

Rating: ACCUMULATE | CMP: Rs410 | TP: Rs460

November 19, 2022

## Analyst Meet Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	460		450	
Sales (Rs. m)	1,36,946	1,48,768	1,34,331	1,46,296
% Chng.	1.9	1.7		
EBITDA (Rs. m)	23,690	26,119	22,570	25,102
% Chng.	5.0	4.1		
EPS (Rs.)	33.5	37.9	33.8	42.4
% Chng.	(0.8)	(10.6)		

### Key Financials - Consolidated

Y/e Mar	FY22	FY23E	FY24E	FY25E
Sales (Rs. m)	1,23,049	1,27,910	1,36,946	1,48,768
EBITDA (Rs. m)	23,453	22,379	23,690	26,119
Margin (%)	19.1	17.5	17.3	17.6
PAT (Rs. m)	9,417	10,047	9,466	10,697
EPS (Rs.)	42.6	35.6	33.5	37.9
Gr. (%)	29.9	(16.5)	(5.8)	13.0
DPS (Rs.)	3.0	3.0	3.0	3.0
Yield (%)	0.7	0.7	0.7	0.7
RoE (%)	11.7	10.5	9.1	9.4
RoCE (%)	15.2	12.8	12.8	13.4
EV/Sales (x)	1.1	1.1	1.0	0.9
EV/EBITDA (x)	5.9	6.1	5.6	4.9
PE (x)	9.6	11.5	12.2	10.8
P/BV (x)	1.3	1.2	1.1	1.0

### Key Data

GLEN.BO | GNP IN

52-W High / Low	Rs.552 / Rs.349
Sensex / Nifty	61,663 / 18,308
Market Cap	Rs.116bn / \$ 1,415m
Shares Outstanding	282m
3M Avg. Daily Value	Rs.459.27m

### Shareholding Pattern (%)

Promoter's	46.65
Foreign	23.14
Domestic Institution	10.42
Public & Others	19.79
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	3.2	0.9	(15.1)
Relative	(1.3)	(11.3)	(17.9)

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## Debt reduction and Ichnos monetization is key

Glenmark Pharma's (GNP) in its analyst meet highlighted 1) company's future growth prospects for achieving double digit revenue growth, 2) plans on launching branded products for margin expansion, 3) becoming a zero net debt company with optimum R&D spends and 4) attaining of +20% RoCE over next 3-4 years. This will hinge on timely niche launches across key markets, out-license deals in Ichnos and scale up in Ryaltris portfolio, in our view. There has been delay in monetization of Ichnos stake sale and despite stake sale in Glenmark Lifescience, debt continues to remain at elevated levels. H1FY23 performance was muted adjusted for milestone income from Ryaltris. We have factored in 8% EBITDA CAGR over FY22-25E. At CMP, stock is trading at 13x FY24E P/E. We recommend 'Accumulate' with revised TP of Rs460/share, valuing at 13xSept 2024E P/E. Any potential stake sale in Ichnos and meaningful debt reduction will be key catalyst for stock to re-rate.

## Analyst meet key takeaways:

### Growth levers

- Double digit revenue growth over next 4 years with 2/3rd consolidated revenue to be contributed from branded products.
- Continuous improvement in EBITDA margins, zero net debt by FY26E and 22% ROCE by FY27E.
- Focus on core therapies like Respiratory, Dermatology and Oncology while increasing product complexity.
- Commercial launch of 1 innovative asset from FY24 between GPL and Ichnos either on its own or via partners.
- Sustenance of strong growth in India, ROW and Europe with Ryaltris contribution increasing to 4-5% by FY27E.

### Ryaltris: Estimated peak global sales of \$100-150mn

- First global specialty brand of Nasal spray launched in multiple markets, in order to expand GNP's presence and strengthen core therapies across globe. The idea behind this launch was to leverage GNP's strong position as a global respiratory player.
- Ryaltris brand is targeted to launch in 34 countries; already launched in the 21 countries and yet to be launched in 13 countries more (7 via partners and 6 under own label). It has leading market share in Australia, Czeck and SouthAfrica.
- GNP's 15-20% global sales come from respiratory portfolio and Ryaltris brand is expected to contribute 4-5% revenue by FY27E.
- Expect peak global sales of \$100-150mn by FY27E.

### **US Respiratory: key driver for GNP in coming future.**

- GNP is 15<sup>th</sup> largest generic company by Rx in the US and contributes ~25% of global formulation business.
- US contribution is declining on pricing pressure and increased competition in base business, which mgt. expects to continue.
- US business is mainly driven by Respiratory, Derma and Injectables where company continues to enhance its market penetration in branded/OTC market.
- Working on remediating Monroe and targeting commercialization of sterile injectable portfolio in FY24. Further company is engaged in resolving import alert at Baddi.
- Currently 46 ANDAs pending for approval of which 20 are para IV filings.
- Company guided to launch 8-10 products from Monroe Injectable Portfolio with market size of \$2bn during FY24/FY25, 2-3 products from Drug Device Combinations having a market size of more than \$900mn in FY25/FY26 and lastly 3-4 product launches from generic Respiratory portfolio with market size of ~\$3bn in FY26/FY27.

### **India: Sustainable growth will outperform IPM**

- GNP is among the fastest growing company in India constantly beating the IPM growth with sharp focus on expansion of key therapies.
- Goal is to build the mega brand in focused therapies. Its top 9 brands are part of top 300 brands in the IPM. 8 brands generated Rs 1000mn revenue and 13 brands generated Rs 500mn revenue by end of Sept'22.
- Over FY19-22, OTC franchise tripled and grew from Rs 600mn to Rs 1800mn. Focus is on translating brands from Rx to OTC in the future.
- Company's new product introductions have also grown by 4-5% since past two years with a strong track records.
- Field force expansion is a continuous process at GNP to create geographical footprint and brand building across India.

### **ROW: Base biz have grown at 20% in H1FY23**

- ROW business grew at 9% CAGR over FY18-22, excluding COVID growth of base business (which was more than 20% in H1FY23).
- GNP is present across most large markets such as Brazil, Mexico and Argentina. It is ranked amongst top 10 generic companies in overall covered markets of both Brazil and Mexico.
- As per IQVIA markets like Russia, CIS and Asia have potential opportunities of \$8-10bn by FY26, while MEA opportunities will be between \$13-15bn. LATAM market opportunities also likely to increase to \$65-70bn in the area of Respiratory and Oncology.

- Focus is on core therapies such as respiratory, derma and oncology. Brand building, market expansion, operating leverage and local partnerships are the key strategies of GNP to grow in ROW markets.

#### **Europe: Respiratory is key focus area to grow**

- EU is one of the fastest growing market for the company, wherein branded business share is continually increasing.
- Mgt aims to launch branded product through combination of in-house and in-licensing portfolio which will led to margin expansion.
- Guided for 1-2 filings in FY23/FY24 in EU market.

#### **Ichnos: – To bring down spends to \$60mn**

- A US based drug discovery subsidiary company of GNP focuses on oncology curing innovations and currently has multiple projects in its pipeline.
- It has BEAT platform (Bispecific Engagement by Antibodies based on the TCR), which enables production of multi-specific antibodies that helps unlocking new biology of validating Multiple Myeloma and Acute Myeloid Leukemia.
- Its projects include two in-licensing oncology assets ISB 880 and Telazorlimab OX40 Antagonist at clinical stage along with three assets ISB 2001, ISB 2004 and ISB 2005 at discovery stage which will be commercialized via partners.
- All these projects are driven by 220 biotechnology drug developers leading team in US and Switzerland with scheduled launches over CY24-CY28.
- Currently GNP is spending \$85mn toward Ichnos assets and expects to bring it down to \$60mn from FY24. GNP will look to out-license deals along with optimization of R&D spend going forward.

#### **Financial:**

- GNP's H1FY23 performance was soft adjusted for milestone income from Ryaltris. GNP's operating margins were at 19% in FY22, while H1FY23 margins came down to 17% largely aided by milestone income from Ryaltris.
- Overall we expect revenue to grow at 6% CAGR over FY22-25E, aided by growth in core markets like India and Row along with scale up in Ryaltris.
- Overall we expect margins to remain muted at 17-18% over FY22-25E. Resultant we see EBIDTA CAGR of 8% over FY22-25E.
- Total capex spent expected to be around Rs7bn in FY23. Guided for annual capex of Rs 7bn for next 4 years (includes Rs1500mn for GLS).

**Exhibit 1: Q2FY23 Result Overview (Rs mn) : Milestone income from Ryaltris drive the quarter**

Y/e March	Q2FY23	Q2FY22	YoY gr. (%)	Q1FY23	QoQ gr.(%)	H1FY23	H1FY22	YoY gr. (%)
<b>Net Sales</b>	<b>33,752</b>	<b>31,474</b>	<b>7.2</b>	<b>27,773</b>	<b>21.5</b>	<b>61,525</b>	<b>61,123</b>	<b>0.7</b>
Raw Material	11,667	11,436	2.0	10,120	15.3	21,788	22,825	(4.5)
<i>% of Net Sales</i>	<i>34.6</i>	<i>36.3</i>		<i>36.4</i>		<i>35.4</i>	<i>37.3</i>	
Employee Costs	7,310	6,873	6.4	6,364	14.9	13,674	12,837	6.5
<i>% of Net Sales</i>	<i>21.7</i>	<i>21.8</i>		<i>22.9</i>		<i>22.2</i>	<i>21.0</i>	
Others	8,559	7,264	17.8	6,973	22.8	15,532	13,823	12.4
<i>% of Net Sales</i>	<i>25.4</i>	<i>23.1</i>		<i>25.1</i>		<i>25.2</i>	<i>22.6</i>	
Total Expenditure	27,537	25,573	7.7	23,457	17.39	50,994	49,486	3.0
<b>EBITDA</b>	<b>6,215</b>	<b>5,901</b>	<b>5.3</b>	<b>4,316</b>	<b>44.0</b>	<b>10,531</b>	<b>11,637</b>	<b>(9.5)</b>
<i>Margin (%)</i>	<i>18.4</i>	<i>18.7</i>		<i>15.5</i>		<i>17.1</i>	<i>19.0</i>	
Depreciation	1,557	1,232	26.4	1,468	6.1	3,025	2,363	28.0
<b>EBIT</b>	<b>4,658</b>	<b>4,669</b>	<b>(0.2)</b>	<b>2,849</b>	<b>63.5</b>	<b>7,507</b>	<b>9,274</b>	<b>(19.1)</b>
Other Income	974	(131)	(845.3)	1,832	(46.8)	2,806	456	515.6
Interest	831	689	20.5	600	38.5	1,431	1,446	(1.0)
<b>PBT</b>	<b>4,802</b>	<b>3,849</b>	<b>24.7</b>	<b>4,080</b>	<b>17.7</b>	<b>8,882</b>	<b>8,285</b>	<b>7.2</b>
Total Taxes	2,015	1,102	83.0	1,969	2.4	3,984	2,472	61.2
<i>ETR (%)</i>	<i>42.0</i>	<i>28.6</i>		<i>48.3</i>		<i>44.9</i>	<i>29.8</i>	
Minority interest	(182)	(171)		(186)		(368)	(171)	
<b>Reported PAT</b>	<b>2,604</b>	<b>2,577</b>	<b>1.1</b>	<b>1,925</b>	<b>35.2</b>	<b>4,529</b>	<b>5,641</b>	<b>(19.7)</b>

Source: Company, PL

**Exhibit 2: Major Sources of Revenues**

Major sources of revenues	Q2FY23	Q2FY22	YoY gr. (%)	Q1FY23	QoQ gr.(%)	H1FY23	H1FY22	YoY gr. (%)
<b>Glenmark generics</b>	<b>11,277</b>	<b>10,897</b>	<b>3.5</b>	<b>9,879</b>	<b>14.2</b>	<b>21,156</b>	<b>21,815</b>	<b>(3.0)</b>
US generics	7,533	7,543	(0.1)	6,628	13.7	14,161	15,421	(8.2)
APIs	3,744	3,354	11.6	3,251	15.2	6,995	6,394	9.4
<b>Glenmark Pharma (Branded generics)</b>	<b>20,855</b>	<b>20,558</b>	<b>1.4</b>	<b>17,878</b>	<b>16.7</b>	<b>38,733</b>	<b>39,228</b>	<b>(1.3)</b>
India Formulations	10,916	9,689	12.7	10,352	5.4	21,268	21,939	(3.1)
Semi-Reg market	4,983	6,526	(23.6)	3,315	50.3	8,298	9,212	(9.9)
Latam formulations	1,171	960	22.0	911	28.5	2,082	1,635	27.4
EU branded generics	3,785	3,383	11.9	3,300	14.7	7,085	6,442	10.0

Source: Company, PL

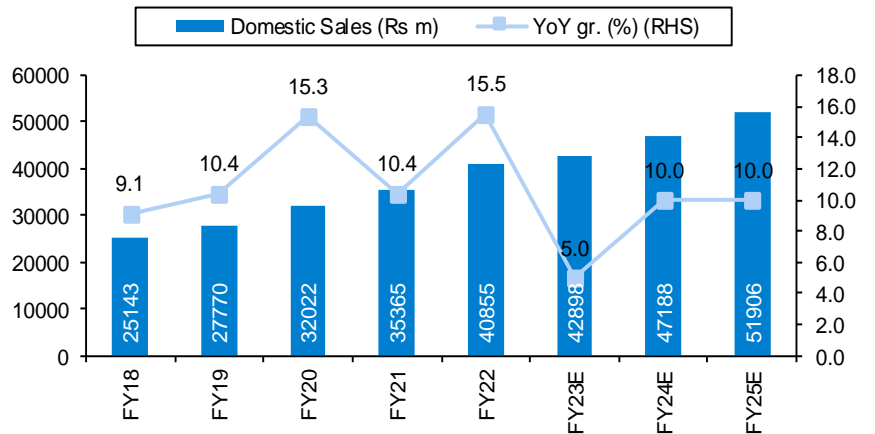
In Q2FY23, GNP reported revenue growth of 7.2% YoY to INR 33.8bn. The revenue growth was mainly on the back of Ryaltris milestone income and healthy growth in core markets like India and EU.

Europe and India business recorded strong growth of 13% and 12% YoY, while US sales were up 10% QoQ on low base. Overall RoW markets de-grew by 24% YoY.

There was ~\$20mn of milestone income from Ryaltris in Q2 which aided EBITDA. EBITDA for the quarter increased by 5% YoY and 44% QoQ to Rs6.2bn. EBITDA margin rose sharply by 287bps QoQ to 18.4% vs 15.5% in Q1FY23. There was one time COIVD led inventory write off to tune of Rs310mn. Adj for royalty and write off, EBITDA came in at Rs5bn.

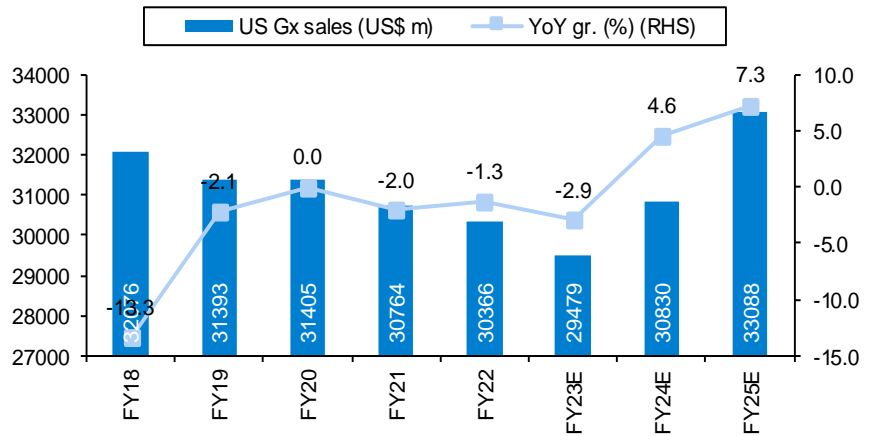
Net debt stands at Rs27bn, up Rs4.5bn since last six months led by adverse currency movements.

**Exhibit 3: India formulation sales : Beat the market growth**



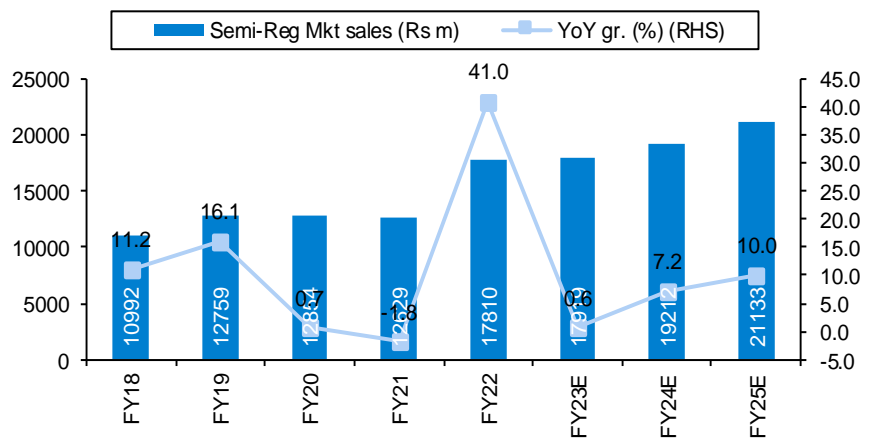
Source: Company, PL

**Exhibit 4: US Gx : Respiratory portfolio to drive the US growth**



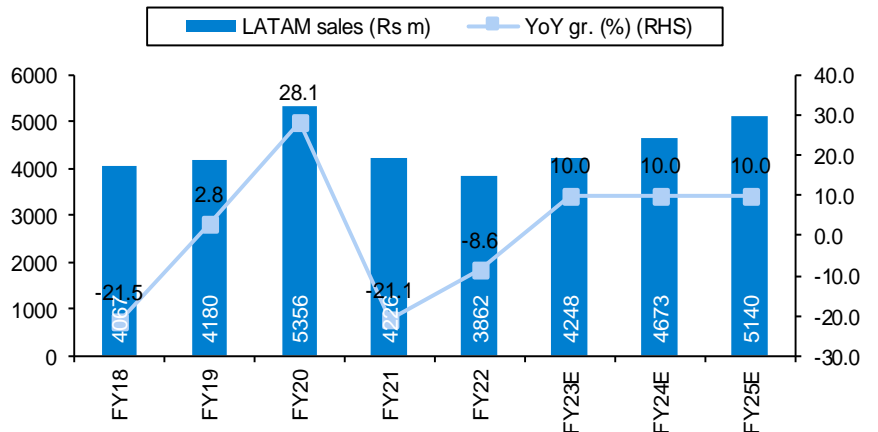
Source: Company, PL

**Exhibit 5: Semi-Regulated Markets sales: Core brands to outperform**



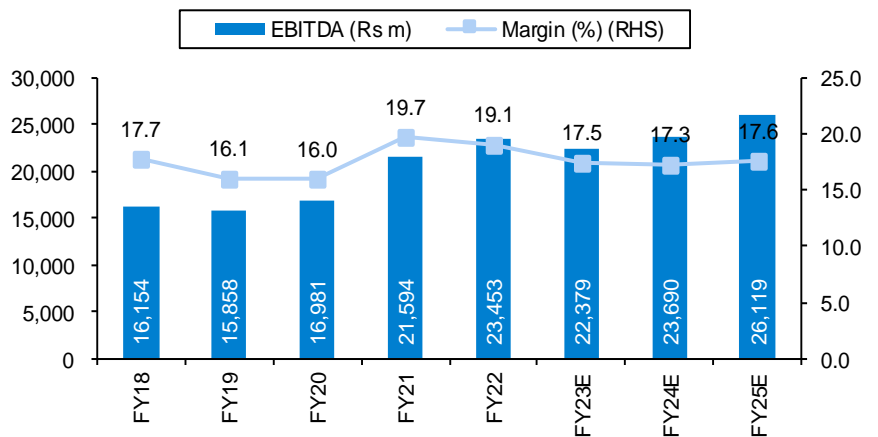
Source: Company, PL

**Exhibit 6: Latam sales: Expect 10% revenue CAGR**



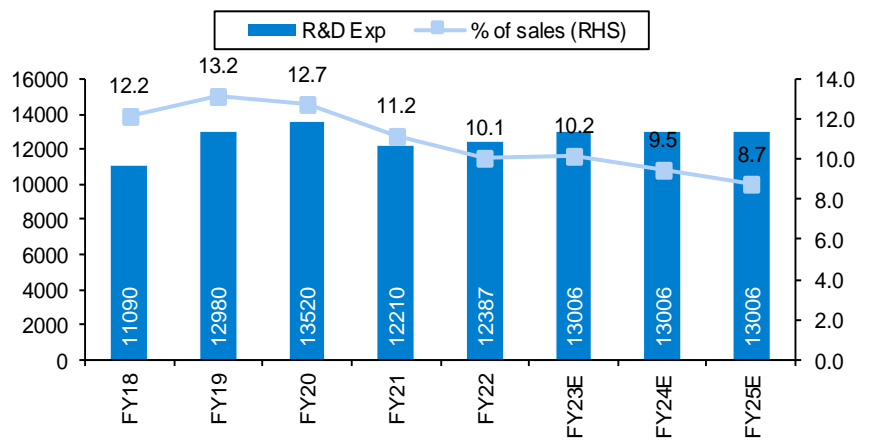
Source: Company, PL

**Exhibit 7: EBITDA and Margin: We expect margins to remain flat**



Source: Company, PL

**Exhibit 8: R&D (Rs m): We expect R&D spend to be at 9-10% of sales**



Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY22	FY23E	FY24E	FY25E
<b>Net Revenues</b>	<b>1,23,049</b>	<b>1,27,910</b>	<b>1,36,946</b>	<b>1,48,768</b>
YoY gr. (%)	12.4	4.0	7.1	8.6
Cost of Goods Sold	43,853	44,794	47,273	51,285
Gross Profit	79,196	83,116	89,673	97,483
Margin (%)	64.4	65.0	65.5	65.5
Employee Cost	24,474	26,432	29,075	31,983
Other Expenses	31,269	34,305	36,908	39,381
<b>EBITDA</b>	<b>23,453</b>	<b>22,379</b>	<b>23,690</b>	<b>26,119</b>
YoY gr. (%)	8.6	(4.6)	5.9	10.3
Margin (%)	19.1	17.5	17.3	17.6
Depreciation and Amortization	4,867	5,841	6,366	6,939
<b>EBIT</b>	<b>18,586</b>	<b>16,538</b>	<b>17,323</b>	<b>19,180</b>
Margin (%)	15.1	12.9	12.6	12.9
Net Interest	2,981	2,900	2,700	2,600
Other Income	1,417	3,200	750	750
<b>Profit Before Tax</b>	<b>17,021</b>	<b>16,838</b>	<b>15,373</b>	<b>17,330</b>
Margin (%)	13.8	13.2	11.2	11.6
Total Tax	4,476	5,893	4,919	5,546
Effective tax rate (%)	26.3	35.0	32.0	32.0
<b>Profit after tax</b>	<b>12,545</b>	<b>10,945</b>	<b>10,454</b>	<b>11,785</b>
Minority interest	519	898	988	1,087
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>9,417</b>	<b>10,047</b>	<b>9,466</b>	<b>10,697</b>
YoY gr. (%)	(2.9)	6.7	(5.8)	13.0
Margin (%)	7.7	7.9	6.9	7.2
Extra Ord. Income / (Exp)	2,609	-	-	-
<b>Reported PAT</b>	<b>12,026</b>	<b>10,047</b>	<b>9,466</b>	<b>10,697</b>
YoY gr. (%)	29.9	(16.5)	(5.8)	13.0
Margin (%)	9.8	7.9	6.9	7.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	12,026	10,047	9,466	10,697
<b>Equity Shares O/s (m)</b>	<b>282</b>	<b>282</b>	<b>282</b>	<b>282</b>
<b>EPS (Rs)</b>	<b>42.6</b>	<b>35.6</b>	<b>33.5</b>	<b>37.9</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY22	FY23E	FY24E	FY25E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>1,00,317</b>	<b>1,08,317</b>	<b>1,17,317</b>	<b>1,26,317</b>
Tangibles	49,536	53,487	57,931	62,375
Intangibles	50,780	54,830	59,386	63,942
<b>Acc: Dep / Amortization</b>	<b>42,044</b>	<b>47,885</b>	<b>54,251</b>	<b>61,190</b>
Tangibles	16,163	18,408	20,856	23,523
Intangibles	25,881	29,477	33,396	37,667
<b>Net fixed assets</b>	<b>58,272</b>	<b>60,432</b>	<b>63,065</b>	<b>65,126</b>
Tangibles	33,373	35,078	37,075	38,852
Intangibles	24,899	25,353	25,990	26,275
Capital Work In Progress	10,099	10,099	10,099	10,099
Goodwill	600	600	600	600
Non-Current Investments	496	496	496	496
Net Deferred tax assets	16,546	16,546	16,546	16,546
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	24,998	29,490	31,574	34,299
Trade receivables	31,011	33,993	35,644	38,720
Cash & Bank Balance	14,115	11,045	14,181	17,679
Other Current Assets	-	-	-	-
<b>Total Assets</b>	<b>1,53,972</b>	<b>1,61,972</b>	<b>1,72,268</b>	<b>1,84,458</b>
<b>Equity</b>				
Equity Share Capital	282	282	282	282
Other Equity	90,584	99,641	1,08,116	1,17,823
<b>Total Networkth</b>	<b>90,866</b>	<b>99,923</b>	<b>1,08,399</b>	<b>1,18,105</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	10,986	10,986	10,986	10,986
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	25,717	20,717	19,717	18,717
Trade payables	22,887	25,932	27,764	30,161
Other current liabilities	16,547	16,547	16,547	16,547
<b>Total Equity &amp; Liabilities</b>	<b>1,53,972</b>	<b>1,61,972</b>	<b>1,72,268</b>	<b>1,84,458</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY22	FY23E	FY24E	FY25E
PBT	21,567	19,438	20,023	21,780
Add. Depreciation	4,867	5,841	6,366	6,939
Add. Interest	(2,981)	(2,900)	(2,700)	(2,600)
Less Financial Other Income	1,417	3,200	750	750
Add. Other	-	-	-	-
Op. profit before WC changes	23,453	22,379	23,690	26,119
Net Changes-WC	(5,234)	(5,865)	(2,693)	(4,236)
Direct tax	(5,584)	(5,893)	(4,919)	(5,546)
<b>Net cash from Op. activities</b>	<b>12,634</b>	<b>10,620</b>	<b>16,077</b>	<b>16,338</b>
Capital expenditures	(7,091)	(8,000)	(9,000)	(9,000)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
<b>Net Cash from Inv. activities</b>	<b>(7,091)</b>	<b>(8,000)</b>	<b>(9,000)</b>	<b>(9,000)</b>
Issue of share cap. / premium	10,119	-	-	-
Debt changes	(10,882)	(5,000)	(1,000)	(1,000)
Dividend paid	(927)	(990)	(990)	(990)
Interest paid	(2,981)	(2,900)	(2,700)	(2,600)
Others	1,852	3,200	750	750
<b>Net cash from Fin. activities</b>	<b>(2,820)</b>	<b>(5,690)</b>	<b>(3,940)</b>	<b>(3,840)</b>
<b>Net change in cash</b>	<b>2,724</b>	<b>(3,070)</b>	<b>3,136</b>	<b>3,497</b>
Free Cash Flow	5,543	2,620	7,077	7,338

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q3FY22	Q4FY22	Q1FY23	Q2FY23
<b>Net Revenue</b>	<b>31,734</b>	<b>30,191</b>	<b>27,773</b>	<b>33,752</b>
YoY gr. (%)	13.9	5.6	(6.3)	7.2
Raw Material Expenses	10,719	10,309	10,120	11,667
Gross Profit	21,015	19,883	17,653	22,085
Margin (%)	66.2	65.9	63.6	65.4
<b>EBITDA</b>	<b>7,101</b>	<b>4,634</b>	<b>4,316</b>	<b>6,215</b>
YoY gr. (%)	21.8	(12.4)	(24.8)	5.3
Margin (%)	22.4	15.3	15.5	18.4
Depreciation / Depletion	1,189	1,315	1,468	1,557
<b>EBIT</b>	<b>5,912</b>	<b>3,319</b>	<b>2,849</b>	<b>4,658</b>
Margin (%)	18.6	11.0	10.3	13.8
Net Interest	667	869	600	831
Other Income	(31)	1,072	1,832	974
<b>Profit before Tax</b>	<b>5,214</b>	<b>3,522</b>	<b>4,080</b>	<b>4,802</b>
Margin (%)	16.4	11.7	14.7	14.2
Total Tax	1,033	971	1,969	2,015
Effective tax rate (%)	19.8	27.6	48.3	42.0
<b>Profit after Tax</b>	<b>4,181</b>	<b>2,551</b>	<b>2,111</b>	<b>2,786</b>
Minority interest	178	170	186	182
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>2,219</b>	<b>1,556</b>	<b>1,925</b>	<b>2,604</b>
YoY gr. (%)	(10.6)	(33.5)	(37.2)	1.1
Margin (%)	7.0	5.2	6.9	7.7
Extra Ord. Income / (Exp)	1,784	825	-	-
<b>Reported PAT</b>	<b>4,003</b>	<b>2,381</b>	<b>1,925</b>	<b>2,604</b>
YoY gr. (%)	70.5	1.8	(37.2)	1.1
Margin (%)	12.6	7.9	6.9	7.7
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>4,003</b>	<b>2,381</b>	<b>1,925</b>	<b>2,604</b>
Avg. Shares O/s (m)	-	-	-	-
<b>EPS (Rs)</b>	<b>14.2</b>	<b>8.4</b>	<b>6.8</b>	<b>9.2</b>

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY22	FY23E	FY24E	FY25E
<b>Per Share(Rs)</b>				
EPS	42.6	35.6	33.5	37.9
CEPS	50.6	56.3	56.1	62.5
BVPS	322.0	354.1	384.2	418.6
FCF	19.6	9.3	25.1	26.0
DPS	3.0	3.0	3.0	3.0
<b>Return Ratio(%)</b>				
RoCE	15.2	12.8	12.8	13.4
ROIC	13.3	11.0	11.0	11.5
RoE	11.7	10.5	9.1	9.4
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.2	0.2	0.2	0.1
Net Working Capital (Days)	98	107	105	105
<b>Valuation(x)</b>				
PER	9.6	11.5	12.2	10.8
P/B	1.3	1.2	1.1	1.0
P/CEPS	8.1	7.3	7.3	6.6
EV/EBITDA	5.9	6.1	5.6	4.9
EV/Sales	1.1	1.1	1.0	0.9
Dividend Yield (%)	0.7	0.7	0.7	0.7

Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY22	FY23E	FY24E	FY25E
Formulations	1,08,111	1,11,461	1,19,712	1,30,502
Domestic Sales	40,855	42,898	47,188	51,906
Semi Regulated	17,810	17,919	19,212	21,133
LatAM	3,862	4,248	4,673	5,140
US business	30,366	29,479	30,830	33,088
Europe	15,218	16,918	17,809	19,233
API	12,709	14,128	14,735	15,766
Outlicensing and other op. inc	2,229	2,320	2,500	2,500

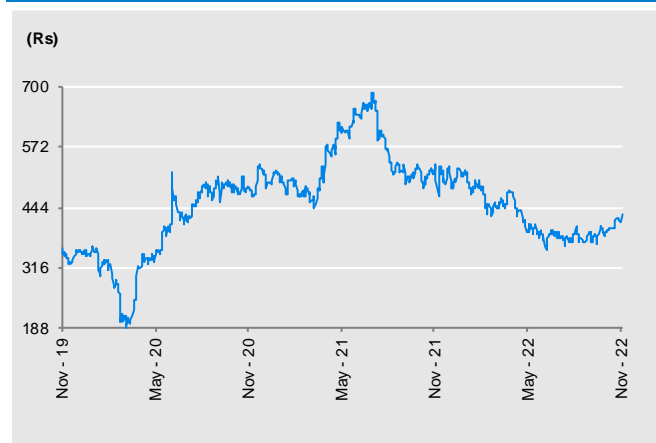
Source: Company Data, PL Research





## Price Chart

## Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Oct-22	Accumulate	450	401
2	07-Jul-22	Accumulate	450	390
3	31-May-22	Accumulate	450	409
4	08-Apr-22	Accumulate	550	477
5	15-Feb-22	Accumulate	550	478
6	07-Jan-22	Accumulate	600	511

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	5,400	4,421
2	Aster DM Healthcare	BUY	265	220
3	Aurobindo Pharma	Accumulate	550	492
4	Cipla	BUY	1,300	1,146
5	Divi's Laboratories	Hold	3,300	3,415
6	Dr. Reddy's Laboratories	BUY	4,900	4,460
7	Eris Lifesciences	BUY	850	736
8	Fortis Healthcare	BUY	360	304
9	Glenmark Pharmaceuticals	Accumulate	450	401
10	HealthCare Global Enterprises	BUY	375	295
11	Indoco Remedies	BUY	430	348
12	Ipca Laboratories	Accumulate	950	870
13	J.B. Chemicals & Pharmaceuticals	BUY	2,350	1,982
14	Krishna Institute of Medical Sciences	BUY	1,660	1,448
15	Lupin	Hold	650	719
16	Max Healthcare Institute	BUY	500	465
17	Narayana Hrudayalaya	BUY	900	740
18	Sun Pharmaceutical Industries	BUY	1,175	1,037
19	Torrent Pharmaceuticals	BUY	1,850	1,567
20	Zydus Lifesciences	Accumulate	465	429

## PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly



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