

Covid-19 impacts Q1; outlook upbeat...

Q1 revenues fell 13.2% YoY to ₹ 1893 crore. Pharma business de-grew 17.5% YoY to ₹ 1096 crore due to lower Radiopharma, allergy business and temporary suspension of Nanjangud API plant operations due to Covid-19. Life science ingredients (LSI) revenues fell 8.3% YoY to ₹ 738 crore due to a decline in life science chemicals and specialty intermediates business. EBITDA margins contracted 395 bps YoY to 16.0% despite better gross margins due to higher employee costs. EBITDA de-grew 30.5% YoY to ₹ 302 crore. Net profit de-grew 52.4% to ₹ 88 crore. Delta vis-a-vis EBITDA was due to higher depreciation and interest expense.

Pharmaceuticals business segment growth likely to be healthy

Recent long term contracts in the radiopharma business, Rubyfill traction in US coupled with Europe launch later this year are expected to strengthen speciality sub-segment growth that is likely to grow at 12.1% CAGR in FY20-22E to ₹ 3790 crore. This is on the back of strong growth in the radiopharma business 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 June). 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 business to grow at 12.7% CAGR in FY20-22E to ₹ 7253 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 7.9% CAGR in FY20-22E to ₹ 3699 crore.

Valuation & Outlook

Despite Covid-related challenges in Q1, the management expects no material impact on FY21 performance due to strong demand recovery and new business sign-ups. Rest of 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 four contract manufacturing agreements that the company has signed for Covid treatment and vaccine candidates. On the 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 ₹ 1060. Despite the recent run up, the stock remains a compelling bet from a risk-reward perspective.



Particulars

Particular	Amount
Market Capitalisation	₹12504 crore
Debt (FY 20)	₹4808 crore
Cash (FY 20)	₹1400 crore
EV	₹15912 crore
52 week H/L (₹)	₹910/₹230
Equity capital	₹15.9 crore
Face value	₹1

Key Highlights

- Q1 revenues fell 13.2% YoY due to 17.5% decline in pharma, 8.3% decline in LSI
- 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

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Key Financial Summary

(₹crore)	FY19	FY20	FY21E	FY22E	CAGR (FY20-22E) %
Revenues	9110.8	9154.4	9785.0	11501.5	12.1
EBITDA	1739.0	1947.1	2066.6	2679.8	17.3
EBITDA Margins (%)	19.1	21.3	21.1	23.3	
Net Profit	574.5	898.2	967.8	1422.0	25.8
EPS (₹)	36.9	57.7	62.1	91.3	
Adjusted EPS (₹)	54.9	59.9	62.1	91.3	
PE (x)	21.3	13.6	12.6	8.6	
EV/EBITDA (x)	9.0	8.0	7.3	5.3	
RoE (%)	17.8	16.6	14.8	18.0	
RoCE (%)	14.3	14.4	15.8	20.6	

Source: ICICI Direct Research; Company

Exhibit 1: Variance Analysis

	Q1FY21	Q1FY20	Q4FY20	YoY (%)	QoQ (%)	Comments
Revenue	1,892.9	2,181.9	2,391.4	-13.2	-20.8	YoY decline due to Covid-19 impact on Radiopharma and allergy businesses in pharma segment and specialty intermediates and life science chemicals segments in LSI segment. Lower raw material prices also impacted LSI segment (lower pegging)
Raw Material Expenses	619.7	755.2	839.0	-17.9	-26.1	The 187 bps YoY improvement in gross margins was mainly due to change in product mix
Employee Expenses	546.4	504.1	562.7	8.4	-2.9	
Other Expenditure	328.0	376.0	339.6	-12.8	-3.4	
Power cost	96.7	112.0	113.5	-13.7	-14.8	
Total Expenditure	1,590.7	1,747.3	1,854.8	-9.0	-14.2	
EBITDA	302.2	434.6	536.6	-30.5	-43.7	
EBITDA (%)	16.0	19.9	22.4	-395 bps	-647 bps	YoY decline mainly due to negative operational leverage amid Covid-19
Interest	76.0	72.6	71.2	4.6	6.7	
Depreciation	112.3	102.7	128.9	9.4	-12.9	
Other income	8.1	9.7	19.4	-16.2	-58.2	
Exceptional Items	0.0	0.0	0.0	0.0	0.0	
PBT after Exceptional Items	122.1	269.0	356.0	-54.6	-65.7	
Tax	34.1	84.1	95.5	-59.4	-64.3	
Tax Rate (%)	27.9	31.2	26.8			
PAT before MI	88.0	185.0	260.5	-52.4	-66.2	
MI	0.0	0.0	0.0	0.0	0.0	
Adj. Net Profit	88.0	185.0	260.5	-52.4	-66.2	YoY decline mainly due to below expected operational performance

Key Metrics

Pharmaceuticals	1,095.8	1,328.0	1,483.4	-17.5	-26.1	YoY decline mainly due to lower Radiopharma and allergy businesses impacted amid Covid-19 and also API segment that was impacted by temporary suspension of operations at Nanjangud plant due to Covid-19
Life Science Ingredients	738.4	805.0	823.0	-8.3	-10.3	YoY decline mainly due to Covid-19 related impact in specialty intermediates and life science chemicals segments. Apart from this, lower realisation due to price reduction of key raw material ie. acetic acid in life science chemicals segment

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

(₹ Crore)	FY21E			FY22E			
	Old	New	% Change	Old	New	% Change	
Revenue	10,061.8	9,785.0	-2.8	11,591.8	11,501.5	-0.8	
EBITDA	2,159.3	2,066.6	-4.3	2,599.0	2,679.8	3.1	
EBITDA Margin (%)	21.5	21.1	-34 bps	22.4	23.3	88 bps	Increase mainly due to improvement margins in LSI segment
PAT	1,088.3	967.8	-11.1	1,399.7	1,422.0	1.6	
EPS (₹)	69.8	62.1	-11.1	89.8	91.3	1.6	

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

	Current				Earlier	
	FY19	FY20	FY21E	FY22E	FY21E	FY22E
Pharma	5,321.0	5,715.0	6,022.4	7,253.1	6,213.2	7,302.3
Life Science Ingredient	3,545.0	3,178.5	3,325.4	3,698.7	3,367.3	3,749.8

Source: ICICI Direct Research

Conference Call Highlights

- Overall, 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
- Demerger of pharma and LSI businesses likely to be completed by December 2020/January 2021
- Q1FY21 - Nanjangud API shut down for two months, decline in Radiopharma (elective diagnostics) and allergy due to the pandemic
 - Allergy and Radio Pharma - 50% demand down in April and some in May but revival seen in both segments. Currently, allergy is at 100% pre-Covid levels, Radio Pharma - 90%
 - Nanjangud restarted in June 2020 - strong demand with improved pricing for certain APIs
- The company is seeing traction in CMO and dosage business
 - CMO – Signed four separate clinical, commercial supply agreements for Covid-19 treatment and vaccine candidates (sterile injectable)
 - If approved, ₹ 230-450 crore in additional revenues over 12-15 months, even if only a couple of the products get approved 100% capacity utilisation (including the recently debottlenecked capacity) will likely be achieved
 - CDMO growth to be driven by capacity expansion – debottlenecking, lines running 24x7, new Lyo line
- Net debt at ₹ 2906 crore (reduced by ₹ 343 crore in constant currency in Q1FY21) and focus to deleverage the balance sheet continues
- Average blended interest rate for Q1FY21 was 5.95%; rupee loans at 7.88% and US dollar loans at 5.14%
- Capex in Q1FY21 : ₹ 71 crore; FY21E : ₹ 500 crore
- Filings
 - US: 113 ANDA filings: 97 oral solid dosage of which 35 are pending approval (OSD) and 16 sterile products (three approvals pending)
 - In Canada, the company has 24 OSD filings (one pending) and 17 sterile (all approved) filings
 - EU: 39 OSD filings (33 approved), four sterile filings (all approved)
- USFDA update – Both Roorkee (dosage form; under warning letter) and Nanjangud (API; under OAI) manufacturing facilities have completed remediation measures
- Remdesivir product launched under brand name 'JUBI-R' in India in the first week of August 2020. Also launched in multiple countries
 - KSM and APIs manufactured in-house, formulations manufacture through third party in India. The company has enough capacities (currently ~ 200,000 vials per month) for India, other countries.
- Nutritional – Launched LevoBoost (choline chloride) a herbal based poultry product, one herbal based more to be launched
- LSI – close to double digit growth expected in FY21 revenues and significant growth in EBIDTA
 - Specialty intermediates - minor impact on demand in domestic market in the beginning of Q1 due to Covid-19
- LSC – Q1 revenue impacted due to significant drop in key raw material price (acetic acid), which is 20% lower YoY and about 10% lower QoQ. Demand for Ethyl Acetate was negatively impacted, especially in certain customer segments such as auto, consumer durables, etc

Exhibit 4: Quarterly trend

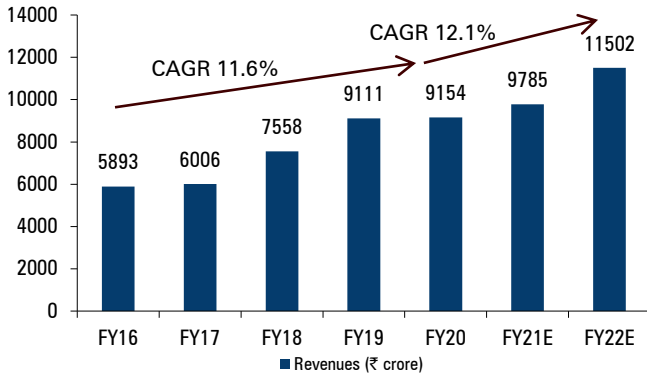
(₹ crore)	11FY18	12FY18	13FY18	14FY18	11FY19	12FY19	13FY19	14FY19	11FY20	12FY20	13FY20	14FY20	11FY21	YoY (%)	QoQ (%)
Net Sales	1578.1	1621.4	2041.5	2223.8	2079.3	2270.0	2353.1	2352.2	2152.8	2236.6	2279.9	2307.3	1845.2	-14.3	-20.0
Other Operating Inc	17.9	20.7	26.3	28.2	32.4	23.9	24.0	33.4	29.1	29.4	35.3	84.1	47.7	64.0	-43.3
Total Operating Inc	1596.1	1642.0	2067.8	2252.0	2111.6	2293.9	2377.1	2385.6	2181.9	2265.9	2315.2	2391.4	1892.9	-13.2	-20.8
Raw Material Expe	583.6	607.6	786.8	890.8	796.2	877.2	875.8	972.6	755.2	773.2	773.2	839.0	619.7	-17.9	-26.1
% of revenues	36.6	37.0	38.1	39.6	37.7	38.2	36.8	40.8	34.6	34.1	33.4	35.1	32.7	-187 bps	-234 bps
Gross Profit	1012.5	1034.4	1281.0	1361.1	1315.4	1416.8	1501.3	1412.9	1426.7	1492.7	1542.0	1552.5	1273.2	-10.8	-18.0
Gross Margins (%)	63.4	63.0	61.9	60.4	62.3	61.8	63.2	59.2	65.4	65.9	66.6	64.9	67.3	187 bps	234 bps
Power cost	90.5	102.9	119.7	111.9	99.7	119.1	134.7	112.9	112.0	124.8	123.5	113.5	96.7	-13.7	-14.8
% to revenues	5.7	6.3	5.8	5.0	4.7	5.2	5.7	4.7	5.1	5.5	5.3	4.7	5.1	-3 bps	36 bps
Employee Expense	310.3	368.8	422.9	453.8	451.6	478.0	499.7	496.8	504.1	522.2	538.6	562.7	546.4	8.4	-2.9
% to revenues	19.4	22.5	20.5	20.2	21.4	20.8	21.0	20.8	23.1	23.0	23.3	23.5	28.9	576 bps	533 bps
Selling & Admin ex	234.4	256.5	321.5	337.6	293.5	345.1	373.7	445.3	376.0	377.3	372.4	339.6	328.0	-12.8	-3.4
% to revenues	14.7	15.6	15.5	15.0	13.9	15.0	15.7	18.7	17.2	16.6	16.1	14.2	17.3	9 bps	312 bps
Total Expenditure	1218.7	1335.8	1650.9	1794.1	1641.1	1819.3	1883.8	2027.6	1747.3	1797.5	1807.8	1854.8	1590.7	-9.0	-14.2
% to revenues	76.4	81.3	79.8	79.7	77.7	79.3	79.2	85.0	80.1	79.3	78.1	77.6	84.0	395 bps	647 bps
EBITDA	377.4	306.3	416.8	457.9	470.6	474.6	493.3	358.0	434.6	468.5	507.4	536.6	302.2	-30.5	-43.7
EBITDA Margins (%)	23.6	18.7	20.2	20.3	22.3	20.7	20.8	15.0	19.9	20.7	21.9	22.4	16.0	-395 bps	-647 bps
Depreciation	72.5	79.0	81.8	181.7	88.0	89.5	98.4	95.0	102.7	116.8	113.5	128.9	112.3	9.4	-12.9
Interest	68.7	66.0	77.1	72.5	72.7	62.7	68.3	61.6	72.6	71.6	72.0	71.2	76.0	4.6	6.7
Other Income	6.8	7.1	3.2	22.9	9.5	3.8	29.0	-6.6	9.7	12.3	6.0	19.4	8.1	-16.2	-58.2
PBT before EO	243.0	168.4	261.2	226.6	319.3	326.2	355.6	194.8	269.0	292.2	328.0	356.0	122.1	-54.6	-65.7
Less: Exceptional I	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-234.8	0.0	0.0	-34.6	0.0	0.0		
PBT after EO	243.0	168.4	261.2	226.6	319.3	326.2	355.6	-40.0	269.0	292.2	293.3	356.0	122.1	-54.6	-65.7
Total Tax	59.5	42.7	48.3	74.2	86.0	92.0	88.1	60.7	84.1	42.8	89.9	95.5	34.1	-59.4	-64.3
Tax Rate (%)	24.5	25.3	18.5	32.7	26.9	28.2	24.8	-151.8	31.2	14.7	30.7	26.8	27.9		
PAT	183.5	125.7	212.8	152.4	233.3	234.2	267.5	-100.7	185.0	249.4	203.4	260.5	88.0	-52.4	-66.2
Minority Interest	-3.4	-2.8	0.3	-2.5	-0.6	0.0	6.7	-1.4	0.0	0.0	0.0	0.0	0.0	NA	NA
Net Profit	186.9	128.5	212.5	154.9	234.0	234.2	260.8	-99.3	185.0	249.4	203.4	260.5	88.0	-52.4	-66.2
EPS (₹)	11.7	8.1	13.3	9.7	14.7	14.7	16.4	-6.2	11.6	15.7	12.8	16.4	5.5		

Source: ICICI Direct Research

Company Background

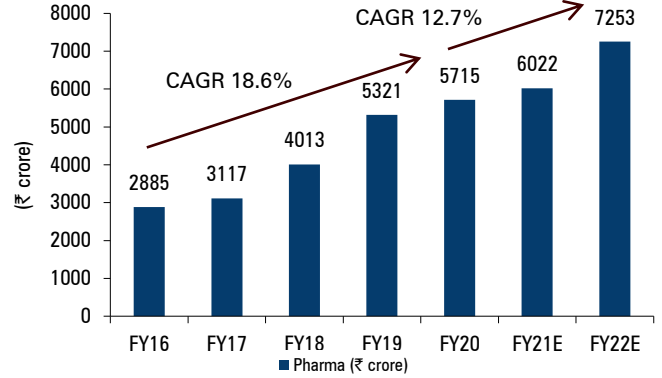
Incorporated in 1978, Jubilant Life Sciences (JLS; formerly Jubilant Organosys), is a mid-sized integrated chemicals turned pharmaceuticals player. It started as a full-fledged chemical company by entering the vinyl acetate monomer (VAM) business in 1983. Broadly, the company operates through two business 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.

Exhibit 5: Revenues to grow at CAGR of 12% over FY20-22E



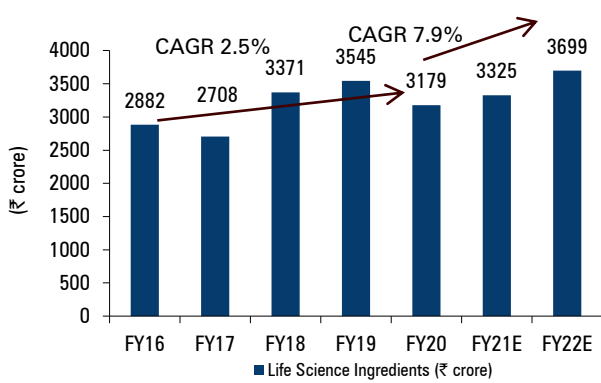
Source: ICICI Direct Research, Company

Exhibit 6: Pharma to grow at 13% CAGR over FY20-22E



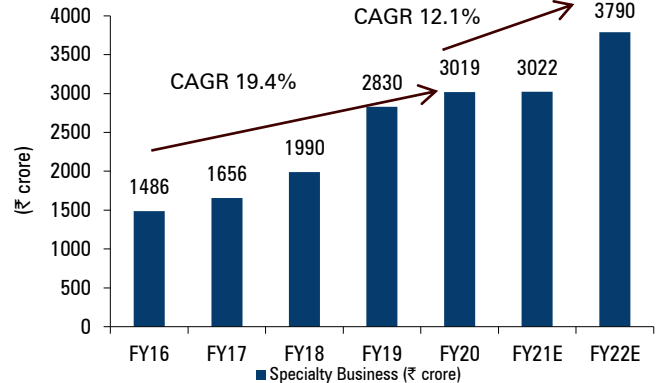
Source: ICICI Direct Research, Company

Exhibit 7: LSI to grow at CAGR of 8% over FY20-22E



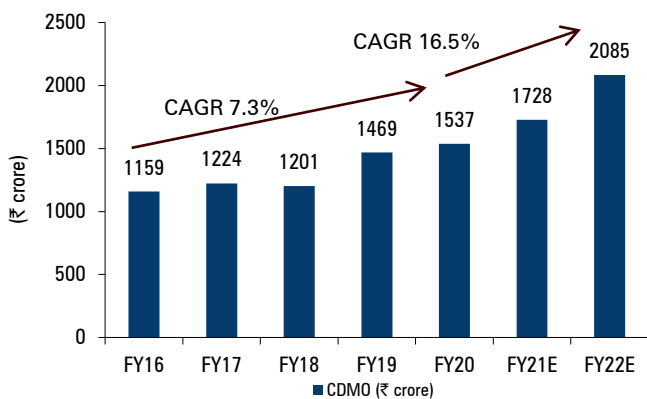
Source: ICICI Direct Research, Company

Exhibit 8: Specialty to grow at CAGR of 12% over FY20-22E



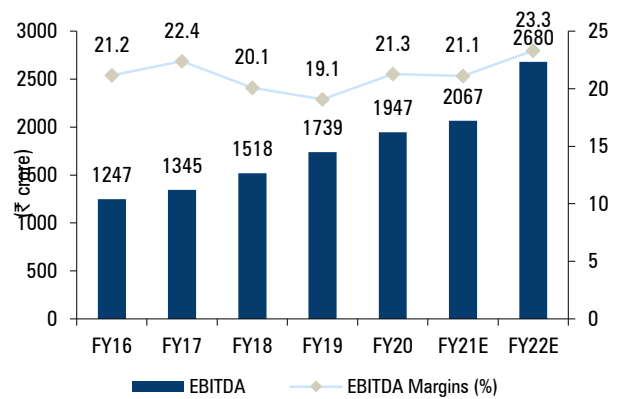
Source: ICICI Direct Research, Company

Exhibit 9: CDMO to grow at CAGR of ~17% over FY20-22E



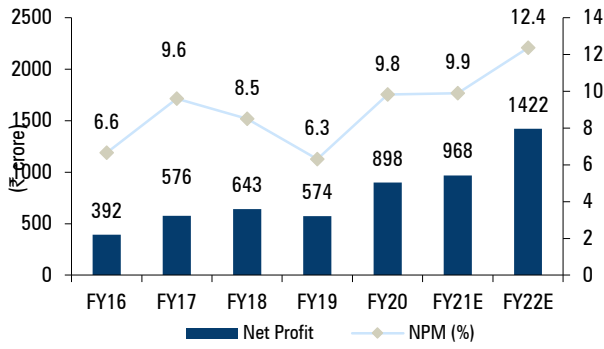
Source: ICICI Direct Research, Company

Exhibit 10: EBITDA & EBITDA margins trend



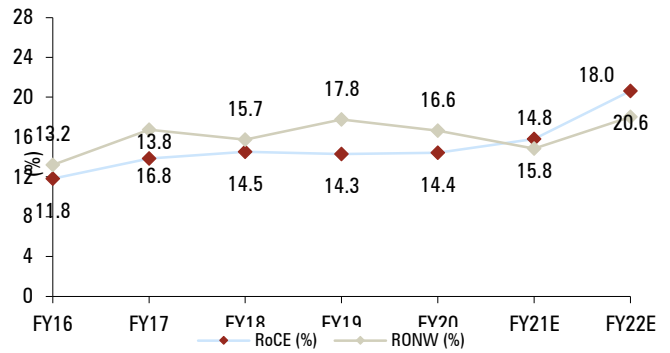
Source: ICICI Direct Research, Company

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

	FY22 EBITDA (₹ crore)	EV/EBITDA (x)	EV (₹ cr)
Pharma (₹ crore)	2,052.6	8.0	16,420.9
LSI (₹ crore)	565.9	4.0	2,263.6
Net Debt FY 22 (₹ cr)			1,870.5
Market Cap (₹ cr)			16,814.0
No. of shares (cr)			15.9
SOTP Valuation (₹)			1,060.0

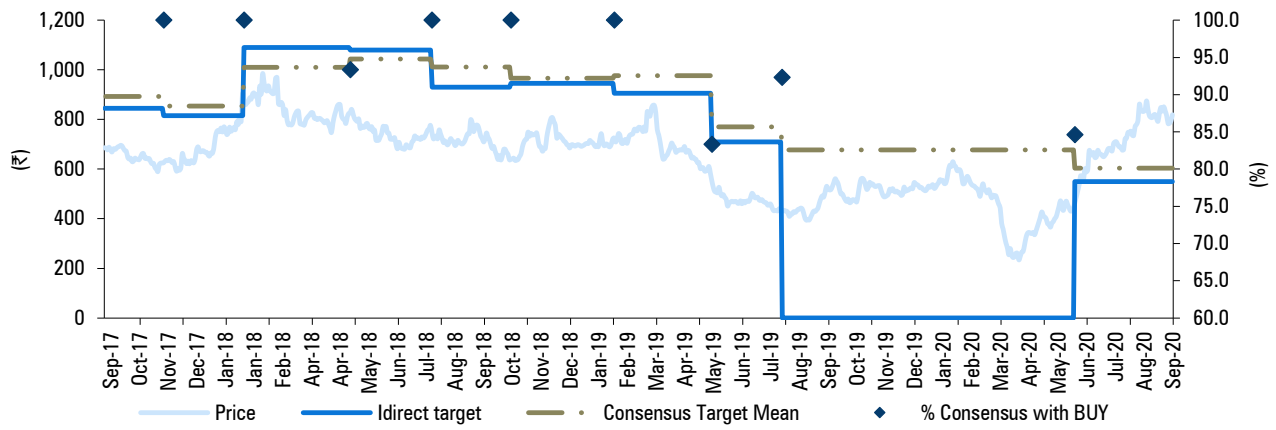
Source: ICICI Direct Research

Exhibit 14: Summary (₹ crore)

	Revenues (₹ crore)	Growth (%)	Adj. EPS (₹)	Growth (%)	P/E (x)	EV/EBITDA (X)	RoNW (%)	RoCE (%)
FY 19	9111	20.5	54.9	NA	21.3	9.0	17.8	14.3
FY 20	9154	0.5	59.9	56.4	13.6	8.0	16.6	14.4
FY 21E	9785	6.9	62.1	7.7	12.6	7.3	14.8	15.8
FY 22E	11502	17.5	91.3	46.9	8.6	5.3	18.0	20.6

Source: ICICI Direct Research

Exhibit 15: Recommendation history vs. Consensus



Source: ICICI Direct Research; Bloomberg

Exhibit 16: Shareholding Pattern

(in %)	Jun-19	Sep-19	Dec-19	Mar-20	Jun-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 17: Profit & Loss (₹ crore)				
(Year-end March)	FY19	FY20	FY21E	FY22E
Revenues	9,110.8	9,154.4	9,785.0	11,501.5
Growth (%)	20.5	0.5	6.9	17.5
Raw Material Expenses	3,521.8	3,140.6	3,293.5	3,887.2
Employee Expenses	1,926.0	2,127.7	2,361.6	2,645.4
Selling & Admin expenses	1,457.6	1,465.3	1,626.3	1,883.0
Power cost	466.4	473.8	437.0	406.2
Total Operating Expenditure	7,371.8	7,207.3	7,718.4	8,821.7
EBITDA	1,739.0	1,947.1	2,066.6	2,679.8
Growth (%)	14.5	12.0	6.1	29.7
Depreciation	370.9	461.9	522.8	588.2
Interest	219.8	287.4	224.8	138.5
Other Income	35.7	47.4	42.2	49.6
PBT before EO	1,184.0	1,245.2	1,361.2	2,002.8
Less: Exceptional Items	280.2	34.6	0.0	0.0
Total Tax	326.8	312.3	393.4	580.8
Minority Interest	2.6	0.0	0.0	0.0
PAT	574.5	898.2	967.8	1,422.0
Growth (%)	NA	56.4	7.7	46.9
EPS	36.9	57.7	62.1	91.3
Adjusted PAT	854.7	932.9	967.8	1,422.0
EPS (Adjusted)	54.9	59.9	62.1	91.3

Source: ICICI Direct Research

Exhibit 18: Cash Flow Statement (₹ crore)				
(Year-end March)	FY19	FY20	FY21E	FY22E
Profit/(Loss) after taxation	560.5	961.9	967.8	1,422.0
Add: Depreciation	370.9	461.9	522.8	588.2
Add: Interest paid	219.8	287.4	224.8	138.5
(Inc)/dec in Current Assets	-188.1	-154.6	-201.1	-598.7
Inc/(dec) in CL and Provision:	-112.4	-25.1	35.2	235.7
Other Operating Activities	0.0	0.0	0.0	0.0
CF from operating activities	850.7	1,531.5	1,549.5	1,785.6
(Purchase)/Sale of FA	-658.3	-567.6	-500.0	-500.0
Deferred Tax Liability	0.0	0.0	7.9	8.1
Minority Interest	0.0	0.0	0.0	0.0
Investments	0.0	19.9	-300.0	0.0
Other Investing Activities	1.0	84.6	-19.2	-21.2
CF from investing activities	-657.3	-463.1	-811.3	-513.1
Inc/(Dec) in Equity Capital	0.0	0.0	0.0	0.0
Inc/(Dec) in Loan Funds	661.6	-572.8	-1,500.0	-1,000.0
Dividend & Dividend tax	-54.6	-152.8	-54.7	-54.7
Less: Interest Paid	-219.8	-287.4	-224.8	-138.5
Others	270.2	-37.4	0.0	0.0
CF from financing activities	657.4	-1,050.4	-1,779.5	-1,193.2
Net Cash flow	850.8	18.1	-1,041.3	79.3
Opening Cash	248.8	1,370.4	1,399.9	358.6
Closing Cash	1,099.6	1,388.5	358.6	437.9
Free Cash Flow	192.4	963.9	1,049.5	1,285.6

Source: ICICI Direct Research

Exhibit 19: Balance Sheet (₹ crore)				
(Year-end March)	FY19	FY20	FY21E	FY22E
Equity Capital	15.9	15.9	15.9	15.9
Reserve and Surplus	4,793.0	5,588.0	6,501.0	7,868.3
Total Shareholders funds	4,808.9	5,603.9	6,516.9	7,884.2
Total Debt	4,840.4	4,808.4	3,308.4	2,308.4
Deferred Tax Liability	202.4	263.4	271.3	279.5
Minority Interest	0.1	0.0	0.0	0.0
Other Non CL & LT Provisi	124.5	159.5	164.3	169.2
Total Liabilities	9,976.3	10,835.2	10,261.0	10,641.3
Gross Block - Fixed Assets	4,946.6	5,952.3	6,802.3	7,652.3
Accumulated Depreciation	1,257.1	1,701.8	2,224.7	2,812.8
Net Block	3,689.4	4,250.5	4,577.7	4,839.5
Capital WIP	901.4	768.4	418.4	68.4
Total Fixed Assets	4,590.9	5,018.9	4,996.1	4,907.9
Investments	115.1	69.4	369.4	369.4
Goodwill on Consolidation	1,958.9	2,089.5	2,089.5	2,089.5
Inventory	1,417.4	1,845.4	1,970.2	2,315.9
Debtors	1,271.6	1,293.2	1,354.5	1,592.1
Cash	1,370.4	1,399.9	358.6	437.9
Other current Assets	525.5	499.9	514.9	530.3
Total Current Assets	4,584.8	5,038.4	4,198.2	4,876.2
Creditors	1,020.1	1,090.3	1,086.7	1,277.3
Provisions	68.7	98.8	122.6	152.3
Other Current Liabilities	403.3	497.4	512.3	527.7
Total Current Liabilities	1,492.2	1,686.4	1,721.6	1,957.3
Net Current Assets	3,092.6	3,351.9	2,476.6	2,918.9
Deferred Tax Assets	149.6	211.2	232.4	255.6
LT L & A, Other Non CA	69.2	94.3	97.2	100.1
Application of Funds	9,976.3	10,835.2	10,261.0	10,641.3

Source: ICICI Direct Research

Exhibit 20: Key Ratios				
(Year-end March)	FY19	FY20	FY21E	FY22E
Per share data (₹)				
Reported EPS	36.9	57.7	62.1	91.3
Adjusted EPS	54.9	59.9	62.1	91.3
BV per share	308.7	359.7	418.3	506.0
Dividend per share	3.5	5.9	3.5	3.5
Cash Per Share	88.0	89.9	23.0	28.1
Operating Ratios (%)				
Gross Profit Margins	61.3	65.7	66.3	66.2
EBITDA Margins	19.1	21.3	21.1	23.3
PAT Margins	9.4	10.2	9.9	12.4
Inventory days	56.8	73.6	73.5	73.5
Debtor days	50.9	51.6	50.5	50.5
Creditor days	40.9	43.5	40.5	40.5
Asset Turnover	1.4	1.5	1.7	1.4
EBITDA conversion Rate	48.9	78.7	75.0	66.6
Return Ratios (%)				
RoE	17.8	16.6	14.8	18.0
RoCE	14.3	14.4	15.8	20.6
RoIC	16.2	16.1	16.0	21.0
Valuation Ratios (x)				
P/E	21.3	13.6	12.6	8.6
EV / EBITDA	9.0	8.0	7.3	5.3
EV / Net Sales	1.7	1.7	1.6	1.2
Market Cap / Sales	1.3	1.3	1.2	1.1
Price to Book Value	2.5	2.2	1.9	1.6
Solvency Ratios				
Debt / Equity	1.0	0.9	0.5	0.3
Debt / EBITDA	2.8	2.5	1.6	0.9
Current Ratio	2.2	2.2	2.2	2.3

Source: ICICI Direct Research

Exhibit 21: I-Direct Coverage Universe (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
						FY 19	FY 20	Y 21E	Y 22E	FY 19	FY 20	FY 21E	Y 22E	FY 19	FY 20	FY 21E	Y 22E	FY 19	FY 20	FY 21E	Y 22E
Ajanta Pharma	AJAPHA	1490	1,810	Buy	13002	43.5	53.4	60.2	72.5	34.2	27.9	24.7	20.6	21.8	24.7	23.4	24.3	17.1	18.1	17.7	18.4
Alembic Pharma	ALEMPHA	931	1,140	Buy	18297	31.4	46.3	52.6	51.9	29.6	20.1	17.7	17.9	19.6	21.0	21.9	20.1	21.8	27.1	24.1	19.7
Apollo Hospital	APOHOS	1653	1,490	Buy	22997	17.0	23.3	37.3	68.0	97.4	70.8	44.4	24.3	8.8	10.4	11.2	14.6	7.1	9.7	12.8	19.6
Aurobindo Pharma	AURPHA	808	1,100	Buy	47341	41.9	48.8	60.9	73.2	19.3	16.6	13.3	11.0	15.9	17.2	20.0	21.5	17.7	17.0	17.7	17.8
Biocon	BIOCON	420	490	Buy	50442	6.2	5.8	11.5	21.0	67.7	72.2	36.6	20.0	10.9	10.2	16.1	23.3	12.2	10.4	17.4	24.6
Cadila Healthcare	CADHEA	378	470	Buy	38703	18.1	14.0	18.1	21.3	20.9	27.1	20.8	17.7	12.8	10.7	12.9	13.9	17.8	13.8	15.7	16.1
Cipla	CIPLA	725	900	Buy	58495	18.6	19.2	30.3	36.0	39.0	37.8	23.9	20.2	10.9	12.0	16.4	17.3	10.0	9.8	13.7	14.2
Divi's Lab	DIVLAB	3230	3,260	Buy	85749	51.0	51.9	71.2	85.8	63.4	62.3	45.4	37.7	25.5	23.9	27.2	26.5	19.4	18.8	21.3	21.0
Dr Reddy's Lab	DRREDD	4322	5,000	Buy	71851	114.7	121.9	161.3	200.0	37.7	35.5	26.8	21.6	10.7	9.6	18.4	19.7	13.6	13.0	15.0	16.0
Glenmark Pharma	GLEPHA	477	560	Buy	13466	26.9	26.4	32.8	39.9	17.7	18.1	14.5	11.9	15.3	12.7	13.8	14.9	13.5	12.2	13.3	14.0
Hikal	HIKCHE	160	165	Buy	1994	8.4	8.1	10.8	13.8	19.1	19.8	14.8	11.6	14.3	13.0	14.2	15.7	13.6	12.2	14.2	15.6
Ipca Laboratories	IPCLAB	2015	2,400	Buy	25460	35.1	47.8	90.4	92.3	57.5	42.1	22.3	21.8	15.0	17.4	26.3	22.1	14.2	16.6	24.1	19.8
Jubilant Life	JUBLIF	785	1,060	Buy	12504	54.9	59.9	62.1	91.3	14.3	13.1	12.6	8.6	14.3	14.4	15.8	20.6	17.8	16.6	14.8	18.0
Lupin	LUPIN	946	1,030	Buy	42859	16.5	-12.7	26.0	39.7	57.2	NA	36.4	23.9	9.4	9.7	10.5	14.0	5.4	-4.6	8.7	11.8
Narayana Hrudayam	NARHRU	321	340	Buy	6556	2.9	6.4	-3.1	9.6	110.5	50.5	NA	33.4	7.7	11.0	0.0	14.2	5.5	11.4	-5.8	15.7
Natco Pharma	NATPHA	767	950	Buy	13961	35.4	25.3	31.0	29.7	21.7	30.3	24.8	25.8	21.3	14.0	16.1	14.2	18.5	12.2	13.4	11.6
Sun Pharma	SUNPHA	511	625	Buy	122639	15.9	16.8	21.8	24.1	32.2	30.5	23.5	21.2	10.3	10.0	10.7	13.0	9.2	8.9	11.2	11.1
Syngene Int.	SYNINT	470	485	Buy	18800	8.3	10.3	9.2	12.8	56.8	45.6	50.9	36.7	14.8	14.5	13.1	16.4	16.8	15.7	14.5	16.8
Torrent Pharmaceuticals	TORPHA	2778	2,865	Buy	47003	48.9	60.6	72.2	95.5	56.7	45.9	38.5	29.1	14.2	15.4	18.6	21.8	17.5	21.2	21.3	23.2
Shalby	SHALIM	81	70	Hold	869	2.9	2.6	0.7	4.0	27.7	31.7	110.4	20.1	6.8	7.2	1.8	7.0	4.1	3.5	1.0	5.2
Aster DM	ASTDM	130	160	Buy	6469	6.7	5.5	-1.4	9.6	19.4	23.4	NA	13.5	8.3	7.5	2.6	9.7	10.4	8.5	-2.2	13.1
Indoco Remedies	INDREM	217	330	Buy	2000	-0.3	2.6	11.0	15.0	NA	82.9	19.8	14.4	1.0	5.1	13.5	16.9	-0.4	3.5	13.2	15.6
Caplin Point	CAPPOI	541	670	Buy	4054	23.3	28.4	33.2	44.6	23.2	19.0	16.3	12.1	34.6	26.5	26.0	28.0	27.9	22.7	21.4	22.7

Source: ICICI Direct Research, Bloomberg

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