

# Cipla Ltd

## Strong US pipeline visibility to navigate growth over next two years- reiterate LONG

CMP  
Rs 1,328  
  
Rating  
LONG

Target Price  
Rs 1,555  
Mar 2027  
Upside  
17% (↑)

- Cipla's 4Q results were broadly in-line with EE across fronts as lower EU and tender biz were offset by higher margin Domestic and South Africa biz.
- US revenues at US\$ 155mn, declined by US\$ 12mn qoq on the account of no Lanreotide supplies and negligible contribution from gRevlimid. Cipla remains upbeat on its US biz and targeting 4 inhaler launches (inc. gSymbicort, gVentoline, gAdvair) and peptide (inc. gGattex) in FY27E.
- Cipla is well poised to grow its earnings at 12% CAGR over the next two years despite key products fading away on the back of high value launches across inhalers and peptide products, relatively strong gross margin (+380bps qoq) and continuing strong growth in Domestic and South Africa markets.
- We believe Cipla will outperform its peers considering better visibility of its pipeline and strong valuation support from its domestic franchise. We reiterate LONG with a Mar'27 TP of Rs. 1555 set at 23x P/E.

**US biz washed-out; scale-up hinges on key launches:** US biz at US\$ 1155mn, dipped US\$ 12mn sequentially on account of a) negligible contribution from gRevlimid, and b) complete stoppage of Lanreotide supplies. Cipla remains upbeat on its US biz and guided to achieve US\$ 250mn exit run-rate by 4QFY27E backed by complex launches. It has guided to introduce four inhaler products in FY27E inc. gAdvair, gVentolin and gSymbicort, 3-4 peptide products (inc gGattex). Its guidance doesn't include any contribution from Lanreotide.

**Domestic growth bounces back; Tirzepatide to aid further:** Domestic biz at Rs. 30bn grew by 15% yoy on the back of strong growth across Rx, Trade generics and consumer biz. Cipla guided for a strong double-digit growth in FY27E with expected revival in acute portfolio. Strong 4Q growth was supported by revival in Respiratory, anti-diab and Cardio.

**SA strong; EU & EM dips:** South Africa revenues at Rs. 9.8bn grew by strong 33% yoy as last quarter's channel de-stocking was behind them. Cipla maintained healthy growth in secondary Rx market and continued to outperform the market by 300bps. It is looking to maintain the growth trajectory with new launches and ramp-up of 18 products introduced over last 12 months. EU & EM revenues at Rs. 8.2bn declined by 9% yoy. Cipla stated it's an aberration and shall resume the growth trajectory in ensuing quarters.

**Margins to strengthen on a reset base:** Cipla's 4Q EBITDAM were at 15.2% (-250bps qoq) on the account negligible contribution of gRevlimid & Lanreotide and dip in domestic revenues (seasonality). Silver lining was strong underlying Gross margin at 65.6% (+280bps qoq). We believe margins will strengthen to 20%/22.4% by FY27/28E backed by complex inhaler and peptide launches and contributing strong growth in its domestic and South Africa biz.

### Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY26A	2,81,139	59,249	41,972	48.0	27.6	3.1	17.9	12.8	13.2	21.1
FY27E	3,06,572	61,229	40,436	50.1	26.5	2.9	16.9	11.2	12.3	20.0
FY28E	3,54,845	79,614	54,520	67.6	19.6	2.6	12.7	13.8	16.0	22.4
FY29E	3,83,483	85,328	59,608	73.9	18.0	2.3	11.4	13.6	16.8	22.3

Source: Company, Equirus Securities

### Estimate Revision

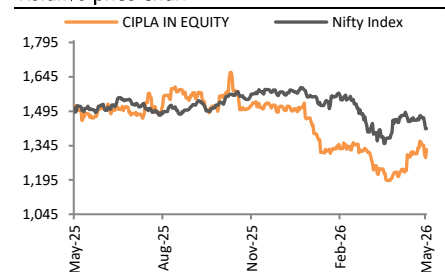
(Rs mn)	Forecasts		% Change	
	FY27E	FY28E	FY26E	FY27E
Sales	3,06,572	3,54,845	-4%	1%
EBITDA	61,229	79,614	-11%	4%
PAT	40,436	54,520	-19%	-4%
EPS	50.1	67.6	-19%	-4%

### Stock Information

Market Cap (Rs Mn)	10,72,412
52 Wk H/L (Rs)	1,673/1,166
Avg Daily Volume (1 yr)	17,39,138
Avg Daily Value (Rs Mn)	24.7
Equity Cap (Rs Mn)	3,11,935
Face Value (Rs)	2
Share Outstanding (Mn)	807.8
Bloomberg Code	CIPLA IN
Ind Benchmark	BSETHC

Ownership (%)	Recent	3M	12M
Promoters	29.2	0.0	0.0
DII	32.0	1.3	3.8
FII	22.6	(1.4)	(3.7)
Public	16.3	0.1	(0.1)

### Relative price chart



Source: Bloomberg

### Analysts

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## Exhibit 1: Quarterly performance

Particulars	4QFY26	4QFY26E	3QFY26	4QFY25	% Change			Comments
					4QFY26E	3QFY26	4QFY25	
<b>Net Sales</b>	<b>65,412</b>	<b>66,279</b>	<b>70,745</b>	<b>67,297</b>	<b>-1%</b>	<b>-8%</b>	<b>-3%</b>	
COGS	22,487	24,060	26,321	21,890	-7%	-15%	3%	
Employee expenses	14,143	13,564	13,250	12,331	4%	7%	15%	
Other Expenses	13,723	13,500	13,684	13,440	2%	0%	2%	
R&D	5,090	4,640	4,940	4,260	10%	3%	19%	
<b>Total Expenditures</b>	<b>55,442</b>	<b>55,763</b>	<b>58,194</b>	<b>51,921</b>	<b>-1%</b>	<b>-5%</b>	<b>7%</b>	
<b>EBITDA</b>	<b>9,970</b>	<b>10,516</b>	<b>12,551</b>	<b>15,376</b>	<b>-5%</b>	<b>-21%</b>	<b>-35%</b>	
Depreciation	3,829	2,986	2,784	3,087	28%	38%	24%	
<b>EBIT</b>	<b>6,141</b>	<b>7,530</b>	<b>9,767</b>	<b>12,289</b>	<b>-18%</b>	<b>-37%</b>	<b>-50%</b>	
Interest	131	84	140	140	57%	-6%	-6%	
Other Income	1,482	2,238	2,063	2,895	-34%	-28%	-49%	
<b>Profit before tax</b>	<b>7,491</b>	<b>9,684</b>	<b>11,690</b>	<b>15,043</b>	<b>-23%</b>	<b>-36%</b>	<b>-50%</b>	
Tax Expenses	1,570	2,421	2,186	2,793	-35%	-28%	-44%	
<b>Profit After tax</b>	<b>5,921</b>	<b>7,263</b>	<b>9,505</b>	<b>12,250</b>	<b>-18%</b>	<b>-38%</b>	<b>-52%</b>	
Minority Interest	-121	-16	-16	-77	683%	683%	58%	
Profit/(Loss) from Ass.	-76	-3	-3	-109	2352%	2352%	-30%	
<b>Recurring PAT</b>	<b>5,967</b>	<b>7,275</b>	<b>9,517</b>	<b>12,218</b>	<b>-18%</b>	<b>-37%</b>	<b>-51%</b>	
Extraordinaires	-420	0	-2,759	0	0%	0%	0%	
<b>PAT after comp. inc.</b>	<b>5,546</b>	<b>7,275</b>	<b>6,758</b>	<b>12,218</b>	<b>-24%</b>	<b>-18%</b>	<b>-55%</b>	
EPS (Rs)	7.4	9.0	11.8	15.1	-18%	-37%	-51%	
<b>Cost items as % of sales</b>								
RM expenses	34.4%	36.3%	37.2%	32.5%	-192 bps	-283 bps	185 bps	
Employee expenses	21.6%	20.5%	18.7%	18.3%	116 bps	289 bps	330 bps	
Other expenses	21.0%	20.4%	19.3%	20.0%	61 bps	164 bps	101 bps	
<b>Margin (%)</b>								
Gross Margin	65.6%	63.7%	62.8%	67.5%	192 bps	283 bps	-185 bps	
EBITDA Margin	15.2%	15.9%	17.7%	22.8%	-62 bps	-250 bps	-761 bps	
PAT Margin	8.5%	11.0%	9.6%	18.2%	-250 bps	-107 bps	-968 bps	

Source: Company, Equirus Securities

## Concall Highlights

### US Business

- Albuterol market share at 19.6% MAT March '26; stable at ~19–20% range; supply-constrained, not demand-constrained.
- gVentolin (Albuterol HFA, AB-rated, first from US facility) received approval — will launch in Q1 FY27. Six-month CGT exclusivity. Ramp-up expected in H2 FY27. No cannibalization with existing Albuterol franchise as these are distinct NDCs.
- 3 more respiratory approvals expected in FY27: gAdvair (PAI completed), gSymbicort, and one other.
- One peptide asset approval also expected — categorized as a large opportunity.
- Lanreotide: supply partner under remediation with FDA re-inspection pending. Parallel track: alternate US-based CMO being pursued; target to file by Q4 FY27 / early CY2027. Not factored into any guidance. FY28 is realistic re-entry.
- Nintedanib and Dapagliflozin also launched during the year; not individually large.
- Near-term launches have steady-tail characteristics (like Albuterol/Lanreotide pre-disruption) rather than cliff-type erosion. Competition entry leads to volume offset, not sharp revenue drop.
- US\$1 billion exit run rate targeted by end of FY27 — not a FY27 annual revenue guidance. Two–three large products (US\$100 mn+ each annualized) and two–three medium-sized products form the bridge from current ~US\$620 mn quarterly run rate.
- Indore facility under remediation; prospective filings being shifted to Goa and US sites.
- Pipeline: ~40–50 products to be filed over next three years, including 12 first-to-files and 8 Para IV/B2 opportunities. Four additional respiratory assets to be filed in 24 months. Two green-propellant respiratory assets also being filed.
- Peptides: 8 filed, launches between FY27–28; 3 more to be filed in 12–24 months.
- Oligonucleotides: in pipeline; higher R&D spend per filing driving up blended R&D cost.
- EU FTA: no meaningful benefit on device sourcing; respiratory devices for EU already manufactured in-house.
- **Biosimilars:** JV with Kemwell; initial pipeline in respiratory and oncology; two assets under development (one in IND clinical trial). Plan to add 1–2 assets per year to build 6–8 in-house over 5–8 years.

### India

- All three segments — Branded Prescription, Trade Generics, Consumer Health — delivered double-digit growth in Q3 and Q4.
- Branded Rx: FY26 had a muted Q1 due to seasonality; chronic therapies (respiratory, anti-diabetes, cardiac, urology) delivered strong double-digit growth in H2.
- Chronic mix at 60% as per IQVIA MAT March '26.
- Foracort crossed Rs. 1,000 crore revenue; Dytor at Rs. 650 crore, up 25% YoY.
- 33 brands with revenues >Rs. 100 crore (four added in FY26); 23 brands in IPM top-300.
- Key launches in FY26: Foracort G Synchrobreathe, Ciphaler, Voltido Trio (triple combo); ZEMDRI, Cipenmet, Esblocip (AMR); XTIKTR (urology — non-antibiotic UTI management); Empagliflozin (SGLT2); Pirfesca (scar management).
- Partnership with Eli Lilly for Yurpeak (obesity, GLP-1); Afrezza (inhaled insulin, MannKind); Pfizer in-licensed brands.
- Acquisition of Inzpera Healthsciences (pediatric and wellness).
- Trade Generics: double-digit growth; 70 new launches planned in FY27.

- Consumer Health: Nicotex, Omnigel, Cipladine all #1 in respective segments; operating profitability improving.
- FY27 expectation: double-digit growth, outperform IPM. Low acute-season base of FY26 provides tailwind. Chronic diversification reduces seasonal dependency.
- India M&A: large acquisitions difficult due to #1 volume/overlap constraints; focus on in-licensing and bolt-ons.

### South Africa

- Q4 growth: 14% YoY; full year: 7% YoY in USD.
- Private market secondary growth at 6.6% vs. market at 4.8%.
- FY27 priority: improve private market mix and reduce tender contribution.

### Europe, Emerging & ROW

- EMEU Business crossed US\$400 mn milestone in FY26 despite significant geopolitical volatility (war disruption).
- Growth driven by DTM and B2B categories; consistent margin stability.
- Internal pipeline assets contributing.
- FY27 priority: deepen penetration in core markets and drive top-line growth while maintaining margins.
- Some input cost impact flowing through due to geopolitical/war situation — hitting COGS as old inventory gets consumed into H2. Seen as temporary; being monitored.

### Guidance

- FY27 EBITDA margin guidance: 18.5% to 20% (excl. other income). H1 to be below average; H2 to be above average — sequential improvement through the year.
- Guidance excludes any Lanreotide contribution.
- FY28 trajectory: management guidance toward 20%+ EBITDA sustainably.
- US: exit run rate of US\$1 billion by end of FY27 (not annual revenue target).
- India: double-digit, market-beating growth in FY27–FY28.
- R&D spend guidance: ~7% of revenue (FY26 was 7%). Mix shifting toward complex/respiratory/oligonucleotide; higher cost per filing.
- CapEx cycle: another ~1 year remaining of elevated spend; then declines.

## Company Snapshot

### How we differ from consensus

		Equirus	Consensus	% Diff	Comments
EPS	FY27E	50	55	-9%	
	FY28E	68	65	4%	
Sales	FY27E	3,06,572	3,08,661	-1%	
	FY28E	3,54,845	3,40,608	4%	
PAT	FY27E	40,436	63,572	-36%	
	FY28E	54,520	74,497	-27%	

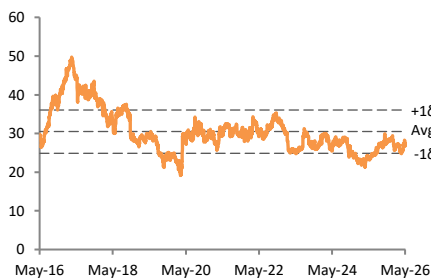
### Key Estimates

Key Assumptions	FY24	FY25	FY26	FY27E	FY28E	FY29E
Domestic Formulations	1,08,650	1,16,140	1,26,800	1,42,016	1,57,638	1,74,978
North America	75,000	78,980	68,710	71,831	97,721	1,02,156
South Africa	24,270	29,320	33,640	36,679	39,613	42,386
ROW	43,400	45,350	47,890	51,242	54,829	58,667
API	5,800	5,660	4,575	4,804	5,044	5,296

Comparable valuation

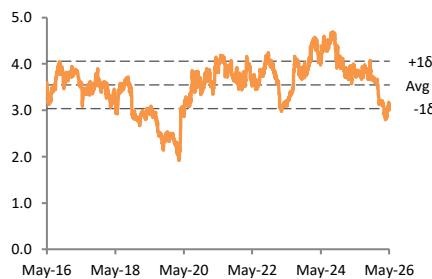
Company	Reco.	CMP	Mkt Cap Rs. bn.	Price Target	Target Date	P/E			EV/EBITDA			ROE			ROIC			Div Yield
						FY26A	FY27E	FY28E	FY26A	FY27E	FY28E	FY26A	FY27E	FY28E	FY26A	FY27E	FY28E	
Ajanta Pharma	REDUCE	3,123	341	2,615	Mar-27	37	33	28	22	20	17	25%	24%	24%	24%	22%	23%	1%
Alembic Pharma	LONG	768	157	1,001	Mar-27	22	18	15	14	12	10	13%	14%	15%	12%	13%	14%	2%
Aurobindo Pharma	ADD	1,498	678	1,241	Mar-27	23	20	17	9	8	7	11%	11%	11%	9%	10%	10%	0%
Zydus Lifesciences	REDUCE	939	906	892	Mar-27	19	22	24	13	13	14	19%	14%	12%	14%	12%	11%	1%
<b>Cipla Limited</b>	<b>LONG</b>	<b>1,328</b>	<b>1,170</b>	<b>1,555</b>	<b>Mar-27</b>	<b>28</b>	<b>27</b>	<b>20</b>	<b>18</b>	<b>17</b>	<b>13</b>	<b>13%</b>	<b>11%</b>	<b>14%</b>	<b>13%</b>	<b>11%</b>	<b>14%</b>	<b>1%</b>
Divi's Labs	REDUCE	6,796	1,709	6,392	Mar-27	67	61	50	49	41	34	16%	16%	18%	16%	16%	17%	1%
Dr Reddy's	SHORT	1,265	992	1,091	Mar-27	28	32	28	16	16	15	11%	9%	9%	10%	8%	9%	4%
Gland Pharma	ADD	1,844	283	2,103	Dec-26	31	29	25	17	15	13	10%	10%	11%	9%	9%	10%	1%
IPCA Labs	LONG	1,506	383	1,658	Mar-27	36	32	24	19	17	14	15%	14%	16%	11%	12%	14%	1%
Lupin Limited	SHORT	2,216	995	2,065	Mar-27	16	24	31	13	14	16	30%	19%	13%	23%	15%	11%	1%
Natco Pharma	SHORT	1,172	156	715	Sep-26	16	41	36	9	23	19	15%	5%	6%	15%	5%	6%	1%
Sun Pharma	LONG	1,825	4,148	1,961	Mar-27	36	30	25	23	19	16	16%	16%	18%	16%	16%	17%	1%
Senores Phrama	LONG	974	37	972	Mar-27	36	28	23	19	15	12	14%	15%	16%	11%	13%	13%	0%
Torrent Pharma	LONG	4,325	1,334	4,518	Mar-27	61	46	38	31	26	22	30%	34%	34%	21%	26%	28%	1%
Alkem Laboratories	LONG	5,463	701	6,913	Mar-27	24	24	21	21	18	16	21%	18%	19%	18%	16%	17%	2%

Price to earning chart



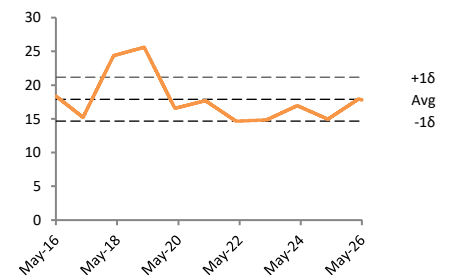
Source: Company, Equirus Research

Price to book chart



Source: Company, Equirus Research

EV-EBITDA chart



Source: Company, Equirus Research

## Quarterly performance

Y/E Mar (Rs mn)	1QFY26A	2QFY26A	3QFY26A	4QFY26A	1QFY27E	2QFY27E	3QFY27E	4QFY27E
<b>Revenue</b>	<b>69,575</b>	<b>75,894</b>	<b>70,745</b>	<b>65,412</b>	<b>70,915</b>	<b>77,710</b>	<b>80,367</b>	<b>77,580</b>
COGS	21,707	24,976	26,321	22,487	24,797	27,178	27,909	26,672
Employee Cost	13,123	13,148	13,250	14,143	14,567	14,594	14,707	15,698
Other Expenses	16,963	18,823	18,624	18,813	18,619	19,947	20,404	20,251
<b>EBITDA</b>	<b>17,781</b>	<b>18,948</b>	<b>12,551</b>	<b>9,970</b>	<b>12,933</b>	<b>15,991</b>	<b>17,347</b>	<b>14,958</b>
Depreciation	2,527	2,970	2,784	3,829	3,435	3,435	3,435	3,435
<b>EBIT</b>	<b>15,254</b>	<b>15,978</b>	<b>9,767</b>	<b>6,141</b>	<b>9,498</b>	<b>12,556</b>	<b>13,912</b>	<b>11,522</b>
Interest Exp.	141	132	140	131	235	235	235	235
Other Income	2,586	2,690	2,063	1,482	1,781	1,781	1,781	1,781
<b>Profit before Tax</b>	<b>17,699</b>	<b>18,535</b>	<b>11,690</b>	<b>7,491</b>	<b>11,044</b>	<b>14,102</b>	<b>15,459</b>	<b>13,069</b>
Tax Expenses	4,779	5,005	2,186	1,570	2,761	3,526	3,865	3,267
<b>Profit After Tax</b>	<b>12,921</b>	<b>13,531</b>	<b>9,505</b>	<b>5,921</b>	<b>8,283</b>	<b>10,577</b>	<b>11,594</b>	<b>9,802</b>
Minority Interest	(60)	22	(16)	(121)	(121)	(121)	(121)	(121)
Profit/(Loss) from Associates	(4)	3	(3)	(76)	(76)	(76)	(76)	(76)
<b>Recurring PAT</b>	<b>12,976</b>	<b>13,512</b>	<b>9,517</b>	<b>5,967</b>	<b>8,328</b>	<b>10,622</b>	<b>11,639</b>	<b>9,847</b>
Exceptional Items	0	0	(2,759)	(420)	0	0	0	0
<b>Reported PAT</b>	<b>12,976</b>	<b>13,512</b>	<b>6,758</b>	<b>5,546</b>	<b>8,328</b>	<b>10,622</b>	<b>11,639</b>	<b>9,847</b>
Other comprehensive income.	0	0	0	0	0	0	0	0
<b>PAT after comp. income.</b>	<b>12,976</b>	<b>13,512</b>	<b>6,758</b>	<b>5,546</b>	<b>8,328</b>	<b>10,622</b>	<b>11,639</b>	<b>9,847</b>
<b>FDEPS</b>	<b>16.1</b>	<b>16.7</b>	<b>8.4</b>	<b>6.9</b>	<b>10.3</b>	<b>13.2</b>	<b>14.4</b>	<b>12.2</b>
<b>Cost items as % of sales</b>								
RM expenses	31.2	32.9	37.2	34.4	35.0	35.0	34.7	34.4
Employee expenses	18.9	17.3	18.7	21.6	20.5	18.8	18.3	20.2
Other expenses	24.4	24.8	26.3	28.8	26.3	25.7	25.4	26.1
<b>Margin (%)</b>								
Gross Margin	68.8	67.1	62.8	65.6	65.0	65.0	65.3	65.6
EBITDA Margin	25.6	25.0	17.7	15.2	18.2	20.6	21.6	19.3
PAT Margin	18.7	17.8	9.6	8.5	11.7	13.7	14.5	12.7
<b>YoY Growth (%)</b>								
Sales	3.9	7.6	0.0	(2.8)	1.9	2.4	13.6	18.6
EBITDA	3.6	0.5	(36.9)	(35.2)	(27.3)	(15.6)	38.2	50.0
EBIT	3.8	(1.0)	(42.9)	(50.0)	(37.7)	(21.4)	42.4	87.6
PAT	10.2	3.7	(57.0)	(54.6)	(35.8)	(21.4)	72.2	77.5

## Key Financials (Consolidated)

## Income Statement

Y/E Mar (Rs mn)	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Revenue</b>	<b>2,27,531</b>	<b>2,57,737</b>	<b>2,75,476</b>	<b>2,81,139</b>	<b>3,06,572</b>	<b>3,54,845</b>	<b>3,83,483</b>
COGS	82,523	88,196	89,290	95,004	1,06,556	1,21,892	1,31,869
Employee Cost	38,301	43,100	48,328	53,663	59,566	66,119	72,069
Other Expenses	56,438	63,534	66,579	73,222	79,221	87,221	94,216
<b>EBITDA</b>	<b>50,270</b>	<b>62,907</b>	<b>71,279</b>	<b>59,249</b>	<b>61,229</b>	<b>79,614</b>	<b>85,328</b>
Depreciation	11,721	10,510	11,070	12,110	13,741	14,401	15,061
<b>EBIT</b>	<b>38,549</b>	<b>52,397</b>	<b>60,210</b>	<b>47,139</b>	<b>47,488</b>	<b>65,213</b>	<b>70,267</b>
Interest Exp.	1,095	899	620	544	939	939	939
Other Income	4,755	7,466	8,619	8,820	7,124	8,177	9,907
<b>Profit before Tax</b>	<b>42,208</b>	<b>58,963</b>	<b>68,208</b>	<b>55,416</b>	<b>53,674</b>	<b>72,451</b>	<b>79,235</b>
Tax Expenses	12,029	15,466	15,298	13,538	13,418	18,113	19,809
<b>Profit After Tax</b>	<b>30,180</b>	<b>43,498</b>	<b>52,911</b>	<b>41,877</b>	<b>40,255</b>	<b>54,338</b>	<b>59,427</b>
Minority Interest	310	322	(33)	(175)	(485)	(485)	(485)
Profit/(Loss) from Associates	(26)	(16)	(219)	(81)	(304)	(304)	(304)
<b>Recurring PAT</b>	<b>29,844</b>	<b>43,160</b>	<b>52,725</b>	<b>41,972</b>	<b>40,436</b>	<b>54,520</b>	<b>59,608</b>
Exceptional Items	(1,824)	(1,948)	0	(3,179)	0	0	0
<b>Reported PAT</b>	<b>28,020</b>	<b>41,212</b>	<b>52,725</b>	<b>38,792</b>	<b>40,436</b>	<b>54,520</b>	<b>59,608</b>
Other comprehensive income.	0	0	0	0	0	0	0
<b>PAT after comp. income.</b>	<b>28,020</b>	<b>41,212</b>	<b>52,725</b>	<b>38,792</b>	<b>40,436</b>	<b>54,520</b>	<b>59,608</b>
FDEPS	34.7	51.0	65.3	48.0	50.1	67.6	73.9
DPS	8	13	13	13	13	17	18
BVPS	290	331	386	426	465	515	571

YoY Growth (%)	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Sales	4.5	13.3	6.9	2.1	9.0	15.7	8.1
EBITDA	6.0	25.1	13.3	(16.9)	3.3	30.0	7.2
EBIT	4.4	35.9	14.9	(21.7)	0.7	37.3	7.8
PAT	11.3	47.1	27.9	(26.4)	4.2	34.8	9.3

## Key Ratios

Profitability (%)	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Gross Margin	63.7	65.8	67.6	66.2	65.2	65.6	65.6
EBITDA Margin	22.1	24.4	25.9	21.1	20.0	22.4	22.3
PAT Margin	12.3	16.0	19.1	13.8	13.2	15.4	15.5
ROE	13.5	17.2	18.2	12.8	11.2	13.8	13.6
ROIC	12.9	16.7	17.8	12.5	11.1	13.6	13.4
Core ROIC	14.4	17.9	18.7	13.2	12.3	16.0	16.8
Dividend Payout	24.5	25.5	19.9	27.1	25.0	25.0	25.0

CAGR (%)	1 year	2 years	3 years	5 years	7 years	10 years
Revenue	2.1	4.4	7.3	8.0	8.0	7.5
EBITDA	(16.9)	(3.0)	5.6	6.9	9.7	9.0
PAT	(26.4)	(3.0)	11.5	10.0	14.3	9.9

Valuation (x)	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
P/E	38.3	26.0	20.3	27.6	26.5	19.6	18.0
P/B	4.6	4.0	3.4	3.1	2.9	2.6	2.3
P/FCFF	49.2	37.2	30.4	63.3	27.5	28.2	20.7
EV/EBITDA	14.8	17.0	15.0	17.9	16.9	12.7	11.4
EV/Sales	3.3	4.1	3.9	3.8	3.4	2.8	2.5
Dividend Yield (%)	0.6	1.0	1.0	1.0	0.9	1.3	1.4

**Balance Sheet**

Y/E Mar (Rs mn)	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Equity Capital	1,614	1,615	1,615	1,616	1,616	1,616	1,616
Reserves	2,32,464	2,65,450	3,10,319	3,42,704	3,73,031	4,13,921	4,58,627
<b>Net Worth</b>	<b>2,34,078</b>	<b>2,67,064</b>	<b>3,11,934</b>	<b>3,44,320</b>	<b>3,74,647</b>	<b>4,15,536</b>	<b>4,60,242</b>
Total Debt	5,204	2,470	921	2,580	2,580	2,580	2,580
Other long term liabilities	6,401	6,697	6,019	8,447	8,447	8,447	8,447
Minority Interest	3,058	959	958	883	398	(88)	(573)
Account Payables	24,571	24,740	28,375	32,299	33,597	38,887	42,026
Other Current Liabilities	21,323	25,248	25,664	36,432	36,432	36,432	36,432
<b>Total Liabilities</b>	<b>2,94,633</b>	<b>3,27,178</b>	<b>3,73,870</b>	<b>4,24,960</b>	<b>4,56,100</b>	<b>5,01,795</b>	<b>5,49,154</b>
Gross Fixed Assets	2,08,351	2,22,790	2,37,875	2,75,377	2,87,377	2,99,377	3,11,377
Acc. Depreciation	1,17,344	1,27,854	1,38,924	1,51,034	1,64,774	1,79,175	1,94,236
Net Fixed Assets	91,007	94,936	98,951	1,24,344	1,22,603	1,20,202	1,17,141
Capital WIP	10,933	11,527	15,663	20,422	20,422	20,422	20,422
long term investments	6,324	7,558	7,508	5,440	5,440	5,440	5,440
Others	13,620	18,573	18,538	33,256	33,256	33,256	33,256
Inventory	51,564	52,380	56,421	65,967	68,127	78,854	85,218
Receivables	40,570	47,707	55,064	56,201	62,994	72,913	78,798
Loans and advances	0	170	325	28	29	30	32
Other current assets	64,969	85,578	1,13,402	1,06,228	1,02,342	1,06,365	1,08,751
Cash & Cash Equivalents.	15,646	8,750	7,998	13,074	40,887	64,311	1,00,095
<b>Total Assets</b>	<b>2,94,633</b>	<b>3,27,178</b>	<b>3,73,870</b>	<b>4,24,960</b>	<b>4,56,100</b>	<b>5,01,795</b>	<b>5,49,154</b>
Non-Cash WC	1,11,210	1,35,847	1,71,174	1,59,693	1,63,463	1,82,844	1,94,342
Cash Conv. Cycle	182.6	175.6	181.9	190.8	187.8	181.4	187.3
WC Turnover	2.0	1.9	1.6	1.8	1.9	1.9	2.0
Gross Asset Turnover	1.1	1.2	1.2	1.0	1.1	1.2	1.2
Net Asset Turnover	2.2	2.4	2.4	1.9	2.1	2.5	2.8
Net D/E	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.2)

Days (x)	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Receivable Days	60	63	68	72	71	70	72
Inventory Days	232	215	222	235	230	220	227
Payable Days	110	102	109	117	113	109	112
Non-cash WC days	178	192	227	207	195	188	185

**Cash Flow**

Y/E Mar (Rs mn)	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Profit Before Tax	42,208	58,963	68,208	55,416	53,674	72,451	79,235
Depreciation	11,721	10,510	11,070	12,110	13,741	14,401	15,061
Others	(3,930)	(4,608)	(7,276)	3,179	0	0	0
Tax paid	(12,029)	(15,466)	(15,298)	(13,538)	(13,418)	(18,113)	(19,809)
Change in WC	(5,594)	(8,061)	(6,655)	11,481	(3,770)	(19,381)	(11,498)
<b>Operating Cashflow</b>	<b>32,377</b>	<b>41,339</b>	<b>50,050</b>	<b>68,647</b>	<b>50,226</b>	<b>49,359</b>	<b>62,989</b>
Capex	(11,355)	(13,151)	(15,234)	(52,138)	(12,000)	(12,000)	(12,000)
Change in Invest.	(9,130)	(14,073)	(23,310)	2,068	0	0	0
Others	(3,400)	(2,656)	1,632	(4,842)	0	0	0
<b>Investing Cashflow</b>	<b>(23,885)</b>	<b>(29,880)</b>	<b>(36,911)</b>	<b>(54,912)</b>	<b>(12,000)</b>	<b>(12,000)</b>	<b>(12,000)</b>
Change in Debt	(3,519)	(3,725)	(952)	1,659	0	0	0
Change in Equity	1	0	1	4,095	0	0	0
Others	(6,065)	(8,280)	(11,976)	(16,841)	(10,413)	(13,934)	(15,206)
<b>Financing Cashflow</b>	<b>(9,583)</b>	<b>(12,004)</b>	<b>(12,928)</b>	<b>(11,087)</b>	<b>(10,413)</b>	<b>(13,934)</b>	<b>(15,206)</b>
<b>Net Change in Cash</b>	<b>(1,092)</b>	<b>(546)</b>	<b>211</b>	<b>2,648</b>	<b>27,812</b>	<b>23,425</b>	<b>35,783</b>

Source: Company, Equirus Research



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