

Decent sales growth but margins yet to pick up...

About the stock: Aurobindo is a leading producer and distributor of branded specialty pharma products, generic pharma products and APIs. The company's broad product portfolio, which is backed by a solid R&D setup, is divided throughout seven key therapeutic/product areas, including CNS, anti-retroviral, CVS, antibiotics, gastroenterological, anti-diabetics and anti-allergic. In more than 150 countries, the company is marketing these products internationally.

- Q4FY23: US formulations constitute (47%) of revenues followed by Europe (25.6%), APIs (15.7%), RoW (9.1%) & ARV (2.5%)

Q4FY23 Results: Revenues in line but margins miss due to higher RM and other expenditure.

- Revenues grew 11.4% YoY to ₹ 6473 crore due to a strong performance in the US as well as Europe
- EBITDA grew 2.9% YoY to ₹ 1002 crore while EBITDA margins were impacted by 129 bps to 15.5%
- Adjusted PAT declined 30.3% YoY to ₹ 512 crore

What should investors do? Aurobindo's share price has de-grown at a CAGR of 7.74% over the past three years.

- We maintain **HOLD** as the US base business outlook, especially on the OSD front, is yet to stabilise to the comfort level, besides an elongated margin recovery due to pressure on GPM and higher R&D. Legacy cGMP and governance issues are expected to abate slowly

Target Price & Valuation: Valued at ₹ 615 at 11x P/E on FY25E EPS of ₹ 55.8.

Key triggers for future price performance:

- Aurobindo has one of the most enduring generics ecosystems among peers but the outlook still hinges upon the prospects of US OSD generics
- The company plans to venture into complex areas like biosimilars, vaccines & complex injectables. Additionally, participation in the PLI scheme will enhance its backward integration in antibiotics, open new revenue streams
- Capex intensity to slow down post FY24 as the Pen-G PLI capex gets completed. Fresh capex for biosimilars would be key monitorable post that

Alternate Stock Idea: Besides Aurobindo, we like Dr Reddy's in healthcare space.

- Dr Reddy's is poised to grow on the back of key launches across geographies with better margin profile due to cost rationalisation measures
- BUY with a target price of ₹ 5520



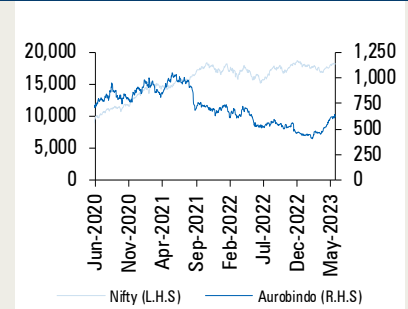
Particulars

Particular	Amount
Market Capitalisation	₹ 35449 crore
Debt (FY23)	₹ 5286 crore
Cash (FY23)	₹ 6084 crore
EV	₹ 34651 crore
52 week H/L (₹)	658/397
Equity capital	₹ 58.6 crore
Face value	₹ 1

Shareholding pattern

(in %)	Jun-22	Sep-22	Dec-22	Mar-23
Promoter	51.8	51.8	51.8	51.8
Others	48.2	48.2	48.2	48.2

Price Chart



Recent Event & Key risks

- Receipt of PLI incentive
- Key Risk:** (i) Higher-than-expected price erosion (ii) Better traction from injectables

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Key Financial Summary

Key Financials (₹ crore)	FY21	FY22	FY23	5 year CAGR (FY17-22)	FY24E	FY25E	2 year CAGR (FY23-25E)
Revenues (₹ crore)	24774.6	23455.5	24855.2	9.2	27546.7	29913.7	9.7
EBITDA (₹ crore)	5333.4	4386.8	3683.8	5.0	4957.4	5442.5	21.5
EBITDA margins (%)	21.5	18.7	14.8		18.0	18.2	
Net Profit (₹ crore)	3223.9	2776.1	1934.9	2.8	2930.4	3270.2	30.0
EPS (₹)	55.0	47.4	33.0		50.0	55.8	
PE (x)	6.4	13.0	17.7		11.7	10.5	
EV/EBITDA (%)	6.3	7.4	9.0		6.5	5.4	
ROE (%)	14.7	11.3	7.2		9.9	10.0	
ROCE (%)	16.9	12.9	8.6		12.2	12.7	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q4FY23 Results: - Revenues in line but margins miss due to higher RM and other expenditure.

- Revenues grew 11.4% YoY to ₹ 6473 crore due to decent performances in the US & Europe. EBITDA grew 2.9% YoY to ₹ 1002 crore while EBITDA margins were impacted by 129 bps to 15.5%. Adjusted PAT declined 30.3% YoY to ₹ 512 crore. US revenues grew ~12% to ₹ 3045 crore Europe was up ~8% at ₹ 1660 crore. RoW grew 51% to ₹ 592 crore (includes PLI incentive of ₹ 48 crore)
- Revenues for core geographies of the US and Europe (together account for ~73% of revenues) came in line with decent YoY growth. However, the performance on the margins front continued to lag our estimates (albeit sequential improvement). Going forward, performance on the margins front will be the key determinant as the company plans to expand the R&D bandwidth and diversify into more complex models such as biosimilars. Legacy cGMP and governance issues are expected to abate slowly

Q4FY23 Earnings Conference Call highlights:

Segmental drivers:

- US formulations contributed 47% followed by Europe 25.6%, growth markets 9.1%, ARV 2.5%, API 15.7%. Price stability and volumes supported US business
- Revenue mix in Q4FY23: Orals 66.3%, Branded oncology 7.3%, OTC 6.9%, Injectables 19.4% of total revenues
- Eugia pharma revenue in US (injectables & specialty OSD) came in at \$81.3 million in Q4FY23. Injectables itself contributed \$71.9 mn. Eugia Pharma accounted for 22% of total US revenue
- Eugia Pharma's gross margins remained healthy at 60-70% whereas EBITDA margins came in at 25-30%

Launches:

- It has launched 10 products including four injectables in the US during the quarter
- Plans to do 20 launches per year
- On peptides API, launches are likely to be inclined towards oncology and anti-diabetic therapies
- It has plans to file one peptide during the year, which is more likely to complement Eugia Pharma business

Capex & R&D spends:

- Major capex will be incurred towards debottlenecking and upgrading its facilities in-order to increase operational efficiencies
- R&D spend was at | 410.7 crore in Q4FY23, which accounted for 6.3% of revenue
- The guidance remains at ~6.5% of revenues in the coming years
- Total spend in biosimilars up to March 31, 2023 was at ~₹ 190 crore

Other highlights:

- Price erosion has stabilised during the period with it enjoying better pricing in terms of logistics
- Healthy approvals in generic injectables are expected to deliver double digit growth
- OSDs are likely to see stabilisation from Q2FY24
- Drug shortages in the US are at their highest level in history
- Focus remains on strengthening the auto immune biosimilar pipeline
- The company has good cash levels of \$200 mn in Europe
- Manufacturing at European facility will mainly be for OSDs and the expected commencement will be from Q1FY24
- Biosimilars are expected to start contributing to growth from FY25-26

- Launch of gRevlimid from Q3FY24 is likely to add up to the bottomline
- It has started doing exhibit batches from Vizag plants from which it has identified multiple products for the US markets in order to diversify its geographical mix from Europe and RoW markets
- During the quarter, it received good amount of PLI incentive for Indian subsidiaries with ramp up in sales of eligible products
- The management expects Health Canada inspection to get conducted around November 2023

Exhibit 1: Variance Analysis

Particulars	Q4FY23	Q4FY23E	Q4FY22	Q3FY23	YoY (%)	QoQ (%)	Comments
Revenue	6,473.0	6,440.1	5,809.4	6,407.1	11.4	1.0	The performance was supported by US & Europe
Raw Material Expenses	2,931.0	2,833.7	2,524.2	2,907.5	16.1	0.8	
Employee Expenses	851.9	991.1	853.2	921.7	-0.2	-7.6	
Other Expenditure	1,687.9	1,515.6	1,457.5	1,623.4	15.8	4.0	
EBITDA	1,002.2	1,099.7	974.4	954.5	2.9	5.0	
EBITDA (%)	15.5	17.1	16.8	14.9	-129 bps	59 bps	Higher input costs and other expenses led to such decline
Interest	55.6	45.0	9.2	45.0	503.7	23.7	
Depreciation	345.6	321.4	253.6	321.4	36.3	7.5	
Other Income	134.9	92.2	48.9	92.7	176.0	45.6	
PBT before EO & Forex	735.9	825.6	760.5	680.8	-3.2	8.1	
EO	0.0	0.0	162.8	0.0	NA	NA	
PBT	735.9	825.6	597.7	680.8	23.1	8.1	
Tax	224.2	229.3	17.5	189.1	1,181.8	18.6	
Tax Rate (%)	30.5	27.8	2.9	27.8	2754 bps	269 bps	
PAT before MI	511.7	596.3	580.3	491.7	-11.8	4.1	
MI	-0.4	-0.2	-0.3	-0.3	12.5	NA	
Net Profit	512.1	596.5	576.5	491.9	-11.2	4.1	
Adj. Net Profit	512.1	596.5	734.5	491.9	-30.3	4.1	Higher effective tax rate
Key Metrics							
US	3,045.0	3,059.6	2,728.0	3,001.2	11.6	1.5	Improved contribution from Injectables and new launches
Europe	1,660.0	1,708.3	1,540.7	1,701.2	7.7	-2.4	
RoW	592.0	430.4	391.3	498.9	51.3	18.7	PLI scheme benefits supported the growth
ARV	159.0	221.7	235.9	251.2	-32.6	-36.7	
API	1,017.0	958.7	913.0	954.6	11.4	6.5	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore	FY23		FY24E		FY25E		Comments		
	Old	New % Change	Old	New % Change	Old	New % Change			
Revenue	24,822.4	24,855.2	0.1	27,554.0	27,546.7	0.0	29,917.4	29,913.7	0.0
EBITDA	3,781.4	3,683.8	-2.6	4,960.1	4,957.4	-0.1	5,444.0	5,442.5	0.0
EBITDA Margin (%)	15.2	14.8	-41 bps	18.0	18.0	-1 bps	18.2	18.2	0 bps
Adj. PAT	2,019.3	1,934.9	-4.2	2,869.3	2,930.4	2.1	3,245.6	3,270.2	0.8
EPS (₹)	34.5	33.0	-4.2	49.0	50.0	2.1	55.4	55.8	0.8

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ crore	Current			Earlier				
	FY21	FY22	FY23	FY24E	FY25E	FY23E	FY24E	FY25E
US	12,324.5	11,122.0	11,655.3	12,589.3	13,693.4	11,669.9	12,698.3	13,812.4
Europe	6,060.8	6,479.6	6,425.3	7,498.2	8,023.1	6,473.6	7,411.7	7,930.5
ARV	1,862.8	833.3	953.8	1,001.5	1,051.6	1,016.5	1,021.8	1,030.5
RoW	1,438.0	1,503.9	1,973.5	2,159.0	2,418.1	1,811.9	1,993.1	2,192.4
API	3,086.0	3,515.6	3,847.1	4,231.8	4,655.0	3,788.8	4,167.6	4,667.7

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	24775	7.3	91.0	12.8	6.4	6.3	14.7	16.9
FY22	23455	-5.3	45.2	-13.9	13.0	7.4	11.3	12.9
FY23	24855	6.0	33.0	-30.3	17.7	9.0	7.2	8.6
FY24E	27547	10.8	50.0	51.4	11.7	6.5	9.9	12.2
FY25E	29914	8.6	55.8	11.6	10.5	5.4	10.0	12.7

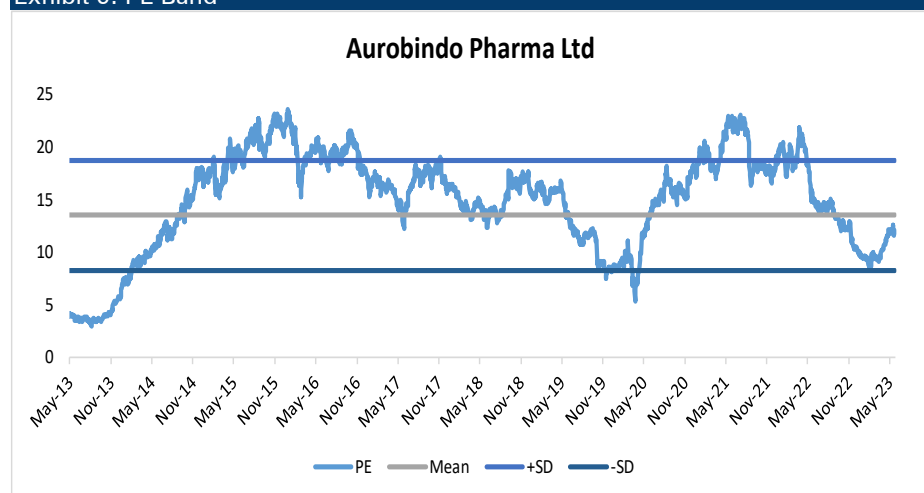
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ Crore)	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY (%)	QoQ(%)
Total Operating Income	5924.8	6483.4	6364.9	6001.5	5702.0	5941.9	6002.2	5809.4	5809.4	6235.9	5739.2	6407.1	6473.0	11.4	1.0
Raw Material Expenses	2407.4	2515.7	2572.3	2407.1	2366.2	2505.6	2744.2	2524.2	2524.2	2886.7	2568.0	2907.5	2931.0	16.1	0.8
% of revenue	40.6	38.8	40.4	40.1	41.5	42.2	45.7	43.5	43.5	46.3	44.7	45.4	45.3	183 bps	-10 bps
Gross Profit	3517.4	3967.7	3792.6	3594.4	3335.8	3436.3	3258.0	3285.2	3285.2	3349.2	3171.2	3499.6	3542.0	7.8	1.2
GPM (%)	59.4	61.2	59.6	59.9	58.5	57.8	54.3	56.5	56.5	53.7	55.3	54.6	54.7	-183 bps	10 bps
Employee Expenses	888.0	911.9	880.7	854.4	869.9	858.9	868.9	853.2	853.2	880.2	868.5	921.7	851.9	-0.2	-7.6
% of revenue	15.0	14.1	13.8	14.2	15.3	14.5	14.5	14.7	14.7	14.1	15.1	14.4	13.2	-153 bps	-123 bps
Other Manufacturing Expenses	1372.0	1623.0	1543.3	1465.3	1256.4	1390.7	1372.8	1457.5	1457.5	1532.6	1512.1	1623.4	1687.9	15.8	4.0
% revenues	23.2	25.0	24.2	24.4	22.0	23.4	22.9	25.1	25.1	24.6	26.3	25.3	26.1	99 bps	74 bps
Total Expenditure	4667.4	5050.6	4996.3	4726.8	4492.6	4755.2	4986.0	4835.0	4835.0	5299.4	4948.5	5452.6	5470.8	13.2	0.3
% of revenue	78.8	77.9	78.5	78.8	78.8	80.0	83.1	83.2	83.2	85.0	86.2	85.1	84.5	129 bps	-59 bps
EBITDA	1257.4	1432.8	1368.6	1274.7	1209.4	1186.7	1016.3	974.4	974.4	936.5	790.7	954.5	1002.2	2.9	5.0
EBITDA Margins (%)	21.2	22.1	21.5	21.2	21.2	20.0	16.9	16.8	16.8	15.0	13.8	14.9	15.5	-129 bps	59 bps
Depreciation	255.5	257.3	276.5	266.0	279.7	294.2	299.1	253.6	253.6	279.5	298.1	321.4	345.6	36.3	7.5
Interest	21.1	15.7	19.5	18.2	12.9	10.4	16.1	9.2	9.2	14.6	25.3	45.0	55.6	503.7	23.7
Other Income	115.6	53.8	133.4	78.1	109.9	96.6	65.0	48.9	48.9	40.6	57.2	92.7	134.9	176.0	45.6
Less: Forex & Exceptional Items	0.0	0.0	-2813.9	-0.7	0.0	0.0	-34.8	162.8	162.8	0.0	0.0	0.0	0.0	0.0	0.0
PBT	1096.4	1213.5	4019.9	1069.2	1026.7	978.7	800.9	597.7	597.7	683.0	524.5	680.8	735.9	23.1	8.1
Total Tax	303.7	387.3	1059.1	259.7	247.7	270.9	189.5	17.5	17.5	158.6	113.0	189.1	224.2	1181.8	18.6
Tax rate (%)	27.7	31.9	26.3	24.3	24.1	27.7	23.7	2.9	2.9	23.2	21.5	27.8	30.5	2754 bps	269 bps
PAT before MI	792.7	826.2	2960.8	809.6	779.0	707.8	611.4	580.3	580.3	524.4	411.5	491.7	511.7	-11.8	4.1
Minority Interest	0.1	-0.6	-0.1	-0.4	0.0	-0.3	-0.4	-0.3	-0.3	-0.2	-0.1	-0.3	-0.4	12.5	44.0
Adjusted PAT	780.6	806.2	836.5	801.1	770.0	697.0	569.9	734.5	734.5	520.5	410.4	491.9	512.1	-30.3	4.1
EPS (₹)	13.3	13.8	14.3	13.7	13.1	11.9	9.7	12.5	12.5	8.9	7.0	8.4	8.7		

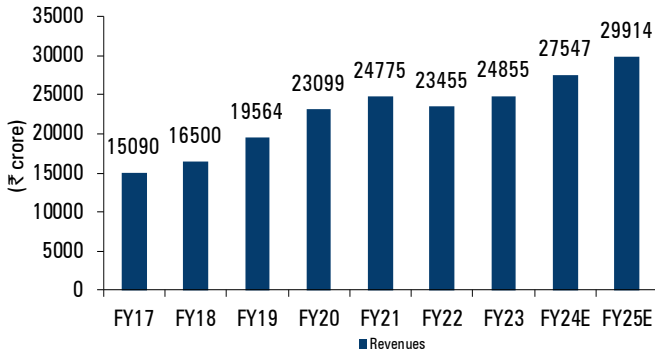
Source: ICICI Direct Research

Exhibit 6: PE Band



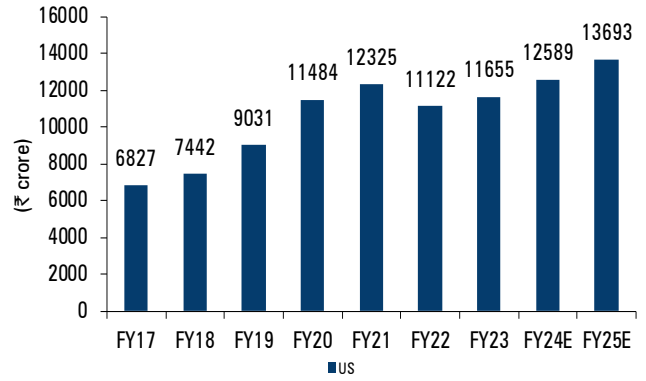
Source: ICICI Direct Research

Exhibit 7: Revenues to grow at 9.7% CAGR in FY23-25E



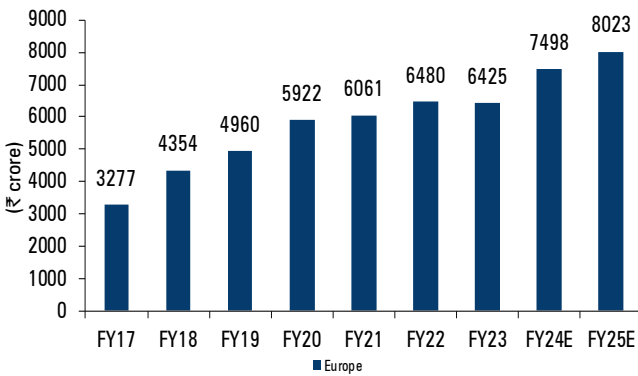
Source: Company, ICICI Direct Research

Exhibit 8: US to grow at CAGR of 8.4% over FY23-25E



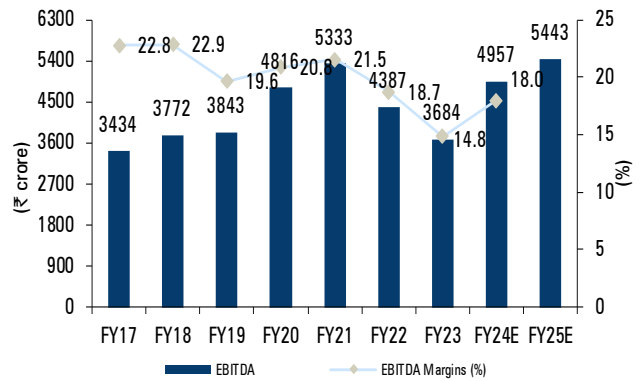
Source: Company, ICICI Direct Research

Exhibit 9: Europe to grow at CAGR of 11.7% over FY23-25E



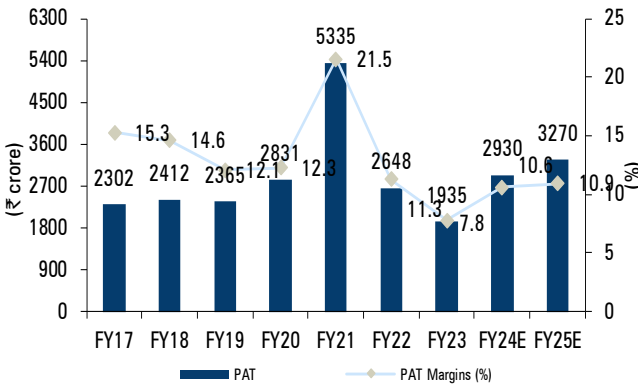
Source: Company, ICICI Direct Research

Exhibit 10: EBITDA & EBITDA margins trend



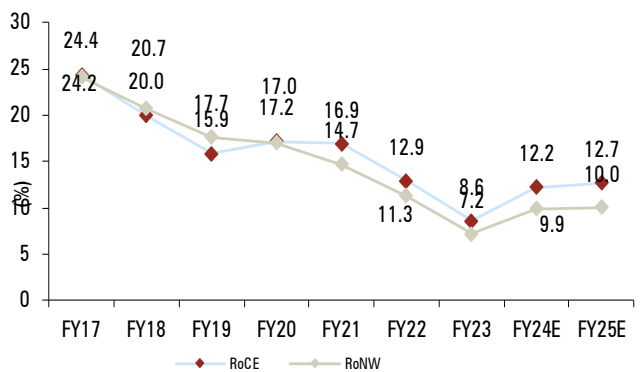
Source: Company, ICICI Direct Research

Exhibit 11: PAT & PAT margins trend



Source: Company, ICICI Direct Research

Exhibit 12: RoE & RoCE trend



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 13: Profit and loss statement				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Revenues	23,455.5	24,855.2	27,546.7	29,913.7
Growth (%)	-5.3	6.0	10.8	8.6
Raw Material Expenses	10,140.3	11,293.2	11,854.5	12,873.1
Employee Expenses	3,450.9	3,522.3	3,994.3	4,337.5
Other Manufacturing Expenses	5,477.5	6,356.0	6,740.6	7,260.6
Total Operating Expenditure	19,068.7	21,171.4	22,589.3	24,471.2
EBITDA	4,386.8	3,683.8	4,957.4	5,442.5
Growth (%)	-17.7	-16.0	34.6	9.8
Interest	48.6	140.5	113.9	87.3
Depreciation	1,126.5	1,244.6	1,412.4	1,508.7
Other Income	320.4	325.4	581.2	631.2
PBT before Exceptional Items	3,532.0	2,624.1	4,012.3	4,477.6
Less: Forex & Exceptional Items	128.0	0.0	0.0	0.0
PBT	3,404.0	2,624.1	4,012.3	4,477.6
Total Tax	725.6	684.9	1,083.3	1,209.0
PAT before MI	2,678.4	1,939.3	2,929.0	3,268.7
Minorities and Associates	-30.2	-4.3	1.4	1.5
PAT	2,648.2	1,934.9	2,930.4	3,270.2
Adjusted PAT	2,776.1	1,934.9	2,930.4	3,270.2
Growth (%)	-13.9	-30.3	51.4	11.6
EPS (Diluted)	45.2	33.0	50.0	55.8
EPS (Adjusted)	47.4	33.0	50.0	55.8

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Profit/(Loss) after taxation	2,114.6	1,895.3	2,930.4	3,270.2
Add: Depreciation & Amortization	1,126.5	1,244.6	1,412.4	1,508.7
Net Increase in Current Assets	1,099.8	-1,933.1	-1,092.3	-1,393.5
Net Increase in Current Liabilities	458.0	838.2	454.6	632.3
CF from operating activities	5,016.5	2,386.8	4,871.8	4,105.0
(Purchase)/Sale of Fixed Assets	-2,323.7	-2,709.3	-2,000.0	-1,000.0
(Inc)/dec in Investments	-406.7	442.8	0.0	0.0
Others	-601.1	-1,711.2	-59.9	-63.1
CF from investing activities	-3,331.5	-3,977.8	-2,059.9	-1,063.1
Issue of Equity Shares	0.0	0.0	0.0	0.0
Inc / (Dec) in Debt	-2,687.1	2,365.1	-1,000.0	-1,000.0
Dividend & Dividend Tax	-263.7	-439.5	-188.8	-210.6
others	-18.5	-111.2	-113.9	-87.3
CF from financing activities	-2,969.3	1,814.4	-1,302.7	-1,298.0
Net Cash flow	-1,284.3	223.4	1,509.3	1,743.9
Opening Cash	5,474.3	4,190.0	4,413.4	5,922.6
Closing Cash	4,190.0	4,413.4	5,922.6	7,666.6
Free Cash Flow	2,692.8	-322.6	2,871.8	3,105.0

Source: Company, ICICI Direct Research

Exhibit 15: Balance Sheet				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Equity Capital	58.6	58.6	58.6	58.6
Reserve and Surplus	24,517.4	26,781.3	29,522.9	32,582.4
Total Shareholders funds	24,576.0	26,839.9	29,581.5	32,641.0
Total Debt	2,851.3	5,286.1	4,286.1	3,286.1
Deferred Tax Liability	411.0	389.6	428.6	471.4
Minority Interest	-1.9	12.0	13.4	15.1
Long term Provisions	171.8	172.7	193.4	216.7
Other Non Current Liabilities	41.1	41.5	43.6	45.8
Source of Funds	28,049	32,742	34,547	36,676
Gross Block - Fixed Assets	14,969.6	17,433.1	19,783.1	21,133.1
Accumulated Depreciation	4,912.8	6,388.2	7,800.5	9,309.3
Net Block	10,056.7	11,044.9	11,982.5	11,823.8
Capital WIP	3,747.2	5,390.0	5,040.0	4,690.0
Net Fixed Assets	13,803.9	16,434.9	17,022.5	16,513.8
Goodwill on Consolidation	475.4	596.0	596.0	596.0
Investments	997.2	542.7	542.7	542.7
Inventory	7,553.9	8,511.2	8,934.3	9,702.0
Cash	4,190.0	6,084.2	5,922.6	7,666.6
Debtors	4,012.3	4,466.4	4,950.0	5,375.4
Loans & Advances & Other CA	1,987.7	2,332.8	2,518.5	2,719.0
Total Current Assets	17,743.8	21,394.6	22,325.4	25,462.9
Creditors	2,703.1	3,871.3	4,063.7	4,412.9
Provisions & Other CL	3,169.5	3,276.7	3,538.8	3,821.9
Total Current Liabilities	5,872.5	7,147.9	7,602.5	8,234.8
Net Current Assets	11,871.3	14,246.7	14,722.9	17,228.1
LT L&A, Other Assets	612.9	861.3	930.2	1,004.7
Deferred Tax Assets	288.6	677.4	731.6	790.1
Application of Funds	28,049	32,742	34,546	36,675

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY22	FY23	FY24E	FY25E
Per share data (₹)				
Adjusted EPS (Diluted)	47.4	33.0	50.0	55.8
BV per share	419.4	458.0	504.8	557.0
Dividend per share	9.0	7.5	3.2	3.6
Cash Per Share	71.5	103.8	101.1	130.8
Operating Ratios (%)				
Gross Profit Margins	56.8	54.6	57.0	57.0
EBITDA margins	18.7	14.8	18.0	18.2
Net Profit margins	11.8	7.8	10.6	10.9
Inventory days	271.9	275.1	275.1	275.1
Debtor days	62.4	65.6	65.6	65.6
Creditor days	97.3	125.1	125.1	125.1
Asset Turnover	1.8	1.7	1.6	1.6
EBITDA Conversion Rate	114.4	64.8	98.3	75.4
Return Ratios (%)				
RoE	11.3	7.2	9.9	10.0
RoCE	12.9	8.6	12.2	12.7
RoC	16.7	12.0	15.7	16.9
Valuation Ratios (x)				
P/E	13.0	17.7	11.7	10.5
EV / EBITDA	7.4	9.0	6.5	5.4
EV / Net Sales	1.4	1.3	1.2	1.0
Market Cap / Sales	1.5	1.4	1.2	1.1
Price to Book Value	1.4	1.3	1.2	1.1
Solvency Ratios				
Debt / Equity	0.1	0.2	0.1	0.1
Debt / EBITDA	0.6	1.4	0.9	0.6
Current Ratio	2.3	2.1	2.2	2.2

Source: Company, ICICI Direct Research

Exhibit 17: Healthcare Coverage Universe

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	4594	5,460	Buy	66152	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	858	990	Buy	17512	16.7	29.7	27.0	32.0	26.9	18.0	16.1	13.7	20.5	25.2	19.1	19.4	23.0	28.4	20.7	19.8
Shalby	SHALIM	137	170	Buy	1476	5.4	6.3	8.2	10.3	12.8	10.9	8.1	6.7	8.4	9.9	11.8	13.9	6.7	7.4	8.9	10.2
Aster DM	ASTDM	265	280	Buy	13228	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	304	390	Buy	4226	3.9	2.1	6.4	8.6	20.8	16.4	12.3	10.6	5.0	8.1	12.5	14.3	5.0	3.4	9.4	11.2
Rainbow Children's Medicare	RAICHI	983	900	Hold	10031	13.6	20.8	19.2	20.2	30.3	26.4	24.6	20.9	20.2	17.8	14.5	16.5	22.9	19.9	15.5	14.0
Company																					
Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				P/E(x)				RoCE (%)				RoE (%)			
						FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E
MNC Pharma																					
Abbott India	ABBIND	21845	20,315	Hold	45875	380.3	452.1	501.7	564.3	57.4	48.3	43.5	38.7	36.6	38.7	34.1	31.0	28.3	29.8	26.1	23.6
P&G Health	MERLIM	5190	5,620	Buy	8823	113.2	152.2	144.4	165.2	45.8	34.1	35.9	31.4	39.8	43.7	34.5	33.6	31.2	33.2	26.5	25.7
Sanofi India	SANOFI	6819	6,270	Hold	15684	410.6	269.8	251.4	272.7	16.6	25.3	27.1	25.0	33.3	55.1	49.6	45.0	25.9	41.2	36.9	33.3
Pfizer	PFIZER	3806	3,830	Hold	17507	133.2	135.6	135.7	147.2	28.6	28.1	28.0	25.9	26.1	24.8	22.7	21.6	21.4	18.4	17.1	16.3
Pharma																					
Ajanta Pharma	AJAPHA	1302	1,520	Buy	16664	39.5	49.2	48.0	50.1	33.0	26.4	27.1	26.0	25.3	23.4	21.9	19.8	20.2	19.9	16.4	14.8
Alembic Pharma	ALEMPHA	547	530	Hold	10780	27.7	17.4	14.1	22.1	19.8	31.5	38.9	24.8	10.6	8.6	8.0	11.6	10.4	7.8	6.2	9.1
Aurobindo Pharma	AURPHA	605	615	Hold	35453	47.4	33.0	50.0	55.8	12.8	18.3	12.1	10.8	12.9	8.6	12.2	12.7	11.3	7.2	9.9	10.0
Biocon	BIOCON	241	235	Hold	28926	5.7	5.7	8.8	15.4	42.3	42.3	27.3	15.7	7.5	3.9	5.6	6.8	8.1	3.8	5.6	9.0
Zydus Lifesciences	CADHEA	508	600	Buy	52019	21.0	21.6	25.3	33.3	24.2	23.5	20.1	15.3	12.0	14.2	14.8	14.9	12.6	12.6	13.1	14.8
Cipla	CIPLA	951	1,090	Buy	76774	32.9	36.4	42.7	48.2	28.9	26.1	22.3	19.7	16.7	17.4	17.8	18.2	12.7	12.5	13.2	13.4
Dr Reddy's Lab	DRREDD	4559	5,520	Buy	75681	127.2	269.3	230.2	256.5	35.8	16.9	19.8	17.8	12.5	23.9	18.8	21.1	11.0	19.2	14.4	14.2
Glenmark	GLEPHA	595	580	Hold	16778	42.7	37.8	34.6	41.3	13.9	15.8	17.2	14.4	14.8	13.4	13.5	14.9	13.2	11.2	9.4	10.1
Ipca Lab	IPCLAB	686	885	Hold	17412	34.8	20.8	31.4	37.0	19.7	32.9	21.8	18.5	17.4	12.1	15.7	16.5	16.1	8.9	12.1	12.7
Lupin	LUPIN	794	725	Hold	36118	11.9	8.3	25.6	33.0	66.8	95.5	31.0	24.1	3.4	5.7	11.0	13.0	4.4	3.0	8.6	10.2
Natco	NATPHA	639	565	Hold	11694	9.3	36.3	40.3	30.2	68.8	17.6	15.9	21.1	4.6	15.9	16.5	11.6	4.0	13.9	13.6	9.4
Sun Pharma	SUNPHA	955	1,140	Buy	229188	32.0	36.1	35.8	40.8	29.9	26.5	26.7	23.4	18.2	15.3	15.5	15.8	16.0	15.5	13.6	13.7
Torrent Pharma	TORPHA	1704	1,720	Hold	57594	32.0	36.3	45.1	53.8	53.2	46.9	37.8	31.7	19.7	17.1	20.4	23.3	18.2	17.9	19.0	19.4
Indoco Remedies	INDREM	339	405	Buy	3119	16.8	15.6	21.3	27.1	20.2	21.7	16.0	12.5	17.5	12.7	15.8	18.9	17.1	14.0	16.5	17.9
Caplin Point	CAPPOI	758	900	Buy	5761	39.5	49.2	48.0	50.1	19.2	15.4	15.8	15.1	25.3	23.4	21.9	19.8	20.2	19.9	16.4	14.8
Advanced Enzyme	ADVENZ	280	310	Hold	3137	11.5	13.1	10.7	10.7	24.3	21.5	26.2	26.2	14.3	10.9	13.4	14.2	11.0	8.7	10.7	11.3
Hester Bios	HESPHA	1647	1,490	Reduce	1483	45.7	31.1	40.5	53.3	36.0	53.0	40.7	30.9	10.9	7.5	8.8	10.3	15.0	9.4	11.2	13.1
API/CRAMS																					
Divi's Lab	DIVLAB	3481	3,575	Buy	92247	111.5	68.7	78.3	89.4	31.2	50.7	44.5	38.9	30.2	17.8	18.9	19.4	25.2	14.3	14.8	15.2
Hikal	HIKCHE	288	375	Hold	3537	13.0	5.7	14.6	20.7	22.1	50.5	19.7	13.9	13.6	7.2	14.3	17.7	15.0	6.3	14.1	17.0
Syngene International	SYNINT	718	740	Buy	28780	9.9	11.6	13.3	17.9	72.7	62.0	53.9	40.1	11.7	13.8	14.2	16.9	12.9	12.8	13.0	14.9
Granules India	GRANUL	279	360	Buy	3429	16.6	20.8	21.8	27.8	16.8	13.4	12.8	10.0	15.6	18.5	17.8	19.4	16.0	18.2	16.2	17.3
Laurus Labs	LAULAB	335	300	Hold	17984	15.4	14.7	10.5	10.5	21.7	22.7	31.9	31.9	21.3	19.8	14.6	16.0	24.7	19.6	12.4	13.5
Suven Pharma	SUVPH	476	530	Buy	12146	17.8	14.7	17.7	20.0	26.8	32.4	27.0	23.8	37.5	26.0	25.6	24.5	29.7	20.6	20.5	19.5

Source: ICICI Direct Research

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