

Price: 8,069

Recommendation: Buy

Industry: Pharmaceuticals

Sector: Healthcare

Report Date: 03-Apr-2025

AstraZeneca Pharma India Limited is advancing its market presence through strategic initiatives, focusing on new drug indications for chronic kidney disease and heart failure. The company is expanding into the rare disease sector with Koselugo and enhancing its oncology portfolio, which contributes 56% of revenue. With plans to launch over 15 new assets and invest in sustainability, AstraZeneca aims to lead the Indian pharma market while addressing operational challenges.

Sales		Profit & Loss		Profitability Matrix	
Current Year	1619 Cr	Operating Profit(Year)	217 Cr	Operating Profit Margin	13.4 %
Previous Year	1003 Cr	Operating Profit(Quarter)	77.0 Cr	EBITDA Margin	13.53 %
Current Quarter	440 Cr	PAT (Year)	149 Cr	Net Profit Margin	11.5 %
Previous Quarter	408 Cr	PAT (Quarter)	54.7 Cr	EPS	38.8
Revenue (QYoY)	306 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	120	Sales Growth	35.2 %	Sales Growth	7.84 %
PEG Ratio	5.39	PAT Growth	18.25 %	Sales Growth QYoY	43.79 %
EV/EBITDA	78.7	EPS Growth	-39.94 %	PAT Growth	42.45 %
P/B	29.7	Dividend Yield	0.30	PAT Growth QYoY	246.2 %
Capital Allocation		Holdings		Leverage	
RoE	22.9 %	Promoter	75.0 %	Debt/Equity	0.03
RoA	14.4 %	FII	2.92 %	Debt	17.1 Cr
RoCE	31.1 %	DII	5.21 %	Market Cap	20157 Cr
RoIC	23.3 %	Public	16.8 %	Enterprise value	19678 Cr
		No of Shares	2.50 Cr	Cash Equivalents	497 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

AstraZeneca Pharma India Limited's recent meeting highlighted several strategic initiatives and business strategies aimed at sustaining growth and expanding their market presence. The company is focusing on launching new indications for existing drugs, such as chronic kidney disease and heart failure, to differentiate their offerings and maintain a competitive edge in the diabetes segment. They are also introducing a rare disease portfolio, with Koselugo being the first product launched in India. This move is part of a broader strategy to expand their presence in the rare disease sector, which is experiencing significant interest from multinational pharmaceutical companies. AstraZeneca plans to conduct clinical trials for rare diseases in India, complementing their existing trials in oncology and biopharmaceuticals.

The company's diversification strategy includes a strong focus on oncology, which has been a major contributor to their sales, accounting for 56% of total revenue. AstraZeneca has achieved a 43% growth in oncology, outpacing the market growth of 25%. Key brands like Tagrisso, Lynparza, and IMFINZI have shown impressive growth rates, with IMFINZI growing by 185%. The company is committed to transforming patient outcomes by focusing on the entire patient journey, from screening and diagnosis to treatment and wellness. They are leveraging digital tools and partnerships to enhance diagnostics and patient access to therapies, particularly in oncology.

Looking ahead, AstraZeneca is poised for significant growth, driven by a robust pipeline of new products and indications. The company plans to launch more than 15 new assets over the next three to four years, subject to regulatory approvals. This aligns with their global growth strategy and positions them as a leader in the Indian pharma market. AstraZeneca is also investing in sustainability initiatives, such as the Ambition Zero Carbon strategy, which aims to reduce their environmental impact and promote biodiversity. These efforts are complemented by their Young Health Programme, which focuses on empowering youth to make informed health choices and prevent non-communicable diseases.

While AstraZeneca's growth prospects are promising, there are areas for improvement. The company could enhance its market penetration in niche therapies by increasing awareness and access to treatment. Additionally, AstraZeneca's reliance on imported products poses a risk due to foreign exchange fluctuations. To mitigate this, the company could explore local manufacturing partnerships or sourcing strategies. Overall, AstraZeneca's strategic initiatives and focus on innovation position them well for future growth, but continued attention to market dynamics and operational efficiencies will be crucial for sustaining their momentum.

ASTRAZEN Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
P & G Health Ltd	8794.82	35.83	33.46%	-1.16%	-0.06%	10.41%	26.13%
Abbott India	63489.13	47.58	34.88%	-1.13%	12.33%	0.61%	16.01%
Glaxosmi. Pharma	48395.07	56.66	37.32%	-6.07%	17.90%	-7.74%	29.42%
Astrazeneca Phar	20157.43	120.26	22.92%	7.91%	43.98%	42.28%	246.08%
Pfizer	18640.29	30.28	16.10%	-8.60%	-0.37%	-19.42%	2.81%

Aspect	Commentary
Revenue	The company shows strong revenue growth with a significant year-over-year increase, indicating robust sales performance. The quarterly growth also suggests a positive trend, reflecting effective market strategies and product demand.
Profit & Loss	Operating profit and PAT figures reveal a healthy financial position, with notable year-over-year and quarter-over-quarter growth. This suggests efficient cost management and strong revenue generation capabilities.
Profitability Matrix	Profitability metrics such as operating profit margin and net profit margin indicate efficient operations and cost control. The EPS, although lower, reflects the company's earnings potential per share.
Valuation Matrix	High P/E and PEG ratios suggest the stock is valued at a premium, possibly due to growth expectations. The EV/EBITDA and P/B ratios further indicate market confidence in the company's future prospects.
Growth (YoY)	Year-over-year growth metrics show strong sales and PAT growth, though EPS decline suggests potential dilution or increased share count. Dividend yield remains modest, indicating reinvestment in growth.
Growth (QoQ)	Quarter-over-quarter growth is robust, with significant PAT improvement, reflecting operational efficiency and market expansion. The sales growth further supports the company's upward trajectory.
Capital Allocation	High RoE, RoA, and RoCE indicate effective capital utilization, generating strong returns. The RoIC suggests efficient investment strategies, contributing to overall financial health.
Holdings	Promoter holding is substantial, indicating confidence in the company's prospects. Institutional and public holdings provide a balanced ownership structure, supporting market stability.
Leverage	Low debt/equity ratio and manageable debt levels suggest a conservative financial strategy, minimizing risk. The strong market cap and enterprise value reflect investor confidence and market position.

Analyst viewpoint: AstraZeneca Pharma India is set for robust expansion in the short to mid-term, buoyed by impressive quarterly performance metrics and strategic capital deployment. The company reported a 7.84% rise in sales quarter-over-quarter, underscoring strong market demand and effective sales strategies. Additionally, with a trailing P/E of 120, the market perceives high growth potential given their strategic foray into rare diseases alongside a well-performing oncology portfolio, which alone contributes 56% of the revenue. AstraZeneca's capital allocation efficiencies, evident from high ROE and ROCE figures at 22.9% and 31.1% respectively, further enhance their market competitiveness by optimizing investment returns.

While AstraZeneca demonstrates significant promise, particularly with its pipeline poised to introduce over 15 new assets, potential risks such as import dependency and foreign exchange rate volatility could create headwinds. Nonetheless, this mild dependency is offset by ongoing efforts in sustainability and local collaborations, reinforcing AstraZeneca's leading position in the pharma industry. Their proactive approach in fostering growth and operational excellence presents a compelling investment opportunity, driving a bullish outlook within the healthcare sector.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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