

## Beat on revenues, below-par margins but worst seems to be over...

**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

**Q4FY23 Results:** Generics, CS grew QoQ, margins recovered but still below-par.

- Revenues were up 14.2% QoQ to ₹ 1950.8 crore
- EBITDA improved 19.4% QoQ to ₹ 487.6 crore whereas EBITDA margins came in at 25% up 109 bps
- Adjusted PAT increased 3.9% QoQ to ₹ 318.8 crore

**What should investors do?** Divi's share price has grown at 9.5% CAGR over the past three years.

- We upgrade the stock from HOLD to **BUY** as the quarter's performance (albeit lower than expected margins) and management commentary provides satisfactory visibility of performance restoration with a lag. Fast tracking of Kakinada capex also provides comfort on the expansion front

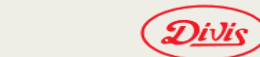
**Target Price and Valuation:** Valued at ₹ 3575 i.e. 40x FY25E EPS of ₹ 89.4.

**Key triggers for future price performance:**

- The company has been building capacity in a few more niche APIs with opportunity size of ~US\$20 billion in molecules going off-patent in 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
- Commencement of Kakinada plant from FY25 onwards, which is earmarked for nutraceuticals, advanced intermediates, KSMs among others

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

- Syngene with years of experience in operating in the niche of CRO/CRM. The company is well poised to capitalise on growing opportunities globally
- BUY with a target price of ₹ 740



Divi's Laboratories Limited

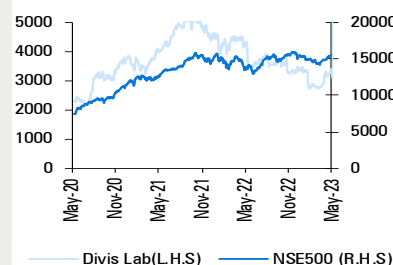
### Particulars

Particular	Amount
Market Capitalisation	₹ 82030 crore
Debt (FY23)	₹ 3 crore
Cash & equivalents (FY23)	₹ 4290 crore
EV	₹ 77743 crore
52 week H/L	4439/2730
Equity capital	₹ 53.1 crore
Face value	₹ 2

### Shareholding pattern

(in %)	Jun-22	Sep-22	Dec-22	Mar-23
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 from AP government at Unit 3, Kakinada facility
- Key Risk:** (i) Margin recovery gets stretched further (ii) Delay in capex plan

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### Key Financial Summary

Key Financials (₹ crore)	FY21	FY22	FY23	5 year CAGR (FY17-22)	FY24E	FY25E	2 year CAGR (FY23-25E)
Revenues	6969.4	8959.8	7767.5	17.1	8334.2	9334.3	9.6
EBITDA	2859.9	3881.9	2363.6	21.8	2904.3	3280.3	17.8
EBITDA margins (%)	41.0	43.3	30.4		34.8	35.1	
Adj. Net Profit	1984.3	2960.5	1823.4	22.8	2078.5	2373.9	14.1
Adjusted EPS (₹)	74.7	111.5	68.7		78.3	89.4	
PE (x)	41.3	27.7	45.0		39.5	34.6	
EV to EBITDA (x)	26.8	19.5	31.2		25.0	21.8	
RoNW (%)	21.3	25.2	14.3		14.8	15.2	
RoCE (%)	27.6	30.2	17.8		18.9	19.4	

## Key takeaways of recent quarter & conference call highlights

### Q4FY23 Results: Generics, CS grew QoQ; margins also improved but still below expectations

- Revenues were up 14.2% QoQ at ₹ 1950.8 crore. On the segmental front generics business delivered improved performance up 14.5% QoQ to ₹ 1001 crore. Custom synthesis improved 17.1% QoQ to ₹ 799.8 crore whereas nutraceuticals business revenues came in at ₹ 150 crore showing flat growth. Gross margins for the period improved ~88 bps QoQ to 57.6%. EBITDA improved 19.4% QoQ to ₹ 487.6 crore whereas EBITDA margins increased 109 bps QoQ to 25%. Adjusted PAT increased 3.9% QoQ to ₹ 318.8 crore
- On the generics front, the management is looking at opportunities from patent expiry in 2023-25 (~US\$20 billion addressable market). Overall, we expect increased capacity in contrast media with the launch of new products in custom synthesis to weigh on sentiments for the next few quarters

### Q4FY23 Earnings Conference Call highlights:

- Sales from Europe and the US came in at 68% during the quarter
- Generic margins took a larger hit as compared to custom synthesis
- Most of the growth for top generic products was in volume terms during the period
- Raw material prices are softening whereas API prices are stabilising as per management
- Focus remains on expanding custom synthesis and nutraceutical business
- The current sales mix for the quarter was at custom synthesis (41%) and generic (59%)
- Few more products in custom synthesis have undergone commercial production and is likely to add up in the coming quarter
- The commercial manufacturing has begun for contrast media in the innovator business segment and production is progressing well
- Contrast media is where the management is increasing capacity due to higher demand
- It intends to invest ₹ 1200-1500 crore in unit 3 Kakinada facility where it will manufacture and supply KSM, intermediate and API. The Phase 1 construction for the same remains on track
- The expected commercialisation from Kakinada facility is from end of CY24 onwards
- ETR to hover around 25-27% due to its plants moving out from SEZ zone

### 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
<b>Overall ESG Score</b>	<b>42.0</b>	<b>43.7</b>	<b>43.7</b>

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

**Exhibit 1: Variance Analysis**

	Q4FY23	Q4FY23E	Q4FY22	Q3FY23	YoY (%)	QoQ (%)	Comments
Revenue	1,950.8	1,797.0	2,518.4	1,707.7	-22.5	14.2	Visible Sequential recovery in custom synthesis business as well as APIs
Raw Material Expense	827.6	717.0	838.6	739.6	-1.3	11.9	
Gross Margins (%)	57.6	60.1	66.7	56.7	-912 bps	88 bps	
Employee Expenses	257.6	251.4	256.8	238.9	0.3	7.9	
Other Expenditure	378.0	325.3	318.6	321.0	18.6	17.8	
Total Expenditure	1,463.2	1,293.6	1,414.0	1,299.4	3.5	12.6	
EBITDA	487.6	503.4	1,104.4	408.3	-55.9	19.4	
EBITDA (%)	25.0	28.0	43.9	23.9	-1886 bps	109 bps	High cost raw material inventory
Interest	2.4	0.1	0.1	0.1	2,900.0	1,746.2	
Depreciation	87.0	86.8	81.0	86.8	7.4	0.3	
Other income	66.2	120.2	52.4	114.3	26.3	-42.1	
PBT Before EO	464.3	536.7	1,075.7	435.6	-56.8	6.6	
EO	0.0	0.0	0.0	0.0	NA	NA	
PBT	464.3	536.7	1,075.7	435.6	-56.8	6.6	
Tax	145.5	106.1	181.1	128.8	-19.7	12.9	
Net Profit	318.8	430.6	894.6	306.8	-64.4	3.9	
<b>Key Metrics</b>							
Generic	1,001.0	917.7	746.7	874.0	34.0	14.5	
CS	799.8	721.8	1,614.7	683.0	-50.5	17.1	
Carotenoid	150.0	157.5	157.0	150.0	-4.5	0.0	

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

	FY23			FY24E			FY25E			Comments
(₹ Crore)	Old	Actual	% Change	Old	New	% Change	Old	New	% Change	
Revenue	7,613.7	7,767.5	2.0	8,549.4	8,334.2	-2.5	9,700.3	9,334.3	-3.8	
EBITDA	2,379.4	2,363.6	-0.7	2,817.8	2,904.3	3.1	3,398.6	3,280.3	-3.5	Slower than expected recovery in margins and impending Kakinada Unit-3 expenses
EBITDA Margin (%)	31.3	30.4	-82 bps	33.0	34.8	189 bps	35.0	35.1	11 bps	
Net Profit	1,933.0	1,823.4	-5.7	2,054.3	2,078.5	1.2	2,522.2	2,373.9	-5.9	
EPS (₹)	72.8	68.7	-5.7	77.4	78.3	1.2	95.0	89.4	-5.9	

Source: ICICI Direct Research

**Exhibit 3: Assumptions**

	Current					Earlier			Comments
(₹ Crore)	FY21	FY22	FY23	FY24E	FY25E	FY23	FY24E	FY25E	
Generic API & Intermediates	3,561.6	3,044.5	3,643.6	4,007.9	4,488.9	3,560.3	3,916.4	4,386.3	
Carotenoids	597.6	629.0	649.0	713.9	799.6	656.5	722.2	808.8	
Custom Synthesis	2,805.1	5,286.3	3,474.7	3,612.3	4,045.8	3,396.7	3,910.8	4,505.2	

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	41.3	26.8	21.3	27.6
FY22	8960	28.6	111.5	49.2	27.7	19.5	25.2	30.2
FY23	7768	-13.3	68.7	-38.4	45.0	31.2	14.3	17.8
FY24E	8334	7.3	78.3	14.0	39.5	25.0	14.8	18.9
FY25E	9334	12.0	89.4	14.2	34.6	21.8	15.2	19.4

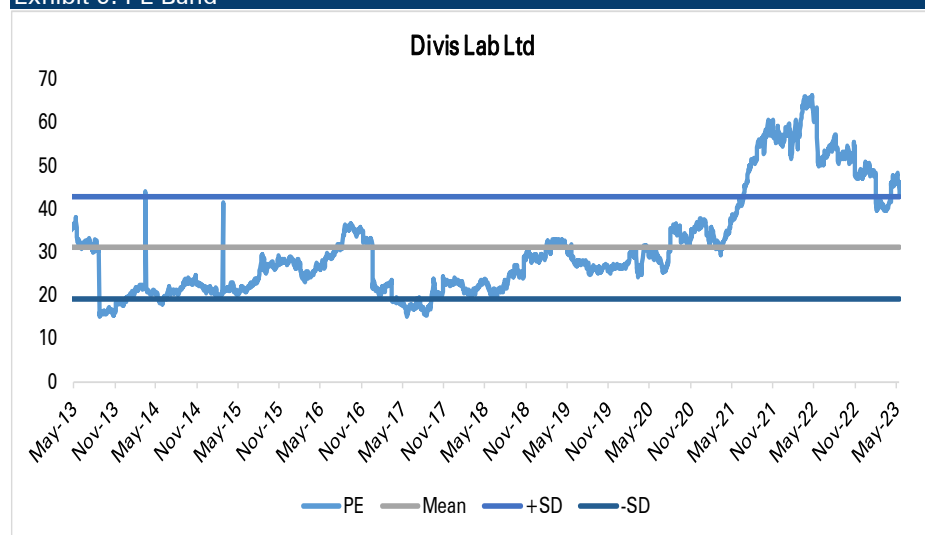
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ crore)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY (%)	QoQ (%)
Total Operating Income	1389.7	1730.5	1749.3	1701.4	1788.2	1960.6	1987.5	2493.2	2518.4	2254.5	1854.5	1707.7	1950.8	-22.5	14.2
Raw Material Expenses	515.4	639.8	576.3	526.6	581.4	642.1	654.8	831.6	838.6	812.0	674.6	739.6	827.6	-1.3	11.9
% of revenues	37.1	37.0	32.9	31.0	32.5	32.8	32.9	33.4	33.3	36.0	36.4	43.3	42.4	912.4	-88.4
Gross Profit	874.3	1090.6	1173.0	1174.8	1206.8	1318.5	1332.7	1661.7	1679.8	1442.6	1179.9	968.1	1123.2	-33.1	16.0
Gross Profit Margin (%)	62.9	63.0	67.1	69.0	67.5	67.2	67.1	66.6	66.7	64.0	63.6	56.7	57.6	-912.4	88.4
Employee Expenses	173.1	183.9	193.2	233.6	215.1	220.8	224.0	244.6	256.8	246.4	232.1	238.9	257.6	0.3	7.9
% of revenues	12.5	10.6	11.0	13.7	12.0	11.3	11.3	9.8	10.2	10.9	12.5	14.0	13.2	301.2	-78.1
Other Expenses	256.7	206.7	238.7	250.0	275.5	245.7	290.6	319.9	318.6	349.5	326.8	321.0	378.0	18.6	17.8
% of revenues	18.5	11.9	13.6	14.7	15.4	12.5	14.6	12.8	12.7	15.5	17.6	18.8	19.4	672.3	57.9
Total Expenditure	945.3	1030.4	1008.2	1010.2	1071.9	1108.6	1169.4	1396.1	1414.0	1407.8	1233.5	1299.4	1463.2	3.5	12.6
% of revenues	68.0	59.5	57.6	59.4	59.9	56.5	58.8	56.0	56.1	62.4	66.5	76.1	75.0	1885.9	-108.6
EBITDA	444.5	700.1	741.1	691.2	716.3	852.1	818.1	1097.2	1104.4	846.7	621.0	408.3	487.6	-55.9	19.4
EBITDA Margins (%)	32.0	40.5	42.4	40.6	40.1	43.5	41.2	44.0	43.9	37.6	33.5	23.9	25.0	-1885.9	108.6
Interest	0.4	0.2	0.2	0.3	0.2	0.3	0.2	0.2	0.1	0.1	0.2	0.1	2.4	2900.0	1746.2
Depreciation	49.8	56.2	61.1	68.2	70.1	73.3	77.4	79.9	81.0	83.7	85.7	86.8	87.0	7.4	0.3
Other Income	76.7	17.3	13.6	19.3	23.5	36.0	19.1	16.6	52.4	88.4	80.1	114.3	66.2	26.3	-42.1
PBT before forex & EO	471.0	661.0	693.5	642.1	669.5	814.5	759.6	1033.7	1075.7	851.3	615.2	435.6	464.3	-56.8	6.6
Total Tax	82.7	168.9	173.9	171.5	167.5	257.4	153.2	131.4	181.1	149.3	121.6	128.8	145.5	-19.7	12.9
Tax rate (%)	17.6	25.6	25.1	26.7	25.0	31.6	20.2	12.7	16.8	17.5	19.8	29.6	31.3	1450.3	176.5
PAT	388.2	492.1	519.6	470.6	502.0	557.1	606.5	902.2	894.6	702.0	493.6	306.8	318.8	-64.4	3.9
PAT Margin (%)	27.9	28.4	29.7	27.7	28.1	28.4	30.5	36.2	35.5	31.1	26.6	18.0	16.3		
EPS (₹)	14.6	18.5	19.6	17.7	18.9	21.0	22.8	34.0	33.7	26.4	18.6	11.6	12.0		

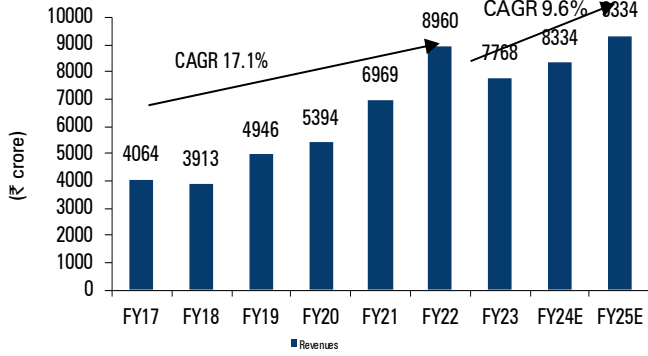
Source: ICICI Direct Research

Exhibit 6: PE Band



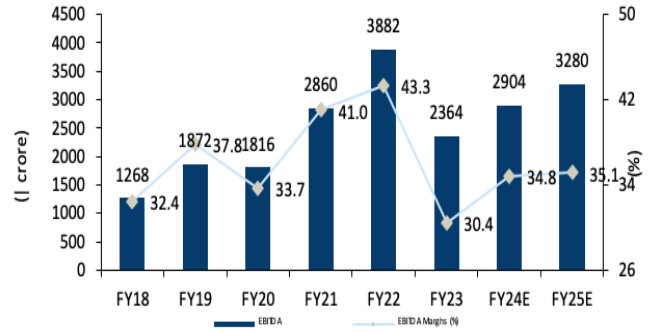
Source: ICICI Direct Research

Exhibit 7: Revenues to grow at 9.6% CAGR over FY23-25E



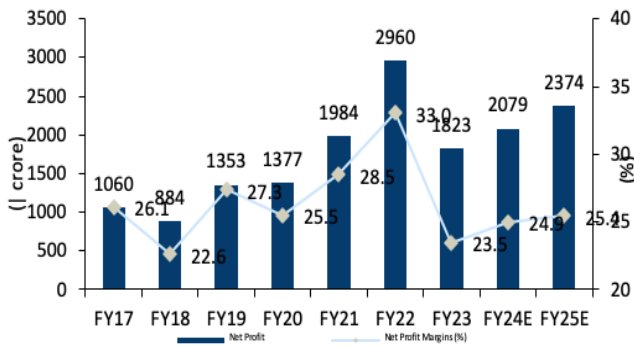
Source: Company, ICICI Direct Research

Exhibit 8: EBITDA & EBITDA margins trend



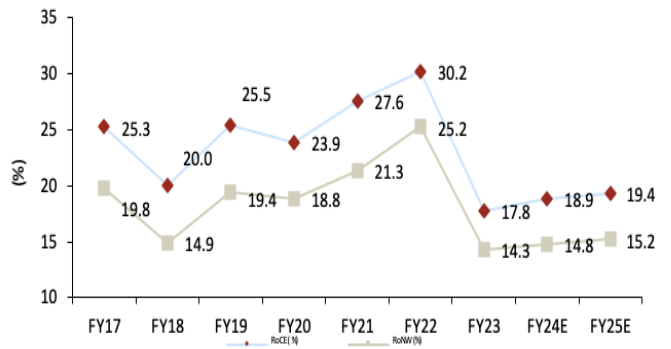
Source: Company, ICICI Direct Research

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	FY23	FY24E	FY25E
<b>Revenues</b>	<b>8,959.8</b>	<b>7,767.5</b>	<b>8,334.2</b>	<b>9,334.3</b>
Growth (%)	28.6	-13.3	7.3	12.0
Raw Material Expenses	2,967.1	3,053.7	2,916.2	3,254.1
Employee Expenses	946.2	975.0	1,089.4	1,026.8
Other Expenses	1,164.6	1,375.2	1,424.3	1,773.1
<b>EBITDA</b>	<b>3,881.9</b>	<b>2,363.6</b>	<b>2,904.3</b>	<b>3,280.3</b>
Growth (%)	35.7	-39.1	22.9	12.9
Depreciation	311.5	343.2	407.9	451.0
Interest	0.8	0.7	0.1	0.1
Other Income	113.9	348.9	275.0	336.0
PBT	3,683.5	2,368.6	2,771.4	3,165.3
Total Tax	723.1	545.3	692.8	791.3
<b>Adjusted PAT</b>	<b>2,960.5</b>	<b>1,823.4</b>	<b>2,078.5</b>	<b>2,373.9</b>
Growth (%)	49.2	-38.4	14.0	14.2
<b>EPS (Adjusted)</b>	<b>111.5</b>	<b>68.7</b>	<b>78.3</b>	<b>89.4</b>

Source: Company, ICICI Direct Research

Exhibit 12: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Profit/(Loss) after taxation	3,042.5	1,896.0	2,078.5	2,373.9
Add: Depreciation & Amortization	311.5	343.2	407.9	451.0
(Inc)/dec in Current Assets	-1,484.4	504.4	149.5	-582.4
Inc/(dec) in CL and Provisions	114.0	-85.6	60.1	136.1
Other Operating Activities	-71.8	-198.2	0.1	0.1
<b>CF from operating activities</b>	<b>1,911.8</b>	<b>2,459.7</b>	<b>2,696.2</b>	<b>2,378.7</b>
(Inc)/dec in Fixed Assets	-713.2	-473.0	-1,200.0	-800.0
(Inc)/dec in Investments	-1,599.0	-4,040.4	0.0	0.0
Other Investing Activities	1,595.7	1,805.8	56.6	63.6
<b>CF from investing activities</b>	<b>-716.5</b>	<b>###</b>	<b>-1,143.4</b>	<b>-736.4</b>
inc/(dec) in Loan	-0.4	0.0	0.0	0.0
Dividend & Dividend tax	-530.9	-796.4	-796.4	-796.4
Others	-1.1	-0.8	-0.1	-0.1
<b>CF from financing activities</b>	<b>-532.4</b>	<b>-797.2</b>	<b>-796.5</b>	<b>-796.5</b>
Net Cash flow	662.9	-1,045.1	756.2	845.8
Opening Cash	2156.0	1214.8	169.7	925.9
<b>Closing Cash</b>	<b>2,818.9</b>	<b>169.7</b>	<b>925.9</b>	<b>1,771.7</b>
<b>Free Cash Flow</b>	<b>1,198.6</b>	<b>1,986.7</b>	<b>1,496.2</b>	<b>1,578.7</b>

Source: Company, ICICI Direct Research

Exhibit 13: Balance Sheet				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
<b>Liabilities</b>				
Equity Capital	53.1	53.1	53.1	53.1
Reserve and Surplus	11,675.1	12,714.0	13,996.1	15,573.7
Total Shareholders funds	11,728.2	12,767.1	14,049.2	15,626.8
Total Debt	3.7	3.3	3.3	3.3
Deferred Tax Liability	421.4	537.2	601.7	673.9
Non CL & Long Term Provisor	26.7	30.6	34.3	38.4
<b>Total Liabilities</b>	<b>12,180.0</b>	<b>13,338.2</b>	<b>14,688.5</b>	<b>16,342.3</b>
<b>Assets</b>				
Gross Block - Fixed Assets	5,624.3	6,365.0	7,565.0	8,365.0
Accumulated Depreciation	1,299.2	1,642.4	2,050.3	2,501.3
Net Block	4,325.1	4,722.6	5,514.7	5,863.7
Capital WIP	469.9	211.9	211.9	211.9
Total Fixed Assets	4,795.0	4,934.5	5,726.6	6,075.6
Investments	72.0	77.1	77.1	77.1
Inventory	2,828.6	3,000.4	2,780.0	3,102.2
Debtors	2,423.9	1,792.5	1,826.7	2,045.9
Loans and Advances	0.0	0.0	0.0	0.0
Other Current Assets	280.1	305.7	342.4	383.5
Cash	2,818.9	4,213.1	4,969.3	5,815.1
Total Current Assets	8,351.5	9,311.7	9,918.4	11,346.6
Creditors	795.7	762.5	782.0	872.7
Provisions	4.2	4.9	5.5	6.2
Other current Liabilities	394.9	333.2	373.1	417.9
Total Current Liabilities	1,194.7	1,100.6	1,160.7	1,296.7
Net Current Assets	7,156.8	8,211.2	8,757.7	10,049.9
Other Non CA & LT L & A	156.2	115.5	127.1	139.8
<b>Application of Funds</b>	<b>12,180.0</b>	<b>13,338.2</b>	<b>14,688.5</b>	<b>16,342.3</b>

Source: Company, ICICI Direct Research

Exhibit 14: Key ratios				
(Year-end March)	FY22	FY23	FY24E	FY25E
<b>Per share data (₹)</b>				
Adjusted EPS	111.5	68.7	78.3	89.4
BV per share	441.8	480.9	529.2	588.6
Dividend per share	30.0	28.0	30.0	30.0
Cash Per Share	106.2	158.7	187.2	219.1
<b>Operating Ratios (%)</b>				
Gross margins	66.9	60.7	65.0	65.1
EBITDA margins	43.3	30.4	34.8	35.1
Net Profit margins	33.0	23.5	24.9	25.4
Inventory days	348.0	358.6	348.0	348.0
Debtor days	98.7	84.2	80.0	80.0
Creditor days	97.9	91.1	97.9	97.9
Asset Turnover	1.5	1.2	1.1	1.1
EBITDA conversion rate	49.2	104.1	92.8	72.5
<b>Return Ratios (%)</b>				
RoE	25.2	14.3	14.8	15.2
RoCE	30.2	17.8	18.9	19.4
RoIC	67.9	41.4	49.2	51.6
<b>Valuation Ratios (x)</b>				
P/E	27.7	45.0	39.5	34.6
EV / EBITDA	19.5	31.2	25.0	21.8
Price to Book Value	7.0	6.4	5.8	5.2
EV / Net Sales	8.4	9.5	8.7	7.6
Market Cap / Sales	9.2	10.6	9.8	8.8
<b>Solvency Ratios</b>				
Debt / EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	4.6	4.6	4.3	4.3

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 (%)			
						FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E
<b>Hospitals</b>																					
Apollo Hospitals	APOHOS	4440	5,460	Buy	63936	59.1	60.5	80.2	126.8	30.2	31.6	25.8	18.8	15.1	14.1	16.6	21.8	15.1	13.8	16.0	21.1
Narayana Hrudalaya	NARHRU	773	870	Buy	15769	16.7	27.9	29.0	27.4	23.1	16.7	14.0	13.7	20.5	23.6	21.2	17.1	23.0	27.9	22.7	17.8
Shalby	SHALIM	139	170	Buy	1500	5.4	6.3	8.2	10.3	12.8	10.9	8.1	6.7	8.4	9.9	11.8	13.9	6.7	7.4	8.9	10.2
Aster DM	ASTDM	256	280	Buy	12775	10.5	8.6	18.1	23.6	10.1	9.3	6.2	4.7	9.0	8.7	13.6	15.4	13.3	9.8	17.1	18.2
Healthcare Global	HEAGLO	312	385	Buy	4333	3.9	2.3	6.1	8.5	19.8	15.2	11.9	10.2	5.0	8.8	12.8	14.8	5.0	3.6	8.5	10.7
Rainbow Children's Medicare	RAICHI	889	900	Hold	9067	13.6	20.8	19.2	20.2	30.3	26.4	24.6	20.9	20.2	17.8	14.5	16.5	22.9	19.9	15.5	14.0
<b>MNC Pharma</b>																					
Abbott India	ABBIND	20875	20,315	Hold	43838	380.3	452.1	501.7	564.3	54.9	46.2	41.6	37.0	36.6	38.7	34.1	31.0	28.3	29.8	26.1	23.6
PG&G Health	MERLIM	5003	5,620	Buy	8505	113.2	152.2	144.4	165.2	44.2	32.9	34.6	30.3	39.8	43.7	34.5	33.6	31.2	33.2	26.5	25.7
Sanofi India	SANOFI	6300	6,270	Hold	14491	410.6	269.8	251.4	272.7	15.3	23.3	25.1	23.1	33.3	55.1	49.6	45.0	25.9	41.2	36.9	33.3
Pfizer	PFIZER	3825	3,830	Hold	17593	133.2	135.6	135.7	147.2	28.7	28.2	28.2	26.0	26.1	24.8	22.7	21.6	21.4	18.4	17.1	16.3
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	1295	1,520	Buy	16576	55.7	46.5	59.9	69.2	23.3	27.8	21.6	18.7	27.0	21.3	23.5	23.3	21.8	17.4	19.2	18.9
Alembic Pharma	ALEMPHA	551	530	Hold	10855	27.7	17.4	14.1	22.1	19.9	31.7	39.1	25.0	10.6	8.6	8.0	11.6	10.4	7.8	6.2	9.1
Aurobindo Pharma	AURPHA	589	525	Hold	34524	47.4	34.8	46.2	52.4	12.4	16.9	12.8	11.2	12.9	10.2	12.6	13.1	11.3	7.7	9.3	9.6
Biocon	BIOCON	242	230	Hold	29034	6.3	4.9	3.1	3.1	38.1	48.9	76.8	76.8	7.5	3.3	5.1	6.2	8.1	2.7	6.2	8.3
Zydus Lifesciences	CADHEA	495	600	Buy	50657	21.0	21.6	25.3	33.3	23.6	22.9	19.5	14.9	12.0	14.2	14.8	14.9	12.6	12.6	13.1	14.8
Cipla	CIPLA	917	1,090	Buy	74002	32.9	36.4	42.7	48.2	27.9	25.2	21.5	19.0	16.7	17.4	17.8	18.2	12.7	12.5	13.2	13.4
Dr Reddy's Lab	DRREDD	4392	5,520	Buy	72906	127.2	269.3	230.2	256.5	34.5	16.3	19.1	17.1	12.5	23.9	18.8	21.1	11.0	19.2	14.4	14.2
Glenmark	GLEPHA	626	440	Hold	17653	42.7	33.3	47.4	54.8	14.7	18.8	13.2	11.4	14.8	14.9	15.7	16.4	13.2	9.4	11.9	12.2
Ipca Lab	IPCLAB	675	885	Hold	17145	34.8	20.8	31.4	37.0	19.4	32.4	21.5	18.3	17.4	12.1	15.7	16.5	16.1	8.9	12.1	12.7
Lupin	LUPIN	772	725	Hold	35144	11.9	8.3	25.6	33.0	65.0	92.9	30.1	23.4	3.4	5.7	11.0	13.0	4.4	3.0	8.6	10.2
Natco	NATPHA	618	565	Hold	11307	9.3	36.3	40.3	30.2	66.5	17.0	15.3	20.4	4.6	15.9	16.5	11.6	4.0	13.9	13.6	9.4
Sun Pharma	SUNPHA	927	1,210	Buy	222435	32.0	34.9	38.6	43.2	29.0	26.5	24.0	21.4	18.2	17.2	18.1	18.1	16.0	15.2	14.7	14.7
Torrent Pharma	TORPHA	1661	1,720	Hold	56142	32.0	36.3	45.1	53.8	51.8	45.7	36.8	30.9	19.7	17.1	20.4	23.3	18.2	17.9	19.0	19.4
Indoco Remedies	INDREM	350	440	Buy	3221	16.8	17.9	26.7	31.5	20.8	19.5	13.1	11.1	17.5	15.6	21.9	24.7	17.1	15.9	19.8	19.4
Caplin Point	CAPPOI	702	865	Buy	5337	39.5	48.8	47.9	47.9	17.8	14.4	14.7	14.7	25.3	23.5	22.4	22.4	20.2	20.2	16.7	16.7
Advanced Enzyme	ADVENZ	275	310	Hold	3081	11.5	13.1	10.7	10.7	23.8	21.1	25.8	25.8	14.3	10.9	13.4	14.2	11.0	8.7	10.7	11.3
Hester Bios	HESPHA	1740	1,490	Reduce	1566	45.7	31.1	40.5	53.3	38.1	56.0	43.0	32.6	10.9	7.5	8.8	10.3	15.0	9.4	11.2	13.1
<b>API/CRAMS</b>																					
Divi's Lab	DIVLAB	3098	3,575	Buy	82105	111.5	68.7	78.3	89.4	27.8	45.1	39.6	34.6	30.2	17.8	18.9	18.9	21.3	25.2	15.0	15.0
Hikal	HIKCHE	300	375	Hold	3685	13.0	5.7	14.6	20.7	23.0	52.6	20.6	14.5	13.6	7.2	14.3	17.7	15.0	6.3	14.1	17.0
Syngene International	SYNINT	700	740	Buy	28070	9.9	11.6	13.3	17.9	70.9	60.5	52.6	39.2	11.7	13.8	14.2	16.9	12.9	12.8	13.0	14.9
Granules India	GRANUL	276	360	Buy	6852	16.6	20.8	21.8	27.8	16.6	13.3	12.7	9.9	15.6	18.5	17.8	19.4	16.0	18.2	16.2	17.3
Laurus Labs	LAULAB	312	300	Hold	16776	15.4	14.7	10.5	10.5	20.3	21.2	29.8	29.8	21.3	19.8	14.6	16.0	24.7	19.6	12.4	13.5
Suven Pharma	SUVPH	475	0	Buy	12107	17.8	14.7	17.7	20.0	26.7	32.3	26.9	23.7	37.5	26.0	25.6	24.5	29.7	20.6	20.5	19.5

Source: ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%



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