

# India Equity Analytics

Results Preview 4QFY20 - Pharma

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ALKEM IN

**CMP** 2704  
**Target** 2916  
**Upside** 8%  
**Rating** ACCUMULATE

	FY17	FY18	FY19	FY20E
<b>Roe%</b>	20.0%	13.0%	14.2%	18.5%
<b>Roce%</b>	19.3%	17.7%	16.3%	18.6%
<b>P/E</b>	29.6	37.5	27.1	27.1
<b>P/B</b>	5.9	4.9	3.9	5.0
<b>EV/Ebdita</b>	26.4	23.0	18.8	21.2

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
Segment Revenue							
Domestic	4,192	4,490	4,874	5,585	1,218	1,424	1,389
US	1,203	1,367	1,897	2,136	482	584	543
Other Intern. market	363	467	495	527	128	142	135
Other Op. income	95	102	92	147	27	33	33
Sales	5,853	6,431	7,357	8,396	1,854	2,182	2,100
Sales Gr%	16%	10%	14%	14%	23%	13%	13%
Ebdita	999	1,028	1,115	1,490	235	453	319
Ebdita Gr%	135%	3%	8%	34%	107%	45%	36%
Net Profits	892	631	774	1,193	171	390	236
Profit Gr%	103%	-29%	23%	54%	157%	90%	38%
Ebdita Margin%	17.1%	16.0%	15.2%	17.7%	12.7%	20.8%	15.2%
Net Profit Margin%	15.2%	9.8%	10.5%	14.2%	9.2%	17.9%	11.2%

Conso/ Fig in Rs Cr

- We expect the ALKEM to post a revenue growth of 13% YoY to Rs. 2300 crs in Q4FY20 on account of growth across geographies partly offset by supply disruption in the last week of March due to nation-wide lockdown.
- We expect US to report a revenue growth of 8% YoY to US\$ 75 mn based on volume traction. Other International markets are expected to grow by 6% to YoY Rs. 135 crs.
- Domestic business is expected to post a revenue growth of 14% YoY to Rs. 1389 YoY based sustained growth in both acute and chronic therapies.
- Gross margin for Q4FY20 is expected to grow by 170 bps to 59.9% on account of better product mix.
- PAT for the quarter is expected to grow by 38% YoY to Rs. 233 crs on account of improved revenue.

## Key Trackable this Quarter

- Outlook regarding the impact of Covid'19 in the revenues for FY21E.
- R&D spends to 5-6% of sales.
- Update on the observations issued by USFDA to St. Louis facility

**The Company is currently trading at 27.1 times FY20E EPS. ACCUMULATE**

ALPM IN

**CMP** 664  
**Target** 703  
**Upside** 6%  
**Rating** NEUTRAL

	FY17	FY18	FY19	FY20E
<b>Roe%</b>	21.2%	18.6%	21.5%	22.7%
<b>Roce%</b>	28.0%	19.8%	23.6%	25.9%
<b>P/E</b>	29.2	25.1	17.1	16.4
<b>P/B</b>	6.2	4.7	3.7	3.7
<b>EV/Ebdita</b>	18.9	16.8	11.8	11.1

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
Segment Revenue							
India Formulation	1,255	1,274	1,383	1,400	302	368	317
US formulation	917	928	1,263	1,821	313	515	435
ROW	319	279	519	504	82	149	140
API	640	650	769	743	230	177	190
Sales	3,135	3,131	3,935	4,480	927	1,209	1,082
Sales Gr%	0%	0%	26%	14%	9%	19%	17%
Ebdita	615	643	874	1,158	178	325	263
Ebdita Gr%	5%	5%	36%	33%	3%	34%	48%
Net Profits	403	413	584	765	124	235	175
Profit Gr%	2%	2%	42%	31%	32%	38%	41%
Ebdita Margin%	19.6%	20.5%	22.2%	25.8%	19.2%	26.9%	24.3%
Net Profit Margin%	12.9%	13.2%	14.9%	17.1%	13.4%	19.4%	16.1%

Conso/ Fig in Rs Cr

□ We expect the US revenue to grow by 35% YoY to US\$ 60 mn on account of higher on account of sartan opportunity & new launches like Febuxostat though sequentially is expected to decline 16%.

□ We expect the India business to grow moderately by 5% YoY to Rs. 317 crs. The domestic business will stay impacted as the company decided to completely clamp down on the discounts offered to stockist from May 2019, though we expect revival from the next quarter.

□ EBITDA is expected to grow by 46% YoY to Rs. 260 crs while PAT is expected to grow by 39% YoY to Rs. 172 crs for Q4FY20E.

□ With the commercialization of plants in FY21, We expect the margins to be under pressure in due to increase in R&D cost and operational cost on account of commissioning of the new facilities, though on a long term basis the growth prospects seem positive.

## Key Trackable this Quarter

- Outlook regarding the impact of Covid'19 in the revenues for FY21E.
- Update on status of Oral solids Formulation facility in Panelav

**The Company is currently trading at 16.4 times FY20E EPS. NEUTRAL**

ARBP IN

**CMP** 460  
**Target** 492  
**Upside** 7%  
**Rating** NEUTRAL

	FY17	FY18	FY19	FY20E
<b>Roe%</b>	24.6%	20.7%	17.0%	16.4%
<b>Roce%</b>	31.5%	26.5%	22.9%	22.6%
<b>P/E</b>	17.2	13.5	19.5	10.0
<b>P/B</b>	4.2	2.8	3.3	1.6
<b>EV/Ebdita</b>	11.4	8.5	11.4	5.4

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
Segment Revenue							
North America	6,827	7,442	9,031	11,232	2,481	2,969	2,739
Europe	3,277	4,354	4,960	5,753	1,312	1,476	1,484
Growth Markets	756	897	1,194	1,294	289	346	316
ARV	1,185	840	972	1,186	292	313	316
API	3,042	2,962	3,403	3,248	917	790	920
Sales	15,090	16,500	19,564	22,715	5,292	5,895	5,775
<i>Sales Gr%</i>	8%	9%	19%	16%	31%	12%	9%
Ebdita	3,434	3,772	3,892	4,723	1,057	1,208	1,201
<i>Ebdita Gr%</i>	8%	10%	3%	21%	32%	11%	14%
Net Profits	2,296	2,420	2,362	2,697	585	705	721
<i>Profit Gr%</i>	14%	5%	-2%	14%	11%	-1%	23%
Ebdita Margin%	22.8%	22.9%	19.9%	20.8%	20.0%	20.5%	20.8%
Net Profit Margin%	15.3%	14.7%	12.1%	11.9%	11.1%	12.0%	12.5%

Conso/ Fig in Rs Cr

- Auropharma is expected to report a growth of 9% YoY on account of improved revenues from geographies like US & Europe due to Spectrum & Apotex acquisitions.
- We expect the US revenue to grow by 10% YoY to US\$ 390 mn on account of spectrum acquisition along with new launches though sequentially we expect to see a decline of 7% due to lack of new launches.
- We expect Europe, Growth market & ARV segment to grow by 13%, 9% & 8% respectively while API is expected to remain flat.
- PAT of the company is expected to grow by 23% to Rs .721 crs on account of improved revenues from key geographies.
- The company has terminated the deal worth about US\$ 1 bn to acquire Sandoz's US generic businesses as the approval from USFTC could not be obtained within the anticipated time.

## Key Trackable this Quarter

- Update on status for Unit 4 manufacturing facility.
- Update on other manufacturing facilities under OAI status by USFDA.
- Outlook regarding the impact of Covid'19 in the revenues for FY21E.

**The Company is currently trading at 10 times FY20E EPS. NEUTRAL**

CIPLA IN

**CMP** 580  
**Target** 636  
**Upside** 10%  
**Rating** ACCUMULATE

	FY17	FY18	FY19	FY20E
<b>Roe%</b>	8.3%	10.0%	10.2%	10.4%
<b>Roce%</b>	7.1%	8.4%	9.4%	11.5%
<b>P/E</b>	40.8	31.0	27.9	27.2
<b>P/B</b>	3.8	3.1	2.8	2.8
<b>EV/Ebdita</b>	20	17	15	15

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
Segment Revenue							
India	5,520	5,870	6,273	6,555	1,500	1,777	1,678
North America	2,629	2,589	3,420	3,945	1,143	946	927
SAGA	2,920	3,339	3,183	3,123	823	831	861
Emerging Markets	1,997	1,682	1,740	1,416	406	323	362
Europe	585	623	700	770	236	190	188
Global API	529	626	699	685	174	165	181
Others	451	491	349	598	122	140	139
Sales	14,630	15,219	16,362	17,092	4,404	4,371	4,336
Sales Gr%	6%	4%	8%	4%	19%	9%	-2%
Ebdita	2,476	2,826	3,097	3,362	961	758	789
Ebdita Gr%	0%	14%	10%	9%	73%	7%	-18%
Net Profits	1,035	1,417	1,528	1,711	367	351	408
Profit Gr%	-25%	37%	8%	12%	106%	6%	11%
Ebdita Margin%	16.9%	18.6%	18.9%	19.7%	21.8%	17.3%	18.2%
Net Profit Margin%	7.1%	9.3%	9.3%	10.0%	8.3%	8.0%	9.4%

Conso/ Fig in Rs Cr

□ We expect CIPLA to post de-growth in its Q4FY20 results. Revenue is expected to decline by 2% to Rs. 4336 crs as previous yr the company had benefit of gSenipar launch in US.

□ We expect the revenues from US market to decline by 21% to US\$ 128 mn on account of no significant launch this quarter; also previous yr the company had benefit of gSenipar launch in US.

□ Domestic market is expected to report 12% YoY revenue growth. Europe and Emerging market is expected to de-grow by 20% and 11% respectively while South Africa will grow by 5% YoY this quarter.

□ Gross margin is expected to degrow by 230 bps YoY to 64% on account of higher base of gSensipar in the previous quarter though on a sequential basis, the company is expected to see a growth in the margin by 160 bps.

□ The medium term triggers looks quite attractive with the approval of Albuterol in place and its expected launch in FY21 and gAdvair filings by early 2020 and launch by FY22.

### Key Trackable this Quarter

- Update on warning letter issued to the Goa manufacturing facility.
- Progress on One India Strategy undertaken in Q3FY20.
- Outlook regarding the impact of Covid'19 in the revenues for FY21E.

**The Company is currently trading at 27.2 times FY20E EPS. ACCUMULATE**

DRRD IN

**CMP** 3618  
**Target** 4043  
**Upside** 12%  
**Rating** ACCUMULATE

	FY17	FY18	FY19	FY20E
<b>Roe%</b>	8.5%	7.5%	13.9%	11.8%
<b>Roce%</b>	9.3%	8.4%	12.6%	15.0%
<b>P/E</b>	40.9	36.5	23.6	33.1
<b>P/B</b>	3.5	2.7	3.3	3.9
<b>EV/Ebdita</b>	19.2	15.6	15.1	16.2

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
Segment Revenue							
North America	6,360	5,982	5,996	6,281	1,496	1,600	1,622
Europe	761	822	787	1,105	191	309	279
India	2,313	2,332	2,618	2,933	651	764	722
Emerging Markets	2,107	2,265	2,889	3,287	701	920	810
PSAI	2,128	2,199	2,414	2,505	677	691	650
Proprietary products	412	602	681	1,086	302	101	85
Sales	14,196	14,281	15,448	17,308	4,030	4,397	4,240
<i>Sales Gr%</i>	-9%	1%	8%	12%	13%	14%	5%
Ebdita	2,221	2,351	3,178	3,818	819	1,031	981
<i>Ebdita Gr%</i>	-38%	6%	35%	20%	45%	28%	20%
Net Profits	1,041	947	1,950	1,816	455	(538)	571
<i>Profit Gr%</i>	-51%	-9%	106%	-7%	67%	-208%	25%
Ebdita Margin%	15.6%	16.5%	20.6%	22.1%	20.3%	23.5%	23.1%
Net Profit Margin%	7.3%	6.6%	12.6%	10.5%	11.3%	-12.2%	13.5%

Conso/ Fig in Rs Cr

- ❑ The company is expected to post a moderate revenue growth of 5% YoY to Rs. 4240 crs on account of higher base in the previous quarter due to one-off gain from the sale of proprietary derma products.
- ❑ We expect domestic sales to grow by 11% YoY to Rs. 722 crs this quarter. With the company's recent acquisition of wockhardt India, we expect the India to become one of the important geography contributing towards the overall revenue.
- ❑ The US revenue is expected to moderately grow by 5% YoY to US\$224 mn based on new launches and volume traction. Other emerging market is expected to grow by 16% YoY though sequentially we expect a dip of 12% on account of sharp movement in some EM currencies.
- ❑ EBITDA margin is expected to grow by 281 bps YoY to 23.1% in 4QFY20 led by cost control initiatives.
- ❑ The company is expected to report a PAT growth of 25% YoY to Rs. 571 crs.

### Key Trackable this Quarter

- ❑ Update on status of API manufacturing plant .
- ❑ Outlook regarding the impact of Covid'19 in the revenues for FY21E.

**The Company is currently trading at 33.1 times FY20E EPS. ACCUMULATE**

GRAN IN

**CMP** 169  
**Target** 157  
**Upside** -7%  
**Rating** NEUTRAL

	FY17	FY18	FY19	FY20E
<b>Roe%</b>	18.2%	10.2%	15.5%	17.7%
<b>Roce%</b>	22.1%	11.6%	13.9%	19.4%
<b>P/E</b>	19.3	19.8	12.3	13.3
<b>P/B</b>	3.5	2.0	1.9	2.4
<b>EV/Ebdita</b>	10.9	10.6	8.6	8.1

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
<b>Segment Revenue</b>							
API	536	623	843	840	221	209	200
PFI	339	404	395	454	104	116	110
FD	608	658	1,040	1,365	288	379	350
Sales	1,411	1,685	2,279	2,659	613	704	660
<i>Sales Gr%</i>	4%	19%	35%	17%	22%	11%	8%
Ebdita	299	278	384	567	98	163	141
<i>Ebdita Gr%</i>	8%	-7%	38%	48%	124%	44%	45%
Net Profits	165	133	236	324	64	64	75
<i>Profit Gr%</i>	34%	-19%	78%	37%	213%	6%	17%
Ebdita Margin%	21.2%	16.5%	16.8%	21.3%	15.9%	23.2%	21.4%
Net Profit Margin%	11.7%	7.9%	10.4%	12.2%	10.4%	9.1%	11.4%

Conso/ Fig in Rs Cr

We expect the overall revenue for the company to grow by 8% YoY to Rs. 660 crs majorly on account of higher sales of FDs (due to increase in the market share for the existing molecules and new launches) and PFIs partly offset by the impact of 10 days nation-wide lockdown in the month of March.

We expect gross margin to improve from 45.9% in 4QFY19 to 50.2% in 4QFY20 on account of better product mix and higher sales contribution from US and Europe (High margin market).

We expect PAT for 4QFY20E to grow by 17% YoY to Rs. 75 crs. For the full year, PAT is expected to grow by 37% YoY to Rs.324 crs.

### Key Trackable this Quarter

- Update on commercialization of the Oncology facility
- Divestment of Omnicem JV

**The Company is currently trading at 13.3 times FY20E EPS. NEUTRAL**

DLPL IN

**CMP** 1473  
**Target** 1656  
**Upside** 12%  
**Rating** ACCUMULATE

	FY17	FY18	FY19	FY20E
<b>Roe%</b>	26.0%	21.6%	21.2%	22.5%
<b>Roce%</b>	35.3%	29.2%	27.0%	25.6%
<b>P/E</b>	52.0	42.7	43.8	49.7
<b>P/B</b>	13.5	9.2	9.3	11.2
<b>EV/Ebdita</b>	32.8	26.4	28.3	33.0

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
Operating Metrics							
No. of patients (mn)	13	15	18	19	301	328	301
No. of Clinical Labs	189	193	200	206	-	-	-
No. of PSCs	1,759	2,153	2,569	2,877	-	-	-
No. of PUPs	5,021	5,624	6,426	7,197	-	-	-
Sales	912	1,057	1,203	1,315	301	328	301
<i>Sales Gr</i>	15%	16%	14%	9%	13%	12%	0%
Ebdita	238	264	294	352	66	82	71
<i>Ebdita Gr</i>	13%	11%	11%	20%	3%	25%	8%
Net Profits	155	171	200	247	47	55	49
<i>Profit Gr%</i>	16%	10%	17%	23%	17%	20%	4%
Ebdita Margin%	26.0%	25.0%	24.4%	26.8%	22.0%	25.1%	23.7%
Net Profit Margin%	16.9%	16.2%	16.7%	18.8%	15.6%	16.7%	16.2%

Conso/ Fig in Rs Cr

- ❑ We expect the overall revenues from the company to be flat in Q4FY20 at Rs. 301 crs impacted by nation-wide lockdown in the last week march in terms of dip in Walk in's, samples coming from collection centres & pick-up point.
- ❑ The company has started with the Covid'19 testing at the price of Rs. 4500/test with the current capacity to conduct 1500 tests/day, but due to the supply issues for the testing kits, the capacity is underutilized as of now.
- ❑ The Gross margin is expected to decline by 85 bps YoY to 77.5% whereas EBITDA margin will be a growth of 166 bps YoY to 23.7% in Q4FY20.
- ❑ We expect the company to report PAT growth of 4% YoY to Rs. 49 crs.

### Key Trackable this Quarter

- ❑ Outlook regarding the impact of Covid'19 in the revenues for FY21E.

**The Company is currently trading at 49.7 times FY20E EPS. ACCUMULATE**



LUPNY US

**CMP** 788  
**Target** 780  
**Upside** -1%  
**Rating** NEUTRAL

	FY17	FY18	FY19	FY20E
<b>Ad. Roe%</b>	18.9%	12.7%	6.9%	5.3%
<b>Roce%</b>	18.7%	10.3%	8.8%	7.1%
<b>P/E</b>	25.5	19.3	35.3	52.9
<b>P/B</b>	4.8	2.5	2.4	2.8
<b>EV/Ebdita</b>	15.6	12.2	13.7	16.5

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
<b>Segment Revenue</b>							
North America	8,263	5,894	5,593	5,687	1,741	1,377	1,445
India	3,797	4,125	4,638	5,149	1,053	1,297	1,202
APAC	2,266	2,573	2,611	1,651	690	172	172
EMEA	1,012	1,125	1,191	1,172	340	291	301
LATAM	452	579	566	632	139	180	153
API	1,129	1,093	1,346	1,301	291	317	330
Sales	17,494	15,804	16,718	16,298	4,406	3,769	3,750
<i>Sales Gr%</i>	23%	-10%	6%	-3%	9%	-16%	-15%
Ebdita	4,493	3,148	2,882	2,527	872	429	507
<i>Ebdita Gr%</i>	22%	-30%	-8%	-12%	23%	-43%	-42%
Net Profits	2,557	258	607	(569)	290	(868)	125
<i>Profit Gr%</i>	13%	-90%	135%	-194%	-137%	470%	-57%
Adjusted Net profits	2,557	1,723	947	266	293	(586)	125
<i>Adjusted Profit Gr%</i>	13%	-33%	-45%	-72%	-57%	-405%	-56%
Ebdita Margin%	25.7%	19.9%	17.2%	15.5%	19.8%	11.4%	13.5%
Net Profit Margin%	14.6%	1.6%	3.6%	-3.5%	6.6%	-	3.3%

Conso/ Fig in Rs Cr

□ Lupin is expected to report a revenue de-growth of 4% YoY to Rs. 3750 crs this quarter adjusted for the divestment of Kyowa business undertaken in Japan in 3QFY20.

□ The US business is expected to decline by 19% YoY to US\$ 200 mn due higher base in the previous quarter on account of Ranexa launch with 180 days of exclusivity and lack of any significant launches this quarter.

□ We expect revenues from India, LATAM & API to grow by 14%, 11% & 13% respectively while Europe revenue is expected to decline by 11%.

□ PAT for the quarter is expected to decline by 56% YoY to Rs. 125 crs primarily impacted by weak US business.

□ On the regulatory front, the status for Pithampur, Goa and Somerset facility remains OAI along with warning letter for Mandideep facility.

### Key Trackable this Quarter

- update on OAI status in Somerset, Pithampur and Goa facilities from USFDA.
- Warning letter in Mandideep facility
- Pro-air USFDA approval update

**The Company is currently trading at 52.9 times FY20E EPS. NEUTRAL**

METROHL IN

**CMP** 1359  
**Target** 1550  
**Upside** 14%  
**Rating** NEUTRAL

	FY17	FY18	FY19	FY20E
<b>Roe%</b>	31.5%	25.1%	28.7%	30.2%
<b>Roce%</b>	41.6%	37.9%	43.1%	41.9%
<b>P/E</b>	0.0	0.0	39.6	46.3
<b>P/B</b>	0.0	0.0	11.4	14.0
<b>EV/Ebdita</b>	0.0	0.0	23.5	27.4

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
Operating Metrics							
No. of patients (mn)	7	8	9	10	-	-	-
No. of tests (mn)	14	16	17	19	-	-	-
Sales	545	647	761	864	202	223	214
Sales Gr	15%	19%	18%	14%		17%	6%
Ebdita	152	176	200	243	57	64	62
Ebdita Gr	20%	16%	14%	21%		25%	8%
Net Profits	102	104	120	147	34	42	38
Profit Gr%	32%	3%	15%	23%		38%	11%
Ebdita Margin%	27.9%	27.2%	26.3%	28.1%	28.3%	28.5%	28.8%
Net Profit Margin%	18.7%	16.1%	15.8%	17.1%	16.8%	18.9%	17.5%

Conso/ Fig in Rs Cr

- We expect the company to post a revenue growth of 6% YoY to Rs. 214 crs based on healthy volumes and realization partly offset by the impact of nation-wide lockdown in the last week march in terms of dip in the customer walk-ins, volume dips and delay in the payment from the institutions.
- The company started Covid'19 tests from 23 March 2020 at a price of Rs. 4500/test. The company currently has the capacity of testing 100 patients/ day which can be ramped up to 1000 patients/day.
- Gross margin is expected to decline by 113 bps YoY to 76.3% whereas EBITDA margin will grow by 49 bps YoY to 28.8%.
- PAT is expected to grow by 11% YoY to Rs. 38 crs.

### Key Trackable this Quarter

- Outlook regarding the impact of Covid'19 in the revenues for FY21E.
- Acquisition strategy

**The Company is currently trading at 46.3 times FY20E EPS. NEUTRAL**

SUNP IN

**CMP** 455  
**Target** 472  
**Upside** 4%  
**Rating** NEUTRAL

	FY17	FY18	FY19	FY20E
<b>Roe%</b>	19.0%	5.7%	6.4%	9.3%
<b>Roce%</b>	23.2%	10.3%	10.6%	11.0%
<b>P/E</b>	23.7	55.0	43.1	26.1
<b>P/B</b>	4.5	3.1	2.8	2.4
<b>EV/Ebdita</b>	16	20	17	15

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
<b>Segment Revenue</b>							
US formulation	13,759	8,747	10,737	10,386	3,190	2,492	2,571
India Formulation	7,749	8,029	7,348	9,691	1,101	2,517	2,345
Emerging market	4,530	4,839	3,479	5,524	1,246	1,390	1,376
ROW	2,583	2,974	3,479	4,480	1,102	1,104	1,086
API	1,598	1,399	1,730	1,940	484	503	508
Others	45	77	124	144	42	32	32
Sales	31,578	26,489	28,686	32,166	7,164	8,155	7,998
<i>Sales Gr%</i>	11%	-16%	8%	12%	3%	5%	12%
Ebdita	10,089	5,608	6,308	7,226	1,017	1,841	1,600
<i>Ebdita Gr%</i>	24%	-44%	12%	15%	-40%	-14%	57%
Net Profits	6,964	2,162	2,666	4,178	636	914	791
<i>Profit Gr%</i>	53%	-69%	23%	57%	-51%	-26%	24%
Adjusted Net profits	6,964	3,112	3,880	4,178	636	914	791
<i>Adjusted Profit Gr%</i>	33%	-55%	25%	8%	-51%	-26%	24%
Ebdita Margin%	31.9%	21.2%	21.7%	22.1%	14.2%	22.6%	20.0%
Net Profit Margin%	22.1%	8.2%	9.2%	12.8%	8.9%	11.2%	9.9%

Conso/ Fig in Rs Cr

- We expect the overall revenue for SUNPHARMA to grow by 12% YoY to Rs. 7998 crs on account of growth across geographies partly offset by the weak US business.
- The US business is expected to de-grow by 20% YoY to US\$ 355 mn in 4QFY20E due to one-time supply opportunity (of six months) in 4QFY19 though sequentially, we expect it to be flat on account of slower ramp up of specialty products.
- Adjusted for the impact of change in distribution for India business, we expect the domestic sales to grow by 8% YoY to Rs. 2345 crs. The Emerging market business is expected to report a growth of 10% YoY while ROW market will remain flat.
- Gross margin for the quarter is expected to decline by 180 bps YoY to 72.5% on account of one-off supply opportunity in 4QFY19 while we expect EBITDA margin to grow from 14.2% in 4QFY19 to 20% in 4QFY20E due to lower promotional expenses for the specialty products.
- PAT for the quarter is expected to grow by 24.3% YoY to Rs. 791 crs.

### Key Trackable this Quarter

- Commentary on the ramp up of Specialty products
- Update on the OAI status of Halol facility.

**The Company is currently trading at 26.1 times FY20E EPS. NEUTRAL**

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**Disclosure of Interest Statement-**

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