Natco Pharma (NATPHA)

ICICI direct Research

CMP: ₹ 900	Target: ₹ 970 (8%)	Target Period: 12 months	HOLD

November 13, 2020

Result Update

One-offs drive numbers…

Q2FY21 revenues grew an exceptional 65.2% YoY to ₹ 802 crore on the back of 91.3% YoY growth in export formulations to ₹ 482 crore and 193.7% growth in APIs to ₹ 200 crore. Domestic formulations de-grew 11.2% YoY to ₹ 108 crore due to continued impact on Hep-C sales and oncology segment due to lower hospitalisation rate amid the pandemic. EBITDA margins improved 680 bps YoY to 34.5% due to better operating leverage. Hence, EBITDA grew 105.8% YoY to ₹ 276 crore. PAT grew 70.1% YoY to ₹ 202.4 crore. Delta vis-a-vis EBITDA was due to lower other income and higher tax rate (24.7% vs 15.6% in Q2FY20).

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 FY20, the company had filed 55 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 domestic oncology segment with a product basket of ~33 products (FY20). Covid related disturbances, pricing pressure notwithstanding, we expect momentum in oncology segment to be decent on the back of incremental launches. 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 12.4% CAGR in FY20-23E to ₹ 768 crore.

Valuation & Outlook

Q2 results were better than I-direct estimates on all fronts. Growth in export formulations was led by inclusion of gRevlimid settlement income in Canada from Celgene, API segment was led by stockings for Tamiflu especially in Brazil and Canada. The next big US approval will be gRevlimid while there are handful of other US approvals and launches lined up. Broadly, 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 may contribute 70-80% of revenues in the next two to three years. The bright spot for Natco is of course its strong b/s besides management's ability to carve out a niche out of available opportunities. The growth trajectory is likely to improve from FY23 onwards as the new strategy settles down. We ascribe a target price of ₹ 970, which includes base business value of ~₹ 676 (25x FY23E EPS of ₹ 27.0) + ₹ 294 for NPV of FTF/Para IVs in US. Given the recent run-up besides impending TAD for gRevlimid approval, we change our stance to **HOLD**.

Natco Pharma Limited

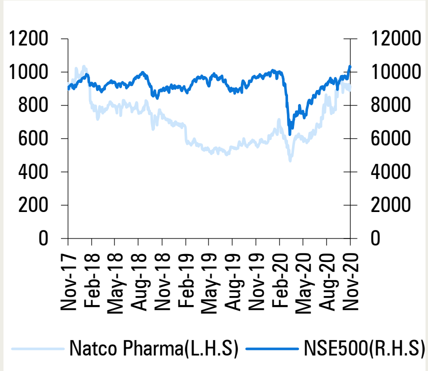
Particulars

Particular	Amount
Market Capitalisation	₹16397 crore
Debt (FY20)	₹316 crore
Cash (FY20)	₹66 crore
EV	₹16647 crore
52 week H/L (₹)	995/450
Equity capital	₹36.4 crore
Face value	₹2

Key Highlights

- Q2 results better than I-direct estimates on all fronts. Strong growth in export formulations, APIs
- Next big US approval to be gRevlimid. There are handful of other US approvals and launches lined up
- Changed from BUY to HOLD

Price performance



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ICICI Securities – Retail Equity Research

Key Financial Summary

(₹crore)	FY20	FY21E	FY22E	FY23E	CAGR FY20-23E (%)
Revenues	1915.0	2542.4	2332.1	2376.6	7.5
EBITDA	582.6	821.3	721.3	708.2	6.7
EBITDA Margins (%)	30.4	32.3	30.9	29.8	
Net Profit	460.8	595.5	510.5	492.6	2.2
EPS (₹)	25.3	32.7	28.0	27.0	
PE (x)	35.6	27.5	32.1	33.3	
EV to EBITDA (x)	28.5	19.7	22.0	22.0	
RoNW (%)	12.2	14.0	11.0	9.8	
RoCE (%)	14.0	17.1	13.6	12.2	

Source: ICICI Direct Research, Company

Exhibit 1: Variance Analysis

	Q2FY21	Q2FY20	Q1FY21	YoY (%)	QoQ (%)	Comments
Revenue	802.2	485.7	563.4	65.2	42.4	YoY growth due to multiple one offs pertaining to Covid related opportunities and licensing income
Raw Material Expenses	194.9	119.2	178.9	63.5	8.9	Sharp decline mainly due to change in product mix
Employee Expenses	123.7	102.4	95.2	20.8	29.9	
Other Expenditure	207.2	129.8	118.2	59.6	75.3	
Total Operating Expenditure	525.8	351.4	392.3	49.6	34.0	
EBITDA	276.4	134.3	171.1	105.8	61.5	
EBITDA (%)	34.5	27.7	30.4	680 bps	409 bps	YoY improvement amid operational leverage due to sharp increase in revenues
Interest	2.7	6.2	3.7	-56.5	-27.0	
Depreciation	28.7	21.9	28.0	31.1	2.5	
Other Income	25.7	33.2	18.7	-22.6	37.4	
EO	0.0	0.0	0.0	0.0	0.0	
PBT	270.7	139.4	158.1	94.2	71.2	
Tax	66.8	21.7	36.0	207.8	85.6	
PAT before MI	203.9	117.7	122.1	73.2	67.0	
MI	1.5	-1.3	-0.7	LP	LP	
Adj.Net Profit	202.4	119.0	122.8	70.1	64.8	YoY increase mainly due to strong operational performance
Key Metrics						
Domestic formulations	108.3	122.0	125.6	-11.2	-13.8	YoY decline amid sharp decline in oncology segment amid Covid-19
Export Formulations	482.0	252.0	274.2	91.3	75.8	Strong growth due to Oseltamivir supply amid Covid-19 and one-time licensing income
APIs	199.7	68.0	143.9	193.7	38.8	Strong growth due to Oseltamivir stocking amid Covid-19

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

	FY21E			FY22E			
(₹ Crore)	Old	New	% Change	Old	New	% Change	
Revenue	2,253.4	2,542.4	12.8	2,291.4	2,332.1	1.8	
EBITDA	774.1	821.3	6.1	752.9	721.3	-4.2	
EBITDA Margin (%)	34.4	32.3	-205 bps	32.9	30.9	-193 bps	Increase in employee expenditure owing to addition of field force
PAT	564.0	595.5	5.6	540.8	510.5	-5.6	Increased mainly in sync with operational performance
EPS (₹)	31.0	32.7	5.6	29.7	28.0	-5.6	

Source: ICICI Direct Research

Exhibit 3: Change in Estimates

	Current				Earlier		Comments
	FY19	FY20	FY21E	FY22E	FY21E	FY22E	
APIs	303.0	355.2	551.4	463.5	453.7	455.9	Increased due to Oseltamivir stocking amid Covid-19
Domestic formulations	735.0	540.8	523.4	701.4	575.4	699.1	Decline mainly due to harder-than-expected impact on oncology segment amid Covid
Exports formulations	994.0	932.6	1,394.9	1,100.5	1,145.9	1,056.6	Increased due to Oseltamivir stocking amid Covid-19 and one-time income

Source: ICICI Direct Research

Conference Call Highlights

- Guidance of 20-25% YoY PAT growth in FY21 maintained
    - FY21 revenues could be ~₹ 2400 crore
- Costs: One-time employee increment/incentive in Q2; Litigation costs expensed; setting up Risk Evaluation and Mitigation Strategy (REMS) for three to four products
    - Costs ~US$3-4 million to set up REMS per product
    - REMS products – Lenalidomide, Pomalidomide, Bosentan
- As of Q2FY21: Cash – ₹ 1065 crore; total debt - ₹ 431 crore (₹ 105 crore: short-term working capital + ₹ 322 crore: in export receivables)
- Domestic – Hep-C decline; drop in oncology patient footfalls in hospitals due to Covid (~70-75% of normal sales currently)
- Topline includes gRevlimid settlement income in Canada; API growth – led by Tamiflu stocking
- Strong Tamiflu supply, won government orders from Canada, launched in Brazil, stocked material with partner (Alvogen) in US; won tenders
- Apixaban doing well in India market
- gCopaxone - stable volumes
- Recruiting reps all over India for agrochem product (CTPR) – May be ready to launch by end of fiscal depending on litigation and approval outcomes
    - Agrochem capex as of Q2FY21: ~₹ 176 crore
    - The company plans to hire about 80-100 people. They have already hired about 50-60 people

Exhibit 4: Trends in quarterly financials

₹Crore	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	YoY (%)	QoQ (%)
Revenues	426.7	562.2	767.8	538.6	543.5	556.7	455.7	492.3	485.7	482.2	454.8	563.4	802.2	65.2	42.4
Raw Material Exp	112.9	65.8	123.0	87.3	94.9	105.0	67.0	76.0	119.2	91.5	94.9	178.9	194.9	63.5	8.9
% of Revenues	26.5	11.7	16.0	16.2	17.5	18.9	14.7	15.4	24.5	19.0	20.9	31.8	24.3	-25 bps	-746 bps
Gross Profit	313.8	496.4	644.8	451.3	448.6	451.7	388.7	416.3	366.5	390.7	359.9	384.5	607.3	65.7	57.9
Gross Profit Marg	73.5	88.3	84.0	83.8	82.5	81.1	85.3	84.6	75.5	81.0	79.1	68.2	75.7	25 bps	746 bps
Employee Expens	73.6	78.8	110.1	88.7	92.6	93.3	81.3	93.2	102.4	97.8	81.6	95.2	123.7	20.8	29.9
% of Revenues	17.2	14.0	14.3	16.5	17.0	16.8	17.8	18.9	21.1	20.3	17.9	16.9	15.4	-566 bps	-148 bps
Other Expenses	118.3	131.1	151.4	145.0	135.5	150.0	159.1	131.8	129.8	164.2	150.0	118.2	207.2	59.6	75.3
% of Revenues	27.7	23.3	19.7	26.9	24.9	26.9	34.9	26.8	26.7	34.1	33.0	21.0	25.8	-90 bps	485 bps
Total Expenditure	304.8	275.7	384.5	321.0	323.0	348.3	307.4	301.0	351.4	353.5	326.5	392.3	525.8	49.6	34.0
% of Revenues	71.4	49.0	50.1	59.6	59.4	62.6	67.5	61.1	72.3	73.3	71.8	69.6	65.5	-680 bps	-409 bps
EBITDA	121.9	286.5	383.3	217.6	220.5	208.4	148.3	191.3	134.3	128.7	128.3	171.1	276.4	105.8	61.5
EBITDA Margins(	28.6	51.0	49.9	40.4	40.6	37.4	32.5	38.9	27.7	26.7	28.2	30.4	34.5	680 bps	409 bps
Depreciation	16.0	17.2	18.0	18.4	20.2	20.7	21.7	22.0	21.9	25.4	30.5	28.0	28.7	31.1	2.5
Interest	4.2	4.3	3.0	2.8	5.0	6.3	5.2	6.5	6.2	5.3	3.5	3.7	2.7	-56.5	-27.0
Other income	5.5	11.4	20.1	35.9	40.0	23.3	31.0	21.0	33.2	30.8	22.4	18.7	25.7	-22.6	37.4
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	107.2	276.4	382.4	232.3	235.3	204.7	152.4	183.8	139.4	128.8	116.7	158.1	270.7	94.2	71.2
Total Tax	22.8	59.0	82.7	51.2	53.7	45.4	32.0	41.0	21.7	24.4	23.5	36.0	66.8	207.8	85.6
Tax rate (%)	21.3	21.3	21.6	22.0	22.8	22.2	21.0	22.3	15.6	18.9	20.1	22.8	24.7		
PAT	84.4	217.4	299.7	181.1	181.6	159.3	120.4	142.8	117.7	104.4	93.2	122.1	203.9	73.2	67.0
PAT Margin (%)	19.8	38.7	39.0	33.6	33.4	28.6	26.4	29.0	24.2	21.7	20.5	21.7	25.4	118 bps	375 bps
Minority Interest	-0.4	-0.1	-0.2	-0.5	-0.9	-0.2	-0.4	-0.4	-1.3	-0.1	-0.9	-0.7	1.5		
PAT after MI	84.8	217.5	299.9	181.6	182.5	159.5	120.8	143.2	119.0	104.5	94.1	122.8	202.4	70.1	64.8
EPS (₹	5.4	13.9	18.1	11.0	11.0	9.6	7.3	7.9	6.5	5.7	5.2	6.7	11.1		
Adj PAT	84.8	217.5	299.9	181.6	182.5	159.5	120.8	143.2	119.0	104.5	94.1	122.8	202.4	70.1	64.8

Source: ICICI Direct Research

Company Background

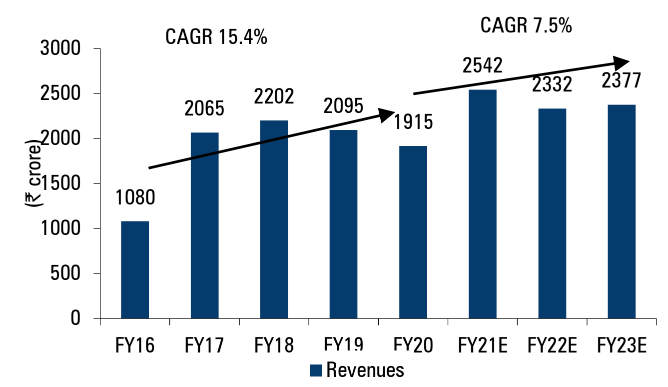
Natco Pharma (NPL) is a mid-sized pharmaceutical company with a presence across the pharma value chain. The company also has a US retail business. It owns eight manufacturing facilities including six formulations facilities and two API facilities. Overall revenues grew at a CAGR of 15.4% in FY16-20.

Natco is a leading domestic player in the oncology space. Its 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.

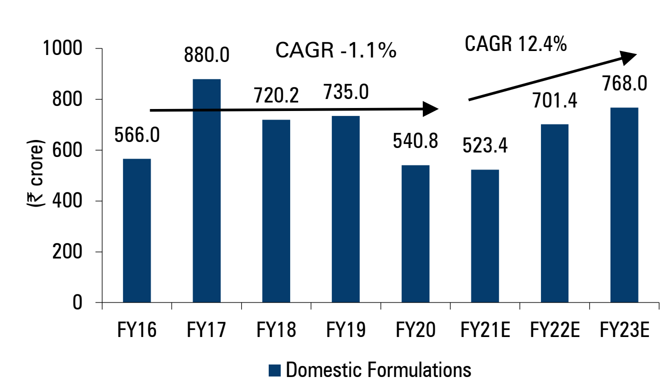
The management has charted a new growth roadmap with plans to enter the agrochemical business. Subsequently the company filed a broad spectrum insecticide, Chlorantraniliprole (CTPR) in India for which it expects approval from agricultural ministry shortly. The company has invested ~₹ 100 crore in this 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 ~8% over FY20-23E



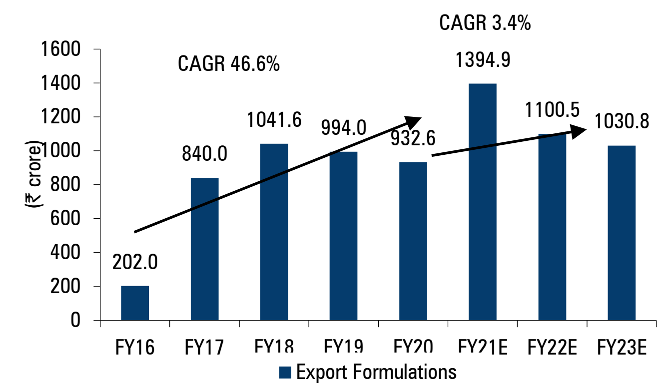
Source: ICICI Direct Research, Company

Exhibit 6: Domestic to grow at CAGR of 12% over FY20-23E



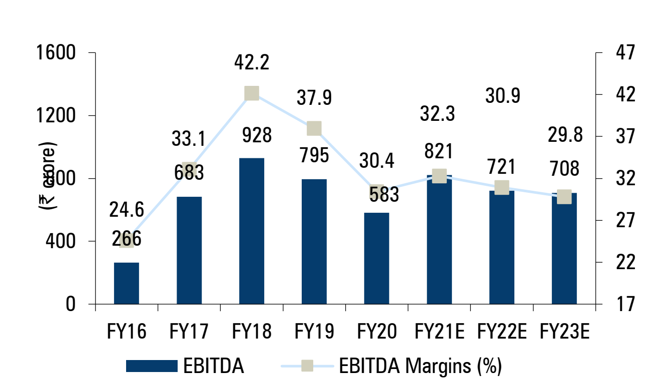
Source: ICICI Direct Research, Company

Exhibit 7: Export to grow at CAGR of ~3% over FY20-23E



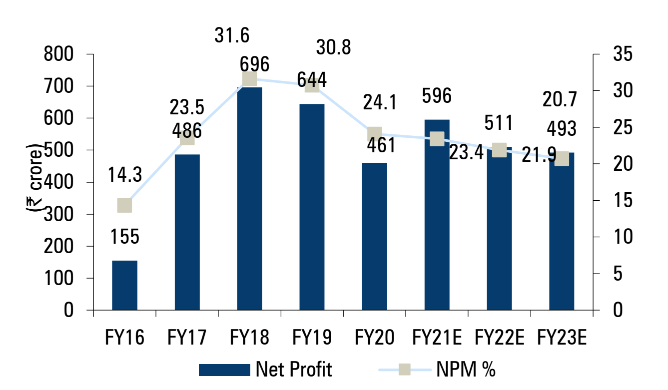
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



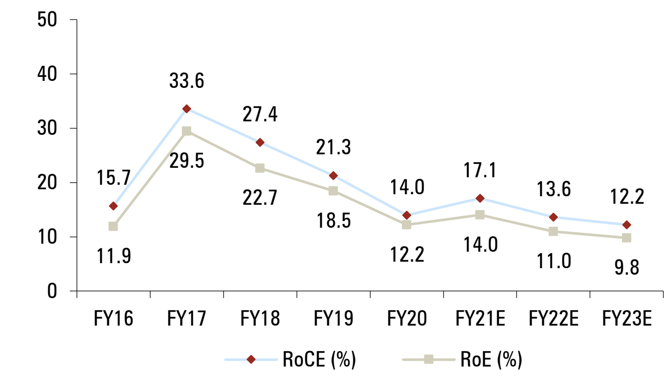
Source: ICICI Direct Research, Company

Exhibit 9: PAT & PAT 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)	(%)	(%)
FY20	1915	-8.6	25.3	-28.5	35.6	28.5	12.2	14.0
FY21E	2542	32.8	32.7	29.2	27.5	19.7	14.0	17.1
FY22E	2332	-8.3	28.0	-14.3	32.1	22.0	11.0	13.6
FY23E	2377	1.9	27.0	-3.5	33.3	22.0	9.8	12.2

Source: ICICI Direct Research, Bloomberg

Exhibit 12: Shareholding Pattern

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

Source: ICICI Direct Research, Company

Financial Summary

Exhibit 13: Profit & Loss (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Revenues	**1,915.0**	**2,542.4**	**2,332.1**	**2,376.6**
Growth (%)	-8.6	32.8	-8.3	1.9
Raw Material Expenses	381.6	632.7	489.7	475.3
Employee Expenses	375.0	419.8	423.4	440.6
Other expenses	575.8	668.6	697.7	752.5
Total Operating Expenditure	1,332.4	1,721.1	1,610.8	1,668.4
EBITDA	**582.6**	**821.3**	**721.3**	**708.2**
Growth(%)	-26.7	41.0	-12.2	-1.8
Depreciation	99.8	114.1	130.1	146.1
Interest	21.5	14.3	15.8	15.8
Other Income	107.4	95.5	104.2	109.7
PBT	568.7	788.4	679.7	656.0
Total Tax	110.6	189.1	163.1	157.4
PAT before MI	458.1	599.3	516.5	498.6
Minority Interest	-2.7	3.8	6.0	6.0
Adjusted PAT	**460.8**	**595.5**	**510.5**	**492.6**
Growth(%)	-28.5	29.2	-14.3	-3.5
EPS (Adjusted)	**25.3**	**32.7**	**28.0**	**27.0**

Source: ICICI Direct Research

Exhibit 14: Cash Flow Statement (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Profit/(Loss) after taxation	460.9	595.5	510.5	492.6
Add: Depreciation	99.8	114.1	130.1	146.1
(Inc)/dec in Current Assets	-151.2	0.2	91.7	-19.4
Inc/(dec) in CL and Provisions	53.6	58.0	-15.2	16.0
CF from operating activities	**463.1**	**767.8**	**717.1**	**635.3**
(Purchase)/Sale of Fixed Assets	-336.5	-250.0	-250.0	-250.0
(Increase)/Decrease in Investments	53.0	-171.6	-200.0	-200.0
Others	-96.5	3.0	3.3	3.5
CF from investing activities	**-380.0**	**-418.6**	**-446.7**	**-446.5**
Inc / (Dec) in Equity Capital	0.1	0.0	0.0	0.0
Inc / (Dec) in Loan	0.0	0.0	0.0	0.0
Dividend & Dividend tax	-153.6	-118.4	-109.3	-109.3
Others	-97.3	-14.3	-15.8	-15.8
CF from financing activities	**-250.8**	**-132.7**	**-125.1**	**-125.1**
Net Cash flow	-167.7	216.6	145.3	63.7
Opening Cash	279.5	66.0	296.9	458.0
Closing Cash	**111.8**	**282.6**	**442.2**	**521.7**
Free Cash Flow	**126.6**	**517.8**	**467.1**	**385.3**

Source: ICICI Direct Research

Exhibit 15: Balance Sheet (₹ crore)

(Year-end March)	FY20	FY21E	FY22E	FY23E
Equity Capital	36.4	36.4	36.4	36.4
Reserve and Surplus	3,737.1	4,214.2	4,615.4	4,998.7
Total Shareholders funds	3,773.5	4,250.6	4,651.9	5,035.2
Total Debt	315.9	315.9	315.9	315.9
Deferred Tax Liability	25.9	28.0	30.2	32.6
Minority Interest / Others	12.0	13.0	14.0	15.1
Long Term Provisions	90.2	90.2	90.2	90.2
Total Liabilities	**4,217.5**	**4,697.7**	**5,102.2**	**5,489.0**
Gross Block - Fixed Assets	2,148.6	2,498.6	2,848.6	3,198.6
Accumulated Depreciation	564.2	678.3	808.4	954.4
Net Block	1,584.4	1,820.3	2,040.2	2,244.2
Capital WIP	518.0	418.0	318.0	218.0
Total Fixed Assets	2,102.4	2,238.3	2,358.2	2,462.2
Investments	112.3	283.9	483.9	683.9
Inventory	558.0	495.6	454.6	463.2
Debtors	551.3	613.5	562.8	573.5
Cash	66.0	296.9	458.0	537.5
Other Current Assets	1,121.6	1,121.6	1,121.6	1,121.6
Total Current Assets	2,296.9	2,527.5	2,596.9	2,695.8
Creditors	255.4	304.2	279.0	284.4
Provisions	10.5	11.3	12.2	13.2
Other Current Liabilities	104.4	112.8	121.8	131.5
Total Current Liabilities	370.3	428.3	413.0	429.1
Net Current Assets	1,926.6	2,099.3	2,183.9	2,266.7
LT L & A & Other Non CA	76.2	76.2	76.2	76.2
Application of Funds	**4,217.5**	**4,697.7**	**5,102.2**	**5,489.0**

Source: ICICI Direct Research

Exhibit 16: Key Ratios

(Year-end March)	FY20	FY21E	FY22E	FY23E
Per share data (₹)				
Adjusted EPS	25.3	32.7	28.0	27.0
BV per share	207.1	233.3	255.3	276.4
Dividend per share	6.8	6.5	6.0	6.0
Cash Per Share	3.6	16.3	25.1	29.5
Operating Ratios (%)				
Gross Profit Margins	80.1	75.1	79.0	80.0
EBITDA Margins	30.4	32.3	30.9	29.8
PAT Margins	24.1	23.4	21.9	20.7
Inventory days	106.4	71.1	71.1	71.1
Debtor days	105.1	88.1	88.1	88.1
Creditor days	48.7	43.7	43.7	43.7
Asset Turnover	0.9	1.0	0.8	0.7
EBITDA Conversion Rate	79.5	93.5	99.4	89.7
Return Ratios (%)				
RoE	12.2	14.0	11.0	9.8
RoCE	14.0	17.1	13.6	12.2
RoIC	13.4	18.7	15.1	13.6
Valuation Ratios (x)				
P/E	35.6	27.5	32.1	33.3
EV / EBITDA	28.5	19.7	22.0	22.0
EV / Net Sales	8.7	6.4	6.8	6.6
Market Cap / Sales	8.6	6.4	7.0	6.9
Price to Book Value	4.3	3.9	3.5	3.3
Solvency Ratios				
Debt / EBITDA	0.5	0.4	0.4	0.4
Debt / Equity	0.1	0.1	0.1	0.1
Current Ratio	6.0	5.2	5.2	5.0

Source: ICICI Direct Research

Exhibit 17: ICICI Direct Coverage Universe (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹cr)	EPS (₹) FY19	EPS FY20	EPS FY21E	EPS FY22E	PE(x) FY19	PE FY20	PE FY21E	PE FY22E	RoCE (%) FY19	RoCE FY20	RoCE FY21E	RoCE FY22E	RoE (%) FY19	RoE FY20	RoE FY21E	RoE FY22E
Ajanta Pharma	AJAPHA	1551	1,960	Buy	13534	43.5	53.4	62.7	73.8	35.6	29.1	24.7	21.0	21.8	24.7	25.4	24.5	17.1	18.1	18.4	18.6
Alembic Pharm	ALEMPHA	957	1,170	Buy	18815	31.4	46.3	59.7	48.4	30.4	20.7	16.0	19.8	19.6	21.0	22.2	16.9	21.8	27.1	22.9	16.2
Apollo Hospital	APOHOS	2111	2,310	Hold	29372	16.1	22.2	-1.9	35.5	130.8	95.1	NA	59.4	8.8	10.2	4.6	12.9	7.1	9.7	-0.6	9.9
Aurobindo Pha	AURPHA	850	1,025	Buy	49805	41.9	48.8	56.0	63.4	20.3	17.4	15.2	13.4	15.9	17.2	18.1	17.7	17.7	17.0	14.5	14.2
Biocon	BIOCON	418	500	Buy	50148	6.2	5.8	8.4	15.8	67.3	71.8	50.0	26.5	10.9	10.2	11.7	18.2	12.2	10.4	13.2	20.3
Cadila Healthc	CADHEA	416	555	Buy	42634	18.1	14.0	19.8	22.1	23.1	29.8	21.0	18.8	12.8	10.7	13.6	14.3	17.8	13.8	15.7	15.4
Cipla	CIPLA	742	925	Buy	59861	18.6	19.2	27.6	30.4	39.9	38.6	26.9	24.4	10.9	12.0	15.5	15.5	10.0	9.8	12.6	12.5
Divi's Lab	DIVLAB	3353	4,205	Buy	89016	51.0	51.9	73.0	89.9	65.8	64.7	45.9	37.3	25.5	23.9	28.4	28.7	19.4	18.8	22.2	22.3
Dr Reddy's Lab	DRREDD	4882	6,000	Buy	81178	114.7	121.9	168.4	194.4	42.6	40.1	29.0	25.1	10.7	9.6	17.5	19.3	13.6	13.0	15.5	15.5
Glenmark Phar	GLEPHA	481	635	Buy	13567	26.9	26.4	36.5	37.6	17.9	18.2	13.2	12.8	15.3	12.7	14.9	14.1	13.5	12.2	14.5	13.1
Hikal	HIKCHE	174	230	Buy	2145	8.4	8.1	10.2	12.2	20.8	21.5	17.1	14.2	14.3	12.8	13.6	14.9	13.6	12.2	13.5	14.2
Ipca Laboratori	IPCLAB	2041	2,665	Buy	25886	34.9	47.6	93.0	89.3	58.5	42.9	22.0	22.9	15.0	17.6	27.1	21.7	14.2	16.6	24.7	19.3
Jubilant Life	JUBLIF	689	850	Buy	10972	54.9	59.9	54.4	70.3	12.6	11.5	12.7	9.8	14.3	14.4	14.7	16.9	17.8	16.6	13.2	14.7
Lupin	LUPIN	911	985	Hold	41298	16.5	-12.7	22.6	38.4	55.1	NA	40.3	23.7	9.4	9.7	8.9	13.5	5.4	-4.6	7.6	11.6
Narayana Hrud	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	900	970	Hold	16397	35.4	25.3	32.7	28.0	25.4	35.6	27.5	32.1	21.3	14.0	17.1	13.6	18.5	12.2	14.0	11.0
Sun Pharma	SUNPHA	506	585	Buy	121415	15.9	16.8	25.5	23.1	31.9	30.2	19.8	21.9	10.3	10.0	11.4	12.4	9.2	8.9	12.9	10.5
Syngene Int.	SYNINT	541	635	Buy	21654	8.3	10.3	9.5	13.2	65.5	52.6	56.8	41.1	14.8	14.5	12.4	15.8	16.8	15.7	14.9	17.2
Torrent Pharma	TORPHA	2556	3,135	Buy	43254	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	994	2.9	2.6	4.2	4.8	31.4	36.0	22.1	19.1	6.8	7.2	5.8	7.8	4.1	3.5	5.3	5.9
Aster DM	ASTDM	141	170	Buy	7026	6.7	5.5	3.1	9.9	21.1	25.4	45.3	14.2	8.3	7.1	5.2	9.1	10.4	8.5	4.5	12.7
Indoco Remedi	INDREM	255	335	Buy	2353	-0.3	2.6	9.3	14.8	NA	97.6	27.5	17.2	0.9	4.6	11.4	15.6	-0.4	3.5	11.4	15.7
Caplin Point	CAPPOI	454	605	Buy	3435	23.3	28.4	33.5	43.5	19.5	16.0	13.6	10.4	34.6	26.5	26.9	28.1	27.9	22.7	21.5	22.3
Granules India	GRANUL	375	460	Buy	9282	9.5	12.4	21.4	25.2	39.3	30.2	17.5	14.9	11.8	15.2	22.9	23.1	15.5	16.7	22.6	21.2
Laurus Labs	LAULAB	282	390	Buy	15128	1.7	4.8	16.0	17.7	161.3	59.3	17.6	16.0	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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