

Glenmark Pharma

Estimate change

TP change

Rating change



Motilal Oswal values your support in the EXTEL POLL 2025 for India Research, Sales, Corporate Access and Trading team. We request your ballot.



| | |
|-----------------------|-------------|
| Bloomberg | GNP IN |
| Equity Shares (m) | 282 |
| M.Cap.(INRb)/(USD\$) | 527.4 / 6 |
| 52-Week Range (INR) | 2286 / 1275 |
| 1, 6, 12 Rel. Per (%) | -1/25/11 |
| 12M Avg Val (INR M) | 1533 |

Financials & Valuations (INR b)

| Y/E March | FY26E | FY27E | FY28E |
|-----------------|-------|-------|-------|
| Sales | 136.4 | 154.6 | 171.7 |
| EBITDA | 15.6 | 33.1 | 38.0 |
| Adj. PAT | 5.9 | 21.0 | 24.6 |
| EBIT Margin (%) | 7.2 | 17.9 | 18.7 |
| Adj EPS (INR) | 20.9 | 74.5 | 87.1 |
| EPS Gr. (%) | -56.2 | 256.0 | 17.0 |
| BV/Sh. (INR) | 330.9 | 401.2 | 484.0 |

Ratios

| | | | |
|------------|-----|------|------|
| Net D-E | 0.0 | -0.1 | -0.2 |
| RoE (%) | 6.5 | 20.3 | 19.7 |
| RoCE (%) | 8.7 | 20.1 | 20.3 |
| Payout (%) | 5.6 | 5.7 | 4.8 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 89.3 | 25.1 | 21.5 |
| EV/EBITDA (x) | 33.8 | 15.5 | 13.0 |
| Div. Yield (%) | 0.2 | 0.2 | 0.2 |
| FCF Yield (%) | 3.3 | 2.9 | 4.0 |
| EV/Sales (x) | 3.9 | 3.3 | 2.9 |

Shareholding pattern (%)

| As On | Sep-25 | Jun-25 | Sep-24 |
|----------|--------|--------|--------|
| Promoter | 46.7 | 46.7 | 46.7 |
| DII | 18.7 | 17.7 | 13.3 |
| FII | 20.7 | 20.6 | 23.1 |
| Others | 14.0 | 15.1 | 17.1 |

FII Includes depository receipts

CMP: INR1,869

TP: INR2,170 (+16%)

Buy

Tough quarter led by GST shock and operational reset

Earnings cut for FY26-28; valuation multiple revised lower

- Glenmark Pharma (GNP) delivered a miss on 2QFY26 earnings, adjusted for a one-time upfront payment received from Abbvie. The miss was largely driven by a severe impact on the domestic formulation (DF) business following the GST transition.
- Adjusting for ISB2001 deal-related income (INR45b for 2QFY26) and associated expenses (INR8.3b), GNP reported an operational loss of INR8.7b for the quarter, representing its highest-ever quarterly operational loss.
- DF sales significantly reduced in 2QFY26 due to uncertainty in the distribution channel following the announcement of GST-related changes on 15th Aug'25.
- In addition, GNP undertook corrective measures to manage inventory levels at the consolidated level. The company also discontinued its pre-collection arrangement with debtors across geographies, resulting in an increase in debtors over the past 6M.
- We cut our earnings estimate by 65%/5%/4% for FY26/FY27/FY28 to factor in: a) the transient impact on the DF business due to GST, b) geopolitical uncertainties in emerging markets, and c) ongoing regulatory issues at certain sites impacting the product approval cycle for the US business. We value GNP at 24x (vs 27x earlier) to arrive at a TP of INR2,170.
- While the overall impact of the GST transition has been significantly higher than anticipated, we expect some business in the coming quarters. With a coarse reset for inventory levels/debtor levels, along with continued focus on growth across key markets and the clinical development of innovative assets, we expect the business to scale up going forward. Reiterate BUY.

GST-related inventory destocking impacts topline

- GNP's sales decreased 30.8% YoY to INR23.8b (our est. INR35.2b). The reported revenue of INR60b comprised one-time income from Abbvie amounting to INR36.7b (USD525m less one-time charge USD93m). Adjusting for the same, revenue for the quarter was INR23.8b.
- DF sales decreased by 87.1% YoY to INR1.6b (7% of revenue).
- NA sales grew 7.4% YoY to INR8b (33% of revenue; USD89m down 8% YoY in CC terms). Europe revenue grew by 7.4% YoY to INR8b (33% of revenue; USD89m down; 8% YoY in CC terms). Emerging Markets' sales decreased 6.5% YoY to INR6.5b (28% of revenue).
- Adj. for one-time income from Abbvie, gross margin (GM) contracted 2200bp YoY to 46.8%. The sharp reduction in Indian sales/lower EM sales impacted GM.
- GNP reported an operational loss of INR8.7b, driven by lower GM and higher opex (other expenses up 1,600bp YoY and employee costs up 1,400bp YoY as a % of sales).
- GNP reported other income of INR2b. Considering the Abbvie income, GNP reported a PAT of INR6.1b. Adj. for Abbvie income, GNP reported a net loss of INR9b for the quarter.

Tushar Manudhane - Research Analyst (Tushar.Manudhane@MotilalOswal.com)

Eshita Jain - Research Analyst (Eshita Jain @MotilalOswal.com) | **Vipul Mehta** (vipul.mehta@motilaloswal.com)

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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management commentary

- With INR17.5b in cash at the end of FY25 and an additional INR60b from the Abbvie deal, GNP utilized INR13b for debt repayment; INR5b for capex; INR6.5b for bonus and other one-time expenses related to the deal; INR16b for working capital changes; INR5b for cash deficit; INR720m for cash tax; and INR1.5b for interest outgo, leaving cash of INR26b at the end of Sep'25.
- GNP guided for the DF sales run rate of INR11.5b-INR12b from 3QFY26 onwards and targets to achieve INR48b in FY27.
- GNP expects FY27 US sales to be robust, driven by the launch of three exclusive sole FTF products.
- GNP guided for revenue of INR80b and EBITDA margin of 23% for 2HFY26.

Quarterly performance

(INRm)

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | Estimate | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|-----------------|-----------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | % Var |
| Net Revenues (Core) | 32,442 | 34,338 | 33,876 | 32,562 | 32,644 | 23,769 | 42,744 | 37,292 | 1,33,217 | 1,36,448 | 35,199 | -32.5 |
| YoY Change (%) | 6.9 | 7.1 | 35.1 | 6.3 | 0.6 | -30.8 | 26.2 | 14.5 | 12.8 | 2.4 | 2.5 | |
| EBITDA | 6,102 | 6,019 | 6,002 | 5,610 | 5,805 | -8,704 | 10,002 | 8,502 | 23,734 | 15,605 | 5,913 | -247.2 |
| YoY Change (%) | 39.5 | 19.1 | -515.5 | 11.2 | -4.9 | -244.6 | 66.6 | 51.6 | 82.2 | -34.2 | -1.8 | |
| Margins (%) | 18.8 | 17.5 | 17.7 | 17.2 | 17.8 | -36.6 | 23.4 | 22.8 | 17.8 | 11.4 | 16.8 | |
| Depreciation | 1,178 | 1,203 | 1,227 | 1,252 | 1,299 | 1,412 | 1,558 | 1,487 | 4,860 | 5,756 | 1,285 | |
| EBIT | 4,924 | 4,816 | 4,775 | 4,358 | 4,506 | -10,116 | 8,444 | 7,016 | 18,874 | 9,849 | 4,628 | |
| YoY Change (%) | 66.7 | 32.4 | -263.8 | 23.5 | -8.5 | -310.0 | 76.8 | 61.0 | 161.9 | -47.8 | -3.9 | |
| Margins (%) | 15.2 | 14.0 | 14.1 | 13.4 | 13.8 | -42.6 | 19.8 | 18.8 | 14.2 | 7.2 | 13.1 | |
| Interest | 396 | 485 | 523 | 667 | 582 | 665 | 250 | 55 | 2,071 | 1,551 | 450 | |
| Other Income | 315 | 324 | 311 | 117 | 264 | 2,006 | 135 | 140 | 1,067 | 2,546 | 130 | |
| PBT before EO Exp. | 4,843 | 4,656 | 4,563 | 3,808 | 4,188 | -8,775 | 8,329 | 7,101 | 17,870 | 10,843 | 4,308 | -303.7 |
| One-off loss/(gain) | 220 | -70 | 0 | 3,728 | 3,232 | -18,449 | 0 | 0 | 3,878 | -15,217 | -42,140 | |
| PBT after EO Exp. | 4,623 | 4,726 | 4,563 | 80 | 956 | 9,674 | 8,329 | 7,101 | 13,992 | 26,060 | 46,448 | -79.2 |
| Tax | 1,221 | 1,181 | 1,083 | 36 | 486 | 3,570 | 2,082 | 1,811 | 3,521 | 7,949 | 11,705 | |
| Rate (%) | 26.4 | 25.0 | 23.7 | 45.0 | 50.9 | 36.9 | 25.0 | 25.5 | 25.2 | 30.5 | 25.2 | |
| Rep.PAT | 3,402 | 3,545 | 3,480 | 44 | 470 | 6,104 | 6,247 | 5,290 | 10,471 | 18,111 | 34,743 | -82.4 |
| Minority Interest | 0 | 3 | 1 | -3 | 1 | 1 | 0 | -2 | 0 | 0 | -1 | |
| Rep. PAT after Minority Int. | 3,403 | 3,542 | 3,480 | 47 | 469 | 6,104 | 6,247 | 5,292 | 10,471 | 18,111 | 34,744 | |
| Adj PAT | 3,565 | 3,490 | 3,480 | 2,932 | 3,140 | -8,776 | 6,247 | 5,292 | 13,466 | 5,903 | 3,224 | NA |
| YoY Change (%) | 220.9 | 149.8 | -199.8 | 74.6 | -11.9 | NA | 79.5 | 80.5 | NA | -56.2 | -7.6 | |
| Margins (%) | 11.0 | 10.2 | 10.3 | 9.0 | 9.6 | -36.9 | 14.6 | 14.2 | 10.1 | 4.3 | 9.2 | |
| Overall Adj. PAT | 3,565 | 3,490 | 3,480 | 2932 | 3,140 | (8,776) | 6,247 | 5,292 | 13,466 | 5,903 | 3,224 | NA |

Key performance Indicators

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | FY26E |
|--------------------------|--------|--------|--------|-------|--------|-------|--------|--------|--------|--------|--------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | |
| India formulations | 11,962 | 12,817 | 10,637 | 9,430 | 12,399 | 1,650 | 17,541 | 10,562 | 44,846 | 42,152 | 13,458 |
| YoY Change (%) | 11.9 | 13.9 | 300.2 | 0.4 | 3.7 | -87.1 | 8.5 | 12.0 | 31.9 | -6.0 | 5.0 |
| US | 7,808 | 7,405 | 7,813 | 7,146 | 7,780 | 7,956 | 8,131 | 8,737 | 30,172 | 32,604 | 7,224 |
| YoY Change (%) | -4.6 | -1.2 | 1.4 | -5.4 | -0.4 | 7.4 | 4.1 | 22.3 | -2.5 | 8.1 | -2.4 |
| ROW+LatAm | 5,708 | 7,041 | 7,491 | 7,898 | 5,721 | 6,585 | 7,716 | 8,285 | 28,138 | 28,307 | 7,393 |
| YoY Change (%) | 3.3 | -4.1 | 3.0 | 4.9 | 0.2 | -6.5 | 3.0 | 4.9 | 1.7 | 0.6 | 5.0 |
| Europe | 6,957 | 6,874 | 7,297 | 7,335 | 6,678 | 7,460 | 7,881 | 8,069 | 28,463 | 30,087 | 6,874 |
| YoY Change (%) | 21.4 | 14.6 | 14.8 | 19.9 | -4.0 | 8.5 | 8.0 | 10.0 | 17.6 | 5.7 | 0.0 |
| Cost Break-up | | | | | | | | | | | |
| RM Cost (% of Sales) | 34.2 | 31.2 | 32.0 | 33.4 | 31.1 | 53.2 | 30.0 | 29.5 | 32.7 | 34.2 | 33.0 |
| Staff Cost (% of Sales) | 21.9 | 22.9 | 23.3 | 22.6 | 23.4 | 37.3 | 20.5 | 22.0 | 22.7 | 24.5 | 22.0 |
| R&D Expenses(% of Sales) | 7.4 | 7.2 | 6.6 | 7.3 | 7.1 | 7.2 | 7.0 | 6.5 | 7.1 | 7.6 | 7.2 |
| Other Cost (% of Sales) | 17.6 | 21.2 | 20.4 | 19.4 | 20.6 | 35.2 | 19.1 | 19.2 | 19.7 | 22.3 | 21.0 |
| Gross Margins(%) | 65.8 | 68.8 | 68.0 | 66.6 | 68.9 | 46.8 | 70.0 | 70.5 | 67.3 | 65.8 | 67.0 |
| EBITDA Margins(%) | 18.8 | 17.5 | 17.7 | 17.2 | 17.8 | -36.6 | 23.4 | 22.8 | 17.8 | 11.4 | 16.8 |
| EBIT Margins(%) | 15.2 | 14.0 | 14.1 | 13.4 | 13.8 | -42.6 | 19.8 | 18.8 | 14.2 | 7.2 | 13.1 |

E: MOFSL Estimates

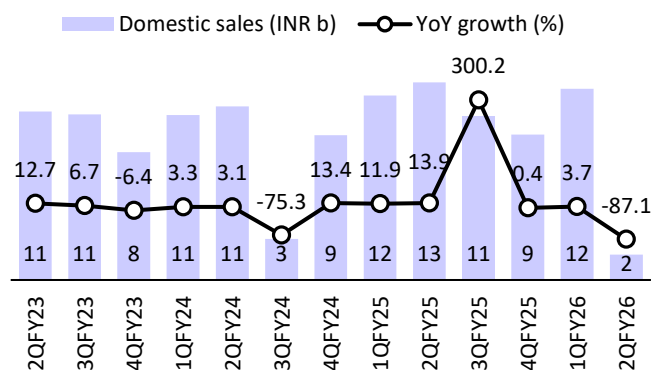


Highlights from the management commentary

- Overall, GNP aims to increase its revenue 12%-15%, with an operating margin of 23% on an annualized basis and EBITDA margin of 25% over the years.
- GNP's DF sales for the quarter were adversely impacted by a one-time reduction in distributor inventory levels on account of the GST transition.
- GNP's DF segment was also impacted by the discontinuation of tail-end low-margin products.
- The Europe business is expected to deliver double-digit growth in 2HFY26, supported by Ryaltris/Winlevi.
- One ANDA was filed during the second quarter. GNP plans to file two ANDAs in the upcoming quarter, and the company plans to launch 3-4 products in the upcoming quarter.
- Ryaltris is expected to be launched in China in 1HFY27. GNP has filed QiNHAYO Marketing Authorization Applications in 14 markets to date. The first commercial launch is expected in FY26.

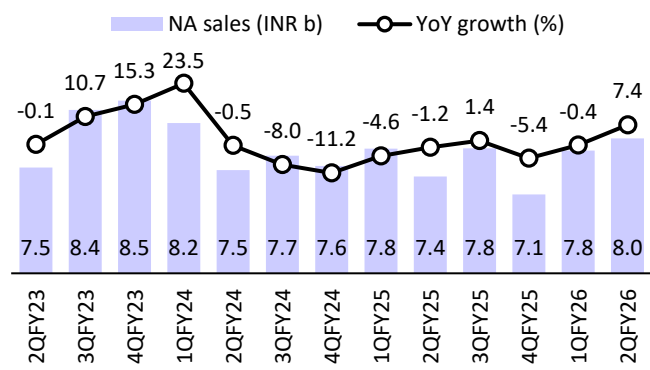
Key exhibits (including GLS revenue)

Exhibit 1: DF declined sharply by 87.1% YoY



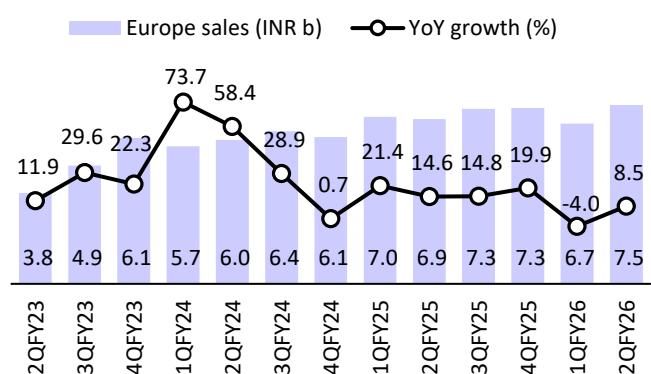
Source: MOFSL, Company

Exhibit 2: NA sales recorded 7.4% YoY growth



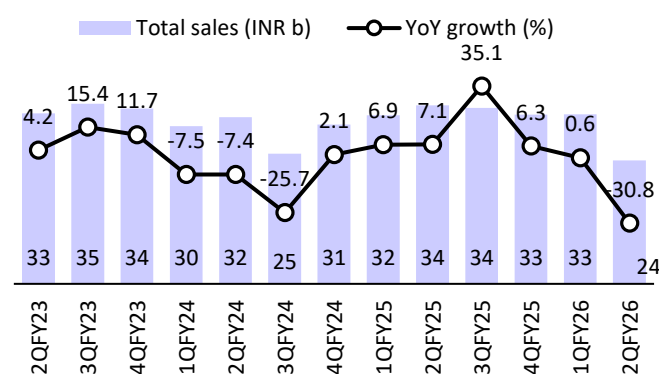
Source: MOFSL, Company

Exhibit 3: EU sales grew 8.5% YoY



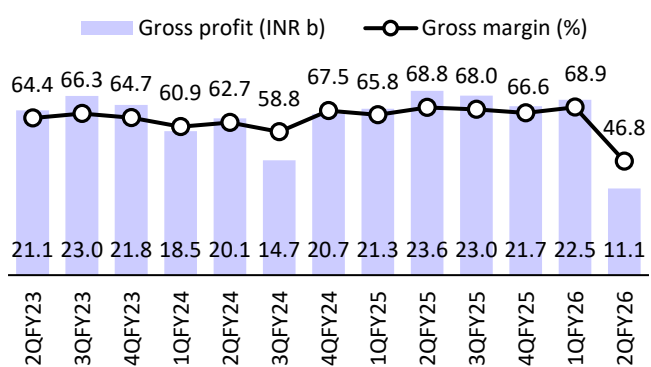
Note: Sales include GLS; Source: Company, MOFSL

Exhibit 4: Total sales recorded a sharp decline by ~31% YoY



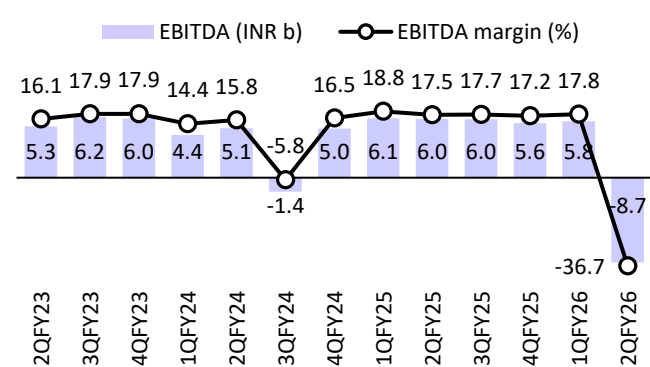
Note: Sales include GLS; Source: Company, MOFSL

Exhibit 5: Gross margin contracted 2200bp YoY in 2QFY26



Note: Sales include GLS; Source: Company, MOFSL

Exhibit 6: EBITDA margin contracted by 5,420bp YoY in 2QFY26



Note: Sales include GLS; Source: Company, MOFSL

Valuation and view

DF: GST disruption to unwind/restocking setting the stage for recovery

- GNP's DF sales declined 43% YoY to INR14b in 1HFY26, with a decline of 87% YoY in 2QFY26. This was significantly lower than anticipated, driven by the unprecedented drag on trade pipeline and disrupted channel flow.
- Growth was impacted by the change in GST regime/distributor inventory reduction/discontinuation of low-margin products.
- The GST change triggered abrupt destocking event, as GNP's three-tier distribution partner sharply reduced inventory to avoid price differential losses.
- Currently, with inventory below threshold levels, the Indian franchise is expected to normalize to a INR11.5-12b quarterly run rate from 3QFY26 onwards.
- Growth will be driven by a healthy uptake in recently launched specialty brands Tevimbra/Brukinsa/Jabra, which are scaling well ahead of expectations.
- The upcoming addition of GLP-1 agonists further strengthens the near-term growth pipeline, positioning the India business for a sustained recovery and multi-year expansion.
- As per IMS, GNP's DF business recorded 10.8% growth in 2Q (vs. IPM growth of 6.4%), driven by robust growth in Cardiac/Respiratory areas.
- Overall, we expect a 5% CAGR in DF sales to INR51.9b over FY25-28.

US: Ramp up of Respiratory launches/FTF exclusivity to add visibility

- US sale has remained soft over the past three years, with the trend continuing in 1HFY26. Net of the out-licensing income for the ISB 2001 deal, US revenue grew 3.4% YoY to INR15.7b in 1HFY26 (declined 2% YoY to USD179.6m in cc terms) vs 7.4% YoY to INR 7.9b in 2QFY26 (stable at USD88.6m in cc terms).
- In 2QFY26, GNP added to its injectable franchise, with the launches of Micafungin for Injection USP/Eribulin Mesylate Injection strengthening the portfolio mix.
- It has filed 1 ANDA in 2QFY26 and plans to further file 2 ANDAs/launch 3-4 products in upcoming quarter.
- GNP is also leveraging its depth in respiratory development, with two generic nasal spray ANDAs awaiting FDA approval, adding to future visibility.
- Momentum is expected to strengthen with the ramp up of respiratory launches/operationalization of Monroe manufacturing facility /scale up of in-licensed opportunities.
- The pipeline provides strong visibility with three FTF exclusivity launches planned for FY27.
- Performance is supported by expanding injectable portfolio/consistent execution across institutional channels, which continues to gain traction.
- We expect a 7% CAGR in US sales to INR36.7b (USD425m) over FY25-28.

EU: Differentiated products and steady traction in existing products to drive growth

- In 1HFY26, Europe sales grew 2.2% YoY to INR14.1b vs 8.5% YoY growth at INR7.4b in 2QFY26, supported by strong traction from recent product launches.
- GNP continues to outperform the broader pharma market across key branded geographies in Central/Eastern Europe.
- Respiratory assets Ryaltris/ Winlevi are expected to be the primary growth engines, with GNP guiding double-digit growth in 2HFY26.
- GNP remains focused on increasing the share of branded markets, which is driving a structurally stronger growth trajectory for Europe.
- We expect a 13% sales CAGR, reaching INR41.2b over FY25-28.

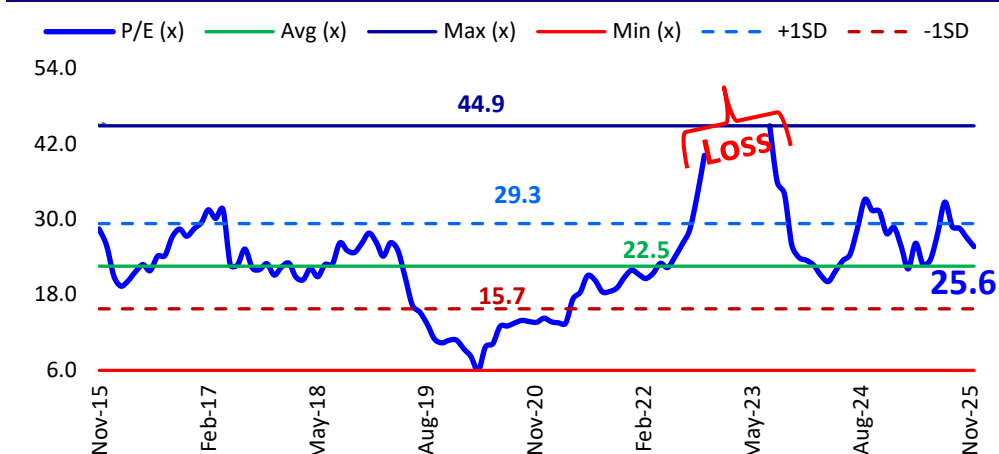
EM – Geopolitical uncertainty affects growth; emphasis on branded franchise

- Emerging market sales declined 3.5% YoY to INR12.3b in 1HFY26 vs a decline of 6.5% YoY in 2QFY26.
- The growth was impacted by geopolitical uncertainties, which resulted in a lower uptake in certain markets.
- Key brands such as Ryaltris in Mexico/ Salmeterol + Fluticasone in Brazil are expected to drive strong growth in the coming quarters; approval for Ryaltris in Brazil is currently awaited.
- In the Middle East and Africa, performance was softer as geopolitical uncertainty continues to weigh on the market uptake.
- Ryaltris® maintains a strong momentum in Asia, with upcoming launches planned by partners in China and Thailand over the next few quarters.
- We expect an 8% sales CAGR, reaching INR35.2b over FY25-28.

Reiterate BUY

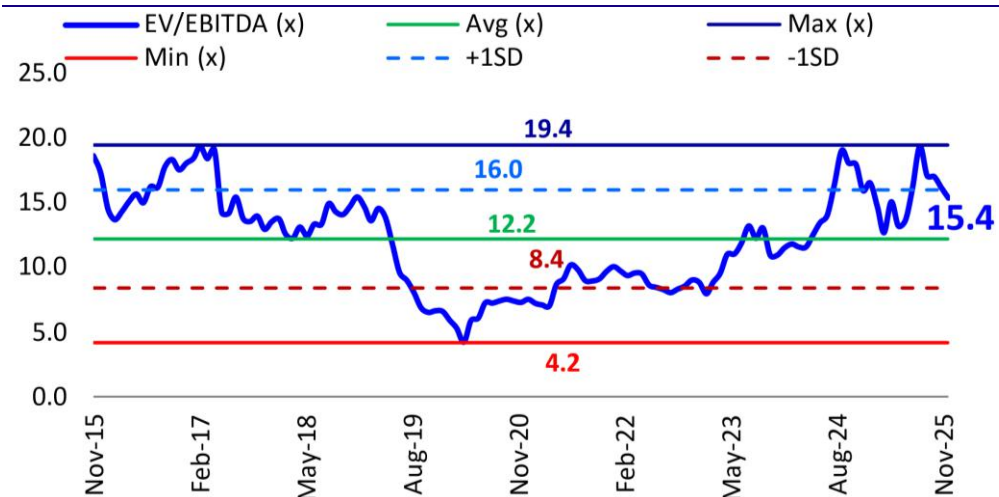
- We cut our earnings estimate by 65%/5%/4% for FY26/FY27/FY28 to factor in: a) the transient impact on the DF business due to GST, b) geopolitical uncertainties in emerging markets, and c) ongoing regulatory issues at certain sites impacting product approval cycle for the US business. We value GNP at 24x (vs 27x earlier) to arrive at a TP of INR2,170.
- While the overall impact of the GST transition has been significantly higher than anticipated, we expect recovery of some business in the coming quarters. With a coarse reset for inventory levels/debtor levels and ongoing focus on growth across key markets and clinical development of innovative assets, we expect business to scale up going forward. Reiterate BUY.

Exhibit 7: P/E chart



Source: MOFSL, Company, Bloomberg

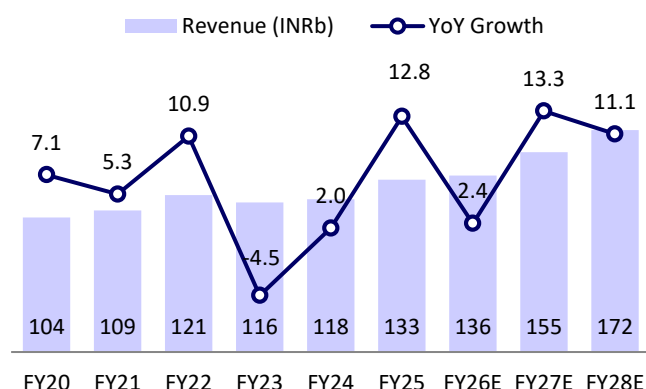
Exhibit 8: EV/EBITDA chart



Source: MOFSL, Company, Bloomberg

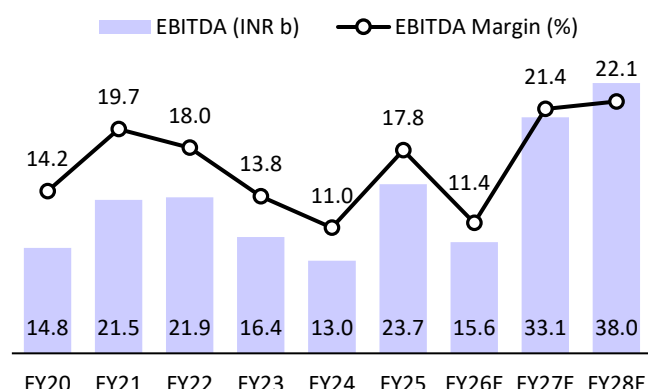
Story in charts

Exhibit 9: Expect sales CAGR of 8.8% over FY25-28



Source: Company, MOFSL

Exhibit 10: EBITDA margin to expand 430bp over FY25-28



Source: Company, MOFSL

Exhibit 11: R&D expenses to settle at 6% of sales by FY28

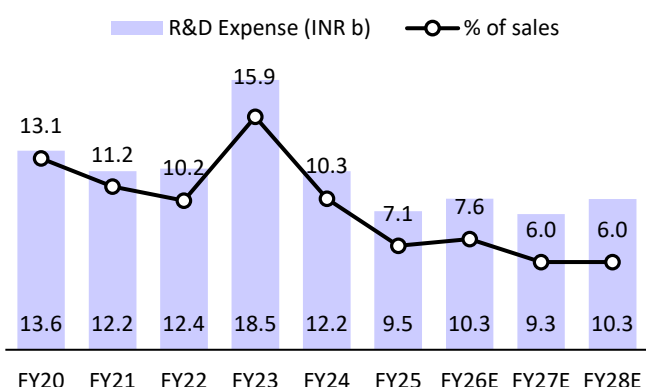
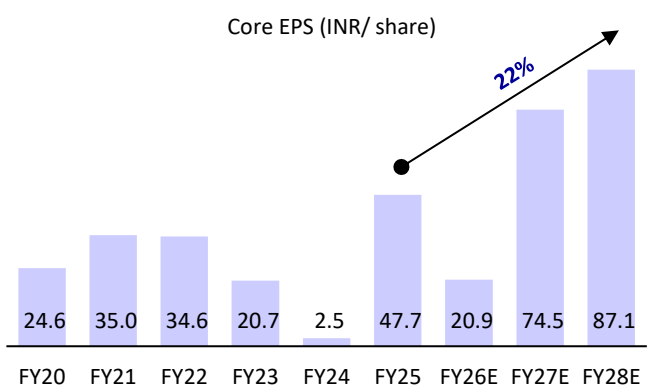
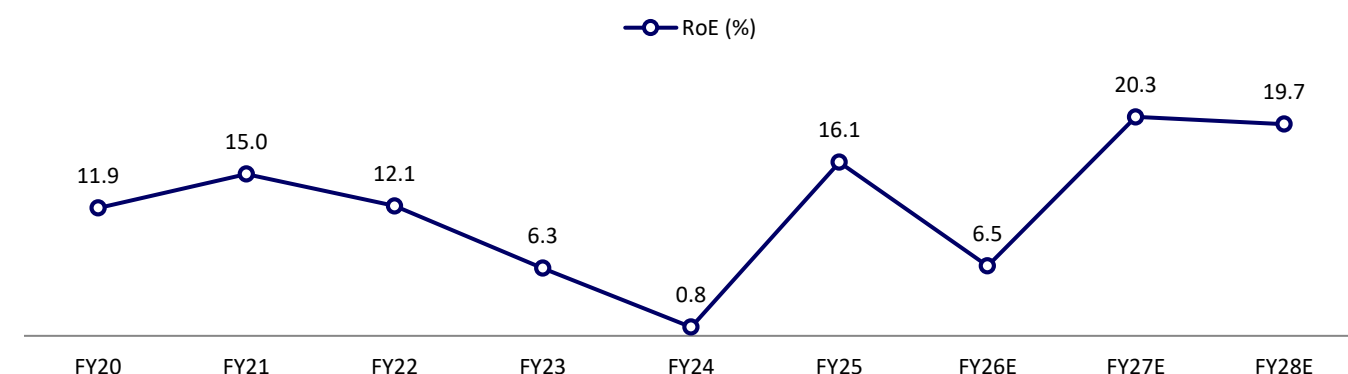


Exhibit 12: Expect strong EPS growth over FY25-28 with a CAGR of 22%



Source: Company, MOFSL

Exhibit 13: Expect RoE to grow steadily over FY25-28



Source: Company, MOFSL

Note: Above charts exclude the GLS consolidation

Financials and valuations

| Income Statement | | | | | | | (INRm) |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Net Sales | 1,21,339 | 1,15,832 | 1,18,131 | 1,33,217 | 1,36,447 | 1,54,598 | 1,71,727 |
| Change (%) | 10.9 | -4.5 | 2.0 | 12.8 | 2.4 | 13.3 | 11.1 |
| EBITDA | 21,881 | 16,350 | 13,025 | 23,734 | 15,604 | 33,150 | 37,952 |
| Change (%) | 1.6 | -25.3 | -20.3 | 82.2 | -34.3 | 112.4 | 14.5 |
| Margin (%) | 18.0 | 14.1 | 11.0 | 17.8 | 11.4 | 21.4 | 22.1 |
| Depreciation | 4,867 | 5,692 | 5,819 | 4,860 | 5,756 | 5,536 | 5,890 |
| EBIT | 17,014 | 10,658 | 7,206 | 18,874 | 9,848 | 27,614 | 32,061 |
| Interest | 2,981 | 3,490 | 5,160 | 2,071 | 1,551 | 190 | 108 |
| OI & forex gains/losses | 617 | 2,889 | 8,400 | 1,067 | 2,546 | 410 | 470 |
| PBT before EO Expense | 14,650 | 10,057 | 10,447 | 17,870 | 10,842 | 27,834 | 32,424 |
| Change (%) | 4.1 | -31.3 | 3.9 | 71.1 | -39.3 | 156.7 | 16.5 |
| Extra Ordinary Expense | 237 | 7,659 | 10,082 | 3,878 | -15,217 | 0 | 0 |
| PBT after EO Exp. | 14,412 | 2,398 | 364 | 13,992 | 26,059 | 27,834 | 32,424 |
| Tax | 4,476 | 3,294 | 18,673 | 3,521 | 7,950 | 6,819 | 7,846 |
| Tax Rate (%) | 31.1 | 137.3 | 5123.0 | 25.2 | 30.5 | 24.5 | 24.2 |
| Reported PAT | 9,417 | -1,697 | -18,990 | 10,471 | 18,109 | 21,015 | 24,577 |
| Minority Interest | 519 | 802 | 681 | 45 | 0 | 0 | 0 |
| Adj PAT from continuing ops. | 9,752 | 5,836 | 701 | 13,466 | 5,903 | 21,015 | 24,577 |
| Change (%) | -1.2 | -40.2 | -88.0 | NA | -56.2 | 256.0 | 17.0 |
| Margin (%) | 8.0 | 5.0 | 0.6 | 10.1 | 4.3 | 13.6 | 14.3 |

| Balance Sheet | | | | | | | (INRm) |
|------------------------------------|-----------------|-----------------|---------------|---------------|---------------|-----------------|-----------------|
| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Equity Share Capital | 282 | 282 | 282 | 282 | 282 | 282 | 282 |
| Reserves | 90,584 | 94,457 | 78,197 | 88,212 | 93,096 | 1,12,920 | 1,36,308 |
| Net Worth | 90,866 | 94,739 | 78,479 | 88,494 | 93,378 | 1,13,203 | 1,36,590 |
| Minority Interest | 3,515 | 3,653 | -4 | -4 | -4 | -4 | -4 |
| Loans | 36,703 | 43,477 | 9,906 | 21,942 | 15,442 | 9,942 | 4,442 |
| Deferred liabilities | -16,546 | -18,054 | -10,494 | -10,655 | -10,654 | -10,653 | -10,652 |
| Capital Employed | 1,14,538 | 1,23,816 | 77,887 | 99,777 | 98,162 | 1,12,488 | 1,30,376 |
| Gross Block | 93,966 | 94,115 | 87,819 | 95,444 | 1,01,944 | 1,08,944 | 1,15,444 |
| Less: Accum. Deprn. | 34,206 | 39,898 | 45,717 | 50,577 | 56,333 | 61,869 | 67,759 |
| Net Fixed Assets | 59,760 | 54,217 | 42,102 | 44,867 | 45,611 | 47,075 | 47,685 |
| Capital WIP | 9,211 | 11,896 | 6,619 | 8,348 | 8,348 | 8,348 | 8,348 |
| Investments | 496 | 446 | 7,897 | 564 | 564 | 564 | 564 |
| Intangibles (net) | 22,854 | 22,925 | 10,920 | 11,674 | 11,674 | 11,674 | 11,674 |
| Curr. Assets | 84,504 | 1,03,507 | 76,472 | 95,474 | 95,339 | 1,15,512 | 1,38,985 |
| Inventory | 24,998 | 23,736 | 25,131 | 30,285 | 30,654 | 34,308 | 37,639 |
| Account Receivables | 31,011 | 36,652 | 18,584 | 33,419 | 35,140 | 40,661 | 44,226 |
| Cash and Bank Balance | 14,115 | 11,603 | 16,595 | 17,052 | 13,375 | 21,483 | 35,949 |
| Others | 14,379 | 31,516 | 16,163 | 14,717 | 16,170 | 19,060 | 21,172 |
| Curr. Liability & Prov. | 39,433 | 46,251 | 55,202 | 49,477 | 51,700 | 59,011 | 65,206 |
| Account Payables | 34,519 | 41,331 | 48,791 | 43,516 | 48,598 | 55,909 | 62,104 |
| Provisions | 4,914 | 4,920 | 6,411 | 5,961 | 3,102 | 3,102 | 3,102 |
| Net Current Assets | 45,071 | 57,256 | 21,270 | 45,997 | 43,639 | 56,501 | 73,779 |
| Appl. of Funds | 1,14,538 | 1,23,816 | 77,887 | 99,776 | 98,162 | 1,12,488 | 1,30,376 |

E: MOFSL Estimates

Financials and valuations

Ratios

| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-------------------------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | | |
| EPS (Fully diluted)* | 34.6 | 20.7 | 2.5 | 47.7 | 20.9 | 74.5 | 87.1 |
| Cash EPS | 51.8 | 40.9 | 23.1 | 64.9 | 41.3 | 94.1 | 108.0 |
| BV/Share | 322.0 | 335.8 | 278.1 | 313.6 | 330.9 | 401.2 | 484.0 |
| DPS | 3.0 | 3.0 | 3.0 | 2.5 | 3.0 | 3.5 | 3.5 |
| Payout (%) | 10.8 | 60.0 | -5.4 | 8.1 | 5.6 | 5.7 | 4.8 |
| Valuation (x) | | | | | | | |
| P/E (Fully diluted) | 54.1 | 90.4 | 752.3 | 39.2 | 89.3 | 25.1 | 21.5 |
| Cash P/E | 36.1 | 45.7 | 80.9 | 28.8 | 45.2 | 19.9 | 17.3 |
| P/BV | 5.8 | 5.6 | 6.7 | 6.0 | 5.6 | 4.7 | 3.9 |
| EV/Sales | 4.5 | 4.8 | 4.4 | 4.0 | 3.9 | 3.3 | 2.9 |
| EV/EBITDA | 25.1 | 34.1 | 39.8 | 22.4 | 33.8 | 15.5 | 13.0 |
| Dividend Yield (%) | 0.2 | 0.2 | 0.2 | 0.1 | 0.2 | 0.2 | 0.2 |
| Return Ratios (%) | | | | | | | |
| RoE | 12.1 | 6.3 | 0.8 | 16.1 | 6.5 | 20.3 | 19.7 |
| RoCE | 11.4 | -4.2 | -777.3 | 16.8 | 8.7 | 20.1 | 20.3 |
| RoIC | 15.3 | 2.2 | -512.6 | 18.5 | 6.0 | 20.4 | 22.8 |
| Working Capital Ratios | | | | | | | |
| Fixed Asset Turnover (x) | 2.2 | 2.0 | 2.5 | 3.1 | 3.0 | 3.3 | 3.6 |
| Debtor (Days) | 93 | 115 | 57 | 92 | 94 | 96 | 94 |
| Inventory (Days) | 75 | 75 | 78 | 83 | 82 | 81 | 80 |
| Working Capital (Days) | 93 | 144 | 14 | 79 | 81 | 83 | 80 |
| Leverage Ratio (x) | | | | | | | |
| Current Ratio | 2.1 | 2.2 | 1.4 | 1.9 | 1.8 | 2.0 | 2.1 |
| Net Debt/Equity | 0.2 | 0.3 | -0.1 | 0.1 | 0.0 | -0.1 | -0.2 |

Cash Flow Statement

(INRm)

| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-------------------------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|
| Op. Profit/(Loss) before Tax | 21,881 | 16,350 | 13,025 | 23,734 | 15,604 | 33,150 | 37,952 |
| Interest/Dividends Recd. | 617 | 2,889 | 8,400 | 1,067 | 2,546 | 410 | 470 |
| Direct Taxes Paid | -5,963 | -4,802 | -11,114 | -3,681 | -7,949 | -6,818 | -7,845 |
| (Inc)/Dec in WC | -8,097 | -14,698 | 40,978 | -24,269 | -1,319 | -4,754 | -2,812 |
| CF from Operations | 8,438 | -260 | 51,290 | -3,150 | 8,882 | 21,988 | 27,764 |
| EO Expense | 237 | 7,659 | 10,082 | 3,878 | -15,217 | 0 | 0 |
| CF frm Op.incl EO Exp. | 8,201 | -7,919 | 41,208 | -7,028 | 24,098 | 21,988 | 27,764 |
| (Inc)/Dec in FA | -8,733 | -2,834 | 11,574 | -9,355 | -6,500 | -7,000 | -6,500 |
| Free Cash Flow | -533 | -10,753 | 52,781 | -16,383 | 17,598 | 14,988 | 21,264 |
| (Pur)/Sale of Investments | -250 | 50 | -7,450 | 7,333 | 0 | 0 | 0 |
| CF from Investments | -8,983 | -2,784 | 4,123 | -2,022 | -6,500 | -7,000 | -6,500 |
| Change in Networth | 11,822 | 6,589 | 3,749 | 393 | -12,207 | -1 | -1 |
| Inc/(Dec) in Debt | -3,797 | 6,912 | -37,228 | 12,036 | -6,500 | -5,500 | -5,500 |
| Interest Paid | -2,981 | -3,490 | -5,160 | -2,071 | -1,551 | -190 | -108 |
| Dividend Paid | -1,019 | -1,019 | -1,019 | -849 | -1,019 | -1,189 | -1,189 |
| CF from Fin. Activity | 3,516 | 8,992 | -39,658 | 9,509 | -21,275 | -6,880 | -6,798 |
| Inc/Dec of Cash | 2,733 | -1,711 | 5,673 | 459 | -3,677 | 8,107 | 14,466 |
| Add: Beginning Balance | 11,392 | 14,115 | 11,603 | 16,595 | 17,052 | 13,375 | 21,483 |
| Effect of exchange rate | 0 | -802 | -681 | 0 | 0 | 0 | 0 |
| Closing Balance | 14,115 | 11,603 | 16,595 | 17,054 | 13,375 | 21,483 | 35,949 |

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

| Explanation of Investment Rating | |
|----------------------------------|--|
| Investment Rating | Expected return (over 12-month) |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered/qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:
financial interest in the subject company

- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

| Contact Person | Contact No. | Email ID |
|--------------------|-----------------------------|------------------------------|
| Ms. Hemangi Date | 022 40548000 / 022 67490600 | query@motilaloswal.com |
| Ms. Kumud Upadhyay | 022 40548082 | servicehead@motilaloswal.com |
| Mr. Ajay Menon | 022 40548083 | am@motilaloswal.com |

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 dp@grievances@motilaloswal.com.