

**BUY**

TP: Rs 1,787 | ▲ 16%

**EMCURE PHARMA**

| Pharmaceuticals

| 05 February 2026

## Scaling Europe through long tail growth

- Sales/EBITDA/PAT was 6%/7%/6% above our estimates. APAT was 6% above estimates. EBITDA margin was 16 bps above estimates
- Amphotericin B injection has received approval for 23 countries in Europe; phased launches to maintain high growth in the region
- International sales upgraded, leading to EPS upgrade of 2%/6 in FY27E&FY28E. Continue to ascribe 24x and roll forward to Dec' 27 EPS

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**Earnings above estimates** – Sales grew by 20.4% YoY to Rs 23.6bn, driven by 15% YoY growth in the domestic region, 12.8% in North America, 21% YoY growth in RoW region and 30% YoY growth in the Europe region. Change in product mix — where domestic contribution declined from 45% in 3QFY25 to 43% in 3QFY26 and international mix increased from 55% in 3QFY25 to 57% in 3QFY26 — led to 80 bps reduction in Gross Margin to 59.3%. However, operating leverage led to 140 bps YoY increase in the EBITDA Margin to 19.5%. During the quarter, there was an exceptional cost of Rs 381 mn provided against the new labour code, which resulted in PAT growth of 50% YoY to Rs 2.3bn. Adjusting against the exceptional cost, PAT grew by 72.7% YoY to Rs 2.7bn.

**Europe growth driven by complex injectable** – Europe sales surpassed our estimates by 8% to Rs 4.6bn, driven by the ramp-up in the base business, launch of Amphotericin B in Italy and UK and the traction in Manx portfolio (~5-6% of European sales). Going forward, we expect European sales trajectory to move from the earlier 10-12% to 15%, primarily with the pick-up in Amphotericin B injectable in the existing market and gradual launches across Pan Europe, where the company received approval for 23 countries and launches new products from the Manx portfolio. Thus, we expect European sales to grow at a CAGR of 16% from FY26-28E to Rs 24bn in FY28E.

**ROW region growth on ARV and Non-ARV** – ROW sales were 14% above our estimates to Rs 4.7bn. The growth was driven by both ARV and non-ARV sales, where each contributes 50% of the ROW region. Going forward, both segments to likely witness healthy product launches. In non-ARV region, new launches like Tenecteplase (flagship product in Biologics) shall scale up, followed by the launch of Amphotericin B injectable (no competitors expected in ROW region too) and Lencapavir launch with backward integration in the ARV region. Thus, we expect ROW region to grow at a CAGR of 15% from FY26-28E to Rs 22bn in FY28E.

## Key changes

| Target | Rating |
|--------|--------|
| ▲      | ◀ ▶    |

|                  |                    |
|------------------|--------------------|
| Ticker/Price     | EMCURE IN/Rs 1,535 |
| Market cap       | US\$ 3.2bn         |
| Free float       | 22%                |
| 3M ADV           | US\$ 4.0mn         |
| 52wk high/low    | Rs 1,586/Rs 889    |
| Promoter/FPI/DII | 78%/3%/3%          |

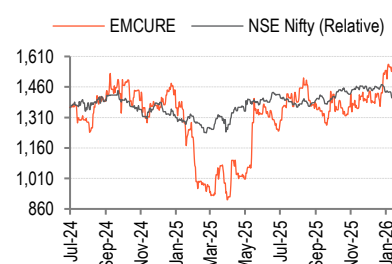
Source: NSE | Price as of 4 Feb 2026

## Key financials

| Y/E 31 Mar              | FY25A  | FY26E  | FY27E   |
|-------------------------|--------|--------|---------|
| Total revenue (Rs mn)   | 78,960 | 90,936 | 105,010 |
| EBITDA (Rs mn)          | 14,689 | 17,841 | 21,093  |
| Adj. net profit (Rs mn) | 6,917  | 9,338  | 11,576  |
| Adj. EPS (Rs)           | 36.5   | 49.3   | 61.1    |
| Consensus EPS (Rs)      | 36.5   | 49.1   | 58.9    |
| Adj. ROAE (%)           | 18.7   | 21.3   | 26.3    |
| Adj. P/E (x)            | 42.0   | 31.1   | 25.1    |
| EV/EBITDA (x)           | 18.4   | 15.4   | 13.0    |
| Adj. EPS growth (%)     | 30.1   | 35.0   | 24.0    |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**Domestic region's growth led by base business** - Domestic sales reported 3% above our estimates. The growth was driven by Sanofi's Diabetes portfolio and double-digit plus growth in the base business. Overall, therapies like Cardio, Diabetes, CNS, Oncology performed better, followed by a pickup in the Iron portfolio (FCM franchise). The quarter did not witness full benefit from the newly launched Poviztra; however, management is confident about their execution capabilities followed by making price more competitive as the molecule goes off patent. We expect both organic and in-license portfolio (5-6% of total sales; 10-12% of domestic sales) to grow well and domestic region to report 14% CAGR from FY26-28E to Rs 53bn in FY28E.

**Canada growth on new launches** – Canada sales were 2.5% above our estimates to Rs 3.9bn. The growth was driven by gains in the market share of existing products and new launches. The growth in Canada is also due to PAN Canada presence of products through acquired subsidiaries of Marcan and Mantra. The company has many products in its pipeline to drive growth through new launches; hence, we expect the region to grow at 15% CAGR from FY26-28E to Rs 19.7 bn in FY28E.

**Margin-increase to continue** – EBITDA Margin increased to 19.5%, primarily due to operating leverage. Going forward, healthy product mix is likely to continue with the launch of products across geographies, followed by operating leverage. Hence, we believe that EBITDA Margin can increase to 20.1% and 21.2% in FY26 and FY27E.

**Valuation** - We have raised our EPS estimates by 2%/6% for FY27E and FY28, factoring higher Europe and ROW sales, thereby leading to Sales/EBITDA/PAT CAGR of 15%/19% 25% respectively. Growth is driven by the uptick in international sales growth, due to its healthy pipeline and product launches.

We believe margins to scale up gradually, as 5-6% of total sales are driven by the in-licensing portfolio (low-margin portfolio) which is expected to scale up. However, profitability and FCF is expected to increase. Hence, we maintain BUY. The stock trades at 21x on Dec'27 EPS rolling forward basis. We continue to ascribe 24x to arrive at TP of Rs 1,787.

## Financial Highlights

**Fig 1 – Quarterly Snapshot**

| (Rs mn)                          | Q3FY26 | Q3FY25 | YoY (%)   | Q2FY26 | QoQ (%)    | Q3FY26E | Var (%)    |
|----------------------------------|--------|--------|-----------|--------|------------|---------|------------|
| Net Sales                        | 23,635 | 19,626 | 20.4      | 22,698 | 4.1        | 22,311  | 5.9        |
| Total Expenses                   | 19,034 | 16,080 | 18.4      | 18,307 | 4.0        | 18,005  | 5.7        |
| (%) of net sales                 | 80.5   | 81.9   |           | 80.7   |            | 80.7    |            |
| Raw material consumed            | 9,624  | 7,827  | 23.0      | 8,895  | 8.2        | 8,478   | 13.5       |
| (%) of net sales                 | 40.7   | 39.9   |           | 39.2   |            | 38.0    |            |
| Staff cost                       | 3,873  | 3,669  | 5.6       | 3,846  | 0.7        | 3,838   | 0.9        |
| (%) of net sales                 | 16.4   | 18.7   |           | 16.9   |            | 17.2    |            |
| Other Expenses                   | 5,536  | 4,584  |           | 5,565  |            | 5,689   |            |
| (%) of net sales                 | 23.4   | 23.4   |           | 24.5   |            | 25.5    |            |
| EBITDA                           | 4,601  | 3,546  | 29.8      | 4,391  | 4.8        | 4,306   | 6.9        |
| Depreciation                     | 1,047  | 968    | 8.1       | 1,046  | 0.0        | 1,004   | 4.3        |
| EBIT                             | 3,554  | 2,578  | 37.9      | 3,345  | 6.3        | 3,302   | 7.6        |
| Interest                         | 380    | 318    | 19.5      | 325    | 16.7       | 312     | 21.6       |
| Other Income                     | 345    | 39     | 785.0     | 395    | (12.7)     | 400     | (13.8)     |
| PBT                              | 3,519  | 2,299  | 53.1      | 3,414  | 3.1        | 3,390   | 3.8        |
| Less: Taxation                   | 824    | 738    | 11.6      | 900    | (8.5)      | 853     | (3.4)      |
| PAT                              | 2,695  | 1,561  | 72.7      | 2,514  | 7.2        | 2,537   | 6.2        |
| Exceptional item                 | 381    | 0      |           | 0      |            | 0       |            |
| Less: Minority Interest          | 8      | 24     | (65.0)    | 79     | (89.5)     | 79      | (89.5)     |
| PAT attributable to shareholders | 2,306  | 1,537  | 50.0      | 2,435  | (5.3)      | 2,458   | (6.2)      |
| <b>Key Ratios (%)</b>            |        |        |           |        |            |         |            |
| Gross Margin                     | 59.3   | 60.1   | (84.0bps) | 60.8   | (153.2bps) | 62.0    | (272.1bps) |
| EBITDA Margin                    | 19.5   | 18.1   | 140.0bps  | 19.3   | 12.2bps    | 19.3    | 16.8bps    |
| Tax / PBT                        | (23.4) | (32.1) | 869.0bps  | (26.4) | 295.5bps   | (25.2)  | 174.1bps   |
| NPM                              | 9.8    | 7.8    | 192.4bps  | 10.7   | (97.0bps)  | 11.0    | (126.0bps) |
| EPS                              | 12.2   | 8.1    | 405.6bps  | 12.8   | (67.9bps)  | 13      | (80.2bps)  |

Source: Company, BOBCAPS Research

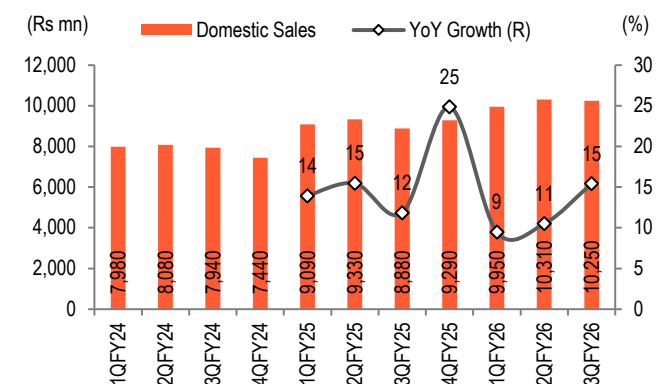
**Fig 2 – Segmental revenue mix**

| (Rs mn)                | Q3FY26 | Q3FY25 | YoY (%) | Q2FY26 | QoQ (%) | Q3FY26E | Var (%) |
|------------------------|--------|--------|---------|--------|---------|---------|---------|
| India                  | 10,250 | 8,880  | 15.4    | 10,310 | (0.6)   | 9,946   | 3.1     |
| North America / Canada | 3,970  | 3,520  | 12.8    | 3,480  | 14.1    | 3,872   | 2.5     |
| ROW                    | 4,770  | 3,650  | 30.7    | 4,460  | 7.0     | 4,198   | 13.6    |
| Europe                 | 4,640  | 3,580  | 29.6    | 4,440  | 4.5     | 4,296   | 8.0     |
| Net Sales              | 23,630 | 19,630 | 20.4    | 22,690 | 4.1     | 22,311  | 5.9     |

Source: Company, BOBCAPS Research

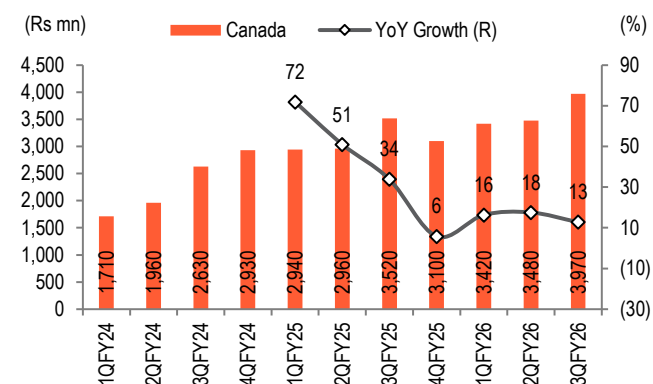
## Financial Charts

**Fig 3 – Domestic sales growth driven by both base + incensed portfolio**



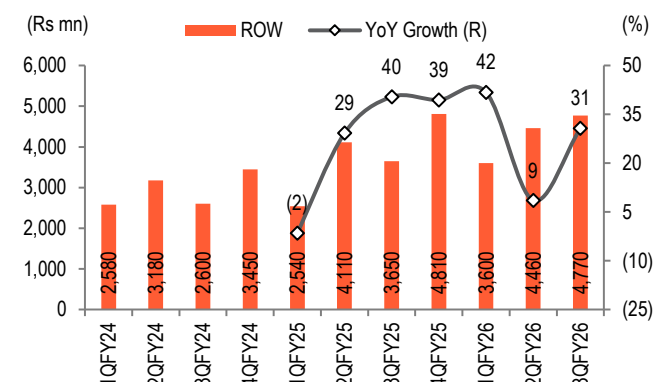
Source: Company, BOBCAPS Research

**Fig 4 – Canada sales driven by increasing market share in base business and new launches**



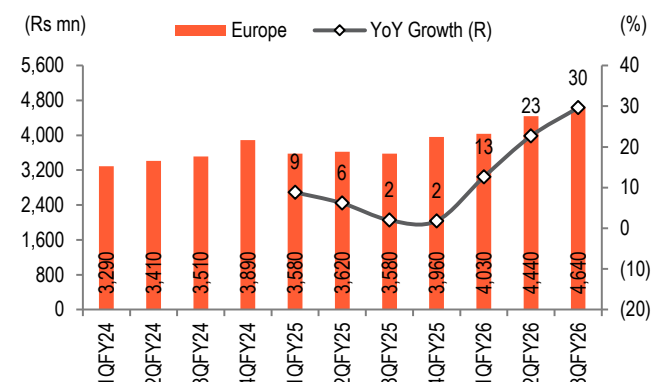
Source: Company, BOBCAPS Research

**Fig 5 – ROW region growth driven by both ARV and non ARV sales**



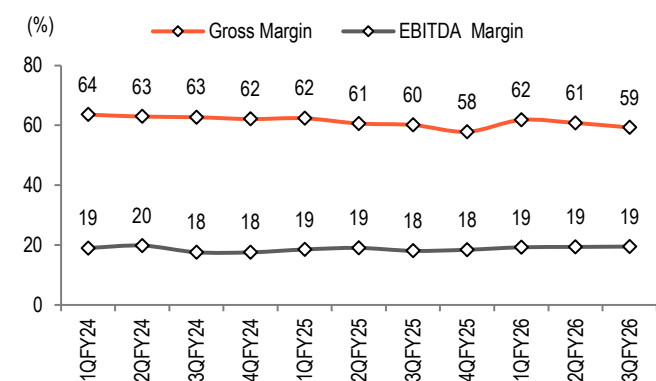
Source: Company, BOBCAPS Research

**Fig 6 – Europe sales driven by Amphotericin B injectable**



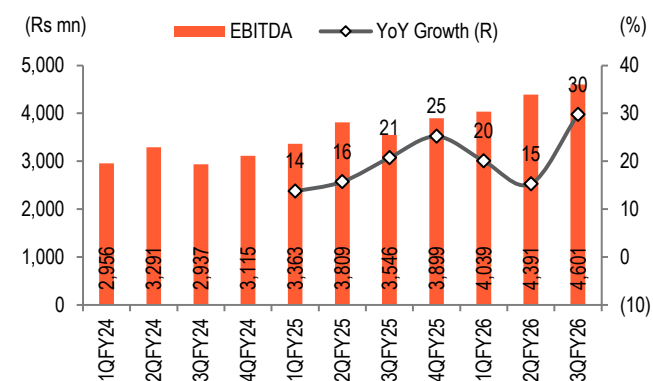
Source: Company, BOBCAPS Research

**Fig 7 – Margins improving gradually amidst incensing portfolio contribution of 6% of total sales**



Source: Company, BOBCAPS Research

**Fig 8 – Helathy product mix and cost rationalization led to EBITDA growth**



Source: Company, BOBCAPS Research

## Earnings Call highlight

### Outlook:

- **Revenue:** Targets 13–15% revenue CAGR over the next 5 years, driven by strong domestic growth and specialty-led international expansion, with performance slightly ahead of guidance.
- **Gross Margin:** Expected around ~60% amid in-licensing and international sales growth, offset by operating cost benefits.
- **EBITDA Margin:** Expects 300–400 bps EBITDA margin expansion to ~23–24% over the next 3–4 years (~100 bps annually), excluding M&A or in-licensing impact.
- **Amphotericin B:** Approved in 23 European countries; near-term contribution expected to be limited, with meaningful growth likely from FY27 as launches scale up.
- **Net Debt:** Net debt stands at Rs 1,203 crore, driven largely by the payout related to the Zuventus minority stake, and is expected to rise to ~Rs 1,500 crore, following the final ~Rs 350 crore earn-out for the Mantra acquisition in Q1; management guides to turn cash-flow positive by end-FY28 and expects net debt to be fully repaid over the next 24–36 months, assuming no new acquisitions.
- **Capex:** Annual gross block additions of ~Rs 350–400 crore over the next 2–3 years (ex.-acquisitions), implying ~50% expansion over five years.
- **India:** Expects to outgrow the industry over the next 3–5 years, while the industry itself grows at high single digits (~11–12%), on the back of strong R&D and technology, in-licensing synergies and selective bolt-on acquisitions.
- **International markets:** Expected to grow at mid-to-high teens (organic) driven by complex injectables and specialty products, with Europe & Canada guiding for low-teens growth, supported by a strong in-house product pipeline over 3–5 years.
- **R&D Focus:** R&D will rise in absolute terms but remain controlled as a percentage of revenue.
- **Key Risks:** largely external or execution-related (regulatory delays, macro and geopolitical factors); limited US exposure and a diversified geographic mix act as key mitigants.

### Financial Highlights

- Revenue grew 20.4% YoY to Rs 2,363 crore, reflecting strong momentum across businesses.
- EBITDA (ex-other income) rose 27.2% YoY to Rs 460 crore, with EBITDA margin expanding 110 bps YoY to 19.5%, supported by operating leverage and productivity gains despite in-licensing and continued investment in new initiative.

- **Gross margin declined to 59.3%** (vs 60.1% in 3QFY26), mainly due to **in-licensing impact**, higher **international mix**, and **product mix changes within geographies**.
- Reported PAT increased 48% YoY to Rs 231 crore, despite a one-off Rs 38 crore labour code expense. Adjusted PAT grew ~65% YoY, highlighting strong underlying profitability.
- MR productivity improved to ~7% YoY (vs 6–6.1% last year), with higher productivity in chronic and women's health segments.

## India

- Revenues grew ~15.4% YoY to Rs 1,025 crore.
- Growth was led by **chronic therapies**—Cardio, Diabetes, CNS, Oncology—along with the scaling of **Dermatology and Consumer** segments. Iron segment (FCM) has returned to growth.
- Domestic mix has shifted to nearly 50:50 between chronic and acute therapies, with chronic expected to outpace acute, going forward.
- **Sanofi Diabetes portfolio** and **Semaglutide** are strengthening Emcure's Diabetes presence, with **early benefits visible**, particularly in **Cardiac**, supporting the confidence of continued **above-industry growth** in India.

## International Business:

- Revenues grew ~24.5% YoY to Rs 1,338 crore, with strong performance across geographies and verticals.
- Growth is driven by complex injectables and differentiated launches, with semaglutide expected to contribute meaningfully over time alongside a broader specialty portfolio.
- FX movements had limited net impact on margins, as revenue gains were largely offset by dollar-linked imports.
- Gross margins are expected to remain broadly stable going forward, with currency normalisation and higher in-licensing exposure not seen as material risks.

## Europe

- Revenues grew ~29.6% YoY to Rs 464 crore, driven by base business ramp-up, the Manx acquisition and initial contribution from Liposomal Amphotericin B.
- **Manx portfolio** currently contributes **~5–6% of Europe revenues** (a couple of million dollars per quarter), with scope to scale further.
- **Liposomal Amphotericin B** has been launched in **UK and Italy** and is expected to be rolled out **across Europe by year-end**, supporting momentum into **FY27**.

- The **European Amphotericin B market** is estimated to be **>EUR 100 million** in size; Emcure benefits from first-generic advantage, multi-year tender lock-ins and large-scale capacity, positioning it well despite potential future competition.

## Canada

- Canada revenues grew ~13% YoY to Rs 397 crore, driven by market share gains and new launches, with growth led by the complementary Mantra and Marcan portfolios.

## ROW

- RoW delivered strong 30.7% YoY growth to Rs 477 crore, with broad-based contribution from both ARV and non-ARV portfolios.

## Semaglutide (Novo Nordisk Partnership)

- Partnership provides **first-mover advantage** in India, enabling access to an innovative obesity therapy with strong clinical data and potential to significantly improve outcomes across ~230 obesity-related comorbidities.
- **Semaglutide (Poviztra)** is a complex **rDNA biosimilar**, difficult to manufacture, and its successful launch reinforces Emcure's **execution capability** and credibility as a partner for multinational innovators.
- Recent data indicate semaglutide delivers **comparable( if not better) weight-loss efficacy vs tirzepatide**, with **stronger evidence in cardiovascular comorbidities**, supporting differentiated positioning.
- The collaboration is **strategically complementary**: Novo's strength in endo-diabetology aligns with Emcure's strong **cardio franchise**, enabling a focused push into cardiovascular specialists.
- While competition is expected to be **intense**, advantages include the **innovator's long-term data**, a **more convenient device**, and **pricing flexibility** over time.
- Product launched in **end-December**; **early traction is encouraging**, with pan-India availability and promotion led by **two of Emcure's largest divisions**, providing adequate coverage and education of the medical community.

## Biologics and Biotherapeutics Strategy

- Emcure currently has a robust biotherapeutics portfolio with 7 products already commercialized, 2 awaiting approval, and additional candidates under development.
- While the company has historically built strength in chemistry-driven products (e.g., chiral molecules and anemia management brands like Orofer XT and Orofer FCM), management sees biologics as a key growth driver going forward.
- Strategy reflects a balanced portfolio approach, leveraging capabilities across both chemistry and biotechnology to drive future growth.

## Biologics and Specialty Pipeline

- Tenecteplase positioned as the flagship biologic, alongside a strong portfolio of commercial biologics including Pegaspargase, Erythropoietin, Pegfilgrastim & near-term approved candidates, with significant potential across emerging markets.
- Liposomal Amphotericin B filings underway in select emerging markets, with management seeing Europe-like opportunity in injectable and specialty segments.

## In Licensing & Platform Strategy

- In-licensing contributes ~6–7% of total revenue, with a low-to-mid teens share of domestic revenues.
- Access to strong legacy brands and innovative products such as Poviztra strengthens Emcure's positioning as a science-driven partner to the medical fraternity.
- Sanofi portfolio has structurally upgraded Emcure's cardiac franchise to the 4th largest in India, highlighting the complementary nature and strong doctor connect of the acquired brands.
- In-licensed therapies may dilute gross margins slightly, but on a synergized EBITDA and return on capital basis, they are highly accretive.
- In-licensing deals are targeted to deliver double-digit standalone EBITDA and synergies, with little-to-no upfront payments, ensuring day-one cash-flow accretion.
- Cross-leveraging the Sanofi field force by introducing select Emcure brands has led to immediate sales pickup, reinforcing the value of targeted in-licensing arrangements.
- Platform-first approach continues, with liposomal platform, validated by the success of Liposomal Amphotericin B, is being extended to at least 3 additional products slated for filing and commercialization over the next few years across markets.

## Policy & Ecosystem

- Government's Rs 10,000 crore corpus for biologics is seen as a strong positive, with focus areas including Oncology, Diabetes, and Rare Diseases—all aligned with Emcure's capabilities.
- Proposed initiatives such as ~1,000 new clinical trial centres, strengthening of NIPERs with Biologics expertise, and regulatory process upgrades at CDSCO could accelerate clinical development and approvals.
- Management highlighted Emcure's strong positioning in industry-academia collaboration, especially in Oncology and Biologics, and expressed intent to engage with upcoming institutes to co-create new IP.



## Valuation Methodology

We have raised our EPS estimates by 2%/6% for FY27E and FY28. The increase is largely due to factoring higher Europe and ROW sales; thus, leading to Sales/EBITDA/PAT CAGR of 15%/19% 25% respectively. Growth is driven by the uptick in international sales growth on a healthy pipeline and product launches.

We believe margins to scale up gradually, as 5-6% of total sales are driven by the in-licensing portfolio (low-margin portfolio) which is expected to scale up. However, profitability and FCF is expected to increase. Hence, we maintain BUY. The stock trades at 21x on Dec'27 EPS rolling forward basis. We continue to ascribe 24x to arrive at TP of Rs 1,787.

**Fig 9 – Change in Estimates**

|          | New    |         |         | Old    |         |         | Change (%) |         |         |
|----------|--------|---------|---------|--------|---------|---------|------------|---------|---------|
|          | FY26   | FY27    | FY28    | FY26   | FY27    | FY28    | FY26       | FY27    | FY28    |
| Revenue  | 90,936 | 105,010 | 119,530 | 89,193 | 100,725 | 112,107 | 2.0        | 4.3     | 6.6     |
| EBITDA   | 17,841 | 21,093  | 25,336  | 17,306 | 20,290  | 24,156  | 3.1        | 4.0     | 4.9     |
| EBITDA M | 19.6   | 20.1    | 21.2    | 19.4   | 20.1    | 21.5    | 6.4bps     | 22.3bps | 21.7bps |
| EPS      | 49.3   | 61.1    | 76.9    | 49.3   | 59.8    | 72.8    | 0.0        | 2.2     | 5.6     |

Source: , BOBCAPS Research

## Key downward Risks

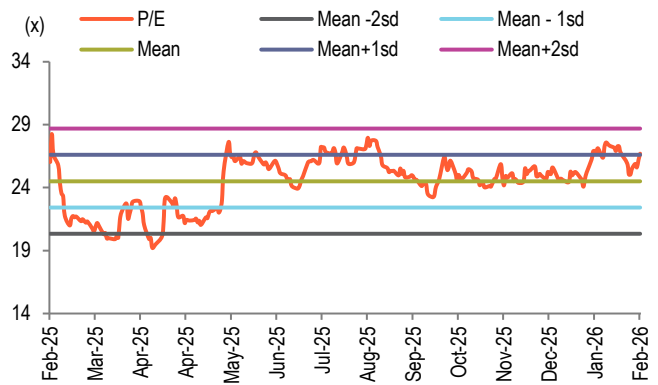
Slower than expected slower launch of Amphotericin B injectable in the European market

Higher competition in Semaglutide launch to lead to lower domestic sales

Higher Raw Material cost to affect margins

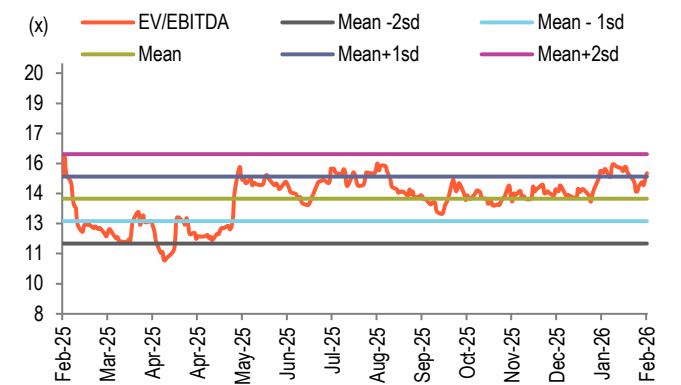
## Valuation Bands

**Fig 10 – PE Band**



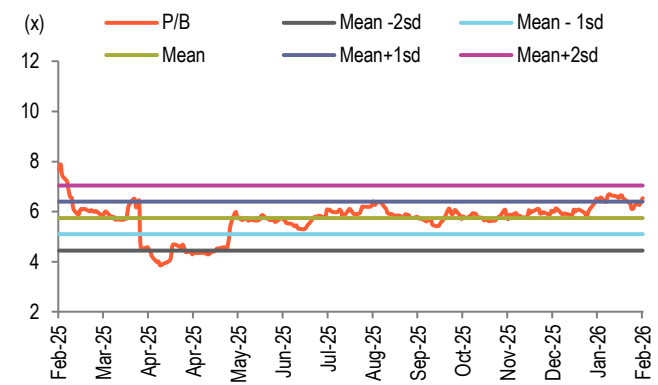
Source: Bloomberg

**Fig 11 – EV/EBITDA Band**



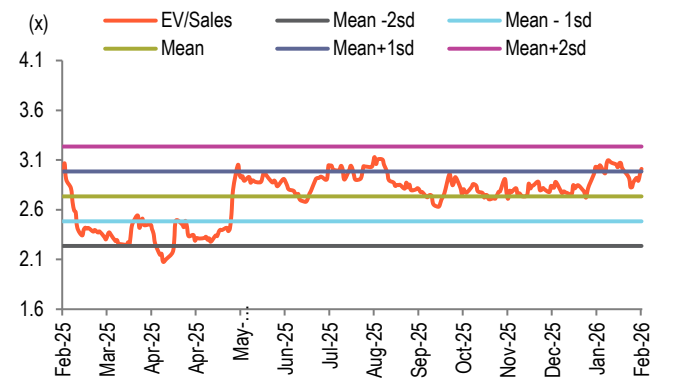
Source: Bloomberg

**Fig 12 – P/BV Band**



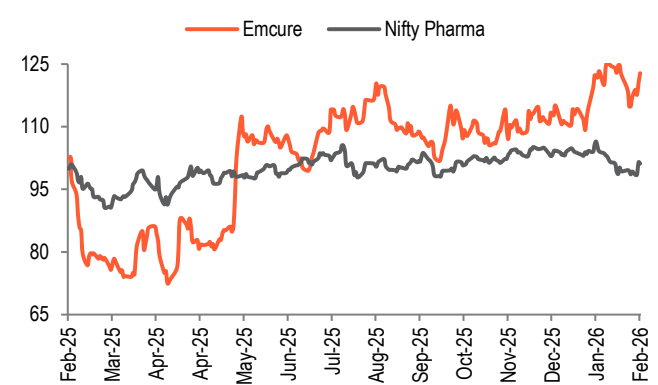
Source: Bloomberg

**Fig 13 – EV/Sales Band**



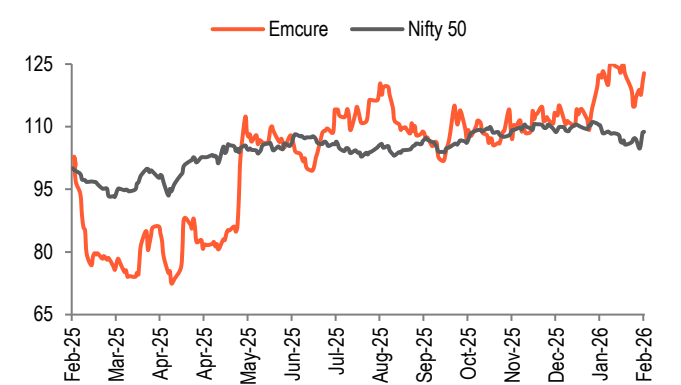
Source: Bloomberg

**Fig 14 – Emcure to Nifty Pharma**



Source: Bloomberg

**Fig 15 – Emcure to Nifty 50**



Source: Bloomberg

## Financials

### Income Statement

| Y/E 31 Mar (Rs mn)         | FY24A         | FY25A         | FY26E         | FY27E          | FY28E          |
|----------------------------|---------------|---------------|---------------|----------------|----------------|
| <b>Total revenue</b>       | <b>66,583</b> | <b>78,960</b> | <b>90,936</b> | <b>105,010</b> | <b>119,530</b> |
| EBITDA                     | 12,297        | 14,689        | 17,841        | 21,093         | 25,336         |
| Depreciation               | 3,124         | 3,841         | 4,212         | 4,414          | 4,799          |
| EBIT                       | 9,173         | 10,847        | 13,629        | 16,679         | 20,537         |
| Net interest inc./(exp.)   | (2,371)       | (1,758)       | (1,328)       | (1,389)        | (1,280)        |
| Other inc./(exp.)          | 570           | 728           | 527           | 528            | 564            |
| Exceptional items          | 0             | 0             | 0             | 0              | 0              |
| EBT                        | 7,372         | 9,817         | 12,828        | 15,819         | 19,821         |
| Income taxes               | 1,997         | 2,639         | 3,229         | 3,982          | 4,989          |
| Extraordinary items        | (99)          | (104)         | 0             | 0              | 0              |
| Min. int./Inc. from assoc. | 294           | 261           | 261           | 261            | 261            |
| <b>Reported net profit</b> | <b>4,982</b>  | <b>6,813</b>  | <b>9,338</b>  | <b>11,576</b>  | <b>14,571</b>  |
| Adjustments                | (99)          | (104)         | 0             | 0              | 0              |
| <b>Adjusted net profit</b> | <b>5,081</b>  | <b>6,917</b>  | <b>9,338</b>  | <b>11,576</b>  | <b>14,571</b>  |

### Balance Sheet

| Y/E 31 Mar (Rs mn)              | FY24A         | FY25A         | FY26E         | FY27E         | FY28E         |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Accounts payables               | 13,094        | 14,796        | 17,440        | 20,139        | 23,578        |
| Other current liabilities       | 2,529         | 3,013         | 4,547         | 5,250         | 5,976         |
| Provisions                      | 1,882         | 1,682         | 1,937         | 2,236         | 2,546         |
| Debt funds                      | 29,340        | 16,421        | 18,063        | 18,966        | 15,173        |
| Other liabilities               | 0             | 0             | 0             | 0             | 0             |
| Equity capital                  | 1,812         | 1,895         | 1,895         | 1,895         | 1,895         |
| Reserves & surplus              | 29,406        | 44,521        | 43,535        | 44,792        | 49,049        |
| Shareholders' fund              | 31,218        | 46,416        | 45,430        | 46,687        | 50,943        |
| <b>Total liab. and equities</b> | <b>78,062</b> | <b>82,327</b> | <b>87,416</b> | <b>93,278</b> | <b>98,217</b> |
| Cash and cash eq.               | 2,324         | 1,653         | 1,217         | 923           | 1,265         |
| Accounts receivables            | 18,588        | 20,022        | 22,672        | 25,893        | 29,473        |
| Inventories                     | 15,251        | 19,318        | 22,173        | 25,317        | 28,818        |
| Other current assets            | 5,881         | 6,639         | 7,275         | 7,876         | 6,574         |
| Investments                     | 3,181         | 954           | 1,049         | 1,154         | 1,269         |
| Net fixed assets                | 22,649        | 23,031        | 22,319        | 21,405        | 20,106        |
| CWIP                            | 1,323         | 1,241         | 1,241         | 1,241         | 1,241         |
| Intangible assets               | 8,865         | 9,470         | 9,470         | 9,470         | 9,470         |
| Deferred tax assets, net        | 0             | 0             | 0             | 0             | 0             |
| Other assets                    | 0             | 0             | 0             | 0             | 0             |
| <b>Total assets</b>             | <b>78,062</b> | <b>82,327</b> | <b>87,416</b> | <b>93,278</b> | <b>98,217</b> |

### Cash Flows

| Y/E 31 Mar (Rs mn)                 | FY24A           | FY25A          | FY26E           | FY27E           | FY28E           |
|------------------------------------|-----------------|----------------|-----------------|-----------------|-----------------|
| <b>Cash flow from operations</b>   | <b>10,987</b>   | <b>8,140</b>   | <b>13,169</b>   | <b>14,114</b>   | <b>19,345</b>   |
| Capital expenditures               | (3,070)         | (4,070)        | (3,500)         | (3,500)         | (3,500)         |
| Change in investments              | (2,931)         | 2,227          | (95)            | (105)           | (115)           |
| Other investing cash flows         | 0               | 0              | 0               | 0               | 0               |
| <b>Cash flow from investing</b>    | <b>(6,001)</b>  | <b>(1,843)</b> | <b>(3,595)</b>  | <b>(3,605)</b>  | <b>(3,615)</b>  |
| Equities issued/Others             | 3               | 83             | 0               | 0               | 0               |
| Debt raised/repaid                 | 2,696           | (12,919)       | 1,642           | 903             | (3,793)         |
| Interest expenses                  | (2,371)         | (1,758)        | (1,328)         | (1,389)         | (1,280)         |
| Dividends paid                     | (9,963)         | (10,422)       | (10,422)        | (10,422)        | (10,422)        |
| Other financing cash flows         | (3,001)         | 16,031         | 0               | 0               | 0               |
| <b>Cash flow from financing</b>    | <b>(12,637)</b> | <b>(8,984)</b> | <b>(10,107)</b> | <b>(10,907)</b> | <b>(15,495)</b> |
| <b>Chg in cash &amp; cash eq.</b>  | <b>(7,651)</b>  | <b>(2,687)</b> | <b>(533)</b>    | <b>(397)</b>    | <b>235</b>      |
| <b>Closing cash &amp; cash eq.</b> | <b>(3,068)</b>  | <b>(363)</b>   | <b>1,120</b>    | <b>820</b>      | <b>1,157</b>    |

### Per Share

| Y/E 31 Mar (Rs)      | FY24A | FY25A   | FY26E   | FY27E   | FY28E   |
|----------------------|-------|---------|---------|---------|---------|
| Reported EPS         | 28.0  | 36.5    | 49.3    | 61.1    | 76.9    |
| Adjusted EPS         | 28.0  | 36.5    | 49.3    | 61.1    | 76.9    |
| Dividend per share   | 55.0  | 55.0    | 55.0    | 55.0    | 55.0    |
| Book value per share | 751.0 | 1,131.1 | 1,103.5 | 1,132.9 | 1,238.4 |

### Valuations Ratios

| Y/E 31 Mar (x) | FY24A | FY25A | FY26E | FY27E | FY28E |
|----------------|-------|-------|-------|-------|-------|
| EV/Sales       | 4.0   | 3.4   | 3.0   | 2.6   | 2.3   |
| EV/EBITDA      | 21.7  | 18.4  | 15.4  | 13.0  | 10.8  |
| Adjusted P/E   | 54.7  | 42.0  | 31.1  | 25.1  | 20.0  |
| P/BV           | 2.0   | 1.4   | 1.4   | 1.4   | 1.2   |

### DuPont Analysis

| Y/E 31 Mar (%)               | FY24A       | FY25A       | FY26E       | FY27E       | FY28E       |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Tax burden (Net profit/PBT)  | 68.9        | 70.5        | 72.8        | 73.2        | 73.5        |
| Interest burden (PBT/EBIT)   | 80.4        | 90.5        | 94.1        | 94.8        | 96.5        |
| EBIT margin (EBIT/Revenue)   | 13.8        | 13.7        | 15.0        | 15.9        | 17.2        |
| Asset turnover (Rev./Avg TA) | 29.3        | 32.0        | 36.0        | 40.7        | 45.4        |
| Leverage (Avg TA/Avg Equity) | 2.1         | 1.7         | 1.4         | 1.5         | 1.4         |
| <b>Adjusted ROAE</b>         | <b>18.6</b> | <b>18.7</b> | <b>21.3</b> | <b>26.3</b> | <b>31.3</b> |

### Ratio Analysis

| Y/E 31 Mar                                   | FY24A      | FY25A      | FY26E      | FY27E      | FY28E      |
|--|------------|------------|------------|------------|------------|
| <b>YoY growth (%)</b>                        |            |            |            |            |            |
| Revenue                                      | 11.2       | 18.6       | 15.2       | 15.5       | 13.8       |
| EBITDA                                       | 4.1        | 19.4       | 21.5       | 18.2       | 20.1       |
| Adjusted EPS                                 | (5.7)      | 30.1       | 35.0       | 24.0       | 25.9       |
| <b>Profitability &amp; Return ratios (%)</b> |            |            |            |            |            |
| EBITDA margin                                | 18.5       | 18.6       | 19.6       | 20.1       | 21.2       |
| EBIT margin                                  | 13.8       | 13.7       | 15.0       | 15.9       | 17.2       |
| Adjusted profit margin                       | 7.6        | 8.8        | 10.3       | 11.0       | 12.2       |
| Adjusted ROAE                                | 18.6       | 18.7       | 21.3       | 26.3       | 31.3       |
| ROCE   | 17.1       | 18.8       | 22.4       | 26.6       | 32.0       |
| <b>Working capital days (days)</b>           |            |            |            |            |            |
| Receivables                                  | 102        | 93         | 91         | 90         | 90         |
| Inventory                                    | 84         | 89         | 89         | 88         | 88         |
| Payables                                     | 72         | 68         | 70         | 70         | 72         |
| <b>Ratios (x)</b>                            |            |            |            |            |            |
| Gross asset turnover                         | 2.0        | 2.3        | 2.4        | 2.5        | 2.6        |
| Current ratio                                | 2.4        | 2.4        | 2.2        | 2.2        | 2.1        |
| Net interest coverage ratio                  | 3.9        | 6.2        | 10.3       | 12.0       | 16.0       |
| <b>Adjusted debt/equity</b>                  | <b>0.9</b> | <b>0.3</b> | <b>0.4</b> | <b>0.4</b> | <b>0.3</b> |

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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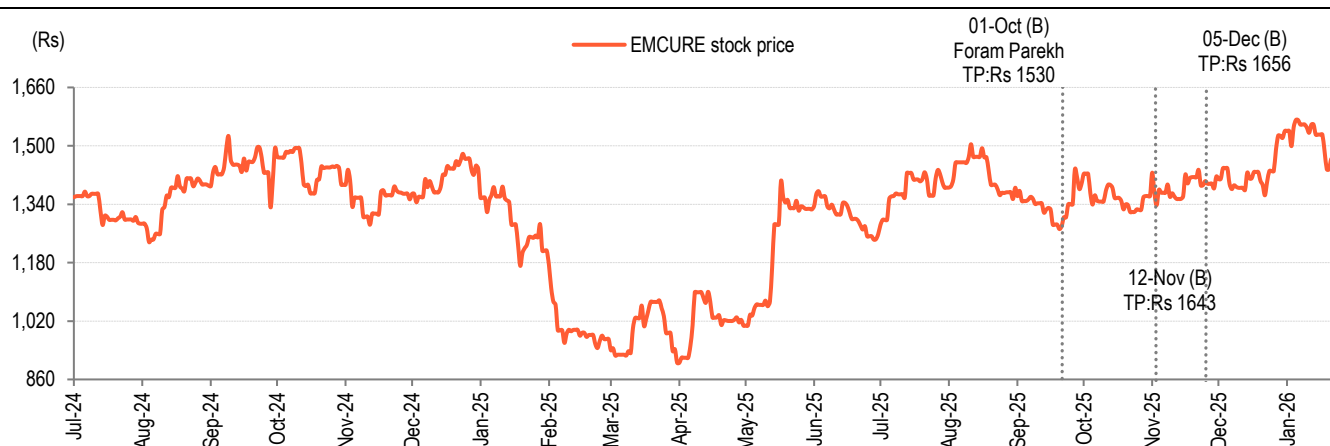
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