

Stable numbers amid seasonality impact...

About the stock: Apollo is a leading integrated healthcare service provider.

- Group capacity of 10006 beds across 71 hospitals in India. Total 9385 beds owned in 48 hospitals; 278 beds in 11 cradles; 244 beds in 11 day-care/short surgical stay centres; 851 beds in five hospitals under O&M contracts
- It has got a digital presence with "ASK Apollo" & digital health platform "Apollo 24/7". Apollo Hospitals is the exclusive supplier for APL, which operates India's largest standalone pharmacy chain with 4529 outlets
- Apollo Health & Lifestyle runs the largest chain of standardised primary healthcare models, multi-specialty clinics under the brand: Apollo Clinics in India and Middle East, diabetes management clinics: Apollo Sugar, diagnostic centres: Apollo Diagnostics, specialty formats: Apollo Cradle for women & children, Apollo Spectra for planned surgery

Q3FY23 Results: Revenues were in line but margins were lower than estimated.

- Revenues came in at ₹ 4263.6 crore, flat QoQ. Positive growth in pharmacy business was nullified by negative growth in healthcare (seasonality impact)
- EBITDA corrected 10.6% QoQ to ₹ 505.4 crore. EBITDA margins declined 145 bps QoQ to 11.9% due to higher 24x7 and Esop charge
- Adjusted net profit declined 25% QoQ to ₹ 153.6 crore

What should investors do? Apollo's share price grew at 38% CAGR over the past three years.

- We maintain **BUY** due to 1) pick-up in elective surgeries and margins at hospitals to improve through better operating leverage, optimisation of payer and case mix, 2) impending value unlocking through Apollo HealthCo and 3) increase in reach for all verticals through integrated digital platform to be remunerative in the long term albeit with front-loaded cost pressure

Target Price and Valuation: We value Apollo at ₹ 5460 based on SOTP valuation.

Key triggers for future price performance:

- Apollo is undergoing an optical transformational journey towards creating an omni-channel healthcare platform that could set the platform for tapping new-age investors enabling rapid scale up of the digital healthcare platform
- Business normalisation in healthcare is expected to continue with further momentum due to lifting of travel restrictions, international patients
- The new hospitals, ventures are turning profitable on the back of a judicious case mix besides better occupancy and ramp up at new hospitals and AHLL

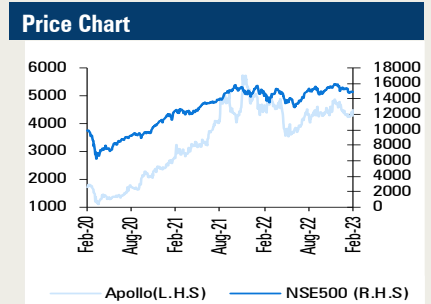
Alternate Stock Idea: Apart from Apollo, in our hospital coverage we like Narayana.

- Narayana operates a dual model, which perfectly blends established "Asset-right" India business with a hospital in Cayman Islands
- BUY with a target price of ₹ 870



Particulars	
Particular	Amount
Market Capitalisation	₹64559 crore
Debt (FY22)	₹ 2636 crore
Cash (FY22)	₹ 1036 crore
EV	₹66159 crore
52 week H/L (₹)	₹5017/3362
Equity capital	₹ 72.0 crore
Face value	₹ 5

Shareholding pattern				
(in %)	Mar-22	Jun-22	Sep-22	Dec-22
Promoter	29.3	29.3	29.3	29.3
Others	70.7	70.7	70.7	70.7



Recent Event & Key risks

- Entered partnership with Anara Health in India
- Key Risk:** (i) Slower AHLL ramp up and margin improvement (ii) Higher operational expenses in 24/7

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Key Financial Summary

Key Financials (₹ crore)	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	FY25E	2 year CAGR (FY23E-25E)
Net Sales	10560.0	14662.6	15.1	16730.1	20475.7	23168.6	17.7
EBITDA	1137.4	2185.1	24.6	2120.1	2564.9	3414.2	26.9
EBITDA margins (%)	10.8	14.9		12.7	12.5	14.7	
PAT	113.0	850.4	36.7	886.4	1155.1	1825.1	43.5
EPS (₹)	7.8	59.1		61.6	80.2	126.7	
PE (x)	429.6	61.2		72.8	55.9	35.4	
P/BV (x)	14.0	11.4		10.2	8.9	7.4	
RoE (%)	2.5	15.1		14.0	15.9	21.0	
RoCE (%)	6.3	15.1		14.3	16.6	21.7	

Key takeaways of recent quarter & conference call highlights

Q3FY23 Results: Revenues in line but margin below par

- Revenues came in at ₹ 4263.6 crore, flat QoQ. Driven by Digital Health and Pharmacy Distribution business (modified erstwhile pharmacy segment). EBITDA corrected 10.6% QoQ to ₹ 505.4 crore. EBITDA margins declined 145 bps QoQ to 11.9%. Delta in EBITDA margins was due to lower-than-expected diagnostics and retail health margins and higher-than-expected 24/7 operating costs. Healthcare revenue declined 3.1% QoQ to ₹ 2194.4 crore. Margin performance of hospitals came in at ~25% (matured-27.5%, new- 18.2%). Pharmacy revenues increased 5.4% QoQ to ₹ 1757.8 crore, mainly due to 194 store additions taking the count to 5196 stores. Diagnostics and retail healthcare revenues were down 2.2% QoQ to ₹ 311.4. Such a decline was attributed to Covid vaccination revenues. Adjusted PAT declined 25% QoQ to ₹ 153.6 crore
- The highlight for the healthcare business in this quarter (despite seasonality impact due to festive quarter) was stability in ARPOB level at ₹ 51482. Pharmacy business delivered a strong performance with addition of 194 stores followed by growth in GMV of Apollo 24/7 that increased to ₹ 543 crore up 85% QoQ. Structurally, cost reduction drives, expanding of complex procedures and profitability of new hospitals remain key management focus areas

Q3FY23 Earnings Conference Call highlights:

Hospitals:

- Apollo Hospitals had 7,855 operating beds across the network (excluding AHLL & managed beds)
- The new hospitals' utilisation was above 62% and, moving forward, double-digit volume increase is anticipated along with improvements in utilisation and profitability
- Revenue of existing hospitals came in at ₹ 1542 crore, down 3.1% QoQ whereas for new hospitals it came in at ₹ 652, down 3% QoQ
- Tamil Nadu: Revenues grew 10%. IP volumes remained flat. ARPOB grew 17% to ₹ 64,421. Occupancy was at 63%
- AP Telangana: Revenues grew 4%, IP volumes grew 7%. ARPOB grew 11% to ₹ 51,595. Occupancy was at 56%
- Karnataka region delivered an improved performance. Occupancy was at 63%
- Group level ARPOB grew 12% to ₹ 51482 in Q3FY23

AHLL:

- Diagnostics revenues were at ₹ 94 crore, down ~10% QoQ, primary Care revenues at ₹ 87 crore, down marginally by ~1% and specialty care at ~₹ 148 crore, up 3.4%
- Offline pharmacy distribution revenues came in at ₹ 1581 crore in Q3FY23 while revenues from the digital platform were at ₹ 177 crore
- Hospital IP & OP contributed most of the growth in Q3FY23
- GMV of Apollo 24/7 improved significantly at ₹ 543 crore in Q3FY23
- The run rate for pharmaceutical, diagnostic and consultation transactions in December was about 42,000/day

Update on launches:

- It unveiled the Apollo Clinical Intelligence Engine (Apollo CIE), a breakthrough in digital healthcare to help doctors with primary care, condition management, home care and wellness promotion
- Apollo Hospitals, Seshadripuram, Bangalore, introduced MRI Fusion TRUS guided Trans-Perineal Targeted Biopsy, which is a cutting-edge method to increase the accuracy of cancer detection by 95% to 97%
- Entered into a partnership with Anara Health to offer medical concierge services to non-resident Indian families, based in India
- The Apollo Genomics Institute was established in Navi Mumbai to offer comprehensive care to individuals and families dealing with genetic abnormalities

ESG Disclosure Score*

Score	FY20	FY21	FY22
Environmental	2.1	2.1	2.4
Social	22.4	26.2	25.4
Governance	78.6	78.6	78.6
Overall ESG Score	34.4	35.7	35.5

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

Exhibit 1: Variance Analysis

	Q3FY23	Q3FY23E	Q3FY22	Q2FY23	YoY (%)	QoQ (%)	Comments
Revenue	4,263.6	4,286.9	3,638.9	4,251.1	17.2	0.3	Revenues grew 12% QoQ at ₹ 4251 crore. Growth was driven by elective surgeries post normalcy, increase in international patient mix
Raw Material Expenses	2,216.1	2,190.2	1,823.5	2,171.9	21.5	2.0	
Employee Expenses	564.8	505.3	439.6	540.8	28.5	4.4	
Other expenditure	977.4	1,037.3	788.8	973.0	23.9	0.5	
EBITDA	505.4	554.1	587.0	565.4	-13.9	-10.6	EBITDA increased 15.2% QoQ to ₹ 566 crore
EBITDA (%)	11.9	12.9	16.1	13.3	-428 bps	-145 bps	EBITDA margins increased 37 bps QoQ to 13.3%. Margins improved due to the strong margin performance by hospitals at 25% (matured-28%, new- 18%)
Interest	100.0	92.7	93.7	92.7	6.7	7.8	
Depreciation	153.4	169.4	149.0	155.0	3.0	-1.0	
Other Income	35.4	22.8	17.2	22.6	106.2	56.7	
PBT before EO & Forex	287.4	314.8	361.5	340.2	-20.5	-15.5	
EO	0.0	0.0	0.0	-2.0	0.0	0.0	
PBT after Exceptional Items	287.4	314.8	361.5	342.2	-20.5	-16.0	
Tax	103.5	105.1	124.2	114.2	-16.7	-9.4	
Tax rate (%)	36.0	33.4	34.4	33.4	4.8	7.9	
Net Profit	153.6	201.6	228.4	206.0	-32.8	-25.5	
Adj. Net Profit	153.6	207.6	228.4	204.7	-32.8	-25.0	Adjusted net profit declined 35% QoQ to ₹ 205 crore. Delta in profit was due to high tax rate in this quarter)
EPS (₹)	10.7	14.4	15.9	14.3	-32.8	-25.5	
Key Metrics							
Hospitals	2194.4	2184.0	2018.3	2264.5	8.7	-3.1	Occupancy in mature hospitals at 70%, new hospitals at 64%
Pharmacy	1757.8	2122.0	1307.4	1668.3	34.5	5.4	Combined pharmacy platform sales at ₹ 2050 crore
AHLL	311.4	376.0	313.2	318.3	-0.6	-2.2	Diagnostics: ₹ 104 crore

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	16,522.5	16,730.1	1.3	18,634.7	20,475.7	9.9	Changed due to robust occupancy levels across new and existing hospitals
EBITDA	2,328.6	2,120.1	-9.0	2,905.9	2,564.9	-11.7	Higher than estimated 24*7 cost, as well as non cash Esop expense
EBITDA Margin (%)	14.1	12.7	-142 bps	15.6	12.5	-307 bps	
Adjusted PAT	1,143.0	886.4	-22.5	1,458.8	1,155.1	-20.8	
EPS (₹)	79.5	61.6	-22.6	101.5	80.2	-20.9	Delta vis-à-vis EBITDA

Source: ICICI Direct Research

Exhibit 3: Assumptions

(% Growth)	Current				Earlier		
	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
Healthcare Services	5,002.2	7,989.2	8,740.6	9,744.0	8,803.5	9,815.7	
Pharmacy	4,876.0	5,361.0	6,724.0	9,213.0	6,659.2	7,788.0	Robust addition of stores and guidance of 10000+ stores
AHLL	681.8	1,312.5	1,265.6	1,518.7	1,388.7	1,666.5	

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	10560	-6.1	7.8	-75.2	429.6	58.6	2.5	6.3
FY22	14663	38.9	59.1	652.4	61.2	30.3	15.1	15.1
FY23E	16730	14.1	61.6	4.2	72.8	31.2	14.0	14.3
FY24E	20476	22.4	80.2	30.3	55.9	25.8	15.9	16.6
FY25E	23169	13.2	126.7	58.0	35.4	18.8	21.0	21.7

Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ crore)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY (%)	QoQ (%)
Total Operating Income	2911.7	2922.4	2171.5	2760.7	2759.8	2868.0	3760.2	3717.1	3638.9	3546.4	3795.6	4251.1	4263.6	17.2	0.3
Raw Material Expenses as % revenues	48.7	50.3	56.1	54.5	53.9	51.4	54.8	50.4	50.1	51.2	51.4	51.1	52.0	21.5	2.0
Gross Profit	1494.6	1451.4	954.0	1255.6	1273.3	1392.9	1698.3	1844.7	1815.4	1730.8	1843.5	2079.2	2047.5	12.8	-1.5
GPM (%)	51.3	49.7	43.9	45.5	46.1	48.6	45.2	49.6	49.9	48.8	48.6	48.9	48.0		
Employee Expenses as % revenues	16.3	16.3	20.7	14.9	12.8	13.5	11.8	12.3	12.1	12.6	11.8	12.7	13.2	28.5	4.4
Other expenditure as % revenues	20.2	20.4	21.6	19.7	19.2	20.7	19.5	20.8	21.7	23.1	23.9	22.9	22.9	23.9	0.5
Total expenditure	2481.7	2542.4	2136.0	2460.9	2369.6	2456.1	3240.3	3102.1	3051.9	3083.2	3304.9	3685.7	3758.2	23.1	2.0
EBITDA	430.0	380.1	35.5	299.8	390.3	411.8	519.9	615.0	587.0	463.2	490.7	565.4	505.3	-13.9	-10.6
EBITDA Margins (%)	14.8	13.0	1.6	10.9	14.1	14.4	13.8	16.5	16.1	13.1	12.9	13.3	11.9	-428 bps	-145 bps
Depreciation	157.3	163.9	160.2	149.5	125.0	138.5	140.6	144.8	149.0	166.4	147.8	155.0	153.4	3.0	-1.0
Interest	137.4	135.2	127.4	122.3	101.0	98.6	94.7	95.4	93.7	94.9	92.7	92.7	100.0	6.7	7.8
Other Income	9.7	4.0	7.7	11.3	5.5	20.5	24.6	5.6	17.2	30.7	16.1	22.6	35.4	106.2	56.7
PBT	144.9	84.9	-244.4	39.4	169.8	195.2	309.3	380.5	361.5	232.7	266.3	340.2	287.4	-20.5	-15.5
Less: Exceptional Items	0.0	198.3	0.0	35.4	0.0	25.2	294.1	0.0	0.0	0.0	0.0	2.0	0.0		
Total Tax	55.4	74.0	-40.8	6.6	51.2	67.7	98.6	115.6	124.2	138.7	-69.5	114.2	103.5	-16.7	-9.4
Tax rate (%)	38.2	87.2	16.7	16.8	30.1	34.7	31.9	30.4	34.4	59.6	-26.1	33.6	36.0		
PAT	92.1	219.4	-208.2	60.3	130.5	167.9	489.3	247.8	228.4	90.1	317.1	206.0	153.6	-32.8	-25.5
Net Profit Margin (%)	3.2	7.5	-9.6	2.2	4.7	5.9	13.0	6.7	6.3	2.5	8.4	4.8	3.6		
EPS (Adjusted)	6.4	15.3	-14.5	4.2	9.1	11.7	34.0	17.2	15.9	6.3	22.1	14.3	10.7		

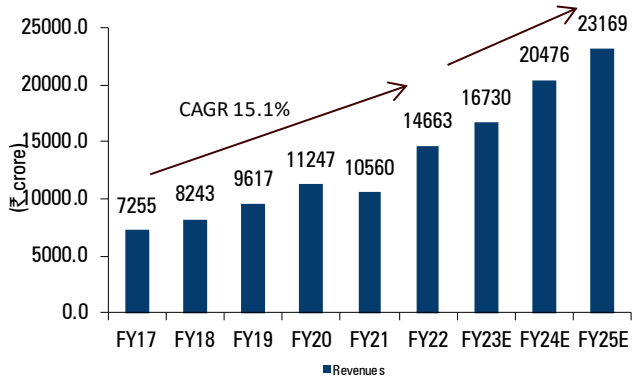
Source: ICICI Direct Research

Exhibit 6: EV/EBITDA Band



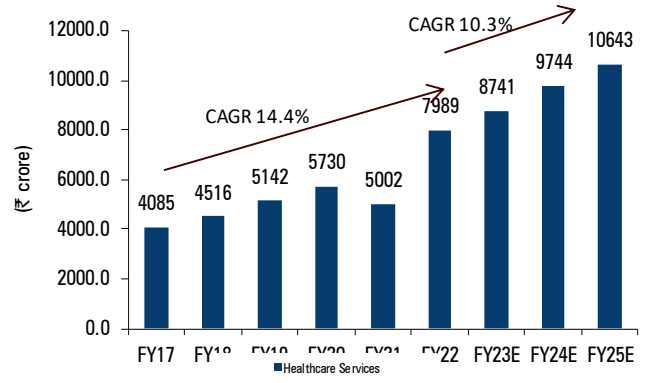
Source: ICICI Direct Research

Exhibit 7: Revenues to grow at 17.7% CAGR over FY23E-25E



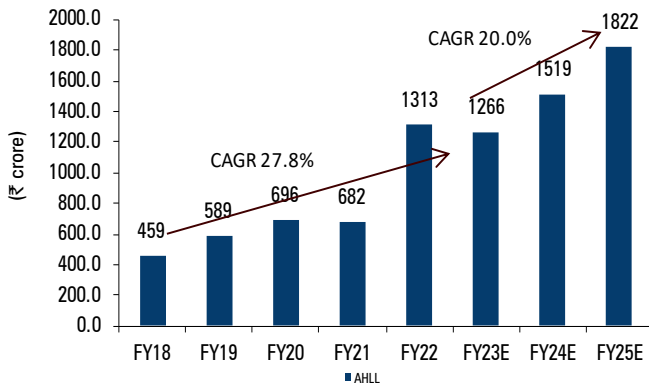
Source: Company, ICICI Direct Research

Exhibit 8: Hospitals to grow at 10.3% CAGR in FY23E-25E



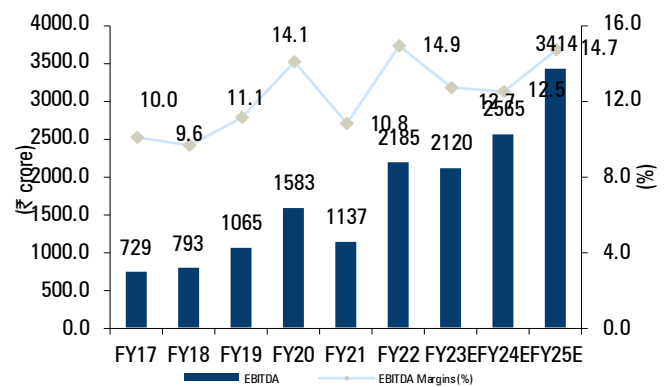
Source: Company, ICICI Direct Research

Exhibit 9: AHLL to grow at 20% CAGR over FY23E-25E



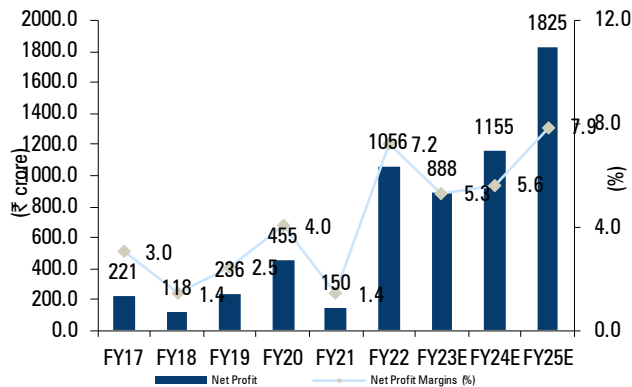
Source: Company, ICICI Direct Research

Exhibit 10: EBITDA & EBITDA margins trend



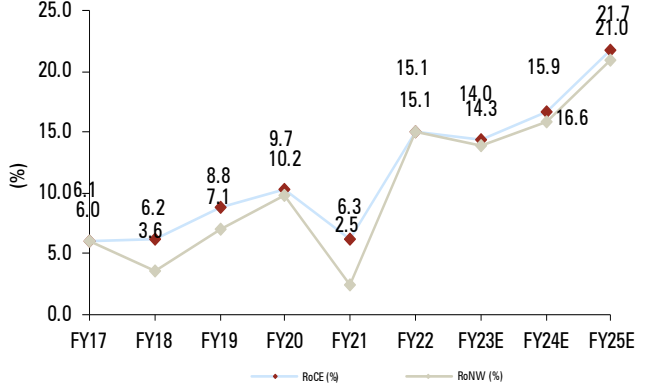
Source: Company, ICICI Direct Research

Exhibit 11: PAT & PAT margins trend



Source: Company, ICICI Direct Research

Exhibit 12: RoE & RoCE trend



Source: Company, ICICI Direct Research

Exhibit 13: Valuation

Particulars	FY25E (₹ cr)	Multiple (x)	EV (₹ cr)
Healthcare (Existing Hospitals)	2028.8	16.0	32,461
Healthcare (New Hospitals)	699.6	12.0	8,395
Pharmacy	10703.6	3.0	32,111
AHLL	1822.4	3.0	5,467
Net Debt FY25E (₹ cr)			-202.8
Targeted MCap (₹ cr)			78,637
No of shares (cr)			14.4
Per Share Value (₹)			5,460
cmp			4487
up/Down			22%

Source: ICICI Direct Research

Financial Summary

Exhibit 14: Profit and loss statement				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Revenues	14,662.6	16,730.1	20,475.7	23,168.6
Growth (%)	38.9	14.1	22.4	13.2
Raw Material Expenses	7,573.5	8,637.3	10,642.6	12,042.2
Employee Expenses	1,786.5	2,138.5	2,617.3	2,961.5
Other expenditure	3,117.5	3,834.2	4,651.0	4,750.7
Total Operating Expenditure	12,477.5	14,610.0	17,910.8	19,754.4
EBITDA	2,185.1	2,120.1	2,564.9	3,414.2
Growth (%)	92.1	-3.0	21.0	33.1
Depreciation	600.7	609.6	682.4	709.4
Interest	378.6	385.3	306.2	212.6
Other Income	78.1	110.6	81.9	92.7
PBT before exceptionals	1,283.9	1,235.8	1,658.1	2,584.8
Less: Exceptional Items	-294.1	-2.0	0.0	0.0
PBT	1,578.0	1,237.8	1,658.1	2,584.8
Total Tax	477.0	271.4	414.5	646.2
MI & Profit from Associates	-45.4	-78.5	-88.5	-113.5
Adjusted PAT	850.4	886.4	1,155.1	1,825.1
Growth (%)	652.4	4.2	30.3	58.0
EPS (Adjusted)	59.1	61.6	80.2	126.7

Source: Company, ICICI Direct Research

Exhibit 15: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Profit/(Loss) after taxation	904.1	888.0	1,155.1	1,825.1
Add: Depreciation & Amortization	600.7	609.6	682.4	709.4
Working Capital Changes	-463.0	-169.6	-151.2	13.2
CF from operating activities	1,041.8	1,327.9	1,686.4	2,547.7
Change in Capex	-651.8	-1,350.0	-1,350.0	-500.0
(Inc)/dec in Investments	-185.9	0.0	0.0	0.0
Others	301.2	74.7	85.4	111.1
CF from investing activities	-536.5	-1,275.3	-1,264.6	-388.9
Issue of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	-286.6	-500.0	-500.0	-500.0
Dividend paid & dividend tax	-43.3	-190.7	-248.0	-391.9
Others	-437.8	0.0	0.0	0.0
CF from financing activities	-767.7	-690.7	-748.0	-891.9
Net Cash flow	-262.4	-638.1	-326.3	1,267.0
Opening Cash	724.4	1,035.9	397.8	71.5
Closing Cash	462.0	397.8	71.5	1,338.5
Free Cash Flow	390.0	-22.1	336.4	2,047.7

Source: Company, ICICI Direct Research

Exhibit 16: Balance Sheet				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Equity Capital	71.9	71.9	71.9	71.9
Reserve and Surplus	5,573.3	6,270.6	7,177.7	8,610.9
Total Shareholders funds	5,645.2	6,342.5	7,249.6	8,682.8
Total Debt	2,635.7	2,135.7	1,635.7	1,135.7
Deferred Tax Liability	529.8	540.4	551.2	562.2
Minority Interest	254.3	289.1	333.9	403.7
Long term provisions	23.3	23.8	24.3	24.7
Other Non Current Liabilities	1,951.2	1,990.3	2,030.1	2,070.7
Total Liabilities	11,039.5	11,321.7	11,824.7	12,879.8
Gross Block - Fixed Assets	9,168.6	10,218.6	11,568.6	12,068.6
Accumulated Depreciation	2,900.2	3,509.8	4,192.2	4,901.7
Net Block	6,268.4	6,708.9	7,376.4	7,167.0
Capital WIP	45.5	345.5	345.5	345.5
Goodwill on Consolidation	923.5	923.5	923.5	923.5
Total Fixed Assets	8,310.3	9,050.7	9,718.3	9,508.8
Investments	806.3	806.3	806.3	806.3
Inventory	431.8	492.4	606.7	686.5
Debtors	1,767.6	2,109.0	2,581.1	2,793.0
Loans & Advances, & other CA	645.6	332.1	294.9	258.0
Cash	1,035.9	397.8	71.5	1,338.5
Total Current Assets	3,620.1	3,391.7	3,659.8	5,226.4
Creditors	1,631.8	1,861.0	2,293.1	2,594.7
Provisions & Other CL	410.6	426.2	474.9	521.3
Total Current Liabilities	2,174.7	2,414.8	2,857.9	3,170.8
Net Current Assets	1,445.4	976.9	801.9	2,055.7
Long term loans & advances	469.2	478.6	488.2	497.9
Deferred Tax Assets	8.3	9.2	10.1	11.1
Application of Funds	11,039.5	11,321.7	11,824.7	12,879.8

Source: Company, ICICI Direct Research

Exhibit 17: Key ratios				
(Year-end March)	FY22	FY23E	FY24E	FY25E
Per share data (₹)				
Adjusted EPS	59.1	61.6	80.2	126.7
BV per share	392.0	440.4	503.4	603.0
Dividend per share	14.8	13.2	17.2	27.2
Cash Per Share	71.9	27.6	5.0	93.0
Operating Ratios (%)				
Gross Profit Margins	48.3	48.4	48.0	48.0
EBITDA margins	14.9	12.7	12.5	14.7
Net Profit margins	5.8	5.3	5.6	7.9
Inventory days	20.8	20.8	20.8	20.8
Debtor days	44.0	46.0	46.0	44.0
Creditor days	78.6	78.6	78.6	78.6
Asset Turnover	1.6	1.6	1.8	1.9
EBITDA Conversion Rate	47.7	62.6	65.7	74.6
Return Ratios (%)				
RoE	15.1	14.0	15.9	21.0
RoCE	15.1	14.3	16.6	21.7
RoIC	16.1	14.4	16.7	24.4
Valuation Ratios (x)				
P/E	61.2	72.8	55.9	35.4
EV / EBITDA	30.3	31.2	25.8	18.8
EV / Net Sales	4.5	4.0	3.2	2.8
Market Cap / Sales	4.4	3.9	3.2	2.8
Price to Book Value	11.4	10.2	8.9	7.4
Solvency Ratios				
Debt / EBITDA	1.2	1.0	0.6	0.3
Debt / Equity	0.5	0.3	0.2	0.1
Net Debt / Equity	0.4	0.3	0.2	0.1
Current Ratio	1.2	1.2	1.3	1.2

Source: Company, ICICI Direct Research

Exhibit 18: ICICI Direct Coverage Universe (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				EV/EBITDA(x)				RoCE (%)			RoE (%)				
						FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Hospitals																					
Apollo Hospitals	APOHOS	4485	5,460	Buy	62259	7.8	59.1	61.6	80.2	57.7	29.8	29.3	24.6	6.3	15.1	14.3	16.6	2.5	15.1	14.0	15.9
Narayana Hrudalaya	NARHRU	721	870	Buy	14735	-0.7	16.7	28.8	28.9	86.0	23.8	18.1	16.4	1.2	20.5	24.2	21.0	-1.3	23.0	28.6	22.5
Shalby	SHALUM	138	180	Buy	1492	3.9	5.4	6.9	9.5	17.6	13.3	9.4	7.2	6.5	8.4	11.5	13.9	5.1	6.7	8.0	10.1
Aster DM	ASTDM	210	280	Buy	10410	3.0	10.5	9.5	18.0	16.0	11.5	10.6	7.2	5.4	9.0	9.2	13.5	4.4	13.3	10.7	16.9
Healthcare Global	HEAGLO	272	385	Buy	3786	-13.9	3.9	2.2	6.0	39.4	20.1	14.9	12.0	-0.9	5.0	8.7	12.7	-0.9	5.0	3.4	8.4
Company																					
Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				PE(x)				RoCE (%)			RoE (%)				
						FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
MNC Pharma																					
Abbott India	ABBIND	20135	21,025	Hold	44328	328.9	380.3	476.5	519.3	61.2	52.9	42.3	38.8	33.8	36.6	39.7	35.6	26.5	28.3	30.9	27.5
P&G Health	MERLUM	4691	5,315	Buy	7787	106.5	116.0	150.0	163.6	44.0	40.4	31.3	28.7	32.2	39.8	42.5	38.0	25.1	31.2	32.0	28.5
Sanofi India	SANOFI	5360	6,385	Hold	12344	207.7	410.6	266.3	255.8	25.8	13.1	20.1	21.0	32.3	33.3	40.9	50.2	24.5	25.9	30.8	38.1
Pfizer	PFIZER	3833	4,505	Hold	17536	108.8	133.2	150.5	149.3	35.2	28.8	25.5	25.7	27.6	26.1	25.0	23.7	20.8	21.4	18.8	18.2
Pharma																					
Ajanta Pharma	AJAPHA	1210	1,385	Buy	15510	51.1	55.7	51.2	67.9	23.7	21.7	23.6	17.8	29.0	27.0	21.5	24.3	21.8	21.8	17.5	19.7
Alembic Pharma	ALEMPHA	516	550	Hold	10140	62.6	27.7	15.3	23.2	8.2	18.6	33.7	22.2	25.1	10.6	7.1	9.8	24.1	10.4	5.6	8.0
Aurobindo Pharma	AURPHA	472	525	Hold	27665	55.0	47.4	34.8	46.2	8.6	10.0	13.5	10.2	16.9	12.9	10.2	12.6	14.7	11.3	7.7	9.3
Biocon	BIOCON	238	290	Hold	28538	6.3	4.9	3.0	5.3	38.0	48.2	78.2	45.2	7.7	7.5	3.8	6.1	9.9	8.1	1.5	2.4
Zydus Lifesciences	CADHEA	469	500	Buy	47467	23.3	21.0	22.6	27.0	20.1	22.3	20.8	17.4	13.8	12.0	12.3	12.3	18.4	12.6	12.1	12.8
Cipla	CIPLA	1021	1,290	Buy	82409	29.9	32.9	38.3	45.5	34.1	31.0	26.7	22.4	17.0	16.7	18.4	19.1	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4515	5,210	Buy	75191	117.6	127.2	262.2	215.5	38.4	35.5	17.2	21.0	13.1	13.0	24.2	20.8	11.1	11.0	18.9	13.8
Glenmark Pharma	GLEPHA	401	440	Hold	11879	32.9	42.7	33.3	47.4	12.2	9.4	12.1	8.5	13.9	14.8	14.9	15.7	13.1	13.2	9.4	11.9
Ipca Laboratories	IPCLAB	859	925	Hold	21792	44.9	34.8	24.5	35.7	19.1	24.7	35.1	24.1	27.1	17.4	13.3	16.5	24.2	16.1	10.3	13.3
Jubilant Pharmova	JUBLIF	319	395	Hold	5088	37.4	26.0	22.5	32.8	8.5	12.3	14.2	9.7	13.7	9.0	7.8	9.7	12.6	7.8	6.4	8.6
Lupin	LUPIN	675	725	Hold	30709	26.9	11.9	8.3	25.6	25.1	56.8	81.2	26.3	9.6	3.4	5.7	11.0	8.8	4.4	3.0	8.6
Natco Pharma	NATPHA	530	565	Hold	9765	24.1	9.3	36.4	40.3	22.0	57.1	14.6	13.2	13.1	4.6	16.0	16.5	10.7	4.0	13.9	13.6
Sun Pharma	SUNPHA	1015	1,210	Buy	243407	30.1	32.0	34.9	38.6	33.8	31.8	29.1	26.3	14.2	18.2	17.2	18.1	15.5	16.0	15.2	14.7
Torrent Pharma	TORPHA	1515	1,720	Hold	51274	37.0	32.0	36.3	45.1	41.0	47.3	41.7	33.6	17.6	19.7	17.1	20.4	21.4	18.2	17.9	19.0
Indoco Remedies	INDREM	367	440	Buy	3380	10.1	16.8	17.9	26.7	36.3	21.8	20.4	13.7	11.7	17.5	15.6	21.9	12.1	17.1	15.9	19.8
Caplin Point	CAPPOI	700	865	Buy	5323	31.9	39.5	48.8	47.9	22.0	17.7	14.3	14.6	25.4	25.3	23.5	22.4	20.4	20.2	20.2	16.7
Advanced Enzymes	ADVENZ	273	265	Reduce	3056	13.1	10.7	9.6	13.3	20.9	25.5	28.6	20.5	19.4	14.3	10.9	14.0	15.1	11.0	9.0	11.3
Hester Biosciences	HESPHA	1788	1,830	Hold	1521	44.4	45.7	35.6	49.7	40.3	39.1	50.2	36.0	16.2	10.9	9.9	10.9	16.5	15.0	10.7	13.5
API/CRAMS																					
Divi's Lab	DIVLAB	2770	2,945	Hold	73535	74.7	111.5	72.8	77.4	37.1	24.8	38.0	35.8	27.6	30.2	18.2	18.3	18.8	21.3	25.2	15.0
Hikal	HIKCHE	330	375	Hold	4064	10.8	13.0	5.7	14.6	30.6	25.3	58.0	22.7	15.1	13.6	7.2	14.3	14.3	15.0	6.3	14.1
Syngene Int.	SYNINT	562	610	Hold	22547	10.1	9.9	12.1	14.7	55.5	56.9	46.4	38.1	11.5	11.7	13.4	14.4	13.5	12.9	13.0	13.7
Granules India	GRANUL	285	355	Buy	7083	22.2	16.6	21.4	24.0	12.9	17.1	13.3	11.9	24.0	15.6	20.0	20.5	25.3	16.0	18.7	17.6
Laurus Labs	LAULAB	333	400	Buy	17926	18.3	15.4	16.5	19.1	18.2	21.6	20.1	17.4	31.7	21.3	21.8	21.5	37.9	24.7	21.4	20.2
Suven Pharmaceuticals	SUVPH	484	530	Buy	12318	14.2	17.8	14.7	17.7	34.0	27.2	32.8	27.4	31.2	37.5	26.0	25.6	30.7	29.7	20.6	20.5

Source: ICICI Direct Research

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