

# Glenmark Pharma

Estimate change 

TP change 

Rating change 

**CMP: INR1,124**

**TP: INR1,050 (-7%)**

**Neutral**

## Operating performance above est.; FY25 outlook better

### Adverse market dynamics/de-prioritization of intangibles lead to an impairment of INR23b

- Glenmark Pharma (GNP) posted lower-than-expected revenue in 4QFY24. However, it delivered better-than-expected profitability for the quarter, aided by an improved product mix and lower raw material costs. Having said this, GNP has taken a considerable impairment charge on manufacturing facilities and certain intangibles (~INR32b) during the quarter.
- We raise our earnings estimates by 17%/10% for FY25/FY26, factoring in: 1) new launches in the US market, 2) increased market share in cardiac, derma, and respiratory products in the Domestic Formulation (DF) segment, and c) a significant reduction in interest costs. We value GNP at 21x 12M forward earnings to arrive at our TP of INR1,050.
- GNP ended FY24 with an adj. PAT of INR700m, the lowest historically. However, new approvals in the US, changes in distribution model in the DF business, and financial deleverage would enable a sharp revival in earnings over FY24-26. The current valuation adequately captures the improvement in earnings over the next two years. **Reiterate Neutral.**

### Product mix and lower R&D expenses drive margins YoY

- GNP's revenue grew 2% YoY to INR30.6b (our estimate of INR32b). DF grew 13.4% YoY to INR9.4b (30% of sales). RoW sales rose 9.8% YoY to INR7.5b (25% of sales). Europe generics revenue was flat YoY at INR6.1b (20% of sales). NA revenue declined 11% YoY to INR7.6b (USD91m; 25% of sales).
- Gross margin (GM) expanded 600bp YoY to 67.5% due to lower RM costs and a change in product mix.
- EBITDA margin expanded 320bp YoY due to favorable GP margin, offset by higher employee expenses/other expenses (up 240bp/40bp as a % of sales).
- GNP had exceptional items for the quarter: Out of the exceptional gains of INR54.5b due to the 75% stake sale of Glenmark Life (GLS), there was a deduction of INR19b related to reserves of GLS, an effective gain of INR35.7b. There was an MTM gain of INR7.5b related to the remaining stake in GLS (~7%) shown in other income. Further, there was an impairment of (INR40.4b): INR22b related to manufacturing plants, INR11b related to intangibles, INR3.2b related to legal settlements, and INR4.3b related to issues in the Argentina business. Moreover, there was an overall tax outgo of INR17b, leading to a reported loss of INR12b.
- Adjusting for all, PAT surged ~2.5x to INR1.6b (our est: INR1.4b).
- During FY24, revenue grew 2% YoY to INR118b, while EBITDA/PAT declined 20%/81% YoY to INR13b/INR700m.

### Highlights from the management commentary

- GNP guided 14-18% YoY revenue growth to INR135-INR140b, with 19% EBITDA margin for FY25.
- GNP filed for g-Flovent in May'24. One more pMDI to be filed in FY25.
- GNP is also planning to launch WINLEVI in select markets in Europe in FY26.

Bloomberg	GNP IN
Equity Shares (m)	282
M.Cap.(INRb)/(USD\$b)	315.9 / 3.8
52-Week Range (INR)	1125 / 588
1, 6, 12 Rel. Per (%)	1/26/65
12M Avg Val (INR M)	1005

#### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	118.1	132.5	144.2
EBITDA	13.0	24.2	26.8
Adj. PAT	0.7	12.4	14.2
EBIT Margin (%)	6.1	14.5	14.9
Adj EPS (INR)	2.5	44.1	50.4
EPS Gr. (%)	-88.0	1673.6	14.4
BV/Sh. (INR)	278.1	318.6	369.0

#### Ratios

Net D-E	-0.1	0.0	0.0
RoE (%)	0.8	14.8	14.7
RoCE (%)	-777.3	15.4	15.0
Payout (%)	-5.4	8.2	0.0

#### Valuations

P/E (x)	452.4	25.5	22.3
EV/EBITDA (x)	23.8	13.2	11.7
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	16.6	-2.6	2.3
EV/Sales (x)	2.6	2.4	2.2

#### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	46.6	46.7	46.7
DII	13.4	11.0	10.5
FII	21.4	23.7	22.5
Others	18.6	18.7	20.5

FII Includes depository receipts

## Quarterly performance

(INRm)

Y/E March	FY23				FY24				FY23	FY24	Estimate	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	% Var
<b>Net Revenues (Core)</b>	<b>27,773</b>	<b>30,179</b>	<b>31,002</b>	<b>30,005</b>	<b>30,361</b>	<b>32,074</b>	<b>25,067</b>	<b>30,630</b>	<b>1,15,832</b>	<b>1,18,131</b>	<b>32,187</b>	<b>-4.8</b>
YoY Change (%)	-6.3	0.5	3.3	-0.6	9.3	6.3	-19.1	2.1	-4.5	2.0	-4.6	
<b>EBITDA</b>	<b>4,726</b>	<b>5,220</b>	<b>4,740</b>	<b>3,979</b>	<b>4,374</b>	<b>5,053</b>	<b>-1,444</b>	<b>5,043</b>	<b>16,350</b>	<b>13,025</b>	<b>4,297</b>	<b>17.4</b>
YoY Change (%)	-17.6	0.0	-9.2	-20.8	-7.5	-3.2	PTL	26.7	-25.3	-20.3	-29.0	
Margins (%)	17.0	17.3	15.3	13.3	14.4	15.8	-5.8	16.5	14.1	11.0	13.4	
Depreciation	1,468	1,458	1,515	1,350	1,420	1,415	1,471	1,513	5,692	5,819	1,223	
<b>EBIT</b>	<b>3,258</b>	<b>3,762</b>	<b>3,225</b>	<b>2,629</b>	<b>2,953</b>	<b>3,638</b>	<b>-2,915</b>	<b>3,530</b>	<b>10,658</b>	<b>7,206</b>	<b>3,075</b>	
YoY Change (%)	-29.2	-6.7	-20.0	-29.1	-9.4	-3.3	-190.4	34.3	-37.4	-32.4	-32.9	
Margins (%)	11.7	12.5	10.4	8.8	9.7	11.3	-11.6	11.5	9.2	6.1	9.6	
Interest	600	829	971	1,091	1,116	1,215	1,343	1,486	3,490	5,160	1,310	
Other Income	172	864	374	-424	197	17	454	7,732	2,889	8,400	400	
<b>PBT before EO Expense</b>	<b>2,830</b>	<b>3,797</b>	<b>2,629</b>	<b>1,113</b>	<b>2,034</b>	<b>2,441</b>	<b>-3,805</b>	<b>9,776</b>	<b>10,057</b>	<b>10,447</b>	<b>2,165</b>	<b>351.6</b>
One-off loss/(gain)	-1,250	430	-669	7,997	520	3,684	1,409	4,468	7,659	10,082	0	
<b>PBT after EO Expense</b>	<b>4,080</b>	<b>3,367</b>	<b>3,297</b>	<b>-6,884</b>	<b>1,514</b>	<b>-1,244</b>	<b>-5,214</b>	<b>5,308</b>	<b>2,398</b>	<b>364</b>	<b>2,164</b>	<b>145.3</b>
Tax	1,969	1,648	1,441	-1,389	1,137	559	-718	17,695	3,294	18,673	550	
Rate (%)	48.3	49.0	43.7	20.2	75.1	-45.0	13.8	333.3	137.3	5,123.0	25.4	
<b>Reported PAT</b>	<b>2,111</b>	<b>1,719</b>	<b>1,856</b>	<b>-5,495</b>	<b>377</b>	<b>-1,803</b>	<b>-4,496</b>	<b>-12,386</b>	<b>-896</b>	<b>-18,309</b>	<b>1,614</b>	<b>-867.3</b>
Minority Interest	186	182	182	252	232	204	206	40	802	681	200	
<b>Reported PAT after Minority Interest</b>	<b>1,925</b>	<b>1,536</b>	<b>1,675</b>	<b>-5,747</b>	<b>145</b>	<b>-2,007</b>	<b>-4,701</b>	<b>-12,427</b>	<b>-1,697</b>	<b>-18,990</b>	<b>1,415</b>	
<b>Adj PAT</b>	<b>1,682</b>	<b>2,324</b>	<b>1,298</b>	<b>483</b>	<b>1,111</b>	<b>1,397</b>	<b>-3,486</b>	<b>1,680</b>	<b>3,728</b>	<b>701</b>	<b>1,415</b>	<b>18.7</b>
YoY Change (%)	-39.8	2.3	-42.8	-74.9	-34.0	-39.9	PTL	247.6	-61.8	-81.2	-38.6	
Margins (%)	6.1	7.7	4.2	1.6	3.7	4.4	-13.9	5.5	3.2	0.6	4.4	
<b>Adj. PAT from discontinued operations</b>	<b>1,087</b>	<b>1,069</b>	<b>1,050</b>	<b>1,464</b>	<b>1,355</b>	<b>1,187</b>	<b>1,188</b>	<b>244</b>	<b>4,670</b>	<b>3,973</b>	<b>22</b>	<b>984.3</b>
YoY Change (%)												
<b>Overall Adj. PAT</b>	<b>2,769</b>	<b>3,392</b>	<b>2,348</b>	<b>1,947</b>	<b>2,465</b>	<b>2,584</b>	<b>(2,299)</b>	<b>1,923</b>	<b>8,398</b>	<b>4,674</b>	<b>1,437</b>	<b>33.8</b>

E: MOFSL Estimates Note: Sum of 4 quarter for FY23 will not match as 1QFY24 is not restated

## Key performance Indicators

Y/E March	FY23				FY24				FY23	FY24	FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
India formulations	10,352	10,916	10,745	8,284	10,643	11,217	2,622	9,391	40,297	29,945	9,771
YoY Change (%)	-15.5	12.7	6.7	-6.4	2.8	2.8	-75.6	13.4	-1.4	-15.6	18.0
US	6,628	7,533	8,373	8,507	8,085	7,392	7,629	7,557	31,041	24,413	8,732
YoY Change (%)	-15.9	-0.1	10.7	15.3	22.0	-1.9	-8.9	-11.2	2.2	-0.3	2.6
ROW+LatAm	4,226	6,154	6,541	6,856	5,512	7,324	7,250	7,528	23,777	19,551	7,349
YoY Change (%)	25.7	-17.8	22.3	25.1	30.4	19.0	10.8	9.8	9.7	16.4	7.2
Europe	3,300	3,785	4,932	6,078	5,732	5,997	6,357	6,118	18,095	14,795	6,884
YoY Change (%)	7.9	11.9	29.6	22.3	73.7	58.4	28.9	0.7	18.9	33.8	13.3
<b>Cost Break-up</b>											
RM Cost (% of Sales)	36.4	35.6	34.4	38.5	39.1	37.3	41.2	32.5	36.8	37.4	37.9
Staff Cost (% of Sales)	22.9	22.7	22.8	20.5	22.4	22.8	30.0	22.9	22.5	24.3	23.0
R&D Expenses(% of Sales)	10.7	10.9	8.9	11.2	9.3	10.1	12.3	10.0	16.3	10.3	8.7
Other Cost (% of Sales)	12.9	13.5	18.6	16.6	14.7	13.9	22.2	18.2	10.4	17.0	17.0
Gross Margin (%)	63.6	64.4	65.6	61.5	60.9	62.7	58.8	67.5	63.2	62.6	62.1
EBITDA Margin (%)	17.0	17.3	15.3	13.3	14.4	15.8	-5.8	16.5	14.1	11.0	13.4
EBIT Margin (%)	11.7	12.5	10.4	8.8	9.7	11.3	-11.6	11.5	9.2	6.1	9.6

E: MOFSL Estimates

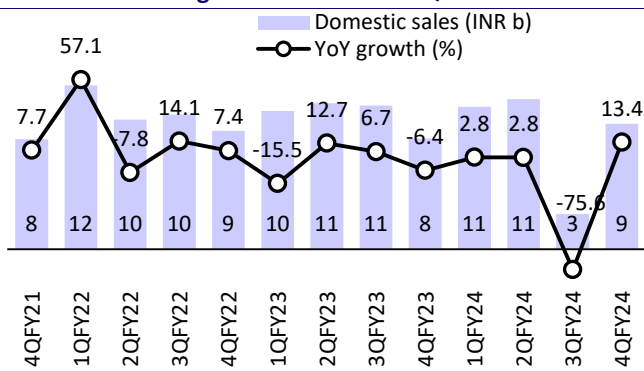


### Highlights from the management commentary

- It filed two/four ANDAs in 4QFY24/FY24.
- GNP expects approval of Ryaltris in the Brazilian market in FY26
- The company has completed remediation measures for the Monroe plant. The company expects the site to be inspected by the USFDA in the coming months.
- The innovation R&D expenses would be USD50m for FY25 and would reduce in FY26. The overall R&D spending would be 7.0-7.25% of sales.
- Gross debt was INR9.9b at the end of the quarter
- GNP exhibited 3% YoY growth in the consumer care segment for 4QFY24.
- GNP outperformed IPM in the DF segment by 5.8pp/2.5pp for 4QFY24/FY24.

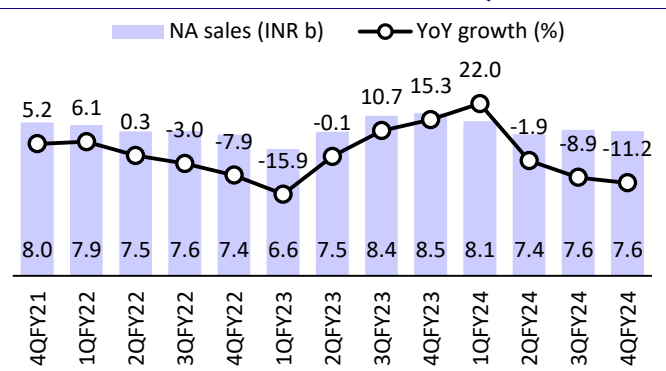
### Key exhibits (including GLS revenue)

**Exhibit 1: DF sales grew 13.4% YoY in 4QFY24**



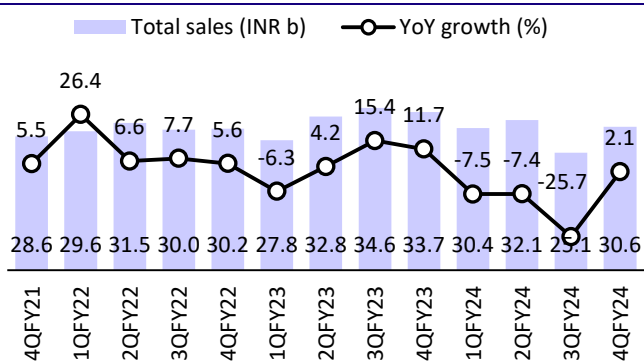
Source: MOFSL, Company

**Exhibit 2: NA sales declined 11.2% YoY in 4QFY24**



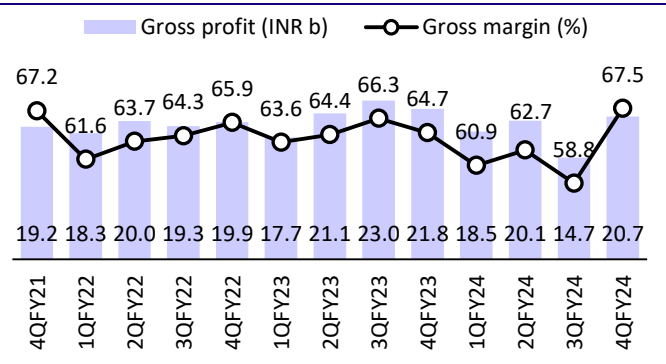
Source: MOFSL, Company

**Exhibit 3: Total revenue grew 2.1% YoY in 4QFY24**



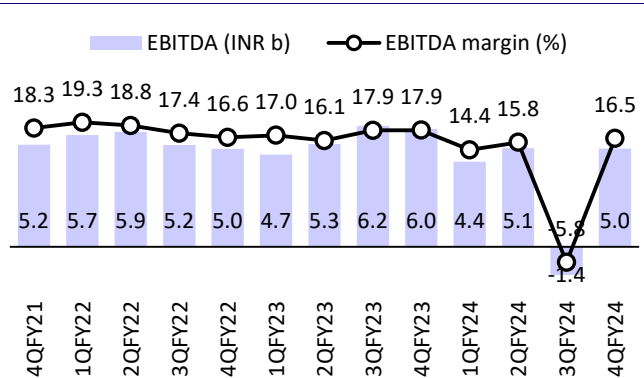
Note: Sales includes GLS; Source: Company, MOFSL

**Exhibit 4: Gross margin expanded 600bp in 4QFY24**



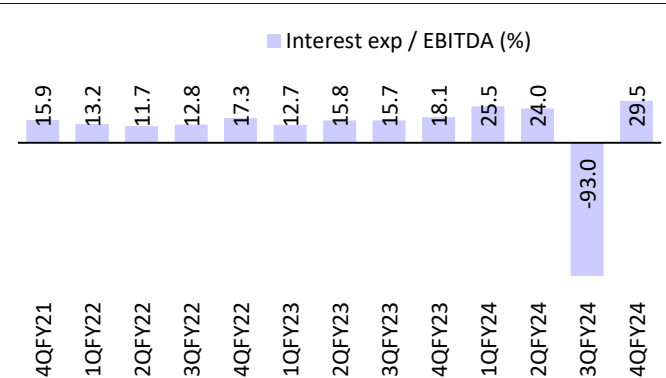
Note: Sales includes GLS; Source: Company, MOFSL

**Exhibit 5: GNP reported 16.5% margin in 4QFY24**



Note: Sales includes GLS; Source: Company, MOFSL

**Exhibit 6: Interest coverage ratio at 29.5% in 4QFY24**



Note: Sales includes GLS; Source: Company, MOFSL

## Valuation and view

### DF: Re-modeled distribution/in-licensing/new launches to aid growth

- In FY24, GNP's DF sales declined 15.6% YoY to INR34b due to the one-time impact of stock points and rationalization of channel inventories. GNP continued to witness robust traction in certain therapies, such as Cardiac.
- GNP has signed an in-licensing agreement with Pfizer for the launch of Abrocitinib to treat moderate-to-severe atopic dermatitis.
- In FY24, GCC's primary sales grew 14% YoY, driven largely by core brands such as Candid powder (up 15% YoY) and Scalpe (up 23% YoY). Further, the company launched various line extensions of the existing brands, driving growth further.
- We expect a 15% CAGR in DF sales to INR45.2b over FY24-26 led by niche launches/market share gains, and inflation-linked upward revisions in prices.

### US: addressing regulatory issues/niche pipeline remain the key for growth

- In FY24, the US sales stood flat YoY to INR30.9b (CC: down 2.5% to USD374m) due to the lack of new product launches and a delay in the scale-up of recent launches.
- GNP filed six ANDAs in FY24 and received three approvals in the US market. Further, it has launched several products under licensing agreements, including Varenicline Tablets, Fosphenytoin Sodium Injection USP, and Ketorolac Tromethamine Injection in the US market.
- It has filed three respiratory products, including g-Flovent in the US market. Further, it plans to file at least one more respiratory pMDI product in that market in FY25.
- GNP has completed the remediation process at its Monroe plant and anticipates inspection in the near term.
- We expect the US sales to clock a 5% CAGR to reach USD416m over FY24-26.

### EU: Market share gains/expansion in new geographies driving growth

- In FY24, GNP's EU sales jumped 33.8% YoY to INR24.2b, driven by steady expansion in the generics market and strong growth in the branded market.
- The overall growth was due to Slovakia, and Poland, which registered double-digit growth in addition to the strong uptake in the respiratory therapy.
- Across the CEE markets, key brands such as Ryaltris and Salmex/Asthmex continue to sustain their market share, both in terms of volume as well as value.
- GNP is waiting for approvals of four respiratory brands and is planning to launch Winlevi in select markets in the EU in FY26.
- Consequently, we expect 14% sales CAGR to INR31.5b over FY24-26.

### RoW – Robust performance across regions

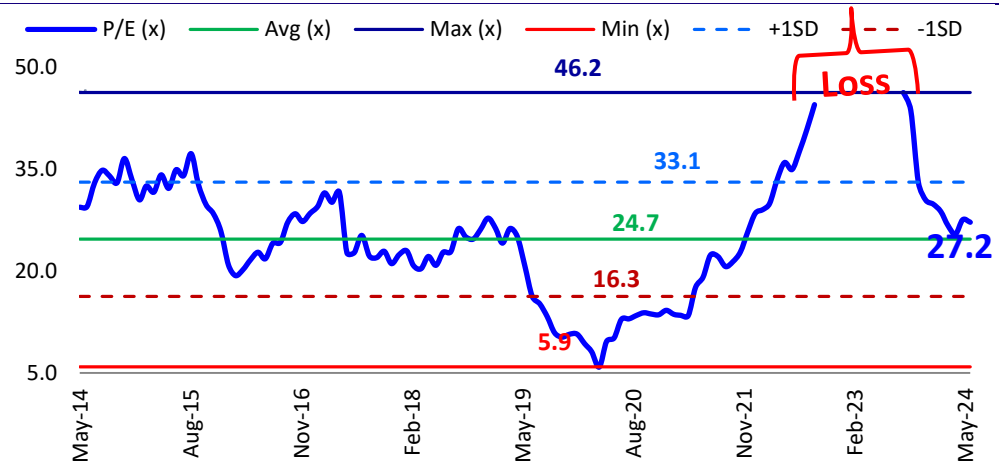
- In FY24, RoW sales grew 16.4% to INR27.7b. This growth was due to derma/respiratory launches driving strong growth in the base business across all the sub-regions of the ROW market.
- Further, Ryaltris is a leading nasal spray in markets like South Africa. Additionally, Ryaltris is doing well in the Asia market. It expects to launch Ryaltris in the UAE market in the coming quarters.
- In LATAM, respiratory is the key contributor to growth, with Glenmark achieving its highest market share in the respiratory category in Mexico.

- Over FY24-26, we expect a 9% sales CAGR to INR32.7b on the back of market share gains in respiratory/derma and new launches across these regions.

**Maintain Neutral**

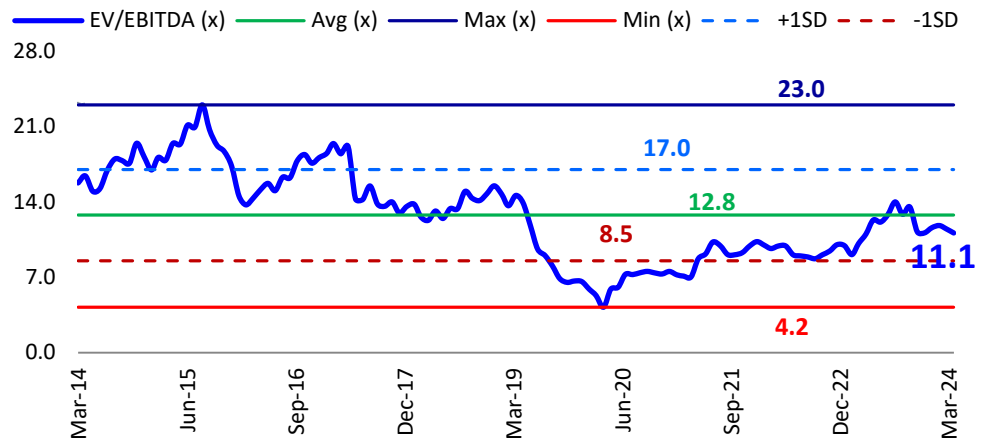
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- GNP ended FY24 with an adj. PAT of INR700m, the lowest historically. However, new approvals in the US, changes in distribution model in the DF business, and financial deleverage would enable a sharp revival in earnings over FY24-26. The current valuation adequately captures the improvement in earnings over the next two years. **Reiterate Neutral.**

**Exhibit 7: P/E chart**



Source: MOFSL, Company, Bloomberg

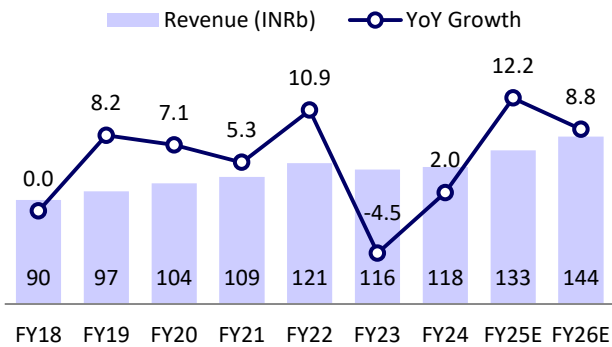
**Exhibit 8: EV/EBITDA chart**



Source: MOFSL, Company, Bloomberg

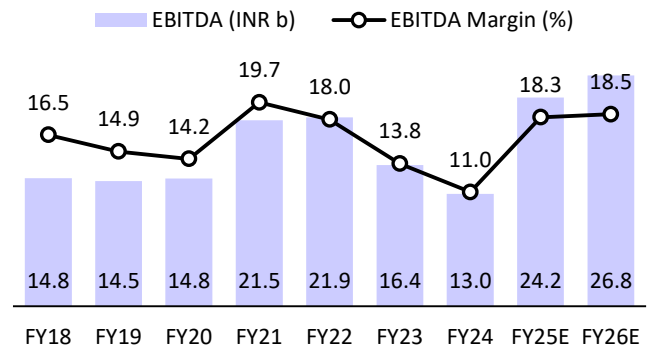
## Story in charts

**Exhibit 9: Expect sales CAGR of 10.5% over FY24–26**



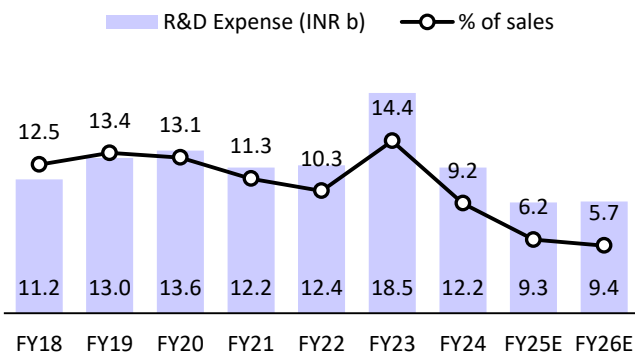
Source: Company, MOFSL

**Exhibit 10: EBITDA margin to expand 750bp over FY24–26**

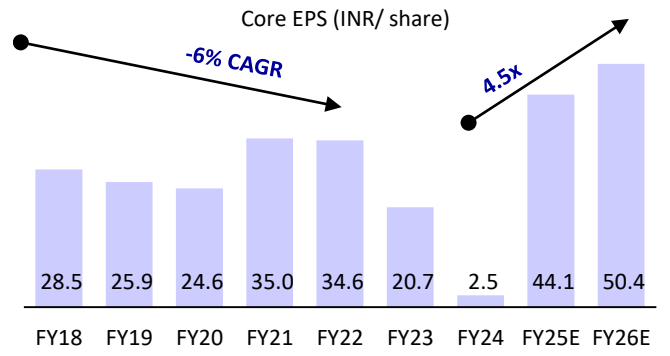


Source: Company, MOFSL

**Exhibit 11: R&D spending as a percentage of sales to be stable over FY24-26**

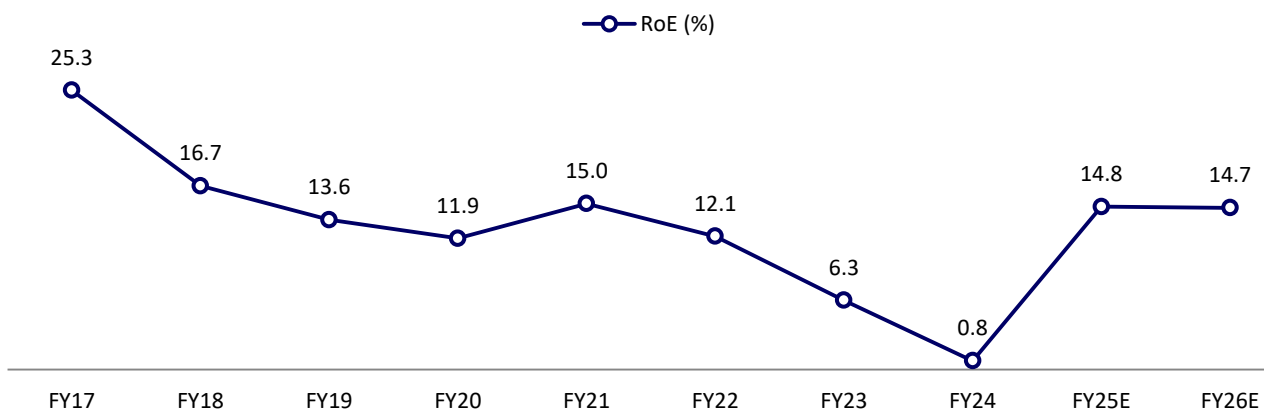


**Exhibit 12: Low base to drive strong EPS growth over FY24–26**



Source: Company, MOFSL

**Exhibit 13: ROE to improve over FY24-26**



Source: Company, MOFSL

Note: Above Charts excludes GLS consolidation

## Financials and valuations

Income Statement								(INRm)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Net Sales</b>	<b>97,051</b>	<b>1,03,972</b>	<b>1,09,439</b>	<b>1,21,339</b>	<b>1,15,832</b>	<b>1,18,131</b>	<b>1,32,536</b>	<b>1,44,242</b>
Change (%)	8.2	7.1	5.3	10.9	-4.5	2.0	12.2	8.8
<b>EBITDA</b>	<b>14,504</b>	<b>14,793</b>	<b>21,544</b>	<b>21,881</b>	<b>16,350</b>	<b>13,025</b>	<b>24,189</b>	<b>26,753</b>
Change (%)	-2.3	2.0	45.6	1.6	-25.3	-20.3	85.7	10.6
Margin (%)	14.9	14.2	19.7	18.0	14.1	11.0	18.3	18.5
Depreciation	3,259	4,172	4,436	4,867	5,692	5,819	5,035	5,191
<b>EBIT</b>	<b>11,245</b>	<b>10,622</b>	<b>17,108</b>	<b>17,014</b>	<b>10,658</b>	<b>7,206</b>	<b>19,155</b>	<b>21,563</b>
Interest	3,346	3,773	3,531	2,981	3,490	5,160	666	396
OI & forex gains/losses	2,105	2,623	501	617	2,889	8,400	350	390
<b>PBT before EO Expense</b>	<b>10,004</b>	<b>9,472</b>	<b>14,078</b>	<b>14,650</b>	<b>10,057</b>	<b>10,447</b>	<b>18,838</b>	<b>21,556</b>
Change (%)	-10.6	-5.3	48.6	4.1	-31.3	3.9	80.3	14.4
Extra Ordinary Expense	-3,002	-1,489	255	237	7,659	10,082	0	0
<b>PBT after EO Exp.</b>	<b>13,006</b>	<b>10,961</b>	<b>13,824</b>	<b>14,412</b>	<b>2,398</b>	<b>364</b>	<b>18,838</b>	<b>21,556</b>
Tax	3,756	3,201	4,124	4,476	3,294	18,673	6,405	7,329
Tax Rate (%)	28.9	29.2	29.8	31.1	137.3	5123.0	34.0	34.0
<b>Reported PAT</b>	<b>9,250</b>	<b>7,760</b>	<b>9,700</b>	<b>9,417</b>	<b>-1,697</b>	<b>-18,990</b>	<b>12,433</b>	<b>14,227</b>
Minority Interest	0	0	0	519	802	681	0	0
<b>Adj PAT from continuing ops.</b>	<b>7,312</b>	<b>6,938</b>	<b>9,871</b>	<b>9,752</b>	<b>5,836</b>	<b>701</b>	<b>12,433</b>	<b>14,227</b>
Change (%)	-9.0	-5.1	42.3	-1.2	-40.2	-88.0	NA	14.4
Margin (%)	7.5	6.7	9.0	8.0	5.0	0.6	9.4	9.9
<b>Adj. PAT from discontinuing ops</b>					<b>4,670</b>	<b>3,973</b>		
<b>Overall PAT</b>	<b>7,312</b>	<b>6,938</b>	<b>9,871</b>	<b>9,752</b>	<b>10,506</b>	<b>4,674</b>	<b>12,433</b>	<b>14,227</b>
Change (%)	-9.0	-5.1	42.3	-1.2	7.7	-55.5	166.0	14.4

Balance Sheet								(INRm)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	282	282	282	282	282	282	282	282
Reserves	55,770	60,423	70,364	90,584	94,457	78,197	89,610	1,03,837
<b>Net Worth</b>	<b>56,052</b>	<b>60,705</b>	<b>70,646</b>	<b>90,866</b>	<b>94,739</b>	<b>78,479</b>	<b>89,893</b>	<b>1,04,119</b>
Minority Interest	-4	-4	-4	3,515	3,653	-4	-4	-4
Loans	38,768	44,856	44,018	36,703	43,477	9,906	9,906	9,906
Deferred liabilities	-13830	-14393	-15059	-16546	-18054	-10494	-10493	-10492
<b>Capital Employed</b>	<b>80,986</b>	<b>91,164</b>	<b>99,602</b>	<b>1,14,538</b>	<b>1,23,816</b>	<b>77,887</b>	<b>89,301</b>	<b>1,03,529</b>
Gross Block	59,080	76,501	82,266	93,966	94,115	87,819	93,819	99,819
Less: Accum. Deprn.	20,732	24,903	29,339	34,206	39,898	45,717	50,751	55,942
<b>Net Fixed Assets</b>	<b>38,348</b>	<b>51,598</b>	<b>52,927</b>	<b>59,760</b>	<b>54,217</b>	<b>42,102</b>	<b>43,067</b>	<b>43,876</b>
Capital WIP	12,344	10,906	12,178	9,211	11,896	6,619	6,619	6,619
Investments	297	246	246	496	446	7,897	7,897	7,897
Intangibles (net)	17,370	21,821	23,349	22,854	22,925	10,920	10,920	10,920
<b>Curr. Assets</b>	<b>68,070</b>	<b>69,541</b>	<b>75,338</b>	<b>84,504</b>	<b>1,03,507</b>	<b>76,472</b>	<b>76,579</b>	<b>90,128</b>
Inventory	22,521	21,356	22,768	24,998	23,736	25,131	26,507	28,848
Account Receivables	21,946	24,090	25,721	31,011	36,652	18,584	27,597	30,429
Cash and Bank Balance	9,378	11,112	11,392	14,115	11,603	16,595	6,769	13,757
Others	14,226	12,982	15,457	14,379	31,516	16,163	15,706	17,094
<b>Curr. Liability &amp; Prov.</b>	<b>38,072</b>	<b>41,127</b>	<b>41,087</b>	<b>39,433</b>	<b>46,251</b>	<b>55,202</b>	<b>44,860</b>	<b>44,991</b>
Account Payables	33,689	35,975	35,944	34,519	41,331	48,791	41,758	41,889
Provisions	4,384	5,152	5,143	4,914	4,920	6,411	3,102	3,102
<b>Net Current Assets</b>	<b>29,998</b>	<b>28,414</b>	<b>34,250</b>	<b>45,071</b>	<b>57,256</b>	<b>21,270</b>	<b>31,719</b>	<b>45,137</b>
<b>Appl. of Funds</b>	<b>80,986</b>	<b>91,164</b>	<b>99,602</b>	<b>1,14,538</b>	<b>1,23,816</b>	<b>77,887</b>	<b>89,301</b>	<b>1,03,529</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Basic (INR)</b>								
<b>EPS (Fully diluted)*</b>	<b>25.9</b>	<b>24.6</b>	<b>35.0</b>	<b>34.6</b>	<b>20.7</b>	<b>2.5</b>	<b>44.1</b>	<b>50.4</b>
Cash EPS	37.5	39.4	50.7	51.8	40.9	23.1	61.9	68.8
BV/Share	198.6	215.1	250.4	322.0	335.8	278.1	318.6	369.0
DPS	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Payout (%)	11.0	9.0	7.3	10.8	60.0	-5.4	8.2	0.0
<b>Valuation (x)</b>								
P/E (Fully diluted)	43.4	45.7	32.1	32.5	54.3	452.4	25.5	22.3
Cash P/E	30.0	28.5	22.2	21.7	27.5	48.6	18.2	16.3
P/BV	5.7	5.2	4.5	3.5	3.3	4.0	3.5	3.0
EV/Sales	3.6	3.4	3.2	2.8	3.0	2.6	2.4	2.2
EV/EBITDA	23.9	23.7	16.2	15.5	21.4	23.8	13.2	11.7
Dividend Yield (%)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
<b>Return Ratios (%)</b>								
RoE	13.6	11.9	15.0	12.1	6.3	0.8	14.8	14.7
RoCE	11.6	10.9	13.0	11.4	-4.2	-777.3	15.4	15.0
RoIC	17.3	15.3	17.8	15.3	2.2	-512.6	17.3	15.1
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	2.8	2.3	2.1	2.2	2.0	2.5	3.1	3.3
Debtor (Days)	83	85	86	93	115	57	76	77
Inventory (Days)	85	75	76	75	75	78	73	73
Working Capital (Days)	78	61	76	93	144	14	69	79
<b>Leverage Ratio (x)</b>								
Current Ratio	1.8	1.7	1.8	2.1	2.2	1.4	1.7	2.0
Net Debt/Equity	0.5	0.6	0.5	0.2	0.3	-0.1	0.0	0.0

### Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>(INRm)</b>								
Op. Profit/(Loss) before Tax	14,504	14,793	21,544	21,881	16,350	13,025	24,189	26,753
Interest/Dividends Recd.	2,105	2,623	501	617	2,889	8,400	350	390
Direct Taxes Paid	-4,383	-3,764	-4,791	-5,963	-4,802	-11,114	-6,404	-7,328
(Inc)/Dec in WC	8,169	3,318	-5,557	-8,097	-14,698	40,978	-20,275	-6,429
<b>CF from Operations</b>	<b>20,395</b>	<b>16,971</b>	<b>11,697</b>	<b>8,438</b>	<b>-260</b>	<b>51,290</b>	<b>-2,140</b>	<b>13,386</b>
EO Expense	-3,002	-1,489	255	237	7,659	10,082	0	0
<b>CF frm Op.incl EO Exp.</b>	<b>13,242</b>	<b>13,242</b>	<b>13,242</b>	<b>8,201</b>	<b>-7,919</b>	<b>41,208</b>	<b>-2,140</b>	<b>13,386</b>
(Inc)/Dec in FA	-12,437	-15,984	-7,036	-8,733	-2,834	11,574	-6,000	-6,000
<b>Free Cash Flow</b>	<b>805</b>	<b>-2,742</b>	<b>6,205</b>	<b>-533</b>	<b>-10,753</b>	<b>52,781</b>	<b>-8,140</b>	<b>7,386</b>
(Pur)/Sale of Investments	-150	51	0	-250	50	-7,450	0	0
<b>CF from Investments</b>	<b>-6,990</b>	<b>-6,990</b>	<b>-6,990</b>	<b>-8,983</b>	<b>-2,784</b>	<b>4,123</b>	<b>-6,000</b>	<b>-6,000</b>
Change in Networth	-3,814	-2,409	952	11,822	6,589	3,749	-1	-1
Inc/(Dec) in Debt	-5,601	6,088	-837	-3,797	6,912	-37,228	0	0
Interest Paid	-3,346	-3,773	-3,531	-2,981	-3,490	-5,160	-666	-396
Dividend Paid	-1,019	-698	-710	-1,019	-1,019	-1,019	-1,019	0
<b>CF from Fin. Activity</b>	<b>-7,387</b>	<b>-7,387</b>	<b>-7,387</b>	<b>3,516</b>	<b>8,992</b>	<b>-39,658</b>	<b>-1,686</b>	<b>-397</b>
<b>Inc/Dec of Cash</b>	<b>-1,136</b>	<b>-1,136</b>	<b>-1,136</b>	<b>2,733</b>	<b>-1,711</b>	<b>5,673</b>	<b>-9,826</b>	<b>6,988</b>
Add: Beginning Balance	12,347	9,378	11,112	11,392	14,115	11,603	16,595	6,769
Effect of exchange rate	-1,833	2,871	1,415	0	-802	-681	0	0
<b>Closing Balance</b>	<b>9,378</b>	<b>11,113</b>	<b>11,392</b>	<b>14,115</b>	<b>11,603</b>	<b>16,595</b>	<b>6,769</b>	<b>13,757</b>

E: MOFSL Estimates

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Explanation of Investment Rating	
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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.