

India
Overweight *(Initiating coverage)*

Highlighted Companies

Dr Reddy's Laboratories
ADD, TP Rs5,717, Rs4,936 close

Dr Reddy's has been increasing the pace of new launches in the US while building a healthy pipeline and leveraging its US portfolio to access new growth markets.

Cipla Ltd
ADD, TP Rs981, Rs781 close

Cipla's One-India Strategy combines trade, branded generics and consumer health, leading to strong synergies across its portfolio. We believe regulatory filings and low competitive launches should drive US revenue growth.

Alkem Laboratories
ADD, TP Rs3,484, Rs2,694 close

Alkem Labs has a well-established franchise in India formulations and is outperforming the domestic pharma market, maintaining leadership in the acute segment, and ramping up chronic therapies by leveraging its relationships in the pharma industry.

Summary Valuation Metrics

	Mar-21F	Mar-22F	Mar-23F
P/E (x)			
Dr Reddy's	30.1	24.8	21.6
Cipla Ltd	24.4	22.3	17.5
Alkem Laboratories	21.5	19.3	16.2
P/BV (x)			
Dr Reddy's	4.6	3.9	3.4
Cipla Ltd	3.7	3.4	3.1
Alkem Laboratories	4.4	3.7	3.2
Dividend Yield			
Dr Reddy's	0.5%	0.5%	0.5%
Cipla Ltd	1.8%	2.0%	2.5%
Alkem Laboratories	1.2%	1.3%	1.5%

Pharmaceuticals

Confluence of positive triggers

- Improving US outlook should lead to better operating leverage and return ratio expansion in the pharma industry, in our view.
- We believe the domestic business's strong recovery in growth should ensure healthy cashflows and better ROCE.
- We initiate coverage on the sector with Overweight; Add on Dr Reddy's, Cadila, Alkem, Cipla, IPCA, Natco, Ajanta, Indoco and Hold on Alembic, Torrent.

Improving US outlook with price erosion abating

We believe the pricing pressure that marred net profit growth in the US over FY17-19 is easing, led by increasing oral drug shortages since 2018. The unprecedented demand due to large numbers of critically ill Covid-19 patients aggravated the drug shortages. We expect mid-single digit price erosion in the US.

India pharma market – a pit stop before a smooth run

Indian pharmaceutical market (IPM) sales were impacted by the Covid-19 lockdown in Apr-May 2020 but have rebounded since Jun 2020 (AIOCD AWACS). We believe post Unlock 5.0, a gradual rise in prescription demand and recovery in elective surgeries in hospitals in 2HFY21F should result in gradual traction in overall value growth.

We initiate on the sector with Overweight

We initiate coverage on the sector with an Overweight rating, given the improving US outlook and our belief that negative operating leverage, which compressed return ratios in the past, should improve. USFDA compliance issues at manufacturing facilities are being resolved more quickly by pharma companies given increasing oral drug shortages. Also, a recovery in domestic pharma market revenue growth could generate better cashflows and healthy ROCE and lead to a sector re-rating, in our view.

Our top picks – Dr Reddy's, Cipla, Alkem, Natco and Indoco

We like Dr Reddy's for its lean business model and healthy balance sheet; Cipla for its strong expertise in the respiratory pipeline; Alkem's India business potential; Natco Pharma's strong chemistry skills and capability to identify niche molecules; and Indoco Remedies' business spread across India, the US and other regions.

Sector valuation and key risks

Sector valuation P/E retraced to 27.5x [+1SD] in Nov 2020 from its low of 16.1x in Apr2020 due to a recovery in India's pharma industry and improved US outlook. As the sector is emerging from the bottom of its earnings cycle, the P/E will appear higher. As P/E is coming off a trough, earnings (net profit) and cashflows will be strong, especially with capacities largely in place. **Key catalysts:** Higher generics prices in the US and rupee depreciation. **Key risks:** Adverse currency movement and supply chain disruption due to Covid-19.

Analyst(s)



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Figure 1: Valuation Summary

Company Name	Bloomberg Ticker	Closing Price (Rs)	Target Price (Rs)	Rating	Revenue CAGR		P/E (x)		EPS CAGR
					FY20-22F	FY21F	FY22F	FY20-22F	
Dr. Reddy's Laboratories	DRRD IN	4,936	5,717	Add	12.9%	30.1	24.8	28.3%	
Cipla	CIPLA IN	781	981	Add	9.5%	24.4	22.3	35.0%	
Torrent Pharmaceuticals	TRP IN	2,600	2,730	Hold	9.1%	35.4	30.6	18.4%	
Cadila Healthcare	CDH IN	439	526	Add	6.9%	23.0	20.8	23.2%	
Alkem Laboratories	ALKEM IN	2,694	3,484	Add	12.2%	21.5	19.3	21.6%	
Ipsca Laboratories	IPCA IN	2,365	2,607	Add	18.5%	24.9	23.9	42.0%	
Alembic Pharmaceuticals	ALPM IN	1,001	1,062	Hold	17.4%	16.1	19.8	5.1%	
Natco Pharma	NTCPH IN	899	1,235	Add	34.9%	29.1	14.7	55.4%	
Ajanta Pharma	AJP IN	1,614	1,795	Add	9.0%	27.7	22.3	14.4%	
Indoco Remedies	INDR IN	255	320	Add	18.5%	25.2	16.0	146.4%	

SOURCE: EIP RESEARCH ESTIMATES, COMPANY REPORTS
DATA AS AT 4 NOV 2020

KEY CHARTS

Indian pharmaceutical market growth rebounds gradually

The Covid-19 global pandemic has impacted the Indian pharmaceutical market, with revenue declining by 10.7% yoy in Apr 2020 and 8.5% yoy in May 2020. With the gradual lifting of the lockdown, IPM revenue growth improved to 4.5% yoy in Sep 2020. We believe post Unlock 5.0, a rise in prescription demand and recovery in elective surgeries in 2HFY21F should result in gradual traction in value growth.



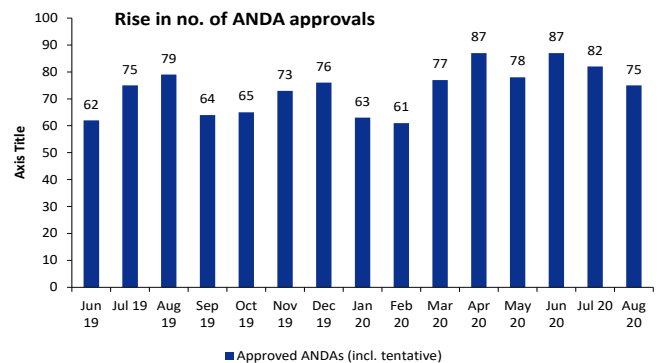
IPM inventory days recover after falling in Apr-May 2020

The IPM's drug inventory shrank from Jun 2020, indicating sales picked up after the impact of the lockdown in Apr 2020 and May 2020 due to pent-up demand. Overall, we believe two factors helped improve offtake and reduce trade inventory period. 1) The supply chain in pharmaceuticals has stabilised. 2) Demand has improved at the consumer end with lockdown measures easing and outpatient departments (OPDs) reopening.

Therapies	Inventory days											
	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20
Anti-infectives	45	54	48	48	45	47	82	72	61	50	47	39
Cardiac	45	40	40	38	38	32	39	39	39	38	40	38
Gastro-intestinal	46	42	42	40	41	41	49	42	41	41	43	39
Anti-diabetic	38	34	35	34	34	27	33	33	34	34	37	35
Vitamins/minerals/nutrients	47	44	46	46	45	44	51	40	39	38	42	38
Respiratory	44	36	34	37	34	33	55	61	61	52	51	45

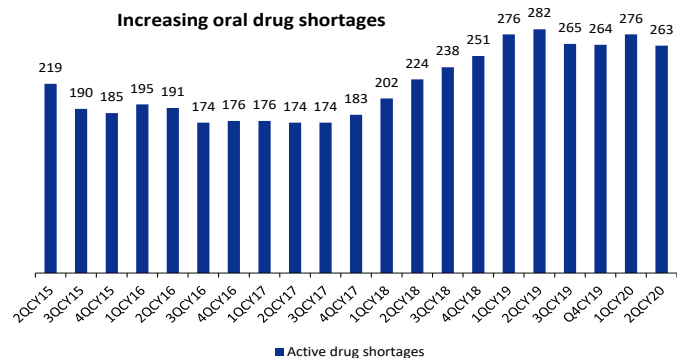
Competition in the US market likely to continue with rising USFDA approvals

With GDUFA II (Generic Drug User Fee Amendments) providing additional resources to the USFDA to speed up the approvals process and reduce the average processing time of ANDA reviews, the rate of ANDA approvals and first-time generics will continue to improve. This could intensify the competitive environment among generic companies in the US, in our view.



Price erosion abating due to increasing oral drug shortages

Before the Covid-19 pandemic, oral drug shortages were high due to 1) large generic rivals reducing their exposures and cutting back unprofitable products sold in the US market; 2) API manufacturing quality disruption; and 3) compliance issues faced by larger generic companies. But unprecedented demand due to large numbers of critically ill Covid-19 patients is increasing shortages, especially in analgesics, sedatives, paralytics and critical care medications. Increased clinical demand has aggravated the drug shortages.



SOURCES: EIP RESEARCH, AIOCD-AWACS, ASHP.ORG

Figure 2: Peer comparison table

Company Name	Bloomberg Ticker	Closing Price (Rs)	Target Price (Rs)	Rating	Mkt Cap (US\$ bn)	Revenue CAGR FY20-22F	EPS CAGR FY20-22F	P/E (x)		EV/EBITDA (x)		ROE		Net Debt FY20 (US\$ m)
								FY21F	FY22F	FY21F	FY22F	FY21F	FY22F	
Dr. Reddy's Laboratories*	DRRD IN	4,936	5,717	Add	11.0	12.9%	28.3%	30.1	24.8	17.8	14.9	21.8%	22.9%	264
Cipla*	CIPLA IN	781	981	Add	8.2	9.5%	35.0%	24.4	22.3	13.9	12.9	22.3%	22.2%	105
Torrent Pharmaceuticals*	TRP IN	2,600	2,730	Hold	5.9	9.1%	18.4%	35.4	30.6	18.0	16.3	29.9%	29.9%	494
Cadila Healthcare*	CDH IN	439	526	Add	5.8	6.9%	23.2%	23.0	20.8	14.8	13.3	22.4%	21.5%	767
Alkem Laboratories*	ALKEM IN	2,694	3,484	Add	4.2	12.2%	21.6%	21.5	19.3	16.0	14.3	26.0%	24.2%	53
Ipca Laboratories*	IPCA IN	2,365	2,607	Add	3.9	18.5%	42.3%	25.9	23.9	18.3	16.5	33.7%	28.9%	31
Alembic Pharmaceuticals*	ALPM IN	1,001	1,062	Hold	2.5	17.4%	5.1%	16.1	19.8	11.9	12.9	35.2%	22.1%	221
Natco Pharma*	NTCPH IN	899	1,235	Add	2.2	34.9%	55.4%	29.1	14.7	22.3	11.3	18.3%	31.3%	33
Ajanta Pharma*	AJP IN	1,614	1,795	Add	1.9	9.0%	14.4%	27.7	22.3	17.1	14.2	25.3%	26.1%	-21
Indoco Remedies*	INDR IN	255	320	Add	0.3	18.5%	146.4%	25.2	16.0	12.1	8.8	16.4%	22.8%	22
Sun Pharmaceuticals	SUNP IN	505	NA	NR	15.1	8.7%	22.2%	24.8	20.9	13.5	11.3	10.1%	11.5%	-349
Aurobindo Pharma	ARBP IN	770	NA	NR	5.9	9.6%	12.2%	13.9	12.6	8.6	7.6	17.4%	16.3%	391
Lupin	LPC IN	944	NA	NR	5.9	9.3%	NM**	36.5	24.0	15.6	11.9	8.9%	12.1%	244
Glenmark Pharmaceuticals	GNP IN	498	NA	NR	1.8	8.3%	11.7%	15.5	13.7	8.5	7.7	13.2%	13.0%	540
Indian Company Average								24.7	20.4	14.9	12.4	21.5%	21.8%	
Company Name	Bloomberg Ticker	Closing Price (US\$)	Target Price (US\$)	Rating	Mkt Cap (US\$ bn)	Revenue CAGR CY19-21F	EPS CAGR CY19-21F	P/E (x)		EV/EBITDA (x)		ROE		Net Debt CY19 (US\$ m)
Teva	TEVA US	9	NA	NR	9.6	0.0%	NM**	4	3	7	7	18%	19%	25
Mylan	MYL US	15	NA	NR	7.8	3.6%	1.3%	3	3	5	5	19%	19%	12
Perrigo	PRGO US	42	NA	NR	6.2	4.2%	1.2%	12	11	10	9	10%	10%	3
US Company Average								6.2	5.9	7.4	7.2	15.7%	16.0%	

SOURCES: EIP RESEARCH ESTIMATES, BLOOMBERG

*FORECASTS FOR THESE COMPANIES ARE EIP ESTIMATES. FORECASTS FOR NOT RATED (NR) COMPANIES ARE BLOOMBERG CONSENSUS ESTIMATES

**EPS CAGR OF LUPIN (FY20) AND TEVA (CY19) ARE NOT MEASURABLE (NM) BECAUSE THEIR EPS IN FY20/CY19 WAS NEGATIVE

DATA AS AT 4 NOV, 2020

Confluence of positive triggers

Investment summary

Indian pharma market – a pit stop before a smooth run

The impact of the Covid-19 global pandemic on the Indian pharmaceutical market saw sales decline by 10.7% yoy in Apr 2020 and 8.5% yoy in May 2020, according to the All India Origin Chemists & Distributors Pharma Softech Awacs Pvt. Ltd (AIOCD AWACS). This was mainly due to panic buying in the chronic segment in Mar 2020 as lifestyle disease patients stocked up on medicines when the lockdown was announced on 24 Mar. After posting sales growth of 2.7% in Jun 2020 and 0.4% in Jul 2020, IPM sales declined 2.2% in Aug 2020, but sales growth recovered in Sep 2020 with 4.5%.

We believe post Unlock 5.0, the rise in prescription demand and elective surgeries in 2HFY21F should support a recovery in the Indian pharma market and lead to gradual volume growth. Moderate price hikes with new pharma industry launches should improve overall sales growth. We believe companies exposed to chronic therapies will witness a lower impact than companies with higher exposures to acute therapies. Companies are also implementing cost control initiatives across SG&A expenses, travel cost, and variable components of salaries, especially for market representatives, which should enable it to maintain operating performance even with a drop in revenues. We expect single-digit revenue growth in the domestic business in FY21F for companies under our coverage due to muted domestic pharma industry revenue growth related to the Covid-19 lockdown. However, we believe this will be temporary and expect India's pharma business to recover in FY22F, driven by favourable demographics and macro-economic trends, rising prevalence of chronic diseases and increasing insurance spending.

Improving US outlook should lead to mid-single digit price erosion

Competition among generic pharma companies is likely to continue, in our view, given the faster pace of ANDA and first-time generics approvals. However, the high pricing pressure that marred net profit growth in the US over FY17-19 seems to be softening, due to an increase in oral drug shortages since 2018. Prior to the Covid-19 pandemic, oral drug shortages were high. There are several reasons for the increase in drug shortages, in our view: 1) large generic rivals reduced exposures and cut back unprofitable products sold in the US market; 2) API manufacturing experienced quality disruption; and 3) larger generic companies faced compliance issues. Unprecedented demand due to large numbers of critically ill Covid-19 patients has led to worsening shortages, especially in analgesics, sedatives, and paralytics and critical care medication. Increased clinical demand aggravated the oral drug shortages. Also, pharma companies are resolving USFDA compliance issues at their manufacturing facilities faster. The review time for corrective action plans is shortening as the USFDA is focusing on opening up supply chain availability due to increasing oral drug shortages.

Key risks for the sector

- A supply chain disruption due to the ongoing Covid-19 pandemic in key markets.
- Currently, ~800 formulations are on the National List of Essential Medicines (NLEM) in India. We believe the government may bring more drugs under price controls which could impact revenues and our margin estimates of pharma companies.

- The Government of India is encouraging the use of generic products through various initiatives. This may have an impact on future business strategies of pharma companies with higher India revenues, in our view.
- Adverse currency movements in international markets could impact the profitability of pharma companies.
- Higher-than-expected price erosion in the US.

Key catalysts for the sector ➤

- Higher-than-expected rise in generic prices in the US.
- As US business contribution is higher for pharma companies, any further rupee depreciation against the US\$ would be positive for pharma companies.

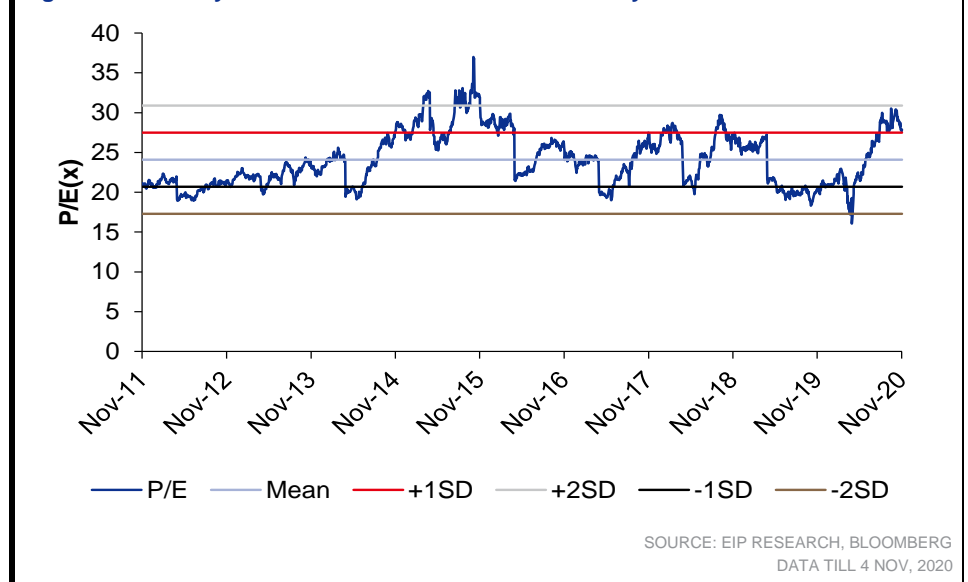
Industry valuation

The NSE Nifty Pharma Index surged 74% in the last seven months from lows in Mar 2020, and the sector P/E multiples have retraced to 27.5x as at Nov 2020 [+1SD] in a short span. There is (a) a recovery in the India business, aided by better working capital and healthy ROCE; (b) the number of facilities getting cleared is faster as the USFDA is prioritising supply chain availability of drugs; (c) the pricing scenario in the US is improving; and (d) there are Covid-19 related drug opportunities.

Valuation appears to be +1SD after the sharp rally in the last seven months in the sector. However, one should consider the sector is emerging from the bottom of an earnings cycle, with improving US outlook in terms of better pricing and volumes. Several large pharma companies have been vocal on cost optimisation in the earnings call, which should be the cherry on the cake, in our view. Building blocks of net profit earnings growth appear to be in place for the next three years across complex generics, specialty, etc, but all eyes are on execution which is the key for long-term performance here on.

We prefer the P/E methodology valuation for the pharma companies under our coverage as most of them do not have leverage (debt) issues and primarily net profit gives a fair outlook on the strength of the company on a comparable basis.

Figure 3: NSE Nifty Pharma: P/E Standard deviation one-year forward



Dr Reddy's Laboratories (DRRD IN, Add, TP Rs5,717) On a transformation journey

Dr. Reddy's is renewing its focus on volume-based products and ensuring the right product cost structures for the highly competitive US market. We expect a revenue CAGR of 14% in the US and 14% in India over FY20-23F. We expect revenue growth in India to be supported by improving productivity and focus on core therapies. Dr Reddy's is also focusing on new markets like Spain, Italy and France by leveraging its existing portfolio and seeking in-licensing opportunities. We expect 13% revenue CAGR over FY20-23F for Dr Reddy's European business.

Outlook and Valuation

We expect a total revenue CAGR of 12% over FY20-23F, supported by 14% revenue CAGR each in India/the US. We expect an EBITDA CAGR of 21% over FY20-23F and EBITDA margins to expand by 500bp by FY23F on back of cost-cutting initiatives, control on S&GA expenses and improved gross margins. Thereby, we expect PAT CAGR of 23% CAGR over FY20-23F.

We like the company's management's strategy of moving towards a balanced approach across geographies, its focus on cost-optimising initiatives to improve profitability, and its increased focus on ROE-accretive investments rather than funding projects with long gestation periods. Hence, we initiate coverage with an Add rating on an SOP basis. We have used a SOP based valuation for the company, where we have used a P/E methodology for its core business and NPV valuation for key future product launches which would start contributing to net profit significantly in future in our view.

We ascribe a P/E multiple of 27x FY22F equal to its seven-year mean (Fig. 8) and 8% premium to large caps peers (Fig. 2) to its core business EPS of Rs198.6, valuing its core business at Rs5,362/share. We also ascribe a NPV of Rs355/share for its key product-gRevlimid opportunity to arrive at an SOP-based target price of Rs5,717. We justify the premium to large cap peers based on its strong balance sheet and improving returns ratios.

Figure 4: Product gRevlimid opportunity and SOP based valuation break up

Revlimid-Lenalidomide	FY23F	FY24F	FY25F	FY26F
Brand sales US\$m	7,500	7,500	7,500	7,500
Price erosion assumption	20%	25%	28%	65%
Dr Reddy's expected PAT US\$m	153	287	516	301
Dr Reddy's expected PAT Rs m	11,475	21,516	38,728	22,591
EPS	69	129	233	136
NPV (Assuming WACC of 13.5%)	54	89	140	72
Total NPV value Rs				355
		EPS Rs/share	P/E Multiple (x)	Value Rs
EPS for FY22F		198.6	27	5,362
Target price arrived				5,717

SOURCE: EIP RESEARCH ESTIMATES, COMPANY DATA

Key catalysts

- Higher than expected major ramp-up in revenues of one of its key products, Remdesivir post receiving USFDA approval for treatment of Covid-19 would be upside to our earnings estimates
- Higher-than-expected traction in high-value launches, earlier-than-expected launches like gCopaxone, gNuvaring and gRevlimid in the US, and stronger-than-expected growth in its branded formulations business in key geographies could lead to better than-expected earnings growth trajectory

Key risks to our investment thesis

- Supply chain disruption in branded markets in case of second wave of Covid related lockdown poses a key risk to earnings, in our view
- Currently ~800 formulations are under the National List of Essential Medicines (NLEM) in India. If government may put more drugs under its control, which in turn can impact revenue and margin estimates, in our view
- The government of India is encouraging the use of generic products through various initiatives. This may have an impact on the company's future business strategies
- Adverse currency movements in its international markets would impact profitability
- Higher-than-expected price erosion in the US could lead to lower than expected revenues in US business

Cipla Ltd (CIPLA IN; Add; TP Rs981)

Multiple triggers in place; execution is key

We expect Cipla's India business revenues to grow slightly faster than the Indian pharma market, supported by the ramp-up of chronic therapies and the over-the-counter (OTC) segment, a stronger respiratory franchise, new launches and its focus on the One-India strategy. We expect 11% revenue CAGR over FY20-23F for India. Cipla is focusing on accelerating revenue growth in the US. We believe that post the generic entry in gCinacacetil, US base sales have been largely normalised. We believe the Albuterol and gAdvair launches will support revenue growth in the medium term and expect 14% US revenue CAGR over FY20-23F.

Outlook and Valuation

The stock has traded in a P/E band of 30-45x over FY14-16, peaking at 48x. It traded at such rich valuations on the back of higher contributions coming from branded business and expectations of monetising the inhaler pipeline. However, post FY16, valuations corrected and traded in the 16-30x band in a declining trend, on the back of lower earnings growth.

With its India business revenue growth recovering, low competitive launch momentum in the US business, its complete focus on the respiratory pipeline, and shift in business model towards the private market against a backdrop of shrinking tender businesses in export markets, we expect Cipla to record net profit CAGR of 31% over FY20-23F and initiate coverage with an Add rating and target price of Rs981, based on a P/E of 28x on FY22F EPS, equal to its four-year average historical multiple (Fig. 9) and 12% premium to large cap peers (Fig 2) due to its strong respiratory product pipeline which is low competitive and higher gross margins and well established domestic franchise.

Key catalysts

- Faster-than-expected high value respiratory or complex launches or higher than expected revenue ramp in respiratory drugs in the US could lead to upside to our earnings upsides
- Higher than expected ramp up in key focused brand catering to Covid-19 demand could lead to higher than expected overall revenue growth

Key downside risks

- Any further second wave of lockdown will have a negative impact on the supply chain for its branded business in India and export markets; there is a possibility of lower revenue growth than estimated
- Adverse pricing regulations by the National Pharmaceutical Pricing Authority (NPPA) in India on prices of key products could reduce revenue and squeeze margins
- Vulnerability in business due to currency movements, regulatory changes and geopolitical events
- Any escalation of regulatory issues on the Goa formulation facility would weigh on earnings
- Delays in product approvals in the US

Torrent Pharmaceuticals (TRP IN, Hold, TP Rs2,730)

Fortifying brand business to drive growth

Torrent Pharmaceuticals has a strong presence in the Indian pharma industry, particularly in the cardiac, central nervous system (CNS), vitamins, minerals and nutrients (VMN), and gastro-intestinal therapeutic areas. Acquisitions proved successful, with synergies playing out and becoming EPS-accretive within two years and we project a 12% revenue CAGR for India over FY20-23F, backed by new product launches and improving market representatives (MR) productivity. Profitability in Germany and Rest of the World (ROW) together contributed 22% to total sales as of FY20 and will expand with improved macroeconomic conditions, in our view.

Outlook and Valuation

With the decline in interest cost on the back of its debt reduction plans along with modest EBITDA CAGR of 13% over FY20-23F, we project PAT CAGR of 21% over FY20-22F.

We like Torrent Pharma's domestic business franchise and ascribe a 20% premium to the large cap pharma average (Fig 2) at 18x EV/EBITDA FY22F to arrive at the target price of Rs2,730. However, current valuations limit upside and, therefore, we initiate coverage on Torrent Pharma with a Hold rating. We believe the premium valuation is justified as it is largely India-focused compared to its peers (including non-coverage), with a strong presence in the high-margin (30%+) chronic segment and better return ratios.

We have used the EV/EBITDA methodology to derive the TP as it has higher amortisation, coming from the acquisition of Unichem's and Elder Pharma's portfolios, through non-cash expense but suppresses net profit earnings.

Key upside risk

- A resolution of compliance issues faced by the Dahej and Indrad facilities with USFDA and high value launches in the US could lead to a better-than-expected earnings growth trajectory

Key downside risks

- The government of India is encouraging the use of generic products through various initiatives. This may have an impact on the company's domestic business as it has strong presence in branded generic space
- Escalation of regulatory issues with USFDA for the Dahej and Indrad facilities will weigh on earnings as around 50% of its US volumes come from its Dahej plant and most pending ANDA filings are for products manufactured at Indrad, followed by Dahej
- Adverse currency movements in its international markets could impact its profitability as export sales from international markets contribute 52% of total sales as of FY19
- Higher-than-expected price erosion in the US is a downside risk

Cadila Healthcare Ltd (CDH IN, Add, TP Rs526)

Building blocks for a solid future

Cadila Healthcare is increasing the pace of its launches in the US and is focused on improving volume growth of its existing products. It is expanding old ANDA volumes as it believes the generic business in the US has stabilised, coupled with increased pace of launches in its orals/injectables portfolio, to grow in the short term. We expect a revenue CAGR of 5% over FY20-23F in the US on a high base, led by continuous momentum in new product launches. Cadila guides for domestic revenue growth in line with the industry's post restructuring by strengthening its core portfolio and the launch of differentiated products. We expect a domestic formulation revenue CAGR of 10% over FY20-23F, backed by new launches, ramp-up of biologicals and vaccine products.

Outlook and Valuation

We expect 19% PAT CAGR over FY20-23F on back of improving gross margins, lower other expenses and lower interest cost as management guided for debt reduction plans.

The stock has traded at an above-average P/E of 22x over FY15-18 and reached a peak of 32x in FY17-18 as it benefited from products which faced low competition in the US (US revenues contributed 50% of total sales). However, post FY18, valuations have corrected and forward P/E multiples have fallen to below its mean after 1) its key production facility Moraiya received a warning letter, 2) the entry of generic competitors for its key products in the US, and 3) it registered lower growth across geographies.

However, with the change in strategy by the management by moving towards a balanced approach across all geographies and focus on its branded generic business by leveraging its US portfolio along with recovery in India business growth, site transfer of injectable products to other USFDA approved facilities, higher near term launches which are no more dependent on the Moraiya facility, we believe its profitability expected to improve. A lower capex requirement will likely improve free cash flows (FCFs), in our view. A recovery in the branded business in India and other geographies would help improve return ratios going forward and, thereby, we initiate coverage on Cadila Healthcare with an Add rating and a target price of Rs 526, based on 25x FY22F P/E equal to its seven-year +1SD one-year forward P/E (Fig. 11) and equal to large cap peers (Fig 2).

Key catalysts

- If the Moraiya facility clears regulatory hurdles and injectable launches gather steam, faster-than-expected transdermal launches and stronger-than-expected growth in the branded formulations business in key geographies could lead to a better-than-expected earnings growth trajectory.

- Higher than expected ramp up in product Remdesivir which is now approved by USFDA as treatment for Covid-19 could lead to upsides in our earnings estimates

Key risks for our investment thesis

- Any further escalation of regulatory issues with USFDA on the Moraiya facility would weigh on earnings
- Adverse currency movements in its international markets would impact its profitability as 58% of total revenues (FY19) comes from export markets
- We have assumed mid-single digit price erosion in US base business portfolio. Any higher-than-expected price erosion in the US will be risk to our estimates as US business contributes significantly (~49%) to overall revenues.

Alkem Laboratories Ltd (ALKEM IN, Add, Rs3,484)

Strong domestic play; US business growing

Alkem Laboratories has a well-established brand franchise in domestic formulations. It has a large presence in therapies such as anti-infectives, gastrointestinal infections, pain/analgesics and vitamins. We believe Alkem is set to outperform the Indian pharma industry given its strong distribution network of 7,000 stockists and 40+ sales depots (as of FY20) and improving MR productivity; we forecast a domestic revenue CAGR of 13% over FY20-23F. Though a late entrant into the US, Alkem currently has ~50 products in the market and most of its key products are gaining market share. The company expects 12 ANDA approvals per year with 8-10 launches. We expect its US formulations to clock 14% revenue CAGR over FY20-23F.

Outlook and Valuation

Over FY20-23F, we expect a 13% CAGR in revenue which is likely to be supported by its steady domestic formulations, driven by its market leadership in its key therapies, consistent launches and improving market share in chronic therapies and strong US business revenue ramp up driven by new product launches. We estimate EBITDA margin to expand by 340bp by FY23F to 21.1% with improving gross margin due to stable API prices and several cost optimisation initiatives taken by Alkem and thereby expect PAT CAGR of 20% over FY20-23F.

We initiate coverage on Alkem Laboratories with an Add rating and a target price of Rs3,484 based on 25x FY22F P/E, equal to its five-year mean (Fig. 12) and in line with large cap peers (Fig 2), on the back of healthy net profit earnings expectation, stronger balance sheet and a robust business model.

Key catalyst

- Any further INR depreciation against US\$ would have positive impact on earnings as 26% of total sales comes from US business
- Higher than expected launches in the US could lead to higher than expected US revenue growth estimates

Key risks to our investment thesis

- Any further Covid-19 related complete lockdown would weigh on earnings estimates as acute segment forms 85% of domestic business (65% of total revenues in FY20)
- Adverse pricing regulations by the National Pharmaceutical Pricing Authority (NPPA) on prices of key products may reduce our revenue and margin estimates as domestic business contributes 65% of total revenues as of FY20

- Regulatory issues at any of its facilities would weigh on earnings
- Adverse currency movement in its international markets would impact its profitability
- Majority of Alkem's products for the domestic market are manufactured at its facilities in Sikkim. Production or supply disruption due to natural causes or shutdown of operations may adversely impact the company's business

IPCA Laboratories Ltd (IPCA IN, Add, TP Rs2,607)

Net profit earnings growth trajectory set to continue

IPCA Laboratories has a strong thrust in the formulations business with higher vertical integration as it is one of the lowest-cost producers in the world. A revival in both its formulation and API businesses, coupled with no further major remediation cost on facilities, should improve operating performance over FY20-23F. We expect PAT CAGR of 34% over FY20-23F.

Outlook and Valuation

During FY10-14, the stock showed a solid performance, with a ramp-up in all geographies (including the US) and its low-cost advantage, which improved its operating performance. However, the USFDA regulatory issues at IPCA's three plants impacted US and institutional revenues, resulting in stock price and valuation correction over FY15-16. In the past four years, however, its overall business revived, with improving operating leverage, which led to a re-rating of the stock as it traded in the P/E band of 18-30x over FY16-20 (Fig. 13).

We initiate coverage on IPCA Laboratories with an Add rating and a TP of Rs2,607, based on 26x FY22F P/E, a 5% premium to the past five years' average trading multiple and large cap peers (Fig. 2) – led by a higher contribution from the India business due to it consistently outperforming Indian pharma industry growth, a revival in the export formulation business, and a ramp up in API sales. We also believe IPCA has further re-rating potential once it resolves the USFDA issues with the facilities, leading to improvements in its earnings trajectory. We have not included any upsides from the resolution of the USFDA issues in our estimates.

Key catalyst

- FDA resolution on IPCA's three facilities (Silvassa, Ratlam API and Indore SEZ) would lead to upsides in its earnings estimates

Key risks to our investment thesis

- Second wave of Covid-19 related lockdown can have an impact on the supply chain for its India business. If the nationwide lockdown prolongs, there is a possibility of lower than-estimated India business growth
- Adverse pricing regulations by the National Pharmaceutical Pricing Authority (NPPA) in India on prices of key products may reduce our revenue and margin estimates
- Adverse currency movements in its international markets would impact its profitability as IPCA exports to 100 countries.

Alembic Pharmaceuticals (ALPM IN, Hold, Rs1,062)

Building capabilities for a differentiated portfolio

We expect a recovery in Alembic Pharmaceuticals' India business, while improving the productivity and mix of oral solids and complex generics should scale up the US business. We expect 10% India pharma business revenue CAGR in FY20-23F, led by MR productivity, portfolio mix shifting towards the chronic segment and ramp up in new launches in the specialty segment. Alembic's US pharma business is on an upward trajectory. In the last three years, Alembic invested about Rs20bn in building capabilities in newer segments such as injectables, oncology, dermatology and ophthalmology as well as expanding its oral solids pipeline and commencing product filings from 2HFY20F. We expect 16% US pharma business revenue CAGR in FY20-23F, assuming 20 new product launches annually.

Outlook and Valuation

Net profit earnings growth could remain under pressure due to a decline in operating performance on the back of additional operating costs of Rs4.5bn following the commercialisation of new facilities, in our view. We expect mere 13% PAT CAGR over FY20-23F. Although we are confident of its prospects from optimisation of new facilities and ramping up of the current business, near-term growth expectation is already priced in. However, we expect free cash flows to improve from FY21F and fund raising of Rs7.5bn has lowered the debt and supporting higher capex going forward. As current valuations limit upside potential, we initiate coverage on Alembic Pharmaceuticals with a Hold rating and a target price of Rs1,062 based on 19x FY22F P/E, 15% premium to the seven-year mean (Fig.14) on account of strong traction in both the US and non-US business as well as improving cash flows.

Key upside risks

- Any higher than expected price rise in the US generic business could present an upside risk to our earnings estimates as the US pharma business contributed 43% to total revenues in FY20
- Higher than expected Azithromycin sales in formulation and API segment could lead to higher than expected earnings estimates

Key downside risks

- Second wave of Covid-19 related lockdown could weigh on its acute segment portfolio which forms 45% of domestic portfolio (27% of total revenues)
- Adverse pricing regulations by the National Pharmaceutical Pricing Authority (NPPA) in India on prices of key products may reduce our revenue and margin estimates
- Vulnerability in business due to currency movements, regulatory changes and geo-political events
- Regulatory issues at any of its facilities would weigh on earnings

Natco Pharma Ltd (NTCPH IN, Add, Rs1,235)

Focus on niche products

Natco Pharma is an R&D-focused generic pharmaceutical company with the bulk of its exposure in the US and India. Natco Pharma's domestic oncology segment is facing challenges due to Covid-19 lockdowns on the back of lower chemotherapy sales in FY21F and, thereby, we expect negative yoy growth in FY21F, recovery from FY22F, and project 15% revenue growth for its domestic oncology segment in FY22F and FY23F. We expect strong US sales growth driven by some of the company's planned near-term launches like gNexavar, gTykerb and gRevlimid. We project US business revenue CAGR of 54% over FY20-23F.

Outlook and Valuation

We expect strong net profit CAGR of 54% over FY20-23F, driven by a recovery in its oncology segment sales in India, traction in subsidiary sales supported by new product launches and core business in the US and the launch of gRevlimid in FY22F.

We like Natco Pharma's focus on niche drug filings, strong balance sheet, and expect return ratios to improve. Therefore, we initiate coverage on the stock with an Add rating. We have used a SOP-based valuation for Natco, using a P/E methodology for its core business and NPV valuation for key future product launches which would start contributing to net profit significantly, in our view.

Our SOP-based TP is Rs1,235. i) We ascribe a P/E of 22x (equal to its five-year historical mean) to its base business EPS of Rs44.5 in FY22F, valuing its base business at Rs981/share. We assign a P/E of 22x, which is at a 12% discount to large cap peers (Fig.15) as the focus on niche drug filings, delay in key product launches, and earlier than expected competition in key products exposes it to the risk of net profit earnings lumpiness. ii) We assign a P/E of 10x to the gCopaxone product, using our FY22F EPS of Rs8.3 to arrive at a value of Rs83. We have assumed a lower multiple as gCopaxone may witness intensifying competition in the future, which could lead to declining net profit from the product. iii) We assign an NPV of Rs171 for its key products opportunity – gRevlimid and glmbruvica in the US.

Figure 5: SOP based valuation break up

Particulars	EPS Rs/share	P/E Multiple (x)	Value Rs
Base Business EPS- FY22F	44.5	22	981
Product- gCopaxone EPS-FY22F	8.3	10	83
Key products opportunity			Value Rs
gRevlimid			136
glmbruvica			35
Target Price arrived			1,235

SOURCE: EIP RESEARCH ESTIMATES

Figure 6: Product gRevlimid opportunity

Particulars	FY22	FY23	FY24	FY25	FY26
Brand Sales US\$m	7,500	7,500	7,500	7,500	7,500
Price erosion assumption	20%	20%	25%	28%	65%
Market share assumption	6%	11%	17%	26%	35%
Natco's expected PAT US\$m	18.9	103.7	145.8	220.6	82.5
Natco's expected PAT Rs m	1,414	7,777	10,936	16,543	6,186
EPS	8	43	60	91	34
NPV (Assuming WACC of 13.5%)	6	29	36	48	16
Total NPV value Rs	136				

SOURCE: EIP RESEARCH ESTIMATES, COMPANY DATA

Figure 7: Imbruvica FTF opportunity for six months in FY26F

Particulars	FY26F
Brand Sales US\$m	4,000
Price Erosion assumption	50%
Market share	25%
Natco's expected PAT US\$m in FY26	160.31
Natco's expected PAT Rsm	12,023
EPS	66.1
NPV (Assuming WACC of 13.5%)	35

SOURCE: EIP RESEARCH ESTIMATES, COMPANY DATA

Key catalyst

- Earlier than expected key product launches in US would be upside potential to our earnings estimates

Key risks to our investment thesis

- Second wave of Covid related lockdown would weigh on its oncology segment in India business
- Any delay in favorable outcome on litigated products in court would lead to delay in launch of the same, thereby posing risk to our earnings estimates
- Regulatory issues at any of its facilities would weigh on earnings
- Any delay in the launch of its gRevlimid product, or higher-than-expected price erosion across its products in the US are downside risks to our earnings estimates

Ajanta Pharma Ltd (AJP IN, ADD, TP Rs1,795)

Strong branded play

Ajanta Pharma has a front-end presence in branded markets in India, Asia and Africa and commands a better operating margin profile vs. the generic segment. With the focus on new product launches, increasing MR productivity and market share gains in existing products, we expect a steady revenue CAGR of 10% in FY20-23F in Ajanta Pharma's branded markets. Also, it is gradually strengthening its position in the US generics market. Ajanta saw strong revenue growth momentum in the US in FY20, backed by traction in recent launches such as Oxybutine and Ranexa. We expect US revenue to show a 19% CAGR in US\$ terms over FY20-23F, assuming 8-10 launches annually. With the end of Ajanta's investment phase, lower capex requirement could raise free cash flows in FY20-23F, in our view.

Outlook and Valuation

The stock has traded in a P/E band of 25-38x in FY15-17, peaking at 38x in FY17 (Fig. 16). Historically, the company's P/E has expanded on the back of persistent earnings growth momentum in the branded business, ramp-up in institutional anti-malarial business, healthy return ratios and a strong balance sheet.

Post FY18, valuations have corrected and traded below P/E multiple of 20x with the decline in anti-malarial institutional business, a slowdown in India business and forex headwinds in Asia and Africa branded businesses.

However, we see re-rating potential and have assigned a P/E of 25x on FY22F EPS to arrive at a target price of Rs1,795 (in line with its 5-year average historical average), which we believe is justified given: i) the company's branded businesses in India, Asia and Africa (70% contribution to total revenues as of FY20) are seeing renewed growth (these businesses command higher operating margins of over 30%), ii) margin improvement in the US generics business, and iii) easing capex requirements. We initiate coverage on the stock with an Add rating.

Key catalysts

- Any price increase in the US generics business will be an upside catalyst to our earnings estimates as the US business contributes 20% of total revenues as at FY20
- Higher than expected ramp up in its institutional segment would lead to upside to our earnings estimates

Key risks to our investment thesis

- Any second wave of Covid-19 related complete lockdown will further impact is Dermatology segment which could pose risks to our revenue estimates
- Adverse pricing regulations by the National Pharmaceutical Pricing Authority (NPPA) in India on prices of key products may reduce our revenue and margin estimates
- Regulatory issues at any of its facilities would weigh on earnings
- Adverse currency movements in its international markets would impact its profitability - Asia and Africa contributed ~40% of total revenues as of FY20

Indoco Remedies Ltd (INDR IN, Add, TP Rs320) Poised for long-term growth

Indoco Remedies' domestic business will continue to focus on brand-building and launching specialty products to boost revenue growth, in our view. With the recovery in the international business, we expect total revenue of 18% over FY20-23F after a subdued performance over the past two years.

Outlook and Valuation

During FY05-17, the stock traded at an average P/E of 20x (Fig. 17), with a strong India business franchise and entry into complex sterile products in the US, coupled with traction in other markets. However, valuations corrected in FY18 mainly due to the warning letter issued for the Goa plant II and III which impacted supplies to the US. Also, the company reported losses in FY19 at the PAT level on the back of the import alert on the Goa plant I which banned supplies to Europe, coupled with lower domestic business growth over FY16-19 due to challenges faced from the implementation of the Goods and Service Tax (GST), restructuring of products and divisions, demonetisation and lower MR productivity and higher attrition rate of MRs, which resulted in the share price correction.

We initiate coverage with an Add rating as the overall business has revived with improving operating leverage, and we expect a strong net profit CAGR of 102% over FY20-23F on a low base. Our target price of Rs320 is based on 20x FY22F P/E, in line with its historical average multiple. We believe Indoco Remedies has traded at higher multiples as its net profit includes the amortisation of brand value in the domestic formulation business to the tune of Rs280m-Rs300m which, if adjusted for, shows a lower trading multiple.

Key catalysts

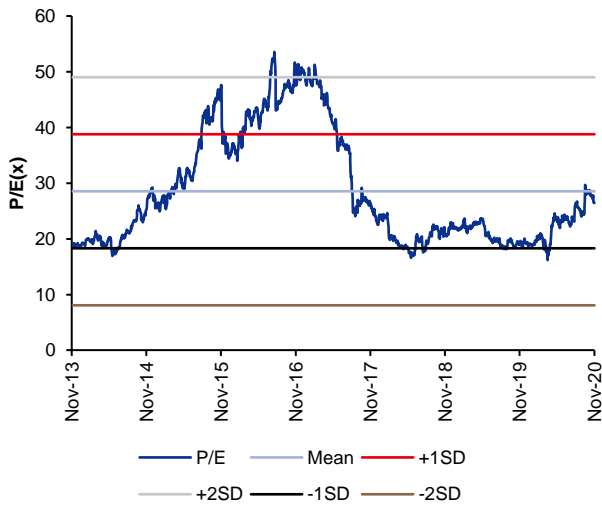
- Higher-than-expected traction in high-value launches, earlier-than-expected launches in the US, and stronger-than-expected growth in the formulations business in regulated and emerging markets could lead to a better-than-expected earnings growth trajectory
- Higher-than-expected growth in the domestic formulations business

Key risks to our investment thesis

- Supply chain disruption and lower prescription demand in branded markets due to further second wave of Covid-19 lockdown as India business contributed 62% of total revenue
- Adverse pricing regulations by the National Pharmaceutical Pricing Authority (NPPA) in India for key products could impact our revenue and margin estimates
- Adverse currency movements in its international markets could impact profitability since ~30% of total FY20 revenues came from exports
- Any further escalation on regulatory issues on Goa plant 1

Figure 8: Dr Reddy's P/E Standard deviation: One year forward

Figure 9: Cipla P/E Standard deviation: One year forward

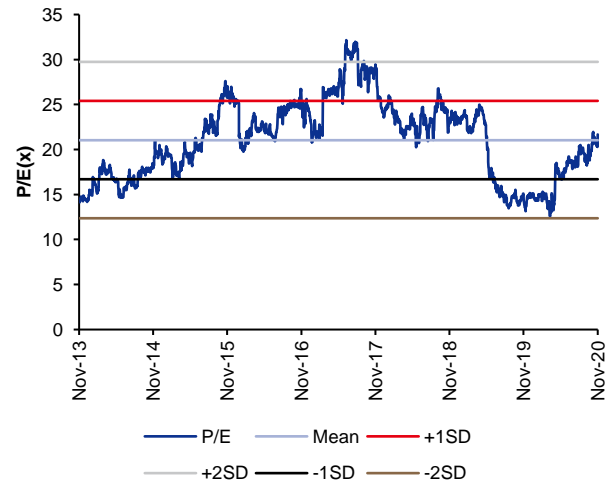
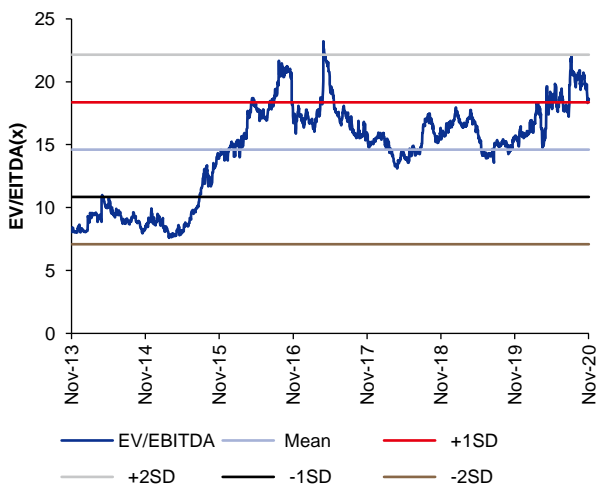


SOURCE: EIP RESEARCH, BLOOMBERG

SOURCE: EIP RESEARCH, BLOOMBERG

Figure 10: Torrent EV/EBITDA Standard deviation: One year forward

Figure 11: Cadila P/E Standard deviation: One year forward



SOURCE: EIP RESEARCH, BLOOMBERG

SOURCE: EIP RESEARCH, BLOOMBERG

Figure 12: Alkem P/E Standard deviation: One year forward

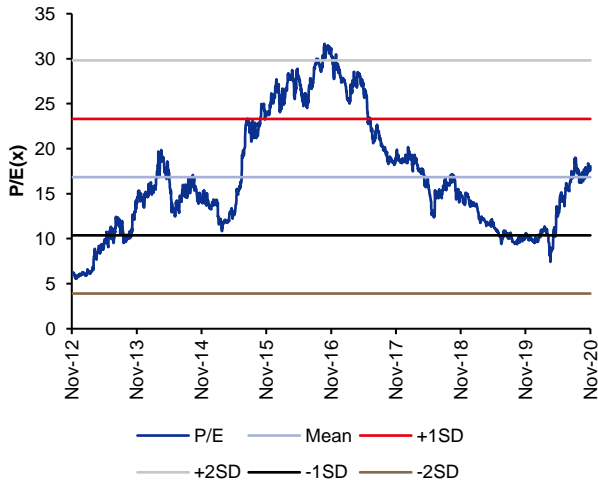
Figure 13: Ipca P/E Standard deviation: One year forward



SOURCE: EIP RESEARCH, BLOOMBERG

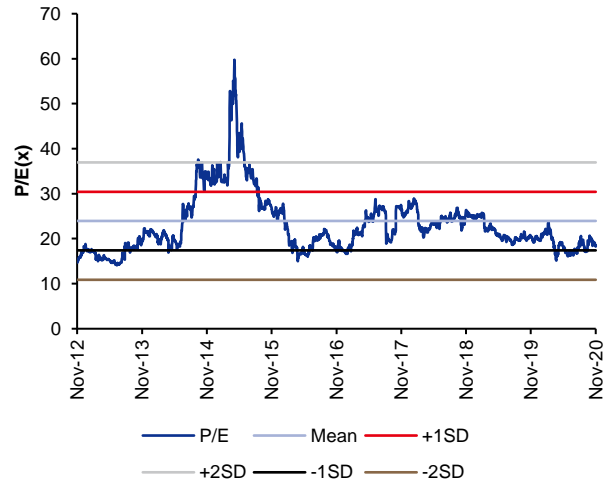
SOURCE: EIP RESEARCH, BLOOMBERG

Figure 14: Alembic P/E Standard deviation: One year forward



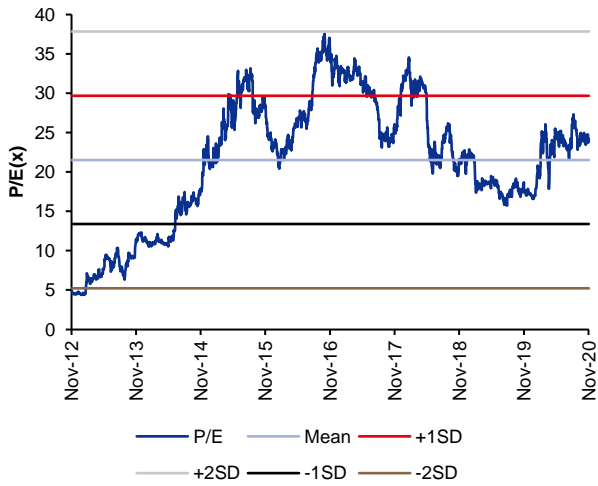
SOURCE: EIP RESEARCH, BLOOMBERG

Figure 15: Natco P/E Standard deviation: One year forward



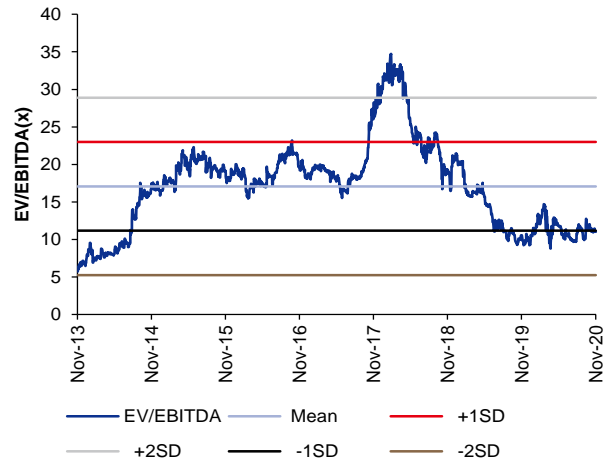
SOURCE: EIP RESEARCH, BLOOMBERG

Figure 16: Ajanta P/E Standard deviation: One year forward



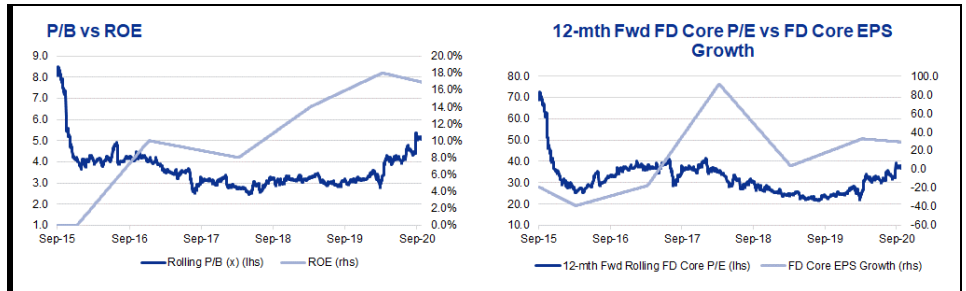
SOURCE: EIP RESEARCH, BLOOMBERG

Figure 17: Indoco EV/EBITDA Standard deviation: One year forward



SOURCE: EIP RESEARCH, BLOOMBERG

BY THE NUMBERS (Dr Reddy's Laboratories Ltd)



Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	153,851	167,371	190,849	213,209	237,488
Gross Profit	83,430	87,380	103,631	118,331	131,806
Operating EBITDA	31,250	35,313	47,522	55,648	61,984
Depreciation And Amortisation	(12,317)	(29,239)	(14,333)	(14,878)	(15,422)
Operating EBIT	18,933	6,074	33,188	40,770	46,562
Financial Income/(Expense)	1,117	1,478	1,669	1,793	1,935
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	2,393	1,394	1,373	1,449	1,532
Profit Before Tax (pre-EI)	22,443	25,713	36,230	44,012	50,029
Exceptional Items		9,086			
Pre-tax Profit	22,443	18,032	36,230	44,012	50,029
Taxation	(3,648)	1,466	(9,057)	(11,003)	(12,507)
Exceptional Income - post-tax					
Profit After Tax	18,795	19,498	27,172	33,009	37,522
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	18,795	19,498	27,172	33,009	37,522
Recurring Net Profit	18,795	27,179	27,172	33,009	37,522
Fully Diluted Recurring Net Profit	18,795	27,179	27,172	33,009	37,522

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	31,250	35,313	47,522	55,648	61,984
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(2,484)	(7,680)	(3,953)	(16,877)	(9,916)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(3,210)	11,113	(8,491)	(10,431)	(11,929)
Net Interest (Paid)/Received	1,117	1,478	1,669	1,793	1,935
Tax Paid					
Cashflow From Operations	26,673	40,224	36,746	30,133	42,074
Capex	(8,195)	(10,867)	(28,766)	(6,800)	(6,800)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	1,955	833	807	877	954
Cash Flow From Investing	(6,240)	(10,034)	(27,959)	(5,923)	(5,846)
Debt Raised/(repaid)	(12,237)	(16,370)	(500)	(500)	(500)
Proceeds From Issue Of Shares		1			
Shares Repurchased					
Dividends Paid	(3,992)	(4,002)	(3,916)	(4,155)	(4,155)
Preferred Dividends					
Other Financing Cashflow	(4,614)	(9,994)	862	(3,851)	(4,428)
Cash Flow From Financing	(20,843)	(30,365)	(3,554)	(8,506)	(9,083)
Total Cash Generated	(410)	(175)	5,232	15,705	27,144
Free Cashflow To Equity	8,196	13,820	8,287	23,710	35,728
Free Cashflow To Firm	20,433	30,190	8,787	24,210	36,228

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd
Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	2,228	2,053	7,285	22,990	50,134
Total Debtors	39,869	50,278	52,288	58,413	65,065
Inventories	33,579	35,066	40,000	46,731	52,052
Total Other Current Assets	16,296	19,286	21,215	24,397	28,056
Total Current Assets	91,972	106,683	120,787	152,531	195,308
Fixed Assets	54,088	52,332	55,821	52,387	48,409
Total Investments	25,871	26,778	25,670	29,521	33,949
Intangible Assets	48,269	31,653	42,596	37,952	33,308
Total Other Non-Current Assets	5,227	14,795	14,821	15,212	15,662
Total Non-current Assets	133,455	125,558	138,909	135,073	131,328
Short-term Debt	16,381	20,707	20,207	19,707	19,207
Current Portion of Long-Term Debt					
Total Creditors	39,153	48,307	52,672	51,988	57,908
Other Current Liabilities	4,166	3,800	4,180	4,264	4,349
Total Current Liabilities	59,700	72,814	77,059	75,959	81,464
Total Long-term Debt	22,000	1,304	1,304	1,304	1,304
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2,920	2,860	3,060	3,213	3,374
Total Non-current Liabilities	24,920	4,164	4,364	4,517	4,678
Total Provisions	610	275	275	275	275
Total Liabilities	85,230	77,253	81,698	80,751	86,417
Shareholders' Equity	140,197	154,988	177,998	206,853	240,220
Minority Interests					
Total Equity	140,197	154,988	177,998	206,853	240,220

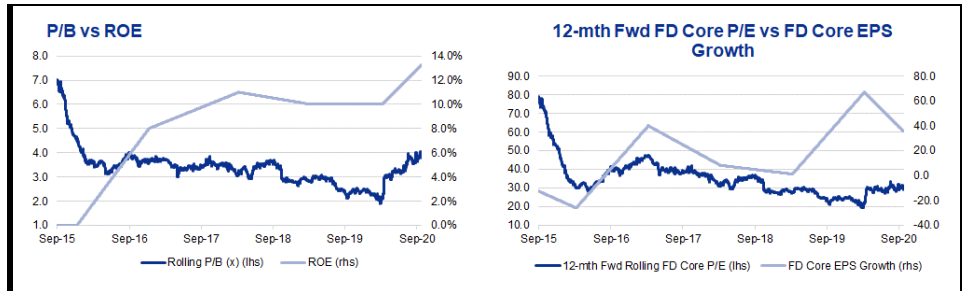
Key Ratios

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	8.3%	8.8%	14.0%	11.7%	11.4%
Operating EBITDA Growth	36.5%	13.0%	34.6%	17.1%	11.4%
Operating EBITDA Margin	20.3%	21.1%	24.9%	26.1%	26.1%
Net Cash Per Share (Rs)	(217.8)	(120.1)	(85.6)	11.9	178.2
BVPS (Rs)	844.6	932.5	1,071.0	1,244.6	1,445.4
Gross Interest Cover					
Effective Tax Rate	16.3%	-8.1%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	17.8%	15.2%	11.5%	9.4%	8.3%
Accounts Receivables Days	95	98	98	95	95
Inventory Days	162	157	157	167	171
Accounts Payables Days	206	200	211	201	190
ROIC (%)	12.3%	15.1%	19.5%	22.8%	25.8%
ROCE (%)	11.2%	13.6%	18.5%	19.9%	19.8%
Return On Average Assets	9.5%	10.6%	14.1%	15.4%	15.7%

Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Unit sales grth (%. main prod./serv.)	8.3%	8.8%	14.0%	11.7%	11.4%
R&D Cost/sales(%)	10.1%	9.2%	9.2%	9.2%	9.2%

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Cipla Ltd)

Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	163,624	171,320	190,660	205,432	230,036
Gross Profit	105,779	111,406	123,929	135,585	154,124
Operating EBITDA	30,973	32,060	45,758	48,277	57,509
Depreciation And Amortisation	(13,263)	(11,747)	(12,351)	(12,956)	(13,560)
Operating EBIT	17,710	20,313	33,407	35,321	43,949
Financial Income/(Expense)	(1,684)	(1,974)	(866)	(605)	(344)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	4,766	3,442	3,614	3,976	4,373
Profit Before Tax (pre-EI)	20,791	21,782	36,156	38,692	47,978
Exceptional Items					
Pre-tax Profit	20,791	21,782	36,156	38,692	47,978
Taxation	(5,695)	(6,312)	(10,304)	(10,447)	(12,954)
Exceptional Income - post-tax					
Profit After Tax	15,096	15,470	25,851	28,245	35,024
Minority Interests	181	(5)	(5)	(5)	(5)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	15,277	15,465	25,847	28,240	35,019
Recurring Net Profit	15,277	15,465	25,847	28,240	35,019
Fully Diluted Recurring Net Profit	15,277	15,465	25,847	28,240	35,019

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	30,973	32,060	45,758	48,277	57,509
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(12,428)	2,504	(11,017)	(7,726)	(12,140)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(7,477)	(6,829)	(10,304)	(10,447)	(12,954)
Net Interest (Paid)/Received	(1,684)	(1,974)	(866)	(605)	(344)
Tax Paid					
Cashflow From Operations	9,384	25,762	23,571	29,499	32,072
Capex	(2,724)	(12,767)	(4,818)	(6,180)	(6,180)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	4,766	3,442	3,614	3,976	4,373
Cash Flow From Investing	2,042	(9,325)	(1,204)	(2,204)	(1,807)
Debt Raised/(repaid)	2,183	(14,998)	(6,525)	(6,525)	(6,525)
Proceeds From Issue Of Shares	1	1			
Shares Repurchased					
Dividends Paid					
Preferred Dividends					
Other Financing Cashflow	(17,077)	2,411	(18,107)	(14,701)	(20,250)
Cash Flow From Financing	(14,894)	(12,586)	(24,632)	(21,226)	(26,775)
Total Cash Generated	(3,468)	3,851	(2,265)	6,068	3,489
Free Cashflow To Equity	13,608	1,439	15,842	20,769	23,740
Free Cashflow To Firm	13,110	18,410	23,233	27,899	30,608

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	27,446	20,204	18,956	26,143	30,862
Total Debtors	41,570	38,969	43,362	46,717	52,306
Inventories	39,648	43,776	48,718	52,492	58,779
Total Other Current Assets	15,602	14,112	15,524	17,076	18,784
Total Current Assets	124,266	117,062	126,560	142,428	160,731
Fixed Assets	66,774	63,019	56,667	49,712	42,151
Total Investments	1,939	2,195	2,415	2,656	2,922
Intangible Assets	28,691	32,567	31,919	31,919	31,919
Total Other Non-Current Assets	17,963	21,783	22,925	24,980	27,223
Total Non-current Assets	115,367	119,564	113,926	109,267	104,215
Short-term Debt	4,862	4,472	4,472	4,472	4,472
Current Portion of Long-Term Debt					
Total Creditors					
Other Current Liabilities	32,854	39,460	40,864	43,695	47,202
Total Current Liabilities	37,715	43,931	40,864	43,695	47,202
Total Long-term Debt	38,301	23,693	17,168	10,643	4,118
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	5,922	4,777	4,777	4,777	4,777
Total Non-current Liabilities	44,222	28,469	26,416	19,891	13,366
Total Provisions	4,253	3,652	3,652	3,652	3,652
Total Liabilities	86,191	76,053	70,932	67,238	64,219
Shareholders' Equity	150,123	157,630	166,611	181,514	197,784
Minority Interests	3,320	2,943	2,943	2,943	2,943
Total Equity	153,443	160,573	169,554	184,457	200,726

Key Ratios

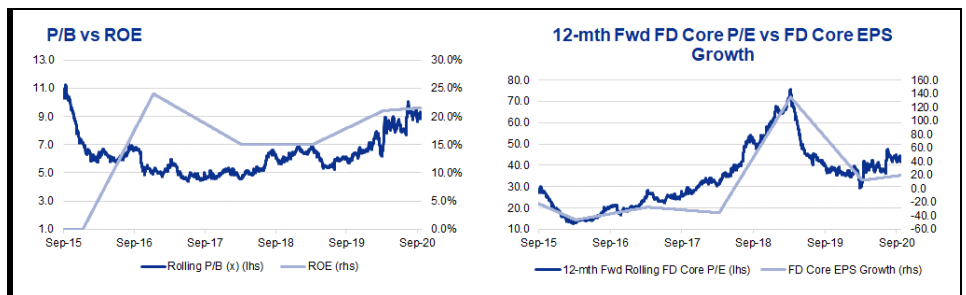
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	8.3%	4.5%	14.2%	7.7%	12.0%
Operating EBITDA Growth	9.6%	3.5%	42.7%	5.5%	19.1%
Operating EBITDA Margin	19.4%	19.2%	24.0%	23.5%	25.0%
Net Cash Per Share (Rs)	(19.5)	(9.9)	(3.3)	13.7	27.6
BVPS (Rs)	186.3	195.5	206.6	225.1	245.3
Gross Interest Cover	10.51	10.29	38.60	58.42	127.92
Effective Tax Rate	27.4%	29.0%	28.5%	27.0%	27.0%
Net Dividend Payout Ratio	13.5%	30.5%	30.7%	31.4%	31.4%
Accounts Receivables Days	81	86	79	80	78
Inventory Days	253	254	253	264	268
Accounts Payables Days	168	169	167	170	171
ROIC (%)	10.0%	11.6%	18.7%	19.7%	23.9%
ROCE (%)	9.0%	10.3%	17.3%	17.7%	21.1%
Return On Average Assets	9.6%	10.0%	15.5%	16.0%	18.7%

Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Unit sales grth (%. main prod./serv.)	7.5%	4.7%	11.3%	7.7%	12.0%
R&D Cost/sales(%)	7.4%	7.0%	7.0%	7.0%	7.0%

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Torrent Pharmaceuticals Ltd)



Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	76,728	79,393	83,357	94,525	106,332
Gross Profit	54,531	57,724	60,851	69,003	77,622
Operating EBITDA	19,831	21,704	25,257	27,129	31,262
Depreciation And Amortisation	(6,177)	(6,544)	(6,687)	(6,837)	(6,986)
Operating EBIT	13,654	15,160	18,570	20,292	24,276
Financial Income/(Expense)	(5,038)	(4,507)	(3,539)	(3,076)	(2,845)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	571	1,213	485	728	1,092
Profit Before Tax (pre-EI)	9,187	11,866	15,516	17,944	22,523
Exceptional Items	(3,570)				
Pre-tax Profit	5,617	11,866	15,516	17,944	22,523
Taxation	(1,254)	(1,619)	(3,103)	(3,589)	(4,505)
Exceptional Income - post-tax					
Profit After Tax	4,363	10,247	12,413	14,355	18,018
Minority Interests	0				
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	4,363	10,247	12,413	14,355	18,018
Recurring Net Profit	7,137	10,247	12,413	14,355	18,018
Fully Diluted Recurring Net Profit	7,137	10,247	12,413	14,355	18,018

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	19,831	21,704	25,257	27,129	31,262
Cash Flow from Invt. & Assoc.					
Change In Working Capital	821	(4,504)	2,907	(2,239)	(3,160)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(3,570)				
Other Operating Cashflow	(2,808)	(2,602)	(3,103)	(3,589)	(4,505)
Net Interest (Paid)/Received	(5,038)	(4,507)	(3,539)	(3,076)	(2,845)
Tax Paid					
Cashflow From Operations	9,236	10,090	21,522	18,225	20,753
Capex	(4,809)	(5,346)	(2,368)	(2,371)	(2,375)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	571	1,213	485	728	1,092
Cash Flow From Investing	(4,239)	(4,133)	(1,882)	(1,643)	(1,283)
Debt Raised/(repaid)	(4,242)	(1,981)	(12,542)	(6,000)	(3,000)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(3,672)	(7,344)	(4,965)	(5,742)	(7,207)
Preferred Dividends					
Other Financing Cashflow	2,404	1,874	(0)	(0)	(0)
Cash Flow From Financing	(5,510)	(7,451)	(17,507)	(11,742)	(10,207)
Total Cash Generated	(512)	(1,494)	2,133	4,840	9,263
Free Cashflow To Equity	756	3,976	7,098	10,582	16,470
Free Cashflow To Firm	10,035	10,464	23,179	19,658	22,315

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd
Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	11,674	6,667	8,799	13,639	22,902
Total Debtors	14,357	16,493	15,986	18,128	20,392
Inventories	19,352	21,482	21,011	23,826	26,802
Total Other Current Assets	4,993	5,429	5,968	6,561	7,214
Total Current Assets	50,375	50,071	51,764	62,154	77,310
Fixed Assets	80,300	79,030	74,710	70,245	65,633
Total Investments	21	21	21	21	21
Intangible Assets	3,348	3,421	3,421	3,421	3,421
Total Other Non-Current Assets	7,165	7,835	7,835	7,835	7,835
Total Non-current Assets	90,834	90,307	85,987	81,522	76,910
Short-term Debt	9,341	10,909	10,910	10,910	10,910
Current Portion of Long-Term Debt					
Total Creditors	20,967	20,769	20,693	24,004	26,737
Other Current Liabilities	21,345	23,145	23,145	23,145	23,145
Total Current Liabilities	51,653	54,822	54,748	58,059	60,792
Total Long-term Debt	39,129	33,039	23,039	17,039	14,039
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	3,108	4,285	4,285	4,285	4,285
Total Non-current Liabilities	42,238	37,324	27,324	21,324	18,324
Total Provisions	75				
Total Liabilities	93,966	92,146	82,072	79,383	79,116
Shareholders' Equity	47,244	48,232	55,680	64,293	75,104
Minority Interests					
Total Equity	47,244	48,232	55,680	64,293	75,104

Key Ratios

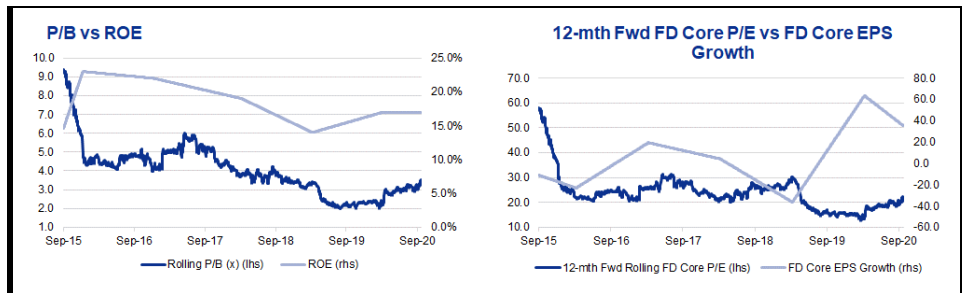
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	29.0%	3.5%	5.0%	13.4%	12.5%
Operating EBITDA Growth	47.0%	9.4%	16.4%	7.4%	15.2%
Operating EBITDA Margin	25.8%	27.3%	30.3%	28.7%	29.4%
Net Cash Per Share (Rs)	(217.4)	(220.3)	(148.6)	(84.6)	(12.1)
BVPS (Rs)	279.2	285.0	329.0	379.9	443.8
Gross Interest Cover	2.71	3.36	5.25	6.60	8.53
Effective Tax Rate	22.3%	13.6%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	33.2%	51.3%	32.0%	32.0%	32.0%
Accounts Receivables Days	64	71	71	66	66
Inventory Days	321	344	345	321	322
Accounts Payables Days	341	352	336	320	323
ROIC (%)	15.7%	16.9%	21.8%	24.5%	29.8%
ROCE (%)	13.7%	16.1%	20.4%	22.3%	25.2%
Return On Average Assets	10.0%	11.6%	13.7%	14.9%	17.0%

Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Unit sales grth (%. main prod./serv.)	29.0%	3.5%	5.0%	13.4%	12.5%
R&D Cost/sales(%)	7.0%	6.2%	6.2%	6.5%	6.5%

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Cadila Healthcare Ltd)



Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	131,002	142,019	150,123	162,148	176,682
Gross Profit	83,772	92,692	99,081	108,315	118,024
Operating EBITDA	29,011	27,195	33,177	35,997	39,224
Depreciation And Amortisation	(5,986)	(6,965)	(7,176)	(7,603)	(8,030)
Operating EBIT	23,025	20,230	26,001	28,394	31,194
Financial Income/(Expense)	(1,958)	(3,326)	(2,136)	(1,936)	(1,816)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	2,011	1,139	1,150	1,162	1,174
Profit Before Tax (pre-EI)	23,078	18,043	25,015	27,620	30,551
Exceptional Items	743	(3,089)			
Pre-tax Profit	23,821	14,954	25,015	27,620	30,551
Taxation	(5,303)	(3,198)	(5,503)	(6,076)	(6,721)
Exceptional Income - post-tax					
Profit After Tax	18,518	11,756	19,512	21,543	23,830
Minority Interests	(30)	10	10	10	10
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	18,488	11,766	19,522	21,554	23,840
Recurring Net Profit	17,910	14,194	19,522	21,554	23,840
Fully Diluted Recurring Net Profit	17,910	14,194	19,522	21,554	23,840

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	29,011	27,195	33,177	35,997	39,224
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(10,080)	4,779	(3,680)	(5,081)	(6,161)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(5,330)	(5,466)	(5,503)	(6,076)	(6,721)
Net Interest (Paid)/Received	(1,958)	(3,326)	(2,136)	(1,936)	(1,816)
Tax Paid					
Cashflow From Operations	11,643	23,182	21,857	22,903	24,525
Capex	(9,897)	(6,676)	(7,000)	(7,000)	(7,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	(46,000)				
Other Investing Cashflow	2,011	1,139	1,150	1,162	1,174
Cash Flow From Investing	(53,886)	(5,537)	(5,850)	(5,838)	(5,826)
Debt Raised/(repaid)	24,927	(1,055)	(17,000)	(5,000)	(3,000)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(4,314)	(8,569)	(3,584)	(3,584)	(3,584)
Preferred Dividends					
Other Financing Cashflow	13,970	(3,861)	68	7	(62)
Cash Flow From Financing	34,583	(13,485)	(20,516)	(8,577)	(6,646)
Total Cash Generated	(7,660)	4,160	(4,508)	8,488	12,052
Free Cashflow To Equity	(17,316)	16,590	(992)	12,065	15,698
Free Cashflow To Firm	(40,285)	20,971	18,144	19,001	20,515

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd
Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	7,728	12,509	8,001	16,489	28,541
Total Debtors	41,824	38,938	40,505	43,823	47,950
Inventories	26,880	27,890	29,481	31,843	34,697
Total Other Current Assets	10,788	10,677	11,916	13,299	14,843
Total Current Assets	87,220	90,014	89,903	105,453	126,032
Fixed Assets	68,747	68,390	68,214	67,611	66,581
Total Investments	3,484	3,516	3,516	3,516	3,516
Intangible Assets	52,890	53,915	53,915	53,915	53,915
Total Other Non-Current Assets	22,490	21,031	21,561	22,156	22,823
Total Non-current Assets	147,611	146,852	147,206	147,198	146,835
Short-term Debt	31,969	38,265	38,265	38,265	38,265
Current Portion of Long-Term Debt					
Total Creditors	19,226	20,310	20,685	22,314	24,314
Other Current Liabilities	22,230	24,119	24,336	24,555	24,776
Total Current Liabilities	73,425	82,694	83,286	85,133	87,355
Total Long-term Debt	39,497	32,146	15,146	10,146	7,146
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	15,523	16,170	16,883	17,608	18,347
Total Non-current Liabilities	55,020	48,316	32,029	27,754	25,493
Total Provisions	2,523	2,099	2,099	2,099	2,099
Total Liabilities	130,968	133,109	117,414	114,987	114,947
Shareholders' Equity	103,863	103,757	119,695	137,664	157,920
Minority Interests					
Total Equity	103,863	103,757	119,695	137,664	157,920

Key Ratios

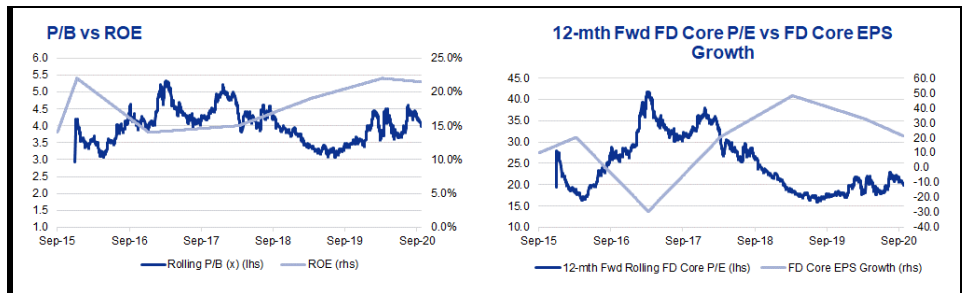
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	9.6%	8.3%	6.6%	8.1%	9.0%
Operating EBITDA Growth	3.1%	(6.3%)	22.0%	8.5%	9.0%
Operating EBITDA Margin	22.8%	19.7%	22.5%	22.6%	22.6%
Net Cash Per Share (Rs)	(62.2)	(56.5)	(44.3)	(31.2)	(16.5)
BVPS (Rs)	101.4	101.3	116.9	134.4	154.2
Gross Interest Cover	11.76	6.08	12.17	14.66	17.17
Effective Tax Rate	22.3%	21.4%	22.0%	22.0%	22.0%
Net Dividend Payout Ratio	15.5%	39.7%	14.3%	13.0%	11.7%
Accounts Receivables Days	100	98	91	89	89
Inventory Days	196	203	205	208	207
Accounts Payables Days	147	146	147	146	145
ROIC (%)	12.6%	11.5%	14.4%	15.3%	16.3%
ROCE (%)	14.4%	11.4%	14.8%	15.6%	15.9%
Return On Average Assets	12.1%	9.1%	11.5%	12.1%	12.3%

Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Unit sales grth (%. main prod./serv.)	9.9%	8.4%	5.7%	8.0%	9.0%
R&D Cost/sales(%)	7.2%	7.7%	7.7%	7.7%	7.7%

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Alkem Laboratories Ltd)



Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	73,572	83,444	92,119	105,119	119,473
Gross Profit	44,122	49,994	56,653	65,174	74,073
Operating EBITDA	11,192	14,734	19,713	21,655	25,209
Depreciation And Amortisation	(1,932)	(2,528)	(2,527)	(2,771)	(3,016)
Operating EBIT	9,260	12,206	17,187	18,883	22,193
Financial Income/(Expense)	(546)	(651)	(563)	(560)	(560)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	877	1,042	1,053	1,063	1,074
Profit Before Tax (pre-EI)	9,590	12,598	17,677	19,387	22,707
Exceptional Items	(44)				
Pre-tax Profit	9,547	12,598	17,677	19,387	22,707
Taxation	(1,810)	(1,105)	(2,492)	(2,503)	(2,950)
Exceptional Income - post-tax					
Profit After Tax	7,736	11,493	15,184	16,884	19,757
Minority Interests	(131)	(222)	(222)	(222)	(222)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	7,605	11,271	14,962	16,661	19,535
Recurring Net Profit	7,641	11,271	14,962	16,661	19,535
Fully Diluted Recurring Net Profit	7,641	11,271	14,962	16,661	19,535

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	11,192	14,734	19,713	21,655	25,209
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,559)	(6,554)	1,387	(3,746)	(3,777)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(2,336)	(3,543)	(4,242)	(4,653)	(5,450)
Net Interest (Paid)/Received	(546)	(651)	(563)	(560)	(560)
Tax Paid					
Cashflow From Operations	6,751	3,987	16,295	12,696	15,423
Capex	(5,520)	(5,003)	(3,447)	(3,449)	(3,450)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	877	1,042	1,053	1,063	1,074
Cash Flow From Investing	(4,643)	(3,961)	(2,395)	(2,386)	(2,377)
Debt Raised/(repaid)	(544)	7,596	(7,300)	(50)	
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(2,167)	(4,331)	(3,740)	(4,165)	(4,884)
Preferred Dividends					
Other Financing Cashflow	1,451	1,016	(261)	(288)	(316)
Cash Flow From Financing	(1,260)	4,281	(11,302)	(4,503)	(5,200)
Total Cash Generated	848	4,307	2,599	5,807	7,846
Free Cashflow To Equity	1,564	7,622	6,600	10,260	13,046
Free Cashflow To Firm	2,654	677	14,463	10,870	13,606

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd
Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	8,895	12,621	15,390	21,384	29,436
Total Debtors	12,792	16,773	15,927	18,136	20,574
Inventories	14,999	18,188	18,676	21,312	24,222
Total Other Current Assets	5,358	7,377	7,904	8,483	8,547
Total Current Assets	42,044	54,960	57,897	69,315	82,779
Fixed Assets	26,428	28,725	29,646	30,324	30,758
Total Investments	1,094	1,021	1,124	1,241	1,370
Intangible Assets	3,806	3,985	3,985	3,985	3,985
Total Other Non-Current Assets	8,710	10,742	12,541	14,765	17,346
Total Non-current Assets	40,038	44,473	47,296	50,314	53,459
Short-term Debt	6,713	15,035	8,235	8,235	8,235
Current Portion of Long-Term Debt					
Total Creditors	9,623	9,541	11,109	12,806	14,462
Other Current Liabilities	5,840	7,858	7,905	7,976	8,054
Total Current Liabilities	22,175	32,433	27,249	29,017	30,752
Total Long-term Debt	2,313	1,592	1,092	1,042	1,042
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	134	98	98	98	98
Total Non-current Liabilities	2,447	1,690	1,190	1,140	1,140
Total Provisions	1,740	2,220	2,220	2,220	2,220
Total Liabilities	26,362	36,344	30,659	32,377	34,112
Shareholders' Equity	54,393	61,607	72,828	85,324	99,975
Minority Interests	1,326	1,483	1,705	1,928	2,150
Total Equity	55,720	63,090	74,534	87,252	102,126

Key Ratios

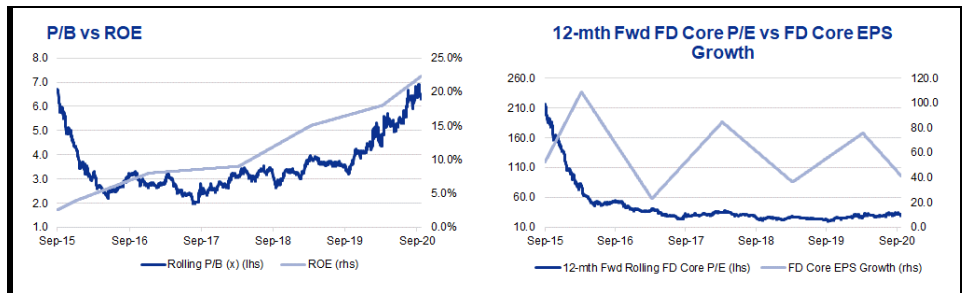
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	13.5%	12.7%	10.5%	14.3%	13.8%
Operating EBITDA Growth	8.1%	31.7%	33.8%	9.8%	16.4%
Operating EBITDA Margin	15.4%	18.0%	21.8%	20.9%	21.4%
Net Cash Per Share (Rs)	(1.1)	(33.5)	50.7	101.3	168.6
BVPS (Rs)	455.0	515.3	609.2	713.7	836.3
Gross Interest Cover	16.95	18.76	30.54	33.73	39.64
Effective Tax Rate	19.0%	8.8%	14.1%	12.9%	13.0%
Net Dividend Payout Ratio	19.0%	29.0%	21.4%	21.7%	21.7%
Accounts Receivables Days	58	63	64	58	58
Inventory Days	182	181	190	183	183
Accounts Payables Days	119	105	106	109	110
ROIC (%)	16.4%	17.8%	24.7%	24.8%	26.8%
ROCE (%)	15.0%	16.9%	21.0%	20.9%	21.3%
Return On Average Assets	12.8%	14.6%	17.8%	17.7%	18.2%

Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Unit sales grth (%. main prod./serv.)	14.9%	13.4%	10.4%	14.1%	13.7%
R&D Cost/sales(%)	6.4%	5.7%	6.0%	6.0%	6.0%

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Ipca Laboratories Ltd)



Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	37,732	46,487	55,751	65,255	76,152
Gross Profit	25,335	30,046	37,910	43,394	50,641
Operating EBITDA	7,105	9,218	15,722	16,966	19,799
Depreciation And Amortisation	(1,824)	(2,105)	(2,219)	(2,361)	(2,489)
Operating EBIT	5,281	7,113	13,503	14,605	17,311
Financial Income/(Expense)	(189)	(165)	(154)	(154)	(153)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	390	519	717	767	821
Profit Before Tax (pre-EI)	5,483	7,467	14,065	15,218	17,979
Exceptional Items					
Pre-tax Profit	5,483	7,467	14,065	15,218	17,979
Taxation	(1,042)	(1,353)	(2,461)	(2,663)	(3,146)
Exceptional Income - post-tax					
Profit After Tax	4,440	6,114	11,604	12,555	14,832
Minority Interests	(18)	(78)	(78)	(78)	(78)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	4,422	6,036	11,526	12,477	14,754
Recurring Net Profit	4,422	6,036	11,526	12,477	14,754
Fully Diluted Recurring Net Profit	4,422	6,036	11,526	12,477	14,754

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	7,105	9,218	15,722	16,966	19,799
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,285)	(2,672)	(3,420)	(3,752)	(4,502)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(1,164)	(1,411)	(2,461)	(2,663)	(3,146)
Net Interest (Paid)/Received	(189)	(165)	(154)	(154)	(153)
Tax Paid					
Cashflow From Operations	4,468	4,970	9,686	10,398	11,998
Capex	(1,632)	(3,697)	(2,490)	(1,990)	(1,790)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	390	519	717	767	821
Cash Flow From Investing	(1,241)	(3,177)	(1,773)	(1,223)	(969)
Debt Raised/(repaid)	(1,626)	169	(699)	(20)	(20)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(142)	(1,219)	(1,037)	(1,123)	(1,328)
Preferred Dividends					
Other Financing Cashflow	(141)	(1,757)	(435)	(489)	(551)
Cash Flow From Financing	(1,910)	(2,807)	(2,172)	(1,632)	(1,899)
Total Cash Generated	1,317	(1,014)	5,741	7,543	9,131
Free Cashflow To Equity	1,601	1,962	7,213	9,155	11,009
Free Cashflow To Firm	3,416	1,958	8,067	9,328	11,182

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd
Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	2,823	1,809	7,550	15,093	24,223
Total Debtors	6,815	8,952	10,234	11,978	13,979
Inventories	10,725	13,231	15,868	18,573	21,674
Total Other Current Assets	3,414	4,565	5,330	6,164	7,121
Total Current Assets	23,778	28,557	38,982	51,808	66,998
Fixed Assets	17,826	19,671	19,937	19,561	18,857
Total Investments	301	713	713	713	713
Intangible Assets	2,242	2,249	2,254	2,259	2,264
Total Other Non-Current Assets	1,362	1,408	1,557	1,729	1,926
Total Non-current Assets	21,729	24,041	24,461	24,261	23,760
Short-term Debt	2,097	3,110	3,110	3,110	3,110
Current Portion of Long-Term Debt					
Total Creditors	5,243	6,099	6,550	7,902	9,221
Other Current Liabilities	3,635	4,056	3,917	3,791	3,679
Total Current Liabilities	10,975	13,264	13,576	14,802	16,009
Total Long-term Debt	1,409	1,030	1,010	990	970
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	16	153	153	153	153
Total Non-current Liabilities	1,424	1,183	1,163	1,143	1,123
Total Provisions	1,728	1,741	1,805	1,871	1,946
Total Liabilities	14,127	16,187	16,544	17,816	19,078
Shareholders' Equity	31,224	36,275	46,763	58,117	71,543
Minority Interests	155	136	136	136	136
Total Equity	31,379	36,411	46,899	58,253	71,680

Key Ratios

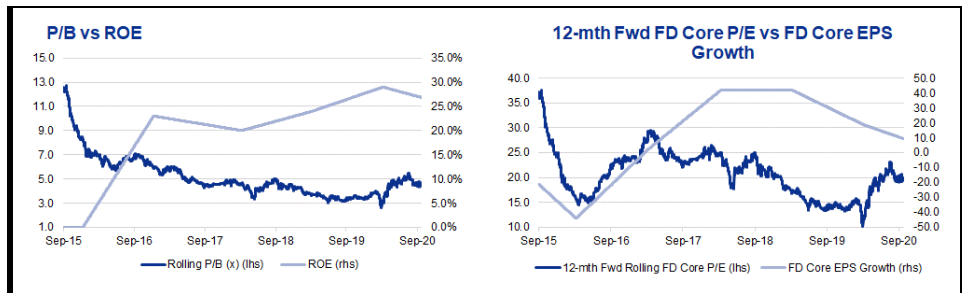
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	13.3%	23.4%	21.5%	17.0%	16.7%
Operating EBITDA Growth	57.1%	29.7%	70.6%	7.9%	16.7%
Operating EBITDA Margin	19.1%	20.1%	28.2%	26.0%	26.0%
Net Cash Per Share (Rs)	(5.4)	(18.4)	27.2	87.0	159.4
BVPS (Rs)	247.1	287.1	370.1	460.0	566.2
Gross Interest Cover	27.99	43.11	87.41	95.01	113.16
Effective Tax Rate	19.0%	18.1%	17.5%	17.5%	17.5%
Net Dividend Payout Ratio	2.3%	13.7%	7.4%	7.4%	7.4%
Accounts Receivables Days	62	62	63	62	62
Inventory Days	288	266	298	288	288
Accounts Payables Days	140	126	129	121	122
ROIC (%)	15.8%	17.8%	30.2%	30.1%	32.7%
ROCE (%)	15.2%	18.2%	28.6%	25.1%	24.6%
Return On Average Assets	13.1%	15.6%	24.5%	22.0%	21.7%

Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Unit sales grth (%. main prod./serv.)	14.9%	23.2%	19.9%	17.0%	16.7%
R&D Cost/sales(%)	2.4%	2.2%	2.5%	2.5%	2.5%

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Alembic Pharmaceuticals Ltd)



Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	39,347	46,058	55,591	63,427	71,986
Gross Profit	29,420	35,664	42,916	48,712	55,429
Operating EBITDA	8,736	12,230	16,066	14,700	17,986
Depreciation And Amortisation	(1,152)	(1,573)	(1,733)	(2,941)	(3,160)
Operating EBIT	7,584	10,657	14,332	11,759	14,826
Financial Income/(Expense)	(184)	(272)	(210)	(88)	(43)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	94	49	67	70	74
Profit Before Tax (pre-EI)	7,493	10,435	14,189	11,741	14,857
Exceptional Items		(437)			
Pre-tax Profit	7,493	9,998	14,189	11,741	14,857
Taxation	(1,568)	(1,992)	(2,554)	(2,113)	(2,674)
Exceptional Income - post-tax					
Profit After Tax	5,926	8,007	11,635	9,628	12,182
Minority Interests	(82)	282	310	310	310
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	5,844	8,288	11,945	9,937	12,492
Recurring Net Profit	5,844	8,638	11,945	9,937	12,492
Fully Diluted Recurring Net Profit	5,844	8,638	11,945	9,937	12,492

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	8,736	12,230	16,066	14,700	17,986
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(726)	(5,526)	532	(1,177)	(2,180)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(1,740)	(2,471)	(2,554)	(2,113)	(2,674)
Net Interest (Paid)/Received	(184)	(272)	(210)	(88)	(43)
Tax Paid					
Cashflow From Operations	6,086	3,961	13,834	11,322	13,089
Capex	(8,214)	(8,457)	(7,054)	(3,639)	(3,146)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	94	49	67	70	74
Cash Flow From Investing	(8,120)	(8,407)	(6,988)	(3,569)	(3,072)
Debt Raised/(repaid)	4,207	6,191	(11,598)	(2,000)	(3,000)
Proceeds From Issue Of Shares			16		
Shares Repurchased					
Dividends Paid	(1,248)	(1,885)	(1,376)	(1,572)	(1,769)
Preferred Dividends					
Other Financing Cashflow	233	(1,109)	7,770	305	304
Cash Flow From Financing	3,192	3,197	(5,188)	(3,268)	(4,464)
Total Cash Generated	1,157	(1,249)	1,658	4,485	5,553
Free Cashflow To Equity	2,172	1,745	(4,752)	5,753	7,017
Free Cashflow To Firm	(1,850)	(4,174)	7,056	7,841	10,060

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	2,056	808	2,466	6,951	12,504
Total Debtors	4,889	8,648	7,615	8,689	9,861
Inventories	9,673	11,875	13,707	15,640	17,750
Total Other Current Assets	2,960	3,297	3,587	3,906	4,257
Total Current Assets	19,577	24,627	27,376	35,186	44,372
Fixed Assets	24,398	30,990	36,257	36,815	36,655
Total Investments	488	176	181	187	192
Intangible Assets	2,699	2,990	3,045	3,183	3,329
Total Other Non-Current Assets	616	1,107	1,162	1,220	1,281
Total Non-current Assets	28,200	35,263	40,644	41,405	41,458
Short-term Debt	4,291	8,605	7	7	7
Current Portion of Long-Term Debt					
Total Creditors	7,023	6,259	7,364	9,078	10,060
Other Current Liabilities	3,582	2,652	3,036	3,363	3,719
Total Current Liabilities	14,896	17,516	10,406	12,448	13,786
Total Long-term Debt	4,993	8,870	5,870	3,870	870
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities		733	885	1,009	1,146
Total Non-current Liabilities	4,993	9,603	6,755	4,879	2,016
Total Provisions	708	867	904	943	984
Total Liabilities	20,597	27,986	18,065	18,271	16,786
Shareholders' Equity	27,188	32,194	50,245	58,610	69,333
Minority Interests	(8)	(290)	(290)	(290)	(290)
Total Equity	27,180	31,905	49,955	58,320	69,044

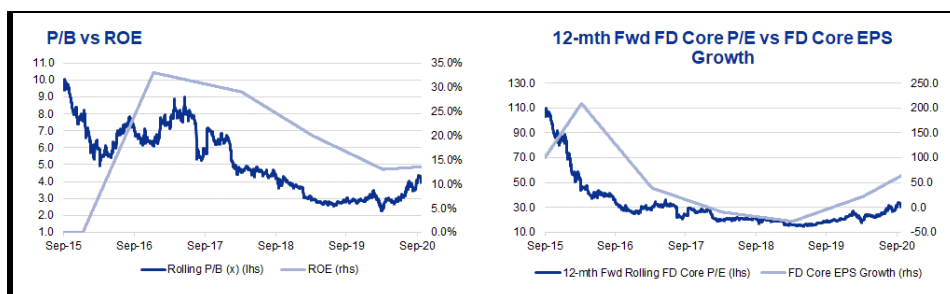
Key Ratios

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	25.7%	17.1%	20.7%	14.1%	13.5%
Operating EBITDA Growth	35.8%	40.0%	31.4%	(8.5%)	22.4%
Operating EBITDA Margin	22.2%	26.6%	28.9%	23.2%	25.0%
Net Cash Per Share (Rs)	(38.3)	(88.4)	(17.4)	15.6	59.2
BVPS (Rs)	144.2	170.8	255.7	298.2	352.8
Gross Interest Cover	41.19	39.24	68.20	133.95	346.53
Effective Tax Rate	20.9%	19.9%	18.0%	18.0%	18.0%
Net Dividend Payout Ratio	14.0%	17.6%	9.5%	13.0%	11.7%
Accounts Receivables Days	47	54	53	47	47
Inventory Days	313	378	368	364	368
Accounts Payables Days	269	233	196	204	211
ROIC (%)	21.9%	21.3%	26.1%	20.6%	25.0%
ROCE (%)	22.9%	24.7%	27.2%	19.9%	22.4%
Return On Average Assets	17.6%	19.9%	22.5%	16.4%	18.3%

Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Unit sales grth (%. main prod./serv.)	25.7%	17.1%	20.7%	14.1%	13.5%
R&D Cost/sales(%)	12.8%	14.0%	12.6%	12.5%	12.5%

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Natco Pharma Ltd)

Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	20,945	19,150	23,214	34,851	46,140
Gross Profit	17,403	15,334	17,178	29,275	38,758
Operating EBITDA	7,948	5,826	7,428	14,637	22,147
Depreciation And Amortisation	(810)	(998)	(1,151)	(1,312)	(1,473)
Operating EBIT	7,138	4,828	6,277	13,325	20,674
Financial Income/(Expense)	(193)	(215)	(213)	(210)	(206)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,302	1,074	1,181	1,300	1,429
Profit Before Tax (pre-EI)	8,247	5,687	7,245	14,415	21,897
Exceptional Items					
Pre-tax Profit	8,247	5,687	7,245	14,415	21,897
Taxation	(1,823)	(1,106)	(1,666)	(3,315)	(5,036)
Exceptional Income - post-tax					
Profit After Tax	6,424	4,581	5,579	11,100	16,861
Minority Interests	20	27	27	27	27
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	6,444	4,608	5,606	11,127	16,888
Recurring Net Profit	6,444	4,608	5,606	11,127	16,888
Fully Diluted Recurring Net Profit	6,444	4,608	5,606	11,127	16,888

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	7,948	5,826	7,428	14,637	22,147
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(717)	(2,689)	(1,267)	(5,577)	(5,510)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(1,883)	(1,311)	(1,666)	(3,315)	(5,036)
Other Operating Cashflow					
Net Interest (Paid)/Received	(193)	(215)	(213)	(210)	(206)
Tax Paid					
Cashflow From Operations	5,155	1,611	4,282	5,535	11,395
Capex	(4,472)	(3,374)	(3,505)	(3,505)	(3,505)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	1,302	1,074	1,181	1,300	1,429
Cash Flow From Investing	(3,170)	(2,300)	(2,324)	(2,205)	(2,076)
Debt Raised/(repaid)	2,131	(713)	(50)	(50)	(50)
Proceeds From Issue Of Shares	(4)	(1)			
Shares Repurchased					
Dividends Paid	(3,120)	(1,536)	(1,401)	(2,782)	(4,222)
Preferred Dividends					
Other Financing Cashflow	(34)	804	(85)	(97)	(109)
Cash Flow From Financing	(1,027)	(1,446)	(1,537)	(2,928)	(4,381)
Total Cash Generated	958	(2,135)	421	402	4,938
Free Cashflow To Equity	4,116	(1,402)	1,908	3,280	9,269
Free Cashflow To Firm	2,178	(474)	2,172	3,540	9,526

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd
Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	2,795	660	1,081	1,483	6,421
Total Debtors	5,062	5,513	6,424	9,644	12,767
Inventories	5,290	5,580	6,360	9,548	12,641
Total Other Current Assets	8,838	11,216	11,327	11,440	11,553
Total Current Assets	21,985	22,969	25,192	32,115	43,383
Fixed Assets	18,561	20,936	23,285	25,473	27,500
Total Investments	1,686	1,123	1,235	1,359	1,495
Intangible Assets	87	88	93	98	103
Total Other Non-Current Assets	712	762	796	894	989
Total Non-current Assets	21,046	22,909	25,409	27,824	30,086
Short-term Debt	3,863	3,150	3,100	3,050	3,000
Current Portion of Long-Term Debt					
Total Creditors	2,170	2,554	3,027	3,877	4,601
Other Current Liabilities	1,254	1,149	1,200	1,345	1,486
Total Current Liabilities	7,287	6,853	7,327	8,272	9,087
Total Long-term Debt	8	8	8	8	8
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities		9	9	9	9
Total Non-current Liabilities	8	17	17	17	17
Total Provisions	826	1,161	1,206	1,253	1,303
Total Liabilities	8,121	8,031	8,550	9,542	10,407
Shareholders' Equity	34,890	37,735	41,939	50,284	62,950
Minority Interests	20	112	112	112	112
Total Equity	34,910	37,847	42,051	50,396	63,062

Key Ratios

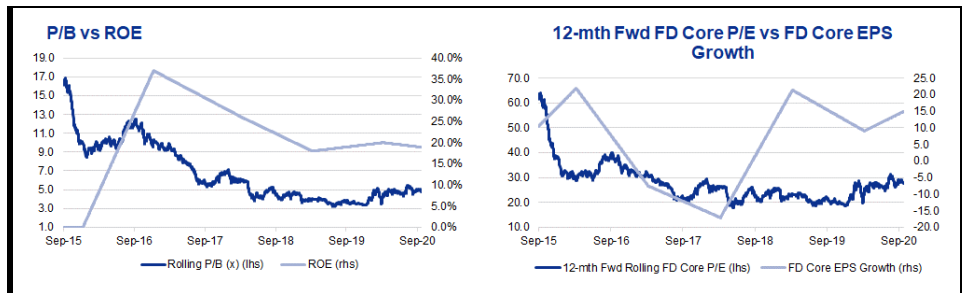
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	(4.9%)	(8.6%)	21.2%	50.1%	32.4%
Operating EBITDA Growth	(14.4%)	(26.7%)	27.5%	97.0%	51.3%
Operating EBITDA Margin	37.9%	30.4%	32.0%	42.0%	48.0%
Net Cash Per Share (Rs)	(5.9)	(13.7)	(11.1)	(8.7)	18.8
BVPS (Rs)	191.2	207.3	230.4	276.3	345.9
Gross Interest Cover	36.98	22.46	29.43	63.49	100.13
Effective Tax Rate	22.1%	19.4%	23.0%	23.0%	23.0%
Net Dividend Payout Ratio	14.4%	27.8%	19.3%	19.3%	19.3%
Accounts Receivables Days	100	101	94	84	89
Inventory Days	498	520	361	521	549
Accounts Payables Days	250	226	169	226	210
ROIC (%)	20.3%	12.0%	14.2%	25.7%	34.8%
ROCE (%)	20.0%	12.0%	14.5%	26.9%	34.4%
Return On Average Assets	21.1%	13.3%	15.5%	26.5%	33.1%

Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Unit sales grth (%. main prod./serv.)	-4.9%	-8.6%	21.2%	50.1%	32.4%
R&D Cost/sales(%)	9.4%	8.6%	8.6%	8.6%	8.6%

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Ajanta Pharma Ltd)



Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	20,554	25,879	27,237	30,748	34,861
Gross Profit	16,719	19,322	20,564	23,215	26,320
Operating EBITDA	5,665	6,983	7,926	9,317	10,563
Depreciation And Amortisation	(721)	(957)	(1,144)	(1,162)	(1,176)
Operating EBIT	4,944	6,026	6,782	8,154	9,387
Financial Income/(Expense)	(12)	(119)	(150)	(154)	(156)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	211	922	461	507	558
Profit Before Tax (pre-EI)	5,143	6,829	7,093	8,508	9,788
Exceptional Items		(189)			
Pre-tax Profit	5,143	6,640	7,093	8,508	9,788
Taxation	(1,273)	(1,963)	(1,986)	(2,212)	(2,447)
Exceptional Income - post-tax					
Profit After Tax	3,870	4,677	5,107	6,296	7,341
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	3,870	4,677	5,107	6,296	7,341
Recurring Net Profit	3,870	4,810	5,107	6,296	7,341
Fully Diluted Recurring Net Profit	3,870	4,810	5,107	6,296	7,341

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	5,665	6,983	7,926	9,317	10,563
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(197)	(1,213)	625	(1,423)	(1,615)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(1,239)	(2,053)	(1,986)	(2,212)	(2,447)
Net Interest (Paid)/Received	(12)	(119)	(150)	(154)	(156)
Tax Paid					
Cashflow From Operations	4,218	3,598	6,415	5,528	6,344
Capex	(3,979)	(2,599)	(2,000)	(1,250)	(1,250)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	211	922	461	507	558
Cash Flow From Investing	(3,769)	(1,677)	(1,539)	(743)	(692)
Debt Raised/(repaid)	342	96	80	50	50
Proceeds From Issue Of Shares	(2)				
Shares Repurchased					
Dividends Paid	(1,794)	(1,159)	(1,021)	(1,259)	(1,468)
Preferred Dividends					
Other Financing Cashflow	1,079	190	(134)	(161)	(193)
Cash Flow From Financing	(375)	(874)	(1,076)	(1,370)	(1,612)
Total Cash Generated	74	1,047	3,801	3,415	4,040
Free Cashflow To Equity	791	2,017	4,956	4,835	5,702
Free Cashflow To Firm	461	2,040	5,026	4,939	5,808

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd
Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	1,005	2,053	5,853	9,268	13,309
Total Debtors	4,595	7,753	6,716	7,582	8,596
Inventories	4,357	4,957	5,223	5,897	6,686
Total Other Current Assets	1,855	1,655	2,017	2,470	3,026
Total Current Assets	11,812	16,417	19,810	25,216	31,616
Fixed Assets	14,332	15,014	15,870	15,958	16,032
Total Investments	130	123	123	123	123
Intangible Assets	67	1,026	1,026	1,026	1,026
Total Other Non-Current Assets	621	607	607	607	607
Total Non-current Assets	15,150	16,770	17,625	17,713	17,787
Short-term Debt	333	429	509	559	609
Current Portion of Long-Term Debt					
Total Creditors	2,252	3,623	3,703	4,110	4,660
Other Current Liabilities	1,191	2,010	2,010	2,010	2,010
Total Current Liabilities	3,776	6,062	6,222	6,678	7,278
Total Long-term Debt	7	7	7	7	7
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	3	161	164	165	166
Total Non-current Liabilities	10	168	171	172	173
Total Provisions	723	968	968	968	968
Total Liabilities	4,510	7,198	7,361	7,819	8,420
Shareholders' Equity	22,452	25,989	30,074	35,111	40,983
Minority Interests					
Total Equity	22,452	25,989	30,074	35,111	40,983

Key Ratios

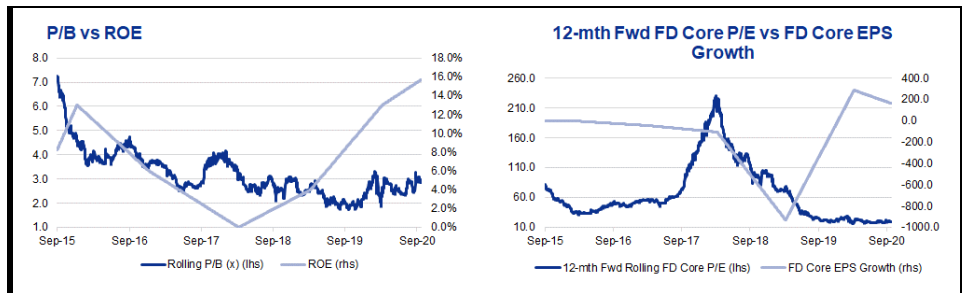
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	(2.4%)	28.5%	5.2%	12.9%	13.4%
Operating EBITDA Growth	(14.0%)	23.3%	13.5%	17.5%	13.4%
Operating EBITDA Margin	28.1%	27.0%	29.1%	30.3%	30.3%
Net Cash Per Share (Rs)	7.6	18.4	60.9	99.2	144.7
BVPS (Rs)	256.0	296.3	342.9	400.3	467.3
Gross Interest Cover	426.19	50.60	45.21	53.10	60.05
Effective Tax Rate	24.8%	29.6%	28.0%	26.0%	25.0%
Net Dividend Payout Ratio	15.4%	16.6%	14.4%	14.8%	15.0%
Accounts Receivables Days	82	87	98	85	85
Inventory Days	374	259	278	269	269
Accounts Payables Days	226	164	200	189	187
ROIC (%)	22.1%	23.7%	26.3%	29.7%	32.0%
ROCE (%)	22.3%	23.8%	23.1%	24.0%	23.8%
Return On Average Assets	20.0%	23.1%	20.5%	21.6%	21.5%

Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Unit sales grth (%. main prod./serv.)	-3.5%	25.9%	5.2%	12.9%	13.4%
R&D Cost/sales(%)	8.6%	6.3%	6.0%	6.2%	6.2%

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Indoco Remedies Ltd)



Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	9,685	11,066	13,196	15,532	17,939
Gross Profit	6,482	7,762	9,250	10,888	12,611
Operating EBITDA	767	1,232	2,032	2,734	3,408
Depreciation And Amortisation	(716)	(708)	(740)	(771)	(802)
Operating EBIT	51	524	1,293	1,963	2,606
Financial Income/(Expense)	(205)	(263)	(140)	(136)	(131)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	61	24	27	30	32
Profit Before Tax (pre-EI)	(93)	286	1,179	1,856	2,507
Exceptional Items					
Pre-tax Profit	(93)	286	1,179	1,856	2,507
Taxation	64	(45)	(248)	(390)	(526)
Exceptional Income - post-tax					
Profit After Tax	(29)	241	931	1,466	1,981
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	(29)	241	931	1,466	1,981
Recurring Net Profit	(29)	241	931	1,466	1,981
Fully Diluted Recurring Net Profit	(29)	241	931	1,466	1,981

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	767	1,232	2,032	2,734	3,408
Cash Flow from Invt. & Assoc.					
Change In Working Capital	573	96	(467)	(810)	(903)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(8)	(39)	(248)	(390)	(526)
Net Interest (Paid)/Received	(205)	(263)	(140)	(136)	(131)
Tax Paid					
Cashflow From Operations	1,126	1,027	1,177	1,398	1,848
Capex	(1,002)	(582)	(546)	(548)	(550)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	61	24	27	30	32
Cash Flow From Investing	(941)	(558)	(519)	(518)	(518)
Debt Raised/(repaid)	143	(391)	(565)	(65)	(65)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(111)	(33)	(186)	(293)	(396)
Preferred Dividends					
Other Financing Cashflow	27	(28)		(0)	(0)
Cash Flow From Financing	59	(453)	(751)	(358)	(461)
Total Cash Generated	244	17	(93)	521	869
Free Cashflow To Equity	328	78	93	814	1,265
Free Cashflow To Firm	390	732	799	1,015	1,461

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd
Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	363	379	286	807	1,676
Total Debtors	1,958	2,101	2,506	2,950	3,407
Inventories	1,834	2,083	2,484	2,924	3,377
Total Other Current Assets	1,225	1,067	1,221	1,398	1,602
Total Current Assets	5,380	5,631	6,497	8,079	10,061
Fixed Assets	5,579	5,437	5,197	4,926	4,624
Total Investments					
Intangible Assets	952	968	1,013	1,061	1,112
Total Other Non-Current Assets	669	680	694	708	723
Total Non-current Assets	7,200	7,085	6,904	6,696	6,459
Short-term Debt	1,134	1,060	1,095	1,130	1,165
Current Portion of Long-Term Debt					
Total Creditors	1,707	1,656	2,141	2,384	2,588
Other Current Liabilities	1,614	1,874	1,874	1,874	1,874
Total Current Liabilities	4,455	4,590	5,110	5,388	5,626
Total Long-term Debt	1,287	969	369	269	169
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	73	128	135	141	148
Total Non-current Liabilities	1,360	1,098	504	411	318
Total Provisions	160	233	247	262	277
Total Liabilities	5,974	5,920	5,861	6,061	6,222
Shareholders' Equity	6,606	6,796	7,541	8,714	10,298
Minority Interests					
Total Equity	6,606	6,796	7,541	8,714	10,298

Key Ratios

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	(7.7%)	14.6%	19.7%	18.1%	15.8%
Operating EBITDA Growth	(43.2%)	60.7%	64.9%	34.5%	24.7%
Operating EBITDA Margin	8.1%	11.4%	15.7%	17.9%	19.3%
Net Cash Per Share (Rs)	(22.3)	(17.9)	(12.8)	(6.4)	3.7
BVPS (Rs)	71.7	73.7	81.8	94.6	111.8
Gross Interest Cover	0.25	2.00	9.20	14.44	19.84
Effective Tax Rate		15.6%	21.0%	21.0%	21.0%
Net Dividend Payout Ratio	-117.4%	11.7%	15.8%	15.8%	15.8%
Accounts Receivables Days	76	67	64	64	65
Inventory Days	215	216	211	213	216
Accounts Payables Days	183	186	176	178	170
ROIC (%)	0.6%	5.9%	14.2%	20.2%	25.1%
ROCE (%)	0.6%	5.9%	14.5%	20.5%	24.0%
Return On Average Assets	0.9%	4.3%	10.1%	14.1%	16.9%

Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Unit sales grth (%. main prod./serv.)	-7.4%	14.3%	19.2%	17.7%	15.5%
R&D Cost/sales(%)	5.3%	4.5%	4.5%	4.5%	4.5%

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

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1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI)

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Stock Ratings

Definition:

Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

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Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

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Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.