



**Solvay Pharma India Limited**

**CMP Rs. 650.0 | BUY**

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## Solvay Pharma India Limited

CMP Rs. 650.0

Initiating Coverage

**BUY**

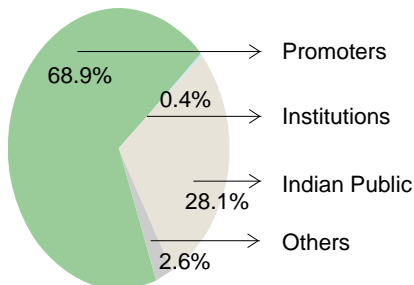
### Stock Codes

Bloomberg	: DPHI.IN
Reuters	: SOPI.BO
BSE Code	: 532447
NSE Code	: -
BSE Group	: B

### Stock Data

Benchmark	: BSE Small Cap
52 Week H/L	: 770.0/477.10
Float	: 1.57 Mn
Mkt Cap	: Rs. 3,282.3 Mn
Face Value	: Rs. 10.0

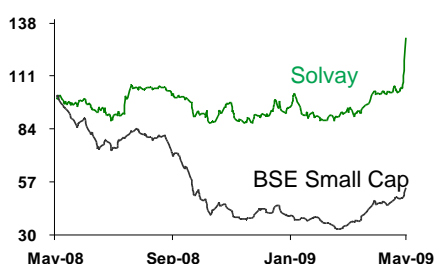
### Shareholding Pattern (as on Mar 09)



### Stock Returns

	1 Mth	3 Mths	6 Mths
Solvay	28.29	47.44	40.58
BSESM	18.10	44.66	31.14

### Price Comparison



Hiren Samani : hiren@ppfas.com

◆ Solvay Pharma India Ltd (SPIL) is the subsidiary of Solvay Group of Belgium. The parent is one of Europe's leading pharmaceutical and chemical companies, holding 69% of the Indian company's equity of Rs 51 Mn. Solvay's commitment to India has ensured the flow of product from its global stable to India, as can be seen from the virtual overlap of the pharma portfolio of the parent and SPIL.

◆ SPIL's focus on niche therapeutic areas, mirroring the parent's portfolio ensures limited competition and better margins, while new product launches ensure sales growth higher than that of the domestic market. SPIL has successfully launched number of products in the domestic market that have been performing well for the company. Also, SPIL does not have any of its current products falling under the DPCO net.

◆ SPIL has grown consistently at double digits for the past couple of years, outperforming the Indian domestic pharma market. The company has achieved a top-line growth of 14.6% CAGR over CY04-CY08 period. The bottom-line has also grown by 9% CAGR over the same period. The company enjoys stable EBITDA margins in the range of 23% - 25% consistently. We expect SPIL to continue on its growth path going forward.

◆ Despite the steep pricing of most MNC pharma companies, valuations of SPIL are attractive. It has a pure cash balance of Rs. 69.4 Mn. for CY2008. It's debt-free status & healthy cash flows year-on-year makes it a good long term bet. At CMP of Rs. 650, the scrip trades at 9.4x CY09E & 8.4x CY2010E earnings. We initiate coverage on SPIL with a BUY rating.

### Summary Financials

Particulars (Rs Mn)	CY04	CY05	CY06	CY07	CY08	CY09E	CY10E
Total Revenues	1,161.5	1,297.4	1,440.9	1,677.7	2,003.4	2,271.9	2,533.2
PAT	233.6	182.2	187.3	281.2	328.0	347.8	389.8
OPM (%)	23.7%	23.2%	21.6%	26.3%	23.3%	23.2%	22.8%
EBITDA (%)	24.8%	25.5%	23.7%	28.6%	25.7%	24.8%	24.7%
PAT (%)	20.1%	14.0%	13.0%	16.8%	16.4%	15.3%	15.4%
EPS (Rs.)	46.3	36.1	37.1	55.7	65.0	68.9	77.2
P/E (x)	14.0	18.0	17.5	11.7	10.0	9.4	8.4
ROCE (%)	45.2%	41.8%	36.1%	49.5%	46.0%	39.6%	36.8%
RONW (%)	27.5%	26.8%	22.8%	32.4%	30.0%	26.0%	24.1%
DPS (Rs.)	5.0	6.0	8.0	40.0	17.5	17.0	19.0
Dividend Payout (%)	10.8%	16.6%	21.6%	71.8%	26.9%	24.7%	24.6%

Solvay Pharma India Ltd. (SPIL) is a 68.85% subsidiary of the Solvay Group, Belgium that holds its stake in SPIL through Solvay Healthcare Ltd. (49.44%) & British Colloids Ltd. (19.41%). SPIL emerged as the pharma entity, out of the demerger of Duphar Interfran Ltd. in 2001. SPIL operates in niche therapeutic areas of Neuroscience, Gastroenterology, Women's Health, Hormone Therapies, Influenza Vaccines & Other therapies like Hepatology, Perinatology, Muscle Relaxants, Digestive Enzymes & Allergy. The company clocked a turnover a Rs. 2,003.4 Mn. for CY2008. SPIL ranked 44th in the Indian domestic pharma market as per the 2007 ORG IMS report & currently, with no products falling under the DPCO, enjoys a market share of 0.48%.

Over the past several years, Solvay has launched products in the Indian domestic market almost every year from its parent's product portfolio. The company launched a major vaccine for Influenza - Inluvac, in 2005 & has also launched line extensions for many of its existing products. Besides launching products from the parent's product basket, SPIL has in-licensed products from other pharmaceutical companies as well. The highest selling product for SPIL has been Duphaston in the Gynaecology segment. Other key products include Udiliv, Pankreoflat & Creon (Gastroenterology), Duvadilan (Gynaecology) & Inluvac (Influenza), all of which have shown decent growth rates over the years.

## Company Background

1951	Founded in India by Dr. V.K.Raju as International Franchise Pvt. Ltd.
1963	Collaborated with Crookes Laboratories, UK & Phillips Duphar, Holland & got renamed as Crookes Interfran Ltd.
1971	Changed its name to Duphar Interfran Ltd.
1976	Went public on the Bombay Stock Exchange.
1980	Solvay, Belgium acquired Phillips Duphar B.V., Holland
2001	Duphar Interfran Ltd. demerged & vested its pharmaceutical business in Duphar Pharma Ltd.
2002	Got listed on the Stock Exchange as Duphar Interfran Ltd. & changed its name to Solvay Pharma Ltd.
2003	Acquired 8 Pharmaceutical Brands/Marketing Rights to products in Indian market.
2004	Sold Karvol, its nasal decongestant brand to M/s Indoco Remedies.
2005	Solvay increased its stake from 63.94% to 68.85% currently.

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## Gastroenterology

1. Duphalac Solution - Constipation & Hepatic Encephalopathy
2. Creon Capsules - Pancreatic Exocrine Insufficiency
3. Colospa Tablets - Irritable Bowel Syndrome
4. Pankreoflat Tablets - Indigestion
5. Udiliv Tablets - Jaundice, Hepatitis & Gall Stones
6. Eldicet Tablets - Irritable Bowel Syndrome

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## Gynaecology

1. Duphaston Tablets - Progesterone Deficiency
2. Duvadilan Injections, Tablets & Retard Capsules - Uterine Relaxant
3. Utrogestan Capsules - Progesterone Deficiency
4. Puregon Injection - Infertility
5. Nugon Injection - Infertility
6. Clome Tablets - Infertility
7. Oestrogel Gel - Estrogen Deficiency
8. B-crip Tablets - Parkinsonism & Hyperprolactinemia

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## Mental Health

1. Vertin Tablets - Vertigo
2. Uvox Tablets - Depression

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## Vaccines

1. Influvac Injection - Influenza Vaccine

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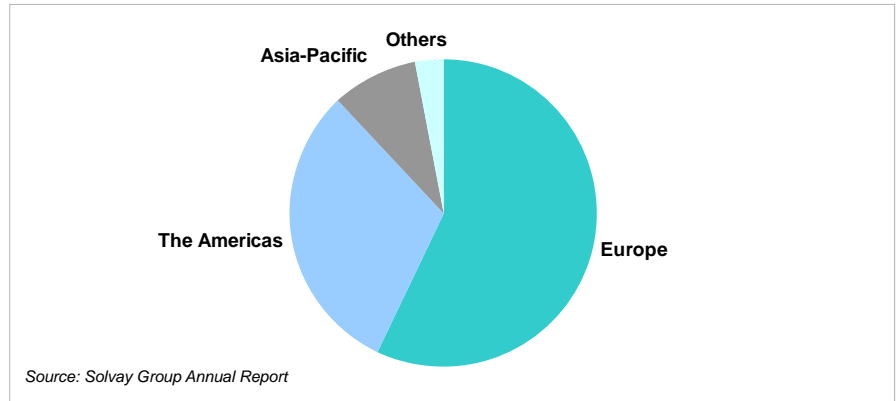
## Others

1. Arachitol Injection - Vitamin D3 supplement
2. Duodil Tablets - Skeletal Muscle Spasm
3. Solspre Nasal Spray - Saline Nasal Spray
4. Ebasil Tablets - Allergic Rhinitis & Urticaria
5. Collosol Iodine Oral Solution - Iodine Deficiency

## Parent Company Profile - Solvay Group

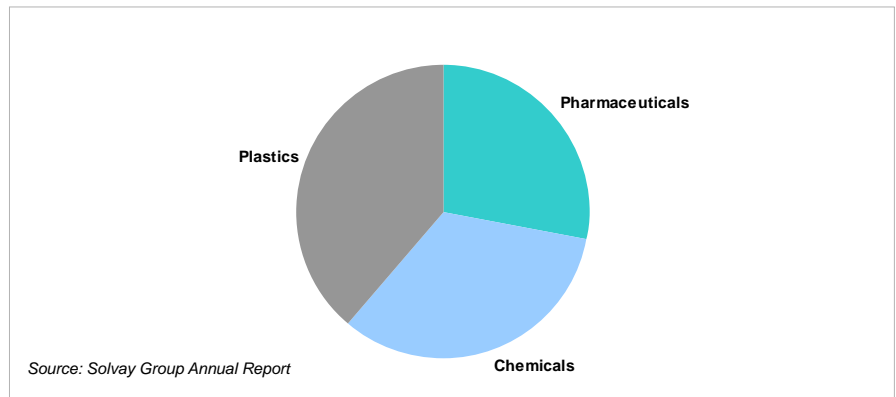
Solvay Group is an international Chemicals & Pharmaceuticals group headquartered in Brussels, Belgium. The group operates in three sectors – Chemicals, Pharmaceuticals & Plastics. It employs more than 29,000 people in 50 countries worldwide. The Group's Consolidated Revenues for the year 2008 stood at EURO 9,490 Mn. with roughly 57% of the revenues coming from the European Union & the rest 43% coming from the rest of the world. Consolidated Net Income for 2008 stood at EURO 449 Mn.

**Solvay Group  
Geographic Sales Mix : 2008**



Chemicals & Pharmaceuticals are the main focus areas for the Group, with Pharmaceuticals contributing about 28% of the consolidated revenues for 2008. Similarly, 20% of the Pharmaceutical Revenues came from the emerging countries.

**Solvay Group  
Business Segment Sales Mix: 2008**



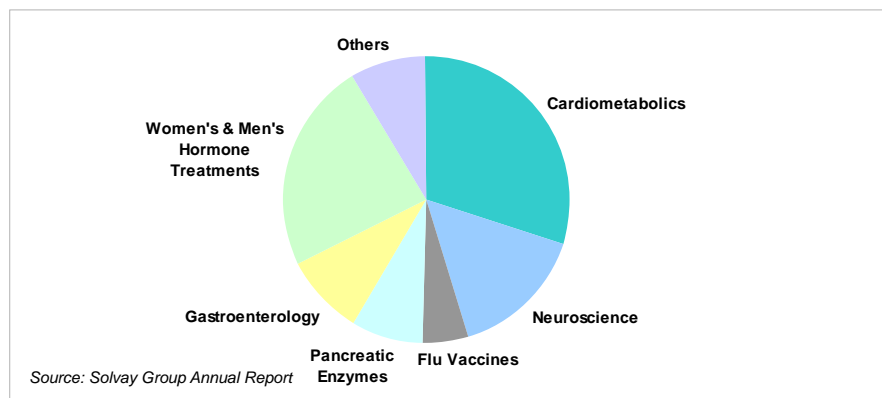
Solvay Group has a wholly owned chemicals entity in India & SPIL is the Group's only pharmaceutical entity in the country.

## Pharma Division of Solvay Group

Solvay Pharmaceuticals is a research-driven group of companies constituting the global pharmaceutical business of the Solvay Group. SPIL is an integrated part of Solvay Pharmaceuticals. The pharmaceutical sales of the Solvay Group for 2008, stood at EURO 2,699 Mn., placing it in the top 40 pharmaceutical companies worldwide. Though small in absolute numbers, Solvay's pharmaceutical R&D expenditure of EURO 428 Mn. (16% of 2008 Sector Revenues) have shown considerable promise in recent years. The Group operates in several niche areas of the pharmaceutical industry which have faster growth & lower competition. The primary focus is in therapeutic areas of Neuroscience, Gastroenterology, Flu Vaccines, Pancreatic

Enzymes & Women's Healthcare. Its 2005 acquisition of a French company – Fournier Pharma, gave Solvay entry into another lucrative field of Cardiometabolics. In 2008, Solvay also acquired a Belgian biotech company – Innogenetics N.V. for about EURO 200.7 Mn.

**Solvay Group**  
Therapeutic area – Sales: 2008



It is important to note that Solvay Pharma India Ltd. has a similar therapeutic focus as its parent group.

### In the news recently

The consolidation phase in the global pharmaceutical industry has been picking up steam with Big Pharma companies looking to acquire/merge with other companies having strong product pipelines.

According to media reports, a number of Big Pharma majors are lined up to acquire the pharmaceutical business of Solvay Group, whose strong pipeline has made it an attractive proposition for Big Pharma, with its 10 compounds in Phase III development including a potentially lucrative Parkinson's treatment and flu vaccine. UK's Financial Times reported that Sanofi-Aventis had made an offer of EURO 5 billion (USD 6.6 billion) to acquire the pharmaceutical business of Solvay. In addition to Sanofi, other companies reported to be interested in the Belgian pharma are Takeda, Abbott Laboratories, AstraZeneca, Bayer & Merck KgaA.

However, Financial Times also reported that Sanofi-Aventis had its EURO 5 billion offer rejected by Solvac, the family-owned holding vehicle that holds 30% in the Solvay Group, because Solvac believed that Sanofi's EURO 85 a share offer undervalued the company, with the group believing the pharma business to be worth EURO 100 per share.

Reacting to the press articles, Solvay Group confirmed that "it is proceeding with an analysis of various options for its pharmaceutical activities", which includes discussions with third parties. However, "at this stage, this does not involve any other decision in this respect."

This clarification by the Solvay Group clearly indicates that the Group might be looking out to sell its pharmaceutical business. If something on these lines happens, we could see some more consolidation within the global pharmaceutical framework. The implications for the Indian listed subsidiary – Solvay Pharma India Ltd. remains to be seen.

**Product Portfolio**

SPIL's domestic portfolio matches that of its parent's pharmaceutical division. Also, the management is looking to increase the therapeutic coverage by launching drugs in the cardiovascular segment from the stable of Fournier Pharma. This shows the commitment of the parent company towards the Indian market and towards SPIL. Like the parent, SPIL too focuses on Gastroenterology, Gynaecology, Mental Health (Neuroscience) and Vaccines.

The company launched Influvac, a vaccine indicated for prevention of Influenza, in 2005 which it claims to be the latest 3rd generation subunit Influenza vaccine in the Indian market. Here is the list of products launched by SPIL in the Indian domestic market :

**Recent Product Launches**

Therapeutic Areas	Product Name	Description	Year of Launch
Gastroenterology	Creon 40000	Pancreatic Exocrine Insufficiency (Line Extension)	2009
Anti-Histamine	EBASIL 20	Allergic Rhinitis & Urticaria (Line Extension)	2009
Anti-Histamine	Ebasil Tablets	Allergic Rhinitis & Urticaria (In-licensed from Micro Labs)	2008
Gastroenterology	Udiliv-600	Jaundice, Hepatitis & Gall Stones (Line Extension)	2008
Gastroenterology	Pankreoflat Tablets	Indigestion (Re-launch)	2007
Gastroenterology	Colospa SR	Irritable Bowel Syndrome (Line Extension)	2006
Gastroenterology	Creon 25000	Pancreatic Exocrine Insufficiency (Line Extension)	2006
Vaccines	Influvac Injection	Influenza Vaccine	2005

Source: SPIL Annual Report

SPIL plans to further launch 2 new products in the current year :

**New Products to be Launched**

Therapeutic Areas	Product Name	Description	Expected Year of Launch
Gastroenterology	ROWASA	Irritable Bowel Syndrome	2009
Gynaecology	CERVIDIL	Induction of Labour	2009

Source: SPIL Annual Report

Besides launching products from its parent's portfolio, SPIL also in-licences products from other pharma companies. It had acquired 8 Pharmaceutical Brands/Marketing rights for products in the Indian domestic market in 2003, all of which have been performing quite well since then. These acquired brands fall in various categories like Hepatology, Perinatology, Burns & Muscle Relaxants. SPIL sold its nasal decongestant brand – Karvol to M/s Indoco Remedies for Rs. 87.5 Mn. in September 2004.

## Parent's Product Pipeline

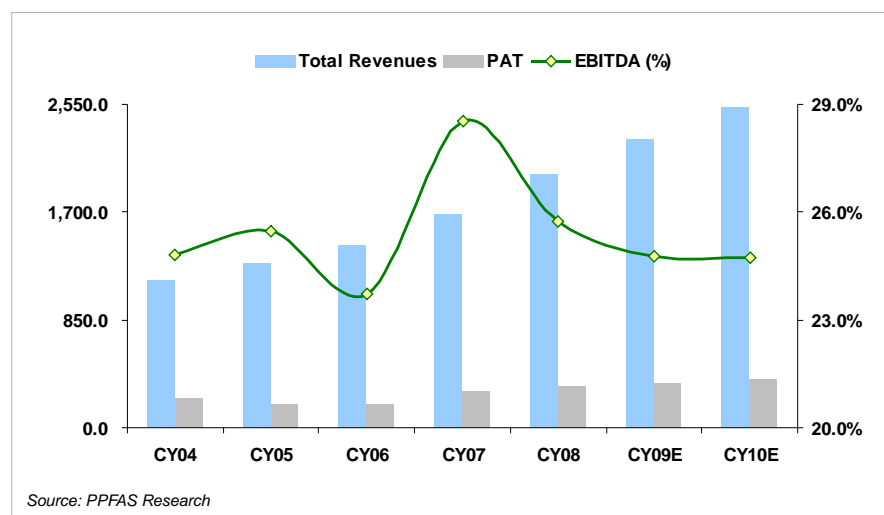
Therapeutic Areas	Pre-Clinical	Phase I	Phase II	Phase III	Filed/Approved
Cardio -metabolics	SLV342, SLV352, SLV356, SLV358	SLV337, SLV338, SLV341	Dagliatril (SLV306) SLV320	TRILIPIX™ ROW SLV285 (Zolip)	TRILIPIX™ US PULZIUM® intravenous (EU)
Neuroscience	SLV338, SLV354, SLV357, SLV359, SLV360		SLV334 Anatibant (+Xytris)	Bifeprunox Pardoprunox DUODOPA® US Gabapentine GR	
Influenza Vaccine	Adjuvants, H5N1 TC	Influvac® TC US		Influvac® TC EU GRIPPOL® TC	GRIPPOL® Plus
Pancreatic Enzymes	Optimized Pancreatic Enzymes (non-animal sourced) SLV340		SLV339	CREON® Japan	CREON® US
Innogenetics	Targets for biomarkers & assay prototyping	LiPA HBV DR v3 IB AlzBio3 (EU/US) LiPA CFPlus	LIA Process LIA/LIPA Platform (US)	HCV Versant (US)	LiPA HPV GT (EU)

Source: Solvay Group Website, PPFAS Research

As the company operates in niche therapeutic areas, it enjoys better growth prospects & stable margins. With no products falling under the DPCO, SPIL enjoys relative pricing power for its products. Also, as can be seen from the above table, the parent's pipeline is focused on the same therapeutic areas as the current business profile & has various products at several stages of research & development. As and when these products receive marketing approvals, they are likely to be launched in India as well. Though it is tough to say when the first product from this pipeline will be introduced, one can see the potential for new products to be launched, thereby benefiting Solvay Pharma India Ltd.

## Steady Operating Performance

Solvay Pharma India Ltd. has been successfully growing at double digits for the past several years & outperforming the pharmaceutical sector in India. SPIL has achieved a top-line growth of 14.6% CAGR over CY04-CY08 period. The bottom-line has also grown by 9% CAGR over the same period. The company also enjoys stable EBITDA margins in the range of 23% - 25% consistently.

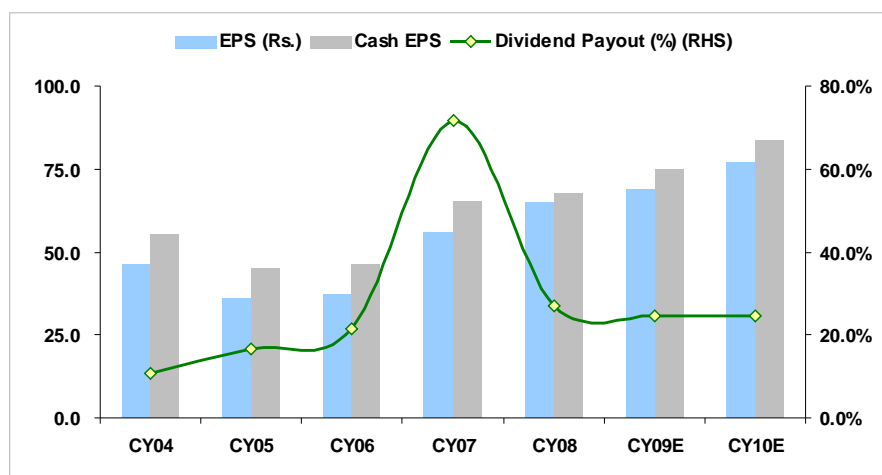


SPIL makes up for its small size by having a niche product portfolio & a very focused approach on select high growth therapeutic segments. Having access to its parent's product pipeline also benefits SPIL, as it can launch these products in the Indian domestic markets.

Going forward, we believe that the company should be able to maintain its growth trajectory. We expect SPIL to achieve 12.4% CAGR & 9% CAGR growth in its topline & bottomline respectively, over CY08-CY10E period.

### **Debt Free – Decent Dividends**

SPIL's strong Balance Sheet makes it a clear long-term investment candidate. Debt-free status & healthy cash flows year-on-year add to the defensive nature of the stock. We believe that these healthy cash flows should help the company in case a reasonable acquisition opportunity presents itself. Also the company has been rewarding its shareholders by decent dividend payouts every year (In 2007, SPIL had distributed a special dividend of Rs. 25).



Source: PPFAS Research

## **Regulatory Concern**

Government of India's proposal to bring all 354 medicines on the National Lists of Essential Medicines under the Drug Price Control Order (DPCO) net, from 74 drugs currently, through the New Pharmaceutical Policy 2006, remains a cause of worry for the pharmaceutical sector & has found stiff opposition from the industry players. While there is lack of clarity on this front, if this becomes a law, it would prove detrimental to the future prospects of the pharmaceutical companies operating in India.

In contrast to its other MNC peers, SPIL does not have any of its existing products falling under the DPCO. But we believe that if the new policy comes into effect, it can hamper the pricing power currently enjoyed by the company & have a negative impact on the company's top-line & margins going forward.

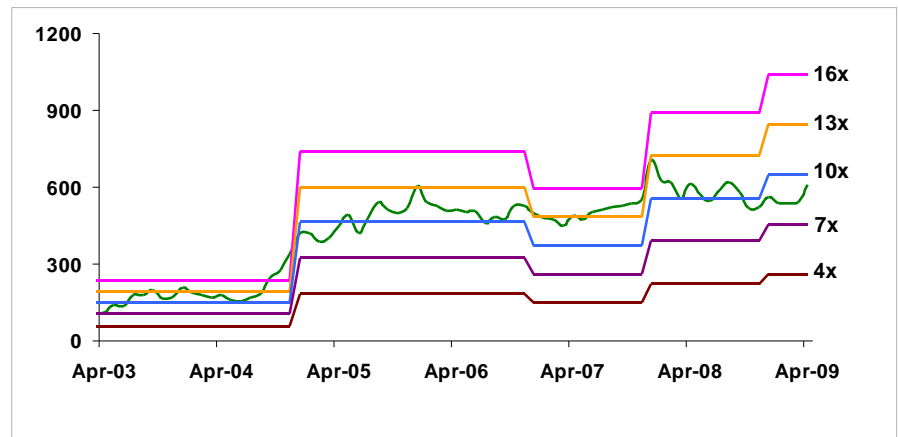
## **Exchange Rate Fluctuations**

The recent depreciation of the Indian Rupee vis-a-vis other major currencies has had an adverse effect on the profitability of SPIL. The adverse movements of EURO has been a cause of concern for the company since the rise in EURO rates affects the Materials Cost that SPIL imports from its parent company. The increase in Materials Costs has already been visible for the last two to three quarters.

SPIL operates in niche therapeutic segments of Gastroenterology, Gynaecology, Mental Health and others, targeting general practitioners, where the margins are higher. Also it has a balanced product portfolio with higher exposure in life style segment, where every additional prescription can ensure sustained incremental revenues for the company. Going forward SPIL is banking on growth in existing brands by leveraging its existing marketing network which means higher revenues and profits spread over same amount of fixed costs. SPIL has a very strong balance sheet with zero debt and expected cash/equivalents of Rs.132 per share by CY09E, which the company may utilize towards suitable brands/business acquisitions. This coupled with strong backing from its parent group, we expect SPIL to continue on its growth trajectory in the coming years.

At CMP of Rs. 650, the scrip trades at 9.4x CY09E & 8.4x CY2010E earnings. SPIL is trading at 2.4x P/BV of Rs. 265.4 per share for CY2009E. We initiate coverage on SPIL with a BUY rating.

## PE Band



SPIIL reported good set of numbers for the first quarter ended 31st March 2009. Net Revenues for Q1CY09 grew by 25.2% to Rs. 500.3 Mn. vis-a-vis Rs. 399.6 Mn. for the year ago quarter. Cost of Materials increased by 34% largely due to the higher input costs & adverse movements in EURO rates. The OPM saw a slight improvement of 68 bps to 23.4%. However, the Operating Profits rose by 29% Y-o-Y to Rs. 117 Mn. from Rs. 90.7 Mn. for Q1CY08. With a sharp drop of 72% Y-o-Y in Other Income, the Reported PAT for the company stood at Rs. 75 Mn. as against Rs. 65.9 Mn., a growth of 13.7% Y-o-Y.

SPIIL saw a decrease of 9.6% Q-o-Q in its top-line from Rs. 553.1 Mn. for Q4CY08 to Rs. 500.3 Mn. in Q1CY09. Total Expenditure dipped by 28% Q-o-Q, thereby leading to an increase of 13.4% in Operating Profits from Rs. 103.1 Mn. in Q4CY08 to Rs. 117 Mn. in Q1CY09. However, the OPM improved significantly by almost 474 bps to 23.4% for Q1CY09 from 18.6% for Q4CY08. SPIIL reported a 9% increase in PAT to Rs. 75 Mn. for Q1CY09 as against Rs. 68.6 Mn. for Q4CY08. The EPS for the quarter stood at Rs. 14.9.

<b>Earnings Statement</b>					
YE Dec (Rs. Mn.)	Q1CY09	Q4CY08	Q-Q(%)	Q1CY08	Y-Y(%)
Net Revenues	500.3	553.1	-9.6%	399.6	25.2%
Cost of Materials	226.6	232.4	-2.5%	169.1	34.0%
Gross Profit	273.7	320.7	-14.7%	230.5	18.8%
Staff Costs	54.7	55.3	-1.0%	48.9	12.0%
Other Expenses	102.0	162.3	-37.1%	90.9	12.2%
Total Expenditure	156.7	217.6	-28.0%	139.8	12.1%
Operating Profit	117.0	103.1	13.4%	90.7	29.0%
OPM (%)	23.4%	18.6%	473.9	22.7%	68.3
Other Income	4.1	8.3	-51.0%	14.4	-71.9%
EBITDA	121.0	111.4	8.7%	105.1	15.1%
Depreciation	3.9	3.0	28.9%	4.2	-8.2%
EBIT	117.1	108.4	8.1%	100.9	16.1%
Interest	0.0	0.1		0.0	
PBT	117.1	108.3	8.2%	100.9	16.1%
Tax	42.2	39.7	6.2%	35.0	20.6%
PAT	75.0	68.6	9.3%	65.9	13.7%
Equity Capital	50.5	50.5		50.5	
EPS	14.9	13.6	9.3%	13.1	13.7%
<b>Ratio Analysis</b>					
<b>Profitability</b>					
YE Dec (Rs. Mn.)	Q1CY09	Q4CY08	Q-Q(%)	Q1CY08	Y-Y(%)
OPM (%)	23.4%	18.6%	473.9	22.7%	68.3
EBITDA (%)	24.2%	20.1%	405.5	26.3%	(211.8)
EBIT (%)	23.4%	19.6%	382.3	25.3%	(183.6)
PAT (%)	15.0%	12.4%	259.1	16.5%	(151.0)
<b>Operational Parameters</b>					
YE Dec (Rs. Mn.)	Q1CY09	Q4CY08	Q-Q(%)	Q1CY08	Y-Y(%)
RM Consumed	45.3%	42.0%	327.0	42.3%	297.1
Staff Cost	10.9%	10.0%	94.1	12.2%	(129.2)
Other Expenditure	20.4%	29.3%	(895.0)	22.8%	(236.3)
Effective Tax Rate	36.0%	36.7%	(68.2)	34.6%	134.0

Earnings Statement							
Particulars (Rs Mn)	CY04	CY05	CY06	CY07	CY08	CY09E	CY10E
Total Revenues	1,161.5	1,297.4	1,440.9	1,677.7	2,003.4	2,271.9	2,533.2
- Growth (%)		11.7%	11.1%	16.4%	19.4%	13.4%	11.5%
Total Expenditure	886.1	995.8	1,129.9	1,236.1	1,536.7	1,744.5	1,956.6
Operating Profit	275.4	301.6	311.1	441.6	466.7	527.4	576.6
Forex Gain/(Loss)	(3.2)	2.4	(4.7)	1.6	(2.2)	0.0	0.0
Other Income	16.2	26.4	35.6	35.8	51.0	35.0	50.0
EBITDA	288.4	330.4	342.0	479.0	515.5	562.4	626.6
Depreciation	46.8	45.9	45.9	49.7	13.3	31.5	31.5
EBIT	241.5	284.5	296.0	429.3	502.2	531.0	595.1
Interest	1.8	0.2	0.8	0.3	0.1	0.0	0.0
PBT	239.8	284.3	295.2	429.0	502.1	531.0	595.1
Tax	93.7	102.1	107.9	147.8	174.1	183.2	205.3
PAT Before EI	146.1	182.2	187.3	281.2	328.0	347.8	389.8
- Growth (%)		24.7%	2.8%	50.1%	16.7%	6.0%	12.1%
Extra-ordinary Items	87.5	0.0	0.0	0.0	0.0	0.0	0.0
PAT	233.6	182.2	187.3	281.2	328.0	347.8	389.8
Ratio Analysis							
Particulars	CY04	CY05	CY06	CY07	CY08	CY09E	CY10E
OPM (%)	23.7%	23.2%	21.6%	26.3%	23.3%	23.2%	22.8%
EBITDA (%)	24.8%	25.5%	23.7%	28.6%	25.7%	24.8%	24.7%
PBIT (%)	20.8%	21.9%	20.5%	25.6%	25.1%	23.4%	23.5%
PAT (%)	20.1%	14.0%	13.0%	16.8%	16.4%	15.3%	15.4%
Interest Cover (x)	137.2	1,589.4	360.6	1,460.3	4,116.6	-	-
EPS (Rs.)	46.3	36.1	37.1	55.7	65.0	68.9	77.2
P/E (x)	14.0	18.0	17.5	11.7	10.0	9.4	8.4
P/BV (x)	6.2	4.8	4.0	3.8	3.0	2.4	2.0
BVPS (Rs.)	105.3	134.5	162.5	171.9	216.4	265.4	320.3
Market Cap (Rs. Mn.)	3,282.3	3,282.3	3,282.3	3,282.3	3,282.3	3,282.3	3,282.3
M Cap/Sales (x)	2.8	2.5	2.3	2.0	1.6	1.4	1.3
EV (Rs. Mn.)	3,013.9	2,929.6	2,873.0	3,038.4	3,212.9	3,081.1	3,019.9
EV/EBITDA (x)	10.5	8.9	8.4	6.3	6.2	5.5	4.8
EV/Sales (x)	2.6	2.3	2.0	1.8	1.6	1.4	1.2
ROCE (%)	45.2%	41.8%	36.1%	49.5%	46.0%	39.6%	36.8%
RONW (%)	27.5%	26.8%	22.8%	32.4%	30.0%	26.0%	24.1%
Debt/Equity Ratio (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventory T/o Days	44.8	48.8	59.9	49.5	103.6	60.0	60.0
Debtors T/o Days	35.8	35.7	36.3	36.3	33.2	35.0	35.0
Advances T/o Days	12.1	17.9	17.2	17.1	33.0	25.0	25.0
Creditors T/o Days	40.3	40.9	48.1	38.4	58.7	53.0	53.0
Working Cap T/o Days	123.9	143.6	151.2	87.1	95.1	78.3	83.8
Fixed Assets T/o (Gross)	4.6	5.1	5.3	5.8	7.2	3.6	4.0
DPS (Rs.)	5.0	6.0	8.0	40.0	17.5	17.0	19.0
Dividend Payout (%)	10.8%	16.6%	21.6%	71.8%	26.9%	24.7%	24.6%
Dividend Yield (%)	0.8%	0.9%	1.2%	6.2%	2.7%	2.6%	2.9%

Balance Sheet							
Particulars (Rs Mn)	CY04	CY05	CY06	CY07	CY08	CY09E	CY10E
Equity Capital	50.5	50.5	50.5	50.5	50.5	50.5	50.5
Reserves	481.3	628.9	770.1	817.5	1,042.2	1,289.5	1,567.0
Shareholders Funds	531.8	679.4	820.6	868.0	1,092.7	1,340.0	1,617.5
Borrowed Funds	2.7	1.6	0.4	0.0	0.0	0.0	0.0
Deferred Tax Liability	2.5	(2.7)	(12.0)	(24.7)	(28.0)	(41.2)	(56.1)
Total Liabilities	537.0	678.4	809.0	843.3	1,064.7	1,298.8	1,561.4
Fixed Assets	142.5	98.0	71.9	44.7	376.1	344.6	313.2
Investments	0.1	70.1	140.2	398.4	166.6	466.6	666.6
Current Assets							
Inventory	142.5	173.4	236.5	227.4	568.4	373.5	416.4
Sundry Debtors	113.8	126.7	143.2	166.9	182.2	217.9	242.9
Interest Accrued on Investments		3.2	2.9	2.9	0.0	0.0	0.0
Loans & Advances	38.4	63.7	68.0	78.6	180.9	155.6	173.5
Cash & Bank Balance	271.2	354.3	409.7	243.9	69.4	201.2	262.4
Current Liabilities							
Sundry Creditors	128.1	145.2	190.0	176.5	322.3	329.9	367.8
Provisions	43.3	65.8	73.3	143.1	156.8	130.7	145.7
Net Current Assets	394.4	510.3	596.9	400.2	521.9	487.5	581.7
Miscellaneous Expenditure							
Total Assets	537.0	678.4	809.0	843.3	1,064.7	1,298.8	1,561.4
Cash Flow							
Particulars (Rs Mn)	CY04	CY05	CY06	CY07	CY08	CY09E	CY10E
Opening Cash & Bank	16.4	271.2	354.3	409.7	243.9	69.4	201.2
Profit After Tax	233.6	182.2	187.3	281.2	328.0	347.8	389.8
Investment Income	(16.2)	(26.4)	(35.6)	(35.8)	(51.0)	(35.0)	(50.0)
Interest Paid	1.8	0.2	0.8	0.3	0.1	0.0	0.0
Miscellaneous Exp W/Off	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	46.8	45.9	45.9	49.7	13.3	31.5	31.5
Deferred Taxation	(0.9)	(5.2)	(9.3)	(12.7)	(3.3)	(13.3)	(14.9)
Others	26.9	(0.9)	(1.0)	(1.8)	(6.9)	0.0	0.0
Change in Working Cap	8.3	(32.7)	(31.3)	31.0	(296.2)	166.2	(32.9)
CF - Operating Activities	300.4	163.1	156.9	311.9	(16.0)	497.2	323.5
Change in Fixed Assets	(0.5)	(0.5)	(18.8)	(20.7)	(337.8)	0.0	0.0
Change in Investments	0.0	(70.0)	(70.1)	(258.2)	231.8	(300.0)	(200.0)
Investment Income	16.2	26.4	35.6	35.8	51.0	35.0	50.0
CF - Investing Activities	15.7	(44.1)	(53.4)	(243.1)	(55.0)	(265.0)	(150.0)
Increase in Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in Borrowings	(31.0)	(1.1)	(1.2)	(0.4)	0.0	0.0	0.0
Interest Paid	(1.8)	(0.2)	(0.8)	(0.3)	(0.1)	0.0	0.0
Dividend Paid	(28.5)	(34.5)	(46.1)	(233.8)	(103.4)	(100.4)	(112.2)
CF - Financing Activities	(61.3)	(35.8)	(48.1)	(234.5)	(103.5)	(100.4)	(112.2)
Net Change in Cash	254.7	83.1	55.4	(165.7)	(174.5)	131.8	61.2
Closing Cash & Bank Balance	271.2	354.3	409.7	243.9	69.4	201.2	262.4

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## Disclosure of Interest Statement

1. Analyst Ownership of the scrip
2. PPFAS ownership of the scrip
3. PMS ownership of the scrip

Solvay Pharma

NO  
NO  
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## Contact

Ridhim Thapar	Institutional Sales	ridhim@ppfas.com	91 22 2284 6555 Extn 312
Hiren Samani	Analyst - Investment Research	hiren@ppfas.com	91 22 2284 6555 Extn 206

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**Parag Parikh Financial Advisory Services Limited**

130/132, Great Western Building, 1st Floor, S. B. Marg, Near Lion Gate, Fort, Mumbai - 400 001.

Tel : 91-22-2284 6555 Fax : 91-22-2284 6553, e-mail : researchcall@ppfas.com

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