

## Mixed set of numbers; delayed capex...

Q4FY20 revenues grew 10.6% YoY to ₹ 1389.7 crore due to strong growth in generics and custom synthesis business partially offset by a decline in carotenoid segment. EBITDA margins fell 74 bps, 339 bps YoY, QoQ, respectively, to 32.0% due to higher employee & other expenditure. This virtually nullified strong GPM performance. EBITDA grew 8.1% YoY to ₹ 444.5 crore. PAT grew 34.2% YoY to ₹ 388.2 crore. Delta vis-a-vis EBITDA was due to higher other income (forex gain), lower tax rate (tax reversals).

## Established CRAMS player

The custom synthesis (CS) business (41% of FY20 revenues) is a margin accretive one but at times lumpy as it depends on offtake from customers (global top 20 big pharma). However, this business showed a good recovery on account of an improved business environment. Strong R&D capabilities and India cost arbitrage along with IP adherence are some legacy strengths, which will drive incremental assignments from MNCs. We expect CS to grow at a CAGR of 14.5% to ₹ 2897 crore in FY20-22E.

## Legacy strength, scalability likely to propel generics growth

The company remains committed to a few research driven niche opportunities as was the case when it started commercial operations. Two generics, Naproxen (pain management) and Dextromethorphan (cough suppressant) account for ~26% of overall revenues. Divi's enjoys ~70% global market share in these two products. Divi's is also increasing its presence in another niche area of carotenoids after acquiring requisite capabilities. It has developed various types of carotenoids including beta-carotene. Recent supply constraints from China are likely to propel growth in this segment. With focus on brownfield expansion, the management is committed to addressing capacity constraints. We expect sales from generics to grow at a CAGR of 15.0% to ₹ 3624 crore in FY20-22E.

## Valuations & Outlook

Q4 results were a mixed bag. While revenue was in line with I-direct estimate, EBITDA margins were lower due to higher employee & other expenditure stemming from commercialisation of DCV SEZ facility. More than the results, important narrative for Divi's is the unprecedented capex it undertook a few quarters back and is likely to complete by H2FY21. In order to further augment capacities besides preparing for growing opportunities arising due to China factor, the company has earmarked an aggressive capex of ~₹ 1700 crore (including ₹ 300 crore for backward integration), over and above ~₹ 2000 crore spent in the last five years. We expect the full-blown impact of this massive investment to fructify from FY22 onwards (after considering the time lag for regulatory inspections). We ascribe a target price of ₹ 2355 based on 32x FY22E EPS of ₹ 73.6.



**Divi's Laboratories Limited**

### Particulars

Particular	Amount
Market Capitalisation	₹63845 crore
Debt (FY 20)	₹39 crore
Cash & equivalents (FY 20)	₹1094 crore
EV	₹62790 crore
52 week H/L	2538/1466
Equity capital	₹53.1 crore
Face value	₹2

### Key Highlights

- Q4 revenues in-line with I-direct estimates amid strong growth in generics, custom synthesis business partially offset by decline in Carotenoid segment
- Despite better gross margins, commercialisation of DCV SEZ facility resulted in lower EBITDA margins
- To further augment capacities besides preparing for growing opportunities arising due to China factor, the company has earmarked an aggressive capex of ~₹ 1700 crore
- Maintain HOLD

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### Key Financial Summary

(₹crore)	FY19	FY20	FY21E	FY22E	CAGR (FY20-22E) %
Revenues	4946.3	5394.4	6181.8	7109.1	14.8
EBITDA	1871.8	1816.1	2129.5	2619.1	20.1
EBITDA margins (%)	37.8	33.7	34.4	36.8	
Adj. Net Profit	1352.7	1376.5	1546.0	1952.9	19.1
Adjusted EPS (₹)	51.0	51.9	58.2	73.6	
PE (x)	47.2	46.4	41.3	32.7	
Target PE (x)	1.3	1.3	1.1	0.9	
EV to EBITDA (x)	32.8	33.6	28.4	22.9	
RoNW (%)	19.4	18.8	18.1	19.2	
RoCE (%)	25.5	23.9	23.0	24.1	

Source: ICICI Direct Research; Company

**Exhibit 1: Variance Analysis**

	Q4FY20	Q4FY20E	Q4FY19	Q3FY20	YoY (%)	QoQ (%)	Comments
Revenue	1,389.7	1,342.8	1,256.4	1,396.3	10.6	-0.5	YoY growth mainly due to ~14% growth in generic and ~11% growth in CS segment, which was partially negated by decline in Carotenoid segment
Raw Material Expenses	515.4	523.7	503.0	547.1	2.5	-5.8	A 294 bps YoY improvement in gross margins to 62.9% amid 1) product mix 2) decline in some raw material prices, linked with crude 3) backward integration
Employee Expenses	173.1	161.1	138.3	156.5	25.2	10.6	YoY increase mainly due to annual revision and recruitment due to commercialisation of DCV SEZ facility
Other Expenditure	256.7	194.7	204.1	198.7	25.8	29.2	YoY increase due to commercialisation of DCF SEZ facility, higher repair cost, CSR and donations
Total Expenditure	945.3	879.5	845.3	902.4	11.8	4.8	
EBITDA	444.5	463.2	411.1	493.9	8.1	-10.0	
EBITDA (%)	32.0	34.5	32.7	35.4	-74 bps	-339 bps	YoY decline and miss vis-à-vis I-direct mainly due to higher employee and other expenditure
Interest	0.4	1.6	0.1	1.6	340.0	-71.6	
Depreciation	49.8	46.7	42.3	46.7	17.6	6.6	
Other income	76.7	40.1	41.7	41.7	83.9	84.1	Forex gain was ₹ 57.1 crore against loss of ₹ 6 crore in Q4FY19
PBT Before EO	471.0	455.1	410.4	487.3	14.8	-3.4	
EO	0.0	0.0	0.0	0.0	NA	NA	
PBT	471.0	455.1	410.4	487.3	14.8	-3.4	
Tax	82.7	119.7	121.0	128.2	-31.6	-35.5	
Net Profit	388.2	335.3	289.4	359.1	34.2	8.1	Delta vis-à-vis EBITDA and beat vis-à-vis I-direct estimates mainly due to forex gain and lower tax
<b>Key Metrics</b>							
Generic	734.9	679.7	647.3	723.8	13.5	1.5	
CS	569.8	540.9	515.1	572.5	10.6	-0.5	
Carotenoid	85.0	122.2	94.0	100.0	-9.6	-15.0	Delay in execution of certain orders due to logistical issues

Source: ICICI Direct Research

**Exhibit 2: Change in Estimates**

	FY21E			FY22E		
(₹ Crore)	Old	New	% Change	Old	New	% Change
Revenue	6,171.5	6,181.8	0.2	7,097.2	7,109.1	0.2
EBITDA	2,183.8	2,129.5	-2.5	2,608.8	2,619.1	0.4
EBITDA Margin (%)	35.4	34.4	-94 bps	36.8	36.8	8 bps
Net Profit	1,549.8	1,546.0	-0.2	1,885.8	1,952.9	3.6
EPS (₹)	58.4	58.2	-0.2	71.0	73.6	3.6

Source: ICICI Direct Research

**Exhibit 3: Change in Estimates**

	Current				Earlier		Comments
(₹ Crore)	FY19	FY20	FY21E	FY22E	FY21E	FY22E	
Generic API & Intermediates	2,438.1	2,740.0	3,151.0	3,623.7	3,087.5	3,550.6	
Carotenoids	383.0	443.0	511.5	588.2	574.1	660.3	Changed mainly due to lower-than-expected growth in FY20
Custom Synthesis	2,060.6	2,211.4	2,519.3	2,897.1	2,509.8	2,886.3	

Source: ICICI Direct Research

#### Exhibit 4: Trends in quarterly financials

(₹ crore)	14FY17	11FY18	12FY18	13FY18	14FY18	11FY19	12FY19	13FY19	14FY19	11FY20	12FY20	13FY20	14FY20	YoY (%)	QoQ (%)
Total Operating Income	1066.7	821.2	890.2	1037.9	1088.0	995.3	1285.0	1342.9	1256.4	1162.9	1445.6	1396.3	1389.7	10.6	-0.5
Raw Material Expenses	421.0	331.6	357.3	408.4	407.6	381.4	473.2	480.2	503.0	452.3	593.7	547.1	515.4	2.5	-5.8
% of revenues	39.5	40.4	40.1	39.3	37.5	38.3	36.8	35.8	40.0	38.9	41.1	39.2	37.1	-294.3	-209.9
Gross Profit	645.6	489.6	532.9	629.5	680.3	613.9	811.8	862.7	753.5	710.6	851.9	849.1	874.3	16.0	3.0
Gross Profit Margin (%)	60.5	59.6	59.9	60.7	62.5	61.7	63.2	64.2	60.0	61.1	58.9	60.8	62.9	294.3	209.9
Employee Expenses	99.9	95.3	104.8	115.0	125.8	121.3	134.7	136.5	138.3	140.9	150.6	156.5	173.1	25.2	10.6
% of revenues	9.4	11.6	11.8	11.1	11.6	12.2	10.5	10.2	11.0	12.1	10.4	11.2	12.5	145.3	125.2
Other Expenses	183.7	149.5	150.9	188.4	168.1	140.7	163.0	203.0	204.1	182.6	210.8	198.7	256.7	25.8	29.2
% of revenues	17.2	18.2	16.9	18.2	15.4	14.1	12.7	15.1	16.2	15.7	14.6	14.2	18.5	222.8	423.8
Total Expenditure	704.7	576.4	613.0	711.7	701.5	643.5	770.9	819.6	845.3	775.7	955.0	902.4	945.3	11.8	4.8
% of revenues	66.1	70.2	68.9	68.6	64.5	64.6	60.0	61.0	67.3	66.7	66.1	64.6	68.0	73.7	339.2
EBITDA	362.0	244.8	277.2	326.1	386.5	351.9	514.1	523.3	411.1	387.1	490.6	493.9	444.5	8.1	-10.0
EBITDA Margins (%)	33.9	29.8	31.1	31.4	35.5	35.4	40.0	39.0	32.7	33.3	33.9	35.4	32.0	-73.7	-339.2
Interest	1.0	0.5	0.8	0.3	-0.2	0.6	0.2	2.5	0.1	0.3	3.8	1.6	0.4	340.0	-71.6
Depreciation	31.4	32.3	33.9	37.4	38.8	41.6	42.4	42.5	42.3	43.8	45.9	46.7	49.8	17.6	6.6
Other Income	20.9	29.7	33.6	17.0	48.2	48.8	80.1	34.6	41.7	30.3	47.0	41.7	76.7	83.9	84.1
PBT before forex & E	350.5	241.7	276.1	305.5	396.1	358.4	551.6	512.9	410.4	373.3	487.9	487.3	471.0	14.8	-3.4
Total Tax	91.2	65.2	69.3	80.8	134.5	92.3	153.9	133.4	121.0	100.9	131.1	128.2	82.7	-31.6	-35.5
Tax rate (%)	26.0	27.0	25.1	26.5	33.9	25.7	27.9	26.0	29.5	27.0	26.9	26.3	17.6	-1192.6	-874.7
PAT	259.3	176.5	206.8	224.7	261.6	266.2	397.7	379.5	289.4	272.4	356.8	359.1	388.2	34.2	8.1
PAT Margin (%)	24.3	21.5	23.2	21.6	24.0	26.7	30.9	28.3	23.0	23.4	24.7	25.7	27.9	490.7	221.8
EPS (₹)	9.8	6.7	7.8	8.5	9.9	10.0	15.0	14.3	10.9	10.3	13.4	13.5	14.6		

Source: ICICI Direct Research

## Company Background

Established in 1990, Divi's Laboratories is engaged in the manufacture of generic APIs and intermediates, custom synthesis of active ingredients and advanced intermediates for pharma MNCs, other speciality chemicals like Carotenoids and complex compounds like peptides and Nucleotides. After successfully developing and marketing generics and intermediates for generic players, the company started custom synthesis of NCEs developed by MNCs by providing generics and advanced intermediates. The company started Carotenoid supplies in FY09. Promoted by Dr Murali K Divi, the company raised ₹ 17 crore through its maiden IPO in March 2003.

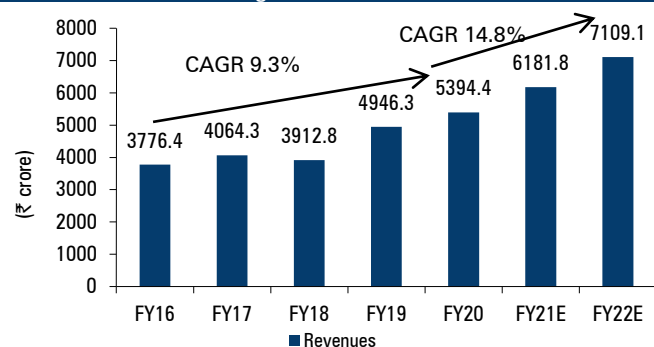
DLL's product portfolio comprises two broad segments- (i) generics including nutraceuticals and (ii) custom synthesis of generics, intermediates and speciality ingredients for innovator pharma MNCs. It also includes peptide building blocks.

To enter the custom synthesis space in the nineties, the company made its own case to innovators, which, until then, were relying on services provided by major players such as BASF, Degussa, etc. As these players grew and became as big as the innovators themselves, companies like Divi's, on account of their capabilities and commitment towards the strict IP regime, started getting assignments.

The custom synthesis business is a high margin one but at times lumpy as it depends on offtake from customers (global top 20 big pharma). This business had a difficult time during FY10 and FY11 as most customers resorted to de-stocking due to the global slowdown. However, this business has shown a good recovery due to improved business environment. Strong R&D capabilities and India based cost arbitrage along with IP adherence are some key strengths of Divi's, which will drive incremental assignments from MNCs.

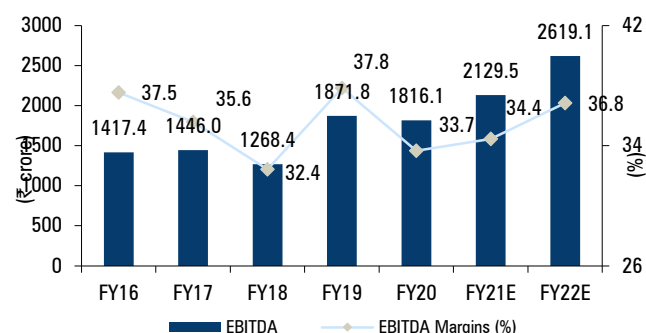
In the generics segment, two generics, Naproxen (pain management) and Dextromethorphan (cough suppressant) account for ~30% of overall revenues. Divi's enjoys ~70% global market share in these two products. These products are already mature with limited competitors having other priorities. DLL is also increasing its presence in another niche area of Carotenoids after acquiring the requisite capabilities. It has developed various types of Carotenoids including Beta-carotene, the largest in the group.

**Exhibit 5: Revenues to grow at CAGR of 15% over FY20-22E**



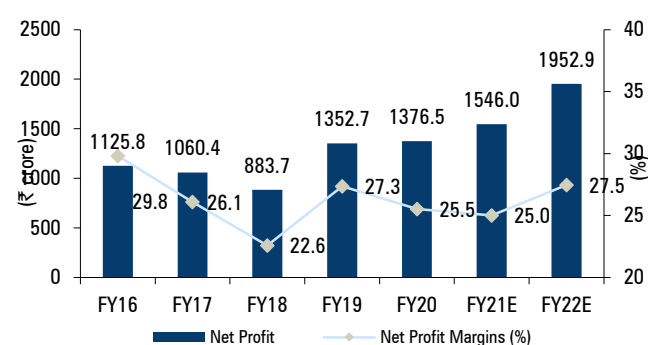
Source: ICICI Direct Research, Company

**Exhibit 6: EBITDA & margins trend**



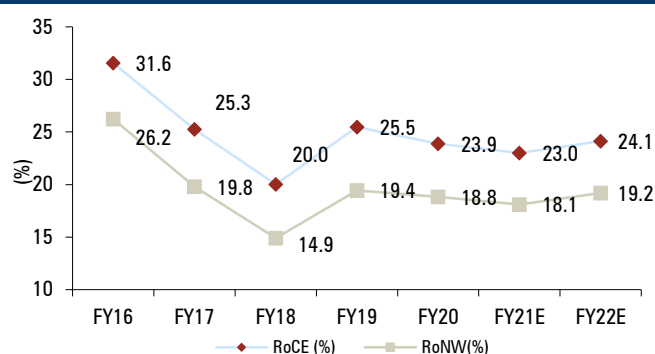
Source: ICICI Direct Research, Company

**Exhibit 7: Net profit & margins trend**



Source: ICICI Direct Research, Company

**Exhibit 8: RoE & RoCE trend**



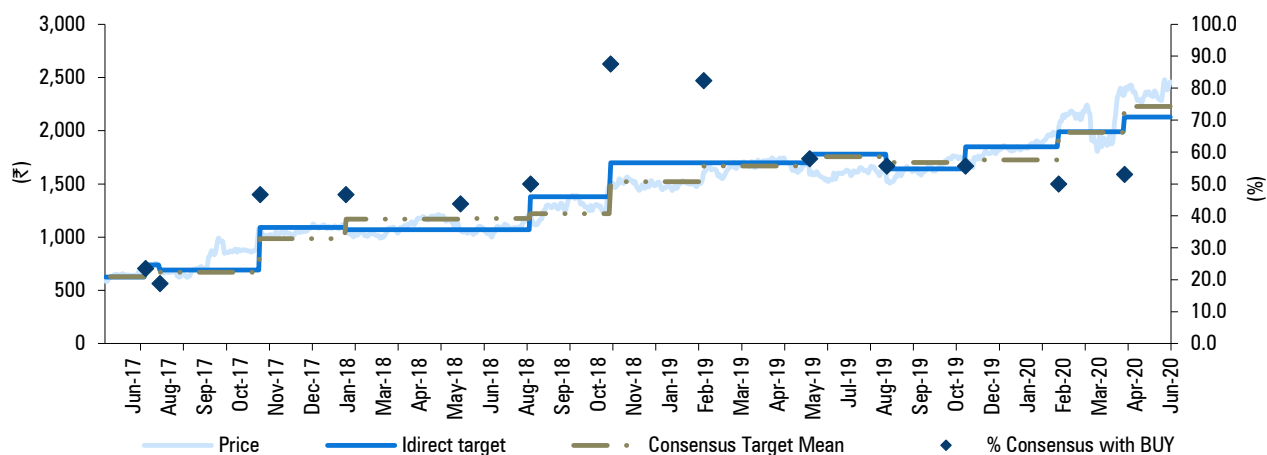
Source: ICICI Direct Research, Company

**Exhibit 9: Valuation**

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(x)	(%)	(%)
FY19	4946	26.4	51.0	53.1	47.2	32.8	19.4	25.5
FY20	5394	9.1	51.9	1.8	46.4	33.6	18.8	23.9
FY21E	6182	14.6	58.2	12.3	41.3	28.4	18.1	23.0
FY22E	7109	15.0	73.6	26.3	32.7	22.9	19.2	24.1

Source: ICICI Direct Research

Exhibit 10: Recommendation history vs Consensus



Source: ICICI Direct Research, Bloomberg

Exhibit 11: Top 10 Shareholders

Rank	Investor Name	Filing Date	% O/S	Position (m)	Change
1	Kiran Divi Satchandra	31-Mar-20	20.3	54.00m	0.0m
2	Motaparti Nilima	31-Mar-20	20.3	54.00m	0.0m
3	Latha Divi Swarna	31-Mar-20	5.3	14.00m	0.0m
4	SBI Funds Management Pvt Ltd	31-Dec-19	5.1	13.49m	2.0m
5	Divis Biotech Pvt Ltd	31-Mar-20	3.0	8.00m	0.0m
6	Axis Asset Management Co Ltd/India	30-Apr-20	3.0	7.86m	1.3m
7	Divi Murali Krishna Prasad	31-Mar-20	2.9	7.57m	0.0m
8	Reliance Capital Trustee Co Ltd	31-Dec-19	2.3	6.19m	(1.0)m
9	Norges Bank	31-Dec-19	1.7	4.38m	0.0m
10	Government Pension Fund - Global	31-Dec-19	1.6	4.35m	(0.2)m

Source: ICICI Direct Research, Bloomberg

Exhibit 12: Shareholding Pattern

(in %)	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Promoter	52.0	52.0	52.0	52.0	52.0
Others	48.0	48.0	48.0	48.0	48.0

Source: ICICI Direct Research, Company

## Financial Summary

**Exhibit 13: Profit & Loss (₹ crore)**

(Year-end March)	FY19	FY20	FY21E	FY22E
<b>Revenues</b>	<b>4,946.3</b>	<b>5,394.4</b>	<b>6,181.8</b>	<b>7,109.1</b>
Growth (%)	26.4	9.1	14.6	15.0
Raw Material Expenses	1,825.2	2,108.5	2,394.6	2,718.2
Employee Expenses	542.3	621.1	737.0	812.0
Other Expenses	706.9	848.8	920.7	959.7
<b>EBITDA</b>	<b>1,871.8</b>	<b>1,816.1</b>	<b>2,129.5</b>	<b>2,619.1</b>
Growth (%)	47.6	-3.0	17.3	23.0
Depreciation	168.9	186.2	266.2	317.0
Interest	3.5	6.1	1.2	1.2
Other Income	155.6	195.8	185.5	251.8
PBT	1,855.1	1,819.5	2,047.6	2,552.8
Total Tax	502.3	442.9	501.7	599.9
<b>Adjusted PAT</b>	<b>1,352.7</b>	<b>1,376.5</b>	<b>1,546.0</b>	<b>1,952.9</b>
Growth (%)	53.1	1.8	12.3	26.3
<b>EPS (Adjusted)</b>	<b>51.0</b>	<b>51.9</b>	<b>58.2</b>	<b>73.6</b>

Source: ICICI Direct Research

**Exhibit 14: Cash Flow Statement (₹ crore)**

(Year-end March)/(₹crore)	FY19	FY20	FY21E	FY22E
Profit/(Loss) after taxation	1,370.6	1,374.2	1,546.0	1,952.9
Add: Depreciation & Amortizat	168.9	186.2	266.2	317.0
(Inc)/dec in Current Assets	-906.4	-326.2	-428.9	-591.8
Inc/(dec) in CL and Provisions	137.2	107.9	60.7	132.8
Other Operating Activities	184.0	-126.2	1.2	1.2
<b>CF from operating activities</b>	<b>954.3</b>	<b>1,215.9</b>	<b>1,445.2</b>	<b>1,812.1</b>
(Inc)/dec in Fixed Assets	-733.1	-1,182.9	-500.0	-300.0
(Inc)/dec in Investments	-231.1	-67.1	-828.9	-255.9
Other Investing Activities	258.7	1,132.8	348.8	-921.5
<b>CF from investing activities</b>	<b>-705.6</b>	<b>-117.2</b>	<b>-980.1</b>	<b>-1,477.4</b>
inc/(dec) in Loan	77.6	-61.2	0.0	0.0
Dividend & Dividend tax	-320.0	-1024.1	-318.6	-318.6
Others	-3.5	-6.1	-1.2	-1.2
<b>CF from financing activities</b>	<b>-245.9</b>	<b>-1,091.4</b>	<b>-319.7</b>	<b>-319.7</b>
Net Cash flow	2.8	7.4	145.4	14.9
Opening Cash	112.5	115.3	122.6	268.0
<b>Closing Cash</b>	<b>115.3</b>	<b>122.6</b>	<b>268.0</b>	<b>282.9</b>
<b>Free Cash Flow</b>	<b>221.2</b>	<b>33.1</b>	<b>945.2</b>	<b>1,512.1</b>

Source: ICICI Direct Research

**Exhibit 15: Balance Sheet (₹ crore)**

(Year-end March)/(₹crore)	FY19	FY20	FY21E	FY22E
<b>Liabilities</b>				
Equity Capital	53.1	53.1	53.1	53.1
Reserve and Surplus	6,904.1	7,256.8	8,484.2	10,118.5
Total Shareholders funds	6,957.2	7,309.9	8,537.3	10,171.6
Total Debt	105.6	38.9	38.9	38.9
Deferred Tax Liability	221.2	274.0	306.8	343.7
Non CL & Long Term Provisio	13.2	20.5	23.0	25.7
<b>Total Liabilities</b>	<b>7,297.1</b>	<b>7,643.3</b>	<b>8,906.0</b>	<b>10,579.9</b>
<b>Assets</b>				
Gross Block - Fixed Assets	2,633.9	3,514.3	4,436.8	4,877.6
Accumulated Depreciation	546.2	732.4	998.6	1,315.6
Net Block	2,087.8	2,781.9	3,438.1	3,561.9
Capital WIP	491.9	919.7	497.2	356.4
Total Fixed Assets	2,579.7	3,701.5	3,935.3	3,918.3
Investments	1,945.6	971.4	1,471.4	2,671.4
Inventory	1,772.3	1,863.9	2,215.1	2,547.3
Debtors	1,163.4	1,413.4	1,454.0	1,672.1
Loans and Advances	0.1	0.1	0.1	0.1
Other Current Assets	200.6	308.6	345.6	387.0
Cash	115.3	122.6	268.0	282.9
Total Current Assets	3,251.7	3,708.5	4,282.7	4,889.5
Creditors	492.3	590.7	615.2	707.5
Provisions	1.1	2.5	2.8	3.1
Other current Liabilities	247.8	299.3	335.2	375.4
Total Current Liabilities	741.2	892.5	953.2	1,086.0
Net Current Assets	2,510.6	2,816.0	3,329.5	3,803.5
Other Non CA & LT L & A	261.3	154.3	169.8	186.7
<b>Application of Funds</b>	<b>7,297.1</b>	<b>7,643.3</b>	<b>8,906.0</b>	<b>10,579.9</b>

Source: ICICI Direct Research

**Exhibit 16: Key Ratios (₹ crore)**

(Year-end March)	FY19	FY20	FY21E	FY22E
<b>Per share data (₹)</b>				
Adjusted EPS	51.0	51.9	58.2	73.6
BV per share	262.1	275.4	321.6	383.2
Dividend per share	19.2	19.2	12.0	12.0
Cash Per Share	4.3	4.6	10.1	10.7
<b>Operating Ratios (%)</b>				
Gross margins	62.8	60.9	61.3	61.8
EBITDA margins	37.8	33.7	34.4	36.8
Net Profit margins	27.3	25.5	25.0	27.5
Inventory days	130.8	126.1	130.8	130.8
Debtor days	85.8	95.6	85.8	85.8
Creditor days	36.3	40.0	36.3	36.3
Asset Turnover	1.6	1.2	1.3	1.4
EBITDA conversion rate	51.0	67.0	67.9	69.2
<b>Return Ratios (%)</b>				
RoE	19.4	18.8	18.1	19.2
RoCE	25.5	23.9	23.0	24.1
RoIC	40.0	43.2	37.9	36.5
<b>Valuation Ratios (x)</b>				
P/E	47.2	46.4	41.3	32.7
EV / EBITDA	32.8	33.6	28.4	22.9
Price to Book Value	9.2	8.7	7.5	6.3
EV / Net Sales	12.4	11.3	9.8	8.4
Market Cap / Sales	12.9	11.8	10.3	9.0
<b>Solvency Ratios</b>				
Debt / EBITDA	0.1	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
<b>Current Ratio</b>	<b>4.2</b>	<b>4.0</b>	<b>4.2</b>	<b>4.2</b>

Source: ICICI Direct Research

**Exhibit 17: ICICI Direct Coverage Universe (Healthcare)**

Company	I-Direct Code	CMP (₹)	TP Rating	M Cap (₹cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)				
					FY19	Y20E	Y21E	Y22E	FY19	Y20E	Y21E	Y22E	'19	'20E	'21E	'22E	FY19	Y20E	Y21E	Y22E	
Ajanta Pharma	AJAPHA	1480	1,730	Buy	12915	43.5	53.4	56.0	72.0	34.0	27.7	26.4	20.6	21.8	24.7	22.3	24.2	17.1	18.1	16.7	18.5
Alembic Pharma	ALEMPHA	834	875	Buy	15722	31.4	46.3	41.4	39.8	26.5	18.0	20.2	21.0	19.6	20.6	17.7	16.0	21.8	26.3	19.5	16.2
Apollo Hospital	APOHOS	1366	1,490	Buy	19004	17.0	21.5	35.2	65.7	80.5	63.4	38.8	20.8	8.8	10.4	12.6	16.8	7.1	8.1	11.2	17.9
Aurobindo Pharma	AURPHA	751	920	Buy	44004	41.9	48.8	55.0	61.4	17.9	15.4	13.7	12.2	15.9	17.2	18.2	18.7	17.7	17.0	16.3	15.6
Biocon	BIOCON	381	390	Buy	45726	6.2	5.8	9.8	18.2	61.4	65.5	38.7	21.0	10.9	10.9	15.1	22.1	12.2	10.4	15.2	22.4
Cadila Healthcare	CADHEA	353	375	Hold	36159	18.1	14.3	17.5	20.9	19.6	24.7	20.2	16.9	13.0	10.6	12.1	13.4	17.8	12.9	14.1	14.9
Cipla	CIPLA	636	670	Buy	51285	18.6	19.2	23.0	30.2	34.2	33.1	27.6	21.0	10.9	12.0	13.0	15.4	10.0	9.8	10.8	12.6
Divi's Lab	DIVLAB	2405	2,355	Hold	63845	51.0	51.9	58.2	73.6	47.2	46.4	41.3	32.7	25.5	23.9	23.0	24.1	19.4	18.8	18.1	19.2
Dr Reddy's Lab	DRREDD	3970	4,615	Buy	65966	114.7	121.9	163.8	209.7	34.6	32.6	24.2	18.9	11.1	10.0	18.0	20.8	13.6	13.0	15.2	16.6
Glenmark Pharma	GLEPHA	401	340	Hold	11304	26.9	26.8	34.6	43.2	14.9	14.9	11.6	9.3	15.3	12.8	14.5	16.1	13.5	12.0	13.5	14.5
Hikal	HIKCHE	124	160	Buy	1526	8.4	9.6	11.1	13.3	14.8	12.9	11.2	9.3	14.3	13.3	13.6	14.5	13.6	14.1	14.2	14.9
Ipca Laboratories	IPCLAB	1512	1,900	Buy	19107	35.1	55.7	65.6	79.3	43.1	27.1	23.0	19.1	15.0	20.5	21.0	21.6	14.2	19.1	18.9	19.2
Jubilant Life	JUBLIF	570	550	Buy	9079	54.9	59.9	69.8	89.8	10.4	9.5	8.2	6.3	14.3	14.6	17.2	19.7	17.8	16.6	16.4	17.5
Lupin	LUPIN	897	930	Hold	40635	16.5	-12.7	25.6	38.7	54.2	-70.7	35.1	23.2	9.4	10.6	10.4	14.6	5.4	-4.6	8.5	11.6
Narayana Hrudayam	NARHRU	290	330	Buy	5926	2.9	6.2	8.2	11.4	99.9	46.4	35.5	25.4	7.7	11.6	12.7	15.3	5.5	10.8	12.5	15.1
Natco Pharma	NATPHA	630	650	Hold	11475	34.9	26.9	24.6	23.4	18.0	23.4	25.7	26.9	21.3	14.6	12.7	11.3	18.5	12.6	10.4	9.1
Sun Pharma	SUNPHA	489	540	Buy	117253	15.9	16.8	18.4	24.5	30.8	29.1	26.6	19.9	10.3	10.0	10.3	12.4	9.2	8.9	8.9	10.8
Syngene Int.	SYNINT	374	390	Buy	14960	8.3	10.3	8.6	12.2	45.2	36.3	38.6	27.3	14.8	15.0	12.9	16.4	16.8	15.7	13.7	16.3
Torrent Pharma	TORPHA	2360	2,475	Hold	39937	48.9	60.6	67.0	88.3	48.2	39.0	35.2	26.7	14.2	15.7	17.7	21.2	17.5	21.2	20.0	22.0

Source: ICICI Direct Research, Bloomberg



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Reduce: -5% to -15%;

Sell: <-15%



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