

# GlaxoSmithKline Pharma

BSE SENSEX 77,210 S&P CNX 23,501

**CMP: INR2,538 TP: INR2,380 (-6%) Neutral**



## Stock Info

Bloomberg	GLXO IN
Equity Shares (m)	169
M.Cap.(INRb)/(USDb)	429.9 / 5.1
52-Week Range (INR)	2760 / 1377
1, 6, 12 Rel. Per (%)	4/36/52
12M Avg Val (INR M)	346
Free float (%)	25.0

## Financials Snapshot (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	34.5	37.3	40.7
EBITDA	9.1	9.9	11.1
Adj. PAT	7.3	7.8	8.6
EBIT Margin (%)	24.3	24.7	25.4
Cons. Adj. EPS (INR)	43.3	45.8	50.8
EPS Gr. (%)	20.5	5.7	10.9
BV/Sh. (INR)	104.9	123.1	146.3

## Ratios

Net D:E	-0.6	-0.5	-0.6
RoE (%)	41.3	37.2	34.7
RoCE (%)	40.4	40.2	37.7
Payout (%)	61.1	63.1	56.9

## Valuations

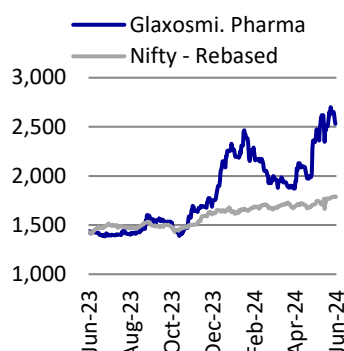
P/E (x)	58.6	55.4	50.0
EV/EBITDA (x)	36.8	33.8	29.9
Div. Yield (%)	0.9	0.9	0.9
FCF Yield (%)	2.9	1.2	2.6
EV/Sales (x)	9.7	9.0	8.1

## Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	75.0	75.0	75.0
DII	7.9	8.7	10.3
FII	3.5	2.9	2.3
Others	13.6	13.4	12.4

FII Includes depository receipts

## Stock performance (one-year)



## Business in recovery mode!

### Valuation adequately factors in the earnings upside

- GlaxoSmithKline Pharma (GLXO), a domestic-focused player, reported a moderate revenue/EBITDA/PAT growth of 3%/10%/14% over FY18-23.
- In FY24, GLXO exhibited a healthy pick-up with 6.2%/13.0%/20.5% YoY growth in revenue/EBITDA/PAT, fueled by increased NLEM-based product volumes, takeoff of its vaccines business (from 3QFY24), and traction in new launches.
- Considering an 8% earnings CAGR and a stabilizing return ratio of ~35% over FY24-26E, we value GLXO at 45x 12M forward earnings to arrive at our TP of INR2,380. We believe the current valuation as well as ~84% stock appreciation over the past one year adequately factors in the upside in earnings. Hence, we reiterate our Neutral rating on the stock.

### Enhanced effort in Rx drives FY24 sales growth despite the NLEM impact

- In FY24, GLXO's ex-vaccines business posted high-single-digit growth despite the addition of key brands, such as Ceftum and T-Bact in NLEM. The growth was propelled by a surge in volumes of Ceftum/T-Bact (+56%/+10%).
- GLXO has consistently underperformed IPM over FY18-23, due to a higher share of revenue from acute therapies, 40% of its generic medicine portfolio being under NLEM, and a slower takeoff of key therapies such as vaccines.
- GLXO has the highest share from acute therapies (94% of total FY24 sales), which has underperformed IPM by 410bp over MAT Apr'20-24.
- Further, the company's key therapies, such as Derma, Anti-infective, Pain, and Hormones have all underperformed IPM.
- Over the last two years, however, Trelegy Ellipta has witnessed decent growth in the specialty portfolio.
- GLXO's ex-vaccines business is likely to drive growth, led by increased awareness of its brands through campaigns & advertisements, a focus on growing newly launched brands, and niche launches in its specialty portfolio.

### Efforts underway to scale-up the vaccines business

- Over FY22-24, GLXO's vaccines business declined due to a slower takeoff of its vaccines during the pandemic and an increase in offerings in the National Immunization Program (NIP).
- However, the vaccines business has stabilized now and delivered growth in 3Q/ 4QFY24, led by the traction in pediatric vaccines, adult vaccines, and growth in products included in NIP.
- GLXO is implementing efforts to improve the growth prospects of its vaccines business by increasing awareness of both pediatric and adult vaccines, relaunching older brands (like Viralix), and launching new brands.

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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.

**Valuation and view**

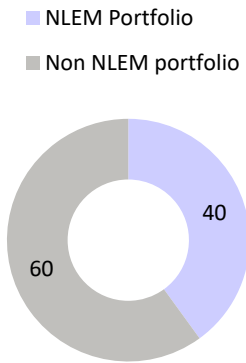
- We expect GLXO to deliver a revenue/EBITDA/PAT CAGR of 9%/10%/8% over FY24-26, aided by: a) an increase in brand awareness, b) new launches in vaccines and specialty segment, c) volume takeoff in NLEM portfolio, and d) traction in new launches such as Trelegy Ellipta/Shingrix.
- We await clarity on any further launches from the parent portfolio.
- **We value GLXO at 45x 12M forward earnings to arrive at our TP of INR2,380.** Considering an 8% earnings CAGR and a stabilizing return ratio of ~35% over FY24-26E, we believe the current valuation adequately factors in the earnings upside. **Reiterate Neutral.**

**Exhibit 1: Valuation snapshot**

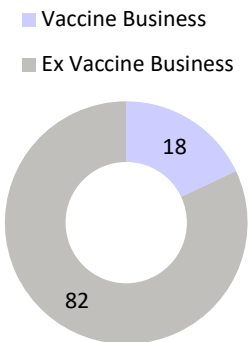
Company	Reco	MCap (USD b)	DF Sales FY24 (INR b)	EPS (INR)			EPS Gr. YoY (%)		PE (x)		EV/EBITDA (x)		ROE (%)				
				FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY24	FY25E	FY26E		
<b>MNC Pharma</b>																	
Abbott India*	Not Rated	6.8	58	565	718	922	27.0	28.4	42.7	37.5	33.3	29.4	34.9	32.8	46.2		
<b>GSK Pharma</b>	<b>Neutral</b>	<b>5.2</b>	<b>35</b>	<b>43</b>	<b>46</b>	<b>51</b>	<b>5.7</b>	<b>10.9</b>	<b>55.4</b>	<b>50.0</b>	<b>33.8</b>	<b>29.9</b>	<b>41.3</b>	<b>37.2</b>	<b>34.7</b>		
Sanofi*	Not Rated	1.9	21	262	316	336	20.5	6.4	25.5	22.5	19.3	16.1	52.7	36.2	47.8		
Pfizer*	Not Rated	2.7	22	122	131	157	7.4	19.8	37.0	30.8	28.5	24.5	16.2	15.8	17.1		
<b>Large-Cap Indian Pharma</b>																	
Alkem	Neutral	7.3	84	159.7	173.1	192.2	8.4	11.0	29.4	26.5	23.6	20.6	19.7	18.6	17.9		
Cipla	Buy	7.4	84	159.7	173.1	192.2	8.4	11.0	30.0	27.0	24.1	21.0	19.7	18.6	17.9		
Dr Reddy's Labs	Neutral	15	109	52.5	58.9	65.8	12.3	11.7	26.5	23.7	17.2	15.1	15.9	15.4	14.9		
Lupin	Neutral	11.9	46	317.1	323.9	339.1	2.1	4.7	18.4	17.6	10.4	9.4	20.7	17.7	15.9		
Sun Pharma	Buy	8.6	67	41.5	50.2	58.7	20.9	16.9	31.3	26.8	16.8	14.4	14.1	14.9	15.1		
Torrent Pharma	Neutral	43.3	149	41.4	47.0	57.6	13.5	22.4	32.0	26.1	24.7	20.2	16.7	16.5	17.4		
Zydus Life Science	Neutral	11.7	50	47.1	64.7	80.4	37.4	24.3	44.4	35.7	24.6	21.1	24.4	29.0	32.9		
Mankind Pharma	BUY	12.9	54	37.6	41.3	42.8	9.7	3.6	26.0	25.1	17.3	16.3	20.3	18.5	16.1		
<b>Mid-Cap Indian Pharma</b>																	
Ajanta Pharma	Buy	3.6	12	62.3	74.4	85.4	19.4	14.9	32.3	28.1	21.7	18.7	22.7	24.0	23.1		
Alembic Pharma	Neutral	2	22	31.5	35.7	40.2	13.7	12.6	24.1	21.4	16.8	14.7	13.5	13.6	13.6		
Eris Lifescience	Neutral	1.7	20	29.2	33.1	44.4	13.1	34.1	31.4	23.4	17.8	15.2	16.8	16.4	18.9		
Glenmark Pharma	Neutral	4.1	34	2.5	44.1	50.4	NA	14.4	28.1	24.6	14.6	12.9	0.8	14.8	14.7		
IPCA Labs	Neutral	3.6	31	20.8	31.3	40.2	50.4	28.7	36.3	28.2	18.3	15.5	8.7	11.9	13.7		
JB Chemical*	Not Rated	3.3	19	35.7	54.3	64.4	52.4	18.5	39.9	33.1	25.8	22.2	20.5	22.5	21.3		

Source: MOFSL, Company

About 40% of GLXO’s general medicine portfolio under NLEM



GLXO generates 18% revenue from the vaccines business in FY24



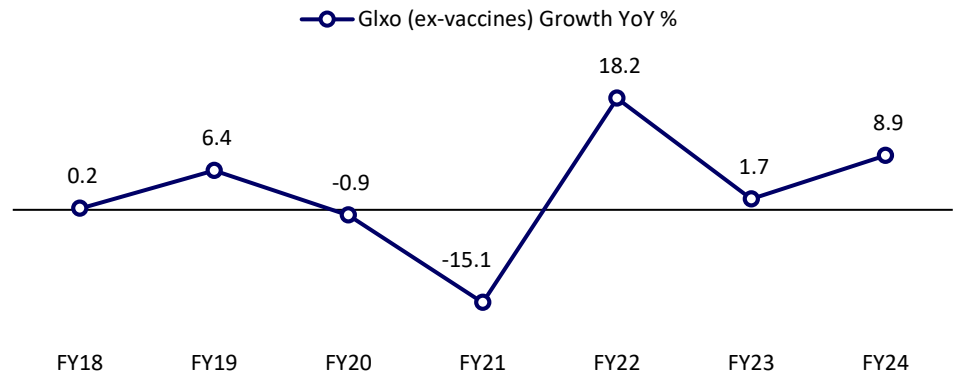
Improved Rx performance despite the NLEM impact; the vaccines business also in scale-up mode

- GLXO clocked a 3% CAGR over FY18-24, underperforming the IPM due to muted growth in its key therapies such as Respiratory, Vaccines, Hormones, and Pain segments.
- However, it delivered a high-single-digit YoY growth in revenue (ex-vaccines) in FY24, despite the addition of products under NLEM, with their share in overall revenue rising to 42% at the end of FY23 from 33% in CY22.
- During FY22-24, GLXO’s vaccines business declined. However, it has stabilized now and is witnessing growth fueled by increasing awareness of new launches/base portfolio, relaunch of brands like Viralix, and new launches.
- GLXO remains committed to building a strong brand franchise, improving volumes, and launching new products under its specialty portfolio business. Further, the company is expected to raise awareness of its brands through campaigns & advertisements, and focus on growing its newly launched brands – Shingrix and Trelegy Ellipta.
- We expect 9% sales CAGR during FY24-26.

Ex-vaccines, GLXO recovers in the DF business in FY24

- GLXO (ex-vaccines) clocked a CAGR of 3% over FY18-24 and underperformed IPM by ~700bp over the same period. GLXO underperformed IPM in Respiratory/Hormones/Pain by 7.4%/7.0%/2.1%.
- In FY18, the revenue was flat YoY due to divestment and discontinuations of the brands coupled with the impact of GST implementation. However, the company reported 6.4% YoY growth in FY19, fueled by a change in the new marketing model, and the launch of key brands, including Nucala.
- In FY20, GLXO registered a modest revenue decline of 0.9% YoY due to the global recall of ranitidine, including Zinetac in India.

Exhibit 2: GLXO clocked 9% YoY growth in the ex-vaccines business in FY24



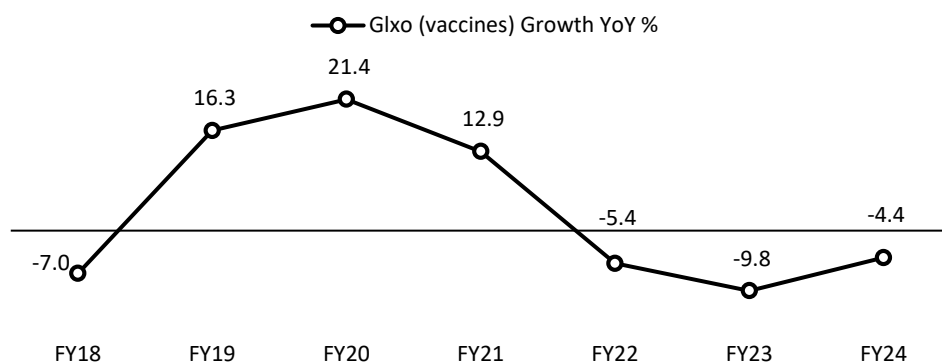
Source: MOFSL, Company, IQVIA

- In FY21, GLXO posted a decline of 15% YoY due to the Covid-19 impact and the sale of key brands such as Iodex and Ostocalcium.
- In FY22, GLXO experienced a spike of 12% YoY due to the low base in FY21 and market share gains in other key brands and therapies. Further, the growth was driven by general medicines such as Calpol and Augmentin due to the onset of the pandemic.
- In FY23, the ex-vaccines business growth moderated to 1.7% YoY owing to the inclusion of key brands in NLEM in 4QFY23. This was, however, offset by higher volumes and growth momentum in specialty brands (Nucala/Trelegy Ellipta).
- During FY24, GLXO grew 6.2% YoY driven by volume growth in NLEM brands like Ceftum/T-Bact (+56%/+10%) and market share gains in the specialty portfolio.

### Gradual recovery in the vaccines business from 3QFY24

- The vaccines business clocked a 4.5% CAGR over FY18-24, 150bp higher than the ex-vaccine business.
- Especially, over FY19-21, the vaccines business recorded a double-digit growth led by new launches and market share gains. During the same period, GLXO launched Infanrix Hexa/Menveo/Fluarix Tetra, which garnered a strong volume share.

### Exhibit 3: Vaccines business declined for three consecutive years



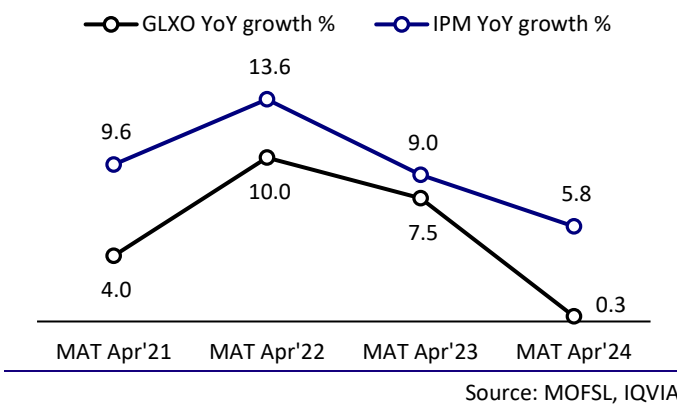
Source: MOFSL, Company, IQVIA

- GLXO's vaccines business declined for three consecutive years (FY22-24) due to the slower takeoff of vaccines during the pandemic and the increase in offerings in NIP. This was offset by a ramp up in the base business and the launch of the Shingrix vaccine (in Apr'23) in 3QFY24/4QFY24.
- GLXO is witnessing strong growth in pediatric vaccines after two years of stabilization. It is implementing efforts to improve the growth prospects of its pediatric vaccines segment, led by increasing awareness among parents and setting up plans with the pediatric association to drive growth.
- Additionally, with the launch of Shingrix, the company has entered into the adult vaccination business. GLXO is implementing efforts to create awareness among patients through advertisements. Further, it has started the supplies of Viralix again, which would drive growth.

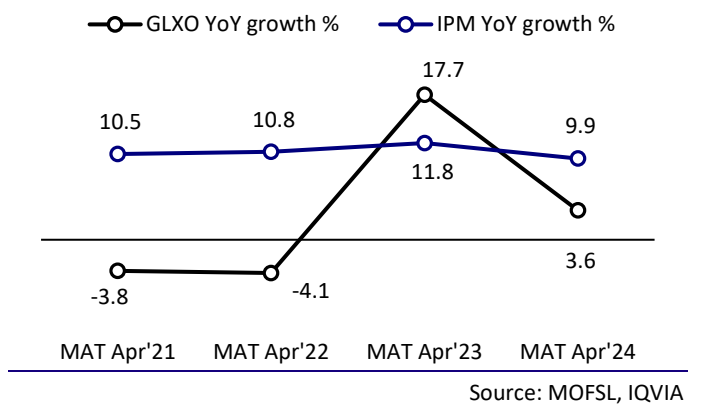
### Subdued performance in acute/chronic segments as per IQVIA over the past three years

- GLXO's acute therapies (94% of DF sales in MAT Apr'24) underperformed IPM (62% of DF sales) by 410bp over MAT Apr'20-24 .
- GLXO's chronic therapies (6% of DF sales in MAT Apr'24) underperformed IPM (38% of DF sales) by 780bp over MAT Apr'20-24.

**Exhibit 4: GLXO's acute and...**

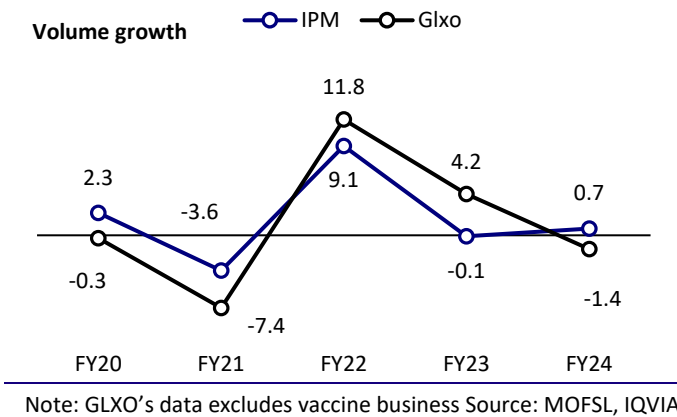


**Exhibit 5: ...chronic therapies mostly underperformed IPM**

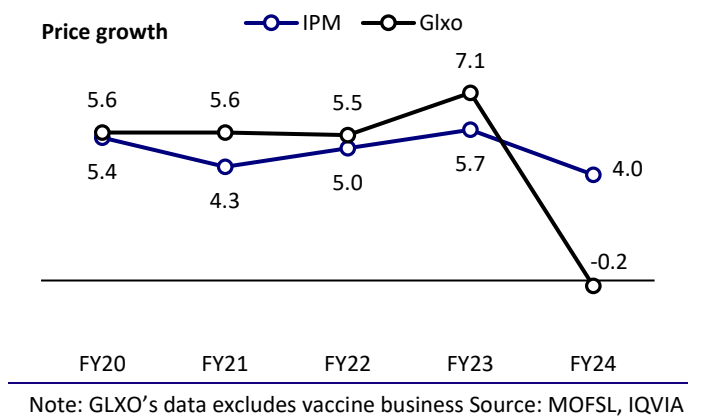


■ During FY20-23, the overall growth was led by price hikes. In FY24, the price growth moderated abruptly to 0.2%.

**Exhibit 6: Volume growth on a downtrend post-FY22**

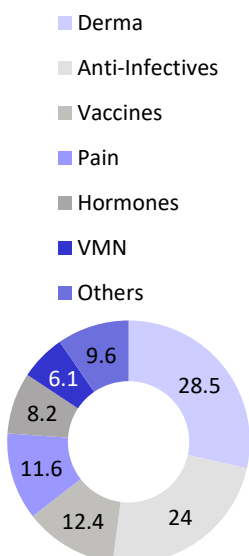


**Exhibit 7: No price hikes in FY24**

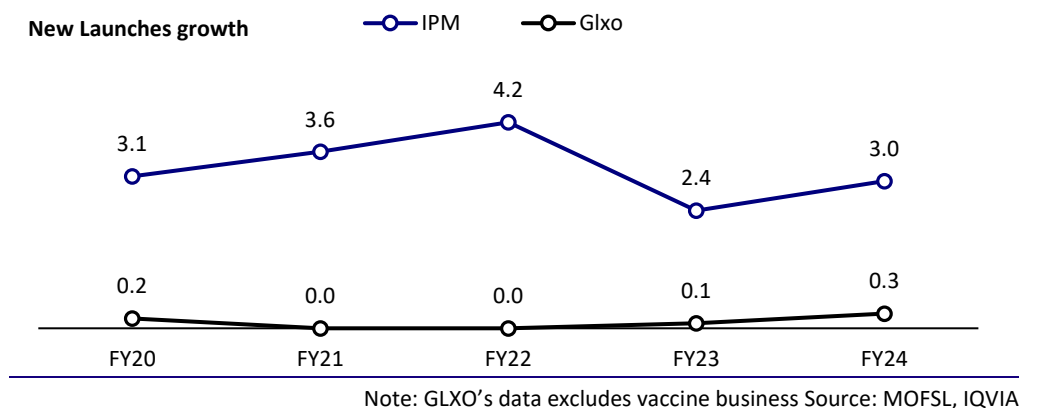


■ During FY20-24, the volume growth performance was a mixed bag; GLXO did not benefit from new launches over this period.

**Derma is GLXO's biggest therapy, contributing 29% to its sales**



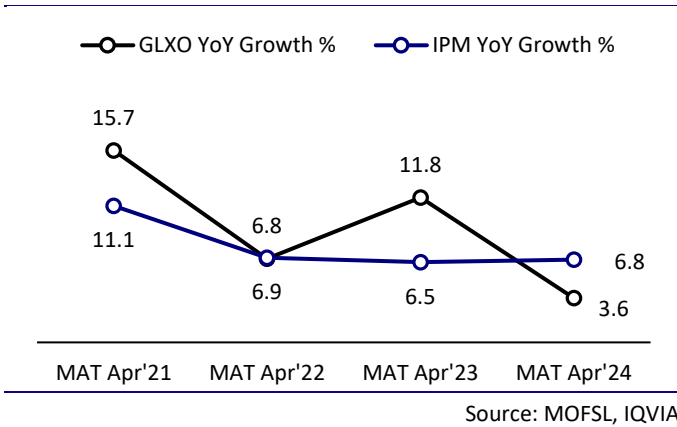
**Exhibit 8: New launches did not benefit the company**



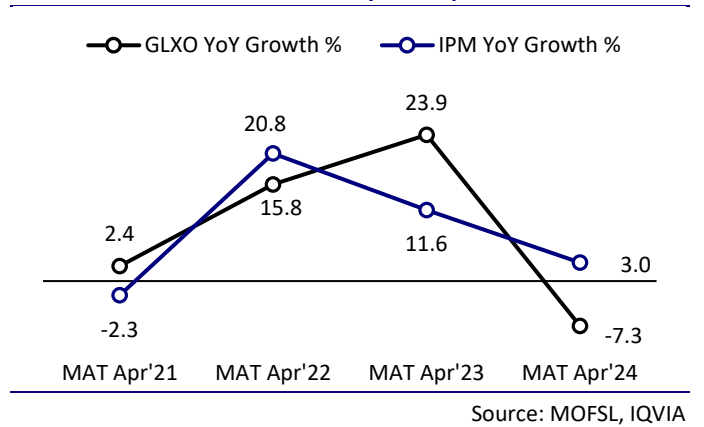
**Weak seasonality and inclusion of products in NLEM drag overall performance of key therapies**

- In MAT Apr'24, GLXO's derma portfolio underperformed IPM by 360bp due to weaker seasonality as it is more acute-focused. However, over MAT Apr'21-23, the derma segment of GLXO (29% of total sales) outperformed IPM growth. GLXO's growth was in line with IPM-derma in MAT Apr'22 due to Covid-related restrictions.
- GLXO's anti-infective therapy (24% of total sales) underperformed IPM in MAT Apr'24 due to weak seasonality. While GLXO posted double-digit growth in MAT Apr'22 fueled by Covid-tailwinds, it underperformed IPM by 500bp. In MAT Apr'23, however, GLXO significantly outperformed IPM driven by the new SKU launches like Calpol 650+/Augmentin ES, which supported volume growth in the base business.

**Exhibit 9: Barring FY24, derma has mostly outperformed IPM**

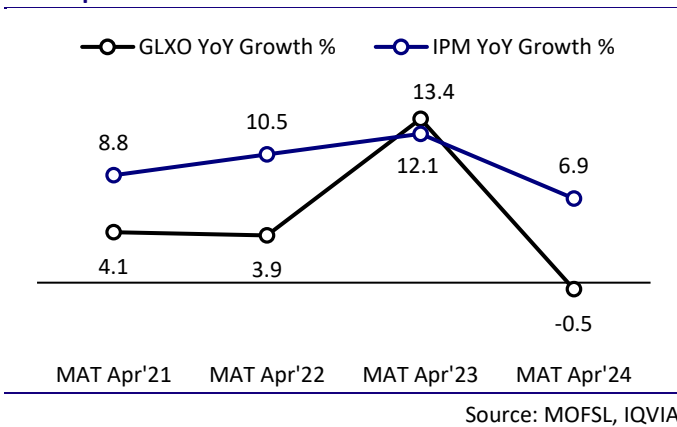


**Exhibit 10: Anti-infective broadly underperformed IPM**

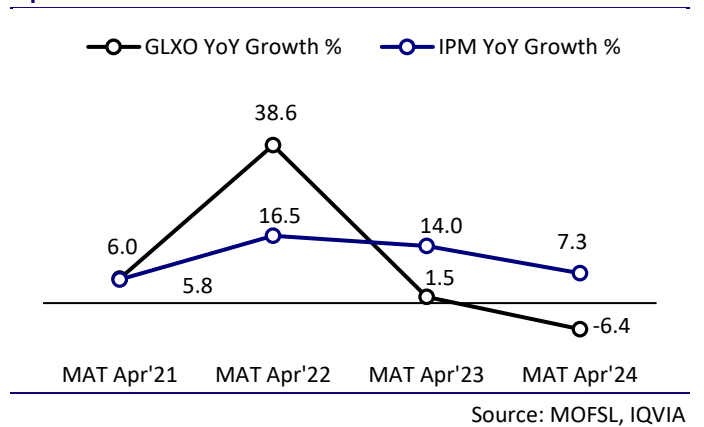


- GLXO's pain segment (12% of total sales) underperformed IPM during MAT Apr'23/24 due to inclusion of its key brand Calpol under the NLEM.

**Exhibit 11: Hormones mostly underperformed IPM over MAT Apr'20-24**



**Exhibit 12: Pain mostly underperformed IPM over MAT Apr'23-24**



- Hormones (8% of total sales) mostly underperformed IPM over MAT Apr'21-24. However, GLXO outperformed IPM in MAT Apr'23 led by strong growth in its key brand Eltoxin.

### Top nine brands growing faster than IPM

- Augmentin, an anti-biotic with a market share of 48%, demonstrated a decent growth of 12% during MAT Apr'20-24. It outperformed therapy by 430bp over MAT Apr'20-24.
- T-Bact is used in the treatment of skin infections, such as impetigo (red sores), recurring boils, and others. It is growing faster than the IPM at 16.5% during MAT Apr'20-24. In MAT Apr'23, GLXO reported a 34% YoY growth due to strong execution. However, in MAT Apr'24, the growth declined due to inclusion of the brand under NLEM in late 2022 and seasonality, offset by increased volumes.
- Infanrix Hexa, used for the treatment of six diseases, viz, diphtheria, tetanus, pertussis (whooping cough), hepatitis B, poliomyelitis (polio), and Haemophilus influenzae type b (Hib), clocked a 12.2% CAGR over MAT Apr'20-24. It significantly outperformed therapy growth by 13.7%.

### Exhibit 13: Almost all the top brands driving growth

Drug	Molecule	Therapy	MAT Apr'24 Sales (INRm)	YoY Growth %	Brand 4 CAGR %	Therapy 4 CAGR %	Molecule 4 CAGR %
Augmentin	Amoxy. & clav.	Anti-infective	8102	0.7	12.3	8	12.3
Betnovate	Betameth.+comb.	Derma	6025	2.9	6	9.4	6
Calpol	Paracetamol + comb.	Pain	4937	-5.4	11.8	8.7	10.4
T-Bact	Mupirocin	Derma	3650	-3.1	16.5	9.4	16.5
Eltroxin	Levothyroxine	Hormones	2580	1.0	6.1	5.1	6.1
Ceftum	Cefuroxime	Anti-infective	2279	-28.7	0.9	8	0.9
Neosporin	Antibio. Comb.	Derma	2127	20	18.8	9.4	18.8
Infanrix hexa	Dpt+hib+polio+hep b	Vaccine	2012	17.2	12.2	-1.5	12.2
Betnesol	Betamethasone	Hormones	1638	-1.5	6	5.1	5.9
Ccm	Calcium	VMN	1463	10	16.2	10.3	17.3
Otrivin	Oxymetazoline	Respiratory	1317	-3.2	18.3	2.3	11.3

Source: MOFSL, IQVIA

- However, GLXO's key brand, Ceftum, underperformed IPM due to its inclusion in NLEM pricing. The decline was 29% YoY in MAT Apr'24 due to weak seasonality.

### New launches exhibiting strong traction to aid growth over medium term

- With the launch of Shingrix (in Apr'23), the company has entered into the adult vaccination business. Shingrix is used to prevent herpes zoster in adults with age of 50 years and above. It has 100% market share in this category. Since the launch, GLXO has administered 55,000 dosages and garnered sales of INR167m in MAT Apr'24. It plans to administer 0.3-0.5m dosage over the next five years.
- Since the launch in Apr'22, Trelegy Ellipta has garnered revenue of INR85m (+155% YoY in MAT Apr'24). Trelegy Ellipta is used for the treatment of COPD, including chronic bronchitis, emphysema, or both, and to treat asthma in adults.



**Exhibit 14: Pick-up witnessed in new launches**

Drug	Molecule	Therapy	MAT Apr'24 Sales (INRm)	Date of Launch
Shingrix	Herpes Zoster / Shingles	Vaccines	167	Apr'23
Trelegy Ellipta	OTHER COMB. BRONCHO.INH	Respiratory	85	Apr'22
Centrum	FOOD SUPPLEMENTS+ CALCIUM + COLECALCI.	VMN	54	Sep'22

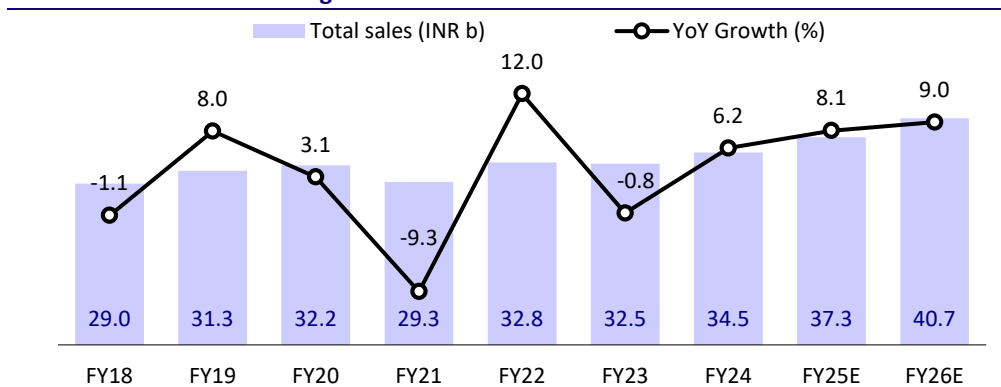
Source: MOFSL, IQVIA

- Centrum, launched in Sep'22, is used to improve bone health/skin/nails. Since its launch, the takeoff was slow; however, in MAT Apr'24, GLXO posted a strong growth in this brand with sales of INR54m. Centrum has three sub-brands, viz., Centrum Women, Centrum Men, and Centrum Osto.

**Expect 9% CAGR over FY24-26 on overall basis**

- We expect the growth momentum to strengthen over the next 2-3 years, aided by: 1) a scale-up in the vaccines business, b) price optimization in the overall portfolio, c) improved omni-channel experience for healthcare professionals despite reduction in field force, and d) cost efficiencies.

**Exhibit 15: DF business to register a CAGR of 9% over FY24-26E**



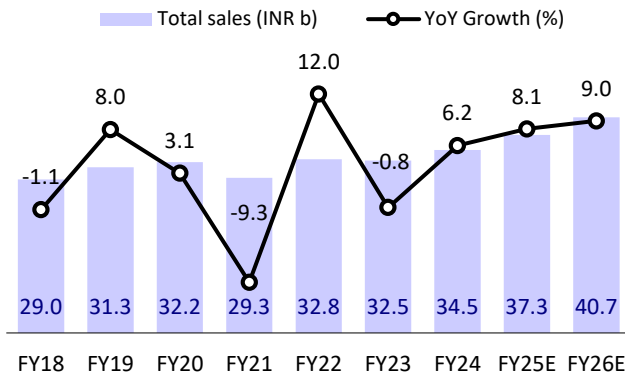
Source: MOFSL, Company

- Management expects a strong double-digit growth going forward backed by increased patient coverage, increasing awareness, approval for phase 4 study of Zejula/Jamperli, volume growth in generics, and new launches.
- Further, it has two assets under oncology, which are approved and ready to market. Post-launch, these would boost the specialty portfolio. Besides, GLXO expects that its recent launch, Shingrix, would drive growth in adult vaccination.
- Accordingly, we expect a sales CAGR of 9% over FY24-26 to INR40.7b.



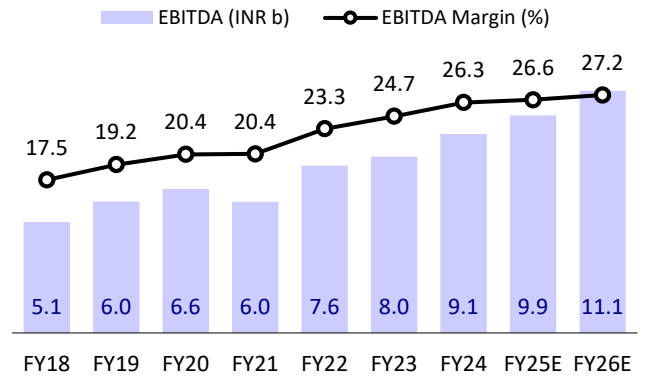
Story in charts

Exhibit 16: Revenue CAGR of 9% over FY24-26E



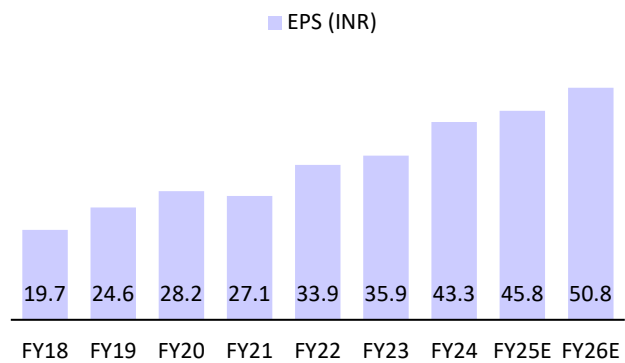
Source: Company, MOFSL

Exhibit 17: Margin to improve over FY24-26E



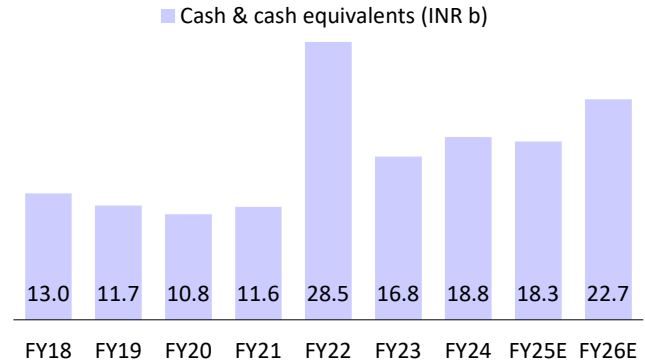
Source: Company, MOFSL

Exhibit 18: Earnings CAGR of ~8% over FY24-26E



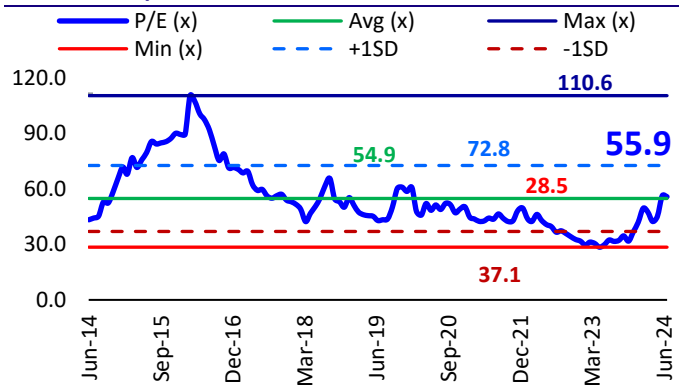
Source: Company, MOFSL

Exhibit 19: Cash likely to be distributed to stakeholders



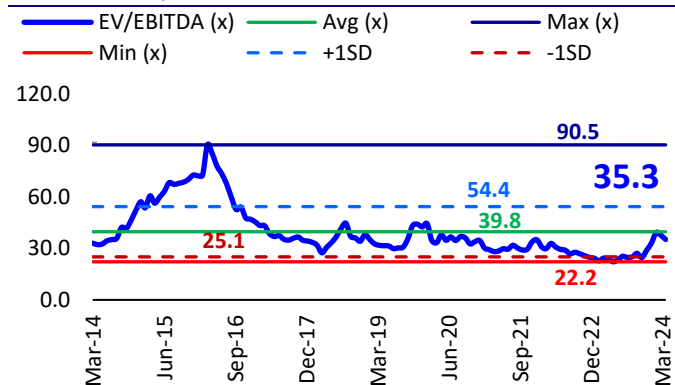
Source: Company, MOFSL

Exhibit 20: P/E chart



Source: MOFSL, Company

Exhibit 21: EV/EBITDA chart



Source: MOFSL, Company

## Financials and valuations

Income Statement								(INR m)
Y/E December	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Net Sales</b>	<b>31,281</b>	<b>32,244</b>	<b>29,256</b>	<b>32,780</b>	<b>32,517</b>	<b>34,537</b>	<b>37,331</b>	<b>40,691</b>
Change (%)	8.0	3.1	-9.3	12.0	-0.8	6.2	8.1	9.0
<b>EBITDA</b>	<b>6,008</b>	<b>6,573</b>	<b>5,981</b>	<b>7,639</b>	<b>8,043</b>	<b>9,087</b>	<b>9,932</b>	<b>11,053</b>
Change (%)	18.8	9.4	-9.0	27.7	5.3	13.0	9.3	11.3
Margin (%)	19.2	20.4	20.4	23.3	24.7	26.3	26.6	27.2
Depreciation	486	827	786	682	658	697	712	737
<b>EBIT</b>	<b>5,522</b>	<b>5,746</b>	<b>5,195</b>	<b>6,957</b>	<b>7,385</b>	<b>8,390</b>	<b>9,220</b>	<b>10,316</b>
Int. and Fin. Charges	6	63	35	20	18	18	12	12
Other Income - Rec.	1,023	790	1,106	758	1,007	1,226	1,300	1,350
<b>PBT</b>	<b>6,540</b>	<b>6,472</b>	<b>6,266</b>	<b>7,695</b>	<b>8,374</b>	<b>9,598</b>	<b>10,508</b>	<b>11,654</b>
Tax	2,373	1,698	1,667	1,953	2,288	2,262	2,753	3,053
Tax Rate (%)	36.3	26.2	26.6	25.4	27.3	23.6	26.2	26.2
<b>Adj PAT</b>	<b>4,167</b>	<b>4,775</b>	<b>4,596</b>	<b>5,739</b>	<b>6,086</b>	<b>7,336</b>	<b>7,755</b>	<b>8,600</b>
Change (%)	25.2	14.6	-3.8	24.9	6.0	20.5	5.7	10.9
One-off income (net of tax)	-21	-3,843	-1,726	116	10	-1,436	0	0
<b>Reported PAT Before Disc. Operations</b>	<b>4,454</b>	<b>932</b>	<b>2,873</b>	<b>5,858</b>	<b>6,096</b>	<b>5,900</b>	<b>7,755</b>	<b>8,600</b>

Balance Sheet								(INR m)
Y/E December	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694
Reserves	19,687	16,495	13,280	24,919	16,923	16,065	19,144	23,069
Capital Reserve	17	17	17	17	17	17	17	17
<b>Net Worth</b>	<b>21,398</b>	<b>18,206</b>	<b>14,991</b>	<b>26,630</b>	<b>18,634</b>	<b>17,776</b>	<b>20,855</b>	<b>24,780</b>
Loans	2	0	0	0	0	0	0	0
<b>Capital Employed</b>	<b>21,400</b>	<b>18,206</b>	<b>14,991</b>	<b>26,630</b>	<b>18,634</b>	<b>17,777</b>	<b>20,856</b>	<b>24,781</b>
Gross Block	5,590	10,190	6,740	7,740	8,740	8,131	8,631	9,131
Less: Accum. Deprn.	1,278	2,105	2,891	3,573	4,230	4,927	5,639	6,376
<b>Net Fixed Assets</b>	<b>4,300</b>	<b>7,566</b>	<b>3,843</b>	<b>3,294</b>	<b>4,510</b>	<b>3,204</b>	<b>2,991</b>	<b>2,754</b>
Capital WIP	10,026	1,201	132	305	203	139	139	139
Investments	17	15	14	3,668	5,194	8,141	8,141	8,141
<b>Curr. Assets</b>	<b>24,148</b>	<b>21,469</b>	<b>26,114</b>	<b>37,934</b>	<b>23,245</b>	<b>22,619</b>	<b>24,802</b>	<b>30,465</b>
Inventory	4,865	4,830	5,467	5,347	4,600	5,251	5,488	5,982
Account Receivables	1,205	998	2,156	2,052	1,924	2,221	2,053	2,238
Cash & Bank Balance	11,714	10,832	11,580	24,845	11,559	10,632	10,168	14,514
Others	6,364	4,808	6,911	5,689	5,162	4,516	7,093	7,731
<b>Curr. Liability &amp; Prov.</b>	<b>17,713</b>	<b>13,149</b>	<b>16,143</b>	<b>19,703</b>	<b>15,853</b>	<b>17,789</b>	<b>16,681</b>	<b>18,182</b>
Account Payables	13,642	7,763	11,006	13,801	9,127	11,379	8,959	9,766
Provisions	4,071	5,386	5,137	5,902	6,726	6,410	7,722	8,417
<b>Net Current Assets</b>	<b>6,435</b>	<b>8,319</b>	<b>9,971</b>	<b>18,231</b>	<b>7,392</b>	<b>4,830</b>	<b>8,121</b>	<b>12,283</b>
Deferred Tax Assets	622	1105	1031	1132	1336	1462	1463	1463
<b>Appl. of Funds</b>	<b>21,400</b>	<b>18,206</b>	<b>14,991</b>	<b>26,630</b>	<b>18,634</b>	<b>17,776</b>	<b>20,856</b>	<b>24,781</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E December	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>EPS</b>	<b>24.6</b>	<b>28.2</b>	<b>27.1</b>	<b>33.9</b>	<b>35.9</b>	<b>43.3</b>	<b>45.8</b>	<b>50.8</b>
Cash EPS	27.5	33.1	31.8	37.9	39.8	47.4	50.0	55.1
BV/Share	126.3	107.5	88.5	157.2	110.0	104.9	123.1	146.3
DPS	20.0	20.0	30.0	30.0	20.0	22.0	24.0	24.0
Payout (%)	97.9	85.4	133.1	106.6	67.0	61.1	63.1	56.9
<b>Valuation</b>								
P/E	103.1	90.0	93.5	74.9	70.6	58.6	55.4	50.0
Cash P/E	92.4	76.7	79.9	66.9	63.7	53.5	50.8	46.0
P/BV	20.1	23.6	28.7	16.1	23.1	24.2	20.6	17.3
EV/Sales	10.9	10.6	11.7	9.9	10.4	9.7	9.0	8.1
EV/EBITDA	56.9	52.1	57.2	42.6	41.9	36.8	33.8	29.9
Dividend Yield (%)	0.8	0.8	1.2	1.2	0.8	0.9	0.9	0.9
<b>Return Ratios (%)</b>								
RoE	19.5	26.2	30.7	21.6	32.7	41.3	37.2	34.7
RoCE	19.9	24.3	27.9	27.7	26.9	40.4	40.2	37.7
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	8.3	5.4	5.1	9.2	8.3	9.0	12.1	14.2
Debtor (Days)	14	11	27	23	22	23	20	20
Inventory (Days)	57	55	68	60	52	55	54	54
Creditor days	159	88	137	154	102	120	88	88
<b>Leverage Ratio</b>								
Debt/Equity	-0.5	-0.6	-0.8	-0.9	-0.6	-0.6	-0.5	-0.6

### Cash Flow Statement

Y/E December	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Oper. Profit/(Loss) bef. Tax	5,987	2,730	4,255	7,755	8,053	9,087	9,932	11,053
Interest/Div. Recd.	1,023	790	1,106	758	1,007	1,226	1,300	1,350
Direct Taxes Paid	-1,958	-2,180	-1,594	-2,053	-2,491	-2,389	-2,754	-3,053
(Inc)/Dec in WC	-619	-2,766	-904	5,006	-2,447	1,635	-3,755	184
<b>CF from Operations</b>	<b>4,434</b>	<b>-1,427</b>	<b>2,864</b>	<b>11,465</b>	<b>4,121</b>	<b>9,559</b>	<b>4,723</b>	<b>9,534</b>
EO expense	-21	-3,843	-1,726	116	10	0	0	0
<b>CF from Op. incl. EO exp.</b>	<b>4,095</b>	<b>4,905</b>	<b>5,384</b>	<b>12,143</b>	<b>4,111</b>	<b>9,559</b>	<b>4,723</b>	<b>9,534</b>
(inc)/dec in FA	-2,367	4,225	4,519	-1,173	-898	673	-500	-500
<b>Free Cash Flow</b>	<b>1,707</b>	<b>5,287</b>	<b>8,177</b>	<b>11,086</b>	<b>3,223</b>	<b>10,232</b>	<b>4,223</b>	<b>9,034</b>
(Pur)/Sale of Investments	1	2	1	-3,655	-1,526	173	0	0
<b>CF from investments</b>	<b>-1,535</b>	<b>-568</b>	<b>4,180</b>	<b>-4,055</b>	<b>-2,424</b>	<b>846</b>	<b>-500</b>	<b>-500</b>
Change in Equity capital	847	-	0	0	0	0	0	0
Inc/(Dec) in Debt	-4	-2	0	0	0	0	0	0
Interest Paid	-6	-63	-35	-20	-18	-18	-12	-12
Dividend Paid	-4,080	-4,078	-6,117	-6,117	-4,078	-4,486	-4,894	-4,894
<b>CF from Fin. Activity</b>	<b>-3,583</b>	<b>-4,276</b>	<b>-6,560</b>	<b>-9,278</b>	<b>-14,975</b>	<b>-6,774</b>	<b>-4,690</b>	<b>-4,690</b>
<b>Inc/Dec of Cash</b>	<b>-1,023</b>	<b>60</b>	<b>3,004</b>	<b>-1,190</b>	<b>-13,287</b>	<b>3,631</b>	<b>-466</b>	<b>4,344</b>
Add: Beginning Balance	2,011	988	1,048	4,052	2,862	-10,425	-6,794	-7,261
<b>Closing Balance</b>	<b>988</b>	<b>1,048</b>	<b>4,052</b>	<b>2,862</b>	<b>-10,425</b>	<b>-6,794</b>	<b>-7,261</b>	<b>-2,916</b>
Bank balances other than cash	10,725	9,784	7,528	21,983	21,983	21,983	21,983	21,983
<b>Closing Balance</b>	<b>11,714</b>	<b>10,832</b>	<b>11,580</b>	<b>24,845</b>	<b>11,559</b>	<b>10,632</b>	<b>10,168</b>	<b>14,514</b>

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NOTES

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UNDER REVIEW	Rating may undergo a change
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