

Strong growth across domestic, EU, RoW...

Q1 revenues grew 9.0% YoY to ₹ 4346 crore due to 15.9% YoY growth in domestic formulations to ₹ 1608 crore. US revenues declined 8.8% YoY to ₹ 1021 crore. RoW markets grew 53.1% YoY to ₹ 672 crore due to base effect. EU grew 19.4% YoY to ₹ 240 crore. EBITDA margins improved 145 bps YoY to 24.1% on account of a sharp drop in other expenditure amid Covid lockdown, partly offset by lower gross margins due to higher contribution from margin dilutive trade generics segment. Subsequently, EBITDA grew 15.9% YoY to ₹ 1049 crore. Net profit grew 21.4% YoY to ₹ 578 crore in line with the operational performance.

Product launches, front-end shift key for formulation exports

Formulation exports comprise ~54% of FY20 revenues. The company is focusing on front-end model, especially for the US, along with a gradual shift from loss making HIV and other tenders to more lucrative respiratory and other opportunities in the US and EU. We expect export formulation sales to grow at 12.7% CAGR to ₹ 11750 crore in FY20-22E. Key drivers will be a launch of inhalers (drug-device) and other products in developed markets.

Indian formulations growth backed by new launches

With ~5% market share, Cipla is the third largest player in the domestic formulations market. The acute, chronic and sub-chronic revenues for the company are at 41%, 45% and 14%, respectively. Domestic formulations comprise ~39% of total FY20 revenues. It commands ~21% market share by value in respiratory segment. We expect domestic formulations to grow at 12.1% CAGR in FY20-22E to ₹ 8343 crore driven by improved productivity of the newly inducted field force and product launches besides realignment of the portfolio in sync with its 'One-India' portfolio rationalisation exercise.

Valuation & Outlook

We continue to focus on the management's long-drawn strategy of targeting four verticals viz. One-India, South Africa & EMs, US generics & specialty and lung leadership. Recent first generic approval by USFDA for Albuterol sulphate (Proventil HFA) amid rise in demand for Albuterol products in the ongoing Covid-19 pandemic are a vindication for its lung leadership quest. While US focus will be on specialty including hospitals, value accretive generics, India focus will be on branded (Rx), trade generics (TGx). On the Africa front, Cipla continues to rebase its business model towards private business in the backdrop of shrinking tender opportunities. Another key aspect to watch would be R&D recalibration. Across the board transformation from tenderised model to private model in exports market and towards rapid consumerisation of important TGx, Rx in India bode well to change the investors' perspective. Our revised target price is ₹ 900 based on 25x FY22E EPS ₹ 36.0.

Cipla

Particulars

Particular	Amount
Market Capitalisation	₹59102 crore
Debt (FY 20)	₹2816 crore
Cash (FY 20)	₹1004 crore
EV	₹60915 crore
52 week H/L (₹)	740/355
Equity capital	₹161.3 crore
Face value	₹2

Key Highlights

- Q1 revenues grew 9.0% YoY to ₹ 4346 crore on strong growth in domestic, EU and RoW markets
- EBITDA margins improved 145 bps YoY to 24.1% on account of a sharp drop in other expenditure partly offset by lower gross margins
- Across the board transformation from tenderised model to private model in the exports market and towards rapid consumerisation of important TGx and Rx in India bodes well
- Maintain BUY

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Key Financial Summary

(₹ crore)	FY19	FY20	FY21E	FY22E	CAGR (FY20-22E) %
Revenues	16362.4	17132.0	19235.9	21205.8	11.3
EBITDA	3097.3	3206.0	4332.6	4843.3	22.9
EBITDA margins (%)	18.9	18.7	22.5	22.8	
Adjusted PAT	1496.1	1546.5	2443.4	2898.3	36.9
Adj. EPS (₹)	18.6	19.2	30.3	36.0	
PE (x)	39.4	38.2	24.2	20.4	
EV to EBITDA (x)	19.5	18.6	13.5	11.5	
RoNW (%)	10.0	9.8	13.7	14.2	
RoCE (%)	10.9	12.0	16.4	17.3	

Source: ICICI Direct Research; Company

Exhibit 1: Variance Analysis

	Q1FY21	Q1FY20	Q4FY20	YoY (%)	QoQ (%)	Comments
Revenue	4,346.2	3,989.0	4,376.2	9.0	-0.7	YoY growth mainly due to strong growth in domestic, EU and RoW formulations
Raw Material Expenses	1,589.5	1,196.3	1,688.9	32.9	-5.9	
Gross Profit	2,756.7	2,792.7	2,687.3	-1.3	2.6	
Gross Margin (%)	63.4	70.0	61.4	-658 bps	202 bps	Decline mainly due to adverse product mix towards lower gross margins TGx sales
Employee Expenses	771.9	756.1	763.7	2.1	1.1	
Other Expenditure	936.1	1,131.9	1,290.0	-17.3	-27.4	YoY decline mainly due to lower on-ground activities amid COVID 19, cost optimization and lower R&D spend
Total Operating Expenc	3,297.4	3,084.4	3,742.7	6.9	-11.9	
EBITDA	1,048.7	904.6	633.5	15.9	65.5	
EBITDA (%)	24.1	22.7	14.5	145 bps	965 bps	Improved mainly due to lower other expenditure
Interest	46.0	52.1	53.0	-11.7	-13.2	
Depreciation	269.0	268.0	345.8	0.4	-22.2	
Other income	65.5	78.4	93.2	-16.5	-29.8	
PBT before EO	799.2	662.9	327.9	20.6	143.7	
Less: Exceptional Item	0.0	0.0	0.0	0.0	0.0	
PBT	799.2	662.9	327.9	20.6	143.7	
Tax	227.8	192.2	85.6	18.5	166.1	
Tax Rate (%)	28.5	29.0	26.1	-50 bps	240 bps	
MI & Share of loss/ (ga	-11.9	-31.0	-7.5	NA	NA	
Adjusted PAT	577.9	476.2	246.0	21.4	135.0	YoY growth was mainly due to strong operational performance

Key Metrics

Domestic	1608.0	1388.0	1730.0	15.9	-7.1	YoY growth mainly due to strong grow in both Rx (9%) amid lower base, growth in chronic portfolio and TGx (46%) segments and ₹100 crore of sales in consumer health business including more than 30 crore of sales in ciphands sanitizer
US	1021.0	1119.0	856.0	-8.8	19.3	Sequential improvement mainly due to gaining significant market share in gProventil HFA market
EU	240.0	201.0	232.0	19.4	3.4	YoY growth was mainly due to Strong performance in key Direct to markets segment
South Africa	548.0	532.0	532.0	3.0	3.0	Constant currency branded business growth was 24% YoY and tender business was 6% , some of was owing to pant up demand
RoW	672.0	439.0	708.0	53.1	-5.1	Growth driven by strong demand and base effect; adjusted growth was 10% YoY
API	184.0	182.0	247.0	1.1	-25.5	Adjusting to higher base, like to like growth in constant currency was 11% YoY

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

(₹Crore)	FY21E			FY22E			Comments
	Old	New	Change	Old	New	Change	
Revenues	18,812.1	19,235.9	2.3	20,776.6	21,205.8	2.1	
EBITDA	3,546.1	4,332.6	22.2	4,228.2	4,843.3	14.5	Changed mainly due to change in product mix and strong margins in Q1
EBITDA Margin (%)	18.9	22.5	367 bps	20.4	22.8	249 bps	
PAT	1,855.7	2,443.4	31.7	2,430.1	2,898.3	19.3	Changed mainly in sync with operational performance
EPS (₹)	23.0	30.3	31.7	30.2	36.0	19.3	

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

(₹crore)	Current				Earlier		Comments
	FY19	FY20	FY21E	FY22E	FY21E	FY22E	
Domestic	6,273.0	6,640.0	7,542.6	8,343.2	7,399.8	8,287.8	
Export Formulations	9,005.0	9,243.0	10,619.7	11,750.0	10,339.7	11,376.8	
API	699.0	751.0	781.5	820.5	788.6	828.0	

Source: ICICI Direct Research

Conference Call Highlights

- **US:** Sales for Q1FY21 were US\$135 million led by strong Albuterol ramp up
 - Albuterol price erosion in January-August 2020 is around 25-30%. One more player to enter in the ~60 million unit market for the US. Currently, Cipla has 65% Proventil market share
 - One respiratory partnered product received queries from USFDA. The partner is likely to reply to USFDA by end of FY21
 - Launched dihydroergotamine mesylate nasal spray with 180 day of CGT exclusivity
 - 262 filed ANDAs: 175 approved + 21 tentatively approved + 66 pending approvals
- Europe grew 9% YoY led by strong performance in key DTM markets
 - FPSM (Fluticasone Propionate + Salmeterol) pMDI market share is 20% and Beclomethasone 9% in UK
- Emerging markets grew 50% YoY due to strong demand and base effect; adjusted growth for the quarter is 10% YoY
 - Added four more biosimilar molecules
- South Africa grew 17% YoY in local currency terms
 - Private business grew by 24% YoY and tender business grew by 6% YoY in local currency terms
 - OTC grew at 9.3%, market share stood at 7.7%
 - TLD or tenofovir, lamivudine and Dolutegravir (DTG) already started
- India
 - Trade Gx – 46% YoY growth (adjusted for CHL transfers)
 - Rx – 9% growth led by chronic segment traction despite decline in acute segment
 - CHL - Ciphands (sanitiser) - ₹ 30 crore + revenues. Transfers from TGx – five products (consumerisation – pain, VMN, nicotine habit management therapies)
- API business grew at 11% adjusted for one-time order in Q1FY20
- **Actively de-risking** import of raw materials for key products
- The management expects operating expenses could be lower by 400-500 crore in FY21 vs earlier expectations
- Strategy going ahead: Develop respiratory pipeline for US, Maintain leadership position in Rx and OTC in South Africa, India – a) Grow across Rx + Gx + CHL and b) progress on the One-India strategy
- R&D was at ₹ 200 crore in Q1FY21 (4.6% of revenue) as clinical trials for gAdvair are completed in last quarter. No significant ramp-up in R&D in FY21
 - gAdvair trials completed in FY20 had ~US\$30 million annual R&D spend
- Effective tax rate : 28.5% for FY21

- Total debt: ₹ 3206 crore, Cash: ₹ 3256 crore at end of Q1FY21
- Gross margin (GM) decline due to high margin Cinacalcet (gSensipar) in base and higher contribution from lower margin trade generics business (as compared to Rx) in India
 - Higher freight costs, material costs also impacted GM but were offset by higher efficiency, the management considers current GM to be a good level going ahead
- Lower other expenses due to lower R&D (as clinical trials for gAdvair are completed in last quarter) and lower travel and promotional spend. The management believes a substantial part of the decrease will sustain on back of digital initiatives and reimagining of processes towards a more digital approach
- Covid-products such as Cipremi (Remdesivir), Actemra (tocilizumab) and Ciplenza (favipiravir)
 - Contribution to sales was marginal in Q1FY21 (~1%)
 - Margins generated from these products were geared towards relief packages such as PPE kits, etc

Exhibit 4: Trends in quarterly financials

(₹ crore)	11FY18	12FY18	13FY18	14FY18	11FY19	12FY19	13FY19	14FY19	11FY20	12FY20	13FY20	14FY20	11FY21	YoY (%)	QoQ. (%)
Net Sales	3432.3	3988.2	3834.5	3495.8	3845.8	3947.9	3906.2	4271.0	3894.5	4264.2	4234.6	4301.6	4276.9	9.8	-0.6
Other Operating Inco	92.7	94.2	79.3	202.2	93.2	64.0	101.3	133.0	94.6	131.5	136.5	74.6	69.3	-26.7	-7.1
Total Operating Inco	3525.1	4082.4	3913.8	3698.0	3939.0	4011.9	4007.5	4404.0	3989.0	4395.8	4371.0	4376.2	4346.2	9.0	-0.7
Raw Material Expen:	1176.7	1553.1	1378.4	1330.3	1423.9	1412.1	1462.7	1485.8	1196.3	1461.2	1645.0	1688.9	1589.5	32.9	-5.9
Gross Profit	2348.4	2529.3	2535.4	2367.7	2515.1	2599.8	2544.9	2918.2	2792.7	2934.6	2726.0	2687.3	2756.7	-1.3	2.6
Gross Profit Margins	66.6	62.0	64.8	64.0	63.9	64.8	63.5	66.3	70.0	66.8	62.4	61.4	63.4	-658.1	202.2
Employee Expenses	672.9	660.8	657.3	699.0	714.0	712.2	717.9	712.5	756.1	761.6	745.5	763.7	771.9	2.1	1.1
% of revenues	19.1	16.2	16.8	18.9	18.1	17.8	17.9	16.2	19.0	17.3	17.1	17.5	17.8	-119.5	30.8
Other Expenditure	1029.0	1064.1	1059.4	1111.8	1074.7	1185.3	1119.3	1244.7	1131.9	1263.4	1222.2	1290.0	936.1	-17.3	-27.4
% of revenues	29.2	26.1	27.1	30.1	27.3	29.5	27.9	28.3	28.4	28.7	28.0	29.5	21.5	-683.8	-794.0
Total Expenditure	2878.6	3278.0	3095.2	3141.1	3212.6	3309.7	3299.9	3442.9	3084.4	3486.3	3612.7	3742.7	3297.4	6.9	-11.9
EBITDA	646.5	804.4	818.7	556.9	726.4	702.2	707.7	961.0	904.6	909.5	758.3	633.5	1048.7	15.9	65.5
EBITDA (%)	18.3	19.7	20.9	15.1	18.4	17.5	17.7	21.8	22.7	20.7	17.3	14.5	24.1	145.2	965.4
Interest	27.9	42.0	9.2	35.2	35.1	44.4	44.2	44.8	52.1	46.1	46.2	53.0	46.0	-11.7	-13.2
Depreciation	213.4	302.2	522.4	284.8	241.0	281.9	293.1	510.3	268.0	283.0	277.9	345.8	269.0	0.4	-22.2
Other Income	151.4	113.3	52.9	40.0	170.1	132.6	78.5	95.4	78.4	100.5	72.1	93.2	65.5	-16.5	-29.8
PBT	556.6	573.5	340.1	276.9	620.4	508.5	448.9	501.3	662.9	681.0	506.4	327.9	799.2	20.6	143.7
Total Tax	130.8	137.4	-64.2	46.2	173.7	142.4	125.7	127.8	192.2	200.6	152.8	85.6	227.8	18.5	166.1
PAT before MI	425.8	436.1	404.3	153.2	446.7	366.1	323.2	373.6	470.7	480.4	353.6	242.3	571.4	21.4	135.8
Minority Interest	16.1	12.4	2.9	-25.4	5.7	10.1	-10.0	-9.5	-31.0	9.7	-11.7	-7.5	-11.9	-61.8	59.1
PAT	408.8	422.6	400.5	178.6	439.9	356.8	332.2	367.2	476.2	464.8	351.0	246.0	577.9	21.4	135.0
EPS (₹)	5.1	5.3	5.0	2.2	5.5	4.4	4.1	4.6	5.9	5.8	4.4	3.1	7.2		

Source: ICICI Direct Research, Company

Company Background

Formed by Dr KA Hamied way back in 1935, Cipla is one of the oldest ventures set up by an Indian in the pre-independence era. With 46 manufacturing facilities spread across the globe, Cipla has a gamut of therapeutic offerings ranging from simple anti-infectives to complex oncology products. The product basket includes ~1500+ products encompassing almost all therapies and over 50 dosage forms. The facilities have been approved by various agencies such as the USFDA, WHO-Geneva, MHRA-UK, TGA-Australia, SUKL-Slovak Republic, APVMA-Australia, MCC-South Africa, PIC-Germany, Danish Medical Agency, Anvisa-Brazil, INVIMA Colombia, NDA-Uganda, Department of Health-Canada and MOH-Saudi Arabia, among others. So far, the company has not faced any cGMP issues or import alerts from any regulatory authorities.

Cipla's business model focuses on having marketing partnerships with local companies across the globe. Most partners are large generic players in developed countries. The company has partnership deals with ~22 partners in the US and ~65 in Europe. Cipla has also formed strategic alliances for product development, registration and distribution of its products. For non-regulated markets, the company has maintained long-standing relationships with non-government organisations and institutions globally. However, recent JVs and buying out front-end companies stakes in majority of its markets shows Cipla's clear intension to shifting its partnership model to own front-end model in almost all markets including the US.

Exports constitute around ~54% of total sales. The company exports both APIs and formulations to more than 170 countries including advanced regions such as the US and Europe. Cipla derives 23% of its export revenues from US followed by 13% from South Africa, 5% from Europe and 14% from RoW markets.

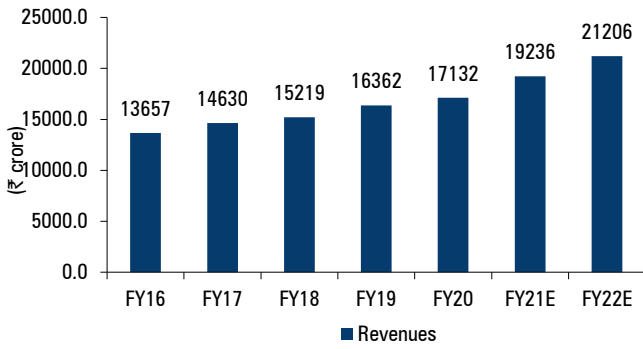
On the product filing front, Cipla has filed 262 ANDAs with the USFDA cumulatively (Q1FY21) with 175 of them already approved and 21 tentative approvals. The company currently spends 4-6% of revenues on R&D.

The company acquired two US-based companies, InvaGen Pharmaceuticals and Exelan Pharmaceuticals. InvaGen Pharma has 40 approved ANDAs, 32 marketed products, and 30 pipeline products for which it expects to get approvals over the next four years. The above pipeline also includes five FTFs, which represent a market size of ~\$8 billion in revenue by 2018. The transaction is valued at US\$550 million and is an all-cash deal. Combined revenues of these two companies in CY14 were ~US\$200 million (~US\$225 million TTM June 2015) with EBITDA margins of ~25%. Its revenue grew at ~20% CAGR over the last three years.

In the domestic market, Cipla remains among the top five players, thanks to a gamut of product offerings, which covers almost all therapies built on a network of ~7500 medical representatives (MRs) covering a doctor base of ~5,00,000. As per MAT March 2020 AIOCD ranking, Cipla ranked third with a market share of 4.66%. Breaking it down further, its ranking in chronic therapies was at second.

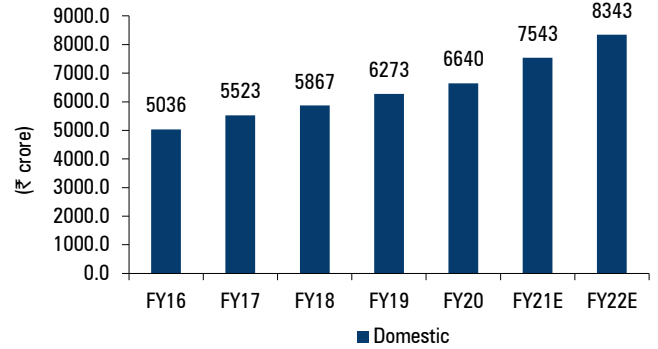
The company introduced Salbutamol tablets in 1976 and Salbutamol inhaler in 1978 for the first time in India. Since then, Cipla has consistently introduced new products for asthma, chronic obstructive pulmonary disease (COPD) and allergic rhinitis (AR). The company did the same in other diseases such as pulmonary arterial hypertension (PAH), lung cancer and idiopathic pulmonary fibrosis (IPF). More recently, the company got the first generic approval by USFDA for Albuterol sulphate (Proventil HFA) inhalation product.

Exhibit 5: Revenues to grow at 11.3% CAGR over FY20-22E



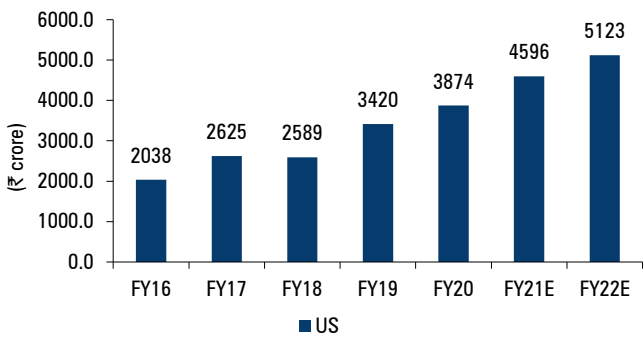
Source: ICICI Direct Research, Company

Exhibit 6: Domestic to grow at 12.1% CAGR over FY20-22E



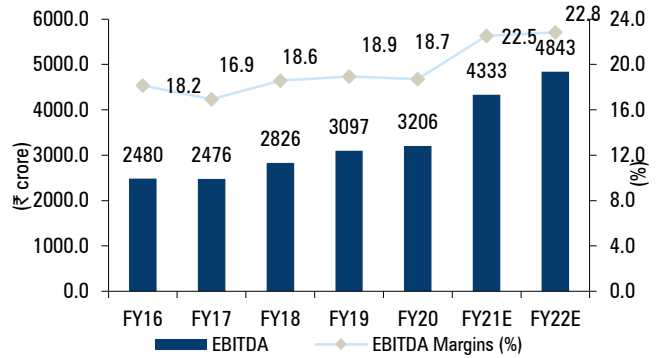
Source: ICICI Direct Research, Company

Exhibit 7: US to grow at CAGR of 15% over FY20-22E



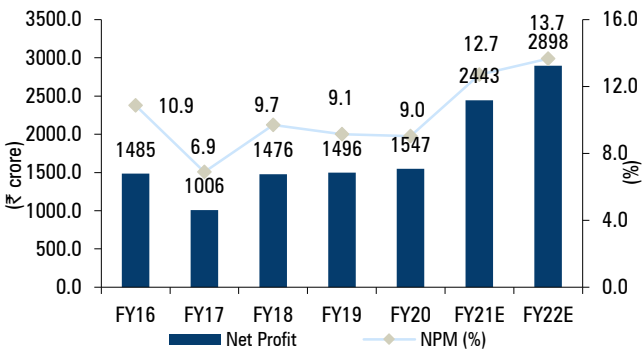
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



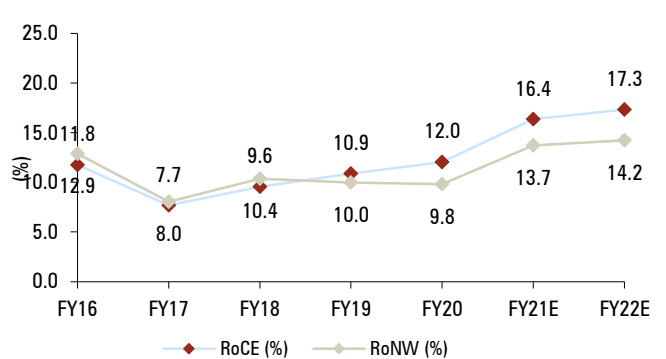
Source: ICICI Direct Research, Company

Exhibit 9: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 10: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 11: Consolidated revenue break-up

(₹ crore)	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	CAGR FY20-22E %
Domestic	5036.0	5523.0	5867.0	6273.0	6640.0	7542.6	8343.2	12.1
Export Formulations	7798.0	8145.2	8237.2	9005.0	9243.0	10619.7	11750.0	12.7
US	2037.9	2625.0	2589.5	3420.0	3874.0	4596.0	5122.8	15.0
E U	543.4	545.0	623.0	700.0	813.0	943.8	1085.4	15.5
South Africa (Cipla Medpro)	1562.4	1828.8	2061.8	2148.0	2204.0	2303.6	2487.9	6.2
RoW	3396.5	3146.4	2970.7	2737.0	2352.0	2776.3	3053.9	13.9
AP Is	752.0	523.0	626.0	699.0	751.0	781.5	820.5	4.5

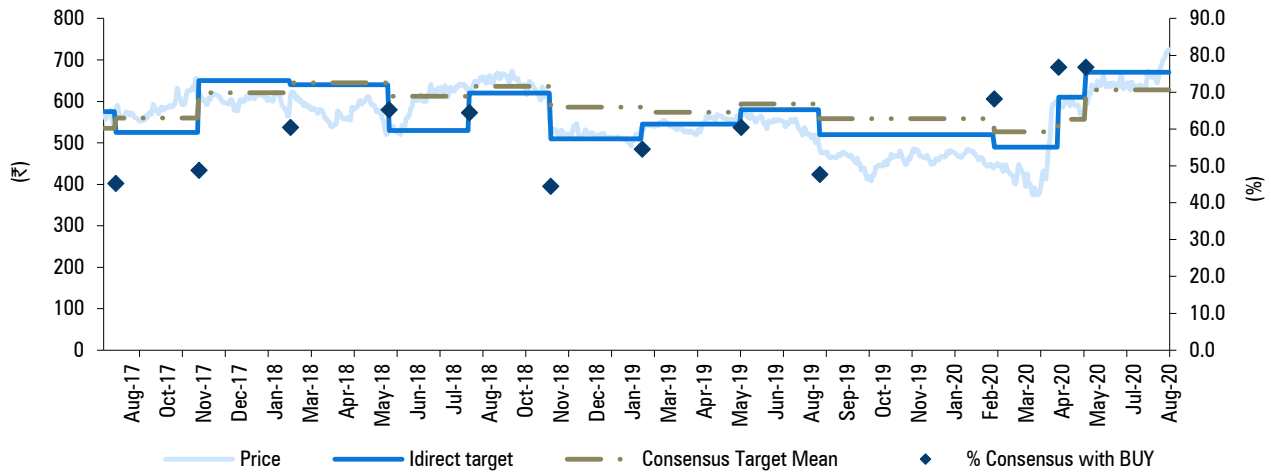
Source: ICICI Direct Research, Company

Exhibit 12: Financial Summary

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY 19	16362	7.5	18.6	1.3	39.4	19.5	10.0	10.9
FY 20	17132	4.7	19.2	3.4	38.2	18.6	9.8	12.0
FY 21E	19236	12.3	30.3	58.0	24.2	13.5	13.7	16.4
FY 22E	21206	10.2	36.0	18.6	20.4	11.5	14.2	17.3

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	Hamied Yusuf K	31-Dec-19	20.3	163.97m	0.0m
2	Ahmed Sophie	31-Dec-19	5.7	45.98m	30.5m
3	Icici Prudential Asset Management	31-May-20	5.4	43.45m	(3.4)m
4	Hamied Mustafa Kamil	31-Dec-19	4.3	34.57m	0.0m
5	Life Insurance Corp Of India	31-Dec-19	3.7	30.14m	2.1m
6	First State Investments Icvc	30-Jun-19	3.1	25.19m	14.3m
7	Hdfc Asset Management Co Ltd	31-May-20	2.3	18.87m	(3.6)m
8	Vaziralli Samina	31-Dec-19	2.2	17.91m	0.0m
9	Aditya Birla Sun Life Asset Manage	31-May-20	2.2	17.56m	(0.0)m
10	Sbi Funds Management Pvt Ltd	31-Dec-19	1.7	13.34m	4.1m

Source: ICICI Direct Research, Bloomberg

Exhibit 15: Shareholding Pattern

(in %)	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Promoter	36.7	36.7	36.7	36.7	36.7
Others	63.3	63.3	63.3	63.3	63.3

Source: ICICI Direct Research, Company

Financial Summary

Exhibit 16: Profit & Loss (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Revenues	16,362.4	17,132.0	19,235.9	21,205.8
Growth (%)	7.5	4.7	12.3	10.2
Raw Material Expenses	5,784.5	5,991.4	6,800.9	7,366.7
Gross Profit	10,577.9	11,140.6	12,435.0	13,839.1
Employee Expenses	2,856.5	3,027.0	3,295.0	3,588.3
Other Expenditure	4,624.1	4,907.6	4,807.4	5,407.5
Total Operating Expendit	13,265.1	13,926.0	14,903.3	16,362.5
EBITDA	3,097.3	3,206.0	4,332.6	4,843.3
Growth (%)	9.6	3.5	35.1	11.8
Depreciation	1,326.3	1,174.7	1,213.5	1,200.6
Interest	168.4	197.4	167.6	109.0
Other Income	476.6	344.2	363.2	402.9
PBT	2,079.1	2,178.2	3,314.8	3,936.6
Total Tax	569.5	631.2	881.8	1,023.5
PAT before MI	1,509.6	1,547.0	2,433.0	2,913.1
Minority Interest	-3.7	-47.0	-39.8	-14.6
Adjusted PAT	1,496.1	1,546.5	2,443.4	2,898.3
Growth (%)	1.3	3.4	58.0	18.6
EPS (Adjusted)	18.6	19.2	30.3	36.0

Source: ICICI Direct Research; Company

Exhibit 17: Cash Flow Statement (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Profit/(Loss) after taxation	1,485.9	1,329.9	2,443.4	2,898.3
Add: Depreciation	1,326.3	1,174.7	1,213.5	1,200.6
(inc)/Dec in Current Assets	-911.0	-114.3	-1,484.7	-1,104.4
inc/(Dec) in Current Liabilities	-152.5	487.3	125.6	334.6
Others	-57.5	190.9	167.6	109.0
CF from Operating activities	1,691.1	3,068.5	2,465.4	3,438.1
Change In Investment	-1,068.4	1,178.0	-500.0	-1,000.0
(Purchase)/Sale of Fixed Asse	-682.9	-985.7	-500.0	-500.0
Others	62.1	73.2	-47.5	-22.6
CF from Investing activities	-1,689.2	265.5	-1,047.5	-1,522.6
Change in Equity	0.1	0.1	0.0	0.0
Change in Loan	-60.3	-1,760.0	-500.0	-500.0
Dividend & Dividend tax	-284.1	-664.2	-386.4	-364.6
Others	-4.5	-524.7	-167.6	-109.0
CF from Financing activities	-348.7	-2,948.8	-1,054.1	-973.6
Net Cash Flow	-346.8	385.1	363.8	941.9
Cash and Cash equ. at beginni	965.6	618.8	1,003.9	1,367.7
Cash	618.8	1,003.9	1,367.7	2,309.6
Free Cash Flow	1,008.2	2,082.8	1,965.4	2,938.1

Source: ICICI Direct Research; Company

Exhibit 18: Balance Sheet (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Equity Capital	161.1	161.3	161.3	161.3
Reserve and Surplus	14,851.1	15,601.8	17,658.7	20,192.4
Total Shareholders funds	15,012.3	15,763.0	17,819.9	20,353.7
Total Debt	4,316.2	2,816.4	2,316.4	1,816.4
Deferred Tax Liability	425.3	365.2	383.5	402.6
Long Term Provision	121.4	133.3	139.9	146.9
MI & Other Liabilities	802.7	638.7	616.1	619.6
Source of Funds	20,678.0	19,716.6	21,275.9	23,339.3
Gross Block - Fixed Asses	10,795.9	11,979.6	12,479.6	12,979.6
Accumulated Depreciatio	4,118.6	5,355.0	6,568.5	7,769.1
Net Block	6,677.4	6,624.6	5,911.1	5,210.5
Capital WIP	676.2	824.5	824.5	824.5
Fixed Assets	7,353.6	7,449.1	6,735.6	6,035.0
Investments	2,616.0	1,595.3	2,095.3	3,095.3
Goodwill on Consolidator	2,869.1	2,934.0	2,934.0	2,934.0
Long term Loans & Advan	49.4	52.4	55.0	57.8
Other Non current assets	776.4	944.4	991.6	1,041.2
Inventory	3,964.8	4,377.6	4,730.6	5,233.9
Debtors	4,150.7	3,891.3	4,952.4	5,479.2
Loans and Advances	6.3	5.6	5.9	6.2
Other Current Assets	1,558.2	1,408.9	1,479.3	1,553.3
Cash	618.8	1,003.9	1,367.7	2,309.6
Total Current Assets	10,298.8	10,687.3	12,535.9	14,582.2
Creditors	1,948.0	2,281.8	2,324.2	2,571.5
Provisions	736.8	948.2	995.6	1,045.4
Other current liabilities	600.6	716.0	751.8	789.4
Total Current Liabilities	3,285.4	3,946.0	4,071.6	4,406.2
Net Current Assets	7,013.5	6,741.3	8,464.3	10,175.9
Application of Funds	20,678.0	19,716.6	21,275.9	23,339.3

Source: ICICI Direct Research; Company

Exhibit 19: Key Ratios (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Per share data (₹)				
Adjusted EPS	18.6	19.2	30.3	36.0
BV per share	186.5	195.8	221.3	252.8
Cash per Share	7.7	12.5	17.0	28.7
Dividend per share	3.5	4.8	4.5	5.4
Operating Ratios (%)				
Gross Margins	64.6	65.0	64.6	65.3
EBITDA margins	18.9	18.7	22.5	22.8
PAT Margins	9.1	9.0	12.7	13.7
Inventory days	88.4	93.3	89.8	90.1
Debtor days	92.6	82.9	94.0	94.3
Creditor days	43.5	48.6	44.1	44.3
Asset Turnover	0.8	0.9	0.9	0.9
EBITDA convsion rate	54.6	95.7	56.9	71.0
Return Ratios (%)				
RoE	10.0	9.8	13.7	14.2
RoCE	10.9	12.0	16.4	17.3
RoIC	10.3	12.0	17.8	20.6
Valuation Ratios (x)				
P/E	39.4	38.2	24.2	20.4
EV / EBITDA	19.5	18.6	13.5	11.5
EV / Net Sales	3.7	3.5	3.0	2.6
Market Cap / Sales	3.6	3.4	3.1	2.8
Price to Book Value	3.9	3.7	3.3	2.9
Solvency Ratios				
Debt / EBITDA	1.4	0.9	0.5	0.4
Debt / Equity	0.3	0.2	0.1	0.1
Current Ratio	2.9	2.5	2.7	2.8

Source: ICICI Direct Research; Company

Exhibit 20: ICICI Direct Coverage Universe (Healthcare)

Company	I-Direct Code	CMP		Rating	M Cap (₹cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
		₹	₹			FY19	FY20	Y21E	Y22E	FY19	FY20	Y21E	Y22E	Y19	Y20	Y21E	Y22E	FY19	FY20	Y21E	Y22E
Ajanta Pharma	AJAPHA	1676	1,810	Buy	14623	43.5	53.4	60.2	72.5	38.5	31.4	27.8	23.1	21.8	24.7	23.4	24.3	17.1	18.1	17.7	18.4
Alembic Pharma	ALEMPHA	1082	1,140	Buy	20392	31.4	46.3	52.6	51.9	34.4	23.4	20.6	20.8	19.6	21.0	21.9	20.1	21.8	27.1	24.1	19.7
Apollo Hospital	APOHOS	1694	1,490	Buy	23571	17.0	23.3	37.3	68.0	99.9	72.6	45.5	24.9	8.8	10.4	11.2	14.6	7.1	9.7	12.8	19.6
Aurobindo Pharma	AURPHA	910	920	Buy	53306	41.9	48.8	57.8	63.0	21.7	18.7	15.7	14.4	15.9	17.2	19.1	19.1	17.7	17.0	17.0	15.8
Biocon	BIOCON	407	490	Buy	48894	6.2	5.8	11.5	21.0	65.6	70.0	35.4	19.4	10.9	10.2	16.1	23.3	12.2	10.4	17.4	24.6
Cadila Healthcare	CADHEA	389	470	Buy	39808	18.1	14.0	18.1	21.3	21.5	27.8	21.4	18.3	12.8	10.7	12.9	13.9	17.8	13.8	15.7	16.1
Cipla	CIPLA	733	900	Buy	59102	18.6	19.2	30.3	36.0	39.4	38.2	24.2	20.4	10.9	12.0	16.4	17.3	10.0	9.8	13.7	14.2
Divi's Lab	DIVLAB	2800	3,260	Buy	74331	51.0	51.9	71.2	85.8	54.9	54.0	39.3	32.6	25.5	23.9	27.2	26.5	19.4	18.8	21.3	21.0
Dr Reddy's Lab	DRREDD	4583	5,000	Buy	76181	114.7	121.9	161.3	200.0	40.0	37.6	28.4	22.9	10.7	9.6	18.4	19.7	13.6	13.0	15.0	16.0
Glenmark Pharma	GLEPHA	461	510	Hold	13014	26.9	26.4	25.0	36.6	17.1	17.5	18.5	12.6	15.3	12.7	11.4	14.1	13.5	12.2	10.5	13.4
Hikal	HIKCHE	141	165	Buy	1742	8.4	8.1	10.8	13.8	16.9	17.5	13.1	10.3	14.3	13.0	14.2	15.7	13.6	12.2	14.2	15.6
Ipca Laboratories	IPCLAB	1970	1,900	Buy	24895	35.1	47.8	61.7	76.8	56.2	41.2	32.0	25.7	15.0	17.4	19.4	20.2	14.2	16.6	17.8	18.2
Jubilant Life	JUBLIF	832	550	Buy	13256	54.9	59.9	69.8	89.8	15.2	13.9	11.9	9.3	14.3	14.6	17.2	19.7	17.8	16.6	16.4	17.5
Narayana Hrudayam	NARHRU	303	340	Buy	6197	2.9	6.4	-3.1	9.6	104.5	47.7	-98.8	31.6	7.7	11.0	0.0	14.2	5.5	11.4	-5.8	15.7
Natco Pharma	NATPHA	758	740	Buy	13805	35.4	25.3	23.9	22.4	21.4	30.0	31.7	33.9	21.3	14.0	12.9	11.3	18.5	12.2	10.7	9.3
Sun Pharma	SUNPHA	532	625	Buy	127701	15.9	16.8	21.8	24.1	33.6	31.7	24.4	22.1	10.3	10.0	10.7	13.0	9.2	8.9	11.2	11.1
Syngene Int.	SYNINT	466	485	Buy	18632	8.3	10.3	9.2	12.8	56.3	45.2	45.3	32.7	14.8	14.5	13.1	16.4	16.8	15.7	14.5	16.8
Torrent Pharmaceuticals	TORPHA	2976	2,865	Buy	50368	48.9	60.6	72.2	95.5	60.8	49.1	41.2	31.2	14.2	15.4	18.6	21.8	17.5	21.2	21.3	23.2
Shalby	SHALIM	73	70	Hold	788	2.9	2.6	0.7	4.0	24.9	28.6	99.4	18.1	6.8	7.2	1.8	7.0	4.1	3.5	1.0	5.2
Aster DM	ASTDM	130	160	Buy	6516	6.7	5.5	-1.4	9.6	19.6	23.6	-90.6	13.5	8.3	7.5	2.6	9.7	10.4	8.5	-2.2	13.1
Indoco Remedies	INDREM	250	260	Buy	2300	-0.3	2.6	7.4	14.3	-793.0	95.4	33.6	17.4	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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