Divi's Laboratories (DIVLAB)

ICICI direct Research

CMP: ₹ 2800 | Target: ₹ 3260 (16%) | Target Period: 12 months | BUY

August 9, 2020

Result Update

Exemplary performance; strong overall beat...

Revenues grew a robust 48.8% YoY to ₹ 1730 crore (I-direct estimate: ₹ 1303 crore) on the back of strong growth across segments. Generic segment grew 54.0% YoY to ₹ 894 crore. Carotenoids grew 19.8% YoY to ₹ 127 crore. Custom synthesis grew 48.9% YoY to ₹ 709 crore. EBITDA margins expanded 716 YoY, 847 bps QoQ to 40.5% (I-direct estimates: 32.5%) due to significantly better overall operational performance. Hence, EBITDA grew 80.8% YoY to ₹ 700 crore (I-direct estimate: ₹ 423 crore). PAT grew 80.6% YoY to ₹ 492 crore (I-direct estimate: ₹ 307 crore) in line with strong operational performance.

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 18.6% to ₹ 3110 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 22% to ₹ 4739 crore in FY20-22E.

Valuations & Outlook

Q1 results were way ahead of I-direct estimates on all fronts. More than strong quarterly performance (that management stresses that in a business like this can be lumpy) important narrative for Divi's is unprecedented capex to further augment capacities besides preparing for growing opportunities arising due to China factor. The company has earmarked an aggressive capex of ~₹ 1800 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. The company stays a quintessential play in the Indian API/CRAMs segment with its product offerings and execution prowess. We upgrade from HOLD to **BUY** with a target price of ₹ 3260 based on 38x FY22E EPS of ₹ 85.8.

Divi's Laboratories Limited

Particulars

Particular	Amount
Market Capitalisation	₹74331 crore
Debt (FY20)	₹39 crore
Cash & equivalents (FY20)	₹1094 crore
EV	₹73276 crore
52 week H/L	2820/1466
Equity capital	₹53.1 crore
Face value	₹2

Key Highlights

- Divi's Laboratories reported a stellar Q1FY21 performance. Q1 results were better than I-direct estimates on all fronts.
- To further augment capacities besides preparing for growing opportunities arising due to China factor, the company has earmarked an aggressive capex of ~₹ 1800 crore
- The company remains a quintessential play in the Indian API / CRAMs segment with its product offerings and execution prowess.
- Upgraded from HOLD to BUY

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ICICI Securities – Retail Equity Research

Key Financial Summary

(₹crore)	FY19	FY20	FY21E	FY22E	CAGR (FY20-22E) %
Revenues	4946.3	5394.4	6825.3	7849.1	20.6
EBITDA	1871.8	1816.1	2568.3	3021.9	29.0
EBITDA margins (%)	37.8	33.7	37.6	38.5	
Adj. Net Profit	1352.7	1376.5	1890.0	2277.3	28.6
Adjusted EPS (₹)	51.0	51.9	71.2	85.8	
PE (x)	54.9	54.0	39.3	32.6	
Target PE (x)	1.7	1.8	1.3	1.1	
EV to EBITDA (x)	38.4	39.3	27.6	23.2	
RoNW (%)	19.4	18.8	21.3	21.0	
RoCE (%)	25.5	23.9	27.2	26.5	

Source: ICICI Direct Research; Company

Exhibit 1: Variance Analysis

	Q1FY21	Q1FY21E	Q1FY20	Q4FY20	YoY (%)	QoQ (%)	Comments
Revenue	1,730.5	1,302.9	1,162.9	1,389.7	48.8	24.5	Steep growth and beat vis-à-vis I-direct estimates mainly due to strong growth across segments
Raw Material Expens	639.8	495.1	452.3	515.4	41.5	24.1	192 bps YoY improvement in gross margins to 63% amid 1) product mix 2) decline in some raw material prices, linked with crude 3) backward integration
Employee Expenses	183.9	175.9	140.9	173.1	30.6	6.2	
Other Expenditure	206.7	208.5	182.6	256.7	13.2	-19.5	
Total Expenditure	1,030.4	879.5	775.7	945.3	32.8	9.0	
EBITDA	700.1	423.4	387.1	444.5	80.8	57.5	
EBITDA (%)	40.5	32.5	33.3	32.0	716 bps	847 bps	Sharp improvement and beat vis-à-vis I-direct estimates mainly due to strong gross margins and operational leverage
Interest	0.2	0.3	0.3	0.4	-28.1	-47.7	
Depreciation	56.2	55.5	43.8	49.8	28.2	12.9	
Other income	17.3	39.1	30.3	76.7	-42.8	-77.4	Forex gain was ₹4.8 crore vs loss of ₹6.1 crore in Q1FY20
PBT Before EO	661.0	406.8	373.3	471.0	77.1	40.3	
EO	0.0	0.0	0.0	0.0	NA	NA	
PBT	661.0	406.8	373.3	471.0	77.1	40.3	
Tax	168.9	99.7	100.9	82.7	67.5	104.2	
Net Profit	492.1	307.1	272.4	388.2	80.6	26.7	Strong growth and beat vis-à-vis I-direct estimates mainly in sync with operational performance
Key Metrics							
Generic	894.0	667.5	580.5	734.9	54.0	21.6	
CS	709.5	524.1	476.4	569.8	48.9	24.5	
Carotenoid	127.0	111.3	106.0	85.0	19.8	49.4	

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

	FY21E			FY22E			
(₹Crore)	Old	New	% Change	Old	New	% Change	
Revenue	6,181.8	6,825.3	10.4	7,109.1	7,849.1	10.4	Changed mainly due to better than expected growth in Q1FY21
EBITDA	2,129.5	2,568.3	20.6	2,619.1	3,021.9	15.4	
EBITDA Margin (%)	34.4	37.6	323 bps	36.8	38.5	166 bps	Changed mainly due to better than expected margins in Q1FY21
Net Profit	1,546.0	1,890.0	22.3	1,952.9	2,277.3	16.6	
EPS (₹)	58.2	71.2	22.3	73.6	85.8	16.6	`

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	3,593.5	4,132.5	3,151.0	3,623.7	Changed mainly due to better than expected growth in Q1FY21
Carotenoids	383.0	443.0	527.2	606.3	511.5	588.2	
Custom Synthesis	2,060.6	2,211.4	2,704.7	3,110.4	2,519.3	2,897.1	Changed mainly due to better than expected growth in Q1FY21

Source: ICICI Direct Research

Conference Call Highlights

- Revenue bifurcation: Generic: ₹ 894 crore, CS: ₹ 710 crore, Carotenoid: ₹ 127 crore,
- Total 49% YoY topline growth led by volume expansion; Constant currency YoY growth : 39%
    - Favourable product mix, lumpiness along with volume led growth
- Balance sheet items: Cash ₹ 1343 crore; receivables ₹ 1550 crore; inventory ₹ 1742 crore
- Validated batches for hydroxychloroquine API, developed the process for favipiravir API and manufactured intermediates for Remdesivir
- Revenue contribution from Europe & America: 74%
- Gross block addition: ₹ 215 crore
- Capex – slightly delayed due to lack of technicians, but still looking to complete the ~₹ 1800 crore capex (₹ 1000 completed, ₹ 800 crore WIP) by end of FY21
    - Unit 1 (DCF SEZ) & 2 (DCV SEZ)
        - De-bottlenecking has increased 25-30% production (improved topline, bottomline)
        - Upgradation of quality control systems
        - Backward integration to reduce China raw material dependency
            - Some intermediates for key generic APIs
            - Gabapentin intermediate production and also expand volume
        - Capacities
            - Some custom synthesis capacity
            - Expand existing capacities, new product capabilities – validation batches, waiting for approval
    - Waste water treatment plant
- Kakinada plant legal issues ongoing

- Margins for CS and generic business can vary between 40% and 60% depending on product mix and operational efficiencies

Exhibit 4: Trends in quarterly financials

(₹crore)	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	YoY (%)	QoQ (%
Total Operating Incom	821.2	890.2	1037.9	1088.0	995.3	1285.0	1342.9	1256.4	1162.9	1445.6	1396.3	1389.7	1730.5	48.8	24.5
Raw Material Expens	331.6	357.3	408.4	407.6	381.4	473.2	480.2	503.0	452.3	593.7	547.1	515.4	639.8	41.5	24.1
% of revenues	40.4	40.1	39.3	37.5	38.3	36.8	35.8	40.0	38.9	41.1	39.2	37.1	37.0	-192.2	-11.3
Gross Profit	489.6	532.9	629.5	680.3	613.9	811.8	862.7	753.5	710.6	851.9	849.1	874.3	1090.6	53.5	24.7
Gross Profit Margin (%	59.6	59.9	60.7	62.5	61.7	63.2	64.2	60.0	61.1	58.9	60.8	62.9	63.0	192.2	11.3
Employee Expenses	95.3	104.8	115.0	125.8	121.3	134.7	136.5	138.3	140.9	150.6	156.5	173.1	183.9	30.6	6.2
% of revenues	11.6	11.8	11.1	11.6	12.2	10.5	10.2	11.0	12.1	10.4	11.2	12.5	10.6	-148.6	-183.2
Other Expenses	149.5	150.9	188.4	168.1	140.7	163.0	203.0	204.1	182.6	210.8	198.7	256.7	206.7	13.2	-19.5
% of revenues	18.2	16.9	18.2	15.4	14.1	12.7	15.1	16.2	15.7	14.6	14.2	18.5	11.9	-375.6	-653.0
Total Expenditure	576.4	613.0	711.7	701.5	643.5	770.9	819.6	845.3	775.7	955.0	902.4	945.3	1030.4	32.8	9.0
% of revenues	70.2	68.9	68.6	64.5	64.6	60.0	61.0	67.3	66.7	66.1	64.6	68.0	59.5	-716.5	-847.5
EBITDA	244.8	277.2	326.1	386.5	351.9	514.1	523.3	411.1	387.1	490.6	493.9	444.5	700.1	80.8	57.5
EBITDA Margins (%)	29.8	31.1	31.4	35.5	35.4	40.0	39.0	32.7	33.3	33.9	35.4	32.0	40.5	716.5	847.5
Interest	0.5	0.8	0.3	-0.2	0.6	0.2	2.5	0.1	0.3	3.8	1.6	0.4	0.2	-28.1	-47.7
Depreciation	32.3	33.9	37.4	38.8	41.6	42.4	42.5	42.3	43.8	45.9	46.7	49.8	56.2	28.2	12.9
Other Income	29.7	33.6	17.0	48.2	48.8	80.1	34.6	41.7	30.3	47.0	41.7	76.7	17.3	-42.8	-77.4
PBT before forex & E(	241.7	276.1	305.5	396.1	358.4	551.6	512.9	410.4	373.3	487.9	487.3	471.0	661.0	77.1	40.3
Total Tax	65.2	69.3	80.8	134.5	92.3	153.9	133.4	121.0	100.9	131.1	128.2	82.7	168.9	67.5	104.2
Tax rate (%)	27.0	25.1	26.5	33.9	25.7	27.9	26.0	29.5	27.0	26.9	26.3	17.6	25.6	-146.4	799.0
PAT	176.5	206.8	224.7	261.6	266.2	397.7	379.5	289.4	272.4	356.8	359.1	388.2	492.1	80.6	26.7
PAT Margin (%)	21.5	23.2	21.6	24.0	26.7	30.9	28.3	23.0	23.4	24.7	25.7	27.9	28.4		
EPS (₹)	6.7	7.8	8.5	9.9	10.0	15.0	14.3	10.9	10.3	13.4	13.5	14.6	18.5		

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 neutraceuticals and (ii) custom synthesis of generics, intermediates and speciality ingredients for innovator pharma MNCs. It also includes peptide building blocks.

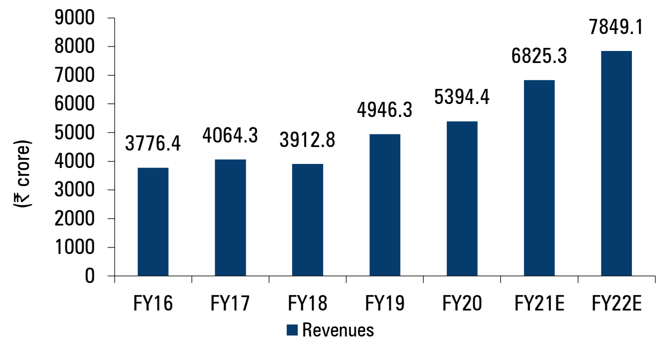
To enter the custom synthesis space in the nineties, the company made its own case to innovators, which, until then, were relying on services provided by major players such as BASF, Degussa, etc. As these players grew and became as big as the innovators themselves, companies like Divi's, on account of 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 a significant portion 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.

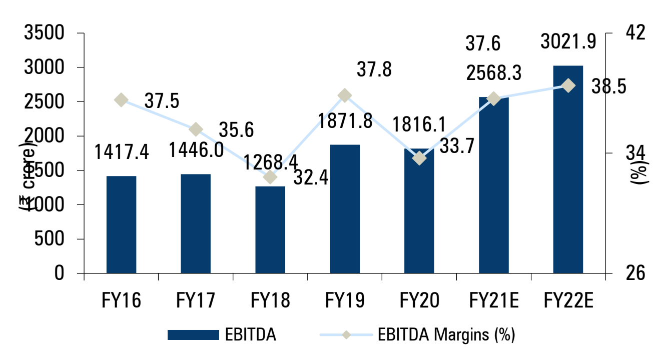
The company has earmarked an aggressive capex of ~₹ 1800 crore (₹ 1000 crore completed + ₹ 800 crore in Capital WIP), over and above ~₹ 2000 crore spent in the last five years. This capex will largely be distributed between the Unit 1 (DCF SEZ) & 2 (DCV SEZ) facilities for up-gradation of quality control systems, de-bottlenecking and incremental capacities for a) existing/new products, b) Custom Synthesis. Additionally, part of this huge capex will be utilised for backward integration (~₹ 300 crore) and part will be geared towards a waste water treatment plant.

Exhibit 5: Revenues to grow at CAGR of 21% over FY20-22E



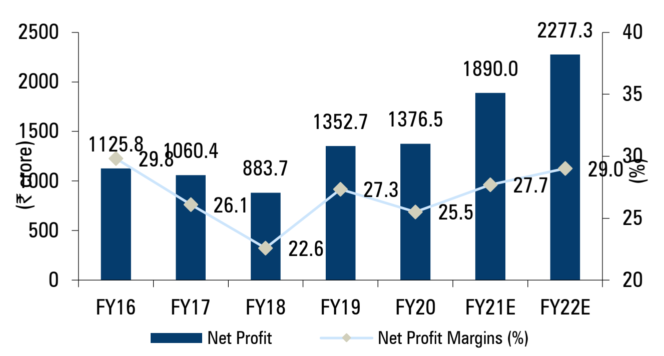
Source: ICICI Direct Research, Company

Exhibit 6: EBITDA & EBITDA margins trend



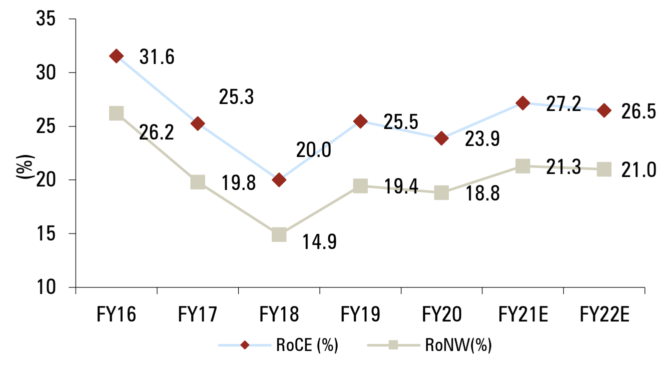
Source: ICICI Direct Research, Company

Exhibit 7: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 8: RoE & RoCE trend



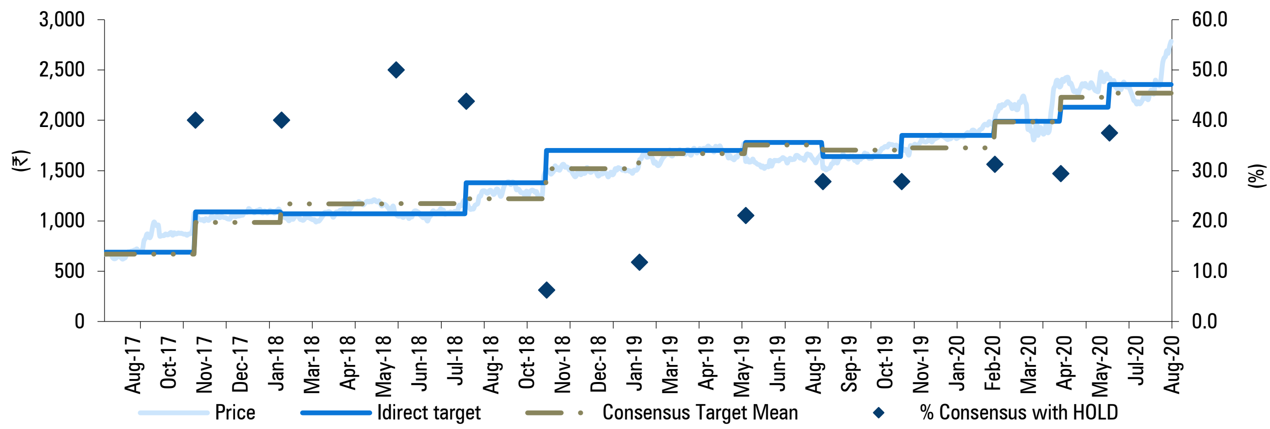
Source: ICICI Direct Research, Company

Exhibit 9: Valuation

	Revenues (₹crore)	Growth (%)	EPS (₹	Growth (%)	P/E (x)	EV/EBITDA (X)	RoNW (%)	RoCE (%)
FY19	4946	26.4	51.0	53.1	54.9	38.4	19.4	25.5
FY20	5394	9.1	51.9	1.8	54.0	39.3	18.8	23.9
FY21E	6825	26.5	71.2	37.3	39.3	27.6	21.3	27.2
FY22E	7849	15.0	85.8	20.5	32.6	23.2	21.0	26.5

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	Motaparti Nilima	31-Mar-20	20.3	54.00m	0.0m
2	Kiran Divi Satchandra	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-Mar-20	4.9	12.97m	(0.5)m
5	Axis Asset Management Co Ltd/India	31-May-20	3.2	8.37m	0.5m
6	Divis Biotech Pvt Ltd	31-Mar-20	3.0	8.00m	0.0m
7	Divi Murali Krishna Prasad	31-Mar-20	2.9	7.57m	0.0m
8	Reliance Capital Trustee Co Ltd	31-Mar-20	1.9	5.01m	(1.2)m
9	Government Pension Fund - Global	31-Mar-20	1.7	4.47m	0.1m
10	Norges Bank	31-Dec-19	1.7	4.38m	0.0m

Source: ICICI Direct Research, Bloomberg

Exhibit 12: Shareholding Pattern

(in %)	Jun-19	Sep-19	Dec-19	Mar-20	Jun-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
Revenues	**4,946.3**	**5,394.4**	**6,825.3**	**7,849.1**
Growth (%)	26.4	9.1	26.5	15.0
Raw Material Expenses	1,825.2	2,108.5	2,550.4	2,904.2
Employee Expenses	542.3	621.1	769.8	902.7
Other Expenses	706.9	848.8	936.8	1,020.4
EBITDA	**1,871.8**	**1,816.1**	**2,568.3**	**3,021.9**
Growth (%)	47.6	-3.0	41.4	17.7
Depreciation	168.9	186.2	224.8	317.0
Interest	3.5	6.1	1.1	1.2
Other Income	155.6	195.8	170.2	273.2
PBT	1,855.1	1,819.5	2,512.6	2,976.9
Total Tax	502.3	442.9	622.6	699.6
Adjusted PAT	**1,352.7**	**1,376.5**	**1,890.0**	**2,277.3**
Growth (%)	53.1	1.8	37.3	20.5
EPS (Adjusted)	**51.0**	**51.9**	**71.2**	**85.8**

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	1,890.0	2,277.3
Add: Depreciation & Amortizat	168.9	186.2	224.8	317.0
(Inc)/dec in Current Assets	-906.4	-326.2	-810.8	-649.1
Inc/(dec) in CL and Provisions	137.2	107.9	124.8	142.4
Other Operating Activities	184.0	-126.2	1.1	1.2
CF from operating activities	**954.3**	**1,215.9**	**1,429.9**	**2,088.8**
(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
CF from investing activities	**-705.6**	**-117.2**	**-980.1**	**-1,477.4**
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	-1.1	-1.2
CF from financing activities	**-245.9**	**-1,091.4**	**-319.7**	**-319.7**
Net Cash flow	2.8	7.4	130.1	291.7
Opening Cash	112.5	115.3	122.6	252.7
Closing Cash	**115.3**	**122.6**	**252.7**	**544.4**
Free Cash Flow	**221.2**	**33.1**	**929.9**	**1,788.8**

Source: ICICI Direct Research

Exhibit 15: Balance Sheet (₹ crore)

(Year-end March)/(₹crore)	FY19	FY20	FY21E	FY22E
Liabiltlies				
Equity Capital	53.1	53.1	53.1	53.1
Reserve and Surplus	6,904.1	7,256.8	8,828.3	10,787.0
Total Shareholders funds	6,957.2	7,309.9	8,881.4	10,840.1
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
Total Liabilities	**7,297.1**	**7,643.3**	**9,250.0**	**11,248.4**
Assets				
Gross Block - Fixed Assets	2,633.9	3,514.3	4,436.8	4,877.6
Accumulated Depreciation	546.2	732.4	957.2	1,274.2
Net Block	2,087.8	2,781.9	3,479.6	3,603.3
Capital WIP	491.9	919.7	497.2	356.4
Total Fixed Assets	2,579.7	3,701.5	3,976.7	3,959.7
Investments	1,945.6	971.4	1,471.4	2,671.4
Inventory	1,772.3	1,863.9	2,445.6	2,812.5
Debtors	1,163.4	1,413.4	1,605.3	1,846.1
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	252.7	544.4
Total Current Assets	3,251.7	3,708.5	4,649.4	5,590.2
Creditors	492.3	590.7	679.3	781.2
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	1,017.2	1,159.6
Net Current Assets	2,510.6	2,816.0	3,632.2	4,430.6
Other Non CA & LTL & A	261.3	154.3	169.8	186.7
Application of Funds	**7,297.1**	**7,643.3**	**9,250.0**	**11,248.4**

Source: ICICI Direct Research

Exhibit 16: Key Ratios (₹ crore)

(Year-end March)	FY19	FY20	FY21E	FY22E
Per share data (₹)				
Adjusted EPS	51.0	51.9	71.2	85.8
BV per share	262.1	275.4	334.6	408.3
Dividend per share	19.2	19.2	12.0	12.0
Cash Per Share	4.3	4.6	9.5	20.5
Operating Ratios (%)				
Gross margins	62.8	60.9	62.6	63.0
EBITDA margins	37.8	33.7	37.6	38.5
Net Profit margins	27.3	25.5	27.7	29.0
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	1.4	1.5
EBITDA conversion rate	51.0	67.0	55.7	69.1
Return Ratios (%)				
RoE	19.4	18.8	21.3	21.0
RoCE	25.5	23.9	27.2	26.5
RoIC	40.0	43.2	44.5	40.3
Valuation Ratios (x)				
P/E	54.9	54.0	39.3	32.6
EV / EBITDA	38.4	39.3	27.6	23.2
Price to Book Value	10.7	10.2	8.4	6.9
EV / Net Sales	14.5	13.2	10.4	8.9
Market Cap / Sales	15.0	13.8	10.9	9.5
Solvency Ratios				
Debt / EBITDA	0.1	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	4.2	4.0	4.3	4.4

Source: ICICI Direct Research

Exhibit 17: ICICI Direct Coverage Universe (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	ating	M Cap (₹cr)	EPS (₹) FY19	FY20	Y21E	Y22E	PE(x) FY19	FY20	Y21E	Y22E	RoCE (%) FY19	FY20	21E	22E	RoE (%) FY19	FY20	Y21E	Y22E
Ajanta Pharma	AJAPHA	1676	1,810	Buy	14623	43.5	53.4	60.2	72.5	38.5	31.4	27.8	23.1	21.8	24.7	23.4	24.3	17.1	18.1	17.7	18.4
Alembic Pharm	LEMPHA	1082	1,140	Buy	20392	31.4	46.3	52.6	51.9	34.4	23.4	20.6	20.8	19.6	21.0	21.9	20.1	21.8	27.1	24.1	19.7
Apollo Hospital	APOHOS	1694	1,490	Buy	23571	17.0	23.3	37.3	68.0	99.9	72.6	45.5	24.9	8.8	10.4	11.2	14.6	7.1	9.7	12.8	19.6
Aurobindo Pha	AURPHA	910	920	Buy	53306	41.9	48.8	57.8	63.0	21.7	18.7	15.7	14.4	15.9	17.2	19.1	19.1	17.7	17.0	17.0	15.8
Biocon	BIOCON	407	490	Buy	48894	6.2	5.8	11.5	21.0	65.6	70.0	35.4	19.4	10.9	10.2	16.1	23.3	12.2	10.4	17.4	24.6
Cadila Healthc	CADHEA	389	470	Buy	39808	18.1	14.0	18.1	21.3	21.5	27.8	21.4	18.3	12.8	10.7	12.9	13.9	17.8	13.8	15.7	16.1
Cipla	CIPLA	733	670	Buy	59102	18.6	19.2	23.0	30.2	39.4	38.2	31.8	24.2	10.9	12.0	13.0	15.4	10.0	9.8	10.8	12.6
Divi's Lab	DIVLAB	2800	3,260	Buy	74331	51.0	51.9	71.2	85.8	54.9	54.0	39.3	32.6	25.5	23.9	27.2	26.5	19.4	18.8	21.3	21.0
Dr Reddy's Lab	DRREDD	4583	5,000	Buy	76181	114.7	121.9	161.3	200.0	40.0	37.6	28.4	22.9	10.7	9.6	18.4	19.7	13.6	13.0	15.0	16.0
Glenmark Phar	GLEPHA	461	510	Hold	13014	26.9	26.4	25.0	36.6	17.1	17.5	18.5	12.6	15.3	12.7	11.4	14.1	13.5	12.2	10.5	13.4
Hikal	HIKCHE	141	165	Buy	1742	8.4	8.1	10.8	13.8	16.9	17.5	13.1	10.3	14.3	13.0	14.2	15.7	13.6	12.2	14.2	15.6
Ipca Laboratori	IPCLAB	1970	1,900	Buy	24895	35.1	47.8	61.7	76.8	56.2	41.2	32.0	25.7	15.0	17.4	19.4	20.2	14.2	16.6	17.8	18.2
Jubilant Life	JUBLIF	832	550	Buy	13256	54.9	59.9	69.8	89.8	15.2	13.9	11.9	9.3	14.3	14.6	17.2	19.7	17.8	16.6	16.4	17.5
Narayana Hrud	NARHRU	303	340	Buy	6197	2.9	6.4	-3.1	9.6	104.5	47.7	-98.8	31.6	7.7	11.0	0.0	14.2	5.5	11.4	-5.8	15.7
Natco Pharma	NATPHA	758	740	Buy	13805	35.4	25.3	23.9	22.4	21.4	30.0	31.7	33.9	21.3	14.0	12.9	11.3	18.5	12.2	10.7	9.3
Sun Pharma	SUNPHA	532	625	Buy	127701	15.9	16.8	21.8	24.1	33.6	31.7	24.4	22.1	10.3	10.0	10.7	13.0	9.2	8.9	11.2	11.1
Syngene Int.	SYNINT	466	485	Buy	18632	8.3	10.3	9.2	12.8	56.3	45.2	45.3	32.7	14.8	14.5	13.1	16.4	16.8	15.7	14.5	16.8
Torrent Pharma	TORPHA	2976	2,865	Buy	50368	48.9	60.6	72.2	95.5	60.8	49.1	41.2	31.2	14.2	15.4	18.6	21.8	17.5	21.2	21.3	23.2
Shalby	SHALIM	73	70	Hold	788	2.9	2.6	0.7	4.0	24.9	28.6	99.4	18.1	6.8	7.2	1.8	7.0	4.1	3.5	1.0	5.2
Aster DM	ASTDM	130	160	Buy	6516	6.7	5.5	-1.4	9.6	19.6	23.6	-90.6	13.5	8.3	7.5	2.6	9.7	10.4	8.5	-2.2	13.1
Indoco Remedi	INDREM	250	260	Buy	2300	-0.3	2.6	7.4	14.3	-793.0	95.4	33.6	17.4	1.0	5.1	10.0	16.5	-0.4	3.5	9.3	15.5

Source: ICICI Direct Research, Bloomberg

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