

IPCA Laboratories

Unichem ramp-up key to export business growth

We recently interacted with IPCA management, while visiting their Unichem Goa plant (Formulation units I and II) and R&D facility (centre of excellence), where they highlighted key strategic initiatives to ramp up and subsequently scale their export formulations business through key product launches and cost optimizations. IPCA expects to scale up its Unichem Goa plant (35-40% capacity utilization as of Dec'25) to service key geographies such as the US, EU, and RoW. In the US, IPCA is planning (1) 5-6 launches for both IPCA and Unichem each p.a., (2) to target generic launches in key therapy areas such as anti-diabetic and cardiac, not going after NDA/ para IV, rather approaching products which have recently gone off-patent or are going off-patent in the near term, (3) to improve utilization for their Goa formulations plant from current levels over the long term to maximize revenue growth for Unichem, (4) to optimize costs through backward integration of IPCA and Unichem APIs, (5) to expand into newer geographies such as LatAm markets (Brazil and Chile), Germany (tender business), and RoW markets to diversify growth. During the Center of Excellence (R&D facility) visit, IPCA highlighted (1) that it would file 20 ANDAs in the near term, with six products undergoing registration and approval procedures and (2) it is working on an active portfolio of 30+ DMFs at optimum costs, which would aim for captive consumption by H2FY27. We expect a 10% sales CAGR for FY25-28E and an EBITDA margin improvement to ~22% in FY28E (from 18.9% in FY25), resulting in an EBITDA CAGR of 16% and an EPS CAGR of 23% over FY25-28E. We retain BUY with a TP of INR 1,750 (28x Q3FY28E EPS) as we believe IPCA is well-positioned to clock steady India growth (new launches, traction in focused therapies, and scale-up in chronic categories) and export formulation ramp-up (via Unichem integration), with improving margins.

Export business scale-up: IPCA expects its export business to scale up as its integration with Unichem in key geographies (the EU, the UK, and Latin America) starts playing out. Post integration of Bayshore's US operations with Unichem, its overall US business has seen a growth of 15% for 9MFY26 to INR 11.4bn with visibility of margin improvement emerging, given cost optimization and a more efficient supply chain. The company plans to file two NCEs (with FTF) in FY27.

Cost optimization efforts to play out in next 1-2 years: Unichem margins have recently been under pressure, with product-related disruptions in the US market, which led to a lot of their capacities being tied up in plants. This has kept margins in check for the past few quarters (8.3% in 9MFY26). With key product-related disruptions behind them, IPCA expects to grow in the US through a pipeline of high value IPCA and Unichem products. It plans to optimize costs through various initiatives such as shifting API sourcing to in-house IPCA facilities.

Unichem Goa integral in overall ramp-up: Unichem Goa currently operates at a capacity utilization of 35-40%, with US-related disruptions and slow scale-up keeping inventories held and margins in check. IPCA plans to successfully combat these disruptions, while also marketing Unichem products through their marketing and distribution network in export markets. The company has projected Unichem to grow by 8-9% in the near term (9MFY26 revenue growth of 7% YoY), with margins at 12-15%, and long-term aspirations of a 20% EBITDA margin through increased capacity utilization and filing momentum.

Financial Summary

YE March (INR bn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
India sales (INR bn)	25	28	31	35	38	43	48
Net Sales	58	62	77	89	96	107	119
EBITDA	13	10	13	17	20	23	27
APAT	9	5	6	9	11	14	16
Diluted EPS (INR)	33.9	19.4	23.4	35.0	44.8	56.1	64.6
P/E (x)	45.0	78.5	65.0	43.5	34.0	27.1	23.6
EV / EBITDA (x)	29.8	39.7	31.5	23.8	20.2	16.7	14.2
RoCE (%)	19	12	12	14	16	18	19

Source: Company, HSIE Research

BUY

CMP (as on 26 Feb 2026)	INR 1,523
Target Price	INR 1,750
NIFTY	25,497

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1750	INR 1750
EPS %	FY26E (0.0)	FY27E (0.0)

KEY STOCK DATA

Bloomberg code	IPCA IN
No. of Shares (mn)	254
MCap (INR bn) / (\$ mn)	386/4,241
6m avg traded value (INR mn)	377
52 Week high / low	INR 1,595/1,168

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	7.9	6.0	7.2
Relative (%)	11.8	4.1	(3.0)

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	44.72	44.72
FIs & Local MFs	36.45	36.99
FPIs	10.42	10.62
Public & Others	8.41	7.67
Pledged Shares	-	-

Source: BSE

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Management Meet Key Takeaways:

- **Utilization scale-up:** Unichem's Goa plant to focus on (1) optimizing their base product basket offerings and (2) new product launches in key therapy areas such as anti-diabetic and cardiac, across products that are going off-patent in the near term or have gone off-patent recently. Unichem Goa (Formulations) plant currently operates at 35-40% utilization, which has been stable since IPCA acquired Unichem and the company is looking to scale this up to 60-65% in the long term, supported by growth in export markets and new product launches.
- **Cost optimization initiatives to play out:** The company's cost optimization initiatives positively impact them over the years, with sourcing of key API materials being shifted to in-house API plants, making processes backward integrated to support margin improvement of the consolidated business. Material costs (as a % of sales) for the consolidated business have improved from FY22 levels of 34.6% to 9MFY26 levels of 29.3%.
- **New product launches to drive long-term US growth:** Unichem aims to grow in the US market through a series of key product launches and restructuring of its existing portfolio to maintain as well as steadily grow market share. Unichem currently has 81 ANDAs filed, with 61 ANDAs approved (launched 52 products in the US as of Dec-25), and 20 ANDAs in the pipeline. The company has highlighted that between IPCA and Unichem, ~6-7 filings are planned for FY26 (combining both), with six product launches in FY26 (four launched in 9MFY26; for Unichem standalone). The company is looking to sustain this launch momentum for FY27, while FY28-29 would be a pivot for them, with ~13 launches planned (11 product approvals expected in FY27), to accelerate their US growth momentum and growing market share in newly launched products.
- **Expansion into new geographies:** The company has highlighted its focus to grow in EU and RoW markets, with expansion into newer geographies such as Brazil (generics scale-up), Chile, and Germany. IPCA is looking to market Unichem products in these geographies through measures such as restructuring of its UK business, entering tender markets in Germany and new product entries into Chile are guided toward increasing the contribution share from these geographies over the next few years.
- **Long-term guidance:** The company has guided for Unichem growth of ~8-9% for FY26 and subsequently for FY27, with growth in the US and RoW markets, slightly offset by market share loss in certain legacy products in the US market. The company could expect a pivot in FY29-30, with its large product pipeline undergoing registrations and approvals over FY26-27 (~23 products in the pipeline) to launch around that time, leading to a growth upwards of 10% for Unichem.

Plant visit highlights:

Unichem Formulations Unit 1

- Commercial production started in 1997.
- ~56,000 sq. m. area, fully utilized covering formulations manufacturing (tablets and capsules).
- ~7,000 mn tablet and ~200 mn capsules manufacturing capabilities, with seven automated packing lines.
- Focus on OSD products, for major regulated markets such as US and EU.

Unichem Formulations Unit 2

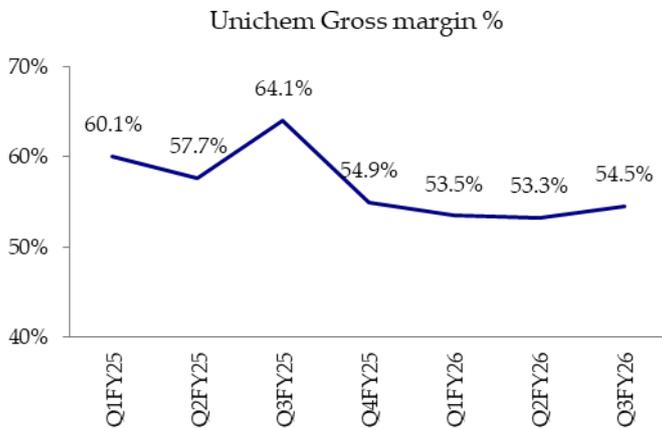
- Commercial production started in 2022.
- ~14,000 sq. m. area, fully utilized covering formulations manufacturing (tablets and capsules)
- ~7,000 mn tablets and 40mn capsules manufacturing capabilities, with four automated packing lines.
- Focus on generic OSD products, for major regulated markets such as the US, the EU, and RoW markets.

Unichem Centre of Excellence (R&D centre)

- Commissioning in 2012 as a Centre of Excellence for Unichem.
- Employed close to 250+ employees, with 60+ scientists with PhDs.
- Advanced capabilities in process research and formulation development analytics and research.
- Focus areas include API process research, OSD formulation development and NDDS (New Drug Delivery systems), Intellectual Property Management, and clinical research/bio-equivalence studies.
- Expanding their focus into new areas such as injectables development, oral liquid formulations and peptide synthesis.

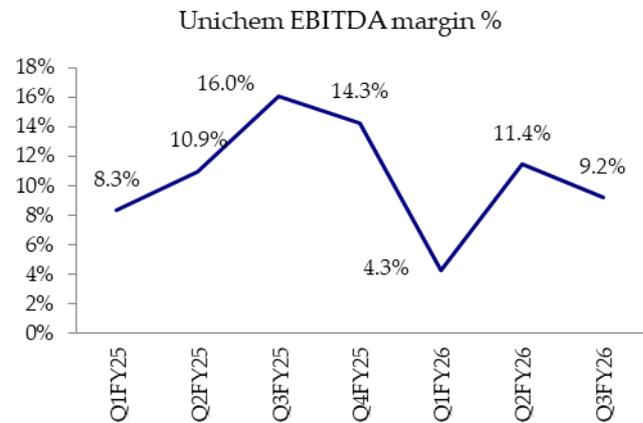
Unichem overview in charts

Exhibit 1: Unichem gross margin has been muted for the past few quarters leading to...



Source: Company, HSIE Research.

Exhibit 2: ...EBITDA margin fluctuating due to geography-specific supply chain disruptions in H1FY26



Source: Company, HSIE Research.

Exhibit 3: Unichem revenue mix – formulation business to see steady growth

Unichem revenue mix (INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
India formulations	371	413	322	410	407	440	480	528
YoY growth	27%	11%	-22%	27%	-1%	8%	9%	10%
% of sales	3%	3%	2%	2%	2%	2%	2%	2%
US formulations	7,076	7,343	7,856	10,859	13,254	14,088	15,313	16,625
YoY growth	11%	4%	7%	38%	22%	6%	9%	9%
% of sales	57%	58%	58%	61%	63%	65%	65%	65%
US formulations (USD mn)	95	99	98	131	157	161	175	190
YoY growth	6%	3%	-1%	34%	20%	3%	9%	9%
Other countries formulations	3,080	3,213	3,405	4,731	5,394	5,178	5,644	6,378
YoY growth	15%	4%	6%	39%	14%	-4%	9%	13%
% of sales	25%	25%	25%	28%	26%	24%	24%	25%
Total formulations	10,526	10,969	11,582	16,000	19,055	19,706	21,436	23,530
YoY growth	12%	4%	6%	38%	19%	3%	9%	10%
% of sales	85%	86%	86%	90%	90%	91%	91%	91%
Total API	1,373	1,511	1,442	1,376	1,589	1,510	1,616	1,745
YoY growth	21%	10%	-5%	-5%	15%	-5%	7%	8%
% of sales	11%	12%	11%	8%	8%	7%	7%	7%
Total revenues	12,351	12,698	13,430	17,851	21,110	21,685	23,526	25,754
YoY growth	12%	3%	6%	33%	18%	3%	8%	9%

Source: Company, HSIE Research

Exhibit 4: Unichem’s USFDA approved facilities

Type	Location	Installed capacity (mn p.a.)/ details	Regulatory approvals	
Formulation	Goa	Tablets: 14,000	USFDA, EMA (EU), MHRA (UK), TGA (Aus), WHO - GMP, TFDA (Tanzania), SAHPRA (SA), ANVISA (Brazil), NDA (Uganda), Russia, Zimbabwe	
		Capsules: 240		
	Ghaziabad (UP)	Tablets: 2,750		USFDA, MHRA (UK), WHO-GMP, Health Canada, SAPHRA (SA), ANVISA (Brazil), TGA (Aus), Russia, Ukraine, Zimbabwe, Food safety and drug administration (Uttar Pradesh)
		Capsules: 250		
	Baddi (HP)	Tablets: 103		MHRA (UK), WHO - GMP, ANVISA (Brazil), South Africa, others
		Capsules: 235		
Dry syrup: 6.7				
API	Roha (MH)	8 plants with 4 multi-purposes	USFDA, WHO GMP, TGA, EDQM, PMDA, Ireland, ISO 14001, ISO 45001	
	Pithampur (MP)	9 multi-purpose plants and 1 common solvent recovery	USFDA, COFEPRIS, WHO-GMP, KFDA, ISO 14001, ISO 45001	
	Kolhapur (MH)	3 multi-purpose plants	USFDA, WHO – GMP	

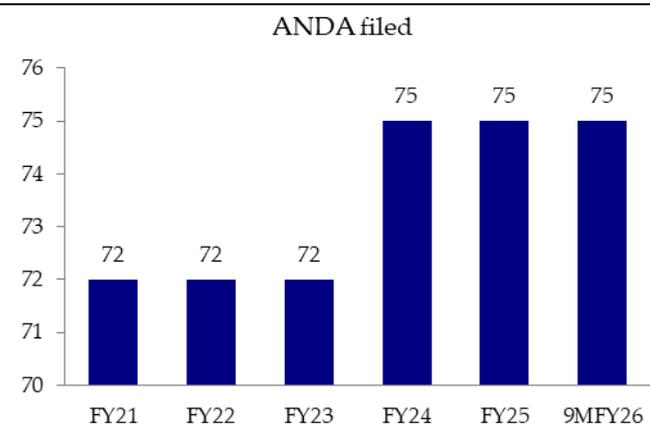
Source: Company, HSIE Research

Exhibit 5: Inspection status for Unichem and IPCA plants

Company	Inspection Date	Facility	No. of observations	Facility Status
IPCA	Feb-26	Unichem Kolhapur API	5	-
	Dec-25	IPCA Tarapur (API)	3	VIA in Feb'26
	Jun-25	Unichem, Roha (API)	3	EIR + VAI (Aug'25)
	Feb-25	Unichem, Pithampur (API)	4	EIR + VAI (May'25)
	Jul-24	Unichem, Goa	5	EIR + VAI (Sep'24)
	Feb-24	Unichem Ghaziabad (UP) formulation facility	0	-
	Jun-23	Pithampur (form.)	8	EIR + VAI (Oct'23)
	Jun-23	Ratlam (API)	11	EIR + VAI (Oct'23)
	Apr'23	Silvassa (Piparia)	3	VAI (Aug'23)
	Aug'19	Ratlam (API), Silvassa and Pithampur (Formulations)	3	Import Alert since Mar-15 (Ratlam in Jan-15); Silvassa OAI in Nov'19; Exempted for HCQS in Mar'20

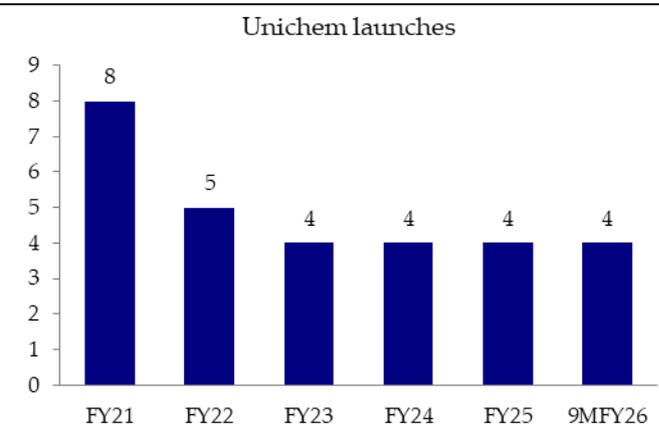
Source: Company, HSIE Research

Exhibit 6: Unichem filing to pick up from FY26



Source: Company, USFDA, HSIE Research

Exhibit 7: Unichem has 50+ launch and expects 5-6 p.a launches



Source: Company, USFDA, HSIE Research

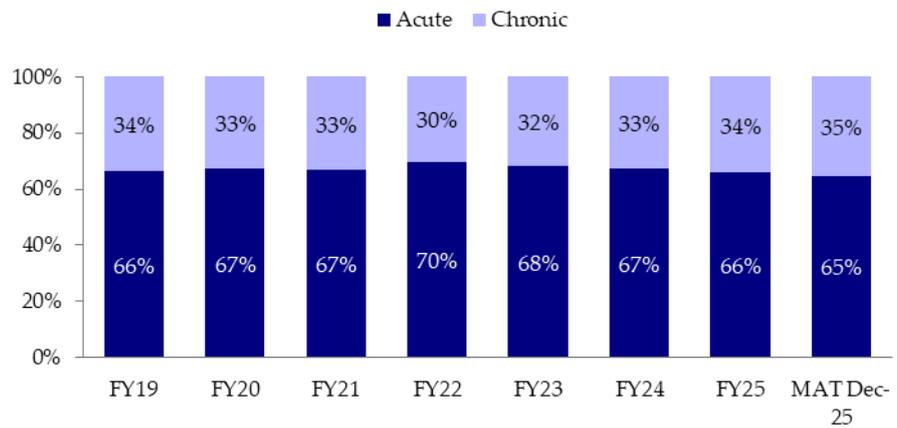
IPCA India story in charts

Exhibit 8: IPCA outperformed IPM, led by both volume and price



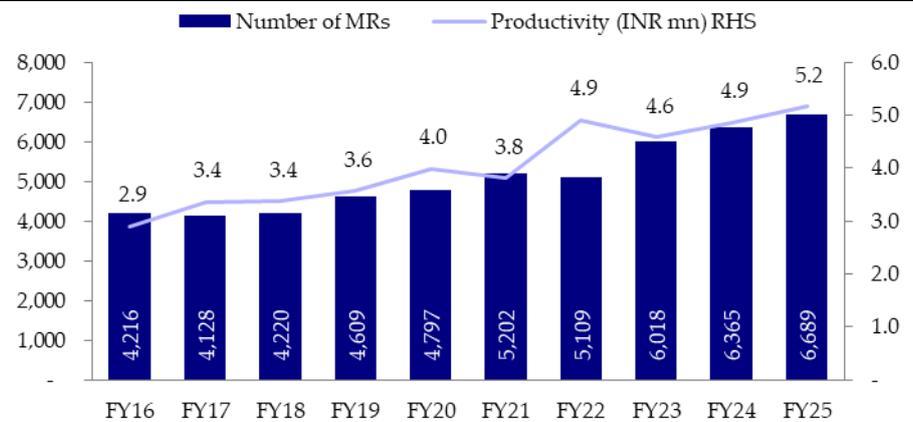
Source: IQVIA, HSIE Research

Exhibit 9: Therapy split moving gradually towards chronic therapies



Source: IQVIA, HSIE Research

Exhibit 10: MR addition and productivity improvement over the last few years



Source: IQVIA, HSIE Research

Exhibit 11: Strong growth in key therapies like pain, CVS, urology, CNS, and derma

IPCA therapy YoY %	% of FY25 sales	FY20	FY21	FY22	FY23	FY24	FY25	H1FY26	Q3'26	Dec-25	Jan-26
Pain / Analgesics	39%	19%	22%	23%	21%	14%	12%	8%	13%	14%	16%
Cardiac	13%	10%	12%	4%	12%	14%	15%	7%	12%	16%	16%
Anti-Infectives	7%	41%	-7%	47%	2%	4%	7%	4%	2%	9%	4%
Derma	6%	42%	14%	41%	23%	23%	18%	0%	12%	14%	15%
Antineoplast/Immunomodulator	6%	39%	10%	0%	29%	19%	18%	26%	33%	34%	29%
Gastro Intestinal	5%	8%	10%	16%	11%	3%	15%	10%	10%	12%	12%
Urology	5%	23%	11%	31%	40%	27%	33%	9%	23%	23%	18%
Respiratory	4%	18%	-11%	67%	23%	4%	3%	18%	13%	17%	12%
Neuro / Cns	4%	26%	17%	25%	24%	12%	17%	19%	27%	26%	21%
Anti-Malarial	4%	8%	-19%	34%	-17%	7%	5%	7%	-16%	-4%	8%
IPCA total	100%	19%	11%	22%	14%	13%	13%	8%	13%	15%	16%

Source: IQVIA, HSIE Research

Exhibit 12: Gaining share across leading therapies

IPCA therapy MS %	% of FY25 sales	FY19	FY20	FY21	FY22	FY23	FY24	FY25	H1'26	Q3'26	Dec-25	Jan-26
Pain / Analgesics	39%	6.5	7.0	8.5	8.6	9.2	9.7	10.1	10.6	10.4	10.5	10.2
Cardiac	13%	2.1	2.0	2.0	1.9	1.9	2.0	2.1	2.1	1.9	1.9	2.0
Anti-Infectives	7%	1.0	1.2	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.3
Derma	6%	0.7	0.9	0.9	1.2	1.4	1.6	1.7	1.7	1.7	1.8	1.8
Antineoplast/Immunomodulator	6%	4.3	5.1	5.1	4.2	4.4	4.2	4.4	4.6	4.5	4.3	4.3
Gastro Intestinal	5%	1.0	0.9	1.0	1.0	1.0	0.9	1.0	1.0	1.0	0.9	0.9
Urology	5%	2.2	2.4	2.5	2.8	3.4	3.8	4.4	4.5	4.6	4.6	4.5
Respiratory	4%	0.8	0.9	0.8	1.0	1.1	1.1	1.1	1.2	1.2	1.1	1.1
Neuro / Cns	4%	0.8	1.0	1.0	1.2	1.3	1.3	1.4	1.6	1.6	1.6	1.6
Anti-Malarial	4%	39.5	40.2	42.7	44.0	46.3	45.5	46.9	48.9	46.5	45.4	54.4
IPCA total	100%	1.5	1.6	1.7	1.8	1.9	2.0	2.1	2.2	2.1	2.0	2.0

Source: Company, HSIE Research

Exhibit 13: Steady growth in the leading brands

IPCA brands YoY	Therapy	% of FY25 sales	FY25 sales (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25	H1'26	Q3'26	Dec-25	Jan-26
Zerodol-Sp	Pain / Analgesics	13%	6.1	26%	33%	25%	23%	21%	13%	8%	18%	17%	20%
Zerodol-P	Pain / Analgesics	6%	3.0	19%	24%	19%	12%	8%	7%	4%	7%	6%	12%
Hcqs	Pain / Analgesics	4%	2.0	23%	27%	-2%	14%	0%	12%	6%	1%	4%	8%
Folitrax	Antineop/Immunomodulator	3%	1.5	16%	20%	8%	22%	15%	15%	20%	31%	32%	31%
Zerodol-Th	Pain / Analgesics	3%	1.3	23%	27%	15%	19%	9%	11%	1%	10%	10%	7%
Ctd-T	Cardiac	2%	1.2	28%	14%	12%	21%	26%	18%	15%	21%	24%	26%
Solvin Cold	Respiratory	2%	0.9	18%	-8%	59%	23%	1%	0%	21%	20%	26%	14%
Ctd	Cardiac	2%	0.8	16%	12%	5%	8%	6%	11%	8%	18%	20%	23%
Tfct-Nib	Pain / Analgesics	2%	0.8	NA	NA	463%	67%	28%	22%	6%	31%	38%	27%
Pacimol	Pain / Analgesics	2%	0.7	55%	-9%	45%	5%	13%	9%	8%	9%	20%	15%
Top 10 brands		38%	18.4	23%	16%	20%	19%	13%	12%	9%	16%	16%	18%
11-25 brands		19%	9.1	26%	19%	20%	14%	15%	10%	7%	8%	16%	11%
26-50 brands		17%	8.3	14%	-2%	27%	7%	12%	15%	7%	10%	14%	14%
Above 50 brands		26%	12.6	13%	8%	24%	15%	13%	17%	10%	14%	15%	17%
IPCA total		100%	48.4	19%	11%	22%	14%	13%	13%	8%	13%	15%	16%

Source: IQVIA, HSIE Research

Exhibit 14: Revenue, EBITDA, and PAT assumptions

(INR mn)	% of FY25 sales	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR FY19-25	CAGR FY25-28E
India formulations	39	16,468	19,126	19,817	25,083	27,607	30,972	34,551	38,352	42,954	48,108	13%	12%
% growth		16	16	4	27	10	12	12	11	12	12		
- Branded generics exports	7	3,609	3,815	4,034	4,160	5,048	5,267	5,819	6,575	7,430	8,396	8%	13%
% growth		9	6	6	3	21	4	10	13	13	13		
- Institutional generics exports	4	1,650	1,763	3,854	3,186	3,330	2,670	3,552	2,912	3,495	3,565	14%	0%
% growth		5	7	119	(17)	5	(20)	33	(18)	20	2		
- Generics exports	11	5,224	6,637	8,084	7,522	8,014	9,816	9,815	10,993	12,532	14,412	11%	14%
% growth		1	27	22	(7)	7	22	(0)	12	14	15		
Total formulation exports	21	10,483	12,216	15,972	14,867	16,392	17,753	19,186	20,481	23,457	26,373	11%	11%
% growth		4	17	31	(7)	10	8	8	7	15	12		
Total formulation business	60	26,951	31,342	35,789	39,950	43,999	48,725	53,737	58,832	66,411	74,481	12%	11%
% growth		11	16	14	12	10	11	10	9	13	12		
- APIs domestic	4	2,020	2,509	3,863	3,587	3,731	3,169	3,755	3,241	3,597	3,885	11%	1%
% growth		13	24	54	(7)	4	(15)	18	(14)	11	8		
- APIs exports	10	6,826	9,222	11,200	10,214	10,042	9,324	8,904	10,808	11,781	12,723	5%	13%
% growth		20	35	21	(9)	(2)	(7)	(5)	21	9	8		
Total API	14	8,846	11,731	15,063	13,801	13,773	12,493	12,658	14,048	15,378	16,608	6%	9%
% growth		18	33	28	(8)	(0)	(9)	1	11	9	8		
Other Operating Income	0	535	601	540	632	374	447	384	392	431	474	-5%	7%
% growth		5	12	(10)	17	(41)	19	(14)	2	10	10		
IPCA standalone revenue	75	36,332	43,674	51,392	54,383	58,146	61,665	66,779	73,273	82,219	91,563	11%	11%
% growth		12	20	18	6	7	6	8	10	12	11		
Revenue from subsidiaries	2	1,400	2,813	2,808	3,915	4,297	3,485	1,507	1,371	1,714	2,143	1%	12%
% growth		164	101	(0)	39	10	(19)	(57)	(9)	25	25		
Revenue from Unichem	24	-	-	-	-	-	11,901	21,110	21,685	23,526	25,754	NA	7%
% growth							77		3	8	9		
Total IPCA consol revenue		37,732	46,487	54,200	58,298	62,443	77,050	89,396	96,329	107,460	119,460	15%	10%
% growth		15	23	17	8	7	23	16	8	12	11		
Gross profit		25,335	30,046	36,917	38,149	39,378	51,293	61,610	67,623	75,866	84,577	16%	11%
% growth		17	19	23	3	3	30	20	10	12	11		
Gross margin %		67.1%	64.6%	68.1%	65.4%	63.1%	66.6%	68.9%	70.2%	70.6%	70.8%	177 bps	188 bps
EBITDA		7,105	9,218	15,031	12,785	9,583	12,882	16,931	19,651	23,211	26,640	16%	16%
% growth		56	30	63	(15)	(25)	34	31	16	18	15		
EBITDA margin %		18.8%	19.8%	27.7%	21.9%	15.3%	16.7%	18.9%	20.4%	21.6%	22.3%	11 bps	336 bps
Adjusted PAT		4,599	6,187	11,059	8,594	4,921	5,943	8,884	11,376	14,238	16,401	12%	23%
% growth		92	35	79	(22)	(43)	21	49	28	25	15		
PAT margin %		12.2%	13.3%	20.4%	14.7%	7.9%	7.7%	9.9%	11.8%	13.2%	13.7%	-225 bps	379 bps

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	53,660	57,665	62,069	76,224	88,546	95,937	107,029	118,986
Other operating income	540	633	375	826	850	392	431	474
Total operating income	54,200	58,298	62,443	77,050	89,396	96,329	107,460	119,460
Cost of goods sold	(17,283)	(20,149)	(23,065)	(25,758)	(27,786)	(28,706)	(31,593)	(34,882)
Gross profit	36,917	38,149	39,378	51,293	61,610	67,623	75,866	84,577
Gross margin (%)	68.1	65.4	63.1	66.6	68.9	70.2	70.6	70.8
Total operating expenses	(21,886)	(25,365)	(29,795)	(38,411)	(44,679)	(47,972)	(52,655)	(57,938)
EBITDA	15,031	12,785	9,583	12,882	16,931	19,651	23,211	26,640
EBITDA margin (%)	27.7	21.9	15.3	16.7	18.9	20.4	21.6	22.3
Depreciation	(2,092)	(2,324)	(2,616)	(3,572)	(3,978)	(4,221)	(4,277)	(4,543)
EBIT	12,939	10,461	6,967	9,310	12,953	15,430	18,934	22,096
Net interest	(90)	(77)	(455)	(1,383)	(849)	(729)	(478)	(358)
Other income	628	666	1,256	1,248	928	1,115	1,436	1,350
Profit before tax	13,890	11,357	7,453	8,427	11,311	15,135	19,892	23,088
Total taxation	(2,401)	(2,248)	(2,534)	(3,135)	(3,436)	(3,859)	(5,371)	(6,234)
Tax rate (%)	17	20	34	37	30	26	27	27
Profit after tax	11,488	9,110	4,919	5,292	7,875	11,276	14,521	16,854
Minorities	(11)	(57)	(77)	244	(476)	(352)	(273)	(442)
Profit/ Loss associate co(s)	(77)	(212)	(129)	(63)	(23)	(55)	(11)	(12)
Adjusted net profit	11,059	8,594	4,921	5,943	8,884	11,376	14,238	16,401
Adj. PAT margin (%)	21	15	8	8	10	12	13	14
Net non-recurring items	342	247	(208)	(470)	(1,508)	(507)	0	0
Reported net profit	11,400	8,841	4,713	5,474	7,377	10,869	14,238	16,401

Balance sheet (INR mn)

March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Paid-up capital	254	254	254	254	254	254	254	254
Reserves & surplus	46,763	54,395	58,167	63,068	69,231	78,904	91,718	106,479
Net worth	47,162	55,418	59,153	77,270	83,883	93,908	106,994	122,197
Borrowing	2,654	8,072	14,813	14,384	13,627	11,956	7,963	5,970
Other non-current liabilities	1,357	1,665	1,894	3,115	2,956	2,986	3,017	3,048
Total liabilities	60,684	76,235	86,264	111,013	117,586	126,767	138,098	153,428
Gross fixed assets	30,382	37,104	43,265	69,301	69,037	74,687	79,837	84,987
Less: Depreciation	(10,123)	(13,471)	(16,133)	(24,673)	(27,278)	(31,280)	(35,183)	(39,202)
Net fixed assets	20,258	23,634	27,132	44,628	41,760	43,407	44,654	45,786
Add: Capital WIP	2,348	3,064	1,404	3,429	6,218	7,831	7,831	7,831
Total fixed assets	22,607	26,698	28,537	48,057	47,977	51,238	52,485	53,617
Total Investment	5,053	9,892	6,260	8,622	9,800	9,752	9,771	9,790
Inventory	15,948	18,580	17,434	24,696	25,604	25,153	27,760	30,529
Debtors	8,118	9,108	9,890	16,865	18,738	20,604	22,686	24,887
Cash & bank	3,651	6,407	18,532	2,968	3,442	8,677	13,008	21,051
Loans & advances	826	817	1,191	980	751	701	789	886
Current liabilities	9,511	11,081	10,404	16,245	17,120	17,917	20,124	22,213
Total current assets	31,245	38,093	49,819	50,691	55,375	61,244	70,753	84,294
Net current assets	21,734	27,012	39,415	34,446	38,255	43,327	50,630	62,081
Other non-current assets	1,314	1,165	1,268	2,738	3,548	3,705	4,261	4,900
Total assets	60,684	76,235	86,264	111,013	117,606	126,767	138,098	153,428

Source: Company, HSIE Research

Cash flow (INR mn)

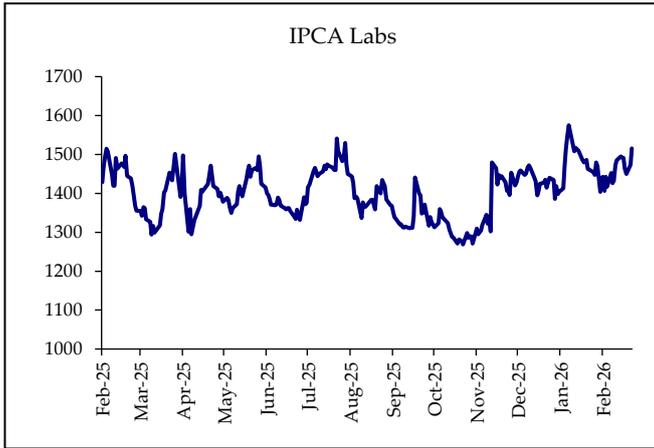
March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	13,890	11,357	7,453	8,427	11,311	15,135	19,892	23,088
Depreciation & Amortisation	(2,092)	(2,324)	(2,616)	(3,572)	(3,978)	(4,221)	(4,277)	(4,543)
Chg in working capital	(2,363)	(2,727)	490	(916)	(1,765)	(1,246)	(4,274)	(4,854)
CF from operations	10,901	8,561	8,058	9,447	13,213	14,200	13,924	15,921
Capital expenditure	(4,093)	(7,198)	(5,504)	(19,793)	(8,027)	(5,650)	(5,150)	(5,150)
CF from investing	(5,207)	(8,551)	(7,250)	(12,918)	(8,695)	(4,162)	(5,131)	(5,131)
Equity raised/ (repaid)	358	0	0	0	0	0	0	0
Debt raised/ (repaid)	(1,604)	1,933	2,943	(3,038)	(639)	(1,672)	(3,993)	(1,993)
Dividend paid	(1,015)	(1,015)	(1,015)	(507)	(1,015)	(1,196)	(1,424)	(1,640)
CF from financing	(3,058)	4,268	5,072	(5,526)	(2,830)	(3,597)	(5,894)	(3,991)
Net chg in cash	2,636	4,278	5,881	(8,997)	1,688	6,441	2,899	6,799

Key ratios

March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OPERATIONAL								
FDEPS (Rs)	43.6	33.9	19.4	23.4	35.0	44.8	56.1	64.6
CEPS (Rs)	53.2	44.0	28.9	35.7	44.8	59.5	73.0	82.6
DPS (Rs)	4.0	4.0	4.0	2.0	4.0	4.7	5.6	6.5
Dividend payout ratio (%)	8.9	11.5	21.5	9.3	13.8	11.0	10.0	10.0
GROWTH								
Net sales (%)	16.9	7.5	7.6	22.8	16.2	8.3	11.6	11.2
EBITDA (%)	63.1	(14.9)	(25.0)	34.4	31.4	16.1	18.1	14.8
Adj net profit (%)	78.8	(22.3)	(42.7)	20.8	49.5	28.0	25.2	15.2
FDEPS (%)	78.8	(22.3)	(42.7)	20.8	49.5	28.0	25.2	15.2
PERFORMANCE								
RoE (%)	26.6	16.9	8.7	9.8	13.4	15.3	16.6	16.5
RoCE (%)	29.1	19.1	11.7	12.4	14.2	15.8	18.0	18.8
EFFICIENCY								
Asset turnover (x)	1.8	1.7	1.5	1.4	1.3	1.3	1.4	1.4
Sales/ total assets (x)	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Working capital/ sales (x)	0.3	0.3	0.3	0.3	0.4	0.4	0.3	0.3
Receivable days	55	58	58	81	77	78	77	76
Inventory days	149	149	120	140	129	120	120	120
Payable days	62	45	36	44	43	38	40	40
FINANCIAL STABILITY								
Total debt/ equity (x)	0.1	0.2	0.3	0.2	0.2	0.1	0.1	0.1
Net debt/ equity (x)	(0.1)	(0.1)	(0.1)	0.1	0.0	(0.0)	(0.1)	(0.2)
Current ratio (x)	3.3	3.4	4.8	3.1	3.2	3.4	3.5	3.8
Interest cover (x)	143.1	136.0	15.3	6.7	15.3	21.2	39.6	61.7
VALUATION								
PE (x)	34.9	45.0	78.5	65.0	43.5	34.0	27.1	23.6
EV/ EBITDA (x)	25.4	29.8	39.7	31.5	23.8	20.2	16.7	14.2
EV/ Net sales (x)	7.1	6.6	6.1	5.3	4.6	4.1	3.6	3.2
PB (x)	8.2	7.1	6.6	6.1	5.6	4.9	4.2	3.6
Dividend yield (%)	0.3	0.3	0.3	0.1	0.3	0.3	0.4	0.4
Free cash flow yield (%)	1.8	0.4	0.7	(2.7)	1.3	2.2	2.3	2.8

Source: Company, HSIE Research

Price History



Rating Criteria

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

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