

## Steady numbers despite Covid...

Q2 results were almost in-line with I-direct estimates. Revenues grew 4.8% YoY to ₹ 2375 crore. Pharma business grew 4.4% YoY to ₹ 1516 crore led by growth in CMO and generics. Life science ingredients (LSI) revenues also grew 4.4% YoY to ₹ 786 crore on good demand and improved pricing of select products. EBITDA margins stayed flattish (down 20 bps YoY) at 20.5% with lower other expenses being offset by lower gross margins. EBITDA grew 3.8% YoY to ₹ 486 crore. PAT de-grew 10.2% to ₹ 224 crore. Delta vis-a-vis EBITDA was due to lower other income and higher tax rate.

## Pharmaceuticals business segment growth likely to be healthy

Recent long term contracts in the radiopharma business, Rubyfill traction in US coupled with Europe launch are expected to strengthen speciality sub-segment growth that is likely to grow at 8.6% CAGR in FY20-23E to ₹ 3869 crore. This is on the back of strong decent growth in the radiopharma business (amid competition) and consolidation of pharmacy business. The CDMO business was impacted in Q1 due to about two-month shutdown of its Nanjangud API plant due to Covid (back on track in Q2). However, going ahead, we expect this segment to see strong traction on the back of improving operating leverage. Generic business is also posting decent growth on the back of base business besides one-off opportunities. We expect pharma to grow at 11.5% CAGR in FY20-23E to ₹ 7921 crore.

## LSI segment slightly volatile

Life science ingredients (LSI) segment, which includes specialty intermediates, nutritional products and life science chemicals, has demonstrated good potential in the past but remains more or less a commodity play the prospects of which hinge upon global commodity cycle. This is why growth and EBITDA margins have always been lumpy and volatile. LSI is likely to grow at 7.5% CAGR in FY20-23E to ₹ 3947 crore.

## Valuation & Outlook

Despite Covid-related challenges in H1, the management expects no material impact on FY21 performance due to strong demand recovery and new business sign-ups. Rest of the fiscal is expected to post strong growth across all segments and better margins amid cost rationalisation measures. Going ahead, we expect pharma segment to be back on the growth track thanks to consistency, visibility in all three segments- specialty, CDMO, generics. A key monitorable in the segment would be developments on the five contract manufacturing agreements that the company has signed for Covid treatment and vaccine candidates. On LSI front, the performance continues to be lumpy except nutritional sub segment. As both these businesses have different fortunes, return profiles, we continue to value the company on SoTP basis till formal separation. Accordingly, we arrive at a target price of ₹ 850.



### Particulars

Particular	Amount
Market Capitalisation	₹11309 crore
Debt (FY 20)	₹4808 crore
Cash (FY 20)	₹1400 crore
EV	₹14717 crore
52 week H/L (₹)	₹910/₹230
Equity capital	₹15.9 crore
Face value	₹1

### Key Highlights

- Management expects no material impact on FY21 due to strong demand recovery, new business sign-ups
- Rest of fiscal expected to post strong growth across all segments, better margins amid cost rationalisation measures
- Maintain BUY

### Price Graph



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### Key Financial Summary

(₹ crore)	FY20	FY21E	FY22E	FY23E	CAGR (FY20-23E) %
Revenues	9154.4	9659.7	11201.7	12496.4	10.9
EBITDA	1947.1	1923.6	2282.9	2683.5	11.3
EBITDA Margins (%)	21.3	19.9	20.4	21.5	
Net Profit	898.2	847.2	1095.1	1419.6	16.5
EPS (₹)	57.7	54.4	70.3	91.1	
Adjusted EPS (₹)	59.9	54.4	70.3	91.1	
PE (x)	12.3	13.1	10.1	7.8	
EV/EBITDA (x)	7.4	7.3	5.8	4.5	
RoE (%)	16.6	13.2	14.7	16.1	
RoCE (%)	14.4	14.7	16.9	19.8	

Source: ICICI Direct Research; Company

**Exhibit 1: Variance Analysis**

	Q2FY21	Q2FY20	Q1FY21	YoY (%)	QoQ (%)	Comments
Revenue	2,374.9	2,265.9	1,892.9	4.8	25.5	YoY growth mainly driven by Remdesivir opportunities besides growth in CDMO, API, nutritional products and life science chemicals business
Raw Material Expenses	850.6	773.2	619.7	10.0	37.3	
Gross margins (%)	64.2	65.9	67.3	-169 bps	-308 bps	YoY contraction mainly due to adverse product mix
Employee Expenses	558.3	522.2	546.4	6.9	2.2	
Other Expenditure	367.3	377.3	328.0	-2.6	12.0	
Power cost	112.5	124.8	96.7	-9.8	16.4	
Total Expenditure	1,888.7	1,797.5	1,590.7	5.1	18.7	
EBITDA	486.2	468.5	302.2	3.8	60.9	
EBITDA (%)	20.5	20.7	16.0	-20 bps	451 bps	Adverse product mix largely offset by lower other expenditure and power cost
Interest	64.0	71.6	76.0	-10.7	-15.8	
Depreciation	115.8	116.8	112.3	-0.9	3.2	
Other income	7.3	12.3	8.1	-40.6	-10.5	
Exceptional Items	0.0	0.0	0.0	0.0	0.0	
PBT after Exceptional Items	313.7	292.2	122.1	7.3	156.9	
Tax	89.6	42.8	34.1	109.0	162.7	
Tax Rate (%)	28.5	14.7	27.9			
PAT before MI	224.1	249.4	88.0	-10.1	154.7	
MI	0.1	0.0	0.0	0.0	0.0	
Adj. Net Profit	224.0	249.4	88.0	-10.2	154.6	Delta vis-à-vis EBITDA mainly due to lower other income and higher tax rate (28.5% against 14.7% in Q2FY20)

**Key Metrics**

Pharmaceuticals	1,516.5	1,452.0	1,095.8	4.4	38.4	YoY growth mainly driven by Remdesivir opportunity and growth in CDMO and API segments, partially offset by lower Radiopharma and allergy businesses on account of Covid-19 impact
Life Science Ingredients	784.0	753.0	738.4	4.1	6.2	Strong growth witnessed in nutritional products and life science chemicals business driven by improved pricing in nutritional segment and higher demand in life sciences chemical. The growth was partially offset by decline in specialty intermediates amid lower demand witnessed in agrochemical segment due to extreme weather conditions in certain geographies

Source: ICICI Direct Research

**Exhibit 2: Change in Estimates**

	FY21E			FY22E			Comments
	Old	New	% Change	Old	New	% Change	
(₹ Crore)							
Revenue	9,785.0	9,659.7	-1.3	11,501.5	11,201.7	-2.6	
EBITDA	2,066.6	1,923.6	-6.9	2,679.8	2,282.9	-14.8	
EBITDA Margin (%)	21.1	19.9	-121 bps	23.3	20.4	-292 bps	Changed mainly due to increased competition in radiopharma business and increased cost amid spending in innovative pipeline
PAT	967.8	847.2	-12.5	1,422.0	1,095.1	-23.0	Declined mainly in sync with operational performance
EPS (₹)	62.1	54.4	-12.5	91.3	70.3	-23.0	

Source: ICICI Direct Research

**Exhibit 3: Change in Estimates**

	Current			Earlier		
	FY19	FY20	FY21E	FY22E	FY21E	FY22E
Pharma	5,321.0	5,715.0	5,964.9	7,020.9	6,022.4	7,253.1
Life Science Ingredier	3,545.0	3,178.5	3,286.3	3,612.3	3,325.4	3,698.7

Source: ICICI Direct Research

## Conference Call Highlights

- Continued adverse impact of Covid-19 pandemic in the first half of Q2
- Pharma – Growth in CMO and generics, expecting further improvement in Q3 and Q4 performance over Q2
- Specialty – Radiopharma, allergy – recovery in second half of Q2
  - Radio - continued to have a temporary negative impact due to Covid-19 related restrictions on hospital visitations; 90% pre-Covid in Q2
  - Strategic partnership with SOFIE Biosciences, an innovation leader
    - (a) SOFIE's business lines are highly synergistic to Radiopharma
  - Europe Ruby-fill launch in FY21
  - Allergy – 100% of pre-Covid levels
- CMO – New lyophilisation installation in Q1, strong demand from customers as well as new deals
  - Signed five (one in Q2) separate clinical and commercial supply agreements for Covid-19 treatment and vaccine candidates (sterile injectable)
  - Robust order book and new business sign-ups
  - Nanjangud (API) operations started, strong order book
  - Expecting ₹ 500 crore in revenue over 10-12 months from Covid products
  - Remdesivir started contribution
  - Covid related products - 1 million vials produced
- Generics - led by strong performance in key products in the US market and by launch of Remdesivir in various countries
  - Roorkee site capacity expansion completed in FY20. Salisbury site expansion is underway translating to 85% increase in capacity by February 2021
  - Remdesivir production capacity increased from 2 lakh vials to 4.8 lakh vials per month
- Life science ingredients (LSI) growth led by improved pricing in nutritional segment and higher demand in life sciences chemical (LSC)
- LSI business - Expect to achieve close to double digit growth in revenues and significant growth in EBIDTA with higher margins and a very healthy cash generation in FY21
- Specialty intermediates
  - Pharmaceutical segment witnessed significant improvement in demand
  - Agrochemical segment witnessed lower demand due to extreme weather conditions in certain geographies
- Nutritional - better prices of Vitamin B3
- LSC - Strong demand for all products including Acetic Anhydride in domestic and export market

- Acetic acid priced improved sequentially; will be passed on to customer with a lag; current price was at US\$ 370/tonne, in Q2 was US\$ 330-335/tonne
- DDDS growth led by higher demand from Biotech companies for Integrated Services, and functional chemistry
- H1FY21 net debt reduced by ₹ 193 crore in constant currency
  - Net debt was at ~ ₹ 3063 (on constant currency basis); out of this ₹ 2200 belongs to the pharma segment; rest to LSI
- USFDA update – Both Roorkee (Dosage Form; under warning letter) and Nanjangud (API; under OAI) manufacturing facilities have completed remediation measures
- Average blended interest rate for Q2FY21 was 5.72%; ₹ loans at 7.48% and US\$ loans at 5.07%
- Capex in Q2FY21: ₹ 110 crore; guided for ₹ 500 crore for FY21
- The management expects strong performance in Pharma, LSI and DDDS businesses in H2FY21
- Demerger of pharma and LSI businesses to be likely completed by January 2021

**Exhibit 4: Quarterly Trend**

(₹crore)	12FY18	13FY18	14FY18	11FY19	12FY19	13FY19	14FY19	11FY20	12FY20	13FY20	14FY20	11FY21	12FY21	YoY (%)	QoQ (%)
Net Sales	1621.4	2041.5	2223.8	2079.3	2270.0	2353.1	2352.2	2152.8	2236.6	2279.9	2307.3	1845.2	2326.4	4.0	26.1
Other Operating Inc	20.7	26.3	28.2	32.4	23.9	24.0	33.4	29.1	29.4	35.3	84.1	47.7	48.5	65.2	1.8
Total Operating Inc	1642.0	2067.8	2252.0	2111.6	2293.9	2377.1	2385.6	2181.9	2265.9	2315.2	2391.4	1892.9	2374.9	4.8	25.5
Raw Material Expense	607.6	786.8	890.8	796.2	877.2	875.8	972.6	755.2	773.2	773.2	839.0	619.7	850.6	10.0	37.3
% of revenues	37.0	38.1	39.6	37.7	38.2	36.8	40.8	34.6	34.1	33.4	35.1	32.7	35.8	169 bps	308 bps
Gross Profit	1034.4	1281.0	1361.1	1315.4	1416.8	1501.3	1412.9	1426.7	1492.7	1542.0	1552.5	1273.2	1524.3	2.1	19.7
Gross Margins (%)	63.0	61.9	60.4	62.3	61.8	63.2	59.2	65.4	65.9	66.6	64.9	67.3	64.2	-169 bps	-308 bps
Power cost	102.9	119.7	111.9	99.7	119.1	134.7	112.9	112.0	124.8	123.5	113.5	96.7	112.5	-9.8	16.4
% to revenues	6.3	5.8	5.0	4.7	5.2	5.7	4.7	5.1	5.5	5.3	4.7	5.1	4.7	-77 bps	-37 bps
Employee Expense	368.8	422.9	453.8	451.6	478.0	499.7	496.8	504.1	522.2	538.6	562.7	546.4	558.3	6.9	2.2
% to revenues	22.5	20.5	20.2	21.4	20.8	21.0	20.8	23.1	23.0	23.3	23.5	28.9	23.5	46 bps	-536 bps
Selling & Admin ex	256.5	321.5	337.6	293.5	345.1	373.7	445.3	376.0	377.3	372.4	339.6	328.0	367.3	-2.6	12.0
% to revenues	15.6	15.5	15.0	13.9	15.0	15.7	18.7	17.2	16.6	16.1	14.2	17.3	15.5	-118 bps	-186 bps
Total Expenditure	1335.8	1650.9	1794.1	1641.1	1819.3	1883.8	2027.6	1747.3	1797.5	1807.8	1854.8	1590.7	1888.7	5.1	18.7
% to revenues	81.3	79.8	79.7	77.7	79.3	79.2	85.0	80.1	79.3	78.1	77.6	84.0	79.5	20 bps	-451 bps
EBITDA	306.3	416.8	457.9	470.6	474.6	493.3	358.0	434.6	468.5	507.4	536.6	302.2	486.2	3.8	60.9
EBITDA Margins (%)	18.7	20.2	20.3	22.3	20.7	20.8	15.0	19.9	20.7	21.9	22.4	16.0	20.5	-20 bps	451 bps
Depreciation	79.0	81.8	181.7	88.0	89.5	98.4	95.0	102.7	116.8	113.5	128.9	112.3	115.8	-0.9	3.2
Interest	66.0	77.1	72.5	72.7	62.7	68.3	61.6	72.6	71.6	72.0	71.2	76.0	64.0	-10.7	-15.8
Other Income	7.1	3.2	22.9	9.5	3.8	29.0	-6.6	9.7	12.3	6.0	19.4	8.1	7.3	-40.6	-10.5
PBT before EO	168.4	261.2	226.6	319.3	326.2	355.6	194.8	269.0	292.2	328.0	356.0	122.1	313.7	7.3	156.9
Less: Exceptional I	0.0	0.0	0.0	0.0	0.0	0.0	-234.8	0.0	0.0	-34.6	0.0	0.0	0.0		
PBT after EO	168.4	261.2	226.6	319.3	326.2	355.6	-40.0	269.0	292.2	293.3	356.0	122.1	313.7	7.3	156.9
Total Tax	42.7	48.3	74.2	86.0	92.0	88.1	60.7	84.1	42.8	89.9	95.5	34.1	89.6	109.0	162.7
Tax Rate (%)	25.3	18.5	32.7	26.9	28.2	24.8	-151.8	31.2	14.7	30.7	26.8	27.9	28.5		
PAT	125.7	212.8	152.4	233.3	234.2	267.5	-100.7	185.0	249.4	203.4	260.5	88.0	224.1	-10.1	154.7
Minority Interest	-2.8	0.3	-2.5	-0.6	0.0	6.7	-1.4	0.0	0.0	0.0	0.0	0.0	0.1		
Net Profit	128.5	212.5	154.9	234.0	234.2	260.8	-99.3	185.0	249.4	203.4	260.5	88.0	224.0	-10.2	154.6
EPS (₹)	8.1	13.3	9.7	14.7	14.7	16.4	-6.2	11.6	15.7	12.8	16.4	5.5	14.1		

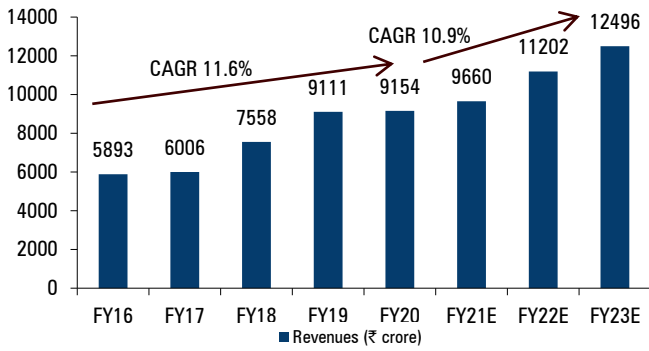
Source: ICICI Direct Research

## Company Background

Incorporated in 1978, Jubilant Life Sciences (JLS; formerly Jubilant Organosys), is a mid-sized integrated chemicals turned pharmaceuticals player. It started as a full-fledged chemical company by entering the vinyl acetate monomer (VAM) business in 1983. Broadly, the company operates through two business segments - pharmaceuticals (62% of the turnover) and life science ingredients (35% of turnover). The pharmaceuticals segment consists of sub segments like 1) generics 2) specialty pharma - radio pharma and allergy therapy products and 3) CDMO - contract manufacturing (CMO) of sterile injectables and API. EBITDA margins in the pharmaceuticals segment are normally much higher due to the presence of formulations and specialty pharma. The LSI segment consists of sub segments like 1) advanced intermediates and specialty ingredients, 2) nutrition products and 3) life science chemicals. This segment caters to more routine customers with committed requirements. Due to the commodity nature, margins in this segment are relatively low.

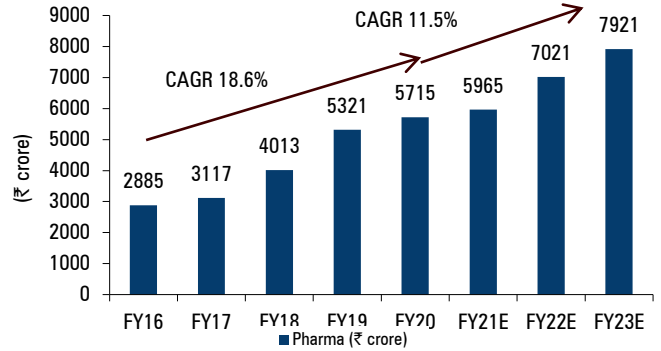
In November 2020, Jubilant Life entered into a strategic partnership with SOFIE Biosciences, Inc. (SOFIE), US. Under the terms of the agreement, Jubilant will acquire 25% of equity holding for a cash consideration of US\$25 million. This partnership will enable them to collaborate in the development, manufacturing and distributions of radiopharmaceuticals that will help in diagnosis and treatment of a wide variety of oncology diseases. The acquisition is expected to be completed by January 2021.

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



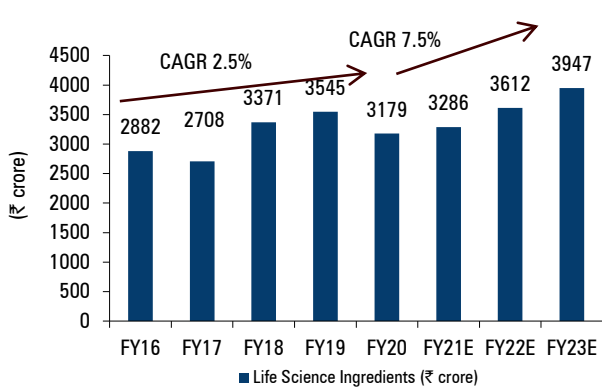
Source: ICICI Direct Research, Company

Exhibit 6: Pharma to grow at ~12% CAGR over FY20-23E



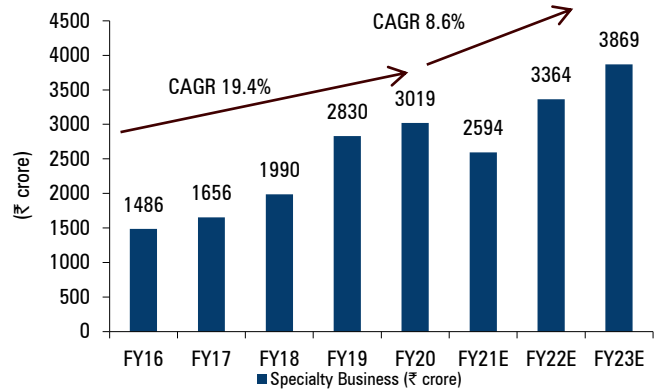
Source: ICICI Direct Research, Company

Exhibit 7: LSI to grow at CAGR of ~8% over FY20-23E



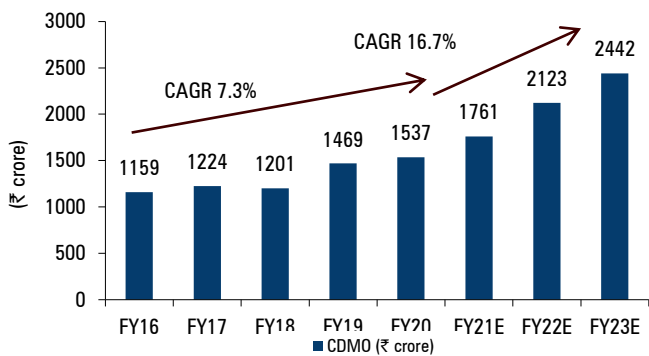
Source: ICICI Direct Research, Company

Exhibit 8: Specialty to grow at CAGR of ~9% over FY20-23E



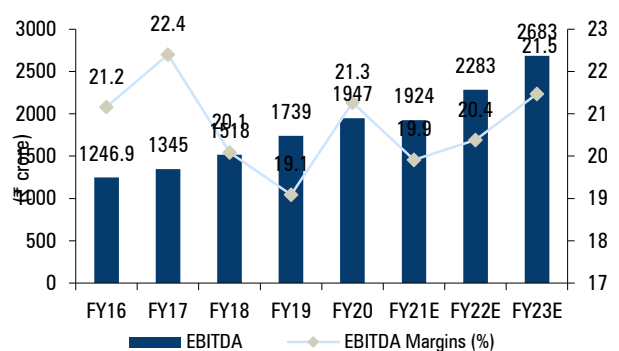
Source: ICICI Direct Research, Company

Exhibit 9: CDMO to grow at CAGR of ~17% over FY20-23E



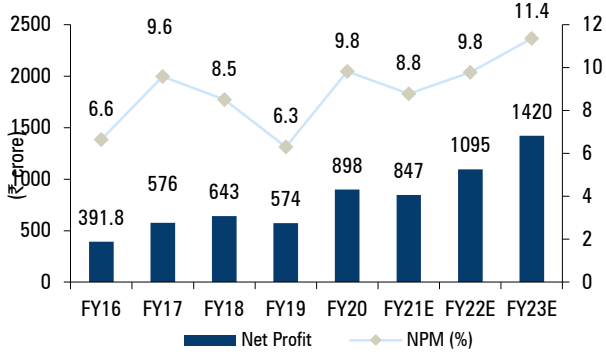
Source: ICICI Direct Research, Company

Exhibit 10: EBITDA & EBITDA margins trend



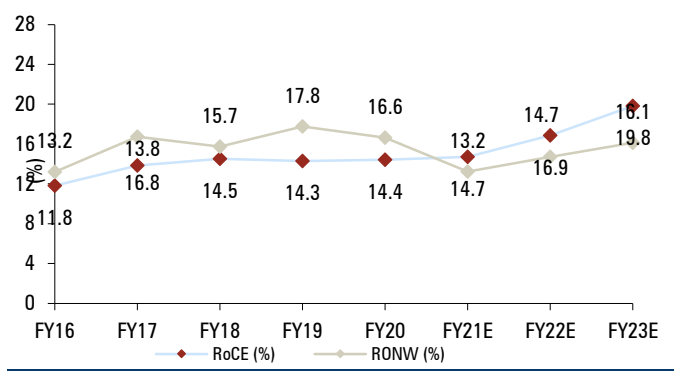
Source: ICICI Direct Research, Company

Exhibit 11: Net profit & NPM trend



Source: ICICI Direct Research, Company

Exhibit 12: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 13: SoTP Valuation

	FY23 EBITDA (₹crore)	EV/EBITDA (x)	EV (₹cr)
Pharma (₹crore)	1,980.2	6.0	11,881.0
LSI (₹crore)	670.9	4.0	2,683.8
Net Debt FY 23 (₹cr)			1,061.7
Market Cap (₹cr)			13,503.0
No. of shares (cr)			15.9
SOTP Valuation (₹)			850.0

Source: ICICI Direct Research

Exhibit 14: Summary (₹ crore)

	Revenues (₹crore)	Growth (%)	Adj. EPS (₹)	Growth (%)	P/E (x)	EV/EBITDA (X)	RoNW (%)	RoCE (%)
FY 20	9154	0.5	59.9	56.4	12.3	7.4	16.6	14.4
FY 21E	9660	5.5	54.4	-5.7	13.1	7.3	13.2	14.7
FY 22E	11202	16.0	70.3	29.3	10.1	5.8	14.7	16.9
FY 23E	12496	11.6	91.1	29.6	7.8	4.5	16.1	19.8

Source: ICICI Direct Research

Exhibit 15: Shareholding Pattern

(in %)	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Promoter	50.7	50.7	50.7	50.7	50.7
Others	49.3	49.3	49.3	49.3	49.3

Source: ICICI Direct Research, Company



## Financial Summary

Exhibit 16: Profit & Loss (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
<b>Revenues</b>	<b>9,154.4</b>	<b>9,659.7</b>	<b>11,201.7</b>	<b>12,496.4</b>
Growth (%)	0.5	5.5	16.0	11.6
Raw Material Expenses	3,140.6	3,357.4	3,904.8	4,356.1
Employee Expenses	2,127.7	2,344.8	2,590.5	2,889.9
Selling & Admin expenses	1,465.3	1,477.8	1,721.0	1,860.3
Power cost	473.8	556.0	702.4	706.6
Total Operating Expenditure	7,207.3	7,736.1	8,918.8	9,812.9
<b>EBITDA</b>	<b>1,947.1</b>	<b>1,923.6</b>	<b>2,282.9</b>	<b>2,683.5</b>
Growth (%)	12.0	-1.2	18.7	17.5
Depreciation	461.9	505.2	568.3	605.4
Interest	287.4	267.8	217.1	139.8
Other Income	47.4	38.7	44.9	61.2
PBT before EO	1,245.2	1,189.3	1,542.4	1,999.4
Less: Exceptional Items	34.6	0.0	0.0	0.0
Total Tax	312.3	342.2	447.3	579.8
Minority Interest	0.0	0.0	0.0	0.0
<b>PAT</b>	<b>898.2</b>	<b>847.2</b>	<b>1,095.1</b>	<b>1,419.6</b>
Growth (%)	56.4	-5.7	29.3	29.6
EPS	57.7	54.4	70.3	91.1
Adjusted PAT	932.9	847.2	1,095.1	1,419.6
<b>EPS (Adjusted)</b>	<b>59.9</b>	<b>54.4</b>	<b>70.3</b>	<b>91.1</b>

Source: ICICI Direct Research

Exhibit 17: Cash Flow Statement (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Profit/(Loss) after taxation	961.9	847.2	1,095.1	1,419.6
Add: Depreciation	461.9	505.2	568.3	605.4
Add: Interest paid	287.4	267.8	217.1	217.1
(Inc)/dec in Current Assets	-154.6	-157.7	-539.3	-421.0
Inc/(dec) in CL and Provision	-25.1	21.0	216.2	196.4
Other Operating Activities	0.0	0.0	0.0	0.0
<b>CF from operating activities</b>	<b>1,531.5</b>	<b>1,483.4</b>	<b>1,557.5</b>	<b>2,017.6</b>
(Purchase)/Sale of FA	-567.6	-500.0	-500.0	-500.0
Deferred Tax Liability	0.0	7.9	8.1	8.4
Minority Interest	0.0	0.0	0.0	0.0
Investments	19.9	-300.0	0.0	0.0
Other Investing Activities	84.6	-25.3	-21.2	-23.5
<b>CF from investing activities</b>	<b>-463.1</b>	<b>-817.4</b>	<b>-513.1</b>	<b>-515.1</b>
Inc/(Dec) in Equity Capital	0.0	0.0	0.0	0.0
Inc/(Dec) in Loan Funds	-572.8	-1,500.0	-500.0	-1,000.0
Dividend & Dividend tax	-152.8	-54.7	-54.7	-54.7
Less: Interest Paid	-287.4	-267.8	-217.1	-217.1
Others	-37.4	0.0	0.0	0.0
<b>CF from financing activities</b>	<b>-1,050.4</b>	<b>-1,822.5</b>	<b>-771.8</b>	<b>-1,271.8</b>
Net Cash flow	18.1	-1,156.4	272.6	230.6
Opening Cash	1,370.4	1,399.9	243.4	516.0
<b>Closing Cash</b>	<b>1,388.5</b>	<b>243.4</b>	<b>516.0</b>	<b>746.7</b>
<b>Free Cash Flow</b>	<b>963.9</b>	<b>983.4</b>	<b>1,057.5</b>	<b>1,517.6</b>

Source: ICICI Direct Research

Exhibit 18: Balance Sheet (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Equity Capital	15.9	15.9	15.9	15.9
Reserve and Surplus	5,588.0	6,380.4	7,420.8	8,785.7
Total Shareholders funds	5,603.9	6,396.4	7,436.8	8,801.7
Total Debt	4,808.4	3,308.4	2,808.4	1,808.4
Deferred Tax Liability	263.4	271.3	279.5	287.8
Minority Interest	0.0	0.0	0.0	0.0
Other Non CL & LT Provisi	159.5	164.3	169.2	174.3
<b>Total Liabilities</b>	<b>10,835.2</b>	<b>10,140.4</b>	<b>10,693.9</b>	<b>11,072.2</b>
Gross Block - Fixed Assets	5,952.3	6,802.3	7,652.3	8,152.3
Accumulated Depreciation	1,701.8	2,207.0	2,775.3	3,380.7
Net Block	4,250.5	4,595.4	4,877.1	4,771.7
Capital WIP	768.4	418.4	68.4	68.4
Total Fixed Assets	5,018.9	5,013.7	4,945.5	4,840.1
Investments	69.4	369.4	369.4	369.4
Goodwill on Consolidation	2,089.5	2,095.6	2,095.6	2,095.6
Inventory	1,845.4	1,944.5	2,254.9	2,480.8
Debtors	1,293.2	1,336.8	1,550.2	1,729.4
Cash	1,399.9	243.4	516.0	746.7
Other current Assets	499.9	514.9	530.3	546.2
Total Current Assets	5,038.4	4,039.6	4,851.4	5,503.0
Creditors	1,090.3	1,072.5	1,243.7	1,387.4
Provisions	98.8	122.6	152.3	189.1
Other Current Liabilities	497.4	512.3	527.7	543.5
Total Current Liabilities	1,686.4	1,707.4	1,923.7	2,120.1
Net Current Assets	3,351.9	2,332.2	2,927.8	3,383.0
Deferred Tax Assets	211.2	232.4	255.6	281.2
LT L & A, Other Non CA	94.3	97.2	100.1	103.1
<b>Application of Funds</b>	<b>10,835.2</b>	<b>10,140.4</b>	<b>10,693.9</b>	<b>11,072.2</b>

Source: ICICI Direct Research

Exhibit 19: Key Ratios (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
<b>Per share data (₹)</b>				
Reported EPS	57.7	54.4	70.3	91.1
Adjusted EPS	59.9	54.4	70.3	91.1
BV per share	359.7	410.5	477.3	564.9
Dividend per share	5.9	3.5	3.5	3.5
Cash Per Share	89.9	15.6	33.1	47.9
<b>Operating Ratios (%)</b>				
Gross Profit Margins	65.7	65.2	65.1	65.1
EBITDA Margins	21.3	19.9	20.4	21.5
PAT Margins	10.2	8.8	9.8	11.4
Inventory days	73.6	73.5	73.5	72.5
Debtor days	51.6	50.5	50.5	50.5
Creditor days	43.5	40.5	40.5	40.5
Asset Turnover	1.5	1.7	1.4	1.5
EBITDA conversion Rate	78.7	77.1	68.2	75.2
<b>Return Ratios (%)</b>				
RoE	16.6	13.2	14.7	16.1
RoCE	14.4	14.7	16.9	19.8
RoIC	16.1	14.7	17.3	20.7
<b>Valuation Ratios (x)</b>				
P/E	12.3	13.1	10.1	7.8
EV / EBITDA	7.4	7.3	5.8	4.5
EV / Net Sales	1.6	1.5	1.2	1.0
Market Cap / Sales	1.2	1.1	1.0	0.9
Price to Book Value	2.0	1.7	1.5	1.3
<b>Solvency Ratios</b>				
Debt / Equity	0.9	0.5	0.4	0.2
Debt / EBITDA	2.5	1.7	1.2	0.7
<b>Current Ratio</b>	<b>2.2</b>	<b>2.2</b>	<b>2.3</b>	<b>2.2</b>

Source: ICICI Direct Research



Exhibit 20: I-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	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	850	Buy	11309	54.9	59.9	54.4	70.3	12.9	11.9	13.1	10.1	14.3	14.4	14.7	16.9	17.8	16.6	13.2	14.7
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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