



# IPCA LABORATORIES LTD.

ISIN: INE 571A01020    BSE:524494    NSE:IPCALABEQ    CMP: Rs.2099.05

Tue, 30<sup>th</sup> Nov '21

## OVERVIEW

- Ipca Laboratories Ltd is a generic and specialty medicine manufacturer.
- The firm has a number of subsidiaries, with revenue split about evenly between India and the rest of the world.
- Ipca's goods are sold in over 100 countries throughout the world.
- Pharmaceuticals is Ipca's only reportable core business segment.

## STRENGTHS

- With about a third of the market share in the anti-malaria area, the company has a global presence.
- The company has dose formulations for all types of malaria.
- A nationwide network of distributors, sales and marketing representatives, and doctors.
- With the corporation focusing its efforts on the formulation market, sales climbed significantly.
- Financial status that is strong and stable.

## BUSINESS STRATEGY

- Ipca produces its own intermediates and chemicals, which are used to make API and branded formulations.
- It aspires to be among the world's lowest-cost medicine producers by implementing this comprehensive strategy.
- The firm is the world's largest and cheapest manufacturer of 8-10 APIs.

## GRADING CRITERIA

- The company will be graded on ten criteria, each of which will be awarded a five-star rating. We'll get a cumulative stock rating for the company based on this. The ratings are valid for at least three years, through FY 2022, because they are based on long-term prior performance. The following are the parameters:
  1. Protective Economic Moat
  2. Management and Business Model
  3. Ratios of Growth Profitability Ratios (Ratios of Profitability)
  5. Ratios of Cash Flow
  6. Solvency and Liquidity Ratios
  7. Ratios of efficiency
  8. Ratios of Valuation

## GLOBAL PARTNERS

- Ipca has worked to improve healthcare around the world for more than 60 years.
- In over 120 countries on six continents, Ipca has been a critical healthcare partner.
- Our international client list includes global pharmaceutical companies such as AstraZeneca, GlaxoSmithKline, Merck, Roche, and Sanofi Aventis.
- Ipca produces more than 350 formulations and 80 APIs for a variety of therapeutic areas.

## SUMMARY OF FINANCIALS

- Revenue / turnover of IPCA LABORATORIES LIMITED is Over INR 500 crs
- Net worth of the company has increased by 16.39 %
- EBITDA of the company has increased by 56.95 %
- Total assets of the company has increased by 8.52 %
- Liabilities of the company has increased by 2.13 %

Growth Rates (Compound Annual)	1 Yr	3 Yr	5 Yr	10yr
Revenue %	17.2	18.5	13.2	10.9
Operating Income %	77.3	67.0	49.7	15.1
Earnings/Share %	87.7	68.0	64.9	15.7
Dividends %	0.0	100.0	51.6	10.3
Book Value/Share %	29.1	20.3	15.7	16.2
Stock Total Return	-0.1	40.8	31.8	23.8
Market +/-	-31.4	24.6	20.6	14.4

Valuation Analysis	Current	5Yr Avg	Ind	Mkt.
Price/Earnings	27.1	41.9	28.0	16.0
Forward P/E	-	-	-	-
Price/Cash Flow	31.1	25.6	46.0	10.4
Price/Free Cash Flow	71.4	49.9	-	-
Dividend Yield %	0.4	-	0.7	2.6
Price/Book	5.1	3.9	4.0	2.2
Price/Sales	4.8	3.1	4.0	-

Profitability Analysis	Current	5Yr Avg	Ind.	Mkt.
Return on Equity %	20.4	15.6	14.4	15.4
Return on Asset %	15.5	10.7	8.3	5.6
Gross Margin %	63.7	63.9	60.8	-
Operating Margin %	20.6	14.6	20.6	-
Net Margin %	17.7	12.1	14.5	21.6
Inventory Turns	1.4	1.3*	1.6	-
Fixed Asset Turns	2.6	2.0	2.6	-

Financial Position (INR)	03-20(Mil.)	03-21 (Mil.)
Cash	1,660	1,576
Inventories	15,948	15,463
Receivables	—	—
Current Assets	34,370	39,613
Fixed Assets	21,465	22,897
Intangibles	1,608	2,280
Total Assets	60,684	68,343
Payables	7,423	6,865
Short-Term Debt	2,158	2,902
Current Liabilities	11,331	12,902
Long-Term Debt	365	46
Total Liabilities	13,522	14,971
Total Equity	47,017	52,638

Source: Company filings & Analyst research