

## Numbers driven by strong GCC performance...

**About the stock:** Aster operates a network of hospitals, clinics, retail pharmacies in several GCC countries as well as India.

- Its network consists of 15 hospitals, 113 clinics and 257 retail pharmacies in GCC states; 15 hospitals, 12 clinics and 177 labs in India; total bed capacity: GCC: 1441, India: 4095
- Revenue break-up Q3FY23: hospitals: 55%, pharmacies: 25%, clinics: 20% with GCC & India contributing 78% & 22% of revenues, respectively

**Q3FY23 Results:** Strong numbers propelled by GCC.

- Revenues grew 13.3% QoQ to ₹ 3192 crore driven by 17.3% QoQ growth in the GCC business to ₹ 2550 crore. India was steady with 1.7% QoQ growth to ₹ 735 crore
- EBITDA margins improved 273 bps QoQ to 14.1% while EBITDA grew 40.7% QoQ to ₹ 449 crore
- Subsequently, net profit increased 201.6% QoQ to ₹ 139 crore

**What should investors do?** Aster's share price has grown at 7.71% CAGR over the past three years.

- We maintain **BUY** for a 1) unique blend of GCC healthcare network and a quest to expand in India with calibrated capex approach, 2) visibility on recovery in margins and 3) possible strategic initiatives to unlock value

**Target Price and Valuation:** We value Aster DM with SOTP valuation at ₹ 280.

**Key triggers for future price performance:**

- Expansion via asset light model (1000 beds through O&M) in India, keeping an eye on leverage
- Strong RoCE in GCC due to assets light model, integrated business model, faster occupancy & strong brand equity, healthy ARPOB & targeted strategy
- Increased focus on asset light retail models like diagnostics, pharmacy distribution, homecare along with push towards integrated virtual platform
- It is pursuing aggressive expansion in both GCC and India via assets light model but remains on a firm footing due to FCF generation from GCC

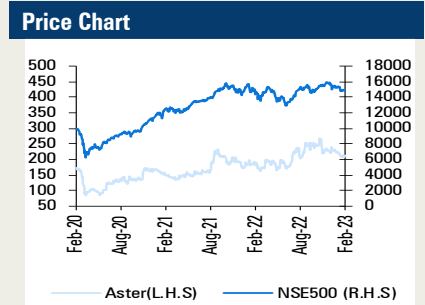
**Alternate Stock Idea:** Apart from Aster, in our hospital coverage we like Narayana.

- Narayana operates a dual model, which perfectly blends established "asset-right" India business (more focus towards oncology, transplants, etc, besides cardiac pedigree) with a hospital in Cayman Islands
- BUY with a target price of ₹ 870



Particulars	
Particular	Amount
Market Capitalisation	₹10640
Debt (FY22)	₹ 4907 crore
Cash (FY22)	₹ 45 crore
EV	₹15502 crore
52 week H/L (₹)	276/158
Equity capital	₹ 499.5 crore
Face value	₹ 10

Shareholding pattern				
(in %)	Dec-21	Mar-22	Sep-22	Dec-22
Promoter	37.9	37.9	37.9	37.9
Others	62.1	62.1	62.1	62.1



### Recent Event & Key risks

- Tie up with Talabat (online food delivery company) in GCC
- **Key Risk:** (i) Another Covid like disturbance, (ii) Longer than expected payback in India

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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)
Revenues	8608.4	10253.3	11.6	11713.3	12935.9	14384.1	10.8
EBITDA	1062.8	1483.3	34.9	1607.4	2141.8	2476.8	24.1
EBITDA margins (%)	12.3	14.5		13.7	16.6	17.2	
Net Profit	147.7	526.0	38.9	474.1	901.0	1177.4	57.6
EPS (₹)	3.0	10.5		9.5	18.0	23.6	
PE (x)	71.0	19.9		22.1	11.6	8.9	
EV to EBITDA (x)	14.1	10.1		8.9	6.2	4.7	
RoCE (%)	5.4	9.0		9.2	13.5	15.3	
ROE	4.4	13.3		10.7	16.9	18.1	

## Key takeaways of recent quarter & conference call highlights

### Q3FY23 Results: Strong numbers propelled by GCC

- Revenues grew 13.3% QoQ to ₹ 3192 crore, supported by robust growth from GCC business, which came in at ₹ 2550 crore, up 17.3% QoQ followed by 1.7% QoQ growth in India business at ₹ 735 crore. In GCC, hospitals improved 11.5% QoQ to ₹ 1059 crore, clinics grew 25.4% QoQ to ₹ 662 crore and pharmacy grew 19.3% QoQ to ₹ 829 crore. EBITDA margins improved 273 bps QoQ to 14.1% while EBITDA grew 40.7% QoQ to ₹ 449 crore. Subsequently, net profit increased 201.6% QoQ to ₹ 139 crore
- Aster DM posted a strong set of numbers, which were a beat on our estimates on the revenue front but missed on the margin front. Beat on revenue was propelled by the strong rebound in GCC business post-holiday season. We are positive on Aster's integrated business model and Aster's growth strategy for India to add brownfield facilities with low capex investment but high potential opportunity. We expect a gradual margin and RoCE improvement on the back of higher occupancy and capacity optimisation in newer assets

### Q3FY23 Earnings Conference Call highlights

- Average length of stay (ALOS) remained at 2.9 during the quarter with overall occupancy levels at 63% at the consolidated level
- ARPOB for GCC came in at ₹ 1,92,200 whereas for India it was ₹ 37,200, both showed an improvement
- GCC Pharmacy acceleration was driven by a combination of existing sales stores as well as newer stores
- The three new hospitals in the GCC region suffered operational losses during the quarter. The empanelment's process in these hospitals is open and is expected to come in Q4FY23 and Q1FY24. The management expects initial neutrality in H2FY24
- The company has tied up with Talabat (online food delivery company) in order to expand its distribution reach in GCC region
- Focus remains more on white labelled products, which includes better margin profile products
- Aster Lab is expected break even in Q3FY24
- During Q3FY23, Alfaone Retail Pharmacies Pvt Ltd was operating 239 retail locations under the "Aster Pharmacy" brand, which includes 105 in Karnataka, 72 in Kerala, 60 in Telangana and two in Andhra Pradesh
- The management has guided that hospital peak capacities can reach up to 80-85% utilisation levels in India
- Its focus remains more inclined towards the India business
- The Andhra Pradesh, Telangana cluster may see some improvement in terms of profit and margins in Q4FY23. We expect it to return to pre-Covid levels of profitability
- Aster app to get launched in India in the next six to eight months
- Some of the hospitals are running at full capacity. The company is in the process of adding new beds in same areas
- Also, it plans to add new beds in existing areas where it is enjoying a good presence
- The work on the Phase-II 275 bed Aster Whitfield hospital in Bengaluru (oncology) is nearing completion
- The company expects to start the construction of Phase-I 350 bed Aster Capital Hospital in Trivandrum
- Intends to add more beds through O&M model, which is an asset light model
- The company added 150 beds at Madegowda Hospital in Mandya, Karnataka, last quarter. It would be adding another 100 beds this quarter. Three asset-light hospitals have added a total of 390 beds this fiscal year

Exhibit 1: Variance Analysis

	Q3FY23	Q3FY23E	Q3FY22	Q2FY23	YoY (%)	QoQ (%)	Comments
Revenue	3,192.1	2,863.4	2,649.6	2,816.3	20.5	13.3	Revenues grew 13.3% QoQ to ₹ 3192 crore as 17.3% QoQ growth in the GCC business to ₹ 2550 crore was supported by 1.7 % QoQ growth in India business to ₹ 735 crore. In GCC, hospitals improved 11.5% QoQ to ₹ 1059 crore, clinics grew 25.4% QoQ to ₹ 662 crore and pharmacy grew 19.3% QoQ to ₹ 829 crore
Raw Material Expenses	954.3	852.8	746.0	838.8	27.9	13.8	
Employee Expenses	1,043.0	916.3	832.8	995.3	25.2	4.8	
Other Expenditure	746.2	640.8	673.7	663.3	10.8	12.5	
Operating Profit (EBITDA)	448.7	453.5	397.1	318.9	13.0	40.7	
EBITDA (%)	14.1	15.8	15.0	11.3	-93 bps	273 bps	EBITDA margins improved 273 bps QoQ to 14.1% while EBITDA grew 40.7% QoQ to ₹ 449 crore.
Interest	87.2	77.2	66.9	77.2	30.3	13.0	
Depreciation	197.5	189.4	160.9	189.4	22.8	4.3	
Other Income	8.5	18.7	11.5	18.4	-26.0	-53.7	
PBT before EO & Forex	172.5	205.7	180.8	70.8	-4.6	143.7	
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	
PBT after Exceptional Items	172.5	205.7	180.8	70.8	-4.6	143.7	
Tax	14.4	48.1	13.1	16.5	9.7	-12.9	
PAT before MI	158.0	157.6	167.6	54.2	-5.7	191.5	
MI	19.6	22.9	19.9	7.9	-1.1	148.9	
Net Profit	139.4	134.5	148.3	46.2	-6.0	201.6	Subsequently, net profit increased by 201.6% QoQ to ₹ 139 crore.
<b>Key Metrics</b>							
India	735.0	726.8	618.0	723.0	18.9	1.7	Steady QoQ due to seasonality
GCC	2,550.0	2,218.0	2,113.0	2,173.0	20.7	17.3	Strong rebound in GCC business post holiday seasonality
GCC - Hospital	1,059.0	998.2	868.0	950.0	22.0	11.5	
GCC - Clinincs	662.0	551.0	637.0	528.0	3.9	25.4	
GCC - Pharmacy	829.0	668.8	608.0	695.0	36.3	19.3	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY22			FY23E			FY24E		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenue	10,253.3	11,169.3	11,713.3	4.9	12,461.1	12,935.9	3.8		
EBITDA	1,483.3	1,518.9	1,607.4	5.8	2,103.2	2,141.8	1.8		
EBITDA Margin (%)	14.5	13.6	13.7	12 bps	16.9	16.6	-34 bps		
PAT	526.0	385.0	474.1	23.2	899.3	901.0	0.2		
EPS (₹)	10.5	7.7	9.5	23.3	18.0	18.0	0.2		

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ crore)	Current				Earlier			Comments
	FY21	FY22	FY23E	FY24E	FY23E	FY24E	FY24E	
India	1,655	2,384	2,856	3,120	2,628	2,932		
GCC	7,294	8,217	9,241	10,203	8,913	9,916		
GCC - Hospital	3,170	3,532	3,986	4,317	3,962	4,372		
GCC - Clinincs	2,017	2,440	2,389	2,676	2,245	2,514		
GCC - Pharmacy	2,107	2,245	2,866	3,210	2,706	3,031	Higher growth guidance and better-than-expected performance in Q3	

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	8608	-1.2	3.0	-48.1	71.0	14.1	4.4	5.4
FY22	10253	19.1	10.5	256.0	19.9	10.1	13.3	9.0
FY23E	11713	14.2	9.5	-9.9	22.1	8.9	10.7	9.2
FY24E	12936	10.4	18.0	90.0	11.6	6.2	16.9	13.5
FY25E	14384	11.2	23.6	30.7	8.9	4.7	18.1	15.3

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 In	2321.6	2280.3	1760.6	2267.7	2227.6	2390.9	2371.6	2504.3	2649.6	2727.8	2662.1	2816.3	3192.1	20.5	13.3
Raw Material Ex	695.1	676.3	584.2	686.6	651.3	665.1	714.1	728.3	746.0	703.4	811.9	838.8	954.3	27.9	13.8
% of Revenue	29.9	29.7	33.2	30.3	29.2	27.8	30.1	29.1	28.2	25.8	30.5	29.8	29.9	174 bps	11 bps
Gross Profit	1626.5	1604.0	1176.4	1581.1	1576.3	1725.8	1657.5	1776.1	1903.6	2024.4	1850.2	1977.5	2237.9	17.6	13.2
Gross Profit Mar	70.1	70.3	66.8	69.7	70.8	72.2	69.9	70.9	71.8	74.2	69.5	70.2	70.1	-174 bps	-11 bps
Employee Expen	730.1	737.9	624.5	714.1	714.2	702.5	757.1	802.3	832.8	872.3	939.4	995.3	1043.0	25.2	4.8
% of Revenue	31.4	32.4	35.5	31.5	32.1	29.4	31.9	32.0	31.4	32.0	35.3	35.3	32.7	124 bps	-267 bps
Other Expenditur	511.4	453.9	409.2	595.9	534.1	702.2	619.6	631.0	673.7	689.5	618.7	663.3	746.2	10.8	12.5
% of Revenue	22.0	19.9	23.2	26.3	24.0	29.4	26.1	25.2	25.4	25.3	23.2	23.6	23.4	-205 bps	-18 bps
Total Expenditur	1936.6	1868.0	1617.9	1996.7	1899.7	2069.8	2090.7	2161.5	2252.5	2265.3	2370.0	2497.4	2743.5	21.8	9.9
% of Revenue	83.4	81.9	91.9	88.0	85.3	86.6	88.2	86.3	85.0	83.0	89.0	88.7	85.9	93 bps	-273 bps
EBITDA	385.0	412.3	142.7	271.1	327.9	321.1	280.9	342.8	397.1	462.5	292.1	318.9	448.7	13.0	40.7
EBITDA Margin (%)	16.6	18.1	8.1	12.0	14.7	13.4	11.8	13.7	15.0	17.0	11.0	11.3	14.1	-93 bps	273 bps
Other Income	3.9	26.6	6.5	7.9	5.7	29.8	8.0	9.1	11.5	22.0	37.3	18.4	8.5	-26.0	-53.7
Interest	71.5	112.1	80.3	74.6	62.1	76.7	66.5	61.4	66.9	62.2	68.8	77.2	87.2	30.3	13.0
Depreciation	139.8	171.1	154.7	152.9	157.3	152.6	153.0	156.4	160.9	170.4	175.0	189.4	197.5	22.8	4.3
PBT	177.7	155.7	-85.7	51.5	114.2	121.5	69.5	134.2	180.8	251.9	85.6	70.7	172.5	-4.6	143.7
Total Tax	8.2	-0.1	3.9	10.3	7.8	5.3	10.9	7.6	13.1	4.2	5.5	16.5	14.4	9.7	-12.9
Tax rate (%)	4.6	0.0	-4.5	20.0	6.8	4.3	15.7	5.6	7.3	1.7	6.4	23.4	8.4	109 bps	-1502 bps
PAT	139.0	139.4	-82.9	32.9	92.4	105.4	44.5	106.9	148.3	226.3	68.5	46.2	139.4	-6.0	201.6
PAT Margin (%)	6.0	6.1	-4.7	1.4	4.1	4.4	1.9	4.3	5.6	8.3	2.6	1.6	4.4		
EPS (₹)	2.8	2.8	-1.7	0.7	1.9	2.1	0.9	2.1	3.0	4.5	1.4	0.9	2.8		

Source: ICICI Direct Research

Exhibit 6: Valuation

Particulars	FY25E (₹ cr)	Valuation Matrix	Multiple (x)	EV (₹ cr)
GCC Mature Hospitals	867.3	EV/EBITDA	4.0	3,469
India Mature Hospitals	696.5	EV/EBITDA	8.0	5,572
GCC New Hospitals	109.0	EV/Sales	1.0	109
India New Hospitals	107.8	EV/Sales	1.0	108
Clinics	2996.8	EV/Sales	1.0	2,997
Pharmacies	3595.2	EV/Sales	1.0	3,595
Net Debt FY25E (₹ cr)				1,223.9
Minority Interest				704.4
Targeted MCap (₹ cr)				13,922
No of shares (cr)				50.0
<b>Per Share Value (₹)</b>				<b>280</b>
cmp				210.0
up/Down				33%

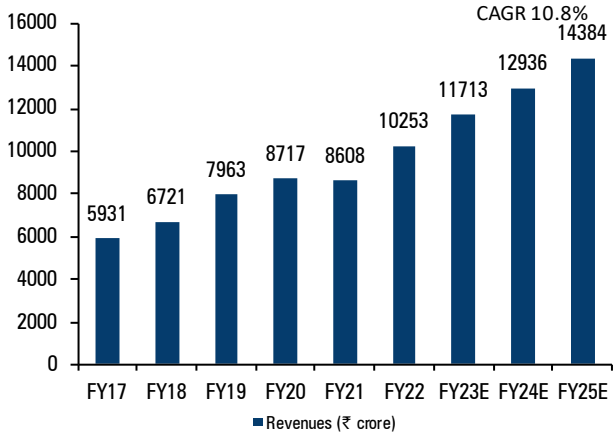
Source: ICICI Direct Research

Exhibit 7: EV/EBITDA Band



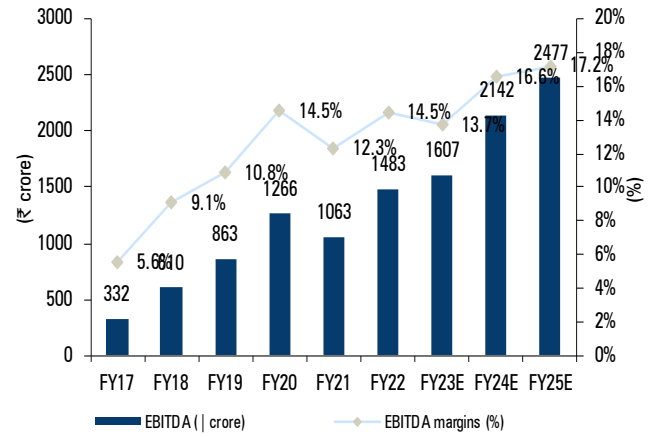
Source: ICICI Direct Research

Exhibit 8: Revenue to grow at 10.8% CAGR over FY23E-25E



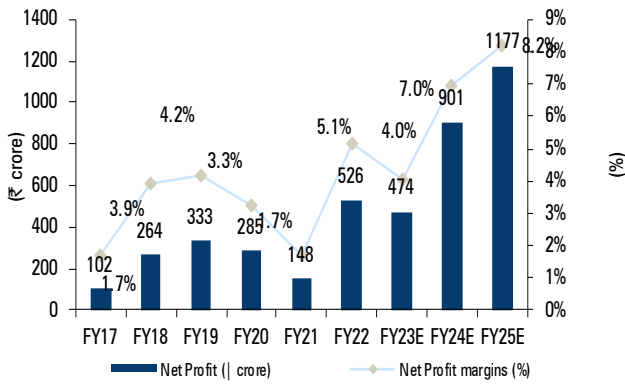
Source: Company, ICICI Direct Research

Exhibit 9: EBITDA & EBITDA margins trend



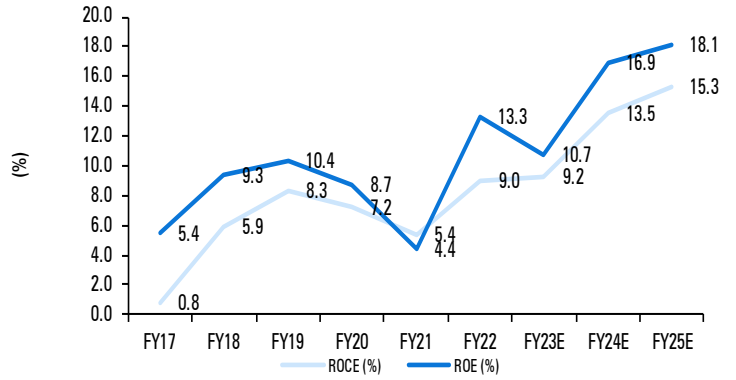
Source: Company, ICICI Direct Research

Exhibit 10: PAT & PAT margins trend



Source: Company, ICICI Direct Research

Exhibit 11: RoE & RoCE trend



Source: Company, ICICI Direct Research

## Financial Summary

Exhibit 12: Profit and loss statement				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
<b>Revenues</b>	<b>10,253.3</b>	<b>11,713.3</b>	<b>12,935.9</b>	<b>14,384.1</b>
Growth (%)	19.1	14.2	10.4	11.2
Raw Material Expenses	2,891.8	3,514.6	3,881.4	4,316.0
Employee Expenses	3,264.5	3,971.8	4,386.4	4,877.5
Other Expenditure	2,613.8	2,619.5	2,526.3	2,713.9
Total Operating Expenditure	8,770.0	10,106.0	10,794.2	11,907.3
<b>EBITDA</b>	<b>1,483.3</b>	<b>1,607.4</b>	<b>2,141.8</b>	<b>2,476.8</b>
Growth (%)	39.6	8.4	33.2	15.6
Interest	257.0	320.5	280.3	241.8
Depreciation	640.6	759.4	766.2	796.6
Other Income	50.7	72.4	34.6	38.4
PBT before Exceptional Items	636.3	599.9	1,129.9	1,476.8
Less: Forex & Exceptional Item	0.0	0.0	0.0	0.0
PBT	636.3	599.9	1,129.9	1,476.8
Total Tax	35.8	59.0	101.7	132.9
PAT before MI	600.5	540.8	1,028.2	1,343.9
Minority Interest	75.1	67.2	127.8	167.0
<b>PAT</b>	<b>526.0</b>	<b>474.1</b>	<b>901.0</b>	<b>1,177.4</b>
Adjusted PAT	526.0	474.1	901.0	1,177.4
Growth (%)	256.0	-9.9	90.0	30.7
EPS	10.5	9.5	18.0	23.6
<b>EPS (Adjusted)</b>	<b>10.5</b>	<b>9.5</b>	<b>18.0</b>	<b>23.6</b>

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Profit/(Loss) after taxation	579.7	474.1	901.0	1,177.4
Add: Depreciation & Amortization	640.6	759.4	766.2	796.6
Net Increase in Current Assets	-522.5	-575.0	-444.1	-519.8
Net Increase in Current Liabilities	120.1	503.5	320.7	375.5
Others	495.6	320.5	280.3	241.8
<b>Net cash flow from operating ac</b>	<b>1,313.5</b>	<b>1,482.4</b>	<b>1,824.0</b>	<b>2,071.5</b>
(Inc)/dec in Fixed Assets	-543.9	-580.0	-580.0	-300.0
(Inc)/dec in Investments	-31.9	0.0	0.0	0.0
Others	46.0	69.0	75.9	83.5
<b>CF from investing activities</b>	<b>-529.8</b>	<b>-511.0</b>	<b>-504.1</b>	<b>-216.5</b>
Inc / (Dec) in Equity Capital	0.6	0.0	0.0	0.0
Proceeds/(Repayment) Loan	-516.3	-571.5	-544.3	-519.9
Dividend & Dividend Tax	-20.1	0.0	0.0	0.0
Others	-149.5	-320.5	-280.3	-241.8
<b>CF from financing activities</b>	<b>-685.4</b>	<b>-892.0</b>	<b>-824.6</b>	<b>-761.7</b>
Net Cash flow	98.3	79.4	495.3	1,093.2
Opening Cash	281.4	379.6	459.0	954.3
<b>Closing Cash</b>	<b>379.6</b>	<b>459.0</b>	<b>954.3</b>	<b>2,047.5</b>
<b>FCF</b>	<b>769.6</b>	<b>902.4</b>	<b>1,244.0</b>	<b>1,771.5</b>

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Equity Capital	497.2	497.2	497.2	497.2
Reserve and Surplus	3,456.2	3,930.3	4,831.3	6,008.7
Total Shareholders fund	3,953.4	4,427.6	5,328.5	6,505.9
Total Debt	4,907.1	4,335.6	3,791.3	3,271.4
Deferred Tax Liability	168.9	185.8	204.4	224.8
Minority Interest	529.2	582.1	640.3	704.4
Long term Provisions	358.9	394.8	434.3	477.7
Other Non Current Liabilities	37.9	41.6	45.8	50.4
<b>Source of Funds</b>	<b>9,955.5</b>	<b>9,967.6</b>	<b>10,444.7</b>	<b>11,234.7</b>
Gross Block - Fixed Assets	8,921.6	9,401.6	10,081.6	10,481.6
Accumulated Depreciation	3,000.8	3,760.2	4,526.4	5,323.0
Net Block	5,920.7	5,641.4	5,555.2	5,158.6
Capital WIP	997.7	1,097.7	997.7	897.7
Net Fixed Assets	6,918.5	6,739.1	6,552.9	6,056.3
Goodwill on Consolidation	1,087.9	1,087.9	1,087.9	1,087.9
Investments	44.8	44.8	44.8	44.8
Inventory	1,025.7	1,246.6	1,376.7	1,530.8
Cash	379.6	459.0	954.3	2,047.5
Debtors	2,020.5	2,308.2	2,549.2	2,834.5
Loans & Advances & Other CA	664.0	730.4	803.5	883.8
Total Current Assets	4,089.8	4,744.3	5,683.6	7,296.7
Creditors	2,118.1	2,574.3	2,843.0	3,161.3
Provisions & Other CL	472.7	519.9	571.9	629.1
Total Current Liabilities	2,590.8	3,094.2	3,414.9	3,790.4
Net Current Assets	1,499.1	1,650.0	2,268.7	3,506.3
LT L&A, Other Assets	380.2	418.2	460.1	506.1
Deferred Tax Assets	25.0	27.5	30.3	33.3
<b>Application of Funds</b>	<b>9,955.5</b>	<b>9,967.6</b>	<b>10,444.7</b>	<b>11,234.7</b>

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY22	FY23E	FY24E	FY25E
<b>Per share data (₹)</b>				
EPS	10.5	9.5	18.0	23.6
Cash EPS	23.4	24.7	33.4	39.5
BV	79.1	88.6	106.7	130.2
DPS	0.0	0.0	0.0	0.0
Cash Per Share	60.1	75.3	90.6	106.6
<b>Operating Ratios (%)</b>				
Gross Profit	71.8	70.0	70.0	70.0
EBITDA margins	14.5	13.7	16.6	17.2
Net Profit margins	5.1	4.0	7.0	8.2
Inventory days	129.5	129.5	129.5	129.5
Debtor days	71.9	71.9	71.9	71.9
Creditor days	267.3	267.3	267.3	267.3
Assets Turnover	1.1	1.2	1.3	1.4
<b>Return Ratios (%)</b>				
RoE	13.3	10.7	16.9	18.1
RoCE	9.0	9.2	13.5	15.3
RoIC	9.8	10.1	16.2	20.3
<b>Valuation Ratios (x)</b>				
P/E	19.9	22.1	11.6	8.9
EV / EBITDA	10.1	8.9	6.2	4.7
EV / Revenues	1.5	1.2	1.0	0.8
Market Cap / Revenues	1.0	0.9	0.8	0.7
Price to Book Value	2.7	2.4	2.0	1.6
<b>Solvency Ratios</b>				
Debt / Equity	1.2	1.0	0.7	0.5
Debt/EBITDA	3.3	2.7	1.8	1.3
Current Ratio	1.4	1.4	1.4	1.4
<b>Quick Ratio</b>				
Ndebt/EBITDA	3.1	2.4	1.3	0.5

Source: Company, ICICI Direct Research

Exhibit 16: 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
<b>Hospitals</b>																					
Apollo Hospitals	APOHOS	4330	5,230	Buy	62259	7.8	59.1	67.8	85.2	57.7	29.8	29.3	24.6	6.3	15.1	14.7	16.7	2.5	15.1	15.2	16.6
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
<b>Company</b>																					
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
<b>MNC Pharma</b>																					
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
<b>Pharma</b>																					
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
<b>API/CRAMS</b>																					
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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Sell: <-15%



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