

Stellar revenue growth from US, RoW, API...

Revenues grew robust 41.4% YoY to ₹ 1341 crore due to 72.8% YoY growth in US to ₹ 596 crore. Additionally, better-than-expected sales in 1) RoW (up 62% YoY) as serialisation issues especially in Europe have been addressed, 2) API segment (up 54%) due to Azithromycin and other opportunities propelled revenue growth. Domestic formulations de-grew 5.6% to ₹ 306 crore. EBITDA margins improved 587 bps YoY to 30.4% mainly due to lower other expenditure amid lower promotional, travelling and R&D costs. EBITDA grew 81.1% YoY to ₹ 407.4 crore. Adjusted PAT grew 103.7% YoY to ₹ 302 crore mainly due to strong operational performance.

Domestic growth to remain steady; overhauling exercise on...

Domestic sales comprise 31% of FY20 revenues with higher contribution from specialty (54% of domestic sales). However, despite having an established set-up, growth (FY16-20 CAGR of ~5%) has lagged the industry growth curve. Alembic is consciously focusing on this aspect by overhauling distribution channels (defocusing on trade generics). Overall, we expect domestic formulations to grow at ~8.8% FY20-22E CAGR to ₹ 1686 crore.

New launches to drive US; impending capex to the fore...

US sales (43% of FY20 revenues) grew at ~12% CAGR in FY16-20 to ₹ 1976 crore on the back of consistent product launches including limited competition products. Despite being a late entrant, the company has done reasonably well with a product basket of 191 ANDA filings (66 pending final approval). It has already demonstrated required capabilities by securing limited competition approvals like gAbilify (CNS), gExforge (CVS), gCelebrex (Pain), gMicardis (CVS) and currently Sartans. We expect US sales to register ~16.5% FY20-22E CAGR to ₹ 2680 on the back of 15-20 launches every year.

Valuation & Outlook

Key takeaway from Q1FY21 numbers were significant traction from ROW and API segments (that hitherto were lumpy). Elsewhere, we expect US run rate to sustain at +US\$70 million on the back of established US base amid significant market share gains in Sartans. On the domestic front, barring Covid-related disruptions, the management expects a steady run rate. For ROW markets, the management has guided the current run-rate to be the base, going ahead, having addressed serialisation issues in Europe. The management has also guided for 15-20% growth in the API segment. With the aggressive R&D, capex, the management has already signalled its long term strategy that includes a foray into niche areas like oncology, injectables, derma, etc. Although this is fraught with a new set of challenges, Alembic now looks in much better shape to withstand those challenges. We maintain BUY and arrive at a target price of ₹ 1140 based on 22x FY22E EPS of ₹ 51.9.



Particulars

Particular	Amount
Market Capitalisation	₹18127 crore
Debt (FY 20)	₹1747 crore
Cash & cash equivalents (FY 20)	₹81 crore
EV	₹19793 crore
52 week H/L	1044/436
Equity capital	₹38 crore
Face value	₹2

Key Highlights

- Q1FY21 revenues better than I-direct estimates on all fronts. Strong US, RoW, API revenues drive Q1
- Significant EBITDA margin improvement due to lower promotional, travelling, R&D costs
- Expect US run rate to sustain at +US\$70 million on the back of established US base amid significant market share gains in Sartans
- Europe serialisation issues have been resolved, current RoW run-rate to be the base, going ahead
- Maintain BUY

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Key Financial Summary

(₹crore)	FY19	FY20	FY21E	FY22E	CAGR (FY20-22E) %
Revenues	3934.7	4605.7	5519.0	6048.1	14.6
EBITDA	873.6	1223.0	1459.2	1542.3	12.3
EBITDA margins (%)	22.2	26.6	26.4	25.5	
Net Profit	592.7	872.8	992.0	978.1	5.9
EPS (₹)	31.4	46.3	52.6	51.9	
PE (x)	30.6	21.9	18.3	18.5	
Target PE (x)	36.3	24.6	21.7	22.0	
EV to EBITDA (x)	21.8	16.2	13.3	12.4	
ROIC (%)	35.1	33.6	31.8	24.2	
RoNW (%)	21.8	27.1	24.1	19.7	

Source: Company, ICICI Direct Research

Exhibit 1: Variance Analysis

	Q1FY21	Q1FY21E	Q1FY20	Q4FY20	YoY (%)	QoQ (%)	Comments
Revenue	1,341.3	1,196.2	948.9	1,206.8	41.4	11.1	YoY growth mainly due to strong growth in export formulations and APIs. Beat vis-à-vis I-direct estimates mainly due to better-than-expected growth in RoW and APIs
Raw Material Expense:	337.8	287.1	204.4	263.9	65.2	28.0	A 364 bps YoY decline in gross margins to 74.8% mainly due to change in product mix
Employee Expenses	275.4	263.2	214.9	246.9	28.2	11.5	
R&D Expenditure	142.6	149.5	140.3	185.0	1.7	-22.9	A 415 bps YoY decline in R&D as percentage of sales to 10.6% due to Covid-induced deferral of R&D
Other Expenditure	178.2	203.4	164.4	183.5	8.4	-2.9	
EBITDA	407.4	293.1	224.9	327.5	81.1	24.4	Strong growth and beat mainly due to lower promotional, travelling and R&D expenditure
EBITDA (%)	30.4	24.5	23.7	27.1	667 bps	323 bps	
Interest	6.7	8.0	5.0	7.8	33.9	-13.9	
Depreciation	41.5	46.3	35.4	44.1	17.2	-6.0	
Other Income	0.3	1.2	3.3	0.9	-90.3	-64.0	
PBT before EO & Fore:	359.5	240.0	187.8	276.5	91.4	30.0	
Forex & EO	0.0	0.0	32.8	10.9	NA	NA	
PBT	359.5	240.0	155.0	265.7	131.9	35.3	
Tax	66.8	52.8	36.0	62.1	85.7	7.5	
PAT before MI	292.7	187.2	119.1	203.5	145.9	43.8	
Adj. Net Profit	301.5	193.5	148.0	235.5	103.7	28.0	YoY growth and beat vis-à-vis I-direct estimates mainly due to strong operational performance
Key Metrics							
Domestic Formulation	306.0	301.3	324.0	342.0	-5.6	-10.5	As expected, growth was impacted amid Covid-19
US	596.0	592.3	345.0	577.0	72.8	3.3	YoY growth mainly due to strong growth in Sartans
RoW	175.0	113.4	108.0	132.0	62.0	32.6	YoY growth and beat vis-à-vis I-direct estimates mainly due to resolution of serialisation issues in Europe
APIs	264.0	189.2	172.0	155.0	53.5	70.3	YoY growth and beat vis-à-vis I-direct estimates on account of grabbing opportunity arising out of China uncertainty and strong growth in Azithromycin API amid Covid-19

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

	FY21E			FY22E			Comments
(₹Crore)	Old	New	% Change	Old	New	% Change	
Revenue	5,196.4	5,519.0	6.2	5,692.2	6,048.1	6.3	Changed mainly due to better-than-expected Q1 and upward revision in RoW base as per management guidance
EBITDA	1,194.9	1,459.2	22.1	1,238.0	1,542.3	24.6	
EBITDA Margin (%)	23.0	26.4	344 bps	21.7	25.5	380 bps	Changed margins as per management guidance and stretched continuation of Sartan opportunities in the US
PAT	779.9	992.0	27.2	749.8	978.1	30.4	Changed mainly in sync with operational performance
EPS (₹)	41.4	52.6	27.1	39.8	51.9	30.4	

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

	Current				Earlier		Comments
(₹crore)	FY 19	FY 20	FY 21E	FY 22E	FY 21E	FY 22E	
Domestic Formulation	1,383.0	1,425.0	1,497.6	1,686.1	1,567.5	1,724.3	
US	1,266.0	1,976.0	2,435.8	2,680.0	2,337.7	2,571.5	
RoW	516.0	496.0	709.8	745.3	477.0	500.8	Changed as per management guidance and better-than-expected Q1FY21
APIs	770.0	708.0	875.5	936.7	814.2	895.6	Changed as per management guidance and better-than-expected Q1FY21

Source: ICICI Direct Research

Conference call highlights

- For Q1FY21, the company has filed eight ANDAs, received six final approvals and launched three products in the US
- Total 72 products launched till date in the US (excluding seven with partner label). The company expects to launch another five products in the US in Q2FY21
- Cumulative ANDAs filed were at 191. Cumulative approved: 125 (including 14 tentative approvals)
- Gross debt was at ~₹ 1440 crore, net debt at ₹ 1179 crore (cash ~₹ 260 crore)
- R&D during the quarter was at ₹ 141 crore (11% of sales). The lower spend was attributable to lower activity due to lockdown. The company expects higher spend in subsequent quarters with FY21 R&D to be ~₹ 700 crore
- Capex for Q1FY21 was ₹ 142 crore. Cumulative capex was at ~₹ 1500 crore
 - Maintenance (₹ 300 crore per annum)
 - ₹ 600-700 crore capex over two years for expansion of injectable, F4 - Jarod (oral solids) and API facilities
 - Pre-operative expenses mainly at ~₹ 300-350 crore in opex
- Aleor investment was at ₹ 702 crore (cumulative)
- Sartans – New players have entered the market. However, the market remains stable as there were no major share gains by any single player
- US – US\$70 million base has been established as mentioned previously, 15-20 new launches per year, going ahead, to drive growth
- Domestic – Drag due to liquids portfolio (antibiotics + cough & cold), gynaecology/hormone
 - Cost cutting/restructuring - no special trade discounts given to distributors
 - Going ahead, strong traction in Azithromycin oral solids, liquid likely to continue to be impacted
- Strong ROW growth – due to addressing of serialisation issues in Europe; current quarter performance could be the base, going ahead
- API growth – mainly due to Azithromycin and other opportunities. The management expects API segment growth to be ~15-20%
- Decline in other expenditure was on account of lower travel/promotional expenses and lower R&D
- Long-term strategy – Investment in complex generics & 505 (b)2; injectables & specialty
- Total 80% portfolio is backward integrated, which is likely to go down, going ahead, as more ophthalmics/complex products will get added

Exhibit 4: Trends in quarterly financials

(₹Crore)	1FY 18	2FY 18	3FY 18	4FY 18	1FY 19	2FY 19	3FY 19	4FY 19	1FY 20	2FY 20	3FY 20	4FY 20	1FY 21	YoY (%)	QoQ (%)
Revenues	648.2	789.3	840.0	853.3	862.5	1127.1	1018.2	927.0	948.9	1240.9	1209.1	1206.8	1341.3	41.4	11.1
Raw Material Cost	182.0	213.3	226.4	263.8	255.4	272.1	248.5	216.7	204.4	272.6	298.5	263.9	337.8	65.2	28.0
% to revenues	28.1	27.0	27.0	30.9	29.6	24.1	24.4	23.4	21.5	22.0	24.7	21.9	25.2		
Gross Profit	466.2	576.0	613.6	589.5	607.1	855.0	769.7	710.2	744.5	968.3	910.6	942.9	1003.6	34.8	6.4
Gross Profit Margin	71.9	73.0	73.0	69.1	70.4	75.9	75.6	76.6	78.5	78.0	75.3	78.1	74.8	-364 bps	-332 bps
Employee cost	158.5	159.5	147.4	157.3	164.9	182.6	198.4	200.7	214.9	217.8	226.9	246.9	275.4	28.2	11.5
% to revenues	24.5	20.2	17.6	18.4	19.1	16.2	19.5	21.7	22.6	17.5	18.8	20.5	20.5	-211 bps	7 bps
R & D	94.0	98.1	98.1	121.1	121.5	144.7	112.2	119.7	140.3	173.8	145.7	185.0	142.6		
% to revenues	14.5	12.4	11.7	14.2	14.1	12.8	11.0	12.9	14.8	14.0	12.1	15.3	10.6	-415 bps	-470 bps
Other Expenditure	112.2	139.2	180.5	137.9	169.7	225.3	216.9	211.7	164.4	231.2	213.0	183.5	178.2	8.4	-2.9
% to revenues	17.3	17.6	21.5	16.2	19.7	20.0	21.3	22.8	17.3	18.6	17.6	15.2	13.3	-404 bps	-192 bps
Total Expenditure	546.8	610.1	652.5	680.1	711.5	824.7	775.9	748.9	724.0	895.4	884.1	879.3	934.0	29.0	6.2
% to revenues	84.4	77.3	77.7	79.7	82.5	73.2	76.2	80.8	76.3	72.2	73.1	72.9	69.6		
EBIDTA	101.4	179.2	187.5	173.2	151.0	302.3	242.2	178.0	224.9	345.5	325.1	327.5	407.4	81.1	24.4
EBITDA Margin (%)	15.6	22.7	22.3	20.3	17.5	26.8	23.8	19.2	23.7	27.8	26.9	27.1	30.4	667 bps	323 bps
Depreciation	21.8	25.7	26.4	31.6	27.6	28.6	29.1	30.0	35.4	36.0	41.8	44.1	41.5	17.2	-6.0
Interest	0.9	0.4	0.8	1.3	1.6	5.8	6.0	5.1	5.0	7.1	7.4	7.8	6.7	33.9	-13.9
OI	0.2	7.7	0.3	0.6	0.1	2.4	3.5	3.4	3.3	0.4	0.4	0.9	0.3		
PBT	78.9	160.8	160.6	141.0	121.9	270.3	210.8	146.4	187.8	302.9	276.3	276.5	359.5	91.4	30.0
Tax	15.5	36.6	29.8	38.5	31.5	70.3	40.0	14.9	36.0	52.5	48.6	62.1	66.8	85.7	7.5
Tax Rate (%)	19.6	22.7	18.5	27.3	25.9	26.0	19.0	10.2	19.1	17.3	17.6	22.5	18.6		
PAT	63.4	124.3	130.9	102.4	90.4	200.0	170.8	131.5	151.9	250.4	227.7	214.4	292.7	92.8	36.6
PAT Margin (%)	9.8	15.7	15.6	12.0	10.5	17.7	16.8	14.2	16.0	20.2	18.8	17.8	21.8		
Exceptional Items (0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32.8	0.0	0.0	10.9	0.0		
Net Profit before MI	63.4	124.3	130.9	102.4	90.4	200.0	170.8	131.5	119.1	250.4	227.7	203.5	292.7	145.9	43.8
Add/(less) MI	0.0	0.0	0.0	0.2	0.0	0.0	-0.8	-0.8	4.2	4.2	-6.9	-21.2	-8.3		
Net Profit	63.4	124.3	130.9	102.2	90.4	200.0	171.5	132.3	114.8	246.2	234.6	224.7	301.0	162.1	34.0
Net Profit (excl.EI)	63.4	124.3	130.9	102.2	90.4	200.0	171.5	132.3	147.6	246.2	234.6	235.6	301.0	103.9	27.8

Source: ICICI Direct Research

Company Background

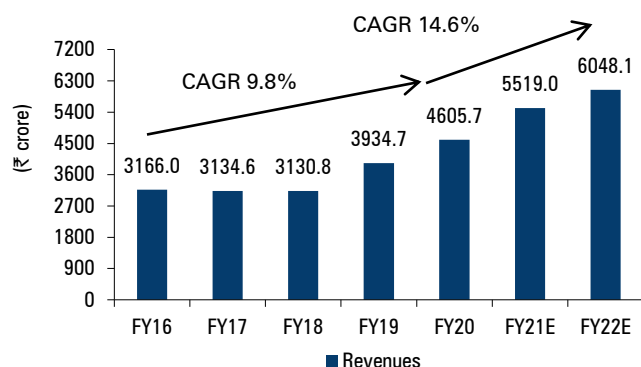
Tracing its roots way back to 1907, the company has remained an active player in the domestic formulations space with a few legacy brands like Azithral, Althrocine and Wikoryl in the anti-infective and cough & cold segments. In 2011, APL was de-merged from Alembic Ltd to provide more thrust to formulations and insulate this business from the vagaries of commoditised APIs. Formulations account for 87% of the business while the rest comes from APIs. As of FY20, the domestic: exports formulation ratio was at 37:63. Consolidated revenues, EBITDA and PAT have grown at a CAGR of 10%, 21% and 20%, respectively, in FY16-20.

The company's domestic branded portfolio is gradually shifting to the speciality business segment, which now accounts for ~53% of domestic branded formulations in FY20.

Export formulations constitute 63% of FY20 revenues. Of this, ~80% of export formulations are generics catering to the US.

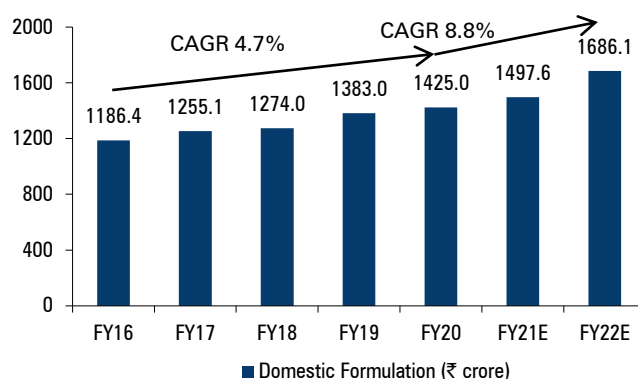
The company has acquired US based Orit Laboratories LLC along with real estate. Orit is focused on developing and filing oral solid and liquid products. With 8,600 square feet R&D and pilot manufacturing facility, it has seven approved ANDAs while four ANDAs are pending approval. Orit adds complementary skill sets in soft gelatine based oral solids and oral liquids to Alembic with a team of eight highly experienced scientists.

Exhibit 5: Revenues to grow at 15% CAGR over FY20-22E



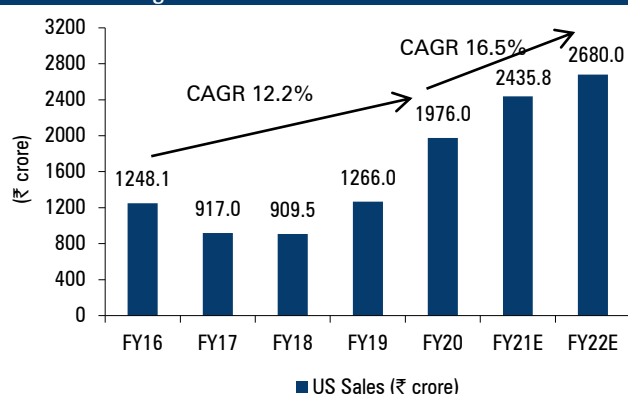
Source: ICICI Direct Research, Company

Exhibit 6: Domestic to grow at 9% CAGR over FY20-22E



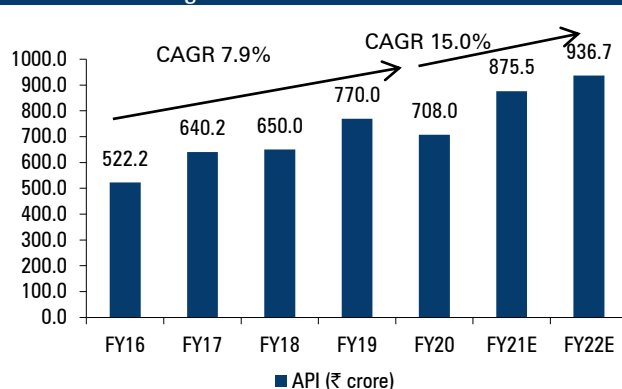
Source: ICICI Direct Research, Company

Exhibit 7: US to grow at 16% CAGR over FY20-22E



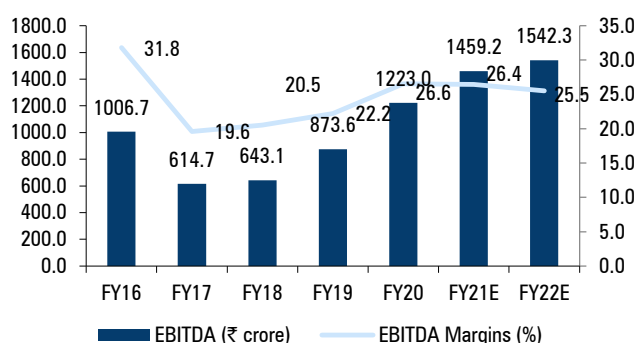
Source: ICICI Direct Research, Company

Exhibit 8: API to grow at 15% CAGR over FY20-22E



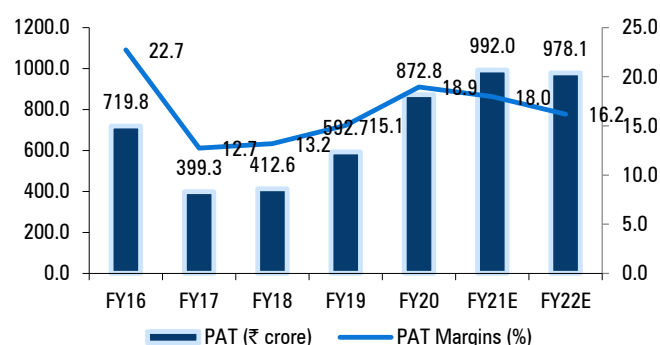
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend

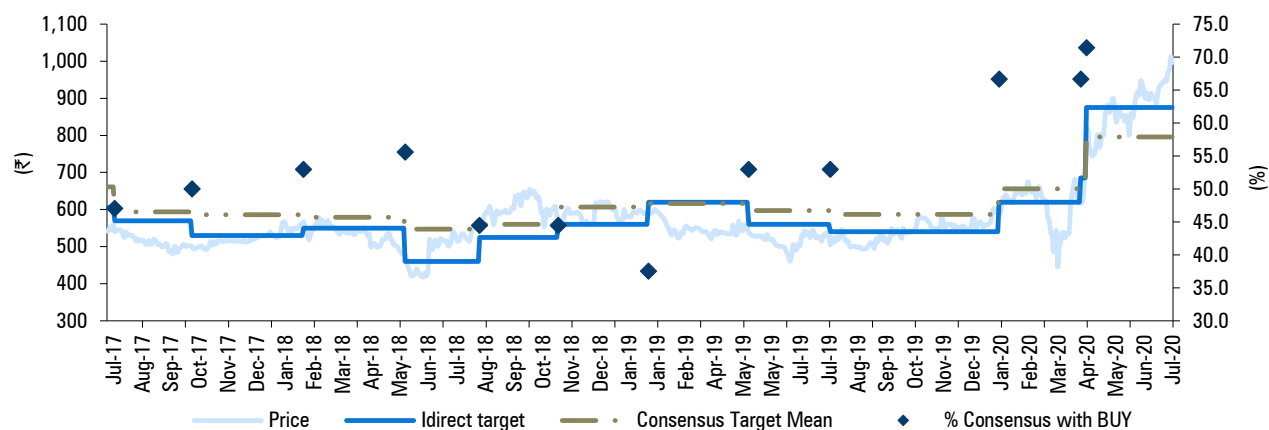


Source: ICICI Direct Research, Company

Exhibit 10: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 11: Recommendation history vs. Consensus


Source: ICICI Direct Research; Bloomberg

Exhibit 12: Top 10 Shareholders

Rank	Investor Name	Filing Date	% O/S	Position (m)	Change
1	Nirayu Pvt Ltd	31-Mar-20	37.2	70.04m	0.0m
2	Alembic Ltd	31-Mar-20	29.5	55.55m	0.0m
3	Amin Chirayu Ramanbhai	31-Mar-20	2.4	4.52m	0.0m
4	DSP Investment Managers Pvt Ltd	31-Mar-20	2.3	4.29m	2.3m
5	HDFC Life Insurance Co Ltd	31-Mar-20	1.6	3.02m	0.5m
6	Amin Malika Chirayu	31-Mar-20	1.6	3.01m	0.0m
7	Elara India Opportunities Fund Ltd	31-Mar-20	1.1	2.09m	(0.5)m
8	Cresta Fund Ltd	31-Dec-19	1.1	2.01m	(0.5)m
9	Matthews International Capital Man	31-Mar-20	1.1	1.97m	(1.4)m
10	SBI Funds Management Pvt Ltd	30-Jun-20	1.0	1.92m	(0.0)m

Source: ICICI Direct Research; Bloomberg

Exhibit 13: Shareholding Pattern

(in %)	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Promoter	73.0	73.0	73.0	73.0	73.0
Others	27.0	27.0	27.0	27.0	27.0

Source: ICICI Direct Research; Bloomberg

Financial Summary

Exhibit 14: Profit & Loss (₹ crore)				
(Year-end March) ₹crore	FY19	FY20	FY21E	FY22E
Revenues	3,934.7	4,605.7	5,519.0	6,048.1
Growth (%)	25.7	17.1	19.8	9.6
Raw Material Expenses	992.7	1,039.4	1,333.4	1,391.1
Employee Expenses	746.7	906.4	1,159.6	1,391.1
R&D Expenditure	498.2	644.8	706.6	756.0
Other Manufacturing Expens	823.5	792.1	860.2	967.7
Total Operating Expenditure	3,061.1	3,382.7	4,059.8	4,505.8
EBITDA	873.6	1,223.0	1,459.2	1,542.3
Growth (%)	35.8	40.0	19.3	5.7
Interest	18.4	27.2	26.2	18.6
Depreciation	115.2	157.3	219.0	302.8
Other Income	9.4	4.9	8.7	2.4
PBT	749.3	999.8	1,222.7	1,223.3
Total Tax	156.7	199.2	256.7	269.1
Tax Rate (%)	20.9	19.9	21.0	22.0
Adjusted PAT	592.7	872.8	992.0	978.1
Growth (%)	43.6	47.3	13.7	-1.4
EPS (Adjusted)	31.4	46.3	52.6	51.9

Source: ICICI Direct Research

Exhibit 15: Cash Flow Statement (₹ crore)				
(Year-end March) ₹crore	FY19	FY20	FY21E	FY22E
Profit/(Loss) after taxation	582.8	763.7	992.0	978.1
Depreciation	155.2	157.3	219.0	302.8
Net Increase in Current Assets	-22.6	-597.5	-475.4	-275.6
Net Increase in Current Liabilities	131.1	4.6	385.6	123.7
CF from operating activities	812.0	449.2	1,121.1	1,128.9
(Inc)/dec in Investments	-14.4	0.0	0.0	0.0
(Inc)/dec in Fixed Assets	-763.1	-734.3	-700.0	-700.0
Other investing activities	2.1	7.3	2.5	1.0
CF from investing activities	-755.3	-728.9	-692.2	-692.0
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Inc / (Dec) in Loan	220.7	591.9	-300.0	-400.0
Dividend & Dividend Tax	-90.9	-326.0	-103.7	-122.5
Other financing activities	-70.7	-111.1	0.0	0.0
CF from financing activities	59.0	154.9	-403.7	-522.5
Net Cash flow	115.7	-124.9	25.3	-85.6
Opening Cash	89.9	205.6	80.8	106.1
Closing Cash	205.6	80.8	106.1	20.5
Free Cash flow	48.9	-285.2	421.1	428.9

Source: ICICI Direct Research

Exhibit 16: Balance Sheet (₹ crore)				
(Year-end March) ₹crore	FY19	FY20	FY21E	FY22E
Equity Capital	37.7	37.7	37.7	37.7
Reserve and Surplus	2,681.1	3,181.7	4,070.0	4,925.6
Total Shareholders funds	2,718.8	3,219.4	4,107.7	4,963.3
Minority Interest	-0.8	-29.0	-26.1	-23.5
Total Debt	1,128.4	1,747.5	1,447.5	1,047.5
Deferred Tax Liability	18.8	12.2	13.4	14.7
Other Non Current Liabilities	0.0	73.3	80.6	88.7
Long Term Provisions	52.0	74.5	82.0	90.2
Source of Funds	3,917.3	5,097.9	5,705.2	6,180.9
Gross Block - Fixed Assets	1,518.4	2,126.0	2,976.0	4,326.0
Accumulated Depreciation	363.5	574.5	793.5	1,096.3
Net Block	1,154.8	1,551.5	2,182.5	3,229.7
Capital WIP	1,551.2	1,846.2	1,696.2	1,046.2
Total Fixed Assets	2,706.1	3,397.7	3,878.7	4,275.9
Goodwill on Consolidation	3.6	0.0	0.0	0.0
Investments	48.8	17.9	17.9	17.9
Inventory	967.3	1,187.5	1,512.0	1,657.0
Cash	205.6	80.8	106.1	20.5
Debtors	488.9	864.8	982.8	1,077.1
Loans & Advances & Other	0.0	0.0	0.0	0.0
Total Current Assets	1,957.7	2,462.7	2,963.5	3,153.5
Creditors	702.3	625.9	985.0	1,079.5
Provisions & Other CL	158.2	265.2	291.7	320.9
Total Current Liabilities	860.5	891.1	1,276.7	1,400.3
Net Current Assets	1,097.2	1,571.6	1,686.8	1,753.2
LT L& A, Other Assets	61.6	110.7	121.7	133.9
Deferred Tax Assets	0.0	0.0	0.0	0.0
Application of Funds	3,917.3	5,097.9	5,705.2	6,180.9

Source: ICICI Direct Research

Exhibit 17: Key Ratios				
(Year-end March)	FY19	FY20	FY21E	FY22E
Per share data (₹)				
Adjusted EPS	31.4	46.3	52.6	51.9
BV per share	144.2	170.8	217.9	263.3
Dividend per share	6.4	12.0	5.5	6.5
Operating Ratios (%)				
Gross margins	74.8	77.4	75.8	77.0
EBITDA Margins	22.2	26.6	26.4	25.5
PAT Margins	15.1	18.9	18.0	16.2
Inventory days	89.7	94.1	100.0	100.0
Debtor days	45.4	68.5	65.0	65.0
Creditor days	65.2	49.6	65.1	65.1
Asset Turnover	2.6	2.2	1.9	1.4
EBITDA conversion Rate	92.9	36.7	76.8	73.2
Return Ratios (%)				
RoE	21.8	27.1	24.1	19.7
RoCE	19.6	21.0	21.9	20.1
RoIC	35.1	33.6	31.8	24.2
Valuation Ratios (x)				
P/E	30.6	21.9	18.3	18.5
EV / EBITDA	21.8	16.2	13.3	12.4
EV / Net Sales	4.8	4.3	3.5	3.2
Market Cap / Sales	4.6	3.9	3.3	3.0
Price to Book Value	6.7	5.6	4.4	3.7
Solvency Ratios				
Debt / Equity	0.4	0.5	0.4	0.2
Debt / EBITDA	1.3	1.4	1.0	0.7
Current Ratio	1.7	2.3	2.0	2.0

Source: ICICI Direct Research



Exhibit 18: ICICI Direct Coverage Universe (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
						FY19	FY20	Y21E	Y22E	FY19	FY20	Y21E	Y22E	FY19	FY20	Y21E	Y22E	FY19	FY20	Y21E	Y22E
Ajanta Pharma	AJAPHA	1461	1,730	Buy	12748	43.5	53.4	56.1	72.1	33.6	27.4	26.0	20.3	21.8	24.7	22.4	24.2	17.1	18.1	16.7	18.5
Alembic Pharma	ALEMPHA	962	1,140	Buy	18127	31.4	46.3	52.6	51.9	30.6	20.8	18.3	18.5	19.6	21.0	21.9	20.1	21.8	27.1	24.1	19.7
Apollo Hospital	APOHOS	1481	1,490	Buy	20607	17.0	23.3	37.3	68.0	87.3	63.5	39.8	21.8	8.8	10.4	11.2	14.6	7.1	9.7	12.8	19.6
Aurobindo Pharma	AURPHA	825	920	Buy	48334	41.9	48.8	57.8	63.0	19.7	16.9	14.3	13.1	15.9	17.2	19.1	19.1	17.7	17.0	17.0	15.8
Biocon	BIOCON	431	390	Buy	51684	6.2	5.8	11.1	18.9	69.4	74.0	38.7	22.7	10.9	10.2	15.6	21.5	12.2	10.4	16.9	22.8
Cadila Healthcare	CADHEA	367	420	Buy	37536	18.1	14.0	16.8	20.5	20.3	26.2	21.8	17.9	13.0	11.0	12.3	13.8	17.8	13.8	14.7	15.7
Cipla	CIPLA	662	670	Buy	53351	18.6	19.2	23.0	30.2	35.6	34.4	28.7	21.9	10.9	12.0	13.0	15.4	10.0	9.8	10.8	12.6
Divi's Lab	DIVLAB	2262	2,355	Hold	60042	51.0	51.9	60.7	73.6	44.4	43.6	37.3	30.7	25.5	23.9	23.8	24.0	19.4	18.8	18.7	19.1
Dr Reddy's Lab	DRREDD	4062	4,615	Buy	67513	114.7	121.9	171.3	205.4	35.4	33.3	23.7	19.8	10.7	9.6	18.1	19.7	13.6	13.0	15.8	16.3
Glenmark Pharma	GLEPHA	414	510	Hold	11673	26.9	26.4	25.0	36.6	15.4	15.7	16.6	11.3	15.3	12.7	11.4	14.1	13.5	12.2	10.5	13.4
Hikal	HIKCHE	125	165	Buy	1541	8.4	8.1	10.8	13.8	15.0	15.4	11.6	9.1	14.3	13.0	14.2	15.7	13.6	12.2	14.2	15.6
Ipca Laboratories	IPCLAB	1747	1,900	Buy	22069	35.1	47.8	61.7	76.8	49.8	36.5	28.3	22.8	15.0	17.4	19.4	20.2	14.2	16.6	17.8	18.2
Jubilant Life	JUBLIF	749	550	Buy	11934	54.9	59.9	69.8	89.8	13.7	12.5	10.7	8.3	14.3	14.6	17.2	19.7	17.8	16.6	16.4	17.5
Lupin	LUPIN	851	930	Hold	38565	16.5	-12.7	25.3	38.9	51.4	-67.1	33.6	21.9	9.4	10.6	10.7	14.6	5.4	-4.6	8.5	11.6
Narayana Hrudayam	NARHRU	282	340	Buy	5754	2.9	6.4	-3.1	9.6	97.0	44.3	-91.7	29.3	7.7	11.0	0.0	14.2	5.5	11.4	-5.8	15.7
Natco Pharma	NATPHA	674	740	Buy	12265	35.4	25.3	23.9	22.4	19.0	26.6	28.1	30.1	21.3	14.0	12.9	11.3	18.5	12.2	10.7	9.3
Sun Pharma	SUNPHA	474	540	Buy	113798	15.9	16.8	15.5	24.1	29.9	28.3	30.6	19.7	10.3	10.0	8.9	12.3	9.2	8.9	7.7	10.7
Syngene Int.	SYNINT	418	485	Buy	16738	8.3	10.3	9.2	12.8	50.6	40.6	45.3	32.7	14.8	14.5	13.1	16.4	16.8	15.7	14.5	16.8
Torrent Pharmaceuticals	TORPHA	2338	2,475	Hold	39566	48.9	60.6	67.0	87.3	47.8	38.6	34.9	26.8	14.2	15.4	17.5	20.7	17.5	21.2	20.0	21.8
Shalby	SHALIM	72	70	Hold	778	2.9	2.6	0.7	4.0	24.6	28.2	98.1	17.9	6.8	7.2	1.8	7.0	4.1	3.5	1.0	5.2
Aster DM	ASTDM	127	160	Buy	6344	6.7	5.5	-1.4	9.6	19.0	22.9	-88.2	13.2	8.3	7.5	2.6	9.7	10.4	8.5	-2.2	13.1
Indoco Remedies	INDREM	203	260	Buy	1871	-0.3	2.6	7.4	14.3	-645.1	77.6	27.3	14.2	1.0	5.1	10.0	16.5	-0.4	3.5	9.3	15.5

Source: ICICI Direct Research, Bloomberg

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