

August 13, 2020

Stable quarter; next growth phase hinges on new ventures

Q1FY21 revenues grew 14.4% YoY to ₹ 563 crore. Export formulations grew 13.8% YoY to ₹ 274 crore. Domestic formulations de-grew 23.4% YoY to ₹ 126 crore as the oncology segment continued to be impacted by lower hospitalisation rate amid pandemic. API segment sales doubled YoY to ₹ 144 crore. EBITDA margins fell 849 bps YoY to 30.4% due to significantly lower gross margin following a change in product mix towards margin dilutive products that was partly offset by lower employee cost and other expenditure. Subsequently, EBITDA de-grew 10.6% YoY to ₹ 171.1 crore. Net profit de-grew 14.2% YoY to ₹ 122.8 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 (FY20). 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 had 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 ~33 products (FY20). 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. Going ahead, the company is looking to launch six to eight products a year. We expect domestic sales to grow at 13.7% CAGR in FY20-22E to ₹ 699 crore.

Valuation & Outlook

Q1 results were better than I-direct estimates on all fronts. Growth in export formulations, API segment was led by stocking exercise for Covid-related products – Oseltamivir, Chloroquine in view of the pandemic situation. 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 with niche opportunities being specifically targeted by USFDA to encourage more generic players, this funnel is getting squeezed. In this backdrop, the management is looking to expand in other geographies, businesses (agrochemicals). As per new strategy, specific markets- India, Brazil, Canada, China, 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 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 ₹ 950, which includes base business value of ~₹ 653 (22x FY22E EPS of ₹ 29.7) + ₹ 297 for NPV of FTF/Para IVs in US.

Key Financial Summary

(₹ crore)	FY19	FY20	FY21E	FY22E	CAGR FY20-22E (%)
Revenues	2094.5	1915.0	2253.4	2291.4	9.4
EBITDA	794.8	582.6	774.1	752.9	13.7
EBITDA Margins (%)	37.9	30.4	34.4	32.9	
Net Profit	644.4	460.8	563.9	540.7	8.3
EPS (₹)	35.4	25.3	31.0	29.7	
PE (x)	23.1	32.3	26.4	27.5	
EV to EBITDA (x)	18.7	25.9	18.9	19.0	
RoNW (%)	18.5	12.2	13.4	11.6	
RoCE (%)	21.3	14.0	16.1	14.2	

Source: ICICI Direct Research, Company



Particulars

Particular	Amount
Market Capitalisation	₹14875 crore
Debt (FY 20)	₹316 crore
Cash (FY 20)	₹66 crore
EV	₹15125 crore
52 week H/L (₹)	898/450
Equity capital	₹36.4 crore
Face value	₹2

Key Highlights

- Q1 results better than I-direct estimates on all fronts. Growth in export formulations, API segment led by stocking exercise for Covid-related products
- Next big US approval to be gRevlimid. There are handful of other US approvals and launches lined up
- Bright spot for Natco is of course its strong balance sheet besides management's ability to carve out niche out of available opportunities
- Maintain BUY

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Exhibit 1: Variance Analysis

	Q1FY21	Q1FY21E	Q1FY20	Q4FY20	YoY (%)	QoQ (%)	Comments
Revenue	563.4	437.1	492.3	454.8	14.4	23.9	YoY growth and beat vis-à-vis I-direct estimates mainly due to supply of two Covid products Oseltamivir and chloroquine
Raw Material Expenses	178.9	83.0	76.0	94.9	135.4	88.5	Sharp decline mainly due to change in product mix
Employee Expenses	95.2	99.7	93.2	81.6	2.1	16.7	
Other Expenditure	118.2	138.1	131.8	150.0	-10.3	-21.2	
Total Operating Expenditure	392.3	320.9	301.0	326.5	30.3	20.2	
EBITDA	171.1	116.2	191.3	128.3	-10.6	33.4	
EBITDA (%)	30.4	26.6	38.9	28.2	-849 bps	216 bps	YoY decline mainly due to lower gross margins. Beat vis-à-vis I-direct estimates mainly due to lower on field cost in domestic market
Interest	3.7	3.9	6.5	3.5	-43.1	5.7	
Depreciation	28.0	29.0	22.0	30.5	27.3	-8.2	
Other Income	18.7	19.0	21.0	22.4	-11.0	-16.5	
EO	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	158.1	102.3	183.8	116.7	-14.0	35.5	
Tax	36.0	24.6	41.0	23.5	-12.2	53.2	
PAT before MI	122.1	77.7	142.8	93.2	-14.5	31.0	
MI	-0.7	-0.9	-0.4	-0.9	NA	NA	
Adj.Net Profit	122.8	78.6	143.2	94.1	-14.2	30.5	Delta vis-à-vis EBITDA mainly due to lower interest cost and tax rate. Beat vis-à-vis I-direct estimates mainly due to better-than-expected operational performance
Key Metrics							
APIs	143.9	93.6	72.0	96.4	99.9	49.3	Strong growth due to Covid related supply of Oseltamivir, chloroquine and improvement in base business
Domestic Oncology	78.0	40.0	80.0	65.0	-2.5	20.0	Beat vis-à-vis I-direct estimates mainly due to pent up demand in June 2020
Export Formulations	274.2	248.1	241.0	219.4	13.8	25.0	Strong growth due to Covid related supply of Oseltamivir and chloroquine
Domestic (ex Oncology)	47.6	27.9	84.0	37.6	-43.3	26.6	Decline and miss vis-à-vis I-direct estimates mainly due to sharp decline in hospitals demand amid Covid-19

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

(₹ Crore)	FY21E			FY22E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	2,018.7	2,253.4	11.6	2,100.7	2,291.4	9.1	Changed across segments, due to increase in API base, better-than-expected sales of domestic oncology segment, expected launch of crop protection product and slower than expected competition in gCopaxone
EBITDA	612.7	774.1	26.3	587.9	752.9	28.1	
EBITDA Margin (%)	30.4	34.4	400 bps	28.0	32.9	487 bps	Improved mainly due to better-than-expected margins in Q1 and slower-than-expected competition in gCopaxone
PAT	435.9	563.9	29.4	407.4	540.7	32.7	Increased mainly in sync with operational performance
EPS (₹)	23.9	31.0	29.4	22.4	29.7	32.7	

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

	Current				Earlier		Comments
	FY19	FY20	FY21E	FY22E	FY21E	FY22E	
APIs	303.0	355.2	453.7	455.9	378.9	416.8	Increased mainly due to better-than-expected growth in Q1 and improvement in base business
Domestic formulations	735.0	540.8	575.4	699.1	520.1	612.5	Increased mainly due to better-than-expected growth in oncology segment and expected launch of crop protection product
Exports formulations	994.0	932.6	1,145.9	1,056.6	1,054.0	1,003.1	Changed mainly due to slower than expected competition in gCopaxone

Source: ICICI Direct Research

Conference Call Highlights

- Guidance - ~25% YoY PAT growth in FY21
- Domestic oncology segment impacted due to lower hospitalisation
 - April – highly impacted, May – better, June – better than May (likely pent-up demand), July- lower than June
 - Most sales are from metros, which are the hardest hit but revival expected after two to three months
 - Currently - 75% of pre-Covid levels
 - Good pipeline of oncology products. Focusing on chemistry based molecules as opposed to monoclonals (mAb)
- The company has launched around five products in Q1FY21 and plans to launch cumulatively 10-12 products in FY21 domestically
- R&D productivity is lower amid Covid-related challenges
- The company has adequate capacity for Oseltamivir across two sites (one in India, another in US)
- US
 - Driven by three to four products such as Copaxone, Doxil, Lanthanum carbonate
 - Revlimid target action date: December 2020
- Export growth due to stocking of two main Covid products
 - Oseltamivir + chloroquine (Lower margin products)
 - API growth also led by demand for these APIs
- Agrochem – 10-15% of revenues over next two to three years
 - Niche high value – Three registered (one being CTPR), some in pipeline
 - (a) CTPR can be launched in the Rabbi season depending on court rulings and approvals
 - Commodity products – more than six filed
 - Over the next two to three years domestic agro business to grow significantly, maybe start exports
- Lower other expenses in Q1FY21 due to lower travel/on-field costs
- Over 30% market share in Copaxone
- Non-US subsidiaries contributing ~12-13% to consolidated earnings

Exhibit 4: Trends in quarterly financials

₹Crore	11FY18	12FY18	13FY18	14FY18	11FY19	12FY19	13FY19	14FY19	11FY20	12FY20	13FY20	14FY20	11FY21	YoY (%)	QoQ (%)
Revenues	428.1	426.7	562.2	767.8	538.6	543.5	556.7	455.7	492.3	485.7	482.2	454.8	563.4	14.4	23.9
Raw Material Exp	109.4	112.9	65.8	123.0	87.3	94.9	105.0	67.0	76.0	119.2	91.5	94.9	178.9	135.4	88.5
% of Revenues	25.6	26.5	11.7	16.0	16.2	17.5	18.9	14.7	15.4	24.5	19.0	20.9	31.8	1632 bps	1089 bps
Gross Profit	318.7	313.8	496.4	644.8	451.3	448.6	451.7	388.7	416.3	366.5	390.7	359.9	384.5	-7.6	6.8
Gross Profit Marg	74.4	73.5	88.3	84.0	83.8	82.5	81.1	85.3	84.6	75.5	81.0	79.1	68.2	-1632 bps	-1089 bps
Employee Expens	63.1	73.6	78.8	110.1	88.7	92.6	93.3	81.3	93.2	102.4	97.8	81.6	95.2	2.1	16.7
% of Revenues	14.7	17.2	14.0	14.3	16.5	17.0	16.8	17.8	18.9	21.1	20.3	17.9	16.9	-203 bps	-104 bps
Other Expenses	118.9	118.3	131.1	151.4	145.0	135.5	150.0	159.1	131.8	129.8	164.2	150.0	118.2	-10.3	-21.2
% of Revenues	27.8	27.7	23.3	19.7	26.9	24.9	26.9	34.9	26.8	26.7	34.1	33.0	21.0	-579 bps	-1200 bps
Total Expenditure	291.4	304.8	275.7	384.5	321.0	323.0	348.3	307.4	301.0	351.4	353.5	326.5	392.3	30.3	20.2
% of Revenues	68.1	71.4	49.0	50.1	59.6	59.4	62.6	67.5	61.1	72.3	73.3	71.8	69.6	849 bps	-216 bps
EBITDA	136.7	121.9	286.5	383.3	217.6	220.5	208.4	148.3	191.3	134.3	128.7	128.3	171.1	-10.6	33.4
EBITDA Margins(%)	31.9	28.6	51.0	49.9	40.4	40.6	37.4	32.5	38.9	27.7	26.7	28.2	30.4	-849 bps	216 bps
Depreciation	15.0	16.0	17.2	18.0	18.4	20.2	20.7	21.7	22.0	21.9	25.4	30.5	28.0	27.3	-8.2
Interest	3.9	4.2	4.3	3.0	2.8	5.0	6.3	5.2	6.5	6.2	5.3	3.5	3.7	-43.1	5.7
Other income	3.4	5.5	11.4	20.1	35.9	40.0	23.3	31.0	21.0	33.2	30.8	22.4	18.7	-11.0	-16.5
Less: Exceptional	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	121.2	107.2	276.4	382.4	232.3	235.3	204.7	152.4	183.8	139.4	128.8	116.7	158.1	-14.0	35.5
Total Tax	27.5	22.8	59.0	82.7	51.2	53.7	45.4	32.0	41.0	21.7	24.4	23.5	36.0	-12.2	53.2
Tax rate (%)	22.7	21.3	21.3	21.6	22.0	22.8	22.2	21.0	22.3	15.6	18.9	20.1	22.8		
PAT	93.7	84.4	217.4	299.7	181.1	181.6	159.3	120.4	142.8	117.7	104.4	93.2	122.1	-14.5	31.0
PAT Margin (%)	21.9	19.8	38.7	39.0	33.6	33.4	28.6	26.4	29.0	24.2	21.7	20.5	21.7	-733 bps	118 bps
Minority Interest	-0.3	-0.4	-0.1	-0.2	-0.5	-0.9	-0.2	-0.4	-0.4	-1.3	-0.1	-0.9	-0.7		
PAT after MI	94.0	84.8	217.5	299.9	181.6	182.5	159.5	120.8	143.2	119.0	104.5	94.1	122.8	-14.2	30.5
EPS (₹)	6.0	5.4	13.9	18.1	11.0	11.0	9.6	7.3	7.9	6.5	5.7	5.2	6.7		
Adj PAT	94.0	84.8	217.5	299.9	181.6	182.5	159.5	120.8	143.2	119.0	104.5	94.1	122.8	-14.2	30.5

Source: ICICI Direct Research

Company Background

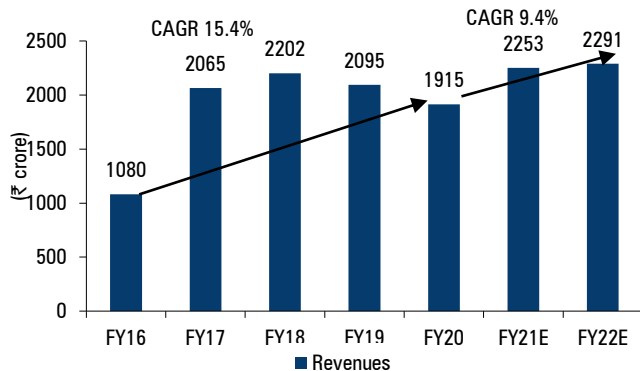
Natco Pharma (NPL) is a mid-sized pharmaceutical company with a presence across the pharma value chain. The company also has a US retail business. It owns eight manufacturing facilities including six formulations facilities and two API facilities. Overall revenues grew at a CAGR of 15.4% in FY16-20.

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 33 oncology products in the Indian market (FY20).

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.

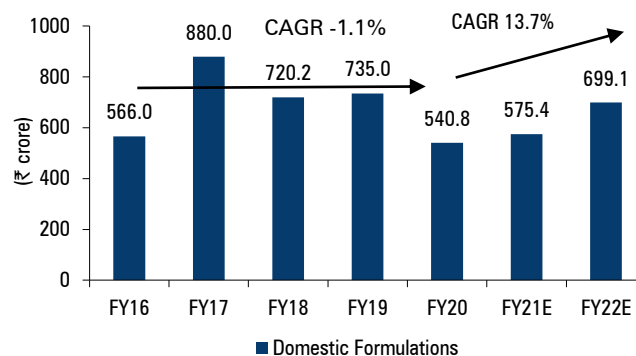
The management has charted a new growth roadmap with plans to enter the agrochemical business. Subsequently the company filed a broad spectrum insecticide, Chlorantraniliprole (CTPR) in India for which it expects approval from agricultural ministry shortly. The company has invested ~₹ 100 crore in this segment 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 two- three years down the line.

Exhibit 5: Revenues grow at CAGR of 9% over FY20-22E



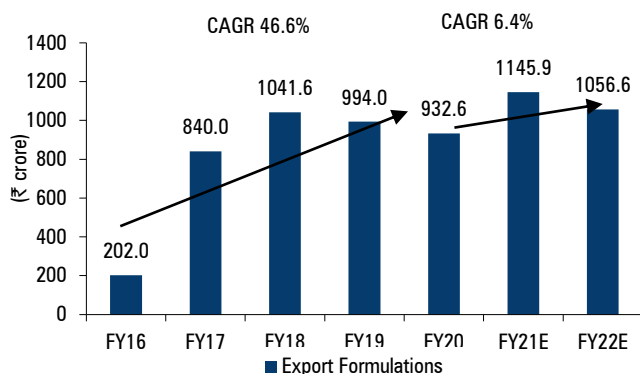
Source: ICICI Direct Research, Company

Exhibit 6: Domestic to grow at CAGR of 14% over FY20-22E



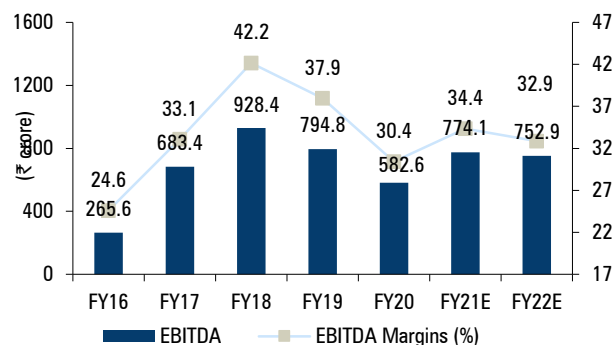
Source: ICICI Direct Research, Company

Exhibit 7: Export to grow at CAGR of 6% over FY20-22E



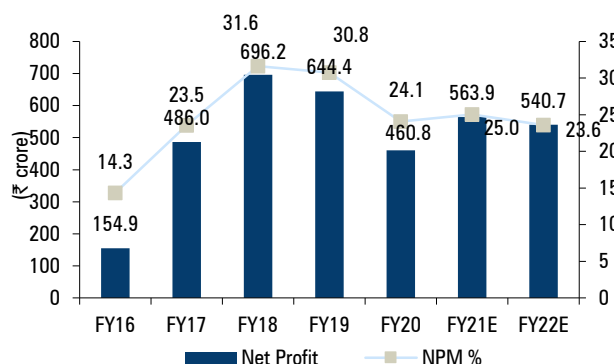
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



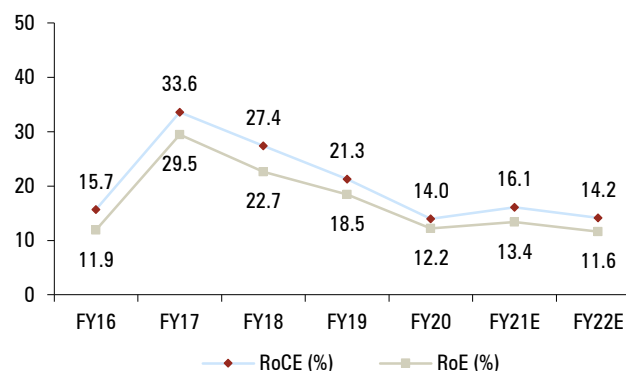
Source: ICICI Direct Research, Company

Exhibit 9: Net profit & net profit margins trend



Source: ICICI Direct Research, Company

Exhibit 10: RoE & RoCE trend



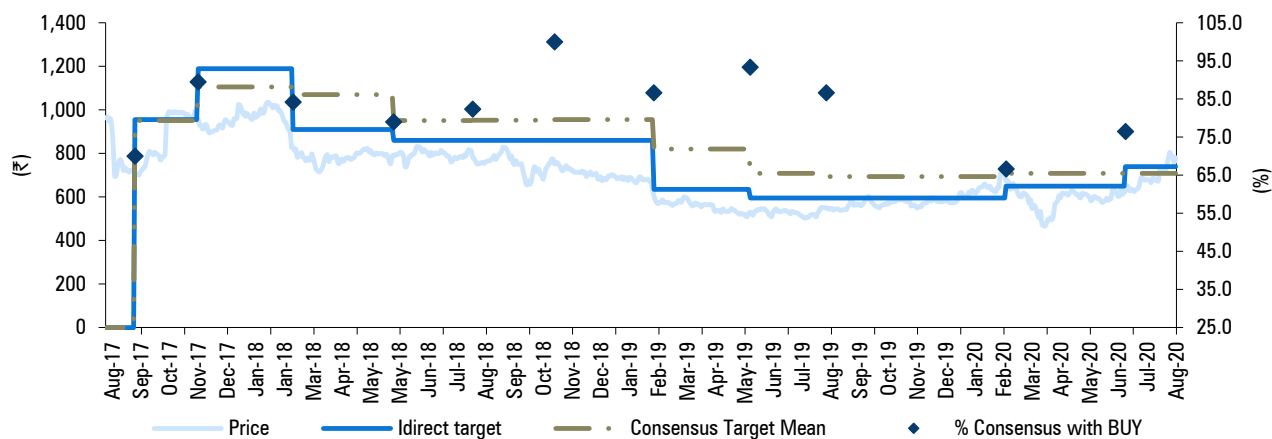
Source: ICICI Direct Research, Company

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	23.1	18.7	18.5	21.3
FY 20	1915	-8.6	25.3	-28.5	32.3	25.9	12.2	14.0
FY 21E	2253	17.7	31.0	22.4	26.4	18.9	13.4	16.1
FY 22E	2291	1.7	29.7	-4.1	27.5	19.0	11.6	14.2

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	30-Jun-20	15.4	28.03m	0.0m
2	Time Cap Pharma Labs Pvt	30-Jun-20	9.4	17.16m	0.0m
3	Kantamani Venkta Satya S	30-Jun-20	8.8	15.98m	0.0m
4	Natsoft Information Sys	30-Jun-20	8.7	15.77m	0.0m
5	Rajeev N	31-Mar-20	6.2	11.28m	11.3m
6	Icici Prudential Asset Management	30-Jun-20	2.6	4.70m	0.1m
7	Vistra Itcl India Ltd	30-Jun-20	2.6	4.68m	0.0m
8	Nannapaneni Durga Devi	30-Jun-20	1.9	3.54m	0.0m
9	Plenty Pe Fund I Ltd	30-Jun-20	1.7	3.17m	0.0m
10	Nomura Holdings Inc	30-Jun-20	1.7	3.09m	0.0m

Source: ICICI Direct Research, Bloomberg

Exhibit 14: Shareholding Pattern

(in %)	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Promoter	49.0	49.0	49.0	48.9	48.9
Others	51.0	51.0	51.0	51.1	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	2,253.4	2,291.4
Growth (%)	-4.9	-8.6	17.7	1.7
Raw Material Expenses	354.2	381.6	500.0	504.1
Employee Expenses	355.9	375.0	386.5	402.0
Other expenses	589.6	575.8	592.8	632.4
Total Operating Expenditure	1,299.7	1,332.4	1,479.3	1,538.5
EBITDA	794.8	582.6	774.1	752.9
Growth (%)	-14.4	-26.7	32.9	-2.7
Depreciation	81.0	99.8	115.0	131.1
Interest	19.3	21.5	15.5	15.8
Other Income	130.2	107.4	92.1	101.7
PBT	824.7	568.7	735.7	707.7
Total Tax	182.3	110.6	174.6	169.9
PAT before MI	642.4	458.1	561.1	537.9
Minority Interest	-2.0	-2.7	-2.8	-2.8
Adjusted PAT	644.4	460.8	563.9	540.7
Growth (%)	-7.4	-28.5	22.4	-4.1
EPS (Adjusted)	35.4	25.3	31.0	29.7

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	563.9	540.7
Add: Depreciation	81.0	99.8	115.0	131.1
(Inc)/dec in Current Assets	40.6	-151.2	132.5	-16.5
Inc/(dec) in CL and Provisions	-33.2	53.6	21.7	14.4
CF from operating activities	734.3	463.1	833.1	669.7
(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	-15.5	-15.8
CF from financing activities	-50.9	-250.8	-133.9	-125.0
Net Cash flow	161.3	-167.7	280.6	98.0
Opening Cash	183.7	279.5	66.0	362.2
Closing Cash	345.0	111.8	346.6	460.2
Free Cash Flow	290.4	126.6	583.1	419.7

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	4,182.6	4,614.0
Total Shareholders funds	3,489.0	3,773.5	4,219.0	4,650.5
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	4,666.1	5,100.8
Gross Block - Fixed Assets	1,696.1	2,153.1	2,503.1	2,853.1
Accumulated Depreciation	468.9	568.7	683.7	814.8
Net Block	1,227.2	1,584.4	1,819.4	2,038.3
Capital WIP	637.6	518.0	418.0	318.0
Total Fixed Assets	1,864.8	2,102.4	2,237.4	2,356.3
Investments	168.6	112.3	283.9	483.9
Inventory	529.0	558.0	436.4	443.8
Debtors	506.2	551.3	540.3	549.4
Cash	279.5	66.0	362.2	476.0
Other Current Assets	883.8	1,121.6	1,121.6	1,121.6
Total Current Assets	2,198.5	2,296.9	2,460.6	2,590.8
Creditors	217.0	255.4	267.9	272.4
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	392.0	406.4
Net Current Assets	1,856.1	1,926.6	2,068.6	2,184.4
LT L & A & Other Non CA	71.2	76.2	76.2	76.2
Application of Funds	3,960.7	4,217.5	4,666.1	5,100.8

Source: ICICI Direct Research

Exhibit 18: Key Ratios

(Year-end March)	FY19	FY20	FY21E	FY22E
Per share data (₹)				
Adjusted EPS	35.4	25.3	31.0	29.7
BV per share	191.6	207.3	231.7	255.4
Dividend per share	11.1	6.8	6.5	6.0
Cash Per Share	15.4	3.6	19.9	26.1
Operating Ratios (%)				
Gross Profit Margins	83.1	80.1	77.8	78.0
EBITDA Margins	37.9	30.4	34.4	32.9
PAT Margins	30.8	24.1	25.0	23.6
Inventory days	92.2	106.4	70.7	70.7
Debtor days	88.2	105.1	87.5	87.5
Creditor days	37.8	48.7	43.4	43.4
Asset Turnover	1.2	0.9	0.9	0.8
EBITDA Conversion Rate	92.4	79.5	107.6	89.0
Return Ratios (%)				
RoE	18.5	12.2	13.4	11.6
RoCE	21.3	14.0	16.1	14.2
RoIC	24.7	13.4	17.9	15.9
Valuation Ratios (x)				
P/E	23.1	32.3	26.4	27.5
EV / EBITDA	18.7	25.9	18.9	19.0
EV / Net Sales	7.1	7.9	6.5	6.2
Market Cap / Sales	7.1	7.8	6.6	6.5
Price to Book Value	4.3	3.9	3.5	3.2
Solvency Ratios				
Debt / EBITDA	0.5	0.5	0.4	0.4
Debt / Equity	0.1	0.1	0.1	0.1
Current Ratio	5.6	6.0	5.4	5.2

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	FY20	Y21E	Y22E	FY19	FY20	FY21E	Y22E	FY19	FY20	Y21E	Y22E	FY19	FY20	Y21E	Y22E	
Ajanta Pharma	AJAPHA	1630	1,810	Buy	14223	43.5	53.4	60.2	72.5	37.4	30.5	27.1	22.5	21.8	24.7	23.4	24.3	17.1	18.1	17.7	18.4
Alembic Pharma	ALEMPHA	1076	1,140	Buy	21154	31.4	46.3	52.6	51.9	34.2	23.2	20.4	20.7	19.6	21.0	21.9	20.1	21.8	27.1	24.1	19.7
Apollo Hospital	APOHOS	1707	1,490	Buy	23749	17.0	23.3	37.3	68.0	100.6	73.1	45.8	25.1	8.8	10.4	11.2	14.6	7.1	9.7	12.8	19.6
Aurobindo Pharma	AURPHA	896	1,100	Buy	52524	41.9	48.8	60.9	73.2	21.4	18.4	14.7	12.2	15.9	17.2	20.0	21.5	17.7	17.0	17.7	17.8
Biocon	BIOCON	397	490	Buy	47610	6.2	5.8	11.5	21.0	63.9	68.2	34.5	18.9	10.9	10.2	16.1	23.3	12.2	10.4	17.4	24.6
Cadila Healthcare	CADHEA	385	470	Buy	39435	18.1	14.0	18.1	21.3	21.3	27.6	21.2	18.1	12.8	10.7	12.9	13.9	17.8	13.8	15.7	16.1
Cipla	CIPLA	762	900	Buy	61449	18.6	19.2	30.3	36.0	41.0	39.7	25.1	21.2	10.9	12.0	16.4	17.3	10.0	9.8	13.7	14.2
Divi's Lab	DIVLAB	3118	3,260	Buy	82777	51.0	51.9	71.2	85.8	61.2	60.1	43.8	36.3	25.5	23.9	27.2	26.5	19.4	18.8	21.3	21.0
Dr Reddy's Lab	DRREDD	4518	5,000	Buy	75102	114.7	121.9	161.3	200.0	39.4	37.1	28.0	22.6	10.7	9.6	18.4	19.7	13.6	13.0	15.0	16.0
Glenmark Pharma	GLEPHA	467	510	Hold	13165	26.9	26.4	25.0	36.6	17.3	17.7	18.7	12.7	15.3	12.7	11.4	14.1	13.5	12.2	10.5	13.4
Hikal	HIKCHE	136	165	Buy	1676	8.4	8.1	10.8	13.8	16.3	16.8	12.6	9.9	14.3	13.0	14.2	15.7	13.6	12.2	14.2	15.6
Ipca Laboratories	IPCLAB	2006	2,400	Buy	25346	35.1	47.8	90.4	92.3	57.2	41.9	22.2	21.7	15.0	17.4	26.3	22.1	14.2	16.6	24.1	19.8
Jubilant Life	JUBLIF	814	550	Buy	12969	54.9	59.9	69.8	89.8	14.8	13.6	11.7	9.1	14.3	14.6	17.2	19.7	17.8	16.6	16.4	17.5
Lupin	LUPIN	940	1,030	Buy	42604	16.5	-12.7	26.0	39.7	56.8	-74.1	36.1	23.7	9.4	9.7	10.5	14.0	5.4	-4.6	8.7	11.8
Narayana Hrudayam	NARHRU	330	340	Buy	6749	2.9	6.4	-3.1	9.6	113.8	52.0	-107.5	34.4	7.7	11.0	0.0	14.2	5.5	11.4	-5.8	15.7
Natco Pharma	NATPHA	817	950	Buy	14875	35.4	25.3	31.0	29.7	23.1	32.3	26.4	27.5	21.3	14.0	16.1	14.2	18.5	12.2	13.4	11.6
Sun Pharma	SUNPHA	532	625	Buy	127677	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	490	485	Buy	19618	8.3	10.3	9.2	12.8	59.3	47.6	45.3	32.7	14.8	14.5	13.1	16.4	16.8	15.7	14.5	16.8
Torrent Pharmaceuticals	TORPHA	2816	2,865	Buy	47653	48.9	60.6	72.2	95.5	57.5	46.5	39.0	29.5	14.2	15.4	18.6	21.8	17.5	21.2	21.3	23.2
Shalby	SHALIM	93	70	Hold	1008	2.9	2.6	0.7	4.0	31.8	36.5	127.1	23.2	6.8	7.2	1.8	7.0	4.1	3.5	1.0	5.2
Aster DM	ASTDM	138	160	Buy	6886	6.7	5.5	-1.4	9.6	20.7	24.9	-95.7	14.3	8.3	7.5	2.6	9.7	10.4	8.5	-2.2	13.1
Indoco Remedies	INDREM	252	330	Buy	2322	-0.3	2.6	11.0	15.0	-800.8	96.3	23.0	16.8	1.0	5.1	13.5	16.9	-0.4	3.5	13.2	15.6
Caplin Point	CAPPOI	510	670	Buy	3859	23.3	28.4	33.2	44.6	21.9	17.9	15.4	11.4	34.6	26.5	26.0	28.0	27.9	22.7	21.4	22.7

Source: ICICI Direct Research, Bloomberg

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