



**1QFY26 Result Update**

# **Dr. Reddy's Laboratories**

**Steady quarter despite US decline**

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**CMP (Rs): 1,266**

**Market cap. (Rs bn): 1,056**

**Target price (Rs): 1,500**

**Maintain BUY**

### Performance summary/What stood out

- Steady 11% YoY revenue growth, led by strong performance in Europe (boosted by Haleon NRT integration) and EMs. India grew steadily at 11%, while US sales declined by 14% due to price erosion in gRevlimid. Gross margins contracted by 350 bps, but EBITDA grew by 6% aided by cost controls and steady R&D spend leading to steady EBITDA margins of 26.7% and flattish PAT of Rs 14.2 bn.

### Outlook and Valuation

- The company continues to work towards building future growth drivers in the consumer and biosimilar space to mitigate future revenue volatility due to gRevlimid cliff. Consumer health has expanded via strategic acquisitions like Menolabs (US women's health), Haleon's NRT portfolio (Europe), and a newly operational India JV with Nestlé. On biosimilars (currently ~US\$ 80 mn in sales), Dr. Reddy's is investing 20% of its R&D spend to accelerate pipeline development. Key launches and approvals include Bevacizumab (UK), Rituximab (EU/UK; US pending), and filings for Denosumab in the US/EU. Multiple strategic partnerships for assets like bAbatacept (with Coxa), bPembrolizumab (with Alvotech), bDaratumumab (with Henlius), bUstekinumab, and bGolimumab (both with Bio-Thera) will enhance its global reach and future biosimilar potential. Importantly, capital generated from the gRevlimid windfall has been prudently reinvested into long-term growth drivers, in line with the company's strategy to maintain a strong 25% EBITDA margin and 25% RoCE profile.
- We expect the loss of gRevlimid exclusivity from 2HFY26 to be offset by the Semaglutide (gOzempic) launch in Emerging Markets like Canada, Brazil and India in FY26 end, resulting in flattish earnings growth in FY26-27. Other than Semaglutide, future growth levers include a) Biosimilar portfolio commercialisation in EU and US markets and b) healthy US generic portfolio growth driven by 18 product launches in FY25 with 76 ANDAs further awaiting USFDA approval. Moreover, with an aspirational target of entering the top 5 in the Indian pharma market, supported by a 10k field force and in-licencing of innovator brands, Dr. Reddy's is well-positioned for a multi-year growth cycle.
- We maintain our Buy rating with an unchanged target price of Rs 1,500 per share i.e. 22x FY27E EPS of Rs 69 (24x ex-Revlimid implied PE). At the current market price of Rs 1,266 (mkt cap of US\$ 11.2 bn), the stock trades at 18-18x FY26-27E EPS of Rs 71-69 per share (ex-Revlimid trades at 28-20x FY26-27E EPS of Rs 45-63 per share).

### What has changed in estimates

- Factoring in higher price erosion in gRevlimid and lower gross margins guidance of 57%, we lower our FY26 earnings by 12% but keep FY27 unchanged as we add Semaglutide in our FY26/27 estimates, resulting in no change to our target price of Rs 1,500.

### Financial highlights (Consolidated)

(Rs mn)	1QFY25	1QFY26	YoY (%)	4QFY25	QoQ (%)
Net sales	76,727	85,452	11.4	85,060	0.5
EBITDA	21,740	22,240	2.3	22,970	(3.2)
EBITDA margin (%)	28.3	26.0	(231 bps)	27.0	(98 bps)
Other income	1,435	2,400	67.2	3,008	(20.2)
Interest	(598)	(830)	38.8	(656)	26.5
Depreciation	(2,508)	(4,765)	90.0	(4,555)	4.6
PBT	20,064	19,045	(5.1)	19,999	(4.8)
Tax	(4,901)	(4,951)	1.0	(4,181)	18.4
Reported PAT	15,222	14,178	(6.9)	15,939	(11.0)
Adjusted PAT	15,218	14,178	(6.8)	15,278	(7.2)
Adjusted EPS (Rs)	18.2	17.0	(6.8)	18.3	(7.2)

### Key variables

	Improvement on (%)		
	B&K est.	Consensus	
Net sales	6.0	(1.7)	
EBITDA	3.8	(2.3)	
Adjusted PAT	5.2	(6.4)	
<b>Valuations</b>			
	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>
P/E (x)	18.0	17.9	18.3
P/B (x)	3.2	2.8	2.4
EV/EBITDA (x)	11.4	10.4	10.2
<b>Key Ratio</b>			
RoE (%)	19.2	16.6	14.1
<b>Liquidity Ratio</b>			
Net D/E (x)	0.0	(0.1)	(0.2)

**Detailed highlights**

**P&L and Key metrics**

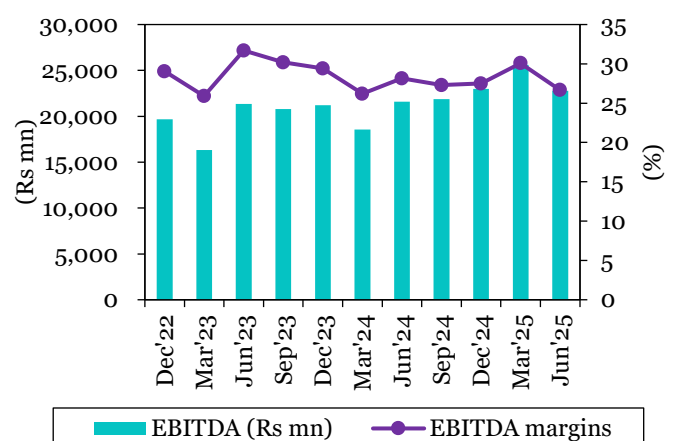
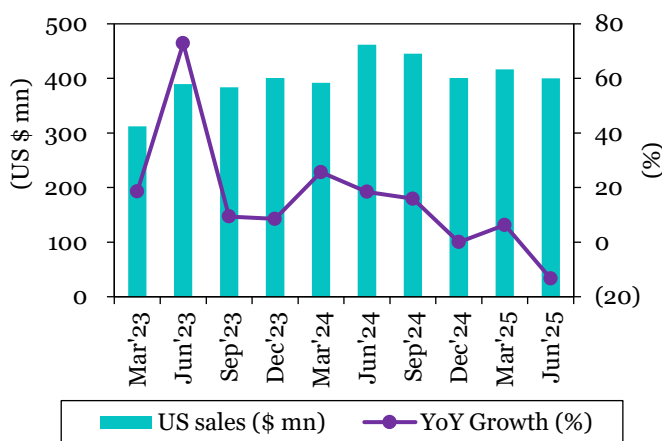
- ▶ Dr. Reddy's recorded steady topline growth of 11% to Rs 85.5 bn, driven by strong Europe (on account of Haleon NRT integration) and Emerging Markets performance, complemented by steady India sales but offset by lower US sales in 1Q.
- ▶ Europe recorded 142% jump in sales to Rs 12.7 bn due to benefit of Rs 6.7 bn from Haleon NRT integration in 1Q ex of Haleon, the EU market grew by 15%. Emerging markets (including Russia-CIS and RoW) recorded strong 18% growth to Rs 14 bn led by 29% jump in Russia sales to Rs 7.1 bn.
- ▶ While India witnessed steady 11% growth to Rs 14.7 bn, driven by introduction of new products, price increases and commercial execution, the US market saw decline of 14% to US\$ 398 mn, primarily due to increased price erosion in certain key products including gRevlimid.
- ▶ Gross margins contracted by 350 bps YoY to 56.9% in 1Q, primarily due to higher price erosion in generics segment (including gRevlimid) and reduced operating leverage that was partially offset by favourable product mix.
- ▶ Despite gross margin underperformance, EBITDA recorded modest 6% growth to Rs 22.8 bn, on account of flattish R&D costs at Rs 6.2 bn (7.3% of sales) and controlled SG&A (up 13% YoY). The YoY increase in SG&A was driven by strategic investments in consumer healthcare business segment, including the NRT and Nestle JV. Other SG&A expenses stayed mostly unchanged from last year, reflecting cost discipline across core operations, as per the company.
- ▶ In line with steady operating performance, reported PAT remained flat at Rs 14.2 bn. EPS for 1Q came in at Rs 17 per share.

**Balance Sheet**

- ▶ Net CCE as of June 2025 stood at Rs 29.2 bn/US\$ 341 mn.
- ▶ FCF in 1Q came in at Rs 4.5 bn, while capex stood at Rs 6.8 bn that was majorly towards GLP-1 and biosimilar portfolio.

**US sales declined by 14% to US\$ 398 mn due to higher pricing pressure in gRevlimid**

**EBITDA margins steady at 26.7%, due to lower R&D (flat YoY) and SG&A (up only 13% YoY) in 1Q**



Source: Company, B&K Research

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**Concall highlights**

- ▶ US base business – the sales decreased due to timing of ordering of some products like Suboxone orders. QoQ decline was mainly due to gRevlimid decline in sales.
- ▶ gRevlimid – 2Q sales will be in similar range as 1Q sales, then taper off in 3Q and decline further in 4Q.
- ▶ Semaglutide – Loss of Exclusivity (LoE) in 80 countries is expected in CY26. In India, Brazil, and Turkey, LoE will occur after March 2026, while in Canada, it is expected in January 2026. The demand for this product is huge, with significant scope for market expansion.
- ▶ Capacity expansion for Semaglutide – launches planned for CY26 will utilise partners' manufacturing capacity, not the company's own facility in Vizag, which is expected to come online in FY27-28. The company is planning with its partner for 12 million pens and can sell this quantity even without access to the Canadian market. The products are expected to be competitive with Chinese peers.
- ▶ Product pipeline – The company expects Semaglutide approval by October-November 2025, so that they can launch by start of CY26. They have made two assumptions for Canada launch. 1) IP – expect no patent litigation as exclusivity was the only hurdle which will expire in January 2026 and 2) expect to get approvals in time for launch or at market formation.
- ▶ Canada will be the only gOzempic launch (not Wegovy).
- ▶ Liraglutide – the launch is expected in the coming quarters; however, it will be early in some markets and delayed in others. Saxenda is not as big a brand as Ozempic.
- ▶ 20 planned launches in the US in FY26, including liraglutide as well.
- ▶ Gross margins – FY26 gross margins will be similar as 1Q levels.
- ▶ SG&A came in at 30% of sales in 1Q but for full year, it could be around 28-29% range for FY26.
- ▶ The company has cost levers to the tune of 500-600 bps to deal with gRevlimid fall, uncertainty with US tariff situation, Semaglutide launch expenses, etc.
- ▶ **Biosimilar – Healthy pipeline under development**
  - ▶ Alvotech pembrolizumab partnership – the company is targeting markets with lower competition and steady demand, although pembrolizumab is a crowded space. There is no Phase III trial, and collaboration with the partner reduces investment requirements; hence, Dr. Reddy's partnered with Alvotech. They are conducting a single trial covering all relevant indications, and the product is interchangeable.
  - ▶ Abatacept Phase III trials – The readout will be in November 2025 and then submit BLA and be ready for the launch by December 2026 or early 2027. IV formulation will come first and subcutaneous will be later due to IP litigation.
  - ▶ Denusumab launch will be earlier than Abatacept as the company wants to prepare for Abatacept launch as it is similar customer/doctor base.
  - ▶ bDaratumumab (with Henlius), bUstekinumab, and bGolimumab and others will follow after that. Rituximab will be with Fresenius.
- ▶ India market – the focus is not on the branded generics portfolio but on bringing innovative products through in-licencing deals with global innovators. The company aims to gradually move up from rank 10 to rank 5, and the segment is expected to see consistent double-digit growth going forward. Currently, they have a field force of 10,000 people across 50 teams.
- ▶ **Other highlights**
  - ▶ Sanctions against Russia – no impact on the company; the sanctions are not relevant to us and, in fact, present an opportunity.

- ▶ NRT portfolio update – The brand was growing in single-digit but right now it is exceeding the company's expectations and growing faster. The EBITDA margins are still around 25%.
- ▶ Capex – it will be Rs 25-27 bn, the same as last year, and will be focused on peptides and biosimilars.
- ▶ Other segment sales jump at Rs 1.7 bn was due to out-licencing income from Aurigene of Rs 1.2 bn.
- ▶ PLI income – the first four years' quota is completed; PLI income will be zero in FY26, but the company will see benefits again in FY27 and FY28.
- ▶ Aurigene CDMO update – the segment is growing. The company has set a target of US\$100 mn for FY26 in the small molecules and biologics (ADC) CDMO space. Over the longer term, it expects this to grow to US\$ 250-300 mn by FY30.
- ▶ Received a Form 483 with two observations for Middleburgh API facility in New York. The USFDA has classified the inspection outcome as 'Voluntary Action Indicated' (VAI).
- ▶ Received a Form 483 with two observations following GMP inspection conducted at CTO-5 API facility in Miryalaguda, Telangana. All observations have been addressed and responded to within the stipulated timelines.
- ▶ In 1Q, Dr. Reddy's launched five new products in the US and filed 1 new ANDA with the USFDA. As of June 2025, 73 generic filings were pending approval from the USFDA. These comprise of 70 ANDAs and three New Drug Applications (NDAs) filed under Section 505(b)(2) route. Of the 70 ANDAs, 43 are Paragraph IV applications, and the company believes that 22 of these have a 'First to File' status.

**Several exceptional items for earlier periods****▶ 1QFY25**

- ▶ Impairment charge of Rs 5 mn and Government grants to the tune of Rs 809 mn in 1Q.

**▶ 4QFY25**

- ▶ During the quarter and year ended 31 March 2025, an amount of Rs 775 mn, representing government grants, has been accounted for as a reduction from cost of revenues.
- ▶ The company recorded one-time impairment charge of Rs 768 mn and for forex gain of Rs 1.5 bn in 4Q.

**▶ FY25**

- ▶ Recognised amount of Rs 3.3 bn as Government grants, majorly from PLI scheme (captured in cost of revenues).
- ▶ **Impairment of intangibles pertaining to acquisition from Mayne:** An amount of Rs 907 mn towards Haloette (a generic equivalent to Nuvaring), an amount of Rs 270 mn pertaining to impairment of certain product-related intangibles, an impairment loss of Rs 288 mn consequent to adverse market conditions with respect to certain product-related intangibles forming part of the company's global generic business in India and Europe.
- ▶ Other income, net for the year ended 31 March 2025 includes cumulative amount of foreign exchange gain of Rs 1,551 mn, reclassified from the foreign currency translation reserve and a loss of Rs 52 mn due to turnaround fees paid upon divestment of the membership interest in the subsidiary Dr. Reddy's Laboratories Louisiana LLC.

**Appendix**
**Revenue mix**

(Rs mn)	1Q25	1Q26	YoY (%)	4Q25	QoQ (%)	FY24	FY25	YoY (%)	FY26E	YoY (%)	FY27E	YoY (%)
North America	38,462	34,123	(11.3)	35,586	(4.1)	1,29,895	1,45,164	11.8	1,35,521	(6.6)	1,05,955	(21.8)
Europe	5,265	12,744	142.1	12,750	(0.0)	20,511	35,882	74.9	54,426	51.7	62,590	15.0
India	13,252	14,711	11.0	13,047	12.8	46,407	53,734	15.8	61,795	15.0	69,048	11.7
Russia – CIS & RoW	11,878	14,042	18.2	13,981	0.4	48,640	54,771	12.6	64,564	17.9	84,415	30.7
<b>Total global generics</b>	<b>68,857</b>	<b>75,620</b>	<b>9.8</b>	<b>75,364</b>	<b>0.3</b>	<b>2,45,453</b>	<b>2,89,551</b>	<b>18.0</b>	<b>3,16,306</b>	<b>9.2</b>	<b>3,22,008</b>	<b>1.8</b>
% of total	89.7	88.5	–	88.6	–	87.9	88.9	–	88.9	–	88.1	–
PSAI	7,657	8,181	6.8	9,563	(14.5)	29,800	33,846	13.6	37,231	10.0	40,954	10.0
Others	212	1,651	677.3	132	1,150.8	3,910	2,137	(45.3)	2,244	5.0	2,356	5.0
<b>Total</b>	<b>76,727</b>	<b>85,452</b>	<b>11.4</b>	<b>85,059</b>	<b>0.5</b>	<b>2,79,163</b>	<b>3,25,534</b>	<b>16.6</b>	<b>3,55,780</b>	<b>9.3</b>	<b>3,65,318</b>	<b>2.7</b>
<b>US sales (US\$ mn)</b>	<b>462</b>	<b>400</b>	<b>(13.3)</b>	<b>417</b>	<b>(4.0)</b>	<b>1,568</b>	<b>1,724</b>	<b>9.9</b>	<b>1,576</b>	<b>(8.6)</b>	<b>1,232</b>	<b>(21.8)</b>

**Financials**

(Rs mn)	1Q25	1Q26	YoY (%)	4Q25	QoQ (%)	FY24	FY25	YoY (%)	FY26E	YoY (%)	FY27E	YoY (%)
Net sales	76,727	85,452	11.4	85,060	0.5	279,163	325,534	16.6	355,780	9.3	365,318	2.7
Cost of sales	30,383	36,825	21.2	37,797	(2.6)	115,557	135,107	16.9	152,985	13.2	157,087	2.7
Mat. cost/Sales (%)	39.6	43.1	–	44.4	–	41.4	41.5	–	43.0	–	43.0	–
Gross profit	46,344	48,627	4.9	47,263	2.9	163,606	190,427	16.4	202,795	6.5	208,231	2.7
Gross margin (%)	60.4	56.9	–	55.6	–	58.6	58.5	–	57.0	–	57.0	–
R&D costs	6,193	6,244	0.8	7,258	(14.0)	22,873	27,380	19.7	27,751	1.4	30,321	9.3
R&D/Sales (%)	8.1	7.3	–	8.5	–	8.2	8.4	–	7.8	–	8.3	–
Other expenses	22,691	25,647	13.0	24,055	6.6	77,201	93,870	21.6	102,820	9.5	108,865	5.9
Other exp./Sales (%)	29.6	30.0	–	28.3	–	27.7	28.8	–	28.9	–	29.8	–
<b>Operating profit</b>	<b>17,460</b>	<b>16,736</b>	<b>(4.1)</b>	<b>15,950</b>	<b>4.9</b>	<b>63,532</b>	<b>69,177</b>	<b>8.9</b>	<b>72,223</b>	<b>4.4</b>	<b>69,045</b>	<b>(4.4)</b>
<b>OPM (%)</b>	<b>22.8</b>	<b>19.6</b>	<b>–</b>	<b>18.8</b>	<b>–</b>	<b>22.8</b>	<b>21.3</b>	<b>–</b>	<b>20.3</b>	<b>–</b>	<b>18.9</b>	<b>–</b>
Other operating income	470	739	57.2	2,465	(70.0)	4,199	4,358	3.8	3,558	(18.4)	3,653	2.7
Other income	1,435	2,400	67.2	3,008	(20.2)	5,852	7,770	32.8	8,936	15.0	10,239	14.6
Exceptional items	(5)	–	–	(768)	–	(3)	(1,693)	–	0	–	0	–
PBT	18,821	19,047	1.2	20,054	(5.0)	71,870	76,784	6.8	81,039	5.5	78,892	(2.7)
Current tax	4,901	4,951	1.0	4,181	18.4	16,186	19,539	–	21,232	–	20,433	–
Tax/PBT(%)	26.0	26.0	–	20.8	–	22.5	25.4	–	26.2	–	25.9	–
Reported PAT	13,920	14,178	1.9	15,939	(11.0)	55,684	56,544	1.5	59,036	4.4	57,610	(2.4)
<b>Adjusted PAT</b>	<b>13,916</b>	<b>14,178</b>	<b>1.9</b>	<b>15,278</b>	<b>(7.2)</b>	<b>54,821</b>	<b>58,555</b>	<b>6.8</b>	<b>59,036</b>	<b>0.8</b>	<b>57,610</b>	<b>(2.4)</b>
Reported EPS (Rs)	16.7	17.0	1.9	19.1	(11.0)	66.7	67.8	1.5	70.8	4.4	69.0	(2.4)
<b>Adjusted EPS (Rs)</b>	<b>16.7</b>	<b>17.0</b>	<b>1.9</b>	<b>18.3</b>	<b>(7.2)</b>	<b>65.7</b>	<b>70.2</b>	<b>6.8</b>	<b>70.8</b>	<b>0.8</b>	<b>69.0</b>	<b>(2.4)</b>

**Computation of EBITDA**

(Rs mn)	1Q25	1Q26	YoY (%)	4Q25	QoQ (%)	FY24	FY25	YoY (%)	FY26E	YoY (%)	FY27E	YoY (%)
<b>PBT</b>	<b>18,826</b>	<b>19,047</b>	<b>1.2</b>	<b>20,822</b>	<b>(8.5)</b>	<b>71,870</b>	<b>76,784</b>	<b>6.8</b>	<b>81,039</b>	<b>5.5</b>	<b>78,892</b>	<b>(2.7)</b>
Depreciation/Amortisation	3,810	4,765	25.1	4,555	4.6	14,855	17,058	14.8	19,212	12.6	20,092	4.6
Interest	(1,037)	(1,028)	(0.9)	(627)	64.0	(4,141)	(4,941)	19.3	(5,258)	6.4	(6,193)	17.8
<b>EBITDA</b>	<b>21,599</b>	<b>22,784</b>	<b>5.5</b>	<b>24,750</b>	<b>(7.9)</b>	<b>82,586</b>	<b>90,593</b>	<b>9.7</b>	<b>94,993</b>	<b>4.9</b>	<b>92,791</b>	<b>(2.3)</b>
EBITDA margin (%)	28.2	26.7	-	29.1	-	29.6	27.8	-	26.7	-	25.4	-
Extraordinary items	5	0	-	(835)	-	-	-	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>21,594</b>	<b>22,784</b>	<b>5.5</b>	<b>25,585</b>	<b>(10.9)</b>	<b>82,586</b>	<b>90,593</b>	<b>9.7</b>	<b>94,993</b>	<b>4.9</b>	<b>92,791</b>	<b>(2.3)</b>
<b>Margin (%)</b>	<b>28.1</b>	<b>26.7</b>	<b>-</b>	<b>30.1</b>	<b>-</b>	<b>29.1</b>	<b>27.5</b>	<b>-</b>	<b>26.4</b>	<b>-</b>	<b>25.1</b>	<b>-</b>

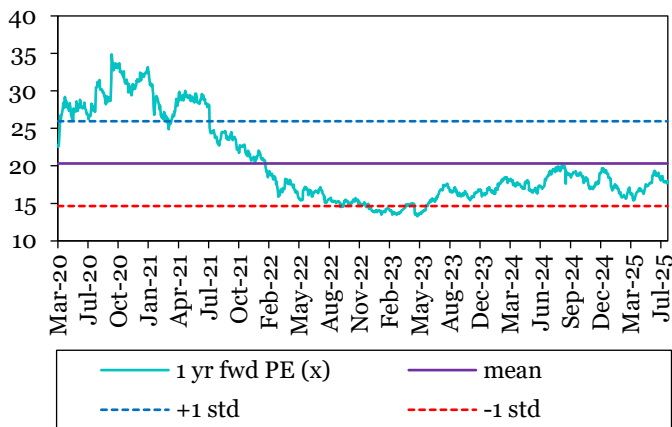
**Dr. Reddy's financial snapshot with Revlimid and ex of Revlimid (base business) basis**

(Rs mn)	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26	FY23	FY24	FY25E	FY26E	FY27E	CAGR (%) FY23-26E	
<b>Revlimid</b>														
Revlimid Sales (US\$ mn)	130	120	180	160	140	170	80	240	525	650	500	175	-	
Sales	10,660	9,840	14,940	13,280	11,620	14,110	6,640	19,200	43,050	53,300	41,000	14,350	(2)	
EBITDA	6,076	5,609	8,516	7,570	6,623	8,043	3,586	11,520	25,830	32,247	24,395	4,305	-	
<b>EBITDA margin (%)</b>	<b>57.0</b>	<b>57.0</b>	<b>57.0</b>	<b>57.0</b>	<b>57.0</b>	<b>57.0</b>	<b>54.0</b>	<b>60.0</b>	<b>60.0</b>	<b>60.5</b>	<b>59.5</b>	<b>30.0</b>	-	
PAT	4,157	3,838	5,827	5,179	4,532	5,503	2,440	7,920	18,565	23,186	17,528	2,583	-	
EPS (Rs)	5.0	4.6	7.0	6.2	5.4	6.6	2.9	9.5	22.3	27.8	21.0	3.1	(3)	
<b>Consolidated figures</b>														
Sales	72,148	70,830	76,727	80,162	83,586	85,060	85,452	2,45,879	2,79,163	3,23,462	3,51,053	3,61,622	12	
EBITDA	21,217	18,547	21,594	21,880	22,978	25,585	22,784	70,479	82,586	88,521	90,266	89,095	-	
<b>EBITDA margin (%)</b>	<b>29.4</b>	<b>26.2</b>	<b>28.1</b>	<b>27.3</b>	<b>27.5</b>	<b>30.1</b>	<b>26.7</b>	<b>28.0</b>	<b>29.1</b>	<b>27.0</b>	<b>25.5</b>	<b>24.4</b>	-	
PAT	13,872	12,929	13,916	15,231	14,130	15,278	14,178	40,384	54,821	58,555	59,036	57,610	-	
EPS	16.6	15.5	16.7	18.3	16.9	18.3	17.0	48.5	65.7	70.2	70.8	69.0	4	
R&D	5,565	6,877	6,193	7,271	6,658	7,258	6,244	19,381	22,873	27,380	27,751	30,321	-	
<b>Base business ex Revlimid</b>														
Sales	61,488	60,990	61,787	66,882	71,966	70,950	78,812	2,26,679	2,36,113	2,70,162	3,10,053	3,47,272	15	
EBITDA	15,141	12,938	13,078	14,310	16,355	17,542	19,198	58,959	56,756	56,275	65,871	84,790	-	
<b>EBITDA margin (%)</b>	<b>24.6</b>	<b>21.2</b>	<b>21.2</b>	<b>21.4</b>	<b>22.7</b>	<b>24.7</b>	<b>24.4</b>	<b>25.3</b>	<b>23.6</b>	<b>20.5</b>	<b>21.0</b>	<b>24.2</b>	-	
PAT	9,715	9,091	8,090	10,052	9,598	9,775	11,738	32,464	36,256	33,680	37,552	52,180	-	
EPS (Rs)	11.6	10.9	9.7	12.0	11.5	11.7	14.1	39.0	43.5	40.4	45.0	62.5	2	
<b>Valuations (x)</b>														
Target PE multiple	-	-	-	-	-	-	-	-	-	-	-	21x	22x	-
Target price for Consol. biz	-	-	-	-	-	-	-	-	-	-	-	1,500	1,500	-
PE multiple ex of Revlimid	-	-	-	-	-	-	-	-	-	-	-	33x	24x	-

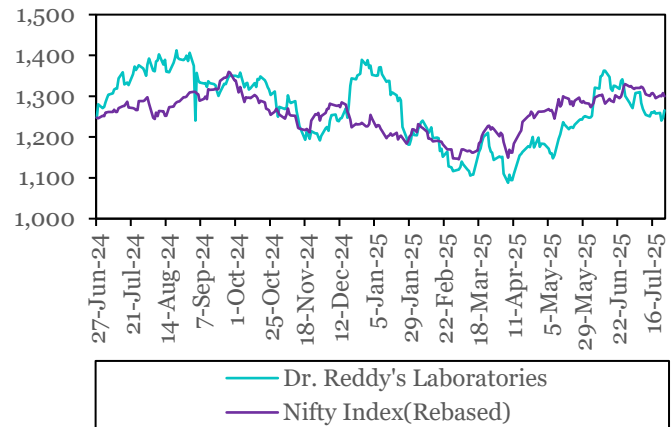
**Change in estimates**

(Rs mn)	Old		Revised		Variance (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	3,72,607	3,68,891	3,55,780	3,65,318	(4.5)	(1.0)
EBITDA	1,06,938	95,174	94,993	92,791	(11.2)	(2.5)
EBITDA margin (%)	28.7	25.8	26.7	25.4	-	-
Adjusted PAT	66,400	57,538	59,036	57,610	(11.1)	0.1
EPS (Rs)	79.6	69.0	70.8	69.0	(11.1)	0.1

**One-year forward PE**



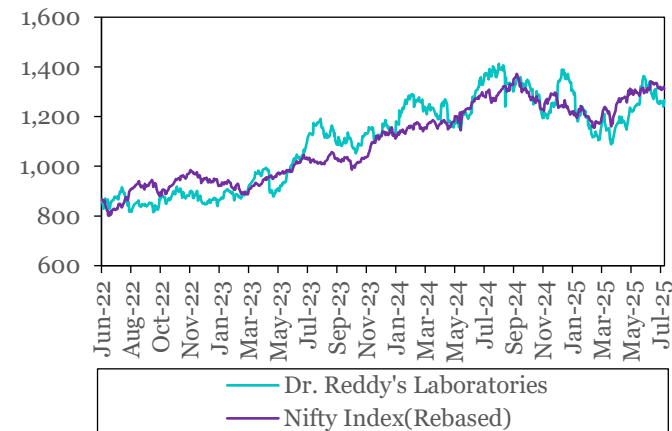
**Relative performance - 3 months**



**Major shareholders (%)**

	Mar-25	Jun-25	Change
Promoters	26.6	26.6	0.0
GOI	0.0	0.0	0.0
FII's	37.6	36.6	(1.0)
MF's	12.9	13.6	0.7
BFSTI's	12.7	13.1	0.4
Public & Others	10.2	10.0	(0.2)
Pledge	0.0	0.0	0.0

**Relative to Sensex 3 Years**



## Financial Summary (Consolidated)

### Income Statement

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E
<b>Net sales</b>	<b>279,163</b>	<b>325,534</b>	<b>355,780</b>	<b>365,318</b>
<i>Growth (%)</i>	<i>13.5</i>	<i>16.6</i>	<i>9.3</i>	<i>2.7</i>
Raw material	(105,981)	(124,602)	(140,533)	(144,301)
<b>Gross profit</b>	<b>173,182</b>	<b>200,932</b>	<b>215,247</b>	<b>221,017</b>
Employee cost	(50,300)	(55,330)	(60,863)	(65,732)
Other expenditure	(44,495)	(59,367)	(62,948)	(66,148)
Other operating income	4,199	4,358	3,558	3,653
<b>EBITDA</b>	<b>82,586</b>	<b>90,593</b>	<b>94,993</b>	<b>92,791</b>
<i>Growth (%)</i>	<i>17.2</i>	<i>9.7</i>	<i>4.9</i>	<i>(2.3)</i>
Depreciation	(14,855)	(17,058)	(19,212)	(20,092)
Other income	5,852	7,770	8,936	10,239
<b>EBIT</b>	<b>73,583</b>	<b>81,305</b>	<b>84,717</b>	<b>82,937</b>
Finance cost	(1,711)	(2,829)	(3,678)	(4,045)
Exceptional income/(expense)	(3)	(1,693)	-	-
<b>Profit before tax</b>	<b>71,870</b>	<b>76,784</b>	<b>81,039</b>	<b>78,892</b>
Tax (current + deferred)	(16,186)	(19,539)	(21,232)	(20,433)
<b>Profit/(loss) for the year</b>	<b>55,684</b>	<b>57,245</b>	<b>59,807</b>	<b>58,459</b>
P/L of JV/A, minority interest	-	(701)	(771)	(848)
<b>Reported profit/(loss)</b>	<b>55,684</b>	<b>56,544</b>	<b>59,036</b>	<b>57,610</b>
<b>Adjusted net profit/(loss)</b>	<b>54,821</b>	<b>58,555</b>	<b>59,036</b>	<b>57,610</b>

### Balance Sheet

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E
Share Capital	834	834	834	834
Reserves & surplus	279,716	329,603	381,983	432,938
<b>Shareholders' funds</b>	<b>280,550</b>	<b>330,438</b>	<b>382,817</b>	<b>433,772</b>
Minority interest	-	-	-	-
Long-term borrowings	5,990	5,750	5,520	5,300
Other non-current liabilities	4,939	5,018	5,099	5,182
<b>Total non-current liab.</b>	<b>10,929</b>	<b>10,769</b>	<b>10,620</b>	<b>10,482</b>
Short-term borrowings	12,723	38,723	38,723	38,723
Trade payables	30,919	35,441	38,744	39,777
Other current liabilities	51,090	50,232	49,391	48,567
<b>Total current liabilities</b>	<b>96,039</b>	<b>125,729</b>	<b>128,218</b>	<b>128,454</b>
<b>Total (Equity &amp; Liab.)</b>	<b>387,518</b>	<b>466,935</b>	<b>521,655</b>	<b>572,707</b>
Fixed assets (net block)	113,837	176,779	177,067	176,474
Non-current investments	5,255	5,518	5,794	6,083
Other non-current assets	20,377	28,397	28,913	29,445
<b>Non-current assets</b>	<b>139,469</b>	<b>210,694</b>	<b>211,773</b>	<b>212,002</b>
Cash and cash equivalents	81,470	56,305	93,427	139,083
Inventories	63,552	79,742	87,173	89,497
Trade receivables	80,298	97,462	106,545	109,386
Other current assets	22,729	22,732	22,736	22,739
<b>Current assets</b>	<b>248,049</b>	<b>256,241</b>	<b>309,882</b>	<b>360,705</b>
<b>Total (Assets)</b>	<b>387,518</b>	<b>466,935</b>	<b>521,655</b>	<b>572,707</b>

### Cash Flow

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E
Profit before tax	71,870	76,784	81,039	78,892
Depreciation	14,855	17,058	19,212	20,092
Change in working capital	(13,274)	(29,693)	(14,056)	(4,959)
Total tax paid	(23,208)	(19,974)	(21,680)	(20,894)
Others	(3,994)	(4,724)	(5,008)	(5,943)
<b>CF from operations (a)</b>	<b>46,249</b>	<b>39,450</b>	<b>59,507</b>	<b>67,187</b>
Capital expenditure	(31,381)	(80,000)	(19,500)	(19,500)
Change in investments	(18,345)	22,309	(5,205)	(5,726)
Others	4,980	7,225	8,342	9,629
<b>CF from investing (b)</b>	<b>(44,746)</b>	<b>(50,466)</b>	<b>(16,363)</b>	<b>(15,597)</b>
<b>Free cash flow</b>	<b>14,868</b>	<b>(40,550)</b>	<b>40,007</b>	<b>47,687</b>
Equity raised/(repaid)	4,755	-	-	-
Debt raised/(repaid)	6,548	25,787	(203)	(194)
Dividend (excl. tax)	(5,824)	(6,656)	(6,656)	(6,656)
Others	(5,654)	(10,971)	(4,368)	(4,811)
<b>CF from financing (c)</b>	<b>(175)</b>	<b>8,160</b>	<b>(11,227)</b>	<b>(11,661)</b>
<b>Net chg in cash (a+b+c)</b>	<b>1,328</b>	<b>(2,856)</b>	<b>31,917</b>	<b>39,929</b>

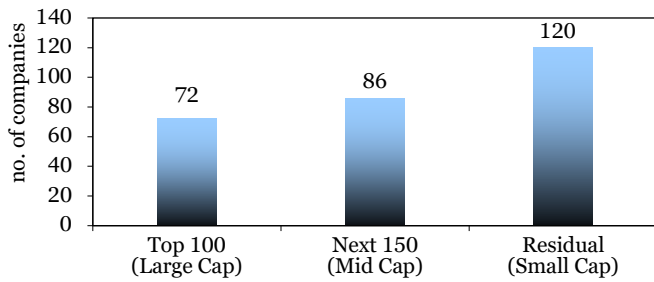
### Key Ratios

Y/E Mar (%)	FY24	FY25	FY26E	FY27E
Adjusted EPS (Rs)	65.7	70.2	70.8	69.0
<i>Growth</i>	<i>35.5</i>	<i>6.8</i>	<i>0.8</i>	<i>(2.4)</i>
Book NAV/share (Rs)	336.2	396.0	458.8	519.9
Dividend payout ratio	10.5	11.8	11.3	11.6
Gross margin	58.6	58.5	57.0	60.5
EBITDA margin	29.1	27.5	26.4	25.4
EBIT margin	26.4	25.0	23.8	22.7
Tax rate	22.8	24.8	26.2	25.9
RoCE	26.6	23.7	20.8	18.1
RoE	21.4	19.2	16.6	14.1
RoIC (post-tax)	29.0	23.4	19.8	18.9
Net debt/equity (x)	(0.2)	0.0	(0.1)	(0.2)
Net debt/EBITDA (x)	(0.7)	(0.1)	(0.5)	(1.0)
Fixed asset turnover (x)	0.8	0.8	0.7	0.7
Net working capital days	198.8	146.3	186.4	232.0

### Valuations

Y/E (x)	FY24	FY25	FY26E	FY27E
P/E	19.3	18.0	17.9	18.3
P/B	3.8	3.2	2.8	2.4
Dividend yield (%)	55.2	63.0	63.0	63.0
OCF yield (%)	4.4	3.7	5.6	6.4
EV/EBITDA	11.9	11.4	10.4	10.2
EV/Sales	3.5	3.2	2.8	2.6

**B&K Universe Profile – by AMFI Definition**



**B&K Investment Ratings**

	<b>LARGE CAP (Market Cap &gt; US\$ 2 bn)</b>	<b>MID &amp; SMALL CAP (Market Cap &lt; US\$ 2 bn)</b>
<b>BUY</b>	>+15%	>+20%
<b>HOLD</b>	+15% to -10 %	+20% to -15 %
<b>SELL</b>	<-10%	<-15%

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