

Revenues in line, margins beat...

Q2 revenues remained flattish, growing a mere 0.6% YoY to ₹ 2017 crore (I-direct estimate: ₹ 2086 crore) mainly due to 13.9% YoY decline in US formulations to ₹ 327 crore. Domestic sales grew 7.1% YoY to ₹ 963 crore. Brazil de-grew 17.3% YoY to ₹ 129 crore. Germany business grew 4.4% YoY to ₹ 261 crore. EBITDA margins expanded 450 bps YoY to 31.5% (I-direct estimate: 30.0%) mainly due to lower other expenses amid likely lower travel and promotional spends due to Covid-19. Subsequently, EBITDA grew 17.4% YoY to ₹ 635 crore (I-direct estimate: ₹ 626 crore). PAT grew 27.0% YoY to ₹ 310 crore (I-direct estimate: ₹ 291 crore) in line with operational performance. Delta vis-à-vis EBITDA was mainly due to lower interest cost partially offset by lower other income.

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. Q2 saw gradual recovery in sub-chronic and acute segments while the chronic segment continued its growth momentum. We expect India sales to grow at ~12% CAGR in FY20-23E to ₹ 4920 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 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, 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 ~11% CAGR in FY20-23E. Branded business in Brazil is likely to remain strong. Overall, despite near-term challenging macroeconomic factors, region-specific volatility on larger scale, growth prospects stay intact.

Valuation & Outlook

Q2 revenues were in line with I-direct estimates whereas profitability was higher due to better-than-expected EBITDA margins, lower than expected interest expense and tax rate. Overhang pertaining to two US focused plants notwithstanding, Torrent continues to impress thanks to its robust margin profile that can be attributed to global portfolio that comprises ~65% branded generics. We expect a further improvement in this matrix, product rationalisation to further strengthen margins. The company's portfolio is finely balanced between India, Brazil, Germany and the US with India being the leader. With consistent FCF generation, moderation in core capex, we expect the leverage situation to improve substantially. With these key characteristics we believe the premium valuation is justified. We maintain **BUY** with a revised target price of ₹ 3135 (30x of FY23E EPS of ₹ 104.5).

Key Financial Summary

	FY20	FY21E	FY22E	FY23E	CAGR FY20-23E (%)
Revenues	7939.0	8207.5	9217.6	10171.3	8.6
EBITDA	2170.0	2505.5	2719.2	3051.4	12.0
EBITDA margins (%)	27.3	30.5	29.5	30.0	
Net Profit	1025.0	1200.9	1454.5	1768.3	19.9
EPS (₹)	60.6	71.0	85.9	104.5	
PE (x)	43.9	37.4	30.9	25.4	
RoNW (%)	21.2	21.0	21.3	21.7	
RoCE (%)	15.4	18.0	20.2	22.6	

Source: ICICI Direct Research; Company



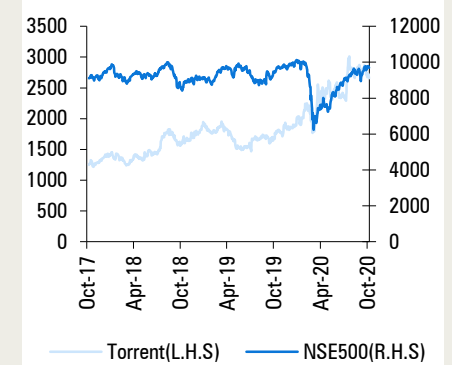
Particulars

Particular	Amount
Market Capitalisation	₹44956 crore
Debt (FY 20)	₹5840 crore
Cash (FY 20)	₹666 crore
EV	₹50131 crore
52 week H/L (₹)	3040/1583
E equity capital	₹84.6 crore
Face value	₹5

Key Highlights

- Q2 revenues in line with our estimates whereas profitability was higher
- With consistent FCF generation, moderation in core capex, we expect leverage situation to improve substantially
- Maintain BUY

Price chart



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Exhibit 1: Variance Analysis

	Q2FY21	Q2FY21E	Q2FY20	Q1FY21	YoY (%)	QoQ (%)	Comments
Revenue	2,017.0	2,086.3	2,005.0	2,056.0	0.6	-1.9	Growth in India and Germany was largely offset by sharp decline in US and Brazil
Raw Material Expenses	554.0	573.7	538.0	535.0	3.0	3.6	
Gross margins (%)	72.5	72.5	73.2	74.0	-63 bps	-145 bps	Decline due to higher inventory provision
Employee Expenses	363.0	354.7	358.0	373.0	1.4	-2.7	
Other Expenditure	465.0	532.0	568.0	487.0	-18.1	-4.5	YoY decline mainly due to lower travelling, promotional expenses (70-75% of pre-Covid level)
EBITDA	635.0	625.9	541.0	661.0	17.4	-3.9	
EBITDA (%)	31.5	30.0	27.0	32.1	450 bps	-67 bps	YoY improvement and beat vis-à-vis I-direct estimates mainly due to lower other expenditure
Interest	92.0	102.0	116.0	102.0	-20.7	-9.8	
Depreciation	165.0	166.4	163.0	161.0	1.2	2.5	
Other Income	6.0	20.4	34.0	4.0	-82.4	50.0	
PBT before EO & Forex	384.0	377.9	296.0	402.0	29.7	-4.5	
EO	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	384.0	377.9	296.0	402.0	29.7	-4.5	
Tax	74.0	86.9	52.0	81.0	42.3	-8.6	
PAT before MI	310.0	291.0	244.0	321.0	27.0	-3.4	
MI	0.0	0.0	0.0	0.0	0.0	0.0	
Adjusted PAT	310.0	291.0	244.0	321.0	27.0	-3.4	YoY growth and I-direct estimates beat mainly due to higher-than-expected operational performance and decline in interest cost amid debt repayment
Key Metrics							
India	963.0	944.0	899.0	925.0	7.1	4.1	YoY growth mainly due to strong growth in chronic portfolio and growth recovery in acute and sub chronic segments
Brazil	129.0	137.3	156.0	140.0	-17.3	-7.9	YoY growth in constant currency term was 5%, excluding tender business (defocused segment) growth was 10%.
US	327.0	341.8	380.0	373.0	-13.9	-12.3	Slow growth mainly due to price decline in base business and lack of new launches
Germany	261.0	262.5	250.0	246.0	4.4	6.1	The company reported muted QoQ growth in constant currency term

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

(₹ Crore)	FY21E			FY22E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	8,520.4	8,207.5	-3.7	9,585.6	9,217.6	-3.8	
EBITDA	2,557.2	2,505.5	-2.0	2,923.6	2,719.2	-7.0	
EBITDA Margin (%)	30.0	30.5	53 bps	30.5	29.5	-100 bps	YoY expected improvement due to increase in fixed cost (back to historical level) post normalised scenario
PAT	1,221.7	1,200.9	-1.7	1,616.0	1,454.5	-10.0	Changed mainly in sync with operational performance
EPS (₹)	72.2	71.0	-1.7	95.5	85.9	-10.0	

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

(₹ crore)	Current				Earlier		Comments
	FY19	FY20	FY21E	FY22E	FY21E	FY22E	
India	3,235.0	3,517.0	3,804.3	4,392.6	3,785.3	4,370.1	
Brazil	689.0	715.0	557.8	611.4	642.5	710.7	Changed mainly due to sharp decline in local currency
US	1,590.0	1,522.0	1,349.8	1,346.9	1,551.3	1,625.0	Changed mainly due to lower-than-expected sales in Q2 and price decline in existing products
Germany	1,008.0	947.0	1,029.0	1,152.5	1,008.8	1,129.8	

Source: ICICI Direct Research

Conference Call Highlights

- India - Sub-chronic and acute segments witnessed gradual recovery during the quarter while chronic momentum continued (IPM growth of 1% for Q2FY21 as per AIOCD)
 - Field force utilisation back to 75-80% pre-Covid levels; to be close to 95% in Q3FY21 (~90% currently)
 - MR productivity per month at ₹ 8 lakh for 4000 MRs
 - Continued market share gains in four high potential cardiac drugs
 - AIOCD Q2FY21 growth bifurcation- volume: -7.8%, price hike: 7% and new product launches: 2%
 - As per AIOCD 5% growth in chronic, -9% in acute, 3% for sub-chronic
 - Nine launches as of Q2FY21, four to five more launches planned this year
- US sales declined due to lack of new launches, Sartan issue and base portfolio price erosion
 - As of Q2FY21 - 47 ANDAs pending approval. One ANDA filed in Q2FY21. Six tentative approvals were received
 - To be back in Sartans in coming months but no impact on current fiscal
 - One product launch from Levitown by March 2021
 - As of Q2FY21, the company has received two ANDA approvals, one through external partner and one through Pithampur Derma facility
- Brazil - Constant currency sales at Brazilian Real 91 million up 5%. Adjusted for base impact of tender business (reduced focus), the growth is 10%
 - Defocusing from tender business due to potential risks of writing off inventory. Contribution to Brazil revenues was 6% at peak and is currently at ~2%. To be nil by end of Q2FY22
 - With unlocking of the economy, Brazil pharma market also witnessed gradual recovery during the quarter
 - Doctor-patient interaction back to 75% of pre-Covid levels
 - Market growth is expected to be ~3-6% by IQVIA for CY20. The company expects to maintain growth above trend-line on account of three planned launches in the fiscal
- Germany - Constant currency sales were €30 million
 - The company has completed 94% quality management systems upgradation by end of Q2FY21
 - Market share back to 6.9%, the management expects to be back to historical growth rate by March 2021
 - FY21 growth to be in positive single digits, plan to grow in high single digits from next fiscal
- Net debt: ₹ 4200 crore; Net debt: EBITDA – 1.7x (to be lower by end of fiscal)
 - H1FY21 debt repayment was ₹ 440 crore, repayment to be higher in H2FY21
- Other expenses – to increase gradually as markets open up
- Staff expenses to be similar, going ahead

Exhibit 4: Quarterly Performance

₹Crore	12FY18	13FY18	14FY18	15FY19	12FY19	13FY19	14FY19	15FY20	12FY20	13FY20	14FY20	15FY21	12FY21	YoY (%)	QoQ (%)
Revenues	1429.0	1477.0	1722.0	1872.0	1894.0	2051.0	1856.0	2022.0	2005.0	1966.0	1946.0	2056.0	2017.0	0.6	-1.9
Total RM cost	418.0	392.0	463.0	558.0	548.0	580.0	533.0	559.0	538.0	542.0	528.0	535.0	554.0	3.0	3.6
% sales	29.3	26.5	26.9	29.8	28.9	28.3	28.7	27.6	26.8	27.6	27.1	26.0	27.5	63 bps	145 bps
Gross Profit	1011.0	1085.0	1259.0	1314.0	1346.0	1471.0	1323.0	1463.0	1467.0	1424.0	1418.0	1521.0	1463.0	-0.3	-3.8
GPM (%)	70.7	73.5	73.1	70.2	71.1	71.7	71.3	72.4	73.2	72.4	72.9	74.0	72.5	-63 bps	-145 bps
Employee cost	283.0	272.0	317.0	346.0	343.0	368.0	347.0	381.0	358.0	354.0	336.0	373.0	363.0	1.4	-2.7
% sales	19.8	18.4	18.4	18.5	18.1	17.9	18.7	18.8	17.9	18.0	17.3	18.1	18.0	14 bps	-14 bps
Other expenditure	399.0	454.0	578.0	491.0	530.0	542.0	503.0	541.0	568.0	530.0	534.0	487.0	465.0	-18.1	-4.5
% of sales	27.9	30.7	33.6	26.2	28.0	26.4	27.1	26.8	28.3	27.0	27.4	23.7	23.1	-528 bps	-63 bps
Total Expenditure	1100.0	1118.0	1358.0	1395.0	1421.0	1490.0	1383.0	1481.0	1464.0	1426.0	1398.0	1395.0	1382.0	-5.6	-0.9
% of Revenues	77.0	75.7	78.9	74.5	75.0	72.6	74.5	73.2	73.0	72.5	71.8	67.9	68.5	-450 bps	67 bps
EBITDA	329.0	359.0	364.0	477.0	473.0	561.0	473.0	541.0	541.0	540.0	548.0	661.0	635.0	17.4	-3.9
EBITDA Margins	23.0	24.3	21.1	25.5	25.0	27.4	25.5	26.8	27.0	27.5	28.2	32.1	31.5	450 bps	-67 bps
Depreciation	84.0	94.0	151.0	150.0	152.0	156.0	160.0	160.0	163.0	163.0	168.0	161.0	165.0	1.2	2.5
Interest cost	51.0	80.0	121.0	122.0	126.0	133.0	123.0	122.0	116.0	111.0	102.0	102.0	92.0	-20.7	-9.8
Other Income	78.0	74.0	42.0	27.0	10.0	3.0	17.0	20.0	34.0	53.0	15.0	4.0	6.0	-82.4	50.0
PBT before forex	272.0	259.0	134.0	232.0	205.0	275.0	207.0	279.0	296.0	319.0	293.0	402.0	384.0	29.7	-4.5
Forex & E O	0.0	0.0	0.0	0.0	0.0	0.0	-357.0	0.0	0.0	0.0	0.0	0.0	0.0		
PBT	272.0	259.0	134.0	232.0	205.0	275.0	-150.0	279.0	296.0	319.0	293.0	402.0	384.0	29.7	-4.5
Tax	68.0	201.0	-94.0	69.0	26.0	29.0	2.0	63.0	52.0	68.0	-21.0	81.0	74.0	42.3	-8.6
Tax rate (%)	25.0	77.6	-70.1	29.7	12.7	10.5	-1.3	22.6	17.6	21.3	-7.2	20.1	19.3		
PAT	204.0	58.0	228.0	163.0	179.0	246.0	-152.0	216.0	244.0	251.0	314.0	321.0	310.0	27.0	-3.4
PAT after MI	204.0	58.0	228.0	163.0	179.0	246.0	-152.0	216.0	244.0	251.0	314.0	321.0	310.0	27.0	-3.4
EPS (₹)	12.1	3.4	13.5	9.6	10.6	14.5	-9.0	12.8	14.4	14.8	18.6	19.0	18.3		

Source: ICICI Direct Research, Company

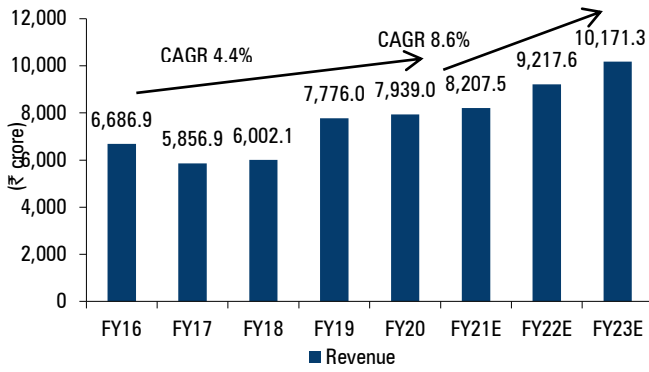
Company Background

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.

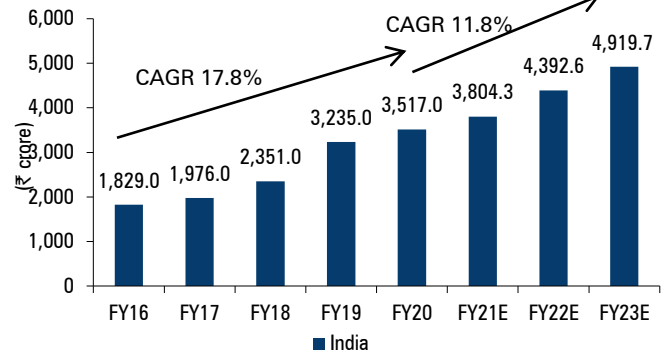
The company has a significant presence in the exports market in countries like Brazil, Germany and lately in the US among others. Despite being a late entrant in the US, the company's US revenue was at ~US\$200 million in FY20, up from just ~US\$23 million in FY11 mainly due to limited competition products 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 9% over FY20-23E



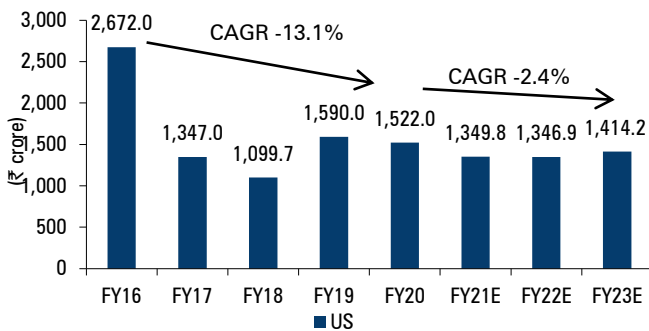
Source: ICICI Direct Research, Company

Exhibit 6: India to grow at CAGR of 12% over FY20-23E



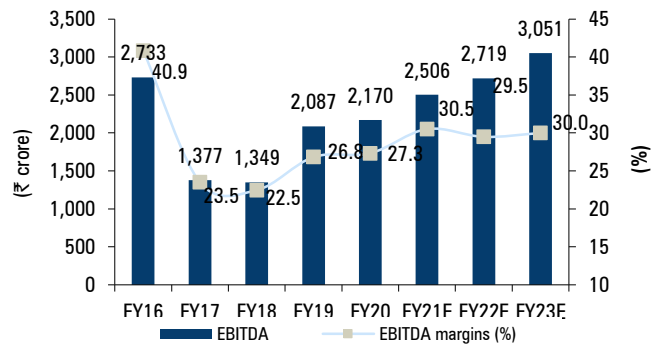
Source: ICICI Direct Research, Company

Exhibit 7: US to de-grow at a CAGR of 2% over FY20-23E



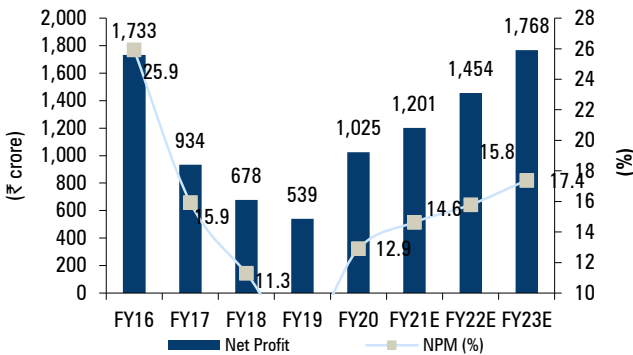
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



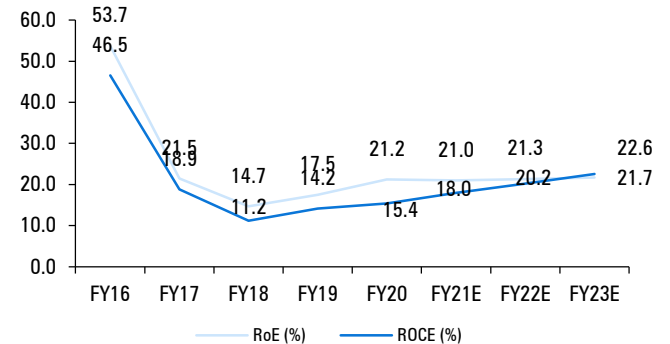
Source: ICICI Direct Research, Company

Exhibit 9: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 10: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 11: Revenue break-up

₹ crore	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21E	FY 22E	FY 23E	CAGR FY 16-20 (%)	CAGR FY 20-23E (%)
India	1829	1976	2351	3235	3517	3804	4393	4920	17.8	11.8
CRAMs (Incl O thers)	600	545	408	467	469	515	580	638	-6.0	10.8
US	2672	1347	1100	1590	1522	1350	1347	1414	-13.1	-2.4
O thers	425	488	522	684	769	873	960	1056	16.0	11.2
Germany	648	811	912	1008	947	1029	1152	1291	10.0	10.9
Brazil	506	699	709	689	715	558	611	660	9.0	-2.6

Source: ICICI Direct Research

Exhibit 12: Financial Summary

	Revenues (₹ crore)	Growth (%)	Adj. EPS (₹)	Growth (%)	P/E (x)	EV/EBITDA (X)	RoE (%)	RoCE (%)
FY 20	7939	2.1	60.6	23.7	43.9	23.1	21.2	15.4
FY 21E	8207	3.4	71.0	17.2	37.4	19.5	21.0	18.0
FY 22E	9218	12.3	85.9	21.1	30.9	17.4	21.3	20.2
FY 23E	10171	10.3	104.5	21.6	25.4	15.0	21.7	22.6

Source: ICICI Direct Research, Company

Exhibit 13: Shareholding Pattern

(in %)	Sep-19	Dec-19	Mar-20	Jun-20	Sep-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 14: Profit & Loss (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Revenues	7,939.0	8,207.5	9,217.6	10,171.3
Growth (%)	2.1	3.4	12.3	10.3
Raw Material Expenses	2167.0	2226.0	2488.8	2746.3
Employee Expenses	1429.0	1459.5	1567.0	1729.1
Other Expenses	2173.0	2016.4	2442.7	2644.5
Total Operating Expend	5769.0	5701.9	6498.4	7119.9
EBITDA	2,170.0	2,505.5	2,719.2	3,051.4
Growth (%)	4.0	15.5	8.5	12.2
Depreciation	654.0	658.9	674.9	691.0
Interest	451.0	387.6	288.0	213.0
Other Income	122.0	50.5	108.5	119.7
PBT	1187.0	1509.6	1864.7	2267.1
Total Tax	162.0	308.7	410.2	498.8
PAT before MI	1025.0	1200.9	1454.5	1768.3
Adjusted PAT	1,025.0	1,200.9	1,454.5	1,768.3
Growth (%)	23.7	17.2	21.1	21.6
EPS (Adjusted)	60.6	71.0	85.9	104.5

Source: ICICI Direct Research; Company

Exhibit 15: Cash Flow Statement (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Profit/(Loss) after taxation	903.0	1200.9	1454.5	1768.3
Depreciation	654.0	658.9	674.9	691.0
Add: Interest Paid	451.0	387.6	288.0	213.0
Other operational Activities	-616.0	65.7	69.1	-126.0
CF from operation	1,392.0	2,313.2	2,486.6	2,546.4
Purchase/sales of Fixed As	-402.0	-250.0	-250.0	-250.0
(Inc)/Dec in Investments	30.0	0.0	-350.0	0.0
Long Term Provision	0.0	33.8	37.2	40.9
Other Investing Activities	379.0	-69.2	-76.1	-83.7
CF from Investing Activities	7.0	-285.4	-638.9	-292.8
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Inc / (Dec) in Loan Funds	-345.0	-1000.0	-1000.0	-1000.0
Dividend and dividend tax	-719.0	-296.4	-359.0	-436.5
Other Financing Activities	-485.0	-387.6	-288.0	-213.0
CF from Financing Activities	-1,549.0	-1,684.1	-1,647.1	-1,649.5
Cash generation during the	-150.0	343.7	200.6	604.0
Op bal Cash & Cash equivalent	816.0	666.0	1009.7	1210.3
Adjustments	0.0	0.0	0.0	0.0
Closing Cash/ Cash Equivalent	666.0	1,009.7	1,210.3	1,814.3
Free Cash Flow	990	2,063.2	2,236.6	2,296.4

Source: ICICI Direct Research; Company

Exhibit 16: Balance Sheet (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Equity Capital	85.0	85.0	85.0	85.0
Reserve and Surplus	4,739.0	5,643.5	6,738.9	8,070.8
Total Shareholders fund	4,824.0	5,728.5	6,823.9	8,155.8
Total Debt	5,840.3	4,840.3	3,840.3	2,840.3
Deferred Tax Liability	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0
Other LT Liabilities & LT	428.0	470.8	517.9	569.7
Total Liabilities	11,092.3	11,039.6	11,182.2	11,565.8
Gross Block - Fixed As	9,992.0	10,242.0	10,492.0	10,742.0
Accumulated Depreciation	2,801.0	3,459.9	4,134.8	4,825.9
Net Block	7,191.0	6,782.2	6,357.2	5,916.2
Capital WIP	712.0	712.0	712.0	712.0
Total Fixed Assets	7,903.0	7,494.2	7,069.2	6,628.2
Goodwill on Consolidation	342.0	342.0	342.0	342.0
Investments	2.0	2.0	352.0	352.0
Deferred tax assets	433.0	476.3	523.9	576.3
Other non-current asset	349.0	383.9	422.3	464.5
Cash	666.0	1,009.7	1,210.3	1,814.3
Debtors	1,649.0	1,706.7	1,916.8	2,115.1
Loans and Advances	4.0	5.1	6.2	7.3
Inventory	2,148.0	2,223.2	2,313.3	2,552.7
Other current assets	542.0	543.1	544.2	545.3
Total Current Assets	5,009.0	5,487.9	5,990.8	7,034.7
Creditors	2,076.0	2,231.8	2,506.5	2,765.8
Provisions & other current	869.7	914.7	1,011.5	1,066.1
Total Current Liabilities	2,945.7	3,146.6	3,518.0	3,831.9
Net Current Assets	2,063.3	2,341.3	2,472.8	3,202.8
Application of Funds	11,092.4	11,039.6	11,182.2	11,565.8

Source: ICICI Direct Research; Company

Exhibit 17: Key Ratios (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Per share data (₹)				
Reported EPS	60.6	71.0	85.9	104.5
BV per share	285.0	338.5	403.2	481.9
Dividend per share	32	18	21	26
Cash Per Share	39.4	59.7	71.5	107.2
Operating Ratios (%)				
Gross Profit Margins	72.7	72.9	73.0	73.0
EBITDA Margins	27.3	30.5	29.5	30.0
PAT Margins	12.9	14.6	15.8	17.4
Inventory days	98.8	98.9	91.6	91.6
Debtor days	75.8	75.9	75.9	75.9
Creditor days	95.4	99.3	99.3	99.3
Asset Turnover	0.8	0.8	0.9	0.9
EBITDA conversion Rate	64.1	92.3	91.4	83.4
Return Ratios (%)				
RoE	21.2	21.0	21.3	21.7
RoCE	15.4	18.0	20.2	22.6
RoIC	16.3	20.9	24.4	29.1
Valuation Ratios (x)				
P/E	43.9	37.4	30.9	25.4
EV / EBITDA	23.1	19.5	17.4	15.0
EV / Net Sales	6.3	5.9	5.1	4.5
Market Cap / Sales	5.7	5.5	4.9	4.4
Price to Book Value	9.3	7.8	6.6	5.5
Solvency Ratios				
Debt / EBITDA	2.7	1.9	1.4	0.9
Debt / Equity	1.2	0.8	0.6	0.3
Current Ratio	1.5	1.4	1.4	1.4

Source: ICICI Direct Research; Company

Exhibit 18: 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	FY21E	Y22E	FY19	FY20	FY21E	Y22E	FY19	FY20	FY21E	Y22E
Ajanta Pharma	AJAPHA	1580	1,810	Buy	13784	43.5	53.4	60.2	72.5	36.3	29.6	26.2	21.8	21.8	24.7	23.4	24.3	17.1	18.1	17.7	18.4
Alembic Pharma	ALEMPHA	960	1,170	Buy	18877	31.4	46.3	59.7	48.4	30.5	20.7	16.1	19.9	19.6	21.0	22.2	16.9	21.8	27.1	22.9	16.2
Apollo Hospital	APOHOS	2052	1,970	Buy	28553	17.0	23.3	-11.4	28.7	121.0	87.9	NA	71.4	8.8	10.2	3.9	15.2	7.1	9.7	-4.6	10.5
Aurobindo Pharma	AURPHA	785	1,025	Buy	45979	41.9	48.8	58.4	65.4	18.7	16.1	13.4	12.0	15.9	17.2	18.2	18.0	17.7	17.0	15.0	14.5
Biocon	BIOCON	403	500	Buy	48306	6.2	5.8	8.4	15.8	64.9	69.2	48.2	25.5	10.9	10.2	11.7	18.2	12.2	10.4	13.2	20.3
Cadila Healthcare	CADHEA	419	470	Buy	42879	18.1	14.0	17.4	21.0	23.2	30.0	24.1	20.0	12.8	10.7	12.4	13.8	17.8	13.8	15.1	16.0
Cipla	CIPLA	747	900	Buy	60246	18.6	19.2	30.3	36.0	40.2	38.9	24.6	20.8	10.9	12.0	16.4	17.3	10.0	9.8	13.7	14.2
Divi's Lab	DIVLAB	3042	3,260	Buy	80760	51.0	51.9	70.7	85.7	59.7	58.7	43.0	35.5	25.5	23.9	27.1	26.5	19.4	18.8	21.2	21.0
Dr Reddy's Lab	DRREDD	4978	5,710	Buy	82766	114.7	121.9	158.1	196.0	43.4	40.8	31.5	25.4	10.7	9.6	18.2	19.4	13.6	13.0	14.7	15.8
Glenmark Pharma	GLEPHA	478	560	Buy	13482	26.9	26.4	32.8	39.9	17.8	18.1	14.6	12.0	15.3	12.7	13.8	14.9	13.5	12.2	13.3	14.0
Hikal	HIKCHE	171	165	Buy	2113	8.4	8.1	8.8	12.7	20.5	21.2	19.4	13.4	14.3	13.0	13.1	15.1	13.6	12.2	11.9	14.9
Ipca Laboratories	IPCLAB	2124	2,400	Buy	26934	35.1	47.8	92.3	93.4	60.6	44.4	23.0	22.7	15.0	17.6	26.9	22.4	14.2	16.6	24.5	20.0
Jubilant Life	JUBLIF	740	1,060	Buy	11794	54.9	59.9	62.1	91.3	13.5	12.4	11.9	8.1	14.3	14.4	15.8	20.6	17.8	16.6	14.8	18.0
Lupin	LUPIN	963	1,030	Buy	43643	16.5	-12.7	25.3	39.2	58.2	NA	38.1	24.6	9.4	9.7	10.2	13.8	5.4	-4.6	8.4	11.7
Narayana Hrudayam	NARHRU	337	340	Buy	6881	2.9	6.4	-7.0	7.1	116.0	53.0	NA	47.1	7.7	11.0	-4.6	11.9	5.5	11.4	-14.5	13.1
Natco Pharma	NATPHA	909	950	Buy	16568	35.4	25.3	31.0	29.7	25.7	35.9	29.4	30.6	21.3	14.0	16.1	14.2	18.5	12.2	13.4	11.6
Sun Pharma	SUNPHA	475	625	Buy	113846	15.9	16.8	21.0	24.2	29.9	28.3	22.6	19.6	10.3	10.0	10.2	12.9	9.2	8.9	10.8	11.2
Syngene Int.	SYNINT	563	635	Buy	22520	8.3	10.3	9.5	13.2	68.1	54.7	59.1	42.7	14.8	14.5	12.4	15.8	16.8	15.7	14.9	17.2
Torrent Pharmaceuticals	TORPHA	2657	3,135	Buy	44956	48.9	60.6	71.0	85.9	54.3	43.9	37.4	30.9	14.2	15.4	18.0	20.2	17.5	21.2	21.0	21.3
Shalby	SHALIM	93	100	Hold	1008	2.9	2.6	4.2	4.8	31.8	36.5	22.4	19.4	6.8	7.2	5.8	7.8	4.1	3.5	5.3	5.9
Aster DM	ASTDM	139	160	Buy	6961	6.7	5.5	-0.3	8.3	20.9	25.2	NA	16.8	8.3	7.1	3.4	8.7	10.4	8.5	-0.5	11.3
Indoco Remedies	INDREM	253	330	Buy	2329	-0.3	2.6	11.0	15.0	NA	96.6	23.0	16.8	1.0	5.1	13.5	16.9	-0.4	3.5	13.2	15.6
Caplin Point	CAPPOI	524	670	Buy	3965	23.3	28.4	33.2	44.6	22.5	18.4	15.8	11.8	34.6	26.5	26.0	28.0	27.9	22.7	21.4	22.7
Granules India	GRANUL	381	460	Buy	9441	9.5	12.4	21.4	25.2	39.9	30.7	17.9	15.1	11.8	15.2	22.9	23.1	15.5	16.7	22.6	21.2

Source: ICICI Direct Research, Bloomberg

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