



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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Associate: Tanush Mehta 022 67141441

AGM KTAs @ Dalal & Broacha

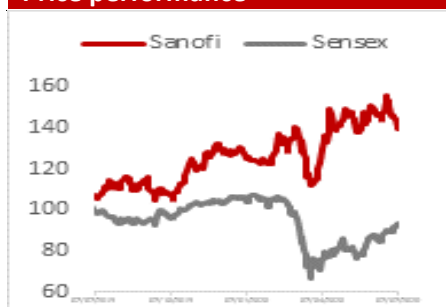
BUY

Current Price	7515
Target Price	9187
Upside	22%
52 Week Range	5610/8529

Key Share Data

Market Cap (Rs.bn)	174
Market Cap (US\$ bn)	2.32
No of o/s shares (mn)	23.03
Face Value	10
Monthly Avg. vol(BSE+NSE)	
Nos'000	28.74
BSE Code	500674
NSE Code	SANOFI
Bloomberg	SANL:IN

Price performance



% Shareholding	Mar-20	Dec-19
Promoters	60.40	60.40
Public	39.60	39.60
Others	0.00	0.00
Total	100.0	100.0

KTAs from Sanofi India AGM:

1. There were **no supply disruptions during the lockdown**. Sanofi India is committed to ensure no disruption in supplies in the Indian market.
2. **Goa plant operating at pre-Covid levels, at 85% capacity utilisation**. The capacities at Goa are sufficient to service the demand for the next few years without significant capex.
3. **Sale of Ankleshwar plant to ZENTIVA alongwith termination of 5 year supply contract, completed on May 29, 2020**. Loss on sale of ZENTIVA Rs 470 crs, around 15% of sales. The company expects to make over through growth over next 2 years.
4. The company continues to service its other customers through exports, with 80% of exports to Europe.
5. Tech transfer of products from Ankleshwar to the Goa plant taking place in a phased manner to be completed by December'2020. No supply disruptions expected due to the transfer.
6. Sanofi India continues to focus on 7 key therapies namely diabetes, cardiovascular, respiratory, pain management, neurology, gastroenterology and vitamins. The company's focus is on brands for the Indian market.
7. **Insulin portfolio at Rs 560 crs in CY2019. Lantus sales around Rs 445 – 460 crs (15% of total sales), growing more than the therapy**. The oral anti diabetic portfolio grew in volumes led by Amaryl, which grew 9% despite price cuts.
8. **CARDACE, Sanofi's cardiovascular brand amongst the top 10 products is currently facing challenges due to price cut**. The company believes that the lower price will enable wider reach and expand its base going forward.
9. Sanofi India launched 4 new products in CY2019, namely Combiflam Plus (Paracetamol and Caffiene) for headache, Allegra Nasal spray, DePura Cal (Vitamin D) and Collaflex Pro Plus – For Knee Osteoarthritis.
10. Nutraceuticals sales were at Rs 148 crs, with sales from top 3 brands at Rs 75 crs.
11. Sales from new launches were at Rs 41 crs (1% of sales).
12. No plans to launch 'DUPIXENT' in the Indian market as the company does not have a speciality care portfolio.
13. Sanofi India has 1860 MRs as field force, implying India sales per MR at Rs 11.4 mn.

Valuation At Rs 7547, Sanofi trades at 29x CY21E EPS of Rs 263.8. **Maintain BUY.**

Financials (Rs. Mn)

Year	Sales	% Growth	EBIDTA	OPM (%)	PAT	% Growth	EPS	PE (x)	EV/EBITDA	RoE (%)	RoCE (%)
CY17	24,914	3.0%	5,372	21.6%	3,260	7%	141.7	53.0	31	16	24
CY18	27,708	11.2%	6,235	22.5%	3,806	17%	165.5	45.4	26	17	26
CY19	30,706	10.8%	6,653	21.7%	4,735	24%	180.1	41.7	24	19	26
CY20E	31,041	1%	7,115	22.9%	5,372	13%	233.6	32.2	23	27	35
CY21E	34,048	10%	7,847	23.0%	6,068	13%	263.8	28.5	20	26	34



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Sanofi India Limited											
P&L (Rs mn)	CY17	CY18	CY19	CY20E	CY21E	Cash Flow St. (Rs. mn)	CY17	CY18	CY19	CY20E	CY21E
Net Sales	24,914	27,708	30,706	31,041	34,048	Net Profit	3,260	3,806	4,735	5,372	6,068
Raw materials	10,041	11,459	13,474	13,799	14,825	Add: Dep. & Amort.	1,022	1,027	999	885	877
Employee costs	3,685	4,068	4,497	4,191	4,693	Cash profits	4,282	4,833	5,734	6,257	6,945
Other Expenses	5,816	5,946	6,082	5,937	6,682	(Inc)/Dec in					
Cost of sales	19,542	21,473	24,053	23,926	26,201	-Inventories	775	(675)	135	19	(453)
Operating Profit	5,372	6,235	6,653	7,115	7,847	-Trade receivables	(503)	367	(656)	114	(206)
Depreciation	1,022	1,027	999	885	877	-Loans/advances	(1,021)	(956)	555	475	414
PBIT	5,157	6,105	6,595	7,279	8,220	-Other Current Financial					
Other income	807	897	941	1,050	1,250	Assets	171	(30)	21	2	(2)
Interest	11	7	3	20	20	-Current Tax assets	(218)	(49)	(182)	(66)	(69)
Profit before tax	5,146	6,098	6,592	7,259	8,200	-Other Assets	(394)	(112)	(319)	(434)	(564)
Provision for tax	1,886	2,292	1,857	1,887	2,132	-Assets held for sale	-	(39)	39	-	-
Reported PAT	3,260	3,806	4,735	5,372	6,068	-Trade Payables	961	169	251	92	281
Balance Sheet	CY17	CY18	CY19	CY20E	CY21E	-other Financial Liabilities	(24)	122	(10)	(7)	(7)
Equity capital	230	230	230	230	230	- Employee benefit obligation	40	(106)	297	(163)	161
Reserves	20,034	21,962	24,193	19,612	23,199	-Other liabilities	(219)	(2)	36	12	13
Net worth	20,264	22,192	24,423	19,842	23,429	-Provisions	102	35	98	170	150
Other Non Current						- Liab with asset held for sale	-	9	2	-	-
Liabilities	-	-	-	-	-	-Current tax Liabilities	53	17	175	70	79
Deferred Tax Liabilities	1,031	921	446	379	322	Change in working capital	(277)	(1,250)	442	284	(202)
Employee Benefit						CF from Oper. activities	4,005	3,583	6,176	6,541	6,743
Obligation	465	491	541	503	563	CF from Inv. activities	(508)	(575)	1,381	(208)	(303)
Total debt	-	-	-	-	-	CF from Fin. activities	(1,808)	(1,988)	(2,979)	(10,019)	(2,539)
Provisions	-	-	-	-	-	Cash generated/(utilised)	1,689	1,020	4,578	(3,686)	3,901
CAPITAL EMPLOYED	21,760	23,604	25,410	20,724	24,314	Cash at start of the year	5,610	7,299	8,319	12,897	9,211
Tangible Assets						Cash at end of the year	7,299	8,319	12,897	9,211	13,112
Gross block	6,646	7,264	6,311	6,811	7,311	Ratios	CY17	CY18	CY19	CY20E	CY21E
Accumulated						OPM	22%	23%	22%	23%	23%
depreciation	1,185	1,785	2,784	3,669	4,547	NPM	13%	13%	15%	17%	17%
Net block	5,461	5,479	3,527	3,142	2,764	Tax rate	37%	38%	28%	26%	26%
Intangible Assets						Growth Ratios (%)					
Gross block	731	731	731	731	731	Net Sales	3%	11%	11%	1%	10%
Accumulated						Operating Profit	0%	16%	7%	7%	10%
depreciation	-	-	-	-	-	PAT	7%	17%	24%	13%	13%
Net block	731	731	731	731	731	Per Share (Rs.) *					
Capital WIP	244	164	127	127	127	Net Earnings (EPS)	141.7	165.5	180.1	233.6	263.8
Total fixed assets	6,436	6,374	4,385	4,000	3,622	Cash Earnings (CPS)	317.4	361.7	560.7	400.5	570.1
Intangible Assets under						Dividend	82	86	349	120	130
Development	57	47	47	47	47	Book Value	881	965	1,062	863	1,019
Other Financial Assets	23	53	32	30	32	Free Cash Flow	64	237	491	93	476
Other Non-Current						Valuation Ratios					
Assets	56	59	39	39	39	P/E(x)	53	45	42	32	28
Loans	4,181	5,129	4,602	4,142	3,728	P/B(x)	0.2	0.2	0.2	0.3	0.3
Non Current Investments	2	2	-	-	-	EV/EBIDTA(x)	31	26	24	23	20
Other Intangible Assets	1,498	1,118	729	437	241	EV/SALES(x)	7	6	5	5	5
Non Current Tax Assets	1,086	1,135	1,317	1,383	1,452	Div. Yield(%)	1	1	5	2	2
Asset held for sale	-	39	-	-	-	FCF Yield(%)	1%	3%	7%	1%	6%
Cash & bank	7,299	8,319	12,897	9,211	13,112	Return Ratios (%)					
Inventories	4,156	4,831	4,696	4,677	5,131	ROE	16	17	19	27	26
Debtors	1,951	1,584	2,240	2,126	2,332	ROCE	24	26	26	35	34
loans	35	43	15	-	-	Equity	230	230	230	230	230
Other current Assets	997	1,106	1,445	1,879	2,442	Face Value	10	10	10	10	10
Creditors	3,269	3,438	3,689	3,781	4,062						
Other financial Liabilities	137	259	249	242	234						
Other Current Liabilities	121	119	155	167	181						
Provision	1,249	1,284	1,382	1,552	1,702						
Employee Benefit											
Obligations	848	716	963	838	939						
Liab with assets held for											
sale	-	9	11	11	11						
Current tax liabilities	393	410	585	655	734						
Working capital	8,421	9,648	14,259	10,647	15,154						
CAPITAL DEPLOYED	21,760	23,604	25,410	20,724	24,314						



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