Prabhudas Lilladher
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# Aurobindo Pharma (ARBP IN)

**Rating: BUY | CMP: Rs970 | TP: Rs1,139**

June 1, 2021

## Q4FY21 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

| | Current | | Previous | |
|---|---|---|---|---|
| | FY22E | FY23E | FY22E | FY23E |
| **Rating** | **BUY** | | **BUY** | |
| **Target Price** | **1,139** | | **1,023** | |
| Sales (Rs. m) | 268,746 | 288,295 | 273,814 | 293,489 |
| *% Chng.* | *(1.9)* | *(1.8)* | | |
| EBITDA (Rs. m) | 58,174 | 62,415 | 59,272 | 63,540 |
| *% Chng.* | *(1.9)* | *(1.8)* | | |
| EPS (Rs.) | 60.9 | 66.9 | 62.0 | 68.2 |
| *% Chng.* | *(1.9)* | *(1.8)* | | |

### Key Financials - Consolidated

| Y/e Mar | FY20 | FY21 | FY22E | FY23E |
|---|---|---|---|---|
| Sales (Rs. m) | 227,380 | 245,580 | 268,746 | 288,295 |
| EBITDA (Rs. m) | 45,038 | 51,167 | 58,174 | 62,415 |
| *Margin (%)* | *19.8* | *20.8* | *21.6* | *21.6* |
| PAT (Rs. m) | 28,295 | 53,892 | 35,682 | 39,224 |
| EPS (Rs.) | 48.3 | 92.0 | 60.9 | 66.9 |
| *Gr. (%)* | *9.6* | *90.5* | *(33.8)* | *9.9* |
| DPS (Rs.) | 3.0 | 3.0 | 3.0 | 3.0 |
| *Yield (%)* | *0.3* | *0.3* | *0.3* | *0.3* |
| *RoE (%)* | *18.4* | *27.8* | *15.2* | *14.5* |
| *RoCE (%)* | *16.5* | *16.5* | *17.2* | *17.8* |
| EV/Sales (x) | 2.6 | 2.3 | 2.1 | 1.9 |
| EV/EBITDA (x) | 13.2 | 11.0 | 9.6 | 8.7 |
| PE (x) | 20.1 | 10.5 | 15.9 | 14.5 |
| P/BV (x) | 3.4 | 2.6 | 2.3 | 2.0 |

| Key Data | ARBN.BO \| ARBP IN |
|---|---|
| 52-W High / Low | Rs.1,064 / Rs.722 |
| Sensex / Nifty | 51,935 / 15,575 |
| Market Cap | Rs.569bn/ $ 7,799m |
| Shares Outstanding | 586m |
| 3M Avg. Daily Value | Rs.4810.01m |

### Shareholding Pattern (%)

| | |
|---|---|
| Promoter's | 51.94 |
| Foreign | 24.37 |
| Domestic Institution | 13.24 |
| Public & Others | 10.45 |
| Promoter Pledge (Rs bn) | 69.26 |

### Stock Performance (%)

| | 1M | 6M | 12M |
|---|---|---|---|
| Absolute | (1.1) | 8.2 | 33.7 |
| Relative | (7.1) | (7.0) | (14.3) |

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## *COVID played spoilsport; Poised to become dominant player in injectable exports*

**Quick Pointers:**

- US generic injectable sales declined 2% QoQ at US$67mn in 4Q due to low patient visits at hospitals
- Divestment of Natrol impacted sales by US$30-35mn in US; plans to consolidate injectable business in US and EU under one subsidiary.
- CAPA completed for Unit-I, IX, VII and XI; awaiting USFDA inspection.

***We maintain Buy rating on ARBP as the core growth drivers of ARBP remains strong and stable except few COIVD related logistical issues delayed revenue realization. This has resulted in marginal decrease of 2% in earnings estimates in FY22E/23E. Given its strong focus on strengthening performance in its global injectable business, we increased assigned PE to 17x (earlier 15x) on FY23 EPS of Rs66.9 and arrive at a TP of Rs1,139 (earlier Rs1,023). We believe that valuation re-rating would be driven by 1) better product mix with higher contribution of injectable exports, as guided to be US$650-700mn in FY23E v/s US$269mn in FY21, 2) Eugia (Oncology) product launches in US & Europe, with currently 52 products under development stage 3) Europe EBITDAM crossed double-digit, despite incorporating loss-making Apotes, 4) better outlook on Auromedics (Inj) and 5) divestment of Natrol.***

***4QFY21 Adj. earnings beat our estimates on back of higher than expected revenues from acquired operations of Apotex in EU and higher realisations in API due to global supply constraints. US revenue (comparable post sell-off Natrol) remained muted with 2% QoQ decline, while other export markets (except EU) declined 7% QoQ. ARBP changed its strategy in last few quarters and guided for no big ticket M&A and incremental CAPEX, which can lead to lower debt and better earnings growth with healthy EBITDAM.***

- **Sequential decline for most of the regions:** Revenue declined 1% YoY/6% QoQ to Rs59.9bn (PLe: Rs62.2bn) with US/Growth markets declined at 2%/ 23% while ARV/ API grew 11/ 16% QoQ. EU declined 7% QoQ. EBITDA grew 1% YoY while declined 7% QoQ to Rs12.6bn (PLe: Rs12.6bn). EDITDAM came at 21.1% (PLe: 20.3%) v/s 20.6% YoY and 21.4% QoQ. PBT declined 1% YoY and 1% QoQ to Rs10.7bn (PLe: Rs12.6bn). Adj. PAT declined 7% YoY and 73% QoQ to Rs8.1bn (PLe: Rs7.5bn). There was an exceptional gain of Rs28bn in FY21 related to Natrol divestment, revaluation of equity interest in Eugia Pharma and impairment charges related to certain products. Tax expense related to an exceptional item was Rs7bn in FY21.

## Conference call and key highlights:

- **US formulations:** Revenue declined 2% (CC) QoQ to US$389m with Auromedics (US Inj) contribution of US$67m v/s US$69m (3QFY21). In April-20, FDA classified Unit-IV (Injectable) as VAI (Voluntary Action Indicated) with EIR (Establishment Inspection Report). FDA may re-visit the facility for further investigation once travelling restrictions ease off, as few issues are related to data integrity.

- **US filings:** Received final approval for 9 ANDAs including 3 Inj in 4QFY21 and launched 19 products in 4Q including 10 Inj. As on 31st Dec 2020, on a cumulative basis, the company filed 639 ANDAs with USFDA and received approval for 468 ANDAs including 29 tentative approvals. ARBP has 9% Rx-share in US generics with base business price erosion in the range of 5-7%. ARBP has 80-90 products under development at various stages.

- **Regulatory Status:** ARBP's many plants continue to be under FDA issues with latest inclusion of oral solid mfg. facility at Dayton receiving WL for inspection conducted between Jan-Feb'20. Unit-I, VII & IX have been under OAI status, Unit- XI with warning letter and Unit- IV in VAI status without EIR. ARBP completed CAPA for Unit-I, IX and XI. Europe and Brazil regulator inspected and cleared Unit XI during the quarter. ARBP requested for a virtual CGMP audit, where CAPA is finished.

- **PLI Scheme:** During the quarter, ARBP received approval under the Production Linked Incentive (PLI) scheme for promotion of domestic manufacturing of Penicillin G, 7 - ACA and Erythromycin Thiocyanate (TIOC). Total investment committed under this scheme by ARBP is Rs30bn.

- **Natrol divestment**: Divestment was completed during the quarter for Rs30bn and this gain was recorded as an exceptional item. Natrol contributed 3.2% to overall PAT of ARBP and 10% of the US revenues with 22% growth in FY20. Aurobindo acquired Natrol in CY-14 at US$132.5m.

- **R&D:** ARBP spend Rs4.5bn on R&D, 7.6% of sales in 4QFY21 with ~50% towards generic and 50% towards specialty products. Guided for 5.5-6.0% of sales towards R&D for FY22E due to initiation of trials for depot injectable and biosimilar (Bevacizumab) for US and Europe markets. Currently ARBP is working on total 5 biosimilar products with 3 for European market while 2 for US. Management expects revenue from its biosimilar portfolio to kick start from Europe in FY23E, as one biosimilar would be filed for Europe in FY22E.

- **Europe:** Revenue grew 6% QoQ with EBITDAM of 10-11% due to inclusion of loss making unit of Apotex from different countries. Guided for further improvement in EBITDAM in FY22-23E, as Eugia products would be launched.

- **EMs, ARV and API:** Emerging markets/ARV/API declined 23% while ARV/ API increased 11%/ 16% QoQ. respectively. ARV segment has seen shift of preference towards TLD (Tenofovir/ Lamivudine/ Dolutegravir) from TLE (Tenofovir/ Lamivudine/ Efavirenz) and guided a strong visibility for next 18 months. API growth was led by non-beta lactams products.

**Exhibit 1: 4QFY21 Result Overview (Rs m) : Muted performance in pandemic affected world**

| Y/e March | Q4FY21 | Q4FY20 | YoY gr. (%) | Q3FY21 | QoQ gr. (%) | FY21 | FY20 | YoY gr. (%) |
|---|---|---|---|---|---|---|---|---|
| **Net Sales** | **59,917** | **60,634** | ***(1.2)*** | **63,531** | ***(5.7)*** | **2,45,580** | **2,27,380** | ***8.0*** |
| Raw Material | 24,071 | 25,034 | *(3.8)* | 25,723 | *(6.4)* | 99,025 | 97,352 | *1.7* |
| *% of Net Sales* | *40.2* | *41.3* | | *40.5* | | *40.3* | *42.8* | |
| Personnel Cost | 8,544 | 8,643 | *(1.1)* | 8,807 | *(3.0)* | 35,350 | 32,192 | *9.8* |
| *% of Net Sales* | *14.3* | *14.3* | | *13.9* | | *14.4* | *14.2* | |
| Others | 14,653 | 14,483 | *1.2* | 15,433 | *(5.1)* | 60,037 | 52,798 | *13.7* |
| *% of Net Sales* | *24.5* | *23.9* | | *24.3* | | *24.4* | *23.2* | |
| Total Expenditure | 47,268 | 48,160 | *(1.9)* | 49,963 | *(5.4)* | 1,94,412 | 1,82,342 | *6.6* |
| **EBITDA** | **12,649** | **12,474** | ***1.4*** | **13,568** | ***(6.8)*** | **51,167** | **45,038** | ***13.6*** |
| *Margin (%)* | *21.1* | *20.6* | | *21.4* | | *20.8* | *19.8* | |
| Depreciation | 2,660 | 2,324 | *14.5* | 2,765 | *(3.8)* | 10,554 | 9,667 | *9.2* |
| **EBIT** | **9,989** | **10,150** | ***(1.6)*** | **10,803** | ***(7.5)*** | **40,614** | **35,370** | ***14.8*** |
| Other Income | 879 | 1,276 | *(31.1)* | 846 | *3.9* | 5,975 | 4,468 | *33.7* |
| Interest | 182 | 580 | *(68.6)* | (411) | *(144.4)* | 745 | 1,995 | *(62.7)* |
| **PBT** | **10,686** | **10,846** | ***(1.5)*** | **12,060** | ***(11.4)*** | **45,844** | **37,843** | ***21.1*** |
| Extra-Ord. Inc./Exps. | 7 | 123 | | 28,139 | | - | 413 | |
| Total Taxes | 2,597 | 2,285 | *13.6* | 10,591 | *(75.5)* | 20,098 | 9,135 | *120.0* |
| *ETR (%)* | *24.3* | *21.1* | | *87.8* | | *43.8* | *24.1* | |
| **Reported PAT** | **8,096** | **8,683** | ***(6.8)*** | **29,608** | ***(72.7)*** | **25,746** | **28,295** | ***(9.0)*** |

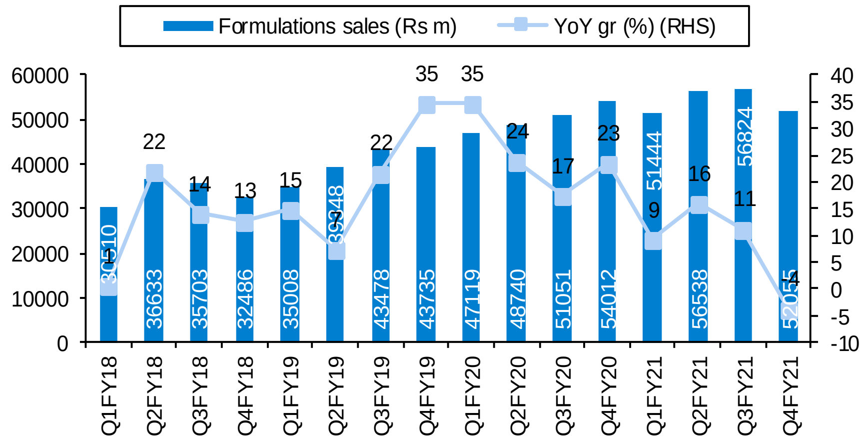
*Source: Company, PL*

**Exhibit 2: Major Sources of Revenues**

| Major sources of revenues | Q4FY21 | Q4FY20 | YoY gr. (%) | Q3FY21 | QoQ gr. (%) | FY21 | FY20 | YoY gr. (%) |
|---|---|---|---|---|---|---|---|---|
| **Formulations** | 52,055 | 54,012 | *(3.6)* | 56,824 | *(8.4)* | 2,16,860 | 2,00,110 | *8.4* |
| *% of Net Sales* | *86.8* | *87.7* | | *89.3* | | *87.5* | *86.6* | |
| USA | 28,560 | 29,903 | *(4.5)* | 31,716 | *(10.0)* | 1,23,245 | 1,14,831 | *7.3* |
| *% of Net Sales* | *47.6* | *48.6* | | *49.8* | | *49.8* | *49.7* | |
| Europe & Emerging Markets | 18,583 | 20,291 | *(8.4)* | 20,674 | *(10.1)* | 74,987 | 72,764 | *3.1* |
| *% of Net Sales* | *31.0* | *33.0* | | *32.5* | | *30.3* | *31.5* | |
| ARV | 4,912 | 3,818 | *28.7* | 4,434 | *10.8* | 18,628 | 12,515 | *48.8* |
| *% of Net Sales* | *8.2* | *6.2* | | *7.0* | | *7.5* | *5.4* | |
| **API** | 7,943 | 7,556 | *5.1* | 6,824 | *16.4* | 30,859 | 30,834 | *0.1* |
| *% of Net Sales* | *13.2* | *12.3* | | *10.7* | | *12.5* | *13.4* | |
| Betalactum | 4,086 | 5,392 | *(24.2)* | 3,868 | *5.6* | 17,301 | 19,988 | *(13.4)* |
| *% of Net Sales* | *6.8* | *8.8* | | *6.1* | | *7.0* | *8.7* | |
| Non-Betalactum | 3,857 | 2,164 | *78.2* | 2,956 | *30.5* | 13,558 | 10,846 | *25.0* |
| *% of Net Sales* | *6.4* | *3.5* | | *4.6* | | *5.5* | *4.7* | |

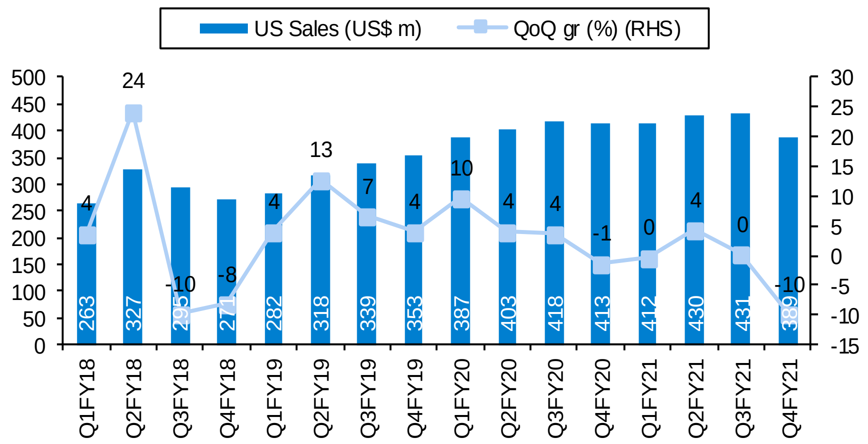
*Source: Company, PL*

**Exhibit 3: Formulation sales & growth: Disappointed in key geographies**



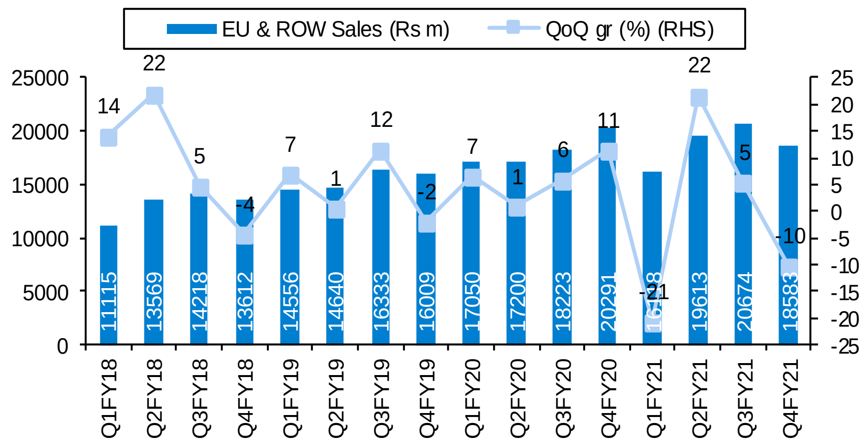

*Source: Company, PL*

**Exhibit 4: US Gx sales (US$ m): Limited footfalls in hospital impacts US Inj business**



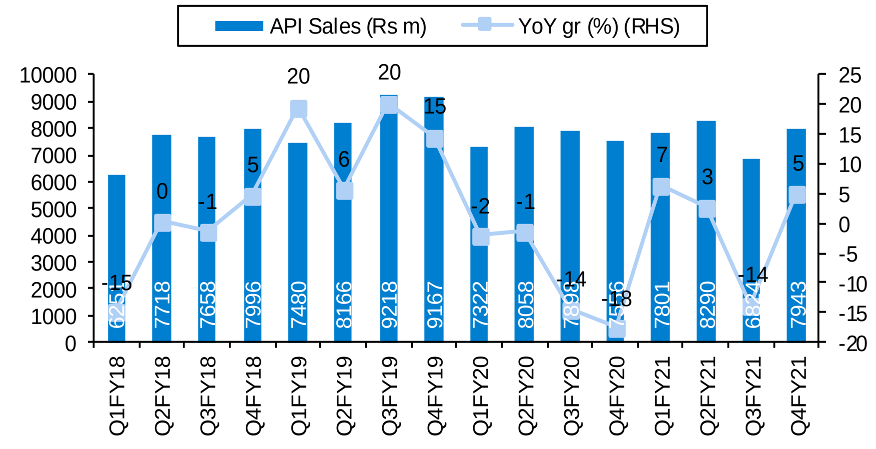

*Source: Company, PL*

**Exhibit 5: EU & ROW sales: EU growth led by inorganic route**



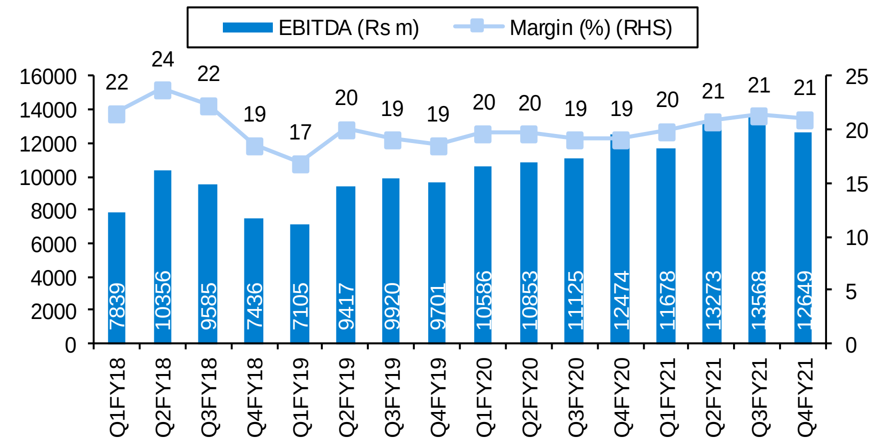

*Source: Company, PL*

**Exhibit 6: API Sales (Rs m): Global supply constraints helps in better realisation**




*Source: Company, PL*

**Exhibit 7: EBITDA (Rs m) and EBITDAM: Margin stable and range bound**




*Source: Company, PL*

# Financials

### Income Statement (Rs m)

| Y/e Mar | FY20 | FY21 | FY22E | FY23E |
|---|---|---|---|---|
| **Net Revenues** | **227,380** | **245,580** | **268,746** | **288,295** |
| *YoY gr. (%)* | *18.3* | *8.0* | *9.4* | *7.3* |
| Cost of Goods Sold | 97,352 | 99,025 | 118,923 | 127,594 |
| Gross Profit | 130,027 | 146,555 | 149,823 | 160,702 |
| *Margin (%)* | *57.2* | *59.7* | *55.7* | *55.7* |
| Employee Cost | 32,192 | 35,350 | 29,832 | 32,010 |
| Other Expenses | 9,581 | 15,100 | 16,130 | 17,266 |
| **EBITDA** | **45,038** | **51,167** | **58,174** | **62,415** |
| *YoY gr. (%)* | *24.0* | *13.6* | *13.7* | *7.3* |
| *Margin (%)* | *19.8* | *20.8* | *21.6* | *21.6* |
| Depreciation and Amortization | 9,667 | 10,554 | 12,994 | 13,941 |
| **EBIT** | **35,370** | **40,614** | **45,180** | **48,474** |
| *Margin (%)* | *15.6* | *16.5* | *16.8* | *16.8* |
| Net Interest | 1,598 | 745 | 940 | 1,006 |
| Other Income | 4,468 | 5,975 | 4,836 | 5,176 |
| **Profit Before Tax** | **38,240** | **45,844** | **49,076** | **52,644** |
| *Margin (%)* | *16.8* | *18.7* | *18.3* | *18.3* |
| Total Tax | 9,942 | 20,098 | 13,394 | 13,420 |
| *Effective tax rate (%)* | *26.0* | *43.8* | *27.3* | *25.5* |
| **Profit after tax** | **28,298** | **25,746** | **35,682** | **39,224** |
| Minority interest | 3 | - | - | - |
| Share Profit from Associate | - | - | - | - |
| **Adjusted PAT** | **28,295** | **53,892** | **35,682** | **39,224** |
| *YoY gr. (%)* | *9.6* | *90.5* | *(33.8)* | *9.9* |
| *Margin (%)* | *12.4* | *21.9* | *13.3* | *13.6* |
| Extra Ord. Income / (Exp) | - | - | - | - |
| **Reported PAT** | **28,295** | **53,892** | **35,682** | **39,224** |
| *YoY gr. (%)* | *9.6* | *90.5* | *(33.8)* | *9.9* |
| *Margin (%)* | *12.4* | *21.9* | *13.3* | *13.6* |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 28,295 | 53,892 | 35,682 | 39,224 |
| **Equity Shares O/s (m)** | **586** | **586** | **586** | **586** |
| **EPS (Rs)** | **48.3** | **92.0** | **60.9** | **66.9** |

*Source: Company Data, PL Research*

### Balance Sheet Abstract (Rs m)

| Y/e Mar | FY20 | FY21 | FY22E | FY23E |
|---|---|---|---|---|
| **Non-Current Assets** | | | | |
| **Gross Block** | **115,253** | **131,622** | **158,411** | **185,400** |
| Tangibles | 89,775 | 102,517 | 128,806 | 154,795 |
| Intangibles | 25,478 | 29,105 | 29,605 | 30,605 |
| **Acc: Dep / Amortization** | **30,448** | **42,175** | **55,154** | **70,025** |
| Tangibles | 24,827 | 33,651 | 43,046 | 54,403 |
| Intangibles | 5,621 | 8,524 | 12,108 | 15,622 |
| **Net fixed assets** | **84,805** | **89,447** | **103,257** | **115,375** |
| Tangibles | 64,948 | 68,866 | 85,760 | 100,392 |
| Intangibles | 19,857 | 20,581 | 17,497 | 14,982 |
| Capital Work In Progress | 19,859 | 30,615 | 32,505 | 34,520 |
| Goodwill | 9,159 | 4,289 | 4,289 | 4,289 |
| Non-Current Investments | 6,776 | 5,818 | 5,129 | 5,403 |
| Net Deferred tax assets | 1,632 | (1,219) | 4,689 | 6,031 |
| Other Non-Current Assets | 2,907 | 5,609 | 6,106 | 6,649 |
| **Current Assets** | | | | |
| Investments | 0 | 1,598 | 1,598 | 1,598 |
| Inventories | 76,999 | 90,266 | 96,983 | 104,182 |
| Trade receivables | 43,152 | 35,033 | 38,287 | 41,072 |
| Cash & Bank Balance | 28,422 | 54,743 | 12,943 | 23,410 |
| Other Current Assets | 14,858 | 14,488 | 14,633 | 14,779 |
| **Total Assets** | **289,263** | **338,540** | **322,953** | **359,937** |
| **Equity** | | | | |
| Equity Share Capital | 586 | 586 | 586 | 586 |
| Other Equity | 167,518 | 218,713 | 250,497 | 287,991 |
| **Total Networth** | **168,104** | **219,299** | **251,083** | **288,577** |
| **Non-Current Liabilities** | | | | |
| Long Term borrowings | - | 1,684 | 1,600 | 1,520 |
| Provisions | 747 | 1,571 | 1,587 | 1,603 |
| Other non current liabilities | 875 | 395 | 399 | 403 |
| **Current Liabilities** | | | | |
| ST Debt / Current of LT Debt | 54,223 | 48,027 | 2,401 | 120 |
| Trade payables | 25,450 | 27,947 | 32,397 | 35,543 |
| Other current liabilities | 34,195 | 30,678 | 29,111 | 27,792 |
| **Total Equity & Liabilities** | **289,263** | **338,540** | **322,953** | **359,937** |

*Source: Company Data, PL Research*

### Cash Flow (Rs m)

| Y/e Mar | FY20 | FY21 | FY22E | FY23E |
|---|---|---|---|---|
| PBT | 38,240 | 45,844 | 49,076 | 52,644 |
| Add. Depreciation | 9,667 | 10,554 | 12,994 | 13,941 |
| Add. Interest | 1,598 | 745 | 940 | 1,006 |
| Less Financial Other Income | 4,468 | 5,975 | 4,836 | 5,176 |
| Add. Other | (2,802) | (13,734) | 349,622 | 21,004 |
| Op. profit before WC changes | 46,703 | 43,409 | 412,632 | 88,595 |
| Net Changes-WC | 4,512 | (7,196) | (7,444) | (8,531) |
| Direct tax | (9,178) | (6,269) | (12,055) | (12,078) |
| **Net cash from Op. activities** | **42,036** | **29,944** | **393,134** | **67,986** |
| Capital expenditures | (21,777) | (3,480) | (28,679) | (29,004) |
| Interest / Dividend Income | 268 | 3,175 | 3,239 | 3,303 |
| Others | 324 | (26,183) | (168) | (177) |
| **Net Cash from Invt. activities** | **(21,185)** | **(26,487)** | **(25,609)** | **(25,877)** |
| Issue of share cap. / premium | - | - | - | - |
| Debt changes | (13,309) | 2,312 | (45,710) | (2,361) |
| Dividend paid | (2,057) | (2,343) | (1,758) | (1,758) |
| Interest paid | (1,598) | (248) | (940) | (1,006) |
| Others | - | (15) | - | - |
| **Net cash from Fin. activities** | **(16,963)** | **(295)** | **(48,408)** | **(5,125)** |
| **Net change in cash** | **3,889** | **3,162** | **319,117** | **36,984** |
| Free Cash Flow | 20,260 | 26,465 | 364,455 | 38,982 |

*Source: Company Data, PL Research*

### Key Financial Metrics

| Y/e Mar | FY20 | FY21 | FY22E | FY23E |
|---|---|---|---|---|
| **Per Share(Rs)** | | | | |
| EPS | 48.3 | 92.0 | 60.9 | 66.9 |
| CEPS | 64.8 | 110.0 | 83.1 | 90.7 |
| BVPS | 286.9 | 374.3 | 428.5 | 492.5 |
| FCF | 34.6 | 45.2 | 622.0 | 66.5 |
| DPS | 3.0 | 3.0 | 3.0 | 3.0 |
| **Return Ratio(%)** | | | | |
| RoCE | 16.5 | 16.5 | 17.2 | 17.8 |
| ROIC | 13.6 | 14.4 | 14.6 | 14.5 |
| RoE | 18.4 | 27.8 | 15.2 | 14.5 |
| **Balance Sheet** | | | | |
| Net Debt : Equity (x) | 0.2 | 0.0 | 0.0 | (0.1) |
| Net Working Capital (Days) | 152 | 145 | 140 | 139 |
| **Valuation(x)** | | | | |
| PER | 20.1 | 10.5 | 15.9 | 14.5 |
| P/B | 3.4 | 2.6 | 2.3 | 2.0 |
| P/CEPS | 15.0 | 8.8 | 11.7 | 10.7 |
| EV/EBITDA | 13.2 | 11.0 | 9.6 | 8.7 |
| EV/Sales | 2.6 | 2.3 | 2.1 | 1.9 |
| Dividend Yield (%) | 0.3 | 0.3 | 0.3 | 0.3 |

*Source: Company Data, PL Research*

### Quarterly Financials (Rs m)

| Y/e Mar | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 |
|---|---|---|---|---|
| **Net Revenue** | **58,352** | **63,779** | **63,531** | **59,917** |
| *YoY gr. (%)* | *8.9* | *15.6* | *9.5* | *(1.2)* |
| Raw Material Expenses | 24,074 | 25,157 | 25,723 | 24,071 |
| Gross Profit | 34,278 | 38,622 | 37,809 | 35,846 |
| *Margin (%)* | *58.7* | *60.6* | *59.5* | *59.8* |
| **EBITDA** | **11,678** | **13,273** | **13,568** | **12,649** |
| *YoY gr. (%)* | *10.3* | *22.3* | *22.0* | *1.4* |
| *Margin (%)* | *20.0* | *20.8* | *21.4* | *21.1* |
| Depreciation / Depletion | 2,555 | 2,573 | 2,765 | 2,660 |
| **EBIT** | **9,123** | **10,699** | **10,803** | **9,989** |
| *Margin (%)* | *15.6* | *16.8* | *17.0* | *16.7* |
| Net Interest | 211 | 157 | 195 | 182 |
| Other Income | 2,051 | 1,593 | 1,452 | 879 |
| **Profit before Tax** | **10,964** | **12,135** | **12,060** | **10,686** |
| *Margin (%)* | *18.8* | *19.0* | *19.0* | *17.8* |
| Total Tax | 3,037 | 3,873 | 10,591 | 2,597 |
| *Effective tax rate (%)* | *27.7* | *31.9* | *87.8* | *24.3* |
| **Profit after Tax** | **7,927** | **8,262** | **1,469** | **8,089** |
| Minority interest | 120 | 205 | 145 | 80 |
| Share Profit from Associates | - | - | - | - |
| **Adjusted PAT** | **7,807** | **8,057** | **1,324** | **8,009** |
| *YoY gr. (%)* | *20.4* | *23.5* | *(81.6)* | *(4.3)* |
| *Margin (%)* | *13.4* | *12.6* | *2.1* | *13.4* |
| Extra Ord. Income / (Exp) | - | - | - | - |
| **Reported PAT** | **7,807** | **8,057** | **1,324** | **8,009** |
| *YoY gr. (%)* | *20.4* | *23.5* | *(81.6)* | *(4.3)* |
| *Margin (%)* | *13.4* | *12.6* | *2.1* | *13.4* |
| Other Comprehensive Income | - | - | - | - |
| **Total Comprehensive Income** | **7,807** | **8,057** | **1,324** | **8,009** |
| Avg. Shares O/s (m) | 586 | 586 | 586 | 586 |
| **EPS (Rs)** | **13.3** | **13.8** | **2.3** | **13.7** |

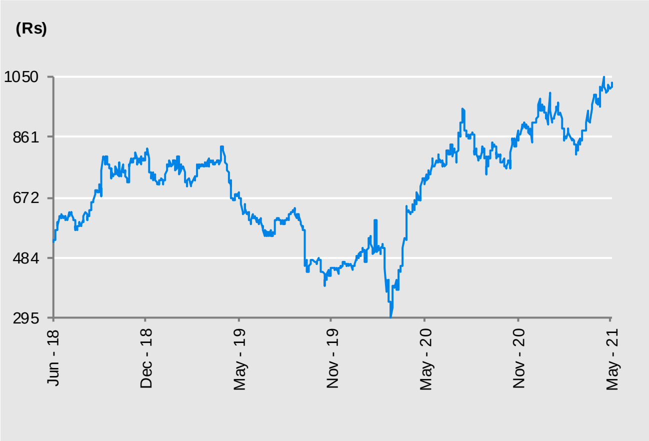
*Source: Company Data, PL Research*

### Key Operating Metrics

| Y/e Mar | FY20 | FY21 | FY22E | FY23E |
|---|---|---|---|---|
| US Formulations | 114,831 | 131,430 | 143,729 | 157,182 |
| EU & ROW | 72,764 | 77,752 | 85,057 | 93,199 |
| ARV formulations | 12,515 | 12,600 | 13,367 | 14,181 |
| APIs | 30,834 | 34,055 | 36,555 | 39,293 |

*Source: Company Data, PL Research*

## Price Chart




## Recommendation History

| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|---|---|---|---|---|
| 1 | 7-Apr-21 | BUY | 1,023 | 903 |
| 2 | 11-Feb-21 | Accumulate | 1,061 | 935 |
| 3 | 11-Jan-21 | Hold | 920 | 945 |
| 4 | 12-Nov-20 | Accumulate | 921 | 840 |
| 5 | 13-Oct-20 | Hold | 808 | 834 |
| 6 | 13-Aug-20 | Hold | 838 | 881 |
| 7 | 8-Jul-20 | Accumulate | 838 | 802 |
| 8 | 5-Jun-20 | Accumulate | 838 | 759 |

## Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---|---|---|---|---|
| 1 | Aurobindo Pharma | BUY | 1,023 | 903 |
| 2 | Cadila Healthcare | Accumulate | 696 | 627 |
| 3 | Cipla | Accumulate | 960 | 904 |
| 4 | Dr. Lal PathLabs | UR | - | 2,996 |
| 5 | Dr. Reddy's Laboratories | Accumulate | 5,420 | 5,197 |
| 6 | Eris Lifesciences | Accumulate | 724 | 656 |
| 7 | Glenmark Pharmaceuticals | Sell | 422 | 503 |
| 8 | Indoco Remedies | BUY | 401 | 338 |
| 9 | Ipca Laboratories | Accumulate | 2,163 | 2,071 |
| 10 | Jubilant Pharmova | Accumulate | 1,088 | 916 |
| 11 | Lupin | Accumulate | 1,314 | 1,212 |
| 12 | Sun Pharmaceutical Industries | Accumulate | 773 | 700 |
| 13 | Thyrocare Technologies | UR | - | 988 |

## PL's Recommendation Nomenclature (Absolute Performance)

| | | |
|---|---|---|
| **Buy** | : | > 15% |
| **Accumulate** | : | 5% to 15% |
| **Hold** | : | +5% to -5% |
| **Reduce** | : | -5% to -15% |
| **Sell** | : | < -15% |
| **Not Rated (NR)** | : | No specific call on the stock |
| **Under Review (UR)** | : | Rating likely to change shortly |

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