

July 31, 2020

## Steady revenue growth, strong margins...

Q1FY21 revenues grew 9.2% YoY to ₹ 668 crore mainly due to 46.1% growth in the US business to ₹ 149 crore and 27.8% growth in Asia revenues to ₹ 161 crore. Domestic revenues de-grew 10.3% YoY to ₹ 174 crore. EBITDA margins improved 589 bps to 33.4% mainly due to lower other expenditure. Subsequently, EBITDA grew 32.6% YoY to ₹ 223 crore. Net profit grew 28.9% YoY to ₹ 148 crore. Delta vis-à-vis EBITDA was mainly due to higher tax rate and depreciation partially offset by higher other income.

## Domestic formulations - Focus on new launches, few therapies

Domestic formulations comprise 30% of FY20 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 dermatology segment due to increased competition in existing products and slow offtake in new launches are some near term challenges. We expect domestic formulations to grow at ~11% CAGR in FY20-22E to ₹ 946 crore to be driven by existing products & new launches.

## Exports traction from EMs; US generics shaping up

Ajanta derives export revenues (70% of FY20 revenues) from emerging markets like Africa (Franco Africa), Asia and from US. In emerging markets, as opposed to common practice of forging alliances with regional pharma players, its front-end marketing team interacts directly with doctors. The US foray is also getting momentum. Despite volatility in African tender business, overall export formulations CAGR has been a steady 11% in FY16-20. We expect export formulations to grow at 10.4% CAGR in FY20-22E to ₹ 2183 crore driven by Asia, African branded business, strong growth in US.

## Valuation & Outlook

Despite a dent in domestic sales in Q1FY21 due to Covid-19, overall revenue growth remained steady on the back of strong growth in US and branded export formulations. Additionally, Ajanta posted a strong margin performance in the quarter, led by lower travel & promotional spends along with change in product mix. While the management expects subdued domestic growth in FY21 due to Covid-19, it expects high single digit growth for branded business in Asia and Africa (India, Asia, Africa- ~70% of sales) along with ~10% growth for the US. On margins front, change in product mix (increase US revenues) notwithstanding, the management expects ~200-250 bps improvement over FY20, going ahead, with improving operating leverage and moderating capex. Overall, calculated focus, healthy margins, return profile and lighter balance sheet are some key differentiators for Ajanta. The company remains a play on global branded generics space. We arrive at our target price of ₹ 1810 based on 25x FY22E EPS of ~₹ 72.5.



### Particulars

Particular	Amount
Market Capitalisation	₹13194 crore
Debt (FY 20)	₹44 crore
Cash (FY 20)	₹205 crore
EV	₹13032 crore
52 week H/L	1578/882
Equity capital	₹17.5 crore
Face value	₹2

### Key Highlights

- Q1FY21 revenues were in-line with I-direct estimates, whereas profitability was better than our expectations on account of lower travel and promotional spends.
- Guided for high single digit growth in Asian and African branded business and 10% growth for the US in FY21
- Maintain BUY

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### Key Financial Summary

₹Crore	FY19	FY20	FY21E	FY22E	CAGR FY20-22 (%)
Revenues	2053.0	2587.9	2768.2	3191.5	11.1
EBITDA	555.8	683.3	820.9	957.4	18.4
EBITDA margins (%)	27.1	26.4	29.7	30.0	
Net Profit	384.6	467.7	531.9	640.2	17.0
EPS (₹)	43.5	53.4	60.2	72.5	
PE (x)	34.7	28.6	25.1	20.9	
M.Cap/ Revenues (x)	6.5	5.2	4.8	4.2	
EV to EBITDA (x)	23.8	19.2	15.8	13.3	
RoCE (%)	21.8	24.7	23.4	24.3	
ROE (%)	17.1	18.1	17.7	18.4	

Source: ICICI Direct Research

Exhibit 1: Variance Analysis

	Q1FY21	Q1FY21E	Q1FY20	Q4FY20	YoY (%)	QoQ (%)	Comments
Revenue	668.2	662.3	611.9	682.0	9.2	-2.0	YoY growth mainly due to strong growth in US and branded export formulations partially offset by decline in domestic branded business
Raw Material Expenses	153.1	172.2	142.5	177.6	7.4	-13.8	A 38 bps YoY improvement in gross margins and beat vis-à-vis I-direct estimates due to change in product mix
Employee Expenses	135.8	132.5	118.3	129.5	14.8	4.9	
Other Expenditure	156.1	185.4	182.7	223.5	-14.6	-30.2	YoY, QoQ decline due to lower travel and promotional spends
Total Operating Expenditure	445.0	490.1	443.6	530.6	0.3	-16.1	
EBITDA	223.2	172.2	168.4	151.3	32.6	47.5	
EBITDA (%)	33.4	26.0	27.5	22.2	589 bps	1121 bps	YoY improvement and beat vis-à-vis I-direct estimates mainly due to significantly lower other expenditure
Interest	1.6	3.0	1.8	3.6	-8.9	-55.0	
Depreciation	28.0	27.7	22.8	26.0	23.0	7.6	
Other income	13.1	5.3	7.6	56.7	71.7	-76.9	
PBT before EO	206.7	146.8	151.5	178.4	36.5	15.9	
Less: Exceptional Items	0.0	0.0	0.0	2.5	0.0	0.0	
PBT	206.7	146.8	151.5	175.9	36.5	17.5	
Tax	58.9	41.1	36.8	46.7	60.0	26.2	
MI & Share of loss/ (gain) asso.	0.0	0.0	0.0	0.0	0.0	0.0	
Adj. Net Profit	147.8	105.7	114.6	131.7	28.9	12.2	Delta vis-à-vis EBITDA mainly due to higher tax rate and depreciation partially offset by higher other income

Key Metrics

India	174.0	195.7	194.0	177.0	-10.3	-1.7	YoY de-growth due to decline in ophthalmic and dermatology segment partially offset by growth in cardiac
Africa - Branded	108.0	92.0	92.0	95.0	17.4	13.7	Strong YoY growth mainly due to Covid-related stocking
Africa - Tender	62.0	64.8	81.0	43.0	-23.5	44.2	YoY decline mainly due to higher base
Asia	161.0	138.6	126.0	209.0	27.8	-23.0	Strong YoY growth was mainly due to lower base
US	149.0	155.9	102.0	143.0	46.1	4.2	YoY robust growth mainly due to increased market share and volume gains in key products
Total Export	483.0	453.7	403.2	491.0	19.8	-1.6	

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

(₹ Crore)	FY21E			FY22E			
	Old	New	% Change	Old	New	% Change	
Revenue	2,861.4	2,768.2	-3.3	3,286.4	3,191.5	-2.9	
EBITDA	788.3	820.9	4.1	953.1	957.4	0.5	
EBITDA Margin (%)	27.5	29.7	215 bps	29.0	30.0	100 bps	
PAT	494.9	531.9	7.5	637.0	640.2	0.5	
EPS (₹)	56.0	60.2	7.5	72.1	72.5	0.5	

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

(₹ crore)	Current				Earlier		Comments
	FY19	FY20	FY21E	FY22E	FY21E	FY22E	
Domestic	690.0	769.0	788.2	945.8	853.3	965.2	Changed as per management guidance and due to Covid-19 impact
Africa	502.0	594.0	599.2	649.6	574.1	634.0	Changed as per management guidance
Asia	528.0	674.0	726.2	816.5	723.3	838.3	
US	283.0	515.0	591.9	708.2	647.0	776.4	Changed as per management guidance

Source: ICICI Direct Research

**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 (%)
Total Operating Income	473.1	540.4	587.1	530.3	511.0	544.1	485.1	515.2	611.9	642.8	651.2	682.0	668.2	9.2	-2.0
Raw Material Expenses	93.6	109.0	110.0	93.8	84.1	95.9	97.9	105.5	142.5	166.5	169.1	177.6	153.1	7.4	-13.8
% of Revenue	19.8	20.2	18.7	17.7	16.5	17.6	20.2	20.5	23.3	25.9	26.0	26.0	22.9	-38 bps	-313 bps
Gross Profit	379.5	431.4	477.1	436.6	426.9	448.2	387.2	409.6	469.4	476.3	482.1	504.4	515.1	9.7	2.1
GPM (%)	80.2	79.8	81.3	82.3	83.5	82.4	79.8	79.5	76.7	74.1	74.0	74.0	77.1	38 bps	313 bps
Employee Expenses	86.7	89.4	95.2	105.2	104.8	105.8	112.8	107.4	118.3	117.4	120.4	129.5	135.8	14.8	4.9
% of Revenue	18.3	16.5	16.2	19.8	20.5	19.4	23.2	20.8	19.3	18.3	18.5	19.0	20.3	99 bps	134 bps
Other Expenditure	162.1	158.2	184.3	191.9	164.6	176.2	167.1	175.2	182.7	181.2	175.8	223.5	156.1	-14.6	-30.2
% of Revenue	34.3	29.3	31.4	36.2	32.2	32.4	34.5	34.0	29.9	28.2	27.0	32.8	23.4	-650 bps	-942 bps
Total Expenditure	342.4	356.7	389.6	390.8	353.5	377.9	377.8	388.1	443.6	465.1	465.2	530.6	445.0	0.3	-16.1
% of Revenue	72.4	66.0	66.4	73.7	69.2	69.5	77.9	75.3	72.5	72.4	71.4	77.8	66.6	-589 bps	-1121 bps
EBITDA	130.7	183.7	197.5	139.5	157.5	166.2	107.3	127.1	168.4	177.6	186.0	151.3	223.2	32.6	47.5
EBITDA Margin (%)	27.6	34.0	33.6	26.3	30.8	30.5	22.1	24.7	27.5	27.6	28.6	22.2	33.4	589 bps	1121 bps
Other Income	1.5	9.2	15.2	5.2	8.1	15.2	4.4	1.6	7.6	13.2	14.6	56.7	13.1	71.7	-76.9
Interest	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.8	1.8	4.9	1.6	3.6	1.6	-8.9	-55.0
Depreciation	13.4	14.6	15.0	16.6	17.2	17.5	18.7	18.8	22.8	23.3	23.6	26.0	28.0	23.0	7.6
PBT	118.7	178.3	197.5	128.0	148.3	163.8	93.0	109.2	151.5	162.6	175.4	178.4	206.7	36.5	15.9
Total Tax	23.9	46.4	50.1	33.5	42.5	38.5	26.1	20.3	36.8	45.2	67.6	46.7	58.9	60.0	26.2
Tax rate (%)	20.2	26.0	25.3	26.2	28.7	23.5	28.0	18.6	24.3	27.8	38.5	26.2	28.5	420 bps	233 bps
PAT	94.8	131.9	147.5	94.5	105.8	125.4	66.9	88.9	114.6	116.4	107.6	129.2	147.8	28.9	14.4
PAT Margin (%)	20.0	24.4	25.1	17.8	20.7	23.0	13.8	17.3	18.7	18.1	16.5	18.9	22.1	338 bps	317 bps

Source: ICICI Direct Research

## Company Background

Established in 1973, Ajanta Pharma (Ajanta) is mainly into exports as well as domestic formulations. As of FY20, the exports: domestic formulation ratio was at 70:30. The company owns eight manufacturing facilities- four in Aurangabad (Maharashtra), one each in Dahej (Gujarat), Guwahati (Assam), the newly operationalized Pithampur (Madhya Pradesh) and Mauritius. Of these 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 10.3%, 4% and 3.2%, respectively, in FY16-20. 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.

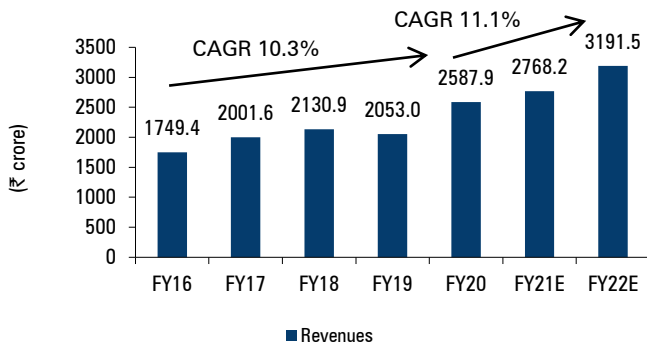
Domestic formulations constitute 30% of the total consolidated turnover (FY19). This segment has been further segregated into two sub-segments- 1) branded formulations and 2) institutional business. Initially, the company was catering to the institutional business. The institutional sub-segment accounts for ~8% 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 92% of domestic formulations.

The company focuses on only a few so called specialty therapies – ophthalmology, dermatology and cardiology. Together, these therapies constitute ~92% of domestic branded formulations. Ajanta invested heavily in the technology and field force, especially in the first five years after the changed focus. The focus was also to offer novel delivery system. From ₹ 17 crore in FY05, formulations have grown to ₹ 705 crore in FY20. 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 FY16-20 to ₹ 705 crore. The company has only one product under the National List of Essential Medicines (NLEM) 2011 list.

Export formulations constitute 70% of total revenue (FY20). 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.

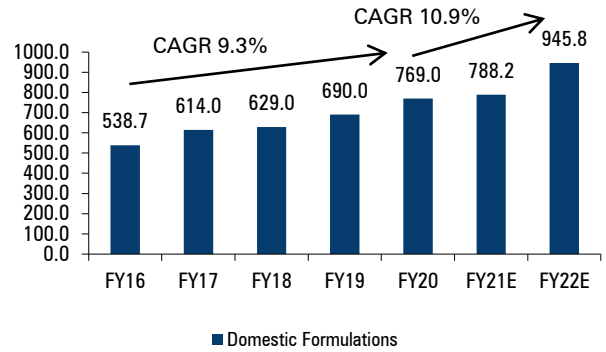
Asia accounts for ~38% of export formulations followed by Africa and US with 33% and 29% contribution to exports respectively. The company also participates in anti-malarial tenders in Africa. It operates through 710+ MRs in these emerging markets. APL owns a portfolio of more than 1350 registered brands 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 57 ANDAs and received approvals for 38.

Exhibit 5: Revenues to grow at CAGR of 11% over FY20-22E



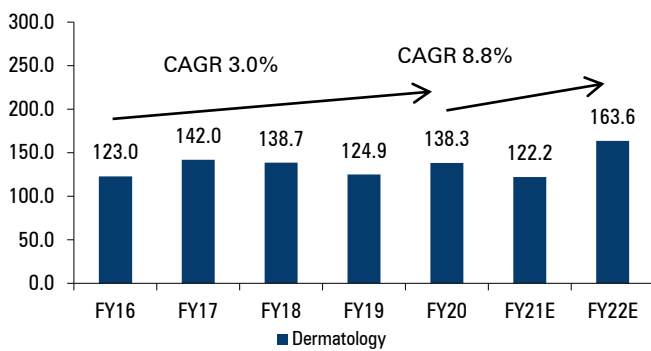
Source: ICICI Direct Research, Company

Exhibit 6: Domestic formulations (₹ crore)



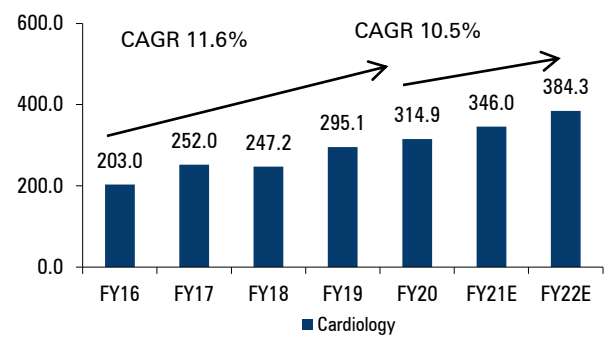
Source: ICICI Direct Research, Company

Exhibit 7: Domestic dermatology segment (₹ crore)



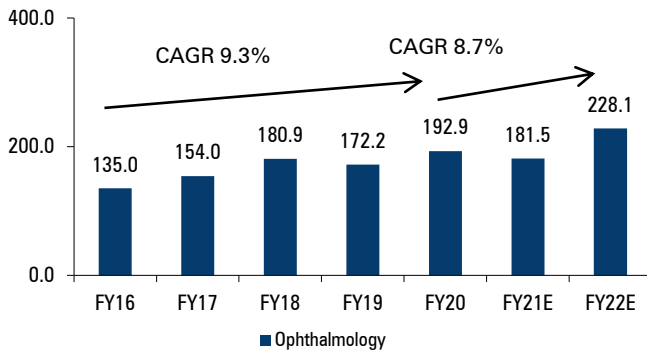
Source: ICICI Direct Research, Company

Exhibit 8: Domestic cardiology segment (₹ crore)



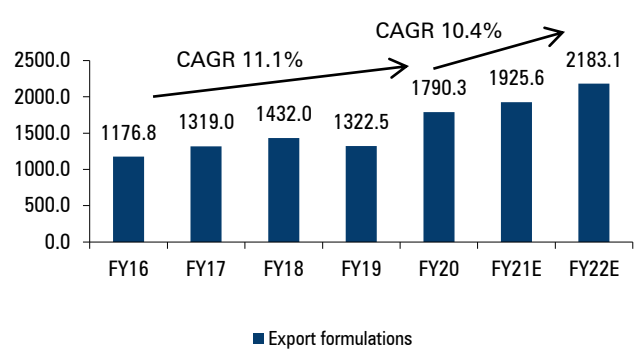
Source: ICICI Direct Research, Company

Exhibit 9: Domestic ophthalmology segment (₹ crore)



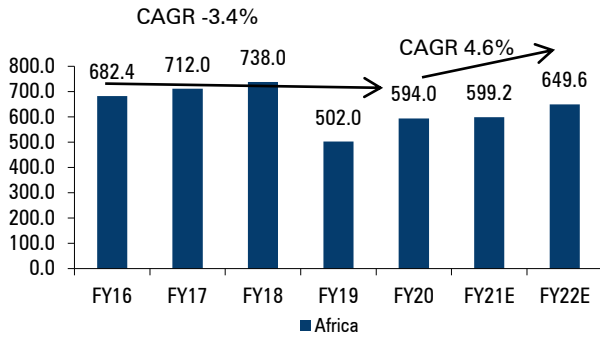
Source: ICICI Direct Research, Company

Exhibit 10: Export formulations (₹ crore)



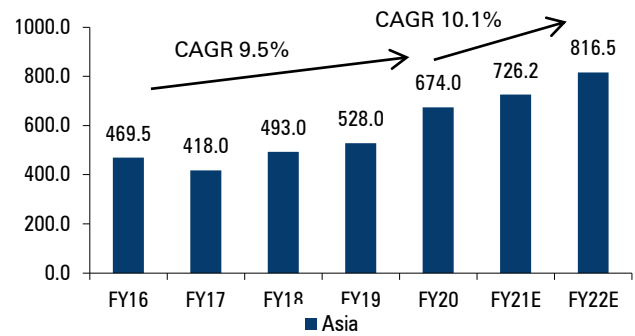
Source: ICICI Direct Research, Company

Exhibit 11: Africa revenues (₹ crore)



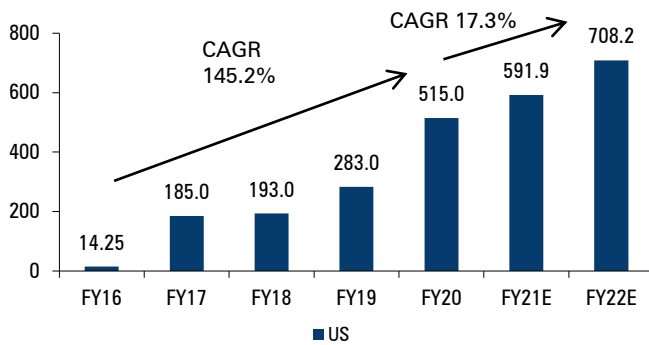
Source: ICICI Direct Research, Company

Exhibit 12: Asia revenues (₹ crore)



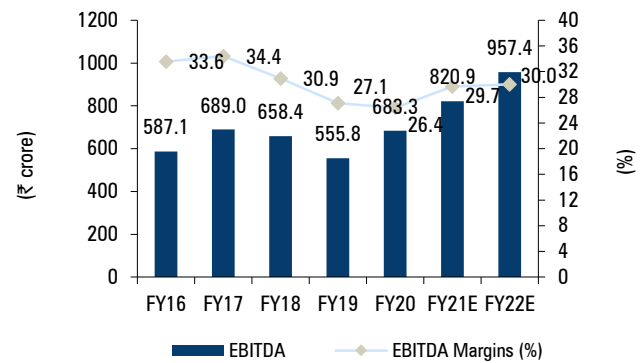
Source: ICICI Direct Research, Company

Exhibit 13: US revenues (₹ crore)



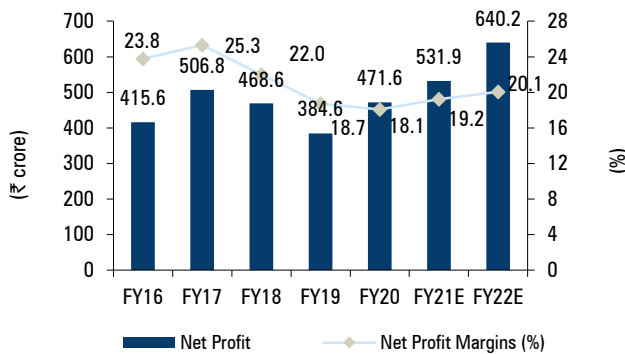
Source: ICICI Direct Research, Company

Exhibit 14: EBITDA & EBITDA margins trend



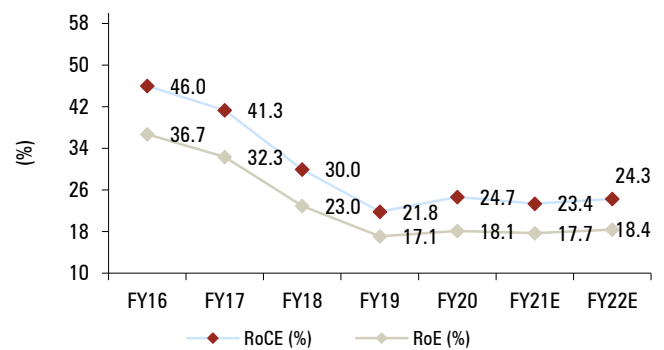
Source: ICICI Direct Research, Company

Exhibit 15: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 16: Return ratios



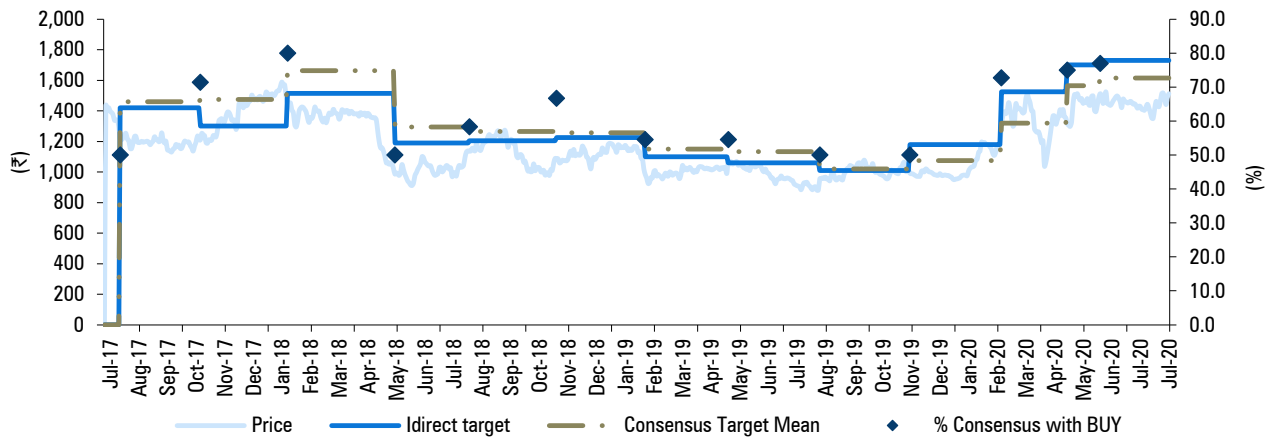
Source: ICICI Direct Research, Company

Exhibit 17: Valuation

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY19	2053	-3.7	43.5	-17.9	34.7	23.8	17.1	21.8
FY20	2588	26.1	53.4	21.6	28.6	19.2	18.1	24.7
FY21E	2768	7.0	60.2	13.7	25.1	15.8	17.7	23.4
FY22E	3191	15.3	72.5	20.4	20.9	13.3	18.4	24.3

Source: ICICI Direct Research

Exhibit 18: Recommendation history vs. Consensus



Source: ICICI Direct Research, Bloomberg

Exhibit 19: Top 10 Shareholders

Rank	Investor Name	Filing Date	% O/S	Position (m)	Change
1	Agrawal Ravi P	31-Mar-20	14.6	12.74m	0.00m
2	Agrawal Yogesh M	31-Mar-20	14.5	12.64m	0.00m
3	Agrawal Rajesh M	31-Mar-20	14.5	12.64m	0.00m
4	Agrawal Ayush M	31-Mar-20	14.4	12.56m	0.00m
5	Gabs Investments Pvt	31-Mar-20	9.6	8.39m	0.00m
6	Mirae Asset Global I	31-May-20	3.3	2.89m	(0.07)m
7	Ganga Exports Pvt Lt	31-Mar-20	2.7	2.39m	0.00m
8	Uti Asset Management	31-May-20	2.7	2.36m	0.05m
9	Invesco India Asset	31-May-20	1.4	1.24m	(0.00)m
10	Vanguard Group	31-May-20	1.0	0.83m	(0.00)m

Source: ICICI Direct Research, Bloomberg

Exhibit 20: Shareholding Pattern

(in %)	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Promoter	70.5	70.5	70.5	70.5	70.5
Others	29.5	29.5	29.5	29.5	29.5

Source: ICICI Direct Research, Company

## Financial Summary

Exhibit 21: Profit & Loss (₹ crore)

(Year-end March)/ (₹cror	FY19	FY20	FY21E	FY22E
Total Operating Income	2,053.0	2,587.9	2,768.2	3,191.5
Growth (%)	-3.7	26.1	7.0	15.3
Raw Material Expenses	383.5	655.7	656.6	765.9
Gross Profit	1,669.5	1,932.2	2,111.5	2,425.5
Gross Profit Margins (%)	81.3	74.7	76.3	76.0
Employee Expenses	430.7	485.6	534.4	590.4
Other Expenditure	683.1	763.2	756.3	877.6
Total Operating Expenditure	1,497.3	1,904.5	1,947.3	2,234.0
<b>EBITDA</b>	<b>555.8</b>	<b>683.3</b>	<b>820.9</b>	<b>957.4</b>
Growth (%)	-15.6	23.0	20.1	16.6
Interest	1.2	11.9	6.5	6.5
Depreciation	72.1	95.7	112.1	118.6
Other Income	29.4	92.2	29.9	44.7
<b>PBT before Exceptional</b>	<b>511.9</b>	<b>667.9</b>	<b>732.2</b>	<b>877.0</b>
Less: Exceptional Items	0.0	3.9	0.0	0.0
PBT after Exceptional Item	511.9	664.0	732.2	877.0
Total Tax	127.3	196.3	200.3	236.8
PAT before MI	384.6	467.7	531.9	640.2
<b>PAT</b>	<b>384.6</b>	<b>467.7</b>	<b>531.9</b>	<b>640.2</b>
Growth (%)	-17.9	21.6	13.7	20.4
<b>EPS (Adjusted)</b>	<b>43.5</b>	<b>53.4</b>	<b>60.2</b>	<b>72.5</b>

Source: ICICI Direct Research

Exhibit 22: Cash Flow Statement (₹ crore)

(Year-end March)/ (₹crore	FY19	FY20	FY21E	FY22E
Profit/(Loss) after taxation	396.0	509.1	531.9	640.2
Add: Depreciation & Amorti	72.1	95.7	112.1	118.6
Net Increase in Current Ass	-71.7	-316.4	-89.7	-297.2
Net Increase in Current Liab	-18.6	193.2	-54.7	50.5
Others	-3.0	-24.9	6.5	6.5
<b>CF from Operating activiti</b>	<b>374.8</b>	<b>456.8</b>	<b>506.1</b>	<b>518.6</b>
(Purchase)/Sale of Fixed A:	-342.3	-229.0	-220.0	-125.0
Investments	123.2	-1.7	-125.0	-200.0
Others	-157.6	7.3	1.0	1.1
<b>CF from Investing activiti</b>	<b>-376.7</b>	<b>-223.4</b>	<b>-344.0</b>	<b>-323.9</b>
(inc)/Dec in Loan	34.2	9.7	0.0	0.0
Dividend & Dividend tax	78.8	-115.9	-132.7	-159.8
Other	-101.2	-22.4	-6.5	-6.5
CF from Financing activities	11.8	-128.6	-139.3	-166.3
<b>Net Cash Flow</b>	<b>9.9</b>	<b>104.7</b>	<b>22.9</b>	<b>28.4</b>
Cash and Cash Equivalent	90.6	100.5	205.3	228.1
<b>Cash</b>	<b>100.5</b>	<b>205.3</b>	<b>228.1</b>	<b>256.6</b>
<b>Free Cash Flow</b>	<b>32.4</b>	<b>227.7</b>	<b>286.1</b>	<b>393.6</b>

Source: ICICI Direct Research

Exhibit 23: Balance Sheet (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Equity Capital	17.5	17.5	17.5	17.5
Reserve and Surplus	2,227.7	2,581.3	2,980.5	3,461.0
Total Shareholders funds	2,245.2	2,598.9	2,998.0	3,478.5
Total Debt	34.0	43.6	43.6	43.6
Deferred Tax Liability	58.9	81.2	82.8	84.4
Long-Term Provisions	13.8	15.7	16.0	16.3
Other Non Current Liabilitie	0.0	16.1	16.4	16.8
<b>Source of Funds</b>	<b>2,351.9</b>	<b>2,755.4</b>	<b>3,156.8</b>	<b>3,639.6</b>
Gross Block - Fixed Asset	1,610.3	1,976.2	2,171.2	2,371.2
Accumulated Depreciation	431.8	504.0	616.1	734.6
Net Block	1,178.6	1,472.1	1,555.1	1,636.5
Capital WIP	261.3	131.9	156.9	81.9
Fixed Assets	1,439.8	1,604.0	1,711.9	1,718.4
Investments	77.7	79.4	204.4	404.4
Other non-Current Assets	62.2	60.7	61.9	63.2
Inventory	435.7	495.7	663.3	808.5
Debtors	459.5	775.3	695.4	845.4
Other Current Assets	120.8	98.3	100.3	102.3
Cash	100.5	205.3	228.1	256.6
Total Current Assets	1,116.5	1,574.6	1,687.1	2,012.8
Creditors	225.2	362.3	303.6	350.0
Provisions	25.0	9.2	9.3	9.5
Other Current Liabilities	94.2	191.8	195.7	199.6
Total Current Liabilities	344.3	563.3	508.6	559.1
Net Current Assets	772.2	1,011.3	1,178.5	1,453.6
<b>Application of Funds</b>	<b>2,351.9</b>	<b>2,755.4</b>	<b>3,156.8</b>	<b>3,639.6</b>

Source: ICICI Direct Research

Exhibit 24: Key Ratios (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
<b>Per share data (₹)</b>				
Reported EPS	43.5	52.9	60.2	72.5
Cash EPS	32.7	40.2	45.2	54.4
BV per share	254.1	294.2	339.3	393.7
Cash per Share	11.4	23.2	25.8	29.0
Dividend per share	10.9	13.2	15.0	18.1
<b>Operating Ratios (%)</b>				
Gross Profit Margins	81.3	74.7	76.3	76.0
EBITDA margins	27.1	26.4	29.7	30.0
PAT Margins	18.7	18.2	19.2	20.1
Cash Conversion Cycle	119.1	128.2	139.1	149.1
Asset Turnover	1.3	1.3	1.3	1.3
EBITDA conversion Rate	67.4	66.8	61.7	54.2
<b>Return Ratios (%)</b>				
RoE	17.1	18.1	17.7	18.4
RoCE	21.8	24.7	23.4	24.3
RoIC	25.1	25.0	27.5	28.8
<b>Valuation Ratios (x)</b>				
P/E	34.7	28.6	25.1	20.9
EV / EBITDA	23.8	19.2	15.8	13.3
EV / Net Sales	6.4	5.1	4.7	4.0
Market Cap / Sales	6.5	5.2	4.8	4.2
Price to Book Value	5.9	5.1	4.5	3.8
<b>Solvency Ratios</b>				
Debt / EBITDA	0.1	0.1	0.1	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	3.0	2.4	2.9	3.1

Source: ICICI Direct Research



Exhibit 25: 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	Y20	Y21E	Y22E	FY19	FY20	Y21E	Y22E
Ajanta Pharma	AJAPHA	1512	1,810	Buy	13194	43.5	53.4	60.2	72.5	34.7	28.3	25.1	20.9	21.8	24.7	23.4	24.3	17.1	18.1	17.7	18.4
Alembic Pharma	ALEMPHA	1006	1,140	Buy	18956	31.4	46.3	52.6	51.9	32.0	21.7	19.1	19.4	19.6	21.0	21.9	20.1	21.8	27.1	24.1	19.7
Apollo Hospital	APOHOS	1690	1,490	Buy	23514	17.0	23.3	37.3	68.0	99.6	72.4	45.4	24.8	8.8	10.4	11.2	14.6	7.1	9.7	12.8	19.6
Aurobindo Pharma	AURPHA	826	920	Buy	48390	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	400	490	Buy	48018	6.2	5.8	11.5	21.0	64.5	68.8	34.8	19.1	10.9	10.2	16.1	23.3	12.2	10.4	17.4	24.6
Cadila Healthcare	CADHEA	365	420	Buy	37372	18.1	14.0	16.8	20.5	20.2	26.1	21.7	17.8	13.0	11.0	12.3	13.8	17.8	13.8	14.7	15.7
Cipla	CIPLA	694	670	Buy	55958	18.6	19.2	23.0	30.2	37.3	36.1	30.1	23.0	10.9	12.0	13.0	15.4	10.0	9.8	10.8	12.6
Divi's Lab	DIVLAB	2521	2,355	Hold	66925	51.0	51.9	60.7	73.6	49.5	48.6	41.5	34.3	25.5	23.9	23.8	24.0	19.4	18.8	18.7	19.1
Dr Reddy's Lab	DRREDD	4300	5,000	Buy	71476	114.7	121.9	161.3	200.0	37.5	35.3	26.7	21.5	10.7	9.6	18.4	19.7	13.6	13.0	15.0	16.0
Glenmark Pharma	GLEPHA	447	510	Hold	12613	26.9	26.4	25.0	36.6	16.6	16.9	17.9	12.2	15.3	12.7	11.4	14.1	13.5	12.2	10.5	13.4
Hikal	HIKCHE	153	165	Buy	1883	8.4	8.1	10.8	13.8	18.3	18.9	14.2	11.1	14.3	13.0	14.2	15.7	13.6	12.2	14.2	15.6
Ipca Laboratories	IPCLAB	1818	1,900	Buy	22967	35.1	47.8	61.7	76.8	51.9	38.0	29.5	23.7	15.0	17.4	19.4	20.2	14.2	16.6	17.8	18.2
Jubilant Life	JUBLIF	788	550	Buy	12547	54.9	59.9	69.8	89.8	14.4	13.2	11.3	8.8	14.3	14.6	17.2	19.7	17.8	16.6	16.4	17.5
Lupin	LUPIN	880	930	Hold	39854	16.5	-12.7	25.3	38.9	53.2	-69.3	34.8	22.6	9.4	10.6	10.7	14.6	5.4	-4.6	8.5	11.6
Narayana Hrudayam	NARHRU	287	340	Buy	5863	2.9	6.4	-3.1	9.6	98.8	45.2	-93.4	29.9	7.7	11.0	0.0	14.2	5.5	11.4	-5.8	15.7
Natco Pharma	NATPHA	723	740	Buy	13169	35.4	25.3	23.9	22.4	20.4	28.6	30.2	32.3	21.3	14.0	12.9	11.3	18.5	12.2	10.7	9.3
Sun Pharma	SUNPHA	500	540	Buy	120000	15.9	16.8	15.5	24.1	31.6	29.8	32.3	20.8	10.3	10.0	8.9	12.3	9.2	8.9	7.7	10.7
Syngene Int.	SYNINT	470	485	Buy	18812	8.3	10.3	9.2	12.8	56.9	45.7	45.3	32.7	14.8	14.5	13.1	16.4	16.8	15.7	14.5	16.8
Torrent Pharmaceuticals	TORPHA	2437	2,865	Buy	41239	48.9	60.6	72.2	95.5	49.8	40.2	33.8	25.5	14.2	15.4	18.6	21.8	17.5	21.2	21.3	23.2
Shalby	SHALIM	77	70	Hold	831	2.9	2.6	0.7	4.0	26.3	30.1	104.8	19.1	6.8	7.2	1.8	7.0	4.1	3.5	1.0	5.2
Aster DM	ASTDM	133	160	Buy	6619	6.7	5.5	-1.4	9.6	19.9	23.9	-92.0	13.8	8.3	7.5	2.6	9.7	10.4	8.5	-2.2	13.1
Indoco Remedies	INDREM	214	260	Buy	1969	-0.3	2.6	7.4	14.3	-678.9	81.7	28.7	14.9	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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