

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

| | |
|-----------------------|--------------|
| Bloomberg | DRRD IN |
| Equity Shares (m) | 835 |
| M.Cap.(INRb)/(USDb) | 965.8 / 10.5 |
| 52-Week Range (INR) | 1380 / 1020 |
| 1, 6, 12 Rel. Per (%) | -6/-8/-19 |
| 12M Avg Val (INR M) | 2409 |

Financials & Valuations (INR b)

| Y/E MARCH | FY26E | FY27E | FY28E |
|-------------------|-------|-------|-------|
| Sales | 345.9 | 393.9 | 411.3 |
| EBITDA | 81.3 | 88.6 | 92.1 |
| Adj. PAT | 55.1 | 55.1 | 57.1 |
| EBITDA Margin (%) | 23.5 | 22.5 | 22.4 |
| Adj. EPS (INR) | 66.2 | 66.1 | 68.5 |
| EPS Gr. (%) | -1.7 | -0.1 | 3.7 |
| BV/Sh. (INR) | 463 | 524 | 588 |
| Ratios | | | |
| Net D:E | -0.3 | -0.6 | -0.7 |
| RoE (%) | 15.2 | 13.4 | 12.3 |
| RoCE (%) | 11.6 | 10.6 | 10.1 |
| Payout (%) | 7.9 | 7.6 | 7.3 |
| Valuations | | | |
| P/E (x) | 17.5 | 17.5 | 16.9 |
| EV/EBITDA (x) | 11.1 | 9.4 | 8.5 |
| Div. Yield (%) | 0.4 | 0.4 | 0.4 |
| FCF Yield (%) | 4.2 | 7.1 | 5.7 |
| EV/Sales (x) | 2.6 | 2.1 | 1.9 |

Shareholding Pattern (%)

| As On | Dec-25 | Sep-25 | Dec-24 |
|----------|--------|--------|--------|
| Promoter | 26.6 | 26.6 | 26.6 |
| DII | 30.4 | 28.0 | 22.9 |
| FII | 33.5 | 35.8 | 40.2 |
| Others | 9.5 | 9.6 | 10.2 |

FII includes depository receipts

CMP: INR1,157

TP: INR1,220 (5%)

Neutral

Ex g-Revlimid resilience; India/EU/Russia drive earnings beat Work-in-progress to strengthen growth outlook

- Dr Reddy's Labs (DRRD) posted better-than-expected financial performance in 3QFY26. Superior execution in India, Europe and Russia and favorable currency movement more than offset the impact of lower g-Revlimid business for the quarter, driving a beat on earnings.
- DRRD's India business outperformed the industry, aided by its focus on portfolio innovation and the addition of its acquired portfolio (Stugeron).
- In Russia, the highest-ever quarterly sales were driven by product launches and better traction in existing products, supported by forex benefits.
- In Europe, Germany/France and NRT portfolio led growth, partly offset by YoY decline in UK sales.
- DRRD is geared up for the launch of semaglutide in Canada, India and many others through its own as well as partnered launches.
- We reduce our estimates for FY26 by 4% to factor in a delay in semaglutide launch in Canada and raise our estimate for FY27 by 6% to factor in better growth prospects in India/EU/Russia. We value DRRD at 18x 12M forward earnings to arrive at a TP of INR1,220.
- While DRRD is implementing efforts to improve growth across key markets, the overall earnings would be stable over FY26-28 due to anticipated competition in g-Revlimid and some gestation period for certain niche opportunities (Semaglutide/Abatacept) to provide commercial benefits. Maintain Neutral.

Geographic mix shifts drive YoY growth, margin compression persists

- 3Q revenue grew 6.0% YoY to INR87.3b (vs. est. of INR80.9b).
- NA sales fell 12% YoY to INR29.6b (~USD329; 34% of sales) due to lower lenalidomide sales and higher price erosion in certain key products. Europe sales rose 20% YoY to INR14.5b (17% of sales), driven by growth in NRT portfolio and favorable forex movement, partly offset by pricing pressure in generics.
- India sales grew 19% YoY to INR16.0b (18% of Sales). Emerging market sales rose 32% YoY to INR19.0b (22% of sales), majorly driven by Russia (up 51% YoY to INR10.6b).
- Pharmaceutical Services and Active Ingredients (PSAI) segment revenue declined 2% YoY to INR8.0b (9% of sales).
- Gross margin (GM) contracted 440bp YoY to 53.6% largely due to lower margins in PSAI (down 870bp YoY) and Global Generics (down 390bp YoY).
- EBITDA margin contracted 330bp YoY to 23.1% (est. 21.3%). EBITDA fell 7.4% YoY to INR20.1b (est. INR17.2b). 3Q included a one-time expense of INR1.2b related to the new labor code.
- PAT remained stable YoY at INR13.2b.
- For 9MFY26, revenue/PAT grew 9%/5% YoY to INR260b/INR43b, whereas EBITDA declined 3% YoY to INR63b.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management commentary

- On Ex-Revlmid basis, DRRD indicated gross margin to be in the range of 52-55% going forward.
- Organic growth in India was ~17%+ YoY. DRRD expects to sustain 15%+ growth on the back of innovative products and better traction in existing products.
- DRRD has filed for IV version of Abatacept with USFDA. The sub-cutaneous version is expected to be filed in Jul'26 with USFDA. DRRD expects to file both version for EU market in Jul'26.
- DRRD exhibited NRT portfolio YoY growth of 8% in CC terms. ~85% of the operational aspect is now controlled by DRRD. DRRD expects growth to improve going forward, supported by higher business from markets like Brazil.

| Y/E March | Consolidated Quarterly Performance | | | | | | | | (INRm) | | |
|-------------------------------|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------------|
| | FY25 | | | | FY26 | | | | FY25 | FY26E | Estimates |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | 3QE | % Var | |
| Sales | 76,727 | 80,162 | 82,320 | 85,060 | 85,452 | 88,051 | 87,268 | 85,132 | 3,24,269 | 3,45,903 | 80,851 7.9 |
| YoY Change (%) | 13.9 | 16.5 | 14.1 | 20.1 | 11.4 | 9.8 | 6.0 | 0.1 | 16.2 | 6.7 | -1.8 |
| Total Expenditure | 55,452 | 58,134 | 60,590 | 64,555 | 63,951 | 66,798 | 67,144 | 66,744 | 2,38,731 | 2,64,637 | 63,630 |
| EBITDA | 21,275 | 22,028 | 21,730 | 20,505 | 21,501 | 21,253 | 20,124 | 18,389 | 85,538 | 81,267 | 17,221 16.9 |
| YoY Change (%) | 4.0 | 10.3 | 7.1 | 16.1 | 1.1 | -3.5 | -7.4 | -10.3 | 9.1 | -5.0 | -20.7 |
| Margins (%) | 27.7 | 27.5 | 26.4 | 24.1 | 25.2 | 24.1 | 23.1 | 21.6 | 26.4 | 23.5 | 21.3 8.3 |
| Amortization | 3,815 | 3,975 | 4,719 | 4,555 | 4,765 | 5,051 | 5,215 | 5,050 | 17,064 | 20,081 | 4,400 |
| EBIT | 17,460 | 18,053 | 17,011 | 15,950 | 16,736 | 16,202 | 14,909 | 13,339 | 68,474 | 61,186 | 12,821 |
| YoY Change (%) | 3.5 | 11.9 | 3.7 | 12.9 | -4.1 | -10.3 | -12.4 | -16.4 | 7.8 | -10.6 | -24.6 |
| Other Income | 1,366 | 2,600 | 461 | 3,374 | 2,311 | 3,510 | 1,961 | 2,334 | 7,801 | 10,116 | 2,350 |
| PBT before EO expenses | 18,826 | 20,653 | 17,472 | 19,324 | 19,047 | 19,712 | 16,870 | 15,673 | 76,275 | 71,302 | 15,171 11.2 |
| One-off income/(expense) | -5 | -1,486 | 1,270 | 730 | 0 | -1,362 | -1,441 | 0 | 509 | -2,803 | 0 |
| Profit before Tax | 18,821 | 19,167 | 18,742 | 20,054 | 19,047 | 18,350 | 15,429 | 15,673 | 76,784 | 68,499 | 15,171 1.7 |
| Tax | 4,901 | 5,752 | 4,704 | 4,181 | 4,951 | 4,082 | 3,533 | 3,636 | 19,538 | 16,202 | 3,793 |
| Rate (%) | 26.0 | 30.0 | 25.1 | 20.8 | 26.0 | 22.2 | 22.9 | 23.2 | 25.4 | 23.7 | 25.0 |
| PAT | 13,920 | 13,415 | 14,038 | 15,873 | 14,096 | 14,268 | 11,896 | 12,037 | 57,246 | 52,297 | 11,378 4.5 |
| Minority Interest | 0 | 862 | -95 | -66 | -82 | -104 | -202 | -250 | 701 | -638 | -95 |
| Reported Profit | 13,920 | 12,553 | 14,133 | 15,939 | 14,178 | 14,372 | 12,098 | 12,287 | 56,545 | 52,935 | 11,473 5.4 |
| Adjusted PAT | 13,924 | 13,593 | 13,182 | 15,361 | 14,178 | 15,431 | 13,209 | 12,287 | 56,060 | 55,105 | 11,473 15.1 |
| YoY Change (%) | 2.0 | 2.4 | -4.3 | 26.7 | 1.8 | 13.5 | 0.2 | -20.0 | 6.1 | -1.7 | -13.0 |
| Margins (%) | 18.1 | 17.0 | 16.0 | 18.1 | 16.6 | 17.5 | 15.1 | 14.4 | 17.3 | 15.9 | 14.2 |

E - MOFSL Estimates

KPIs (Consolidated)

| Y/E March | FY25 | | | | | | | | FY26 | | FY25 | FY26E |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|----------|------|-------|
| | INRm | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | |
| North America | 38,462 | 37,281 | 33,834 | 35,586 | 34,123 | 32,408 | 29,644 | 28,800 | 1,45,163 | 1,24,975 | | |
| YoY Change (%) | 20.3 | 17.6 | 1.0 | 9.1 | -11.3 | -13.1 | -12.4 | -19.1 | 11.8 | -13.9 | | |
| Europe | 5,265 | 5,770 | 12,096 | 12,750 | 12,744 | 13,762 | 14,476 | 14,280 | 35,881 | 55,262 | | |
| YoY Change (%) | 3.8 | 9.2 | 143.4 | 144.8 | 142.1 | 138.5 | 19.7 | 12.0 | 74.9 | 54.0 | | |
| India | 13,252 | 13,971 | 13,464 | 13,047 | 14,711 | 15,780 | 16,032 | 15,135 | 53,734 | 61,658 | | |
| YoY Change (%) | 15.4 | 17.8 | 14.1 | 15.8 | 11.0 | 12.9 | 19.1 | 16.0 | 15.8 | 14.7 | | |
| Russia & Others CIS | 7,400 | 9,000 | 9,400 | 8,900 | 9,100 | 11,000 | 13,000 | 12,113 | 34,700 | 45,213 | | |
| YoY Change (%) | -2.6 | 12.5 | 14.6 | 23.6 | 23.0 | 22.2 | 38.3 | 36.1 | 12.3 | 30.3 | | |
| Others | 3,741 | 5,600 | 4,958 | 5,081 | 4,942 | 5,548 | 5,961 | 5,469 | 19,380 | 21,920 | | |
| YoY Change (%) | -5.3 | 32.1 | 7.0 | 3.9 | 32.1 | -0.9 | 20.2 | 10.0 | 9.2 | 13.1 | | |
| PSAI | 7,657 | 8,407 | 8,219 | 9,563 | 8,181 | 9,450 | 8,018 | 9,180 | 33,846 | 34,829 | | |
| YoY Change (%) | 14.1 | 19.5 | 4.8 | 16.4 | 6.8 | 12.4 | -2.4 | -4.0 | 13.6 | 2.9 | | |
| Cost Break-up | | | | | | | | | | | | |
| COGS (% of Sales) | 39.6 | 40.4 | 42.0 | 44.4 | 43.1 | 45.3 | 46.4 | 47.3 | 41.7 | 45.5 | | |
| SG&A (% of Sales) | 24.6 | 23.0 | 23.6 | 22.9 | 24.4 | 23.5 | 23.5 | 24.1 | 23.5 | 23.9 | | |
| R&D Expenses(% of Sales) | 8.1 | 9.1 | 8.1 | 8.5 | 7.3 | 7.0 | 7.0 | 7.0 | 8.4 | 7.1 | | |



Management call highlights

- DRRD awaits approval for semaglutide in Canada and is ready for launch after approval.
- It has received certain comments with respect to fill-finish line on b-Rituximab at Bacchupally site. After responding to USFDA query in the next two weeks, DRRD expects re-inspection for that particular fill-finish line.
- DRRD indicated that innovator (Novo Nordisk) is in the process of tie-ups for authorized generic versions of semaglutide for Canada market.
- With respect to b-Denosumab, DRRD's manufacturing partner, Alvotech, needs to respond to CRL issued by USFDA. The CRL is referring to observations raised by USFDA during the pre-approval inspection.
- On CC basis, Russia segment grew 21% YoY in 3QFY26.
- DRRD had 28 global generics filings and launched 10 products globally in 3QFY26.

Key exhibits

Exhibit 1: In CC terms, NA sales fell 17% YoY in 3QFY26

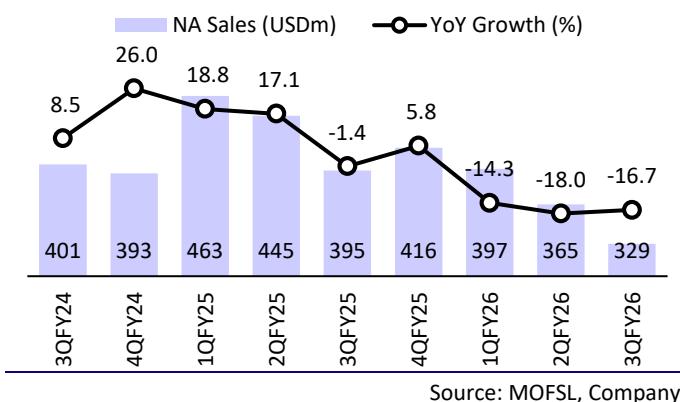


Exhibit 2: DF sales grew 19% YoY in 3QFY26

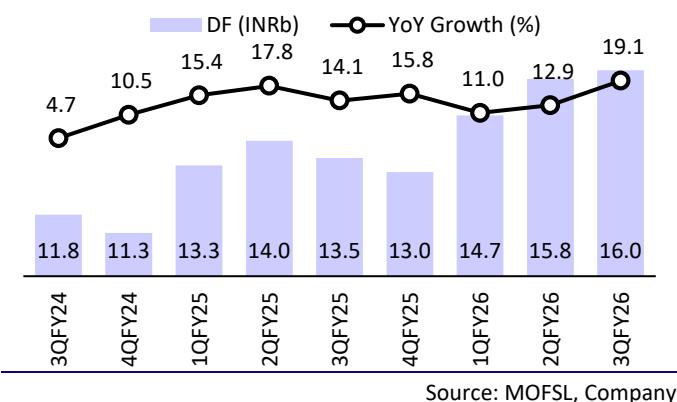


Exhibit 3: Gross profit declined 2.1% YoY

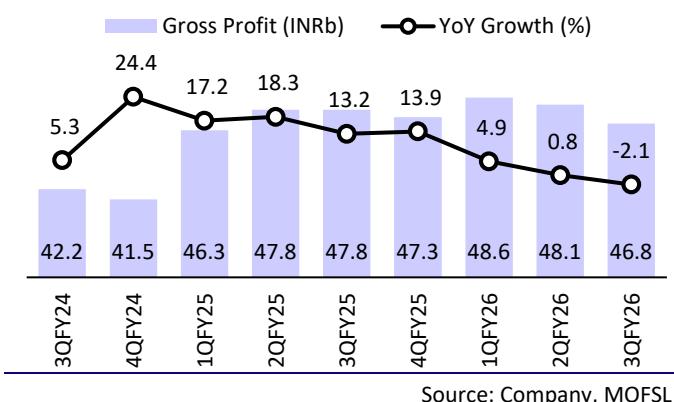


Exhibit 4: EBITDA declined 7.4% YoY

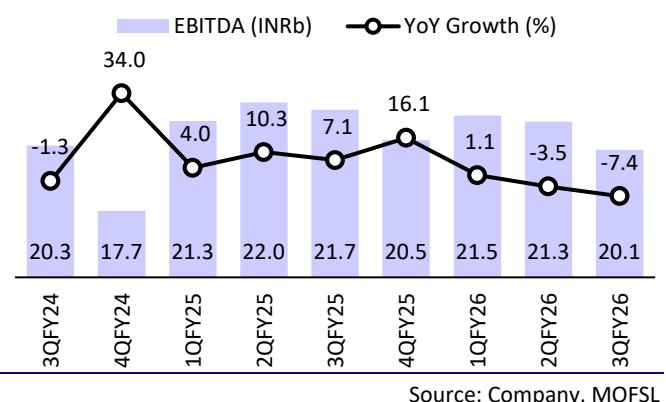
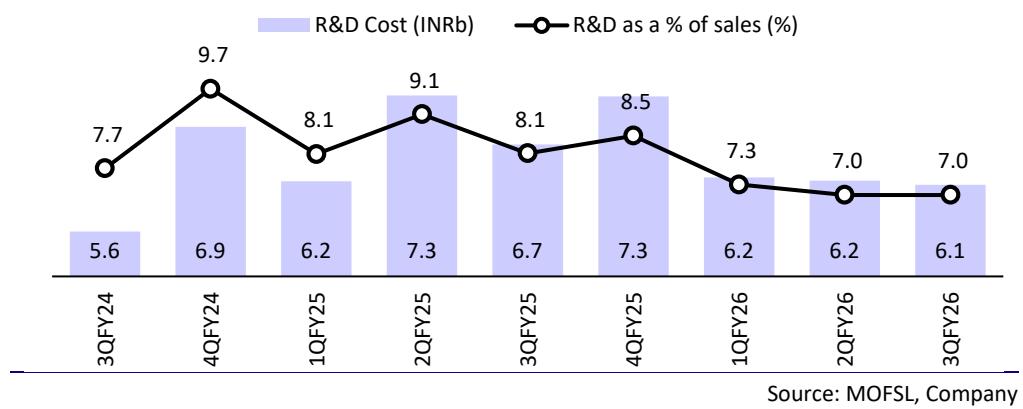


Exhibit 5: R&D expenses as a proportion of sales remained stable at 7%


Source: MOFSL, Company

India, Europe and EM strength offsets NA softness

NA: Near-term pricing and product headwinds; regulatory progress awaited

- 9MFY26 revenue was down 12% YoY (INR96b; USD1.1b), largely due to lower Lenalidomide sales and increased price erosion in select key products.
- Pipeline execution remained active, with six new product launches during 3Q and 18 in 9MFY26; four ANDAs were filed with the USFDA in 3Q, taking total ANDA filings to 10 in 9MFY26.
- As of Dec'25 end, 73 filings were pending with the USFDA, including 71 ANDAs and two NDAs filed under the 505(b)(2) pathway, including one Paragraph IV filing.
- In Canada, DRRD is awaiting regulatory approval for semaglutide and is prepared for launch after approval; management also noted that the innovator, Novo Nordisk, is pursuing tie-ups for an authorized generic version. The company had earlier received a notice of non-compliance from the Canadian regulator, for which responses and clarifications were submitted by mid-Nov'25.
- For b-Rituximab, a CRL was received from the USFDA related to observations from the pre-approval inspection at the Bachupally biologics facility and certain BLA aspects; management expects to respond shortly to USFDA queries on the specific fill-finish line, following which a re-inspection is anticipated.
- With respect to b-Denosumab, a CRL was issued to the manufacturing partner, Alvotech, linked to observations from the USFDA's pre-license inspection of its Reykjavik facility; the partner is in the process of responding to the regulator.
- We expect NA sales to clock a 12% negative CAGR over FY25-28E to USD1.2b.

DF: India business delivers steady, innovation-led growth

- DRRD registered growth of 19%/14% YoY in 3QFY26/9MFY26, driven by strong performance of the innovation portfolio, new brand launches, price increases, volume expansion, and incremental contributions from the recently acquired Stugeron portfolio.
- Management (DRRD) highlighted that India business growth remains largely organic (70-80%), led by innovative brands, pricing actions, and volume growth, with limited reliance on acquisitions.
- The company continued to outperform the IPM, with secondary sales growth of 12.3% vs. IPM growth of 11.8% on an MQT basis, and 9.7% vs. IPM growth of 8.9% on a MAT basis.
- Product expansion remained healthy, with two new brands launched during 3Q, taking total brand launches to 18 in 9MFY26.
- We expect a sales CAGR of 14% to reach INR79b over FY25-28E.

Emerging markets: Russia-led emerging market growth drives strong 3Q

- 9MFY26 revenue increased 21% YoY to INR49.5b, supported by new product launches across markets, favorable forex, and volume-led sequential growth.
- Russia remained a key revenue contributor, with 3Q revenue of INR10.6b (~12% of total revenue), growing 51% YoY, and 9MFY26 revenue of INR26.4b (~10% of total revenue), up 36% YoY.
- CIS (ex-Russia) and Romania revenues were largely stable, with 3Q growth of 1% YoY and 9MFY26 growth of 4% YoY, aided by pricing actions and favorable forex, partly offset by lower volume uptake.
- Rest of World revenues supported overall performance, with 3QFY26/9MFY26 revenues growing 21%/10% YoY, driven by new product launches and higher volumes, partly offset by price erosion.
- Product pipeline remained robust, with 30 new products launched during 3Q, taking total launches to 80 in 9MFY26, underpinning stable growth across emerging markets.
- Overall, we expect a sales CAGR of 17% to reach INR87b over FY25-28E.

PSAI segment: Near-term volume softness

- Despite near-term pressure, the PSAI business delivered steady growth in 9MFY26, supported by underlying customer demand and portfolio breadth.
- During the quarter, the company filed 3 drug master files (DMFs) globally, taking the cumulative DMF filings to 80 in 9MFY26.
- We expect the PSAI business to post a 14% sales CAGR to reach INR50b over FY25-28E.

Maintain Neutral

- We reduce our estimates for FY26 by 4% to factor in the delay in semaglutide launch in Canada and raise our estimate for FY27 by 6% to factor in better growth prospects in India/EU/Russia. We value DRRD at 18x 12M forward earnings to arrive at a TP of INR1,220.
- While DRRD is implementing efforts to improve growth across key markets, the overall earnings would be stable over FY26-FY28 due to anticipated competition in g-Revlimid and some gestation period for certain niche opportunities (Semaglutide/Abatacept) to provide commercial benefit. Maintain Neutral.

Exhibit 6: P/E chart (Please add editable charts)

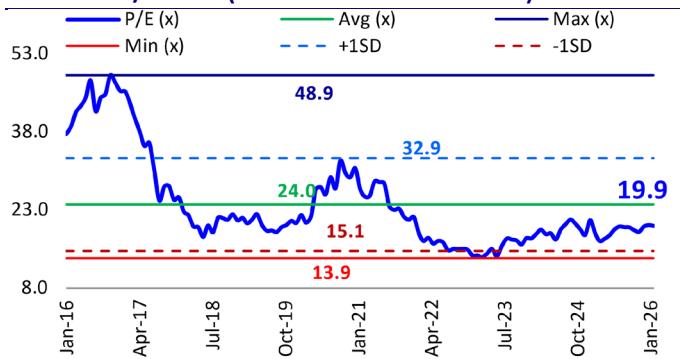
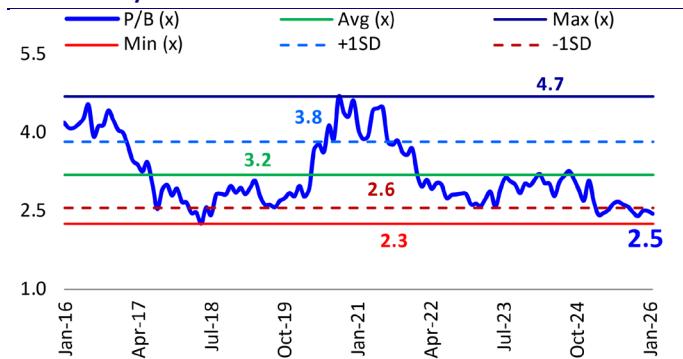


Exhibit 7: P/B chart



Story in charts

Exhibit 8: Expect sales CAGR of 8.2% over FY25-28

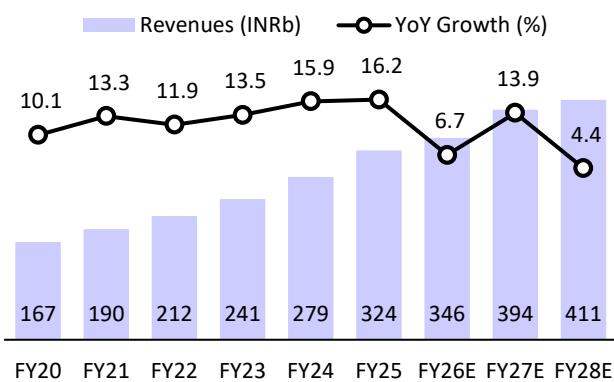


Exhibit 9: NA sales to remain in check over FY26-28

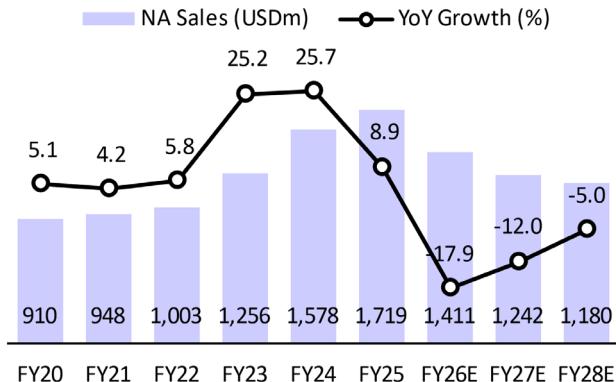


Exhibit 10: DF sales to clock 13.9% CAGR over FY25-28

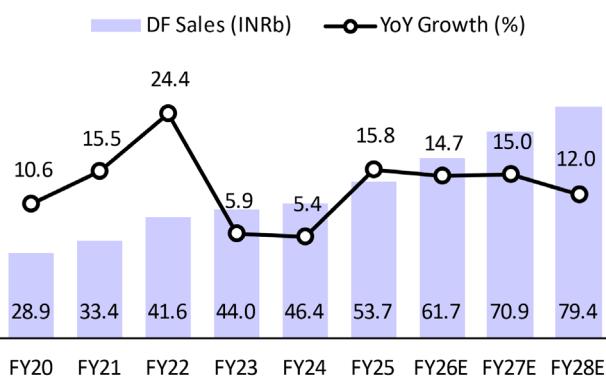


Exhibit 11: PSAI to post 13.5% sales CAGR over FY25-28

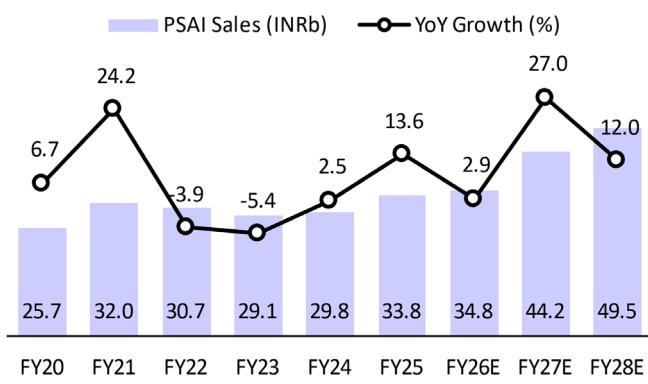


Exhibit 12: Gross margin to contract 610bp over FY25-28

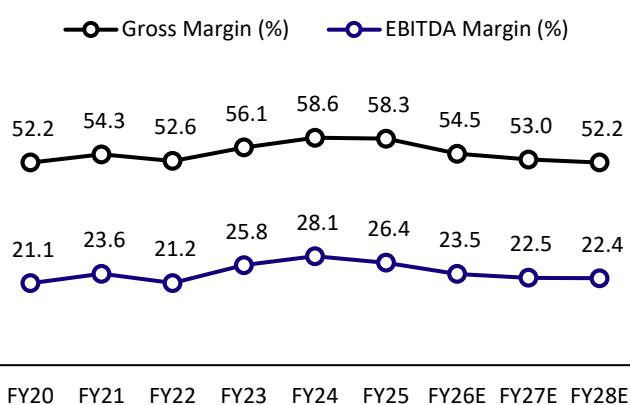


Exhibit 13: EBITDA to rise steadily over FY25-28

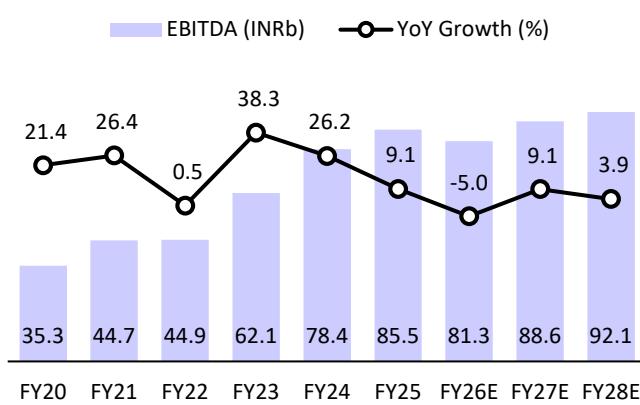
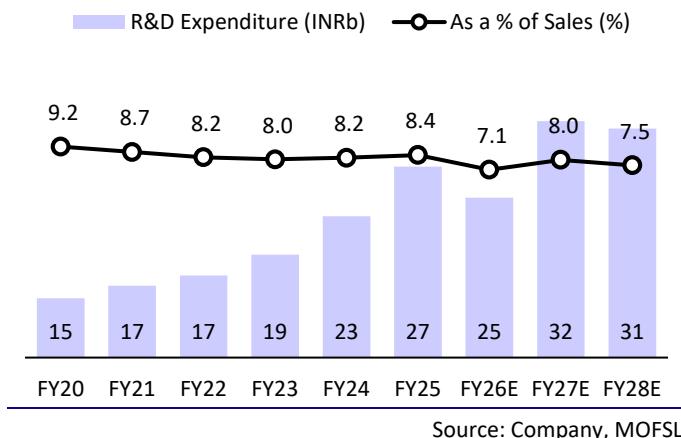
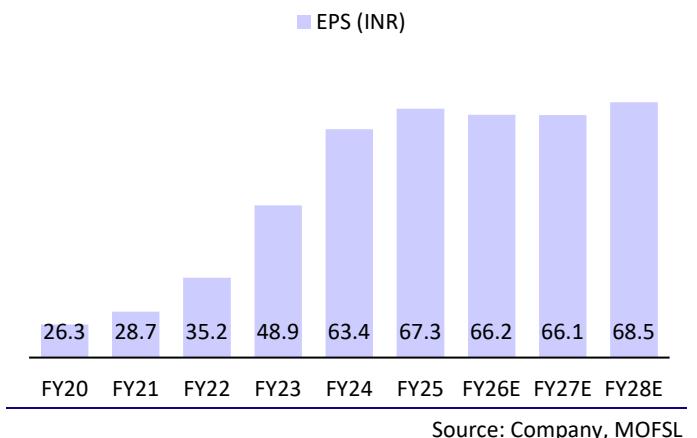


Exhibit 14: R&D expenses to be in range of 7-8% of sales over FY26-28



Source: Company, MOFSL

Exhibit 15: EPS to slightly increase over FY25-28



Source: Company, MOFSL

Financials and valuations

| Income Statement | | | | | | | (INR m) |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Net Sales | 2,12,227 | 2,40,936 | 2,79,164 | 3,24,269 | 3,45,903 | 3,93,947 | 4,11,263 |
| Change (%) | 11.9 | 13.5 | 15.9 | 16.2 | 6.7 | 13.9 | 4.4 |
| Total Expenditure | 1,67,306 | 1,78,813 | 2,00,784 | 2,38,731 | 2,64,637 | 3,05,309 | 3,19,140 |
| EBITDA | 44,921 | 62,123 | 78,380 | 85,538 | 81,267 | 88,638 | 92,123 |
| Change (%) | 0.5 | 38.3 | 26.2 | 9.1 | -5.0 | 9.1 | 3.9 |
| Margin (%) | 21.2 | 25.8 | 28.1 | 26.4 | 23.5 | 22.5 | 22.4 |
| Depreciation & Amort. | 11,825 | 12,663 | 14,847 | 17,064 | 20,081 | 20,485 | 21,386 |
| Net Interest Exp | -2,119 | -2,853 | -3,494 | -4,724 | -5,012 | -4,648 | -4,260 |
| One-off (Gains)/Loss | 6,381 | -5,445 | -1,981 | -509 | 2,803 | 0 | 0 |
| PBT before EO Expense | 38,679 | 53,943 | 69,889 | 76,275 | 71,302 | 73,901 | 76,099 |
| Change (%) | 10.5 | 39.5 | 29.6 | 9.1 | -6.5 | 3.6 | 3.0 |
| PBT after EO Expense | 32,298 | 59,388 | 71,870 | 76,784 | 68,499 | 73,901 | 76,099 |
| Tax | 8,730 | 15,300 | 16,186 | 19,538 | 16,202 | 18,845 | 19,025 |
| Tax Rate (%) | 27.0 | 25.8 | 22.5 | 25.4 | 23.7 | 25.5 | 25.0 |
| Reported PAT | 23,568 | 44,088 | 55,684 | 56,545 | 52,935 | 55,057 | 57,074 |
| Adjusted Net Profit | 29,265 | 40,775 | 52,827 | 56,060 | 55,105 | 55,057 | 57,074 |
| Change (%) | 22.8 | 39.3 | 29.6 | 6.1 | -1.7 | -0.1 | 3.7 |
| Margin (%) | 13.8 | 16.9 | 18.9 | 17.3 | 15.9 | 14.0 | 13.9 |

E: MOFSL Estimates

| Balance Sheet | | | | | | | (INR m) |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Equity Share Capital | 832 | 833 | 833 | 833 | 833 | 833 | 833 |
| Reserves | 1,89,695 | 2,30,158 | 279717 | 336333 | 385089 | 435968 | 488863 |
| Net Worth | 1,90,527 | 2,30,991 | 2,80,550 | 3,37,166 | 3,85,922 | 4,36,801 | 4,89,696 |
| Loans | 33,845 | 13,472 | 20020 | 46766 | 45766 | 44766 | 43766 |
| Deferred Liabilities/Tax | -12,721 | -6,363 | -9865 | -4400 | -4400 | -4400 | -4400 |
| Capital Employed | 2,11,651 | 2,38,100 | 2,90,705 | 3,79,532 | 4,27,288 | 4,77,167 | 5,29,062 |
| Gross Block | 1,60,797 | 1,77,753 | 2,03,024 | 2,40,963 | 2,55,551 | 2,64,413 | 2,73,276 |
| Less: Accum. Deprn. | 98,628 | 1,11,291 | 1,26,138 | 1,43,202 | 1,63,283 | 1,83,768 | 2,05,154 |
| Net Fixed Assets | 62,169 | 66,462 | 76,886 | 97,761 | 92,268 | 80,645 | 68,122 |
| Investments | 38,393 | 62,180 | 81250 | 59428 | 59428 | 59428 | 59428 |
| Goodwill | 31,664 | 35,094 | 41204 | 108613 | 108613 | 108613 | 108613 |
| Curr. Assets | 1,51,647 | 1,50,922 | 1,77,404 | 2,08,679 | 2,63,678 | 3,34,602 | 4,05,055 |
| Inventory | 50,884 | 48,670 | 63552 | 71085 | 75583 | 79617 | 84531 |
| Account Receivables | 66,818 | 72,485 | 80298 | 90420 | 105943 | 104505 | 117324 |
| Cash and Bank Balance | 14,852 | 5,779 | 7107 | 14654 | 50464 | 114468 | 165629 |
| Others | 19,093 | 23,988 | 26447 | 32520 | 31688 | 36012 | 37571 |
| Curr. Liability & Prov. | 72,222 | 76,558 | 86,039 | 94,949 | 96,698 | 1,06,121 | 1,12,155 |
| Account Payables | 25,572 | 26,444 | 30919 | 35523 | 36375 | 36661 | 38924 |
| Other Current Liabilities | 46,650 | 50,114 | 55120 | 59426 | 60324 | 69460 | 73231 |
| Net Current Assets | 79,425 | 74,364 | 91,365 | 1,13,730 | 1,66,980 | 2,28,481 | 2,92,900 |
| Appl. of Funds | 2,11,651 | 2,38,100 | 2,90,705 | 3,79,532 | 4,27,288 | 4,77,167 | 5,29,062 |

Financials and valuations

Ratios

| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | | |
| EPS | 35.2 | 48.9 | 63.4 | 67.3 | 66.2 | 66.1 | 68.5 |
| Cash EPS | 49.4 | 64.2 | 81.2 | 87.8 | 90.3 | 90.7 | 94.2 |
| BV/Share | 229.0 | 277.3 | 336.8 | 404.8 | 463.3 | 524.4 | 587.9 |
| DPS | 4.1 | 4.1 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 |
| Payout (%) | 16.9 | 9.0 | 7.5 | 7.4 | 7.9 | 7.6 | 7.3 |
| Valuation (x) | | | | | | | |
| P/E | 32.8 | 23.6 | 18.2 | 17.2 | 17.5 | 17.5 | 16.9 |
| Cash P/E | 23.4 | 18.0 | 14.2 | 13.2 | 12.8 | 12.7 | 12.3 |
| P/BV | 5.0 | 4.2 | 3.4 | 2.9 | 2.5 | 2.2 | 2.0 |
| EV/Sales | 4.9 | 4.2 | 3.5 | 3.2 | 2.9 | 2.4 | 2.1 |
| EV/EBITDA | 23.1 | 16.2 | 12.6 | 12.1 | 12.3 | 10.5 | 9.5 |
| Dividend Yield (%) | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Return Ratios (%) | | | | | | | |
| ROIC | 18.0 | 23.1 | 27.6 | 21.0 | 16.3 | 16.8 | 17.9 |
| RoE | 16.0 | 19.3 | 20.7 | 18.2 | 15.2 | 13.4 | 12.3 |
| RoCE | 12.3 | 15.9 | 18.4 | 14.9 | 11.6 | 10.6 | 10.1 |
| Working Capital Ratios | | | | | | | |
| Fixed Asset Turnover (x) | 1.4 | 1.4 | 1.5 | 1.5 | 1.4 | 1.5 | 1.5 |
| Debtor (Days) | 100 | 106 | 100 | 96 | 104 | 97 | 98 |
| Inventory (Days) | 83 | 75 | 73 | 76 | 77 | 72 | 73 |
| Payable (Days) | 38 | 39 | 38 | 37 | 38 | 34 | 34 |
| Leverage Ratio | | | | | | | |
| Current Ratio (x) | 2.1 | 2.0 | 2.1 | 2.2 | 2.7 | 3.1 | 3.6 |
| Net Debt/Equity (x) | -0.2 | -0.3 | -0.3 | -0.1 | -0.3 | -0.6 | -0.7 |

Cash Flow Statement

(**INR m**)

| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| Op. Profit before Tax | | | | | | | |
| 30,614 | 60,485 | 72,010 | 76,795 | 71,302 | 73,901 | 76,099 | |
| Depreciation | 11,652 | 12,502 | 14,700 | 17,037 | 20,081 | 20,485 | 21,386 |
| Interest/Div. Recd. | -7 | 248 | -567 | 152 | -2,301 | -1,101 | -1,101 |
| Direct Taxes Paid | -7,437 | -10,714 | -20,047 | -19,993 | -16,202 | -18,845 | -19,025 |
| (Inc)/Dec in WC | -18,407 | -7,855 | -20,182 | -29,989 | -17,440 | 2,502 | -13,258 |
| Other Items | 11,693 | 4,209 | -481 | 2,426 | | | |
| CF from Operations | 28,108 | 58,875 | 45,433 | 46,428 | 55,439 | 76,943 | 64,101 |
| EO Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CF from Operations | 28,108 | 58,875 | 45,433 | 46,428 | 55,439 | 76,943 | 64,101 |
| (inc)/dec in FA | -15,733 | -18,784 | -26,350 | -33,154 | -14,588 | -8,863 | -8,863 |
| Free Cash Flow | 12,375 | 40,091 | 19,083 | 13,274 | 40,852 | 68,081 | 55,238 |
| (Pur)/Sale of Inv | -11,201 | -23,366 | -15,716 | 25,118 | 0 | 0 | 0 |
| Others | 1,280 | 1,063 | 1,724 | -42,985 | | | |
| CF from Inv. | -25,654 | -41,087 | -40,342 | -51,021 | -14,588 | -8,863 | -8,863 |
| Change in net worth | 334 | 368 | 805 | 193 | 0 | 0 | 0 |
| (Inc)/Dec in Debt | 2,735 | -20,397 | 4,346 | 23,196 | -1,000 | -1,000 | -1,000 |
| Dividend Paid | -4,146 | -4,979 | -6,648 | -6,662 | -4,178 | -4,076 | -4,076 |
| CF from Fin. Activity | -2,422 | -26,861 | -3,763 | 11,855 | -5,103 | -4,138 | -4,138 |
| Inc/Dec of Cash | 32 | -9,073 | 1,328 | 7,262 | 35,749 | 63,943 | 51,100 |
| Add: Beg. Balance | 14,829 | 14,852 | 5,779 | 7,107 | 14,654 | 50,464 | 1,14,468 |
| Closing Balance | 14,861 | 5,779 | 7,107 | 14,369 | 50,403 | 1,14,407 | 1,65,568 |
| BB/OD | -9 | 0 | 0 | 61 | 61 | 61 | 61 |
| Closing Balance | 14,852 | 5,779 | 7,107 | 14,654 | 50,464 | 1,14,468 | 1,65,629 |

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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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