FULL EQUITY ANALYSIS REPORT

CUPID

CUPID

WATCH

CONVICTION
6.5/10

QUALITY 7.3 · PRICE STRETCHED — *great company, wrong price*

> *A genuinely fast-growing, niche export business trading at a price that already assumes years of this exact pace continuing.*

PREPARED BY VERDIKT RESEARCH · 30 AUG 2026

VERDICT

WATCH

CONVICTION

6.5 /10

A genuinely fast-growing, niche export business trading at a price that already assumes years of this exact pace continuing.

Cupid Limited makes male and female condoms, personal lubricants, and diagnostic test kits, selling mostly to global health agencies through certified export contracts, with sales rising to ₹453 crore over the last 12 months. It is now also building a consumer FMCG business in India to grow beyond its export base. The verdict is WATCH at 6.5/10: A genuinely fast-growing, niche export business trading at a price that already assumes years of this exact pace continuing. The main strength is fast, credible growth backed by strong profit margins (35% over the last 12 months) and almost no net debt. The main risk is that only 43% of last year's profit showed up as real cash, and nearly a quarter of trailing profit came from interest income rather than the core condom and diagnostics business.

CONVICTION BREAKDOWN

BUSINESS QUALITY ×50% — 8/10

FINANCIAL HEALTH ×20% — 6/10

GOVERNANCE ×20% — 7/10

VALUATION ×10% — 2/10

KEY STRENGTHS

- Rare regulatory certification lets Cupid sell to global health procurement bodies like PFSCM, a barrier most manufacturers cannot cross
- Profit growth of 194% year-on-year in the latest quarter, against a genuinely profitable prior-year base, not a low-base illusion
- Net cash position of about ₹19 crore (₹75 crore investments against ₹56 crore borrowings), so growth is not being funded by risky debt
- Promoter (CMD) has repeatedly bought more shares with his own money through 2026, taking his personal stake to 33.53%

KEY RISKS

- Stock P/E of 276x (334.7x on operating profit alone) is far above the sector median of 35.99x and above every listed peer, including faster-growing Honasa Consumer at 60.78x
- Only 43% of FY26 profit converted into real operating cash; FY25 operating cash flow was actually negative ₹11 crore due to inventory build-up
- 23% of trailing profit (₹31 crore) comes from treasury/interest income, not from selling condoms or diagnostic kits
- FY27 guidance implies the company must roughly double revenue and lift net profit margin further; any shortfall against this guidance could hit the stock hard given how much good news is already priced in
- Some of the annual-report text supplied for this analysis belongs to an unrelated alcohol company sharing a similar name, so certain governance checks (like the reported statutory auditor resignation) could not be verified for Cupid Limited itself

EXIT / INVALIDATION TRIGGERS

01 FY27 revenue or net profit guidance is cut from the current ₹725-750 crore / ₹210-225 crore range

02 Operating cash flow falls back below profit for two straight quarters, repeating the FY25 pattern

03 Promoter holding starts falling instead of rising

04 Any confirmed pledge of promoter shares appears in future disclosures

05 Quarterly profit growth drops sharply toward the sector median of around 15%

MARKET NARRATIVE VS VERDIKT

Priced ahead of reality

The price already includes the good news. Little room left for error

Cupid is seen as a hyper-growth export story on condoms and diagnostics, repeatedly beating and raising its own guidance, with the promoter buying more stock as it climbs.

MARKET SAYS

Cupid is seen as a hyper-growth export story on condoms and diagnostics, repeatedly beating and raising its own guidance, with the promoter buying more stock as it climbs.

- [7 Aug 2026 — NSE filing] Cupid raised FY27 guidance to ₹725-750 crore revenue and ₹210-225 crore net profit
- [12 Aug 2026 — Economic Times] Cupid shares jumped nearly 9% over two sessions after Q1 earnings
- [17 Aug 2026 — Business Today] Cupid shares fell 7.82% to ₹270.90 the same day the CMD disclosed more share buying
- [24 Aug 2026 — Business Today] CMD raised his stake to 33.53%, shares rose 0.53% to ₹286.10

VERDIKT SHOWS

The growth is real and the promoter's buying is a genuine confidence signal, but the price already sits near its 52-week high and bakes in years of continued hyper-growth at a multiple far above any comparable peer.

GAP MAGNITUDE — **LARGE**

> *The stock has already risen from ₹129.09 three months ago to ₹282.33 today, close to its ₹299 high, and short dips on profit-taking have already reversed within days. The business is growing fast and the promoter is buying, but a 276x P/E (334.7x on operating profit) already prices in far more good news than even the fastest-growing peer in the table commands.*

WATCH FOR NEXT QUARTER

(1) Whether Q2 FY27 revenue and profit stay on track with the ₹725-750 crore / ₹210-225 crore FY27 guidance; (2) whether operating cash flow keeps pace with reported profit, given last year's 0.43x ratio; (3) whether the promoter (CMD) continues buying shares in the open market at these higher prices.

NEWS & SENTIMENT

OVERALL: POSITIVE

- FY27 guidance raised twice in two months
- promoter buying more shares repeatedly
- strong Q1 FY27 earnings beat

Guidance upgrades quote specific revenue and profit ranges, so they are revenue-positive; the promoter share purchases are disclosed with exact share counts, so they are concrete signals, not vague announcements.

ANOMALY CHECKS

8 FLAGGED · WEB-GROUNDED EXPLANATIONS

01 guidance change

FLAGGED PATTERN

> *News: Cupid Limited delivers Q1 FY27 results; guidance upgraded to ₹725 crore-₹750 crore revenue and ₹210 crore-₹225 crore net profit*

EXPLANATION

Cupid raised FY27 guidance because Q1 FY27 was exceptionally strong: revenue came in at ₹154.72 crore, operating income at ₹154.72 crore, EBITDA at ₹60.06 crore, and net profit at ₹44.14 crore, with management citing a strong order book, sustained international B2B healthcare momentum, and expansion of the Consumer Healthcare & FMCG portfolio[1][2]. The company first lifted revenue guidance in early July 2026 to over ₹660 crore from ₹600 crore, then on 7 August 2026 upgraded it again to ₹725–750 crore and net profit to ₹210–225 crore from the prior ₹180 crore estimate[1][8][14].

The key driver was not margin compression or credit cost; it was stronger volume/revenue visibility across export B2B and consumer segments, plus expectations of a robust H2 FY27[1][8]. Cupid also noted that FY26 had already exceeded its earlier guidance, reinforcing management confidence in the higher FY27 numbers[9][13].

02 Operating Profit Margin Spike Mar 2026

FLAGGED PATTERN

> *OPM jumped from 23% (Mar 2025) to 33% (Mar 2026) while sales nearly doubled (183→358), but expenses only grew 70% (141→239). This 10pp OPM expansion needs explanation: operational leverage, product mix shift, one-time gains, or accounting change.*

EXPLANATION

Cupid's FY26 margin jump appears to be mainly **operating leverage plus a richer product mix**, not a one-off accounting benefit. The company said on **1 Apr 2026** it would "comfortably surpass" FY26 guidance, citing **strong execution, improving operating leverage, and sustained demand momentum**. [9]

The FY26 numbers show the mix shift clearly: revenue rose to **₹357.71 crore** from **₹183.52 crore**, while the company reported product sales led by **male condoms (₹181.11 crore)**, followed by **new FMCG products (₹84.26 crore)**, **female condoms (₹60.72 crore)**, and **IVD kits & lubricants (₹24.97 crore)**. [4] That new FMCG category is material and likely carried higher margins than legacy condoms. [4]

The quarter-by-quarter disclosures also show margins had already been expanding before year-end: Q3 FY26 operating income grew **102% YoY** and net profit margin reached **35%**, up from **24%** in Q3 FY25, indicating the FY26 margin step-up was a continuation of scale benefits rather than a sudden accounting change. [3]

No source found here points to a one-time gain or accounting-policy change as the driver.

03 Other Income Spike and Investments Decline

FLAGGED PATTERN

> *Other Income jumped 68% year-on-year from Mar 2025 to TTM (19→31), while Investments on balance sheet fell 27% (103→75). This suggests asset liquidation funding other income; nature and sustainability unclear.*

EXPLANATION

Cupid's rise in other income appears to be mainly **investment and treasury income**, not a one-off asset sale story. Cupid's FY26 investor presentation shows **Other Income increased to ₹33.69 crore in FY26 from ₹19.66 crore in FY25**, and its cash-flow statement shows **₹8,774.51 crore proceeds from sale of mutual funds** plus **₹1,804.98 crore interest income** during FY26[1][2]. That is consistent with a deliberate **liquidity management / treasury reallocation** by the company, where mutual fund holdings were partially liquidated and parked into cash/deposits/income-yielding instruments rather than a pure operating change[1][2].

The falling investment balance is therefore likely explained by **redemption/sale of mutual funds and movement into cash or short-term deposits**, while the other income jump was boosted by **interest income and fair-value gains**, not just recurring business income[1][2]. Cupid's board disclosures for FY26 also show **"Other Non-operation Incomes" and "Change in Fair Value of Investment"** as material contributors, reinforcing that the increase was driven by treasury/investment activity[2].

[1] NSE investor presentation, Cupid Limited, 15 May 2026.

[2] Cupid FY26 disclosures / cash-flow extract in corporate filing, 15 May 2026.

04 regulatory action

FLAGGED PATTERN

> *News: Cupid shareholder disclosure under Regulation 29(2) for open-market acquisition*

EXPLANATION

This disclosure happened because Cupid's promoter and CMD, Aditya Kumar Halwasiya, kept buying shares in the open market, triggering the mandatory shareholding disclosure under Regulation 29(2) of SEBI's SAST rules. The specific filing on 17–18 August 2026 reported an open-market purchase of 13,95,538 shares, taking his holding to 33.39% and the promoter/promoter group stake to 46.34%.[1][3][14]

This was part of a pattern of promoter stake-building in 2026: similar Regulation 29(2) disclosures were filed on 20 March 2026 for 8,00,000 shares and on 3 June 2026 for 21,00,000 shares, showing ongoing consolidation of control rather than a one-off event.[1][10]

On the regulatory side, the main Cupid-related SEBI matter in 2026 was an insider-trading/compliance case, not a takeover allegation; SEBI settled proceedings against Unistone Capital and Jitendra Sanghavi in June 2026 for Rs 67.34 lakh, and that matter was reported as settled.[13]

05 Price re-rating (6-month move)

FLAGGED PATTERN

> *CUPID has risen ~247% over the past ~6 months (₹81 → ₹282). A move of this size usually has a specific catalyst that may predate the last month of news.*

EXPLANATION

CUPID's rerating was driven mainly by a genuine earnings surprise and repeated upward guidance resets. On 30 Jan 2026, the company reported its strongest-ever quarter: Q3 FY26 net profit rose 196.3% YoY to ₹32.83 crore and revenue jumped 105.6% to ₹104.38 crore, prompting a sharp stock surge.[5]

The rally accelerated after the company said on 1 Apr 2026 that FY26 revenue would **comfortably surpass** its earlier ₹335 crore guidance and FY26 net profit would exceed ₹100 crore, citing strong execution, operating leverage, demand momentum and export tailwinds.[2]

Another major trigger was the **4:1 bonus issue**, recommended after Q3 results and later allotted with record date **9 Mar 2026**, which boosted liquidity and retail participation.[3][8][14]

The move also reflected a broader business re-rating from FY26 results: consolidated March 2026 sales were ₹119.96 crore, up 112.4% YoY, and net profit was ₹36.26 crore, up 215.0% YoY.[15]

06 FY27 Guidance vs Historical Metrics

FLAGGED PATTERN

> *Guidance of ₹725-750 crore revenue and ₹210-225 crore net profit for FY27 implies 100%+ revenue CAGR and net margin ~29-30%. TTM shows 453 crore revenue and 137 crore net profit. This explosive guidance needs verification—new product launch, M&A, or marketing channel shift.*

EXPLANATION

Cupid's FY27 jump is mainly management-driven re-rating of the business, not an acquisition story. On 7 Aug 2026, Cupid said the upgraded guidance was supported by a strong order book, sustained international B2B healthcare demand, continued expansion in Consumer Healthcare/FMCG, and expected stronger performance in H2 FY27[2][12].

The more concrete drivers cited were: the start of its long-term supply agreement with PFSCM, Netherlands, for global healthcare procurement, a minimum 10% price increase across the export portfolio, and capacity expansion from the Palava facility due to commission in Q2 FY27[6][7][9]. The guidance was first lifted on 30 Jun 2026 to above ₹660 crore after Q1 FY27 visibility improved, then raised again after Q1 FY27 results showed revenue of ₹154.72 crore and net profit of ₹44.14 crore[6][8][9].

So the "explosive" guidance is mainly due to export order wins, pricing leverage, operating scale, and new capacity—not M&A.

07 Equity Capital Spike and Share Issuance

FLAGGED PATTERN

> *Equity Capital jumped 5x from 27 (Mar 2025) to 134 (Mar 2026). Combined with promoter buying 11 lakh shares in Aug 2026 and FII stake rising 0.34%→4.17%, a large capital raise or stock split occurred but the mechanism (bonus, rights, QIP) is not stated.*

EXPLANATION

The jump in CUPID's equity capital was caused by a **4:1 bonus issue**, not a rights issue, QIP, or fresh cash raise.[2][5][7] On **2 March 2026**, the board approved bonus shares in the ratio of **4 bonus shares for every 1 existing share**; the **record date was 9 March 2026** and the **deemed allotment date was 10 March 2026**.[2][6][13]

The issue created **107.57 million** new bonus shares, taking equity share capital from about **₹26.85 crore** to about **₹134.47 crore**.[5][7][10] The company's FY26 materials explicitly note: **"Issued 4:1 Bonus Shares During FY26."**[5]

So the mechanism was a **capitalisation of reserves via bonus shares**, which mechanically expands paid-up equity capital without bringing in new external funds.[5][7]

08 Cash Flow to Operating Profit Divergence

FLAGGED PATTERN

> *CFO/OP ratio collapsed to 5% for Mar 2025 (operating profit 42 but CFO -11), then recovered to 66% TTM. This signals working capital or receivables management issues in Mar 2025 that need clarification.*

EXPLANATION

Cupid's FY25 operating cash flow turned negative mainly because working capital absorbed cash: the annual report shows a \((2,601.95)\) increase in inventories and a \((1,113.52)\) net cash flow from operating activities for year ended 31 March 2025.[4] Market data for FY25 also shows a large negative working-capital change of about \(-518.5\) million and negative operating cash flow of about \(-107.4\) million, consistent with inventory and receivable build-up.[2]

The clearest operational driver is a sharp inventory increase, not a collapse in earnings: FY25 cash-flow data attributes the outflow to inventory and receivables, with accounts receivable also worsening materially in the year.[4][8] Cupid's own investor materials do not point to a single regulatory shock in March 2025; the cash strain appears to be a balance-sheet timing issue tied to stock build and slower cash conversion.[4][11]

In short, Mar-2025 CFO weakness was caused by working-capital absorption, especially inventory accumulation, rather than a profit collapse.[4][8]

EXTENDED AI REASONING · STEP BY STEP

01 BUSINESS QUALITY

Cupid Limited makes male and female condoms, personal lubricants, and IVD (in-vitro diagnostic) test kits. Most of its business is selling these products in bulk to global health agencies and government tenders overseas, and it is now also building a consumer FMCG business in India.

The moat here is a regulatory one, not a brand one. To sell condoms and health kits to big international health-buying bodies, a company needs strict quality certifications that most manufacturers cannot get. Cupid has recently signed a long-term supply deal with PFSCM (a global health procurement body based in the Netherlands), which is the kind of contract only a certified, approved supplier can win. That is the real barrier stopping competitors from just walking in.

Returns on the business have turned strong only recently. The current numbers show ROCE (return on capital employed, how well the company uses the money invested in it) at 33.9% and ROE (return on the money shareholders put in) at 27.6%. But look at the history: net profit was ₹40 crore in FY24 and almost flat at ₹41 crore in FY25, before jumping to ₹108 crore in FY26 and ₹137 crore over the last 12 months. So the strong return numbers are new, built over roughly the last four to five quarters, not a proven multi-year run. The quarter-by-quarter trend (profit margin 24% in Mar 2025 rising step by step to 39% in Jun 2026) shows the improvement is continuing, not a one-quarter blip.

Score rationale: a real, hard-to-copy regulatory edge, with returns that are now genuinely strong, but the strong-return period is short. That is a business getting clearly better, not yet a business with a long proven record.

02 FINANCIAL HEALTH

Sales have exploded: from ₹183 crore in FY25 to ₹358 crore in FY26, and ₹453 crore over the trailing twelve months (TTM). Profit margin from operations (OPM) improved from 23% in FY25 to 33% in FY26 and 35% TTM, and management explains this mainly through selling more of a new, higher-margin FMCG product line and getting more efficient as sales scale up, not through any accounting change.

But there is a real earnings-quality point to flag. Of the ₹137 crore net profit over the last 12 months, ₹31 crore (23%) came from "other income" - interest and treasury income from the company's investment holdings, not from selling condoms or diagnostic kits. This is recurring income (the company earns interest on its investments every year), so it is not fake profit, but it does mean the headline profit overstates how much the core condom-and-diagnostics business itself is earning. Strip this out and profit from operations alone is roughly ₹113 crore after tax.

The bigger worry is cash. Only 43% of FY26's profit turned into actual cash in the bank (OCF/PAT of 0.43x, where OCF means operating cash flow, real cash the business generates, and PAT means net profit). In FY25 this was even worse: the company reported an operating profit but cash flow from operations was actually negative ₹11 crore, because money got tied up in unsold inventory building up ahead of sales growth. This is a timing issue linked to fast growth, not a sign that profits are fake, but it means the reader should watch whether cash keeps lagging profit as the company keeps expanding.

Debt is not a concern for now: borrowings rose from zero in FY21 to ₹56 crore in Mar 2026, but the company still holds ₹75 crore in investments against that debt, so it sits in a net cash position of about ₹19 crore (investments minus borrowings). That gives it room to keep investing in new capacity without leaning hard on lenders.

Score rationale: real, fast, credible revenue growth and strong margins, but a meaningful chunk of profit is treasury income rather than core business earnings, and cash has not consistently kept up with reported profit.

03 GOVERNANCE

Promoters hold 46.24% as of June 2026, up slightly from 45.06% in September 2023. More tellingly, the Chairman and Managing Director, Aditya Kumar Halwasiya, has been personally buying shares in the open market through 2026, most recently taking his own holding to 33.53% with a purchase of 11 lakh shares in August 2026, disclosed under SEBI's mandatory shareholding rules (Regulation 29(2)). A promoter who keeps buying more shares with his own money, on top of an already large holding, while the price has already run up hard, is usually a sign of confidence, not concern.

Institutional interest has also grown: foreign institutional investors (FIIs) went from 0.34% in September 2023 to 4.17% in June 2026, and domestic institutions (DIIs) now hold 0.34%, both new positions built as the stock has performed. Public shareholding fell from 54.60% to 49.23% over the same period, mostly because promoters and institutions have been buying up the free float.

Pledge: not mentioned in the data, assumed 0%. There is no confirmed SEBI enforcement action, audit qualification, or auditor resignation against Cupid Limited itself in the data provided. One important caution: several of the "annual report" and management discussion excerpts supplied for this analysis clearly describe an alcohol and brewing business (distilleries in Goa, Mysore, Kalyani, and Pune, under the name "Cupid Breweries And Distilleries Ltd"). This is a different, unrelated company, not Cupid Limited, the condom and diagnostics maker being analysed here. Those excerpts, including a note about a statutory auditor resignation, could not be reliably attributed to Cupid Limited and have been left out of this analysis. This is a data quality issue worth flagging to the reader, not a governance issue for Cupid Limited itself.

Score rationale: promoter buying more shares with real money, rising institutional ownership, no disclosed pledge or enforcement action against the actual company, but the confusing mixed-company document data means some governance checks could not be fully verified.

04 VALUATION

Cupid trades at a Stock P/E of 276.36 on trailing 12-month (TTM) earnings, using the reported EPS of ₹1.02. But 23% of that TTM profit is treasury income, not money earned from selling condoms and diagnostic kits. Strip that out and the P/E on operating profit alone is 334.7x. This gap matters: whichever number you use, Cupid is priced far above every peer in the table, and the operating-only number, which is the fairer one to compare against peers whose profit is mostly from their core business, makes the gap even wider.

The peer table's sector median P/E is 35.99x, with sector median profit growth of 14.98%. Cupid's most recent quarterly profit growth is 194.14% year-on-year, by far the fastest in the group. So some of the premium is earned: a company growing profit 13 times faster than the sector median deserves a higher multiple than the sector median. But the size of the gap is the problem. Even Honasa Consumer, the next-fastest grower in this table at 118.36% profit growth, trades at only 60.78x. Cupid is priced at more than four and a half times that multiple for growth that, while faster, is not four and a half times faster.

Even looking forward helps only partially. Management has raised FY27 guidance to ₹725-750 crore revenue and ₹210-225 crore net profit. On the current 134.5 crore shares outstanding, that implies FY27 EPS of roughly ₹1.56 to ₹1.67, putting the forward P/E at about 169x to 181x even if every bit of that guidance is delivered. That is still around five times the sector median P/E of 35.99x.

The company has talked about a "strong order book" in its guidance commentary, but no crore figure for this backlog is given anywhere in the data, so a coverage ratio (order book divided by yearly revenue) cannot be calculated here. This should be treated as a qualitative claim, not a confirmed, countable number.

Score rationale: the business is genuinely growing fast, but the price already assumes several more years of this exact pace, at a multiple that is a large multiple of even the fastest-growing peer in the table.

05 FINAL SYNTHESIS

PILLAR	SCORE	WEIGHT	CONTRIBUTION
Business Quality	8/10	× 0.45	= 3.60
Financial Health	6/10	× 0.20	= 1.20
Governance	7/10	× 0.20	= 1.40
Valuation	2/10	× 0.15	= 0.30
Subtotal	**= 6.50**		

PRIMARY MACRO DRIVER

none specific to Cupid identified in the data (Brent crude fell to about $86/bbl by 26 Aug 2026, generally easing input costs for FMCG companies, but no direct raw-material link to Cupid is stated in the data.)

Macro adjustment: 0

Final conviction: 6.50 / 10

Verdict: WATCH

The 52-week high is ₹299. The current share price of ₹282.33 sits about 5.58% below that high, meaning the market has not really cooled off from its peak enthusiasm.

Bear case: profit growth slows sharply to 15% (closer to the sector median growth rate of 14.98%, well below Cupid's own recent 194% quarterly pace), and the market re-prices the stock toward a more normal, sector-like multiple. Given the earnings-quality point (23% of profit is treasury income, not core business earnings), a fair multiple here should be cut one notch below the sector median P/E of 35.99x, to about 30x. Using the reported TTM EPS of ₹1.02: implied price = ₹1.02 × (1 + 15%) × 30 = ₹35.19. That is a fall of about 87.5% from the current price of ₹282.33.

Bull case: the company delivers its own FY27 guidance, meaning profit grows about 59% from the TTM base (TTM net profit ₹137 crore to the midpoint of guided ₹210-225 crore, roughly ₹217.5 crore), and the market keeps rewarding the stock at roughly today's reported multiple of 276x because the growth story keeps proving itself. Using the same reported TTM EPS of ₹1.02: implied price = ₹1.02 × (1 + 59%) × 276 = ₹447.62. That is a gain of +58.6% from the current price.

Risk/reward is unfavorable because the bear case wipes out most of the share price (-87.5%) while the bull case adds a much smaller amount (+58.6%). The distance between the two outcomes is very large, and that gap by itself is a warning that the price today assumes almost everything goes right for years to come.