

## Upbeat domestic show offset by US...

**About the stock:** Alembic Pharma operates in international generics (US:27% & ex-US: 15% in H1FY22), domestic branded (37% in H1FY22) and API (20% in H1FY22).

- Domestic business has 1.5% of market share of IPM with three brands in the top 100. Going ahead, emphasis is on specialty segment with 94% of new launches being specialty products
- The company has invested ~ ₹ 1800 crore in recent years in facilities geared mainly towards US formulations. As of Q3FY22, it has filed 220 ANDA and has 154 approvals with 104 launches in the US

**Q3FY22 Results:** Alembic reported mixed numbers with traction in domestic business partially offsetting the YoY decline in US and APIs revenues.

- Sales declined 3.2% YoY to ₹ 1271.7 crore
- EBITDA was at ₹ 255.7 crore, down 30% YoY with margins at 20.1%
- Adjusted PAT was at ₹ 176.4 crore (down 39.7% YoY)

**What should investors do?** Alembic's share price has grown by ~1.4x over the past five years (from ~₹ 555 in February 2017 to ~₹ 760 levels in February 2022).

- We maintain our HOLD rating on the stock due to challenging business environment in the US business as well as impending USFDA clearances.

**Target Price and Valuation:** Valued at ₹ 770 i.e. 20x P/E on FY24E EPS of ₹ 38.6

### Key triggers for future price performance:

- Commercialisation of international formulation plants F2 (oncology OSD & injectable), F3 (general injectable & ophthalmic) & F4 (new oral solids)
- Maintains aggressive guidance for capex (₹ 1000 crore for FY22, FY23) and R&D 12.5-13% of revenues for FY23
- Easing of pricing pressure in US and resolving USFDA issues for timely new launches
- Consistency of performances in Indian branded formulations and diverse portfolio with steady pipeline of speciality medicines

**Alternate Stock Idea:** Apart from Alembic, we like Ajanta Pharma

- Ajanta Pharma is a focused player in branded with focus on launching maximum number of first time launches with new drug delivery system.
- BUY with a target price of ₹ 2605



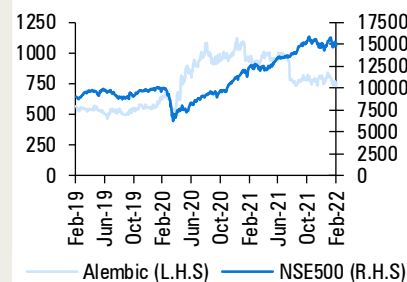
### Particulars

Particular	Amount
Market Capitalisation	₹ 14939 crore
Debt (FY21)	₹ 615 crore
Cash & cash equivalents (FY21)	₹ 137 crore
EV	₹ 15416 crore
52 week H/L	1090/715
Equity capital	₹ 39 crore
Face value	₹ 2

### Shareholding pattern

(in %)	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Promoter	69.8	69.5	69.5	69.5	69.5
Others	30.2	30.5	30.5	30.5	30.5

### Price Chart



### Recent Event & Key risks

- Strategic investment (19.97% stake) in RIGImmune
- Key Risk:** (i) Regulatory delays (ii) Better traction for new launches

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### Key Financial Summary

Key Financials (₹ crore)	FY20	FY21	5 year CAGR (FY16-21)	FY22E	FY23E	FY24E	3 year CAGR (FY21-24E)
Revenues	4605.7	5393.1	11.2	5122.6	5522.7	6075.0	4.0
EBITDA	1223.0	1557.6	9.1	990.8	1090.9	1230.2	-7.6
EBITDA margins (%)	26.6	28.9		19.3	19.8	20.3	
Net Profit	872.8	1178.1	10.4	675.8	685.3	759.1	-13.6
EPS (₹)	44.4	59.9		34.4	34.9	38.6	
PE (x)	18.0	12.7		22.1	21.8	19.7	
EV to EBITDA (x)	13.1	9.3		14.8	13.2	11.4	
RoCE (%)	21.0	24.2		12.3	12.3	12.6	
RoNW (%)	27.1	23.0		12.1	11.2	11.4	

Source: Company, ICICI Direct Research

## Key takeaways of recent quarter & conference call highlights

### Q3FY22 Results: US drag continues

- Revenues declined 3.2% YoY to ₹ 1271.7 crore (I-direct estimate: ₹ 1283.7 crore). Domestic formulations grew 16.7% YoY to ₹ 488 crore, better than I-direct estimates of ₹ 468.2 crore due to faster growth in specialty segment. US generics de-grew 23.2% YoY at ₹ 393 crore, above I-direct estimates of ₹ 364.2 crore, mainly due to price erosion and intense competition in some large products. International formulations sales grew 12.9% YoY at ₹ 193 crore (I-direct estimate: ₹ 205.2 crore) while APIs de-grew 7.5% YoY to ₹ 198 crore (I-direct estimate: ₹ 246.1 crore) mainly due to high base of Azithromycin. EBITDA margins declined by 767 bps YoY to 20.1% (I-direct estimate: 17.2%) mainly due to lower gross margins (down 466 bps YoY to 73.1%). EBITDA declined 30% YoY to ₹ 255.7 crore vs. I-direct estimate of ₹ 220 crore. Adjusted profit de-grew 39.7% YoY to ₹ 176.4 crore (I-direct estimate: ₹ 141.3 crore). Delta vis-à-vis EBITDA was due to higher depreciation, interest cost and lower other income being partially offset by lower tax expense
- Alembic reported a mixed set of Q3 numbers with traction in domestic formulations business partially offsetting the YoY decline in US and APIs revenues. Segment wise, the domestic business posted better-than-expected sales due to faster ramp up in specialty therapies while sales from US generics posted sequential recovery on back of base business bottoming out in Q2. New launches and commercialisation of new facilities earmarked for the US market and consistency of performances in the Indian branded formulations are key levers for the company. However, USFDA observations for Alembic's injectable facility (F-3) and further developments on remediation front will be a monitorable, going ahead

### Q3FY22 earnings conference call highlights

- US: management guided that US has formed a new base at ~ US\$50 million as last year was an exception due to Sartans shortage in the US. Price erosion has normalised in Q3 (back to mid single digits) and outlook is for gradual sequential pick-up
- Six products were launched in the US during Q3FY22 while five more are planned for Q4FY22
- Response for injectable plant at Karkhadi has been submitted and USFDA response is pending while Panelav USFDA audit has not taken place
- The company is expecting to file 20-25 products every year and launch ~20 products in the same time in the US market
- In India, the company is expecting to drive growth on back of its specialty segment and new launches across therapy areas
- R&D guidance of ₹ 650-750 crore for FY23

**Exhibit 1: Variance Analysis**

	Q3FY22	Q3FY22E	Q3FY21	YoY (%)	Q2FY22	QoQ (%)	Comments
Revenue	1,271.7	1,283.7	1,314.3	-3.2	1,292.3	-1.6	YoY decline amid strong growth in domestic formulation being offset by sharp decline in the US
Raw Material Expenses	342.7	365.9	293.0	17.0	332.9	2.9	
Gross Margin (%)	73.1	71.5	77.7	-466 bps	74.2	-119 bps	Price erosion in US led to YoY contraction in margins
Employee Expenses	272.8	291.2	262.5	3.9	293.2	-7.0	
R&D Expenditure	153.6	166.9	148.0	3.8	167.8	-8.5	
Other Expenditure	247.0	239.6	245.9	0.5	241.2	2.4	
EBITDA	255.7	220.2	365.1	-30.0	257.2	-0.6	
EBITDA (%)	20.1	17.2	27.8	-767 bps	19.9	20 bps	YoY decline mainly due to lower gross margins
Interest	4.3	4.6	2.3	87.4	4.6	-5.5	
Depreciation	55.9	54.6	47.0	19.1	54.6	2.5	
Other Income	1.3	2.2	2.5	-47.0	2.2	-39.1	
PBT before EO & Forex	196.7	163.2	318.3	-38.2	200.3	-1.8	
Forex & EO	0.0	0.0	0.0	NA	0.0	NA	
PBT	196.7	163.2	318.3	-38.2	200.3	-1.8	
Tax	32.5	32.2	59.1	-45.1	39.5	-17.8	
PAT before MI	164.3	131.0	259.2	-36.6	160.7	2.2	
Adjusted Net Profit	176.4	141.3	292.6	-39.7	169.3	4.2	YoY decline mainly in sync with operational performance and lower other income and higher depreciation
<b>Key Metrics</b>							
Domestic Formulation	488.0	468.2	418.0	16.7	509.0	-4.1	YoY growth and beat vis-à-vis I-direct estimates mainly due to faster recovery in specialty segment
US	393.0	364.2	512.0	-23.2	348.0	12.9	Sequential recovery and beats I-direct estimates mainly due to price erosion declined in Q3
RoW	193.0	205.2	171.0	12.9	197.0	-2.0	
APIs	198.0	246.1	214.0	-7.5	239.0	-17.2	YoY decline mainly due to high base of Azithromycin

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

(₹ Crore)	FY22E			FY23E			FY24E	Introduced	Comments
	Old	New	% Change	Old	New	% Change			
Revenue	5,180.0	5,122.6	-1.1	5,631.3	5,522.7	-1.9	6,075.0	6,075.0	Changed mainly due to lower-than-expected Q3FY22
EBITDA	977.3	990.8	1.4	1,170.2	1,090.9	-6.8	1,230.2	1,230.2	
EBITDA Margin (%)	18.9	19.3	47 bps	20.8	19.8	-103 bps	20.3	20.3	Guidance for ~ 20% margins
PAT	654.3	675.8	3.3	778.5	685.3	-12.0	759.1	759.1	
EPS (₹)	33.3	34.4	3.3	39.6	34.9	-12.0	38.6	38.6	

Source: ICICI Direct Research

**Exhibit 3: Assumptions**

(₹ crore)	Current				Earlier			Comments
	FY20	FY21	FY22E	FY23E	FY24E	FY22E	FY23E	
Domestic Formulation	1,425.0	1,497.0	1,907.6	2,058.9	2,264.7	1,900.3	2,042.2	Changed mainly due to better-than-expected sales in Q3FY22
US	1,976.0	2,165.0	1,500.9	1,598.0	1,757.8	1,438.0	1,580.0	US portfolio bottomed out and subsequent launches to drive growth
RoW	496.0	776.0	785.1	863.6	949.9	832.2	915.4	
APIs	708.0	955.0	930.0	1,002.3	1,102.5	1,010.2	1,093.6	Changed due to lower than expected Q3FY22

Source: ICICI Direct Research

**Exhibit 4: Revenue break-up**

Revenue Breakup	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E	CAGR FY16-21	CAGR FY21-24E
Total Formulation	2636.6	2491.6	2481.0	3165.0	3897.0	4438.0	4193.6	4520.4	4972.4	11.0	3.9
Domestic Formulation (₹ crore)	1186.4	1255.1	1274.0	1383.0	1425.0	1497.0	1907.6	2058.9	2264.7	4.8	14.8
US Sales (₹ crore)	1248.1	917.0	909.5	1266.0	1976.0	2165.0	1500.9	1598.0	1757.8	11.6	-6.7
RoW	210.2	319.5	297.5	516.0	496.0	776.0	785.1	863.6	949.9	29.9	7.0
API (₹ crore)	522.2	640.2	650.0	770.0	708.0	955.0	930.0	1002.3	1102.5	12.8	4.9
Total Sales	3191.5	3159.0	3148.9	3935.0	4605.0	5393.0	5123.6	5522.7	6075.0	11.1	4.0

Source: ICICI Direct Research

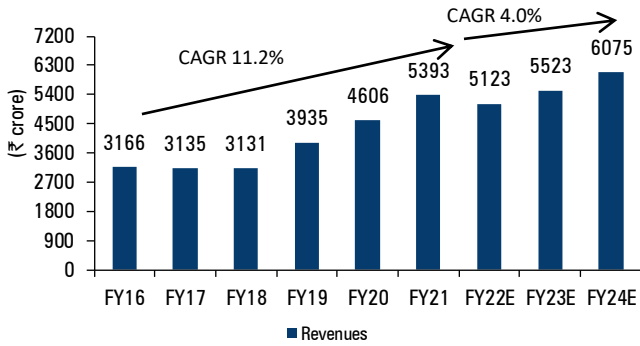
**Exhibit 5: Financial Summary**

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	5393	17.1	59.9	35.0	12.7	9.3	23.0	24.2
FY22E	5123	-5.0	34.4	-42.6	22.1	14.8	12.1	12.3
FY23E	5523	7.8	34.9	1.4	21.8	13.2	11.2	12.3
FY24E	6075	10.0	38.6	10.8	19.7	11.4	11.4	12.6

Source: ICICI Direct Research

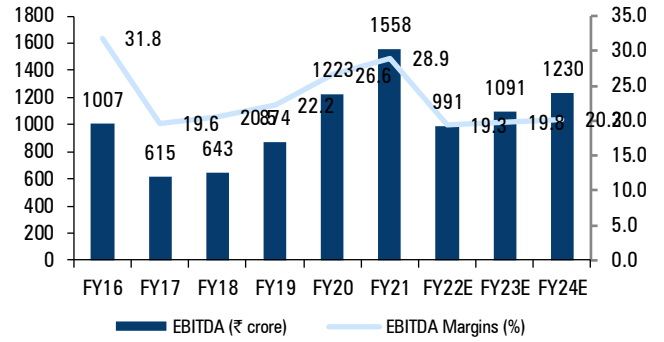
## Key Metrics

Exhibit 6: Revenues to grow at CAGR of 4% over FY21-24E



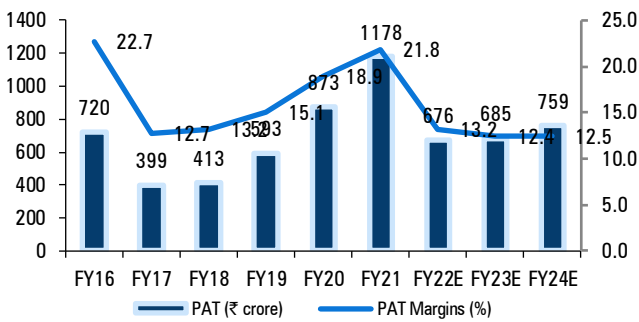
Source: ICICI Direct Research, Company

Exhibit 7: EBITDA and EBITDA margins trend



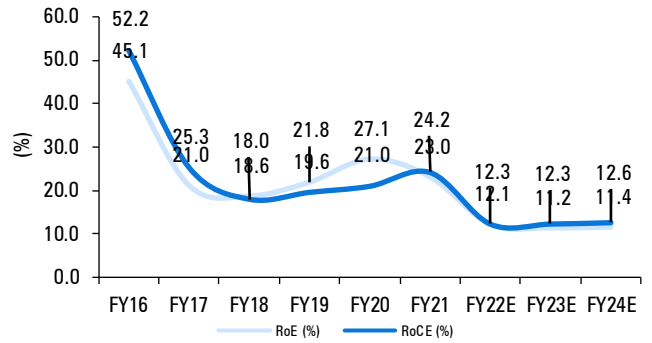
Source: ICICI Direct Research, Company

Exhibit 8: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 9: Return ratios



Source: ICICI Direct Research, Company

Exhibit 10: Trends in Quarterly Performance

(₹ Crore)	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	YoY (%)	QoQ(%)
Revenues	1018.2	927.0	948.9	1240.9	1209.1	1206.8	1341.3	1457.1	1314.3	1280.4	1326.0	1292.3	1271.7	-3.2	-1.6
Raw Material Cost	248.5	216.7	204.4	272.6	298.5	263.9	337.8	312.0	293.0	314.6	385.1	332.9	342.7	17.0	2.9
% to revenues	24.4	23.4	21.5	22.0	24.7	21.9	25.2	21.4	22.3	24.6	29.0	25.8	26.9		
Gross Profit	769.7	710.2	744.5	968.3	910.6	942.9	1003.6	1145.1	1021.4	965.8	941.0	959.4	929.0	-9.0	-3.2
Gross Profit Margin (%)	75.6	76.6	78.5	78.0	75.3	78.1	74.8	78.6	77.7	75.4	71.0	74.2	73.1	-466 bps	-119 bps
Employee cost	198.4	200.7	214.9	217.8	226.9	246.9	275.4	276.1	262.5	237.2	289.9	293.2	272.8	3.9	-7.0
% to revenues	19.5	21.7	22.6	17.5	18.8	20.5	20.5	18.9	20.0	18.5	21.9	22.7	21.5	148 bps	-124 bps
R & D	112.2	119.7	140.3	173.8	145.7	185.0	142.6	185.0	148.0	194.9	167.2	167.8	153.6		
% to revenues	11.0	12.9	14.8	14.0	12.1	15.3	10.6	12.7	11.3	15.2	12.6	13.0	12.1	82 bps	-91 bps
Other Expenditure	216.9	211.7	164.4	231.2	213.0	183.5	178.2	240.6	245.9	192.0	247.9	241.2	247.0	0.5	2.4
% to revenues	21.3	22.8	17.3	18.6	17.6	15.2	13.3	16.5	18.7	15.0	18.7	18.7	19.4	72 bps	76 bps
Total Expenditure	775.9	748.9	724.0	895.4	884.1	879.3	934.0	1013.7	949.3	938.7	1090.1	1035.1	1016.0	7.0	-1.8
% to revenues	76.2	80.8	76.3	72.2	73.1	72.9	69.6	69.6	72.2	73.3	82.2	80.1	79.9		
EBIDTA	242.2	178.0	224.9	345.5	325.1	327.5	407.4	443.4	365.1	341.7	235.9	257.2	255.7	-30.0	-0.6
EBITDA Margin (%)	23.8	19.2	23.7	27.8	26.9	27.1	30.4	30.4	27.8	26.7	17.8	19.9	20.1	-767 bps	20 bps
Depreciation	29.1	30.0	35.4	36.0	41.8	44.1	41.5	43.8	47.0	51.2	53.2	54.6	55.9	19.1	2.5
Interest	6.0	5.1	5.0	7.1	7.4	7.8	6.7	4.5	2.3	2.6	2.1	4.6	4.3	87.4	-5.5
OI	3.5	3.4	3.3	0.4	0.4	0.9	0.3	3.2	2.5	4.0	1.9	2.2	1.3		
PBT	210.8	146.4	187.8	302.9	276.3	276.5	359.5	398.4	318.3	291.9	182.6	200.3	196.7	-38.2	-1.8
Tax	40.0	14.9	36.0	52.5	48.6	62.1	66.8	73.0	59.1	54.5	34.2	39.5	32.5	-45.1	-17.8
Tax Rate (%)	19.0	10.2	19.1	17.3	17.6	22.5	18.6	18.3	18.6	18.7	18.7	19.7	16.5		
PAT	170.8	131.5	151.9	250.4	227.7	214.4	292.7	325.4	259.2	237.4	148.4	160.7	164.3	-36.6	2.2
PAT Margin (%)	16.8	14.2	16.0	20.2	18.8	17.8	21.8	22.3	19.7	18.5	11.2	12.4	12.9		
Exceptional Items (EI)	0.0	0.0	32.8	0.0	0.0	10.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Net Profit before MI	170.8	131.5	119.1	250.4	227.7	203.5	292.7	325.4	259.2	237.4	148.4	160.7	164.3	-36.6	2.2
Add/(less) MI	-0.8	-0.8	4.2	4.2	-6.9	-21.2	-8.3	-8.1	-7.0	-8.3	-6.3	-5.3	-8.1		
Profit from Associates	-1.7	0.1	0.4	0.1	-0.4	-0.1	0.5	-0.2	26.4	5.1	9.9	3.3	4.1		
Net Profit	169.8	132.3	115.2	246.3	234.2	224.6	301.5	333.4	292.6	250.7	164.5	169.3	176.4	-39.7	4.2

Source: ICICI Direct Research

Exhibit 11: ICICI Direct Universe Coverage (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
						FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E
<b>Hospitals</b>																					
Apollo Hospitals	APOHOS	4610	5,930	Buy	66285	22.6	7.9	72.9	99.4	204.1	586.5	63.2	46.4	10.2	6.3	18.1	21.7	9.7	2.5	18.6	20.9
Narayana Hrudalaya	NARHRU	644	765	Buy	13167	6.4	-0.7	17.4	19.9	101.5	NA	37.0	32.3	11.0	1.2	21.0	22.3	11.4	-1.3	24.4	22.1
Shalby	SHALIM	143	170	Buy	1546	2.6	3.9	5.9	5.8	56.0	36.5	24.2	24.7	7.2	6.5	8.9	9.6	3.5	5.1	7.2	6.7
Aster DM	ASTDM	190	250	Buy	9511	5.7	3.0	10.5	17.5	33.4	64.4	18.1	10.9	7.2	5.4	9.2	12.8	8.7	4.4	13.5	18.4
Healthcare Global	HEAGLO	250	240	Hold	3137	-12.0	-21.7	15.6	8.4	NA	NA	16.1	29.7	1.0	-0.9	7.6	10.4	NA	NA	NA	7.2
<b>MNC Pharma</b>																					
Abbott India	ABBIND	16538	19,840	Buy	35142	279.0	325.0	370.4	429.0	59.3	50.9	44.6	38.6	30.7	33.8	35.7	34.4	24.4	26.5	28.1	26.8
P&G Health	MERLIM	4942	6,555	Buy	8203	102.0	106.5	135.7	145.7	48.5	46.4	36.4	33.9	24.0	32.2	41.0	37.7	18.7	25.1	31.6	28.8
Sanofi India	SANOFI	7289	9,800	Buy	16787	179.8	207.4	431.8	280.0	40.5	35.1	16.9	26.0	26.0	32.3	34.2	41.9	19.4	24.5	22.2	33.5
Pfizer	PFIZER	4504	5,350	Buy	20605	111.3	108.8	135.2	133.0	40.5	41.4	33.3	33.9	18.5	27.6	27.4	23.6	15.0	20.8	21.7	18.6
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	2059	2,500	Buy	17817	53.4	74.0	79.3	89.3	38.6	27.8	26.0	23.1	24.7	29.0	25.2	23.8	18.1	21.8	19.9	19.2
Alembic Pharma	ALEMPHA	760	770	Hold	14939	44.4	59.9	34.4	34.9	17.1	12.7	22.1	21.8	21.0	24.2	12.3	12.3	27.1	23.0	12.1	11.2
Aurobindo Pharma	AURPHA	685	765	Hold	40125	48.8	55.0	46.4	55.6	14.0	12.4	14.8	12.3	17.2	16.9	13.1	14.7	17.0	14.7	11.1	11.8
Biocon	BIOCON	402	380	Hold	48210	5.8	6.1	5.4	9.3	69.0	66.0	74.7	43.3	10.2	7.6	7.8	10.0	10.4	9.6	7.9	12.2
Cadila Healthcare	CADHEA	401	477	Hold	41073	14.0	21.5	20.9	21.8	28.7	18.7	19.2	18.4	10.7	12.6	13.4	13.4	13.8	16.9	14.7	13.7
Cipla	CIPLA	975	1,085	Buy	78602	19.2	29.9	34.6	41.8	50.7	32.6	28.1	23.3	12.0	16.3	17.8	18.4	9.8	13.1	13.7	14.6
Dr Reddy's Labs	DRREDD	4369	5,170	Hold	72686	121.8	117.3	181.2	204.2	35.9	37.2	24.1	21.4	9.6	13.1	16.3	17.3	13.0	11.1	14.9	14.7
Glenmark Pharma	GLEPHA	498	580	Hold	14052	26.4	32.9	37.7	43.7	18.9	15.2	13.2	11.4	12.7	13.9	15.3	15.9	12.2	13.1	12.5	12.7
Ipca Laboratories	IPCLAB	1005	2,490	Buy	12754	47.6	89.9	78.0	95.8	21.1	11.2	12.9	10.5	17.6	27.1	20.5	20.9	16.6	24.2	17.5	17.7
Jubilant Pharmova	JUBLIF	466	490	Hold	7422	44.6	37.4	28.7	32.5	10.4	12.5	16.3	14.3	11.7	13.7	10.1	10.4	12.7	12.6	8.9	9.2
Lupin	LUPIN	806	960	Hold	36571	-12.7	26.9	16.2	30.2	NA	30.0	49.7	26.7	9.7	9.1	6.1	10.5	-4.6	8.8	5.8	9.6
Natco Pharma	NATPHA	918	925	Hold	16740	25.3	24.2	17.1	20.1	36.3	38.0	53.7	45.6	14.0	13.1	8.4	9.9	12.2	10.7	7.2	8.0
Sun Pharma	SUNPHA	892	965	Buy	214069	16.8	30.0	30.6	32.2	53.2	29.7	29.1	27.7	10.0	14.2	16.7	16.3	8.9	15.5	14.2	13.2
Torrent Pharma	TORPHA	2588	3,110	Hold	43791	60.6	74.0	78.3	103.7	42.7	35.0	33.0	24.9	15.4	17.7	21.0	22.6	21.2	21.4	19.4	21.5
Indoco Remedies	INDREM	376	575	Buy	3474	2.6	10.1	17.3	23.9	143.7	37.2	21.7	15.7	4.6	11.7	19.8	21.5	3.5	12.1	17.6	20.2
Caplin Point	CAPPOI	795	1,010	Buy	6011	17.2	81.7	76.7	55.5	46.3	9.7	10.4	14.3	25.4	25.6	24.1	23.5	22.7	20.4	20.5	18.8
Advanced Enzymes	ADVENZ	312	380	Buy	3487	11.6	13.1	11.3	13.6	27.0	23.9	27.7	23.0	19.6	19.4	15.4	16.7	15.4	15.1	11.6	12.4
Hester Biosciences	HESPHA	2443	2,780	Hold	2078	34.3	44.4	47.2	52.0	71.2	55.0	51.8	47.0	14.0	16.2	12.8	14.3	14.5	16.5	15.5	15.1
<b>API/CRAMS</b>																					
Divi's Lab	DIVLAB	4313	5,815	Buy	114507	51.9	74.7	90.6	107.5	83.2	57.7	47.6	40.1	23.9	27.6	27.7	27.7	18.8	21.3	21.8	21.8
Hikal	HIKCHE	421	640	Buy	5192	8.1	10.8	17.2	21.4	52.0	39.0	24.5	19.7	12.8	15.1	17.7	18.5	12.2	14.3	18.7	19.1
Syngene Int.	SYNINT	599	710	Buy	23940	10.3	10.1	9.8	13.9	58.1	59.1	61.2	42.9	14.5	11.5	12.6	15.5	16.8	13.5	13.2	14.9
Granules India	GRANUL	312	360	Buy	7730	12.4	22.2	16.2	19.4	25.2	14.1	19.3	16.1	15.2	24.0	16.2	17.4	16.7	25.3	15.8	16.1
Laurus Labs	LAULAB	539	670	Buy	28936	4.8	18.3	17.6	23.9	113.4	29.4	30.6	22.5	13.0	31.7	25.1	28.0	14.4	37.9	27.4	27.9
Suven Pharmaceuticals	SUVPH	538	555	Hold	13696	12.5	14.2	18.3	17.7	43.2	37.8	29.4	30.4	35.6	31.2	35.0	28.7	37.5	30.7	29.6	23.2

Source: ICICI Direct Research

## Financial Summary

Exhibit 12: Profit and loss statement				
₹ crore				
(Year-end March) ₹ crore	FY21	FY22E	FY23E	FY24E
<b>Revenues</b>	<b>5,393.1</b>	<b>5,122.6</b>	<b>5,522.7</b>	<b>6,075.0</b>
Growth (%)	17.1	-5.0	7.8	10.0
Raw Material Expenses	1,257.3	1,387.3	1,421.9	1,518.7
Employee Expenses	1,051.2	1,120.2	1,187.4	1,336.5
R&D Expenditure	670.4	648.9	718.0	744.2
Other Manufacturing Expenses	856.6	975.5	1,104.5	1,245.4
Total Operating Expenditure	3,835.6	4,131.9	4,431.8	4,844.8
<b>EBITDA</b>	<b>1,557.6</b>	<b>990.8</b>	<b>1,090.9</b>	<b>1,230.2</b>
Growth (%)	27.4	-36.4	10.1	12.8
Interest	16.0	15.4	15.0	15.0
Depreciation	183.5	219.6	267.9	312.1
Other Income	10.0	6.7	5.5	6.1
<b>PBT</b>	<b>1,368.1</b>	<b>762.5</b>	<b>813.5</b>	<b>909.2</b>
Total Tax	253.3	136.4	170.8	190.9
Tax Rate (%)	18.5	17.9	21.0	21.0
<b>Adjusted PAT</b>	<b>1,178.1</b>	<b>675.8</b>	<b>685.3</b>	<b>759.1</b>
Growth (%)	35.0	-42.6	1.4	10.8
<b>EPS (Adjusted)</b>	<b>59.9</b>	<b>34.4</b>	<b>34.9</b>	<b>38.6</b>

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
₹ crore				
(Year-end March) ₹ crore	FY21	FY22E	FY23E	FY24E
Profit/(Loss) after taxation	1,122.6	675.8	685.3	759.1
Depreciation	183.5	219.6	267.9	312.1
Net Increase in Current Assets	66.1	-245.7	-132.4	-183.1
Net Increase in Current Liabilities	173.4	-48.0	125.7	189.1
<b>CF from operating activities</b>	<b>1,463.4</b>	<b>601.8</b>	<b>946.4</b>	<b>1,077.2</b>
(Inc)/dec in Investments	-181.1	0.0	0.0	0.0
(Inc)/dec in Fixed Assets	-659.2	-500.0	-500.0	-500.0
Other investing activities	2.1	7.3	2.5	1.0
<b>CF from investing activities</b>	<b>-840.8</b>	<b>-488.9</b>	<b>-489.0</b>	<b>-489.0</b>
Inc / (Dec) in Equity Capital	734.1	0.0	0.0	0.0
Inc / (Dec) in Loan	-1,258.5	115.0	-115.0	0.0
Dividend & Dividend Tax	0.0	-196.6	-196.6	-196.6
Other financing activities	-73.0	0.0	0.0	0.0
<b>CF from financing activities</b>	<b>-597.4</b>	<b>-81.6</b>	<b>-311.6</b>	<b>-196.6</b>
Net Cash flow	25.1	31.3	145.9	391.6
Opening Cash	80.8	105.8	137.2	283.0
<b>Closing Cash</b>	<b>105.8</b>	<b>137.2</b>	<b>283.0</b>	<b>674.6</b>
<b>Free Cash flow</b>	<b>804.1</b>	<b>101.8</b>	<b>446.4</b>	<b>577.2</b>

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet				
₹ crore				
(Year-end March) ₹ crore	FY21	FY22E	FY23E	FY24E
Equity Capital	39.3	39.3	39.3	39.3
Reserve and Surplus	5,088.3	5,567.6	6,056.3	6,618.8
Total Shareholders funds	5,127.6	5,606.9	6,095.6	6,658.1
Minority Interest	-60.6	-54.6	-49.1	-44.2
Total Debt	499.8	614.8	499.8	499.8
Deferred Tax Liability	4.2	4.6	5.1	5.6
Other Non Current Liabilities	71.5	78.7	86.6	95.2
Long Term Provisions	85.5	94.1	103.5	113.8
<b>Source of Funds</b>	<b>5,728.0</b>	<b>6,344.5</b>	<b>6,741.4</b>	<b>7,328.3</b>
Gross Block - Fixed Assets	2,546.3	3,546.3	4,246.3	4,946.3
Accumulated Depreciation	757.0	976.6	1,244.5	1,556.6
Net Block	1,789.3	2,569.7	3,001.7	3,389.6
Capital WIP	2,181.7	1,681.7	1,481.7	1,281.7
Total Fixed Assets	3,971.0	4,251.3	4,483.4	4,671.3
Goodwill on Consolidation	0.0	0.0	0.0	0.0
Investments	236.3	236.3	236.3	236.3
Inventory	1,486.2	1,473.9	1,513.1	1,581.2
Cash	105.8	137.2	283.0	674.6
Debtors	348.6	561.5	605.2	665.8
Loans & Advances & Other CA	0.0	0.0	0.0	0.0
Total Current Assets	2,390.9	2,667.9	2,946.2	3,521.0
Creditors	668.8	589.6	680.9	832.2
Provisions & Other CL	312.2	343.4	377.7	415.5
Total Current Liabilities	980.9	933.0	1,058.6	1,247.7
Net Current Assets	1,410.0	1,735.0	1,887.6	2,273.3
LT L& A, Other Assets	110.8	121.9	134.1	147.5
Deferred Tax Assets	0.0	0.0	0.0	0.0
<b>Application of Funds</b>	<b>5,728.1</b>	<b>6,344.5</b>	<b>6,741.4</b>	<b>7,328.4</b>

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY21	FY22E	FY23E	FY24E
<b>Per share data (₹)</b>				
Adjusted EPS	59.9	34.4	34.9	38.6
BV per share	260.9	285.2	310.1	338.7
Dividend per share	14.0	10.0	10.0	10.0
<b>Operating Ratios (%)</b>				
Gross margins	76.7	72.9	74.3	75.0
EBITDA Margins	28.9	19.3	19.8	20.3
PAT Margins	21.8	13.2	12.4	12.5
Inventory days	100.6	105.0	100.0	95.0
Debtor days	23.6	40.0	40.0	40.0
Creditor days	45.3	42.0	45.0	50.0
Asset Turnover	2.1	1.4	1.3	1.2
EBITDA conversion Rate	94.0	60.7	86.8	87.6
<b>Return Ratios (%)</b>				
RoE	23.0	12.1	11.2	11.4
RoCE	24.2	12.3	12.3	12.6
RoIC	42.2	17.8	17.2	17.7
<b>Valuation Ratios (x)</b>				
P/E	12.7	22.1	21.8	19.7
EV / EBITDA	9.3	14.8	13.2	11.4
EV / Net Sales	2.7	2.9	2.6	2.3
Market Cap / Sales	2.7	2.8	2.6	2.4
Price to Book Value	2.9	2.7	2.5	2.2
<b>Solvency Ratios</b>				
Debt / Equity	0.1	0.1	0.1	0.1
Debt / EBITDA	0.3	0.6	0.5	0.4
Current Ratio	1.9	2.2	2.0	1.8

Source: Company, ICICI Direct Research



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