



## Beat on revenues but margins still below par...

**About the stock:** Lupin is a multinational pharma company engaged in manufacturing & marketing branded & generic formulations, APIs, biotech products as well as OTC medicines across multiple dosage forms & therapeutic categories.

- It is the third largest generic player (by prescriptions) in the US (market leader: 44 products; Top three: 113 products) besides being the sixth largest company in the Indian pharmaceutical market
- The company continues to face headwinds, especially on the US generics front due to persistent price erosion in OSD and plant compliance issues

**Q4FY23 Results:** Revenue beat led by the US and API business.

- Revenues grew 14.1% YoY to ₹ 4430 crore
- EBITDA margins improved 780 bps YoY to 13.6%
- Adjusted PAT came in at ₹ 253 crore

**What should investors do?** Lupin's share price has declined at 1.6% CAGR over the past three years.

- We maintain **HOLD** due to 1) sensitivity of margin recovery on few US launches, 2) ongoing cost rationalisation that is yet to bring sustainable cost reduction, 3) weak return ratios

**Target Price and Valuation:** We value Lupin at ₹ 740 i.e. 22x FY25E EPS of ₹ 33.7.

**Key triggers for future price performance:**

- US** - Resolving regulatory challenges and speeding up approvals and key launches (FY24: tiotropium bromide (gSpiriva) & bromfenac) besides traction from recently acquired inhalation brands- Brovana and Xopenex HFA
- Lupin plans to strengthen the biosimilars portfolio, especially in the EU and US. Change in mix towards complex products and with expense optimisation to improve margin profile
- R&D investment earmarked now to evolve generic portfolio focused towards complex generics in injectable, inhalation along with biosimilars
- Exploring both organic and inorganic opportunities in different therapies for domestic formulations

**Alternate Stock Idea:** Apart from Lupin, in our healthcare coverage we like Cipla.

- Cipla has a long-drawn strategy of targeting four verticals viz. One-India, South Africa & EMs, US generics & specialty and lung leadership
- BUY with a target price of ₹ 1290

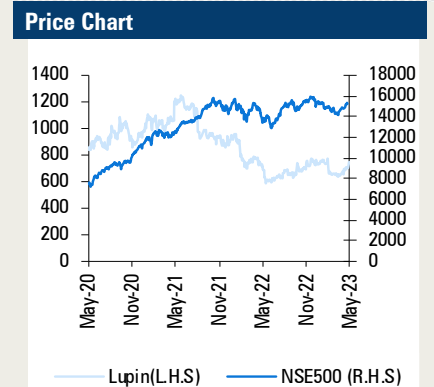
### Key Financial Summary

Key Financials (₹ Crore)	FY21	FY22	5 year CAGR (FY17-22)	FY23	FY24E	FY25E	2 year CAGR (FY23-25E)
Revenues	15163.0	16405.4	-1.3	16641.7	17997.1	19843.8	9.2
EBITDA	2657.8	2097.2	-14.1	1718.0	2975.4	3578.4	44.3
EBITDA margins(%)	17.5	12.8		10.3	16.5	18.0	
Net Profit	1216.5	538.0	-190.2	381.7	1174.2	1527.1	100.0
EPS (₹)	26.9	11.9		8.4	25.9	33.7	
PE (x)	28.3	NA		80.0	29.3	22.5	
EV to EBITDA (x)	13.2	17.3		21.5	12.1	9.7	
RoNW (%)	8.8	4.4		3.1	8.8	10.4	
RoCE (%)	9.6	3.4		5.1	10.7	12.7	

Source: Company, ICICI Direct Research

Particulars	Amount
Market Capitalisation	₹ 34551 crore
Debt (FY23)	₹ 4355 crore
Cash (FY23)	₹ 1293 crore
EV	₹ 37613 crore
52 week H/L (₹)	789/583
Equity capital	₹ 90.9 crore
Face value (₹)	₹ 2

Shareholding pattern (in %)	Jun-22	Sep-22	Dec-22	Mar-23
Promoter	47.1	47.1	47.1	47.1
Others	52.9	52.9	52.9	52.9



### Recent Event & Key risks

- Acquisition of French injectable company Medisol
- Key Risk:** (i) Delay in resolution of regulatory hurdles (ii) Normalisation in US price erosion

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## Key takeaways of recent quarter & conference call highlights

### Q4FY23 Results: Strong revenues growth led by US business

- Revenues grew 14.1% YoY to ₹ 4,430 crore. India business grew 9.4% YoY to ₹1479 crore. US grew 9.5% YoY at ₹ 1,550 crore. South Africa de-grew 7% YoY at ₹ 196 crore. RoW grew ~12% YoY to ₹ 525 crore. API strongly grew 46.4% YoY to ₹ 323 crore. On the operational front, EBITDA margins improved 780 bps YoY to 13.6%. Adjusted PAT came in at ~₹ 253 crore
- Beat vis-a-vis I-direct estimate was mainly due to better-than-expected US and API sales. On the margins front, the disappointment continues as both the GPM and EBITDA were muted. Going ahead, progress on the margins front would be the key determinant for an upgrade

### ESG Disclosure Score\*

Score	FY20	FY21	FY22
Environmental	-	17.5	22.6
Social	-	20.2	34.4
Governance	-	78.6	78.6
<b>Overall ESG Score</b>	<b>-</b>	<b>38.8</b>	<b>45.3</b>

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

### Q4FY23 Earnings Conference Call highlights:

#### India:

- The company made a significant investment to expand its sales force in-order to enhance its reach. It added ~1,000 MRs during the year

#### US:

- Suprep revenues supported the US business
- The margins improved due to portfolio optimisation, through maximising the high-value products and continued cost optimisation efforts
- R&D spend for US was at US\$100 million with an increasing proportion towards complex generics in particular inhalation and injectables
- It filed 19 products in the US, which included four injectables, three nasal sprays. It also made progress on Respimat and Elliпта products

#### RoW:

- EMEA business grew, driven by South Africa business. In APAC, Philippines subsidiary performed very well
- Germany showed de-growth due to higher base YoY

#### API:

- API business recovered in the quarter with demand growth from its core products
- Overall sales continued on the path to recovery from higher sales in Cefaclor and 7-ACCA

### Other highlights:

- The management has inclined its focus towards complex generics with major interest in respiratory and injectable products
- The company has progressed on the Ankleshwar, Nagpur injectables and Somerset sites
- The recent acquisition of Medisol in France would enable it to accelerate its injectables franchise in Europe
- It successfully launched products like Darunavir and others in the US
- The management has guided to work on write-offs and other initiatives, including launch of meaningful products that is likely to improve the margin profile
- During the quarter, other income included ₹ 59 crore from PLI led reimbursement from the government
- It made an alliance with Caplin Sterile to market various injectable products in the US

**Exhibit 1: Variance Analysis**

(₹ crore)	Q4FY23	Q4FY23E	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	Comments
Revenue	4,430.1	4,064.0	3,883.0	14.1	4,322.3	2.5	Strong growth driven by US and API Business
Raw Material Expenses	1,750.0	1,584.9	1,632.2	7.2	1,707.1	2.5	
as % of sales	39.5	39.0	42.0	-253 bps	39.5	1 bps	
Employee Expenses	773.0	790.4	703.1	9.9	764.0	1.2	
Other Expenditure	1,303.3	1,117.6	1,321.2	-1.4	1,335.0	-2.4	
EBITDA	603.8	571.0	226.5	166.6	516.1	17.0	
EBITDA (%)	13.6	14.1	5.8	780 bps	11.9	169 bps	Cost optimisation and PLI benefits
Interest	92.6	55.8	41.5	123.2	84.1	10.1	
Depreciation	264.0	220.4	327.2	-19.3	220.4	19.8	
Other Income	37.3	16.9	15.7	137.7	18.0	107.5	
PBT	258.2	311.6	-85.2	-403.2	246.2	4.9	
Tax	16.1	111.9	426.7	-96.2	88.5	-81.8	
PAT before MI	242.1	199.7	-511.9	-147.3	157.8	53.4	
Minority Interest	6.4	5.3	6.3	2.9	4.2	53.8	
Net Profit	235.8	194.6	-518.0	-145.5	153.6	53.5	
Adjusted PAT	252.7	194.6	-525.0	-148.1	143.0	76.7	
<b>Key Metrics</b>							
India	1,478.6	1,459.2	1,351.1	9.4	1,521.3	-2.8	
US	1,550.3	1,382.3	1,416.2	9.5	1,527.1	1.5	Higher growth from Suprep led to performance
South Africa	195.7	193.9	210.4	-7.0	144.6	35.4	
ROW markets	525.3	493.2	469.7	11.8	534.5	-1.7	
API	322.6	275.4	220.3	46.4	281.5	14.6	Growth driven by seasonality

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

(₹ crore)	FY23			FY24E			FY25E		
	Old	New	Change	Old	New	Change	Old	New	% Change
Revenue	16,275.6	16,641.7	2.2	17,703.6	17,997.1	1.7	19,590.0	19,843.8	1.3
EBITDA	1,685.2	1,718.0	1.9	2,926.5	2,975.4	1.7	3,532.0	3,578.4	1.3
EBITDA Margin (%)	10.4	10.3	-3 bps	16.5	16.5	0 bps	18.0	18.0	3 bps
PAT	388.9	430.2	10.6	1,163.3	1,174.2	0.9	1,494.0	1,527.1	2.2
EPS (₹)	8.6	9.5	10.6	25.7	25.9	0.9	33.0	33.7	2.1

Source: ICICI Direct Research

**Exhibit 3: Assumptions**

(₹ crore)	Current					Earlier		
	FY21	FY22	FY23	FY24E	FY25E	FY23	FY24E	FY25E
India	5,271.2	6,004.1	6,076.0	6,683.6	7,352.0	6,212.4	6,957.9	7,328.5
US	5,552.0	5,755.8	5,417.3	5,832.1	6,301.4	5,035.9	5,573.2	6,327.5
EMEA (Ex South Africa)	681.4	670.6	903.5	1,011.9	1,133.4	784.5	878.6	1,000.4
South Africa	596.6	688.5	647.9	701.4	736.4	693.2	730.1	753.2
ROW markets	1,443.5	1,710.0	2,116.3	2,370.3	2,654.7	2,053.5	2,299.9	2,614.4
API	1,382.3	990.4	1,109.1	1,164.6	1,222.8	1,049.6	1,102.1	1,170.7

Source: ICICI Direct Research

**Exhibit 4: Financial Summary**

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	15163	-7.5	26.9	NA	28.3	13.2	8.8	9.6
FY22	16405	8.2	11.9	NA	NA	17.3	4.4	3.4
FY23	16642	1.4	8.4	-29.0	80.0	21.5	3.1	5.1
FY24E	17997	8.1	25.9	207.6	29.3	12.1	8.8	10.7
FY25E	19844	10.3	33.7	30.1	22.5	9.7	10.4	12.7

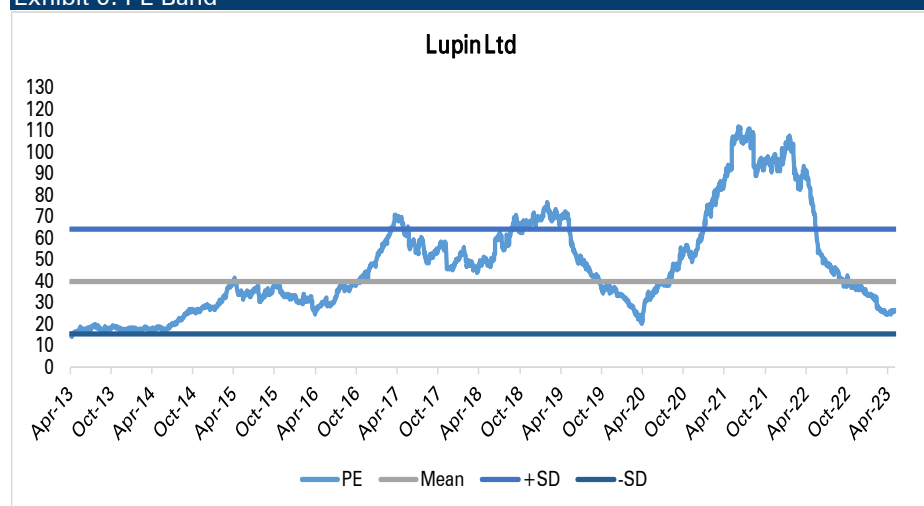
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ crore)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY (%)	QoQ (%)
US	1579.1	1216	1398.4	1442.4	1495.2	1333	1429.1	1577.5	1416.2	1010.4	1329.5	1527.1	1550.3	9.5	1.5
EMEA (Ex South Af	187.7	150.5	192.1	174.1	164.7	118.7	167.7	187.5	196.8	193.9	216.2	235.6	257.8	31.0	9.4
Japan	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		
India	1192.1	1285.4	1332.3	1366.9	1286.6	1636.2	1543.5	1473.3	1351.1	1492.0	1584.1	1521.3	1478.6	9.4	-2.8
South Africa	177.3	99.5	133.8	153.1	210.2	142.6	180.7	154.7	210.4	139.6	168.0	144.6	195.7	-7.0	35.4
RoW	326.2	308.2	351.3	437.0	347.0	387.6	414.6	438.1	469.7	513.0	543.5	534.5	525.3	11.8	-1.7
API	328.6	409.0	373.9	343.8	255.6	245.9	267.8	256.4	220.3	255.1	249.9	281.5	322.6	46.4	14.6
Net Sales	3791.0	3468.6	3781.8	3917.3	3759.3	4237.4	4003.4	4087.5	3864.5	3604.0	4091.2	4244.6	4330.3	12.1	2.0
OOI	54.7	59.2	53.2	100.1	23.8	32.8	87.9	73.4	18.5	139.9	54.4	77.7	99.8	438.5	28.5
Revenues	3845.7	3527.9	3835.0	4017.4	3783.1	4270.2	4091.3	4160.9	3883.0	3743.8	4145.5	4322.3	4430.1	14.1	2.5
RM Cost	1405.0	1288.0	1381.7	1375.0	1317.6	1528.0	1626.5	1694.6	1632.2	1609.8	1712.8	1707.1	1750.0	7.2	2.5
% of Revenue	36.5	36.5	36.0	34.2	34.8	35.8	39.8	40.7	42.0	43.0	41.3	39.5	39.5		
Gross Profit	2440.8	2239.9	2453.3	2642.4	2465.5	2742.2	2464.9	2466.3	2250.8	2134.0	2432.8	2615.1	2680.0	19.1	2.5
GPM (%)	63.5	63.5	64.0	65.8	65.2	64.2	60.2	59.3	58.0	57.0	58.7	60.5	60.5	253	-1
Employee Cost	763.6	793.6	685.3	706.8	640.2	783.7	758.6	743.8	703.1	778.5	771.6	764.0	773.0	9.9	1.2
% of Revenue	19.9	22.5	17.9	17.6	16.9	18.4	18.5	17.9	18.1	20.8	18.6	17.7	17.4	-65.9	-22.7
Other expenditure	1150.9	958.2	1186.8	1156.9	1117.8	1030.9	1142.5	1351.8	1321.2	1191.6	1226.9	1335.0	1303.3	-1.4	-2.4
% of Revenue	29.9	27.2	30.9	28.8	29.5	24.1	27.9	32.5	34.0	31.8	29.6	30.9	29.4		
Total Expenditure	3319.4	3039.8	3253.8	3238.6	3075.6	3342.6	3527.6	3790.2	3656.6	3579.9	3711.4	3806.1	3826.3	4.6	0.5
% of Revenue	86.3	86.2	84.8	80.6	81.3	78.3	86.2	91.1	94.2	95.6	89.5	88.1	86.4	-779.7	-168.7
EBITDA	526.3	488.1	581.2	778.7	707.6	927.6	563.7	370.7	226.5	163.9	434.2	516.1	603.8	166.6	17.0
EBITDA Margin (%)	13.7	13.8	15.2	19.4	18.7	21.7	13.8	8.9	5.8	4.4	10.5	11.9	13.6	779.7	168.7
Other income	208.6	43.3	25.0	21.2	48.6	27.8	72.8	34.1	15.7	5.6	14.9	18.0	37.3	137.7	107.5
Interest	107.4	44.3	33.6	30.9	31.8	33.5	34.4	33.4	41.5	42.8	54.9	84.1	92.6	123.2	10.1
Depreciation	214.3	214.6	212.7	244.3	215.7	208.8	919.3	203.4	327.2	192.8	203.5	220.4	264.0	-19.3	19.8
PBT	496.4	272.5	359.8	524.7	508.6	713.2	-2196.8	168.0	-125.4	-66.1	190.8	229.6	284.5	-326.9	23.9
Tax	105.1	164.3	146.7	83.5	54.0	202.3	-109.9	-382.0	426.7	89.1	75.1	88.5	16.1	-96.2	-81.8
Tax rate (%)	21.2	60.3	40.8	15.9	10.6	28.4	5.0	-227.4	-340.4	-134.8	39.4	38.5	5.7		
PAT	391.3	108.1	213.1	441.2	454.6	510.8	-2086.9	550.0	-552.1	-155.2	115.7	141.2	268.4	-148.6	90.1
PAT Margin (%)	10.2	3.1	5.6	11.0	12.0	12.0	-51.0	13.2	-14.2	-4.1	2.8	3.3	6.1		
Minority Interest	1.7	1.8	2.5	3.1	4.0	5.7	3.2	3.6	6.3	2.3	4.7	4.2	6.4	2.9	53.8
PAT After MI	389.6	106.3	210.6	438.1	450.6	505.1	-2090.1	546.4	-558.3	-157.5	110.9	137.0	261.9	-146.9	91.2
Adjusted PAT	324.1	106.9	211.0	438.3	460.4	542.5	-312.2	545.5	-525.0	-89.1	117.7	143.0	252.7	-148.1	76.7
EPS (₹)	7.1	2.4	4.6	9.6	10.1	11.9	-6.9	12.0	-11.5	-2.0	2.6	3.1	5.6		

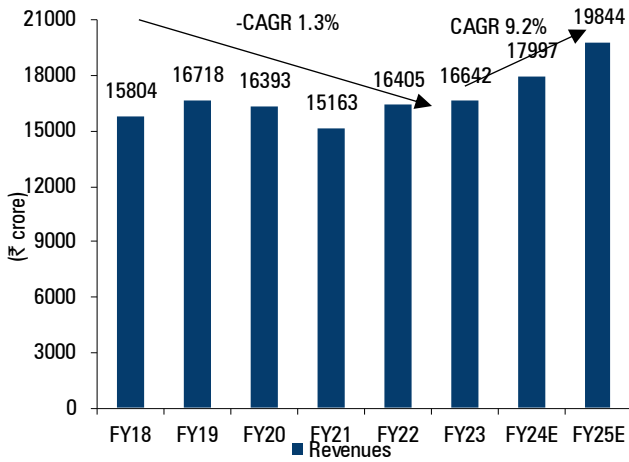
Source: ICICI Direct Research

Exhibit 6: PE Band



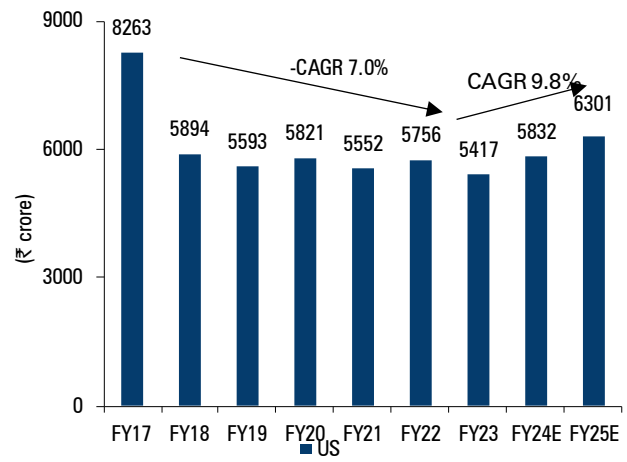
Source: ICICI Direct Research

Exhibit 7: Revenues to grow at 9.2% CAGR over FY23-25E



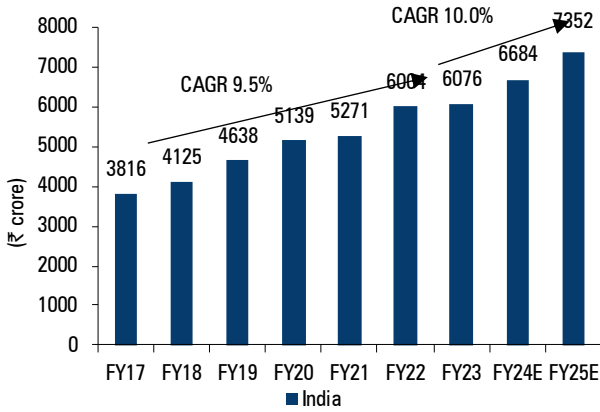
Source: Company, ICICI Direct Research

Exhibit 8: US to grow at 9.8% CAGR over FY23-25E



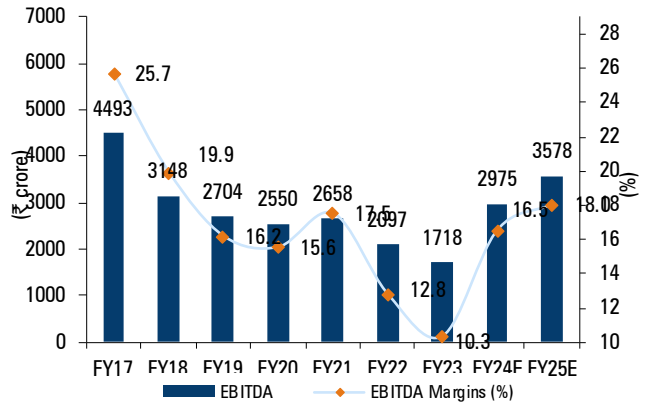
Source: Company, ICICI Direct Research

Exhibit 9: India to grow at CAGR of 10% over FY23-25E



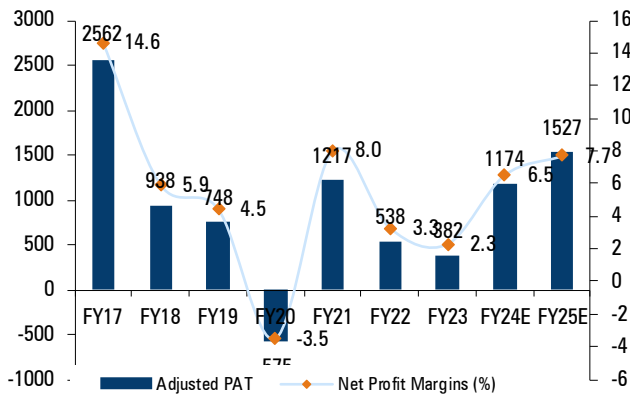
Source: Company, ICICI Direct Research

Exhibit 10: EBITDA & EBITDA margins trend



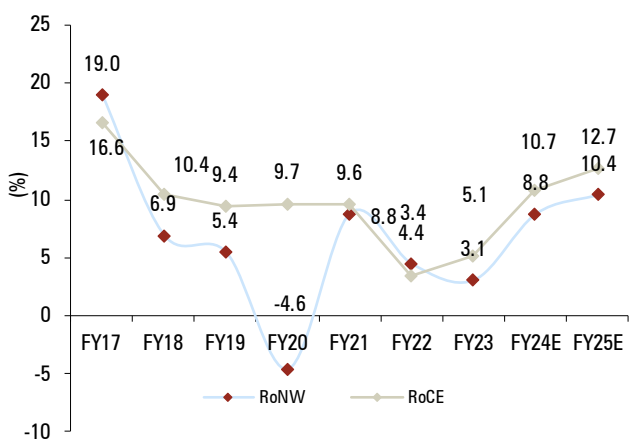
Source: Company, ICICI Direct Research

Exhibit 11: PAT & PAT margins trend



Source: Company, ICICI Direct Research

Exhibit 12: RoE & RoCE trend



Source: Company, ICICI Direct Research

**Exhibit 13: Power Brands**

Brand	Therapy	Mar-20	Mar-21	Mar-22	Mar-23	CAGR 20-23	YoY
GLUCONORM	ANTI DIABETIC	239.75	267.18	290.15	305.42	8.4%	5.3%
BUDAMATE	RESPIRATORY	153.06	157.93	193.13	215.10	12.0%	11.4%
HUMINSULIN	ANTI DIABETIC	193.44	197.63	207.10	210.06	2.8%	1.4%
IVABRAD	CARDIAC	78.14	96.66	118.00	130.47	18.6%	10.6%
AJADUO	ANTI DIABETIC	61.23	86.31	105.42	114.06	23.0%	8.2%
TONACT	CARDIAC	99.80	108.64	107.40	112.02	3.9%	4.3%
ONDERO	ANTI DIABETIC	100.89	114.45	120.84	108.52	2.5%	-10.2%
RABLET-D	GASTRO INTESTINAL	82.64	86.91	95.66	107.15	9.0%	12.0%
TELEKAST-L	ANTI-INFECTIVES	67.33	64.03	88.71	102.24	14.9%	15.3%
GIBTULIO	ANTI DIABETIC	116.23	133.01	117.29	96.15	-6.1%	-18.0%
<b>Top 10 Brands</b>		<b>1,192.52</b>	<b>1,312.75</b>	<b>1,443.70</b>	<b>1,501.19</b>	<b>8.0%</b>	<b>4.0%</b>

Source: IQVIA, ICICI Direct Research

**Exhibit 14: Therapeutic Break up**

Therapy	Mar-20	Mar-21	Mar-22	Mar-23	CAGR 20-23	YoY
CARDIAC	1,100.77	1,244.24	1,399.91	1,499.42	10.9%	7.1%
ANTI DIABETIC	1,205.64	1,366.30	1,468.84	1,485.54	7.2%	1.1%
RESPIRATORY	713.78	705.79	940.42	1,016.75	12.5%	8.1%
GASTRO INTESTINAL	426.66	443.14	518.49	598.02	11.9%	15.3%
ANTI-INFECTIVES	542.13	436.94	488.66	478.75	-4.1%	-2.0%
GYNAEC.	245.79	235.63	298.33	379.19	15.5%	27.1%
VITAMINS/MINERALS/NUTRIENTS	302.02	307.93	368.18	347.03	4.7%	-5.7%
NEURO / CNS	253.02	282.93	309.49	337.87	10.1%	9.2%
PAIN / ANALGESICS	261.65	230.40	258.95	288.11	3.3%	11.3%
ANTI-TB	192.78	175.74	194.59	219.64	4.4%	12.9%
<b>Top Therapies</b>	<b>5,244.23</b>	<b>5,429.04</b>	<b>6,245.86</b>	<b>6,650.32</b>	<b>8.2%</b>	<b>6.5%</b>
<b>Total IQVIA Sales</b>	<b>5,508.50</b>	<b>5,688.25</b>	<b>6,544.69</b>	<b>6,966.83</b>	<b>8.1%</b>	<b>6.5%</b>

Source: IQVIA, ICICI Direct Research

## Financial Summary

Exhibit 15: Profit and loss statement				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
<b>Total Operating Inco</b>	<b>16,405.4</b>	<b>16,641.7</b>	<b>17,997.1</b>	<b>19,843.8</b>
Growth (%)	8.2	1.4	8.1	10.3
Raw Material Expenses	6,481.2	6,779.8	6,838.9	7,342.2
Employee Expenses	2,989.3	3,087.2	3,374.5	3,542.1
Other expenditure	4,837.7	5,056.8	4,808.3	5,381.1
Total Operating Expenditu	14,308.3	14,923.7	15,021.7	16,265.4
<b>EBITDA</b>	<b>2,097.2</b>	<b>1,718.0</b>	<b>2,975.4</b>	<b>3,578.4</b>
Growth (%)	-21.1	-18.1	73.2	20.3
Depreciation	1,658.7	880.7	1,157.5	1,210.0
Interest	142.8	274.3	250.6	218.1
Other Income	141.7	75.7	155.4	90.3
PBT	505.8	716.3	1,722.8	2,240.6
EO	1878.4	0.0	0.0	0.0
Total Tax	137.2	268.8	516.8	672.2
PAT before MI	-1,509.8	447.5	1,205.9	1,568.4
Minority Interest	18.7	17.6	31.9	41.5
<b>Adjusted PAT</b>	<b>538.0</b>	<b>381.7</b>	<b>1,174.2</b>	<b>1,527.1</b>
Growth (%)	NA	-29.0	207.6	30.1
<b>EPS (Adjusted)</b>	<b>11.9</b>	<b>8.4</b>	<b>25.9</b>	<b>33.7</b>

Source: Company, ICICI Direct Research

Exhibit 16: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Profit/(Loss) after taxation	-1325.3	470.0	1174.2	1527.1
Depreciation	1658.7	880.7	1157.5	1210.0
Other operating Activities	142.8	274.3	250.6	218.1
(inc)/dec in Current Assets	-539.6	-108.0	-565.8	-971.4
Inc/ (dec) in Current Liabilities	524.5	438.0	332.2	457.7
<b>CF from Operating Activiti</b>	<b>367.3</b>	<b>1897.4</b>	<b>2348.8</b>	<b>2441.6</b>
Purchase of Fixed Assets	-1044.8	-1752.1	-910.0	-750.0
(Inc)/Dec in Investments	1589.1	395.8	0.0	0.0
Other Investing Activities	747.9	69.6	36.4	40.1
<b>CF from Investing Activiti</b>	<b>1292.2</b>	<b>-1286.8</b>	<b>-873.6</b>	<b>-709.9</b>
Inc / (Dec) in Loan Funds	-1169.3	70.0	-500.0	-500.0
Inc / (Dec) in Equity Capital	0.2	0.1	0.0	0.0
Dividend and dividend tax	-295	-183	-227	-227
Other Financing Activities	-108.1	-224.4	-222.6	-217.1
<b>CF from Financing Activiti</b>	<b>-1572.3</b>	<b>-336.8</b>	<b>-949.6</b>	<b>-944.1</b>
Net Cash Flow	87	274	526	788
Opening Cash	926	991	1,265	1,791
<b>Closing Cash</b>	<b>1,013.4</b>	<b>1,265.1</b>	<b>1,790.8</b>	<b>2,578.3</b>
<b>Free Cash flow</b>	<b>-677.5</b>	<b>145.4</b>	<b>1,438.8</b>	<b>1,691.6</b>
FCF yield	-2%	0%	4%	5%

Source: Company, ICICI Direct Research

Exhibit 17: Balance Sheet				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Equity Capital	90.9	91.0	91.0	91.0
Reserve and Surplus	12,062.4	12,373.5	13,321.2	14,621.8
Total Shareholders funds	12,153.3	12,464.5	13,412.2	14,712.8
Total Debt	3,936.4	4,355.1	3,855.1	3,355.1
Deferred Tax Liability	240.8	229.4	252.4	277.6
Minority Interest	68.7	78.3	86.2	94.8
Other NCL & LT Provisior	940.1	890.7	979.8	1,077.8
<b>Total Liabilities</b>	<b>17,339</b>	<b>18,018</b>	<b>18,586</b>	<b>19,518</b>
Gross Block - Fixed Asse	13,866.2	15,625.9	16,535.9	17,285.9
Accumulated Depreciatio	8,608.7	9,489.4	10,646.9	11,856.9
Net Block	5,257.5	6,136.5	5,889.0	5,429.0
Capital WIP	1,146.3	1,238.0	1,238.0	1,238.0
Total Fixed Assets	6,403.8	7,374.5	7,127.0	6,667.0
Investments	900.0	516.9	516.9	516.9
Goodwill on Consolidation	2,124.1	2,218.8	2,218.8	2,218.8
Inventory	4,630.7	4,491.8	4,496.8	4,827.8
Debtors	4,261.9	4,480.7	4,866.8	5,315.2
Loans and Advances	2.3	2.1	2.3	2.6
Other Current Assets	1,642.2	1,743.8	1,918.2	2,110.0
Cash	1,098.1	1,293.1	1,790.8	2,578.3
Total Current Assets	11,635.3	12,011.5	13,074.9	14,833.9
Creditors	2,282.9	2,531.5	2,623.1	2,816.2
Provisions & Other CL	2,199.0	2,406.2	2,646.8	2,911.5
Total Current Liabilities	4,481.9	4,937.8	5,270.0	5,727.7
Net Current Assets	7,153.4	7,073.8	7,804.9	9,106.2
Deferred Tax Assets	169.7	155.7	171.2	188.3
Long term Loans and adv	0.2	4.0	4.4	4.9
Other Non current assets	588.1	674.6	742.0	816.2
<b>Application of Funds</b>	<b>17,339</b>	<b>18,018</b>	<b>18,585</b>	<b>19,518</b>

Source: Company, ICICI Direct Research

Exhibit 18: Key ratios				
(Year-end March)	FY22	FY23	FY24E	FY25E
<b>Per Share data (₹)</b>				
Reported EPS	-33.7	9.5	25.9	33.7
BV per share	268.3	275.1	296.0	324.8
Dividend per share	4.0	4.0	5.0	5.0
Cash per Share	24.2	28.5	39.5	56.9
<b>Operating Ratios (%)</b>				
Gross Margin	60.5	59.3	62.0	63.0
EBITDA margin	12.8	10.3	16.5	18.0
PAT Margin	3.3	2.3	6.5	7.7
Inventory Days	260.8	241.8	240.0	240.0
Debtor Days	94.8	98.3	98.7	97.8
Creditor Days	128.6	136.3	140.0	140.0
Asset Turnover	1.2	1.1	1.1	1.1
EBITDA conversion Rate	17.5	110.4	78.9	68.2
<b>Return Ratio (%)</b>				
RoE	4.4	3.1	8.8	10.4
RoCE	3.4	5.1	10.7	12.7
RoIC	3.1	5.6	12.2	15.7
<b>Valuation Ratios (x)</b>				
P/E	NA	80.0	29.3	22.5
EV / EBITDA	17.3	21.5	12.1	9.7
EV / Net Sales	2.2	2.2	2.0	1.7
Market Cap / Sales	2.1	2.1	1.9	1.7
Price to Book Value	2.8	2.8	2.6	2.3
<b>Solvency Ratios</b>				
Debt / EBITDA	1.9	2.5	1.3	0.9
Debt / Equity	0.3	0.3	0.3	0.2
Current Ratio	2.4	2.2	2.1	2.1

Source: Company, ICICI Direct Research

Exhibit 19: ICICI Direct 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
<b>Hospitals</b>																					
Apollo Hospitals	APOHOS	4595	5,460	Buy	66172	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	763	870	Buy	15574	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	138	180	Buy	1495	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	248	280	Buy	12395	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	276	385	Buy	3838	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	820	840	Buy	8366	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
<b>MNC Pharma</b>																					
Abbott India	ABBIND	21236	21,025	Hold	44596	380.3	476.5	519.3	584.0	55.8	44.6	40.9	36.4	36.6	39.7	35.6	33.5	28.3	30.9	27.5	25.8
P&G Health	MERLIM	4725	5,315	Buy	8033	113.2	165.6	166.2	183.2	41.7	28.5	28.4	25.8	39.8	51.2	44.7	43.1	31.2	38.6	33.5	32.2
Sanofi India	SANOFI	6206	6,270	Hold	14273	410.6	269.8	251.4	272.7	15.1	23.0	24.7	22.8	33.3	55.1	49.6	45.0	25.9	41.2	36.9	33.3
Pfizer	PFIZER	3796	4,505	Hold	17463	133.2	139.7	149.3	162.0	28.5	27.2	25.4	23.4	26.1	23.5	24.0	22.6	21.4	17.6	18.4	17.3
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	1268	1,520	Buy	16230	55.7	46.5	59.9	69.2	22.8	27.3	21.2	18.3	27.0	21.3	23.5	23.3	21.8	17.4	19.2	18.9
Alembic Pharma	ALEMPHA	567	530	Hold	11170	27.7	17.4	14.1	22.1	20.5	32.7	40.3	25.7	10.6	8.6	8.0	11.6	10.4	7.8	6.2	9.1
Aurobindo Pharma	AURPHA	606	525	Hold	35535	47.4	34.8	46.2	52.4	12.8	17.4	13.1	11.6	12.9	10.2	12.6	13.1	11.3	7.7	9.3	9.6
Biocon	BIOCON	246	230	Hold	29581	6.3	4.9	3.1	3.1	38.8	49.8	78.3	78.3	7.5	3.3	5.1	6.2	8.1	2.7	6.2	8.3
Zydus Lifesciences	CADHEA	513	500	Buy	52531	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	944	1,290	Buy	76149	32.9	38.3	45.5	52.5	28.7	24.7	20.7	18.0	16.7	18.4	19.1	19.8	12.7	13.3	14.1	14.5
Dr Reddy's Lab	DRREDD	4532	5,520	Buy	75231	127.2	269.3	230.2	256.5	35.6	16.8	19.7	17.7	12.5	23.9	18.8	21.1	11.0	19.2	14.4	14.2
Glenmark	GLEPHA	580	440	Hold	16360	42.7	33.3	47.4	54.8	13.6	17.4	12.2	10.6	14.8	14.9	15.7	16.4	13.2	9.4	11.9	12.2
Ipca Lab	IPCLAB	704	885	Hold	17874	34.8	20.8	31.4	37.0	20.2	33.8	22.4	19.0	17.4	12.1	15.7	16.5	16.1	8.9	12.1	12.7
Lupin	LUPIN	765	740	Hold	34828	11.9	8.4	25.9	33.7	64.5	90.9	29.5	22.7	3.4	5.1	10.7	12.7	4.4	3.1	8.8	10.4
Natco	NATPHA	638	565	Hold	11674	9.3	36.3	40.3	30.2	68.7	17.6	15.8	21.1	4.6	15.9	16.5	11.6	4.0	13.9	13.6	9.4
Sun Pharma	SUNPHA	961	1,210	Buy	230640	32.0	34.9	38.6	43.2	30.1	27.5	24.9	22.2	18.2	17.2	18.1	18.1	16.0	15.2	14.7	14.7
Torrent Pharma	TORPHA	1661	1,720	Hold	56147	32.0	36.3	45.1	53.8	51.8	45.7	36.8	30.9	19.7	17.1	20.4	23.3	18.2	17.9	19.0	19.4
Indoco Remedies	INDREM	342	440	Buy	3146	16.8	17.9	26.7	31.5	20.4	19.1	12.8	10.9	17.5	15.6	21.9	24.7	17.1	15.9	19.8	19.4
Caplin Point	CAPPOI	688	865	Buy	5229	39.5	48.8	47.9	47.9	17.4	14.1	14.4	14.4	25.3	23.5	22.4	22.4	20.2	20.2	16.7	16.7
Advanced Enzyme	ADVENZ	277	265	Reduce	3103	9.4	13.6	15.3	15.3	29.3	20.4	18.1	18.1	19.4	14.3	10.8	14.2	19.4	14.3	10.8	14.2
Hester Bios	HESPHA	1800	1,830	Hold	1620	45.7	35.6	49.7	59.8	39.4	50.5	36.2	30.1	10.9	9.9	10.9	12.0	15.0	10.7	13.5	14.4
<b>API/CRAMS</b>																					
Divis Lab	DIVLAB	3329	2,945	Hold	88224	111.5	72.8	77.4	95.0	29.9	45.7	43.0	35.0	30.2	18.2	18.3	18.3	21.3	25.2	15.0	15.0
Hikal	HIKCHE	301	375	Hold	3697	13.0	5.7	14.6	20.7	23.1	52.8	20.6	14.5	13.6	7.2	14.3	17.7	15.0	6.3	14.1	17.0
Syngene International	SYNINT	708	740	Buy	28387	9.9	11.6	13.3	17.9	71.7	61.1	53.2	39.6	11.7	13.8	14.2	16.9	12.9	12.8	13.0	14.9
Granules India	GRANUL	299	355	Buy	7411	16.6	21.4	16.6	16.6	18.0	14.0	18.0	18.0	15.6	20.0	15.6	15.6	16.0	18.7	16.0	16.0
Laurus Labs	LAULAB	321	300	Hold	17262	15.4	14.7	10.5	10.5	20.9	21.8	30.6	30.6	21.3	19.8	14.6	16.0	24.7	19.6	12.4	13.5
Suven Pharma	SUVPH	474	530	Buy	12092	17.8	14.7	17.7	20.0	26.6	32.2	26.9	23.7	37.5	26.0	25.6	24.5	29.7	20.6	20.5	19.5

Source: ICICI Direct Research



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