

Ipca Laboratories (IPCA IN)

Rating: ACCUMULATE | CMP: Rs2,071 | TP: Rs2,163

June 1, 2021

Q4FY21 Result Update

☒ Change in Estimates | ☒ Target | ☒ Reco

Change in Estimates

| | Current | | Previous | |
|---------------------|-------------------|--------|--------------|--------|
| | FY22E | FY23EE | FY22E | FY23EE |
| Rating | ACCUMULATE | | BUY | |
| Target Price | 2,163 | | 2,259 | |
| Sales (Rs. m) | 54,577 | 61,375 | 56,444 | 63,360 |
| % Chng. | (3.3) | (3.1) | | |
| EBITDA (Rs. m) | 13,739 | 15,474 | 13,095 | 14,953 |
| % Chng. | 4.9 | 3.5 | | |
| EPS (Rs.) | 80.0 | 90.1 | 73.0 | 83.6 |
| % Chng. | 9.7 | 7.7 | | |

Key Financials - Standalone

| Y/e Mar | FY20 | FY21 | FY22E | FY23E |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m) | 46,487 | 51,391 | 54,577 | 61,375 |
| EBITDA (Rs. m) | 9,067 | 15,136 | 13,739 | 15,474 |
| Margin (%) | 19.5 | 29.5 | 25.2 | 25.2 |
| PAT (Rs. m) | 6,036 | 11,408 | 10,153 | 11,430 |
| EPS (Rs.) | 47.8 | 89.9 | 80.0 | 90.1 |
| Gr. (%) | 37.3 | 88.3 | (11.0) | 12.6 |
| DPS (Rs.) | 8.0 | 8.0 | 8.0 | 8.0 |
| Yield (%) | 0.4 | 0.4 | 0.4 | 0.4 |
| RoE (%) | 17.9 | 27.4 | 19.7 | 18.6 |
| RoCE (%) | 18.5 | 29.7 | 22.0 | 21.2 |
| EV/Sales (x) | 5.6 | 5.0 | 4.7 | 4.1 |
| EV/EBITDA (x) | 28.9 | 17.0 | 18.5 | 16.3 |
| PE (x) | 43.3 | 23.0 | 25.9 | 23.0 |
| P/BV (x) | 7.2 | 5.6 | 4.7 | 3.9 |

Key Data

IPCA.BO | IPCA IN

| | |
|---------------------|----------------------|
| 52-W High / Low | Rs.2,460 / Rs.1,466 |
| Sensex / Nifty | 51,937 / 15,583 |
| Market Cap | Rs.263bn / \$ 3,616m |
| Shares Outstanding | 127m |
| 3M Avg. Daily Value | Rs.1189.82m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 46.29 |
| Foreign | 17.47 |
| Domestic Institution | 24.82 |
| Public & Others | 11.42 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|-------|--------|--------|
| Absolute | (1.6) | (4.4) | 38.5 |
| Relative | (7.6) | (18.8) | (13.5) |

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Swapping lower sales growth with better core margin

Quick Pointers:

- India formulations disappointed with 1% YoY growth. API biz impacted with lower sartan prices in global market
- New API capacity at Dewas delayed by 4-6 months.
- One-off sales of CQ and HCQS to impact growth and margin in FY22E

We increase our earnings estimates by 9.7%/7.7% for FY22E/23E while revenue cut by 3.3%/3.1% in FY22E/FY23E. Expansion in EBITDA margins by 170bps to 25.2% (management guidance of 25.0-25.5%) due to reduction in overhead costs along with lower tax regime were the key reasons for earnings upgrade. 4QFY21 revenues missed our estimates, mainly due to weak performance of India formulations, lower CQ/HCQS sales and steep decline in EU generic and malaria-tender business. With one-off benefits of Rs3.7bn from sales of CQ/HCQS in FY21, IPCA lowered its sales growth guidance of 9-10% in FY22E with 1) India formulations at 16-18%, 2) API at 5-10%, 3) Export generics at 5% 4) global tender business at 5% while 5) branded generics at 13-15%.

While our assumptions of growth mostly discounted the disadvantages of the one-off sales of Covid-19 (CQ/HCQS) products, we factored more overhead savings due to pandemic and that resulted in better EBITDAM in FY22E, which concur with the management guidance. Its guided for better control on staff costs with focused recruitment in very few divisions and lower promotion and incentive costs. While we maintain 'Accumulate' rating, we reduce our assigned PE to 25x (from 27x) to derive our new TP of Rs Rs2,163 (earlier Rs2,257) due to Covid-related benefits are played out.

- Earnings beat, revenue miss:** Revenue grew 4% YoY while declined 21% QoQ to Rs10.5bn (PLe: Rs11.2bn). India formulations grew 1% YoY while export formulations grew 20% YoY. India API declined 22% YoY and export API declined 0.5% YoY. Anti-Malaria arm grew 92% YoY due to one-off business of Rs350m in 4QFY21. EBITDA grew 12% YoY while declined 38% QoQ to Rs2.2bn (PLe: Rs2.4bn). EBITDA margin came at 20.8% (PLe: 22%) v/s 19.2% YoY and 26.5% QoQ. PBT grew 18% YoY while declined 42% QoQ to Rs1.9bn (PLe: Rs2.1bn). PAT grew 19% YoY while declined 42% QoQ to Rs1.5 (PLe: Rs1.7bn).

Conference Call and other key highlights:

- India formulations:** Grew 1% YoY in 4QFY21 (FY21 4% YoY) though MR team partially back in the field before again resorting to the online marketing due to the spread of second wave of Covid-19. Demand for derma, neuro, anti-bacterial, cold/cough and older products (6-7% of revenue) remained tepid while pain (PMS) and cardiovascular (contribute 70% combined of India portfolio) products continued to drive India formulations growth. Guided

revenue of 9-10% YoY for FY22E, lower than earlier guidance of 10-12%. It has a total field force of 4,000 MRs. and plans to add only 200 new headcounts for neuro-psychiatry, ophthal and derma in FY22E.

- **HCQS:** Revenue from HCQS was Rs200m in 4QFY21 vs Rs370m in 4QFY20 as global demand for CQ/HCQS increased in March-20 due to the backing of the US govt. to procure HCQS drugs post FDA approved EUA status to the off-label use of the drug. IPCA received benefits of Rs3.65bn from the one-off sales of CQ/HCQS.
- **Export Formulation (Branded+Generic+Institutional):** Grew 20% YoY led by branded generics and anti-Malaria tender arm. Generic formulation business declined 3% as it commenced business with its UK partner post normalization of receivables in last 2 quarters as it reached upper limit of the internal receivable management system for exposure to a single client. IPCA surpassed its earlier guidance of Rs2.5bn for institutional segment in FY21E with realized sales of Rs3.9bn and guided 5% YoY growth in FY22E due to high base impact.
- **API:** Overall API sales declined by 6% YoY and guided for growth of 5-10% YoY over FY22E led by debottlenecking at Ratlam plant and favorable revenue mix. IPCA acquired 35-acre land of its newly acquired company Noble Explochem plant to expand its API business in Dewas. The facility is likely to come on stream in 2HFY22E Or FY23E. IPCA guided for volume expansion of 30-35% for API biz from incremental CAPEX of Rs2.8-3bn. Ratlam plant would come on stream from 2QFY22 and would add 10% incremental volume while Dewas will commence from 4QFY22 with incremental volume of 25%. IPCA's 63% formulation is backward integrated.
- **CAPEX/R&D/Tax rate:** Guided CAPEX of Rs5.5-6bn in FY21E, of which Rs2.8-3bn would be utilized in development of Dewas plant. R&D was at 2.5% of sales in FY21 and guided at similar level in FY22E. Effective tax rate would be 17% for next few years as it has Rs3bn MAT credit.
- **Regulatory Status update:** Ratlam, Silvassa and Piparia continue to be under USFDA scanner and status remains unchanged with USFDA inspection awaited. There are two DMFs filed from Pissgah plant in US and expect FDA visit in near term. Remediation cost was Rs160m and Rs30m for FY20 and 4QFY20 respectively. IPCA stated it would not incur incremental remediation cost in FY21E.

Exhibit 1: 4QFY21 Result Overview (Rs m) : High base, India formulations cause disruption in growth

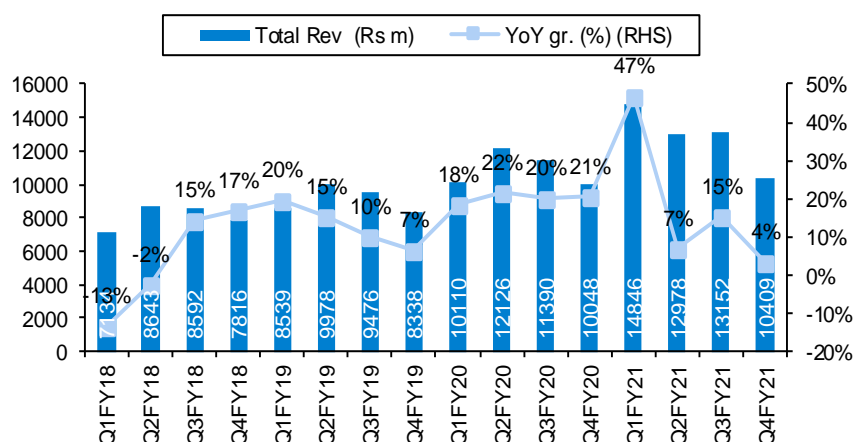
| Y/e March | Q4FY21 | Q4FY20 | YoY gr. (%) | Q3FY21 | QoQ gr. (%) | FY21 | FY20 | YoY gr. (%) |
|-----------------------------------|---------------|---------------|-------------|---------------|---------------|---------------|---------------|-------------|
| Net Sales | 10,409 | 10,048 | 3.6 | 13,152 | (20.9) | 51,392 | 46,487 | 10.6 |
| Raw Material | 3,011 | 3,269 | (7.9) | 4,674 | (35.6) | 15,825 | 16,441 | (3.7) |
| <i>% of Net Sales</i> | <i>28.9</i> | <i>32.5</i> | | <i>35.5</i> | | <i>30.8</i> | <i>35.4</i> | |
| Personnel Cost | 2,378 | 2,279 | 4.4 | 2,300 | 3.4 | 9,488 | 9,212 | 3.0 |
| <i>% of Net Sales</i> | <i>22.8</i> | <i>22.7</i> | | <i>17.5</i> | | <i>18.5</i> | <i>19.8</i> | |
| Others | 2,854 | 2,573 | 10.9 | 2,690 | 6.1 | 10,943 | 11,767 | (7.0) |
| <i>% of Net Sales</i> | <i>27.4</i> | <i>25.6</i> | | <i>20.4</i> | | <i>21.3</i> | <i>25.3</i> | |
| Total Expenditure | 8,243 | 8,121 | 1.5 | 9,664 | (14.7) | 36,256 | 37,420 | (3.1) |
| EBITDA | 2,166 | 1,927 | 12.4 | 3,488 | (37.9) | 15,136 | 9,067 | 66.9 |
| <i>Margin (%)</i> | <i>20.8</i> | <i>19.2</i> | | <i>26.5</i> | | <i>29.5</i> | <i>19.5</i> | |
| Depreciation | 486 | 454 | 7.0 | 486 | - | 1,877 | 2,105 | (10.8) |
| EBIT | 1,681 | 1,473 | 14.1 | 3,003 | (44.0) | 13,259 | 6,962 | 90.4 |
| Other Income | 199 | 133 | 49.7 | 199 | - | 622 | 670 | (7.1) |
| Interest | 23 | 35 | (33.4) | 23 | - | 81 | 165 | (50.7) |
| PBT | 1,857 | 1,572 | 18.1 | 3,179 | (41.6) | 13,800 | 7,467 | 84.8 |
| Extra-Ord. Inc./Exps. | - | - | | - | | - | 78 | |
| Total Taxes | 342 | 294 | 16.3 | 553 | (38.2) | 2,392 | 1,353 | 76.7 |
| <i>ETR (%)</i> | <i>18.4</i> | <i>18.7</i> | | <i>17.4</i> | | <i>17.3</i> | <i>18.1</i> | |
| Reported PAT | 1,515 | 1,278 | 18.6 | 2,626 | (42.3) | 11,408 | 6,036 | 89.0 |
| Other Comprehensive Income | - | - | | 6 | | - | - | |
| Total Comprehensive Income | 1,515 | 1,278 | 18.6 | 2,632 | (42.4) | 11,408 | 6,036 | 89.0 |

Source: Company, PL

Exhibit 2: Major Sources of Revenue

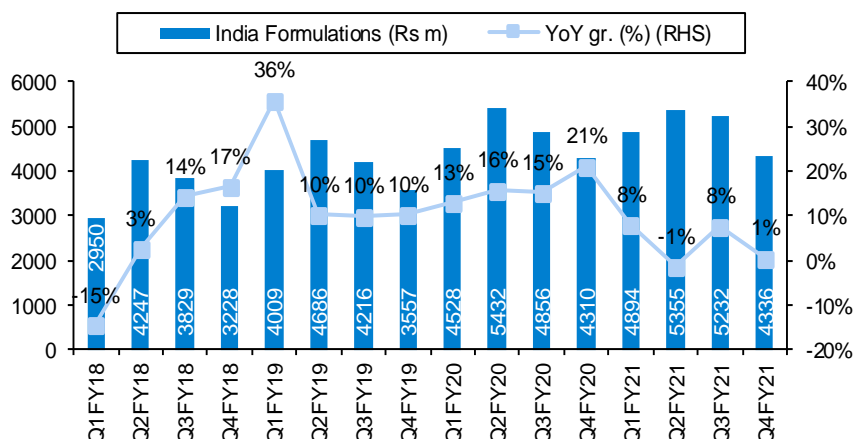
| Major sources of revenues | Q4FY21 | Q4FY20 | YoY gr. (%) | Q3FY21 | QoQ gr. (%) | FY21 | FY20 | YoY gr. (%) |
|---------------------------|---------------|--------------|--------------|---------------|---------------|---------------|---------------|-------------|
| Domestic | 4,844 | 4,958 | (2.3) | 5,972 | (18.9) | 27,298 | 25,050 | 9.0 |
| Formulations | 4,336 | 4,310 | 0.6 | 5,232 | (17.1) | 24,487 | 22,541 | 8.6 |
| APIs | 508 | 649 | (21.7) | 740 | (31.4) | 2,810 | 2,509 | 12.0 |
| Exports | 5,472 | 4,927 | 11.1 | 7,093 | (22.9) | 23,929 | 21,437 | 11.6 |
| Formulations | 3,380 | 2,825 | 19.7 | 4,312 | (21.6) | 13,746 | 12,215 | 12.5 |
| APIs | 2,092 | 2,102 | (0.5) | 2,781 | (24.8) | 10,183 | 9,222 | 10.4 |
| Net Sales | 10,316 | 9,885 | 4.4 | 13,064 | (21.0) | 51,227 | 46,487 | 10.2 |

Source: Company, PL

Exhibit 3: Total Sales (Rs m) and YoY Gr (%)


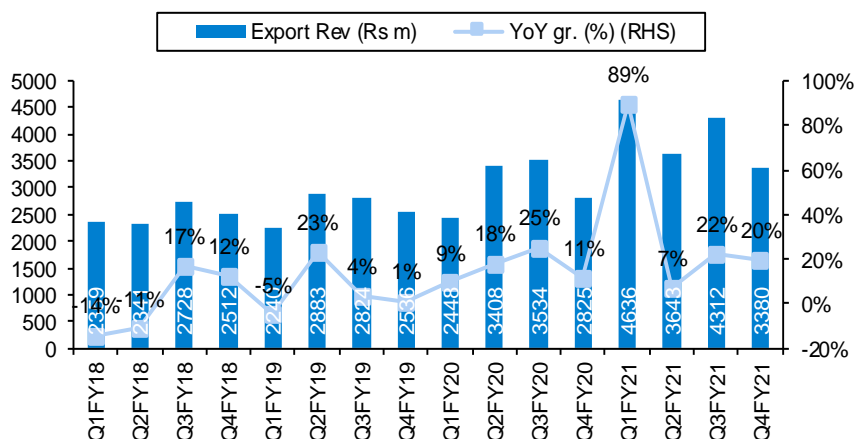
Source: Company, PL

Exhibit 4: India Formulation (Rs m): HCQS derailed growth



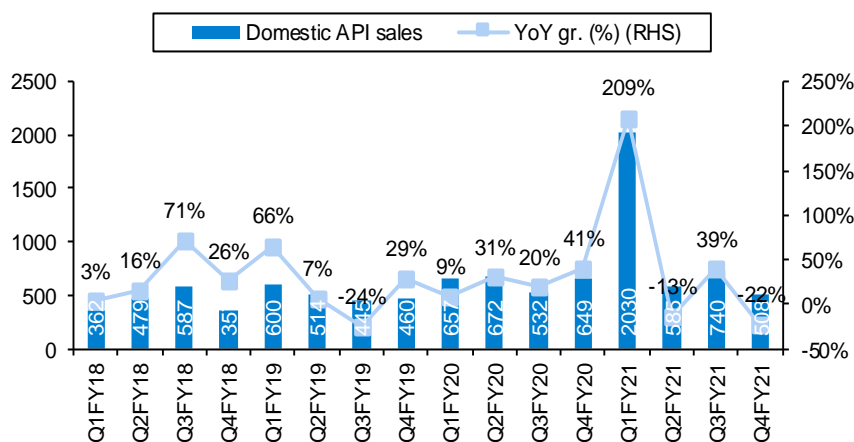
Source: Company, PL

Exhibit 5: Export frml (Rs m): Except Branded Gx, Rest all disappoint



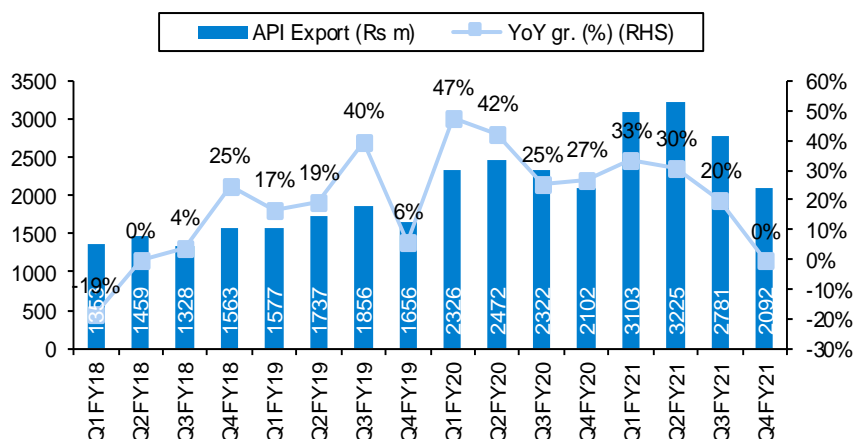
Source: Company, PL

Exhibit 6: Domestic API (Rs m) and YoY Gr (%)



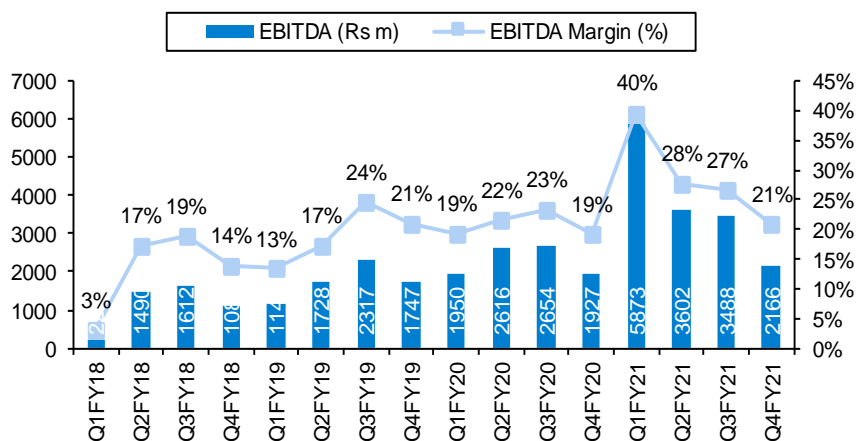
Source: Company, PL

Exhibit 7: API Export and YoY Gr (%)



Source: Company, PL

Exhibit 8: EBITDA (Rs m) %, Margin (%): Rev. mix causes lower EBITDAM



Source: Company, PL

Financials

Income Statement (Rs m)

| Y/e Mar | FY20 | FY21 | FY22E | FY23E |
|-------------------------------|---------------|---------------|---------------|---------------|
| Net Revenues | 46,487 | 51,391 | 54,577 | 61,375 |
| YoY gr. (%) | 23.2 | 10.6 | 6.2 | 12.5 |
| Cost of Goods Sold | 16,441 | 15,825 | 18,747 | 20,491 |
| Gross Profit | 30,046 | 35,567 | 35,830 | 40,884 |
| Margin (%) | 64.6 | 69.2 | 65.7 | 66.6 |
| Employee Cost | 9,212 | 9,488 | 9,038 | 10,123 |
| Other Expenses | 1,255 | 1,283 | 1,092 | 1,227 |
| EBITDA | 9,067 | 15,136 | 13,739 | 15,474 |
| YoY gr. (%) | 31.1 | 66.9 | (9.2) | 12.6 |
| Margin (%) | 19.5 | 29.5 | 25.2 | 25.2 |
| Depreciation and Amortization | 2,105 | 1,877 | 2,025 | 2,238 |
| EBIT | 6,962 | 13,258 | 11,714 | 13,235 |
| Margin (%) | 15.0 | 25.8 | 21.5 | 21.6 |
| Net Interest | 165 | 81 | 83 | 151 |
| Other Income | 670 | 622 | 700 | 787 |
| Profit Before Tax | 7,467 | 13,799 | 12,332 | 13,871 |
| Margin (%) | 16.1 | 26.9 | 22.6 | 22.6 |
| Total Tax | 1,353 | 2,392 | 2,096 | 2,358 |
| Effective tax rate (%) | 18.1 | 17.3 | 17.0 | 17.0 |
| Profit after tax | 6,114 | 11,408 | 10,236 | 11,513 |
| Minority interest | 78 | - | 83 | 83 |
| Share Profit from Associate | - | - | - | - |
| Adjusted PAT | 6,036 | 11,408 | 10,153 | 11,430 |
| YoY gr. (%) | 37.3 | 89.0 | (11.0) | 12.6 |
| Margin (%) | 13.0 | 22.2 | 18.6 | 18.6 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 6,036 | 11,408 | 10,153 | 11,430 |
| YoY gr. (%) | 37.3 | 89.0 | (11.0) | 12.6 |
| Margin (%) | 13.0 | 22.2 | 18.6 | 18.6 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 6,036 | 11,408 | 10,153 | 11,430 |
| Equity Shares O/s (m) | 126 | 127 | 127 | 127 |
| EPS (Rs) | 47.8 | 89.9 | 80.0 | 90.1 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY20 | FY21 | FY22E | FY23E |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Non-Current Assets | | | | |
| Gross Block | 29,452 | 31,259 | 34,028 | 36,078 |
| Tangibles | 27,149 | 29,524 | 31,424 | 33,324 |
| Intangibles | 2,304 | 1,734 | 2,604 | 2,754 |
| Acc: Dep / Amortization | 9,270 | 11,155 | 14,789 | 15,680 |
| Tangibles | 8,185 | 10,051 | 13,670 | 14,496 |
| Intangibles | 1,085 | 1,104 | 1,120 | 1,184 |
| Net fixed assets | 20,182 | 20,104 | 19,239 | 20,398 |
| Tangibles | 18,963 | 19,473 | 17,755 | 18,828 |
| Intangibles | 1,219 | 630 | 1,484 | 1,570 |
| Capital Work In Progress | 852 | 2,348 | 2,043 | 1,898 |
| Goodwill | 624 | 466 | 466 | 466 |
| Non-Current Investments | 2,081 | 2,907 | 4,310 | 5,701 |
| Net Deferred tax assets | (1,398) | (1,316) | (1,526) | (1,761) |
| Other Non-Current Assets | 282 | 470 | 1,410 | 4,230 |
| Current Assets | | | | |
| Investments | 2,383 | 3,938 | 5,907 | 7,325 |
| Inventories | 13,231 | 15,948 | 15,999 | 17,656 |
| Trade receivables | 8,952 | 8,118 | 10,915 | 12,107 |
| Cash & Bank Balance | 1,809 | 3,651 | 4,171 | 4,555 |
| Other Current Assets | 1,342 | 1,408 | 1,972 | 2,366 |
| Total Assets | 52,598 | 60,684 | 68,397 | 79,623 |
| Equity | | | | |
| Equity Share Capital | 253 | 254 | 254 | 254 |
| Other Equity | 35,903 | 46,763 | 55,905 | 66,325 |
| Total Networth | 36,156 | 47,017 | 56,159 | 66,579 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | 1,030 | 365 | 238 | 154 |
| Provisions | 322 | 386 | 405 | 425 |
| Other non current liabilities | 23 | 22 | 19 | 17 |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | 3,168 | 1,540 | 1,001 | 651 |
| Trade payables | 6,099 | 6,662 | 5,981 | 7,062 |
| Other current liabilities | 3,998 | 3,130 | 2,966 | 2,870 |
| Total Equity & Liabilities | 52,599 | 60,684 | 68,397 | 79,623 |

Source: Company Data, PL Research

Cash Flow (Rs m)

| Y/e Mar | FY20 | FY21 | FY22E | FY23E |
|--|----------------|----------------|----------------|----------------|
| PBT | 6,114 | 11,408 | 10,236 | 11,513 |
| Add. Depreciation | 2,105 | 1,877 | 2,025 | 2,238 |
| Add. Interest | 165 | 81 | 83 | 151 |
| Less Financial Other Income | 670 | 622 | 700 | 787 |
| Add. Other | 1,683 | 3,264 | (11,314) | (10,616) |
| Op. profit before WC changes | 10,066 | 16,630 | 1,029 | 3,286 |
| Net Changes-WC | (2,987) | (3,273) | (4,957) | (3,284) |
| Direct tax | (1,883) | (2,456) | (1,908) | (3,596) |
| Net cash from Op. activities | 5,197 | 10,901 | (5,835) | (3,593) |
| Capital expenditures | (3,437) | (3,590) | (2,310) | (1,706) |
| Interest / Dividend Income | 5 | 218 | 224 | 231 |
| Others | (1,551) | (1,835) | (3,024) | (2,504) |
| Net Cash from Invst. activities | (4,984) | (5,207) | (5,109) | (3,978) |
| Issue of share cap. / premium | - | 358 | - | - |
| Debt changes | (1,254) | (2,332) | 7,220 | 7,867 |
| Dividend paid | - | (1,015) | - | - |
| Interest paid | (165) | (69) | (83) | (151) |
| Others | - | - | - | - |
| Net cash from Fin. activities | (1,419) | (3,058) | 7,137 | 7,716 |
| Net change in cash | (1,206) | 2,636 | (3,808) | 144 |
| Free Cash Flow | 1,760 | 7,312 | (8,146) | (5,299) |

Source: Company Data, PL Research

Key Financial Metrics

| Y/e Mar | FY20 | FY21 | FY22E | FY23E |
|----------------------------|-------|-------|--------|--------|
| Per Share(Rs) | | | | |
| EPS | 47.8 | 89.9 | 80.0 | 90.1 |
| CEPS | 64.4 | 104.7 | 96.0 | 107.8 |
| BVPS | 286.2 | 370.6 | 442.7 | 524.9 |
| FCF | 13.9 | 57.6 | (64.2) | (41.8) |
| DPS | 8.0 | 8.0 | 8.0 | 8.0 |
| Return Ratio(%) | | | | |
| RoCE | 18.5 | 29.7 | 22.0 | 21.2 |
| ROIC | 17.1 | 29.6 | 22.6 | 21.7 |
| RoE | 17.9 | 27.4 | 19.7 | 18.6 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | - | (0.1) | (0.2) | (0.2) |
| Net Working Capital (Days) | 126 | 124 | 140 | 135 |
| Valuation(x) | | | | |
| PER | 43.3 | 23.0 | 25.9 | 23.0 |
| P/B | 7.2 | 5.6 | 4.7 | 3.9 |
| P/CEPS | 32.1 | 19.8 | 21.6 | 19.2 |
| EV/EBITDA | 28.9 | 17.0 | 18.5 | 16.3 |
| EV/Sales | 5.6 | 5.0 | 4.7 | 4.1 |
| Dividend Yield (%) | 0.4 | 0.4 | 0.4 | 0.4 |

Source: Company Data, PL Research

Quarterly Financials (Rs m)

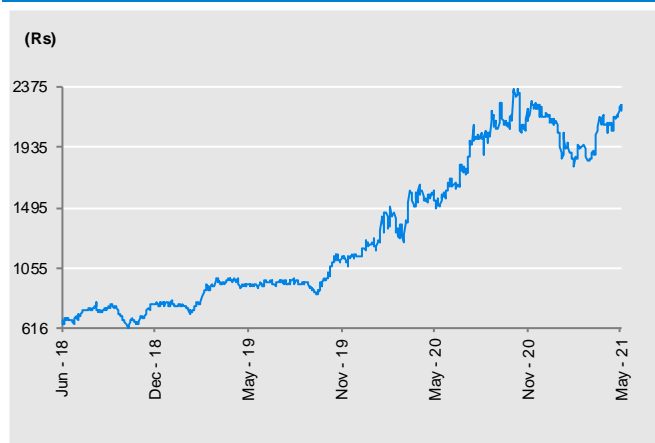
| Y/e Mar | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Net Revenue | 14,846 | 12,978 | 13,152 | 10,409 |
| YoY gr. (%) | 46.8 | 7.0 | 15.5 | 3.6 |
| Raw Material Expenses | 4,074 | 4,066 | 4,674 | 3,011 |
| Gross Profit | 10,772 | 8,912 | 8,478 | 7,398 |
| Margin (%) | 72.6 | 68.7 | 64.5 | 71.1 |
| EBITDA | 5,873 | 3,602 | 3,488 | 2,166 |
| YoY gr. (%) | 201.1 | 37.7 | 31.4 | 12.4 |
| Margin (%) | 39.6 | 27.8 | 26.5 | 20.8 |
| Depreciation / Depletion | 452 | 462 | 477 | 486 |
| EBIT | 5,421 | 3,140 | 3,012 | 1,681 |
| Margin (%) | 36.5 | 24.2 | 22.9 | 16.1 |
| Net Interest | 25 | 18 | 16 | 23 |
| Other Income | 117 | 150 | 157 | 199 |
| Profit before Tax | 5,513 | 3,272 | 3,153 | 1,857 |
| Margin (%) | 37.1 | 25.2 | 24.0 | 17.8 |
| Total Tax | 983 | 514 | 553 | 342 |
| Effective tax rate (%) | 17.8 | 15.7 | 17.5 | 18.4 |
| Profit after Tax | 4,530 | 2,757 | 2,600 | 1,515 |
| Minority interest | - | 30 | - | - |
| Share Profit from Associates | - | - | - | - |
| Adjusted PAT | 4,530 | 2,727 | 2,600 | 1,515 |
| YoY gr. (%) | 243.1 | 39.1 | 32.2 | 18.6 |
| Margin (%) | 30.5 | 21.0 | 19.8 | 14.6 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 4,530 | 2,727 | 2,600 | 1,515 |
| YoY gr. (%) | 243.1 | 39.1 | 32.2 | 18.6 |
| Margin (%) | 30.5 | 21.0 | 19.8 | 14.6 |
| Other Comprehensive Income | - | - | 6 | - |
| Total Comprehensive Income | 4,530 | 2,727 | 2,606 | 1,515 |
| Avg. Shares O/s (m) | 126 | 126 | 126 | 126 |
| EPS (Rs) | 35.9 | 21.6 | 20.6 | 12.0 |

Source: Company Data, PL Research

Key Operating Metrics

| Y/e Mar | FY20 | FY21 | FY22E | FY23E |
|-----------------------|--------|--------|--------|--------|
| Domestic Formulations | 19,126 | 21,039 | 23,563 | 26,391 |
| Domestic API | 2,509 | 2,810 | 3,035 | 3,278 |
| Export Formulations | 12,215 | 13,746 | 16,670 | 19,779 |
| Export API | 9,222 | 10,183 | 11,852 | 14,160 |

Source: Company Data, PL Research

Price Chart
Recommendation History


| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1 | 07-Apr-21 | BUY | 2,259 | 2,005 |
| 2 | 06-Feb-21 | Accumulate | 2,257 | 1,932 |
| 3 | 11-Jan-21 | Accumulate | 2,413 | 2,143 |
| 4 | 10-Nov-20 | Hold | 2,393 | 2,278 |
| 5 | 13-Oct-20 | Hold | 1,886 | 2,113 |
| 6 | 12-Aug-20 | Hold | 1,962 | 2,013 |
| 7 | 08-Jul-20 | BUY | 1,839 | 1,636 |
| 8 | 17-Jun-20 | BUY | 1,839 | 1,563 |

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 | BUY | 2,259 | 2,005 |
| 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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