

Decline in Africa business weighs on performance...

Revenues declined 2.9% YoY to ₹ 515.2 crore (I-direct estimate: ₹ 463.4 crore). The 7.4% YoY growth in domestic market to ₹ 159 crore (I-direct estimate: ₹ 154 crore) and 81% YoY growth in US business to ₹ 76 crore (I-direct estimate: ₹ 74 crore) was largely offset by 29.7% YoY decline in African business to ₹ 121 crore (I-direct estimate: ₹ 91.3 crore). EBITDA margins declined 164 bps YoY to 24.7% (I-direct estimate: 22.0%) due to lower gross margins. EBITDA declined 8.9% YoY to ₹ 127.1 crore (I-direct estimate: ₹ 101.9 crore). Net profit declined 5.9% YoY to ₹ 88.9 crore (I-direct estimate: ₹ 68.2 crore) mainly in sync with the operational performance.

Domestic formulations - Focus on new launches, few therapies

Domestic formulations comprise 33% of FY19 revenues. The main distinguishing factor is the uncanny knack of launching maximum number of first time launches with focus on new drug delivery system (NDDS). Out of 270+ actively marketed brands, ~60% were first time launches. However, a slowdown in the dermatology segment due to increased competition in existing products and slow offtake in new launches may impact near term growth. We expect domestic formulations to grow at ~11% CAGR in FY19-21E to ₹ 850 crore driven by a mix of existing products & new launches.

Exports traction from EMs; US segment shaping up

The company is deriving export revenues (64% of FY19 revenues) from emerging markets like Africa (Franco Africa), Asia and from the US. In emerging markets, as opposed to the common practice of forging alliances with regional pharma players, its front-end marketing team interacts directly with doctors. The US foray is also gaining momentum. However, on the back of a sharp decline in the African tender business, overall export formulations growth has slowed down to 7.8% CAGR in FY15-19 to ₹ 1323 crore. We expect export formulations to grow at ~11.2% CAGR in FY19-21E to ₹ 1635 crore driven by Asia and African branded business along with strong growth in the US (albeit on a lower base).

Valuation & Outlook

While the tender business is expected to remain subdued, the branded business is expected to grow in low double digits in FY20. On the domestic front, the company expects higher than industry growth in FY20E. The US business is expected to grow 25%, albeit on a lower base. Overall, we expect some slowdown in sales but improvement in profitability on the back of better operating leverage and tax benefits. We arrive at our target price of ₹ 1060 based on 18x FY21E EPS of ~₹ 58.9.



Particulars

Particular	Amount
Market Capitalisation	₹ 9296 crore
Debt (FY19)	₹ 34 crore
Cash (FY19)	₹ 133 crore
EV	₹ 9196 crore
52 week H/L	1366/896
Equity capital	₹ 17.7 crore
Face value	₹ 2

Key Highlights

- Q4FY19 results were higher than I-Direct estimates on all fronts, mainly due to higher-than-expected African tender sales and better-than-expected overall EBITDA margins.
- Revenues expected to grow 10-11% in FY20.
- EBITDA margins expected to remain at ~27% in FY20

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Key Financial Summary

₹ Crore	FY18	FY19E	FY20E	FY21E	CAGR FY19-21 (%)
Revenues	2130.9	2053.0	2255.6	2534.7	11.1
EBITDA	658.4	555.8	610.3	728.6	14.5
EBITDA margins (%)	30.9	27.1	27.1	28.7	
Net Profit	468.6	384.6	410.9	520.8	16.4
EPS (₹)	53.0	43.5	46.5	58.9	
PE (x)	20.1	24.5	22.9	18.1	
M.Cap/ Revenues (x)	4.4	4.6	4.2	3.7	
EV to EBITDA (x)	13.9	16.7	15.2	12.3	
RoCE (%)	30.0	21.8	20.4	22.1	
ROE	23.0	17.1	16.1	17.7	

Source: ICICI Direct Research

Exhibit 1: Variance Analysis

	Q4FY19	Q4FY19E	Q4FY18	Q3FY19	YoY (%)	QoQ (%)	Comments
Revenue	515.2	463.4	530.3	485.1	-2.9	6.2	YoY decline mainly due to 29.7% decline in African business, which was largely offset by 7.4% growth in domestic market and 81% growth in the US
Raw Material Expenses	105.5	92.7	93.8	97.9	12.6	7.8	The 280 bps YoY decline in gross margins mainly due to adverse currency impact and change in product mix
Employee Expenses	107.4	111.2	105.2	112.8	2.1	-4.8	YoY increased mainly due to commissioning of new plants
Other Expenditure	175.2	157.6	191.9	167.1	-8.7	4.8	
Total Operating Expenditure	388.1	361.4	390.8	377.8	-0.7	2.7	
EBITDA	127.1	101.9	139.5	107.3	-8.9	18.4	YoY decline mainly due to lower gross margins. Beat vis-à-vis I-direct estimates mainly due to better operational leverage
EBITDA (%)	24.7	22.0	26.3	22.1	-164 bps	255 bps	
Interest	0.8	0.0	0.1	0.1	600.0	755.6	
Depreciation	18.8	18.7	16.6	18.7	12.7	0.4	
Other income	1.6	4.2	5.2	4.4	-68.9	-63.0	
PBT before EO	109.2	87.5	128.0	93.0	-14.7	17.5	
Less: Exceptional Items	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	109.2	87.5	128.0	93.0	-14.7	17.5	
Tax	20.3	19.2	33.5	26.1	-39.5	-22.1	
MI & Share of loss/ (gain) asst	0.0	0.0	0.0	0.0	0.0	0.0	
Adj. Net Profit	88.9	68.2	94.5	66.9	-5.9	32.9	Delta vis-à-vis EBITDA was mainly due to lower tax rate. Beat vis-à-vis I-direct estimates was mainly due to better-than-expected operational performance

Key Metrics

India	159.0	153.8	148.0	174.0	7.4	-8.6	YoY growth mainly driven by 22% growth in cardiology segment to ₹ 72 crore and 52.2% growth in pain management segment to ₹ 14 crore
Africa	121.0	91.3	172.0	114.0	-29.7	6.1	Sharp fall mainly due to de-growth in branded business led by high base due to channel filling and de-growth in African tender business. Beat vis-à-vis I-direct estimates mainly due to higher-than expected tender business
Asia	143.0	132.0	132.0	121.0	8.3	18.2	
US	76.0	73.6	42.0	66.0	81.0	15.2	

Source: ICICI Direct Research

Exhibit 1: Change in Estimates

₹ Crore)	FY20E			FY21E			
	Old	New	% Change	Old	New	% Change	
Revenue	2,246.3	2,255.6	0.4	2,351.6	2,534.7	7.8	Changed as per management guidance
EBITDA	623.3	610.3	-2.1	719.9	728.6	1.2	
EBITDA Margin (%)	27.7	27.1	-69 bps	30.6	28.7	-186 bps	Changed as per management guidance
PAT	446.1	410.9	-7.9	532.6	520.8	-2.2	
EPS (₹)	50.5	46.5	-7.9	60.3	58.9	-2.2	Changed as per management guidance

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

₹ crore)	Current				Earlier		
	FY18	FY19	FY20E	FY21E	FY20E	FY21E	
Domestic	629.0	690.0	764.7	850.4	769.1	856.3	Changed as per management guidance
Africa	738.0	502.0	503.5	537.2	539.1	584.8	Changed as per management guidance
Asia	493.0	528.0	580.8	638.9	580.3	638.3	Changed as per management guidance
US	193.0	283.0	352.4	448.0	353.8	424.5	Changed as per management guidance

Source: ICICI Direct Research

Conference Call Highlights

- Guided for 10-11% of revenues growth for FY20. India, Africa and Asia branded expected to grow 10-11% in FY20. Africa tender business expected to decline 15% with US business expected to grow 25% in FY20
- EBITDA margins expected to remain at ~27% in FY20 but expected to improve 150 bps in FY21
- Guided for ₹ 300 crore capex for FY20 and ₹ 125 crore in FY21
- Guided for ₹ 190-200 crore of R&D spend in FY20

Exhibit 3: Trends in quarterly financials

(₹ crore)	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	YoY (%)	QoQ (%)
Net Sales	419.2	454.2	502.4	515.0	456.1	463.0	528.4	575.0	496.0	502.0	532.0	478.0	501.4	1.1	4.9
Other Operating Income	6.5	16.8	13.4	18.1	20.7	21.0	12.0	12.1	34.3	9.0	12.1	7.1	11.4	-66.7	60.5
Total Operating Income	425.7	471.0	515.8	533.1	476.8	484.0	540.4	587.1	530.3	511.0	544.1	485.1	512.8	-3.3	5.7
Raw Material Expense	95.5	99.4	116.6	106.4	92.3	93.6	109.0	110.0	93.8	84.1	95.9	97.9	105.5	12.6	7.8
% of Revenue	22.4	21.1	22.6	20.0	19.3	19.3	20.2	18.7	17.7	16.5	17.6	20.2	20.6	290 bps	40 bps
Gross Profit	330.3	371.7	399.3	426.7	384.6	390.4	431.4	477.1	436.6	426.9	448.2	387.2	407.3	-6.7	5.2
Gross Profit Margin (%)	77.6	78.9	77.4	80.0	80.7	80.7	79.8	81.3	82.3	83.5	82.4	79.8	79.4	-290 bps	-40 bps
Employee Expenses	69.0	70.3	72.2	77.4	75.5	86.7	89.4	95.2	105.2	104.8	105.8	112.8	107.4	2.1	-4.8
% of Revenue	16.2	14.9	14.0	14.5	15.8	17.9	16.5	16.2	19.8	20.5	19.4	23.2	20.9	112 bps	-231 bps
Other Expenditure	120.7	140.3	154.4	171.3	148.2	162.1	158.2	184.3	191.9	164.6	176.2	167.1	175.2	-8.7	4.8
% of Revenue	28.3	29.8	29.9	32.1	31.1	33.5	29.3	31.4	36.2	32.2	32.4	34.5	34.2	-203 bps	-30 bps
Total Expenditure	285.1	309.9	343.1	355.1	315.9	342.4	356.7	389.6	390.8	353.5	377.9	377.8	388.1	-0.7	2.7
% of Revenue	67.0	65.8	66.5	66.6	66.3	70.8	66.0	66.4	73.7	69.2	69.5	77.9	75.7	199 bps	-220 bps
EBITDA	140.6	161.1	172.7	178.0	160.9	141.6	183.7	197.5	139.5	157.5	166.2	107.3	124.7	-10.6	16.2
EBITDA Margin (%)	33.0	34.2	33.5	33.4	33.7	29.2	34.0	33.6	26.3	30.8	30.5	22.1	24.3	-199 bps	220 bps
Other Income	2.6	5.5	6.7	19.2	2.4	1.5	9.2	15.2	5.2	8.1	15.2	4.4	1.6	-68.9	-63.0
Interest	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	0.0	0.0
Depreciation	12.1	13.0	14.0	15.3	18.9	13.4	14.6	15.0	16.6	17.2	17.5	18.7	18.8	12.7	0.4
PBT	130.1	152.5	164.4	180.8	143.3	128.6	177.3	196.6	127.1	147.4	162.9	92.0	106.6	-16.1	15.8
Total Tax	24.9	38.5	34.5	38.5	30.0	23.9	46.4	50.1	33.5	42.5	38.5	26.1	20.3	-39.5	-22.1
Tax rate (%)	19.1	25.2	21.0	21.3	20.9	18.6	26.2	25.5	26.4	28.8	23.6	28.3	19.0	-734 bps	-928 bps
PAT	107.5	122.0	130.7	142.6	114.0	94.8	131.9	147.5	94.5	105.8	125.4	66.9	88.9	-5.9	32.9
PAT Margin (%)	25.3	25.9	25.3	26.7	23.9	19.6	24.4	25.1	17.8	20.7	23.0	13.8	17.3	-48 bps	354 bps

Source: ICICI Direct Research

Company Background

Established in 1973, Ajanta Pharma (Ajanta) is mainly into exports as well as domestic formulations. As of FY19, the exports: domestic formulation ratio was at 67:33. The company owns seven manufacturing facilities- four in Aurangabad, Maharashtra, one each in Dahej (Gujarat), Guwahati (Assam) and Mauritius. Of these five facilities, only one in Aurangabad is an API facility. The rest are all formulations. Consolidated revenues, EBITDA and PAT have grown at a CAGR of 8.5%, 2% and 52%, respectively, in FY15-19. Ajanta Pharma (Ajanta) had come out with a maiden IPO in March 2000. It raised ₹ 68 crore, which was earmarked for capacity expansion and debt repayment.

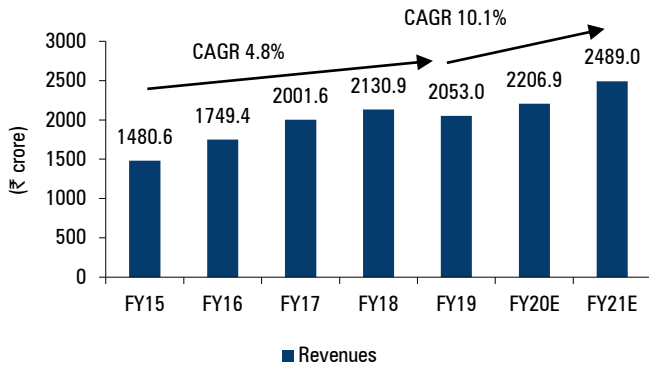
Domestic formulations constitute 33% of the total consolidated turnover (FY19). This segment has been further segregated into two sub-segments- 1) branded formulations and 2) institutional business. Initially, the company was catering to the institutional business. The institutional sub-segment accounts for ~4% of domestic formulations and is mainly confined to government and institutional tenders. It is only in the last 10 years that the focus shifted to the branded formulations business, which now accounts for ~96% of domestic formulations.

The company focuses on only a few so called specialty therapies – ophthalmology, dermatology and cardiology. Together, these therapies constitute ~94% of domestic branded formulations. Ajanta invested heavily in technology and field force, especially in the first five years after the changed focus. The focus was also to offer a novel delivery system. From ₹ 17 crore in FY05, formulations have grown to ₹ 846 crore in FY19. Till date, the company has launched 270+ products out of which 60% are first time launches. The current MR strength is 3000+. Overall, domestic branded formulations have grown at 9% CAGR in FY15-19 to ₹ 846 crore. The company only has one product under the National List of Essential Medicines (NLEM) 2011 list.

Export formulations constitute 67% of total revenue (FY19). Exports are mainly confined to emerging markets and constitute branded generics. APL exports its products in ~31 emerging markets with a significant presence in Franco African countries and Philippines.

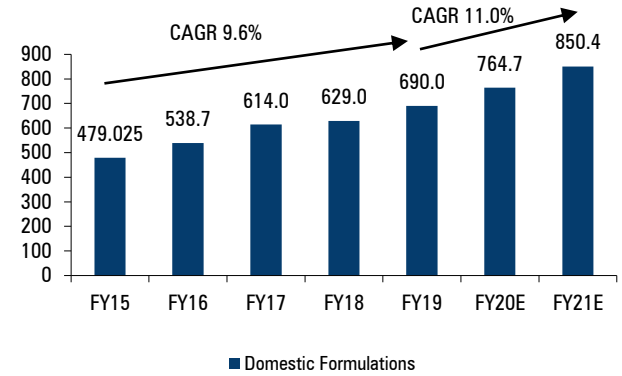
Africa accounts for ~54% of export formulations followed by Asia. The company also participates in anti-malarial tenders in Africa. It operates through 710+ MRs in these emerging markets. APL owns a portfolio of more than 1340 registered brands in these markets encompassing major therapies such as anti-infectives, anti-malarials, ophthalmic, dermatology, cardiovascular, GI, etc. The company also has a marginal presence in Latin America. It has also forayed into regulated markets such as US where it has filed 50 ANDAs and received approvals for 27.

Exhibit 4: Revenues to grow at CAGR of 10% over FY19-21E



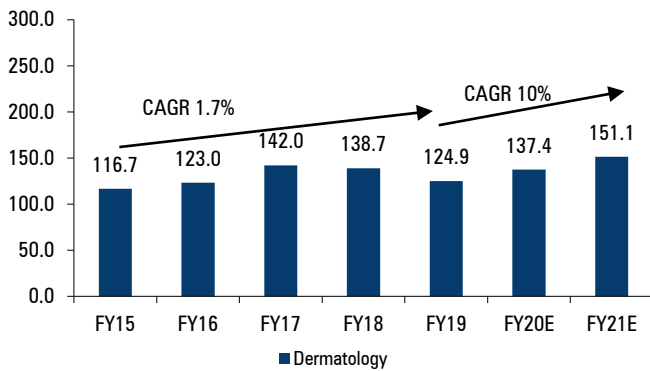
Source: ICICI Direct Research, Company

Exhibit 5: Domestic formulations (₹ crore)



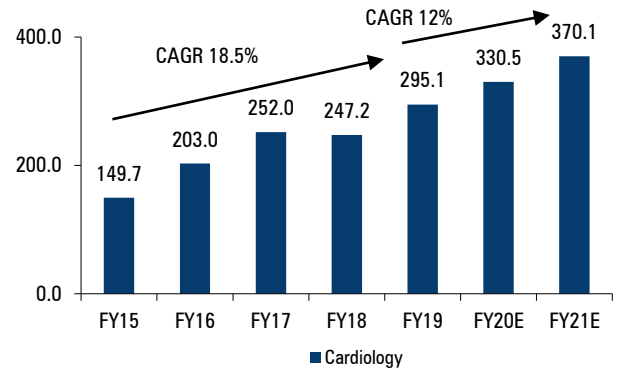
Source: ICICI Direct Research, Company

Exhibit 6: Domestic dermatology segment (₹ crore)



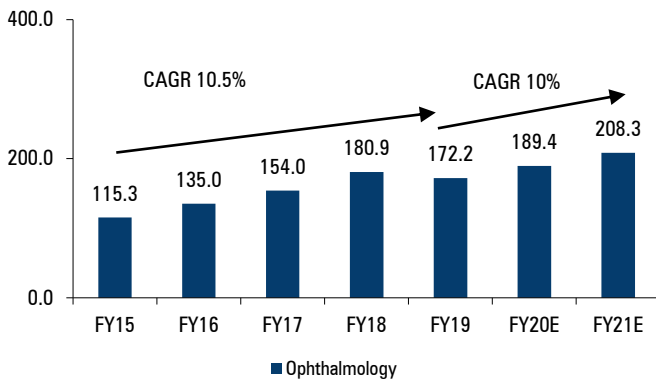
Source: ICICI Direct Research, Company

Exhibit 7: Domestic cardiology segment (₹ crore)



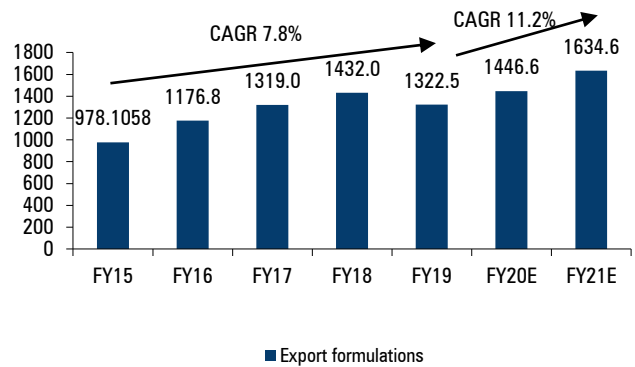
Source: ICICI Direct Research, Company

Exhibit 8: Domestic ophthalmology segment (₹ crore)



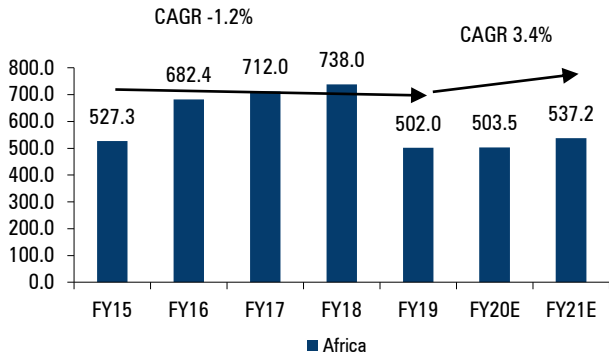
Source: ICICI Direct Research, Company

Exhibit 9: Export formulations (₹ crore)



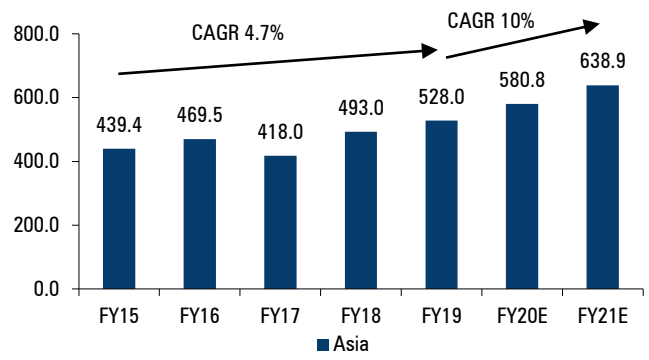
Source: ICICI Direct Research, Company

Exhibit 10: Africa revenues (₹ crore)



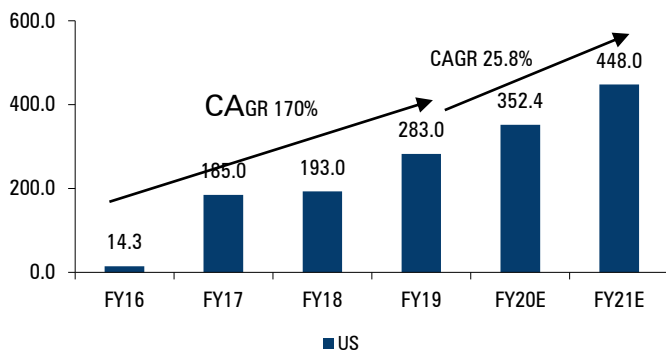
Source: ICICI Direct Research, Company

Exhibit 11: Asia revenues (₹ crore)



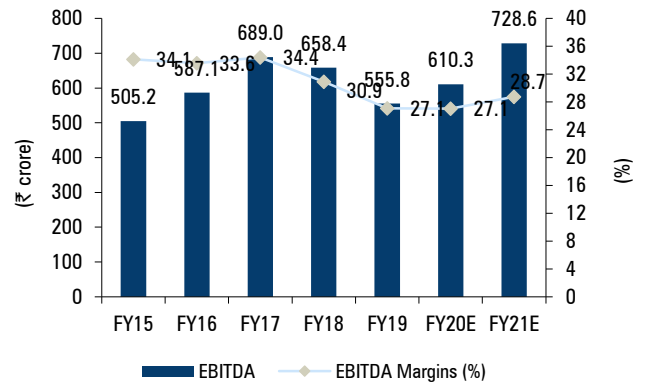
Source: ICICI Direct Research, Company

Exhibit 12: US revenues (₹ crore)



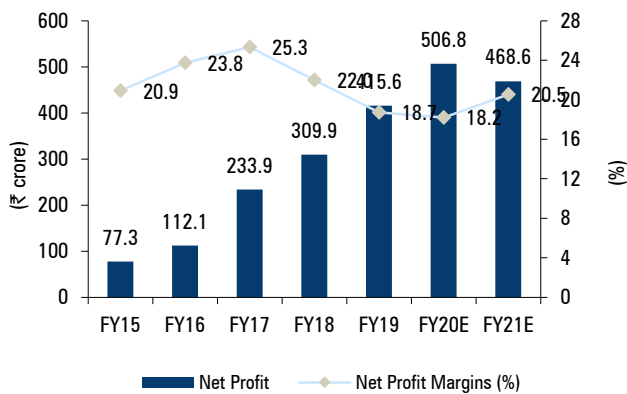
Source: ICICI Direct Research, Company

Exhibit 13: EBITDA to grow at CAGR 14.5% in FY19-21E



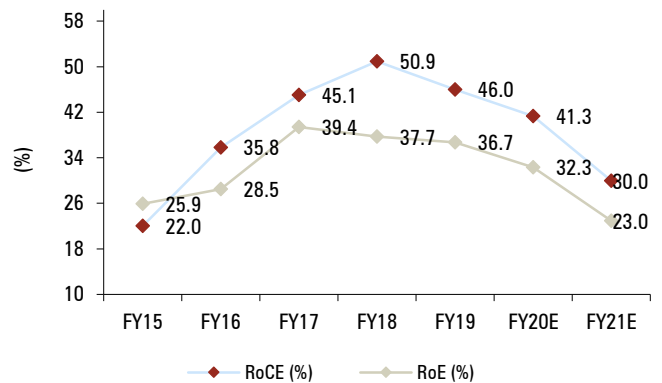
Source: ICICI Direct Research, Company

Exhibit 14: Net profit to grow at 16.4% CAGR in FY19-21E



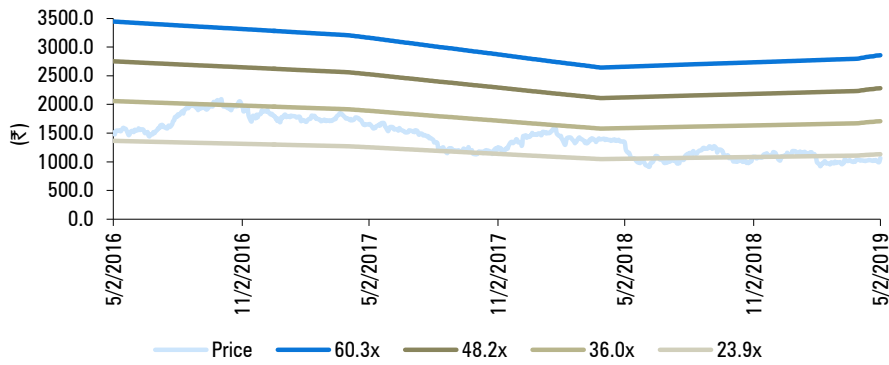
Source: ICICI Direct Research, Company

Exhibit 15: Return ratios trend



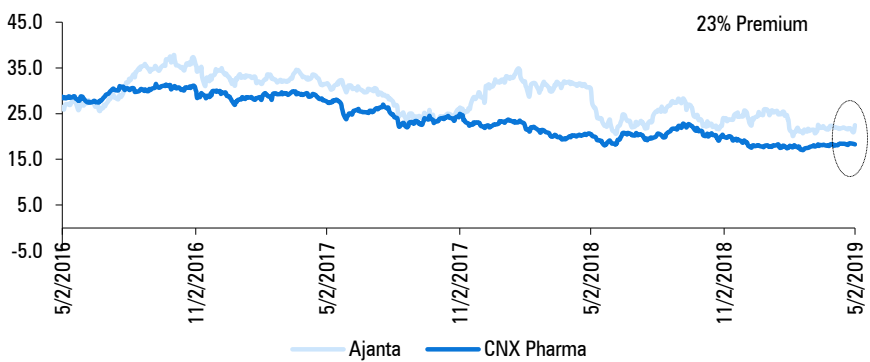
Source: ICICI Direct Research, Company

Exhibit 16: One year forward PE



Source: ICICI Direct Research

Exhibit 17: One year forward PE vs CNX Pharma



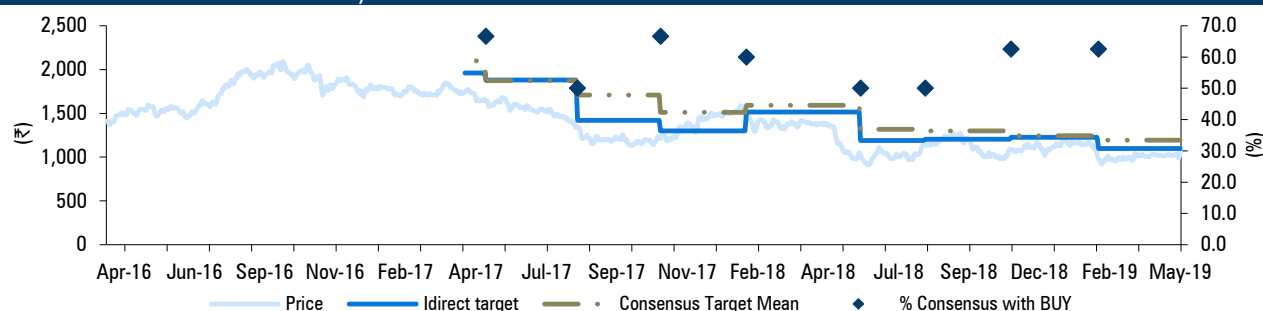
Source: ICICI Direct Research

Exhibit 18: Valuation

	Revenues (₹ crore)	Growth (%)	EPS (₹)	Growth (%)	P/E (x)	EV/EBITDA (X)	RoE (%)	RoCE (%)
FY18	2131	6.5	53.0	-7.5	20.1	13.9	23.0	30.0
FY19	2053	-3.7	43.5	-17.9	24.5	16.7	17.1	21.8
FY20E	2256	9.9	46.5	6.8	22.9	15.2	16.1	20.4
FY21E	2535	12.4	58.9	26.7	18.1	12.3	17.7	22.1

Source: ICICI Direct Research

Exhibit 19: Recommendation history vs Consensus



Source: ICICI Direct Research; Reuters

Exhibit 20: Key Events

Date	Event
Jun-08	Commissions dedicated R&D facility in Kandivali, Mumbai
Mar-09	Enters the Philippines market via incorporation of a subsidiary
Mar-09	USFDA approves Paithan facility
Mar-10	Acquires formulation facility near Aurangabad to cater to ROW markets
Dec-12	Enters regulated markets with first product approval in the US and one for Europe.
Mar-13	Launches first product in the US
Jan-15	Board approves subdivision of shares from ₹ 5 to ₹ 2
Mar-16	Aurangabad facility receives EIR with no observations
Mar-16	Dahej facility receives one USFDA 483 observation
Apr-17	USFDA clears Dahej facility without any Form 483 observations
Jun-18	USFDA clears Dahej facility without any Form 483 observations

Source: ICICI Direct Research

Exhibit 21: Shareholders

Rank	Investor Name	Filing Date	% O/S	Position	Position Change
1	Agrawal (Yogesh Mannalal)	22-Mar	0.1	12.6m	-0.1m
2	Agrawal (Rajesh)	22-Mar	0.1	12.6m	-0.1m
3	Agrawal (Ravi P)	22-Mar	0.1	12.5m	-0.3m
4	Agrawal (Ayush Madhusudan)	22-Mar	0.1	12.5m	-0.1m
5	Gabs Investments Pvt. Ltd.	31-Dec	0.1	8.4m	0.0m
6	Matthews International Capital Management	31-Dec	0.0	3.2m	0.1m
7	Motilal Oswal Asset Management Compan	28-Feb	0.0	2.9m	0.0m
8	Ganga Exports	22-Mar	0.0	2.4m	0.0m
9	SBI Funds Management Pvt. Ltd.	31-Dec	0.0	2.0m	-0.2m
10	Mirae Asset Global Investments (India) Pvt	28-Feb	0.0	1.7m	1.6m

Source: ICICI Direct Research, Reuters, Company

Exhibit 22: Shareholding Pattern

(in %)	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Promoter	70.7	70.5	70.5	70.5	70.5
Others	29.3	29.5	29.5	29.5	29.5

Source: ICICI Direct Research, Reuters, Company

Exhibit 23: Recent Activity

Buys			Sells		
Investor name	Value (\$)	Shares	Investor name	Value (\$)	Shares
Mirae Asset Global Investments (India) Pvt. Ltd.	21.7m	1.6m	Fundsmith LLP	-23.6m	-1.7m
DSP Investment Managers Pvt. Ltd.	5.3m	0.4m	Agrawal (Ravi P)	-4.6m	-0.3m
Matthews International Capital Management, L.L.C.	2.4m	0.1m	SBI Funds Management Pvt. Ltd.	-3.1m	-0.2m
Agrawal (Satish H)	1.1m	0.1m	Manulife Asset Management (Asia)	-2.5m	-0.1m
Bellevue Asset Management AG	0.8m	0.0m	Agrawal (Ayush Madhusudan)	-2.1m	-0.1m

Source: ICICI Direct Research, Reuters

Financials

Exhibit 24: Profit & Loss (₹ crore)

(Year-end March)/ (₹ crore)	FY18	FY19	FY20E	FY21E
Total Operating Income	2,130.9	2,053.0	2,255.6	2,534.7
Growth (%)	6.5	-3.7	9.9	12.4
Raw Material Expenses	406.4	383.5	439.8	494.3
Gross Profit	1,724.5	1,669.5	1,815.8	2,040.4
Gross Profit Margins (%)	80.9	81.3	80.5	80.5
Employee Expenses	376.5	430.7	475.2	506.9
Other Expenditure	689.6	683.1	730.2	804.9
Total Operating Expenditure	1,472.5	1,497.3	1,645.3	1,806.1
EBITDA	658.4	555.8	610.3	728.6
Growth (%)	-4.4	-15.6	9.8	19.4
Interest	0.4	1.2	1.7	1.7
Depreciation	59.6	72.1	90.5	105.6
Other Income	24.2	29.4	22.6	50.7
PBT before Exceptional Item	622.6	511.9	540.7	672.0
Less: Exceptional Items	0.0	0.0	0.0	0.0
PBT after Exceptional Items	622.6	511.9	540.7	672.0
Total Tax	153.9	127.3	129.8	151.2
PAT before MI	468.6	384.6	410.9	520.8
PAT	468.6	384.6	410.9	520.8
Growth (%)	-7.5	-17.9	6.8	26.7
EPS (Adjusted)	53.0	43.5	46.5	58.9

Source: ICICI Direct Research

Exhibit 25: Cash Flow Statement (₹ crore)

(Year-end March)/ (₹ crore)	FY18	FY19	FY20E	FY21E
Profit/(Loss) after taxation	483.0	384.6	410.9	520.8
Add: Depreciation & Amortiza	59.6	72.1	90.5	105.6
Net Increase in Current Asset	-346.9	-65.4	-90.7	-124.2
Net Increase in Current Liabili	86.9	-1.7	24.6	33.0
Others	0.4	1.2	1.7	1.7
CF from Operating activities	283.0	390.7	437.0	537.0
Investments	10.6	112.2	0.0	-150.0
(Purchase)/Sale of Fixed Ass	-262.6	-397.9	-300.0	-125.0
Others	-5.9	-30.9	0.2	0.2
CF from Investing activities	-258.0	-316.6	-299.8	-274.8
(inc)/Dec in Loan	0.5	33.0	0.0	0.0
Dividend & Dividend tax	-0.3	-96.0	-102.6	-130.0
Other	-0.4	-1.3	-1.7	-1.7
CF from Financing activities	-0.2	-64.3	-104.3	-131.7
Net Cash Flow	24.8	9.9	32.9	130.5
Cash and Cash Equivalent	65.8	90.6	100.5	133.4
Cash	90.6	100.5	133.4	264.0
Free Cash Flow	20.4	-7.2	137.0	412.0

Source: ICICI Direct Research

Exhibit 26: Balance Sheet (₹ crore)

(Year-end March)	FY18	FY19	FY20E	FY21E
Equity Capital	17.7	17.5	17.5	17.5
Reserve and Surplus	2,023.7	2,227.7	2,536.1	2,926.9
Total Shareholders funds	2,041.4	2,245.2	2,553.6	2,944.4
Total Debt	1.0	34.0	34.0	34.0
Deferred Tax Liability	24.4	58.9	60.1	61.3
Long-Term Provisions	13.2	13.8	14.0	14.3
Other Non Current Liabilities	0.0	0.0	0.0	0.0
Source of Funds	2,079.9	2,351.9	2,661.7	3,054.0
Gross Block - Fixed Assets	1,417.2	1,615.2	2,115.2	2,240.2
Accumulated Depreciation	364.6	436.6	527.1	632.7
Net Block	1,052.7	1,178.6	1,588.1	1,607.5
Capital WIP	61.3	261.3	61.3	61.3
Fixed Assets	1,114.0	1,439.8	1,649.4	1,668.8
Investments	190.0	77.7	77.7	227.7
Other non-Current Assets	80.8	62.2	63.4	64.7
Inventory	350.6	435.7	478.7	537.9
Debtors	492.0	459.5	504.8	567.3
Other Current Assets	108.0	120.8	123.2	125.7
Cash	90.6	100.5	133.4	264.0
Total Current Assets	1,041.2	1,116.5	1,240.2	1,494.8
Creditors	249.6	225.2	247.4	278.0
Provisions	28.8	25.0	25.5	26.0
Other Current Liabilities	67.7	94.2	96.0	98.0
Total Current Liabilities	346.1	344.3	368.9	401.9
Net Current Assets	695.2	772.2	871.3	1,092.9
Application of Funds	2,079.9	2,351.9	2,661.8	3,054.1

Source: ICICI Direct Research

Exhibit 27: Key Ratios (₹ crore)

(Year-end March)	FY18	FY19	FY20E	FY21E
Per share data (₹)				
Reported EPS	53.0	43.5	46.5	58.9
Cash EPS	53.0	32.7	34.9	44.2
BV per share	231.1	254.1	289.0	333.3
Cash per Share	10.3	11.4	15.1	29.9
Dividend per share	0.0	10.9	11.6	14.7
Operating Ratios (%)				
Gross Profit Margins	80.9	81.3	80.5	80.5
EBITDA margins	30.9	27.1	27.1	28.7
PAT Margins	22.0	18.7	18.2	20.5
Cash Conversion Cycle	101.6	119.1	119.1	119.1
Asset Turnover	1.5	1.3	1.1	1.1
EBITDA conversion Rate	43.0	70.3	71.6	73.7
Return Ratios (%)				
RoE	23.0	17.1	16.1	17.7
RoCE	30.0	21.8	20.4	22.1
RoIC	34.3	25.1	21.6	24.8
Valuation Ratios (x)				
P/E	20.1	24.5	22.9	18.1
EV / EBITDA	13.9	16.7	15.2	12.3
EV / Net Sales	4.3	4.5	4.1	3.5
Market Cap / Sales	4.4	4.6	4.2	3.7
Price to Book Value	4.6	4.2	3.7	3.2
Solvency Ratios				
Debt / EBITDA	0.0	0.1	0.1	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	2.7	3.0	3.0	3.1

Source: ICICI Direct Research

Exhibit 28: Trends in quarterly financials (₹ crore)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
						FY18	FY19E	FY20E	FY21E	FY18	FY19E	FY20E	FY21E	FY18	FY19E	FY20E	FY21E	FY18	Y19E	Y20E	Y21E
Ajanta Pharm:	AJAPHA	1022	1,060	Hold	8915	53.0	43.5	46.5	58.9	19.3	23.5	22.0	17.3	30.0	21.8	20.4	22.1	23.0	17.1	16.1	17.7
Alembic Pharm:	ALEMPHA	576	620	Hold	10863	21.9	30.4	27.1	28.1	26.3	19.0	21.3	20.5	18.0	21.3	17.4	17.3	18.6	22.8	16.7	15.3
Apollo Hospita:	APOHOS	1240	1,400	Buy	17252	8.5	20.3	39.5	51.7	146.6	61.0	31.4	24.0	6.3	8.8	13.0	16.2	3.6	8.1	14.0	16.0
Aurobindo Ph:	AURPHA	827	915	Buy	48467	41.6	44.2	52.9	61.0	19.9	18.7	15.6	13.6	20.0	17.9	16.3	17.4	20.7	17.8	17.6	17.1
Biocon	BIOCON	620	730	Buy	37206	6.2	12.4	14.2	20.0	99.9	50.0	43.8	31.1	8.1	11.6	13.3	16.6	7.2	12.2	12.4	15.1
Cadila Healthc	CADHEA	329	370	Buy	33640	17.5	17.8	18.4	20.6	18.7	18.4	17.9	16.0	16.7	13.3	12.7	13.6	20.5	18.0	16.2	15.9
Cipla	CIPLA	567	545	Hold	45659	18.3	17.5	20.4	27.3	30.9	32.3	27.8	20.8	9.6	10.6	12.2	14.8	10.4	8.9	9.6	11.7
Divi's Lab	DIVLAB	1728	1,800	Buy	45878	33.3	53.5	60.5	69.2	51.9	32.3	28.5	25.0	20.0	26.3	25.2	24.4	14.9	20.2	19.3	18.7
Dr Reddy's La	DRREDD	2898	2,870	Hold	48112	57.0	107.1	128.6	159.5	50.8	27.1	22.5	18.2	6.1	9.5	11.9	14.7	7.2	12.2	13.1	14.2
Glenmark Pha	GLEPHA	649	635	Hold	18303	28.5	32.1	38.0	45.5	22.7	20.2	17.1	14.3	14.6	15.3	15.5	16.3	15.6	14.7	14.9	15.3
Hikal	HIKCHE	184	200	Buy	2111	6.3	8.0	10.3	13.8	29.5	23.1	18.0	13.4	12.2	14.1	15.3	17.7	11.5	13.1	14.9	17.2
Indoco Remec	INDREM	206	195	Hold	1896	4.8	-1.8	7.4	12.5	42.6	-112.8	27.8	16.5	6.5	-0.1	8.3	12.1	6.6	-2.6	9.4	13.7
Ipca Laborato:	IPCLAB	967	900	Buy	12222	19.0	36.9	43.2	53.0	51.0	26.2	22.4	18.2	9.1	16.4	17.0	18.8	8.9	16.2	15.4	16.3
Jubilant Life	JUBLIF	658	905	Buy	10485	41.3	59.7	73.9	90.4	16.0	11.0	8.9	7.3	14.9	18.6	20.1	21.9	15.7	18.8	18.7	18.8
Lupin	LUPIN	875	840	Hold	39582	20.8	20.2	31.8	42.5	42.2	43.3	27.5	20.6	10.4	9.2	11.3	14.0	6.9	5.7	9.5	11.5
Narayana Hru	NARHRU	205	250	Buy	4191	2.5	2.3	6.2	9.0	81.9	90.5	32.9	22.7	6.3	7.6	11.9	14.7	4.9	4.3	10.5	13.3
Natco Pharm:	NATPHA	534	635	Hold	9764	37.7	35.5	27.0	17.7	14.1	15.1	19.8	30.2	27.4	23.2	16.7	10.5	22.7	18.7	13.1	8.1
Sun Pharma	SUNPHA	466	460	Hold	111806	13.0	17.2	18.6	23.5	35.9	27.0	25.1	19.9	9.8	11.7	11.7	12.6	8.2	10.4	10.0	11.3
Syngene Int.	SYNINT	607	715	Buy	12148	15.3	16.5	19.0	20.5	40.1	37.0	32.3	29.9	15.9	16.2	15.8	15.0	17.7	16.8	16.2	15.0
Torrent Pharm:	TORPHA	1752	2,175	Buy	29655	40.1	52.3	64.9	86.8	43.7	33.5	27.0	20.2	11.2	13.7	17.0	20.5	14.7	16.0	17.8	20.2

Source: ICICI Direct Research, Bloomberg

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