

Ankur Drugs

BUY

24 April 2007

India Research - Pharma

For Private Circulation Only
Important disclosure on the last page

Ankur Drugs is set to become one of the largest Indian contract manufacturers of pharmaceutical formulations. It is expanding rapidly by creating huge capacities and by merging a group company engaged in the same business. It intends to capitalise on India's low-cost manufacturing advantage in domestic as well as regulated markets overseas. Recent acquisition of a few NDDS technologies opens up huge opportunities for Ankur.

DCF Value (1-Yr out) Rs.425

Current Price Rs.260

+64%

The stock currently trades at 11 times and 4 times the estimated consolidated EPS for FY08 (Rs.23.37) and FY09 (Rs.65.64) respectively. While EPS growth is expected to be flat in FY08, it is likely to shoot up 181% in FY09 driven by commissioning of huge additional capacities in tax free areas. Our one-year out DCF value estimate comes to around Rs.425 (CoE 16.6% & WACC 14.4%). While RoCE & RoE will take a beating this year due to huge capex, they should bounce back to around 22% and 47% respectively in FY09.

Key Data

Market Cap	Rs.4.1bn US\$97mn
Shares Outstanding	15.6 mn
Face Value	Rs.10
52 week High-Low	Rs.264 / Rs.68
Avg Trading Volume	No. of shares
30 Days	41,500
365 Days	52,200
BSE Scrip Code	531683
BSE Group	S

Shareholding % 31 Dec 06

Promoters	36.03
Institutions	11.16
Others	52.81

Multiple Valuation YE Mar-08E

EV/EBITDA	7.2x
EV/ EBIT	8.4x
Market Cap/Sales	0.7x
P/E	11.1x

Products & Services

Contract Manufacturing of Pharma formulations on contract basis for pharma companies in various dosage forms.

Key Investment Points

- Contract manufacturing of pharma products is growing rapidly as pharma companies are outsourcing this due to cost advantages and their focus on marketing & regulatory issues.
- Ankur is creating entry barriers by setting up huge capacities and is likely to benefit from the first mover advantage.
- Ankur is likely to grow on multiple dimensions – expanding capacities, newer geographic markets, additional customers, expansion of product portfolio (type of formulations).
- Margin to expand with high value added formulations, scale economies and highly automated new plant.

Value Kickers

- Recent acquisition of a few NDDS technologies for Oral film and transdermal patches has the potential of taking the company into a new orbit.

Points of Concern

- Lack of earnings momentum at PAT level in FY08 due to huge depreciation & interest on project commissioning may cap upside in short term.
- Development of non-infringing technologies for oral films and transdermal patches by other companies can cap upside from this opportunity.



Introduction

Ankur Drugs & Pharma Ltd (Ankur) is set to become India's leading contract manufacturer of pharmaceutical formulations with expected consolidated revenues of Rs.3.8bn in FY07. It manufactures formulations for pharmaceutical companies on contract basis. It has facilities to make different dosage forms like tablets, capsules, dry syrups, oral liquids, etc.

Promoters owned 36% of the company at end Dec-06. Mr. Purnandu Jain, who is a key promoter as well chairman and managing director of the company, acquired this company as a loss making company in 2001. Prior to this, Mr. Jain has been a practicing chartered accountant and was associated with the company as advisor. Mr. Girraj Vijayvargiya, executive director of the company, has been with Mr. Jain while he was a practicing chartered accountant.

Promoters also owned 80% of a company called Vaibhav Healthcare Pvt Ltd (Vaibhav). This company has been proposed to be merged with Ankur with effect from April-06. Post merger, promoters' stake in the combined entity would have gone up to 51%. However, due to issue of FCCBs in Jun-06 and Warrants in Mar07, promoters' stake post conversion of these will be around 39%. Henceforth, all references to Ankur will mean the combined entity unless otherwise stated. The high court approval for merger is yet to be received.

Ankur had a manufacturing unit at Daman. Post merger, it had a unit at Baddi (HP). All expansions are taking place at Baddi. It currently makes about 350 different products across various therapeutic areas for its customers.

Some of the products it contract manufactures

Aceclofenac	Albendazole	Alprazolam	Piroxicam
Amoxicillin	Ampicillin	Analgin	Ranitidine
Azithromycin	Cefuroxime	Cefexime	Roxithromycin
Cephalexin	Cetirizine	Cinnarizine	Tinidazole
Ciprofloxacin	Diclofenac	Dicyclomine	Tetracycline
Diltiazem	Doxycycline	Loratadine	Vitamin-B
Nimesulide	Ofloxacin	Paracetamol	Vitamin-C

Its current customer base is comprised of largely domestic pharma companies and some local units of MNC pharma companies.

Top Customers

Ranbaxy Laboratories	Cipla	Sandoz Pvt Ltd
Makers Laboratories	Elder Pharma	Hetero Healthcare
Torrent Pharma	Shreya Life Sciences	Khandelwal Laboratories
Marksons Pharma	Synthiko Formulations	Lyka Labs

It enters into two kinds of contracts with its customers:

1. Principal-to-Principal (P2P) basis and 2. Loan License (LL) basis.

In P2P basis, Ankur provides input materials (bulk drugs & packaging material) while in LL basis, customers provide input materials. Therefore, its margin may fluctuate depending on the contact mix.

Some of its customers are regular while some come in only during peak season when their own capacities fall short of the requirement.

Key Investment Arguments

Contact Manufacturing is a high growth opportunity space

Pharma companies are nowadays focusing more on marketing, research, and regulatory aspects. These are not only becoming increasingly complex functions but also important key success factors in pharma business. In the pharma value chain, most of the value addition happens in research & development, IPR protection, regulatory compliance, and marketing. Therefore, these companies are increasingly looking at outsourcing manufacturing, which is relatively less critical and less value added function in the entire value chain.

Emergence of large scale contract manufacturers, focused on providing low cost manufacturing solutions to pharma companies, is providing impetus to outsourcing of manufacturing. Besides a matter of focus on high value added areas, it's also an important "make or buy" decision for pharma companies. Low production cost of contract manufacturers is making pharma companies (both domestic and international) lean towards contract manufacturing.

As more and more MNC pharma companies enter India with clarity on Indian patent regime, more contract manufacturing opportunities will be thrown open. Besides, the current base of domestic pharma companies, Indian arms of MNC pharma companies is the next significant opportunity space for Indian Contract manufactures.

Ankur's rapid growth (FY03-FY07 average revenue growth of 89%) over the last four years is a testimony to the rising acceptance of contract manufacturing. Domestic Pharma market grew at only around 15-20% annually during the same period. Going forward, we expect domestic pharma market to grow at around 15% annually. The market growth coupled with increasing share of contract manufacturing will mean substantial growth for contract manufactures in the domestic market alone. Single-minded focus of contract manufacturers on manufacturing enables them to be more cost effective than a pharma company straddling entire value chain. Contract manufacturers have been able to search better machineries, technologies & processes. They have been able to manage employee cost much better than their customers.

Contract manufacturers with plants approved by drug authorities of regulated markets (US, Europe, Japan) will reap advantage of significant cost arbitrage. India has an advantage here due to its low cost of labor & chemists, and vast talent pool of technical & managerial personnel. The cost of setting up and operating a USFDA approved plant in India is just about 40% of that in the US. No wonder, India has the highest number of USFDA approved plants outside the US. Discovery and development services are much more lucrative for regulated market players and they are shifting large scale manufacturing to low cost regions like India. China too has low cost manufacturing but has failed to deliver in terms of quality.

Ankur has readied itself to capitalize on all kinds of opportunities in this space.

First Mover Advantage, Creates Entry Barriers

Ankur has created large low-cost contract manufacturing capacities in tax free areas in India. Significantly large capacities have been under creation since 2005 and we expect all of these capacities to commence during FY08. Creation of such large capacities much ahead of the requirement pre-empts competition and inhibits large capacity creation by competitors.

As a first mover, it has the advantage of making inroads into customer base and building long term relationships with them through a track record of timely delivery of quality products. As customers have switching costs in terms of inspections, approvals, product testing, etc.; they are normally locked-in to a contract manufacturer unless competition has significant low cost proposition. Being a lowest cost manufacturer is thus very critical to be competitive in this business. Ankur has the advantage of having significantly low production cost due to low employee costs, 10-year excise exemption, 10-year income tax concession, and scale economies due to large scale capacities.

By being the first one to create large scale low cost manufacturing facilities, Ankur has created significant entry barriers for competition. Ankur has recently tied up with two overseas machinery suppliers for specific machines for two NDDS (new drug delivery systems) called Oral Film and Transdermal patches. The agreement prohibits these specific machinery suppliers from supplying specified machines to any one else for three years in India and a few other geographies. Ankur has also taken exclusive manufacturing rights from NDDS technology providers for specific drugs for 15 years for India and select other geographies. Thereby it has created additional entry barrier for competition in these high value added formulation types (also known as dosage forms or drug delivery systems).

Even though significant capacities are still to go on stream, Ankur (including Vaibhav Healthcare) is probably the largest Indian player focused on contract manufacturing space. Some other Indian contract manufacturers are:

- Emcure Pharma, Pune
- Akums Pharma, Haridwar (Revenues around Rs.1bn)
- Acme Formulations Pvt Ltd (Revenues around Rs.500mn)
- Kilitch Drugs India Ltd (Revenues around Rs.325mn)

Growth to take place on multiple dimensions

Given the large and expanding opportunity space, Ankur is set to grow on multiple dimensions.

- Significant Growth in manufacturing capacities
- Widening of product range by addition of new forms of dosages/formulations
- Growth in domestic customer base
- Geographical Expansion – Eyeing regulated markets

Significant growth in manufacturing capacities

Till FY07, Ankur (without merger with Vaibhav) had only one plant at Daman, which is an old plant and has expired all tax benefits. It produced only low value DPCO products there.

In FY06, Ankur had substantial growth, which it achieved by outsourcing from Vaibhav's newly commissioned plant at Baddi. Vaibhav is proposed to be merged with Ankur wef April-06 subject to high court approval. Vaibhav is in the process of further expanding its capacity by setting up one more general block. Ankur is also setting up a plant at Baddi and this plant is likely to commission in phases starting May-07.

While FY06 growth was largely due to commissioning of Vaibhav's plant, FY07 growth came from higher utilization of the same plant. FY08 growth will be driven by commissioning of Ankur & Vaibhav's additional capacities this year and FY09 growth will be driven by higher utilization of these capacities.

Ankur's combined capacities at a glance

Plant	Block	Dosage Form / Formulation / Drug Delivery System	Capacity Numbers Million	Commissioning Month	Revenue Potential at optimum capacity Rs.mn
Daman	General Betalactum	Tablets Capsules Liquid Orals Dry Syrups	1380 480 18 bottles 12 bottles	Old plant	520
Baddi-I (Vaibhav)	General-I	Capsules Tablets Liquid Orals	600 3600 30	Jun-05	650
	Betalactum	Capsules Tablets Dry Syrups	600 900 28.8	Jan-06	1500
	Cephalosporin	Tablets Capsules Dry Syrups	900 150 28.8	Oct-05	
	General-II	Tablets Capsules Liquid Orals	7200 1200 90	Jan-08	1450
Baddi-II (Ankur)	General	Tablets Capsules	10000 600	May-07	3000
		Effervescent Tabs & granules	150	Jul-07	60 (LL only)
		Liquid Injectables Ointments	90 vials 24 tubes	Oct-07	1,350
	Cephalosporin	Tablets Capsules Dry Syrups Dry Powder Injectables	900 150 30 72	Jul-07	3600
	New Business RF / TDP	Rapid Oral Film Transdermal patches	-	Apr-08	-

These capacities were funded by:

- \$16mn FCCBs in Jun-06 convertible at Rs.165 per share.
- 26,25,400 warrants to promoters & others in Mar-07 convertible at Rs.175 per share.
- Debt and internal accruals
- Ankur may further raise some funds for its ongoing expansion by way of FCCBs or Warrants or Debt.

Widening of product range by addition of new forms of dosages/formulations

Another dimension of growth is going to be addition of newer dosage forms or newer drug delivery systems to its product portfolio. It is setting up facilities to make Effervescent tablets & granules, Injectables (both liquid & dry powder), Ointments (creams / gels), oral thin films, transdermal patches / sheets.

Growth in domestic customer base

With huge capacities for varied dosage forms under its belt, Ankur is now ready to offer contract manufacturing services to a larger base of customers. Currently its customer base includes both frontline and second line pharma companies. Apart from expanding this base, we think the company has a huge opportunity in tapping domestic arms of MNC pharma companies and new MNC companies entering India.

Geographical Expansion – Eyeing regulated markets

Ankur's second Baddi plant has been designed as per USFDA & UKMHRA standards. We expect that it will take around two years before it gets approvals of USFDA, UKMHRA, etc. After it gets these approvals, it can cater to pharma companies in US and Europe and offer considerable cost advantage to them. This should be a significant growth driver for the company. US & Europe are substantially larger than domestic market both in volume and value terms. Moreover, as USFDA-approved plant capacity is going to be much smaller than general contract manufacturing capacity, demand-supply economics will be more favorable here than that in the domestic market.

Margin expansion Likely

Ankur has maintained EBITDA margin of around 15% during FY05-FY07. There are various factors that are going to lead to expansion in margins from now on. Some of the margin drivers are:

- Greater percentage of loan licensing business, where margins are better than P2P business. We expect loan licensing to rise from 20% to 30% of production over the next 2-3 years.
- Introduction of high value added dosage forms like effervescent tablets & granules, injectables (liquid, dry powder), ointments (cream /gel), etc.
- Scale economies as it ramps up its capacity utilization
- The second Baddi plant is highly automated. This plant was earlier supposed to have 2,500 employees but later the company decided to introduce very high degree of automation for product safety and better efficiency. This plant will now have only 200 employees. With high degree of automation, margins are likely to be better. This will, however, impact asset turnover.
- The new business of NDDS like rapid film and transdermal patches is expected to have significantly high margins as there is going to be very little competition in these dosage forms at least in the initial years.
- Entire capacity expansion is taking place at Baddi (HP), where there's a 10-year excise exemption.

These margin drivers are likely to be countered by

- Need to pass on some margin benefits to garner high volumes to keep utilization rates high
- Pressure by large customers to lower prices for long term commitments to utilize capacities
- Rapid growth & growing margins may attract more players over the next few years
- Development of non-infringing processes for some of the protected NDDS by other technology development firms over the next few years.

Overall, margins are still expected to expand. However, the margin gains may start tapering off after a few years, as counter factors gain strength.

Entry into Oral Thin Films & Transdermal Patches – A huge business opportunity

Ankur has recently signed a term sheet with Labtech, Germany and Applied Pharma Research, Switzerland (Labtech-APR) for exclusive manufacturing and marketing rights for two novel drug delivery systems called Rapid films (oral thin films) and Transdermal Patches for specific drugs and for specific geographies for 15 years. Ankur will pay Labtech-APR an upfront amount of Euro 3.3mn

and a royalty on sales ranging from 3% to 5%. Both these companies, Labtech & APR, incorporated in 1990, are into joint-development of NDDS and then licensing them out to various pharmaceutical companies across different geographies. These companies first developed Transdermal Patches 2-3 years back and developed the new oral drug delivery – rapid film in 2006.

Ankur has also entered into an exclusive three year association for requisite machines and equipments for producing these new NDDS. Optimags, Germany will provide a special coating machine and Siebler of Romaco group, Germany will provide a packing line.

Ankur's Rights: NDDS, Drugs, Territories

NDDS	Drugs	Therapy Segment	Territories
Rapid Film / Oral Strip	Ondansetrone Donepezil-HCL Ketotifen Fumarate Baclofe Rivastigmine Sildenafil Citrate Glimepiride Olanzapine	Nausea post Chemotherapy Alzheimer Conjunctivitis - Alzheimer Hypertension, erectile dysfunction Diabetes Depression / Mental Disorder	India Bangladesh Pakistan Sri Lanka Afghanistan
Transdermal Patches/Sheets	Fentanyl	Pain Management	SE Asia Africa (excl. North Africa)
Transdermal Vapour Patches	Cold & Fleece	Cold & Cough	India Bangladesh Pakistan Sri Lanka Afghanistan

Ankur is likely to be the first company to launch Rapid Film in India and other territories. It's a new concept in oral dosage form. It dissolves, disintegrates and is absorbed rapidly within seconds.

In transdermal patch, medicine is absorbed through a patch stuck on skin. The medicine is released slowly & steadily all throughout the period of application (minimum being 24 hours).

Key advantages of both NDDS are ease of use, rapid onset, greater patient compliance, and convenient especially for children and elderly.

Labtech-APR is, however, not the first one to develop these technologies. RF & TDP technologies have been around since 1990 and have been evolving since then. Research is being carried out to deliver more and more drugs through oral films and TDPs. Alza Corporation was probably the first one to develop TDP technology way back in 1980 and launched it in 1989.

Ankur will enter into agreement with pharmaceutical marketers to supply these drugs in RF/TDP form for marketing in territories given in the table above.

These NDDS are currently priced at significant premium to other dosage forms in markets wherever they are available. TDPs are available in India too. However, the market has not picked up due to substantially high price of these dosage forms compared to conventional dosage forms. In addition to this, there have been technological problems as well. We understand Labtech-APR technology is an improved one and is cost-effective too. Zydus Cadila has some drugs in TDP form. However, it has not been very successful largely due to wrong selection of drugs and packaging. Zydus Cadila

had in-licensed the technology from BVK Gulden AG of Germany. J&J is selling Fentanyl TDP in India by importing it from UK from its sister concern Janssen Pharmaceuticals since 2000. Janssen had developed it in 1990. However, this patch was made for different climatic condition. Pune-based unlisted company Emcure Pharma had also launched Ketopatch using Korean technology. Ranbaxy is selling Fentanyl patches in Canada, which is Rs.2bn market for Fentanyl. It in-licensed technology from Janssen-Ortho Inc. There are 30 companies globally selling TDPs for various drugs. Some of these companies are 3M and Novosys. Ratiopharm is selling TDPs in Germany using APR-Labtech technology.

As per pharma research publication 'Technology Catalyst', there were 14 companies with rapid film technology in Sep-05 and 15 companies were actively developing the technology. Nine products using this technology have already been launched and 47 other products are in pipeline by 12 companies. Global OTF (oral thin film) market is expected to be \$500mn in 2007 and is likely to quadruple to \$2bn by 2010. OTF mainly is a competition to Oral disintegrating tablets, which is currently a market of \$2.4bn. Some of the companies that have OTF technologies and licensed them out are Monosol Rx of the US and Hughes Medical. Monosole Rx plans to get into manufacturing as well. Hughes Medical had licensed out this technology to Adam Respiratory.

As these are just new ways of administering already available drugs, these NDDS will have to take market share from conventional dosage forms of these drugs. The conversion will depend upon the price differential and additional advantages offered. We think that these NDDS are likely to succeed in emergency cases due to rapid onset advantage, and in children & elderly due to ease of administration, and greater compliance.

To take maximum advantage of the opportunity, we think that Ankur should adopt disruptive pricing and should cap the retail price that marketers are going to fix. Ankur should get into deal with only those marketers who assure certain volume offtake, as Ankur's profits will depend on greater volume offtake. The aim should be to migrate as many patients from conventional dosages to RF/TDPs.

Risks / Concerns

Client Concentration

Ranbaxy Lab, which has been its customer since CY2000, currently accounts for about 50-60% of its revenues. This used to be as high as 80% earlier. As Ankur expands its customer base, reliance on Ranbaxy may come down. However, if it enters into RF/TDP marketing deal for some of its drugs with Ranbaxy, then the concentration is going to rise again. Ranbaxy, we understand, has shown interest in Ankur's RF/TDP business.

Entry of new players in contract manufacturing space

Rapid growth and rising margins in contract manufacturing space may attract more players. This may lead to low growth and low margin for Ankur after a few years.

API Price fluctuations can impact where it takes price bet

Ankur sometimes take price bet on some of the APIs required as input in P2P contracts. It buys some APIs in large quantity in anticipation of orders from customers, who normally place orders only for a couple of months at a time. The company is exposed to price risk on APIs if anticipated orders either do not come or if APIs' price falls sharply.

Delay in commissioning of capex projects

Ankur's capex project has been delayed in the past many times largely due to change in scope, technology and capacity of the plant. Any further delay for whatever reason may lead to less than projected Revenues and earnings.

Development of competing non-infringing processes by others in RF/TDP

As more technology firms come out with better RF/TDP technologies with non-infringing processes, these are likely to be in-licensed by others for India and other regions where Ankur has secured exclusivity through only one technology provider i.e. Labtech-APR and two machinery suppliers for 15 years and three years respectively. As competition comes in, growth and margins for Ankur may start tapering off.

Valuation and key underlying assumptions

We estimate one-year out fair value per share in the range of Rs.395-485 (point estimate: Rs.425) using the discounted free cash flows methodology. Key assumptions for the valuation are 3% terminal (beyond FY2022) growth rate in NOPLAT, 1% terminal ROIC spread over WACC, Cost of equity at 16.6% based on beta of 1.08, risk free rate of 8% and market risk premium of 8%. Fair value range is based on sensitivity of NDDS (RF/TDP) business' growth and margins.

At the current price of Rs.260, the stock trades at 11 times FY08 expected EPS of Rs.23.37 and 4 times expected EPS for FY09 (Rs.65.64). The company is expected to have a comfortable financial leverage of 1.3x and 0.4x at end FY09 and FY10 respectively. We have assumed that the company will raise additional equity either directly or through convertibles to the extent of 4mn shares (19% of current diluted equity base) in FY09.

At our forward fair values, the stock will trade at 7.6x and 7.3x respectively of FY09 and FY10 after-tax earnings respectively. Given the capital intensity, working capital intensity, and expected negative operating and free cash flows till FY08, we think these are fair forward valuation for the stock.

Income Statement

Rs. Mn.	Mar-07E	Mar-08P	Mar-09P
Revenues	3826	6648	11740
EBITDA	586	1109	2504
EBIT	525	944	2233
PBT	397	615	1741
PAT	360	417	1416
EPS Rs.	23.05	23.37	65.64

Ratios

	Mar-07E	Mar-08P	Mar-09P
Revenue Gr %	160.2	72.8	76.0
EPS Growth %	36.0	1.4	180.9
RoE %	48.7	25.9	46.8
D/E x	2.6	2.6	1.3
Receivable days	86	86	80
L&A/Revenues%	4.4	4.4	4.3
Creditors days	14	14	14

Balance Sheets

Rs. Mn.	Mar-07E	Mar-08P	Mar-09P
Assets			
Net Block	1128	3799	4819
Capital WIP	2121	1020	-
Net Curr. Assets	1526	2682	4425
Liabilities			
Equity Capital	156	178	216
Reserves	977	1844	3749
Debt	3049	5188	5172
FCCBs	551	184	-
Def Tax Liab	41	107	107

Interim Performance (Stand Alone)

Rs. Mn. Months	Jun-06 3	Sep-06 3	Dec-06 3	Mar-07E 3
Revenues	605	615	667	800
EBITDA	93	94	103	122
EBIT	86	88	97	115
PBT	70	71	77	96
PAT	58	71	69	85
Eq Capital	95	95	95	166
Ann EPS Rs.	24.53	29.81	29.01	20.57
EBIDT	15.3	15.3	15.5	15.2
Margin				
EBIT Margin	14.2	14.2	14.5	14.4
Other income/PBT	0.3	0.3	0.4	0.3
Tax/PBT	17.1	0.7	10.6	10.7

Multiple Valuation

	Mar-07E	Mar-08P	Mar-09P
EV/EBITDA x	12.5	7.2	3.6
EV/EBIT x	14.0	8.4	4.0
Mkt. Cap/Sales x	1.1	0.7	0.5
P/E x	11.3	11.1	4.0
Price/Book x	3.6	2.3	1.4

Free Cash Flow

Rs. Mn.	Mar-07E	Mar-08P	Mar-09P
NOPLAT	476	640	1817
Change in Net Working Capital	1078	1169	1771
Operating Cash Flows	(602)	(528)	45
Net Capex & others	1744	1844	184
Free Cash Flow	(2346)	(2372)	(139)
Non-opr. Cash flow	-	-	-
Cash Flow to Investors	(2346)	(2372)	(139)

Financing Cash Flow

Rs. Mn	Mar-07E	Mar-08P	Mar-09P
Post-tax Interest	116	223	400
Repayment/ (issue) of Debt	(1936)	(2139)	17
Equity Share Dividend	16	29	42
Equity (Issues)/buyback	(541)	(487)	(597)
Financing Cash Flow	(2346)	(2372)	(139)

DCF Valuation

Key Assumptions	Rs. Mn.	%
Terminal Growth Rate		3.0
WACC		14.4
Cost of Equity		16.6
Terminal ROIC		15.4
Fair Value (1-Yr out) per share Range (Rs.)		395-485
Point Estimate (Rs.)		425

Note: Mar07E financials are for combined entity (Ankur+Vaibhav). High court approval for merger is, however, pending.