

PRABHUDAS LILLADHER
Dhanuka Agritech
(Buy)

CMP: ₹310.85

Target: ₹370

Dhanuka's Q4FY14 results were above estimates driven by higher topline growth, margins and lower tax rate. Reported PAT stood at ₹22.5 crore, 26 per cent y-o-y. For FY14, EPS stood at ₹18.6. We believe Dhanuka will continue to post higher than average industry growth consistently driven by ramp-up in new product launches, strong product pipeline and strong distribution network.

Company has 6-7 in-licensed molecules in its pipeline and plans to launch two every year, going forward. Post the emergence of a stable, decisive and industry-friendly Government at the Centre, we expect investor appetite to return for quality mid-caps. Dhanuka with strong earnings growth, almost debt-free balance sheet, healthy free cash generation, comparable RoE/RoCEs to domestic peers is likely to witness further re-rating.

Date	23 May, 2014
Publication	Hindu Business Line
Edition/ City	Delhi, Mumbai, Chennai