

July 16, 2012

BSE Code: 506820 NSE Code: ASTRAZEN Reuters Code: AZN.N Bloomberg Code: ASTR:IN

AstraZeneca Pharma India Ltd. (APIL), a global, innovation-driven biopharmaceutical business with a primary focus on discovery, development and commercialization of prescription medicines, is an Indian subsidiary of AstraZeneca Pharmaceuticals AB, Sweden. APIL, a joint venture between AstraZeneca, UK and Hinduja controlled IDL, is a market leader in local anesthetics with xylocaine. The company works together in partnership with several Indian firms to deliver high quality medicines to both international and Indian markets.

Investor's Rationale

Q4 reported net loss of ₹0.3 billion backed by voluntary recall of sterile products and temporary halt of production

APIL has posted a net loss of ₹0.3 billion in Q4FY'12 as against a net profit of ₹0.1 billion in the corresponding period a year earlier mainly due to a voluntary recall of sterile products. Temporary halt of production at its Bangalore facility as well as higher employee costs growth of 51.2% YoY at ₹0.6 billion as against ₹0.4 billion in Q4FY'11 also kept bottom line under pressure.

Witnessed 40.3% QoQ decline in top line driven by the supply constraint

APIL has posted net sales at ₹0.9 billion in Q4FY'12 which declined by 40.3% QoQ as against ₹1.5 crore in the previous quarter, affected mainly by the supply constraint that amounted to ₹0.3 billion in Q4FY'12 as against ₹0.6 billion in Q3FY'12 which represents a 50.0% decline.

EBITDA lost grounds on higher expenses

The company has reported an operating loss of ₹0.5 billion in Q4FY'12 as against an operating profit of ₹0.2 billion in the corresponding quarter of the previous year. The contraction in EBITDA was largely on account of a surge in operating expenses by 28.0% YoY to ₹1.4 billion from ₹1.1 billion.

Strategic tie-ups to enrich business portfolio

The company is on an expansion spree as it is eyeing several deals in hands which would be beneficial for the company. Recently, the company has collaborated with Bangalore-based Cellworks to jointly work on designing combination therapies to treat drug-sensitive and resistant tuberculosis. Further, the company is engaged in signing deals with companies like GlaxoSmithKline and Amylin Pharmaceuticals in order to add external pieces to their pharmaceutical portfolios.

Market Data

CMP (₹)	1,806.7
Target Price	1,987
Stop Loss	1,734
Duration	Mid-term
52-week High-Low (₹)	2649.5/1100
Rise from 52WL (%)	39.2
Correction from 52WH (%)	46.5
Beta	1.35
1 year Average Volume (mn)	0.01
Stock Return (%)	3M- (24.3)
	6M- 15.9
	9M- 44.2
Market Cap (₹bn)	45.2
Enterprise Value (₹bn)	44.7

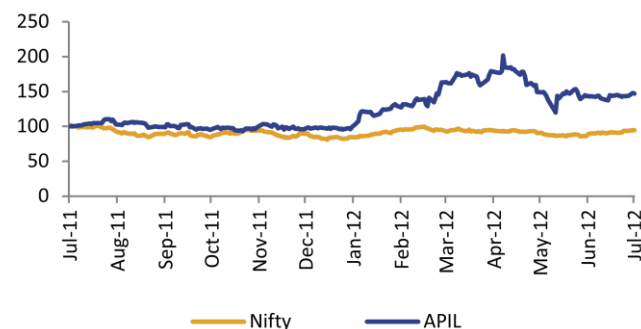
Shareholding Pattern

	Mar'12	Dec'11	Chg
Promoters (%)	90.0	90.0	(0.0)
FII (%)	0.3	0.1	0.2
DII (%)	1.6	2.4	(0.8)
Public & Others (%)	8.1	7.5	0.6

Quarterly Performance

(₹ bn)	Q4 FY'12	Q4 FY'11	Q3 FY'12	YoY Change(%)	QoQ Change(%)
Net sales	0.9	1.3	1.5	(27.6)	(40.3)
Op. exp	1.4	1.1	1.3	28.0	7.5
EBITDA	(0.5)	0.2	0.2	-	-
OPM	-	13.1	14.6	-	-
Net profit	(0.3)	0.1	0.1	-	-
NPM (%)	-	6.5	9.6	-	-
EPS/LPS	(13.2)	3.3	6.0	(5.0)	(3.2)

One Year Price Chart





Indbank Merchant Banking Services Ltd.
I Floor, Khiviraj Complex I,
No.480, Anna Salai, Nandanam, Chennai 600035
Telephone No: 044 – 24313094 - 97
Fax No: 044 – 24313093
www.indbankonline.com

Disclaimer

@ All Rights Reserved

This report and Information contained in this report is solely for information purpose and may not be used as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. The investment as mentioned and opinions expressed in this report may not be suitable for all investors. In rendering this information, we assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available to us. The information has been obtained from the sources that we believe to be reliable as to the accuracy or completeness. While every effort is made to ensure the accuracy and completeness of information contained, Indbank Limited and its affiliates take no guarantee and assume no liability for any errors or omissions of the information. This information is given in good faith and we make no representations or warranties, express or implied as to the accuracy or completeness of the information. No one can use the information as the basis for any claim, demand or cause of action.

Indbank and its affiliates shall not be liable for any direct or indirect losses or damage of any kind arising from the use thereof. Opinion expressed is our current opinion as of the date appearing in this report only and are subject to change without any notice.

Recipients of this report must make their own investment decisions, based on their own investment objectives, financial positions and needs of the specific recipient. The recipient should independently evaluate the investment risks and should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document and should consult their advisors to determine the merits and risks of such investment.

The report and information contained herein is strictly confidential and meant solely for the selected recipient and is not meant for public distribution. This document should not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced, duplicated or sold in any form.