



## Steady quarter amid seasonality; focus on new capex

**About the stock:** Narayana Hrudayalaya operates a chain of multispecialty, tertiary & primary healthcare facilities that initially focused on cardiac & renal but expanded to cancer, neurology, neurosurgery, orthopaedics and gastroenterology facilities.

- NHL's network comprises 21 hospitals (including two managed hospitals), four heart centres, 18 primary care facilities (including clinics and information centres) and a multi-speciality hospital in Cayman Islands)
- Revenue mix Q3FY23 – India: ₹ 928.3 crore; (Bengaluru:35%, Southern Peripheral: 6%, Kolkata:26%, Eastern Peripheral: 10%, Western: 5%, Northern: 18%); Cayman Islands: US\$ 28.2 million

**Q3FY23 Results:** Steady performance across segments with margins beat.

- Revenues de-grew 1.2% QoQ to ₹ 1128.2 crore as hospitals in India de-grew 2.4% QoQ followed by Cayman Islands, which de-grew 2.2% QoQ
- EBITDA grew 4.4% QoQ to ₹ 254.4 crore. EBITDA margins grew 121 bps QoQ to 22.6%
- Adjusted PAT declined 8.9% QoQ to ₹ 153.8 crore

**What should investors do?** NHL's share price has grown at 27.36% CAGR over the past three years.

- We maintain **BUY** rating due to 1) pick-up in occupancy levels and ramp-up in new hospitals, 2) consistent performance at Cayman Islands and 3) judicious plan to expand at existing hospitals nearing full utilisation

**Target Price and Valuation:** We value Narayana at an SOTP of ₹ 870 by valuing matured India & Cayman hospitals at 14x & 13x FY25E EV/EBITDA, respectively, heart centres at 10x FY25E EV/EBITDA and other business at 1x FY25E EV/sales.

**Key triggers for future price performance:**

- With Covid almost completely waning, increase in footfalls is expected to lead flagship hospitals on a steady growth path amid better returns
- New hospitals (Gurugram, Dharamshila) are likely to see an improvement in profits while SRCC has broken even
- Improvement in ARPOB on the back of judicious case mix and payer mix
- Expansion at Cayman Islands in oncology while being margin dilutive in the near term is likely to provide significant additional operating leverage

**Alternate Stock Idea:** Apart from NHL, in our healthcare coverage we like Apollo.

- Apollo Hospitals is an integrated healthcare provider undergoing an optical transformation towards creating an omni-channel healthcare platform while turning the new hospitals profitable on the back of a judicious case mix
- BUY with a target price of ₹ 5230

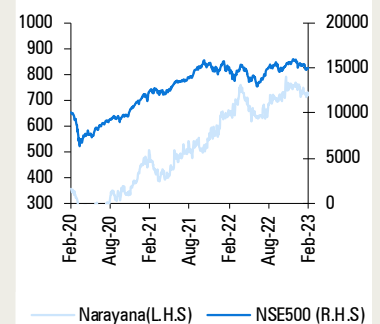
### Particulars

Particular	Amount
Market Capitalisation	₹ 14653 crore
Debt (FY22)	₹ 723 crore
Cash (FY22)	₹ 172 crore
EV	₹ 15204 crore
52 week H/L (₹)	820/588
Equity capital	₹ 204.4 crore
Face value	₹ 10

### Shareholding pattern

(in %)	Dec-21	Mar-22	Sep-22	Dec-22
Promoter	63.9	63.9	63.9	63.9
Others	36.2	36.2	36.2	36.2

### Price Chart



### Recent Event & Key risks

- Signing of BTA for acquisition of Sparsh Orthopaedic Hospital
- Key Risk:** (i) Delay in capex plans (ii) Delayed break-even for new hospitals

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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	2582.3	3700.4	14.5	4539.8	5164.9	5620.0	11.3
EBITDA	182.1	652.6	23.3	954.9	1122.5	1119.4	8.3
EBITDA Margins (%)	7.1	17.6		21.0	21.7	19.9	
Adjusted PAT	-14.3	341.9	32.3	587.9	591.6	556.5	-2.7
EPS (₹)	-0.7	16.7		28.8	28.9	27.2	
PE (x)	NA	42.9		24.9	24.8	26.3	
EV to EBITDA (x)	83.7	23.1		16.1	13.8	13.5	
Price to book (x)	13.1	9.8		7.1	5.6	4.6	
RoE (%)	-1.3	23.0		28.6	22.5	17.6	
RoCE (%)	1.2	20.5		24.2	21.0	17.0	

Source: Company, ICICI Direct Research

## Key takeaways of recent quarter & conference call highlights

### Q3FY23 Results: Steady performance across segments

- Revenues de-grew 1.2% QoQ to ₹ 1128.2 crore. Business from hospitals in India declined 2.4% QoQ followed by a decline in Cayman Island revenues, down 2.2% QoQ. Therapy wise cardiac, oncology and gastro remained the major contributor during the quarter. EBITDA grew 4.4% QoQ to ₹ 254.4 crore. EBITDA margins grew 121 bps QoQ to 22.6%. Lower input costs supported margins. Adjusted PAT was impacted by 8.9% QoQ to ₹ 153.8 crore. ARPOB for Indian hospitals came in at ₹ 35,068, improving 4.1% QoQ whereas Cayman Islands ARPOB was at ₹ 1807, up 6% sequentially
- NHL's numbers were in line with our estimates on the revenue front but beat our estimates on the margin front due to better ARPOB. Newer hospitals and a better payer mix were driving forces behind this performance. Throughout the quarter, the contribution from foreign patient footfall was unaffected. Despite the holiday season, its Cayman operation was still able to contribute to the total performance. On the basis of an asset-rights approach, a commitment to affordability and confidence in the NHL's long-term growth potential, we continue to remain optimistic

### Q3FY23 Earnings Conference Call highlights:

- The improvement in payer mix, newer hospitals and business growth across its flagship segments contributed to the overall success
- Owned and operated hospital remained the larger contributor, which accounted for (96%) of the business mix followed by heart centres (4%)
- Cluster wise breakup includes: Bengaluru: 35%, Kolkata: 26%, Northern: 18%, Eastern peripheral: 10%, Western peripheral: 5%, Southern peripheral: 6% of the total revenue mix
- Payee profile was mainly driven by domestic walk in patients, which contributed (45%), insured patients (27%), schemes (20%) and international patients (8%)
- The management has guided that current gross margins are sustainable in the long run
- Revenue for three new hospitals was at ₹ 110 crore, up 17% YoY. On the operational front, EBITDA margins came in at 9.3% for the quarter. Dharamshila and Gurugram have started contributing to profits whereas SRCC Mumbai has touched breakeven levels
- The pilot subscription programme in Bengaluru was successful. It is witnessing continuous success and enrolment for the same
- Cayman Islands business looks promising to the management and is looking for opportunities as a plan to expand further. Focus remains on exploring other Caribbean islands for providing radiology and oncology treatment
- Capex will be funded with a mix of debt and internal accrual
- Capex for FY23 at ₹ 1000 crore remains intact. Going ahead, incremental capex would be funded from a mix of internal accrual and debt in the ratio of 50:50

**Exhibit 1: Variance Analysis**

	Q3FY23	Q3FY23E	Q3FY22	YoY (%)	Q2FY23	QoQ (%)	Comments
Revenue	1,128.2	1,154.5	959.6	17.6%	1,141.6	-1.2%	Revenues grew 10% QoQ to ₹ 1142 crore as hospitals in India grew 11.2% QoQ followed by Cayman Islands, which grew
Raw Material Expenses	239.7	260.1	236.4	1.4%	257.2	-6.8%	
Employee Expenses	219.7	219.7	192.5	14.2%	217.3	1.1%	
Other Expenditure	414.3	464.0	355.8	16.4%	423.5	-2.2%	
Operating Profit (EBITDA)	254.4	210.7	175.0	45.4	243.7	4.4	EBITDA grew 26.9% QoQ to ₹ 243.7 crore
EBITDA (%)	22.6%	18.3%	18.2%	432 bps	21.3%	121 bps	EBITDA margins grew 277 bps QoQ to 21.3%, margins improved because Indian hospitals' EBITDA margins grew 370 bps QoQ to 19.9%
Interest	18.7	15.1	16.3	15.0%	15.1	24.2%	
Depreciation	57.3	48.9	46.1	24.4%	48.9	17.2%	
Other Income	11.6	31.6	6.9	68.1%	31.2	-63.0%	
PBT before EO & Forex	189.9	178.3	119.5	59.0	210.9	-9.9	
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	
PBT after Exceptional Items	189.9	178.3	119.5	59.0	210.9	-9.9	
Tax	36.0	35.5	19.6	83.4	42.0	-14.3	
PAT before MI	153.9	142.8	99.8	54.2	168.8	-8.9	
MI	0.1	0.1	0.0	79.2	0.1	17.8	
Adjusted Net Profit	153.8	140.4	97.5	57.7	168.8	-8.9	Adjusted PAT increased 52.7 % YoY to ₹ 169 crore
<b>Key Metrics</b>							
Owned/Operated Hospitals	1,159.9	1,112.2	919.9	26.1%	1,147.0	1.1%	QoQ improvement mainly due to strong numbers led by flagship hospitals
Heart Centres	32.3	34.6	30.9	4.6%	36.4	-11.3%	QoQ improvement due to easing of travel restrictions

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	4,535.8	4,539.8	0.1	4,920.0	5,164.9	5.0	
EBITDA	873.9	954.9	9.3	981.3	1,122.5	14.4	
EBITDA Margin	19.3	21.0	177 bps	19.9	21.7	179 bps	Changed mainly due to better-than-expected margins in new hospitals
PAT	570.9	587.9	3.0	522.5	591.6	13.2	
EPS (₹)	27.9	28.8	3.0	25.6	28.9	13.2	

Source: ICICI Direct Research

**Exhibit 3: Assumptions**

₹ crore)	Current			Earlier				Comments
	FY20	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
Owned/Operated Hospital:	2,991.0	2,478.2	3,521.5	4,502.8	5,016.8	4,424.7	4,763.1	Hospitals to ramp up contribution with increasing maturity profile
Heart Centres	108.1	78.9	118.6	137.1	148.1	138.1	149.2	
Other businesses	26.6	21.6	15.4	0.0	0.0	7.7	7.7	

Source: ICICI Direct Research

**Exhibit 4: Financial Summary**

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	2582.3	13.2%	-0.7	-111.0%	-1024.5	83.7	-1.3	1.2
FY22	3700.4	43.3%	16.7	LP	42.9	23.1	23.0	20.5
FY23E	4539.8	22.7%	28.8	71.9%	24.9	16.1	28.6	24.2
FY24E	5164.9	13.8%	28.9	0.6%	24.8	13.8	22.5	21.0
FY25E	5620.0	881.1%	27.2	-5.95	26.3	13.5	17.6	17.0

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 (%)
<b>Total Operating</b>	<b>785.2</b>	<b>742.9</b>	<b>393.5</b>	<b>600.7</b>	<b>750.4</b>	<b>837.8</b>	<b>859.8</b>	<b>940.3</b>	<b>959.6</b>	<b>940.7</b>	<b>1033.4</b>	<b>1141.6</b>	<b>1128.2</b>	<b>17.6</b>	<b>-1.2</b>
Raw Material Exper	184.8	178.8	110.5	161.6	198.8	206.9	215.4	237.5	236.4	219.9	241.9	257.2	239.7	1.4	-6.8
% of revenue	23.5	24.1	28.1	26.9	26.5	24.7	25.1	25.3	24.6	23.4	23.4	22.5	21.2		
Gross Profit	600.4	564.2	283.0	439.1	551.5	630.8	644.4	702.8	723.3	720.8	791.5	884.4	888.5	22.8	0.5
Gross Profit Margin	76.5	75.9	71.9	73.1	73.5	75.3	74.9	74.7	75.4	76.6	76.6	77.5	78.8	338.4	128.2
Employee Expenses	171.7	168.0	152.9	147.6	156.7	169.6	190.6	189.3	192.5	196.1	214.9	217.3	219.7	14.2	1.1
% of revenue	21.9	22.6	38.9	24.6	20.9	20.2	22.2	20.1	20.1	20.8	20.8	19.0	19.5		
Other Manufacturin	326.1	300.5	221.0	264.8	289.9	319.8	320.1	344.6	355.8	349.7	384.6	423.5	414.3	16.4	-2.2
% of revenue	41.5	40.4	56.2	44.1	38.6	38.2	37.2	36.6	37.1	37.2	37.2	37.1	36.7		
Total Expenditure	682.5	647.2	484.5	574.0	645.4	696.4	726.1	771.4	784.6	765.6	841.5	897.9	873.7	11.4	-2.7
% of revenue	86.9	87.1	123.1	95.5	86.0	83.1	84.5	82.0	81.8	81.4	81.4	78.7	77.4		
<b>EBITDA</b>	<b>102.7</b>	<b>95.7</b>	<b>-91.0</b>	<b>26.8</b>	<b>104.9</b>	<b>141.4</b>	<b>133.7</b>	<b>168.9</b>	<b>175.0</b>	<b>175.1</b>	<b>192.0</b>	<b>243.7</b>	<b>254.4</b>	<b>45.4</b>	<b>4.4</b>
EBITDA Margins (%)	13.1	12.9	-23.1	4.5	14.0	16.9	15.5	18.0	18.2	18.6	18.6	21.3	22.6	431.8	120.7
Depreciation	46.4	55.1	46.4	46.2	46.5	44.5	44.7	45.9	46.1	46.8	47.5	48.9	57.3	24.4	17.2
Interest	20.6	20.8	19.7	19.4	18.6	18.2	17.1	16.7	16.3	16.3	15.1	15.1	18.7	15.0	24.2
Other Income	5.5	7.0	4.7	10.4	4.6	8.5	6.7	12.1	6.9	9.8	8.0	31.2	11.6	68.1	-63.0
PBT before forex &	41.2	26.9	-152.4	-28.5	44.5	87.2	78.6	118.5	119.5	121.8	137.5	210.9	189.9	59.0	-9.9
Forex & EO	0.0	10.9	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	41.2	16.0	-152.4	-28.5	44.5	87.2	78.6	118.5	119.5	121.8	137.5	210.9	189.9	59.0	-9.9
Total Tax	8.8	3.6	-33.7	-26.1	0.8	17.2	0.9	16.8	19.6	50.3	26.7	42.0	36.0	83.4	-14.3
Tax rate (%)	21.4	22.4	22.1	NA	1.8	19.8	1.1	14.2	16.4	41.3	19.4	19.9	19.0		
PAT after MI	31.4	12.0	-119.7	-3.4	40.8	68.0	76.2	99.3	97.5	68.9	110.6	168.8	153.8	57.7	-8.9
<b>Adjusted PAT</b>	<b>31.4</b>	<b>22.8</b>	<b>-119.7</b>	<b>-3.4</b>	<b>40.8</b>	<b>68.0</b>	<b>76.2</b>	<b>99.3</b>	<b>97.5</b>	<b>68.9</b>	<b>110.6</b>	<b>168.8</b>	<b>153.8</b>	<b>57.7</b>	<b>-8.9</b>
EPS (₹)	1.5	1.1	-5.9	-0.2	2.0	3.3	3.7	4.9	4.8	3.4	5.4	8.3	7.5	57.7	-8.9
No. of Equity Share	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2		

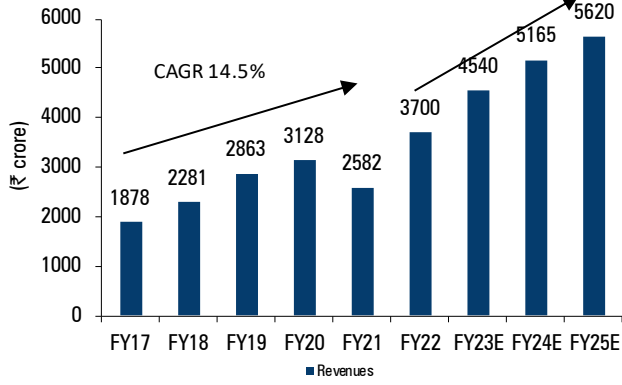
Source: ICICI Direct Research

**Exhibit 6: Valuation**

Particulars	FY25E (₹ cr)	Valuation Matrix	Multiple (x)	Enterprise value (₹ cr)
India (Owned/Operatec	975.8	EV/EBITDA	14.0	13661.6
Cayman	356.5	EV/EBITDA	13.0	4634.3
Heart Centres	47.2	EV/EBITDA	10.0	471.6
Other Business	0.0	EV/Sales	1.0	0.0
Net Debt FY24E (₹ cr)				970.6
EV (₹ cr)				17796.9
No of shares (cr)				20.4
<b>Per Share Value (₹)</b>				<b>870.0</b>

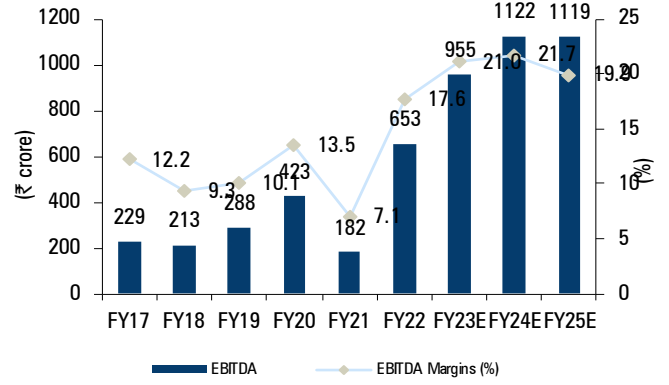
Source: ICICI Direct Research

Exhibit 7: Revenue to grow at 11.3% CAGR over FY23E-25E



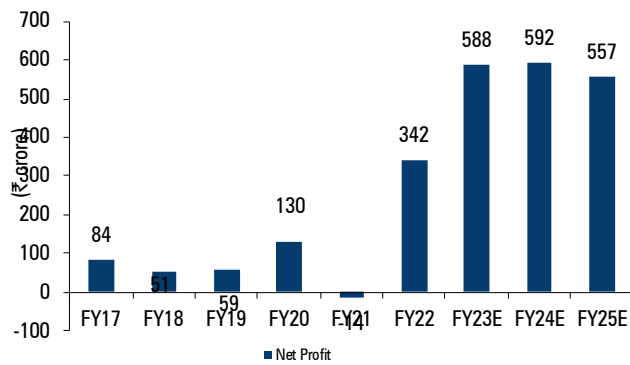
Source: Company, ICICI Direct Research

Exhibit 8: EBITDA & EBITDA margins trend



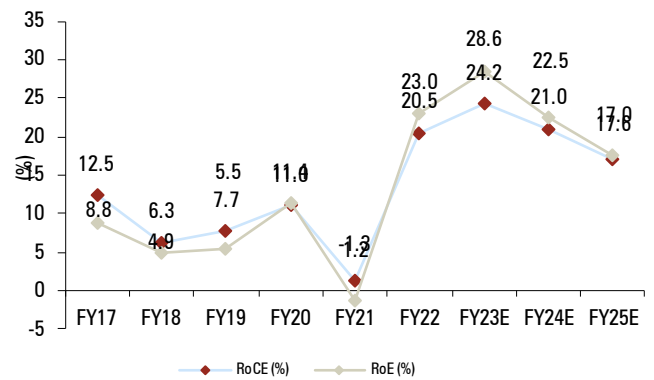
Source: Company, ICICI Direct Research

Exhibit 9: PAT to de-grow at CAGR of 2.7% over FY23E-25E



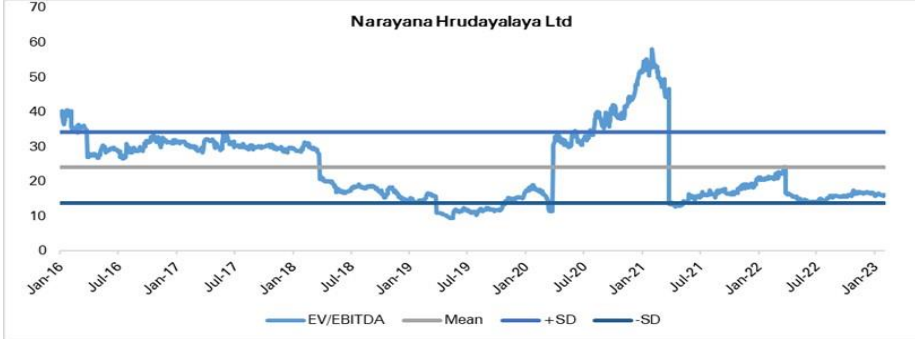
Source: Company, ICICI Direct Research

Exhibit 10: RoE & RoCE trend



Source: Company, ICICI Direct Research

Exhibit 11: EV/EBITDA Band



Source: ICICI Direct Research

## Financial Summary

Exhibit 12: Profit and loss statement				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
<b>Revenues</b>	<b>3,700.4</b>	<b>4,539.8</b>	<b>5,164.9</b>	<b>5,620.0</b>
Growth (%)	43.3	22.7	13.8	8.8
Raw Material Expenses	909.2	1,001.5	1,139.4	1,239.8
Employee Expenses	768.5	892.8	1,015.7	1,105.2
Other Manufacturing Expenses	1,370.1	1,690.6	1,887.3	2,155.6
Total Operating Expenditure	3,047.8	3,584.9	4,042.4	4,500.6
<b>EBITDA</b>	<b>652.6</b>	<b>954.9</b>	<b>1,122.5</b>	<b>1,119.4</b>
Growth (%)	258.4	46.3	17.6	-0.3
Interest	66.3	67.6	87.4	107.2
Depreciation	183.5	211.1	286.2	314.5
Other Income	35.5	63.4	51.6	56.2
PBT before Exceptional Items	438.3	739.7	800.6	753.8
Less: Forex & Exceptional Items	0.0	0.0	0.0	0.0
PBT	438.3	739.7	800.6	753.8
Total Tax	87.7	142.9	200.1	188.5
PAT before MI	350.6	596.7	600.4	565.4
Minority Interest	0.2	0.3	0.3	0.3
<b>PAT</b>	<b>341.9</b>	<b>587.9</b>	<b>591.6</b>	<b>556.5</b>
Adjusted PAT	341.9	587.9	591.6	556.5
Growth (%)		71.9	0.6	-5.9
EPS	16.7	28.8	28.9	27.2
<b>EPS (Adjusted)</b>	<b>16.7</b>	<b>28.8</b>	<b>28.9</b>	<b>27.2</b>

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Profit/(Loss) after taxation	341.9	587.9	591.6	556.5
Add: Depreciation & Amortization	183.5	211.1	286.2	314.5
Net Increase in Current Assets	-182.5	-110.6	-88.5	-66.3
Net Increase in Current Liabilities	72.0	54.3	77.2	59.2
Others	66.3	67.6	87.4	107.2
<b>CF from operating activities</b>	<b>481.2</b>	<b>810.2</b>	<b>953.8</b>	<b>971.2</b>
(Inc)/dec in Fixed Assets	-219.3	-1,000.0	-1,000.0	-500.0
(Inc)/dec in Investments	-12.0	0.0	0.0	0.0
Others	-20.8	6.1	6.4	6.7
<b>CF from investing activities</b>	<b>-252.1</b>	<b>-993.9</b>	<b>-993.6</b>	<b>-493.3</b>
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Inc / (Dec) in Debt	-102.3	300.0	300.0	300.0
Dividend & Dividend Tax	-20.4	-20.4	-20.4	-20.4
Others	-66.3	-67.6	-87.4	-107.2
<b>CF from financing activities</b>	<b>-189.0</b>	<b>212.0</b>	<b>192.1</b>	<b>172.3</b>
Net Cash flow	40.1	28.3	152.4	650.2
Opening Cash	132.1	172.2	200.5	352.8
Closing Cash	172.2	200.5	352.8	1,003.0
<b>Free Cash Flow</b>	<b>262.0</b>	<b>-189.8</b>	<b>-46.2</b>	<b>471.2</b>
<b>EBITDA conversion</b>	<b>74%</b>	<b>85%</b>	<b>85%</b>	<b>87%</b>
<b>FTF yield</b>	<b>2%</b>	<b>-1%</b>	<b>0%</b>	<b>3%</b>

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Equity Capital	204.4	204.4	204.4	204.4
Reserve and Surplus	1,284.3	1,851.7	2,422.8	2,958.9
Total Shareholders fund	1,488.6	2,056.1	2,627.2	3,163.3
Total Debt	723.4	1,023.4	1,323.4	1,623.4
Deferred Tax Liability	51.0	53.5	56.2	59.0
Minority Interest	0.7	0.8	0.8	0.8
Other liabilities	242.9	255.0	267.8	281.2
<b>Source of Funds</b>	<b>2,506.6</b>	<b>3,388.8</b>	<b>4,275.4</b>	<b>5,127.7</b>
Gross Block - Fixed Assets	3,088.7	4,038.7	5,038.7	5,538.7
Accumulated Depreciation	1,167.0	1,378.0	1,664.2	1,978.7
Net Block	1,921.7	2,660.7	3,374.5	3,560.0
Capital WIP	66.9	116.9	116.9	116.9
Net Fixed Assets	1,988.7	2,777.6	3,491.4	3,676.9
Goodwill on Consolidation	58.1	58.1	58.1	58.1
Investments	132.4	132.4	132.4	132.4
Inventory	59.4	65.4	74.4	81.0
Cash	172.2	200.5	352.8	1,003.0
Debtors	436.9	536.0	609.8	663.5
Loans & Advances & Other CA	109.4	114.8	120.6	126.6
Total Current Assets	777.8	916.7	1,157.6	1,874.1
Creditors	449.0	494.6	562.7	612.3
Provisions & Other CL	174.0	182.7	191.9	201.5
Total Current Liabilities	623.1	677.4	754.6	813.8
Net Current Assets	154.7	239.3	403.0	1,060.3
LT L& A, Other Assets	171.4	179.9	188.9	198.4
Deferred Tax Assets	1.4	1.4	1.5	1.6
<b>Application of Funds</b>	<b>2,506.6</b>	<b>3,388.8</b>	<b>4,275.4</b>	<b>5,127.7</b>

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY22	FY23E	FY24E	FY25E
<b>Per share data (₹)</b>				
EPS	16.7	28.8	28.9	27.2
Cash EPS	24.7	38.1	41.9	41.6
BV	72.8	100.6	128.6	154.8
DPS	1.0	1.0	1.0	1.0
Cash Per Share	57.1	67.4	81.4	96.8
<b>Operating Ratios (%)</b>				
EBITDA margins	17.6	21.0	21.7	19.9
Net Profit margins	9.2	12.9	11.5	9.9
Cash Conversion cycle	-113.3	-113.3	-113.3	-113.3
Asset Turnover	1.2	1.2	1.0	1.0
<b>Return Ratios (%)</b>				
RoE	23.0	28.6	22.5	17.6
RoCE	20.5	24.2	21.0	17.0
RoIC	22.5	25.8	23.1	21.1
<b>Valuation Ratios (x)</b>				
P/E	42.9	24.9	24.8	26.3
EV / EBITDA	23.1	16.1	13.8	13.5
EV / Revenues	4.1	3.4	3.0	2.7
Market Cap / Revenues	4.0	3.2	2.8	2.6
Price to Book Value	9.8	7.1	5.6	4.6
<b>Solvency Ratios</b>				
Net Debt / Equity	0.4	0.4	0.5	0.5
Net Debt / EBITDA	0.6	0.7	0.7	0.4
Current Ratio	1.0	1.1	1.1	1.1

Source: Company, ICICI Direct Research

Exhibit 16: ICICI Direct Healthcare Coverage Universe

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	4384	5,230	Buy	63039	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	717	870	Buy	14806	-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	142	180	Buy	1529	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	208	300	Buy	10410	3.0	10.5	8.1	18.5	16.0	11.5	10.6	7.2	5.4	9.0	9.1	14.0	4.4	13.3	9.3	17.5
Healthcare Global	HEAGLO	285	385	Buy	3995	-13.9	3.9	2.2	6.0	39.4	20.1	14.9	12.0	-0.9	5.0	8.7	12.7	-0.9	5.0	3.4	8.4
Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				PE(x)				RoCE (%)			RoE (%)				
<b>MNC Pharma</b>																					
Abbott India	ABBIND	20861	21,725	Hold	44328	328.9	380.3	457.4	549.6	63.4	54.8	45.6	38.0	33.8	36.6	38.5	37.4	26.5	28.3	30.0	28.9
P&G Health	MERUM	4675	5,315	Buy	7771	106.5	116.0	150.0	163.6	43.9	40.3	31.2	28.6	32.2	39.8	42.5	38.0	25.1	31.2	32.0	28.5
Sanofi India	SANOFI	5317	6,385	Hold	12246	207.7	410.6	266.3	255.8	25.6	12.9	20.0	20.8	32.3	33.3	40.9	50.2	24.5	25.9	30.8	38.1
Pfizer	PFIZER	3867	4,505	Hold	17690	108.8	133.2	150.5	149.3	35.6	29.0	25.7	25.9	27.6	26.1	25.0	23.7	20.8	21.4	18.8	18.2
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	1205	1,505	Buy	15439	51.1	55.7	51.2	67.9	23.6	21.6	23.5	17.8	29.0	27.0	21.5	24.3	21.8	21.8	17.5	19.7
Alembic Pharma	ALEMPHA	522	545	Hold	10253	62.6	27.7	15.3	23.2	8.3	18.8	34.1	22.5	25.1	10.6	7.1	9.8	24.1	10.4	5.6	8.0
Aurobindo Pharma	AURPHA	464	525	Hold	27188	55.0	47.4	34.8	46.2	8.4	9.8	13.3	10.0	16.9	12.9	10.2	12.6	14.7	11.3	7.7	9.3
Biocon	BIOCON	243	290	Hold	29193	6.3	4.9	3.0	5.3	38.8	49.2	79.8	46.1	7.7	7.5	3.8	6.1	9.9	8.1	1.5	2.4
Zydus Lifesciences	CADHEA	473	500	Buy	47892	23.3	21.0	22.6	27.0	20.3	22.5	21.0	17.5	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	4486	5,210	Buy	74709	117.6	127.2	262.2	215.5	38.2	35.3	17.1	20.8	13.1	13.0	24.2	20.8	11.1	11.0	18.9	13.8
Glenmark Pharma	GLEPHA	394	440	Hold	11123	32.9	42.7	36.4	50.0	12.0	9.2	10.8	7.9	13.9	14.8	16.0	16.0	13.1	13.2	10.2	12.4
Ipca Laboratories	IPCLAB	876	925	Hold	22222	44.9	34.8	24.5	35.7	19.5	25.1	35.7	24.6	27.1	17.4	13.3	16.5	24.2	16.1	10.3	13.3
Jubilant Pharmova	JUBLIF	322	395	Hold	5126	37.4	26.0	22.5	32.8	8.6	12.4	14.3	9.8	13.7	9.0	7.8	9.7	12.6	7.8	6.4	8.6
Lupin	LUPIN	774	680	Hold	35210	26.9	11.9	9.1	26.4	28.8	65.2	84.7	29.4	9.6	3.4	5.9	11.3	8.8	4.4	3.3	8.8
Natco Pharma	NATPHA	529	660	Hold	9665	24.2	9.3	38.6	46.3	21.9	56.8	13.7	11.4	13.1	4.6	16.8	18.5	10.7	4.0	14.6	15.2
Sun Pharma	SUNPHA	1007	1,210	Buy	241559	30.1	32.0	34.9	38.6	33.5	31.5	28.8	26.1	14.2	18.2	17.2	18.1	15.5	16.0	15.2	14.7
Torrent Pharma	TORPHA	1541	1,720	Hold	52167	37.0	32.0	36.3	45.1	41.7	48.1	42.4	34.2	17.6	19.7	17.1	20.4	21.4	18.2	17.9	19.0
Indoco Remedies	INDREM	332	440	Buy	3064	10.1	16.8	17.9	26.7	32.9	19.8	18.5	12.4	11.7	17.5	15.6	21.9	12.1	17.1	15.9	19.8
Caplin Point	CAPPOI	704	955	Buy	5346	31.9	39.5	48.9	53.0	22.1	17.8	14.4	13.3	25.4	25.3	24.2	23.4	20.4	20.2	20.2	18.2
Advanced Enzymes	ADVENZ	277	265	Reduce	3102	13.1	10.7	9.6	13.3	21.2	25.9	29.0	20.8	19.4	14.3	10.9	14.0	15.1	11.0	9.0	11.3
Hester Biosciences	HESPHA	1792	1,830	Hold	1524	44.4	45.7	35.6	49.7	40.4	39.2	50.3	36.1	16.2	10.9	9.9	10.9	16.5	15.0	10.7	13.5
<b>API/CRAMS</b>																					
Divi's Lab	DIVLAB	2823	2,945	Hold	74952	74.7	111.5	72.8	77.4	37.8	25.3	38.8	36.5	27.6	30.2	18.2	18.3	18.8	21.3	25.2	15.0
Hikal	HIKCHE	334	375	Hold	4283	10.8	13.0	5.7	14.6	30.9	25.7	58.7	22.9	15.1	13.6	7.2	14.3	14.3	15.0	6.3	14.1
Syngene Int.	SYNINT	571	610	Hold	22908	10.1	9.9	12.1	14.7	56.4	57.9	47.2	38.8	11.5	11.7	13.4	14.4	13.5	12.9	13.0	13.7
Granules India	GRANUL	289	355	Buy	7171	22.2	16.6	21.4	24.0	13.0	17.4	13.5	12.0	24.0	15.6	20.0	20.5	25.3	16.0	18.7	17.6
Laurus Labs	LAULAB	338	400	Buy	18220	18.3	15.4	16.5	19.1	18.5	21.9	20.4	17.7	31.7	21.3	21.8	21.5	37.9	24.7	21.4	20.2
Suven Pharmaceuticals	SUVPH	489	530	Buy	12453	14.2	17.8	14.7	17.7	34.4	27.4	33.2	27.6	31.2	37.5	26.0	25.6	30.7	29.7	20.6	20.5

Source: ICICI Direct Research

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