BOBCAPS
TRUST | INNOVATION | EXCELLENCE

PHARMACEUTICALS | Q1FY27 Preview | 10 July 2026

Growth visible despite product concentration in the base

- **Moderate quarter expected due to gRevlimid in the base. No impact of the Middle-East war seen by the companies in 1QFY27**
- **Domestic growth surged to 12% for our coverage companies, primarily with the launch of gSemaglutide and price hike**
- **We remain positive on the sector – Top Picks – SUNP, DRRD and high conviction pick – LPC, EMCURE, ANTHEM and ERIS**

Foram Parekh
Research Analyst
research@bobcaps.in

Moderate quarter expected, yet again - We expect sales for our coverage companies to grow by 8.2% YoY and 2.8% QoQ to Rs 644 bn, on the back of a healthy 12.8% YoY domestic growth. We expect EBITDA growth for our coverage companies to be (2.9%) YoY. Lower product mix, primarily due to gRevlimid in the base for companies like DRRD, CIPLA, SUNP etc. to lead to EBITDA decline. gRevlimid was a high-margin product, whose benefit to not accrue from FY27. Hence, we expect a decline of 214 bps YoY to 23.4% for our coverage companies. However, the same is not cascaded in the PAT as many companies are cash-rich and would witness favourable other income due to currency depreciation. Therefore, we expect APAT for our coverage companies to decline marginally by 1%YoY to Rs 101bn.

Domestic growth for coverage companies to surpass IPM growth - For our coverage companies, domestic sales is likely to grow by 12.8% vs IPM growth of ~11%. Domestic growth to be on the back of: 1)gSemaglutide launch for DRRD, ALKEM, SUNP, ERIS and LPC 2) Tirzepetide sales for CIPLA 3) Pick-up in innovator sales for Semaglutide for BOOT and EMCURE. Overall growth in the domestic region would be driven by price hike and GLP launches.

North America sales to see lesser impact amidst gRevlimid in the base – For our coverage companies, North America region to report a decline of 1.9% YoY and 2.2% growth QoQ to Rs 165 bn. The yearly decline is mainly due to gRevlimid in the base and restricted supplies for key products like Lanreotide for CIPLA and gSemaglutide for DRRD which can be offset by rupee depreciation benefits and increasing share of complex generics and specialty products. Thus, the companies would witness lower to mid single digit price erosion while Aurobindo (pure generic play) witnesses merely 1-2% price erosion due to huge scale of products.

CRDMO to witness weakness in a non-seasonal quarter – Our coverage companies are expected to report 4.6% YoY growth and -9.7% QoQ decline. The segment continues to witness headwinds like slow restocking of molecules, deferred shipments, higher freight and logistic cost; thereby impacting margins.

Fig 1 – 1QFY27 preview table

	Net Sales (Rs mn)					EBITDA (Rs mn)					Adjusted PAT (Rs mn)				
Y/E March	Q1FY27E	Q1FY26	Q4FY26	YoY (%)	QoQ (%)	Q1FY27E	Q1FY26	Q4FY26	YoY (%)	QoQ (%)	Q1FY27E	Q1FY26	Q4FY26	YoY (%)	QoQ (%)
Abbott India	19,122	17384	17095	10.0	11.9	4,935	4456	4809	10.8	2.6	4,090	3659	3949	11.8	3.6
Ajanta	14700	13027	14216	12.8	3.4	3910	3514	3334	11.3	17.3	2827	2553	2667	10.7	6.0
Alembic Pharma	17,758	17107	18477	3.8	(3.9)	2,344	2814	2279	(16.7)	2.8	1,140	1541	2252	(26.0)	(49.4)
Alkem	37,105	33711	36033	10.1	3.0	7,235	7391	5174	(2.1)	39.8	5,370	6554	3867	(18.1)	38.9
Anthem Bioscience	4,201	5401	6109	(22.2)	(31.2)	1,555	1914	2672	(18.8)	(41.8)	1,133	1357	1887	(16.5)	(40.0)
Aurobindo Pharma	89,147	77,918	87,515	14.4	1.9	18,453	16,034	18,009	15.1	2.5	9,556	8,222	9,715	16.2	(1.6)
Cipla	66718	69,575	65412	(4.1)	2.0	9273	17,781	9970	(47.9)	(7.0)	6322	12,921	5921	(51.1)	6.8
Cohance Life	4,059	5,493	6,191	(26.1)	(34.4)	28	1,120	987	(97.5)	(97.2)	(428)	464	248	(192.3)	(272.6)
Divi's	27717	24100	28,310	15.0	(2.1)	8731	7300	9,340	19.6	(6.5)	6350	5460	7,510	16.3	(15.4)
Dr.Reddy's	80157	85452	75162	(6.2)	6.6	12024	21501	6042	(44.1)	99.0	11373	14178	4741	(19.8)	139.9
Emcure Pharma	24,534	21005	24,697	16.8	(0.7)	4,784	4039	4,855	18.5	(1.5)	2,549	2183	2,394	16.8	6.5
Eris	8,952	7716	7,523	16.0	19.0	3,198	2767	2,736	15.6	16.9	1,512	1242	2,803	21.7	(46.1)
Laurus Labs	17,027	15696	18,116	8.5	(6.0)	4,938	3821	5,121	29.2	(3.6)	2,638	1611	2,819	63.8	(6.4)
Lupin	77634	62683	74747	23.9	3.9	20883	16414	21711	27.2	(3.8)	14517	11356	12856	27.8	12.9
Senores Pharma	1,998	1380	1,752	44.8	14.0	595	342	475	74.2	25.3	348	212	367	64.5	(5.0)
Sun Pharma	154093	138514	146118	11.2	5.5	44687	40726	35275	9.7	26.7	31917	28676	22873	11.3	39.5
Total	644,921	596,161	627,473	8.2	2.8	147,573	151,933	132,787	(2.9)	11.1	101,215	102,188	86,868	(1.0)	16.5

Source: Company, BOBCAPS Research

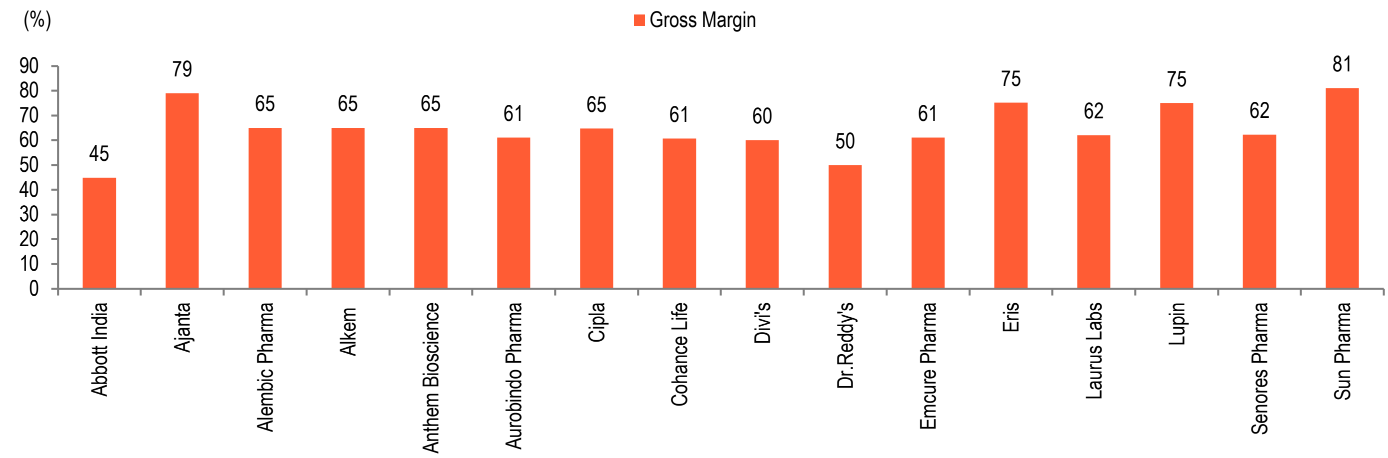
Fig 2 – 1QFY27E EBITDA Margin expected

	EBITDA Margin (%)				
Y/E March	Q1FY27E	Q1FY26	Q4FY26	YoY (%)	QoQ (%)
Abbott India	25.8	25.6	28.1	18	(232)
Ajanta Pharma	26.6	27.0	23.5	(37)	315
Alembic Pharma	13.2	16.4	12.3	(325)	86
Alkem Laboratories	19.5	21.9	14.4	(242)	514
Anthem Bioscience	37.0	35.4	43.7	156	(673)
Aurobindo Pharma	20.7	20.6	20.6	12	12
Cipla	13.9	25.6	15.2	(1166)	(134)
Cohance Life	0.7	20.4	15.9	(1971)	(1526)
Divi's Labs	31.5	30.3	33.0	121	(149)
Dr.Reddy's	15.0	25.2	8.0	(1016)	696
Emcure Pharma	19.5	19.2	19.7	27	(16)
Eris Lifesciences	35.7	35.9	36.4	(14)	(64)
Laurus Labs	29.0	24.3	28.3	465	73
Lupin	26.9	26.2	29.0	71	(215)
Senores Pharma	29.8	24.8	27.1	503	269
Sun Pharma	29.0	29.4	24.1	(40)	486
Total	23.4	25.5	23.7	(215)	180

Source: Company, BOBCAPS Research

Gross Margin for our coverage companies

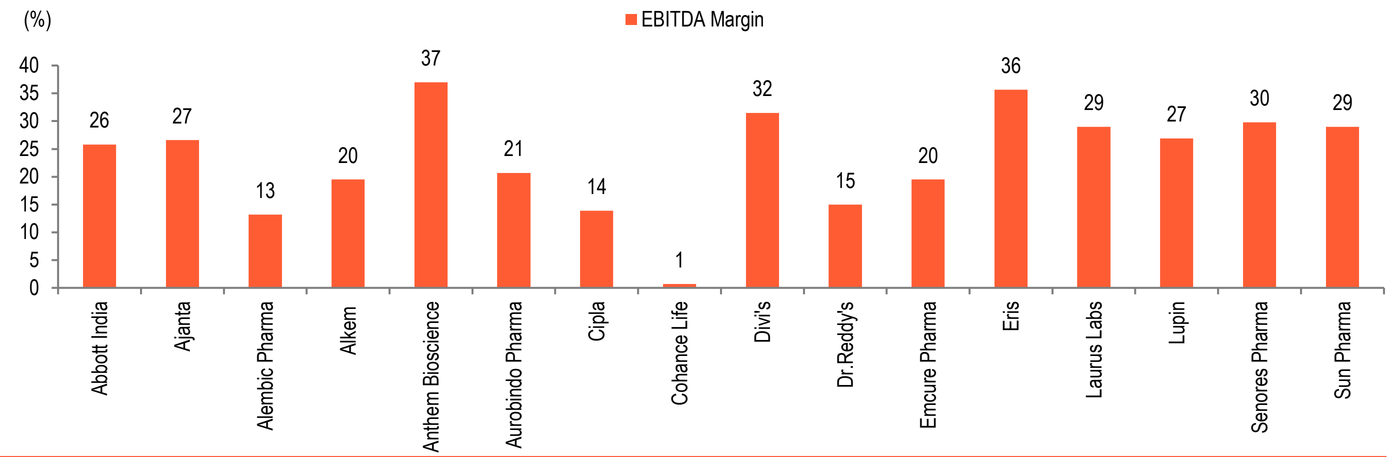
Fig 3 – Gross margin for most of the companies to stay on the higher end due to no pressure of Middle East war on Raw Materials



Source: Company, BOBCAPS Research

EBITDA Margin for our coverage companies

Fig 4 – EBITDA Margin, barring Cohance, to remain elevated for companies with no gRevlimid in the base



Source: Company, BOBCAPS Research

Fig 5 – Domestic segment sales expected for our coverage companies

Rs mn	1QFY27E	1QFY26	4QFY26	YoY %	QoQ %
Abbott India	19122	17384	17095	10.0	11.9
Ajanta	4704	4090	4040	15.0	16.4
Alembic Pharma	6230	5990	5680	4.0	9.7
Alkem	25368	22650	23,245	12.0	9.1
Cipla	33770	30700	30070	10.0	12.3
Dr.Reddy's	17653	14711	15663	20.0	12.7
Emcure	11244	9950	9770	13.0	15.1
Eris	7862	7020	6710	12.0	17.2
Lupin	22983	20894	19082	10.0	20.4
Sun Pharma	54765	47211	48359	16.0	13.2
Total	203700	180600	179714	12.8	13.3

Source: Company, BOBCAPS Research

Fig 6 – US segment growth rate for coverage companies

Rs mn	1QFY27E	1QFY26	4QFY26	YoY %	QoQ %
Ajanta	4340	3100	5050	40.0	(14.1)
Alembic Pharma	5753	5230	5640	10.0	2.0
Alkem	7541	6,982	7681	8.0	(1.8)
Aurobindo Pharma	37130	34880	35340	6.5	5.1
Cipla	13531	19330	14140	(30.0)	(4.3)
Dr.Reddy's	22094	34123	17562	(35.3)	25.8
Lupin	32200	24041	33987	33.9	(5.3)
Sun Pharma	42300	40452	41997	4.6	0.7
Total	164888	168138	161397	(1.9)	2.2

Source: Company, BOBCAPS Research

Fig 7 – Our coverage CRDMO companies growth rate

Rs mn	1QFY27E	1QFY26	4QFY26	YoY %	QoQ %
Cohance	4,059	5,493	6,191	(26.1)	(34.4)
Divi's labs	27717	24100	28310	15.0	(2.1)
Laurus	17,027	15,696	18,116	8.5	(6.0)
Anthem Bioscience	4,201	5,401	6,109	(22.2)	(31.2)
Total	53004	50690	58726	4.6	(9.7)

Source: Company, BOBCAPS Research

USFDA plant status during the quarter

Fig 8 – Plant status received by the USFDA during 1QFY27

Date	Company	Plant type	Location	Status	Remarks
16th Apr'26	Zydus Life	Oncology injectable manufacturing facility	Sez 1 Ahmedabad	EIR	Pre-approval letter from the USFDA for the Pre-Approval Inspection (PAI)
17th Apr'26	CIPLA	Goa- Verna	Goa	2 observations	CGMP and PAI inspection received 2 observations in form 483
18th Apr'26	Lupin	Formulation Plant	Somerset New Jersey	form 483 with 3 observations	
22nd April'26	Ajanta Pharma	Tablets, Capsules and Oral suspension	Paithan, Aurangabad	Form 483 with 5 observations form	
30th April'26	Biocon	Biosimilar	Bengaluru	Form 483 with 5 observations form	PLI inspection covering 3 biologics manufacturing units, 5 quality testing labs and 2 warehouses
2nd May'26	Alkem		Damman (Amaliya)	Form 483 with 7 observations form	
6th May'26	Aurobindo	Oral Solid dosage unit	SEZ unit in Telangana	EIR	USFDA inspected the plant from Jan'28 to Feb'10 and had received a form 483 with 9 observations
6th May'26	Zydus Life	Unit 9 - Biotech park	Changodar, Ahmedabad	7 observations	USFDA inspection conducted from 27th April - 5th May'26
10th May'26	Piramal Pharma	Sellersville	USA	form 483 with 3 observations	Plant recognized as VAI
14th May'26	Alembic Pharma	Injectable facility - F-III	Karakhadi	EIR	Plant recognized as EIR
16th May'26	Emcure	Formulation facilty	Sanand facility		form 483 with 7 observations
20th May'26	Strides Pharma		Bangalore	Form 483 observations with five observations	CGMP inspection received 5 observations and a form 483
24th May'26	Aurobindo Pharma	Formulation Plant - Eugia Unit1	Kolthur village, Telangana	OAI	Plant inspected on 16th Feb-27th Feb'26, now the plant is classified as OAI
28th May'26	Lupin	Intermediates/API	Ankleshwar facility	EIR	Product specific PAI inspection from 2nd Mar-7th Mar'26
3rd June'26	Zydus Life	Formulation facility	Baddi - Himachal Pradesh	WL	Received WL after receiving EIR and VAI in Oct'25
3rd June'26	Granules		Chantilly Virginia, US	EIR with an VAI	
11th June'26	Cipla		Goa	PAI	cGMP and PAI inspection received VAI status
12th June'26	Aurobindo Pharma	Unit 3	Pashamylaram, Patancheru	OAI	Received 11 observations and plant received OAI status
19th June'26	Aurobindo	Sterile facility	Parawada Mandal, Anakapalli District, Andhra Pradesh	5 observations	PAI Inspection with 5 observations for inspection conducted from 10th June'26-19th June'26
25th June'26	Dr.Reddy's	Biologics plant	Bachupally (Hyderabad)	7 observations and a form 483	PLI inspection received 7 observations (few for Rituximab and more for Abatacept)
27th June'26	Aurobindo Pharma	API plant (Auroactive Pharma)	Srikakulam District, AP	2 observations	Plant received 2 observations
30th June'26	Glenmark Pharma		Goa	6 observations	CGMP inspection received 6 observations

Source: Company, BOBCAPS Research

COMPANY UPDATE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 1,511 | ⮝ 19%

DR REDDY'S LABS | Pharmaceuticals | 10 July 2026

Sema pens volume lowered; FY27 EBITDA M guidance retained

- **Semaglutide pen volume lowered from earlier 12 mn to 6-7 mn as there would be supply halt from Junly- Novemebr'26**
- **EBITDA Margin guidance of 20% in FY27 retained. The impurity found in API to not yield incremental costs; however, write off to follow**
- **lower EPS estimates by 4.5%/3.5%and 8.3% for FY27E/FY28E/FY29E. Continue to ascribe 21x for PT of Rs 1511. Maintain Buy & top pick**

Foram Parekh
Research Analyst
research@bobcaps.in

Issue with Synthetic Semalgutide API – DRRD found Semaglutide API batches out of specification due to an issue associated with the API used in the product. In order to support the growing demand, the company scaled up the synthetic API, and impurities were found in three validation batches

No recall of product – The impurity in the API was found on a large scale, which was supplied to Onsource but was not sold (unsold product to face write-off). The product supplied to the Canadian market was from the small scale batch, hence it shall not be recalled, as it did not have the impurity.

Pen volume guidance lowered – DRRD to Validate the batches again and supply them to Onsource for testing and later commercialization. The entire process shall take three months; hence, there would be no supply of pens from July to November. Thus, the company has lowered its annual pen guidance to 6–7 mn, vs 12 mn pens.

EBITDA Margin guidance maintained at 20% for FY27 – Despite the lowering of pen volume, EBITDA margin guidance is maintained at 20% for FY27E

Longitivity to Semaglutide demand – The company does not expect a shortage of demand for Semaglutide and believes demand would outpace supply. Thus, the company has established a long-term relationship with Onesource.

Our View – The lowering of Semaglutide pens has led us to lower our FY27E/FY28E/FY29E EPS by 4.5%, 3.5%, and 8.3% respectively, to Rs 58.4, Rs 68.4, and Rs 78.6 per share. However, retaining the 20% FY27E EBITDA margin is comforting and looks achievable, as the company had clocked 18–20% EBITDA margins even before the gRevlimid era. We continue to ascribe a 21x PE due to (1) better India sales through the in-licensing portfolio, (2) the biosimilar portfolio in the Europe region, and (3) double-digit growth in the base portfolio. On rolling forward to June'29, we arrive at a PT of Rs 1,511, implying 19% upside; thus, maintaining BUY on the stock. We continue to have Dr.Reddy's as our top pick as we believe company's margins would scale up with the launch of biosimilar portfolio.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	DRRD IN/Rs 1,270
Market cap	US$ 11.1bn
Free float	73%
3M ADV	US$ 34.6mn
52wk high/low	Rs 1,415/Rs 1,148
Promoter/FPI/DII	27%/27%/23%

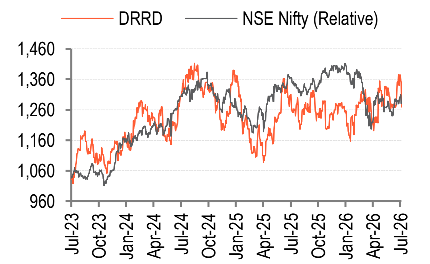
Source: NSE | Price as of 9 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	335,933	357,103	397,528
EBITDA (Rs mn)	67,049	71,421	83,481
Adj. net profit (Rs mn)	45,851	48,665	56,956
Adj. EPS (Rs)	55.6	58.5	68.5
Consensus EPS (Rs)	61.6	56.6	65.8
Adj. ROAE (%)	13.1	12.3	12.8
Adj. P/E (x)	22.8	21.7	18.5
EV/EBITDA (x)	15.9	15.1	13.1
Adj. EPS growth (%)	(20.3)	5.3	17.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

KTA from the con call

Pick up of Semaglutide demand - To support the growing demand for Semaglutide injection globally, DRRD scaled up the synthetic API manufacturing process at its API facility with the intent of increasing the API output.

Impurity found in the API – The company found one of the impurities out of specification upon testing indicating it was degrading while making the formulation. This highlights company needs process improvement.

Semaglutide pen outlook for FY27 – The company is on track to supply, ~6 mn to 7 mn pens between Q3 and Q4 of FY '27.

Key pointers on the manufacturing front

1- manufacturing facility continues to operate in compliance with applicable CGMP and global regulatory requirements

2- There is no impact on the product existing, not global regulatory filings, whether approved or currently under review

3- No patient safety impact associated with the product or ready to supply to the market. So, people that took the product or customers who received the product are safe.

4- The issue has nothing to do with whatever they sent to the market (on a lower scale) . It was in a batch produced on a higher scale.

5- No impact on oral Semaglutide which uses different API.

Timeline for supplying again – The company will do the necessary adjustments and tweak the process of the API and take three validation batches again which would be sent to one source for the drug products and then need to test. All these would take time till September'26 for commercial API to reach to Onsource. Onesource would then make the product and thus resume supplies from late October to November.

No submission to the regulatory authorities – The company would make another three batches to submit to Onesource for commercialization. There is no change to a specification or to the submission and doesn't require any prior approval from any agency.

Alternate supplier can not come in next couple of months - An alternate supplier will require a pre-approval supplement which would take ~one year because it normally requires to say submit as an approval supplement.

No recall of batches - The scale-up batches never went to the market therefore there is no recall or anything like that's associated with it. There was a recall of one batch from India, however, it has nothing to do with the event. The product sent to Canada market would also not get impacted because of it was manufactured from different scale.

Write down of inventory - The part of the inventory with onesource from large scale is not sold yet, hence that would not be recalled. However, this unsold inventory will have to be written down by Dr.Reddy's.

No change in Margins – The company has maintained its 20%+ EBITDA Margin guidance amidst missing on selling few quantities of pens.

No manufacturing from small scale too until approval of validated products - Currently investigating all the scales as the small scale was moved into that process, so right now it will be hard to manufacture until the company validate and feel comfortable about the smooth working.

Demand for semaglutide - There is no shortage of demand and the company doesn't see shortage of demand going forward. DR. Reddy's would be supplying to Sandoz too.

Long term supplies to Onesource - committed to supply to OneSource for long term. Onesource and Dr.Reddy's to be an important partner for them for many years. The company plans to enter into a long-term relationship with OneSource on Semaglutide injection.

Large capacity for own facility – The company to have large capacity of 25-30 mn pens which would be largely used for Semaglutide and other products.

Fig 1 – Change in Estimates table

Rs mn	New			Old			Variance		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Sales	357103	397528	434123	364359	395985	432410	(2.0)	0.4	0.4
EBITDA	71421	83481	95507	76515	87117	103778	(6.7)	(4.2)	(8.0)
EBITDA Margin (%)	20.0%	21.0%	22.0%	21.0%	22.0%	24.0%	(100bps)	(100bps)	(200bps)
EPS (Rs)	58	68	79	63	72	87	(4.5)	(3.5)	(8.3)

Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**325,534**	**335,933**	**357,103**	**397,528**	**434,123**
EBITDA	86,235	67,049	71,421	83,481	95,507
Depreciation	17,058	20,606	22,103	23,603	23,430
EBIT	69,177	46,443	49,317	59,878	72,077
Net interest inc./(exp.)	4,724	4,132	4,292	3,451	2,589
Other inc./(exp.)	4,358	7,627	8,781	9,691	9,261
Exceptional items	0	0	0	0	0
EBT	78,259	58,202	62,391	73,020	83,927
Income taxes	19,539	12,351	13,726	16,064	18,464
Extraordinary items	(1,476)	(3,385)	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**57,244**	**42,466**	**48,665**	**56,956**	**65,463**
Adjustments	(1,476)	(3,385)	0	0	0
Adjusted net profit	**58,720**	**45,851**	**48,665**	**56,956**	**65,463**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	35,523	33,411	39,135	43,565	47,575
Other current liabilities	53,102	64,910	42,852	39,753	39,071
Provisions	6,324	7,659	8,142	9,063	9,898
Debt funds	46,766	77,341	65,740	49,305	36,979
Other liabilities	0	0	0	0	0
Equity capital	832	835	835	835	835
Reserves & surplus	331,932	372,754	417,244	470,025	531,313
Shareholders' fund	332,764	373,589	418,079	470,860	532,148
Total liab. and equities	**474,479**	**556,910**	**573,947**	**612,546**	**665,670**
Cash and cash eq.	14,652	15,368	24,466	20,161	38,806
Accounts receivables	90,420	101,219	97,836	130,694	154,619
Inventories	71,085	76,531	83,161	94,753	107,044
Other current assets	33,492	41,096	49,994	55,654	60,777
Investments	58,456	88,814	88,814	88,814	88,814
Net fixed assets	97,761	115,930	113,827	110,224	106,794
CWIP	0	0	0	0	0
Intangible assets	108,613	117,952	115,849	112,246	108,816
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**474,479**	**556,910**	**573,947**	**612,546**	**665,670**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**54,719**	**46,506**	**38,479**	**29,250**	**49,128**
Capital expenditures	(27,504)	(27,000)	(20,000)	(20,000)	(20,000)
Change in investments	21,162	(30,358)	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(6,342)**	**(57,358)**	**(20,000)**	**(20,000)**	**(20,000)**
Equities issued/Others	0	3	0	0	0
Debt raised/repaid	26,746	30,575	(11,601)	(16,435)	(12,326)
Interest expenses	4,724	4,132	4,292	3,451	2,589
Dividends paid	(4,160)	(4,175)	(4,175)	(4,175)	(4,175)
Other financing cash flows	(68,140)	(18,967)	2,103	3,603	3,430
Cash flow from financing	**(40,830)**	**11,568**	**(9,380)**	**(13,555)**	**(10,483)**
Chg in cash & cash eq.	**7,547**	**716**	**9,098**	**(4,305)**	**18,645**
Closing cash & cash eq.	**14,652**	**15,368**	**24,466**	**20,161**	**38,806**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	68.0	51.5	58.5	68.5	78.7
Adjusted EPS	69.7	55.6	58.5	68.5	78.7
Dividend per share	5.0	5.0	5.0	5.0	5.0
Book value per share	400.9	450.1	503.7	567.3	641.1

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	3.4	3.2	3.0	2.8	2.6
EV/EBITDA	12.7	15.9	15.1	13.1	11.7
Adjusted P/E	18.2	22.8	21.7	18.5	16.1
P/BV	3.2	2.8	2.5	2.2	2.0

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	75.0	78.8	78.0	78.0	78.0
Interest burden (PBT/EBIT)	113.1	125.3	126.5	121.9	116.4
EBIT margin (EBIT/Revenue)	21.3	13.8	13.8	15.1	16.6
Asset turnover (Rev./Avg TA)	24.3	20.2	19.1	19.8	19.9
Leverage (Avg TA/Avg Equity)	1.1	1.2	1.2	1.1	1.1
Adjusted ROAE	19.2	13.1	12.3	12.8	13.1

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	16.6	3.2	6.3	11.3	9.2
EBITDA	10.0	(22.2)	6.5	16.9	14.4
Adjusted EPS	4.2	(20.3)	5.3	17.0	14.9
Profitability & Return ratios (%)					
EBITDA margin	26.5	20.0	20.0	21.0	22.0
EBIT margin	21.3	13.8	13.8	15.1	16.6
Adjusted profit margin	18.0	13.6	13.6	14.3	15.1
Adjusted ROAE	19.2	13.1	12.3	12.8	13.1
ROCE	21.9	13.0	12.4	13.9	14.9
Working capital days (days)					
Receivables	101	110	100	120	130
Inventory	80	83	85	87	90
Payables	40	36	40	40	40
Ratios (x)					
Gross asset turnover	1.3	1.2	1.2	1.2	1.3
Current ratio	2.2	2.2	2.8	3.3	3.7
Net interest coverage ratio	(14.6)	(11.2)	(11.5)	(17.3)	(27.8)
Adjusted debt/equity	0.0	0.0	0.0	0.0	(0.1)

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

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 (Perpetual)**
SEBI Stock Broker Registration No: **INZ000159332**
SEBI Depository Participant Registration No: **IN-DP-728-2022**
SEBI Merchant Banker Registration No: **INM000009926**
Phone: +91-22-61389300
Name of the Compliance Officer: Mr. Sameer Khobrekar
Email ID: Compliance@bobcaps.in; Phone no.: +91-22-61389358
For any queries or grievances, you may contact the Grievance Officer.
Name of the Grievance Officer: Mr. Nilesh Mehta
Email ID: head-customercare@bobcaps.in; Phone no: 92288 60945

Brand Name: **BOBCAPS**
Website: **https://www.bobcaps.in/**
CIN: **U65999MH1996GOI098009**

Logo:

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

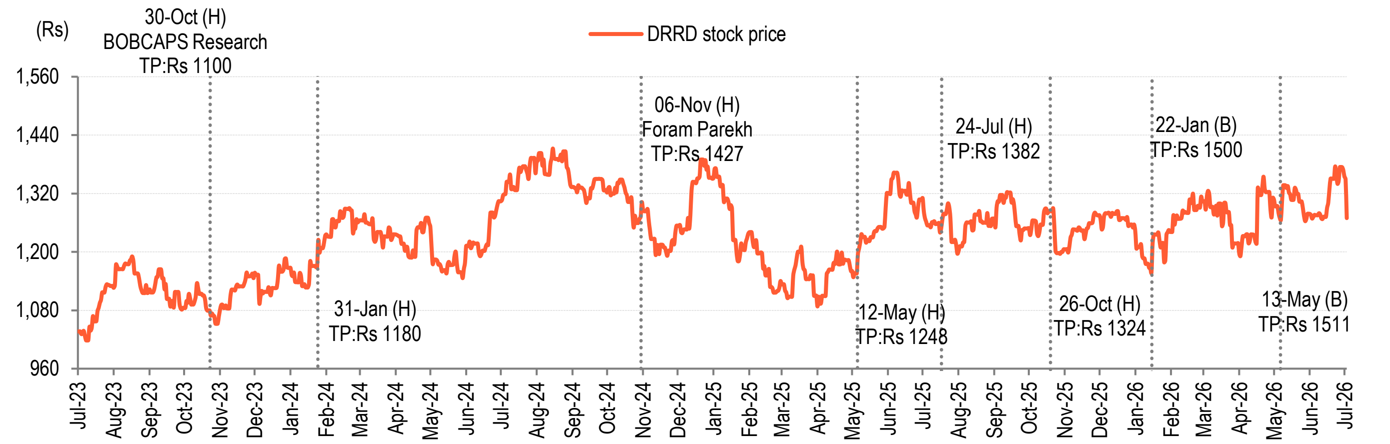
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): DR REDDY'S LABS (DRRD IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd ("**MSL**") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as "**MAYBANK**"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.