

CMP: ₹ 1950

Target: ₹ 2470 (27%)

Target Period: 12 months

January 29, 2026

BUY

## Well-thought-out strategy and a better execution...

**About the company-** RPG Life Sciences RPGLS (part of RPG Group) is a pharmaceutical company that operates in the domestic and international markets in the branded formulations, global generics and synthetic APIs space. The company produces a wide range of products such as tablets, liquids, and powders.

- Company has 3 APIs and Formulations Manufacturing Units located at Ankleshwar, Gujarat and Navi Mumbai, Maharashtra.
- FY25 Revenue Mix – Domestic Formulations- 66%, International Formulations- 20%, APIs- 14%.

### Investment Rationale

- Time tested approach to steer growth in the Domestic Formulations-** Domestic portfolio has grown at a CAGR of ~15% during FY21-25 to ₹425 crore, driven by volume expansion, strategic brand building and a well-planned execution supported by multiple medical marketing initiatives under the stewardship of the then MD Mr. Sikri. The company pursued a systematic approach by identifying five pillars for growth- 1) Portfolio turnaround or rejuvenation by building chronic and specialty portfolio via new launches, 2) Strategic asset building through line extensions, 3) Customer coverage deepening by expanding MRs reach, 4) Augmenting MR effectiveness by enhancing productivity, and 5) Profitability improvement by controlling and optimizing expenses and maintaining sales hygiene. We expect this segment to grow at a CAGR of ~12% between FY26E-28E to ₹ 594.2 crore.
- Calibrated expansion approach for International Formulations –** Like domestic formulations, RPGLS has a clear cut four-pillar strategy which includes strengthening its immunosuppressant portfolio, focus on products with competitive advantage, increasing new products, new customers, new markets and adhering to quality compliance at the plant level. The company is leveraging on the expertise it has built in the domestic markets especially in the areas of immunosuppressants, pain management among others. We expect this business to grow at a steady CAGR of 14% during FY26E-28E to ₹ 169 crore to be driven by new launches and expansion in newer geographies.
- Near term operational hiatus to normalise for APIs-** RPGLS focuses on high value, low volume, niche APIs for third party sale as well as for captive consumption. The business was recently impacted due to fire incident in one of the manufacturing blocks and is currently in midst of modernization. However, the upgradation is expected to get completed by H2FY26. We expect dent in FY26 API revenues on account of fire-induced disturbance but expect ~15% CAGR between FY26E-28E to ₹ 108 crore to be driven by new launches and expansion in newer geographies.

### Rating and Target Price

- We value RPG Life sciences at ₹2470 based on 27x FY28E EPS of ₹ 91.4. We believe the premium valuation is justified as the company remains a compelling play in the Domestic Formulations business.

### Key Financial Summary

Particulars (₹ Crore)	FY23	FY24	FY25	CAGR FY23-26E (%)	FY26E	FY27E	FY28E	CAGR FY26E-28E (%)
Revenues	512.8	582.1	653.4	10%	684.8	776.3	870.9	13%
EBITDA	102.7	128.2	159.7	12%	144.1	180.9	212.5	21%
EBITDA Margins (%)	20.0	22.0	24.4		21.0	23.3	24.4	
Net Profit	67.6	87.7	183.2	14%	99.3	128.5	151.2	23%
EPS (Adjusted)	40.9	53.0	60.9		61.7	77.7	91.4	
PE (x)	47.7	36.8	17.6		32.5	25.1	21.3	
EV to EBITDA (x)	30.6	24.3	19.2		21.7	17.1	14.2	
RoCE (%)	29.1	31.0	28.1		24.8	25.8	25.7	
RoE (%)	22.0	23.4	19.0		18.4	19.6	19.4	

Source: Company, ICICI Direct Research



RPG LIFE SCIENCES LIMITED

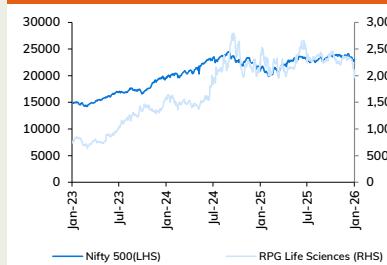
### Particulars

Particular	Amount
Market Capitalisation	₹ 3225 crore
Debt (FY25)	₹ 0 crore
Cash (FY25)	₹ 29 crore
EV	₹ 3196 crore
52 week H/L	2725/1835
Equity capital	₹ 13 crore
Face value	₹ 8

### Shareholding pattern

Particular	Mar-25	Jun-25	Sep-25	Dec-25
Promoters	72.95%	72.95%	72.95%	72.95%
FII's	1.46%	1.35%	1.11%	1.00%
DII's	6.14%	6.49%	6.70%	7.04%
Others	19.45%	19.21%	19.24%	19.01%

### Price Chart



### Key risks

- Higher than expected competition in top brands.
- Delay in traction from new launches.

### Research Analyst

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## Company Background-

Incorporated in 1968 and later becoming part of the RPG group, RPGLS has come a long way to become a full-fledged pharma player offering branded / generic formulations and APIs.

Exhibit 1: Key Events Timeline

Year	Key Event
1968	RPG Life Sciences (RPGLS), earlier known as Searle (India) Ltd started as a joint venture with GD Searle, USA.
1993	GD Searle withdrew from India and sold its holdings to RPG Group
2001	RPG sold off its agrochemicals business to Italian major - ISAGRO SpA - shifted focus on pharmaceuticals, fermentation, and biotechnology.
2010	RPG launched two new divisions Oncology division – “Neolife” and neuro-psychiatry division – “empathy” with plans of launching 4 products from Oncology and 5 from neuro-psychiatry division.
2016	RPG sold the Biotech business along with one Ankleshwar unit to Intas Pharmaceuticals for ₹24.87 crore
2016	Acquired seven prescription brands from Sun Pharma primarily in respiratory and urology segments
2019	Expanding into the anti-diabetic segment

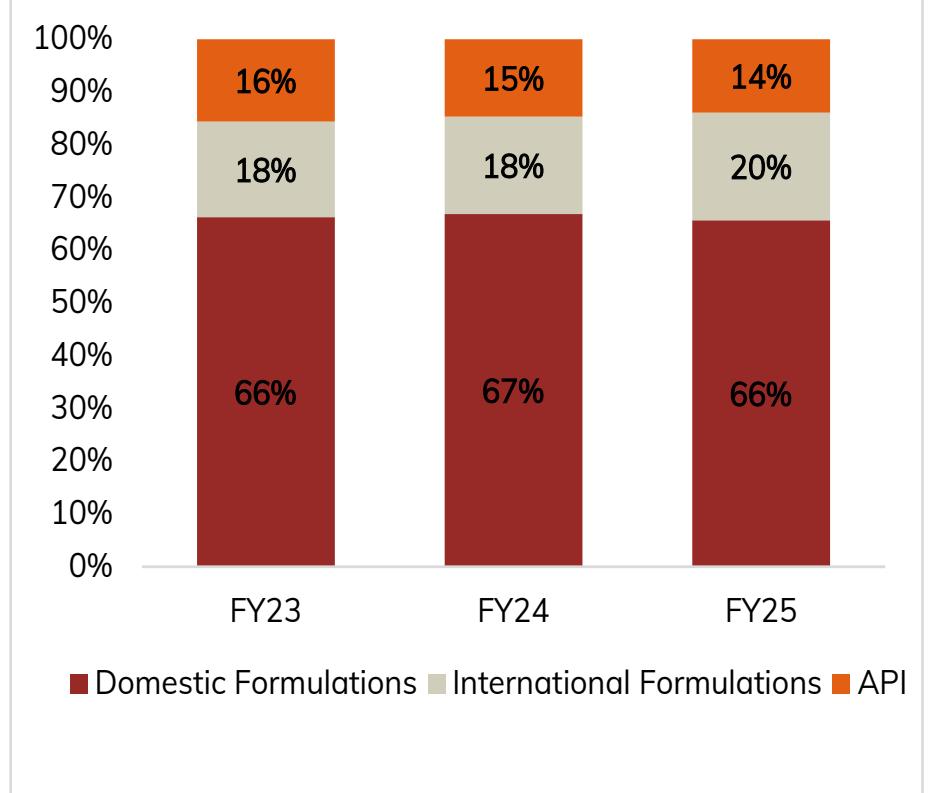
Source: Company data, ICICI Direct Research

RPGLS primarily operates in three verticals-

- **Domestic Formulations**- for the development, manufacturing and marketing of branded formulations in India & Nepal. The company covers over 1,00,000 doctors, including 36,000 super specialists. It owns a doctor engagement platform 'RPGserv' to leverage GenAI and multiple digital tools to engage with doctors pan-India. Among specialists it engages with nephrologists, rheumatologists, oncologists, urologists, neuropsychiatrists, gastroenterologists, cardiologists among others.
- **International Formulations**- for the development, manufacturing and marketing of oral solid dosage formulations in the generics and branded generics space. Key geographies include UK, Canada, Germany, Philippines, Australia, Myanmar, Columbia, and Mauritius among others.
- **APIs** – to develop, manufacture and sell high value synthetic APIs in the general therapeutic category.

RPG Group was founded in 1979 and currently operates across multiple sectors including Infrastructure, Technology, Life Sciences, Plantations, and Tyre industries. The group owns several companies such as KEC International, CEAT, Zensar, Raychem RPG, RPG Life Sciences, and Harrisons Malayalam.

Exhibit 2: Revenue Segment Breakup



Source: Company data, ICICI Direct Research

## Infrastructure and Capabilities

### Exhibit 3: Operational Capabilities

Unit	Location	Details
Formulation Unit 1	Ankleshwar, Gujarat	Manufactures Oral Dosage forms including tablets, liquids and powder. Regulatory Approval - WHO GMP, Kenya – Pharmacy & Poisons Board and Nigeria – NAFDAC
Formulation Unit 2	Ankleshwar, Gujarat	Manufactures Solid Oral Dosage forms and equipped to handle products requiring very low humidity during processing. Regulatory Approval - EU GMP from HHA (Hamburg Health Authority), WHO GMP from FDA – Gujarat, Health Canada, Ethiopia – FMHCACA, Kenya – Pharmacy & Poisons Board, Sudan – Federal Ministry of Health - National Medicines & Poisons Board, and Nigeria – NAFDAC
API Unit	Navi Mumbai	API Unit has Three Sub Units categorized as - MF2: Dedicated Immunosuppressant facility catering to Regulated Markets. - MF3: Multipurpose unit catering to Regulated Markets. - MF4: Multipurpose unit catering to Emerging Markets including India.
R&D - Formulations and API	Ankleshwar and Navi Mumbai	RPG has R&D setup at both locations i.e. Formulation R&D at Ankleshwar and API R&D facility at Navi Mumbai. RPG's Formulations R&D has the capabilities to develop Modified Release & Complex Generics. Additionally, it has the capabilities with regards to packaging development, dossier's gap analysis and fulfilment, scale up, tech transfer and site transfer activities.

Source: Company data, ICICI Direct Research

### Exhibit 4: Geographical Presence



Source: Company Annual report, ICICI Direct Research

## Domestic Business

Domestic formulations account for ~66% of RPGLS's revenues. The company categorises domestic formulations business into Mass/ Mass Specialty (therapies like Cardiology, Diabetology, Orthopaedics, Neuropsychiatry, Respiratory, Nutritional, Urology, Gastroenterology) and Specialty (therapies like Nephrology, Rheumatology, Oncology, Gastroenterology) segments encompassing ten therapeutic areas.

The company owns 120 brands portfolio broadly categorized as **Legacy Portfolio** and **New Portfolio**.

The **Legacy Portfolio** comprises of Textbook brands and specifically focused Immunosuppressant brands.

### Textbook Brands

Textbook brands, a nomenclature that management uses to describe legacy brands, which according to them are brands frequently referred in the medical college textbooks in medical studies. The company has six textbook/ Iconic brands where it aims to build them into strategic assets. It has devised a lifecycle management strategy where new line extensions have been launched thereby strengthening the

Brand	Therapy
Azoran (Azathioprine)	Immunosuppressant
Aldactone (Spironolactone)	Cardiovascular
Lomotil (Diphenoxylate HCl)	Anti diarrhoea
Naprosyn (Naproxen)	Pain Management
Serenace (Haloperidol)	Antipsychotic
Norpace (Disopyramide Phosphate)	Anti arrhythmia

mother brands. Textbook brand portfolio includes Azoran (Azathioprine- immunosuppressant), Aldactone (Spironolactone- cardiovascular), Lomotil (Diphenoxylate HCl- anti diarrhoea.), Naprosyn (Naproxen- pain management), Serenace (Haloperidol- antipsychotic) and Norpace (Disopyramide Phosphate).

#### Exhibit 5: Textbook Portfolio



Source: Company Annual report, ICICI Direct Research

#### Immunosuppressant brands -

RPGLS is one of the leading players in Immunosuppressants (mainly used to prevent organ transplant rejection and treat autoimmune diseases) with brands such as Azoran (Azathioprine) which is a legacy textbook brand, Mofetyl (Mycophenolate Mofetil), Arpimune ME (Cyclosporine) and Imunotac (Tacrolimus).

#### Exhibit 6: Immunosuppressant Portfolio



Source: Company Annual report, ICICI Direct Research

The new product portfolio of RPGLS is categorised into three broad sub-sections namely **Specialty**, **Chronic** and **Life Cycle management** (line extensions of textbook brands).

#### Specialty Products -

Speciality portfolio comprises of 5 MABs (monoclonal antibodies) which are in-licensed biosimilars. The portfolio includes Adlumab (Adalimumab- ankylosing spondylitis, rheumatoid arthritis, psoriasis, ulcerative colitis), Hermab (Trastuzumab- breast and stomach cancer), Ivzumab (Bevacizumab- multiple cancers), Zestmab/ XMAB (Rituximab- blood cancer and rheumatoid arthritis) and Denbri (Denosumab- osteoporosis). The company has partnered with companies like Biocon for sourcing MABs. Besides MABs the portfolio also comprises of other speciality Brands like T-JAKI (Tofacitinib- rheumatoid arthritis).

Brand	Therapy
Adlumab (Adalimumab)	Ankylosing spondylitis, rheumatoid arthritis, psoriasis, ulcerative colitis
Hermab (Trastuzumab)	Oncology
Ivzumab (Bevacizumab)	Oncology
Zestmab/ XMAB (Rituximab)	Oncology
Denbri (Denosumab)	Osteoporosis

### Chronic Portfolio –

Chronic portfolio includes new therapies such as rheumatology, dermatology and gastroenterology and on the mass side, therapies such as urology, cardiology and diabetology. The company owns a portfolio of key diabetology drugs like Vildagliptin, Teneligliptin, and Dapagliflozin, key urology drugs also such as Mirabegron + Solifenacin and cardiology drugs like Sacubitril + Valsartan, Fenofibrate + Rosuvastatin, and Telmisartan among others.

### Life Cycle Management –

This portfolio includes line extensions of legacy textbook brands such as Azoran 75, Aldactone T, Aldactone F, Naprosyn +, Naprosyn + gel, Naprosyn M, Romilast – BL, Tricaine Alma among others.

Exhibit 7: New product portfolio in a nutshell

Specialty	Chronic	Life Cycle Management (Existing Products)
<b>HerMab</b> Trastuzumab	<b>SacuNew</b> Sacubitril + Valsartan	<b>Azoran</b> ™ 75 Azithioprine 75 mg Tablets
<b>Adlumab</b> Adalimumab	<b>NuGliptin</b> Vildagliptin	<b>Aldactone</b> ™ T 5 mg / 10 mg Spironolactone 50 mg + Furosemide 20 mg
<b>Ivzumab</b> Bevacizumab	<b>GihtiNext</b> Teneligliptin	<b>Naprosyn</b> ™ + Naproxen Sodium Tablet USP 275 mg / 550 mg
<b>Zestmab</b> Rituximab	<b>DPO</b> ™ 50 Dapagliflozin	<b>Naprosyn</b> ™ + gel THE PAIN RELIEF EXPERT
<b>T-JAKi</b> Tofacitinib	<b>Solifirst</b> Solifenacin	<b>Naprosyn</b> ™ M Sumatriptan & Naproxen Sodium Tablets
<b>FC-IRO</b> Ferric Carboxymaltose	<b>Mirasmart</b> ™ S Mirabegron + Solifenacin More Smart...More Efficient!	<b>ROMILAST</b> ™ BL Romilast + Fluticasone 192 mcg
<b>Denbri</b> Denosumab		<b>Tricaine</b> ™ Alma 2 Amitriptyline 100 mg and Simeprevir 25 mg Oral Suspension 15 ml

Source: Company, ICICI Direct Research

### International Formulations

RPGLS is involved in developing, manufacturing and marketing of oral solid formulations in the generics and the branded generics space across Regulated and Emerging Markets. The portfolio contributed ~ 20% to the FY25 revenues. Key geographies include UK, Canada, Germany, Philippines, Australia, Myanmar, Columbia, and Mauritius among others.

The company has presence across therapies in the export markets with key products such as Azathioprine (immunosuppressant), Sodium Valproate (CNS), Nicorandil (CVS), Sertraline (CNS) among others. Among branded generics, key brands under nephrology (Immunosuppressant) are Azoran, Mofetyl, Arpimune; under gastrointestinal key brands include Siloxogene, Tricaine MPS and in cardiovascular and metabolic disorders key brands include Dipsope, Diasafe, Losatec, and Serformin.

### API Business

RPG offers high value and low volume niche APIs in the general therapeutic category. The company manufactures mature stable molecules APIs with backward integration capabilities. RPG serves across key geographies like Mexico, India, Brazil, Germany, Cyprus, Poland and Japan with focus on building long relationships with the leading global generic companies. Key APIs under RPG portfolio include Quinfamide, Azathioprine, Haloperidol, Risperidone, Propantheline Bromide, Nicorandil, Pantoprazole among others.

Brand	Therapy
Vildagliptin	Anti-Diabetic
Teneligliptin	Anti-Diabetic
Dapagliflozin	Anti-Diabetic
Mirabegron + Solifenacin	Urology
Sacubitril + Valsartan	Cardiovascular
Fenofibrate + Rosuvastatin	Cardiovascular
Telmisartan	Cardiovascular

Brand	Therapy
Azoran 75	Immunosuppressant
Aldactone T	Cardiovascular
Aldactone F	Cardiovascular
Naprosyn +	Pain Management
Naprosyn + gel	Pain Management
Naprosyn M	Pain Management
Romilast – BL	Respiratory
Tricaine Alma	Gastrointestinal

Generic/Brand	Therapy
Azathioprine	Immunosuppressant
Sodium Valproate	CNS
Nicorandil	Cardiovascular
Sertraline	CNS
Azoran, Mofetyl, Arpimune	Immunosuppressant
Siloxogene, Tricaine MPS	Gastrointestinal
Dipsope, Diasafe, Losatec, and Serformin	Cardiovascular

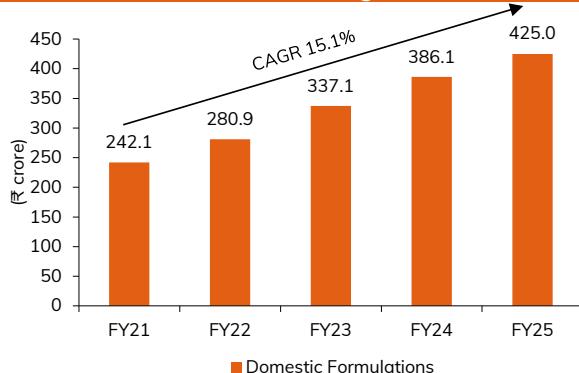
Generic/Brand	Therapy
Azathioprine	Immunosuppressant
Haloperidol	Antipsychotic
Risperidone	CNS
Propantheline Bromide	Pain Management
Nicorandil	Cardiovascular
Pantoprazole	Gastrointestinal

## Investment Rationale

### Domestic Formulations: differentiated approach led to industry beating growth

After growing at a below-par rate of ~8% during FY13-21, RPGLS's domestic portfolio has grown at a CAGR of ~15% during FY21-25 to ₹425 crore, driven by volume expansion, strategic brand building and a well-planned execution supported by multiple medical marketing initiatives. The rate has also outpaced the indirect universe (a representative sample for IPM) CAGR of ~12%.

#### Exhibit 8: Domestic Formulation grew with 15% CAGR during FY21-25



Source: Company data, ICICI Direct Research

The company pursued a systematic approach by identifying five pillars for growth in the domestic formulations- 1) Portfolio turnaround or rejuvenation by building chronic and specialty portfolio via new launches, 2) Strategic asset building through line extensions, 3) Customer coverage deepening by expanding MRs reach, 4) Augmenting MR effectiveness by enhancing productivity, and 5) Profitability improvement by controlling and optimizing expenses and maintaining sales hygiene. While these were slightly broader outlines, the company focused on some specific contours which are discussed below-

- **Strategic focus on new product introductions / line extensions**

During FY21-25 the company introduced 28 new products with 11 launches in FY25 itself. It has launched a number of new products across therapies in line with its portfolio modernization or product portfolio transformation strategy. Contribution from the new products to the domestic formulations has increased from ~10% to ~30% during this period. The company identified and focused on three main verticals to accelerate growth in the domestic formulations- 1) lifecycle management by introducing line extensions of legacy products, 2) Addition of biosimilars (in-licensed) to strengthen the specialty portfolio and 3) new launches in the chronic portfolio. Thus, the portfolio expansion is a strategic fit with the mix not only involves evergreening of legacy brands but also keeps in account the fastest growing chronic subgroup as well as adoption of growing biosimilar acceptance.

- **lifecycle management by introducing line extensions of legacy products-**

RPGLS continues to bank on the legacy brands (6 textbook brands) by way of either introducing line extensions or repositioning the same for other therapies. A case in point is the flagship pain management brand Naprosyn. The brand was pushed through new combination, new indication, new patient segment, new dosage form and new geographies. From ₹ 18 crore brand in FY19, it has already grown to ₹ 87 crore today. The management aspires to take this to ₹ 100 crore in the near future.

## Exhibit 9: Smart Life cycle Management

Brands	New Combination	New Indication	New Patient Segment	New Dosage form	New Strength	New Customer/Geography
<b>Naprosyn®</b>	v	v	v	v		v
<b>Tricaine</b>			v	v		v
<b>Aldactone®</b>	v	v	v			v
<b>Serenace®</b>						v
<b>Lomotil®</b>						v
<b>Lomofen +</b>	v		v	v		v
<b>Azoran®</b>		v	v		v	v
<b>ROMILAST®</b>	v			v		v

Source: Company PPT, ICICI Direct Research

- Addition of biosimilars (in-licensed) to strengthen the specialty portfolio**-In its quest to strengthen the specialty portfolio which mainly comprised of oncology (Neolife division), the company forayed into biosimilars by in licensing MABs. The idea was also to mitigate pricing pressure in generic oncology products. The company leveraged on the same sales force which was catering to the oncologists and haematologists to push the new biosimilars portfolio which was entirely in-licensed. This portfolio now comprises of 8-9% of the domestic formulations and is growing at double digit (H1FY26 growth 21%) mainly on account of improving doctors' coverage. The focus is to improve the volumes as the pricing scenario in biosimilars is also becoming competitive due to increased competition. The company is also targeting new MABs where the competition is limited. Biosimilars currently have annual revenue run rate of ~₹30 crore and the management aspire to take it to ~₹50 crore going ahead.
- New launches in the chronic portfolio**- Chronic portfolio currently accounts for ~20% of the overall portfolio (ex-in licensed). The segment is gaining significant traction owing to changing lifestyle patterns and shift of disease burden from acute to chronic. In cardiology, the company is focusing selectively on niche areas such as arrhythmias and tachycardia rather than mass hypertension or cholesterol therapies. Similarly, in diabetology the company has launched gliptins such as Vildagliptin, Teneligliptin and Dapagliflozin among others. The company is also aiming to be part of the first wave of GLP-1 launches in India through partnerships. However, as per management's own assertion, being a late entrant in chronic products, this portfolio is yet to witness significant momentum.

## Exhibit 10: FY21 New Product Introduction Launches

NPI launch year	Brand	Category
FY21	T- Jaki 5mg 10's	New Introduction
FY21	ZestMab 500mg	New Introduction
FY21	Azoran 75mg 10's	Line Extension
FY21	Tricaine Alma 200 ml	Line Extension
FY21	T-JAKI 11 XR	New Introduction
FY21	ZestMab 100mg	New Introduction
FY21	Romilast-BL 10's	Line Extension

Source: ICICI Direct Research

## Exhibit 11: FY22 New Product Introduction Launches

NPI launch year	Brand	Category
FY22	Tamflo DFZ 10's	New Introduction
FY22	Fulbreca 1'S	New Introduction
FY22	IroHigh	New Introduction
<b>FY22</b>	<b>Aldactone F 10's</b>	<b>Line Extension</b>
FY22	Nutrikit CV 10'S	New Introduction
FY22	DPO- 10MG 10'S	New Introduction

Source: ICICI Direct Research

**Exhibit 12: FY23 New Product Introduction Launches**

NPI launch year	Brand	Category
FY23	Denbri 1ML	New Introduction
FY23	Debrumab 60 mg	New Introduction
FY23	Densurank 60 mg	New Introduction
<b>FY23</b>	<b>Lomofen LB 10's</b>	<b>Line Extensions</b>

Source: ICICI Direct Research

**Exhibit 13: FY24 New Product Introduction Launches**

NPI launch year	Brand	Category
FY24	TPT20 ( With Needle 30's)	New Introduction
FY24	Daslin CDT	New Introduction
FY24	Irorain 10 ml	New Introduction
<b>FY24</b>	<b>Tricaine RAFT</b>	<b>Line Extensions</b>
FY24	FC-IRO 50 mg/ml ( 10ml)	New Introduction

Source: ICICI Direct Research

**Exhibit 14: FY25 New Product Introduction Launches**

NPI launch year	Brand	Category
FY25	TeriStrong Injection with Pen needles	New Introduction
FY25	OctJect 30MG.	New Introduction
FY25	Draminate CN	New Introduction
FY25	Sacunew 50 mg	New Introduction
FY25	Sacunew 100 mg	New Introduction
FY25	Feb-RP 40 mg 15's	New Introduction
FY25	Tofuma 5Mg 10's	New Introduction
FY25	Feb-RP 80mg 15's	New Introduction
FY25	Prebaneuro-M 15's	New Introduction
FY25	Glimetop-MV2 10's	New Introduction
FY25	Rptel AM 10's	New Introduction

Source: ICICI Direct Research

**Exhibit 15: FY26 New Product Introduction Launches**

NPI launch year	Brand	Category
FY26	Preservz	New Introduction
FY26	Arpicet	New Introduction
FY26	Rphylo	New Introduction

Source: ICICI Direct Research

- Salesforce effectiveness enhancement and productivity enhancement (PCPM improvement)**- PCPM or per capita productivity per month for medical representatives (MRs) has improved more than two-fold, from ₹ 3 lakh to ₹ 6.5 lakh over the past four years. This, according to the management was achieved through targeted automation and digital initiatives, enabling the MRs to unlock productive man hours and improve field efficiency. This was also achieved by significant improvement in doctors' coverage. In most of the therapies such as cardiology, Urology, nephrology, diabetology among others, the company has improved doctors' coverage from 60-65% to 85-90% level. Even at the general physician (GP) level, the coverage was improved from ~30% to ~70%.

RPGLS introduced some unique doctor-interaction initiatives post Covid such as RPGserv, a doctor engagement platform which uses Gen AI and various digital tool to continuously engage with doctors' pan-India.

Another unique method that the company used to improve the specialists coverage was to increase the product acceptance to other therapies. A case in point is the company's immunosuppressant basket including the Azoran brand. This was predominantly meant for nephrologists mainly for organ transplants. When this was not doing well especially during post-Covid period, the company routed this portfolio to gastroenterologists, rheumatologists, dermatologists among others.

At present the company has a team of 610 MRs including 110 MRs dedicated to specialty segment. Currently, the company's reach extends to over 100,000 doctors, including 36,000 super specialists.

- Improvement in expiry return % and receivable days**- The company over the last few years has worked on improving the expiry return percentage

which was languishing at around 5-6% for quite some time. At the industry level, expiry returns typically range between 1.5-5% of the gross sales on an average for domestic formulations. This metric reflects the value of goods returned by distributors and retailers due to product expiration, damage, or commercial adjustments. The company has brought down this ratio to 1.2-1.5%, thus significantly improving sales hygiene. The management has removed certain low productivity territories from the coverage. Similarly, the company was able to reduce the receivable days by almost half.

Exhibit 16: Performance of top 25 brands captured by IQVIA over the last three years

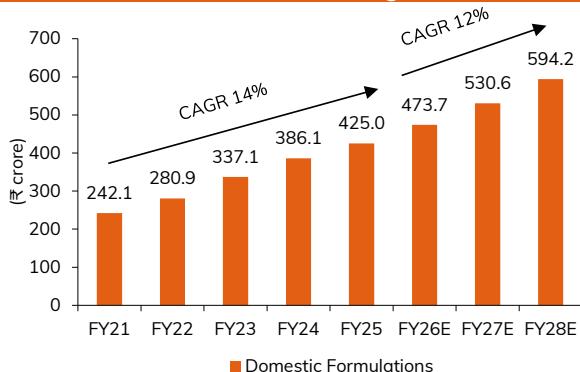
BRANDS	Therapy	RANK	MAT NOV'22	MAT NOV'23	MAT NOV'24	MAT NOV'25	Contribution (MAT NOV 25)	CAGR (MAT NOV 22 - MAT NOV 25)
NAPROSYN	Pain Management	1	50.2	63.4	73.5	87.2	17.5%	20%
AZORAN	Immunosuppressar	2	44.8	50.1	51.5	51.6	10.4%	5%
ALDACTONE	Cardiovascular	3	35.7	39.4	41.6	45.6	9.2%	9%
LOMOTIL	Anti diarrhoea	4	20.6	20.5	24.8	22.4	4.5%	3%
LOMOFEN +	Anti diarrhoea	5	14.6	17.9	19.8	21.0	4.2%	13%
RPO	Nephrology	6	18.7	18.5	21.2	14.9	3.0%	-7%
SERENACE	CNS	7	12.6	12.5	13.2	14.8	3.0%	5%
DARBA	Nephrology	8	8.4	15.2	15.7	14.0	2.8%	19%
TRICAINE MPS	Gastroenterology	9	13.7	12.9	13.5	13.0	2.6%	-2%
ADLUMAB	Arthritis	10	8.6	14.0	16.3	10.9	2.2%	8%
MINMIN	VMS	11	8.9	10.2	11.0	10.8	2.2%	7%
ROMILAST-L	Respiratory	12	8.5	10.5	9.7	10.5	2.1%	7%
MOFETYL	Immunosuppressa	13	6.1	9.8	12.2	10.0	2.0%	18%
MOFETYL-S	Immunosuppressa	14	6.5	10.9	14.9	9.2	1.9%	12%
NAPROSYN-D	Pain Management	15	4.4	5.9	7.2	9.1	1.8%	27%
MINMIN-PB	VMS	16	6.4	9.7	11.0	6.5	1.3%	1%
X-MAB	Oncology	17	6.0	8.1	12.3	6.0	1.2%	0%
ARPIMUNE ME	Immunosuppressa	18	4.1	5.1	5.2	5.8	1.2%	12%
NORPACE	Anti arrhythmia	19	1.2	2.3	4.1	5.7	1.1%	67%
TERISTRONG	Osteoporosis	20	0.0	0.0	0.0	5.6	1.1%	
T-JAKI	Pain Management	21	6.2	6.8	7.9	4.4	0.9%	-11%
DASLIN-CDT	Respiratory	22	0.0	0.8	3.1	4.4	0.9%	
TAMFLO DFZ	Urology	23	2.2	3.4	3.9	4.0	0.8%	21%
IMUNOTAC	Nephrology	24	4.6	6.1	6.5	4.0	0.8%	-5%
IRORAIN	VMS	25	0.0	0.0	2.1	3.7	0.7%	

Source: IQVIA, ICICI Direct Research

Driven by strategic execution, the company's flagship pain management brand, Naprosyn, grew from ₹50 crore in MAT Nov '22 to ₹87.2 crore in MAT Nov '25, achieving a robust CAGR of ~20%. This momentum extends across the portfolio, with key brands such as Azoran, Aldactone, Lomofen+, and Darba maintaining consistent growth.

We expect domestic formulations to grow at a CAGR of ~12% to ₹ 594.2 crore as the company under the new leadership is expected to maintain the time-tested strategy of rejuvenation of textbook brands besides new launches under chronic and MAB portfolio.

Exhibit 17: Domestic Formulations growth trend



Source: Company, ICICI Direct Research

### International Formulations: calibrated expansion approach....

RPG's International formulation business contributes ~20% of overall FY25 sales. The business has grown at a CAGR of 10% during FY21-26E.

Although we do not have exact data on formulations, going by the Eximpedia database, it seems that main growth drivers could be Azathioprine (Immunosuppressant mainly used in nephrology), Nicorandil (Cardiovascular), Alfaren Ketoanalogues (Nephrology), Sertraline (Neurology) among others.

Like domestic formulations, RPGLS has a clear cut four-pillar strategy which includes strengthening the immunosuppressant portfolio, focus on products with competitive advantage, increasing new products, new customers, new markets and adhering to quality compliance at the plant level. the company is leveraging on the expertise it has built in the domestic markets especially in the areas of immunosuppressants, pain management among others. Following are some of the main focus areas-

- **Build Immunosuppressant Portfolio** – The company is aiming to build and strengthen the immunosuppressant portfolio with brands like Azathioprine, Mycophenolate Mofetil, Tacrolimus and Cyclosporine.
- **Focus on Products with Specific/Competitive Advantage** – Company is focusing on complex generics which require special manufacturing conditions and face low competition.
- **Expand Footprints in Emerging Markets** – company intends to expand their footprint in emerging markets like Myanmar, Vietnam, Philippines, Thailand, Sri Lanka, Egypt, Sudan and South Africa. The company has also started filing the products accordingly.

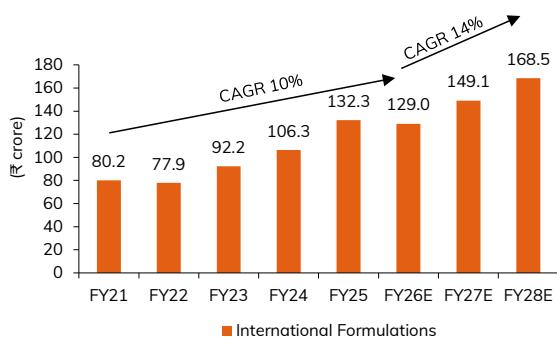
Among Regulated markets, it holds regulatory approvals from Canada, Japan, and Australia, and secured Canadian OTC approval for Naprosyn, with Walmart expected to launch the product by early 2026.

The company has infused ₹140–150 crore in capex over the past few years to modernize its plants, including EU and TGA-compliant facilities in Ankleshwar and Navi Mumbai.

Although the US remains on the radar, the company will seek USFDA approval only when it has a sizable product basket to justify the cost and complexity.

We expect International Formulations revenues to grow at a CAGR of 14% during FY26E-28E to ₹ 169 crore to be driven by new launches and expansion in newer geographies.

#### Exhibit 18: International Formulations growth trend



Source: Company, ICICI Direct Research

### API Business – Near term operational hiatus to normalise...

The business contributes ~14% of the overall sales (FY25) and has grown at a CAGR of 7% during FY21-25. RPGLS focuses on high value, low volume, niche APIs which are matured stable molecules. The API business also provides backward integration to its International Formulations business.

The company has strong customer focus - long-lasting relationship with big pharma and leading generic firms. As per our calculations, ~85-90% of the API business is export driven with footprint across geographies like LATAM, Germany, China, South Korea, Iran, Bangladesh, Egypt, India, etc.

RPG's API facility situated in Navi Mumbai met a fire incident which has impacted the part of the Building, Plant & Machinery, inventories and other assets of the said block. The company booked the Net Loss of ₹163.3 crore against the damages and shall be recovered as it is insurance covered.

The business was recently impacted due to fire incident in one of the manufacturing blocks. Modernization of the facility has been recently completed and ramp up is expected by H1FY27.

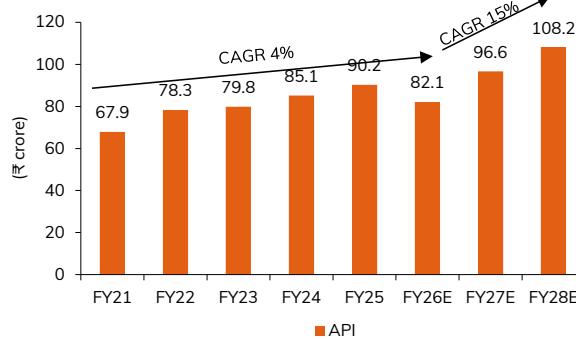
Here also company has devised a 3 pillars strategy for business continuity –

- **Market/Customer Expansion (Existing Products)** – To improve the reach for existing products in new and established markets.
- **Pipeline of Niche Product/Portfolio** – Develop immunosuppressants, limited competition products, and support backward integration for domestic and international formulations.
- **State-of-the-Art Manufacturing**: Operate EU/TGA-approved plant with enhanced capacity for quality and compliance.

RPG is undertaking initiatives that can potentially improve the company's API Business in medium to long term. The company has carved out a wholly owned subsidiary - RPG Active Pharma Limited and has committed Investment of an amount of up to ₹105 crore in one or more tranches for business operations and/or other related requirements. The company has recently marked leadership addition in its API business by naming Mr Deepak Shukla as CEO – API Business. We believe these changes can stimulate sales growth back besides maintaining margins.

We expect dent in FY26 API revenues on account of fire-induced disturbance but expect ~15% CAGR between FY26E-28E to ₹ 108 crore to be driven by steps taken by the company as discussed above.

#### Exhibit 19: API growth trend- expected dent in FY26E but firm growth there after



Source: Company, ICICI Direct Research

#### RPGLS's Export Shipments – Chronic therapies driving exports...

Export shipment data indicates that RPG's export business is shaping well with some brands under chronic therapies such Nephrology, Neurology and Cardiology have been growing at a CAGR of ~15-20%.

#### Exhibit 20: RPG's Export Shipments

Sr. No	Product	Therapy	FY23(US\$ Mn)	FY24 (US\$ Mn)	FY25 (US\$ Mn)	CAGR (FY23-25)	% of exports	H1FY26	% of exports
1	AZATHIOPRINE	Nephrology	6.00	7.60	7.00	8%	24%	2.20	18%
2	QUINFAMIDE	Gastroenterology	5.10	4.70	3.80	-14%	13%	2.10	17%
3	NICORANDIL	Cardiovascular	1.10	1.50	1.80	28%	6%	0.86	7%
4	HALOPERIDOL	Neurology	2.20	1.60	1.60	-15%	6%	0.42	3%
5	ALFAREN KETOANALOGUES	Nephrology	0.91	0.61	1.30	20%	5%	1.10	9%
6	SODIUM VALPROATE	CNS	0.00	1.20	1.10	-	4%	0.71	6%
7	RISPERIDONE	Neurology	0.96	0.55	0.81	-8%	3%	0.07	1%
8	SERTRALINE	Neurology	0.16	0.37	0.72	111%	3%	0.52	4%
9	LAMOTRIGINE	Neurology	0.27	0.27	0.69	61%	2%	0.14	1%
10	CLOTRIMAZOLE	Dermatology	0.46	0.29	0.68	21%	2%	0.00	0%
11	DYZANTIL (SODIUM VALPROATE)	CNS	0.25	1.47	1.64	158%	6%	0.87	7%
12	ARPIMUNE	Nephrology	0.58	0.41	0.33	-25%	1%	0.14	1%
13	IMASUP (AZATHIOPRINE)	Nephrology	0.24	0.33	0.31	14%	1%	0.09	1%
14	MOFETYL	Gastroenterology/Rheumatology	0.74	0.33	0.29	-38%	1%	0.14	1%
15	LERCANIDIPINE (API)	Cardiovascular	0.00	0.03	0.26	-	1%	0.32	3%
16	DIPHENOXYLATE	Gastroenterology	0.23	0.31	0.25	6%	1%	0.06	0%
17	CLOPREZ	Cardiovascular	0.26	0.23	0.20	-13%	1%	0.10	1%
18	ALFALOG	Nephrology	0.22	0.00	0.00	-100%	0%	0.00	0%
<b>Total</b>			<b>19.67</b>	<b>21.80</b>	<b>22.79</b>		<b>9.85</b>		
% of Total Exports			76%	86%	79%			79%	
<b>Total Export</b>			<b>25.85</b>	<b>25.24</b>	<b>28.72</b>	<b>5%</b>		<b>12.50</b>	

Source: Eximpedia, ICICI Direct Research

### RPGLS performance demonstrates leadership driven turnaround...

Under the second tenure of Mr Yugal Sikri, the then Managing Director, the company has witnessed significant turnaround. Under his leadership the company has maintained the consistency of the strategy.

The formulations business was revitalized by shifting focus to high-margin chronic and specialty portfolios, improving sales force effectiveness, and modernizing operations. This strategic overhaul yielded significant results, nearly doubling the company's revenue and dramatically improving its EBITDA margins from ~10% in FY19 to ~24% in FY25.

Post the retirement of Mr. Sikri, the company has appointed Mr. Ashok Nair as the new MD with over 40 years of experience at firms like Abbott, Torrent, and Sun Pharma. Our interaction with Mr. Nair suggests that the company is likely to follow the time-tested strategies for all segments. The combination of a proven business model and a leadership team with extensive industry credentials positions the company favourably for sustained growth and enhanced profitability going forward.

### Strategic Acquisitions...

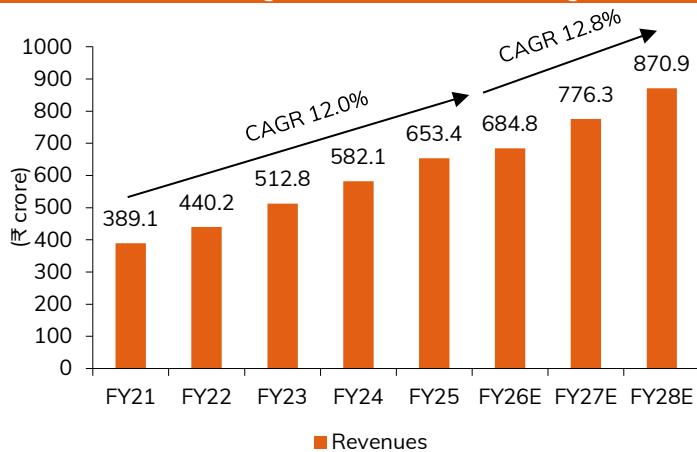
RPG Life Sciences with its balance sheet is now actively scouting for Strategic acquisition where management believes APIs as the most immediate and visible emerging opportunity. Further Immuno-suppressants are a particular area of focus, where backward integration could improve cost efficiency and strengthen international competitiveness. The other angle which management is looking from medium term perspective is acquisitions of USFDA-approved facilities which could accelerate market access as organic entry could take three to four years.

## Key Financial Summary

### Revenues continue to piggyback on domestic formulations growth...

RPGLS Revenues grew at a CAGR of 12% during FY21-26E, mainly on the back of domestic formulations followed by international formulations. Going ahead, growth momentum is expected to pick up in FY27 and FY28 as the new 11 launches in FY25 and 3 launches of FY26 start materialising for the domestic formulations. Although the APIs are expected to witness dent in FY26, we expect the business to start ramping up back as the refurbished Navi Mumbai API plant starts operations in H2 FY26. We have baked in revenues CAGR of 12% for domestic formulations, 14% in international formulations and ~15% in API Business during FY26-28E. We expect the revenues to grow at a CAGR of ~13% during FY26E-28E to ₹ 871 crore.

**Exhibit 21: Revenues to grow at 12.8% CAGR during FY26-28E**



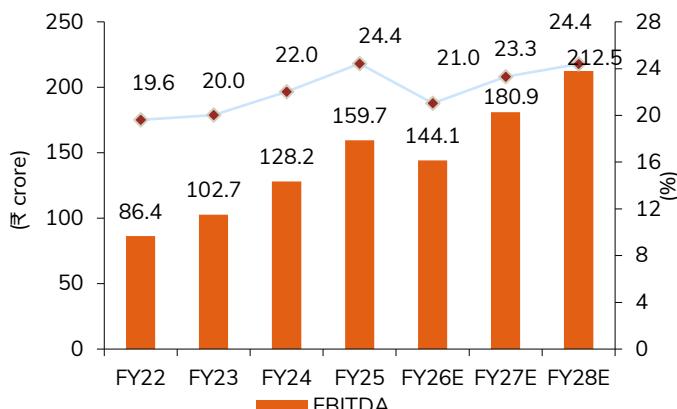
Source: Company, ICICI Direct Research

### EBITDA growth follows strong domestic traction, to remain in good health...

Steps taken over the years to improve domestic formulations growth in a way strengthened the EBITDA margins as well. Just before the turnaround in the domestic formulations which started to materialise from FY21, the margins hovered between 5-18% range (FY13-21). During this time the domestic formulations growth remained sub-par at 8%.

EBITDA during FY21-26E has grown at a CAGR of 16%, following a robust 14% CAGR in the domestic formulations during the same period with margins improving from 18% to 24.4% in FY25. We expect margins to remain at this level with an expected dip in FY26 due to shut down of API facility in H1FY26 which constrained its API capacities for captive consumption and resulting in EBITDA drag. However, we believe as API facility resumes its operation the GPMs to improve gradually and should bring back EBITDA margins to normalcy. We expect EBITDA to grow at a CAGR of 21.4% during FY26E-28E to ₹ 213 crore on the back of traction from domestic and international formulations.

**Exhibit 22: EBITDA and margins trend**

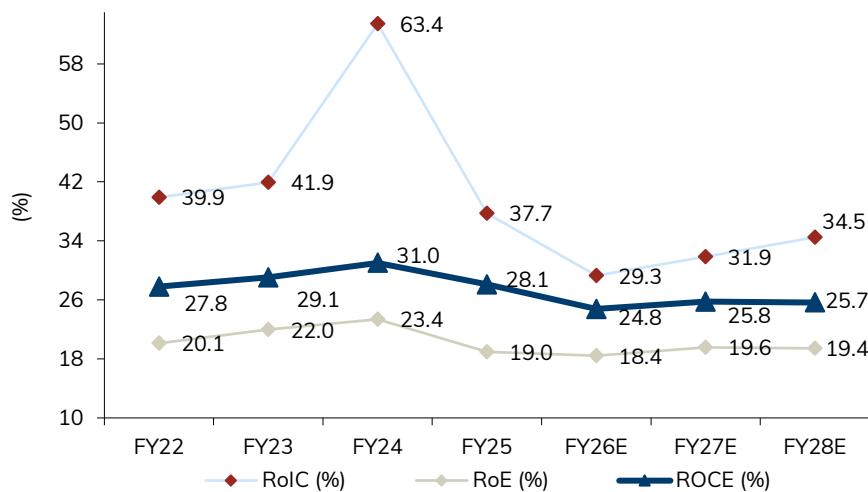


Source: Company, ICICI Direct Research

### Return ratios to improve gradually

While sufficient capacity exists for the formulation operations over the next two years, the company plans to spend ₹105 towards expansion of API business which may keep return profiles under check over the next two years. Even then, the profile remains strong and is expected to improve post the optimisation of the fresh capex.

**Exhibit 23: RoCE and RoE profile**



Source: Company, ICICI Direct Research

### Valuation

Despite its small size, the company remains a noteworthy player in the pharma space and a classic case of how a leadership driven strategy can bring the turnaround and change in the fortunes. By growing in the domestic formulations above the industry trendline for a prolonged period, it has demonstrated that even a low hanging fruit like domestic formulations can be strategized in a better way with small tweaks. RPGLS remains a predominantly domestic formulations play and is well placed to piggyback on the better fortunes of domestic formulations. At current CMP the stock trades at ~21x FY28E EPS. Given the strong execution track record and a quest to follow the time-tested growth strategy across segments, we believe the company deserves

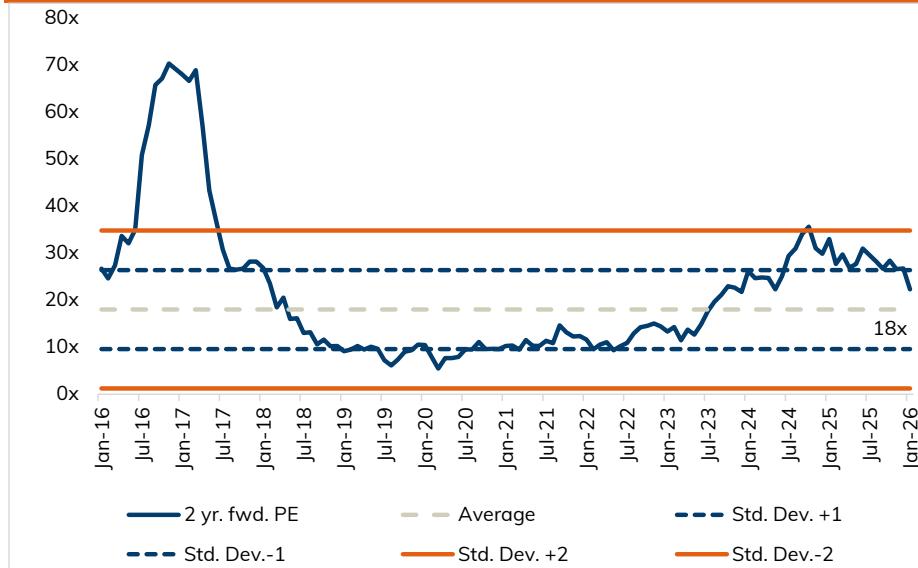
premium valuation. Accordingly, we value the stock at ₹2470 based on 27x FY28E EPS of ₹ 91.4.

#### Exhibit 24: Peer Comparison

Peers	FDC Ltd	Indoco Remedies	Corona Remedies	RPG Life sciences
Revenues - FY25 (in ₹ crore)	2108.1	1665.0	1196.0	653.4
Revenue Growth (YoY)	8.5%	-8.4%	17.9%	12.3%
EBITDA - FY25 (in ₹ crore)	325.0	100.0	241.0	159.7
EBITDA Margin	15.4%	6.0%	20.2%	24.4%
Domestic(%)	84.8%	56.0%	96.0%	66.0%
ROCE - FY25	16.0%	0.0%	41.3%	28.1%
EV/EBITDA (FY25)	18.7	29.6	36.9	23.1

Source: Company, ICICI Direct Research

#### Exhibit 25: 2 Year Forward PE Band



Source: Company, ICICI Direct Research, Avg. and Std Dev. are calculated adjusting for outlier i.e. Calculated from March-20

#### Exhibit 26: 2 Year Forward EV/EBITDA Band



Source: Company, ICICI Direct Research

### Key Risk and Concerns

**Slowdown in Domestic formulation** – The company is heavily reliant on its domestic formulations business, which generates the majority of its revenues and underpins its current valuation. A slowdown in this key segment could materially and adversely affect the company's valuation.

**Export based compliance risk** – A significant portion of the company's export revenue is derived from highly regulated markets like UK, Canada, Germany, Australia which are subject to stringent quality scrutiny and compliance standards

## Financial Summary

Exhibit 27: Profit and loss statement				₹ crore
(Year-end March)/ (₹ crore)	FY25	FY26E	FY27E	FY28E
Total Operating Income	653.4	684.8	776.3	870.9
Growth (%)	12.3	4.8	13.4	12.2
Raw Material Expenses	214.0	249.5	267.8	289.6
Gross Profit	439.4	435.3	508.5	581.3
Gross Profit Margins (%)	67.2	63.6	65.5	66.8
Employee Expenses	126.1	136.7	154.7	173.7
Other Expenditure	153.6	154.5	172.8	195.2
Total Operating Expenditure	493.8	540.7	595.3	658.5
<b>EBITDA</b>	<b>159.7</b>	<b>144.1</b>	<b>180.9</b>	<b>212.5</b>
Growth (%)	24.6	-9.7	25.5	17.4
Interest	0.6	0.5	0.0	0.0
Depreciation	21.4	21.1	25.1	30.0
Other Income	12.7	16.2	15.5	19.2
<b>PBT before Exceptional Items</b>	<b>150.3</b>	<b>138.7</b>	<b>171.4</b>	<b>201.6</b>
Exceptional Items	82.6	2.8	0.0	0.0
<b>PBT after Exceptional Items</b>	<b>232.9</b>	<b>135.9</b>	<b>171.4</b>	<b>201.6</b>
Total Tax	49.6	36.6	42.8	50.4
PAT before MI	183.2	99.3	128.5	151.2
<b>PAT</b>	<b>183.2</b>	<b>99.3</b>	<b>128.5</b>	<b>151.2</b>
Growth (%)	109.0	-45.8	29.5	17.6
<b>EPS (Adjusted)</b>	<b>60.9</b>	<b>61.7</b>	<b>77.7</b>	<b>91.4</b>
Other income as % of (Cash+in	8%	16%	11%	9%

Source: Company, ICICI Direct Research

Exhibit 28: Cash flow statement				₹ crore
(Year-end March)/ (₹ crore)	FY25	FY26E	FY27E	FY28E
Profit/(Loss) after taxation	180.1	99.3	128.5	151.2
Add: Depreciation & Amortization	21.4	21.1	25.1	30.0
Net Increase in Current Assets	-29.5	-66.2	-33.0	-34.3
Net Increase in Current Liabilities	14.0	23.9	14.0	14.5
Others	-108.2	0.5	0.0	0.0
<b>CF from Operating activities</b>	<b>77.9</b>	<b>78.6</b>	<b>134.6</b>	<b>161.4</b>
Investments	-123.0	44.2	0.0	0.0
(Purchase)/Sale of Fixed Assets	73.4	-49.5	-75.0	-50.0
Others	7.7	-5.0	-0.1	-0.2
<b>CF from Investing activities</b>	<b>-41.8</b>	<b>-10.3</b>	<b>-75.1</b>	<b>-50.2</b>
(inc)/Dec in Loan	0.0	0.0	0.0	0.0
Dividend & Dividend tax	-26.5	-23.1	-25.7	-30.2
Other	-0.6	-0.5	0.0	0.0
CF from Financing activities	-27.1	-23.6	-25.7	-30.2
<b>Net Cash Flow</b>	<b>9.0</b>	<b>44.8</b>	<b>33.8</b>	<b>81.0</b>
Cash and Cash Equivalent	19.7	28.7	20.7	54.5
<b>Cash</b>	<b>28.7</b>	<b>20.7</b>	<b>54.5</b>	<b>135.5</b>
<b>Free Cash Flow</b>	<b>151.3</b>	<b>29.1</b>	<b>59.6</b>	<b>111.4</b>

Source: Company, ICICI Direct Research

Exhibit 29: Balance Sheet				₹ crore
(Year-end March)	FY25	FY26E	FY27E	FY28E
Equity Capital	13.2	13.2	13.2	13.2
Reserve and Surplus	517.3	540.7	643.6	764.6
Total Shareholders funds	530.5	554.0	656.8	777.8
Total Debt	0.0	0.0	0.0	0.0
Deferred Tax Liability	0.0	0.1	0.1	0.1
Long-Term Provisions	4.5	4.6	4.6	4.6
Other Non Current Liabilities	2.9	3.4	3.4	3.4
<b>Source of Funds</b>	<b>538.0</b>	<b>562.0</b>	<b>664.9</b>	<b>785.9</b>
Gross Block - Fixed Assets	254.8	280.8	355.8	405.8
Accumulated Depreciation	83.0	104.1	129.2	159.2
Net Block	171.8	176.7	226.6	246.6
Capital WIP	16.1	39.6	39.6	39.6
Fixed Assets	187.9	216.2	266.1	286.1
Investments	126.9	82.7	82.7	82.7
Other non-Current Assets	0.9	7.5	7.7	7.8
Inventory	93.0	107.0	121.3	136.0
Debtors	86.8	118.8	134.6	151.1
Other Current Assets	132.5	152.6	155.7	158.8
Cash	28.7	20.7	54.5	135.5
Total Current Assets	340.9	399.1	466.0	581.4
Creditors	79.4	97.9	111.0	124.5
Provisions	16.1	7.3	7.5	7.6
Other Current Liabilities	24.3	38.5	39.2	40.0
Total Current Liabilities	119.8	143.7	157.7	172.2
Net Current Assets	221.1	255.4	308.3	409.2
<b>Application of Funds</b>	<b>536.8</b>	<b>561.8</b>	<b>664.9</b>	<b>785.9</b>

Source: Company, ICICI Direct Research

Exhibit 30: Ratio Analysis				₹ crore
(Year-end March)	FY25	FY26E	FY27E	FY28E
<b>Per share data (₹)</b>				
Reported EPS	110.8	60.0	77.7	91.4
Cash EPS	46.3	47.8	62.2	73.2
BV per share	320.8	335.0	397.2	470.3
Cash per Share	17.4	12.5	32.9	81.9
Dividend per share	14.5	14.0	15.5	18.3
<b>Operating Ratios (%)</b>				
Gross Profit Margins	67.2	63.6	65.5	66.8
EBITDA margins	24.4	21.0	23.3	24.4
PAT Margins	15.4	14.9	16.6	17.4
Cash Conversion Cycle	56.1	68.1	68.1	68.1
Asset Turnover	2.6	2.4	2.2	2.1
EBITDA conversion Rate	48.8	54.5	74.4	76.0
<b>Return Ratios (%)</b>				
RoE	19.0	18.4	19.6	19.4
RoCE	28.1	24.8	25.8	25.7
RoIC	37.7	29.3	31.9	34.5
<b>Valuation Ratios (x)</b>				
P/E	17.6	32.5	25.1	21.3
EV / EBITDA	19.2	21.7	17.1	14.2
EV / Net Sales	4.7	4.6	4.0	3.5
Market Cap / Sales	4.9	4.7	4.2	3.7
Price to Book Value	6.1	5.8	4.9	4.1
<b>Solvency Ratios</b>				
Debt / EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	2.6	2.6	2.6	2.6
<b>Quick Ratio</b>	<b>1.8</b>	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>
Inventory days	51.9	57.0	57.0	57.0
Debtor days	48.5	63.3	63.3	63.3
Creditor days	44.3	52.2	52.2	52.2

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%



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