

# Short Term Fundamental Pick

Wednesday, 14 January 2026



<b>Rating</b>	: <b>Buy</b>
<b>Cmp</b>	: <b>₹1812.10</b> as on 13 <sup>th</sup> January 2026
<b>Sector</b>	: <b>Healthcare (Pharma)</b>
<b>Target</b>	: <b>₹2175</b>
<b>Upside Potential</b>	: <b>20.03%</b>
<b>Time Frame</b>	: <b>8-12 Months</b>



Cmp: 1812.10 as on 13<sup>th</sup> January 2026

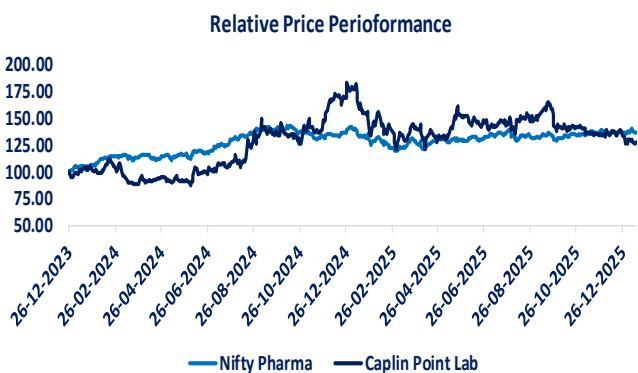
Rating: Buy

Target: ₹2175

Upside Potential: 20.03%

Key Data	
Nifty/Sensex	25732.30/83627.69
BSE Code	524742
NSE Code	CAPLIPOINT
Bloomberg Code	CLPL:IN
Basic Industry	Pharmaceuticals
Market Cap(Cr.)	13,896.46
No. of Shares(Cr.)	7.60
Face Value	2
52 Week High/Low	2404.95/1599

Shareholding Pattern	
Particulars	Q2FY26
Promoter	70.60%
MF	1.80%
FII	6.50%
Public	20.80%
Others	0.30%



**Resilient Expansion Plans, Healthy Margins, Discipline and Efficient Business Model, which will emphasise the opportunity for Multifood Growth in Long Term...**

**Caplin Point Laboratories Limited** is a Fastest growing Indian Pharma company with 100% export oriented business catering to LATAM and Africa with growing its presence in USA, Canada and Australia. The company has 6 manufacturing facilities across Tamil Nadu and Andhra Pradesh. It has portfolio of 5000+ product licenses, 650+ pharma formulations across 36 Therapeutic segments which serve the Bottom of the Pyramid user segment. The product mix of the company was 75% **Generics** and 25% **Branded Generics**. In Fy25. Caplin earned **77% from LATAM, 18% from US and 5% from Africa**, it has a **combined of 28000 touchpoints in LATAM and USA**. The revenue by channel for the emerging markets are mostly by wholesale channel taking 45% share, followed by retail and Institutional. Subsidiary, Caplin Steriles Limited exports its products to customers in regulated markets like the US, Canada, Australia etc and also through its direct Subsidiary in the US Caplin Steriles USA Inc. Caplin Open Labs caters predominantly to the markets catered by Caplin Point Labs.

## Highlights and Investment Rationale

**Strong Q2FY26 performance:** Revenues grew 11% YoY to ₹534 cr led by Caplin Steriles USA growth of 16% YoY to ₹107 cr and LATAM business was up by 9% YoY to ₹427 cr, driven by Central America tenders. The gross profit margin expanded to 41.08% from 38.36% in the year-ago quarter, indicating favourable product mix shifts and improved manufacturing efficiencies. EBITDA rose 15% YoY to ₹189 cr with best-ever margins of 35.4% increment by +132 bps YoY. PAT increased ~22% YoY to ₹160 cr.

**Consistent long-term track record:** 5-year sales CAGR of 18% and profit CAGR of 20%, with EBITDA margins expanding from 30% to 34%. R&D spend at 4.6% of FY25 revenues has been driven by increase in branded generics contribution from 5% in 2012 to 25% in 2025. The company's strategic focus on export markets for generic formulations has enabled it to achieve superior margins compared to domestic-focused peers, whilst its debt-free balance sheet provides financial flexibility for growth investments.

**Robust balance sheet & cash flows:** The company has liquid assets of ₹2,358 cr & zero debt with average Debt/Equity ratio of 0.08 in the last 5 years, which indicates the company holds more cash than debt providing financial flexibility with Operating Cash Flow of ₹254 cr and Free Cash Flow of ₹160 cr.

**Capital Efficiency:** Caplin Point Laboratories exhibits strong capital efficiency, with an average ROE of 19.84% and ROCE of 33.35%, well above industry averages.

**Working Capital Management:** Working capital management remains efficient, though the debtors turnover ratio for H1 FY26 declined to 0.29 times. The company's sales-to-capital-employed ratio of 0.76 times indicates moderate asset intensity, appropriate for a manufacturing business with significant fixed asset investments. The company has efficient working capital with receivable days of 117

**Large, self-funded capex cycle:** ₹1,000+ cr capex planned, with 50% nearing completion and the balance over next 2–3 years. The company will focus on product diversification and backward integration with capex being fully funded through internal accruals, keeping the company net-cash positive.

**Emerging market growth levers:** GLP-1 filings in Central America which will expand in H1CY26, with revenues post patent expiry. The Mexico pipeline of 35+ filings with 20 approved and pipeline of 80+ products to be filed via China 2.0 partners within 12 months. The biosimilar filing in Central America and access to 130+ approved ANDAs/MAs via Chinese partnerships is driving factor.

**US & regulated market momentum:** Caplin Steriles order book remains healthy for H2 and will outperform H1 with profitable growth in B2B and B2C segments. CSL has 42 ANDAs approved and 10 under review and additional 10 ANDAs acquired in Q3FY26. US subsidiary profitable in its first year with 24 launches and 15 more planned. The company working on new pipelines in BFS ophthalmic, an area with limited competition.

**Structural moat:** Caplin Point's key competitive advantage lies in its private-market, last-mile distribution network in Latin America. This benefits the company by consistent Revenue growth thereby improving profits and generating positive cash flows.

**Management Commentary:** The management focuses on the fact that the company's business model is a competitive advantage and growth driver. The company guides for a 40% operating margins after 2 years. Besides, confidence reflects in the management commentary for growth in bigger geographies. The company says, that China 2.0 strategy has positioned the company into fast track entry into high potential areas like Biosimilar and Peptides

## Key risks:

- **Working capital risk:** The company has negative working capital in LATAM due to selective use of credit strategy.
- **Currency Fluctuation risk:** Any fluctuations in the currency rate may significantly impact the financials, though the company mitigates it by using outsourcing model.
- **Regulation Risk:** The INVIMA inspection for Oncology/Injectable may slip beyond Fy27, which could delay the launch.
- **Operational Risk:** Since the company operates with backward and forward integration for its products, any obstacle in the manufacturing process may disrupt the company's operations.
- **Political Risk:** The impact of tariffs on the company will be majorly moderate, as the company seeks major of its revenue from Latin America. Besides, as per the recent article, Trump administration has abandoned plans for imported generic drugs.

Key Financial Indicators & Valuation (Consolidated)					
YE March (Cr.)	FY23	FY24	FY25	FY26E	FY27E
Revenue	1466.73	1694.10	1937.47	2170.60	2458.38
EBITDA	440.52	551.44	646.93	766.97	895.70
EBITDA Margin(%)	30%	33%	33%	35%	36%
PAT	376.91	461.15	541.10	634.46	724.64
Net Profit Margin(%)	26%	27%	28%	29%	29%
ROE(%)	20%	20%	19%	18%	17%
EPS	49.57	60.18	70.57	83.00	94.86
PE	12.04	21.89	28.38	21.83	19.10
BV/S	247.76	304.90	375.06	458.27	551.21
P/BV	2.53	4.49	5.52	4.29	3.57

Variance Analysis (Consolidated)					
Particulars (Rs. In Cr.)	2025-Sep	2024-Sep	YoY%	2025-June	QoQ %
Net Sales	534.04	483.10	10.54	510.22	4.67
Total Expenditure	344.87	318.34	8.33	332.46	3.73
PBIDT (Excl OI)	189.17	164.76	14.82	177.76	6.42
PAT	160.21	130.91	22.38	150.73	6.29
PBIDTM% (Excl OI)	35%	34%	3.86	35%	1.67
PATM%	30%	27%	10.71	30%	1.55
Adj. EPS(Rs)	20.32	17.21	18.08	20.11	1.08

## Valuation and Outlook

The company's dominance in Latin America will be the driving factor across cash flow, Bottom-line and Top-line growth. Over the next 12-18 months, multiple filing of new products, expansion of GLP-1 to all markets can be seen. China 2.0 strategy will pick up pace with its first filing in Central America and manufacturing of Oral Liquids and Dermatology products is planned. In USA and regulated markets, 40+ ANDAs approval and 10 more to add up, will be the driving factor in top-line and bottom line growth. To accommodate the growing requirements in Capacity, Automation and compliance, the company has started its work on Caplin Open Labs II that will house 5 sterile product lines which will manufacture all forms of dosage. The company has planned to commence operations with 2 lines by FY2027. **The company is currently trading at 23.6x TTM, which is undervalued compared to the Pharmaceuticals Industry PE of 30x. From FY25 to FY27E, sales, EBITDA, and net profit are projected to grow at a CAGR of 13%, 18%, and 16% respectively. The stock, trading at ₹1812.10 as of January 13<sup>th</sup>, 2026, has a trailing P/E of 23.6, with forward P/E estimates of 19.10x for FY27E. Given its strong financials, we maintain a bullish view on CAPLIPOINT with a target price of ₹2175, indicating a 20.03 % upside over the next 8–12 months.**

Profit And Loss Statement Consolidated)					
YE March (Cr.)	FY23	FY24	FY25	FY26E	FY27E
I. Income					
<b>Net Sales</b>	<b>1,466.7</b>	<b>1,694.1</b>	<b>1,937.5</b>	<b>2,170.6</b>	<b>2,458.4</b>
II. Expenditure					
Raw Material Cost	663.2	724.2	770.8	840.7	922.0
Employee Cost	136.1	142.7	177.2	203.0	245.8
Other Expenses	226.9	275.8	342.6	359.9	394.8
<b>Total Expenditure</b>	<b>1,026.2</b>	<b>1,142.7</b>	<b>1,290.5</b>	<b>1,403.6</b>	<b>1,562.7</b>
<b>EBITDA</b>	<b>440.5</b>	<b>551.4</b>	<b>646.9</b>	<b>767.0</b>	<b>895.7</b>
Depreciation	45.0	53.4	66.0	75.0	86.5
<b>EBIT</b>	<b>395.5</b>	<b>498.0</b>	<b>581.0</b>	<b>692.0</b>	<b>809.2</b>
Interest	0.8	0.8	0.6	0.7	0.6
Other Income	56.5	66.9	96.4	103.5	108.7
<b>Earnings Before Tax(EBT)</b>	<b>451.3</b>	<b>564.2</b>	<b>676.8</b>	<b>794.8</b>	<b>917.3</b>
Tax	74.4	103.0	135.7	160.4	192.6
<b>Profit After Tax(PAT)</b>	<b>376.9</b>	<b>461.2</b>	<b>541.1</b>	<b>634.5</b>	<b>724.6</b>
Exceptional Items					
<b>Adjusted Net Profit</b>	<b>376.9</b>	<b>461.2</b>	<b>541.1</b>	<b>634.5</b>	<b>724.6</b>
EPS - Basic	49.7	60.7	71.2	83.5	95.3
EPS - Adjusted	49.7	60.7	71.2	83.5	95.3
No. Shares(Cr.)	7.59	7.60	7.60	7.60	7.60

## Investment Rating Matrix

<b>Ratings</b>	<b>Expected Return</b>
Buy	>15%
Accumulate	10% to 15%
Hold	0% to 15%
Sell	< - 15%

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