

Sturdy numbers; more capex for better visibility...

Revenues grew 21.0% YoY to ₹ 1749 crore (I-direct estimate: ₹ 1679 crore). Generic segment grew 25.9% YoY to ₹ 883 crore. Custom synthesis grew 18.1% YoY to ₹ 700 crore. Carotenoids grew 9.9% YoY to ₹ 167 crore. EBITDA margins expanded 843 bps YoY to 42.4% (I-direct estimate: 36.5%) due to significantly better gross margin performance and lower other expenditure. Subsequently, EBITDA grew 51.1% YoY to ₹ 741 crore (I-direct estimate: ₹ 613 crore). Net profit grew 45.6% YoY to ₹ 520 crore (I-direct estimate: ₹ 448 crore) in-line with strong operational performance. Delta vis-a-vis EBITDA was due to lower other income and higher depreciation.

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 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 24.4% to ₹ 4256 crore in FY20-23E.

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 23.5% to ₹ 5996 crore in FY20-23E.

Valuations & Outlook

Q2 revenues were in-line with I-direct estimates whereas profitability was better due to better-than-expected operational performance. More than strong quarterly performance (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 from China plus one factor. It has earmarked aggressive capex of ~₹ 2800 crore [₹ 1800 (existing plans) + ₹ 400 (custom synthesis blocks) + ₹ 600 (greenfield Kakinada plant) crore], over and above ~₹ 2000 crore spent in last five years. Impact of this massive investment is already visible and is expected to reflect in FY21-22. Divi's stays a quintessential play on the Indian API/CRAMS segment with its product offerings and execution prowess. We maintain **BUY** with a TP of ₹ 4205 based on 38x FY23E EPS of ₹ 110.6.

Key Financial Summary

(₹ crore)	FY20	FY21E	FY22E	FY23E	CAGR (FY20-23E) %
Revenues	5394.4	7035.5	8572.4	10251.6	23.9
E BITDA	1816.1	2756.8	3300.4	3998.1	30.1
E BITDA margins (%)	33.7	39.2	38.5	39.0	
Adj. Net Profit	1376.5	1939.2	2385.3	2936.8	28.7
Adjusted EPS (₹)	51.9	73.0	89.9	110.6	
PE (x)	62.4	44.3	36.0	29.3	
EV to EBITDA (x)	45.7	30.0	24.9	20.4	
RoNW (%)	18.8	22.2	22.3	22.3	
RoCE (%)	23.9	28.4	28.7	28.7	

Source: ICICI Direct Research; Company



Divi's Laboratories Limited

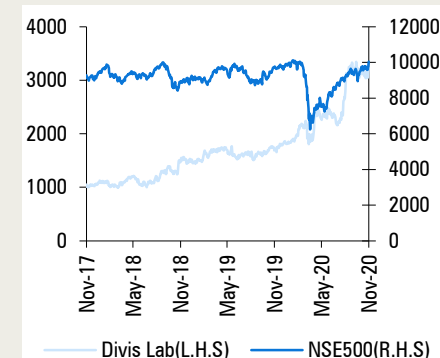
Particulars

Particular	Amount
Market Capitalisation	₹85939 crore
Debt (FY 20)	₹39 crore
Cash & equivalents (FY 20)	₹1094 crore
EV	₹84884 crore
52 week H/L	3389/1626
Equity capital	₹53.1 crore
Face value	₹2

Key Highlights

- Divi's Laboratories reported strong Q2FY21 performance.
- To further augment capacities besides preparing for growing opportunities arising due to China factor, the company has earmarked an aggressive capex of ~₹ 2800 crore
- Maintain BUY

Price performance



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Exhibit 1: Variance Analysis

	Q2FY21	Q2FY21E	Q2FY20	Q1FY21	YoY (%)	QoQ (%)	Comments
Revenue	1,749.3	1,679.3	1,445.6	1,730.5	21.0	1.1	Strong growth across segments
Raw Material Expense	576.3	629.7	593.7	639.8	-2.9	-9.9	
Gross Margins (%)	67.1	62.5	58.9	63.0	812 bps	403 bps	Improved amid change in product mix
Employee Expenses	193.2	193.1	150.6	183.9	28.3	5.0	
Other Expenditure	238.7	243.5	210.8	206.7	13.3	15.5	Forex loss of ₹ 12.28 crore vs. gain of ₹ 5.35 crore in Q2FY20
Total Expenditure	1,008.2	1,066.4	955.0	1,030.4	5.6	-2.2	
EBITDA	741.1	612.9	490.6	700.1	51.1	5.9	
EBITDA (%)	42.4	36.5	33.9	40.5	843 bps	191 bps	Sharp improvement and beat vis-à-vis I-direct estimates mainly due to strong gross margins
Interest	0.2	0.3	3.8	0.2	-95.8	-30.4	
Depreciation	61.1	61.0	45.9	56.2	33.1	8.8	
Other income	13.6	50.4	47.0	17.3	-71.0	-21.3	Forex loss of ₹ 12.28 crore vs. gain of ₹ 5.35 crore in Q2FY20
PBT Before EO	693.5	602.0	487.9	661.0	42.1	4.9	
EO	0.0	0.0	0.0	0.0	NA	NA	
PBT	693.5	602.0	487.9	661.0	42.1	4.9	
Tax	173.9	153.9	131.1	168.9	32.7	2.9	
Net Profit	519.6	448.2	356.8	492.1	45.6	5.6	Strong growth and beat vis-à-vis I-direct estimates mainly in sync with operational performance
Key Metrics							
Generic	882.6	876.1	700.9	894.0	25.9	-1.3	
CS	699.7	681.6	592.7	709.5	18.1	-1.4	
Carotenoid	167.0	121.6	152.0	127.0	9.9	31.5	

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

(₹ Crore)	FY21E			FY22E			
	Old	New	% Change	Old	New	% Change	
Revenue	6,825.3	7,035.5	3.1	7,849.1	8,572.4	9.2	Changed due to strong visibility and new capex announced
EBITDA	2,568.3	2,756.8	7.3	3,021.9	3,300.4	9.2	
EBITDA Margin (%)	37.6	39.2	158 bps	38.5	38.5	0 bps	Changed mainly due to better-than-expected margins in Q2FY20
Net Profit	1,890.0	1,939.2	2.6	2,277.3	2,385.3	4.7	
EPS (₹)	71.2	73.0	2.6	85.8	89.9	4.7	

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

(₹ Crore)	Current				Earlier		Comments
	FY19	FY20	FY21E	FY22E	FY21E	FY22E	
Generic API & Intermediates	2,438.1	2,740.0	3,599.9	4,319.9	3,593.5	4,132.5	Changed mainly due strong visibility
Carotenoids	383.0	443.0	598.5	706.2	527.2	606.3	Changed as per management guidance
Custom Synthesis	2,060.6	2,211.4	2,837.0	3,546.3	2,704.7	3,110.4	Changed mainly due to strong visibility and new capex announced

Source: ICICI Direct Research

Conference Call Highlights

- Revenue bifurcation: Generic: ₹ 883 crore, CS: ₹ 700 crore, Carotenoid: ₹ 167 crore
- Total capitalisation done during H1FY21 amounted to ₹ 830 crore (Q2FY21: ₹ 615 crore)
 - ₹ 524 crore for SEZ facilities
 - ₹ 132 crore for waste water treatment plant
 - Augmenting capacities, upgrading infrastructure
- Raw material, supply chain challenges witnessed in Q1 are down sequentially
- Covid product related income near nil (few lakh)
- In addition to the ₹ 1800 crore capex planned earlier, another ₹ 400 crore capex for construction of new blocks for custom synthesis is also planned to be completed over six to nine months
- Kakinada plant greenfield capex of ~₹ 600 crore to start from December-January 2021 (to take 1-1.5 year to complete project, then validation, etc will happen in two to three years)
- The capex delayed in Q1 is back on track in Q2. Some debottlenecking is done, some capacity expansion done, some API validations awaited, all backward integration completed, other capex to be completed before FY21
- Higher gross margins due to debottlenecking, backward integration; 60% can be maintained
- CWIP as of Q2FY21 is ₹ 499 crore (to be completed by FY21)
- 87% revenue through exports; 71% through Europe and US
- Constant currency growth YoY: 18%
- Nutraceutical sales: ₹ 167 crore in Q2FY21; expected ₹ 600 crore in FY21, to grow 15-18% in future

Exhibit 4: Trends in quarterly financials

(₹crore)	12FY18	13FY18	14FY18	11FY19	12FY19	13FY19	14FY19	11FY20	12FY20	13FY20	14FY20	11FY21	12FY21	YoY (%)	QoQ (%)
Total Operating Income	890.2	1037.9	1088.0	995.3	1285.0	1342.9	1256.4	1162.9	1445.6	1396.3	1389.7	1730.5	1749.3	21.0	1.1
Raw Material Expenses	357.3	408.4	407.6	381.4	473.2	480.2	503.0	452.3	593.7	547.1	515.4	639.8	576.3	-2.9	-9.9
% of revenues	40.1	39.3	37.5	38.3	36.8	35.8	40.0	38.9	41.1	39.2	37.1	37.0	32.9	-812.5	-403.2
Gross Profit	532.9	629.5	680.3	613.9	811.8	862.7	753.5	710.6	851.9	849.1	874.3	1090.6	1173.0	37.7	7.6
Gross Profit Margin (%)	59.9	60.7	62.5	61.7	63.2	64.2	60.0	61.1	58.9	60.8	62.9	63.0	67.1	812.5	403.2
Employee Expenses	104.8	115.0	125.8	121.3	134.7	136.5	138.3	140.9	150.6	156.5	173.1	183.9	193.2	28.3	5.0
% of revenues	11.8	11.1	11.6	12.2	10.5	10.2	11.0	12.1	10.4	11.2	12.5	10.6	11.0	62.7	41.6
Other Expenses	150.9	188.4	168.1	140.7	163.0	203.0	204.1	182.6	210.8	198.7	256.7	206.7	238.7	13.3	15.5
% of revenues	16.9	18.2	15.4	14.1	12.7	15.1	16.2	15.7	14.6	14.2	18.5	11.9	13.6	-93.5	170.4
Total Expenditure	613.0	711.7	701.5	643.5	770.9	819.6	845.3	775.7	955.0	902.4	945.3	1030.4	1008.2	5.6	-2.2
% of revenues	68.9	68.6	64.5	64.6	60.0	61.0	67.3	66.7	66.1	64.6	68.0	59.5	57.6	-843.2	-191.2
EBITDA	277.2	326.1	386.5	351.9	514.1	523.3	411.1	387.1	490.6	493.9	444.5	700.1	741.1	51.1	5.9
EBITDA Margins (%)	31.1	31.4	35.5	35.4	40.0	39.0	32.7	33.3	33.9	35.4	32.0	40.5	42.4	843.2	191.2
Interest	0.8	0.3	-0.2	0.6	0.2	2.5	0.1	0.3	3.8	1.6	0.4	0.2	0.2	-95.8	-30.4
Depreciation	33.9	37.4	38.8	41.6	42.4	42.5	42.3	43.8	45.9	46.7	49.8	56.2	61.1	33.1	8.8
Other Income	33.6	17.0	48.2	48.8	80.1	34.6	41.7	30.3	47.0	41.7	76.7	17.3	13.6	-71.0	-21.3
PBT before forex & E	276.1	305.5	396.1	358.4	551.6	512.9	410.4	373.3	487.9	487.3	471.0	661.0	693.5	42.1	4.9
Total Tax	69.3	80.8	134.5	92.3	153.9	133.4	121.0	100.9	131.1	128.2	82.7	168.9	173.9	32.7	2.9
Tax rate (%)	25.1	26.5	33.9	25.7	27.9	26.0	29.5	27.0	26.9	26.3	17.6	25.6	25.1	-179.4	-48.0
PAT	206.8	224.7	261.6	266.2	397.7	379.5	289.4	272.4	356.8	359.1	388.2	492.1	519.6	45.6	5.6
PAT Margin (%)	23.2	21.6	24.0	26.7	30.9	28.3	23.0	23.4	24.7	25.7	27.9	28.4	29.7		
EPS (₹)	7.8	8.5	9.9	10.0	15.0	14.3	10.9	10.3	13.4	13.5	14.6	18.5	19.6		

Source: ICICI Direct Research

Company Background

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

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

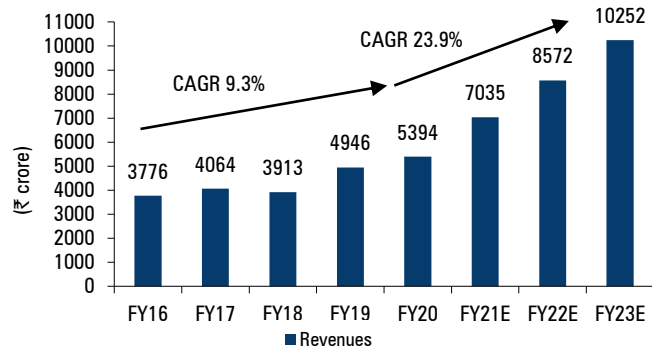
To enter the custom synthesis space in the nineties, the company made its own case to innovators, which, until then, were relying on services provided by major players such as BASF, Degussa, etc. As these players grew and became as big as the innovators themselves, companies like Divi's, on account of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

The custom synthesis business is a high margin one but at times lumpy as it depends on offtake from customers (global top 20 big pharma). This business had a difficult time in FY10, 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, India based cost arbitrage and 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.

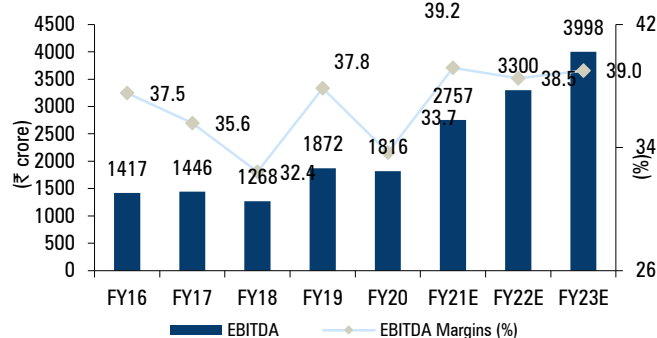
The company has earmarked an aggressive capex of ~₹ 1800 crore (₹ 1000 crore completed + ₹ 800 crore in Capital WIP), over and above ~₹ 2000 crore spent in the last five years. This capex will largely be distributed between the Unit 1 (DCF SEZ) & 2 (DCV SEZ) facilities for up-gradation of quality control 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 24% over FY20-23E



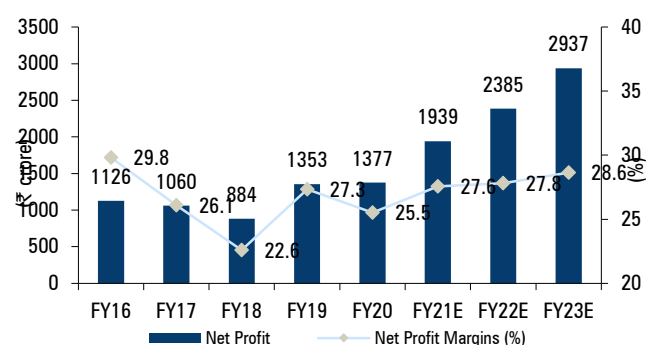
Source: ICICI Direct Research, Company

Exhibit 6: EBITDA & EBITDA margins trend



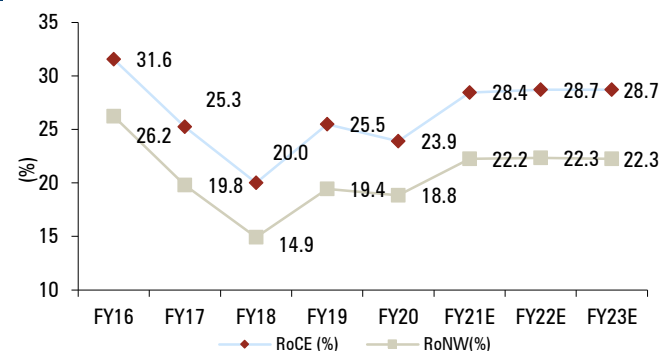
Source: ICICI Direct Research, Company

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	Growth	EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY 20	5394	9.1	51.9	1.8	62.4	45.7	18.8	23.9
FY 21E	7035	30.4	73.0	40.9	44.3	30.0	22.2	28.4
FY 22E	8572	21.8	89.9	23.0	36.0	24.9	22.3	28.7
FY 23E	10252	19.6	110.6	23.1	29.3	20.4	22.3	28.7

Source: ICICI Direct Research

Exhibit 10: Shareholding Pattern

(in %)	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
P romoter	52.0	52.0	52.0	52.0	52.0
O thers	48.0	48.0	48.0	48.0	48.0

Source: ICICI Direct Research, Company

Financial Summary

Exhibit 11: Profit & Loss (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Revenues	5,394.4	7,035.5	8,572.4	10,251.6
Growth (%)	9.1	30.4	21.8	19.6
Raw Material Expenses	2,108.5	2,549.5	3,171.8	3,741.8
Employee Expenses	621.1	786.0	985.8	1,178.9
Other Expenses	848.8	943.2	1,114.4	1,332.7
EBITDA	1,816.1	2,756.8	3,300.4	3,998.1
Growth (%)	-3.0	51.8	19.7	21.1
Depreciation	186.2	239.3	290.3	306.8
Interest	6.1	1.0	1.2	1.2
Other Income	195.8	66.5	171.4	225.5
PBT	1,819.5	2,583.0	3,180.4	3,915.7
Total Tax	442.9	643.8	795.1	978.9
Adjusted PAT	1,376.5	1,939.2	2,385.3	2,936.8
Growth (%)	1.8	40.9	23.0	23.1
EPS (Adjusted)	51.9	73.0	89.9	110.6

Source: ICICI Direct Research

Exhibit 12: Cash Flow Statement (₹ crore)

(Year-end March)/(₹crore)	FY20	FY21E	FY22E	FY23E
Profit/(Loss) after taxation	1,374.2	1,939.2	2,385.3	2,936.8
Add: Depreciation & Amortizat	186.2	239.3	290.3	306.8
(Inc)/dec in Current Assets	-326.2	-935.5	-953.7	-1,043.1
Inc/(dec) in CL and Provisions	107.9	145.7	193.5	212.5
Other Operating Activities	-126.2	1.0	1.2	1.2
CF from operating activities	1,215.9	1,389.7	1,916.5	2,414.2
(Inc)/dec in Fixed Assets	-1,182.9	-900.0	-600.0	-600.0
(Inc)/dec in Investments	1,056.3	0.0	-1,000.0	-1,200.0
Other Investing Activities	9.4	19.9	22.6	25.7
CF from investing activities	-117.2	-880.1	-1,577.4	-1,774.3
inc/(dec) in Loan	-61.2	0.0	0.0	0.0
Dividend & Dividend tax	-1024.1	-530.9	-424.7	-424.7
Others	-6.1	-1.0	-1.2	-1.2
CF from financing activities	-1,091.4	-531.9	-425.9	-425.9
Net Cash flow	7.4	-22.3	-86.8	213.9
Opening Cash	115.3	122.6	100.3	13.5
Closing Cash	122.6	100.3	13.5	227.5
Free Cash Flow	33.1	489.7	1,316.5	1,814.2

Source: ICICI Direct Research

Exhibit 13: Balance Sheet (₹ crore)

(Year-end March)/(₹crore)	FY20	FY21E	FY22E	FY23E
Liabilities				
Equity Capital	53.1	53.1	53.1	53.1
Reserve and Surplus	7,256.8	8,665.1	10,625.7	13,137.7
Total Shareholders funds	7,309.9	8,718.2	10,678.8	13,190.8
Total Debt	38.9	38.9	38.9	38.9
Deferred Tax Liability	274.0	306.8	343.7	384.9
Non CL & Long Term Provisio	20.5	23.0	25.7	28.8
Total Liabilities	7,643.3	9,086.9	11,087.0	13,643.4
Assets				
Gross Block - Fixed Assets	3,514.3	4,436.8	5,277.6	5,577.6
Accumulated Depreciation	732.4	971.7	1,262.0	1,568.8
Net Block	2,781.9	3,465.0	4,015.6	4,008.8
Capital WIP	919.7	897.2	656.4	956.4
Total Fixed Assets	3,701.5	4,362.2	4,671.9	4,965.2
Investments	971.4	971.4	1,971.4	3,171.4
Inventory	1,863.9	2,520.9	3,071.7	3,673.4
Debtors	1,413.4	1,654.8	2,016.3	2,411.2
Loans and Advances	0.1	0.1	0.1	0.1
Other Current Assets	308.6	345.6	387.0	433.5
Cash	122.6	100.3	13.5	227.5
Total Current Assets	3,708.5	4,621.7	5,488.6	6,745.6
Creditors	590.7	700.2	853.1	1,020.3
Provisions	2.5	2.8	3.1	3.5
Other current Liabilities	299.3	335.2	375.4	420.5
Total Current Liabilities	892.5	1,038.1	1,231.6	1,444.2
Net Current Assets	2,816.0	3,583.6	4,257.0	5,301.5
Other Non CA & LT L & A	154.3	169.8	186.7	205.4
Application of Funds	7,643.3	9,086.9	11,087.0	13,643.4

Source: ICICI Direct Research

Exhibit 14: Key Ratios (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Per share data (₹)				
Adjusted EPS	51.9	73.0	89.9	110.6
BV per share	275.4	328.4	402.3	496.9
Dividend per share	19.2	20.0	16.0	16.0
Cash Per Share	4.6	3.8	0.5	8.6
Operating Ratios (%)				
Gross margins	60.9	63.8	63.0	63.5
EBITDA margins	33.7	39.2	38.5	39.0
Net Profit margins	25.5	27.6	27.8	28.6
Inventory days	126.1	130.8	130.8	130.8
Debtor days	95.6	85.8	85.8	85.8
Creditor days	40.0	36.3	36.3	36.3
Asset Turnover	1.2	1.3	1.4	1.6
EBITDA conversion rate	67.0	50.4	58.1	60.4
Return Ratios (%)				
RoE	18.8	22.2	22.3	22.3
RoCE	23.9	28.4	28.7	28.7
RoIC	43.2	51.8	44.4	43.8
Valuation Ratios (x)				
P/E	62.4	44.3	36.0	29.3
EV / EBITDA	45.7	30.0	24.9	20.4
Price to Book Value	11.8	9.9	8.0	6.5
EV / Net Sales	15.4	11.7	9.6	8.0
Market Cap / Sales	15.9	12.2	10.0	8.4
Solvency Ratios				
Debt / EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	4.0	4.4	4.4	4.5

Source: ICICI Direct Research

Exhibit 15: ICICI Direct Coverage Universe (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
						FY19	FY20	FY21E	FY22E	FY19	FY20	FY21E	FY22E	FY19	FY20	FY21E	FY22E	FY19	FY20	FY21E	FY22E
Ajanta Pharma	AJAPHA	1586	1,960	Buy	13842	43.5	53.4	62.7	73.8	36.4	29.7	25.3	21.5	21.8	24.7	25.4	24.5	17.1	18.1	18.4	18.6
Alembic Pharma	ALEMPHA	979	1,170	Buy	19245	31.4	46.3	59.7	48.4	31.1	21.1	16.4	20.2	19.6	21.0	22.2	16.9	21.8	27.1	22.9	16.2
Apollo Hospital	APOHOS	2086	1,970	Buy	29020	17.0	23.3	-11.4	28.7	122.9	89.4	NA	72.6	8.8	10.2	3.9	15.2	7.1	9.7	-4.6	10.5
Aurobindo Pharma	AURPHA	780	1,025	Buy	45712	41.9	48.8	58.4	65.4	18.6	16.0	13.4	11.9	15.9	17.2	18.2	18.0	17.7	17.0	15.0	14.5
Biocon	BIOCON	415	500	Buy	49776	6.2	5.8	8.4	15.8	66.8	71.3	49.7	26.3	10.9	10.2	11.7	18.2	12.2	10.4	13.2	20.3
Cadila Healthcare	CADHEA	432	555	Buy	44256	18.1	14.0	19.8	22.1	23.9	30.9	21.8	19.5	12.8	10.7	13.6	14.3	17.8	13.8	15.7	15.4
Cipla	CIPLA	790	925	Buy	63699	18.6	19.2	27.6	30.4	42.5	41.1	28.6	26.0	10.9	12.0	15.5	15.5	10.0	9.8	12.6	12.5
Divi's Lab	DIVLAB	3237	4,205	Buy	85939	51.0	51.9	73.0	89.9	63.5	62.4	44.3	36.0	25.5	23.9	28.4	28.7	19.4	18.8	22.2	22.3
Dr Reddy's Lab	DRREDD	4903	6,000	Buy	81516	114.7	121.9	168.4	194.4	42.8	40.2	29.1	25.2	10.7	9.6	17.5	19.3	13.6	13.0	15.5	15.5
Glenmark Pharma	GLEPHA	512	560	Buy	14441	26.9	26.4	32.8	39.9	19.0	19.4	15.6	12.8	15.3	12.7	13.8	14.9	13.5	12.2	13.3	14.0
Hikal	HIKCHE	167	230	Buy	2060	8.4	8.1	10.2	12.2	20.0	20.6	16.5	13.7	14.3	12.8	13.6	14.9	13.6	12.2	13.5	14.2
Ipca Laboratories	IPCLAB	2337	2,400	Buy	29637	35.1	47.8	92.3	93.4	66.7	48.9	25.3	25.0	15.0	17.6	26.9	22.4	14.2	16.6	24.5	20.0
Jubilant Life	JUBLIF	700	850	Buy	11154	54.9	59.9	54.4	70.3	12.8	11.7	12.9	10.0	14.3	14.4	14.7	16.9	17.8	16.6	13.2	14.7
Lupin	LUPIN	917	985	Hold	41561	16.5	-12.7	22.6	38.4	55.4	NA	40.5	23.9	9.4	9.7	8.9	13.5	5.4	-4.6	7.6	11.6
Narayana Hrudayam	NARHRU	342	405	Buy	6988	2.9	6.4	-4.2	8.3	117.8	53.8	NA	41.1	7.7	11.0	-2.4	12.8	5.5	11.4	-8.3	14.2
Natco Pharma	NATPHA	928	950	Buy	16912	35.4	25.3	31.0	29.7	26.2	36.7	30.0	31.3	21.3	14.0	16.1	14.2	18.5	12.2	13.4	11.6
Sun Pharma	SUNPHA	509	585	Buy	122159	15.9	16.8	25.5	23.1	32.1	30.3	19.9	22.1	10.3	10.0	11.4	12.4	9.2	8.9	12.9	10.5
Syngene Int.	SYNINT	538	635	Buy	21538	8.3	10.3	9.5	13.2	65.1	52.3	56.5	40.9	14.8	14.5	12.4	15.8	16.8	15.7	14.9	17.2
Torrent Pharmaceuticals	TORPHA	2557	3,135	Buy	43262	48.9	60.6	71.0	85.9	52.2	42.2	36.0	29.7	14.2	15.4	18.0	20.2	17.5	21.2	21.0	21.3
Shalby	SHALIM	92	100	Hold	990	2.9	2.6	4.2	4.8	31.3	35.9	22.0	19.0	6.8	7.2	5.8	7.8	4.1	3.5	5.3	5.9
Aster DM	ASTDM	136	160	Buy	6771	6.7	5.5	-0.3	8.3	20.3	24.5	NA	16.3	8.3	7.1	3.4	8.7	10.4	8.5	-0.5	11.3
Indoco Remedies	INDREM	255	335	Buy	2352	-0.3	2.6	9.3	14.8	NA	97.5	27.5	17.2	0.9	4.6	11.4	15.6	-0.4	3.5	11.4	15.7
Caplin Point	CAPPOI	486	605	Buy	3675	23.3	28.4	33.5	43.5	20.8	17.1	14.5	11.2	34.6	26.5	26.9	28.1	27.9	22.7	21.5	22.3
Granules India	GRANUL	371	460	Buy	9194	9.5	12.4	21.4	25.2	38.9	29.9	17.4	14.7	11.8	15.2	22.9	23.1	15.5	16.7	22.6	21.2
Laurus Labs	LAULAB	277	390	Buy	14836	1.7	4.8	16.0	17.7	158.2	58.1	17.3	15.7	7.7	13.0	30.4	28.0	6.0	14.4	33.8	27.9

Source: ICICI Direct Research, Bloomberg

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