ANUSH SHARES & SECURITIES

Apollo Hospitals Ltd

Results Preview

India Equity Research
16th April 2013

Recommendation: HOLD
Target Price: ₹910

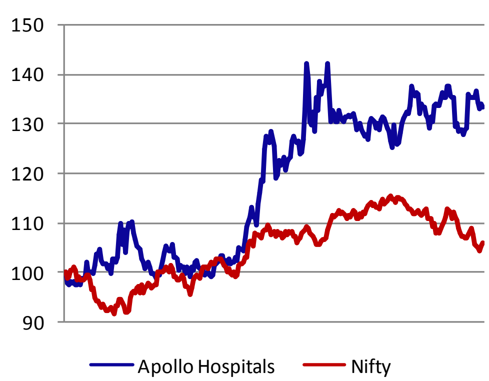
Recommendation	
CMP	818
Target Price	910
Upside / Downside %	11%

Stock Details	
Mkt. Cap. (₹millions)	113,716
EV (₹millions)	122,813
52 week H/L	₹902-₹550
Equity Capital (₹millions)	25,068
Face value (INR)	5

Shareholding Information	
Promoters	34%
FIIs	38%
FIs & MFs	2%
Others	25%

Valuation Summary	FY12	FY13E	FY14E	FY15E
EV/ EBITDA	23.9	18.9	15.3	11.6
P/BV	4.4	3.9	3.4	3.0
P/E Ratio	50.2	35.3	29.7	21.5
ROCE (%)	12.4%	13.7%	14.3%	16.7%
RONW (%)	8.7%	11.0%	11.6%	13.8%

Key financials	FY12	FY13E	FY14E	FY15E
Sales (₹in Mn)	31,475	37,426	47,009	61,446
EBITDA(₹in Mn)	5,131	6,487	8,002	10,625
PAT(₹in Mn)	2,193	3,220	3,836	5,293
EPS	16.3	23.1	27.6	38.0
D/E	0.3	0.3	0.4	0.4



Growth momentum clearly visible with PAT growth at 17.3%

We estimate AHEL to deliver a 15.6% Y-o-Y revenue growth in Q4FY13 to ₹8.6 bn driven by its healthcare services segment (8% Y-o-Y) and pharmacy retailing segment (32% Y-o-Y).

EBITDA is likely to grow by 14.8% to ₹1.45 bn and EBITDA margin is likely to come down marginally by 12 bps (Y-o-Y) to 16.9%. We believe the likely improvement in occupancy levels in healthcare services will be largely compensated by the decline in ARPOB (Average Revenue per Operating Bed). This is because of the addition of new beds (Estimated 325) coming on-stream in this quarter.

In our view, PAT for the quarter will grow by 17.3% to ₹695.9 mn and Q43FY13 EPS is expected at ₹5.0 v/s ₹4.4 during Q4FY12.

Key developments in Q4FY13:

- Apollo Hospitals Ltd has acquired a long-term lease (58 years) for the Lifeline hospital facility at Old Mahabalipuram Road (OMR) in South Chennai. Apollo intends to invest ₹500-₹600m to refurbish the hospital & set up a 150-160 bed multi-specialty tertiary care facility. This strengthens its presence in Chennai, given that it did not have any presence in this part of the city. The hospital should be commissioned in 6 months & it expects EBIDTA breakeven in the first year.

- Apollo is to set up a Proton Cancer therapy (limited damage to healthy tissues & side effects vis-à-vis standard radiation) centre in South Chennai & target cancer patients from all parts of India & overseas as well. The investment outlay is high at ₹4.2bn (₹2.5bn upfront for the equipment & ₹1.7bn over 13 years towards AMC & research support). This allows Apollo hospitals to position itself as a leading player in this fast growing segment in India.

Key events to look for in Q1FY14:

- Apollo hospitals is trying to improve case mix and has taken a 6% tariff hike across all services from 1st April 2013, which has been easily absorbed.
- It intends to add 170 beds at the main hospital through decongestion, by moving Woman & Child Health and outpatient care outside and setting up a multi-level car park.
- The New hospitals in Tier II towns are expected to see gradual ramp up from Q1FY14, as per management guidance.

Anush Estimates (in ₹ Millons)

Particulars	Q4 2012A	Q4 2013E	Y-o-Y(%)	Q3 2013A	Q-o-Q(%)
Net sales	7,445.60	8,610.71	*15.6*	8,557.90	*0.6*
EBITDA	1,264.90	1,452.73	*14.8*	1,544.30	*(5.9)*
EBITDA Margin	*17.0%*	*16.9%*	*-12bps*	*18.0%*	*-117bps*
PAT	593.20	695.89	*17.3*	806.30	*(13.7)*
EPS	4.41	5.00		5.80	

Source: Company, Anush Research

ANUSH SHARES & SECURITIES

Aurobindo Pharmaceuticals Ltd

India Equity Research

16th April 2013

Results Preview

RECOMMENDATION: ADD
TARGET PRICE: ₹239

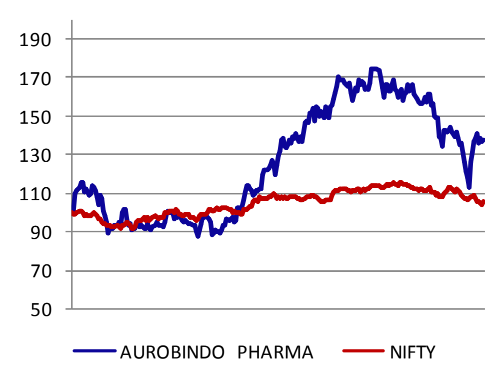
Recommendation	
CMP	176
Target Price	239
Upside / Downside %	36%

Stock Details	
Mkt. Cap. (₹millions)	51,297
EV (₹ millions)	62,410
52 week H/L	₹205-₹100
Equity Capital (₹ millions)	23,397
Face value (₹)	1

Shareholding Information	
Promoters	55%
FIIs	15%
FIs & MFs	16%
Others	15%

Valuation Summary	FY12	FY13E	FY14E	FY15E
EV/ EBITDA	10.2	7.5	6.2	5.1
P/BV	2.2	2.0	1.7	1.4
P/E Ratio	50.6	17.5	11.4	7.4
ROCE	8.0%	10.9%	13.1%	15.5%
RONW	4.3%	11.4%	15.3%	19.5%

Key financials	FY12	FY13E	FY14E	FY15E
Sales (₹in Mn)	45506	56699	66706	77121
EBITDA (₹in Mn)	6101	8353	10068	12283
PAT (₹in Mn)	1013	2931	4505	6966
EPS	3.5	10.1	15.5	23.9
D/E	1.3	1.2	1.0	0.8



Ramp up of Existing units to stabilize margins

We believe net sales for Q4FY13 will grow by 23.0% (Y-o-Y) to ₹14.4 bn driven by 25% growth in formulations and 20% growth in API's respectively. Unit IV (Injectable Non-Cephalosporins and Non-Semi synthetic Penicillins) and Unit VI (Cephalosporins facility) which had been granted USFDA approvals during this quarter is expected to ramp up. We have built revenues for the same. Unit VII and Unit XII are still 50% of capacity and we expect ramp up only from Q1FY14 onwards. EBITDA is expected to grow by 32.6% to ₹1.86 bn on the back of new units coming on stream from the export ban enabling better capacity utilization. Moreover these units cater to the formulations segment which will enable expansion in margins. We expect EBITDA margins to expand by 94 bps to 12.9% and stabilize at these even in the forthcoming quarters. APAT is expected to de-grow by 1.1% to ₹1.07 bn, the de-growth in APAT is mainly on account of the ₹1.03 bn of forex gain incurred on restated forex borrowings during Q4FY12.

Key developments in Q4FY13

- During the quarter, Aurobindo Pharma has received Establishment Inspection Report (EIR) for its Unit VI manufacturing cephalosporin oral and sterile products. The unit was under Import Alert from February'11 and was re-inspected by US FDA in September'12. The current potential from this unit is $25-30mn annually. The company will commence exports from this unit from April'13.
- Aurobindo Pharma has received approval from the USFDA to manufacture and market Felodipine extended release tablets which is the generic equivalent of Astra Zeneca's Plendil indicated for the treatment of Hypertension. The annual sale of the product is approximately US$ 64 million for the twelve months ending March 2012 according to IMS.

Key events to look for in Q1FY14

- With Unit VI receiving approval, Aurobindo's long pending regulatory issues with the USFDA seems to have come to an end. USFDA clearance of its unit III in 1QFY2013 and Unit IV and Unit 12 in December 2012 indicates an end to the overhang on the company. The company received approval for 7 ANDAs during Q4FY2013 with Felodipine ER, Levofloxacin, Pioglitazone, Valsartan being the major ones. The combined market size for these 7 products at the innovator level is ~US$5bn. All these products are likely to ramp up from Q1FY2014E onwards.
- The debt payment due over next 6-9 months is ~$45-46 mn in FCNR and company expects the overall Debt to Equity ratio to decline to 0.75x from current 1.15x by Sep 2013.

Anush Estimates (in ₹ Millons)

Particulars	Q4 2012A	Q4 2013E	Y-o-Y(%)	Q3 2013A	Q-o-Q(%)
Net sales	11,707.50	14,394.42	*23.0*	15,519.50	*(7.2)*
EBITDA	1,404.00	1,861.21	*32.6*	2,591.00	*(28.2)*
EBITDA Margin	*12.0%*	*12.9%*	*94bps*	*16.7%*	*-377bps*
APAT	1,089.24	1,077.76	*(1.1)*	918.19	*17.4*
EPS	3.74	3.70		3.15	

Source: Company, Anush Research

Biocon Ltd

India Equity Research

16th April 2013

Results Preview

RECOMMENDATION: HOLD
TARGET PRICE: ₹324

ANUSH SHARES & SECURITIES

Recommendation	
CMP	287
Target Price	324
Upside / Downside %	13

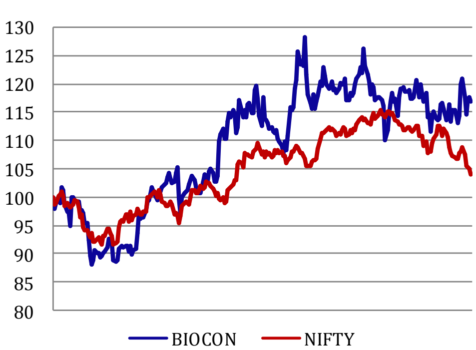
Stock Details	
Mkt. Cap. (₹millions)	57,400
EV (₹millions)	61,495
52 week H/L ₹	322/208
Equity Capital (₹millions)	22,724
Face value (INR)	5

Shareholding Information	
Promoters	61%
FIIs	5%
FIs & MFs	10%
Others	23%

Valuation Summary	FY11	FY12	FY13E	FY14E
EV/ EBITDA	10.7	10.6	9.6	8.1
P/BV	2.8	2.5	2.2	1.9
P/E Ratio	15.6	17.0	16.2	13.3
ROCE (%)	17.2	13.9	15.2	15.5
RONW (%)	18.1	14.9	13.5	14.1

Key financials	FY11	FY12	FY13E	FY14E
Sales (₹in Mn)	18021	20865	24553	29458
EBITDA (₹in Mn)	5741	5792	6406	7581
PAT (₹in Mn)	3675	3384	3538	4314
EPS	18	17	18	22
D/E	0.2	0.3	0.2	0.2

One Year Relative Price Movement



Period of Stabilization, Revenue to grow at 6.8%

We expect Biocon's 4QFY13E revenue to grow by a modest 6.8% Y-o-Y to ₹6.52 bn on a high base of Q4FY12. Growth will be driven by (a) 4.4% growth (Y-o-Y) in biopharma revenue and (2) 17% growth in contract research revenue. Licensing income is likely to decline to ₹417 mn (4QFY12: ₹463mn). The key growth drivers in FY14E would be the company's insulin initiative in emerging markets and ramp up in contract research business. EBITDA is expected to grow by 8.4% to ₹1.69 bn with margins expected to improve by 37bps to 25.9% on account of incremental contribution from immunosuppressants API supplies. We expect adjusted PAT to decline 4.2% Y-o-Y to ₹937 mn due to base effect and higher tax impact. Option values for future include separate listing of CR business and a potential out-licensing of the oral insulin NCE by BMS.

Key developments in Q4FY13:

- Biocon has entered into a definitive agreement with Mylan for an exclusive strategic collaboration for the global development and commercialization of generic versions of its three insulin analog products. Under the terms of this collaboration, Mylan will have the rights to develop and market Biocon's Glargine, Lispro and Aspart. Mylan and Biocon will share development, capital and certain other costs to bring the products to market. The reported worldwide net sales of the three products for 2012 were approximately $11.5 billion.
- During the quarter Biocon has received Marketing Authorization from the Drugs Controller General of India (DCGI) for its Novel Biologic Itolizumab, anti CD6 molecule, for the treatment of chronic plaque Psoriasis. The global Psoriasis market size is estimated to cross $8 bn by 2016.

Key events to look for in Q1FY14:

- Updates on initiatives to out-license Anti-CD6.
- Progress on product registration for Rh-Insulin in Europe.
- Timeline for commencement of Atorvastatin bulk supplies to US.

Anush Estimates (in ₹ Millons)

Particulars	Q4 2012A	Q4 2013E	Y-o-Y(%)	Q3 2013A	Q-o-Q(%)
Net sales	6,102.00	6,519.52	*6.8*	6,342.00	*2.8*
EBITDA	1,559.00	1,689.56	*8.4*	1,670.00	*1.2*
EBITDA Margin	*25.5%*	*25.9%*	*37bps*	*26.3%*	*-42bps*
PAT	978.00	937.08	*(4.2)*	917.00	*2.2*
EPS	4.90	4.69		4.70	

Source: Company, Anush Research

ANUSH SHARES & SECURITIES

Divi's Laboratories Ltd

India Equity Research

16th April 2013

Results Preview

RECOMMENDATION: ADD
TARGET PRICE: ₹1273

Recommendation	
CMP	1,023
Target Price	1,273
Upside / Downside	24%

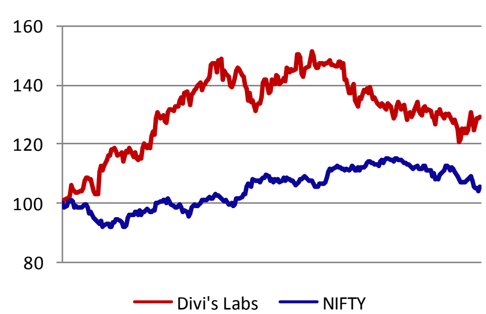
Stock Details	
Mkt. Cap. (₹millions)	135,821
EV (₹millions)	136,026
52 week H/L	₹1234-₹711
Equity Capital (₹millions)	21,315
Face value (INR)	2

Shareholding Information	
Promoters	52%
FIIs	14%
FIs & MFs	16%
Others	21%

Valuation Summary	FY11	FY12	FY13E	FY14E
EV/ EBITDA	27.1	18.2	15.9	12.0
P/BV	7.5	6.7	4.9	3.7
P/E Ratio	31.6	25.5	21.7	16.1
ROCE (%)	25	31	30	29
RONW (%)	24	26	22	23

Key financials	FY11	FY12	FY13E	FY14E
Sales (₹in Mn)	13,181	18,640	22,850	28,200
EBITDA (₹in Mn)	5,025	7,465	8,561	11,314
PAT (₹in Mn)	4,293	5,593	6,255	8,457
EPS	32.4	40.2	47.1	63.7
D/E	0.0	0.0	0.0	0.0

One Year Relative Price Movement



Topline to grow at 13.5%, APAT growth to remain muted at 5.2%

Divi's Laboratories is likely to post 13.5% Y-o-Y increase in Q4FY13E revenue to ₹8.07 bn on increased capacity utilization at the new SEZ unit. CCS business is expected to contribute 52% to revenue, while API business is likely contribute 45%. Carotenoids revenue would stand flat Y-o-Y. EBITDA is likely to show lower growth at 9.1% Y-o-Y to ₹3.2 bn impacted by higher other expenses due to high power cost. EBITDA margin would contract 158 bps Y-o-Y, but increase 101bps Q-o-Q. We expect adjusted PAT to remain muted Y-o-Y (5.2%) at ₹2.26 bn, mainly impacted by subdued operational performance.

Key developments in Q4FY13:

- Key VIzag SEZ was inspected by USFDA during this quarter. Approval for the remaining units will drive operating leverage.
- An order shipment has been deferred from Q3FY13 to this quarter which may augment revenues in this quarter.

Key events to look for in Q1FY14:

- Ramp up at Vizag SEZ and timeline for its USFDA inspection for balance units left.
- Revival in gross margin aided by improving sales mix in API's division.
- Impact of increased power cost (in Andhra Pradesh) on profitability.

Anush Estimates (in ₹ Millons)

Particulars	Q4 2012A	Q4 2013E	Y-o-Y(%)	Q3 2013A	Q-o-Q(%)
Net sales	7,114.30	8,073.70	13.5	5,343.60	51.1
EBITDA	2,908.30	3,172.96	9.1	2,046.30	55.1
EBITDA Margin	40.9%	39.3%	-158bps	38.3%	101bps
APAT	2,148.80	2,259.82	5.2	1,282.40	76.2
EPS	16.19	17.01		10.86	

Source: Company, Anush Research

ANUSH SHARES & SECURITIES

Dr Reddy's Laboratories Ltd

India Equity Research

16th April 2013

Results Preview

RECOMMENDATION: HOLD
TARGET PRICE: ₹2088

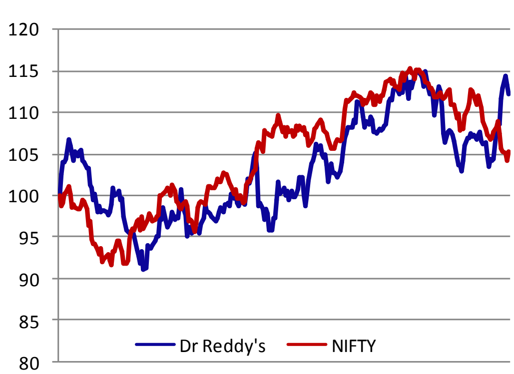
Recommendation	
CMP	1,853
Target Price	2,088
Upside / Downside %	13%

Stock Details	
Mkt. Cap. (₹millions)	315,539
EV (₹millions)	343,461
52 week H/L	₹1,970-₹1,526
Equity Capital (₹millions)	57,444
Face value (INR)	5

Shareholding Information	
Promoters	26%
FIIs	26%
FIs & MFs	14%
Others	34%

Valuation Summary	FY12	FY13E	FY14E	FY15E
EV/ EBITDA	14.0	13.5	12.0	10.8
P/BV	5.5	4.4	3.5	2.9
P/E Ratio	20.6	19.6	17.5	15.1
ROCE (%)	16.1%	14.1%	14.3%	13.8%
RONW (%)	26.6%	22.6%	20.2%	19.0%

Key financials	FY12	FY13E	FY14E	FY15E
Sales (₹in Mn)	96,737	113,216	133,773	153,446
EBITDA (₹in Mn)	24,505	25,486	28,694	31,838
PAT (₹in Mn)	15,306	16,101	18,005	20,928
EPS	83.8	90.5	105.7	122.8
D/E	0.6	0.5	0.3	0.2



14.2% Revenue growth on the back of US ramp up

We expect Dr Reddy's Laboratories to post 14.2% Y-o-Y growth in revenue (including one-off sales) for Q4FY13E at ₹30.4 bn. This would be led by 12.0% Y-o-Y growth in Global generics revenue and 19.0% Y-o-Y growth in PSAI. Within Global generics North American business (contributing 31% to topline) is expected to grow moderately at 5% on the back of a low base.

EBITDA would grow by just 6.7% Y-o-Y to ₹7.1 bn impacted by declining profitability in the base business in the US. We expect EBITDA margin to decline by 163 bps Y-o-Y.

Net Profit is estimated to be ₹4.3 bn, up 26.8% Y-o-Y which is higher than the growth in EBITDA due to lower depreciation and amortization expenses and the charge of ₹1.0 bn intangible in Q4FY12,

Key developments in Q4FY13:

- During this quarter Dr Reddy's Laboratories had launched Finasteride Tablets, a bioequivalent generic version of Propecia® Tablets in the US market under a 180 days marketing exclusivity period. Finasteride is indicated for the treatment of enlarged Prostrate and male baldness and has US sales of ~ $136 mn TTM according to IMS health.

- It also launched Zoledronic Acid Injection, a therapeutic equivalent generic version of Reclast® indicated for the treatment of Osteoporosis in women. Reclast® brand had total U.S. sales of approximately $355 million for the most recent twelve months according to IMS Health.

Key events to look for in Q1FY14:

- Market share in generic versions of Lipitor and Toprol-XL along with timeline for Actos launch.

- Outlook on growth drivers in FY14, for both generics and PSAI businesses. Traction in the US, branded formulations and PSAI businesses would be the key growth drivers for DRRD for 1HFY14E. Significant gap between guidance (₹2.5 bn) and consensus (₹2.1 bn) implies some product opportunities in the US but not visible to investors now. Management indicated that it is on track to launch these products in the near term, subject to regulatory approvals.

Anush Estimates (in ₹ Millons)

Particulars	Q4 2012A	Q4 2013E	Y-o-Y(%)	Q3 2013A	Q-o-Q(%)
Net sales	26,584.00	30,350.43	*14.2*	28,651.00	*5.9*
EBITDA	6,616.00	7,059.30	*6.7*	6,110.00	*15.5*
EBITDA Margin	*24.9%*	*23.3%*	*-163bps*	*21.3%*	*193bps*
PAT	3,427.00	4,346.24	*26.8*	3,782.00	*14.9*
EPS	20.22	25.60		22.28	

Source: Company, Anush Research

Opto Circuits India Ltd

Results Preview

ANUSH SHARES & SECURITIES

India Equity Research

16th April 2013

RECOMMENDATION: ADD
TARGET PRICE: ₹104

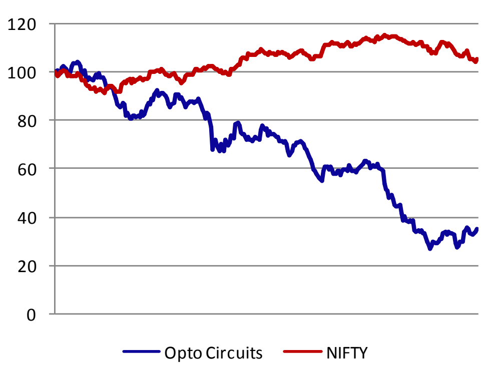
Recommendation	
CMP(₹)	62
Target Price(₹)	104
Upside / Downside %	68%

Stock Details	
Mkt. Cap. (₹millions)	15,025
EV (₹millions)	23,895
52 week H/L	₹188/₹43
Equity Capital (₹millions)	16,993
Face value (INR)	10

Shareholding Information	
Promoters	28%
FIIs	37%
FIs & MFs	2%
Others	33%

Valuation Summary	FY12	FY13E	FY14E	FY15E
EV/ EBITDA	3.8	3.5	3.6	3.4
P/BV	0.9	0.7	0.6	0.5
P/E Ratio	2.6	3.2	3.7	3.6
ROCE	20.7%	17.9%	16.3%	15.4%
RONW	33.7%	22.5%	16.9%	15.3%

Key financials	FY12	FY13E	FY14E	FY15E
Sales (₹in Mn)	23,569	25,703	24,903	27,360
EBITDA (₹in Mn)	6,301	6,857	6,720	6,973
PAT (₹in Mn)	5,719	4,705	4,061	4,196
EPS	23.6	19.4	16.8	17.3
D/E	0.6	0.6	0.4	0.4



Revenue De-Growth, Stretched balance sheet a concern

We expect Opto Circuits to post 5% Y-o-Y decline in Q4FY13E revenue to ₹6.3 bn, led by 20% Y-o-Y decline in invasive business and 1.0% decline in non-invasive space. We estimate a sequentially tepid quarter, given the absence of clarity over future growth outlook.

EBITDA would marginally grow by 2.1% Y-o-Y to ₹1.68 bn and EBITDA margin would expand by 187 bps (Y-o-Y), mainly on account of better operating performance as compared to Q4FY12 when it was particularly under pressure.

We expect Opto to report PAT of ₹1.03 bn, compared to ₹2.1 bn in 4QFY12. This decline would be mainly on account of (a) higher depreciation and interest costs, (a) higher tax outgo, compared to a tax credit reported last year.

Key developments in Q4FY13

Opto Circuits has entered into an agreement for the sale of its diagnostic cardiology division of Cardiac Science (CSC) its wholly owned US subsidiary, to Mortara Instruments Inc. for a consideration of $21 mn. The division's product portfolio has been witnessing declining revenue over last 12 months and had a lower gross margin of approximately 35% as against a company level gross margin of 43%. The aggregate consideration of $21 mn is receivable in two parts. The base consideration of $12 mn has already been received by the company. Balance $9mn is contingent on achievement of order backlog and collections from specifically identified primary care distributors. The sale proceeds from the transaction will be partly used for repayment of long term debt and meet the growth capital needs of the company.

Key events to look for in Q1FY14

- Outlook on growth drivers for FY14. We remain cautious on Opto Circuits given the (a) uncertainty over the business environment, which led to withdrawal of top line growth guidance, (b) increased working capital stress, which will take some time to normalize and (c) low return ratios impacted by restrained asset turnover.
- Update on receivables issue highlighted in 3QFY13.
- Update on ongoing litigation pertaining to Opto Circuit's income tax liability.

Anush Estimates (in ₹ Millons)

Particulars	Q4 2012A	Q4 2013E	Y-o-Y(%)	Q3 2013A	Q-o-Q(%)
Net sales	6,627.02	6,294.13	*(5.0)*	6,187.80	*1.7*
EBITDA	1,650.64	1,685.45	*2.1*	1,627.92	*3.5*
EBITDA Margin	*24.9%*	*26.8%*	*187bps*	*26.3%*	*47bps*
PAT	2,093.48	1,030.12	*(50.8)*	1,132.62	*(9.0)*
EPS	8.64	4.25		4.67	

Source: Company, Anush Research

ANUSH SHARES & SECURITIES

Shasun Pharmaceuticals Ltd

Results Preview

India Equity Research

16th April 2013

REOMMENDATION: ADD
TARGET PRICE: ₹98

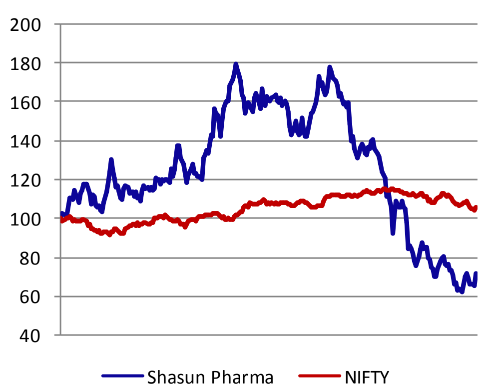
Recommendation	
CMP	78
Target Price	98
Upside / Downside %	26%

Stock Details	
Mkt. Cap. (₹millions)	4,298
EV (₹millions)	7,811
52 week H/L	₹186-₹60
Equity Capital (₹millions)	2,223
Face value (INR)	2

Shareholding Information	
Promoters	41.0%
FIIs	2.3%
FIs & MFs	8.1%
Others	48.6%

Valuation Summary	FY12	FY13E	FY14E	FY15E
EV/ EBITDA	6.4	7.3	8.3	5.5
P/BV	1.7	1.7	1.6	1.3
P/E Ratio	3.8	9.5	17.7	6.4
ROCE (%)	14.3%	9.2%	7.0%	11.5%
RONW (%)	45.2%	17.8%	9.0%	20.4%

Key financials	FY12	FY13E	FY14E	FY15E
Sales (₹in Mn)	10,664	10,874	11,761	13,491
EBITDA (₹in Mn)	1,230	1,064	942	1,421
PAT (₹in Mn)	1,006	466	249	693
EPS	20.4	8.2	4.4	12.2
D/E	1.4	1.6	1.3	0.9



7.4% decline in Revenue, 48.8% decline in EBITDA

We believe revenues will de-grow by 7.4% to ₹2.67 bn on the back of Incivek slump in Shasun UK and the pricing pressure in generic API's in Shasun India. The API and CRAMS segments are likely to contribute 53% and 46% respectively. We expect EBITDA to de-grow by 48.8% (Y-o-Y) to ₹233 mn with margins declining by 703 bps on account of continuing lower contribution of Incivek sales to Vertex Pharma during the quarter. PAT for the quarter is expected to decline by 86.4% (Y-o-Y) to ₹80.3 mn due to impact of higher taxes on a relative basis.

Key developments in Q4FY13

Shasun Pharmaceuticals has entered into a licensing agreement with Debiopharm Group to manufacture and commercialize Huperzine-A used in the treatment Alzeimer's. As per the agreement Shasun Pharmaceuticals Ltd will be able to use the Debiopharm technology for the manufacture of synthetic Huperzine-A under GMP quality conditions and commercialize it in pharmaceutical and nutraceutical markets. Huperzine-A is a potent and reversible acetylcholinesterase inhibitor and clinical studies have shown a significant improvement in memory deficit and cognitive performance in patients with Alzheimer's disease.

Key events to look for in Q1FY14

- The management has indicated that Colesevelam API supplies will be initiated in this quarter.
- Shasun pharma has planned to enter the domestic formulations market with 138 field force and 10 products in Q1FY14. This business may face intense competition and may be EPS accretive only from FY16.
- Shasun has a pipeline of 8 molecules in Phase III development, out of which two are expected to get marketing approval in the near future. Any development in the pipeline front could act as an upside benefit to our estimates.

Anush Estimates (in ₹ Millons)

Particulars	Q4 2012A	Q4 2013E	Y-o-Y(%)	Q3 2013A	Q-o-Q(%)
Net sales	2,887.20	2,672.14	(7.4)	2,570.90	3.9
EBITDA	454.80	233.04	(48.8)	198.80	17.2
EBITDA Margin	*15.8%*	*8.7%*	*-703bps*	*7.7%*	*99bps*
PAT	589.90	80.26	(86.4)	82.10	(2.2)
EPS	12.10	1.46		1.49	

Source: Company, Anush Research

RATING RATIONALE

We Endeavour to provide objective opinions and recommendations. Anush Shares & Securities Private Limited assigns ratings to its stocks according to their notional target price vs. current market price and then classifies them as Buy, Hold, Reduce and Sell.

Buy	Stock is likely to provide a return of 20%+ in a 12 month period
Hold	Stock is likely to provide a return between 10% and 20% in a 12 month period
Reduce	Stock is likely to provide a return of less than 10% in a 12 month period

The performance horizon is 12 months period unless specified and the notional target price is defined as the analysts' valuation for a stock.

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G Sathish Kumar, Research analyst, is primarily responsible for the content of this report, in whole or in part, and certifies that with respect to each security or issuer that the analyst has covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to Anush Shares & Securities Private Limited, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

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