

## Steady revenue growth, strong margins...

Q2 results were a beat on all fronts. Net revenues grew 7.8% YoY to ₹ 702 crore, mainly due to 11.6% growth in export formulations to ₹ 500 crore. Domestic growth stayed flattish at ₹ 202 crore amid slow recovery in dermatology and ophthalmology segments. EBITDA margins were at 38.3% vs. 27.6% in Q2FY20. Sharp improvement in margins was led by 420 bps YoY improvement in gross margins to 78.3% and lower travel & promotional spends amid Covid. Hence, EBITDA grew 54.4% YoY to ₹ 274.3 crore. PAT grew 45% YoY to ₹ 170.2 crore. Delta vis-à-vis EBITDA was mainly due to higher tax rate (31.7% vs. 28.0% in Q2FY20) and lower 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 ~10% CAGR in FY20-23E to ₹ 1021 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 11.5% CAGR in FY20-23E to ₹ 2485 crore driven by Asia, African branded business, strong growth in US.

## Valuation & Outlook

Despite a dent in domestic sales in Q2FY21 due to Covid-19, overall revenue growth remained strong on the back of strong growth across export geographies. 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, Africa (India, Asia, Africa- ~70% of sales) along with ~20% growth for US. On margins front, change in product mix (increased US revenues) notwithstanding, the management expects ~200-250 bps improvement in FY21, 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 ₹ 1960 based on 22x FY23E EPS of ~₹ 89.0.



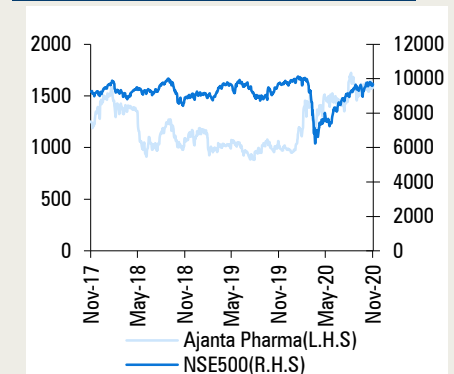
### Particulars

Particular	Amount
Market Capitalisation	₹14032 crore
Debt (FY 20)	₹46 crore
Cash (FY 20)	₹205 crore
EV	₹13872 crore
52 week H/L	1760/903
Equity capital	₹17.5 crore
Face value	₹2

### Key Highlights

- Overall Q2 revenue growth remained strong on the back of strong growth across export geographies
- Guided for high single digit growth in Asian and African branded business and 10% growth for the US in FY21
- Maintain BUY

### Price graph



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### Key Financial Summary

₹Crore	FY20	FY21E	FY22E	FY23E	CAGR FY20-23 (%)
Revenues	2587.9	2783.8	3190.3	3575.7	11.4
EBITDA	683.3	890.8	973.0	1162.1	19.4
EBITDA margins (%)	26.4	32.0	30.5	32.5	
Net Profit	467.7	554.1	651.9	786.6	18.9
EPS (₹)	53.4	62.7	73.8	89.0	
PE (x)	30.4	25.6	21.8	18.1	
EV to EBITDA (x)	20.5	15.5	14.0	11.4	
RoCE (%)	24.7	25.4	24.5	25.4	
ROE (%)	18.1	18.4	18.6	19.2	

Exhibit 1: Variance Analysis

	Q2FY21	Q2FY20	Q1FY21	YoY (%)	QoQ (%)	Comments
Revenue	715.9	642.8	668.2	11.4	7.1	YoY growth mainly due to strong growth in the US and Africa branded formulations partly offset by decline in Africa tender business
Raw Material Expenses	155.4	166.5	153.1	-6.7	1.5	
gross margins (%)	78.3	74.1	77.1	420 bps	121 bps	Improvement mainly due to change in product mix and usage of low-cost pre-Covid level inventory till August
Employee Expenses	130.5	117.4	135.8	11.2	-3.9	
Other Expenditure	155.8	181.2	156.1	-14.0	-0.2	YoY decline due to lower travel & promotional spends
Total Operating Expenditure	441.7	465.1	445.0	-5.0	-0.7	
EBITDA	274.3	177.6	223.2	54.4	22.9	
EBITDA (%)	38.3	27.6	33.4	1067 bps	490 bps	YoY improvement and beat vis-à-vis I-direct estimates mainly due to better GPM and lower other expenditure
Interest	1.5	4.9	1.6	-69.0	-6.1	
Depreciation	28.3	23.3	28.0	21.6	1.1	
Other income	4.9	13.2	13.1	-63.3	-63.0	
PBT before EO	249.2	162.6	206.7	53.3	20.6	
Less: Exceptional Items	0.0	1.1	0.0	0.0	0.0	
PBT	249.2	161.6	206.7	54.3	20.6	
Tax	79.0	45.2	58.9	74.8	34.1	
MI & Share of loss/ (gain) ass	0.0	0.0	0.0	0.0	0.0	
Adj. Net Profit	170.2	117.4	147.8	45.0	15.2	Delta vis-à-vis EBITDA mainly due to higher tax rate and depreciation
<b>Key Metrics</b>						
India	202.0	203.0	174.0	-0.5	16.1	YoY de-growth due to decline in ophthalmic and dermatology segment partly offset by growth in cardiac
Africa - Branded	112.0	82.0	108.0	36.6	3.7	Strong YoY growth mainly due to lower base
Africa - Tender	51.0	72.0	62.0	-29.2	-17.7	Decline mainly due to volatility in tender business
Asia	180.0	181.0	161.0	-0.6	11.8	Strong YoY growth mainly due to lower base
US	154.0	111.0	149.0	38.7	3.4	YoY robust growth mainly due to increased market share and volume gains in key products
Total Export	500.0	448.1	483.0	11.6	3.5	

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

₹ Crore)	FY21E			FY22E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	2,768.2	2,783.8	0.6	3,191.5	3,190.3	0.0	
EBITDA	820.9	890.8	8.5	957.4	973.0	1.6	
EBITDA Margin (%)	29.7	32.0	234 bps	30.0	30.5	50 bps	Changed mainly due to better-than-expected margins in Q2FY21
PAT	531.9	554.1	4.2	640.2	651.9	1.8	
EPS (₹)	60.2	62.7	4.2	72.5	73.8	1.8	

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

₹ crore)	Current				Earlier		Comments
	FY19	FY20	FY21E	FY22E	FY21E	FY22E	
Domestic	690.0	769.0	748.8	907.0	788.2	945.8	Changed as per management guidance
Africa	502.0	594.0	616.0	668.1	599.2	649.6	
Asia	528.0	674.0	734.3	825.5	726.2	816.5	
US	283.0	515.0	621.2	717.5	591.9	708.2	Changed as per management guidance

Source: ICICI Direct Research

## Conference call highlights

- Domestic revenue bifurcation: cardiac - ₹ 87 crore; derma – ₹ 30 crore; ophthalmic – ₹ 42.5 crore; institutional – ₹ 24 crore
- Acute segment (35%) is pulling down growth; dermatology – H2FY21 to remain same
- Derma, which is mostly cosmetic therapy oriented and ophthalmic, to some extent, are likely to pull down the growth. MR activity is back to 90-100% pre-Covid level; 50-60% doctors' visits happening. However, marketing & promotional activities are almost nil
- Normalised domestic growth not expected to come back in FY21
- Higher gross margins due to better product mix, till August API inventory comprised pre-Covid buying
  - From September onwards the RM cost should go up. FY21 guidance: 76%
- Total ₹ 180-190 crore run rate for other expenditure in Q3, Q4FY21. EBITDA margins to be 30%+ for FY21
- Lower other income due to restriction on MEIS benefit to ₹ 2 crore. Duty drawback benefits to continue. Also, H2FY21 other income to be ~₹ 7-8 crore (₹ 27 crore in H1FY21)
- US growth led by new launches
- Current pricing scenario in the US – no major changes, 7-8% pricing pressure (high single digit). Annual filings for FY21 to be not more than three or four, with seven to eight launches
  - Normalised basis: Seven to eight filings and 10-12 launches
- Asia/Africa growth due to 1) low base (to normalise ahead), 2) higher number of brands. 2) second Covid wave leading to pre-buying
- Tax guidance: 27-28% in FY21, ~24% in FY23
- Revenue/growth guidance for FY21:
  - India: - 5%
  - Asia/Africa branded: 8-9%
  - Africa Institutional: ₹ 200 crore
  - US: 20%

Exhibit 4: Trends in quarterly financials

(₹crore)	2FY18	3FY18	4FY18	1FY19	2FY19	3FY19	4FY19	1FY20	2FY20	3FY20	4FY20	1FY21	2FY21	YoY (%)	QoQ (%)
Total Operating Income	540.4	587.1	530.3	511.0	544.1	485.1	515.2	611.9	642.8	651.2	682.0	668.2	715.9	11.4	7.1
Raw Material Expenses	109.0	110.0	93.8	84.1	95.9	97.9	105.5	142.5	166.5	169.1	177.6	153.1	155.4	-6.7	1.5
% of Revenue	20.2	18.7	17.7	16.5	17.6	20.2	20.5	23.3	25.9	26.0	26.0	22.9	21.7	-420 bps	-121 bps
Gross Profit	431.4	477.1	436.6	426.9	448.2	387.2	409.6	469.4	476.3	482.1	504.4	515.1	560.6	17.7	8.8
GPM (%)	79.8	81.3	82.3	83.5	82.4	79.8	79.5	76.7	74.1	74.0	74.0	77.1	78.3	420 bps	121 bps
Employee Expenses	89.4	95.2	105.2	104.8	105.8	112.8	107.4	118.3	117.4	120.4	129.5	135.8	130.5	11.2	-3.9
% of Revenue	16.5	16.2	19.8	20.5	19.4	23.2	20.8	19.3	18.3	18.5	19.0	20.3	18.2	-3 bps	-209 bps
Other Expenditure	158.2	184.3	191.9	164.6	176.2	167.1	175.2	182.7	181.2	175.8	223.5	156.1	155.8	-14.0	-0.2
% of Revenue	29.3	31.4	36.2	32.2	32.4	34.5	34.0	29.9	28.2	27.0	32.8	23.4	21.8	-644 bps	-160 bps
Total Expenditure	356.7	389.6	390.8	353.5	377.9	377.8	388.1	443.6	465.1	465.2	530.6	445.0	441.7	-5.0	-0.7
% of Revenue	66.0	66.4	73.7	69.2	69.5	77.9	75.3	72.5	72.4	71.4	77.8	66.6	61.7	-1067 bps	-490 bps
EBITDA	183.7	197.5	139.5	157.5	166.2	107.3	127.1	168.4	177.6	186.0	151.3	223.2	274.3	54.4	22.9
EBITDA Margin (%)	34.0	33.6	26.3	30.8	30.5	22.1	24.7	27.5	27.6	28.6	22.2	33.4	38.3	1067 bps	490 bps
Other Income	9.2	15.2	5.2	8.1	15.2	4.4	1.6	7.6	13.2	14.6	56.7	13.1	4.9	-63.3	-63.0
Interest	0.1	0.1	0.1	0.2	0.1	0.1	0.8	1.8	4.9	1.6	3.6	1.6	1.5	-69.0	-6.1
Depreciation	14.6	15.0	16.6	17.2	17.5	18.7	18.8	22.8	23.3	23.6	26.0	28.0	28.3	21.6	1.1
PBT	178.3	197.5	128.0	148.3	163.8	93.0	109.2	151.5	162.6	175.4	178.4	206.7	249.2	53.3	20.6
Total Tax	46.4	50.1	33.5	42.5	38.5	26.1	20.3	36.8	45.2	67.6	46.7	58.9	79.0	74.8	34.1
Tax rate (%)	26.0	25.3	26.2	28.7	23.5	28.0	18.6	24.3	27.8	38.5	26.2	28.5	31.7	391 bps	319 bps
PAT	131.9	147.5	94.5	105.8	125.4	66.9	88.9	114.6	116.4	107.6	129.2	147.8	170.2	46.3	15.2
PAT Margin (%)	24.4	25.1	17.8	20.7	23.0	13.8	17.3	18.7	18.1	16.5	18.9	22.1	23.8	567 bps	166 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.

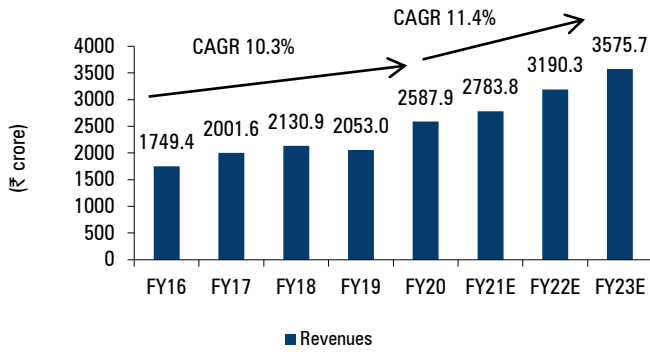
Domestic formulations constitute 30% of the total consolidated turnover (FY19). This segment has been further segregated into two sub-segments- 1) branded formulations and 2) institutional business. Initially, the company was catering to the institutional business. The institutional sub-segment accounts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

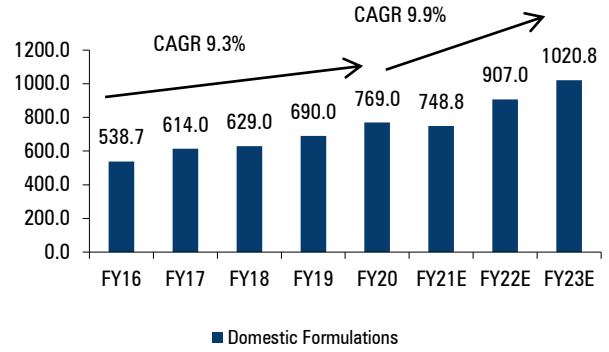
Asia accounts for ~38% of export formulations followed by Africa and the US with 33% and 29% contribution to exports, respectively. The company also participates in anti-malarial tenders in Africa. It operates through 710+ MRs in these emerging markets. APL owns a portfolio of more than 1350 registered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

Exhibit 5: Revenues to grow at CAGR of 11% over FY20-23E



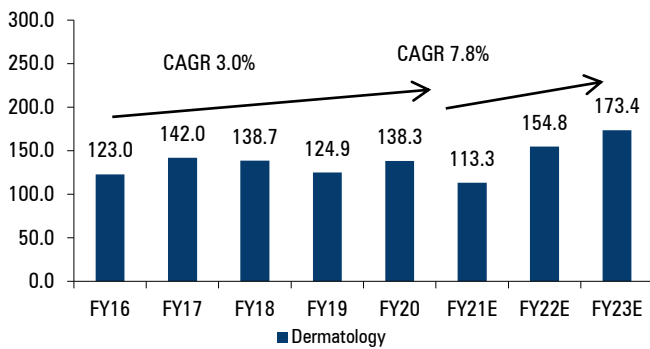
Source: ICICI Direct Research, Company

Exhibit 6: Domestic formulations (₹ crore)



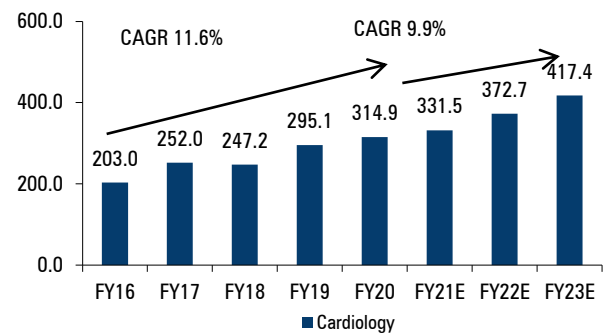
Source: ICICI Direct Research, Company

Exhibit 7: Domestic dermatology segment (₹ crore)



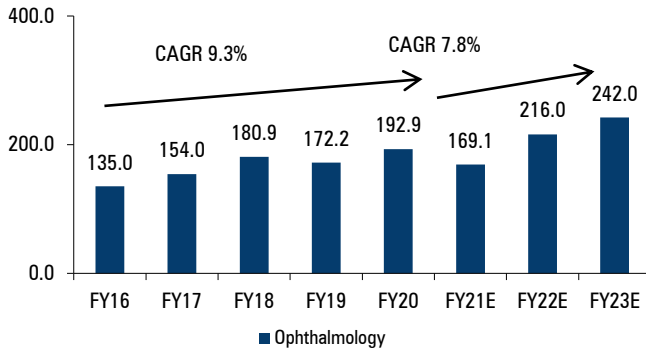
Source: ICICI Direct Research, Company

Exhibit 8: Domestic cardiology segment (₹ crore)



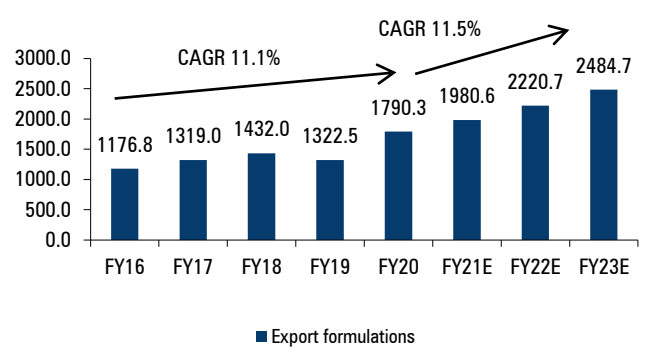
Source: ICICI Direct Research, Company

Exhibit 9: Domestic ophthalmology segment (₹ crore)



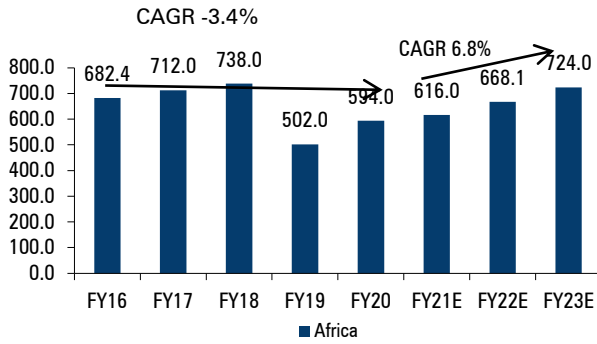
Source: ICICI Direct Research, Company

Exhibit 10: Export formulations (₹ crore)



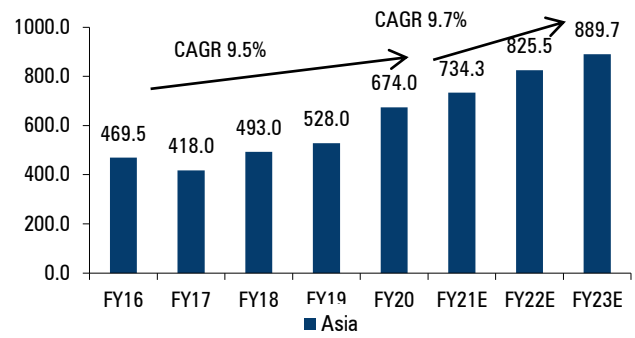
Source: ICICI Direct Research, Company

Exhibit 11: Africa revenues (₹ crore)



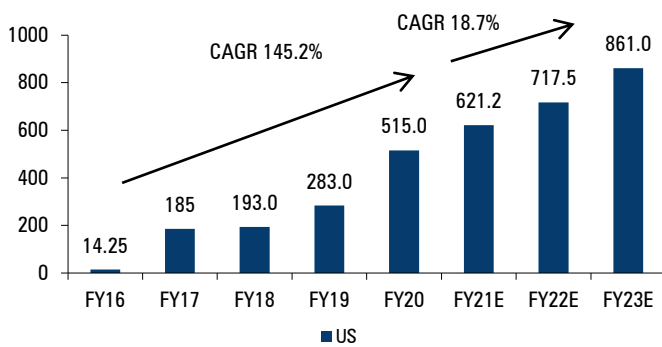
Source: ICICI Direct Research, Company

Exhibit 12: Asia revenues (₹ crore)



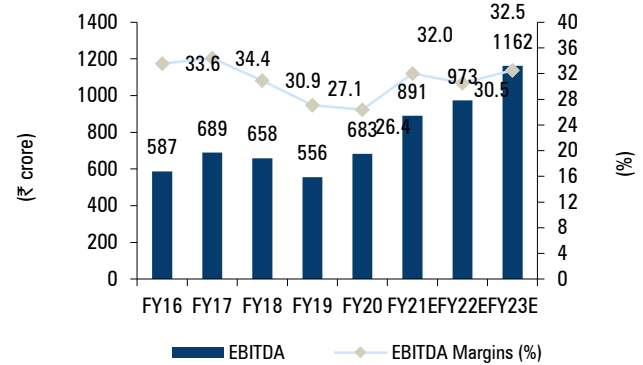
Source: ICICI Direct Research, Company

Exhibit 13: US revenues (₹ crore)



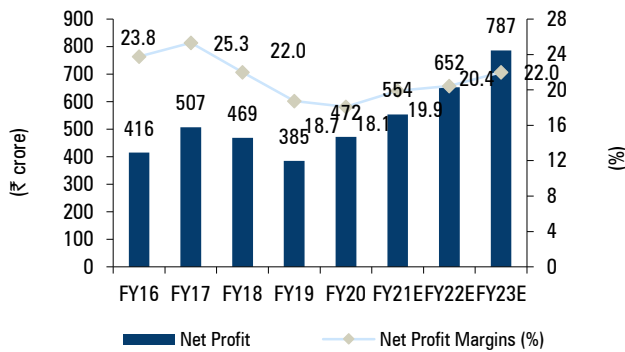
Source: ICICI Direct Research, Company

Exhibit 14: EBITDA & EBITDA margins trend



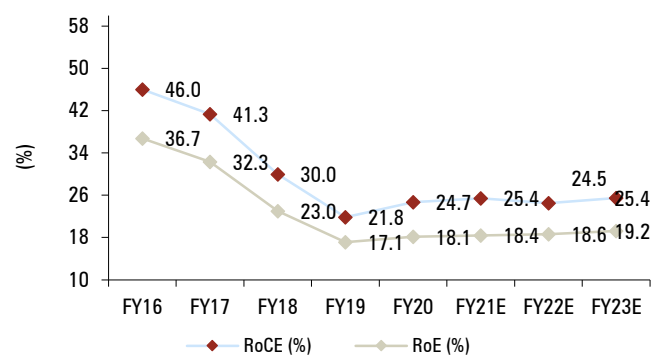
Source: ICICI Direct Research, Company

Exhibit 15: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 16: Return ratios



Source: ICICI Direct Research, Company

Exhibit 17: Valuation

	Revenues (₹ crore)	Growth (%)	EPS (₹)	Growth (%)	P/E (x)	EV/EBITDA (X)	RoE (%)	RoCE (%)
FY 20	2588	26.1	53.4	21.6	30.4	20.5	18.1	24.7
FY 21E	2784	7.6	62.7	18.5	25.6	15.5	18.4	25.4
FY 22E	3190	14.6	73.8	17.7	21.8	14.0	18.6	24.5
FY 23E	3576	12.1	89.0	20.7	18.1	11.4	19.2	25.4

Source: ICICI Direct Research

Exhibit 18: Shareholding Pattern

(in %)	Sep-19	Dec-19	Mar-20	Jun-20	Sep-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 19: Profit & Loss (₹ crore)**

(Year-end March)	FY20	FY21E	FY22E	FY23E
Total Operating Income	2,587.9	2,783.8	3,190.3	3,575.7
Growth (%)	26.1	7.6	14.6	12.1
Raw Material Expenses	655.7	643.9	749.7	822.4
Gross Profit	1,932.2	2,139.9	2,440.6	2,753.3
Gross Profit Margins (%)	74.7	76.9	76.5	77.0
Employee Expenses	485.6	545.9	590.2	643.6
Other Expenditure	763.2	703.2	877.3	947.5
Total Operating Expenditure	1,904.5	1,893.0	2,217.2	2,413.6
<b>EBITDA</b>	<b>683.3</b>	<b>890.8</b>	<b>973.0</b>	<b>1,162.1</b>
Growth (%)	23.0	30.4	9.2	19.4
Interest	11.9	6.2	6.1	6.1
Depreciation	95.7	113.0	118.6	128.6
Other Income	92.2	29.2	44.7	50.1
<b>PBT before Exceptional</b>	<b>667.9</b>	<b>800.7</b>	<b>893.0</b>	<b>1,077.5</b>
Less: Exceptional Items	3.9	0.0	0.0	0.0
PBT after Exceptional Item	664.0	800.7	893.0	1,077.5
Total Tax	196.3	246.6	241.1	290.9
PAT before MI	467.7	554.1	651.9	786.6
<b>PAT</b>	<b>467.7</b>	<b>554.1</b>	<b>651.9</b>	<b>786.6</b>
Growth (%)	21.6	18.5	17.7	20.7
<b>EPS (Adjusted)</b>	<b>53.4</b>	<b>62.7</b>	<b>73.8</b>	<b>89.0</b>

Source: ICICI Direct Research

**Exhibit 21: Balance Sheet (₹ crore)**

(Year-end March)	FY20	FY21E	FY22E	FY23E
Equity Capital	17.5	17.5	17.5	17.5
Reserve and Surplus	2,581.3	2,997.1	3,486.4	4,076.6
Total Shareholders funds	2,598.9	3,014.7	3,503.9	4,094.2
Total Debt	45.7	45.7	45.7	45.7
Deferred Tax Liability	81.2	82.8	84.4	86.1
Long-Term Provisions	15.7	16.0	16.3	16.6
Other Non Current Liabilities	16.1	16.4	16.8	17.1
<b>Source of Funds</b>	<b>2,757.5</b>	<b>3,175.5</b>	<b>3,667.0</b>	<b>4,259.7</b>
Gross Block - Fixed Asset	1,976.2	2,171.2	2,371.2	2,571.2
Accumulated Depreciation	504.0	617.0	735.6	864.1
Net Block	1,472.1	1,554.1	1,635.6	1,707.0
Capital WIP	131.9	156.9	81.9	6.9
Fixed Assets	1,604.0	1,711.0	1,717.4	1,713.9
Investments	79.4	204.4	404.4	604.4
Other non-Current Assets	60.7	61.9	63.2	64.4
Inventory	495.7	667.1	808.2	954.8
Debtors	775.3	699.3	845.1	996.2
Other Current Assets	98.3	100.3	102.3	104.4
Cash	205.3	239.7	283.3	424.9
Total Current Assets	1,574.6	1,706.4	2,038.9	2,480.2
Creditors	362.3	305.3	349.9	392.2
Provisions	9.2	9.3	9.5	9.7
Other Current Liabilities	189.7	193.5	197.4	201.3
Total Current Liabilities	561.2	508.2	556.8	603.2
Net Current Assets	1,013.3	1,198.2	1,482.0	1,877.0
<b>Application of Funds</b>	<b>2,757.5</b>	<b>3,175.5</b>	<b>3,667.0</b>	<b>4,259.7</b>

Source: ICICI Direct Research

**Exhibit 20: Cash Flow Statement (₹ crore)**

(Year-end March)	FY20	FY21E	FY22E	FY23E
Profit/(Loss) after taxation	509.1	554.1	651.9	786.6
Add: Depreciation & Amorti	95.7	113.0	118.6	128.6
Net Increase in Current Ass	-316.4	-97.4	-288.9	-299.7
Net Increase in Current Liab	193.2	-53.0	48.6	46.4
Others	-24.9	6.2	6.1	6.1
<b>CF from Operating activiti</b>	<b>456.8</b>	<b>522.9</b>	<b>536.3</b>	<b>667.9</b>
(Purchase)/Sale of Fixed A:	-229.0	-220.0	-125.0	-125.0
Investments	-1.7	-125.0	-200.0	-200.0
Others	7.3	1.0	1.1	1.1
<b>CF from Investing activiti</b>	<b>-223.4</b>	<b>-344.0</b>	<b>-323.9</b>	<b>-323.9</b>
(inc)/Dec in Loan	9.7	0.0	0.0	0.0
Dividend & Dividend tax	-115.9	-138.3	-162.7	-196.3
Other	-22.4	-6.2	-6.1	-6.1
CF from Financing activities	-128.6	-144.5	-168.8	-202.4
<b>Net Cash Flow</b>	<b>104.7</b>	<b>34.5</b>	<b>43.6</b>	<b>141.6</b>
Cash and Cash Equivalent	100.5	205.3	239.7	283.3
<b>Cash</b>	<b>205.3</b>	<b>239.7</b>	<b>283.3</b>	<b>424.9</b>
<b>Free Cash Flow</b>	<b>227.7</b>	<b>302.9</b>	<b>411.3</b>	<b>542.9</b>

Source: ICICI Direct Research

**Exhibit 22: Key Ratios (₹ crore)**

(Year-end March)	FY20	FY21E	FY22E	FY23E
<b>Per share data (₹)</b>				
Reported EPS	52.9	62.7	73.8	89.0
Cash EPS	40.2	47.1	55.4	66.8
BV per share	294.2	341.2	396.6	463.4
Cash per Share	23.2	27.1	32.1	48.1
Dividend per share	13.2	15.6	18.4	22.2
<b>Operating Ratios (%)</b>				
Gross Profit Margins	74.7	76.9	76.5	77.0
EBITDA margins	26.4	32.0	30.5	32.5
PAT Margins	18.2	19.9	20.4	22.0
Cash Conversion Cycle	128.2	139.1	149.1	159.1
Asset Turnover	1.3	1.3	1.3	1.4
EBITDA conversion Rate	66.8	58.7	55.1	57.5
<b>Return Ratios (%)</b>				
RoE	18.1	18.4	18.6	19.2
RoCE	24.7	25.4	24.5	25.4
RoIC	25.0	30.1	29.4	31.9
<b>Valuation Ratios (x)</b>				
P/E	30.4	25.6	21.8	18.1
EV / EBITDA	20.5	15.5	14.0	11.4
EV / Net Sales	5.4	5.0	4.3	3.7
Market Cap / Sales	5.5	5.1	4.5	4.0
Price to Book Value	5.5	4.7	4.1	3.5
<b>Solvency Ratios</b>				
Debt / EBITDA	0.1	0.1	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	2.4	2.9	3.2	3.4

Source: ICICI Direct Research

Exhibit 23: ICICI Direct coverage Universe (Healthcare)																		(₹ crore)			
Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
						FY19	FY20	Y21E	Y22E	FY19	FY20	FY21E	Y22E	FY19	Y20	Y21E	Y22E	FY19	FY20	Y21E	Y22E
Ajanta Pharma	AJAPHA	1608	1,960	Buy	14032	43.5	53.4	62.7	73.8	36.9	30.1	25.6	21.8	21.8	24.7	25.4	24.5	17.1	18.1	18.4	18.6
Alembic Pharma	ALEMPHA	1006	1,170	Buy	19764	31.4	46.3	59.7	48.4	32.0	21.7	16.8	20.8	19.6	21.0	22.2	16.9	21.8	27.1	22.9	16.2
Apollo Hospital	APOHOS	2105	1,970	Buy	29286	17.0	23.3	-11.4	28.7	124.1	90.2	NA	73.3	8.8	10.2	3.9	15.2	7.1	9.7	-4.6	10.5
Aurobindo Pharma	AURPHA	782	1,025	Buy	45838	41.9	48.8	58.4	65.4	18.7	16.0	13.4	12.0	15.9	17.2	18.2	18.0	17.7	17.0	15.0	14.5
Biocon	BIOCON	409	500	Buy	49086	6.2	5.8	8.4	15.8	65.9	70.3	49.0	25.9	10.9	10.2	11.7	18.2	12.2	10.4	13.2	20.3
Cadila Healthcare	CADHEA	440	555	Buy	45045	18.1	14.0	19.8	22.1	24.4	31.5	22.2	19.9	12.8	10.7	13.6	14.3	17.8	13.8	15.7	15.4
Cipla	CIPLA	783	900	Buy	63130	18.6	19.2	30.3	36.0	42.1	40.8	25.8	21.7	10.9	12.0	16.4	17.3	10.0	9.8	13.7	14.2
Divi's Lab	DIVLAB	3200	3,260	Buy	84950	51.0	51.9	70.7	85.7	62.8	61.7	45.3	37.3	25.5	23.9	27.1	26.5	19.4	18.8	21.2	21.0
Dr Reddy's Lab	DRREDD	4939	6,000	Buy	82116	114.7	121.9	168.4	194.4	43.1	40.5	29.3	25.4	10.7	9.6	17.5	19.3	13.6	13.0	15.5	15.5
Glenmark Pharma	GLEPHA	498	560	Buy	14052	26.9	26.4	32.8	39.9	18.5	18.9	15.2	12.5	15.3	12.7	13.8	14.9	13.5	12.2	13.3	14.0
Hikal	HIKCHE	166	165	Buy	2050	8.4	8.1	8.7	12.6	19.9	20.5	19.0	13.2	14.3	12.8	13.0	14.9	13.6	12.2	11.9	14.8
Ipca Laboratories	IPCLAB	2355	2,400	Buy	29868	35.1	47.8	92.3	93.4	67.2	49.2	25.5	25.2	15.0	17.6	26.9	22.4	14.2	16.6	24.5	20.0
Jubilant Life	JUBLIF	710	1,060	Buy	11309	54.9	59.9	62.1	91.3	12.9	11.9	11.4	7.8	14.3	14.4	15.8	20.6	17.8	16.6	14.8	18.0
Lupin	LUPIN	944	1,030	Buy	42792	16.5	-12.7	25.3	39.2	57.1	NA	37.4	24.1	9.4	9.7	10.2	13.8	5.4	-4.6	8.4	11.7
Narayana Hrudayam	NARHRU	337	405	Buy	6879	2.9	6.4	-4.2	8.3	115.9	53.0	NA	40.4	7.7	11.0	-2.4	12.8	5.5	11.4	-8.3	14.2
Natco Pharma	NATPHA	900	950	Buy	16395	35.4	25.3	31.0	29.7	25.4	35.6	29.1	30.3	21.3	14.0	16.1	14.2	18.5	12.2	13.4	11.6
Sun Pharma	SUNPHA	504	585	Buy	120804	15.9	16.8	25.5	23.1	31.8	30.0	19.7	21.8	10.3	10.0	11.4	12.4	9.2	8.9	12.9	10.5
Syngene Int.	SYNINT	543	635	Buy	21704	8.3	10.3	9.5	13.2	65.6	52.7	57.0	41.2	14.8	14.5	12.4	15.8	16.8	15.7	14.9	17.2
Torrent Pharmaceuticals	TORPHA	2598	3,135	Buy	43964	48.9	60.6	71.0	85.9	53.1	42.9	36.6	30.2	14.2	15.4	18.0	20.2	17.5	21.2	21.0	21.3
Shalby	SHALIM	90	100	Hold	969	2.9	2.6	4.2	4.8	30.6	35.1	21.5	18.7	6.8	7.2	5.8	7.8	4.1	3.5	5.3	5.9
Aster DM	ASTDM	133	160	Buy	6644	6.7	5.5	-0.3	8.3	19.9	24.0	NA	16.0	8.3	7.1	3.4	8.7	10.4	8.5	-0.5	11.3
Indoco Remedies	INDREM	255	330	Buy	2350	-0.3	2.6	11.0	15.0	NA	97.5	23.2	17.0	1.0	5.1	13.5	16.9	-0.4	3.5	13.2	15.6
Caplin Point	CAPPOI	490	670	Buy	3707	23.3	28.4	33.2	44.6	21.0	17.2	14.8	11.0	34.6	26.5	26.0	28.0	27.9	22.7	21.4	22.7
Granules India	GRANUL	378	460	Buy	9348	9.5	12.4	21.4	25.2	39.5	30.4	17.7	15.0	11.8	15.2	22.9	23.1	15.5	16.7	22.6	21.2
Laurus Labs	LAULAB	277	390	Buy	14847	1.7	4.8	16.0	17.7	158.3	58.2	17.3	15.7	7.7	13.0	30.4	28.0	6.0	14.4	33.8	27.9

Source: ICICI Direct Research, Bloomberg



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