

Growth trajectory maintained, outlook upbeat...

Q3FY21 revenues grew 12.6% YoY to ~₹ 584 crore driven by sustained performance from all divisions. EBITDA margins improved 58 bps YoY to 30.1% with better gross margins due to change in product mix, better procurement and energy efficiency being partly offset by higher employee and other expenditure. EBITDA grew 14.8% YoY to ₹ 176 crore. Net profit grew 11.3% YoY to ₹ 102 crore. Delta vis-a-vis EBITDA was due to higher depreciation and lower other income partially offset by lower tax rate.

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

Q3 results were in-line with our estimates on all fronts. 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\$503 million already spent, another ~US\$47 million to be completed by H1FY22), 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 and maintain **BUY** despite the recent run up in the stock and arrive at a target price of ₹ 700 (vs. ₹ 635 earlier) based on ~42x 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	387.7	527.8	668.1	17.5
EPS (₹)	8.5	9.7	13.2	16.7	
P/E (x)	56.6	60.1	44.2	34.9	
RoCE (%)	15.7	15.1	17.1	17.9	
RoE (x)	14.5	12.6	15.8	18.3	

Source: Company, ICICI Direct Research

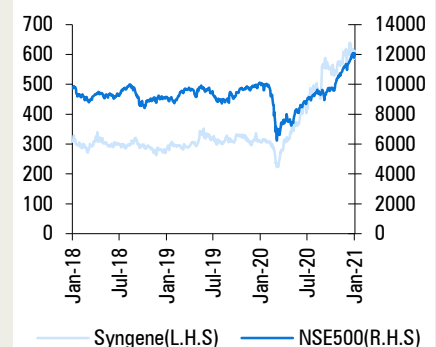
Syngene

A Biocon company

Particulars

Particular	Amount
Market Capitalisation	₹23320 crore
Debt (FY 20)	₹767 crore
Cash (FY 20)	₹282 crore
EV	₹23805 crore
52 week H/L	645/202
Equity capital	₹400.0 crore
Face value	₹10

Price performance



Key risks to our call

- Further unforeseen delay in taking asset base to US\$550 million
- Slower than expected ramp-up of Mangalore API plant

Research Analyst

Siddhant Khandekar
siddhant.khandekar@icicisecurities.com

Mitesh Shah
mitesh.shah@icicisecurities.com

Sudarshan Agarwal
sudarshan.agarwal@icicisecurities.com

Exhibit 1: Variance Analysis

	Q3FY21	Q3FY21E	Q3FY20	Q2FY21	YoY (%)	QoQ (%)	Comments
Revenue	584.5	602.2	519.1	519.6	12.6	12.5	YoY growth was driven by strong performance from all divisions
Raw Material Expens	147.7	156.6	144.6	127.6	2.1	15.8	
Gross margins	74.7	74.0	72.1	75.4	259 bps	-71 bps	YoY improvement mainly due to a change in product mix and continuous improvement in raw material efficiency and power cost
Employee Expenses	176.0	179.1	152.3	161.2	15.6	9.2	YoY increase due to 1) amortization of ESOPs and 2) increase in head counts in new Hyderabad, Mangaluru and Bengaluru facilities
Other Expenditure	84.6	87.3	68.7	75.1	23.1	12.6	YoY increase mainly due to spend on safety protocol
EBITDA	176.2	179.1	153.5	155.7	14.8	13.2	
EBITDA (%)	30.1	29.8	29.6	30.0	58 bps	18 bps	Improvement in gross margins was largely offset by higher employee cost and other expenditure
Interest	7.1	7.4	9.8	6.6	-27.6	7.6	YoY decline mainly due to softening of interest cost
Depreciation	69.7	71.5	57.0	68.7	22.3	1.5	YoY increase mainly due to additional depreciation reported due to commissioning of Hyderabad, Mangaluru plants and expansion at Bengaluru
Other Income	17.1	15.1	20.0	13.8	-14.5	23.9	Decline on account of lower cash balance due to ECB repayment and lower deposit yield
PBT	116.5	115.3	106.7	94.2	9.2	23.7	
Tax	14.3	13.8	14.9	10.1	-4.0	41.6	Lower ETR due to higher depreciation and opex cost at new plants
PAT before MI	102.2	101.5	91.8	84.1	11.3	21.5	
Net Profit	102.2	101.5	91.8	84.1	11.3	21.5	YoY growth mainly in sync with operational performance

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

(₹Crore)	FY21E			FY22E		
	Old	New	Change	Old	New	Change
Revenue	2,243.7	2,243.7	0.0	2,677.7	2,677.7	0.0
EBITDA	678.9	678.9	0.0	859.8	859.8	0.0
EBITDA Margin (%)	30.3	30.3	-4 bps	32.1	32.1	1 bps
PAT	381.0	387.7	1.8	527.1	527.8	0.1
EPS (₹)	9.5	9.7	2.0	13.2	13.2	0.0

Source: ICICI Direct Research

Conference Call Highlights

- Gross margin improvement due to better product mix, better procurement and energy efficiency
- Continuity of normal operations in Q3 (from Q2FY21) across campuses
- Constant currency growth in Q3FY21 was 10%
- Service Export incentive scheme was not available in FY21 as opposed to FY20
- Mangalore API plant cumulative capex at US\$75 million, currently validation batches ongoing, to be commercialized in FY22
 - EBITDA margins dilution due to Mangalore Opex is 2% currently
 - This dilution can reach 3% once the plant is commercial
 - Amortization of US\$75 million over 18 years
- Capex in 9MFY21 was ~US\$53 million – US\$8 million for Mangaluru API plant, US\$16 million for Discovery Services, US\$7 million for biologics and US\$15 million for dedicated and US\$7 million for development centres and other assets
- Cumulative capex was at US\$503 million. The company's plans to take its total asset base to US\$550 million by end of FY21 might marginally spill-over to H1FY22
- Forex gain of ₹ 8.9 crore was on account of hedging policy and subsequent difference in forward and spot rate
- Hiring –for FTE services leads to direct revenue growth, for discovery/development hiring is more selective
- Good visibility for Q4FY21 pending execution, hence the management has signalled to be on track to meet its annual guidance for FY21
 - PAT– similar to FY20 without impact of one-time exceptional gains.
 - Revenue - low double digit growth over FY20

Exhibit 3: Trends in quarterly performance

(₹Crore)	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	YoY (%)	QoQ (%)
Total Operating I	387.7	409.1	406.0	418.6	467.1	533.9	420.9	464.5	519.1	607.3	421.6	519.6	584.5	12.6	12.5
Raw Material Ex	106.8	125.6	128.8	110.3	142.6	149.6	105.5	125.1	144.6	144.2	89.7	127.6	147.7	2.1	15.8
% to revenues	27.5	30.7	31.7	26.3	30.5	28.0	25.1	26.9	27.9	23.7	21.3	24.6	25.3		
Gross Profit	280.9	283.5	277.2	308.3	324.5	384.3	315.4	339.4	374.5	463.1	331.9	392.0	436.8	16.6	11.4
Gross Profit Mar	72.5	69.3	68.3	73.7	69.5	72.0	74.9	73.1	72.1	76.3	78.7	75.4	74.7	259 bps	-71 bps
Employee Expei	95.8	104.1	105.6	114.9	116.6	130.2	132.2	131.8	152.3	164.1	140.4	161.2	176.0	15.6	9.2
% to revenues	24.7	25.4	26.0	27.4	25.0	24.4	31.4	28.4	29.3	27.0	33.3	31.0	30.1	77 bps	-91 bps
Other Manufactu	58.9	50.3	62.4	66.7	67.6	94.5	62.1	68.5	68.7	94.9	67.0	75.1	84.6	23.1	12.6
% to revenues	15.2	12.3	15.4	15.9	14.5	17.7	14.8	14.7	13.2	15.6	15.9	14.5	14.5	124 bps	2 bps
Total Expenditur	261.5	280.0	296.8	291.9	326.8	374.3	299.8	325.4	365.6	403.2	297.1	363.9	408.3	11.7	12.2
% to revenues	67.4	68.4	73.1	69.7	70.0	70.1	71.2	70.1	70.4	66.4	70.5	70.0	69.9		
EBIDTA	126.2	129.1	109.2	126.7	140.3	159.6	121.1	139.1	153.5	204.1	124.5	155.7	176.2	14.8	13.2
EBITDA Margin	32.6	31.6	26.9	30.3	30.0	29.9	28.8	29.9	29.6	33.6	29.5	30.0	30.1	58 bps	18 bps
Depreciation	35.0	34.2	37.3	39.9	42.9	44.1	47.4	52.6	57.0	62.3	66.1	68.7	69.7	22.3	1.5
Interest	5.1	7.1	7.9	8.2	8.2	8.0	7.1	8.4	9.8	9.3	7.4	6.6	7.1	-27.6	7.6
Other Income	11.6	16.6	18.8	18.2	17.3	20.8	20.5	20.6	20.0	20.5	15.3	13.8	17.1	-14.5	23.9
PBT	97.7	104.4	82.8	96.8	106.5	128.3	87.1	98.7	106.7	153.0	66.3	94.2	116.5	9.2	23.7
Total Tax	15.7	19.9	16.8	18.5	19.8	28.5	15.1	42.0	14.9	32.8	8.3	10.1	14.3	-4.0	41.6
PAT	82.0	84.5	66.0	78.3	86.7	99.8	72.0	56.7	91.8	120.2	58.0	84.1	102.2	11.3	21.5
PAT Margin (%)	21.2	20.7	16.3	18.7	18.6	18.7	17.1	12.2	17.7	19.8	13.8	16.2	17.5	-20 bps	130 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.

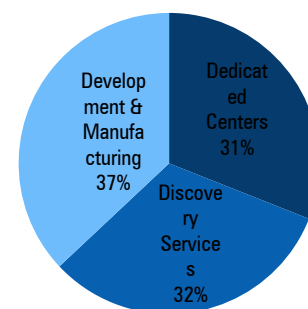
The company has developed long-term relationships with many clients, including four long-duration multi-disciplinary partnerships, each with a dedicated research centre, with four of the world's leading global healthcare organisations Bristol-Myers Squibb Company (BMS), Abbott Laboratories (Singapore)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

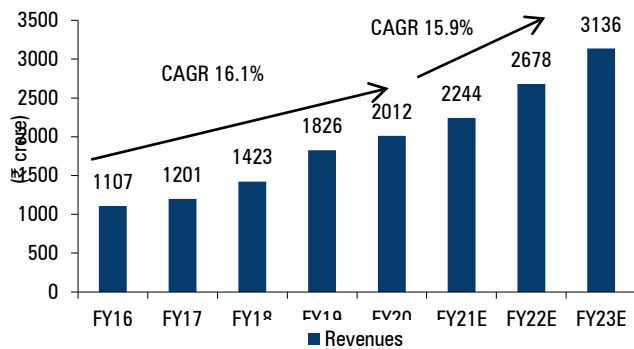
Apart from this, it is in the process of establishing a new commercial-scale facility in Mangaluru (SEZ) to manufacture novel small molecules for innovator companies as it plans to foray into commercial manufacturing for customers.

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.

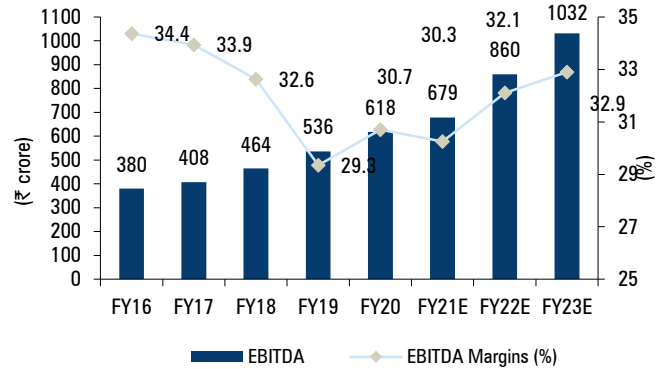
Key Metrics

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



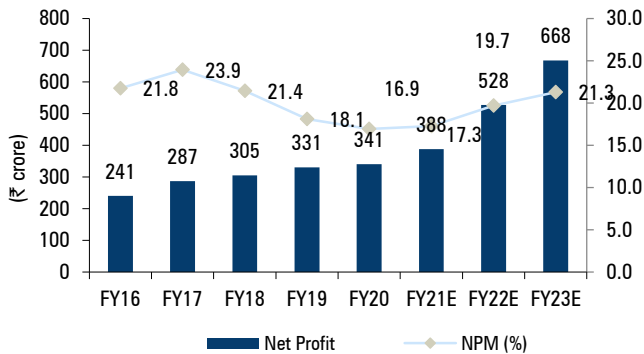
Source: ICICI Direct Research, Company

Exhibit 5: EBITDA and EBITDA margins trend



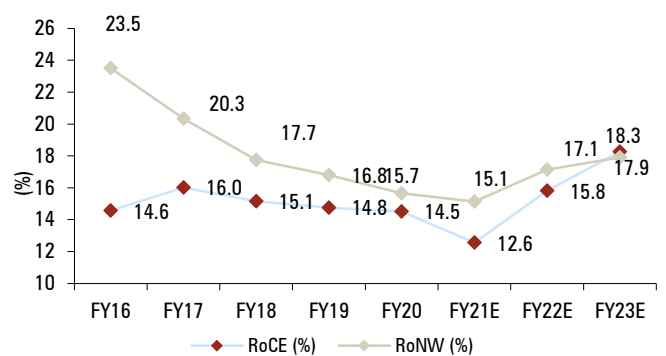
Source: ICICI Direct Research, Company

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	56.6	37.3	15.7
FY21E	2244	11.5	9.7	13.8	60.1	34.5	15.1
FY22E	2678	19.3	13.2	36.1	44.2	26.7	17.1
FY23E	3136	17.1	16.7	26.6	34.9	21.5	17.9

Source: ICICI Direct Research

Exhibit 9: Shareholding Pattern

(in %)	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Promoter	70.7	70.7	70.7	70.6	70.6
Public	28.4	28.4	28.5	28.7	28.7
Others	0.9	0.9	0.8	0.7	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	28.2	17.3	6.2
Depreciation	219.3	274.2	298.5	311.9
Other Income	81.6	64.2	69.6	81.5
PBT after Exceptional Itc	516.8	440.6	613.7	795.3
Total Tax	104.8	52.9	85.9	127.3
PAT before MI	412.0	387.7	527.8	668.1
Minority Interest	0.0	0.0	0.0	0.0
PAT	412.0	387.7	527.8	668.1
Adjusted PAT	340.7	387.7	527.8	668.1
Growth (%)	3.0	13.8	36.1	26.6
EPS (Adjusted)	8.5	9.7	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	387.7	527.8	668.1
Add: Depreciation & Amortiz	219.3	274.2	298.5	311.9
Other operating activities	-33.0	0.0	0.0	0.0
Net Increase in Current Asse	-191.5	-167.7	-111.8	-127.6
Net Increase in Current Liabil	235.6	-3.8	89.8	112.8
CF from operating activitie	677.1	518.6	821.5	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	-83.3	10.1	3.6
CF from investing activitie	-607.0	-376.8	-385.9	-281.4
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	-11.6	-15.7
Others	-40.1	-28.2	-17.3	-6.2
CF from financing activitie	-225.5	-28.2	-328.9	-321.9
Net Cash flow	-155.4	113.6	106.8	368.1
Opening Cash	436.9	281.5	395.1	501.8
Closing Cash	281.5	395.1	501.8	869.9
Free Cash Flow	34.0	-274.9	525.5	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	2,163.5	2,679.7	3,332.1
Total Shareholders funds	2,175.8	2,563.5	3,079.7	3,732.1
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	3,733.7	3,990.2	4,386.9
Gross Block	3,017.2	3,810.7	4,106.7	4,291.7
Accumulated Depreciation	997.5	1,271.7	1,570.2	1,882.1
Net Block	2,019.7	2,539.0	2,536.5	2,409.6
Capital WIP	234.1	234.1	234.1	234.1
Fixed Assets	2,253.8	2,773.1	2,770.6	2,643.7
Investments	776.4	276.4	376.4	476.4
Other Non current assets	135.8	243.5	260.3	286.1
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	282.6	302.1	332.1
Cash	281.5	395.1	501.8	869.9
Total Current Assets	874.2	1,155.5	1,374.0	1,869.8
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	533.6	570.2	626.9
Total Current Liabilities	853.6	849.8	939.5	1,052.3
Net Current Assets	20.6	305.7	434.5	817.4
Application of Funds	3,309.3	3,733.7	3,990.2	4,386.9

Source: ICICI Direct Research

Exhibit 13: Ratio Analysis				
	₹ crore			
(Year-end March)	FY20	FY21E	FY22E	FY23E
Per share data (₹)				
EPS	8.5	9.7	13.2	16.7
BV	54.4	64.1	77.0	93.3
DPS	0.0	0.3	0.4	0.5
Cash Per Share	7.0	9.9	12.5	21.7
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	17.3	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	76.4	95.5	94.1
Gross Asset Turnover	0.7	0.6	0.7	0.7
Return Ratios (%)				
RoE	15.7	15.1	17.1	17.9
RoCE	14.5	12.6	15.8	18.3
RoIC	22.2	16.3	22.4	30.1
Valuation Ratios (x)				
P/E	56.6	60.1	44.2	34.9
EV / EBITDA	37.3	34.5	26.7	21.5
EV / Revenues	11.5	10.5	8.6	7.1
Market Cap / Revenues	11.6	10.4	8.7	7.4
Price to Book Value	10.7	9.1	7.6	6.2
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	Y20	Y21E	Y22E	FY19	FY20	Y21E	Y22E
Ajanta Pharma	AJAPHA	1715	1,960	Buy	14967	43.5	53.4	62.7	73.8	39.4	32.1	27.3	23.2	21.8	24.7	25.4	24.5	17.1	18.1	18.4	18.6
Alembic Pharma	ALEMPHA	954	1,055	Hold	18760	30.2	44.4	57.5	43.9	31.7	21.5	16.6	21.7	19.6	21.0	23.9	17.0	21.8	27.1	23.0	15.5
Apollo Hospital	APOHOS	2605	2,310	Hold	36241	16.2	22.3	-1.6	36.1	160.4	116.6	NA	72.2	8.8	10.2	4.9	13.0	7.1	9.7	-0.5	10.0
Aurobindo Pharma	AURPHA	909	1,025	Buy	53279	41.9	48.8	55.1	61.7	21.7	18.7	16.5	14.7	15.9	17.2	17.9	17.3	17.7	17.0	14.3	13.9
Biocon	BIOCON	401	500	Buy	48078	6.2	5.8	7.5	15.3	64.5	68.9	53.7	26.2	10.9	10.2	10.7	17.9	12.2	10.4	11.9	20.0
Cadila Healthcare	CADHEA	465	555	Buy	47584	18.1	14.0	20.1	22.0	25.7	33.3	23.1	21.1	12.8	10.7	13.7	14.2	17.8	13.8	15.9	15.3
Cipla	CIPLA	808	965	Buy	65186	18.6	19.2	28.6	30.2	43.5	42.1	28.3	26.8	10.9	12.0	16.0	15.4	10.0	9.8	13.0	12.4
Divi's Lab	DIVLAB	3571	4,425	Buy	94796	51.0	51.9	74.1	89.8	70.1	68.9	48.2	39.8	25.5	23.9	28.8	28.6	19.4	18.8	22.5	22.3
Dr Reddy's Lab	DRREDD	5024	5,770	Buy	83536	114.6	121.8	153.6	195.4	43.8	41.2	32.7	25.7	10.7	9.6	17.7	19.3	13.6	13.0	14.3	15.8
Glenmark Pharma	GLEPHA	493	635	Buy	13919	26.9	26.4	36.5	37.6	18.3	18.7	13.5	13.1	15.3	12.7	14.9	14.1	13.5	12.2	14.5	13.1
Hikal	HIKCHE	166	230	Buy	2050	8.4	8.1	10.2	12.2	19.9	20.5	16.4	13.6	14.3	12.8	13.6	14.9	13.6	12.2	13.5	14.2
Ipca Laboratories	IPCLAB	2014	2,665	Buy	25537	34.9	47.6	93.5	89.8	57.7	42.3	21.5	22.4	15.0	17.6	27.3	21.8	14.2	16.6	24.8	19.3
Jubilant Life	JUBLIF	951	850	Buy	15155	54.9	59.9	54.4	70.3	17.3	15.9	17.5	13.5	14.3	14.4	14.7	16.9	17.8	16.6	13.2	14.7
Lupin	LUPIN	1068	985	Hold	48415	16.5	-12.7	21.7	38.6	64.5	NA	49.2	27.7	9.4	9.7	8.6	13.6	5.4	-4.6	7.3	11.7
Narayana Hrudayam	NARHRU	475	405	Buy	9698	2.9	6.4	-4.2	8.3	163.5	74.7	NA	57.0	7.7	11.0	-2.4	12.8	5.5	11.4	-8.3	14.2
Natco Pharma	NATPHA	889	885	Hold	16199	35.4	25.3	32.7	28.0	25.1	35.1	27.2	31.7	21.3	14.0	17.1	13.6	18.5	12.2	14.0	11.0
Sun Pharma	SUNPHA	578	585	Buy	138630	15.9	16.8	25.7	23.2	36.5	34.4	22.5	24.9	10.3	10.0	11.9	12.3	9.2	8.9	13.0	10.6
Syngene Int.	SYNINT	583	700	Buy	23320	8.3	10.3	9.7	13.2	70.5	56.6	60.1	44.2	14.8	14.5	12.6	15.8	16.8	15.7	15.1	17.1
Torrent Pharmaceuticals	TORPHA	2708	3,135	Buy	45825	48.9	60.6	70.6	85.8	55.3	44.7	38.3	31.6	14.2	15.4	17.9	20.2	17.5	21.2	20.9	21.3
Shalby	SHALIM	110	130	Hold	1190	2.9	2.6	4.7	4.9	37.6	43.1	23.4	22.4	6.8	7.2	6.6	7.9	4.1	3.5	6.0	5.9
Aster DM	ASTDM	161	170	Buy	8052	6.7	5.5	3.1	9.9	24.2	29.1	51.9	16.2	8.3	7.1	5.2	9.1	10.4	8.5	4.5	12.7
Indoco Remedies	INDREM	316	380	Buy	2916	-0.3	2.6	9.3	14.8	NA	120.9	34.0	21.3	0.9	4.6	11.4	15.6	-0.4	3.5	11.4	15.7
Caplin Point	CAPPOI	480	605	Buy	3631	23.3	28.4	33.5	43.5	20.6	16.9	14.3	11.0	34.6	26.5	26.9	28.1	27.9	22.7	21.5	22.3
Granules India	GRANUL	335	460	Buy	8302	9.5	12.4	21.4	25.2	35.1	27.0	15.7	13.3	11.8	15.2	22.9	23.1	15.5	16.7	22.6	21.2
Laurus Labs	LAULAB	368	390	Buy	19725	1.7	4.8	16.0	17.7	210.3	77.3	23.0	20.8	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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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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