

Upbeat numbers across geographies...

Q4 revenues grew 16.4% YoY to ₹ 6158.4 crore (I-direct estimate: ₹ 5826 crore), mainly due to 20.5% YoY growth in the US to ₹ 2990.3 crore (I-direct estimate: ₹ 2964 crore). EU business also posted robust growth of 26.0% YoY to ₹ 1652.5 crore (I-direct estimate ₹ 1441 crore). EBITDA margins expanded 140 bps YoY to 21.4% (I-direct estimate: 19.5%) due to higher gross margins, partially offset by higher other expenditure. EBITDA grew 24.5% to ₹ 1316.2 crore vs. I-direct estimate of ₹ 1137 crore. Adjusted net profit grew 34.8% YoY to ₹ 837.6 crore (I-direct estimate: ₹ 656 crore). Delta vis-à-vis EBITDA was mainly due to a lower tax rate.

US key growth driver despite recent compliance upheavals

After filing its first ANDA in the US in 2003, the company has come a long way as current ANDA filings are at 586. US revenues have grown from ~US\$100 million in 2009 crossing \$1.6 billion sales as on 2020. In rupee terms, US sales have grown at 17% CAGR to ₹ 11484 crore in FY16-20. US formulations now constitute 50% of total turnover, up from 30% in FY13. Despite calling off the acquisition of Sandoz' US dermatology and oral solid portfolio, we expect US revenue size to reach ₹ 13914 crore in FY22E at a 10.1% CAGR over FY20-22E on the back of a strong US pipeline with 50-60 products expected to be launched in FY21 itself.

Transformation, capacity optimisation to improve financials

The API: formulations ratio has improved from 43:57 in FY13 to 14:86 in FY20. Another USP of the company is its vertically integrated model with huge capacity, unmatched by most peers. The company owns 28 manufacturing facilities, including eight key formulations facilities in India and abroad. These can be optimised by 1) continuous US filings and launches, 2) incremental launches and filings in the RoW markets and 3) site transfers and supplies for products covered under the Actavis deal.

Valuation & Outlook

FY20 panned out to be a roller coaster year with scores of compliance related setbacks besides the Sandoz deal break-off at the fag end. However, things are looking much more promising at the beginning of FY21 with respite for unit IV, strong set of Q4 numbers and stable outlook. Aurobindo possesses one of the best enduring generics ecosystem among peers (vertically integrated model, lower product concentration) to withstand the volatility in the US generics space. The company has also significantly improved its debt position utilising additional cash freed up from foregoing the Sandoz deal. While a few other plants still remain under the USFDA scrutiny, the clearance for a critical plant indicates the company continues to work towards stricter adherence. We maintain **BUY** rating and arrive at our revised target price of ₹ 920 at 15x FY22E EPS of ₹ 61.4.

Key Financial Summary

(Year End March)	FY19	FY20	FY21E	FY22E	CAGR (FY20-22E) %
Revenues (₹crore)	19563.5	23098.5	25863.3	27900.6	9.9
EBITDA (₹crore)	3843.2	4815.7	5350.6	5942.8	11.1
EBITDA margins (%)	19.6	20.8	20.7	21.3	
Net Profit (₹crore)	2452.8	2857.1	3221.8	3598.6	12.2
EPS (₹)	41.9	48.8	55.0	61.4	
PE (x)	18.8	15.7	13.8	12.4	
EV/EBITDA (%)	12.7	9.7	8.5	7.2	
ROE (%)	17.7	17.0	16.3	15.6	
ROCE (%)	15.9	17.2	18.2	18.7	

Source: ICICI Direct Research; Company



Particulars

Particular	Amount
Market Capitalisation	₹44461 crore
Debt (FY 20)	₹5831 crore
Cash (FY 20)	₹2842 crore
EV	₹47449 crore
52 week H/L (₹)	791/281
Equity capital	₹58.6 crore
Face value	₹1

Key Highlights

- Q4 results were above I-direct estimates on all fronts due to higher revenue growth in Europe and better-than-expected operational performance
- The company significantly improved its debt position in FY20
- FY21 looks promising on the back of respite for Unit IV, strong Q4 numbers and stable outlook
- Maintain BUY

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Exhibit 1: Variance Analysis

₹ crore	Q4FY20	Q4FY20E	Q4FY19	Q3FY20	YoY (%)	QoQ (%)	Comments
Revenue	6,158.4	5,826.4	5,292.2	5,895.0	16.4	4.5	YoY growth mainly due to strong growth in US oral solid, EU, RoW, ARV segment. Beat vis-à-vis I-direct estimates mainly due to some preponed buying amid Covid-19
Raw Material Expenses	2,503.4	2,447.1	2,372.6	2,565.0	5.5	-2.4	A 418 bps improvement in gross margins to 59.4% owing to better roduct mix, lower cost of raw materials and favourable currency movements
Employee Expenses	864.3	844.8	713.5	797.8	21.1	8.3	
Other Expenditure	1,474.5	1,397.6	1,149.2	1,324.2	28.3	11.4	
EBITDA	1,316.2	1,136.9	1,057.0	1,208.0	24.5	9.0	
EBITDA (%)	21.4	19.5	20.0	20.5	140 bps	88 bps	YoY improvement and beat vis-à-vis I-direct estimates mainly due to strong gross margin performance
Interest	31.8	39.3	50.1	37.1	-36.4	-14.2	
Depreciation	232.4	256.8	186.6	250.1	24.5	-7.1	
Other Income	32.6	31.1	32.3	30.9	1.0	5.4	
PBT before EO & Forex	1,084.6	871.8	852.5	951.7	27.2	14.0	
EO	-12.3	0.0	36.2	12.9	NA	NA	
PBT	1,096.8	871.8	816.3	938.8	34.4	16.8	
Tax	228.5	216.2	231.1	232.9	-1.1	-1.9	
Tax Rate (%)	20.8	24.8	28.3	24.8	-748 bps	-397 bps	
PAT before MI	868.3	655.6	585.2	706.0	48.4	23.0	
MI	-0.8	-0.2	-0.2	-0.1	425.0	500.0	
Net Profit	849.8	655.7	585.4	705.5	45.2	20.5	
Adj. Net Profit (ex forex)	837.6	655.7	621.6	718.4	34.8	16.6	Delta vis-à-vis EBITDA and beat vis-à-vis I-direct estimates mainly due to lower financial cost and tax

Key Metrics

US	2,990.3	2,964.3	2,481.1	2,969.4	20.5	0.7	YoY growth mainly due to strong growth in oral solid. However, due to postponement of elective surgeries, injectable segment got impacted
Europe	1,652.5	1,441.0	1,311.8	1,476.3	26.0	11.9	YoY growth and beat vis-à-vis I-direct estimates mainly due to preponed buying amid Covid-19
RoW	376.6	318.0	289.1	345.9	30.3	8.9	YoY growth and beat vis-à-vis I-direct estimates, mainly due to preponed buying amid Covid-19
ARV	381.8	276.9	291.5	313.4	31.0	21.8	YoY growth and beat vis-à-vis I-direct estimates mainly due to preponed buying amid Covid-19
API	755.6	825.1	916.8	789.8	-17.6	-4.3	

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

(₹ Crore)	FY21E			FY22E		
	Old	New	% Change	Old	New	% Change
Revenue	25,296.3	25,863.3	2.2	27,138.2	27,900.6	2.8
EBITDA	5,378.3	5,350.6	-0.5	5,815.2	5,942.8	2.2
EBITDA Margin (%)	21.3	20.7	-57 bps	21.4	21.3	-13 bps
Adj. PAT	3,189.8	3,221.8	1.0	3,459.2	3,598.6	4.0
EPS (₹)	54.8	55.0	0.4	59.4	61.4	3.4

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

(₹ crore)	Current				Earlier	
	FY19	FY20	FY21E	FY22E	FY21E	FY22E
US	9,030.7	11,483.5	12,816.2	13,914.4	12,720.7	13,665.8
Europe	4,960.2	5,921.7	6,728.7	7,266.9	6,252.6	6,752.8
ARV	972.4	1,251.6	1,206.0	1,266.3	1,172.2	1,230.8
RoW	1,193.6	1,355.1	1,471.8	1,619.0	1,426.2	1,568.8
API	3,403.2	3,083.4	3,237.6	3,399.4	3,310.6	3,476.1

Source: ICICI Direct Research

Conference Call Highlights

- US filings:
 - Q4FY20: Filed 17 ANDAs including 10 injectable. Launched four products and received final approval for six ANDAs in addition to tentative approval for two ANDAs
 - FY20: Filed 55 including 19 injectable. Launched 34 products (including seven injectable) and received final approval for 22 ANDAs (including eight injectable) in addition to tentative approval for four ANDAs
 - Cumulative: 425 ANDAs approved (including 28 tentative) out of 586 filed ANDAs
- Net organic capex for the quarter was ~US\$37 million. For FY20: US\$187 million. FY21 capex – US\$150-200 million
- US generics - 9% Rx share as per recent IQVIA MAT
- Gross debt was at ₹ 5566 crore in Q4FY20 with net debt at ₹ 2718 crore (down US\$87 million QoQ). On a full year basis, net debt down US\$365 million in FY20
- Injectable portfolio, Auromedics de-grew 22% QoQ in Q4FY20 to US\$59 million mainly due to 80% elective surgery drop as hospitals in US witnessed volume decline and competitive pressure in Ertapenem. Q1FY21 sales to be lower than Q4FY20
- R&D spend for Q4FY20 was at ₹ 239 crore (3.9% of revenues). FY20 spend: ₹ 958 crore (4.1% of sales)
 - FY21 to be around 5.5% of sales as the company expands complex generic and biosimilar pipeline
- On the regulatory front, the company has submitted all CAPAs for Unit 7(OAI) with the USFDA in April. The company has also applied for desktop audits for Unit I/IX (OAI) and Unit XI(WL) to the USFDA
- The company plans to launch 50-60 products (26 already approved) in FY21
- Higher Q4FY20 gross margins due to better product mix across geographies, low RM inventory cost as on March, 2020 and rupee depreciation. FY21 GM to be ~58%
- Pipeline includes: Eight inhalers (six MDIs, two DPIs), six nasal sprays, 37 topicals, eight transdermal patches and five biosimilars
 - The company expects to file two biosimilars in Europe by end FY21, early FY22. The launch may happen in FY22. Approval timeline ~210 days post filing
- The company aims to be debt-free by end of FY22; US\$200-250 debt retirement in FY21
- The management expects to achieve breakeven in the Apotex business in H2FY21

Exhibit 4: Quarterly Financials

(₹Crore)	14FY17	11FY18	12FY18	13FY18	14FY18	11FY19	12FY19	13FY19	14FY19	11FY20	12FY20	13FY20	14FY20	YoY (%)	QoQ (%)
Total Operating Income	3641.6	3678.8	4435.9	4336.1	4049.1	4250.3	4751.4	5269.7	5292.2	5444.6	5600.5	5895.0	6158.4	16.4	4.5
Raw Material Expenses	1502.8	1497.8	1767.9	1817.5	1669.5	1907.3	2042.9	2389.9	2372.6	2298.5	2368.3	2565.0	2503.4	5.5	-2.4
% of revenue	41.3	40.7	39.9	41.9	41.2	44.9	43.0	45.4	44.8	42.2	42.3	43.5	40.6	-418 bps	-286 bps
Gross Profit	2138.8	2180.9	2668.0	2518.6	2379.6	2343.0	2708.5	2879.8	2919.6	3146.1	3232.2	3330.0	3655.1	25.2	9.8
GPM (%)	58.7	59.3	60.1	58.1	58.8	55.1	57.0	54.6	55.2	57.8	57.7	56.5	59.4	418 bps	286 bps
Employee Expenses	463.5	490.2	518.7	540.7	581.3	596.1	625.5	649.8	713.5	779.9	777.2	797.8	864.3	21.1	8.3
% of revenue	12.7	13.3	11.7	12.5	14.4	14.0	13.2	12.3	13.5	14.3	13.9	13.5	14.0	55 bps	50 bps
Other Manufacturing Expenses	954.1	849.2	1031.9	952.4	1010.2	1035.8	1096.8	1141.0	1149.2	1215.1	1314.7	1324.2	1474.5	28.3	11.4
% revenues	26.2	23.1	23.3	22.0	24.9	24.4	23.1	21.7	21.7	22.3	23.5	22.5	23.9	223 bps	148 bps
Total Expenditure	2920.4	2837.2	3318.6	3310.5	3261.0	3539.2	3765.1	4180.7	4235.3	4293.5	4460.2	4687.0	4842.2	14.3	3.3
% of revenue	80.2	77.1	74.8	76.3	80.5	83.3	79.2	79.3	80.0	78.9	79.6	79.5	78.6	-140 bps	-88 bps
EBITDA	721.2	841.6	1117.3	1025.6	788.1	711.1	986.2	1089.0	1057.0	1151.1	1140.3	1208.0	1316.2	24.5	9.0
EBITDA Margins (%)	19.8	22.9	25.2	23.7	19.5	16.7	20.8	20.7	20.0	21.1	20.4	20.5	21.4	140 bps	88 bps
Depreciation	100.1	131.2	132.1	138.1	156.6	154.5	163.7	163.1	186.6	240.9	243.3	250.1	232.4	24.5	-7.1
Interest	14.3	16.9	17.3	18.9	24.7	29.5	35.4	47.7	50.1	49.9	40.9	37.1	31.8	-36.4	-14.2
Other Income	40.8	33.3	10.3	25.8	43.8	43.7	26.3	63.9	32.3	15.8	20.6	30.9	32.6	1.0	5.4
Less: Forex & Exchange	0.0	18.8	0.0	-7.3	0.0	0.0	26.8	25.0	36.2	12.7	12.8	12.9	-12.3		
PBT	647.7	708.0	978.2	901.7	650.6	570.7	786.6	917.0	816.3	863.4	863.9	938.8	1096.8	34.4	16.8
Total Tax	117.2	191.0	198.0	306.9	122.4	115.5	175.4	204.8	231.1	227.8	224.4	232.9	228.5	-1.1	-1.9
Tax rate (%)	18.1	27.0	20.2	34.0	18.8	20.2	22.3	22.3	28.3	26.4	26.0	24.8	20.8	-748 bps	-397 bps
PAT	530.5	517.0	780.3	594.8	528.2	455.2	611.2	712.2	585.2	635.7	639.5	706.0	868.3	48.4	23.0
Minority Interest	-0.2	-0.2	-0.2	-0.2	0.3	-0.1	-0.1	0.0	-0.2	-0.2	-0.3	-0.1	-0.8	425.0	500.0
Net Profit	530.8	517.2	780.5	594.9	528.0	455.3	611.3	712.2	585.4	635.8	639.9	706.1	869.1	48.5	23.1
EPS (₹)	9.1	8.8	13.3	10.2	9.0	7.8	10.4	12.2	10.0	10.9	10.9	12.1	14.8		

Source: ICICI Direct Research, Company

Company Background

Aurobindo Pharma was set up by first generation entrepreneurs PV Ramprasad Reddy and K Nithyananda Reddy in 1986. Based in Hyderabad, the company is an integrated pharmaceutical company, which started as an API manufacturer. In 2001, it moved up the value chain by foraying into formulations while from 2007 onwards it started scaling up the formulation business. APL's manufacturing facilities have been approved by several leading regulatory agencies like USFDA, UKMHRA, WHO, Health Canada, MCC South Africa, ANVISA Brazil. The company owns 28 manufacturing facilities, including eight key formulations facilities in India and abroad. The company owns three R&D centres. The current employee strength is more than 8000, which includes more than 750 scientists.

In FY20, the API: formulations ratio was at 14:86. US formulations constitute 50% of revenues followed by Europe (26%), APIs (13%), RoW (6%) and ARV formulations (~5%).

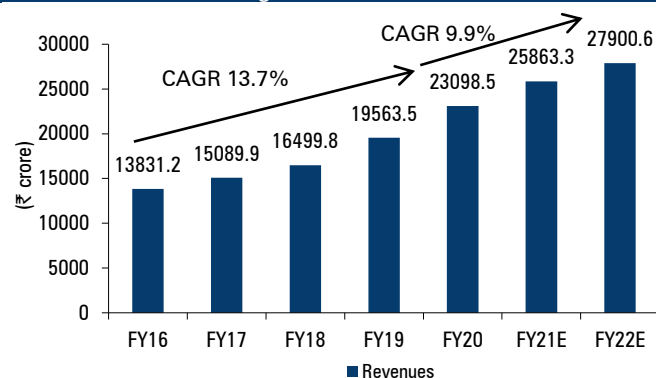
The company faced a USFDA embargo in 2011 for two of its units for non-compliance with cGMP. It also went through political turmoil due to the Telangana issue and alleged favours received by promoters through political connections. Aurobindo acquired commercial operations in seven Western European countries from Actavis. The company has acquired personnel, commercial infrastructure, products, marketing authorisation and dossier license rights in these seven countries. The acquisition brought in a pipeline of ~1200 products from different segments and an additional pipeline of over 200 products under its foray. Net sales for acquired businesses were ~€320 million. GPMs were ~30%. They were fetching losses of ~€23 million at the EBITDA level.

Aurobindo Pharma also acquired the Generis group in Portugal in Q4FY17, through its step down subsidiary Agile Pharma (Netherlands) for a consideration of ~€135 million (~₹ 985 crore). Generis' CY16 revenues were €64.8 million and EBITDA was €12.7 million.

Recently, the company also acquired Canada based Apotex' businesses in five European countries (Poland, Czech Republic, the Netherlands, Spain, and Belgium) for ~€74 million. This acquisition will add 200 generics and more than 80 OTC products that had total sales of €133 million in FY18.

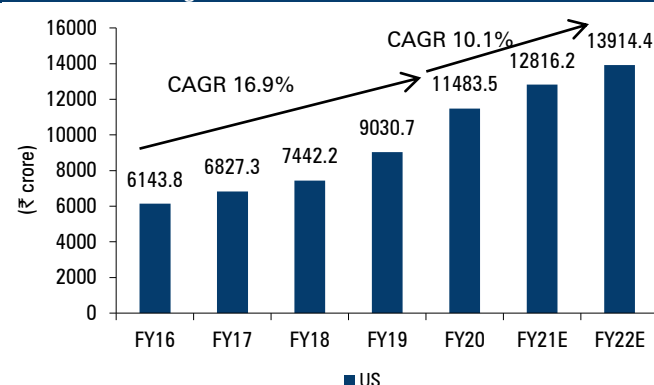
In the US, the company acquired the assets of nutritional supplement maker Natrol Inc. for a consideration of ~US\$132.5 million. With this acquisition, the company has forayed into the nutritional OTC business in the US and other international markets.

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



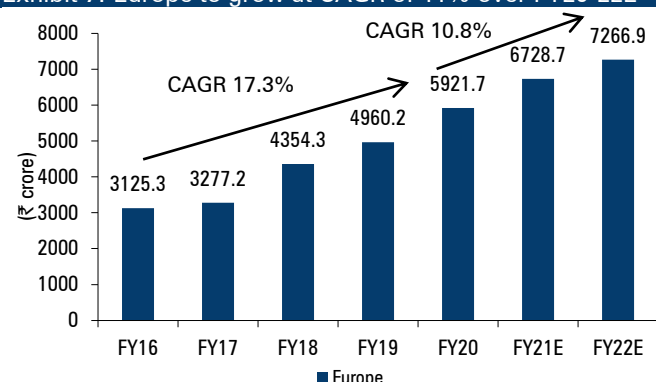
Source: ICICI Direct Research, Company

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



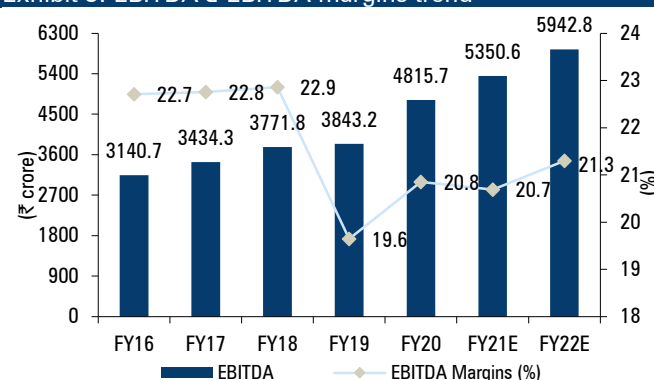
Source: ICICI Direct Research, Company

Exhibit 7: Europe to grow at CAGR of 11% over FY20-22E



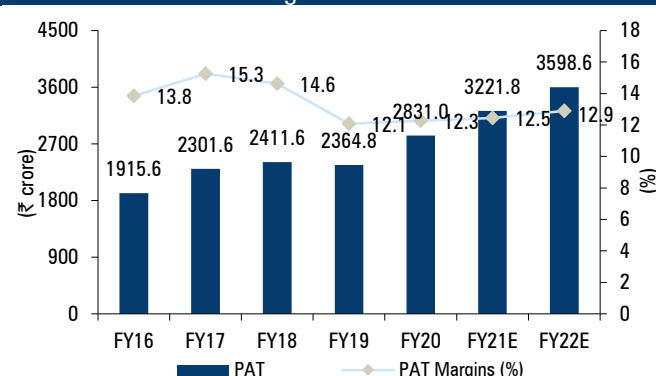
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



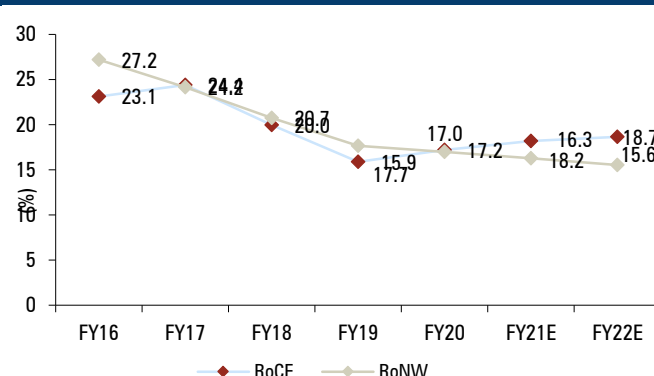
Source: ICICI Direct Research, Company

Exhibit 9: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 10: RoE & RoCE trend



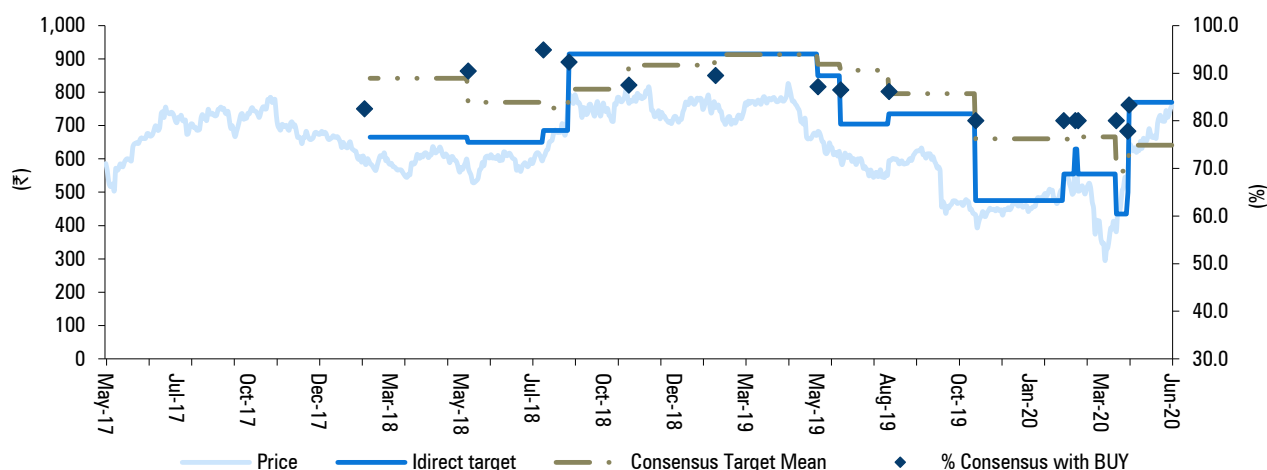
Source: ICICI Direct Research, Company

Exhibit 11: Valuation

	Revenues	Growth	Adj. EPS	Growth	P/E V/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(%)	(%)
FY 19	19564	18.6	40.4	1.2	18.8	12.7	15.9
FY 20	23099	18.1	48.3	16.5	15.7	9.7	17.2
FY 21E	25863	12.0	55.0	12.8	13.8	8.5	18.2
FY 22E	27901	7.9	61.4	11.7	12.4	7.2	18.7

Source: ICICI Direct Research

Exhibit 12: Recommendation history vs. Consensus



Source: ICICI Direct Research, Bloomberg

Exhibit 13: Top 10 Shareholders

Rank	Investor Name	Filing Date	% O/S	Position (m)	Change
1	Rani Penaka Suneela	31-Mar-20	33.5	196.38m	0.00m
2	HDFC Asset Management	30-Apr-20	8.8	51.47m	(0.16)m
3	Reddy K Nithyananda	31-Mar-20	4.3	25.36m	0.00m
4	Reddy Kambam Kirthi	31-Mar-20	3.5	20.75m	0.00m
5	Reddy P V Ramaprasad	31-Mar-20	3.1	18.00m	0.00m
6	Axis Clinicals Ltd	31-Mar-20	3.0	17.38m	0.00m
7	Sivakumaran M	31-Mar-20	2.5	14.49m	0.00m
8	Reliance Capital Tru	31-May-20	1.5	8.79m	1.21m
9	Vanguard Group	30-Apr-20	1.3	7.74m	0.35m
10	Spoorthi Kambam	31-Mar-20	1.3	7.60m	0.00m

Source: ICICI Direct Research, Bloomberg

Exhibit 14: Shareholding Pattern

(in %)	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Promoter	51.9	51.9	51.9	51.9	52.0
Others	48.1	48.1	48.1	48.1	48.0

Source: ICICI Direct Research, Company

Financial Summary

Exhibit 15: Profit & Loss (₹ crore)

Site	FY19	FY20	FY21E	FY22E
Revenues	19,563.5	23,098.5	25,863.3	27,900.6
Growth (%)	18.6	18.1	12.0	7.9
Raw Material Expenses	8,712.7	9,735.2	10,823.1	11,578.7
Employee Expenses	2,584.9	3,219.2	3,521.5	3,766.6
Other Manufacturing Expens	4,422.8	5,328.4	6,168.2	6,612.4
Total Operating Expenditure	15,720.3	18,282.8	20,512.7	21,957.7
EBITDA	3,843.2	4,815.7	5,350.6	5,942.8
Growth (%)	1.9	25.3	11.1	11.1
Interest	162.7	159.8	88.8	55.2
Depreciation	668.0	966.7	1,017.8	1,175.3
Other Income	166.1	99.9	101.9	109.9
PBT before Exceptional Item	3,178.7	3,789.1	4,345.9	4,822.2
Less: Forex & Exceptional I	88.1	26.1	0.0	0.0
PBT	3,090.6	3,763.0	4,345.9	4,822.2
Total Tax	726.9	913.5	1,086.5	1,205.6
PAT before MI	2,363.8	2,849.5	3,259.4	3,616.7
Minorities and Associates	1.0	-18.5	-37.6	-18.1
PAT	2,364.8	2,831.0	3,221.8	3,598.6
Adjusted PAT	2,452.8	2,857.1	3,221.8	3,598.6
Growth (%)	1.2	16.5	12.8	11.7
EPS (Diluted)	40.4	48.3	55.0	61.4

Source: ICICI Direct Research

Exhibit 16: Cash Flow Statement (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Profit/(Loss) after taxation	2,321.5	3,013.2	3,221.8	3,598.6
Add: Depreciation & Amortizat	668.0	966.7	1,017.8	1,175.3
Net Increase in Current Assets	-1,661.3	-43.9	-2,187.3	-1,242.2
Net Increase in Current Liabiliti	151.0	320.8	1,256.3	561.8
CF from operating activities	1,622.0	4,381.3	3,397.4	4,148.7
(Purchase)/Sale of Fixed Asse	-2,856.8	-1,401.7	-1,500.0	-1,500.0
(Inc)/dec in Investments	-46.3	-179.1	0.0	0.0
Others	57.6	31.7	-2.5	-1.9
CF from investing activities	-2,845.5	-1,549.2	-1,502.5	-1,501.9
Issue of Equity Shares	0.1	0.2	0.0	0.0
Inc / (Dec) in Debt	2,230.4	-1,632.4	-1,600.0	-1,600.0
Dividend & Dividend Tax	-159.9	-188.4	-234.8	-262.2
others	-151.5	-126.6	-88.8	-55.2
CF from financing activities	1,919.1	-1,947.2	-1,923.6	-1,917.5
Net Cash flow	695.6	885.0	-28.7	729.3
Opening Cash	1,261.6	1,957.2	2,842.2	2,813.4
Closing Cash	1,957.2	2,842.2	2,813.4	3,542.7
Free Cash Flow	-1,234.8	2,979.6	1,897.4	2,648.7

Source: ICICI Direct Research

Exhibit 17: Balance Sheet (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Equity Capital	58.6	58.6	58.6	58.6
Reserve and Surplus	13,832.2	16,751.8	19,738.8	23,075.2
Total Shareholders funds	13,890.8	16,810.4	19,797.4	23,133.8
Total Debt	6,966.8	5,830.5	4,230.5	2,630.5
Deferred Tax Liability	281.3	302.5	332.7	366.0
Minority Interest	1.6	0.1	0.1	0.2
Long term Provisions	46.5	74.7	83.7	93.7
Other Non Current Liabilities	11.3	87.5	91.9	96.5
Source of Funds	21,198.3	23,105.7	24,536.3	26,320.6
Gross Block - Fixed Assets	9,665.1	11,470.0	13,570.0	15,670.0
Accumulated Depreciation	2,022.8	2,989.5	4,007.2	5,182.5
Net Block	7,642.3	8,480.5	9,562.8	10,487.5
Capital WIP	1,668.5	1,985.9	1,385.9	785.9
Net Fixed Assets	9,310.8	10,466.5	10,948.7	11,273.5
Goodwill on Consolidation	832.5	915.9	915.9	915.9
Investments	360.2	554.7	554.7	554.7
Inventory	7,245.6	7,699.9	9,565.9	10,319.4
Cash	1,957.2	2,842.2	2,813.4	3,542.7
Debtors	3,413.8	4,315.2	4,513.1	4,868.6
Loans & Advances & Other	2,747.9	1,555.3	1,678.6	1,811.8
Total Current Assets	15,364.5	16,412.5	18,571.0	20,542.5
Creditors	2,677.1	2,545.0	3,539.2	3,818.0
Provisions & Other CL	2,579.0	3,275.7	3,537.7	3,820.7
Total Current Liabilities	5,256.1	5,820.6	7,076.9	7,638.7
Net Current Assets	10,108.4	10,591.8	11,494.1	12,903.8
LT L& A, Other Assets	403.1	413.6	446.6	482.4
Deferred Tax Assets	183.3	163.2	176.3	190.4
Application of Funds	21,198.3	23,105.7	24,536.3	26,320.6

Source: ICICI Direct Research

Exhibit 18: Key Ratios (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Per share data (₹)				
Adjusted EPS (Diluted)	41.9	48.8	55.0	61.4
BV per share	237.1	286.9	337.8	394.8
Dividend per share	2.9	3.5	4.0	4.5
Cash Per Share	33.4	48.5	48.0	60.5
Operating Ratios (%)				
Gross Profit Margins	55.5	57.9	58.2	58.5
EBITDA margins	19.6	20.8	20.7	21.3
Net Profit margins	12.5	12.4	12.5	12.9
Inventory days	135.2	121.7	135.0	135.0
Debtor days	63.7	68.2	63.7	63.7
Creditor days	49.9	40.2	49.9	49.9
Asset Turnover	2.2	2.2	2.0	1.8
EBITDA Conversion Rate	42.2	91.0	63.5	69.8
Return Ratios (%)				
RoE	17.7	17.0	16.3	15.6
RoCE	15.9	17.2	18.2	18.7
RoIC	18.5	21.5	21.8	22.1
Valuation Ratios (x)				
P/E	18.8	15.7	13.8	12.4
EV / EBITDA	12.7	9.7	8.5	7.2
EV / Net Sales	2.5	2.0	1.8	1.5
Market Cap / Sales	2.3	1.9	1.7	1.6
Price to Book Value	3.2	2.6	2.2	1.9
Solvency Ratios				
Debt / Equity	0.5	0.3	0.2	0.1
Debt / EBITDA	1.8	1.2	0.8	0.4
Current Ratio	2.6	2.3	2.2	2.2

Source: ICICI Direct Research

Exhibit 19: 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	1450	1,730	Buy	12657	43.5	53.4	56.0	72.0	33.3	27.2	25.9	20.1	21.8	24.7	22.3	24.2	17.1	18.1	16.7	18.5
Alembic Pharma	ALEMPHA	846	875	Buy	15949	31.4	46.3	41.4	39.8	26.9	18.3	20.4	21.3	19.6	20.6	17.7	16.0	21.8	26.3	19.5	16.2
Apollo Hospital	APOHOS	1358	1,490	Buy	18891	17.0	21.5	35.2	65.7	80.0	63.0	38.6	20.7	8.8	10.4	12.6	16.8	7.1	8.1	11.2	17.9
Aurobindo Pharma	AURPHA	759	920	Buy	44461	41.9	48.8	55.0	61.4	18.1	15.6	13.8	12.4	15.9	17.2	18.2	18.7	17.7	17.0	16.3	15.6
Biocon	BIOCON	395	390	Buy	47394	6.2	5.8	9.8	18.2	63.6	67.9	40.1	21.7	10.9	10.9	15.1	22.1	12.2	10.4	15.2	22.4
Cadila Healthcare	CADHEA	362	375	Hold	37019	18.1	14.3	17.5	20.9	20.0	25.3	20.7	17.3	13.0	10.6	12.1	13.4	17.8	12.9	14.1	14.9
Cipla	CIPLA	658	670	Buy	53018	18.6	19.2	23.0	30.2	35.4	34.2	28.5	21.7	10.9	12.0	13.0	15.4	10.0	9.8	10.8	12.6
Divi's Lab	DIVLAB	2433	2,130	Hold	64589	51.0	49.9	58.4	71.0	47.7	48.8	41.7	34.2	25.5	21.7	21.8	22.8	19.4	16.6	16.9	17.5
Dr Reddy's Lab	DRREDD	4045	4,615	Buy	67208	114.7	121.9	163.8	209.7	35.3	33.2	24.7	19.3	11.1	10.0	18.0	20.8	13.6	13.0	15.2	16.6
Glenmark Pharma	GLEPHA	405	340	Hold	11422	26.9	26.8	34.6	43.2	15.0	15.1	11.7	9.4	15.3	12.8	14.5	16.1	13.5	12.0	13.5	14.5
Hikal	HIKCHE	124	160	Buy	1526	8.4	9.6	11.1	13.3	14.8	12.9	11.2	9.3	14.3	13.3	13.6	14.5	13.6	14.1	14.2	14.9
Ipca Laboratories	IPCLAB	1500	1,900	Buy	18956	35.1	55.7	65.6	79.3	42.8	26.9	22.9	18.9	15.0	20.5	21.0	21.6	14.2	19.1	18.9	19.2
Jubilant Life	JUBLIF	557	550	Buy	8867	54.9	59.9	69.8	89.8	10.1	9.3	8.0	6.2	14.3	14.6	17.2	19.7	17.8	16.6	16.4	17.5
Lupin	LUPIN	914	930	Hold	41410	16.5	-12.7	25.6	38.7	55.2	-72.0	35.8	23.6	9.4	10.6	10.4	14.6	5.4	-4.6	8.5	11.6
Narayana Hrudayam	NARHRU	285	330	Buy	5817	2.9	6.2	8.2	11.4	98.1	45.6	34.8	24.9	7.7	11.6	12.7	15.3	5.5	10.8	12.5	15.1
Natco Pharma	NATPHA	595	650	Hold	10828	34.9	26.9	24.6	23.4	17.0	22.1	24.2	25.4	21.3	14.6	12.7	11.3	18.5	12.6	10.4	9.1
Sun Pharma	SUNPHA	507	540	Buy	121631	15.9	16.8	18.4	24.5	32.0	30.2	27.6	20.7	10.3	10.0	10.3	12.4	9.2	8.9	8.9	10.8
Syngene Int.	SYNINT	370	390	Buy	14812	8.3	10.3	8.6	12.2	44.8	36.0	38.6	27.3	14.8	15.0	12.9	16.4	16.8	15.7	13.7	16.3
Torrent Pharmaceuticals	TORPHA	2390	2,475	Hold	40451	48.9	60.6	67.0	88.3	48.8	39.5	35.7	27.1	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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