

Torrent Pharmaceuticals (TORPHA)

CMP: ₹ 1557

Target: ₹ 1720 (11%)

Target Period: 12 months

January 27, 2023

HOLD



Branded business continues to influence numbers...

About the stock: Incorporated in 1959, Torrent remains a key play in branded generics (~60% of sales) with strong India franchise and growing exports traction.

- Revenues – India including CRAMs (59.8%), Brazil (8.3%), US (11.3%) and Germany (10.4%)
- Torrent is the eighth largest domestic player and is ranked in top 10 for CVS, CNS, V&M, GI and anti-diabetes therapies in India

Q3FY23 Results: Growth in revenues boosted by branded generic markets i.e. India and Brazil.

- Revenues grew 18.3% YoY to ₹ 2491 crore
- EBITDA margins expanded ~361 bps YoY to 29.1%. EBITDA increased 35.1% to ₹ 724 crore
- PAT increased 13.73% YoY to ₹ 283 crore

What should investors do? Torrent's share price has grown at a CAGR of 15.90% over the past three years.

- We maintain **HOLD** as the current price factors in potential upside from the branded business

Target Price and Valuation: Valued at ₹ 1720 i.e. 32x FY25E EPS of ₹ 53.8

Key triggers for future price performance:

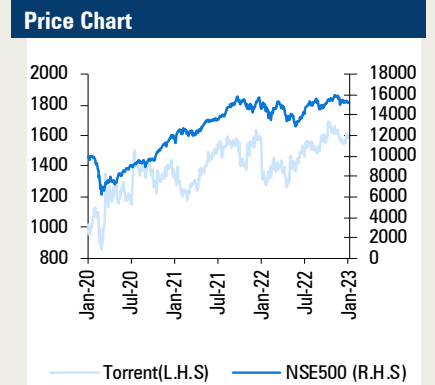
- In India, Torrent has expanded field strength by ~300 MRs. Also, it forayed into fast growing trade generic segment for acute therapies
- Torrent has a good presence in Brazil and expects traction for new launches in branded space while Germany tender business to recover in H2FY23
- Awaiting clearance for Dahej and Indrad facility from the USFDA. New launches are key to offsetting persisting price erosion in business

Alternate Stock Idea: Apart from Torrent, in 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 ₹ 1350

Particulars	
Particular	Amount
Market Capitalisation	₹ 52710 crore
Debt (FY22)	₹ 4018 crore
Cash (FY22)	₹ 403 crore
EV	₹57019 crore
52 week H/L (₹)	1722/1242
Equity capital	₹ 169.2 crore
Face value	₹ 5

Shareholding pattern				
(in %)	Mar-22	Jun-22	Sep-22	Dec-22
Promoter	71.3	71.3	71.3	71.3
Others	28.8	28.8	28.8	28.8



- ### Recent Event & Key risks
- Acquisition of Curatio Healthcare
 - Key Risk:** (i) Competition in branded space (ii) Better than expected traction from generic markets of the US and Germany

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Key Financial Summary

Key Financials (₹ crore)	FY21	FY22	FY23E	5 year CAGR (FY18-23E)	FY24E	FY25E	2 year CAGR (FY23-25E)
Revenues	8005.0	8508.0	9557.5	9.8	10645.2	11674.8	10.5
EBITDA	2480.0	2431.0	2836.6	16.0	3178.6	3502.5	11.1
EBITDA margins (%)	31.0	28.6	29.7		29.9	30.0	
Net Profit	1252.0	1084.4	1229.9	12.6	1527.1	1821.4	21.7
EPS (₹)	37.0	32.0	36.3		45.1	53.8	
PE (x)	42.1	67.8	42.8		34.5	28.9	
RoNW (%)	21.4	18.2	17.9		19.0	19.4	
RoCE (%)	17.6	19.7	17.1		20.4	23.3	

Key takeaways of recent quarter & conference call highlights

Q3FY23 Results: Steady quarterly performance

- Revenues grew 18.3% YoY to ₹ 2491 crore, mainly driven by high double-digit growth in India, US and Brazil markets. On the operational front, EBITDA increased 35.1% YoY to ₹ 724 crore while EBITDA margins expanded 361 bps to 29.1% YoY. PAT increased 13.73% YoY to ₹ 283 crore. Margins came in at 11.4%. The change in revenue mix, higher revenues across geographies helped such a performance during the quarter
- Torrent's numbers were in line with our estimates on the sales front but margins were impacted by a one-off in manufacturing overheads. Branded generics business India continues to perform well with focus on Curatio acquisition and synergising it with Torrent in terms of cost as well procurement. Brazil numbers were a beat on our estimates driven by generic brands and CNS franchise. US continues to witness price erosion in high single digit, growth is due to low base and currency tailwinds. In Germany, supplies for the tender have started but it continues to witness price erosion in high single digit. We remain positive on Torrent's growth story and expecting some headwinds from acquisition of Curatio Healthcare

Q3FY23 Earnings Conference Call highlights:

Performance drivers:

- Overall, the performance was led by robust growth from branded generic markets while steady performance was delivered by the generic markets
- New launch momentum, top brand performance and portfolio integration from acquisitions were main drivers of growth in the branded generic markets
- Improved price realisation acted as a tailwind during the quarter
- The company is strengthening its share in diabetes segment

India business:

- The performance of its leading brands, the success of its recent launches, particularly in the chronic market and the rapid expansion of the Curatio portfolio were the main drivers of growth
- It has started realising synergies in terms of costs due to Curatio business

Brazil business:

- Its CNS and generic business, which currently accounts for around 14% of Brazilian revenues, have made significant contributions to growth market
- The share of its top two markets in prescriptions for December came in at 8% for Desvenlafaxine and 9% for Rivaroxaban

Germany business:

- The commercialisation of some of the new tenders won earlier in the year, as well as four new launches in Q3 drove the performance
- These new products helped the company compensate for the rising pricing pressures due to increased competition in the market

US business:

- It received OAI classification for the Indrad facility
- It plans to file about five to six products in the current fiscal year

Launches:

- Successfully launched six products in the last 12 months in Brazil markets whereas there were four new launches in Germany in Q3FY23
- In Brazil, it also intends to increase its coverage of CNS in cardio markets from the current 19% to 35% by FY25
- Currently, there are 10 products in Brazil, which are pending for approval with ANVISA. It plans to add 10 plus products before the end of this fiscal year

Exhibit 1: Variance Analysis

	Q3FY23	Q3FY23E	Q3FY22	YoY (%)	Q2FY23	QoQ (%)	Comments
Revenue	2,491.0	2,491.9	2,106.0	18.3	2,291.0	8.7	YoY growth driven by India and Brazil performance
Raw Material Expenses	730.0	704.0	638.0	14.4	641.0	13.9	
Gross margins (%)	70.7	71.8	69.7	99 bps	72.0	-133 bps	
Employee Expenses	423.0	448.5	388.0	9.0	394.0	7.4	
Other Expenditure	614.0	598.1	544.0	12.9	577.0	6.4	
EBITDA	724.0	741.4	536.0	35.1	679.0	6.6	
EBITDA (%)	29.1	29.8	25.5	361 bps	29.6	-57 bps	YoY improvement due to better realisation
Interest	102.0	91.3	62.0	64.5	69.0	47.8	
Depreciation	193.0	202.5	167.0	15.6	163.0	18.4	
Other Income	-10.0	17.4	50.0	PL	16.0	PL	
PBT before EO & Forex	419.0	464.9	357.0	17.4	463.0	-9.5	
PBT	419.0	279.9	357.0	17.4	463.0	-9.5	
Tax	136.0	89.6	108.0	25.9	151.0	-9.9	
PAT before MI	283.0	190.4	249.0	13.7	312.0	-9.3	
MI	0.0	0.0	0.0	0.0	0.0	0.0	
Adjusted PAT	283.0	316.2	249.0	13.7	312.0	-9.3	
Key Metrics							
India	1,259.0	1,301.6	1,072.0	17.4	1,224.0	2.9	New launches in chronic segment and integration of Curatio Healthcare
Brazil	248.0	203.8	182.0	36.3	185.0	34.1	Growth was aided by performance of top brands, market share gain and strong momentum in generic segment.
US	291.0	277.8	235.0	23.8	292.0	-0.3	YoY increase driven by volume growth.
Germany	241.0	256.0	237.0	1.7	220.0	9.5	Sequential recovery was due to new tenders and growth of OTC segment

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY23E			FY24E			Comments
	Old	New	Change	Old	New	Change	
Revenue	9,538.1	9,557.5	0.2	10,656.3	10,645.2	-0.1	US price erosion and numbers expected from India and Brazil were comparatively lower
EBITDA	2,848.8	2,836.6	-0.4	3,183.8	3,178.6	-0.2	
EBITDA Margin (%)	29.9	29.7	-19 bps	29.9	29.9	-2 bps	
PAT	1,152.5	1,229.9	6.7	1,545.0	1,527.1	-1.2	Repayment of Debt through internal accruals
EPS (₹)	34.1	36.3	6.7	45.7	45.1	-1.2	

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ crore)	Current				Earlier		Comments
	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
India	3,740.0	4,286.0	4,954.8	5,703.4	4,976.7	5,727.9	Curatio Acquisition
Brazil	631.0	742.0	868.0	954.8	823.8	922.7	Plans to increase Cardio and CNS therapies
US	1,261.0	1,067.0	1,169.1	1,173.9	1,155.9	1,171.5	
Germany	1,039.0	966.0	925.7	1,009.0	940.7	1,025.3	

Source: ICICI Direct Research

Exhibit 4: Revenue Breakup

₹ crore	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
India	1829	1976	2351	3235	3517	3740	4286	4955	5703	6388
CRAMs (Incl Others)	600	545	408	467	472	517	570	741	778	817
US	2672	1347	1100	1590	1522	1261	1067	1169	1174	1192
Others	425	488	522	684	765	820	881	783	861	947
Germany	648	811	912	1008	947	1039	966	926	1009	1100
Brazil	506	699	709	689	715	631	742	868	955	1050

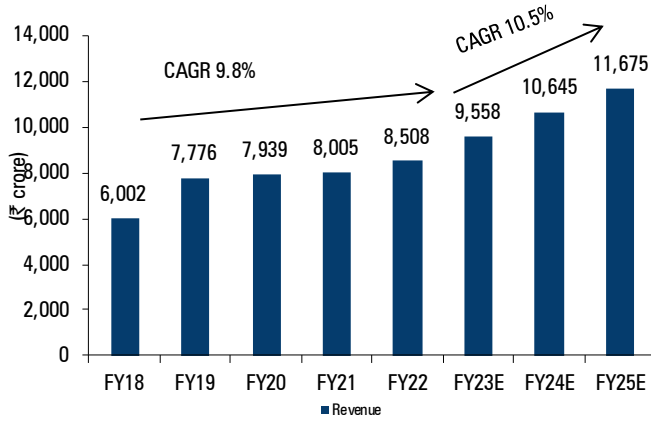
Source: ICICI Direct Research

Exhibit 5: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	8005	0.8	37.0	22.1	42.1	22.9	21.4	17.6
FY22	8508	6.3	32.0	-13.4	67.8	23.1	18.2	19.7
FY23E	9558	12.3	36.3	13.4	42.8	20.1	17.9	17.1
FY24E	10645	11.4	45.1	24.2	34.5	17.4	19.0	20.4
FY25E	11675	9.7	53.8	19.3	28.9	15.3	19.4	23.3

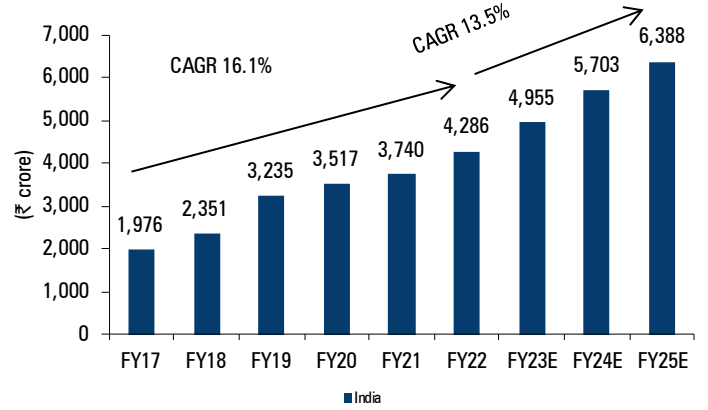
Source: ICICI Direct Research

Exhibit 6: Revenues to grow at 10.5% CAGR over FY23-25E



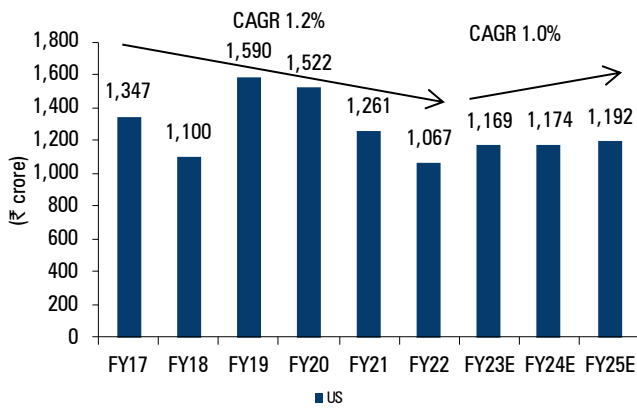
Source: ICICI Direct Research, Company

Exhibit 7: India to grow at CAGR of 13.5% over FY23-25E



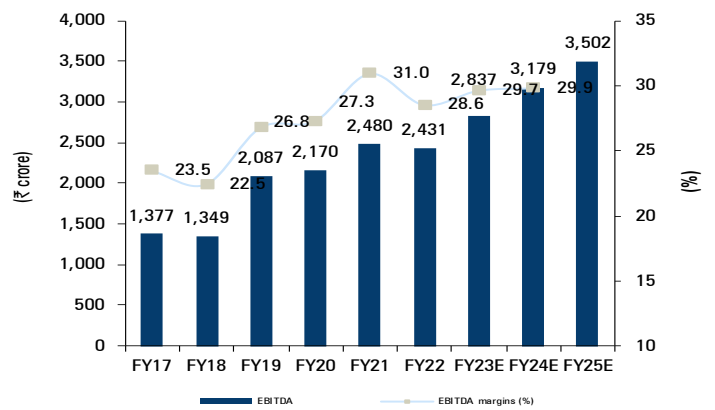
Source: ICICI Direct Research, Company

Exhibit 8: US to grow at CAGR of 1% over FY23-25E



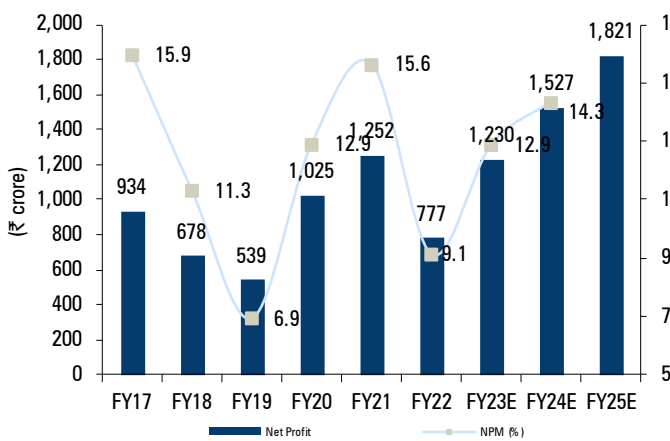
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



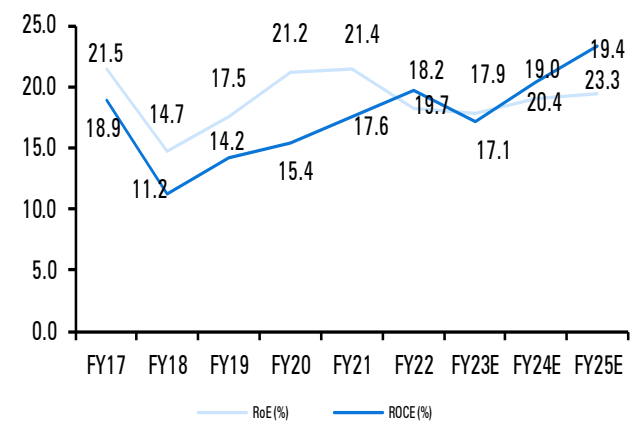
Source: ICICI Direct Research, Company

Exhibit 10: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 11: RoE & RoCE trend



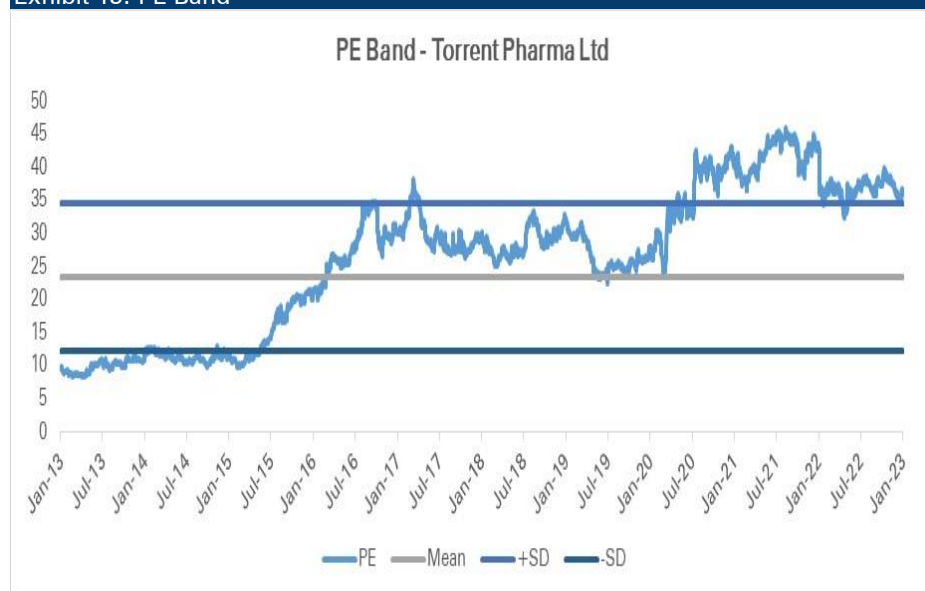
Source: ICICI Direct Research, Company

Exhibit 12: Trends in Quarterly Performance

₹ Crore	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY (%)	QoQ (%)
Revenues	1966.0	1946.0	2056.0	2017.0	1995.0	1937.0	2134.0	2137.0	2106.0	2131.0	2347.0	2291.0	2491.0	18.3	8.7
Total RM cost	542.0	528.0	535.0	554.0	562.0	496.0	588.0	595.0	638.0	622.0	660.0	641.0	730.0	14.4	13.9
% sales	27.6	27.1	26.0	27.5	28.2	25.6	27.6	27.8	30.3	29.2	28.1	28.0	29.3	-99 bps	133 bps
Gross Profit	1424.0	1418.0	1521.0	1463.0	1433.0	1441.0	1546.0	1542.0	1468.0	1509.0	1687.0	1650.0	1761.0	20.0	6.7
GPM (%)	72.4	72.9	74.0	72.5	71.8	74.4	72.4	72.2	69.7	70.8	71.9	72.0	70.7	99 bps	-133 bps
Employee cost	354.0	336.0	373.0	363.0	363.0	341.0	385.0	389.0	388.0	364.0	420.0	394.0	423.0	9.0	7.4
% sales	18.0	17.3	18.1	18.0	18.2	17.6	18.0	18.2	18.4	17.1	17.9	17.2	17.0	-144 bps	-22 bps
Other expenditure	530.0	534.0	487.0	465.0	463.0	518.0	484.0	493.0	544.0	584.0	555.0	577.0	614.0	12.9	6.4
% of sales	27.0	27.4	23.7	23.1	23.2	26.7	22.7	23.1	25.8	27.4	23.6	25.2	24.6	-118 bps	-54 bps
Total Expenditure	1426.0	1398.0	1395.0	1382.0	1388.0	1355.0	1457.0	1477.0	1570.0	1570.0	1635.0	1612.0	1767.0	12.5	9.6
% of Revenues	72.5	71.8	67.9	68.5	69.6	70.0	68.3	69.1	74.5	73.7	69.7	70.4	70.9	-361 bps	57 bps
EBITDA	540.0	548.0	661.0	635.0	607.0	582.0	677.0	660.0	536.0	561.0	712.0	679.0	724.0	35.1	6.6
EBITDA Margins (%)	27.5	28.2	32.1	31.5	30.4	30.0	31.7	30.9	25.5	26.3	30.3	29.6	29.1	361 bps	-57 bps
Depreciation	163.0	168.0	161.0	165.0	167.0	165.0	165.0	168.0	167.0	162.0	155.0	163.0	193.0	15.6	18.4
Interest cost	111.0	102.0	102.0	92.0	91.0	73.0	68.0	71.0	62.0	57.0	55.0	69.0	102.0	64.5	47.8
Other Income	53.0	15.0	4.0	6.0	8.0	39.0	40.0	51.0	50.0	56.0	30.0	16.0	-10.0	-120.0	-162.5
PBT before forex & EO	319.0	293.0	402.0	384.0	357.0	383.0	484.0	472.0	357.0	398.0	532.0	463.0	419.0	17.4	-9.5
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-485.0	0.0	0.0	0.0		
PBT	319.0	293.0	402.0	384.0	357.0	383.0	484.0	472.0	357.0	-87.0	532.0	463.0	419.0	17.4	-9.5
Tax	68.0	-21.0	81.0	74.0	60.0	59.0	154.0	156.0	108.0	31.0	178.0	151.0	136.0	25.9	-9.9
Tax rate (%)	21.3	-7.2	20.1	19.3	16.8	15.4	31.8	33.1	30.3	-35.6	33.5	32.6	32.5		
PAT	251.0	314.0	321.0	310.0	297.0	324.0	330.0	316.0	249.0	-118.0	354.0	312.0	283.0	13.7	-9.3
PAT after MI	251.0	314.0	321.0	310.0	297.0	324.0	330.0	316.0	249.0	-118.0	354.0	312.0	283.0	13.7	-9.3
EPS (₹)	14.8	18.6	19.0	18.3	17.5	19.1	19.5	18.7	14.7	-7.0	20.9	18.4	16.7		

Source: ICICI Direct Research

Exhibit 13: PE Band



Source: ICICI Direct Research

Exhibit 14: Power brands

Brand	Therapy	Dec-19	Dec-20	Dec-21	Dec-22	CAGR 19-22	YoY
SHELCAL	VITAMINS/MINERALS/NUTRIENTS	289.45	331.40	360.59	407.17	12.0%	12.9%
CHYMORAL	VITAMINS/MINERALS/NUTRIENTS	169.24	178.82	213.40	255.51	14.7%	19.7%
NEXPRO-RD	GASTRO INTESTINAL	100.06	117.67	148.04	172.14	19.8%	16.3%
NIKORAN	CARDIAC	116.03	131.77	144.04	158.54	11.0%	10.1%
SHELCAL XT	VITAMINS/MINERALS/NUTRIENTS	77.53	87.78	117.62	157.16	26.6%	33.6%
UNIENZYME	GASTRO INTESTINAL	105.21	117.60	132.93	151.18	12.8%	13.7%
NEBICARD	CARDIAC	109.34	120.81	127.64	130.77	6.1%	2.4%
LOSAR	CARDIAC	110.61	125.74	118.84	124.75	4.1%	5.0%
LOSAR-H	CARDIAC	118.63	125.41	121.78	120.64	0.6%	-0.9%
AZULIX-MF	ANTI DIABETIC	107.23	112.69	116.31	120.08	3.8%	3.2%
Top 10 Brands		1,303.34	1,449.70	1,601.19	1,797.93	11.3%	12.3%
% of IQVIA sales		26.72%	27.65%	27.23%	27.36%		
Ex-Top 10 Brands		3,574.34	3,792.94	4,278.50	4,774.15	10.1%	11.6%

Source: IQVIA, ICICI Direct Research

Exhibit 15: Therapeutic break-up

Therapy	Dec-19	Dec-20	Dec-21	Dec-22	CAGR 19-22	YoY
CARDIAC	1,470.23	1,642.95	1,682.26	1,799.45	7.0%	7.0%
GASTRO INTE'	765.33	816.98	1,009.41	1,153.54	14.7%	14.3%
NEURO / CNS	653.12	726.40	816.38	941.63	13.0%	15.3%
VITAMINS/MII	442.84	493.97	565.68	649.34	13.6%	14.8%
PAIN / ANALC	413.76	416.96	483.88	556.91	10.4%	15.1%
ANTI DIABETIC	373.02	437.90	481.39	530.77	12.5%	10.3%
DERMA	310.61	293.06	366.56	416.41	10.3%	13.6%
ANTI-INFECTI	226.03	195.96	204.81	192.56	-5.2%	-6.0%
GYNAEC.	90.63	97.13	118.78	157.78	20.3%	32.8%
UROLOGY	35.38	35.66	36.77	39.00	3.3%	6.1%
Top Therapies	35.41	35.57	36.36	38.77	3.1%	6.6%
Total IQVIA Sa	4,877.68	5,242.65	5,879.70	6,572.08	10.4%	11.8%

Source: IQVIA, ICICI Direct Research

Exhibit 16: ICICI Direct Healthcare Coverage Universe

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
Hospitals																					
Apollo Hospitals	APOHOS	4227	5,230	Buy	60777	7.8	59.1	67.8	85.2	57.7	29.8	29.3	24.6	6.3	15.1	14.7	16.7	6.3	15.1	14.7	16.7
Narayana Hrudalaya	NARHRU	720	855	Buy	14714	-0.7	16.7	27.9	25.6	86.0	23.8	18.1	16.4	1.2	20.5	23.6	19.0	-1.3	23.0	28.0	20.6
Shalby	SHALIM	148	180	Buy	1600	3.9	5.4	7.9	11.1	17.6	13.3	9.4	7.2	6.5	8.4	12.9	15.8	5.1	6.7	9.1	11.5
Aster DM	ASTDM	216	300	Buy	10790	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	286	370	Buy	3982	-13.9	3.9	4.0	8.4	39.4	20.1	14.9	12.0	-0.9	5.0	9.3	12.3	-0.9	5.0	6.0	11.1
Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				PE(x)				RoCE (%)			RoE (%)				
						FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
MNC Pharma																					
Abbott India	ABBIND	21225	21,725	Hold	45101	325.0	375.9	452.0	543.1	65.3	56.5	47.0	39.1	33.8	36.6	38.6	37.5	26.5	28.3	30.1	29.0
P&G Health	MERLIM	4029	5,235	Buy	6690	106.5	116.0	150.0	163.6	37.8	34.7	26.9	24.6	32.2	39.8	42.5	38.0	25.1	31.2	32.0	28.5
Sanofi India	SANOFI	5629	6,385	Hold	12965	207.4	410.1	265.9	255.5	27.1	13.7	21.2	22.0	32.3	33.3	40.9	50.2	24.5	25.9	30.8	38.1
Pfizer	PFIZER	4023	4,505	Hold	18404	108.8	133.9	151.4	150.2	37.0	30.0	26.6	26.8	27.6	26.1	25.0	23.7	20.8	21.4	18.8	18.1
Pharma																					
Ajanta Pharma	AJAPHA	1193	1,505	Buy	15285	51.1	55.7	55.9	68.4	23.4	21.4	21.3	17.4	29.0	27.0	23.4	24.4	21.8	21.8	18.8	19.5
Alembic Pharma	ALEMPHA	548	625	Hold	10775	62.6	27.7	14.6	21.0	8.7	19.8	37.4	26.2	25.1	10.6	6.3	8.6	24.1	10.4	5.3	7.3
Aurobindo Pharma	AURPHA	418	540	Hold	24495	55.0	47.4	34.7	44.8	7.6	8.8	12.0	9.3	16.9	12.9	9.6	11.9	14.7	11.3	7.7	9.1
Biocon	BIOCON	235	290	Hold	28250	6.3	5.7	3.0	4.8	37.5	41.3	78.1	48.5	7.7	7.5	3.8	6.1	9.9	8.1	1.5	2.4
Zydus Lifesciences	CADHEA	426	480	Hold	43130	23.3	21.0	21.1	25.3	18.2	20.3	20.2	16.9	13.8	12.0	11.7	12.2	18.4	12.6	11.4	12.2
Cipla	CIPLA	1039	1,350	Buy	83862	29.8	32.9	39.9	49.6	34.8	31.6	26.1	20.9	17.0	16.3	18.6	20.5	13.1	12.7	13.8	15.2
Dr Reddy's Labs	DRREDD	4196	5,215	Buy	69877	117.6	127.2	226.6	205.5	35.7	33.0	18.5	20.4	13.1	13.0	21.9	19.8	11.1	11.0	16.8	13.6
Glenmark Pharma	GLEPHA	399	440	Hold	11259	32.9	42.7	36.4	50.0	12.1	9.3	11.0	8.0	13.9	14.8	16.0	16.0	13.1	13.2	10.2	12.4
Ipca Laboratories	IPCLAB	865	925	Hold	21934	44.9	34.8	24.5	35.7	19.3	24.8	35.3	24.3	27.1	17.4	13.3	16.5	24.2	16.1	10.3	13.3
Jubilant Pharmova	JUBLIF	346	395	Hold	5517	37.4	26.0	22.5	32.8	9.2	13.3	15.3	10.5	13.7	9.0	7.8	9.7	12.6	7.8	6.4	8.6
Lupin	LUPIN	749	680	Hold	34052	26.9	11.9	9.1	26.4	27.9	63.1	81.9	28.4	9.6	3.4	5.9	11.3	8.8	4.4	3.3	8.8
Natco Pharma	NATPHA	528	660	Hold	9646	24.2	9.3	38.6	46.3	21.9	56.7	13.7	11.4	13.1	4.6	16.8	18.5	10.7	4.0	14.6	15.2
Sun Pharma	SUNPHA	1040	1,225	Buy	249513	30.1	32.0	34.3	40.9	34.6	32.5	30.3	25.4	14.2	18.2	17.4	19.0	15.5	16.0	15.0	15.5
Torrent Pharma	TORPHA	1557	1,720	Hold	52710	37.0	32.0	37.6	45.6	42.1	48.6	41.4	34.1	17.6	19.7	18.3	21.1	21.4	18.2	18.8	19.4
Indoco Remedies	INDREM	348	440	Buy	3211	10.1	16.8	17.9	26.7	34.5	20.7	19.4	13.0	11.7	17.5	15.6	21.9	12.1	17.1	15.9	19.8
Caplin Point	CAPPOI	692	955	Buy	5252	81.7	85.3	79.0	74.8	8.5	8.1	8.8	9.3	25.3	24.2	23.4	0.0	20.4	20.2	20.2	18.2
Advanced Enzymes	ADVENZ	273	265	Reduce	3053	13.1	10.7	9.6	13.3	20.9	25.5	28.6	20.5	19.4	14.3	10.9	14.0	15.1	11.0	9.0	11.3
Hester Biosciences	HESPHA	1811	2,280	Hold	1541	44.4	45.7	37.8	58.6	40.8	39.6	47.9	30.9	16.2	10.9	9.5	12.7	16.5	15.0	11.3	15.4
API/CRAMS																					
Divi's Lab	DIVLAB	3349	3,685	Hold	88905	74.7	111.5	87.7	96.9	44.8	30.0	38.2	34.5	27.6	30.2	21.1	21.8	21.3	25.2	17.7	17.2
Hikal	HIKCHE	372	330	Hold	4591	10.8	13.0	6.8	16.6	34.4	28.6	54.8	22.5	15.1	13.6	7.8	14.9	14.3	15.0	7.4	15.6
Syngene Int.	SYNINT	571	610	Hold	22938	10.1	9.9	11.6	14.3	56.4	57.9	49.3	39.8	11.5	11.7	12.9	15.1	13.5	12.9	12.5	13.5
Granules India	GRANUL	289	410	Buy	6996	22.2	16.6	22.7	27.2	13.0	17.4	12.7	10.6	24.0	15.6	20.5	21.7	25.3	16.0	19.7	19.3
Laurus Labs	LAULAB	342	630	Buy	18408	18.3	15.4	17.0	23.3	18.7	22.2	20.1	14.7	31.7	21.3	20.8	24.3	37.9	24.7	21.9	23.6
Suven Pharmaceuticals	SUVPH	486	530	Buy	12376	14.2	17.8	14.7	17.7	34.1	27.3	33.0	27.5	31.2	37.5	26.0	25.6	30.7	29.7	20.6	20.5

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 17: Profit and loss statement				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Revenues	8,508.0	9,557.5	10,645.2	11,674.8
Growth (%)	6.3	12.3	11.4	9.7
Raw Material Expenses	2443.0	2742.7	3048.6	3269.0
Employee Expenses	1526.0	1649.4	1863.1	2101.5
Other Expenses	2108.0	2328.9	2554.8	2802.0
Total Operating Expenditure	6077.0	6720.9	7466.6	8172.4
EBITDA	2,431.0	2,836.6	3,178.6	3,502.5
Growth (%)	-2.0	16.7	12.1	10.2
Depreciation	662.0	704.0	826.3	842.5
Interest	255.0	328.0	316.3	211.3
Other Income	197.0	26.3	209.6	229.9
PBT	1711.0	1830.9	2245.7	2678.5
Total Tax	449.0	601.0	718.6	857.1
PAT before MI	777.0	1229.9	1527.1	1821.4
Adjusted PAT	1,084.4	1,229.9	1,527.1	1,821.4
Growth (%)	-13.4	13.4	24.2	19.3
EPS (Adjusted)	32.0	36.3	45.1	53.8

Source: Company, ICICI Direct Research

Exhibit 18: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Profit/(Loss) after taxation	805.0	1229.9	1527.1	1821.4
Depreciation	662.0	704.0	826.3	842.5
Add: Interest Paid	255.0	328.0	316.3	211.3
Other operational Activities	81.0	-144.3	-229.7	-185.7
CF from operation	1,803.0	2,117.6	2,439.9	2,689.5
Purchase/sales of Fixed Assets	-197.0	-2250.0	-250.0	-250.0
(Inc)/Dec in Investments	-8.0	0.0	0.0	0.0
Long Term Provision	0.0	36.9	40.6	44.6
Other Investing Activities	-18.0	-47.1	-51.8	-57.0
CF from Investing Activities	-223.0	-2,260.2	-261.2	-262.3
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Inc / (Dec) in Loan Funds	-846.0	1700.0	-1200.0	-1500.0
Dividend and dividend tax	-677.0	-303.6	-377.0	-449.6
Other Financing Activities	-258.0	-328.0	-316.3	-211.3
CF from Financing Activities	-1,781.0	1,068.4	-1,893.2	-2,160.9
Cash generation during the year	-201.0	925.8	285.4	266.3
Op bal Cash & Cash equivalents	604.0	403.0	1328.8	1614.3
Adjustments	0.0	0.0	0.0	0.0
Closing Cash/ Cash Equivalent	403.0	1,328.8	1,614.3	1,880.6
Free Cash Flow	1,606.0	-132.4	2,189.9	2,439.5

Source: Company, ICICI Direct Research

Exhibit 19: Balance Sheet				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Equity Capital	85.0	169.2	169.2	169.2
Reserve and Surplus	5,868.0	6,710.1	7,860.2	9,232.0
Total Shareholders funds	5,953.0	6,879.3	8,029.4	9,401.2
Total Debt	4,018.0	5,718.0	4,518.0	3,018.0
Deferred Tax Liability	194.0	213.4	234.7	258.2
Other LT Liabilities & LT Provis	415.0	456.5	502.2	552.4
Total Liabilities	10,580.0	13,267.2	13,284.3	13,229.8
Gross Block - Fixed Assets	10,470.0	12,462.0	12,712.0	12,962.0
Accumulated Depreciation	4,306.0	5,010.0	5,836.3	6,678.8
Net Block	6,164.0	7,452.0	6,875.7	6,283.2
Capital WIP	629.0	679.0	679.0	679.0
Total Fixed Assets	6,793.0	8,131.0	7,554.7	6,962.2
Goodwill on Consolidation	259.0	467.0	467.0	467.0
Investments	226.0	226.0	226.0	226.0
Deferred tax assets	494.0	543.4	597.7	657.5
Other non-current assets	217.0	238.7	262.6	288.8
Cash	403.0	1,328.8	1,614.3	1,880.6
Debtors	1,633.0	1,742.4	1,940.7	2,128.4
Loans and Advances	3.0	4.1	5.2	6.3
Inventory	2,462.0	2,764.0	3,072.4	3,294.4
Other current assets	610.0	611.1	612.2	613.3
Total Current Assets	5,111.0	6,450.5	7,244.8	7,923.0
Creditors	1,674.0	1,879.4	2,089.0	2,240.0
Provisions & other current liab	846.0	910.1	979.5	1,054.8
Total Current Liabilities	2,520.0	2,789.4	3,068.5	3,294.7
Net Current Assets	2,591.0	3,661.1	4,176.3	4,628.3
Application of Funds	10,580.0	13,267.2	13,284.3	13,229.8

Source: Company, ICICI Direct Research

Exhibit 20: Key ratios				
(Year-end March)	FY22	FY23E	FY24E	FY25E
Per share data (₹)				
Reported EPS	23.0	36.3	45.1	53.8
BV per share	175.9	203.3	237.2	277.8
Dividend per share	48	9	11	13
Cash Per Share	11.9	39.3	47.7	55.6
Operating Ratios (%)				
Gross Profit Margins	71.3	71.3	71.4	72.0
EBITDA Margins	28.6	29.7	29.9	30.0
PAT Margins	12.7	12.9	14.3	15.6
Inventory days	367.8	367.8	367.8	367.8
Debtor days	70.1	66.5	66.5	66.5
Creditor days	250.1	250.1	250.1	250.1
Asset Turnover	0.8	0.8	0.8	0.9
EBITDA conversion Rate	74.2	74.7	76.8	76.8
Return Ratios (%)				
RoE	18.2	17.9	19.0	19.4
RoCE	19.7	17.1	20.4	23.3
RoIC	20.2	20.5	23.4	27.5
Valuation Ratios (x)				
P/E	67.8	42.8	34.5	28.9
EV / EBITDA	23.1	20.1	17.4	15.3
EV / Net Sales	6.6	6.0	5.2	4.6
Market Cap / Sales	6.2	5.5	5.0	4.5
Price to Book Value	8.9	7.7	6.6	5.6
Solvency Ratios				
Debt / EBITDA	1.7	2.0	1.4	0.9
Debt / Equity	0.7	0.8	0.6	0.3
Current Ratio	1.9	1.8	1.8	1.8

Source: Company, ICICI Direct Research

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