

BUZZING

STOCK

Ankur Drugs and Pharma Ltd.

CMP – Rs.152

Analyst

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Key Stock Data

Sensex	14015
Nifty	4024
Sector	Pharmaceuticals
Bloomberg	MRP@IN
Reuters	ANDP.BO
No. of shares (m)	10
Market Cap (Rs m)	1384
Market Cap (US\$ m)	31
52-week H/L	Rs.180/69

Shareholding Pattern (%)

Promoters	34.99
Mutual Funds	9.56
FII's	2.09
Corporate Bodies	14.65
Pubic & Others	38.70

Ankur Drugs and Pharma Ltd. is a pure player in contract manufacturing segment where most of the revenue is sourced from Domestic players like Ranbaxy, Cipla, Lyka Labs, Lyka Hetero Labs and Torrent Pharmaceuticals. Ranbaxy is accountable for 70% of its turnover. However, the company's new facility in the excise free zone of Baddi in Himachal Pradesh is expected to cater international clients for high value products. The tax free zone would also be letting the net margin to expand which was 10-11% earlier.

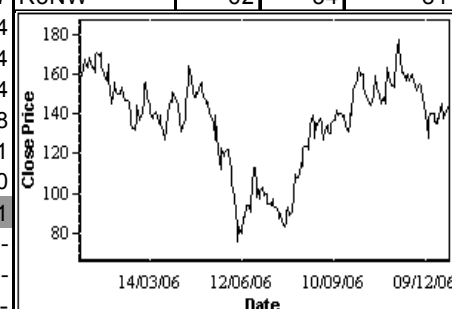
Capacity Expansion - The current manufacturing facility of Ankur has been located at Nani Daman at Vapi, Gujarat. This facility is mainly involved in manufacturing of dosage forms like tablets, capsules, dry syrups, liquids and ointments. The Baddi plant is focused on serving multinational players where the high value products will be exported on contract basis. The plant would be confirming cGMP standards. The company has also proposed a small research and development at Baddi which would be working on economies of scale.

Additional Facilities - Ankur is also setting up new facilities to manufacture effervescent tablets and powders, water for injection, eye and ear drops, fully automatic dry powder injection line and ointments line. Incorporation of automization has been the core focus for zero error operations as well as to maintain better human resource level. The machines have been imported from players like Zenchetta and Macofar (Italy) and Romelegg (Germany). The company also boasts to have Zenchetta Processing Equipment for the first time in Asia also known as Single Pot technology for effervescent tablets and granules.

Valuation - Ankur continues to present good results for second quarter in row. The Q2FY07 sales of the company grew by 77% YoY at Rs.615m. The EBITDA also went up by 58% YoY at Rs.94m. However, the EBITDA margin took a beating by 180 bps due to rising raw material costs and other expenses. The PAT of Rs.71m increased by 135% YoY with depreciation and finance charges remaining stable. The stock is currently trading at 7x the TTM EPS of Rs.21.

Financial Snapshot

Ankur Drugs & Pharma Ltd.						Rs.m	Ratios (%)			
	Q2 FY07	Q2 FY06	Chg. (%)	FY06	FY05	Chg. (%)		FY06	FY05	Chg.(%)
Financial Year End: March										
Net Sales	615	347	77	1365	786	74	Debt -Equity	3.51	2.56	37
Other Income	0	0	0	1	0	250	PBIDTM	15	15	(2)
Total Income	615	347	77	1366	786	74	PBIDTM	12	11	14
Total Expenditure	521	287	81	1145	654	75	RoCE	19	22	(12)
PBIDT	94	60	58	221	132	67	RoNW	62	34	81
Interest	17	13	30	41	39	4				
PBDT	78	47	65	180	93	94				
Depreciation	7	6	7	25	20	24				
Tax	3	8	(60)	14	8	78				
Reported Profit After Tax	71	30	135	140	50	181				
Extra -ordinary Items	0	0	0	0	0	0				
Adj. Profit After Extra-ordinary item	71	30	135	140	50	181				
No. of shares (m)	10	10	-	10	10	-				
EPS (annualised.) (Rs.)	29.8	12.7	-	14.7	5.2	-				
P/E	5.1	12.0	-	10.3	29.0	-				



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