

June 19, 2020

Subdued quarter; next growth phase hinges on new ventures

Q4FY20 revenues remained flat at ₹ 455 crore. Export formulations de-grew 13.3% YoY to ₹ 219 crore due to supply chain issues amid Covid-19. Domestic formulations de-grew 44.8% YoY to ₹ 103 crore due to decline in Hepatitis-C and oncology segment on account of pricing pressure. API segment grew 38% YoY to ₹ 96.4 crore. EBITDA margins declined 433 bps YoY to 28.2% mainly due to change in product mix and lower realisation in the domestic oncology portfolio. EBITDA de-grew 13.5% YoY to ₹ 128.3 crore. Net profit de-grew 22.1% YoY to ₹ 94.1 crore.

Focused approach in US

Natco has carved out its own identity via tie-ups to tap limited but niche products pipeline including 20 Para IVs filings (FY19). As per the revised and more feasible game plan, it plans to market products via tie-ups with established players in the generic space. Till FY19, the company filed 51 ANDAs, which includes some niche FTF opportunities. Overall, the management expects one or two complex product launches in the US.

New launches in CND/oncology to drive domestic revenues

Natco is a leading player in the domestic oncology segment with a product basket of ~32 products (FY19). We expect momentum in oncology segment to continue on the back of incremental launches amid pricing pressure in some products. New launches in cardio/diabetology segment (CND) is also expected to support overall growth. We expect domestic sales to grow at 6.4% CAGR in FY20-22E to ₹ 612 crore.

Valuation & Outlook

Supply chain issues and continued decline in Hep-C along with pricing pressure in domestic oncology segment impacted Q4. For FY20, gCopaxone (Glatiramer Acetate) remained steady. The next big US approval will be gRevlimid while there are handful of other US approvals and launches lined up. However, given the current trend in US wherein the niche opportunities being specifically targeted by USFDA to encourage more generic players, this funnel is getting squeezed. In this backdrop, the management has further curtailed US scope. At the same time, it is looking at other geographies and businesses (agrochemicals). As per new strategy, specific markets- India, Brazil, Canada, China and agrochemical segment, together are likely to contribute 70-80% of revenues in the next two to three years. This metamorphic shift is likely to see some performance slowdown and fluctuation in the near term. The bright spot for Natco is of course its strong balance sheet besides management's ability to carve out a niche out of the available opportunities. The growth trajectory is likely to improve from FY22 onwards as the new strategy settles down. We ascribe a target price of ₹ 740, which includes base business value of ~₹ 448 (20x FY22E EPS of ₹ 22.4) + ₹ 292 for NPV of FTF/Para IVs in the US.

Key Financial Summary

(₹ crore)	FY19	FY20	FY21E	FY22E	CAGR FY20-22E (%)
Revenues	2094.5	1915.0	2018.7	2100.7	4.74
E BITDA	794.8	582.6	612.7	587.9	0.45
E BITDA Margins (%)	37.9	30.4	30.4	28.0	
Net Profit	644.4	460.8	435.9	407.4	-5.97
EPS (₹)	35.4	25.3	23.9	22.4	
PE (x)	17.5	24.5	25.9	27.8	
EV to EBITDA (x)	14.2	19.8	18.1	18.6	
Price to book (x)	3.2	3.0	2.8	2.6	
RoNW (%)	18.5	12.2	10.7	9.3	
RoCE (%)	21.3	14.0	12.9	11.3	

Source: ICICI Direct Research, Company



Particulars

Particular	Amount
Market Capitalisation	₹11306 crore
Debt (FY 20)	₹316 crore
Cash (FY 20)	₹66 crore
EV	₹11556 crore
52 week H/L (₹)	738/403
Equity capital	₹36.4 crore
Face value	₹2

Key Highlights

- Supply chain issues and continued decline in Hep-C, along with pricing pressure in domestic oncology segment impacted Q4
- Next big US approval will be gRevlimid. There are handful of other US approvals and launches lined up
- Metamorphic shift in business/geographical focus likely to see some performance slowdown and fluctuation in the near term.
- Upgrade from HOLD to BUY

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Exhibit 1: Variance Analysis

	Q4FY20	Q4FY19	Q3FY20	YoY (%)	QoQ (%)	Comments
Revenue	454.8	455.7	482.2	-0.2	-5.7	YoY muted and miss vis-à-vis I-direct estimates mainly due to lower-than-expected sales in both export and domestic formulation that was partially negated by robust growth in API
Raw Material Expenses	94.9	67.0	91.5	41.6	3.7	A 616 bps YoY decline in gross margins to 79.1% mainly due to change in product mix and lower realisation in domestic oncology portfolio
Employee Expenses	81.6	81.3	97.8	0.4	-16.6	
Other Expenditure	150.0	159.1	164.2	-5.7	-8.6	
Total Operating Expenditure	326.5	307.4	353.5	6.2	-7.6	
EBITDA	128.3	148.3	128.7	-13.5	-0.3	
EBITDA (%)	28.2	32.5	26.7	-433 bps	152 bps	YoY decline and miss vis-à-vis I-direct estimates mainly due to lower gross margins
Interest	3.5	5.2	5.3	-32.7	-34.0	
Depreciation	30.5	21.7	25.4	40.6	20.1	
Other Income	22.4	31.0	30.8	-27.7	-27.3	
EO	0.0	0.0	0.0	0.0	0.0	
PBT	116.7	152.4	128.8	-23.4	-9.4	
Tax	23.5	32.0	24.4	-26.6	-3.7	
PAT before MI	93.2	120.4	104.4	-22.6	-10.7	
MI	-0.9	-0.4	-0.1	NA	NA	
Adj.Net Profit	94.1	120.8	104.5	-22.1	-10.0	YoY decline and miss vis-à-vis I-direct estimates in sync with operational performance and higher depreciation
Key Metrics						
APIs	96.4	70.0	92.5	37.7	4.2	
Domestic Oncology	65.0	116.0	95.0	-44.0	-31.6	Decline and miss vis-à-vis I-direct estimates mainly due to sharp decline in hospitals demand amid Covid-19
Export Formulations	219.4	253.0	220.2	-13.3	-0.4	Decline and miss vis-à-vis I-direct estimates mainly due to Covid-19
Domestic (ex Oncology)	26.0	53.0	46.0	-50.9	-43.5	

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

	FY21E			FY22E			Comments
	Old	New	% Change	Old	New	% Change	
(₹ Crore)							
Revenue	2,046.7	2,018.7	-1.4	2,142.3	2,100.7	-1.9	
EBITDA	636.0	612.7	-3.7	620.0	587.9	-5.2	
EBITDA Margin (%)	31.1	30.4	-72 bps	28.9	28.0	-96 bps	Decline mainly due to change in product mix and negative operational leverage owing to Covid-19
PAT	453.1	435.9	-3.8	432.4	407.4	-5.8	
EPS (₹)	24.6	23.9	-3.8	23.4	22.4	-5.8	Decline mainly in sync with operational performance

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

	Current				Earlier		Comments
	FY19	FY20	FY21E	FY22E	FY21E	FY22E	
APIs	303.0	355.2	378.9	416.8	321.3	337.4	
Domestic formulations	735.0	540.8	520.1	612.5	701.7	793.9	Decline mainly due to lower-than-expected sales in FY20 and likely impact of Covid-19
Exports formulations	994.0	932.6	1,054.0	1,003.1	957.2	941.5	Increase mainly due to change in currency assumption

Source: ICICI Direct Research

Conference Call Highlights

- Q4 revenue & profitability impacted by Hepatitis-C decline and oncology segment amid pricing pressure + Q4 supply chain issues due to Covid-19 which have been resolved
 - Oncology continues to see pricing pressure due to government mandated caps on margins for certain cancer drugs
 - Oncology break-up between oral: chemo – 65:35
 - Oral sales have started returning but chemotherapy that requires hospitalisation continues to remain muted
- FY20 domestic sales bifurcation – Hepatitis C ₹ 170 crore; oncology ₹ 308 crore; cardio-diabetology (CnD): ₹ 45 crore
- Revlimid: US approval likely in Q2FY21; In Canada, the company will commence trials in the first week of July
- The company has spent ~ ₹ 100 crore agrochem capex
 - CTPR (Chlorantraniliprole) approval is expected in near term; the company has also filed another product (regulatory approval to take ~9-10 months)
- Investments (under ₹ 10 crore)
 - Veda: to get insight of agrochemical distribution
 - OMRV: for getting an understanding of the hospital space
 - AACT: for oncology drug discovery
- Copaxone – stable revenues from FY19 with gain in market share to 30%
- The company has launched around 10 products in FY20 and plans to launch further eight to 10 products in FY21 domestically
- The company has a strong export order book for FY21
- Growth prospects: new launches in Brazil, Canada; increased traction in core US portfolio
 - China: Four to five products under approval with one or two expected this fiscal
- In addition to forex gain, the company has benefited from export of Chloroquine and Oseltamivir amid Covid-19 and the resultant stocking of drugs
- The company has a settlement agreement in place with Sorefenib originator and has 180 day exclusivity

Exhibit 4: Trends in quarterly financials

₹Crore	14FY17	11FY18	12FY18	13FY18	14FY18	11FY19	12FY19	13FY19	14FY19	11FY20	Q2FY20	13FY20	14FY20	YoY (%)	QoQ (%)
Revenues	564.7	428.1	426.7	562.2	767.8	538.6	543.5	556.7	455.7	492.3	485.7	482.2	454.8	-0.2	-5.7
Raw Material Ex	117.2	109.4	112.9	65.8	123.0	87.3	94.9	105.0	67.0	76.0	119.2	91.5	94.9	41.6	3.7
% of Revenues	20.8	25.6	26.5	11.7	16.0	16.2	17.5	18.9	14.7	15.4	24.5	19.0	20.9	11 bps	-557 bps
Gross Profit	447.5	318.7	313.8	496.4	644.8	451.3	448.6	451.7	388.7	416.3	366.5	390.7	359.9	-7.4	-7.9
Gross Profit Mar	79.2	74.4	73.5	88.3	84.0	83.8	82.5	81.1	85.3	84.6	75.5	81.0	79.1	-11 bps	557 bps
Employee Exper	79.6	63.1	73.6	78.8	110.1	88.7	92.6	93.3	81.3	93.2	102.4	97.8	81.6	0.4	-16.6
% of Revenues	14.1	14.7	17.2	14.0	14.3	16.5	17.0	16.8	17.8	18.9	21.1	20.3	17.9	352 bps	-80 bps
Other Expenses	126.8	118.9	118.3	131.1	151.4	145.0	135.5	150.0	159.1	131.8	129.8	164.2	150.0	-5.7	-8.6
% of Revenues	22.5	27.8	27.7	23.3	19.7	26.9	24.9	26.9	34.9	26.8	26.7	34.1	33.0	711 bps	733 bps
Total Expenditur	323.6	291.4	304.8	275.7	384.5	321.0	323.0	348.3	307.4	301.0	351.4	353.5	326.5	6.2	-7.6
% of Revenues	57.3	68.1	71.4	49.0	50.1	59.6	59.4	62.6	67.5	61.1	72.3	73.3	71.8	1074 bps	96 bps
EBITDA	241.1	136.7	121.9	286.5	383.3	217.6	220.5	208.4	148.3	191.3	134.3	128.7	128.3	-13.5	-0.3
EBITDA Margins	42.7	31.9	28.6	51.0	49.9	40.4	40.6	37.4	32.5	38.9	27.7	26.7	28.2	-1074 bps	-96 bps
Depreciation	13.5	15.0	16.0	17.2	18.0	18.4	20.2	20.7	21.7	22.0	21.9	25.4	30.5	40.6	20.1
Interest	6.4	3.9	4.2	4.3	3.0	2.8	5.0	6.3	5.2	6.5	6.2	5.3	3.5	-32.7	-34.0
Other income	-0.6	3.4	5.5	11.4	20.1	35.9	40.0	23.3	31.0	21.0	33.2	30.8	22.4	-27.7	-27.3
Less: Exception:	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
PBT	220.6	121.2	107.2	276.4	382.4	232.3	235.3	204.7	152.4	183.8	139.4	128.8	116.7	-23.4	-9.4
Total Tax	44.2	27.5	22.8	59.0	82.7	51.2	53.7	45.4	32.0	41.0	21.7	24.4	23.5	-26.6	-3.7
Tax rate (%)	20.0	22.7	21.3	21.3	21.6	22.0	22.8	22.2	21.0	22.3	15.6	18.9	20.1		
PAT	176.4	93.7	84.4	217.4	299.7	181.1	181.6	159.3	120.4	142.8	117.7	104.4	93.2	-22.6	-10.7
PAT Margin (%)	31.2	21.9	19.8	38.7	39.0	33.6	33.4	28.6	26.4	29.0	24.2	21.7	20.5	-696 bps.	-258 bps.
Minority Interest	-0.3	-0.3	-0.4	-0.1	-0.2	-0.5	-0.9	-0.2	-0.4	-0.4	-1.3	-0.1	-0.9		
PAT after MI	176.7	94.0	84.8	217.5	299.9	181.6	182.5	159.5	120.8	143.2	119.0	104.5	94.1	-22.1	-10.0
EPS (₹)	11.3	6.0	5.4	13.9	18.1	11.0	11.0	9.6	7.3	7.9	6.5	5.7	5.2		

Source: ICICI Direct Research

Company Background

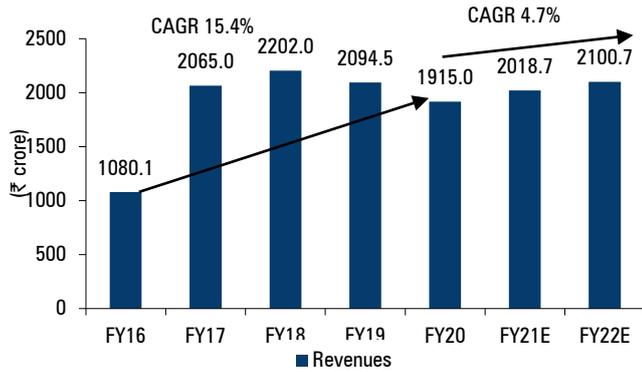
Natco Pharma (NPL) is a mid-sized pharmaceutical company with a presence across the pharma value chain. The company also has a US retail business. It owns six manufacturing facilities including four formulations facilities and two API facilities. Overall revenues grew at a CAGR of 15.4% in FY16-20.

Natco is a leading domestic player in the oncology space. NPL's product pipeline consists of drugs, which are used for various types of cancer like blood cancer, breast cancer, brain cancer, ovarian cancer, lung cancer and prostate cancer. Currently, Natco is marketing ~32 products in the Indian market (FY19).

On the export front, Natco exports products to US, Canada and Europe regions. Despite being a late entrant in the US market, it has carved out its own identity via tie-ups to tap limited but niche products pipeline including 20 Para IVs and two limited competition products. The products, which have first to file status, are Lenalidomide capsules, Lanthanum Carbonate chewable tablets, Lapatinib Ditosylate tablets and Bendamustine Hydrochloride powder. There are still more such candidates in the pipeline.

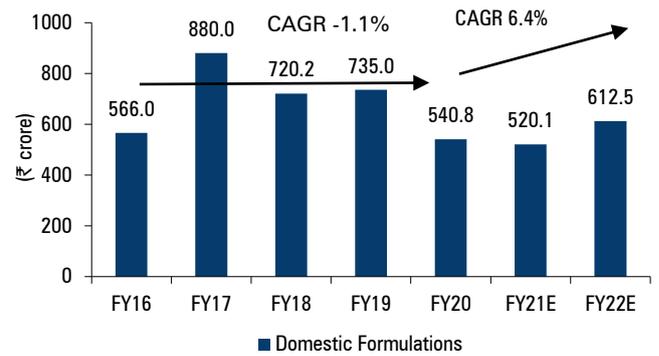
The management has charted a new growth roadmap with plans to enter the agrochemical business. Subsequently, the company filed a broad spectrum insecticide, Chlorantraniliprole (CTPR) in India for which it expects approval from agricultural ministry shortly. The company has done an investment of ₹ 100 crore till date. Additionally, the company has filed another agro product (undisclosed) recently. Overall, the management expects this segment to contribute ~10-15% of overall revenues three years down the line.

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



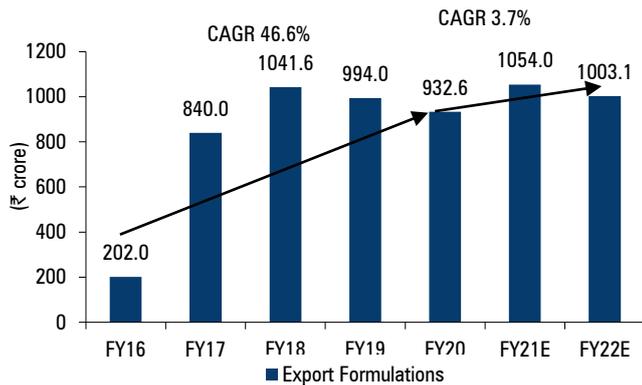
Source: ICICI Direct Research, Company

Exhibit 6: Domestic to grow at CAGR of 6% over FY20-22E



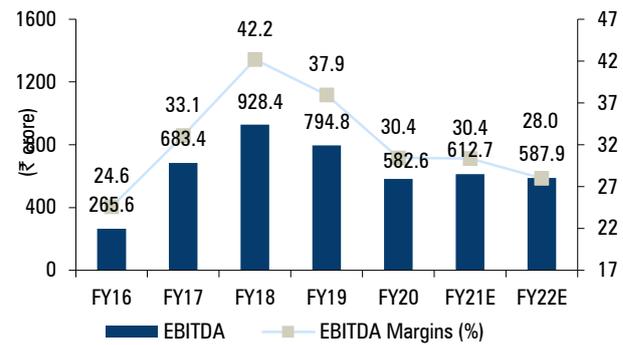
Source: ICICI Direct Research, Company

Exhibit 7: Export to grow at CAGR of 4% over FY20-22E



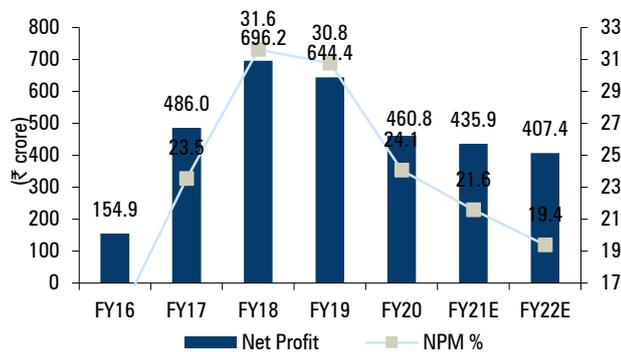
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



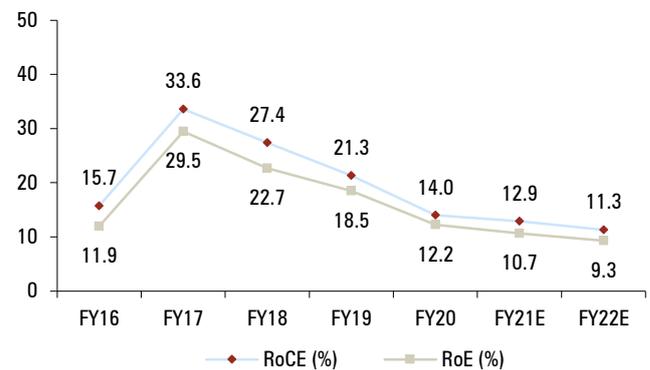
Source: ICICI Direct Research, Company

Exhibit 9: Net profit & net profit margins trend



Source: ICICI Direct Research, Company

Exhibit 10: RoE & RoCE trend



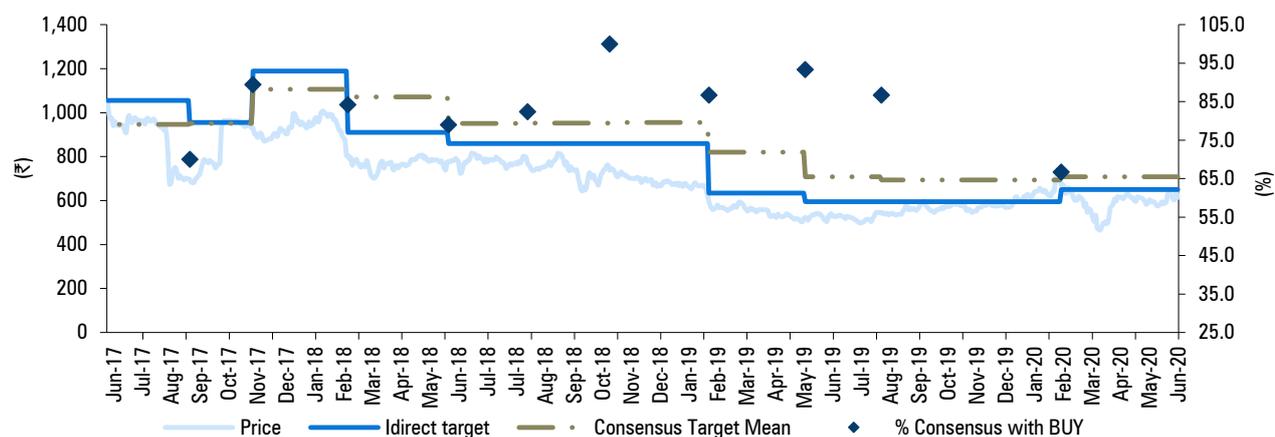
Source: ICICI Direct Research, Company

Exhibit 11: Valuation Summary

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY 19	2095	-4.9	35.4	-7.4	17.5	14.2	18.5	21.3
FY 20	1915	-8.6	25.3	-28.5	24.5	19.8	12.2	14.0
FY 21E	2019	5.4	23.9	-5.4	25.9	18.1	10.7	12.9
FY 22E	2101	4.1	22.4	-6.5	27.8	18.6	9.3	11.3

Source: ICICI Direct Research, Bloomberg

Exhibit 12: Recommendation history vs. Consensus



Source: ICICI Direct Research; Bloomberg

Exhibit 13: Top 10 Shareholders

Rank	Investor Name	Filing Date	% O/S	Position (m)	Change
1	Nannapaneni V C	31-Mar-20	15.4	28.03m	0.0m
2	Time Cap Pharma Labs Pvt	31-Mar-20	9.4	17.16m	0.0m
3	Kantamani Venkta Satya S	31-Mar-20	8.8	15.98m	0.0m
4	Natsoft Information Sys	31-Mar-20	8.7	15.77m	0.0m
5	Rajeev N	31-Mar-20	6.2	11.28m	11.3m
6	Vistra ITCL India Ltd	31-Mar-20	2.6	4.68m	0.6m
7	ICICI Prudential Asset Management	31-May-20	2.5	4.56m	1.3m
8	Nannapaneni Durga Devi	31-Mar-20	1.9	3.54m	0.0m
9	Plenty PE Fund I Ltd	31-Mar-20	1.7	3.17m	0.0m
10	Nomura Holdings Inc	31-Mar-20	1.7	3.09m	(0.0)m

Source: ICICI Direct Research, Bloomberg

Exhibit 14: Shareholding Pattern

(in %)	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Promoter	48.7	49.0	49.0	49.0	48.9
Others	51.3	51.0	51.0	51.0	51.1

Source: ICICI Direct Research, Company

Financial Summary

Exhibit 15: Profit & Loss (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Revenues	2,094.5	1,915.0	2,018.7	2,100.7
Growth (%)	-4.9	-8.6	5.4	4.1
Raw Material Expenses	354.2	381.6	383.5	462.1
Employee Expenses	355.9	375.0	401.3	409.3
Other expenses	589.6	575.8	621.1	641.4
Total Operating Expenditure	1,299.7	1,332.4	1,405.9	1,512.8
EBITDA	794.8	582.6	612.7	587.9
Growth(%)	-14.4	-26.7	5.2	-4.1
Depreciation	81.0	99.8	116.0	132.2
Interest	19.3	21.5	15.8	15.8
Other Income	130.2	107.4	87.9	91.5
PBT	824.7	568.7	568.8	531.3
Total Tax	182.3	110.6	136.5	127.5
PAT before MI	642.4	458.1	432.3	403.8
Minority Interest	-2.0	-2.7	-3.6	-3.6
Adjusted PAT	644.4	460.8	435.9	407.4
Growth(%)	-7.4	-28.5	-5.4	-6.5
EPS (Adjusted)	35.4	25.3	23.9	22.4

Source: ICICI Direct Research

Exhibit 16: Cash Flow Statement (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Profit/(Loss) after taxation	645.9	460.9	435.9	407.4
Add: Depreciation	81.0	99.8	116.0	132.2
(Inc)/dec in Current Assets	40.6	-151.2	232.2	-35.6
Inc/(dec) in CL and Provisions	-33.2	53.6	-5.7	19.7
CF from operating activities	734.3	463.1	778.5	523.7
(Purchase)/Sale of Fixed Assets	-443.9	-336.5	-250.0	-250.0
(Increase)/Decrease in Investments	-92.1	53.0	-171.6	-200.0
Others	13.9	-96.5	3.0	3.3
CF from investing activities	-522.1	-380.0	-418.6	-446.7
Inc / (Dec) in Equity Capital	0.0	0.1	0.0	0.0
Inc / (Dec) in Loan	0.0	0.0	0.0	0.0
Dividend & Dividend tax	-110.8	-153.6	-118.3	-109.2
Others	59.9	-97.3	-15.8	-15.8
CF from financing activities	-50.9	-250.8	-134.1	-125.0
Net Cash flow	161.3	-167.7	225.8	-48.1
Opening Cash	183.7	279.5	66.0	307.6
Closing Cash	345.0	111.8	291.8	259.5
Free Cash Flow	290.4	126.6	528.5	273.7

Source: ICICI Direct Research

Exhibit 17: Balance Sheet (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Equity Capital	36.5	36.4	36.4	36.4
Reserve and Surplus	3,452.5	3,737.1	4,054.7	4,352.8
Total Shareholders funds	3,489.0	3,773.5	4,091.1	4,389.2
Total Debt	386.3	315.9	315.9	315.9
Deferred Tax Liability	11.6	25.9	28.0	30.2
Minority Interest / Others	2.8	12.0	13.0	14.0
Long Term Provisions	71.0	90.2	90.2	90.2
Total Liabilities	3,960.7	4,217.5	4,538.1	4,839.5
Gross Block - Fixed Assets	1,696.1	2,153.1	2,503.1	2,853.1
Accumulated Depreciation	468.9	568.7	684.7	817.0
Net Block	1,227.2	1,584.4	1,818.4	2,036.1
Capital WIP	637.6	518.0	418.0	318.0
Total Fixed Assets	1,864.8	2,102.4	2,236.4	2,354.1
Investments	168.6	112.3	283.9	483.9
Inventory	529.0	558.0	391.9	407.8
Debtors	506.2	551.3	485.2	504.9
Cash	279.5	66.0	307.6	275.3
Other Current Assets	883.8	1,121.6	1,121.6	1,121.6
Total Current Assets	2,198.5	2,296.9	2,306.3	2,309.6
Creditors	217.0	255.4	240.6	250.3
Provisions	9.0	10.5	11.3	12.2
Other Current Liabilities	116.4	104.4	112.8	121.8
Total Current Liabilities	342.4	370.3	364.6	384.3
Net Current Assets	1,856.1	1,926.6	1,941.6	1,925.3
LT L & A & Other Non CA	71.2	76.2	76.2	76.2
Application of Funds	3,960.7	4,217.5	4,538.1	4,839.5

Source: ICICI Direct Research

Exhibit 18: Key Ratios (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Per share data (₹)				
Adjusted EPS	35.4	25.3	23.9	22.4
BV per share	191.6	207.3	224.7	241.1
Dividend per share	11.1	6.8	6.5	6.0
Cash Per Share	15.4	3.6	16.9	15.1
Operating Ratios (%)				
Gross Profit Margins	83.1	80.1	81.0	78.0
EBITDA Margins	37.9	30.4	30.4	28.0
PAT Margins	30.8	24.1	21.6	19.4
Inventory days	92.2	106.4	70.9	70.9
Debtor days	88.2	105.1	87.7	87.7
Creditor days	37.8	48.7	43.5	43.5
Asset Turnover	1.2	0.9	0.8	0.7
EBITDA Conversion Rate	92.4	79.5	127.0	89.1
Return Ratios (%)				
RoE	18.5	12.2	10.7	9.3
RoCE	21.3	14.0	12.9	11.3
RoIC	24.7	13.4	13.8	11.8
Valuation Ratios (x)				
P/E	17.5	24.5	25.9	27.8
EV / EBITDA	14.2	19.8	18.1	18.6
EV / Net Sales	5.4	6.0	5.5	5.2
Market Cap / Sales	5.4	5.9	5.6	5.4
Price to Book Value	3.2	3.0	2.8	2.6
Solvency Ratios				
Debt / EBITDA	0.5	0.5	0.5	0.5
Debt / Equity	0.1	0.1	0.1	0.1
Current Ratio	5.6	6.0	5.5	5.3

Source: ICICI Direct Research

Exhibit 19: 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	Y19	'20E	'21E	'22E	FY19	Y20E	Y21E	Y22E
Ajanta Pharma	AJAPHA	1459	1,730	Buy	12731	43.5	53.4	56.0	72.0	33.5	27.3	26.0	20.3	21.8	24.7	22.3	24.2	17.1	18.1	16.7	18.5
Alembic Pharm	ALEMPHA	908	875	Buy	17123	31.4	46.3	41.4	39.8	28.9	19.6	22.0	22.8	19.6	20.6	17.7	16.0	21.8	26.3	19.5	16.2
Apollo Hospital	APOHOS	1347	1,490	Buy	18746	17.0	21.5	35.2	65.7	79.4	62.5	38.3	20.5	8.8	10.4	12.6	16.8	7.1	8.1	11.2	17.9
Aurobindo Pha	AURPHA	787	920	Buy	46131	41.9	48.8	55.0	61.4	18.8	16.1	14.3	12.8	15.9	17.2	18.2	18.7	17.7	17.0	16.3	15.6
Biocon	BIOCON	394	390	Buy	47238	6.2	5.8	9.8	18.2	63.4	67.7	40.0	21.6	10.9	10.9	15.1	22.1	12.2	10.4	15.2	22.4
Cadila Healthc	CADHEA	366	375	Hold	37433	18.1	14.3	17.5	20.9	20.2	25.6	20.9	17.5	13.0	10.6	12.1	13.4	17.8	12.9	14.1	14.9
Cipla	CIPLA	642	670	Buy	51767	18.6	19.2	23.0	30.2	34.6	33.4	27.9	21.2	10.9	12.0	13.0	15.4	10.0	9.8	10.8	12.6
Divi's Lab	DIVLAB	2310	2,355	Hold	61335	51.0	51.9	58.2	73.6	45.3	44.6	39.7	31.4	25.5	23.9	23.0	24.1	19.4	18.8	18.1	19.2
Dr Reddy's Lab	DRREDD	4007	4,615	Buy	66581	114.7	121.9	163.8	209.7	34.9	32.9	24.5	19.1	11.1	10.0	18.0	20.8	13.6	13.0	15.2	16.6
Glenmark Phar	GLEPHA	406	340	Hold	11446	26.9	26.8	34.6	43.2	15.1	15.1	11.7	9.4	15.3	12.8	14.5	16.1	13.5	12.0	13.5	14.5
Hikal	HIKCHE	119	160	Buy	1472	8.4	9.6	11.1	13.3	14.3	12.4	10.8	8.9	14.3	13.3	13.6	14.5	13.6	14.1	14.2	14.9
Ipca Laboratori	IPCLAB	1599	1,900	Buy	20204	35.1	47.8	63.3	79.2	45.6	33.4	25.3	20.2	15.0	17.4	19.7	20.7	14.2	16.6	18.1	18.6
Jubilant Life	JUBLIF	668	550	Buy	10646	54.9	59.9	69.8	89.8	12.2	11.2	9.6	7.4	14.3	14.6	17.2	19.7	17.8	16.6	16.4	17.5
Lupin	LUPIN	919	930	Hold	41652	16.5	-12.7	25.6	38.7	55.6	-72.4	36.0	23.8	9.4	10.6	10.4	14.6	5.4	-4.6	8.5	11.6
Narayana Hrud	NARHRU	275	340	Buy	5620	2.9	6.4	-3.1	9.6	94.7	43.3	-89.6	28.6	7.7	11.0	0.0	14.2	5.5	11.4	-5.8	15.7
Natco Pharma	NATPHA	621	740	Buy	11306	35.4	25.3	23.9	22.4	17.5	24.5	25.9	27.8	21.3	14.0	12.9	11.3	18.5	12.2	10.7	9.3
Sun Pharma	SUNPHA	484	540	Buy	116185	15.9	16.8	18.4	24.5	30.5	28.9	26.4	19.8	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 Pharm	TORPHA	2522	2,475	Hold	42672	48.9	60.6	67.0	88.3	51.5	41.6	37.6	28.5	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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