

India  
**Overweight** *(Initiating coverage)*

# Pharmaceuticals

## Confluence of positive triggers

### Highlighted Companies

#### Dr Reddy's Laboratories

ADD, TP Rs5,865, Rs5,121 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, Rs782 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, Rs2,675 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.

- 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 27.2x [+1SD] in Sep 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.

### Summary Valuation Metrics

P/E (x)	Mar-21F	Mar-22F	Mar-23F
Dr Reddy's	32.9	26.0	23.4
Cipla Ltd	24.6	22.5	18.1
Alkem Laboratories	21.4	19.2	16.4
P/BV (x)	Mar-21F	Mar-22F	Mar-23F
Dr Reddy's	4.8	4.1	3.6
Cipla Ltd	3.8	3.5	3.2
Alkem Laboratories	4.4	3.7	3.2
Dividend Yield	Mar-21F	Mar-22F	Mar-23F
Dr Reddy's	0.5%	0.5%	0.5%
Cipla Ltd	1.7%	1.9%	2.4%
Alkem Laboratories	1.2%	1.3%	1.5%

### Analyst(s)



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**Figure 1: Valuation Summary -will be updated before publishing**

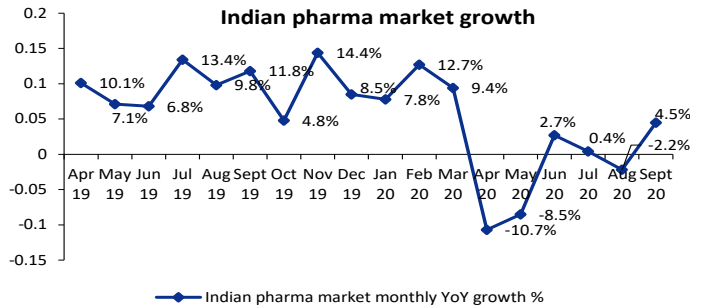
Company Name	Bloomberg Ticker	Closing Price (Rs)	Target Price (Rs)	Rating	Revenue CAGR		P/E (x)		EPS CAGR (FY20-22F)
					FY20-22F	FY21F	FY22F		
Dr. Reddy's Laboratories	DRRD IN	5167	5865	Add	16%	33	26	28%	
Cipla	CIPLA IN	788	981	Add	10%	23	21	35%	
Torrent Pharmaceuticals	TRP IN	2811	2846	Hold	10%	41	33	19%	
Cadila Healthcare	CDH IN	430	522	Add	8%	23	21	20%	
Alkem Laboratories	ALKEM IN	2685	3484	Add	12%	22	19	22%	
Ipcalaboratories	IPCA IN	2119	2460	Add	18%	25	22	39%	
Alembic Pharmaceuticals	ALPM IN	963	1007	Hold	17%	17.5	18	8%	
Natco Pharma	NTCPH IN	943	1235	Add	36%	31	15	56%	
Ajanta Pharma	AJP IN	1565	1743	Add	10%	27	21.89	13%	
Indoco Remedies	INDR IN	260	320	Add	18%	26	16	146%	

SOURCE: INCRED CAPITAL RESEARCH ESTIMATES, COMPANY REPORTS

## KEY CHARTS

### Indian pharmaceuticals 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.



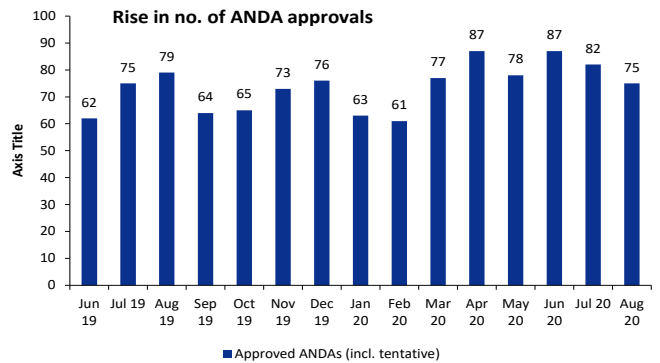
### IPM inventory days recover after falling in Apr-May 2020

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

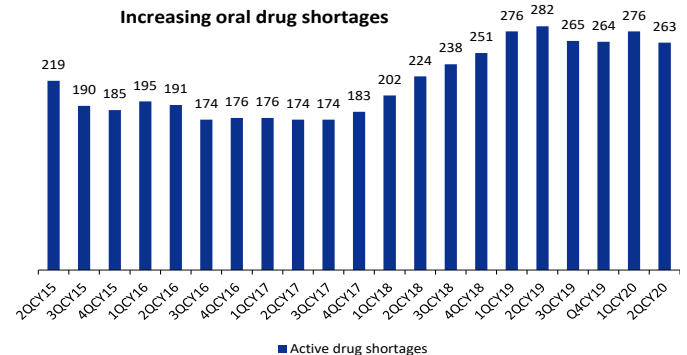
### Competition in the US market likely to continue with rising USFDA approvals

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: INCRED RESEARCH, AIOCD-AWACS, ASHP.ORG

**Figure 2: Peer comparison – will be updated before publishing**

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	5,121	5,865	Add	11.4	16%	28%	33	26	19	16	21%	23%	264
Cipla*	CIPLA IN	782	981	Add	8.5	10%	35%	25	23	14	13	22%	22%	105
Torrent Pharmaceuticals*	TRP IN	2,758	2,846	Hold	6.3	10%	19%	41	33	21	18	29%	32%	494
Cadila Healthcare*	CDH IN	431	522	Add	5.8	8%	20%	23	21	15	13	22%	21%	767
Alkem Laboratories*	ALKEM IN	2,675	3,484	Add	4.2	12%	22%	22	19	16	14	26%	24%	53
Ipca Laboratories*	IPCA IN	2,108	2,460	Add	3.6	18%	39%	25	22	18	16	31%	28%	31
Alembic Pharmaceuticals*	ALPM IN	960	1,065	Hold	2.5	17%	8%	18	18	14	12	30%	24%	221
Natco Pharma*	NTCPH IN	901	1,235	Add	2.2	36%	56%	29	15	22	11	18%	31%	33
Ajanta Pharma*	AJP IN	1,565	1,743	Add	1.8	10%	13%	27	22	17	14	25%	25%	-21
Indoco Remedies*	INDR IN	255	320	Add	0.3	18%	146%	25	16	12	9	16%	23%	22
Sun Pharmaceuticals	SUNP IN	502	NA	NR	16.0	9%	24%	23	21	15	12	11%	12%	-349
Aurobindo Pharma	ARBP IN	809	NA	NR	6.3	10%	11%	13	11	9	8	17%	16%	391
Lupin	LPC IN	1,036	NA	NR	6.3	10%	NM**	36	24	18	13	8%	12%	244
Glenmark Pharmaceuticals	GNP IN	485	NA	NR	1.9	8%	11%	14	13	9	8	13%	13%	540
<b>Indian Company Average</b>								<b>25</b>	<b>20</b>	<b>16</b>	<b>13</b>	<b>21%</b>	<b>22%</b>	
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)
								CY20F	CY21F	CY20F	CY21F	CY20F	CY21F	
Teva	TEVA US	9	NA	NR	10.6	0%	NM**	3	3	7	7	17%	18%	25
Mylan	MYL US	16	NA	NR	8.1	5%	2%	3	4	5	5	20%	20%	12
Perrigo	PRGO US	46	NA	NR	6.3	4%	1%	11	10	10	9	10%	9%	3
<b>US Company Average</b>								<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>15%</b>	<b>16%</b>	

SOURCES: INCRED RESEARCH ESTIMATES, BLOOMBERG

\*FORECASTS FOR THESE COMPANIES ARE INCRED CAPITAL 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 14 OCT, 2020

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## 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 (4.5% in 1QFY21) 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

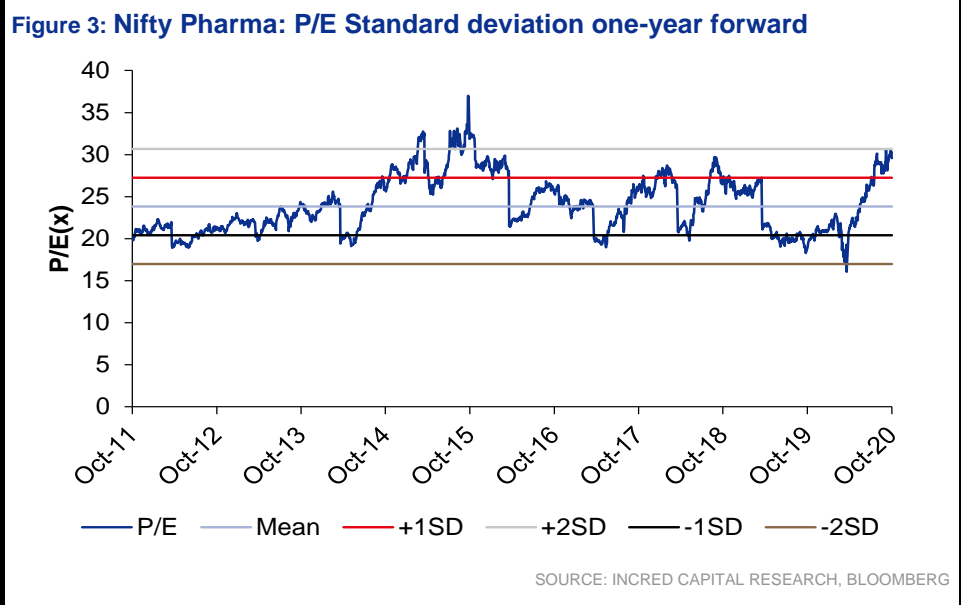
- Higher-than-expected rise in generic prices in the US.
- As US business contribution is higher for pharma companies, any further rupee depreciation against the US\$ would be positive for pharma companies.

### Industry valuation

The Nifty Pharma Index surged 74% in the last six months from lows in Mar 2020, and the sector P/E multiples have retraced to 27.2x as at Sep 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 six 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.



## Dr Reddy's Laboratories (DRRD IN, Add, TP Rs5,865) 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 17% in the US and 15% in India over FY20-22F. 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 15% revenue CAGR over FY20-22F for Dr Reddy's European business.

### Outlook and Valuation

We expect a total revenue CAGR of 15% over FY20-23F, supported by 17%/15% revenue CAGR in India/the US, respectively. We expect an EBITDA CAGR of 20% over FY20-22F and EBITDA margins to expand by 260bp by FY23F on back of cost-cutting initiatives, control on S&GA expenses and improved gross margins. Thereby, we expect PAT CAGR of 22% 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 28x FY22F equal to its seven-year mean (Fig. 8) and 12% premium to large caps peers (Fig. 2) to its core business EPS of Rs196.8, valuing its core business at Rs5,510/share. We also ascribe a NPV of Rs355/share for its key product-gRevlimid opportunity to arrive at an SOP-based target price of Rs5,865. 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
<b>Total NPV value Rs</b>				<b>355</b>
		<b>EPS Rs/share</b>	<b>P/E Multiple(x)</b>	<b>Value Rs</b>
<b>EPS for FY22F</b>		<b>196.8</b>	<b>28</b>	<b>5,510</b>
<b>Target price arrived</b>				<b>5,865</b>

SOURCE: INCRED CAPITAL 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 gCinacacet, 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 Rs2,846)

### 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 12.7% 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 14% over FY20-23F, we project PAT CAGR of 20% 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 Rs2,846. 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 Rs522)

### 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 FY20-23 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 FY20-23, 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 522, 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 FY20-23. 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 Rs2,460)

### 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 33% 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 Rs2,460, 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 risk

- 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 has been launched already leaving significant room for intensifying competition, 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
<b>Key products opportunity</b>			<b>Value Rs</b>
gRevlimid			136
glmbruvica			35
<b>Target Price arrived</b>			<b>1235</b>

SOURCE: INCRED CAPITAL RESEARCH, COMPANY DATA

**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
<b>Total NPV value Rs</b>	<b>136</b>				

SOURCE: INCRED CAPITAL, 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: INCRED CAPITAL, 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 Rs1,743)

### 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 11% 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 Rs1,743 (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.

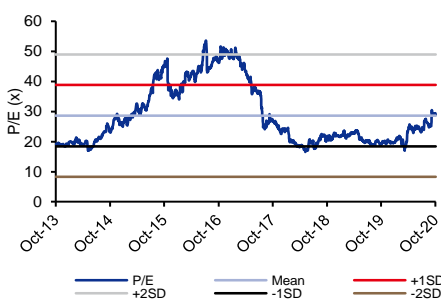
### Key catalysts

- 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

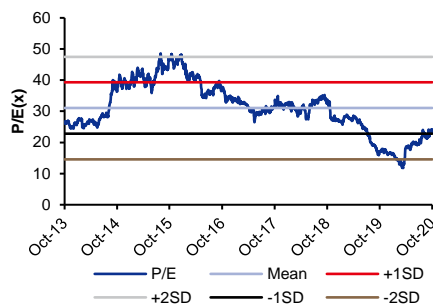
Figure 8: Dr Reddy's P/E SD



SOURCE: INCRED RESEARCH, BLOOMBERG

### Standard Deviation (SD): One year forward

Figure 9: Cipla P/E SD



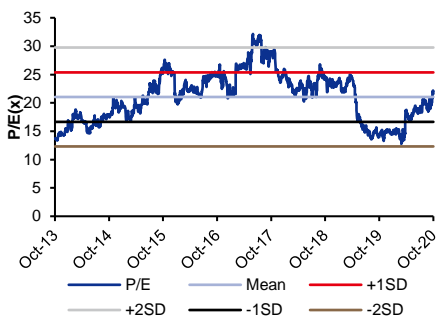
SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 10: Torrent EV/EBITDA SD



SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 11: Cadila P/E SD



SOURCE: INCRED RESEARCH, BLOOMBERG

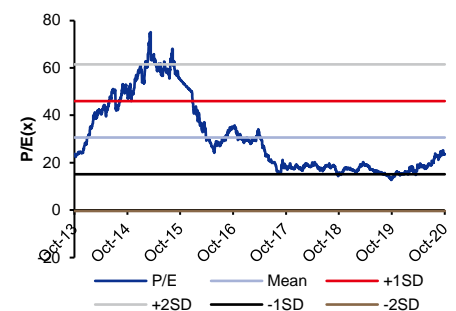
### Standard Deviation (SD): One year forward

Figure 12: Alkem P/E SD



SOURCE: INCRED RESEARCH, BLOOMBERG

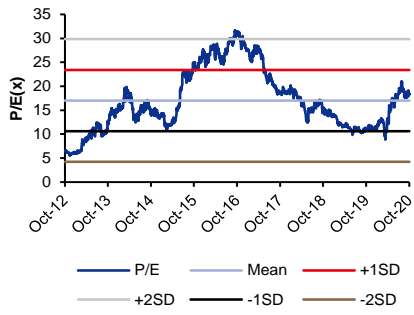
Figure 13: IPCA P/E SD



SOURCE: INCRED RESEARCH, BLOOMBERG



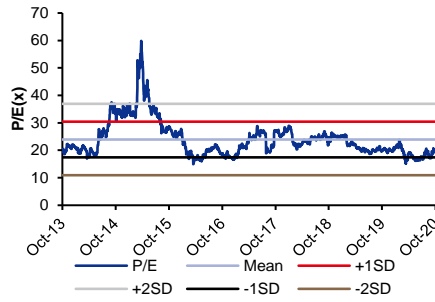
Figure 14: Alembic P/E SD



SOURCE: INCRED RESEARCH, BLOOMBERG

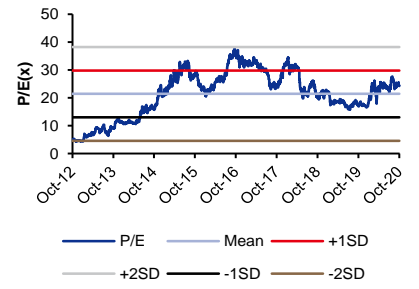
Standard Deviation (SD): One year forward

Figure 15: Natco P/E SD



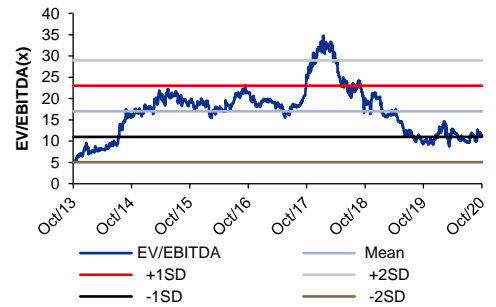
SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 16: Ajanta P/E SD

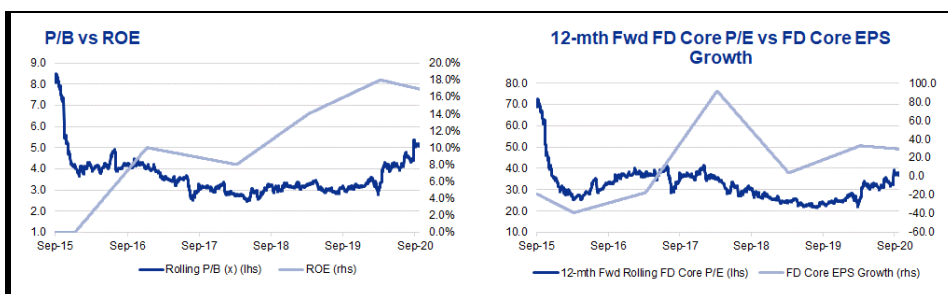


SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 17: Indoco EV/EBITDA SD



SOURCE: INCRED RESEARCH, BLOOMBERG

**BY THE NUMBERS (Dr Reddy's Laboratories Ltd)**

**Profit & Loss**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>Total Net Revenues</b>	<b>142,028</b>	<b>153,851</b>	<b>167,371</b>	<b>199,686</b>	<b>226,882</b>
<b>Gross Profit</b>	<b>76,304</b>	<b>83,430</b>	<b>87,380</b>	<b>108,429</b>	<b>124,785</b>
<b>Operating EBITDA</b>	<b>22,889</b>	<b>31,250</b>	<b>35,313</b>	<b>45,728</b>	<b>55,132</b>
Depreciation And Amortisation	(11,760)	(12,317)	(29,239)	(14,316)	(14,860)
<b>Operating EBIT</b>	<b>11,129</b>	<b>18,933</b>	<b>6,074</b>	<b>31,412</b>	<b>40,272</b>
Financial Income/(Expense)	2,080	1,117	1,478	1,747	1,883
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,132	2,393	1,394	1,373	1,449
<b>Profit Before Tax (pre-EI)</b>	<b>14,341</b>	<b>22,443</b>	<b>25,713</b>	<b>34,532</b>	<b>43,605</b>
Exceptional Items			9,086		
<b>Pre-tax Profit</b>	<b>14,341</b>	<b>22,443</b>	<b>18,032</b>	<b>34,532</b>	<b>43,605</b>
Taxation	(4,535)	(3,648)	1,466	(8,633)	(10,901)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>9,806</b>	<b>18,795</b>	<b>19,498</b>	<b>25,899</b>	<b>32,704</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>9,806</b>	<b>18,795</b>	<b>19,498</b>	<b>25,899</b>	<b>32,704</b>
Recurring Net Profit	9,806	18,795	27,179	25,899	32,704
<b>Fully Diluted Recurring Net Profit</b>	<b>9,806</b>	<b>18,795</b>	<b>27,179</b>	<b>25,899</b>	<b>32,704</b>

**Cash Flow**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>EBITDA</b>	<b>22,889</b>	<b>31,250</b>	<b>35,313</b>	<b>45,728</b>	<b>55,132</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(4,127)	(2,484)	(7,680)	(5,787)	(17,830)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(4,191)	(3,210)	11,113	(8,067)	(10,329)
Net Interest (Paid)/Received	2,080	1,117	1,478	1,747	1,883
Tax Paid					
<b>Cashflow From Operations</b>	<b>16,651</b>	<b>26,673</b>	<b>40,224</b>	<b>33,621</b>	<b>28,857</b>
Capex	(12,402)	(8,195)	(10,867)	(28,179)	(6,800)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	788	1,955	833	807	877
<b>Cash Flow From Investing</b>	<b>(11,614)</b>	<b>(6,240)</b>	<b>(10,034)</b>	<b>(27,372)</b>	<b>(5,923)</b>
Debt Raised/(repaid)	1,520	(12,237)	(16,370)	(500)	(500)
Proceeds From Issue Of Shares	1		1		
Shares Repurchased					
Dividends Paid	(3,390)	(3,992)	(4,002)	(3,916)	(4,155)
Preferred Dividends					
Other Financing Cashflow	(4,396)	(4,614)	(9,994)	(1,507)	(4,206)
<b>Cash Flow From Financing</b>	<b>(6,265)</b>	<b>(20,843)</b>	<b>(30,365)</b>	<b>(5,923)</b>	<b>(8,861)</b>
Total Cash Generated	(1,228)	(410)	(175)	325	14,073
<b>Free Cashflow To Equity</b>	<b>6,557</b>	<b>8,196</b>	<b>13,820</b>	<b>5,749</b>	<b>22,434</b>
<b>Free Cashflow To Firm</b>	<b>5,037</b>	<b>20,433</b>	<b>30,190</b>	<b>6,249</b>	<b>22,934</b>

SOURCES: INCRED CAPITAL 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	2,638	2,228	2,053	2,378	16,451
Total Debtors	40,617	39,869	50,278	54,708	62,159
Inventories	29,089	33,579	35,066	41,852	49,728
Total Other Current Assets	18,971	16,296	19,286	21,215	24,397
<b>Total Current Assets</b>	<b>91,315</b>	<b>91,972</b>	<b>106,683</b>	<b>120,153</b>	<b>152,735</b>
Fixed Assets	57,869	54,088	52,332	55,821	52,387
Total Investments	22,983	25,871	26,778	28,039	32,245
Intangible Assets	48,610	48,269	31,653	42,027	37,401
Total Other Non-Current Assets	4,827	5,227	14,795	14,821	15,212
<b>Total Non-current Assets</b>	<b>134,289</b>	<b>133,455</b>	<b>125,558</b>	<b>140,708</b>	<b>137,245</b>
Short-term Debt	25,529	16,381	20,707	20,207	19,707
Current Portion of Long-Term Debt					
Total Creditors	40,431	39,153	48,307	55,110	55,943
Other Current Liabilities	3,732	4,166	3,800	4,180	4,264
<b>Total Current Liabilities</b>	<b>69,692</b>	<b>59,700</b>	<b>72,814</b>	<b>79,497</b>	<b>79,914</b>
Total Long-term Debt	25,089	22,000	1,304	1,304	1,304
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	3,633	2,920	2,860	3,060	3,213
<b>Total Non-current Liabilities</b>	<b>28,722</b>	<b>24,920</b>	<b>4,164</b>	<b>4,364</b>	<b>4,517</b>
Total Provisions	730	610	275	275	275
<b>Total Liabilities</b>	<b>99,144</b>	<b>85,230</b>	<b>77,253</b>	<b>84,136</b>	<b>84,706</b>
Shareholders' Equity	126,460	140,197	154,988	176,725	205,274
Minority Interests					
<b>Total Equity</b>	<b>126,460</b>	<b>140,197</b>	<b>154,988</b>	<b>176,725</b>	<b>205,274</b>

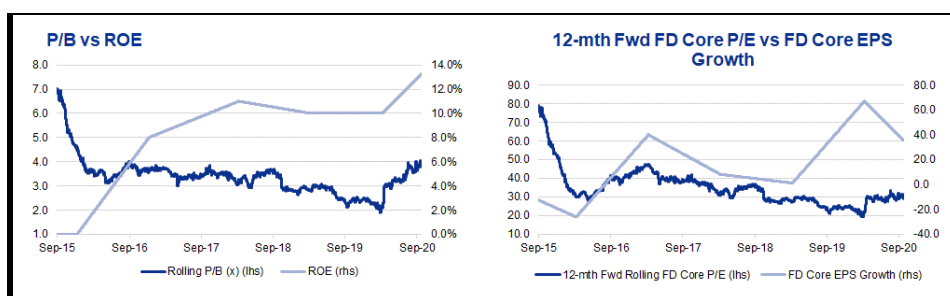
**Key Ratios**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	0.9%	8.3%	8.8%	19.3%	13.6%
Operating EBITDA Growth	(5.2%)	36.5%	13.0%	29.5%	20.6%
Operating EBITDA Margin	16.1%	20.3%	21.1%	22.9%	24.3%
Net Cash Per Share (Rs)	(289.04)	(217.79)	(120.08)	(115.12)	(27.44)
BVPS (Rs)	761.81	844.56	932.54	1,063.33	1,235.10
Gross Interest Cover					
Effective Tax Rate	31.6%	16.3%		25.0%	25.0%
Net Dividend Payout Ratio	27.8%	17.8%	15.2%	12.0%	9.5%
Accounts Receivables Days	101.10	95.47	98.30	95.95	94.01
Inventory Days	159.99	162.41	156.61	153.83	163.70
Accounts Payables Days	-214.6	-206.2	-199.5	-206.8	-198.5
ROIC (%)	7.1%	12.3%	15.1%	18.4%	22.2%
ROCE (%)	7.5%	11.2%	13.6%	17.6%	19.8%
Return On Average Assets	5.5%	9.5%	10.6%	13.3%	15.1%

**Key Drivers**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Unit sales grth (%. main prod./serv.)	8.3%	8.8%	19.3%	13.6%	12.1%
R&D Cost/sales(%)	10.1%	9.2%	9.5%	9.5%	9.5%

SOURCES: INCRED CAPITAL RESEARCH ESTIMATES, COMPANY REPORTS

**BY THE NUMBERS (Cipla Ltd)**

**Profit & Loss**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>Total Net Revenues</b>	<b>152,193</b>	<b>163,624</b>	<b>171,320</b>	<b>190,660</b>	<b>205,432</b>
<b>Gross Profit</b>	<b>97,808</b>	<b>105,779</b>	<b>111,406</b>	<b>123,929</b>	<b>135,585</b>
<b>Operating EBITDA</b>	<b>28,264</b>	<b>30,973</b>	<b>32,060</b>	<b>45,758</b>	<b>48,277</b>
Depreciation And Amortisation	(13,228)	(13,263)	(11,747)	(12,351)	(12,956)
<b>Operating EBIT</b>	<b>15,036</b>	<b>17,710</b>	<b>20,313</b>	<b>33,407</b>	<b>35,321</b>
Financial Income/(Expense)	(1,142)	(1,684)	(1,974)	(866)	(605)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	3,577	4,766	3,442	3,614	3,976
<b>Profit Before Tax (pre-EI)</b>	<b>17,470</b>	<b>20,791</b>	<b>21,782</b>	<b>36,156</b>	<b>38,692</b>
Exceptional Items	(775)				
<b>Pre-tax Profit</b>	<b>16,695</b>	<b>20,791</b>	<b>21,782</b>	<b>36,156</b>	<b>38,692</b>
Taxation	(2,501)	(5,695)	(6,312)	(10,304)	(10,447)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>14,194</b>	<b>15,096</b>	<b>15,470</b>	<b>25,851</b>	<b>28,245</b>
Minority Interests	(88)	181	(5)	(5)	(5)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>14,105</b>	<b>15,277</b>	<b>15,465</b>	<b>25,847</b>	<b>28,240</b>
Recurring Net Profit	14,764	15,277	15,465	25,847	28,240
<b>Fully Diluted Recurring Net Profit</b>	<b>14,764</b>	<b>15,277</b>	<b>15,465</b>	<b>25,847</b>	<b>28,240</b>

**Cash Flow**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>EBITDA</b>	<b>28,264</b>	<b>30,973</b>	<b>32,060</b>	<b>45,758</b>	<b>48,277</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(9,478)	(12,428)	2,504	(11,017)	(7,726)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(3,276)	(7,477)	(6,829)	(10,304)	(10,447)
Net Interest (Paid)/Received	(1,142)	(1,684)	(1,974)	(866)	(605)
Tax Paid					
<b>Cashflow From Operations</b>	<b>14,367</b>	<b>9,384</b>	<b>25,762</b>	<b>23,571</b>	<b>29,499</b>
Capex	(10,794)	(2,724)	(12,767)	(4,818)	(6,180)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	3,577	4,766	3,442	3,614	3,976
<b>Cash Flow From Investing</b>	<b>(7,217)</b>	<b>2,042</b>	<b>(9,325)</b>	<b>(1,204)</b>	<b>(2,204)</b>
Debt Raised/(repaid)	(146)	2,183	(14,998)	(6,525)	(6,525)
Proceeds From Issue Of Shares	1	1	1		
Shares Repurchased					
Dividends Paid					
Preferred Dividends					
Other Financing Cashflow	(3,591)	(17,077)	2,411	(18,107)	(14,701)
<b>Cash Flow From Financing</b>	<b>(3,736)</b>	<b>(14,894)</b>	<b>(12,586)</b>	<b>(24,632)</b>	<b>(21,226)</b>
Total Cash Generated	3,414	(3,468)	3,851	(2,265)	6,068
<b>Free Cashflow To Equity</b>	<b>7,004</b>	<b>13,608</b>	<b>1,439</b>	<b>15,842</b>	<b>20,769</b>
<b>Free Cashflow To Firm</b>	<b>8,293</b>	<b>13,110</b>	<b>18,410</b>	<b>23,233</b>	<b>27,899</b>

SOURCES: INCRED CAPITAL 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	20,678	27,446	20,204	18,956	26,143
Total Debtors	31,224	41,570	38,969	43,362	46,717
Inventories	40,447	39,648	43,776	48,718	52,492
Total Other Current Assets	15,792	15,602	14,112	15,524	17,076
<b>Total Current Assets</b>	<b>108,141</b>	<b>124,266</b>	<b>117,062</b>	<b>126,560</b>	<b>142,428</b>
Fixed Assets	71,354	66,774	63,019	56,667	49,712
Total Investments	1,566	1,939	2,195	2,415	2,656
Intangible Assets	28,147	28,691	32,567	31,919	31,919
Total Other Non-Current Assets	19,397	17,963	21,783	22,925	24,980
<b>Total Non-current Assets</b>	<b>120,465</b>	<b>115,367</b>	<b>119,564</b>	<b>113,926</b>	<b>109,267</b>
Short-term Debt	4,359	4,862	4,472		
Current Portion of Long-Term Debt					
Total Creditors					
Other Current Liabilities	33,964	32,854	39,460	40,864	43,695
<b>Total Current Liabilities</b>	<b>38,322</b>	<b>37,715</b>	<b>43,931</b>	<b>40,864</b>	<b>43,695</b>
Total Long-term Debt	36,621	38,301	23,693	21,639	15,114
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2,813	5,922	4,777	4,777	4,777
<b>Total Non-current Liabilities</b>	<b>39,434</b>	<b>44,222</b>	<b>28,469</b>	<b>26,416</b>	<b>19,891</b>
Total Provisions	5,033	4,253	3,652	3,652	3,652
<b>Total Liabilities</b>	<b>82,789</b>	<b>86,191</b>	<b>76,053</b>	<b>70,932</b>	<b>67,238</b>
Shareholders' Equity	142,292	150,123	157,630	166,611	181,514
Minority Interests	3,524	3,320	2,943	2,943	2,943
<b>Total Equity</b>	<b>145,816</b>	<b>153,443</b>	<b>160,573</b>	<b>169,554</b>	<b>184,457</b>

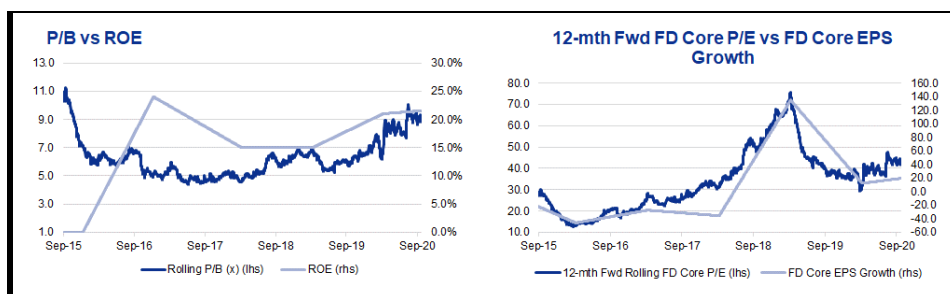
**Key Ratios**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	3.3%	8.3%	4.5%	14.2%	7.7%
Operating EBITDA Growth	14.2%	9.6%	3.5%	42.7%	5.5%
Operating EBITDA Margin	19.2%	19.4%	19.2%	24.0%	23.5%
Net Cash Per Share (Rs)	(25.22)	(19.51)	(9.87)	(3.33)	14
BVPS (Rs)	176.74	186.33	195.51	206.65	225.13
Gross Interest Cover	13.16	10.51	10.29	38.60	58.42
Effective Tax Rate	15.0%	27.4%	29.0%	28.5%	27.0%
Net Dividend Payout Ratio	10.9%	13.5%	30.5%	30.7%	31.4%
Accounts Receivables Days	67.15	80.90	85.67	78.70	79.92
Inventory Days	252.69	252.70	254.11	252.96	264.45
Accounts Payables Days					
ROIC (%)	8.7%	10.0%	11.6%	18.7%	19.7%
ROCE (%)	8.1%	9.0%	10.3%	17.3%	17.7%
Return On Average Assets	8.5%	9.6%	10.0%	15.5%	16.0%

**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: INCRED CAPITAL RESEARCH ESTIMATES, COMPANY REPORTS

**BY THE NUMBERS (Torrent Pharmaceuticals Ltd)**

**Profit & Loss**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>Total Net Revenues</b>	<b>59,498</b>	<b>76,728</b>	<b>79,393</b>	<b>84,934</b>	<b>96,316</b>
<b>Gross Profit</b>	<b>42,764</b>	<b>54,531</b>	<b>57,724</b>	<b>62,001</b>	<b>70,310</b>
<b>Operating EBITDA</b>	<b>13,493</b>	<b>19,831</b>	<b>21,704</b>	<b>24,206</b>	<b>27,643</b>
Depreciation And Amortisation	(4,086)	(6,177)	(6,544)	(6,687)	(6,837)
<b>Operating EBIT</b>	<b>9,407</b>	<b>13,654</b>	<b>15,160</b>	<b>17,519</b>	<b>20,806</b>
Financial Income/(Expense)	(3,085)	(5,038)	(4,507)	(3,539)	(3,076)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	2,988	571	1,213	970	1,038
<b>Profit Before Tax (pre-EI)</b>	<b>9,310</b>	<b>9,187</b>	<b>11,866</b>	<b>14,950</b>	<b>18,768</b>
Exceptional Items		(3,570)			
<b>Pre-tax Profit</b>	<b>9,310</b>	<b>5,617</b>	<b>11,866</b>	<b>14,950</b>	<b>18,768</b>
Taxation	(2,529)	(1,254)	(1,619)	(3,439)	(4,317)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>6,781</b>	<b>4,363</b>	<b>10,247</b>	<b>11,512</b>	<b>14,451</b>
Minority Interests	0	0			
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>6,782</b>	<b>4,363</b>	<b>10,247</b>	<b>11,512</b>	<b>14,451</b>
Recurring Net Profit	6,782	7,137	10,247	11,512	14,451
<b>Fully Diluted Recurring Net Profit</b>	<b>6,782</b>	<b>7,137</b>	<b>10,247</b>	<b>11,512</b>	<b>14,451</b>

**Cash Flow**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>EBITDA</b>	<b>13,493</b>	<b>19,831</b>	<b>21,704</b>	<b>24,206</b>	<b>27,643</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,497)	821	(4,504)	3,143	(2,815)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense		(3,570)			
Other Operating Cashflow	(2,614)	(2,808)	(2,602)	(3,439)	(4,317)
Net Interest (Paid)/Received	(3,085)	(5,038)	(4,507)	(3,539)	(3,076)
Tax Paid					
<b>Cashflow From Operations</b>	<b>6,296</b>	<b>9,236</b>	<b>10,090</b>	<b>20,372</b>	<b>17,435</b>
Capex	(7,898)	(4,809)	(5,346)	(2,368)	(2,371)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments	(39,637)				
Other Investing Cashflow	2,988	571	1,213	970	1,038
<b>Cash Flow From Investing</b>	<b>(44,546)</b>	<b>(4,239)</b>	<b>(4,133)</b>	<b>(1,397)</b>	<b>(1,333)</b>
Debt Raised/(repaid)	39,522	(4,242)	(1,981)	(12,542)	(6,000)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(2,648)	(3,672)	(7,344)	(4,605)	(5,781)
Preferred Dividends					
Other Financing Cashflow	1,112	2,404	1,874	(0)	(0)
<b>Cash Flow From Financing</b>	<b>37,986</b>	<b>(5,510)</b>	<b>(7,451)</b>	<b>(17,146)</b>	<b>(11,781)</b>
Total Cash Generated	(265)	(512)	(1,494)	1,828	4,321
<b>Free Cashflow To Equity</b>	<b>1,272</b>	<b>756</b>	<b>3,976</b>	<b>6,433</b>	<b>10,102</b>
<b>Free Cashflow To Firm</b>	<b>(35,166)</b>	<b>10,035</b>	<b>10,464</b>	<b>22,514</b>	<b>19,178</b>

SOURCES: INCRED CAPITAL 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	13,595	11,674	6,667	8,495	12,816
Total Debtors	12,535	14,357	16,493	16,289	18,471
Inventories	19,663	19,352	21,482	21,408	24,277
Total Other Current Assets	6,831	4,993	5,429	5,968	6,561
<b>Total Current Assets</b>	<b>52,624</b>	<b>50,375</b>	<b>50,071</b>	<b>52,159</b>	<b>62,126</b>
Fixed Assets	81,031	80,300	79,030	74,710	70,245
Total Investments	1	21	21	21	21
Intangible Assets	3,985	3,348	3,421	3,421	3,421
Total Other Non-Current Assets	4,791	7,165	7,835	7,835	7,835
<b>Total Non-current Assets</b>	<b>89,808</b>	<b>90,834</b>	<b>90,307</b>	<b>85,987</b>	<b>81,522</b>
Short-term Debt	16,256	9,341	10,909	10,910	10,910
Current Portion of Long-Term Debt					
Total Creditors	20,482	20,967	20,769	21,629	24,459
Other Current Liabilities	15,283	21,345	23,145	23,145	23,145
<b>Total Current Liabilities</b>	<b>52,022</b>	<b>51,653</b>	<b>54,822</b>	<b>55,684</b>	<b>58,514</b>
Total Long-term Debt	41,115	39,129	33,039	23,039	17,039
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	3,068	3,108	4,285	4,285	4,285
<b>Total Non-current Liabilities</b>	<b>44,183</b>	<b>42,238</b>	<b>37,324</b>	<b>27,324</b>	<b>21,324</b>
Total Provisions	0	75			
<b>Total Liabilities</b>	<b>96,205</b>	<b>93,966</b>	<b>92,146</b>	<b>83,008</b>	<b>79,838</b>
Shareholders' Equity	46,222	47,244	48,232	55,139	63,810
Minority Interests	5				
<b>Total Equity</b>	<b>46,227</b>	<b>47,244</b>	<b>48,232</b>	<b>55,139</b>	<b>63,810</b>

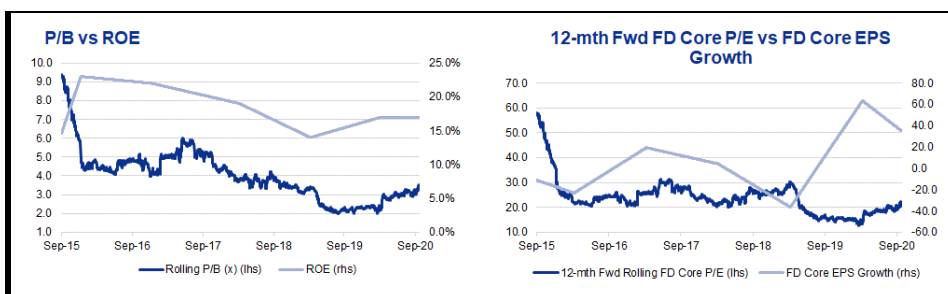
**Key Ratios**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	1.6%	29.0%	3.5%	7.0%	13.4%
Operating EBITDA Growth	(2.0%)	47.0%	9.4%	11.5%	14.2%
Operating EBITDA Margin	22.7%	25.8%	27.3%	28.5%	28.7%
Net Cash Per Share (Rs)	(258.66)	(217.42)	(220.28)	(150.40)	(89.41)
BVPS (Rs)	273.11	279.15	284.99	325.80	377.04
Gross Interest Cover	3.05	2.71	3.36	4.95	6.76
Effective Tax Rate	27.2%	22.3%	13.6%	23.0%	23.0%
Net Dividend Payout Ratio	23.6%	33.2%	51.3%	30.8%	30.8%
Accounts Receivables Days	67.61	63.96	70.92	70.44	65.86
Inventory Days	384.47	320.77	343.91	341.33	320.61
Accounts Payables Days	-414.1	-340.8	-351.5	-337.4	-323.4
ROIC (%)	10.1%	15.7%	16.9%	20.6%	25.0%
ROCE (%)	11.0%	13.7%	16.1%	19.3%	23.0%
Return On Average Assets	10.4%	10.0%	11.6%	13.3%	15.5%

**Key Drivers**

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

SOURCES: INCRED CAPITAL RESEARCH ESTIMATES, COMPANY REPORTS

**BY THE NUMBERS (Cadila Healthcare Ltd)**

**Profit & Loss**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>Total Net Revenues</b>	<b>119,183</b>	<b>131,002</b>	<b>142,019</b>	<b>151,490</b>	<b>163,629</b>
<b>Gross Profit</b>	<b>77,802</b>	<b>83,772</b>	<b>92,692</b>	<b>99,984</b>	<b>109,304</b>
<b>Operating EBITDA</b>	<b>28,133</b>	<b>29,011</b>	<b>27,195</b>	<b>33,479</b>	<b>36,326</b>
Depreciation And Amortisation	(5,388)	(5,986)	(6,965)	(7,176)	(7,603)
<b>Operating EBIT</b>	<b>22,745</b>	<b>23,025</b>	<b>20,230</b>	<b>26,303</b>	<b>28,723</b>
Financial Income/(Expense)	(1,108)	(1,958)	(3,326)	(2,854)	(2,617)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,132	2,011	1,139	1,196	1,280
<b>Profit Before Tax (pre-EI)</b>	<b>22,769</b>	<b>23,078</b>	<b>18,043</b>	<b>24,646</b>	<b>27,385</b>
Exceptional Items	539	743	(3,089)		
<b>Pre-tax Profit</b>	<b>23,308</b>	<b>23,821</b>	<b>14,954</b>	<b>24,646</b>	<b>27,385</b>
Taxation	(5,644)	(5,303)	(3,198)	(5,422)	(6,025)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>17,664</b>	<b>18,518</b>	<b>11,756</b>	<b>19,223</b>	<b>21,360</b>
Minority Interests	282	(30)	10	10	10
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	(188)				
<b>Net Profit</b>	<b>17,758</b>	<b>18,488</b>	<b>11,766</b>	<b>19,234</b>	<b>21,371</b>
Recurring Net Profit	17,350	17,910	14,194	19,234	21,371
<b>Fully Diluted Recurring Net Profit</b>	<b>17,350</b>	<b>17,910</b>	<b>14,194</b>	<b>19,234</b>	<b>21,371</b>

**Cash Flow**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>EBITDA</b>	<b>28,133</b>	<b>29,011</b>	<b>27,195</b>	<b>33,479</b>	<b>36,326</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(13,618)	(10,080)	4,779	(3,811)	(5,102)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(5,897)	(5,330)	(5,466)	(5,422)	(6,025)
Net Interest (Paid)/Received	(1,108)	(1,958)	(3,326)	(2,854)	(2,617)
Tax Paid					
<b>Cashflow From Operations</b>	<b>7,510</b>	<b>11,643</b>	<b>23,182</b>	<b>21,392</b>	<b>22,581</b>
Capex	(12,502)	(9,897)	(6,676)	(7,000)	(7,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments		(46,000)			
Other Investing Cashflow	1,132	2,011	1,139	1,196	1,280
<b>Cash Flow From Investing</b>	<b>(11,370)</b>	<b>(53,886)</b>	<b>(5,537)</b>	<b>(5,804)</b>	<b>(5,720)</b>
Debt Raised/(repaid)	1,995	24,927	(1,055)	(10,000)	(5,000)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(10)	(4,314)	(8,569)	(3,584)	(3,584)
Preferred Dividends					
Other Financing Cashflow	(411)	13,970	(3,861)	68	7
<b>Cash Flow From Financing</b>	<b>1,574</b>	<b>34,583</b>	<b>(13,485)</b>	<b>(13,516)</b>	<b>(8,577)</b>
Total Cash Generated	(2,286)	(7,660)	4,160	2,072	8,284
<b>Free Cashflow To Equity</b>	<b>(1,865)</b>	<b>(17,316)</b>	<b>16,590</b>	<b>5,588</b>	<b>11,861</b>
<b>Free Cashflow To Firm</b>	<b>(2,752)</b>	<b>(40,285)</b>	<b>20,971</b>	<b>18,442</b>	<b>19,478</b>

SOURCES: INCRED CAPITAL 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	14,678	7,728	12,509	14,581	22,866
Total Debtors	35,511	41,824	38,938	40,556	43,888
Inventories	23,853	26,880	27,890	29,750	32,134
Total Other Current Assets	9,784	10,788	10,677	11,916	13,299
<b>Total Current Assets</b>	<b>83,826</b>	<b>87,220</b>	<b>90,014</b>	<b>96,803</b>	<b>112,186</b>
Fixed Assets	50,973	68,747	68,390	68,214	67,611
Total Investments	3,605	3,484	3,516	3,516	3,516
Intangible Assets	13,853	52,890	53,915	53,915	53,915
Total Other Non-Current Assets	28,396	22,490	21,031	21,561	22,156
<b>Total Non-current Assets</b>	<b>96,827</b>	<b>147,611</b>	<b>146,852</b>	<b>147,206</b>	<b>147,198</b>
Short-term Debt	25,575	31,969	38,265	38,265	38,265
Current Portion of Long-Term Debt					
Total Creditors	18,884	19,226	20,310	20,874	22,517
Other Current Liabilities	16,371	22,230	24,119	24,336	24,555
<b>Total Current Liabilities</b>	<b>60,830</b>	<b>73,425</b>	<b>82,694</b>	<b>83,475</b>	<b>85,337</b>
Total Long-term Debt	25,551	39,497	32,146	22,146	17,146
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	4,006	15,523	16,170	16,883	17,608
<b>Total Non-current Liabilities</b>	<b>29,557</b>	<b>55,020</b>	<b>48,316</b>	<b>39,029</b>	<b>34,754</b>
Total Provisions	2,821	2,523	2,099	2,099	2,099
<b>Total Liabilities</b>	<b>93,208</b>	<b>130,968</b>	<b>133,109</b>	<b>124,602</b>	<b>122,191</b>
Shareholders' Equity	87,445	103,863	103,757	119,407	137,193
Minority Interests					
<b>Total Equity</b>	<b>87,445</b>	<b>103,863</b>	<b>103,757</b>	<b>119,407</b>	<b>137,193</b>

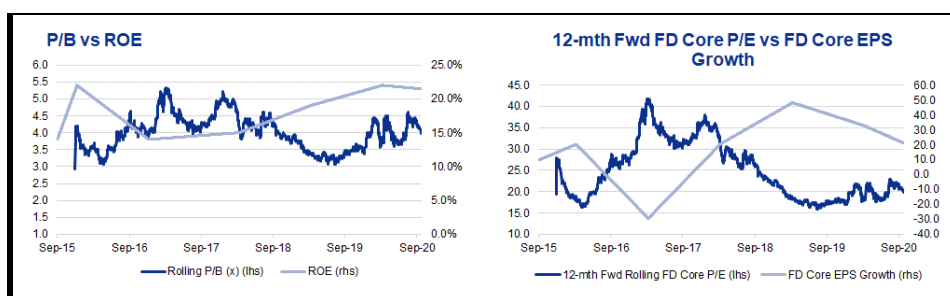
**Key Ratios**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	24.2%	9.6%	8.3%	6.7%	8.1%
Operating EBITDA Growth	48.2%	3.1%	(6.3%)	23.1%	8.5%
Operating EBITDA Margin	24.2%	22.8%	19.7%	22.7%	22.8%
Net Cash Per Share (Rs)	(35.59)	(62.24)	(56.54)	(44.76)	(31.78)
BVPS (Rs)	85.40	101.43	101.33	116.61	133.98
Gross Interest Cover	20.53	11.76	6.08	9.22	10.97
Effective Tax Rate	24.2%	22.3%	21.4%	22.0%	22.0%
Net Dividend Payout Ratio		15.5%	39.7%	14.5%	13.1%
Accounts Receivables Days	83.97	99.71	97.84	89.93	88.24
Inventory Days	184.74	196.04	202.64	204.23	207.89
Accounts Payables Days	-151.5	-147.3	-146.3	-145.9	-145.8
ROIC (%)	17.9%	12.6%	11.5%	14.6%	15.4%
ROCE (%)	17.4%	14.4%	11.4%	14.7%	15.3%
Return On Average Assets	14.2%	12.1%	9.1%	11.4%	11.9%

**Key Drivers**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Unit sales grth (%. main prod./serv.)	9.9%	8.4%	6.7%	8.0%	9.0%
R&D Cost/sales(%)	7.2%	7.7%	7.7%	7.7%	7.7%

SOURCES: INCRED CAPITAL RESEARCH ESTIMATES, COMPANY REPORTS

**BY THE NUMBERS (Alkem Laboratories Ltd)**

**Profit & Loss**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>Total Net Revenues</b>	<b>64,012</b>	<b>73,572</b>	<b>83,444</b>	<b>92,119</b>	<b>105,119</b>
<b>Gross Profit</b>	<b>40,184</b>	<b>44,122</b>	<b>49,994</b>	<b>56,653</b>	<b>65,174</b>
<b>Operating EBITDA</b>	<b>10,352</b>	<b>11,192</b>	<b>14,734</b>	<b>19,713</b>	<b>21,655</b>
Depreciation And Amortisation	(1,430)	(1,932)	(2,528)	(2,527)	(2,771)
<b>Operating EBIT</b>	<b>8,922</b>	<b>9,260</b>	<b>12,206</b>	<b>17,187</b>	<b>18,883</b>
Financial Income/(Expense)	(553)	(546)	(651)	(563)	(560)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,154	877	1,042	1,053	1,063
<b>Profit Before Tax (pre-EI)</b>	<b>9,523</b>	<b>9,590</b>	<b>12,598</b>	<b>17,677</b>	<b>19,387</b>
Exceptional Items	(263)	(44)			
<b>Pre-tax Profit</b>	<b>9,260</b>	<b>9,547</b>	<b>12,598</b>	<b>17,677</b>	<b>19,387</b>
Taxation	(2,876)	(1,810)	(1,105)	(2,492)	(2,503)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>6,384</b>	<b>7,736</b>	<b>11,493</b>	<b>15,184</b>	<b>16,884</b>
Minority Interests	(75)	(131)	(222)	(222)	(222)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>6,309</b>	<b>7,605</b>	<b>11,271</b>	<b>14,962</b>	<b>16,661</b>
Recurring Net Profit	6,491	7,641	11,271	14,962	16,661
<b>Fully Diluted Recurring Net Profit</b>	<b>6,491</b>	<b>7,641</b>	<b>11,271</b>	<b>14,962</b>	<b>16,661</b>

**Cash Flow**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>EBITDA</b>	<b>10,352</b>	<b>11,192</b>	<b>14,734</b>	<b>19,713</b>	<b>21,655</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,461)	(1,559)	(6,554)	1,387	(3,746)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(2,688)	(2,336)	(3,543)	(4,242)	(4,653)
Net Interest (Paid)/Received	(553)	(546)	(651)	(563)	(560)
Tax Paid					
<b>Cashflow From Operations</b>	<b>5,650</b>	<b>6,751</b>	<b>3,987</b>	<b>16,295</b>	<b>12,696</b>
Capex	(7,113)	(5,520)	(5,003)	(3,447)	(3,449)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	1,154	877	1,042	1,053	1,063
<b>Cash Flow From Investing</b>	<b>(5,959)</b>	<b>(4,643)</b>	<b>(3,961)</b>	<b>(2,395)</b>	<b>(2,386)</b>
Debt Raised/(repaid)	3,388	(544)	7,596	(7,300)	(50)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(2,344)	(2,167)	(4,331)	(3,740)	(4,165)
Preferred Dividends					
Other Financing Cashflow	1,040	1,451	1,016	(261)	(288)
<b>Cash Flow From Financing</b>	<b>2,084</b>	<b>(1,260)</b>	<b>4,281</b>	<b>(11,302)</b>	<b>(4,503)</b>
Total Cash Generated	1,775	848	4,307	2,599	5,807
<b>Free Cashflow To Equity</b>	<b>3,079</b>	<b>1,564</b>	<b>7,622</b>	<b>6,600</b>	<b>10,260</b>
<b>Free Cashflow To Firm</b>	<b>245</b>	<b>2,654</b>	<b>677</b>	<b>14,463</b>	<b>10,870</b>

SOURCES: INCRED CAPITAL 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	9,226	8,895	12,621	15,390	21,384
Total Debtors	11,184	12,792	16,773	15,927	18,136
Inventories	14,422	14,999	18,188	18,676	21,312
Total Other Current Assets	5,300	5,358	7,377	7,904	8,483
<b>Total Current Assets</b>	<b>40,132</b>	<b>42,044</b>	<b>54,960</b>	<b>57,897</b>	<b>69,315</b>
Fixed Assets	22,981	26,428	28,725	29,646	30,324
Total Investments	1,207	1,094	1,021	1,124	1,241
Intangible Assets	3,665	3,806	3,985	3,985	3,985
Total Other Non-Current Assets	8,672	8,710	10,742	12,541	14,765
<b>Total Non-current Assets</b>	<b>36,524</b>	<b>40,038</b>	<b>44,473</b>	<b>47,296</b>	<b>50,314</b>
Short-term Debt	7,613	6,713	15,035	8,235	8,235
Current Portion of Long-Term Debt					
Total Creditors	9,607	9,623	9,541	11,109	12,806
Other Current Liabilities	6,613	5,840	7,858	7,905	7,976
<b>Total Current Liabilities</b>	<b>23,833</b>	<b>22,175</b>	<b>32,433</b>	<b>27,249</b>	<b>29,017</b>
Total Long-term Debt	1,307	2,313	1,592	1,092	1,042
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	143	134	98	98	98
<b>Total Non-current Liabilities</b>	<b>1,451</b>	<b>2,447</b>	<b>1,690</b>	<b>1,190</b>	<b>1,140</b>
Total Provisions	1,519	1,740	2,220	2,220	2,220
<b>Total Liabilities</b>	<b>26,803</b>	<b>26,362</b>	<b>36,344</b>	<b>30,659</b>	<b>32,377</b>
Shareholders' Equity	48,638	54,393	61,607	72,828	85,324
Minority Interests	1,216	1,326	1,483	1,705	1,928
<b>Total Equity</b>	<b>49,853</b>	<b>55,720</b>	<b>63,090</b>	<b>74,534</b>	<b>87,252</b>

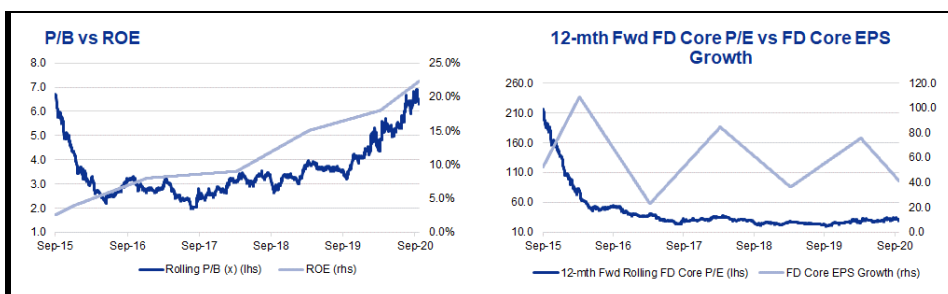
**Key Ratios**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	9.4%	13.5%	12.7%	10.5%	14.3%
Operating EBITDA Growth	3.6%	8.1%	31.7%	33.8%	9.8%
Operating EBITDA Margin	16.2%	15.4%	18.0%	21.8%	20.9%
Net Cash Per Share (Rs)	3	(1.09)	(33.51)	51	101
BVPS (Rs)	406.84	454.98	515.32	609.19	713.71
Gross Interest Cover	16.12	16.95	18.76	30.54	33.73
Effective Tax Rate	31.1%	19.0%	8.8%	14.1%	12.9%
Net Dividend Payout Ratio	19.0%	19.0%	29.0%	21.4%	21.7%
Accounts Receivables Days	51.15	57.77	63.38	63.68	58.17
Inventory Days	202.83	182.32	181.07	189.70	182.69
Accounts Payables Days	-130.4	-119.2	-104.6	-106.3	-109.3
ROIC (%)	17.8%	16.4%	17.8%	24.7%	24.8%
ROCE (%)	16.1%	15.0%	16.9%	21.0%	20.9%
Return On Average Assets	14.2%	12.8%	14.6%	17.8%	17.7%

**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: INCRED CAPITAL RESEARCH ESTIMATES, COMPANY REPORTS

**BY THE NUMBERS (Ipca Laboratories Ltd)**

**Profit & Loss**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>Total Net Revenues</b>	<b>32,836</b>	<b>37,732</b>	<b>46,487</b>	<b>55,751</b>	<b>65,255</b>
<b>Gross Profit</b>	<b>21,588</b>	<b>25,335</b>	<b>30,046</b>	<b>37,353</b>	<b>43,394</b>
<b>Operating EBITDA</b>	<b>4,524</b>	<b>7,105</b>	<b>9,218</b>	<b>14,607</b>	<b>16,314</b>
Depreciation And Amortisation	(1,777)	(1,824)	(2,105)	(2,219)	(2,361)
<b>Operating EBIT</b>	<b>2,746</b>	<b>5,281</b>	<b>7,113</b>	<b>12,388</b>	<b>13,952</b>
Financial Income/(Expense)	(240)	(189)	(165)	(154)	(154)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	442	390	519	717	767
<b>Profit Before Tax (pre-EI)</b>	<b>2,948</b>	<b>5,483</b>	<b>7,467</b>	<b>12,950</b>	<b>14,566</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>2,948</b>	<b>5,483</b>	<b>7,467</b>	<b>12,950</b>	<b>14,566</b>
Taxation	(511)	(1,042)	(1,353)	(2,266)	(2,549)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>2,437</b>	<b>4,440</b>	<b>6,114</b>	<b>10,684</b>	<b>12,017</b>
Minority Interests	(42)	(18)	(78)	(78)	(78)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>2,394</b>	<b>4,422</b>	<b>6,036</b>	<b>10,606</b>	<b>11,939</b>
Recurring Net Profit	2,394	4,422	6,036	10,606	11,939
<b>Fully Diluted Recurring Net Profit</b>	<b>2,394</b>	<b>4,422</b>	<b>6,036</b>	<b>10,606</b>	<b>11,939</b>

**Cash Flow**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>EBITDA</b>	<b>4,524</b>	<b>7,105</b>	<b>9,218</b>	<b>14,607</b>	<b>16,314</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,188)	(1,285)	(2,672)	(3,238)	(3,827)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(621)	(1,164)	(1,411)	(2,266)	(2,549)
Net Interest (Paid)/Received	(240)	(189)	(165)	(154)	(154)
Tax Paid					
<b>Cashflow From Operations</b>	<b>2,475</b>	<b>4,468</b>	<b>4,970</b>	<b>8,948</b>	<b>9,784</b>
Capex	(1,258)	(1,632)	(3,697)	(2,490)	(1,990)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	442	390	519	717	767
<b>Cash Flow From Investing</b>	<b>(816)</b>	<b>(1,241)</b>	<b>(3,177)</b>	<b>(1,773)</b>	<b>(1,223)</b>
Debt Raised/(repaid)	(882)	(1,626)	169	(699)	(20)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(152)	(142)	(1,219)	(955)	(1,074)
Preferred Dividends					
Other Financing Cashflow	523	(141)	(1,757)	(435)	(489)
<b>Cash Flow From Financing</b>	<b>(511)</b>	<b>(1,910)</b>	<b>(2,807)</b>	<b>(2,089)</b>	<b>(1,584)</b>
Total Cash Generated	1,147	1,317	(1,014)	5,086	6,977
<b>Free Cashflow To Equity</b>	<b>777</b>	<b>1,601</b>	<b>1,962</b>	<b>6,476</b>	<b>8,541</b>
<b>Free Cashflow To Firm</b>	<b>1,899</b>	<b>3,416</b>	<b>1,958</b>	<b>7,330</b>	<b>8,714</b>

SOURCES: INCRED CAPITAL 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	1,506	2,823	1,809	6,895	13,872
Total Debtors	6,023	6,815	8,952	10,234	11,978
Inventories	8,806	10,725	13,231	15,868	18,573
Total Other Current Assets	3,121	3,414	4,565	5,330	6,164
<b>Total Current Assets</b>	<b>19,455</b>	<b>23,778</b>	<b>28,557</b>	<b>38,327</b>	<b>50,587</b>
Fixed Assets	18,954	17,826	19,671	19,937	19,561
Total Investments	175	301	713	713	713
Intangible Assets	1,306	2,242	2,249	2,254	2,259
Total Other Non-Current Assets	1,283	1,362	1,408	1,557	1,729
<b>Total Non-current Assets</b>	<b>21,718</b>	<b>21,729</b>	<b>24,041</b>	<b>24,461</b>	<b>24,261</b>
Short-term Debt	2,390	2,097	3,110	3,110	3,110
Current Portion of Long-Term Debt					
Total Creditors	4,235	5,243	6,099	6,732	8,008
Other Current Liabilities	3,451	3,635	4,056	3,917	3,791
<b>Total Current Liabilities</b>	<b>10,076</b>	<b>10,975</b>	<b>13,264</b>	<b>13,759</b>	<b>14,909</b>
Total Long-term Debt	2,340	1,409	1,030	1,010	990
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	16	16	153	153	153
<b>Total Non-current Liabilities</b>	<b>2,356</b>	<b>1,424</b>	<b>1,183</b>	<b>1,163</b>	<b>1,143</b>
Total Provisions	1,856	1,728	1,741	1,805	1,871
<b>Total Liabilities</b>	<b>14,287</b>	<b>14,127</b>	<b>16,187</b>	<b>16,726</b>	<b>17,922</b>
Shareholders' Equity	26,886	31,224	36,275	45,926	56,790
Minority Interests		155	136	136	136
<b>Total Equity</b>	<b>26,886</b>	<b>31,379</b>	<b>36,411</b>	<b>46,062</b>	<b>56,926</b>

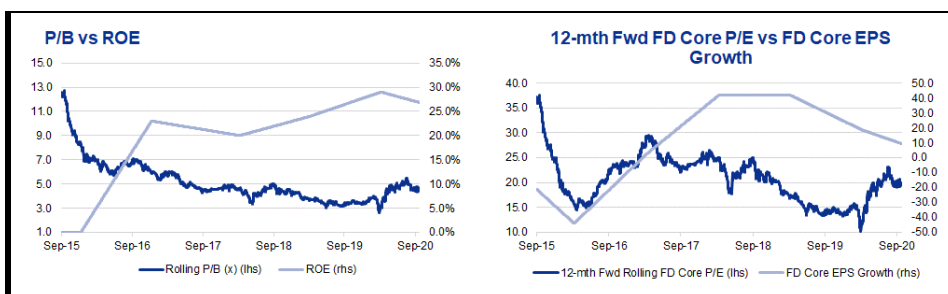
**Key Ratios**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	6.1%	13.3%	23.4%	21.5%	17.0%
Operating EBITDA Growth	1.3%	57.1%	29.7%	58.5%	11.7%
Operating EBITDA Margin	13.8%	19.1%	20.1%	26.2%	25.0%
Net Cash Per Share (Rs)	(25.55)	(5.40)	(18.44)	22	77
BVPS (Rs)	213.04	247.12	287.10	363.48	449.47
Gross Interest Cover	11.43	27.99	43.11	80.19	90.76
Effective Tax Rate	17.3%	19.0%	18.1%	17.5%	17.5%
Net Dividend Payout Ratio	4.3%	2.3%	13.7%	7.4%	7.4%
Accounts Receivables Days	61.27	62.09	61.90	62.80	62.12
Inventory Days	286.02	287.51	265.92	288.65	287.53
Accounts Payables Days	-133.0	-139.5	-125.9	-127.3	-123.1
ROIC (%)	8.6%	15.8%	17.8%	27.8%	28.8%
ROCE (%)	8.5%	15.2%	18.2%	26.5%	24.5%
Return On Average Assets	7.9%	13.1%	15.6%	22.7%	21.4%

**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: INCRED CAPITAL RESEARCH ESTIMATES, COMPANY REPORTS

**BY THE NUMBERS (Alembic Pharmaceuticals Ltd)**

**Profit & Loss**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>Total Net Revenues</b>	<b>31,308</b>	<b>39,347</b>	<b>46,058</b>	<b>54,989</b>	<b>62,734</b>
<b>Gross Profit</b>	<b>22,453</b>	<b>29,420</b>	<b>35,664</b>	<b>41,242</b>	<b>47,051</b>
<b>Operating EBITDA</b>	<b>6,431</b>	<b>8,736</b>	<b>12,230</b>	<b>14,282</b>	<b>15,479</b>
Depreciation And Amortisation	(1,055)	(1,152)	(1,573)	(2,138)	(2,591)
<b>Operating EBIT</b>	<b>5,376</b>	<b>7,584</b>	<b>10,657</b>	<b>12,144</b>	<b>12,888</b>
Financial Income/(Expense)	(34)	(184)	(272)	(310)	(585)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	70	94	49	52	54
<b>Profit Before Tax (pre-EI)</b>	<b>5,413</b>	<b>7,493</b>	<b>10,435</b>	<b>11,886</b>	<b>12,358</b>
Exceptional Items			(437)		
<b>Pre-tax Profit</b>	<b>5,413</b>	<b>7,493</b>	<b>9,998</b>	<b>11,886</b>	<b>12,358</b>
Taxation	(1,204)	(1,568)	(1,992)	(2,139)	(2,224)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>4,209</b>	<b>5,926</b>	<b>8,007</b>	<b>9,747</b>	<b>10,133</b>
Minority Interests	(83)	(82)	282	282	282
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>4,126</b>	<b>5,844</b>	<b>8,288</b>	<b>10,028</b>	<b>10,415</b>
Recurring Net Profit	4,126	5,844	8,638	10,028	10,415
<b>Fully Diluted Recurring Net Profit</b>	<b>4,126</b>	<b>5,844</b>	<b>8,638</b>	<b>10,028</b>	<b>10,415</b>

**Cash Flow**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>EBITDA</b>	<b>6,431</b>	<b>8,736</b>	<b>12,230</b>	<b>14,282</b>	<b>15,479</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(2,059)	(726)	(5,526)	(4,442)	(2,119)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(1,225)	(1,740)	(2,471)	(2,139)	(2,224)
Net Interest (Paid)/Received	(34)	(184)	(272)	(310)	(585)
Tax Paid					
<b>Cashflow From Operations</b>	<b>3,113</b>	<b>6,086</b>	<b>3,961</b>	<b>7,391</b>	<b>10,550</b>
Capex	(8,349)	(8,214)	(8,457)	(7,054)	(3,639)
Disposals Of FAs/subsidiaries	(784)				
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	70	94	49	52	54
<b>Cash Flow From Investing</b>	<b>(9,063)</b>	<b>(8,120)</b>	<b>(8,407)</b>	<b>(7,003)</b>	<b>(3,584)</b>
Debt Raised/(repaid)	6,193	4,207	6,191	(500)	(500)
Proceeds From Issue Of Shares				16	
Shares Repurchased					
Dividends Paid	(908)	(1,248)	(1,885)	(1,376)	(1,572)
Preferred Dividends					
Other Financing Cashflow	(33)	233	(1,109)	7,742	276
<b>Cash Flow From Financing</b>	<b>5,253</b>	<b>3,192</b>	<b>3,197</b>	<b>5,882</b>	<b>(1,796)</b>
Total Cash Generated	(697)	1,157	(1,249)	6,270	5,170
<b>Free Cashflow To Equity</b>	<b>243</b>	<b>2,172</b>	<b>1,745</b>	<b>(112)</b>	<b>6,466</b>
<b>Free Cashflow To Firm</b>	<b>(5,916)</b>	<b>(1,850)</b>	<b>(4,174)</b>	<b>698</b>	<b>7,551</b>

SOURCES: INCRED CAPITAL 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	899	2,056	808	7,078	12,248
Total Debtors	5,263	4,889	8,648	10,324	11,779
Inventories	7,339	9,673	11,875	14,162	16,156
Total Other Current Assets	4,746	2,960	3,297	3,587	3,906
<b>Total Current Assets</b>	<b>18,247</b>	<b>19,577</b>	<b>24,627</b>	<b>35,151</b>	<b>44,089</b>
Fixed Assets	18,378	24,398	30,990	35,852	36,762
Total Investments	416	488	176	181	187
Intangible Assets	1,658	2,699	2,990	3,045	3,183
Total Other Non-Current Assets	711	616	1,107	1,162	1,220
<b>Total Non-current Assets</b>	<b>21,163</b>	<b>28,200</b>	<b>35,263</b>	<b>40,240</b>	<b>41,352</b>
Short-term Debt	2,078	4,291	8,605	9,105	9,105
Current Portion of Long-Term Debt					
Total Creditors	7,593	7,023	6,259	7,584	8,804
Other Current Liabilities	1,773	3,582	2,652	3,015	3,339
<b>Total Current Liabilities</b>	<b>11,444</b>	<b>14,896</b>	<b>17,516</b>	<b>19,703</b>	<b>21,248</b>
Total Long-term Debt	5,000	4,993	8,870	5,870	5,370
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities			733	875	998
<b>Total Non-current Liabilities</b>	<b>5,000</b>	<b>4,993</b>	<b>9,603</b>	<b>6,745</b>	<b>6,368</b>
Total Provisions	762	708	867	904	943
<b>Total Liabilities</b>	<b>17,206</b>	<b>20,597</b>	<b>27,986</b>	<b>27,353</b>	<b>28,560</b>
Shareholders' Equity	22,201	27,188	32,194	48,328	57,171
Minority Interests	3	(8)	(290)	(290)	(290)
<b>Total Equity</b>	<b>22,205</b>	<b>27,180</b>	<b>31,905</b>	<b>48,038</b>	<b>56,881</b>

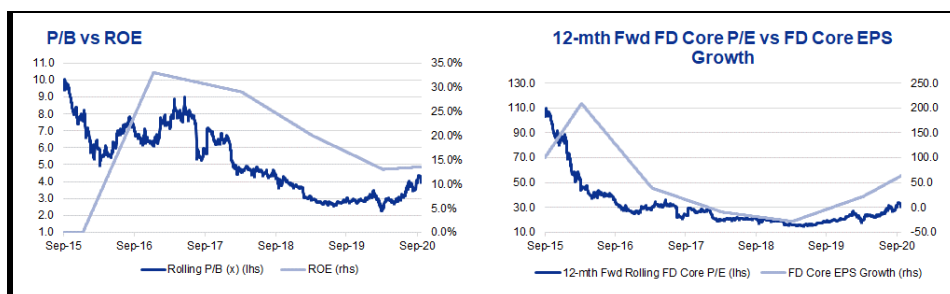
**Key Ratios**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	(0.1%)	25.7%	17.1%	19.4%	14.1%
Operating EBITDA Growth	4.5%	35.8%	40.0%	16.8%	8.4%
Operating EBITDA Margin	20.5%	22.2%	26.6%	26.0%	24.7%
Net Cash Per Share (Rs)	(32.78)	(38.35)	(88.42)	(40.18)	(11.33)
BVPS (Rs)	117.78	144.23	170.79	245.91	290.91
Gross Interest Cover	158.13	41.19	39.24	39.17	22.02
Effective Tax Rate	22.2%	20.9%	19.9%	18.0%	18.0%
Net Dividend Payout Ratio	14.1%	14.0%	17.6%	11.3%	12.4%
Accounts Receivables Days	50.43	47.09	53.64	62.96	64.30
Inventory Days	281.65	312.75	378.34	345.65	352.79
Accounts Payables Days	-259.7	-268.7	-233.2	-183.8	-190.7
ROIC (%)	18.7%	21.9%	21.3%	21.1%	21.2%
ROCE (%)	21.5%	22.9%	24.7%	21.6%	19.1%
Return On Average Assets	16.4%	17.6%	19.9%	18.0%	16.1%

**Key Drivers**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Unit sales grth (%. main prod./serv.)	25.7%	17.1%	54.0%	54.0%	54.0%
R&D Cost/sales(%)	12.8%	14.0%	9.7%	9.7%	9.7%

SOURCES: INCRED CAPITAL RESEARCH ESTIMATES, COMPANY REPORTS

**BY THE NUMBERS (Natco Pharma Ltd)**

**Profit & Loss**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>Total Net Revenues</b>	<b>22,020</b>	<b>20,945</b>	<b>19,150</b>	<b>23,214</b>	<b>34,851</b>
<b>Gross Profit</b>	<b>17,909</b>	<b>17,403</b>	<b>15,334</b>	<b>17,178</b>	<b>29,275</b>
<b>Operating EBITDA</b>	<b>9,284</b>	<b>7,948</b>	<b>5,826</b>	<b>7,428</b>	<b>14,637</b>
Depreciation And Amortisation	(662)	(810)	(998)	(1,151)	(1,312)
<b>Operating EBIT</b>	<b>8,622</b>	<b>7,138</b>	<b>4,828</b>	<b>6,277</b>	<b>13,325</b>
Financial Income/(Expense)	(154)	(193)	(215)	(213)	(210)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	404	1,302	1,074	1,181	1,300
<b>Profit Before Tax (pre-EI)</b>	<b>8,872</b>	<b>8,247</b>	<b>5,687</b>	<b>7,245</b>	<b>14,415</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>8,872</b>	<b>8,247</b>	<b>5,687</b>	<b>7,245</b>	<b>14,415</b>
Taxation	(1,920)	(1,823)	(1,106)	(1,666)	(3,315)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>6,952</b>	<b>6,424</b>	<b>4,581</b>	<b>5,579</b>	<b>11,100</b>
Minority Interests	10	20	27	27	27
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>6,962</b>	<b>6,444</b>	<b>4,608</b>	<b>5,606</b>	<b>11,127</b>
Recurring Net Profit	6,962	6,444	4,608	5,606	11,127
<b>Fully Diluted Recurring Net Profit</b>	<b>6,962</b>	<b>6,444</b>	<b>4,608</b>	<b>5,606</b>	<b>11,127</b>

**Cash Flow**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>EBITDA</b>	<b>9,284</b>	<b>7,948</b>	<b>5,826</b>	<b>7,428</b>	<b>14,637</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(8,516)	(717)	(2,689)	(1,267)	(5,577)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(2,199)	(1,883)	(1,311)	(1,666)	(3,315)
Other Operating Cashflow					
Net Interest (Paid)/Received	(154)	(193)	(215)	(213)	(210)
Tax Paid					
<b>Cashflow From Operations</b>	<b>(1,585)</b>	<b>5,155</b>	<b>1,611</b>	<b>4,282</b>	<b>5,535</b>
Capex	(3,955)	(4,472)	(3,374)	(3,505)	(3,505)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	404	1,302	1,074	1,181	1,300
<b>Cash Flow From Investing</b>	<b>(3,551)</b>	<b>(3,170)</b>	<b>(2,300)</b>	<b>(2,324)</b>	<b>(2,205)</b>
Debt Raised/(repaid)	(484)	2,131	(713)	(50)	(50)
Proceeds From Issue Of Shares	9,150	(4)	(1)		
Shares Repurchased					
Dividends Paid	(1,817)	(3,120)	(1,536)	(1,401)	(2,782)
Preferred Dividends					
Other Financing Cashflow	(234)	(34)	804	(85)	(97)
<b>Cash Flow From Financing</b>	<b>6,615</b>	<b>(1,027)</b>	<b>(1,446)</b>	<b>(1,537)</b>	<b>(2,928)</b>
Total Cash Generated	1,479	958	(2,135)	421	402
<b>Free Cashflow To Equity</b>	<b>(5,620)</b>	<b>4,116</b>	<b>(1,402)</b>	<b>1,908</b>	<b>3,280</b>
<b>Free Cashflow To Firm</b>	<b>(4,982)</b>	<b>2,178</b>	<b>(474)</b>	<b>2,172</b>	<b>3,540</b>

SOURCES: INCRED CAPITAL 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	1,837	2,795	660	1,081	1,483
Total Debtors	6,375	5,062	5,513	6,424	9,644
Inventories	4,384	5,290	5,580	6,360	9,548
Total Other Current Assets	8,027	8,838	11,216	11,327	11,440
<b>Total Current Assets</b>	<b>20,623</b>	<b>21,985</b>	<b>22,969</b>	<b>25,192</b>	<b>32,115</b>
Fixed Assets	14,927	18,561	20,936	23,285	25,473
Total Investments	765	1,686	1,123	1,235	1,359
Intangible Assets	59	87	88	93	98
Total Other Non-Current Assets	777	712	762	796	894
<b>Total Non-current Assets</b>	<b>16,528</b>	<b>21,046</b>	<b>22,909</b>	<b>25,409</b>	<b>27,824</b>
Short-term Debt	1,732	3,863	3,150	3,100	3,050
Current Portion of Long-Term Debt					
Total Creditors	2,691	2,170	2,554	3,027	3,877
Other Current Liabilities	1,497	1,254	1,149	1,200	1,345
<b>Total Current Liabilities</b>	<b>5,920</b>	<b>7,287</b>	<b>6,853</b>	<b>7,327</b>	<b>8,272</b>
Total Long-term Debt	8	8	8	8	8
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities			9	9	9
<b>Total Non-current Liabilities</b>	<b>8</b>	<b>8</b>	<b>17</b>	<b>17</b>	<b>17</b>
Total Provisions	463	826	1,161	1,206	1,253
<b>Total Liabilities</b>	<b>6,391</b>	<b>8,121</b>	<b>8,031</b>	<b>8,550</b>	<b>9,542</b>
Shareholders' Equity	30,722	34,890	37,735	41,939	50,284
Minority Interests	38	20	112	112	112
<b>Total Equity</b>	<b>30,760</b>	<b>34,910</b>	<b>37,847</b>	<b>42,051</b>	<b>50,396</b>

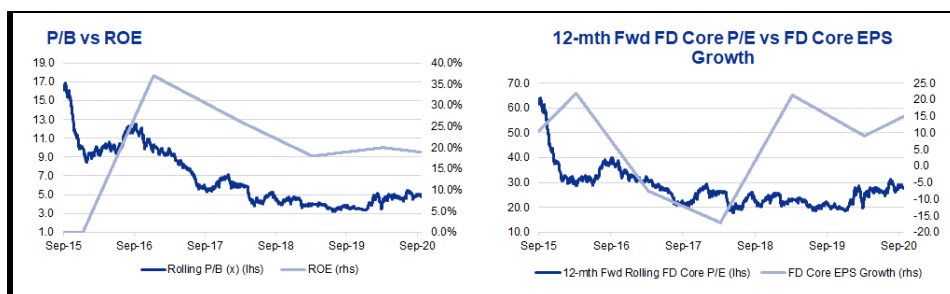
**Key Ratios**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	6.6%	(4.9%)	(8.6%)	21.2%	50.1%
Operating EBITDA Growth	35.9%	(14.4%)	(26.7%)	27.5%	97.0%
Operating EBITDA Margin	42.2%	37.9%	30.4%	32.0%	42.0%
Net Cash Per Share (Rs)	1	(5.90)	(13.73)	(11.13)	(8.65)
BVPS (Rs)	166.51	191.18	207.34	230.44	276.29
Gross Interest Cover	55.99	36.98	22.46	29.43	63.49
Effective Tax Rate	21.6%	22.1%	19.4%	23.0%	23.0%
Net Dividend Payout Ratio	20.5%	14.4%	27.8%	19.3%	19.3%
Accounts Receivables Days	92.22	99.65	100.78	93.84	84.14
Inventory Days	349.51	498.45	519.86	361.03	520.65
Accounts Payables Days	-236.1	-250.5	-225.9	-168.8	-226.0
ROIC (%)	28.4%	20.3%	12.0%	14.2%	25.7%
ROCE (%)	33.5%	20.0%	12.0%	14.5%	26.9%
Return On Average Assets	29.9%	21.1%	13.3%	15.5%	26.5%

**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%			

SOURCES: INCRED CAPITAL RESEARCH ESTIMATES, COMPANY REPORTS

**BY THE NUMBERS (Ajanta Pharma Ltd)**

**Profit & Loss**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>Total Net Revenues</b>	<b>21,309</b>	<b>20,554</b>	<b>25,879</b>	<b>27,612</b>	<b>31,174</b>
<b>Gross Profit</b>	<b>17,245</b>	<b>16,719</b>	<b>19,322</b>	<b>20,709</b>	<b>23,381</b>
<b>Operating EBITDA</b>	<b>6,584</b>	<b>5,665</b>	<b>6,983</b>	<b>7,917</b>	<b>9,072</b>
Depreciation And Amortisation	(596)	(721)	(957)	(1,144)	(1,162)
<b>Operating EBIT</b>	<b>5,988</b>	<b>4,944</b>	<b>6,026</b>	<b>6,773</b>	<b>7,909</b>
Financial Income/(Expense)	(4)	(12)	(119)	(150)	(154)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	242	211	922	461	507
<b>Profit Before Tax (pre-EI)</b>	<b>6,226</b>	<b>5,143</b>	<b>6,829</b>	<b>7,084</b>	<b>8,263</b>
Exceptional Items			(189)		
<b>Pre-tax Profit</b>	<b>6,226</b>	<b>5,143</b>	<b>6,640</b>	<b>7,084</b>	<b>8,263</b>
Taxation	(1,539)	(1,273)	(1,963)	(1,983)	(2,148)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>4,686</b>	<b>3,870</b>	<b>4,677</b>	<b>5,100</b>	<b>6,115</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>4,686</b>	<b>3,870</b>	<b>4,677</b>	<b>5,100</b>	<b>6,115</b>
Recurring Net Profit	4,686	3,870	4,810	5,100	6,115
<b>Fully Diluted Recurring Net Profit</b>	<b>4,686</b>	<b>3,870</b>	<b>4,810</b>	<b>5,100</b>	<b>6,115</b>

**Cash Flow**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>EBITDA</b>	<b>6,584</b>	<b>5,665</b>	<b>6,983</b>	<b>7,917</b>	<b>9,072</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(2,786)	(197)	(1,213)	533	(1,390)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(1,317)	(1,239)	(2,053)	(1,983)	(2,148)
Net Interest (Paid)/Received	(4)	(12)	(119)	(150)	(154)
Tax Paid					
<b>Cashflow From Operations</b>	<b>2,477</b>	<b>4,218</b>	<b>3,598</b>	<b>6,317</b>	<b>5,380</b>
Capex	(2,452)	(3,979)	(2,599)	(2,000)	(1,250)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	242	211	922	461	507
<b>Cash Flow From Investing</b>	<b>(2,210)</b>	<b>(3,769)</b>	<b>(1,677)</b>	<b>(1,539)</b>	<b>(743)</b>
Debt Raised/(repaid)	5	342	96	80	50
Proceeds From Issue Of Shares		(2)			
Shares Repurchased					
Dividends Paid		(1,794)	(1,159)	(1,020)	(1,223)
Preferred Dividends					
Other Financing Cashflow	(41)	1,079	190	(134)	(161)
<b>Cash Flow From Financing</b>	<b>(36)</b>	<b>(375)</b>	<b>(874)</b>	<b>(1,074)</b>	<b>(1,334)</b>
Total Cash Generated	231	74	1,047	3,703	3,303
<b>Free Cashflow To Equity</b>	<b>273</b>	<b>791</b>	<b>2,017</b>	<b>4,858</b>	<b>4,687</b>
<b>Free Cashflow To Firm</b>	<b>271</b>	<b>461</b>	<b>2,040</b>	<b>4,928</b>	<b>4,790</b>

SOURCES: INCRED CAPITAL 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	931	1,005	2,053	5,756	9,059
Total Debtors	4,598	4,595	7,753	6,809	7,687
Inventories	3,506	4,357	4,957	5,296	5,979
Total Other Current Assets	3,201	1,855	1,655	2,018	2,471
<b>Total Current Assets</b>	<b>12,236</b>	<b>11,812</b>	<b>16,417</b>	<b>19,878</b>	<b>25,195</b>
Fixed Assets	11,065	14,332	15,014	15,870	15,958
Total Investments	76	130	123	123	123
Intangible Assets	75	67	1,026	1,026	1,026
Total Other Non-Current Assets	1,034	621	607	607	607
<b>Total Non-current Assets</b>	<b>12,250</b>	<b>15,150</b>	<b>16,770</b>	<b>17,625</b>	<b>17,713</b>
Short-term Debt		333	429	509	559
Current Portion of Long-Term Debt					
Total Creditors	2,496	2,252	3,623	3,777	4,239
Other Current Liabilities	964	1,191	2,010	2,010	2,010
<b>Total Current Liabilities</b>	<b>3,461</b>	<b>3,776</b>	<b>6,062</b>	<b>6,295</b>	<b>6,807</b>
Total Long-term Debt	10	7	7	7	7
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities		3	161	164	165
<b>Total Non-current Liabilities</b>	<b>10</b>	<b>10</b>	<b>168</b>	<b>171</b>	<b>172</b>
Total Provisions	602	723	968	968	968
<b>Total Liabilities</b>	<b>4,072</b>	<b>4,510</b>	<b>7,198</b>	<b>7,435</b>	<b>7,948</b>
Shareholders' Equity	20,414	22,452	25,989	30,069	34,961
Minority Interests					
<b>Total Equity</b>	<b>20,414</b>	<b>22,452</b>	<b>25,989</b>	<b>30,069</b>	<b>34,961</b>

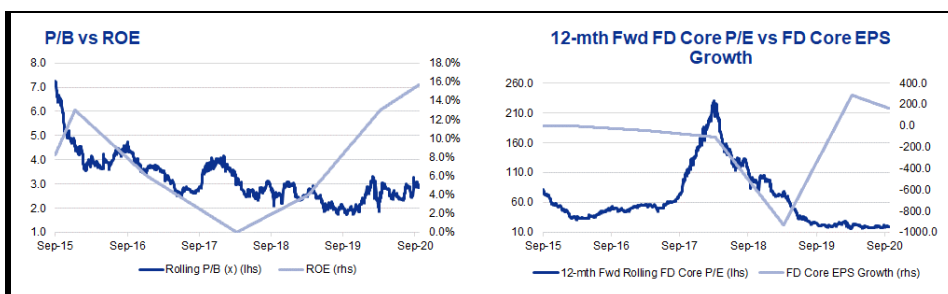
**Key Ratios**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	6.8%	(2.4%)	28.5%	6.7%	12.9%
Operating EBITDA Growth	(4.1%)	(14.0%)	23.3%	13.4%	14.6%
Operating EBITDA Margin	31.9%	28.1%	27.0%	28.7%	29.1%
Net Cash Per Share (Rs)	10	8	18	60	97
BVPS (Rs)	230.79	256.01	296.34	342.86	398.64
Gross Interest Cover	1,460.49	426.19	50.60	45.15	51.50
Effective Tax Rate	24.7%	24.8%	29.6%	28.0%	26.0%
Net Dividend Payout Ratio		15.4%	16.6%	14.4%	14.8%
Accounts Receivables Days	67.06	81.62	87.08	96.24	84.86
Inventory Days	252.21	374.22	259.23	271.04	264.00
Accounts Payables Days	-192.1	-226.0	-163.5	-195.7	-187.7
ROIC (%)	29.9%	22.1%	23.7%	26.2%	28.8%
ROCE (%)	32.5%	22.3%	23.8%	23.1%	23.4%
Return On Average Assets	29.0%	20.0%	23.1%	20.5%	20.9%

**Key Drivers**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Unit sales grth (%. main prod./serv.)	-3.5%	25.9%	6.7%	12.9%	13.4%
R&D Cost/sales(%)	8.6%	6.3%	6.2%	6.2%	6.2%

SOURCES: INCRED CAPITAL RESEARCH ESTIMATES, COMPANY REPORTS

**BY THE NUMBERS (Indoco Remedies Ltd)**

**Profit & Loss**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>Total Net Revenues</b>	<b>10,453</b>	<b>9,685</b>	<b>11,066</b>	<b>13,196</b>	<b>15,532</b>
<b>Gross Profit</b>	<b>6,941</b>	<b>6,482</b>	<b>7,762</b>	<b>9,250</b>	<b>10,888</b>
<b>Operating EBITDA</b>	<b>1,349</b>	<b>767</b>	<b>1,232</b>	<b>2,032</b>	<b>2,734</b>
Depreciation And Amortisation	(677)	(716)	(708)	(740)	(771)
<b>Operating EBIT</b>	<b>672</b>	<b>51</b>	<b>524</b>	<b>1,293</b>	<b>1,963</b>
Financial Income/(Expense)	(235)	(205)	(263)	(140)	(136)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	47	61	24	27	30
<b>Profit Before Tax (pre-EI)</b>	<b>484</b>	<b>(93)</b>	<b>286</b>	<b>1,179</b>	<b>1,856</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>484</b>	<b>(93)</b>	<b>286</b>	<b>1,179</b>	<b>1,856</b>
Taxation	(72)	64	(45)	(248)	(390)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>412</b>	<b>(29)</b>	<b>241</b>	<b>931</b>	<b>1,466</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>412</b>	<b>(29)</b>	<b>241</b>	<b>931</b>	<b>1,466</b>
Recurring Net Profit	412	(29)	241	931	1,466
<b>Fully Diluted Recurring Net Profit</b>	<b>412</b>	<b>(29)</b>	<b>241</b>	<b>931</b>	<b>1,466</b>

**Cash Flow**

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>EBITDA</b>	<b>1,349</b>	<b>767</b>	<b>1,232</b>	<b>2,032</b>	<b>2,734</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	208	573	96	(467)	(810)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(111)	(8)	(39)	(248)	(390)
Net Interest (Paid)/Received	(235)	(205)	(263)	(140)	(136)
Tax Paid					
<b>Cashflow From Operations</b>	<b>1,212</b>	<b>1,126</b>	<b>1,027</b>	<b>1,177</b>	<b>1,398</b>
Capex	(1,616)	(1,002)	(582)	(546)	(548)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	47	61	24	27	30
<b>Cash Flow From Investing</b>	<b>(1,569)</b>	<b>(941)</b>	<b>(558)</b>	<b>(519)</b>	<b>(518)</b>
Debt Raised/(repaid)	25	143	(391)	(565)	(65)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(177)	(111)	(33)	(186)	(293)
Preferred Dividends					
Other Financing Cashflow	4	27	(28)		(0)
<b>Cash Flow From Financing</b>	<b>(149)</b>	<b>59</b>	<b>(453)</b>	<b>(751)</b>	<b>(358)</b>
Total Cash Generated	(507)	244	17	(93)	521
<b>Free Cashflow To Equity</b>	<b>(333)</b>	<b>328</b>	<b>78</b>	<b>93</b>	<b>814</b>
<b>Free Cashflow To Firm</b>	<b>(122)</b>	<b>390</b>	<b>732</b>	<b>799</b>	<b>1,015</b>

SOURCES: INCRED CAPITAL 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	119	363	379	286	807
Total Debtors	2,095	1,958	2,101	2,506	2,950
Inventories	1,934	1,834	2,083	2,484	2,924
Total Other Current Assets	1,242	1,225	1,067	1,221	1,398
<b>Total Current Assets</b>	<b>5,390</b>	<b>5,380</b>	<b>5,631</b>	<b>6,497</b>	<b>8,079</b>
Fixed Assets	5,168	5,579	5,437	5,197	4,926
Total Investments					
Intangible Assets	1,076	952	968	1,013	1,061
Total Other Non-Current Assets	745	669	680	694	708
<b>Total Non-current Assets</b>	<b>6,990</b>	<b>7,200</b>	<b>7,085</b>	<b>6,904</b>	<b>6,696</b>
Short-term Debt	1,099	1,134	1,060	1,095	1,130
Current Portion of Long-Term Debt					
Total Creditors	1,496	1,707	1,656	2,141	2,384
Other Current Liabilities	1,579	1,614	1,874	1,874	1,874
<b>Total Current Liabilities</b>	<b>4,174</b>	<b>4,455</b>	<b>4,590</b>	<b>5,110</b>	<b>5,388</b>
Total Long-term Debt	1,233	1,287	969	369	269
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	96	73	128	135	141
<b>Total Non-current Liabilities</b>	<b>1,329</b>	<b>1,360</b>	<b>1,098</b>	<b>504</b>	<b>411</b>
Total Provisions	127	160	233	247	262
<b>Total Liabilities</b>	<b>5,629</b>	<b>5,974</b>	<b>5,920</b>	<b>5,861</b>	<b>6,061</b>
Shareholders' Equity	6,750	6,606	6,796	7,541	8,714
Minority Interests					
<b>Total Equity</b>	<b>6,750</b>	<b>6,606</b>	<b>6,796</b>	<b>7,541</b>	<b>8,714</b>

**Key Ratios**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	(4.5%)	(7.7%)	14.6%	19.7%	18.1%
Operating EBITDA Growth	(13.8%)	(43.2%)	60.7%	64.9%	34.5%
Operating EBITDA Margin	13.2%	8.1%	11.4%	15.7%	17.9%
Net Cash Per Share (Rs)	(24.02)	(22.33)	(17.90)	(12.78)	(6.42)
BVPS (Rs)	73.25	71.69	73.75	81.83	94.56
Gross Interest Cover	2.86	0.25	2.00	9.20	14.44
Effective Tax Rate	15.0%		15.6%	21.0%	21.0%
Net Dividend Payout Ratio	36.7%	(-117.4%)	11.7%	15.8%	15.8%
Accounts Receivables Days	74.23	76.39	66.95	63.72	64.10
Inventory Days	197.64	214.74	216.37	211.26	212.52
Accounts Payables Days	-163.0	-182.5	-185.8	-175.6	-177.8
ROIC (%)	7.3%	0.6%	5.9%	14.2%	20.2%
ROCE (%)	7.4%	0.6%	5.9%	14.5%	20.5%
Return On Average Assets	5.9%	0.9%	4.3%	10.1%	14.1%

**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: INCRED CAPITAL RESEARCH ESTIMATES, COMPANY REPORTS

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**Spitzer Chart for stock being researched (2 year data)**

**Dr Reddy's Laboratories Ltd (DRRD IN)**



**Cipla Ltd (CIPLA IN)**



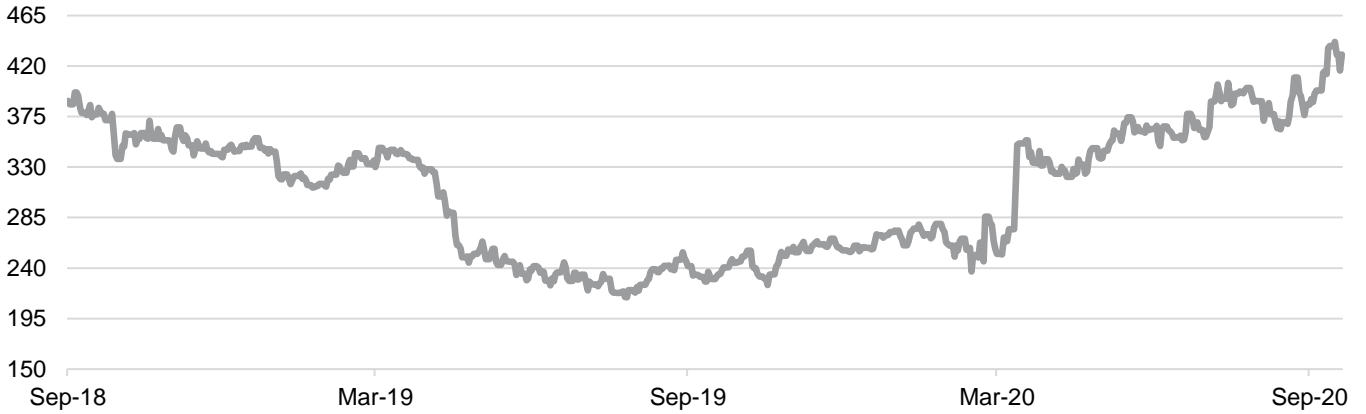
**Torrent Pharmaceuticals Ltd (TRP IN)**





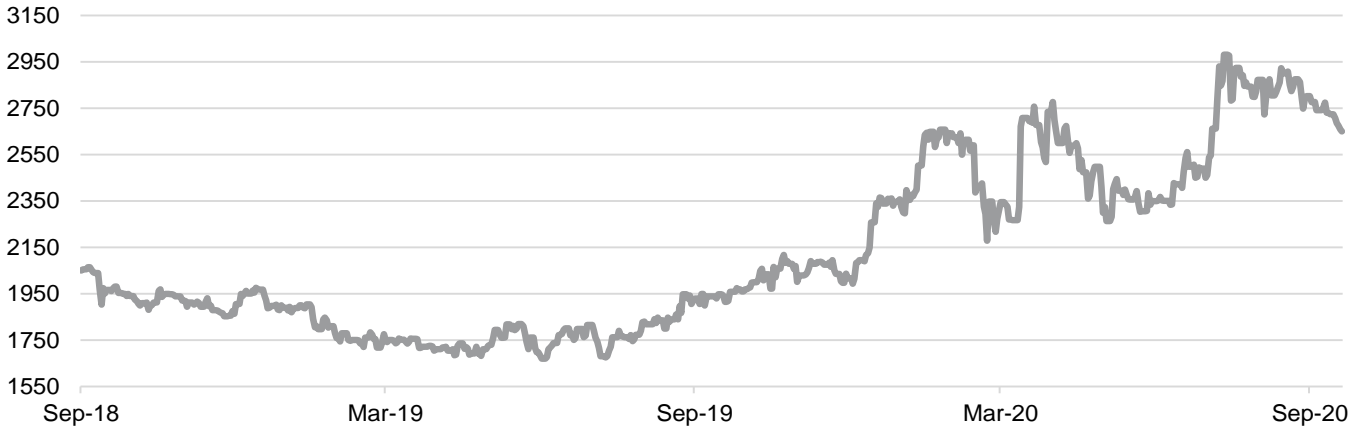
**Cadila Healthcare Ltd (CDH IN)**

— Price Close



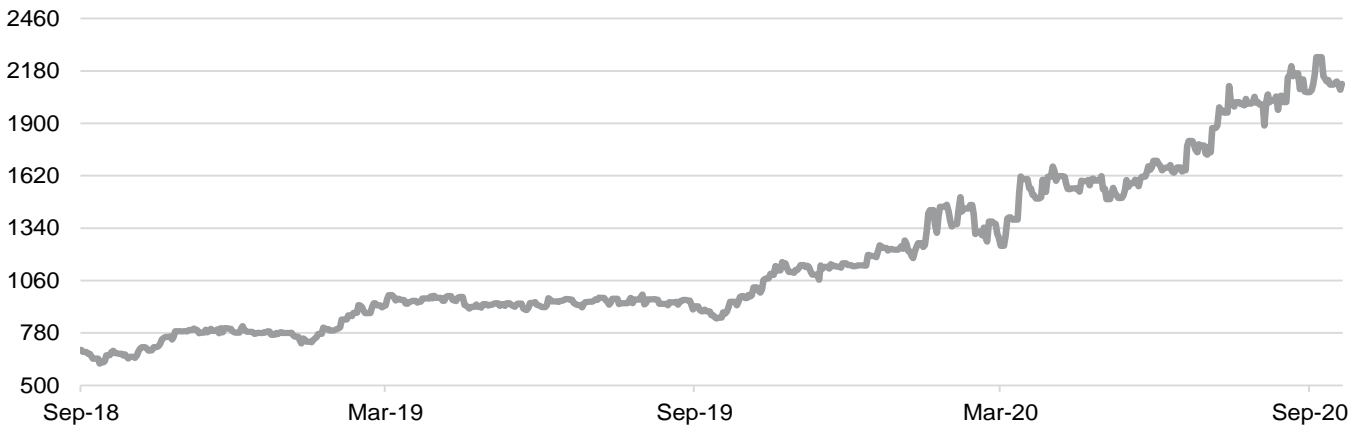
**Alkem Laboratories Ltd (ALKEM IN)**

— Price Close



**Ipca Laboratories Ltd (IPCA IN)**

— Price Close



**Alembic Pharmaceuticals Ltd (ALPM IN)**



**Natco Pharma Ltd (NTCPH IN)**

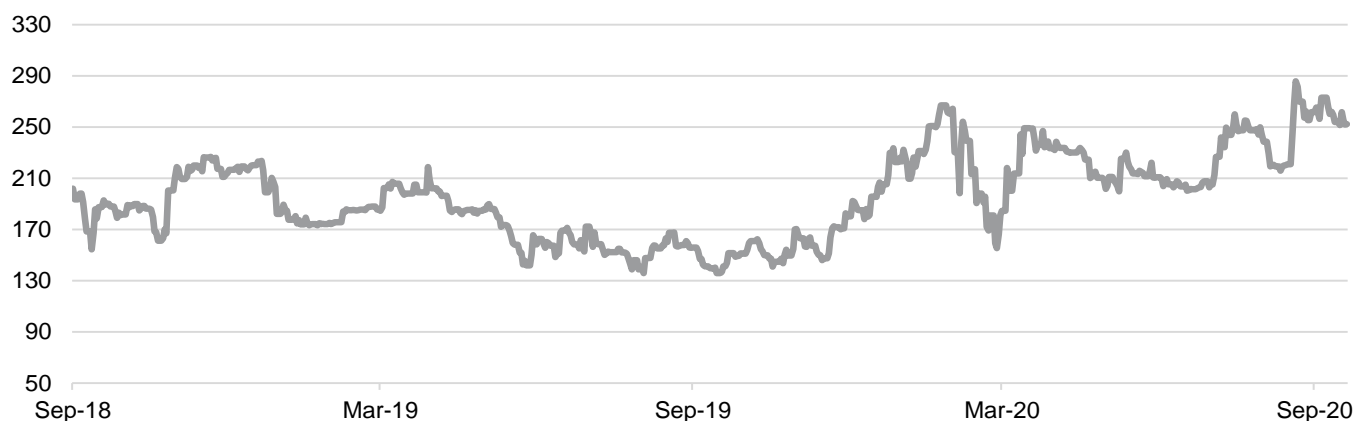


**Ajanta Pharma Ltd (AJP IN)**



**Indoco Remedies Ltd (INDR IN)**

— Price Close



**Recommendation Framework**

**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.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

**Sector Ratings**

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:

**Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.

**Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.

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

**Any other specific information/disclosure**

**Recommendation History**

**Frequency of equity rating update**