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Financial Services

13 May 2026
4QFY26 Results Update | Sector: Healthcare

# Cipla

| | |
|---|---|
| **Estimate change** | ↓ |
| **TP change** | ↑ |
| **Rating change** | ↔ |

| | |
|---|---|
| Bloomberg | CIPLA IN |
| Equity Shares (m) | 808 |
| M.Cap.(INRb)/(USDb) | 1072.4 / 11.2 |
| 52-Week Range (INR) | 1673 / 1166 |
| 1, 6, 12 Rel. Per (%) | 11/-3/-8 |
| 12M Avg Val (INR M) | 2390 |

**Financials & Valuations (INR b)**

| Y/E MARCH | FY26 | FY27E | FY28E |
|---|---|---|---|
| Sales | 281.6 | 304.1 | 347.0 |
| EBITDA | 59.2 | 56.9 | 70.3 |
| Adj. PAT | 40.9 | 37.9 | 48.4 |
| EBIT Margin (%) | 16.7 | 14.2 | 16.2 |
| Cons. Adj. EPS (INR) | 50.7 | 47.0 | 59.9 |
| EPS Gr. (%) | -19.2 | -7.3 | 27.5 |
| BV/Sh. (INR) | 426.6 | 471.5 | 525.4 |
| **Ratios** | | | |
| Net D:E | 0.0 | 0.0 | 0.0 |
| RoE (%) | 11.9 | 10.0 | 11.4 |
| RoCE (%) | 12.8 | 10.7 | 12.2 |
| Payout (%) | 12.5 | 12.8 | 10.0 |
| **Valuations** | | | |
| P/E (x) | 26.2 | 28.2 | 22.1 |
| EV/EBITDA (x) | 20.5 | 21.4 | 17.2 |
| Div. Yield (%) | 0.4 | 0.4 | 0.4 |
| FCF Yield (%) | 0.8 | -0.7 | 0.2 |
| EV/Sales (x) | 4.3 | 4.0 | 3.5 |

**Shareholding pattern (%)**

| As On | Mar-26 | Dec-25 | Mar-25 |
|---|---|---|---|
| Promoter | 29.1 | 29.1 | 29.1 |
| DII | 31.9 | 30.6 | 28.1 |
| FII | 22.8 | 24.2 | 26.4 |
| Others | 16.2 | 16.1 | 16.3 |

FII includes depository receipts

**CMP: INR1,327 TP: INR1,380 (+4%) Neutral**

## Weak US flow; strong India show

### US growth to pick up from 2HFY27 onwards

- Cipla (CIPLA) delivered in-line revenue for 4QFY26. However, it delivered 15%/31% miss on EBITDA/PAT for the quarter. Lower-than-expected revenue in North America (NA), Emerging Markets (EM), and API segment, coupled with reduced operating leverage, dragged overall performance for the quarter.
- The YoY decline in NA sales intensified in 4QFY26, supported by competition in g-Lenalidomide and adverse regulatory impact on the off-take of lanreotide.
- This was offset, to some extent, as the Indian business, comprising Domestic Formulation (DF), trade generics, and consumer wellness, reported a broad-based double-digit YoY growth during the quarter.
- The African business, comprising private markets, tender business, and North Africa, also grew at a healthy rate of 14% YoY (in CC terms) for the quarter.
- We have reduced our earnings estimate by 10% for FY27, factoring in: a) the ongoing regulatory issue with respect to Lanreotide for the US market, and b) the adverse impact of geopolitical tension in emerging markets and enhanced marketing/promotional spend.
- We value CIPLA at 23x 12M forward earnings to arrive at a TP of INR1,380. We expect earnings to remain under check due to a reduction in contribution from g-lenalidomide and some gestation period for the accruing of upcoming niche launches. Reiterate Neutral rating on the stock.

### Product mix and reduced operating leverage drag profitability YoY

- CIPLA's 4QFY26 revenue declined 2.8% YoY to INR65.4b.
- Gross margin contracted 430bp YoY to 63.2%.
- EBITDA margin contracted 760bp YoY to 15.2% (our est. 17.4%), largely due to higher R&D/employee expenses (up 145/90bp as a % of sales).
- EBITDA declined 35.2% YoY to INR9.9b (our est. INR11.7b).
- Adj. PAT declined 53.6% YoY to INR5.7b (our est. INR8.2b). We await clarity on the sharp increase in depreciation/amortization in 4QFY26 (INR3.8b vs INR3b YoY and INR2.8b QoQ).
- Extraordinary items of INR420m include impairment of investment in associates.
- For FY26, CIPLA delivered 2.2% YoY growth in revenue to INR281.6b, while it delivered 17%/19% YoY decline in EBITDA/PAT to INR59.2b/INR40.9b.

### Momentum in DF/SAGA offset by subdued performance in US/EM/API

- US sales (22% of sales) declined 26% YoY to INR14.1b (USD155m, down 30% in CC terms).
- EM sales (13% of sales) declined 8.5% YoY to INR8.2b.
- API sales (1% of sales) declined 65% YoY to INR640m.

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- DF sales (46% of sales) grew 14.7% YoY to INR30.1b.
- SAGA sales(19% of sales) grew 21.3% YoY to INR12.4b.

## Key highlights from the management commentary

- US sales run-rate is expected to improve to USD250m per quarter by the end of FY27; this excludes Lanreotide's revival. The increase in run-rate from current USD155m (4QFY26) to USD250m is backed by certain potential launches (business prospects of USD100m each on an annualized basis).
- CIPLA has guided for 18-20% EBITDA margin in FY27, with 2H posting a higher EBITDA margin compared to 1H.
- Management indicated that the g-Ventolin off-take would be gradual, with ramp-up expected from 2HFY27 onwards.
- The company remains well-positioned to manufacture formulations at its US site and source devices from its partner.
- India is projected to witness double-digit YoY growth in revenue, which is likely to sustain in FY27 as well.

**Quarterly Performance** (INR m)

| Y/E March | FY25 | | | | FY26 | | | | FY25 | FY26 | Est. | % Var |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | 4QE | |
| **Net Revenues** | **66,939** | **70,510** | **70,730** | **67,297** | **69,575** | **75,894** | **70,745** | **65,412** | **275,476** | **281,626** | **67,086** | **-2.5** |
| YoY Change (%) | 5.8 | 5.6 | 7.1 | 9.2 | 3.9 | 7.6 | 0.0 | -2.8 | 6.9 | 2.2 | -0.3 | |
| Total Expenditure | 49,781 | 51,654 | 50,841 | 51,921 | 51,793 | 56,947 | 58,194 | 55,442 | 204,197 | 222,377 | 55,413 | |
| **EBITDA** | **17,158** | **18,856** | **19,889** | **15,376** | **17,781** | **18,948** | **12,551** | **9,970** | **71,279** | **59,249** | **11,673** | **-14.6** |
| YoY Change (%) | 14.9 | 8.8 | 13.8 | 16.9 | 3.6 | 0.5 | -36.9 | -35.2 | 13.3 | -16.9 | -24.1 | |
| Margins (%) | 25.6 | 26.7 | 28.1 | 22.8 | 25.6 | 25.0 | 17.7 | 15.2 | 25.9 | 21.0 | 17.4 | |
| Depreciation | 2,467 | 2,717 | 2,798 | 3,087 | 2,527 | 2,970 | 2,784 | 3,829 | 11,070 | 12,110 | 2,791 | |
| Interest | 180 | 154 | 146 | 140 | 141 | 132 | 140 | 131 | 620 | 544 | 100 | |
| Other Income | 1,602 | 1,906 | 1,546 | 2,895 | 2,586 | 2,690 | 2,063 | 1,482 | 7,949 | 8,820 | 2,100 | |
| **Profit before Tax** | **16,114** | **17,891** | **18,491** | **15,043** | **17,699** | **18,535** | **11,690** | **7,491** | **67,538** | **55,416** | **10,882** | |
| One-time (expense)/income | 0 | 0 | 670 | 0 | 0 | 0 | -2,759 | -420 | 670 | -3,179 | 0 | |
| **PBT after EO expense** | **16,114** | **17,891** | **19,161** | **15,043** | **17,699** | **18,535** | **8,931** | **7,071** | **68,208** | **52,236** | **10,882** | |
| Rate (%) | 27.0 | 27.0 | 18.0 | 18.6 | 27.0 | 27.0 | 18.7 | 21.0 | 22.7 | 24.4 | 25.0 | |
| Minority Interest | -13.5 | 34.9 | 132.1 | 31.8 | -55.7 | 19.0 | -12.4 | -45.3 | 185.3 | -94.4 | -40.0 | |
| **Reported PAT** | **11,776** | **13,025** | **15,705** | **12,218** | **12,976** | **13,512** | **6,758** | **5,547** | **52,725** | **38,792** | **8,201** | |
| **Adj PAT** | **11,776** | **13,025** | **13,644** | **12,218** | **12,976** | **13,512** | **8,780** | **5,663** | **50,664** | **40,931** | **8,201** | **-30.9** |
| YoY Change (%) | 18.3 | 10.9 | 14.0 | 40.6 | 10.2 | 3.7 | -35.6 | -53.6 | 19.6 | -19.2 | -32.9 | |

**Key performance Indicators** (INR m)

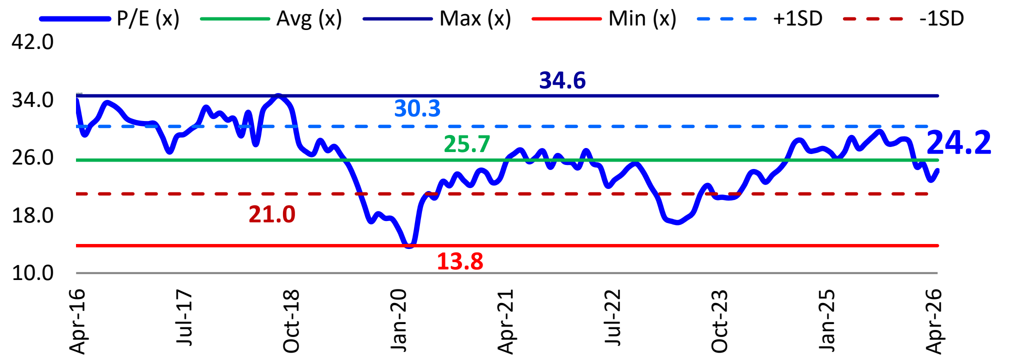
| Y/E March | FY25 | | | | FY26 | | | | FY25 | FY26 | Est. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| INRm | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | 4QE |
| Domestic formulation | 28,980 | 29,480 | 31,460 | 26,220 | 30,700 | 31,460 | 34,570 | 30,070 | 116,140 | 126,800 | 29,104 |
| YoY Change (%) | 4.5 | 4.7 | 10.0 | 8.5 | 5.9 | 6.7 | 9.9 | 14.7 | 6.9 | 9.2 | 11.0 |
| North America | 20,870 | 19,860 | 19,060 | 19,190 | 19,330 | 20,390 | 14,850 | 14,140 | 78,980 | 68,710 | 15,060 |
| YoY Change (%) | 14.5 | 5.2 | -0.5 | 2.3 | -7.4 | 2.7 | -22.1 | -26.3 | 5.3 | -13.0 | -21.5 |
| SAGA | 6,950 | 10,680 | 9,750 | 10,190 | 8,710 | 11,780 | 10,010 | 12,360 | 37,570 | 42,860 | 11,005 |
| YoY Change (%) | -7.1 | 7.6 | 18.0 | 20.3 | 25.3 | 10.3 | 2.7 | 21.3 | 22.9 | 14.1 | 8.0 |
| Emerging market | 8,490 | 8,060 | 8,240 | 8,950 | 8,610 | 9,670 | 9,290 | 8,190 | 33,740 | 35,760 | 9,348 |
| YoY Change (%) | 9.0 | 9.8 | 10.5 | 20.6 | 1.4 | 20.0 | 12.7 | -8.5 | 9.3 | 6.0 | 4.4 |
| API | 980 | 1,600 | 1,260 | 1,820 | 1,020 | 1,480 | 1,440 | 640 | 5,660 | 4,580 | 1,693 |
| YoY Change (%) | -27.9 | 8.8 | 18.0 | -3.7 | 4.1 | -7.5 | 14.3 | -64.8 | -2.6 | -19.1 | -7.0 |
| **Cost Break-up** | | | | | | | | | | | |
| RM Cost (% of Sales) | 32.8 | 32.4 | 32.0 | 32.5 | 31.2 | 32.9 | 37.2 | 36.8 | 32.4 | 33.9 | 36.8 |
| Staff Cost (% of Sales) | 17.8 | 17.1 | 16.9 | 18.3 | 18.9 | 17.3 | 18.7 | 19.2 | 17.5 | 19.1 | 19.2 |
| R&D Expenses(% of Sales) | 5.3 | 5.5 | 5.1 | 6.3 | 6.2 | 7.1 | 7.0 | 7.1 | 5.3 | 6.3 | 7.1 |
| Other Cost (% of Sales) | 18.5 | 18.3 | 17.8 | 20.0 | 18.2 | 17.7 | 17.7 | 19.3 | 18.6 | 19.1 | 19.3 |
| Gross Margins(%) | 67.2 | 67.6 | 68.0 | 67.5 | 68.8 | 67.1 | 62.8 | 63.2 | 67.6 | 66.1 | 63.2 |
| EBITDA Margins(%) | 25.6 | 26.7 | 28.1 | 22.8 | 25.6 | 25.0 | 17.7 | 15.2 | 25.9 | 21.0 | 17.4 |
| EBIT Margins(%) | 21.9 | 22.9 | 24.2 | 18.3 | 21.9 | 21.1 | 13.8 | 9.4 | 21.9 | 16.7 | 13.2 |

CONFERENCE CALL

## Highlights from the management commentary

- Most of the respiratory assets are in-house products, which would drive the GM for CIPLA. Some of the peptides are partnered products, which would lower GM to some extent.
- Very few ANDAs have been filed in FY26, while R&D spend was ~INR20b, given the considerable spend on respiratory and oligonucleotide assets. This includes certain litigation costs as well.
- The EMEU segment growth would be driven by the deepening penetration into existing markets and improving margin trajectory.
- Four respiratory assets are expected to be filed in the next 24 months. Three assets are likely to be filed in the peptide/complex generics category in the next 12-24M.
- Net cash available as of Mar'26 is INR105b.

**Exhibit 1: P/E chart**




## Strategic market expansion efforts continue to drive traction

### NA: Respiratory/Peptide/complex generic assets to drive recovery ahead

- In FY26, US sales declined 16.4% to USD781m/USD155m. The performance in 4QFY26/FY26 was largely impacted by a reduction in g-Revlimid contribution.
- During FY26, business advanced its portfolio with several key assets, including Liraglutide, Nintedanib, and Dapagliflozin.
- Notably, the business received regulatory approval for the first AB-rated gVentolin with CGT, representing the first commercial MDI product to be manufactured from the US facility. Management expects g-Ventolin launch by 1QFY27, with meaningful ramp-up expected in 2HFY27.
- In addition to product pipeline, there have been measures taken by the company to diversify the regulatory risk by filing products from the US site.
- Respiratory pipeline progressed with five assets filed, of which four are expected to be commercialized in FY27. Additionally, four upcoming filings and two green propellant-based assets are planned over the next 24 months.
- The peptides and complex generics portfolio continues to strengthen, with eight assets filed and select launches expected in FY27-FY28, while three additional filings are targeted over the next 12-24M.
- Differentiated portfolio expansion remains on track with three 505(b)(2)/2 oligonucleotide filings. Additional differentiated filings are planned over the next 12-18M, with two global biosimilar assets advancing through development.
- Hence, we expect NA sales to post a 13.3% CAGR to reach USD1b over FY26-28, driven by respiratory launches, peptide products, and differentiated filings.

## India: Balanced growth visibility across Rx/Gx/OTC

- In FY26, CIPLA's Indian business reported a 9.2% YoY sales growth, led by sustained momentum across key therapies.
- Double-digit growth was witnessed in chronic therapies like Respiratory, Urology, Anti-diabetes, and Cardiac.
- However, within key brands, a decline in Asthalin/Ibugesic Plus and subdued performance of Duolin/Seroflo/Urimax-D dragged overall performance despite healthy growth in Montair-Lc/Budecort in Mar'26.
- Within branded generics, CIPLA launched key products Voltido/Trio/Ciphaler/Huena/Zemdri/Empacip during the year.
- The trade generics (Gx) segment delivered strong growth during the quarter.
- In the consumer health (OTC) portfolio, anchor brands such as Nicotex/Omnigel/ Cipladine maintained leadership. It delivered robust double-digit growth with momentum in anchor brands.
- The One India business remains focused on driving growth and outperforming the market across branded, trade generics, and consumer wellness. Overall, we expect a 10.6% sales CAGR in this segment over FY26-28, reaching INR155b.

## One Africa: Focus on Rx/tender and currency benefit-led growth in this segment

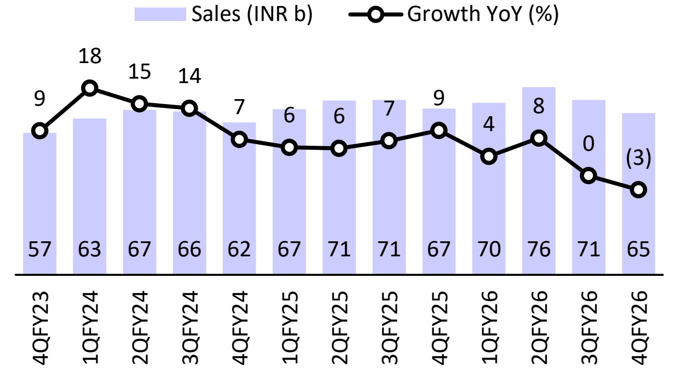
- In FY26, CIPLA's One Africa business grew 14.1% YoY to INR42.8b. In CC terms, One Africa sales grew 6.9% to USD483m for FY26.
- In FY26, the SA private market revenue grew 8.3% YoY to USD288m. This indicates a shift in focus toward the prescription segment.
- In FY26, the SA tender market grew 13.6% YoY at USD92m. Particularly, in 4QFY26, it exhibited exponential growth of 53% YoY to USD26m due to a focus towards profitable tender business.
- The company holds several brands (7) among the top 30 in the African generics market. Specifically, it grew 9.6% YoY in the prescription segment vs. industry growth of 6.1% YoY as per *IQVIA MAT Feb'26.*
- CIPLA grew 1.2% YoY in the OTC segment, below the industry growth of 2.5% YoY as per *IQVIA MAT Feb'26.*
- The number of new launches in the market was 18 in 9MFY26 vs 8 in 4QFY26.
- CIPLA posted a healthy performance across key therapies like respiratory, CNS, alimentary TR and metabolism. This growth was propelled by uptick in key therapies, new launches as well as the expansion of OTC portfolio.
- Anchored by a healthy footprint in Africa, we expect an 6% sales CAGR in this segment over FY26-28, reaching INR48b.

## Valuation and view:

- We reduce our earnings estimate by 10% for FY27, factoring in: a) the ongoing regulatory issue with respect to Lanreotide for the US market, and b) the adverse impact of geo-political tension in emerging markets and enhanced marketing/promotional spend.
- We value CIPLA at 23x 12M forward earnings to arrive at a TP of INR1,380. We expect earnings to remain under check due to a reduction in contribution from g-lenalidomide and some gestation period for accruing of upcoming niche launches. Hence, we reiterate a Neutral rating on the stock.

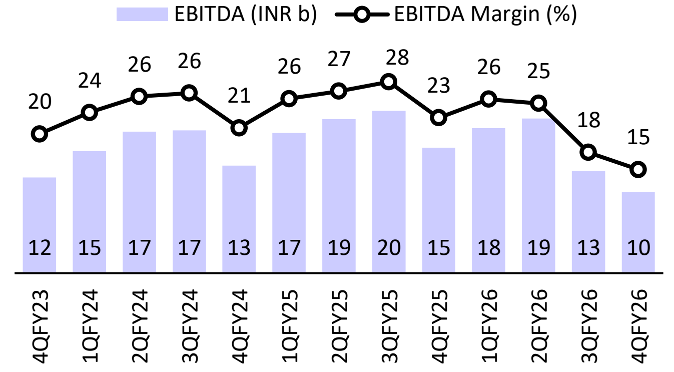
## Story in charts

**Exhibit 2: Revenue declined 3% YoY in 4QFY26**



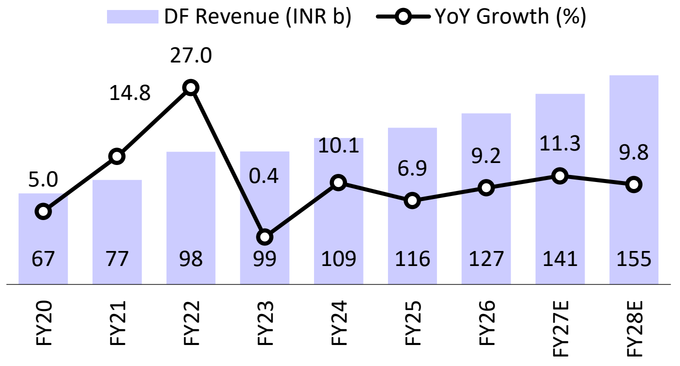

Source: MOFSL, Company

**Exhibit 3: EBITDA contracted 760bp YoY in 4QFY26**



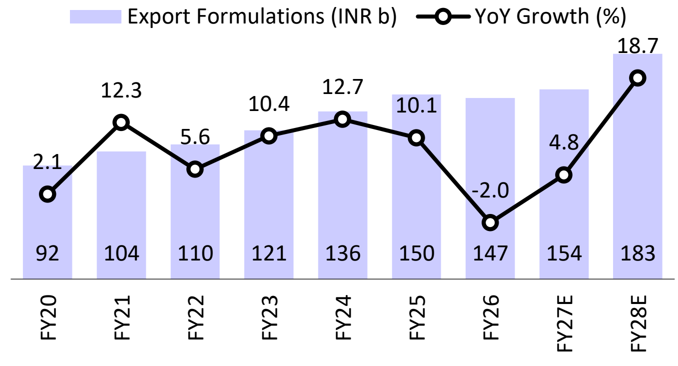

Source: MOFSL, Company

**Exhibit 4: Expect 10.6% DF sales CAGR over FY26-28**



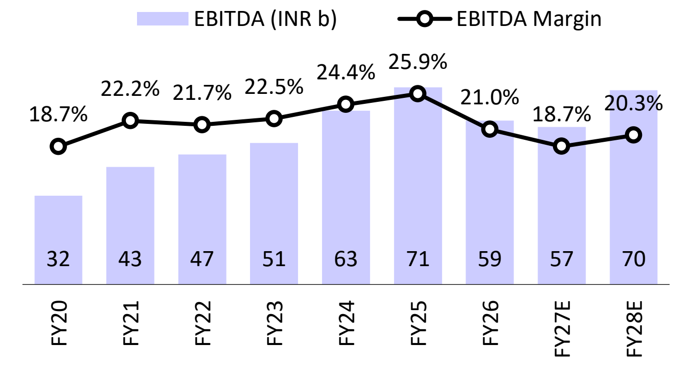

Source: MOFSL, Company

**Exhibit 5: Expect 11.5% export sales CAGR over FY26-28**



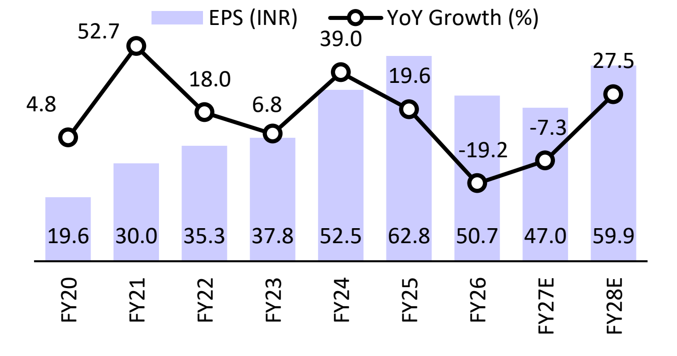

Source: MOFSL, Company

**Exhibit 6: EBITDA margin to contract 80bp over FY26-28**




Source: MOFSL, Company

**Exhibit 7: Expect EPS to increase over FY26-28**




Source: MOFSL, Company

# Financials and valuations

**Income Statement** (INR Mn)

| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|---|
| **Net Income** | **217,121** | **227,531** | **257,741** | **275,476** | **281,626** | **304,054** | **347,020** |
| Change (%) | 13.3 | 4.8 | 13.3 | 6.9 | 2.2 | 8.0 | 14.1 |
| **EBITDA** | **47,016** | **51,144** | **62,911** | **71,279** | **59,249** | **56,929** | **70,300** |
| Change (%) | 10.6 | 8.8 | 23.0 | 13.3 | -16.9 | -3.9 | 23.5 |
| Margin (%) | 21.7 | 22.5 | 24.4 | 25.9 | 21.0 | 18.7 | 20.3 |
| Depreciation | 10,520 | 11,721 | 10,079 | 11,070 | 12,110 | 13,692 | 14,038 |
| **EBIT** | **36,496** | **39,423** | **52,832** | **60,209** | **47,139** | **43,237** | **56,262** |
| Int. and Finance Charges | 1,064 | 1,095 | 899 | 620 | 544 | 371 | 255 |
| Other Income - Rec. | 2,809 | 4,514 | 6,225 | 7,949 | 8,820 | 7,900 | 8,760 |
| **PBT before EO Items** | **38,242** | **42,842** | **58,158** | **67,538** | **55,416** | **50,766** | **64,767** |
| One-time (Expense)/Income | 3,309 | 2,458 | 1,139 | -670 | 3,179 | 0 | 0 |
| **PBT but after EO Exp.** | **34,933** | **40,384** | **57,019** | **68,208** | **52,236** | **50,766** | **64,767** |
| Tax | 9,338 | 12,028 | 15,466 | 15,298 | 13,538 | 12,945 | 16,580 |
| Tax Rate (%) | 26.7 | 29.8 | 27.1 | 22.4 | 25.9 | 25.5 | 25.6 |
| Minority Interest | 299 | 310 | 322 | -33 | (175) | (90) | (120) |
| Income from associates | -128 | -26 | -16 | -219 | -81 | 25 | 50 |
| **Reported PAT** | **25,168** | **28,020** | **41,216** | **52,725** | **38,792** | **37,936** | **48,357** |
| **Adj PAT** | **28,382** | **30,478** | **42,355** | **50,664** | **40,931** | **37,936** | **48,357** |
| Change (%) | 18.0 | 7.4 | 39.0 | 19.6 | -19.2 | -7.3 | 27.5 |
| Margin (%) | 13.1 | 13.4 | 16.4 | 18.4 | 14.5 | 12.5 | 13.9 |

**Balance Sheet** (INR Mn)

| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|---|
| Equity Share Capital | 1,614 | 1,614 | 1,614 | 1,614 | 1,614 | 1,614 | 1,614 |
| Reserves | 201,532 | 232,464 | 265,450 | 310,321 | 342,706 | 378,920 | 422,433 |
| Revaluation Reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Net Worth** | **208,417** | **234,078** | **267,065** | **311,935** | **344,320** | **380,534** | **424,047** |
| Loans | 8,975 | 5,943 | 3,340 | 1,977 | 3,493 | 2,318 | 2,318 |
| Deferred Liabilities | -2049 | -2932 | -4025 | -5913 | -9010 | -9010 | -9010 |
| Minority Interst | 2757 | 3058 | 959 | 958 | 883 | 883 | 883 |
| **Capital Employed** | **218,100** | **240,144** | **267,339** | **308,957** | **339,686** | **374,725** | **418,238** |
| Gross Block | 160,107 | 166,824 | 179,676 | 195,412 | 233,938 | 262,443 | 287,443 |
| Less: Accum. Deprn. | 60,056 | 71,777 | 81,856 | 92,925 | 105,035 | 118,727 | 132,765 |
| **Net Fixed Assets** | **100,052** | **95,048** | **97,820** | **102,487** | **128,903** | **143,716** | **154,678** |
| Capital WIP | 3,829 | 6,892 | 8,643 | 12,128 | 15,863 | 16,863 | 16,863 |
| Investments | 4,171 | 6,324 | 7,558 | 7,508 | 5,440 | 5,440 | 5,440 |
| **Curr. Assets** | **158,304** | **177,106** | **207,279** | **245,625** | **265,744** | **290,917** | **329,829** |
| Inventory | 53,502 | 51,564 | 52,380 | 56,421 | 65,967 | 69,267 | 77,628 |
| Account Receivables | 34,244 | 40,570 | 47,707 | 55,064 | 56,201 | 65,068 | 74,262 |
| Cash and Bank Balance | 19,285 | 15,646 | 8,750 | 7,998 | 13,074 | 9,502 | 16,581 |
| Others | 51,273 | 69,325 | 98,443 | 126,142 | 130,502 | 147,079 | 161,358 |
| **Curr. Liability & Prov.** | **48,423** | **49,923** | **53,962** | **58,791** | **76,264** | **82,213** | **88,575** |
| Account Payables | 36,213 | 37,055 | 37,844 | 41,625 | 52,097 | 58,046 | 64,408 |
| Provisions | 12,210 | 12,868 | 16,118 | 17,166 | 24,167 | 24,167 | 24,167 |
| **Net Current Assets** | **109,882** | **127,183** | **153,317** | **186,835** | **189,481** | **208,704** | **241,254** |
| **Appl. of Funds** | **218,100** | **240,144** | **267,340** | **308,957** | **339,687** | **374,725** | **418,238** |

# Financials and valuations

**Ratios**

| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|---|
| **Adjusted EPS** | **35.3** | **37.8** | **52.5** | **62.8** | **50.7** | **47.0** | **59.9** |
| Cash EPS | 48.2 | 52.3 | 65.0 | 76.5 | 65.7 | 64.0 | 77.3 |
| BV/Share | 258.1 | 284.2 | 330.9 | 386.5 | 426.6 | 471.5 | 525.4 |
| DPS | 3.0 | 3.0 | 4.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Payout (%) | 11.5 | 10.3 | 9.4 | 9.2 | 12.5 | 12.8 | 10.0 |
| **Valuation (x)** | | | | | | | |
| P/E | 37.5 | 35.1 | 25.3 | 21.1 | 26.2 | 28.2 | 22.1 |
| Cash P/E | 27.5 | 25.4 | 20.4 | 17.4 | 20.2 | 20.7 | 17.2 |
| P/BV | 5.1 | 4.7 | 4.0 | 3.4 | 3.1 | 2.8 | 2.5 |
| EV/Sales | 5.6 | 5.3 | 4.7 | 4.4 | 4.3 | 4.0 | 3.5 |
| EV/EBITDA | 25.9 | 23.8 | 19.4 | 17.1 | 20.5 | 21.4 | 17.2 |
| Dividend Yield (%) | 0.2 | 0.2 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 |
| FCF per Share | 32.8 | 26.0 | 34.9 | 39.9 | 11.5 | -10.8 | 0.0 |
| **Return Ratios (%)** | | | | | | | |
| RoE | 14.5 | 13.3 | 15.9 | 16.2 | 11.9 | 10.0 | 11.4 |
| RoCE | 13.7 | 13.5 | 17.0 | 18.3 | 12.8 | 10.7 | 12.2 |
| RoIC | 14.5 | 13.8 | 17.0 | 17.8 | 11.9 | 9.9 | 11.6 |
| **Working Capital Ratios** | | | | | | | |
| Fixed Asset Turnover (x) | 1.4 | 1.4 | 1.5 | 2.8 | 2.4 | 2.2 | 2.3 |
| Debtor (Days) | 58 | 65 | 68 | 73 | 73 | 78 | 78 |
| Inventory (Days) | 90 | 83 | 74 | 75 | 85 | 83 | 82 |
| Creditors (Days) | 42 | 39 | 35 | 38 | 37 | 39 | 38 |
| Working Capital (Days) | 105 | 108 | 107 | 110 | 121 | 122 | 121 |
| **Leverage Ratio (x)** | | | | | | | |
| Current Ratio | 3.3 | 3.5 | 3.8 | 4.2 | 3.5 | 3.5 | 3.7 |
| Debt/Equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

**Cash Flow Statement** **(INR Mn)**

| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|---|
| Net Profit before Tax & Extraordinary Items | 36,754 | 42,208 | 58,967 | 71,279 | 52,236 | 50,766 | 64,767 |
| Depreciation | 10,520 | 11,721 | 10,510 | 11,070 | 12,110 | 13,692 | 14,038 |
| Interest/Dividends Recd. | 267 | -527 | -1,297 | -2,024 | -1,742 | -7,900 | -8,760 |
| Direct Taxes Paid | -11,395 | -13,019 | -15,975 | -16,681 | -15,862 | -12,945 | -16,580 |
| (Inc)/Dec in WC | -1,775 | -5,594 | -8,061 | -6,655 | -2,252 | -22,795 | -25,472 |
| **CF from Operations** | **33,259** | **32,377** | **41,339** | **47,357** | **39,400** | **20,818** | **27,993** |
| EO expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **CF from Oper. incl EO Expense** | **33,259** | **32,377** | **41,339** | **47,357** | **39,400** | **20,818** | **27,993** |
| (inc)/dec in FA | -6,810 | -11,355 | -13,151 | -15,148 | -30,117 | -29,505 | -25,000 |
| **Free Cash Flow** | **26,449** | **21,021** | **28,188** | **32,209** | **9,283** | **-8,687** | **2,993** |
| (Pur)/Sale of Investments | 1,706 | -8,879 | -14,314 | -21,818 | 5,732 | 0 | 0 |
| Other Items | -13,481 | -3,528 | -2,359 | 55 | 1,123 | 0 | 0 |
| **CF from Investments** | **-18,584** | **-23,761** | **-29,825** | **-36,911** | **-23,261** | **-29,505** | **-25,000** |
| Issue of Shares | 1 | 1 | 0 | 1 | 0 | 0 | 0 |
| Inc/(Dec) in Debt | 350 | 0 | 0 | -860 | 1,878 | -1,175 | 0 |
| Interest (Paid)/Recd | -757 | -650 | -648 | -364 | -370 | 7,529 | 8,505 |
| Dividend Paid | -4,034 | -4,035 | -6,862 | -10,498 | -12,924 | -4,844 | -4,844 |
| **CF from Fin. Activity** | **-15,998** | **-9,583** | **-12,004** | **-12,928** | **-12,337** | **5,103** | **4,075** |
| **Inc/Dec of Cash** | **-1,323** | **-968** | **-490** | **-2,483** | **3,802** | **-3,584** | **7,068** |
| Add: Beginning Balance | 14,012 | 19,285 | 15,646 | 8,750 | 7,998 | 13,074 | 9,502 |
| Ending cash balance | **12,689** | **18,317** | **15,156** | **6,267** | **11,801** | 9,490 | 16,570 |
| Bank balances and FX impact | 6,596 | -2,670 | -6,407 | 1,731 | 1,273 | 12 | 11 |
| **Closing balance** | **19,285** | **15,646** | **8,749** | **7,998** | **13,074** | **9,502** | **16,581** |

# NOTES

| Explanation of Investment Rating | |
|---|---|
| **Investment Rating** | **Expected return (over 12-month)** |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

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