

May 27, 2020

Revenues in line but margin beat due to product mix

Q4FY20 revenues grew 4.8% YoY to ₹ 1946 crore (I-direct estimate: ₹ 1924 crore) mainly due to 11.4% YoY growth in India business to ₹ 840 crore. US formulations grew 3.5% YoY to ₹ 385 crore. EBITDA margins expanded 268 bps YoY to 28.2% (I-direct estimate: 25.5%) due to higher domestic sales, cost rationalisation and increased productivity. EBITDA grew 15.9% YoY to ₹ 548 crore (I-direct estimate: ₹ 490.6 crore). Net profit grew 49.7% YoY to ₹ 314 crore (I-direct estimate: ₹ 209.4 crore) in line with its operational performance. Delta vis-à-vis EBITDA was mainly due to negative tax outgo due to one-time adjustment amid change in laws.

India growth steady; acquisitions to enhance coverage

Domestic branded formulations including CRAMs constitute 50% of sales. The acquisition of Elder Pharma's branded portfolio has added new therapies like neutraceuticals, gynaecology and helped fill up portfolio gaps. The Unichem acquisition has added branded portfolio comprising some power brands besides achievement of long term synergy benefits. We expect India sales to grow at ~10% CAGR in FY20-22E to ₹ 4297 crore.

Volatility in export growth

Despite being a late entrant in the US market, the company has built a healthy pipeline. Exclusivity (shared) launches, such as gCymbalta and gAbilify in the past, have proven Torrent's capabilities. To expand its presence in non-oral segments like derma, injectable, oncology, it has acquired Zyg Pharma and Bio-Pharm. The company also entered into a number of collaborations. However, due to cGMP related issues in Indrad and Dahej plants, we expect the US business growth to be muted in the near term owing to delay in launches. We expect a ramp up in Germany business from H2FY21 onwards post upgradation of its quality management systems. Branded business in Brazil is likely to remain strong. However, challenging macroeconomic factors and planned de-focus on tender business are likely to impact near term growth. We expect Germany and Brazil to grow at a CAGR of ~10% and ~6%, respectively, in FY20-22E.

Valuation & Outlook

One-offs and subdued US due to regulatory hurdles impacted revenues. Overhang pertaining to two US focused plants notwithstanding, Torrent continues to impress thanks to its robust margin profile, which can be attributed to global portfolio that comprises ~60% branded generics. We expect a further improvement in this matrix and product rationalisation to further strengthen margins. The company's portfolio is finely balanced between India, Brazil, Germany and the US with Indian being the leader. With consistent FCF generation and moderation in core capex, we expect the leverage situation to improve substantially. However, the recent run up in the stock price has left limited scope for further upside. We maintain our target price of ₹ 2475 (28x of FY22E EPS of ₹ 88.3).



Particulars

Particular	Amount
Market Capitalisation	₹41808 crore
Debt (FY 20)	₹5586 crore
Cash (FY 20)	₹666 crore
EV	₹46728 crore
52 week H/L (₹)	2699/1441
Equity capital	₹84.6 crore
Face value	₹5

Key Highlights

- One offs and subdued US impacted Q4 revenues, margin improvement continues
- With consistent FCF generation and moderation in core capex, we expect leverage situation to improve substantially
- Recent run up in the stock price has left limited scope for further upside
- Maintain HOLD

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Key Financial Summary

	FY19	FY20	FY21E	FY22E	CAGR FY20-22E (%)
Revenues	7776.0	7939.0	8660.3	9571.7	9.8
EBITDA	2087.0	2170.0	2404.5	2775.8	13.1
EBITDA margins (%)	26.8	27.3	27.8	29.0	
Net Profit	828.4	1025.0	1134.1	1495.0	20.8
EPS (₹)	48.9	60.6	67.0	88.3	
PE (x)	77.6	40.8	36.9	28.0	
RoNW (%)	17.5	21.2	20.0	22.0	
RoCE (%)	14.2	15.7	17.7	21.2	

Source: ICICI Direct Research; Company

Exhibit 1: Variance Analysis

	Q4FY20	Q4FY20E	Q4FY19	Q3FY20	YoY (%)	QoQ (%)	Comments
Revenue	1,946.0	1,924.0	1,856.0	1,966.0	4.8	-1.0	YoY growth in domestic formulations partially offset by decline in Brazil and Germany
Raw Material Expenses	528.0	529.1	533.0	542.0	-0.9	-2.6	
Employee Expenses	336.0	375.2	347.0	354.0	-3.2	-5.1	
Other Expenditure	534.0	529.1	503.0	530.0	6.2	0.8	
EBITDA	548.0	490.6	473.0	540.0	15.9	1.5	
EBITDA (%)	28.2	25.5	25.5	27.5	268 bps	69 bps	YoY improvement and beat vis-à-vis I-direct estimates mainly due to better product mix and lower employee cost
Interest	102.0	111.0	123.0	111.0	-17.1	-8.1	
Depreciation	168.0	163.0	160.0	163.0	5.0	3.1	
Other Income	15.0	51.9	17.0	53.0	-11.8	-71.7	
PBT before EO & Forex	293.0	268.5	207.0	319.0	41.5	-8.2	
EO	0.0	0.0	357.0	0.0	0.0	0.0	
PBT	293.0	268.5	-150.0	319.0	LP	-8.2	
Tax	-21.0	59.1	2.0	68.0	PL	PL	
PAT before MI	314.0	209.4	-152.0	251.0	LP	25.1	
MI	0.0	0.0	0.0	0.0	0.0	0.0	
Adjusted PAT	314.0	209.4	209.8	251.0	49.7	25.1	Delta vis-à-vis EBITDA and beat I-direct estimates mainly due to one-off tax adjustment
Key Metrics							
India	840.0	779.4	754.0	871.0	11.4	-3.6	YoY growth and beat vis-à-vis I-direct estimates mainly due to new launches and lower-than-expected impact of Covid-19
Brazil	196.0	180.4	205.0	189.0	-4.4	3.7	YoY decline mainly due to higher base. Beat vis-à-vis I-direct estimates mainly due to market share gains in existing branded and generic-generic segment
US	385.0	389.7	372.0	381.0	3.5	1.0	Slow growth mainly due to lack of new launches
Germany	216.0	219.9	239.0	219.0	-9.6	-1.4	Revenues impacted by temporary delays in releasing products due to upgradation of its quality management system

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

	FY21E			FY22E			Comments
	Old	New	% Change	Old	New	% Change	
(₹ Crore)							
Revenue	8,862.7	8,660.3	-2.3	9,759.0	9,571.7	-1.9	
EBITDA	2,503.4	2,404.5	-4.0	2,830.1	2,775.8	-1.9	
EBITDA Margin (%)	28.2	27.8	-48 bps	29.0	29.0	0 bps	
PAT	1,209.9	1,134.1	-6.3	1,554.0	1,495.0	-3.8	Changed mainly in sync with operational performance
EPS (₹)	71.5	67.0	-6.3	91.8	88.3	-3.8	

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

	Current				Earlier		Comments
	FY19	FY20	FY21E	FY22E	FY21E	FY22E	
(₹ crore)							
India	3,235.0	3,517.0	3,812.2	4,296.9	3,871.2	4,335.7	
Brazil	689.0	715.0	750.8	810.8	793.0	856.4	Changed mainly due to lower-than-expected growth in Q4FY20 and currency volatility
US	1,590.0	1,522.0	1,542.9	1,620.0	1,492.2	1,566.8	
Germany	1,008.0	947.0	1,024.8	1,147.7	1,144.0	1,281.3	Changed mainly due to lower-than-expected growth in Q4FY20

Source: ICICI Direct Research

Conference Call Highlights

- In Q4FY20, working capital has significantly gone up due to inventory build-up in last 10 days of March (logistical challenges) and impact on receivables
- Logistical issues due to Covid-19 include higher air freight charges (3-4x), lack of lorry drivers, backlog at ports
 - Under normal circumstances sea: air export is divided in 25:75 ratio; currently vice-versa
- R&D for Q4FY20 was at ₹ 118 crore and at ₹ 494 crore for FY20
- India – the company expects Covid related impact to be along the same lines as IPM (April IPM de-growth was ~10%
 - As per the management, growth from chronic segment will likely put the company 1-2% above IPM growth for FY21
 - PCPM was at ₹ 7.3 lakh with MR strength of ~4000. No MR addition for FY21
 - Q4FY20 driven by recent launches such as Ticagrelor (CVS), Vildagliptin (anti-diabetic) and Remoglifitazain (anti-diabetic-Glenmark deal) and Eurepa-5
 - 10 brands have annual revenues above ₹ 100 crore
- US: The company has filed all CAPAs for the Dahej facility in the last two months and is awaiting a desktop audit if USFDA agrees
 - Indrad facility CAPAs to be filed by Q2FY21. Production at Leviton facility likely to start from Q3FY21 onwards
 - Considering re-launch of certain discontinued products amid demand with a four to six months timeframe
 - The US\$200 million run-rate will be difficult to maintain in FY21 without any new launches
 - In FY21 low single digit launches from third party and the company's derma facility
 - For FY20, the company has filed 12 ANDAs. 48 ANDAs are pending USFDA approval while six are tentative approvals. Total 93 approved ANDAs; commercialised ~70 products
 - Leviton (liquid + suppositories) facility had US\$12-13 million OTC sales before shutdown; the company has discontinued OTC manufacturing and will do only Rx going ahead (Q2FY21), which will take time to ramp-up to US\$10-15 million mark
- The company's portfolio in Brazil is 100% chronic (CNS, cardio, diabetes)
 - IMS expects 1-2% market growth for FY21
 - MR – 300, no more additions for FY21
- Germany revenues were impacted by temporary delays in releasing products due to upgradation of its quality management system
- Q1FY21 will see reduction in marketing spend and fixed cost containment (like travelling, etc) to counter margin decline due to Covid-19
- Tax rate for FY21 to be ~22-23%
- Debt repayment for FY21 to be ~₹ 1000 crore

Exhibit 4: Quarterly Performance

₹Crore	Q4FY17	11FY18	12FY18	13FY18	14FY18	11FY19	12FY19	13FY19	14FY19	11FY20	12FY20	13FY20	14FY20	YoY (%)	QoQ (%)
Net Sales	1381.0	1348.0	1401.0	1448.0	1680.0	1834.0	1858.0	1948.0	1822.0	1976.0	1968.0	1924.0	1912.0	4.9	-0.6
OOI	53.0	26.0	28.0	29.0	42.0	38.0	36.0	103.0	34.0	46.0	37.0	42.0	34.0	0.0	-19.0
Revenues	1434.0	1374.0	1429.0	1477.0	1722.0	1872.0	1894.0	2051.0	1856.0	2022.0	2005.0	1966.0	1946.0	4.8	-1.0
Total RM cost	490.0	401.0	418.0	392.0	463.0	558.0	548.0	580.0	533.0	559.0	538.0	542.0	528.0	-0.9	-2.6
RM cost % Reve	34.2	29.2	29.3	26.5	26.9	29.8	28.9	28.3	28.7	27.6	26.8	27.6	27.1	-159 bps	-44 bps
Gross Profit	944.0	973.0	1011.0	1085.0	1259.0	1314.0	1346.0	1471.0	1323.0	1463.0	1467.0	1424.0	1418.0	7.2	-0.4
GPM (%)	65.8	70.8	70.7	73.5	73.1	70.2	71.1	71.7	71.3	72.4	73.2	72.4	72.9	159 bps	44 bps
Employee cost	249.0	263.0	283.0	272.0	317.0	346.0	343.0	368.0	347.0	381.0	358.0	354.0	336.0	-3.2	-5.1
% sales	17.4	19.1	19.8	18.4	18.4	18.5	18.1	17.9	18.7	18.8	17.9	18.0	17.3	-143 bps	-74 bps
Other expenditure	400.0	413.0	399.0	454.0	578.0	491.0	530.0	542.0	503.0	541.0	568.0	530.0	534.0	6.2	0.8
% of sales	27.9	30.1	27.9	30.7	33.6	26.2	28.0	26.4	27.1	26.8	28.3	27.0	27.4	34 bps	48 bps
Total Expenditure	1139.0	1077.0	1100.0	1118.0	1358.0	1395.0	1421.0	1490.0	1383.0	1481.0	1464.0	1426.0	1398.0	1.1	-2.0
% of Revenues	79.4	78.4	77.0	75.7	78.9	74.5	75.0	72.6	74.5	73.2	73.0	72.5	71.8	-268 bps	-69 bps
EBITDA	295.0	297.0	329.0	359.0	364.0	477.0	473.0	561.0	473.0	541.0	541.0	540.0	548.0	15.9	1.5
EBITDA Margins	20.6	21.6	23.0	24.3	21.1	25.5	25.0	27.4	25.5	26.8	27.0	27.5	28.2	268 bps	69 bps
Depreciation	97.0	80.0	84.0	94.0	151.0	150.0	152.0	156.0	160.0	160.0	163.0	163.0	168.0	5.0	3.1
Interest cost	58.0	56.0	51.0	80.0	121.0	122.0	126.0	133.0	123.0	122.0	116.0	111.0	102.0	-17.1	-8.1
Other Income	104.0	105.0	78.0	74.0	42.0	27.0	10.0	3.0	17.0	20.0	34.0	53.0	15.0	-11.8	-71.7
PBT before forex	244.0	266.0	272.0	259.0	134.0	232.0	205.0	275.0	207.0	279.0	296.0	319.0	293.0	41.5	-8.2
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-357.0	0.0	0.0	0.0	0.0		
PBT	244.0	266.0	272.0	259.0	134.0	232.0	205.0	275.0	-150.0	279.0	296.0	319.0	293.0	-295.3	-8.2
Tax	38.0	78.0	68.0	201.0	-94.0	69.0	26.0	29.0	2.0	63.0	52.0	68.0	-21.0	-1150.0	-130.9
Tax rate (%)	15.6	29.3	25.0	77.6	-70.1	29.7	12.7	10.5	-1.3	22.6	17.6	21.3	-7.2		
PAT	206.0	188.0	204.0	58.0	228.0	163.0	179.0	246.0	-152.0	216.0	244.0	251.0	314.0	-306.6	25.1
PAT after MI	206.0	188.0	204.0	58.0	228.0	163.0	179.0	246.0	-152.0	216.0	244.0	251.0	314.0	-306.6	25.1
EPS (₹)	12.2	11.1	12.1	3.4	13.5	9.6	10.6	14.5	-9.0	12.8	14.4	14.8	18.6		

Source: ICICI Direct Research, Company

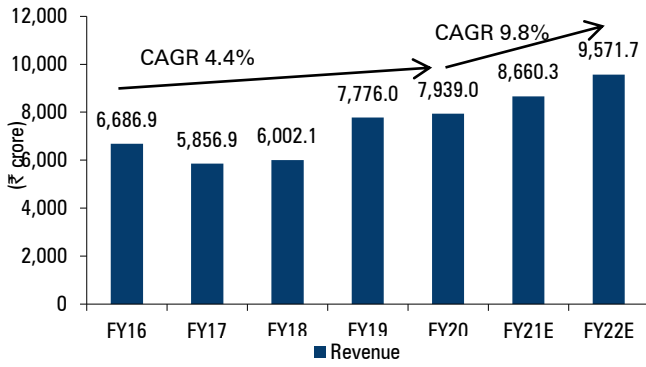
Company Background

Incorporated in 1959, the company is a mid-sized generic player with a strong presence in domestic and semi-regulated markets and a growing presence in regulated markets. It is also present in the Indian CRAMS space via supply agreement with Danish pharma major Novo Nordisk for the latter's insulin business in India. Also, there are chronic therapies like cardiovascular, neurology and diabetology along with women's healthcare and pain management post acquisition of Elder's selected domestic portfolio. In FY14, the company acquired Elder Pharma's domestic portfolio of 30 brands mainly in the women's healthcare, pain management and nutraceuticals business. Elder's premium calcium supplement brand Shelcal had a market share of ~30%. Torrent acquired two brands from Novartis in Q1FY18, which further strengthens its domestic gynaecology portfolio.

The company acquired Unichem's branded business of India and Nepal on a slump sale basis for a consideration of ₹ 3,600 crore (~4x sales) in CY17. Unichem's India business comprises a portfolio of more than 120 brands in India and Nepal, a manufacturing plant at Sikkim catering to these markets and all the employees engaged in the said business. Unichem's top brands included Losar, Unienzyme, Ampoxin, Telsar and Vizylac.

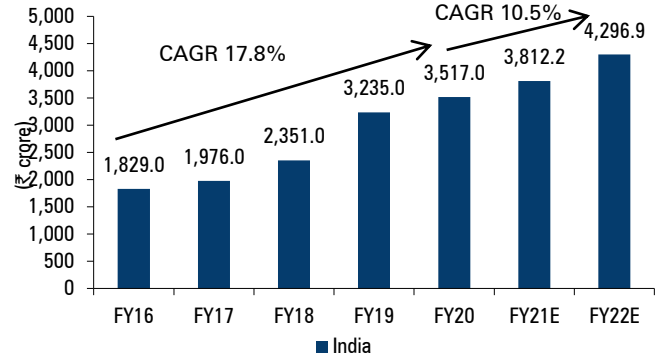
The company has a significant presence in the exports market in countries like Brazil, Germany and lately in the US among others. Despite being a late entrant in the US, the company's US revenue was at ~US\$200 million in FY20, up from just ~US\$23 million in FY11 mainly due to limited competition products such as gAbilify (Aripiprazole, CNS) in FY16 and gCymbalta (duloxetine; anti-depression) in FY14. Post acquisition of Zyg Pharma (from Mumbai based Encore Group), the company has also started filings in niche dermatological segment in the US. Chronic focus, financial discipline, successful M&A/deal making track record, higher return ratios and higher dividend payouts are some of the USPs of Torrent Pharma.

Exhibit 5: Revenues to grow at CAGR of 10% over FY20-22E



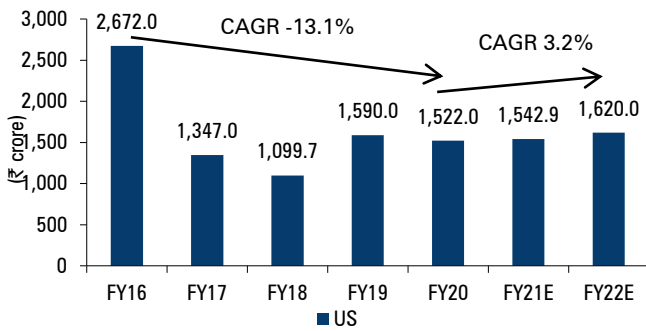
Source: ICICI Direct Research, Company

Exhibit 6: India to grow at CAGR of 10% over FY20-22E



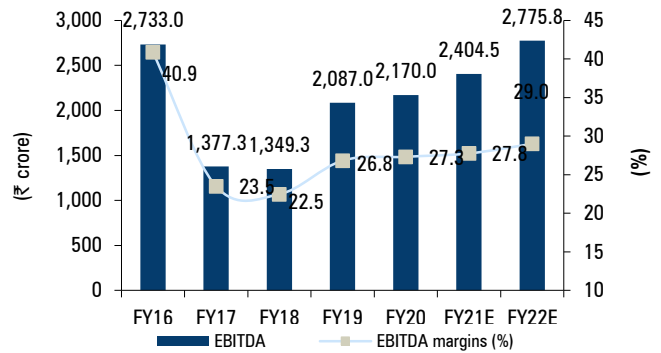
Source: ICICI Direct Research, Company

Exhibit 7: US to grow at a CAGR of 3% over FY20-22E



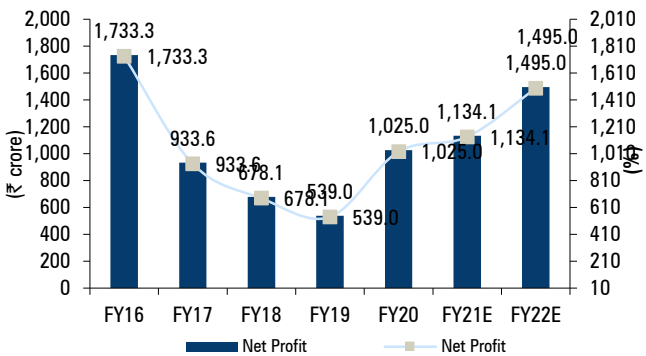
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & margins trend



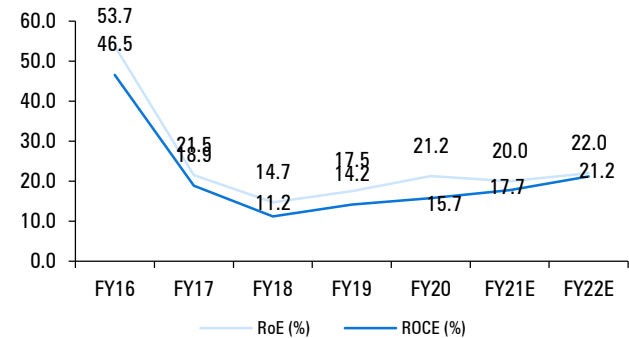
Source: ICICI Direct Research, Company

Exhibit 9: Net profit & margins trend



Source: ICICI Direct Research, Company

Exhibit 10: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 11: Revenue break-up

₹ crore	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21E	FY 22E	CAGR FY16-20 (%)	CAGR FY20-22E (%)
India	1617.0	1829.0	1976.0	2351.0	3235.0	3517.0	3812.2	4296.9	17.8	10.5
CRAMs (Incl O thers)	339.0	600.0	545.0	408.0	467.0	463.0	490.8	552.5	-6.3	9.2
US	831.7	2672.0	1347.0	1099.7	1590.0	1522.0	1542.9	1620.0	-13.1	3.2
O thers	492.5	425.1	487.6	522.0	684.0	775.0	852.5	937.8	16.2	10.0
Germany	749.6	647.9	811.0	912.3	1008.0	947.0	1024.8	1147.7	10.0	10.1
Brazil	605.6	506.0	699.0	709.5	689.0	715.0	750.8	810.8	9.0	6.5

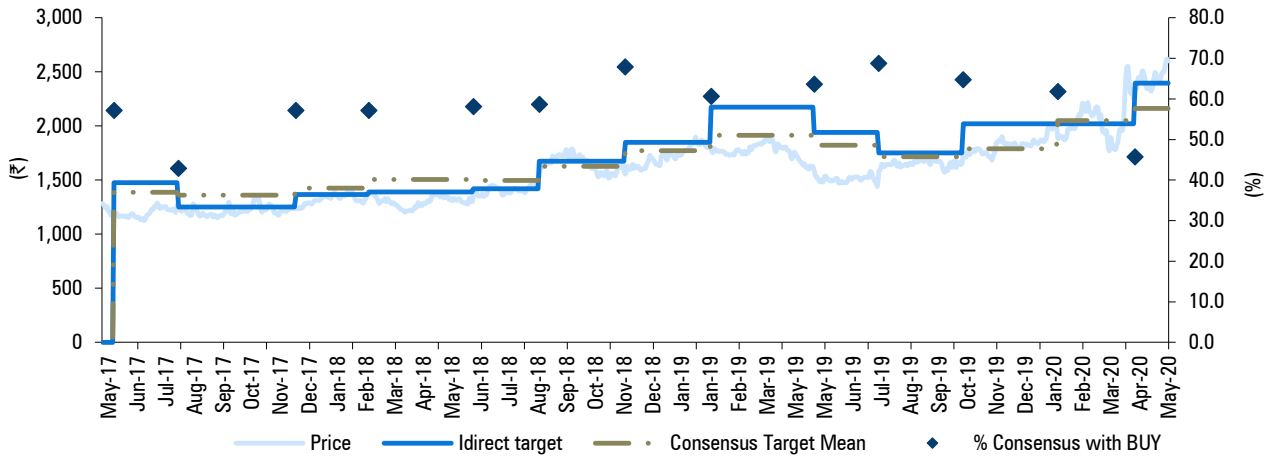
Source: ICICI Direct Research

Exhibit 12: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY 19	7776	29.6	48.9	22.2	77.6	22.4	17.5	14.2
FY 20	7939	2.1	60.6	23.7	40.8	21.5	21.2	15.7
FY 21E	8660	9.1	67.0	10.6	36.9	18.9	20.0	17.7
FY 22E	9572	10.5	88.3	31.8	28.0	15.9	22.0	21.2

Source: ICICI Direct Research, Company

Exhibit 13: Recommendation history vs. Consensus



Source: ICICI Direct Research; Bloomberg

Exhibit 14: Top 10 Shareholders

Rank	Investor Name	Filing Date	% O/S	Position (m)	Change
1	Torrent Pvt Ltd	31-Dec-19	71.3	120.56m	0.0m
2	HDFC Asset Management Co Ltd	30-Jun-19	2.5	4.19m	(0.2)m
3	Mirae Asset Focused	30-Jun-19	1.5	2.56m	2.6m
4	UTI Asset Management Co Ltd	30-Apr-20	1.3	2.17m	(0.1)m
5	FMR LLC	31-Mar-20	1.2	2.01m	0.3m
6	HDFC Life Insurance Co Ltd	31-Dec-19	1.2	2.00m	(0.1)m
7	Axis Asset Management Co Ltd/India	30-Apr-20	1.0	1.62m	1.1m
8	Pictet Funds SA	31-Jan-20	0.9	1.45m	0.0m
9	Mirae Asset Global Investments Co	30-Apr-20	0.8	1.37m	(0.2)m
10	T Rowe Price Group Inc	31-Mar-20	0.8	1.36m	0.0m

Source: ICICI Direct Research; Bloomberg

Exhibit 15: Shareholding Pattern

(in %)	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Promoter	71.3	71.3	71.3	71.3	71.3
Others	28.8	28.8	28.8	28.8	28.8

Source: ICICI Direct Research, Company

Financial Summary

Exhibit 16: Profit & Loss (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Revenues	7,776.0	7,939.0	8,660.3	9,571.7
Growth (%)	29.6	2.1	9.1	10.5
Raw Material Expenses	2219.0	2167.0	2424.2	2632.2
Employee Expenses	1404.0	1429.0	1494.0	1675.1
Other Expenses	2066.0	2173.0	2337.6	2488.7
Total Operating Expend	5689.0	5769.0	6255.8	6795.9
EBITDA	2,087.0	2,170.0	2,404.5	2,775.8
Growth (%)	54.7	4.0	10.8	15.4
Depreciation	618.0	654.0	668.4	684.6
Interest	504.0	451.0	366.9	286.9
Other Income	57.0	122.0	84.7	112.4
PBT	1022.0	1187.0	1454.0	1916.7
Total Tax	126.0	162.0	319.9	421.7
PAT before MI	539.0	1025.0	1134.1	1495.0
Adjusted PAT	828.4	1,025.0	1,134.1	1,495.0
Growth (%)	22.2	23.7	10.6	31.8
EPS (Adjusted)	48.9	60.6	67.0	88.3

Source: ICICI Direct Research; Company

Exhibit 17: Cash Flow Statement (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Profit/(Loss) after taxation	280.5	903.0	1134.1	1495.0
Depreciation	617.7	654.0	668.4	684.6
Add: Interest Paid	503.7	451.0	366.9	286.9
Other operational Activities	396.2	-616.0	2.3	-65.5
CF from operation	1,798.1	1,392.0	2,171.7	2,401.0
Purchase/sales of Fixed As	-660.5	-402.0	-250.0	-250.0
(Inc)/Dec in Investments	75.9	30.0	0.0	-350.0
Long Term Provision	0.0	0.0	33.8	37.2
Other Investing Activities	49.8	379.0	-69.2	-76.1
CF from Investing Activities	-534.9	7.0	-285.4	-638.9
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Inc / (Dec) in Loan Funds	-501.3	-345.0	-1000.0	-1000.0
Dividend and dividend tax	-309.7	-719.0	-280.0	-369.0
Other Financing Activities	-503.4	-485.0	-366.9	-286.9
CF from Financing Activities	-1,314.5	-1,549.0	-1,646.8	-1,655.9
Cash generation during the	-51.2	-150.0	239.4	106.2
Op bal Cash & Cash equiva	867.3	816.0	666.0	905.4
Adjustments	0.0	0.0	0.0	0.0
Closing Cash/ Cash Equiv	816.0	666.0	905.4	1,011.6
Free Cash Flow	1,138	990.0	1,921.7	2,151.0

Source: ICICI Direct Research; Company

Exhibit 18: Balance Sheet (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Equity Capital	84.6	85.0	85.0	85.0
Reserve and Surplus	4,639.7	4,739.0	5,593.2	6,719.1
Total Shareholders fund	4,724.4	4,824.0	5,678.2	6,804.1
Total Debt	6,038.1	5,586.1	4,586.1	3,586.1
Deferred Tax Liability	7.5	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0
Other LT Liabilities & LT	310.8	428.0	470.8	517.9
Total Liabilities	11,080.8	10,838.1	10,735.0	10,908.1
Gross Block - Fixed As	9,600.6	10,032.7	10,282.7	10,532.7
Accumulated Depreciat	2,187.7	2,841.7	3,510.1	4,194.7
Net Block	7,412.9	7,191.0	6,772.6	6,338.0
Capital WIP	617.1	712.0	712.0	712.0
Total Fixed Assets	8,030.0	7,903.0	7,484.6	7,050.0
Goodwill on Consolidati	334.8	342.0	342.0	342.0
Investments	353.4	2.0	2.0	352.0
Deferred tax assets	369.9	433.0	476.3	523.9
Other non-current asset	346.6	349.0	383.9	422.3
Cash	816.0	666.0	905.4	1,011.6
Debtors	1,435.7	1,649.0	1,796.1	1,985.1
Loans and Advances	3.8	4.0	5.1	6.2
Inventory	1,935.2	2,148.0	2,339.6	2,585.8
Other current assets	495.5	542.0	543.1	544.2
Total Current Assets	4,686.2	5,009.0	5,589.3	6,132.9
Creditors	2,096.7	2,076.0	2,348.6	2,595.8
Provisions & other curre	943.4	1,123.9	1,194.4	1,319.2
Total Current Liabilities	3,040.1	3,199.9	3,543.1	3,915.0
Net Current Assets	1,646.1	1,809.1	2,046.2	2,217.9
Application of Funds	11,080.8	10,838.1	10,735.0	10,908.1

Source: ICICI Direct Research; Company

Exhibit 19: Key Ratios (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Per share data (₹)				
Reported EPS	31.8	60.6	67.0	88.3
BV per share	279.2	285.0	335.5	402.0
Dividend per share	18	32	17	22
Cash Per Share	48.2	39.4	53.5	59.8
Operating Ratios (%)				
Gross Profit Margins	71.5	72.7	72.0	72.5
EBITDA Margins	26.8	27.3	27.8	29.0
PAT Margins	10.7	12.9	13.1	15.6
Inventory days	90.8	98.8	98.6	98.6
Debtor days	67.4	75.8	75.7	75.7
Creditor days	98.4	95.4	99.0	99.0
Asset Turnover	0.8	0.8	0.8	0.9
EBITDA conversion Rate	86.2	64.1	90.3	86.5
Return Ratios (%)				
RoE	17.5	21.2	20.0	22.0
RoCE	14.2	15.7	17.7	21.2
RoIC	16.4	16.8	20.1	25.1
Valuation Ratios (x)				
P/E	77.6	40.8	36.9	28.0
EV / EBITDA	22.4	21.5	18.9	15.9
EV / Net Sales	6.0	5.9	5.3	4.6
Market Cap / Sales	5.4	5.3	4.8	4.4
Price to Book Value	8.9	8.7	7.4	6.1
Solvency Ratios				
Debt / EBITDA	2.9	2.6	1.9	1.3
Debt / Equity	1.3	1.2	0.8	0.5
Current Ratio	1.3	1.4	1.3	1.3

Source: ICICI Direct Research; Company

Exhibit 20: ICICI Direct Coverage Universe (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
						FY19	Y20E	Y21E	Y22E	FY19	Y20E	Y21E	Y22E	'19	'20E	'21E	'22E	FY19	Y20E	Y21E	Y22E
Ajanta Pharma	AJAPHA	1507	1,730	Buy	13149	43.5	53.4	56.0	72.0	34.6	28.2	26.9	20.9	21.8	24.7	22.3	24.2	17.1	18.1	16.7	18.5
Alembic Pharma	LEMPHA	845	875	Buy	15925	31.4	46.3	41.4	39.8	26.9	18.2	20.4	21.2	19.6	20.6	17.7	16.0	21.8	26.3	19.5	16.2
Apollo Hospital	APOHOS	1351	1,490	Buy	18802	17.0	21.5	35.2	65.7	79.7	62.7	38.4	20.6	8.8	10.4	12.6	16.8	7.1	8.1	11.2	17.9
Aurobindo Pharma	AURPHA	715	770	Buy	41877	42.1	49.2	54.8	59.4	17.0	14.5	13.0	12.0	15.9	17.8	18.1	17.8	17.7	17.4	16.4	15.3
Biocon	BIOCON	356	390	Buy	42702	6.2	5.8	9.8	18.2	57.3	61.2	36.1	19.6	10.9	10.9	15.1	22.1	12.2	10.4	15.2	22.4
Cadila Healthcare	CADHEA	337	375	Hold	34521	18.1	14.3	17.5	20.9	18.7	23.6	19.3	16.1	13.0	10.6	12.1	13.4	17.8	12.9	14.1	14.9
Cipla	CIPLA	632	670	Buy	50922	18.6	19.2	23.0	30.2	34.0	32.9	27.4	20.9	10.9	12.0	13.0	15.4	10.0	9.8	10.8	12.6
Divi's Lab	DIVLAB	2276	2,130	Hold	60426	51.0	49.9	58.4	71.0	44.7	45.7	39.0	32.0	25.5	21.7	21.8	22.8	19.4	16.6	16.9	17.5
Dr Reddy's Lab	DRREDD	3855	4,615	Buy	64055	114.7	121.9	163.8	209.7	33.6	31.6	23.5	18.4	11.1	10.0	18.0	20.8	13.6	13.0	15.2	16.6
Glenmark Pharma	GLEPHA	349	340	Hold	9856	26.9	26.8	34.6	43.2	13.0	13.0	10.1	8.1	15.3	12.8	14.5	16.1	13.5	12.0	13.5	14.5
Hikal	HIKCHE	114	160	Buy	1411	8.4	9.6	11.1	13.3	13.7	11.9	10.3	8.6	14.3	13.3	13.6	14.5	13.6	14.1	14.2	14.9
Ipca Laboratories	IPCLAB	1584	1,900	Buy	20010	35.1	55.7	65.6	79.3	45.2	28.4	24.1	20.0	15.0	20.5	21.0	21.6	14.2	19.1	18.9	19.2
Lupin	LUPIN	899	745	Hold	40746	16.5	-29.2	18.3	31.1	54.4	-30.8	49.2	29.0	9.4	9.0	7.9	12.3	5.4	-10.0	6.0	9.3
Narayana Hrudayam	NARHRU	254	330	Buy	5187	2.9	6.2	8.2	11.4	87.4	40.6	31.0	22.2	7.7	11.6	12.7	15.3	5.5	10.8	12.5	15.1
Natco Pharma	NATPHA	586	650	Hold	10660	34.9	26.9	24.6	23.4	16.8	21.8	23.8	25.0	21.3	14.6	12.7	11.3	18.5	12.6	10.4	9.1
Sun Pharma	SUNPHA	457	510	Hold	109695	15.9	17.6	18.6	23.2	28.8	25.9	24.5	19.7	10.3	10.8	10.7	12.1	9.2	9.4	9.1	10.2
Syngene Int.	SYNINT	350	390	Buy	14006	8.3	10.3	8.6	12.2	42.3	34.0	38.6	27.3	14.8	15.0	12.9	16.4	16.8	15.7	13.7	16.3
Torrent Pharmaceuticals	TORPHA	2471	2,475	Hold	41808	48.9	60.6	67.0	88.3	50.5	40.8	36.9	28.0	14.2	15.7	17.7	21.2	17.5	21.2	20.0	22.0

Source: ICICI Direct Research, Bloomberg

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