

TECHNO-FUNDA : SYNGENE INTERNATIONAL LIMITED .

Date -25-10-24

Buy Range : @877-870

Target : 1st@915, 2nd@ 965

Stock Info	Amount
Mkt Cap (cr)	35,046.00
52-Weeks High/Low	945 / 607
Avg Volume	8,67,854
No. of eq shares (cr)	40.30
Face Values	10.00
Bse Code	539268
Nse Code	SYNGENE
Free Float (cr)	15,680.00

Source- NSE/BSE

Particulars	FY23	FY24
EBITDA MARGIN	32.29%	32.40%
GROSS MARGIN	72.07%	72.39%
NET MARGIN	15.08%	15.14%
OPERATING MARGIN	20.07%	19.20%
EPS	11.51	12.69

Source : Company, Fin2Research

Particulars	FY23	FY24
P/E	51.7	55.3
P/B	6.57	6.6
EV/EBITDA	23.4	25.4
P/S	7.8	8.4

Source : Company, Fin2Research

Ratios	FY23	FY24
ROE	13.43%	12.95%
ROCE	13.90%	13.80%
ROA	8.15%	8.51%
ROIC	11.53%	11.64%
DSO(x)	61	52
DPO(x)	104	100
DIO(x)	108	112
Dividend Payout	4.00%	4.00%
Interest Coverage Ratio	18	14
Current Ratio(X)	2.04	1.71

Source : Company, Fin2Research

Particulars	Shareholding in (%)
Promoter & Promoter Group	54.72
Institutions-Domestic	17.49
Institutions-Foreign	20.72
Public	7.07
Total	100.00

About :

Founded in 1993 as a Biocon subsidiary, Syngene emerged as India's first Contract Research Organization (CRO) and has since evolved into a comprehensive Contract Research and Manufacturing Services (CRAMS) provider, offering fully integrated solutions across drug discovery, development, and manufacturing. With a vast infrastructure spanning 1.9 million square feet across multiple state-of-the-art facilities, Company enables clients in the pharmaceutical, biotechnology, and specialty chemicals sectors to streamline their drug development lifecycle within a single, versatile partnership. Backed by cutting-edge technology and adherence to global standards, Company reinforces its role as a leader in outsourced R&D and manufacturing services, driving innovation and supporting breakthrough advancements in healthcare.

Key Highlights:

Financial Highlights Company reported revenue from operations of INR 891 crore (USD 106 million) for Q2 FY25, showing a 2% year-over-year (YoY) decline. The company's operating EBITDA margin for the quarter stood at 27%, a slight decrease from 28% in the previous year's quarter. Profit After Tax (PAT) before exceptional items was INR 106 crore (USD 13 million), reflecting a 13% YoY decrease, while PAT post-exceptional items remained at INR 106 crore, a 9% YoY decline.

For the first half of FY25, PCBL's revenue from operations totaled INR 1,681 crore (USD 201 million), also marking a 2% YoY decrease. Operating EBITDA margin for H1 FY25 was 25%, down from 27% in H1 FY24. This period saw a PAT before exceptional items of INR 161 crore (USD 19 million), a 25% YoY decrease, and PAT after exceptional items of INR 182 crore (USD 22 million), which declined by 13% YoY.

Increased Client Interest: Company experienced robust interest from clients, with a notable increase in requests for proposals (RFPs), on-site visits, and audits.

Recovery in Discovery Services: Discovery Services saw signs of recovery, driven by pilot projects from large and mid-sized biopharma clients seeking alternatives to China.

Growth in Development and Manufacturing Services: Development and Manufacturing Services benefited from sustained demand in biologics manufacturing and an increase in process development projects, especially in small molecules.

Capacity Expansion: In response to long-term demand forecasts, Syngene continued expanding capacity at its Bangalore and Hyderabad campuses, with new capabilities in antibody drug conjugates, peptides, and oligonucleotides.

Repurposing of Biologics Manufacturing Facility: Company advanced its repurposing efforts for the biologics manufacturing facility (Unit III) acquired in December 2023 from Stelis Biopharma Ltd. The facility, set to commence operations in H2 FY25, will add 20,000 liters of biologics manufacturing capacity and a commercial-scale fill-finish unit.

Productivity Enhancement: Enhanced productivity measures and debottlenecking allowed Syngene to increase batch production for various clients.

Strategic Acquisition of Biologics Manufacturing Facility: A significant milestone for the year was the acquisition of a biologics manufacturing facility from Stelis Biopharma Ltd, positioning the company for growth in the expanding biologics market. This new facility, set to be highly automated, will feature an integrated, onsite quality control center, enhancing operational efficiency and product quality. The facility is scheduled to commence operations in the second half of the current fiscal year, enabling the company to capitalize on rising demand within the biologics sector.

Commissioning of a digitally-enabled quality control laboratory to complement the new biologics manufacturing site. Leveraging advanced technology, this facility will optimize operational efficiency and uphold the highest standards of quality and traceability in our manufacturing processes

Risk:

1. Technological Disruption

Rapid technological advancements can render existing practices obsolete. Companies must remain agile and adopt new technologies to maintain a competitive edge in the market.

2. Market Intelligence Deficiency A lack of robust market intelligence can result in poor decision-making and missed opportunities. Companies need to invest in data analytics to effectively understand customer preferences and industry trends.

CMP : @ 877-870

Target : 1st@915, 2nd@965



GUIDELINES FOR THE REPORT

- It is recommended to enter in a staggered manner within the prescribed range provided in the report.
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on a closing basis • The suggestion is valid for 3-5 months; if we want to carry subsequent positions, we will contact you via mail or other modes of communications.
- Once target1 is achieved, use a trailing stop loss of the recommended average price.

Portfolio Allocation:

- It is not recommended to allocate the entire corpus to a single stock or product without first understanding the risk and return associated with that stock or product.
- It is recommended to diversify the corpus in a proportionate manner among various tech-funda research reports and other reports as stated.

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