

# Aurobindo Pharma

Refer to important disclosures at the end of this report

## In-line results; maintain Buy

<b>CMP</b> Rs 968 as of (February 11, 2021)	<b>Target Price</b> Rs 1,050 (▲) 12 months
<b>Rating</b> BUY (■)	<b>Upside</b> 8.5 %

- We maintain Buy rating on Aurobindo and raise the TP to Rs1,050 from Rs1,000 after a good Q3 which saw healthy yoy growth across segments (except for API) and ~100bps expansion in EBITDA margins. We largely maintain our estimates.
- Q3 revenue and EBITDA came in line with our estimates. Overall EBITDAM stood at 21.5% (+100bps yoy; -60bps qoq) vs. our estimate of 21%. Adj. PAT of Rs8.4bn beat our estimate by 6%, thanks to higher-than-expected other income, offset in part by higher tax.
- Management reaffirmed its injectable business revenue target of US\$650-700mn in the next 3 years. As injectable revenue contribution increases, margins should also expand. In addition, management expects its API external sales to double in the next 4-5 years.
- The stock is trading at a one-year forward P/E of 15x, in line with historical average. We value the stock at 15x on our FY23E EPS, leading to a TP of Rs1,050. **Catalysts:** PLI scheme, resolution of regulatory issues, biosimilar and complex Gx filings, and vaccine approval.

**Q3 was broadly in line:** While revenue grew 8% YoY to Rs63.6bn, it fell marginally QoQ (-2%). On constant currency basis, US, Europe, RoW and ARV sales grew 3%, 1%, 10% and 36% YoY, respectively. Within the US business, both oral solids and injectables sales grew by mid-single digit QoQ. EBITDAM stood at 21.5% - up by ~100bps YoY but down ~60bps QoQ. Adj. PAT at Rs8.4bn grew 16% YoY. Reported PAT of Rs29.4bn included an exceptional gain (net of tax) of Rs21.1bn. Exceptional items include a gain of Rs30.1bn related to Natrol divestments and a gain of Rs1.5bn on account of the re-measurement of the equity interest in Eugia Pharma, offset in part by the provision for intangible impairment of Rs4.3bn and tax on exceptional item of Rs7bn.

**Medium-term growth to be driven by injectables and PLI scheme:** The company's global generic injectable sales have reached US\$283mn in 9MFY21. Management expects this to grow to US\$650-700mn per annum in the next three years. This will be driven by continued 12-14 product launches in the US and significant growth in the EU and RoW injectables as the company expects to launch >50 products after the commercialization of its Vizag plant. In addition, management sounded positive on the API business with an expectation to double its external sales in the next 4-5 years, including the impact of the PLI scheme. In addition to the PLI scheme capex of ~Rs30bn, the company will invest an additional Rs8bn for few high-volume APIs.

**B/S strengthens further; attractive valuations:** With cash inflow from Natrol divestment, the company has turned net cash positive (~US\$117mn). The stock is trading at a reasonable valuation of 15x 1-year forward P/E. We value the company at ~15x P/E on our FY23E EPS, suggesting an intrinsic value of Rs1,050/share. **Downside risks:** adverse regulatory outcome on plants, adverse currency movement, and higher-than-expected price erosion.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Pharmaceuticals \(Page 9\)](#)

### Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	195,636	230,983	250,571	265,964	293,803
EBITDA	39,520	48,640	53,821	54,382	62,545
EBITDA Margin (%)	20.2	21.1	21.5	20.4	21.3
APAT	24,528	28,555	32,553	36,046	41,020
EPS (Rs)	41.9	48.7	55.6	61.5	70.0
EPS (% chg)	(2.8)	16.4	14.0	10.7	13.8
ROE (%)	19.2	18.6	17.8	16.7	16.2
P/E (x)	23.1	19.9	17.4	15.7	13.8
EV/EBITDA (x)	15.6	12.1	9.9	9.6	8.1
P/BV (x)	4.1	3.4	2.9	2.4	2.1

Source: Company, Emkay Research

### Change in Estimates

EPS Chg FY21E/FY22E (%)	-/
Target Price change (%)	5.0
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	55.6	61.5
Consensus	57.0	60.4
Mean Consensus TP (12M)	Rs 1,054	

### Stock Details

Bloomberg Code	ARBP IN
Face Value (Rs)	1
Shares outstanding (mn)	586
52 Week H/L	1,024 / 281
M Cap (Rs bn/USD bn)	567 / 7.79
Daily Avg Volume (nos.)	3,779,972
Daily Avg Turnover (US\$ mn)	46.8

### Shareholding Pattern Dec '20

Promoters	51.9%
FIIIs	25.0%
DIIIs	12.6%
Public and Others	10.5%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	2	27	2	79
<b>Rel. to Nifty</b>	(3)	6	(24)	42

### Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

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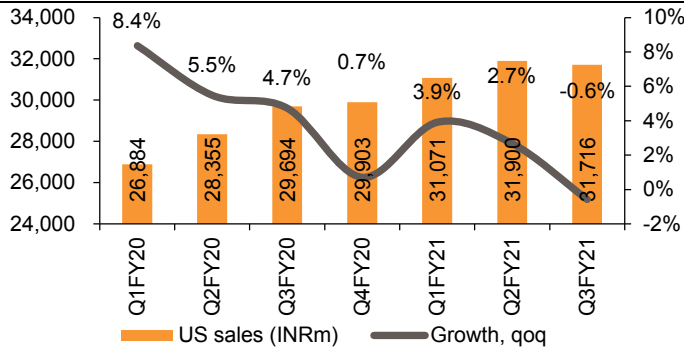
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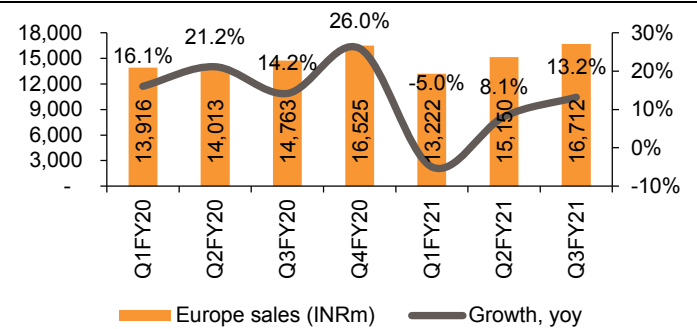
# Story in Charts

**Exhibit 1: US sales growth was flat sequentially**



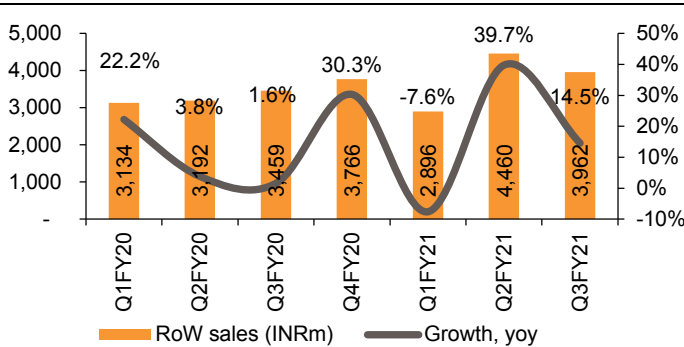
Source: Company

**Exhibit 2: EU sales were up 13% YoY**



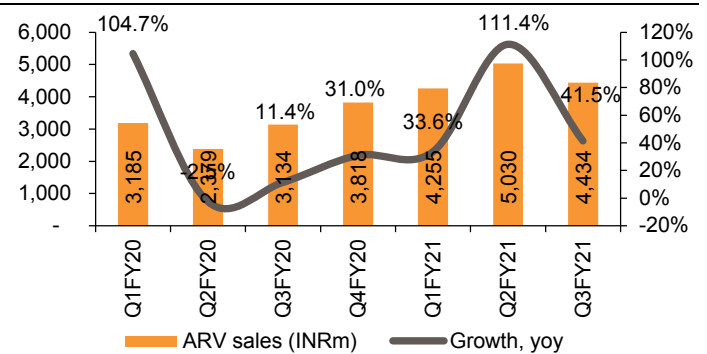
Source: Company

**Exhibit 3: RoW grows 15% yoy**



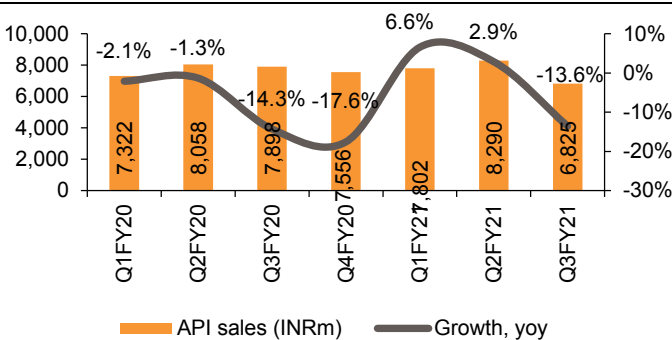
Source: Company

**Exhibit 4: ARV business grows ~40% YoY**



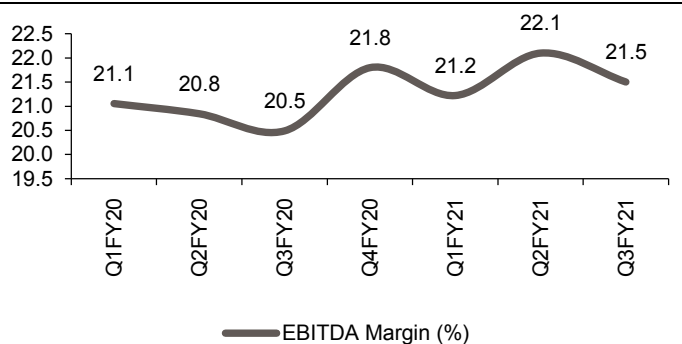
Source: Company

**Exhibit 5: API was the only business which saw a fall in revenues**



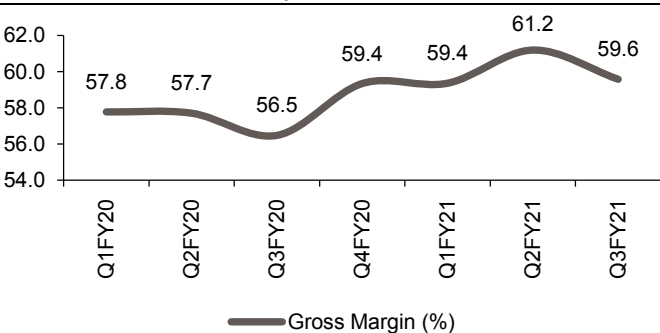
Source: Company

**Exhibit 6: EBITDA margins marginally fell sequentially**



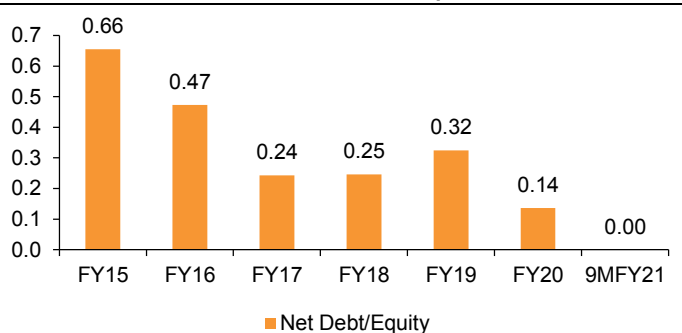
Source: Company

**Exhibit 7: GMs contract 160bps QoQ**



Source: Company

**Exhibit 8: Aurobindo has become net cash positive now**



Source: Company

## Exhibit 9: Quarterly snapshot

Particulars (Rs mn)	3QFY21A	3QFY20	YoY (%)	2QFY21	QoQ (%)	3QFY21E	Var (%)
<b>Total revenue</b>	<b>63,649</b>	<b>58,950</b>	<b>8</b>	<b>64,834</b>	<b>(2)</b>	<b>64,748</b>	<b>(2)</b>
COGS	25,723	25,650	0	25,157	2	25,613	0
% of revenues	40.4	43.5	-310	38.8	161	39.6	86
Personnel exp	8,807	7,978	10	9,119	(3)	9,227	(5)
% of revenues	13.8	13.5	30	14.1	-23	14.3	-41
Other & R&D	15,433	13,242	17	16,230	(5)	16,316	(5)
% of revenues	24.2	22.5	178	25.0	-79	25.2	-95
<b>EBITDA</b>	<b>13,686</b>	<b>12,080</b>	<b>13</b>	<b>14,328</b>	<b>(4)</b>	<b>13,592</b>	<b>1</b>
<b>EBITDAM (%)</b>	<b>21.5</b>	<b>20.5</b>	<b>101</b>	<b>22.1</b>	<b>-60</b>	<b>21.0</b>	<b>51</b>
Depreciation & Amortization	2,765	2,501	11	2,573	7	2,623	5
<b>EBIT</b>	<b>10,921</b>	<b>9,579</b>	<b>14</b>	<b>11,754</b>	<b>(7)</b>	<b>10,968</b>	<b>(0)</b>
<b>EBITM (%)</b>	<b>17.2</b>	<b>16.2</b>	<b>91</b>	<b>18.1</b>	<b>-97</b>	<b>16.9</b>	<b>22</b>
Other income	1,334	309	332	537	149	291	359
Interest cost	195	371	(47)	157	24	169	16
<b>PBT</b>	<b>12,060</b>	<b>9,517</b>	<b>27</b>	<b>12,134</b>	<b>(1)</b>	<b>11,091</b>	<b>9</b>
Tax	3,550	2,329	52	3,873	(8)	2,994	19
% Tax rate	29.4	24.5	497	31.9	-248	27.0	244
Minorities / Associates	(145)	(6)	2,310	(205)	(30)	(171)	(15)
<b>Adjusted Net profit</b>	<b>8,365</b>	<b>7,182</b>	<b>16</b>	<b>8,055</b>	<b>4</b>	<b>7,925</b>	<b>6</b>
Exceptional items	21,098	(129)	(165)	-	na	0	na
Reported Net profit	29,463	7,053	318	8,055	266	7,925	272

Source: Company, Emkay Research

## Exhibit 10: Segmental breakdown

Particulars (Rs mn)	3QFY21A	3QFY20	YoY (%)	2QFY21	QoQ (%)	3QFY21E	Var (%)
US formulations	31,716	29,694	7	31,900	(0.6)	32,012	(1)
ARV	4,434	3,134	41	5,030	(11.8)	5,032	(12)
Europe	16,712	14,763	13	15,150	10.3	15,649	7
RoW	3,962	3,459	15	4,460	(11.2)	3,874	2
API	6,825	7,898	(14)	8,290	(17.7)	8,181	(17)
Other	0	0	na	4	(92.1)	0	na
<b>Total revenue</b>	<b>63,649</b>	<b>58,950</b>	<b>8</b>	<b>64,834</b>	<b>(2)</b>	<b>64,748</b>	<b>(2)</b>

Source: Company, Emkay Research

## Exhibit 11: Actual vs. Estimates (Q3FY21)

(Rs mn)	Actual	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Revenues	63,649	64,748	64,346	-1.7%	-1.1%	Revenue and EBITDA in line
EBITDA	13,686	13,592	13,832	0.7%	-1.1%	
EBITDA margin	22%	21%	21.5%	51bps	1bps	
Adj. PAT	8,365	7,925	8,203	5.5%	2.0%	Higher other income drove PAT beat

Source: Emkay Research, Bloomberg

## Changes in estimates

Exhibit 12: Revision in earnings estimates

Y/E, Mar (Rs mn)	FY21E			FY22E			FY22E		
	Earlier	Revised	% Change	Earlier	Revised	% Change	Earlier	Revised	% Change
Revenues	249,072	250,571	1%	261,805	265,964	2%	289,246	293,803	2%
EBITDA	53,621	53,821	0%	53,735	54,382	1%	60,722	62,545	3%
EBITDAM (%)	21.5%	21.5%	-5bps	20.5%	20.4%	-8bps	21.0%	21.3%	29bps
APAT	32,520	32,553	0%	35,618	36,046	1%	40,533	41,020	1%
EPS (Rs)	55.5	55.6	0%	60.8	61.5	1%	69.2	70.0	1%

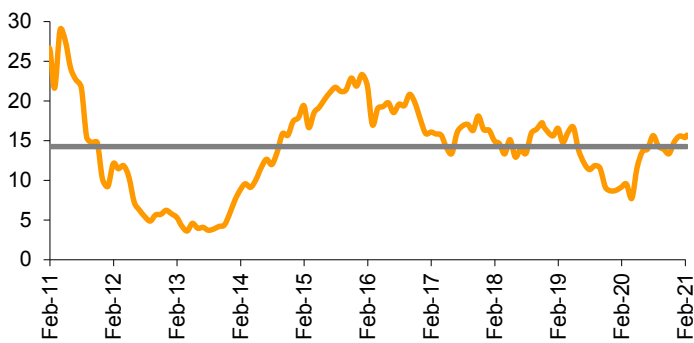
Source: Emkay Research

Exhibit 13: Emkay vs. Consensus

Y/E, Mar (Rs mn)	FY21E			FY22E			FY22E		
	Emkay	Consensus	% Variation	Emkay	Consensus	% Variation	Emkay	Consensus	% Variation
Revenues	250,571	252,949	-1%	265,964	267,645	-1%	293,803	287,560	2%
EBITDA	53,821	54,202	-1%	54,382	57,752	-6%	62,545	62,924	-1%
EBITDAM (%)	21.5%	21.4%	5bps	20.4%	21.6%	-113bps	21.3%	21.9%	-59bps
APAT	32,553	33,460	-3%	36,046	35,670	1%	41,020	39,195	5%
EPS (Rs)	55.6	57.1	-3%	61.5	60.9	1%	70.0	66.9	5%

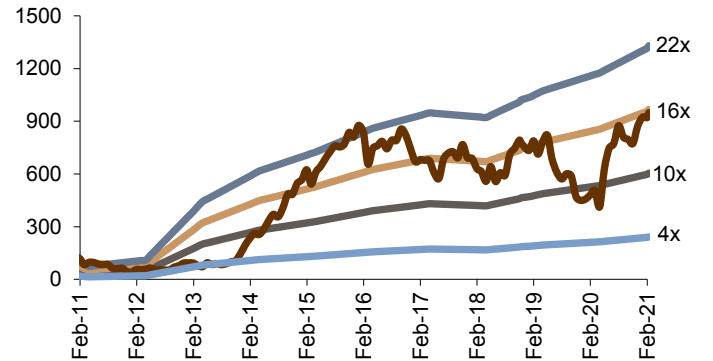
Source: Emkay Research

Exhibit 14: 1-year forward PE



Source: Emkay Research

Exhibit 15: 1-year forward PE Band



Source: Emkay Research

## Con-call Highlights

- Rupee depreciation, healthy Europe business and improving business mix drove gross margin expansion YoY.
- It plans to increase its overall generic injectable business to US\$600-650mn from US\$380mn currently, driven by the new plant in the US, Vizag, Europe and EM. Growth in the injectable business will be margin-accretive.
- Cash profit for the quarter stood at \$68mn. Capex stood at US\$76mn.
- On Penicillin-G API PLI, Aurobindo has good knowledge about the product and its manufacturing process. About 40-45% of the production will be consumed internally and the rest will be sold to external customers.
- The Rs30bn capex for the API PLI scheme will be spread out over the next three years. However, the company has yet to decide if it will go ahead with all the three awarded products or two products.
- Management aims to be competitive in the products covered in the PLI scheme even without incentives. Asset turnover in the bulk drugs would be in the range of ~1.5-2x.
- Bulk of the capacity addition in the past few years was done in formulations. Going forward, management plans to add capacity in its API business. Management has guided for the commercialization of Vizag plant will take 15 months.
- Aurobindo plans to invest additional Rs8bn in its API business to focus on a few high-volume products. This capex is a part of its guidance capex of US\$200mn per annum. It will also include investment for injectable capacity creation for Europe and RoW markets.
- The company has 20 injectable products approved for Europe but not able to launch due to capacity constraints. Once the Vizag plant commercializes, the company will launch ~50 injectable products in Europe and RoW.
- China is an important geography for Aurobindo. The company has filed 28 products there and should receive approvals for 8-10 products in the coming year. It is also in the process of setting up a plant and plans to leverage its injectable portfolio.
- Aurobindo's bacterial vaccine facility is ready; however, revenue generation will take time. The company is developing Pneumococcal vaccine and is awaiting clearance for Phase-3. It will first launch the product in India and eventually export to GAVI countries.
- Its viral facility will be utilized for manufacturing Covid-19 vaccines in FY22. The company is open to both government and private orders.
- Aurobindo is garnering better market share in the ARV tenders and has exceeded its internal estimates.
- Although Aurobindo is not looking at large-ticket acquisitions in the foreseeable future, it is interested in M&A opportunities in newer geographies and newer platforms.
- It might opt for the new tax regime in the coming year.

**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Net Sales</b>	<b>195,636</b>	<b>230,983</b>	<b>250,571</b>	<b>265,964</b>	<b>293,803</b>
<b>Expenditure</b>	<b>156,116</b>	<b>182,342</b>	<b>196,750</b>	<b>211,581</b>	<b>231,259</b>
<b>EBITDA</b>	<b>39,520</b>	<b>48,640</b>	<b>53,821</b>	<b>54,382</b>	<b>62,545</b>
Depreciation	6,680	9,667	10,375	7,670	9,458
<b>EBIT</b>	<b>32,840</b>	<b>38,973</b>	<b>43,446</b>	<b>46,713</b>	<b>53,087</b>
Other Income	554	465	3,979	1,642	1,814
Interest expenses	1,627	1,598	705	358	280
<b>PBT</b>	<b>31,767</b>	<b>37,841</b>	<b>46,720</b>	<b>47,997</b>	<b>54,621</b>
Tax	7,269	9,136	13,467	11,999	13,655
Extraordinary Items	(881)	(261)	0	0	0
Minority Int./Income from Assoc.	29	(150)	(701)	48	55
<b>Reported Net Income</b>	<b>23,647</b>	<b>28,294</b>	<b>32,553</b>	<b>36,046</b>	<b>41,020</b>
<b>Adjusted PAT</b>	<b>24,528</b>	<b>28,555</b>	<b>32,553</b>	<b>36,046</b>	<b>41,020</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	586	586	586	586	586
Reserves & surplus	138,322	167,518	197,607	232,236	271,846
<b>Net worth</b>	<b>138,908</b>	<b>168,104</b>	<b>198,193</b>	<b>232,822</b>	<b>272,432</b>
<b>Minority Interest</b>	<b>16</b>	<b>1</b>	<b>702</b>	<b>654</b>	<b>599</b>
<b>Loan Funds</b>	<b>70,923</b>	<b>61,514</b>	<b>31,158</b>	<b>25,969</b>	<b>20,942</b>
Other Liabilities	3,392	7,291	7,291	7,291	7,291
<b>Total Liabilities</b>	<b>209,847</b>	<b>229,619</b>	<b>230,053</b>	<b>259,445</b>	<b>293,974</b>
<b>Net block</b>	<b>101,433</b>	<b>113,824</b>	<b>78,574</b>	<b>97,904</b>	<b>115,447</b>
<b>Investment</b>	<b>9,466</b>	<b>11,314</b>	<b>11,314</b>	<b>11,314</b>	<b>11,314</b>
<b>Current Assets</b>	<b>153,645</b>	<b>164,125</b>	<b>205,092</b>	<b>220,048</b>	<b>245,841</b>
Cash & bank balance	19,572	28,422	54,750	60,470	69,559
Other Current Assets	27,480	15,553	20,046	21,277	23,504
<b>Current liabilities &amp; Provision</b>	<b>54,697</b>	<b>59,644</b>	<b>64,928</b>	<b>69,822</b>	<b>78,628</b>
<b>Net current assets</b>	<b>98,948</b>	<b>104,481</b>	<b>140,165</b>	<b>150,226</b>	<b>167,213</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>209,847</b>	<b>229,619</b>	<b>230,053</b>	<b>259,445</b>	<b>293,974</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>PBT (Ex-Other income)</b>	<b>31,213</b>	<b>37,376</b>	<b>42,741</b>	<b>46,355</b>	<b>52,807</b>
Depreciation & Amortisation	6,680	9,667	10,375	7,670	9,458
Chg in working cap	(15,103)	2,769	(9,356)	(4,341)	(7,898)
<b>Operating Cashflow</b>	<b>16,220</b>	<b>43,813</b>	<b>30,298</b>	<b>38,090</b>	<b>41,046</b>
Capital expenditure	(15,369)	(14,121)	(15,000)	(27,000)	(27,000)
<b>Free Cash Flow</b>	<b>851</b>	<b>29,692</b>	<b>15,298</b>	<b>11,090</b>	<b>14,046</b>
Investments	0	0	0	0	0
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>(28,568)</b>	<b>(14,017)</b>	<b>24,875</b>	<b>(27,000)</b>	<b>(27,000)</b>
Equity Capital Raised	1	2	0	0	0
Loans Taken / (Repaid)	22,304	(15,299)	(30,356)	(5,189)	(5,026)
Dividend paid (incl tax)	(1,599)	(1,884)	(1,763)	(1,465)	(1,465)
Other Financing Cash Flow	630	(2,499)	3,979	1,642	1,814
<b>Financing Cashflow</b>	<b>19,820</b>	<b>(20,946)</b>	<b>(28,844)</b>	<b>(5,370)</b>	<b>(4,957)</b>
<b>Net chg in cash</b>	<b>7,473</b>	<b>8,849</b>	<b>26,328</b>	<b>5,720</b>	<b>9,089</b>
Opening cash position	12,099	19,572	28,421	54,749	60,469
<b>Closing cash position</b>	<b>19,572</b>	<b>28,422</b>	<b>54,750</b>	<b>60,470</b>	<b>69,559</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EBITDA Margin	20.2	21.1	21.5	20.4	21.3
EBIT Margin	16.8	16.9	17.3	17.6	18.1
Effective Tax Rate	22.9	24.1	28.8	25.0	25.0
Net Margin	12.5	12.4	13.3	13.5	13.9
ROCE	17.8	18.2	19.5	19.7	19.7
ROE	19.2	18.6	17.8	16.7	16.2
RoIC	21.9	21.0	24.6	26.6	26.5

<b>Per Share Data (Rs)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EPS	41.9	48.7	55.6	61.5	70.0
CEPS	53.3	65.2	73.3	74.6	86.1
BVPS	237.1	286.9	338.2	397.3	466.0
DPS	2.7	3.4	3.8	4.1	4.3

<b>Valuations (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
PER	23.1	19.9	17.4	15.7	13.8
P/CEPS	17.6	14.3	12.8	12.5	10.9
P/BV	4.1	3.4	2.9	2.4	2.1
EV / Sales	3.1	2.5	2.1	2.0	1.7
EV / EBITDA	15.6	12.1	9.9	9.6	8.1
Dividend Yield (%)	0.3	0.4	0.4	0.4	0.4

<b>Gearing Ratio (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Net Debt/ Equity	0.3	0.1	(0.2)	(0.2)	(0.2)
Net Debt/EBIDTA	1.2	0.4	(0.6)	(0.8)	(1.0)
Working Cap Cycle (days)	148.1	120.2	124.4	123.2	121.3

<b>Growth (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Revenue	18.6	18.1	8.5	6.1	10.5
EBITDA	3.9	23.1	10.7	1.0	15.0
EBIT	1.1	18.7	11.5	7.5	13.6
PAT	(2.4)	19.6	15.1	10.7	13.8

<b>Quarterly (Rs mn)</b>	<b>Q2FY20</b>	<b>Q3FY20</b>	<b>Q4FY20</b>	<b>Q1FY21</b>	<b>Q2FY21</b>
Revenue	56,005	58,950	61,584	59,248	64,834
EBITDA	11,675	12,080	13,424	12,574	14,328
<b>EBITDA Margin (%)</b>	<b>20.8</b>	<b>20.5</b>	<b>21.8</b>	<b>21.2</b>	<b>22.1</b>
PAT	6,395	7,053	8,490	7,807	8,055
<b>EPS (Rs)</b>	<b>10.9</b>	<b>12.1</b>	<b>14.5</b>	<b>13.3</b>	<b>13.7</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Dec-19</b>	<b>Mar-20</b>	<b>Jun-20</b>	<b>Sep-20</b>	<b>Dec-20</b>
Promoters	51.9	52.0	52.0	52.0	51.9
FII's	21.4	22.3	22.6	23.0	25.0
DII's	13.2	12.6	12.6	13.7	12.6
Public and Others	13.5	13.2	12.8	11.3	10.5

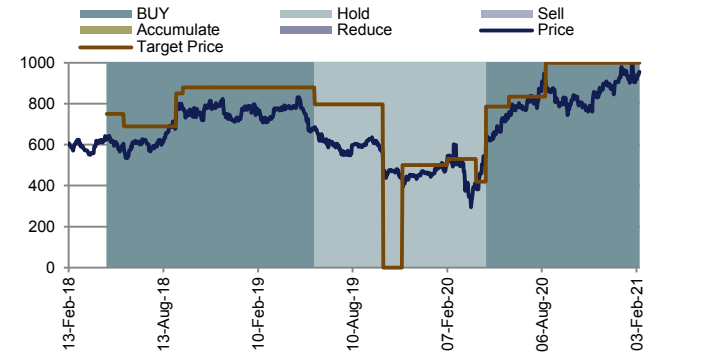
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
12-Jan-21	958	1,000	12m	Buy	Kunal Dhamesha
16-Dec-20	876	1,000	12m	Buy	Kunal Dhamesha
12-Nov-20	839	1,000	12m	Buy	Praful Bohra
13-Aug-20	881	1,000	12m	Buy	Praful Bohra
04-Jun-20	759	835	12m	Buy	Praful Bohra
21-Apr-20	644	786	12m	Buy	Praful Bohra
08-Apr-20	438	420	12m	Hold	Praful Bohra
02-Apr-20	392	420	12m	Hold	Praful Bohra
20-Feb-20	600	530	12m	Hold	Praful Bohra
19-Feb-20	602	530	12m	Hold	Praful Bohra
07-Feb-20	547	530	12m	Hold	Praful Bohra
30-Jan-20	480	500	12m	Hold	Praful Bohra
16-Dec-19	455	500	12m	Hold	Praful Bohra
14-Nov-19	396	500	12m	Hold	Praful Bohra
14-Nov-19	396	500	12m	Hold	Praful Bohra
13-Nov-19	434	500	12m	Hold	Praful Bohra
07-Oct-19	460	-	12m	Hold	Praful Bohra
19-Aug-19	604	798	12m	Hold	Praful Bohra
09-Aug-19	599	798	12m	Hold	Praful Bohra
29-May-19	687	798	12m	Hold	Praful Bohra
12-Nov-18	796	880	12m	Buy	Jatin Kotian
19-Sep-18	776	880	12m	Buy	Jatin Kotian
06-Sep-18	759	850	12m	Buy	Jatin Kotian
03-Sep-18	700	690	12m	Buy	Jatin Kotian
13-Aug-18	619	690	12m	Buy	Jatin Kotian
11-Jul-18	609	690	12m	Buy	Jatin Kotian
10-Jul-18	617	690	12m	Buy	Jatin Kotian
29-Jun-18	607	690	12m	Buy	Jatin Kotian
29-May-18	579	690	12m	Buy	Jatin Kotian
10-May-18	594	750	12m	Buy	Jatin Kotian
26-Apr-18	629	750	12m	Buy	Jatin Kotian
12-Feb-18	607	750	12m	Buy	Jatin Kotian

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research



## Emkay Alpha Portfolio – Pharmaceuticals

**Analyst: Dr. Kunal Dhamesha**

### Contact Details

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+91-22-6612 1254

### Sector

Pharmaceuticals

### Analyst bio

Dr. Kunal Dhamesha holds an MBA from IIM Lucknow and completed his MBBS from B.J. Medical College. As an equity analyst he has tracked multiple healthcare verticals for 8+ years. His team currently covers 7 stocks.

### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
<b>Pharmaceuticals</b>	<b>2.96</b>	<b>2.96</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>
Aurobindo Pharma	0.32	0.29	-10%	-3	9.87
Cadila Healthcare	0.14	0.57	301%	43	19.34
Cipla	0.52	0.60	14%	7	20.17
Dr. Reddy's Lab	0.70	0.61	-13%	-9	20.49
Ipca Lab	0.16	0.15	-9%	-1	4.95
Lupin	0.31	0.30	-2%	0	10.18
Sun Pharma	0.81	0.44	-45%	-36	15.00
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.00</b>

Source: Emkay Research

\* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

### Sector portfolio NAV

	Base					Latest
	1-Apr-19	12-Feb-20	12-Aug-20	11-Nov-20	11-Jan-21	10-Feb-21
EAP - Pharmaceuticals	100.0	98.0	149.8	152.8	175.3	169.0
BSE200 Neutral Weighted Portfolio (ETF)	100.0	95.2	137.7	137.4	158.7	157.3

\*Performance measurement base date 1<sup>st</sup> April 2019

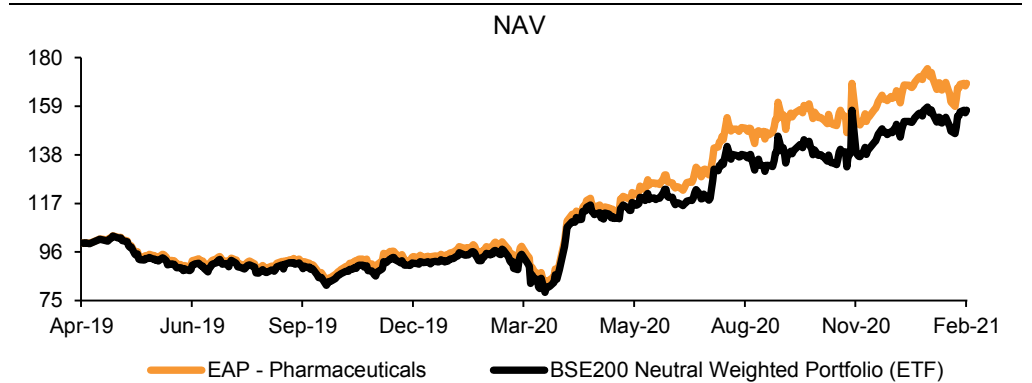
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Pharmaceuticals	-3.6%	10.6%	12.8%	72.4%
BSE200 Neutral Weighted Portfolio (ETF)	-0.9%	14.4%	14.2%	65.2%

Source: Emkay Research

### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 11 Feb 2021 20:08:19 (SGT)

Dissemination Date: 11 Feb 2021 20:09:19 (SGT)

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