

Margins tumble to historical low; outlook cautious...

About the stock: Divi's is engaged in manufacturing generic APIs and intermediates, custom synthesis (CS) of active ingredients and advanced intermediates for pharma MNCs, other speciality chemicals like Carotenoids and complex compounds like peptides and Nucleotide revenues.

- In CS, the company maintains a strong relationship with global big pharma players while in generics it enjoys significant market share in products like Naproxen, Dextromethorphan and Gabapentin among others
- Divi's is fully backward integrated in products with high market share. The management intends to follow suit in other products

Q3FY23 Results: Dismal set of numbers miss our expectations.

- Revenues de-grew 31.5% YoY to ₹ 1708 crore
- EBITDA margins declined 2010 bps YoY to 23.9% due to 1) high-cost inventory 2) acute pricing pressure in generics 3) replacement of old safety systems with new ones and other maintenance
- Adjusted PAT declined 66.0% YoY to ₹ 307 crore

What should investors do? Divi's share price has grown at 13.47% CAGR over past three years.

- Maintain **HOLD** as we keep tab on future custom synthesis ex-Covid opportunities and execution besides steady generics traction

Target Price and Valuation: Valued at ₹ 2945 i.e. 31x FY25E EPS of ₹ 95.

Key triggers for future price performance:

- The company has been building capacity in a few more niche APIs as per the evolving demand scenario in the backdrop of 'China plus one' opportunities and upcoming opportunity size of ~US\$20 billion in molecules going off-patent over FY23-25
- Progress towards six identified growth areas- 1) Established generics, 2) Existing generics, 3) New generics, 4) Sartan APIs, 5) Contrast Media, 6) CS
- Commercialisation of new and multipurpose facility from Unit 3, Kakinada region in the coming quarters
- Progress on Kakinada greenfield project post government approval

Alternate Stock Idea: Apart from Divi's, in our coverage we like Laurus.

- Laurus Labs operates in the segment of generic APIs and FDFs (formulations), custom synthesis and biotechnology
- BUY with a target price of ₹ 400



Divi's Laboratories Limited

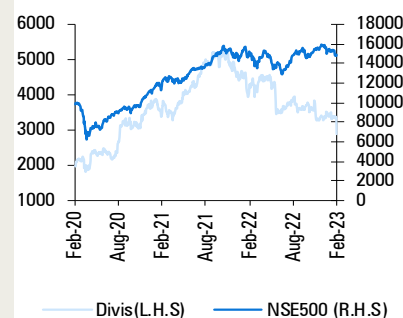
Particulars

Particular	Amount
Market Capitalisation	₹ 84419 crore
Debt (FY22)	₹ 4 crore
Cash & equivalents (FY22)	₹ 2228 crore
EV	₹ 82195 crore
52 week H/L	5425/3365
Equity capital	₹ 53.1 crore
Face value	₹ 2

Shareholding pattern

(in %)	Mar-22	Jun-22	Sep-22	Dec-22
Promoter	51.9	51.9	51.9	51.9
Others	48.1	48.1	48.1	48.1

Price Chart



Recent Event & Key risks

- Clearance got from AP government at Unit 3, Kakinada facility
- Key Risk:** (i) Opportunities in contrast media (ii) Delay in capex plan

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Key Financial Summary

Key Financials (₹ crore)	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	FY25E	2 year CAGR (FY23E-25E)
Revenues	6969.4	8959.8	17.1	7613.7	8549.4	9700.3	12.9
EBITDA	2859.9	3881.9	21.8	2379.4	2817.8	3398.6	19.5
EBITDA margins (%)	41.0	43.3		31.3	33.0	35.0	
Adj. Net Profit	1984.3	2960.5	22.8	1933.0	2054.3	2522.2	14.2
Adjusted EPS (₹)	74.7	111.5		72.8	77.4	95.0	
PE (x)	38.3	25.6		39.3	37.0	30.1	
EV to EBITDA (x)	24.7	17.9		28.4	23.7	19.2	
RoNW (%)	21.3	25.2		15.0	14.5	15.9	
RoCE (%)	27.6	30.2		18.2	18.3	20.1	

Key takeaways of recent quarter & conference call highlights

Q3FY23 Results: Divi's reports dismal set of numbers, which miss our expectations on all fronts

- Revenues were down 31.5% YoY at ₹ 1707.7 crore. On the segmental front Generics business increased 11.7% YoY to ₹ 871 crore. Custom synthesis and nutraceuticals business revenues came in at ₹ 686 crore and ₹ 150 crore showing de-growth of 55.6% and 12.3%, respectively. Gross margins for the period declined ~996 bps over the previous year to 56.7%. The reason behind was change in the product mix and pricing pressure in generics. EBITDA de-grew 62.8% YoY to ₹ 408.3 crore whereas EBITDA margins declined 2010 bps YoY to 23.9%. The impact was largely due to maintenance cost for old facilities. Adjusted PAT declined 37.8% YoY to ₹ 306.8 crore. Higher finance cost and taxes led to such a decline
- On the generics front, the management is looking at opportunities from patent expiry in 2023-25 (~US\$20 billion addressable market). Overall, we expect the performance in custom synthesis to weigh on sentiments for the next few quarters

ESG Disclosure Score*			
Score	FY20	FY21	FY22
Environmental	19.6	20.5	20.5
Social	21.3	25.6	25.6
Governance	84.9	84.9	84.9
Overall ESG Score	42.0	43.7	43.7

*Source: Bloomberg, ICICI Direct Research, *Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures*

Q3FY23 Earnings Conference Call highlights:

- The company is experiencing double digit growth in some generic products and also receiving repeat orders from customers, which should augur well in the future
- Generic margins took a larger hit as compared to the custom synthesis
- Most of the growth for top generic products was in volume terms during the period
- Unit 3 facility at Kakinada has received necessary clearance from the government. The management is on the verge of finalising the project and product planning.
- Raw material prices have slightly softened post Q3FY23. Logistic and freight cost is improving both for air and sea mode
- It intends to diversify the supply base to keep the supply chain stable
- Exports during the quarter remained around 87%, where sales from Europe and US came in at 70%
- The company does not plan to enter the injectable business but plans to invest in new technologies remains concrete
- New projects coming up are mostly coming in from big pharma companies
- Generic margins took a larger hit compared to custom synthesis

Exhibit 1: Variance Analysis

	Q3FY23	Q3FY23E	Q3FY22	Q2FY23	YoY (%)	QoQ (%)	Comments
Revenue	1,707.7	1,888.0	2,493.2	1,854.5	-31.5	-7.9	YoY de-growth due to continued slowdown in Custom Synthesis segment, pricing pressure in generic business
Raw Material Expense	739.6	670.2	831.6	674.6	-11.1	9.6	
Gross Margins (%)	56.7	64.5	66.6	63.6	-996 bps	-693 bps	
Employee Expenses	238.9	213.7	244.6	232.1	-2.3	2.9	
Other Expenditure	321.0	340.9	319.9	326.8	0.3	-1.8	
Total Expenditure	1,299.4	1,209.0	1,396.1	1,233.5	-6.9	5.3	
EBITDA	408.3	679.0	1,097.2	621.0	-62.8	-34.3	
EBITDA (%)	23.9	36.0	44.0	33.5	-2010 bps	-958 bps	Reasons for poor performance 1) high cost inventory, 2) acute pricing pressure in generics, 3) replacement of old safety systems with new ones
Interest	0.1	0.2	0.2	0.2	-43.5	-23.5	
Depreciation	86.8	85.7	79.9	85.7	8.6	1.2	
Other income	114.3	83.9	16.6	80.1	587.4	42.7	
PBT Before EO	435.6	696.4	1,033.7	615.2	-57.9	-29.2	
EO	0.0	0.0	0.0	0.0	NA	NA	
PBT	435.6	696.4	1,033.7	615.2	-57.9	-29.2	
Tax	128.8	137.7	131.4	121.6	-2.0	5.9	
Net Profit	306.8	541.0	902.2	493.6	-66.0	-37.8	YoY delta vis-à-vis EBITDA .
Key Metrics							
Generic	874.0	939.8	782.6	895.0	11.7	-2.3	
CS	683.0	816.0	1,539.6	797.0	-55.6	-14.3	
Carotenoid	150.0	132.3	171.0	163.0	-12.3	-8.0	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	8,036.2	7,613.7	-5.3	9,210.2	8,549.4	-7.2	Changed as per revised estimate post management commentary
EBITDA	2,920.2	2,379.4	-18.5	3,689.7	2,817.8	-23.6	
EBITDA Margin (%)	36.3	31.3	-509 bps	40.1	33.0	-710 bps	Changed due to higher-than-expected dent in generic business margins
Net Profit	2,359.2	1,933.0	-18.1	2,608.4	2,054.3	-21.2	
EPS (₹)	88.9	72.8	-18.1	98.3	77.4	-21.2	

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ Crore)	Current				Earlier		Comments
	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
Generic API & Intermediates	3,561.6	3,044.5	3,560.3	3,916.4	3,650.0	4,197.5	Changed as per revised estimate post management commentary
Carotenoids	597.6	629.0	656.5	722.2	723.0	831.5	Changed as per revised estimate post management commentary
Custom Synthesis	2,805.1	5,286.3	3,396.7	3,910.8	3,663.7	4,181.3	Changed as per revised estimate post management commentary

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	6969	29.2	74.7	44.2	38.3	24.7	21.3	27.6
FY22	8960	28.6	111.5	49.2	25.6	17.9	25.2	30.2
FY23E	7614	-15.0	72.8	-34.7	39.3	28.4	15.0	18.2
FY24E	8549	12.3	77.4	6.3	37.0	23.7	14.5	18.3
FY25E	9700	13.5	95.0	22.8	30.1	19.2	15.9	20.1

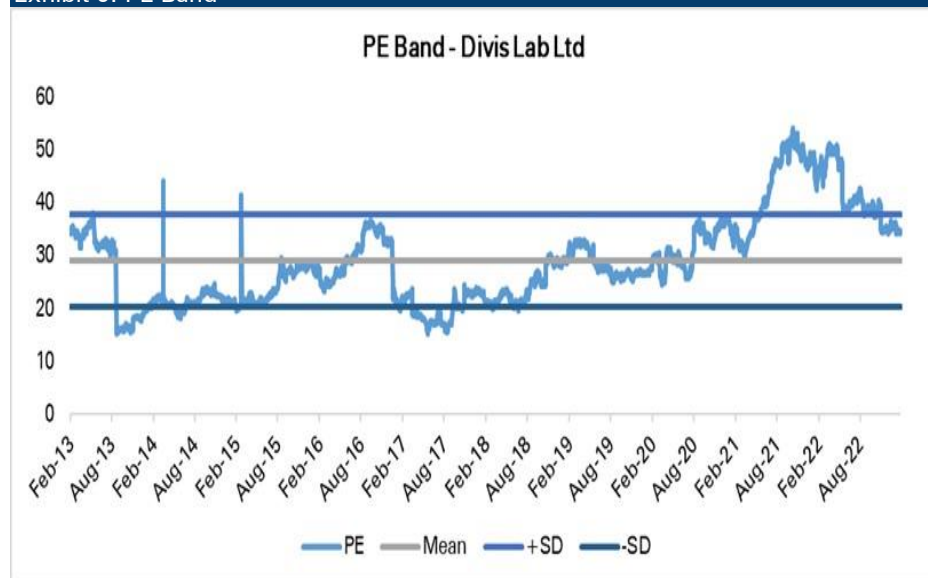
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ crore)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY (%)	QoQ (%)
Total Operating Income	1396.3	1389.7	1730.5	1749.3	1701.4	1788.2	1960.6	1987.5	2493.2	2518.4	2254.5	1854.5	1707.7	-31.5	-7.9
Raw Material Expenses	547.1	515.4	639.8	576.3	526.6	581.4	642.1	654.8	831.6	838.6	812.0	674.6	739.6	-11.1	9.6
% of revenues	39.2	37.1	37.0	32.9	31.0	32.5	32.8	32.9	33.4	33.3	36.0	36.4	43.3	995.5	693.0
Gross Profit	849.1	874.3	1090.6	1173.0	1174.8	1206.8	1318.5	1332.7	1661.7	1679.8	1442.6	1179.9	968.1	-41.7	-17.9
Gross Profit Margin (%)	60.8	62.9	63.0	67.1	69.0	67.5	67.2	67.1	66.6	66.7	64.0	63.6	56.7	-995.5	-693.0
Employee Expenses	156.5	173.1	183.9	193.2	233.6	215.1	220.8	224.0	244.6	256.8	246.4	232.1	238.9	-2.3	2.9
% of revenues	11.2	12.5	10.6	11.0	13.7	12.0	11.3	11.3	9.8	10.2	10.9	12.5	14.0	417.7	147.2
Other Expenses	198.7	256.7	206.7	238.7	250.0	275.5	245.7	290.6	319.9	318.6	349.5	326.8	321.0	0.3	-1.8
% of revenues	14.2	18.5	11.9	13.6	14.7	15.4	12.5	14.6	12.8	12.7	15.5	17.6	18.8	596.5	117.7
Total Expenditure	902.4	945.3	1030.4	1008.2	1010.2	1071.9	1108.6	1169.4	1396.1	1414.0	1407.8	1233.5	1299.4	-6.9	5.3
% of revenues	64.6	68.0	59.5	57.6	59.4	59.9	56.5	58.8	56.0	56.1	62.4	66.5	76.1	2009.8	957.9
EBITDA	493.9	444.5	700.1	741.1	691.2	716.3	852.1	818.1	1097.2	1104.4	846.7	621.0	408.3	-62.8	-34.3
EBITDA Margins (%)	35.4	32.0	40.5	42.4	40.6	40.1	43.5	41.2	44.0	43.9	37.6	33.5	23.9	-2009.8	-957.9
Interest	1.6	0.4	0.2	0.2	0.3	0.2	0.3	0.2	0.2	0.1	0.1	0.2	0.1	-43.5	-23.5
Depreciation	46.7	49.8	56.2	61.1	68.2	70.1	73.3	77.4	79.9	81.0	83.7	85.7	86.8	8.6	1.2
Other Income	41.7	76.7	17.3	13.6	19.3	23.5	36.0	19.1	16.6	52.4	88.4	80.1	114.3	587.4	42.7
PBT before forex & EO	487.3	471.0	661.0	693.5	642.1	669.5	814.5	759.6	1033.7	1075.7	851.3	615.2	435.6	-57.9	-29.2
Total Tax	128.2	82.7	168.9	173.9	171.5	167.5	257.4	153.2	131.4	181.1	149.3	121.6	128.8	-2.0	5.9
Tax rate (%)	26.3	17.6	25.6	25.1	26.7	25.0	31.6	20.2	12.7	16.8	17.5	19.8	29.6	1685.9	980.5
PAT	359.1	388.2	492.1	519.6	470.6	502.0	557.1	606.5	902.2	894.6	702.0	493.6	306.8	-66.0	-37.8
PAT Margin (%)	25.7	27.9	28.4	29.7	27.7	28.1	28.4	30.5	36.2	35.5	31.1	26.6	18.0		
EPS (₹)	13.5	14.6	18.5	19.6	17.7	18.9	21.0	22.8	34.0	33.7	26.4	18.6	11.6		

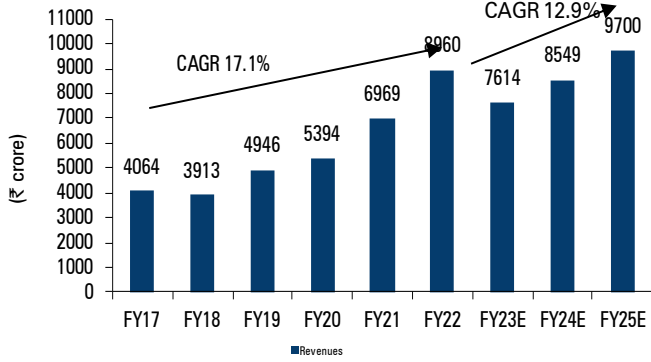
Source: ICICI Direct Research

Exhibit 6: PE Band



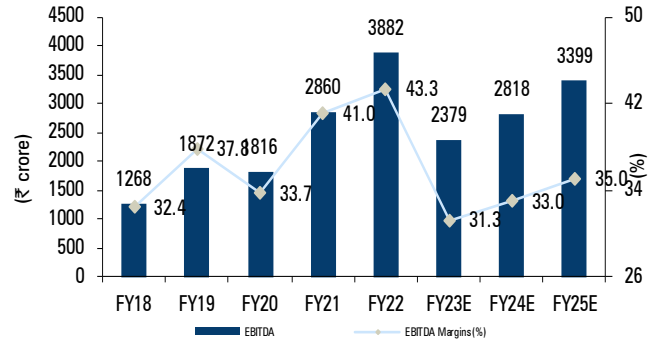
Source: ICICI Direct Research

Exhibit 7: Revenues to grow at 12.9% CAGR over FY23E-25E



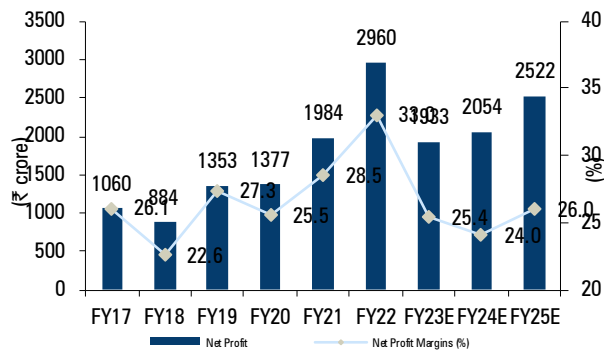
Source: Company, ICICI Direct Research

Exhibit 8: EBITDA & EBITDA margins trend



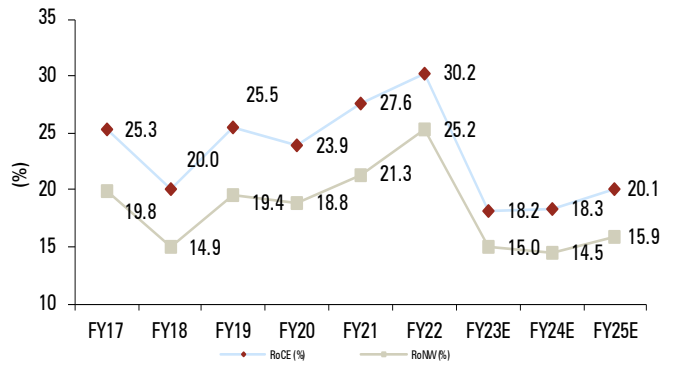
Source: Company, ICICI Direct Research

Exhibit 9: PAT & PAT margins trend



Source: Company, ICICI Direct Research

Exhibit 10: RoE & RoCE trend



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 11: Profit and loss statement				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Revenues	8,959.8	7,613.7	8,549.4	9,700.3
Growth (%)	28.6	-15.0	12.3	13.5
Raw Material Expenses	2,967.1	2,943.1	3,338.4	3,638.3
Employee Expenses	946.2	968.8	940.4	1,067.0
Other Expenses	1,164.6	1,322.5	1,452.7	1,596.4
EBITDA	3,881.9	2,379.4	2,817.8	3,398.6
Growth (%)	35.7	-38.7	18.4	20.6
Depreciation	311.5	342.9	396.7	429.0
Interest	0.8	0.6	0.1	0.1
Other Income	113.9	402.9	282.1	349.2
PBT	3,683.5	2,438.8	2,703.1	3,318.7
Total Tax	723.1	505.8	648.7	796.5
Adjusted PAT	2,960.5	1,933.0	2,054.3	2,522.2
Growth (%)	49.2	-34.7	6.3	22.8
EPS (Adjusted)	111.5	72.8	77.4	95.0

Source: Company, ICICI Direct Research

Exhibit 12: Cash flow statement				
	₹ crore			
(Year-end March)/(₹ crore)	FY22	FY23E	FY24E	FY25E
Profit/(Loss) after taxation	3,042.5	1,933.0	2,054.3	2,522.2
Add: Depreciation & Amortization	311.5	342.9	396.7	429.0
(Inc)/dec in Current Assets	-1,484.4	744.4	-619.6	-580.3
Inc/(dec) in CL and Provisions	114.0	41.4	159.6	140.5
Other Operating Activities	-71.8	0.6	0.1	0.1
CF from operating activities	1,911.8	3,062.3	1,991.2	2,511.5
(Inc)/dec in Fixed Assets	-713.2	-800.0	-1,000.0	-600.0
(Inc)/dec in Investments	-1,599.0	0.0	0.0	0.0
Other Investing Activities	1,595.7	38.2	43.0	48.6
CF from investing activities	-716.5	-761.8	-957.0	-551.4
inc/(dec) in Loan	-0.4	0.0	0.0	0.0
Dividend & Dividend tax	-530.9	-743.3	-796.4	-796.4
Others	-1.1	-0.6	-0.1	-0.1
CF from financing activities	-532.4	-743.9	-796.5	-796.5
Net Cash flow	662.9	1,556.6	237.8	1,163.5
Opening Cash	2156.0	2818.9	4375.5	4613.2
Closing Cash	2,818.9	4,375.5	4,613.2	5,776.8
Free Cash Flow	1,198.6	2,262.3	991.2	1,911.5

Source: Company, ICICI Direct Research

Exhibit 13: Balance Sheet				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Liabilities				
Equity Capital	53.1	53.1	53.1	53.1
Reserve and Surplus	11,675.1	12,864.8	14,122.7	15,848.5
Total Shareholders funds	11,728.2	12,917.9	14,175.8	15,901.6
Total Debt	3.7	3.7	3.7	3.7
Deferred Tax Liability	421.4	472.0	528.6	592.0
Non CL & Long Term Provision	26.7	29.9	33.5	37.5
Total Liabilities	12,180.0	13,423.5	14,741.6	16,534.8
Assets				
Gross Block - Fixed Assets	5,624.3	6,374.3	7,374.3	7,974.3
Accumulated Depreciation	1,299.2	1,642.1	2,038.9	2,467.9
Net Block	4,325.1	4,732.1	5,335.4	5,506.4
Capital WIP	469.9	519.9	519.9	519.9
Total Fixed Assets	4,795.0	5,252.1	5,855.3	6,026.3
Investments	72.0	72.0	72.0	72.0
Inventory	2,828.6	2,805.7	3,182.6	3,468.4
Debtors	2,423.9	1,668.8	1,873.8	2,126.1
Loans and Advances	0.0	0.0	0.0	0.0
Other Current Assets	280.1	313.7	351.4	393.5
Cash	2,818.9	4,375.5	4,613.2	5,776.8
Total Current Assets	8,351.5	9,163.7	10,021.0	11,764.8
Creditors	795.7	789.3	895.3	975.7
Provisions	4.2	4.6	5.2	5.8
Other current Liabilities	394.9	442.3	495.3	554.8
Total Current Liabilities	1,194.7	1,236.2	1,395.8	1,536.3
Net Current Assets	7,156.8	7,927.5	8,625.2	10,228.5
Other Non CA & LT L & A	156.2	171.8	189.0	207.9
Application of Funds	12,180.0	13,423.5	14,741.6	16,534.8

Source: Company, ICICI Direct Research

Exhibit 14: Key ratios				
(Year-end March)	FY22	FY23E	FY24E	FY25E
Per share data (₹)				
Adjusted EPS	111.5	72.8	77.4	95.0
BV per share	441.8	486.6	534.0	599.0
Dividend per share	30.0	28.0	30.0	30.0
Cash Per Share	106.2	164.8	173.8	217.6
Operating Ratios (%)				
Gross margins	66.9	61.3	61.0	62.5
EBITDA margins	43.3	31.3	33.0	35.0
Net Profit margins	33.0	25.4	24.0	26.0
Inventory days	348.0	348.0	348.0	348.0
Debtor days	98.7	80.0	80.0	80.0
Creditor days	97.9	97.9	97.9	97.9
Asset Turnover	1.5	1.1	1.1	1.1
EBITDA conversion rate	49.2	128.7	70.7	73.9
Return Ratios (%)				
RoE	25.2	15.0	14.5	15.9
RoCE	30.2	18.2	18.3	20.1
RoIC	67.9	45.3	46.8	54.9
Valuation Ratios (x)				
P/E	25.6	39.3	37.0	30.1
EV / EBITDA	17.9	28.4	23.7	19.2
Price to Book Value	6.5	5.9	5.4	4.8
EV / Net Sales	7.8	8.9	7.8	6.7
Market Cap / Sales	8.5	10.0	8.9	7.8
Solvency Ratios				
Debt / EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	4.6	3.9	3.9	3.9

Source: Company, ICICI Direct Research

Exhibit 15: ICICI Direct Universe Coverage (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				EV/EBITDA(x)				RoCE (%)			RoE (%)				
						FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Hospitals																					
Apollo Hospitals	APOHOS	4164	5,230	Buy	59871	7.8	59.1	67.8	85.2	57.7	29.8	29.3	24.6	6.3	15.1	14.7	16.7	6.3	15.1	14.7	16.7
Narayana Hrudalaya	NARHRU	728	855	Buy	14887	-0.7	16.7	27.9	25.6	86.0	23.8	18.1	16.4	1.2	20.5	23.6	19.0	-1.3	23.0	28.0	20.6
Shabhy	SHALUM	139	180	Buy	1501	3.9	5.4	7.9	11.1	17.6	13.3	9.4	7.2	6.5	8.4	12.9	15.8	5.1	6.7	9.1	11.5
Aster DM	ASTDM	204	300	Buy	10195	3.0	10.5	8.1	18.5	16.0	11.5	10.6	7.2	5.4	9.0	9.1	14.0	4.4	13.3	9.3	17.5
Healthcare Global	HEAGLO	280	370	Buy	3889	-13.9	3.9	4.0	8.4	39.4	20.1	14.9	12.0	-0.9	5.0	9.3	12.3	-0.9	5.0	6.0	11.1
Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				PE(x)				RoCE (%)			RoE (%)				
						FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
MNC Pharma																					
Abbott India	ABBIND	20564	21,725	Hold	43700	325.0	375.9	452.0	543.1	63.3	54.7	45.5	37.9	33.8	36.6	38.6	37.5	26.5	28.3	30.1	29.0
P&G Health	MERLUM	4086	5,235	Buy	6782	106.5	116.0	150.0	163.6	38.4	35.2	27.2	25.0	32.2	39.8	42.5	38.0	25.1	31.2	32.0	28.5
Sanofi India	SANOFI	5383	6,385	Hold	12396	207.4	410.1	265.9	255.5	26.0	13.1	20.2	21.1	32.3	33.3	40.9	50.2	24.5	25.9	30.8	38.1
Pfizer	PFIZER	3867	4,505	Hold	17690	108.8	133.9	151.4	150.2	35.6	28.9	25.5	25.8	27.6	26.1	25.0	23.7	20.8	21.4	18.8	18.1
Pharma																					
Ajanta Pharma	AJAPHA	1180	1,385	Buy	15097	51.1	55.7	55.9	68.4	23.1	21.2	21.1	17.3	29.0	27.0	23.4	24.4	21.8	21.8	18.8	19.5
Alembic Pharma	ALEMPHA	527	550	Hold	10358	62.6	27.7	14.6	21.0	8.4	19.0	36.0	25.2	25.1	10.6	6.3	8.6	24.1	10.4	5.3	7.3
Aurobindo Pharma	AURPHA	405	540	Hold	23704	55.0	47.4	34.7	44.8	7.4	8.5	11.7	9.0	16.9	12.9	9.6	11.9	14.7	11.3	7.7	9.1
Biocon	BIOCON	235	290	Hold	28214	6.3	5.7	3.0	4.8	37.5	41.3	78.1	48.5	7.7	7.5	3.8	6.1	9.9	8.1	1.5	2.4
Zydus Lifesciences	CADHEA	433	480	Hold	43793	23.3	21.0	21.1	25.3	18.5	20.6	20.5	17.1	13.8	12.0	11.7	12.2	18.4	12.6	11.4	12.2
Cipla	CIPLA	1025	1,290	Buy	82716	29.8	32.9	38.3	45.5	34.4	31.1	26.8	22.5	17.0	16.3	18.4	19.1	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4418	5,210	Buy	73576	117.6	127.2	262.2	215.5	37.6	34.7	16.9	20.5	13.1	13.0	24.2	20.8	11.1	11.0	18.9	13.8
Glenmark Pharma	GLEPHA	384	440	Hold	10842	32.9	42.7	36.4	50.0	11.7	9.0	10.5	7.7	13.9	14.8	16.0	16.0	13.1	13.2	10.2	12.4
Ipsca Laboratories	IPCLAB	853	925	Hold	21630	44.9	34.8	24.5	35.7	19.0	24.5	34.8	23.9	27.1	17.4	13.3	16.5	24.2	16.1	10.3	13.3
Jubilant Pharmova	JUBLIF	344	395	Hold	5486	37.4	26.0	22.5	32.8	9.2	13.2	15.3	10.5	13.7	9.0	7.8	9.7	12.6	7.8	6.4	8.6
Lupin	LUPIN	741	680	Hold	33687	26.9	11.9	9.1	26.4	27.6	62.4	81.0	28.1	9.6	3.4	5.9	11.3	8.8	4.4	3.3	8.8
Natco Pharma	NATPHA	529	660	Hold	9665	24.2	9.3	38.6	46.3	21.9	56.8	13.7	11.4	13.1	4.6	16.8	18.5	10.7	4.0	14.6	15.2
Sun Pharma	SUNPHA	1008	1,210	Buy	241877	30.1	32.0	34.3	40.9	33.5	31.5	29.4	24.6	14.2	18.2	17.4	19.0	15.5	16.0	15.0	15.5
Torrent Pharma	TORPHA	1535	1,720	Hold	51951	37.0	32.0	37.6	45.6	41.5	47.9	40.8	33.6	17.6	19.7	18.3	21.1	21.4	18.2	18.8	19.4
Indoco Remedies	INDREM	328	440	Buy	3024	10.1	16.8	17.9	26.7	32.5	19.5	18.3	12.3	11.7	17.5	15.6	21.9	12.1	17.1	15.9	19.8
Caplin Point	CAPPOI	697	955	Buy	5291	81.7	85.3	79.0	74.8	8.5	8.2	8.8	9.3	25.3	24.2	23.4	0.0	20.4	20.2	20.2	18.2
Advanced Enzymes	ADVENZ	272	265	Reduce	3037	13.1	10.7	9.6	13.3	20.8	25.4	28.5	20.4	19.4	14.3	10.9	14.0	15.1	11.0	9.0	11.3
Hester Biosciences	HESPHA	1784	1,830	Hold	1517	44.4	45.7	37.8	58.6	40.2	39.0	47.2	30.4	16.2	10.9	9.5	12.7	16.5	15.0	11.3	15.4
API/CRAMS																					
Divi's Lab	DIVLAB	2860	2,945	Hold	84102	74.7	111.5	87.7	96.9	38.3	25.6	32.6	29.5	27.6	30.2	21.1	21.8	21.3	25.2	17.7	17.2
Hikal	HIKCHE	334	375	Hold	4283	10.8	13.0	6.8	16.6	30.9	25.7	49.2	20.2	15.1	13.6	7.2	14.3	14.3	15.0	6.3	14.1
Syngene Int.	SYNINT	569	610	Hold	22848	10.1	9.9	11.6	14.3	56.2	57.6	49.1	39.7	11.5	11.7	12.9	15.1	13.5	12.9	12.5	13.5
Granules India	GRANUL	289	355	Buy	7171	22.2	16.6	22.7	27.2	13.0	17.4	12.7	10.6	24.0	15.6	20.5	21.7	25.3	16.0	19.7	19.3
Laurus Labs	LAULAB	330	400	Buy	17802	18.3	15.4	16.5	19.1	18.0	21.4	20.0	17.3	31.7	21.3	21.8	24.3	37.9	24.7	21.9	23.6
Suven Pharmaceuticals	SUVPH	486	530	Buy	12383	14.2	17.8	14.7	17.7	34.1	27.3	33.0	27.5	31.2	37.5	26.0	25.6	30.7	29.7	20.6	20.5

Source: ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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