

In-line sales growth, strong margin recovery...

Q3 revenues grew 6.6% YoY to ₹ 4017 crore (I-direct estimate: ₹ 3961 crore). US revenues grew 4.8% YoY to ₹ 1442 crore whereas domestic formulations grew 5.4% YoY to ₹ 1367 crore. ROW markets remained flattish at ₹ 437 crore. API segment grew 8.4% YoY to ₹ 344 crore. EBITDA margins improved 797 bps YoY to 19.4% (I-direct estimate: 16.5%) due to better gross margins amid ramp-up of complex generics segment and better operating leverage owing to cost control measures. EBITDA grew 81.0% YoY to ₹ 779 crore (I-direct estimate: ₹ 654 crore). Adjusted PAT was at ₹ 438 crore, up 258% YoY. Delta vis-a-vis EBITDA was due to lower interest cost and tax rate.

cGMP issues, pricing headwinds in US to the fore

Lupin's US business (~36% of revenues) has been one of the largest ANDA pipelines comprising 437 filed ANDAs and 152 pending approvals including 46 FTFs. However, this segment is facing headwinds due to persisting pricing pressure and recent warning letters (Goa, Indore) and OAI at Gavis plant. The company is looking for branded products and complex generics (biosimilars, injectables) to overcome this issue. We expect sales from the US to grow 4.5% to ₹ 6649 crore in FY20-23E due to incremental market share in Levothyroxine (thyroid) and ProAir (respiratory) in H2FY21.

Indian formulations growth steady

Lupin ranks sixth in domestic formulations with a market share of 3.8%. The acute: chronic: sub-chronic ratio for the company is at 25:61:13. In terms of MR productivity, at ~₹ 88 lakh per MR, it has one of the best MR productivities among large cap peers. Also, tie-ups with Eli Lilly, Boehringer for anti-diabetics and with MSD for pneumonia vaccines are some steps to bolster the domestic franchise. We expect India sales to grow at ~10% CAGR in FY20-23E to ₹ 6849 crore.

Valuation & Outlook

Q3FY21 revenues were in-line with I-direct estimates whereas profitability was above expectations due to better gross margins, cost control and a lower tax outgo. As per the management, FY21 US sales would be largely driven by gLevothyroxine, gProAir ramp-up and 15+ new launches. Domestic branded formulations are expected to remain stable. The resolution of warning letter and clearance of official action indicated (OAIs) status on plants could be the near term lever along with progress on margins front. However, like other pharma majors, Lupin has also chalked out a product, cost rationalisation drive. We expect the performance to improve gradually from here on with some high profile launches and cost control measures. Together, these two factors (niche launches and cost rationalisation) are likely to overcome regulatory pains. We upgrade from HOLD to **BUY** and arrive at our target price of ₹ 1165 (vs. ₹ 985 earlier) based on 25x FY23E EPS of ₹ 46.6.

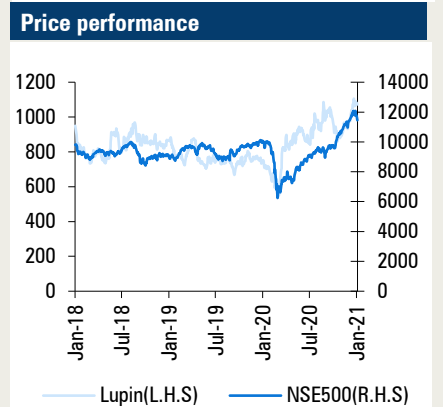
Key Financial Summary

(₹ Crore)	FY20	FY21E	FY22E	FY23E	CAGR (FY20-23E) %
Revenues	16393.1	15464.7	17624.4	18928.1	4.9
EBITDA	2549.7	2617.5	3260.5	3785.6	14.1
EBITDA margins(%)	15.6	16.9	18.5	20.0	
Net Profit	-575.0	1107.7	1688.1	2111.6	NA
EPS (₹)	-12.7	24.5	37.3	46.6	
PE (x)	NA	41.4	27.2	21.7	
EV to EBITDA (x)	18.6	17.4	13.6	11.2	
RoNW (%)	-4.6	8.2	11.2	12.5	
RoCE (%)	9.7	8.9	12.2	14.0	
Debt / E equity	0.5	0.4	0.3	0.2	

Source: ICICI Direct Research; Company



Particulars	Amount
Market Capitalisation	₹45896 crore
Debt (FY 20)	₹6403 crore
Cash (FY 20)	₹2454 crore
EV	₹49844 crore
52 week H/L (₹)	1122/505
Equity capital	₹90.7 crore
Face value (₹)	₹2



- ### Key risks to our call
- Continued delay in resolution of warning letters, OAIs
 - Regulatory hurdles in new approvals

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Exhibit 1: Variance Analysis

(₹ crore)	Q3FY21	Q3FY21E	Q3FY20	Q2FY21	YoY (%)	QoQ (%)	Comments
Revenue	4,017.4	3,960.8	3,769.3	3,835.0	6.6	4.8	YoY growth driven by growth across geographies
Raw Material Expenses	1,375.0	1,425.9	1,359.3	1,381.7	1.2	-0.5	
as % of sales	34.2	36.0	36.1	36.0	-184 bps	-180 bps	Better product mix towards complex generics to drive gross margins
Employee Expenses	706.8	713.0	740.7	685.3	-4.6	3.1	
Other Expenditure	1,156.9	1,168.5	1,239.2	1,186.8	-6.6	-2.5	
EBITDA	778.7	653.5	430.1	581.2	81.0	34.0	
EBITDA (%)	19.4	16.5	11.4	15.2	797 bps	423 bps	Improvement and beat vis-à-vis I-direct estimates amid better product mix and cost rationalization
Interest	30.9	33.8	88.6	33.6	-65.1	-8.0	
Depreciation	244.3	212.7	253.2	212.7	-3.5	14.8	
Other Income	21.2	27.3	93.6	25.0	-77.4	-15.2	
Less: Exceptional Items	0.0	0.0	288.7	0.0	NA	NA	
PBT	524.7	434.4	-106.8	359.8	-591.3	45.8	
Tax	83.5	130.3	767.0	146.7	-89.1	-43.1	
PAT before MI	441.2	304.1	-873.8	213.1	-150.5	107.0	
Minority Interest	3.1	0.7	-7.5	2.5	-141.1	24.5	
Net Profit	438.3	303.8	-866.3	211.0	-150.6	107.7	
Adjusted PAT	438.3	303.8	122.4	211.0	258.0	107.7	Delta vis-à-vis EBITDA and beat vis-à-vis I-direct estimates mainly due to lower tax outgo

Key Metrics

India	1,366.9	1,361.7	1,296.9	1,332.3	5.4	2.6	YoY growth mainly due to improvement in both chronic and acute segment on the back of increase in clinic footfalls
US	1,442.4	1,434.0	1,376.6	1,398.4	4.8	3.1	YoY growth mainly due to Albuterol ramp up and other new launches despite weak flu season and decline in metformin market share
EMEA (Ex South Africa)	174.1	165.3	151.5	192.1	14.9	-9.4	
South Africa	153.1	151.8	139.8	133.8	9.5	14.5	
ROW markets	437.0	412.3	434.0	351.3	0.7	24.4	
API	343.8	380.8	317.3	373.9	8.4	-8.1	QoQ decline amid weak flu season and decline in acute portfolio

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

(₹ Crore)	FY21E			FY22E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	15,670.4	15,464.7	-1.3	17,897.7	17,624.4	-1.5	
EBITDA	2,523.1	2,617.5	3.7	3,400.6	3,260.5	-4.1	
EBITDA Margin (%)	16.1	16.9	83 bps	19.0	18.5	-50 bps	
PAT	1,024.7	1,107.7	8.1	1,738.3	1,688.1	-2.9	Changed mainly due to change in tax and other income assumption
EPS (₹)	22.6	24.5	8.1	38.4	37.3	-2.9	

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

(₹ crore)	Current			Earlier		
	FY19	FY20	FY21E	FY22E	FY21E	FY22E
India	4,638.3	5,138.6	5,295.9	6,115.2	5,290.8	6,109.3
US	5,592.5	5,821.3	5,651.2	6,522.8	5,905.1	6,817.8
EMEA (Ex South Africa)	602.4	651.8	723.2	795.5	707.2	778.0
South Africa	588.2	584.5	581.4	651.7	562.0	633.2
ROW markets	1,264.9	1,451.0	1,422.7	1,635.3	1,419.7	1,663.5
API	1,346.4	1,300.0	1,521.0	1,597.1	1,558.0	1,635.9

Source: ICICI Direct Research

Conference Call Highlights

- Demand for seasonal products was down due to very weak flu season but other in-line products were stable
- Metformin re-launched in September, in ramp-up mode now
 - gGlumetza on track to earn back market share
- R&D: ₹ 348 crore, 8.9% of sales; to keep R&D at ~9% going forward
- Capex for the quarter was ₹ 118.2 crore; 9MFY21 - ₹ 488 crore
- Net debt as on Q3FY21 stands at ₹ 1287.1 crore. Net debt: equity ratio was at 0.10:1 as compared to 0.13:1 as of Q2FY21
- US – US\$188 million vs US\$180 million in Q3FY21; improvement led by ramp-up in Albuterol and complex generics
 - During Q3FY21, the company launched 3 products in the US and received 5 ANDA approvals. The company also has 46 pending FTF products including 16 exclusive FTFs.
 - One ANDA filed in Q3FY21. Cumulative ANDAs at 437 (285 approved), Cumulative DMF at 200. Total products in the US generics market: 169
 - For Q3FY21. US generics sales were ~US\$186 million and branded sales were ~US\$2 million
 - (a) Sales force for branded business around 40 people
 - (b) Breakeven for specialty to be ~US\$20 million
 - Albuterol ramped up to 8%+ generic market share for Q3FY21 (latest at ~9%)
 - (a) 100% capacity utilization currently
 - (b) Market is ~70 million units
 - (c) Hoping to get to 20%+ share in few quarters
 - Levothyroxine – 17% of generic, 14% of overall market, aim to achieve 20%
 - Brovana – likely launch in FY22
 - Spiriva to be launched in mid FY23, mid-CY22
 - Pipeline – Three to four inhalation products per year; overall 30-35 products for US
- Europe - Fostair approval in next couple of months, likely first mover advantage but two to three players close by, ~US\$600 million market
- India – Seven brands launched in Q3FY21
 - Chronic segment grew 12.9% against 9.7% chronic market growth in Q3 FY21
 - ~ 7,700 domestic sales force strength
 - PLI – looking at smaller products (formulation)
 - Anti-diabetic, cardiac and CNS therapeutic segments registered robust (mid to high teens) growth
- Gross margins were higher due to change in business mix, lower freight charges

- Staff costs decline YoY due to specialty restructuring, higher sequentially due to hikes
- Other expenses lower due to lower forex losses, lower R&D, cost rationalisation
- Aim to achieve EBITDA margins of 20-22%
- MEIS impact on other income
- Tax rate was lower due to better financial performance at subsidiaries, ETR to be below 30% for FY22

Exhibit 4: Trends in quarterly financials

(₹ crore)	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	YoY (%)	QoQ (%)
US	1432.1	1499	1185.8	1248.7	1417.4	1740.6	1541.2	1324.4	1376.6	1579.1	1216	1398.4	1442.4	4.8	3.1
EMEA (Ex South)	151.3	184.5	137.7	153.7	142.3	168.7	140.4	172.2	151.5	187.7	150.5	192.1	174.1	14.9	-9.4
Japan	553.5	504.4	495.9	512.6	568.8	549.1	558.1	510.5	0.0	0.0	0.0	0.0	0.0		
India	1068.8	964.7	1192.4	1203.2	1190.2	1052.5	1307.7	1341.9	1296.9	1192.1	1285.4	1332.3	1366.9	5.4	2.6
South Africa	120.8	166.8	138.3	141.2	137.7	171.0	120.0	147.4	139.8	177.3	99.5	133.8	153.1	9.5	14.5
RoW	305.9	378.3	266.4	296.8	348.8	352.8	339.5	351.2	434.0	326.2	308.2	351.3	437.0	0.7	24.4
API	268.0	280.8	358.1	334.7	362.4	291.2	348.9	305.2	317.3	328.6	409.0	373.9	343.8	8.4	-8.1
Net Sales	3900.4	3978.5	3774.6	3890.9	4377.9	4325.9	4355.8	4296.9	3716.1	3791.0	3468.6	3781.8	3917.3	5.4	3.6
O OI	75.3	55.3	81.4	60.1	126.9	80.4	62.6	62.8	53.2	54.7	59.2	53.2	100.1	88.1	88.0
Revenues	3975.7	4033.8	3855.9	3951.1	4504.9	4406.3	4418.4	4359.7	3769.3	3845.7	3527.9	3835.0	4017.4	6.6	4.8
RM Cost	1392.7	1362.6	1444.2	1392.8	1601.0	1407.8	1550.0	1527.3	1359.3	1405.0	1288.0	1381.7	1375.0	1.2	-0.5
% of Revenue	35.0	33.8	37.5	35.3	35.5	32.0	35.1	35.0	36.1	36.5	36.5	36.0	34.2		
Gross Profit	2583.0	2671.3	2411.8	2558.2	2903.9	2998.5	2868.4	2832.4	2410.0	2440.8	2239.9	2453.3	2642.4	9.6	7.7
GPM (%)	65.0	66.2	62.5	64.7	64.5	68.0	64.9	65.0	63.9	63.5	63.5	64.0	65.8	184	180
Employee Cost	693.1	728.7	749.4	793.8	808.5	799.6	807.2	850.3	740.7	763.6	793.6	685.3	706.8	-4.6	3.1
% of Revenue	17.4	18.1	19.4	20.1	17.9	18.1	18.3	19.5	19.7	19.9	22.5	17.9	17.6	-205.8	-27.8
Other expenditure	1201.5	1232.5	1135.4	1214.8	1341.6	1325.1	1199.9	1250.1	1239.2	1150.9	958.2	1186.8	1156.9	-6.6	-2.5
% of Revenue	30.2	30.6	29.4	30.7	29.8	30.1	27.2	28.7	32.9	29.9	27.2	30.9	28.8		
Total Expenditure	3287.3	3323.8	3329.0	3401.4	3751.1	3532.6	3557.2	3627.7	3339.2	3319.4	3039.8	3253.8	3238.6	-3.0	-0.5
% of Revenue	82.7	82.4	86.3	86.1	83.3	80.2	80.5	83.2	88.6	86.3	86.2	84.8	80.6	-797.3	-423.0
EBITDA	688.4	710.0	527.0	549.6	753.8	873.8	861.2	732.0	430.1	526.3	488.1	581.2	778.7	81.0	34.0
EBITDA Margin (%)	17.3	17.6	13.7	13.9	16.7	19.8	19.5	16.8	11.4	13.7	13.8	15.2	19.4	797.3	423.0
Other income	28.4	144.9	184.2	230.7	43.4	86.5	72.2	133.3	93.6	208.6	43.3	25.0	21.2	-77.4	-15.2
Interest	54.0	58.5	68.7	73.8	79.8	85.5	85.6	86.5	88.6	107.4	44.3	33.6	30.9	-65.1	-8.0
Depreciation	280.4	272.8	259.0	265.5	279.8	280.8	317.1	321.5	253.2	214.3	214.6	212.7	244.3	-3.5	14.8
PBT	382.5	-618.5	383.5	441.0	95.4	596.2	530.7	-89.1	-106.8	496.4	272.5	359.8	524.7	-591.3	45.8
Tax	160.8	159.1	181.1	172.9	247.8	299.8	228.0	34.3	767.0	105.1	164.3	146.7	83.5	-89.1	-43.1
Tax rate (%)	42.0	-25.7	47.2	39.2	259.6	50.3	43.0	-38.5	-718.3	21.2	60.3	40.8	15.9		
PAT	221.7	-777.6	202.3	268.1	-152.4	296.4	302.7	-123.4	-873.8	391.3	108.1	213.1	441.2	-150.5	107.0
PAT Margin (%)	5.6	-19.3	5.2	6.8	-3.4	6.7	6.9	-2.8	-23.2	10.2	3.1	5.6	11.0		
Minority Interest	0.5	5.9	0.3	2.5	-4.2	6.8	-0.3	3.6	-7.5	1.7	1.8	2.5	3.1	-141.1	24.5
PAT After MI	221.2	-783.5	202.1	265.6	-148.1	289.6	303.1	-127.1	-866.3	389.6	106.3	210.6	438.1	-150.6	108.0
Adjusted PAT	221.2	358.6	202.8	266.0	194.1	288.4	303.1	419.4	122.4	324.1	106.9	211.0	438.3	258.0	107.7
EPS (₹)	4.9	7.9	4.5	5.9	4.3	6.4	6.7	9.2	2.7	7.1	2.4	4.7	9.7		

Source: ICICI Direct Research

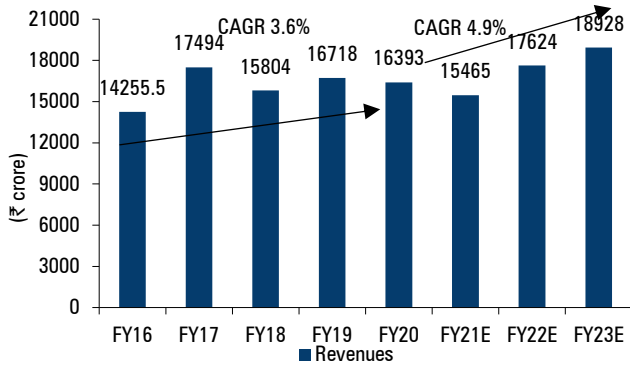
Company Background

From a global leader in anti-tuberculosis (TB) and other infectious diseases to one of the fastest growing prescription companies in the US, Lupin has come a long way to emerge as a leading Indian generic exporter. Established in 1968, the company adapted well as per the changed industry dynamics like other peers such as Sun, Dr Reddy's, Ranbaxy and Cipla. During this journey, it changed focus on therapies - from acute to chronic and also geographies, from domestic driven to export oriented. It received USFDA approvals for two facilities- Ankaleshwar and Mandideep way back in 1989. Besides this, the company has been fairly active on the global M&A front. It has acquired companies in Japan (significant acquisitions), Australia, Philippines and South Africa. Similarly, the company also acquired small ticket but lucrative brands in the US (Suprax, Antara, Locoid lotion, Inspira Chamber and Alinia). Its latest acquisition, however, has been a complex injectable technology based company (Nanomi) in the Netherlands. Infrastructure - 11 manufacturing facilities including two in Japan – seven formulations (three USFDA approved) and four APIs (two USFDA approved).

Lupin's US subsidiary expanded into the women's health segment by acquiring Symbiomix Therapeutics. USFDA approved Symbiomix' lead candidate, Solosec oral granules to treat gynaecological infection. The management expects the drug to be commercially available by H2CY18. The drug has been designated as qualified infectious disease product (QIDP) and is eligible for at least 10 years of exclusivity in the US. The deal was made for a cash consideration of US\$150 million, including US\$50 million of upfront payment by Lupin and rest time-bound payments. The management believes the payback would be less than five to six years for the product. US has 6 million prescription base for this disease.

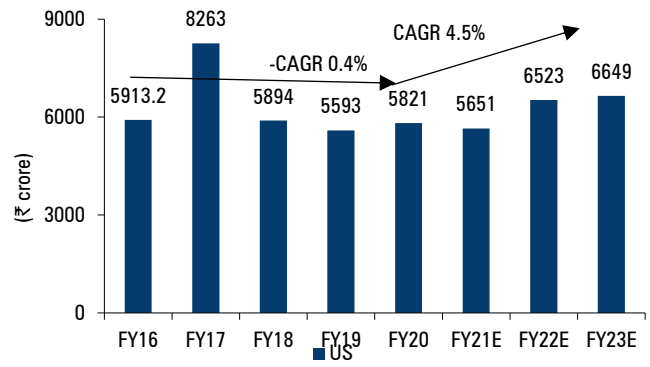
The current financial health of the company is the culmination of prudent business decisions in the past. Due to the Kyowa divestment, FY20 results are not strictly comparable to previous years. In FY15-19, revenue, EBITDA and PAT grew at a CAGR of 7%, -7% and -25% to ₹ 16718 crore, ₹ 2704 crore and ₹ 748 crore, respectively.

Exhibit 5: Revenues to grow at CAGR of 5% over FY20-23E



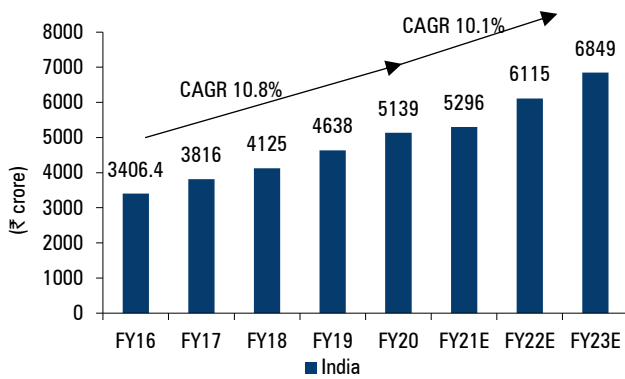
Source: ICICI Direct Research, Company

Exhibit 6: US to grow at CAGR of ~5% over FY20-23E



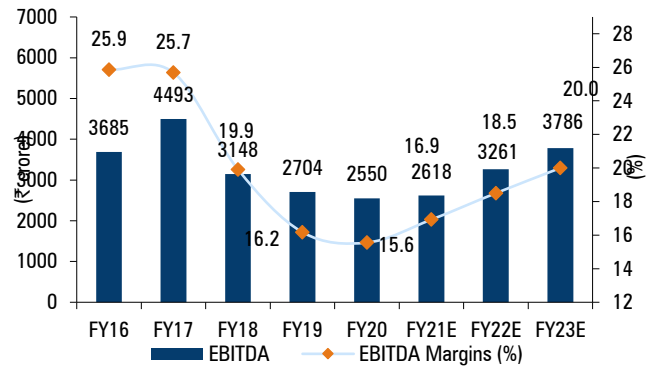
Source: ICICI Direct Research, Company

Exhibit 7: India to grow at CAGR of 10% over FY20-23E



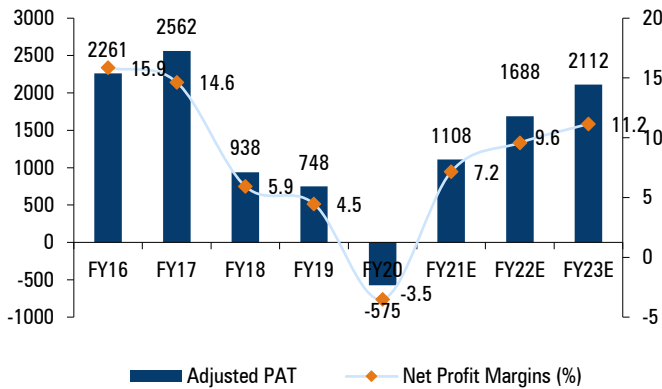
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



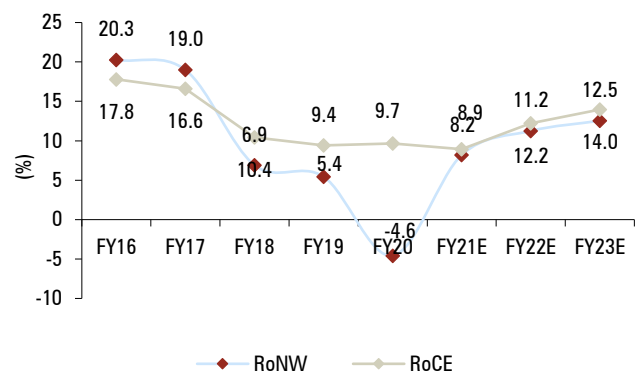
Source: ICICI Direct Research, Company

Exhibit 9: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 10: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 11: Valuation

	Revenues (₹ crore)	Growth (%)	EPS (₹)	Growth (%)	P/E (x)	EV/EBITDA (X)	RoNW (%)	RoCE (%)
FY 20	16393	-1.9	-12.7	0.0	NA	18.6	-4.6	9.7
FY 21E	15465	-5.7	24.5	0.0	41.4	17.4	8.2	8.9
FY 22E	17624	14.0	37.3	52.4	27.2	13.6	11.2	12.2
FY 23E	18928	7.4	46.6	25.1	21.7	11.2	12.5	14.0

Source: ICICI Direct Research

Exhibit 12: Shareholding pattern

(in %)	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Promoter	46.9	46.9	46.9	46.9	46.9
Others	53.1	53.1	53.1	53.1	53.1

Source: ICICI Direct Research, Company

Financial Summary

Exhibit 13: Profit & Loss (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Total Operating Income	16,393.1	15,464.7	17,624.4	18,928.1
Growth (%)	-1.9	-5.7	14.0	7.4
Raw Material Expenses	5,841.6	5,474.2	6,080.4	6,435.5
Employee Expenses	3,161.8	2,900.5	3,084.3	3,312.4
Other expenditure	4,840.1	4,472.5	5,199.2	5,394.5
Total Operating Expenditure	13,843.4	12,847.2	14,363.9	15,142.5
EBITDA	2,549.7	2,617.5	3,260.5	3,785.6
Growth (%)	-5.7	2.7	24.6	16.1
Depreciation	1,106.1	916.0	964.7	1,013.5
Interest	368.1	149.3	123.3	102.1
Other Income	507.7	111.2	259.8	288.3
PBT	1,583.2	1,663.4	2,432.3	2,958.4
EO	752.1	0.0	0.0	0.0
Total Tax	1,134.4	546.4	729.7	828.3
PAT before MI	-303.2	1,116.9	1,702.6	2,130.0
Minority Interest	-2.6	10.5	16.0	20.0
Adjusted PAT	-575.0	1,107.7	1,688.1	2,111.6
Growth (%)			52.4	25.1
EPS (Adjusted)	-12.7	24.5	37.3	46.6

Source: ICICI Direct Research; Company

Exhibit 14: Cash Flow Statement (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Profit/(Loss) after taxation	365.6	1107.7	1688.1	2111.6
Depreciation	1159.6	916.0	964.7	1013.5
Other operating Activities	363.0	149.3	123.3	102.1
(inc)/dec in Current Assets	-1597.5	373.8	-1356.1	-912.4
Inc/ (dec) in Current Liabilities	1126.5	127.1	566.3	462.1
CF from Operating Activities	1468.8	2674.0	1986.2	2776.9
Purchase of Fixed Assets	907.0	-650.0	-500.0	-500.0
(Inc)/Dec in Investments	-119.2	0.0	0.0	0.0
Other Investing Activities	101.0	77.2	84.9	93.4
CF from Investing Activities	888.9	-572.8	-415.1	-406.6
Inc / (Dec) in Loan Funds	-267.4	-1000.0	-1000.0	-1000.0
Inc / (Dec) in Equity Capital	0.1	0.0	0.0	0.0
Dividend and dividend tax	-273	-136	-188	-287
Other Financing Activities	-350.3	-149.3	-123.3	-102.1
CF from Financing Activities	-890.6	-1285.2	-1311.6	-1389.0
Net Cash Flow	1,467	816	260	981
Opening Cash	987	2,454	3,270	3,530
Closing Cash	2,454.3	3,270.2	3,529.8	4,511.0
Free Cash flow	2,375.8	2,024.0	1,486.2	2,276.9

Source: ICICI Direct Research; Company

Exhibit 15: Balance Sheet (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Equity Capital	90.6	90.6	90.6	90.6
Reserve and Surplus	12,446.1	13,417.9	14,917.7	16,742.3
Total Shareholders funds	12,536.7	13,508.5	15,008.3	16,832.9
Total Debt	6,402.5	5,402.5	4,402.5	3,402.5
Deferred Tax Liability	199.5	219.5	241.4	265.6
Minority Interest	44.5	48.9	53.8	59.2
Other NCL & LT Provisions	1,184.7	1,303.1	1,433.5	1,576.8
Total Liabilities	20,367.9	20,482.6	21,139.5	22,137.0
Gross Block - Fixed Asset	12,309.0	13,159.0	13,859.0	14,559.0
Accumulated Depreciation	6,222.4	7,138.4	8,103.1	9,116.6
Net Block	6,086.6	6,020.6	5,755.9	5,442.4
Capital WIP	939.6	739.6	539.6	339.6
Total Fixed Assets	7,026.3	6,760.2	6,295.5	5,782.0
Investments	2,374.3	2,374.3	2,374.3	2,374.3
Goodwill on Consolidation	1,851.5	1,851.5	1,851.5	1,851.5
Inventory	3,456.9	3,576.7	4,076.2	4,377.8
Debtors	5,445.9	4,780.5	5,448.1	5,851.1
Loans and Advances	37.0	40.7	44.8	49.3
Other Current Assets	1,680.9	1,848.9	2,033.8	2,237.2
Cash	2,454.3	3,270.2	3,529.8	4,511.0
Total Current Assets	13,075.0	13,517.1	15,132.7	17,026.4
Creditors	2,412.3	2,319.0	2,642.9	2,838.4
Provisions & Other CL	2,203.7	2,424.0	2,666.4	2,933.1
Total Current Liabilities	4,616.0	4,743.0	5,309.3	5,771.4
Net Current Assets	8,459.0	8,774.0	9,823.4	11,254.9
Deferred Tax Assets	174.3	191.7	210.9	232.0
Long term Loans and adva	47.6	52.4	57.6	63.4
Other Non current assets	434.9	478.4	526.2	578.9
Application of Funds	20,367.9	20,482.6	21,139.5	22,137.0

Source: ICICI Direct Research; Company

Exhibit 16: Key Ratios (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Per Share data (₹)				
Reported EPS	-6.6	24.5	37.3	46.6
BV per share	276.7	298.2	331.3	371.6
Dividend per share	3.0	4.2	6.3	7.9
Cash per Share	54.2	72.2	77.9	99.6
Operating Ratios (%)				
Gross Margin	64.4	64.6	65.5	66.0
EBITDA margin	15.6	16.9	18.5	20.0
PAT Margin	-3.5	7.2	9.6	11.2
Inventory Days	77.0	84.4	84.4	84.4
Debtor Days	121.3	112.8	112.8	112.8
Creditor Days	53.7	54.7	54.7	54.7
Asset Turnover	1.3	1.2	1.3	1.3
EBITDA conversion Rate	57.6	102.2	60.9	73.4
Return Ratio (%)				
RoE	-4.6	8.2	11.2	12.5
RoCE	9.7	8.9	12.2	14.0
RoIC	10.0	12.2	15.8	18.8
Valuation Ratios (x)				
P/E	NA	41.4	27.2	21.7
EV / EBITDA	18.6	17.4	13.6	11.2
EV / Net Sales	2.9	2.9	2.5	2.2
Market Cap / Sales	2.8	3.0	2.6	2.4
Price to Book Value	3.7	3.4	3.1	2.7
Solvency Ratios				
Debt / EBITDA	2.5	2.1	1.4	0.9
Debt / Equity	0.5	0.4	0.3	0.2
Current Ratio	2.3	2.2	2.2	2.2

Source: ICICI Direct Research; Company

Exhibit 17: 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	842	965	Buy	67895	18.6	19.2	28.6	30.2	45.3	43.8	29.5	27.9	10.9	12.0	16.0	15.4	10.0	9.8	13.0	12.4
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	4872	5,770	Buy	81013	114.6	121.8	153.6	195.4	42.5	40.0	31.7	24.9	10.7	9.6	17.7	19.3	13.6	13.0	14.3	15.8
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	564	585	Buy	135403	15.9	16.8	25.7	23.2	35.6	33.6	22.0	24.3	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	358	390	Buy	19226	1.7	4.8	16.0	17.7	204.8	75.2	22.4	20.3	7.7	13.0	30.4	28.0	6.0	14.4	33.8	27.9

Source: ICICI Direct Research, Bloomberg

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