

## Key Result Highlights

- Consolidated net sales of Vivimed grew by whopping 110% yoy to Rs. 251 crore in the quarter ended March 2012 from Rs. 120 crore in the quarter ended March 2011 mainly on the back of acquisition. Revenue from pharma business (68% of sales) surged 411% to Rs. 171 crore in Q4FY12 due to Uquifa acquisition. However, revenue from speciality chemicals declined 6% during the same period due to lower offtake from ISP alliances.
- EBIDTA margin for the quarter expanded by ~ 70 basis points to 18.7% primarily due to better product mix. Better margin pushed up EBIDTA of the Company by 117% to Rs. 47 crore for the quarter ended March 2012. However, higher interest outgo, depreciation cost and tax incidences have limited the net profit growth to 83% yoy. After accounting to Rs 3.33 crore as provision for taxation (against tax credit of Rs 1.07 crore) there was robust 83% growth in net profit to Rs 22.30 crore.
- For the full year, net sales were at Rs 668.31 crore (increased by sharp 61%), EBIDTA was at Rs 132.98 crore (grew by 56%) and net profit was at Rs 63.14 crore (surged by 29%).
- Vivimed spent Rs. 140 crore as capex in FY12. Out of this, Rs. 50 crore was used in land acquisitions for the SEZ and Rs. 80 crore was spent for productive assets creations at existing facilities. The Company plans to spend similar amounts in next couple of years in creating a branded formulation facility in India. The SEZ has to clear environmental and other regulatory hurdles.
- The Consolidated debt increased to Rs 570.15 crore as on 31st March 2012 compared to Rs 306.98 crore as on 31st March 2011 due to Uquifa acquisition and expansions.

## Outlook

FY12 result is more or less in line with our estimates. The management has re-iterated its revenue target of Rs1,000 crore+ based on the Uquifa integration. Vivimed is poised for robust growth in next two to three years on the back of strong product portfolio and recent acquisitions. Going forward, the Company will focus on branded formulation leveraging successful integration of Uquifa operation. The manufacturing base of Uquifa will take ~2-3 years to shift to India, subject to regulatory clearances. In the long run, the Company plans to exit low margin contract manufacturing business. Although near term margin is likely to take a hit due to increasing contribution from low margin API business of Uquifa, going forward it will improve. Vivimed is a net exporter and hedges only 20-30% of its export, thus benefiting from current rupee depreciation.

At the current market price of Rs.405.65, the stock is trading at 5.24x FY14E EPS. **We re-iterate our buy recommendation for a revised target price of Rs 590.**

### Recommendation

Rating	Buy
CMP	405.65
Target Price	590.00
Upside	45%

### Market Data

Sector	Specialty Chemicals
Face Value (Rs.)	10.00
Share Outstanding (Cr)	1.39
Market Cap (Rs. Cr)	565.07
P/E on TTM Earnings (x)	9.02
Book Value (Rs./share)	231.56
Dividend (%)	20
Average 6 months volume	33793
Beta -Sensex	0.8273
52 Week H/L	444.00 / 212.50

### Shareholding Pattern

Promoters	45.15%
Foreign	25.82%
Institutions	1.60%
Non Promoter Corp	4.62%
Public	22.80%

### Price Performance



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## Latest Results

<b>Profit &amp; Loss Account (Consolidated)</b>						
Rs. In Crore	Q4FY12	Q4FY11	VAR [%]	FY12	FY11	VAR [%]
<b>Net Sales</b>	<b>251.06</b>	<b>119.75</b>	<b>109.70</b>	<b>668.31</b>	<b>416.00</b>	<b>60.70</b>
Other Operating Income	0.90	0.82	9.80	2.69	0.93	189.20
<b>Total Income</b>	<b>251.96</b>	<b>120.57</b>	<b>109.00</b>	<b>671.00</b>	<b>416.93</b>	<b>60.90</b>
Consumption of raw material	115.25	59.23	94.60	355.74	241.56	47.30
Stock Adjustment	2.02	2.89	-30.10	-18.35	-4.59	-299.80
Employee cost	13.88	3.59	286.60	34.22	19.97	71.40
Other expenditure	73.63	33.15	122.10	166.40	74.99	121.90
<b>Total Expenditure</b>	<b>204.78</b>	<b>98.86</b>	<b>107.10</b>	<b>538.01</b>	<b>331.93</b>	<b>62.10</b>
<b>PBIDT</b>	<b>47.18</b>	<b>21.71</b>	<b>117.30</b>	<b>132.99</b>	<b>85.00</b>	<b>56.50</b>
Interest	8.10	7.04	15.10	28.38	20.59	37.80
Depreciation	13.46	3.57	277.00	26.79	9.15	192.80
PBT	25.62	11.10	130.81	77.82	55.26	40.83
Tax	3.32	-1.07	410.30	14.68	6.43	128.30
<b>Net Profit After Tax</b>	<b>22.30</b>	<b>12.17</b>	<b>83.20</b>	<b>63.14</b>	<b>48.83</b>	<b>29.30</b>
<b>EPS (Rs.)</b>	<b>16.00</b>	<b>11.98</b>	<b>33.60</b>	<b>45.31</b>	<b>48.04</b>	<b>-5.70</b>

## Segment Revenue

Rs. In Cr	Q4FY12	Q4FY11	VAR [%]	FY12	FY11	VAR [%]
<b>Revenue:</b>						
Speciality Chemicals Business	81.37	86.36	-5.78	343.90	372.90	-7.78
Pharma Business	170.59	33.39	410.90	345.45	99.72	246.42
Total	251.96	119.75	110.41	689.35	472.62	45.86
<b>PBDIT:</b>						
Speciality Chemicals Business	14.97	16.26	-7.93	60.10	59.32	1.31
Pharma Business	18.75	3.64	415.11	46.12	16.54	178.84
<b>PBDIT Margin (%)</b>						
Speciality Chemicals Business	18.40	18.83	-43*	17.48	15.91	+157*
Pharma Business	10.99	10.90	+9*	13.35	16.59	-324*

\*Basis Points





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