

# Torrent Pharmaceuticals (TORPHA)

CMP: ₹ 1710

Target: ₹ 2010 (18%)

Target Period: 12 months

May 31, 2023

## Branded business continues to drive numbers, outlook strong...

**About the stock:** Incorporated in 1959, Torrent remains a key play in branded generics (~70% of sales) with strong India franchise and growing exports traction.

- Revenues – India including CRAMs (59%), Brazil (10%), US (12%) and Germany (10%)
- 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

**Q4FY23 Results:** In line numbers driven by branded generics (+70% of revenues.

- Revenues grew 16.9% YoY to ₹ 2491 crore
- EBITDA increased 29.6% YoY to ₹ 727 crore. Margins expanded 286 bps to 29.2%
- PAT was at ₹ 287 crore

**What should investors do?** Torrent's share price has grown at a CAGR of 13.60% over the past three years.

- We upgrade from HOLD to **BUY** with strong traction expected from branded generics and further scope for margin expansion

**Target Price and Valuation:** Valued at ₹ 2010 i.e. 19x EV/EBITDA on FY25E EBITDA of ₹ 3641.9.

**Key triggers for future price performance:**

- Torrent's MR strength (including Curatio) is at 5500. Forays into consumer driven OTC model starting with Shelcal. At least 5 brands identified for the same
- Brazil growth momentum to be driven by new launches in branded space
- Awaiting clearance for Dahej and Indrad facility from the USFDA. New facility at Bileshwarnagar (Gujarat) for oncology for US and ROW markets

**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 ₹ 1090

BUY



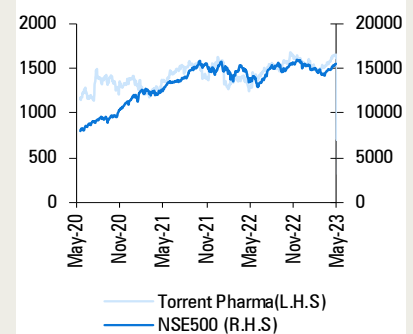
### Particulars

Particular	Amount
Market Capitalisation	₹ 52710 crore
Debt (FY23)	₹ 5297 crore
Cash (FY23)	₹ 571 crore
EV	₹57019 crore
52 week H/L (₹)	1750/1344
Equity capital	₹ 169.2 crore
Face value	₹ 5

### Shareholding pattern

(in %)	Jun-22	Sep-22	Dec-22	Mar-23
Promoter	71.3	71.3	71.3	71.3
Others	28.8	28.8	28.8	28.8

### Price Chart



### Recent Event & Key risks

- New tender wins in Germany
- Key Risk:** (i) Competition in branded space (ii) Cost overrun and failing to keep strong margins trajectory

### Research Analyst

Siddhant Khandekar  
siddhant.khandekar@icicisecurities.com

Kushal Shah  
kushal.shah@icicisecurities.com

Utkarsh Jain  
utkarsh.jain@icicisecurities.com

### Key Financial Summary

Key Financials (₹ crore)	FY21	FY22	FY23	5 year CAGR (FY18-23)	FY24E	FY25E	2 year CAGR (FY23-25E)
Revenues	8005.0	8508.0	9620.0	9.9	10753.2	11797.3	10.7
EBITDA	2480.0	2431.0	2842.0	16.1	3266.6	3641.9	13.2
EBITDA margins (%)	31.0	28.6	29.5		30.4	30.9	
Net Profit	1252.0	1084.4	1236.0	12.8	1646.3	1975.9	26.4
EPS (₹)	37.0	32.0	36.5		48.6	58.4	
PE (x)	46.2	74.5	46.8		35.2	29.3	
RoNW (%)	21.4	18.2	19.9		22.1	22.1	
RoCE (%)	17.6	19.7	19.0		24.7	28.3	
Debt / Equity	0.8	0.7	0.9		0.4	0.2	

Source: Company, ICICI Direct Research

## Key takeaways of recent quarter & conference call highlights

### Q4FY23 Results: Inline numbers driven by the branded generic markets.

- Revenues grew 16.9% YoY to ₹ 2491 crore, mainly driven by growth in India, Germany and Brazil markets. EBITDA increased 29.6% YoY to ₹ 727 crore. EBITDA margins expanded 286 bps to 29.2%, due to a change in revenue mix, higher revenues across geographies. PAT was at ₹ 287 crore. India business grew 21.6% YoY to ₹ 1257 on the back of revenue integration from Curatio deal and performance from top brands. Brazil Business grew by 26.7 % YoY to ₹ 318, growth was aided by performance of top brands and market share gain and strong momentum in generic segment. U.S Business de-grew by ~0.7 % YoY ₹ 280 crore. Germany Business improved by 16.1% YoY to ₹ 253 crore sequential recovery in Germany was complemented by new tenders and growth of OTC segment
- Torrent numbers were in line with our estimates. Branded generics business India continues to perform well with focus on Curatio acquisition and focus on power brands besides consumer business foray. Brazil numbers were beat on our estimates driven by generic brands and CMS 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 has started, but it continues to witness price erosion in high single digit. We remain positive on the company's branded generics business focus which is +70% of sales now. The management is looking for 60-100 bps margins improvement banking on branded generics business traction

### Q4FY23 Earnings Conference Call highlights:

#### India-

- MR strength 5500 ( including Curatio)- PCPR ₹ 7-8 lakh per month including Curatio. (Torrent - ₹ 9.5 lakh; Curatio- ₹ 4 lakh)
- YoY growth - Curatio - 19%; Torrent base business - 15% ( 7% pricing growth, 3% volume growth, 5% new introductions)
- Consumer business still in pilot stage, to start with Shelcal 500 first. Unienzyme could be next. Plan is to launch 5 products through this channel in FY24
- Directional growth guidance for India business- Market growth + 200 bps
- Curatio EBITDA margins currently at the blended company level (~29%). Plan is to take the same to India base business level

#### Brazil

- Constant currency growth- 17%
- IQVIA Torrent growth- 24%, market growth- 12%
- Seven products launched in FY23. Out of which four have garnered double digit market share
- Six new launches planned in FY24- 3 from CNS, 3 from Cardio-diabetology
- Current MR strength- 295

#### Germany

- Constant currency growth- 11%
- Growth was driven by new tenders wins and OTC segment
- Current base of Euro 28-29 million / quarter, can improve based on new tender wins and launches
- In Germany, new tenders are opened every quarter with two years of duration

**US**

- gRevlimid launch expected in FY25 (via third party)
- Strategy- 1) to arrest bleeding in the business, 2) cost reduction and outsourcing, 3) discontinuation of unviable products
- Oncology plant at Bileshwarnagar (Gujarat) expected to launch its first product in the US in June. The plant will also ship products to other global markets
- Indrad, Dahej launches may take some more time

**Other points**

- R&D focus- 1) Branded generics, 2) Global Oncology, 3) Brazil- 10-15 products development, 4) US- 5-6 products development
- Expects 60-100 bps margins improvement year on year based on branded focus across markets
- FY24 Net Debt \ EBITDA target- less than 1x- Effective net Debt- ₹ 1000-1200 crore

Exhibit 1: Variance Analysis

	Q4FY23	Q4FY23E	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	Comments
Revenue	2,491.0	2,441.3	2,131.0	16.9	2,491.0	0.0	Growth driven by India, Germany, Brazil performance
Raw Material Expenses	704.0	715.4	622.0	13.2	730.0	-3.6	
Gross margins (%)	71.7	70.7	70.8	93 bps	70.7	104 bps	
Employee Expenses	441.0	414.6	364.0	21.2	423.0	4.3	
Other Expenditure	619.0	585.9	584.0	6.0	614.0	0.8	
EBITDA	727.0	725.4	561.0	29.6	724.0	0.4	
EBITDA (%)	29.2	29.7	26.3	286 bps	29.1	12 bps	Improvement due to better realisation from Curatio
Interest	107.0	102.0	57.0	87.7	102.0	4.9	
Depreciation	196.0	193.0	162.0	21.0	193.0	1.6	
Other Income	9.0	-9.8	56.0	-83.9	-10.0	LP	
PBT before EO & Forex	433.0	420.6	398.0	8.8	419.0	3.3	
PBT	433.0	420.6	-87.0	LP	419.0	3.3	
Tax	146.0	137.2	31.0	371.0	136.0	7.4	
PAT before MI	287.0	283.4	-118.0	LP	283.0	1.4	
MI	0.0	0.0	0.0	0.0	0.0	0.0	
Adjusted PAT	287.0	283.4	539.8	-46.8	283.0	1.4	
<b>Key Metrics</b>							
India	1,257.0	1,226.8	1,034.0	21.6	1,259.0	-0.2	New launches in chronic segment and integration of Curatio Healthcare
Brazil	318.0	263.6	251.0	26.7	248.0	28.2	Growth was aided by performance of top brands, market share gain and strong momentum in generic segment.
US	280.0	287.1	282.0	-0.7	291.0	-3.8	
Germany	253.0	250.7	218.0	16.1	241.0	5.0	Sequential recovery was due to new tenders and growth of OTC segment

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY23			FY24E			FY25E		
	Old	New	% Change	Old	New	% Change	Old	New	% Change
Revenue	9,570.3	9,620.0	0.5	10,659.2	10,753.2	0.9	11,690.2	11,797.3	0.9
EBITDA	2,840.4	2,842.0	0.1	3,182.8	3,266.6	2.6	3,507.1	3,641.9	3.8
EBITDA Margin (%)	29.7	29.5	-14 bps	29.9	30.4	52 bps	30.0	30.9	87 bps
PAT	1,232.4	1,236.0	0.3	1,530.1	1,646.3	7.6	1,824.7	1,975.9	8.3
EPS (₹)	36.4	36.5	0.3	45.2	48.6	7.6	53.9	58.4	8.3

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ crore)	Current					Earlier			Comments
	FY21	FY22	FY23	FY24E	FY25E	FY23	FY24E	FY25E	
India	3,740.0	4,286.0	4,985.0	5,737.2	6,425.7	4,954.8	5,703.4	6,387.8	
Brazil	631.0	742.0	935.0	1,028.5	1,131.4	880.6	968.6	1,065.5	
US	1,261.0	1,067.0	1,162.0	1,158.3	1,175.8	1,169.1	1,173.9	1,191.9	
Germany	1,039.0	966.0	928.0	1,011.5	1,102.6	925.7	1,009.0	1,099.8	

Source: ICICI Direct Research

Exhibit 4: Revenue Breakup

₹ crore	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	CAGR FY18-23 (%)	CAGR FY23-25E (%)
India	1829	1976	2351	3235	3517	3740	4286	4985	5737	6426	16.22%	13.53%
CRAMs (Incl Others)	600	545	408	467	472	517	570	706	741	778	11.59%	5.00%
US	2672	1347	1100	1590	1522	1261	1067	1162	1158	1176	1.11%	0.59%
Others	425	488	522	684	765	820	881	820	902	992	9.45%	10.00%
Germany	648	811	912	1008	947	1039	966	928	1012	1103	0.34%	9.00%
Brazil	506	699	709	689	715	631	742	935	1029	1131	5.68%	10.00%

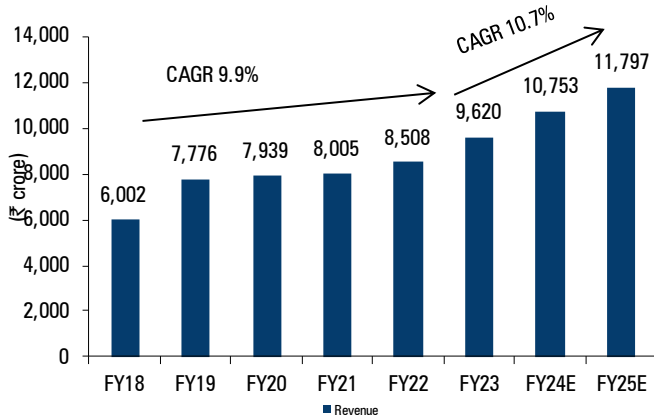
Source: ICICI Direct Research

Exhibit 5: Financial Summary

	Revenues (₹ crore)	Growth (%)	Adj. EPS (₹)	Growth (%)	P/E (x)	EV/EBITDA (X)	RoE (%)	RoCE (%)
FY21	8005	0.8	37.0	22.1	46.2	25.0	21.4	17.6
FY22	8508	6.3	32.0	-13.4	74.5	25.2	18.2	19.7
FY23	9620	13.1	36.5	14.0	46.8	22.0	19.9	19.0
FY24E	10753	11.8	48.6	33.2	35.2	18.6	22.1	24.7
FY25E	11797	9.7	58.4	20.0	29.3	16.1	22.1	28.3

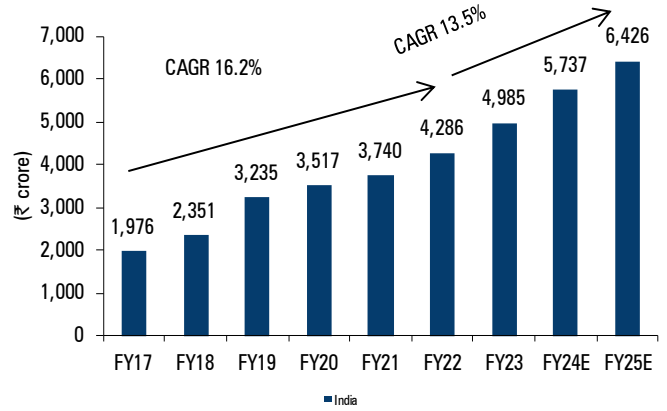
Source: ICICI Direct Research

Exhibit 6: Revenues to grow at 10.7% CAGR over FY23-25E



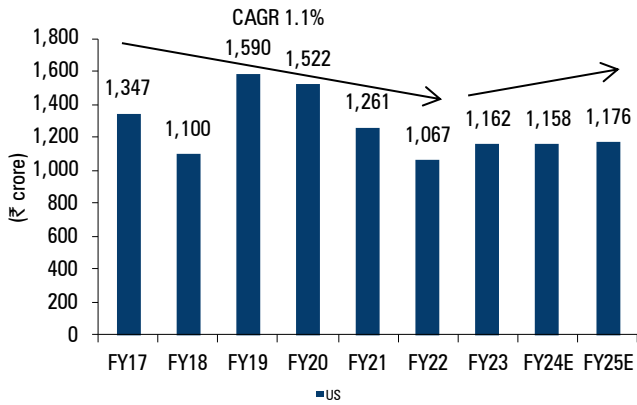
Source: Company, ICICI Direct Research

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



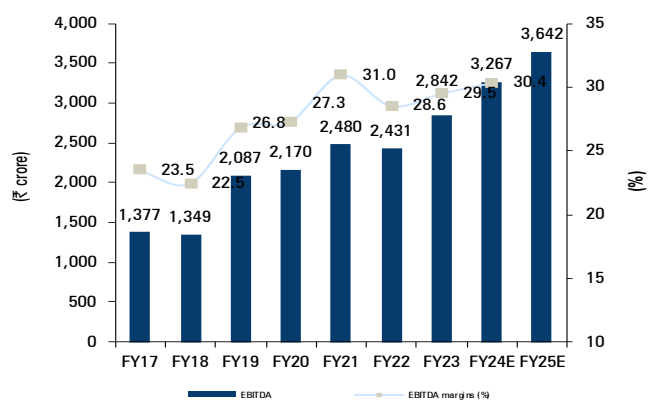
Source: Company, ICICI Direct Research

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



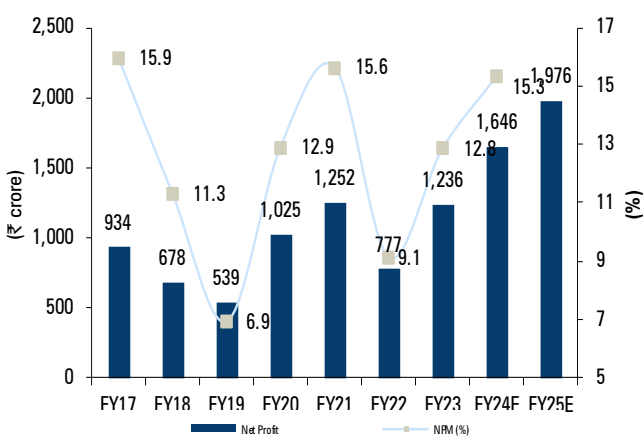
Source: Company, ICICI Direct Research

Exhibit 9: EBITDA & EBITDA margins trend



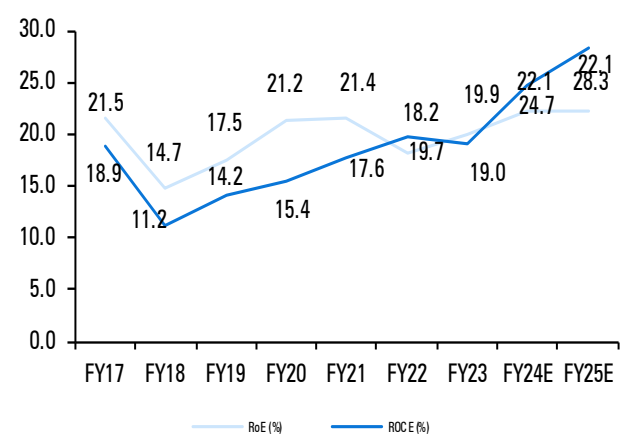
Source: Company, ICICI Direct Research

Exhibit 10: PAT & PAT margins trend



Source: Company, ICICI Direct Research

Exhibit 11: RoE & RoCE trend



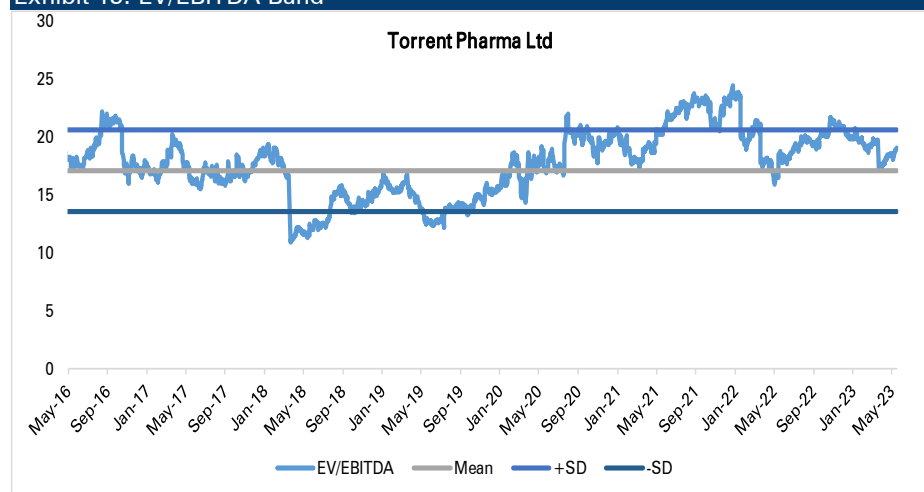
Source: Company, ICICI Direct Research

Exhibit 12: Trends in Quarterly Performance

₹ Crore	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY (%)	QoQ (%)
Revenues	1946.0	2056.0	2017.0	1995.0	1937.0	2134.0	2137.0	2106.0	2131.0	2347.0	2291.0	2491.0	2491.0	16.9	0.0
Total RM cost	528.0	535.0	554.0	562.0	496.0	588.0	595.0	638.0	622.0	660.0	641.0	730.0	704.0	13.2	-3.6
% sales	27.1	26.0	27.5	28.2	25.6	27.6	27.8	30.3	29.2	28.1	28.0	29.3	28.3	-93 bps	-104 bps
Gross Profit	1418.0	1521.0	1463.0	1433.0	1441.0	1546.0	1542.0	1468.0	1509.0	1687.0	1650.0	1761.0	1787.0	18.4	1.5
GPM (%)	72.9	74.0	72.5	71.8	74.4	72.4	72.2	69.7	70.8	71.9	72.0	70.7	71.7	93 bps	104 bps
Employee cost	336.0	373.0	363.0	363.0	341.0	385.0	389.0	388.0	364.0	420.0	394.0	423.0	441.0	21.2	4.3
% sales	17.3	18.1	18.0	18.2	17.6	18.0	18.2	18.4	17.1	17.9	17.2	17.0	17.7	62 bps	72 bps
Other expenditure	534.0	487.0	465.0	463.0	518.0	484.0	493.0	544.0	584.0	555.0	577.0	614.0	619.0	6.0	0.8
% of sales	27.4	23.7	23.1	23.2	26.7	22.7	23.1	25.8	27.4	23.6	25.2	24.6	24.8	-256 bps	20 bps
Total Expenditure	1398.0	1395.0	1382.0	1388.0	1355.0	1457.0	1477.0	1570.0	1570.0	1635.0	1612.0	1767.0	1764.0	12.4	-0.2
% of Revenues	71.8	67.9	68.5	69.6	70.0	68.3	69.1	74.5	73.7	69.7	70.4	70.9	70.8	-286 bps	-12 bps
EBITDA	548.0	661.0	635.0	607.0	582.0	677.0	660.0	536.0	561.0	712.0	679.0	724.0	727.0	29.6	0.4
EBITDA Margins (%)	28.2	32.1	31.5	30.4	30.0	31.7	30.9	25.5	26.3	30.3	29.6	29.1	29.2	286 bps	12 bps
Depreciation	168.0	161.0	165.0	167.0	165.0	165.0	168.0	167.0	162.0	155.0	163.0	193.0	196.0	21.0	1.6
Interest cost	102.0	102.0	92.0	91.0	73.0	68.0	71.0	62.0	57.0	55.0	69.0	102.0	107.0	87.7	4.9
Other Income	15.0	4.0	6.0	8.0	39.0	40.0	51.0	50.0	56.0	30.0	16.0	-10.0	9.0	-83.9	-190.0
PBT before forex & Forex & EO	293.0	402.0	384.0	357.0	383.0	484.0	472.0	357.0	398.0	532.0	463.0	419.0	433.0	8.8	3.3
PBT	293.0	402.0	384.0	357.0	383.0	484.0	472.0	357.0	-87.0	532.0	463.0	419.0	433.0	-597.7	3.3
Tax	-21.0	81.0	74.0	60.0	59.0	154.0	156.0	108.0	31.0	178.0	151.0	136.0	146.0	371.0	7.4
Tax rate (%)	-7.2	20.1	19.3	16.8	15.4	31.8	33.1	30.3	-35.6	33.5	32.6	32.5	33.7		
PAT	314.0	321.0	310.0	297.0	324.0	330.0	316.0	249.0	-118.0	354.0	312.0	283.0	287.0	-343.2	1.4
PAT after MI	314.0	321.0	310.0	297.0	324.0	330.0	316.0	249.0	-118.0	354.0	312.0	283.0	287.0	-343.2	1.4
EPS (₹)	18.6	19.0	18.3	17.5	19.1	19.5	18.7	14.7	-7.0	20.9	18.4	16.7	17.0		

Source: ICICI Direct Research

Exhibit 13: EV/EBITDA Band



Source: ICICI Direct Research

**Exhibit 14: Power brands**

Brand	Therapy	Mar-20	Mar-21	Mar-22	Mar-23	CAGR 20-23	YoY
SHELCAL	VITAMINS/MINERALS/NUTRIENTS	291.61	344.23	366.71	418.77	12.8%	14.2%
CHYMORAL	VITAMINS/MINERALS/NUTRIENTS	173.59	186.83	216.81	267.71	15.5%	23.5%
NEXPRO-RD	GASTRO INTESTINAL	104.13	124.02	153.41	180.81	20.2%	17.9%
SHELCAL XT	VITAMINS/MINERALS/NUTRIENTS	82.19	92.40	124.78	165.87	26.4%	32.9%
NIKORAN	CARDIAC	118.83	136.65	145.20	163.79	11.3%	12.8%
UNIENZYME	GASTRO INTESTINAL	105.96	123.87	135.12	157.86	14.2%	16.8%
NEBICARD	CARDIAC	112.17	124.05	126.23	134.45	6.2%	6.5%
LOSAR	CARDIAC	113.03	126.13	118.72	128.53	4.4%	8.3%
LOSAR-H	CARDIAC	118.61	126.56	120.13	122.87	1.2%	2.3%
AZULIX-MF	ANTI DIABETIC	109.72	113.68	116.92	120.75	3.2%	3.3%
Top 10 Brands		1,329.83	1,498.41	1,624.04	1,861.40	11.9%	14.6%
% of IQVIA sales		26.67%	27.85%	27.10%	27.43%		

Source: IQVIA, ICICI Direct Research

**Exhibit 15: Therapeutic break-up**

Therapy	Mar-20	Mar-21	Mar-22	Mar-23	CAGR 20-23	YoY
CARDIAC	1,512.22	1,661.13	1,693.32	1,852.81	7.0%	9.4%
GASTRO INTE'	782.79	854.48	1,038.66	1,197.84	15.2%	15.3%
NEURO / CNS	665.34	748.86	839.78	974.54	13.6%	16.0%
VITAMINS/MII	449.79	514.70	577.75	669.78	14.2%	15.9%
PAIN / ANALC	419.78	430.17	491.22	574.27	11.0%	16.9%
ANTI DIABETIC	391.77	448.16	486.75	557.28	12.5%	14.5%
DERMA	312.16	309.69	371.00	434.56	11.7%	17.1%
ANTI-INFECTI	225.28	187.44	207.01	195.72	-4.6%	-5.5%
GYNAEC.	93.67	101.57	126.07	162.59	20.2%	29.0%
UROLOGY	35.93	35.45	37.39	39.26	3.0%	5.0%
Top Therapies	35.41	35.57	36.36	38.77	3.1%	6.6%
Total IQVIA Sa	4,985.40	5,379.90	5,993.00	6,787.06	10.8%	13.2%

Source: IQVIA, ICICI Direct Research

## Financial Summary

Exhibit 16: Profit and loss statement				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
<b>Revenues</b>	<b>8,508.0</b>	<b>9,620.0</b>	<b>10,753.2</b>	<b>11,797.3</b>
Growth (%)	6.3	13.1	11.8	9.7
Raw Material Expenses	2443.0	2735.0	2972.8	3257.6
Employee Expenses	1526.0	1678.0	1920.1	2123.5
Other Expenses	2108.0	2365.0	2593.7	2774.3
Total Operating Expenditure	6077.0	6778.0	7486.6	8155.4
<b>EBITDA</b>	<b>2,431.0</b>	<b>2,842.0</b>	<b>3,266.6</b>	<b>3,641.9</b>
Growth (%)	-2.0	16.9	14.9	11.5
Depreciation	662.0	707.0	826.3	842.5
Interest	255.0	333.0	230.8	132.8
Other Income	197.0	45.0	211.6	232.1
PBT	1711.0	1847.0	2421.1	2898.7
Total Tax	449.0	611.0	774.7	927.6
PAT before MI	777.0	1236.0	1646.3	1971.1
<b>Adjusted PAT</b>	<b>1,084.4</b>	<b>1,236.0</b>	<b>1,646.3</b>	<b>1,971.1</b>
Growth (%)	-13.4	14.0	33.2	19.7
<b>EPS (Adjusted)</b>	<b>32.0</b>	<b>36.5</b>	<b>48.6</b>	<b>58.2</b>

Source: Company, ICICI Direct Research

Exhibit 17: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Profit/(Loss) after taxation	805.0	1449.0	1646.3	1971.1
Depreciation	662.0	707.0	826.3	842.5
Add: Interest Paid	255.0	333.0	230.8	132.8
Other operational Activities	81.0	-121.0	124.9	-200.6
<b>CF from operation</b>	<b>1,803.0</b>	<b>2,368.0</b>	<b>2,828.3</b>	<b>2,745.9</b>
Purchase/sales of Fixed Assets	-197.0	-415.0	-250.0	-250.0
(Inc)/Dec in Investments	-8.0	-2000.0	0.0	0.0
Long Term Provision	0.0	0.0	39.3	43.2
Other Investing Activities	-18.0	0.0	-27.5	-30.3
<b>CF from Investing Activities</b>	<b>-223.0</b>	<b>-2,415.0</b>	<b>-238.2</b>	<b>-237.0</b>
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Inc / (Dec) in Loan Funds	-846.0	1243.0	-2000.0	-1400.0
Dividend and dividend tax	-677.0	-863.0	-406.4	-486.6
Other Financing Activities	-258.0	-303.0	-230.8	-132.8
<b>CF from Financing Activities</b>	<b>-1,781.0</b>	<b>77.0</b>	<b>-2,637.2</b>	<b>-2,019.3</b>
Cash generation during the year	-201.0	30.0	-47.1	489.5
Op bal Cash & Cash equivalents	604.0	403.0	433.0	385.9
Adjustments	0.0	0.0	0.0	0.0
<b>Closing Cash/ Cash Equivalent</b>	<b>403.0</b>	<b>433.0</b>	<b>385.9</b>	<b>875.4</b>
<b>Free Cash Flow</b>	<b>1,606.0</b>	<b>1,953.0</b>	<b>2,578.3</b>	<b>2,495.9</b>

Source: Company, ICICI Direct Research

Exhibit 18: Balance Sheet				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Equity Capital	85.0	169.0	169.0	169.0
Reserve and Surplus	5,868.0	6,029.0	7,268.9	8,753.5
Total Shareholders funds	5,953.0	6,198.0	7,437.9	8,922.5
Total Debt	4,018.0	5,297.0	3,297.0	1,897.0
Deferred Tax Liability	194.0	402.0	442.2	486.4
Other LT Liabilities & LT Provision	415.0	469.0	515.9	567.5
<b>Total Liabilities</b>	<b>10,580.0</b>	<b>12,366.0</b>	<b>11,693.0</b>	<b>11,873.4</b>
Gross Block - Fixed Assets	10,470.0	12,462.0	12,712.0	12,962.0
Accumulated Depreciation	4,306.0	5,013.0	5,839.3	6,681.8
Net Block	6,164.0	7,784.0	6,872.7	6,280.2
Capital WIP	629.0	765.0	765.0	765.0
Total Fixed Assets	6,793.0	8,549.0	7,637.7	7,045.2
Goodwill on Consolidation	259.0	338.0	338.0	338.0
Investments	226.0	199.0	199.0	199.0
Deferred tax assets	494.0	544.0	598.4	658.2
Other non-current assets	217.0	209.0	229.9	252.9
Cash	403.0	571.0	385.9	875.4
Debtors	1,633.0	1,944.0	1,959.0	2,149.2
Loans and Advances	3.0	2.0	3.1	4.2
Inventory	2,462.0	2,230.0	2,995.9	3,282.9
Other current assets	610.0	426.0	427.1	428.2
Total Current Assets	5,111.0	5,173.0	5,771.0	6,740.0
Creditors	1,674.0	1,679.0	2,037.0	2,232.2
Provisions & other current liabilit	846.0	967.0	1,044.0	1,127.7
Total Current Liabilities	2,520.0	2,646.0	3,081.0	3,359.9
Net Current Assets	2,591.0	2,527.0	2,690.0	3,380.1
<b>Application of Funds</b>	<b>10,580.0</b>	<b>12,366.0</b>	<b>11,693.0</b>	<b>11,873.4</b>

Source: Company, ICICI Direct Research

Exhibit 19: Key ratios				
(Year-end March)	FY22	FY23	FY24E	FY25E
<b>Per share data (₹)</b>				
Reported EPS	23.0	36.5	48.6	58.2
BV per share	175.9	183.1	219.8	263.6
Dividend per share	48	48	12	14
Cash Per Share	11.9	16.9	11.4	25.9
<b>Operating Ratios (%)</b>				
Gross Profit Margins	71.3	71.6	72.4	72.4
EBITDA Margins	28.6	29.5	30.4	30.9
PAT Margins	12.7	12.8	15.3	16.7
Inventory days	367.8	297.6	367.8	367.8
Debtor days	70.1	73.8	66.5	66.5
Creditor days	250.1	224.1	250.1	250.1
Asset Turnover	0.8	0.8	0.8	0.9
EBITDA conversion Rate	74.2	83.3	86.6	75.4
<b>Return Ratios (%)</b>				
RoE	18.2	19.9	22.1	22.1
RoCE	19.7	19.0	24.7	28.0
RoIC	20.2	21.3	25.9	31.0
<b>Valuation Ratios (x)</b>				
P/E	74.5	46.8	35.2	29.4
EV / EBITDA	25.2	22.0	18.6	16.1
EV / Net Sales	7.2	6.5	5.6	5.0
Market Cap / Sales	6.8	6.0	5.4	4.9
Price to Book Value	9.7	9.3	7.8	6.5
<b>Solvency Ratios</b>				
Debt / EBITDA	1.7	1.9	1.0	0.5
Debt / Equity	0.7	0.9	0.4	0.2
Current Ratio	1.9	1.7	1.7	1.7

Source: Company, ICICI Direct Research



Exhibit 20: 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
<b>Hospitals</b>																					
Apollo Hospitals	APOHOS	4698	5,460	Buy	67649	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	869	990	Buy	17719	16.7	29.7	27.0	32.0	26.9	18.0	16.1	13.7	20.5	25.2	19.1	19.4	23.0	28.4	20.7	19.8
Shalby	SHALIM	139	170	Buy	1503	5.4	6.3	8.2	10.3	12.8	10.9	8.1	6.7	8.4	9.9	11.8	13.9	6.7	7.4	8.9	10.2
Aster DM	ASTDM	259	280	Buy	12955	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	305	390	Buy	4241	3.9	2.1	6.4	8.6	20.8	16.4	12.3	10.6	5.0	8.1	12.5	14.3	5.0	3.4	9.4	11.2
Rainbow Children's Medicare	RAICHI	968	900	Hold	9875	13.6	20.8	19.2	20.2	30.3	26.4	24.6	20.9	20.2	17.8	14.5	16.5	22.9	19.9	15.5	14.0
<b>Company</b>																					
Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				P/E(x)				RoCE (%)				RoE (%)			
						FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E
<b>MNC Pharma</b>																					
Abbott India	ABBIND	22012	20,315	Hold	46226	380.3	452.1	501.7	564.3	57.9	48.7	43.9	39.0	36.6	38.7	34.1	31.0	28.3	29.8	26.1	23.6
P&G Health	MERLIM	5198	5,620	Buy	8836	113.2	152.2	144.4	165.2	45.9	34.2	36.0	31.5	39.8	43.7	34.5	33.6	31.2	33.2	26.5	25.7
Sanofi India	SANOFI	6811	6,270	Hold	15664	410.6	269.8	251.4	272.7	16.6	25.2	27.1	25.0	33.3	55.1	49.6	45.0	25.9	41.2	36.9	33.3
Pfizer	PFIZER	3790	3,830	Hold	17434	133.2	135.6	135.7	147.2	28.5	27.9	27.9	25.7	26.1	24.8	22.7	21.6	21.4	18.4	17.1	16.3
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	1301	1,520	Buy	16657	39.5	49.2	48.0	50.1	33.0	26.4	27.1	26.0	25.3	23.4	21.9	19.8	20.2	19.9	16.4	14.8
Alembic Pharma	ALEMPHA	559	530	Hold	11019	27.7	17.4	14.1	22.1	20.2	32.2	39.7	25.3	10.6	8.6	8.0	11.6	10.4	7.8	6.2	9.1
Aurobindo Pharma	AURPHA	642	615	Hold	37598	47.4	33.0	50.0	55.8	13.5	19.4	12.8	11.5	12.9	8.6	12.2	12.7	11.3	7.2	9.9	10.0
Biocon	BIOCON	241	235	Hold	28890	5.7	5.7	8.8	15.4	42.2	42.2	27.3	15.7	7.5	3.9	5.6	6.8	8.1	3.8	5.6	9.0
Zydus Lifesciences	CADHEA	508	600	Buy	52050	21.0	21.6	25.3	33.3	24.2	23.5	20.1	15.3	12.0	14.2	14.8	14.9	12.6	12.6	13.1	14.8
Cipla	CIPLA	958	1,090	Buy	77282	32.9	36.4	42.7	48.2	29.1	26.3	22.4	19.9	16.7	17.4	17.8	18.2	12.7	12.5	13.2	13.4
Dr Reddy's Lab	DRREDD	4518	5,520	Buy	74998	127.2	269.3	230.2	256.5	35.5	16.8	19.6	17.6	12.5	23.9	18.8	21.1	11.0	19.2	14.4	14.2
Glenmark	GLEPHA	593	580	Hold	16721	42.7	37.8	34.6	41.3	13.9	15.7	17.1	14.4	14.8	13.4	13.5	14.9	13.2	11.2	9.4	10.1
Ipca Lab	IPCLAB	689	885	Hold	17488	34.8	20.8	31.4	37.0	19.8	33.1	21.9	18.6	17.4	12.1	15.7	16.5	16.1	8.9	12.1	12.7
Lupin	LUPIN	809	725	Hold	36787	11.9	8.3	25.6	33.0	68.1	97.2	31.5	24.5	3.4	5.7	11.0	13.0	4.4	3.0	8.6	10.2
Natco	NATPHA	630	565	Hold	11524	9.3	36.3	40.3	30.2	67.8	17.3	15.6	20.8	4.6	15.9	16.5	11.6	4.0	13.9	13.6	9.4
Sun Pharma	SUNPHA	960	1,140	Buy	230340	32.0	36.1	35.8	40.8	30.0	26.6	26.8	23.5	18.2	15.3	15.5	15.8	16.0	15.5	13.6	13.7
Torrent Pharma	TORPHA	1714	2,010	Buy	57928	32.0	36.5	48.6	58.2	53.5	46.9	35.2	29.4	19.7	19.0	24.7	28.0	18.2	19.9	22.1	22.1
Indoco Remedies	INDREM	340	405	Buy	3125	16.8	15.6	21.3	27.1	20.2	21.8	16.0	12.5	17.5	12.7	15.8	18.9	17.1	14.0	16.5	17.9
Caplin Point	CAPPOI	744	900	Buy	5653	39.5	49.2	48.0	50.1	18.9	15.1	15.5	14.8	25.3	23.4	21.9	19.8	20.2	19.9	16.4	14.8
Advanced Enzyme	ADVENZ	277	310	Hold	3101	11.5	13.1	10.7	10.7	24.0	21.2	25.9	25.9	14.3	10.9	13.4	14.2	11.0	8.7	10.7	11.3
Hester Bios	HESPHA	1635	1,490	Reduce	1472	45.7	31.1	40.5	53.3	35.8	52.6	40.4	30.7	10.9	7.5	8.8	10.3	15.0	9.4	11.2	13.1
<b>API/CRAMS</b>																					
Div's Lab	DIVLAB	3469	3,575	Buy	91926	111.5	68.7	78.3	89.4	31.1	50.5	44.3	38.8	30.2	17.8	18.9	19.4	25.2	14.3	14.8	15.2
Hikal	HIKCHE	308	305	Hold	3788	13.0	6.4	11.5	17.0	23.7	48.4	26.8	18.1	13.6	7.7	11.5	14.8	15.0	6.9	11.2	14.4
Syngene International	SYNINT	720	740	Buy	28852	9.9	11.6	13.3	17.9	72.9	62.1	54.0	40.2	11.7	13.8	14.2	16.9	12.9	12.8	13.0	14.9
Granules India	GRANUL	284	360	Buy	3487	16.6	20.8	21.8	27.8	17.0	13.6	13.0	10.2	15.6	18.5	17.8	19.4	16.0	18.2	16.2	17.3
Laurus Labs	LAULAB	333	300	Hold	17877	15.4	14.7	10.5	10.5	21.6	22.6	31.7	31.7	21.3	19.8	14.6	16.0	24.7	19.6	12.4	13.5
Suven Pharma	SUVPH	477	530	Buy	12161	17.8	14.7	17.7	20.0	26.8	32.4	27.0	23.8	37.5	26.0	25.6	24.5	29.7	20.6	20.5	19.5

Source: ICICI Direct Research

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Name of the Compliance officer (Research Analyst): Mr. Anoop Goyal

Contact number: 022-40701000 **E-mail Address:** [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Prabodh Avadhoot Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

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