

Strong growth in India, RoW; better margins...

Q3 revenues grew 18.2% YoY to ₹ 5169 crore led by strong growth in domestic and RoW markets. Domestic sales grew 25.5% YoY to ₹ 2231 crore. RoW markets business grew 47.2% YoY to ₹ 823 whereas South Africa business fell 2.5% YoY to ₹ 579 crore. US grew 9.6% YoY to ₹ 1037 crore. EBITDA margins expanded 647 bps YoY to 23.8% mainly due to significantly lower other expenditure. Hence, EBITDA grew 62.3% YoY to ₹ 1231 crore. PAT more than doubled to ₹ 748 crore vs. ₹ 351 crore in Q3FY20.

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 9.8% CAGR to ₹ 12242 crore in FY20-23E. 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%, 47% and 13%, 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 13.3% CAGR in FY20-23E to ₹ 9652 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

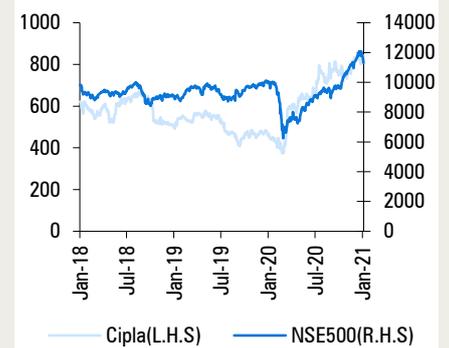
Q3 revenues were in line with I-direct estimates (albeit skewed). Profitability was better amid lower than expected other expenditure, higher other income and lower depreciation. We continue to focus on the management's long-drawn strategy of targeting four verticals viz. One-India, South Africa & EMs, US generics & specialty and lung leadership. Recent launch of Albuterol sulphate (Proventil HFA) amid rise in demand for Albuterol products in the ongoing pandemic are vindication of 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 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, towards rapid consumerisation of important TGx, Rx in India bode well to change the investors' perspective. We maintain **BUY** with a target price of ₹ 975 (vs. earlier ₹ 965) including base business value of ₹ 935 (25x FY23E EPS ₹ 37.4 + ₹ 42 NPV for gRevlimid).

Cipla

Particulars

Particular	Amount
Market Capitalisation	₹66581 crore
Debt (FY 20)	₹2816 crore
Cash (FY 20)	₹1004 crore
EV	₹68393 crore
52 week H/L (₹)	870/357
E equity capital	₹161.3 crore
Face value	₹2

Price performance



Key risks to our call

- Regulatory hurdles in pipeline products (such as gAdvair, etc)
- Increased competition in key products/ future launches (Albuterol, gRevlimid)

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Key Financial Summary

(₹ crore)	FY20	FY21E	FY22E	FY23E	CAGR (FY20-23E) %
Revenues	17132.0	19616.3	21383.5	22928.5	10.2
EBITDA	3206.0	4471.2	4520.6	4961.5	15.7
EBITDA margins (%)	18.7	22.8	21.1	21.6	
Adjusted PAT	1546.5	2494.7	2604.8	3013.5	24.9
Adj. EPS (₹)	19.2	31.0	32.4	37.4	
PE (x)	43.0	26.6	25.5	22.1	
EV to EBITDA (x)	20.9	14.7	14.1	12.4	
RoNW (%)	9.8	14.0	13.1	13.6	
RoCE (%)	12.0	17.0	16.1	16.8	

Source: ICICI Direct Research; Company

Exhibit 1: Variance Analysis

	Q3FY21	Q3FY21E	Q3FY20	Q2FY21	YoY (%)	QoQ (%)	Comments
Revenue	5,168.7	5,057.6	4,371.0	5,038.3	18.2	2.6	YoY growth mainly due to strong growth across geographies
Raw Material Expenses	1,993.5	1,921.9	1,645.0	1,946.5	21.2	2.4	
Gross Profit	3,175.2	3,135.7	2,726.0	3,091.8	16.5	2.7	
Gross Margin (%)	61.4	62.0	62.4	61.4	-93 bps	7 bps	YoY decline attributed to sharp reduction in MEIS income and contribution of low margin COVID products
Employee Expenses	844.4	834.5	745.5	820.9	13.3	2.9	YoY increase mainly due to annual increments
Other Expenditure	1,100.0	1,188.5	1,222.2	1,094.3	-10.0	0.5	YoY decline mainly due to cost optimization
Total Operating Expenditu	3,937.8	3,944.9	3,612.7	3,861.7	9.0	2.0	
EBITDA	1,230.9	1,112.7	758.3	1,176.6	62.3	4.6	
EBITDA (%)	23.8	22.0	17.3	23.4	647 bps	46 bps	Improved mainly due to lower other expenditure
Interest	47.9	40.5	46.2	39.3	3.8	21.8	
Depreciation	248.4	269.0	277.9	265.1	-10.6	-6.3	
Other income	86.9	54.4	72.1	53.5	20.5	62.6	Included Revlimid settlement income
PBT before EO	1,021.5	857.5	506.4	925.7	101.7	10.4	
Less: Exceptional Items	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	1,021.5	857.5	506.4	925.7	101.7	10.4	
Tax	269.0	244.4	152.8	263.8	76.0	2.0	
Tax Rate (%)	26.3	28.5	30.2	28.5	-385 bps	-217 bps	
MI & Share of loss/ (gain)	3.5	-9.2	-11.7	-6.1	LP	LP	
Adjusted PAT	748.2	608.1	351.0	665.4	113.1	12.4	YoY growth was mainly due to strong operational performance, lower interest cost and higher other income

Key Metrics

Domestic	2231.0	2043.6	1777.0	2090.0	25.5	6.7	YoY Growth led by covid-19 portfolio, healthy traction in respiratory and chronic therapies, recovery in hospital and acute businesses with opening-up of OPDs. Ex COVID growth was 6-7%
US	1037.0	1110.9	946.0	1049.0	9.6	-1.1	YoY improvement amid Continued traction from gAlbuterol and new launches. Miss vis-à-vis I-direct estimates amid recall of one product
EU	252.0	247.0	190.0	247.0	32.6	2.0	YoY growth Consistent in-market performance and market share gains in key Direct to markets segment (DSM)
South Africa	579.0	617.8	594.0	569.0	-2.5	1.8	Currency volatility impacted growth
RoW	823.0	782.6	559.0	828.0	47.2	-0.6	Growth driven by continued demand across all regions
API	201.0	189.8	165.0	189.0	21.8	6.3	API segment driven by Strong sales momentum and healthy orderbook

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

(₹Crore)	FY21E			FY22E			Comments
	Old	New	Change	Old	New	Change	
Revenues	19,516.9	19,616.3	0.5	20,959.8	21,383.5	2.0	
EBITDA	4,178.6	4,471.2	7.0	4,265.8	4,520.6	6.0	
EBITDA Margin (%)	21.4	22.8	139 bps	20.4	21.1	74 bps	Changed mainly due to better than expected benefits from cost optimization
PAT	2,225.1	2,494.7	12.1	2,445.7	2,604.8	6.5	Changed in sync with EBITDA
EPS (₹)	27.6	31.0	12.1	30.4	32.4	6.4	

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	7,866.6	8,618.1	7,679.2	8,411.9	
Export Formulations	9,005.0	9,243.0	10,746.9	11,771.3	10,797.7	11,476.9	

Source: ICICI Direct Research

Conference Call Highlights

- **US:** Sales for Q3FY21 were US\$141 million led by market share expansion in Albuterol, institutional sales growth
 - TRx share ~85% in gProventil market as per IQVIA week ending 15 January 2021
 - Overall ~14% Albuterol market share
 - Respiratory franchise cross US\$100 million in 9MFY21
 - New launches could be US\$15-20+ million
 - 250 filed ANDAs: 165 approved + 19 tentatively approved + 66 pending approvals
 - Advair TAD date – Q4FY21-Q1FY22
 - Partnered inhalation product – partner in process to reply to FDA queries
 - US EBITDA is near company levels now
- **South Africa** flattish YoY in local currency terms
 - Private business grew by 2.4% YoY, market share stood at 7.1%
 - For 9MFY21, Private business grew by 11% YoY and tender business grew by 8% YoY in local currency terms
 - OTC grew at 6.4%, market share stood at 7.2%
 - entered a strategic partnership with Alvogen for four oncology products
- **Europe** – Total 28% YoY growth in constant currency (US\$) amid market share gains in key DTMs
 - FPSM pMDI market share is ~20% and Beclomethasone 12.8% in UK
- **API** – 18% YoY growth in constant currency (US\$) driven by strong orderbook execution
- **Emerging markets** - 46% YoY growth in US\$ terms led by continued demand across regions
- **India** – growth across segments, demand led traction in core therapies; contribution from Covid products normalizing
 - Covid portfolio – Cipremi (Remdesivir), Ciplenza (favipiravir), Actemra (tocilizumab), Ciphands (Sanitizers), EliFast (antibody test), Ciptest (antigen test), Covi-G (rapid antibody test)
 - growth in non-COVID portion is about 6%, 7%
 - Transferring Consumer business to Cipla Health for simplification of group structure with subsidiarisation of India based US undertaking to drive further growth
 - prescription business grew 25% YoY led by Covid portfolio, chronic and respiratory traction and a recovering hospital and acute segment
 - Trade generics (TGx) - 7% adjusted (for brands transferred to consumer health) YoY growth driven by healthy seasonal demand
 - Consumer health: strong organic product demand, traction in TGx transferred brands, ₹ 250+ crore 9MFY21

sales; potential to contribute more than 12% of global revenues in the next three to five years

- Growth – Respiratory: 14%, Urology 8%
- R&D was at ₹ 221 crore in Q3FY21 (4.3% of revenue), to increase going ahead as the respiratory assets progress in the clinical trials (not higher than 6-6.5% in FY22)
- Total debt - ₹ 1807 crore, Cash - ₹ 2746 crore
 - In Q3FY21 - repaid US\$137.5 million of InvaGen acquisition loan. repaid working capital loans of ₹ 300 crore in India
- The management expects operating expenses could be lower by more than 400-500 crore in FY21 vs earlier expectations.
- Decline in gross margin – due to sharp reduction in MEIS income and lower than company average margins of COVID products
- Lower other expenditure – cost optimisation, digital tools such as teleconsultations, virtual conferences and remote detailing for physicians
- Q3FY21 - Covid contribution much lower than 5%
- Company hopes to participate in the PLI scheme in future

Exhibit 4: Trends in quarterly financials

(₹ crore)	13FY18	14FY18	11FY19	12FY19	13FY19	14FY19	11FY20	12FY20	13FY20	14FY20	11FY21	12FY21	13FY21	YoY (%)	QoQ. (%)
Net Sales	3834.5	3495.8	3845.8	3947.9	3906.2	4271.0	3894.5	4264.2	4234.6	4301.6	4276.9	4972.6	5154.2	21.7	3.7
Other Operating Incc	79.3	202.2	93.2	64.0	101.3	133.0	94.6	131.5	136.5	74.6	69.3	65.7	14.5	-89.4	-77.9
Total Operating Inco	3913.8	3698.0	3939.0	4011.9	4007.5	4404.0	3989.0	4395.8	4371.0	4376.2	4346.2	5038.3	5168.7	18.2	2.6
Raw Material Expen:	1378.4	1330.3	1423.9	1412.1	1462.7	1485.8	1196.3	1461.2	1645.0	1688.9	1589.5	1946.5	1993.5	21.2	2.4
Gross Profit	2535.4	2367.7	2515.1	2599.8	2544.9	2918.2	2792.7	2934.6	2726.0	2687.3	2756.7	3091.8	3175.2	16.5	2.7
Gross Profit Margins	64.8	64.0	63.9	64.8	63.5	66.3	70.0	66.8	62.4	61.4	63.4	61.4	61.4	-93.5	6.7
Employee Expenses	657.3	699.0	714.0	712.2	717.9	712.5	756.1	761.6	745.5	763.7	771.9	820.9	844.4	13.3	2.9
% of revenues	16.8	18.9	18.1	17.8	17.9	16.2	19.0	17.3	17.1	17.5	17.8	16.3	16.3	-72.0	4.3
Other Expenditure	1059.4	1111.8	1074.7	1185.3	1119.3	1244.7	1131.9	1263.4	1222.2	1290.0	936.1	1094.3	1100.0	-10.0	0.5
% of revenues	27.1	30.1	27.3	29.5	27.9	28.3	28.4	28.7	28.0	29.5	21.5	21.7	21.3	-668.0	-43.8
Total Expenditure	3095.2	3141.1	3212.6	3309.7	3299.9	3442.9	3084.4	3486.3	3612.7	3742.7	3297.4	3861.7	3937.8	9.0	2.0
EBITDA	818.7	556.9	726.4	702.2	707.7	961.0	904.6	909.5	758.3	633.5	1048.7	1176.6	1230.9	62.3	4.6
EBITDA (%)	20.9	15.1	18.4	17.5	17.7	21.8	22.7	20.7	17.3	14.5	24.1	23.4	23.8	646.5	46.2
Interest	9.2	35.2	35.1	44.4	44.2	44.8	52.1	46.1	46.2	53.0	46.0	39.3	47.9	3.8	21.8
Depreciation	522.4	284.8	241.0	281.9	293.1	510.3	268.0	283.0	277.9	345.8	269.0	265.1	248.4	-10.6	-6.3
Other Income	52.9	40.0	170.1	132.6	78.5	95.4	78.4	100.5	72.1	93.2	65.5	53.5	86.9	20.5	62.6
PBT	340.1	276.9	620.4	508.5	448.9	501.3	662.9	681.0	506.4	327.9	799.2	925.7	1021.5	101.7	10.4
Total Tax	-64.2	46.2	173.7	142.4	125.7	127.8	192.2	200.6	152.8	85.6	227.8	263.8	269.0	76.0	2.0
PAT before MI	404.3	153.2	446.7	366.1	323.2	373.6	470.7	480.4	353.6	242.3	571.4	661.9	752.5	112.8	13.7
Minority Interest	2.9	-25.4	5.7	10.1	-10.0	-9.5	-31.0	9.7	-11.7	-7.5	-11.9	-6.1	3.5	-129.7	-156.9
PAT	400.5	178.6	439.9	356.8	332.2	367.2	476.2	464.8	351.0	246.0	577.9	665.4	748.2	113.1	12.4
EPS (₹)	5.0	2.2	5.5	4.4	4.1	4.6	5.9	5.8	4.4	3.1	7.2	8.3	9.3		

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.

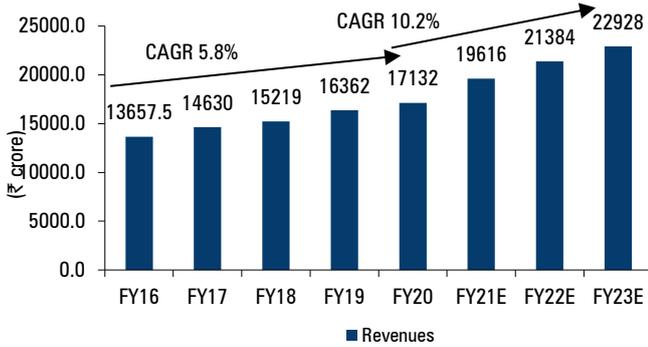
On the product filing front, Cipla has filed 250 ANDAs with the USFDA cumulatively (Q2FY21) with 165 of them already approved and 19 tentative approvals. The company currently spends 4-6% of revenues on R&D.

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.

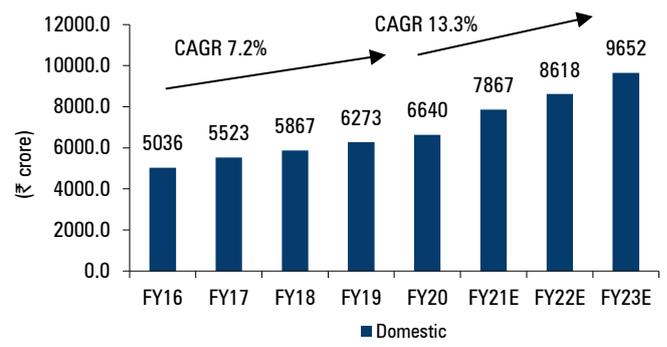
The company introduced Salbutamol tablets in 1976 and Salbutamol inhaler in 1978 for the first time in India. Since then, Cipla has consistently introduced new products for asthma, chronic obstructive pulmonary disease (COPD) and allergic rhinitis (AR). The company did the same in other diseases such 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 10% CAGR over FY20-23E



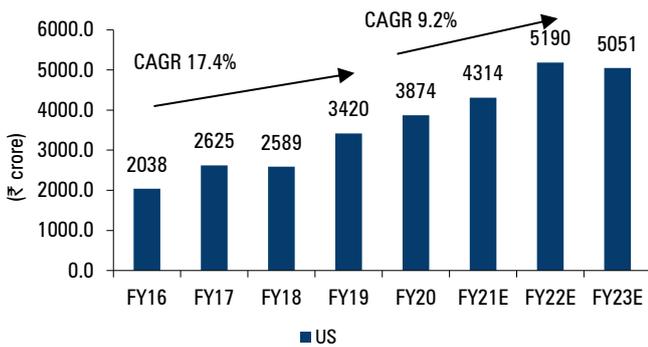
Source: ICICI Direct Research, Company

Exhibit 6: Domestic to grow at 13% CAGR over FY20-23E



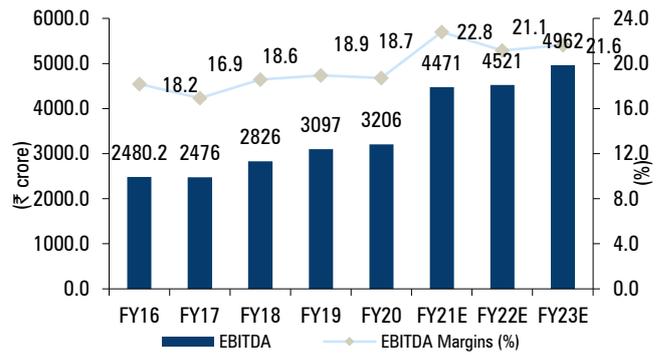
Source: ICICI Direct Research, Company

Exhibit 7: US to grow at CAGR of 9% over FY20-23E



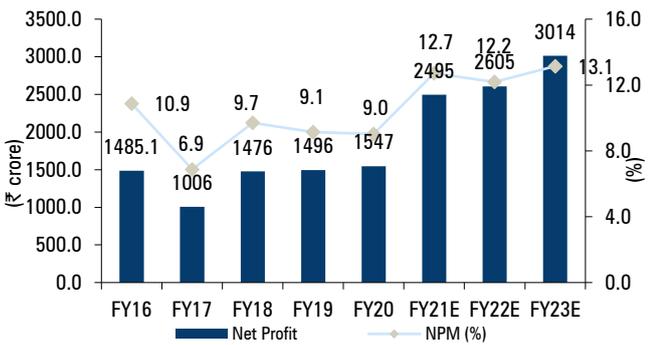
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



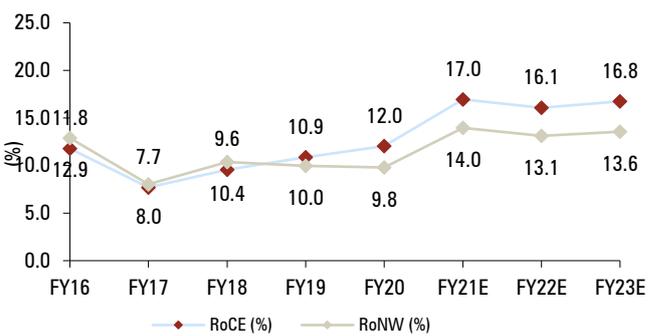
Source: ICICI Direct Research, Company

Exhibit 9: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 10: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 11: Consolidated revenue break-up

(₹ crore)	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E	CAGR FY20-23E %
Domestic	5036.0	5523.0	5867.0	6273.0	6640.0	7866.6	8618.1	9652.2	13.3
Export Formulations	7798.0	8145.2	8237.2	9005.0	9243.0	10746.9	11771.3	12241.6	9.8
US	2037.9	2625.0	2589.5	3420.0	3874.0	4313.9	5189.9	5050.8	9.2
EU	543.4	545.0	623.0	700.0	813.0	1005.8	1156.7	1272.3	16.1
South Africa (Cipla Medpro)	1562.4	1828.8	2061.8	2148.0	2204.0	2254.6	2435.0	2629.8	6.1
RoW	3396.5	3146.4	2970.7	2737.0	2352.0	3172.6	2989.7	3288.7	11.8
APIs	752.0	523.0	626.0	699.0	751.0	771.6	810.2	850.7	4.2

Source: ICICI Direct Research, Company

Exhibit 12: Financial Summary

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY 20	17132	4.7	19.2	3.4	43.0	20.9	9.8	12.0
FY 21E	19616	14.5	31.0	61.3	26.6	14.7	14.0	17.0
FY 22E	21384	9.0	32.4	4.4	25.5	14.1	13.1	16.1
FY 23E	22928	7.2	37.4	15.7	22.1	12.4	13.6	16.8

Source: ICICI Direct Research, Company

Exhibit 13: Shareholding Pattern

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

(Year-end March)	FY20	FY21E	FY22E	FY23E
Revenues	17,132.0	19,616.3	21,383.5	22,928.5
Growth (%)	4.7	14.5	9.0	7.2
Raw Material Expenses	5,991.4	7,453.5	8,018.8	8,483.5
Gross Profit	11,140.6	12,162.8	13,364.7	14,444.9
Employee Expenses	3,027.0	3,295.4	3,605.1	3,865.9
Other Expenditure	4,907.6	4,396.2	5,239.0	5,617.5
Total Operating Expendit	13,926.0	15,145.0	16,862.9	17,967.0
EBITDA	3,206.0	4,471.2	4,520.6	4,961.5
Growth (%)	3.5	39.5	1.1	9.8
Depreciation	1,174.7	1,142.7	1,186.2	1,249.2
Interest	197.4	181.2	109.0	79.0
Other Income	344.2	291.9	342.1	435.6
PBT	2,178.2	3,439.3	3,567.6	4,069.0
Total Tax	631.2	944.2	963.3	1,057.9
PAT before MI	1,547.0	2,495.1	2,604.3	3,011.1
Minority Interest	-47.0	-12.1	-13.0	-15.1
Adjusted PAT	1,546.5	2,494.7	2,604.8	3,013.5
Growth (%)	3.4	61.3	4.4	15.7
EPS (Adjusted)	19.2	31.0	32.4	37.4

Source: ICICI Direct Research; Company

Exhibit 15: Cash Flow Statement (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Profit/(Loss) after taxation	1,329.9	2,494.7	2,604.8	3,013.5
Add: Depreciation	1,174.7	1,142.7	1,186.2	1,249.2
(inc)/Dec in Current Assets	-114.3	-1,636.4	-1,042.6	-858.5
inc/(Dec) in Current Liabilities	487.3	162.0	319.8	279.1
Others	190.9	181.2	109.0	79.0
CF from Operating activities	3,068.5	2,344.2	3,177.1	3,762.3
(Purchase)/Sale of Fixed Asse	-985.7	-500.0	-500.0	-500.0
Change In Investment	1,178.0	-500.0	-1,000.0	-1,000.0
Others	73.2	-19.8	-21.1	-23.5
CF from Investing activities	265.5	-1,019.8	-1,521.1	-1,523.5
Change in Equity	0.1	0.0	0.0	0.0
Change in Loan	-1,760.0	-500.0	-500.0	-500.0
Dividend & Dividend tax	-664.2	-386.4	-623.7	-651.2
Others	-524.7	-181.2	-109.0	-79.0
CF from Financing activities	-2,948.8	-1,067.6	-1,232.7	-1,230.2
Net Cash Flow	385.1	256.7	423.4	1,008.6
Cash and Cash equ. at beginn	618.8	1,003.9	1,260.6	1,684.0
Cash	1,003.9	1,260.6	1,684.0	2,692.5
Free Cash Flow	2,082.8	1,844.2	2,677.1	3,262.3

Source: ICICI Direct Research; Company

Exhibit 16: Balance Sheet (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Equity Capital	161.3	161.3	161.3	161.3
Reserve and Surplus	15,601.8	17,710.0	19,691.1	22,053.4
Total Shareholders funds	15,763.0	17,871.2	19,852.3	22,214.6
Total Debt	2,816.4	2,316.4	1,816.4	1,316.4
Deferred Tax Liability	365.2	383.5	402.6	422.8
Long Term Provision	133.3	139.9	146.9	154.3
MI & Other Liabilities	638.7	643.7	648.8	652.7
Source of Funds	19,716.6	21,354.8	22,867.1	24,760.8
Gross Block - Fixed Asses	11,979.6	12,479.6	13,179.6	13,879.6
Accumulated Depreciatio	5,355.0	6,497.7	7,683.9	8,933.1
Net Block	6,624.6	5,981.9	5,495.7	4,946.6
Capital WIP	824.5	824.5	624.5	424.5
Fixed Assets	7,449.1	6,806.4	6,120.3	5,371.1
Investments	1,595.3	2,095.3	3,095.3	4,095.3
Goodwill on Consolidator	2,934.0	2,934.0	2,934.0	2,934.0
Long term Loans & Advan	52.4	55.0	57.8	60.6
Other Non current assets	944.4	991.6	1,041.2	1,093.3
Inventory	4,377.6	4,804.6	5,277.7	5,659.0
Debtors	3,891.3	5,029.9	5,525.2	5,924.4
Loans and Advances	5.6	5.9	6.2	6.5
Other Current Assets	1,408.9	1,479.3	1,553.3	1,631.0
Cash	1,003.9	1,260.6	1,684.0	2,692.5
Total Current Assets	10,687.3	12,580.4	14,046.4	15,913.4
Creditors	2,281.8	2,360.6	2,593.0	2,780.4
Provisions	948.2	995.6	1,045.4	1,097.6
Other current liabilities	716.0	751.8	789.4	828.8
Total Current Liabilities	3,946.0	4,108.0	4,427.8	4,706.9
Net Current Assets	6,741.3	8,472.4	9,618.6	11,206.5
Application of Funds	19,716.6	21,354.8	22,867.1	24,760.8

Source: ICICI Direct Research; Company

Exhibit 17: Key Ratios (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Per share data (₹)				
Adjusted EPS	19.2	31.0	32.4	37.4
BV per share	195.8	222.0	246.6	275.9
Cash per Share	12.5	15.7	20.9	33.4
Dividend per share	4.8	7.7	8.1	9.4
Operating Ratios (%)				
Gross Margins	65.0	62.0	62.5	63.0
EBITDA margins	18.7	22.8	21.1	21.6
PAT Margins	9.0	12.7	12.2	13.1
Inventory days	93.3	89.4	90.1	90.1
Debtor days	82.9	93.6	94.3	94.3
Creditor days	48.6	43.9	44.3	44.3
Asset Turnover	0.9	0.9	0.9	0.9
EBITDA convsion rate	95.7	52.4	70.3	75.8
Return Ratios (%)				
RoE	9.8	14.0	13.1	13.6
RoCE	12.0	17.0	16.1	16.8
RoIC	12.0	18.7	18.5	20.5
Valuation Ratios (x)				
P/E	43.0	26.6	25.5	22.1
EV / EBITDA	20.9	14.7	14.1	12.4
EV / Net Sales	3.9	3.4	3.0	2.7
Market Cap / Sales	3.9	3.4	3.1	2.9
Price to Book Value	4.2	3.7	3.3	3.0
Solvency Ratios				
Debt / EBITDA	0.9	0.5	0.4	0.3
Debt / Equity	0.2	0.1	0.1	0.1
Current Ratio	2.5	2.8	2.8	2.8

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	Y20	Y21E	Y22E	FY19	FY20	Y21E	Y22E
Ajanta Pharma	AJAPHA	1758	1,960	Buy	15340	43.5	53.4	62.7	73.8	40.4	32.9	28.0	23.8	21.8	24.7	25.4	24.5	17.1	18.1	18.4	18.6
Alembic Pharma	ALEMPHA	948	1,055	Hold	18636	30.2	44.4	57.5	43.9	31.4	21.4	16.5	21.6	19.6	21.0	23.9	17.0	21.8	27.1	23.0	15.5
Apollo Hospital	APOHOS	2622	2,310	Hold	37706	16.2	22.3	-1.6	36.1	161.5	117.4	NA	72.7	8.8	10.2	4.9	13.0	7.1	9.7	-0.5	10.0
Aurobindo Pharma	AURPHA	944	1,025	Buy	55333	41.9	48.8	55.1	61.7	22.6	19.4	17.2	15.3	15.9	17.2	17.9	17.3	17.7	17.0	14.3	13.9
Biocon	BIOCON	380	450	Hold	45612	6.2	5.8	6.5	13.9	61.2	65.3	58.4	27.4	10.9	10.2	9.2	16.5	12.2	10.4	10.5	18.7
Cadila Healthcare	CADHEA	462	555	Buy	47312	18.1	14.0	20.1	22.0	25.6	33.1	23.0	21.0	12.8	10.7	13.7	14.2	17.8	13.8	15.9	15.3
Cipla	CIPLA	826	975	Buy	66581	18.6	19.2	31.0	32.4	44.4	43.0	26.6	25.5	10.9	12.0	17.0	16.1	10.0	9.8	14.0	13.1
Divi's Lab	DIVLAB	3430	4,425	Buy	91049	51.0	51.9	74.1	89.8	67.3	66.1	46.3	38.2	25.5	23.9	28.8	28.6	19.4	18.8	22.5	22.3
Dr Reddy's Lab	DRREDD	4599	5,525	Buy	76470	114.6	121.8	87.0	188.6	40.1	37.7	52.8	24.4	10.7	9.6	15.7	19.5	13.6	13.0	8.6	16.0
Glenmark Pharma	GLEPHA	481	635	Buy	13565	26.9	26.4	36.5	37.6	17.9	18.2	13.2	12.8	15.3	12.7	14.9	14.1	13.5	12.2	14.5	13.1
Hikal	HIKCHE	171	230	Buy	2110	8.4	8.1	10.2	12.2	20.5	21.1	16.8	14.0	14.3	12.8	13.6	14.9	13.6	12.2	13.5	14.2
Ipca Laboratories	IPCLAB	1896	2,665	Buy	24052	34.9	47.6	93.5	89.8	54.4	39.9	20.3	21.1	15.0	17.6	27.3	21.8	14.2	16.6	24.8	19.3
Jubilant Life	JUBLIF	901	850	Buy	14351	54.9	59.9	54.4	70.3	16.4	15.0	16.6	12.8	14.3	14.4	14.7	16.9	17.8	16.6	13.2	14.7
Lupin	LUPIN	1012	1,165	Buy	45896	16.5	-12.7	24.5	37.3	61.2	NA	41.4	27.2	9.4	9.7	8.9	12.2	5.4	-4.6	8.2	11.2
Narayana Hrudayam	NARHRU	438	405	Buy	8954	2.9	6.4	-4.2	8.3	150.9	69.0	NA	52.6	7.7	11.0	-2.4	12.8	5.5	11.4	-8.3	14.2
Natco Pharma	NATPHA	894	885	Hold	16298	35.4	25.3	32.7	28.0	25.3	35.4	27.4	31.9	21.3	14.0	17.1	13.6	18.5	12.2	14.0	11.0
Sun Pharma	SUNPHA	586	585	Buy	140706	15.9	16.8	25.7	23.2	37.0	35.0	22.8	25.2	10.3	10.0	11.9	12.3	9.2	8.9	13.0	10.6
Syngene Int.	SYNINT	588	700	Buy	23508	8.3	10.3	9.7	13.2	71.1	57.1	60.6	44.5	14.8	14.5	12.6	15.8	16.8	15.7	15.1	17.1
Torrent Pharmaceuticals	TORPHA	2664	3,135	Buy	45078	48.9	60.6	70.6	85.8	54.4	44.0	37.7	31.1	14.2	15.4	17.9	20.2	17.5	21.2	20.9	21.3
Shalby	SHALIM	110	130	Hold	1185	2.9	2.6	4.7	4.9	37.4	43.0	23.3	22.3	6.8	7.2	6.6	7.9	4.1	3.5	6.0	5.9
Aster DM	ASTDM	155	170	Buy	7760	6.7	5.5	3.1	9.9	23.3	28.1	50.0	15.6	8.3	7.1	5.2	9.1	10.4	8.5	4.5	12.7
Indoco Remedies	INDREM	310	380	Buy	2861	-0.3	2.6	9.3	14.8	NA	118.7	33.4	20.9	0.9	4.6	11.4	15.6	-0.4	3.5	11.4	15.7
Caplin Point	CAPPOI	462	605	Buy	3496	23.3	28.4	33.5	43.5	19.8	16.3	13.8	10.6	34.6	26.5	26.9	28.1	27.9	22.7	21.5	22.3
Granules India	GRANUL	354	460	Buy	8757	9.5	12.4	21.1	23.6	37.0	28.5	16.7	15.0	11.8	15.2	22.4	22.0	15.5	16.7	22.4	20.2
Laurus Labs	LAULAB	343	440	Buy	18392	1.7	4.8	17.9	21.1	196.1	72.0	19.2	16.3	7.7	13.0	33.8	31.6	6.0	14.4	36.4	31.0

Source: ICICI Direct Research, Bloomberg

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