

Weak set of numbers, outlook upbeat...

About the stock: Indoco manufactures and markets branded formulations and APIs for the domestic and export markets. In domestic formulations, the company has a major presence in acute therapies.

- Domestic formulations accounted for 43% of revenues
- Formulation exports accounted for 51% (regulated markets: 38%) of revenues while APIs contributed ~5%

Q4FY23 Results: India and US missed estimates, dragged numbers.

- Revenues grew 4.5% YoY to ₹ 427 crore
- On operational front, EBITDA de-grew ~21% YoY to ₹ 64 crore with margins at 14.9%
- PAT for Q4 was at ₹ 28 crore

What should investors do? Indoco's share price has grown at a CAGR of 17.2% over the past three years.

- We maintain **BUY** on the back of 1) Steady domestic business visibility, 2) Strong exports guidance and 3) Expectation of margins improvement

Target Price and Valuation: We value Indoco Remedies at ₹ 405 i.e. 15x P/E on FY25E EPS of ₹ 27.1.

Key triggers for future price performance:

- Restructuring exercise for improvement in MR productivity and therapy calibration is likely to yield productive growth in Indian formulations
- Resumption of sales from Goa Plant 1 to US post VAI status and Renewal of Allopurinol contract in Germany to aid growth
- Indoco will benefit with market share gains in covered markets domestically while export formulations are likely to grow with a strong pipeline in speciality dosages, visible launch schedule and strong order book
- Niche ANDA filings in ophthalmic, injectable and controlled release OSDs in the US to scale up the US share from a low base

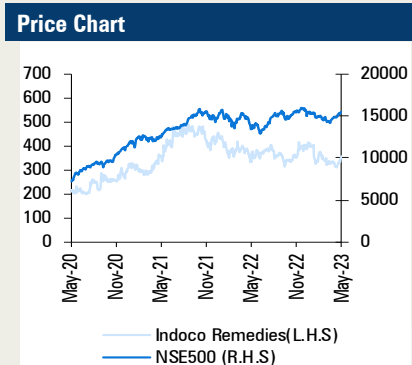
Alternate Stock Idea: Apart from Indoco, in healthcare coverage we like Ajanta.

- It is mainly into domestic as well as exports formulations with focus on launching maximum number of first time launches
- BUY with a target price of ₹ 1520



Particulars	Amount
Market Capitalisation	₹ 3123 crore
Debt (FY23)	₹ 315 crore
Cash (FY23)	₹ 13 crore
EV	₹ 3424 crore
52 week H/L (₹)	429/308
Equity capital	₹ 18.4 crore
Face value	₹ 2

Shareholding pattern				
(in %)	Jun-22	Sep-22	Dec-22	Mar-23
Promoter	58.7	58.7	58.7	58.7
Others	41.3	41.3	41.3	41.3



- Recent Event & Key risks**
- Receipt of EIR for Goa Plant from USFDA
 - **Key Risk:** (i) CGMP regulatory concerns (ii) Competition in domestic power brands

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Key Financial Summary

Key Financials (₹ Crore)	FY21	FY22	FY23	5 year CAGR (FY18-23)	FY24E	FY25E	2 year CAGR (FY23-25E)
Revenues	1241.5	1540.8	1667.3	9.8	1892.6	2166.0	14.0
EBITDA	224.3	327.3	284.7	15.5	361.1	436.1	23.8
EBITDA margins (%)	18.1%	21.2%	17.1%		19.1%	20.1%	
Adjusted PAT	93.1	154.8	143.8	15.0	195.8	249.6	31.7
EPS (Adjusted)	10.1	16.8	15.6		21.3	27.1	
PE (x)	33.5	20.1	21.7		15.9	12.5	
EV to EBITDA (x)	15.0	10.2	12.0		9.4	7.5	
RoNW (%)	12.1	17.1	14.0		16.5	17.9	
RoCE (%)	11.7	17.5	12.7		15.8	18.9	

Key takeaways of recent quarter & conference call highlights

Q4FY23 Results: India, US miss estimates, drag numbers

- Revenues grew 4.5% YoY to ₹ 427 crore. Domestic business de-grew 4.3% YoY to ₹ 185 crore. Export business grew 14% YoY to ₹ 216 crore. Regulated markets contributed ₹ 163 crore up 5.2% YoY whereas Emerging markets contributed ₹ 53 crore up 53.7%. On operational front EBITDA de-grew ~21% YoY to ₹ 64 crore with margins at 14.9%. PAT came in at ₹ 28 crore
- While India sales coming in below our estimates due to Covid base adjustment and slowdown in one of the leading power brands, US growth was impacted due to USFDA inspection related stoppages at plant 1, which eventually received an EIR with VAI status (cleared for exports). The profitability was impacted by higher other expenditure but on the bright side GPM improved both YoY and QoQ. We continue to monitor the performance especially on the EBITDA margins front in the backdrop of 18-19% guidance by the management

ESG Disclosure Score*			
Score	FY20	FY21	FY22
Environmental	9.0	9.0	9.0
Social	17.2	18.2	21.0
Governance	78.6	78.6	78.6
Overall ESG Score	35.0	35.3	36.2

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

Q4FY23 Earnings Conference Call highlights:

Business mix:

- Among therapies, gastro intestinal, urology, dermatology and stomatology performed relatively better YoY while respiratory, anti-infective and cardiology reported lower growth
- International formulation business accounted for 51% of revenues in Q4FY23
- The management has highlighted about profit sharing from Combigan to start contributing from H2FY24
- The company experienced recovery in sales from Oxipod brand (+29.2%) on YoY basis
- It's focus remains on manufacturing complex injectables (sterile products)

Product launches:

- Ninaf Cream (Derma product) and Ladyboon (Hormonal) were the newly launched products under India formulation business
- Ninaf Cream generated ~₹ 1 crore of revenue in the first 40days
- New introductions have generated sales close to 2.6% of India sales during the period
- It launched direct to consumer brands with focus on expanding dental products

Approvals/tender:

- Its ongoing Allopurinol (German tender) has got renewed in January 2023. It won new tender contract for next two years to the tune of ~₹ 65-70 crore per annum
- Its market share of Allopurinol in Germany is currently 70%
- It has applied for two additional products, but clarity is still awaited

Other highlights:

- Capex announced for FY24 is to the tune of ₹ 125 crore
- The company was successful in taking regular price hike of 5-6% in its portfolio
- MR attrition continues in certain geographies
- Goa Plant I has received Establishment Inspection Report (EIR) with Voluntary Action Initiated (VIA) status from USFDA
- US markets will now be catered through its Plant 1 instead of Plant 3
- Higher other expenses during the quarter was due to advertisement and sales promotion expenses coupled with travel, legal and repairs costs

Exhibit 1: Variance Analysis

	Q4FY23	Q4FY22	Q3FY23	YoY (%)	QoQ (%)	Comments
Revenue	427.4	409.1	398.6	4.5	7.2	Divergence from our estimates due to high covid base in India business and US growth was impacted due to USFDA inspection related stoppages at Plant 1
Raw Material Expenses	131.5	131.5	130.4	0.0	0.9	
Gross margins (%)	69.2	67.9	67.3	137 bps	194 bps	
Employee Expenses	76.8	73.2	82.1	4.8	-6.5	
Other Expenditure	131.2	104.2	104.9	25.9	25.1	
R&D	24.1	19.7	19.8	22.4	21.4	
EBITDA	63.9	80.5	61.5	-20.7	3.9	
EBITDA (%)	14.9	19.7	15.4	-474 bps	-48 bps	Impacted due to high other expenditure.
Interest	8.6	3.0	7.0	184.2	23.3	
Depreciation	17.7	18.1	17.2	-2.0	3.0	
Other Income	0.5	0.3	0.4	66.7	38.9	
PBT before EO & Forex	38.0	59.8	37.7	-36.4	1.0	
Forex & EO	0.0	0.0	0.0	0.0	0.0	
PBT	38.0	59.8	37.7	-36.4	1.0	
Tax	10.1	19.3	10.1	-47.8	0.0	
Net Profit	28.0	40.5	27.6	-30.9	1.3	
Key Metrics	Q4FY23	Q4FY22	Q3FY23	YoY (%)	QoQ (%)	
Domestic Formulations	184.5	192.9	203.7	-4.3	-9.4	De-growth because of Covid base adjustment and slowdown in leading power brands,
Export formulations	216.1	189.6	186.1	14.0	16.1	
APIs	22.8	13.1	16.2	74.4	40.6	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY23			FY24E			FY25E		
	Old	New	% Change	Old	New	% Change	Old	New	Change
Revenue	1,712.9	1,667.3	-2.7	1,965.3	1,892.6	-3.7	2,235.0	2,166.0	-3.1
EBITDA	312.2	284.7	-8.8	417.0	361.1	-13.4	473.5	436.1	-7.9 Assumption of higher expenses
EBITDA Margin (%)	18.2	17.1	-115 bps	21.2	19.1	-214 bps	21.2	20.1	-105 bps
PAT	165.4	143.8	-13.1	246.4	195.8	-20.5	289.9	249.6	-13.9
EPS (₹)	17.9	15.6	-13.1	26.7	21.3	-20.5	31.5	27.1	-13.9

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ crore)	Current					Earlier			Comments
	FY21	FY22	FY23	FY24E	FY25E	FY23	FY24E	FY25E	
Domestic Formulations	618.2	803.1	796.7	876.4	981.5	834.0	934.0	1046.1	
US Formulations	148.3	212.8	265.8	323.2	387.8	288.5	335.8	386.2	
Export Formulations(Ex US)	491.9	620.7	753.5	890.7	1048.5	766.8	907.6	1051.1	
APIs	93.8	63.4	70.7	79.2	88.6	76.7	88.1	101.4	

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	1242	12.2	10.1	NA	33.5	15.0	12.1	11.7
FY22	1541	24.1	16.8	66.4	20.1	10.2	17.1	17.5
FY23	1667	8.2	15.6	-7.1	21.7	12.0	14.0	12.7
FY24E	1893	13.5	21.3	36.2	15.9	9.4	16.5	15.8
FY25E	2235.0	13.7	31.50	17.65	11.1	6.7	19.4	24.7

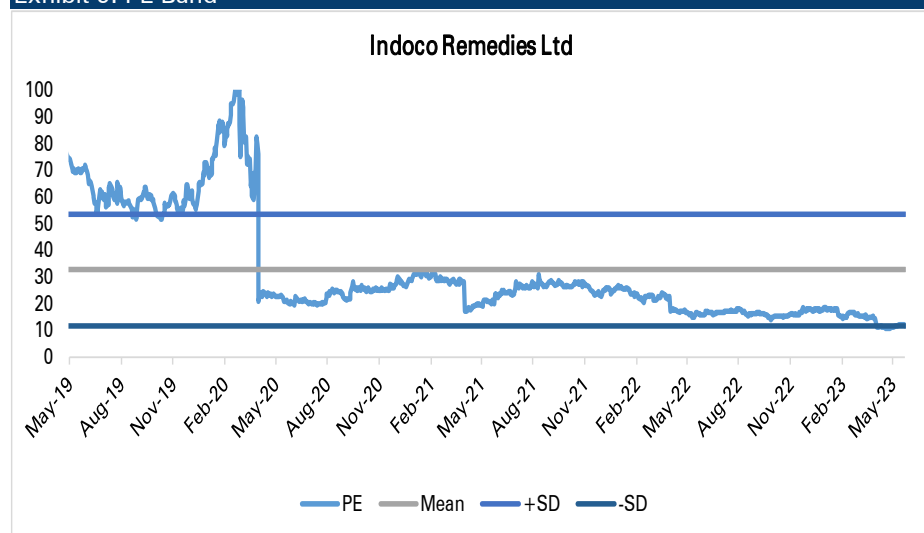
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ Crore)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY (%)	QoQ (%)
Net Sales	263.1	266.8	323.1	333.7	295.1	381.4	372.9	348.9	400.5	395.2	405.0	410.6	427.9	6.8	4.2
Other Operating Income	8.9	9.1	5.2	-1.4	10.0	5.3	14.0	9.1	8.6	13.0	28.1	-12.0	-0.6	-106.9	-95.1
Revenues	272.0	275.9	328.2	332.3	305.1	386.8	386.9	358.0	409.1	408.2	433.1	398.6	427.4	4.5	7.2
Raw Material Expenses	72.4	81.6	90.2	94.4	87.9	110.3	106.3	108.7	131.5	132.1	127.4	130.4	131.5	0.0	0.9
% of Revenues	26.6	29.6	27.5	28.4	28.8	28.5	27.5	30.4	32.1	32.4	29.4	32.7	30.8	-137 bps	-194 bps
Gross Profit	199.6	194.2	238.0	237.9	217.2	276.4	280.6	249.3	277.7	276.1	305.7	268.3	295.9	6.6	10.3
Gross Profit Margin (%)	73.4	70.4	72.5	71.6	71.2	71.5	72.5	69.6	67.9	67.6	70.6	67.3	69.2	137 bps	194 bps
Employee Expenses	63.2	65.8	75.2	72.9	60.2	75.0	74.2	71.3	73.2	82.7	80.4	82.1	76.8	4.8	-6.5
% of Revenues	23.2	23.9	22.9	21.9	19.7	19.4	19.2	19.9	17.9	20.3	18.6	20.6	18.0	7 bps	-263 bps
Research & Development	14.0	10.3	15.7	17.4	16.4	16.5	21.3	17.1	19.7	18.3	18.8	19.8	24.1	22.4	21.4
% of Revenues	5.2	3.7	4.8	5.2	5.4	4.3	5.5	4.8	4.8	4.5	4.3	5.0	5.6	82 bps	66 bps
Other Manufacturing Exp	89.0	69.5	86.5	87.5	85.9	98.0	98.6	87.5	104.2	103.8	118.6	104.9	131.2	25.9	25.1
% of Revenues	32.7	25.2	26.4	26.3	28.2	25.3	25.5	24.4	25.5	25.4	27.4	26.3	30.7	523 bps	439 bps
Total Expenditure	238.7	227.2	267.5	272.1	250.4	299.9	300.4	284.6	328.6	336.8	345.2	337.2	363.5	10.6	7.8
% of Revenues	87.8	82.4	81.5	81.9	82.1	77.5	77.7	79.5	80.3	82.5	79.7	84.6	85.1	474 bps	48 bps
EBITDA	33.3	48.7	60.7	60.2	54.7	86.9	86.4	73.5	80.5	71.5	87.9	61.5	63.9	-20.7	3.9
EBITDA Margin (%)	12.2	17.6	18.5	18.1	17.9	22.5	22.3	20.5	19.7	17.5	20.3	15.4	14.9	-474 bps	-48 bps
Depreciation	18.2	19.1	18.6	16.9	18.6	22.2	19.5	19.2	18.1	20.1	15.7	17.2	17.7	-2.0	3.0
Interest	7.8	5.8	5.9	6.0	4.6	4.2	3.1	3.8	3.0	4.1	5.3	7.0	8.6	184.2	23.3
Other Income	0.5	0.3	0.5	0.4	2.0	0.9	1.0	0.2	0.3	1.1	0.3	0.4	0.5	66.7	38.9
PBT	7.8	24.0	36.8	37.6	33.6	61.3	65.0	50.6	59.8	48.4	67.3	37.7	38.0	-36.4	1.0
Total Tax	2.4	7.0	11.1	12.3	8.6	21.6	23.3	17.6	19.3	9.8	17.6	10.1	10.1	-47.8	0.0
Tax Rate (%)	30.9	29.1	30.3	32.6	25.5	35.3	35.8	34.8	32.3	20.2	26.1	26.7	26.5	-582 bps	-26 bps
Net Profit	5.4	17.0	25.7	25.4	25.0	39.7	41.7	33.0	40.5	38.6	49.7	27.6	28.0	-30.9	1.3
PAT Margin (%)	2.0	6.2	7.8	7.6	8.2	10.3	10.8	9.2	9.9	9.4	11.5	6.9	6.5	-335 bps	-38 bps

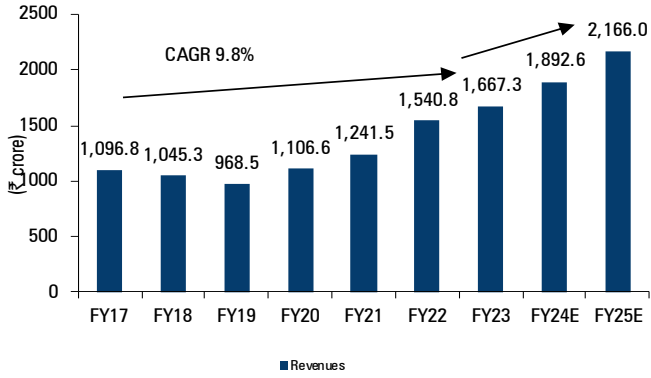
Source: ICICI Direct Research

Exhibit 6: PE Band



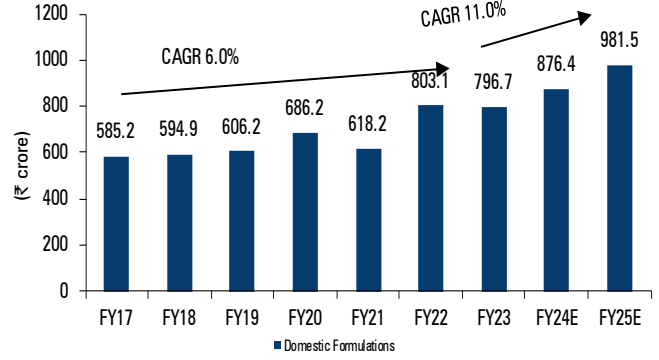
Source: ICICI Direct Research

Exhibit 7: Revenue to grow at CAGR of 14% over FY23-25E



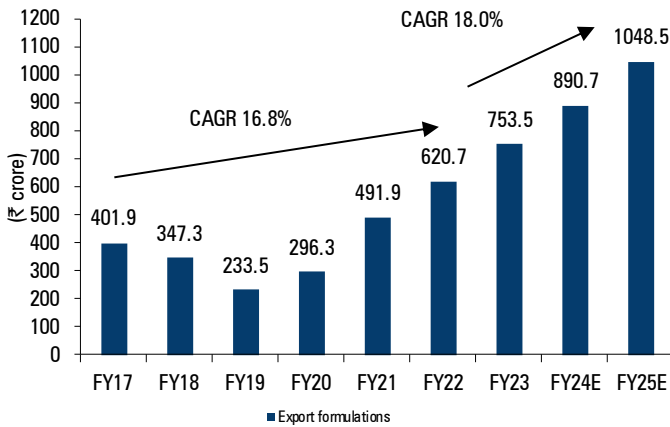
Source: Company, ICICI Direct Research

Exhibit 8: Domestic formulation to grow 11.0% in FY23-25E



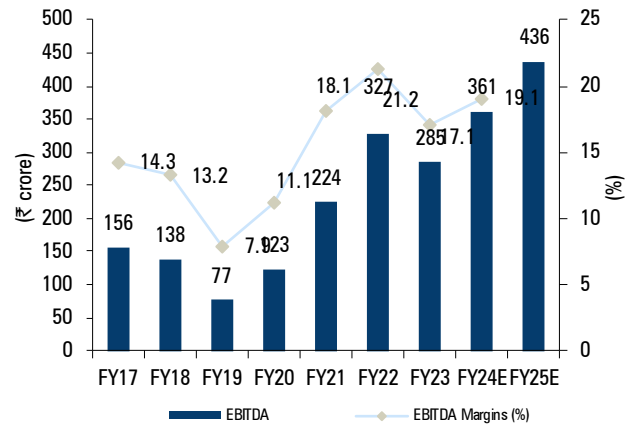
Source: Company, ICICI Direct Research

Exhibit 9: Export formulations to grow 18% in FY23-25E



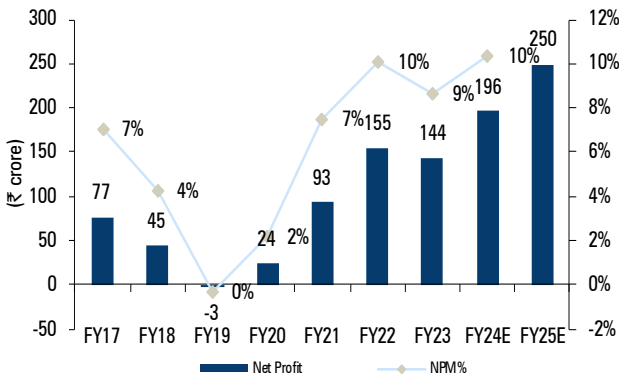
Source: Company, ICICI Direct Research

Exhibit 10: EBTDA & EBITDA margins trend



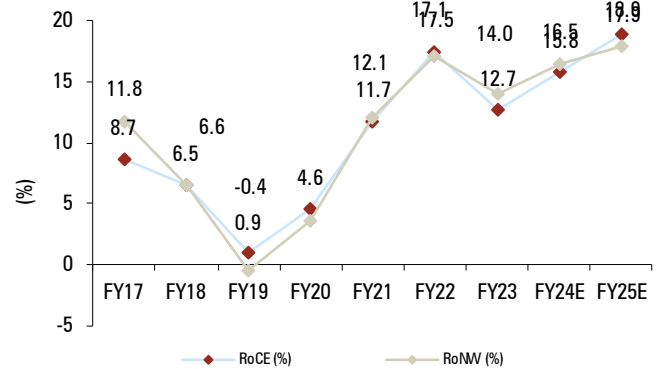
Source: Company, ICICI Direct Research

Exhibit 11: PAT & PAT margins trend



Source: Company, ICICI Direct Research

Exhibit 12: Return ratios trend



Source: Company, ICICI Direct Research

Exhibit 13: Power brands

Brand	Therapy	Mar-20	Mar-21	Mar-22	Mar-23	CAGR 20-23	YoY
CYCLOPAM	PAIN MANAGEMENT	111.66	109.58	127.39	147.84	9.81%	16.05%
FEBREX PLUS	ANTI-INFECTIVES	119.47	90.99	127.34	125.66	1.70%	-1.32%
ATM	ANTI-INFECTIVES	67.00	73.04	124.37	98.34	13.64%	-20.93%
OXIPOD	ANTI-INFECTIVES	62.83	41.35	64.55	78.05	7.50%	20.92%
SENSODENT-K	STOMATOLOGICALS	54.50	62.59	66.41	68.44	7.89%	3.06%
CITAL	UROLOGY	46.76	50.03	53.77	54.96	5.53%	2.23%
SENSODENT-KF	STOMATOLOGICALS	30.71	36.41	38.96	40.75	9.89%	4.58%
KARVOL PLUS	RESPIRATORY	33.43	43.70	57.63	37.33	3.75%	-35.22%
SENSOFORM	STOMATOLOGICALS	29.85	32.70	31.94	33.12	3.52%	3.69%
CITAL-UTI	UROLOGY	20.77	22.60	28.58	31.70	15.14%	10.94%
Top 10 Brands		576.98	562.99	720.94	716.20	7.47%	-0.66%
% of IQVIA sales		52.29%	54.31%	57.81%	56.05%		
Ex-Top 10 Brands		526.38	473.54	526.09	561.49	2.18%	6.73%

Source: IQVIA, ICICI Direct Research

Exhibit 14: Therapeutic break up

Therapy	Mar-20	Mar-21	Mar-22	Mar-23	CAGR 20-23	YoY
ANTI-INFECTIVES	202.11	159.55	245.18	236.58	5.39%	-3.51%
STOMATOLOGICALS	175.95	197.97	216.40	235.62	10.22%	8.88%
RESPIRATORY	204.41	166.09	234.29	223.56	3.03%	-4.58%
GASTRO INTESTINAL	146.80	141.91	162.14	183.17	7.66%	12.97%
UROLOGY	73.34	78.50	88.81	96.68	9.65%	8.86%
OPHTHAL / OTOLOGICALS	64.98	61.66	69.98	78.62	6.56%	12.36%
VITAMINS/MINERALS/NUTRIENTS	68.67	63.13	67.55	66.72	-0.95%	-1.24%
DERMA	49.39	50.38	46.99	59.73	6.54%	27.09%
PAIN / ANALGESICS	42.75	39.34	39.69	37.59	-4.20%	-5.28%
ANTI DIABETIC	43.09	43.71	42.67	35.60	-6.17%	-16.57%
Top Therapies	1,071.49	1,002.23	1,213.70	1,253.88	5.38%	3.31%
Total IQVIA Sales	1,103.37	1,036.52	1,247.03	1,277.68	5.01%	2.46%

Source: IQVIA, ICICI Direct Research

Financial Summary

Exhibit 15: Profit and loss statement				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Revenues	1,540.8	1,667.3	1,892.6	2,166.0
Growth (%)	24.1	8.2	13.5	14.4
Raw Material Expenses	456.8	521.3	583.1	667.4
Employee Expenses	293.7	322.0	347.1	374.3
Other Manufacturing Expenses	388.3	458.4	508.7	582.2
Total Operating Expenditure	1,213.4	1,382.6	1,531.5	1,729.9
EBITDA	327.3	284.7	361.1	436.1
Growth (%)	46.0	-13.0	26.8	20.8
Interest	14.1	25.0	22.6	18.7
Depreciation	79.0	70.6	79.4	86.8
Other Income	2.3	2.2	3.8	4.3
PBT	236.6	191.3	262.9	335.0
Total Tax	81.8	47.5	67.0	85.4
PAT	154.8	143.8	195.8	249.6
Adjusted PAT	154.8	143.8	195.8	249.6
Growth (%)	66.4	-7.1	36.2	27.4
EPS	16.8	15.6	21.3	27.1
EPS (Adjusted)	16.8	15.6	21.3	27.1

Exhibit 16: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Profit/(Loss) after taxati	195.5	131.1	195.8	249.6
Add: Depreciation & Amortizati	79.0	70.6	79.4	86.8
Net Increase in Current Assets	-142.4	-61.5	-97.8	-123.1
Net Increase in Current Liabiliti	33.6	-11.7	20.9	26.5
Other	8.2	50.3	22.6	18.7
CF from operating activit	173.8	178.9	221.0	258.5
(Inc)/dec in Fixed Assets	-124.4	-206.1	-125.0	-100.0
(Inc)/dec in Investments	0.0	-2.4	0.0	0.0
Others	0.4	0.3	-2.1	-2.5
CF from investing activit	-124.0	-208.2	-127.1	-102.5
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Proceeds/(Repayment) Loan	-15.6	70.7	-30.0	-50.0
Others	-28.8	-47.9	-61.8	-57.8
CF from financing activit	-44.4	22.8	-91.8	-107.8
Net Cash flow	5.4	-6.5	2.1	48.2
Opening Cash	14.3	19.8	13.3	15.4
Closing Cash	19.8	13.3	15.4	63.6
Free Cash flow	49.5	-27.2	96.0	158.5

Source: Company, ICICI Direct Research

Exhibit 17: Balance Sheet				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Equity Capital	18.4	18.4	18.4	18.4
Reserve and Surplus	886.2	1,009.8	1,166.5	1,376.9
Total Shareholders fund	904.6	1,028.3	1,184.9	1,395.3
Total Debt	244.2	314.5	284.5	234.5
Deferred Tax Liability	10.6	6.1	6.7	7.4
Other Non Current Liabilities	19.9	25.7	27.0	28.3
Long term Provisions	31.7	33.4	35.1	36.8
Source of Funds	1,211.1	1,408.0	1,538.2	1,702.4
Gross Block - Fixed Assets	1,241.7	1,435.5	1,610.5	1,760.5
Accumulated Depreciation	686.7	757.4	836.7	923.5
Net Block	555.0	678.2	773.8	837.0
Capital WIP	121.5	113.6	63.6	13.6
Net Fixed Assets	676.5	791.8	837.4	850.6
Goodwill on Consolidation	0.1	0.1	0.1	0.1
Investments	0.0	1.5	1.5	1.5
Inventory	310.5	326.0	364.6	417.3
Cash	19.8	13.3	15.4	63.6
Debtors	297.2	350.9	398.4	455.9
Loans & Advances & Other CA	146.1	116.9	128.6	141.5
Total Current Assets	773.6	807.2	907.0	1,078.2
Creditors	133.3	123.4	138.1	158.0
Provisions & Other CL	141.8	125.8	132.0	138.6
Total Current Liabilities	275.0	249.2	270.1	296.7
Net Current Assets	498.6	558.0	636.9	781.6
LT L&A, Other Assets	35.8	51.3	56.4	62.1
Deferred Tax Assets	0.0	5.4	5.9	6.5
Application of Funds	1,211.1	1,408.0	1,538.2	1,702.3

Source: Company, ICICI Direct Research

Exhibit 18: Key ratios				
(Year-end March)	FY22	FY23	FY24E	FY25E
Per share data (₹)				
EPS	16.8	15.6	21.3	27.1
BV per share	98.2	111.6	128.6	151.4
Dividend per share	2.3	2.3	4.3	4.3
Operating Ratios (%)				
Gross margins	70.4	68.7	69.2	69.2
EBITDA margins	21.2	17.1	19.1	20.1
Net Profit margins	10.0	8.6	10.3	11.5
Inventory days	248	228	228	228
Debtor days	70	77	77	77
Creditor days	107	86	86	86
Asset Turnover	1.1	1.0	1.0	1.2
EBITDA conversion rate	53.1	62.8	61.2	59.3
Return Ratios (%)				
RoE	17.1	14.0	16.5	17.9
RoCE	17.5	12.7	15.8	18.9
RoIC	19.2	13.5	16.3	19.5
Valuation Ratios (x)				
P/E	20.1	21.7	15.9	12.5
EV / EBITDA	10.2	12.0	9.4	7.5
EV / Net Sales	2.2	2.0	1.8	1.5
Market Cap / Sales	2.0	1.9	1.6	1.4
Price to Book Value	3.4	3.0	2.6	2.2
Solvency Ratios				
Debt / Equity	0.3	0.3	0.2	0.2
Debt / EBITDA	0.7	1.1	0.8	0.5
Current Ratio	2.7	3.2	3.3	3.4
Working Capital Cycle	212.0	218.6	218.6	218.6

Source: Company, ICICI Direct Research

Exhibit 19: 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	FY22	FY23E	FY24E	FY25E	
Hospitals																					
Apollo Hospitals	APOHOS	4597	5,460	Buy	66196	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	860	990	Buy	17542	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	136	170	Buy	1463	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	263	280	Buy	13163	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	312	385	Buy	4342	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	918	900	Hold	9364	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
Company																					
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	FY22	FY23E	FY24E	FY25E	
MNC Pharma																					
Abbott India	ABBIND	21533	20,315	Hold	45218	380.3	452.1	501.7	564.3	56.6	47.6	42.9	38.2	36.6	38.7	34.1	31.0	28.3	29.8	26.1	23.6
P&G Health	MERLIM	5096	5,620	Buy	8663	113.2	152.2	144.4	165.2	45.0	33.5	35.3	30.8	39.8	43.7	34.5	33.6	31.2	33.2	26.5	25.7
Sanofi India	SANOFI	6386	6,270	Hold	14687	410.6	269.8	251.4	272.7	15.6	23.7	25.4	23.4	33.3	55.1	49.6	45.0	25.9	41.2	36.9	33.3
Pfizer	PFIZER	3823	3,830	Hold	17584	133.2	135.6	135.7	147.2	28.7	28.2	28.2	26.0	26.1	24.8	22.7	21.6	21.4	18.4	17.1	16.3
Pharma																					
Ajanta Pharma	AJAPHA	1307	1,520	Buy	16726	55.7	46.5	59.9	69.2	23.5	28.1	21.8	18.9	27.0	21.3	23.5	23.3	21.8	17.4	19.2	18.9
Alembic Pharma	ALEMPHA	550	530	Hold	10836	27.7	17.4	14.1	22.1	19.9	31.7	39.1	24.9	10.6	8.6	8.0	11.6	10.4	7.8	6.2	9.1
Aurobindo Pharma	AURPHA	602	525	Hold	35295	47.4	34.8	46.2	52.4	12.7	17.3	13.0	11.5	12.9	10.2	12.6	13.1	11.3	7.7	9.3	9.6
Biocon	BIOCON	247	230	Hold	29719	6.3	4.9	3.1	3.1	39.0	50.1	78.6	78.6	7.5	3.3	5.1	6.2	8.1	2.7	6.2	8.3
Zydus Lifesciences	CADHEA	506	600	Buy	51840	21.0	21.6	25.3	33.3	24.1	23.4	20.0	15.2	12.0	14.2	14.8	14.9	12.6	12.6	13.1	14.8
Cipla	CIPLA	933	1,090	Buy	75281	32.9	36.4	42.7	48.2	28.3	25.6	21.8	19.6	17.6	17.4	17.8	18.2	12.7	12.5	13.2	13.4
Dr Reddy's Lab	DRREDD	4514	5,520	Buy	74939	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	610	580	Hold	17209	42.7	37.8	34.6	41.3	14.3	16.2	17.6	14.8	14.8	13.4	13.5	14.9	13.2	11.2	9.4	10.1
Ipca Lab	IPCLAB	686	885	Hold	17412	34.8	20.8	31.4	37.0	19.7	32.9	21.8	18.5	17.4	12.1	15.7	16.5	16.1	8.9	12.1	12.7
Lupin	LUPIN	778	725	Hold	35413	11.9	8.3	25.6	33.0	65.5	93.6	30.4	23.6	3.4	5.7	11.0	13.0	4.4	3.0	8.6	10.2
Natco	NATPHA	619	565	Hold	11334	9.3	36.3	40.3	30.2	66.7	17.1	15.4	20.5	4.6	15.9	16.5	11.6	4.0	13.9	13.6	9.4
Sun Pharma	SUNPHA	948	1,210	Buy	227329	32.0	34.9	38.6	43.2	29.7	27.1	24.6	21.9	18.2	17.2	18.1	18.1	16.0	15.2	14.7	14.7
Torrent Pharma	TORPHA	1699	1,720	Hold	57438	32.0	36.3	45.1	53.8	53.0	46.8	37.7	31.6	19.7	17.1	20.4	23.3	18.2	17.9	19.0	19.4
Indoco Remedies	INDREM	336	405	Buy	3093	16.8	15.6	21.3	27.1	20.0	21.5	15.8	12.4	17.5	12.7	15.8	18.9	17.1	14.0	16.5	17.9
Caplin Point	CAPPOI	731	865	Buy	5554	39.5	48.8	47.9	47.9	18.5	15.0	15.3	15.3	25.3	23.5	22.4	22.4	20.2	20.2	16.7	16.7
Advanced Enzyme	ADVENZ	277	310	Hold	3102	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	1630	1,490	Reduce	1467	45.7	31.1	40.5	53.3	35.6	52.5	40.2	30.6	10.9	7.5	8.8	10.3	15.0	9.4	11.2	13.1
API/CRAMS																					
Divi's Lab	DIVLAB	3367	3,575	Buy	89223	111.5	68.7	78.3	89.4	30.2	49.0	43.0	37.7	30.2	17.8	18.9	19.4	25.2	14.3	14.8	15.2
Hikal	HIKCHE	292	375	Hold	3592	13.0	5.7	14.6	20.7	22.4	51.3	20.1	14.1	13.6	7.2	14.3	17.7	15.0	6.3	14.1	17.0
Syngene International	SYNINT	705	740	Buy	28271	9.9	11.6	13.3	17.9	71.4	60.9	53.0	39.4	11.7	13.8	14.2	16.9	12.9	12.8	13.0	14.9
Granules India	GRANUL	280	1,090	Buy	3444	16.6	20.8	21.8	27.8	16.8	13.5	12.9	10.1	15.6	18.5	17.8	19.4	16.0	18.2	16.2	17.3
Laurus Labs	LAULAB	329	300	Hold	17667	15.4	14.7	10.5	10.5	21.4	22.3	31.3	31.3	21.3	19.8	14.6	16.0	24.7	19.6	12.4	13.5
Suven Pharma	SUVPH	472	0	Buy	12036	17.8	14.7	17.7	20.0	26.5	32.1	26.7	23.6	37.5	26.0	25.6	24.5	29.7	20.6	20.5	19.5

Source: ICICI Direct Research

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