

# Glenmark Pharma

Estimate change 

TP change 

Rating change 

**CMP: INR800**

**TP: INR780 (-2%)**

**Neutral**

## EU/ROW markets and operating leverage drive profitability

### Encouraging traction in Ryaltris across focus markets

- Glenmark Pharma (GNP)'s 1QFY24 operational performance beat our estimates, led by strong performance in EU/ROW markets. Lower R&D spending resulted in margin expansion YoY as well as QoQ.
- We raise our earnings estimates by 4%/3% for FY24/FY25, factoring in strong off-take in the respiratory portfolio in EU, increased traction in Ryaltris across focus markets, and healthy traction in the consumer care segment within the India business. We value GNP at 14x 12M forward earnings to arrive at a TP of INR780.
- Thanks to its consistent efforts, GNP's growth prospects have improved in the API segment and in the EU/ROW markets and its market share has also improved in core therapies within the domestic formulation (DF) segment. The resolution of regulatory issues is vital for growth improvement in the US segment. We maintain our Neutral rating as we believe the valuation adequately factors in the earnings upside.



Bloomberg	GNP IN
Equity Shares (m)	282
M.Cap.(INRb)/(USD\$b)	225 / 2.7
52-Week Range (INR)	836 / 362
1, 6, 12 Rel. Per (%)	14/77/95
12M Avg Val (INR M)	647

#### Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	129.0	142.2	155.3
EBITDA	22.3	26.7	31.0
Adj. PAT	8.0	10.8	14.0
EBIT Margin (%)	12.5	14.2	15.6
Adj EPS (INR)	28.5	38.3	49.6
EPS Gr. (%)	-17.5	34.5	29.5
BV/Sh. (INR)	322.0	355.8	401.8

#### Ratios

Net D-E	0.3	0.3	0.1
RoE (%)	8.8	11.3	13.1
RoCE (%)	6.1	11.1	12.4
Payout (%)	27.0	9.7	7.3

#### Valuations

P/E (x)	28.1	20.9	16.1
EV/EBITDA (x)	11.4	9.5	7.7
Div. Yield (%)	0.4	0.4	0.4
FCF Yield (%)	0.4	3.6	7.6
EV/Sales (x)	2.0	1.8	1.5

#### Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	46.7	46.7	46.7
DII	9.2	10.5	10.5
FII	25.5	22.5	24.2
Others	18.7	20.5	18.6

FII Includes depository receipts

### Lower opex drives margins YoY/QoQ

- Revenue grew 15% YoY to INR34.6b (our estimate of INR33b). North America revenue rose 22% YoY to INR8.1b (USD98m; 24% of sales). Europe generics revenue increased by 73.7% YoY to INR5.7b (17% of sales). RoW (RoW+LatAm) sales grew 30.4% YoY to INR5.5b (16% of sales). API sales were up 15.9% YoY at INR3.8b (11% of sales). The DF segment grew 2.8% YoY to INR10.6b (31% of sales).
- Gross margins (GM) expanded 30bp YoY to 63.9%.
- EBITDA margin expanded 150bp YoY to 18.6% (our estimate: 17.3%) as lower employee costs/R&D expenses (-150bp/-240 YoY as % of sales) were offset by higher other expenses (+270bp YoY as % of sales).
- EBITDA increased by 33.6% YoY to INR6.3b (our estimate: INR5.6b).
- 1Q earnings included an exceptional item related to remediation costs of INR520m for the Monroe facility and the Indian facility.
- Adjusting for the exceptional item, PAT grew 5.2% YoY to INR1.8b (our estimate: INR2b).

### Highlights from the management commentary

- GNP has guided for YoY revenue growth of 10-11%.
- The overall margin guidance for FY24 is 19-20%.
- The company expects mid-single digit YoY growth in US sales for FY24.
- It expects the DF segment to grow 8% YoY (excl. divestment and NLEM impact) for FY24
- Ryaltris sales would be USD40-45m for FY24.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

## Quarterly performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	Estimate	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	% Var
<b>Net Revenues (Core)</b>	<b>27,773</b>	<b>32,810</b>	<b>34,639</b>	<b>33,737</b>	<b>34,016</b>	<b>35,382</b>	<b>36,758</b>	<b>36,026</b>	<b>1,28,959</b>	<b>1,42,182</b>	<b>32,306</b>	<b>5.3</b>
YoY Change (%)	-6.3	4.2	15.4	11.7	22.5	7.8	6.1	6.8	6.3	10.3	16.3	
<b>EBITDA</b>	<b>4,726</b>	<b>5,273</b>	<b>6,202</b>	<b>6,050</b>	<b>6,312</b>	<b>6,687</b>	<b>7,205</b>	<b>6,450</b>	<b>22,251</b>	<b>26,654</b>	<b>5,589</b>	<b>12.9</b>
YoY Change (%)	-17.6	-10.7	18.8	20.5	33.6	26.8	16.2	6.6	1.7	19.8	18.3	
Margins (%)	17.0	16.1	17.9	17.9	18.6	18.9	19.6	17.9	17.3	18.7	17.3	
Depreciation	1,468	1,557	1,623	1,465	1,547	1,550	1,650	1,657	6,113	6,404	1,495	
<b>EBIT</b>	<b>3,258</b>	<b>3,716</b>	<b>4,580</b>	<b>4,584</b>	<b>4,766</b>	<b>5,137</b>	<b>5,555</b>	<b>4,793</b>	<b>16,139</b>	<b>20,250</b>	<b>4,094</b>	
YoY Change (%)	-29.2	-20.4	13.6	23.7	46.3	38.2	21.3	4.6	-5.1	25.5	25.6	
Margins (%)	11.7	11.3	13.2	13.6	14.0	14.5	15.1	13.3	12.5	14.2	12.7	
Interest	600	831	973	1,093	1,120	1,150	1,140	1,091	3,496	4,501	1,130	
Other Income	172	164	294	378	209	220	260	311	228	1,000	300	
<b>PBT before EO Expense</b>	<b>2,830</b>	<b>3,050</b>	<b>3,901</b>	<b>3,870</b>	<b>3,854</b>	<b>4,207</b>	<b>4,675</b>	<b>4,014</b>	<b>12,871</b>	<b>16,750</b>	<b>3,264</b>	<b>18.1</b>
One-off loss/(gain)	-1,250	-1,753	-809	8,777	520	0	0	0	4,186	520	0	
<b>PBT after EO Expense</b>	<b>4,080</b>	<b>4,802</b>	<b>4,710</b>	<b>-4,908</b>	<b>3,334</b>	<b>4,207</b>	<b>4,675</b>	<b>4,014</b>	<b>8,685</b>	<b>16,230</b>	<b>3,264</b>	<b>2.2</b>
Tax	1,969	2,015	1,802	-876	1,603	1,557	1,402	1,119	4,911	5,680	1,240	
Rate (%)	48.3	42.0	38.3	17.9	48.1	37.0	30.0	27.9	56.5	35.0	38.0	
<b>Reported PAT</b>	<b>2,111</b>	<b>2,787</b>	<b>2,908</b>	<b>-4,031</b>	<b>1,731</b>	<b>2,650</b>	<b>3,272</b>	<b>2,895</b>	<b>3,774</b>	<b>10,549</b>	<b>2,024</b>	<b>-14.4</b>
Minority Interest	186	182	182	252	232	120	-130	-222	802	0	0	
<b>Reported PAT after Minority Interest</b>	<b>1,925</b>	<b>2,604</b>	<b>2,726</b>	<b>-4,283</b>	<b>1,499</b>	<b>2,530</b>	<b>3,402</b>	<b>3,117</b>	<b>2,972</b>	<b>10,549</b>	<b>2,024</b>	
<b>Adj PAT</b>	<b>1,682</b>	<b>1,830</b>	<b>2,227</b>	<b>2,302</b>	<b>1,769</b>	<b>2,530</b>	<b>3,402</b>	<b>3,117</b>	<b>8,041</b>	<b>10,819</b>	<b>2,024</b>	<b>-12.6</b>
YoY Change (%)	-39.8	-33.7	-1.9	19.7	5.2	38.2	52.8	35.4	-17.5	34.5	20.3	
Margins (%)	6.1	5.6	6.4	6.8	5.2	7.2	9.3	8.7	6.2	7.6	6.3	

E: MOFSL Estimates

## Key performance Indicators

Y/E March	FY23				FY24E				FY23	FY24E	FY24
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
India formulations	10,352	10,916	10,745	8,284	10,643	11,134	11,497	9,844	40,297	40,588	10,973
YoY Change (%)	-15.5	12.7	6.7	-6.4	2.8	2.0	7.0	18.8	-1.4	7.0	6.0
US	6,628	7,533	8,373	8,507	8,085	8,262	8,505	9,119	31,041	32,498	8,262
YoY Change (%)	-15.9	-0.1	10.7	15.3	22.0	9.7	1.6	7.2	2.2	9.4	24.7
ROW+LatAm	4,226	6,154	6,541	6,856	5,512	6,432	6,897	7,296	23,777	25,063	5,188
YoY Change (%)	25.7	-17.8	22.3	25.1	30.4	4.5	5.4	6.4	9.7	9.9	22.8
Europe	3,300	3,785	4,932	6,078	5,732	5,602	5,820	5,826	18,095	20,527	4,026
YoY Change (%)	7.9	11.9	29.6	22.3	73.7	48.0	18.0	-4.1	18.9	27.0	22.0
API	3,251	3,744	3,756	3,831	3,769	3,931	4,019	4,175	14,582	15,100	3,836
YoY Change (%)	6.9	11.6	23.9	16.7	15.9	5.0	7.0	9.0	14.7	9.0	18.0
<b>Cost Break-up</b>											
RM Cost (% of Sales)	36.4	35.6	33.7	35.3	36.1	35.5	35.9	36.9	35.2	36.2	35.1
Staff Cost (% of Sales)	22.9	22.3	21.8	19.5	21.4	21.3	20.9	21.2	21.6	21.2	20.0
R&D Expenses(% of Sales)	10.7	10.1	8.0	10.0	8.3	8.8	8.3	8.6	9.6	8.5	10.6
Other Cost (% of Sales)	12.9	16.0	18.6	17.3	15.6	15.2	15.3	15.5	16.4	15.4	17.0
Gross Margins(%)	63.6	64.4	66.3	64.7	63.9	64.5	64.1	63.1	64.8	63.8	64.9
EBITDA Margins(%)	17.0	16.1	17.9	17.9	18.6	18.9	19.6	17.9	17.3	18.7	17.3
EBIT Margins(%)	11.7	11.3	13.2	13.6	14.0	14.5	15.1	13.3	12.5	14.2	12.7

E: MOFSL Estimates

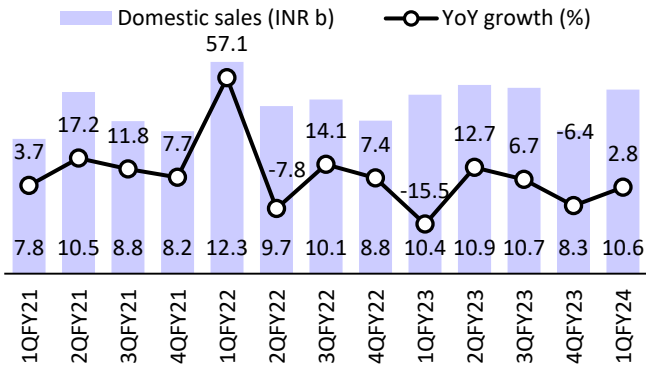


## Highlights from the management commentary

- GNP expects to sustain the healthy growth momentum in EU, with 25-30% YoY growth in FY24.
- It intends to close at least one out-licensing deal in the innovation pipeline.
- While the remediation measures are ongoing at the Monroe facility, GNP does not expect further meaningful financial expenses for the resolution of USFDA issues.
- Net debt stood at INR29.5b as of 1QFY24.
- Glenmark's partner in Mainland China aims to complete the ongoing Phase 3 study in China for Ryaltris and submit the marketing authorization application in the second half of FY24.
- Capex for the quarter stood at INR1.3b. Capex for the year is expected to be INR6-7b.
- R&D investment of 8-8.5% of sales for the year.

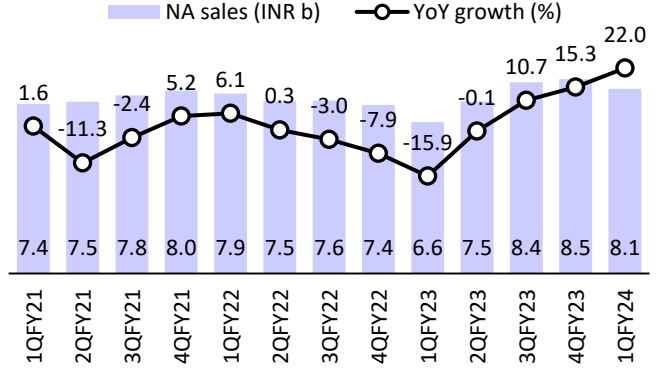
Key Exhibits

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



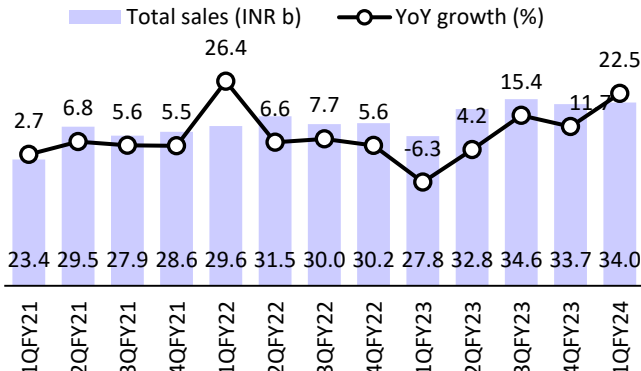
Source: MOFSL, Company

Exhibit 2: NA sales increased 22% YoY in 1QFY24



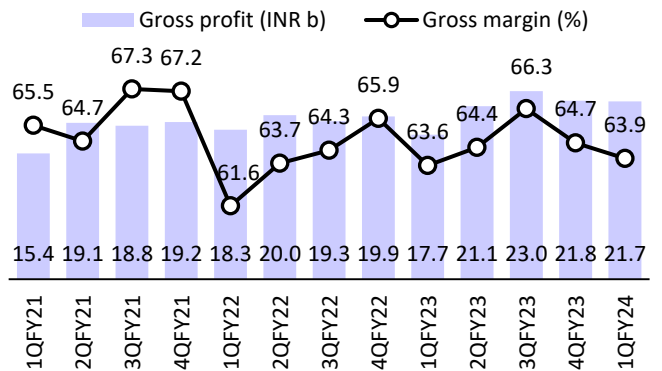
Source: MOFSL, Company

Exhibit 3: Total revenue grew 22.5% YoY in 1QFY24



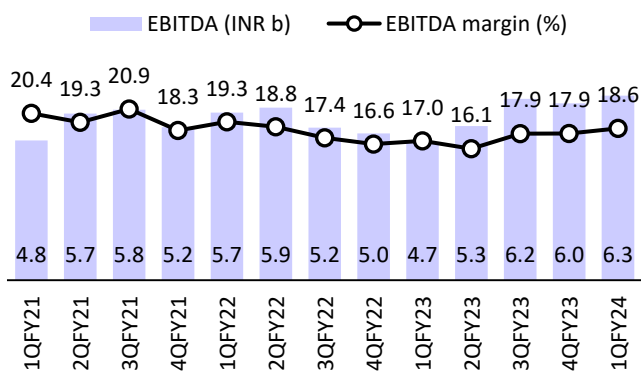
Source: Company, MOFSL

Exhibit 4: Gross margin expanded 30bp in 1QFY24



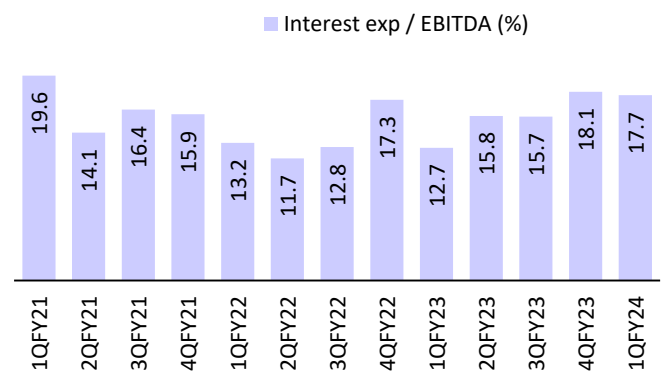
Source: Company, MOFSL

Exhibit 5: EBITDA margin expanded 150bp YoY in 1QFY24



Source: Company, MOFSL

Exhibit 6: Interest expense as a percentage of EBITDA was up 500bp YoY



Source: Company, MOFSL

## Valuation and view

### DF – Market share gain in key therapy/new launches to aid growth

- In 1QFY24, GNP's DF sales grew 2.8% YoY to INR10.6b. Growth was led by market share gains in key therapies like Derma/Respiratory/Cardiac, offset by an adverse impact of divestment in non-core brands and NLEM price revision.
- GNP outperformed IPM by 260bp in 1QFY24 as its key therapies Respiratory/Cardiac/Derma grew by 20%/14%/11% YoY, which was offset by a decline in Anti-infective and Anti-Diabetic therapies.
- GCC revenue grew 21% in FY23 to INR781m, driven largely by core brands such as Candid Powder (up 29% YoY), Scalpe+ (up 58% YoY), and La Shield (up 2% YoY). Growth in La Shield was lower due to a high base effect of last year.
- We expect new launches/market share gains and inflation-linked upward revisions in prices of products under NLEM to drive growth in the DF segment. Accordingly, we project a 10% CAGR in DF sales to INR48.7b over FY23-25.

### NA – New launches/remediation at its facility key to drive growth

- US sales grew 22% YoY to INR31b in FY23 (CC: up 13.8% to USD98m) owing to the launch of Clindamycin Hydrochloride capsule and softening of price erosion. GNP filed 2 ANDAs in 1QFY24 and would be filing 10-12 ANDAs in FY24. It also plans to launch 8-10 products in the US market.
- GNP continues to implement remediation measures at Monroe/Baddi/Goa.
- We anticipate US sales to clock a CAGR of 6.7% to USD437m over FY23-25.

### EU – Market share gain of existing product driving growth momentum

- In FY23, GNP's EU sales increased 74% YoY to INR5.7b, with an uptick in the base business as well as new product launches. The UK and Spain markets clocked double-digit growth in the western European markets, while Czech and Poland recorded strong secondary growth in the central and eastern European markets.
- GNP witnessed a strong uptake in the key brands like Soprbec and Ryaltris, which resulted in market share gains in the entire European region.
- Additionally, Salmex/Asthmex maintained market share in the CEE market in terms of value and volume.
- Consequently, we expect a 20% sales CAGR to INR26b over FY23-25.

### RoW - New launches/market share gain to fuel growth across all geographies

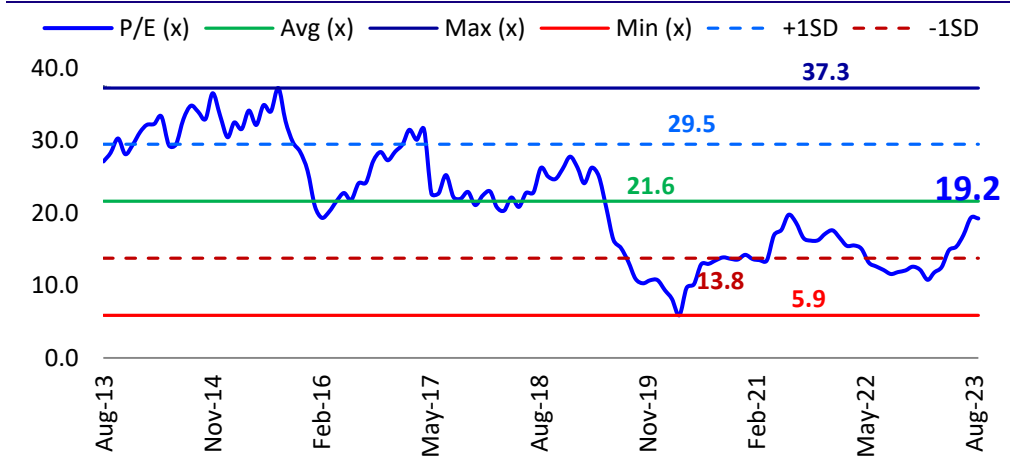
- In 1QFY24, RoW sales grew 30% to INR5.5b, led by growth across Russia, Middle-East and LATAM with Ryaltris, among other products, gaining market share in these markets.
- Additionally, GNP is seeing strong traction in key therapies like Derma/Respiratory.
- Considering new launches and market share gains in the respiratory/derma across these regions, we expect a 7% sales CAGR to INR27b over FY23-25

### Reiterate Neutral

- We raise our earnings estimates by 4%/3% for FY24/FY25, factoring in strong off-take in the respiratory portfolio in EU, increased traction in Ryaltris across focus markets, and healthy traction in the consumer care segment within the India business. We value GNP at 14x 12M forward earnings to arrive at a TP of INR780.

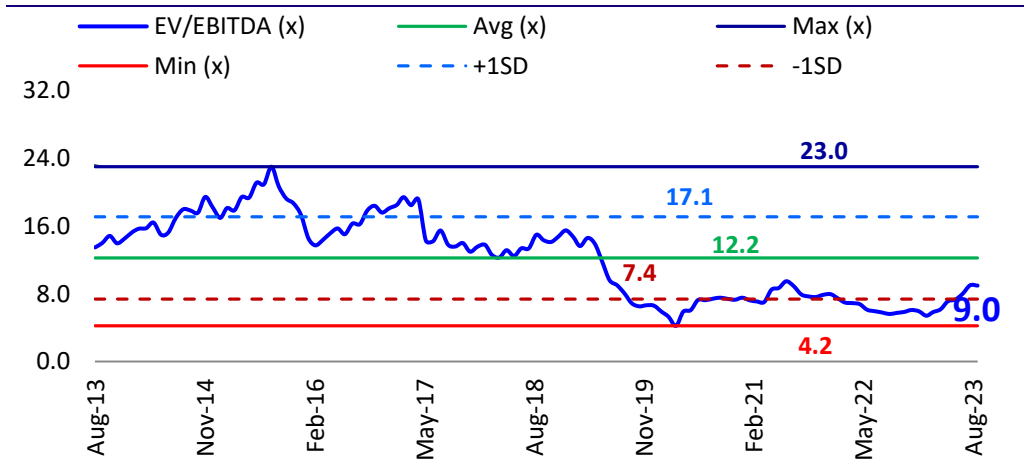
■ Thanks to its consistent efforts, GNP’s growth prospects have improved in the API segment and the EU/ROW markets and market share gains in core therapies within the DF segment. The resolution of regulatory issues remains vital for growth improvement in the US segment. We maintain our **Neutral** rating as we believe the valuation adequately factors in the earnings upside.

**Exhibit 7: P/E chart**



Source: MOFSL, Company, Bloomberg

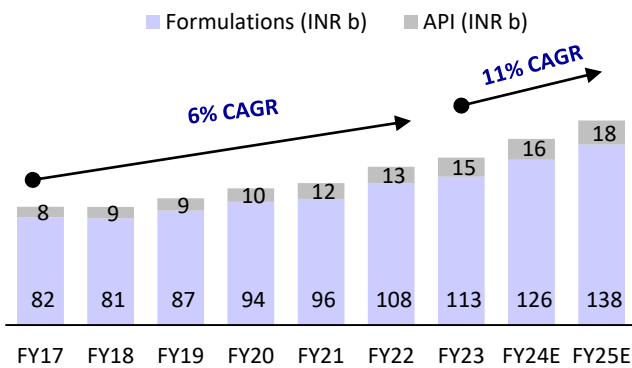
**Exhibit 8: EV/EBITDA chart**



Source: MOFSL, Company, Bloomberg

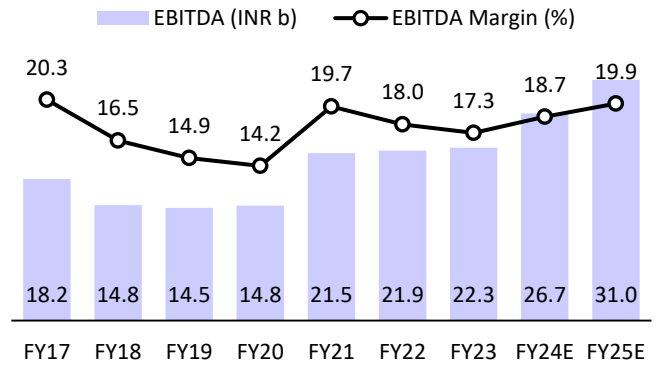
## Story in charts

**Exhibit 9: Expect sales CAGR of 11% over FY23–25**



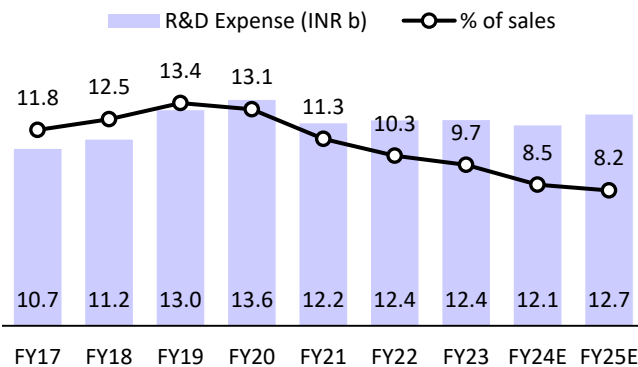
Source: Company, MOFSL

**Exhibit 10: EBITDA margin to expand 270bp over FY23–25**

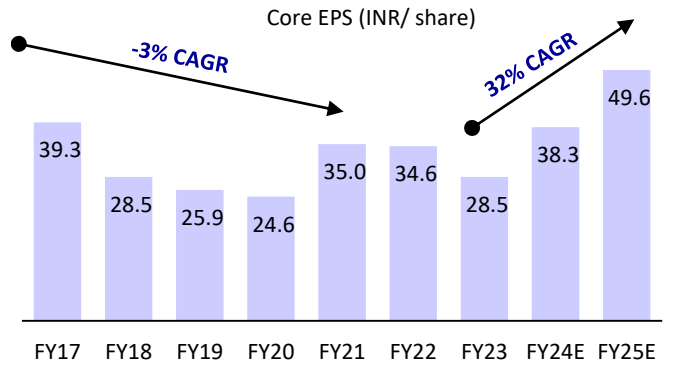


Source: Company, MOFSL

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

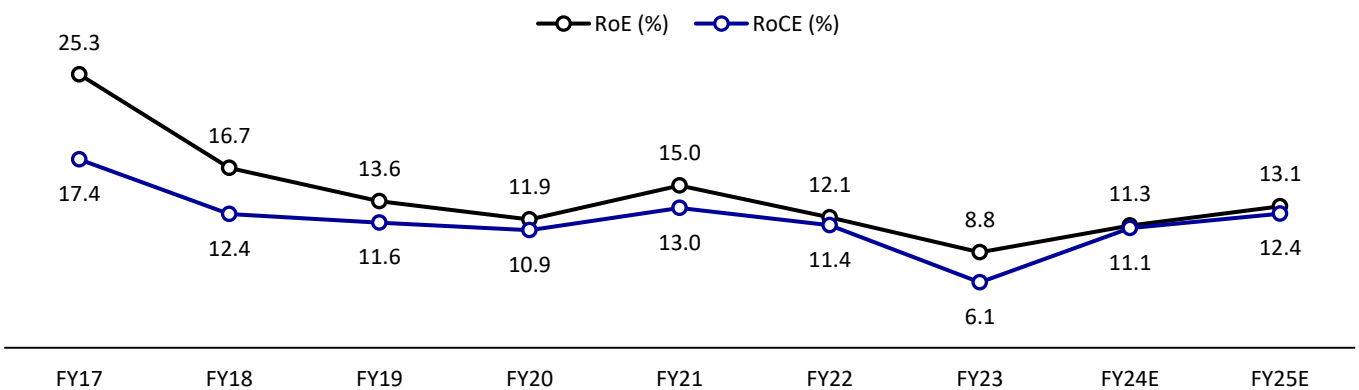


**Exhibit 12: Expect 32% EPS CAGR over FY23–25**



Source: Company, MOFSL

**Exhibit 13: Return ratios on the improvement mode**



Source: Company, MOFSL

## Financials and valuations

Income Statement								(INRb)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net Sales</b>	<b>89.7</b>	<b>97.1</b>	<b>104.0</b>	<b>109.4</b>	<b>121.3</b>	<b>129.0</b>	<b>142.2</b>	<b>155.3</b>
Change (%)	0.0	8.2	7.1	5.3	10.9	6.3	10.3	9.3
<b>EBITDA</b>	<b>14.8</b>	<b>14.5</b>	<b>14.8</b>	<b>21.5</b>	<b>21.9</b>	<b>22.3</b>	<b>26.7</b>	<b>31.0</b>
Change (%)	-18.5	-2.3	2.0	45.6	1.6	1.7	19.8	16.2
Margin (%)	16.5	14.9	14.2	19.7	18.0	17.3	18.7	19.9
Depreciation	3.0	3.3	4.2	4.4	4.9	6.1	6.4	6.8
<b>EBIT</b>	<b>11.8</b>	<b>11.2</b>	<b>10.6</b>	<b>17.1</b>	<b>17.0</b>	<b>16.1</b>	<b>20.3</b>	<b>24.2</b>
Interest	2.9	3.3	3.8	3.5	3.0	3.5	4.5	4.1
OI & forex gains/losses	2.2	2.1	2.6	0.5	0.6	0.2	1.0	1.1
<b>PBT before EO Expense</b>	<b>11.2</b>	<b>10.0</b>	<b>9.5</b>	<b>14.1</b>	<b>14.6</b>	<b>12.9</b>	<b>16.7</b>	<b>21.2</b>
Change (%)	-28.8	-10.6	-5.3	48.6	4.1	-12.1	30.1	26.7
Extra Ordinary Expense	0.0	-3.0	-1.5	0.3	0.2	4.2	0.5	0.0
<b>PBT after EO Exp.</b>	<b>11.2</b>	<b>13.0</b>	<b>11.0</b>	<b>13.8</b>	<b>14.4</b>	<b>8.7</b>	<b>16.2</b>	<b>21.2</b>
Tax	3.2	3.8	3.2	4.1	4.5	4.9	5.7	7.2
Tax Rate (%)	28.2	28.9	29.2	29.8	31.1	56.5	35.0	34.0
<b>Reported PAT</b>	<b>8.0</b>	<b>9.2</b>	<b>7.8</b>	<b>9.7</b>	<b>9.4</b>	<b>3.8</b>	<b>10.5</b>	<b>14.0</b>
<b>Adj PAT</b>	<b>8.0</b>	<b>7.3</b>	<b>6.9</b>	<b>9.9</b>	<b>9.8</b>	<b>8.0</b>	<b>10.8</b>	<b>14.0</b>
Change (%)	-27.5	-9.0	-5.1	42.3	-1.2	-17.5	34.5	29.5
Margin (%)	9.0	7.5	6.7	9.0	8.0	6.2	7.6	9.0

Balance Sheet								(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Reserves	51.4	55.8	60.4	70.4	90.6	90.6	100.1	113.1
<b>Net Worth</b>	<b>51.6</b>	<b>56.1</b>	<b>60.7</b>	<b>70.6</b>	<b>90.9</b>	<b>90.9</b>	<b>100.4</b>	<b>113.4</b>
Minority Interest	0.0	0.0	0.0	0.0	3.5	3.7	3.7	3.7
Loans	44.4	38.8	44.9	44.0	36.7	43.5	42.3	41.2
Deferred liabilities	-13.2	-13.8	-14.4	-15.1	-16.5	-17.6	-17.6	-17.6
<b>Capital Employed</b>	<b>82.8</b>	<b>81.0</b>	<b>91.2</b>	<b>99.6</b>	<b>114.5</b>	<b>120.4</b>	<b>128.7</b>	<b>140.6</b>
Gross Block	49.1	59.1	76.5	82.3	94.0	103.7	109.8	115.8
Less: Accum. Deprn.	17.5	20.7	24.9	29.3	34.2	40.3	46.7	53.5
<b>Net Fixed Assets</b>	<b>31.6</b>	<b>38.3</b>	<b>51.6</b>	<b>52.9</b>	<b>59.8</b>	<b>63.4</b>	<b>63.0</b>	<b>62.3</b>
Capital WIP	9.9	12.3	10.9	12.2	9.2	11.2	11.2	11.2
Investments	0.1	0.3	0.2	0.2	0.5	0.4	0.4	0.4
Intangibles (net)	12.6	17.4	21.8	23.3	22.9	24.3	24.3	24.3
<b>Curr. Assets</b>	<b>71.1</b>	<b>68.1</b>	<b>69.5</b>	<b>75.3</b>	<b>84.5</b>	<b>100.7</b>	<b>98.5</b>	<b>115.0</b>
Inventory	20.3	22.5	21.4	22.8	25.0	29.8	29.6	31.1
Account Receivables	23.3	21.9	24.1	25.7	31.0	41.0	35.8	38.3
Cash and Bank Balance	12.3	9.4	11.1	11.4	14.1	14.7	16.2	27.2
Others	15.1	14.2	13.0	15.5	14.4	15.2	16.8	18.4
<b>Curr. Liability &amp; Prov.</b>	<b>30.0</b>	<b>38.1</b>	<b>41.1</b>	<b>41.1</b>	<b>39.4</b>	<b>55.3</b>	<b>44.4</b>	<b>48.2</b>
Account Payables	25.9	33.7	36.0	35.9	34.5	50.2	41.3	45.1
Provisions	4.0	4.4	5.2	5.1	4.9	5.1	3.1	3.1
<b>Net Current Assets</b>	<b>41.1</b>	<b>30.0</b>	<b>28.4</b>	<b>34.3</b>	<b>45.1</b>	<b>45.4</b>	<b>54.1</b>	<b>66.7</b>
<b>Appl. of Funds</b>	<b>82.8</b>	<b>81.0</b>	<b>91.2</b>	<b>99.6</b>	<b>114.5</b>	<b>120.4</b>	<b>128.7</b>	<b>140.6</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>								
<b>EPS (Fully diluted)*</b>	<b>28.5</b>	<b>25.9</b>	<b>24.6</b>	<b>35.0</b>	<b>34.6</b>	<b>28.5</b>	<b>38.3</b>	<b>49.6</b>
Cash EPS	39.2	37.5	39.4	50.7	51.8	50.2	61.0	73.6
BV/Share	183.0	198.6	215.1	250.4	322.0	322.0	355.8	401.8
DPS	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Payout (%)	10.2	11.0	9.0	7.3	10.8	27.0	9.7	7.3
<b>Valuation (x)</b>								
P/E (Fully diluted)	28.1	30.9	32.5	22.9	23.1	28.1	20.9	16.1
PEG (x)	-1.0	-3.4	-6.4	0.5	-19.3	-1.6	0.6	0.5
Cash P/E	20.4	21.4	20.3	15.8	15.4	15.9	13.1	10.9
P/BV	4.4	4.0	3.7	3.2	2.5	2.5	2.2	2.0
EV/Sales	2.9	2.6	2.5	2.4	2.0	2.0	1.8	1.5
EV/EBITDA	17.4	17.6	17.5	12.0	11.4	11.4	9.5	7.7
Dividend Yield (%)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
FCF per share	23.3	2.9	-9.7	22.0	-1.9	3.2	29.0	61.0
<b>Return Ratios (%)</b>								
RoE	16.7	13.6	11.9	15.0	12.1	8.8	11.3	13.1
RoCE	12.4	11.6	10.9	13.0	11.4	6.1	11.1	12.4
RoIC	16.4	17.3	15.3	17.8	15.3	7.4	12.0	13.9
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	3.0	2.8	2.3	2.1	2.2	2.1	2.2	2.5
Debtor (Days)	95	83	85	86	93	116	92	90
Inventory (Days)	83	85	75	76	75	84	76	73
Working Capital (Days)	117	78	61	76	93	87	97	93
<b>Leverage Ratio (x)</b>								
Current Ratio	2.4	1.8	1.7	1.8	2.1	1.8	2.2	2.4
Net Debt/Equity	0.6	0.5	0.6	0.5	0.2	0.3	0.3	0.1

### Cash Flow Statement

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>(INRb)</b>								
Op. Profit/(Loss) before Tax	14.8	14.5	14.8	21.5	21.9	22.3	26.7	31.0
Interest/Dividends Recd.	2.2	2.1	2.6	0.5	0.6	0.2	1.0	1.1
Direct Taxes Paid	-3.5	-4.4	-3.8	-4.8	-6.0	-6.0	-5.7	-7.2
(Inc)/Dec in WC	5.9	8.2	3.3	-5.6	-8.1	0.3	-7.2	-1.7
<b>CF from Operations</b>	<b>19.5</b>	<b>20.4</b>	<b>17.0</b>	<b>11.7</b>	<b>8.4</b>	<b>16.8</b>	<b>14.8</b>	<b>23.2</b>
Others	-3.0	-10.2	-5.2	1.8	0.0	0.0	0.0	0.0
EO Expense	0.0	-3.0	-1.5	0.3	0.2	4.2	0.5	0.0
<b>CF frm Op.incl EO Exp.</b>	<b>16.5</b>	<b>13.2</b>	<b>13.2</b>	<b>13.2</b>	<b>8.2</b>	<b>12.6</b>	<b>14.2</b>	<b>23.2</b>
(Inc)/Dec in FA	-9.9	-12.4	-16.0	-7.0	-8.7	-11.7	-6.1	-6.0
<b>Free Cash Flow</b>	<b>6.6</b>	<b>0.8</b>	<b>-2.7</b>	<b>6.2</b>	<b>-0.5</b>	<b>0.9</b>	<b>8.2</b>	<b>17.2</b>
(Pur)/Sale of Investments	0.0	-0.1	0.1	0.0	-0.2	0.0	0.0	0.0
Others	-0.2	5.6	8.9	0.0	0.0	0.0	0.0	0.0
<b>CF from Investments</b>	<b>-10.1</b>	<b>-7.0</b>	<b>-7.0</b>	<b>-7.0</b>	<b>-9.0</b>	<b>-11.6</b>	<b>-6.1</b>	<b>-6.0</b>
Change in Networth	-0.5	-3.8	-2.4	1.0	11.8	-2.8	0.0	0.0
Inc/(Dec) in Debt	-3.6	-5.6	6.1	-0.8	-3.8	6.9	-1.2	-1.1
Interest Paid	-2.9	-3.3	-3.8	-3.5	-3.0	-3.5	-4.5	-4.1
Dividend Paid	-0.8	-1.0	-0.7	-0.7	-1.0	-1.0	-1.0	-1.0
Others	3.1	6.4	-6.6	-3.3	-0.5	0.0	0.0	0.0
<b>CF from Fin. Activity</b>	<b>-4.7</b>	<b>-7.4</b>	<b>-7.4</b>	<b>-7.4</b>	<b>3.5</b>	<b>-0.4</b>	<b>-6.7</b>	<b>-6.2</b>
<b>Inc/Dec of Cash</b>	<b>1.7</b>	<b>-1.1</b>	<b>-1.1</b>	<b>-1.1</b>	<b>2.7</b>	<b>0.6</b>	<b>1.5</b>	<b>11.0</b>
Add: Beginning Balance	10.6	12.3	9.4	11.1	11.4	14.1	14.7	16.2
Effect of exchange rate	0.1	-1.8	-1.8	-1.8	0.0	0.0	0.0	0.0
<b>Closing Balance</b>	<b>12.3</b>	<b>9.4</b>	<b>6.4</b>	<b>8.1</b>	<b>14.1</b>	<b>14.7</b>	<b>16.2</b>	<b>27.2</b>

E: MOFSL Estimates

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NOTES

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NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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