



Research



FUNDAMENTAL RESEARCH:-INDOCO REMEDIES LIMITED: - FOLLOW-UP

Book Profit

CMP: 465

Date::19th June 2010

Book Profit

STOCK INFO (FY2010)

Sector	Pharma
Market cap (Rs Cr)	588.47
Equity Capital	12.29 cr
Face value	Rs10
Book value	Rs260.88
EPS	Rs.34.35
Price/Book value	1.84
Sales Growth	13.24%
Dividend	70%
Incorporation	1947
52 week H/L	487/155.10
Avg Daily Vol	88962(2 Wk avg)
Chairman	Suresh G Kare
Promoter Holding	60.47%
FII's/MF Holding	2.97%/9.65%

Fairwealth Research Desk initiated a Buy on Indoco Remedies Limited at Rs 388 on 15th April 2010.

We Recommend to Book profit as the Scrip has achieved its Target Price of Rs 465.

Indoco Remedies Annual results Highlights:

The top-line of the company grew by 13.24% YoY to Rs 402.31 cr` as against Rs 355.26 cr.

The EBITDA expanded by 19.23%Y-O-Y to Rs.45.88 cr.

The net profit improved by 33.87% on Y-o-Y basis to Rs.42.09 cr due to lower interest cost.

The Company announced a dividend of Rs.7 per share. The current dividend yield stands at 1.5%.

COMPANY PROFILE

Incorporated in the year 1947, Indoco remedies Ltd. is a Mumbai based pharmaceutical company that focuses on formulations, with some presence in contract manufacturing and research. It also deals in Active Pharmaceutical Ingredients (API) that is manufactured by a group company. The company has its presence in the therapeutic segments which include anti-infective, anti-cold preparation, ophthalmic, anti-spasmodic, stomatology, anti-inflammatory and anti-fungal.

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RESULT ANALYSIS

PARTICULARS (Rs Cr)	QUARTERLY RESULTS					YEARLY RESULTS		
	Mar'10	Mar'09	VAR % Q-O-Q	Dec'09	VAR% Q-O-Q	FY10	FY09	VAR% Y-O-Y
NET SALES	108.87	84.99	28.10	95.7	13.76	402.31	355.26	13.24
ADD: Other Income	1.59	1.43	11.19	0.27	488.89	5.06	3.93	28.75
Total Income	110.46	86.42	27.82	95.97	15.10	407.37	359.19	13.41
Less: Expenditure	97.84	78.29	24.97	84.53	15.75	345.21	304.52	13.36
PBIDT	12.62	8.13	55.23	11.44	10.31	62.16	54.67	13.70
Less: Interest	0.72	1.29	-44.19	0.6	20.00	2.91	5.86	-50.34
Less: Depreciation	3.38	3	12.67	3.04	11.18	12.1	11.16	8.42
PBT	8.52	3.84	121.88	7.8	9.23	47.15	37.65	25.23
Less: Tax	0.29	-0.08	-462.50	0.07	314.29	5.06	6.21	-18.52
PAT	8.23	3.92	109.95	7.73	6.47	42.09	31.44	33.87
AEPS	6.7	3.19	110.03	6.29	6.52	34.26	25.59	33.88
ACEPS	9.45	5.63	67.77	8.76	7.80	44.42	34.92	27.21
OPM %	11.59	9.57	-	11.95	-	15.45	15.39	-
NPM %	7.56	4.61	-	8.08	-	10.46	8.85	-

During the quarter ended 31st March, 2010, the net sales of the company reported an increment of 28.10% y-o-y to Rs 108.87 cr as against Rs 84.99 cr during the corresponding quarter last year.

The operating performance of the company improved by 55.23% YoY to Rs 12.62 cr as against Rs 8.13 cr. This is a consequence of higher raw material expenditure during the quarter. The raw material cost increased by 64.46% to Rs 48.04 cr as against Rs 29.21 cr during the corresponding quarter last year. The OPM for the quarter appreciated 202bps to 11.59% as against 9.57% on sequential basis.

The bottom-line of the company expanded by an impressive 109.95% Y-o-Y to Rs 8.23 cr as against Rs 3.92 cr during the corresponding quarter previous year, interest cost fell by 44% to Rs 0.72 cr as against Rs 1.29 cr during the quarter.

On a Q-o-Q basis, the top-line of the company reported a growth of 13.76% to Rs 108.87 cr as against Rs 95.7 cr. The operating profit of the company expanded by 10.31% to Rs 12.62 cr as against Rs 11.44 cr largely due to improved top-line performance. The net profit of the company grew impressively by 6.47% to Rs 8.23 cr as against Rs 7.73 cr on sequential basis.

Notes: Figures are sourced from www.bseindia.com & capital market

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