

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

| | |
|-----------------------|---------------|
| Bloomberg | CIPLA IN |
| Equity Shares (m) | 808 |
| M.Cap.(INRb)/(USDb) | 1237.9 / 14.3 |
| 52-Week Range (INR) | 1699 / 1307 |
| 1, 6, 12 Rel. Per (%) | 4/2/2 |
| 12M Avg Val (INR m) | 2767 |

Financials & Valuations (INR b)

| Y/E MARCH | FY25 | FY26E | FY27E |
|----------------------|-------|-------|-------|
| Sales | 275.5 | 285.6 | 313.3 |
| EBITDA | 71.3 | 69.2 | 75.8 |
| Adj. PAT | 50.7 | 49.8 | 53.1 |
| EBIT Margin (%) | 21.9 | 20.1 | 20.0 |
| Cons. Adj. EPS (INR) | 62.8 | 61.8 | 65.8 |
| EPS Gr. (%) | 19.6 | -1.6 | 6.6 |
| BV/Sh. (INR) | 386.5 | 444.1 | 504.0 |

Ratios

| | | | |
|------------|------|------|------|
| Net D:E | 0.0 | -0.1 | -0.2 |
| RoE (%) | 16.2 | 13.9 | 13.1 |
| RoCE (%) | 18.3 | 15.0 | 14.1 |
| Payout (%) | 9.2 | 9.7 | 9.1 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 24.4 | 24.8 | 23.3 |
| EV/EBITDA (x) | 17.1 | 17.1 | 15.3 |
| Div. Yield (%) | 0.3 | 0.3 | 0.3 |
| FCF Yield (%) | 2.6 | 3.3 | 2.3 |
| EV/Sales (x) | 4.4 | 4.1 | 3.7 |

Shareholding pattern (%)

| As On | Jun-25 | Mar-25 | Jun-24 |
|----------|--------|--------|--------|
| Promoter | 29.1 | 29.1 | 30.9 |
| DII | 29.2 | 28.1 | 24.9 |
| FII | 25.4 | 26.4 | 27.9 |
| Others | 16.3 | 16.3 | 16.3 |

FII Includes depository receipts

CMP: INR1,533 **TP: INR1,580 (+3%)** **Neutral**

Product mix/cost control drives earnings beat

Stable earnings as pipeline scale-up offsets g-Revlimid erosion

- Cipla delivered revenue in line with estimates for 1QFY26. There was a 9%/7.5% beat on EBITDA/PAT for the quarter, led by an improved product mix and controlled opex.
- YoY growth in North America (NA) sales decelerated for the third consecutive quarter due to rising competition in g-Revlimid. However, new launches (g-Abraxane/Nilotinib) and the scale-up of g-Lanreotide contributed to incremental sales during the quarter.
- In One-India, consumer health and trade generics posted healthy YoY growth during the quarter. However, muted YoY growth in the prescription (Rx) segment impacted the overall India business performance.
- Cipla sustained its industry outperformance in the One-Africa business during the quarter, led by a scale-up in key therapies, tender wins, and new launches.
- Cipla's first biosimilar is set to launch soon in the US market, with the company implementing an in-licensing strategy in this segment over the medium term.
- We largely maintain our estimates for FY26/FY27. We value Cipla at 24x 12M forward earnings to arrive at a TP of INR1,580. We expect stable earnings over FY25-27. The reduced business contribution from g-Revlimid is expected to be offset by incremental gains from Cipla's product pipeline in the NA market. Cipla is also focusing on adding differentiated products to its Rx portfolio in India while improving its outlook in the consumer health segment.
- Given the gestation period required to translate these efforts into commercial success across key markets of NA/India, we reiterate our Neutral stance on the stock.

Modest revenue growth; cost pressures offset gross margin gains

- Cipla's 1QFY26 revenue increased 4% YoY to INR69.5b (in line).
- DF sales (44% of sales) grew 6% YoY to INR30.7b. SAGA sales (13% of sales) grew 25% YoY to INR8.7b.
- EM sales (12% of sales) were steady YoY at INR8.6b. API sales (1% of sales) grew 4% YoY to INR1b.
- US sales (28% of sales) declined 7% YoY to INR19b (USD226m, down 10% in CC terms).
- Gross margin expanded 160bp YoY to 68.8% (our est: 66.7%).
- However, EBITDA margin was stable YoY at 25.6% (our est: 25.4%), as gains from improved gross profit were offset by higher employee/R&D expenses (up 100bp/90bp YoY as a % of sales).
- EBITDA increased 4% YoY to INR17.8b (above our est. INR16.3b).
- PAT grew 10% YoY to INR13b (our est: INR12b).
- R&D spending for the quarter stood at INR4.2b (6.3% of sales).
- Net cash at the end of Jun'25 was INR108b.

Highlights from the management commentary

- Cipla maintained its EBITDA margin guidance of 23.5-24.5% for FY26.
- G-Revlimid sales in 1Q were similar to 4QFY25. In the short- to medium-term, the loss of business from g-Revlimid is expected to be more than offset by new product launches.
- Cipla aims to achieve revenue of USD1b in FY27.
- While YoY growth in the Rx segment in India was muted in 1QFY26, Cipla remains confident of delivering stronger growth over the next three quarters.
- Cipla recorded sales of g-Abraxane and Nilotinib for part of 1QFY26, with their full-scale launches expected soon.
- Cipla is not part of the first wave of sema launches in Canada.

Quarterly Performance (Consolidated)

(INRb)

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | Est. 1QE | % Var |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | | |
| Net Revenues | 66.9 | 70.5 | 70.7 | 67.3 | 69.6 | 73.6 | 71.8 | 70.6 | 275.5 | 285.6 | 69.3 | 0.3 |
| YoY Change (%) | 5.8 | 5.6 | 7.1 | 9.2 | 3.9 | 4.4 | 1.4 | 5.0 | 6.9 | 3.7 | 3.6 | |
| Total Expenditure | 49.8 | 51.7 | 50.8 | 51.9 | 51.8 | 55.3 | 55.4 | 53.9 | 204.2 | 216.4 | 53.0 | |
| EBITDA | 17.2 | 18.9 | 19.9 | 15.4 | 17.8 | 18.3 | 16.4 | 16.7 | 71.3 | 69.2 | 16.3 | 9.1 |
| YoY Change (%) | 14.9 | 8.8 | 13.8 | 16.9 | 3.6 | -2.7 | -17.7 | 8.9 | 13.3 | -2.9 | -5.0 | |
| Margins (%) | 25.6 | 26.7 | 28.1 | 22.8 | 25.6 | 24.9 | 22.8 | 23.7 | 25.9 | 24.2 | 23.5 | |
| Depreciation | 2.5 | 2.7 | 2.8 | 3.1 | 2.5 | 3.2 | 3.1 | 3.0 | 11.1 | 11.8 | 3.0 | |
| EBIT | 14.7 | 16.1 | 17.1 | 12.3 | 15.3 | 15.2 | 13.3 | 13.7 | 60.2 | 57.4 | 13.3 | |
| YoY Change (%) | 17.1 | 8.5 | 12.9 | 19.6 | 3.8 | -6.0 | -22.4 | 11.5 | 14.0 | -4.7 | -9.3 | |
| Margins (%) | 21.9 | 22.9 | 24.2 | 18.3 | 21.9 | 20.6 | 18.5 | 19.4 | 21.9 | 20.1 | 19.2 | |
| Interest | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.6 | 0.5 | 0.1 | |
| Other Income | 1.6 | 1.9 | 1.5 | 2.9 | 2.6 | 2.3 | 2.3 | 2.4 | 7.9 | 9.5 | 1.8 | |
| Profit before Tax | 16.1 | 17.9 | 18.5 | 15.0 | 17.7 | 17.3 | 15.5 | 16.0 | 67.5 | 66.5 | 14.9 | |
| One-time (expense)/income | 0.0 | 0.0 | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.7 | 0.0 | 0.0 | |
| PBT after EO expense | 16.1 | 17.9 | 19.2 | 15.0 | 17.7 | 17.3 | 15.5 | 16.0 | 68.2 | 66.5 | 14.9 | 18.5 |
| Tax | 4.4 | 4.8 | 3.3 | 2.8 | 4.8 | 4.2 | 3.9 | 4.1 | 15.3 | 16.9 | 2.8 | |
| Rate (%) | 27.0 | 27.0 | 18.0 | 18.6 | 27.0 | 24.0 | 25.0 | 25.5 | 22.7 | 25.4 | 19.0 | |
| Minority Interest | 0.0 | 0.0 | 0.1 | 0.0 | -0.1 | 0.0 | -0.1 | -0.1 | 0.2 | -0.3 | 0.0 | |
| Reported PAT | 11.8 | 13.0 | 15.7 | 12.2 | 13.0 | 13.2 | 11.7 | 12.1 | 52.7 | 49.8 | 12.1 | 7.5 |
| Adj PAT | 11.8 | 13.0 | 13.6 | 12.2 | 13.0 | 13.2 | 11.7 | 12.1 | 50.7 | 49.8 | 12.1 | 7.5 |
| YoY Change (%) | 18.3 | 10.9 | 14.0 | 40.6 | 10.2 | 1.0 | -14.6 | -1.3 | 19.6 | -1.6 | 2.5 | |

E: MOFSL Estimates

Key performance Indicators (Consolidated)

(INR b)

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | Est. FY26 |
|--------------------------|-------|------|------|------|-------|------|-------|------|-------|-------|-----------|
| INRm | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | 1QE |
| Domestic formulation | 29.0 | 29.5 | 31.5 | 26.2 | 30.7 | 32.1 | 33.7 | 28.6 | 116.1 | 125.1 | 26.3 |
| YoY Change (%) | 4.5 | 4.7 | 10.0 | 8.5 | 5.9 | 9.0 | 7.0 | 9.0 | 6.9 | 7.7 | 9.0 |
| North America | 20.9 | 19.9 | 19.1 | 19.2 | 19.3 | 17.9 | 15.6 | 18.1 | 79.0 | 71.1 | 18.4 |
| YoY Change (%) | 14.5 | 5.2 | -0.5 | 2.3 | -7.4 | -9.7 | -17.9 | -5.4 | 5.3 | -10.0 | -1.8 |
| South Africa | 7.0 | 10.7 | 9.8 | 10.2 | 8.7 | 12.0 | 10.8 | 11.4 | 37.6 | 42.9 | 9.3 |
| YoY Change (%) | -7.1 | 7.6 | 18.0 | 20.3 | 25.3 | 12.0 | 11.0 | 12.0 | 22.9 | 14.2 | 22.4 |
| Emerging market | 8.5 | 8.1 | 8.2 | 9.0 | 8.6 | 9.2 | 9.2 | 10.0 | 33.7 | 37.0 | 8.6 |
| YoY Change (%) | 9.0 | 9.8 | 10.5 | 20.6 | 1.4 | 14.6 | 11.4 | 11.3 | 9.3 | 9.6 | 3.9 |
| API | 1.0 | 1.6 | 1.3 | 1.8 | 1.0 | 1.5 | 1.6 | 1.7 | 5.7 | 5.8 | 1.4 |
| YoY Change (%) | -27.9 | 8.8 | 18.0 | -3.7 | 4.1 | -5.0 | 25.0 | -9.0 | -2.6 | 2.0 | -26.5 |
| Cost Break-up | | | | | | | | | | | |
| RM Cost (% of Sales) | 32.8 | 32.4 | 32.0 | 32.5 | 31.2 | 33.2 | 34.5 | 34.0 | 32.4 | 33.2 | 33.3 |
| Staff Cost (% of Sales) | 17.8 | 17.1 | 16.9 | 18.3 | 18.9 | 17.8 | 18.1 | 18.2 | 17.5 | 18.2 | 17.3 |
| R&D Expenses(% of Sales) | 5.3 | 5.5 | 5.1 | 6.3 | 6.2 | 6.1 | 5.8 | 5.7 | 5.3 | 6.3 | 5.4 |
| Other Cost (% of Sales) | 18.5 | 18.3 | 17.8 | 20.0 | 18.2 | 18.0 | 18.0 | 18.8 | 18.6 | 18.3 | 18.6 |
| Gross Margins(%) | 67.2 | 67.6 | 68.0 | 67.5 | 68.8 | 66.8 | 65.5 | 66.0 | 67.6 | 66.8 | 66.7 |
| EBITDA Margins(%) | 25.6 | 26.7 | 28.1 | 22.8 | 25.6 | 24.9 | 22.8 | 23.7 | 25.9 | 24.2 | 25.4 |
| EBIT Margins(%) | 21.9 | 22.9 | 24.2 | 18.3 | 21.9 | 20.6 | 18.5 | 19.4 | 21.9 | 20.1 | 21.3 |

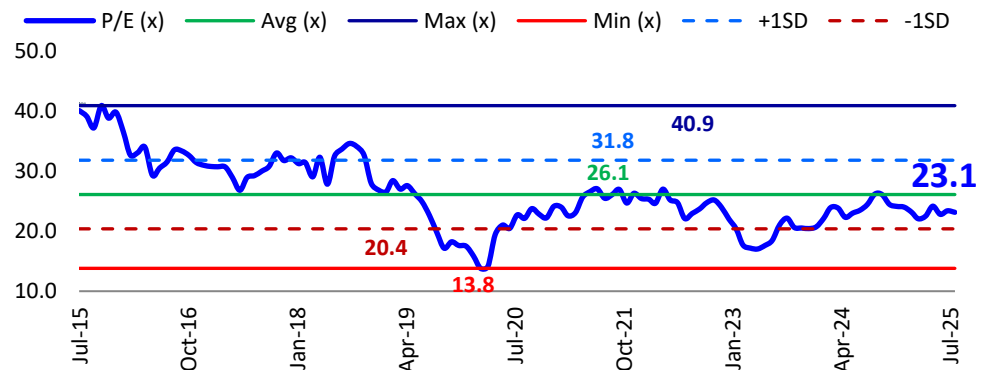
E: MOFSL Estimates



Highlights from the management commentary

- G-Lanereotide sales have already matched the average quarterly sales prior to disruption in this product.
- Given Cipla's already established institutional channel, it will be able to market biosimilar filgrastim effectively. The company intends to enhance the pipeline through in-licensing, while its own biosimilar products are expected to be launched in FY29-30. Cipla plans to invest USD100m in the biosimilar segment over the next 2-3 years.
- Cipla witnessed healthy growth in the consumer health segment. Further investment into products and channels would improve growth momentum in this segment.
- Cipla's portfolio includes products such as a triple combination in respiratory segment, positioning it to outperform the industry over medium term.
- Cipla holds a share of 61.5% in the chronic segment of India's Rx market.
- One-India will benefit from PLI as well as export incentives in the quarter.
- For g-Abraxane, there are currently two authorized generics (AGs), one ANDA-approved player, and one 505b2-approved player. Cipla remains confident of securing a reasonable share in this product.
- Net cash at the end of 1QFY26 was INR108b.

Exhibit 1: P/E Chart



Differentiated market-specific products to drive growth

NA: Market share gains/enriching pipeline to offset g-Revlimid impact and improve outlook

- Cipla started NA sales for FY26 on a weak note, with sales declining 10% YoY to USD226m for the quarter. However, it has been able to maintain the sales run-rate on a QoQ basis.
- The launch of g-Abraxane/Nilotinib, scale-up in Lanreotide, and stable sales of g-Revlimid have helped sustain the sales run rate on a QoQ basis.
- Cipla is working on strengthening the NA pipeline in the inhaler/peptide space. Notably, the company has built a biosimilar franchise through the combination of: a) in-licensing products over the medium term, and b) developing its own products pipeline.
- In the near term, additional products such as g-Advair (FY26), g-symbicort, and few inhalation assets (FY27) are expected to drive sales in the NA segment.
- Accordingly, we expect NA sales to remain stable at USD917m over FY25-27.

India: Trade generics/consumer health on steady growth path; Rx growth to revive soon

- In Q1FY26, Cipla's sales grew 6% YoY in the Indian business. The YoY growth was modest despite a low base of Q1FY25, where it delivered a 4.5% YoY growth.
- The slower industry momentum in respiratory and anti-infectives therapies impacted the Rx segment's growth for the quarter. This was offset to some extent by a strong growth in therapies like Urology, Cardiac, and Anti-diabetes.
- Cipla's trade generics segment delivered healthy growth, supported by improved execution in key therapies and technological enhancements.
- Cipla launched seven new products in Q1FY26 and marked its entry into the Orthopaedics segment to broaden therapy coverage. It is also setting up a dedicated team to drive triple combination launches in the respiratory portfolio.
- With its anchor brands of Nicotex, Omnigel, and Cipladine, Cipla is able to maintain a leadership position in its consumer health segment.
- Overall, we expect a 9% sales CAGR in this segment over FY25-27, reaching INR138b.

One Africa: Established presence/superior execution to sustain better-than-industry performance

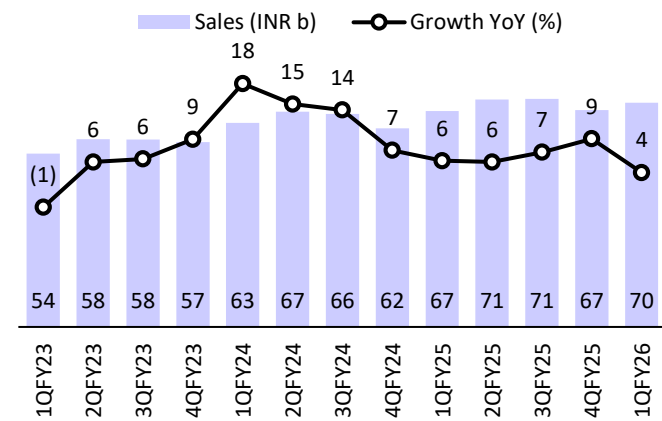
- In Q1FY26, Cipla's One Africa business grew 25% YoY to INR8.7b. The company holds the highest number of brands (seven) among the top 30 in the African generics market.
- Specifically, it grew 6.8% YoY in the prescription segment vs. industry growth of 4.8% YoY. Cipla grew 3.3% YoY in the OTC segment, much above the industry growth of 1.8% YoY.
- Cipla posted a healthy performance across key therapies like Respiratory, CNS, and Anti-infectives. This growth was propelled by an uptick in key therapies, tender wins, and five new launches across multiple therapies.
- Considering its strong positioning in Africa and its resilience in the industry, we expect a 10% sales CAGR in this segment over FY25-27, reaching INR45b.

Valuation and view

- We largely maintain our estimates for FY26/FY27. We value Cipla at 24x 12M forward earnings to arrive at a TP of INR1,580. We expect stable earnings over FY25-27. The reduced contribution from g-Revlimid is expected to be offset by incremental gains from Cipla's product pipeline in the NA market. Cipla is also focusing on adding differentiated products to its Rx portfolio in India while improving its outlook in the consumer health segment.
- Given the gestation period required to translate these efforts into commercial success across key markets of NA/India, we reiterate a Neutral stance on the stock.

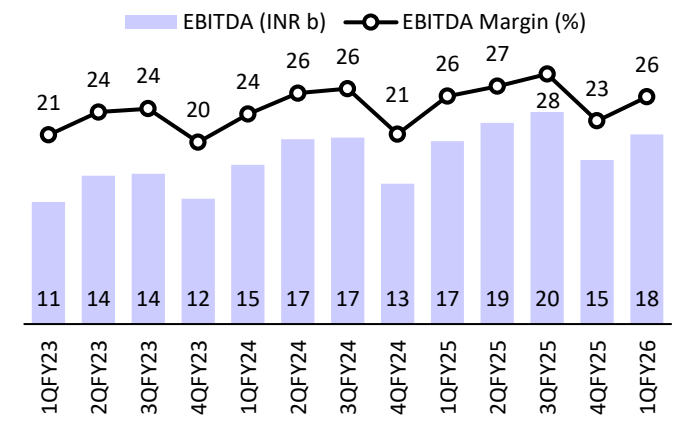
Story in charts

Exhibit 2: Revenue up 4% YoY in 1QFY26



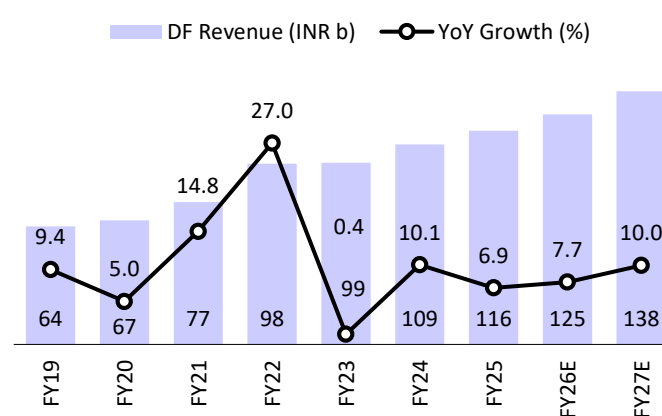
Source: MOFSL, Company

Exhibit 3: EBITDA margin stable YoY in 1QFY26



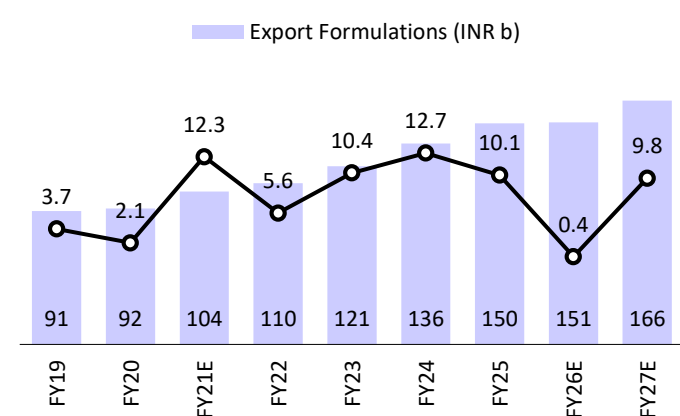
Source: MOFSL, Company

Exhibit 4: Expect ~9% DF sales CAGR over FY25-27



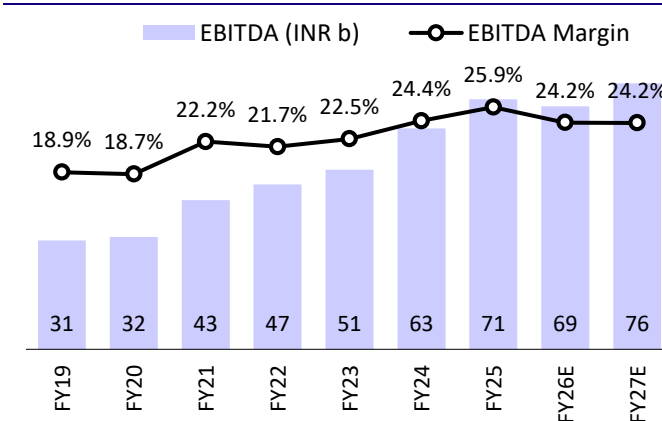
Source: MOFSL, Company

Exhibit 5: Expect 5% export sales CAGR over FY25-27



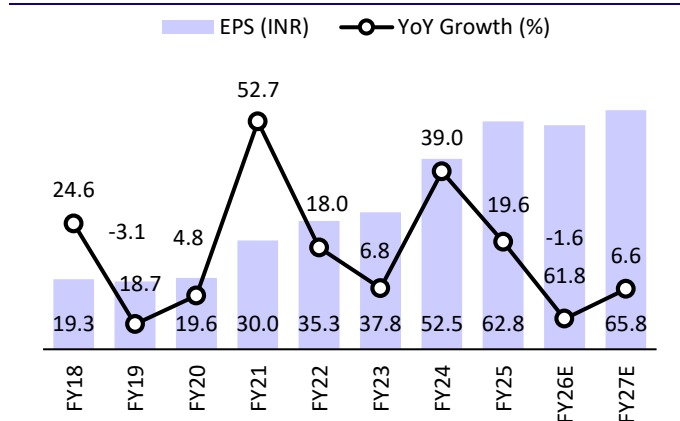
Source: MOFSL, Company

Exhibit 6: EBITDA margin to contract 170bp over FY25-27



Source: MOFSL, Company

Exhibit 7: Expect stable earnings over FY25-27



Source: MOFSL, Company

Financials and valuations

| Income Statement | | | | | | | (INRb) | |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
| Net Income | 171.3 | 191.6 | 217.1 | 227.5 | 257.7 | 275.5 | 285.6 | 313.3 |
| Change (%) | 4.7 | 11.8 | 13.3 | 4.8 | 13.3 | 6.9 | 3.7 | 9.7 |
| EBITDA | 32.1 | 42.5 | 47.0 | 51.1 | 62.9 | 71.3 | 69.2 | 75.8 |
| Margin (%) | 18.7 | 22.2 | 21.7 | 22.5 | 24.4 | 25.9 | 24.2 | 24.2 |
| Depreciation | 11.4 | 10.7 | 10.5 | 11.7 | 10.1 | 11.1 | 11.8 | 13.2 |
| EBIT | 20.6 | 31.8 | 36.5 | 39.4 | 52.8 | 60.2 | 57.4 | 62.6 |
| Int. and Finance Charges | 2.0 | 1.6 | 1.1 | 1.1 | 0.9 | 0.6 | 0.5 | 0.3 |
| Other Income - Rec. | 3.4 | 2.7 | 2.8 | 4.5 | 6.2 | 7.9 | 9.5 | 9.1 |
| PBT before EO Items | 22.1 | 32.9 | 38.2 | 42.8 | 58.2 | 67.5 | 66.5 | 71.4 |
| One-time (Expense)/Income | 0.3 | 0.0 | 3.3 | 2.5 | 1.1 | -0.7 | 0.0 | 0.0 |
| PBT | 21.8 | 32.9 | 34.9 | 40.4 | 57.0 | 68.2 | 66.5 | 71.4 |
| Tax | 6.3 | 8.9 | 9.3 | 12.0 | 15.5 | 15.3 | 16.9 | 18.2 |
| Tax Rate (%) | 29.0 | 27.0 | 26.7 | 29.8 | 27.1 | 22.4 | 25.4 | 25.5 |
| Minority Interest | -0.5 | -0.2 | 0.3 | 0.3 | 0.3 | 0.0 | -0.4 | 0.0 |
| Income from associates | -0.5 | -0.1 | -0.1 | 0.0 | 0.0 | -0.2 | -0.1 | -0.1 |
| Profit after Tax | 15.5 | 24.1 | 25.2 | 28.0 | 41.2 | 52.7 | 49.8 | 53.1 |
| Change (%) | 1.2 | 55.5 | 4.6 | 11.3 | 47.1 | 27.9 | -5.5 | 6.6 |
| Margin (%) | 8.8 | 12.4 | 11.4 | 12.1 | 15.6 | 18.6 | 16.9 | 16.5 |
| Adj PAT | 15.8 | 24.1 | 28.4 | 30.5 | 42.4 | 50.7 | 49.8 | 53.1 |

| Balance Sheet | | | | | | | (INRb) | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
| Equity Share Capital | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 |
| Reserves | 157.6 | 179.3 | 201.5 | 232.5 | 265.5 | 310.3 | 356.9 | 405.2 |
| Net Worth | 157.6 | 183.3 | 208.4 | 234.1 | 267.1 | 311.9 | 358.5 | 406.8 |
| Loans | 28.2 | 15.4 | 9.0 | 5.9 | 3.3 | 2.0 | 1.9 | 1.9 |
| Deferred Liabilities | 1.3 | -0.2 | -2.0 | -2.9 | -4.0 | -5.9 | -5.9 | -5.9 |
| Minority interest | 2.9 | 2.6 | 2.8 | 3.1 | 1.0 | 1.0 | 1.0 | 1.0 |
| Capital Employed | 190.0 | 201.0 | 218.1 | 240.1 | 267.3 | 309.0 | 355.4 | 403.7 |
| Gross Block | 138.5 | 147.5 | 160.1 | 166.8 | 179.7 | 195.4 | 210.4 | 218.6 |
| Less: Accum. Deprn. | 38.9 | 49.5 | 60.1 | 71.8 | 81.9 | 92.9 | 104.8 | 117.9 |
| Net Fixed Assets | 99.6 | 97.9 | 100.1 | 95.0 | 97.8 | 102.5 | 105.7 | 100.7 |
| Capital WIP | 4.2 | 5.7 | 3.8 | 6.9 | 8.6 | 12.1 | 5.1 | 6.1 |
| Investments | 3.6 | 3.5 | 4.2 | 6.3 | 7.6 | 7.5 | 7.5 | 7.5 |
| Curr. Assets | 126.8 | 141.2 | 158.3 | 177.1 | 207.3 | 245.6 | 306.3 | 365.0 |
| Inventory | 43.8 | 46.7 | 53.5 | 51.6 | 52.4 | 56.4 | 59.8 | 71.3 |
| Account Receivables | 38.9 | 34.5 | 34.2 | 40.6 | 47.7 | 55.1 | 58.3 | 67.0 |
| Cash and Bank Balance | 10.0 | 14.0 | 19.3 | 15.6 | 8.7 | 8.0 | 44.7 | 67.8 |
| Others | 34.1 | 46.1 | 51.3 | 69.3 | 98.4 | 126.1 | 143.6 | 158.8 |
| Curr. Liability & Prov. | 44.2 | 47.3 | 48.4 | 49.9 | 54.0 | 58.8 | 69.2 | 75.6 |
| Account Payables | 34.8 | 36.5 | 36.2 | 37.1 | 37.8 | 41.6 | 52.0 | 58.4 |
| Provisions | 9.5 | 10.8 | 12.2 | 12.9 | 16.1 | 17.2 | 17.2 | 17.2 |
| Net Current Assets | 82.6 | 93.9 | 109.9 | 127.2 | 153.3 | 186.8 | 237.1 | 289.4 |
| Appl. of Funds | 190.0 | 201.0 | 218.1 | 240.1 | 267.3 | 309.0 | 355.4 | 403.7 |

Financials and valuations

Ratios

| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Adjusted EPS | 19.6 | 30.0 | 35.3 | 37.8 | 52.5 | 62.8 | 61.8 | 65.8 |
| Cash EPS | 33.7 | 43.1 | 48.2 | 52.3 | 65.0 | 76.5 | 76.4 | 82.1 |
| BV/Share | 195.5 | 227.2 | 258.1 | 284.2 | 330.9 | 386.5 | 444.1 | 504.0 |
| DPS | 2.5 | 2.5 | 3.0 | 3.0 | 4.0 | 5.0 | 5.0 | 5.0 |
| Payout (%) | 15.6 | 10.0 | 11.5 | 10.3 | 9.4 | 9.2 | 9.7 | 9.1 |
| Valuation (x) | | | | | | | | |
| P/E | 78.0 | 51.1 | 43.3 | 40.5 | 29.2 | 24.4 | 24.8 | 23.3 |
| Cash P/E | 45.4 | 35.6 | 31.8 | 29.3 | 23.6 | 20.0 | 20.0 | 18.6 |
| P/BV | 7.8 | 6.7 | 5.9 | 5.4 | 4.6 | 4.0 | 3.4 | 3.0 |
| EV/Sales | 7.3 | 6.4 | 5.6 | 5.3 | 4.7 | 4.4 | 4.1 | 3.7 |
| EV/EBITDA | 38.8 | 28.9 | 25.9 | 23.8 | 19.4 | 17.1 | 17.1 | 15.3 |
| Dividend Yield (%) | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 |
| FCF per Share | 25.8 | 36.7 | 32.8 | 26.0 | 34.9 | 39.9 | 49.9 | 35.1 |
| Return Ratios (%) | | | | | | | | |
| RoE | 10.2 | 14.1 | 14.5 | 13.3 | 15.9 | 16.2 | 13.9 | 13.1 |
| RoCE | 8.8 | 12.9 | 13.7 | 13.5 | 17.0 | 18.3 | 15.0 | 14.1 |
| RoIC | 8.2 | 13.3 | 14.5 | 13.8 | 17.0 | 17.8 | 14.8 | 15.0 |
| Working Capital Ratios | | | | | | | | |
| Fixed Asset Turnover (x) | 1.3 | 1.3 | 1.4 | 1.4 | 1.5 | 2.8 | 2.7 | 3.0 |
| Debtor (Days) | 83 | 66 | 58 | 65 | 68 | 73 | 74 | 78 |
| Inventory (Days) | 93 | 89 | 90 | 83 | 74 | 75 | 76 | 83 |
| Creditors (Days) | 49 | 39 | 42 | 39 | 35 | 38 | 36 | 38 |
| Working Capital (Days) | 128 | 115 | 105 | 108 | 107 | 110 | 114 | 123 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 2.9 | 3.0 | 3.3 | 3.5 | 3.8 | 4.2 | 4.4 | 4.8 |
| Debt/Equity | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.1 | -0.2 |

Cash Flow Statement

(INRb)

| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Net Profit before Tax & Extraordinary Items | 21.8 | 32.9 | 36.8 | 42.2 | 59.0 | 71.3 | 69.2 | 75.8 |
| Interest/Dividends Recd. | 1.4 | 1.0 | 0.3 | -0.5 | -1.3 | -2.0 | 9.5 | 9.1 |
| Direct Taxes Paid | -8.5 | -10.4 | -11.4 | -13.0 | -16.0 | -16.7 | -16.9 | -18.2 |
| (Inc)/Dec in WC | 3.7 | 3.7 | -1.8 | -5.6 | -8.1 | -6.7 | -13.6 | -29.1 |
| CF from Operations | 30.7 | 37.6 | 33.3 | 32.4 | 41.3 | 47.4 | 48.3 | 37.6 |
| others | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CF from Oper. incl EO Expense | 30.7 | 37.6 | 33.3 | 32.4 | 41.3 | 47.4 | 48.3 | 37.6 |
| (inc)/dec in FA | -9.9 | -7.9 | -6.8 | -11.4 | -13.2 | -15.1 | -8.0 | -9.2 |
| Free Cash Flow | 20.8 | 29.6 | 26.4 | 21.0 | 28.2 | 32.2 | 40.3 | 28.4 |
| (Pur)/Sale of Investments | 12.1 | -12.4 | 1.7 | -8.9 | -14.3 | -21.8 | 0.0 | 0.0 |
| Other Items | -1.1 | -3.4 | -13.5 | -3.5 | -2.4 | 0.1 | 0.0 | 0.0 |
| CF from Investments | 1.1 | -23.7 | -18.6 | -23.8 | -29.8 | -36.9 | -8.0 | -9.2 |
| Inc/(Dec) in Debt | 2.6 | 0.7 | 0.3 | 0.0 | 0.0 | -0.9 | -0.1 | 0.0 |
| Interest Paid | -1.6 | -1.2 | -0.8 | -0.7 | -0.6 | -0.4 | -0.5 | -0.3 |
| Dividend Paid | -5.6 | 0.0 | -4.0 | -4.0 | -6.9 | -10.5 | -4.8 | -4.8 |
| Others Items | -24.8 | -11.9 | -11.6 | -4.9 | -4.5 | -1.2 | 1.8 | -0.1 |
| CF from Fin. Activity | -29.5 | -12.4 | -16.0 | -9.6 | -12.0 | -12.9 | -3.6 | -5.2 |
| Inc/Dec of Cash | 2.3 | 1.4 | -1.3 | -1.0 | -0.5 | -2.5 | 36.7 | 23.1 |
| Add: Beginning Balance | 6.2 | 10.0 | 14.0 | 19.3 | 15.6 | 8.7 | 8.0 | 44.7 |
| Bank balances and FX impact | 1.5 | 2.6 | 6.6 | -2.7 | -6.4 | 1.7 | 0.0 | 0.0 |
| Closing balance | 10.0 | 14.0 | 19.3 | 15.6 | 8.7 | 8.0 | 44.7 | 67.8 |

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NOTES

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