HOLD
TP: Rs 1,427 | ▲ 11%

DR REDDY'S LABS

| Pharmaceuticals | 24 January 2025

NRT business to require huge marketing spend

- **Revenue/EBITDA/PAT grew by 16%/14%/2.5%, in line with our and street estimates. Ex NRT business, sales grew by 7%**
- **North America sales missed our estimates and reported US$ 395mn in 3QFY25 vs US$ 445mn in 2QFY25 impacted by gRevlimid**
- **We remain wary of margins due to higher SG&A spend in OTC. Maintain HOLD, ascribe 18x P/E on Dec'26 rollover to arrive at TP of Rs 1,427**

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In-line earnings amidst inclusion of NRT numbers: DRRD delivered in-line numbers with our and consensus estimates on all fronts, where sales grew by 15.9% (2% above our estimate) and EBITDA by 14% YoY (3.9% above our estimate) and PAT by 2.5% YoY (in-line with our estimate of Rs 14bn). Earnings was driven by 143% YoY growth in the Europe region which includes Nicotine Replacement Therapy (NRT) sales but was offset by 1% growth in the North America region. Ex of NRT, sales grew by 7% YoY to Rs 77.5bn.

Europe sales ex of NRT sales to sustain 20% plus growth: Europe, ex of NRT sales, reported growth of 23% YoY to Rs 6bn driven by operations in five countries. The company intends to penetrate five more countries followed by new product launches and volume growth. As more than 65% of NRT sales is driven from the European region we continue to include NRT sales in the European region. Hence, we expect Europe to clock sales CAGR of 22% from FY25-27E.

NRT portfolio unlikely to be margin accretive due to higher investments in near term: During Q3FY25 NRT PBT margin stood at 20%. As there are no interest costs, we expect EBITDA margin for the segment to be ~25%. From Apr'25, we expect NRT integration to resume in 30 countries which would take 12-18 months to complete. DRRD expects to invest in SG&A to make brands bigger and eventually bring them to the Indian market. Hence, we believe EBITDA margin for NRT sales would hover at ~25% till FY27E as against the core business margin of ~27%.

Retain HOLD: We remain wary of fluctuating core margins, slowdown in North America business post gRevlimid going off patent in CY26, and the lack of new product launches in the US region before the launch of Abatacept in CY27. The company is likely to incur huge promotional spend on an OTC business like Nestle and NRT portfolio to build brands, which would take many years to scale up, hence we maintain our HOLD rating. We ascribe a P/E of 18x, and roll forward our valuations to Dec'26 to retain our TP at Rs 1,427.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	DRRD IN/Rs 1,289
Market cap	US$ 12.4bn
Free float	73%
3M ADV	US$ 28.9mn
52wk high/low	Rs 1,421/Rs 1,120
Promoter/FPI/DII	27%/27%/23%

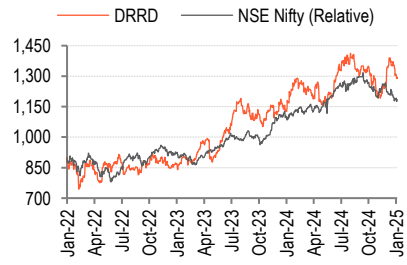
Source: NSE | Price as of 23 Jan 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	279,164	319,210	338,275
EBITDA (Rs mn)	78,377	86,187	89,643
Adj. net profit (Rs mn)	55,684	53,972	52,919
Adj. EPS (Rs)	66.9	64.9	63.6
Consensus EPS (Rs)	66.9	72.0	58.0
Adj. ROAE (%)	22.5	18.3	15.3
Adj. P/E (x)	19.3	19.9	20.3
EV/EBITDA (x)	13.3	11.8	11.0
Adj. EPS growth (%)	21.7	(3.1)	(2.0)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Semaglutide launch in Canada unable to fill gRevlimid gap in North America: We assume DRRD's gRevlimid sales for US in FY26 to be ~US$ 500mn in FY26. DRRD assumes to be the first receiver of approval for Semaglutide in key markets like Canada, India and Brazil. The company believes a filer takes 12-14 months for approval, and believes not many people have filed the product. However, we believe DRRD can clock optimal sales of US$ 300mn from Semaglutide in the North America region, still leaving the gap of gRevlimid to be filled in FY27E.

On track to file Abatacept in Dec'25: DRRD is currently in Phase 3 of clinical trials for Abatacept. As DRRD is the first player to pass the Phase 1 trial (difficult trial in biosimilars), it is very optimistic about clearing Phase 3 trials and filing the product by Dec'25. Post filing the product, the company expects approval within 12 months, and hence is confident of launching the product by Jan'27. It currently has no peers in this product and expects this product to be meaningful for DRRD (North America market size of US$ 4bn).

India business, ex Sanofi portfolio, grew lower than the IPM growth: During the quarter, India sales grew by 14% YoY largely led by contributions from Sanofi's in-licensed vaccine portfolio. Ex vaccine business, DRRD's base portfolio grew by 5% YoY, reporting lower growth than the IPM growth of 7.4%. Growth was largely impacted by non performance of the Gastro and Cardiac segments. Ex of these two therapies, all other therapies outperformed the market. DRRD expects both segments to contribute to growth from FY26.

Higher SG&A expenses to maintain EBITDA margin at similar levels: DRRD has many revenue drivers like (1) integration of NRT portfolio, (2) Sanofi's in-licensed vaccine-driven growth in the India region, (3) deeper penetration into the European region, and (4) gRevlimid-driven growth in the North America region. However, in our view, the company has to incur SG&A expense for OTC businesses like Nestle and NRT to make it bigger and eventually bring brands to the Indian market. Hence, in the absence of margin increment, we believe EBITDA margin will hover at ~27% till FY27.

R&D cost to sustain at 8% of sales: During the quarter, R&D sales contributed 8% of sales to Rs 6.6bn, growth of 20%. The company's R&D spend is mostly attributed to 50% generics (peptides & complex injectables), 36% biologics and Aurigene (onco products) and 14% API. Going forward, the R&D contribution is to sustain at higher levels amidst expectations of Abatacept finishing Phase 3 trials by CY25. The increased R&D expense would be towards GLP products and biosimilars.

Fig 1 – Concall highlights

Particulars	2QFY25	3QFY25	Our view
Guidance			
SG&A cost	Range of 27.55-28% in FY25	Expects to stay at ~28% in FY25.	Higher SG&A required in branding for focused markets like India and EMs.
R&D spend	Expects to be 8.5-9% of sales	Expects to be 8.5-9% of sales.	Increased R&D to sustain for development of newer biosimilars.
Biosimilar update			
Rituximab	Received Marketing Authorization from the European Commission; launch in Europe in Feb'25. For US launch, submitted response to USFDA. Approval in H1FY26E. Will launch on its own.	Secured marketing authorisation for rituximab in the UK.	Small product, do not expect it to be a US$ 100mn product.
Abatacept	Currently in Phase 3. Launch at the beginning of CY27.	File product in Dec'25 followed by 12 months of approval; so maintain timeline for launch in Jan'27.	To be sole player in biosimilar for long time as no company is developing the product.
Aflibercept		Aflibercept filing expected in Dec'25. This will be manufactured in-house.	
Denosumab	Launch in US in CY25; expect to be among 3rd to 5th player	Filing completed in US (12 months for approval) and Europe (14-15 months for approval) by partner Alvotech.	
Bevacizumab	To launch in Europe.	Launched in UK.	A small product, Not a big meaningful product.
Regulatory update	Three facilities received VAI. (1) Two facilities in Duvvada, Visakhapatnam, for GMP inspection in May'24; (2) API manufacturing facility in Srikakulam in Jun'24. (3) In August, the USFDA completed a PAI Inspection at formulation manufacturing facility, FTO SEZ PU1, in Srikakulam, Andhra Pradesh, and issued a Form 483 with three observations. (4) In Sep'24, a routine GMP inspection was conducted at the R&D centre in Bachupally, Hyderabad, and closed the inspection with no observations.	Good Manufacturing Practice (GMP) inspection completed by the USFDA at API facility, CTO-2, in Bollaram, Hyderabad, in Nov'24 and issued a Form 483 with seven observations.	
Geographies			
North America	Generics business cc sales of US$ 445mn.	Generics business cc sales of US$ 395mn.	Sales to be largely driven by gRevlimid till FY26E.
Price erosion	Single-digit price erosion.		
New product launches	Four new products launched; will launch 15-20 products in FY25E.	During the quarter, four new products were launched; 11 in 9M.	On track to meet lower end of the guidance of launching 15 products in the US.
ANDA filing	Two ANDAs filed	Filed three ANDAs in 9M ending Dec'24.	
Revlimid	Healthy sales expected in H2FY25 and FY26.	Sales was lower than last quarter.	Sales is expected to recover from FY26.
European Generics	CC sales of € 63mn.	CC sales of € 234mn, including NRT sales.	Ex of NRT, sales grew by 23% which is expected to sustain.
New product launches	Eight new product launches.	Nine new products launched during the quarter, total 29 products launched YTD.	
India Business sales	Growth due to recently in-licensed vaccine portfolio from Sanofi and new brand launches.	Growth was driven by in-licensed vaccine portfolio, new product launches as well as price increases, partially offset by lower volume pick-up in certain brands in Cardiac and Gastrointestinal therapy areas.	Except for Gastro and Cardiac, all other therapies outperformed IPM growth.
Ex of Sanofi	Base business reported double-digit sales growth vs IPM growth of 8%.	Ex of Sanofi sales was 5% vs IPM growth of 7.4%.	Ex of Sanofi business to continue to outperform IPM growth led by new product launches.

Particulars	2QFY25	3QFY25	Our view
Launches	Launched three new brands.	Launched six new brands; 22 brands launched YTD.	
PSAI business	cc revenue of US$ 100mn.	cc revenue of US$ 97mn.	
DMF filed	22 DMF filed globally.	23 DMF filed globally.	
R&D investments	9.1% of sales.	8% of sales.	
R&D spend	50% generics (peptides & complex injectables), 36% biologics & Aurigene (onco products), 14% API.	Increasing focus on developing complex generic pipelines, including promising GLP-1 assets and biosimilars.	
Global generic filing	60 filings during the quarter.	53 filings during the quarter.	
Biosimilar R&D	Spend mainly on Abatacept	Continue to spend heavily on Abatacept.	
High value pipeline products	20		
GLP-1	Important segment because of focus on peptides, especially on API side.	Building end-to-end capacities, enhancing manufacturing and commercial capabilities and investing in new technologies to capitalise on growth opportunities.	DRRD to manufacture all the elements including APIs, KSM and formulations.
Participation	14-15 GLP products.	80 markets opening up in Jan'26. Intend to target India, Brazil and Canada as key markets and other markets where innovator is not present.	Currently will participate through injectable. Oral formulation to follow post 12-15 months launch of Liquid Semaglutide.
Semaglutide	Day 1 launch in all markets.	Expect to be the first player to get approval when patent expires in Jan'26. Initially expect lower competition. Will launch liquid formulator initially, orals will be launched after 12-15 months of liquid launch.	
Manufacturing	API to Finished dosage all in-house; device to be outsourced.	Will manufacture end-to-end including KSMs.	
OTC			
Nicotinell Business Integration	Completed acquisition in Sep'24. Will start with UK market in April and next 12-14 months should generate >80% of sales. Until then, will be managed by Haleon.	Integration of NRT segment in 30-35 countries to start from Apr'25 and will complete in 12-14 months.	All the products would take time to scale up and require hefty investments to build brands and eventually bring them to India.
Nestle Portfolio	Small in terms of growth as many brands have not entered India. Main purpose of JV is to bring successful brands to India. Current sales is Rs 500mn-600mn.	Currently very small portion. Will need to invest to bring brands to India. Currently business is going ahead of expectation, but scaling up growth will take a couple of years.	
Capex	Stood at Rs 7.35bn; US$ 88mn	Stood at Rs 7.1bn; US$ 83mn.	Most capex incurred on building capacities for Semaglutide, including the device.
Cash surplus	Rs 18.89bn; US$ 226mn (after making NRT payment of GBP 459mn).	Rs 16.03bn; US$ 187mn .	Surplus cash to be utilised towards higher SG&A expense and higher R&D.

Source: Company, BOBCAPS Research | VAI: Voluntary Action Indicated, PAI: Pre-approval inspection (PAI), KSM: Key Starting Materials

Fig 2 – Financial Highlights

(Rs mn)	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)	FY24	FY25E	FY26E
Net Sales	83,586	72,148	15.8535	80,162	4.3	240,475	208,334	15.4	279,164	319,210	338,275
Total Expenses	60,590	51,968	16.6	58,696	3.2	174,743	147,788	18.2	200,787	233,023	248,632
(%) of net sales	72	72		73		73	71		72	73	74
Raw material consumed	34,534	29,945	15.3	32,393	6.6	97,310	86,210	12.9	115,557	135,664	145,458
(%) of net sales	41	42		40		40	41		41	43	43
R&D cost	6,658	5,565	19.6	7,271	(8.4)	20,122	15,996	25.8	22,873	25,537	27,062
(%) of net sales	8.0	7.7		9.1		8	8		8	8	8
SG&A	19,398	16,458	17.9	19,032		57,311	45,582	25.7	62,357	71,822	76,112
(%) of net sales	23	23		24		24	22		22.33708	22.5	22.5
EBITDA	22,996	20180	14.0	21466	7.1	65,732	60,546	8.6	78,377	86,187	89,643
Depreciation	4,719	3,770	25.1	3,975		12,504	11,143		14,700	15,451	20,216
EBIT	18,277	16,410	11.3	17,491	4.4	53,228	49,403	7.7	63,677	70,736	69,426
Interest	20	(963)	(102.0)	(1,555)		(2,372)	(2,972)		1,711	1,757	1,483
Other Income	439	967		984		1,893	3,543		9,904	2,037	2,615
PBT	18,696	18340	1.9	20030	(6.7)	57,493	55,918	2.8	71,870	71,016	70,558
Less: Taxation	4,704	4,468		5,752		15,357	13,240		16,186	17,044	17,640
Recurring PAT	14,129	13899	1.7	13477	4.8	41,531	42,790	(2.9)	55,931	54,157	53,024
Exceptional items	4	(110)		(924)		(925)	(176)		0		
Reported PAT	14,133	13,789	2.5	12,553	12.6	40,606	42,614	(4.7)	55,931	54,157	53,024
Key Ratios (%)											
Gross Margin	58.7	58.5		59.5		59.5	58.6		58.6	57.5	57.0
EBITDA Margin	27.5	28.0		26.7		27.3	29.1		28.1	27.0	26.5
Tax / PBT	25.2	24.4		28.7		26.7	23.7		22.5	24.0	25.0
NPM	16.9	19.3		16.8		17.3	20.5		20.0	17.0	15.7
Adj. EPS (Rs)	16.98	16.71	1.65	16.20	4.84	49.92	51.43	(2.94)	67.22	65.09	63.73

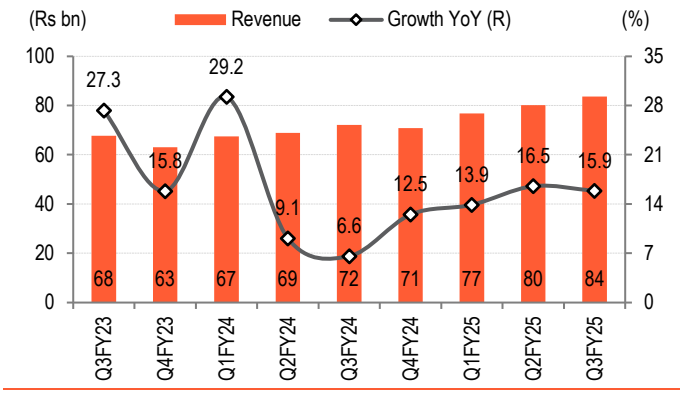
Source: Company, BOBCAPS Research

Fig 3 – Revenue mix

(Rs mn)	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)	FY24	FY25E	FY26E
Global generics	73,752	63,095	16.9	71,576	3.0	214,185	1,84,262	16.2	259,811	291,441	307501
North America	33,834	33,492	1.0	37,281	(9.2)	109,577	97,269	12.7	129,895	144,505	139605
Europe	12,096	4,970	143.4	5,770	109.6	23,131	15,303	51.2	34,869	43,586	52303
India	13,464	11,800	14.1	13,971	(3.6)	40,687	35,142	15.8	46,407	51,048	58705
ROW	14,358	12,833	11.9	14,554	(1.3)	40,790	36,548	11.6	48,640	52,303	56888
PSAI	8,219	7,839	4.8	8,407	(2.2)	24,283	21,582	12.5	29,801	32,185	34760
Proprietary Products	1,614	1,214	32.9	179	801.7	2,005	2,490	(19.5)	3,910	4,301	4731
Net Sales	83,585	72,148	15.9	80,162	4.3	240,473	208,334	15.4	293,522	327,927	346992

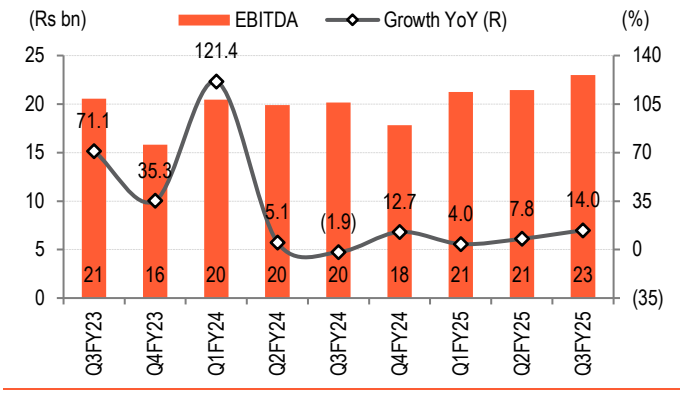
Source: Company, BOBCAPS Research

Fig 4 – Sales growth driven by domestic and Europe sales



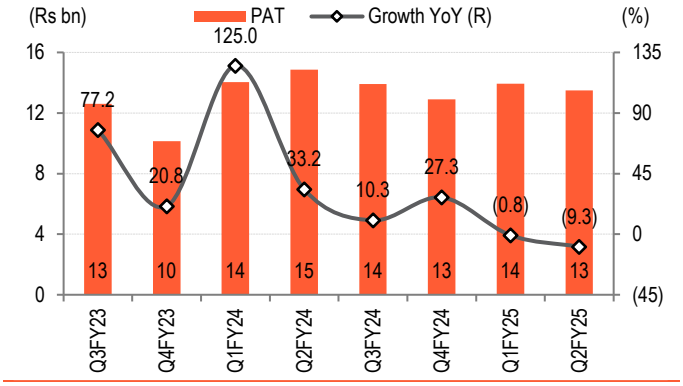
Source: Company, BOBCAPS Research

Fig 5 – EBITDA growth driven by better product mix



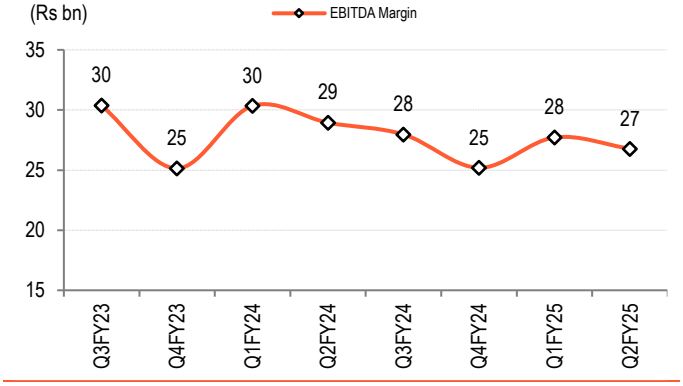
Source: Company, BOBCAPS Research

Fig 6 – PAT sustained towards its higher end due to healthy operations



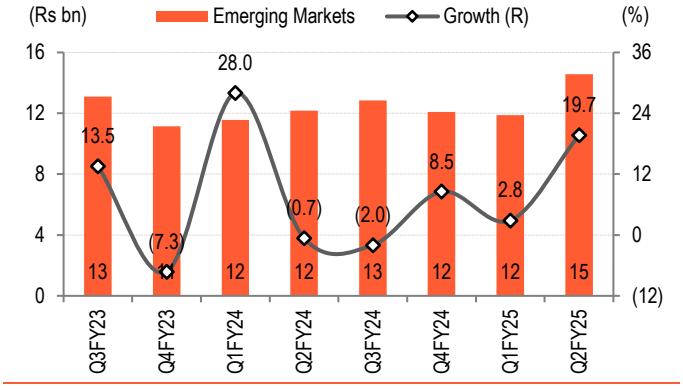
Source: Company, BOBCAPS Research

Fig 7 – EBITDA Margin sustained amidst higher SG&A



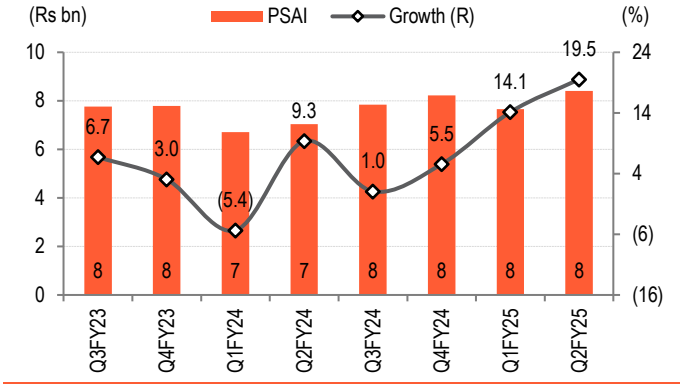
Source: Company, BOBCAPS Research

Fig 8 – EM growth driven by better Russia and CIS sales



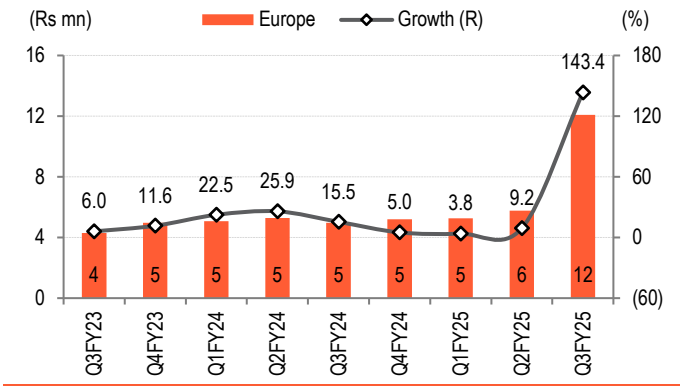
Source: Company, BOBCAPS Research

Fig 9 – PSAI growth at its highest ever



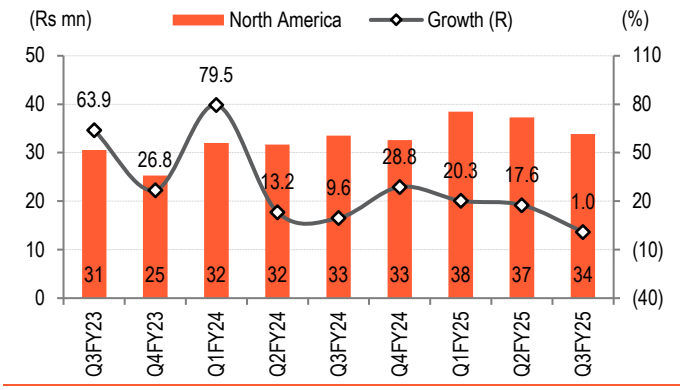
Source: Company, BOBCAPS Research

Fig 10 – Europe growth spurt due to inclusion of NRT sales



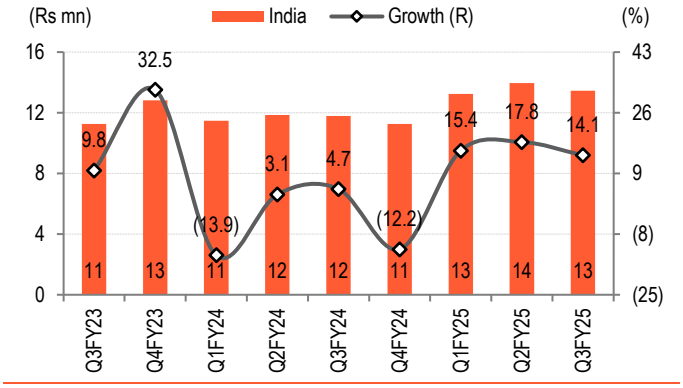
Source: Company, BOBCAPS Research

Fig 11 – Sales declined due to lower gRevlimid sales



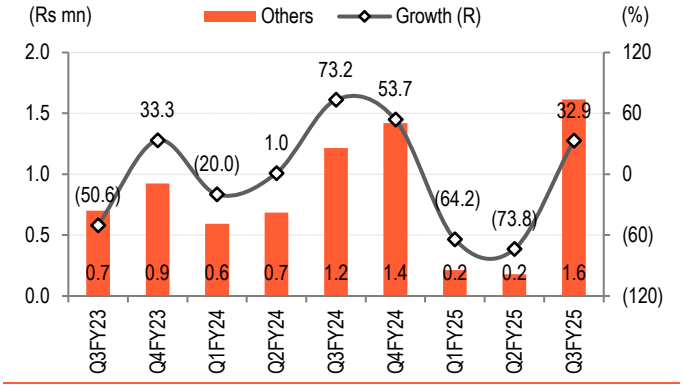
Source: Company, BOBCAPS Research

Fig 12 – India growth sustained in double digits led by Sanofi vaccine business



Source: Company, BOBCAPS Research

Fig 13 – Other sales driven by milestone income



Source: Company, BOBCAPS Research

Valuation methodology

DRRD reported an in-line set of numbers for Q3FY25 amidst the inclusion of NRT sales which was offset by lower sales in the North America region. Revenue growth in the North America region was affected by lower gRevlimid sales and price erosion in the base portfolio. Lower sales in North America region offset 15% growth in the Domestic region and 22% growth in the ex NRT Europe region. Lower gRevlimid sales resulted in 90bps sequential decline in gross margin at 59% and EBITDA margin at 27%.

Going forward, there are many opportunities for DRRD like (1) the launch of Semaglutide API and formulation to both B2B and B2C in key markets like Canada, India and Brazil, (2) launch of Abatacept biosimilar in the North America region (market size of ~US$ 4bn) where DRRD is the sole filer and likely to be a sole player for a longer period of time, (3) India business to clock ~15% growth driven by in-licence vaccine portfolio, and (4) growth in NRT sales as it gets integrated from Apr'25 in 30 countries within 12-15 months.

However, we remain wary of fluctuating core margins, slowdown in the North America business post gRevlimid going off patent in CY26, continuous decrease in the base portfolio, and the lack of new product launches in the US region. The current scale of the NRT business and JV in Nestle are still at a nascent stage and would require huge investments in marketing for many years to scale up. Hence, we maintain our EBITDA margin around ~27% till FY27E. We believe integration of NRT business would increase amortisation cost, and have reduced our EPS estimate by 10% for FY26. However, we build in some optimism from scaling up the NRT business and launch of Semaglutide sales in FY27E and, hence, increase our EPS estimate by 10%. However, we are watchful of the evolving Semaglutide market in the Canada region, hence we maintain our HOLD rating, ascribing a P/E of 18x on Dec'26 roll forward basis and retain our TP of Rs 1,427.

Fig 14 – Change in estimates

(Rs mn)	Revised				Old			Change (%)		
	FY24	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales	279,164	319,210	338,275	368,974	305,052	333,165	334,941	4.6	1.5	10.2
EBITDA	78,377	86,187	89,643	95,933	89,990	90,788	83,735	(4.2)	(1.3)	14.6
EBITDA margin (%)	28.1	27.0	26.5	26.0	29.5	27.3	25.0	(250) bps	(75) bps	100 bps
PAT	55,684	53,972	52,919	57,274	56,885.0	58,702.0	54,624.0	(5.1)	(9.9)	4.9
EPS (Rs)	67	64.9	63.6	68.8	68.2	70.4	65.5	(4.9)	(9.7)	5.1

Source: Company, BOBCAPS Research

Fig 15 – Key assumption

Rs mn	FY24	FY25E	FY26E	FY27E
Revenue	279,164	319,210	338,275	368,974
EBITDA	78,377	86,187	89,643	95,933
PAT	55,684	53,972	52,919	57,274
EBITDA Margin (%)	28.1	27.0	26.5	26.0
EPS (Rs)	66.9	64.9	63.6	68.8

Source: Company, BOBCAPS Research

Key risks

Upside risks: (a) Speedy resolution of regulatory issues in key manufacturing units. (b) Above-expected contribution from gRevlimid. (c) Faster new product launches in the North America region.

Downside risks: (a) Irregular flow of USFDA product approvals may lead to a bunching up of key launches for limited competition products. (b) Adverse USFDA observations on manufacturing plants. (c) Increasing pricing pressure.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Total revenue	**245,879**	**279,164**	**319,210**	**338,275**	**368,974**
EBITDA	64,129	78,377	86,187	89,643	95,933
Depreciation	11,824	14,700	15,451	20,216	22,755
EBIT	52,305	63,677	70,736	69,426	73,178
Net interest inc./(exp.)	(1,428)	(1,711)	(1,757)	(1,483)	(1,409)
Other inc./(exp.)	10,188	9,904	2,037	2,615	4,596
Exceptional items	0	0	0	0	0
EBT	61,065	71,870	71,016	70,558	76,365
Income taxes	15,300	16,186	17,044	17,640	19,091
Extraordinary items	(699)	(3)	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**45,066**	**55,681**	**53,972**	**52,919**	**57,274**
Adjustments	(699)	(3)	0	0	0
Adjusted net profit	**45,765**	**55,684**	**53,972**	**52,919**	**57,274**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Accounts payables	26,444	30,919	34,982	37,071	40,436
Other current liabilities	44,601	49,676	57,458	60,890	66,415
Provisions	5,513	5,444	6,225	6,597	7,195
Debt funds	13,472	20,020	19,019	18,068	17,165
Other liabilities	0	0	0	0	0
Equity capital	832	832	832	832	832
Reserves & surplus	223,795	269,851	319,663	368,422	421,536
Shareholders' fund	224,627	270,683	320,495	369,254	422,368
Total liab. and equities	**314,657**	**376,742**	**438,179**	**491,879**	**553,579**
Cash and cash eq.	5,778	7,105	56,406	109,492	168,913
Accounts receivables	72,485	80,298	87,455	92,678	101,089
Inventories	48,670	63,552	65,591	69,509	75,817
Other current assets	24,788	28,079	31,921	33,828	36,897
Investments	61,380	79,618	79,618	79,618	79,618
Net fixed assets	66,462	76,886	76,435	71,219	63,464
CWIP	0	0	0	0	0
Intangible assets	35,094	41,204	40,753	35,537	27,782
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**314,657**	**376,742**	**438,179**	**491,879**	**553,579**

Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash flow from operations	**54,400**	**55,587**	**70,767**	**69,464**	**73,138**
Capital expenditures	(22,618)	(15,200)	(15,000)	(15,000)	(15,000)
Change in investments	(23,881)	(18,238)	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(46,499)**	**(33,438)**	**(15,000)**	**(15,000)**	**(15,000)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(20,373)	6,548	(1,001)	(951)	(903)
Interest expenses	(1,428)	(1,711)	(1,757)	(1,483)	(1,409)
Dividends paid	(4,160)	(4,160)	(4,160)	(4,160)	(4,160)
Other financing cash flows	8,986	(21,499)	451	5,216	7,755
Cash flow from financing	**(16,975)**	**(20,822)**	**(6,467)**	**(1,378)**	**1,282**
Chg in cash & cash eq.	**(9,074)**	**1,327**	**49,301**	**53,086**	**59,421**
Closing cash & cash eq.	**5,778**	**7,105**	**56,406**	**109,492**	**168,913**

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	54.2	66.9	64.9	63.6	68.8
Adjusted EPS	55.0	66.9	64.9	63.6	68.8
Dividend per share	5.0	5.0	5.0	5.0	5.0
Book value per share	270.6	326.1	386.1	444.9	508.9

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	4.3	3.7	3.2	2.9	2.5
EV/EBITDA	16.6	13.3	11.8	11.0	9.7
Adjusted P/E	23.4	19.3	19.9	20.3	18.7
P/BV	4.8	4.0	3.3	2.9	2.5

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	74.9	77.5	76.0	75.0	75.0
Interest burden (PBT/EBIT)	116.7	112.9	100.4	101.6	104.4
EBIT margin (EBIT/Revenue)	21.3	22.8	22.2	20.5	19.8
Asset turnover (Rev./Avg TA)	27.3	26.4	25.3	23.3	22.3
Leverage (Avg TA/Avg Equity)	1.1	1.1	1.1	1.1	1.0
Adjusted ROAE	22.7	22.5	18.3	15.3	14.5

Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	14.7	13.5	14.3	6.0	9.1
EBITDA	37.5	22.2	10.0	4.0	7.0
Adjusted EPS	47.0	21.7	(3.1)	(2.0)	8.2
Profitability & Return ratios (%)					
EBITDA margin	26.1	28.1	27.0	26.5	26.0
EBIT margin	21.3	22.8	22.2	20.5	19.8
Adjusted profit margin	18.6	19.9	16.9	15.6	15.5
Adjusted ROAE	22.7	22.5	18.3	15.3	14.5
ROCE	27.8	27.8	23.1	19.8	18.8
Working capital days (days)					
Receivables	108	105	100	100	100
Inventory	72	83	75	75	75
Payables	39	40	40	40	40
Ratios (x)					
Gross asset turnover	1.1	1.2	1.3	1.3	1.3
Current ratio	2.0	2.1	2.4	2.9	3.4
Net interest coverage ratio	36.6	37.2	40.3	46.8	51.9
Adjusted debt/equity	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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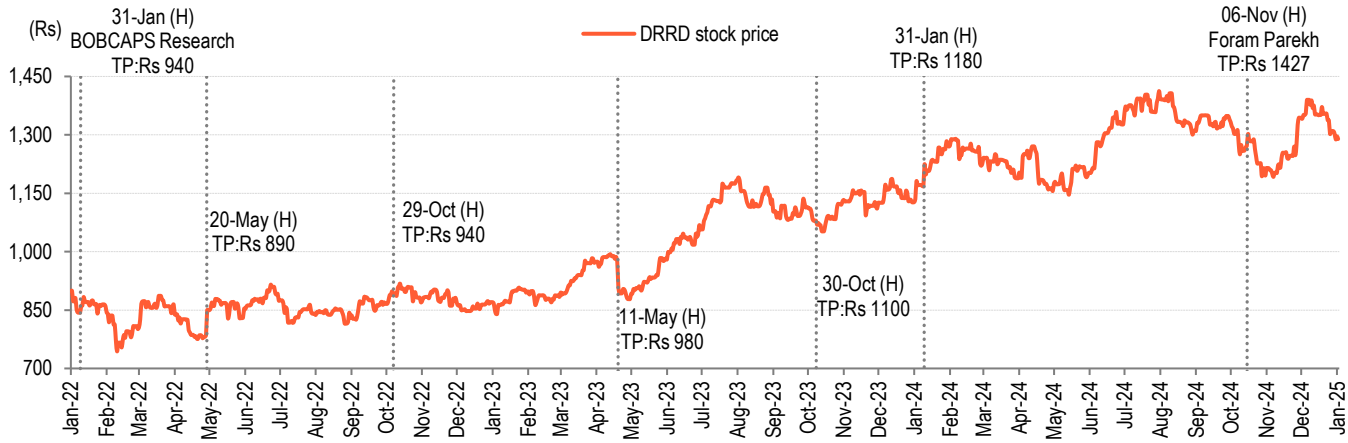

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