Caplin Point Laboratories (CAPPOI)

CMP: ₹2,110 | Target ₹ 2,255 (7%) | Target Period: 12 months | HOLD

November 18, 2026

Regulatory overhang intensifies with adverse classification...

About the stock: Caplin derives almost entire revenues through exports with 79% of revenues from Emerging Markets (LatAm + RoW) where it has an end-to-end business model through last mile logistical solutions for its exclusive distributors. The remaining 21% is from the US.

- For LatAm markets, it outsources ~40% of products (China: 24%; Indian vendors: 76%) and in-house manufacturing remains at ~60%
- Caplin Steriles caters mainly to the US and other regulated markets. So far, it has developed and filed 65 ANDAs in the US on its own and with partners, with 62 approvals as on date. The Company is also working on a portfolio of 55+ simple and complex Injectable and Ophthalmic products, that it intends to file over the next 3-4 years

Business update: August 2026 observations classified into OAI

- Caplin has communicated that 10 observations from the USFDA for the company's Steriles' injectable and ophthalmic manufacturing facility located at Gummidipoondi in Tamil Nadu, have been classified as OAI (Official Action Indicated) by the agency. Gummidipoondi facility remains a key manufacturing site for Caplin Steriles with significant US exposure with a hitherto unblemished inspection track record (EIRs in FY23, FY24 and FY25). US revenues have grown at a CAGR of ~40% during FY21-26 to ₹ 453 crore (accounting for ~21% of the overall revenues) which speaks about the importance of this facility. With the OAI classification, a Warning Letter (WL) appears looming. Caplin has filed 65 ANDAs in the US, of which 62 have been approved and 3 are pending. The company has successfully launched 40 products and plans to launch another 10 in FY28, with a pipeline of 55+ molecules expected to be filed over the next 3–4 years. Assuming a WL, we do not see much problem for the approved products pending for launches. Hence, we do not see any material risk to near-term revenues momentum barring some delays in own-label launches. But for FY29 and beyond, we expect some slowdown in the US momentum depending upon the outcome as almost 55+ products are still in pipeline. Currently, the facility owns 4 production line and the plans to add more line in the due course.
- **Mid-term growth to remain healthy; overhang to alter multiple** – We expect US growth momentum to sustain, driven by new specialty product launches across Injectable Bags, Ophthalmic Emulsions, Injectable Emulsions and Plastic Vials. We do not anticipate any significant disruption to Caplin's US portfolio, supporting continued mid-term growth. However, the CAPA (Corrective and Preventive Action) implementation is likely to entail incremental costs, potentially impacting the near-term profitability. Prolonged delay in resolving the observations could also impact the consistency and pace of future product launches, posing a risk to longer-term growth. We have cut our FY27/28E EBITDA estimates by ~1.5%/6.6% respectively.

Rating and Target Price: Downgrade to HOLD with a revised target of **₹2255** per share based on 22x (earlier 26x) FY28E EPS of ₹109.6.

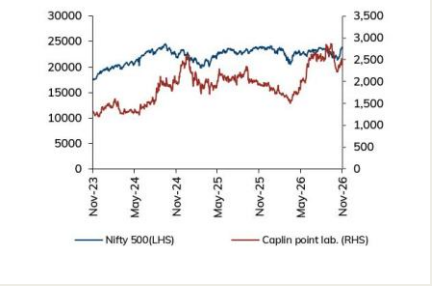
Particulars

Particular	Amount
Market Capitalisation	₹ 16036 crore
Debt (FY26)	₹ 3 crore
Cash (FY26)	₹ 94 crore
EV	₹ 15944 crore
52-week H/L	2991/1500
Equity capital	₹ 15.2 crore
Face value	₹ 2

Shareholding pattern

(in %)	Dec-25	Mar-26	Jun-26	Sep-26
Promoters	70.6	70.6	70.6	70.6
FII	6.6	6.2	5.8	5.7
DII	2.1	2.1	2.5	2.2
Others	20.8	21.1	21.2	21.5

Price Chart



Key risks

(i) Faster resolution of impending regulatory overhang

(ii) Slower than expected ramp-up in larger LatAm markets

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Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	FY26	CAGR FY23-26 (%)	FY27E	FY28E	CAGR FY26-28E (%)
Revenues	1466.7	1694.1	1937.4	2187.2	14.2%	2521.4	2868.1	14.5%
EBITDA	440.0	551.4	646.9	760.9	20.0%	859.5	946.5	11.5%
EBITDA Margins (%)	30.0	32.6	33.4	34.8		34.1	33.0	
Net Profit	374.2	453.7	536.2	641.2	19.7%	697.7	779.2	10.2%
EPS (Adjusted)	49.2	59.7	70.6	84.4		91.8	102.5	
PE (x)	42.9	35.3	29.9	25.0		23.0	20.6	
RoCE (%)	23.4	24.1	23.2	22.0		22.5	20.7	
RoE (%)	19.9	19.8	18.7	17.9		17.9	16.8	

Source: Company, ICICI Direct Research

Company Update

ICICI Securities – Retail Equity Research

Exhibit 1: 2 year forward PE band



Source: Company, ICICI Direct Research

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

(Year-end March)/ (₹ crore)	FY25	FY26	FY27E	FY28E
Total Operating Income	1,937.4	2,187.2	2,521.4	2,868.1
Growth (%)	14.4	12.9	15.3	13.8
Raw Material Expenses	770.9	865.7	1,009.2	1,175.9
Gross Profit	1,166.6	1,321.5	1,512.2	1,692.2
Gross Profit Margins (%)	60.2	60.4	60.0	59.0
Employee Expenses	177.7	192.8	227.0	258.1
Other Expenditure	342.0	367.9	425.7	487.6
Total Operating Expenditure	1,290.6	1,426.3	1,661.9	1,921.6
EBITDA	**646.9**	**760.9**	**859.5**	**946.5**
Growth (%)	17.3	17.6	13.0	10.1
Interest	0.6	0.9	0.8	0.8
Depreciation	66.0	72.8	92.1	112.3
Other Income	96.4	115.6	134.6	153.1
PBT before Exceptional Items	676.8	802.8	901.1	986.4
Less: Exceptional Items	0.1	0.0	0.0	0.0
PBT after Exceptional Items	676.7	802.8	901.1	986.4
Total Tax	135.7	153.1	192.7	197.3
PAT before MI	541.0	649.7	708.4	789.1
Minority Interest	4.8	8.5	10.8	9.9
PAT	**536.2**	**641.2**	**697.7**	**779.2**
Growth (%)	18.2	19.6	8.8	11.7
EPS (Adjusted)	70.6	84.4	91.8	102.5
Other income as % of (Cash+investment)	8%	8%	9%	7%

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit/(Loss) after taxation	546.2	658.3	697.7	779.2
Add: Depreciation & Amortization	66.0	72.8	92.1	112.3
Net Increase in Current Assets	-181.1	-319.4	-169.6	-80.6
Net Increase in Current Liabilities	-1.8	141.4	-18.7	50.4
Others	3.2	-29.8	0.8	0.8
CF from Operating activities	**432.4**	**523.2**	**602.3**	**862.2**
(Purchase)/Sale of Fixed Assets	-191.5	-266.4	-203.9	-250.0
Investments	-213.8	-248.1	-69.2	-100.0
Others	70.5	-67.7	45.6	-0.6
CF from Investing activities	**-334.7**	**-582.3**	**-227.5**	**-350.6**
Proceeds from Preference shares	0.0	0.0	0.0	0.0
(inc)/Dec in Loan	0.3	0.0	0.0	0.0
Dividend & Dividend tax	-38.0	-45.6	-30.4	-30.4
Other	0.8	-0.9	-0.8	-0.8
CF from Financing activities	**-36.9**	**-46.5**	**-31.2**	**-31.2**
Net Cash Flow	60.7	-105.5	343.6	480.4
Cash and Cash Equivalent	138.7	199.5	94.2	86.6
Cash	199.4	94.0	437.8	567.0
Free Cash Flow	**240.9**	**256.8**	**398.4**	**612.2**
Free cash flow yield	**2%**	**2%**	**2%**	**4%**

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	15.2	15.2	15.2	15.2
Reserve and Surplus	2,856.0	3,571.2	3,887.3	4,636.1
Total Shareholders funds	2,871.2	3,586.4	3,902.5	4,651.3
Total Debt	3.5	2.6	2.7	2.7
Minority Interest	35.9	44.4	50.8	50.8
Deferred Tax Liability	0.0	0.0	9.2	9.7
Other Non Current Liabilities	12.9	26.7	43.1	45.2
Source of Funds	**2,923.5**	**3,660.1**	**4,008.2**	**4,759.7**
Gross Block - Fixed Assets	874.2	981.2	1,178.3	1,403.3
Accumulated Depreciation	328.5	401.2	493.3	605.6
Net Block	545.8	580.0	685.0	797.7
Capital WIP	143.5	233.6	240.4	265.4
Fixed Assets	689.3	813.6	925.4	1,063.1
Investments	982.4	1,385.9	1,455.1	1,555.1
Other non-Current Assets	106.2	172.9	159.3	162.5
Inventory	336.1	428.9	544.0	633.9
Debtors	632.5	825.8	889.4	864.4
ST Loans and Advances	0.0	0.0	0.0	0.0
Other Current Assets	283.3	324.2	315.1	330.9
Cash	199.5	94.2	86.6	567.0
Total Current Assets	1,451.4	1,673.1	1,835.2	2,396.2
Creditors	219.1	298.0	276.3	322.2
Provisions	24.0	20.0	23.0	24.2
Other Current Liabilities	62.7	67.3	67.5	70.8
Total Current Liabilities	305.8	385.4	366.7	417.2
Net Current Assets	1,145.5	1,287.7	1,468.4	1,979.0
Application of Funds	**2,923.5**	**3,660.1**	**4,008.3**	**4,759.7**

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
Reported EPS	70.6	84.4	91.8	102.5
Cash EPS	76.2	89.9	99.9	113.3
BV per share	377.8	471.9	513.5	612.0
Cash per Share	26.2	12.4	11.4	74.6
Dividend per share	3.0	4.0	4.0	4.0
Operating Ratios (%)				
Gross Profit Margins	60.2	60.4	60.0	59.0
EBITDA margins	33.4	34.8	34.1	33.0
PAT Margins	27.7	29.3	27.7	27.2
Cash Conversion Cycle	175	193	226	207
Asset Turnover	2.2	2.2	2.1	2.0
EBITDA conversion Rate	66.8	68.8	70.1	91.1
Return Ratios (%)				
RoE	18.7	17.9	17.9	16.8
RoCE	23.2	22.0	22.5	20.7
RoIC	30.9	28.4	27.2	28.1
Valuation Ratios (x)				
P/E	29.9	25.0	23.0	20.6
EV / EBITDA	23.4	19.8	17.6	15.3
EV / Net Sales	7.8	6.9	6.0	5.1
Market Cap / Sales	8.3	7.3	6.4	5.6
Price to Book Value	5.6	4.5	4.1	3.4
Solvency Ratios				
Debt / EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	4.1	4.3	5.0	5.7
Quick Ratio	3.0	3.2	3.5	4.2
Inventory days	159	181	197	197
Debtor days	119	138	129	110
Creditor days	104	126	100	100

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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