

Revenues in line, margins beat...

Q1 revenues grew 1.7% YoY to ₹ 2056 crore (I-direct estimate: ₹ 2063 crore) mainly due to muted domestic sales amid Covid-19, which grew 2.0% YoY growth to ₹ 925 crore. US formulations de-grew 0.8% YoY to ₹ 373 crore due to base business price erosion and lack of new launches. Rest of world (RoW) markets grew 33% YoY to ₹ 234 crore. EBITDA margins expanded 539 bps YoY to 32.1% (I-direct estimate: 27.0%) mainly due to change in product mix and lower travel & promotional spends. EBITDA grew 22.2% YoY to ₹ 661 crore (I-direct estimate: ₹ 557 crore). PAT grew 48.6% YoY to ₹ 321 crore (I-direct estimate: ₹ 245 crore). Delta vis-à-vis EBITDA was mainly due to lower tax rate and interest cost.

India growth steady; acquisitions to enhance coverage

Domestic branded formulations including CRAMs comprise 50% of sales. 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. Despite a YoY decline in IPM in Q1FY21 (-6% as per AIOCD), Torrent's portfolio has shown resilience (up 1% as per AIOCD) due to higher chronic contribution. We expect India sales to grow at ~12% CAGR in FY20-22E to ₹ 4370 crore.

Volatility in export growth

Despite being a late entrant in US market, torrent has built a healthy pipeline. Exclusivity (shared) launches like gCymbalta, 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, Bio-Pharm. The company also entered into a number of collaborations. However, due to cGMP related issues in Indrad and Dahej plants, we expect 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. We expect Germany to grow at ~9% CAGR in FY20-22E. Branded business in Brazil is likely to remain strong. Overall, despite near-term challenging macroeconomic factors and region-specific volatility on larger scale the growth prospects remain intact.

Valuation & Outlook

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. With these key characteristics we believe the premium valuation is justified. We upgrade to **BUY** with a revised target price of ₹ 2865 (30x of FY22E EPS of ₹ 95.5).



Particulars

Particular	Amount
Market Capitalisation	₹41239 crore
Debt (FY 20)	₹5840 crore
Cash (FY 20)	₹666 crore
EV	₹46414 crore
52 week H/L (₹)	2699/1543
Equity capital	₹84.6 crore
Face value	₹5

Key Highlights

- Q1FY21 revenues in line with I-direct estimates whereas profitability was higher due to better-than-expected operational performance
- Company's portfolio finely balanced between India, Brazil, Germany and US
- With consistent FCF generation and moderation in core capex, we expect leverage situation to improve substantially
- Upgrade from HOLD to BUY

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Key Financial Summary

	FY19	FY20	FY21E	FY22E	CAGR FY20-22E (%)
Revenues	7776.0	7939.0	8520.4	9585.6	9.9
EBITDA	2087.0	2170.0	2557.2	2923.6	16.1
EBITDA margins (%)	26.8	27.3	30.0	30.5	
Net Profit	828.4	1025.0	1221.7	1616.0	25.6
EPS (₹)	48.9	60.6	72.2	95.5	
PE (x)	76.5	40.2	33.8	25.5	
RoNW (%)	17.5	21.2	21.3	23.2	
RoCE (%)	14.2	15.4	18.6	21.8	

Source: ICICI Direct Research; Company

Exhibit 1: Variance Analysis

	Q1FY21	Q1FY21E	Q1FY20	Q4FY20	YoY (%)	QoQ (%)	Comments
Revenue	2,056.0	2,063.1	2,022.0	1,946.0	1.7	5.7	YoY growth impacted amid Covid-19 disturbances in branded markets
Raw Material Expenses	535.0	577.7	559.0	528.0	-4.3	1.3	A 162 bps YoY improvement in gross margins to 74% mainly due to change in product mix
Employee Expenses	373.0	361.0	381.0	336.0	-2.1	11.0	
Other Expenditure	487.0	567.3	541.0	534.0	-10.0	-8.8	YoY decline mainly due to lower travelling, promotional expenses.
EBITDA	661.0	557.0	541.0	548.0	22.2	20.6	
EBITDA (%)	32.1	27.0	26.8	28.2	539 bps	399 bps	YoY improvement and beat vis-à-vis I-direct estimates mainly due to better product mix and lower other expenditure
Interest	102.0	96.8	122.0	102.0	-16.4	0.0	
Depreciation	161.0	166.4	160.0	168.0	0.6	-4.2	
Other Income	4.0	20.2	20.0	15.0	-80.0	-73.3	
PBT before EO & Forex	402.0	314.0	279.0	293.0	44.1	37.2	
EO	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	402.0	314.0	279.0	293.0	44.1	37.2	
Tax	81.0	69.1	63.0	-21.0	28.6	LP	
PAT before MI	321.0	244.9	216.0	314.0	48.6	2.2	
MI	0.0	0.0	0.0	0.0	0.0	0.0	
Adjusted PAT	321.0	244.9	216.0	314.0	48.6	2.2	YoY growth and and beat I-direct estimates mainly due to higher-than-expected operational performance
Key Metrics							
India	925.0	911.5	907.0	840.0	2.0	10.1	YoY growth impacted amid Covid-19
Brazil	140.0	156.6	174.0	196.0	-19.5	-28.6	YoY growth in constant currency term was 1%. Growth was impacted due to ~20% decline in currency
US	373.0	393.8	376.0	385.0	-0.8	-3.1	Slow growth mainly due to price decline in base business and lack of new launches
Germany	246.0	235.8	262.0	216.0	-6.1	13.9	QoQ growth in constant currency term was 10%

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

	FY21E			FY22E			Comments
	Old	New	% Change	Old	New	% Change	
(₹ Crore)							
Revenue	8,660.3	8,520.4	-1.6	9,571.7	9,585.6	0.1	
EBITDA	2,404.5	2,557.2	6.3	2,775.8	2,923.6	5.3	
EBITDA Margin (%)	27.8	30.0	221 bps	29.0	30.5	150 bps	YoY expected improvement due to likely improvement in product mix and operational leverage
PAT	1,134.1	1,221.7	7.7	1,495.0	1,616.0	8.1	Changed mainly in sync with operational performance
EPS (₹)	67.0	72.2	7.7	88.3	95.5	8.1	

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	3,785.3	4,370.1	3,812.2	4,296.9	
Brazil	689.0	715.0	642.5	710.7	750.8	810.8	Changed mainly due to sharp decline local currency
US	1,590.0	1,522.0	1,551.3	1,625.0	1,542.9	1,620.0	
Germany	1,008.0	947.0	1,008.8	1,129.8	1,024.8	1,147.7	

Source: ICICI Direct Research

Conference Call Highlights

- India - IPM was down 6% but was Torrent up 1% (as per AIOCD), due to higher chronic contribution
 - Sales impacted due to lower patient footfalls
 - MR productivity per month at ₹ 7.7 lakh for 4000 MRs. No MR additions planned for FY21
 - AIOCD Q1FY21 growth bifurcation- Volume:-8.5%, Price hike: 7.4% and New product launches: 1.7%
 - The company expects to outperform IPM growth in FY21
 - One product each were launched in gastrointestinal and oncology segment, ~10 more launches planned for FY21
 - Q1FY21 vs. Q4FY20 market share comparison
 - (a) Vildagliptin up at 5% vs 4.3%
 - (b) Ticagrelor up at 4.2% vs 3.9%
 - (c) Remogliflozin up at 14.3% vs 13.1%
- Brazil – operates in chronic segment (CNS, diabetes & Cardio) – Decline in revenue due to currency headwinds. Constant currency growth at 1% YoY
 - Market growth is expected at ~4.1% for FY21. The company expects to maintain growth above trend line on account of three planned launches in the fiscal
 - Torrent plans to launch two to three products per annum from its own pipeline and will also be looking for in-licensing opportunities
 - On an average, the company launches products with 70-200 million Brazilian Real market size and expects to gain ~15-20% market share
- US sales declined due to lack of new launched and base portfolio price erosion
 - 47 ANDAs pending approval. One ANDA filed in Q1FY21. Six tentative approvals were received
 - To file 12-14 ANDAs for FY21
 - CAPAs for Indrad, Dahej submitted, applied for record review
 - Recent approval was through external collaboration. Collaborative filings are in single digits
 - Levittown facility to begin commercialisation in Q3FY21
- Germany – constant currency QoQ growth of 10% (€29 million)
 - The company expects to complete 97% quality management systems upgradation by end of Q2FY21
 - Torrent expects high single digit growth in FY21 and double digit growth post that for two to three years
- Gross margins to remain in 72-73% range
- Debt reduction in Q1FY21 was ~ ₹ 440 crore. FY21 Debt reduction to be ~₹ 1000 crore
- RoW growth on account of stocking exercise amid Covid-19

- The company does not see a substantial shift to digital marketing in India business
- The company has ~ 125 MT API capacity which is not completely utilised. Hence, no major investments are expected in API for the next two to three years
- The company is backward integrated for around 35-40% of formulations (mostly US)

Exhibit 4: Quarterly Performance

₹Crore	11FY18	12FY18	13FY18	14FY18	11FY19	12FY19	13FY19	14FY19	11FY20	12FY20	13FY20	14FY20	11FY21	YoY (%)	QoQ (%)
Revenues	1374.0	1429.0	1477.0	1722.0	1872.0	1894.0	2051.0	1856.0	2022.0	2005.0	1966.0	1946.0	2056.0	1.7	5.7
Total RM cost	401.0	418.0	392.0	463.0	558.0	548.0	580.0	533.0	559.0	538.0	542.0	528.0	535.0	-4.3	1.3
% sales	29.2	29.3	26.5	26.9	29.8	28.9	28.3	28.7	27.6	26.8	27.6	27.1	26.0	-162 bps	-111 bps
Gross Profit	973.0	1011.0	1085.0	1259.0	1314.0	1346.0	1471.0	1323.0	1463.0	1467.0	1424.0	1418.0	1521.0	4.0	7.3
GPM (%)	70.8	70.7	73.5	73.1	70.2	71.1	71.7	71.3	72.4	73.2	72.4	72.9	74.0	162 bps	111 bps
Employee cost	263.0	283.0	272.0	317.0	346.0	343.0	368.0	347.0	381.0	358.0	354.0	336.0	373.0	-2.1	11.0
% sales	19.1	19.8	18.4	18.4	18.5	18.1	17.9	18.7	18.8	17.9	18.0	17.3	18.1	-70 bps	88 bps
Other expenditure	413.0	399.0	454.0	578.0	491.0	530.0	542.0	503.0	541.0	568.0	530.0	534.0	487.0	-10.0	-8.8
% of sales	30.1	27.9	30.7	33.6	26.2	28.0	26.4	27.1	26.8	28.3	27.0	27.4	23.7	-307 bps	-375 bps
Total Expenditure	1077.0	1100.0	1118.0	1358.0	1395.0	1421.0	1490.0	1383.0	1481.0	1464.0	1426.0	1398.0	1395.0	-5.8	-0.2
% of Revenues	78.4	77.0	75.7	78.9	74.5	75.0	72.6	74.5	73.2	73.0	72.5	71.8	67.9	-539 bps	-399 bps
EBITDA	297.0	329.0	359.0	364.0	477.0	473.0	561.0	473.0	541.0	541.0	540.0	548.0	661.0	22.2	20.6
EBITDA Margins	21.6	23.0	24.3	21.1	25.5	25.0	27.4	25.5	26.8	27.0	27.5	28.2	32.1	539 bps	399 bps
Depreciation	80.0	84.0	94.0	151.0	150.0	152.0	156.0	160.0	160.0	163.0	163.0	168.0	161.0	0.6	-4.2
Interest cost	56.0	51.0	80.0	121.0	122.0	126.0	133.0	123.0	122.0	116.0	111.0	102.0	102.0	-16.4	0.0
Other Income	105.0	78.0	74.0	42.0	27.0	10.0	3.0	17.0	20.0	34.0	53.0	15.0	4.0	-80.0	-73.3
PBT before forex	266.0	272.0	259.0	134.0	232.0	205.0	275.0	207.0	279.0	296.0	319.0	293.0	402.0	44.1	37.2
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-357.0	0.0	0.0	0.0	0.0	0.0		
PBT	266.0	272.0	259.0	134.0	232.0	205.0	275.0	-150.0	279.0	296.0	319.0	293.0	402.0	44.1	37.2
Tax	78.0	68.0	201.0	-94.0	69.0	26.0	29.0	2.0	63.0	52.0	68.0	-21.0	81.0	28.6	-485.7
Tax rate (%)	29.3	25.0	77.6	-70.1	29.7	12.7	10.5	-1.3	22.6	17.6	21.3	-7.2	20.1		
PAT	188.0	204.0	58.0	228.0	163.0	179.0	246.0	-152.0	216.0	244.0	251.0	314.0	321.0	48.6	2.2
PAT after MI	188.0	204.0	58.0	228.0	163.0	179.0	246.0	-152.0	216.0	244.0	251.0	314.0	321.0	48.6	2.2
EPS (₹)	11.1	12.1	3.4	13.5	9.6	10.6	14.5	-9.0	12.8	14.4	14.8	18.6	19.0		

Source: ICICI Direct Research, Company

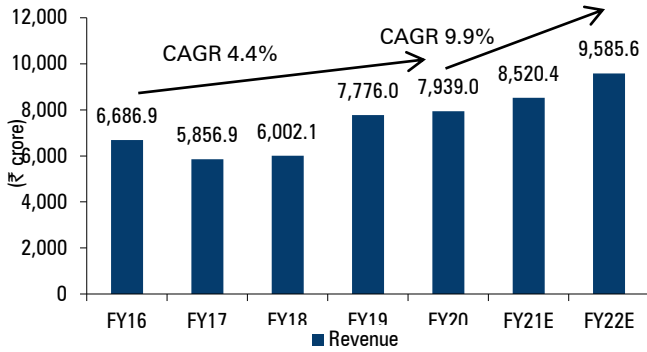
Company Background

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.

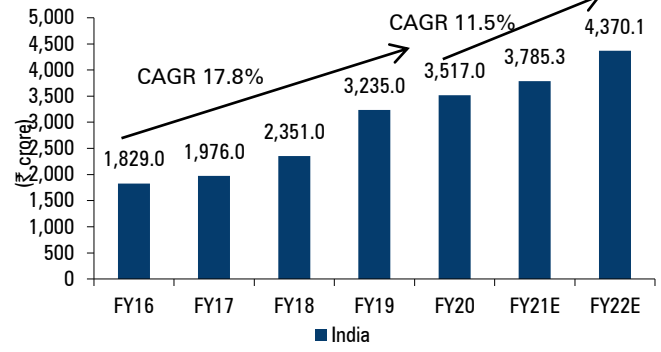
The company has a significant presence in the exports market in countries like Brazil, Germany and lately in the US among others. Despite being a late entrant in the US, the company's US revenue was at ~US\$200 million in FY20, up from just ~US\$23 million in FY11 mainly due to limited competition products 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



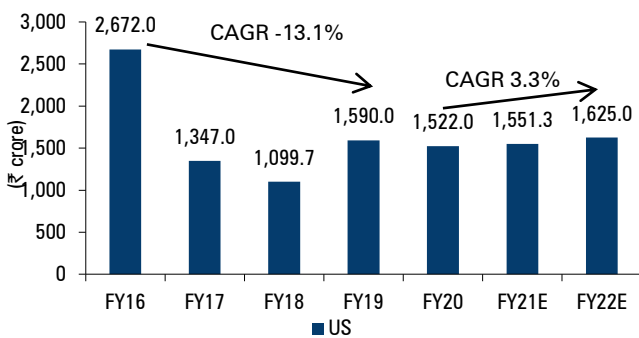
Source: ICICI Direct Research, Company

Exhibit 6: India to grow at CAGR of 12% over FY20-22E



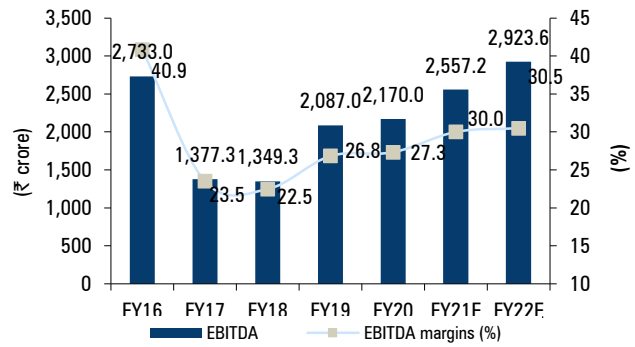
Source: ICICI Direct Research, Company

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



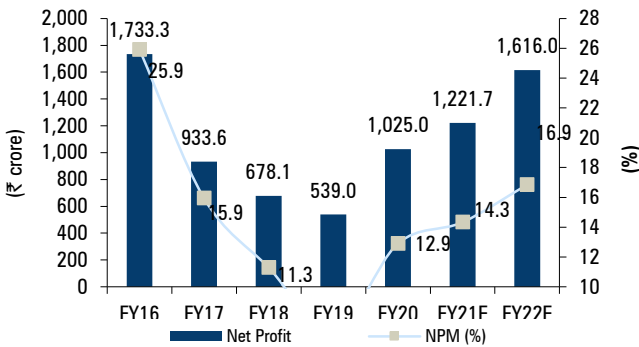
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



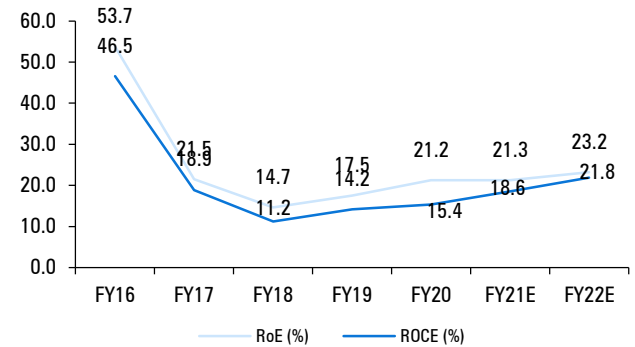
Source: ICICI Direct Research, Company

Exhibit 9: PAT & PATT 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 FY 16-20 (%)	CAGR FY 20-22E (%)
India	1617.0	1829.0	1976.0	2351.0	3235.0	3517.0	3785.3	4370.1	17.8	11.5
CRAMs (Incl Others)	339.0	600.0	545.0	408.0	467.0	466.0	510.9	575.7	-6.1	11.1
US	831.7	2672.0	1347.0	1099.7	1590.0	1522.0	1551.3	1625.0	-13.1	3.3
O thers	492.5	425.1	487.6	522.0	684.0	772.0	889.6	978.6	16.1	12.6
Germany	749.6	647.9	811.0	912.3	1008.0	947.0	1008.8	1129.8	10.0	9.2
Brazil	605.6	506.0	699.0	709.5	689.0	715.0	642.5	710.7	9.0	-0.3

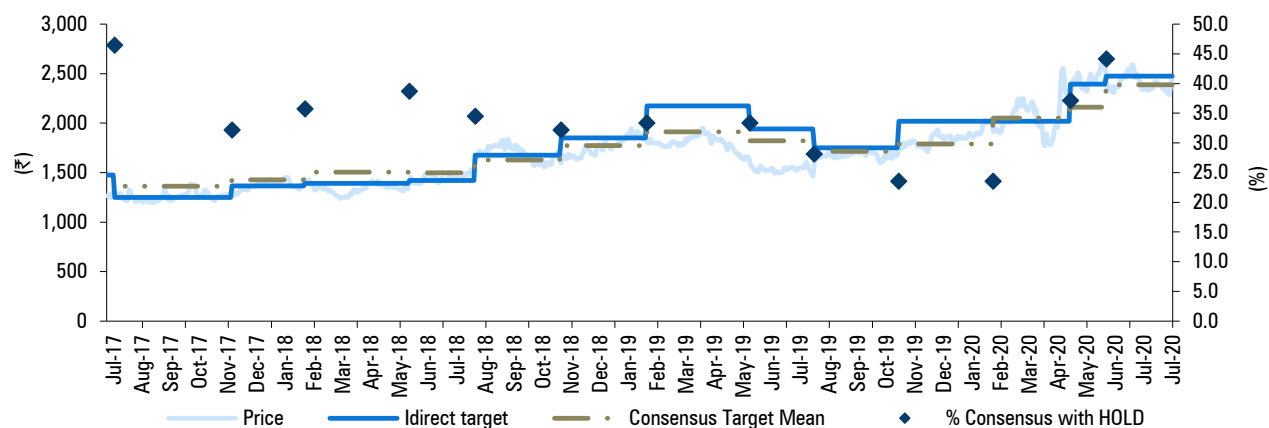
Source: ICICI Direct Research

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	76.5	22.1	17.5	14.2
FY 20	7939	2.1	60.6	23.7	40.2	21.4	21.2	15.4
FY 21E	8520	7.3	72.2	19.2	33.8	17.6	21.3	18.6
FY 22E	9586	12.5	95.5	32.3	25.5	14.9	23.2	21.8

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	24-Apr-20	71.3	120.56m	0.0m
2	Hdfc Asset Management Co Ltd	30-Jun-19	2.5	4.19m	(0.2)m
3	Sbi Funds Management Pvt Ltd	30-Jun-20	1.7	2.79m	2.4m
4	Mirae Asset Focused	30-Jun-19	1.5	2.56m	2.6m
5	Uti Asset Management Co Ltd	31-May-20	1.2	2.09m	(0.1)m
6	Axis Asset Management Co Ltd/India	31-May-20	1.0	1.72m	0.1m
7	Hdfc Life Insurance Co Ltd	31-Mar-20	1.0	1.69m	(0.3)m
8	Fmr Llc	31-May-20	1.0	1.67m	(0.3)m
9	Vanguard Group Inc/The	30-Jun-20	0.9	1.44m	(0.0)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 %)	Jun-19	Sep-19	Dec-19	Mar-20	Jun-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	8,520.4	9,585.6
Growth (%)	29.6	2.1	7.3	12.5
Raw Material Expenses	2219.0	2167.0	2312.7	2588.1
Employee Expenses	1404.0	1429.0	1493.5	1629.6
Other Expenses	2066.0	2173.0	2157.0	2444.3
Total Operating Expend	5689.0	5769.0	5963.2	6662.0
EBITDA	2,087.0	2,170.0	2,557.2	2,923.6
Growth (%)	54.7	4.0	17.8	14.3
Depreciation	618.0	654.0	660.3	676.4
Interest	504.0	451.0	392.4	288.0
Other Income	57.0	122.0	67.3	112.7
PBT	1022.0	1187.0	1571.8	2071.9
Total Tax	126.0	162.0	350.0	455.8
PAT before MI	539.0	1025.0	1221.7	1616.0
Adjusted PAT	828.4	1,025.0	1,221.7	1,616.0
Growth (%)	22.2	23.7	19.2	32.3
EPS (Adjusted)	48.9	60.6	72.2	95.5

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	1221.7	1616.0
Depreciation	617.7	654.0	660.3	676.4
Add: Interest Paid	503.7	451.0	392.4	288.0
Other operational Activities	396.2	-616.0	3.8	-125.5
CF from operation	1,798.1	1,392.0	2,278.2	2,455.0
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	-301.6	-398.9
Other Financing Activities	-503.4	-485.0	-392.4	-288.0
CF from Financing Activities	-1,314.5	-1,549.0	-1,694.0	-1,686.9
Cash generation during the	-51.2	-150.0	298.8	129.1
Op bal Cash & Cash equiva	867.3	816.0	666.0	964.8
Adjustments	0.0	0.0	0.0	0.0
Closing Cash/ Cash Equiv	816.0	666.0	964.8	1,094.0
Free Cash Flow	1,138	990.0	2,028.2	2,205.0

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	5,659.1	6,876.3
Total Shareholders fund	4,724.4	4,824.0	5,744.1	6,961.3
Total Debt	6,038.1	5,840.3	4,840.3	3,840.3
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	11,092.3	11,055.3	11,319.5
Gross Block - Fixed As	9,600.6	9,992.0	10,242.0	10,492.0
Accumulated Depreciat	2,187.7	2,801.0	3,461.3	4,137.7
Net Block	7,412.9	7,191.0	6,780.7	6,354.3
Capital WIP	617.1	712.0	712.0	712.0
Total Fixed Assets	8,030.0	7,903.0	7,492.7	7,066.3
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	964.8	1,094.0
Debtors	1,435.7	1,649.0	1,769.0	1,990.2
Loans and Advances	3.8	4.0	5.1	6.2
Inventory	1,935.2	2,148.0	2,304.4	2,592.5
Other current assets	495.5	542.0	543.1	544.2
Total Current Assets	4,686.2	5,009.0	5,586.4	6,227.0
Creditors	2,096.7	2,076.0	2,313.3	2,602.5
Provisions & other curre	943.4	869.7	914.7	1,011.5
Total Current Liabilities	3,040.1	2,945.7	3,228.0	3,614.0
Net Current Assets	1,646.1	2,063.3	2,358.4	2,613.0
Application of Funds	11,080.8	11,092.4	11,055.3	11,319.5

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	72.2	95.5
BV per share	279.2	285.0	339.4	411.3
Dividend per share	18	32	18	24
Cash Per Share	48.2	39.4	57.0	64.6
Operating Ratios (%)				
Gross Profit Margins	71.5	72.7	72.9	73.0
EBITDA Margins	26.8	27.3	30.0	30.5
PAT Margins	10.7	12.9	14.3	16.9
Inventory days	90.8	98.8	98.7	98.7
Debtor days	67.4	75.8	75.8	75.8
Creditor days	98.4	95.4	99.1	99.1
Asset Turnover	0.8	0.8	0.8	0.9
EBITDA conversion Rate	86.2	64.1	89.1	84.0
Return Ratios (%)				
RoE	17.5	21.2	21.3	23.2
RoCE	14.2	15.4	18.6	21.8
RoIC	16.4	16.3	21.3	26.0
Valuation Ratios (x)				
P/E	76.5	40.2	33.8	25.5
EV / EBITDA	22.1	21.4	17.6	14.9
EV / Net Sales	5.9	5.8	5.3	4.6
Market Cap / Sales	5.3	5.2	4.8	4.3
Price to Book Value	8.7	8.5	7.2	5.9
Solvency Ratios				
Debt / EBITDA	2.9	2.7	1.9	1.3
Debt / Equity	1.3	1.2	0.8	0.6
Current Ratio	1.3	1.5	1.4	1.4

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	FY20	Y21E	Y22E	FY19	FY20	Y21E	Y22E	Y19	Y20	Y21E	Y22E	FY19	FY20	Y21E	Y22E	
Ajanta Pharma	AJAPHA	1512	1,730	Buy	13194	43.5	53.4	56.1	72.1	34.7	28.3	26.9	21.0	21.8	24.7	22.4	24.2	17.1	18.1	16.7	18.5
Alembic Pharma	ALEMPHA	1006	1,140	Buy	18956	31.4	46.3	52.6	51.9	32.0	21.7	19.1	19.4	19.6	21.0	21.9	20.1	21.8	27.1	24.1	19.7
Apollo Hospital	APOHOS	1690	1,490	Buy	23514	17.0	23.3	37.3	68.0	99.6	72.4	45.4	24.8	8.8	10.4	11.2	14.6	7.1	9.7	12.8	19.6
Aurobindo Pharma	AURPHA	826	920	Buy	48390	41.9	48.8	57.8	63.0	19.7	16.9	14.3	13.1	15.9	17.2	19.1	19.1	17.7	17.0	17.0	15.8
Biocon	BIOCON	400	490	Buy	48018	6.2	5.8	11.5	21.0	64.5	68.8	34.8	19.1	10.9	10.2	16.1	23.3	12.2	10.4	17.4	24.6
Cadila Healthcare	CADHEA	365	420	Buy	37372	18.1	14.0	16.8	20.5	20.2	26.1	21.7	17.8	13.0	11.0	12.3	13.8	17.8	13.8	14.7	15.7
Cipla	CIPLA	694	670	Buy	55958	18.6	19.2	23.0	30.2	37.3	36.1	30.1	23.0	10.9	12.0	13.0	15.4	10.0	9.8	10.8	12.6
Divi's Lab	DIVLAB	2521	2,355	Hold	66925	51.0	51.9	60.7	73.6	49.5	48.6	41.5	34.3	25.5	23.9	23.8	24.0	19.4	18.8	18.7	19.1
Dr Reddy's Lab	DRREDD	4300	5,000	Buy	71476	114.7	121.9	161.3	200.0	37.5	35.3	26.7	21.5	10.7	9.6	18.4	19.7	13.6	13.0	15.0	16.0
Glenmark Pharma	GLEPHA	447	510	Hold	12613	26.9	26.4	25.0	36.6	16.6	16.9	17.9	12.2	15.3	12.7	11.4	14.1	13.5	12.2	10.5	13.4
Hikal	HIKCHE	153	165	Buy	1883	8.4	8.1	10.8	13.8	18.3	18.9	14.2	11.1	14.3	13.0	14.2	15.7	13.6	12.2	14.2	15.6
Ipca Laboratories	IPCLAB	1818	1,900	Buy	22967	35.1	47.8	61.7	76.8	51.9	38.0	29.5	23.7	15.0	17.4	19.4	20.2	14.2	16.6	17.8	18.2
Jubilant Life	JUBLIF	788	550	Buy	12547	54.9	59.9	69.8	89.8	14.4	13.2	11.3	8.8	14.3	14.6	17.2	19.7	17.8	16.6	16.4	17.5
Lupin	LUPIN	880	930	Hold	39854	16.5	-12.7	25.3	38.9	53.2	-69.3	34.8	22.6	9.4	10.6	10.7	14.6	5.4	-4.6	8.5	11.6
Narayana Hrudayam	NARHRU	287	340	Buy	5863	2.9	6.4	-3.1	9.6	98.8	45.2	-93.4	29.9	7.7	11.0	0.0	14.2	5.5	11.4	-5.8	15.7
Natco Pharma	NATPHA	723	740	Buy	13169	35.4	25.3	23.9	22.4	20.4	28.6	30.2	32.3	21.3	14.0	12.9	11.3	18.5	12.2	10.7	9.3
Sun Pharma	SUNPHA	500	540	Buy	120000	15.9	16.8	15.5	24.1	31.6	29.8	32.3	20.8	10.3	10.0	8.9	12.3	9.2	8.9	7.7	10.7
Syngene Int.	SYNINT	470	485	Buy	18812	8.3	10.3	9.2	12.8	56.9	45.7	45.3	32.7	14.8	14.5	13.1	16.4	16.8	15.7	14.5	16.8
Torrent Pharmaceuticals	TORPHA	2437	2,865	Buy	41239	48.9	60.6	72.2	95.5	49.8	40.2	33.8	25.5	14.2	15.4	18.6	21.8	17.5	21.2	21.3	23.2
Shalby	SHALIM	77	70	Hold	831	2.9	2.6	0.7	4.0	26.3	30.1	#####	19.1	6.8	7.2	1.8	7.0	4.1	3.5	1.0	5.2
Aster DM	ASTDM	133	160	Buy	6619	6.7	5.5	-1.4	9.6	19.9	23.9	-92.0	13.8	8.3	7.5	2.6	9.7	10.4	8.5	-2.2	13.1
Indoco Remedies	INDREM	214	260	Buy	1969	-0.3	2.6	7.4	14.3	-678.9	81.7	28.7	14.9	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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