



Alkem Laboratories Ltd.



ISIN:INE540L01014

BSE:539523

NSE:ALKEM

CMP: Rs.3684.80

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OVERVIEW

- Alkem Laboratories is engaged in the development, manufacturing, and marketing of pharmaceutical products. The Company produces high-quality branded generics, generic drugs, active pharmaceutical ingredients, and nutraceuticals. These products are sold in India and internationally and include over 800 brands covering all the major therapeutic segments
- The Company has set up 20 state-of-the-art manufacturing facilities and 6 R&D centres across multiple locations in India and the United States

STRENGTHS

- No.1 rank in the anti-infective segment in India for over 15 years
- #3 rank in Gastro-intestinal and Analgesic therapy segments in India
- brands featuring amongst top 100 pharmaceutical brands in India
- 2 brands with annual sales of more than ₹1 billion
- >1,100 filings across various international markets
- 6 US FDA approved facilities in India and US

PHARMERGING MARKETS

- The pharmaceutical industry growth in pharmerging markets is mainly attributable to increasing healthcare expenditures, growing number of private hospitals, high prevalence of chronic diseases, and growing consumer awareness of the benefits of early disease detection and treatment is bolstering the demand.
- India, Russia, and Brazil are the key players within the pharmerging markets, making valuable contributions to the global industry growth.

KEY HIGHLIGHTS

- Company's secondary sales registered growth of 61.1% YoY compared to IPM growth of 39.2% YoY
- Strong volume led growth in the acute therapies
- Faster than market growth in chronic therapies
- Trade Generic business continues to deliver robust growth
- US Business posted sequential growth of 11.2% YoY compared to Q4FY21
- R&D expenses in the quarter was ₹ 1.2 billion at 4.3% of revenue from operations
- Enzene Biosciences - Recently received marketing authorization for 2 new products in India, taking total product approvals to three

FUTURE PROSPECTS

- Substantial rise in ageing population
- As per IQVIA India, Brazil and Russia are expected to be among the fastest growing pharmaceutical markets in the world, at 7-14% CAGR from 2020 to 2025
- Sharper focus of pharmaceuticals companies on tapping the rare and speciality diseases
- Innovations in advanced biologics, nucleic acid therapeutics, cell therapies and bioelectronics and implantable

SUMMARY OF FINANCIALS

- Revenue / turnover of ALKEM LABORATORIES grew by 37.1%
- Net profit of the company has increased by 10.9 %
- EBITDA of the company has increased by 21.48 %
- Total assets of the company has increased by 16.01 %
- Liabilities of the company has increased by 0.83 %
- PBT of the company has increased by 12.9%
- International businesses registered a growth of 50% in the FY22

Growth Rates (Compound Annual)	1 Yr	3 Yr	5 Yr	10yr
Revenue %	6.7	11.5	12.4	18.1
Operating Income %	31.3	23.2	16.7	19.4
Earnings/Share %	40.6	35.9	16.4	-
Dividends %	-6.7	23.1	23.6	-
Book Value/Share %	19.7	14.9	14.9	-
Stock Total Return	43.6	24.7	18.0	-
Market +/-	9.4	8.6	7.3	-

Valuation Analysis	Current	5Yr Avg	Ind	Mkt.
Price/Earning	27.2	29.6	28.7	15.2
Forward P/E	-	-	-	-
Price/Cash Flow	35	50.9	36.3	9.9
Price/Free Cash Flow	41.4	69.9	105.7	-
Dividend Yield %.	0.8	0.8	0.7	2.8
Price/Book	6.0	4.9	4.2	2.1
Price/Sales	4.7	3.7	4.1	-

Profitability Analysis	Current	5Yr Avg	Ind.	Mkt.
Return on Equity %	-	18.6	14.4	15.4
Return on Asset %	-	12.1	8.2	5.6
Gross Margin %	58.4	58.7	61.0	-
Operating Margin %	18.3	15.6	21.7	-
Net Margin %	17.2	13.6	14.4	21.4
Inventory Turns	-	2.0	1.6	-
Fixed Asset Turns	-	3.3	2.5	-

Financial Position (INR)	03-20(Mil.)	03-21 (Mil.)
Cash	1,759	1,742
Inventories	18,188	23,124
Receivables	—	—
Current Assets	55,057	69,288
Fixed Assets	26,692	26,272
Intangibles	6,017	5,591
Total Assets	99,455	115,193
Payables	12,031	13,590
Short-Term Debt	15,416	16,728
Current Liabilities	32,446	36,041
Long-Term Debt	676	279
Total Liabilities	36,366	39,613
Total Equity	61,607	73,767

Source: Company filings & Analyst research