MOTILAL OSWAL
FINANCIAL SERVICES

15 November 2023
2QFY24 Results Update | Sector: Healthcare

Glenmark Pharma

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	GNP IN
Equity Shares (m)	282
M.Cap.(INRb)/(USDb)	211.9 / 2.5
52-Week Range (INR)	880 / 369
1, 6, 12 Rel. Per (%)	-6/17/66
12M Avg Val (INR M)	799

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	114.9	126.3	137.0
EBITDA	15.8	20.3	23.5
Adj. PAT	3.7	6.9	11.1
EBIT Margin (%)	8.8	12.0	13.4
Adj EPS (INR)	13.2	24.6	39.3
EPS Gr. (%)	-61.8	86.2	59.8
BV/Sh. (INR)	335.8	370.0	405.8
Ratios			
Net D-E	0.3	0.0	-0.1
RoE (%)	4.0	7.0	10.1
RoCE (%)	-3.2	5.7	11.3
Payout (%)	60.0	39.6	9.2
Valuations			
P/E (x)	56.8	30.5	19.1
EV/EBITDA (x)	15.4	10.4	8.7
Div. Yield (%)	0.4	0.4	0.4
FCF Yield (%)	-5.1	14.0	5.0
EV/Sales (x)	2.1	1.7	1.5

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	46.7	46.7	46.7
DII	10.4	9.2	10.9
FII	24.8	25.5	23.1
Others	18.2	18.7	19.3

FII Includes depository receipts

CMP: INR750 TP: INR700 (-7%) Neutral

Muted show in India/US, higher interest cost drags earnings

Expect recovery in India business in the near term

- Glenmark Pharma (GNP) delivered in-line financial performance in 2QYF24. The moderation in domestic formulation (DF) and US generics businesses was outweighed by robust performance in the EU/ROW markets. The transaction related to the divestment of Glenmark Life Science (GLS) is expected to be completed in 3QFY24.
- We cut our earnings estimates for FY24/FY25 by 36%/21%, factoring in: 1) a stake sale in GLS; 2) a reduction in interest cost due to lower debt, and 3) some moderation in the US generics business due to remediation measures. We value GNP at 16x 12M forward earnings to arrive at our TP of INR700.
- FY24 is the transitional year with: 1) the sale of API business to repay debt partly; b) an ongoing effort towards resolving regulatory issues at sites focused on the US generics business; and 3) expanding Ryaltris offerings to the new markets. Having said this, the earnings upside over FY23-25 (ex-GLS basis) is factored into the current valuation. **Reiterate Neutral.**

Ex-GLS, segment mix drags profitability

- GNP's revenue (including GLS) grew 9.4% YoY to INR35.6b (our estimate of INR35b). The NA revenue dropped 2% YoY to INR7.4b (USD90m; 24% of sales). Europe generics revenue grew 58.4% YoY to INR6b (19% of sales). RoW (RoW+LatAm) sales grew 19% YoY to INR7b (23% of sales). API sales were up 5% YoY to INR3.9b (12% of sales). India formulations (DF) grew 2.8% YoY to INR11.2b (35% of sales).
- Gross margin (GM) expanded 40bp YoY to 62.9% due to product mix.
- EBITDA margin expanded 270bp YoY to 18.8% (our estimate: 18.9%) due to lower R&D costs/other expenses (-100bp/-130bp YoY, as a % of sales).
- Consequently, EBITDA jumped 27.7% YoY to INR6.7b (our est.: INR6.7b).
- Exceptional items include settlement payment to the Department of Justice, US (DOJ), and remediation costs of INR3.7b towards Monroe facility and the Indian facility.
- Adjusting for the same, PAT grew 34.6% YoY to INR2.5b (our est.: INR2.5b).
- For 1HFY24, GNP's revenue/EBITDA/PAT rose 15%/30%/36% YoY to INR69b/ INR13b/INR5b.
- **Excluding GLS**, GNP's revenue rose 6.3% to INR32b, while EBITDA and PAT declined 3.2%/39.4% to INR5.1b/INR1.4b.
- EBITDA margin contracted 150bp to 15.8% due to the inferior product mix, and higher employee costs/other expenses (+20/+50bp as a % of sales) offset by a decline in R&D expenses (-80bp as a % of sales).

Highlights from the management commentary

- The supply disruption due to remediation work hit the US generics for the quarter. Management expects the US generics sales to revive in the coming quarters.
- There is a considerable scope to improve profitability in FY25 aided by reduced innovation-led R&D spending, improved operating leverage from Ryaltris business, and start of the US business from Monroe facility.

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Quarterly performance (including GLS)

Y/E March	FY23				FY24		FY23	Estimate	
	1Q	2Q	3Q	4Q	1Q	2Q		2QE	% Var
Net Revenues (Core)	**27,773**	**32,810**	**34,639**	**33,737**	**34,016**	**35,879**	**1,28,959**	**35,382**	**1.4**
YoY Change (%)	-6.3	9.3	15.4	11.7	22.5	9.4	6.3	7.8	
EBITDA	**4,726**	**5,273**	**6,202**	**6,050**	**6,312**	**6,733**	**22,251**	**6,687**	**0.7**
YoY Change (%)	-17.6	1.0	18.8	20.5	33.6	27.7	1.7	26.8	
Margins (%)	17.0	16.1	17.9	17.9	18.6	18.8	17.3	18.9	
Depreciation	1,468	1,557	1,623	1,465	1,547	1,546	6,113	1,550	
EBIT	**3,258**	**3,716**	**4,580**	**4,584**	**4,766**	**5,187**	**16,139**	**5,137**	
YoY Change (%)	-29.2	-7.8	13.6	23.7	46.3	39.6	-5.1	38.2	
Margins (%)	11.7	11.3	13.2	13.6	14.0	14.5	12.5	14.5	
Interest	600	831	973	1,093	1,120	1,215	3,496	1,150	
Other Income	172	164	294	378	209	70	228	220	
PBT before EO Expense	**2,830**	**3,050**	**3,901**	**3,870**	**3,854**	**4,042**	**12,871**	**4,207**	**-3.9**
One-off loss/(gain)	-1,250	-1,753	-809	8,777	520	3,696	4,186	0	
PBT after EO Expense	**4,080**	**4,802**	**4,710**	**-4,908**	**3,334**	**346**	**8,685**	**4,207**	**-91.8**
Tax	1,969	2,015	1,802	-876	1,603	961	4,911	1,557	
Rate (%)	48.3	42.0	38.3	17.9	48.1	277.4	56.5	37.0	
Reported PAT	**2,111**	**2,787**	**2,908**	**-4,031**	**1,731**	**-615**	**3,774**	**2,650**	**-123.2**
Minority Interest	186	182	182	252	232	204	802	120	
Reported PAT after Minority Interest	**1,925**	**2,604**	**2,726**	**-4,283**	**1,499**	**-818**	**2,972**	**2,530**	
Adj PAT	**1,682**	**1,830**	**2,227**	**2,302**	**2,312**	**2,464**	**8398**	**2,530**	**-2.6**
YoY Change (%)	-39.8	-19.4	-1.9	19.7	37.4	34.6	-17.5	38.2	
Margins (%)	6.1	5.6	6.4	6.8	6.8	6.9	6.2	7.2	

E: MOFSL Estimates

Key performance Indicators

Y/E March	FY23				FY24		FY23	FY24
	1Q	2Q	3Q	4Q	1Q	2Q		2QE
India formulations	10,352	10,916	10,745	8,284	10,643	11,217	40,297	11,134
YoY Change (%)	-15.5	12.7	6.7	-6.4	2.8	2.8	-1.4	2.0
US	6,628	7,533	8,373	8,507	8,085	7,392	31,041	8,262
YoY Change (%)	-15.9	-0.1	10.7	15.3	22.0	-1.9	2.2	9.7
ROW+LatAm	4,226	6,154	6,541	6,856	5,512	7,324	23,777	6,432
YoY Change (%)	25.7	-17.8	22.3	25.1	30.4	19.0	9.7	4.5
Europe	3,300	3,785	4,932	6,078	5,732	5,997	18,095	5,602
YoY Change (%)	7.9	11.9	29.6	22.3	73.7	58.4	18.9	48.0
API	3,251	3,744	3,756	3,831	3,769	3,930	14,582	3,931
YoY Change (%)	6.9	11.6	23.9	16.7	15.9	5.0	14.7	5.0
Cost Break-up								
RM Cost (% of Sales)	36.4	35.6	33.7	35.3	39.1	35.1	35.2	35.5
Staff Cost (% of Sales)	22.9	22.3	21.8	19.5	22.4	22.3	21.6	21.3
R&D Expenses(% of Sales)	10.7	10.1	8.0	10.0	9.3	9.0	12.2	8.8
Other Cost (% of Sales)	12.9	16.0	18.6	17.3	14.7	14.8	13.8	15.2
Gross Margins(%)	63.6	64.4	66.3	64.7	60.9	64.9	64.8	64.5
EBITDA Margins(%)	17.0	16.1	17.9	17.9	18.6	18.8	17.3	18.9
EBIT Margins(%)	11.7	11.3	13.2	13.6	14.0	14.5	12.5	14.5

E: MOFSL Estimates

Quarterly performance - Excluding GLS (INRm)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Revenues (Core)	**27,773**	**30,179**	**34,639**	**33,737**	**30,361**	**32,074**	**32,737**	**31,116**	**1,14,890**	**1,26,287**
YoY Change (%)	-6.3	0.5	15.4	11.7	9.3	6.3	-5.5	-7.8	-5.3	9.9
EBITDA	**4,726**	**5,220**	**6,202**	**6,050**	**4,374**	**5,053**	**5,467**	**5,380**	**15,818**	**20,273**
YoY Change (%)	-17.6	0.0	18.8	20.5	-7.5	-3.2	-11.9	-11.1	-27.7	28.2
Margins (%)	17.0	17.3	17.9	17.9	14.4	15.8	16.7	17.3	13.8	16.1
Depreciation	1,468	1,458	1,623	1,465	1,420	1,415	1,420	905	5,692	5,160
EBIT	**3,258**	**3,762**	**4,580**	**4,584**	**2,953**	**3,638**	**4,047**	**4,475**	**10,126**	**15,113**
YoY Change (%)	-29.2	-6.7	13.6	23.7	-9.4	-3.3	-11.6	-2.4	-40.5	49.3
Margins (%)	11.7	12.5	13.2	13.6	9.7	11.3	12.4	14.4	8.8	12.0
Interest	600	829	973	1,093	1,116	1,215	1,140	703	3,490	4,174
Other Income	172	864	294	378	197	17	20	30	228	264
PBT before EO Expense	**2,830**	**3,797**	**3,901**	**3,870**	**2,034**	**2,441**	**2,927**	**3,801**	**6,863**	**11,203**
One-off loss/(gain)	-1,250	430	-809	8,777	520	3,684	0	0	4,465	4,204
PBT after EO Expense	**4,080**	**3,367**	**4,710**	**-4,908**	**1,514**	**-1,244**	**2,927**	**3,802**	**2,398**	**6,999**
Tax	1,969	1,648	1,802	-876	1,137	559	922	1,371	3,294	3,990
Rate (%)	48.3	49.0	38.3	17.9	75.1	-45.0	31.5	36.1	137.3	57.0
Reported PAT	**2,111**	**1,719**	**2,908**	**-4,031**	**377**	**-1,803**	**2,005**	**2,431**	**-896**	**3,010**
Minority Interest	186	182	182	252	232	204	0	0	802	436
Reported PAT after Minority Interest	**1,925**	**1,536**	**2,726**	**-4,283**	**145**	**-2,007**	**2,005**	**2,430**	**-1,697**	**2,574**
Adj PAT	**1,682**	**2,324**	**2,227**	**2,302**	**1,111**	**1,397**	**2,005**	**2,430**	**3,728**	**6,943**
YoY Change (%)	-39.8	2.3	-1.9	19.7	-34.0	-39.9	-9.9	5.6	-61.8	86.2
Margins (%)	6.1	7.7	6.4	6.8	3.7	4.4	6.1	7.8	3.2	5.5
Adj. PAT from discontinued operations	**1,087**	**1,069**			**1,355**	**1,187**	**1,210**		**4,670**	**3,752**
YoY Change (%)										
Overall Adj. PAT	**2,769**	**3,392**	**2,227**	**2,302**	**2,465**	**2,584**	**3,215**	**2,430**	**8398**	**10695**

E: MOFSL Estimates Note: 1QFY23/2QFY23/FY23 and FY24 incl quarters are excluding GLS; while 3QFY23/4QFY23 is including GLS

Key performance Indicators

Y/E March	FY23E				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
India formulations	10,352	10,916	10,745	8,284	10,643	11,217	11,497	9,762	40,297	29,945
YoY Change (%)	-15.5	12.7	6.7	-6.4	2.8	2.8	7.0	17.8	-1.4	7.0
US	6,628	7,533	8,373	8,507	8,085	7,392	8,505	9,989	31,041	24,413
YoY Change (%)	-15.9	-0.1	10.7	15.3	22.0	-1.9	1.6	17.4	2.2	9.4
ROW+LatAm	4,226	6,154	6,541	6,856	5,512	7,324	6,897	6,404	23,777	19,551
YoY Change (%)	25.7	-17.8	22.3	25.1	30.4	19.0	5.4	-6.6	9.7	9.9
Europe	3,300	3,785	4,932	6,078	5,732	5,997	5,820	5,431	18,095	14,795
YoY Change (%)	7.9	11.9	29.6	22.3	73.7	58.4	18.0	-10.7	18.9	27.0
Cost Break-up										
RM Cost (% of Sales)	36.4	35.6	33.7	35.3	39.1	37.3	37.4	36.4	37.1	37.6
Staff Cost (% of Sales)	22.9	22.7	21.8	19.5	22.4	22.8	22.4	22.7	22.6	22.6
R&D Expenses(% of Sales)	10.7	10.9	8.0	10.0	9.3	10.1	8.3	7.4	13.7	8.8
Other Cost (% of Sales)	12.9	13.5	18.6	17.3	14.7	13.9	15.2	16.1	12.9	15.0
Gross Margins(%)	63.6	64.4	66.3	64.7	60.9	62.7	62.6	63.6	62.9	62.4
EBITDA Margins(%)	17.0	17.3	17.9	17.9	14.4	15.8	16.7	17.3	13.8	16.1
EBIT Margins(%)	11.7	12.5	13.2	13.6	9.7	11.3	12.4	14.4	8.8	12.0

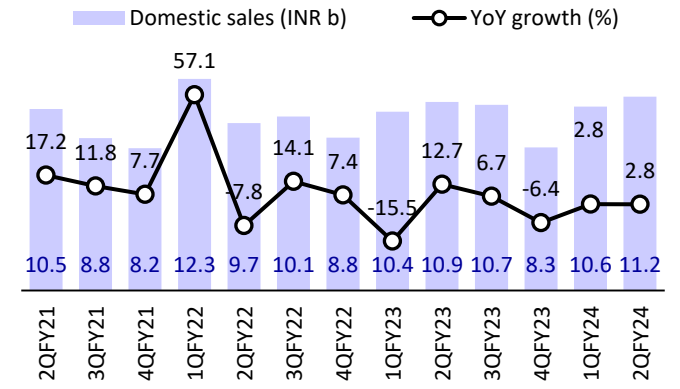
E: MOFSL Estimates

Highlights from the management commentary

- GNP may receive a PLI scheme benefit of INR800m in 2HFY24.
- Muted flu season, divestment of brands, NLEM price impact, and slower growth in Derma, Respiratory and Acute segments dragged the overall growth of India Business (DF).
- Glenmark Life Sciences (GLS)'s transaction to be completed by 3QFY23, subject to regulatory approvals.
- GNP has given a capex guidance of INR6-7b in FY24.
- R&D investments to be 8.0-8.5% of sales.
- Net debt at INR33.5b, rose INR4.5b in 1HFY24 largely due to DOJ settlement payment and remediation measures.
- Remediation cost for the quarter was at INR260m.
- GNP filed two ANDAs in 2QFY24 and 51 ANDAs are pending for approval now.

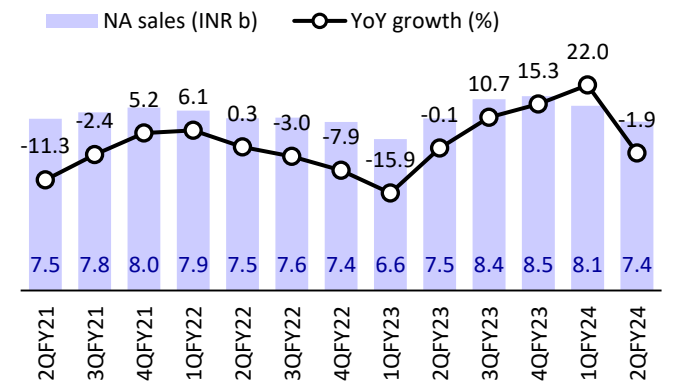
Key exhibits (including GLS revenue)

Exhibit 1: DF sales grew 2.8% YoY in 2QFY24



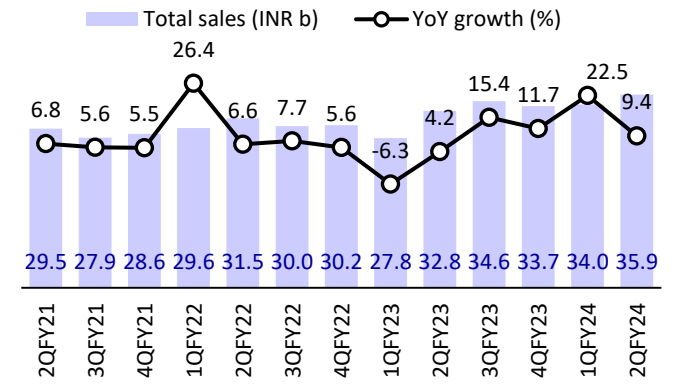
Source: MOFSL, Company

Exhibit 2: NA sales declined 2% YoY in 2QFY24



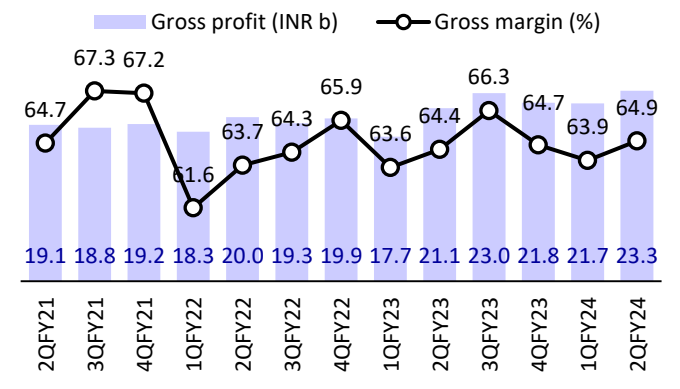
Source: MOFSL, Company

Exhibit 3: Total revenue grew 9.4% YoY in 2QFY24



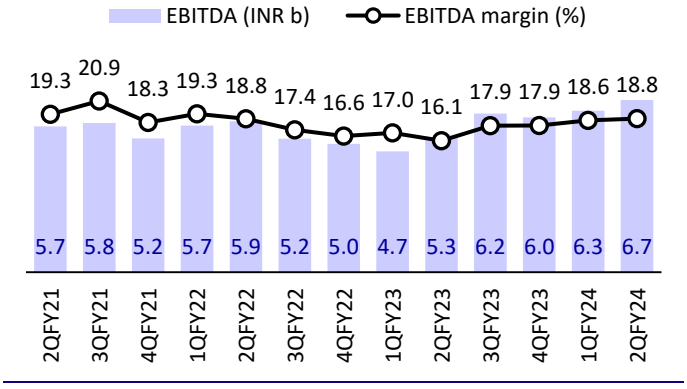
Note: Sales includes GLS; Source: Company, MOFSL

Exhibit 4: Gross margin expanded 40bp in 2QFY24



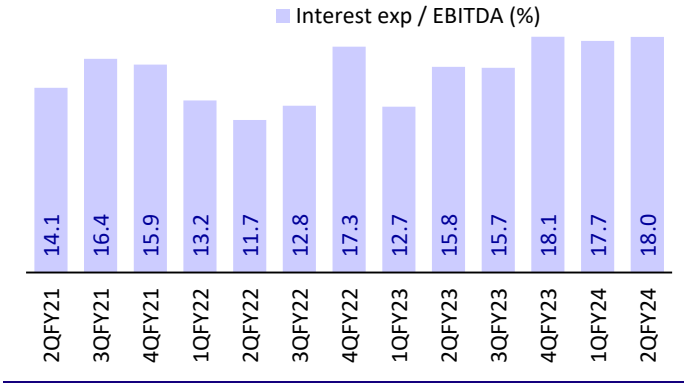
Note: Sales includes GLS; Source: Company, MOFSL

Exhibit 5: EBITDA margin expanded 270bp YoY in 2QFY24



Note: Sales includes GLS; Source: Company, MOFSL

Exhibit 6: Interest expense as a percentage of EBITDA was up 230bp YoY



Note: Sales includes GLS; Source: Company, MOFSL

Valuation and view

DF – Revival in growth of key therapies/differentiated launches to aid growth

- In 1HFY24, GNP's DF sales grew 2.8% YoY to INR21.9b, while traction was strong in Derma/Cardiac therapies. This was offset by muted performance in respiratory therapy, slower volume offtake, divestment of brands, and muted flu season.
- GNP underperformed IPM by 150bp in 2QFY24 as its key therapies, (Antidiabetic/Respiratory), declined 28.3%/0.2% that was offset by a growth in Cardiac and Derma therapies.
- GCC revenue grew 15.3% in 2QFY24 to INR634m, driven largely by core brands such as Scalpe+ (up 29% YoY), and La Shield (up 23% YoY).
- We expect differentiated launches/market share gains and inflation-linked upward revisions in prices to drive growth in the DF segment. Accordingly, we project a 10% CAGR in DF sales to INR48.7b over FY23-25.

NA – Remediation measures/niche launches to be the key growth drivers

- The US sales grew 9% YoY to INR15b in 1HFY24 (CC: up 5.2% to USD188m) owing to the new launches and moderating price erosion. GNP filed four ANDAs in 1HFY24 and would be filing 10-12 ANDAs in FY24. It also plans to launch 8-10 products in the US market.
- Further, the remediation of the Monroe/Baddi and Goa plants are key for the offtake in the US business.
- We anticipate the US sales to clock a CAGR of 6.7% to USD437m over FY23-25.

EU – New launches/expansion in new geographies driving growth

- In 1HFY24, GNP's EU sales jumped 66% YoY to INR11.7b, driven by a robust uptick of the branded business and sustained growth in the generics business. The UK, Czech and Poland registered a double-digit growth followed by strong uptake in respiratory therapy, driving the overall growth.
- Key brands such as Ryaltris and Salmex / Asthmex continue to sustain their market share, both, in terms of volume as well as value, across the CEE markets.
- Consequently, we expect a 20% sales CAGR to INR26b over FY23-25.

RoW – superior execution across all geographies

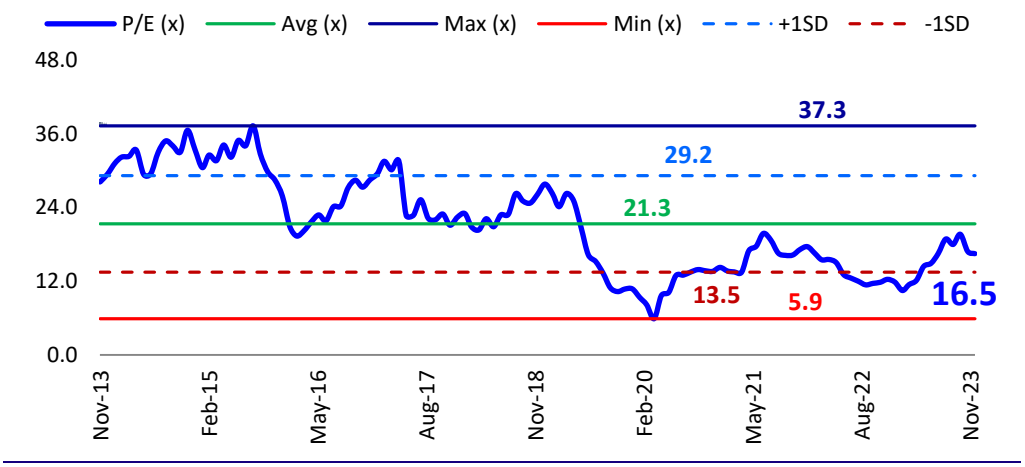
- In 1HFY24, RoW sales grew 24% to INR13b, led by strong growth in the base business across all the sub-regions of the ROW market.
- Additionally, GNP is seeing strong traction in key therapies like Derma. Further, GNP has launched Ryaltris in all the sub-regions and is witnessing a strong response.
- Considering the new launches and market share gains in respiratory/derma across these regions, we expect a 7% sales CAGR to INR27b over FY23-25.

Reiterate Neutral

- We cut our earnings estimates for FY24/FY25 by 36%/21%, factoring in: 1) a stake sale in GLS; 2) a reduction in interest cost due to lower debt, and 3) some moderation in the US generics business due to remediation measures. We value GNP at 16x 12M forward earnings to arrive at our TP of INR700.

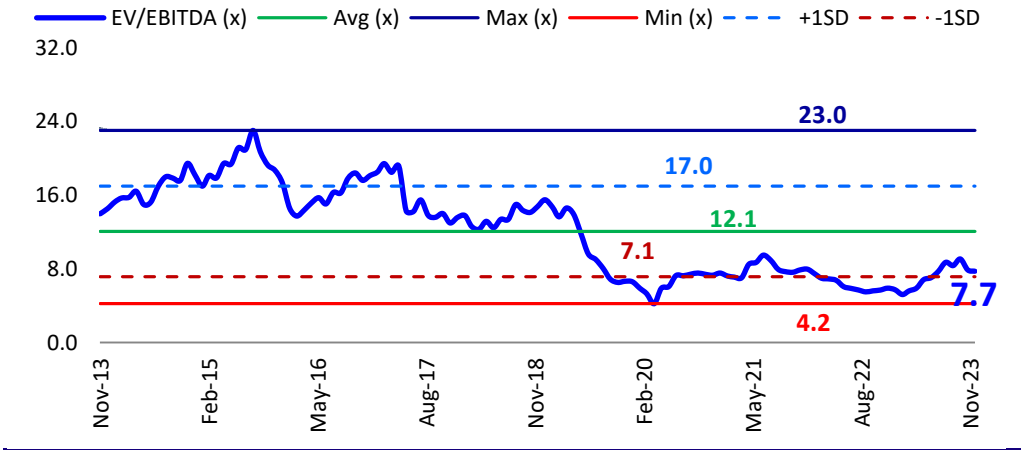
- FY24 is the transitional year with: 1) the sale of API business to repay debt partly; b) an ongoing effort towards resolving regulatory issues at sites focused on the US generics business; and 3) expanding Ryaltris offerings to the new markets. Having said this, the earnings upside over FY23-25 (ex-GLS basis) is factored into the current valuation. **Reiterate Neutral.**

Exhibit 7: P/E chart



Source: MOFSL, Company, Bloomberg

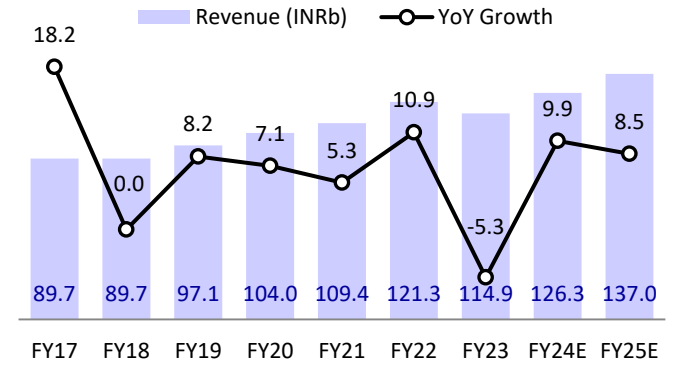
Exhibit 8: EV/EBITDA chart



Source: MOFSL, Company, Bloomberg

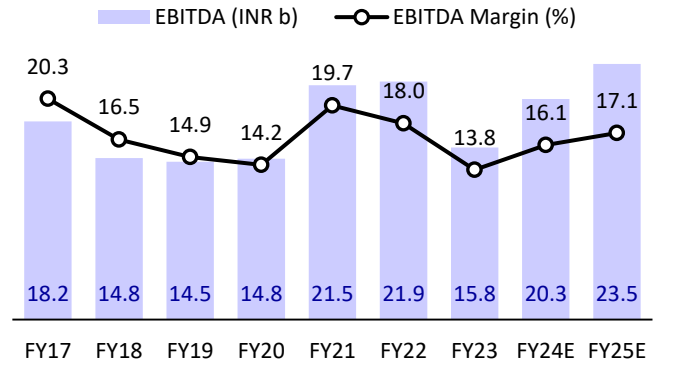
Story in charts

Exhibit 9: Expect sales CAGR of 9% over FY23–25



Source: Company, MOFSL

Exhibit 10: EBITDA margin to expand 340bp over FY23–25



Source: Company, MOFSL

Exhibit 11: R&D spending as a percentage of sales to decline over FY23-25

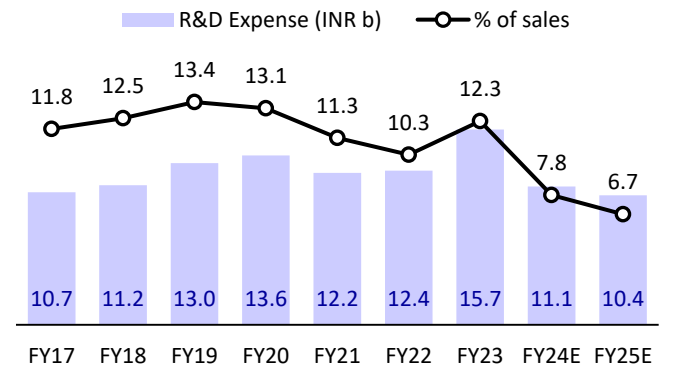
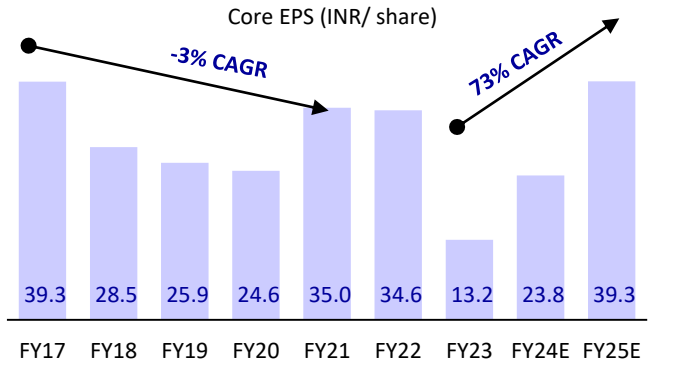
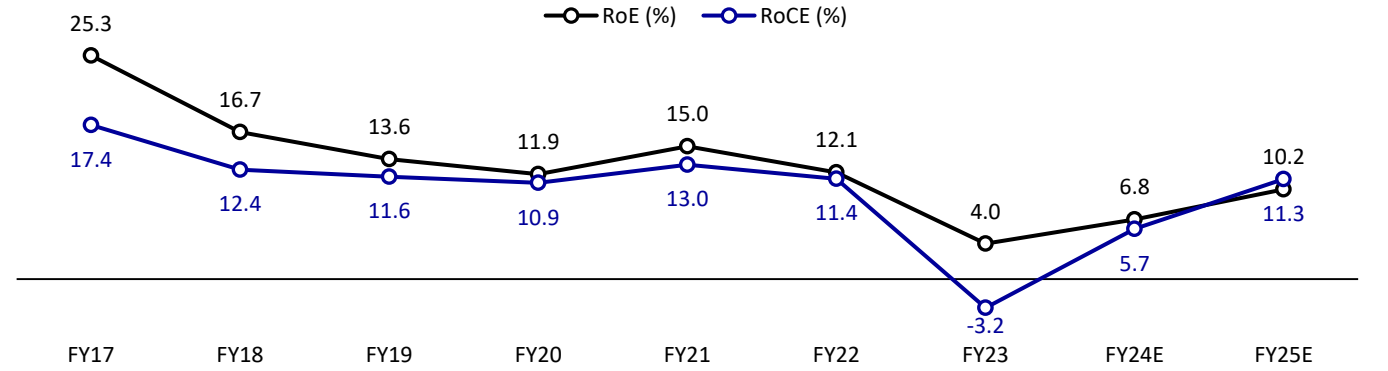


Exhibit 12: Expect 73% EPS CAGR over FY23–25



Source: Company, MOFSL

Exhibit 13: Return ratios improving



Source: Company, MOFSL

Note: Above Charts excludes GLS consolidation

Financials and valuations

Income Statement							(INRb)
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**
Net Sales	**97.1**	**104.0**	**109.4**	**121.3**	**114.9**	**126.3**	**137.0**
Change (%)	8.2	7.1	5.3	10.9	-5.3	9.9	8.5
EBITDA	**14.5**	**14.8**	**21.5**	**21.9**	**15.8**	**20.3**	**23.5**
Change (%)	-2.3	2.0	45.6	1.6	-27.7	28.2	15.9
Margin (%)	14.9	14.2	19.7	18.0	13.8	16.1	17.1
Depreciation	3.3	4.2	4.4	4.9	5.7	5.2	5.2
EBIT	**11.2**	**10.6**	**17.1**	**17.0**	**10.1**	**15.1**	**18.3**
Interest	3.3	3.8	3.5	3.0	3.5	4.2	2.6
OI & forex gains/losses	2.1	2.6	0.5	0.6	0.2	0.3	1.1
PBT before EO Expense	**10.0**	**9.5**	**14.1**	**14.6**	**6.9**	**11.2**	**16.8**
Change (%)	-10.6	-5.3	48.6	4.1	-53.1	63.2	50.1
Extra Ordinary Expense	-3.0	-1.5	0.3	0.2	4.5	4.2	0.0
PBT after EO Exp.	**13.0**	**11.0**	**13.8**	**14.4**	**2.4**	**7.0**	**16.8**
Tax	3.8	3.2	4.1	4.5	3.3	4.0	5.7
Tax Rate (%)	28.9	29.2	29.8	31.1	137.3	57.0	34.0
Reported PAT	**9.2**	**7.8**	**9.7**	**9.4**	**-1.7**	**2.6**	**11.1**
Adj PAT	**7.3**	**6.9**	**9.9**	**9.8**	**3.7**	**6.9**	**11.1**
Change (%)	-9.0	-5.1	42.3	-1.2	-61.8	86.2	59.8
Margin (%)	7.5	6.7	9.0	8.0	3.2	5.5	8.1
Adj. PAT from discontinuing ops	**0.0**	**0.0**	**0.0**	**0.0**	**4.7**	**3.8**	**0.0**
Overall PAT	**7.3**	**6.9**	**9.9**	**9.8**	**8.4**	**10.7**	**11.1**
Change (%)	-9.0	-5.1	42.3	-1.2	-13.9	27.4	3.8

Balance Sheet							(INRb)
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**
Equity Share Capital	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Reserves	55.8	60.4	70.4	90.6	94.5	103.9	114.0
Net Worth	**56.1**	**60.7**	**70.6**	**90.9**	**94.7**	**104.2**	**114.3**
Minority Interest	0.0	0.0	0.0	3.5	3.7	3.7	3.7
Loans	38.8	44.9	44.0	36.7	43.5	18.8	18.4
Deferred liabilities	-13.8	-14.4	-15.1	-16.5	-18.1	-18.1	-18.1
Capital Employed	**81.0**	**91.2**	**99.6**	**114.5**	**123.8**	**108.6**	**118.3**
Gross Block	59.1	76.5	82.3	94.0	94.1	90.2	96.2
Less: Accum. Deprn.	20.7	24.9	29.3	34.2	39.9	45.1	50.2
Net Fixed Assets	**38.3**	**51.6**	**52.9**	**59.8**	**54.2**	**45.1**	**46.0**
Capital WIP	12.3	10.9	12.2	9.2	11.9	11.9	11.9
Investments	0.3	0.2	0.2	0.5	0.4	0.4	0.4
Intangibles (net)	17.4	21.8	23.3	22.9	22.9	22.9	22.9
Curr. Assets	**68.1**	**69.5**	**75.3**	**84.5**	**103.5**	**93.0**	**102.9**
Inventory	22.5	21.4	22.8	25.0	23.7	26.3	27.4
Account Receivables	21.9	24.1	25.7	31.0	36.7	32.9	33.8
Cash and Bank Balance	9.4	11.1	11.4	14.1	11.6	18.9	25.5
Others	14.2	13.0	15.5	14.4	31.5	15.0	16.2
Curr. Liability & Prov.	**38.1**	**41.1**	**41.1**	**39.4**	**46.3**	**41.9**	**42.9**
Account Payables	33.7	36.0	35.9	34.5	41.3	38.8	39.8
Provisions	4.4	5.2	5.1	4.9	4.9	3.1	3.1
Net Current Assets	**30.0**	**28.4**	**34.3**	**45.1**	**57.3**	**51.2**	**60.0**
Appl. of Funds	**81.0**	**91.2**	**99.6**	**114.5**	**123.8**	**108.6**	**118.3**

E: MOFSL Estimates

Financials and valuations

Ratios							
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**
Basic (INR)							
EPS (Fully diluted)*	**25.9**	**24.6**	**35.0**	**34.6**	**13.2**	**24.6**	**39.3**
Cash EPS	37.5	39.4	50.7	51.8	33.4	42.9	57.6
BV/Share	198.6	215.1	250.4	322.0	335.8	370.0	405.8
DPS	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	39.6	9.2
Valuation (x)							
P/E (Fully diluted)	28.9	30.5	21.4	21.7	56.8	30.5	19.1
PEG (x)	-3.2	-6.0	0.5	-17.9	-0.9	0.4	0.3
Cash P/E	20.0	19.0	14.8	14.5	22.5	17.5	13.0
P/BV	3.8	3.5	3.0	2.3	2.2	2.0	1.8
EV/Sales	2.5	2.4	2.2	1.9	2.1	1.7	1.5
EV/EBITDA	16.6	16.6	11.3	10.7	15.4	10.4	8.7
Dividend Yield (%)	0.4	0.4	0.4	0.4	0.4	0.4	0.4
FCF per share	2.9	-9.7	22.0	-1.9	-38.1	105.1	37.7
Return Ratios (%)							
RoE	13.6	11.9	15.0	12.1	4.0	7.0	10.1
RoCE	11.6	10.9	13.0	11.4	-3.2	5.7	11.3
RoIC	17.3	15.3	17.8	15.3	-5.6	6.5	12.5
Working Capital Ratios							
Fixed Asset Turnover (x)	2.8	2.3	2.1	2.2	2.0	2.5	3.0
Debtor (Days)	83	85	86	93	116	95	90
Inventory (Days)	85	75	76	75	75	76	73
Working Capital (Days)	78	61	76	93	145	93	92
Leverage Ratio (x)							
Current Ratio	1.8	1.7	1.8	2.1	2.2	2.2	2.4
Net Debt/Equity	0.5	0.6	0.5	0.2	0.3	0.0	-0.1

Cash Flow Statement							(INRb)
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**
Op. Profit/(Loss) before Tax	14.5	14.8	21.5	21.9	15.8	20.3	23.5
Interest/Dividends Recd.	2.1	2.6	0.5	0.6	0.2	0.3	1.1
Direct Taxes Paid	-4.4	-3.8	-4.8	-6.0	-4.8	-4.0	-5.7
(Inc)/Dec in WC	8.2	3.3	-5.6	-8.1	-14.7	13.4	-2.2
CF from Operations	**20.4**	**17.0**	**11.7**	**8.4**	**-3.5**	**29.9**	**16.7**
Others	-10.2	-5.2	1.8	**0.0**	**0.0**	**0.0**	**0.0**
EO Expense	-3.0	-1.5	0.3	0.2	4.5	4.2	0.0
CF frm Op. incl EO Exp.	**13.2**	**13.2**	**13.2**	**8.2**	**-7.9**	**25.7**	**16.7**
(Inc)/Dec in FA	**-12.4**	**-16.0**	**-7.0**	-8.7	-2.8	4.0	-6.0
Free Cash Flow	**0.8**	**-2.7**	**6.2**	**-0.5**	**-10.8**	**29.7**	**10.7**
(Pur)/Sale of Investments	-0.1	0.1	0.0	-0.2	0.0	0.0	0.0
Others	5.6	8.9	0.0	0.0	0.0	0.0	0.0
CF from Investments	**-7.0**	**-7.0**	**-7.0**	**-9.0**	**-2.8**	**4.0**	**-6.0**
Change in Networth	-3.8	-2.4	1.0	11.8	6.6	8.1	0.0
Inc/(Dec) in Debt	-5.6	6.1	-0.8	-3.8	6.9	-24.7	-0.4
Interest Paid	-3.3	-3.8	-3.5	-3.0	-3.5	-4.2	-2.6
Dividend Paid	-1.0	-0.7	-0.7	-1.0	-1.0	-1.0	-1.0
Others	6.4	-6.6	-3.3	-0.5	0.0	0.0	0.0
CF from Fin. Activity	**-7.4**	**-7.4**	**-7.4**	**3.5**	**9.0**	**-21.7**	**-4.1**
Inc/Dec of Cash	**-1.1**	**-1.1**	**-1.1**	**2.7**	**-1.7**	**7.9**	**6.6**
Add: Beginning Balance	12.3	9.4	11.1	11.4	14.1	11.6	19.1
Effect of exchange rate	-1.8	2.9	1.4	0.0	-0.8	-0.4	0.0
Closing Balance	**9.4**	**11.1**	**11.4**	**14.1**	**11.6**	**19.1**	**25.7**

Note: Above financial are excluding the GLS consolidation E: MOFSL Estimates

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