

Amrutanjan Health Care

Rs 638
Pain specialist

Sensex: 73,088

Nifty: 22,147

FINANCIALS SUMMARY

	SALES	OPM (%)	OP	OTHER INCOME	PBIT	INTEREST	PBDT	DEPRECIATION	PBT	TOTAL TAX	PAT	EPS (Rs)*
2103 (12)	332.84	22.5	74.75	11.32	86.07	0.50	85.57	3.67	81.90	20.71	61.19	21.2
2203 (12)	405.84	19.6	79.47	15.38	94.86	0.48	94.37	3.80	90.58	23.39	67.19	23.2
2303 (12)	379.64	11.7	44.39	14.54	58.93	0.08	58.86	5.21	53.65	13.81	39.83	13.8
2403 (12p)	415.41	13.3	55.41	16.46	71.87	0.13	71.74	6.12	65.62	17.52	48.10	16.6
2503 (12p)	491.85	15.1	74.34	17.28	91.62	0.15	91.47	7.04	84.43	21.95	62.48	21.6

* EPS is on current equity of Rs 2.8911 crore, Face value of Rs 1. EO: Extraordinary items. EPS is adjusted after EO and relevant tax. (P): Projections. Figures in crore, Source: Capitaline Databases

Amrutanjan Health Care (AHCL) engaged in manufacture and marketing of ayurvedic OTC healthcare products, women hygiene products and beverages. The ayurvedic OTC products of the company primarily focus on pain relief and congestion management.

The company has 3 manufacturing plants comprising two state-of-the-art units for its OTC products and another one dedicated to its Beverage division. In the women's hygiene category, it sources its Comfy sanitary napkins through a strategic partnership under a private label agreement and this plant is fully capable of producing high-quality sanitary napkins to meet the growing demand in this segment.

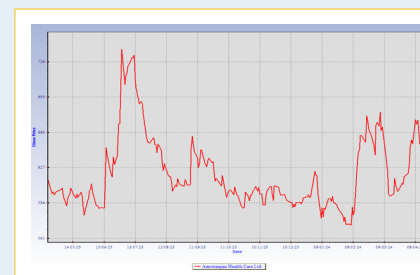
As part of its commitment to expansion, AHCL have recently established a new manufacturing facility for Allopathic products. This facility is equipped with state-of-the-art manufacturing and testing equipment, adhering to cGMP regulations. Additionally, products identified under USFDA OTC Monograph guidelines will be registered with the USFDA for export to the USA and other countries, further exemplifying its dedication to global quality standards.

Established player in pain management with strong brand recall

AHCL is a pioneer of pain and congestion management since 1893. It manufactures and markets ayurvedic balm for pain management under the umbrella brand 'Amrutanjan'. It is also into manufacture of period care products such as sanitary pads, menstruation pain products under 'Comfy' brand. It manufactures and markets beverages under 'Fruitnik' and 'Electro+'.

Instead of being content with offering headache relief alone, the Company proactively targeted specific ailments, taking into account the distinct requirements of its customers. This bold move was geared towards not only making its balms more potent but also ensuring they precisely met the varying health needs of its diverse consumer base.

Its products portfolio in headache relief product category comprises Amrutanjan Pain Balm Extra Power, Amrutanjan Strong Pain Balm, Amrutanjan New Maha Strong Pain Balm, and Amrutanjan Roll On. On body pain front its product portfolio comprises Amrutanjan Advanced Back Pain Roll On, Amrutanjan Advanced Pain Relief + Stick-On Patch, Amrutanjan Advanced Joint Muscle+ Spray. On congestion management



STOCK DATA

BSE Code	:	590006
BSE Group	:	B
NSE Code	:	AMRUTANJAN
Bloomberg	:	ARJN IN
Reuters	:	AJAN.BO
Par Value	:	Rs 1
52-week High/Low	:	Rs. 775 / 556
Sector	:	Pharmaceuticals

SHAREHOLDING PATTERN*

Category	% of equity
Foreign	: 2.97
Institutions	: 7.24
Govt Holding	: 0.00
Corporate Holding	: 1.84
Promoters	: 50.59
Public & Others	: 37.36
Totals	: 100

* as on 31/12/2023. Source: Capitaline Databases

category its product offerings comprise Amrutanjan Relief Cold Rub, Relief Nasal Inhaler, Relief Cough Syrub, and Relief Swass Mint. Some of the other products are Amrutanjan Stop Pain Dental Gel (Relief gel for tooth pain & swollen gums), Amrutanjan Decorn Corn Caps (an ayurvedic medicine for corn removal in foot), and Amrutanjan NOGerms Hand Sanitizer.

AHCL, in the period care segment, offers top notch products catering to the diverse needs under 'Comfy' brand. The Comfy sanitary napkin, in particular, stands out due to its exceptional technology, making it both affordable and widely available across the nation. Almost 50% of 'Comfy' business comes from rural India. As pioneers in pain management, the Comfy brand expanded its product range to include the Period Pain Relief Roll-On. This unique offering provides effective relief from period pains, specifically addressing the needs of consumers during menstruation. This product being 100% ayurvedic has no side effects and safer than a tablet. Further to meet the needs of consumer seeking more advanced menstrual solutions such as pad free period options by extending the 'Comfy' brand to include Tampons and Menstrual Cups.

Its OTC business comprises pain balms for head and body, congestion management products, women hygiene and H&H products and accounted for 91% of revenue in FY23. Balance 9% is from Beverages. Of the OTC revenue about 64.4% of revenue comes from Headache Relief products, 9.9% from Body Pain relief products, 3.6% from congestion management products, 21% from Women Hygiene and 1.1% from H&H products.

Pain management category remains its core focus. Its Roll-on market share stands at 60% in a category that while small is growing fast owing to the format. Its recent launch of a white balm in a glass bottle has also had positive initial acceptance by consumers and trade.

Because of its long track record in the industry, it has an established market position and strong brand recall in the pain management segment. The established distribution network is being leveraged to expand into new geographies and product categories.

Consistent brand investment and distribution expansion were pivotal in driving the brand's growth. The widening distribution, with billing expanding to more towns, has resulted in Comfy being available in approximately 4 lakh outlets, underlining its widespread acceptance and contributing to its growth story.

Of its OTC revenue about 83% came from General Trade, 10.7% from modern trade, 2.8% from e-commerce, 0.9% from CSD Barter and 2.6% from exports.

In general trade the company continue to broaden its distribution reach with its pain management products are now accessible from 1183000 outlets and its comfy products are accessible from 370000 outlets nationwide as end of March 31, 2023.

Strong revenue growth in Q3FY24 driven by strong sales of Comfy as well as recovery in sales in pain relief category

For the quarter ended Dec 2023, the sales were higher by 20% to Rs 116.99 crore, PAT was up 63% to Rs 17.45 crore. Sales of OTC products was up by 20% to Rs 111.79 crore. Growth in early twenties for OTC business is largely driven by 67.1% growth in revenue of Comfy (women hygiene) with non comfy OTC revenue comprising largely of pain relief (head/body) as well as congestion relief products

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up by 8.2% to Rs 81.61 crore. Its largest balm SKU -8ml- grew by double digits in Q3FY24. The revenue of Beverages business was up 42% to Rs 5.18 crore driven largely by 59.87% growth in sales of Electro plus that stood at Rs 4.86 crore. But the sales of others was down 96% to Rs 0.02 crore. With operating profit margin expand by 600 bps to 18.4% the operating profit jumped up by 77% to Rs 21.57 crore. After accounting for higher other income, higher interest and higher depreciation, the PBT was up 63% to Rs 23.71 crore. With taxation stand higher by 65% to Rs 6.26 crore, the PAT was up 63% to Rs 17.45 crore.

For the nine month ended Dec 2023, the sales were up 5% to Rs 294.17 crore. But with OPM expand by 90 bps to 12.1%, the OP was up 13% to Rs 35.57 crore. The PAT was eventually higher by 15% to Rs 31.31 crore gained further by higher other income and lower tax incidence.

Outlook

The balm sales that was impacted in FY23 partly due to high base on account of second wave of Covid and excess inventory in trade channel impacting the primary sales in H1FY24 has finally picked up in Q3FY24 and that growth momentum is expected to sustain in coming quarters as well. Amrutanjan recorded significantly higher volume growth for its headache category products during Oct-Dec 2023 at 5.1% compared to 2.7% for the category. Similarly in body relief balms category the company has achieved a volume growth 3 times that of the category in MAT Dec'23 with a value growth of 11.9%.

Comfy/period care business is expected to see strong growth going forward driven by steady growth in volume with increased penetration as well as growth in sales of large packs of comfy pads as consumers migrate up from entry regular pads and attractive product offerings including niche menstrual pain relief products under Comfy brand apart from sanitary pads. The company projects the revenue of Comfy to cross Rs 100 crore in FY24.

The company is confident of achieving a sales turnover of Rs 1000 crore by 2028 driven by growth of three power brands Amrutanjan, Electro+ and Comfy.

On profitability front, the margin continues to improve on the back of benign input material cost and has lot of upside potential. The price of menthol (a key raw material for balms) as per WPI stands lower 1.6%YoY in Jan-Feb 2024. Similarly relatively lower advertisement and packaging costs and operating leverage are to boost margin improvement going forward.

Valuation

We expect the company to register an EPS of Rs 16.6 for FY24 and Rs 21.6 for FY25. The scrip is trading around Rs 638, which discounts the projected FY25 EPS by around 30 times.

As pioneers in pain management, the Comfy brand expanded its product range to include the Period Pain Relief Roll-On

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AMRUTANJAN HEALTH CARE: RESULTS

PARTICULARS	2312 (03)	2212 (03)	VAR.(%)	2312 (09)	2212 (09)	VAR.(%)	2303 (12)	2203 (12)	Var.(%)
Sales	116.99	97.65	20	294.17	279.32	5	379.64	405.84	-6
OPM (%)	18.4	12.4		12.1	11.2		11.7	19.6	
OP	21.57	12.16	77	35.57	31.41	13	44.39	79.47	-44
Other inc.	3.76	3.68	2	11.40	9.72	17	14.54	15.38	-5
PBIDT	25.34	15.83	60	46.97	41.14	14	58.93	94.86	-38
Interest	0.05	0.02	241	0.11	0.06	80	0.08	0.48	-84
PBDT	25.28	15.82	60	46.86	41.08	14	58.86	94.37	-38
Dep.	1.58	1.31	20	4.52	3.90	16	5.21	3.80	37
PBT	23.71	14.50	63	42.34	37.17	14	53.65	90.58	-41
Taxation	6.26	3.79	65	11.03	10.03	10	13.81	23.39	-41
PAT	17.45	10.71	63	31.31	27.14	15	39.83	67.19	-41
EPS (Rs)*	#	#		#	#		13.8	23.2	

* EPS is on current equity of Rs 2.8911 crore, Face value of Rs 1. # EPS is not annualised due to seasonality of business.
Variance >=1000% is truncated to 999. Figures in Rs crore.
Source: Capitaline Databases