

CMP: ₹ 1290

Target: ₹ 1520 (18%)

Target Period: 12 months

BUY

May 6, 2023

Muted numbers due to transitory issues, branded generics outlook upbeat...

About the stock: Ajanta Pharma is a focused player in branded generics, which constitutes ~72% of overall sales, spread across geographies including India.

- As of Q4FY23, overall exports: domestic formulations ratio was at 67:33
- Among exports, Asia accounts for ~41% of export formulations, Africa 26% and the US ~34%. The company also participates in anti-malarial tenders in Africa (included in Africa)

Q4FY23 Results: Revenues beat estimates but margins missed.

- Revenues grew 1.3% YoY to ~₹ 882 crore mainly driven by Domestic business as well as US generics both of which grew ~17% YoY
- EBITDA came in at ~ ₹ 150 crore, down ~28% YoY with margins at ~17%. Adjusted for forex loss margins were at ~20%
- Adjusted PAT was at ~₹ 122 crore

What should investors do? Ajanta's share price has grown at 10.3% CAGR in the past three years.

- We maintain **BUY** as it remains a compelling play on branded generics (~72% exposure) with strong execution track record and financials

Target Price and Valuation: Valued at ₹ 1520 i.e. 22x P/E on FY25E EPS of ₹ 69.2.

Key triggers for future price performance:

- Focus on maximum number of first time launches with focus on new drug delivery system (NDDS) in the domestic branded formulations space
- In emerging markets, front-end marketing for direct interaction with doctors
- Calculated focus, healthy margins, return profile and judicious capital allocation
- Margins are likely to improve amid operational leverage, expected softening of raw material cost and incremental focus on branded business

Alternate Stock Idea: Apart from Ajanta, we like Indoco Remedies.

- Indoco manufactures and markets branded formulations and APIs for the domestic and export markets
- BUY with a target price of ₹ 440



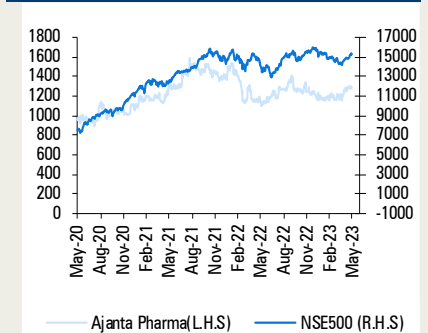
Particulars

Particular	Amount
Market Capitalisation	₹ 16512 crore
Debt (FY23)	₹ 1 crore
Cash (FY23)	₹ 330 crore
EV	₹ 16184 crore
52 week H/L	1428/1062
Equity capital	₹ 25.3 crore
Face value	₹ 2

Shareholding pattern

(in %)	Jun-22	Sep-22	Dec-22	Mar-23
Promoter	70.5	70.5	66.1	66.1
Others	29.5	29.5	33.9	33.9

Price Chart



Recent Event & Key risks

- New launches and registrations in newer markets.
- Key Risks:** (i) Lower than expected growth in branded space (ii) Failure to maintain gross margins trajectory

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Key Financial Summary

Key Financials (₹ Crore)	FY20	FY21	FY22	5 year CAGR (FY17-22)	FY23	FY24E	FY25E	2 year CAGR (FY23-25E)
Revenues	2587.9	2889.7	3341.0	10.8	3742.6	4146.3	4597.3	10.8
EBITDA	683.3	998.6	929.3	6.2	783.3	1000.2	1149.3	21.1
EBITDA margins (%)	26.4	34.6	27.8		20.9	24.1	25.0	
Net Profit	467.7	653.9	712.7	7.1	588.0	756.9	874.5	22.0
EPS (₹)	36.8	51.1	55.7		46.5	59.9	69.2	
PE (x)	35.3	25.3	23.2		27.7	21.5	18.6	
EV to EBITDA (x)	23.8	16.2	17.4		20.0	15.4	12.9	
RoCE (%)	24.7	29.0	27.0		21.3	23.5	23.3	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q4FY23 Results: Revenues beat estimates, but margins missed

- Ajanta Pharma’s Q4FY23 revenues grew 1.3% YoY to ~₹ 882 crore. The growth was supported by the domestic business as well as US generics. The domestic business was up ~17% YoY at ₹ 287 crore due to sharp improvement from its therapies namely dermatology, pain management, ophthalmology and cardiac. US generics was up ~17% YoY, which came in at ₹ 197 crore, due to new launches and stabilising of price erosion. On the operational front, EBITDA came in at ~ ₹ 150 crore, down ~28% YoY with margins at ~17%. This was mainly on account of adjusting forex derivative loss, which was included in other expenses. Adjusted PAT during the quarter was at ~₹ 122 crore
- Sales miss was on account of lower Africa branded sales while margins were on account of forex losses and higher than expected employee costs. New product launches, market share gain as well as price hikes supported the performance in India. Africa branded business remained subdued, down 26% YoY at ~₹ 100 crore. Going ahead, focus on penetration in newer markets of Uganda and Kenya as well as expansion of field force in international regions, should aid growth

Q4FY23 Earnings Conference Call highlights:

Branded:

India business:

- It contributed 32% to overall revenue contribution. It includes business from trade generics of ₹ 42 crore
- New product launches, market share gain and price hikes led to the strong performance during Q4FY23
- Launched 23 new products in the region with six first to launch products
- The MR productivity has gone up by 20% vis-a-vis FY22
- The management is confident about mid teen growth in the coming years

Africa:

- It comprises sales from west and eastern countries, which includes its presence in 20 countries
- The performance was largely impacted by a strike in France for pension reforms, which led to supply chain issue and continuing rupee depreciation during the period
- It successfully launched eight new products in FY23 and expects mid to high teen growth in the near future

Asia business:

- Therapy presence remains across cardiac, diabetes, ophthal, pain, anti-biotics, gastro, anti-histamines, respiratory
- Philippines and Middle East remain the key and fastest growing markets
- Q4FY22 had a higher base as it remained elevated with increasing demand from major countries due to pandemic. The business has normalised in Q4FY23
- Launched 38 new products in FY23

US generics:

- Contributed 22% to total revenue
- The company received four ANDA final approval and one tentative approval with commercialisation of 40 products during FY23
- Launched a product in Q4FY23 and proposes to launch around five to six products in FY24

ESG Disclosure Score*

Score	FY20	FY21	FY22
Environmental	-	-	36.0
Social	-	-	42.8
Governance	-	-	82.4
Overall ESG Score	-	-	53.8

Source: Bloomberg, ICICI Direct Research, *Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures

Africa institution:

- The portfolio mainly comprises antimalarial products while the business contributed 5% to overall revenues
- The management has guided that business remains unpredictable as it depends on funds available with procurement agencies

Other highlights:

- Price erosion has stabilised in the US market in its existing portfolio and has come down to high single digit
- US price erosion, inventory write off and currency fluctuations impacted in full year
- Gross margins to rebound to 74-75% with revival in COGS and freight costs
- Logistics cost impacted the operational performance in FY23 but has come back to normal levels
- Focus remains on expansion of field force in the international region
- R&D expenses continue to be at 6% of revenues
- The management expects improvement in working capital cycle
- Capex including maintenance capex for FY24E remains at ₹ 200 crore

Exhibit 1: Variance Analysis

	Q4FY23	Q4FY23E	Q4FY22	Q3FY23	YoY (%)	QoQ (%)	Comments
Revenue	881.8	933.8	870.3	971.8	1.3	-9.3	Growth was driven by domestic and US markets
Raw Material Expenses	240.9	252.1	239.3	269.3	0.7	-10.6	
gross margins (%)	72.7	73.0	72.5	72.3	18 bps	40 bps	US price erosion has bottomed out
Employee Expenses	223.6	184.9	165.5	192.4	35.1	16.2	
Other Expenditure	267.9	266.1	258.8	340.5	3.5	-21.3	
Total Operating Expenditure	732.5	703.2	663.6	802.2	10.4	-8.7	
EBITDA	149.4	230.6	206.7	169.6	-27.7	-11.9	EBITDA de-grew 27.2% YoY , due to high employee cost and other expense which includes forex loss.
EBITDA (%)	16.9	24.7	23.7	17.4	-681 bps	-51 bps	
Interest	1.1	2.8	7.3	2.8	-84.6	-60.2	
Depreciation	33.0	33.3	31.2	33.3	6.0	-0.8	
Other income	36.8	33.6	29.5	34.9	24.9	5.4	
PBT before EO	152.1	228.1	197.7	168.3	-23.1	-9.7	
Less: Exceptional Items	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	152.1	228.1	197.7	168.3	-23.1	-9.7	
Tax	29.8	45.8	46.5	33.8	-35.9	-11.9	
MI & Share of loss/ (gain)	0.0	0.0	0.0	0.0	0.0	0.0	
Adj. Net Profit	122.3	182.2	151.2	134.5	-19.2	-9.1	

Key Metrics

India	287.0	281.9	245.0	300.6	17.1	-4.5	YoY growth of 13% in Cardiology, 16% in Ophthalmology, 26% in Dermatology and 23% in Pain Management
Total Export	584.0	638.2	616.0	670.0	-5.2	-12.8	
Emerging Branded Markets:	338.0	394.3	399.0	373.0	-15.3	-9.4	
Africa - Branded	100.0	152.3	136.0	145.0	-26.5	-31.0	YoY de-growth due to supply chain issues casued by strikes in france
Africa - Tender	49.0	51.5	50.0	31.0	-2.0	58.1	
Asia	238.0	242.0	263.0	228.0	-9.5	4.4	
US	197.0	192.4	168.0	266.0	17.3	-25.9	Growth driven by new launches and stablizing of price erosion

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY23			FY24E			FY25E			
	Old	Actual	Change	Old	New	% Change	Old	New	% Change	
Revenue	3,829.0	3,742.6	-2.3	4,239.2	4,146.3	-2.2	4,702.2	4,597.3	-2.2	
EBITDA	826.8	783.3	-5.3	1,094.9	1,000.2	-8.7	1,222.6	1,149.3	-6.0	
EBITDA Margin (%)	21.6	20.9	-67 bps	25.8	24.1	-168 bps	26.2	25.0	-120 bps	Reduced as per guidance due to expansion of field force
PAT	655.7	588.0	-10.3	868.5	756.9	-12.9	983.3	874.5	-11.1	
EPS (₹)	51.2	46.5	-9.1	67.9	59.9	-11.8	76.8	69.2	-9.9	

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ crore)	Current					Earlier				
	FY20	FY21	FY22	FY23	FY24E	FY25E	FY23	FY24E	FY25E	
Domestic	769.0	813.0	982.0	1,180.6	1,332.6	1,505.9	1,166.7	1,305.9	1,500.9	
Africa	594.0	673.0	793.0	749.0	826.1	901.6	856.3	933.3	956.5	Currency headwinds
Asia	674.0	713.0	813.0	957.0	1,071.8	1,200.5	957.1	1,071.9	1,205.4	
US	515.0	637.0	696.0	827.0	907.1	979.7	760.3	830.3	970.8	

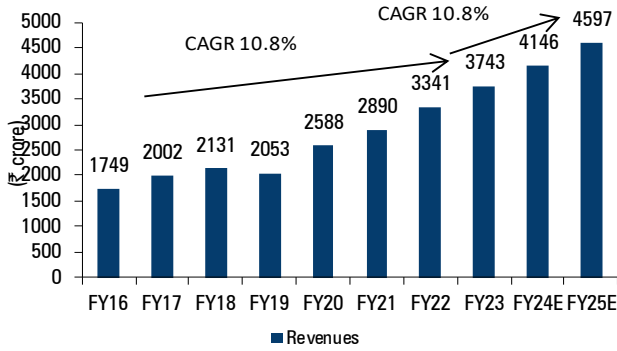
Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	2890	11.7	51.1	39.8	25.3	16.2	21.8	29.0
FY22	3341	15.6	55.7	9.0	23.2	17.4	21.8	27.0
FY23	3743	12.0	46.5	-17.5	27.7	20.0	17.4	21.3
FY24E	4146	10.8	59.9	28.7	21.5	15.4	19.2	23.5
FY25E	4597	10.9	69.2	15.5	18.6	12.9	18.9	23.3

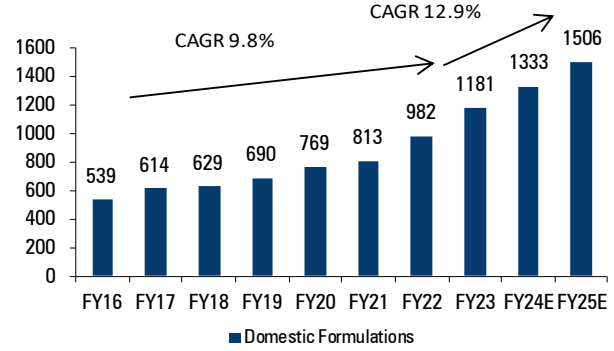
Source: ICICI Direct Research

Exhibit 5: Revenue to grow at 10.8% CAGR over FY23-25E



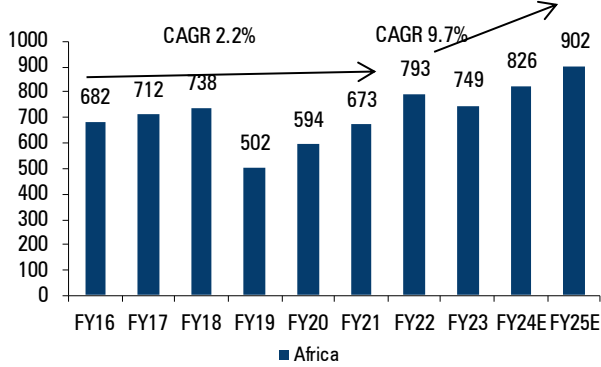
Source: Company, ICICI Direct Research

Exhibit 6: Domestic formulations (₹ crore)



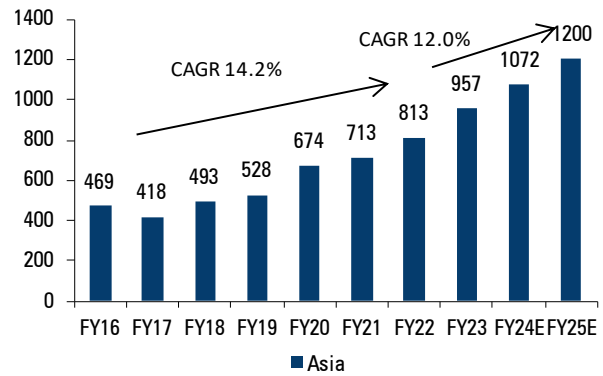
Source: Company, ICICI Direct Research

Exhibit 7: Africa formulations (₹ crore)



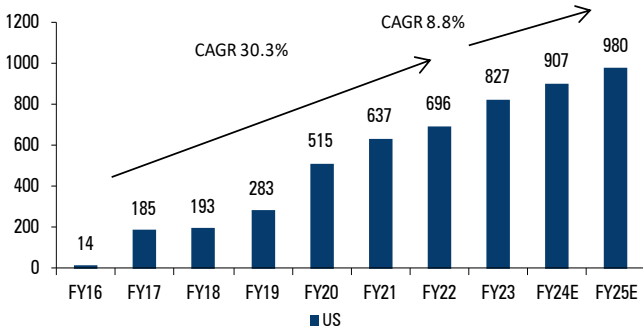
Source: Company, ICICI Direct Research

Exhibit 8: Asia formulations (₹ crore)



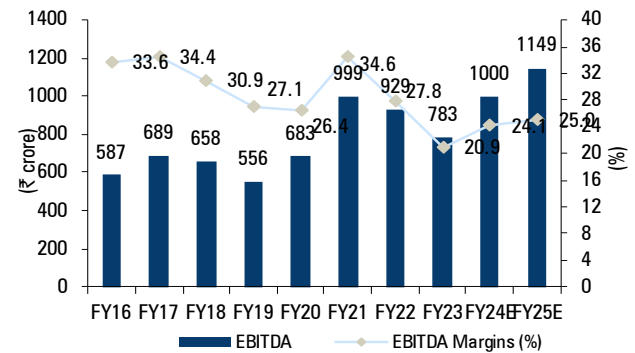
Source: Company, ICICI Direct Research

Exhibit 9: US revenues (₹ crore)



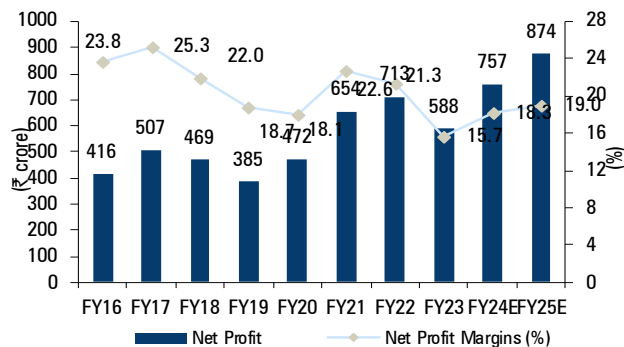
Source: Company, ICICI Direct Research

Exhibit 10: EBITDA & EBITDA margins trend



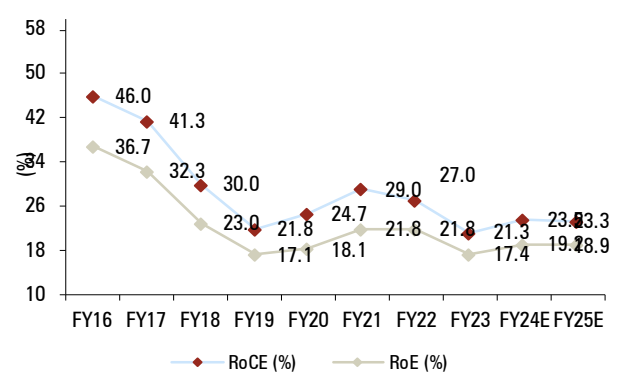
Source: Company, ICICI Direct Research

Exhibit 11: PAT & PAT margins trend



Source: Company, ICICI Direct Research

Exhibit 12: Return ratios



Source: Company, ICICI Direct Research

Exhibit 13: PE Band



Source: ICICI Direct Research

Exhibit 14: Power Brands

Brand	Therapy	Mar-20	Mar-21	Mar-22	Mar-23	CAGR 20-23	YoY
MET XL	CARDIAC	117.1	138.7	153.0	171.5	13.6%	12.2%
MELACARE	DERMA	60.2	64.7	65.5	75.8	7.9%	15.6%
FEBURIC	PAIN / ANALGESICS	44.5	50.2	57.9	71.4	17.1%	23.3%
ATORFIT-CV	CARDIAC	59.1	58.1	64.1	67.7	4.6%	5.6%
CINOD	CARDIAC	25.2	27.2	31.8	38.5	15.2%	21.0%
MET XL AM	CARDIAC	25.0	29.0	32.0	37.7	14.6%	17.9%
MET XL TRIO	CARDIAC	4.8	14.2	24.4	34.0	91.8%	39.6%
ROSUFIT-CV	CARDIAC	27.2	28.7	29.5	33.3	7.0%	12.9%
ROSUTOR-GOLD	CARDIAC	25.9	26.0	27.6	26.9	1.4%	-2.3%
SOFT DROPS	OPHTHAL / OTOLOGICALS	20.4	19.2	24.1	25.7	8.0%	6.5%
Top 10 brands		409.4	456.1	509.8	582.5	12.5%	14.3%
% of IQVIA sales		40.1%	41.9%	39.7%	39%		

Source: IQVIA, ICICI Direct Research

Exhibit 15: Therapeutic break-up

Therapy	Mar-20	Mar-21	Mar-22	Mar-23	CAGR 20-23	YoY
CARDIAC	381.64	434.64	483.04	545.53	12.6%	12.9%
OPHTHAL / OTOLOGICALS	284.08	286.72	357.27	414.31	13.4%	16.0%
DERMA	190.92	195.52	229.35	289.06	14.8%	26.0%
PAIN / ANALGESICS	61.26	72.53	92.72	114.45	23.2%	23.4%
ANTI DIABETIC	21.87	26.45	34.30	38.73	21.0%	12.9%
Top Therapies	939.8	1015.9	1196.7	1,402.08	14.3%	17.2%
Total IQVIA Sales	1021.5	1089.2	1282.9	1,493.70	13.5%	16.4%

Source: IQVIA, ICICI Direct Research

Exhibit 16: Trends in quarterly performance

(₹ crore)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY (%)	QoQ (%)
Total Operating Income	682.0	668.2	715.9	748.7	756.8	748.0	884.8	837.9	870.3	950.9	938.1	971.8	881.8	1.3	-9.3
Raw Material Expenses	177.6	153.1	155.4	168.7	167.9	171.7	232.2	189.1	239.3	280.4	259.8	269.3	240.9	0.7	-10.6
% of Revenue	26.0	22.9	21.7	22.5	22.2	22.9	26.2	22.6	27.5	29.5	27.7	27.7	27.3	-18 bps	-40 bps
Gross Profit	504.4	515.1	560.6	580.1	588.9	576.3	652.6	648.9	631.0	670.5	678.4	702.4	640.9	1.6	-8.8
GPM (%)	74.0	77.1	78.3	77.5	77.8	77.1	73.8	77.4	72.5	70.5	72.3	72.3	72.7	18 bps	40 bps
Employee Expenses	129.5	135.8	130.5	136.2	145.8	158.0	160.1	162.2	165.5	182.9	186.1	192.4	223.6	35.1	16.2
% of Revenue	19.0	20.3	18.2	18.2	19.3	21.1	18.1	19.4	19.0	19.2	19.8	19.8	25.4	634 bps	556 bps
Other Expenditure	223.5	156.1	155.8	202.2	183.8	198.1	229.7	247.1	258.8	265.8	295.9	340.5	267.9	3.5	-21.3
% of Revenue	32.8	23.4	21.8	27.0	24.3	26.5	26.0	29.5	29.7	28.0	31.5	35.0	30.4	65 bps	-465 bps
Total Expenditure	530.6	445.0	441.7	507.1	497.4	527.8	622.0	598.3	663.6	729.2	741.8	802.2	732.5	10.4	-8.7
% of Revenue	77.8	66.6	61.7	67.7	65.7	70.6	70.3	71.4	76.3	76.7	79.1	82.6	83.1	681 bps	51 bps
EBITDA	151.3	223.2	274.3	241.7	259.4	220.2	262.8	239.6	206.7	221.8	196.3	169.6	149.4	-27.7	-11.9
EBITDA Margin (%)	22.2	33.4	38.3	32.3	34.3	29.4	29.7	28.6	23.7	23.3	20.9	17.4	16.9	-681 bps	-51 bps
Other Income	56.7	13.1	4.9	5.5	2.5	32.6	29.5	24.0	29.5	32.8	40.4	34.9	36.8	24.9	5.4
Interest	3.6	1.6	1.5	2.6	2.6	1.5	0.4	1.0	7.3	0.9	1.0	2.8	1.1	-84.6	-60.2
Depreciation	26.0	28.0	28.3	29.1	30.6	30.9	31.5	31.7	31.2	31.8	32.7	33.3	33.0	6.0	-0.8
PBT	178.4	206.7	249.2	215.5	228.8	220.5	260.4	230.9	197.7	221.9	203.0	168.3	152.1	-23.1	-9.7
Total Tax	46.7	58.9	79.0	38.8	69.5	46.7	64.5	39.2	46.5	47.2	46.4	33.8	29.8	-35.9	-11.9
Tax rate (%)	26.2	28.5	31.7	18.0	30.4	21.2	24.8	17.0	23.5	21.3	22.9	20.1	19.6	-391 bps	-50 bps
PAT	129.2	147.8	170.2	176.6	159.3	173.8	195.9	191.8	151.2	174.6	156.6	134.5	122.3	-19.2	-9.1
PAT Margin (%)	18.9	22.1	23.8	23.6	21.0	23.2	22.1	22.9	17.4	18.4	16.7	13.8	13.9	-351 bps	2 bps

Source: ICICI Direct Research

Financial Summary

Exhibit 17: Profit and loss statement				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Total Operating Income	3,341.0	3,742.6	4,146.3	4,597.3
Growth (%)	15.6	12.0	10.8	10.9
Raw Material Expenses	832.3	1,050.4	1,098.8	1,195.3
Gross Profit	2,508.7	2,692.2	3,047.5	3,402.0
Gross Profit Margins (%)	75.1	71.9	73.5	74.0
Employee Expenses	645.8	785.1	870.7	965.4
Other Expenditure	933.6	1,123.9	1,176.7	1,287.2
Total Operating Expenditure	2,411.7	2,959.4	3,146.2	3,448.0
EBITDA	929.3	783.3	1,000.2	1,149.3
Growth (%)	-6.9	-15.7	27.7	14.9
Interest	10.2	5.8	4.5	4.5
Depreciation	125.3	130.8	145.6	157.6
Other Income	115.7	98.6	109.3	121.2
PBT before Exceptional Item	909.5	745.3	959.3	1,108.4
Less: Exceptional Items	0.0	0.0	0.0	0.0
PBT after Exceptional Items	909.5	745.3	959.3	1,108.4
Total Tax	196.8	157.3	202.4	233.9
PAT before MI	712.7	588.0	756.9	874.5
PAT	712.7	588.0	756.9	874.5
Growth (%)	9.0	-17.5	28.7	15.5
EPS (Adjusted)	55.7	46.5	59.9	69.2
Other income as % of (Cash+inv)	32%	11%	10%	7%

Source: Company, ICICI Direct Research

Exhibit 18: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Profit/(Loss) after taxation	670.4	588.0	756.9	874.5
Add: Depreciation & Amortization	125.3	130.8	145.6	157.6
Net Increase in Current Assets	-245.0	-3.5	-248.5	-214.8
Net Increase in Current Liabilities	44.6	70.1	23.5	52.6
Others	-33.2	0.5	4.5	4.5
CF from Operating activities	562.1	785.9	682.0	874.3
(Purchase)/Sale of Fixed Assets	-130.5	-173.8	-200.0	-100.0
Investments	56.4	-385.8	0.0	0.0
Others	-25.7	0.0	0.5	0.5
CF from Investing activities	-99.8	-559.6	-199.5	-99.5
(inc)/Dec in Loan	0.2	-0.5	0.0	0.0
Dividend & Dividend tax	-82.2	-89.7	-195.9	-195.9
Other	-378.1	-18.0	-4.5	-4.5
CF from Financing activities	-460.0	-108.2	-200.4	-200.4
Net Cash Flow	2.2	118.1	282.1	574.4
Cash and Cash Equivalent	209.6	211.8	329.9	611.9
Cash	211.8	329.9	611.9	1,186.3
Free Cash Flow	431.6	612.1	482.0	774.3
FCF Yield	3%	4%	3%	5%

Source: Company, ICICI Direct Research

Exhibit 19: Balance Sheet				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Equity Capital	17.2	25.3	25.3	25.3
Reserve and Surplus	3,247.2	3,362.7	3,923.7	4,602.2
Total Shareholders funds	3,264.4	3,388.0	3,948.9	4,627.5
Total Debt	1.9	1.4	1.4	1.4
Deferred Tax Liability	101.9	87.3	89.1	90.8
Long-Term Provisions	19.3	24.2	24.6	25.1
Other Non Current Liabilities	21.0	28.6	29.2	29.8
Source of Funds	3,408.5	3,529.5	4,093.3	4,774.7
Gross Block - Fixed Assets	2,217.8	2,333.0	2,533.0	2,633.0
Accumulated Depreciation	705.8	836.6	982.2	1,139.8
Net Block	1,512.0	1,496.4	1,550.8	1,493.3
Capital WIP	152.9	209.5	209.5	209.5
Fixed Assets	1,664.9	1,705.9	1,760.3	1,702.7
Investments	147.0	535.4	535.4	535.4
Other non-Current Assets	101.2	114.0	116.3	118.6
Inventory	791.1	815.0	852.6	927.5
Debtors	1,019.8	1,056.9	1,265.6	1,403.3
Other Current Assets	119.9	111.5	113.7	116.0
Cash	211.8	329.9	611.9	1,186.3
Total Current Assets	2,142.6	2,313.3	2,843.8	3,633.1
Creditors	327.2	422.8	431.9	469.9
Provisions	10.8	14.0	14.3	14.6
Other Current Liabilities	309.1	702.3	716.4	730.7
Total Current Liabilities	647.1	1,139.1	1,162.6	1,215.1
Net Current Assets	1,495.5	1,174.2	1,681.3	2,417.9
Application of Funds	3,408.5	3,529.5	4,093.2	4,774.6

Source: Company, ICICI Direct Research

Exhibit 20: Key ratios				
(Year-end March)	FY22	FY23	FY24E	FY25E
Per share data (₹)				
Reported EPS	55.7	46.5	59.9	69.2
Cash EPS	56.0	49.8	55.9	66.2
BV per share	255.0	268.0	312.4	366.1
Cash per Share	16.5	26.1	48.4	93.9
Dividend per share	9.5	7.1	15.5	15.5
Operating Ratios (%)				
Gross Profit Margins	75.1	71.9	73.5	74.0
EBITDA margins	27.8	20.9	24.1	25.0
PAT Margins	21.3	15.7	18.3	19.0
Cash Conversion Cycle	314.9	239.4	251.1	251.1
Asset Turnover	1.5	1.6	1.6	1.7
EBITDA conversion Rate	60.5	100.3	68.2	76.1
Return Ratios (%)				
RoE	21.8	17.4	19.2	18.9
RoCE	27.0	21.3	23.5	23.3
RoIC	27.5	26.3	30.9	34.6
Valuation Ratios (x)				
P/E	23.2	27.7	21.5	18.6
EV / EBITDA	17.4	20.0	15.4	12.9
EV / Net Sales	4.8	4.2	3.7	3.2
Market Cap / Sales	4.9	4.4	4.0	3.6
Price to Book Value	5.1	4.8	4.1	3.5
Solvency Ratios				
Debt / EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	3.0	1.7	1.9	2.0
Quick Ratio	1.8	1.0	1.2	1.3
Inventory days	346.9	283.2	283.2	283.2
Debtor days	111.4	103.1	111.4	111.4
Creditor days	143.5	146.9	143.5	143.5

Source: Company, ICICI Direct Research

Exhibit 21: ICICI Direct Coverage Universe (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				EV/EBITDA(x)				RoCE (%)				RoE (%)			
						FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E
Hospitals																					
Apollo Hospitals	APOHOS	4401	5,460	Buy	63374	59.1	60.5	80.2	126.8	30.2	31.6	25.8	18.8	15.1	14.1	16.6	21.8	15.1	13.8	16.0	21.1
Narayana Hrudalaya	NARHRU	758	870	Buy	15469	16.7	27.9	29.0	27.4	23.1	16.7	14.0	13.7	20.5	23.6	21.2	17.1	23.0	27.9	22.7	17.8
Shalby	SHALIM	144	180	Buy	1551	5.4	6.8	9.5	11.4	13.3	10.3	8.2	6.9	8.4	11.3	13.9	15.7	6.7	7.9	10.1	11.1
Aster DM	ASTDM	246	280	Buy	12300	10.5	8.6	18.1	23.6	10.1	9.3	6.2	4.7	9.0	8.7	13.6	15.4	13.3	9.8	17.1	18.2
Healthcare Global	HEAGLO	270	385	Buy	3750	3.9	2.3	6.1	8.5	19.8	15.2	11.9	10.2	5.0	8.8	12.8	14.8	5.0	3.6	8.5	10.7
Rainbow Children's Medicare	RAICHI	795	840	Buy	8109	13.6	18.7	19.1	23.2	24.8	22.6	19.8	15.8	20.2	18.5	16.8	19.7	22.9	24.0	19.7	19.3
MNC Pharma																					
Abbott India	ABBIND	22121	21,025	Hold	46455	380.3	476.5	519.3	584.0	58.2	46.4	42.6	37.9	36.6	39.7	35.6	33.5	28.3	30.9	27.5	25.8
P&G Health	MERLIM	4652	5,315	Buy	7909	113.2	165.6	166.2	183.2	41.1	28.1	28.0	25.4	39.8	51.2	44.7	43.1	31.2	38.6	33.5	32.2
Sanofi India	SANOFI	5972	6,270	Hold	13737	410.6	269.8	251.4	272.7	14.5	22.1	23.8	21.9	33.3	55.1	49.6	45.0	25.9	41.2	36.9	33.3
Pfizer	PFIZER	3750	4,505	Hold	17250	133.2	139.7	149.3	162.0	28.2	26.8	25.1	23.2	26.1	23.5	24.0	22.6	21.4	17.6	18.4	17.3
Pharma																					
Ajanta Pharma	AJAPHA	1290	1,520	Buy	16512	55.7	46.5	59.9	69.2	23.2	27.7	21.5	18.6	27.0	21.3	23.5	23.3	21.8	17.4	19.2	18.9
Alembic Pharma	ALEMPHA	551	550	Hold	10852	27.7	15.3	23.2	27.4	19.9	36.0	23.7	20.1	10.6	7.1	9.8	11.2	10.4	5.6	8.0	8.8
Aurobindo Pharma	AURPHA	615	525	Hold	36045	47.4	34.8	46.2	52.4	13.0	17.7	13.3	11.7	12.9	10.2	12.6	13.1	11.3	7.7	9.3	9.6
Biocon	BIOCON	232	230	Hold	27917	6.3	4.9	3.1	3.1	36.6	47.0	73.9	73.9	7.5	3.3	5.1	6.2	8.1	2.7	6.2	8.3
Zydus Lifesciences	CADHEA	513	500	Buy	52547	21.0	22.6	27.0	35.5	24.4	22.7	19.0	14.4	12.0	12.3	12.3	12.0	12.6	12.1	12.8	14.6
Cipla	CIPLA	911	1,290	Buy	73550	32.9	38.3	45.5	52.5	27.7	23.8	20.0	17.3	16.7	18.4	19.1	19.8	12.7	13.3	14.1	14.5
Dr Reddy's Lab	DRREDD	4924	5,210	Buy	81735	127.2	262.2	215.5	241.8	38.7	18.8	22.9	20.4	13.0	24.2	20.8	23.4	11.0	18.9	13.8	13.7
Glenmark	GLEPHA	550	440	Hold	15510	42.7	33.3	47.4	54.8	12.9	16.5	11.6	10.0	14.8	14.9	15.7	16.4	13.2	9.4	11.9	12.2
Ipca Lab	IPCLAB	699	885	Hold	17743	34.8	20.8	31.4	37.0	20.1	33.5	22.2	18.9	17.4	12.1	15.7	16.5	16.1	8.9	12.1	12.7
Lupin	LUPIN	694	725	Hold	31568	11.9	8.3	25.6	33.0	58.4	83.4	27.1	21.0	3.4	5.7	11.0	13.0	4.4	3.0	8.6	10.2
Natco	NATPHA	571	565	Hold	10458	9.3	36.3	40.3	30.2	61.5	15.7	14.2	18.9	4.6	15.9	16.5	11.6	4.0	13.9	13.6	9.4
Sun Pharma	SUNPHA	976	1,210	Buy	234142	32.0	34.9	38.6	43.2	30.5	27.9	25.3	22.6	18.2	17.2	18.1	18.1	16.0	15.2	14.7	14.7
Torrent Pharma	TORPHA	1629	1,720	Hold	55047	32.0	36.3	45.1	53.8	50.8	44.8	36.1	30.3	19.7	17.1	20.4	23.3	18.2	17.9	19.0	19.4
Indoco Remedies	INDREM	314	440	Buy	2887	16.8	17.9	26.7	31.5	18.7	17.5	11.7	10.0	17.5	15.6	21.9	24.7	17.1	15.9	19.8	19.4
Caplin Point	CAPPOI	674	865	Buy	5122	39.5	48.8	47.9	47.9	17.1	13.8	14.1	14.1	25.3	23.5	22.4	22.4	20.2	20.2	16.7	16.7
Advanced Enzyme	ADVENZ	256	265	Reduce	2867	9.4	13.6	15.3	15.3	27.1	18.9	16.7	16.7	19.4	14.3	10.8	14.2	19.4	14.3	10.8	14.2
Hester Bios	HESPHA	1792	1,830	Hold	1613	45.7	35.6	49.7	59.8	39.2	50.3	36.1	30.0	10.9	9.9	10.9	12.0	15.0	10.7	13.5	14.4
API/CRAMS																					
Div's Lab	DIVLAB	3224	2,945	Hold	85428	111.5	72.8	77.4	95.0	28.9	44.3	41.7	33.9	30.2	18.2	18.3	18.3	21.3	25.2	15.0	15.0
Hikal	HIKCHE	292	375	Hold	3597	13.0	5.7	14.6	20.7	22.5	51.4	20.1	14.1	13.6	7.2	14.3	17.7	15.0	6.3	14.1	17.0
Syngene International	SYNINT	649	740	Buy	26021	9.9	11.6	13.3	17.9	65.7	56.0	48.7	36.3	11.7	13.8	14.2	16.9	12.9	12.8	13.0	14.9
Granules India	GRANUL	301	355	Buy	7471	16.6	21.4	16.6	16.6	18.1	14.1	18.1	18.1	15.6	20.0	15.6	15.6	16.0	18.7	16.0	16.0
Laurus Labs	LAULAB	303	300	Buy	16268	15.4	14.7	10.5	10.5	19.7	20.5	28.9	28.9	21.3	21.8	14.6	16.0	24.7	#N/A	12.4	13.5
Suven Pharma	SUVPH	470	530	Buy	11984	17.8	14.7	17.7	20.0	26.4	31.9	26.6	23.5	37.5	26.0	25.6	24.5	29.7	20.6	20.5	19.5

Source: ICICI Direct Research

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