

Back on growth track, outlook maintained...

Q2FY21 revenues grew 11.9% YoY to ~₹ 520 crore led by growth in Discovery Services and strong traction in dedicated R&D centres. EBITDA margins remained flat YoY at 30% with better gross margins due to a change in product mix being offset by higher employee expenses owing to recruitment for new facilities. EBITDA grew 11.9% YoY to ₹ 156 crore. Adjusted net profit (ex-exceptional insurance gain in Q2FY20) grew 2.6% YoY to ₹ 84 crore. Delta vis-a-vis EBITDA was due to higher depreciation and lower other income partially offset by lower tax outgo.

Integrated business model, customer stickiness to the fore

Revenues grew at ~16% CAGR in FY16-20 to ₹ 2012 crore due to new client addition on a regular basis and scaled up revenues from existing clients led by integrated service offerings, high data integrity ethos and continuous endeavour to move up the value chain. Eight of the top 10 global pharma companies have been availing services for the last five years. It has a pool of 4240 scientists. The client base has grown from 256 to 362 over FY16-20.

Global pharma landscape conducive to R&D outsourcing

Global pharma players are facing structural issues from the impending patent cliff, a shrinking product pipeline, rising R&D costs and growing competition. To maintain the structural balance and improve profitability, they are inclined to outsource a substantial part of the R&D work. Similarly, the innovative/virtual companies that are extensively working on new products and that may not have the required capital/manpower also tend to outsource a substantial part of their R&D.

Valuation & Outlook

Q2 results were above our estimates on all fronts. Strong bounce back after a pandemic impacted Q1 validates stickiness of this business. The company is currently operating at near normal capacity and is, therefore, back on the growth track. The management has maintained its guidance for double-digit revenue growth on the back of continuous client additions, an extension of existing contracts, increasing manufacturing and biological contributions besides currency tailwinds. Profitability is likely to be muted due to incremental opex and higher depreciation. Syngene remains aggressive on the capex front (~US\$488 million already spent, another ~US\$62 million earmarked by FY21), attributable to order book visibility. Asset turnover from this mega capex will be a significant determinant of improvement in return ratios, going ahead. With elite client additions like Amgen, Zoetis, Herbalife, GSK, etc, and multiple year extension of BMS, Baxter contracts, the company remains well poised to capture opportunities in the global CRO space. We remain positive on the company despite the recent run up in the stock and arrive at a target price of ₹ 635 based on ~38x FY23 EPS of ₹ 16.7.

Key Financial Summary

(Year End March)	FY20	FY21E	FY22E	FY23E	CAGR (FY20-23E) %
Revenues (₹crore)	2011.8	2243.7	2677.7	3136.1	15.9
EBITDA (₹crore)	617.8	678.9	859.8	1031.9	18.6
EBITDA margins (%)	30.7	30.3	32.1	32.9	
Net Profit (₹crore)	412.0	381.0	527.1	667.9	17.5
EPS (₹)	8.5	9.5	13.2	16.7	
P/E (x)	52.1	56.3	40.7	32.1	
RoCE (%)	15.7	14.9	17.2	17.9	
RoE (x)	14.5	12.4	15.8	18.3	

Source: Company, ICICI Direct Research



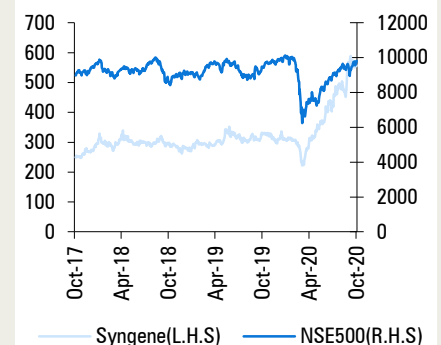
Particulars

Particular	Amount
Market Capitalisation	₹21452 crore
Debt (FY 20)	₹767 crore
Cash (FY 20)	₹282 crore
EV	₹21937 crore
52 week H/L	597/202
Equity capital	₹400.0 crore
Face value	₹10

Key Highlights

- Q2 results above our estimates on all fronts
- For FY21, management expects double-digit revenue growth, flattish net profit
- Maintain BUY

Price Graph



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Exhibit 1: Variance Analysis

	Q2FY21	Q2FY21E	Q2FY20	Q1FY21	YoY (%)	QoQ (%)	Comments
Revenue	519.6	487.7	464.5	421.6	11.9	23.2	YoY growth was 10% in US\$ term amid strong traction in discovery services and dedicated centres. Beat vis-à-vis I-direct estimates mainly due normalisation of operations from Covid earlier than expected
Raw Material Expense:	127.6	125.9	125.1	89.7	2.0	42.3	
Gross margins	75.4	74.2	73.1	78.7	237 bps	-328 bps	YoY improvement mainly due to change in product mix
Employee Expenses	161.2	146.3	131.8	140.4	22.3	14.8	YoY increase due to 1) amortisation of Esops (7% YoY impact) and 2) increase in head counts in new Hyderabad, Mangaluru and Bengaluru facilities
Other Expenditure	75.1	78.0	68.5	67.0	9.6	12.1	
EBITDA	155.7	137.5	139.1	124.5	11.9	25.1	
EBITDA (%)	30.0	28.2	29.9	29.5	2 bps	43 bps	Improvement in gross margins largely offset by higher employee cost. Beat vis-à-vis I-direct estimates mainly due to higher-than-expected gross margins
Interest	6.6	7.7	8.4	7.4	-21.4	-10.8	
Depreciation	68.7	66.7	52.6	66.1	30.6	3.9	YoY increase mainly due to additional depreciation reported due to commissioning of Hyderabad, Mangaluru plants and expansion at Bengaluru
Other Income	13.8	9.8	20.6	15.3	-33.0	-9.8	Decline on account of lower cash balance due to ECB repayment and lower deposit yield
PBT	94.2	72.9	170.0	66.3	-44.6	42.1	
Tax	10.1	13.8	42.0	8.3	-76.0	21.7	Lower ETR due to higher depreciation and opex cost at new plants
PAT before MI	84.1	59.0	128.0	58.0	-34.3	45.0	
Net Profit	84.1	59.0	82.0	58.0	2.6	45.0	YoY decline due to higher depreciation. Beat vis-à-vis I-direct estimates mainly due to better-than-expected operational performance

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

(\$ Crore)	FY21E			FY22E			
	Old	New	% Change	Old	New	% Change	
Revenue	2,274.0	2,243.7	-1.3	2,713.9	2,677.7	-1.3	
EBITDA	700.0	678.9	-3.0	888.2	859.8	-3.2	
EBITDA Margin (%)	30.8	30.3	-53 bps	32.7	32.1	-62 bps	
PAT	369.2	381.0	3.2	512.0	527.1	3.0	Increased mainly due to change in tax guidance
EPS (\$)	9.2	9.5	3.5	12.8	13.2	3.0	

Source: ICICI Direct Research

Conference Call Highlights

- Q2 saw onsite operations coming back to normal levels, revenue growth on the back of continued growth in Discovery services and steady traction in Dedicated centres (US\$ term growth of 10%)
 - Dedicated centres working with two important clients – Albireo Pharma (liver disease drug) and C4 Therapeutics (novel candidates – targeted protein degradation)
- Net cash was at ₹ 287 crore
- Capex in the quarter was ~US\$25 million – US\$7 billion for Mangaluru API plant, US\$8 billion for Discovery Services, US\$3 million for biologics and US\$8 million for dedicated and development centres
- Cumulative capex was at US\$488 million. The company is on track to take total asset base to US\$550 million by end of FY21
- Covid related product update
 - Remdesivir manufacture commenced at Bengaluru facility. Distribution expected to be commence in Q3FY21
 - IgG based ELISA test kit to be launched shortly by HiMedia
- Estimated tax rate for FY21 – 11-12%; lower due to decline in interest income, operational expenditure of Mangalore facility coming in
- PAT guidance for FY21 maintained – similar to FY20 without impact of one-time exceptional gains. Revenue guidance for FY21 - low double digit growth
- Employee count has increased to 5200 vs. 4700 in Q2FY20
- Forex gain of ₹ 6.8 crore was on account of hedging policy and subsequent difference in forward and spot rate
- The company has hedged its estimated FY21 revenues at ₹ 74.5 /US\$ and half of estimated FY22 revenues at ₹ 75-76 /US\$

Exhibit 3: Trends in quarterly performance

(₹Crore)	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	YoY (%)	QoQ (%)
Total Operating I	335.2	387.7	409.1	406.0	418.6	467.1	533.9	420.9	464.5	519.1	607.3	421.6	519.6	11.9	23.2
Raw Material Ex	80.0	106.8	125.6	128.8	110.3	142.6	149.6	105.5	125.1	144.6	144.2	89.7	127.6	2.0	42.3
% to revenues	23.9	27.5	30.7	31.7	26.3	30.5	28.0	25.1	26.9	27.9	23.7	21.3	24.6		
Gross Profit	255.2	280.9	283.5	277.2	308.3	324.5	384.3	315.4	339.4	374.5	463.1	331.9	392.0	15.5	18.1
Gross Profit Mar	76.1	72.5	69.3	68.3	73.7	69.5	72.0	74.9	73.1	72.1	76.3	78.7	75.4	237 bps	-328 bps
Employee Expei	93.7	95.8	104.1	105.6	114.9	116.6	130.2	132.2	131.8	152.3	164.1	140.4	161.2	22.3	14.8
% to revenues	28.0	24.7	25.4	26.0	27.4	25.0	24.4	31.4	28.4	29.3	27.0	33.3	31.0	265 bps	-228 bps
Other Manufactu	48.0	58.9	50.3	62.4	66.7	67.6	94.5	62.1	68.5	68.7	94.9	67.0	75.1	9.6	12.1
% to revenues	14.3	15.2	12.3	15.4	15.9	14.5	17.7	14.8	14.7	13.2	15.6	15.9	14.5	-29 bps	-144 bps
Total Expenditur	221.7	261.5	280.0	296.8	291.9	326.8	374.3	299.8	325.4	365.6	403.2	297.1	363.9	11.8	22.5
% to revenues	66.1	67.4	68.4	73.1	69.7	70.0	70.1	71.2	70.1	70.4	66.4	70.5	70.0		
EBIDTA	113.5	126.2	129.1	109.2	126.7	140.3	159.6	121.1	139.1	153.5	204.1	124.5	155.7	11.9	25.1
EBITDA Margin	33.9	32.6	31.6	26.9	30.3	30.0	29.9	28.8	29.9	29.6	33.6	29.5	30.0	2 bps	43 bps
Depreciation	30.3	35.0	34.2	37.3	39.9	42.9	44.1	47.4	52.6	57.0	62.3	66.1	68.7	30.6	3.9
Interest	5.2	5.1	7.1	7.9	8.2	8.2	8.0	7.1	8.4	9.8	9.3	7.4	6.6	-21.4	-10.8
Other Income	16.4	11.6	16.6	18.8	18.2	17.3	20.8	20.5	20.6	20.0	20.5	15.3	13.8	-33.0	-9.8
PBT	94.4	97.7	104.4	82.8	96.8	106.5	128.3	87.1	98.7	106.7	153.0	66.3	94.2	-4.6	42.1
Total Tax	17.5	15.7	19.9	16.8	18.5	19.8	28.5	15.1	42.0	14.9	32.8	8.3	10.1	-76.0	21.7
PAT	76.9	82.0	84.5	66.0	78.3	86.7	99.8	72.0	56.7	91.8	120.2	58.0	84.1	48.3	45.0
PAT Margin (%)	22.9	21.2	20.7	16.3	18.7	18.6	18.7	17.1	12.2	17.7	19.8	13.8	16.2	398 bps	243 bps

Source: ICICI Direct Research

Company Background

Incorporated in 1993 as a subsidiary of Biocon, Syngene International (SIL) is a leading contract research organisation (CRO), which supports R&D programmes of global innovative companies. SIL offers outsourced services to support discovery and development for organisations across industrial sectors like pharmaceuticals, biopharmaceuticals, nutraceuticals, animal health, agro-chemicals, etc. It currently caters to 362 global players including Bristol-Myers Squibb (BMS), Abbott, Baxter and Amgen, among others.

SIL derives ~95% of its revenues from exports. In terms of classification on a contractual basis, it derives ~31% of revenues from long term dedicated contracts with a contractual commitment of five years and more. In this case, the company offers a dedicated, customised and ring-fenced infrastructure in line with client’s requirements. These dedicated centres are generally multi-disciplinary, full time engagements, which support the R&D requirements of clients.

The remaining comes from 1) discovery services (32% of revenues; full time equipment (FTE)) and 2) development & manufacturing services [37% of revenues; fee for service (FFS)].

The discovery services vertical consists of multiple client engagements across discovery chemistry and discovery biology based service offerings. It entails an in-depth understanding of discovery chemistry and discovery biology pertaining to small and large molecules.

The development and manufacturing segment encompasses the services, which support a molecule once it moves beyond in-vivo testing to preclinical studies and clinical development. It also includes manufacturing of molecules for clinical supplies and commercialisation.

In FTE contracts, the company does billing based on the number of scientists deployed. In this case, there is an agreement with clients for minimum utilisation of a specific number of scientists dedicated to their work. The scope of services and deliverables under FTE contracts generally evolves over time. FTE contracts are generally renewable annually. FFS contracts are mostly short-term in nature. In FFS contracts, the agreement is for fixed price for agreed services within a defined scope.

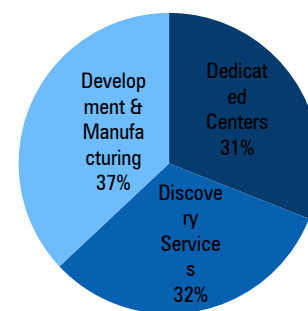
The company has developed long-term relationships with many clients, including four long-duration multi-disciplinary partnerships, each with a dedicated research centre, with four of the world’s leading global healthcare organisations Bristol-Myers Squibb Company (BMS), Abbott Laboratories (Singapore) Pte Ltd (Abbott), Baxter International Inc. (Baxter) and Amgen.

BMS – The first dedicated centre was set up for BMS in 2009 and engages ~550 scientists. Under the new agreement in Q3FY18, Syngene will set up an additional new facility. It will put up a dedicated team of Syngene scientists within that and support the future R&D requirements of BMS. The duration of the collaboration has been extended to 2026

Baxter – Dedicated centre was developed in 2013. The Baxter Global Research Centre has a multidisciplinary team of about 200 scientists who work on product & analytical development, preclinical evaluation in parenteral nutrition, renal therapy. The company recently expanded its contract with Baxter till 2024. Under the new extension of contract, Syngene will set up additional infrastructure and increase the size of its scientific team.

Amgen – In Q2FY17, the company announced the establishment of a dedicated centre for Amgen, Inc. in Bengaluru. This centre, named Syngene Amgen Research and Development Centre (SARC), will be Syngene’s fourth such exclusive R&D centre and first for a biologics company. Currently, the SARC collaboration has been allocated ~60000 square feet lab floor space and ~170 Syngene scientists, working with Amgen researchers around the world on the discovery and development of innovative medicines.

Revenue Bifurcation



Source: ICICI Direct Research; Company

Herbalife- in Q3FY17, Herbalife announced the opening of its first R&D centre in India in Partnership with Syngene. The 3000 sq ft facility will be located inside the Syngene Bengaluru campus.

The company owns the largest CRO facility in India, spread over 1,300,000 sq ft, in Bengaluru. The facility has been accredited with major regulatory compliance. It operates laboratory and manufacturing facilities to standards that are consistent with the requirements of its large global clients. In the last three years, the USFDA has cleared five audits without 483 observations.

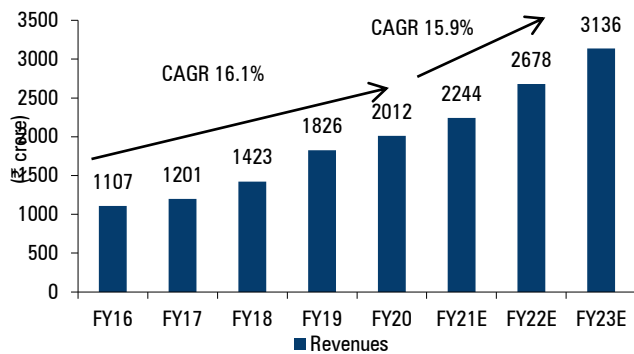
Apart from this, it is in the process of establishing a new commercial-scale facility in Mangaluru (SEZ) to manufacture novel small molecules for innovator companies as it plans to foray into commercial manufacturing for customers.

The company has signed commercial contracts for late stage products with existing clients. Of this, two molecules have already been commercialised and the company has started supply of intermediaries for these products. The company's existing facility at Bengaluru would initially support SIL's CMO business. This novel CMO business would extend the company's services to existing customers. The CMO business is expected to start meaningful contribution from FY18E. In addition, the company is in the process of setting up a new unit for biologic manufacturing in Bengaluru. We believe the CMO business would be an add-on driver for the company over medium to long term.

The company intends to evolve from a CRO into a contract research and manufacturing services (CRAMS) organisation with commercial-scale manufacturing capabilities. This is in keeping with SIL's plan to leverage its existing relationships with clients and provide forward integration on the discovery and development continuum.

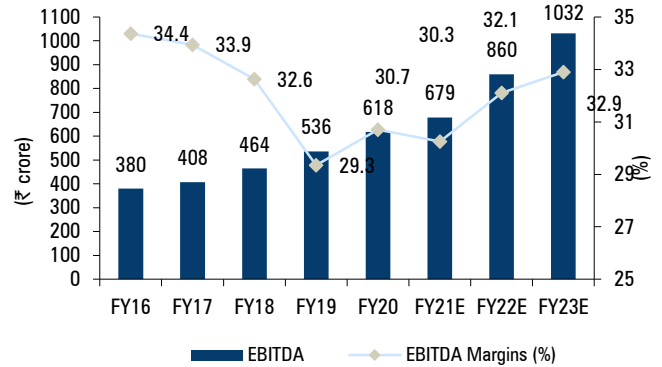
Key Metrics

Exhibit 4: Revenues to grow at CAGR of 16% over FY20-23E



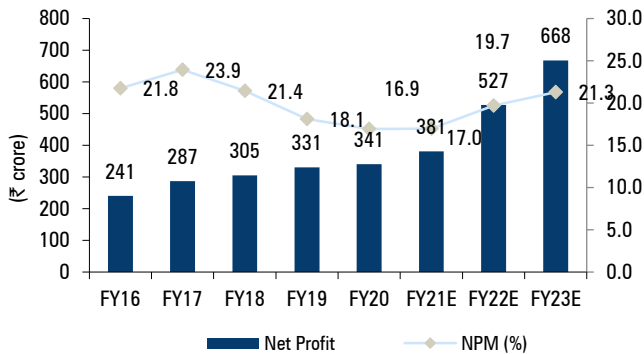
Source: ICICI Direct Research, Company

Exhibit 5: EBITDA and EBITDA margins trend



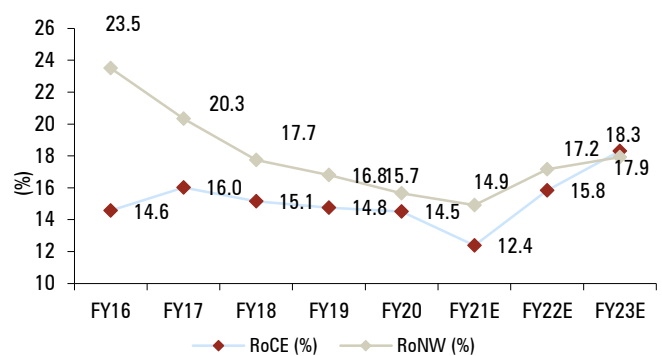
Source: ICICI Direct Research, Company

Exhibit 6: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 7: Return ratios



Source: ICICI Direct Research, Company

Exhibit 8: Valuation

	Revenues (₹ crore)	Growth (%)	Adj. EPS (₹)	Growth (%)	P/E V/EBITDA (x)	RoE (%)	RoCE (%)
FY20	2012	10.2	8.5	3.0	52.1	15.7	14.5
FY21E	2244	11.5	9.5	11.8	56.3	14.9	12.4
FY22E	2678	19.3	13.2	38.3	40.7	17.2	15.8
FY23E	3136	17.1	16.7	26.7	32.1	19.7	18.3

Source: ICICI Direct Research

Exhibit 9: Shareholding Pattern

(in %)	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Promoter	70.8	70.7	70.7	70.7	70.6
Public	28.3	28.4	28.4	28.5	28.7
Others	0.9	0.9	0.9	0.8	0.7

Source: ICICI Direct Research, Company

Financial Summary

Exhibit 10: Profit and loss statement				
	₹ crore			
(Year-end March)	FY20	FY21E	FY22E	FY23E
Total Operating Income	2,011.8	2,243.7	2,677.7	3,136.1
Growth (%)	10.2	11.5	19.3	17.1
Raw Material Expenses	519.4	545.6	651.2	762.6
Gross Profit	1,492.4	1,698.1	2,026.5	2,373.4
Gross Profit Margins (%)	74.2	75.7	75.7	75.7
Employee Expenses	580.4	679.9	765.1	871.1
Other Expenditure	617.8	678.9	859.8	1,031.9
Total Operating Expenditure	1,717.6	1,904.4	2,276.0	2,665.6
Operating Profit (EBITDA)	617.8	678.9	859.8	1,031.9
Growth (%)	15.3	9.9	26.7	20.0
Interest	34.6	28.8	18.0	6.4
Depreciation	219.3	272.2	298.5	311.9
Other Income	81.6	55.2	69.6	81.5
PBT after Exceptional Itc	516.8	433.0	612.9	795.1
Total Tax	104.8	52.0	85.8	127.2
PAT before MI	412.0	381.0	527.1	667.9
Minority Interest	0.0	0.0	0.0	0.0
PAT	412.0	381.0	527.1	667.9
Adjusted PAT	340.7	381.0	527.1	667.9
Growth (%)	3.0	11.8	38.3	26.7
EPS (Adjusted)	8.5	9.5	13.2	16.7

Source: ICICI Direct Research

Exhibit 11: Cash Flow Statement				
	₹ crore			
(Year-end March)	FY20	FY21E	FY22E	FY23E
Profit/(Loss) after taxation	412.1	381.0	527.1	667.9
Add: Depreciation & Amortiz	219.3	272.2	298.5	311.9
Other operating activities	-33.0	0.0	0.0	0.0
Net Increase in Current Asse	-191.5	-167.2	-111.8	-127.6
Net Increase in Current Liabil	235.6	-4.8	89.7	112.8
CF from operating activitie	677.1	510.1	821.6	971.4
(Inc)/dec in Fixed Assets	-643.1	-793.5	-296.0	-185.0
(Inc)/dec in Investments	125.6	500.0	-100.0	-100.0
Other Investing Activities	-89.5	-82.9	10.1	3.7
CF from investing activitie	-607.0	-376.4	-385.9	-281.3
Inc / (Dec) in Equity Capital	0.7	0.0	0.0	0.0
Inc / (Dec) in Loan funds	-162.0	0.0	-300.0	-300.0
Dividend & Dividend Tax	-24.1	0.0	-11.4	-15.7
Others	-40.1	-28.8	-18.0	-6.4
CF from financing activitie	-225.5	-28.8	-329.4	-322.2
Net Cash flow	-155.4	104.9	106.3	367.9
Opening Cash	436.9	281.5	386.4	492.7
Closing Cash	281.5	386.4	492.7	860.6
Free Cash Flow	34.0	-283.4	525.6	786.4

Source: ICICI Direct Research

Exhibit 12: Balance Sheet				
	₹ crore			
(Year-end March)	FY20	FY21E	FY22E	FY23E
Equity Capital	400.0	400.0	400.0	400.0
Reserve and Surplus	1,775.8	2,156.8	2,672.6	3,324.7
Total Shareholders funds	2,175.8	2,556.8	3,072.6	3,724.7
Total Debt	766.8	766.8	466.8	166.8
Long Term Provisions	40.9	45.0	49.5	54.4
Other Non Current Liabilitie	325.8	358.4	394.2	433.6
Source of Funds	3,309.3	3,727.0	3,983.1	4,379.6
Gross Block	3,017.2	3,810.7	4,106.7	4,291.7
Accumulated Depreciation	997.5	1,269.7	1,568.2	1,880.1
Net Block	2,019.7	2,541.0	2,538.5	2,411.6
Capital WIP	234.1	234.1	234.1	234.1
Fixed Assets	2,253.8	2,775.1	2,772.6	2,645.7
Investments	776.4	276.4	376.4	476.4
Other Non current assets	135.8	243.1	259.8	285.7
Inventory	25.2	61.5	73.4	85.9
Debtors	398.2	416.3	496.8	581.8
Loans and Advances	0.0	0.0	0.0	0.0
Other Current Assets	169.3	282.1	301.5	331.5
Cash	281.5	386.4	492.7	860.6
Total Current Assets	874.2	1,146.2	1,364.4	1,859.9
Creditors	222.0	274.7	327.8	383.9
Provisions	41.5	41.5	41.5	41.5
Deferred tax assets	122.7	134.97	148.5	163.3
Other Current Liabilities	590.1	532.6	569.2	625.9
Total Current Liabilities	853.6	848.8	938.5	1,051.3
Net Current Assets	20.6	297.5	425.8	808.6
Application of Funds	3,309.3	3,727.0	3,983.1	4,379.6

Source: ICICI Direct Research

Exhibit 13: Ratio Analysis				
	₹ crore			
(Year-end March)	FY20	FY21E	FY22E	FY23E
Per share data (₹)				
EPS	8.5	9.5	13.2	16.7
BV	54.4	63.9	76.8	93.1
DPS	0.0	0.3	0.4	0.5
Cash Per Share	7.0	9.7	12.3	21.5
Operating Ratios (%)				
Gross Profit Margins	74.2	75.7	75.7	75.7
EBITDA margins	30.7	30.3	32.1	32.9
Net Profit margins	16.9	17.0	19.7	21.3
Inventory days	4.6	10.0	10.0	10.0
Debtor days	72.2	67.7	67.7	67.7
Creditor days	40.3	44.7	44.7	44.7
EBITDA Conversion Rate	109.6	75.1	95.6	94.1
Gross Asset Turnover	0.7	0.6	0.7	0.7
Return Ratios (%)				
RoE	15.7	14.9	17.2	17.9
RoCE	14.5	12.4	15.8	18.3
RoIC	22.2	16.3	22.4	30.0
Valuation Ratios (x)				
P/E	52.1	56.3	40.7	32.1
EV / EBITDA	34.3	31.8	24.5	19.7
EV / Revenues	10.5	9.6	7.9	6.5
Market Cap / Revenues	10.7	9.6	8.0	6.8
Price to Book Value	9.9	8.4	7.0	5.8
Solvency Ratios (x)				
Debt / Equity	0.4	0.3	0.2	0.0
Debt / EBITDA	1.2	1.1	0.5	0.2
Current Ratio	0.7	0.9	0.9	1.0

Source: ICICI Direct Research

Exhibit 14: 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	1628	1,810	Buy	14204	43.5	53.4	60.2	72.5	37.4	30.5	27.0	22.5	21.8	24.7	23.4	24.3	17.1	18.1	17.7	18.4
Alembic Pharma	ALEMPHA	1012	1,140	Buy	19894	31.4	46.3	52.6	51.9	32.2	21.9	19.2	19.5	19.6	21.0	21.9	20.1	21.8	27.1	24.1	19.7
Apollo Hospital	APOHOS	2102	1,970	Buy	29240	17.0	23.3	-11.4	28.7	123.9	90.1	NA	73.1	8.8	10.2	3.9	15.2	7.1	9.7	-4.6	10.5
Aurobindo Pharma	AURPHA	782	1,100	Buy	45832	41.9	48.8	59.9	72.4	18.7	16.0	13.1	10.8	15.9	17.2	19.7	21.3	17.7	17.0	17.5	17.7
Biocon	BIOCON	430	490	Buy	51558	6.2	5.8	10.0	19.9	69.2	73.8	42.9	21.6	10.9	10.2	14.5	22.6	12.2	10.4	15.4	24.0
Cadila Healthcare	CADHEA	426	470	Buy	43576	18.1	14.0	17.4	21.0	23.6	30.5	24.5	20.3	12.8	10.7	12.4	13.8	17.8	13.8	15.1	16.0
Cipla	CIPLA	758	900	Buy	61080	18.6	19.2	30.3	36.0	40.8	39.4	25.0	21.0	10.9	12.0	16.4	17.3	10.0	9.8	13.7	14.2
Divi's Lab	DIVLAB	3094	3,260	Buy	82123	51.0	51.9	70.7	85.7	60.7	59.7	43.8	36.1	25.5	23.9	27.1	26.5	19.4	18.8	21.2	21.0
Dr Reddy's Lab	DRREDD	5024	5,710	Buy	83522	114.7	121.9	158.1	196.0	43.8	41.2	31.8	25.6	10.7	9.6	18.2	19.4	13.6	13.0	14.7	15.8
Glenmark Pharma	GLEPHA	487	560	Buy	13746	26.9	26.4	32.8	39.9	18.1	18.5	14.8	12.2	15.3	12.7	13.8	14.9	13.5	12.2	13.3	14.0
Hikal	HIKCHE	164	165	Buy	2018	8.4	8.1	8.8	12.7	19.6	20.2	18.6	12.8	14.3	13.0	13.1	15.1	13.6	12.2	11.9	14.9
Ipca Laboratories	IPCLAB	2156	2,400	Buy	27340	35.1	47.8	92.3	93.4	61.5	45.1	23.4	23.1	15.0	17.6	26.9	22.4	14.2	16.6	24.5	20.0
Jubilant Life	JUBLIF	736	1,060	Buy	11725	54.9	59.9	62.1	91.3	13.4	12.3	11.9	8.1	14.3	14.4	15.8	20.6	17.8	16.6	14.8	18.0
Lupin	LUPIN	993	1,030	Buy	45023	16.5	-12.7	25.3	39.2	60.0	NA	39.3	25.4	9.4	9.7	10.2	13.8	5.4	-4.6	8.4	11.7
Narayana Hrudayam	NARHRU	334	340	Buy	6826	2.9	6.4	-7.0	7.1	115.0	52.6	NA	46.7	7.7	11.0	-4.6	11.9	5.5	11.4	-14.5	13.1
Natco Pharma	NATPHA	912	950	Buy	16616	35.4	25.3	31.0	29.7	25.8	36.0	29.4	30.7	21.3	14.0	16.1	14.2	18.5	12.2	13.4	11.6
Sun Pharma	SUNPHA	486	625	Buy	116497	15.9	16.8	21.0	24.2	30.6	28.9	23.1	20.1	10.3	10.0	10.2	12.9	9.2	8.9	10.8	11.2
Syngene Int.	SYNINT	536	635	Buy	21452	8.3	10.3	9.5	13.2	64.8	52.1	56.3	40.7	14.8	14.5	12.4	15.8	16.8	15.7	14.9	17.2
Torrent Pharmaceuticals	TORPHA	2715	2,865	Buy	45946	48.9	60.6	69.4	94.3	55.5	44.8	39.1	28.8	14.2	15.4	18.1	21.7	17.5	21.2	20.6	23.1
Shalby	SHALIM	90	100	Hold	967	2.9	2.6	4.2	4.8	30.6	35.1	21.5	18.6	6.8	7.2	5.8	7.8	4.1	3.5	5.3	5.9
Aster DM	ASTDM	135	160	Buy	6746	6.7	5.5	-0.3	8.3	20.3	24.4	NA	16.2	8.3	7.1	3.4	8.7	10.4	8.5	-0.5	11.3
Indoco Remedies	INDREM	260	330	Buy	2393	-0.3	2.6	11.0	15.0	NA	99.3	23.7	17.3	1.0	5.1	13.5	16.9	-0.4	3.5	13.2	15.6
Caplin Point	CAPPOI	526	670	Buy	3979	23.3	28.4	33.2	44.6	22.5	18.5	15.8	11.8	34.6	26.5	26.0	28.0	27.9	22.7	21.4	22.7
Granules India	GRANUL	389	460	Buy	9631	9.5	12.4	21.4	25.2	40.7	31.3	18.2	15.4	11.8	15.2	22.9	23.1	15.5	16.7	22.6	21.2

Source: ICICI Direct Research, Bloomberg

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