

Numbers continue to impress...

Q1FY20 revenues grew 19.2% YoY to ₹ 777.4 crore (I-direct estimate: ₹ 766.5 crore) mainly due to consolidation of Health City Cayman Islands (Cayman) and ramp up in new hospitals. EBITDA margins improved 596 bps YoY to 13.2% (I-direct estimate: 11.9%) due to lower other expenditure and employee cost. EBITDA grew 116.8% YoY to ₹ 102.8 crore (I-direct estimate: ₹ 91.4 crore). Net profit was at ₹ 30.3 crore against net loss of ₹ 4.1 crore in Q1FY19 (I-direct estimate: ₹ 29.3 crore) mainly due to strong operational performance.

Blended model of affordable + high-quality services

The company has a legacy model based on affordability over the years. Due to strict control over costs and capital, the company was making reasonable profit. However, as it looks to scale up in other regions, where the consideration for quality has more weight than affordability, the model is likely to be modified from "affordable" to a mix of affordable + quality at premium. Cases in point are the recent acquisition of Gurugram Hospital and buying out of partner in the Cayman Islands hospital internationally where acquisition costs were optically higher.

"Asset right model" to improve return ratios

Under this model, the company engages with partners who invest in land and building while it takes care of medical equipment and hospital management on a revenue share basis. However, the management has maintained a flexible approach in this regard. Thus, it also owns some hospitals where the opportunity is right. Due to this focus on balance sheet and likely improvement in average realisation per operating bed (ARPOB) by optimising case mix, we expect an improvement in RoCE from 7.7% to 15.5% in FY19-21E.

Valuations & Outlook

Overall margins continue to improve (even after considering Ind-AS 116 leg-up) mainly due to strong margins at Cayman and firm margins at the matured hospitals. Even the mid-segment hospitals are gaining traction. The new hospitals, SRCC, Gurugram and Dharamshala continue to see a reduction in losses as the ramp-up in these assets is slowly but surely improving. The management has reiterated significant moderation in capex and on the M&A front. This should improve return ratios gradually. The improvement and sustainability of these vital prints hold key as the focus now shifts to improvement in operating leverage. We continue to believe in the long term prospects of the company on the back of asset-right model and affordability philosophy. We arrive at an SOTP target price of ₹ 260 by valuing the matured hospitals and Cayman Islands at 7x of FY21E EV/EBITDA and other hospitals & other businesses at 1x FY21E EV/sales.



Particulars

Particular	Amount
Market Capitalisation	₹ 4388 crore
Debt (FY19)	₹ 813 crore
Cash (FY19)	₹ 17 crore
EV	₹ 5184 crore
52 week H/L (₹)	265/181
Equity capital	₹ 204.4 crore
Face value	₹ 10

Key Highlights

- Q1 revenues and net profit were in-line with I-direct estimates, while EBITDA margins were better mainly due to lower-than-expected other expenditure
- Overall margins continue to improve mainly due to strong margins at Cayman and firm margins at the matured hospitals..
- We continue to believe in the long term prospects of the company on the back of asset-right model and affordability philosophy.
- Upgrade to BUY (from HOLD)

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Key Financial Summary

(₹ Crore)	FY18	FY19	FY20E	FY21E	CAGR FY19-21E %
Revenues	2281.4	2860.9	3283.0	3677.9	13.4
EBITDA	212.6	287.9	424.1	498.4	31.6
EBITDA Margins (%)	9.3	10.1	12.9	13.6	
Adjusted PAT	51.2	59.3	120.8	178.2	73.3
EPS (₹)	2.5	2.9	5.9	8.7	
PE (x)	85.8	74.0	36.3	24.6	
EV to EBITDA (x)	24.2	17.7	11.9	9.7	
Price to book (x)	4.2	4.1	3.7	3.3	
RoE (%)	4.9	5.5	10.3	13.4	
RoCE (%)	6.3	7.7	12.4	15.5	

Source: ICICI Direct Research; Company

Exhibit 1: Variance Analysis

	Q1FY20	Q1FY20E	Q1FY19	Q4FY19	YoY (%)	QoQ (%)	Comments
Revenue	777.4	766.5	652.3	765.2	19.2%	1.6%	YoY growth mainly due to strong growth in HCCI and new hospitals
Raw Material Expenses	190.3	184.4	156.3	185.6	21.8%	2.6%	
Employee Expenses	165.7	167.2	150.9	159.6	9.8%	3.8%	
Other Expenditure	318.5	323.6	297.7	330.5	7.0%	-3.6%	
Operating Profit (EBITDA)	102.8	91.4	47.4	89.5	116.8%	14.8%	
EBITDA (%)	13.2%	11.9%	7.3%	11.7%	596 bps	153 bps	Besides improvement in mix, YoY improvement and beat vis-à-vis I-direct estimates mainly due to implementation of Ind-AS 116. Excluding Ind-AS 116, EBITDA margins were 12.2%
Interest	22.2	16.1	17.2	17.5	29.2%	27.0%	
Depreciation	41.4	36.4	32.6	35.9	27.2%	15.3%	
Other Income	4.8	6.1	3.0	7.2	61.2%	-33.3%	
PBT before EO & Forex	44.0	45.0	0.6	43.4	6733.9%	1.5%	
Forex & EO	0.0	0.0	0.0	0.0	NA	NA	
PBT after Exceptional Iter	44.0	45.0	0.6	43.4	6733.9%	1.5%	
Tax	13.0	15.8	3.0	9.9	334.0%	31.4%	
PAT before MI	31.0	29.3	-2.4	33.5	-1419.1%	-7.3%	
MI	0.0	0.0	0.0	0.0	NA	-100.0%	
Net Profit	30.3	29.3	-4.1	37.2	-830.9%	-18.5%	Delta vis-à-vis EBITDA mainly due to ~₹ 2 crore of loss pertaining to Ind-AS 116 implementation

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

	FY20E			FY21E			
(₹ Crore)	Old	New	% Change	Old	New	% Change	
Revenue	3,221.3	3,283.0	1.9	3,587.9	3,677.9	2.5	
EBITDA	351.3	424.1	20.7	431.3	498.4	15.6	
EBITDA Margin (%)	10.9	12.9	201 bps	12.0	13.6	153 bps	Changed mainly due to implementation of Ind-AS 116
PAT	118.1	120.8	2.2	174.1	178.2	2.3	
EPS (₹)	5.8	5.9	2.2	8.5	8.7	2.3	

Source: ICICI Direct Research

Conference Call Highlights

- Three matured hospitals- NICS, MSMC (both Bangalore) and RTIICS (Kolkata) have registered EBITDAR margins of 23%
- volume growth of 20% in India on the back of addition of oncology specialty at some hospitals and good overall traction at Ahmadabad, Jamshedpur, Raipur and Guwahati
- Ahmadabad, Jamshedpur and Guwahati registered EBITDA margins of 8% (loss in Q1FY19)
- Heart centre EBITDAR margins during the quarter were at 15.6% (10% in Q1FY19) on the back of price hikes in cardiac procedures. The company has rationalised a couple of centres and closed down one centre
- Revenues and losses at three new hospitals – revenues - ₹ 57.4 crore and losses - ₹ 16.7 crore (₹ 36.6 crore, loss of ₹ 19.6 crore in Q1FY19)
- The company is focusing on improvement in case mix at the new hospitals by increasing focus on transplant procedures and oncology
- The management does not expect a drastic reduction in EBITDA losses at the new hospitals as the company is incurring more costs for additional consultants as scalability goes up
- The company is undertaking a lot of digital initiative to streamline overall functioning. Till Q1, these costs were capitalised but from Q2 onwards these will hit the P&L
- The management is now de-prioritising drastic bed additions and will look for bed addition once the existing unit reach optimum capacities, which is the case at Kolkata- Howrah and RTIICS
- HCCI occupancy- 30%. The management plans to commence construction of oncology block in two months. Likely capex for the same- US\$6-8 million

Exhibit 3: Trends in quarterly performance

(₹ Crore)	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q2FY19	Q3FY19	Q4FY19	Q1FY20	YoY (%)	QoQ (%)
Total Operating Income	452.0	487.4	455.3	483.5	521.1	559.2	553.8	646.8	711.3	732.1	765.2	777.4	20.2	1.6
Raw Material Expenses	106.7	114.0	106.8	108.4	126.1	135.5	133.8	161.2	169.6	175.9	185.6	190.3	18.1	2.6
% of revenue	23.6	23.4	23.5	22.4	24.2	24.2	24.2	24.9	23.9	24.0	24.3	24.5		
Gross Profit	345.3	373.4	348.4	375.1	395.0	423.7	420.1	485.6	541.6	556.2	579.6	587.0	20.9	1.3
Gross Profit Margin (%)	76.4	76.6	76.5	77.6	75.8	75.8	75.8	75.1	76.1	76.0	75.7	75.5	43.8	-23.1
Employee Expenses	91.5	96.1	95.3	92.4	107.3	107.3	106.8	142.2	155.5	158.0	159.6	165.7	16.6	3.8
% of revenue	20.2	19.7	20.9	19.1	20.6	19.2	19.3	22.0	21.9	21.6	20.9	21.3		
Other Manufacturing Expe	203.4	214.0	200.6	224.4	237.4	256.4	261.8	291.1	313.1	320.2	330.5	318.5	9.4	-3.6
% of revenue	45.0	43.9	44.1	46.4	45.6	45.9	47.3	45.0	44.0	43.7	43.2	41.0		
Total Expenditure	401.6	424.1	402.7	425.2	470.7	499.1	502.4	594.5	638.3	654.1	675.7	674.6	13.5	-0.2
% of revenue	88.9	87.0	88.5	87.9	90.3	89.3	90.7	91.9	89.7	89.4	88.3	86.8		
EBITDA	50.4	63.3	52.6	58.3	50.4	60.0	51.5	52.3	73.0	78.0	89.5	102.8	96.5	14.8
EBITDA Margins (%)	11.1	13.0	11.5	12.1	9.7	10.7	9.3	8.1	10.3	10.6	11.7	13.2	513.8	152.6
Depreciation	19.0	19.7	20.0	21.2	21.8	28.5	23.5	26.1	34.0	34.8	35.9	41.4	58.8	15.3
Interest	5.5	5.3	5.5	5.6	10.3	7.8	8.2	20.5	18.3	18.4	17.5	22.2	8.5	27.0
Other Income	3.1	4.8	3.9	5.7	5.2	5.7	3.7	4.2	3.1	3.3	7.2	4.8	13.7	-33.3
PBT before forex & EO	29.1	43.1	30.9	37.3	23.5	29.4	23.4	10.0	23.8	28.1	43.4	44.0		
Forex & EO	0.0	0.0	1.3	0.0	0.0	1.2	0.0	-1.7	0.0	0.0	0.0	0.0		
PBT	29.1	43.1	29.6	37.3	23.5	28.3	23.4	11.7	23.8	28.1	43.4	44.0	275.4	1.5
Total Tax	11.8	14.6	10.9	15.0	10.1	9.7	9.9	-0.6	8.2	13.0	9.9	13.0	-2217.1	31.4
Tax rate (%)	40.7	33.9	36.9	40.3	42.8	34.1	42.2	-5.2	34.6	46.3	22.8	29.5	3477.4	671.2
PAT	17.3	28.5	18.7	22.3	13.4	18.6	13.5	12.3	15.5	15.1	33.5	31.0	151.4	-7.3
Minority Interest	0.0	2.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	-100.0	-100.0
PAT after MI	17.3	26.5	18.7	22.3	13.5	18.6	13.5	12.3	15.5	15.1	33.4	31.0	152.6	-7.3
EPS (₹)	0.8	1.3	0.9	1.1	0.7	0.9	0.7	0.6	0.8	0.7	1.6	1.5	152.6	-7.3

Source: ICICI Direct Research

Company Background

Narayana Hrudayalaya (NHL) was incorporated by renowned cardiac surgeon Dr Devi Prasad Shetty in 2000. It was started as a predominant cardiac care hospitals group initially. Gradually, it also diversified into other specialties although cardiac still remains a mainstream specialty followed by renal (kidney care). NHL network comprises 24 hospitals (including three managed hospitals), seven heart centres, 19 primary care facilities (including clinics and information centres) a multi-speciality hospital in Cayman Islands by entering into agreement with the Government of Cayman Islands. The company has 6283 operational beds and the potential to reach a capacity of up to 7155 beds. Region wise, southern (mainly Karnataka) and eastern (mainly Kolkata) regions together account for 81% of operating revenues (FY18).

Cluster wise bifurcation

Karnataka cluster – Comprises seven hospitals including four in Bengaluru and a hospital each in Mysore, Bellary and Shimoga totalling 2213 operational beds. The company also manages six heart centres totalling 322 operating beds

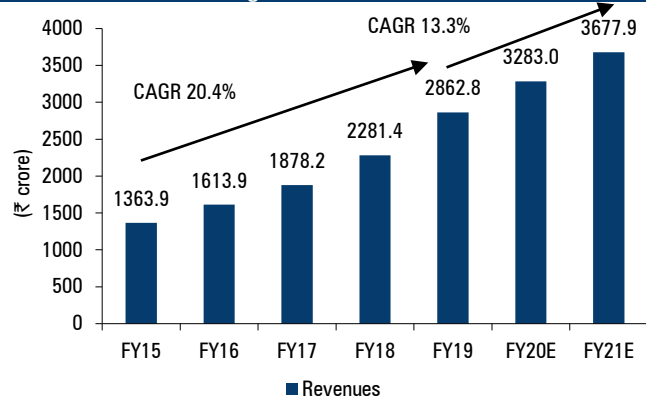
Eastern cluster - Comprises nine hospitals including hospitals in the greater Kolkata area encompassing Howrah, Barasat and the Eastern Metropolitan Bypass, a multispecialty hospital in Jamshedpur, Jharkhand, a superspeciality hospital in Guwahati, Assam and a hospital in Durgapur, West Bengal totalling 2105 operational beds. The company also manages a heart centre in Durgapur, West Bengal, totalling 49 operational beds

Western and northern clusters - Comprises five hospitals - Jaipur (Rajasthan), Palanpur (Gujarat), Ahmedabad (Gujarat), paediatric hospital in Mumbai (Maharashtra), Raipur (Chhattisgarh), Jammu and Delhi totalling 1474 current operational beds. The company acquired a multispecialty hospital has commissioned in Q4FY18.

Health City Cayman Islands (HCCI) - NHL had set up a multi-speciality hospital in Cayman Islands by entering into an agreement with the government of Cayman Islands on April 7, 2010. Health City Cayman Islands (HCCI) is a joint venture between NHL and Ascension Health Ventures LLC, a US based trust. This 106 bedded hospital was commissioned in April 2014 and earned JCI, US accreditation in May, 2015 (JCI is the international arm of The Joint Commission, the leading health care accreditor in the US). NHL had initially entered into the JV with 28.6% stake in the hospital and then bought back the rest of the 71.4% stake from Ascension Health for a cash consideration of US\$32 million in 2017 (implied EV of US\$70 million for 105 beds). Now, it is the step down subsidiary of Narayana Health. HCCI primarily targets North American patients (Cayman Islands is 430 miles south of Miami, near Caribbean islands) and provides high-quality, affordable health care. For FY19, HCCI revenues was at US\$54.5 million with EBITDA at US\$9.5 million (EBITDA margin of 17.4%). For FY19, the hospital was running at ~32% occupancy rate.

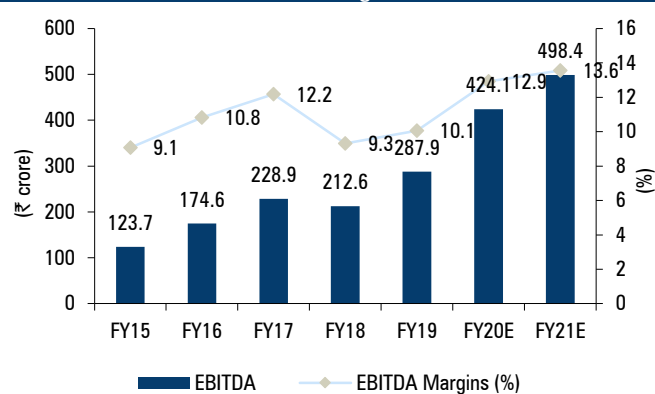
As of FY19, it has 16690 employees, which included 3644 doctors.

Exhibit 4: Revenues to grow at CAGR of 13% over FY19-21E



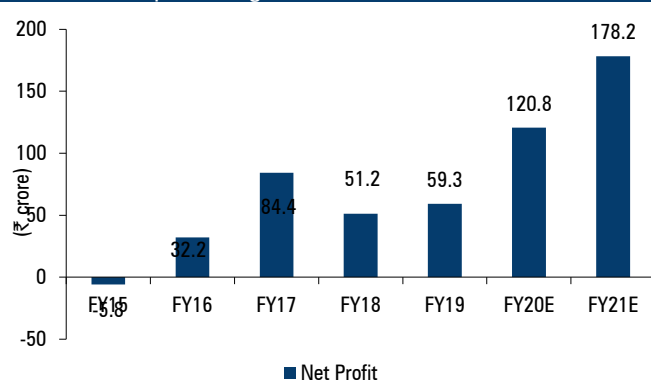
Source: ICICI Direct Research, Company

Exhibit 5: EBITDA & EBITDA margins trend



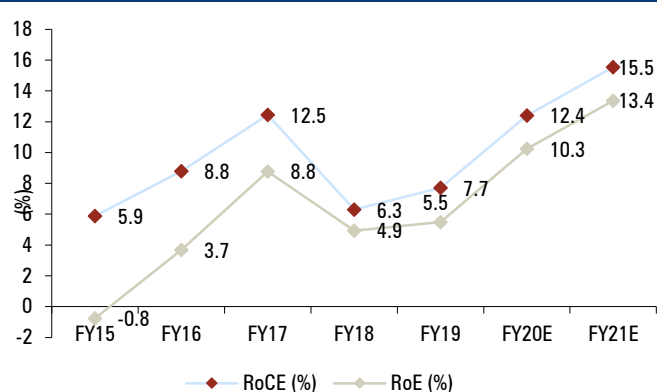
Source: ICICI Direct Research, Company

Exhibit 6: Net profit to grow at 73% CAGR in FY19-21E



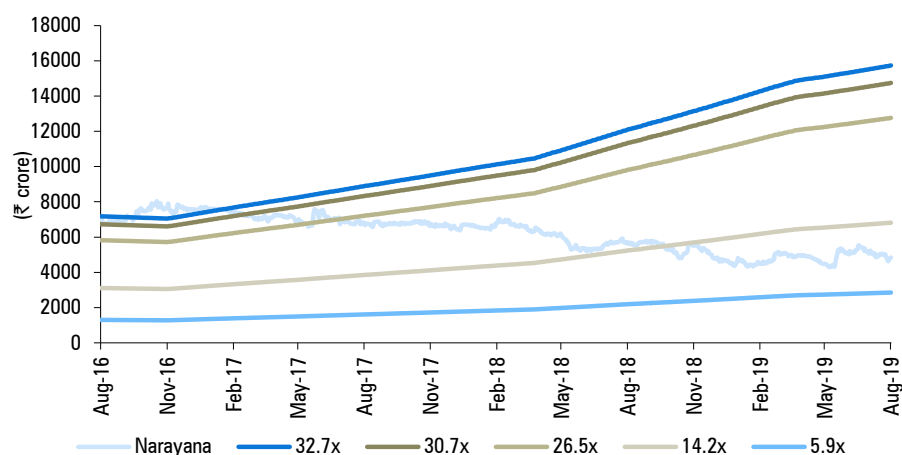
Source: ICICI Direct Research, Company

Exhibit 7: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 8: One-year forward EV/EBITDA



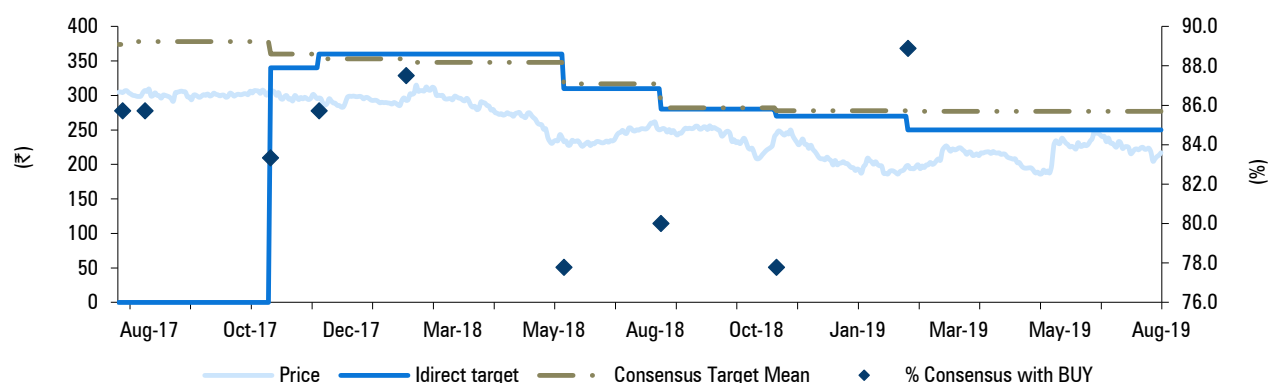
Source: Bloomberg, ICICI Direct Research

Exhibit 9: Valuation

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY18	2281.4	41.4%	2.5	0.6	85.8	24.2	4.9	6.3
FY19	2860.9	25.4%	2.9	16.0%	74.0	17.7	5.5	7.7
FY20E	3283.0	14.8%	5.9	103.6%	36.3	11.9	10.3	12.4
FY21E	3677.9	12.0%	8.7	47.5%	24.6	9.7	13.4	15.5

Source: ICICI Direct Research, Company

Exhibit 10: Recommendation history vs. Consensus



Source: ICICI Direct Research; Reuters

Exhibit 11: Top 10 Shareholders

Rank	Investor Name	Filing Date	% O/S	Position	Change
1	Shetty (Devi Prasad)	31-Mar-19	31.9	64.7m	0.0m
2	Shetty (Shakuntala)	31-Mar-19	30.6	62.1m	0.0m
3	CDC Group plc	31-Mar-19	5.8	11.8m	0.0m
4	Ashoka Investment Holdings, Ltd.	31-Mar-19	4.0	8.2m	0.0m
5	ICICI Prudential Asset Management Co. Ltd.	30-Jun-19	3.3	6.7m	0.0m
6	Shaw (Kiran Mazumdar)	31-Mar-19	2.3	4.7m	0.0m
7	Franklin Advisers, Inc.	31-Mar-19	2.2	4.5m	0.0m
8	CDC India Opportunities, Ltd.	31-Mar-19	2.2	4.4m	0.0m
9	Narayana Health Academy Pvt. Ltd.	31-Mar-19	1.8	3.7m	0.0m
10	Valuequest India Moat Fund, Ltd.	31-Mar-19	1.2	2.5m	0.0m

Source: ICICI Direct Research; Reuters

Exhibit 12: Recent Activity

Buys			Sells		
Investor name	Value (\$)	Shares	Investor name	Value (\$)	Shares
Raghuvanshi (Ashutosh)	0.8m	0.3m	Mirae Asset Global Investments (Hong Kong) Limited	-6.1m	-2.1m
Quaestio Capital Management SGR S.p.A.	0.0m	0.0m	First State Investments (U.K.) Ltd	-4.0m	-1.3m
			Stewart Investors	-1.9m	-0.6m
			Jupiter Asset Management Ltd.	0.0m	0.0m
			Northern Trust Investments, Inc.	0.0m	0.0m

Source: ICICI Direct Research; Reuters

Exhibit 13: Share Holding Pattern

(in %)	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Promoter	63.9	63.9	63.9	63.9	63.9
Others	36.2	36.2	36.2	36.2	36.2

Source: ICICI Direct Research; Company

Financial Summary

Exhibit 14: Profit & Loss (₹ crore)

(Year-end March)	FY18	FY19	FY20E	FY21E
Revenues	2,281.4	2,860.9	3,283.0	3,677.9
Growth (%)	21.5	25.4	14.8	12.0
Raw Material Expenses	556.5	687.5	791.6	883.1
Employee Expenses	465.7	624.1	712.3	798.0
Other Manufacturing Expenses	1,046.6	1,261.5	1,354.9	1,498.4
Total Operating Expenditure	2,068.7	2,573.0	2,858.9	3,179.5
EBITDA	212.6	287.9	424.1	498.4
Growth (%)	-7.1	35.4	47.3	17.5
Interest	46.8	71.4	88.8	63.9
Depreciation	100.0	137.4	165.7	175.1
Other Income	18.9	16.7	13.6	14.7
PBT before Exceptional Items	84.8	95.8	183.2	274.1
Less: Forex & Exceptional Items	-0.5	0.0	0.0	0.0
PBT	85.3	95.8	183.2	274.1
Total Tax	29.0	34.1	61.7	95.9
PAT before MI	56.4	61.7	121.5	178.2
Minority Interest	0.1	0.0	0.0	0.0
PAT	51.7	59.3	120.8	178.2
Adjusted PAT	51.2	59.3	120.8	178.2
Growth (%)	-39.4	16.0	103.6	47.5
EPS	2.5	2.9	5.9	8.7
EPS (Adjusted)	2.5	2.9	5.9	8.7

Source: ICICI Direct Research

Exhibit 16: Balance Sheet (₹ crore)

(Year-end March)	FY18	FY19	FY20E	FY21E
Equity Capital	204.4	204.4	204.4	204.4
Reserve and Surplus	831.4	876.8	973.8	1,128.2
Total Shareholders funds	1,035.7	1,081.1	1,178.2	1,332.6
Total Debt	801.5	813.5	713.5	513.5
Deferred Tax Liability	39.6	47.9	52.7	57.9
Minority Interest	0.3	0.4	0.4	0.5
Other liabilities	253.9	272.0	299.2	329.1
Source of Funds	2,131.0	2,214.8	2,243.9	2,233.5
Gross Block - Fixed Assets	2,323.1	2,438.6	2,638.6	2,788.6
Accumulated Depreciation	537.4	666.5	832.2	1,007.3
Net Block	1,785.7	1,772.1	1,806.5	1,781.4
Capital WIP	35.0	56.1	56.1	56.1
Net Fixed Assets	1,820.7	1,828.2	1,862.5	1,837.4
Goodwill on Consolidation	66.0	66.0	66.0	66.0
Investments	5.0	17.4	17.4	17.4
Inventory	83.6	83.2	95.4	106.9
Cash	35.3	100.7	74.4	66.5
Debtors	279.0	266.4	305.5	342.3
Loans & Advances & Other CA	81.4	77.0	84.7	93.2
Total Current Assets	479.3	527.4	560.1	608.9
Creditors	296.2	333.5	382.5	428.5
Provisions & Other CL	108.4	88.7	97.5	107.3
Total Current Liabilities	404.6	422.2	480.0	535.8
Net Current Assets	74.7	105.2	80.1	73.1
LT LG & A, Other Assets	156.4	193.9	213.3	234.7
Deferred Tax Assets	8.0	4.1	4.5	4.9
Application of Funds	2,131.0	2,214.8	2,243.9	2,233.5

Source: ICICI Direct Research

Exhibit 15: Cash Flow Statement (₹ crore)

(Year-end March)	FY17	FY18	FY19	FY20E	FY21E
Profit/(Loss) after taxation	98.8	46.5	39.4	120.8	178.2
Add: Depreciation & Amortization	79.9	100.0	137.4	165.7	175.1
Net Increase in Current Assets	-20.4	-98.8	-7.8	-59.0	-56.7
Net Increase in Current Liabilities	28.8	72.2	16.1	57.8	55.8
Others	32.3	62.3	93.5	88.8	63.9
CF from operating activities	219.4	182.3	278.6	374.1	416.3
(Inc)/dec in Fixed Assets	-118.4	-395.0	-149.5	-200.0	-150.0
(Inc)/dec in Investments	-23.9	-148.4	-10.0	0.0	0.0
Others	-21.9	47.2	-26.4	12.2	13.4
CF from investing activities	-164.2	-496.2	-185.9	-187.8	-136.6
Inc / (Dec) in Equity Capital	0.0	0.1	0.4	0.0	0.0
Inc / (Dec) in Debt	-24.6	346.6	27.6	-100.0	-200.0
Dividend & Dividend Tax	0.0	0.0	0.0	-23.8	-23.8
Others	-20.6	-31.6	-55.3	-88.8	-63.9
CF from financing activities	-45.1	315.1	-27.3	-212.6	-287.7
Net Cash flow	10.1	1.1	65.5	-26.3	-8.0
Opening Cash	24.1	34.1	35.3	100.7	74.4
Closing Cash	34.1	35.3	100.7	74.4	66.5
Free Cash Flow	101.0	-212.8	129.1	174.1	266.3

Source: ICICI Direct Research

Exhibit 17: Key Ratios (₹ crore)

(Year-end March)	FY17	FY18	FY19	FY20E	FY21E
Per share data (₹)					
EPS	4.1	2.5	2.9	5.9	8.7
Cash EPS	4.1	2.5	1.7	4.7	7.6
BV	47.1	50.7	52.9	57.7	65.2
DPS	0.0	0.0	1.2	1.2	1.2
Cash Per Share	21.5	26.3	32.6	40.7	49.3
Operating Ratios (%)					
EBITDA margins	12.2	9.3	10.1	12.9	13.6
Net Profit margins	4.5	2.2	2.1	3.7	4.8
Cash Conversion cycle	4.0	10.6	2.1	2.1	2.1
Asset Turnover	1.3	1.0	1.2	1.3	1.3
Return Ratios (%)					
RoE	8.8	4.9	5.5	10.3	13.4
RoCE	12.5	6.3	7.7	12.4	15.5
RoIC	13.1	6.4	8.4	14.2	18.0
Valuation Ratios (x)					
P/E	52.0	85.8	74.0	36.3	24.6
EV / EBITDA	19.9	24.2	17.7	11.9	9.7
EV / Revenues	2.4	2.3	1.8	1.5	1.3
Market Cap / Revenues	2.3	1.9	1.5	1.3	1.2
Price to Book Value	4.6	4.2	4.1	3.7	3.3
Solvency Ratios					
Net Debt / Equity	0.2	0.8	0.8	0.6	0.4
Net Debt / EBITDA	0.7	3.6	2.5	1.5	0.9
Current Ratio	0.9	1.1	1.0	1.0	1.0

Source: ICICI Direct Research

Exhibit 18: ICICI Direct Universe Coverage (Healthcare)

Exhibit 10: Top 10 Direct Divisors Coverage (Healthcare)																						
Company	I-Direct	CMP	TP Rating	M Cap	EPS (₹)					PE(x)			RoCE (%)			RoE (%)						
	Code	(₹)	(₹)		(₹ cr)	FY18	FY19	FY20E	FY21E	FY18	FY19	FY20E	FY21E	FY18	FY19	FY20E	FY21E	FY18	FY19	Y20E	Y21E	
Ajanta Pharm:	AJAPHA	953	1,010	Hold	8313	53.0	43.5	47.5	60.2	18.0	21.9	20.0	15.8	30.0	21.8	20.8	22.4	23.0	17.1	16.4	18.0	
Alembic Pharm	ALEMPHA	546	560	Hold	10286	21.9	31.4	29.9	24.7	24.9	17.4	18.3	22.1	18.0	19.6	17.5	15.8	18.6	21.7	17.1	14.2	
Apollo Hospitz	APOHOS	1359	1,450	Buy	18904	8.5	17.7	35.3	48.1	160.7	76.8	38.5	28.3	6.3	8.8	12.1	15.7	3.6	7.4	13.2	15.7	
Aurobindo Ph	AURPHA	599	735	Buy	35088	41.6	42.1	49.1	61.2	14.4	14.2	12.2	9.8	20.0	15.9	14.3	16.3	20.7	17.7	17.3	18.0	
Biocon	BIOCON	229	330	Buy	27468	3.1	6.2	8.2	9.1	73.8	36.9	28.0	25.2	8.1	10.9	13.4	16.1	7.2	12.2	13.4	15.2	
Cadila Healthc	CADHEA	230	272	Hold	23582	17.5	18.1	16.3	18.7	13.1	12.8	14.2	12.3	16.7	13.0	11.4	12.3	20.5	17.8	14.2	14.5	
Cipla	CIPLA	485	520	Hold	39045	18.3	18.6	21.4	25.9	26.4	26.1	22.7	18.7	9.6	10.9	12.4	13.7	10.4	10.0	10.5	11.5	
Divi's Lab	DIVLAB	1665	1,640	Hold	44199	33.3	51.0	50.3	63.1	50.0	32.7	33.1	26.4	20.0	25.5	21.7	23.3	14.9	19.4	16.8	17.9	
Dr Reddy's La	DRREDD	2573	2,770	Hold	42735	57.0	114.8	163.4	157.7	45.1	22.4	15.7	16.3	6.1	11.1	16.1	15.6	7.2	13.6	16.6	14.2	
Glenmark Pha	GLEPHA	426	565	Hold	12026	28.5	26.9	34.2	40.3	14.9	15.8	12.4	10.6	14.6	14.5	15.3	16.1	15.6	13.5	14.8	15.0	
Hikal	HIKCHE	148	205	Buy	2022	6.3	8.4	10.1	13.6	23.6	17.7	14.6	10.9	12.2	14.3	14.8	17.2	11.5	13.6	14.5	16.5	
Ipca Laborato	IPCLAB	963	1,130	Buy	12171	19.0	35.1	45.6	56.4	50.8	27.5	21.1	17.1	9.1	15.4	21.3	20.5	8.9	14.2	18.2	17.1	
Jubilant Life	JUBLIF	434	710	Buy	6905	41.3	52.1	54.1	64.9	10.5	8.3	8.0	6.7	14.9	14.4	15.9	17.1	15.7	16.9	15.8	16.5	
Lupin	LUPIN	759	755	Hold	34339	20.8	16.5	25.4	37.7	36.6	45.9	29.9	20.1	10.4	9.4	10.3	13.2	6.9	5.4	7.8	10.6	
Narayana Hru	NARHRU	215	260	Buy	4388	2.5	2.3	6.2	9.0	85.8	94.7	34.4	23.7	6.3	7.6	11.9	14.7	4.9	4.3	10.5	13.3	
Natco Pharm:	NATPHA	551	595	Hold	10023	37.7	34.9	35.9	26.4	14.6	15.8	15.4	20.9	27.4	21.3	19.3	13.1	22.7	18.5	16.1	10.7	
Sun Pharma	SUNPHA	422	460	Hold	101249	13.0	15.9	17.9	23.4	32.5	26.6	23.6	18.0	9.8	10.4	10.5	12.8	8.2	9.2	8.4	11.2	
Syngene Int.	SYNINT	314	358	Hold	12572	7.6	8.3	9.9	10.3	40.6	37.4	31.3	30.0	15.1	14.8	14.5	13.8	17.7	16.8	16.8	15.0	
Torrent Pharm	TORPHA	1675	1,750	Buy	28337	40.1	48.9	51.3	72.9	41.8	34.2	32.7	23.0	11.2	14.2	15.4	19.2	14.7	17.5	16.1	19.6	

Source: ICICI Direct Research, Bloomberg

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