

# Torrent Pharma

## J.B. Chemicals acquisition a strategic fit

Torrent Pharma has entered into definitive agreements to acquire a controlling stake in J. B. Chemicals and Pharma (JB Pharma) from KKR at an equity valuation of INR 256.89 bn, followed by a merger of the two entities. The acquisition will be executed in two phases: (1) acquisition of ~46.39% equity stake through an SPA<sup>^</sup> at a consideration of INR 119.17 bn (INR 1,600 per share; ~11% discount) and 2.8% from certain employees of JB Pharma, followed by an open offer to acquire up to 26% of JB Pharma shares from public shareholders at a price of INR 1,639/share; and (2) merger between Torrent and JB Pharma through a scheme of arrangement, whereby every shareholder holding 100 shares in JB Pharma shall receive 51 shares of Torrent. Based on the current structure of the deal, the deal valuations are 6.6x EV/Sales, 24.8x EV/EBITDA, and 38.9x EV/PAT for FY25. The controlling stake acquisition is expected to complete in 5-6 months (CCI approval by Q4FY26), and implementation of the amalgamation scheme should take another 12 months. This acquisition will be win-win for both the companies. Torrent Pharma has an excellent track record of acquisition followed by execution (Elder, Unichem, and Curatio). While the near-term PAT could be a drag (~6%/12/2% in FY26E/ FY27E/ FY28E; assuming 100% open offer execution) considering it will be a debt-funded acquisition, it will be sales and EBITDA accretive (margins dilution for the combined business). For the merger process, Torrent needs to issue ~17mn additional shares for minority shareholders of J.B. Pharma (if open offer executes fully), which will result in 5% equity dilution for Torrent Pharma shareholders. Torrent has reduced its net debt to ~INR 25 bn in FY25 from INR 46 bn in FY23. We will factor J. B. Pharma in our estimates on completion of the M&A process. We have revised TP to INR 3,680 (39x Q1FY28E EPS). ADD stays.

**Strategic rationale for acquisition:** (1) acquisition provides access to a fast-growing India franchise, with leading brands in the chronic segment and entry into areas like ophthalmology; (2) strengthens market share in the IPM for Torrent; (3) operational synergies across multiple business functions; (4) platform diversification with entry into the CDMO segment with long-term potential; and (5) consolidation in key international markets and greater ability to scale up.

**JB Pharma will be a strategic fit for Torrent Pharma:** JB Pharma's India formulations business has outperformed IPM by ~2x, with a CAGR of 18% over FY20-25, which has led to market share improvement to 1.2% as of MAT Mar'25 (vs. 0.8% in MAT Mar'20). JB Pharma's therapy is concentrated, with the top two therapies contributing ~70% of its India sales. Its top brands like Cilacar, Rantac, Cilacar-T, Metrogyl, Nicardia, and Sporlac saw strong performance over the past few years. The merger will move Torrent's rank from 8th to the 5th largest company in India. The market share will increase to 4.6%. Moreover, JB Pharma's portfolio will help Torrent create a presence in key chronic molecules such as Cilnidipine and combinations (Cilacar) and Ranitidine (Rantac). This merger will also help Torrent create a presence in export markets (Africa, Russia, and the US) as well as CMO (amongst largest manufacturer of Lozenges) business.

### Financial Summary

YE March (INR bn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
India sales (INR bn)	43	50	57	64	73	83	94
Net Sales	85	96	107	115	131	147	164
EBITDA	24	28	34	37	43	50	56
APAT	11	13	16	20	25	31	35
Diluted EPS (INR)	31.1	37.2	47.9	58.2	74.8	91.0	104.5
P/E (x)	109.7	91.8	71.2	58.6	45.6	37.5	32.6
EV / EBITDA (x)	48.9	42.3	35.2	31.7	26.9	23.2	20.4
RoCE (%)	17	20	22	25	31	36	38

Source: Company, HSIE Research, <sup>^</sup>Share Purchase Agreement

## ADD

CMP (as on 30 Jun 2025)	INR 3410
Target Price	INR 3680
NIFTY	25,517

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 3650	INR 3680
EPS %	FY26E (0.3)	FY27E (0.3)

### KEY STOCK DATA

Bloomberg code	TRP IN
No. of Shares (mn)	338
MCap (INR bn) / (\$ mn)	1,153/13,450
6m avg traded value (INR mn)	1,188
52 Week high / low	INR 3,591/2,758

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	5.6	1.4	22.1
Relative (%)	(2.4)	(5.6)	16.3

### SHAREHOLDING PATTERN (%)

	Dec-24	Mar-25
Promoters	68.31	68.31
FIs & Local MFs	7.17	7.02
FPIs	16.17	16.31
Public & Others	8.35	8.36
Pledged Shares	-	-

Source: BSE

### Mehul Sheth

mehul.sheth@hdfcsec.com  
+91-22-6171-7349

### Divyaxa Agnihotri

divyaxa.agnihotri@hdfcsec.com  
+91-22-6171-7362

**Key takeaways from concall:**

- **Transaction to take 15-18 months:** It expects (a) CCI and other regulatory approvals in next 5-6 months without any major divestment of business or brands due to minimum overlaps, which could lead to buyout of controlling stake of ~49.14% (46.39% from KKR and 2.8% from existing employees), (b) open offer which could take one month from date of acquisition of stake, and (c) implementation of scheme of amalgamation to complete in 12 months after open offer (it will require 26% stakeholder approval of JB Pharma for an amalgamation process). It will look to acquire a smaller stake if open offer doesn't go through.
- **Funding:** The mode of deal financing has not yet been decided, but it is most likely to be debt-funded, with the cost of borrowing expected to remain slightly below 8%. The company plans to repay this debt over the next 2–3 years. It expects net debt to EBITDA to remain in a comfortable range of 2.0–2.8x by FY27, with a target to bring it down to below 1x over the following couple of years.
- **Revenue and cost synergies:** The company expects to start seeing synergy benefits from Q4FY26 which will accelerate over FY27/28; it expects the deal to be EPS accretive from FY28 as starts to see revenue-led margin improvements. For the merger to be EPS accretive, the company has assumed ~40% of the open offer to be triggered; if 100% of open offer is triggered, it will be EPS accretive by the second year of acquisition. On cost front, the company sees multiple levels of synergies like procurement-related savings, better bargaining power through common vendors, optimization through eliminating duplicities, combining manufacturing, and R&D combination benefits.
- **India business:** It expects revenue synergies in India with overlap on cardiac specialty coverage, access to opthal, nephro, and IVF segment, and visibility of long runway of growth in J.B. Chemicals' legacy brands (Cilacar, Metrogyl, and Nicardia).
- **Export business:** The company is looking to leverage the strong presence of J.B. Pharma in key export markets like Russia and S Africa. For the generics business, it is expecting to leverage its own front-end network to scale the business.
- **CDMO business:** No particular synergies between two CDMO businesses, since they are different manufacturing products (insulin for Torrent and Lozenges for J.B. Pharma).
- **Other highlights:** The FY25 RoCE for Torrent was ~25%. The company expects RoCE to be back at the same level in the next three years (in FY28/FY29). The company does not have any particular risk mitigation clauses for at-risk products for J.B. Pharma like Rantac. It has assumed 70-75% of deal value as intangible assets which will get amortized over 15 years as per Torrent's policy. The company is not looking to rationalize the senior management team after the merger process.

### Exhibit 1: Torrent Pharma performance

INR mn	FY20	FY21	FY22	FY23	FY24	FY25	CAGR FY20-25
<b>Torrent Pharma</b>							
<b>Revenue mix</b>							
India sales	35,170	37,390	42,860	49,840	56,660	63,930	13%
YoY growth	9%	6%	15%	16%	14%	13%	
% of sales	45%	47%	51%	53%	54%	56%	
Export formulations	38,018	36,409	35,856	39,980	43,642	43,813	3%
YoY growth	1%	-4%	-2%	12%	9%	0%	
% of sales	49%	46%	43%	42%	41%	39%	
CMO	4,612	5,064	5,472	4,817	5,321	5,427	3%
YoY growth	0%	10%	8%	-12%	10%	2%	
% of sales	6%	6%	6%	5%	5%	5%	
<b>Total sales</b>	<b>77,800</b>	<b>78,862</b>	<b>84,188</b>	<b>94,637</b>	<b>1,05,623</b>	<b>1,13,170</b>	<b>8%</b>
YoY growth	4%	1%	7%	12%	12%	7%	

Source: Company, HSIE Research

### Exhibit 2: J.B. Chemical and Pharma performance

INR mn	FY20	FY21	FY22	FY23	FY24	FY25	CAGR FY20-25
<b>JB Chemical and Pharma</b>							
<b>Revenue mix</b>							
India sales	7,971	8,924	11,740	16,390	18,970	22,690	23%
YoY growth	18%	12%	32%	40%	16%	20%	
% of sales	45%	44%	48%	50%	53%	58%	
Export formulations	7,297	8,401	9,102	11,305	11,896	11,270	9%
YoY growth	3%	15%	8%	24%	5%	-5%	
% of sales	41%	41%	38%	35%	33%	29%	
CMO	1,760	2,240	2,500	4,060	4,320	4,460	20%
YoY growth	4%	27%	12%	62%	6%	3%	
% of sales	10%	11%	10%	12%	12%	11%	
API	720	860	900	940	860	760	1%
YoY growth	-17%	19%	5%	4%	-9%	-12%	
% of sales	4%	4%	4%	3%	2%	2%	
<b>Total JB Pharma</b>	<b>17,747</b>	<b>20,425</b>	<b>24,242</b>	<b>32,695</b>	<b>36,046</b>	<b>39,180</b>	<b>17%</b>
YoY growth	8%	15%	19%	35%	10%	9%	

Source: Company, HSIE Research

### Exhibit 3: Torrent + J.B. Pharma performance

Revenue mix FY25	Torrent Pharma	J.B. Chem & Pharma	Combined entity	% Impact
India sales	63,930	22,690	86,620	35%
% of sales	56%	58%	56%	
Export formulations	43,813	11,270	55,083	26%
% of sales	38%	29%	36%	
CMO	5,427	4,460	9,887	82%
% of sales	5%	11%	6%	
API	-	760	760	NA
% of sales	0%	2%	0%	
<b>Total revenues</b>	<b>1,15,160</b>	<b>39,180</b>	<b>1,54,340</b>	<b>34%</b>
<b>EBITDA</b>	<b>37,780</b>	<b>10,318</b>	<b>48,098</b>	<b>27%</b>
<b>EBITDA margin</b>	<b>32.8%</b>	<b>26.3%</b>	<b>31.2%</b>	<b>-164 bps</b>

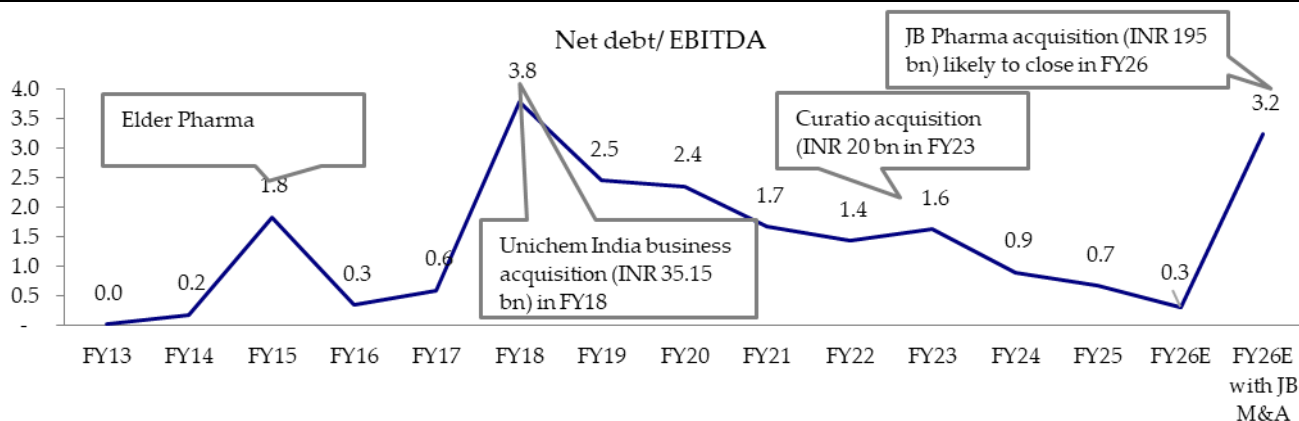
Source: Company, HSIE Research

**Exhibit 4: Impact scenario assuming debt-funded acquisition, not building in major synergy benefits**

INR mn	FY26E	FY27E	FY28E
Torrent Pharma	1,30,588	1,47,196	1,64,280
J B Chem	10,928	48,781	54,459
Total revenues	1,41,515	1,95,977	2,18,739
% impact	8%	33%	33%
<b>EBITDA</b>			
Torrent Pharma	43,486	49,605	55,855
J B Chem	2,950	13,659	15,793
Total EBITDA	46,436	63,264	71,648
% impact	7%	28%	28%
<b>EBITDA margin</b>			
Torrent Pharma	33.3%	33.7%	34.0%
J B Chem	27.0%	28.0%	29.0%
Total EBITDA	32.8%	32.3%	32.8%
Impact	-49 bps	-142 bps	-124 bps
<b>Debt raises for M&amp;A</b>			
	1,36,998	1,21,998	1,03,998
<b>PBT</b>			
	32,627	36,609	46,944
% impact	-6%	-12%	-2%
<b>PAT</b>			
	23,818	27,090	34,738
% impact	-6%	-12%	-2%

Source: Company, HSIE Research

**Exhibit 5: Torrent has a strong track record of M&A execution**



Source: Company, HSIE Research

**Exhibit 6: Torrent Pharma: steady growth in key therapies**

Torrent Ph. therapy YoY %	% of FY25 sales	FY20	FY21	FY22	FY23	FY24	FY25
Cardiac	27%	7%	10%	1%	9%	7%	12%
Gastro Intestinal	18%	13%	9%	21%	16%	7%	11%
Neuro / CNS	15%	6%	13%	12%	18%	9%	9%
Vitamins/Minerals/Nutrients	10%	9%	15%	14%	17%	9%	3%
Anti Diabetic	9%	19%	14%	9%	15%	13%	16%
Pain / Analgesics	8%	7%	2%	14%	17%	8%	4%
Derma	6%	9%	-1%	21%	19%	12%	2%
Anti-Infectives	2%	-4%	-17%	5%	-8%	3%	2%
Gynaec.	2%	16%	8%	27%	31%	-1%	14%
Antineoplast/Immunomodulator	1%	4%	-33%	106%	81%	17%	-32%
<b>Torrent Ph. total</b>	<b>100%</b>	<b>8%</b>	<b>8%</b>	<b>11%</b>	<b>14%</b>	<b>8%</b>	<b>8%</b>

Source: IQVIA, HSIE Research

**Exhibit 7: J.B. Pharma: Strong growth cardiac**

JB therapy YoY %	% of FY25 sales	FY20	FY21	FY22	FY23	FY24	FY25
Cardiac	44%	24%	15%	24%	23%	14%	19%
Gastro Intestinal	25%	10%	11%	22%	21%	10%	5%
Ophthal / Otologicals	8%	NA	NA	10%	13%	-3%	10%
Anti-Parasitic	8%	17%	32%	29%	30%	8%	8%
Gynaec.	4%	29%	-9%	39%	33%	19%	9%
Derma	3%	23%	10%	34%	17%	7%	18%
Anti-Infectives	2%	2%	-31%	15%	-10%	-1%	3%
Respiratory	1%	10%	-31%	327%	72%	18%	0%
Vitamins/Minerals/Nutrients	1%	1%	-17%	13%	3%	5%	14%
Pain / Analgesics	1%	4%	-18%	18%	-3%	-10%	0%
<b>JB total</b>	<b>100%</b>	<b>15%</b>	<b>23%</b>	<b>25%</b>	<b>21%</b>	<b>10%</b>	<b>12%</b>

Source: IQVIA, HSIE Research

**Exhibit 8: Torrent + J.B. Pharma: Cardiac and gastrin share to increase**

Therapy mix % of sales in FY25	Torrent Pharma	J.B. Pharma	Torrent + JB
Cardiac		27%	44%
Gastro Intestinal		18%	25%
Neuro / Cns		15%	0%
Vitamins/Minerals/Nutrients		10%	1%
Anti Diabetic		9%	1%
Pain / Analgesics		8%	1%
Derma		6%	3%
Anti-Infectives		2%	2%
Gynaec.		2%	4%
Antineoplast/Immunomodulator		1%	0%
Other		1%	19%
<b>Total</b>		<b>100%</b>	<b>100%</b>

Source: IQVIA, HSIE Research

**Exhibit 9: Torrent Pharma: market share**

Torrent Ph. therapy MS %	% of FY25 sales	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Cardiac	27%	8.8	8.5	8.2	7.4	7.5	7.3	7.3
Gastro Intestinal	18%	4.9	5.1	5.3	5.4	5.6	5.6	5.7
Neuro / Cns	15%	7.9	7.6	7.8	7.8	8.2	8.3	8.4
Vitamins/Minerals/Nutrients	10%	3.9	3.8	3.9	3.9	4.4	4.4	4.2
Anti Diabetic	9%	2.6	2.7	2.8	2.9	3.1	3.3	3.6
Pain / Analgesics	8%	3.8	3.6	3.7	3.5	3.6	3.6	3.5
Derma	6%	2.8	2.8	2.6	2.9	3.2	3.4	3.1
Anti-Infectives	2%	1.4	1.2	1.2	0.9	0.8	0.8	0.8
Gynaec.	2%	1.2	1.3	1.3	1.5	1.6	1.5	1.7
Antineoplast/Immunomodulator	1%	0.9	0.8	0.5	0.8	1.2	1.2	0.7
<b>Torrent Ph. total</b>	<b>100%</b>	<b>3.4</b>	<b>3.3</b>	<b>3.4</b>	<b>3.2</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>

Source: IQVIA, HSIE Research

**Exhibit 10: J.B. Pharma: market share**

JB therapy MS %	% of FY25 sales	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Cardiac	44%	2.6	2.8	2.9	3.2	3.7	3.8	4.0
Gastro Intestinal	25%	2.4	2.4	2.5	2.6	2.8	2.9	2.7
Ophthal / Otologicals	8%	NA	NA	5.9	5.3	5.2	4.6	4.9
Anti-Parasitic	8%	18.7	20.0	24.5	27.8	32.2	34.0	35.6
Gynaec.	4%	0.6	0.7	0.6	0.7	0.9	1.0	1.0
Derma	3%	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Anti-Infectives	2%	0.4	0.3	0.3	0.2	0.2	0.2	0.2
Respiratory	1%	0.1	0.1	0.0	0.1	0.2	0.2	0.2
Vitamins/Minerals/Nutrients	1%	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Pain / Analgesics	1%	0.3	0.3	0.2	0.2	0.2	0.2	0.1
<b>JB total</b>	<b>100%</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>	<b>1.0</b>	<b>1.1</b>	<b>1.1</b>	<b>1.2</b>

Source: IQVIA, HSIE Research

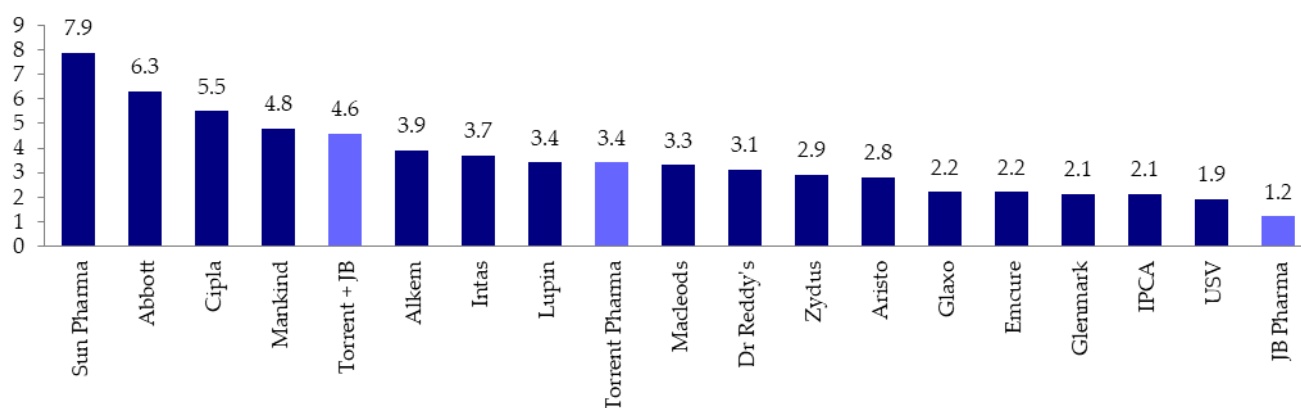
**Exhibit 11: Torrent + J.B. Pharma: market share**

Therapy mix market share in FY25	Torrent Pharma	J.B. Pharma	Torrent + JB
Cardiac	7.3	4.0	11.3
Gastro Intestinal	5.7	2.7	8.4
Neuro / Cns	8.4	0.1	8.5
Vitamins/Minerals/Nutrients	4.2	0.2	4.4
Anti Diabetic	3.6	0.1	3.7
Pain / Analgesics	3.5	0.1	3.6
Derma	3.1	0.4	3.6
Anti-Infectives	0.8	0.2	0.9
Gynaec.	1.7	1.0	2.7
Antineoplast/Immunomodulator	0.7	0.0	0.7
<b>Total</b>	<b>3.4</b>	<b>1.2</b>	<b>4.6</b>

Source: IQVIA, HSIE Research

**Exhibit 12: Torrent Pharma + JB Chemical merger will move Torrent's rank from 8th to the 5th largest company in India**

Market share % as of MAT Mar'25



Source: IQVIA, HSIE Research

**Exhibit 13: Torrent Pharma: brand-wise performance**

Torrent Ph. brands YoY	Therapy	% of FY25 sales	FY25 sales (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25
Shelcal	Vitamins/Minerals/Nutrients	4%	3.4	5%	18%	7%	11%	3%	-3%
Chymoral	Pain / Analgesics	4%	3.2	10%	8%	16%	22%	15%	6%
Nexpro-Rd	Gastro Intestinal	3%	2.4	21%	19%	26%	20%	11%	17%
Shelcal Xt	Vitamins/Minerals/Nutrients	3%	2.3	50%	12%	41%	35%	25%	6%
Nikoran	Cardiac	3%	2.2	6%	15%	10%	15%	14%	10%
Unienzyme	Gastro Intestinal	2%	1.6	9%	17%	3%	13%	7%	6%
Nebicard	Cardiac	2%	1.4	10%	11%	-1%	7%	6%	1%
Losar	Cardiac	2%	1.4	6%	12%	-9%	6%	6%	8%
Veloz-D	Gastro Intestinal	2%	1.3	32%	16%	27%	13%	4%	5%
Nexpro	Gastro Intestinal	2%	1.3	15%	11%	15%	12%	9%	20%
<b>Top 10 brands</b>		<b>26%</b>	<b>20.5</b>	<b>12%</b>	<b>58%</b>	<b>10%</b>	<b>16%</b>	<b>10%</b>	<b>6%</b>
<b>11-25 brands</b>		<b>18%</b>	<b>14.0</b>	<b>13%</b>	<b>14%</b>	<b>10%</b>	<b>12%</b>	<b>10%</b>	<b>10%</b>
<b>26-50 brands</b>		<b>15%</b>	<b>12.4</b>	<b>16%</b>	<b>27%</b>	<b>13%</b>	<b>13%</b>	<b>6%</b>	<b>11%</b>
<b>Above 50 brands</b>		<b>41%</b>	<b>33.0</b>	<b>4%</b>	<b>-17%</b>	<b>12%</b>	<b>14%</b>	<b>7%</b>	<b>8%</b>
<b>Torrent Ph. Total</b>		<b>100%</b>	<b>79.8</b>	<b>8%</b>	<b>8%</b>	<b>11%</b>	<b>14%</b>	<b>8%</b>	<b>8%</b>

Source: IQVIA, HSIE Research

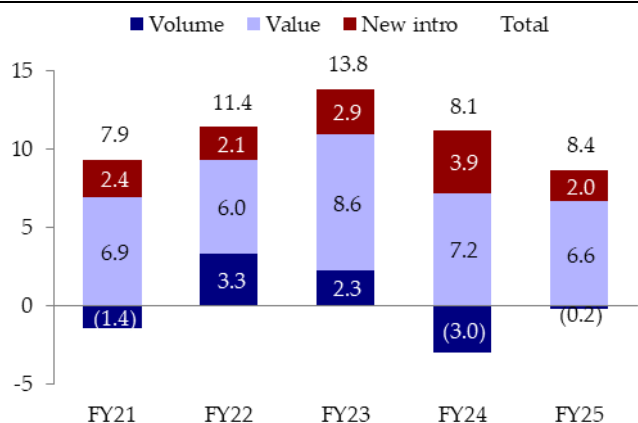
**Exhibit 14: J.B. Pharma: brand-wise performance**

JB brands YoY	Therapy	% of FY25 sales	FY25 sales (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25
Cilacar	Cardiac	17%	4.6	17%	13%	19%	18%	20%	19%
Rantac	Gastro Intestinal	13%	3.6	11%	23%	19%	22%	4%	-3%
Cilacar-T	Cardiac	8%	2.2	28%	20%	42%	24%	25%	30%
Metrogyl	Anti-Parasitic	8%	2.2	16%	31%	29%	30%	8%	8%
Nicardia	Cardiac	7%	2.1	30%	12%	25%	27%	18%	19%
Sporlac	Gastro Intestinal	4%	1.2	10%	-2%	34%	43%	6%	18%
Azmarda	Cardiac	3%	0.7	68%	35%	35%	46%	-35%	-6%
Vigamox	Ophthal / Otologicals	2%	0.7	NA	NA	20%	27%	4%	13%
Cilacar-M	Cardiac	2%	0.4	33%	24%	36%	17%	17%	17%
Travatan	Ophthal / Otologicals	1%	0.4	NA	NA	0%	2%	-3%	17%
<b>Top 10 brands</b>		<b>66%</b>	<b>18.1</b>	<b>18%</b>	<b>55%</b>	<b>24%</b>	<b>25%</b>	<b>9%</b>	<b>12%</b>
<b>11-25 brands</b>		<b>15%</b>	<b>4.1</b>	<b>13%</b>	<b>18%</b>	<b>16%</b>	<b>14%</b>	<b>23%</b>	<b>18%</b>
<b>26-50 brands</b>		<b>11%</b>	<b>3.0</b>	<b>23%</b>	<b>-49%</b>	<b>40%</b>	<b>13%</b>	<b>10%</b>	<b>10%</b>
<b>Above 50 brands</b>		<b>8%</b>	<b>2.3</b>	<b>-7%</b>	<b>37%</b>	<b>28%</b>	<b>12%</b>	<b>1%</b>	<b>4%</b>
<b>JB total</b>		<b>100%</b>	<b>27.5</b>	<b>15%</b>	<b>23%</b>	<b>25%</b>	<b>21%</b>	<b>10%</b>	<b>12%</b>

Source: IQVIA, HSIE Research

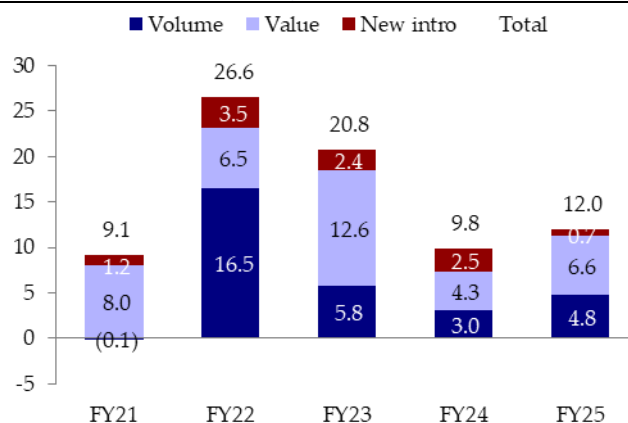


## Exhibit 15: Torrent Pharma: growth drivers



Source: IQVIA, HSIE Research

## Exhibit 16: J.B. Pharma: growth drivers



Source: IQVIA, HSIE Research

## Exhibit 17: Revenue, EBITDA and PAT assumptions

(INR mn)	% of FY25 sales	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
India	56%	32,340	35,170	37,390	42,860	49,840	56,660	63,930	72,880	83,083	93,884
YoY growth		38%	9%	6%	15%	16%	14%	13%	14%	14%	13%
Brazil	10%	6,890	7,150	6,300	7,420	9,350	11,260	11,000	12,320	14,045	15,730
YoY growth		-3%	4%	-12%	18%	26%	20%	-2%	12%	14%	12%
Other countries	10%	6,900	7,660	8,200	8,810	10,600	11,889	11,783	13,432	15,447	17,456
YoY growth		32%	11%	7%	7%	20%	12%	-1%	14%	15%	13%
<b>Total branded generics</b>	<b>75%</b>	<b>46,130</b>	<b>49,980</b>	<b>51,890</b>	<b>59,090</b>	<b>69,790</b>	<b>79,809</b>	<b>86,713</b>	<b>98,633</b>	<b>1,12,576</b>	<b>1,27,070</b>
YoY growth		29%	8%	4%	14%	18%	14%	9%	14%	14%	13%
US	10%	15,890	15,230	12,610	10,670	11,620	10,780	11,000	12,224	12,728	12,966
YoY growth		44%	-4%	-17%	-15%	9%	-7%	2%	11%	4%	2%
US (USD mn)		227	215	170	143	145	130	130	142	148	151
YoY growth		33%	-5%	-21%	-16%	1%	-10%	0%	9%	4%	2%
Germany	10%	10,090	9,470	10,380	9,660	9,280	10,740	11,390	12,529	13,782	15,160
YoY growth		17%	-6%	10%	-7%	-4%	16%	6%	10%	10%	10%
Contract manufacturing	5%	4,603	4,612	5,064	5,472	4,817	5,321	5,427	6,458	7,233	8,101
YoY growth		15%	0%	10%	8%	-12%	10%	2%	19%	12%	12%
Others	1%	15	101	102	189	695	628	630	743	877	982
YoY growth		-81%	581%	1%	85%	268%	-10%	0%	18%	18%	12%
<b>Total revenues</b>	<b>100%</b>	<b>76,728</b>	<b>79,393</b>	<b>80,046</b>	<b>85,080</b>	<b>96,202</b>	<b>1,07,278</b>	<b>1,15,160</b>	<b>1,30,588</b>	<b>1,47,196</b>	<b>1,64,280</b>
YoY growth		29%	3%	1%	6%	13%	12%	7%	13%	13%	12%
<b>Gross profit</b>		<b>54,531</b>	<b>57,724</b>	<b>58,582</b>	<b>60,660</b>	<b>68,850</b>	<b>80,416</b>	<b>87,400</b>	<b>99,508</b>	<b>1,12,458</b>	<b>1,25,839</b>
Gross Margin (%)		71.1%	72.7%	73.2%	71.3%	71.6%	75.0%	75.9%	76.2%	76.4%	76.6%
<b>EBITDA</b>		<b>19,842</b>	<b>21,704</b>	<b>24,801</b>	<b>24,313</b>	<b>28,601</b>	<b>34,068</b>	<b>37,780</b>	<b>43,486</b>	<b>49,605</b>	<b>55,855</b>
YoY growth		47%	9%	14%	-2%	18%	19%	11%	15%	14%	13%
EBITDA Margin (%)		25.9%	27.3%	31.0%	28.6%	29.7%	31.8%	32.8%	33.3%	33.7%	34.0%
<b>Adj PAT</b>		<b>7,145</b>	<b>9,533</b>	<b>12,257</b>	<b>10,526</b>	<b>12,574</b>	<b>16,217</b>	<b>19,689</b>	<b>25,308</b>	<b>30,788</b>	<b>35,374</b>
YoY growth		41%	33%	29%	-14%	19%	29%	21%	29%	22%	15%

Source: Company, HSIE Research, EBITDA/ PAT adjusted for forex and one-offs.



## Financials (Consolidated)

### Profit & loss (INR mn)

March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	78,862	84,188	94,637	1,05,623	1,13,170	1,30,588	1,47,196	1,64,280
Other operating income	1,183	892	1,565	1,655	1,990	0	0	0
<b>Total operating income</b>	<b>80,046</b>	<b>85,080</b>	<b>96,202</b>	<b>1,07,278</b>	<b>1,15,160</b>	<b>1,30,588</b>	<b>1,47,196</b>	<b>1,64,280</b>
Cost of goods sold	-21,464	-24,420	-27,352	-26,862	-27,760	-31,080	-34,738	-38,442
Gross profit	58,582	60,660	68,850	80,416	87,400	99,508	1,12,458	1,25,839
Gross margin (%)	73	71	72	75	76	76	76	77
Total operating expenses	-33,781	-36,348	-40,429	-46,740	-50,190	-56,022	-62,853	-69,983
<b>EBITDA</b>	<b>24,801</b>	<b>24,313</b>	<b>28,421</b>	<b>33,677</b>	<b>37,210</b>	<b>43,486</b>	<b>49,605</b>	<b>55,855</b>
EBITDA margin (%)	31.0	28.6	29.5	31.4	32.3	33.3	33.7	34.0
Depreciation	-6,578	-6,622	-7,066	-8,083	-7,950	-8,090	-8,187	-8,440
<b>EBIT</b>	<b>18,223</b>	<b>17,691</b>	<b>21,355</b>	<b>25,594</b>	<b>29,260</b>	<b>35,396</b>	<b>41,418</b>	<b>47,415</b>
Net interest	-3,529	-2,551	-3,334	-3,536	-2,520	-1,466	-774	-545
Other income	249	270	451	579	230	739	962	933
<b>Profit before tax</b>	<b>14,943</b>	<b>10,564</b>	<b>18,472</b>	<b>23,521</b>	<b>26,730</b>	<b>34,668</b>	<b>41,606</b>	<b>47,803</b>
Total taxation	-2,744	-4,487	-6,019	-6,957	-7,620	-9,360	-10,818	-12,429
Tax rate (%)	18	42	33	30	29	27	26	26
Profit after tax	12,199	6,076	12,452	16,564	19,110	25,308	30,788	35,374
Minorities	0	0	0	0	0	0	0	0
Profit/ Loss associate co(s)	0	0	0	0	0	0	0	0
<b>Adjusted net profit</b>	<b>12,257</b>	<b>10,526</b>	<b>12,574</b>	<b>16,217</b>	<b>19,689</b>	<b>25,308</b>	<b>30,788</b>	<b>35,374</b>
Adj. PAT margin (%)	16	13	13	15	17	19	21	22
Net non-recurring items	262	-2,754	-122	347	-579	0	0	0
<b>Reported net profit</b>	<b>12,519</b>	<b>7,772</b>	<b>12,452</b>	<b>16,564</b>	<b>19,110</b>	<b>25,308</b>	<b>30,788</b>	<b>35,374</b>

### Balance sheet (INR mn)

March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Paid-up capital	846	846	1,692	1,692	1,692	1,692	1,692	1,692
Reserves & surplus	57,526	58,683	60,288	66,869	74,220	85,712	99,670	1,15,691
Net worth	58,372	59,530	61,981	68,562	75,912	87,404	1,01,362	1,17,384
Borrowing	48,741	40,697	53,686	40,219	32,020	19,038	10,055	7,073
Other non-current liabilities	670	2,445	4,556	8,342	9,392	9,486	9,581	9,677
<b>Total liabilities</b>	<b>1,40,747</b>	<b>1,30,998</b>	<b>1,50,119</b>	<b>1,50,606</b>	<b>1,49,904</b>	<b>1,51,821</b>	<b>1,60,864</b>	<b>1,78,085</b>
Gross fixed assets	1,01,703	1,04,687	1,24,741	1,31,465	1,37,363	1,40,713	1,44,363	1,49,413
Less: Depreciation	-34,469	-43,055	-46,902	-53,465	-61,294	-69,262	-77,326	-85,644
Net fixed assets	67,234	61,632	77,840	78,001	76,070	71,452	67,037	63,769
Add: Capital WIP	8,894	6,298	7,654	3,605	4,780	4,780	4,780	4,780
Total fixed assets	76,128	67,930	85,494	81,606	80,850	76,232	71,817	68,549
Total Investment	1,811	2,263	1,988	1,728	1,560	1,560	1,560	1,560
Inventory	26,812	24,623	22,296	22,791	25,410	29,382	33,119	36,963
Debtors	15,234	16,325	19,438	18,443	18,670	21,402	24,124	26,924
Cash & bank	6,035	4,034	5,715	8,390	5,790	4,497	10,284	22,874
Loans & advances	51	44	42	56	80	87	95	102
Current liabilities	32,964	28,327	29,896	33,483	32,580	35,893	39,865	43,950
<b>Total current assets</b>	<b>53,862</b>	<b>51,124</b>	<b>51,756</b>	<b>54,730</b>	<b>55,144</b>	<b>61,244</b>	<b>74,245</b>	<b>94,255</b>
Net current assets	20,898	22,797	21,860	21,246	22,564	25,351	34,380	50,305
Other non-current assets	5,533	7,086	7,506	9,162	8,960	9,395	9,851	10,330
<b>Total assets</b>	<b>1,40,747</b>	<b>1,30,998</b>	<b>1,50,119</b>	<b>1,50,606</b>	<b>1,49,904</b>	<b>1,51,821</b>	<b>1,60,864</b>	<b>1,78,085</b>

Source: Company, HSIE Research

## Cash flow (INR mn)

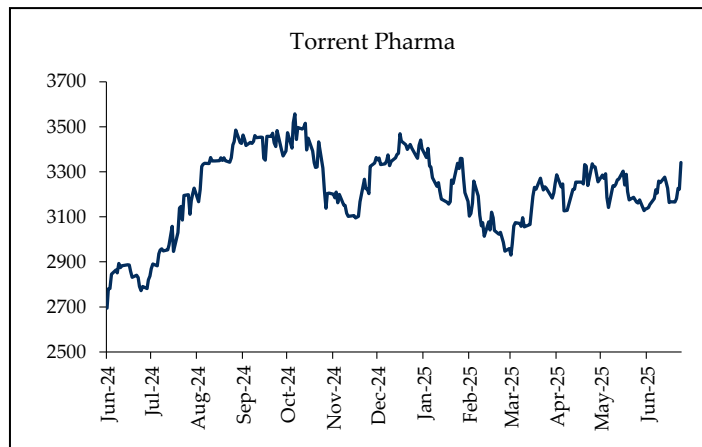
March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	14,943	10,564	18,472	23,521	26,730	34,668	41,606	47,803
Depreciation & Amortisation	-6,578	-6,622	-7,066	-8,083	-7,950	-8,090	-8,187	-8,440
Chg in working capital	-3,383	-3,519	-182	4,181	-4,810	-4,718	-4,767	-4,914
<b>CF from operations</b>	<b>20,054</b>	<b>18,030</b>	<b>23,681</b>	<b>32,661</b>	<b>25,850</b>	<b>29,582</b>	<b>34,204</b>	<b>38,698</b>
Capital expenditure	-3,352	-2,026	-25,739	-4,328	-6,110	-3,350	-3,650	-5,050
<b>CF from investing</b>	<b>-4,494</b>	<b>-1,966</b>	<b>-24,153</b>	<b>-1,679</b>	<b>-5,400</b>	<b>-3,350</b>	<b>-3,650</b>	<b>-5,050</b>
Equity raised/ (repaid)	0	0	0	0	0	0	0	0
Debt raised/ (repaid)	-5,429	-10,330	4,232	-12,360	-5,290	-12,982	-8,982	-2,982
Dividend paid	-3,385	-6,769	-8,630	-10,153	-10,830	-13,919	-16,934	-19,456
<b>CF from financing</b>	<b>-16,508</b>	<b>-17,811</b>	<b>774</b>	<b>-27,796</b>	<b>-22,980</b>	<b>-28,368</b>	<b>-26,690</b>	<b>-22,983</b>
Net chg in cash	-949	-1,747	302	3,185	-2,530	-2,136	3,864	10,665

## Key ratios

March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>OPERATIONAL</b>								
FDEPS (INR)	36.2	31.1	37.2	47.9	58.2	74.8	91.0	104.5
CEPS (INR)	56.4	42.5	57.7	72.8	80.0	98.7	115.2	129.5
DPS (INR)	10.0	20.0	25.5	30.0	32.0	41.1	50.0	57.5
Dividend payout ratio (%)	27.0	87.1	69.3	61.3	56.7	55.0	55.0	55.0
<b>GROWTH</b>								
Net sales (%)	1.4	6.8	12.4	11.6	7.1	15.4	12.7	11.6
EBITDA (%)	14.3	(2.0)	16.9	18.5	10.5	16.9	14.1	12.6
Adj net profit (%)	28.6	(14.1)	19.5	29.0	21.4	28.5	21.7	14.9
FDEPS (%)	28.6	(14.1)	19.5	29.0	21.4	28.5	21.7	14.9
<b>PERFORMANCE</b>								
RoE (%)	23.0	17.9	20.7	24.8	27.3	31.0	32.6	32.3
RoCE (%)	18.4	17.1	19.6	22.1	25.2	31.0	35.8	37.9
<b>EFFICIENCY</b>								
Asset turnover (x)	0.8	0.8	0.8	0.8	0.8	0.9	1.0	1.1
Sales/ total assets (x)	0.6	0.6	0.7	0.7	0.8	0.9	0.9	1.0
Working capital/ sales (x)	0.1	0.2	0.2	0.1	0.1	0.1	0.2	0.2
Receivable days	71	71	75	64	60	60	60	60
Inventory days	177	148	120	113	119	123	124	124
Payable days	137	101	90	104	85	88	89	89
<b>FINANCIAL STABILITY</b>								
Total debt/ equity (x)	0.9	0.7	0.9	0.6	0.4	0.2	0.1	0.1
Net debt/ equity (x)	0.8	0.6	0.8	0.5	0.3	0.2	(0.0)	(0.2)
Current ratio (x)	1.6	1.8	1.7	1.6	1.7	1.7	1.9	2.1
Interest cover (x)	5.2	6.9	6.4	7.2	11.6	24.1	53.5	87.1
<b>VALUATION</b>								
PE (x)	94.2	109.7	91.8	71.2	58.6	45.6	37.5	32.6
EV/ EBITDA (x)	48.2	48.9	42.3	35.2	31.7	26.9	23.2	20.4
EV/ Net sales (x)	15.2	14.1	12.7	11.2	10.4	8.9	7.8	6.9
PB (x)	19.8	19.4	18.6	16.8	15.2	13.2	11.4	9.8
Dividend yield (%)	0.3	0.6	0.7	0.9	0.9	1.2	1.5	1.7
Free cash flow yield (%)	1.4	1.4	(0.2)	2.5	1.7	2.3	2.6	2.9

Source: Company, HSIE Research

## Price Movement



## Rating Criteria

**BUY:** >+15% return potential  
**ADD:** +5% to +15% return potential  
**REDUCE:** -10% to +5% return potential  
**SELL:** > 10% Downside return potential

## Disclosure:

We, **Mehul Sheth, MBA & Divyaxa Agnihotri, MSc** authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does have/does not have any material conflict of interest.

## Any holding in stock – NO

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

## Disclaimer:

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. This report may have been refined using AI tools to enhance clarity and readability.

Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: [complianceofficer@hdfcsec.com](mailto:complianceofficer@hdfcsec.com) Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: [customercare@hdfcsec.com](mailto:customercare@hdfcsec.com) Phone: (022) 3901 9400

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

---

### **HDFC Securities**

#### **Institutional Equities**

Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,

Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Board: +91-22-6171-7330 [www.hdfcsec.com](http://www.hdfcsec.com)