

Strong US, API growth offset by domestic decline...

Q1 revenues grew 4.1% YoY to ₹ 3640 crore (I-direct estimate: ₹ 3584 crore). US sales grew a robust 18.7% YoY to ₹ 1623 crore. Domestic formulations de-grew 11.2% YoY to ₹ 829 crore. Wellness segment de-grew 12.3% YoY to ₹ 532 crore. API segment grew 89.2% YoY to 131 crore. EBITDA margins expanded 433 bps YoY to 22.4% (I-direct estimate: 19.4%) due to better gross margin performance and lower other expenses. Subsequently, EBITDA grew 29.0% YoY to ₹ 815 crore (I-direct estimate: ₹ 697 crore). PAT grew 49.4% YoY to ₹ 454 crore (I-direct estimates: ₹ 365 crore). Delta vis-à-vis EBITDA was mainly due to lower interest cost.

US expected to grow on new launches

US (44% of FY20 revenues) grew at ~12% CAGR in FY16-20 backed by aggressive filings, product launches. Launch of authorised generics also contributed to overall growth. US pipeline (cumulative) consists of 390+ filed ANDAs, 95 pending final approvals. However, resurfacing of cGMP issues at Moraiya, imminent slowdown in base are main near term headwinds. We expect US sales to grow at ~9% CAGR in FY20-22E to ₹ 7426 crore.

India to witness restructuring; focus on profitable SKUs

With a market share of 4.1%, Cadila is the fifth largest player in the domestic formulations market, as per AIOCD June 2020. The acute: chronic: sub-chronic ratio for the company is 53:31:16. Domestic formulation grew at a CAGR of 5.7% in FY16-20 backed by new launches and acquisition of Biochem. Recently, the company optically initiated restructuring of business by rationalising slow moving SKUs. We expect Indian formulations to grow at a CAGR of ~9% in FY20-22E to ₹ 4432 crore.

Valuation & Outlook

Q1 revenues were in line with I-direct estimates whereas profitability was better-than-expected due to lower marketing, promotional expenses and higher gross margins. On the US front, the company plans to venture into complex injectables (45 filed ANDAs + 14 in-licensed products), which is likely to provide meaningful traction from FY23-24 onwards. Similarly, addition of biosimilars (like Trastuzumab, Adalimumab, Pegfilgrastim, Bevacizumab, etc.) for Emerging markets (like LatAm, MENA markets and South East Asia) are expected to provide growth impetus, going ahead. The wellness segment performance hinges upon the company's marketing & distribution prowess besides effective product positioning. India formulations business, after recent restructuring, is likely to stabilise. Both wellness, India formulations are likely to deliver steady growth in FY22. Overall, balance sheet reduction, Moraiya warning letter resolution, US base business performance in tough times are some important aspects to watch. We arrive at our target price of ₹ 470 based on 22x FY22E EPS of ₹ 21.3.

Key Financial Summary

(₹crore)	FY19	FY20	FY21E	FY22E	CAGR (FY20-22E) %
Revenues	13165.6	14253.1	15474.7	16908.4	8.9
EBITDA	2972.8	2742.0	3303.8	3673.0	15.7
EBITDA margins (%)	22.6	19.2	21.3	21.7	
Net Profit	1849.0	1430.1	1856.3	2181.0	23.5
EPS (₹)	18.1	14.0	18.1	21.3	
PE (x)	21.9	34.4	21.8	18.6	
EV to EBITDA (x)	16.1	17.3	14.0	12.3	
RoE (%)	17.8	13.8	15.7	16.1	
RoCE (%)	12.8	10.7	12.9	13.9	

Source: ICICI Direct Research, Company



Particulars

Particular	Amount
Market Capitalisation	₹40535 crore
Debt (FY20)	₹7999 crore
Cash (FY20)	₹965 crore
EV	₹47570 crore
52 week H/L	412/206
Equity capital	₹102 crore
Face value	₹1

Key Highlights

- Q1 revenues in line with I-direct estimates whereas profitability better-than-expected due to lower other expenditure, higher GM performance
- Both wellness, India formulations likely to deliver steady growth in FY22
- Balance sheet reduction, Moraiya warning letter resolution, US base business performance key monitorables
- Maintain BUY

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Exhibit 1: Variance Analysis

	Q1FY21	Q1FY21E	Q1FY20	Q4FY20	YoY (%)	QoQ (%)	Comments
Revenue	3639.9	3584.3	3496.3	3752.1	4.1	-3.0	Strong growth in US, RoW, APIs partially offset by sharp decline in domestic formulation amid Covid
Raw Material Expenses	1250.3	1254.5	1259.5	1259.7	-0.7	-0.7	A 167 bps YoY improvement in gross margins to 66.7% mainly due to change in product mix in India and US business
Employee Expenses	634.5	609.3	589.8	609.0	7.6	4.2	
Other expenditure	939.7	1023.4	1015.0	1092.2	-7.4	-14.0	Lower spend on marketing and travelling and administration expenses
EBITDA	815.4	697.0	632.0	791.2	29.0	3.1	
EBITDA (%)	22.4	19.4	18.1	21.1	433 bps	131 bps	YoY improvement mainly due to improvement in gross margins and lower other expenditure
Interest	67.7	86.2	89.1	82.5	-24.0	-17.9	
Depreciation	176.8	179.6	171.6	178.5	3.0	-1.0	
Other Income	22.5	21.0	22.6	44.3	-0.4	-49.2	
PBT before EO & Forex	593.4	452.2	393.9	574.5	50.6	3.3	
EO	0.0	0.0	0.0	52.5	0.0	0.0	
PBT	593.4	452.2	393.9	522.0	50.6	13.7	
Tax	123.5	90.4	79.1	108.5	56.1	13.8	
Tax rate (%)	20.8	20.0	20.1	20.8	3.6	0.1	
Net Profit	454.0	364.6	303.8	391.9	49.4	15.8	
Adjusted PAT	454.0	364.6	303.8	433.5	49.4	4.7	YoY growth and beat vis-à-vis I-direct estimates mainly due to strong operational performance and lower interest cost
Key Metrics							
India	829.2	919.2	933.8	892.2	-11.2	-7.1	Growth impacted due to sharp reduction in prescription owing to fall in clinics footfalls
US	1623.2	1641.3	1367	1760.7	18.7	-7.8	YoY growth mainly due to volume growth and new launches
Europe	48.9	59.3	47.4	58.2	3.2	-16.0	
EMs	237.5	176.3	220.4	171.7	7.8	38.3	
Wellness	531.6	454.8	606.4	489.9	-12.3	8.5	
JVs	22.8	13.9	41.5	18.3	-45.1	24.6	
APIs	130.9	117.6	69.2	116.3	89.2	12.6	
Animal Health & Others	125.2	114.5	120.5	119.9	3.9	4.4	

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

	FY21E			FY22E			Comments
(₹ Crore)	Old	New	% Change	Old	New	% Change	
Revenue	15,643.5	15,474.7	-1.1	17,148.9	16,908.4	-1.4	
EBITDA	3,160.9	3,303.8	4.5	3,668.9	3,673.0	0.1	
EBITDA Margin (%)	20.2	21.3	115 bps	21.4	21.7	32 bps	Changed mainly due to cost saving during Covid period
PAT	1,734.7	1,856.3	7.0	2,136.7	2,181.0	2.1	Changed mainly in sync with operational performance
EPS (₹)	16.9	18.1	7.3	20.9	21.3	1.9	

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

	Current				Earlier		Comments
(₹ crore)	FY19	FY20	FY21E	FY22E	FY21E	FY22E	
India	3,533.8	3,714.1	3,834.4	4,431.6	3,982.7	4,565.7	
US	6,279.5	6,251.4	7,090.5	7,425.7	7,144.5	7,501.7	
Europe	226.8	195.7	220.2	244.6	230.5	253.6	
EMs	831.2	875.3	1,050.7	1,196.5	989.6	1,199.7	
Wellness	807.6	1,737.9	1,753.6	1,957.7	1,767.8	1,974.7	
JVs	132.3	69.8	66.8	70.3	57.9	62.5	
APIs	424.5	453.0	517.1	543.0	503.8	529.0	Changed mainly due to higher-than-expected growth in Q1FY21
Animal Health & Others	512.9	514.9	551.0	612.3	585.2	643.7	Changed mainly due to lower-than-expected growth in Q1FY21

Source: ICICI Direct Research

Conference Call Highlights

- Q1FY21 R&D: ₹ 269.4 crore; capex: ₹ 50.2 crore
- NCE – Multiple approvals expected over six to nine months for Biosimilars in Emerging markets
- US growth – volume expansion and new product traction
 - Five ANDAs filed, 12 ANDA approvals (including four tentative), 108 pending ANDAs
 - US\$150-200 million opportunity in the injectables segment by FY24. Also, 45 injectable filings (30 more to be filed)
 - Fourteen products in-licensed for complex generics (brand value above US\$15 billion)- filed or yet to be filed – likely to be commercialised in the next three years, 10 more in discussion
 - Generic price erosion currently in low single-digits;
 - Re-launched succinylcholine from Liva facility (Line 1), site transfer for doxycycline to Liva (Line 2) completed through desktop audit
- Lower other expenditure – lower marketing & promotional expenses along with reduction in admin expenses
- Gross margin expansion due to better product mix and higher US volumes
- Net debt was at ₹ 5200 crore at end of Q1FY21 (down ₹ 1500 crore) from ₹ 6746 crore in FY20) due to better WC control. However, for FY21, the management expects net debt reduction of ₹ 1000 crore vis-a-vis FY20
- Domestic – The company is witnessing month-on-month improvement in India business as doctors partially resume their practice, Gx: Branded – 10: 90
 - Growth observed in gynaecology, pain, anti-diabetic therapies
 - similar month-on-month recovery trend in wellness segment
- R&D guidance: 7-8% of sales; 60% of R&D geared towards Generic, rest split between NCE, Biosimilar & Vaccine
- Remdesivir to be launched shortly, the company has significant size, capacity and is sufficiently backward integrated
- Incremental sales from HCQS were below ₹ 100 crore in the US
- Guidance - Mid to high single digit US generics growth
- Biosimilars filed in LatAm, North Africa, Middle East, SE Asia – Pegfilgrastim, Trastuzumab, Adalimumab, Bevacizumab, Parathyroid hormone, Rituximab
- Covid-19 related products
 - Vaccine – capacity planned for 10 crore doses per annum; Phase 2 trials to be completed by October (1000 patients)
 - Tests: 2.5 to 3 lakh tests per month

Exhibit 4: Trends in quarterly financials

(₹Crore)	11FY18	12FY18	13FY18	14FY18	11FY19	12FY19	13FY19	14FY19	11FY20	12FY20	13FY20	14FY20	11FY21	YoY (%)	QoQ (%)
Total Operating Income	2228.8	3234.0	3259.6	3250.2	2893.7	2961.2	3577.9	3732.8	3496.3	3366.6	3638.1	3752.1	3639.9	4.1	-3.0
Raw Material Expense	860.9	1100.7	1124.6	1083.3	986.6	991.9	1352.5	1385.7	1259.5	1156.5	1244.3	1259.7	1250.3	-0.7	-0.7
% of revenue	38.6	34.0	34.5	33.3	34.1	33.5	37.8	37.1	36.0	34.4	34.2	33.6	34.3		
Gross Profit	1367.9	2133.3	2135.0	2166.9	1907.1	1969.3	2225.4	2347.1	2236.8	2210.1	2393.8	2492.4	2389.6	6.8	-4.1
Gross Profit Margin (%)	61.4	66.0	65.5	66.7	65.9	66.5	62.2	62.9	64.0	65.6	65.8	66.4	65.7	167 bps	-78 bps
Employee Expenses	428.8	459.2	460.8	491.5	526.6	521.2	524.0	552.3	589.8	596.7	619.0	609.0	634.5	7.6	4.2
% of revenue	19.2	14.2	14.1	15.1	18.2	17.6	14.6	14.8	16.9	17.7	17.0	16.2	17.4		
Other Expenditure	661.8	817.0	833.0	805.0	735.5	760.3	861.8	994.4	1015.0	987.8	1081.6	1092.2	939.7	-7.4	-14.0
% of revenue	29.7	25.3	25.6	24.8	25.4	25.7	24.1	26.6	29.0	29.3	29.7	29.1	25.8		
Total Expenditure	1951.5	2376.9	2418.4	2379.8	2248.7	2273.4	2738.3	2932.4	2864.3	2741.0	2944.9	2960.9	2824.5	-1.4	-4.6
% of revenue	87.6	73.5	74.2	73.2	77.7	76.8	76.5	78.6	81.9	81.4	80.9	78.9	77.6		
EBITDA	277.3	857.1	841.2	870.4	645.0	687.8	839.6	800.4	632.0	625.6	693.2	791.2	815.4	29.0	3.1
EBITDA Margins (%)	12.4	26.5	25.8	26.8	22.3	23.2	23.5	21.4	18.1	18.6	19.1	21.1	22.4	433 bps	131 bps
Depreciation	122.0	126.7	147.3	144.0	141.8	147.5	153.7	155.6	171.6	172.3	174.1	178.5	176.8	3.0	-1.0
Interest	21.9	40.6	13.5	15.4	35.0	35.7	45.5	77.3	89.1	89.7	80.5	82.5	67.7	-24.0	-17.9
Other Income	21.0	22.5	41.1	28.7	101.3	30.4	31.0	38.4	22.6	26.9	20.1	44.3	22.5	-0.4	-49.2
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-268.1	-1.6	-52.5	0.0		
PBT	154.4	712.3	721.5	739.7	569.5	535.0	671.4	605.9	393.9	122.4	457.1	522.0	593.4	50.6	13.7
Total Tax	29.3	212.3	178.6	144.2	120.3	124.7	158.6	126.7	79.1	39.5	92.7	108.5	123.5	56.1	13.8
Tax rate (%)	19.0	29.8	24.8	19.5	21.1	23.3	23.6	20.9	20.1	32.3	20.3	20.8	20.8	73.1	2.7
PAT before MI	125.1	500.0	542.9	595.5	449.2	410.3	512.8	479.2	314.8	82.9	364.4	413.5	469.9	49.3	13.6
Minority Interest	6.9	9.3	10.1	8.3	8.8	10.7	10.9	21.6	21.5	-13.2	-2.5	21.8	32.6	51.6	49.5
PAT	138.4	503.3	543.3	606.7	461.0	417.5	510.4	460.1	303.8	107.2	373.9	391.9	454.0	49.4	15.8
EPS (₹)	1.4	4.9	5.3	5.9	4.5	4.1	5.0	4.5	3.0	1.0	3.7	3.8	4.4		

Source: ICICI Direct Research

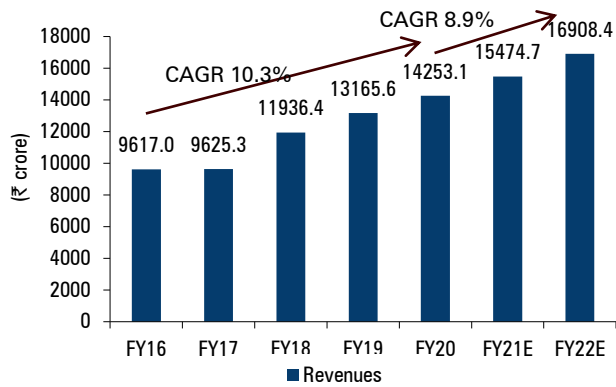
Company Background

The company was established in 1952 and restructured in 1995 post a family split. Cadila is one of the old generation family owned pedigree companies which, after establishing a strong base in domestic formulations, shifted focus to the exports markets. Over FY10-20, revenues and EBITDA have grown 3-4x while PAT has more than doubled. US has been the key driver for the company in the past five years and grew at ~12% CAGR in FY16-20, though the annual growth was volatile due to warning letters. It has received repeated warning letters (in FY12, FY16) from USFDA for its Moraiya facility (Gujarat). We believe that despite the headwinds, the US is likely to remain a key growth driver for the company due to aggressive filings and robust pending approvals.

Domestic growth remained steady in the past five years though JVs, wellness and other segments growth were volatile. On the margins front, base business EBITDA margins have been hovering in the range of 19-24% in the past five years. We believe the US and Indian formulations will remain main growth drivers, going ahead.

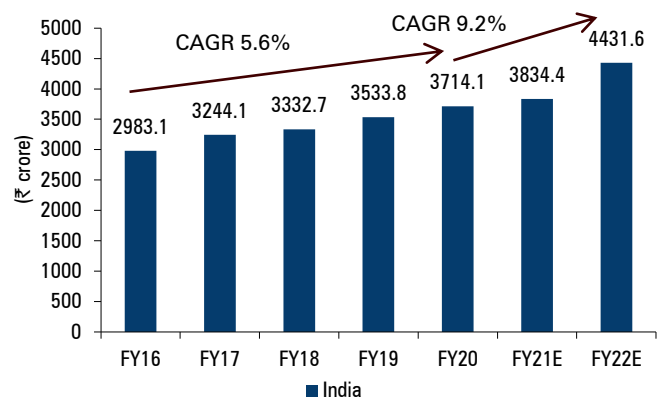
In FY19, the company acquired US-based Kraft Heinz's India business comprising Complian, Glucon-D, Nycil and Sampriti Ghee brands in addition to two manufacturing facilities for ~₹ 4600 crore. Other major brands in the company's wellness portfolio include Sugar Free, EverYuth and Nutralite. Post the acquisition (completed in January 2019), the wellness segment now contributes ~12% to the company's topline, up from the earlier 4% in FY16.

Exhibit 5: Revenues to grow at CAGR of 9% over FY20-22E



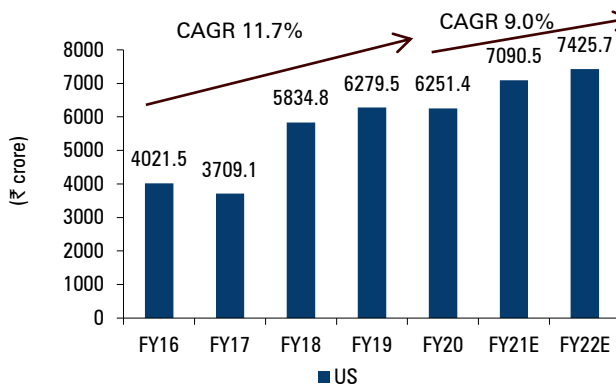
Source: ICICI Direct Research, Company

Exhibit 6: Domestic to grow at CAGR of 9% over FY20-22E



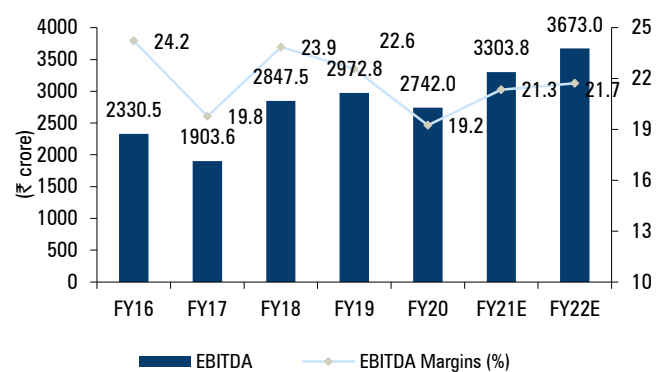
Source: ICICI Direct Research, Company

Exhibit 7: US to grow at CAGR of 9% over FY20-22E



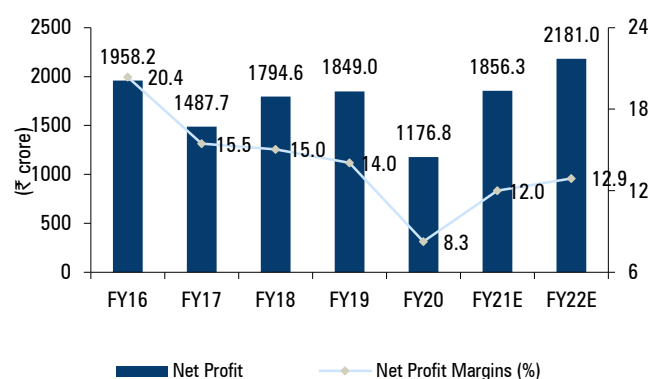
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



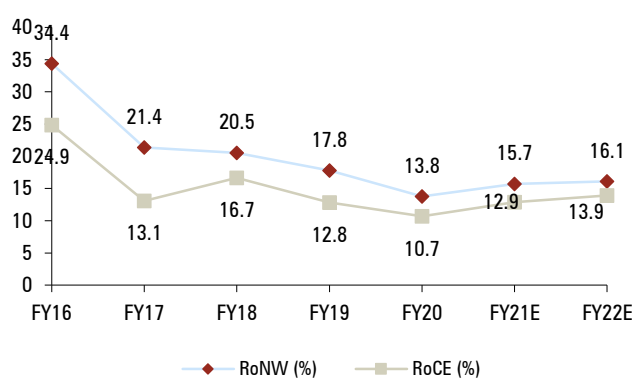
Source: ICICI Direct Research, Company

Exhibit 9: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 10: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 11: Revenue Mix

(₹ crore)	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	CAGR (FY16-20) %	CAGR (FY20-22E) %
India	2,677	2,983	3,244	3,333	3,534	3,714	3,834	4,432	5.6	9.2
US	3,393	4,022	3,709	5,835	6,280	6,251	7,090	7,426	11.7	9.0
Europe	338	295	262	240	227	196	220	245	-9.8	11.8
EMs	641	690	749	762	831	875	1,051	1,196	6.1	16.9
Wellness	443	432	459	492	808	1,738	1,754	1,958	41.6	6.1
JVs	471	263	159	159	132	70	67	70	-28.2	0.4
Total APIs	372	365	380	366	425	453	517	543	5.6	9.5
Animal Healthcare	322	320	453	480	513	515	551	612	12.6	9.0

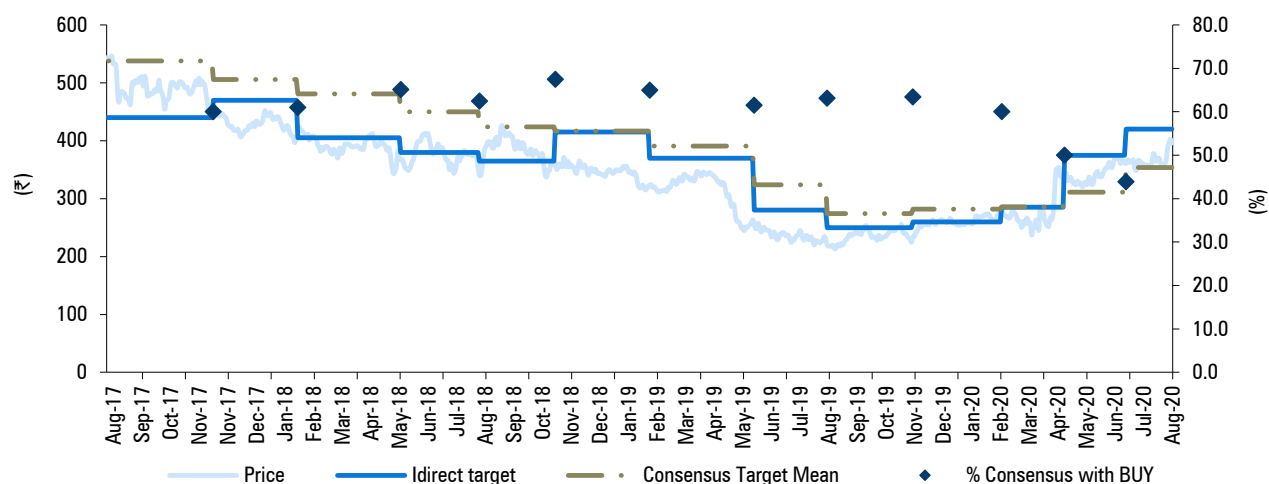
Source: ICICI Direct Research, Company

Exhibit 12: Valuation

	Revenues	Growth	EPS	Growth	P/E	V/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY 19	13166	10.3	18.1	3.0	21.9	16.1	17.8	12.8
FY 20	14253	8.3	14.0	-22.7	34.4	17.3	13.8	10.7
FY 21E	15475	8.6	18.1	29.8	21.8	14.0	15.7	12.9
FY 22E	16908	9.3	21.3	17.5	18.6	12.3	16.1	13.9

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	Zydus Family Trust	31-Mar-20	74.9	766.38m	(0.0)m
2	Life Insurance Corp	31-Mar-20	3.7	38.07m	0.3m
3	Kotak Mahindra Asset	31-May-20	2.3	23.20m	0.5m
4	Government Pension Fund	31-Mar-20	1.1	11.53m	0.0m
5	Norges Bank	31-Dec-19	1.1	11.51m	0.0m
6	Franklin Resources	14-Jul-20	1.1	11.24m	0.7m
7	Icici Prudential Ass	31-May-20	1.0	9.77m	0.5m
8	Vanguard Group	30-Jun-20	0.8	8.57m	(0.0)m
9	UTI Asset Management	31-May-20	0.8	8.00m	(0.3)m
10	Aditya Birla Sun Life	31-May-20	0.6	6.50m	0.8m

Source: ICICI Direct Research, Bloomberg

Exhibit 15: Shareholding Pattern

(in %)	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Promoter	74.8	74.9	74.9	74.9	74.9
Others	25.2	25.1	25.1	25.1	25.1

Source: ICICI Direct Research, Company

Financial Summary

Exhibit 16: Profit & Loss (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Revenues	13,165.6	14,253.1	15,474.7	16,908.4
Growth (%)	10.3	8.3	8.6	9.3
Raw Material Expenses	4,716.7	4,920.0	5,394.8	5,833.4
Employee Expenses	2,124.1	2,414.5	2,593.5	2,745.9
Other expenses	3,352.0	4,176.6	4,182.6	4,656.1
Total Operating Expenditure	10,192.8	11,511.1	12,170.9	13,235.4
EBITDA	2,972.8	2,742.0	3,303.8	3,673.0
Growth (%)	4.4	-7.8	20.5	11.2
Depreciation	598.6	696.5	731.9	800.1
Interest	193.5	341.8	298.7	256.0
Other Income	201.1	113.9	103.2	131.9
Less: Exceptional Items	0.0	322.2	0.0	0.0
PBT after Exceptional Item	2,381.8	1,495.4	2,376.5	2,748.7
Total Tax	530.3	319.8	480.1	549.7
Minority Interest	52.0	27.6	75.3	53.6
PAT	1,849.0	1,176.8	1,856.3	2,181.0
Adjusted PAT	1,849.0	1,430.1	1,856.3	2,181.0
Growth (%)	3.0	-22.7	29.8	17.5
EPS (Adjusted)	18.1	14.0	18.1	21.3

Source: ICICI Direct Research

Exhibit 17: Cash Flow Statement (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Profit/(Loss) after taxation	1,714.5	1,193.3	1,856.3	2,181.0
Add: Depreciation	598.6	696.5	731.9	800.1
Net Increase in Current Ass	-769.6	224.9	-410.8	-733.2
Net Increase in Current Liab	-202.1	-95.5	269.5	292.9
Other Operating Activities	-59.5	486.2	298.7	256.0
CF from operating activiti	1,281.9	2,505.4	2,745.5	2,796.7
(Inc)/dec in Fixed Assets	453.6	-888.8	-800.0	-800.0
Loan & Advances	0.0	0.0	-53.5	-58.3
(Inc)/dec in MI	0.0	0.0	75.3	53.6
Other Investing Activities	-4,285.7	-206.8	-32.5	-35.4
CF from investing activiti	-3,832.1	-1,095.6	-810.6	-840.1
Inc/(dec) in loan funds	2,395.5	-348.9	-1,000.0	-1,000.0
Dividend paid & dividend tax	-431.4	-856.9	-408.4	-479.8
Inc/(dec) in forex reserve	0.0	0.0	0.0	0.0
Interest Paid	-79.5	111.6	-298.7	-256.0
Other Financing Activities	0.0	0.0	0.0	0.0
CF from financing activiti	1,884.6	-1,094.2	-1,707.1	-1,735.8
Net Cash flow	-665.6	315.6	227.8	220.8
Opening Cash	1,314.9	649.3	964.9	1,192.7
Closing Cash	649.3	964.9	1,192.7	1,413.5
Free Cash Flow	1,735.5	1,616.6	1,945.5	1,996.7

Source: ICICI Direct Research

Exhibit 18: Balance Sheet (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Equity Capital	102.4	102.4	102.4	102.4
Reserve and Surplus	10,283.9	10,273.3	11,721.2	13,422.3
Total Shareholders funds	10,386.3	10,375.7	11,823.6	13,524.7
Total Debt	7,899.4	7,999.3	6,999.3	5,999.3
Deferred Tax Liability	252.3	209.9	228.8	249.4
Minority Interest	1,292.9	1,334.7	1,410.0	1,463.6
Other Non Curr.Liab. & LTP	259.4	282.3	307.7	335.4
Total Liabilities	20,090.3	20,201.9	20,769.4	21,572.4
Gross Block - Fixed Assets	10,403.2	11,334.5	12,334.5	13,334.5
Less: Acc Depreciation	3,528.5	4,495.5	5,227.4	6,027.4
Net Block	6,874.7	6,839.0	7,107.1	7,307.1
Capital WIP	837.2	741.5	541.5	341.5
Total Fixed Assets	7,711.9	7,580.5	7,648.6	7,648.6
Goodwill on Consolidation	5,289.0	5,391.5	5,391.5	5,391.5
Investment	673.5	765.0	765.0	765.0
Inventory	2,688.0	2,789.0	3,045.9	3,328.1
Debtors	3,950.8	3,663.2	3,719.4	4,064.0
Other Current Assets	980.1	1,085.5	1,183.2	1,289.7
Cash	649.3	964.9	1,192.7	1,413.5
Total Current Assets	8,268.2	8,502.6	9,141.2	10,095.2
Creditors	1,922.6	2,031.0	2,218.1	2,423.5
Provisions	135.7	243.2	265.1	288.9
Other Current Liabilities	1,334.5	1,210.5	1,271.0	1,334.6
Total Current Liabilities	3,392.8	3,484.7	3,754.2	4,047.1
Deferred Tax Assets	970.3	852.9	929.7	1,013.3
Net Current Assets	4,875.4	5,017.9	5,387.0	6,048.1
Long term Loans and advanc	570.2	594.1	647.6	705.9
Application of Funds	20,090.3	20,201.9	20,769.4	21,572.4

Source: ICICI Direct Research

Exhibit 19: Key Ratios (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Per share data (₹)				
Adjusted EPS	18.1	14.0	18.1	21.3
BV per share	101.5	101.4	115.5	132.1
Dividend per share	4.3	4.3	4.0	4.7
Cash Per Share	6.3	9.4	11.7	13.8
Operating Ratios (%)				
Gross Profit Margins	64.2	65.5	65.1	65.5
EBITDA margins	22.6	19.2	21.3	21.7
Net Profit margins	14.0	10.0	12.0	12.9
Inventory days	74.5	71.4	71.8	71.8
Debtor days	109.5	93.8	87.7	87.7
Creditor days	53.3	52.0	52.3	52.3
Asset Turnover	1.3	1.3	1.3	1.3
EBITDA Conversion Ratio	43.1	91.4	83.1	76.1
Return Ratios (%)				
RoE	17.8	13.8	15.7	16.1
RoCE	12.8	10.7	12.9	13.9
RoIC	12.8	11.1	13.5	14.5
Valuation Ratios (x)				
P/E	21.9	34.4	21.8	18.6
EV / EBITDA	16.1	17.3	14.0	12.3
EV / Net Sales	3.6	3.3	3.0	2.7
Market Cap / Sales	3.1	2.8	2.6	2.4
Price to Book Value	3.9	3.9	3.4	3.0
Solvency Ratios				
Debt / EBITDA	2.7	2.9	2.1	1.6
Debt / Equity	0.8	0.8	0.6	0.4
Current Ratio	2.2	2.2	2.1	2.1

Source: ICICI Direct Research

Exhibit 20: ICICI Direct Coverage Universe (Healthcare)

Company	I-Direct Code	CMP (₹)	TP	Rating	M Cap (₹cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
						FY19	FY20	Y21E	Y22E	FY19	FY20	Y21E	Y22E	FY19	Y20	Y21E	Y22E	FY19	FY20	Y21E	Y22E
Ajanta Pharma	AJAPHA	1661	1,810	Buy	14495	43.5	53.4	60.2	72.5	38.2	31.1	27.6	22.9	21.8	24.7	23.4	24.3	17.1	18.1	17.7	18.4
Alembic Pharma	ALEMPHA	1018	1,140	Buy	19189	31.4	46.3	52.6	51.9	32.4	22.0	19.3	19.6	19.6	21.0	21.9	20.1	21.8	27.1	24.1	19.7
Apollo Hospital	APOHOS	1654	1,490	Buy	23011	17.0	23.3	37.3	68.0	97.5	70.9	44.4	24.3	8.8	10.4	11.2	14.6	7.1	9.7	12.8	19.6
Aurobindo Pharma	AURPHA	864	920	Buy	50631	41.9	48.8	57.8	63.0	20.6	17.7	15.0	13.7	15.9	17.2	19.1	19.1	17.7	17.0	17.0	15.8
Biocon	BIOCON	414	490	Buy	49656	6.2	5.8	11.5	21.0	66.7	71.1	36.0	19.7	10.9	10.2	16.1	23.3	12.2	10.4	17.4	24.6
Cadila Healthcare	CADHEA	396	470	Buy	40535	18.1	14.0	18.1	21.3	21.9	28.3	21.8	18.6	12.8	10.7	12.9	13.9	17.8	13.8	15.7	16.1
Cipla	CIPLA	714	670	Buy	57558	18.6	19.2	23.0	30.2	38.4	37.2	31.0	23.6	10.9	12.0	13.0	15.4	10.0	9.8	10.8	12.6
Divi's Lab	DIVLAB	2691	2,355	Hold	71426	51.0	51.9	60.7	73.6	52.8	51.9	44.3	36.6	25.5	23.9	23.8	24.0	19.4	18.8	18.7	19.1
Dr Reddy's Lab	DRREDD	4635	5,000	Buy	77042	114.7	121.9	161.3	200.0	40.4	38.0	28.7	23.2	10.7	9.6	18.4	19.7	13.6	13.0	15.0	16.0
Glenmark Pharma	GLEPHA	445	510	Hold	12568	26.9	26.4	25.0	36.6	16.6	16.9	17.8	12.2	15.3	12.7	11.4	14.1	13.5	12.2	10.5	13.4
Hikal	HIKCHE	136	165	Buy	1678	8.4	8.1	10.8	13.8	16.3	16.8	12.6	9.9	14.3	13.0	14.2	15.7	13.6	12.2	14.2	15.6
Ipca Laboratories	IPCLAB	1986	1,900	Buy	25095	35.1	47.8	61.7	76.8	56.7	41.5	32.2	25.9	15.0	17.4	19.4	20.2	14.2	16.6	17.8	18.2
Jubilant Life	JUBLIF	835	550	Buy	13307	54.9	59.9	69.8	89.8	15.2	14.0	12.0	9.3	14.3	14.6	17.2	19.7	17.8	16.6	16.4	17.5
Lupin	LUPIN	941	930	Hold	42631	16.5	-12.7	25.3	38.9	56.9	-74.1	37.2	24.2	9.4	10.6	10.7	14.6	5.4	-4.6	8.5	11.6
Narayana Hrudayam	NARHRU	290	340	Buy	5926	2.9	6.4	-3.1	9.6	99.9	45.7	-94.4	30.2	7.7	11.0	0.0	14.2	5.5	11.4	-5.8	15.7
Natco Pharma	NATPHA	786	740	Buy	14312	35.4	25.3	23.9	22.4	22.2	31.1	32.8	35.1	21.3	14.0	12.9	11.3	18.5	12.2	10.7	9.3
Sun Pharma	SUNPHA	529	625	Buy	126802	15.9	16.8	21.8	24.1	33.3	31.5	24.3	21.9	10.3	10.0	10.7	13.0	9.2	8.9	11.2	11.1
Syngene Int.	SYNINT	470	485	Buy	18784	8.3	10.3	9.2	12.8	56.8	45.6	45.3	32.7	14.8	14.5	13.1	16.4	16.8	15.7	14.5	16.8
Torrent Pharmaceuticals	TORPHA	2829	2,865	Buy	47868	48.9	60.6	72.2	95.5	57.8	46.7	39.2	29.6	14.2	15.4	18.6	21.8	17.5	21.2	21.3	23.2
Shalby	SHALIM	73	70	Hold	784	2.9	2.6	0.7	4.0	24.8	28.4	98.8	18.0	6.8	7.2	1.8	7.0	4.1	3.5	1.0	5.2
Aster DM	ASTDM	128	160	Buy	6409	6.7	5.5	-1.4	9.6	19.2	23.2	-89.1	13.3	8.3	7.5	2.6	9.7	10.4	8.5	-2.2	13.1
Indoco Remedies	INDREM	235	260	Buy	2164	-0.3	2.6	7.4	14.3	-746.1	89.7	31.6	16.4	1.0	5.1	10.0	16.5	-0.4	3.5	9.3	15.5

Source: ICICI Direct Research, Bloomberg

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