

## Indoco Remedies

### Performance Highlights

Y/E March (` cr)	4QFY17	3QFY17	% chg (qoq)	4QFY16	% chg (yoy)
<b>Net sales</b>	<b>266</b>	<b>272</b>	<b>(2.4)</b>	<b>255</b>	<b>4.2</b>
Other operating income	13	7	83.4	9	44.8
Gross profit	168	174	(3.2)	173	(2.4)
Operating profit	21	34	(37.5)	32	(34.5)
<b>Net profit</b>	<b>18</b>	<b>18</b>	<b>2.0</b>	<b>21</b>	<b>(14.4)</b>

Source: Company, Angel Research

Indoco Remedies posted lower than expected numbers for 4QFY2017. In sales, the company posted revenues of `266cr (`311cr expected) v/s. `255cr in 4QFY2016, growth of 4.2% yoy. The formulation business posted sales of `251.6cr, up 3.3% yoy, while API at `12.0cr was down 4.7% yoy. The domestic formulation at `130.1cr recorded a yoy de-growth of 2.2%. On EBITDA front, the company posted an EBITDA of 8.0% (17.6% expected) v/s. 12.7% in 4QFY2016. The dip came in on the back of the high R&D expenses, which came in at 5.2% of sales v/s. 7.4% of sales in 4QFY2016. Consequently, PAT came in at `18cr (lower than expectations) v/s. `39cr in 4QFY2016, de-growth of 14.4% yoy. **On the back of valuations, we maintain our SELL on the stock, on back of low profitability.**

**Results lower than expected:** In sales, the company posted revenues of `266cr (`311cr expected) v/s. `255cr in 4QFY2016, growth of 4.2% yoy. The formulation business at `251.6cr was up 3.3% yoy, API at `12.0cr was down 4.7% yoy. The domestic formulation at `130.1cr recorded a yoy de-growth of 2.2%. On EBITDA front, the company posted an EBITDA of 8.0% (17.6% expected) v/s. 12.7% in 4QFY2016. The dip came in on the back of the high R&D expenses, which came in at 5.2% of sales v/s. 7.4% of sales in 4QFY2016, along with the dip in the gross margins. The gross margins came in at 63.4% v/s. 67.7% in 4QFY2016. Consequently, PAT came in at `18cr (lower than expectations) v/s `39cr in 4QFY2016, de-growth of 14.4% yoy.

**Outlook and valuation:** We expect net sales to post a CAGR of 10.8% to ₹1,310cr and EPS to post a CAGR of 23.0% to ₹12.7 over FY2017-19E. At the current market price, the stock is trading at 17.4x and 15.4x its FY2018E and FY2019E earnings, respectively. **We maintain our SELL rating on back of the valuations and the corresponding low profitability.**

#### Key financials (Consolidated)

Y/E March (₹ cr)	FY2016	FY2017	FY2018E	FY2019E
<b>Net sales</b>	<b>977</b>	<b>1067</b>	<b>1154</b>	<b>1310</b>
% chg	14.6	9.2	8.2	13.6
<b>Net profit</b>	<b>83.0</b>	<b>77.5</b>	<b>103.8</b>	<b>117.3</b>
% chg	0.2	(6.7)	34.0	13.0
<b>EPS (₹)</b>	<b>9.0</b>	<b>8.4</b>	<b>11.3</b>	<b>12.7</b>
EBITDA margin (%)	14.9	12.1	14.9	14.9
P/E (x)	21.7	23.3	17.4	15.4
RoE (%)	15.1	12.6	15.0	15.0
RoCE (%)	11.9	7.9	10.1	11.2
P/BV (x)	3.1	2.8	2.5	2.2
EV/Sales (x)	2.0	1.9	1.8	1.5
EV/EBITDA (x)	13.2	15.4	11.8	10.1

Source: Company, Angel Research; Note: CMP as of June 9, 2017

### SELL

CMP	`193
Target Price	`150

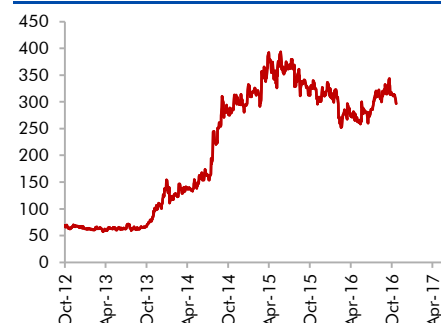
Investment Period	-
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Stock Info	
Sector	Pharmaceutical
Market Cap (₹ cr)	1,778
Net Debt (₹ cr)	188
Beta	0.9
52 Week High / Low	360/262
Avg. Daily Volume	8,023
Face Value (₹)	2
BSE Sensex	31,262
Nifty	9,668
Reuters Code	INRM.BO
Bloomberg Code	INDR@IN

Shareholding Pattern (%)	
Promoters	59.1
MF / Banks / Indian Fls	10.1
FII / NRIs / OCBs	13.0
Indian Public / Others	17.8

Abs. (%)	3m	1yr	3yr
Sensex	(18.2)	16.8	22.2
Indoco	(19.1)	(31.6)	23.6

#### 3-Year Daily Price Chart



Source: Company, Angel Research

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**Exhibit 1: 4QFY2017 (Consolidated) performance**

Y/E March (` cr)	4QFY2017	3QFY2017	% chg (qoq)	4QFY2016	% chg (yoy)	FY2017	FY2016	% chg (yoy)
<b>Net sales</b>	<b>266</b>	<b>272</b>	<b>(2.4)</b>	<b>255</b>	<b>4.2</b>	<b>1067</b>	<b>981</b>	<b>8.8</b>
Other income	13.1	7.1	83.4	9	44.8	31	28	9.9
<b>Total income</b>	<b>279</b>	<b>279</b>	<b>(0.3)</b>	<b>264</b>	<b>5.5</b>	<b>1097</b>	<b>1009</b>	<b>8.8</b>
Gross profit	168	174	(3.2)	173	(2.4)	685	635	7.9
<b>Gross margins (%)</b>	<b>63.4</b>	<b>63.9</b>		<b>67.7</b>		<b>64.2</b>	<b>64.7</b>	
Operating profit	21.2	33.9	(37.5)	32.3	(34.5)	129.2	145.2	(11.0)
<b>OPM (%)</b>	<b>8.0</b>	<b>12.4</b>		<b>12.7</b>		<b>12.1</b>	<b>14.8</b>	
Interest	(2)	3	(152.9)	5	(133.3)	5	13	(58.5)
Dep & amortisation	15	14	7.1	15	1.0	63	60	5.4
PBT	20	24	(13.9)	21	(4.9)	91	100	(8.8)
Provision for taxation	2.4	5.8	(57.7)	1	69.4	14	18	(22.9)
<b>Reported Net profit</b>	<b>18</b>	<b>18</b>	<b>2.0</b>	<b>21</b>	<b>(14.4)</b>	<b>77</b>	<b>82</b>	<b>(5.9)</b>
Less : Exceptional items	0	0	-	0		0	0	
<b>PAT after exceptional items</b>	<b>18</b>	<b>18</b>	<b>2.0</b>	<b>21</b>	<b>(14.4)</b>	<b>77</b>	<b>82</b>	<b>(5.9)</b>
<b>EPS (`)</b>	<b>1.9</b>	<b>1.9</b>		<b>2.3</b>		<b>8.4</b>	<b>8.9</b>	

Source: Company, Angel Research

**Exhibit 2: 4QFY2017 – Actual vs. Angel estimates**

(` cr)	Actual	Estimate	Variation (%)
<b>Net sales</b>	<b>266</b>	<b>311</b>	<b>(14.6)</b>
Other operating income	13	7	83.9
Operating profit	21	55	(61.3)
Tax	2	6	(57.9)
<b>Net profit</b>	<b>18</b>	<b>39</b>	<b>(53.7)</b>

Source: Company, Angel Research

**Revenues below expectations:** In sales, the company posted revenues of `266cr (`311cr expected) v/s. `255cr in 4QFY2016, growth of 4.2% yoy. The formulation business at `251.6cr was up 3.3% yoy, API at `12.0cr was down 4.7% yoy. The domestic formulation at `130.1cr recorded a yoy de-growth of 2.2%.

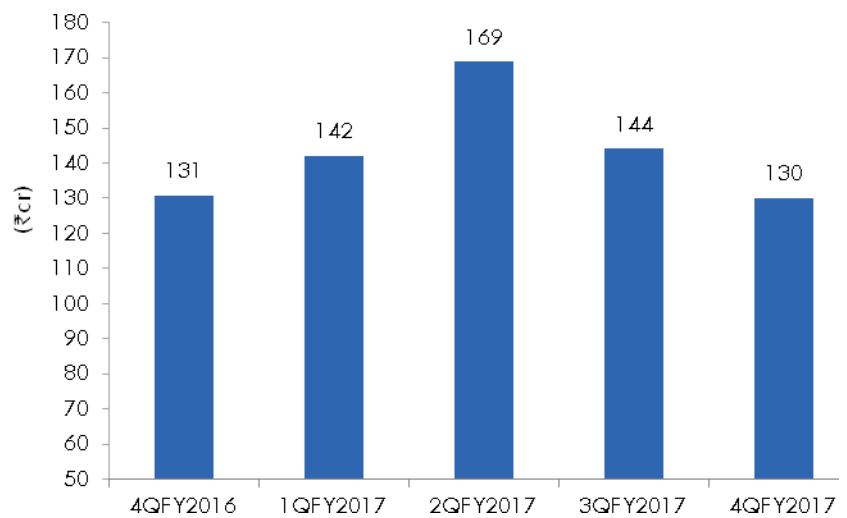
Domestic Formulation markets (₹130cr) posted de-growth of 2.2% yoy, while API sales (₹12.1cr) posted a dip of 4.7% yoy. Exports Formulations (₹121cr) grew 9.9% yoy, while API exports (`8.84cr) grew 36.0% yoy. Europe contributed 38.0% of International formulation sales, followed by US at 30.0%, South Africa, Australia & New Zealand at 17.0% and Emerging markets at 15.0%.

In US, during the quarter, the revenues grew by 15.8% at `32.8cr as against `28.3cr for the same period last year. For FY2017, the revenue grew by 17.3% at `125cr as against `106.5cr for the same period last year. In terms of filings, the company (through partners or by itself), filed 29 ANDAs, which are pending approvals with 10 ANDAs approved till date.

USFDA warning letter related issues at Goa Plant II of the company are being resolved with the help of a US based Consultant. Company has now sent its response to USFDA, which addresses their concerns.

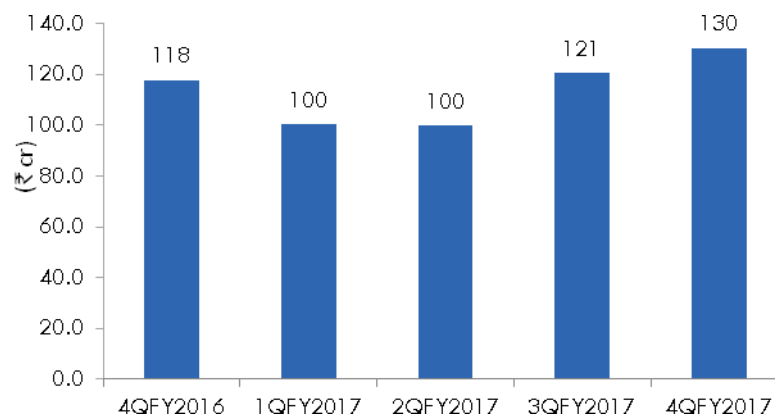
In Europe, the revenues for the quarter grew by 22.4% at `54.1cr, as against `44.2cr for the same period last year. For FY2017, the revenues came in at `156.2cr v/s. `155.6cr during the last corresponding period.

### Exhibit 3: Domestic Formulation sales trend



Source: Company, Angel research

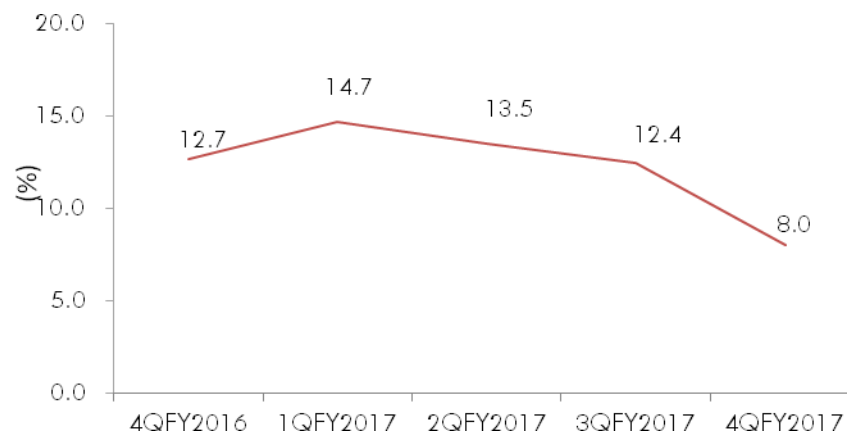
### Exhibit 4: Export sales trend



Source: Company, Angel research

**OPM lower than estimated:** On EBITDA front, the company posted an EBITDA of 8.0% (17.6% expected) v/s. 12.7% in 4QFY2016. The dip came in on the back of the lower sales, high R&D expenses (which came in at 5.2% of sales v/s. 7.4% of sales in 4QFY2016), along with the dip in the gross margins. The gross margins came in at 63.4% v/s. 67.7% in 4QFY2016.

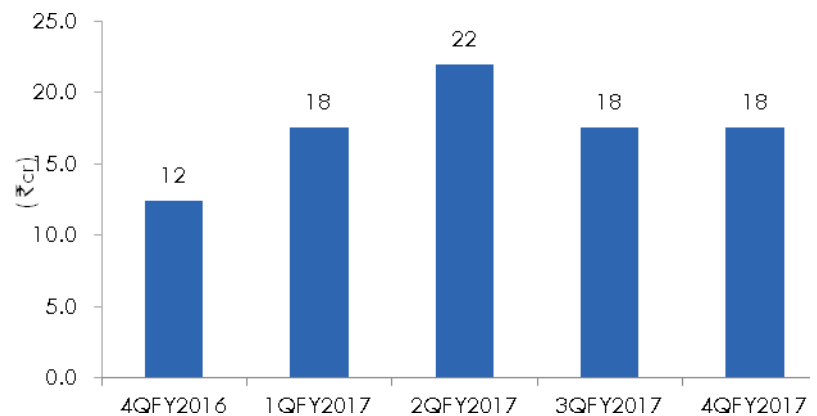
#### Exhibit 5: OPM trend



Source: Company, Angel Research

**Net profit lower than expectation:** Consequently, PAT came in at `18cr (lower than expectations) v/s. `39cr in 4QFY2016, de-growth of 14.4% yoy. The lower than expected net profit is on the back of lower than expected sales and OPM. Also, the interest expenses during the quarter, was lower restricting the net profit dip. Also, the other income came in at `13cr v/s. `9.0cr during the corresponding period.

#### Exhibit 6: Net profit trend



Source: Company, Angel Research

### Concall takeaways

- During the quarter, the company filed four ANDAs in the US, of which three are in first to file (FTF) category. For FY2017, the company filed nine ANDAs. The company expects to file 12 ANDAs in FY2018.
- The company will commence ophthalmology supplies to the US from 2QFY2018 onwards.
- The company has guided for R&D spend of 4.5% of overall revenues in FY2018.
- The company has guided for capex of `90cr in FY2018.

### 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 ~2,800 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. With a market share of ~0.7% and overall rank of 31, the company is still a marginal player with some top brands in smaller categories such as stomatologicals. We expect the domestic formulation segment to grow at a CAGR of 13.0% over FY2017-19E.

**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. The company derived ~49% of its revenues from exports in 2016-17. The US cumulative ANDA filings stood at 42 with 29 pending approvals (including 3 tentative approvals). Of these, 18 were filed under the Actavis deal. The Goa plant warning letter is likely to weigh on company's US business, as most of the pending ANDAs are from this unit. Watson deal, which is at the core of US business prospects, is also likely to witness a slowdown as the development may lead to a delay in approval for products that are part of the deal. The deal covers 18 pending ANDAs. We expect the exports segment to grow at 15.0% CAGR over FY2017-19E.

**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.

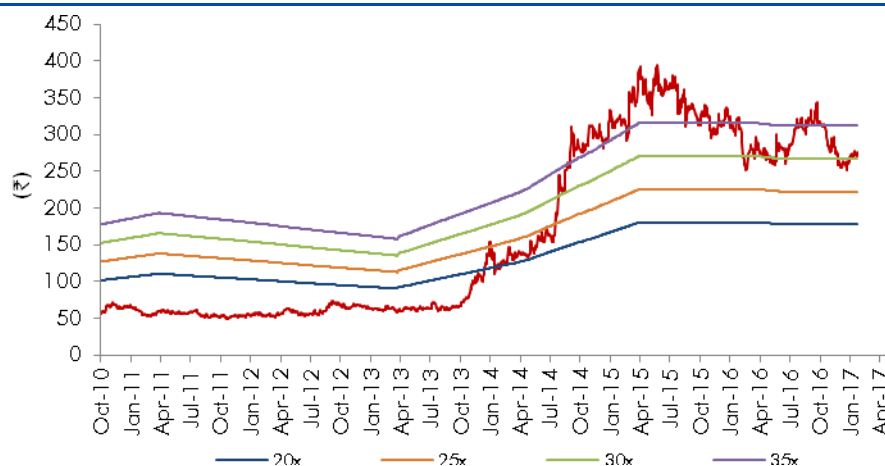
**Valuation:** We expect net sales to post a CAGR of 10.8% to ₹1,310cr and EPS to post a CAGR of 23.0% to ₹12.7 over FY2017-19E. At the current market price, the stock is trading at 23.8x and 17.4x its FY2018E and FY2019E earnings respectively. **We recommend a SELL rating on the stock considering the valuations.**

#### Exhibit 7: Key assumptions

	FY2018E	FY2019E
Domestic sales growth (%)	13.0	13.0
Exports growth	15.0	15.0
Operating margins (%)	14.9	14.9
Capex (₹ cr)	90.0	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)	FY2018E EV/Sales (x)	FY2018E EV/EBITDA (x)	FY16-18E CAGR in EPS (%)	FY2018E RoCE (%)	FY2018E RoE (%)
Alembic Pharma	Buy	552	648	17.3	21.7	2.5	12.0	(10.8)	27.5	25.3
Aurobindo Pharma	Buy	609	823	35.2	13.6	2.2	9.9	18.1	22.5	26.1
Cadila Healthcare	Sell	541	450	(16.8)	28.4	4.8	23.8	(0.5)	16.2	24.6
Cipla	Sell	550	465	(15.5)	22.4	2.5	15.2	14.2	12.2	13.9
Dr Reddy's	Neutral	2,631	-	-	24.8	2.9	15.8	(13.7)	10.8	13.6
Dishman Pharma	Under Review	301	-	-	26.6	2.9	12.7	16.3	13.0	13.5
GSK Pharma*	Neutral	2,463	-	-	49.7	6.2	38.4	6.0	22.3	21.3
<b>Indoco Remedies</b>	<b>Sell</b>	<b>193</b>	<b>153</b>	<b>(20.7)</b>	<b>17.1</b>	<b>1.7</b>	<b>11.7</b>	<b>6.3</b>	<b>10.1</b>	<b>15.0</b>
Ipca labs	Buy	501	710	41.7	25.8	1.8	12.6	13.9	10.4	9.5
Lupin	Buy	1,161	1,526	31.5	19.0	2.7	11.4	10.0	20.6	17.8
Sanofi India	Neutral	4,051	-	-	29.0	3.3	19.8	16.8	22.5	26.4
Sun Pharma	Buy	525	712	35.7	16.6	3.5	12.9	1.2	16.9	18.7

Source: Company, Angel Research; Note: \*December year ending, Price as of January 27, 2017

## 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)	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>Gross sales</b>	<b>735</b>	<b>863</b>	<b>987</b>	<b>1,078</b>	<b>1,167</b>	<b>1,325</b>
Less: Excise duty	13	11	10	12	13	15
<b>Net sales</b>	<b>722</b>	<b>852</b>	<b>977</b>	<b>1,067</b>	<b>1,154</b>	<b>1,310</b>
Other operating income	10	5	27	27	27	27
<b>Total operating income</b>	<b>733</b>	<b>857</b>	<b>1,004</b>	<b>1,094</b>	<b>1,181</b>	<b>1,338</b>
% chg	16.2	17.0	17.1	9.0	8.0	13.2
Total expenditure	612	691	831	937	982	1,115
Net raw materials	272	300	341	382	427	485
Other mfg costs	42	50	57	62	67	77
Personnel	130	140	183	216	234	265
Other	168	201	250	277	254	288
<b>EBITDA</b>	<b>110</b>	<b>161</b>	<b>145</b>	<b>129</b>	<b>172</b>	<b>195</b>
% chg	23.5	46.1	(9.7)	(11.0)	33.1	13.6
(% of Net Sales)	15.2	18.9	14.9	12.1	14.9	14.9
Depreciation& amortisation	31	47	60	63	75	83
<b>EBIT</b>	<b>79</b>	<b>114</b>	<b>85</b>	<b>66</b>	<b>97</b>	<b>113</b>
% chg	21.0	43.7	(25.4)	(22.2)	46.6	16.4
(% of Net Sales)	11.0	13.3	8.7	6.2	8.4	8.6
Interest & other charges	19	11	13	6	6	6
Other income	2	2	1	4	4	4
(% of PBT)	2.4	1.6	1.1	4.5	3.4	3.0
Share in profit of Associates	-	-	1.0	2.0	3.0	4.0
<b>Recurring PBT</b>	<b>72</b>	<b>110</b>	<b>101</b>	<b>91</b>	<b>122</b>	<b>138</b>
<b>PBT (reported)</b>	<b>72</b>	<b>110</b>	<b>101</b>	<b>91</b>	<b>122</b>	<b>138</b>
Tax	14	27	18	14	18	21
(% of PBT)	19.6	24.3	17.5	15.2	15.0	15.0
<b>PAT (reported)</b>	<b>58</b>	<b>83</b>	<b>83</b>	<b>77</b>	<b>104</b>	<b>117</b>
Add: Share of earnings of asso.	-	-	-	-	-	-
Less: Minority interest (MI)	-	-	-	-	-	-
Prior period items	-	-	-	-	-	-
<b>PAT after MI (reported)</b>	<b>58</b>	<b>83</b>	<b>83</b>	<b>77</b>	<b>104</b>	<b>117</b>
<b>ADJ. PAT</b>	<b>58</b>	<b>83</b>	<b>83</b>	<b>77</b>	<b>104</b>	<b>117</b>
% chg	36.5	42.3	0.2	(6.7)	34.0	13.0
(% of Net Sales)	8.1	9.7	8.5	7.3	9.0	9.0
<b>Basic EPS (`)</b>	<b>6.3</b>	<b>9.0</b>	<b>9.0</b>	<b>8.4</b>	<b>11.3</b>	<b>12.7</b>
<b>Fully Diluted EPS (`)</b>	<b>6.3</b>	<b>9.0</b>	<b>9.0</b>	<b>8.4</b>	<b>11.3</b>	<b>12.7</b>
% chg	36.5	42.3	0.2	(6.7)	34.0	13.0

**Balance Sheet (Consolidated)**

Y/E March (` cr)	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>SOURCES OF FUNDS</b>						
Equity share capital	18	18	18	18	18	18
Reserves & surplus	439	500	566	633	716	813
<b>Shareholders funds</b>	<b>457</b>	<b>519</b>	<b>583</b>	<b>651</b>	<b>734</b>	<b>831</b>
Minority Interest	-	-	-	-	-	-
Total loans	72	88	127	251	300	200
Other Long Term Liab.	9	9	10	10	10	10
Long Term Provisions	16	16	17	19	19	19
Deferred tax liability	31	27	24	(28)	(28)	(28)
<b>Total liabilities</b>	<b>585</b>	<b>659</b>	<b>762</b>	<b>903</b>	<b>1,006</b>	<b>1,003</b>
<b>APPLICATION OF FUNDS</b>						
Gross block	481	561	560	715	805	865
Less: acc. depreciation	156	203	264	327	402	485
<b>Net block</b>	<b>325</b>	<b>358</b>	<b>296</b>	<b>388</b>	<b>403</b>	<b>380</b>
Capital work-in-progress	44	44	44	44	44	44
Goodwill	-	0	88	98	98	98
<b>Investments</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long Term Loans And Adv.	55	58	71	66	113	128
Current assets	305	385	448	572	633	676
Cash	13	15	15	63	71	38
Loans & advances	42	85	78	107	115	131
Other	249	285	355	403	447	507
Current liabilities	144	187	201	265	285	323
<b>Net current assets</b>	<b>160</b>	<b>199</b>	<b>247</b>	<b>307</b>	<b>348</b>	<b>353</b>
Mis. Exp. not written off	-	-	-	-	-	-
<b>Total assets</b>	<b>585</b>	<b>659</b>	<b>761</b>	<b>903</b>	<b>1,006</b>	<b>1,003</b>



**Cash Flow Statement (Consolidated)**

Y/E March (` cr)	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
Profit before tax	72	110	101	91	122	138
Depreciation	31	47	60	63	75	83
(Inc)/Dec in working capital	(18)	(39)	(62)	(8)	(80)	(53)
Less: Other income	2	2	1	4	4	4
Direct taxes paid	14	27	18	14	18	21
<b>Cash Flow from Operations</b>	<b>69</b>	<b>90</b>	<b>81</b>	<b>128</b>	<b>95</b>	<b>143</b>
(Inc.)/Dec.in fixed assets	(41)	(80)	1	(155)	(90)	(60)
(Inc.)/Dec. in investments	-	-	-	-	-	-
Other income	2	2	1	4	4	4
<b>Cash Flow from Investing</b>	<b>(39)</b>	<b>(78)</b>	<b>3</b>	<b>(151)</b>	<b>(86)</b>	<b>(56)</b>
Issue of equity	-	-	(1)	-	-	-
Inc./(Dec.) in loans	(9)	16	41	126	49	(100)
Dividend Paid (Incl. Tax)	(12)	(22)	(21)	(21)	(21)	(21)
Others	(7)	(4)	(103)	(35)	(30)	(1)
<b>Cash Flow from Financing</b>	<b>(28)</b>	<b>(10)</b>	<b>(83)</b>	<b>70</b>	<b>(1)</b>	<b>(122)</b>
Inc./(Dec.) in Cash	2	2	(0)	48	8	(35)
<b>Opening Cash balances</b>	<b>12</b>	<b>13</b>	<b>15</b>	<b>15</b>	<b>63</b>	<b>71</b>
<b>Closing Cash balances</b>	<b>13</b>	<b>15</b>	<b>15</b>	<b>63</b>	<b>71</b>	<b>38</b>

### Key Ratios

Y/E March	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	30.5	21.5	21.4	23.0	17.1	15.2
P/CEPS	20.0	13.7	12.4	12.6	9.9	8.9
P/BV	3.9	3.4	3.0	2.7	2.4	2.1
Dividend yield (%)	0.5	1.0	1.0	1.0	1.0	1.0
EV/Sales	2.5	2.2	1.9	1.8	1.7	1.5
EV/EBITDA	16.7	11.5	13.0	15.2	11.7	9.9
EV / Total Assets	3.1	2.8	2.5	2.2	2.0	1.9
<b>Per Share Data (₹)</b>						
EPS (Basic)	6.3	9.0	9.0	8.4	11.3	12.7
EPS (fully diluted)	6.3	9.0	9.0	8.4	11.3	12.7
Cash EPS	9.7	14.1	15.6	15.3	19.4	21.7
DPS	1.0	2.0	2.0	2.0	2.0	2.0
Book Value	49.6	56.3	63.3	70.6	79.6	90.1
<b>Dupont Analysis</b>						
EBIT margin	11.0	13.3	8.7	6.2	8.4	8.6
Tax retention ratio	80.4	75.7	82.5	84.8	85.0	85.0
Asset turnover (x)	1.3	1.4	1.4	1.4	1.3	1.4
ROIC (Post-tax)	11.6	14.2	10.3	7.2	9.5	10.3
Cost of Debt (Post Tax)	18.7	10.0	9.6	2.8	1.9	2.1
Leverage (x)	0.2	0.1	0.2	0.2	0.3	0.3
Operating ROE	10.4	14.8	10.5	8.3	11.8	12.4
<b>Returns (%)</b>						
ROCE (Pre-tax)	13.9	18.3	11.9	7.9	10.1	11.2
Angel ROIC (Pre-tax)	15.3	20.2	14.0	10.0	13.0	13.9
ROE	13.4	17.0	15.1	12.6	15.0	15.0
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	1.6	1.6	1.8	1.7	1.6	1.6
Inventory / Sales (days)	50	55	54	63	65	61
Receivables (days)	64	62	68	80	82	77
Payables (days)	40	46	42	49	50	50
WC cycle (ex-cash) (days)	68	70	75	79	81	81
<b>Solvency ratios (x)</b>						
Net debt to equity	0.1	0.1	0.2	0.3	0.3	0.2
Net debt to EBITDA	0.5	0.5	0.8	1.5	1.3	0.8
Interest Coverage (EBIT / Int.)	4.2	10.7	6.8	10.7	15.7	18.3

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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*

**Ratings (Based on expected returns over 12 months investment period):**

**Buy (> 15%)**

**Accumulate (5% to 15%)  
Reduce (-5% to -15%)**

**Neutral (-5 to 5%)  
Sell (< -15)**