700
% to CMS	40	53	61	51	79	52	65	56	66	55	72
Development	570	340	270	480	200	900	550	1010	650	810	650
% to CMS	60	47	39	49	21	48	35	44	34	45	28
<b>Total CMS</b>	<b>950</b>	<b>720</b>	<b>690</b>	<b>970</b>	<b>940</b>	<b>1,870</b>	<b>1,590</b>	<b>2,320</b>	<b>1,920</b>	<b>1,810</b>	<b>2,350</b>
% to total sales	40	28	31	33	35	46	44	56	49	47	53
YoY growth (%)	6	20	57	39	(1)	160	130	139	104	(3)	48

Source: Company, B&K Research

- Having peptides as capabilities aids in their work in CMS, carbohydrate chemistry, etc. and they expect to be part of the significant opportunity going forward.
- Its manufacturing infrastructure is fungible in nature with all plants being multi-product facilities in nature.

### CMS segment recorded strong 73% jump to Rs 7.7 bn in FY24 forming 49% of sales

(Rs mn)	FY20	FY21	FY22	FY23	FY24
Commercial	1,140	1,370	1,130	2,620	4,620
% to CMS	62	52	40	59	60
Development	696	1,253	1,676	1,787	3,017
% to CMS	38	48	60	41	40
<b>Total CMS</b>	<b>1,836</b>	<b>2,623</b>	<b>2,806</b>	<b>4,407</b>	<b>7,637</b>
% to total sales	25	28	30	37	49
YoY growth (%)	105	43	7	57	73

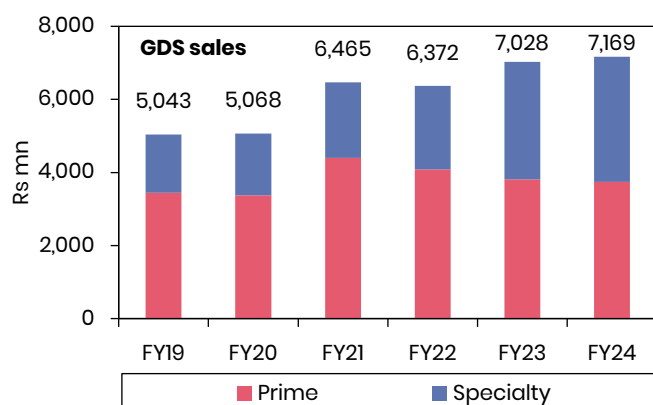
Source: Company, B&K Research

### Top 5 and Top 10 product and client contribution to the Neuland's business

Particulars (%)	Top 5 (QoQ %)					Top 10 (QoQ %)				
	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
<b>Overall Business contribution</b>										
Product	41	47	47	52	57	62	67	67	68	71
Customer	49	57	57	56	60	62	70	69	69	70
<b>GDS – Prime business</b>										
Product	78	85	80	77	74	99	99	100	100	98
Customer	43	47	44	60	47	64	67	63	77	64
<b>GDS – Specialty business</b>										
Product	77	66	67	71	72	96	89	89	91	98
Customer	62	59	63	58	44	75	73	76	73	63
<b>CMS business</b>										
Product	80	82	91	91	91	92	94	97	98	96
Customer	85	87	95	91	93	95	97	98	93	98

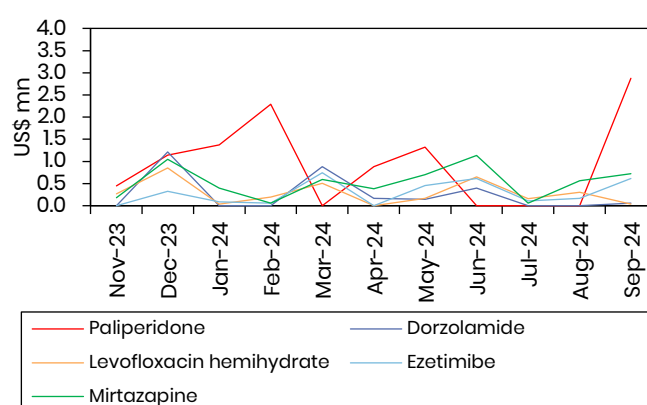
Source: Company, B&K Research

### Specialty clocked higher growth versus prime in GDS over the past few years



Source: Company, B&K Research

### GDS – Key product export trend

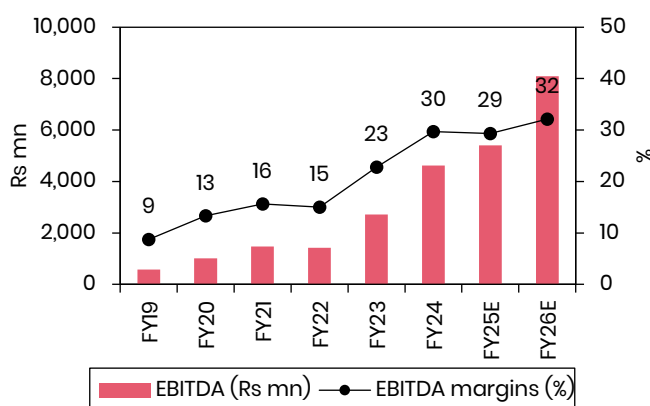
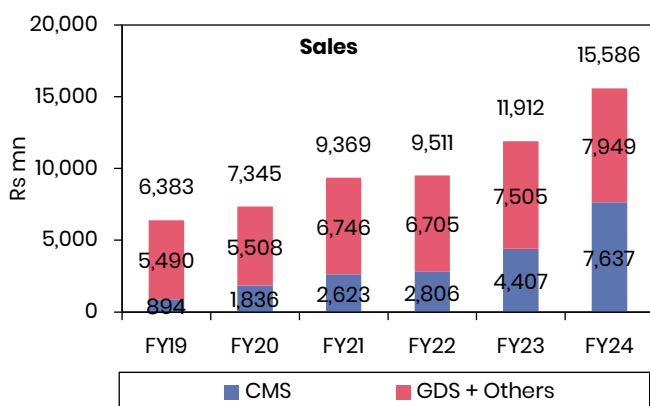


**B&K's view**

Overall, sales have grown by 29% CAGR over FY22-24, while PAT has risen 117% CAGR over the same period. The stellar performance has largely been led by ramp-up of the CMS division (driven by growth from commercial molecules and molecules close to commercialisation/under development) that has grown by 65% CAGR over FY22-24. The change in sales mix towards CMS segment (innovator supplies) from 30% in FY22 (14% in FY19) to 49% in FY24 has led to superior profitability with EBITDA margins of 29.7% in FY24 (versus average margins of ~13-15% over FY20-22). The inflection point for Neuland's CMS segment has played out after FY23 when we saw a sustainable ramp-up of top 5 molecules.

**CMS share has increased from 13% in FY16 to 49% in FY24 (53% in 1QFY25)**

**EBITDA margins improved significantly to ~30% on the back of superior sales mix**



Source: Company, B&K Research

We maintain our Buy rating as Neuland has created a strong sustainable visible base through a 1) healthy pipeline in CMS division (91 molecules – 18 in commercial stage, 14 in development/pre-registration stage, 7 in phase III, 23 in phase 2 that has doubled over the past year), 2) change in sales mix towards more profitable CMS supplies (49% of sales in FY24 versus 37% in FY23) and 3) healthy free cash generation of Rs 1.2 bn (net cash position) aiding in adding capacities (Unit 3 still at 60-65% capacity utilisation) with plenty of room for expansion at the site) and capabilities.

We expect Neuland to build on this strong base on the back of more molecules getting commercialised (one-two expected in the near-term) in the CMS division (although sales could witness quarterly fluctuations, management also guiding for near-term moderation/normalisation in growth), peptides opportunities opening new vertical of high margin earnings and favourable global CDMO/API landscape (China +1 and Europe +1) strengthening order book. Recent passage of Biosecure act in the US will certainly add to new RFQs in the medium to longer term for Indian CDMO players, in our view (see our note here - [Pharmaceutical - Flash Note - 23 Sep 24.pdf](#)).

We build around ~35% PAT CAGR over FY24-26E with EBITDA margins in the range of 29-33%. Key molecules in CMS include Bempedoic acid for Espirion/Daiichi, Deutetrabenazine for Teva where Neuland has been key supplier for several years. With Xanomeline API supplies commencing in September 2024 month to the tune of US\$ 13 mn, we expect CMS segment to maintain healthy growth ahead. **We maintain our Buy rating on the stock and revise our target price higher to Rs 20,000 (Rs 11,700 earlier) i.e. 38x FY27E EPS of Rs 527 per share, which includes the benefit from supplies to BMS for COBENFY. At the current market price of Rs 14,110 (mkt cap of US\$ 1.8 bn), Neuland trades at 33x FY26E EPS of Rs 428 per share (~38% discount to Industry peers multiple of ~50-60x for likes of Divi's and Suven Pharma) and 21x FY26E EV/EBITDA.**

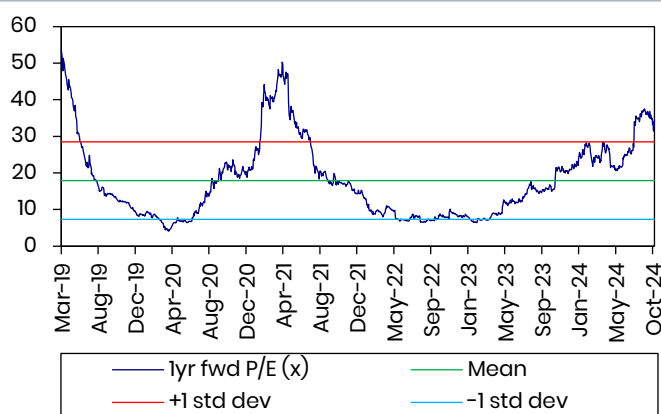


## Peer valuation

Company	Rating	CMP (Rs)	Mkt Cap (US\$ mn)	Target price (Rs)	EPS (Rs)			FY24-26E CAGR (%)	P/E (x)			FY24			
					FY24	FY25E	FY26E		FY24	FY25E	FY26E	RoE (%)	RoCE (%)	EV/Sales (x)	EV/EBITDA (x)
<b>B&amp;K CDMO Coverage</b>															
Divi's Labs	BUY	6,150	19,670	5,000	59.4	80.6	104.1	32.3	103.5	76.3	59.1	12.5	15.7	20.7	72.2
<b>Neuland Labs</b>	<b>BUY</b>	<b>14,110</b>	<b>2,176</b>	<b>20,000</b>	<b>233.0</b>	<b>265.8</b>	<b>427.5</b>	<b>35.5</b>	<b>60.6</b>	<b>53.1</b>	<b>33.0</b>	<b>26.4</b>	<b>31.4</b>	<b>11.8</b>	<b>39.0</b>
Suven Pharma	BUY	1,198	3,674	1,050	11.8	13.4	18.5	25.3	101.6	89.6	64.6	16.1	20.6	28.8	73.5
Syngene	BUY	881	4,261	840	14.0	15.3	18.9	16.2	62.8	57.6	46.5	14.2	15.0	9.9	32.2
IOL Chemicals	BUY	428	304	475	22.9	27.0	36.5	26.3	18.7	15.9	11.7	8.6	11.8	1.1	10.5
Hikal	BUY	340	504	430	5.7	8.3	12.5	48.1	59.6	41.0	27.2	5.9	7.3	2.5	17.1
<b>Not rated Indian API/CDMO peers</b>															
Laurus	Not Rated	474	3,072	Not Rated	3.0	-	-	-	158.0	-	-	3.9	6.5	5.5	35.0
Piramal Pharma	Not Rated	222	3,538	Not Rated	0.1	-	-	-	1585.7	-	-	0.2	5.5	4.1	24.3
Aarti Pharmalabs	Not Rated	606	657	Not Rated	23.9	-	-	-	25.3	-	-	13.1	16.6	3.1	14.8
Concord Bio	Not Rated	1,890	2,277	Not Rated	29.1	-	-	-	64.9	-	-	20.9	27.9	18.6	43.4
Bluejet	Not Rated	523	1,090	Not Rated	9.4	-	-	-	55.4	-	-	22.4	30.0	12.4	38.4

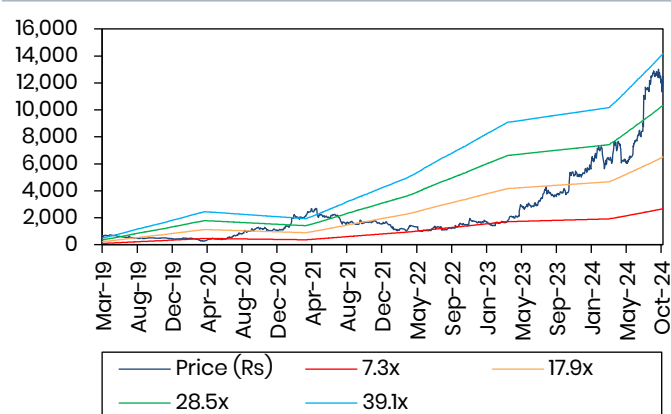
Source: Company, B&K Research

## Neuland – One-year forward PER



Source: B&K Research

## Neuland – PE band



## Revenue mix

(Rs mn)	1QFY24	1QFY25	YoY (%)	FY23	FY24	YoY (%)	FY25E	YoY (%)	FY26E	YoY (%)	FY27E	YoY (%)
Prime API	944	1,187	25.8	3,812	3,741	(1.9)	3,928	5.0	4,242	8.0	4,454	5.0
Specialty API	907	615	(32.2)	3,216	3,429	6.6	3,772	10.0	4,451	18.0	4,807	8.0
GDS (Prime +Specialty API)	1,851	1,802	(2.6)	7,028	7,169	2.0	7,699	7.4	8,693	13	9,261	6.5
% of sales	51	41	-	59	46	-	42	-	35	-	32	-
CMS (Commercial +Development)	1597	2330	45.9	4,407	7,637	73.3	9,523	24.7	15,196	59.6	18,496	21.7
% of sales	44	53	-	37	49	-	52	-	60	-	64	-
Others	181	264	45.3	476	779	63.6	857	10.0	943	10.0	990	5.0
% of sales	5.0	6.0	-	4.0	5.0	-	4.7	-	3.7	-	3.4	-
<b>Total sales + OOI</b>	<b>3,630</b>	<b>4,396</b>	<b>21.1</b>	<b>11,912</b>	<b>15,586</b>	<b>30.8</b>	<b>18,409</b>	<b>18.1</b>	<b>25,182</b>	<b>36.8</b>	<b>29,127</b>	<b>15.7</b>

Source: Company, B&K Research

## Financial highlights

(Rs mn)	1QFY24	1QFY25	YoY (%)	FY23	FY24	YoY (%)	FY25E	YoY (%)	FY26E	YoY (%)	FY27E	YoY (%)
<b>Sales</b>	<b>3,630</b>	<b>4,396</b>	<b>21.1</b>	<b>11,912</b>	<b>15,586</b>	<b>30.8</b>	<b>18,409</b>	<b>18.1</b>	<b>25,182</b>	<b>36.8</b>	<b>29,127</b>	<b>15.7</b>
Gross margin (%)	59.9	59.8	-	58.8	61.9	-	62.7	-	64.1	-	65.4	-
Personnel cost	599	731	22.1	2,018	2,571	27.4	3,005	16.9	4,027	34.0	4,568	13.4
Other expense	606	662	9.4	2,394	2,616	9.3	3,254	24.4	4,149	27.5	4,698	13.2
<b>EBITDA</b>	<b>969</b>	<b>1,234</b>	<b>27.3</b>	<b>2,718</b>	<b>4,626</b>	<b>70.2</b>	<b>5,400</b>	<b>16.7</b>	<b>8,091</b>	<b>49.8</b>	<b>9,921</b>	<b>22.6</b>
EBITDA margin (%)	26.7	28.1	136 bps	22.8	29.7	-	29.3	-	32.1	-	34.1	-
Other income	20	48	135.8	97	125	28.7	138	10.3	152	10.1	203	33.3
Interest	22	27	20.6	131	140	7.1	138	(1.1)	143	3.1	155	8.9
Depreciation	136	163	19.8	528	597	13.1	772	29.3	938	21.5	967	3.1
PBT	832	1,092	31.3	2,157	4,015	86.1	4,628	15.3	7,163	54.8	9,002	25.7
Exceptional items	0	(206)	-	0	0	-	(206)	-	0	-	0	-
PBT after exceptional item	832	1,298	56.1	2,157	4,015	86.1	4,834	20.4	7,163	48.2	9,002	25.7
Tax	213	320	50.2	522	1,014	94.1	1,257	24.0	1,647	31.1	2,206	33.9
Reported PAT	619	979	58.2	1,635	3,001	83.6	3,577	19.2	5,515	54.2	6,797	23.2
PAT margin (%)	17.0	22.3	-	13.7	19.3	-	19.4	-	21.9	-	23.3	-
EPS (Rs)	48.0	75.9	58.2	127	233	83.6	277	19.2	428	54.2	527	23.2
<b>Adjusted PAT</b>	<b>619</b>	<b>833</b>	<b>34.6</b>	<b>1,635</b>	<b>3,001</b>	<b>83.6</b>	<b>3,425</b>	<b>14.1</b>	<b>5,515</b>	<b>61.0</b>	<b>6,797</b>	<b>23.2</b>
Adjusted EPS (Rs)	48.0	64.6	34.6	126.7	232.7	83.6	265.5	14.1	427.5	61.0	526.8	23.2

Source: Company, B&amp;K Research

## Reference report

<http://zzz.bksec.com/Reportsupload/2024/8/Neuland Laboratories - 1QFY25 Result Update - 02 Aug 24.pdf>

<http://zzz.bksec.com/Reportsupload/2024/5/Neuland Laboratories - 4QFY24 Result Update - 10 May 24.pdf>



### Income Statement

Period end (Rs mn)	Mar 23	Mar 24	Mar 25E	Mar 26E
<b>Net Sales</b>	<b>11,610</b>	<b>15,158</b>	<b>18,079</b>	<b>24,832</b>
Growth (%)	25.7	30.6	19.3	37.4
Operating expenses	(9,194)	(10,959)	(13,009)	(17,091)
<b>Operating profit</b>	<b>2,416</b>	<b>4,198</b>	<b>5,070</b>	<b>7,741</b>
Other operating income	302	428	330	350
<b>EBITDA</b>	<b>2,718</b>	<b>4,626</b>	<b>5,400</b>	<b>8,091</b>
Growth (%)	90.6	70.2	16.7	49.8
Depreciation	(528)	(597)	(772)	(938)
Other income	97	125	138	152
<b>EBIT</b>	<b>2,288</b>	<b>4,155</b>	<b>4,766</b>	<b>7,305</b>
Finance cost	(131)	(140)	(138)	(143)
<b>Profit before tax</b>	<b>2,157</b>	<b>4,015</b>	<b>4,834</b>	<b>7,163</b>
Tax (current + deferred)	(522)	(1,014)	(1,257)	(1,647)
<b>P/(L) for the period</b>	<b>1,635</b>	<b>3,001</b>	<b>3,577</b>	<b>5,515</b>
Reported Profit / (Loss)	1,635	3,001	3,577	5,515
Adjusted net profit	1,635	3,001	3,429	5,515
Growth (%)	156.2	83.6	14.2	60.8

### Balance Sheet

Period end (Rs mn)	Mar 23	Mar 24	Mar 25E	Mar 26E
Share capital	129	129	129	129
Reserves & surplus	9,812	12,698	16,211	21,662
<b>Shareholders' funds</b>	<b>9,941</b>	<b>12,827</b>	<b>16,340</b>	<b>21,791</b>
<b>Non-current liabilities</b>	<b>1,467</b>	<b>1,222</b>	<b>1,222</b>	<b>1,222</b>
Long-term borrowings	781	541	541	541
Other non-current liabilities	686	681	681	681
<b>Current liabilities</b>	<b>4,390</b>	<b>4,277</b>	<b>5,423</b>	<b>7,286</b>
ST borrowings, Curr maturity	608	413	413	413
Other current liabilities	3,782	3,863	5,011	6,873
<b>Total (Equity and Liab.)</b>	<b>15,798</b>	<b>18,326</b>	<b>22,985</b>	<b>30,298</b>
<b>Non-current assets</b>	<b>8,189</b>	<b>9,115</b>	<b>9,312</b>	<b>9,292</b>
Fixed assets (Net block)	7,788	8,505	8,472	8,334
Non-current Investments	199	203	203	203
Long-term loans and adv.	77	85	315	433
Other non-current assets	40	218	218	218
<b>Current assets</b>	<b>7,609</b>	<b>9,211</b>	<b>13,674</b>	<b>21,006</b>
Cash & current investment	591	1,168	3,715	7,142
Other current assets	7,018	8,043	9,958	13,864
<b>Total (Assets)</b>	<b>15,798</b>	<b>18,326</b>	<b>22,985</b>	<b>30,298</b>
Total debt	1,389	955	954	954
Capital employed	12,016	14,463	17,975	23,425

### Cash Flow Statement

Period end (Rs mn)	Mar 23	Mar 24	Mar 25E	Mar 26E
<b>Profit before tax</b>	<b>2,157</b>	<b>4,015</b>	<b>4,834</b>	<b>7,163</b>
Depreciation	528	597	772	938
Change in working capital	(20)	(978)	(999)	(2,161)
Total tax paid	(540)	(1,010)	(1,257)	(1,647)
Others	131	140	138	143
<b>Cash flow from oper. (a)</b>	<b>2,255</b>	<b>2,764</b>	<b>3,489</b>	<b>4,434</b>
Capital expenditure	(634)	(1,315)	(738)	(800)
Change in investments	37	(4)	0	0
Others	(26)	(179)	0	0
<b>Cash flow from inv. (b)</b>	<b>(623)</b>	<b>(1,498)</b>	<b>(738)</b>	<b>(800)</b>
<b>Free cash flow (a+b)</b>	<b>1,632</b>	<b>1,266</b>	<b>2,751</b>	<b>3,634</b>
Debt raised/(repaid)	(1,015)	(434)	(1)	0
Dividend (incl. tax)	0	129	65	65
Others	(229)	(384)	(267)	(272)
<b>Cash flow from fin. (c)</b>	<b>(1,244)</b>	<b>(689)</b>	<b>(204)</b>	<b>(207)</b>
<b>Net chg in cash (a+b+c)</b>	<b>387</b>	<b>577</b>	<b>2,547</b>	<b>3,427</b>

### Key Ratios

Period end (%)	Mar 23	Mar 24	Mar 25E	Mar 26E
Adjusted EPS (Rs)	126.7	232.7	265.8	427.5
Growth	156.2	83.6	14.2	60.8
CEPS (Rs)	167.6	278.9	325.6	500.2
Book NAV/share (Rs)	770.6	994.3	1,266.6	1,689.1
Dividend/share (Rs)	0.0	(10.0)	(5.0)	(5.0)
Dividend payout ratio	0.0	(4.3)	(1.8)	(1.2)
EBITDA margin	22.8	29.7	29.3	32.1
EBIT margin	19.7	27.4	26.4	29.4
Tax rate	24.2	25.2	26.8	23.0
RoCE	19.5	31.4	29.4	35.3
Total debt/Equity (x)	0.1	0.1	0.1	0.0
Net debt/Equity (x)	0.1	(0.0)	(0.2)	(0.3)
<b>Du Pont Analysis - ROE</b>				
Net margin	14.1	19.8	19.0	22.2
Asset turnover (x)	0.8	0.9	0.9	0.9
Leverage factor (x)	1.6	1.5	1.4	1.4
Return on equity	17.8	26.4	23.5	28.9

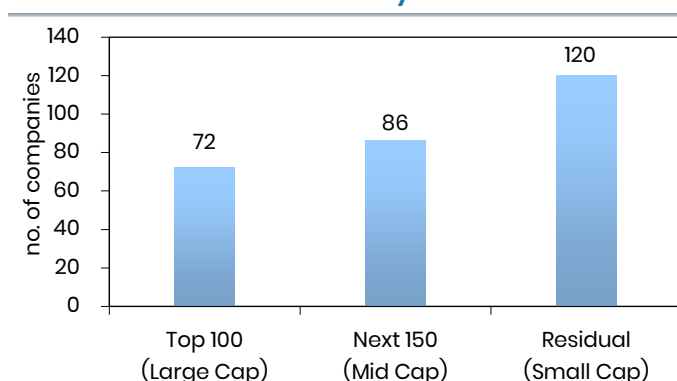
### Valuations

Period end (x)	Mar 23	Mar 24	Mar 25E	Mar 26E
PER	111.3	60.6	53.1	33.0
PCE	84.2	50.6	43.3	28.2
Price/Book	18.3	14.2	11.1	8.4
Yield (%)	0.0	(0.1)	(0.0)	(0.0)
EV/EBITDA	67.3	39.3	33.2	21.7

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<b>HOLD</b>	+15% to -10 %	+20% to -15 %
<b>SELL</b>	<-10%	<-15%

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