

## Indoco Remedies

### Performance Highlights

Y/E March (₹ cr)	2QFY16	1QFY16	% chg (qoq)	2QFY15	% chg (yoy)
<b>Net sales</b>	<b>248</b>	<b>216</b>	<b>14.7</b>	<b>226</b>	<b>9.4</b>
Other operating income	8	8	(0.8)	3	194.2
Gross profit	160	140	14.3	147	8.7
Operating profit	38	35	9.4	47	(17.4)
<b>Net profit</b>	<b>23</b>	<b>20</b>	<b>11.6</b>	<b>22</b>	<b>0.9</b>

Source: Company, Angel Research

Indoco Remedies posted lower than expected numbers for 2QFY2016. The company posted a 9.4% yoy growth in sales to ₹248cr V/s ₹272cr expected and V/s ₹226cr in 2QFY2015, on back of domestic and exports posting a growth of 1.2% and 23.6% respectively. On the operating front, the EBITDA margin came in at 15.5% V/s 20.9% expected and V/s 20.6% in 2QFY2015, on back of lower than expected sales and 28.3% yoy and 82.6% yoy rise in staff expenditure and R&D expenditure, respectively. The R&D expenditure during the quarter was 3.6% of sales V/s 2.2% of sales in 2QFY2015. Thus, the Adj. net profit came in at ₹22.6cr V/s ₹33.4cr expected and V/s ₹22.4cr in 2QFY2015, a yoy growth of 0.9%. The lower than expected net profit is on back of lower than expected sales and OPM. **On back of valuations, we maintain our Neutral stance on the stock.**

**Results lower than expected:** The company posted lower than expected numbers for 2QFY2016. The company posted a 9.4% yoy growth in sales to ₹248cr V/s ₹272cr expected and V/s ₹226cr in 2QFY2015, on back of domestic and exports posting a growth of 1.2% and 23.6% respectively. On the operating front, the EBITDA margin came in at 15.5% V/s 20.9% expected and V/s 20.6% in 2QFY2015, on back of lower than expected sales and 28.3% yoy and 82.6% yoy rise in staff expenditure and R&D expenditure, respectively. The R&D expenditure during the quarter was 3.6% of sales V/s 2.2% of sales in 2QFY2015. Thus, the Adj. net profit came in at ₹22.6cr V/s ₹33.4cr expected and V/s ₹22.4cr in 2QFY2015, a yoy growth of 0.9%. The lower than expected net profit is on back of lower than expected sales and OPM

**Outlook and valuation:** We expect net sales to post a 19.6% CAGR to ₹1,199cr and EPS to post a 23.0% CAGR to ₹13.6 over FY2015-17E. At the current market price, the stock is trading at 32.4x and 22.4x its FY2016E and FY2017E earnings, respectively. We recommend a Neutral rating on the stock, given the valuations.

#### Key financials (Consolidated)

Y/E March (₹ cr)	FY2014	FY2015	FY2016E	FY2017E
<b>Net sales</b>	<b>722.3</b>	<b>852.2</b>	<b>1,032.6</b>	<b>1,198.6</b>
% chg	15.3	18.0	21.2	16.1
<b>Net profit</b>	<b>58.2</b>	<b>82.8</b>	<b>86.8</b>	<b>125.3</b>
% chg	36.5	42.3	4.9	44.4
<b>EPS (₹)</b>	<b>6.3</b>	<b>9.0</b>	<b>9.4</b>	<b>13.6</b>
EBITDA margin (%)	15.2	18.9	15.9	18.2
P/E (x)	48.3	33.9	32.4	22.4
RoE (%)	13.4	17.0	15.7	19.7
RoCE (%)	13.9	18.3	15.3	19.2
P/BV (x)	6.1	5.4	4.8	4.1
EV/Sales (x)	4.0	3.4	2.9	2.4
EV/EBITDA (x)	26.1	17.9	17.9	13.3

Source: Company, Angel Research; Note: CMP as of November 6, 2015

## NEUTRAL

CMP ₹305  
 Target Price -

Investment Period -

#### Stock Info

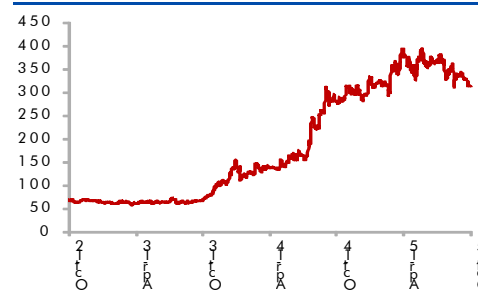
Sector	Pharmaceutical
Market Cap (₹ cr)	2,810
Net Debt (₹ cr)	73
Beta	0.9
52 Week High / Low	413/262
Avg. Daily Volume	17,447
Face Value (₹)	2
BSE Sensex	26,265
Nifty	7,954
Reuters Code	INRM.BO
Bloomberg Code	INDR@IN

#### Shareholding Pattern (%)

Promoters	59.3
MF / Banks / Indian Fls	13.5
FII / NRIs / OCBs	9.4
Indian Public / Others	17.8

Abs. (%)	3m	1yr	3yr
Sensex	(7.2)	(5.9)	39.6
Indoco	(11.4)	(1.6)	370.2

#### 3-Year Daily Price Chart



Source: Company, Angel Research

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**Exhibit 1: 2QFY2016 (Consolidated) performance**

Y/E March (₹ cr)	2QFY2016	1QFY2016	% chg (qoq)	2QFY2015	% chg (yoy)	1HFY2016	1HFY2015	% chg (yoy)
<b>Net sales</b>	<b>248</b>	<b>216</b>	<b>14.7</b>	<b>226</b>	<b>9.4</b>	<b>464</b>	<b>424</b>	<b>9.3</b>
Other income	7.6	7.6	(0.8)	3	194.2	15	4	292.2
<b>Total income</b>	<b>255</b>	<b>224</b>	<b>14.2</b>	<b>229</b>	<b>11.5</b>	<b>479</b>	<b>428</b>	<b>11.8</b>
Gross profit	160	140	14.3	147	8.7	299	272	9.9
<b>Gross margins (%)</b>	<b>64.4</b>	<b>64.6</b>		<b>64.8</b>		<b>64.5</b>	<b>64.1</b>	
Operating profit	38.5	35.2	9.4	46.6	(17.4)	73.7	82.5	(10.7)
<b>OPM (%)</b>	<b>15.5</b>	<b>16.3</b>		<b>20.6</b>		<b>15.9</b>	<b>19.4</b>	
Interest	3	2	21.3	3	(2.2)	5	5	(11.6)
Dep & amortisation	15	15	(0.5)	13	13.2	30	23	32.0
PBT	29	26	11.2	33	(14.4)	54	58	(7.1)
Provision for taxation	5.9	5.4	9.8	11	(45.9)	11	16	(28.9)
<b>Reported Net profit</b>	<b>23</b>	<b>20</b>	<b>11.6</b>	<b>22</b>	<b>0.9</b>	<b>43</b>	<b>42</b>	<b>1.0</b>
Less : Exceptional items	0	0	-	0		0	0	
<b>PAT after exceptional items</b>	<b>23</b>	<b>20</b>	<b>11.6</b>	<b>22</b>	<b>0.9</b>	<b>43</b>	<b>42</b>	<b>1.0</b>
<b>EPS (₹)</b>	<b>2.5</b>	<b>2.2</b>		<b>2.4</b>		<b>4.7</b>	<b>4.6</b>	

Source: Company, Angel Research

**Exhibit 2: 2QFY2016 – Actual vs. Angel estimates**

(₹ cr)	Actual	Estimate	Variation (%)
<b>Net sales</b>	<b>248</b>	<b>272</b>	<b>(8.9)</b>
Other operating income	8	3	194.2
Operating profit	38	57	(32.4)
Tax	6	9	(33.4)
<b>Net profit</b>	<b>23</b>	<b>33</b>	<b>(32.4)</b>

Source: Company, Angel Research

**Revenues below expectations:** The company posted a 9.4% yoy growth in sales to ₹248cr V/s ₹272cr expected and V/s ₹226cr in 2QFY2015, on back of domestic and exports posting a growth of 1.2% and 23.6% respectively.

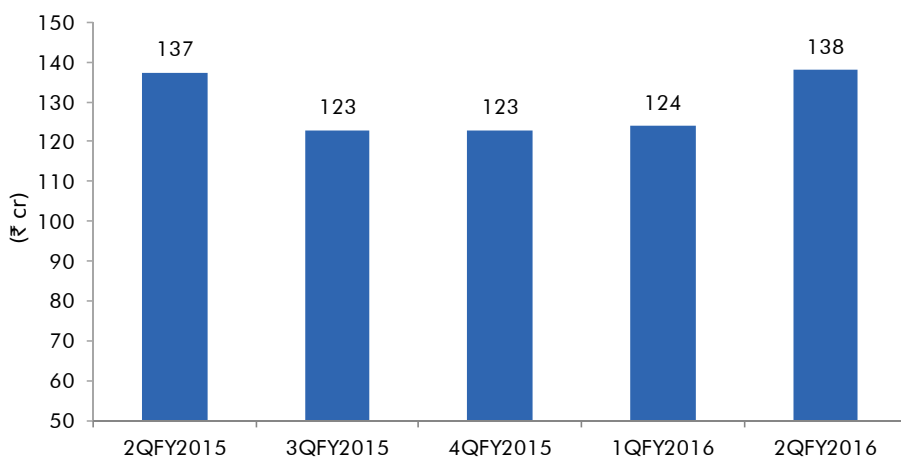
Domestic markets (₹146cr) posted a growth of 1.2% yoy, mainly on back a tepid formulation sales (₹138cr; up 0.5% yoy), while API sales (₹7.6cr) posted an 11.7% yoy growth. Top 10 therapies of the company contributed by 88.1% to the IPM market. Indoco's rank has improved from 28th to 27th in Sept'15 over the same month last year and on MAT basis, the rank improved from 29th to 28th (as on Sept'15; Source : AWACs)

Exports (₹101cr) grew 23.6% yoy on back of formulation exports (₹92.8cr; up 23.7% yoy), while API exports (₹6.9cr) grew 3.6% yoy. The regulated markets during the quarter grew by 25.6% yoy to ₹82.3cr as against ₹65.5cr during the same quarter last year.

During the quarter, the company's US business grew by 84% with revenues at ₹26.4cr. Latanoprost ophthalmic solution sales picked up well during the quarter. Launch of ophthalmic solution, viz Olopatadine 0.1% and Brimonidine 0.2% (own ANDA), have been planned in quarter III and quarter IV respectively. In terms of filings, the company (through partners or by itself), filed 19 ANDAs which are pending approvals with 6 ANDAs approved till date. There are 33 under the pipeline for the company.

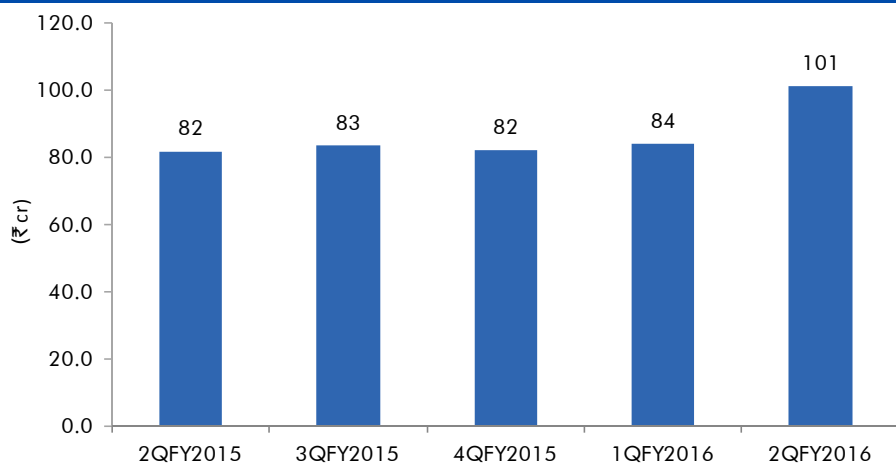
The emerging markets for the quarter grew by 10.8% at ₹10.5cr as against ₹9.5cr during the same quarter last year. Kenya, French West Africa, Uganda, Tanzania and Myanmar drove sales during the quarter.

**Exhibit 3: Domestic Formulation sales trend**



Source: Company, Angel research

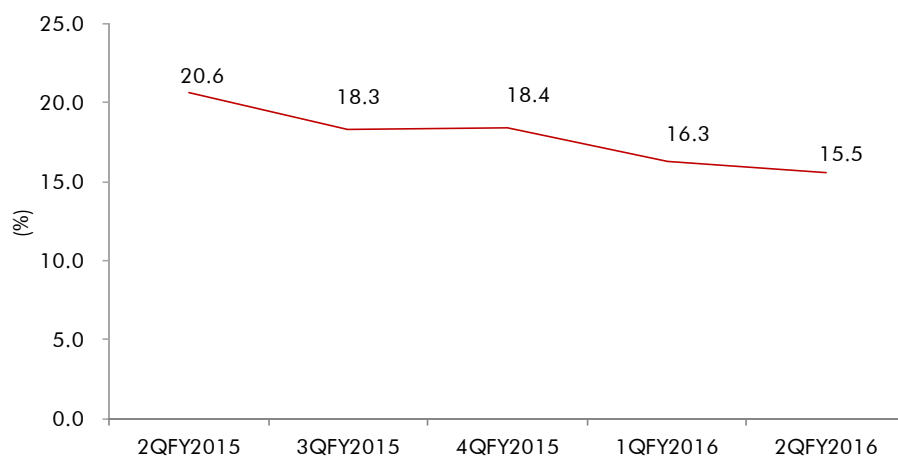
**Exhibit 4: Export sales trend**



Source: Company, Angel research

**OPM lower than estimated:** On the operating front, the EBITDA margin came in at 15.5% V/s 20.9% expected and V/s 20.6% in 2QFY2015, on back of lower than expected sales and 28.3% yoy and 82.6% yoy rise in staff expenditure and R&D expenditure respectively. The R&D expenditure during the quarter was 3.6% of sales V/s 2.2% of sales in 2QFY2015.

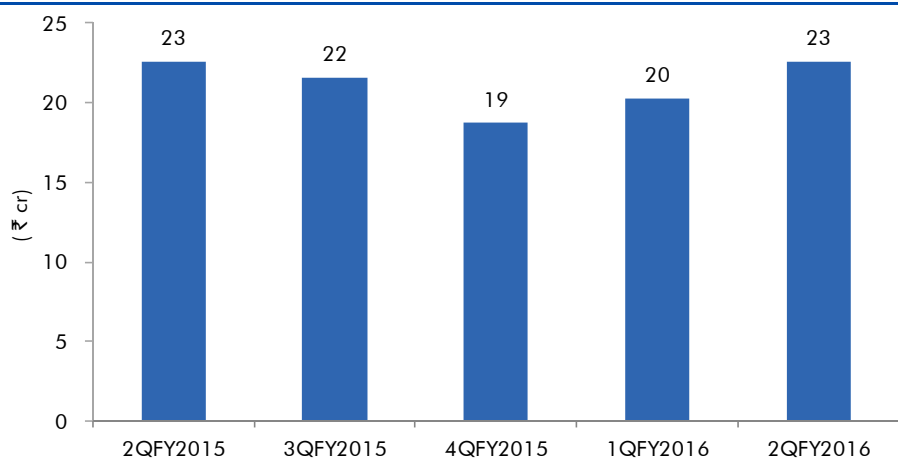
**Exhibit 5: OPM trend**



Source: Company, Angel Research

**Net profit lower than expectation:** Thus, the Adj. net profit came in at ₹22.6cr V/s ₹33.4cr expected and V/s ₹22.4cr in 2QFY2015, a yoy growth of 0.9%. The lower than expected net profit is on back of lower than expected sales and OPM.

**Exhibit 6: Net profit trend**



Source: Company, Angel Research

## Concall takeaways

- During the quarter, the company successfully completed USFDA audit of its Sterile Plant and Finished dosage Plant at Goa.
- The company has re-structured some of its marketing divisions in domestic markets with addition to the field force to accelerate growth and build on its core strengths in the mass specialty segments.
- Going forward, the company's business from US and EU territory is expected to grow speedily as ANDAs and Dossiers will be commercialized at regular intervals.
- While surging ahead in the regulated markets, Indoco is also consolidating its position in the emerging markets through active brand promotion. Part of the emerging market is exploited through distributors appointed by Indoco and part through alliances.

## Investment arguments

**Focus on domestic formulations- Aiming for a higher-than-industry growth:** Indoco has a strong brand portfolio of 135 products and a base of ~2,300 MRs. It operates in various therapeutic segments, including anti-infective, anti-diabetic, CVS, ophthalmic, dental care, pain management and respiratory. Prominent Indoco brands include *Cyclopam*, *Vepan*, *Febrex Plus*, *ATM*, *Sensodent-K* and *Sensoform*. The company has seen strong growth across the respiratory, anti-infective, ophthalmic and alimentary therapeutic segments. Further, the company is investing to enhance the share of the chronic segment, which constitutes 10% of overall sales.

Post the restructuring of the domestic business in FY2009, which has resulted in an improvement in the working capital cycle, Indoco is back on the growth trajectory with its domestic formulation business growing at 15.1% in FY2015. We expect the domestic formulation segment to grow at a 9.3% CAGR over FY2015-17E, on back of a muted FY2016, restructuring, and low monsoon.

**Scaling-up on the exports front:** Indoco has also started focusing on regulated markets by entering into long-term supply contracts. The company is currently executing several contract-manufacturing projects, and covering a number of products for its clients in the UK, Germany and Slovenia. Indoco has received a nod from the USFDA for two of its facilities in Goa.

Recently, the US health regulator has approved the sterile facility (plant-II) and solid dosage facility (plant -III) located at Verna. The nod will facilitate the generic approvals in the US market and subsequent product launches there will boost revenues from the highly remunerative US market. With this, the number of Indoco facilities having approval from the US regulator has gone up to 63 for finished dosages, and 2 for APIs. The company derived ~39% of its revenues from exports in 2014-15.

The development is positive for Indoco's ophthalmic business, as it has filed products from these facilities, and hence the approval opens up avenues for high-margin, low-competition product sales in the US. In the last four years, the company has filed ~15 ANDAs in the ophthalmic space and expects to secure approval for ~5 products over FY2015-16E, addressing opportunities of US\$1bn brand sales. Thus, we estimate the company to garner around ₹120cr of

sales in FY2016. We expect the exports segment to grow at a 35.6% CAGR over FY2015-17E.

**Partnering with pharmaceutical majors:** The company has a large customer base of small and medium sized generic companies across the globe and has major tie-ups with generic companies for certain territories and products. The company has a deal with Watson Pharmaceuticals to develop and manufacture a number of sterile (ophthalmic) products for marketing in the USA. The agreement with South Africa's largest pharmaceutical company, Aspen Pharmacare, encompasses a number of solid dosages and ophthalmic products, extending to 30 emerging market countries, while the contract signed with DSM, Austria, is for marketing 8 of Indoco's APIs in various geographies. These deals have further strengthened Indoco's image in the international arena.

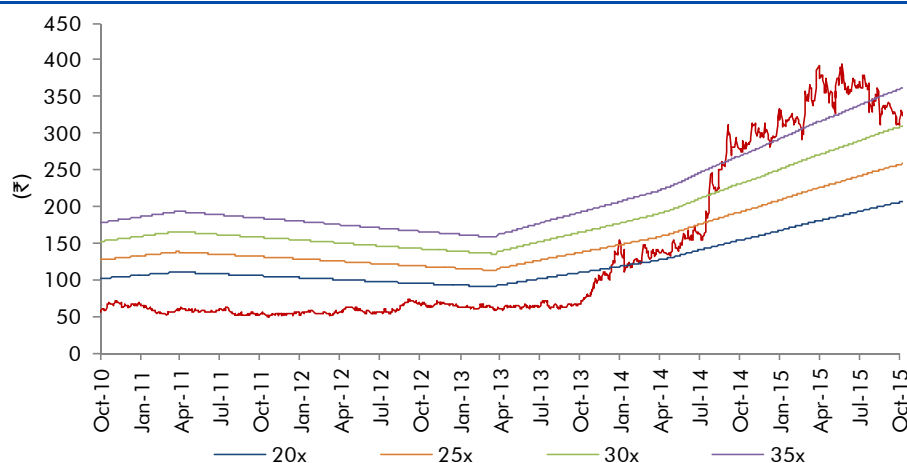
**Valuation:** We expect the company to post a net sales CAGR of 19.6% to ₹1,199cr and EPS to post a 23.0% CAGR to ₹13.6 over FY2015-17E. At the current market price, the stock is trading at 32.4x and 22.4x its FY2016E and FY2017E earnings, respectively. **We recommend a Neutral rating on the stock, given the valuations.**

#### Exhibit 7: Key assumptions

	FY2016E	FY2017E
Domestic sales growth (%)	4.0	15.0
Exports growth	55.6	18.0
Operating margins (%)	15.9	18.2
Capex (₹ cr)	60.0	60.0

Source: Company, Angel Research

#### Exhibit 8: One-year forward PE band



Source: Company, Angel Research

**Exhibit 9: Recommendation summary**

Company	Reco	CMP (₹)	Tgt. price (₹)	Upside (%)	PE (x)	FY2017E		FY15-17E	FY2017E	
						EV/Sales (x)	EV/EBITDA (x)	CAGR in EPS (%)	RoCE (%)	RoE (%)
Alembic Pharma	Neutral	675	-	-	28.3	4.0	20.0	26.2	31.5	31.8
Aurobindo Pharma	Accumulate	820	872	6.3	18.8	3.0	13.2	16.3	23.4	30.2
Cadila Healthcare	Neutral	429	-	-	24.4	3.7	16.7	24.6	25.2	29.0
Cipla	Neutral	659	-	-	22.8	3.1	16.4	21.4	17.1	16.8
Dr Reddy's	Neutral	4,253	-	-	22.1	3.3	14.7	21.6	20.6	22.0
Dishman Pharma	Neutral	402	-	-	18.6	1.7	8.6	20.4	11.7	11.7
GSK Pharma*	Neutral	3,191	-	-	46.7	8.1	36.9	6.6	33.7	34.3
<b>Indoco Remedies</b>	<b>Neutral</b>	<b>310</b>	<b>-</b>	<b>-</b>	<b>22.4</b>	<b>2.4</b>	<b>13.4</b>	<b>23.0</b>	<b>19.7</b>	<b>19.7</b>
Ipca labs	Buy	733	900	22.7	26.2	2.6	14.0	26.1	13.0	14.9
Lupin	Neutral	1,838	-	-	25.8	4.4	16.5	9.7	27.9	23.4
Sanofi India*	Neutral	4,276	-	-	28.2	3.7	17.6	33.1	27.9	25.5
Sun Pharma	Buy	816	950	16.4	30.3	5.3	17.4	8.4	15.8	16.6

Source: Company, Angel Research; Note: \*December year ending, Price as of November 6, 2015

## Company Background

Indoco has a strong brand portfolio of 135 products and a base of 2,300 MRs. The company operates in various therapeutic segments including anti-infective, anti-diabetic, CVS, ophthalmic, dental care, pain management and respiratory areas. Prominent Indoco brands include Cyclopam, Vepan, Febrex Plus, ATM, Sensodent-K and Sensoform. The company's top-10 brands contribute over 50% of its domestic sales. Indoco now proposes to scale up its exports through higher exposure to the regulated markets.

### Profit & loss statement (Consolidated)

Y/E March (₹ cr)	FY2012	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Gross sales</b>	<b>576</b>	<b>638</b>	<b>735</b>	<b>863</b>	<b>1,043</b>	<b>1,211</b>
Less: Excise duty	7	11	13	11	10	12
<b>Net sales</b>	<b>569</b>	<b>626</b>	<b>722</b>	<b>852</b>	<b>1,033</b>	<b>1,199</b>
Other operating income	2	4	10	5	5	5
<b>Total operating income</b>	<b>571</b>	<b>630</b>	<b>733</b>	<b>857</b>	<b>1,038</b>	<b>1,204</b>
% chg	17.4	10.4	16.2	17.0	21.0	16.0
Total expenditure	484	537	612	691	868	981
Net raw materials	245	262	272	300	382	443
Other mfg costs	39	37	42	50	60	70
Personnel	82	100	130	140	185	215
Other	119	138	168	201	241	253
<b>EBITDA</b>	<b>85</b>	<b>89</b>	<b>110</b>	<b>161</b>	<b>164</b>	<b>218</b>
% chg	31.2	5.4	23.5	46.1	2.3	32.3
(% of Net Sales)	14.9	14.2	15.2	18.9	15.9	18.2
Depreciation & amortisation	19	24	31	47	52	57
<b>EBIT</b>	<b>65</b>	<b>65</b>	<b>79</b>	<b>114</b>	<b>112</b>	<b>160</b>
% chg	28.1	0.1	21.0	43.7	(1.2)	42.9
(% of Net Sales)	11.5	10.4	11.0	13.3	10.9	13.4
Interest & other charges	16	22	19	11	11	11
Other income	-	1	2	2	2	2
(% of PBT)	0.0	1.8	2.4	1.6	1.6	1.1
Share in profit of Associates	-	-	-	-	1.0	2.0
<b>Recurring PBT</b>	<b>51</b>	<b>48</b>	<b>72</b>	<b>110</b>	<b>109</b>	<b>157</b>
<b>PBT (reported)</b>	<b>51</b>	<b>48</b>	<b>72</b>	<b>110</b>	<b>109</b>	<b>157</b>
Tax	5	6	14	27	22	31
(% of PBT)	9.6	11.8	19.6	24.3	20.0	20.0
<b>PAT (reported)</b>	<b>46</b>	<b>43</b>	<b>58</b>	<b>83</b>	<b>87</b>	<b>125</b>
Add: Share of earnings of asso.	-	-	-	-	-	-
Less: Minority interest (MI)	-	-	-	-	-	-
Prior period items	-	-	-	-	-	-
<b>PAT after MI (reported)</b>	<b>46</b>	<b>43</b>	<b>58</b>	<b>83</b>	<b>87</b>	<b>125</b>
<b>ADJ. PAT</b>	<b>46</b>	<b>43</b>	<b>58</b>	<b>83</b>	<b>87</b>	<b>125</b>
% chg	(9.2)	(7.9)	36.5	42.3	4.9	44.4
(% of Net Sales)	8.1	6.8	8.1	9.7	8.4	10.5
<b>Basic EPS (₹)</b>	<b>5.0</b>	<b>4.6</b>	<b>6.3</b>	<b>9.0</b>	<b>9.4</b>	<b>13.6</b>
<b>Fully Diluted EPS (₹)</b>	<b>5.0</b>	<b>4.6</b>	<b>6.3</b>	<b>9.0</b>	<b>9.4</b>	<b>13.6</b>
% chg	(9.2)	(7.9)	36.5	42.3	4.9	44.4



**Balance Sheet (Consolidated)**

Y/E March (₹ cr)	FY2012	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>SOURCES OF FUNDS</b>						
Equity share capital	12	18	18	18	18	18
Reserves & surplus	372	396	439	500	566	669
<b>Shareholders funds</b>	<b>385</b>	<b>414</b>	<b>457</b>	<b>519</b>	<b>584</b>	<b>688</b>
Minority Interest	-	0	-	-	-	-
Total loans	114	90	72	88	181	120
Other Long Term Liab.	9	9	9	9	9	9
Long Term Provisions	5	7	16	16	16	16
Deferred tax liability	29	35	31	27	27	27
<b>Total liabilities</b>	<b>542</b>	<b>555</b>	<b>585</b>	<b>659</b>	<b>792</b>	<b>835</b>
<b>APPLICATION OF FUNDS</b>						
Gross block	404	447	481	561	621	681
Less: acc. depreciation	102	126	156	203	255	312
<b>Net block</b>	<b>302</b>	<b>321</b>	<b>325</b>	<b>358</b>	<b>366</b>	<b>369</b>
Capital work-in-progress	33	38	44	44	44	44
Goodwill	-	0	-	0	0	0
<b>Investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long Term Loans And Adv.	55	57	55	58	101	117
Current assets	267	273	305	385	535	600
Cash	10	12	13	15	32	16
Loans & advances	38	41	42	85	103	120
Other	219	220	249	285	400	464
Current liabilities	114	134	144	187	255	296
<b>Net current assets</b>	<b>152</b>	<b>139</b>	<b>160</b>	<b>199</b>	<b>280</b>	<b>304</b>
Mis. Exp. not written off	0	0	-	-	-	-
<b>Total assets</b>	<b>542</b>	<b>555</b>	<b>585</b>	<b>659</b>	<b>792</b>	<b>835</b>

**Cash Flow Statement (Consolidated)**

Y/E March (₹ cr)	FY2012	FY2013	FY2014	FY2015	FY2016E	FY2017E
Profit before tax	51	48	72	110	109	157
Depreciation	19	24	31	47	52	57
(Inc)/Dec in working capital	(28)	13	(18)	(39)	(109)	(56)
Less: Other income	-	1	2	2	2	2
Direct taxes paid	1	6	14	27	22	31
<b>Cash Flow from Operations</b>	<b>41</b>	<b>79</b>	<b>69</b>	<b>90</b>	<b>29</b>	<b>125</b>
(Inc.)/Dec.in fixed assets	(84)	(49)	(41)	(80)	(60)	(60)
(Inc.)/Dec. in investments	0	-	-	-	-	-
Other income	-	1	2	2	2	2
<b>Cash Flow from Investing</b>	<b>(84)</b>	<b>(48)</b>	<b>(39)</b>	<b>(78)</b>	<b>(58)</b>	<b>(58)</b>
Issue of equity	-	-	-	-	-	-
Inc./Dec.) in loans	39	(22)	(9)	16	93	(61)
Dividend Paid (Incl. Tax)	(12)	(12)	(12)	(22)	(22)	(22)
Others	14	3	(16)	(3)	(15)	9
<b>Cash Flow from Financing</b>	<b>41</b>	<b>(30)</b>	<b>(37)</b>	<b>(9)</b>	<b>56</b>	<b>(74)</b>
Inc./Dec.) in Cash	(2)	1	(7)	3	26	(7)
<b>Opening Cash balances</b>	<b>27</b>	<b>10</b>	<b>12</b>	<b>13</b>	<b>15</b>	<b>32</b>
<b>Closing Cash balances</b>	<b>10</b>	<b>12</b>	<b>13</b>	<b>15</b>	<b>32</b>	<b>16</b>

**Key Ratios**

Y/E March	FY2012	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	60.6	65.9	48.3	33.9	32.4	22.4
P/CEPS	42.8	42.3	31.5	21.6	20.2	15.4
P/BV	7.3	6.8	6.1	5.4	4.8	4.1
Dividend yield (%)	0.2	0.4	0.4	0.4	0.4	0.4
EV/Sales	5.1	4.6	4.0	3.4	2.9	2.4
EV/EBITDA	34.5	32.4	26.1	17.9	18.0	13.4
EV / Total Assets	5.4	5.2	4.9	4.4	3.7	3.5
<b>Per Share Data (₹)</b>						
EPS (Basic)	5.0	4.6	6.3	9.0	9.4	13.6
EPS (fully diluted)	5.0	4.6	6.3	9.0	9.4	13.6
Cash EPS	7.1	7.2	9.7	14.1	15.1	19.8
DPS	0.7	1.1	1.1	1.1	1.1	1.1
Book Value	41.8	44.9	49.6	56.3	63.4	74.6
<b>Dupont Analysis</b>						
EBIT margin	11.5	10.4	11.0	13.3	10.9	13.4
Tax retention ratio	90.4	88.2	80.4	75.7	80.0	80.0
Asset turnover (x)	1.2	1.2	1.3	1.4	1.5	1.5
ROIC (Post-tax)	12.2	10.8	11.6	14.2	12.9	16.3
Cost of Debt (Post Tax)	15.5	18.9	18.7	10.0	6.3	5.6
Leverage (x)	0.2	0.2	0.2	0.1	0.2	0.2
Operating ROE	11.6	8.9	10.4	14.8	14.2	18.5
<b>Returns (%)</b>						
ROCE (Pre-tax)	13.0	11.9	13.9	18.3	15.5	19.7
Angel ROIC (Pre-tax)	14.8	13.0	15.3	20.2	17.1	21.5
ROE	12.6	10.7	13.4	17.0	15.7	19.7
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	1.6	1.5	1.6	1.6	1.8	1.8
Inventory / Sales (days)	56	52	50	55	62	60
Receivables (days)	71	66	64	62	79	76
Payables (days)	47	43	40	46	50	52
WC cycle (ex-cash) (days)	78	78	68	70	76	81
<b>Solvency ratios (x)</b>						
Net debt to equity	0.3	0.2	0.1	0.1	0.3	0.2
Net debt to EBITDA	1.2	0.9	0.5	0.5	0.9	0.5
Interest Coverage (EBIT / Int.)	4.0	3.0	4.2	10.7	10.6	15.2

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Disclosure of Interest Statement	Indoco Remedies
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

*Note: We have not considered any Exposure below ₹ 1 lakh for Angel, its Group companies and Directors*

<b>Ratings (Based on expected returns over 12 months investment period):</b>	<b>Buy (&gt; 15%)</b>	<b>Accumulate (5% to 15%)</b>	<b>Neutral (-5 to 5%)</b>
		<b>Reduce (-5% to -15%)</b>	<b>Sell (&lt; -15)</b>