BUY
TP: Rs 1,511 | ▲ 19%

DR REDDY'S LABS | Pharmaceuticals | 13 May 2026

In-line Earnings on adjusted basis; margin outlook stable

- **On an adjusted basis, Sales/EBITDA/PAT reported 3%/20%/5% below our estimates. AEBITDA M reported 323 bps lower vs our estimates**
- **Ex gRevlimid sales Gross Margin guided in 50-55%. EBITDA margin ~20%with gSemaglutide and 25% post Abatacept launch**
- **We factor in the interest income to continue, thereby retaining our estimates. Continue to ascribe 21x and roll-forward to Mar'28 EPS**

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Weak performance on a reported basis – On a reported basis, Dr. Reddy's sales declined by 11% YoY to Rs 75.1bn, primarily due to 51% YoY decline in North America sales (gRevlimid stock life adjustment of Rs 4,530 mn) — offset by the growth across geographies, where India grew by 20% YoY, Emerging Markets grew by 29% YoY and 14% YoY growth in Europe. Lower product mix (no gRevlimid contribution) led to gross margin at 45% in 4QFY26. 14% YoY rise in Other expenses (29.5% of sales) resulted in a mere 8% of EBITDA Margin and 70% decline in EBITDA to Rs 6bn. Lower operations resulted in 86% YoY decline in PAT to Rs 2.2bn. However, there was an impairment of Rs 2.5bn towards non-current assets — adjusting for that — PAT reported 72% YoY decline to Rs 4.7bn.

Adjustments for 4QFY26 - During 4QFY26, there were several one-offs, starting with 4,530 mn (USD 50 mn) towards stock adjustments for gRevlimid in North America sales; Rs 59 mn of wind down cost under SG&A; Rs 1,141 mn towards VAT liability under SG&A, Rs 1,400mn towards the settlement of litigation in the US and UK in Other Income; Rs 1,890 mn towards divestment of intangible products in Other Income; Rs 1,290 mn towards the impairment of non-current assets for CAR-T therapy (several companies across the globe have discontinued CAR T therapy) and Rs 914 mn towards discontinuation of the Phase III study in the first line non-small cell lung cancer conducted by Immutep Limited.

In-line estimates on adjusted basis – On an adjusted 4QFY26 basis, sales decreased by 6%, primarily due to 37% YoY decline in the North America sales (17% below our estimates). This resulted in a 19% YoY fall in gross profit and gross margin reported at 48% (our estimate of 51%). On an adjusted basis, SG&A reported a normalised 7% growth (26.3% of sales) to Rs 20.9bn — resulting in 42% decline in EBITDA to Rs 11.7 bn and EBITDA margin reporting at 14.7% (our estimate of 18%). Adjusted Other Income grew by 20% YoY. Interest income of Rs 1.7bn led to 40% YoY decline in PAT to Rs 9.9bn (5% below our estimates). Adjusted EPS was at Rs 11.6 (our estimates of Rs 12.59).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	DRRD IN/Rs 1,265
Market cap	US$ 11.1bn
Free float	73%
3M ADV	US$ 32.2mn
52wk high/low	Rs 1,380/Rs 1,148
Promoter/FPI/DII	27%/27%/23%

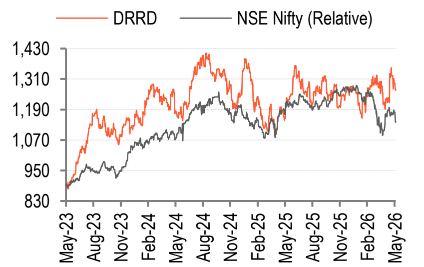
Source: NSE | Price as of 13 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	335,933	364,359	395,985
EBITDA (Rs mn)	67,049	76,515	87,117
Adj. net profit (Rs mn)	45,851	52,639	59,878
Adj. EPS (Rs)	55.6	63.3	72.0
Consensus EPS (Rs)	61.6	56.6	65.8
Adj. ROAE (%)	13.1	13.2	13.3
Adj. P/E (x)	22.8	20.0	17.6
EV/EBITDA (x)	15.9	14.0	12.6
Adj. EPS growth (%)	(20.3)	13.9	13.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

India business shines - Dr. Reddy’s reported 20% YoY growth in India business to Rs 15.6bn, primarily driven by innovative products, in-licensing deals and 10 new launches. As per IQVIA, India sales grew by 15.2% vs IPM growth of 11.6% in Mar’26 and on Mar’26 MAT basis, Dr.Reddy’s sales grew by 12.1% vs IPM growth of 9.9%. In FY26, Dr.Reddy’s launched 28 products. The company had sales from gSemaglutide for the last few days of the quarter, where market share is more than 10% (as per our channel checks, Obeda has a strong brand equity). Going forward, the company is expected to launch oral Semaglutide, which is likely to gain high traction. During the year FY26, India reported a 16% growth; we maintain our sales growth of 15% for FY27 led by new launches and in-licensing activities (ex of Oral Semaglutide). As per our channel check, the tertiary demand for gSemaglutide is not healthy PAN India; therefore, we expect the company to likely clock Rs 4.8bn from gSemaglutide, contributing 7% of domestic sales (assuming 2mn pens in India region) Thus, we expect sales CAGR of 12% from FY27-29 to Rs 89 bn in FY29.

North America sales to grow in FY27E in INR terms – North America sales declined by 51% YoY to Rs 17.5bn in 4QFY26 and 21% YoY in FY26. The decline was due to no Lenalidomide in 4QFY26 and shelf-life adjustment for Lenalidomide which offset the effect of new launches. The company launched 7 new products in 4QFY26 and 38 new launches in FY26 and has guided to launch 27 new launches in FY27. The company guided for double-digit growth in North America sales, ex of gRevlimid. Going forward, we factor in gSemaglutide sales of USD 120 mn (4mn pens at USD 30) and USD 50mn from 27 new launches guided in FY27E, to arrive at USD sales of 1.16bn in FY27E and USD 1bn sales in FY28E. The company received BLA for Abatacept from the USFDA, which would trigger inspection from its Bachupally plant, and thus, expects to launch it in the earlyCY27/late FY28E. Hence, we expect North America sales to grow at a CAGR of 4% YoY to Rs 125bn in FY29 (ex. of Abatacept).

Europe sales growth continues in double digits - In 4QFY26, Europe sales grew by 14% YoY to Rs 14.5bn driven by 9% YoY growth in the ex of NRT and 4% YoY growth in NRT sales (95% acquisition complete; 48% contribution to European sales). Ex. Of NRT, growth was driven by 5% YoY growth in UK (16% of Europe sales), 6% YoY growth in Germany (26% of Europe sales), and 27% YoY growth in Rest of Europe (10% of Europe sales) — which were largely impacted by the price erosion in generics space. In FY26, Europe sales grew by 55% to Rs 55bn; we expect a normalised growth CAGR of 15% from FY27-29 to Rs 97bn in FY29.

Valuation - The company has a healthy balance sheet with Rs 15.3bn of cash & bank balance, which can produce higher other income and interest income (reporting since the past 2 years). Thus, factoring in the continuation of interest income and EBITDA Margin of 21% amidst 3-player market for gSemaglutide in Canada (can reach 25% post launch of Abatacept) — our EPS has reduced marginally by 1.5% for FY27 and -0.6% for FY28E to Rs 63.5 and Rs 72.4 for FY27E and FY28E respectively. At CMP, the stock trades at an attractive valuation (generic company valuation) of 20x and 17.5x on FY27 and FY28 respectively. We continue to ascribe 21x, in-line with its 5Y historic mean, considering the healthy cash balance and new launches to arrive at TP of Rs 1511. Maintain BUY.

Financial Highlights

Fig 1 – Quarterly Snapshot

(Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Var (%)
Net Sales	75,162	83,586	(10.1)	87,268	(13.9)	82,106	(8.5)
Total Expenses	69,120	60,590	14.1	68,314	1.2	67,327	2.7
(%) of net sales	92	72		78		82	
Raw material consumed	41,471	34,534	20.1	40,462	2.5	40,232	3.1
(%) of net sales	55	41		46		49	
R&D cost	5,463	6,658	(17.9)	6,149	(11.2)	5,747	(4.9)
(%) of net sales	7	8		7		7	
SG&A	22,186	19,398	14.4	21,703		21,348	
(%) of net sales	30	23		25		26	
EBITDA	6,042	22,996	(73.7)	18,954	(68.1)	14,779	(59.1)
Depreciation	5,576	4,719	18.2	5,215		5,310	
EBIT	466	18,277	(97.5)	13,739	(96.6)	9,469	(95.1)
Interest	(620)	20		(1,168)		(1,600)	
Other Income	3,445	439		770		2,700	
PBT	4,531	18,696	(75.8)	15,677	(71.1)	13,769	(67.1)
Less: Taxation	(214)	4,704		3,533		3,442	
Recurring PAT	4,741	14,129	(66.4)	12,369	(61.7)	10,477	(54.7)
Exceptional items	(2,540)	4		(271)		0	
Reported PAT	2,201	14,133	(84.4)	12,098	(81.8)	10,477	(79.0)
Key Ratios (%)							
Gross Margin	44.8	58.7	(1386)	53.6	(881.0)	51	(618)
EBITDA Margin	8.0	27.5	(1947)	21.7	(1368.1)	18	(996)
Tax / PBT	(4.7)	25.2	(2988)	22.5	(2725.9)	25	(2972)
NPM	6.3	16.9	(1060)	14.2	(786.6)	13	(645)
Adj. EPS (Rs)	5.7	17.0	(66.4)	14.9	(61.7)	13	(689.4)

Source: Company, BOBCAPS Research

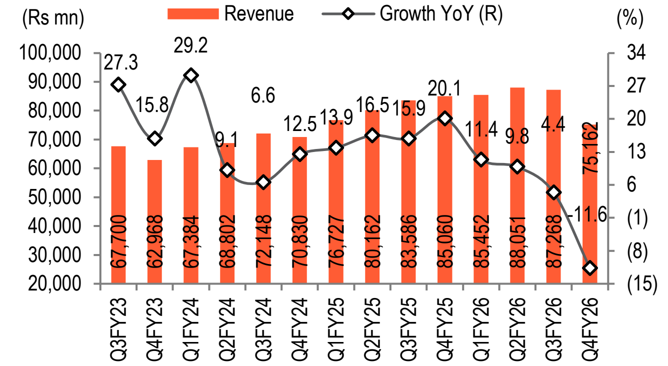
Fig 2 – Revenue Mix

(Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Var (%)
Global generics	65,802	73,752	(10.9)	79,113	(16.9)	73,359	(10.4)
North America	17,562	33,834	(48.1)	29,644	(40.8)	26,690	(34.2)
Europe	14,520	12,096	20.0	14,476	0.3	15,428	(5.9)
India	15,663	13,464	16.3	16,032	(2.3)	14,874	5.3
ROW	18,000	14,358	25.4	19,000	(5.3)	16,368	10.0
PSAI	9,124	8,219	11.0	8,018	13.8	8,607	6.0
Proprietory Products	236	1,614	(85.4)	137	72.3	140	68.6
Net Sales	75,162	83,586	(10.1)	87,268	(14.0)	82,106	(8.5)

Source: Company, BOBCAPS Research

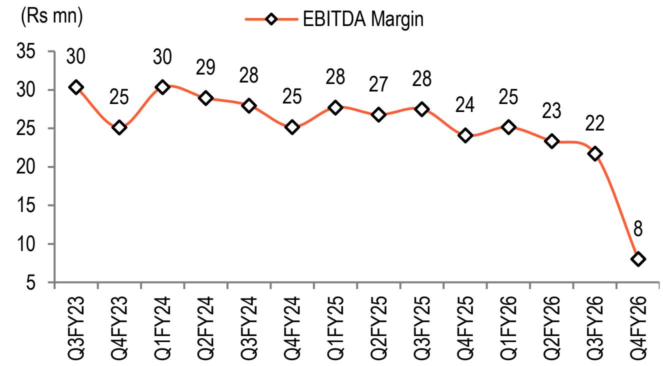
Financial Charts

Fig 3 – Revenue declined due to no Lenalidomide sales



Source: Company, BOBCAPS Research

Fig 4 – EBITDA margin trend impacted by Lenalidomide SSA & one-time charges



Source: Company, BOBCAPS Research

Fig 5 – India Business growth driven by the innovation franchise revenues and in license products

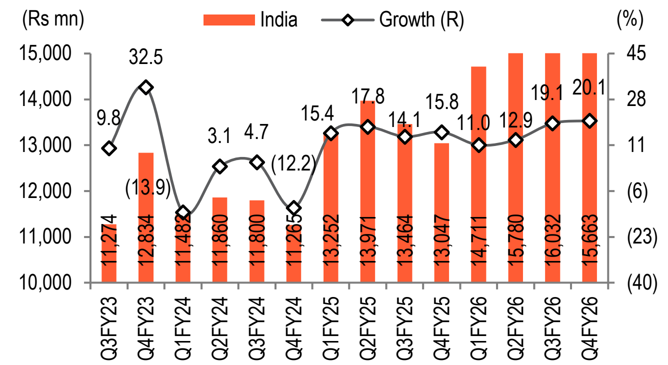
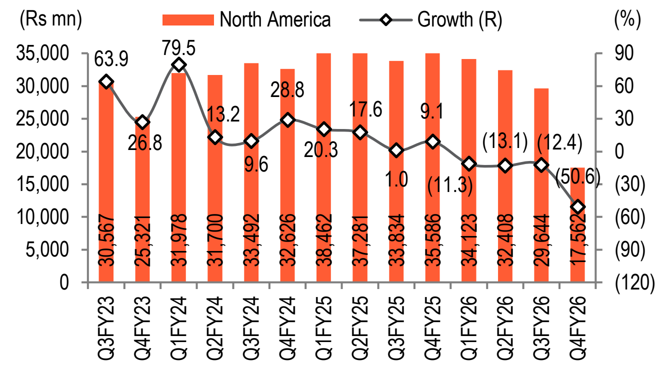
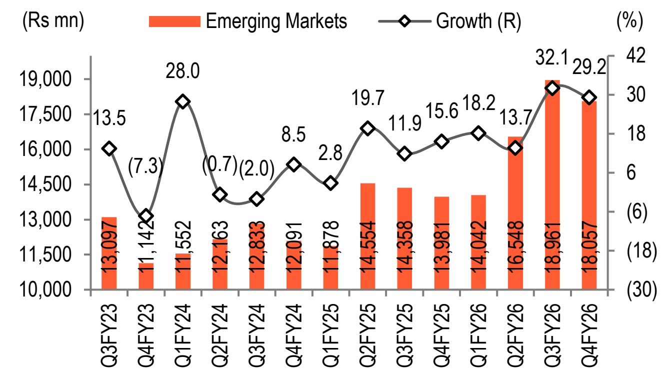


Fig 6 – North America sales declined due to absence of Lenalidomide and price erosion in base portfolio



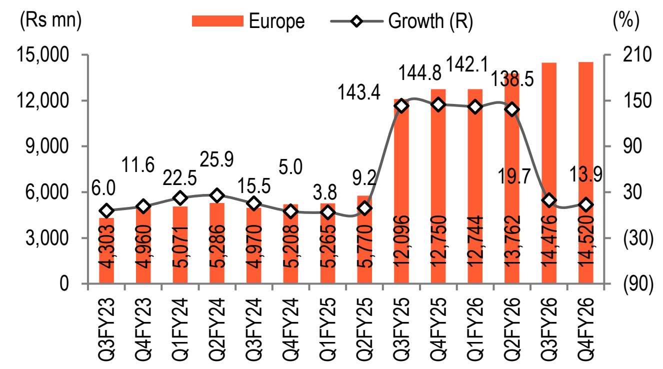
Source: Company, BOBCAPS Research

Fig 7 – Emerging Market growth led by new products



Source: Company, BOBCAPS Research

Fig 8 – Europe growth decline on Generic price Erosion



Source: Company, BOBCAPS Research

Earning Call Highlights

Outlook

- Management expects underlying base business growth momentum (ex-lenalidomide) to continue in FY27 — after delivering double-digit growth in both Q4FY26 and full-year FY26, with FY26 marking the company's highest-ever annual revenues.
- Management expects new product launches, BD and cost optimisation to move the business closer to an aspirational 25% EBITDA margin.
- FY27 gross margin guided above 50% (vs 48% in Q4FY26). Drivers include revenues from the Semaglutide launch, new product mix and active API cost improvement programmes.
- SG&A for FY27 guided at broadly similar level to FY26; increased spend in NRT franchise and innovative product marketing in India; emerging markets to be offset by productivity initiatives (salesforce excellence, marketing excellence programmes). As % of revenues, SG&A Will likely decline as the sales grow in double digits.
- R&D spend guided at 7-8% of revenues in FY27; decline from the current levels as major Abatacept Phase 3 investment is largely complete. Future biologic pipeline to be built primarily with partners (cost-shared); AI-driven productivity expected to deliver more output at lower per-molecule cost.
- CAPEX guided at ~Rs 20,000 mn for FY27. Product-specific biosimilar investments plus general maintenance capex.
- ETR guided at 24-25% for FY27.
- **North America generics ex-lenalidomide:** Double-digit growth expected in FY27, driven by ~27 new launches; Semaglutide (Canada) is incremental and topping this guidance.
- **Long-term US growth drivers:** Biosimilars (Abatacept IV and SC), consumer health and select 505(b)(2) opportunities; near-term US generics base characterised as very low single-digit organic growth historically, given the price erosion offset by market share and new products.
- **Two-pronged strategy reaffirmed:** Strengthening the base business while investing in future growth drivers - Semaglutide, Abatacept and targeted BD; organisation structured with dedicated leadership across Global Generics, Biologics, Consumer Health and Innovation.

North America Generics

- 7 new products launched in Q4FY26. Total 25 launches in FY26; ~27 targeted for FY27.
- Key FY27 US launch products include semaglutide (Canada), Bosutinib (highlighted as a potentially meaningful product), Sugammadex, Ustekinumab,

Sitagliptin, Brimonidine among others. Management acknowledged that most are competitive, but collectively sufficient to deliver double-digit growth ex-lenalidomide and ex-semaglutide.

- **Semaglutide Canada:** Incremental to US generics business; not included in the North America double-digit growth guidance.

India Business

- 10 new brands launched in Q4FY26; 28 for FY26.
- **Progynova and Saccharoprogynova (hormone replacement therapy):** acquired in India, marking entry into HRT segment.
- **Semaglutide India:** Obeda launched on Day 1 of market formation; 10%+ standalone market share. Oral semaglutide CDSCO approved, launch upcoming; combination expected to drive healthy India growth in FY27.
- **COYA-302 (partner product):** received USFDA fast-track review designation.
- **NRT consumer healthcare:** Operational integration largely complete. The business growing ahead of management expectations (guided mid-single digit; delivering high-single to low-double digit); some channel stocking effect in recent quarters. Sustainable trajectory seen as high-single to low-double digit growth.

Emerging Markets

- **49 new products** introduced across countries in Q4FY26; total of 129 for FY26.
- **Semaglutide emerging markets:** Oral form expected to gain more traction in lower-price markets. Injectables to dominate premium markets; partner-led model for broad EM coverage (Latin America, Southeast Asia and others).

Europe

- 7 new generic products launched in Q4FY26; 38 for FY26.
- European biosimilar market heavily weighted towards SC.

PSAI

- 48 drug master files filed globally in Q4FY26; total of 128 for FY26.
- Active API cost improvement programmes underway as a key driver of FY27 gross margin recovery towards 50%+.

Semaglutide

- DRL became the first company to receive regulatory approval for generic semaglutide injection (Type 2 diabetes) in Canada; and also the first to receive approval in India (November 2025) and launched the brand Obeda on Day 1 of market formation upon patent expiry. Oral semaglutide approved by CDSCO in India.

- **Volume guidance:** 6-7 mn pens by the end of CY2026 (markets with approval); ~10-11 mn pens for full FY27 (broadly in line with the earlier ~12 mn guidance with a few months of delay, due to Brazil setback). FY28 supply capacity could support up to ~40 mn pens subject to the demand materialising.
- **Brazil:** setback due to Anvisa concerns on original filing; DRL also pursuing a clone product through its local partner; approval expected with a likely delay of approx. 3-4 months; Brazil remains part of the overall volume guidance.
- **Market rollout:** planning launches in 50+ markets in CY2026 and 80+ within 12 months; many markets to be served via B2B partners; estimated ~50:50 split between direct sales and partner channel on volume basis.
- **Quarterly run-rate:** approx. 3-4 mn pens per quarter across direct and partner channels. Adding up to ~10-11 mn for FY27.
- **Pricing:** floor price not expected below $25/pen; indicative net realisation of ~$70+ per pen across markets (net of partner margins). Some markets will likely command significantly higher prices. Canada listed price expected at ~50% of Novo Nordisk's price; public tender segment in Canada may eventually see ~75% discount to innovator, but DRL not planning on this basis, given the mixed public/private/cash-pay structure of Canadian market.
- **Margin impact:** Semaglutide expected to lift group EBITDA margin towards but potentially slightly below 25% in FY27, dependent on the volumes and pricing mix achieved. Base business without semaglutide maintained at ~20%.

Biosimilars & Abatacept

- **Abatacept IV biosimilar:** BLA has been accepted for review by USFDA, following the filing in December 2025. FDA plant inspection at Bachupally, Hyderabad awaited - critical path item; US launch targeted at the beginning of CY2027 (aspirationally FY27); SC version filing on track for US in FY27, Europe filing may see some delay.
- **Abatacept US market split:** ~50:50 IV vs subcutaneous by value; European market heavily skewed toward SC (~80%+ of value).
- **Denosumab:** European launch proceeding; US approval depends on partner Alvotech resolving a deficiency letter from USFDA – the timeline is uncertain and outside of DRL's control.
- Global biologic sales currently ~$100 mn annually. Business pre-breakeven due to the ongoing Abatacept and pipeline R&D. Breakeven expected post Abatacept US launch (CY2027/FY28, if everything proceeds on plan).
- Biosimilar revenue aspiration by FY29: $500-700 mn; Abatacept expected to be the lion's share; portfolio margins expected to be above the company average in a low-competition scenario.
- **CAR-T programme:** An impairment of Rs 1,350 mn taken, following clinical issues; programme deprioritised as part of portfolio rationalisation. Immutep partner asset

(Eftilagimod): Rs 930 mn impairment, following the interim futility analysis and partner trial discontinuation.

Regulatory & Other Updates

- **Shrikakulam formulation facility (FDIC-Z):** received VAI classification from US FDA in March 2021, following GMP and pre-approval inspection in December 2025.
- **Bachupally, Hyderabad:** US FDA plant inspection pending for Abatacept BLA - critical path item for CY2027 launch plan.
- **Fx hedges:** $462 mn hedged at Rs 91.37-93.46/$, maturing within 12 months; Rs 1.6 bn rubles hedged at 1.12 per ruble, maturing within 3 months.

Valuation Methodology

Dr Reddy's reported an in-line set of earnings on adjusted basis, on all fronts. The company has witnessed no gRevlimid sales in 4QFY26, which brings the North America sales back to pre-gRevlimid sales of USD 250mn. Going forward, we factor in the rupee-depreciation benefits, gSemaglutide launch in North America region and 27 new launches to North America sales, and sustainable 15% growth across geographies of India, Europe and Emerging markets driven by rupee depreciation, new launches and increase volume/market share in the base business.

The company expects to sell 6-7 mn pens in CY26 across 50 countries. These include Turkey, South East Asia, Latin America out of 12 mn pens and remaining pens be sold in CY27 across more than 80 countries at an average selling price of USD 25-30. Overall, the company will likely clock USD 240 mn at realization of USD 20 and USD 300mn at realization of USD 25 from 12 mn pens — thereby reducing the product concentration risk.

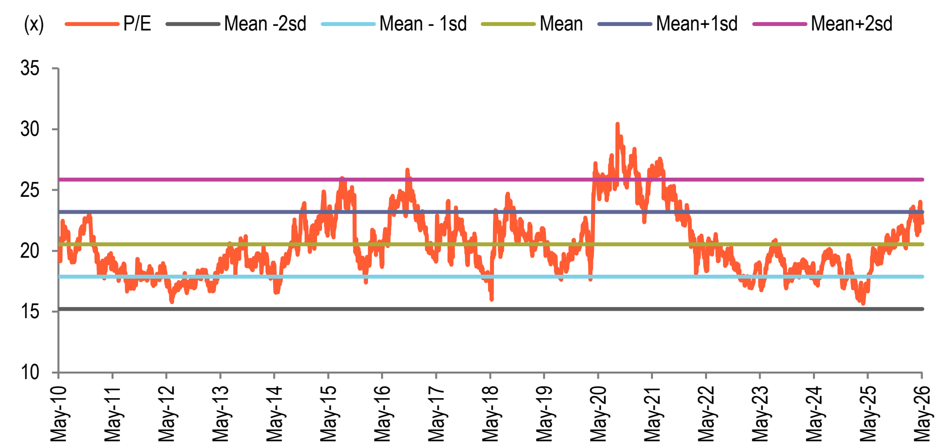
The company also has a healthy balance sheet, with Rs 15.3bn of cash & bank balance, which can produce higher other income and interest income (reporting since the past 2 years). Thus, factoring in the continuation of interest income and EBITDA margin of 21% amidst a 3-player market for gSemaglutide in Canada (reach 25% post launch of Abatacept) — our EPS has reduced marginally by 1.5% for FY27 and -0.6% for FY28E to Rs 63.5 and Rs 72.4 for FY27E and FY28E respectively. At CMP, the stock trades at attractive valuation (generic company valuation) of 20x and 17.5x on FY27E and FY28E respectively. We continue to ascribe 21x, in-line with its 5Y historic mean, due to a healthy cash balance and new launches, to arrive at TP of Rs 1,511. Maintain BUY.

Fig 9 – Change in Estimates

(Rs mn)	New		Old		Variance (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Sales	365,603	398,093	353,015	391,188	3.6	1.8
EBITDA	76,777	87,580	84,724	97,797	(9.4)	(10.4)
EBITDA Margin (%)	21.0	22.0	24.0	25.0	(300bps)	(300bps)
EPS (Rs)	63.5	72.4	65.0	73.0	(1.5)	(0.6)

Source: Company, BOBCAPS Research

Fig 10 – 1 YF P/E Band



Source: Bloomberg

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Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**325,534**	**335,933**	**364,359**	**395,985**	**432,410**
EBITDA	86,235	67,049	76,515	87,117	103,778
Depreciation	17,058	20,606	22,103	23,603	23,430
EBIT	69,177	46,443	54,412	63,513	80,349
Net interest inc./(exp.)	4,724	4,132	4,292	3,451	2,589
Other inc./(exp.)	4,358	7,627	8,781	9,802	10,024
Exceptional items	0	0	0	0	0
EBT	78,259	58,202	67,486	76,767	92,961
Income taxes	19,539	12,351	14,847	16,889	20,451
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**	**52,639**	**59,878**	**72,509**
Adjustments	(1,476)	(3,385)	0	0	0
Adjusted net profit	**58,720**	**45,851**	**52,639**	**59,878**	**72,509**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	35,523	33,411	39,930	43,396	47,387
Other current liabilities	53,102	64,910	43,723	39,599	38,917
Provisions	6,324	7,659	8,307	9,028	9,859
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	421,218	476,921	545,256
Shareholders' fund	332,764	373,589	422,053	477,756	546,091
Total liab. and equities	**474,479**	**556,910**	**579,753**	**619,084**	**679,232**
Cash and cash eq.	14,652	15,368	25,578	27,790	53,641
Accounts receivables	90,420	101,219	99,824	130,187	154,009
Inventories	71,085	76,531	84,851	94,385	106,622
Other current assets	33,492	41,096	51,010	55,438	60,537
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**	**579,753**	**619,084**	**679,232**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**54,719**	**46,506**	**39,590**	**35,768**	**56,333**
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**	**10,210**	**2,212**	**25,850**
Closing cash & cash eq.	**14,652**	**15,368**	**25,578**	**27,790**	**53,641**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	68.0	51.5	63.3	72.0	87.2
Adjusted EPS	69.7	55.6	63.3	72.0	87.2
Dividend per share	5.0	5.0	5.0	5.0	5.0
Book value per share	400.9	450.1	508.5	575.6	657.9

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	3.3	3.2	2.9	2.8	2.6
EV/EBITDA	12.6	15.9	14.0	12.6	10.8
Adjusted P/E	18.1	22.8	20.0	17.6	14.5
P/BV	3.2	2.8	2.5	2.2	1.9

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	124.0	120.9	115.7
EBIT margin (EBIT/Revenue)	21.3	13.8	14.9	16.0	18.6
Asset turnover (Rev./Avg TA)	24.3	20.2	19.4	19.5	19.5
Leverage (Avg TA/Avg Equity)	1.1	1.2	1.2	1.1	1.1
Adjusted ROAE	19.2	13.1	13.2	13.3	14.2

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	16.6	3.2	8.5	8.7	9.2
EBITDA	10.0	(22.2)	14.1	13.9	19.1
Adjusted EPS	4.2	(20.3)	13.9	13.8	21.1
Profitability & Return ratios (%)					
EBITDA margin	26.5	20.0	21.0	22.0	24.0
EBIT margin	21.3	13.8	14.9	16.0	18.6
Adjusted profit margin	18.0	13.6	14.4	15.1	16.8
Adjusted ROAE	19.2	13.1	13.2	13.3	14.2
ROCE	21.9	13.0	13.5	14.4	16.3
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	3.9
Net interest coverage ratio	(14.6)	(11.2)	(12.7)	(18.4)	(31.0)
Adjusted debt/equity	0.0	0.0	0.0	0.0	(0.1)

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

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

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Note: Recommendation structure changed with effect from 21 June 2021

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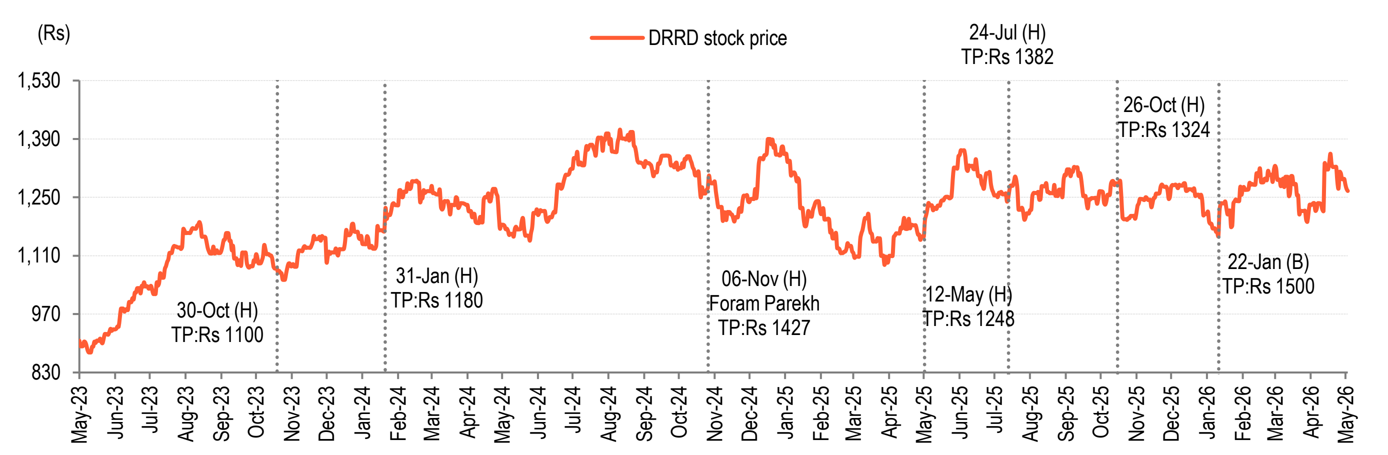

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