

Slowdown in custom synthesis weighs on numbers...

About the stock: Laurus Labs operates in the segment of generic APIs & FDFs (formulations), custom synthesis and biotechnology. Major focus in APIs is on ARV, oncology and other APIs.

- It owns 11 manufacturing units (six FDA approved sites) with 74 DMFs, 32 ANDAs filed (15 Para IV, 11 first to file) and 192 patents granted.
- Laurus acquired Richore Life Sciences to diversify in recombinant animal origin free products, enzymes as well as building biologics custom synthesis.

Q4FY23 Results: Mixed set of numbers with a sharp fall in margins.

- Revenues were in line, down 3.1% YoY at ₹ 1,381 crore
- EBITDA de-grew 28% YoY to ~₹ 286 crore while EBITDA margins corrected ~716 bps YoY to 20.7%. PAT came in at ₹ 105.3 crore for the quarter

What should investors do? Laurus Lab's share price has grown at 41.26% CAGR over the past three years.

- We downgrade from BUY to **HOLD** as we monitor the progress on execution of the custom synthesis front (post the windfall) in the backdrop of ongoing capex as also margins front, which were below-par during the quarter.

Target Price and Valuation: Valued at ₹ 300 i.e. 23x P/E on FY25E EPS of ₹ 13.0.

Key triggers for future price performance:

- **Synthesis:** Recalibrated approach towards global demand for NCE drug substance with supplies for an animal health contract starting in H2FY24. Setting up dedicated R&D centre and three greenfield manufacturing units (FY24, FY25)
- **Formulations:** Product launches in CV portfolio (FY24) in the US & Europe with target opportunity at ~US\$40 billion. Gradual traction from Unit-2, which increased the company's total capacity to 10 billion units
- **API:** Decent order-book in anti-diabetic, CV & PPI amid capacity expansion in high growth therapeutics with total reactor volume of +7000 KL
- **Biologics:** Expanding the biologics custom synthesis at scale. Commercial scale-up of the new fermentation capacity (food proteins). Ramp up of new capacity R2

Alternate Stock Idea: Apart from Laurus, in healthcare coverage we like Granules.

- Granules India is a vertically integrated company that manufactures API, intermediates and finished dosages with vision to play on its strength of economies of scale and expansion into more complex products/forms.
- BUY with a target price of ₹ 355



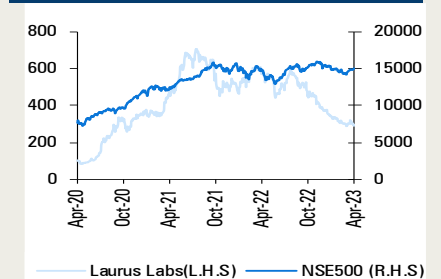
Particulars

Particular	Amount
Market Capitalisation	₹ 15691 crore
Debt (FY23)	₹ 2015 crore
Cash & Equivalents (FY23)	₹ 48 crore
EV (₹ Cr)	₹ 17657 crore
52 week H/L (₹)	605/287
Equity capital	₹ 107.5 crore
Face value	₹ 2

Shareholding pattern

(in %)	Jun-22	Sep-22	Dec-22	Mar-23
Promoter	27.3	27.3	27.2	27.2
Others	72.7	72.7	72.8	72.8

Price Chart



Recent Event & Key risks

- Capacity ramp-up for formulations
- **Key Risk:** (i) Delay in commercialisation of new facilities (ii) Better than expected traction from Custom Synthesis

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Key Financial Summary

Key Financials (₹ Crore)	FY21	FY22	5 year CAGR (FY17-22)	FY23	FY24E	FY25E	2 year CAGR (FY23-25E)
Net Sales	4813.5	4935.7	21.0	6041.0	5607.4	6175.8	1.1
EBITDA	1550.7	1422.4	30.7	1592.2	1345.8	1544.0	-1.5
EBITDA Margins (%)	32.2	28.8		26.4	24.0	25.0	
Adj. Profit	983.6	827.5	39.7	792.5	564.1	697.5	-6.2
Adj. EPS (₹)	18.3	15.4		14.7	10.5	13.0	
PE (x)	16.0	19.0		19.8	27.8	22.5	
RoE (%)	37.9	24.7		19.6	12.4	13.5	
RoCE (%)	31.7	21.3		19.8	14.6	16.0	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q4FY23 Results: Mixed set of numbers with sharp fall in margins

- Revenues were down 3.1% YoY at ₹ 1,381 crore. The overall performance was subdued particularly from custom synthesis and ARVs FDF segment. Custom synthesis revenues in Q4FY23 declined ~37% YoY at ₹ 228 crore, which had a high base due to big pharma order. Pricing remained depressed impacting ARVs FDF segment by 20% YoY at ₹ 393 crore. On the operational front, EBITDA de-grew 28% YoY to ~₹ 286 crore while EBITDA margins corrected ~716 bps YoY to 20.7%. PAT was at ₹105.3 crore for the quarter
- Laurus Labs' Q4 revenues were in line but deviated on the margin front, mainly due to a change in product mix, commissioning of new capacities, higher inflation as well as forex impact compared to last year. Overall, its focus remains intact on non-ARV APIs and formulations as well as on high-growth custom synthesis segments. Laurus is poised for growth in the long term with its multiple capacity expansion plans in portfolio based on complexity and scale towards strengthening and diversifying business

Laurus – ESG Disclosure Score*

Score	FY20	FY21	FY22
Environmental	23.9	38.2	51.1
Social	45.4	43.6	57.9
Governance	78.6	78.6	78.6
Overall ESG Score	49.3	53.5	62.6

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

Q4FY23 Earnings Conference Call highlights:

Segmental mix:

API:

- Overall segment delivered strong numbers with 32.5% growth on YoY basis at ₹ 714 crore. It was largely supported by oncology APIs, up 83.4% YoY followed by a steady ramp-up from the other API business, which was up 36.6% on the back of ramp up in the new contract supplies. ARV APIs, which witnessed volume led improvement, showed a jump of +17%
- The company is planning to incur capex for synthesis business of ~₹ 800 crore. The capex executed in FY23 is expected to start generating revenue from H2Y24

FDF:

- The company experienced overall softness in ARV demand as well as weak pricing during the quarter
- The management has guided for stable growth from developed markets with higher generic volumes on the cards

Custom Synthesis:

- In Q4, custom synthesis underperformed, which had a high base due to the execution of Big Pharma purchase order
- The company is actively working on over 60 projects and sees healthy momentum overall with scale up in the project pipeline
- The capex plan for Custom Synthesis capability remains as per schedule, which is expected to bring new opportunities and platform technologies

Laurus Bio division:

- Delivered strong recovery with +31% YoY growth. It was mainly driven by improvement in production downtime and traction in CDMO business.
- New site planned is likely to strengthen its capabilities in AOF proteins and growth factors.
- New capacity implemented at R2 is in the ramp up phase and the debottlenecking is expected to be complete by end of Q1FY24

Other highlights:

- Capacity utilisation in Q4FY23 remained at 55-60% levels
- Generic sales in the US are not that significant. Thus, it is less likely to impact the overall business performance due to any uncertainties
- Its future capex is advancing as per plan and remains inclined towards strengthening Custom Synthesis and Non-ARV generics
- R&D spent in FY23 accounted for ~3.5% of revenues
- Increased business in CMO project pipeline & started new Sterile lab

- The API capacities improved by 30% during FY23 and are at various stages of commercial production.
- It was successful in filling dossiers in developed markets like US, Europe and Canada with total 60 products in R&D pipeline.
- Commercial GMP manufacturing for animal products is expected to start production from H2FY24

Exhibit 1: Variance Analysis

	Q4FY23	Q4FY23E	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	Comments
Revenue	1,380.9	1,363.2	1,424.8	-3.1	1,544.8	-10.6	The overall performance was subdued particularly from CDMO-Custom synthesis and ARV's FDF segment
Raw Material Expenses	694.6	613.5	683.3	1.7	719.4	-3.4	
Gross margins (%)	49.7	55.0	52.0	-234.5	53.4	-373.2	
Employee Expenses	134.3	156.8	129.4	3.8	147.4	-8.9	
Other Expenditure	266.5	211.3	215.5	23.7	274.5	-2.9	
EBITDA	285.5	381.7	396.7	-28.0	403.6	-29.2	
EBITDA (%)	20.7	28.0	27.8	-716.5	26.1	-544.6	Margins reduced significantly due to the i) significant change in revenue mix ii)depressed prices for the ARV
Interest	53.1	42.7	30.6	73.8	42.7	24.3	
Depreciation	87.0	84.4	65.7	32.4	84.4	3.0	
Other Income	1.7	1.6	1.3	32.6	1.4	19.6	
PBT before EO & Fore	147.1	256.1	301.7	-51.2	277.9	-47.0	
Forex & EO	0.0	0.0	0.0		0.0		
PBT	147.1	256.1	301.7	-51.2	277.9	-47.0	
Tax	39.9	68.9	69.8	-42.8	74.8	-46.7	
PAT before MI	107.2	187.2	231.9	-53.8	203.1	-47.2	
MI	2.0	0.9	1.2		0.5		
Net Profit	105.3	186.2	230.5	-54.3	202.5	-48.0	Delta vis-à-vis EBITDA on back of higher depreciation and interest expense .
Key Metrics							
Anti Retro Viral API	349.9	370.6	296.5	18.0	372.9	-6.2	ARV API witnessed healthy quarter majorly driven by
Oncology API	128.5	94.6	70.1	83.4	75.8	69.5	
Other APIs	235.6	189.7	172.5	36.6	183.3	28.6	Strong growth led by new contract supplies
API	714.0	654.9	539.0	32.5	632.0	13.0	
Formulations	393.0	286.4	491.0	-20.0	249.0	57.8	Sequential recovery in line but YoY declined 20% due to overall softness in ARV
Custom Synthesis	228.0	400.0	360.0	-36.7	642.0	-64.5	YoY de-growth due to high base due to a big pharma purchase order
Laurus Bio	46.0	22.0	35.0	31.4	22.0	109.1	Growth Driven by improvement in production downtime and traction in CDMO business.

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	6,022.9	6,040.6	0.3	6,804.1	5,607.4	-17.6	7,579.3	6,175.8	-18.5	Changed due to more than expected slowdown in custom synthesis business
EBITDA	1,688.4	1,592.2	-5.7	1,973.2	1,345.8	-31.8	2,235.9	1,544.0	-30.9	
EBITDA Margin (%)	28.0	26.4	-167 bps	29.0	24.0	-500 bps	29.5	25.0	-450 bps	Slowdown in Custom Synthesis will alter margins
PAT	873.4	792.5	-9.3	1,026.6	564.1	-45.1	1,197.5	697.5	-41.8	
EPS (₹)	16.3	14.7	-9.3	19.1	10.5	-45.1	22.3	13.0	-41.8	

Source: ICICI Direct Research

Exhibit 3: Assumptions

(₹ crore)	Current					Earlier			Comments
	FY21	FY22	FY23	FY24E	FY25E	FY23	FY24E	FY25E	
Anti Retro Viral API	1,852.0	1,250.5	1,509.7	1,585.2	1,664.4	1,534.0	1,610.7	1687.3	
Oncology API	263.0	287.8	316.1	354.0	396.5	291.1	326.1	353.9	
Other APIs	506.0	501.1	783.2	900.7	1,035.8	730.4	913.0	975.1	
API	2,621.0	2,039.4	2,609.0	2,839.9	3,096.7	2,555.6	2,849.8	3016.3	
Formulations	1,664.0	1,880.0	1,140.0	1,295.0	1,466.0	1,211.7	1,454.8	1425.0	
Custom Synthesis	519.0	917.0	2,167.0	1,164.0	1,455.0	2,497.0	3,369.8	3087.5	Changed mainly due to higher than expected slowdown in business

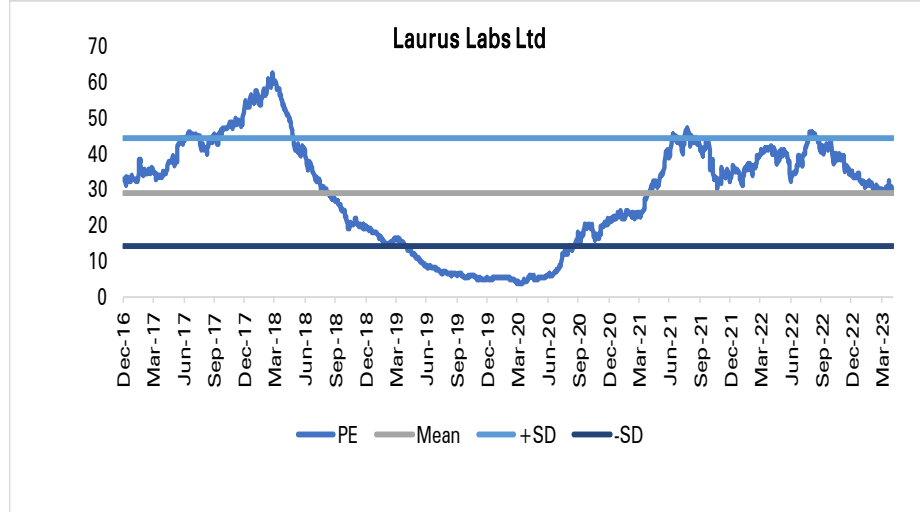
Source: ICICI Direct Research

Exhibit 4: Financial Summary

(₹ crore)	Current					Earlier			Comments
	FY21	FY22	FY23	FY24E	FY25E	FY23	FY24E	FY25E	
Anti Retro Viral API	1,852.0	1,250.5	1,509.7	1,585.2	1,664.4	1,534.0	1,610.7	1687.3	
Oncology API	263.0	287.8	316.1	354.0	396.5	291.1	326.1	353.9	
Other APIs	506.0	501.1	783.2	900.7	1,035.8	730.4	913.0	975.1	
API	2,621.0	2,039.4	2,609.0	2,839.9	3,096.7	2,555.6	2,849.8	3016.3	
Formulations	1,664.0	1,880.0	1,140.0	1,295.0	1,466.0	1,211.7	1,454.8	1425.0	
Custom Synthesis	519.0	917.0	2,167.0	1,164.0	1,455.0	2,497.0	3,369.8	3087.5	Changed mainly due to higher than expected slowdown in business

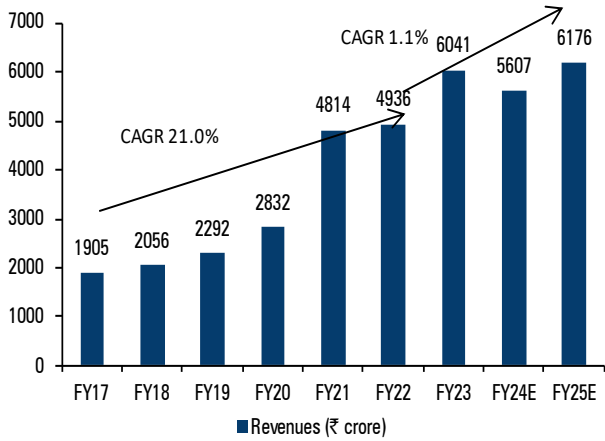
Source: ICICI Direct Research

Exhibit 5: PE Band



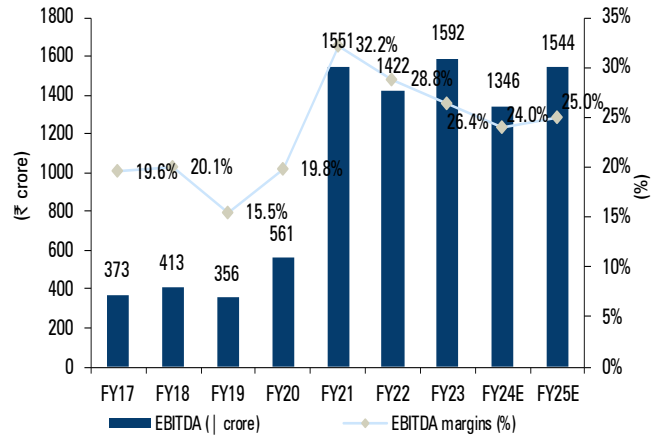
Source: ICICI Direct Research

Exhibit 6: Revenues to remain almost flat in FY23-25E



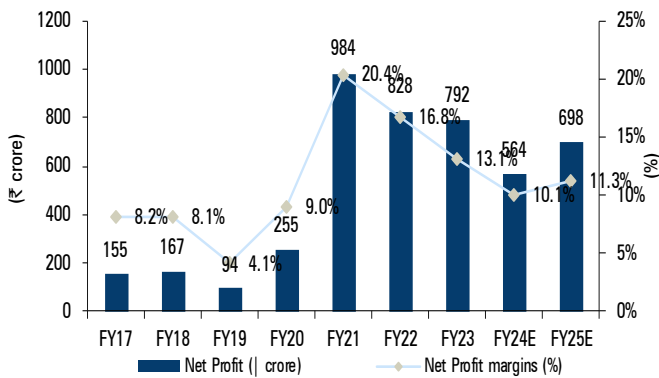
Source: ICICI Direct Research, Company

Exhibit 7: EBITDA & EBITDA margins trend



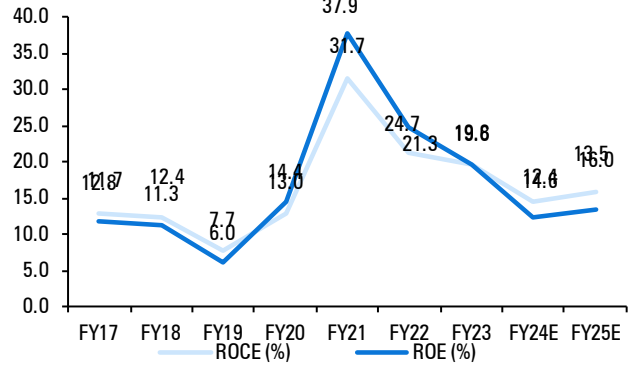
Source: ICICI Direct Research, Company

Exhibit 8: PAT & PAT margins trend



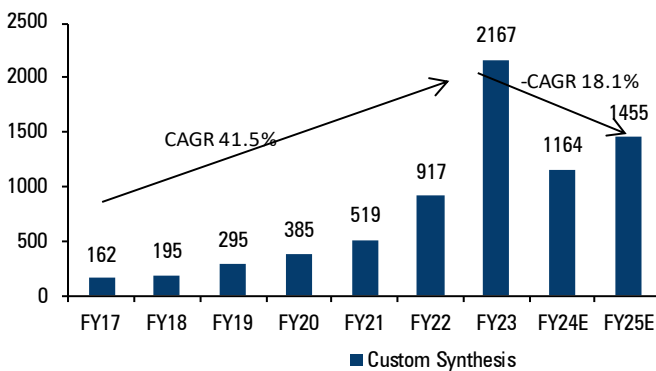
Source: Company, ICICI Direct Research

Exhibit 9: RoE & RoCE trend



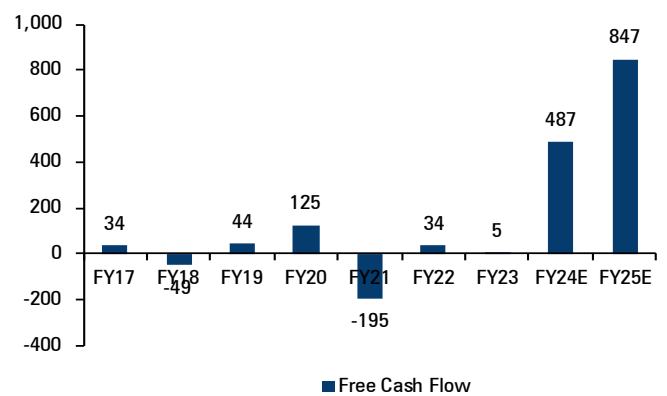
Source: Company, ICICI Direct Research

Exhibit 10: CS to de-grow at 18% CAGR in FY23-FY25E



Source: Company, ICICI Direct Research

Exhibit 11: Positive free cash flow generation, going ahead



Source: Company, ICICI Direct Research

Exhibit 12: Trends in Quarterly Performance

(₹ Crore)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY (%)	QoQ (%)
Total Operating Income	839.1	974.3	1138.8	1288.4	1411.9	1278.5	1203.5	1028.8	1424.8	1538.9	1575.9	1544.8	1380.9	-3.1	-10.6
Raw Material Expenses	418.3	446.1	501.3	583.1	627.8	553.8	532.7	424.0	683.3	653.0	707.4	719.4	694.6	1.7	-3.4
% of revenue	49.8	45.8	44.0	45.3	44.5	43.3	44.3	41.2	48.0	42.4	44.9	46.6	50.3	235 bps	373 bps
Gross Profit	420.8	528.3	637.6	705.3	784.2	724.7	670.8	604.7	741.6	886.0	868.5	825.4	686.3	-7.5	-16.9
Gross Profit Margin (%)	50.2	54.2	56.0	54.7	55.5	56.7	55.7	58.8	52.0	57.6	55.1	53.4	49.7	-235 bps	-373 bps
Employee Expenses	88.1	111.6	108.1	100.6	113.8	127.3	122.9	122.0	129.4	152.0	147.0	147.4	134.3	3.8	-8.9
% of revenue	10.5	11.5	9.5	7.8	8.1	10.0	10.2	11.9	9.1	9.9	9.3	9.5	9.7	64 bps	19 bps
Other Manufacturing Expens	140.9	138.4	155.6	178.4	198.2	202.0	202.9	197.5	215.5	279.8	272.6	274.5	266.5	23.7	-2.9
% of revenue	16.8	14.2	13.7	13.8	14.0	15.8	16.9	19.2	15.1	18.2	17.3	17.8	19.3	418 bps	153 bps
Total Expenditure	647.4	696.0	765.0	862.1	939.7	883.2	858.4	743.5	1028.1	1084.8	1127.0	1141.3	1095.4	6.5	-4.0
% of revenue	77.1	71.4	67.2	66.9	66.6	69.1	71.3	72.3	72.2	70.5	71.5	73.9	79.3	716 bps	545 bps
EBITDA	191.8	278.3	373.9	426.3	472.2	395.4	345.1	285.3	396.7	454.2	448.9	403.6	285.5	-28.0	-29.2
EBITDA Margins (%)	22.9	28.6	32.8	33.1	33.4	30.9	28.7	27.7	27.8	29.5	28.5	26.1	20.7	-716 bps	-545 bps
Depreciation	46.1	48.8	51.0	51.6	53.6	58.5	63.2	64.0	65.7	70.8	81.8	84.4	87.0	32.4	3.0
Interest	20.7	15.1	13.7	17.4	21.9	26.6	22.1	23.1	30.6	29.3	40.1	42.7	53.1	73.8	24.3
Other Income	1.7	7.1	5.1	6.9	4.5	5.9	2.8	5.3	1.3	1.8	1.1	1.4	1.7	32.6	19.6
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
PBT	126.7	221.5	314.3	364.2	401.2	316.1	262.6	203.5	301.7	355.9	328.1	277.9	147.1	-51.2	-47.0
Total Tax	16.6	49.7	72.0	91.3	104.3	74.4	58.6	48.5	69.8	103.3	94.3	74.8	39.9	-42.8	-46.7
Tax rate (%)	13.1	22.4	22.9	25.1	26.0	23.6	22.3	23.8	23.1	29.0	28.7	26.9	27.1	398 bps	20 bps
PAT	110.2	171.8	242.3	272.9	296.9	241.6	204.0	155.0	231.9	252.5	233.8	203.1	107.2	-53.8	-47.2
Minority Interest	0.0	0.0	0.0	0.0	0.2	0.2	2.1	1.2	1.2	1.0	0.4	0.5	2.0		
PAT after MI	110.2	171.8	242.3	272.9	296.7	241.4	201.9	153.8	230.7	251.6	233.4	202.5	105.3	-54.4	-48.0
EPS (₹)	2.0	3.2	4.5	5.1	5.5	4.5	3.8	2.9	4.3	4.7	4.3	3.8	2.0		
No. of Equity Shares (Diluted)	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7		

Source: ICICI Direct Research

Financial Summary

Exhibit 13: Profit and loss statement		₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E	
Revenues	4,935.6	6,040.6	5,607.4	6,175.8	
Growth (%)	2.5	22.4	-7.2	10.1	
Raw Material Expenses	2,193.8	2,774.3	2,691.5	2,902.6	
Employee Expenses	501.5	580.6	672.9	741.1	
Other Manufacturing Expenses	817.8	1,093.4	897.2	988.1	
Total Operating Expenditure	3,513.1	4,448.4	4,261.6	4,631.9	
EBITDA	1,422.4	1,592.2	1,345.8	1,544.0	
Growth (%)	-8.3	11.9	-15.5	14.7	
Interest	102.4	165.2	180.8	149.2	
Depreciation	251.5	324.1	376.4	421.9	
Other Income	15.3	6.0	5.6	6.1	
PBT before Exceptional Items	1,083.9	1,108.9	794.2	979.0	
Less: Forex & Exceptional Items	0.0	0.0	0.0	0.0	
PBT	1,083.9	1,108.9	794.2	979.0	
Total Tax	251.4	312.3	223.7	275.7	
PAT before MI	832.4	796.6	570.5	703.3	
Minority Interest	4.7	3.9	6.4	5.8	
PAT	827.5	792.5	564.1	697.5	
Adjusted PAT	827.5	792.5	564.1	697.5	
Growth (%)	-15.9	-4.2	-28.8	23.7	
EPS	15.4	14.7	10.5	13.0	
EPS (Adjusted)	15.4	14.7	10.5	13.0	

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement		₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E	
Profit/(Loss) after taxation	901.6	823.5	564.1	697.5	
Add: Depreciation & Amortization	251.5	324.1	376.4	421.9	
Net Increase in Current Assets	-241.7	-136.1	-123.9	-178.5	
Net Increase in Current Liabilities	-100.0	-179.2	489.2	256.7	
Others	99.6	163.1	180.8	149.2	
CF from operating activities	911.1	995.3	1,486.6	1,346.8	
(Inc)/dec in Investments	-39.3	-13.1	46.5	-27.4	
(Inc)/dec in Fixed Assets	-876.7	-990.2	-1,000.0	-500.0	
Others	2.1	7.2	19.1	21.0	
CF from investing activities	-913.9	-996.1	-934.4	-506.4	
Inc / (Dec) in Equity Capital	4.3	7.4	0.0	0.0	
Proceeds/(Repayment) Loan	270.2	221.5	-300.0	-300.0	
Dividend & Dividend Tax	-85.9	-107.5	-56.4	-300.0	
Interest	-85.0	-140.4	-180.8	-69.8	
Others	-73.43	-7.83	0.00	150.84	
CF from financing activities	30.3	-26.7	-537.2	-518.9	
Net Cash flow	27.4	-27.5	15.0	321.5	
Opening Cash	48.5	75.9	48.4	63.4	
Closing Cash	75.9	48.4	63.4	385.0	
FCF	34.4	5.1	486.6	846.8	

Source: Company, ICICI Direct Research

Exhibit 15: Balance Sheet		₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E	
Equity Capital	107.5	107.7	107.7	107.7	
Reserve and Surplus	3,243.7	3,929.8	4,437.5	5,065.3	
Total Shareholders fund	3,351.2	4,037.5	4,545.2	5,173.0	
Total Debt	1,914.6	2,015.0	1,715.0	1,415.0	
Minority Interest	7.9	11.1	11.1	11.1	
Deferred Tax Liability	69.1	82.5	90.7	99.8	
Other Non Current Liabilities	150.2	216.7	238.4	262.2	
Long term Provisions	72.7	81.5	89.6	98.6	
Source of Funds	5,565.6	6,444.3	6,690.1	7,059.7	
Gross Block - Fixed Assets	3,510.7	4,590.8	5,790.8	6,490.8	
Accumulated Depreciation	1,104.5	1,428.5	1,804.9	2,226.8	
Net Block	2,406.2	3,162.3	3,985.9	4,264.0	
Capital WIP	813.2	550.8	350.8	150.8	
Net Fixed Assets	3,219.4	3,713.1	4,336.7	4,414.8	
Total Intangible Assets	0.0	0.0	0.0	0.0	
Investments	30.8	49.9	3.4	30.8	
Goodwill on Consolidation	246.3	246.3	246.3	246.3	
Inventory	1,760.3	1,684.8	1,846.3	1,864.2	
Cash	75.9	48.5	63.4	385.0	
Debtors	1,354.2	1,580.4	1,538.5	1,694.5	
Loans & Advances & Other CA	0.0	0.0	0.0	0.0	
Total Current Assets	3,344.6	3,461.7	3,600.5	4,100.6	
Creditors	876.4	710.7	1,149.3	1,350.4	
Provisions & Other CL	526.0	505.4	555.9	611.5	
Total Current Liabilities	1,402.4	1,216.0	1,705.2	1,961.9	
Net Current Assets	1,942.2	2,245.6	1,895.3	2,138.6	
LT L& A, Other Assets	126.9	189.4	208.4	229.2	
Deferred Tax Assets	0.0	0.0	0.0	0.0	
Application of Funds	5,565.7	6,444.4	6,690.1	7,059.7	

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios		₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E	
Per share data (₹)					
EPS	15.4	14.7	10.5	13.0	
Cash EPS	18.5	19.3	16.5	19.5	
BV per share	62.4	75.1	84.6	96.3	
DPS	1.5	1.5	1.0	1.3	
Cash Per Share	20.6	26.6	33.6	41.4	
Operating Ratios (%)					
Gross margins	55.5	54.1	52.0	53.0	
EBITDA margins	28.8	26.4	24.0	25.0	
Net Profit margins	16.8	13.1	10.1	11.3	
Cash Conversion cycle	247.2	223.7	194.7	164.8	
Asset Turnover	1.4	1.3	1.0	1.0	
EBITDA conversion rate	64.1	62.5	110.5	87.2	
Return Ratios (%)					
RoE	24.7	19.6	12.4	13.5	
RoCE	21.3	19.8	14.6	16.0	
RoIC	25.0	21.7	15.4	17.2	
Valuation Ratios (x)					
P/E	19.0	19.8	27.8	22.5	
EV / EBITDA	12.3	11.1	12.9	10.8	
EV / Revenues	3.6	2.9	3.1	2.7	
Market Cap / Revenues	3.2	2.6	2.8	2.5	
Price to Book Value	4.7	3.9	3.5	3.0	
Solvency Ratios					
Debt / Equity	0.6	0.5	0.4	0.3	
Debt / EBITDA	1.3	1.3	1.3	0.9	
Current Ratio	2.3	2.8	2.1	1.9	
Quick Ratio	1.1	1.4	1.0	0.9	
Inventory days	292.9	221.7	250.4	234.4	
Debtor days	100.1	95.5	100.1	100.1	
Creditor days	145.8	93.5	155.9	169.8	

Source: Company, ICICI Direct Research

Exhibit 17: 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	1296	1,385	Buy	16583	55.7	51.2	67.9	76.8	23.3	25.3	19.1	16.9	27.0	21.5	24.3	23.5	21.8	17.5	19.7	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																					
Divi'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	292	300	Hold	15680	15.4	14.7	10.5	13.0	19.0	19.8	27.8	22.5	21.3	19.8	14.6	16.0	24.7	19.6	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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