

| | |
|-----------------|--|
| Estimate change | |
| TP change | |
| Rating change | |

| | DRRD IN |
|-----------------------|-------------|
| Equity Shares (m) | 835 |
| M.Cap.(INRb)/(USDb) | 1041.1 / 12 |
| 52-Week Range (INR) | 1421 / 1020 |
| 1, 6, 12 Rel. Per (%) | -6/-11/-12 |
| 12M Avg Val (INR M) | 2659 |

Financials & Valuations (INR b)

| Y/E MARCH | FY25 | FY26E | FY27E |
|-------------------|-------|-------|-------|
| Sales | 324.3 | 349.9 | 374.5 |
| EBITDA | 85.5 | 83.6 | 84.3 |
| Adj. PAT | 56.1 | 55.7 | 52.5 |
| EBITDA Margin (%) | 26.4 | 23.9 | 22.5 |
| Adj. EPS (INR) | 67.3 | 66.9 | 63.1 |
| EPS Gr. (%) | 6.1 | -0.6 | -5.7 |
| BV/Sh. (INR) | 405 | 467 | 525 |
| Ratios | | | |
| Net D:E | -0.1 | -0.3 | -0.5 |
| RoE (%) | 18.2 | 15.3 | 12.7 |
| RoCE (%) | 14.7 | 11.4 | 10.1 |
| Payout (%) | 7.7 | 7.5 | 8.0 |
| Valuations | | | |
| P/E (x) | 17.2 | 17.3 | 18.4 |
| EV/EBITDA (x) | 11.0 | 10.8 | 9.9 |
| Div. Yield (%) | 0.4 | 0.4 | 0.4 |
| FCF Yield (%) | 1.4 | 3.2 | 7.5 |
| EV/Sales (x) | 2.9 | 2.6 | 2.2 |

Shareholding Pattern (%)

| As on | Jun-25 | Mar-25 | Jun-24 |
|----------|--------|--------|--------|
| Promoter | 26.6 | 26.6 | 26.7 |
| DII | 26.7 | 25.6 | 20.7 |
| FII | 36.6 | 37.6 | 42.4 |

CMP: INR1,247

TP: INR1,190 (-5%)

Neutral

Out-licensing income/lower R&D spend drive better-than-expected EBITDA

Canada Semaglutide opportunity hinged on timely approvals

- Dr Reddy's Labs (DRRD) reported sales in line with our estimates in 1QFY26, while EBITDA/PAT came in higher than expected, primarily led by higher out-licensing income and lower R&D expenses.
- North America sales declined for the first time in 16 quarters in 1QFY26, partly due to volatility in sales of certain products and rising competition in g-Revlizim.
- Growth momentum remained intact in the domestic formulation (DF) market in 1QFY26, aided by new launches and price hikes.
- DRRD witnessed healthy off-take in volume and newer introductions, driving growth in Europe market for the quarter. There was a steady pick-up in NRT business post acquisition.
- Moderate demand and price erosion affected the performance of the pharmaceutical services and active ingredient (PSAI) segment in 1QFY26.
- We reduce our earnings estimates by 5%/4% for FY26/FY27, factoring in a) higher competitive intensity in g-Revlizim, b) moderate weakness in PSAI segment, c) growth-oriented opex in NRT and Nestle JV. We value DRRD at 18x 12M forward earnings to arrive at a TP of INR1,190.
- We expect that the semaglutide opportunity for Canada market and other markets like India/Brazil would be able to offset the impact of a reduction in g-Revlizim business 3QFY26 onward. However, considering the strong contribution from g-Revlizim in FY25, we expect a 3% compounded decline in earnings over FY25-27. Hence, we maintain Neutral rating on the stock.

Product mix impact marginally offset by lower R&D spend

DRRD's 1QFY26 revenue grew 11% YoY to INR85.4b (est. of INR84.4b). Europe sales jumped 1.4x YoY to INR12.7b (15% of sales). Excluding NRT acquisition, Europe sales grew by 13% YoY, supported by Germany/UK, which grew 13%/10% YoY to INR3.2b/INR1.7b. India sales grew 11% YoY to INR14.7b (17% of Sales). Emerging markets sales grew 23% YoY to INR9.1b (11% of sales). US sales decreased by 11% YoY to INR34b (~USD397; 40% of sales) on higher price erosion in certain products, including Lenalidomide.

- Gross margin (GM) contracted 350bp YoY to 57%, largely due to lower margins in PSAI (down 1200bp YoY) and Global Generics (down 375bp YoY). This was partly offset by higher gross margin in other segments.
- EBITDA margin contracted 260bp YoY to 25% (our est: 22.6%) as lower GM was offset by lower expenses (R&D down 76bp YoY as % of sales).
- EBITDA was largely stable YoY at INR21.5b (est. of INR19.1b). Income from the innovative product segment was higher at INR1.6b in 1Q vs. INR1.5b in FY25. Adj. for this income, EBITDA would be INR20.3b for the quarter. R&D spend was lower at 7.3% of sales in 1Q vs. 8.4% in FY25.
- PAT grew 2% YoY to INR14.2b.

Highlights from the management commentary

- DRRD expects g-Revlimid sales to be stable in 2QFY26 and then decline sharply due to competition.
- Semaglutide opportunity for Canada market is subject to litigation outcome in India and regulatory approval in Canada.
- DRRD has a single pen version product for Canada market. It intends to sell 12m pens in FY26.
- Its own capacity of manufacturing pens would be available from FY28 onward.
- The R&D expenditure for FY26 is expected to be in the range of 7-7.5% of total sales (~8.5% in FY25).
- PLI income is expected to be minimal in FY26 and scale up in FY27-28.
- DRRD's work on phase III trials related to abatacept is on track, with read-out expected in Nov'25. DRRD intends to launch the product in CY27. The subcutaneous version is expected to be launched a year later. Both launches are subject to timely approval for US market.

Quarterly Performance - IFRS

| Y/E March | (INRb) | | | | | | | | | | | |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|
| | FY25 | | | | FY26E | | | | FY25E | FY25E | Estimates | |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | 1QE | % Var |
| Sales | 76.7 | 80.2 | 82.3 | 85.1 | 85.5 | 87.3 | 85.6 | 91.5 | 324.3 | 349.9 | 84.4 | 1.2 |
| YoY Change (%) | 13.9 | 16.5 | 14.1 | 20.1 | 11.4 | 8.9 | 4.0 | 7.6 | 16.2 | 7.9 | 10.0 | |
| EBITDA | 21.3 | 22.0 | 21.7 | 20.5 | 21.5 | 20.1 | 17.8 | 24.2 | 85.5 | 83.6 | 19.1 | 12.7 |
| YoY Change (%) | 4.0 | 10.3 | 7.1 | 16.1 | 1.1 | -8.8 | -18.0 | 18.3 | 9.1 | -2.2 | -10.3 | |
| Margins (%) | 27.7 | 27.5 | 26.4 | 24.1 | 25.2 | 23.0 | 20.8 | 26.5 | 26.4 | 23.9 | 22.6 | |
| Amortization | 3.8 | 4.0 | 4.7 | 4.6 | 4.8 | 4.6 | 4.4 | 4.8 | 17.1 | 18.5 | 4.6 | |
| EBIT | 17.5 | 18.1 | 17.0 | 16.0 | 16.7 | 15.5 | 13.4 | 19.4 | 68.5 | 65.1 | 14.5 | |
| Other Income | 1.4 | 2.6 | 0.5 | 3.4 | 2.3 | 2.3 | 2.4 | 2.2 | 7.8 | 9.2 | 2.7 | |
| PBT before EO expenses | 18.8 | 20.7 | 17.5 | 19.3 | 19.0 | 17.8 | 15.8 | 21.6 | 76.3 | 74.3 | 17.2 | 10.8 |
| One-off income/(expense) | 0.0 | -1.5 | 1.3 | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.5 | 0.0 | 0.0 | |
| Profit before Tax | 18.8 | 19.2 | 18.7 | 20.1 | 19.0 | 17.8 | 15.8 | 21.6 | 76.8 | 74.3 | 17.2 | 10.8 |
| Tax | 4.9 | 5.8 | 4.7 | 4.2 | 5.0 | 4.6 | 3.9 | 5.5 | 19.5 | 19.0 | 4.2 | |
| Rate (%) | 26.0 | 30.0 | 25.1 | 20.8 | 26.0 | 25.5 | 25.0 | 25.5 | 25.4 | 25.5 | 24.5 | |
| PAT | 13.9 | 13.4 | 14.0 | 15.9 | 14.1 | 13.3 | 11.8 | 16.1 | 57.2 | 55.3 | 13.0 | 8.6 |
| Adjusted PAT | 13.9 | 13.6 | 13.2 | 15.4 | 14.2 | 13.4 | 11.9 | 16.2 | 56.1 | 55.7 | 13.1 | 8.6 |
| YoY Change (%) | 2.0 | 2.4 | -4.3 | 26.7 | 1.8 | -1.6 | -9.6 | 5.6 | 6.1 | -0.6 | -6.2 | |
| Margins (%) | 18.1 | 17.0 | 16.0 | 18.1 | 16.6 | 15.3 | 13.9 | 17.7 | 17.3 | 15.9 | 15.5 | |
| EPS | 16.7 | 16.3 | 15.8 | 18.4 | 17.0 | 16.1 | 14.3 | 19.5 | 67.3 | 66.9 | 15.7 | 8.6 |

Key performance Indicators (Consolidated)

| Y/E March | FY25 | | | | | | | | FY26 | | | FY25 | FY26 | FY26 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|----------|--------|------|------|------|
| | INRm | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | 1QE | | |
| North America | 38,462 | 37,281 | 33,834 | 35,586 | 34,123 | 33,970 | 32,005 | 35,707 | 1,45,163 | 1,35,805 | 34,425 | | | |
| YoY Change (%) | 20.3 | 17.6 | 1.0 | 9.1 | -11.3 | -8.9 | -5.4 | 0.3 | 11.8 | -6.4 | -10.5 | | | |
| Europe | 5,265 | 5,770 | 12,096 | 12,750 | 12,744 | 13,848 | 13,910 | 14,280 | 35,881 | 54,782 | 12,373 | | | |
| YoY Change (%) | 3.8 | 9.2 | 143.4 | 144.8 | 142.1 | 140.0 | 15.0 | 12.0 | 74.9 | 52.7 | 135.0 | | | |
| India | 13,252 | 13,971 | 13,464 | 13,047 | 14,711 | 15,508 | 14,541 | 14,874 | 53,734 | 59,634 | 14,445 | | | |
| YoY Change (%) | 15.4 | 17.8 | 14.1 | 15.8 | 11.0 | 11.0 | 8.0 | 14.0 | 15.8 | 11.0 | 9.0 | | | |
| Russia & Others CIS | 7,400 | 9,000 | 9,400 | 8,900 | 9,100 | 8,829 | 9,592 | 9,968 | 34,700 | 37,489 | 8,510 | | | |
| YoY Change (%) | -2.6 | 12.5 | 14.6 | 23.6 | 23.0 | -1.9 | 2.0 | 12.0 | 12.3 | 8.0 | 15.0 | | | |
| Others | 3,741 | 5,600 | 4,958 | 5,081 | 4,942 | 5,320 | 5,454 | 5,469 | 19,380 | 21,185 | 5,050 | | | |
| YoY Change (%) | -5.3 | 32.1 | 7.0 | 3.9 | 32.1 | -5.0 | 10.0 | 10.0 | 9.2 | 9.3 | 35.0 | | | |
| PSAI | 7,657 | 8,407 | 8,219 | 9,563 | 8,181 | 9,668 | 9,863 | 10,806 | 33,846 | 38,518 | 9,495 | | | |
| YoY Change (%) | 14.1 | 19.5 | 4.8 | 16.4 | 6.8 | 15.0 | 20.0 | 13.0 | 13.6 | 13.8 | 24.0 | | | |
| Cost Break-up | | | | | | | | | | | | | | |
| COGS (% of Sales) | 39.6 | 40.4 | 42.0 | 44.4 | 43.1 | 45.0 | 48.0 | 42.0 | 41.7 | 44.5 | 45.5 | | | |
| SG&A (% of Sales) | 24.6 | 23.0 | 23.6 | 22.9 | 24.4 | 24.5 | 24.0 | 24.0 | 23.5 | 24.2 | 23.5 | | | |
| R&D Expenses(% of Sales) | 8.1 | 9.1 | 8.1 | 8.5 | 7.3 | 7.5 | 7.2 | 7.5 | 8.4 | 7.4 | 8.4 | | | |
| Gross Margins(%) | 60.4 | 59.6 | 58.0 | 55.6 | 56.9 | 55.0 | 52.0 | 58.0 | 58.3 | 55.5 | 54.5 | | | |
| EBITDA Margins(%) | 27.7 | 27.5 | 26.4 | 24.1 | 25.2 | 23.0 | 20.8 | 26.5 | 26.4 | 23.9 | 22.6 | | | |
| EBIT Margins(%) | 22.8 | 22.5 | 20.7 | 18.8 | 19.6 | 17.8 | 15.7 | 21.2 | 21.1 | 18.6 | 17.2 | | | |



Management call highlights

- DRRD is also gearing up for liraglutide launch across markets.
- Out-licensing income was INR1.2b for the quarter.
- The company filed/launched 1/5 products in NA during the quarter.
- DRRD intends to sustain double-digit YoY growth in DF segment. It has about 10k field force for this segment. It launched 5 brands in DF segment in 1QFY26.
- Growth in India will be driven by innovative products, with a limited focus on the branded generics segment.
- Excluding NRT, DRRD launched 13 products in Europe market.
- FY26 GM is expected to remain at similar levels.
- ETR for FY26 is projected to be around 25%.
- Capex (INR25-27b for FY26) will be primarily allocated toward expanding capabilities in peptides and biosimilars.
- DRRD generated FCF of INR4.3b in 1QFY26.

Key exhibits

Exhibit 1: In CC terms, NA sales fell ~14.3% YoY in 1QFY26

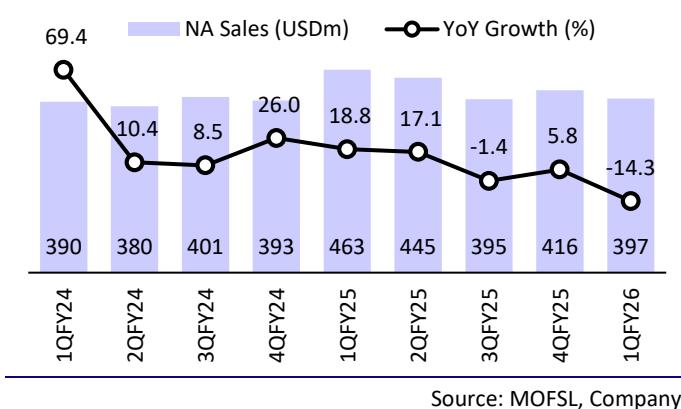


Exhibit 2: DF sales grew 11% YoY in 1QFY26

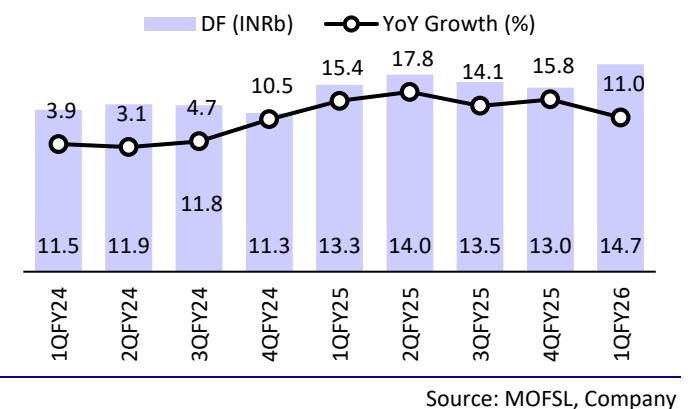


Exhibit 3: Gross profit increased 5% YoY

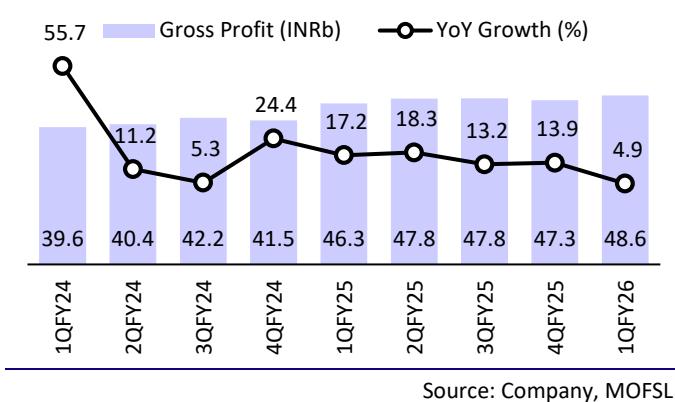


Exhibit 4: EBITDA largely flat YoY

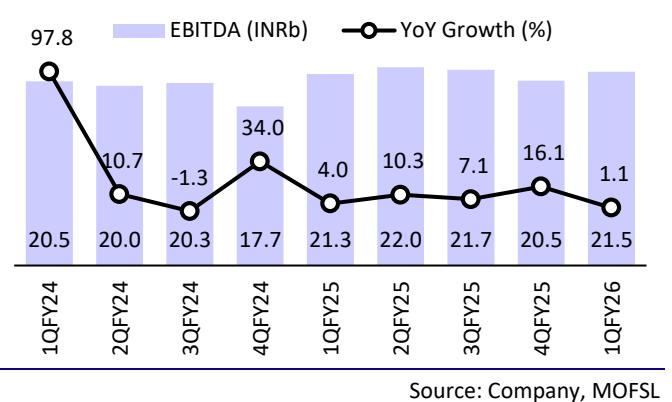
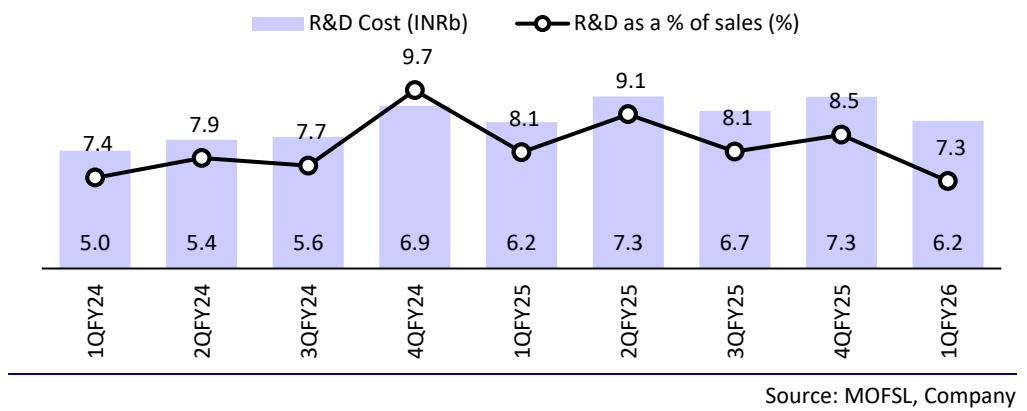


Exhibit 5: R&D expenses as a proportion of sales at 7.3% in 1QFY26


Source: MOFSL, Company

Geography-specific measures to support earnings

NA: Work-in-progress to overcome g-Revlimid competition impact

- After 9% YoY growth in NA sales to USD1.7b in FY25, DRRD delivered a 14% YoY decline in NA sales to USD397m in 1QFY26. In fact, the YoY decline in NA sales came almost after 16 quarters.
- While the NA sales run rate is expected to reduce in the near term, DRRD continues to build a product pipeline for the market.
- It filed 1 ANDA in 1QFY26, taking the total ANDAs pending for approval to 70. It also has 3 NDAs filed under section 505b2.
- Abatacept would be a limited competition product for DRRD. After successful completion of clinical trials, DRRD is expected to file with USFDA in Dec'25.
- It is also applying the collaboration/partnership route to enhance its biosimilar pipeline for developed markets.
- Having said this, considering the gestation period for the commercial success of niche molecules and near-term competition in g-Revlimid, we expect stable NA sales at USD1.7b over FY25-27.

DF: Enhanced marketing effort to drive performance

- DRRD has delivered superior execution (+11% YoY) compared to the industry in 1QFY26, led by new launches and price hike.
- Respiratory therapy and vaccines were major growth drivers for DRRD in 1Q.
- Interestingly, Hexaxim/Menactra have crossed annual sales of INR1.8b/INR1.5b, as per IMS.
- DRRD launched five brands, including two innovative assets, Beyfortus (RSV Vaccine) and sensimmune (Acarizex Slit).
- We expect a sales CAGR of 11% to reach INR67b over FY25-27.

Emerging market: Russia/ROW remain key growth drivers

- In 1QFY26, EM sales grew 18% YoY to INR54b, led by strong volume off-take and favorable currency movements.
- Specifically, Russia sales grew 28% YoY to INR7b, while CIS sales rose 2% YoY.
- ROW market had better volume off-take and new launches, driving 13% YoY growth for the quarter.
- Overall, we expect a sales CAGR of 9% to reach INR66b over FY25-27.

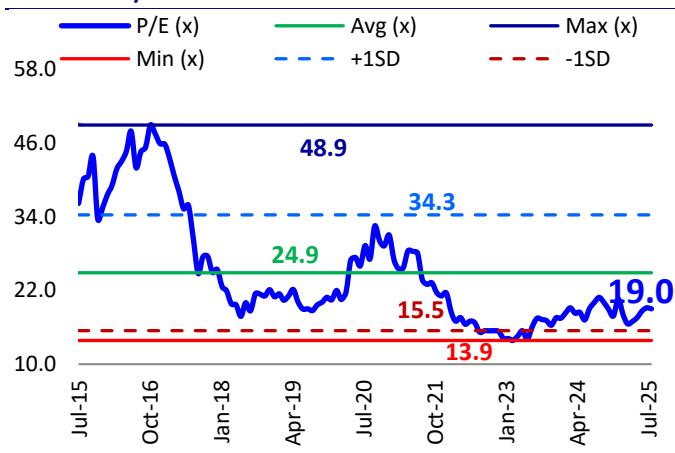
PSAI segment: Growth momentum takes a breather

- After 14% YoY growth in FY25, the PSAI segment's revenue growth moderated to 7% YoY in 1Q to INR8b, mainly due to lower pricing for certain products.
- DRRD maintains the DMF momentum, with 12 filed in 1QFY26.
- The cumulative filing stands at 64 at the end of 1QFY26.
- We expect the PSAI business to post a 10% sales CAGR to reach INR40.6b over FY25-27.

Reiterate Neutral

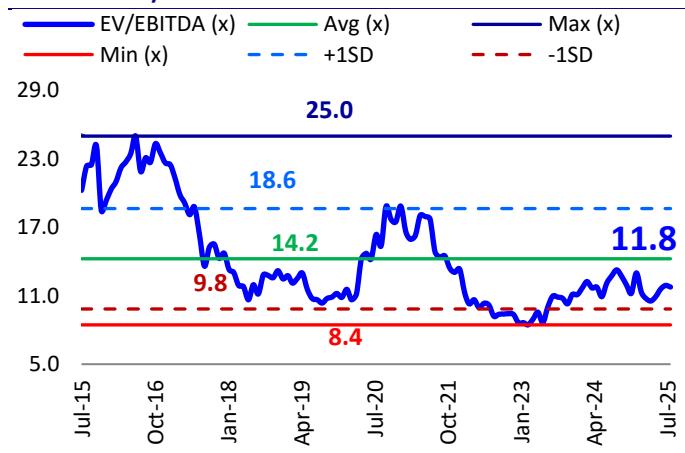
- We reduce our earnings estimates by 5%/4% for FY26/FY27, factoring in a) higher competitive intensity in g-Revlimid, b) moderate weakness in PSAI segment, c) growth-oriented opex in NRT and Nestle JV. We value DRRD at 18x 12M forward earnings to arrive at a TP of INR1,190.
- We expect that the semaglutide opportunity for Canada market and other markets like India/Brazil would be able to offset the impact of a reduction in g-Revlimid business 3QFY26 onward. However, considering a strong contribution from g-Revlimid in FY25, we expect a 3% compounded decline in earnings over FY25-27. Hence, we maintain Neutral rating on the stock.

Exhibit 6: P/E chart



Source: MOFSL, Company, Bloomberg

Exhibit 7: EV/EBITDA chart



Source: MOFSL, Company, Bloomberg

Story in charts

Exhibit 8: Expect sales CAGR of ~7.5% over FY25-27

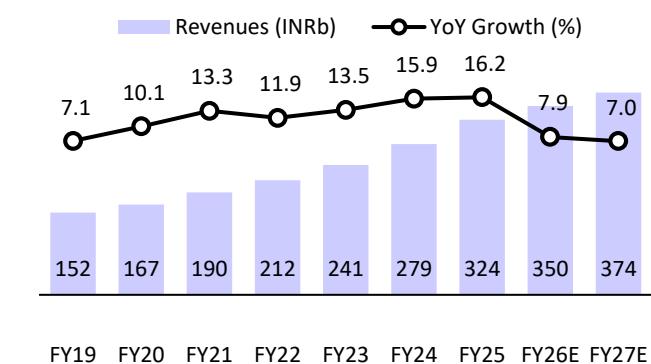


Exhibit 9: NA sales to be stable over FY25-27

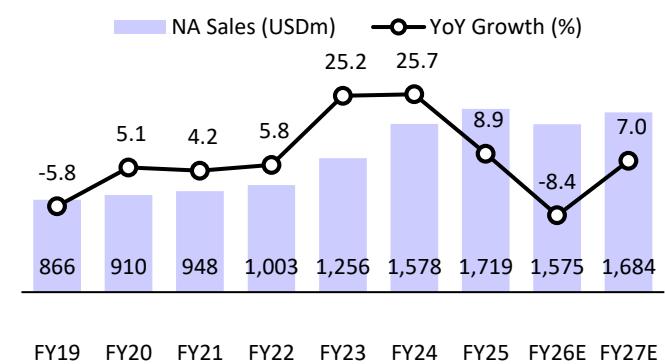


Exhibit 10: DF sales to exhibit 11.5% CAGR over FY25-27

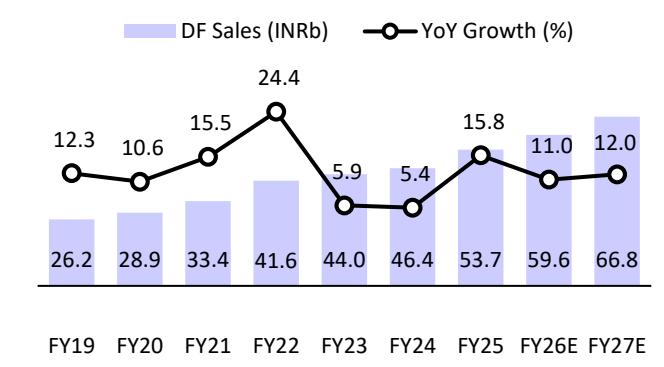


Exhibit 11: PSAI to post 9.7% sales CAGR over FY25-27

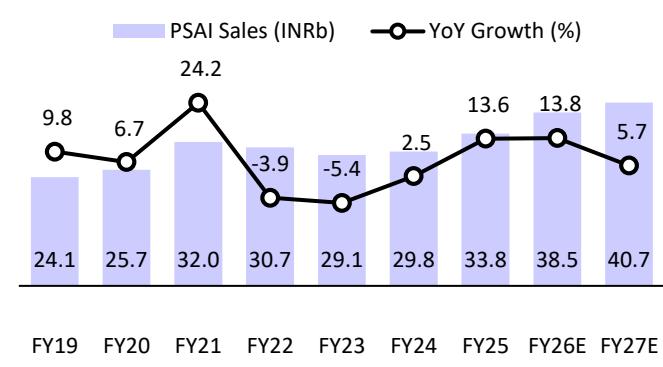


Exhibit 12: EBITDA margin to contract 390bp over FY25-27

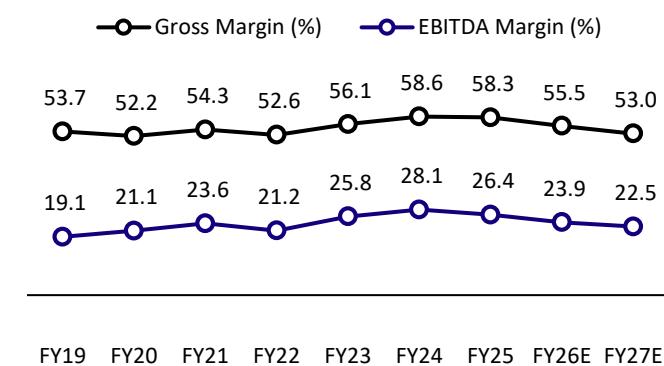


Exhibit 13: EBITDA to be steady over FY25-27

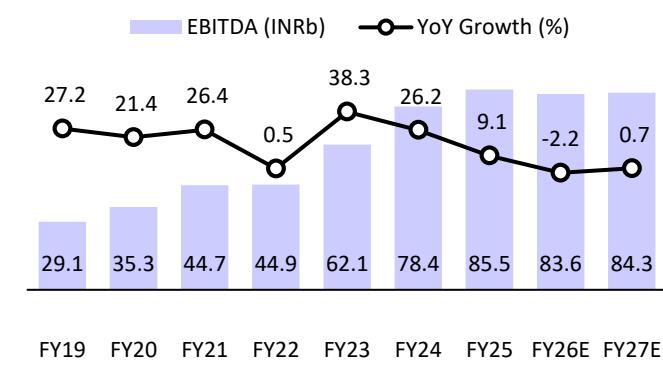


Exhibit 14: R&D expenses to settle at ~8% of sales by FY27

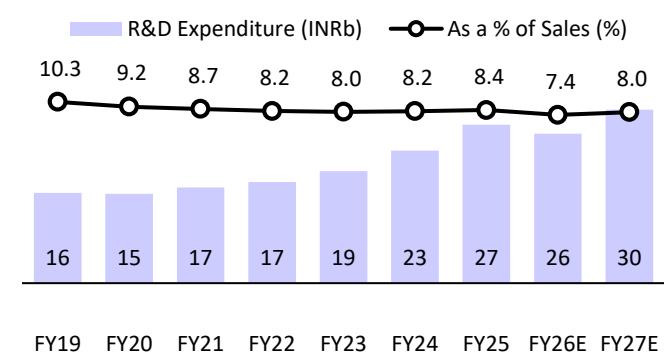
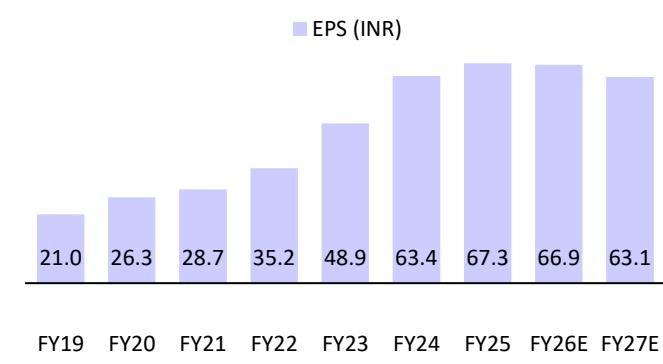


Exhibit 15: EPS to slightly decline over FY25-27



Source: Company, MOFSL

Source: Company, MOFSL

Financials and valuations

| Income Statement | | | | | | | | | | (INR m) | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------|--|
| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | | |
| Net Sales | 152,051 | 167,400 | 189,722 | 212,227 | 240,936 | 279,164 | 324,269 | 349,904 | 374,451 | | |
| Change (%) | 7.1 | 10.1 | 13.3 | 11.9 | 13.5 | 15.9 | 16.2 | 7.9 | 7.0 | | |
| Total Expenditure | 122,938 | 132,058 | 145,038 | 167,306 | 178,813 | 200,784 | 238,731 | 266,260 | 290,199 | | |
| EBITDA | 29,113 | 35,342 | 44,684 | 44,921 | 62,123 | 78,380 | 85,538 | 83,644 | 84,251 | | |
| Change (%) | 27.2 | 21.4 | 26.4 | 0.5 | 38.3 | 26.2 | 9.1 | -2.2 | 0.7 | | |
| Margin (%) | 19.1 | 21.1 | 23.6 | 21.2 | 25.8 | 28.1 | 26.4 | 23.9 | 22.5 | | |
| Depreciation & Amort. | 11,980 | 12,472 | 12,798 | 11,825 | 12,663 | 14,847 | 17,064 | 18,545 | 19,471 | | |
| Net Interest Exp | 1,163 | 983 | -1,653 | -2,119 | -2,853 | -3,494 | -4,724 | -6,270 | -4,648 | | |
| One-off (Gains)/Losses | -1,800 | 7,718 | 7,700 | 6,381 | -5,445 | -1,981 | 1,491 | 0 | 0 | | |
| PBT before EO Expense | 22,443 | 25,749 | 35,001 | 38,679 | 53,943 | 69,889 | 76,275 | 74,280 | 70,529 | | |
| Change (%) | 56.5 | 14.7 | 35.9 | 10.5 | 39.5 | 29.6 | 9.1 | -2.6 | -5.1 | | |
| PBT after EO Expense | 22,443 | 18,033 | 27,298 | 32,298 | 59,388 | 71,870 | 74,784 | 74,280 | 70,529 | | |
| Tax | 3,648 | -1,466 | 9,175 | 8,730 | 15,300 | 16,186 | 19,538 | 18,957 | 17,985 | | |
| Tax Rate (%) | 16.3 | -8.1 | 33.6 | 27.0 | 25.8 | 22.5 | 26.1 | 25.5 | 25.5 | | |
| Reported PAT | 18,795 | 19,499 | 18,123 | 23,568 | 44,088 | 55,684 | 54,545 | 55,695 | 52,544 | | |
| Adjusted Net Profit | 17,459 | 21,807 | 23,834 | 29,265 | 40,775 | 52,827 | 56,060 | 55,695 | 52,544 | | |
| Change (%) | 62.6 | 24.9 | 9.3 | 22.8 | 39.3 | 29.6 | 6.1 | -0.6 | -5.7 | | |
| Margin (%) | 11.5 | 13.0 | 12.6 | 13.8 | 16.9 | 18.9 | 17.3 | 15.9 | 14.0 | | |
| Balance Sheet | | | | | | | | | | (INR m) | |
| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | | |
| Equity Share Capital | 830 | 830 | 830 | 832 | 833 | 833 | 833 | 833 | 833 | | |
| Reserves | 139,406 | 155,158 | 175,587 | 189,695 | 230,158 | 279,717 | 336,333 | 387,850 | 436,216 | | |
| Net Worth | 140,236 | 155,988 | 176,417 | 190,527 | 230,991 | 280,550 | 337,166 | 388,683 | 437,049 | | |
| Loans | 34,125 | 17,836 | 29,444 | 33,845 | 13,472 | 20,020 | 46,766 | 45,766 | 44,766 | | |
| Deferred Liabilities/Tax | -3,844 | -12,179 | -10,397 | -12,721 | -6,363 | -9,865 | -4,400 | -4,400 | -4,400 | | |
| Capital Employed | 170,517 | 161,645 | 195,464 | 211,651 | 238,100 | 290,705 | 379,532 | 430,049 | 477,415 | | |
| Gross Block | 115,385 | 126,148 | 143,664 | 160,797 | 177,753 | 203,024 | 240,963 | 262,551 | 271,413 | | |
| Less: Accum. Deprn. | 61,533 | 74,005 | 86,803 | 98,628 | 111,291 | 126,138 | 143,202 | 161,747 | 181,218 | | |
| Net Fixed Assets | 53,852 | 52,143 | 56,861 | 62,169 | 66,462 | 76,886 | 97,761 | 100,804 | 90,195 | | |
| Investments | 30,769 | 33,264 | 33,115 | 38,393 | 62,180 | 81,250 | 59,428 | 59,428 | 59,428 | | |
| Goodwill/Intangibles | 47,393 | 31,711 | 40,847 | 31,664 | 35,094 | 41,204 | 108,613 | 108,613 | 108,613 | | |
| Curr. Assets | 88,325 | 102,936 | 124,659 | 151,647 | 150,922 | 177,404 | 208,679 | 257,964 | 321,541 | | |
| Inventory | 33,579 | 35,067 | 45,412 | 50,884 | 48,670 | 63,552 | 71,085 | 74,713 | 75,677 | | |
| Account Receivables | 39,982 | 52,015 | 49,759 | 66,818 | 72,485 | 80,298 | 90,420 | 107,168 | 99,334 | | |
| Cash and Bank Balance | 2,228 | 2,053 | 14,829 | 14,852 | 5,779 | 7,107 | 14,654 | 44,035 | 112,273 | | |
| Others | 12,536 | 13,801 | 14,659 | 19,093 | 23,988 | 26,447 | 32,520 | 32,048 | 34,258 | | |
| Curr. Liability & Prov. | 49,822 | 58,409 | 60,018 | 72,222 | 76,558 | 86,039 | 94,949 | 96,759 | 102,361 | | |
| Account Payables | 13,671 | 15,248 | 18,109 | 25,572 | 26,444 | 30,919 | 35,523 | 35,956 | 34,846 | | |
| Other Current Liabilities | 36,151 | 43,161 | 41,909 | 46,650 | 50,114 | 55,120 | 59,426 | 60,803 | 67,515 | | |
| Net Current Assets | 38,503 | 44,527 | 64,641 | 79,425 | 74,364 | 91,365 | 113,730 | 161,205 | 219,180 | | |
| Appl. of Funds | 170,517 | 161,645 | 195,464 | 211,651 | 238,100 | 290,705 | 379,532 | 430,049 | 477,415 | | |

Financials and valuations

Ratios

| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | | | | |
| EPS | 21.0 | 26.3 | 28.7 | 35.2 | 48.9 | 63.4 | 67.3 | 66.9 | 63.1 |
| Cash EPS | 35.5 | 41.3 | 44.1 | 49.4 | 64.2 | 81.2 | 87.8 | 89.1 | 86.5 |
| BV/Share | 169.0 | 187.9 | 212.6 | 229.0 | 277.3 | 336.8 | 404.8 | 466.6 | 524.7 |
| DPS | 4.0 | 4.7 | 5.0 | 4.1 | 4.1 | 4.3 | 4.3 | 4.3 | 4.3 |
| Payout (%) | 21.3 | 23.5 | 26.8 | 16.9 | 9.0 | 7.5 | 7.7 | 7.5 | 8.0 |
| Valuation (x) | | | | | | | | | |
| P/E | 55.1 | 44.1 | 40.3 | 32.9 | 23.7 | 18.3 | 17.2 | 17.3 | 18.4 |
| Cash P/E | 32.6 | 28.0 | 26.2 | 23.4 | 18.1 | 14.3 | 13.2 | 13.0 | 13.4 |
| P/BV | 6.9 | 6.2 | 5.4 | 5.1 | 4.2 | 3.4 | 2.9 | 2.5 | 2.2 |
| EV/Sales | 6.4 | 5.7 | 5.0 | 4.5 | 3.8 | 3.2 | 2.9 | 2.6 | 2.2 |
| EV/EBITDA | 33.2 | 26.8 | 21.2 | 21.0 | 14.7 | 11.4 | 11.0 | 10.8 | 9.9 |
| Dividend Yield (%) | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Return Ratios (%) | | | | | | | | | |
| ROIC | 10.8 | 21.9 | 17.0 | 18.0 | 23.1 | 27.6 | 20.8 | 16.1 | 15.8 |
| RoE | 13.1 | 14.7 | 14.3 | 16.0 | 19.3 | 20.7 | 18.2 | 15.3 | 12.7 |
| RoCE | 8.9 | 17.4 | 11.8 | 12.3 | 15.9 | 18.4 | 14.7 | 11.4 | 10.1 |
| Working Capital Ratios | | | | | | | | | |
| Fixed Asset Turnover (x) | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.5 | 1.5 | 1.4 | 1.4 |
| Debtor (Days) | 97 | 100 | 98 | 100 | 106 | 100 | 96 | 103 | 101 |
| Inventory (Days) | 75 | 75 | 77 | 83 | 75 | 73 | 76 | 76 | 73 |
| Payable (Days) | 32 | 32 | 32 | 38 | 39 | 38 | 37 | 37 | 35 |

| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Cash Flow Statement (INR m) | | | | | | | | | |
| Op. Profit/(Loss) before Tax | 23,358 | 18,857 | 28,835 | 30,614 | 60,485 | 72,010 | 76,795 | 74,280 | 70,529 |
| Depreciation | 11,348 | 11,631 | 12,288 | 11,652 | 12,502 | 14,700 | 17,037 | 18,545 | 19,471 |
| Interest/Dividends Recd. | 119 | 90 | 144 | -7 | 248 | -567 | 152 | -2,911 | -1,101 |
| Direct Taxes Paid | -4,841 | -7,105 | -5,716 | -7,437 | -10,714 | -20,047 | -19,993 | -18,957 | -17,985 |
| (Inc)/Dec in WC | 1,837 | -7,536 | -8,288 | -18,407 | -7,855 | -20,182 | -29,989 | -18,094 | 10,264 |
| CF from Operations | 28,704 | 29,841 | 35,703 | 28,108 | 58,875 | 45,433 | 46,428 | 52,863 | 81,178 |
| EO Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CF from Operations | 32,427 | 30,056 | 35,703 | 28,108 | 58,875 | 45,433 | 46,428 | 52,863 | 81,178 |
| (inc)/dec in FA | -6,226 | -5,725 | -12,476 | -15,733 | -18,784 | -26,350 | -33,154 | -21,588 | -8,863 |
| Free Cash Flow | 22,478 | 24,116 | 23,227 | 12,375 | 40,091 | 19,083 | 13,274 | 31,276 | 72,315 |
| (Pur)/Sale of Investments | -2,282 | -214 | 4,110 | -11,201 | -23,366 | -15,716 | 25,118 | 0 | 0 |
| Others | 816 | 991 | -14,181 | 1,280 | 1,063 | 1,724 | -42,985 | | |
| CF from Investments | -7,692 | -4,948 | -22,547 | -25,654 | -41,087 | -40,342 | -51,021 | -21,588 | -8,863 |
| Change in net worth | 0 | 4 | 269 | 334 | 368 | 805 | 193 | 0 | 0 |
| (Inc)/Dec in Debt | -15,182 | -19,165 | 6,094 | 2,735 | -20,397 | 4,346 | 23,196 | -1,000 | -1,000 |
| Dividend Paid | -4,002 | -3,916 | -4,147 | -4,146 | -4,979 | -6,648 | -6,662 | -4,178 | -4,076 |
| CF from Fin. Activity | -21,326 | -25,159 | -298 | -2,422 | -26,861 | -3,763 | 11,855 | -1,956 | -4,138 |
| Inc/Dec of Cash | 3,409 | -51 | 12,858 | 32 | -9,073 | 1,328 | 7,262 | 29,319 | 68,177 |
| Add: Beginning Balance | 2,542 | 2,228 | 2,053 | 14,829 | 14,852 | 5,779 | 7,107 | 14,654 | 44,035 |
| Closing Balance | 5,951 | 2,177 | 14,911 | 14,861 | 5,779 | 7,107 | 14,369 | 43,973 | 112,212 |
| Bank balance/overdraft | -3,854 | -190 | 0 | -9 | 0 | 0 | 61 | 61 | 61 |
| Closing Balance | 2,228 | 1,962 | 14,820 | 14,852 | 5,779 | 7,107 | 14,654 | 44,035 | 112,273 |

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