

09 December 2024

Key takeaways from virtual Pharma Day

 IPM volume growth may not bounce back to earlier levels of 5-7% and may sustain around 2-3% Foram Parekh research@bobcaps.in

- Trade generic share to increase in the IPM as it requires lesser marketing spend and aids in margin increment
- Among the companies hosted, we prefer LPC (BUY) and maintain SELL on AJP

We hosted a virtual Pharma Day where companies like SUNP, LPC, DRRD, SUVENPHA and AJP had participated, along with an expert view on the Indian pharma sector by Pharmarack. Following are the key takeaways on the Indian Pharma Market (IPM).

Out-of-pocket expenses for medicines have reduced: In India, the per capita out-of-pocket expense for medicines used to be 65%, which has reduced to 50% currently on various Government of India initiatives like increasing the healthcare budget and partnerships with NGOs like the Bill & Melinda Gates Foundation.

Reducing GST on drugs made them cheaper: In Union Budget 2024, the Central government exempted anti-cancer drugs like Trastuzumab, Ozimertinib and Deruxtecan from GST, resulting in lower costs and making them more affordable to patients.

Trade generics to be the next big contributor: According to Pharmarack, the IPM today is valued at Rs 2.42tn, of which 87% is contributed by branded generics. This is expected to fall to 81% due to the expansion of trade generics. Companies are increasingly putting branded medicines that do not require being promoted by doctors in trade generics. The trade generics market is expected to grow to Rs 150bn market and IPM at 9.6% CAGR by FY30.

Online pharmacies will not rule the market: Online pharmacies cannot completely take over the market because of patients' higher dependency on nearby stores for acute drugs, whereas online pharmacies largely sell chronic drugs.

Volume growth in IPM unlikely to bounce back: Volume growth in the IPM has been impacted by the pharma industry moving from smaller pack sizes to bigger pack sizes and increasing the number of new product launches.





Ajanta Pharma

Branded generics

AJP is a specialty company, whose focus is on the branded generics business which has three verticals spread across India, Africa and Asia that contributes 73% of sales.

The company expects the branded generics business to grow in the low teens and the contribution to the branded generic market to increase by 25 to 50bps annually.

India: AJP is present in five therapeutic segments where Cardiovascular is the largest therapy for the company, followed by Ophthalmology, Dermatology, Pain Management, and Anti Diabetic.

New products

AJP launched seven to eight new products in H1FY25, of which three to four were FTF (First to File). The company will launch more than 20 new products in the country, of which first movers in the market generally comprise 25% plus.

India region growth: The company expects IPM to grow by about 7-8% for FY25, whereas AJP expects to grow by 10-15%.

MR count: It has 3,200 MRs for the domestic region and the company expects to hire another 300 MRs in FY25E.

Asia and Africa: Both geographies currently contribute ~45% of AJP's total sales. The business is spread across 30 countries in Asia and Africa.

MR count: At present AJP has 1,800 MRs based in Asia and Africa. This increased from 950 MRs in FY22.

Revenue growth: The company expects Asia and Africa to grow more than the India region due to aggressive MR hiring. It maintains its guidance of the Asia and Africa regions growing by ~15%.

Therapies coverage: AJP has wider therapies coverage and is present in ten therapies in the ROW market, including Gastro and Respiratory, compared to a presence in five therapies in India.

US: The region contributes 22% of sales. AJP expects to file eight to ten ANDAs (Abbreviated New Drug Application) and launch seven to eight new products every year.

Revenue guidance: The company expects the US to grow in the mid-single digit in FY25, but in the low double digits from FY26 driven be new product launches.

Africa Institution: Africa contributes 5% of the sales. This business is expected to remain flattish at current levels of US\$ 22mn-23mn.



Capex: AJP does not envisage a larger capex for FY25. It expects to incur capex of Rs 1.5bn in FY25.

Margins: The company expects gross margin to sustain at ~77%, while EBITDA margin can sustain at 28%+-1%.

Dr. Reddy's

Domestic market: Over the longer term DRRB believes the Indian market may go the generic way. Having said that, there is a high focus on growing the existing portfolio (current growth rate of 9% would continue and likely go higher as new field additions have been made). DRL is parallelly developing two new streams for the domestic market.

- Launching innovative products in partnership with an MNC pharma (in-licensing).
 Launch of Toripalimib is a recent example of this strategy.
- Developing a basket of biosimilars.

US generics: Revilimid would continue for some more time. The complex generics and biosimilars pipeline would fill up for the loss of sales of Revilimid by 2027.

Abatacept is going be to a very good opportunity from FY28, according to management. Rituximab and Prolia are two upcoming opportunities.

Overall there could be some dip in US generic revenues in FY27, but this is likely to be made up from FY28.

Europe: The recent smoking cessation product is No 2 in its category. Post integration, the aim is to launch this product in other markets, including India.

GLP-1 opportunity: DRRD is at the forefront of capturing this opportunity, starting with Emerging Markets (2026 onwards) and has strategically invested in the global launch of GLP-1 products (Semaglutide to start with), leveraging its in-house API and formulation capabilities. This full integration provides a competitive edge, especially in controlling supply.

Consumer Health & OTC: This is going to be a large focus for DRRB going ahead. With the completion of the Nestle JV, DRRD expects sustained growth. The Nestle JV aims to introduce global brands to India.

Revilimid sales: Overall, the loss in Revilimid sales would be more than made up by the ramp-up in non-USA segments. Even for US generics, strong numbers are expected from FY28.



Lupin

US region

LPC expects quarterly sales in the US to inch up to US\$ 250mn compared to US\$ 230mn currently.

The higher quarterly guidance factors in increasing competition in Suprep and Albuterol.

It expects the Tolvaptan launch to enjoy six months of exclusivity and the product has a market size of US\$ 1.2bn-1.3bn.

Management expects the share of complex generic products to grow to 50% of US sales from 30% currently.

Profitability improved in the US due to a better product mix. LPC's EBITDA margin in the US is now higher than its corporate EBITDA margin.

LPC has 20 respiratory assets and 40 injectables under development. These should help drive a 50%+ complex mix in the coming years.

India

90%+ of LPC's domestic business comprises formulations.

The share of in-licence products was 12% of sales in 2QFY25 vs 15% of sales in 2QFY24. LPC expects the reduction of in-licence products to increase margins.

Currently, LPC has 7,700 MRs. It will look to add ~100 MRs each year. It expects productivity to increase from Rs 750k in 2QFY25.

Adjacencies (including diagnostics, digital and certain OTC) are still loss-making and resulted in a hit of 80bps on 2QFY25 EBITDA margin.

Biosimilars

Ranibizumab: LPC completed Phase-III clinical trials for Ranibizumab in 3QFY25. While LPC will not be part of the first wave of launches, the product would still contribute decently to LPC's US sales, given the company's relationships with ophthalmologists. It plans to file in the US and EU in FY25.

Pegfilgrastim: LPC expects to launch Pegfilgrastim in the next 12 months, subject to approval and clearances for the Pune facility.

GLP products

LPC will manufacture Semaglutide in-house, given its oral and injectable capabilities. The company will consider out-licence manufacturing to a CMO (contract manufacturing organisation), depending on the product. LPC has enough capacity for in-house manufacturing.



The product launches will be a combination of internal development and in-licensing. According to the company, it is a US\$ 1bn+ market in the US.

Sun Pharma

We list below the key takeaways from the meetings.

India

India segment reported 11% growth in 2QFY25 surpassing IPM growth of 9%.

SUNP reported 5.3% volume growth vs 0.7% for IPM, primarily driven by prescription counts in 2QFY25.

Overall, all therapies within the India business continued to do well and contributed to growth.

Price as a component of growth is much lower than the industry.

Medical representative (MR) count increased to 14,000 in FY24 from 10,000 in FY20. The new MR productivity is low, and has dragged SUNP's overall productivity. The company expects the productivity of the new MRs to catch up with company-level productivity as they mature in a couple of years. It is difficult to say whether the company will pause MR hiring or continue to hire.

The company does not have much of a trade generics business.

SUNP is open to acquiring brands and companies. According to management, the acquisition would be driven primarily by the seller or licensor and not by SUNP.

North America

This region's growth is driven by the specialty business which continues to do well. In Q2FY25, the specialty business grew by 18%.

Generics

Capital allocation: SUNP is not deploying much capital as R&D spend on generics has been very steady or flat for the last few years. SUNP has neither invested in greenfield capex in a big way nor in M&As. The company has not acquired a US company since the acquisition of Taro in 2009.

Market share: SUNP expects to maintain its market share, and, hence, expects sales contribution from generic products to decline.

USFDA: SUNP currently has not presented its three facilities to the USFDA. Of the three facilities under watch for compliance issues, the Halol and Mohali units are the most severely impacted because of an Import Alert. Therefore, the nature of the changes in these units are much more structural and far deeper and, at some point, SUNP will present these facilities to the USFDA.



The company did not disclose a time frame for this.

Specialty products

Leqselvi: The District Court of New Jersey has granted a primary injunction to Inside Corporation, which means that SUNP cannot launch Leqselvi in the market. However, there are three scenarios that could result from a verdict.

- SUNP could appeal the lower court's decision in the higher court, and the higher court could overturn the decision in SUNP's favour and the injunction could be lifted.
- The company could reach a settlement with Inside Corporation where both companies agree to certain terms and conditions and SUNP gets a path to market.
- Once the patent expires in Dec'26, SUNP has a risk-free path to the market.

Ilumya: Management does not see approval to Biocon for Stelara as a threat to Ilumya. Management has factored in a certain number of Stelara biosimilars catering to the market from CY25. Though it is cautiously watching this space, Janssen has moved Stelara from Dom indication to gastric indication and 75% of the prescription for Stelara is currently driven by gastric indication and non-skin indication. Hence, Stelara is no competition for Ilumya.

Emerging Market

Sales growth came in at 5.5% in 2QFY25 due to transient events in a specific geography that resulted in a decline in sales. However, going forward, the company expects Emerging Markets growth to bounce back.

- ROW: The Rest of the World (ROW) business declined in 2QFY25 due to price cuts in Japan on certain parts of its portfolio because of which the overall ROW business declined.
- R&D: The R&D spend incurred was 6% in H1FY25 as against the earlier guidance of 8% due to delays in clinical trials. Management expects this delay in clinical trials to begin in H1FY26.
- **GLP products:** There are a couple of opportunities here.
 - Its own product completed Phase-I, and the company is anticipating it will enter Phase-II in the first half of the second year in FY26. However, it is too early and nowhere close to market, and the company is not planning to have separate timelines for India or the Emerging Market and intends to run global trials. So the product is a long way from benefitting from closer-to-market opportunities.
 - SUNP is the leader in India in the metabolic disorders segment. So, it would be keen to participate in the Indian market either through a potential licensing deal from an innovator or through the launch of its generic once the product goes off patent in India and in Emerging Markets in 2026.



Guidance

The company expects FY25 sales to grow in the high single digit.

It lowered its R&D guidance to 7-8% in FY25 from 8-10% earlier.

SUNP expects the EBITDA margin to sustain at 28% due to the increase in R&D cost from H2FY25.

Suven Pharma (Not Rated)

Suven Pharma CDMO: SUVENPHA currently has 12 molecules in the commercialisation stage from seven before the acquisition. It now has seven Phase-III molecules vs two Phase-III molecules during acquisition.

It has introduced business developments (BD) teams – four in the US (two on the East Coast and two on the West Coast), one in Europe for small molecules, and one in the Asia-Japan market.

Suven Pharma – Specialty Chemical: Suven Pharma's specialty chemical business has gone through a down cycle which is line with the entire industry's downside outlook.

The company has experienced a down cycle and management believes that this has bottomed out for now.

It currently supplies three products to innovators.

Earlier, specialty chemicals had two molecules in Phase-III. This has increased to seven molecules now.

RFQs: RFQs (request for quote) have jumped. The conversion of RFQs to sales is \sim 25-30% and the company expects to take it up to 50%.

The conversion time from RFQs to sales takes three to six months in the early phase of molecules. However, large scale molecules take 8-12 months.

Cohance CDMO: The CDMO business delivered 30% sales CAGR over the last four years. According to management, its API business growth is slow, but it expects business growth to bounce back.

Cohance's API business: The top eight products contribute 55-60% of sales and have ~20% market share and are within the top three suppliers of these eight APIs to the innovators.

SUVENPHA's capacity: Currently SUVENPHA's CDMO is operating at 35-40% of capacity for 1,400KL. SUVENPHA has added a new 500KL block at Suryapet, which is ready.

Cohance: Cohance CDMO's total capacity currently is 1,250KL, which is expected to increase to 1,400KL.



Combined entity's capacity: By the end of FY25, SUVENPHA expects to have 2,800KL in capacity, plus an additional 500KL on a combined basis.

The utilisation rate for the combined entity is 35-40%, which can be increased to up to 55-60% before the company starts thinking about investing.

Guidance – SUVENPHA CDMO: According to SUVENPHA, FY25 will grow over FY24 and the business will double in five years. Management expects FY26 to grow faster.

Cohance CDMO: It has received USFDA approval for a Phase-III molecule which will also support growth in FY26.



Stock performance

Fig 1 – AJP

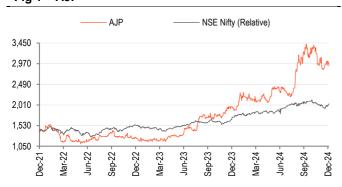


Fig 2 - DRRD



Fig 3 - LPC

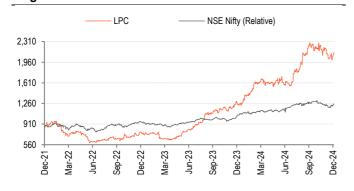
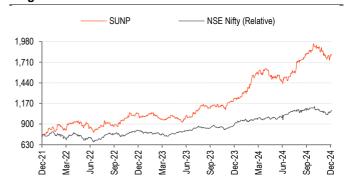


Fig 4 - SUNP



Source: NSE



Financials - AJP

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Total revenue	37,426	42,087	46,565	51,636	56,583
EBITDA	7.832	11,719	13,243	14,944	16,658
Depreciation	1,308	1,354	1,451	1,573	1,695
EBIT	6,524	10,365	11,792	13,370	14,963
Net interest inc./(exp.)	(58)	(72)	(21)	(30)	(35)
Other inc./(exp.)	986	846	400	500	600
Exceptional items	0	0	0	0	(
EBT	7,452	11,139	12,171	13,840	15,528
Income taxes	1,573	2,978	3.043	3,460	3,882
Extraordinary items	0	0	0,010	0,100	0,002
Min. int./Inc. from assoc.	0	0	0	0	
Reported net profit	5.879	8,161	9,128	10,380	11,646
Adjustments	0	0,101	0	0	11,040
Adjusted net profit	5,879	8,161	9,128	10,380	11,646
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Balance Sheet	E\/00.4	F)/0.4.4	FVOFF	FYCOF	E)/07E
Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Accounts payables	4,228	4,632	5,103	5,659	6,201
Other current liabilities	6,967	4,068	4,191	4,647	5,092
Provisions	382	573	634	703	770
Debt funds	356	353	353	353	353
Other liabilities	0	0	0	0	(
Equity capital	253	253	253	253	253
Reserves & surplus	33,637	35,161	42,464	50,768	60,085
Shareholders' fund	33,889	35,414	42,717	51,021	60,337
Total liab. and equities	45,823	45,039	52,997	62,382	72,754
Cash and cash eq.	3,333	1,360	4,547	6,668	10,663
Accounts receivables	10,569	12,468	14,671	16,976	19,378
Inventories	8,156	8,284	10,206	13,439	15,502
Other current assets	1,429	2,231	2,328	2,582	2,829
Investments	5,354	3,486	3,486	4,532	5,892
Net fixed assets	14,887	14,645	15,194	15,621	15,925
CWIP	2,095	2,565	2,565	2,565	2,565
Intangible assets	0	0	0	0	C
Deferred tax assets, net	0	0	0	0	(
Other assets	0	0	0	0	(
Total assets	45,823	45,039	52,997	62,382	72,754
Cash Flows					
Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash flow from operations	11,789	4,454	7,034	7,273	9,719
Capital expenditures	(811)	(962)	(2,000)	(2,000)	(2,000)
Change in investments	(3,800)	1,867	0	(1,046)	(1,360)
Other investing cash flows	0	0	0	0	(
Cash flow from investing	(4,611)	906	(2,000)	(3,046)	(3,360
Equities issued/Others	81	0	0	0	(
Debt raised/repaid	106	(4)	0	0	(
Interest expenses	(58)	(72)	(21)	(30)	(35
Dividends paid	(884)	(1,632)	(1,826)	(2,076)	(2,329
Other financing cash flows	(5,207)	(5,625)	0	0	(2,020
Cash flow from financing	(5,963)	(7,333)	(1,847)	(2,106)	(2,364
Chg in cash & cash eq.	1,215	(1,973)	3,187	2,121	3,996
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Per Share	EV22A	EVOAR	LAJEL	EVACE	EV97E
Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	46.5	64.6	72.2	82.2	92.2
Adjusted EPS	46.5	64.6	72.2	82.2	92.2
Dividend per share	7.0	12.9	14.4	16.4	18.4
Book value per share	386.4	403.8	487.1	581.8	688.0
Valuations Ratios					
Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	9.8	8.7	7.9	7.1	6.4
EV/EBITDA	46.8	31.2	27.7	24.5	21.8
Adjusted P/E	62.6	45.1	40.3	35.5	31.6
P/BV	7.5	7.2	6.0	5.0	4.2
DuPont Analysis	E)/00 4	E)/0.4.4	FVOFF	FYOOF	E)/07F
Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	78.9	73.3	75.0	75.0	75.0
Interest burden (PBT/EBIT)	114.2	107.5	103.2	103.5	103.8
EBIT margin (EBIT/Revenue)	17.4	24.6	25.3	25.9	26.4
Asset turnover (Rev./Avg TA)	27.7	30.1	29.5	27.3	25.2
Leverage (Avg TA/Avg Equity)	1.0	1.0	1.0	1.0	1.0
Adjusted ROAE	17.6	23.6	23.4	22.1	20.9
Ratio Analysis					
Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	12.0	12.5	10.6	10.9	9.0
EBITDA	(15.7)	49.6	13.0	12.8	11.
Adjusted EPS	(43.9)	38.8	11.8	13.7	12.3
Profitability & Return ratios (%)	. ,				
EBITDA margin	20.9	27.8	28.4	28.9	29.4
EBIT margin	17.4	24.6	25.3	25.9	26.4
Adjusted profit margin	15.7	19.4	19.6	20.1	20.0
Adjusted ROAE	17.6	23.6	23.4	22.1	20.9
ROCE	22.2	32.0	30.9	29.4	27.8
Working capital days (days)					
Receivables	103	108	115	120	12
Inventory	80	72	80	95	100
Payables	41	40	40	40	40
Ratios (x)					
Gross asset turnover	1.7	1.8	1.9	1.9	2.0

(0.1) Source: Company, BOBCAPS Research | Note: TA = Total Assets

2.0

111.7

2.6

143.8

0.0

3.2

557.1

(0.1)

3.6

445.7

(0.1)

4.0

427.5

(0.2)

Current ratio

Net interest coverage ratio

Adjusted debt/equity



Financials - DRRD

Income Statement					
Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Total revenue	245,879	279,164	305,052	333,165	334,941
EBITDA	64,129	78,377	89,990	90,788	83,735
Depreciation	11,824	14,700	15,451	16,426	17,401
EBIT	52,305	63,677	74,539	74,362	66,334
Net interest inc./(exp.)	(1,428)	(1,711)	(1,952)	(2,967)	(2,819)
Other inc./(exp.)	10,188	9,904	3,259	6,875	9,317
Exceptional items	0	0	0	0	0
EBT	61,065	71,870	75,846	78,270	72,832
Income taxes	15,300	16,186	18,962	19,567	18,208
Extraordinary items	(699)	(3)	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	45,066	55,681	56,885	58,702	54,624
Adjustments	(699)	(3)	0	0	0
Adjusted net profit	45,765	55,684	56,885	58,702	54,624
Balance Sheet					
Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Accounts payables	26,444	30,919	33,430	36,511	36,706
Other current liabilities	44,601	49,676	54,909	59,970	60,289
Provisions	5,513	5,444	5,949	6,497	6,532
Debt funds	13,472	20,020	19,019	18,068	17,165
Other liabilities	0	0	0	0	0
Equity capital	833	834	834	834	834
Reserves & surplus	223,795	269,851	322,566	377,098	427,552
Shareholders' fund	224,628	270,685	323,400	377,932	428,386
Total liab. and equities	314,658	376,744	436,707	498,978	549,078
Cash and cash eq.	5.779	7,107	63,138	111,970	165,843
Accounts receivables	72,485	80,298	83,576	91,278	91,765
Inventories	48,670	63,552	62,682	68,459	68,823
Other current assets	24,788	28,079	30,505	33,317	33,494
Investments	61,380	79,618	79,618	79,618	79,618
Net fixed assets	66,462	76,886	76,435	75,009	72,608
CWIP	00,402	0	0,400	0	72,000
Intangible assets	35,094	41,204	40,753	39,327	36,926
Deferred tax assets, net	00,034	0	0	00,027	00,320
Other assets	0	0	0	0	0
Total assets	314,658	376,744	436,707	498,978	549,078
Cash Flows					
Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash flow from operations	54,400	55,587	77,703	70,494	74,364
Capital expenditures	(22,618)	(15,200)	(15,000)	(15,000)	(15,000)
Change in investments	(23,881)	(18,238)	0	0	Ó
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(46,499)	(33,438)	(15,000)	(15,000)	(15,000)
Equities issued/Others	1	1	0	0	` , , ,
Debt raised/repaid	(20,373)	6,548	(1,001)	(951)	(903)
Interest expenses	(1,428)	(1,711)	(1,952)	(2,967)	(2,819)
Dividends paid	(4,165)	(4,170)	(4,170)	(4,170)	(4,170)
Other financing cash flows	8,991	(21,489)	451	1,426	2,401
	(16,974)	(20,821)	(6,672)	(6,662)	(5,491)
		120.0211	10.0121		(3.431)
Cash flow from financing Chg in cash & cash eq.	(9,073)	1,328	56,031	48,832	53,873

Per Share					
Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	54.1	66.8	68.2	70.4	65.5
Adjusted EPS	54.9	66.8	68.2	70.4	65.5
Dividend per share	5.0	5.0	5.0	5.0	5.0
Book value per share	270.6	326.1	389.6	455.3	516.1
Valuations Ratios					
Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	4.2	3.6	3.2	2.8	2.7
EV/EBITDA	16.0	12.8	10.9	10.4	10.6
Adjusted P/E	22.6	18.6	18.2	17.6	18.9
P/BV	4.6	3.8	3.2	2.7	2.4
DuPont Analysis					
Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	74.9	77.5	75.0	75.0	75.0
Interest burden (PBT/EBIT)	116.7	112.9	101.8	105.3	109.8
EBIT margin (EBIT/Revenue)	21.3	22.8	24.4	22.3	19.8
Asset turnover (Rev./Avg TA)	27.3	26.4	24.1	22.6	19.9
Leverage (Avg TA/Avg Equity)	1.1	1.1	1.1	1.1	1.0
Adjusted ROAE	22.7	22.5	19.2	16.7	13.5
Ratio Analysis					
Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	14.7	13.5	9.3	9.2	0.5
EBITDA	37.5	22.2	14.8	0.9	(7.8)
Adjusted EPS	46.8	21.5	2.2	3.2	(6.9)
Profitability & Return ratios (%)					
EBITDA margin	26.1	28.1	29.5	27.3	25.0
EBIT margin	21.3	22.8	24.4	22.3	19.8
Adjusted profit margin	18.6	19.9	18.6	17.6	16.3
Adjusted ROAE	22.7	22.5	19.2	16.7	13.5
ROCE	27.8	27.8	24.6	22.0	18.0
Working capital days (days)					
Receivables	108	105	100	100	100
Inventory	72	83	75	75	75
Payables	39	40	40	40	40
Ratios (x)					
_					

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Gross asset turnover

Adjusted debt/equity

Net interest coverage ratio

Current ratio

1.1

2.0

36.6

(0.2)

1.2

2.1

37.2

(0.2)

1.2

2.5

38.2

(0.2)

1.3

3.0

25.1

(0.1)

1.2

3.5

23.5

(0.1)



Financials - LPC

Income Statement					
Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Total revenue	166,417	200,106	219,253	242,151	260,625
EBITDA	17,982	38,105	51,215	59,158	66,539
Depreciation	8,807	11,968	12,690	13,332	13,974
EBIT	9,175	26,137	38,525	45,826	52,565
Net interest inc./(exp.)	(2,743)	(3,116)	(1,922)	(1,730)	(1,557)
Other inc./(exp.)	734	1,202	1,165	1,925	2,644
Exceptional items	0	0	0	0	0
EBT	7,165	24,223	37,768	46,021	53,652
Income taxes	2,688	4,867	8,687	10,585	12,340
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	176	211	253	304	364
Reported net profit	4,301	19,145	28,829	35,133	40,947
Adjustments	0	0	0	0	0
Adjusted net profit	4,301	19,145	28,829	35,133	40,947
Balance Sheet					
Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Accounts payables	25,315	29,581	27,629	30,014	31,227
Other current liabilities	27,794	30,954	30,954	30,954	30,954
Provisions	8,581	9,003	14,874	17,636	20,258
Debt funds	42,441	26,699	24,029	21,626	19,464
Other liabilities	0	0	0	0	0
Equity capital	910	911	911	911	911
Reserves & surplus	124,518	142,823	160,907	182,946	208,633
Shareholders' fund	125,428	143,734	161,819	183,857	209,544
Total liab. and equities	229,559	239,972	259,304	284,088	311,446
Cash and cash eq.	12,931	12,025	31,016	48,979	72,216
Accounts receivables	44,807	46,921	50,252	55,500	59,735
Inventories	44,918	49,539	51,747	57,152	61,512
Other current assets	36,830	39,734	40,734	41,734	42,734
Investments	5,169	10,746	8,738	8,738	8,738
Net fixed assets	53,768	51,800	47,110	41,778	35,805
CWIP	8,948	5,957	6,457	6,957	7,457
Intangible assets	22,188	23,250	23,250	23,250	23,250
Deferred tax assets, net	0	23,230	25,250	23,230	23,230
Other assets	0	0	0	0	0
Total assets	229,559	239,972	259,304	284,088	311,446
0					
Cash Flows Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash flow from operations	3,964	30,802	40,819	43,690	(7,667)
Capital expenditures	(11,420)	(8,072)	(8,500)	(8,500)	200,397
Change in investments	3,831	(5,577)	2,008	0	8,738
Other investing cash flows	0	0	0	0	0,.00
Cash flow from investing	(7,589)	(13,649)	(6,492)	(8,500)	209,136
Equities issued/Others	1	1	0	0	(911)
Debt raised/repaid	3,999	(15,741)	(2,670)	(2,403)	(21,626)
Interest expenses	(2,743)	(3,116)	(1,922)	(1,730)	(1,557)
Dividends paid	(5,151)	(5,110)	(10,744)	(13,094)	(1,337)
Other financing cash flows	8,702	6,045	(10,744)	(13,034)	(226,352)
Cash flow from financing					(250,447)
	4,808	(18,060)	(15,337)	(17,227)	
Chg in cash & cash eq.	1,183	(906)	18,991	17,963	(48,979)
Closing cash & cash eq.	12,931	12,025	31,016	48,979	0

Per Share Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	9.5	42.0	63.3	77.1	89.9
Adjusted EPS	9.5	42.3	63.7	77.6	90.5
Dividend per share	3.5	15.8	23.7	28.9	33.7
Book value per share	275.5	315.8	355.8	404.5	461.2
Book value per share	210.0	010.0	000.0	707.0	701.2
Valuations Ratios					
Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	5.8	4.9	4.5	4.0	3.6
EV/EBITDA	53.9	25.9	19.2	16.2	14.1
Adjusted P/E	223.6	50.2	33.4	27.4	23.5
P/BV	7.7	6.7	6.0	5.3	4.6
DuPont Analysis					
Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	60.0	79.0	76.3	76.3	76.3
Interest burden (PBT/EBIT)	78.1	92.7	98.0	100.4	102.1
EBIT margin (EBIT/Revenue)	5.5	13.1	17.6	18.9	20.2
Asset turnover (Rev./Avg TA)	18.8	21.3	22.0	22.3	21.9
Leverage (Avg TA/Avg Equity)	1.8	1.7	1.6	1.6	1.5
Adjusted ROAE	3.5	14.2	18.9	20.3	20.8
Ratio Analysis	- 1/22 1	=>/0.4.4	=>/===	=>/20=	=1/0==
Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	1.4	20.2	9.6	10.4	7.6
EBITDA	(13.5)	111.9	34.4	15.5	12.5
Adjusted EPS	63.2	345.1	50.6	21.9	16.6
Profitability & Return ratios (%)					
EBITDA margin	10.8	19.0	23.4	24.4	25.5
EBIT margin	5.5	13.1	17.6	18.9	20.2
Adjusted profit margin	2.6	9.6	13.1	14.5	15.7
Adjusted ROAE	3.5	14.2	18.9	20.3	20.8
ROCE	3.6	12.4	16.4	18.0	18.8
Working capital days (days)					
Working capital days (days) Receivables	96	84	84	84	
Working capital days (days) Receivables Inventory	100	86	86	86	86
Working capital days (days) Receivables Inventory Payables					84 86 151
Working capital days (days) Receivables Inventory Payables Ratios (x)	100 130	86 151	86 151	86 151	86 151
Working capital days (days) Receivables Inventory Payables	100	86	86	86	86

Source: Company, BOBCAPS Research | Note: TA = Total Assets

2.3

3.3

0.2

2.1

8.4

0.0

2.4

20.0

(0.1)

2.6

26.5

(0.2)

2.9

33.8

(0.3)

Current ratio

Net interest coverage ratio

Adjusted debt/equity



Financials - SUNP

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Total revenue					
	438,857 121,740	484,969	528,532	572,334	619,359
EBITDA Depresiation		129,884	144,805	159,668	175,883
Depreciation EBIT	25,294	25,566	26,769	27,652	28,534
	96,446	104,317	118,036	132,016	147,349
Net interest inc./(exp.)	(1,720)	(2,385)	(1,094)	(1,044)	(998)
Other inc./(exp.)	277	13,542	10,748	11,639	12,595
Exceptional items	0 000	0	0	0	450.047
EBT	95,003	115,474	127,691	142,611	158,947
Income taxes	8,476	14,395	19,154	21,392	23,842
Extraordinary items	(1,715)	(4,943)	0 1.746	1,000	1,000
Min. int./Inc. from assoc.	873	721	, -	1,990	1,990
Reported net profit	83,940	95,416	106,791	119,229	133,115
Adjustments	1,715	4,943	0	0	0
Adjusted net profit	85,654	100,359	106,791	119,229	133,115
Dalamas Chast					
Balance Sheet	FY23A	FY24A	FY25E	FY26E	FY27E
Y/E 31 Mar (Rs mn)					
Accounts payables	56,815	56,533	54,561	57,709	60,963
Other current liabilities	31,628	36,579	36,734	36,904	37,092
Provisions	56,973	57,715	63,072	68,965	75,448
Debt funds	68,859	32,737	31,252	29,841	28,501
Other liabilities	0	0	0 200	0	0 000
Equity capital	2,399	2,399	2,399	2,399	2,399
Reserves & surplus	590,086	668,660	757,571	856,923	967,659
Shareholders' fund	592,485	671,060	759,971	859,323	970,058
Total liab. and equities	806,760	854,622	945,589	1,052,742	1,172,062
Cash and cash eq.	57,261	105,207	158,520	256,870	366,680
Accounts receivables	114,385	112,494	138,110	149,556	161,843
Inventories	105,131	98,683	122,645	132,809	143,721
Other current assets	87,984	102,335	102,335	102,335	102,335
Investments	148,301	150,258	150,258	150,258	150,258
Net fixed assets	103,670	101,917	89,992	77,185	63,495
CWIP	49,732	53,539	53,539	53,539	53,539
Intangible assets	140,297	130,191	130,191	130,191	130,191
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	806,760	854,622	945,589	1,052,742	1,172,062
Cash Flows					
Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash flow from operations	58,821	130,925	88,461	135,356	149,184
Capital expenditures	(81,520)	(17,514)	(14,845)	(14,845)	(14,845)
Change in investments	(19,815)	(1,957)	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(101,335)	(19,471)	(14,845)	(14,845)	(14,845)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	55,956	(36,122)	(1,485)	(1,411)	(1,340)
Interest expenses	(1,720)	(2,385)	(1,094)	(1,044)	(998)
Dividends paid	(15,125)	(17,192)	(19,242)	(21,483)	(23,985)
Other financing cash flows	10,347	(7,810)	1,517	1,776	1,793
Cash flow from financing	49,459	(63,509)	(20,303)	(22,162)	(24,529)
Chg in cash & cash eq.	6,945	47,945	53,313	98,350	109,810
Closing cash & cash eq.	57,261	105,207	158,520	256,870	366,680

Per Share					
Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	35.0	39.8	44.5	49.7	55.5
Adjusted EPS	35.7	41.8	44.5	49.7	55.5
Dividend per share	6.3	7.2	8.0	9.0	10.0
Book value per share	233.1	265.4	301.9	342.6	388.1
Valuations Ratios					
Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	9.6	8.7	7.9	7.2	6.5
EV/EBITDA	34.6	32.3	28.8	25.7	22.9
Adjusted P/E	50.8	43.4	40.7	36.5	32.7
P/BV	7.8	6.8	6.0	5.3	4.7
DuPont Analysis					
Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	90.2	86.9	83.6	83.6	83.7
Interest burden (PBT/EBIT)	98.5	110.7	108.2	108.0	107.9
EBIT margin (EBIT/Revenue)	22.0	21.5	22.3	23.1	23.8
Asset turnover (Rev./Avg TA)	14.6	14.6	14.7	14.3	13.9
Leverage (Avg TA/Avg Equity)	1.4	1.3	1.3	1.2	1.2
Adjusted ROAE	15.5	15.9	14.9	14.7	14.6
Ratio Analysis					
Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	13.5	10.5	9.0	8.3	8.2
EBITDA	16.3	6.7	11.5	10.3	10.2
Adjusted EPS	11.5	17.2	6.4	11.6	11.6
Profitability & Return ratios (%)					
EBITDA margin	27.7	26.8	27.4	27.9	28.4
EBIT margin	22.0	21.5	22.3	23.1	23.8
Adjusted profit margin	19.5	20.7	20.2	20.8	21.5
Adjusted ROAE	15.5	15.9	14.9	14.7	14.6
ROCE	14.6	14.9	14.3	14.2	15.0
Working capital days (days)					
Receivables	92	85	95	95	95
Inventory	81	77	85	85	85
Payables	174	205	175	175	175
Ratios (x)					
Gross asset turnover	1.3	1.4	1.4	1.5	1.6
		0.0	0.4	0.0	4.5

Source: Company, BOBCAPS Research | Note: TA = Total Assets

2.5

56.1

(0.2)

2.8

43.7

(0.3)

3.4

107.9

(0.4)

3.9

126.4

(0.4)

4.5 147.7

(0.5)

Current ratio

Net interest coverage ratio

Adjusted debt/equity



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