

Two for one share stock split...

The Ipca Laboratories stock has been sub-divided from one existing equity share of ₹ 2 each face value into two equity shares of ₹ 1 each face value. The record date for the same is January 11, 2022 while the ex-date for the same is today i.e. January 10, 2022. Consequently, Ipca Lab's share price has dropped to ~₹ 1099/share from ~₹ 2200/share. Hence, our target price has also now been revised to ₹ 1245/share post this corporate action.

Ipca has recently acquired Lyka Labs, which can be value accretive and is likely to benefit Ipca to enter into lucrative lyophilized injectables business in India and ROW markets. Ipca has maintained good traction in domestic formulations amid some margin pressure in medium term. However, we change our rating from BUY to **HOLD** due to the recent run-up in the stock. We value Ipca at ₹ 1245 i.e. 26x FY23E EPS of ₹ 47.9.



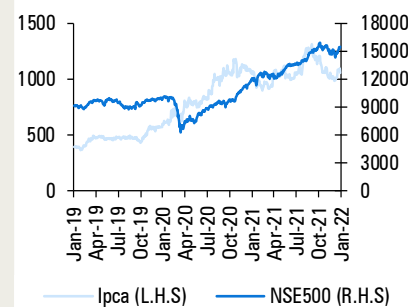
Particulars

Particular	Amount
Market Capitalisation	₹ 27890 crore
Debt (FY21)	₹ 265 crore
Cash (FY21)	₹ 365 crore
EV	₹ 27790 crore
52 week H/L (₹)	1384/893
Equity capital	₹ 25.4 crore
Face value	₹ 1

Shareholding pattern

(in %)	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Promoter	46.1	46.3	46.3	46.3	46.3
Others	53.9	53.7	53.7	53.7	53.7

Price Chart



Recent Event & Key risks

- Acquisition of Lyka Labs
- Key Risk:** (i) Prolonged input cost volatility (ii) Better traction for International Business

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Key Financial Summary

Key Financials (₹ crore)	FY19	FY20	FY21	5 year CAGR (FY16-21)	FY22E	FY23E	2 year CAGR (FY21-23E)
Revenues	3773.2	4648.7	5419.9	13.3	5911.4	6545.4	9.9
EBITDA	690.1	903.7	1544.3	39.8	1403.4	1643.0	3.1
EBITDA Margins (%)	18.3	19.4	28.5		23.7	25.1	
Net Profit	442.2	603.4	1139.9	65.0	989.5	1215.7	3.3
EPS (₹)	17.4	23.8	44.9		39.0	47.9	
PE (x)	63.1	46.2	24.5		28.2	22.9	
EV to EBITDA (x)	40.5	31.0	17.7		19.3	15.8	
RoNW (%)	14.2	16.6	24.2		17.5	17.7	
RoCE (%)	15.0	17.6	27.1		20.5	20.9	

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Buy: > 15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: < -15%



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