INSTITUTIONAL RESEARCH

Ajanta Pharma

Gearing for the next leap

Ajanta Pharma is a diversified branded play with best-in-class return metrics. Its high exposure to branded generics markets (70%+ revenue from India, Asia and Africa) offers sustainable growth visibility with superior profitability. Rising scale in the US business is expected to drive margin expansion and increased contribution to the overall profits. With the conclusion of major capex cycle (Rs16bn+ in the past 6 years, internally funded) and plant opex reflecting in P&L, operating leverage benefits are expected to drive strong earnings growth of 18% CAGR, core-ROCE expansion of ~550bps to 28% and FCF generation of ~Rs13bn over FY21e-FY23e. Initiate with a BUY and target price of Rs2,150/sh.

Niche franchise in India; cardiac, ophthal and derma form ~80% of revenue
Ajanta's distinctive strategy of launching novel first-to-market products (~50%+ of portfolio) has driven its outperformance of ~200bps vs. the IPM in the ast five years. With a recovery in domestic market, we expect India business to grow at ~14% CAGR over FY21e-23e driven by volume growth and new launches. It has managed to held its market share in the lockdown period, which is noteworthy.

Strong traction in the US to continue, margin trajectory to improve
Despite Ranitidine recall (~10% of FY20 sales), US revenue maintained strong growth momentum driven by market share gains in older products. US business (~USD80mn, doubled in 2 years) is expected to grow at ~18% CAGR over FY20-23e on the back of 8-10 launches per year. Recent approvals - gTamiflu suspension, gDepakote ER, Dapagliflozin (tentative) - provide growth visibility in the near to medium term. With rising scale, EBITDA margins are set to improve over the next two years.

Asia business has reasonably good outlook; Africa stabilises
Asia business is expected to grow at ~13% CAGR driven by steady performance in Phillipines (40% of Asia revenues), new launches and volume growth. Africa business has a stable outlook (branded biz to grow in high single digit, institutional biz to remain flat).

Unleveraged balance sheet; strong FCF generation and RoCE improvement
Ajanta's aggressive capex coincided with several business headwinds (decline in institutional business, currency volatility in EMs, slowdown in IPM), depressing its core-RoCE from 40%+ five years back to ~18% in FY20. Despite the capex, the company remained net debt free and FCF positive. With improving utilisations and asset turns, we expect strong FCF generation of ~Rs13bn and core-ROCE expansion of ~550bps to 28% over FY21e-23e.

Our target price of Rs 2,150/sh provides ~25% upside potential; risks
We value Ajanta at Rs 2,150/sh, based on 23x Mar'23e EPS, largely in line with its 5-year historical average PER. Risks: expansion of NLEM list, lower growth in EMs including India, delay in US approvals, and currency volatility in EMs.

Financial Summary

YE Mar (Rs mn)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	21,309	20,554	25,879	28,398	32,146	36,079
EBITDA	6,584	5,664	6,833	9,418	9,965	11,469
EBITDA Margins	30.9	27.6	26.4	33.2	31.0	31.8
APAT	4,686	3,870	4,705	5,860	6,793	8,095
Diluted EPS (Rs)	53.2	44.0	53.9	67.4	78.5	93.6
P/E (x)	32.2	39.0	31.8	25.5	21.9	18.4
EV/EBITDA (x)	22.5	26.4	21.6	15.6	14.2	11.9
Core RoCE (%)	29.2	19.2	18.3	22.5	24.2	28.0

Source: Company, HSIE Research

BUY

CMP *(as on 22 Jan 2021)*	Rs 1,721
Target Price	Rs 2,150
NIFTY	14,372

KEY STOCK DATA	
Bloomberg code	AJP IN
No. of Shares (mn)	87
MCap (Rs bn) / ($ mn)	150/2,059
6m avg traded value (Rs mn)	310
52 Week high / low	Rs 1,845/961

STOCK PERFORMANCE (%)

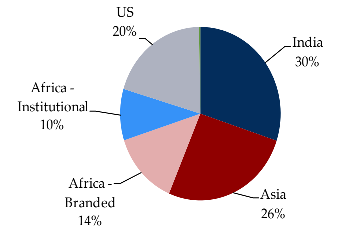
	3M	6M	12M
Absolute (%)	5.7	17.8	44.2
Relative (%)	(14.8)	(11.2)	25.3

SHAREHOLDING PATTERN (%)

	Dec-20	Sep-20
Promoters	70.34	70.51
FIs & Local MFs	11.72	11.44
FPIs	7.90	7.71
Public & Others	10.04	10.34
Pledged Shares	10.67	11.32

Source : BSE

Region-wise revenue break-up (%)



Source: Company, HSIE Research, FY20

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HDFC securities 20 YEARS

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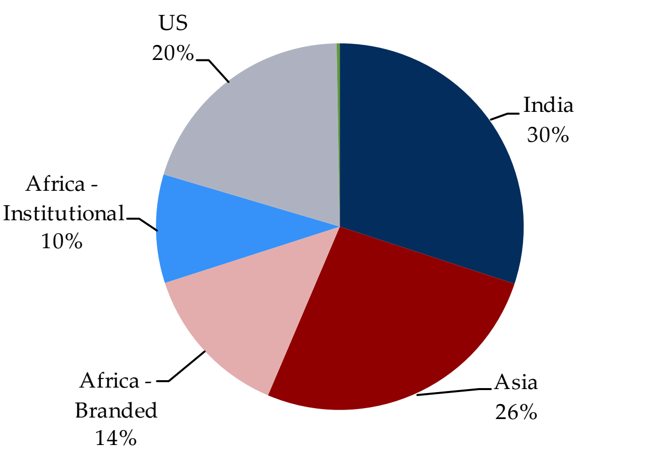
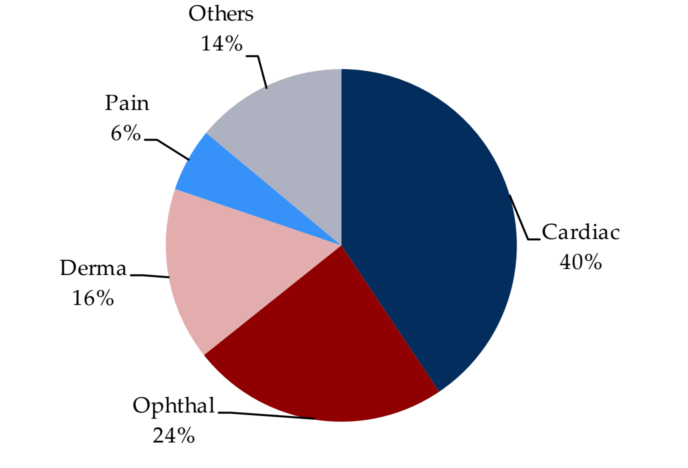
Exhibit 1: Branded generic markets account for ~70% of revenue



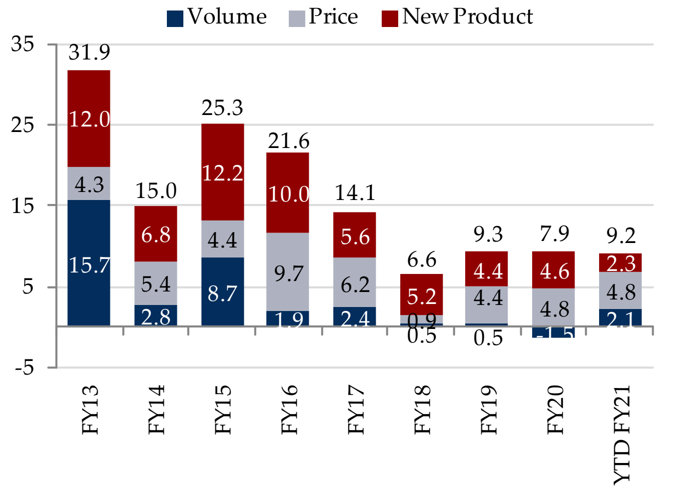
Source: Company, HSIE Research, FY20

Exhibit 2: Cardio, ophthal and derma form ~80% of India revenue



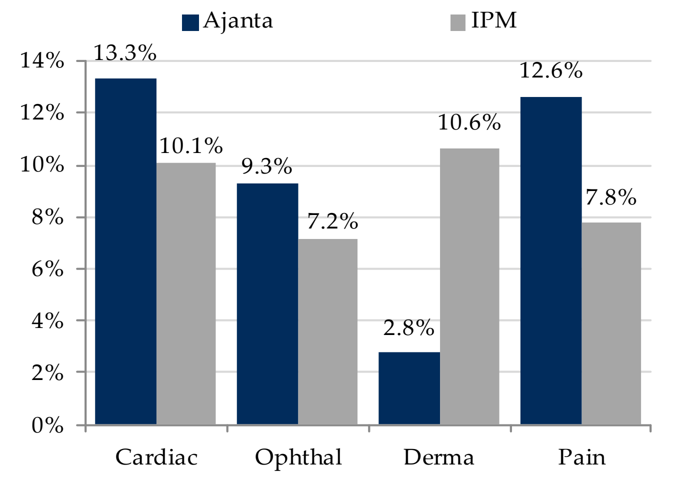
Source: AIOCD AWACS, HSIE Research, MAT Mar '20

Exhibit 3: Growth contribution from new launches is expected to come down from 50%+ to ~30%



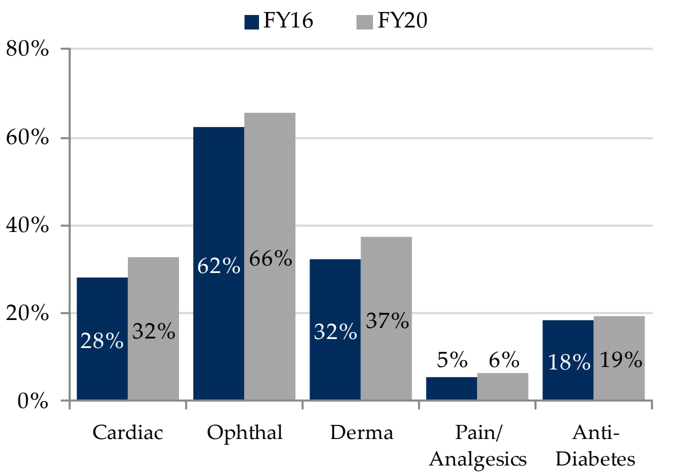
Source: AIOCD AWACS, HSIE Research

Exhibit 4: 4-yr CAGR - Key therapies, barring Derma, outperform the market



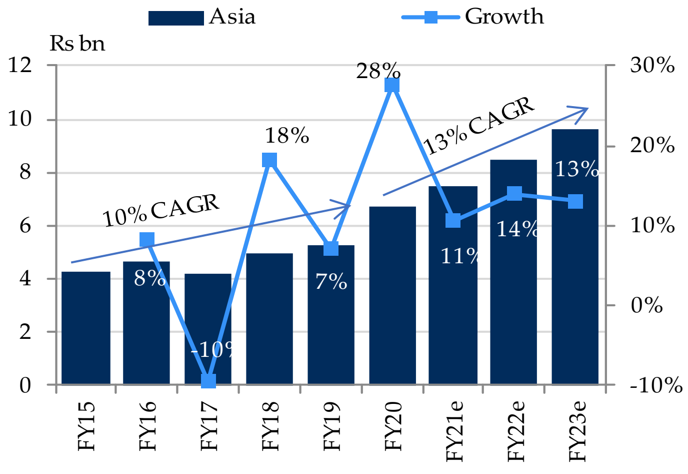
Source: AIOCD AWACS, HSIE Research, FY16-20 CAGR

Exhibit 5: Low coverage ratio (ex-ophthal) - scope of launching new products exists



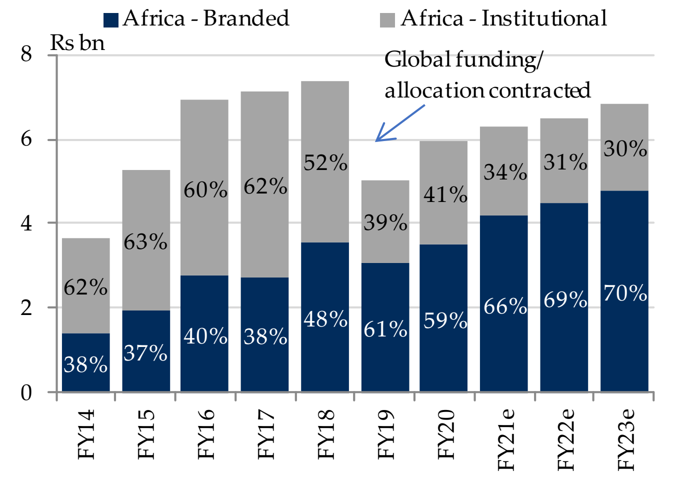
Source: AIOCD AWACS, HSIE Research

Exhibit 6: Asia business to grow at ~13% CAGR over FY20-23e driven by volume growth and new launches



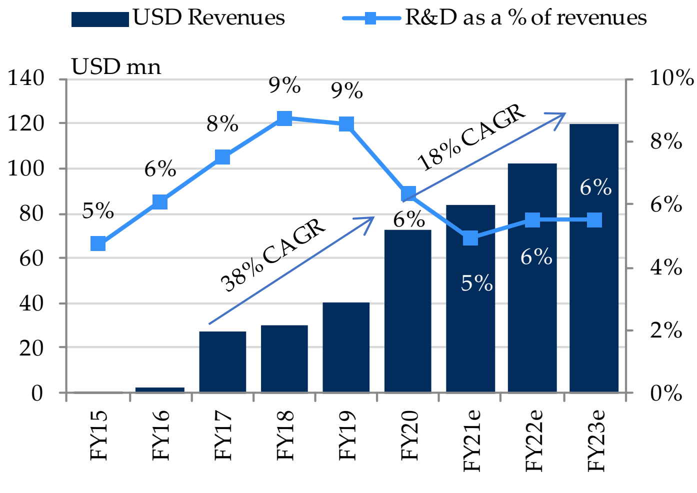
Source: Company, HSIE Research

Exhibit 7: Africa – Institutional business stable, branded business to grow at a steady pace



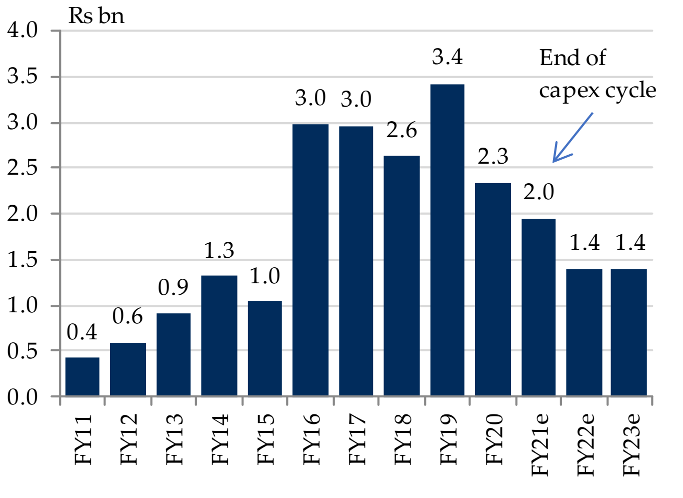
Source: Company, HSIE Research

Exhibit 8: US revenues have doubled in 2 years – we forecast ~18% CAGR over FY20-23e



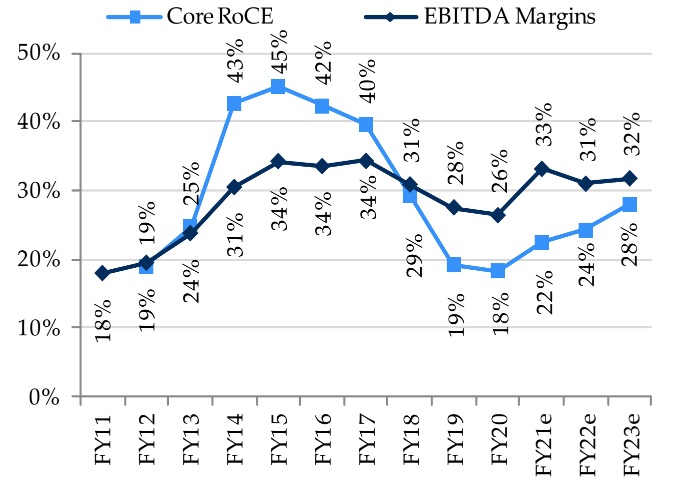
Source: Company, HSIE Research

Exhibit 9: Major capex cycle comes to an end, gross block up ~4x in the last 6 years



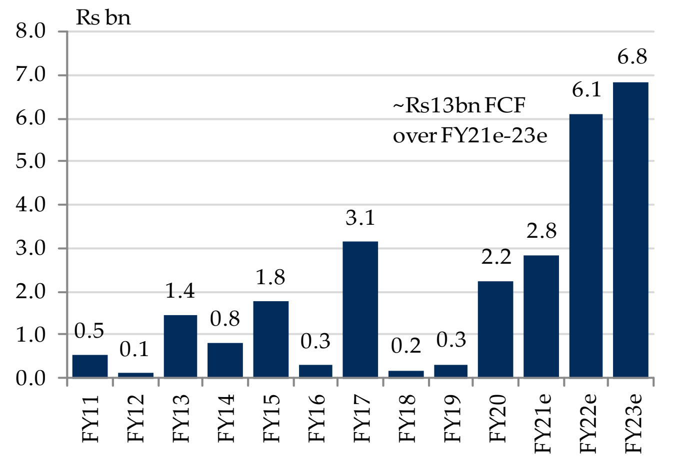
Source: Company, HSIE Research

Exhibit 10: EBITDA margin to scale up to 30%+ levels, core-ROCEs to see improvement over FY20-23e



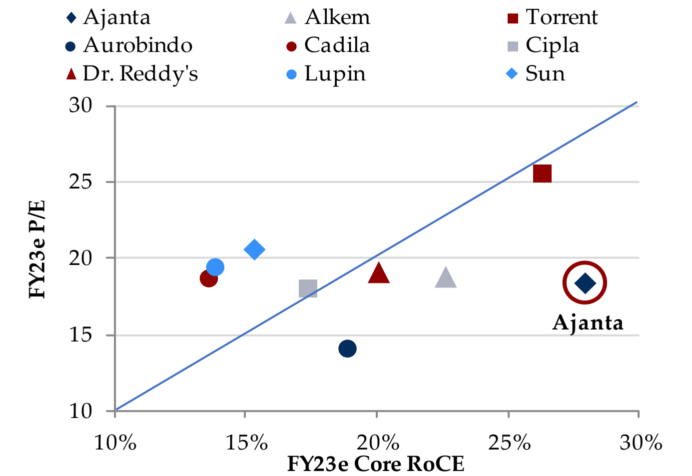
Source: Company, HSIE Research

Exhibit 11: Strong FCF generation of ~Rs13bn over FY21e-23e



Source: Company, HSIE Research

Exhibit 12: Core-ROCE vs. PER - Ajanta trades at an attractive valuation given its superior ROCE profile

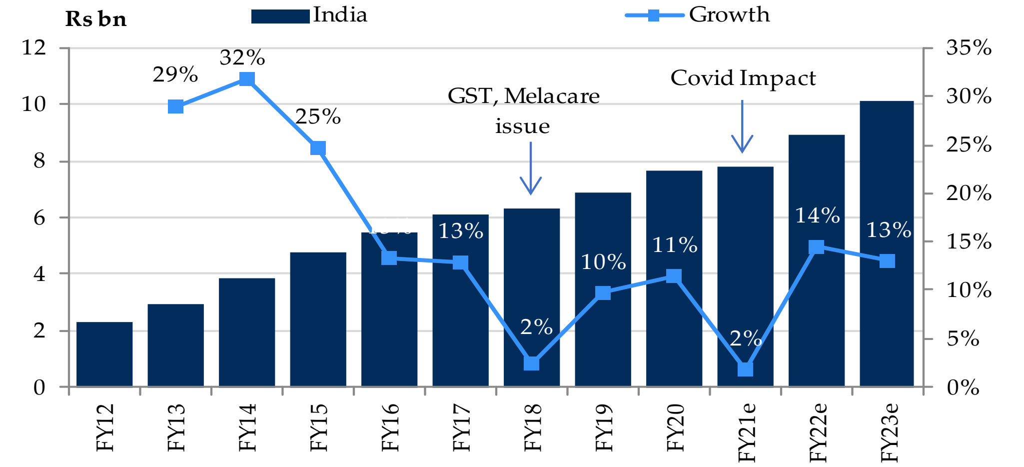


Source: HSIE Research, PEs adjusted for product specific NPVs

India business – niche portfolio, promising outlook

Ajanta Pharma is a specialty-focused branded generic company with leading presence in ophthal (ranks 3rd) and other high-growth therapies such as cardiac and derma. Its India business has grown at ~12% CAGR, outperforming the IPM by ~200bps in the last five years. The company's strategy of launching novel first-to-market products (~50%+ of portfolio) has driven its outperformance in the past.

Exhibit 13: We forecast ~10% revenue CAGR over FY20-23e



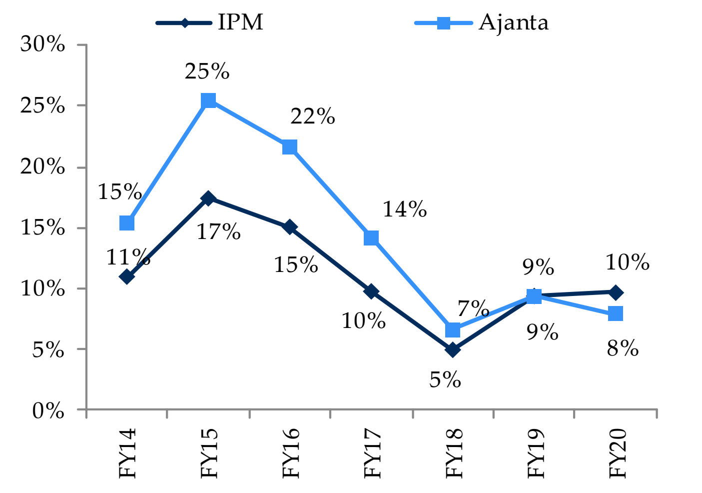
Source: Company, HSIE Research

Ranks 28th with 0.7% market share in IPM

Across therapies, ranks improved including lockdown period

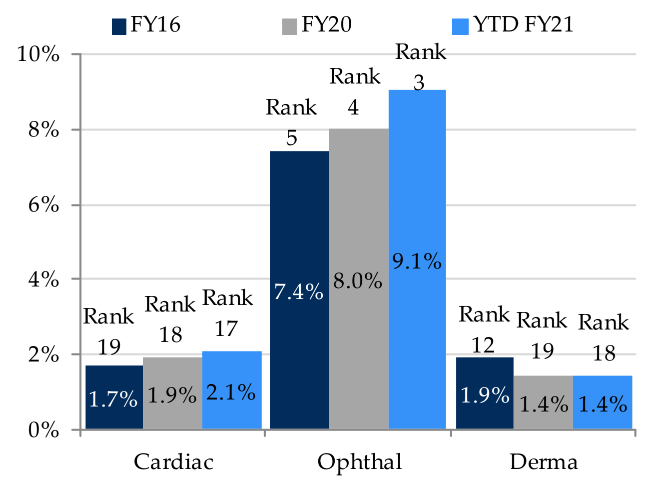
- As per AIOCD, Ajanta's ranking has improved from 33rd in FY16 to 28th in Dec'20 and it has 0.7% market share in IPM.
- Despite being a smaller player, it has managed to held its market share in the lockdown period, which is noteworthy.
- **Key therapies** – Cardiac (~41% of revenue), Ophthal (~24%) and Derma (~16%), account for ~80%+ of domestic revenues. Barring Derma, the company has improved its market share and ranking across therapies.

Exhibit 14: Ajanta outperformed the industry growth by ~200bps in the last 5 years



Source: Company, AIOCD AWACS, HSIE Research

Exhibit 15: Market share and company ranks improved across all key therapies



Source: AIOCD AWACS, HSIE Research

New launches – a significant growth contributor in the past

More than 50% growth driven by new launches in the past

- More than 50% of Ajanta's growth in the past 5 years has been driven by new launches vs. the IPM average of ~38%. While the % contribution has been coming down gradually, it remains higher than the IPM average (Exhibit 16 and 17).

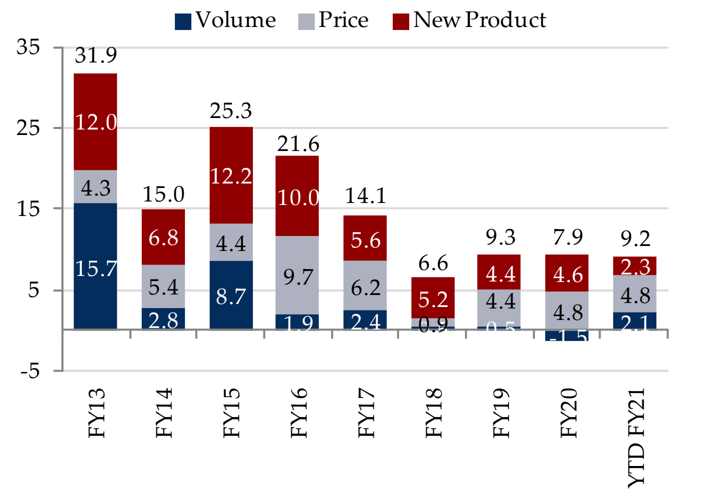
50% portfolio comprise of novel first-to-market launches

- Ajanta stands out amongst peers in terms of novel launches with more than 50% of the portfolio comprising of innovative first-to-market launches. In the past five years, it launched ~150 products with over ~40% in derma and cardiac category. Some of its key brands such as Rosutor Gold (cardiac), Rosufit CV (cardiac) and Vertizac (CNS) were first-to-market launches in India.

Expects to launch 25 products every year with 8 being first-to-market

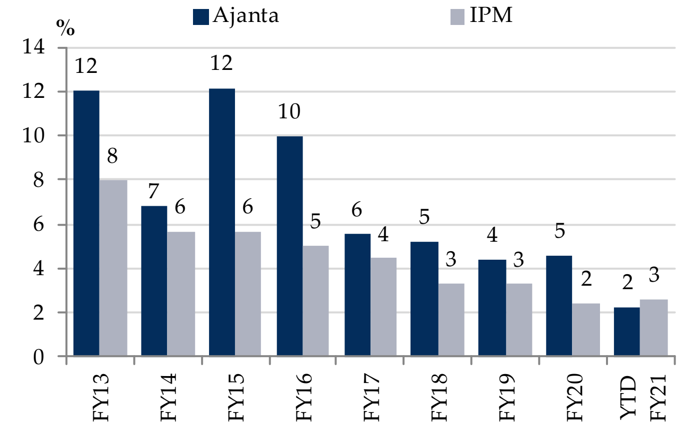
- Over the next few years, the company plans to launch 25 products every year with ~8 being first-to-market. Ajanta's therapy coverage remains low (except ophthal), which leaves enough scope for launching new products (Exhibit 19).

Exhibit 16: Growth break up – % contribution from new launches has steadily declined…



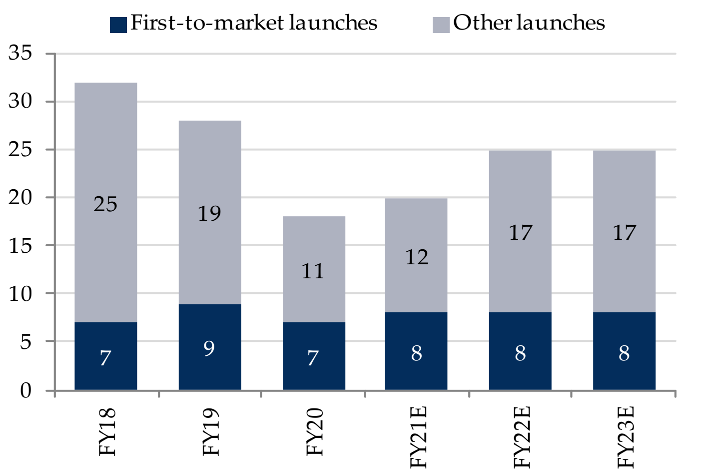
Source: AIOCD AWACS, HSIE Research

Exhibit 17: …however, it has remained high vs. the IPM average



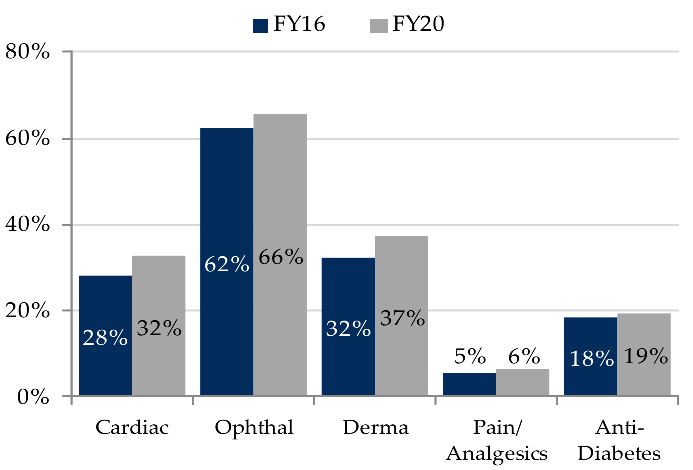
Source: AIOCD AWACS, HSIE Research

Exhibit 18: The company aims to launch ~25 products, including 8-10 first-to-market launches



Source: Company, HSIE Research

Exhibit 19: Therapy coverage ratio is low but increasing; enough scope to launch new products



Source: AIOCD AWACS, HSIE Research

Top 10 brands are growing at a healthy pace

- Top 10 brands account for ~43% of India sales. Six of the top 10 are growing at healthy double-digit growth rates. The remaining brands with muted growth are Atorfit CV (focus shifted to Rosufit CV – better molecule), Melacare (issues faced in the past, stabilised now), Soft Drops (growth shifted to Maxmoist – better molecule).

Exhibit 20: Top 10 brands – six of them are growing at high double-digit rate

Top 15 brands	Molecule Name	Therapy	MAT Mar '20	Growth - 4yr CAGR		Mkt. share	
				Ajanta	IPM	FY16	FY20
Met XL	**Metoprolol**	**Cardiac**	**1,099**	**11.9%**	**4.7%**	**14.6%**	**19.2%**
Atorfit CV	Atorvastatin + Clopidogrel	Cardiac	534	4.1%	18.2%	35.2%	21.3%
Melacare	**Hydroquinone + Mometasone + Tretinoin**	**Derma**	**505**	**0.1%**	**-1.8%**	**16.5%**	**17.8%**
Feburic	**Febuxostat**	**Pain / Analgesics**	**358**	**18.4%**	**18.4%**	**13.8%**	**13.8%**
Rosutor Gold	Aspirin + Rosuvastatin + Clopidogrel	Cardiac	273	27.8%	90.4%	47.2%	9.6%
Met XL AM	**Metoprolol + Amlodipine**	**Cardiac**	**269**	**15.6%**	**8.1%**	**8.7%**	**11.4%**
Cinod	**Cilnidipine**	**Cardiac**	**255**	**22.9%**	**22.7%**	**6.3%**	**6.3%**
Rosufit CV	Rosuvastatin + Clopidogrel	Cardiac	214	5.8%	32.4%	38.6%	15.8%
Soft Drops	Carboxy Methyl Cellulose	Ophthal / Otologicals	165	-1.1%	4.3%	5.2%	4.2%
Vertizac	Cinnarizine + Dimenhydrinate	Neuro / CNS	134	10.4%	24.8%	32.5%	19.9%

Source: AIOCD AWACS, HSIE Research, MAT in Rs mn

MR productivity continues to improve

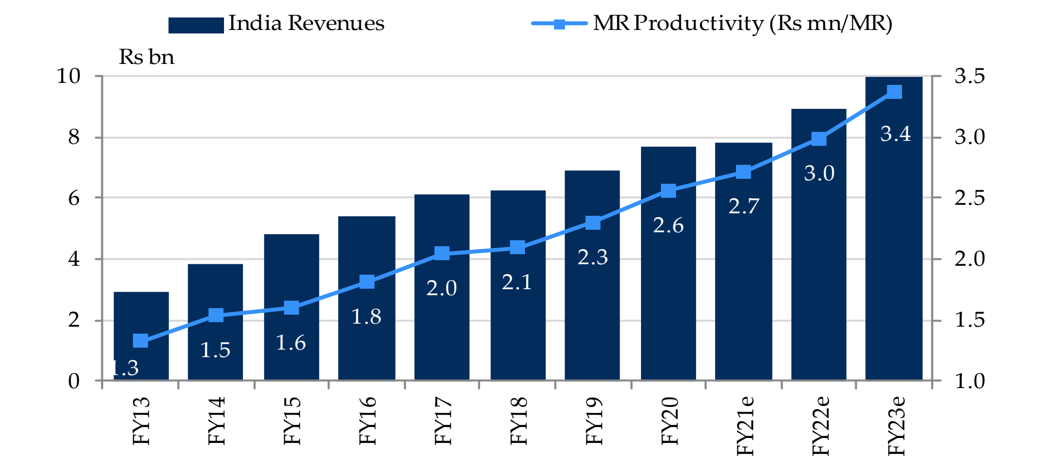
Renewed focus in Derma and cardiac – new talent at leadership

MR strength stable at 3,000

MR productivity to improve from Rs2.6mn to Rs3.4mn in FY23

- Ajanta's MR strength has largely remained stable over the last 6 years at ~3,000. There are ~17 divisions for the domestic market. Cardiac and Ophthal divisions have the highest strength with ~800-900 MRs each, followed by Derma (~700-800 MRs) and Pain (~350-400 MRs).
- With the recovery in India business, leadership in ophthal, renewed focus in Derma & Cardiac (new talent hired), MR productivity is expected to improve from Rs2.6mn in FY20 to Rs3.4mn in FY23e.

Exhibit 21: Ajanta – MR Productivity



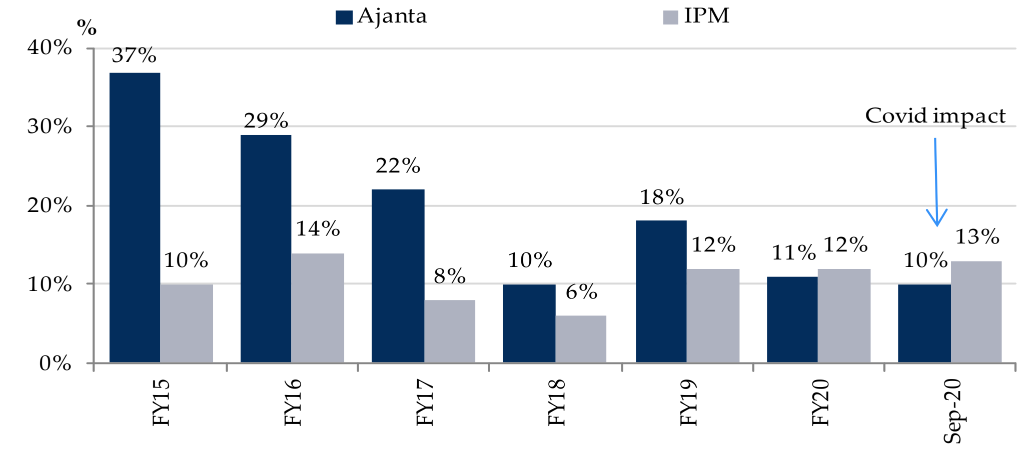
Source: Company, HSIE Research

Cardiac portfolio – consistent outperformance

- Ajanta ranks 17th in Cardiac segment (Rs183bn market, ~13% of IPM) with ~2.1% market share. It has gained ~40bps share in the past ~5 years and improved its rank from 19th in FY16 to 17th in Dec'20.
- The cardiac segment has grown at 13.3% CAGR, outperforming the IPM by ~325bps over FY16-20 and accounts for ~41% of India revenues.

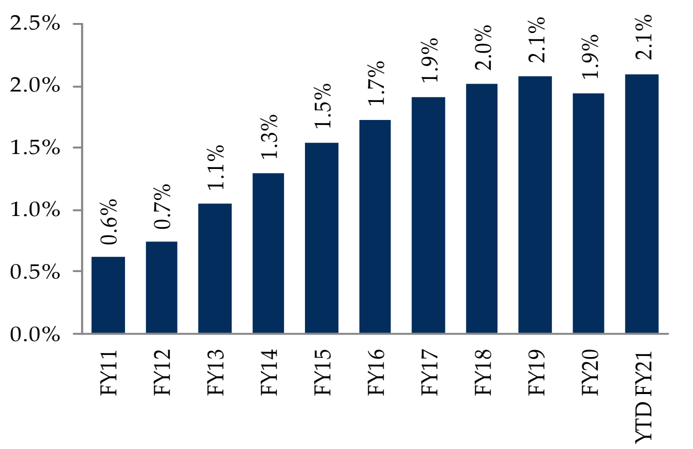
Ajanta's cardiac grew at 13.3% CAGR vs. 10.1% for IPM over FY16-20

Exhibit 22: Cardiac portfolio has largely outperformed the IPM over the years



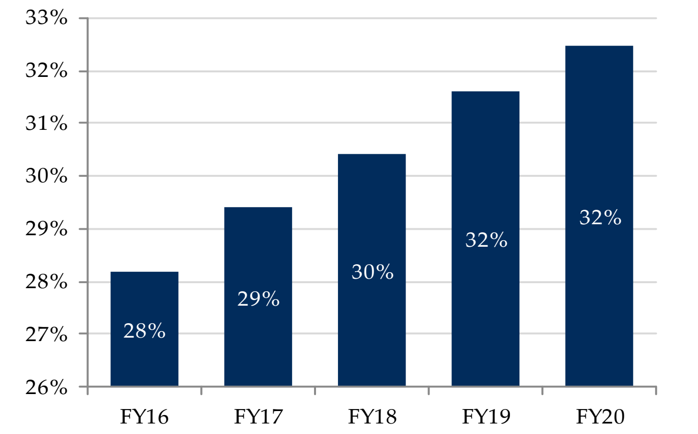
Source: Company, HSIE Research

Exhibit 23: Market share has improved



Source: AIOCD AWACS, HSIE Research

Exhibit 24: Therapy coverage has steadily risen



Source: AIOCD AWACS, HSIE Research

Beta blockers account for 46% of revenues

Outperformed in sartans, beta-blockers, calcium antagonists (all anti-hypertension) and anti-platelet category of drugs

Exhibit 25: Drug class-wise performance

Drug Class/ Therapies (Rs mn)	FY20 sales	4-yr CAGR		FY20 Share
		Ajanta	IPM	
Statins	96	-5.7%	5.4%	0.5%
Statins + Combinations	804	4.5%	12.6%	5.1%
ACE Inhibitors + Combinations	114	NA	-1.1%	12.3%
Sartans	38	167.8%	8.9%	0.3%
Sartans + Combination	168	14.9%	14.6%	0.7%
Beta-Blocking Agents, Plain	1,114	12.2%	7.0%	7.9%
Beta-Blockers + Combinations	509	16.7%	9.9%	3.1%
Platelet Aggregation Inhibitors	273	25.8%	15.3%	2.0%
Calcium Antagonists, Plain	305	28.5%	10.2%	2.4%
Others	118	22.2%	NA	NA
Total	3,540	13.3%	10.1%	1.9%

Source: AIOCD AWACS, HSIE Research

Top 10 brands account for ~86% of cardiac revenues

Met XL is a 100cr+ brand

Launched 29 new products from FY16-20

- Ajanta has taken numerous initiatives to improve the growth momentum – a) new talent has been recruited from big pharma companies; b) targets to scale up some of the small brands (Rs20cr) to Rs50-100cr brands in the next few years, c) identified a pipeline of products to be launched over the next few years.
- At an aggregate level, we believe the portfolio can continue to outperform the category average, given its presence in high-growth molecules.
- The top 10 brands account for ~86% of cardiac revenues. Seven of the top 10 brands are growing at high double digit rate.

Exhibit 26: Cardiac - Top 10 brands contribute ~86% to therapy sales

Top 10 Brands	Molecule Name	MAT Mar'20	Growth - 4yr CAGR		Mkt. share	
			Ajanta	IPM	FY16	FY20
Met XL	Metoprolol	1,099	11.9%	4.7%	14.6%	19.2%
Atorfit CV	Atorvastatin + Clopidogrel	534	4.1%	18.2%	35.2%	21.3%
Rosutor Gold	Aspirin + Rosuvastatin + Clopidogrel	273	27.8%	*90.4%	47.2%	9.6%
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Cinod	Cilnidipine	255	22.9%	22.7%	6.3%	6.3%
Rosufit CV	Rosuvastatin + Clopidogrel	214	5.8%	*32.4%	38.6%	15.8%
Cilamet	Cilnidipine + Metoprolol	134	20.9%	*28.2%	40.7%	32.3%
Met XL 3D	Telmisartan + Chlorthalidone + Metoprolol	114	NA	NA	NA	100.0%
Cinod T	Cilnidipine + Telmisartan	87	19.9%	32.8%	6.9%	4.6%
Met XL T	Telmisartan + Metoprolol	67	25.2%	22.2%	1.6%	1.8%

Source: AIOCD AWACS, HSIE Research, MAT in Rs mn, *competition entered late

- **Underperformance in Rosutor Gold, Rosufit CV, Cilamet** – Ajanta has been successful in indentifying high-growth molecules and was the first company to launch Rosutor Gold, Rosufit CV and the second one to launch Cilamet. As competition entered (growing at faster pace), the market size expanded rapidly for these molecules thereby optically driving down Ajanta's market share. However, despite competition from established players, Ajanta has managed to maintain healthy growth rate, which is noteworthy.
- As seen in the table below, Ajanta launched these brands way ahead of peers (Brands - Rosutor Gold - 25cr+, Rosufit CV - 20cr+, Cilamet – 13cr+).

Exhibit 27: Key brands launched ahead of peers

Molecule/ Brand	Company	Launch	Rank	MAT Mar'16	MAT Mar'18	MAT Mar'20	4-yr CAGR	FY16 share	FY20 Share
Aspirin + Rosuvastatin + Clopidogrel				**217**	**1,356**	**2,845**	**90.4%**		
Rozagold, Rosuva Gold	Unimed TL	FY17	1 and 4	0	370	635	NA	0.0%	22.3%
Rosumac Gold	Macleods	FY15	2	62	225	355	55.0%	28.4%	12.5%
Rosutor Gold	Ajanta	FY15	3	102	203	273	27.8%	47.2%	9.6%
Novastat Gold	Lupin	FY17	5	0	54	194	NA	0.0%	6.8%
Razel Gold	Glenmark	FY16	6	3	120	182	174.5%	1.5%	6.4%
Roseday Gold	USV	FY17	7	0	72	162	NA	0.0%	5.7%
Rozucor Gold	Torrent	FY18	8	0	2	157	NA	0.0%	5.5%
Rosuvastatin + Clopidogrel				**442**	**849**	**1,357**	**32.4%**		
Novastat CV	Lupin	FY14	1	154	261	375	25.0%	34.8%	27.6%
Rosufit CV	Ajanta	FY12	2	171	210	214	5.8%	38.6%	15.8%
Rosuvas CV	Sun	FY15	3	41	116	188	46.7%	9.2%	13.9%
Rozalet (UTL)	Unimed TL	FY17	4	0	48	131	NA	0.0%	9.6%
Razel-CV	Glenmark	FY17	5	0	25	65	NA	0.0%	4.8%
Rosumac CV	Macleods	FY15	6	13	34	64	48.7%	3.0%	4.7%
Cilnidipine + Metoprolol				**154**	**239**	**415**	**28.2%**		
Cilamet	Ajanta	FY14	1	63	95	134	20.9%	40.7%	32.3%
Cilacar M	JB Chemicals	FY13	2	46	63	134	30.6%	29.9%	32.2%
Cetanil-M	Alembic	FY14	3	31	41	50	12.8%	20.0%	12.0%
Nexovas M	Macleods	FY16	4	6	13	25	43.2%	3.8%	5.9%
Cilnikem Beta	Alkem	FY18	5	0	4	22	NA	0.0%	5.3%

Source: AIOCD AWACS, HSIE Research, MAT in Rs mn

Ophthal – going from strength to strength

Ajanta's ophthal grew at 9.3% CAGR vs. 7.2% for IPM over FY16-20

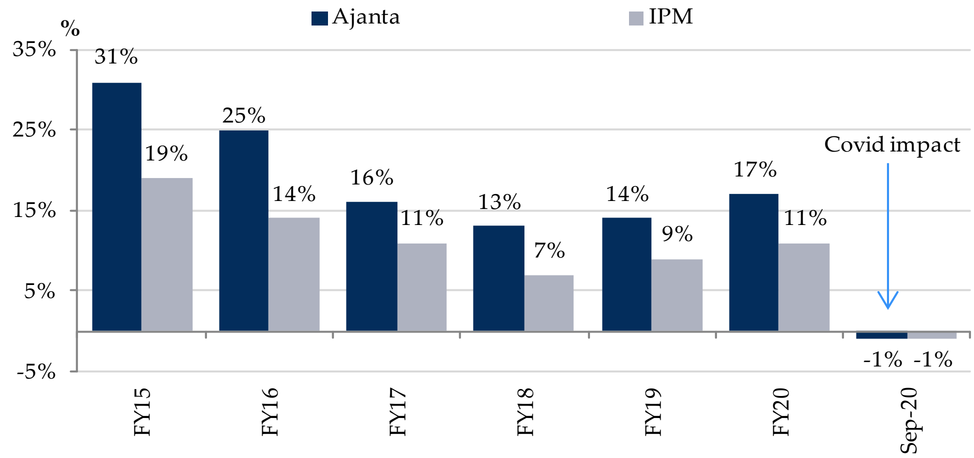
Largest player in Anti-Glaucoma with 12% market share (aiming to reach 17-18%)

- Ajanta ranks 3rd in Ophthal segment (Rs26bn market, 1.8% of IPM) with ~9.1% market share. It has gained ~160bps share in the past ~5 years and improved its rank from 5th in FY16 to 3rd in Dec'20.
- The company has leadership in the anti-glaucoma segment (~5-8% of the ophthal market) with 12% market share. It aims to further consolidate its position and is targeting ~17-18% share in the next 2-3 years.
- Its leading brands in the therapy are for treating dry eyes and seasonal allergies. The top three brands are Soft Drops (Rs165mn, muted growth as focus shifted to its other brand Maxmoist), Olopat (Rs128mn, market leader, growing ahead of category average), and Maxmoist (Rs119mn, growing at 20%+ CAGR).

Top 10 brands account for ~44% of ophthal revenues

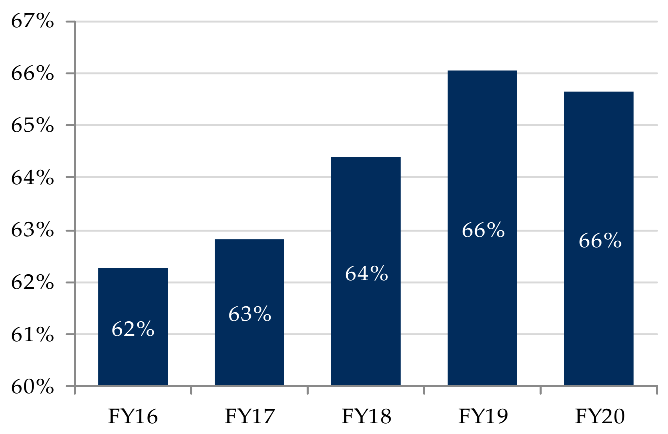
Launched ~20 new products between FY16-20

Exhibit 28: Ophthal portfolio outperformed the IPM over the years



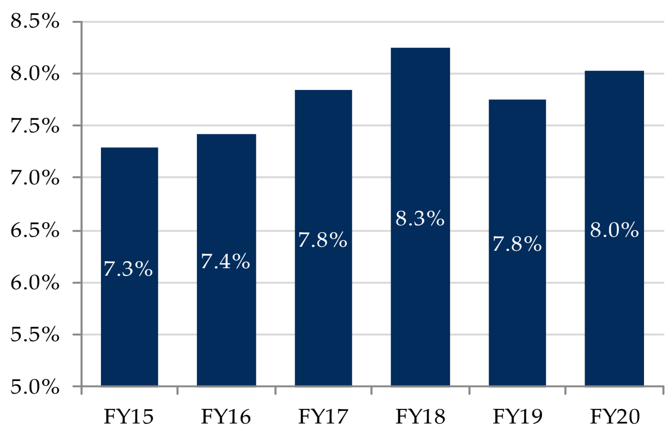
Source: Company, HSIE Research

Exhibit 29: Coverage ratio has steadily risen…



Source: AIOCD AWACS, HSIE Research

Exhibit 30:…as reflected in the improved market share



Source: AIOCD AWACS, HSIE Research

Exhibit 31: Ophthal - Top 10 brands contribute ~44% to therapy sales

Top 10 Brands	Molecule Name	MAT Mar'20	Growth - 4yr CAGR		Mkt. share	
			Ajanta	IPM	FY16	FY20
Soft Drops	Carboxy Methyl Cellulose	165	-1.1%	4.3%	5.2%	4.2%
Olopat	Olopatadine Eye Drops	128	4.4%	0.0%	26.3%	31.3%
Maxmoist	Hyaluronic Acid - Opthalmic	119	20.4%	*39.8%	42.7%	23.5%
Nepaflam	Nepafenac	88	5.2%	10.1%	11.9%	9.9%
Apdrops LP	Loteprednol + Moxifloxacin	81	10.2%	12.0%	31.2%	29.3%
Brinzox	Brinzolamide	79	17.6%	12.2%	26.1%	31.4%
Apdrops	Moxifloxacin	74	5.3%	4.5%	4.9%	5.0%
Aqualube	Carboxy Methyl Cellulose	63	-5.5%	4.3%	2.4%	1.6%
Retinox	Ophthalmic Antioxidants	58	-1.8%	3.0%	5.7%	4.7%
Macugold Plus	Ophthalmic Antioxidants	58	10.7%	3.0%	3.5%	4.7%

Source: AIOCD AWACS, HSIE Research, MAT in Rs mn, *competition entered late

- **Maxmoist** – Ajanta was among the early entrants in the market to launch Maxmoist in FY14. Key players such as Allergan and Micro entered in FY18 and drove market expansion from Rs262mn in FY18 to Rs508mn in FY20. Thereby, optically reducing Ajanta's market share from 40%+ in FY16 to ~24% in FY21. Despite incremental competition, Ajanta has maintained a healthy growth rate of 20%+ CAGR in the past four years.
- **Soft Drops** – As per Ajanta, the growth is muted as the focus has now shifted in promoting Maxmoist (similar indication, better molecule).

Exhibit 32: Maxmoist – Competition has driven market expansion

Molecule/Brands	Company	Launch	Rank	MAT Mar'16	MAT Mar'18	MAT Mar'20	4-yr CAGR	FY16 share	FY20 share
Hyaluronic Acid				**133**	**262**	**508**	**39.8%**		
Maxmoist	Ajanta	FY14	1	57	99	119	20.4%	42.7%	23.5%
Opsion HA	Allergan	FY18	2	0	62	119	NA	0.0%	23.4%
Trehalube	Micro	FY18	3	0	14	58	NA	0.0%	11.3%
Eubri	Pfizer	FY13	4	52	49	47	-2.5%	39.1%	9.2%

Source: AIOCD AWACS, HSIE Research, MAT in Rs mn

Derma portfolio is re-based; growth to revive in few quarters

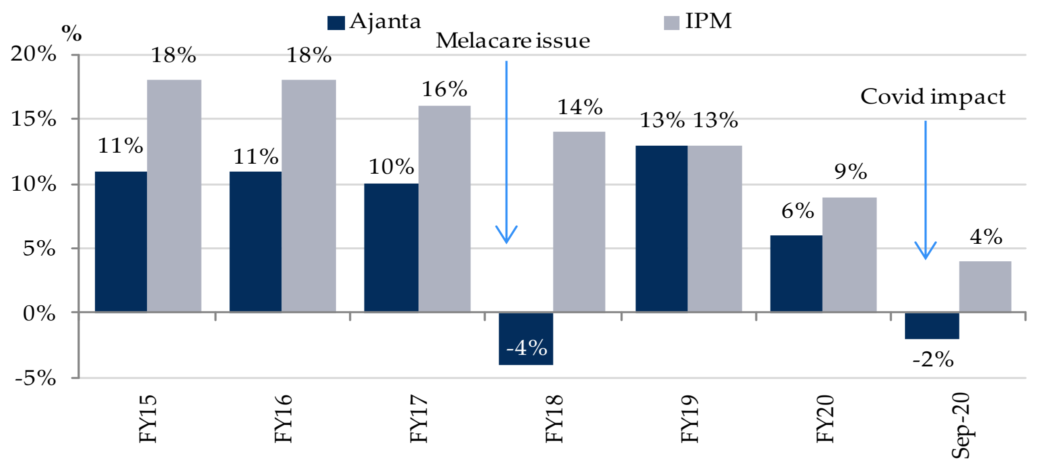
Ajanta's derma grew at 2.8% CAGR vs. 10.6% for IPM over FY16-20

Top 10 brands contribute to ~74% of the revenues

Launched 33 new products from FY16-20

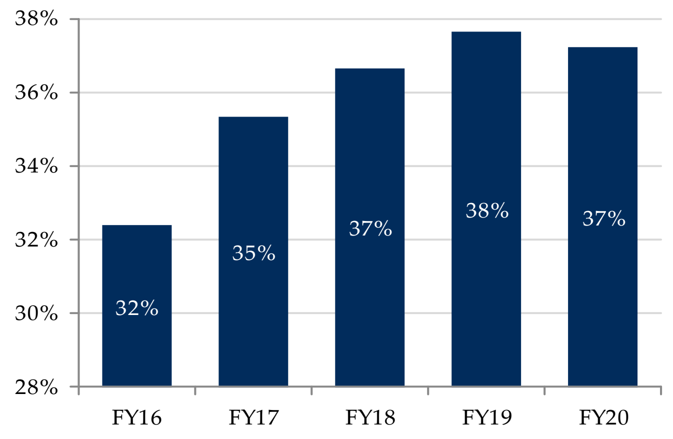
- Derma segment accounts for ~16% of India revenues. Ajanta has ~1.4% market share in the ~Rs97bn market. Its portfolio is skewed towards cosmetic dermatology with leading brands such as Melacare (demelanising) and Aquasoft (Emollient/ moisturizers).
- The company ranks third in ***Demelanising Agents*** with a market share of ~8.4% in the ~Rs 6bn market. Demelanising Agents contribute ~40% to total derma sales.

Exhibit 33: Derma performance likely to improve post Melacare issue in FY18



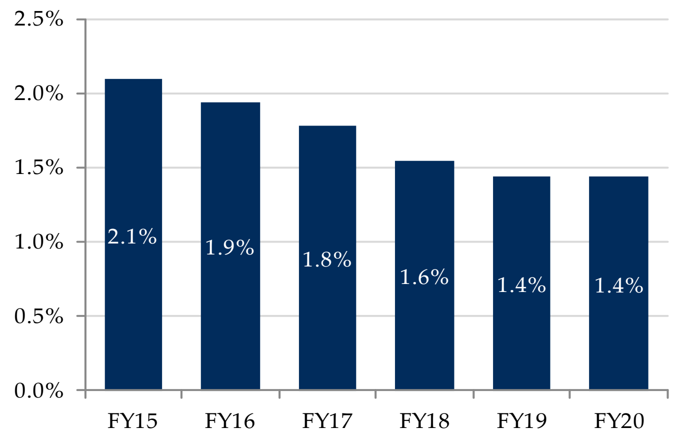
Source: Company, HSIE Research

Exhibit 34: Derma coverage remains low, portfolio is skewed towards cosmetic dermatology



Source: AIOCD AWACS, HSIE Research

Exhibit 35: Market share stabilised; renewed focus on the therapy will drive growth ahead



Source: AIOCD AWACS, HSIE Research

Exhibit 36: Derma - Top 10 brands contribute ~74% of sales

Top 10 Brands	Molecule Name	MAT Mar '20	Growth - 4yr CAGR		Mkt. share	
			Ajanta	IPM	FY16	FY20
Melacare	Hydroquinone + Mometasone + Tretinoin	505	0.1%	-1.8%	16.5%	17.8%
Pacroma	Pimecrolimus	78	5.8%	13.2%	64.9%	49.5%
Aquasoft	Glycerol	72	5.4%	16.0%	46.9%	32.0%
Salisia KT	Ketoconazole	58	-2.4%	20.3%	4.6%	2.0%
Peroclin	Clindamycin + Benzoyl Peroxide	51	-3.2%	2.5%	56.1%	44.6%
Aquasoft FC	Glycerol	46	NA	16.0%	0.0%	20.5%
Aquasoft	Emollients	42	3.3%	12.2%	0.7%	0.5%
Sunstop	Sunscreen	41	21.4%	9.1%	1.3%	2.0%
Talimus	Tacrolimus	37	7.9%	9.4%	4.4%	4.1%
Elyn	Eflornithine	34	3.3%	0.3%	26.0%	29.3%

Source: AIOCD AWACS, HSIE Research, MAT in Rs mn

- **Melacare** - The growth in derma was significantly impacted in the year FY18 as Melacare (Mometasone, Tretinoin and Hydroquinone) faced issues (use without Rx) which led to doctors withdrawing prescriptions for the entire category. As per the company, the revenues declined for the brand from Rs600-650mn at peak to Rs350mn in that period. Since then, the growth in molecule has stabilized. Post the change in Derma leadership at Ajanta (in FY18), the brand has turned around, reporting ~2.3% CAGR in last 2 years.

Exhibit 37: Melacare showing signs of stabilisation

Molecule/ Brand	Company	Launch	Rank	MAT Mar '16	MAT Mar '18	MAT Mar '20	4-yr CAGR	FY16 share	FY20 share
Hydroquinone + Mometasone + Tretinoin				**3,049**	**3,148**	**2,833**	**-1.8%**		
Skinlite	Zydus*	Pre-FY10	1	1,796	1,920	1,546	-3.7%	58.9%	54.6%
Melacare	Ajanta	FY12	2	503	483	505	0.1%	16.5%	17.8%
Cosmelite	Oaknet Healthcare	FY13	3	181	160	141	-6.1%	5.9%	5.0%
Elosone HT	Leeford HC	FY13	4	13	50	98	66.5%	0.4%	3.5%

Source: AIOCD AWACS, HSIE Research, MAT in Rs mn

Asia continues to grow at healthy double digit rate

Presence in 10 countries

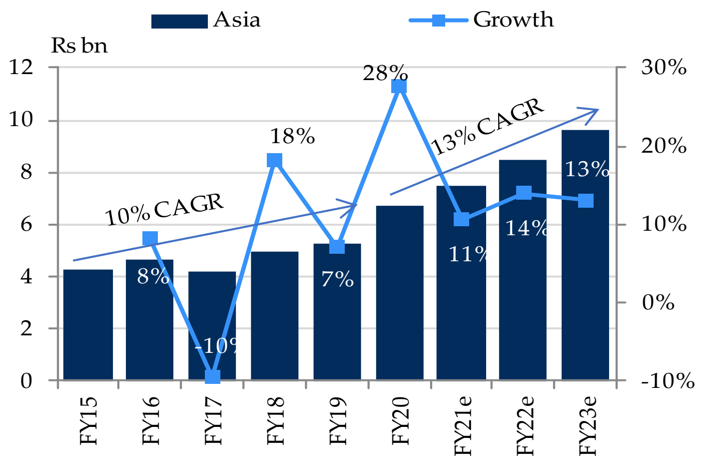
Philippines contributes ~40% to Asia revenues followed by Middle East (majorly Iraq)

Ajanta ranks among top 20 and among top 3 fastest growing company in Philippines

Philippines - market size of ~USD 4bn in 2020 (as per AR)

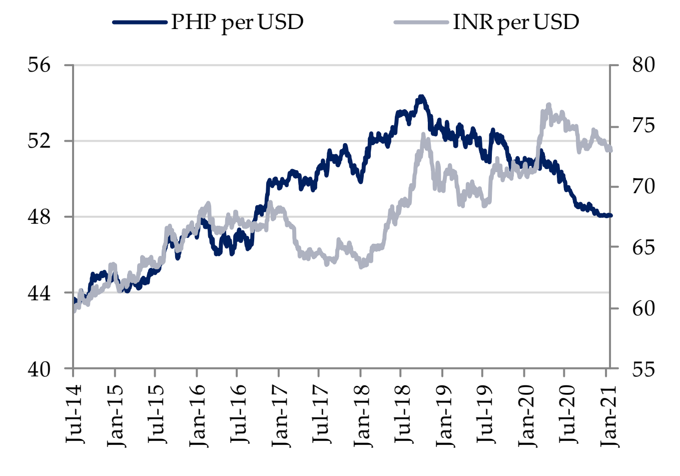
- The Asia region revenue was at Rs6.7bn (~26% to total revenue) in FY20 and has been growing at 10% CAGR in the past five years. Ajanta is majorly present in Philippines (~40% of revenues), Middle East (majorly Iraq), and CIS/ other markets.
- Philippines is the third-largest pharma market in ASEAN with an estimated market size of ~USD 4bn in 2020. Ajanta ranks among the top 20 and is among the top-three fastest-growing companies in the market. It expects to grow at 12-13% CAGR vs. the industry growth of 7% for the next few years, driven by new product launches and volume growth in existing products.
- Ajanta's portfolio in Asia consists of products in cardiac, pain, anti-biotics, gastro, anti-histamines, respiratory and CNS categories. It has 375 MRs (vs. 315 in Mar'15) majorly for Philippines and Iraq markets and ~330+ product registrations as of Sept'20 (vs. 294 in Mar'15).

Exhibit 38: Asia business grew at 10% CAGR over FY15-20 despite currency/crude price volatility



Source: Company, HSIE Research

Exhibit 39: Philippines Peso vs. INR – currency risk is mitigated with USD hedging to some extent



Source: HSIE Research, Bloomberg

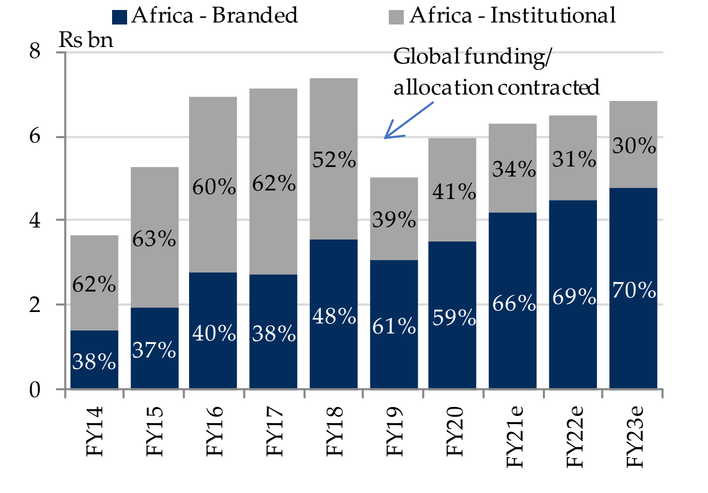
Branded business presence is in Franco Africa and Anglo Africa

Franco Africa pharma market size was estimated to be over ~USD 2.5bn in FY18

Africa business outlook remains stable

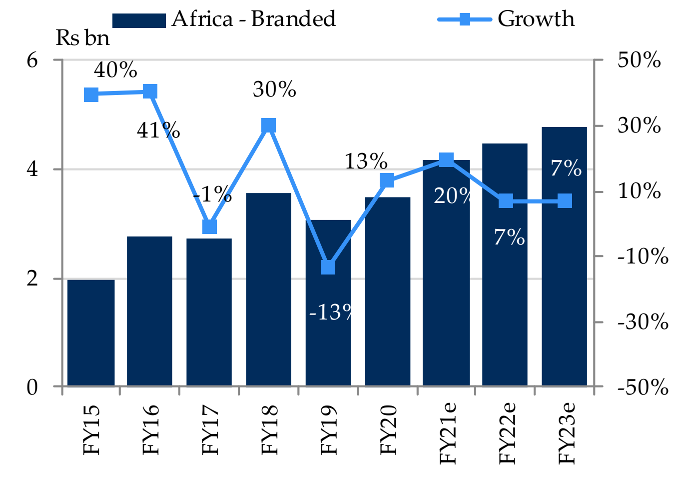
- Africa business contributes ~23% to overall revenues. It comprises of branded business (~60%) and institutional business (40%).
- The branded business (spread over 14 major markets) has been growing at a steady rate of 12%+ CAGR over the last five years. However, the business declined in FY18 owing to currency volatility especially in Nigeria/ other markets (currency depreciation, crude-linked economies).
- The branded revenues are expected to grow at 7-8% vs. the industry growth of 3-4%. The portfolio consists of antibiotics, gynaec, vitamins, cardiac, ophthal and pain products (1,000+ product registrations as at Sept'20). Ajanta has ~475 MRs in the African markets.

Exhibit 40: Africa revenue break-up – Branded business (60%) and Institutional business (40%)



Source: Company, HSIE Research

Exhibit 41: We expect branded business to grow at ~11% CAGR over FY20-23e



Source: Company, HSIE Research

Ajanta has ~20% share in the 6 player market for AL

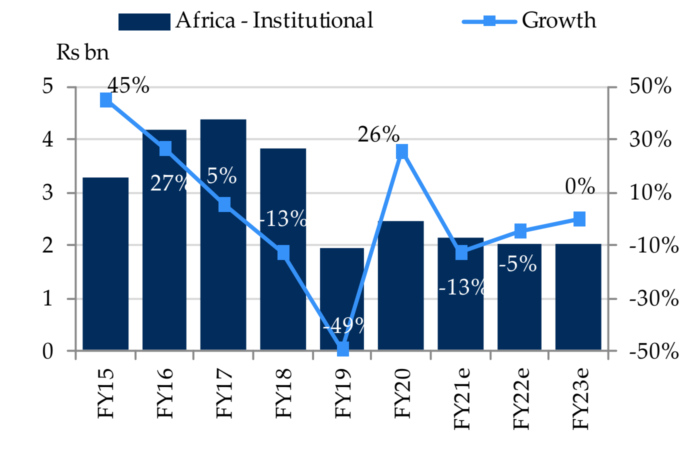
Africa carries the highest burden – 94% of global malaria cases

~3/4th of global malaria spends go to Africa

Institutional business has stabilised

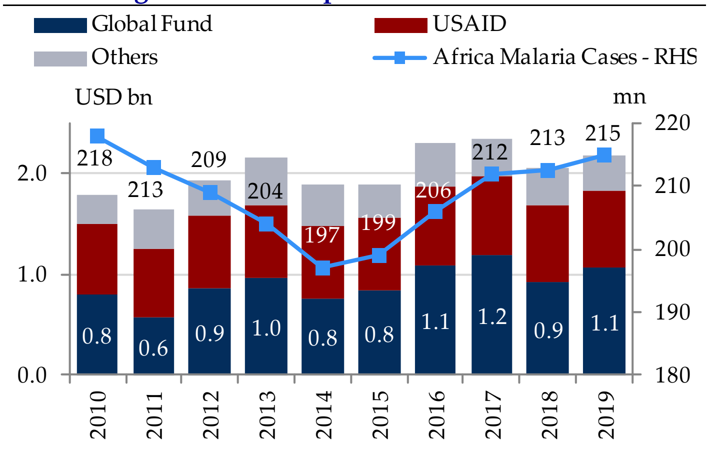
- Ajanta was the first generic company to receive "WHO Pre-qualification" for an anti-malarial product, a combination of Artemether-Lumefantrine (AL) for institutional business in Africa. The business has remained lumpy in the past and the decline was largely led by: a) significant contraction in the overall allocation from global funding towards this segment; b) Nigeria and Kenya (big markets for Malaria) exited from WHO program. However, in FY20, the business recovered (+26% YoY, on low base) and is likely to remain flat in the coming years as Ajanta aims to maintain its market share.

Exhibit 42: Institutional business stabilizes, expected to remain flat



Source: Company, HSIE Research

Exhibit 43: Global fund accounts for 49% share, decline in funding/ allocation impacted institutional business



Source: World Malaria Report 2020, HSIE Research

US business set to grow >1.6x in three years

33 products on shelf (Sep'20)

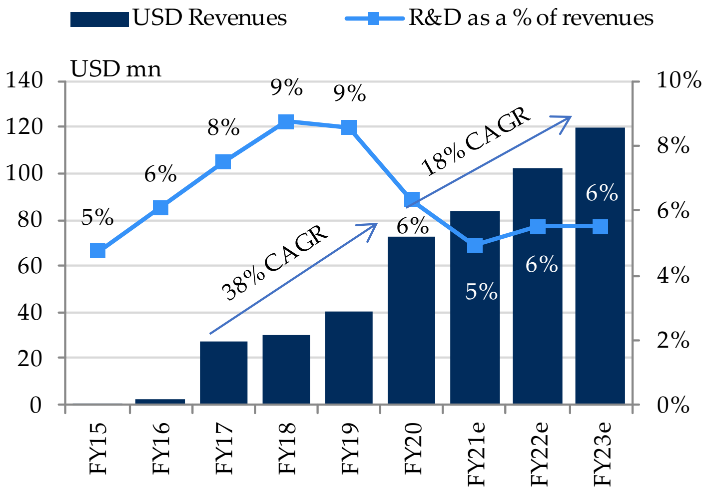
Pipeline: 19 pending ANDAs – mostly Para IIIs & a few Para IIs and Para IVs

R&D to remain at 5-6% of sales

Launched gTamiflu suspension (a low competition high-margin product) recently

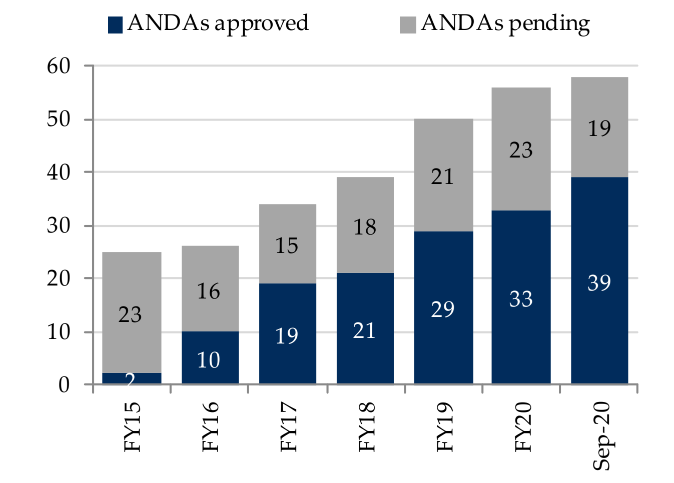
- The US business doubled from USD40mn in FY19 to ~USD80mn+ (1HFY21 annualised) in the past two years. Despite Ranitidine recall (~10% of US sales in FY20), revenues are expected to grow by ~15% YoY in FY21e driven by market share gains in older products such as gCymbalta, gRanexa. Recent product approvals such as gTamiflu suspension, gDepakote ER, Dapagliflozin (tentative) adds visibility to growth in the near to medium term.
- US pipeline includes 19 pending ANDAs (Sept '20). The company plans to file 10-12 products every year. R&D spends (6.4% of sales) are likely to grow at a nominal rate and will remain at 5-6% of sales. Known filings – gRexulti, gJanumet, gXeljanz, gBystolic, gSensipar, gVimovo and gChantrix.
- We expect revenue to grow from USD72mn in FY20 to USD120mn in FY23e, driven by new launches (8-10 launches every year) and market share gains. Ajanta has always focused on profitability (withdrew ~8 products where margins were no longer attractive). With increase in scale, EBITDA margins are likely to expand over the next few years.
- The two key formulation plants for US – Paithan and Dahej –received EIRs in Aug'19. Dahej (Rs4.5bn capex incurred) will address the capacity constraints faced at Paithan. Majority of the new launches will be from Dahej.

Exhibit 44: US revenues to grow at 18% CAGR over FY20-23e, R&D to remain capped at 5-6% of sales



Source: Company, HSIE Research

Exhibit 45: New product approvals have picked up pace in the past few years



Source: Company, HSIE Research

Capex cycle ends, margins and FCF to improve

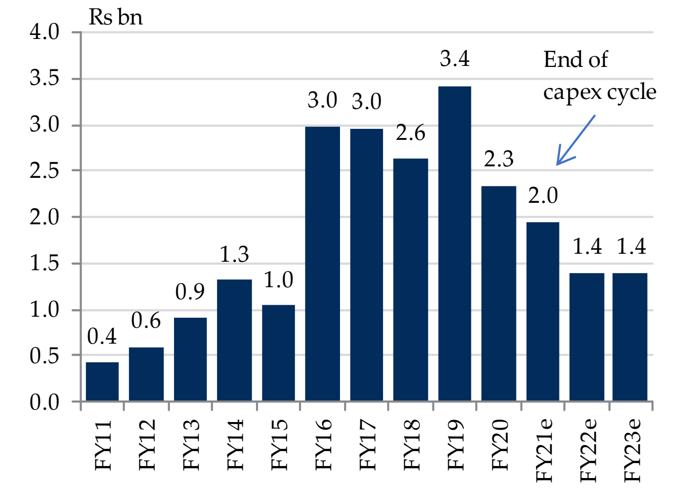
Rs 16bn+ capex cycle to end in FY21

Dahej, Guwahati and Pithampur – all plants commissioned

Increasing asset utilisation to elevate EBITDA margins above 30% and drive asset turns from ~1.8x in FY20 to ~2.3x in FY23e

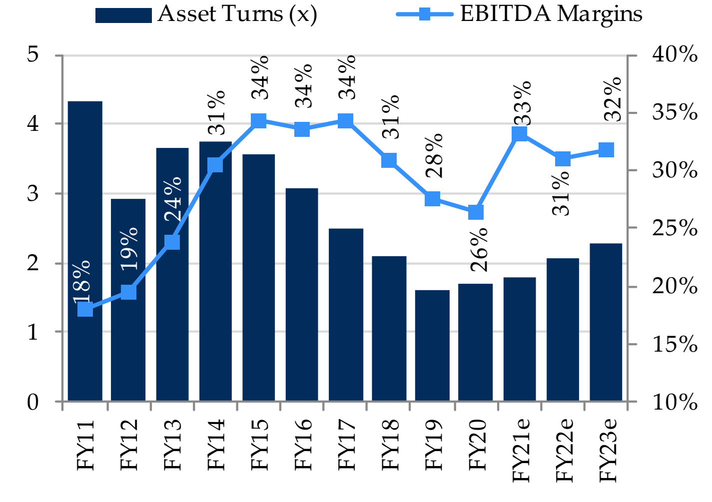
- Ajanta embarked on material capital investment on three greenfield plants (Dahej, Guwahati, Pithampur) & R&D centre - Rs10bn on manufacturing plants, R1bn on R&D centre (Mumbai), ~Rs5-6bn on maintenance capex over FY16-21e.
- The company plans to – a) switch production in-house for India market in order to have better control on quality and compliance and to reduce outsourcing (from ~50% few years back to ~10-15%), b) augment capacities for US and EM markets.
- **US market** - Dahej SEZ – capex of ~Rs4.5bn incurred which is expected to mitigate capacity constraints at Paithan facility (a few products shifted to Dahej). Dahej capacity is 3x the Paithan plant. ~60-65% of the existing products are serviced from Paithan whereas new launches are expected from Dahej.
- **EM markets** - Pithampur – capex of ~Rs1.5-1.8bn incurred for EM supplies.
- **India market** - Guwahati – capex of ~Rs 4-4.5bn for (Derma, OSDs, Ophthal) to reduce outsourcing.
- We expect increase in plant utilisation levels to improve asset turns from ~1.8x to ~2.3x and core RoCE to expand by ~550bps to ~28% over FY21e-FY23e. The Plant opex is majorly reflecting in P&L. With revenue growth of 12% CAGR, operating leverage benefits are expected to drive EBITDA margin expansion of ~540bps to 31.8% over FY20-23e.

Exhibit 46: Major capex cycle is nearing an end



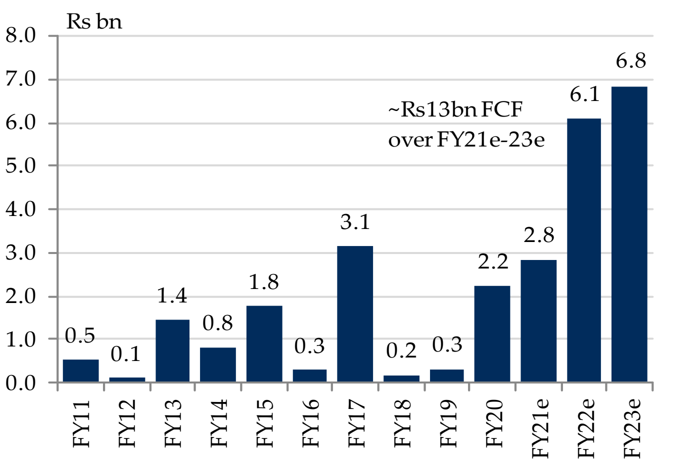
Source: Company, HSIE Research

Exhibit 47: Asset turns are expected to improve



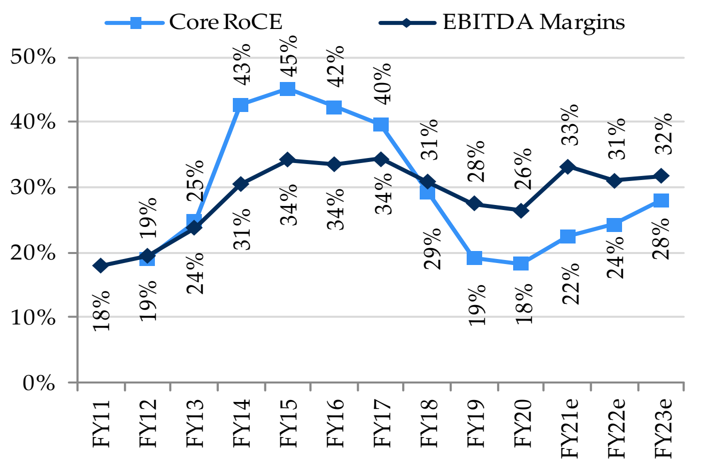
Source: Company, HSIE Research

Exhibit 48: Annual FCF to grow 3x, FCF generation of Rs13bn over FY21e-23e



Source: Company, HSIE Research

Exhibit 49: RoCE and EBITDA margin to improve significantly



Source: Company, HSIE Research

Valuation and risks

- We value Ajanta at Rs 2,150 based on target PER of 23x Mar'23e EPS, largely in line with its 5-year historical average. Given high exposure to branded generic markets (70%+ revenues), superior margin and return profile, Ajanta has traded at ~10% premium to sector average in the past five years. Post the conclusion of major capex cycle in FY21, we expect strong earnings growth of 20% CAGR over FY20-23e driven by healthy revenue growth and operating leverage benefits.
- The stock has underperformed the sector by ~10% in the past one year and trades at 21.9x/18.4x FY22/23e EPS which is ~10% discount to its one year forward 5-year historical average PER.

Exhibit 50: The stock is trading at ~10% discount to its five year average PER

Source: Bloomberg, HSIE Research, Consensus historical EPS

Risks

- Expansion of national list of essential medicines (NLEM) coverage, lower-than-forecasted growth in branded markets of India, Asia and Africa, currency risks, regulatory risk at plants, higher price erosion, delay in product approvals/launches in the US.

Exhibit 51: Peer-set Comparison

Domestic cos	M.Cap (Rs bn)	CMP (Rs./ Sh)	RECO	TP	EV/ EBITDA (X)			ROE			PER(X)			CAGR (FY20-23e)	
					21E	22E	23E	21E	22E	23E	21E	22E	23E	EPS	Sales
Ajanta	**150**	**1,721**	**BUY**	**2,150**	**15.7**	**14.3**	**11.9**	**20.9**	**21.2**	**21.5**	**25.5**	**21.9**	**18.4**	***20.2%***	***11.7%***
Alkem	363	3,035	BUY	3,560	17.6	16.6	13.7	23.9	20.8	20.7	22.4	21.8	18.7	*19.8%*	*10.9%*
Aurobindo	541	924	BUY	1,050	9.8	9.1	7.8	17.7	16.3	15.4	16.7	15.5	14.1	*10.5%*	*6.4%*
Cadila	471	461	ADD	495	15.9	14.2	12.4	17.6	17.5	17.9	24.2	21.6	18.7	*17.9%*	*8.6%*
Cipla*	652	808	BUY	1,015	13.4	12.1	10.2	14.7	14.7	15.0	24.0	21.1	18.0	*30.2%*	*11.4%*
Dr. Reddy's *	838	5,037	ADD	5,745	15.4	12.8	11.0	17.4	18.2	17.9	26.7	22.0	19.1	*16.6%*	*14.4%*
Lupin	489	1,079	BUY	1,280	19.8	14.3	11.3	9.3	13.4	15.6	40.7	25.6	19.4	*36.5%^*	*10.4%*
Sun	1,380	575	ADD	645	16.9	15.1	12.8	4.8	12.3	12.6	26.5	24.0	20.6	*18.7%*	*7.0%*
Torrent	455	2,690	ADD	2,875	19.1	17.4	15.0	25.6	26.4	29.2	35.2	31.1	25.5	*20.3%*	*8.7%*
Glenmark	140	495	NR	NA	7.8	7.4	6.7	14.1	13.3	13.5	15.1	13.9	12.0	*14.4%*	*8.2%*
Ipca Labs	259	2,045	NR	NA	16.3	15.9	13.9	26.7	21.8	20.5	22.6	22.4	19.5	*29.8%*	*14.8%*
JB Chemicals	77	993	NR	NA	14.9	13.7	11.9	21.8	20.6	20.4	22.7	20.9	17.7	*17.9%*	*12.3%*
Eris LS	83	613	NR	NA	19.7	17.8	16.0	24.6	24.0	24.9	24.1	21.9	19.3	*13.7%*	*12.5%*

Source: Bloomberg, HSIE Research, *DRRD ratios are ex-gRevlimid (NPV of Rs 384/sh), Cipla ratios are ex-gRevlimid (NPV of Rs 40/sh) and ex-gAdvair (NPV of Rs29/sh), ^PBT growth

About the company

- Ajanta Pharma, established in 1973, is a **specialty focused pharma company** engaged in development, manufacturing and marketing of finished dosages. Its **branded generics** business is spread across **India and more than 30 emerging countries** across Africa (14 major markets) and Asia (includes South East Asia - mainly Philippines, West Asia - mainly Iraq, and CIS). It also has presence in the **US generics (developed/ regulated market**) and **Institutional sales** in **Africa.**
- The **Indian** business is primarily focused on **4 therapies - cardiac, ophthal, derma and pain.** For Asia and Africa, the company offers a customised set of products covering therapies like anti-biotics, anti-malarial, anti-diabetes, cardiac, gynaec, ortho, pediatric, respiratory & general health. The company has been steadily building a material presence in the US generics market with select product portfolio. Its **Institutional business** primarily comprises of supply of a**nti-malarial products** under **WHO approved** programs in **Africa**.
- The company operates **8 state-of-the-art** manufacturing **facilities** in **India** and **Mauritius**. 2 of the facilities (**Paithan, Dahej**) in India have been successfully **approved by US FDA**. The company has also set up an **advanced Research & Development Centre** for **finished formulations** and **API synthesis** of different dosage forms **in Mumbai**.

Exhibit 52: Key Management Team

Name	Designation	Education	Summary
Mr. Mannalal Agrawal	Chairman	B.Com	Co-founder, associated since inception. He has contributed immensely to Ajanta's growth. Currently he takes keen interest in the social activities of the company.
Mr. Madhusudan Agrawal	Vice Chairman	B.Sc	Co-founder, associated since inception, Mr. Mannalal's younger brother, has an experience of over 30 years in the field of corporate affairs and business development. Currently contributes towards social causes and philanthropic activities of the company.
Mr. Yogesh Agrawal	Managing Director	Management graduate from Johnson & Wales University, USA	Elder son of Mannalal Agrawal. Joined in 1996 and it is under his leadership that Ajanta made a corporate turnaround and emerged as a leading branded generic player from India having strong footprint in its chosen markets. Currently, he spearheads Ajanta's foray in the regulated and emerging international markets.
Mr. Rajesh Agrawal	Joint Managing Director	Graduate from University of Buckingham, UK and MBA from Bentley College, USA	Younger son of Mannalal Agrawal. Joined in 1999, he has transformed Ajanta's domestic business to one of the best performing market. He has also replicated this success in the Philippines.
Mr. Arvind Agrawal	CFO	CA and Law graduate	A rank-holder in 1984 batch of CA, he joined Ajanta in 1998 after a short stint at IDBI. He has more than 35 years of experience and has contributed immensely to the successful IPO in 2000 and transformation of Ajanta by working in tandem with the current management.

Source: Company, HSIE Research

Financials

Consolidated Income Statement

Year to March (INR mn)	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Revenues	**17,494**	**20,016**	**21,309**	**20,554**	**25,879**	**28,398**	**32,146**	**36,079**
Growth (%)	19%	14%	6%	-4%	26%	10%	13%	12%
Raw material	4,138	4,146	4,064	3,835	6,557	6,724	8,036	9,020
Gross Profit	13,355	15,871	17,245	16,719	19,322	21,674	24,109	27,059
Gross Margins	76%	79%	81%	81%	75%	76%	75%	75%
Employee cost	2,566	2,954	3,765	4,307	4,856	5,429	6,108	6,667
Other expenses	4,918	6,048	6,896	6,748	7,632	6,827	8,036	8,923
Total expenses	7,485	9,002	10,661	11,055	12,488	12,256	14,144	15,590
Growth (%)	24%	20%	18%	4%	13%	-2%	15%	10%
EBITDA	**5,871**	**6,869**	**6,584**	**5,664**	**6,833**	**9,418**	**9,965**	**11,469**
Growth (%)	16%	17%	-4%	-14%	21%	38%	6%	15%
Margins (%)	34%	34%	31%	28%	26%	33%	31%	32%
Depreciation	444	612	596	721	957	1,120	1,212	1,289
Other income	212	239	242	211	922	264	348	507
Interest	49	14	4	12	119	61	44	35
PBT	**5,589**	**6,482**	**6,226**	**5,143**	**6,679**	**8,501**	**9,057**	**10,652**
Tax	1,433	1,413	1,539	1,273	1,963	2,641	2,264	2,556
Effective tax rate (%)	26%	22%	25%	25%	30%	31%	25%	24%
Recurring PAT	**4,156**	**5,068**	**4,686**	**3,870**	**4,705**	**5,860**	**6,793**	**8,095**
Extraordinary items	0	0	0	0	-39	0	0	0
MI/share in JV	0	0	0	0	0	0	0	0
Reported PAT	**4,156**	**5,068**	**4,686**	**3,870**	**4,677**	**5,860**	**6,793**	**8,095**

Source: Company, HSIE Research

Consolidated Balance Sheet

Year to March (INR mn)	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Equity capital	177	177	177	175	175	174	174	174
Reserves and surplus	11,732	15,500	20,237	22,277	25,813	28,823	33,917	39,989
Shareholders' funds	**11,909**	**15,677**	**20,414**	**22,452**	**25,989**	**28,997**	**34,091**	**40,163**
Minority Interest	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Debt	805	13	18	360	786	786	666	546
Total Liabilities	**12,281**	**16,011**	**21,025**	**23,185**	**27,125**	**30,141**	**35,240**	**41,315**
Net fixed assets	4,507	5,892	10,527	11,782	14,721	15,551	15,739	15,850
Capital work-in-progress	2,398	3,393	613	2,616	1,319	1,319	1,319	1,319
Total non-current assets	**7,466**	**10,016**	**12,270**	**15,164**	**16,770**	**17,600**	**17,788**	**17,899**
Investments	768	1,816	1,824	647	671	671	671	671
Inventories	2,046	2,110	3,506	4,357	4,957	6,613	6,605	7,413
Debtors	3,724	3,232	4,598	4,595	7,753	7,780	8,367	8,402
Cash & bank balance	434	700	931	1,005	2,053	2,237	6,803	11,974
Loans and Advances	36	82	97	117	90	90	90	90
Other current assets	407	522	1,261	1,077	893	1,587	1,352	1,217
Total current assets	**7,414**	**8,461**	**12,216**	**11,798**	**16,417**	**18,980**	**23,888**	**29,768**
Creditors	1,456	1,782	2,496	2,252	3,623	3,890	3,963	3,954
Provisions	37	38	73	77	92	96	99	101
Total current liabilities & provisions	2,599	2,467	3,461	3,776	6,062	6,439	6,436	6,351
Net current assets	**4,815**	**5,994**	**8,756**	**8,022**	**10,355**	**12,541**	**17,452**	**23,416**
Total net assets	**12,281**	**16,011**	**21,025**	**23,185**	**27,125**	**30,141**	**35,240**	**41,315**

Source: Company, HSIE Research

Consolidated Cash Flow

Year to March (INR mn)	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Net Profit Before Tax	**5,589**	**6,482**	**6,226**	**5,143**	**6,640**	**8,501**	**9,057**	**10,652**
Depreciation	444	612	596	721	957	1,120	1,212	1,289
Cash flow before WC	6,120	7,345	6,750	5,762	7,348	9,418	9,965	11,469
WC changes	-1,243	259	-2,543	-835	-1,232	-1,993	-221	-669
Taxes paid	-1,615	-1,511	-1,396	-1,182	-1,548	-2,641	-2,264	-2,556
Cash flow from operations	**3,262**	**6,093**	**2,811**	**3,745**	**4,568**	**4,785**	**7,480**	**8,243**
Capex	-2,975	-2,959	-2,626	-3,423	-2,339	-1,950	-1,400	-1,400
Cash flow from investing	**-2,091**	**-3,831**	**-2,561**	**-2,228**	**-2,244**	**-1,686**	**-1,052**	**-893**
Equity capital issues	0	0	0	0	0	0	0	0
Share premium on Issue	0	0	0	0	0	0	0	0
Borrowings (net)	-194	-717	5	342	97	0	0	0
Short term borrowing (net)	412	0	0	0	0	0	-120	-120
Interest paid	-49	-14	-4	-12	-72	-61	-44	-35
Dividends paid	-1,343	-1,287	-3	-795	-1,159	-1,465	-1,698	-2,024
Cash flow from financing	**-1,173**	**-2,018**	**-2**	**-1,475**	**-1,286**	**-2,913**	**-1,862**	**-2,179**
Net change in cash	**-3**	**244**	**248**	**43**	**1,037**	**185**	**4,565**	**5,171**
Effect of exchange rate	0	0	0	3	35	0	0	0
Beginning cash	417	414	658	906	952	2,023	2,208	6,774
Closing cash	**414**	**658**	**906**	**952**	**2,023**	**2,208**	**6,774**	**11,945**
Free cash flow	287	3,134	185	322	2,228	2,835	6,080	6,843

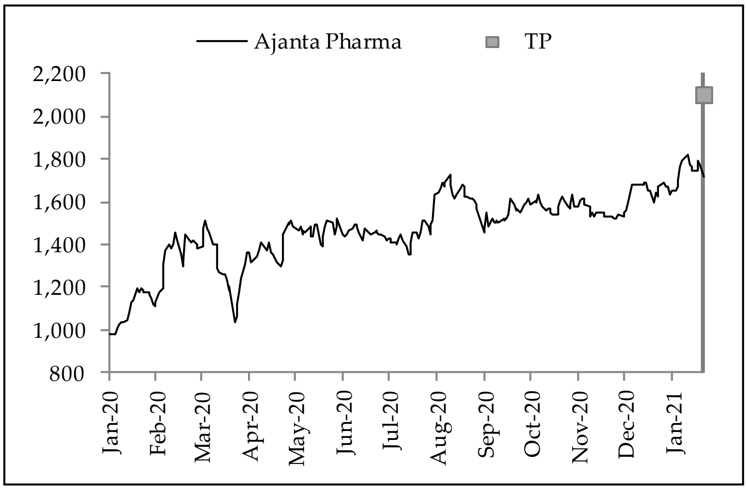
Source: Company, HSIE Research

Key Ratios

Year to March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
PROFITABILITY (%)								
GPM	*76.3*	*79.3*	*80.9*	*81.3*	*74.7*	*76.3*	*75.0*	*75.0*
EBITDA Margin	*33.6*	*34.3*	*30.9*	*27.6*	*26.4*	*33.2*	*31.0*	*31.8*
APAT Margin	*23.8*	*25.3*	*22.0*	*18.8*	*18.2*	*20.6*	*21.1*	*22.4*
RoAE	*40.9*	*36.7*	*26.0*	*18.1*	*19.4*	*21.3*	*21.5*	*21.8*
RoACE	*38.4*	*35.8*	*26.0*	*17.9*	*19.3*	*20.9*	*21.2*	*21.5*
Core RoCE	*42.3*	*39.6*	*29.2*	*19.2*	*18.3*	*22.5*	*24.2*	*28.0*
EFFICIENCY								
Tax Rate (%)	*25.6*	*21.8*	*24.7*	*24.8*	*29.6*	*31.1*	*25.0*	*24.0*
Fixed Asset Turnover (x)	*3.1*	*2.5*	*2.1*	*1.6*	*1.7*	*1.8*	*2.1*	*2.3*
Inventory (days)	43	38	60	77	70	85	75	75
Debtors (days)	78	59	79	82	109	100	95	85
Other Current Assets (days)	8	9	22	18	12	20	15	12
Payables (days)	30	32	43	40	51	50	45	40
Other Current Liab(days)	3	1	1	2	3	4	4	4
Cash Conversion Cycle (days)	90	65	96	119	128	135	125	120
Debt/EBITDA (x)	(0.1)	(0.4)	(0.4)	(0.2)	(0.3)	(0.2)	(0.7)	(1.1)
Net D/E (x)	(0.0)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.3)
Interest Coverage (x)	115	478	1,519	444	57	140	206	308
PER SHARE DATA (Rs)								
EPS	47.2	57.6	53.2	44.0	53.9	67.4	78.5	93.6
Dividend	15.3	14.6	-	9.0	13.3	16.9	19.6	23.4
Book Value	135	178	232	255	298	334	394	464
VALUATION								
P/E (x)	36.4	29.8	32.2	39.0	31.8	25.5	21.9	18.4
P/BV (x)	12.7	9.6	7.4	6.7	5.8	5.1	4.4	3.7
EV/EBITDA (x)	25.7	21.6	22.5	26.4	21.6	15.6	14.2	11.9
EV/Revenues (x)	8.6	7.4	7.0	7.3	5.7	5.2	4.4	3.8
OCF/EV (%)	*2.2*	*4.1*	*1.9*	*2.5*	*3.1*	*3.3*	*5.3*	*6.0*
FCF/EV (%)	*0.2*	*2.1*	*0.1*	*0.2*	*1.5*	*1.9*	*4.3*	*5.0*
FCFE/Mkt Cap (%)	*0.3*	*1.6*	*0.1*	*0.4*	*1.6*	*1.9*	*4.0*	*4.5*
Dividend Yield (%)	*0.0*	*0.0*	-	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*

Source: Company, HSIE Research

RECOMMENDATION HISTORY



Date	CMP	Reco.	Target
25-Jan-2021	1,721	BUY	2,150

Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

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