

Exemplary numbers driven by robust export growth

Revenues grew 34.2% YoY to ₹ 651.2 crore, mainly due to 141% growth in the US business to ₹ 159 crore and 30.6% growth in Asia branded generic business to ₹ 158 crore. Domestic revenues grew 12.1% YoY to ₹ 195 crore. EBITDA margins expanded 644 bps to 28.6% mainly due to lower employee and other expenditure. EBITDA grew 73.3% YoY to ₹ 186 crore. Net profit grew 61.3% YoY to ₹ 107.9 crore. Delta vis-à-vis EBITDA was mainly due to higher tax rate (38.6% against 28.0% Q3FY19).

Domestic formulations - Focus on new launches, few therapies

Domestic formulations comprise 33% of FY19 revenues. The main distinguishing factor is the uncanny knack of launching maximum number of first time launches with focus on new drug delivery system (NDDS). Out of 270+ actively marketed brands, ~60% were first time launches. However, a slowdown in 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 ~12% CAGR in FY19-22E to ₹ 967 crore to be driven by existing products & new launches.

Exports traction from EMs; US generics shaping up

The company derives export revenues (64% of FY19 revenues) from emerging markets like Africa (Franco Africa), Asia and from the US. In emerging markets, as opposed to the common practice of forging alliances with regional pharma players, its front-end marketing team interacts directly with doctors. The US foray is also getting momentum. However, due to a sharp decline in African tender business, overall export formulations growth has slowed down to 7.8% CAGR in FY15-19 to ₹ 1323 crore. We expect export formulations to grow at 20% CAGR in FY19-22E to ₹ 2263 crore driven by Asia and African branded business and strong growth in the US.

Valuation & Outlook

Q3 numbers were a comprehensive beat on all fronts mainly due to robust growth in exports formulation and better operational leverage. Despite a blowout quarter, the management remains unperturbed on the guidance front with 10-11% growth guidance for branded business (India, Asia, Africa -- ~70% of sales) and ~25% CAGR in FY19-22 for US. On the margins front, heavy capex and change in product mix (increased US revenues) notwithstanding, the management expects ~100 bps improvement, going ahead, with improving operating leverage. In the past, the management has rarely missed the guidance. It has almost regularly beaten the guidance. Overall, calculated focus, healthy margins, return profile and lighter balance sheet are some key differentiators for Ajanta. We arrive at our target price of ₹ 1525 based on 20x FY22E EPS of ~₹ 76.2.



Particulars

Particular	Amount
Market Capitalisation	₹ 11239 crore
Debt (FY19)	₹ 34 crore
Cash (FY19)	₹ 101 crore
EV	₹ 11173 crore
52 week H/L	1323/825
Equity capital	₹ 17.5 crore
Face value	₹ 2

Key Highlights

- Q3 numbers were a comprehensive beat on all fronts mainly due to robust growth in exports formulation and better operational leverage
- Guided for 10-11% growth in branded business and 25% CAGR over FY19-22E for US
- Maintain BUY

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Key Financial Summary

₹ Crore	FY19	FY20E	FY21E	FY22E	CAGR FY19-22E (%)
Revenues	2053.0	2536.9	2909.9	3294.4	17.1
EBITDA	555.8	696.0	814.8	955.4	19.8
EBITDA margins (%)	27.1	27.4	28.0	29.0	
Net Profit	384.6	467.1	560.1	673.4	20.5
EPS (₹)	43.5	53.0	63.4	76.2	
PE (x)	29.6	24.4	20.3	16.9	
M.Cap/ Revenues (x)	5.5	4.5	3.9	3.5	
EV to EBITDA (x)	20.2	16.3	13.8	11.5	
RoCE (%)	21.8	24.1	23.2	23.9	
ROE	17.1	18.0	18.6	19.1	

Source: ICICI Direct Research

Exhibit 1: Variance Analysis

	Q3FY20	Q3FY20E	Q3FY19	Q2FY20	YoY (%)	QoQ (%)	Comments
Revenue	651.2	527.1	485.1	642.8	34.2	1.3	YoY growth and beat vis-à-vis I-direct estimates mainly due to robust growth in export formulations
Raw Material Expenses	169.1	126.5	97.9	166.5	72.7	1.6	A 579 bps YoY decline in gross margins to 74% mainly due to change in product mix
Employee Expenses	120.4	116.0	112.8	117.4	6.7	2.5	
Other Expenditure	175.8	166.0	167.1	181.2	5.2	-3.0	
Total Operating Expenditure	465.2	408.5	377.8	465.1	23.1	0.0	
EBITDA	186.0	118.6	107.3	177.6	73.3	4.7	
EBITDA (%)	28.6	22.5	22.1	27.6	644 bps	92 bps	YoY improvement and beat vis-à-vis I-direct estimates mainly due to better operational leverage
Interest	1.6	4.9	0.1	4.9	1,644.4	-68.2	
Depreciation	23.6	23.3	18.7	23.3	26.4	1.3	
Other income	14.6	10.8	4.4	13.2	232.0	10.7	
PBT before EO	175.4	101.2	93.0	162.6	88.7	7.9	
Less: Exceptional Items	0.3	0.0	0.0	1.1	0.0	-68.2	
PBT	175.1	101.2	93.0	161.6	88.4	8.4	
Tax	67.6	25.3	26.1	45.2	159.2	49.4	
MI & Share of loss/ (gain) ass	0.0	0.0	0.0	0.0	0.0	0.0	
Adj. Net Profit	107.9	75.9	66.9	117.4	61.3	-8.1	Delta vis-à-vis EBITDA was mainly due to higher tax rate. Beat vis-à-vis I-direct estimates mainly due to a strong operational performance

Key Metrics

India	195.0	193.8	174.0	203.0	12.1	-3.9	YoY growth mainly due to 38% growth in institutional business to ₹ 18 crore. Branded formulations grew 11.3% YoY to ₹ 178 crore
Africa - Branded	80.0	89.1	64.0	82.0	25.0	-2.4	
Africa - Tender	49.0	20.0	50.0	72.0	-2.0	-31.9	Muted growth mainly due to a decline in global tender business. Beat vis-à-vis I-direct estimates mainly due to execution of two large orders
Asia	158.0	133.1	121.0	181.0	30.6	-12.7	
US	159.0	97.6	66.0	111.0	140.9	43.2	YoY robust growth and beat vis-à-vis I-direct estimates mainly due to increased market share and volume gains in key products

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

(₹ Crore)	FY20E			FY21E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	2,334.3	2,536.9	8.7	2,640.4	2,909.9	10.2	Changed mainly due to strong growth in export formulations and better-than-expected growth guidance for Africa tender and US business
EBITDA	610.5	696.0	14.0	726.1	814.8	12.2	
EBITDA Margin (%)	26.2	27.4	124 bps	27.5	28.0	50 bps	Change as per guidance
PAT	393.4	468.5	19.1	471.7	560.1	18.7	
EPS (₹)	44.4	52.9	19.1	53.4	63.4	18.7	Changed mainly in sync with operational performance

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

(₹ crore)	Current			Earlier			Comments
	FY18	FY19	FY20E	FY21E	FY20E	FY21E	
Domestic	629.0	690.0	770.6	863.1	768.4	860.6	
Africa	738.0	502.0	583.0	628.9	520.1	542.7	Changed mainly due to better-than-expected Q3 revenues
Asia	493.0	528.0	622.3	682.6	597.4	657.1	
US	193.0	283.0	526.2	668.9	410.8	517.7	Changed mainly due to strong Q3 and as per management guidance

Source: ICICI Direct Research

Conference Call Highlights

- Guidance for FY20- Branded Pharmaceuticals (India, Asia, Africa which together account for ~70% of the sales) - 10-11%; US- 25% CAGR over FY19-22E; Africa tenders- growth of 10-15% (revised from de-growth of 10-15% based on 9MFY20 performance)
- Beat on the tender guidance mainly on account of execution of two large orders in October and November
- Expects ~25% growth in the US based on new launches (seven to eight per annum planned) and volume & market share gains in existing products
- Guidance for EBITDA margins for FY20- 27-28%. Going ahead, the management is aiming at ~100 bps improvement in margins for FY21E and FY22E
- Capex guidance for FY20- ₹ 325-350 crore; 9MF capex- ₹ 225 crore. Capex guidance for FY21E- ₹ 200 crore; FY22E- ₹ 150 crore
- Guwahati (ophthal) has commenced commercial operations. Guwahati (OSD) is expected to commence operations in Q1FY21. Pithampur (Emerging Markets) facility is expected to commence commercial operations in Q4
- Tax guidance for FY21E, FY22E- 22-22.5%
- China disturbance impact- The company has sufficient inventory that can last for three to three and a half months. However, beyond that there may be issues that may impact FY21 numbers

Exhibit 4: Trends in quarterly financials

(₹ crore)	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	YoY (%)	QoQ (%)
Total Operating Incc	533.1	476.8	484.0	540.4	587.1	530.3	511.0	544.1	485.1	512.8	611.9	642.8	651.2	34.2	1.3
Raw Material Expei	106.4	92.3	93.6	109.0	110.0	93.8	84.1	95.9	97.9	105.5	142.5	166.5	169.1	72.7	1.6
% of Revenue	20.0	19.3	19.3	20.2	18.7	17.7	16.5	17.6	20.2	20.6	23.3	25.9	26.0	579 bps	6 bps
Gross Profit	426.7	384.6	390.4	431.4	477.1	436.6	426.9	448.2	387.2	407.3	469.4	476.3	482.1	24.5	1.2
Gross Profit Margin	80.0	80.7	80.7	79.8	81.3	82.3	83.5	82.4	79.8	79.4	76.7	74.1	74.0	-579 bps	-6 bps
Employee Expenses:	77.4	75.5	86.7	89.4	95.2	105.2	104.8	105.8	112.8	107.4	118.3	117.4	120.4	6.7	2.5
% of Revenue	14.5	15.8	17.9	16.5	16.2	19.8	20.5	19.4	23.2	20.9	19.3	18.3	18.5	-476 bps	22 bps
Other Expenditure	171.3	148.2	162.1	158.2	184.3	191.9	164.6	176.2	167.1	175.2	182.7	181.2	175.8	5.2	-3.0
% of Revenue	32.1	31.1	33.5	29.3	31.4	36.2	32.2	32.4	34.5	34.2	29.9	28.2	27.0	-746 bps	-120 bps
Total Expenditure	355.1	315.9	342.4	356.7	389.6	390.8	353.5	377.9	377.8	388.1	443.6	465.1	465.2	23.1	0.0
% of Revenue	66.6	66.3	70.8	66.0	66.4	73.7	69.2	69.5	77.9	75.7	72.5	72.4	71.4	-644 bps	-92 bps
EBITDA	178.0	160.9	141.6	183.7	197.5	139.5	157.5	166.2	107.3	124.7	168.4	177.6	186.0	73.3	4.7
EBITDA Margin (%)	33.4	33.7	29.2	34.0	33.6	26.3	30.8	30.5	22.1	24.3	27.5	27.6	28.6	644 bps	92 bps
Other Income	19.2	2.4	1.5	9.2	15.2	5.2	8.1	15.2	4.4	1.6	7.6	13.2	14.6	232.0	10.7
Interest	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	0.0	0.0
Depreciation	15.3	18.9	13.4	14.6	15.0	16.6	17.2	17.5	18.7	18.8	22.8	23.3	23.6	26.4	1.3
PBT	180.8	143.3	128.6	177.3	196.6	127.1	147.4	162.9	92.0	106.6	152.2	166.5	176.0	91.3	5.7
Total Tax	38.5	30.0	23.9	46.4	50.1	33.5	42.5	38.5	26.1	20.3	36.8	45.2	67.6	159.2	49.4
Tax rate (%)	21.3	20.9	18.6	26.2	25.5	26.4	28.8	23.6	28.3	19.0	24.2	27.1	38.4	1006 bps	1124 bps
PAT	142.6	114.0	94.8	131.9	147.5	94.5	105.8	125.4	66.9	88.9	114.6	116.4	107.6	60.8	-7.6
PAT Margin (%)	26.7	23.9	19.6	24.4	25.1	17.8	20.7	23.0	13.8	17.3	18.7	18.1	16.5	272 bps	-159 bps

Source: ICICI Direct Research

Company Background

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

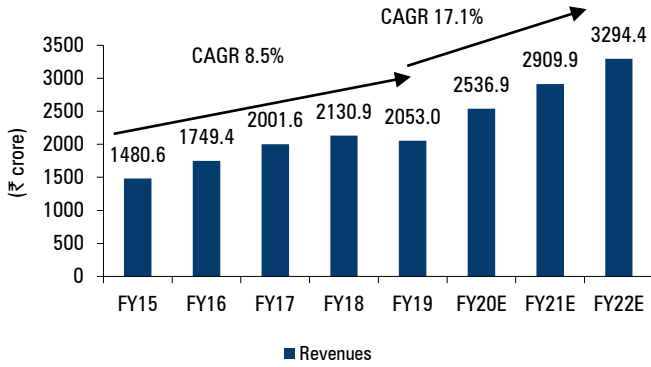
Domestic formulations constitute 33% of the total consolidated turnover (FY19). This segment has been further segregated into two sub-segments- 1) branded formulations and 2) institutional business. Initially, the company was catering to the institutional business. The institutional sub-segment accounts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

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

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

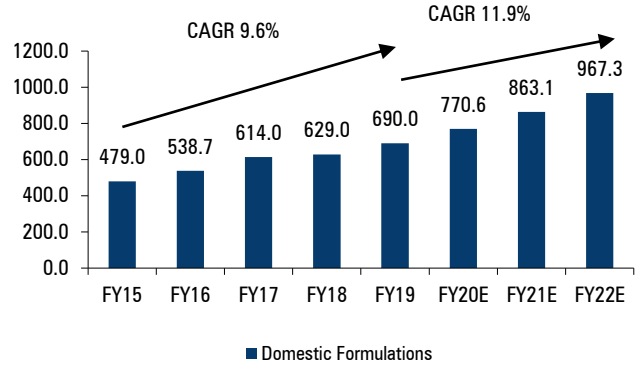
Africa accounts for ~54% of export formulations followed by Asia. The company also participates in anti-malarial tenders in Africa. It operates through 710+ MRs in these emerging markets. APL owns a portfolio of more than 1340 registered brands in these markets encompassing major therapies such as anti-infectives,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

Exhibit 5: Revenues to grow at CAGR of 17% over FY19-22E



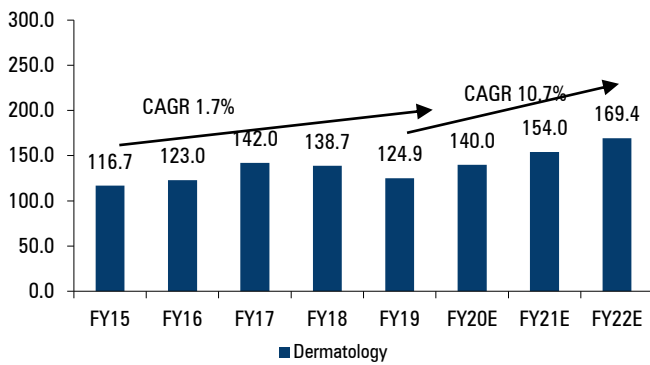
Source: ICICI Direct Research, Company

Exhibit 6: Domestic formulations (₹ crore)



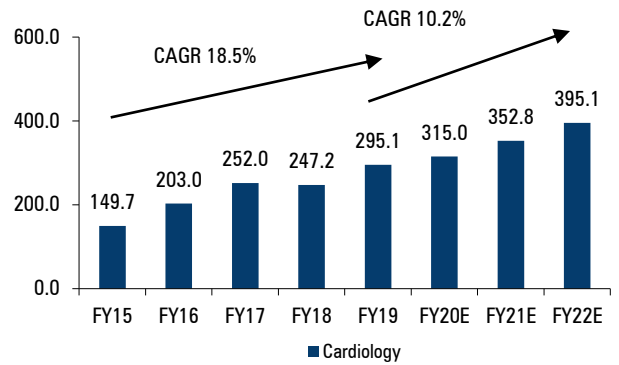
Source: ICICI Direct Research, Company

Exhibit 7: Domestic dermatology segment (₹ crore)



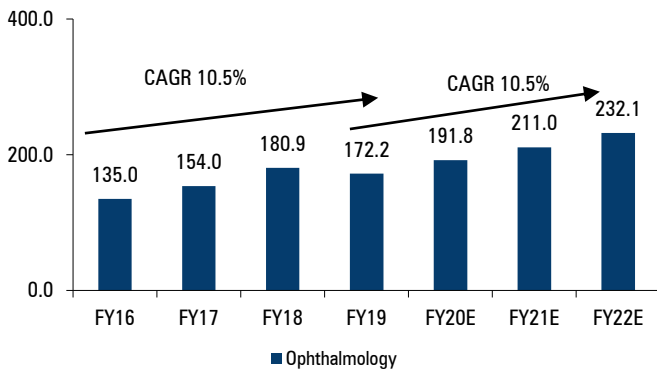
Source: ICICI Direct Research, Company

Exhibit 8: Domestic cardiology segment (₹ crore)



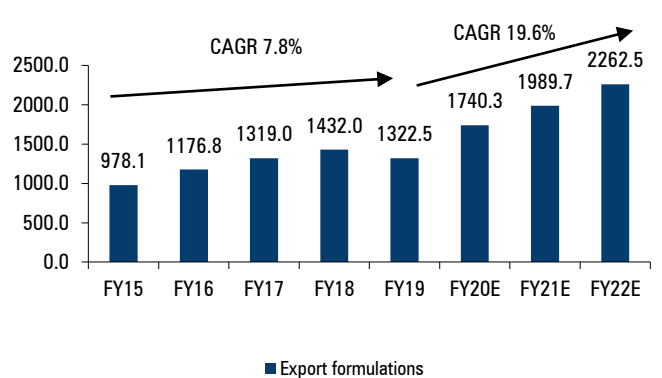
Source: ICICI Direct Research, Company

Exhibit 9: Domestic ophthalmology segment (₹ crore)



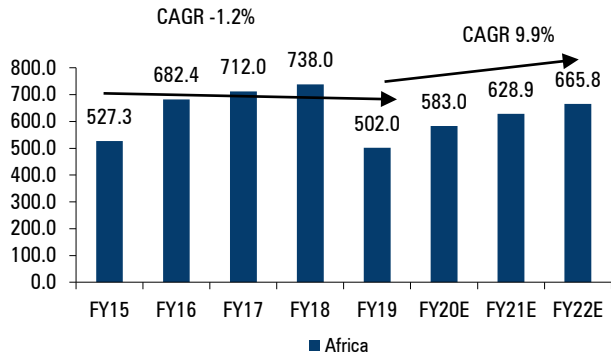
Source: ICICI Direct Research, Company

Exhibit 10: Export formulations (₹ crore)



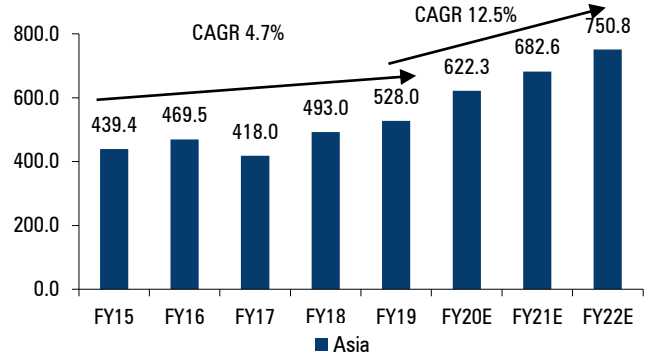
Source: ICICI Direct Research, Company

Exhibit 11: Africa revenues (₹ crore)



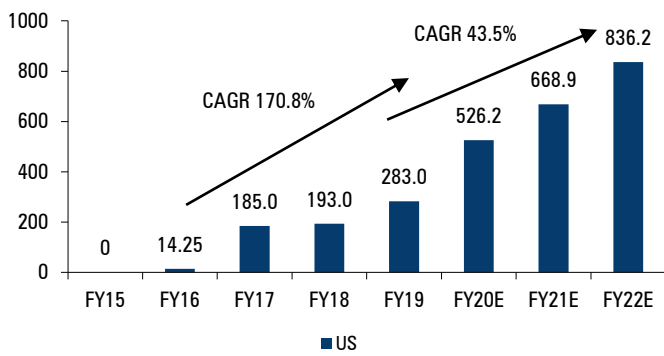
Source: ICICI Direct Research, Company

Exhibit 12: Asia revenues (₹ crore)



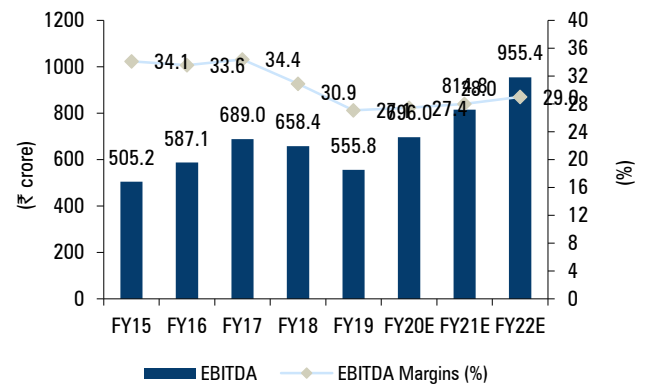
Source: ICICI Direct Research, Company

Exhibit 13: US revenues (₹ crore)



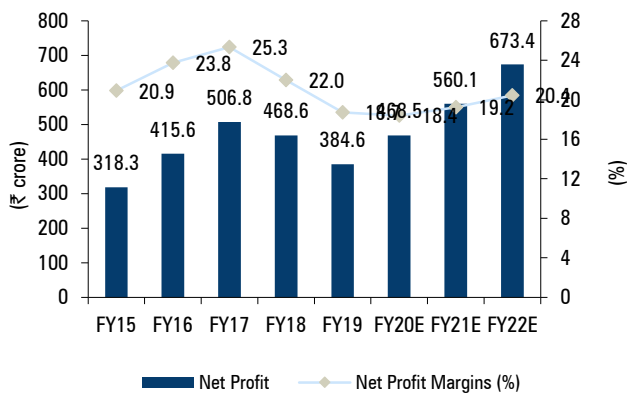
Source: ICICI Direct Research, Company

Exhibit 14: EBITDA to grow at CAGR 20% over FY19-22E



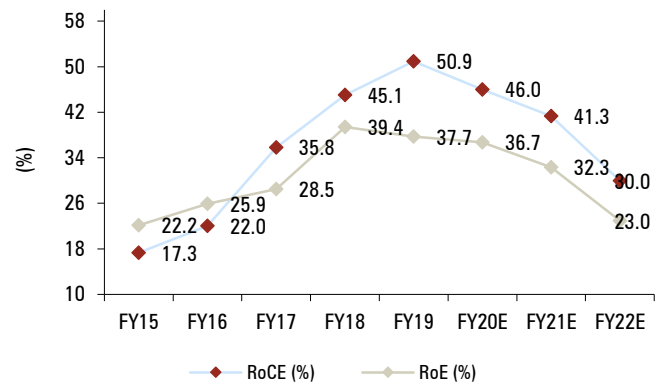
Source: ICICI Direct Research, Company

Exhibit 15: Net profit to grow at CAGR 20% over FY19-22E



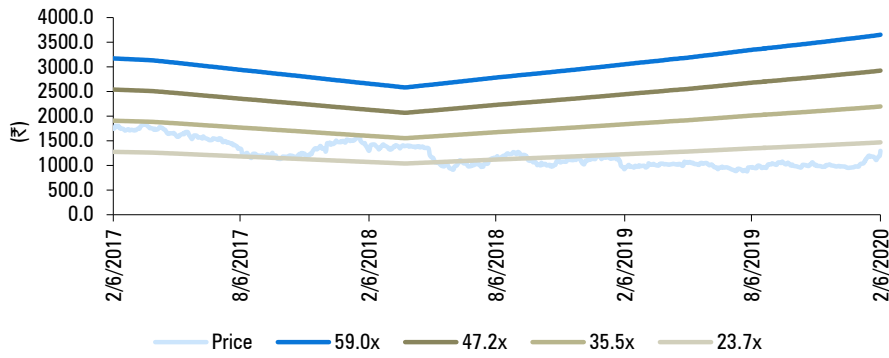
Source: ICICI Direct Research, Company

Exhibit 16: Return ratios trend



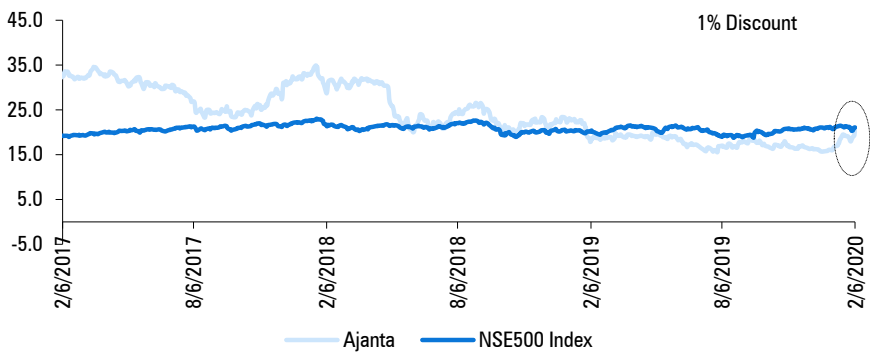
Source: ICICI Direct Research, Company

Exhibit 17: One year forward PE



Source: ICICI Direct Research

Exhibit 18: One year forward PE vs NSE500 Index



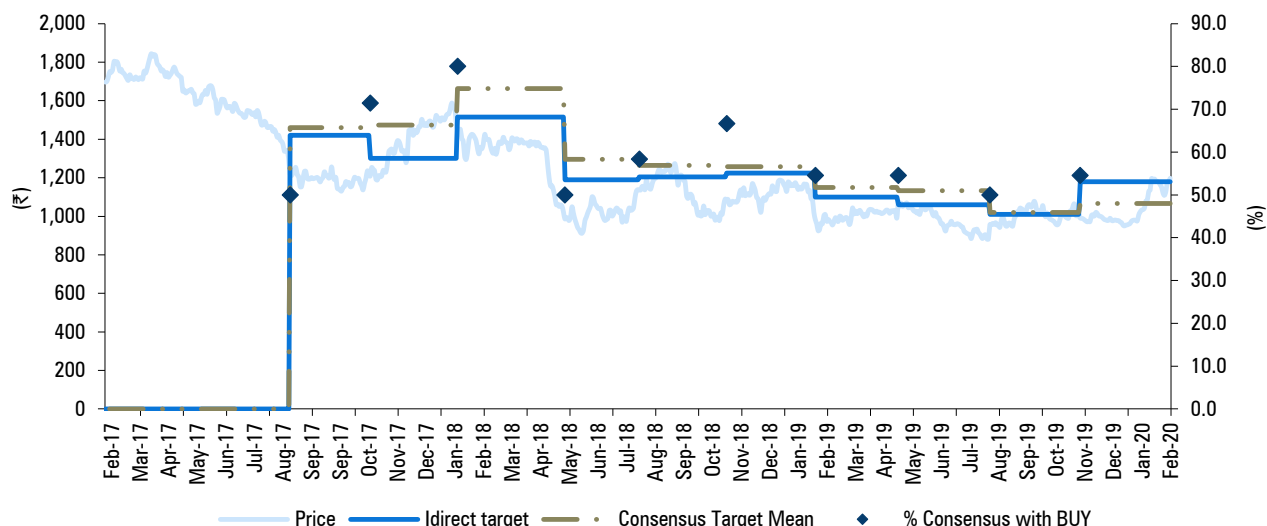
Source: ICICI Direct Research

Exhibit 19: Valuation

	Revenues (₹ crore)	Growth (%)	EPS (₹)	Growth (%)	P/E (x)	EV/EBITDA (X)	RoE (%)	RoCE (%)
FY19	2053	-3.7	43.5	-17.9	29.6	20.2	17.1	21.8
FY20E	2537	23.6	53.0	21.4	24.4	16.3	18.0	24.1
FY21E	2910	14.7	63.4	19.9	20.3	13.8	18.6	23.2
FY22E	3294	13.2	76.2	20.2	16.9	11.5	19.1	23.9

Source: ICICI Direct Research

Exhibit 20: Recommendation history vs. Consensus



Source: ICICI Direct Research, Bloomberg

Exhibit 21: Top 10 Shareholders

Rank	Investor Name	Filing Date	% O/S	Position (m)	Change
1	Agrawal Ravi P	30-Jun-19	14.6	12.74m	0.00m
2	Agrawal Yogesh M	30-Jun-19	14.5	12.64m	0.00m
3	Agrawal Rajesh M	30-Jun-19	14.5	12.64m	0.00m
4	Agrawal Ayush M	30-Jun-19	14.4	12.56m	0.00m
5	Gabs Investments Pvt	30-Jun-19	9.6	8.39m	0.00m
6	Mirae Asset Global	31-Dec-19	4.2	3.62m	0.34m
7	Ganga Exports Pvt Ltd	30-Jun-19	2.7	2.39m	0.00m
8	UTI Asset Management	31-Dec-19	2.7	2.32m	0.08m
9	Invesco India Asset	31-Dec-19	1.6	1.41m	(0.10)m
10	Motilal Oswal Asset	31-Dec-19	1.0	0.89m	(0.37)m

Source: ICICI Direct Research, Bloomberg

Exhibit 22: Shareholding Pattern

(in %)	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
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 23: Profit & Loss (₹ crore)

(Year-end March)/ (₹ crore)	FY19	FY20E	FY21E	FY22E
Total Operating Income	2,053.0	2,536.9	2,909.9	3,294.4
Growth (%)	-3.7	23.6	14.7	13.2
Raw Material Expenses	383.5	632.7	712.9	807.1
Gross Profit	1,669.5	1,904.2	2,196.9	2,487.3
Gross Profit Margins (%)	81.3	75.1	75.5	75.5
Employee Expenses	430.7	479.2	552.9	609.5
Other Expenditure	683.1	729.0	829.3	922.4
Total Operating Expenditure	1,497.3	1,840.8	2,095.1	2,339.0
EBITDA	555.8	696.0	814.8	955.4
Growth (%)	-15.6	25.2	17.1	17.3
Interest	1.2	9.9	6.3	6.3
Depreciation	72.1	93.3	110.8	118.6
Other Income	29.4	49.7	20.4	32.9
PBT before Exceptional Item	511.9	642.6	718.0	863.4
Less: Exceptional Items	0.0	1.4	0.0	0.0
PBT after Exceptional Items	511.9	641.2	718.0	863.4
Total Tax	127.3	174.1	158.0	189.9
PAT before MI	384.6	467.1	560.1	673.4
PAT	384.6	467.1	560.1	673.4
Growth (%)	-17.9	21.4	19.9	20.2
EPS (Adjusted)	43.5	53.0	63.4	76.2

Source: ICICI Direct Research

Exhibit 24: Cash Flow Statement (₹ crore)

(Year-end March)/ (₹ crore)	FY19	FY20E	FY21E	FY22E
Profit/(Loss) after taxation	396.0	467.1	560.1	673.4
Add: Depreciation & Amortiza	72.1	93.3	110.8	118.6
Net Increase in Current Asset	-71.7	-282.9	-255.0	-281.5
Net Increase in Current Liabili	-18.6	55.5	43.3	44.7
Others	-3.0	9.9	6.3	6.3
CF from Operating activities	374.8	342.8	465.5	561.5
(Purchase)/Sale of Fixed Ass	-342.3	-325.0	-200.0	-150.0
Investments	123.2	50.0	-125.0	-200.0
Others	-157.6	0.2	0.2	0.2
CF from Investing activities	-376.7	-274.8	-324.8	-349.8
(inc)/Dec in Loan	34.2	0.0	0.0	0.0
Dividend & Dividend tax	78.8	-116.6	-139.8	-168.1
Other	-101.2	-9.9	-6.3	-6.3
CF from Financing activities	11.8	-126.4	-146.0	-174.3
Net Cash Flow	9.9	-58.4	-5.4	37.4
Cash and Cash Equivalent	90.6	100.5	42.1	36.7
Cash	100.5	42.1	36.7	74.1
Free Cash Flow	32.4	17.8	265.5	411.5

Source: ICICI Direct Research

Exhibit 25: Balance Sheet (₹ crore)

(Year-end March)	FY19	FY20E	FY21E	FY22E
Equity Capital	17.5	17.5	17.5	17.5
Reserve and Surplus	2,227.7	2,578.2	2,998.5	3,503.9
Total Shareholders funds	2,245.2	2,595.8	3,016.1	3,521.5
Total Debt	34.0	34.0	34.0	34.0
Deferred Tax Liability	58.9	60.1	61.3	62.5
Long-Term Provisions	13.8	14.0	14.3	14.6
Other Non Current Liabilities	0.0	0.0	0.0	0.0
Source of Funds	2,351.9	2,703.9	3,125.7	3,632.6
Gross Block - Fixed Assets	1,610.3	2,085.3	2,260.3	2,485.3
Accumulated Depreciation	431.8	525.1	635.9	754.5
Net Block	1,178.6	1,560.3	1,624.5	1,730.8
Capital WIP	261.3	111.3	136.3	61.3
Fixed Assets	1,439.8	1,671.6	1,760.7	1,792.1
Investments	77.7	27.7	152.7	352.7
Other non-Current Assets	62.2	63.4	64.7	66.0
Inventory	435.7	573.2	697.3	834.5
Debtors	459.5	602.5	731.0	872.7
Other Current Assets	120.8	123.2	125.7	128.2
Cash	100.5	42.1	36.7	74.1
Total Current Assets	1,116.5	1,341.0	1,590.7	1,909.6
Creditors	225.2	278.3	319.2	361.3
Provisions	25.0	25.5	26.0	26.5
Other Current Liabilities	94.2	96.0	98.0	99.9
Total Current Liabilities	344.3	399.8	443.1	487.7
Net Current Assets	772.2	941.2	1,147.6	1,421.8
Application of Funds	2,351.9	2,703.9	3,125.7	3,632.6

Source: ICICI Direct Research

Exhibit 26: Key Ratios (₹ crore)

(Year-end March)	FY19	FY20E	FY21E	FY22E
Per share data (₹)				
Reported EPS	43.5	52.9	63.4	76.2
Cash EPS	32.7	39.8	47.6	57.2
BV per share	254.1	293.8	341.4	398.6
Cash per Share	11.4	4.8	4.2	8.4
Dividend per share	10.9	13.2	15.8	19.0
Operating Ratios (%)				
Gross Profit Margins	81.3	75.1	75.5	75.5
EBITDA margins	27.1	27.4	28.0	29.0
PAT Margins	18.7	18.5	19.2	20.4
Cash Conversion Cycle	119.1	129.1	139.1	149.1
Asset Turnover	1.3	1.2	1.3	1.3
EBITDA conversion Rate	67.4	49.3	57.1	58.8
Return Ratios (%)				
RoE	17.1	18.0	18.6	19.1
RoCE	21.8	24.1	23.2	23.9
RoIC	25.1	23.8	25.0	26.5
Valuation Ratios (x)				
P/E	29.6	24.4	20.3	16.9
EV / EBITDA	20.2	16.3	13.8	11.5
EV / Net Sales	5.5	4.5	3.9	3.3
Market Cap / Sales	5.5	4.5	3.9	3.5
Price to Book Value	5.1	4.4	3.8	3.2
Solvency Ratios				
Debt / EBITDA	0.1	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	3.0	3.2	3.5	3.8

Source: ICICI Direct Research

Exhibit 27: ICICI Direct coverage Universe (Healthcare)																			(₹ crore)			
Company	I-Direct Code	CMP (₹)	TP Rating	M Cap (₹ cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)					
					FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E	FY19	Y20E	Y21E	Y22E		
Ajanta Pharr	AJAPHA	1288	1,525	Buy	11239	43.5	43.5	63.4	76.2	29.6	29.6	20.3	16.9	21.8	21.8	23.2	23.9	17.1	17.1	18.6	19.1	
Alembic Pha	ALEMPHA	643	620	Hold	12128	31.4	31.4	26.6	31.0	20.5	20.5	24.2	20.7	19.6	19.6	13.4	14.9	21.8	21.8	13.3	13.8	
Apollo Hospi	APOHOS	1635	1,800	Buy	22742	17.0	17.0	43.7	68.1	96.3	96.3	37.4	24.0	8.8	8.8	14.8	17.5	7.1	7.1	14.9	19.6	
Aurobindo Pl	AURPHA	510	475	Hold	29903	42.1	42.1	55.4	59.5	12.1	12.1	9.2	8.6	15.9	15.9	15.7	16.1	17.7	17.7	16.7	15.4	
Biocon	BIOCON	298	310	Hold	35724	6.2	6.2	10.3	15.7	48.0	48.0	28.9	19.0	10.9	10.9	15.1	19.4	12.2	12.2	14.7	18.6	
Cadila Healtl	CADHEA	283	260	Hold	28992	18.1	18.1	16.6	18.7	15.7	15.7	17.1	15.2	13.0	13.0	11.7	12.4	17.8	17.8	13.5	13.6	
Cipla	CIPLA	450	520	Hold	36288	18.6	18.6	25.3	30.0	24.2	24.2	17.8	15.0	10.9	10.9	13.6	14.8	10.0	10.0	11.2	11.9	
Divi's Lab	DIVLAB	2060	1,990	Hold	54679	51.0	51.0	58.4	71.0	40.4	40.4	35.3	29.0	25.5	25.5	21.8	22.8	19.4	19.4	16.8	17.5	
Dr Reddy's L	DRREDD	3167	3,000	Hold	52598	114.8	114.8	154.4	180.9	27.6	27.6	20.5	17.5	11.1	11.1	15.0	17.5	13.6	13.6	14.5	14.9	
Glenmark Pf	GLEPHA	321	410	Hold	9055	26.9	26.9	36.7	46.1	11.9	11.9	8.7	7.0	15.3	15.3	15.0	17.0	13.5	13.5	14.0	15.1	
Hikal	HIKCHE	129	140	Buy	1621	8.4	9.5	11.7	14.0	15.5	13.5	11.1	9.2	14.3	12.8	14.2	15.1	13.6	14.0	14.9	15.4	
Ipca Laborat	IPCLAB	1232	1,355	Buy	15567	35.1	35.1	60.7	75.3	35.1	35.1	20.3	16.4	15.0	15.0	19.9	21.2	14.2	14.2	18.0	18.9	
Indoco reme	INDREM	222	240	Hold	2042	-0.3	3.0	8.4	15.1	-704.0	75.0	26.4	14.6	1.0	4.6	9.3	15.3	-0.4	4.0	10.1	15.4	
Lupin	LUPIN	737	810	Hold	33391	16.5	16.5	35.0	37.1	44.6	44.6	21.1	19.9	9.4	9.4	9.9	12.1	5.4	5.4	8.4	8.3	
Narayana Hr	NARHRU	357	430	Buy	7290	2.9	2.9	9.8	13.3	122.9	122.9	36.5	26.8	7.7	7.7	13.9	16.5	5.5	5.5	14.5	16.7	
Natco Pharm	NATPHA	649	595	Hold	11809	34.9	34.9	23.7	22.0	18.6	18.6	27.4	29.5	21.3	21.3	12.2	10.5	18.5	18.5	10.0	8.6	
Sun Pharma	SUNPHA	431	470	Hold	103313	15.9	15.9	20.2	24.7	27.2	27.2	21.3	17.4	10.3	10.3	11.3	12.5	9.2	9.2	9.9	11.3	
Syngene Int.	SYNINT	316	360	Buy	12620	8.3	8.3	9.6	12.0	37.0	37.0	31.7	25.6	14.8	14.8	13.1	15.1	16.8	16.8	14.1	14.9	
Torrent Phar	TORPHA	1997	2,020	Hold	33787	48.9	48.9	71.5	91.8	40.8	40.8	27.9	21.7	14.2	14.2	18.4	21.2	17.5	17.5	19.1	20.7	

Source: ICICI Direct Research, Bloomberg

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