

Retail Equity Research

Syncom Formulations (India) Ltd

CMP Rs. 21.8
Rating: Overweight

Pharmaceuticals

NSE CODE: SYNCOMF BSE CODE: 524470

The company demonstrated robust growth over the year, with sales rising by 18% QoQ in Sep-24, reaching ₹101.49 crore. This indicates sustained demand, reflected in a cumulative 62% YoY growth. Operating profit surged by 25% in the same quarter, supported by disciplined expense management (₹89.56 crore, up 17%) and higher revenue leverage.

Net profit for Sep-24 stood at ₹10.95 crore, marking a 30% QoQ and 76% YoY growth, driven by reduced interest expenses (₹0.16 crore) and a rebound in other income (₹4.18 crore). Margins improved sequentially, reflecting operational efficiencies and lower financing costs.

Despite rising depreciation (₹1.30 crore), the company maintained its profitability momentum, underscoring robust fundamentals. Tax outgo increased by ₹1.23 crore QoQ, in line with higher earnings.

Company Data			
Market Cap (cr)	Rs.	2,153.54	
Enterprise Value (cr)	Rs.	1,051.92	
Outstanding Shares (cr)		94.00	
52 week high	Rs.	27.90	
52 week low	Rs.	10.60	
1m average volume (lacs)		40.75	
Face value	Rs.	1.00	

Consolidated (cr)	FY22	FY23	FY24
Sales	215.96	221.95	257.07
Growth(%)	-12%	3%	16%
EBITDA	32.05	34.51	41.18
EBITDA Margin(%)	14.8%	15.5%	16.0%
PAT	19.79	20.07	23.62
Growth(%)	-32%	1%	18%
EPS	0.2	0.2	0.3
P/E	46.3	27.6	44.4
P/B	4.1	2.2	3.7
EV/EBITDA	30.4	18.2	25.5
ROE(%)	9%	7.8%	8%
ROCE(%)	10%	8.8%	10.2%
ROIC(%)	9%	8.2%	9.3%
D/E	0.26	0.32	0.25

Strong Revenue Growth: Sales grew consistently, reaching ₹101.49 crore in Sep-24, with a robust 18% QoQ and 62% YoY growth. This reflects healthy demand and effective business execution.

Profitability Boost: Operating profit grew significantly by 25% QoQ in Sep-24, supported by efficient expense management. Net profit surged 30% QoQ and 76% YoY, aided by declining interest costs and a rebound in other income.

Improved Operational Efficiency: Lower interest expenses (₹0.16 crore in Sep-24) and stable depreciation costs enhanced profit margins, showcasing the company's strategic focus on cost control and operational leverage.

Key Highlights

Diverse Product Portfolio and Strong Business Model : Syncom Formulations boasts a comprehensive portfolio of 500+ pharmaceutical products across multiple dosage forms such as tablets, capsules, injectables, syrups, ointments, and inhalers. Additionally, the company is engaged in trading commodities and property rental, contributing to its diversified revenue streams.

Balanced Revenue Segments: The company generates revenue from three key divisions:

Pharmaceutical Drugs & Formulations (88%) dominate revenue, showcasing Syncom's core strength.

Trading of Commodities (11%) and Rental Income (1%) add diversification to its business model.

Global and Domestic Presence: Syncom operates in 25 countries internationally, contributing 35% of its revenue under the Syncom brand. Domestically, it operates through the CRATUS brand, divided into three sub-segments: Lifecare, Evolve (Women's Health), and Nutrition (Vitamins & Supplements). Both international and domestic markets contribute equally (35%) to revenue, ensuring a well-balanced geographic exposure.

Product-Wise Revenue Distribution: The company's revenue is concentrated in tablets (48%) and injectables (17%), followed by capsules (4%), liquids (3%), ointments (2%), dry powder (1%), and others (25%). The focus on tablets and injectables highlights its market leadership in high-demand product categories.

Modernized Manufacturing Facilities: Syncom's manufacturing facility, located in Pithampur, Madhya Pradesh, is centrally positioned to efficiently cater to both domestic and international markets. Recent expansion efforts, including increasing injectable capacity from 2 crore to 3 crore units annually and modernizing its tablet department, underscore its commitment to scaling operations and enhancing production efficiency.

Strategic Investments in Properties: The company holds properties worth approximately ₹51 crore (FY23), located in prime areas like Thane, Mumbai, Goregaon, Andheri (East), and Indore. These assets not only contribute to rental income but also provide long-term financial stability and growth potential.

Indian Pharmaceutical Industry Tailwinds: Syncom benefits from India's position as the third-largest pharmaceutical producer globally by volume and 14th by value, with a 20% share in the global generics market. The cost-competitive manufacturing, economies of scale, and a large talent pool position the Indian pharmaceutical sector—and Syncom by extension—for sustained growth.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Sales	62.39	63.34	73.27	85.86	101.49
Growth(%)	5%	2%	16%	17%	18%
Expenses	56.29	56.55	64.46	76.35	89.56
Operating Profit	6.10	6.79	8.81	9.51	11.93
Growth(%)	-1%	11%	30%	8%	25%
Other Income	4.00	4.33	2.87	2.28	4.18
Depreciation	0.88	1.45	1.30	1.30	1.30
Interest	1.08	1.08	1.17	0.39	0.16
Profit before tax	8.14	8.59	9.21	10.10	14.65
Tax	1.93	2.18	2.46	2.47	3.70
Net profit	6.21	6.42	6.75	7.63	10.95
Growth(%)	32%	3%	5%	12%	30%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	205.51	244.81	215.96	221.95	257.07
Growth(%)	10%	19%	-12%	3%	16%
Expenses	188.72	206.76	195.93	202.06	228.97
Operating Profit	16.79	38.05	20.03	19.89	28.10
Growth(%)	42%	127%	-47%	-1%	41%
Other Income	5.17	7.17	12.02	14.62	13.08
Depreciation	4.06	4.03	3.95	4.54	4.72
Interest	0.61	0.48	1.93	3.40	4.70
Profit before tax	17.29	40.71	26.17	26.57	31.76
Tax	3.03	11.53	6.39	6.50	8.13
Net profit	14.25	29.17	19.79	20.07	23.62
Growth(%)	28%	105%	-32%	1%	18%

Balance Sheet

(Rs Cr)

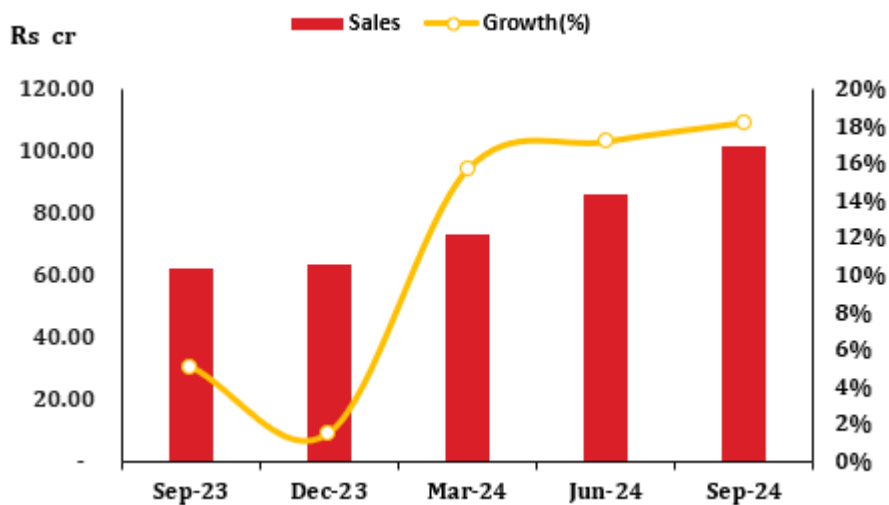
Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	78.07	79.00	86.25	94.00	94.00
Reserves	67.58	108.59	135.98	162.01	192.45
Borrowings	2.15	62.09	57.79	83.18	71.65
Other Liabilities	32.73	41.97	28.22	37.75	33.40
Total	180.53	291.65	308.24	376.94	391.50
Net Block	93.12	91.46	93.74	90.73	119.75
Capital Work in Progress	-	0.38	6.20	25.59	-
Investments	0.63	11.06	43.32	64.13	66.22
Other Assets	86.78	188.75	164.98	196.49	205.53
Total	180.53	291.65	308.24	376.94	391.50

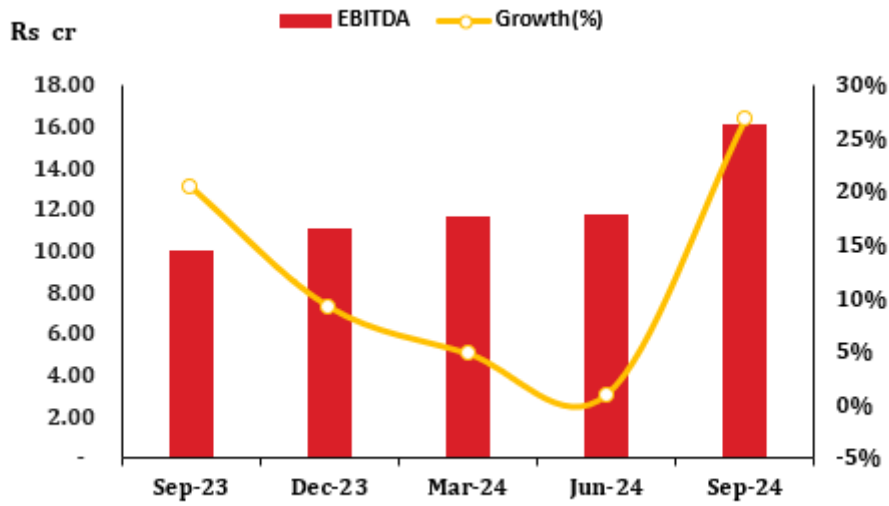
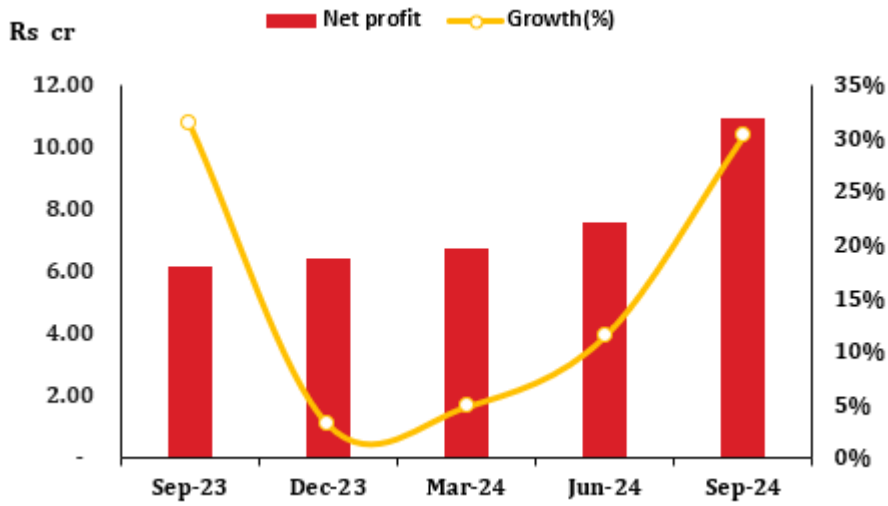
Cash Flow

(Rs Cr)

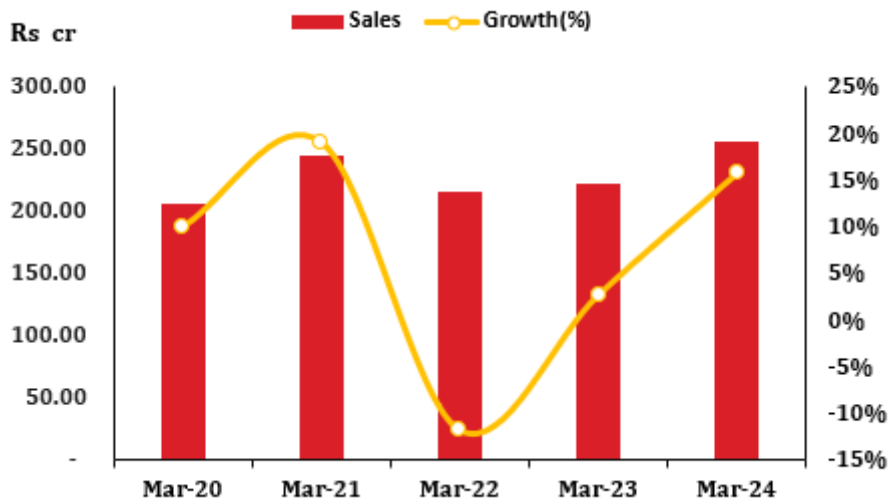
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	5.86	-2.06	16.33	10.5	-5.94
Cash from Investing Activity	1.51	-75.35	-27.07	-44.97	83.83
Cash from Financing Activity	-6.52	71.96	8.29	35	-15.37
Net Cash Flow	0.86	-5.46	-2.45	0.53	62.52

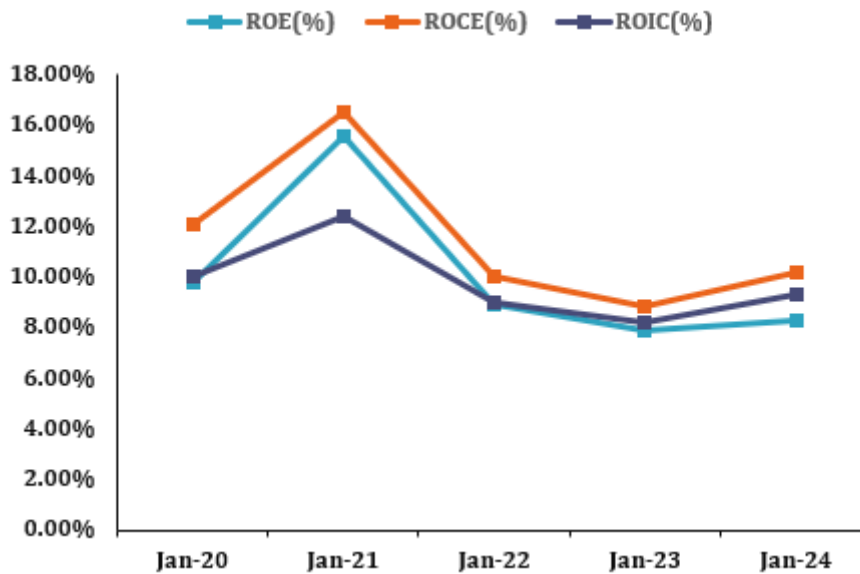
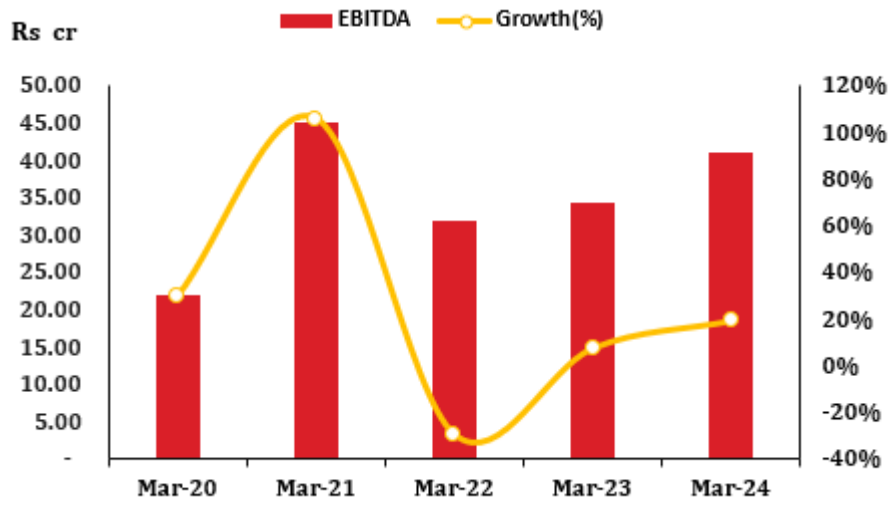
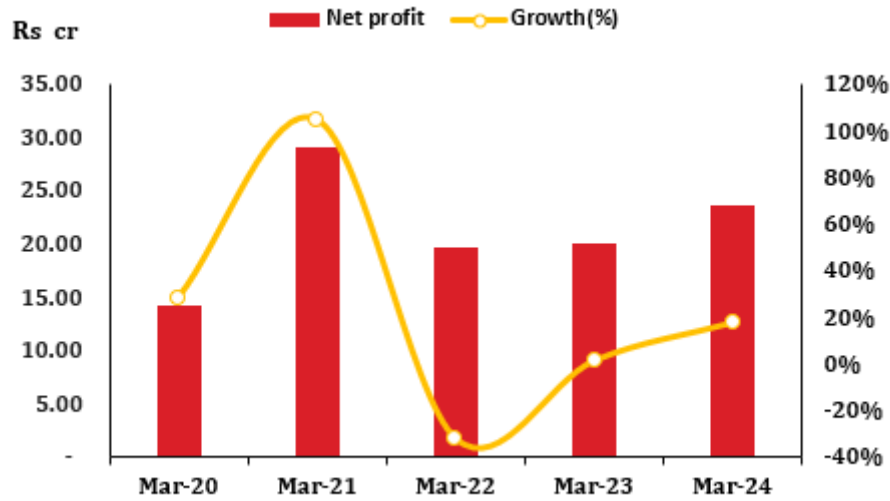
Key Metrics: Quarterly





Key Metrics: Yearly





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