



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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Book Profit in Abbott India and switch to SYNGENE and/or SUN PHARMA

We had earlier recommended Abbott India at Rs 7186 with a short term target price of Rs 8000. We have achieved the short term target of Abbott India Ltd.

Traders with short term interest can book profit in ABBOTT India. Investors with long term interest may continue to hold the stock.

We recommend to SWITCH from Abbott India to SYNGENE International or SUN Pharmaceuticals as both the stocks have the potential to grow and yield good returns on investment.

Syngene International - BUY

Syngene is one of the largest contract research organizations (CRO) in India, with a scientist's pool of more than 3500 scientists. We expect Syngene to lead the growth from early stage R & D outsourcing to India. In an industry with few players and high barriers to entry, Syngene's focus on new molecular entities (NME) gives it a niche as a one-stop shop for early stage R & D in India. We believe Syngene is better placed in terms of cost effectiveness, reliability and quality than its peers to capture the growth from increased innovation in medicine. We strongly believe Syngene will grow with its dedicated centres, discovery services and development & mfg. Syngene is poised to scale up through the expansion of discovery services. With the completion of capex at Mangalore, Syngene will foray into commercial scale manufacturing opening up a \$60 bn opportunity.

The refurbishment of Syngene's damaged labs was completed, making available 35000 sq. ft., thereby eliminating capacity constraints faced over the last 5 quarters. Syngene's research services business continues healthy growth and profitability.

At Rs 597, Syngene trades at 27x FY20E EPS of Rs 22.2. We are positive on the developments at Syngene. We recommend investors to BUY Syngene with a one year target of Rs 760 per share.

Sun Pharmaceuticals – BUY on DIPS

Sun Pharma received USFDA approval to its Halol facility, which would trigger new approvals from the site. The site has around 50 filings pending approval, with quite a few specialty product filings.

In terms of research pipeline, Sun Pharma has 139 ANDAs pending approval, which includes complex generics and some first to file opportunities.

Larger approvals to specialty filings will enable change of product mix in the US, leading to improvement in profitability.

Better utilisation of capacities will help rationalize costs and improve profitability going forward.

The domestic market has also witnessed improvement with the stabilisation of GST in medicines. Sun has increased its pace of new product launches in India over the last few quarters. We expect Sun to perform well in India being the largest player.

At Rs 580, Sun Pharma trades at 25x FY20E EPS of Rs 23.6. We recommend investors to BUY on Dips with a target price of Rs 665.



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